

New Advisor Foundational Planning

Simplify for early success

Set the baseline of planning

- Following the first 3 questions on the FF, set the 'refrain' that you'll touch on continually through the process:
- "Financial Planning can become a complex topic but, at it's core, it's fairly simple: Everything important you want in life is dependent upon two things: **Your ability to earn an income and The decisions you make with that income.**"
- The entire planning conversation supports this statement, and every recommendation is tied to this foundation.

Confidential **Personal Questionnaire**

Date:

Name:

Referred by:

Your Life Goals

When you think about your personal, professional and financial goals...

What would you like to accomplish in the next 3 years?

In the next 4 - 10 years?

In the next 10+ years?

On a scale of 1 to 10, how important are the following goals to you and your family?
(10 being very important and 1 being not important)

Funding your child's or your own education (p. 4)

Funding a comfortable retirement (p. 5)

Saving for personal goals (wedding, house, baby, business, etc.) (p. 6)

Paying down debt (credit cards, student loans and mortgage) (p. 7)

Providing for you and your family in the event of a disability (p. 9)

Providing for your family in the event of your death (p. 10)

Planning for long-term care needs (p. 11)

Ensuring your estate settlement needs are addressed (p. 11)

Evaluating your investment portfolio (p. 14)

NOTES

“Your ability to earn an Income” in the Fact Finder

- Instead of doing a detailed life insurance amount calculation in the Fact Finder, help them understand the value of their lifetime earnings.
- This value is another Anchor for your entire conversation: *“Remember when we talked about the core of financial planning: ‘everything important that you want/need in life is dependent upon your ability to earn an income and the decisions you make with that income? Have you ever thought about the value of your income as an asset today.’”*

		YEARS OF INCOME						
ANNUAL NET INCOME (AFTER TAX, IN TODAY'S DOLLARS, ASSUMING 3% INFLATION)	MO.	ANN.	5	10	15	20	25	30
	\$1,500	\$18,000	\$86,961	\$166,706	\$239,834	\$306,894	\$368,389	\$424,782
	\$2,000	\$24,000	\$115,948	\$222,274	\$319,779	\$409,192	\$491,186	\$566,376
	\$2,500	\$30,000	\$144,935	\$277,843	\$399,723	\$511,490	\$613,983	\$707,971
	\$3,000	\$36,000	\$173,922	\$333,412	\$479,668	\$613,788	\$736,779	\$849,565
	\$3,500	\$42,000	\$202,909	\$388,981	\$559,613	\$716,086	\$859,576	\$991,159
	\$4,000	\$48,000	\$231,896	\$444,549	\$639,558	\$818,385	\$982,373	\$1,132,754
	\$4,500	\$54,000	\$260,883	\$500,119	\$719,503	\$920,683	\$1,105,170	\$1,274,348
	\$5,000	\$60,000	\$289,870	\$555,687	\$799,448	\$1,022,981	\$1,227,966	\$1,415,942
	\$5,500	\$66,000	\$318,857	\$611,256	\$879,392	\$1,125,279	\$1,350,763	\$1,557,536
	\$6,000	\$72,000	\$347,844	\$666,825	\$959,337	\$1,227,577	\$1,473,560	\$1,699,131
	\$6,500	\$78,000	\$376,831	\$722,394	\$1,039,282	\$1,329,876	\$1,596,356	\$1,840,725
	\$7,000	\$84,000	\$405,818	\$777,962	\$1,119,227	\$1,432,174	\$1,719,153	\$1,982,319
	\$7,500	\$90,000	\$434,805	\$833,531	\$1,199,172	\$1,534,472	\$1,841,949	\$2,123,913
	\$8,000	\$96,000	\$463,792	\$889,100	\$1,279,116	\$1,636,770	\$1,964,746	\$2,265,507
	\$8,500	\$102,000	\$492,779	\$944,669	\$1,359,061	\$1,739,068	\$2,087,543	\$2,407,102
	\$9,000	\$108,000	\$521,766	\$1,000,237	\$1,439,006	\$1,841,366	\$2,210,339	\$2,548,696
	\$9,500	\$114,000	\$550,753	\$1,055,806	\$1,518,951	\$1,943,664	\$2,333,136	\$2,690,290
	\$10,000	\$120,000	\$579,740	\$1,111,375	\$1,598,895	\$2,045,962	\$2,455,933	\$2,831,884
	\$11,000	\$132,000	\$637,714	\$1,222,512	\$1,758,785	\$2,250,559	\$2,701,526	\$3,115,073
	\$12,000	\$144,000	\$695,688	\$1,333,650	\$1,918,674	\$2,455,155	\$2,947,119	\$3,398,261
	\$13,000	\$156,000	\$753,662	\$1,444,787	\$2,078,564	\$2,659,751	\$3,192,712	\$3,681,450
	\$14,000	\$168,000	\$811,636	\$1,555,925	\$2,238,453	\$2,864,347	\$3,438,306	\$3,964,638
	\$15,000	\$180,000	\$869,610	\$1,667,062	\$2,398,343	\$3,068,944	\$3,683,899	\$4,247,826
	\$16,000	\$192,000	\$927,584	\$1,778,200	\$2,558,233	\$3,273,540	\$3,929,492	\$4,531,015
	\$17,000	\$204,000	\$985,558	\$1,889,337	\$2,718,122	\$3,478,136	\$4,175,085	\$4,814,203
	\$18,000	\$216,000	\$1,043,533	\$2,000,475	\$2,878,012	\$3,682,732	\$4,420,679	\$5,097,392
	\$19,000	\$228,000	\$1,101,507	\$2,111,612	\$3,037,901	\$3,887,328	\$4,666,272	\$5,380,580
	\$20,000	\$240,000	\$1,159,481	\$2,222,750	\$3,197,791	\$4,091,925	\$4,911,865	\$5,663,768

