



Solomon and Rachel Avraham

Your Financial Plan

See Important Disclosure Information section in this Report for explanations of assumptions, limitations, methodologies, etc

Prepared by:

Victor Schramm, CFS®
February 13th, 2019

Disclosures

Basic Disclosures

The recommendations above are not guarantees of investment performance or the full attainment of your goal. The results of this plan are based on assumptions for, among other things, historical investment performance, client savings rates, average inflation rates and estimated tax rates. In addition, investment expenses have not been considered in any of the calculations. Therefore, all projections are hypothetical in nature and meant to be used for illustrative purposes only.

The information generated regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results.

The returns are not reflective of any specific product, and do not include any fees or expenses that may be incurred by investing in specific products. The actual returns of a specific product may be more or less than the returns used in this report. It is not possible to directly invest in an index. Financial forecasts, rates of return, risk, inflation, and other assumptions may be used as the basis for illustrations. They should not be considered a guarantee of future performance or a guarantee of achieving overall financial objectives. Past performance is not a guarantee or a predictor of future results of either the indices or any particular investment.

Results may vary with each use and over time.

This Report provides a snapshot of your current financial position and can help you to focus on your financial resources and goals, and to create a plan of action. Because the results are calculated over many years, small changes can create large differences in future results. You should use this Report to help you focus on the factors that are most important to you.

Investment Disclosures

The projected investment returns are hypothetical in nature and do not reflect actual investment returns in the future.

Data Integrity

The results of this plan are based, in large part, by the data that you have either entered into the Advizr application or provided to your financial professional. Any underestimations or overestimations of data entered by you could drastically change the recommendations made by your financial professional. It is important to update your financial information frequently.

Tax & Legal Advice

The creation and results of this plan do not constitute legal or tax advice. You should consult with an attorney or an accountant for advice in those areas.

Circular 230

IRS Circular 230 Notice: Any tax advice provided herein is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed on any taxpayer.

Limits of financial modeling

Market volatility may be more extreme than what is represented by the simulation. The accuracy of the simulation is reduced in periods of market crisis. The simulation does not consider all investments, and those not considered might have characteristics similar or superior to those analyzed in this report.

Client Future Situation

It is possible that your income, cash flow and ability to save may change in the future. The projections, in large part, are based on the data that you have provided. It is important to update your plan frequently to account for any changes in your financial

status. Therefore, the results of this plan today cannot account for future changes in your financial situation.

Information that You Provide

Information that you provided about your assets, financial goals, and personal situation are key assumptions for the calculations and projections in this Report. Please review the Report to verify the accuracy of these assumptions. If any of the assumptions are incorrect, you should notify your financial advisor. Even small changes in assumptions can have a substantial impact on the results shown in this Report. The information provided by you should be reviewed periodically and updated when either the information or your circumstances change.

All asset and net worth information included in this Report was provided by you or your designated agents, and is not a substitute for the information contained in the official account statements provided to you by custodians. The current asset data and values contained in those account statements should be used to update the asset information included in this Report, as necessary.

Monte Carlo Simulations

Monte Carlo is a process that is used to conduct a statistical analysis of a client's portfolio to determine the probability of the client achieving their retirement goal. In other words, we conduct a large number of trials that simulate random returns on their portfolio, and seek to determine the percentage of trials in which the client was able to fully fund their retirement.

Advizr starts by collecting the asset allocation for each of the client's accounts. We then run a year-by-year simulation of the client's incomes, expenses, and investment returns. Incomes include any source of income entered by the user. Expenses include any source of expense entered by the user, in addition to taxes paid on income and capital gains. To tax investment returns, Advizr applies the income tax rate on 80% of a given year's returns, and the capital gains tax rate on the remaining 20%.

The investment returns for each year are calculated from the return of each asset class for that year and the asset allocation of each account. Asset class returns are generated from a random distribution. Each asset class is linked to an index, or a set of indices, with an assumed mean return and standard deviation. Using a correlation matrix between all the asset classes, and assuming a normal distribution of returns, we generate random returns for each year of the simulation.

Monte Carlo simulations are used to show how variations in rates of return each year can affect your results. A Monte Carlo simulation calculates the results by running it many times, each time using a different sequence of returns. Some sequences of returns will give you better results, and some will give you worse results. These multiple trials provide a range of possible results, some successful and some unsuccessful. The percentage of trials

that were successful is the probability that your assumptions could be successful.

We run 500 trials each time using a different set of asset class returns taken from the distribution. The mean returns, standard deviations and correlation matrix are taken from JP Morgan's published Long-Term Capital Market Assumptions (<https://www.assumptionsmatrices.com/>). At the end of the simulation, we calculate the percentage of trials in which the client was able to cover all of their expenses until the end of their retirement. This is the probability of success.

IMPORTANT: The projections or other information generated by this Monte Carlo simulation regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. There is no guarantee that the results generated by this simulation will be achieved or sustained, and results may vary with each use.

Assumptions

All calculations use asset class returns, not returns of actual investments. The projected return assumptions used in this Report are estimates based on average annual returns for each asset class. The portfolio returns are calculated by weighting individual return assumptions for each asset class according to your portfolio allocation. The portfolio returns assume reinvestment of interest and dividends at net asset value without taxes. All results use assumptions that do not completely or accurately reflect your specific circumstances. No Report has the ability to accurately predict the future. As investment returns, inflation, taxes, and other economic conditions vary from the assumptions, your actual results will vary (perhaps significantly) from those presented in this Report. Advizr does not provide recommendations for any products or securities

Investment and Insurance Product Fees

Depending on what investment or insurance product you purchase, you may incur front-end charges, annual expenses or performance fees. For certain products, you may incur surrender charges, income taxes and penalties if the product is sold before a pre-determined period. For variable life insurance and annuity products, you will incur mortality and expense fees. None of these expenses have been factored into the projections. If included, fees and other expenses would materially reduce the projections.

Risk Assessment

Your risk assessment is based on the category and description of risk you chose in the data wizard. It is your responsibility to choose the description that you think fits best with your appetite for risk. Based on your specific circumstances, you must decide the appropriate balance between potential risks and potential returns. Once you have chosen a category of risk, Advizr will suggest a pre-determined asset allocation that has been approved by the broker-dealer you are working with. These suggested allocations are informational only and are only intended to facilitate a discussion between you and your advisor. It will be your responsibility to work with your advisor and determine what the appropriate asset allocation mix may be.

Risks in Investing

Investing in fixed income securities involves interest rate risk, credit risk, and inflation risk. Interest rate risk is the possibility that bond prices will decrease because of an interest rate increase. When interest rates rise, bond prices and the values of fixed income securities fall. When interest rates fall, bond prices

and the values of fixed income securities rise. Credit risk is the risk that a company will not be able to pay its debts, including the interest on its bonds. Inflation risk is the possibility that the interest paid on an investment in bonds will be lower than the inflation rate, decreasing purchasing power.

Cash alternatives typically include money market securities and U.S. treasury bills. Investing in such cash alternatives involves inflation risk. In addition, investments in money market securities may involve credit risk and a risk of principal loss. Because money market securities are neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency, there is no guarantee the value of your investment will be maintained at \$1.00 per share. U.S. Treasury bills are subject to market risk if sold prior to maturity. Market risk is the possibility that the value, when sold, might be less than the purchase price.

Investing in stock securities involves volatility risk, market risk, business risk, and industry risk. The prices of most stocks fluctuate. Volatility risk is the chance that the value of a stock will fall. Market risk is chance that the prices of all stocks will fall due to conditions in the economic environment. Business risk is the chance that a specific company's stock will fall because of issues affecting it. Industry risk is the chance that a set of factors particular to an industry group will adversely affect stock prices within the industry.

International investing involves additional risks including, but not limited to, changes in currency exchange rates, differences in accounting and taxation policies, and political or economic instabilities that can increase or decrease returns.




Executive Summary

I was able to fund all goals adequately. You'll notice that the stretch from about 2020 to 2030 will be the most difficult period. This is due to the home purchase and the beginning to save in the middle of the period for education.


Retirement assets ended up a little lighter than I had hoped when all goals were funded optimally. That said, you'll notice in the cash-flow report year-by-year that there are typically 5-figure unallocated sums that should be diverted to long term savings. Retirement is the main goal for such savings, but all additional savings will take place in taxable trading accounts.

Action Steps

Retirement

-  Asset allocation of excess savings should be in-line with your Moderately Aggressive investment schedule, since it is presumed to be mostly excess/ retirement funds
-  The earliest I can imagine that happening safely is around 2030
-  Save excess incomes into a taxable savings account once all other goals are achieved

Emergency Fund

-  I've recommended utilizing Sol's Adidas ESOP plan for this goal when it is fully vested and there is the ability to sell shares at a decent price.



