Incorporating Financial Planning Case Studies into the Undergraduate Curriculum

Paul L. Camp, Metropolitan State College of Denver

ABSTRACT

Case study approaches to financial planning represent the opportunity to assess the degree to which students have truly internalized the technical aspects of their coursework. At the same time, such courses offer the ability to assess students on their development and mastery of skill sets that are not typically part of an undergraduate curriculum, yet are seen as particularly important to employers: the ability to analyze data and recommend action, written and verbal communication skills, just to name a few. This paper presents a blueprint for the design of a case study class that provides the instructor the ability to assess students' verbal, non-verbal and written communication skills as well as their problem solving abilities in a personal financial planning context.

INTRODUCTION

Financial planning education is offered in many forms at the college/university level. Some institutions offer single course introductions to the topic in an effort to prepare their graduates for managing their personal finances after college. Typically, these courses will deliver foundation information in topics such as credit management, budgeting, insurance, investments and income taxes. Other institutions have gone a step further and offer full degree programs in financial services. Of these programs, CFP Board of Standards (www.cfp.net) registers programs with financial planning curricula that meet the Board's education requirement for sitting for the national exam. Currently, over 300 programs nationwide are registered with CFP Board.

Meeting the Board's educational requirement involves exposure to an wide-ranging list of 89 topics deemed critical for success as a financial planner. Broadly speaking, the topics can be broken into five main topic areas: income taxes, insurance, investments, retirement planning and estate planning. Students graduating from any one of the Board-registered programs can be assured that they have been exposed to each of the 89 topics deemed by the Board to be important enough to warrant inclusion on the national certification exam.

However, exposure to and mastery of this content base is not sufficient by itself to indicate the potential for success as a financial planner. Though graduation from a registered program meets the educational requirement imposed by the Board to sit for the exam and earn the designation (three other requirements exist that are beyond the scope of this paper), success in the financial planning field is dependent on mastering skill sets that are not covered (or typically even addressed) in the five topic areas previously mentioned.

In particular, success as a planner will depend to a large degree on the student's ability to conduct a client meeting. This activity tests the student/planner's ability to perform a number of skills well: they must demonstrate the ability to quickly establish sufficient rapport with the client that the client feels comfortable disclosing private financial information. Further, the meeting provides a test of the student/planner's ability communicate complex topics to the client in terms that are easily understandable to a novice. The student/planner must also show the ability to monitor and interpret correctly non-verbal cues (their own as well as the client's), and have ability to communicate the results of the meeting in written form in follow up letters to the client. Despite their importance, these skills are normally not assessed in any educational program that does not contain a case study course. Further, it is the case study format that best brings home to the student the educational point that when building a financial plan, making changes in one area of the client's financial life will often impact others. Thus, the case study approach drives home the point that a financial plan is best viewed as a wholistic, interconnected system.

This paper is designed to illustrate one possible design for a financial planning case study course that incorporates the elements described above. The course was designed as a "capstone" learning experience, to be taken after the student completes their instruction in the technical aspects of the field and has taken dedicated classes in income taxes, insurance, investments, retirement planning and estate planning. With that foundation assumed, no further dedicated instruction in these content areas is intended in this course. The focus here is on learning the interpersonal aspects of conducting a client meeting and the follow-up. This is a skill set that most comprehensive financial planning firms will demand and yet it is a skill set that many undergraduates have not had an ability to practice, much less master, prior to their graduation from college.

LITERATURE REVIEW

The skills needed for students to excel in a traditional, lecture based course differ from those needed in a case-based class. It has been posited that without case-based classes in the curriculum, students are in danger of leaving their undergraduate programs without an ability to problem solve (Kester, 1999). Kester notes that success in such courses is typically determined more by an ability to memorize facts and recite them on command. Some "technically-oriented" students, when not presented with the unstructured problems typical in case study courses, will fail to gain the situational awareness needed to apply effectively the technical material they have mastered after graduation (Kester, 1999). He writes, "Students have to make a transition from filling in the blanks to a world of uncertainty and unstructured problems." Without employing the case method, this transition becomes much more difficult to make. In discussing case-based instruction versus lecture-based coursework, Kester, et. al (1997) make a distinction between decisional learning and expository teaching. In the former case, learning occurs by "doing": taking the information available to an actor and then identifying problems and developing reasonable and appropriate solutions. In order to develop the transitions outlined by Kester (1999), it would seem the case approach would be mandatory in training future financial planners. The design presented in this paper addresses the concerns identified above.

