



## THE BENEFITS OF BEING A RETAINER CLIENT

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Our mission at Aznar Financial Advisors, LLC is to do the following:

- Always look out for your best interest.
- Create more time in your life.
- Educate, motivate and support you with clear and honest professional guidance to help you to make wise financial decisions in pursuit of your personal life goals.
- Create an environment in which you feel valued, respected, understood, and comfortable.
- Be dedicated to understanding your unique goals and circumstances.
- Help you to organize your resources in a way that allows you to achieve your goals.

Our ultimate goal is to provide you with the resources and tools that you require to ultimately achieve all of your financial planning goals. As a Retainer Client with Aznar Financial Advisors, LLC you will have the benefit of our assistance in implementing, maintaining and constantly updating your financial plan. We are in regular communication via phone and e-mail with our Retainer clients and also schedule in-person meetings to ensure that you consistently remain on track to achieve your financial goals and objectives.

Our Retainer Clients know exactly what to expect from us. Once the initial plan is completed, our clients can rest assured that this plan will be proactively implemented and maintained.

Below are some of the benefits of becoming a Retainer Client with Aznar Financial Advisors, LLC.

### **I. ADMINISTRATIVE ITEMS**

- a. We will help you to organize your financial affairs and set them up in a way to ensure that over your lifetime you will achieve your financial goals and objectives.
- b. We will compile a detailed listing of all of your key information (investment accounts, insurance policies (life, property and casualty, disability, and long-term care), contact information for estate planning attorney and accountant, as well as a listing of the fiduciaries named in your estate planning documents and their contact information).
- c. We will remind you to pull your credit report annually to verify that there are no potential problems or issues.

### **II. GOALS AND OBJECTIVES REVIEW:**

- a. As part of the financial planning process, we will quantify and qualify your goals and regularly monitor them to ensure that you achieve the goals that you and your family want to achieve in life.
- b. Life is too short NOT to achieve the things you value most.

### **III. NET WORTH STATEMENT:**

- a. We will regularly monitor your net worth to help you continue to grow your net worth over time.

### **IV. CASH FLOW PLANNING**

- a. We will regularly monitor the amount you are saving and guide you with the appropriate amount of savings given your overall resources and goals.
- b. We will remind you to maintain an appropriate emergency fund.
- c. We will help you to stay on track with funding appropriate retirement accounts on a regular basis.
- d. We will regularly monitor your long-term retirement projections so that we adjust your savings / spending / investment approach over time as your life and personal circumstances evolve and change.
- e. We will work with you in an effort to keep bad debt under control and pay it off in the most effective manner.

### **V. INCOME TAX PLANNING**

- a. We will monitor your income tax situation on an ongoing basis to ensure your withholding is appropriate, your estimated payments are appropriate (if necessary) and that you are taking advantage of income tax benefits to the extent possible.
- b. We will also monitor your investment portfolio to ensure it is as tax efficient as possible given your personal tax situation and the existing income tax climate.
- c. We will provide you or your accountant directly with an annual summary of pertinent tax information each tax season.
- d. We will help set you up to make your estimated payments electronically in order to save you the time and aggravation involved in filing quarterly if you do not want to write paper checks.

### **VI. RISK MANAGEMENT PLANNING:**

- a. Life Insurance: We will monitor your life insurance needs as your personal situation and circumstances evolve and change. We will also evaluate if your life insurance needs could be fulfilled in a more cost effective and efficient manner.
- b. Long-Term Care Insurance: We will monitor your long-term care insurance needs as your personal situation and circumstances evolve and change. We will also evaluate if your long-term care insurance needs could be fulfilled in a more cost effective and efficient manner.
- c. Disability Insurance: We will monitor your long-term disability insurance needs as your personal situation and circumstances evolve and change. We will also evaluate if your disability insurance needs could be fulfilled in a more cost effective and efficient manner.
  - a. Additionally, we will be involved in the application process for any new insurance coverages to help ensure that everything moves forward as smoothly and efficiently as possible.