Simcha's Education

-  See IPS for detailed implementation




Tehillah's Education

-  See IPS for detailed implementation

Hadassah's Education

-  See IPS for detailed implementation
-  Save an additional \$54 per month in an education-related investment account



Insurance

-  Consider purchasing an additional \$2,000 in disability insurance for Rachel.
-  Consider purchasing an additional \$8,600 in disability insurance for Solomon.
-  Maximum term life coverage: \$850,000. Minimum coverage: \$385,000

Buy a car

No action steps.

Home Purchase

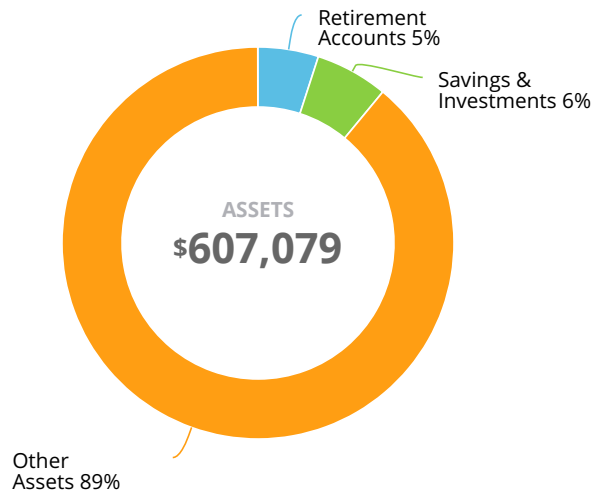
-  \$2,000 to \$2,500 is the optimal amount to pay over 10% down-payment
-  Save at least \$1,750 monthly until 2024 for this

Other Items

No items.

Net Worth: Summary

\$237,079



Assets	\$607,079
Savings & Investments	\$38,079
Retirement Accounts	\$29,000
Other Assets	\$540,000

Liabilities	\$370,000
Mortgage	\$370,000

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Net Worth: Detailed

	SOLOMON	RACHEL	JOINT	TOTAL
Assets	\$67,079	\$50,000	\$490,000	\$607,079
SAVINGS & INVESTMENTS	\$38,079	-	-	\$38,079
<i>Trading</i>	\$1,888	-	-	\$1,888
<i>Stash Account</i>	\$1,044	-	-	\$1,044
<i>Adidas - Solomon</i>	\$26,965	-	-	\$26,965
<i>Adidas Deferred Compensation</i>	\$8,182	-	-	\$8,182
RETIREMENT ACCOUNTS	\$29,000	-	-	\$29,000
<i>Sol's 401(K)</i>	\$29,000	-	-	\$29,000
OTHER ASSETS	-	\$50,000	\$490,000	\$540,000
<i>Current House</i>	-	-	\$490,000	\$490,000
<i>Rachel's Business</i>	-	\$50,000	-	\$50,000
Liabilities	-	-	\$370,000	\$370,000
MORTGAGE	-	-	\$370,000	\$370,000

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<i>Current House Mortgage</i>	-	-	\$370,000	\$370,000
Net Worth	\$67,079	\$50,000	\$120,000	\$237,079

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Cash Flow

	2020	2021	2022	2023	2024
SOLOMON'S AGE	34	35	36	37	38
RACHEL'S AGE	32	33	34	35	36
Inflow					
Employment Incomes	\$172,000	\$175,440	\$178,949	\$182,528	\$186,178
Business Incomes	\$46,000	\$47,610	\$49,276	\$51,001	\$52,786
Rental Incomes	\$30,000	\$30,150	\$30,301	\$30,452	\$30,605
Social Security Incomes	\$0	\$0	\$0	\$0	\$0
Distributions	\$0	\$0	\$0	\$10,000	\$97,500
Total Inflow	\$248,000	\$253,200	\$258,526	\$273,981	\$367,069
Outflow					
Taxes	\$78,026	\$79,951	\$81,925	\$83,951	\$86,580
Liability Expenses	\$25,200	\$25,200	\$25,200	\$25,200	\$70,454
Living Expenses	\$33,525	\$34,196	\$34,879	\$45,577	\$133,789
Contributions	\$65,424	\$65,424	\$65,424	\$65,424	\$41,424
Total Outflow	\$202,175	\$204,770	\$207,429	\$220,152	\$332,246
Net Cash Flow	\$45,825	\$48,430	\$51,097	\$53,829	\$34,823

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Balance Sheet

	2020	2021	2022	2023	2024
SOLOMON'S AGE	34	35	36	37	38
RACHEL'S AGE	32	33	34	35	36
Assets	\$700,203	\$840,295	\$986,992	\$1,130,206	\$1,984,111
Savings & Investments	\$97,877	\$188,839	\$284,142	\$373,589	\$371,245
Retirement Accounts	\$62,326	\$97,456	\$134,483	\$173,504	\$214,622
Other Assets	\$540,000	\$554,000	\$568,367	\$583,112	\$1,398,244
Liabilities	\$360,338	\$350,258	\$339,740	\$328,767	\$1,009,454
Mortgage	\$360,338	\$350,258	\$339,740	\$328,767	\$1,009,454
Net Worth	\$339,865	\$490,037	\$647,252	\$801,438	\$974,657

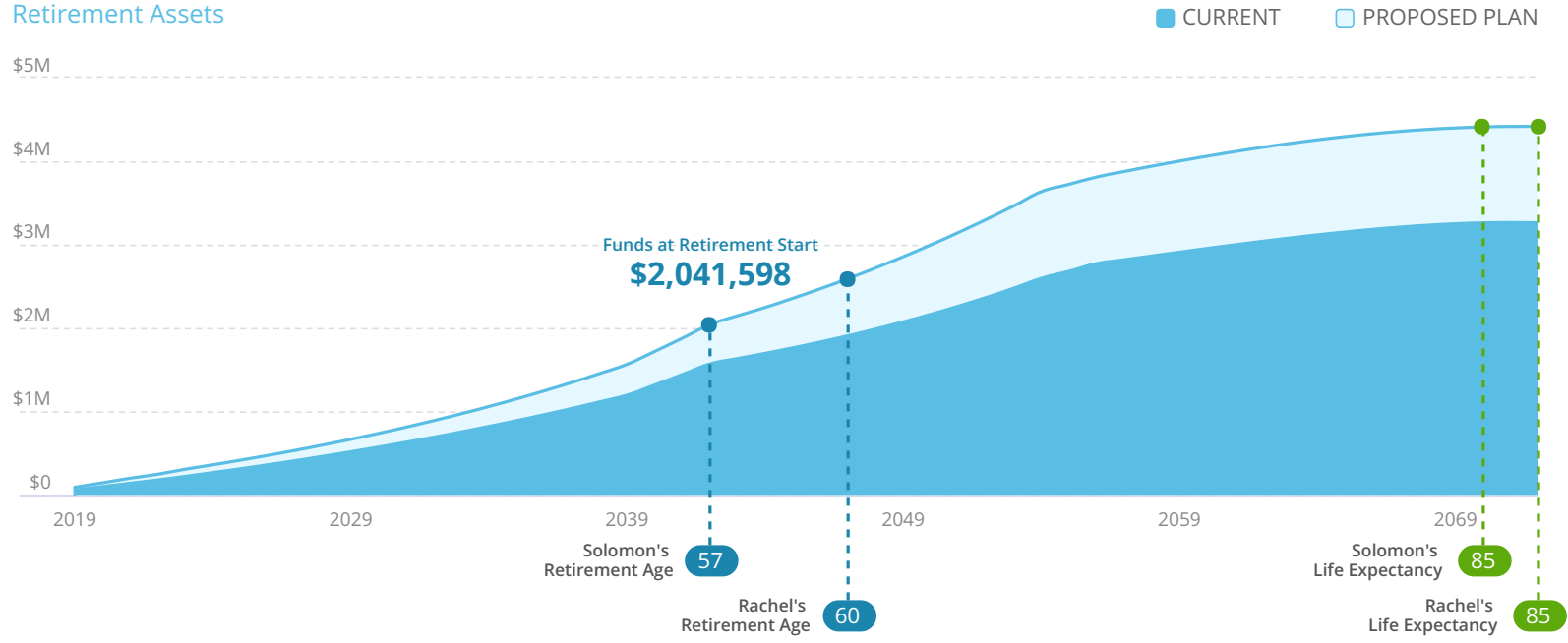
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Retirement Goal - Assets

ACTION NEEDED

GOAL: Solomon retires at **57**, Rachel retires at **60**, spend monthly retirement expense of **\$2,025**, in today's dollars, through Solomon's and Rachel's life expectancy ages of **85** and **85**.

