

## Financial Planning: Understanding the KWMG Process

We are excited to begin working on your Financial Plan! Our process involves gaining a better understanding of the three pillars of your financial life: Income, Assets and Expenses. This guide is designed to provide a detailed list of the steps involved in our process. Upon successful completion of our data collection, we will review, analyze and provide actionable insights to share with you to better understand your current financial picture, and ways to help improve your planning outcomes.

### Step 1: Enroll in Virtue

You will receive, or may have already received, our invitation to access Virtue, our Financial Planning client portal. This site allows us to collaborate, gather helpful insights and information as well as provides our clients with the ability to track their finances, upload and store documents and manage their Financial Plan in real-time (when accounts are electronically linked).

**Important:** The initial invitation link is a single-use link, meaning you can only click it once. Please ensure you have the time necessary to enter your data prior to clicking the link. Once registered, you can return to the planning site by going to: <http://www.kingstonwm.com/client-access> and selecting the Virtue logo.

### Step 2: Review our Documentation Checklist

Now that you have registered for Virtue, we are excited to get to work on your Financial Plan. For us to begin the planning process, we need your assistance in gathering more information. Please see the checklist below to help in gathering the relevant information needed to get started and complete our analysis. We understand not everything listed will be applicable, however more detail helps us move the process more efficiently and provide you with our analysis in a timely manner.

**Once these items are reviewed, you have four options to provide the information to our office:**

- **Virtue:** Securely link accounts using the “**ADD ACCOUNTS**” functionality in Virtue\*
- **Virtue:** Securely drag and drop from your computer to the **Shared Documents** folder in the **Vault** section of Virtue.
- **Email:** Feel free to email your documents to [info@kingstonwm.com](mailto:info@kingstonwm.com). Please use an encryption service to keep your documentation safe.
- **Drop off / Mail:** Documentation can be delivered right to our office at 152 Deming Street, South Windsor, CT 06074.

\*Using this option will connect values, but data may need clarification from time-to-time.

## Documentation Checklist

### Please Check Off the Documents That You Will be Providing to KWMG

#### ASSETS

1. **Cash Reserves** – *money that is readily available to meet expenses not planned for in a budget.*
  - Checking Account – *a bank account which allows withdrawal of funds using check writing*
  - Savings Account – *a bank account which pays interest on available balance*
  - Certificate of Deposit / Money Market Account – *an investment available from a financial institution that pays a fixed rate of return for a specified period*
  - Credit Union – *accounts at a non-profit financial institution that is owned and operated entirely by its members*
  - Other cash reserves
  
2. **Property Assets**
  - Residence – *documents establishing the value of: primary home, vacation home, cabin/cottage, condominiums/timeshares*
  - Furnishings – *documents establishing the value of: home furniture, etc.*
  - Vehicles – *documents establishing the value of: automobiles, motorcycles, recreational vehicles, boats, ATVs, snowmobiles*
  - Collectibles – *documents establishing the value of: antiques, jewelry, coins*
  - Other personal property
  
3. **Retirement Plan Assets** – *assets that defer taxation of contributions and earnings until retirement.*
  - Traditional IRA – *a retirement savings plan for an individual; contributions are tax-deductible, and investment earnings are tax-deferred until withdrawn*
  - Roth IRA – *a retirement savings plan for an individual; contributions are not tax-deductible; investment earnings are tax-deferred until withdrawn and may not be taxed under certain circumstances*
  - SEP IRA – *a tax-deferred retirement plan for a small business*
  - SIMPLE IRA – *a tax-deferred retirement plan for businesses that employ fewer than 100 employees*
  - 401(k) – *a retirement plan into which employees contribute a portion of their compensation, generally on a pre-tax basis*
  - 403(b) – *a retirement plan that allows employees of public schools and 501(c)(3) tax-exempt organizations to have salary reduction and/or employer contributions made on a pre-tax basis to the plan on their behalf*
  - TSA – *a 403(b) plan that invests in an annuity*
  - 457 plan – *a non-qualified deferred compensation plan for governmental units, governmental agencies, and tax-exempt organizations other than religious organizations*
  - TSCA – *a 403(b) plan that invests in mutual funds*
  - Roth 401(k)/403(b) – *employer sponsored retirement plan, contributions are not tax-deductible, investment earnings are tax-deferred until withdrawn and may not be taxed at all under certain circumstances*
  - Pension Plan – *a retirement plan established and maintained by an employer providing benefits to employees after retirement*
  - Profit Sharing Plan – *a type of retirement plan under which the employer determines the amount of contribution each year*
  - Other retirement plan assets



