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YOUR FAMILY INDEX NUMBER

Defining Your Future with Confidence

Long-term financial security is a goal most investors aspire to, yet accomplished individuals and families know that attaining this objective requires more than hard work and luck. We believe advancing and protecting a lifetime of wealth requires a personalized and focused approach that begins with determining your **Family Index Number**—the individual rate of return you need to achieve your goals and objectives with confidence.

WHAT IS YOUR FAMILY INDEX NUMBER?

Your Family Index Number is a highly personalized measurement developed by our financial planning team to help you and your Wealth Advisor define and track your progress along the path to pursuing your financial goals at every stage of your life. It represents the rate of return your portfolio assets need to generate in order to achieve your goals and objectives while maintaining resources during your lifetime.

Your Family Index Number helps replace complexity with clarity while providing answers to questions of great concern to many families and investors, including:

1. How much do we need now?
2. How much will we need in the future?
3. How long will our income last?
4. How much can we spend in retirement?
5. How do we get there with the least amount of risk?
6. Should we be concerned with the Broad Market Index Rate of Returns?

MAKING A DIFFERENCE FOR YOU AND YOUR FAMILY

Think about how the ups and downs of the financial markets affect your mood and stress level. Would a sudden drop of 10% or more in the S&P 500 or Dow Jones Industrial Average keep you up at night? Do you have a good understanding of how market volatility impacts your financial future and your ability to pursue your goals? Following day-to-day market movements is not only time-consuming, but can cause unnecessary stress and anxiety. More importantly, it can result in making poor financial decisions when emotions get in the way of reason.

Your Family Index Number empowers you to focus on the only number that matters to you and your family. This number not only helps you to remain on track toward achieving your individual goals and objectives, but helps you manage the anxiety associated with trying to track and interpret short-term market fluctuations.

IMPORTANCE OF A PERSONAL FINANCIAL BENCHMARK

While many wealth management firms promise personalized strategies, how can you tell if your strategy is truly designed to fit your goals and income needs if it's simply benchmarked to one of the leading market indices? Benchmarking to an index like the S&P 500¹ that provides a snapshot of broad stock market performance may actually provide little relevance where your personal goals and risk tolerance are concerned. That's because an index doesn't take certain factors into account that play a significant role in determining your financial picture now and throughout your years in retirement. These include your investment timeframe, tax situation, life expectancy, lifestyle preferences, healthcare needs and the impact of inflation, among others.

Your personalized Family Index Number is developed by taking your unique goals, resources and circumstances into account and providing a truly relevant benchmark for gauging the performance of your portfolio. We believe a well-conceived plan that adheres to a disciplined process can be more effective for pursuing your objectives than meeting or exceeding a broad market index.

YOUR FAMILY INDEX NUMBER:

- Reflects your individual needs and goals.
- Helps you remain on track toward achieving your objectives at every stage of your life.
- Plays a critical role in implementing a customized financial and investment strategy to help you overcome challenges and capture opportunities along the path to your goals.
- Is an important component in determining the appropriate amount of risk necessary in developing your portfolio allocation and investment strategy.

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HOW YOUR FAMILY INDEX NUMBER IS CALCULATED

COMPREHENSIVE WEALTH PLANNING PLAYS A CENTRAL ROLE

Comprehensive wealth planning is integral to determining your Family Index Number. Since all financial decisions are interdependent, it's imperative to obtain a holistic view of your finances to determine the appropriate strategy for you and your family. Your Wealth Advisor works with a financial planning team of CPAs, in-house attorneys*, insurance experts and investment professionals to bring the expertise and insight you seek across multiple financial disciplines to address a comprehensive list of financial needs and goals in these and other areas of wealth planning:

- Tax Planning
- Risk Management Planning
- Investment Planning
- Financial Statement Presentation
- Retirement Planning
- Retirement Benefit Planning
- Estate Planning and Wealth Transfer

**Accounting and legal services are not offered by CWM, LLC.*

DEVELOPING YOUR UNIQUE INVESTOR PROFILE

The wealth planning process begins with a discussion to discover what's most important to you, including any challenges you face. This allows you to get to know your Wealth Advisor and the team that will support you throughout your wealth planning journey. During this meeting, we provide an overview of our services and answer your questions.