Retirement Assets



Action Steps

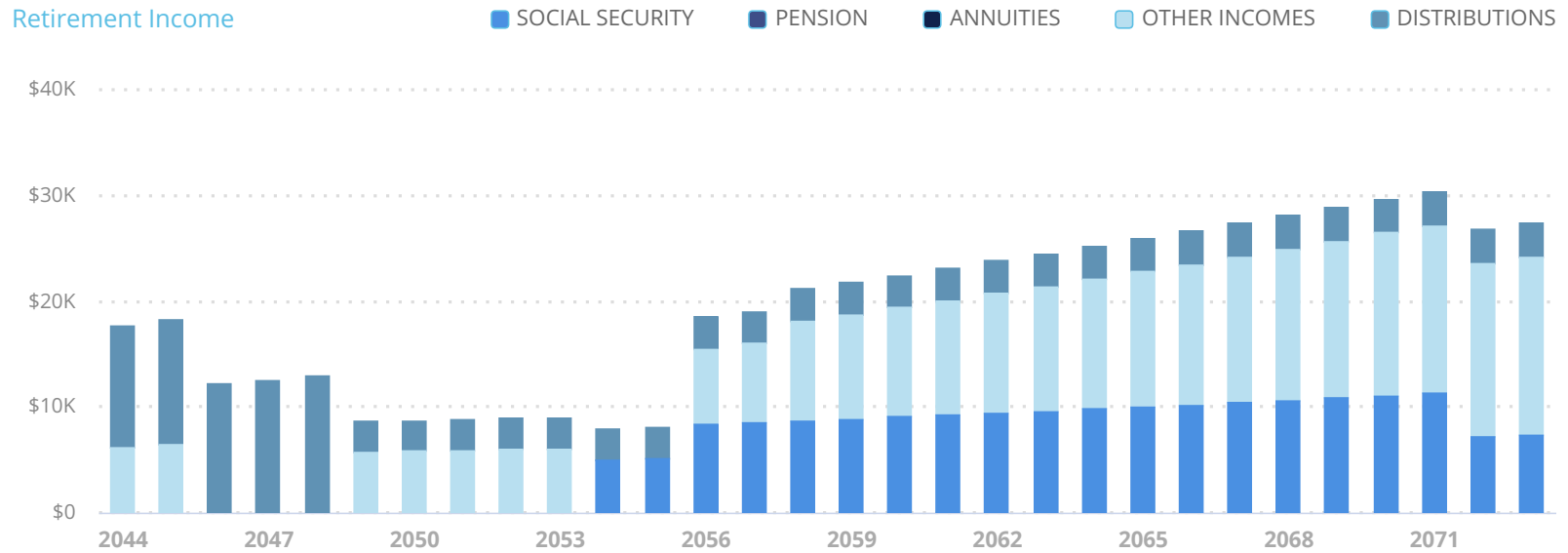
- Asset allocation of excess savings should be in-line with your Moderately Aggressive investment schedule, since it is presumed to be mostly excess/ retirement funds
- The earliest I can imagine that happening safely is around 2030
- Save excess incomes into a taxable savings account once all other goals are achieved

Suggestions

- Consider changing your asset allocation to Moderate (5.0%) once you are retired.

Retirement Goal - Income

GOAL: Solomon retires at **57**, Rachel retires at **60**, spend monthly retirement expense of **\$2,025**, in today's dollars, through Solomon's and Rachel's life expectancy ages of **85** and **85**.



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Retirement Goal - Monte Carlo

GOAL: Solomon retires at **57**, Rachel retires at **60**, spend monthly retirement expense of **\$2,025**, in today's dollars, through Solomon's and Rachel's life expectancy ages of **85** and **85**.

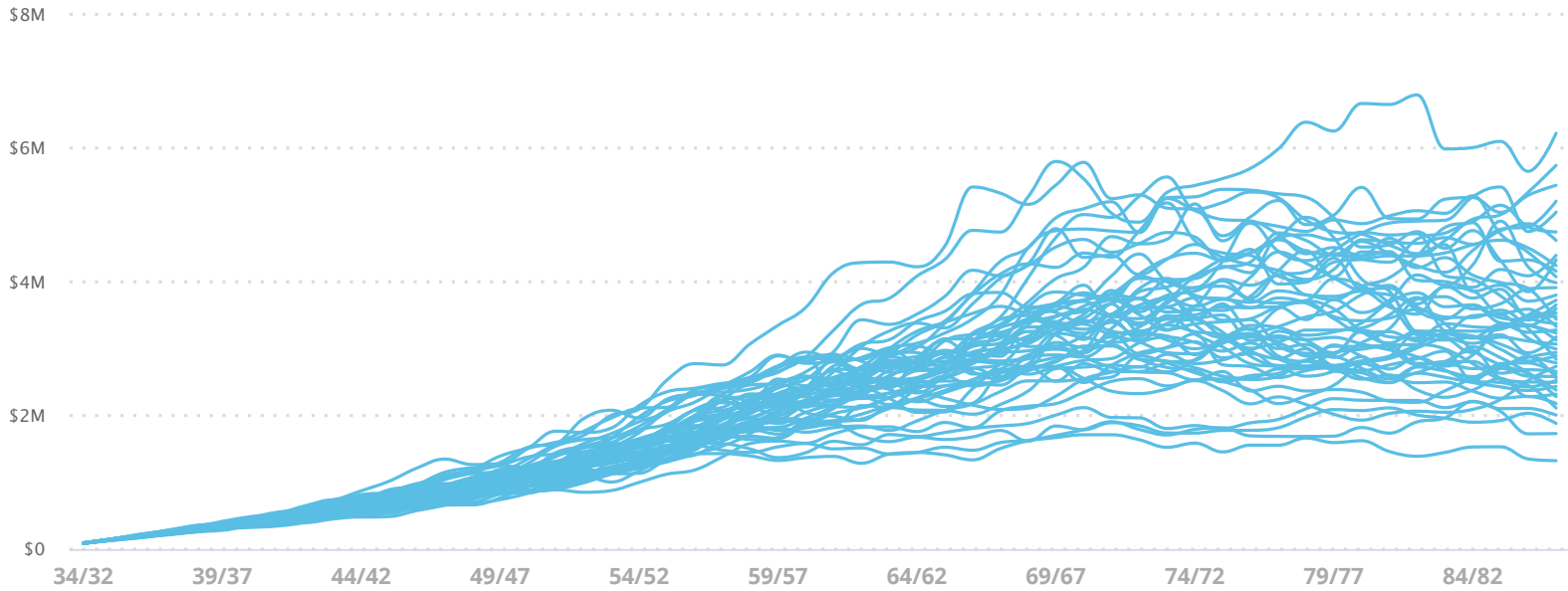
Monte Carlo



Probability of Success

Target: 70-99%

We ran 500 trials to simulate a range of possible outcomes. **99%** of the time, you were fully funded for your retirement.



Monte Carlo is a process that is used to conduct a statistical analysis of a client's portfolio to determine the probability of the client achieving their retirement goal. The investment returns for each year are calculated from the return of each asset class for that year and the asset allocation of each account. Asset class returns are generated from a random distribution. Each asset class is linked to an index, or a set of indices, with an assumed mean return and standard deviation. Using a correlation matrix between all the asset classes, and assuming a normal distribution of returns, we generate random returns for each year of the simulation. We run 500 trials each time using a different set of asset class returns taken from the distribution. The mean returns, standard deviations and correlation matrix are taken from JP Morgan's published Long-Term Capital Market Assumptions (<https://am.jpmorgan.com/us/institutional/library/2018-long-term-capital-market-assumptions>). At the end of the simulation, we calculate the percentage of trials in which the client was able to cover all of their expenses until the end of their retirement. This is the probability of success.

