MEETING PREP

Client: M**** B****
Prepared: June 1, 2026

Account Summary

Performance Period: 1/1/2026–6/1/2026
Note: Accounts below reflect assets managed by CFS Watson. Outside assets at McKinley Carter (~$1.85M) are summarized in the Planning Topics section.

Name	Account Type	Model	Fee	Current Value	TWR (Net)
M**** B**** - Schwab	Individual Managed Account	Third Party Manager (First Trust)	1.00 %	$723,536	11.30%
M**** B**** - Schwab	Transfer on Death	BOND - 0/100 - Non-Dynamic	1.00 %	$487,744	7.48%
M**** B**** - Schwab	Inherited IRA	CORE 2 - Non-Dynamic - 80/20	1.00 %	$78,803	8.85%
M**** B**** - Schwab	Inherited Roth IRA	BASE 2P - 80/20 - Non-Dynamic	1.00 %	$12,901	8.34%
Total Assets Under Management				**$1,302,985**	

RMD Summary

Account Name	Acct. Type	12/31 Value	RMD Factor	RMD Amount	YTD Distributions	Amount Remaining
M**** B**** - Schwab	Inherited IRA	$72,345	28.5	$2,538	$0	$2,538
M**** B**** - Schwab	Inherited Roth IRA	$11,908	28.5	$418	$0	$418
TOTAL		**$84,254**		**$2,956**	**$0**	**$2,956**

Personal Background & Talking Points

Career & Profession

- Self-employed with Schedule C income of $17,000+; specific profession not detailed in meeting notes.
- Chairman of his local YMCA -- a $20M nonprofit with 8 sites and several hundred employees. Participates actively in the YMCA endowment investment committee; well-versed in institutional investment strategy and market valuations.

Family & Relationships

- Wife: E*** B**** -- trust and estates attorney; recently appointed to the management committee at her law firm. T&E background means estate planning conversations can be peer-level technical.
- Son: L**** -- senior in high school as of January 2025. Accepted to UNC Chapel Hill, NC State, University of Richmond, and App State. Awaiting Georgia Tech, Bucknell, Cornell, and Duke. Scholarship offer from Richmond; in the running at NC State. ~70% probability of gap year (his sister did it; E*** and her sister both did it). Decision deadline May 1.
- Daughter: ***a -- approximately 20 years old, claimed as dependent; previously took a gap year.
- E***'s mother: 78 years old. Family took her to Mexico City at Christmas 2024 -- a deliberate values-based decision to prioritize shared experiences while still possible. M**** noted maybe five more opportunities like this.

Personal Interests & Hobbies

- YMCA chairman -- engaged in both organizational leadership and the endowment investment committee.
- Dog owner -- 8-year-old dog; "forever optimistic, never catches the squirrel." Good rapport moment.
- Ohio State football fan -- asked Neal about the Rose Bowl; genuine rapport-building material.
- Values experiences over possessions -- the Mexico City Christmas trip reflects a deliberate shift in how the family thinks about time and money.

Personal Characteristics & Communication Style

- Analytically oriented and well-prepared -- references a personal financial "scoreboard," brings his own investment views, engages substantively on market strategy.
- Collaborative and direct -- comfortable pushing back and offE***g his own perspective; not passive in meetings.

- Methodical about decisions -- thinks in probabilities and prefers to wait for better information before committing (college decision, market conditions).
- Strong rapport with Neal and Evan; relaxed and joking in tone without losing focus.

Lifestyle & Life Stage

- Approaching empty nest -- thinking about what life looks like without kids. Financial load increases (college, no 529 buffer) while daily time demands shift.
- Situates himself as between Neal (post-empty nest, grandparent) and Evan (much earlier in parenting journey) -- a useful framing for the meeting dynamic.
- Retirement targets: E*** at 62 (~9 years from early 2025); M***** at 65-66. Earlier scenarios (57/54) also modeled.
- Strong household income driven primarily by E***'s law firm compensation -- bonuses in March, June/July, and December.

Recent Meeting Summaries

January 27, 2025 -- Annual Review (~67 minutes)
Primary Focus: 2024 portfolio performance review, new investment strategy proposals, and college planning update.

Key Discussion Points:

- Portfolio returned 13.92% for 2024 across all managed accounts; finished just under $1M (started $853,482, ended $1,001,186 after $25,000 contribution and $107,423 in market value gains). Equity up 20%+ -- first back-to-back 20%+ years since 1999-2000. Fixed income outperformed the Aggregate by a couple of points.
- Direct indexing account (Schwab) gained 21.3% in 2024 while generating ~$20,000 in realized losses. Tax alpha ~2%; creates potential for zero-tax-cost college tuition withdrawals. $19,000 net losses available: entire AbbVie (~$13,600) liquidatable with $6,000 to spare; ~1/3 of Exxon ($65,000) liquidatable tax-free. $3,000/year offsets ordinary income; remainder carries forward.
- Outside positions: Nvidia in E*Trade -- bought 3-5 years ago for ~$5,000, now ~$35,000 (~17x). Exxon ($65,000) and AbbVie ($13,600) with substantial embedded gains.
- Direct indexing trim proposed: reduce from ~$520,000 toward $400,000 (~$100,000 extraction) in tax-efficient manner via First Trust.
- Market valuation concerns: S&P 500 at 22x forward earnings vs. 16x historical. Two consecutive 20%+ years driven by narrow set of names. Both advisors and M**** aligned on concentration risk. E***'s 401(k): recommend rotating out of small-cap into value names (Exxon, AbbVie); Evan to send reallocation numbers.
- New strategies proposed: (1) Hedged Equity -- First Trust; top 100 S&P 500 names; full downside protection via 2-3 year puts; 12-15% income from covered

