

Lifestyle Protection Planning



# Feel safe about your portfolio

Regardless of what the market is doing.

# Financial AND investment planning

Every time the stock market jolts up or down, it is relaying information about expected risk and return. For many people, this jolting action sends a shivering signal down their spine about who they are as an investor.

If this market turbulence frightens you, you may find Synergy Financial Management's (SFM) Lifestyle Protection Planning Process (LPPP) comforting. In short, the LPPP integrates investment management with financial planning.

Our process will help you better understand why you own risky investments in the first place. It will also help you find a balance between investments that possess return characteristics, and investments that possess risk management characteristics.

You can think of the two approaches like a coin, heads on

one side and tails on the other. The investing coin has risk on one side and return on the other. Or, think stocks for risky investments and bonds for less risky investments.

Finding the **right combination** of these two types of assets, while monitoring and adjusting them on a continuous basis, is what leads to our success.

Now we are not recommending that you only invest in stocks or bonds. We recommend that you allow our process to integrate your appetite for risk and return with your lifestyle goals and aspirations. Hence, Synergy's Lifestyle Protection Planning Process (LPPP).

Here is how it works.

We offer three steps for you to consider in designing a plan which will serve your current lifestyle and help you preserve this lifestyle until and through retirement.

## Three simple steps to preserve your lifestyle

- 1 Perform Lifestyle Wealth Assessment
- 2 Establish Lifestyle Return Benchmark™
- 3 Build your lifestyle portfolio

# 1

## Perform Lifestyle Wealth Assessment

The Lifestyle Wealth Assessment is our discovery process — it has two parts. The first part identifies and prioritizes your qualitative lifestyle goals. Lifestyle goals are uniquely yours, and the order of importance is also unique. The following illustrates a few of the more popular common goals.

### YOUR GOALS



#### FOUNDATION

- Prepare wills and trust
- Evaluate insurance needs
- Review cash flow budget



#### SHORT TERM

- Emergency fund
- Liquid investments
- Start building portfolio



#### MID TERM

- Wealth accumulation
- Pay college expenses
- Start a business



#### LONG TERM

- Retirement
- Sell a business
- Leave an estate

The second part discovers the quantitative facts and figures. This is where we evaluate and analyze your assets, liabilities, taxes, cash flows, and other financial facts important to your lifestyle.

Together, these two parts allow us to gain a thorough understanding of what we call the Lifestyle Planning Portals.

# 6

The secret to building wealth is efficiently integrating these core portals with your lifestyle goals and aspirations, and then allocating your resources to where they are needed most.

### LIFESTYLE PLANNING PORTALS



#### ESTATE PLANNING

- Wills and trusts
- Powers of attorney
- Physician directives
- Charitable giving
- Family limited partnerships
- Limited liability companies



#### REAL ESTATE PLANNING

- Commercial
- Personal



#### TAX PLANNING

- Income taxes
- Estate taxes
- Gift taxes
- Generation skipping taxes
- Excise taxes



#### INSURANCE PLANNING

- Mortality risk
- Health risk
- Disability risk
- Longterm care risk
- Property and casualty risk
- Liability risk



#### BUSINESS PLANNING

- Valuation
- Starting
- Buying
- Selling



#### INVESTMENT PLANNING

- Retirement income
- College funding
- Wealth accumulation
- Wealth preservation
- Wealth distribution
- Longevity planning

# 2

## Establish Lifestyle Return Benchmark™

The next step is to take what we have learned about you and your lifestyle, and to establish your Lifestyle Return Benchmark™ (LRB).

The LRB is the number that you need to earn on your portfolio to make your lifestyle goals and aspirations come true.

The LRB process will convert your lifestyle goals and aspirations into your personalized return objective. Additionally, it will act as your custom return benchmark as opposed to a relative and often random benchmark like the S&P 500. The S&P 500 has nothing to do with who you are, so it is a mistake to measure your investing success by it.

We establish your LRB through our proprietary required rate of return (RRR) process. Each year

we will compare your LRB with the actual return on your portfolio to ensure you are moving in the right direction. If you are not on track, we will reevaluate your plan and make any necessary portfolio adjustments that are economically possible. Moreover, we will educate you on the other options you have to stay on track.

Investing success hinges on the integration between the investor's unique circumstances and the prudent identification of long-term strategies that are positioned to achieve client goals with the highest probability of success.

At SFM, we take a different approach to constructing your portfolio by reverse-engineering your required rate of return (RRR) and using it as your Lifestyle Return Benchmark™.

### THE RRR PROCESS



#### DESIRED SPENDING LEVEL

Client specifies their minimum desired (sustainable) level of spending



#### RISK WILLINGNESS

Client specifies their willingness to take risk



#### RISK ABILITY

Synergy helps client determine their ability to take risk



#### RETURN REQUIREMENT

Synergy translates this into a minimum absolute return requirement



YOUR UNIQUE LRB

CURRENT AGE

Beginning portfolio value

+

LIFESTYLE

Spending levels

+

LIFE EXPECTANCY

Ending portfolio value



UNIQUE LRB  
7.3%



UNIQUE LRB  
8.1%

### USE YOUR LRB TO BUILD YOUR PORTFOLIO

Okay, your lifestyle has been converted into a real number that actually means something to you. So now what? Now it is time to take your LRB and use it to build your portfolio. The goal is to build you a portfolio that has a good chance of achieving your LRB with as little risk as possible.

Remember that there is a tradeoff between expected return and risk and that some investors are strongly risk-averse, while others are more tolerant of risk. Therefore, it is very important that we build you a portfolio that is respectful of your ability and willingness to take risk while also providing you with an above average chance of meeting your LRB objective.

