

Planning + Investing

GDX360[®]





“Life is a continuous
process of adjustments.”

Indira Gandhi

GDX360

Wealthcare has been transforming theoretical plans into life-changing realities using our patented goals-driven process, GDX360, since 1999.

What is GDX360?

It is our easy-to-use process that aligns goals-driven financial planning with a flexible investment choice framework.

For your client, it provides financial guidance tailored to their life that is driven by their goals — not the market. Centered on the client, this approach delivers three elements of a positive financial experience: **clarity, confidence, and control.**

As an advisor, it provides you with a synchronized process that integrates financial planning, investment strategies, trading and rebalancing, monitoring and advice to help you keep your clients on track to reach those goals. By doing the heavy lifting associated with planning and investing activities, the GDX360 process frees up time that can be spent growing your busi-

How does it work?

GDxp - Planning

Proper financial planning requires certain steps be completed in the correct order. The first steps center around life and financial planning. We outline the client goals and priorities, and build a plan designed to help them reach them.

CLIENT DISCOVERY CONVERSATION

How do you tell a client what to do with their money without knowing what they are trying to accomplish with it?

During this first step, you'll discuss with your clients what they want their life to look like today, tomorrow, and into the future. What is their story? What are their goals? What do they want to accomplish both in life and financially? During the client discovery conversation, you will look at the client's unique mix of lifestyle goals, current assets, expected future financial resources (e.g. pension, Social Security, inheritance, sale of business) risk tolerance, family dynamics, etc. Their entire financial life will be considered. This comprehensive approach to information gathering will allow you to build deeper, more meaningful client relationships.

LIFE GOAL RANGES

Goals are ranges, not static data points.

You want to also explore and capture important qualitative data as well. We treat and think about goals differently using the GDx360 process. Rather than keeping with traditional financial planning around a singular set of goals, we split each and every goal into an Ideal (shoot for the moon) and Acceptable (belt tightening) values. The greater the range of these values, the more flexibility and choice you will have in making future adjustments and the more ability you'll have to deliver timely, proactive advice.

GOALS RISK EXCHANGE

While no one can control the market, there are several financial planning aspects the client and advisor can control.

When the client retires, how much they will spend in retirement, how much they save now, how much risk tolerance the client should be subjected to in his/her portfolio, and how much the they plan on leaving behind to heirs can be controlled. As an advisor you will seek to make smart tradeoffs amongst your clients different, and often competing goals and priorities. Maybe leaving a sizable estate isn't as important to your client as retiring early. Perhaps you can make this early retirement dream come true just by slightly reducing that estate goal. Your clients have choices when they focus on the most important things within their control. It's your responsibility to help them understand their choices and the trade-offs among them.

INVESTMENT STRATEGY MODELING

When it comes to financial planning and investing, the connection between the investment portfolio and the financial plan is of paramount importance.

With a standalone investment portfolio, how would you know if you're recommending the appropriate investment strategy? GDx360 employs time-tested principles associated with investor success. By using our investment choice framework, we help advisors match the investment experience with client preferences and expectations, in a way that strengthens client commitment to their chosen strategy over market cycles and keeps them on track with their life goals. Linking the plan and the portfolio using GDx360 allows you to model different investment choices to see the impact those choices have on the plan and the client's ability to reach their goals. Once you see the impact those choices have, then you can determine and implement the proper strategy.

PLAN BLUEPRINTS

You have outlined client goals, prioritized each one, and discussed value ranges. Now build a plan blueprint designed to align the goals with their investments .

You draft the plan by entering their goals, ranges, priorities, investment strategy, current assets, and all other financial resources (today and in the future) into our patented financial planning technology. You can build alternative scenarios to further clarify goals and priorities and include advanced planning strategies for estate, life, disability and LTC. The result of the inputs is the **Comfort Zone®**.

CLIENT COMFORT ZONE

What is the Comfort Zone?

The GDx360 software takes the plan blueprint inputs and performs a sophisticated "stress testing" process that simulates 1,000 lifetimes under a variety of market conditions. The plans Comfort Zone score is the percentage of the 1,000 simulations that met or exceeded the client's goals.

Why do we use the Comfort Zone with our clients? The Comfort Zone indicates that goals are manageable and that the clients are avoiding unnecessary investment risk. Outside the Comfort Zone lies uncertainty and sacrifice. Uncertainty means the client is underfunded and that there is too high of a chance that they may not meet or exceed their goals, while sacrifice indicates that the client is overfunded and is needlessly forgoing a more fulfilling lifestyle.



GDxi - Investing

How we invest differently at Wealthcare boils down to one concept: control the controllable. The next steps focus on a framework of investment choices and implementation that provide principles-based, risk-managed, cost-effective investment solutions designed to improve investor success in reaching those life goals we established in GDxp .

