

Is Our Plan Working?

DIVERSIFIED TRUST CASE STUDY - A SCENARIO FOR YOUNGER FAMILIES

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DIVERSIFIED TRUST

COMPREHENSIVE WEALTH MANAGEMENT

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SCENARIO

The Jordans, a couple in their early 40's with roughly \$3 million in assets, understand the importance of planning for the future. They wanted to set up a college savings program for their three children, all under age 11. But they had to balance that plan with their need for retirement savings and adequate life insurance, all with enough flexibility to allow for a temporary decrease in income due to a job change and investment in a business opportunity. They called on Diversified Trust to help them address all these goals.

OUR APPROACH

Our first step was to gain a complete understanding of the Jordans' financials, including the makeup of their assets, sources of income, living expenses, current savings for education and existing life insurance. Next, we analyzed the financial feasibility of a temporary reduction in income due to a job change and investment in a business. The analysis incorporated estimated costs of investing in a business and future business value to illustrate the impact on short and long-term cash flows and projected wealth.

We then helped the couple set education funding goals including type of education (private vs. public) and the number of years of college the funding would need to cover. A variety of education funding options were presented to them for consideration.

Based on the couple's target retirement age of 60, we helped them define the cost of living for their desired post-retirement lifestyle. We built a comprehensive model that included multiple scenarios for cash flow and projected wealth, which helped identify the optimal plan to achieve the couple's retirement goals.

Finally, we performed a detailed analysis of the Jordans' life insurance needs to ensure that coverage complemented their plan.

We presented a variety of education funding options...



RESULTS

Our plan maximized 401(k) contributions and set a disciplined savings strategy to build an investment portfolio that will provide the desired level of retirement income.

With the assurance that their personal cash flow needs would be met and that a plan was in place to reasonably achieve their other financial goals, the Jordans were confident in their decision to move forward with a job change and business investment.

A 529 plan was established for each child that will fund four years (approximately \$150,000) of public undergraduate education. To support the client's anticipated retirement lifestyle, which will include the continuation of generous charitable contributions, our plan maximized 401(k) contributions and set a disciplined savings strategy to build an investment portfolio that will provide the desired level of retirement income. Additional term life insurance was purchased to close a gap in survivor income needs relative to resources.

Today, the Jordans are ready to face the future with a comprehensive, coordinated plan that provides them with peace of mind about the attainment of their most important goals.

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