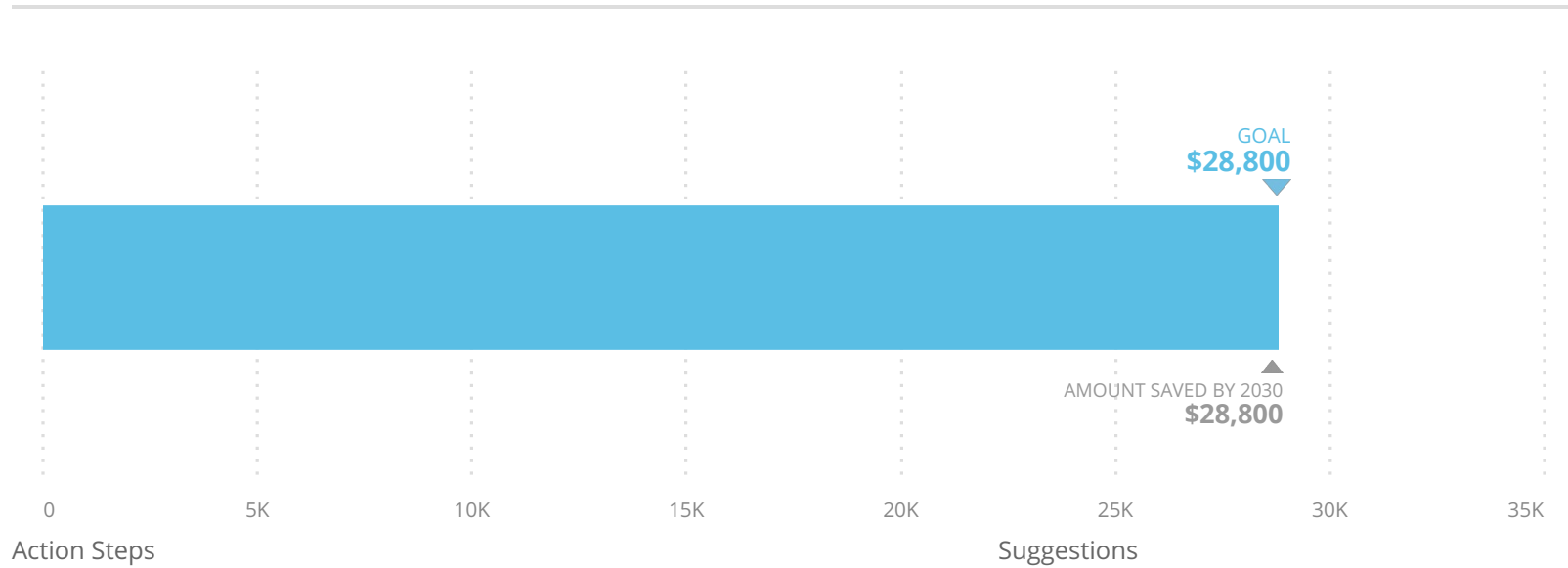
IMPORTANT: The projections or other information generated by this Monte Carlo simulation regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. There is no guarantee that the results generated by this simulation will be achieved or sustained, and results may vary with each use. Please note: This analysis must be reviewed in conjunction with the limitations and conditions described via the Disclosure link below. Projections are based on assumptions provided by you and your advisor/representative, and are not guaranteed. Actual results will vary, perhaps to a significant degree. The projected reports are hypothetical in nature and for illustrative purposes only.


Emergency Fund


ACTION NEEDED


GOAL: Save **\$28,800** to cover 6 Months worth of expenses.

Recommended Target Amount



 I've recommended utilizing Sol's Adidas ESOP plan for this goal when it is fully vested and there is the ability to sell shares at a decent price.

 A favorite of mine is the Vanguard Short Term Municipal Bond Fund with check-writing

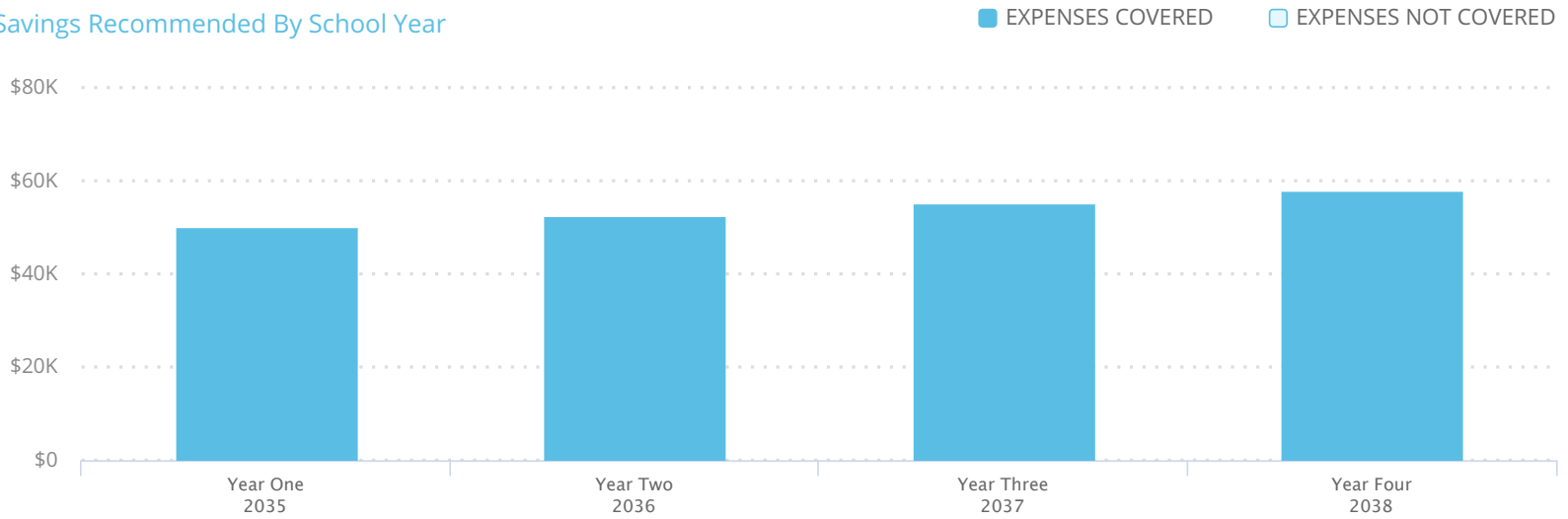
 To best utilize this reserve, you can invest in short term bonds are Money Market funds with check-writing privileges.

Simcha's Education

ACTION NEEDED

GOAL: Enroll Simcha at age 18 for 4 years at a cost of \$22,770 per year.

Savings Recommended By School Year



Action Steps

★ See IPS for detailed implementation

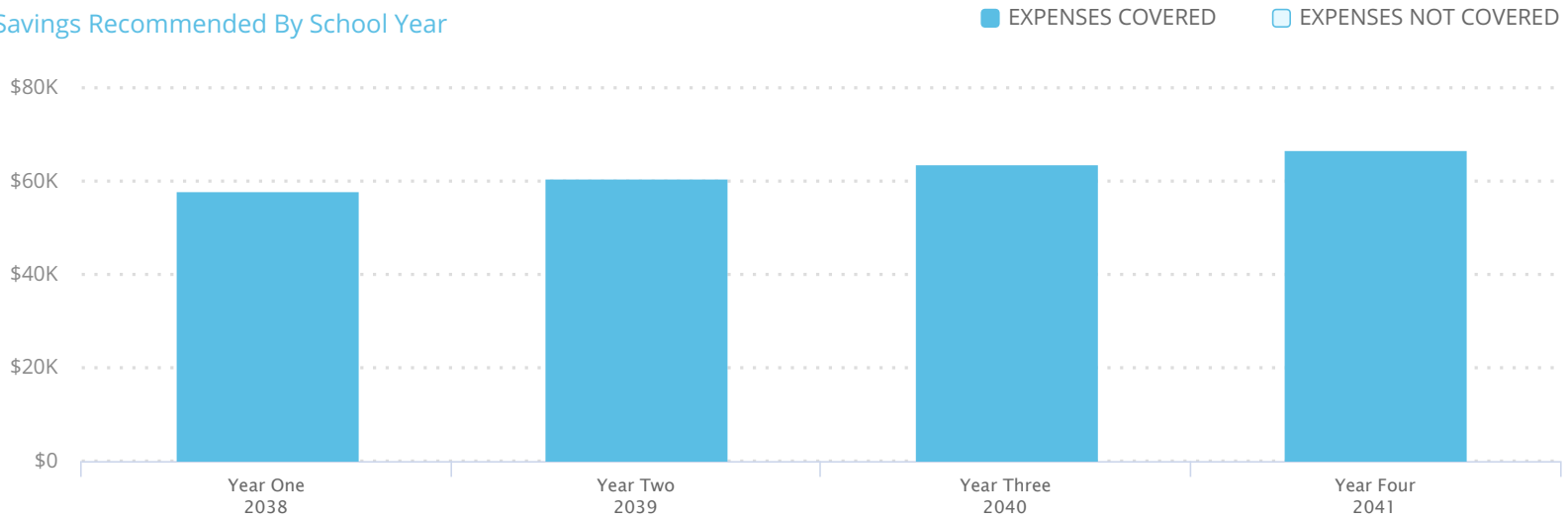
Suggestions

No suggestions.