COMFORTING ZONE MONITORING

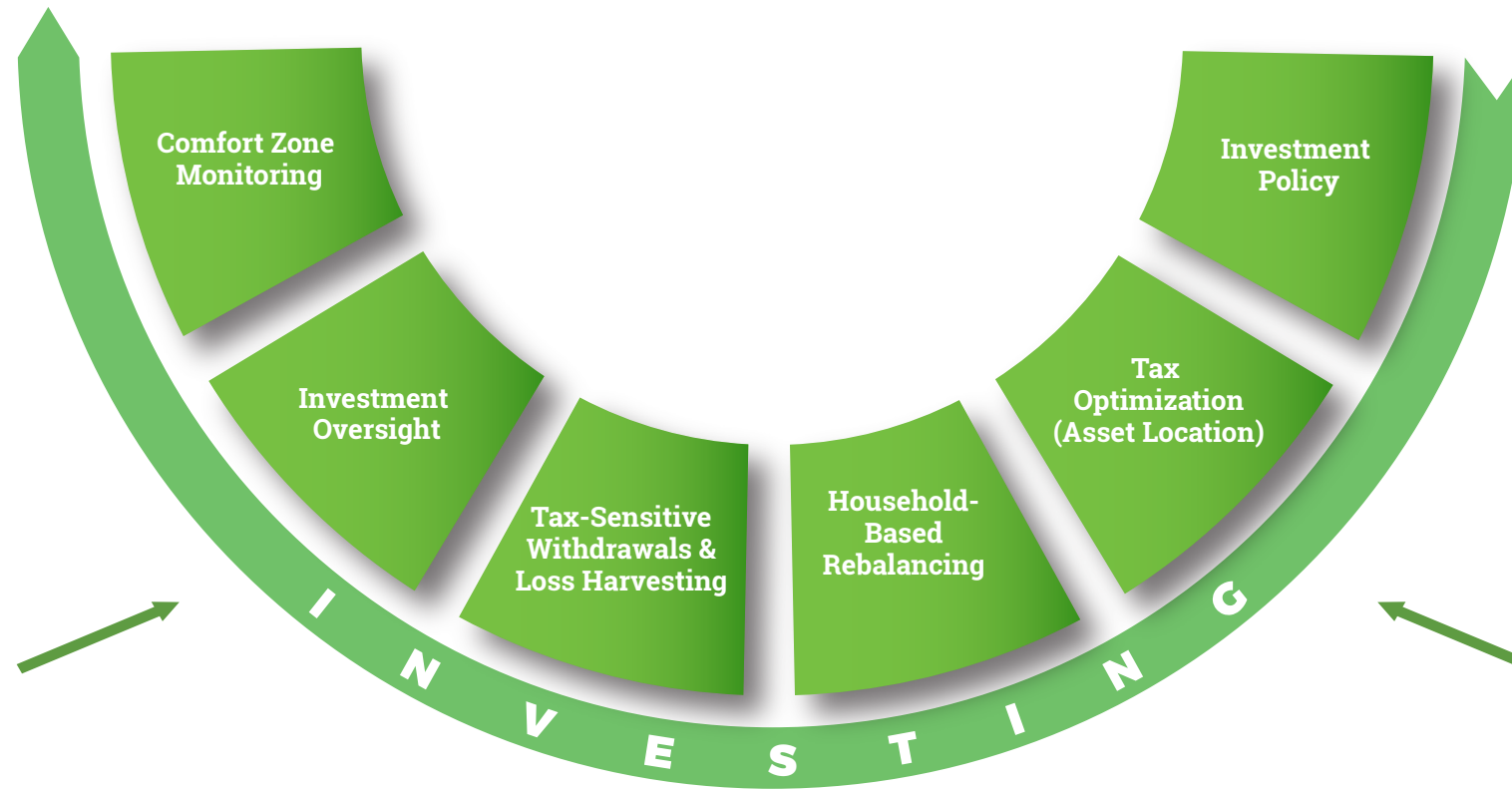
Dreams evolve and so do goals and priorities. A Wealthcare plan changes right along with them.

You can have confidence your clients investments and their plan will stay in sync thanks to your GDx360's goals-driven advice. Use our interactive Comfort Zone® to track your client's comfort score, review upcoming goals, cash flows, and asset ranges. Proactive goal adjustments keeps the plan on track regardless of market movement. Ongoing monitoring means when the markets change — or goals and priorities do — you will help keep your clients financial plan in alignment with their current circumstances.

INVESTMENT OVERSIGHT

With GDx360 portfolios, investors benefit from strategies that have met criteria associated with long-term investment success.

Each product is selected to fulfill a specific role in the portfolio. Multiple managers are combined in a way to achieve the risk profile of your target asset mix while providing exposure to multiple market opportunities over time. The Wealthcare process employs both quantitative and qualitative methods. Our proprietary quantitative analytics include the Wealthcare Skill Index which seeks to differentiate skilled managers from those who are lucky, and the Wealthcare Breakeven Information Ratio which helps to assess the likelihood that a manager can add value in excess of their fees.



TAX SENSITIVE WITHDRAWALS AND LOSS HARVESTING

GDx360 incorporates advanced tax strategies including deferring realization of gains, managing the holding period, tax loss harvesting, disposal of specific tax lots, and being cognizant of wash sale rules.

