



WEALTH OPTIMIZATION

How to Properly Transition to Retirement

A Definitive Guide to the 3-Year Transition
Period Before & After Retirement



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Period Before & After Retirement”

Don't cut Corners. Transition to Retirement with Confidence & Clarity

You've worked extremely hard for many years to accumulate assets and qualify for certain retirement benefits. Now it's time to look to the future with a sense of accomplishment, confidence and new possibility as you seriously consider a transition to retirement. Don't cut corners. The Benjamin Franklin axiom that "an ounce of prevention is worth a pound of cure" needs to be your motto. This definitive guide lays out a roadmap showing you how to optimize your finances, during the critical three year period before and after retirement, to set the stage to enjoy a high level of financial freedom perpetually into the future.

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1 | The Stages of Financial Freedom®

The road to a secure retirement is a long one, with longevity on the rise and ups and downs for the economy and markets along the way. You can't control market fluctuations. But you can control your own financial path. It's vital to know exactly where you're at –and exactly where you want to go- now that you are seriously considering to transition to retirement.

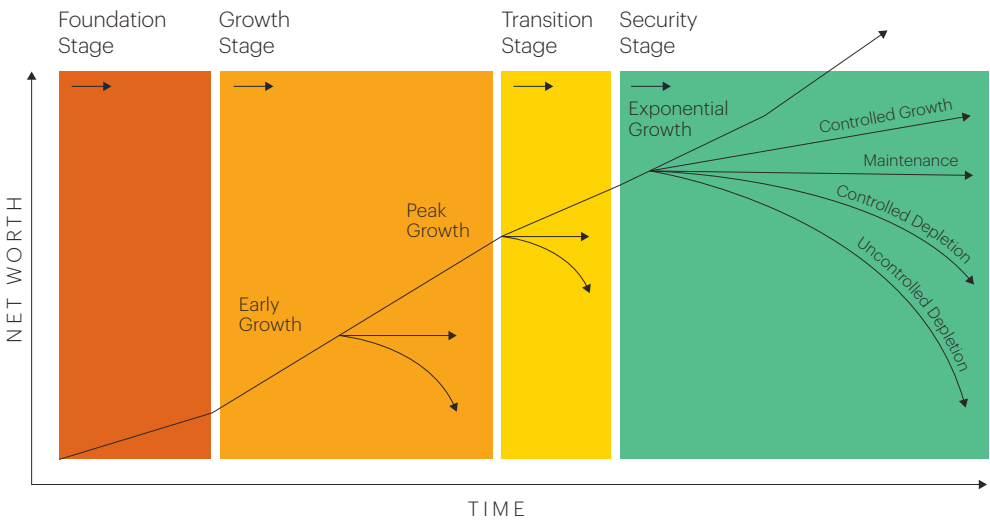
To stay on track, you must now master the “Stages of Financial Freedom” during the Transition Stage and into the Security Stage. The goal: to keep your finances vibrant and on track to enjoy great strength, vitality and endurance–and avoid long stretches of “financial stagnation” or “depletion” as you begin to live off of accumulated assets and benefits.

The Stages of Financial Freedom roadmap likely illustrates your financial story. Your emergence from the foundation stage, to early growth stage, to peak growth stage over many years. You've likely experienced

some nice fortunate ups and may have endured some challenging periods of stagnation and/or decline. But you have prevailed. You are now precisely in the place to make the most of what you have so you can look to the future with clarity and confidence.

The “Transition Stage” is the three-year period before and after your full or partial transition to retirement. It's a critical stage of it's own because there are important checkpoints, decisions and adjustments to be made within the three year period before and the three year period after you fully or partially stop working.

The “Security Stage” is when you will live off the benefits you've earned and the assets you've accumulated. This is the stage to set yourself up for great success, with room to spare. This guide will help you achieve this outcome.



2 | Lifestyle Protection Analysis™

So what is the ideal first step as you test the waters and decide whether or not to begin a 3, 2 or 1 year countdown to retirement? This first step is to subject your finances to a “Lifestyle Protection Analysis” (LPA). The “Lifestyle Protection Analysis” simulates your retirement and tests your overall portfolio allocation and spending level against every 40-year period since 1900.

