COMPREHENSIVE FINANCIAL PLAN

SAMPLE PLAN — FOR ILLUSTRATION ONLY

Arjun & Maya Patel

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April 30, 2026

CONFIDENTIAL — Sample for Prospective Client Review

1. Executive Summary

This sample plan illustrates how Chris Reddick Financial Planning approaches a high-earning young professional household with equity compensation, an upcoming home purchase, and competing goals across early retirement, family planning, and college funding. Arjun (age 35, software engineer at a public technology company) and Maya (age 33, dentist in private practice) earn a combined $385,000 plus annual RSU vesting averaging $95,000. They have one child with plans for a second within two years.

The household is in strong financial position but faces complexity unfamiliar to many of their peers — concentrated employer stock, a mega backdoor Roth opportunity Arjun is not currently using, equity compensation tax timing, and the need to fund both 529 plans and a substantial home down payment within 36 months.

Key Financial Snapshot

Combined W-2 + Self-Employment Income	$385,000
Annual RSU Vesting (4-year average)	$95,000
Net Worth	$794,000
Investable Assets	$534,000
Concentrated Employer Stock Exposure	$215,000 (40% of investable)
Existing Home Equity	$248,000
Plan Probability of Success (retire at 60)	Improves from 86% to 96% with recommendations

Six Priority Recommendations

1. Activate Arjun's mega backdoor Roth — currently unused, capacity is approximately $34,500/year
2. Begin systematic diversification of concentrated employer stock — 40% concentration is too high
3. Maximize all primary tax-advantaged accounts: 401(k), HSA, backdoor Roth IRA for both spouses
4. Establish 529 plan for daughter and a future second 529 with funding ramp
5. Build a defined down payment savings plan for the 2028 home upgrade
6. Implement basic estate documents — currently none in place despite a young child

2. Client Profile & Financial Goals

Personal Information

Client	Arjun Patel, age 35, Senior Software Engineer at TechCo (public)
Co-Client	Maya Patel, DDS, age 33, Associate Dentist (Smile Bright Dental, S-Corp)
Children	Anika (age 2). Planning for a second child in 2027.
Planning Horizon	Age 92 for both clients
Arjun's Target Retirement Age	60 (financial independence at 55)
Maya's Target Retirement Age	62 (anticipates phased part-time)
Combined Compensation	$385,000 base + $95,000 average RSU vesting
Home Upgrade Target	Spring 2028, $850,000 purchase, sell current home
Current Residence	$610,000, mortgage $362,000 at 5.875%

Financial Planning Goals

- Achieve financial independence by age 55 with ability to retire at 60
- Fund 100% of in-state university costs for Anika and a future second child
- Upgrade primary residence in spring 2028 to a 4-bedroom in a top-rated school zone
- Reduce concentration risk in Arjun's employer stock without triggering excessive taxes
- Develop a tax strategy for Maya's S-Corp and incorporate retirement plan contributions
- Optimize Arjun's equity compensation — RSUs, ESPP, and any future stock options
- Build adequate disability and life insurance coverage given the dependent child
- Establish basic estate documents and guardianship designation

3. Balance Sheet & Net Worth

Assets

Account	Owner	Balance
Checking (Capital One)	Joint	$22,000
High-Yield Savings (Wealthfront)	Joint	$58,000
Down Payment Reserve (Vanguard MMF)	Joint	$45,000
Arjun's 401(k) — TechCo (Fidelity)	Arjun	$148,000
Arjun's Roth IRA (Vanguard)	Arjun	$32,000
Arjun's HSA (Lively/Schwab)	Arjun	$18,000
Arjun's TechCo RSU/ESPP holdings	Arjun	$215,000
Maya's Solo 401(k) (Fidelity)	Maya	$54,000
Maya's Roth IRA (Vanguard)	Maya	$28,000
Joint Brokerage (Fidelity)	Joint	$67,000
UTMA — Anika	Custodial	$4,500
Primary Residence	Joint	$610,000
2024 Tesla Model Y	Joint	$42,000
2018 Honda Civic (paid off)	Joint	$14,000
Total Assets		$1,357,500

Liabilities

Liability	Balance	Rate / Term
Primary Mortgage	$362,000	5.875%, 28 years remaining
Tesla Auto Loan	$28,500	4.75%, 48 months remaining

Liability	Balance	Rate / Term
Maya's Student Loans (Federal, IDR)	$192,000	6.55%, $1,820/mo, 18 yrs
Credit Cards (paid monthly)	$0	Used for rewards
Total Liabilities	$582,500	

Net Worth Summary

Total Assets of $1,357,500 less Total Liabilities of $582,500 produces a Net Worth of $775,000. After excluding home equity, financial net worth is approximately $413,000. The household has built strong capital despite Maya's substantial student loan debt and Arjun's relatively short time in the workforce — a function of high savings rate and meaningful equity compensation.

