

FLOW FINANCIAL PLANNING

ANNUAL RENEWAL MEETING

STELLA CLIENT

DATE: *MARCH 27, 2018*

GOALS - IN PROGRESS

PRIORITY 1 : Move to Anytown, USA

WHEN?	\$ NEEDED	CURRENT STATUS
Sept/Oct 2018	\$100k (to be short-term financed)	In idea form

STRATEGY

1. Research setting up a tiny home and buying a Sprinter to stay in Other Town 2 nights/week. With eye towards buying each, on short-term financing, to pay off in 2-3 years, but maintain liquidity during that time.
2. Research AirBnB possibilities for the tiny home
3. After the move, and things have settled down, revisit the plan, cash flow, etc.

PRIORITY 2 : “Work optional”

WHEN?	\$ NEEDED	CURRENT STATUS
Age 65?	Guesstimate = \$2M	Maxing out 401(k) + \$12k/year to brokerage (11% of 2018 income)

STRATEGY

1. ~~Reduce savings to retirement in order to build up Emergency Fund.~~
2. Retirement savings will take slight back seat to Move to Anytown for 2018.
3. Ultimately, retirement savings to at least 20% (\$56k in 2018).
4. Use salary to max out 401(k), max out ESPP, and to support monthly living expenses.
5. Save all Bonuses, RSU proceeds, and ESPP *earnings* to taxable account (for retirement) after paying for agreed-upon additional expenses (annual travel, motorcycle)



GOALS - IN PROGRESS

PRIORITY 3 : Buy a motorcycle

WHEN?

2018?

\$ NEEDED

\$10k

CURRENT STATUS

Don't have cash set aside for purchase

STRATEGY

1. Use after-tax RSU/bonus proceeds to pay.

PRIORITY 4 : Annual Travel

WHEN?

Annual

\$ NEEDED

\$10k

CURRENT STATUS

Have 2019 Antarctica trip saved for (\$18k in travel account)

STRATEGY

1. Fund travel account with lump sums from RSU/ESPP/Bonus proceeds



GOALS - IN PROGRESS

PRIORITY 5 : Grow career

WHEN?

Annually

\$ NEEDED

\$500/year

CURRENT STATUS

Already executing strategy
Pay for out of cash flow

STRATEGY

1. Apply to speak at one conference each year
2. Take 1 continuing education class each year



GOALS - NOT YET PRIORITIZED

IN THE PIPELINE: Create virtual consulting firm

WHEN?	\$ NEEDED	CURRENT STATUS
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STRATEGY

1. Revisit when plans to go to MBA come into sharper focus.

IN THE PIPELINE: Pay off loans

WHEN?	\$ NEEDED	CURRENT STATUS
2023 (Car)	\$70,500	Paying minimum monthly payment
2035 (Student)		

STRATEGY

1. Interest rates are low; no big *financial* incentive to pay them off
2. Continue to pay minimum on car and student loans until after larger expected loans for Sprinter and tiny house are gone. Then reevaluate.



GOALS - NOT YET PRIORITIZED

IN THE PIPELINE: Increase philanthropic contributions

WHEN?

\$ NEEDED

CURRENT STATUS

Not yet doing.

STRATEGY

1. Find opportunities in spending to redirect some spending to charity.
2. Do not reduce savings to fund charitable donations.
3. Don't start taking care of someone else before your plans are set, you're safe.



POLICIES

CASH FLOW

All cash flow: General savings priority:

1. ESPP max participation (15%)
2. Retirement (max 401(k))
3. Pay off loans
4. Retirement (at least 20% savings rate)
5. Travel (\$10k/year)

Paychecks: Set up paychecks to automatically max out 401(k) and ESPP. Use rest for living expenses.

Raises: Change your paycheck direct deposit/automatic savings setting to direct at least 75% of the new money (after-tax) to fund priorities above

Bonuses: Save all after-tax money to above priorities.

Proceeds from ESPP/RSU sales: Save all after-tax money to above priorities.

Discuss with Meg if planning to spend >10% of net worth on single purchase.

