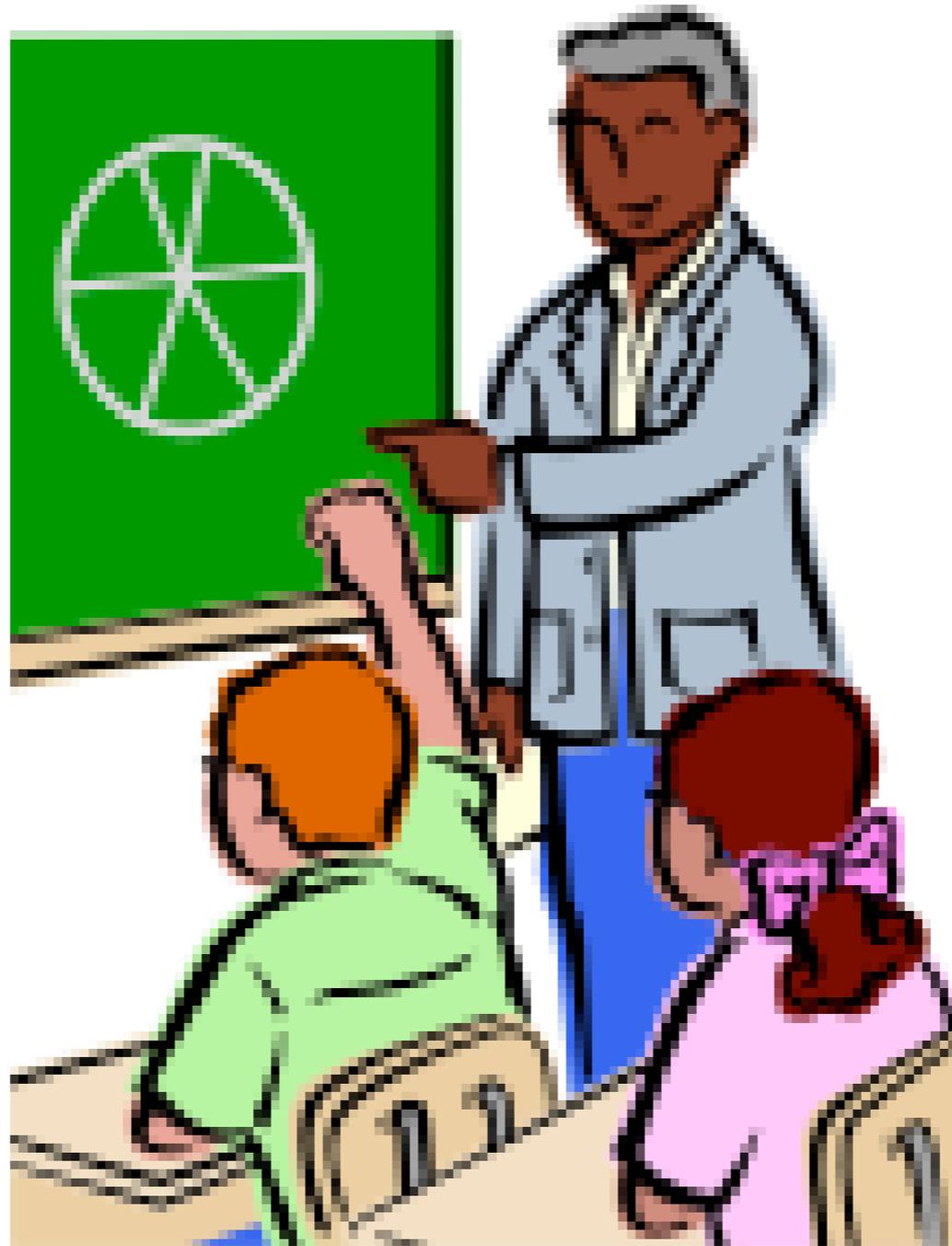


The Tom Crooker Financial Forum



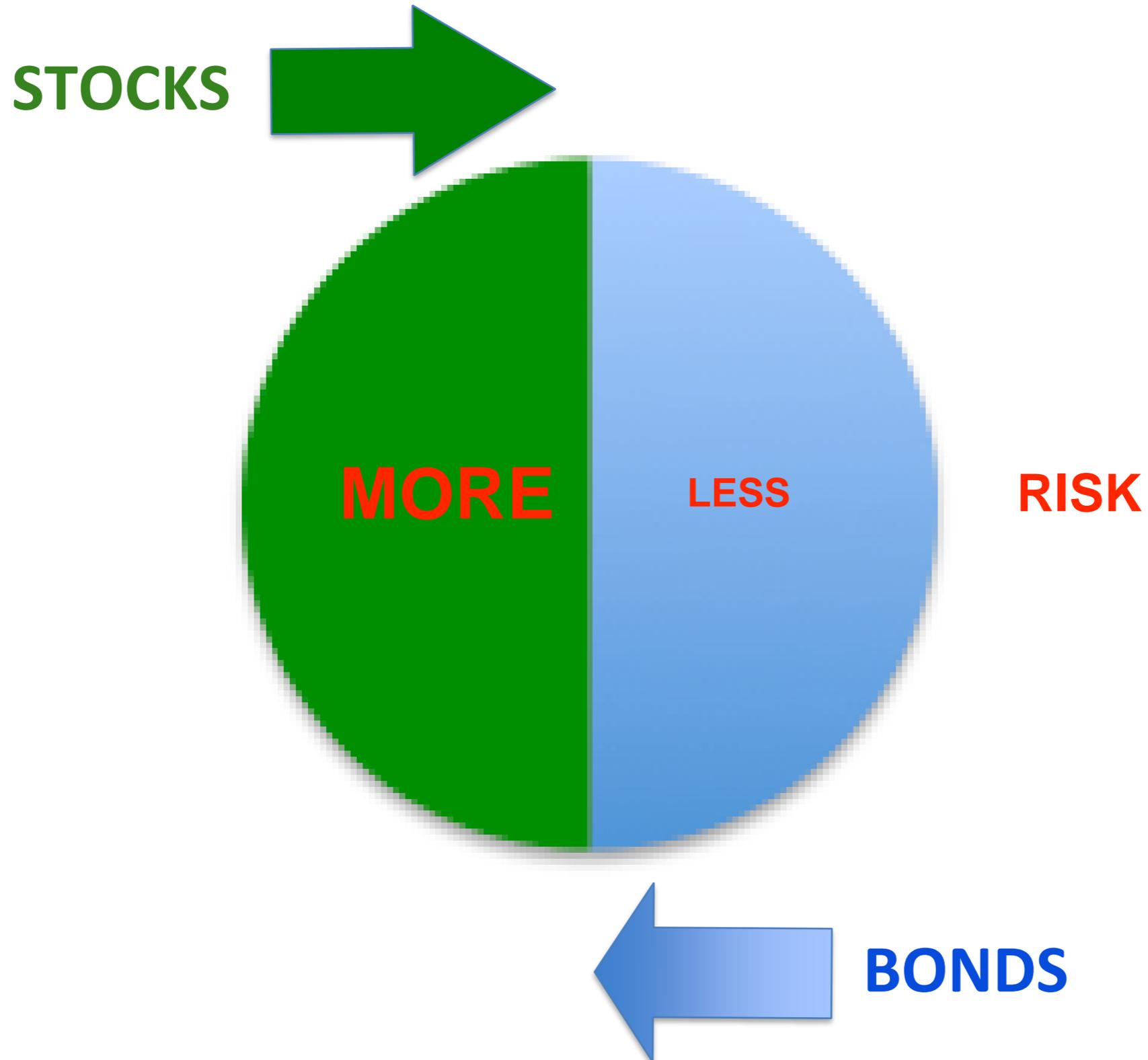
~~8 April
2015~~

**Feb
2018**

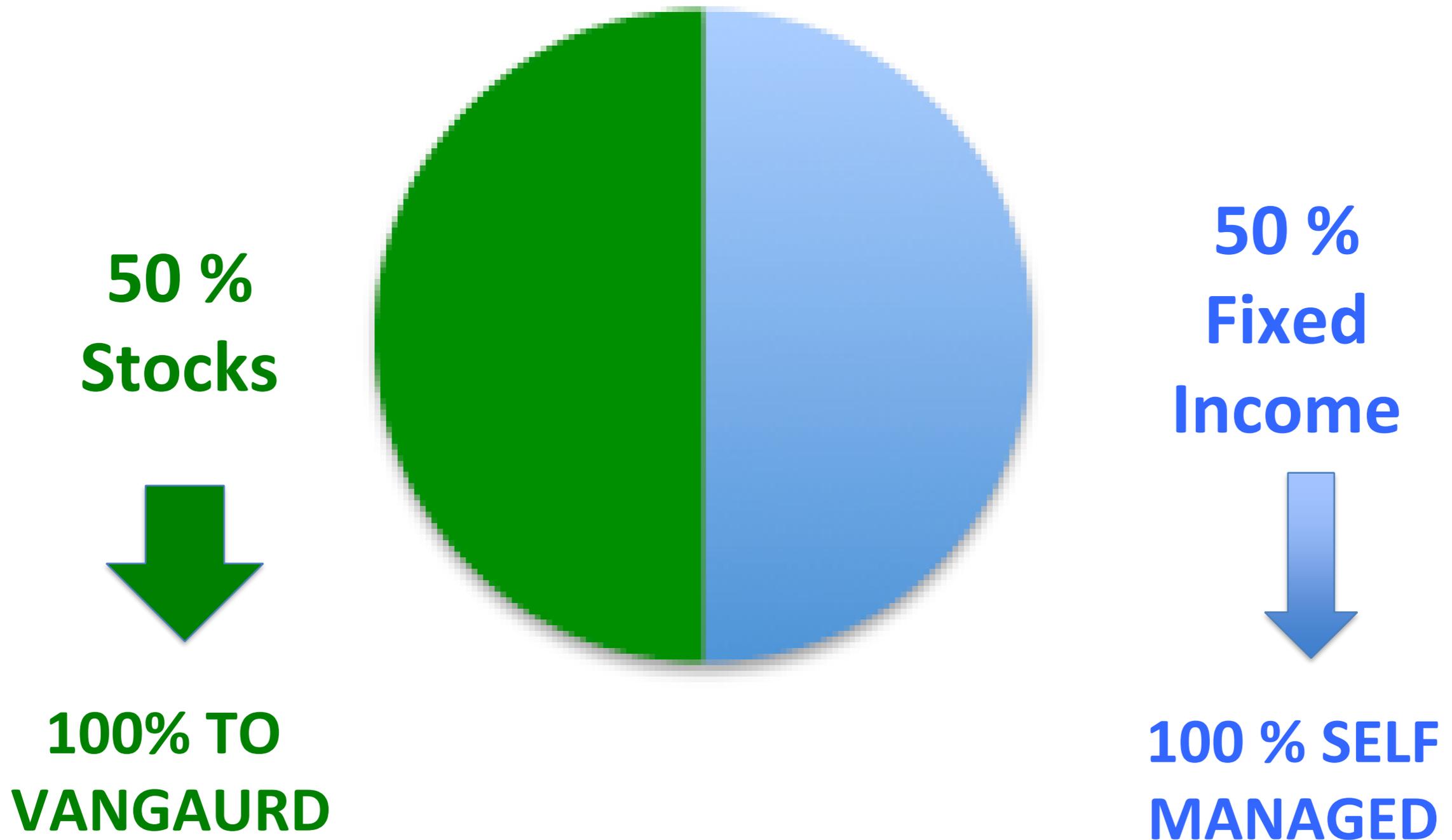
The Cralle's
Managed Assets
with
Vanguard, **BB&T, TDAmeritrade**

All data is real as of **2/18/2018**

100% Asset Allocation



Cralle's Asset Allocation



Our Fixed Income

Years of Government Service: Maury 53, Chris 20

1. Maury: US Army Retirement *
2. Maury: Civil Service Retirement - TSP *
3. Maury: Veterans Administration Disability *
4. Maury: Social Security Payment *
5. Chris: Civil Service Retirement - TSP
6. Chris: Social Security Payment

These monthly payments are the equivalent of life-time annuities, cost-of-living indexed, backed by the US Government.

If you compute the current net present value of all these income streams, they satisfy the necessary “BOND” portion of my total assets.

