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NORTHWESTERN MUTUAL
PRIVATE CLIENT GROUP

Your guide to maximize joy and impact with wealth.

Financial Planning Case Study

PREPARED FOR

2026 Estate & Tax Planning Seminar

PREPARED BY

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DATE

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Today's Conversation

01

Case Study Facts

Meet Jane & John Doe — who they are, what they have, and where they feel stuck.

02

Our Solutions & Planning

How we think about planning, the executive summary, and eight coordinated recommendations.

03

Deep Dive: Insurance & Beneficiary Audit

Cash value as fixed income, long-term care planning, and who gets what.

04

Q & R

Time for questions & responses.

01

Meet Jane & John Doe

THE FAMILY

PARENTS	Jane is an executive at a healthcare company; John is a VP at a logistics firm. Both are in their mid-50s.
DAUGHTERS	Emily (26) and Grace (22) are starting their careers; Claire (20) has one year of college left.
HOMES	Their primary residence, a home where Jane's mother lives, and a home where two daughters live.
ADVISORS	Another investment firm manages their accounts outside of their current employer plans. Their trust was drafted before the girls were adults.

IN THEIR OWN WORDS

"We have more than we ever thought we would — and we still don't feel free to use it."

"When we spend or give, it feels like we're taking from our future selves."

"Our accounts are growing. What's missing is a plan that ties it all together."

"Whatever happens, we never want to become a burden on our girls."

INCOME & SPENDING

ANNUAL INCOME

Jane — base salary	**$500K**
Jane — bonus (low end of $1M–$3M)	**$1M**
John — salary	**$200K**
Planned household income (2026 – 2030)	**$1.7M**

ANNUAL SPENDING

Themselves (varies with bonus)	**$400K–$700K**
Support for daughters	**$100K**
incl. Claire's tuition	**$50K**

BALANCE SHEET

Joint trust brokerage account	**$2.26M**
IRAs	**$1.60M**
401(k)s	**$0.60M**
Deferred compensation	**$0.50M**
Pension	**$0.30M**
College savings (529)	**$0.10M**
Real estate (three homes)	**$2.10M**
Real estate debt	**($0.60M)**
NET WORTH	**≈ $6.86M**

WHAT THEY WANT

1. Retire by 60 — without counting on working longer
2. Vacation home in 2028; new primary home in 2030
3. Daughters who are independent and confident
4. Spend and give freely, without guilt
5. Long-term care that protects their dignity

WHERE THEY FEEL STUCK

- Giving is reactive — cash, whenever someone asks
- All three daughters still rely on them financially
- Only group insurance; unsure about life insurance
- Trust predates new properties and adult daughters
- Investments are managed — the rest isn't planned

Where would you start with Jane and John — and what solutions would you provide?

WHAT WE BELIEVE

Your Financial Life Is Connected. *Your Planning Should Be, Too.*

WHEN DECISIONS STAND ALONE



The opportunity is often found between the pieces.

WHEN DECISIONS WORK TOGETHER



We build, manage, and coordinate your plan — working with the professionals you trust — so you can spend your time *living your life.*

03

Executive Summary

BEFORE *Their plan on its own*		AFTER *With our planning*	
Legacy at life expectancy *To family and charity*	$58.2M	**$69.5M**	+$11.3M
Annual lifestyle spending *After tax, inflation-adjusted*	$500k	**$500k**	Preserved
Monte Carlo score *Target 70–75%*	69%	**72%**	+3 pts
Lifetime taxes	$9.8M	**$8.7M**	–$1.1M
Estate taxes	N/A	**N/A**	*No change*
Internal fund expenses	0.51%	**0.18%**	–0.33%
Advisory fee	0.95%	**0.83%**	–0.12%

SAME CONSERVATIVE ASSUMPTIONS
Only the planning changed.

- **Capital Market Assumptions**
- **Social Security**
- **Inflation**
- **Income**

04

Our Recommendations

TAX EFFICIENCY & INVESTMENT

1 Asset Allocation Audit

WHAT WE FOUND

$4.2M spread across just 32 holdings, uncoordinated with their 401(k)s, with growth driven by a few tickers.

WHAT WE DID

Ran our six-point investment audit to lower tax drag, improve upside/downside capture, and reduce costs.

TAX EFFICIENCY & INVESTMENT

2 Asset Location

WHAT WE FOUND

No location strategy — tax-inefficient holdings sat in taxable accounts.

WHAT WE DID

Moved bonds and non-qualified dividend payers into IRAs; kept taxable tax-efficient; replaced taxable money market with life insurance cash value.

