



THE BENEFITS OF A FINANCIAL PLAN

Our mission at Aznar Financial Advisors, LLC is to do the following:

- Always look out for your best interest.
- Create more time in your life.
- Educate, motivate and support you with clear and honest professional guidance to help you to make wise financial decisions in pursuit of your personal life goals.
- Create an environment in which you feel valued, respected, understood, and comfortable.
- Be dedicated to understanding your unique goals and circumstances.
- Help you to organize your resources in a way that allows you to achieve your goals.

Our ultimate goal is to provide you with the resources and tools that you require to ultimately achieve all of your financial planning goals. We will do a thorough review of every aspect of your personal finances which will result in a detailed financial plan that will guide you as you move forward.

You will come away with a clear understanding of your current financial circumstances and will know what actions you need to take to meet clearly defined goals.

Below are some of the specific items we will review as part of your comprehensive financial plan.

I. GOALS AND OBJECTIVES REVIEW:

- a. The first objective in the planning process is for us, together, to quantify and qualify your personal goals and objectives, so that we can better understand how your primary assets – your time and your finances – can be organized to achieve these goals. What do you want to happen, personally and financially, and in what time frame?
- b. Life is too short NOT to achieve the things you value most.

II. NET WORTH STATEMENT:

- a. We would assess your current financial circumstances through a personal net worth statement that lists your assets and liabilities.

III. CASH FLOW PLANNING

- a. We will review and analyze your current spending patterns and prepare an analysis which highlights current cash inflows and outflows.

- b. Together we will determine the level of discretionary income available for investment or other uses. The cash flow work would help us with long-term planning by providing a baseline with which to estimate your future spending needs.
- c. We will suggest that you have an appropriate emergency fund set aside in an appropriate vehicle.
- d. We will review your current debt and make recommendations for how to pay it off in the most effective manner.

IV. INCOME TAX PLANNING

- a. If we have sufficient information regarding your personal tax situation, we will prepare an annual income tax projection for the current tax year to estimate your expected liability or refund based upon projected income during the tax year.
- b. We will make recommendations to adjust your withholding or make estimated tax payments as necessary.
- c. We will also review your investment portfolio to determine if it is as tax efficient as possible given your personal tax situation.
- d. We would address whether you are taking full advantage of opportunities to minimize your federal and state income tax liabilities.

V. RISK MANAGEMENT PLANNING:

- a. We will review your current insurance policies and make suggestions regarding the appropriateness of your coverage in meeting your current goals and objectives. If necessary, we will make recommendations to insurance agents who specialize in the specific coverage required.
- b. Life Insurance: We will review your life insurance needs given your personal situation and circumstances to ensure that you have the appropriate amount of coverage as well as to ensure that your life insurance needs are fulfilled in a cost effective and efficient manner.
- c. Long-Term Care Insurance: We will review your long-term care insurance needs given your personal situation and circumstances to ensure that you have the appropriate amount of coverage as well as to ensure that your long-term care insurance needs are fulfilled in a cost effective and efficient manner.
- d. Disability Insurance: We will continually review your long-term disability insurance coverage and needs given your personal situation and circumstances to ensure that you have the appropriate amount of coverage as well as to ensure that your disability insurance needs are fulfilled in a cost effective and efficient manner.

VI. INVESTMENT PLANNING

- a. We will focus on understanding your risk profile and the expected returns of your current portfolio, including all taxable and tax-deferred accounts.
- b. We will discuss investment strategies in order to help you understand which strategy may be best suited for your needs and risk preferences.
- c. If appropriate, we will also discuss how the firm might implement and manage a long-term investment portfolio for you.

VII. RETIREMENT PLANNING / COMPANY STOCK PLAN REVIEW

- a. This would involve exploring the age at which you wish to "retire" and the lifestyle you wish to enjoy during retirement.
- b. We will prepare an analysis to determine what amount of investments and additional savings are necessary to achieve your goals. Social Security projections and pension income will be incorporated into the analysis.
- c. We will generate long-term financial projections to help you see how various financial decisions might affect your ability to fund your long-term goals. Where helpful, we would develop scenarios to help analyze how best to achieve your goals and any tradeoffs that might need to be made among them.
- d. We will assist you with decisions regarding your employee stock options/stock plan so that they complement your overall financial plan.
- e. We will review your specific stock option grants (both incentive and nonqualified stock options) in light of your personal financial situation, including your federal and state marginal tax brackets, net worth, personal objectives, risk tolerance and need for cash. We will consider external factors, such as interest rates (i.e., opportunity costs) and the prospects for an increase in value of your company's stock.

