



Financial Planning Checklist

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Estate Planning

DOCUMENTS

Will

Designed to transfer assets, name an executor of the estate, and appoint a guardian for minor children. Unlike a Living Trust, this document is public record and must be submitted for probate.

Living Trust (a.k.a. Revocable Trust)

Trust whose purpose is to clearly delineate who receives the trust's assets when the owner of the trust dies. To be fully effective, assets must be titled in the name of the trust so as to follow the disbursement of assets clearly laid out by the trust's owner.

Limited Durable Power of Attorney

Gives authority to a friend, family member, or trusted advisor to act on the behalf of a person (even through their disability) in a variety of matters. Various options exist to help protect against abuse of these powers.

Health Care Proxy (a.k.a. Health Care Power of Attorney)

Allows for a trusted friend, family member, or advisor to make medical decisions on your behalf, especially if you cannot speak for yourself. Backup agents can typically be named in case the primary agent is unable to fulfill their duties.

HIPAA Release

Allows hospitals, doctors, and other healthcare professionals the permission to share your records with persons that you specify. Typical persons included in a HIPAA release are friends, relatives, and possibly your lawyer.

Living Will (a.k.a. Advance Directive)

Describes your personal preferences with respect to end-of-life care. Many times these instructions will be covered within the *Health Care Proxy*, but this separate document can be used to specifically define your wishes.

PEOPLE

Lawyer for Estate Planning Advice and Documents

While it is possible to draft certain estate planning documents without a lawyer, this can often lead to missed opportunities and/or mistakes. Sound legal counsel can be worth the fee, especially as the complexity of an estate grows throughout a person's life.

Executor/Executrix for the Estate

Person chosen to carry out the wishes that you've described in your estate planning documents. This person is responsible for seeing the administration of your estate through until it is legally closed.

Beneficiaries on Applicable Accounts

Persons listed on retirement accounts, transferable-on-death accounts, and insurance policies who will inherit assets that pass outside of a will or trust. Most accounts allow for contingent beneficiaries in case the primary beneficiary passes before the account owner.

STRATEGIES

Estate Planning Document Accessibility

Making sure your primary estate planning documents are accessible to your estate's Executor/Executrix and other fiduciaries. This can help those responsible for your estate carry out your wishes in a timely and efficient manner.

Life Insurance Policies for Estate Liquidity

Policies can be purchased to fund a variety of needs, including housing, education, and general maintenance should one or both parents die. Care should be taken as to who (or what entity) owns the policy and how the premiums are paid.

Annual Gifting to Lower Estate Values

Giving family members gifts each year up to the annual gift tax exclusion amount (\$14,000 in 2017) could help reduce the size of your estate and transfer wealth to future generations. Accelerated gifting can be done by gifting to Section 529 Education Savings Plans.

Donor-Advised Fund for Charitable Giving

Considered as an alternative to establishing a charitable foundation, a Donor-Advised Fund (DAF) allows someone to donate monies now (and obtain applicable tax advantages) and determine later where to donate the money. Such donations can be made anonymously.

Retirement

DOCUMENTS

Account Statements and Contribution Confirmations

Useful for keeping track of on-going account performance and withdrawals in retirement, these documents will help establish patterns as well as provide proof for various IRS-required calculations.

Workplace Retirement Program Materials

If available, a workplace retirement program may contain opportunities to better maximize your retirement savings. A periodic review of these documents will help keep you aware of any changes to the program that may affect your long-term savings approach.

Deferred Compensation and Stock Option Agreements

Employers sometimes offer non-qualified retirement plans that don't have the same tax implications of more-common qualified plans. Various details surround these plans, making it important to keep and review these agreements to fully understand the benefits.

Annuity Policies

Considered by some to be somewhat complex policies, annuity policies contain specifics on potential account growth, penalties, and withdrawal timelines. It is important to understand the specifics of these policies *before* entering into a contract.

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Beneficiaries (Primary and Contingent) of Plans

Retirement plans allow you to declare who you wish your plan's assets to pass to when you die. It's helpful to list both Primary and Contingent beneficiaries – this can help in cases where the Primary passes and beneficiaries aren't updated in a timely manner.

Family Retirement Savings Recipients

Focus is typically placed your personal retirement plan(s), but there are often cases where a retirement plan for a family member can have merit. For example, a Spousal IRA can help save additional retirement dollars and potentially help lower taxable income.

STRATEGIES

Financial Needs Analysis for Retirement Income Requirements

Determining how much money you'll need to navigate your retirement years is a critical step in the planning process. Various approaches are used to estimate this value, and a rough estimate can help you decide if you should to be saving more (or less) to reach your goal.

