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A New Way to Think of the Value in Your Veterinary Hospital

James Yost, CFP[®], CAIA[®], CTS[™]

SignatureFD



SignatureFD Client Communities

A targeted wealth strategy
for every investor.



James Yost, CFP[®], CAIA[®], CTS[™]

Signature VETERINARY

James has over a decade of experience providing investment advice to private wealth and institutional clients. He and his wife have two dogs named Gumbeau and Samson, and three cats named Oliver, Charles, and Mr. Tabs. James and his wife are closely involved with local animal rescue groups and serve as fosters for pets who have yet to find their forever home. James' passion and expertise is helping simplify complex financial problems for Veterinary hospital owners going through a transition.



VET WORTHWHILE



SignatureVETERINARY™

*A podcast about improving the lives of
Veterinarians and Veterinary Hospital Owners*

HOSTS



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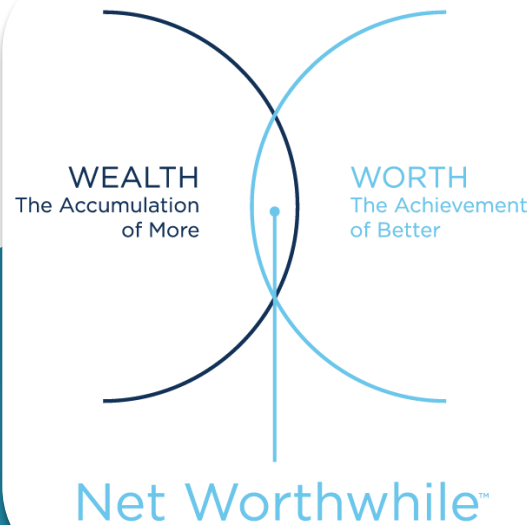
SIGNATURE VETERINARY

a community of SIGNATUREFD

Combining comprehensive wealth advisory service with guidance for veterinarians during various stages of the practice ownership lifecycle.

We believe we are uniquely qualified to help you unlock the value in your practice to achieve your personal Net Worthwhile[®].

What is Net Worthwhile®?



Have you thought about the relationship between Wealth and Worth? We define wealth as the accumulation of more and worth as the achievement of better. At the intersection of Wealth & Worth is where you can define what “have it all” means to you.



You’ve poured your time, talents and resources into your practice. It is likely that you’ve been living mostly off the income from your practice and are now picturing a life of living from your investments. You may be starting to think about organizing and simplifying the complex variables so you can have peace of mind as you build the next phase of your career.

Going through a life transition can be scary and overwhelming. Identifying your Net Worthwhile® is the foundation of our work together and will help guide us in activating your wealth, so you can enjoy what you’ve worked so hard for now and in the future.

Planning and Expectations Result in Recognizing Net Worthwhile[®]



5 Tips for the Practice Owner in Growth Mode



Set Clear Growth Objectives – Understand Value Drivers



Build A Team



Take Advantage of Retirement Plans (401k Profit Sharing/Cash Balance Plan) During High Income Years



Get Organized/ Stay Organized



Know Your Worth

Setting Expectations for the Sale Process



Regardless of where you are in the process, we are here to help!

Best Practices in Creating Your **Financial Design**

LIVE – What type of income do you need to maintain your lifestyle spending?

GROW – Excess capital, how do you GROW your wealth to either LIVE or GIVE more in the future?

PROTECT – What are the things that could derail your plan and how to PROTECT against them?

GIVE – If you set up the LIVE, GROW, and PROTECT pieces, there will likely be plenty to GIVE in the future.

Missed Opportunities We've Seen

- Not taking advantage of tax-saving strategies that were available before, during, or after the sale
- Not tying in the details of the sale into a personal wealth plan
- Not doing a detailed forward-looking cash flow and lifestyle assessment
- Not having a good understanding of what the proceeds will be net of taxes and transaction costs
- Not adequately assessing the advisor team you take with you throughout your transition



Building the right team helps ensure you don't have any stone unturned!

Build and Rely on a Team

“Talent wins games, but teamwork and intelligence win championships”

- Michael Jordan

Who You May Want On Your Team:

- Transaction Advisor
- Wealth Advisor
- CPA Focused on Business Transactions
- M&A Attorney
- Estate Planning Attorney



Have You Selected the Right Person for the Job?

