

# 9 Questions For Your Financial Planner

SPRING 2024



**John Buckingham**  
PRINCIPAL  
PORTFOLIO MANAGER



**Jason R. Clark, CFA**  
PRINCIPAL  
PORTFOLIO MANAGER



**Christopher Quigley, CFA**  
SENIOR RESEARCH  
ANALYST



**Zack Tart**  
PORTFOLIO & RESEARCH  
ASSOCIATE

## KEY TAKEAWAYS

- ▶ **The Bottom Line:** The most important thing our planning should do is give clients information to make informed spending and saving decisions.
- ▶ **Keeping on the Path:** We believe a detailed, thoughtful plan provides a foundation upon which we partner with clients on the path to achieving their financial goals.
- ▶ **9 Key Questions:** Financial plans can be as clear as mud. We've compiled nine questions we think you should have answered to add clarity to your plan.

Financial planning is the foundation for successful wealth creation. It is an involved process that begins with establishing goals and objectives, which mix short- and long-term priorities like purchasing a home, paying for education and saving for retirement. It also helps to clarify cash flow needs, employee and retirement benefits, estate plans and tax-related issues. We are frequently asked what questions a financial planner should be answering for their clients, and we've compiled a list of queries one may find valuable to answer during the planning process.

1. **What is my financial plan overlooking or not considering?** There are many moving parts in our financial lives. A quality financial plan lays everything out in one place, which is helpful in figuring out if there are any missing pieces or areas requiring focus.
2. **What is the best way to protect my family and myself?** A detailed financial plan can help highlight areas that deserve extra attention, such as emergency preparation and insurance.
3. **How can I plan for taxes now and in retirement?** A dollar saved is a dollar earned. A financial plan considers your situation and optimizes activity to ensure you keep what's yours.
4. **When should I take my government benefits?** This can be a complicated decision based on a wide array of factors. A financial plan can help inform the best course of action.
5. **How much can I spend and not outlive my money? What is my optimum withdrawal rate?** Everyone is different. A personalized financial plan seeks to answer both questions in a way that is unique to your situation.
6. **What minimum return do I need to reach my long-term financial goals and when should I change my allocation?** Knowing this number is great for peace of mind, though we note that it can change.
7. **Will I have the income I want in retirement, or will I be able to live the lifestyle I want in retirement?** We frequently hear that a 4% withdrawal rate on a portfolio is ideal, but individual scenarios inform withdrawal rates above and below that figure.
8. **How am I doing so far? How frequently should my plan be updated?** A financial plan is a living document and should be updated periodically.
9. **Do I need to make any major lifestyle changes to help me reach my long-term financial goals?** The answer to this question depends on individual circumstances. Some folks need no changes or can even spend a little more, while others need to work longer or belt-tighten to achieve their goals.



For additional information about subscribing to the *The Prudent Speculator* newsletter, please call Phil Edwards at 800.258.7786 or email [pedwards@kovitz.com](mailto:pedwards@kovitz.com).

For more details about our wealth management and asset management services, kindly reach out to:

**Jason R. Clark, CFA**

**Principal, Portfolio Manager**

949.424.1013

[jclark@kovitz.com](mailto:jclark@kovitz.com)

## DISCLOSURES

Opinions expressed are only our current opinions or our opinions on the posting date. Any graphs, data, or information in this publication are considered reliably sourced, but no representation is made that it is accurate or complete, and should not be relied upon as such. This information is subject to change without notice at any time, based on market and other conditions. The description of products, services, and performance results contained herein is not an offering or a solicitation of any kind, always consult with your tax advisor.

The description of products, services, and performance results contained herein is not an offering or a solicitation of any kind. Past performance is not an indication of future results. Securities investments are subject to risk and may lose value.

All returns are geometric average unless otherwise stated. The geometric average is calculated using the mean of a set of products that takes into account the effects of compounding.

