

Portfolio Plan – Ms. Recently Single Mom

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About the Customer

Camille Allen is a 25-year single mom of 4-year old twins. She is a SGT(P) with 6-years TIS. She will be promoted 1 May and is PCS'ing to Fort Carson at the same time. Her husband is recently deceased. She is/was a Texas resident upon enlistment. She currently plans on spending 20 years in service.

Customer Assets

- \$400,000 left over from death settlement
- \$3,615/mo. from military salary
- Approximately \$500 per child and self in SS Survivor Benefits
- She is currently debt free

Customer Focus/Demands

- She is asking for us to help her plan for her
 - Retirement
 - College fund for her children
- She does not want to manage the portfolio
- She wants a well diversified portfolio with an overall mixed risk/return ration

Ms. Allen's Budgeting Slide

Current:

\$3,165 Base Pay
500 SS Benefits
(150) Current TSP
(500) Gas/Ins.
(800) Food/Grocery
(400) Daycare

\$1,815 Remaining

Proposed:

\$3,165 Base Pay
500 SS Benefits
(316) *TSP (10%)*
(500) Gas/Ins
(800) Food/Grocery
(400) Daycare
(600) *Portfolio*

\$1049 Remaining

** Housing is not calculated, as Camille will use only her BAH for housing and utilities.

Proposed Investment Split

\$400,000 Initial Investment

- \$50,000
 - \$12,500 per child in a 529 Plan (\$25,000 total)
 - \$25,000 split between 2 Mutual Funds for Children
- \$180,000
 - Even split between 6 Core Stocks (\$30,000 each)
- \$70,000
 - Split between two bonds
- \$80,000
 - Long-term Certificate (CD)
- \$20,000
 - Traditional Savings Account with USAA

Options for Children's College

- Hazelwood Act (Texas)
- 529 College Funds
 - Better than CDs or traditional or Roth IRAs to save for college
- Mutual Funds
- Children will have approx. \$500 each per month in SS Survivor Benefits to invest
- \$25K for each child

Options for Children's College

Child #1

529 College Fund

\$12,500 Initial Invest.

250 Monthly (SS)

Child #2

529 College Fund

\$12,500 Initial Invest

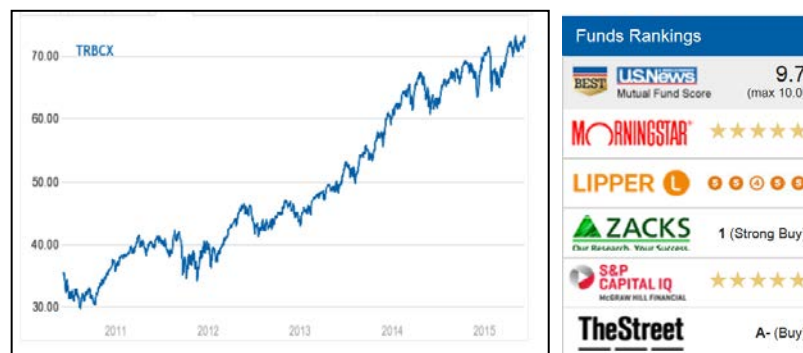
\$250 Monthly (SS)

Mutual Funds:

T. Rowe Price Blue Chip
Growth Fund (TRBCX)

\$12,500 Initial Invest.

\$250 Monthly (SS)



Retirement Plan - TSP

- Ms. Allen is already contributing to the Uniformed Services Thrift Savings Plan (TSP). She can afford to put more into the plan
- She contributes \$150/mo. (approximately 5%) of her monthly income, but we recommend her increasing that amount to 10% of her income (\$316/mo.) (L2030)

Retirement Plan - Portfolio

- Diversification
 - Core Stocks (long term holdings)
 - Bonds (short term investment grade)
- Stability/Risk aversion
 - Long-term certificate of deposit
 - Traditional Savings Account

