

Getting Big 4 Partners To and Through Retirement

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Through our work with Big 4 Partners we have discovered there are several unique concerns and opportunities when it comes to their retirement planning.

Independence Considerations

The everchanging independence landscape for partners represents a very delicate proposition. Many partners have referenced defaulting to a state of inaction when it comes to regularly reviewing and rebalancing their investment portfolios in an effort to avoid an independence issue. Additionally, they fail to regularly adjust their overall financial planning strategies in the context of their most important near, intermediate and long-range goals. The opportunity for partners to co-create and recalibrate an overall financial plan is a meaningful benefit that our clients have referenced in their working with a dedicated financial planning team like ours. Being able to create an underlying investment portfolio that clears independence through a pre-approved broker-dealer, such as Northwestern Mutual, with access to their firm's broker data feed system is another time-saving advantaged often referenced.

Distribution Considerations

The volume of taxable income that partners are subject to recognize in retirement across their pension income sources, the required minimum distributions across their pre-tax 401K balances and their profit sharing plan balances can be meaningful. With the end in mind, a strategy we help our clients strategically think through as they approach retirement is the opportunity to fund their personal 401K contributions with post-tax dollars via a Roth 401K that can be withdrawn tax-free in retirement. Another complementary strategy for partners to facilitate additional tax-free income in retirement is to structure a segment of their personal life insurance coverage as a specially designed form of permanent life insurance that is guaranteed to grow every year and the cash value can be withdrawn basis first, i.e. FIFO accounting.

Concentrated Risk Considerations

Many of the partners we work with recognize that a large percentage of their net worth and retirement income is tied to the future success of their firm. Firm sponsored partner pension benefit plans along with elective deferred compensation plans that a partner may leverage to facilitate additional pre-tax savings both represent un-funded liabilities to the firm. The money to support these programs are not segregated on the balance sheet of the firm, and as a result could be at risk down the line. We help our clients fully understand the opportunities and risks associated with the various programs already provided through their firm as a useful backdrop to discuss the benefits of creating other non-correlated assets and strategies.

Personal Planning Considerations

Helping partners strategically navigate their various and often competing objectives leading up to retirement, in retirement and beyond retirement is a hallmark of our full picture financial planning

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process. Clarifying goals, identifying and implementing solutions and managing results on an ongoing basis within the context of a working financial plan serves as the evolving backdrop for clients to confirm what dollars are going where and why. With an emphasis on progress planning over perfection planning our clients are empowered to create versus chase their financial security where vision, values and goals are uncovered before strategies, tactics and tools are discussed.

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