It has also been argued that the case method can develop (or enhance) in students tolerance for ambiguity (Banning, 2003). This trait (the willingness and ability to deal with unstructured problems and reach reasonable solutions based on numerous inputs) must be seen as quite valuable for success in the workforce, where ambiguity is the norm. Programs that do not prepare their students for success in this environment are likely doing them a disservice.
The use of the case approach has been cited as a means by which instructors can force their students to operate at higher levels of thinking: analysis, evaluation and synthesis (Silverman, Welty & Lyon (1992), Trahan, (1993). By operating at these higher cognitive levels, students are moved away from the relatively artificial environment in which decision parameters are clearly defined and one correct solution exists and into the more frustrating but realistic environment of application. Further, by operating at the analysis/evaluation/synthesis cognitive levels, the students must necessarily internalize the skill sets that are necessary for success in this profession.

DESIGN OF THE COURSE

This course was designed to address two primary objectives: to give students “hands-on” experience in conducting client meetings and to give them a working familiarity with a commercially available financial planning software package. Typical undergraduate financial planning curricula provide students with the opportunity to strengthen their technical knowledge in the financial planning field, but the nature of stand-alone classes force students to learn in a compartmentalized atmosphere. That is, by studying investments, retirement planning, income tax and estate planning as separate units, they are unable to see how changes in one content area create ripple effects that change the other areas.

The design of this class allows for a holistic view of the financial planning process to be developed. Further, the typical college graduate leaves their undergraduate institution with a wealth of technical knowledge, but normally has had no experience whatsoever with the application of that knowledge in a “real-world” environment. Employers will ask that young planners be capable of not only conducting an analysis to determine what strategies need to be employed to meet a client’s goals, but also ask that they be capable of explaining to the client in terms that are understandable to the novice, the rationale and benefits of that strategy. The design of this course allows students the opportunity to gain experience (both first hand and vicariously) in the conduct of client meetings.

This course was also designed to expose students to a popular, widely-utilized financial planning software program. A good portion of the early part of the course involves getting the students familiar with entering data into the program and running the reports that form the foundation for their ultimate recommendations to the client.

By virtue of this design, when the student has completed the course, they are in a much better position to market themselves to future employers. They have had direct experience working with a financial planning software package (which may well be used by their employers) and will have had direct, hands-on experience running face-to-face client meetings. In this way, the design builds upon the theory of experiential learning developed by Kolb (1984) which contends that learners best expand their knowledge base and skill set by direct interaction with their environment. Kolb argued that one of the better ways to enhance learning was to recreate, as nearly as possible, the decision making environment that the student would face (and to do so using the case approach). This course is a direct effort to accomplish that objective. This course is designed to provide students with that opportunity to experiment and learn from their mistakes in a relatively consequence-free environment.

Overall Structure

The class is normally divided into teams of 3-4 students each for the purpose of working the case to completion, a process that will consume the entire semester. Each team is considered a "company" that the client family has retained for the purpose of building a financial plan. In designing this course, it was felt that six client meetings would be most manageable during a 15-week semester and would help the students best integrate their coursework in the five content areas mandated by CFP Board of Standards. As a result, the course requirements stipulate that individual meetings will be held to discuss the following topics: cash flow/financial assessment, insurance, income taxes, investments, retirement planning and estate planning.

Each team/company is assigned the responsibility of scheduling and conducting meetings pertaining to at least one of the content areas described above (depending on the size of the class). With smaller classes, it may be necessary to assign more than one client meeting (and coverage of more than one topic area to each team). The design of the course around six meetings with teams of 3-4 students in practical terms limits the size of any one section to 18-24 students.

Our experience has been that it is best for the instructor to assign students to teams/companies. By doing so, the instructor can ensure that the knowledge base of each team is roughly comparable to every other team. In the ideal, every member of every team will have had coursework in each of the five financial planning content areas. In the less than ideal (and more typical) situation, it will be important to ensure that at least one member of every team has had dedicated coursework in each of these areas. That is, every team should have at least one member with dedicated coursework in insurance planning; at least one member with dedicated coursework in investments, and so on such that each team has a designated "expert" in every content area. While it is unlikely that any one student will have had all five courses it is important that each of the content areas have been mastered by at least one person on each team.