4. Cash Flow & Savings Analysis

Current Year Cash Flow (2026)

Category	Annual	Monthly
Arjun's W-2 Salary	$215,000	$17,917
Maya's S-Corp Salary + Distributions	$170,000	$14,167
RSU Vesting (taxed as ordinary income)	$95,000	$7,917
ESPP Discount (15%)	$3,750	$313
Total Gross Income	$483,750	$40,313
Federal Income Tax (32% top bracket)	($112,400)	($9,367)
FICA / Medicare	($21,580)	($1,798)
401(k) — Arjun (current $23,500)	($23,500)	($1,958)
Solo 401(k) — Maya	($26,000)	($2,167)
HSA Contributions (family)	($8,550)	($713)
Backdoor Roth IRAs (both)	($14,000)	($1,167)
Mortgage P&I + Tax + Insurance	($35,400)	($2,950)
Living Expenses + Childcare	($96,000)	($8,000)
Student Loan Payment	($21,840)	($1,820)
Tesla Auto Loan	($7,560)	($630)
Discretionary Surplus	$116,920	$9,743

The household's surplus of approximately $117,000 per year is currently flowing partially to taxable brokerage and partially to the high-yield savings account. The recommendations below redirect this surplus to higher-impact destinations: the mega backdoor Roth, a structured down payment fund, and 529 plans.

5. Equity Compensation & Concentration Risk

Current Holdings of TechCo Stock

Source	Shares	Cost Basis	Current Value	Embedded Gain
Vested RSUs (held)	850	$112,000	$165,000	$53,000
ESPP Purchases (held)	260	$31,000	$50,000	$19,000
Total	1,110	$143,000	$215,000	$72,000

TechCo stock represents approximately 40% of the household's investable financial assets. This is a high concentration. While Arjun has confidence in his employer, the household's total economic exposure to TechCo is even larger when factoring in future RSU vesting and Arjun's salary depending on TechCo's continued operation. A 'single point of failure' risk this size is inappropriate for a household with a young dependent and major upcoming financial commitments.

Diversification Strategy

Recommended Approach

Step 1 — Immediate: Stop reinvesting future vests. As each new RSU tranche vests in 2026 and 2027, sell 100% on vest day (no incremental gain since cost basis equals vesting price).

Step 2 — Existing position drawdown: Sell the long-term-held RSUs at $50,000/quarter, harvesting the long-term capital gain at 15%. Stage sales into Q3 2026 and Q1–Q3 2027.

Step 3 — ESPP discipline: Continue participating in ESPP for the 15% discount, but sell at the earliest qualified disposition window.

Target: Reduce TechCo position to under 15% of investable assets by year-end 2027.

RSU Tax Withholding Issue

A common but expensive issue with RSU compensation: most companies (including TechCo) automatically withhold federal income tax at the supplemental flat rate of 22% on RSU vesting events. Arjun's actual marginal federal bracket is 32%. This creates chronic underwithholding of approximately $9,500 per $95,000 of vesting — a tax bill surprise every April that has caught the household off-guard for the past two years.

Recommendation: Increase Arjun's W-4 withholding from his base salary to cover the 10-percentage-point gap. The plan favors the W-4 adjustment for simplicity — one-time form change, automatic from then on.

6. Mega Backdoor Roth Opportunity

How TechCo's Plan Enables This

Arjun's 401(k) plan at TechCo has two specific features that together make the mega backdoor Roth available: (1) the plan accepts after-tax contributions above the $23,500 elective deferral limit, and (2) the plan allows in-service distributions or in-plan Roth conversions of after-tax money. These two features together enable contributing meaningfully more to Roth than the $7,000 Roth IRA limit would otherwise allow.

2026 Contribution Capacity

Contribution Type	2026 Limit	Currently Used	Gap
Employee Elective (Trad/Roth)	$24,500	$24,500	$0 (maxed)
Employer Match (5% of $215K)	$10,750	$10,750	$0
Total 415(c) limit	$70,000	$34,250	$35,750
After-Tax Contribution Capacity	$35,750	$0	$35,750

Action: Activate Mega Backdoor Roth

Step 1: Log into Fidelity NetBenefits and elect after-tax contributions of approximately 17% of base salary

Step 2: Complete the in-plan Roth conversion election so that after-tax contributions automatically convert to Roth 401(k)

Step 3: Verify by Q3 2026 that contributions are flowing correctly and converting promptly to avoid taxable earnings

Estimated annual additional Roth balance: $34,500. Over 25 years, this adds approximately $2.6 million in tax-free retirement assets at a 7% real return.