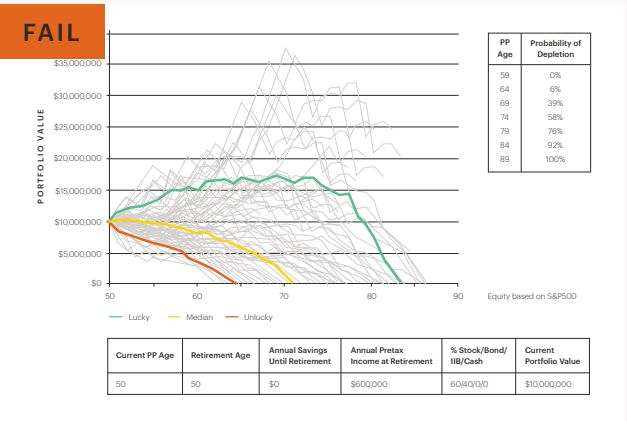
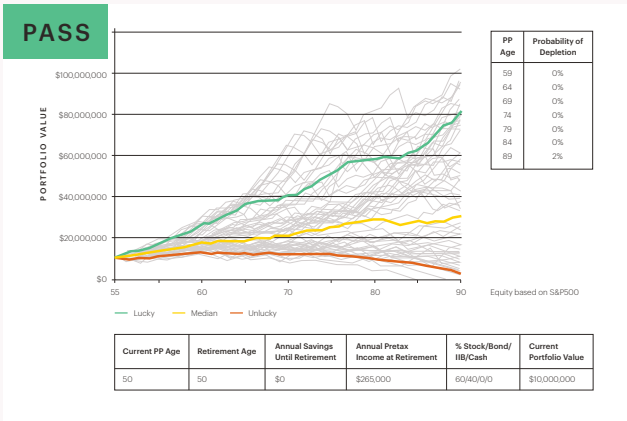
The LPA stress tests your financial plan, considering things like your balance sheet, cash flow, liquid savings, brokerage and retirement account balances, portfolio risk levels, and social security and pension benefits. All data is analyzed against various market outcomes to reveal strengths and weaknesses in Top 10%, Median and Bottom 10% scenarios.

The goal: zero probability of depletion of your assets even when back-tested to Bottom 10% conditions, such as the Great Depression (1929-1939), Great Recession (2007-2009), Lost Decades (long periods of slow growth and flat markets) and periods of Hyperinflation. You need your finances, especially during retirement, to have such strength and endurance characteristics.

If your finances are too fragile to withstand worst-case scenarios, the “Lifestyle Protection Analysis” will help identify the weak links that need to be adjusted to ensure that your retirement plan is solid.

The goal: to help you truly know your boundaries and zero in on an all-weather plan that has the strength, agility, flexibility and endurance (SAFE) characteristics needed for the marathon-like life period called retirement. You want to PASS such tests with flying colors and avoid FAIL scenarios.

Finally, as you actually transition into retirement, it is good to have your plan remain fluid. You will want to have plenty of room for continual tweaks and adjustments. By the end of the first three years, you will have wanted to demonstrate the ability to flourish in retirement in normal and abnormal periods.



3

Adjusting Your Balance Sheet, Portfolio and Spending...

To earmark enough working assets to be able to maintain your desired standard of living with no dependence on earned income, means you must be willing to adjust your balance sheet, portfolio and spending to be aligned with your goals and means.

Your new targets, under our recommended standards, will be broken down into three asset buckets:

- 1

“Safety Assets”, which are highly liquid holdings like bank accounts, CDs, money market accounts and/or U.S. Treasuries.
- 2

“Market Assets”, which are globally diversified investment portfolio holdings like stocks and bonds (or mutual funds and ETFs that own them) in taxable or tax-deferred retirement accounts.
- 3

“Aspirational Assets”, which are concentrated, leveraged and oftentimes illiquid holdings like real estate, hedge funds, businesses or stocks in an executive stock option plan.

