



# SHAPIRO FINANCIAL SECURITY GROUP, INC.

"PLANNING IS THE KEY TO SECURITY"

*Financial Planning, Investment and Tax Planning Specialists*

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## SAMPLE ENGAGEMENT LETTER

John Smith  
123 Anywhere Street  
Anytown, New Jersey 07730

RE: Personal Financial Planning Engagement

Dear John:

We are looking forward to working with you to design a personal financial plan. The financial planning process is an important step toward ultimately achieving your financial goals and improving the financial quality of one's life.

At Shapiro Financial Security Group, Inc., the underlying core value is that our service should not be investment or product driven, but client defined & customized to individualized situations. We are passionate about adhering to sound and proven financial planning processes and techniques to achieve the desired result for our clients. We will not compromise the quality of the end result by taking shortcuts along the way.

This letter highlights the activities involved in developing, implementing and maintaining your financial plan. It also confirms the objectives, limitations & terms of our engagement.

### *Engagement Objectives*

The primary objective of our engagement is to prepare a review of your personal financial situation. This review will emphasize your personal financial goals and objectives, and will include strategies to attain them, if possible. Our analysis and recommendations are based on information you provide, and as such, we will be relying upon your representations.

**As part of this comprehensive review, you have specifically asked us to develop a comprehensive financial plan, with primary focus towards building a secure retirement. Additional specific objectives include designing an investment portfolio consistent with your risk profile and retirement goals that will tax efficiently improve upon current returns.**

To accomplish this goal, we will analyze your annual cash flow needs and existing investment portfolio allocation. We will also review the status and provisions of existing legal documents and personal & liability insurance coverage, and prepare a multi-year tax projection along with a



Retirement Security Review that will focus on the viability of providing for your needs & achieving your goals throughout your retirement.

### *Highlights of Activities*

The initial phase involves accumulating and organizing facts about your current financial status, identifying specific goals and objectives, and agreeing upon planning assumptions. This information will be obtained during a preliminary meeting or conversation with you, and/or from the use of a data-gathering questionnaire. We will also review copies of pertinent documents, such as wills, company-provided fringe benefit booklets, prior tax returns, and insurance documents.

After the information has been received, the data will be analyzed utilizing appropriate technology, with "base-line" projections compared with desired results. A meeting will be held at this stage to verify the accuracy of the data and to allow you to validate the assumptions used in the projections. We will also outline possible alternative strategies or courses of action to meet your immediate and long-term goals and to mitigate any problems we may uncover.

Following the analysis and discussion with you, the projections will be updated for corrections noted, and the effect of the alternative recommendations will be reviewed. We will prepare and discuss with you a written report that includes the recommendations selected to address your financial goals. Where appropriate, we will include financial illustrations and projections for greater understanding of the potential outcomes of the alternatives.

At the conclusion of the engagement, we will work with you to finalize a choice of strategies, set time goals, and establish responsibilities for the implementation of the plan.

Although the responsibility for choosing a specific strategy is yours, we will aid you in the decision-making process, and assist you to understand how well each alternative meets your financial planning objectives. You will, of course, be free to follow or to disregard, in whole or in part, any recommendations we make.

### *Implementation Activities*

The procedures or methods that you follow for the implementation of the financial planning recommendations are totally discretionary on your part. You will be responsible for any and all decisions regarding implementation of the recommendations.

We are available, as a separate engagement, to directly assist you in full or in part, with implementing the strategies that have been agreed upon or to coordinate implementation with other financial professionals of your choosing. As part of this separate engagement, we can be available on an ongoing basis to answer questions, monitor activities, or to make new recommendations regarding your financial matters.

Your plan should be reviewed with us informally on a quarterly basis and more formally at least annually. These



update sessions are vital so that adjustments can be made for changes in your personal circumstances, overall economic conditions, and future tax law revisions.

If we are retained to assist with implementing your plan, we agree to fully disclose any fees, commissions, or other remuneration or compensation paid to us or any related party, from third parties associated with any investment, insurance product, or service purchased by you.

The specific nature and extent of our involvement with implementation services will be mutually determined upon completion of the financial planning process or earlier if desired.

### *Engagement Constraints*

Our services are designed to supplement your own planning analysis and aid you in fulfilling your financial objectives. The services are not designed and should not be relied upon as a substitute for your own participation and use of judgment. Nor are they meant to mitigate the necessity of your personal review and analysis of a particular recommendation.

The plan will include financial projections based on assumptions about future events. The projections will be prepared from information you provide. You are also responsible for communicating to us any significant changes to the information that might affect the ultimate realization of the projected results.

The suggestions and recommendations included in your financial plan will be advisory in nature, and we cannot guarantee the performance of any investment or insurance products which may be purchased to implement recommendations in your plan. We will also not express any form of assurance on the achievability of the projections, as the assumptions about future events may prove not to be accurate.

The planning process is independent of any investment advisor services. While investment strategies may be developed as part of the financial plan, specific investment recommendations designed to satisfy the strategy will be covered under a separate Investment Advisory engagement agreement or should be discussed with the investment advisor you choose to engage.

Our engagement is not designed to discover errors, irregularities, illegal acts, or misrepresentations made in materials provided to us. We also cannot be responsible for the acts, omissions, or solvency of any broker, agent, or independent contractor or other advisor selected in good faith to negotiate or consummate a transaction for your account. We will, however, inform you of any such matters that come to our attention.

### *Engagement Terms*

This engagement includes at least two meetings or conference calls to review the work of the engagement and the written report. **We project our fee for this initial plan development service will range between \$1,000 and \$2,500 plus any pre-approved direct out-of-pocket expenses incurred on your behalf, if**



**required, such as credit reports or cost basis statements from existing or prior accounts. We are requesting a \$750 retainer to be remitted, which will be applied against your initial invoice.**

We invoice on a monthly basis for progress billings, which are due and payable upon presentation. Interest at the rate of twelve percent (12%) per annum will accrue on any balance not paid within thirty days of the invoice date.

Update sessions and follow-up work are separate engagements and will be billed separately. In the event that our regular billing rates are increased, you agree to pay the then effective rates. Advance notice of such increases will be given. However, if for any reason either party wishes to cancel this engagement, they may do so by providing a thirty-day (30) advanced written notice. Any retainer in excess of charges billed will be refunded.

We reserve the right to discontinue services if billings are not paid when due. In the event a balance is owing to us for services rendered, upon a distribution of assets or receipt of loan proceeds, you agree that such proceeds shall be used in payment of our outstanding invoices.

We anticipate beginning the engagement immediately. If you have any questions, please do not hesitate to call me.

If this letter meets with your approval, please sign the enclosed copy of this letter in the space provided and return it to us.

We thank you for the opportunity to be of service, and welcome you as a valued client. Despite the uncertainties of financial markets and the unknown career and life changing events that lay ahead, we are committed to being your partner and advisor every step of the way until you have achieved your goals.

Respectfully,

Kenneth B. Shapiro, , CFP®, CPA/ PFS

I agree to the above terms & conditions:

Name: \_\_\_\_\_

Date: \_\_\_\_\_