The Case Narrative

The case narrative that has been used in previous iterations of this course was drafted by the author of this paper. Much of its content is designed to dovetail with the data entry requirements of the software. The case is fairly detailed and normally runs between 6-10 pages, containing a detailed description of the financial status of a fictitious client family. This description also includes personal information on the family members (names, ages, titling details on specific assets) and expands to discussions of cash flow, insurance policies, investment holdings, retirement plans, income tax information, and estate planning objectives. The case is written to provide sufficient information on hobbies and other personal information regarding the "clients" that rapport-building through conversation should be an easy task.

Many exercises that are presented as case studies are simply narratives followed by a set of problems, each of which has a very definite correct answer. In such a design, the "case" is really nothing more than an elaborate problem set. This course was designed around a case narrative that intentionally poses no specific and discrete questions to the student in an effort to avoid this design flaw.

The course proceeds based on the assumption that the client family has retained the services of the student's firm for financial planning purposes, and the firm's responsibility is to identify any problems that exist with respect to the family's financial affairs and to devise and propose remedies to those problems. The absence of clearly defined questions is intentional: it moves the students out of their comfort zone and makes the class something more than an exercise in problem solving. Indeed, part of the feedback that the instructor needs in order to evaluate how well the students have internalized their prior classroom training centers on whether the students can identify potential problem areas from the description in the case narrative and propose solutions that are appropriate to the client. The instructor should be careful to plant numerous potential problems in the narrative for the students to find and bring forward for discussion. Those teams that are most successful at uncovering the unseen obstacles would presumably be evaluated more positively than those teams/companies that struggle in this regard.

Software and the Generation of the Analysis

Much of the first month of the semester is spent in a computer lab familiarizing the students with the software package selected for use in the course. Some vendors will provide copies of their programs free of charge to educational institutions to support instruction, and these vendors are likely the best option for a class such as this. As the students will be unfamiliar with the software, the instructor must be reasonably well-schooled in its operation. Students should be taken through the data entry process, and taught how to generate and interpret reports. Their challenge, upon which their assessment is based, is how well they are able to identify problems from the information contained in the reports and propose appropriate solutions.

Once the problem areas are identified, it is left to the teams to identify appropriate solutions to those issues and present them to the clients. It is important at this stage for the instructor to keep in mind the purpose of the course, which is to assess how well the teams and the individual students have internalized their previous coursework. Assistance and feedback from the instructor that is too specific will result in plans and recommendations identical to the instructors' proposals and will stifle classroom discussion and critique. In short, the instructor must allow the students to struggle and to make mistakes. That said, maintaining such a position is not likely to make the instructor popular with the students enrolled in the class

Client Meetings

Once the responsibility for each client meeting has been assigned, it is left up to the individual teams to contact the client family directly to schedule the meeting. By necessity, this will require some time be spent outside of the normally scheduled class period.

Normally, the responsibility for conducting each meeting is assigned to two students from each team, acting in tandem. Since one of the goals of the course is to provide the opportunity for interaction with clients, assigning two students to run each meeting effectively doubles the demand for student "face time" with the client. In addition, since this is the first experience with client meetings that the students have had, it was felt that assigning two students to conduct each meeting would provide a small sense of security for each in the inevitable situation where one student "freezes up". Having a partner present reduces that anxiety and ensures that the client meeting doesn't grind to an abrupt halt.

Each client meeting is recorded on video, and played back for the entire class during the next regularly scheduled class meeting. The purpose of this review and critique is twofold. First, it gives the instructor the opportunity to correct statements made in the meeting that were false, to point out errors of omission and to critique the structure and conduct of the meeting, apart from technical issues. Second, the reality is that with multiple teams working the same set of data, different solutions to the same problem will likely be developed by the different teams. This video replay of the meeting gives the members of those teams who did not participate in the conduct of the meeting an opportunity to present their solution to the problem. It may well be that multiple solutions are reasonable under the confines of the case, but the discussion that results is an invaluable learning tool as it forces each of the respective teams to defend the rationale that they used to develop their recommendations. Even if multiple solutions are appropriate, the very discussion of the thought process that leads to a different conclusion has value from an instructional perspective.

This portion of the course has proven to be challenging to manage. It has been noted elsewhere (Kester, 2009) that by the end of their undergraduate curriculum, most students have been conditioned to passively absorb the information presented in lecture. This design, by contrast depends on and forces the students to engage with each other. Most are reluctant to do so, even if they are well prepared, lest this engagement be seen by the other groups as criticism. In the ideal, the instructor should strive for commentary between the groups to be one of inquiry, to allow the groups to learn from each other. Critical comments are best reserved for and to, the instructor.