VIII. ESTATE PLANNING:

- a. We will review your existing estate planning documents (wills, trusts and powers of attorney) to ensure that they reflect your wishes and determine the need, if any, for any additional estate planning action.
- b. We will also review and discuss your beneficiary designations and asset titling.
- c. If appropriate, we will make recommendations to attorneys who specialize in drafting estate planning documents.

IX. EDUCATION FUNDING

- a. We will prepare an analysis to determine what amount should be set aside to fund the education you desire for your children.
- b. If appropriate, we will explore financial aid possibilities.
- c. Additionally, we will present your alternatives for savings vehicles and help select the most appropriate vehicles given your specific needs.



THE VALUE OF FINANCIAL PLANNING

It is difficult if you have not worked with a financial advisor to fully comprehend the value that a financial advisor can contribute to your life. There can be an enormous gap between the value that financial planners deliver and the perception of the value we deliver. In an effort to provide you an introduction to the value you will receive from working with a financial advisor, the following few pages will list the value of a planning engagement in reverse order, starting with the ordinary conveniences that we offer our clients, and ending with the services that can transform your personal sense of well-being and fulfillment, forever.

We help our clients keep track of (and make more efficient) their financial affairs.

Consider the following...

The typical person had a will drawn up some time ago. He's not sure exactly when, what the provisions of the will are, and may not know where it is. There is an insurance policy in a drawer somewhere, and it may be term or it may be a cash value contract; he knows for sure that he pays the insurance company every year, but he's not certain how much. The auto insurance policy he happens to own is much more expensive than the lowest rate available in the market, and the homeowner's policy hasn't been updated since the Reagan Administration. He is not certain what his current mortgage rate is and is uncertain what rates are today. He may think his portfolio is diversified because he has many different small cap value funds managed by different fund companies.

If this sounds like you, it is completely understandable. People who do not practice financial services for a living find these things incredibly complicated and confusing. And they know they are leaving money on the table, overpaying and not getting the returns that the market offers. They know that their disorganization costs them money; what they don't know is what to do about it. When we sit down and put everything in one place, and show you how it all works, we take away the anxiety that comes with disorganization, and replace it with a sense of peace that, at last, the paperwork is being attended to and the decisions are being made with a degree of competence. Additionally, we can probably save you money on some of the things you are currently overpaying for.

This is incredibly valuable to your sense of well-being and personal confidence about life, not to mention the money saved. And this is the least of what we offer our clients.

We help our clients create an organized, diversified portfolio, and we will stand between you and the dysfunctional emotional decisions that everybody makes with their own investments.

Most individuals are not aware that if you could pick the one asset class that offers the highest rate of return over the last 10 years or a diversified portfolio that adds three lesser-returning asset classes, you would still generate more terminal wealth by picking the diversified portfolio. This, of course, is the magic of a smooth investment

ride; any portfolio that experiences big negative years will produce less terminal wealth than a comparably-performing mix of investments that takes a smoother course to its destination.

The trouble is, most people who do not work in the field of financial services do not understand diversification across asset classes, and may not understand exactly what an “asset class” means. We can help our clients achieve higher rates of return than they would on their own by building a well-diversified, low cost, tax-efficient portfolio. Chances are, over ten years this alone will more than pay for our planning fees.

But there's much, much more. Left to their own devices, many, perhaps most, individuals will eventually panic and sell at or near the bottom, or get caught up in the buyer's frenzy at or near the top. Terry Odean, a professor at Berkeley, has taken a lot of customer data from two big discount brokerage houses, and found that those people who traded most frequently experienced the lowest returns. There have been numerous studies, by the Dalbar organization and others that show that investors experienced much lower returns than the markets or the mutual fund industry were delivering because of their trading habits. One credible study estimated that more than 70% of all day traders lost all their money DURING THE BIGGEST BULL MARKET PERIOD IN AMERICAN MARKET HISTORY – a time when the markets were delivering more than 20% a year.

The point here is that we do not have to time the market or get above-market returns to add tremendous value to your financial lives. Incredibly enough, if you are able to achieve something close to the average market returns, and if you can get a smoother investment ride than the Dow or any other single asset class delivers, then you will greatly outperform the average investor in the marketplace.

The difference between the returns you achieve and what the average investor achieves, measured in terminal wealth dollars, is probably many times what you will be charged in financial planning fees. And this is only an incidental part of the value that we offer.

We help our clients get into the habit of saving (and investing) a portion of their income.

As you may know, the savings rate statistics in America (the latest numbers hovered around 2.3% of income) are quite dismal. And the keepers of these statistics don't tell you that they probably overstate the actual rate, because they don't include things like increasing credit card balances or home equity loans, so that when people put money in their savings account, and at the same time run up even more debt, it counts as an increase in their savings.