The key is to reach a balance of each of the three categories of assets aligned with your standard of living goals and our financial strength, agility, flexibility and endurance (SAFE) standards.

Similarly, your spending needs to be examined and optimized. What proportion of your expenses are 1) Non-discretionary (mortgage, utilities, etc.)? 2) Discretionary? 3) Extraordinary? Optimizing, with room to spare, is what will help you truly enjoy your retirement to the fullest.

4

...To Maintain Proper Ratios and Reserves

The key is to maintain proper ratios and reserves. You have three levers, your balance sheet, your portfolio and your cash flow (spending level) to adjust as needed. Technically, if you have not yet stopped working, a fourth lever is your actual retirement date.

Sometimes, this fine tuning process demonstrates an earlier retirement date is possible. Sometimes, it suggests a later retirement date is advisable. It is best to know this as you make important financial, business and career decisions.

Your targets should be as follows:

Your **“Safety Assets”** should be 1x to 5x your annual spending target, grossed up 25% or more for taxes. (Thus, if your goal is to spend \$100,000 a year above social security and pension benefits, your **“Safety Assets”** ideally need to amount to \$125,000 to \$625,000 by retirement).

Your **“Market Assets”** should amount to 25x to 40x your grossed up targeted spending amount (\$3.125 million to \$5 million for every \$100k of annual spending targeted above pensions and social security benefits).

Your **“Aspirational Assets”**, which are sometimes sold (liquidated) and moved into Safety and Market buckets for greater financial control and stability, can be anywhere from 0x to 40x your grossed-up spending level. These assets, during retirement, are “icing on the cake,” so long as Safety and Market asset targets are reached or exceeded.

It’s important to note that the difference between a false sense of security and a true sense of security is huge. The process recommended in this guide is all about you attaining a true sense of financial security and independence. To properly transition to and fully enjoy retirement, you need such confidence.



The Flourish! Model™

● Strength ● Emerging ● Vulnerability

We’ve pinpointed seven traits, called Flourish! Activators™, which represent the short list of advantages we seek to help our clients gain in order to flourish at the highest state. To flourish is to grow or develop in a healthy or vigorous way, especially as a result of a particularly favorable environment*.

Your journey to properly transition to retirement is to make each of these seven traits a strength, on your own or with the help of our services.

Presently, as you review your current situation in this unique format, each of the seven categories are either a strength (green), emerging as you diligently work to make a strength (yellow) or a nagging unaddressed vulnerability (red).

Here’s a brief description of each to help you begin to assess what underlying currents are working for you and against you:

1) Well Informed. You continually become well informed, supporting important financial and life decisions with “perspective advantages.” There are perspective advantages available that can enable you to operate at a completely higher state of function and performance. Perspective advantages that can bypass chaos and complexity. Perspective advantages that can enable you to make confident decisions in a fraction of the time normally required. The “Stages of Financial Freedom,” the “Lifestyle Protection Analysis,” The Flourish! Model and the Wealth Optimization Dashboard are four perspective advantages we are showcasing in this guide. Utilize them to begin benefiting by this “Well Informed” advantage. There are many others we can help you attain.

2) Well Focused. You continually identify, stay focused and execute well on the most important priorities to improve your finances and life. Janiczek® Wealth Management developed a powerful “Clarity Session” agenda that can help you gain and maintain a clarity, focus and execution advantage. If you suffer from any form or degree of stagnation, procrastination, confusion or are ever vague and reactive (the root cause of many mistakes), instead of specific and proactive, this routine will help free you from these impediments. Go to Janiczek.com to learn more about our Clarity Session agenda and consider hiring us as your advisor to gain this “Well Focused” advantage via our portfolio management, wealth management and retirement planning services.