Tehillah's Education ACTION NEEDED

GOAL: Enroll Tehillah at age 20 for 4 years at a cost of \$22,770 per year.

Savings Recommended By School Year



Action Steps

★ See IPS for detailed implementation

Suggestions

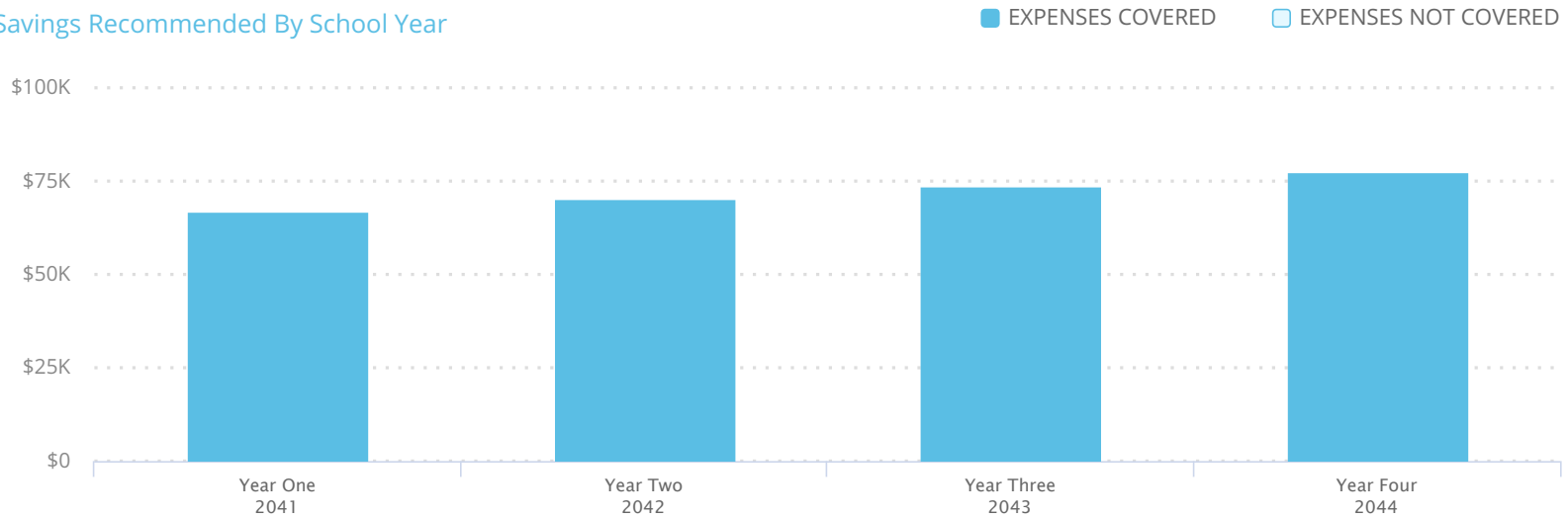
No suggestions.

Hadassah's Education

ACTION NEEDED

GOAL: Enroll Hadassah at age 22 for 4 years at a cost of \$22,770 per year.

Savings Recommended By School Year



Action Steps

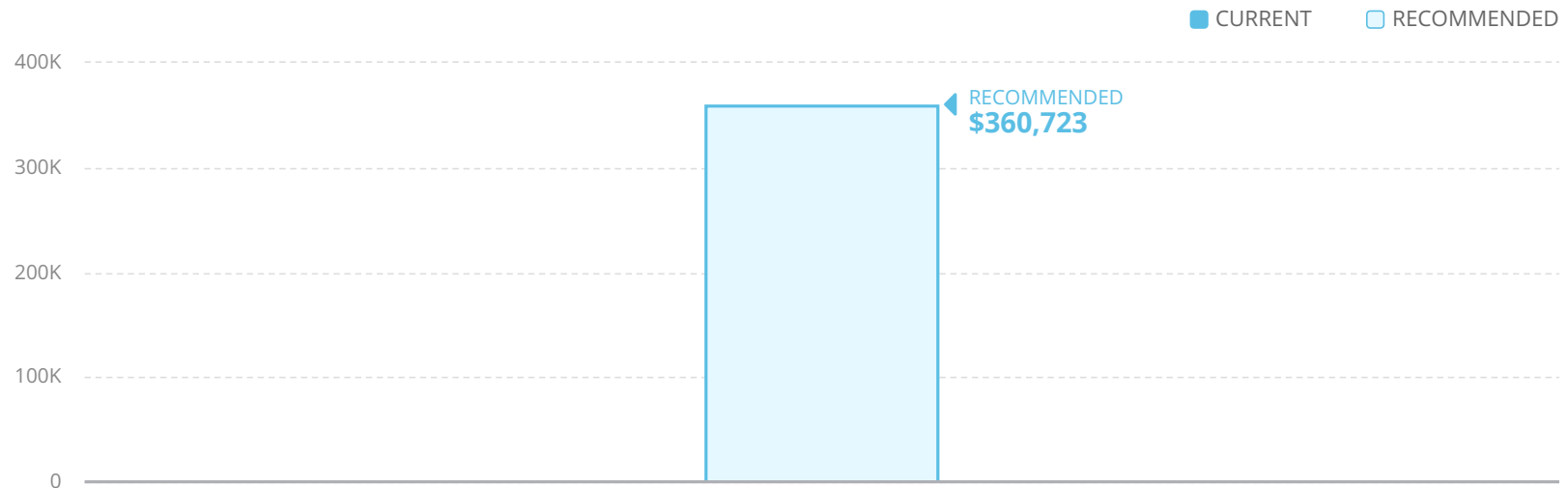
- ★ See IPS for detailed implementation
- 🐷 Save an additional \$54 per month in an education-related investment account

Suggestions

No suggestions.

Life Insurance: Solomon

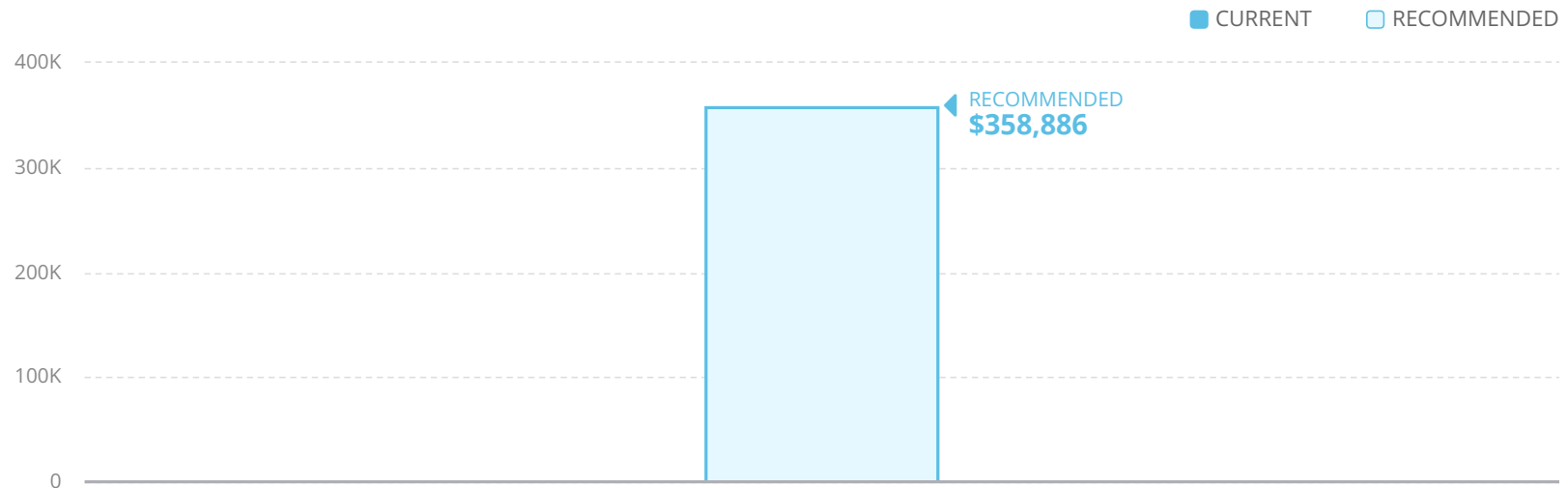
GOAL: To be sufficiently covered in the event of a premature death, disability, or need of long-term care.