TAX EFFICIENCY & INVESTMENT

3 Roth Conversions

WHAT WE FOUND

Large pre-tax balances create future RMD and tax-law risk.

WHAT WE DID

Convert in years with chunked charitable gifts to fill lower brackets without spilling over, paired with tax-efficient withdrawals.

LIQUIDITY & PROTECTION

4 Investment Lines of Credit

WHAT WE FOUND

The 2028 and 2030 home purchases would force taxable sales or a new mortgage.

WHAT WE DID

Added credit lines on the trust accounts and policy cash value to fund purchases without a taxable event.

LIQUIDITY & PROTECTION

5 Long-Term Care

WHAT WE FOUND

Their top fear is losing dignity or burdening the girls — with no coverage in place.

WHAT WE DID

Applied jointly for qualified LTC policies so they can spend and give without self-funding care.

FAMILY & LEGACY

6 Charitable Giving

WHAT WE FOUND

Giving was reactive — cash, whenever someone asked.

WHAT WE DID

Opened a donor-advised fund funded in chunks with high-gain trust holdings until 70½, then QCDs from IRAs.

FAMILY & LEGACY

7 Family Giving

WHAT WE FOUND

All three daughters still rely on Mom and Dad for everyday bills.

WHAT WE DID

Annual-exclusion gifts the daughters manage themselves, with family meetings, one-on-one planning, and family billing.

FAMILY & LEGACY

8 Estate Planning

WHAT WE FOUND

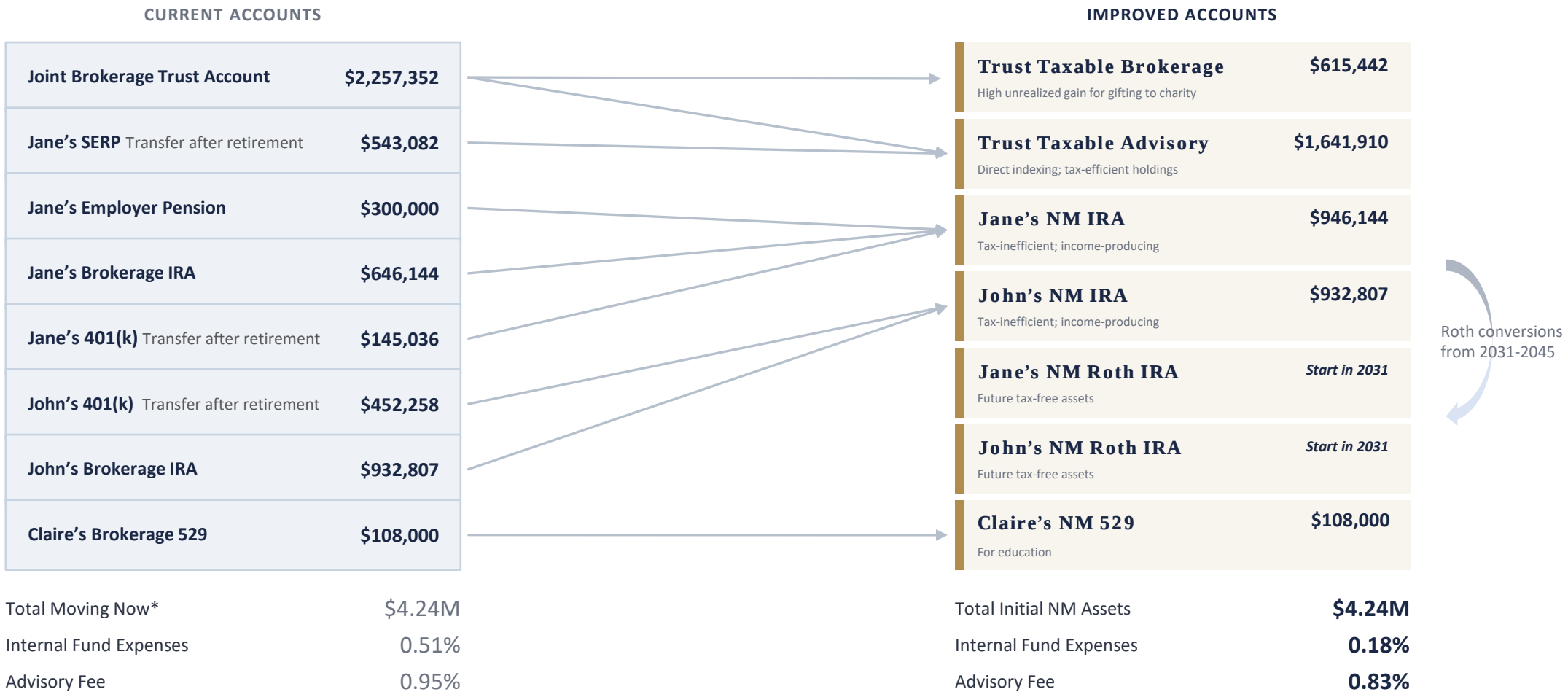
Their trust predates new properties and adult daughters.