### **VII. INVESTMENT PLANNING**

- a. We will set up a well diversified, low cost, tax efficient portfolio on your behalf.
  - a. We will complete all of the paperwork to get the accounts established.
- b. We will consolidate your investments into one place to the extent possible.
- c. We will monitor your investments on an ongoing basis to ensure that your portfolio and the underlying holdings continue to be appropriate for your personal circumstances and financial goals and objectives.

- d. We will harvest tax losses if and when appropriate for income tax savings.
- e. We will regularly rebalance your portfolio to ensure that we buy low and sell high to the extent possible. When we rebalance, we will consider the tax and transaction costs associated with rebalancing in an effort to keep them as low as possible.
- f. We will do what we can to stop you from making the mistakes that most individual investors make with their money by providing a disciplined strategic approach to your investment portfolio.

#### **VIII. RETIREMENT PLANNING**

- a. Stock Options / Restricted Stock Units / Other company stock: We will monitor your company stock holdings and help you diversify to the extent possible out of your company stock. We will be sure to try to do so in the most tax efficient manner.
- b. Employee benefits: We will discuss your employee benefits to ensure that you are taking advantage of the benefits that your company offers.
- c. Long-term retirement planning: We will continue to monitor your long-term retirement projections to help you stay on track to achieve financial independence when you would like to do so.

#### **IX. ESTATE PLANNING:**

- a. If necessary, we will schedule and attend a meeting with an estate planning attorney to ensure that your documents are appropriately updated.
- b. We will provide the attorney with all of the necessary information to save you the time of compiling it as well as to keep your legal fees down.
- c. We will monitor your estate planning documents to ensure that they continue to be appropriate given your own changing circumstances and given the constantly changing estate tax landscape.
- d. We will follow up with the estate planning attorney to ensure your beneficiary designation forms for your retirement accounts and life insurance policies are appropriate and up-to-date.
- e. We will review your asset ownership with the attorney and assist in making changes if / when it becomes necessary.

#### **X. EDUCATION FUNDING**

- a. We will assist in setting up the appropriate accounts on your behalf.
- b. We will help you to establish the pre-determined amount of monthly / annual savings.
- c. We will monitor your education funding goals to ensure that you continue to save the appropriate amount in the appropriate funding vehicles on an ongoing basis.



## THE VALUE OF FINANCIAL PLANNING

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It is difficult if you have not worked with a financial advisor to fully comprehend the value that a financial advisor can contribute to your life. There can be an enormous gap between the value that financial planners deliver and the perception of the value we deliver. In an effort to provide you an introduction to the value you will receive from working with a financial advisor, the following few pages will list the value of a planning engagement in reverse order, starting with the ordinary conveniences that we offer our clients, and ending with the services that can transform your personal sense of well-being and fulfillment, forever.

### **We help our clients keep track of (and make more efficient) their financial affairs.**

Consider the following...

The typical person had a will drawn up some time ago. He's not sure exactly when, what the provisions of the will are, and may not know where it is. There is an insurance policy in a drawer somewhere, and it may be term or it may be a cash value contract; he knows for sure that he pays the insurance company every year, but he's not certain how much. The auto insurance policy he happens to own is much more expensive than the lowest rate available in the market, and the homeowner's policy hasn't been updated since the Reagan Administration. He is not certain what his current mortgage rate is and is uncertain what rates are today. He may think his portfolio is diversified because he has many different small cap value funds managed by different fund companies.

If this sounds like you, it is completely understandable. People who do not practice financial services for a living find these things incredibly complicated and confusing. And they know they are leaving money on the table, overpaying and not getting the returns that the market offers. They know that their disorganization costs them money; what they don't know is what to do about it. When we sit down and put everything in one place, and show you how it all works, we take away the anxiety that comes with disorganization, and replace it with a sense of peace that, at last, the paperwork is being attended to and the decisions are being made with a degree of competence. Additionally, we can probably save you money on some of the things you are currently overpaying for.

This is incredibly valuable to your sense of well-being and personal confidence about life, not to mention the money saved. And this is the least of what we offer our clients.