Coverage Gap	\$360,723
Assets Run Out	Age 32
Current Coverage	\$0
Recommended Coverage	\$360,723
Final Expenses	\$10,000
Uncovered Liabilities	\$358,886
Recommendation	
Pay off all current liabilities, including credit cards and bank loans, with liquid assets to determine the level of uncovered liabilities.	

Life Insurance: Rachel

GOAL: To be sufficiently covered in the event of a premature death, disability, or need of long-term care.



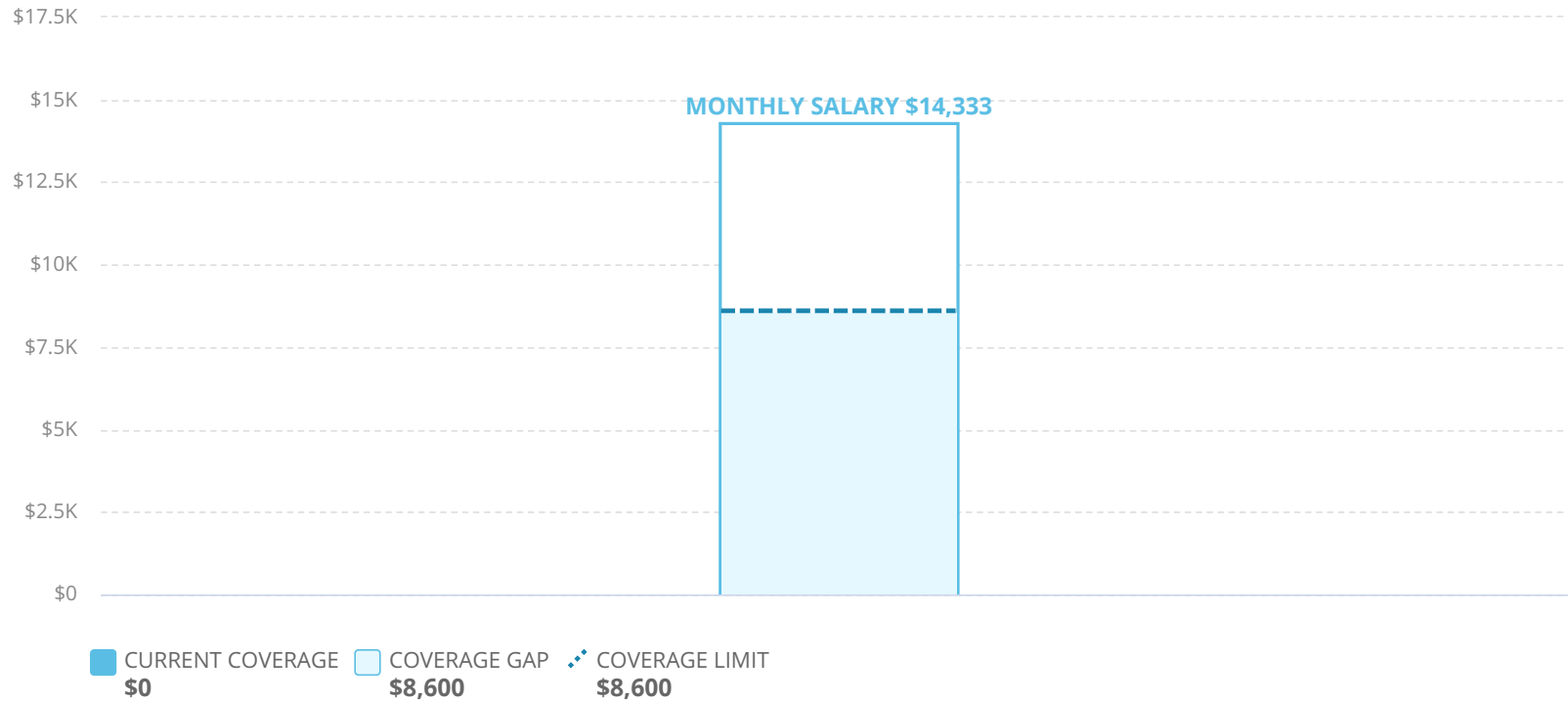
Coverage Gap	\$358,886
Assets Run Out	Age 34
Current Coverage	\$0
Recommended Coverage	\$358,886
Final Expenses	\$10,000
Uncovered Liabilities	\$358,886

Recommendation

Pay off all current liabilities, including credit cards and bank loans, with liquid assets to determine the level of uncovered liabilities.

Disability Insurance: Solomon

GOAL: To be sufficiently covered in the event of a premature death, disability, or need of long-term care.



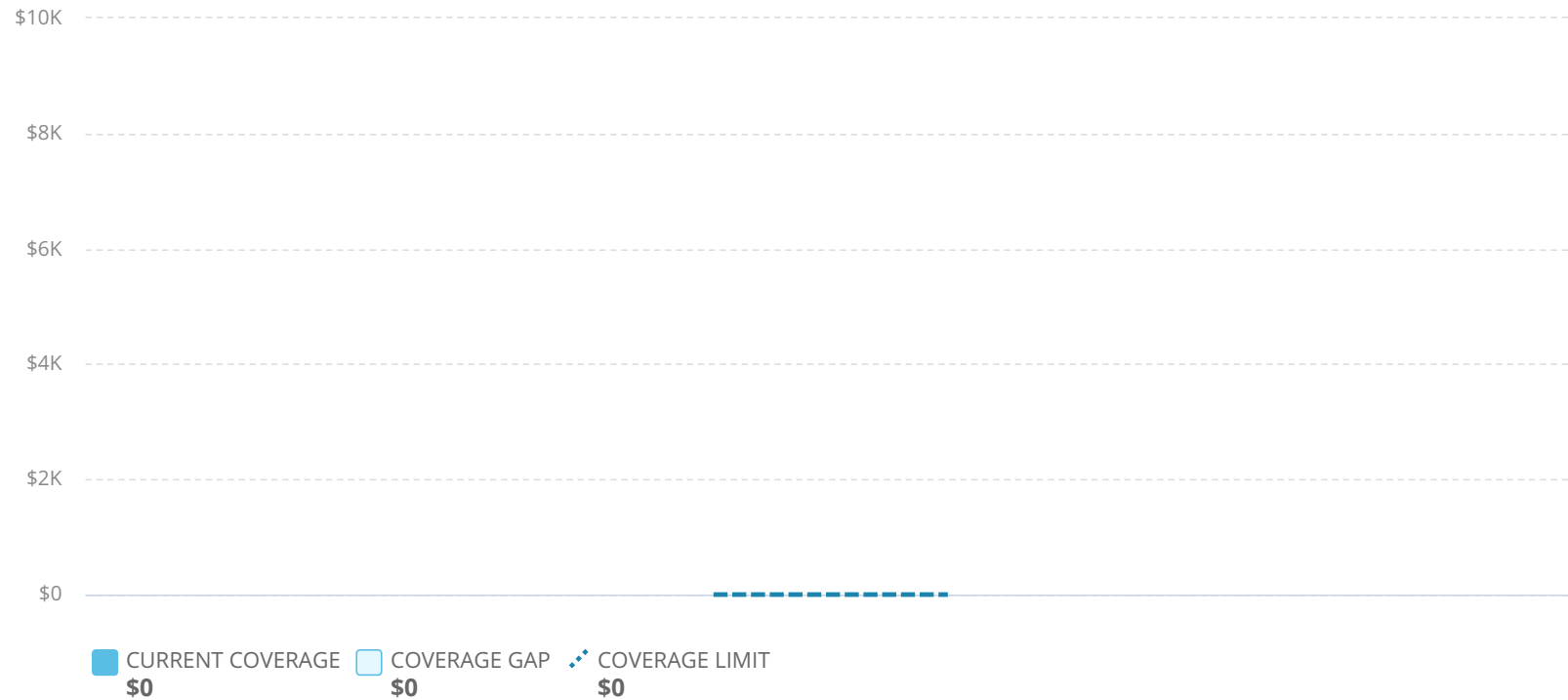
Monthly Salary	\$14,333
Coverage Limit 60% of Income	\$8,600
Coverage Need	\$8,600

Recommendation

At a time when you are unable to work for a living, household expenses actually increase while your income decreases. You could be forced to deplete funds that might have been saved for your retirement years. The goal of disability insurance is to replace the after-tax earnings (replacement ratio) of the insured wage earner and to allow you and your family to maintain your current lifestyle.

Disability Insurance: Rachel

GOAL: To be sufficiently covered in the event of a premature death, disability, or need of long-term care.