Wealthcare's asset location service prefers to place tax efficient equities in the taxable account. This increases the value added from asset location, but also potentially creates tax loss harvesting opportunities by allocating equities to the taxable account. Also, during a typical rebalancing

process, Wealthcare will seek to sell the security in a taxable account with the largest loss. However, we will not liquidate the entire holding; just sell enough capital to bring the household back into balance.

HOUSEHOLD-BASED REBALANCING

Another way we control the controllable, we manage portfolios at the household level, not account level, in effort to minimize costs and taxes.

Our household-based approach means fewer trades placed to initially implement the investment strategy, which means fewer transactions fees. Because each account doesn't need to hold all of the same funds, just a fraction of the trades are placed. The same benefit occurs when rebalancing

the portfolio. Instead of needing to trade every account to get back to target, we are often able to rebalance a portfolio by trading just one account.

TAX OPTIMIZATION (Asset Location)

There are many ways to get investments to work harder for your client—using advanced tax strategies to improve after-tax returns is one.

In GDx360, the clients entire household has an asset allocation target. Assets are located in each account based on the tax treatment of each investment and the tax treatment of the accounts. To improve tax efficiency, the least tax-efficient assets should be housed in tax-deferred accounts. Investments with the most risk/upside should be held in Roth accounts. Taxable accounts are a great place to house equities. Such an approach typically yields a different investment allocation and different holdings in each client account, but when all accounts are combined, it results in the client's targeted investment allocation.

INVESTMENT POLICY

Our aim is to maximize risk adjusted returns within a framework that considers client preferences.

There are four key policy decisions that drive these client preferences: risk allocation, asset allocation, active risk policy, and tax/cost management. In the planning steps we built a portfolio that increases the likelihood of accomplishing the goals in the client's plan. In this step we document and implement these preferences and the client's overall investment strategy in the Investment Policy Ticket (IPT). The IPT provides trade instructions and compliance oversight.



A GDX360 plan is not a “set it and forget it” plan.


Our plan is a living and actionable road map that keeps track of progress and allows you to make adjustments when a client’s life, goals, or markets change.

When you put the GDX360 process all together, it encourages better investing behavior. Instead of the common roller-coaster ride where the temptation is to sell out of fear at market lows and to buy out of elation at market highs, the Comfort Zone puts one’s investments within the context of their goals and financial plan. This helps keep emotions in check and helps them focus on the controllable.

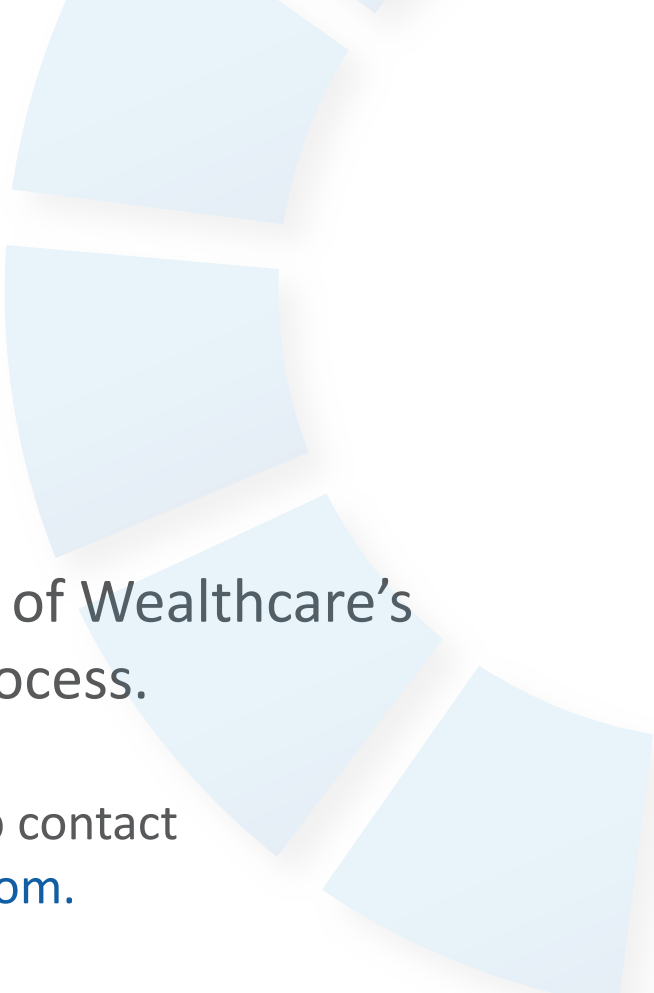
Linking investments to goals means we are using the only benchmark that matters: the clients ability to live the life they want today and into the future!

Remember, the GDX360 process is *CLIENT-driven*...not market-driven. As circumstances or goals change, you will make appropriate adjustments. Whatever life events come their way — from expanding their family to buying a vacation home — you will monitor and measure each event against its financial impact on their plan. The strength of the plan is its ability to consistently evolve.





GDX360 - A Goals Driven Experience
process that continuously provides
Clarity, Confidence and **Control**
for you and your clients.



This is a brief explanation of Wealthcare's
planning and investing process.

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