

# Holly Donaldson Financial Planning, LLC

## Stages of the Financial Planning Process

A thorough financial planning process generally happens in three stages, outlined below. Services provided for each stage are listed on the following pages, followed by our Terms of Service. Other important information can be found in our ADV Part 2, which we have provided to you. You should review these documents carefully.

Please see the Signature block on the last page of this document and provide your acknowledgment as described there.

**Development and Design Stage:** This stage has three main parts.

A) Understanding your financial journey: where you hope to go, figuratively, and when. Defining what your money is for. Developing the lifestyle elements you need, want, and wish for.

B) Taking stock of what you have, and will have, to get you to the destination and lifestyle outlined above.

C) Answering the question, “Are you on track to reach that destination?”

The clearer the answers to A) and B), the more accurately C) can be answered. Answers to C) can range from “Yes” to “Maybe” to “No.” Based upon the answer, alternative options are discussed and tested until a plan comes together that feels like the right fit to you. The right fit gets you to “Yes” with a high degree of certainty, while recognizing the impact of lifestyle decisions and minimizing risk.

In essence, Design and Development is a co-creative process leading to a path of actionable decisions and recommendations that work uniquely for you.

**Execution and Implementation Stage:** This stage can be done three ways - Driver, Navigator, and Chauffeur.

**Driver:** Doing it yourself. Some people don’t need outside help past Development and Design. They are the Driver who can execute and implement recommendations and decisions down to the last detail on their own.

**Navigator:** Doing it yourself with professional guidance. Some people would like a Navigator to give more specific directions and details along the way.

**Chauffeur:** Hire professional help, typically an investment manager. Some people want or need to outsource anything and everything in this area. Some people start as Driver and decide later they would like a Chauffeur.

Our involvement in this stage - whether supporting you as the Driver, serving as Navigator, or helping you find a fiduciary investment manager/Chauffeur, varies by client.

**Monitoring and Updating Stage:**

No plan is static: Life changes. Law changes. The tax code changes. Monitoring and updating is a way to not only assess your progress, but also keep your plan optimized and protected.

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Sometimes this stage comes full circle back to (Re)Development and (Re)Design. Examples that can bring this about include career changes, inheritance, loss of a spouse, and/or early retirement.

## Types of Meetings/Projects

### Stage I: DEVELOPMENT AND DESIGN

#### Initial Financial Overview/Checkup Meeting

An abbreviated Development and Design meeting for those who don't feel the need for a complete Road Map. Often requested as a second opinion. The aim is to organize, prioritize, and simplify. We will review areas of your financial life at a high level, scanning for red flags or blind spots. Once found, we will discuss alternative options. We may investigate in further detail your tolerance for risk, as well as habits and attitudes about spending, sharing, and investing. We'll take time to answer your questions and look for opportunities to save investment fees and taxes. This step generally involves homework, advance review, and an in-person meeting of 1.5 - 2 hours. The Financial Overview/Checkup does not include any use of financial planning software. In general, for each meeting we are glad to provide up to either 1 hour of additional followup work or a 1-hour phone call within 4 weeks of completion to check in or clarify Development and Design concepts. Execution, Implementation, Monitoring, or Updating services are provided as a separate project, described below.

#### Initial Road Map Project

Complete Development and Design up to and including recommendation of asset allocation (the proportion of your investments that should be in different categories of stocks and bonds). We'll review your needs, wants, and wishes for your financial future. We will touch on your contingency plans - how well you are protected in case the unexpected happens. With the aid of financial planning software, you will see in a matter of seconds, real-time, the impact of alternative choices. For example, you may want to see if retiring sooner, buying a second home, or taking Social Security later would really work. You will receive suggestions to save taxes and/or fees. We will provide referrals to resources that may be of extra help. We will help you select an appropriate asset allocation to guide your future investing. The Road Map is generally completed over a 2 - 8 week period culminating in a two-hour meeting. After the meeting you will have access to your Road Map software for 1 year. In general, for each meeting we are glad to provide up to either 1 hour of additional followup work or a 1-hour phone call within 4 weeks of completion to check in or clarify Development and Design concepts. Execution, Implementation, Monitoring, or Updating services are provided as a separate project, described below.

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## Stage II: EXECUTION AND IMPLEMENTATION

### **Investment Execution - Driver or Navigator - Do-It-Yourself or With Help**

In this meeting or series of meetings, specific holdings are reviewed and new ones, if needed, are chosen to fit your Road Map allocation.

