

Russell Investments Practice Management



Sample Discovery Agreements

Sample discovery agreement #1

For John and Patricia Smith

Our information gathering process was carefully designed to help you define and clarify your financial objectives. The value of our recommendations depends on the accuracy of the information we collected from you.

Your planning objectives

You stated that your main objective is to create a comprehensive plan that makes you feel financially secure.

You feel comfortable with your current standard of living. You also enjoy what you do in your job at Accenture. While you said that you might like to retire early, once the kids are older, you aren't sure what you would do in the next phase of your life. This is something you would like to clarify in the next three to five years.

Given your family's financially conservative nature, you feel it's important to have a plan less focused on growing your wealth to the highest degree possible. Instead, you want to focus on wealth preservation and build as much peace of mind as possible.

It's important to you as we develop a sound plan, that we look not just at expected scenarios, but also evaluate the worst case scenarios. This is important for you in order to feel comfortable moving forward in any market environment. You feel it's critical to stress test any plan of action to make sure it's the best possible one for the family.

You feel it's important to have a carefully considered investment plan that is consistent with your risk tolerance. You want to ensure it is clear, measurable, and well-executed.

You want Steve and Christy to receive a good education. You mentioned that both kids are doing well in school. A funded education will prove valuable as your children become independent. You said you don't want your children to feel entitled to this gift, but rather truly understand how fortunate they are to have it available.

You feel it is important to make sure that any plan you have in place is secure in the event of a catastrophe. You want to make sure that, in the event either of you pass away; the family will be financially secure. Above all, you want to ensure your family would be able to maintain its current standard of living.

Sample discovery agreement #2

For John and Jane Rogers

Recently, we discussed your values and goals. Here is a summary of our conversation that will guide your investment plan.

You have said you don't want to outlive your savings. You would also like to build enough assets so you can maintain your current standard of living, which includes remaining in your home, continuing charitable contributions and, when possible, supporting the education of those you care about. Together we estimated current annual income of \$100,000 will meet these objectives.

You wish to continue contributing 10% of your annual income to charities. You understand that as your income declines from John's salary, your charitable contributions from his income will decline. You intend to make up the difference from your savings and maintain a minimum funding of \$10,000 per year.

Education has always been important to you, and you want to support the education of family members and others if funds permit.

It is your goal to live in your home as long as physically possible. If necessary, you are willing to fund additional costs, such as long-term care, to achieve this objective.

Your goal is to give to charity but also maintain enough assets to leave an inheritance for your children and/or grandchildren.

You have great memories of spending time at your family holiday home in the Blue Mountains. Those times were important to you, and you would like to keep the home in the family. You intend to set aside funds to cover the maintenance and taxes on the home. This will help ensure the family can enjoy it for many years.

Due to Jane's Parkinson's disease, you want to ensure your plan adequately funds her care. We will carefully monitor your plan to adjust it based on changing healthcare costs.

Sample discovery agreement #3

For Jack and Marie Smith

Over the years, we have had many conversations about your dreams and goals. It's been a privilege to serve you and your family, and I look forward to working with you in the future. The following summary outlines your current planning objectives.

Income: While you are not overly concerned about retirement income, you would like to confirm that your assets will continue to provide income at the level you are accustomed to, as well as fund your planning objectives below. Educational planning, creation of the Smith Foundation, and transitioning your business have required considerable capital. While you are very pleased with the planning that is in place, you don't want it to jeopardise your personal needs and lifestyle.

Education: You value education. You believe that it is hard for children to have opportunities in life if they don't receive an education. It's apparent that both of you have a strong desire for learning, not only for yourselves, but for others. To that end, you want to pay for educational costs for all three of your grandchildren.

Your legacy: In today's society, it's so popular to look only after one's self, but you care about others and possess values that led you to form the Smith Foundation. Your goal for the foundation is to 1) Give back to society so that others have enhanced educational opportunities. 2) Allow your children and others to evaluate options and look for charities that support education. 3) Provide an opportunity for your grandchildren to work on a "youth foundation board" so they can better understand the needs of others, and then "graduate" to the main board in the future. 4) Provide opportunities to incorporate your values and share your thoughts with family and those on the board so they can learn and develop from your insight and wisdom. We agreed to evaluate the financial need to accomplish these objectives and develop appropriate strategies to fund the foundation.

Risk/investment management: Diversification has always been a concern. With market uncertainty and many recent corporate collapses, you have decided to reduce concentrations of stock in your portfolio and trusts. While your primary holding (ABC Company) has outperformed the broader market, you recognise the potential impact to your retirement and legacy planning if it suffered sharp declines in value. You strongly feel that additional diversification is prudent.

It has truly been a privilege to serve both of you in so many ways. Going forward please let me know of any needs that come up so that we can incorporate them into your plan. We appreciate your friendship and your trust.

Sample discovery agreement #4

For Roger and Jill Jones

It was truly a pleasure meeting with you last week. As I mentioned when we met, our meeting was part of a new level of service we are offering you. The outcome of this meeting was to create the following discovery agreement. We want to make sure that we are crystal clear on your values and goals. This document will become the basis for our planning and ongoing reviews.

Discovery agreement

Of particular concern for you at this time is taking care of Jill's parents, Terry and Carol. Carol is in good health, but at age 74, she is feeling the stress of being a caregiver. You are interested in getting domestic support (cleaning, laundry, cooking) to relieve some of Carol's burden. While the doctors expect Terry's condition to improve in the next nine to 12 months, the last 18 months have been exceedingly difficult for everyone. Beyond the immediate domestic support, you want to evaluate assisted living costs for them. They could likely sell their home, which they own and use those funds towards assisted living.

You place a priority on education for your children Tyler, 14, Jack, 12, and Sarah, 8. All are doing well in school, and the boys are enjoying soccer and cricket, while Sarah is just starting gymnastics. You would like to help them financially with their education or goals once they finish high school before they venture out into the world.

Your primary long-term objective is for the two of you to retire in 15 years when Roger is 65 so that you'll have time to travel and play golf frequently, since both of you are avid golfers. You mentioned that you are considering the possibility of purchasing a caravan. This will allow time to travel and visit friends and family around the country. You both recognise that to accommodate these retirement objectives you will need to make sacrifices now.

Both of you expressed a recommitment to more balance in your life, including a focus on fitness. In the midst of the stress of family, work, and taking care of Jill's parents, you recognise that you haven't committed to taking care of yourselves. To correct this trend, the two of you will recommit to regular exercise and play nine holes of golf every week. This time as a couple will help reduce stress and enhance your time with family.

IMPORTANT INFORMATION

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