calls; $25K minimum; qualified accounts preferred. (2) Private Credit -- 12% annual distribution target; one-year commitment; accredited investor; interval fund FTPCX for inherited IRA.
- Cryptocurrency: M**** proposed ~2% Bitcoin allocation (store of value, 5-10 year hold). Neal and Evan view as emerging asset class; Neal to bring to investment committee the next day.
- College: L**** accepted to UNC Chapel Hill, NC State, Richmond, App State. Awaiting Georgia Tech, Bucknell, Cornell, Duke. Scholarship from Richmond. 70% gap year probability. May 1 deadline. Cornell/Duke cost materially higher than other options.

February 17, 2025 -- Outside Account Review (Neal Watson, Redtail note)
Primary Focus: Review of outside assets at McKinley Carter and consolidation opportunity.

Key Discussion Points:
- Outside assets reviewed (12/31/2024): M*****'s Fidelity 401(k) $166,944 | M***** + E*** joint account $318,035 | E***'s IRA $324,759 | M*****'s IRA $732,965 | M*****'s Roth $163,705 | E***'s Roth $139,926.
- McKinley Carter fee ~1.1% (~$19,300/year). Proposed rate: 0.8% on all assets -- estimated savings of ~$7,000/year.
- Risk scores on outside accounts are elevated: joint account 110/100, E***'s Roth 102/100, M*****'s Roth 86/100, M*****'s IRA 92/100, E***'s IRA 72/100, Fidelity 401(k) 94/100.
- Additional strategies evaluated for outside assets: Carlyle Tactical Private Credit Fund (vs. internal alternatives), TPC Income Fund II, First Trust Private Assets Fund, Hedged Equity Income Fund.
- Tax opportunities: gift appreciated stock (Exxon, AbbVie) to L**** and ***a via Kiddie Tax strategy; review M*****'s qualified service income on tax return; evaluate NII surcharge and capital gains rate risk.
- Estate: confirm whether listing L**** and ***a as direct beneficiaries on the joint account was intentional.
- Action items: upload 2023 (and prior) tax returns to Holistiplan for Tyler (Wheeling office); prepare 0.8% consolidation proposal; research Carlyle Tactical Private Credit vs. internal alternatives; investigate TPC Income Fund II.

March 20, 2025 -- Tax Planning Session (Neal Watson, Redtail note)
Primary Focus: 2024 tax situation, bracket management, and contribution strategy.

Key Discussion Points:
- 2023 taxable income $327,000 (24% bracket; 32% starts at $364,000). 2024 income expected ~$400,000 (E***). Subject to 3.8% Medicare surcharge on NII.
- M*****'s 401(k) contribution $30,500 in 2024. Additional $3,500 pre-tax Solo 401(k) from profit sharing under consideration.
- $10,000 Roth contribution for 2025 discussed. Roth vs. traditional for E***'s 401(k) still being evaluated.
- Direct indexing: $19,000 in realized losses from 2024. Benefit continues in both up and down markets.

- Kiddie Tax strategy: explore gifting appreciated stock (Exxon, AbbVie) to L**** and ***a to access children's lower capital gains rate.
- No 529 plans funded. College expenses for both L**** and ***a to be funded from current assets.
- Retirement projections show no accumulation concerns across all scenarios (57/54, 62/65, 65-66).

Planning Topics Summary

Retirement Planning

- E*** targets retirement at 62 (~9 years from early 2025); M**** at 65-66. Earlier scenarios (57/54) also modeled.
- Current projection shows no accumulation concerns at present income and savings rate.
- No 529 plans funded -- college will be paid from current assets. School choice significantly impacts timing and dollar amounts.

Tax Planning

- Household in 24% bracket approaching 32% threshold (~$364,000). E***'s 2024 income ~$400,000. Subject to 3.8% NII surcharge -- asset location M*****ers.
- $19,000 in net realized losses available from 2024 direct indexing. Entire AbbVie position liquidatable with $6,000 to spare; ~1/3 of Exxon tax-free. $3,000/year offsets ordinary income; rest carries forward.
- M*****'s 401(k): $30,500 contributed in 2024. Additional $3,500 pre-tax Solo 401(k) from self-employment profit sharing under consideration.
- $10,000 Roth contribution for 2025 discussed; Roth vs. traditional for E***'s 401(k) still being evaluated.
- Review M*****'s qualified service income on tax return for potential Sec. 199A deduction.
- Kiddie Tax strategy: gift appreciated Exxon or AbbVie shares to L**** and ***a to access their lower capital gains rate.
- 2023 (and prior) tax returns to be uploaded to Holistiplan for Tyler (Wheeling office).