“Your ability to earn an Income” in the PX

- “Remember when we discussed the value of your earning potential in our last conversation? Let’s go deeper into what that looks like for you specifically”
- This represents every dollar you’ll earn, spend and save over your working lifetime - if you had it today, you could retire!
- The decisions you make with your income are irrelevant if you don’t have the ability to earn an income.
- Risks to this number? Lose a job (have a cash reserve); sickness or injury (DI/Health Ins), die (life insurance).

Lifetime Earning Potential

Your ability to earn an income is often your most valuable asset and it's essential to securing your financial future goals.

Lifetime Earning Potential	Replacing an Income
Based on your current income, here's what you could earn by the time you retire.	If you stopped working today, here's the lump sum you'd have to invest to replace your possible lifetime earnings.
Stephen could earn \$4,260,139	To replace Stephen's income:
\$100,000/yr 30yrs	A lump sum of: \$1,971,951
Increased by 2.25% /yr 2021 - 2051	With an annual 5.56% rate of return
Michelle could earn \$3,225,563	To replace Michelle's income:
\$75,000/yr 30yrs	A lump sum of: \$1,484,980
Increased by 2.25% /yr 2021 - 2051	With an annual 5.56% rate of return

“The decisions you make with your Income” in the Fact Finder

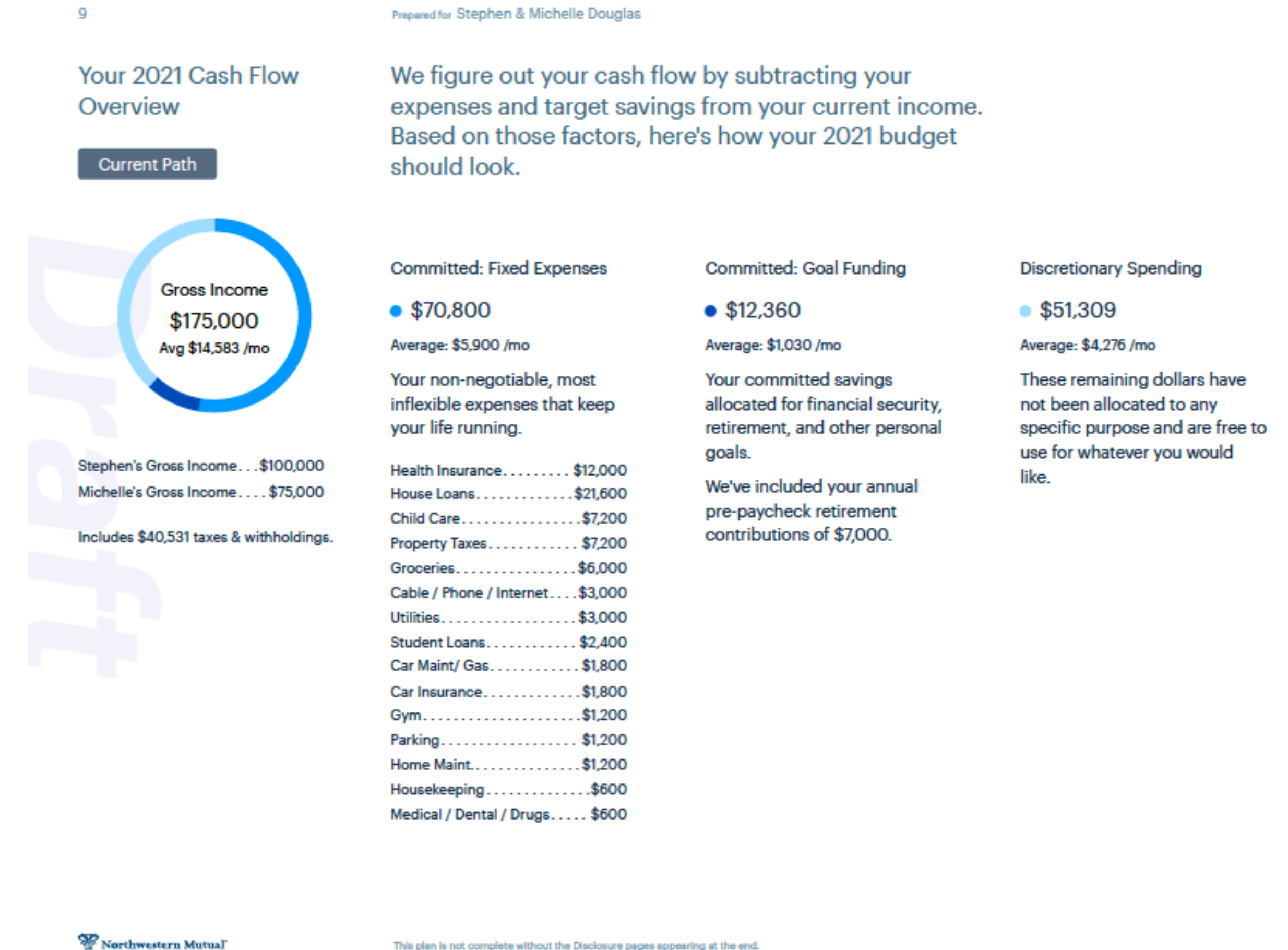
- Agree to a philosophy of money in general in the Fact Finder.
 - 50/25/25. 60/20/20.
 - Basically, keep fixed expenses reasonable, and split everything else equally.
- Many people may not know their detailed budget: Find their minimum monthly non-negotiable number and know what they are saving/investing. Everything else, by default, is discretionary.