### **We help our clients create an organized, diversified portfolio, and we will stand between you and the dysfunctional emotional decisions that everybody makes with their own investments.**

Most individuals are not aware that if you could pick the one asset class that offers the highest rate of return over the last 10 years or a diversified portfolio that adds three lesser-returning asset classes, you would still generate more terminal wealth by picking the diversified portfolio. This, of course, is the magic of a smooth investment

ride; any portfolio that experiences big negative years will produce less terminal wealth than a comparably-performing mix of investments that takes a smoother course to its destination.

The trouble is, most people who do not work in the field of financial services do not understand diversification across asset classes, and may not understand exactly what an “asset class” means. We can help our clients achieve higher rates of return than they would on their own by building a well-diversified, low cost, tax-efficient portfolio. Chances are, over ten years this alone will more than pay for our planning fees.

But there's much, much more. Left to their own devices, many, perhaps most, individuals will eventually panic and sell at or near the bottom, or get caught up in the buyer's frenzy at or near the top. Terry Odean, a professor at Berkeley, has taken a lot of customer data from two big discount brokerage houses, and found that those people who traded most frequently experienced the lowest returns. There have been numerous studies, by the Dalbar organization and others that show that investors experienced much lower returns than the markets or the mutual fund industry were delivering because of their trading habits. One credible study estimated that more than 70% of all day traders lost all their money DURING THE BIGGEST BULL MARKET PERIOD IN AMERICAN MARKET HISTORY – a time when the markets were delivering more than 20% a year.

The point here is that we do not have to time the market or get above-market returns to add tremendous value to your financial lives. Incredibly enough, if you are able to achieve something close to the average market returns, and if you can get a smoother investment ride than the Dow or any other single asset class delivers, then you will greatly outperform the average investor in the marketplace.

The difference between the returns you achieve and what the average investor achieves, measured in terminal wealth dollars, is probably many times what you will be charged in financial planning fees. And this is only an incidental part of the value that we offer.

### **We help our clients get into the habit of saving (and investing) a portion of their income.**

As you may know, the savings rate statistics in America (the latest numbers hovered around 2.3% of income) are quite dismal. And the keepers of these statistics don't tell you that they probably overstate the actual rate, because they don't include things like increasing credit card balances or home equity loans, so that when people put money in their savings account, and at the same time run up even more debt, it counts as an increase in their savings.

The well-kept secret about the investment markets is that an individual's savings habits have much more effect on his terminal wealth at retirement than the rate of return on the portfolio. People who save 10% of their income will have far more terminal wealth over 30 years than people who save very little but get an extraordinary rate of return.

The problem for most consumers is that there is no voice in their environment advising them to pay themselves some of the income they earn. Instead, they are bombarded by messages which make powerful arguments to do the opposite: to buy this, that or something else.

We will become that voice speaking out in favor of saving, and help to organize your life so that the money that goes into an investment account each month is treated as one more expense. This in and of itself is an incalculably valuable service.

One example of the incredible importance of savings: A schoolteacher began working with a financial advisor early in her career, and got into the habit of saving a percentage of her income every month. At age 60, she decided to retire with a portfolio in excess of \$1.5 million, and her fellow teachers asked her where she had gotten the money. They were still working to pay their bills.

The difference between a lifetime of paying yourself versus spending whatever you make is, over time, the difference between the cheerfully desperate-looking greeter at a Wal-Mart store and a person who retires on his terms, a retirement of travel and leisure. You cannot put a price tag on this freedom. It is certainly worth far more than the fees that we charge.

**We help people identify what is important in their lives, and prioritize their goals.**

There are no statistics on this, but I have yet to find a person (who is not working with a financial advisor) who has taken the time to identify what he/she really wants out of life. This is an incredibly sad, tragic situation. The vast majority of people in our advanced, prosperous society have not taken the time to figure out what they really want out of the all-too-brief time they will spend on this planet. And if you don't know your destination, it is unlikely you will ever reach it.