The well-kept secret about the investment markets is that an individual's savings habits have much more effect on his terminal wealth at retirement than the rate of return on the portfolio. People who save 10% of their income will have far more terminal wealth over 30 years than people who save very little but get an extraordinary rate of return.

The problem for most consumers is that there is no voice in their environment advising them to pay themselves some of the income they earn. Instead, they are bombarded by messages which make powerful arguments to do the opposite: to buy this, that or something else.

We will become that voice speaking out in favor of saving, and help to organize your life so that the money that goes into an investment account each month is treated as one more expense. This in and of itself is an incalculably valuable service.

One example of the incredible importance of savings: A schoolteacher began working with a financial advisor early in her career, and got into the habit of saving a percentage of her income every month. At age 60, she decided to retire with a portfolio in excess of \$1.5 million, and her fellow teachers asked her where she had gotten the money. They were still working to pay their bills.

The difference between a lifetime of paying yourself versus spending whatever you make is, over time, the difference between the cheerfully desperate-looking greeter at a Wal-Mart store and a person who retires on his terms, a retirement of travel and leisure. You cannot put a price tag on this freedom. It is certainly worth far more than the fees that we charge.

We help people identify what is important in their lives, and prioritize their goals.

There are no statistics on this, but I have yet to find a person (who is not working with a financial advisor) who has taken the time to identify what he/she really wants out of life. This is an incredibly sad, tragic situation. The vast majority of people in our advanced, prosperous society have not taken the time to figure out what they really want out of the all-too-brief time they will spend on this planet. And if you don't know your destination, it is unlikely you will ever reach it.

By helping our clients recognize this deficiency in their lives, and leading them to identify their most personal goals and desires; we give them a gift that is priceless.

We help people turn seemingly impossible goals into a routine that can achieve them.

As financial advisors, we have mastered one of the truly magical lessons of life: that any enormous goal can be broken down into manageable, monthly increments, and achieved by routine and persistence. You save X amount of dollars every month in a portfolio that gets something close to what the market offers, and you will retire with a sum of money that seems impossible to you now.

This is a magical, powerful lesson. We have the ability to identify client goals, put the financial numbers to them, and then break them down into the individual steps. Individuals who have goals that they don't believe they can achieve are put on a schedule that will get them there as a matter of routine. Put another way: we make it more likely that our clients will achieve their most meaningful and important goals, in most cases, FAR more likely. The value of this is tremendous.

We help people bring the focus of their lives from retirement to the present.

Ten years ago, there was little understanding of the downside of retirement; that it meant more than just leisure, that it often represented the elimination of a feeling of usefulness, a loss of stature and self-esteem for the life-long worker. As Mitch Anthony, a well-known author has memorably put it: when you retire and golf is your most meaningful activity, then golf suddenly becomes your work.

We have a clear recognition that retirement is a huge, dangerous transition, and that all-too-many people will unknowingly retire to lives of emptiness and meaninglessness. And so instead of focusing purely on retirement planning, we instead are offering career counseling, helping our clients to transition from a job they dislike to meaningful work that they can do and enjoy as if it were play. A financial advisor named Jim Johnson, who

practices in Sacramento, put it best. “We help people leave high-paying crappy jobs,” he said, “for crappy-paying great jobs.” And of course we work out the financial implications of it, so that the change in lifestyle is not traumatic.

Helping people move from work they dislike to work that is fulfilling and empowering is enormously valuable, and the bonus is that you can continue to do what you enjoy and escape the meaninglessness and emptiness of a retirement that may put you on the sidelines. You can cut back and still remain relevant.

Of course, this is not a comprehensive list. When clients come to us, within a year, perhaps sooner, they begin to enjoy a certain peace of mind about their financial affairs. They are educated about esoteric financial issues, life skills that are never taught in our dysfunctional society. They feel like they have an ally who is on their side in a world that would take their money and steal their time for everybody else’s agenda. They have somebody who will take care of their spouse and heirs when they’re gone. This list does not include specialized services like charitable planning, divorce counseling, creating special needs trusts for a disabled child or the value of having been nagged into buying disability insurance and long-term care coverage and now, suddenly, the policy is an important source of income. It doesn’t include the comfortable knowledge that you can call us for advice on virtually any financial or economic subject, and we will provide you with an answer that is not tainted by a sales agenda.

Clearly, the services that we offer have enormous value. If you understand the benefits we offer to your personal and financial lives, it should be crystal clear that you should choose to work with an independent financial planner.

Nobody in the world will make as much of a difference in your life as a well-educated, caring, ethical financial planner.