- **Transaction Advisor**
 - Are you working with a dedicated Veterinary transaction advisor who has completed deals with the specific corporate buyer?
- **Wealth Advisor**
 - Has your advisor laid out a plan for how you can Live, Grow, Protect and Give from the hospital you have built?
- **CPA Focused on Business Transactions**
 - Are you only talking tax compliance and not forward-looking tax planning?
- **Merger and Acquisition Attorney**
 - Do you have an attorney who focuses on businesses sales and worked with Veterinary hospitals previously?
- **Estate Planning Attorney**
 - Have you revisited your estate plan recently and considered the sunset provisions from the Tax Cuts and Jobs Act?



LIVE

Provide Financial Freedom by Optimizing Cash Flow and Minimizing Taxes

- Understand your specific tax situation
- Consider tax savings strategies available before and after the sale
- Work with your Wealth Advisor, CPA, and Attorney to ensure alignment and compliance
- Map out known future cash flows year by year
- Layer in estimated expenses for lifestyle spending, taxes, fixed cost, and large one-off purchases
- Periodically update your assumptions and ensure you are accounting for all of the inevitable changes that happen as you go through your transition

LIVE Model - Sample

The more precise details you have, the better you can plan and strategize on tax-saving strategies and investment opportunities.

		Year	ROR	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
John		Age	62	63	64	65	66	67	68	69	70	71	72	73
Jane		Age	64	65	66	67	68	69	70	71	72	73	74	75
Annual Spending Needs			2%	100,000	204,500	209,101	213,806	218,617	223,536	228,565	233,708	238,966	244,343	249,841
Properties Loan				65,784	131,568	131,568	131,568	131,568						
LIVE/PROTECT	Salary (\$100K/yr for 3 Years)		2%	100,000	102,250	104,551								
	Portfolio Withdrawals				66,958	64,253	168,352	167,852	178,776	51,618	54,915	58,291	61,747	65,286
	Real Estate Income		3%	81,000	166,860	171,866	177,022	182,332						
	Jane - Annuity									43,180	43,180	43,180	43,180	43,180
	John - Annuity									41,480	41,480	41,480	41,480	41,480
	John Social Security		2%							46,632	47,565	48,516	49,486	50,476
	Jane Social Security		2%						44,760	45,655	46,568	47,500	48,450	49,419
Annual Income Flows				181,000	336,068	340,669	345,374	350,185	223,536	228,565	233,708	238,966	244,343	249,841
Deficit/Surplus \$		Average		15,216	0	0	0	0	0	0	0	0	0	0
		100%		115%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
		Year	ROR	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
John		Age	62	63	64	65	66	67	68	69	70	71	72	73
Jane		Age	64	65	66	67	68	69	70	71	72	73	74	75
LIVE	Fixed Income (Wasmer Muni's & Cap. Opp.)	1,696,700	3%	1,743,359	1,791,302	1,776,310	1,656,806	1,534,516	3,368,917	3,409,944	3,448,803	3,485,355	3,519,455	3,550,954
	Jane Annuity	400,000	4%	416,000	432,640	449,946	467,943	486,661	506,128	526,373	504,248	481,238	457,307	432,419
	John Annuity	400,000	4%	416,000	432,640	449,946	467,943	486,661	506,128	526,373	505,948	484,706	462,614	439,638
	Commercial Real Estate	2,700,000	4%	2,808,000	2,920,320	3,037,133	3,158,618	3,284,963						
GROW	Opportunity Zone	250,000	7%	266,875	284,889	304,119	324,647	346,561	369,954	394,926	421,583	450,040	480,418	512,846
	TopCo Units	5,750,000	10%	6,325,000	6,957,500	7,653,250								
	Tactical Asset Allocation	1,969,500	7%	2,107,365	2,254,881	2,412,722	7,556,225	8,085,161	9,143,867	9,783,937	10,468,813	11,201,630	11,985,744	12,824,746
	Joint Brokerage	52,600	7%	56,282	60,222	64,437	68,948	73,774	78,938	84,464	90,377	96,703	103,472	110,715
Aperio Tax-Loss Harvesting	800,000	7%	854,000	911,645	973,181	1,038,871	1,108,995	1,183,852	1,263,762	1,349,066	1,440,127	1,537,336	1,641,106	
PROTECT	Managed Cash (Tax Liability Payment)	2,500,000	0%	2,500,000										
	State Life Asset Care LTC	200,000	0%	200,900	201,804	202,712	203,624	204,541	205,461	206,386	207,314	208,247	209,184	210,126
GIVE	Donor Advised Fund	100,000	1%	105,000	110,250	115,763	121,551	127,628	134,010	140,710	147,746	155,133	162,889	171,034
TOTAL		16,818,800	ROR	17,798,781	16,358,092	17,439,518	15,065,177	15,739,460	15,497,253	16,336,874	17,143,896	18,003,178	18,918,419	19,893,584
		Year		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Roth Conversions								X						
DAF Bunching				X			X		X					
GA PTE Program				X			X		X					
GA Film Credits				X			X		X					

