

In each case below, the advisor teamed with Asset Dedication to financially engineer a completely customized solution for each client's unique need.

Case 1: Recently widowed retiree

Recently widowed retiree needed assurance of steady income for life and wanted to leave an inheritance to children and favorite charity.

Solution:

- Analyzed all sources of annual income (e.g., investment portfolios, social security...), likely expenses, and estimated amounts to be transferred to children and favorite charity at death.
- Determined the age that her life expectancy would be 99% accounted for (age 103 for her).
- Combined annual cash flow estimates and lifespan to generate a customized cash flow worksheet that allowed for quick, ongoing "what if" modeling.
- Chose to insulate her from equity market volatility by buying a precise blend of individual, insured CDs and government notes to guarantee 7 years of income needed to supplement her social security to maintain her lifestyle. (Buying individual CDs and notes not only allowed precise matching of income with expenses but also significantly lowered the overall investment cost of the portfolio.) The remainder of funds was invested in an equity portfolio for growth to replenish the income portfolio in future years.
- Created a personalized Critical Path Map for her to clearly track her progress and to determine if changes were needed to reach her goals of steady income for life and to leave money to her children and to her favorite charity.
- Maintained total control of her estate without having to risk buying an insurance annuity.

Result: Her stress was greatly reduced by having a plan she could track using the Critical Path Map and by having guaranteed income for the next 7 years.

Case 2: Professional athlete

Professional athlete earned millions at a young age and sustained a career ending injury. He needed to know that his savings would provide for his family and ultimately for the couple's retirement.

Solution:

- Analyzed all potential sources of future income (e.g., media commentary jobs, coaching, social security, etc.), projected living expenses and college costs for the children, and estimated amounts to be transferred to children and to charity at death.
- Determined his and his wife's 1% life expectancy, the age at which they had only a 1% probability of surviving (age 98 for him, 102 for her).

- Combined annual income needs and lifespan to generate a customized cash flow worksheet that allowed for quick, ongoing "what if" modeling.
- Nullified the worry of market volatility by buying a precise blend of individual, insured CDs and government notes to ensure 5 years of income keeping more funds invested in the equity, growth portfolio. For a young family with many years to fund, a more aggressive strategy was warranted.
- Created a personalized Critical Path Map to clearly track progress over time and to see whether changes were needed to reach their financial goals.

Result: His concerns were addressed and he was comfortable with the family's financial game plan especially why each dollar was invested in cash, fixed income, or stocks. His Critical Path allowed him to keep score on exactly where they were financially and to take whatever actions were needed to succeed.

Case 3: Non-profit foundation

The non-profit foundation receives donations and provides multi-year grants to missionaries. The board members were anxious to invest the money wisely and to meet all of their annual financial commitments over a specified period.

Solution:

- Projected the cash flows that the foundation had committed to over the next 7 years and compiled a conservative estimate of the donations it would receive over the same span.
- Developed a customized cash flow worksheet that allowed for quick, ongoing "what if" modeling for various increases or decreases in donations or commitments.
- Invested in a "Grants Portfolio" consisting of a precise blend of individual, insured CDs and government notes dedicated to funding the existing commitments. Buying individual CDs and notes significantly lowered the overall investment cost of the portfolio and made it clear to the board exactly how the projects would be funded. All other money, except for a small allocation to a checking account, was invested in an equity portfolio for growth to replenish the Grants Portfolio through the years.
- Created the foundation's customized Critical Path Map to clearly track progress over time to ensure it would be able to continue its work indefinitely.

Result: The board members implemented the new strategy and were relieved that a prudent investment process was now in place that allowed them to see easily the level of their pool of funds and the amount they could commit to give to missionary families for a set number of years with confidence.