WHAT WE DID

Audited beneficiaries and the trust, updated beneficiaries, and coordinated a trust amendment with their attorney.

APPENDIX A

Asset Transfer Strategy



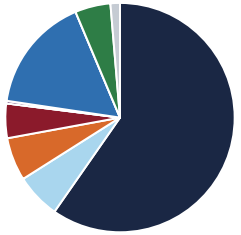
Total Moving Now*	$4.24M
Internal Fund Expenses	0.51%
Advisory Fee	0.95%

Total Initial NM Assets	**$4.24M**
Internal Fund Expenses	**0.18%**
Advisory Fee	**0.83%**

APPENDIX B

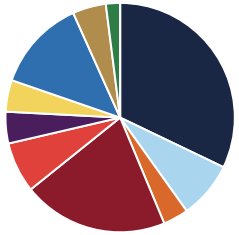
Asset Allocation Improvement

CURRENT ASSET ALLOCATION



Equity	77%
Fixed Income	16%
Cash	5%
Other	1%

TARGET ASSET MIX



Equity	80%
Fixed Income	13%
Life Insurance Cash Value	5%
Cash	2%

	CURRENT ASSET ALLOCATION		TARGET ASSET MIX		DIFFERENCE	
Asset Class	Percent of Portfolio	Market Value	Percent of Portfolio	Market Value	Percent of Portfolio	Market Value
U.S. Large Cap	60%	$2,533,162	32%	$1,363,064	▼ -28%	▼ -$1,170,098
U.S. Mid Cap	6%	$269,006	8%	$340,766	▲ 2%	▲ $71,760
U.S. Small Cap	6%	$258,475	4%	$151,451	▼ -2%	▼ -$107,024
Int'l Developed Mrkts	5%	$206,636	21%	$870,846	▲ 16%	▲ $664,210
Int'l Emerging Mrkts	0%	$0	7%	$302,903	▲ 7%	▲ $302,903
Real Estate	0%	$15,521	4%	$189,314	▲ 4%	▲ $173,793
Commodities	0%	$0	4%	$189,314	▲ 4%	▲ $189,314
Total Equity	**77%**	**$3,282,800**	**80%**	**$3,407,658**		
Fixed Income	16%	$692,549	13%	$551,759	▼ -3%	▼ -$140,790
Life Insurance Cash Value	0%	$0	5%	$200,000	▲ 5%	▲ $200,000
Cash	5%	$212,215	2%	$84,886	▼ -3%	▼ -$127,329
Other	1%	$56,739	0%	$0	▼ -1%	▼ -$56,739
Total Portfolio	**100%**	**$4,244,303**	**100%**	**$4,244,303**		

APPENDIX C

Life Insurance Cash Value as a Fixed-Income & Cash Alternative

THE MAKINGS OF A FIXED-INCOME PORTFOLIO

TAXATION

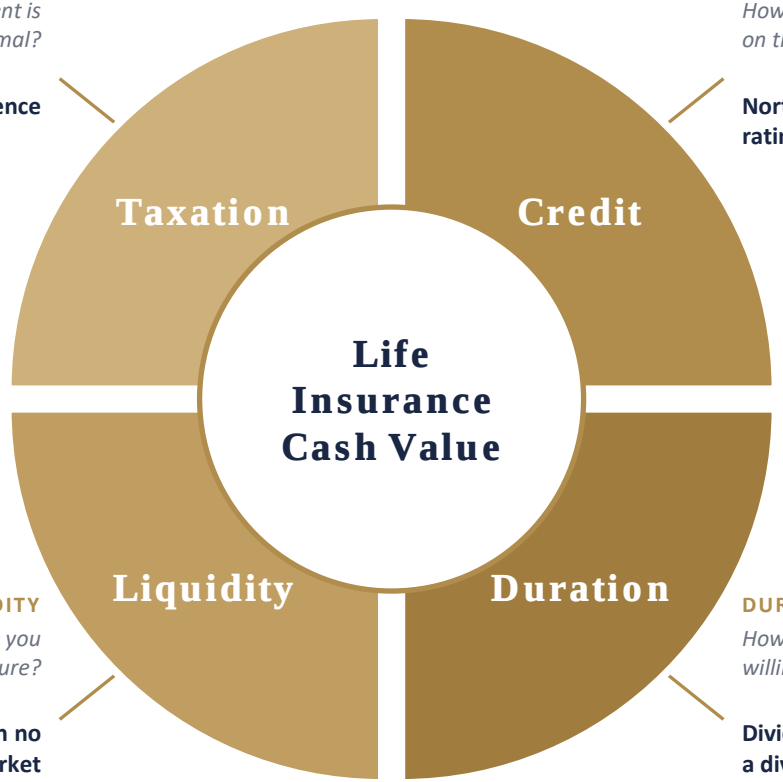
What kind of tax treatment is optimal?