Maya's Solo 401(k)

Maya's solo 401(k) does not offer a mega backdoor option (her plan documents do not permit after-tax contributions). However, her contribution capacity through the plan is already substantial: $23,500 elective deferral plus 25% of net self-employment income up to a $46,500 employer contribution. With 2026 net SE income projected at $170,000, total potential contribution is approximately $58,000. Recommendation: Maximize at $54,000 in 2026, with the gap closed in 2027 when expected income rises.

7. Investment Strategy & Asset Allocation

Recommended Target Allocation

Given the long time horizon (25+ years to retirement) and high earning capacity, a growth-oriented allocation is appropriate. The target is 85% equity / 12% bonds / 3% cash, with explicit international diversification.

Asset Class	Current %	Target %	Recommended Holding
US Total Stock Market	36%	50%	VTI (0.03%) or FZROX in 401(k)
International Total Market	8%	25%	VXUS (0.07%) or FZILX
US Small Cap / Value Tilt	0%	10%	VBR or VIOV (optional tilt)
US Bonds	12%	12%	BND or FXNAX in 401(k)
TechCo Concentrated Stock	40%	<15% then 0%	Diversification path described above
Cash / Money Market	4%	3%	Short-term operating reserves only

Account Location Strategy

- Roth accounts (Roth IRA, Roth 401(k) from mega backdoor): Hold highest-expected-return assets — total US stock and small-cap value
- Traditional 401(k) and Solo 401(k): Hold international stocks (foreign tax credit lost in IRA but not impactful here) and bonds
- HSA: Treat as 'super-Roth' — invest aggressively in stock index funds, do not draw down for current medical bills if cash flow allows
- Joint brokerage: Hold tax-efficient broad index ETFs only (VTI primarily); avoid bond funds, REITs, or high-turnover funds

8. Student Loan & Mortgage Strategy

Maya's Student Loans

Maya carries $192,000 in federal student loans at 6.55%, currently being paid on a 25-year income-driven plan with a $1,820 monthly payment. The household has been considering whether to refinance into a private loan at a lower rate, or to aggressively pay down the federal balance.

Recommendation: Aggressive Federal Payoff

Refinancing surrenders federal protections (Public Service Loan Forgiveness eligibility, income-driven plans, death/disability discharge, deferment options) that have meaningful value.

Instead, redirect $24,000/year of additional principal payments starting January 2027. At 6.55%, this is a guaranteed after-tax 'return' that compares favorably to long-term equity expected returns (~7% real) and significantly reduces household risk.

Projected payoff: ~10 years instead of 25, saving approximately $98,000 in interest.

Note: Maya should track PSLF qualifying employment status — if she ever transitions to a 501(c)(3) practice or government health center, the entire balance could be forgiven after 10 years of qualifying payments.

Current Mortgage at 5.875%

The current $362,000 mortgage at 5.875% is mid-range — neither so low (under 4%) that it should be preserved indefinitely nor so high that immediate payoff is urgent. With the planned 2028 home sale, the existing mortgage will be retired through that transaction. No prepayment is recommended; the surplus cash flow is better deployed to the down payment fund and tax-advantaged accounts.

9. Home Upgrade Plan (Spring 2028)

Target Purchase Parameters

Target Purchase Price	$850,000
Target Down Payment	$170,000 (20%)
Estimated Closing Costs	$22,000
Moving + Furnishings Reserve	$15,000
Total Cash Required	$207,000
New Mortgage Estimate	$680,000
Estimated Rate (assumed)	6.0% — current market
New Monthly P&I + Tax + Ins.	$5,200 (vs. current $2,950)

Funding Sources by Q1 2028

Source	Amount	Notes
Sale of current home (after costs)	$235,000	Net of selling costs and mortgage payoff
Existing down payment reserve	$45,000	In Vanguard MMF earning 4.5%
Additional savings 2026–2028	$45,000	$1,875/mo × 24 months from surplus
From RSU diversification proceeds	$30,000	Net after capital gains tax
Total Available	$355,000	Buffer above required $207,000

The plan generates a meaningful cushion above the minimum down payment requirement, which provides flexibility — either to accept a lower mortgage balance or to retain liquid reserves through the move. The recommendation is to put 20% down, retain $50,000 as a post-move emergency reserve, and direct the remaining $98,000 of buffer to the brokerage account for long-term investing.

Rate-Buydown Consideration

In a 5.5–7% mortgage rate environment, a strategic rate buydown (paying points to lower the rate) deserves analysis at the time of purchase. A rule of thumb: if the household plans to stay in the home for 10+ years, points generally pay off; under 5 years, they typically do not. Re-run this analysis 60 days before closing.

10. Education Funding

Funding Targets

The plan assumes both children attend an in-state Texas public university with 2026-equivalent cost of $30,000/year all-in, inflated at 5% college-cost inflation. Anika starts fall 2042 (age 18); the planned second child would start fall 2045.