3) Well Compensated. You continually apply your talents, interests and resources where they are most useful, valued and rewarded and your ever-increasing compensation, in many valuable forms, is proof. We believe there are six critical things to get right to maximize your compensation. It all begins with a “givers get” mentality. That is, the more you focus on making a greater contribution, the the greater the compensation you will deserve. Then, its just a matter of positioning yourself properly for this outcome. At this stage of your life, you want to be well compensated as you transition to retirement and then well compensated in different ways once you fully or partially retire.

4) Well Accumulated. You continually win the “Profit Game” and your accumulated working assets, worth more than 30x your annual spending, is proof. See items 3 and 4 (prior two pages) within this guide to learn more about key accumulation targets. When you’re ready, talk to us about how we can help you gain this “Well Accumulated” advantage (also see items 6, 7, 8 and 9 later in this guide).

5) Well Optimized. You continually measure and win the “management game” and your superior financial strength, working assets performance and endurance ratings are proof. Being “Well Optimized” is one of the most critical of the seven Flourish! Activators to get right—especially when you’ve hit the seven-figure and beyond working asset figure. This is where many people hit a wall and stagnate.

Unfortunately, so many do-it-yourself or even service “solutions” offered in the marketplace DO NOT pass muster (they actually aggravate the situation). It’s all about having the right system, structure, support and disciplines in place to build and maintain superior financial strength, working asset performance and endurance ratings. See items 6, 7, 8 and 9, within this guide, for direction on ways we can help you gain these advantages.

6) Well Liberated. You continually identify and overcome financial and life attachments, complexities and worries—and your liberated, organized and simplified state is proof. Being well liberated is about getting beyond the mechanics and practical dimensions of effective portfolio management, wealth management and retirement panning and into the realm elegant simplicity. It’s not just about the financial ability to retire - it’s really about the freedom of time, money, relationship and purpose to do what makes your heart sing - enjoying life to the fullest before and after retirement. We can help you make this leap. Ultimately, it’s all about liberating yourself from worries, attachments and complexities.

7) Well Transformed. You continually master and harness your wealth and life to the fullest, enjoying ever-increasing freedom of time, money, relationship and purpose. The underlying reason most of us want to enjoy a high level of financial freedom and independence, is the freedom of time, money, relationship and purpose. Our aim is to help you achieve this outcome to the best of your ability...no less, no more. Properly transitioning to retirement is really all about enjoying such a high state of sustainable freedom that your life is well transformed.