#### 4. Equity/Fixed Assets

- Real estate (other than residence) – *documents pertaining to a piece of land and/or any buildings/structures on it*
- Business interests – *documents pertaining to any type of ownership in a business*
- Common stocks – *equity ownership (with voting rights) in a corporation*
- Preferred stocks – *equity ownership (without voting rights) in a corporation*
- Mutual funds – *an investment that pools money from many people and invests in a portfolio of stocks, bonds, options or money market securities*
- Variable annuities – *an annuity in which the payments vary based on the fluctuation value and earnings of the underlying investments in the account*
- Fixed annuities – *an annuity that provides payments at a fixed rate during the annuity period*
- Bonds – *evidence of debt on which the issuer promises to pay the bondholders a specified amount of interest and to repay the principal at maturity*
- Certificates – *an investment available from a financial institution that pays a fixed rate of return for a specified period*
- Mortgages/Contract for deed – *a contract in which the ownership is transferred after the buyer makes a certain number of payments*
- Cash value of life insurance – *the cash amount available in case of a life insurance cancellation*

#### LIABILITIES

- Charge Accounts/Credit Cards – *an account that allows you to borrow money or buy services and products on credit*
- Auto Loans – *loan to finance the purchase of a vehicle*
- Personal Loans – *loan financed by a person, not a financial institution*
- Mortgages – *loan to finance the purchase of real estate*
- Home Equity Loan – *loan secured by the equity in the real estate owned (market value of the property less the outstanding balance of the mortgage)*
- Bank Loans – *loans financed by a bank*
- Life Insurance Loans – *loans financed by the cash value of a life insurance policy*
- Other

#### POLICIES

1. **Life Insurance** – *a policy that pays a benefit upon the insured's death*
  - Term life – *life insurance policy that provides protection for a specified period of time*
  - Whole life – *a life insurance policy that provides protection for the entire life of the insured person, generally with a fixed face amount and fixed premiums*
  - Universal life – *a life insurance policy that permits the owner to vary the amount of protection and premiums to reflect changing needs*
  - Universal Variable life – *a life insurance policy that permits the owner to vary the amount of protection and premiums and also build a cash value that can be invested in a variety of investment portfolios*
  - Group Life Insurance (Term) – *life insurance policy sponsored by the employer*
2. **Disability Insurance** – *a policy that pays a monthly benefit to an insured person in the event of an accident or sickness to help replace lost earnings*
  - Long-term disability (group/individual) – *benefits begin after a long elimination period (usually 180 days)*
  - Short-term disability (group/individual) – *benefits begin after a short elimination period (usually 7 days)*

3. **Long-Term Care Insurance** – *a policy that provides a benefit to an insured person who requires continuous care with daily activities such as bathing, eating and walking*
  - Group – *sponsored by the employer*
  - Individual – *policy purchased outside of the benefits provided by an employer*
4. **Health/Dental Insurance** – *a policy that provides a benefit to cover health/dental expenses*
  - Group - *sponsored by the employer*
  - Individual - *policy purchased outside of the benefits provided by an employer*
5. **Property/Casualty Insurance** – *a policy that provides a benefit in case of a property loss and/or casualty from an unexpected event*
  - Auto Insurance - *automobiles, motorcycles, recreational vehicles, boats, ATVs, snowmobiles*
  - Homeowners Insurance - *primary home, vacation home, cabin/cottage, condominiums/timeshares, rental property*
  - Umbrella Insurance – *supplemental liability coverage for claims above the amounts covered by the primary property/casualty insurance policies*
  - Other policies

## INCOME

1. **Earned Income** – *income received as compensation for work, such as salary, wages and self-employment income*
  - Wages and Salaries – *Pay stubs, W2, 1099, etc.*
  - Bonus - *Pay stubs, W2, 1099, etc.*
  - Self-employment – *1099, K1 schedule, etc.*
  - Other earned income
2. **Unearned Income** – *income from investments*
  - Taxable interest/dividends – *income from a taxable equity*
  - Tax-exempt interest/dividends – *income from a tax-free equity*
  - Rental real estate - *income received from a real estate investment*
  - Passive income – *income from an investment the investor doesn't "materially participate" in*
  - Other investment income
3. **Current Retirement Income**
  - Pension – *payments received from a pension plan*
  - Annuity distribution – *payments received from an annuity*
  - IRA distribution – *payments received from an IRA*
  - Social Security benefit – *payments received from the Social Security program*
  - Other retirement income
4. **Other Income**
  - Alimony – *payments made to a separated or divorced spouse*
  - Child support – *payments made to the custodial parent for the support of the children*
  - Trust income – *payments received from a trust*

