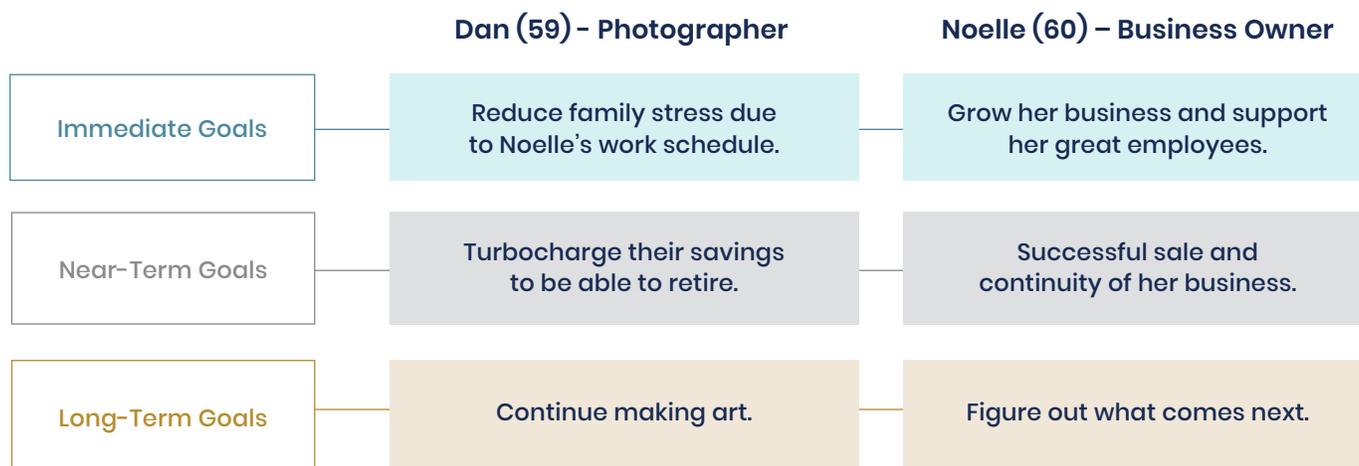


Hypothetical Client Scenario SUCCESSFUL BUSINESS OWNER

In order to provide advice that is most meaningful to your specific needs and goals, your Modera advisers will take the time to assess every aspect of your financial life. We hope this hypothetical client scenario will help you to understand our approach and the depth and breadth of our services.

Noelle and Dan, Laying the Groundwork for Life After Business Ownership



Their “Why”

Dan worries about Noelle and the stress she’s under in growing her business and trying to sell it. While they currently have \$2MM in retirement accounts, he knows they need more saved for retirement, but not how much and the best way how. Noelle wants to sell her business and isn’t sure how to retain her best employees through the process, while also being smart with the tax implications of a sale and finding the right buyer.

They both feel overwhelmed when they consider these questions:

- › How do they find the right buyer for Noelle’s business without alerting competitors? What are the pros and cons of different ways to structure a business sale, and how can they lower their taxes?
- › In the next 5-10 years before Noelle sells her business, what opportunities do they have, as business owners, to contribute more to retirement and pay less in taxes while income is high?
- › While Dan is comfortable as the family’s CFO when it comes to their spending, and Noelle is confident as the CEO of her business, what opportunities are they missing to strengthen the family’s finances?
- › What comes next for Noelle, and how will she contribute to their community in retirement?

Noelle and Dan want to partner with an advisor who can speak both tax and plain English fluently, and offer advice so they’re in the best position for a business sale.

Creating an Initial Financial Plan

Welcome and Organize: We worked with the couple to take stock of all their assets to create a current Net Worth statement, and candidly evaluated the business cash flow and potential options for valuing and selling it. With this snapshot in hand, we prioritized their biggest concern and opportunity: taxes.

- › We explored how the employee census impacted how much they and their employees could benefit from a cash balance pension plan, SEP IRA plan, or 401(k) plan.
- › Noelle reviewed these options with an eye towards what benefits would be valued by her employees, and how to retain the business's key people.
- › Modera showed Noelle and Dan projections of their wealth (and top tax rate) over time in different scenarios to show the advantages and potential disadvantages of various retirement plans.

Collaborate: The next meeting included their long-time CPA as Noelle described potential avenues for the sale of her business, and her expectations for growth in the coming years.

- › Collectively, the tax and financial planning advisory team discussed key factors in the structure of a sale, and the tax implications.

Empower: As Noelle and Dan moved forward with our recommendations for retirement plans to defer income and taxes in the high-earning business years, we focused on the personal side of being prepared for a business sale.

- › We asked Noelle how she would feel if the buyer of her business faltered, and reviewed with Noelle and Dan what the impact of a buyer default on the sale note would mean for their financial security.
- › We discussed how the changing environment or economy could impact Noelle's business, how her employees fit within her sale plans, and what she sees as opportunities for sustainable and ongoing growth.
- › While Dan's excitement to have more time for his art and to spend with Noelle was palpable, they both had concerns with how Noelle would spend her time, and what could be next for her that would be fulfilling, in addition to having more time together as a family.

Our approach at Modera involves every aspect of your finances, and includes working with the CPA, insurance advisor, and attorneys embedded in our clients' lives (or making introductions to a best-fit professional). With Noelle and Dan, we prioritized in the first year understanding Noelle's business, the family's assets, and sharing projections with the couple to show how their actions today can impact their retirement and later years. As Noelle and Dan's priorities shift, or they sell the business and need additional investment advice, their Modera team will be working to fulfill our fiduciary duty to make decisions and give advice in our clients' best interests.

At Modera, we're here to help you with every aspect of your financial life. If you would like to discuss your situation, don't hesitate to contact us at advice@moderawealth.com.



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