We work with you to complete a detailed investor profile that captures your goals and objectives, cash flow needs, risk tolerance and more. Together, you and your Wealth Advisor will identify areas you want to improve, develop or change as it relates to your wealth.

IN-DEPTH, TRANSPARENT ANALYSIS OF YOUR CURRENT PORTFOLIO AND STRATEGY

We will provide you with a list of financial documents, account statements and other information needed in order to conduct an in-depth analysis of your existing financial situation and investment portfolio. Your Wealth Advisor will stress test your current portfolio and share with you the inherent risk in your current strategy. Our Wealth Advisors speak to you in terms you can understand and share with you the downside risk in your portfolio in actual dollars. It is important for us to be completely transparent with you. The stress test is an important step in creating your Family Index Number as it helps us identify gaps, challenges or vulnerabilities in your current portfolio.

Our comprehensive wealth planning process includes the following steps to determine your personal Family Index Number and implement an investment strategy tailored to your needs:



Gather data to populate your investor profile



Conduct in-depth analysis of current portfolio/ financial situation



Stress test your existing portfolio and strategy



Determine your Family Index Number



Recommend an appropriate asset allocation



Present recommendations



Implement agreed upon recommendations



Continually monitor your strategy and progress

Stress testing is especially important for investors in or nearing retirement.

STRESS TESTING YOUR PORTFOLIO

Stress testing is an important step in our wealth planning process to estimate how much downside risk you are taking. We use sophisticated financial software internally to stress test your portfolio and share our thoughts with you to help you understand the balance of reward and risk. This helps to align your Family Index Number with your goals and objectives.

Using advanced analytical software and tools helps our advisors:

- Set proper expectations regarding inherent risk in your portfolio.
- Better communicate risk exposure in your current portfolio.
- Discuss risk, compare perspectives and get your reactions.

Our risk management approach is based on the performance of the holdings in your current portfolio. We don't take short cuts when calculating risk and, more importantly, we will be transparent with you in our discussions.

Stress testing is especially important for investors in or nearing retirement. During the various stages of retirement, your assets may be more or less vulnerable to certain risk factors. For example, it's essential in the early stages of retirement to protect your assets from excessive market volatility and aggressive spending so you don't erode the value of assets needed to generate income throughout your retirement. Later in retirement, your assets are typically more vulnerable to the impact of inflation, healthcare and longevity, requiring greater emphasis to be placed on these risk factors.

Stress testing is an important step in our wealth planning process to estimate how much downside risk you are taking. This helps to align your Family Index Number with your goals and objectives.

UNDERSTANDING THE COMPONENTS OF YOUR FAMILY INDEX NUMBER

In calculating your unique Family Index Number, we take a broad range of quantitative data and qualitative criteria into consideration.

QUANTITATIVE CONSIDERATIONS

Include your current and projected income; net worth; current asset allocation and valuations; and non-liquid assets, among others.

QUALITATIVE CONSIDERATIONS

Include your lifestyle needs and goals; age; career goals; projected retirement date; personal philosophy regarding money and investing; savings habits; risk tolerance and vulnerabilities; family situation; number of dependents; large upcoming expenses, and more.

MANAGING RISK IS CRITICAL TO LONG-TERM SUCCESS

Assessing and managing risk is fundamental to determining your Family Index Number and managing your portfolio over time. A higher Family Index Number requires a higher investment return to attain, and therefore, entails a higher risk of loss and potentially greater volatility. This must be balanced or reconciled based on your needs and risk tolerance. Our goal is to achieve the correct balance for you as we seek to minimize downside risk for your assets while generating the level of growth necessary to address your goals, maintain adequate resources during your lifetime and offset the impact of inflation on your portfolio over time.

DRIVING THE RESULTS YOU SEEK

Most investors understand that trying to time the markets is futile, if not impossible. But what about a buy and hold strategy? For decades, the buy and hold method of investing was the rule of thumb for many investors and their advisors. However, even before the recent economic downturn, the globalization of world markets increased interdependence, volatility and market risk, making the “buy and hope” methodology an increasingly risky choice for investors seeking the dual objectives of protecting and advancing their wealth. This is especially true for investors in or nearing retirement, who may not have five years or more to recover from a poor investment decision or sudden market downturn.