We've talked about your current savings contributions & debt payments, so let's talk about where else your money is going.

Housing	Monthly Amount	Personal	Monthly Amount
Mortgage/Rent	\$	Domestic Help	\$
Utilities	\$	Dependent/Child Care	\$
Telephone Bill	\$	Tuition	\$
Property Taxes	\$	Charitable Donations	\$
Home Maintenance	\$	Holiday/Wedding Gifts	\$
Cable/Internet	\$	Gym	\$
Homeowner / Renter's Ins.	\$	Professional Dues	\$
	\$	Subscriptions	\$
	\$		\$
	\$		\$
Transportation	Monthly Amount	Health Care/Insurance (Not deducted from paycheck)	Monthly Amount
Auto Payment	\$	Health Insurance	\$
Auto Insurance	\$	Dental Insurance	\$
Car Maintenance	\$	Long-term Care Insurance	\$
Parking/Tolls	\$	Copays/Drugs	\$
Bus/Train	\$	Other Insurance	\$
	\$		\$
	\$		\$
	\$		\$
Total Montly Fixed Expenses	\$ 0.00		

“The decisions you make with your Income” in the PX

- When you’ve agreed to a money philosophy *in general* in the Fact Finder, apply their philosophy to them *specifically* in the PX. Goal and Discretionary dollars should be close to the same.
- Lean in and discuss the natural tension between goal and discretionary dollars - normalize the feeling.
- The first close is ‘dollars to the plan’, then put recommendations in context of the entire goal amount. For example, a \$3k life/DI premium may feel large in isolation, but 10% of your total goal allocation toward protecting your income and building long term cash value feels reasonable.



Asset Location

- All your accumulation is based upon 4 core factors: Savings rate, ROR, Taxation and Time to Goal.
- Focus first on what is most in your control:
 - Time to goal: Start now
 - Savings rate: Dollars to the plan
 - Taxation: A combination of taxable, tax deferred and tax free accounts give options based upon future rates
 - ROR: Diversify and Dollar cost average - you can't control the market.

