McKinley Carter WEALTH SERVICES

MASTER YOUR WEALTH

MISSING CHAPTERS IN YOUR FINANCIAL STORY

Brian T. Gongaware, CFP®
Principal and Regional Managing Director

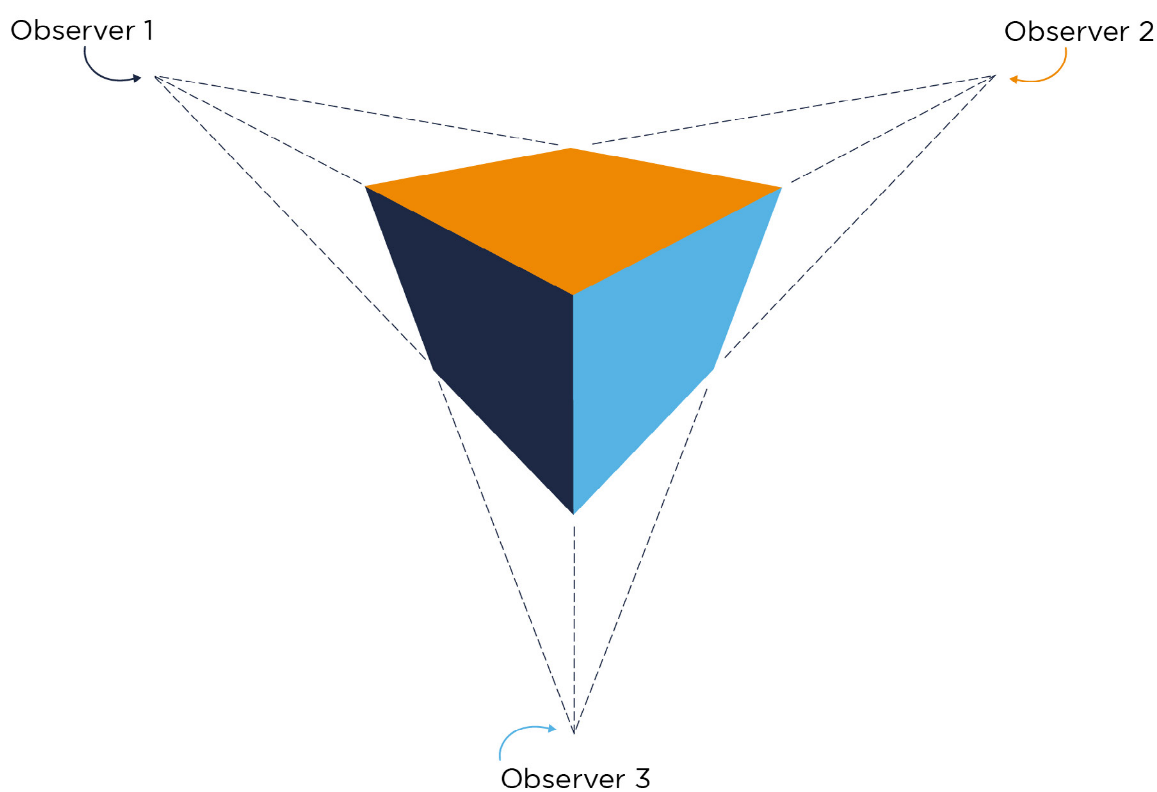
INTRODUCTION

We all have a story. Fortunately, your life story is completely unique. The path you are on has never been walked before. You own this journey, the good and the bad. While your perspective of the world, humans, creatures, politics, and money may overlap with many in your circle, no one else is exactly like you.

Let's discuss perspective for a moment. Two accepted definitions of perspective are:

1) *"The angle or direction in which a person looks at an object or a point of view."*
2) *"The ability to understand what is important and what isn't."*

As we accept that our perspective is unique and therefore different from others, we can also begin to accept that any person's point of view likely differs from any other person's point of view. I have a natural angle or direction from which I look at things. You also have an innate angle or direction to see the same things, but differently. When we introduce a second or third perspective, we begin to understand with greater certainty and dimension. In the graphic below, from a single Observer perspective, it's unclear what the other sides of the square look like or represent. I can make certain assumptions purely informed by my singular perspective and historical experiences. I really don't know if the other sides are different colors, shapes, or perhaps contain critical information.



Adding a second and third Observer brings further context, contrast, and enhanced clarity to the object. While this is a simple example using a cube, the same concepts can be extended to more complex objects or for this discussion, financial and life situations.

Now, for a moment, let us focus on the second definition of perspective above. Maturity and mastery develop in alignment with our growth and ability to understand what is important and what is not. Outside basic biological needs, young children do not have the ability to “understand what is important,” and therefore, they are unable to prioritize their needs. Even as adults we continue to learn prioritization and decision making. Maturity comes along with an ability to weigh benefits and consequences to become a good decision maker.

Here, we provide a template for the accomplished financial decision maker in their never-ending pursuit of wealth mastery. The fundamental principles contained herein are also vital building blocks for those in financial transition or earlier in their journey toward financial autonomy. Together we will write the missing chapters of your financial story.

WHAT’S A FINANCIAL STORY?

A financial story is your life journey and your relationship with fiscal resources. We do, however, want to draw a subtle but distinct separation between finances and money. Money is simply a currency by which we transact with others. Finances are so much broader. While finances currently include currency (money), it also encompasses a wide variety of assets.

Traditional liquid financial assets include money market accounts, stocks, bonds, mutual funds, exchange traded funds, and crypto assets. These are incredibly common financial instruments as part of a core investment portfolio. The weight and magnitude of each component of the core is part of your unique financial story.

Illiquid financial assets are not as easily converted to cash in a timely fashion or may have price volatility when trying to be purchased or sold. Such illiquid assets may include real estate, business interests, certain commodities, or collections.

Both liquid and illiquid assets gain most of the attention from individuals and financial advisors for good reason. They are very visible and a tangible measure of one’s capital at work as part of their net worth. However, an insightful investor knows that part of their financial story includes their career, professional and personal identity, family, and community impact.