Client Letters

Following each meeting, each team/company is required to submit a 4-6 page letter describing and summarizing the issues that were discussed and the recommendations that were made to the client family. For the team that actually conducted the meeting, the letter will summarize what actually took place and the topics and recommendations that were discussed per the video. The other teams/companies are responsible for writing letters summarizing their best guess as to how the meeting would have gone, had it actually taken place. The letter writing aspect of the class is designed to assess the students' written communication skills as well as give them experience with managing compliance issues. In a practical sense, such letters serve as a written reminder to a planner of what was discussed and serve as protection against any potential future litigation that might be brought by the client or their heirs. Often, regulatory agencies will ask to see evidence of what is being recommended to clients in order to judge its appropriateness in light of statutory considerations.

Letters are typically collected at the beginning of the class period in which the video of the meeting is critiqued. In this way, the teams are prevented from adding items to the letter that come up in the discussion and review of the video; either in the case of adding previously omitted material or deleting material that was shown to be inappropriate given the client's situation.

SHORTCOMINGS OF THE CURRENT DESIGN

The most glaring weakness of the current design is that an individual or couple must be identified who is/are willing to act in the role of the hypothetical client and sacrifice six evenings and 6-9 hours of their time during the course of the semester. This is a significant sacrifice in light of the fact that the individual or couple in question is getting no direct benefit from participating in the class and playing the role of the client. The downside of this is that we have seen a drop in motivation on the "client's" part as the semester progresses. A possible solution to this might be to use the "client's" actual financial data as a base to the narrative and add miscellaneous and hypothetical problems to the narrative to assess the students' ability to spot such problems. One other possible solution would be simply to go live: that is, to invite members of the community in to work with the students using actual client data rather than a fictional narrative. Our concern here is that very clear liability issues arise for the school under this design. The school's legal counsel would definitely have to be consulted before this option was exercised.

Another weakness is that with only six client meetings in the rotation, each team is necessarily restricted in terms of the number of meetings for which they will be responsible. For example, if three student teams exist, each team will be responsible for conducting two client meetings. If each team consists of four members, then under the current design each individual student will only have the opportunity to be present at one client meeting when the ideal would be to provide as much face-to-face experience as possible. One solution to this dilemma would be to have each team/company assigned their own "clients" but this requires that the instructor identify multiple individuals willing to play the role of "client" for the duration of each semester. Understandably, locating enough "clients" so that each team has their own would be a daunting task. Further, from an instructional standpoint, any variation in the educational experience presented the individual teams serves to complicate the assessment process. If each team has different "client" couples, the interaction patterns between client and planner will necessarily be altered, and assigning valid grades to the different teams becomes complicated. If interactions are strained and weak between one student team-client pairing, while that existing between a different pairing is particularly strong and robust, the instructor must have a means of determining whether the weakness in the first relationship is due to the students or to the clients, and alter the assessment accordingly. In short, it seems that the fewer variables that exist in these models, the more valid the assessment process will become.

In addition, the instructor needs to be constantly aware of managing expectations of the students enrolled in a course designed as described in this paper. It has been noted that because of the unstructured nature of such courses, the nebulous process of identifying problems and the potentially numerous ways in which the problems can be addressed, students can be left feeling less satisfied than in a traditional, lecture based course (Trahan, 1993). In a problem-centered assessment, there is one distinct correct answer, and achieving that answer provides the student with a sense of accomplishment that is very concrete. When dealing with cases, many possible answers may be appropriate, and therefore that sense of completion is often lacking for the student. In this design, the instructor must be constantly reinforcing this point. That is, while some treatments of the problems may be grossly incorrect and inappropriate (and should be recognized as such) the instructor must be aware that the students will be seeking validation of their approach, and in the absence of clearly inappropriate advice, this should be given.

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APPENDIX: SAMPLE CASE NARRATIVE

This is the case as it is presented on the first day of class. It is intentionally open ended, to maximize the degree to which students are forced to look at all aspects of the case for opportunities to better the clients' financial situation. Toward that end, no specific questions are posed of the students. Further note that issues of concern (e,g, lack of needed insurance coverages, inappropriate portfolio diversification) have intentionally been included in the case to aid the instructor in assessing how well the students have internalized their previous financial planning case work. With respect to these issues, and others, the expectation is that those errors of omission/commission will be uncovered by the students and brought to the attention of their clients. Failure or inability to do so would presumably result in a decreased grade for the team.