Asset Allocation for Required Income

Incorporating factors such as age, risk tolerance, and income requirements, the allocation of your retirement assets (both in the years leading up to retirement and while withdrawing money) is an important component in maintaining your retirement goals.

Maximizing Workplace Benefit and Personal Programs

Many workplace retirement programs offer contribution matching and/or fund choices that can positively impact your account. It's also important to know the current, key IRS values for personal programs – these can change every few years and allow for increased savings.

Government Benefit Withdrawals

Social Security benefits should be factored into any retirement planning effort. Depending on your (and/or your spouse's) income as well as the amounts you've saved for retirement, it can be beneficial to strategize whose benefits to take first and when to start taking them.

Retirement Accounts and Tax Considerations

Many retirement plans are described as "tax-deferred" saving accounts – you'll owe taxes on the money when it's withdrawn. Conversion strategies and alternative accounts exist, however, that may help smooth tax liabilities and be beneficial in the long-term.

Investments

DOCUMENTS

Account Statements

Whether in electronic or paper format, historical account statements can be useful for tracking purchase dates and the cost basis of various holdings. Year-end tax-focused statements, known as “information returns”, should also be kept.

Asset Allocation and Investment Policy Statements

In some instances, an account will be accompanied by a document that lays out the intended investment strategy for the account. It typically highlights rough percentages of allocations to asset classes and the process by which these allocations are changed.

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Beneficiaries of Payable-on-Death Accounts

Personal accounts can be established with a payable-on-death feature, describing who is to receive the account’s assets in the event of the owner’s passing. Also referred to as a “Totten trust”, this feature may aid in the transfer of assets during the probate process.

STRATEGIES

Risk Tolerance Determination

Given the uniqueness of your investment horizon and personality, determining your risk tolerance towards investments is a critical step. Maintaining a disciplined strategy over the long-run has a greater chance of happening if you invest at a tolerable risk level.

Time Horizon

Closely linked to your personal risk tolerance is the time horizon for your investments. An account whose assets are needed in 6 months time should be exposed to the capital markets differently than a retirement account that may not be needed for 30+ years.

Asset Allocation within Accounts

A critical factor in determining the likely risk of an account is the allocation to various asset classes. Utilizing your risk tolerance and the project time horizon for the account, a thoughtful asset allocation can help you create an investment plan to fit your goals.

Risk-Adjusted Performance Benchmarking

While returns typically grab the headlines of newspapers and television shows, it typically takes some amount of risk to achieve returns. Looking at your investments on a risk-adjusted basis can be helpful in determining how much risk you’re taking to get your returns.

Liquidity Considerations for Expenditures

If your investment time horizon is somewhat short, you’ll likely want to consider investments that are liquid, allowing you to convert the investment to cash without too much risk of losing principal. For longer-horizon investments, a different approach may be appropriate.

Asset Location for Tax Considerations

Due to the IRS tax code, certain tax-advantaged accounts exist that allow an investor to defer their tax obligations on the activity within the account. These types of accounts can help with retirement savings, education planning, and other general investment goals.

Insurance

POLICIES

Disability

This type of insurance can provide you with income should something happens that prevents you from working. There are multiple options defining what constitutes a disability as well as the speed with which you receive payments once deemed disabled.

Long-Term Care

Recognizing the historical cost increases of long-term care and facilities, long-term care insurance may help in offsetting costs late in life when help is needed. These policies are structured in various ways, providing varying payment and coverage options for the insured.

Umbrella Policy

Designed to sit above the liability coverage limits of your primary insurance policies (car, homeowners, etc.), an umbrella policy provides additional liability coverage to protect your assets.

Life

The type of insurance that people are most likely familiar with, life insurance can typically takes on two primary forms – term and whole (i.e. permanent). Each has its benefits and drawbacks, so it's important to know *why* you're purchasing life insurance in the first place.

Property

Whether you're a homeowner or renter, property insurance can provide coverage against fire, theft, and various forms of weather damage. Options exist as to the covered property's valuation for payout purposes, and these policies are important to review as home values rise.

PEOPLE

Beneficiaries of Policies

Some insurance policies have a natural choice of beneficiary while others may take some discussion and planning. Non-person beneficiaries, such as charities, can also be chosen for life insurance policies depending on your financial plan and desire to be charitable.

STRATEGIES

Life Insurance Policies for Estate Liquidity

As discussed in *Estate Planning*, policies can be purchased to fund a variety of needs, including housing, education, and general maintenance should one or both parents die. These policies can also be held in an Irrevocable Life Insurance Trust (i.e. ILIT).