Execution and Implementation includes opening, closing, and transferring accounts; getting account titles and beneficiary designations correct and complete; or buying and selling - existing investments into new ones.

If requested, we will be your “training wheels” with your investment accounts until you feel ready to manage them on your own. You may find you feel ready after one meeting, or you may feel you would like our ongoing help on a regular basis.

Project fees for investment execution will be quoted in advance based upon number of accounts, number of account positions, account types, account balances, and degree of help desired.

For this project we are glad to provide up to either 1 hour of additional followup work or a 1-hour phone call within 4 weeks of completion to check in or clarify Execution and Implementation concepts. Monitoring and Updating services are provided as a separate project, described below.

### **Investment Execution - Chauffeur - Investment Manager Selection**

Narrow down the universe of investment managers to a few professionals or firms. They can be fee-only, fiduciary companies we already know, or other managers you want included for consideration. We receive no referral fees or commissions from any managers we recommend.

Our aim is to help find a manager that you view as the best long-term partner for your financial team. We will uncover pros and cons of different firms; decide whether a Request-for-Proposal (RFP) process makes sense; review RFP responses; interview final candidates; and/or help you make a final selection.

Project fees for investment manager selection will be quoted in advance based upon number of managers considered and scope of involvement in any RFP issuance, reviews, and/or interviews.

For this project we are glad to provide up to either 1 hour of additional followup work or a 1-hour phone call within 4 weeks of completion to check in or clarify Execution and Implementation concepts. Monitoring and Updating services are provided as a separate project, described below.

### **Estate Planning - Execution**

(As part of your initial Road Map or Road Map Update, you may request an Estate Profile report to be sent to your attorney. This is a one-page picture of your finances with relevant titling details. Having this one-pager will save you and your attorney time otherwise spent reassembling answers to their questionnaire.)

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In this project, you receive help with account title changes, beneficiary designations, setting up trust accounts, and/or administering your attorney's recommendations.

This project can be anywhere from phone-and-emails-only to 1 - 3 meetings and can take 2 - 8 weeks. Project fees for estate planning execution will be quoted in advance based upon scope of services needed.

For this project we are glad to provide up to either 1 hour of additional followup work or a 1-hour phone call within 4 weeks of completion to check in or clarify Estate Planning Execution concepts. Monitoring and Updating services are provided as a separate project, described below.

### **Retirement Income Planning - At and After Retirement**

As you transition into retirement, income planning gets trickier. While pension and Social Security assumptions are outlined in your initial Road Map, a more detailed Income Plan shows exactly when and how to take from retirement and non-retirement accounts. Income Plan recommendations can change yearly based upon age milestones, market opportunities, health issues, legal advice, tax rules, and Medicare rules.

Age milestones affecting your taxes can occur at 59, 62, 63, 65, 66-67, 70, and 72.

In this project you get help with the transition from earning income to receiving it in various forms. You will receive a tax-focused plan for how and where to take your cash flow for the coming year, and a basic foundation for years to come. Your accountant may be encouraged to be a part of this project.

Project fees for retirement income planning will be quoted in advance based upon number of accounts, number of account positions, account types, account balances, and degree of help desired.

For this project we are glad to provide up to either 1 hour of additional followup work or a 1-hour phone call within 4 weeks of completion to check in or clarify Execution and Implementation concepts. Monitoring and Updating services are provided as a separate project, described below.

### **Retirement Income Planning - 4th Quarter Strategy**

Your health, family relationships, tax code, or legal advice can change.

This project typically takes place in the 4th quarter of the year. Nearly every year after retirement until age 72, you have many choices in how to take your income. An Annual Strategy:

- 1) checks for tax-saving opportunities before the current year ends, and
- 2) plans the best income strategy for the coming year.

As part of this project, we will communicate directly with your accountant and your investment manager, if applicable.

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Project fees for retirement income planning will be quoted in advance based upon number of accounts, number of account positions, account types, account balances, and degree of help desired.

For this project we are glad to provide up to either 1 hour of additional followup work or a 1-hour phone call within 4 weeks of completion to check in or clarify Execution and Implementation concepts. Monitoring and Updating services are provided as a separate project, described below.