LIQUID ASSETS

- Cash
- Stocks
- Bonds
- Mutual Funds
- Exchange Traded Funds
- Crypto

ILLIQUID ASSETS

- Real Estate
- Business Interests
- Commodities
- Collections

INTANGIBLE ASSETS

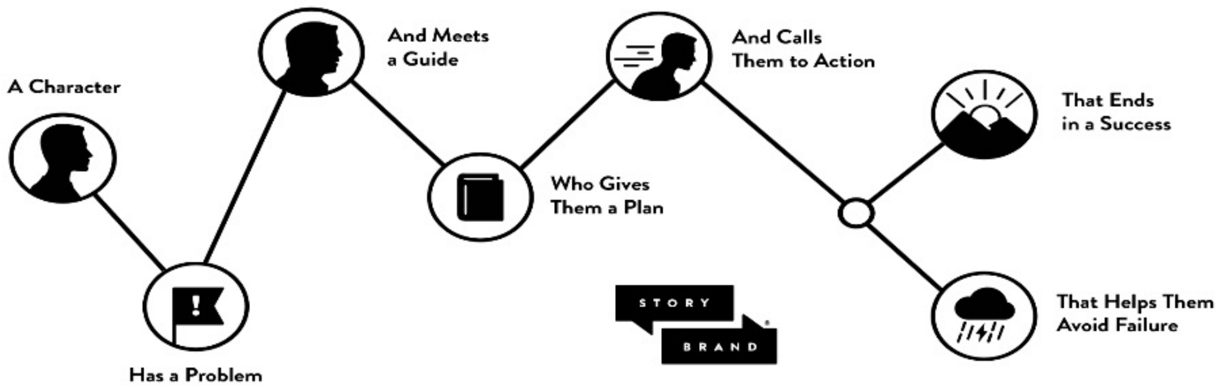
- Career
- Professional & Personal Identity
- Family
- Community

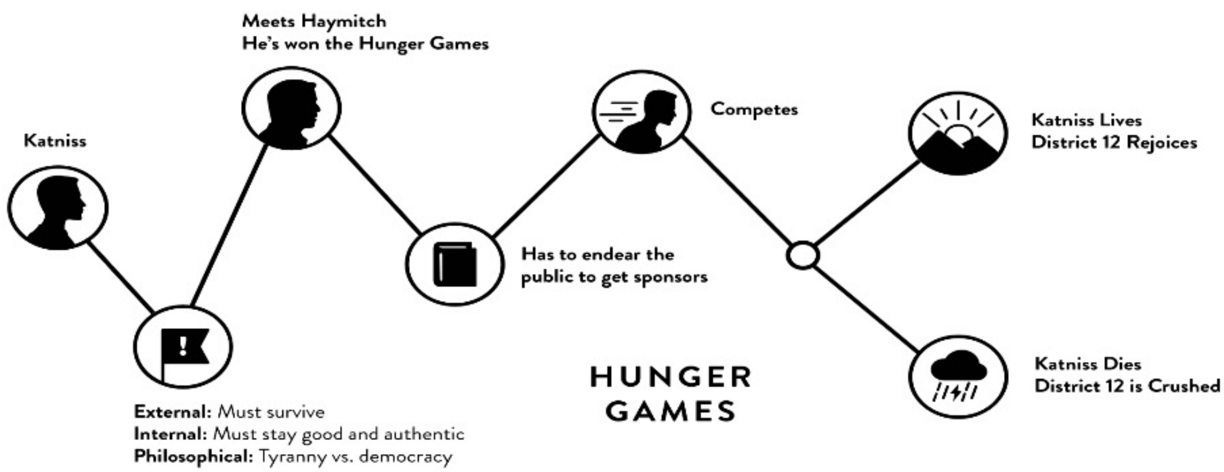
So, what makes for a good financial story? Does it require a deep plot or years of heartache and drama? Of course not. In Donald Miller's book, *Building a StoryBrand*, he shares a common formula that applies in this circumstance.

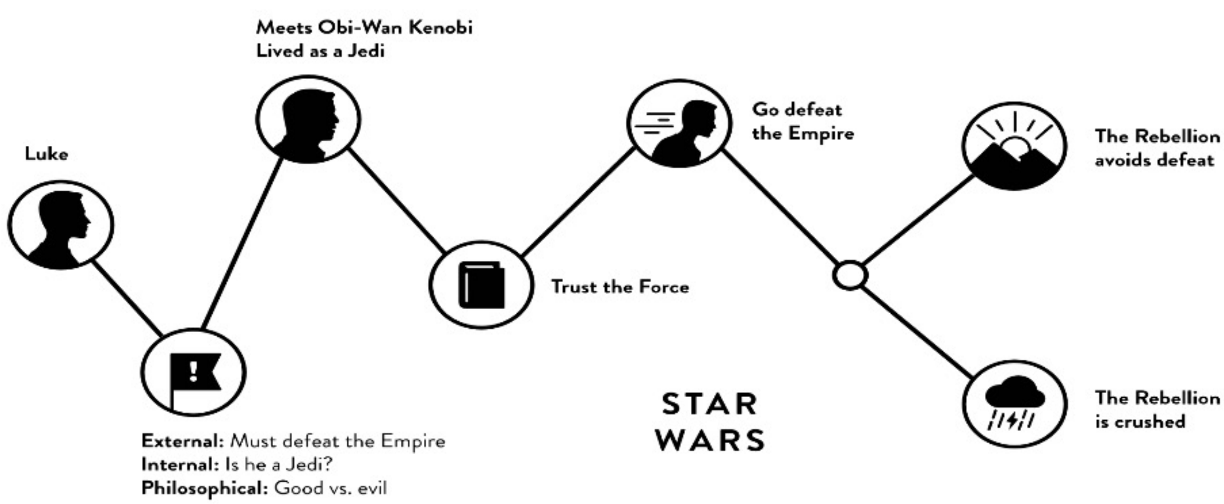
Every classic movie follows the same tested formula. It begins with a **Character** who has a Problem. At the onset we become connected to the Character. They are accomplished, well-liked, or content with their current state in the world.