* Plus Spouse Death Benefit

98% of My Stock Assets are in Mutual Funds

2017

SYMBOL	NAME	ANNUAL EXPENSE RATIO	% OF MY FUNDS	Number Of Stocks
VFIAX	500 Index (A)	.05 % .04%	25	500
VTIAX	Total International Stock Index (A)	.14 % .11%	25	5800
VEXAX	Extended Market (A)	.10 % .08%	13	3300
VWNAX	Windsor II (A)	.28 % .20%	12	260
VWUAX	U.S. Growth (A)	.30 % ✓	12	160
VSEQX	Strategic Equity (A)	.27 % .18%	6	460
VEXRX	EXPLORER (A)	.36 % .34%	6	720
VMMXX	Prime Money Market	.16 % ✓	0.01	

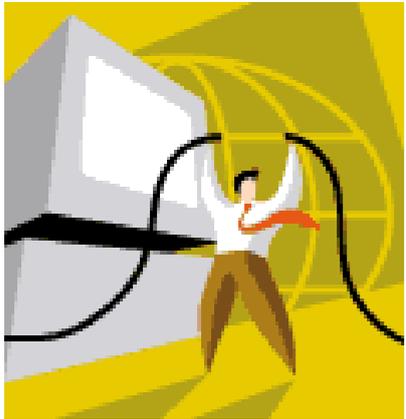
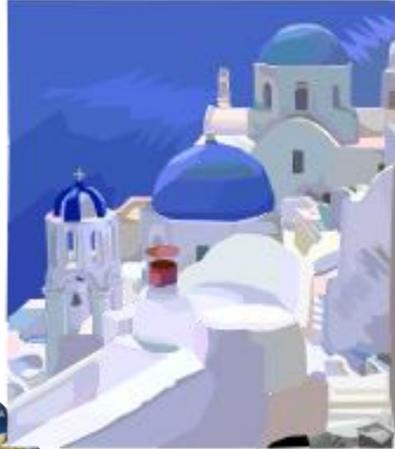
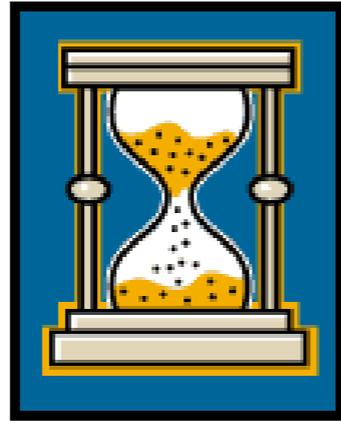
11,200

(A) = Admiral class fund = \$10,000+ invested

Why Did The Cralle's Choose Asset Management? Why Vanguard?

- My desire to reduce my active involvement.
- My age and spousal relationship.
- Fear of mental decline.
- Diversification for long term safety.
- My level of comfort with Vanguard.
 - Their financial stability and reputation.
 - The depth of their staff for Asset Management.
 - Lowest costs: Management & Administrative.

My desire to reduce my active involvement in financial management



My Age and Spousal Relationship

- I am ~~81~~⁸³, my wife is ~~68~~⁷¹. We plan on reaching 99.
- I have ~~18~~¹⁵ years remaining, Christine has ~~31~~²⁷.
- I want to insure she is on solid ground after I move on to that great market in the sky.
- She does not want to manage a stock portfolio.
- She is comfortable with our Vanguard Asset Management arrangement/manager.