# 3

## Build your lifestyle portfolio

We will build your portfolio based on your goals instead of around the jolts of the market.

Our objective is real wealth accumulation, preservation, and distribution through portfolio construction practices that are inherently sensible and thoroughly tested, resulting in market-like returns with a reasonable level of risk. If your lifestyle planning calls for a more conservative approach, we can achieve that too. This tactic may result in a slightly lower rate of expected return, but will have better protection in the event of a severe bear market.

In the end, most investors prefer a plan that will ensure their standard of living against severe short-term loss while allowing them to maintain and improve their lifestyle over time. Remember, the goal is not to beat the S&P 500, it is to earn your Lifestyle Return Benchmark™ (LRB).

To accomplish your objectives, we will use a mix of safe and conservative investment strategies, core investment strategies, alternative investment strategies and, if appropriate, a mix of real estate and small business assets. Annuities

and insurance can also play an important role in a broadly diversified portfolio to buffer sudden shocks and unexpected perils.

Our mix of strategies will keep you sleeping tight at night regardless of what the stock and bond markets are doing. And based on your Lifestyle Protection Plan, we can adjust the size of your safe and secure investment so that you can afford to withstand more risk elsewhere.

### CORE PORTFOLIO STRATEGIES

#### Stock strategies

DIVIDEND INCOME

FOCUSED GROWTH

#### Asset allocation strategies

 TUG BOATS

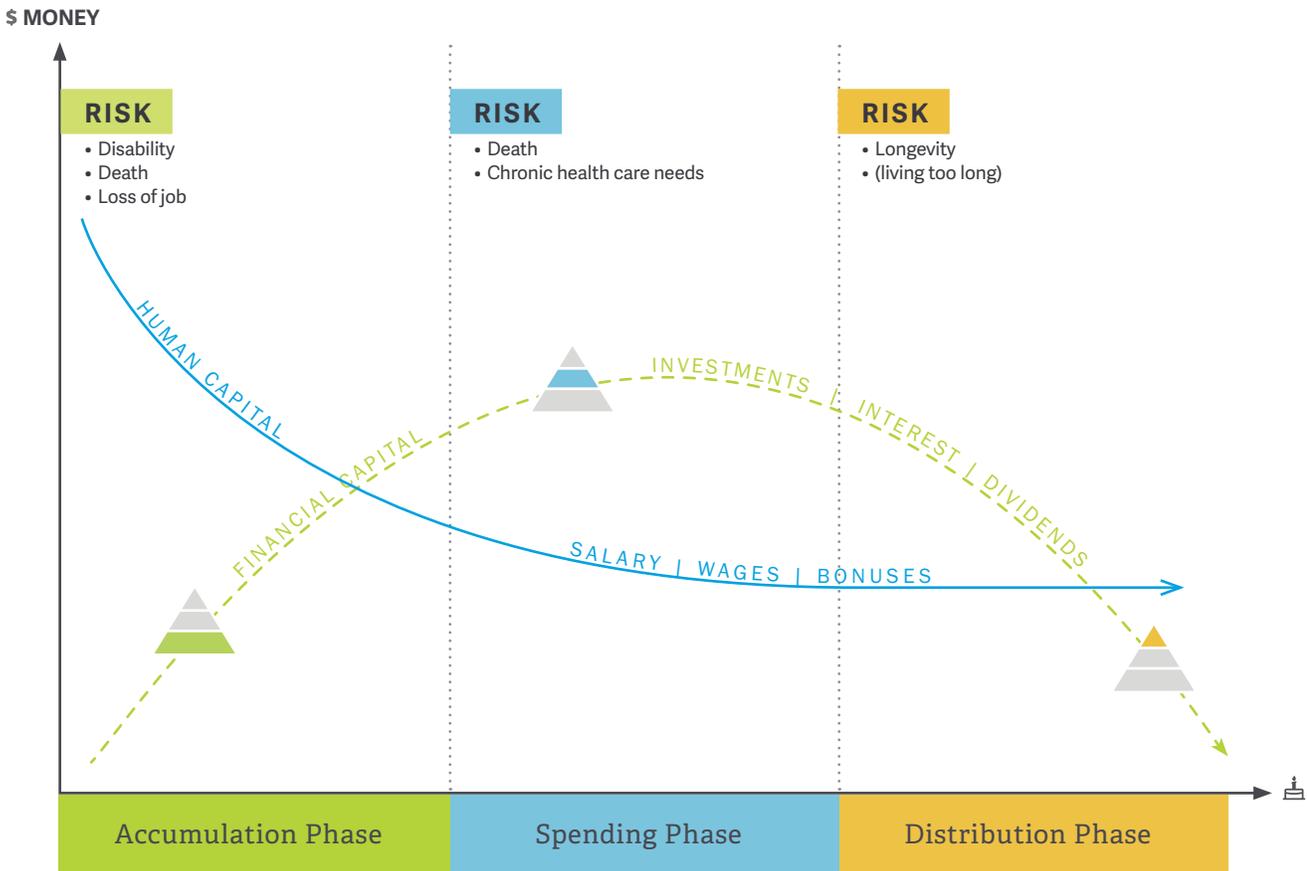
 SPEED BOATS

 SAIL BOATS

#### Bond strategies

INDIVIDUAL FOCUSED BOND

# At a glance: Lifestyle Protection Planning



Synergy's Lifestyle Protection Planning Process will build your solid goals-based portfolio by integrating investment management with financial planning, **helping you feel safe about your lifestyle regardless of what the market is doing.**