Soon we learn of their **Problem.** Maybe it just appeared, or it's been there all along, laying in wait. Whatever the circumstance, our Main Character Has a Problem that must be addressed.

Below is the rest of the formula for a movie script including two samples. The graphic is taken directly from Chapter Two of Donald's book.







Reprinted with permission

In your financial story, you are the **Main Character.** Perhaps you are fortunate enough today to not have any problems. Likely at some point in your story, you did have financial challenges, circumstances, or concerns that demanded your attention and prioritization.

Did you Meet a **Guide** in your past? Are you looking to find a Guide now for your present state? Did that Guide Give You a Plan or help You Discover a Plan? Perhaps in your story, your guide wasn't a person at all. It could have been a circumstance, experience, book, podcast, or maybe a friend who didn't even know they were helping you create a plan.

A Plan without a **Call to Action** is incomplete. So, the remainder of this story will look at a Plan for you, the reader, with a Call to Action so your script can be written with the greatest possibility of success...your unique definition of success.

I'VE GOT A PROBLEM, NOW WHAT DO I DO?

A Character. As we have already established, you are the main Character in your financial story. You have a history with money and financial assets. That history influences your relationship with money and financial decisions you make every day.

Has a Problem. For many people their financial problem is incredibly clear. Perhaps they spend more than they would like, or feel is reasonable, have too much debt, are not earning enough income, or maybe don't have as many assets as their friend group. That financial problem is one that needs to be maturely and honestly identified, noted, and potentially addressed. Remember though, one of our definitions of perspective is "understanding what is important and what isn't."

Often, money itself is neither a problem nor a solution. A changing financial situation is really an opportunity, and the decisions made in response to a "money in motion" event are truly where the problems and solutions are found. It is easy to see how situations like the sale of a business or property, receiving an inheritance, the passing of a spouse, or a divorce can lead to a laundry list of questions, each one being a unique opportunity.

And Meets a Guide. Self-reflection from a single perspective can be both valuable and dangerous, and a uniquely skilled guide can be an invaluable resource. They've likely seen similar problems and circumstances, and they can help to identify and communicate what is important and should be prioritized.

A guide can also illuminate blind spots. We all have them in life. Blind spots aren't limited to when we are driving a car. We likely have some blind spots in our relationships, ambitions, careers, and certainly financially. A guide that can help uncover and illuminate financial blind spots is priceless. Once equipped with a comprehensive understanding of the situation, we can move toward crafting a plan.

Who Gives Them a Plan. So, what does a plan look like? A plan is not a static document. It is dynamic and evolving. It takes us further on an intended journey into which uncertainty and changing conditions will no doubt emerge. It is flexible and alive. It includes assumptions, milestones, and multiple scenarios. It constantly tests various scenarios and potential variables to spot where the risk and opportunities lie ahead. In the coming pages we uncover core elements of such a plan that have universal application.

And Calls Them to Action. A plan without action is merely a dream. We can coach a client through multiple options and choices, but unless they are mobilized, none of the potential outcomes can be realized. As humans we naturally have certain barriers to act. Maybe you don't have to go fight the Empire like Luke Skywalker, but this is your financial story. You get to write your script and choose how it is realized.

The Outcome. Completing the story script, we come to a fork in the road. Your financial story can result in some version of success or failure. I don't know enough about your story yet or the plan you are executing to make a forecast.

If you are unsure of the plan or path you are on, it's time to Meet a Guide.

If there is no way your plan can fail, that is terrific! However, with the help of a Guide, you are more likely to identify new possibilities and pursuits you can achieve with your financial resources.

Recall the benefits realized when adding a second and third Observer to our perspective cube in the introduction. Accomplished financial guides can greatly increase our ability to understand what is important and what isn't.

TIME TO PLAN: FOUR CHAPTERS OF YOUR FINANCIAL STORY

Chapter 1: Organize Your Goals

The first chapter and starting point in our framework is Organize Your Goals. This is one of the most complex aspects of answering the question, “Am I on Track?” What is your individual definition of a Good Life from a financial perspective? If needed, your Guide (Advisor) should be able to skillfully lead a conversation to help you articulate your definition of a good life now, and in the future.

In organizing your financial goals, it is important to acknowledge the many different types of goals. We all have certain basic requirements to survive. The two most common are Basic Core Living Expenses and Healthcare. These financial needs are universal, but unique to you and will likely change in form and magnitude over time.

Additional types of goals tend to be more discretionary lifestyle expenses. These may not be required for survival, but often these goals are at the crux of living a good life and enjoying the benefit of hard earned assets. To help you think through the different types of financial goals, here are some common examples:

TRAVEL:
Is there one special place on your bucket list? Or do you want to travel every year?

EDUCATION:
Do you plan to pay for all, or part of, a college education for yourself, a child, or grandchild?

HOME IMPROVEMENT:

Do you have plans to renovate or put an addition on to your home?

SECOND HOME:

Is the beach or the mountains calling your name? What sounds would you like to wake up to every morning?

PROVIDE CARE:

Will you need to help take care of someone you love?

NEW BUSINESS:

Do you have an entrepreneurial spirit? Maybe you would like to start a new business or leave a business to a family member.

CHARITABLE DONATION OR GIFTS:

Would you like to give in a more meaningful way to the causes you care about? Or maybe you would like to help a loved one out.

CELEBRATION:

Do you want to celebrate a special occasion? Maybe it's a major anniversary or perhaps a destination wedding!

NEEDS, WANTS, AND WISHES

Next, we need to classify each financial goal as a Need, Want, or Wish. Financially speaking, a **Need** is an essential expense to provide required human care to survive such as food, clothing, and shelter. Needs are what you must have.

