

Q & A

Financial Planning Over Your Lifetime

At Boston Financial Management, Katie Exchange helps clients navigate their future

Katie Exchange is a Certified Financial Planner (CFP®) at Boston Financial Management's office in the Old Port. As an Associate Wealth Manager, Katie plays a critical role in the delivery of investment and wealth management services to clients. Working closely with senior wealth managers, Katie is responsible for the day-to-day requirements of managing client investment portfolios and serves as a trusted point of contact for both clients and their accountants and attorneys. Katie joined Boston Financial Management in 2018 as a Client Service Associate before transitioning to an Associate Wealth Manager.



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Q. Why did you get into Financial Planning?

A. My passion for the financial planning process and understanding the importance of a fiduciary stemmed from various experiences during the financial crisis of '08. Specifically, an acquaintance of mine had a financial advisor who was not a fiduciary and who did not consider their risk tolerance, time horizon, or goals for the money that was entrusted with him to invest. When the market crashed, this acquaintance, who was retired, kept asking his advisor to pull some money out of stocks and each time his advisor would talk him out of it. Finally, after watching his and his wife's life savings plummet 80%, afraid that there would be nothing left to live out their years of retirement, they sold everything, coincidentally at the bottom of the market. Traumatized by the whole experience, they never invested their money back in the market and have remained in cash ever since. They went from having a comfortable retirement plan, to worrying if they would have enough income to maintain their lifestyle and, as a result, have had to continue to work into their 80s. Through my career in the wealth management industry, including CFP® courses and the mentorship of senior wealth managers, I began to understand that their story could have ended very differently with an advisor who truly listened. An advisor must have a clear understanding of a client's risk tolerance, timeline for the assets, cash flow needs, and retirement aspirations. With this understanding, an investment plan can be created to achieve these goals.

Q. What does a typical financial plan look like?

A. Since each client has a different financial situation and circumstance, it is my job to tailor each plan to the specific needs of the client and their family. No two plans are ever the same. That is part of what I love about my job, I get to take the time to build a relationship with my clients and create a custom wealth plan that will reflect their family situation, lifestyle, and goals. I look at their current assets, spending habits, cash flow needs, goals for the future, and the financial worries that keep them up at night. Goals and worries will vary depending on what stage of life they are in.

Working with the children of clients, specifically those who are starting their first job out of college, their biggest questions revolve around 401(K) contributions and how their 401(K) should be invested. Or perhaps the client is at a point where they are successful in his/her career and have begun to earn company stock options. They need assistance putting together a tax-efficient plan to exercise and sell these options over time.

Some of my clients have spent their entire professional lives building a business, and their next step is to sell this business. They need a plan to transition from working for their money to their money working for them. The most commonly asked questions from clients nearing or at retirement are:

- When should I start drawing Social Security?
- When should I start to withdraw money from my IRA?
- Should I do a Roth conversion?
- Do I have enough to buy my dream vacation home?
- What is the best way to fund my grandchildren's education expenses?
- What is the best vehicle to use for charitable gifting?
- Does my estate plan accomplish everything I want it to in the most tax-efficient manner possible?
- Is there more I should do from an estate planning perspective?

The answers always vary depending on the individual circumstances of our clients. Through our firm's financial planning software, I can build a client's financial picture and can begin to answer these questions by running different scenarios and stress testing the outcomes against different market conditions. By introducing market volatility into the equation, we can come up with a probability of success for reaching the client's financial goals. Once I have that baseline built, I am able to make tweaks to the plan that the client would like to see modeled out and see if it negatively or positively impacts the success of the plan. One of the most rewarding parts of my job is being able to create a wealth plan for a worried client and, based on their current financial picture, advise them on if they can afford to take the extravagant vacation or buy the beach house, or if they can weather a 50 percent drop in the market while not requiring them to change their spending habits. They do not need to be awake in the middle of the night worrying about a market correction. Being able to give clients the peace of mind and the confidence to pursue their financial goals is the best part of my job.



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