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## Stage III: MONITORING AND UPDATING

### Financial Overview Update/Checkup

An update to the initial Financial Overview/Checkup. This meeting would monitor and update your investment and insurance recommendations for appropriateness; make change suggestions; and address new concerns. Offered at a discount for established clients who have had an Overview or Update within the last 3 years.

### Road Map Update

An update to the initial Road Map. In this meeting your Road Map is updated in our planning software; new what-if scenarios are run; new concerns are addressed; and/or suggestions for any appropriate changes are made. Offered at a discount for established clients who have completed a Road Map or Road Map Update within the last 3 years.

### Retirement Income Planning

An update to your Retirement Income Plan. Offered at a discount for established clients who have completed a previous Retirement Income Plan in the past 12 months.

## All Stages: ONGOING ENGAGEMENT

We have a limited number of engagement projects available for clients who have completed Development and Design, and wish to have an ongoing relationship. Engagements are for six-month increments and cover all financial planning stages with unlimited support; addressing new concerns as they arise; and regularly scheduled check-in meetings. Project fees are based upon complexity and number of accounts, recommended changes in development and design, and level of assistance required for execution, implementation, monitoring and updating.

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## Terms of Service

1. Outside Advisors: We are glad to work with any accountant, banker, attorney, insurance agent, investment agent or custodian, planned giving representative, and/or trust officer that you request. Under no circumstances will we accept referral fees from or pay referral fees to outside advisors.
2. Subject To Change: All recommendations are subject to change. Plans can become stale or even counterproductive, particularly over time periods greater than a year. As described above, monitoring and updating services are offered as separate projects.
3. Complete Information: We may request information about your assets, liabilities, income and expenses, taxes, insurance, and estate plans, as well as attitudes, opinions, goals, and objectives. Information not revealed to us may have a direct impact on the appropriateness of recommendations.
4. Hourly Work: Sometimes we work outside the scope of regular projects on an hourly basis. Our hourly rates are billed by the minute. We will not initiate additional work without your oral or written permission. The 2021 hourly rate is \$375 per hour billed in 10-minute increments. Our hourly rates are subject to change and are disclosed in our ADV Part 2.
5. Payment Terms: Most fees will be due 50% in advance and 50% upon completion of the project or meeting. Payment for all invoices are due within 10 days of billing. In no case will we require fees of more than \$500 more than 6 months in advance.
6. Other Fees: You will pay fees and expenses to third parties when you invest in mutual funds and exchange-traded funds (ETFs). In addition to the advisory fees you pay us, these products have operating expenses and ongoing fees. Mutual fund and ETF fees and expenses can include investment management fees and shareholder service fees. We do not receive any portion of the fees you pay these third parties. You will pay fees and expenses whether you make or lose money on your investments. Fees and expenses may reduce the amount you earn on your investments.
7. No Insider Trading: HDFP obtains information from a wide variety of publicly available sources. HDFP has no sources of inside information about any securities. We're not that connected!
8. Guarantees: We love what we do, and, we aren't perfect. Recommendations are based upon professional judgment and the information you provide. Any projections are conceptual in nature and we cannot guarantee that your objectives will be achieved.
9. Liability: All investments involve risks. Some investment decisions will result in losses. Holly Donaldson Financial Planning, LLC and its member(s) will not be liable for errors of fact or judgment as long as we act in good faith; provided, however, that securities laws impose liabilities under certain circumstances on persons who act in good faith, and nothing in this document shall in any way limit or waive any rights you may have under federal or state securities laws.
10. Disputes: If a dispute arises out of this engagement that cannot be settled through negotiation, we both agree to first try in good faith to settle the dispute by arbitration administered by the American Arbitration Association or another suitable group before resorting to litigation. Any disputes will be governed by the laws of the State of Florida.

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11. Other Clients: Our services are tailored to you. We perform services for other clients and may make different recommendations for those clients from the recommendations made to you. You agree that we do not have any obligation to recommend for purchase or sale any security or other asset we may recommend to any other clients.
12. ADV and Privacy Notice: You have been provided our ADV Part 2 and Privacy Notice under separate cover or email.

Acceptance of these terms is acknowledged by signing below.

Please print, sign, and return by mail or email (you can send a photo of this page); or, simply send an email with “Acknowledged and signed terms” in the subject line.

\_\_\_\_\_

Date: \_\_\_\_\_

We welcome your questions, comments, and feedback. We are thankful to be working with you on your financial journey.