April 2017

WealthRx

wealth and wellness tips to help you live better

WEALTH MANAGEMENT

The financial planning process

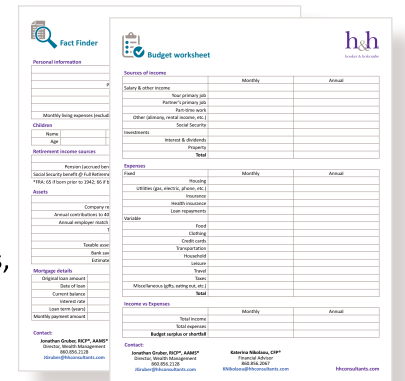
Eliminate fear of the unknown in the financial planning process. Whether you're looking to design a comprehensive financial plan or focus on one goal, the process typically includes these six steps:

1 Building a relationship with your advisor

Without a working relationship with your financial advisor, it will be difficult to develop a functional financial plan. During the first or first few meetings with your advisor, you will likely outline what you expect, and he or she will outline the services they expect to provide. You should discuss specifics, such as the best way to communicate, whether by phone, video chat or face-to-face meetings. It's important to also establish compensation expectations, so that there are no surprises for either of you down the road. The advisor will likely explain any forms you will need to fill out, discuss a confidentiality policy, outline his or her advising philosophy and explain the possible benefits that come from having a financial plan. When both you and the advisor are up-front and clear about expectations for the relationship in the future, you can build trust with each other and form a successful working relationship.

2 Setting goals and gathering data

Once you've covered the basics, it's time for you and your advisor to dig a little deeper and start looking at the details of your finances. It can be uncomfortable to give someone access to your financial documents and status, but it's important to be candid so that your advisor has a full picture of your finances and can make the best plan possible. For your advisor to truly understand your financial state, he or she may need access to your tax returns, will, trust documents, account statements, pay stubs, insurance policies, investment statements, employee benefit records, etc. Beyond this objective information, your advisor will also want to get an idea of your biggest financial worries. Although you may come in to the appointment with a jumble of anxieties about your financial future, it is your advisor's job to help you turn that anxiety into clearly defined and prioritized goals. It can be hard to ask yourself tough questions like, "What is more important to me at this stage in my life: my retirement or my child's education?" Your advisor will likely ask you some of these tough questions and help you to work through the answers. Finally, an advisor will typically evaluate your risk tolerance, which helps determine how much variability you are willing to take on in your investment returns. To gauge your goals and risk tolerance, your advisor may have you fill out written surveys or questionnaires. However, you shouldn't think of these documents as a test—there are no "right" or "wrong" answers, only information to help gain a more accurate picture of your financial personality.



Fact Finder

Personal information

Children

Retirement income sources

Assets

Mortgage details

Original loan amount	
Date of loan	
Current balance	
Interest rate	
Loan term (years)	
Monthly payment amount	

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Budget worksheet

h&h hooker & holcombe

Sources of income

	Monthly	Annual
Salary & other income		
Your primary job		
Partner's primary job		
Part-time work		
Other (alimony, rental income, etc.)		
Social Security		
Investments		
Interest & dividends		
Property		
Total		

Expenses

Fixed	Monthly	Annual
Housing		
Utilities (gas, electric, phone, etc.)		
Insurance		
Health insurance		
Loan repayments		
Variable		
Food		
Clothing		
Credit cards		
Transportation		
Household		
Leisure		
Travel		
Taxes		
Miscellaneous (gifts, eating out, etc.)		
Total		

Income vs Expenses

	Monthly	Annual
Total income		
Total expenses		
Budget surplus or shortfall		

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3 Analyzing data

This step is the responsibility of the advisor and involves analyzing the information you've provided to determine where your financial strengths and weaknesses lie. Your advisor will then use these areas of strength and risk to design a personalized financial plan that can help you reach the financial goals outlined in step two. Your advisor may analyze your assets, liabilities, cash flow, insurance coverage, and investments and/or tax strategies. This step will vary greatly depending on your advisor and the type of service you requested. Your advisor may use tools such as financial calculators or financial planning software to determine whether the goals you have set are feasible. If your advisor finds that they are not attainable, you may have to go back to step two and rework the timeline or stipulations of your goals.

4 Creating a plan

After your advisor analyzes your financial goals and your financial standing, he or she will make recommendations to you based on this analysis. This plan may include tax strategies, asset allocation advice, insurance recommendations, money management tips and more. What it will definitely include is a plan tailored specifically to you and your financial situation. He or she may consult with other specialists, such as your tax professional, to ensure that you are receiving the most comprehensive recommendations possible. It is your advisor's job to make sure you fully understand all components of the plan and to listen to any concerns you may have. You will likely be given options to choose from so you can find a plan with which you are most comfortable. When you leave this meeting, you should be clear on which parts of the plan are your responsibility and which parts are your advisor's. The plan should also be documented, so that everyone is clear on what will happen and can use it for future reference.

