

Rachel & Doug Smith

One Page Plan, January 2020

Financial Snapshot

- **Financial Priorities-** Living within your means, buying a home, and having flexibility to move in 4-6 years.
- **Net worth** position of ~\$479,000. *Target growing net worth by 5-10% per year.*
- **Cash Flow-** You need to make \$270,000 as a family to cover expenses. This is breaking even. With cash bonus, you should be coming out ahead each year by at least \$37,000.

ACTION ITEMS

Assigned To	Completion Date	Action Item
		Cash Flow: <ul style="list-style-type: none"><input type="checkbox"/> Target spending less than \$12,500 per month. You should be able to save ~\$1,000 per month not including bonus income.<ul style="list-style-type: none">• Open a High Yield Savings account and transfer your cash from checking so that it is earning at least 1.6%. (Ally Bank, Amex Savings, Marcus are good ones). Set up an automatic transfer of \$1,000 per month to this account.<input type="checkbox"/> To help you keep track of spending, sign up for Mint.com and link your accounts (bank, credit card, and brokerage/retirement).<ul style="list-style-type: none">• Go into Settings, notifications, and turn off all notifications as they get annoying.• Go to Budgets. Enter in the "blue line items" on the spending plan as your budgets.• Look at the "TRENDS" tab and see how much you have spent. Spend < \$12,500 per month.• Clean up any uncategorized spending.
		Home <p>You can afford to spend up to \$6,500 on rent (travel would need to be covered by bonus income). This is a MAX mortgage of \$1.12million given your down payment.</p>

		<ul style="list-style-type: none"> ❑ You can afford condos in the \$950,000-1.1m price range, or homes \$1.25-1.4million. (To get to \$1.4million you would have get ~\$130,000 in gifts). ❑ Go with a 7-year ARM as you plan to move to Europe in 4-6 years if you plan to sell the house. <i>If you think you might keep the house when you move, consider a longer-term mortgage to lock in the rate.</i>
		<p>Retirement</p> <p>Given current retirement savings, you need to save \$40,000 per year to be on track.</p> <ul style="list-style-type: none"> ❑ Maximize your 401(k) and 403(b) at \$19,500 for 2020. This gets you to \$39,000 plus company matching. ❑ Rachel- Consolidate your two Roth IRAs into one. The USAA IRA is not invested well. You are sitting on a lot of cash and a poorly rated mid-cap fund. I recommend you roll this over into Schwab. ❑ Rachel- Schwab Roth IRA. 35% of this account is in a Short-term bond fund. This is like cash. Sell the bond fund and buy \$9,000 of USAIX. Take the remaining \$7,000 and purchase SCHX. <i>(I can also make ESG recommendations).</i> ❑ Rachel- Your 403(b) investments need improving. Again, you have a short-term bond fund that is essentially like cash. Send me a list and I'll make my recommendations. ❑ Doug- Your 401(k) investment is way too conservative for your age. Switch it out for a 2045 fund.