### Step 3: Tell us More About your Spending

Understanding where your money is going is one of the most important parts of a Financial Plan. While some bills will come and go, other expenses such as utilities, taxes, insurance and other living expenses will be around for a long time. Please take the time to complete the attached **Expense Worksheet** so we may gather the most detailed information unique to your individual plan. We understand that this can be a tedious exercise, however the more detailed the information provided, the more specific the results will be in capturing your financial situation.

For plans requiring less specific information or if you would like us to use an estimate of your expenses in your plan, please complete the information below:

- I/We will complete the Expense Worksheet.
- I/We will estimate my Annual Expenses.                      Annual Expenses: \$\_\_\_\_\_

### SAVINGS & CONTRIBUTIONS

Are you actively making contributions or have a regularly scheduled savings plan to accounts such as retirement plans (401k, 403(b), 457), IRA, HSA or 529's?

#### Retirement, HSA and College Savings:

- Client 1:** 401k Contribution: \_\_\_\_% of salary | **Employer Match:** \_\_\_\_% up to \_\_\_\_% of salary
- Client 2:** 401k Contribution: \_\_\_\_% of salary | **Employer Match:** \_\_\_\_% up to \_\_\_\_% of salary
- Client 1:** Annual IRA Contribution: \$\_\_\_\_\_ | Annual Roth IRA Contribution: \$\_\_\_\_\_
- Client 2:** Annual IRA Contribution: \$\_\_\_\_\_ | Annual Roth IRA Contribution: \$\_\_\_\_\_
- Client 1:** Annual HSA Contribution: \$\_\_\_\_\_ | **Client 2:** Annual HSA Contribution: \$\_\_\_\_\_
- 529 Contribution 1: \$\_\_\_\_\_ | 529 Contribution 2: \$\_\_\_\_\_ | 529 Contribution 3: \$\_\_\_\_\_

#### Other Savings:

Do you have a planned savings routine? I.e.: "I save \$500/ month from every paycheck into my savings account".

- Client 1:** Annual Planned Savings Amount: \$\_\_\_\_\_
- Client 2:** Annual Planned Savings Amount: \$\_\_\_\_\_

## Step 4: Do you Have an Estate Plan?

Estate planning is a comprehensive process that ensures you'll leave the legacy you want and make things easier for the loved ones you'll leave behind. Please let us know if you have taken steps to address what happens to your estate when you become incapacitated or departed.

- I/We have executed basic estate planning documents.
- I/we also have established a trust.
- I/We have not executed estate planning documents.

Providing copies of Estate Planning documentation is important so we may forecast estate taxes or other liabilities or shortfalls in the estate plan. This will allow us to provide guidance if other assets should be titled or beneficiaries updated to meet your planning intentions.

**Please provide copies of the following documents:**

- Will – a document that directs how a person's property is to be distributed after death
- Healthcare directives (living will) – a document that specifies which life-prolonging measures one wants to be taken if he/she becomes terminally ill or incapacitated
- Power of Attorney (POA) – a document that authorizes someone to act as the agent or "attorney in fact" for another person
- Trust(s) – a form of property ownership under which the legal title to property is held by one person ("trustee") for the benefit of another person ("beneficiary")

## Step 5: Tell us Your Planning Goals | Concerns

Whatever your objectives might be, you need a plan. Retirement, a new home or just planning for a rainy day. Let us know your goals and we'll show you how to take your ideas and our expertise to create a plan on how to get there.

- GOAL:** \_\_\_\_\_
- GOAL:** \_\_\_\_\_
- GOAL:** \_\_\_\_\_
- GOAL:** \_\_\_\_\_

## Step 6: That was easy!

Please return this completed document to your Financial Advisor via email or mail. Once we can review your materials, we will get to work and build a plan to get you to where you want to go.

YOUR NAME: \_\_\_\_\_ DATE RETURNED TO KWMG: \_\_\_\_\_