LIVE Model - Sample

The more precise details you have, the better you can plan and strategize on tax-saving strategies and investment opportunities.

	Year	ROR	2024	2025	2026	2027	2028	2029	2030
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Property Loan			65,784	131,568	131,568	131,568	131,568		
Salary (\$100K/Yr for 3 Years)		2%	100,000	102,250	104,551				
Portfolio Withdrawals				66,958	64,253	168,352	167,852	178,776	51,618
Real Estate Income		3%	81,000	166,860	171,866	177,022	182,332		
Jane - Annuity									43,180
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John Social Security		2%							46,632
Jane Social Security		2%						44,760	45,655
Annual Income Flows			181,000	336,068	340,669	345,374	350,185	223,536	228,565

LIVE/PROTECT

LIVE Model - Sample

The more precise details you have, the better you can plan and strategize on tax-saving strategies and investment opportunities.

		Year		2024	2025	2026	2027	2028	2029	
John		Age	62	63	64	65	66	67	68	
Jane		Age	64	65	66	67	68	69	70	
LIVE	Fixed Income (Wasmer Muni's & Cap. Opp.)	1,696,700	31%	3%	1,743,359	1,791,302	1,776,310	1,656,806	1,534,516	3,368,917
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	TopCo Units	5,750,000		10%	6,325,000	6,957,500	7,653,250			
	Tactical Asset Allocation	1,969,500		7%	2,107,365	2,254,881	2,412,722	7,556,225	8,085,161	9,143,867
	Joint Brokerage	52,600		7%	56,282	60,222	64,437	68,948	73,774	78,938
	Aperio Tax-Loss Harvesting	800,000		7%	854,000	911,645	973,181	1,038,871	1,108,995	1,183,852
PROTECT	Managed Cash (Tax Liability Payment)	2,500,000	16%	0%	2,500,000					
	State Life Asset Care LTC	200,000		0%	200,900	201,804	202,712	203,624	204,541	205,461
GIVE	Donor Advised Fund	100,000	1%	5%	105,000	110,250	115,763	121,551	127,628	134,010
TOTAL		16,818,800		ROR	17,798,781	16,358,092	17,439,518	15,065,177	15,739,460	15,497,253
		Year		2024	2025	2026	2027	2028	2029	
Roth Conversions								X		
DAF Bunching				X			X		X	
GA PTE Program				X			X		X	
GA Film Credits				X			X		X	



GROW

Your Investments & Income Potential

- Typically, most practice sellers will have excess capital that can then be allocated to GROW.
- The goal is to GROW this capital for you to either LIVE more or GIVE more in the future.
- Historically, investments in equities (like the ownership of your practice) have served as the growth engine for most portfolios.
- You should be comfortable with that risk, and the natural ebbs and flows in performance that come with it, because you have already mapped out when and how you will need to provide predictable cash flow.
- Having additional access to top performing alternative investments that aren't available to most investors like private equity (leveraged buyout and venture capital), private credit, private real estate, and hedge funds can also be helpful for a well constructed portfolio.



GIVE

To the People & Causes Most Important to You

- If you have adequately planned to LIVE, GROW, and PROTECT your wealth, then there will likely be something to GIVE either during your living years or after you pass.
- Combine your passions & resources to build a living and lasting legacy:

Estate planning – Estate Tax laws change every few years so it is imperative to review and update your plan to ensure the maximum amount can be transferred to your heirs or the causes that are important to you.

Generational wealth planning – There are many iterations of “Shirtsleeves to Shirtsleeves in three generations”. Ensure you have a team to educate and guide the next generation to become good stewards of the wealth you created.