By contrast a **Want** is the next level of financial desires. Wants are what you would like to have. Maybe it's that dream kitchen or motor home. They don't rise to the level of food or shelter, but they are high on the list of priorities.

Then think of a **Wish** as a desire for something that is not easily attainable. Wishes are what you hope to be able to do or have the resources to support but will not take priority over other goals. Commonly we see clients include aspirational goals as Wishes. It can be something you've always wanted or hoped to do, but to this point never thought you would be able to pursue.

Finally, assign a numerical value to each. We like to see needs, wants, and wishes fall into a prioritization like that below.

Remember, this is one of the most complex aspects of creating your plan. As you add specific details to a personal financial goal, consider the following:

- *Amount in today's dollars for this goal (monthly, quarterly, or annual)*
- *Beginning and potentially ending date of expense*
- *Frequency of occurrence*
- *Inflation rate of this item*

Your financial story must start with this first chapter of Organizing Your Goals. **Your perspective** of a good financial life is illuminated and given context by this process.

As enticing as it may be to jump directly to the second chapter, thoughtful consideration must be given of the concepts and criteria around financial goals in order to be able to develop a plan.

Once we know the major goals, we can begin working through the resources required to help you realize your needs, wants, and wishes. Some people can take this first step independently. Many would like assistance and are ready to meet a Guide to help you through this process. Today is the best time to get started writing the missing chapters of your financial story!

Get started today with our interactive worksheet.

DOWNLOAD NOW

CHAPTER 2: ASSEMBLE YOUR RESOURCES

In the first chapter of "Master Your Wealth: Missing Chapters of Your Financial Story," we acknowledge that each one of us has a unique life journey and relationship with financial resources. Whether our journey has problems or opportunities, different perspectives can bring context, contrast and enhanced clarity to the issues before us.

Regardless of your situation, it is critical to begin with Organizing Your Goals. The first chapter helped us uncover those things in life that we want to prioritize. We also learned how to categorize each goal as a Need, Want, or Wish.

Ideally, you have documented your array of goals, not only in your mind, but on your own list, spreadsheet, or through the worksheet we provided. It may also be helpful to discuss your definition of a good financial life as represented by those goals with a loved one for feedback and confirmation.

With your goals organized it is now time to move on to the next chapters in your financial story.

While organizing your goals may have been modestly complex, pulling together all your resources (and liabilities) is perhaps the simplest of steps! It might seem straightforward to identify and arrange our various resources. While perhaps obvious, having a clear picture of all assets is not to be universally assumed. In the coming pages, we highlight several types of resources and encourage you to have a deeper clarity of where each asset (character) fits in your financial story.

Having our resources organized will challenge us to know what we own, and why. Resources can include investments, your residence, business interests, potential savings, and future income sources. Frequently we uncover ignored assets or ones that should be sold to consolidate and simplify, that leads us to our next step.

Identify the following resources that will help fund the Goals established in the previous chapter. These assets can be currently available or perhaps accessible in the future.

Pre and Post Retirement Income

Investment Assets

Other Assets

Intangible Assets

RESOURCE TYPE #1: PRE AND POST RETIREMENT INCOME

We begin with our initial potential source of cashflow “Pre and Post Retirement Income”. Let’s identify your current wages, salary, and predictable bonuses. What are those amounts in annual terms? When will those amounts increase or decrease?
For example, frequently we have clients that would like to slow down with their employment through the years. They are seeking a glide path of income that will help them transition from pre-retirement through a full-retirement phase.

What might that look like for you? Would you like your earned income to gently slow down as you dedicate less time to your career or do you anticipate stopping abruptly at some point in the future?

Next, we address Social Security Income and benefits. For many people, this can equate to $4,000 or more a month per person depending on employment earnings and years of contributions. What social security benefits are you entitled to at full retirement age (FRA)? When should you file to begin receiving social security income benefits?

That is a very common question, and for many families, it can mean a difference of $100,000 of lifetime benefits. A skilled advisor can help you explore the critical timing and elections around social security benefits taking into consideration all your other sources of income and assets.

PRE AND POST RETIREMENT INCOME

Source	Amount	Anticipated Changes	Beginning Date	Ending Date
Wages/Salary/Bonus				
Social Security Benefits				
Part-Time Work				
Pension Income				
Royalties				
Business Income				
Rental Real Estate				
Deferred Compensation				
Anticipated Inheritance				
Other Income:				

RESOURCE TYPE #2: INVESTMENT ASSETS

The interactive worksheet continues with identifying your Investment Assets. This resource type includes traditional retirement accounts like IRA's and 401(k)'s. It also includes regular investment accounts, bank saving accounts, health savings accounts (HSA's), and more. Each of these investment asset account types have slightly different nuances and taxation so it is important to separate them in your assembly by each of the major categories.

Once you have identified each of your investment assets or accounts, you will want to note the current value. Usually, we encourage you to use the value at the end of last year or quarter-end. These values should be readily available on most investment statements or website portals for your account.

As you gather and assemble your investment assets, contemplate or add notes if any of the assets or accounts are earmarked for any of the financial goals we discussed in the previous chapter. This bucketing strategy of linking specific assets with a goal can be especially effective. We will discuss more of aligning goals and assets in the next two chapters as we dive into Strategies and Tactics.

Make sure you also note the owner (individual or joint) of each account and whether annual additions or withdrawals are occurring from that account. Lastly, if you are feeling ambitious, you may want to capture the designated beneficiary of any such accounts to confirm that is still your intent.

INVESTMENT ASSETS

Investment Type	Owner	Investment Type	Annual Additions	Beneficiary
Retirement Plan				
Retirement Plan (2)				
Traditional IRA				
Roth IRA				
Royalties				
529 Savings Plan				
Health Savings Account				
Annuity				
Taxable / Brokerage				
Stock Options / Restricted Stock				
Bank Accounts				
Other Investment Assets:				

RESOURCE TYPE #3: OTHER ASSETS

Capturing your Other Assets is the next step. Some will have many possessions to identify in this section others will not. The most common holdings in this section are typically referred to as Illiquid Assets. Such assets are not as easily converted to cash or can be subject to larger swings in value.