Estate Planning

- E*** is a trust and estates attorney -- estate conversations can be peer-level technical. Charitable Giving Fund is in place.
- Open question: Are L**** and ***a listed as direct beneficiaries on the joint account intentionally? Needs confirmation.

Investment Strategy -- Full Financial Picture (5/31/2026)

- Total household net worth: ~$5.89M as of 5/31/2026 (per client scoreboard). Up from $5.48M at 1/4/2026.
- Fidelity accounts: HSA $104,457 | Self-employed 401(k) $289,884 | Brokerage $312,735 | Traditional IRA $945,131 | Roth IRA $181,849 | Rollover IRA $434,981 | Rollover Roth $187,883 | Total ~$2.46M.
- Tuggle Duggins Retirement: ~$577,847 -- E***'s law firm retirement plan. Not previously discussed; worth including in planning conversations.
- E*Trade: $299,243 cash + $217,806 brokerage = ~$517K. This account likely holds the Nvidia, Exxon, and AbbVie positions discussed in January 2025.
- Wells Fargo: Personal $10,000 | Savings $17,442 | Tenth Generation $42,260 | Total ~$70K.
- Charitable Giving Fund: $48,637.
- Private investments: Avolta Fund I $40,000 | Westgate Wine $53,334 | KIYATEC $5,380 | LiveFurnish $17,638 | Reveal Mobile $7,649 | Soelect, LCI, Gradient Health, Fed City, Station Partners, Plexus VI/VII (formula-based, values pending).
- Real estate: Slugger $50,000 | 1802 Milan Rd. ~$125,670 (net of mortgage).
- Consolidation opportunity: Outside liquid assets at McKinley Carter and Fidelity combined represent a significant consolidation opportunity. Proposed rate of 0.8% vs. current ~1.1% at McKinley Carter -- savings ~$7,000+/year. With assets now substantially larger than in Feb 2025, the dollar impact of fee negotiation has grown.
- Qualified purchaser status: With total investable assets well above $5M, M**** and E*** likely qualify as qualified purchasers -- opening access to a broader range of private fund structures.
- Strategies under evaluation for outside assets: Carlyle Tactical Private Credit Fund, TPC Income Fund II, First Trust Private Assets Fund, Hedged Equity Income Fund.

Cash Flow & Education Funding

- E***'s taxable income ~$400,000 for 2024; bonuses in March, June/July, and December.
- M****'s self-employed income $17,000+ (Schedule C). $30,500 contributed to 401(k) in 2024.
- $25,000 contributed to managed portfolio during 2024.
- College costs -- updated picture: L****'s net cost ~$66,000/year x 4 years (~$264K total, scholarship factored in). ***a's remaining obligation ~$28,440 x 2 = ~$57K. Total remaining education spend ~$321K. No 529 buffer -- all from current assets.

Conversation Starters

Topics to guide discussion based on meeting history and outstanding action items:

- L****'s college: his scoreboard shows net cost of ~$66K/year over 4 years (scholarship included) -- is that accurate? Are distributions from the direct indexing account or Exxon/AbbVie sales being used for tuition, or is E***'s income covE***g it currently?
- Has the new IRA been opened for the hedged equity and private credit allocations? Has paperwork moved with First Trust?
- Evan was sending E***'s 401(k) reallocation recommendations -- has that been executed, including future contribution allocations?
- Has the direct indexing portfolio been trimmed from ~$520K toward $400K? What did the tax-efficient extraction look like?
- Were ExxonMobil and AbbVie positions trimmed as part of the equity reduction strategy?
- Consolidation: Outside liquid assets now substantially larger than the Feb 2025 snapshot -- Fidelity alone at ~$2.46M plus Tuggle Duggins at ~$578K. Has the McKinley Carter consolidation moved forward? Is E***'s Tuggle Duggins retirement plan part of the conversation?
- Beneficiary designations on the joint account -- was listing L**** and ***a as direct beneficiaries intentional? Given E***'s T&E background, this may be a quick conversation.
- Has the 2023 tax return been uploaded to Holistiplan for Tyler's analysis? Any findings on qualified service income or NII exposure?
- Kiddie Tax strategy -- have we explored gifting Exxon or AbbVie shares to the kids to reduce the tax cost of consolidation or tuition funding?
- What happened with the Bitcoin discussion at the investment committee? Is M**** still interested in the 2% allocation?
- Retirement projection: now that college obligations are clearer, does the plan still show no concerns? Any adjustments to timing or drawdown strategy?
- How is E*** managing the management committee role -- has the bandwidth pressure stabilized?

Status: Three documented touchpoints through March 2025 plus updated 5/31/2026 financial snapshot from client. Total net worth ~$5.89M. Primary focus: confirm implementation of all prior action items, advance the McKinley Carter consolidation (outside assets now substantially larger than Feb 2025 baseline), review college funding plan with known cost structure, and assess qualified purchaser status for broader investment access.