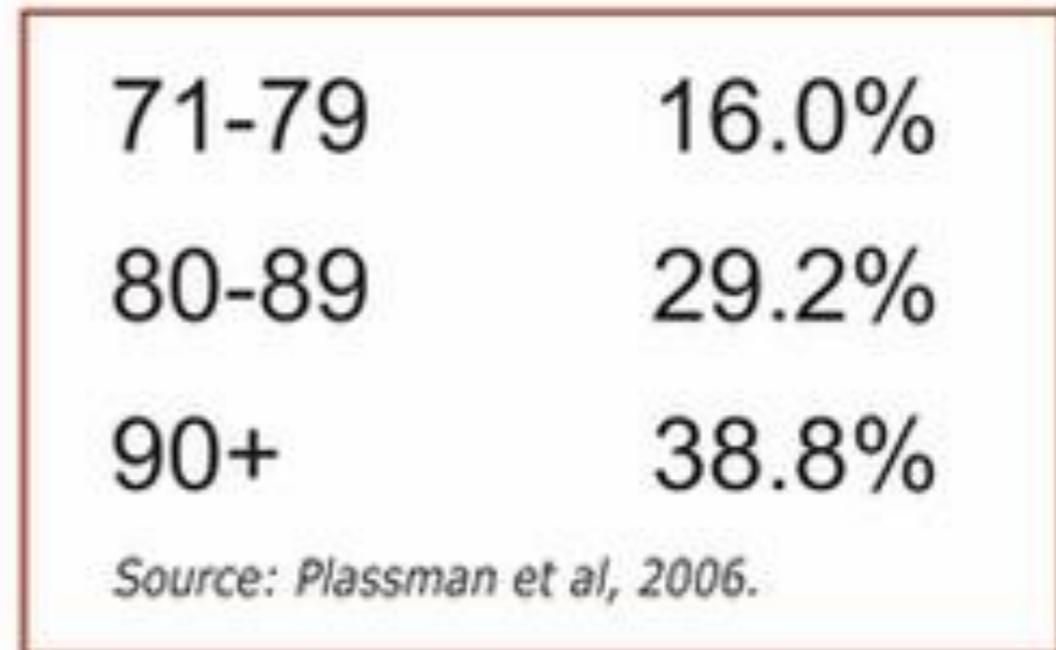
Fear of mental decline

- An inevitable result of aging. I am now 83.
- Probabilities of total avoidance are not good.
 - Alzheimer's
 - Dementia
 - Cognitive decline

Figure 2. Prevalence of Dementia in North America



Figure 3. Cognitive Impairment Without Dementia



“If you add up the two groups for people in their 80s, 20% with dementia and 30% with cognitive impairment without dementia, then we’re talking in total, **half** of the population in their 80s **are not** in a position to make important financial decisions.”

Diversification for long term safety.

- Risk versus reward
- Mutual funds versus stocks
- Index versus active
- Institutional versus individual
- I don't need to grow my assets

My level of comfort with Vanguard.

- \$~~2~~³+ Trillion under management.
- John Bogle invented the Index Mutual Fund.
- Familiarity with Vanguard all my life.
- Comments in the press: Kiplinger's 25 year columnist says they are the "best" organization.
- Low costs, good returns.
 - Over the past 5- and 10-year periods, 83% and 89% of Vanguard funds, respectively, have outperformed the returns of their peer-group averages
- Client ownership of Vanguard.
- Depth (size) of staff
- Great transparency.

Warren Buffett's Level of Comfort

- Explicit instructions for \$\$ going into his wife's trust....” Put 10% of the cash into short-term government bonds and 90% into a very low cost S&P 500 index fund. (I suggest Vanguard's).
- I believe the trust's long-term results from this policy will be superior to those attained by most investors - whether pension funds, institutions, or individuals - who employ high-fee managers.”

Asset Management Fee

- Industry normal annual fee:
 - 1% of 1st Million \$\$ of assets = \$10,000/yr
- Vanguard annual fee:
 - 2/10 of 1% = \$2,000/yr
- Difference on a 1M \$ portfolio:
 - (\$1 M) \$8,000 x 30 years = \$240,000
 - Compounded = + + !!

Remember

**It's not what you earn,
It's what you keep
That matters.**

The Last 3 Years

- Sold home after 32-yrs
- 2016 moved into Falcons Landing - non-profit CCRC
- Increased socialization, health oversight, personal security
- Moving is a critical decision for longevity - move in your 70's
- Centralized banking with BB&T at FL
- Stabilized household budget
- Regular bills automatically paid through BB&T
- Vanguard handles monthly RMD and tax withholding
- Started spending our money
- Traveling, supporting college child
- Still reading The Motley Fool & AAll
- Small TMF \$\$ experiment outside Vanguard
- Opened TDAmeritrade brokerage account
- Conclusion: Plan is working, very calm life
- Our health is good, our children are nearby
- What do we worry about? Falling.
- The Bottom Line: Life is Good.

Thank you for your attention.