

Cherry Tree Wealth Management

(Formerly Adam Smith Advisors)

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CHERRY TREE WEALTH INSIGHTS:

Published by Keith Tuft, President of Cherry Tree Wealth Management, LLC, with insights on investing and wealth management.

INVESTING QUOTE OF THE MONTH:

“Investing should be like watching paint dry or grass grow.

If you want excitement, take \$800 and go to Vegas.”– Paul Samuelson.



DO YOU HAVE \$1 MILLION AND NO FINANCIAL PLAN?

Surprisingly, most people with \$1 million do not have a financial plan. Without a financial plan you cannot confidently answer many important life questions such as:

- Do I have enough money to retire?
- When can I retire?
- How much can I spend or gift per year in retirement?
- How much money will I leave in the end as a legacy?

Living without a financial plan is like driving your car across the country without a map (or Google Maps). You are not likely to get to your destination. A financial plan starts out with a list of your financial and life goals, and then maps out a detailed plan on how you will get there. A good financial plan projects out your finances to age 90+ to be sure you will not run out of money in old age, shows you how much money you will have to leave to your children/charity, and projects out how much gifting/planning you should do to minimize your estate taxes. Of course, we think people with less than \$1 million could also benefit greatly by having a good financial plan.



Most people have never projected their finances out to age 90. Most people also don't know how much they spend or save each year. They should. Some people have not done a financial plan because they don't have an investment advisor, or their advisor offers just investment management and not financial planning. Other advisors charge extra for financial planning, and in many cases it costs several thousand dollars per year. Some are not excited to do a financial plan because it can take days of meetings and endless detailed inputs into the model, and then the software spits out a 30-page financial planning report that nobody will actually read.

We have an excellent solution to this problem: our “One Page Financial Plan.” Our proprietary model can be up and running in draft form in an hour or less, once we have the client's personal balance sheet and a few other key inputs. The entire plan fits on one page, and that includes a graph of your retirement assets each year from now to age 90. Our financial plan includes all the key financial factors in your life including your assets, future saving, pension income, social security, other income, college costs, etc. We do not charge extra for our financial planning, like many other advisors do.

A financial plan can tell you when you can afford to retire, and what your expected sustainable retirement spending/gifting budget is per year, and how many assets you will have at age 90. These future projections are also very helpful to decide how much estate planning you should do to avoid or minimize your federal and state estate taxes. We like to update each client's long-term financial plan each year. Our “One Page Financial Plan” can be simple and incredibly helpful, like a Google Map pointing you in the right direction to reach your financial goals.

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Financial planning addresses the topics that really matter in life. These issues are much more important to reaching your goals in the long run than whether your investment portfolio “beat the market” this year. Financial planning is unique to each person and family. We help clients make smart financial planning decisions on a wide variety of topics. Some of the most common are deciding when they can/should retire, how much to save for the kids’ college per year, and when to start taking Social Security.



There are also a large number of other financial questions that we provide guidance for that are diverse and unique to each family. If I sell my company for \$8 million, what sort of lifestyle will that support for me in retirement? How much money should I gift to my children now, while I am still living, compared to leaving it all to them at my death? If I retire two years earlier than I planned, how much lower will my retirement lifestyle be? Can I afford a second home in Florida? How can I be smarter about income and estate taxes? What assets should I gift where, and when?

A good financial plan can help you be sure that your lifestyle level (spending and gifting) does not drop in retirement. Most people want that. A financial plan determines a sus-

tainable level of spending/gifting in retirement that will allow you to meet both your lifestyle (current spending/gifting) and legacy goals. It can also give some frugal people the confidence to spend/gift a bit more each year, knowing they will still be in great financial shape over the long-term. We tell these clients to take an extra vacation and give the kids/charities a bigger yearend gift, because they can easily afford it!

A financial plan forces you to think about and specify financial and life goals, and significantly increases the odds that you will reach your goals. Having a good plan gives you peace of mind and confidence that things will work out well for you. All of our clients who have done a financial plan know when they can confidently retire, how much they can spend/gift per year in retirement, and how much will be left at the end. A good financial plan also includes smart estate planning so that your assets end up exactly where you want them to go (often to your spouse/kids/grandkids and charity rather than the IRS). A good financial plan helps people develop realistic financial and life goals, and shows them a roadmap to achieve these goals. We really enjoy helping clients make smart financial choices, and building a solid and unique financial plan for each of them. We make financial planning quick and relatively easy for the client. Please let us know if we can build or update an excellent financial plan for you.

Cherry Tree Wealth Management, LLC (CTW) provides unique wealth management services for a select group of client families to help give them peace of mind. Author Keith Tuft, (President of CTW) has over 25 years of successful investment management experience as a Wall Street Analyst, Mutual Fund Portfolio Manager, Director of Equity Research for a major mutual fund firm, Hedge Fund Portfolio Manager, and Wealth Management Advisor. Please FORWARD this e-mail to friends/relatives/business associates that you think may have an interest. Please see our website at <http://www.cherrytree.com>.

CHERRY TREE WEALTH MANAGEMENT, LLC

Keith N Tuft, CFA, MBA • ktuft@cherrytree.com • Cell (952) 465-1785 • Office (952) 253-6006



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