<COMPANY> STOCK, RSUS, ESPP

Sell RSUs ASAP after vesting, subject to trading window

Participate fully in ESPP; sell all stock ASAP after period ends, subject to trading window

Use all stock proceeds primarily to accelerate “work optional” savings

As of March 2018: 335 shares vesting/qtr 2018, 2019, 2020 (and expected new grants each year)

RISK MANAGEMENT

Maintain emergency fund = 6 months basic living expenses

Get free credit reports annually and review for accuracy

Freeze credit accounts when convenient

Maintain adequate liability insurance coverage

Choose highest deductibles consistent with Emergency Fund



NET WORTH

ASSETS	\$ AMOUNT	LIABILITIES	\$ AMOUNT
Bank Accounts	E	Credit cards	\$2,300
Employer Retirement Accounts	\$255,100	Student Loans	\$32,659
Individual Retirement Accounts	\$274,950	Car Loan	\$38,581
Taxable Accounts	\$1,750		
Total Assets	\$603,170	Total Liabilities	\$73,540

NET WORTH \$529,630

CHANGES

April 2017 Net Worth = \$424,900. Increase of \$104,730 (25%) since April 2017.

NOTES

Your Net Worth increased because:

1. You have saved a lot: to your emergency fund, and to your 401(k), and to a Vanguard brokerage account.
2. You continued to pay down your student loans and car loan.
3. The stock market has grown almost 12% in the last year (look at Vanguard Total Stock Market Index Fund)



CASH FLOW

Current (Estimate)

Income (Pre-Tax)	\$280,000
Salary	\$162,000
Bonus	\$16,000
Vesting RSUs	\$102,000
Taxes (Total)	\$61,435
Savings	\$30,500
401(k)	\$18,500
Taxable	\$12,000
Annual Expenses	\$103,756
Monthly Expenses	\$93,756
Travel	\$10,000
Surplus (Deficit)	\$85,309

Proposed (Estimate)

Income (Pre-Tax)	\$280,000
Salary	\$162,000
Bonus	\$16,000
Vesting RSUs	\$102,000
Taxes (Total)	\$61,435
Savings	\$104,809
401(k)	\$ 18,500
Taxable Brokerage (for Retirement)	\$ 84,309
Annual Expenses	\$113,756
Monthly Expenses	\$93,756
Travel	\$10,000
Motorcycle	\$10,000
Surplus (Deficit)	\$0

NOTES

Looking at projected 2018 total income, you have tremendous surplus over established expenses. Continue to max out your 401(k). Use some of your non-salary income to buy a motorcycle and fund your annual travel. And then save everything else towards your retirement (in a brokerage account).



NEXT STEPS

WHAT TO DO?

Research Financing options for Sprinter, tiny house.
Early payment penalties? Ideal = pay off in 2-3 years.

BY WHEN?

April 30, 2018

WHY?

Maintain liquidity/flexibility while transitioning to new life, and also allow yourself to easily pay off debt soon.

ESPP: Enroll in next period's ESPP, to the max (15% of income) (and repeat every 6 months)

May 15, 2018

More "Free money"

Sell all shares of <company> acquired through just-ended ESPP period (and repeat every 6 months) and push \$ towards debt/retirement brokerage account

Dec 1, 2018

Reduce risk; fund "work optional"

Estate Planning: Contact 2 estate planning attorneys and see whom you like better. (Meg will provide referrals.)

June 1, 2018

You have a living will/Healthcare power of attorney. Good, but incomplete. Need to protect yourself, your assets, and your loved ones.

Set up appointment to get full, basic set of estate planning docs (will, general power of attorney)

June 8, 2018

You have a living will/Healthcare power of attorney. Good, but incomplete. Need to protect yourself, your assets, and your loved ones.

Increase from \$500 to \$700/paycheck going into Vanguard brokerage.

July 1, 2018 (after adjust to new ESPP contribution)

Work optional



NEXT STEPS

WHAT TO DO?

Next time paycheck is extra big (bonus, RSUs, ESPP), save to brokerage.

BY WHEN?

Ongoing ! (when RSUs vest, when bonuses comes, when ESPP period ends and stock is sold)

WHY?

Increase Net Worth; get closer to “work optional

Revisit cash flow, projections, spending after move to Anytown. Schedule meeting with Meg.

January 2019

Adjust finances to new life



REFLECTIONS

WHAT ARE YOUR TOP TAKE AWAYS FROM OUR CONVERSATION TODAY?

I'm very far from a \$2M net worth. But I'm happy about the progress I made last year.
It's exciting to make this Anytown, USA stuff work.