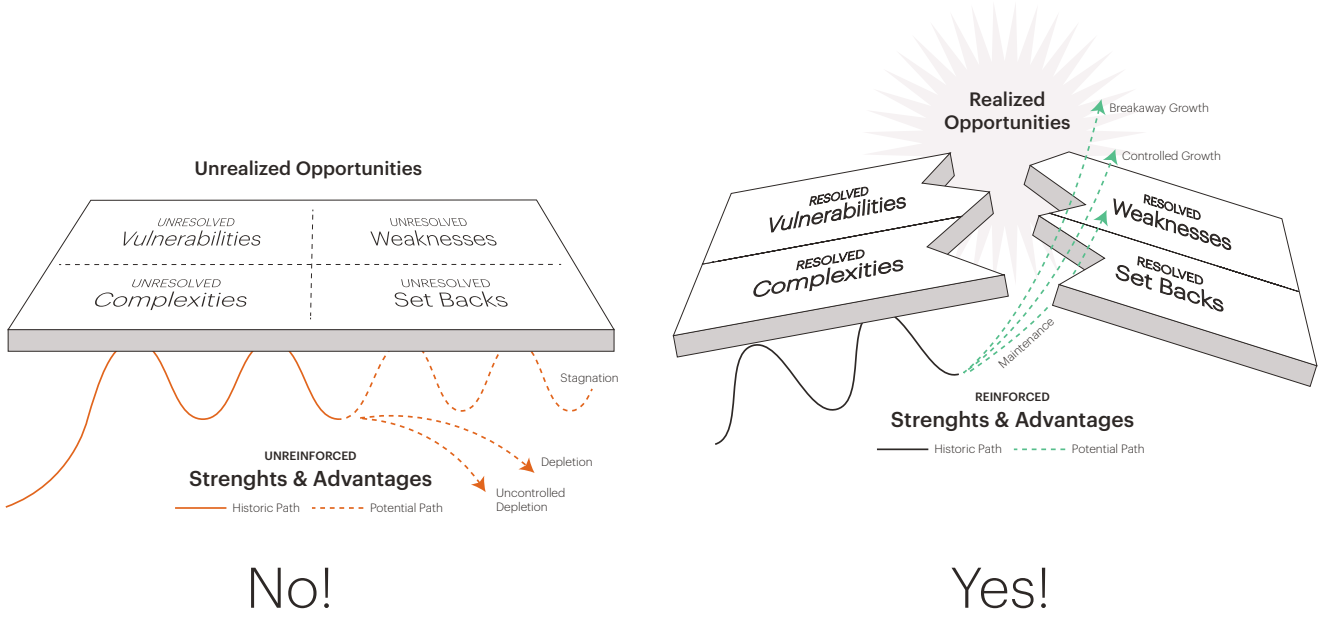
* Source: The Oxford Dictionary

6 | 35 Essential Strengths®

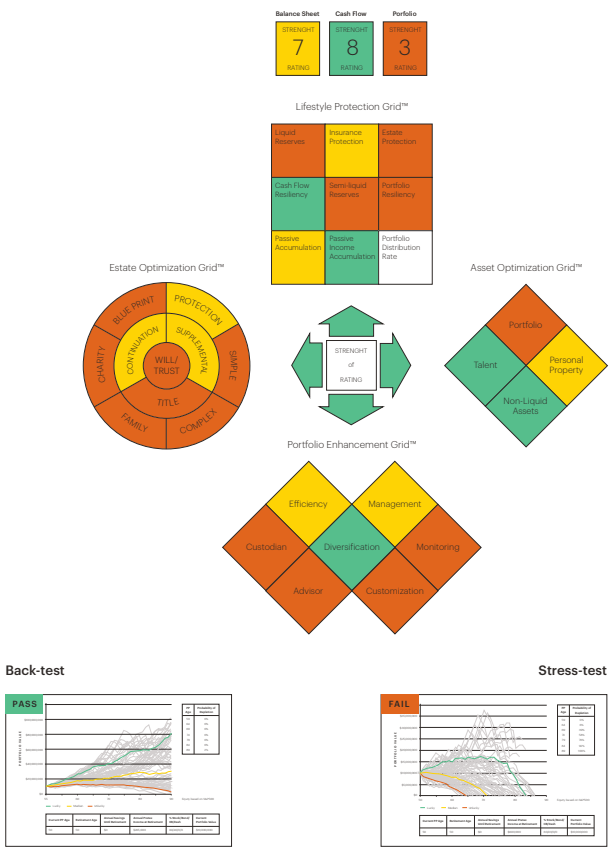
“Elastic Limit” is an engineering term that is a measurement of the amount of stress something can withstand before being irreparably damaged. The “Elastic Limit” of your wealth is of utmost importance to measure and optimize as you properly transition to retirement. It’s a comprehensive indicator of how able you are to maintain a desirable standard of living with no earned income and how protected you are from financial ruin. It’s the essence of being prepared for retirement.

Here at Janiczek® Wealth Management, we actually pioneered the art and science of Strength Based Wealth Management® to help clients enjoy intuitive clarity about their Elastic Limit Threshold. On one page, consisting of “35 Essential Strengths”, are, we believe, the most important measurements of strength, agility, flexibility and endurance (SAFE). We provide a color-coded green (strength), yellow (issue) and red (vulnerability) dashboard designed to instill confidence (where you are green) and action (where you are red and yellow).

