OLD NATIONAL® INVESTMENTS

PRIVATE WEALTH MANAGEMENT

The Impact of a Comprehensive Financial Plan

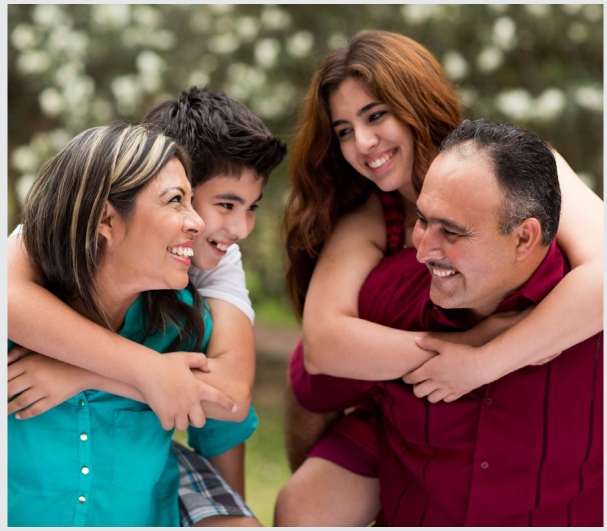
The following three case studies demonstrate how thorough short- and long-term planning can positively impact a family's financial future. These are hypothetical situations based on real life examples. Names and circumstances have been changed. The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investments or strategies may be appropriate for you, consult your advisor prior to investing.

CASE STUDY 1

Luis & Joy
45- to 55-years old, approaching retirement, have an adult daughter and teenage son

Primary Goal:
Luis and Joy would like to know how much they need to accumulate in retirement funds to maintain their lifestyle and retire at 62. They are focused on managing taxes and leaving a legacy for their two kids.

The Challenge:
- Inflation keeps rising, and they are afraid they won't be able to retire at 62.
- How much could they take each month without stressing about running out of money?
- They need help figuring out 401(k) options once they retire and how to minimize taxes.



BEFORE

Assumptions made by the couple **BEFORE** engaging a Wealth Advisor and collaborating on a financial plan.

Goal #1: Retire at 62
Assumption: Need $200,000 a year to maintain their preferred lifestyle

Goal #2: Fully fund son's college education
Assumption: $56,138 per year from 2020-2024

Goal #3: Leave legacy money to heirs
Assumption: $0 available given expenses noted above

AFTER

Scenarios determined in a formal planning process as **AIDED** by an Old National Investments Wealth Advisor.

Goal #1: Retire at 62
Plan: Need $90,000 a year to maintain their preferred lifestyle

Goal #2: Fully fund son's college education
Plan: $32,196 per year from 2030-2034

Goal #3: Leave legacy money to heirs
Plan: $100,000 available for a legacy gift

SUMMARY OF ACTION ITEMS

Goal #1: The Wealth Advisor worked with the couple to outline a detailed budget for their retirement years and determined their assumptions were too high.

Goal #2: The Wealth Advisor analyzed their 529 college savings plans and expected growth over the next five years. Plus, the Advisor helped them budget a plan to bolster their college savings for their daughter in the near-term. Their revised savings strategy is targeted toward the goal of lowering their out-of-pocket tuition.

Goal #3: Using forecasting tools and a thorough analysis of the couple's retirement accounts, including their 401(k)'s, savings and investment accounts, the Advisor was able to show a surplus of legacy funds may be available for their children upon their death. Plus, the Advisor recommended an estate planning strategy to ensure their assets are left to their children in a way that adheres to their wishes and minimizes their tax burden.

CASE STUDY 2

Lisa and Matt
30- to 40-years old, family of four

Primary Goal:
Both working professionals, Lisa and Matt are taking advantage of their company retirement plans but don't have a savings strategy beyond those 401(k) offerings. While they have a financial advisor who has helped them manage mutual funds and select stock purchases, they have not completed a formal planning exercise to better understand how their children will impact their financial goals as they get older. The couple welcomed their second child last year and have some concerns about their short- and long-term expenses.

The Challenge:
- How will their children impact their goal to retire before age 62?
- What savings strategies can be put in place to prepare for their children's college education?
- They need help planning for short-term and long-term needs given their stage in life and given the lifestyle they want to maintain as their kids get older.

BEFORE

Planning exercises taken by the couple **BEFORE** engaging a Wealth Advisor and collaborating on a financial plan.

