



WHAT'S DIFFERENT ABOUT ENERGY PROFESSIONALS?

The energy sector is a powerful force in the American economy. It offers incredible pay and retirement benefits, but it is also volatile and operates in cycles of boom and bust. Your compensation, your benefits and stock plans are all dependent on the financial health of your employer. A sudden downturn in the industry can harm your prospects for a secure future.

The Corporate Advantage

The Corporate Advantage is a process that turns this corporate risk into your advantage by aligning your company benefits and personal holdings to achieve financial well-being. Traveling the road to financial well-being requires discipline in five important steps.

Life is a journey and planning for your future is very much like planning for a family trip. Below, we'll take you on a planning journey as we travel through each step in the process and what it means for you as an energy professional. Having peace of mind about the future and a sense of wellbeing is possible. It takes planning and someone who will travel the road with you.

1. Clarify your vision and goals
2. Address your critical issues
3. Align your portfolio
4. Monitor & adjust your plan
5. Secure your legacy

Clarify your vision and goals

When planning a vacation, it all starts with your vision. You don't just think about having a good time in a generic sense, you envision who you'll be sharing it with, where you'll travel, and what you'll be doing. In the same way, planning for a secure future starts with visualizing how you want life to look. When you consider what needs to be accomplished you ask these same types of questions. *What lifestyle do I want to live? Where will I be? When will I transition from work to retirement? How will I get there?* The act of answering

these question helps bring life to your vision and yields a clearer picture of your future. And then we set goals to help get you there.

Goals are incredible tools on your road to your vision, but there is no one-size-fits-all plan for setting them. They must be oriented towards the vision you have just created, and they must move you along the correct path to your vision.

As an energy professional, you have the ability to accelerate down the financial path much faster than others, but with this additional speed come higher stakes. Your vision and it's supporting goals are the guardrails of your financial life.

Address your critical issues

When going on a vacation, most of us check our car's oil level, we make sure the radiator is full, and so on. Why? Because if you're low on oil and your engine seizes up, your vacation could be ruined. And if you can stop that with a little preventative maintenance, you should.

Similarly, your vision and goals (which you should be excited about!) become moot if something happens that makes them unviable. In the Corporate Advantage, we address these issues up front. By having a solid understanding of your overall financial situation and goals early in our relationship, we can identify areas in which action must take place immediately.

*“Critical issues are not only areas that are **time sensitive** and have **high impact**, but these are also areas that are often just plain overlooked.”*

Often, these are time-sensitive matters that are imposed on your family, such as your company's annual enrollment benefit period, end of year tax planning opportunities, or perhaps a deadline for a package you've been offered.

Sometimes, however, they are matters in which an unexpected catastrophe could have dire consequences. It might be a lack of protection for your family, should something happen to you, or it

could be assets that are unknowingly exposed; something like an accident caused by one of your family members. Critical issues are not only areas that are time sensitive and have high impact, but these are also areas that are often just plain overlooked. It could be your estate plan (or lack of one) and the critical documents that accompany a will. Our role is to uncover these areas of exposure and time sensitive deadlines and guide you through making decisions to mitigate risks in your financial plan.

Align your portfolio

Now you take a deep breath. You know what you want, where you're going, and you've done as much preventative maintenance as possible in addressing your critical issues. It's time to make your money work towards your goals. That means allocating your portfolio in a way that's supportive to your vision and goals.

Many people don't have a vision or particular goals, much less a portfolio that aligns with your aims. For energy professionals, however, a misalignment can be particularly devastating.

Why? Because the energy industry is famous or perhaps infamous for using what are called "golden handcuffs". The financial term for this is concentration risk, but another way of putting it is having all your eggs in one fragile basket.

What is concentration risk?

It occurs when a large portion of your compensation is paid *based on the performance of the company itself*.

This includes stock options, restricted stock grants, stock that has vested and is now sitting in a brokerage account, an employee stock purchase plan, and even holding company stock in your 401k.



**CONCENTRATION
RISK**

Thus, many families take on more risk than they need because of company stock. This can mean money is driving your goals instead of vice versa, especially in tumultuous markets.

The aim here is to flip the script. Your portfolio, should be goal-based and goal-driven and should align with the amount of risk you are comfortable taking (*risk tolerance*) and the amount of risk that you *need* to take (*risk capacity*).



RISK TOLERANCE & CAPACITY

First, we help you determine the appropriate amount of risk for your family. Then we reorient your plan and portfolio to align with your vision and goals and develop strategies to help achieve them.

These strategies vary based on your needs but might include predetermined price points to sell vested company stock, along with set price points to exercise stock options all while keeping taxes in mind. We may manage your 401k as part of your other investment accounts, and even use options as a means of hedging as necessary.

These are all tools that we can use to align your portfolio with your goals and values. Doing this helps alleviate the stress of diversifying your financial portfolio away from your company stock and investing in such a way that you not only sleep better at night, but it has your money working for you and not the other way around.

Monitor and adjust your plan

At this point you can now feel confident about moving forward in your journey. Using our family trip analogy, your vacation plans are made, you've addressed critical issues, and you've packed with your goals in mind. You're now able to enjoy the trip and fully engage in the experience you have envisioned.

In reality, we know unexpected things still happen along the way, so continual monitoring and adjusting takes place throughout the trip. You may encounter road construction or delayed flights that slow your travel. And when you invariably encounter these issues,

decisions about what can or needs to change on your journey will come more easily with the foundation you've built so far.

Adjusting for changes in your life is critical for anyone, but even more so for the energy professional. Transfers, layoffs, or mergers can trigger the need for, as your GPS would say, a "recalculating" of your plan. So, it's important to review your situation regularly. If your vision has changed, you've had a life event or other significant change, we will rerun calculations and adjust your plan accordingly.

Secure your legacy

Preparing for the end of the journey is as important as planning for the journey itself. Once you have successfully returned from your vacation, you have a head and heart full of great memories. What you do next has a big impact on how well your experiences are remembered.

"Securing your legacy means living your life in a way that your values, those most deeply held convictions, are passed on to those around you."

Many energy professionals rely on their employer for retirement security, including benefits and insurance. However, company support can be limited so it's left to their employees to plan out their own retirement and legacy plans. Not having a thoughtful and written plan about how you want your estate distributed can make it difficult for your family to truly know and appreciate your legacy intentions.

It starts learning about your options, not just for distributing your assets after you die, but for how your assets are to be managed during a period of crisis. Because you've been through the Corporate Advantage process, you are in a good position to make informed decisions about how, when, and to whom your estate will be distributed and what type of documents may be needed to protect your legacy.

Securing your legacy means living your life in a way that your values, those most deeply held convictions, are passed on to those around you.

The volatility of the energy industry can cause a certain amount of uncertainty and fear for its employees. It's wise to be concerned about your future and the future of those you love. But having peace of mind about the future and a sense of wellbeing is possible. It takes planning and guidance, and someone who will travel the road with you. That's why we made the Corporate Advantage, to help families like yours.