We find these assets frequently provide a unique value or a psychic income to the owner. Not everyone shares the same appreciation for your music collection, jewelry, lake house, or farmland. These can also be the types of assets that you may want to keep in the family or bequeath to an organization for their unique preservation. If instead, you intend to potentially sell the asset during your lifetime, add that detail to the worksheet.

This is your financial story and your script continues to be unique to how you have written it, now and in the future.

Asset Type	Owner	Current Value	Planning to sell this asset?	Year of Sell or "NA"
Primary Residence				
Secondary Residence				
Business Ownership				
Rental Real Estate				
Investment Real Estate				
Collections				
Vehicles				
Equipment				
Other:				

RESOURCE TYPE #4: INTANGIBLE ASSETS

The last major category of your resources is often overlooked. Those are your Intangible Assets and include items such as your career and identity. Your identity contributes to the quality of your relationships and the positive influences you can make with others whether it be personal or in a professional setting.

We often don't think of our career as an asset, but it certainly is one. When we consider the income that can be generated through our career work over the next 5, 10, 20 years, that is indeed a significant asset.

What is our earning capability over the rest of our career? What steps are we taking to invest in our career and/or to preserve or increase the value of our ability?

Another frequently overlooked asset is Health. We certainly don't see it appear on personal financial statements or tax returns. However, health is clearly an asset when it is compromised or lacking. Will your, or your family's, health create new possibilities or challenges?

Intangible Asset	Description
Personal Career	
Business	
Professional Identity	
Family Impact	
Community Impact	
Relationships	
Health	
Other:	

You have done it! If you identified and assembled your resources in each of the four major categories above, you've written another chapter in your financial story.

Not only did you classify and bring depth of meaning to your assets, but you also contemplated their purposes and potentially considered why you own that asset and if it continues to make sense for your present-day circumstance.

Whether you choose to work with a Guide or tackle your finances and long-term plan on your own, these first two chapters lay the foundation for the strategies and tactics to follow.

If seeking to work with a Guide, the forethought in these areas will jumpstart your ability to move towards a Plan. You are bringing into consideration your total financial situation and acting with the most appropriate strategies and tactics for **success** and reducing the threats of **failures.**

Some of us just don't have the time or desire to assemble our resources in the manner outlined in this chapter. Now is the time to engage a guide for some consulting and perspective. Don't allow your financial story to continue forward with missing chapters.

CHAPTER 3: ALIGN YOUR STRATEGIES

In the first chapter of "Master Your Wealth: Missing Chapters of Your Financial Story," we acknowledge that each one of us has a unique life journey and relationship with financial resources and whether our journey has problems or opportunities, different perspectives can bring context, contrast, and enhanced clarity to the issues before us.

In the second chapter we focused on assembling our resources. We discussed our vast resources that include not only our income sources but also our investment and other intangible resources. These first two chapters laid the foundation for the next two which focus on your unique and specific strategies and tactics.

With clearly shaped goals and resources, we can now begin to align your strategies. A brilliant vision of the big picture connects near-term needs with intermediate wants and wishes. Therefore, your distinct strategies and underlying tactics must support and unite with those goals and resources from the first two chapters.

For example, your investment strategy needs to align with your financial strategy. Your tax strategy needs to align with your cash flow strategy, and so forth. It sounds simple until we begin to have an appreciation of the various strategies that should be connected. This alignment of strategies directs us to a multi-dimensional convergence of risk & return, goals & resources, and time horizon & aspirations.

With my wife and daughters, I occasionally watch one of the popular house hunting or home remodel televison programs — the ones in which someone is searching for the dream home in a new city or vacation destination. In some cases, they love their current home and desire to simply add some new amenities or functionality.

One of the most often repeated phrases in all these programs is the desire for an “open concept” — the desire for their living spaces to seamlessly connect, without all the walls and barriers that many of the older home designs embraced.

The open concept ambition of home design contains many similarities to the alignment of our financial strategies. It is common practice to have a discrete investment strategy, a separate tax strategy, a unique insurance strategy and so on. Fortunately, those days are fading like the closed concepts of home design.

Think of your financial strategy as the open concept with seamless transitions, connections, and alignments with all your other life strategies.

Recall in the Chapter 1 Introduction, we discussed *perspective.* The first accepted definition of perspective was “the angle or direction in which a person looks at an object or a point of view.” If the angles or directions are blocked by walls, poor sight lines, bad acoustics, and lack of natural flow, breakdowns and disappointments will occur. Unintended consequences result and either will just be tolerated or continuously create frustration. **Financially speaking, let’s write our story chapters with a better outcome and not accept dissatisfaction and complacency**.

We intentionally draw a distinction between financial strategy and investment strategy in this context. Financial strategy is the large, all encompassing, overarching strategic plan as it relates to ALL your financial resources — most of which we just worked through in the previous two chapters.

Many people interchange or misuse the two strategies (Financial and Investment) as if they are the same. They are not. Investment strategy pertains more to the specific allocation approach with the current investment accounts only. The financial services industry has sold this approach in the desire to gather assets to manage as if they were the sole determinant of one's total financial situation. Financial Strategy demands a broader and deeper understanding of a situation and, therefore, more time and technical expertise from a fiduciary advisor.

At the highest level we intentionally design the asset allocation (ratio of cash/bonds/stocks/alternatives) in each and every investment account. Should we pursue an aggressive growth strategy in your Roth IRA or pursue a more balanced approach? What allocation is most appropriate for your taxable investment account given the current and potential tax policy environment?

We are also intentional about the types of assets purchased within each account. The mix of individual securities (common stocks or specific bonds), mutual funds, exchange traded funds and illiquid assets are all part of the considerations.