Long-Term Stocks

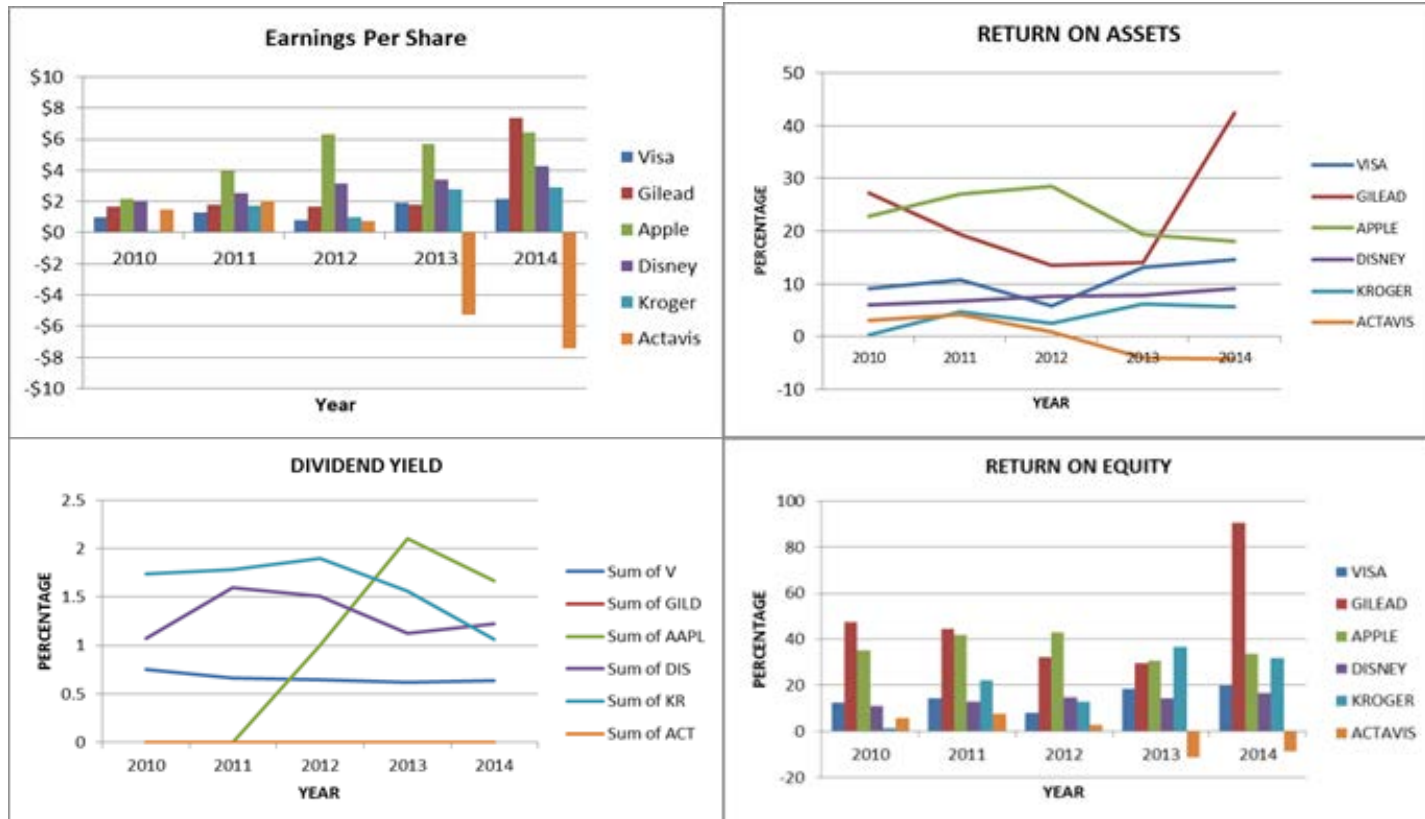
\$180K will be divided between 6 core stocks, which have demonstrated historical value and expected future growth.