By helping our clients recognize this deficiency in their lives, and leading them to identify their most personal goals and desires; we give them a gift that is priceless.

**We help people turn seemingly impossible goals into a routine that can achieve them.**

As financial advisors, we have mastered one of the truly magical lessons of life: that any enormous goal can be broken down into manageable, monthly increments, and achieved by routine and persistence. You save X amount of dollars every month in a portfolio that gets something close to what the market offers, and you will retire with a sum of money that seems impossible to you now.

This is a magical, powerful lesson. We have the ability to identify client goals, put the financial numbers to them, and then break them down into the individual steps. Individuals who have goals that they don't believe they can achieve are put on a schedule that will get them there as a matter of routine. Put another way: we make it more likely that our clients will achieve their most meaningful and important goals, in most cases, FAR more likely. The value of this is tremendous.

**We help people bring the focus of their lives from retirement to the present.**

Ten years ago, there was little understanding of the downside of retirement; that it meant more than just leisure, that it often represented the elimination of a feeling of usefulness, a loss of stature and self-esteem for the life-long worker. As Mitch Anthony, a well-known author has memorably put it: when you retire and golf is your most meaningful activity, then golf suddenly becomes your work.

We have a clear recognition that retirement is a huge, dangerous transition, and that all-too-many people will unknowingly retire to lives of emptiness and meaninglessness. And so instead of focusing purely on retirement planning, we instead are offering career counseling, helping our clients to transition from a job they dislike to meaningful work that they can do and enjoy as if it were play. A financial advisor named Jim Johnson, who

practices in Sacramento, put it best. “We help people leave high-paying crappy jobs,” he said, “for crappy-paying great jobs.” And of course we work out the financial implications of it, so that the change in lifestyle is not traumatic.

Helping people move from work they dislike to work that is fulfilling and empowering is enormously valuable, and the bonus is that you can continue to do what you enjoy and escape the meaninglessness and emptiness of a retirement that may put you on the sidelines. You can cut back and still remain relevant.

Of course, this is not a comprehensive list. When clients come to us, within a year, perhaps sooner, they begin to enjoy a certain peace of mind about their financial affairs. They are educated about esoteric financial issues, life skills that are never taught in our dysfunctional society. They feel like they have an ally who is on their side in a world that would take their money and steal their time for everybody else’s agenda. They have somebody who will take care of their spouse and heirs when they’re gone. This list does not include specialized services like charitable planning, divorce counseling, creating special needs trusts for a disabled child or the value of having been nagged into buying disability insurance and long-term care coverage and now, suddenly, the policy is an important source of income. It doesn’t include the comfortable knowledge that you can call us for advice on virtually any financial or economic subject, and we will provide you with an answer that is not tainted by a sales agenda.

Clearly, the services that we offer have enormous value. If you understand the benefits we offer to your personal and financial lives, it should be crystal clear that you should choose to work with an independent financial planner.

Nobody in the world will make as much of a difference in your life as a well-educated, caring, ethical financial planner.



## RETAINER SERVICE – FEE STRUCTURE

*Retainer Fees* will be calculated based on the total fair market value of the Managed Portfolio\* at the annual rate of

Up to \$1,000,000.	1.00%
On amounts from \$1,000,001 to \$2,000,000.	0.85%
On amounts from \$2,000,001 to \$4,000,000.	0.70%
On amounts from \$4,000,001 to \$7,000,000.	0.55%
On amounts over \$7,000,001.	0.40%

and shall be payable quarterly in advance (subject to a minimum quarterly fee of \$3,000). The fee will be paid by debiting your TD Ameritrade account directly. The first payment will be due on the first day of the month following receipt of the signed retainer agreement and deposit.

\*Please note: The Managed Portfolio includes all taxable, tax-free and tax-deferred accounts; 401k plans, deferred compensation plans, IRAs and Roth IRAs, Section 529 plans and cash accounts regardless of whether the accounts are directly under the management of Aznar Financial Advisors, LLC. A maximum of up to \$100,000 of cash held in a checking account, savings account, money market or CD's will be excluded from the total managed portfolio.