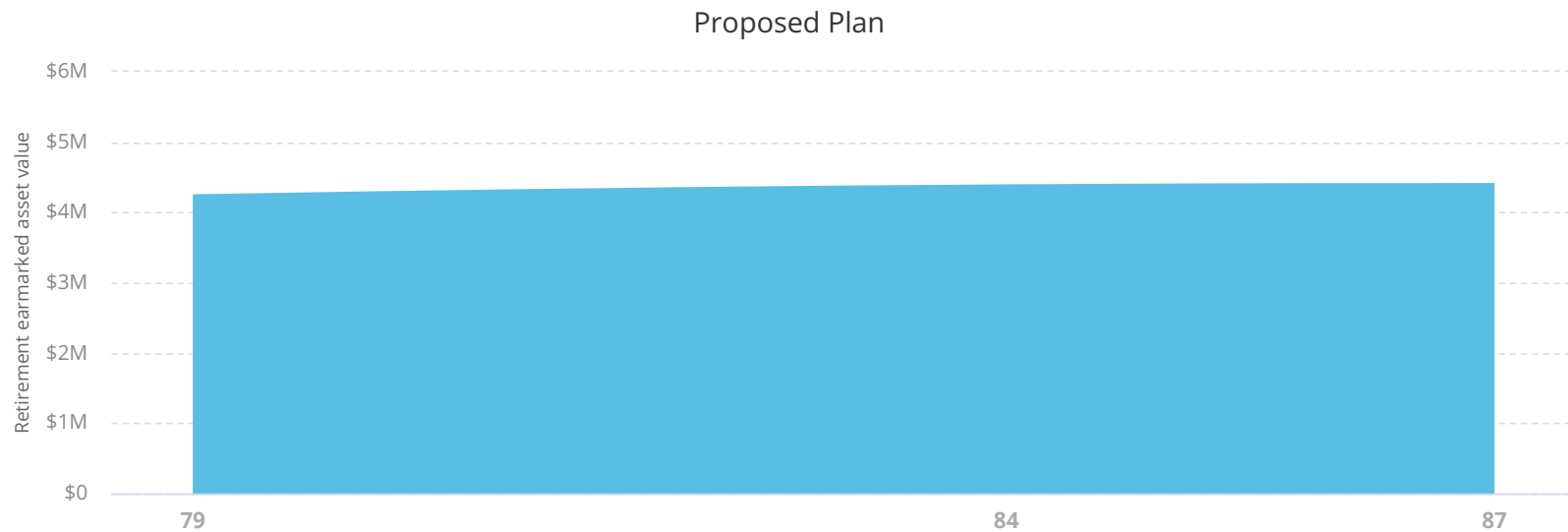
Monthly Salary	\$0
Coverage Limit 60% of Income	\$0
Coverage Need	\$0

Recommendation

At a time when you are unable to work for a living, household expenses actually increase while your income decreases. You could be forced to deplete funds that might have been saved for your retirement years. The goal of disability insurance is to replace the after-tax earnings (replacement ratio) of the insured wage earner and to allow you and your family to maintain your current lifestyle.

Long-Term Care: Solomon

GOAL: To be sufficiently covered in the event of a premature death, disability, or need of long-term care.



Assets to Liquidate

\$4,256,759

Annual LTC Cost

\$100,000

Daily Benefit

\$0

Annual Insurance Cost

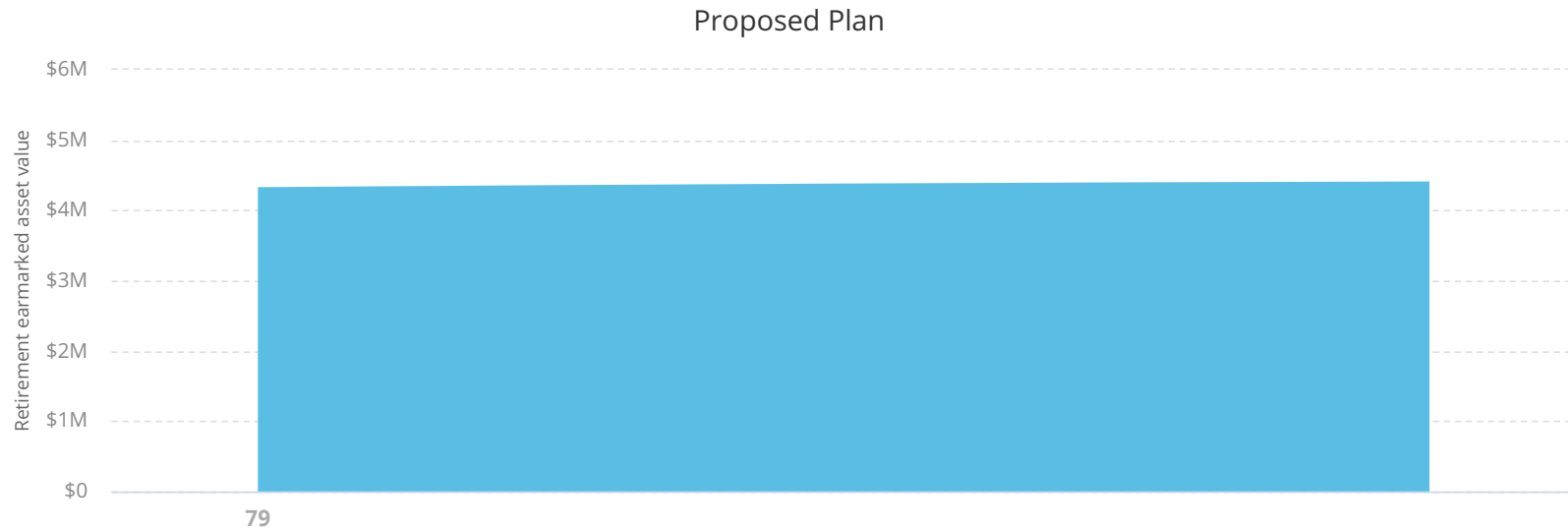
\$0

Recommendation

70% of seniors 65 or older will need some form of long-term care (LTC) in their lifetime. Lacking LTC coverage can devastate lifetime savings and put one's financial future in jeopardy. This graph shows the impacts of a potential LTC event by simulating insurance premiums, benefits, and LTC costs over time.

Long-Term Care: Rachel

GOAL: To be sufficiently covered in the event of a premature death, disability, or need of long-term care.



Assets to Liquidate

\$4,329,383

Annual LTC Cost

\$100,000

Daily Benefit

\$0

Annual Insurance Cost

\$0

Recommendation

70% of seniors 65 or older will need some form of long-term care (LTC) in their lifetime. Lacking LTC coverage can devastate lifetime savings and put one's financial future in jeopardy. This graph shows the impacts of a potential LTC event by simulating insurance premiums, benefits, and LTC costs over time.

Home Purchase

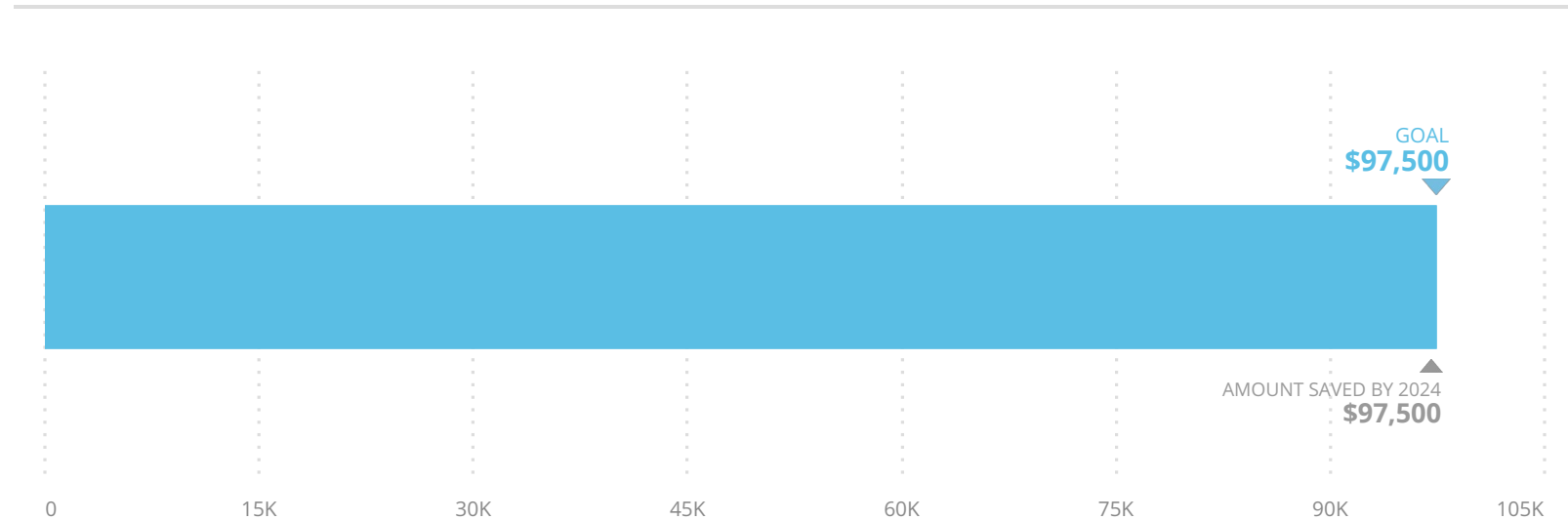
ACTION NEEDED

GOAL: Make a down payment of \$97,500 to buy a home in 2024.