Stock	P/E Ratio	Expected EPS Growth	PEG Ratio	Rating
Visa (V)	26.07	17.53%	1.49	HOLD
Gilead (GILD)	10.19	21.99%	.46	HOLD
Apple (AAPL)	15.02	13.96%	1.08	BUY
Disney (DIS)	22.25	10.88%	2.05	BUY
Kroger (KR)	18.54	10.18%	1.82	STRONG BUY
Actavis (ACT)	16.59	12.98%	1.28	BUY

In addition to the initial investment, \$600/month will be invested into this portfolio.

Long-Term Stocks

- Metrics utilized in order to gauge performance
- Goal is to outpace the S&P



Long-Term Certificate of Deposit (CD)

\$80,000 investment into a Long-term CD.

- Navy Federal Credit Union
- 7 Year Commitment
- 2.20% Compounded Daily, Credited Monthly
- Risk averse investment to offset

Short-Term Bonds

\$70K will be divided equally between 2 investment grade bond funds that have a primary purposes of stability and sustained growth. Typically have 4-6 year maturity.

Baird Short-Term Bond Fund
(BSBIX)

Metropolitan West Low Duration Bond Fund
(MWLDX)

Goldberg, S. (2014, December 17). 5 Great Bond Funds for 2015. Retrieved from Kiplinger: <http://www.kiplinger.com/article/investing/T041-C007-S001-steve-goldberg-picks-best-bond-funds-for-2015.html>

Goldberg, S. (2014, December 5). 6 Great Stock Funds for 2015. Retrieved from Kiplinger: <http://www.kiplinger.com/article/investing/T041-C007-S001-steve-goldberg-6-best-stock-funds-for-2015.html>

Short-Term Bonds

- Metropolitan West Low Duration Bond Fund (MWLDX)

\$8.81

Change	0.00	0.00%
	Apr 24, 2015	
YTD return	0.45%	
5 yr avg return	3.56%	
Total net assets	1.75B	
52 week low	52 week high	
\$8.79	\$8.84	
Yield	1.23%	

Risk Measures

Alpha	0.18
Beta	0.03
Standard deviation	0.32
R. squared	0.07

Fund Details

Category	Short Investment Grade Debt Funds
Fund family	Metropolitan West
Fund status	Open
Fund inception	March 31, 1997
Manager	Kane/Landmann/Rivelle

Investment Policy

The Fund seeks to maximize current income, consistent with preservation of capital, by investing in a diversified portfolio of fixed-income securities of varying maturities issued by domestic and foreign corporations and governments with a portfolio duration of up to three years.

Lipper Leader



Lipper Leaders key Highest 5 4 3 2 1 Lowest

YTD Lipper Ranking: Quintile 5 (86th percentile)

Rating: Strong Buy

Short-Term Bonds

- Baird Short-Term Bond Fund (BSBIX)

\$9.74↑

Change	+0.01 +0.10%
	Apr 24, 2015
YTD return	1.10%
5 yr avg return	2.56%
Total net assets	2.72B
52 week low	52 week high
\$9.65	\$9.76
Yield	1.63%

Risk Measures

Alpha	0.15
Beta	0.01
Standard deviation	0.24
R. squared	0.03

Fund Details

Category	Short Investment Grade Debt Funds
Fund family	Baird Funds
Fund status	Open
Fund inception	August 31, 2004
Manager	Team Managed

Investment Policy

The Fund seeks to provide an annual rate of total return, before fund expenses, greater than the annual rate of total return of the Barclays Capital 1-3 Year Government/Credit Bond Index. To achieve its objective, the fund will invest at least 65% of the fund's assets in investment grade debt obligations.

Lipper Leader



Lipper Leaders key: Highest 5 4 3 2 1 Lowest

YTD Lipper Ranking: Quintile 2 (23th percentile)

Rating: Strong Buy

Questions?



References

- Goldberg, S. (2014, December 17). 5 Great Bond Funds for 2015. Retrieved from Kiplinger: <http://www.kiplinger.com/article/investing/T041-C007-S001-steve-goldberg-picks-best-bond-funds-for-2015.html>
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- TSP Folio. (2015, April 24). TSP L 2030 Fund. Retrieved from TSP Folio: <http://www.tspfolio.com/tspl2030fund>
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- <http://www.marketwatch.com/investing/fund/mwldx>