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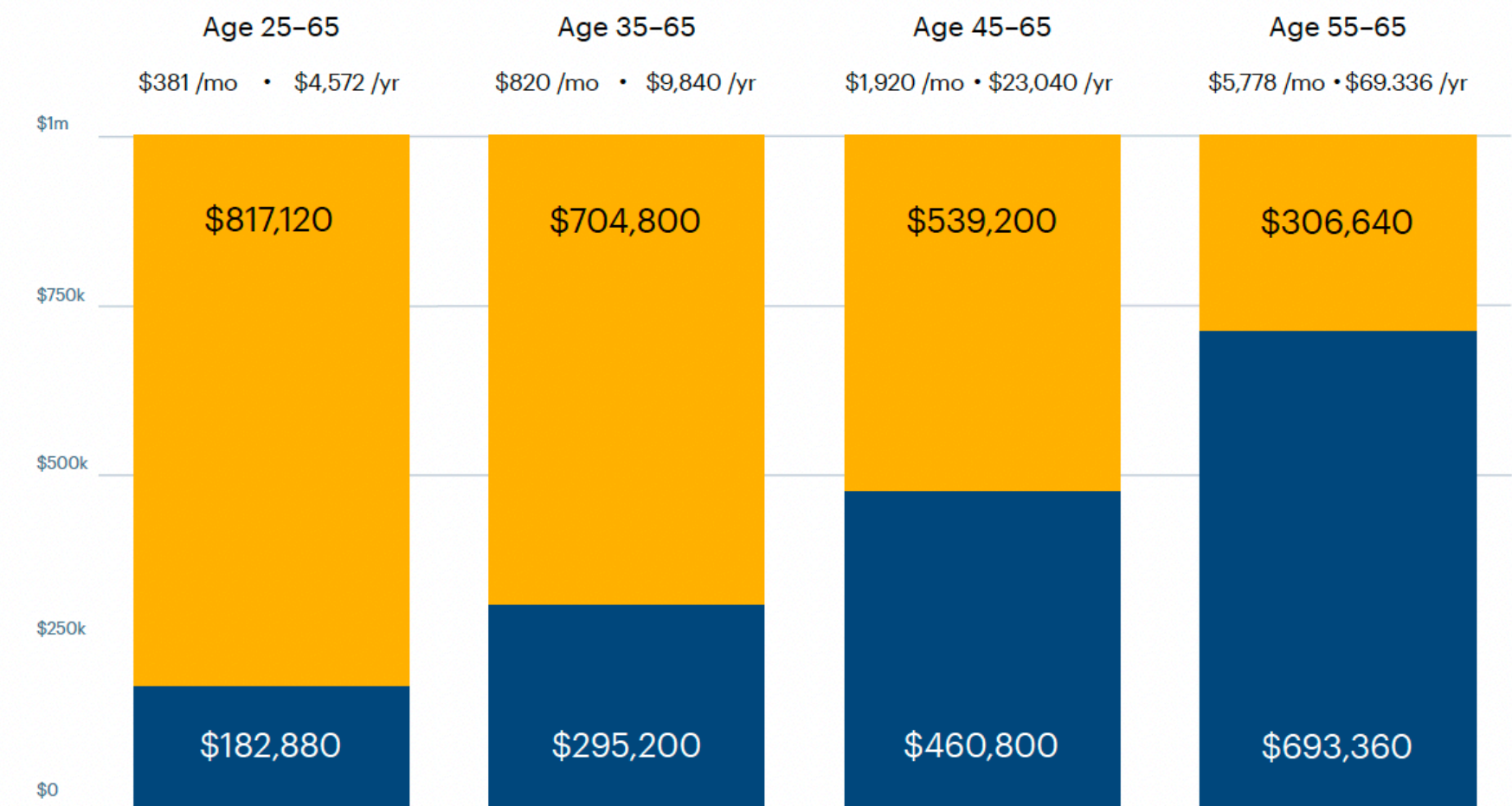
The Importance of Investing Early

Prepared for Brianna Kirkland

No matter your goals, it's always best to start saving as early as possible—letting compound interest work in your favor.

With compounding returns, your initial investment will be earning money as well as the prior earnings kept in the account.