Personal Information

Mike was born on May 25, 1962 and Nancy was born on August 4, 1966. They were married on March 28, 1986. Mike works as a graphic designer for PicturePerfect, Inc, where he has been employed for the last 20 years. Nancy works as a paralegal for Dewey, Cheatham and Howe, a local law firm, and has worked for DCH since 1999. They have two children, Jason (February 13, 1998) and Kyle (April 10, 2002).

The family is in generally good health, with no major medical conditions to speak of. They enjoy spending time outdoors: hiking and camping in the summer months, skiing, snowboarding and snowmobiling in the winter. The Anson children are quite popular at school, and the family often invites children from other families to accompany them on outings.

During your previous conversations, Mike has indicated that he feels a reasonable life expectancy to be 85 years as his grandmother died at 80, his grandfather at 86 and his father at 78. Mike's mother is currently 73 years old and living in California. Nancy's grandfather (age 90) and parents (65 and 64) are still alive but her grandmother died at age 84. Nancy has indicated to you that she feels age 80 is a reasonable life expectancy for planning purposes based on statistical data.

The Ansons want to help their sons pay for college, when the time comes. In previous conversations with them, they have indicated a desire to pay 75% of each of the boys' costs of attending a public, in-state college (including room and board). For planning purposes, the clients have agreed with your suggestion to use the cost data associated with the University of Northern Colorado as a guideline. The Ansons are willing to pay for each of their sons to spend up to five years in college, and feel that if the degree cannot be completed in that length of time, the remainder of the cost should fall on their child.

Cash Flow, Assets and Liabilities

Mike earns $55,000 and Nancy earns $45,000 at their respective jobs. They have told you that they expect their salaries to increase at about 5% per year for the foreseeable future.
Their annual living expenses are defined as the difference between gross wages and the sum of income taxes, voluntary salary deferrals, itemized deductions, monthly debt repayments and insurance premiums.

Mike and Nancy jointly own a checking account with a balance of $5000 which is non-interest bearing. They also jointly own a $3000 certificate of deposit to be used for emergency purposes on which the expected rate of return is 3.5%. The CD has a term of 2 years and is scheduled to mature in November 2009. They also hold, as joint tenants with rights of survivorship, for emergency purposes, $4000 in a savings account at their local bank. It earns interest at 1% per year.

The Anson's own their home (1152 Cold Creek Way, Boulder). It is a three bedroom, three bath, brick, ranch style home with a finished basement. Living space is about 2600 square feet. The home is titled jointly, with rights of survivorship. Mike and Nancy purchased their home in January 2005 for $264,000. They estimate the home (excluding the value of the land) is worth about $280,000 today and would cost about the same amount to replace if it were totally destroyed. They signed a 30 year fixed rate mortgage (6.5%) on the home at the time of purchase in the amount of $250,000. The mortgage has a current balance of $241,000. Monthly payments are $1580 (Principal and Interest only).

Mike's 401k:
Mike's 401(k) account has a total balance of $120,000. The account is invested in Vanguard 500 Index ($40,000), Vanguard High Yield Fund ($60,000) and Fidelity Magellan ($20,000). All Vanguard and Fidelity family funds are open as investment options within Mike's plan. Mike currently contributes 2% of his annual salary to his 401(k) and PicturePerfect matches 1:1 on the first 6% of salary deferred. Mike's contributions and matching contributions are invested in Mike's funds in proportion to the account balances. Nancy is listed as beneficiary on the account.

Nancy's SIMPLE:
DCH sponsors a SIMPLE IRA for all its employees. The firm matches dollar for dollar on the first 3% that each eligible worker chooses to defer. Nancy does not participate in the plan. The investment choices offered by the plan sponsor include an S&P 500 index fund, an intermediate term corporate bond fund and a money market fund.

Nancy has a traditional IRA (Berwyn Fund; BERWX) with a balance of $30,000. She does not contribute to the account on a regular basis. There is currently no beneficiary listed on the account.
Mike owns two snowmobiles that are valued at $2000 and $1000 respectively. Both are completely paid for.

The couple's wedding rings were appraised at $1000 each. Nancy inherited her grandmother's wedding ring and other assorted pieces of jewelry that together have been appraised at $1500.