The Standard & Poor's 500 index (S&P 500) is a broad stock market index based on the market capitalizations of the largest 500 companies listed in the U.S. Small company stocks, via Ibbotson Associates, are the bottom twenty percent of the New York Stock Exchange. Large company stocks, via Ibbotson Associates, are represented by the S&P 500 index. The S&P 500 Growth Index is a market capitalization weighted index. All the stocks in the underlying parent index are allocated into value or growth. Stocks that do not have pure value or pure growth characteristics have their market caps distributed between the value & growth indices. Prior to 12/19/2005 this index represented the S&P 500/Barra Growth Index. The S&P 500 Value Index is a market capitalization weighted index. All the stocks in the underlying parent index are allocated into value or growth. Stocks that do not have pure value or pure growth characteristics have their market caps distributed between the value & growth indices. Prior to 12/19/2005 this index represented the S&P 500/Barra Value Index.

The factor-based (book value-to-price) portfolio data is from Eugene F. Fama and Kenneth R. French. The dataset is broken into four groups: large value, large growth, small value and small growth. The aggregate Value and Growth portfolios are monthly averages of the two returns.

Growth stocks = 50% Fama-French small growth and 50% Fama-French large growth returns rebalanced monthly. Value stocks = 50% Fama-French small value and 50% Fama-French large value returns rebalanced monthly. The portfolios are formed on Book Equity/Market Equity at the end of each June using NYSE breakpoints via Eugene F. Fama and Kenneth R. French. Dividend payers = 30% top of Fama-French dividend payers, 40% of middle Fama-French dividend payers, and 30% bottom of Fama-French dividend payers rebalanced monthly. Non-dividend payers = Fama-French stocks that do not pay a dividend. Long term corporate bonds represented by the Ibbotson Associates SBBBI US LT Corp Total Return index. Long term government bonds represented by the Ibbotson Associates SBBBI US LT Govt Total Return index. Intermediate term government bonds represented by the Ibbotson Associates SBBBI US IT Govt Total Return index. Treasury bills represented by the Ibbotson Associates SBBBI US 30 Day TBill Total Return index. Inflation represented by the Ibbotson Associates SBBBI US Inflation index.

The Russell 3000 Index is composed of 3000 large U.S. companies, as determined by market capitalization. This portfolio of Securities represents approximately 98% of the investable U.S. equity market. The Russell 3000 Index is comprised of stocks within the Russell 1000 and the Russell 2000 Indices. Russell 3000 Growth Index measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. Russell 3000 Value Index measures the performance of those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth values.

The MSCI ACWI Index is a free-float weighted equity index. It was developed with a base value of 100 as of December 31 1987. It includes both emerging and developed world markets. The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. The DJ US Real Estate Index represents REITs & other companies that invest directly or indirectly in real estate through development, management or ownership, including property agencies. The index is a subset of the Dow Jones U.S. Index, which covers 95% of U.S. securities based on float-adjusted market capitalization. The S&P GSCI Total Return Index in USD is widely recognized as the leading measure of general commodity price movements and inflation in the world economy. Index is calculated primarily on a world production weighted basis, comprised of the principal physical commodities futures contracts.

From 1927 to present, we utilized the dividend-weighted portfolio data from Eugene F. Fama and Kenneth R. French. The dataset is broken into five groups: non-dividend paying, top 30% of dividend payers, middle 40% of dividend payers, bottom 30% of dividend payers and all dividend payers (weighted 30% of top dividend payers, 40% of middle dividend payers and 30% of low dividend payers).

Kovitz Investment Group Partners, LLC ("Kovitz") is an investment adviser registered with the Securities and Exchange Commission. The information and opinions expressed in this publication are not intended to constitute a recommendation to buy or sell any security or to offer advisory services by Kovitz. The material has been prepared or is distributed solely for information purposes and is not a solicitation or an offer to participate in any trading strategy, and should not be relied on for accounting, tax or legal advice. This report should only be considered as a tool in any investment decision matrix and should not be used by itself to make investment decisions.