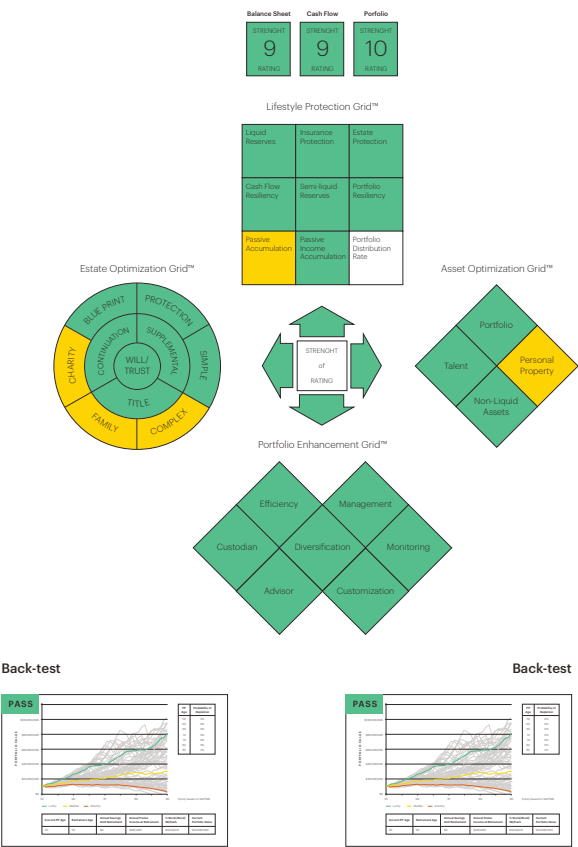
In order to properly transition to retirement, you will want to make at least 30 of the 35 Essential Strengths green (strong) by your desired retirement date. For more details on Strength Based Wealth Management®, the 35 Essential Strengths® and our proprietary Wealth Optimization Dashboard, go to Janiczek.com.



Vulnerable Investor



Strong Investor



7 | Smart, Sophisticated & Tailored Portfolio Management

The final step to properly transition to retirement is to make sure your accumulated assets are prudently managed, through thick and thin. Here at Janiczek® Wealth Management, we believe there are ten standards of excellence at the heart of successful portfolio management:

01 Aligned



It's All About YOU Center Stage.

Your investment portfolio needs to be aligned with your objectives, needs, time horizon, risk temperament and circumstances first and foremost. Follow a rigorous process, with the right portfolio manager, to align your portfolio to you.

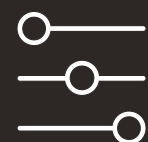
02 Intelligent



It's All About You Escaping the Chaos and Complexity.

Emotions, noise, hype and crowd behavior dynamics can adversely impact sound judgement. Seek out a portfolio manager who utilizes intelligent, common sense investment approaches that can help you escape noise, hype and complexity.

03 Disciplined



Let Markets Work for You and Reward You.

Instead of playing a difficult-to-win game, investors can be better off selecting a seasoned portfolio manager that stays disciplined to sound long-term approaches and avoids short-term approaches based upon emotions or hunches.

04 Evidence Driven



Rigorous. Academic. Evidence-Driven is what you want.

Seek to put the probability of success in your favor by selecting a portfolio manager who applies strategies and approaches based upon sound research and data.

05 Tax Sensitive



Tax-Sensitive Strategies can add Great Value.

Utilize a portfolio manager who seeks to maximize the after-tax return of your portfolio utilizing a variety of tax-sensitive strategies.

06 Tailored



Not Too Much. Not Too Little. Just Right Tailoring.

Whether you have concentrated holdings, unique circumstances or other conditions you want and need your portfolio tailored around, be sure to engage a portfolio manager capable of such tailoring and customization.

07 Lean



Cost Conscious Investing.

Be certain to utilize a portfolio manager who seeks to maximize the net, after-cost performance of your portfolio by scrutinizing the expense ratios associated with underlying holdings and trading.

08 Risk Aversion



Being Risk Conscious.

It's important to be aware of risks and factor them into decisions. The more you can invest from a position of strength, the better. Utilize a portfolio manager aligned with this philosophy.

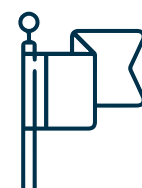
09 Integrated



Your Wealth is Like a Symphony. Direct It and Seek Harmonization.