Recommended Savings Schedule

EXPENSES COVERED

EXPENSES NOT COVERED



Action Steps



\$2,000 to \$2,500 is the optimal amount to pay over 10% down-payment



Save at least \$1,750 monthly until 2024 for this

Suggestions



Invest in low tax-liability funds primarily to accomplish this goal with safety of principle and adequate tax-adjusted returns



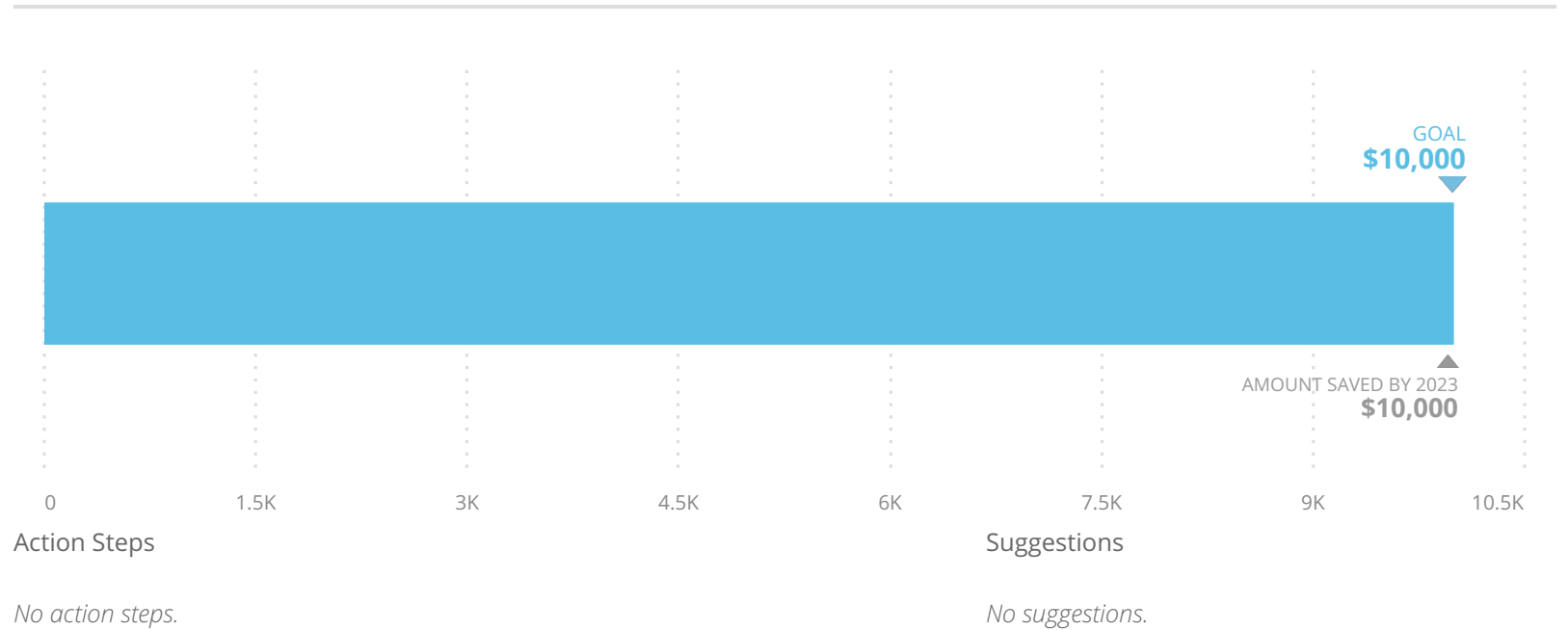
Resist temptation to align investment in this account with your overall risk tolerance- the time horizon for this goal is not long enough.

Buy a car

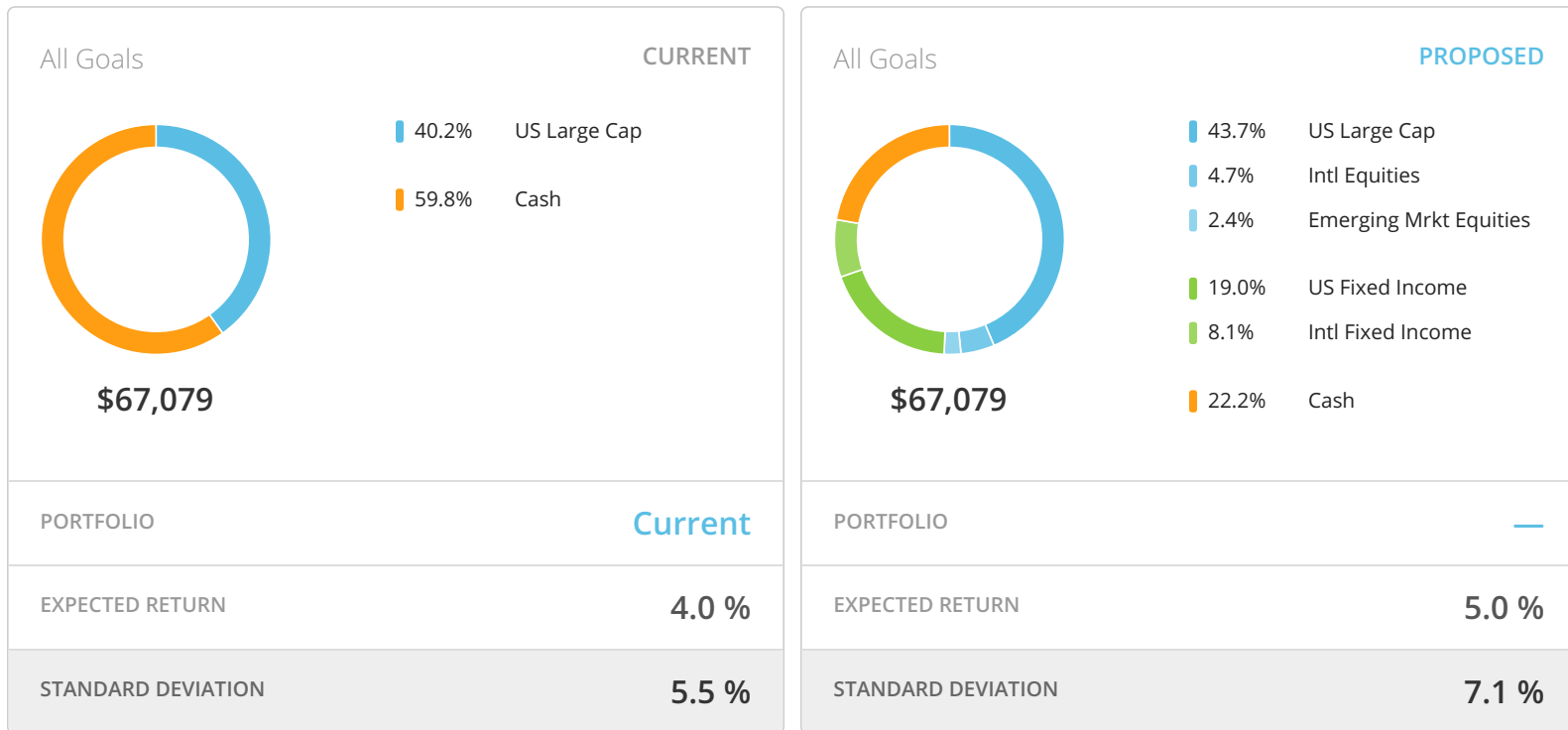
GOAL: Buy a car for \$10,000 in 2023.

Recommended Savings Schedule

■ EXPENSES COVERED □ EXPENSES NOT COVERED



Asset Allocation



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