CASE STUDY

Balancing Retirement Income Needs and Family Legacy

We modify details in the case studies we share to protect the anonymity of our clients as well as to make them illustrative of the services we provide and outcomes we seek. They are not intended to be an assertion of a specific result. All are based on actual services we have provided and solutions we have implemented.

At 1102 Partners, we believe that solving our clients' financial problems is only part of our role – helping them integrate financial strategies with family dynamics is equally important. Here is an example of how we worked with a retired widower, whom we'll call Andrew, to accomplish this goal.

In our preliminary conversations, Andrew stated two primary objectives:

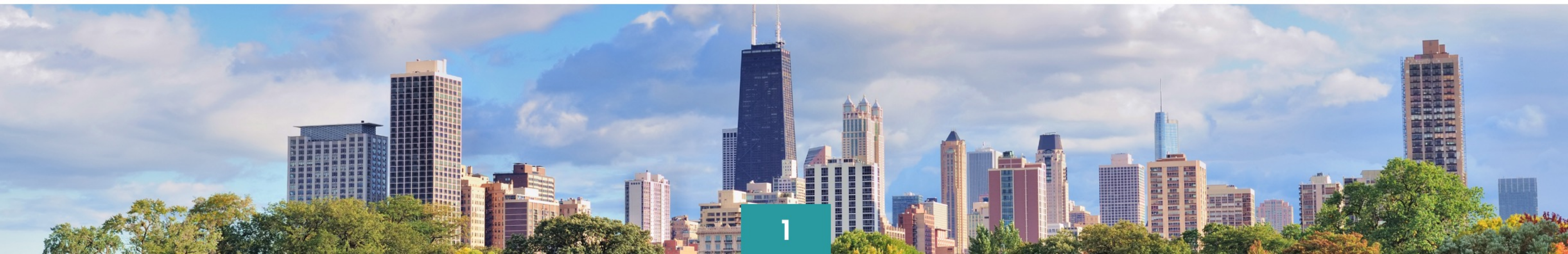
- Produce sufficient income from his portfolio to support the active lifestyle he was accustomed to, including maintaining two homes and frequent travel.
- Leave the principal untouched to secure a financial legacy for his children and grandchildren.

Once Andrew decided to work with 1102 Partners and we dug deeper together, another important goal surfaced. Prior to retiring, he had generously helped his children through gifts to his teenaged grandchildren. Andrew did so by paying directly for health care and education expenses, taking advantage of the gift tax exclusion.

As we analyzed Andrew's existing investments, however, it was clear that meeting his primary objectives in retirement was uncertain as currently structured, and providing beyond that without diving into principal was impossible. Andrew's investments were valued at nearly $10 million, but the average yield was low and Andrew no longer had a paycheck.

We needed to construct a portfolio that could do the following:

- Increase current income,
- Provide for possible income growth to maintain purchasing power,
- Allow for principal growth over the long term, and,
- If possible, produce current income above Andrew's lifestyle needs to enable continuation of at least some of his ongoing generosity to the family.



To do so, we used our Quality Dividend Growth Strategy as Andrew's core equity portfolio, which is designed with those objectives in mind.

Family Considerations

Beyond establishing a portfolio that met current needs and provided an expectation (not a guarantee) of long-term income and principal growth, we worked closely with Andrew's family to educate them about long-term financial planning. We also facilitated discussions around how much financial support Andrew could provide to them, aligning his generosity with his current needs. By having 1102 inform them of how much he could now provide, and where that number came from, the communication became less emotional and easier for his children to accept. In fact, we believe that even though the size of annual gifts decreased, they better understood their father's generosity.

We believe this open communication helped the entire family understand the balance between preserving Andrew's financial independence, enhancing his family's current financial situation, and allowing for future generations to one day receive his financial legacy.

Other Key Benefits

- **Expense Minimization:** 1102 Partners does not charge additional fees to clients who invest in our proprietary **Quality Dividend Growth Strategy.*** In addition, ETF's and mutual funds are primarily extremely low-cost index funds to provide exposure to desired asset or sub-asset classes. Thus our attractive tiered fee structure based on Assets Under Management (AUM) represents nearly all of our clients' portfolio expenses.
- **Tax Efficiency:** By investing in individual stocks, we have the flexibility to harvest tax losses when possible, potentially reducing tax liabilities with an eye on maximizing after-tax returns.

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*For more information about **1102 Partners**' approach to wealth management based on a family office level of service, our Quality Dividend Growth Strategy, and important disclosures, visit www.1102partners.com or request our Form ADV Part 2A.*

**1102 Partners does not charge additional costs; however, the client may still incur additional costs.*