To Accumulate \$1 Million by Age 65

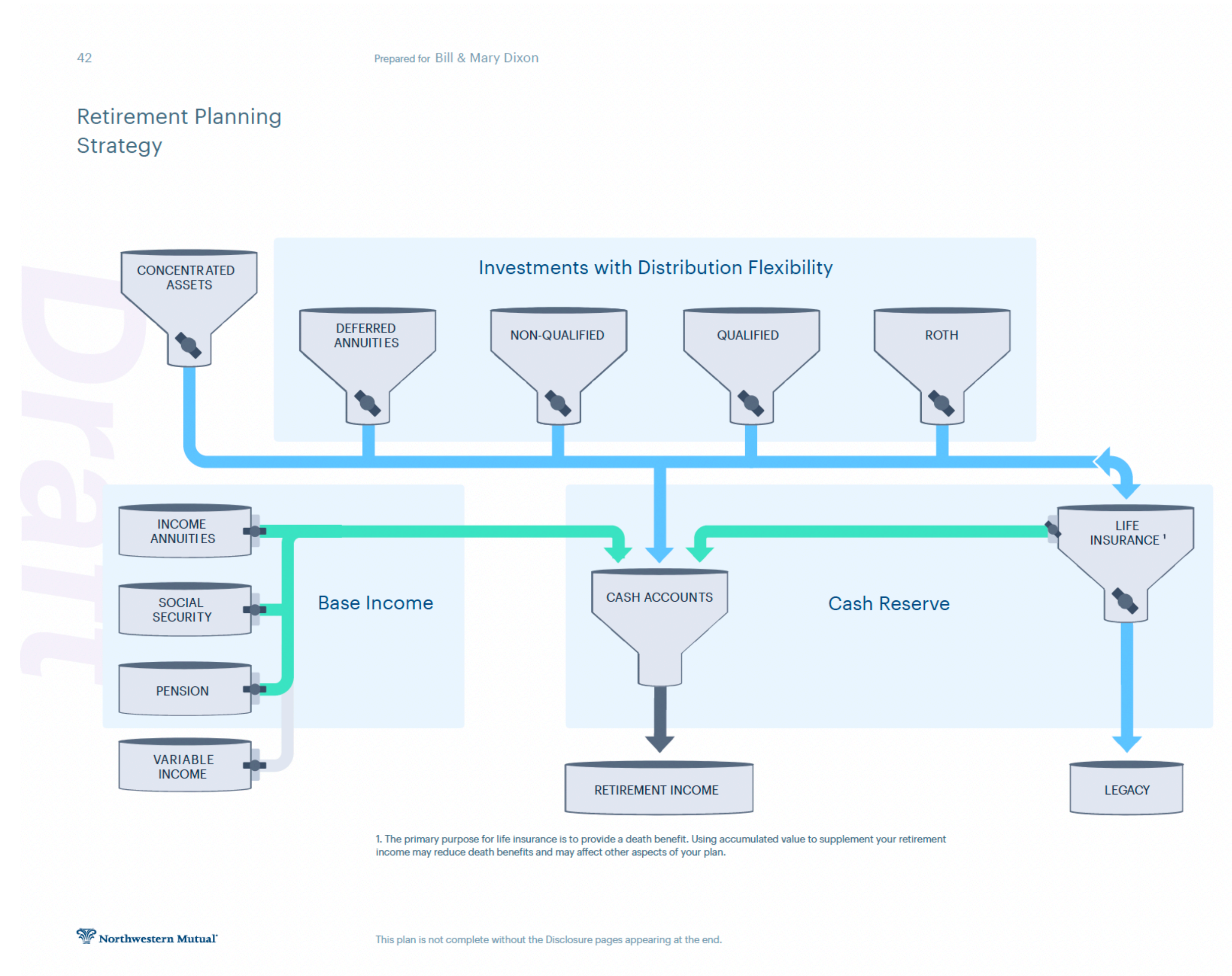


Northwestern Mutual

This plan is not complete without the Disclosure pages appearing at the end.