5 Implementing the plan

Even the most thoroughly crafted plan will fail if you and your advisor don't take the necessary steps to implement it. You'll have to decide if you'll be responsible for implementing it, with the advisor acting as a guide, or if your advisor will implement all steps of the plan. You could even take a joint approach. Your compensation model may change based on the advisor's responsibilities outlined in this step. You should also decide if you'll require additional help from attorneys, brokers or tax professionals, and if so, decide on a plan for coordination among these people and your advisor so that everyone will be on the same page.

6 Monitoring the plan

Finally, set up a monitoring system to make sure your plan stays on track. You'll likely have to make adjustments based on economic, tax or market fluctuations, as well as changes in your personal or financial situation. For example, if you switch jobs, have another child or decide to buy additional real estate, your financial plan may have to be adjusted. You can set up regular check-ins with your advisor, and you might have additional follow-up appointments based on any of the previously mentioned changes. You and your advisor should decide who will be mainly responsible for monitoring your plan's progress and how you will do so. In addition to monitoring the financial environment, you will want to consider how well all of the components of your plan are functioning.

the March market

at a glance

U.S. Large Cap (S&P 500)	U.S. Mid/Small (Russell 2000 Index)	Foreign Large (NYSE International 100)	Bond Market (Barclays US Aggregate)
2,362.72	1,385.92	5,153.78	1,992.51
0.04%	0.05%	1.58%	0.05%

March 2017 market data

in action

- David Rockefeller, noted philanthropist and banker, passed away in March at 101 years old. He donated approximately $900 million over his lifetime. This means that, on average, Rockefeller donated more than $24,000 every day of his life.
- The total GDP of the world is worth about $74 trillion. The United States' economy alone represents about 24 percent of the global total.
- According to a study from Amino, 37 percent of Americans cannot afford a medical bill that exceeds $100.
- In 2015, 52 of the 100 largest cities in the US had more renters than property owners.
- Petroleum, gas and coal accounted for 94 percent of America's energy consumption in 1970. In 2015, that number dropped to 82 percent.
- According to Global Finance Magazine, the Central African Republic is the poorest nation in the world. For context, the Central African Republic's GDP per capita, $656, is just 1 percent of the United States.
- Of the estimated 1,800 billionaires in the world, only four countries are home to more than 100 billionaires. Germany and Switzerland both boast 120 billionaire residents, whereas China has over 250. The United States has the most billionaire residents in the world, totaling 540. This means 30 percent of the world's billionaires are residents of the United States.
- For the second straight year, RadioShack is filing for bankruptcy. In the wake of filing Chapter 11, the company is expected to immediately close nearly 200 of its 1,500 stores.
- AIG's CEO, Peter Hancock, plans to resign after serving for more than two years in his position. However, Hancock will remain active in the company until a proper successor is hired.
- The highest paying job in 2017 is being a physician. Of the 25 most lucrative jobs, 17 were in either health care or technology.

Your future self will thank you

IRA contribution deadline: April 18

Max out your retirement savings while there's still time! You have until April 18 to max out your IRA contributions for the last tax year. If not, you may be missing out on tax-advantaged retirement savings and an income tax write-off.

What should you do?

1. Learn the IRA contribution limits: $5,500 for filers 49 and under, and $6,500 for those age 50 and older. These limits apply to all of your IRA and Roth IRA accounts combined.
2. Check with your advisor to find out your individual contribution limit, how much of your IRA contributions are tax-deductible, and which type of IRA may be appropriate for you.
3. Contribute as much as you can to your IRA or Roth IRA (within the contribution limits and your financial plan) to maximize your retirement savings and build a financially sound future.

April

is Alcohol Awareness Month

Drinking too much alcohol increases people's risk of injuries, violence, drowning, liver disease, and some types of cancer. This April during Alcohol Awareness Month educate yourself and your loved ones about the dangers of drinking too much.

Learn more at **ncadd.org**

planadviser's 2017 TOP100 RETIREMENT PLAN ADVISERS

Two years in a row

The "PLANADVISER Top 100 Retirement Plan Advisers" list is compiled from responses to the PLANADVISER Retirement Plan Adviser Survey. The list is drawn solely from a set of quantitative variables and information in the survey supplied by the advisers themselves. H&H qualified under the small team category which is an advisor with 10 or fewer team members. Go to **planadviser.com/Top100** for more information.

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