Child	Birth Year	Year College Starts	Inflated 4-Yr Cost
Anika	2024	2042	$324,000
Future Child	2027 (planned)	2045	$378,000
Combined Target	—	—	$702,000

Recommended 529 Funding Plan

- Open a Texas College Savings 529 plan for Anika immediately with $25,000 initial funding from the joint brokerage account
- Begin monthly contributions of $750 ($9,000/year) immediately
- When the second child arrives in 2027, open a second 529, fund $15,000 initial and $750/month ongoing
- Increase contributions to $1,000/month per account starting 2030 once mortgage and student loan pressure ease
- Target 100% funding by age 18 for in-state tuition; private/out-of-state shortfall to be addressed via parent contributions, child contributions from summer earnings, and merit aid

Why Not Front-Load with a Superfunding Election?

The 5-year accelerated 529 contribution (gift tax superfunding) would let each parent contribute $90,000 per child upfront — a powerful technique. The plan does not recommend this immediately because the cash is needed first for the 2028 home purchase. After the home transaction settles, evaluate whether to superfund $90,000–$180,000 into 529 accounts in 2028 or 2029.

11. Insurance & Estate Planning

Life Insurance

Coverage	Arjun	Maya	Status
Current Group Term (1× salary)	$215,000	$0 (S-Corp)	Inadequate
Recommended Total	$2,000,000	$1,500,000	30-year term
Recommended Additional	$1,785,000	$1,500,000	Apply Q3 2026
Estimated Annual Premium	$680	$520	Healthy non-smoker rates

The need analysis assumes funds to pay off the mortgage, fund both children's college, replace 15 years of the deceased spouse's income, and provide a long-term care reserve for the surviving parent. With a 2-year-old and a planned second child, term coverage should extend at least until both children reach age 22 — so 30-year terms locked in now.

Disability Insurance

Arjun has employer-provided long-term disability covering 60% of base salary up to $15,000/month — adequate for his W-2 base but does not cover RSU compensation. Recommendation: purchase a supplemental individual disability policy with a $4,000/month benefit specifically to cover the RSU-equivalent income, with own-occupation definition for technology professionals.

Maya's S-Corp does not provide disability coverage. As a dentist, she should have an own-occupation specialty policy from a top-tier carrier. Recommended: $9,000/month benefit, 90-day elimination, benefits to age 65, with future-purchase option rider. Estimated annual premium: $4,800. This is a critical coverage given the household's reliance on her income and the physical nature of dental work.

Estate Documents

Highest Priority Item

The household has no wills, no powers of attorney, no medical directives, and no guardianship designation for Anika. With a toddler and a second child planned, this is the single most urgent action item in the plan. Engage a Texas estate attorney within 30 days to complete: wills with guardianship, statutory durable POAs, medical POAs, advance directives, and HIPAA authorizations. Cost: approximately $1,800–$2,500.

12. Prioritized Action Plan

Immediate (Next 30 Days)

Action	Owner	Status
Engage estate attorney for wills, POAs, directives, guardianship	Both	Open
Activate mega backdoor Roth in TechCo 401(k)	Arjun	Open
Update W-4 to address RSU underwithholding	Arjun	Open
Open Texas 529 plan for Anika, fund $25,000 + $750/mo	Both	Open
Stop reinvestment of future RSU vests; sell on vest day	Arjun	Open

Short-Term (60–180 Days)

Action	Owner	Status
Apply for $1.785M term life on Arjun, $1.5M on Maya (30-yr)	Both	Open
Apply for own-occupation disability policy for Maya	Maya	Open
Apply for supplemental disability for Arjun's RSU income	Arjun	Open
Begin TechCo stock diversification ($50K Q3 sale)	Arjun	Open
Implement target asset allocation across all accounts	Both	Open

Calendar of Recurring Items

Action	Frequency	Status
Backdoor Roth IRA contribution ($7,000 each)	Annually in January	Recurring
RSU sale on each vest date	Quarterly	Recurring
Portfolio rebalancing	Semi-annually	Recurring
Beneficiary review	Annually	Recurring

Action	Frequency	Status
Plan progress review and update	Annually	Recurring
Open second 529 upon arrival of second child	When applicable	Future

13. Important Disclosures

This sample financial plan was prepared by Chris Reddick Financial Planning, LLC for illustrative purposes only. The Patel family is a fictional household designed to represent a typical young high-earning professional client situation with equity compensation and family planning considerations. All figures, projections, account balances, and recommendations are hypothetical and should not be construed as advice for any specific individual.

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Equity compensation strategies, particularly diversification of concentrated employer stock, must be coordinated with a careful review of the client's specific company stock plan, vesting schedule, blackout windows, and any insider trading restrictions. Mega backdoor Roth availability depends on the specific 401(k) plan provisions and may change without notice. The Patel sample is based on plan features common at large public technology employers as of the plan preparation date.

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