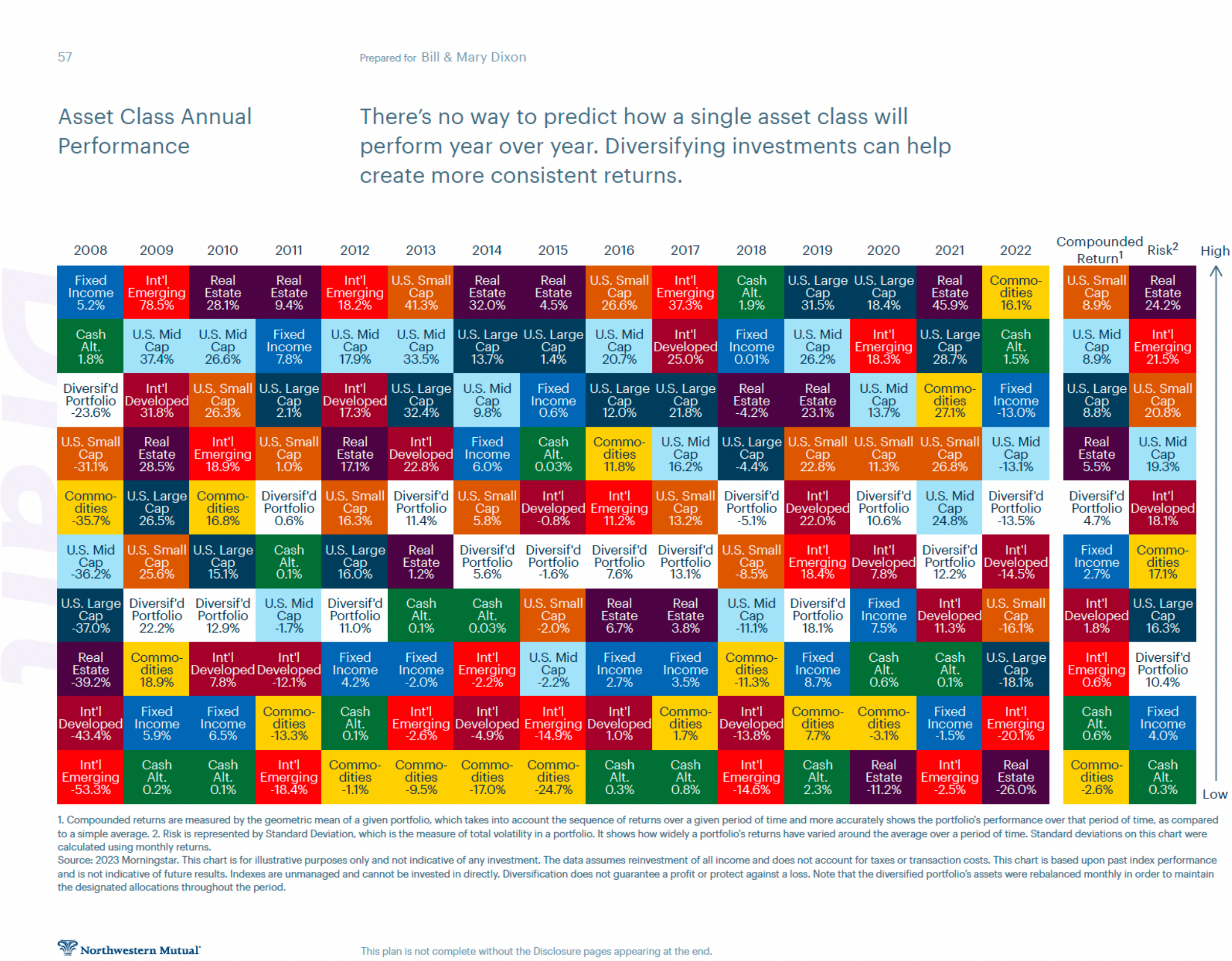
Asset Location

- Be purposeful with asset location during accumulation so you can 'wake up well positioned' when you're entering distribution phase.
- 'Your ability to earn an income and the decisions you make with that income' will evolve into 'the decisions you make with your assets, and their ability to create a predictable income' as you get closer to retirement.
- Reinforce the tax diversification achieved through each funnel.



“Asset Allocation”

- You can’t control the market, and you should participate broadly.
- Dollar cost averaging into a diversified portfolio gives all the upside of the market with less stress of wild swings.
- This also sets the conversation for Permanent Life Insurance and the General Account!



Add modules only as necessary

Simplicity is the ultimate sophistication

- If you can communicate the fundamental financial concepts effectively, the modules just quantify and reinforce the concepts where needed.
- Concepts set their beliefs. Modules are the math that support the beliefs. The math isn't the motivator for action.
- If you can effectively communicate one module, you can communicate all modules.
 - $\text{What you want} - \text{What you have} = \text{What you need}$.
- Joint Work up for more complex cases until you've mastered this 5 page PX and are ready for the next level of growth.