Complete control of tax incidence

CREDIT

How much risk are you willing to take on the quality of the borrower?

Northwestern Mutual's credit rating (highest possible)



LIQUIDITY

How much price volatility are you willing to endure?

Immediate liquidity at par with no volatility or mark to market

DURATION

How much interest rate risk are you willing to take?

Dividend interest rate reflective of a diversified, laddered portfolio over time

ASSET CLASS PERFORMANCE COMPARISON (1928-2025)

Asset Class	Avg. Return	Best Year	Worst Year	Neg. Years
US Stocks S&P 500	10.29%	54.20%	−43.13%	27
US Bonds Barclays Agg	5.33%	32.62%	−13.00%	15
Money Market[1]	3.34%	14.82%	0.01%	0
NM PLI Reserve	**5.85%**	**11.25%**	**+3.10%**	**0**

[1] *Money Market represented by long-term U.S. Treasury Bill returns as a proxy for retail money market funds.*

APPENDIX D

Long-Term Care Planning

THE ODDS

~70%

of 65-year-olds will need long-term care

WHAT CARE COSTS IN OHIO · 2026 MONTHLY MEDIANS

$6,483
Home care

$6,103
Assisted living

$7,600
Memory care

$10,389
Nursing home · ≈$125K/yr

THREE WAYS TO PAY

Self-fund

$125K+ a year straight out of retirement and legacy dollars

Medicaid

Spend down to $2,000 · 5-year gift look-back · estate recovery

RECOMMENDED

LTC insurance

Any qualified policy works. Partnership policies are preferred for $1-for-$1 Medicaid asset protection.

Medicaid only **Keep $2,000**

Partnership pays $300K **Keep $302,000**

WHY INSURE — AND WHY NOW

15–20%
of applicants are declined — buy while healthy

47%
of NM claims are for care at home

20 hrs
a week of unpaid care when family steps in

WHO CAN DEDUCT PREMIUMS · TAX-QUALIFIED POLICIES ONLY

WHO	HOW IT'S DEDUCTED	AGE CAP
Individuals & W-2 employees	Itemize; only above 7.5% of AGI	**Yes**
Self-employed & >2% S-corp owners	Above the line; no 7.5% floor	**Yes**
C-corp owner-employees	Corp deducts 100%; tax-free to owner	**No**

2026 AGE CAPS **51–60: $1,860 · 61–70: $4,960 · 71+: $6,200**

APPENDIX E

Beneficiary Designations: Who Gets What

WHAT THEY OWN	WHY	WHERE IT SHOULD GO
Pre-tax accounts *IRAs · 401(k)s · deferred comp*	Charity pays $0 income tax on it	**Charity** Name the DAF or charity directly on the beneficiary form
Roth IRAs *Future tax-free assets*	Tax-free to heirs, with 10 more years of growth	**Kids directly** Name each child, per stirpes
Step-up assets *Trust brokerage · real estate*	Cost basis resets at death — gains erased	**Family trust** Name the trust; the trustee distributes to the girls on your terms
Life insurance *Death benefit*	Income-tax-free; a trustee manages it	

For a married couple, the spouse stays primary on retirement accounts — these are the contingent (final) destinations. Roth and insurance can go to a trust when heirs need protection.

AUDIT IN FOUR STEPS

Pull every form
Every account and policy

Living & current?
Primary and contingents

Stirpes or capita?
Per the client's wishes

No blanks
Default: owner's estate

QUESTIONS & RESPONSES

Q & R

What would you have done differently with Jane and John — and which of these ideas will you bring to your own clients?

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