For decades we have talked about "Retirement Planning." It became a commonly understood concept and grasped by everyone. However, we prefer to substitute "Retirement Planning" with "Financial Autonomy." The historical definitions of retirement have materially changed over the past three decades. Largely gone are the days of hefty company-sponsored pensions following 40-plus years of work with the same company and also collecting social security for a little extra income.

We now discuss Financial Autonomy as the point one reaches when they have accumulated sufficient capital-at-work to make a choice. An individual chooses to continue to work because they want to, not because they have to. This is a huge difference. If I have accumulated the financial resources to be independent and autonomous, I can now choose to continue to work for the professional and personal fulfillment derived from the work or not. When we reach a targeted level of financial autonomy, a new spectrum of potential goals and strategies may emerge. We may now be in a position to pursue some of those wishes and aspirations identified in Chapter 1!

Your story demands a well-developed and aligned strategy in many, if not all, of the domains below that support your comprehensive **Financial Strategy.**

- INVESTMENT STRATEGY
- FINANCIAL AUTONOMY STRATEGY
- WEALTH ACCUMULATION STRATEGY
- ESTATE & LEGACY STRATEGY
- TAX STRATEGY
- RISK MANAGEMENT STRATEGY
- ILLIQUID ASSETS STRATEGY
- SPENDING STRATEGY
- RETIREMENT INCOME STRATEGY
- CASH FLOW STRATEGY
- SAVINGS STRATEGY
- DEBT MANAGEMENT STRATEGY

That is a long list though. Should you expect to become an expert in each of these areas? Should you expect any single professional advisor to be an authority in each? Recall the open concept from earlier in the chapter. While you or a professional advisor may have competency in many of the strategy segments, the open concept and flow allows specialists in particular segments to contribute to the thinking and planning. The open concept of financial strategy design allows you and all contributors to not only comprehend the intentions but find alignment, which is exactly what we are seeking in this chapter of your financial story!

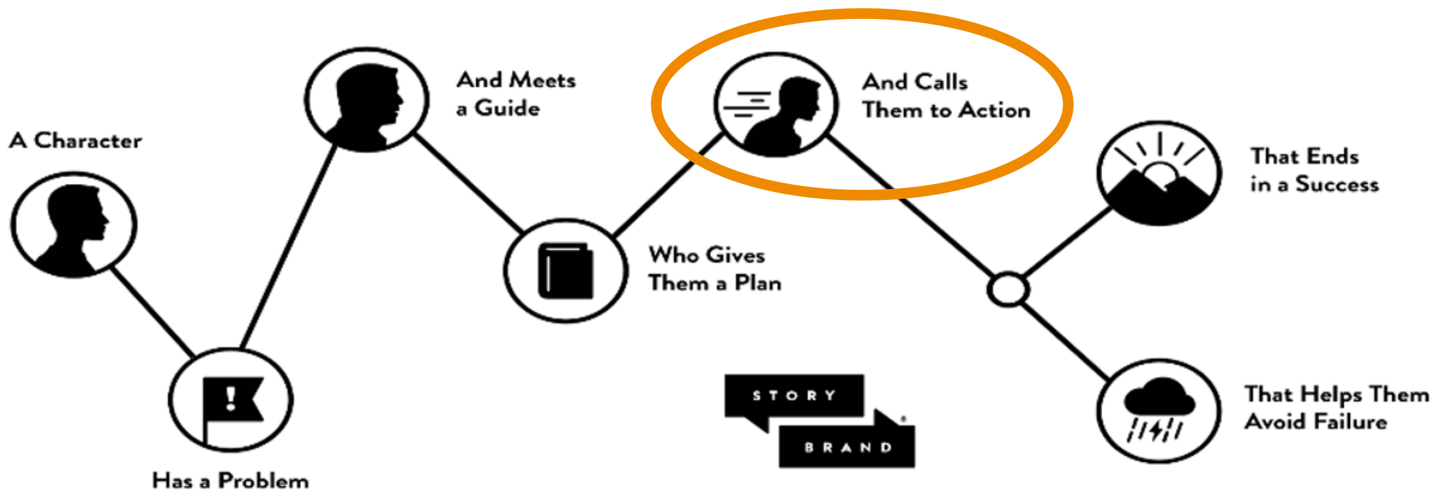
An accomplished Guide will likely be a valuable resource in bringing perspective and insights for each of these strategies and perhaps others that would apply to your unique financial story. Finding alignment for your strategies can be obscure when building your ultimate Financial Strategy, but not impossible. If you are not satisfied with your financial story, I have good news; it can be edited.

Your great financial story won't write itself. A story may be written if you simply leave it to fate. Trust us when we say, fate is a terrible writer. Take control as the author of your tale. If you find yourself struggling to make the progress you hoped for in any of the first three chapters, now is the time to engage a guide for some consulting and perspective. Don't allow your financial story to continue forward with missing or incomplete chapters.

CHAPTER 4: PRIORITIZE YOUR TACTICS

We have come to the last missing chapter in your financial story. By now you see how each chapter builds on the one before it. We can't prudently arrive at this stage of our adventure without organizing our goals, assembling our resources, and aligning our strategies. While those were all accomplishments and essential to your story, we now take **Action.**

Recall in the Introduction from Donald Miller's book: For the **Main Character,** either on their own or with the help of a **Guide,** to overcome the identified **Problem,** there must be a **Plan.** The plan is a culmination of needs, wants, wishes, resources, approaches, and ideal outcomes. The **Tactics** of this final missing chapter convert that plan into Action.



Tactics are the individual steps necessary to support and achieve the strategies from chapter 3. As humans, we rarely have the mental, physical, (and for that matter) monetary bandwidth to accomplish all tactics simultaneously.

Therefore, when we prioritize our tactics, we identify those that have the greatest impact with the least amount of effort. A competent and thorough financial advisor, acting as a fiduciary, will help you identify the tactics of greatest value for you.

In the 2022 movie *Top Gun: Maverick,* Lt. Pete "Maverick" Mitchell is tasked with training a detachment of aviation graduates for a special assignment. Their urgent mission is to destroy a foreign country's unsanctioned uranium enrichment plant.