Retirement Planning
- Participate in company 401(k) plan
- Use some discretionary income for IRAs and selected investments

Savings
- Use some discretionary income for a joint savings account through their bank

This planning scenario illustrates a few of the potential opportunities that may be pinpointed after having exploratory goal discussions with clients and then using forecasting tools to capture income and expenses in future years while adjusting for inflation.

AFTER

Plan in collaboration with an Old National Investments Wealth Advisor

Retirement Planning
- Evaluated each 401(k) plan and revised the chosen portfolio and employee contribution given the couple's retirement age goals
- Set up a mix of mutual fund investments based on the couple's retirement age goal; included setting up an automatic deduction from their bank account to fund the investments each month
- Consolidated retirement plans from Lisa's previous employers

Savings
- Established 529 college savings plans for each child
- Explored life insurance options for each spouse

Other Plans Identified
- Set a goal to buy a larger home within the next five years; forecasted expected income growth and savings opportunities to plan for the down payment and a loan that won't disrupt their investment strategy
- Create a will; the couple did not have their estate plan documented, which is critical for their children

SUMMARY

In working with their Old National Investment Wealth Advisor, they have a firm plan in place that accounts for both their short-term goals and their desired retirement age. Plus, they can revisit the plan annually with their Wealth Advisor and make adjustments as needed for things like a job change or deciding to have a third child.

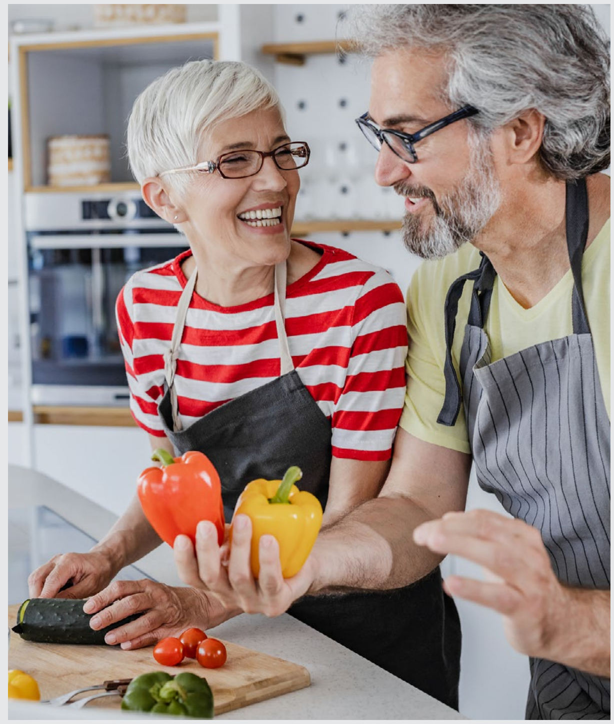
CASE STUDY 3

Bob & Tammy
60- to 65-years old, retired, near-retirement

Primary Goal:
Bob is currently retired, and Tammy would like to know when she can retire and how her retirement may impact their current spending. They have a secondary goal of installing a pool at their residence and helping fund their grandchildren's education. They would also like to know when the optimal age would be to collect Social Security and would like help deciding which of Tammy's pension options to select. Lastly, they would like help managing investments and distributions from her 401(k) plan.

The Challenge:

- Current spending levels are not sustainable in retirement given the resources available.
- They feel compelled to claim Social Security benefits early in order for Tammy to retire sooner.
- They also feel compelled to choose the highest payout option on Tammy's pension in order to support higher spending.



BEFORE

Current Situation

Lifestyle:
Income: $110,167
Expenses: $102,367
Savings: $7,800

Retirement:
Retirement Ages: 62/61
Living Expenses: $117,700/year

Money to Heirs: $0

AFTER

Retirement Plan Recommendations

Lifestyle:
Income: $110,167
Expenses: $102,367
Savings: $7,800

Retirement:
Retirement Ages: 62/61
Living Expenses: $87,800/year

Money to Heirs: $0

SUMMARY

After discussing options and creating a financial plan with the recommendations of an Old National Investments Wealth Advisor, Bob and Tammy now have several options for working toward their goals with the current level of spending and assumptions. The discussion included potential options for retiring later at current spending levels or a reduction in spending with an earlier retirement date. Based on the long-term analysis, they will need to adjust their secondary goals considering their desired retirement income. They will also need to make choices that will impact their retirement income amount and longevity, such as when to claim Social Security benefits and which pension options to select.

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The views in this article should NOT be construed as investment advice. Neither the financial advisor nor Old National Investments gives tax or legal advice.

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