Your balance sheet and portfolio are full of instruments. Those instruments need to be finely tuned and put together to play a role that harmonizes with your life and the world. Work with a portfolio manager who practices integrated wealth management.

10 Independent



100% Fiduciary. 100% of the Time.

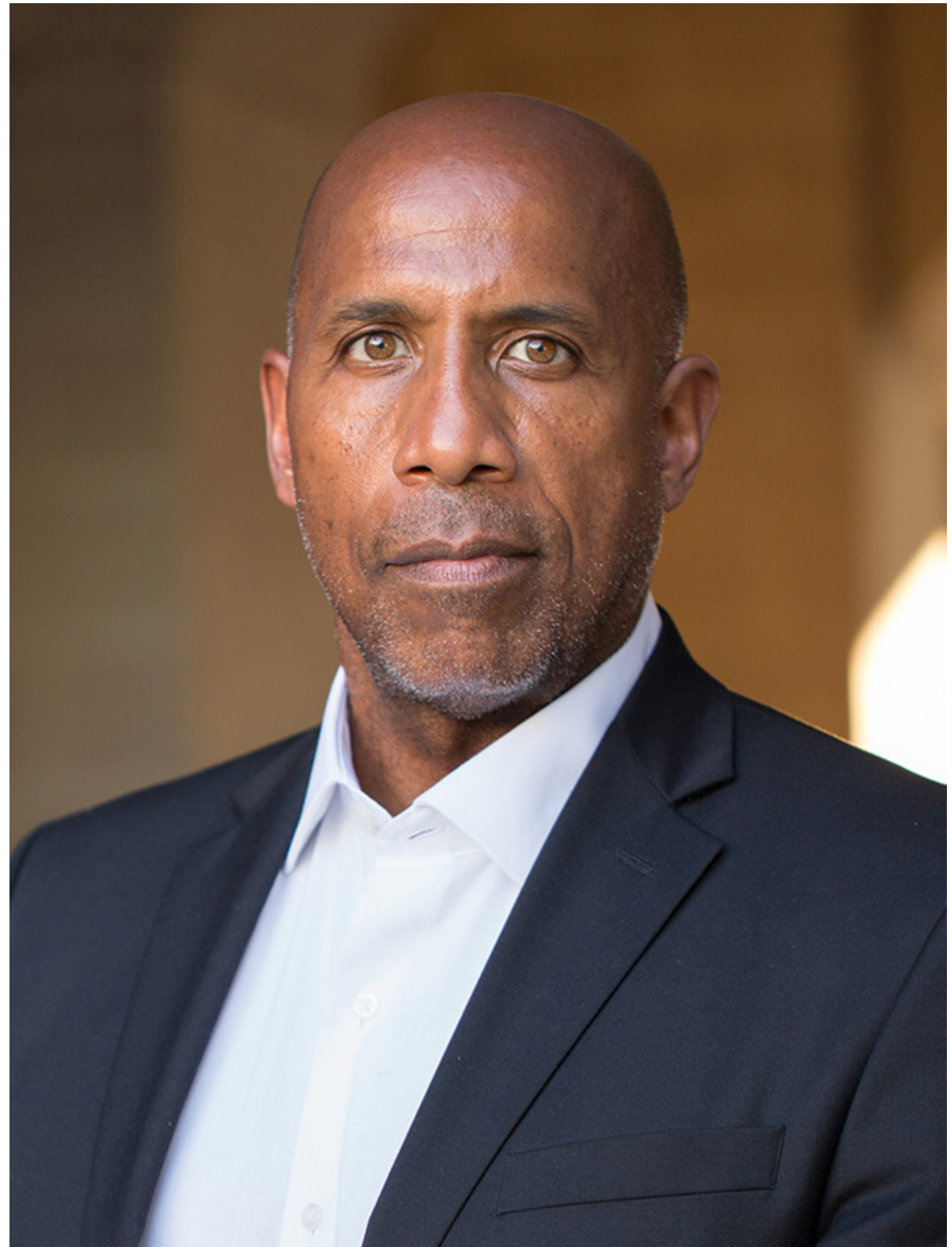
Only work with an advisor who has your best interest in mind all the time. Avoid salespeople (brokers/agents) who only give "advice" incidental to selling products. 100% fiduciary, 100% fee-only is the standard to follow.