In this case, Maverick starts out as the Guide. The mission is the Plan. Much of the rest of the movie focuses on identifying the training and methods to pursue the mission.

However, the mission would be incomplete if the team stopped after organizing their goals, assembling their resources, and aligning their strategies. Putting all those components together and taking action becomes the final essential step.

So, what is the next step? If you've worked through and written the first three missing chapters of your financial story, perhaps the action items have become obvious for you. However you more likely have identified several equally appropriate tactics, and you would benefit from the additional perspective of a guide to prioritize those tactics.

If the first three missing chapters of your financial story are incomplete or you just haven't been able to make them a priority on your own, it's time to ask for help. Don't leave these four chapters of your financial story to fate.

What is the difference between a strategy and a tactic? By now you see the difference between the big picture strategies of chapter 3 that are designed in alignment with your overall comprehensive **Financial Strategy.** Supporting each of those strategies are specific tactics.

Below we select three strategies and discuss some example tactics that may apply. Of course the specifics will change for every individual plan, so we will keep the details of the sample strategies and tactics fairly broad.

Investment Strategy example:

"To earn a consistent rate of return from all assets that exceeds inflation consistent with our overall Financial Strategy"

Example Tactics for consideration:

Cash Reserve – *"With our current earnings and spending we need to create or maintain a cash reserve at all times of at least $50,000."*

Social Security Timing – *"Based on our earnings, investments, and anticipated spending, we expect to file for social security income benefits at age 68. This will allow us to maintain our investment strategy asset allocation in the pursuit of our target return without withdrawing too much from our investment accounts."*

Asset Location – *"With our overall asset allocation strategy of 70% in stocks, all or a majority of stocks will be held in our taxable investment accounts and Roth IRA's. Should tax rates and rules change in the future, this tactic may need to be revisited."*

Estate & Legacy Strategy example:

"To minimize the impact of estate and inheritance taxes while having the greatest positive influence on my family and community consistent with my ambitions and overall Financial Strategy."

Example Tactics for consideration:

Gifting – *"Based on our current and projected financial autonomy, we intend to gift annually to family and causes we care about to the maximum allowable amounts."*

Wealth Transfer – *"With the expectation that I have the required financial resources to maintain my financial independence, I will begin to transfer interests this year in our real estate holdings to my children and grandchildren."*

Donor Advised Funds – *"Given our desire to support causes we care deeply about in our community, next year we will create a donor advised fund as a vehicle to provided ongoing legacy support to such causes and organizations. We will invite our children to be part of the decision making process as well."*

Tax Strategy example:

"To minimize our total lifetime tax (income/estate/transfer) liabilities."

Example Tactics for consideration:

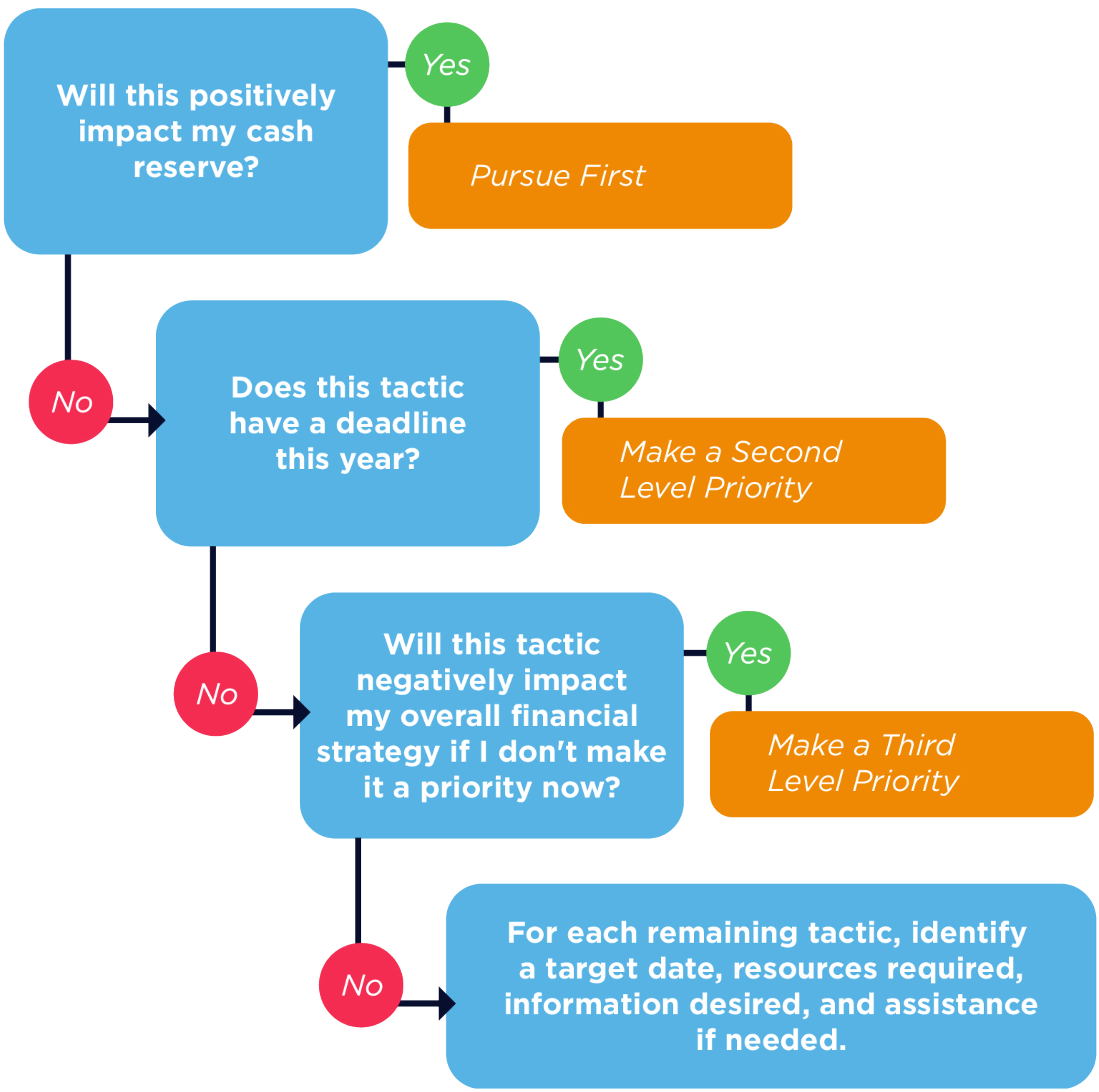
Roth IRA Conversion – *"In order to reduce the impact of required minimum distributions from our traditional IRA's after age 72, we will convert $100,000 per year for the next three years to Roth IRA's."*

