

TRANSITIONING TO A NEW COO FINANCIALS—NEED TO KNOW

First, there is an equal <u>responsibility</u> to share and learn

What is learned today may not be used for years

This presentation is focused only on the financial need to know

—Including a generic suggestion—tailor it to your needs
Good for the long term—years and years

2

Company/Military Retirement plan Company 401(k) Annuity IRA Roth IRA Portfolio of stocks/bonds No investment guidelines

THE GOAL (BEFORE YOU'RE GONE)

Plan for after you're gone.

- Warren Buffett has a plan
 - My plan is somewhat the same
- Alternative plan—
- · Select an executor
 - · Fiduciary advisor
 - Broker
 - Banker
- Managed Mutual Funds

1

THE GOAL

Steps to take care of your spouse-

- > Joint checking account
- > Each with your own credit card
- > Freeze your credit report at the 3 agencies
- ➤ List passwords for all accounts/information
- Provide Broker/Advisor/Attorney contact information
- Private mater instructions
 - What's to be done with your body, type of service, etc.
- Special bequests

THE GOAL

Steps NOT to take before you're gone—

- > Sell everything
 - > Leave your spouse a pile of cash
 - Think of taxes (Take advantage of stepped up basis)
- ➤ Think three times in selecting an Executor
 - Consider following the steps in this presentation
 - A simple DIY plan
 - One that does not require constant attention

THE STEPS:

Steps to take care of your spouse—

Write DIY instructions for your spouse—

Step-by-step instructions—

- · Basics of reading the monthly statement
- · How to buy shares online
- · How to sell shares online
- · Transfer \$\$ to checking account

THE STEPS:

Practice—practice quarterly—as a minimum

Don't point

Let spouse point

Rewrite the instructions as needed

Share monthly brokerage statement

Where total cash is found

Where total value is found

Practice selling to raise cash

Practice transferring \$\$ to checking Account

We learn by doing

Alternative: Teach how to call broker

THE STEPS:

Maintain cash account for starter purposes

Provide money for first 6-12 months

Money Market Account

Checking Account (Recommended)

Money spouse can get to easily

Simply write a check when \$\$ needed

Removes anxiety

(AFTER YOU'RE GONE) STEP ONE SURVIVING SPOUSE ACTIONS

Ask the Broker/Advisor to provide a price list of all holdings on the date of death—

Establishes the new cost basis.

Spouse: $\underline{\mathsf{know}}$ the $\underline{\mathsf{new}}$ cost basis for Stocks $\underline{\mathsf{and}}$ Home

Use Realtors to determine the new cost basis of home

Get an evaluation letter dated on date of death

10

STEP TWO

Something to consider:

Sell everything contained in the investment portfolio as soon as possible after death.

Go to all cash—harvest those capital gains

(Spouse may pay no Capital Gain taxes)

Sound draconian? (What's in your portfolio)

11

STEP THREE

Invest the entire cash amount in Index Funds.

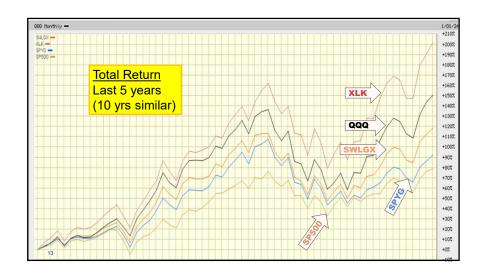
Reinvest Dividends

Conservative:

- <u>75% S&P 500 (SPY)</u>
- 25% Power Shares NASDAQ 100 (QQQ)

More Aggressive:

- 50% S&P 500 Growth (SPYG)
- <u>50% Technology Select (XLK)</u>
- Well diversified long-term investment



STEP FOUR

Sell shares to generate income to live on—up to

4.5% per year.

• (Depends on age and portfolio value)

Do not panic sell shares when the market tanks.

Invest for the long term.

Stay invested. (Convince spouse of plan)

Remember—there are written instructions

STEP FIVE

How long will the money last?

How much money can be withdrawn?

Demonstrate to spouse.

(Taxes - Inflation - Growth - Time)

https://www.creditdonkey.com/how-long-will-my-money-last-calculator.html

15

THINGS TO CONSIDER

Stay invested

Prepare your spouse—talk about market downturns Recessions take 16 months to correct—requires patience

Reinvest dividends automatically

16

THINGS TO CONSIDER—BEFORE YOU'RE GONE Prepare spouse for a Broker to object to the plan Discuss the reason for the plan with spouse Show how withdrawals can be sustained by growth (Would a Broker counter Warren Buffett's action/advice?) Knowledge breeds confidence!



DIY INVESTMENT INSTRUCTIONS FOR YOUR SURVIVING SPOUSE Stay invested for the long term Don't sell on downturns

Wall Street Words –
David Scott

Not a recommendation It's what I'm doing for my heirs Somewhat copying Warren Buffett