We know that guesswork and hope are not strategies. That’s why we employ a disciplined approach that relies on comprehensive wealth planning to develop personalized strategies aligned with each client’s desired rate of return. This is where your Family Index Number plays a critical role. Your Wealth Advisor makes important decisions about your portfolio based on your Family Index Number, allowing your wealth planning team to help you pursue specific financial objectives.

VALUE OF A DISCIPLINED APPROACH

We’re passionate about ensuring every client understands how and why their individual investment strategy and Family Index Number can help them pursue their goals. Disciplined investment strategies, which form the foundation of our investment management process, are built to a specific allocation based on your Family Index Number. Our process-driven, time-tested strategies are managed by our Investment Committee, comprised of a dedicated team of portfolio managers as well as fundamental and technical analysts and strategists. This experienced team seeks to employ a repeatable, research-driven process that focuses on high-quality, well-run companies determined through a disciplined selection and due diligence process.

THE PROBLEM WITH “HOLD AND HOPE”

Life is not static and neither are the financial markets. Think back to the goals and priorities you may have set for yourself and your family 20 or 30 years ago. It’s likely you surpassed certain goals along the way and changed others to accommodate new priorities that better reflect today’s aspirations and lifestyle preferences. It’s important that your investment portfolio is also adjusted over time to reflect changes in your life, as well as changes in the economy and financial markets.

Consider this: in 1990, the following corporations were member companies of the Dow Jones Industrial Average (DJIA). Once household names, these companies no longer exist:²

- Woolworth
- Bethlehem Steel
- Allied-Signal, Inc.
- Westinghouse Electric

Over time, the components of the DJIA shift to better reflect our ever-changing economic landscape. Only time will tell if the familiar names that make up today’s Dow, NASDAQ or S&P 500 indices will remain household names 20 or 30 years from now. The rapid pace of change that defines our world today is among many factors that make a buy and hold strategy not only difficult to maintain, but potentially ineffective for today’s investors.

DETERMINING YOUR ASSET ALLOCATION

Determining an asset allocation strategy aligned with your Family Index Number and the risk parameters established for your portfolio is a fundamental step in the wealth planning process.

Asset allocation is the process of distributing your assets across multiple investment classes, including equity (stocks), fixed income (bonds) and cash instruments. It plays a major role in answering: Will I have enough? Or will I outlive my assets?

Over the last decade, the stock market correction delayed retirement for many Americans at all income levels. Yet, even as the markets and economy gain strength, it's easy to forget how quickly the markets can take away 20% or even 40% of value. This is one of many reasons why your personalized allocation plays such an important role in helping you pursue both your short-term and long-term financial goals.

Your Wealth Advisor brings the insight and experience required to develop a strategy that seeks to manage your portfolio from downside risk while seeking to capture risk-adjusted growth. Your Family Index Number is an important tool and benchmark used by your Wealth Advisor to allocate your assets to appropriate investments and periodically adjust your allocation to manage that it remains aligned with your goals as market conditions or your priorities change.

Asset allocation does not ensure a profit or protect against a loss.

PUTTING IT ALL TOGETHER

Once we have created your investment profile, analyzed and stress tested your strategy and portfolio, determined your Family Index Number and an appropriate personalized allocation, we meet with you to present your written plan. During the course of our meeting, we take the time to present our recommendations so you can make an informed decision regarding the most suitable course of action for your portfolio. We educate you about the potential ramifications of various strategies, both positive and negative, before implementing the recommendations you choose to adopt.