Harvest Tax Losses – *"As the holdings in our taxable investment accounts fluctuate in value over time, we will realize tax losses as they may occur if our outlook for the investment has diminished, and the loss exceeds $10,000."*

Health Savings Account – *"Given our current assets and anticipated future spending for medical premiums, copays, and deductibles, we contribute annually to the maximum amount allowable to our HSA accounts."*

The examples above provide nine tactics that all appear to be equally valuable. As mentioned earlier, we may not have the capacity to pursue all nine tactics simultaneously. So how do we decide which ones to prioritize, and which can wait to be addressed in the future?

While such prioritization is intuitive for a professional advisor, below is an example decision tree as an aid for those building their own financial intuition.



Specific and **Prioritized Tactics** can be the missing puzzle piece in the fulfillment of your Financial Strategy. This chapter of your financial story encourages us to identify and craft the Actions required in the pursuit of your various strategies. Armed with this training (like the aviators in *Top Gun: Maverick*) it is time to go. Take charge and begin checking things off your list.

If you have hit a roadblock and are not making the progress you hoped, perhaps now is the time to engage a professional advisor. A professional Guide helps you complete your story and works in tandem with you to put plans together and take action on high-priority tactics.

Summary of Chapters 1-4

The preceding chapters highlighted the missing elements of so many of our financial stories. Together we wrote the missing chapters of your unique financial story and have been changed by the challenge. Whether you are an expert financial decision maker or early in your journey, you now have the tools and template to author your own story for your personal benefit and for others. These fundamental building blocks will undoubtedly aid you in your trek towards financial autonomy.

Like all classic movie scripts, your financial story has six critical components.

The Main Character

Has a Problem

And Meets a Guide

Who Gives Them a Plan

And Calls Them to Action

The Outcome

For you to develop a plan that solves the problem we have four essential steps. We began with Organizing Your Goals and Assembling Your Resources. We followed with Aligning Your Strategies and concluded with Prioritizing Your Tactics.

1	2	3	4
Organize Your Goals	Assemble Your Resources	Align Your Strategies	Prioritize Your Tactics

The "Organizing Your Financial Goals" interactive worksheet (**available by download**) is a valuable tool for getting started and providing the necessary information and detail for each relevant goal. Remember to prioritize each goal as need, want, or wish.

So, what frequently gets in the way for many of us from taking these four critical steps? Like so many movie scripts or stories we can clearly identify specific **villains** that stand in opposition of our success.

LACK OF TIME, DESIRE, AND RESOURCES

Lack of Time: “My time is better allocated to other pursuits important to me. That could be running a business, investing time with family, or positively impacting our community.” A lack of time is usually connected to a perceived superior return on that time in other activities or pleasures.

Lack of Desire: “I just don’t find financial topics that fascinating. I don’t have a strong intellectual curiosity to learn about such issues as deeply as needed.” A lack of desire is one of the reasons that keep people from taking complete control of their financial future. Working with a guide that shares financial education at the appropriate level in helping you master your wealth is a major lifelong benefit.

Lack of Resources: “I don’t have access to the most advanced tools and research to make confident financial decisions. What additional information am I not aware of that would change my decision if I was aware?” A lack of confidence in the available resources drives one to ongoing analysis and inaction.

OTHER PEOPLE

When we take action in the pursuit of bettering ourselves, we may be greeted with encouragement or criticism from other people. Whether embarking on a weight loss program or learning a new skill, people can be some of our biggest supporters or discouragers. Others that have not taken control of their own personal story are most likely to criticize and distract you from writing your own story.

BARRIERS TO ACT

While change is already hard enough, there are many recognized barriers that get in our way. If you need to update your estate plan, a barrier to act may be a lack of desire to meet with an attorney. You may be uncomfortable being asked to talk about the end of your life and what you would like to have happen to your assets. If you need to engage with a new financial guide, a barrier to act may be the discomfort of separating from a prior advisor that you have outgrown. Removing such barriers will be required to create a new velocity and momentum in the pursuit of your goals.

UNCONTROLLABLE *VILLAINS*

Every journey encounters an unpredictable and uncontrollable set of variables. Your financial story is the same. We have seen many occasions where people have chosen inaction as uncertainties in the stock market, interest rates, economic direction, tax rates, and even the political landscape have caused them to wait and see what happens next. Take control of your story and the decisions you can manage.

In Closing

Having an interesting and inspiring financial story brings meaning to you and many others. What do you want to build or create for yourself and others? Now is the moment to grasp control of your financial story.

Create the time, harness the desire, and mobilize the resources necessary to overcome the villains stealing from your financial story. Be resolute in your writing but also in continual renewal of your goals, resources, strategies, and tactics.

The consequences of inaction may not be recoverable. Your financial story has the potential to be so compelling and a lesson for others. Don't allow fate to be the writer of your financial story and the driver of your future independence.

Your adventure awaits!

LET'S CONNECT AND THRIVE

Servicing clients across the nation from offices in West Virginia, Pennsylvania, and Ohio.

(866) 306-2400

info@mc-ws.com

McKinley Carter

MASTER YOUR WEALTH.