To learn how Janiczek® Wealth Management has built these ten standards of excellence into our approach, go to Janiczek.com.

8 | Facts About Janiczek®

- 1 Founded in 1990, now celebrating 30-years of illustrious service to high (\$1 to \$20 million) and ultra-high (\$20 to \$200 million) net worth individuals and families.
- 2 Named among the top, best and most exclusive wealth advisors in the nation multiple times.*
- 3 100% Fiduciary. Legally bound to do what is in your best interest 100% of the time.
- 4 Fee-Only. Strictly no commissions earned or products sold. We are pioneers in the fee-only movement that began transforming the financial services industry, for the benefit of investors, about three decades ago.
- 5 Robust investment management, trading and monitoring system enables us to measure, act and tailor portfolios in a precise and sophisticated way.
- 6 Evidence based investing (EBI) discipline what enables us to pursue lean, smart and advantageous exposures aligned with you and aligned with quality academic, economic and investment research.
- 7 Proprietary Strength Based Wealth Management discipline featuring intuitive to understand dashboards and analysis.
- 8 Proprietary Flourish! Model designed to help you continue to grow and develop in a vigorous way via seven Flourish! Activators.
- 9 Proven Clarity Session agenda and routine designed to keep you informed, confident and proactively acting to make improvements and tweaks tailored to your circumstances and to changing external conditions.
- 10 Highly capable team of experienced professionals working on your behalf, continually taking care of details.

* See important disclosures on back cover of this guide and at www.janiczek.com





9 | Whenever you are ready... here are three ways we can help you gain clarity and act with more confidence and direction:

1

Want a free Investment Review?*

Our investment team will look at key indicators related to your portfolio and provide comments on observed portfolio strengths, weaknesses and opportunities for improvement.

2

Want a free Retirement Review?*

Our retirement specialists will examine your path on the Stages of Financial Freedom and provide useful comments and observations based upon their findings.

3

Ready to meet with us to pinpoint exact ways to upgrade your support and results?*

We are happy to arrange a Discovery Session designed to uncover needs and opportunities across all financial, investment, wealth and retirement disciplines.

Just email our Director of New Client Engagements, Cathy Wegner at cathy@janiczek.com with **“Let’s Talk”** in subject line or call her directly at **303-339-4480** to begin the conversation.

* This offer/invitation is limited to prospective clients who are currently qualified for our services (over \$1 million investable assets) or will be qualified for our services, in the next 5 years, via an expected/planned liquidity event (business/property/asset sale, retirement, etc.).

10 | There is a Simpler Way

We agree, properly transitioning to retirement involves quite a bit of expertise and diligence. The good news is that you need not learn or be involved with all this detail and complexity on your own. Rather, you can select to work with a highly reputable wealth management firm that specializes in such matters. **You can work with Janiczek® Wealth Management as your trusted advisor.**

Call us at 303-721-7000 to learn just how simple we can make portfolio management, wealth management and retirement planning for you.

“The good news is that you need not learn or be involved with all this detail and complexity on your own.”



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Sources: Barron's March 2020, 2019, 2018, 2017, 2016, 2015, 2014; Financial Times June 2017, 2015; AdvisoryHQ March 2018, 2017, 2016; Mutual Funds magazine January 2001; Worth magazine July 2002, January 2004, October 2004, October 2008. Please Note: Rankings and/or recognition by unaffiliated rating services and/or publications should not be construed by a client or prospective client as a guarantee that he/she will experience a certain level of results if Janiczek is engaged, or continues to be engaged, to provide investment advisory services, nor should it be construed as a current or past endorsement of Janiczek by any of its clients. Rankings published by magazines, and others, generally base their selections exclusively on information prepared and/or submitted by the recognized adviser. Rankings are generally limited to participating advisers.

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