Generosity/Philanthropic Planning – Practice owners often want to give back to the communities their practice served. With the wealth created from your transition, you can make a big difference. The earlier you start, the more impact you can make. There are several strategies available that can also make your charitable giving more tax efficient.

Types of Trusts We Typically See with Business Owners

Spousal Lifetime Access Trust (SLAT)

Charitable Trust (CLAT, CRUT)

Special Needs Trust

Revocable Trust

Testamentary Trust



Protect

Your Family, Lifestyle & Property

In the simplest terms, PROTECT focuses on anything that could materially derail your financial plan. It is very common for a practice owner's insurance needs to evolve over time. This process is designed to ensure you are adequately protected, with the right carriers and the most cost-effective coverages. Your Protect plan should continue to be reviewed periodically.

Asset Protection

- Life insurance for income replacement or estate tax planning
- Long-Term care insurance for the high costs associated with a prolonged personal and custodial care
- Property & casualty insurance with a focus on excess liability
- Tail Insurance to protect you from claims for incidents that occurred during the period you owned the hospital

Strategies designed to help secure your short & long-term financial health and the well being of those you love:

- Eldercare planning
- Special needs family planning
- Trust design & implementation

Aligning your Offer with your Net Worthwhile®

In many instances, we are seeing opportunities to create long term partnerships in creating the next phase of your career or succession. The different opportunities that you will see presented may be assessed to determine how they support the different areas of your financial plan including Live, Grow, Protect and Give.

Thinking about Creating an Aligned Plan:

What annual income will you need to Live?

- This highlights the need to set up personal budget
- What are the sources of personal cash flow
- Rental Income
- Annual Compensation
- Investment Income

Are you maximizing the opportunity to Grow your value?

- You can receive cash or equity - Have you thought about short- and long-term opportunities for each?
- Partnerships, Joint Ventures, Earnouts and Equity Rolls can allow you to stay financially invested in your hospital and in the industry - Make sure to evaluate how the returns on this investment fit into your global portfolio.

Common Tax Planning Strategies You May Not Have Heard of

- **Qualified Opportunity Zone Funds** – Created under the Tax Cuts and Jobs Act of 2017, this allows for a deferral of taxes on reinvested capital gains until 12/31/2026 and **avoidance of taxes on any capital appreciation in the QOF if the fund is held for 10 years.**
- **Donor Advised Fund – Strategic Generosity** – Accelerate charitable deductions by funding a Donor Advised Fund for current and future years of giving. Very useful for abnormally high-income tax years (last working years leading into retirement, large capital gain event years, etc.). You can get a larger charitable deduction in a high-income year then grant out to your favorite non-profits over the course of several years going forward. Also beneficial for charitably minded individuals, who may not ordinarily qualify for itemizing tax deductions, is a technique called “bunching”.
- **Donor Advised Fund – Complex Gift** – Some Donor Advised Funds allow for donors to contribute private highly appreciated assets to seed their DAF.
- **State Specific – Passthrough Entity Tax Programs** – The Tax Cuts and Jobs Act of 2017 imposed a \$10,000 limitation on individuals’ ability to deduct state and local taxes from their federal adjusted gross income. According to the AICPA, 36 states have now enacted a PTE tax since the TCJA SALT deduction limitation.

*These are a few of many potential strategies. We recommend discussing your individual situation with your advisors.

About Our Firm: By The Numbers

- 100% independently owned
- 116 people (38 CFPs, 10 CFAs, 9 CPAs, 3 JD/LLM)
- 97% client retention since 1997*
- \$8.5 billion client assets under management
- 56 average clients per advisor
- 0 advisors who have left for a competitor

Disclosures

Important Disclosure Information

Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk. Therefore, it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended and/or undertaken by SignatureFD), or any non-investment related services, will be profitable, equal any historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. SignatureFD is neither a law firm nor accounting firm, and no portion of its services should be construed as legal or accounting advice. Please remember that it remains your responsibility to advise SignatureFD, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. A copy of our current written disclosure statement discussing our advisory services and fees is available upon request. The scope of the services to be provided depends upon the terms of the engagement. Historical performance results for investment indices and/or categories have been provided for general comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your account holdings correspond directly to any comparative indices.

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Thank You!

Do you have any questions?