Nancy drives a 2002 Toyota Camry that she purchased for $10,700 on March 1, 2006. Its blue book value is currently approximately $8700. She financed the entire purchase (36 months at 7%) and is making $330 monthly payments. The loan balance on the Camry is currently $4430. Mike drives a 2000 Honda Accord that was purchased in November 2004 for $7500 and is currently worth approximately $4000. There is no outstanding loan on the Accord. They each plan on replacing their cars every five years with a replacement vehicle worth $12,000 in today's dollars, beginning at Mike's age 50. They want the value of these new vehicles to increase at a rate equal to inflation. They expect that each will purchase their last vehicle at their own age 80.

Insurance

Homeowners: The Anson residence is covered by an un-amended HO-2 homeowner's policy, with coverage on the dwelling set at $275,000. Carried by Allstate. Annual premium is $900 with a deductible of $500. Policy Limits follow:

Dwelling	275,000
Other Structures	27,500
Personal Property	137,500
Additional Expenses	110,000
Liability	100,000
Medical expenses	10,000

Life Insurance: The Ansons want to carry enough life insurance so that regardless of who dies first, all existing debts can be paid off and the survivor is left debt free.

Insured	Beneficiary	Owner	Type	Face Value	Premium $
Mike	Nancy	Mike	Group Term	$110,000	$0
Mike	Nancy	Mike	Whole Life[1]	$100,000	$450
Nancy	Estate	Nancy	Group Term	$90,000	$0
Mike	Jason/Kyle[2]	Nancy	10 Year Term[3]	$50,000	$110

[1] Cash value is currently $3,250. Policy purchased 8/7/98

[2] Jason and Kyle each listed as 50% beneficiaries

[3] Policy date is May 10, 2002. Expires May 10, 2012.

Auto

2002 Camry State Farm

Amendments, Endorsements: None

Liability	50/100/30
Un-Under Insured	50/100
Medical expenses	$5000
Collision	$250 deductible
Comprehensive	$250 deductible
6-month Premium	$360

2000 Accord	Progressive

Amendments, Endorsements: None

Liability	25/50/15
Un-Under Insured	25/50
Medical expenses	$5000
Collision	$250 deductible
Comprehensive	$250 deductible
6-month premium	$300

Mike is covered by a group health insurance policy at work. The policy covers Mike as well as Nancy and the two boys. The monthly premium is $375, with an annual family deductible of $500. Nancy is covered by a group health insurance policy at work. The policy covers Nancy as well as Mike and the two boys. Her monthly premium is $225. Both have an annual family deductible of $1000. Both pay for their health insurance with after-tax dollars.

Mike and Nancy are both covered by short and long term disability policies through their employers. In each case, the entire premium is paid by the firm and at no cost to the worker. Mike's short term policy will replace 2/3 of his monthly gross salary for up to two years of covered disability (own occupation). Nancy's short term policy will replace ½ of her monthly gross salary for the same period (own occupation). Both long term policies replace the previously mentioned percentage of income (2/3 for Mike and ½ for Nancy) through the age at which each can file for Social Security retirement benefits.

Neither Mike or Nancy have any long-term care insurance in place.

Tax Information

Mike and Nancy file a joint federal income tax return.

Property taxes on the Anson's residence were $2100 during 2007. Property tax on the Camry was $150 last year, while the tax on the Accord was $100.

Deductible charitable contributions during 2007 were $1500. Mike and Nancy expect that this amount will remain relatively constant for the foreseeable future, but have expressed a desire to increase the amount of their charitable giving consistent with inflation. At retirement, they wish to reduce the amount of their charitable giving by half in light of an expected decrease in their income.

Retirement Planning

Both Mike and Nancy wish to retire from their present jobs at his age 60. Their goal is to accumulate sufficient assets such that they do not have to reduce their spending as they enter retirement and live out the remainder of their lives. In previous discussions with you, they have indicated that they consider themselves to have only a moderate tolerance for risk.

Both are fully insured under the Social Security system and are therefore eligible to receive Social Security retirement benefits. Neither, however, has any clear idea how much to expect in the way of benefits at their retirement age. Their intent is to wait until full retirement age before applying for Social Security retirement benefits.

Estate Planning

Neither client has a will or any other estate planning documents.

Mike is listed as the sole remainder beneficiary on his mother's QPRT. The only asset owned by the trust is the 2000 square foot, 2 bedroom, 2 bath condominium in Malibu where his mother currently resides. The market value of the property when contributed to the trust was $350,000. The trust is scheduled to expire by its terms in two years at which time Mike's mother plans to move to a local retirement community. The most recent appraisal valued the condominium at $720,000.