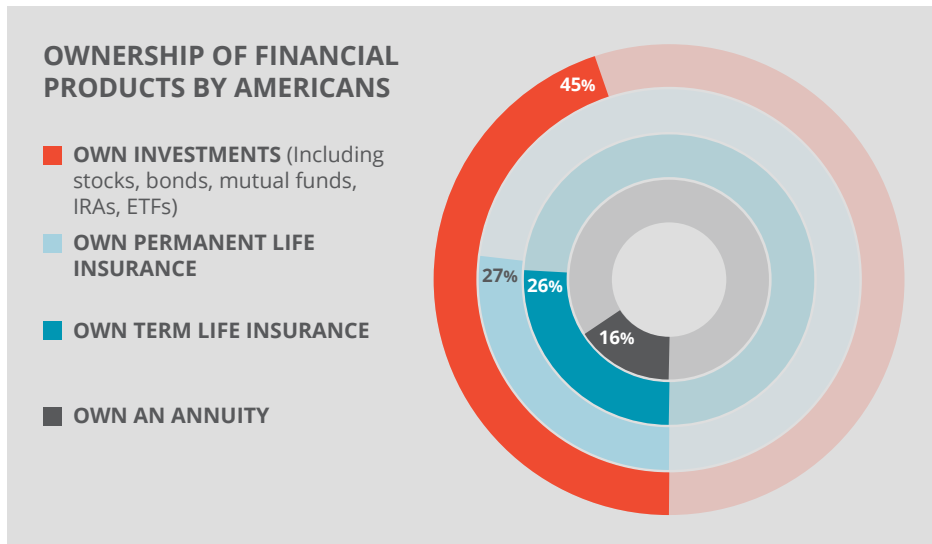
ONGOING MONITORING AND REVIEW

Over time, we continue to meet with you at regular intervals, based on your needs and preferences, to review your strategy and progress toward your goals. We continually monitor your portfolio and recommend adjustments as needed to help keep you on track. You will receive trade notifications whenever activity takes place in your portfolio. You'll have access to information your advisor has learned in our morning meetings on topics including:

- Macro Monday
- Team Tuesday
- Success Story Wednesday
- Thorough Thursday

COMMUNICATION IS KEY

Between scheduled meetings, we keep you informed through a series of proactive communications, including our weekly market commentary, monthly newsletters, blogs, quarterly market outlook videos and more.



LIVE YOUR LIFE BY DESIGN, NOT DEFAULT

GET STARTED TODAY

Your Family Index Number is the most comprehensive mechanism utilized by your Wealth Advisor to identify and implement a personalized plan based on your long-term goals. It provides a number of important benefits, including:

- Greater financial confidence that comes from knowing you have a well-conceived and comprehensive plan in place for pursuing your income needs and lifestyle goals.
- One number to track, helping you address day-to-day concerns about financial market activity so you can spend more time on the things that bring you joy in life.
- A team of experienced professionals monitoring your investment portfolio and strategy, making recommendations and adjustments as needed to help keep you on track toward your goals.

Contact your Wealth Advisor today to begin the process of discovering your Family Index Number and developing a comprehensive plan to pursue your future with confidence.

THE CORRELATION BETWEEN PLANNING AND PREPAREDNESS

A recent study of financial confidence among Americans revealed that one third of Americans lack a clear and accurate view of their entire financial picture, including both current obligations and future needs.

- While 89% prefer “knowing they’re financially secure for the long-term” over “cash in hand today,”
- Only 20% feel “very confident” they will be able to achieve their financial goals, and
- Two in three acknowledged that their financial planning “needs improvement.”

Despite an appreciation for the role that planning plays, people are not necessarily putting theory into practice:

- Only 40% are confident their financial plan can withstand market cycles, which is concerning considering that the majority (76%) increasingly expect there to be financial crises over time – (up from 67% in 2015)
- 37% define a financial plan as a strategy to “allow them to live comfortably when they get older or retire,” with some saying it simply means sticking to a budget or living within one’s means
- 35% haven’t talked to anyone about retirement

While 60% said that integrated solutions designed to grow and protect their assets are most important to achieving financial security, less than half own any financial products beyond basic savings vehicles.

Source: Northwestern Mutual: Planning and Progress Study 2016.

Many people leave their financial advisor confused about what's happening with their money.

Our advisors are just as good at explaining investments as they are at making them. Our clients fully understand what's happening with their money at every stage of their financial journey.

How we make the complex simple:

- Straightforward Fees
- Effective Game Plan
- Advice in Common Language

Our goal is to make your life easier. We exist to serve as your guide for life's big tradeoff decisions and by working with us, we want you to be confident you made the right decisions.

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¹S&P 500 Index

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

²DJIA

The Dow Jones Industrial Average is comprised of 30 stocks that are major factors in their industries and widely held by individuals and institutional investors.

Dow Jones Industrial Average Historical Components; published by S&P Dow Jones Indices LLC, a part of McGraw Hill Financial, © 2013.