



CH FINANCIAL

FINANCIAL ANALYSIS
PREPARED FOR
THE CARTER FAMILY
12/6/2025

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Introduction

Thank you, Emily and Daniel, for choosing CH Financial! We are honored to support you in achieving your financial goals, preparing for your IPO at Nimbus Ai, creating long-term security, homeownership, retirement, preparing your children for college, giving back through donations and ultimately attaining financial freedom. At CH Financial, we prioritize our clients by delivering personalized strategies and maintaining a steadfast commitment to transparency and trust. As a fiduciary firm, we are legally and ethically obligated to put your best interests first, ensuring that every recommendation aligns with your unique needs and aspirations.

Gavin Callahan (MRFC, CFP®) and Scott Hunstman (RFC, CFP®, CFA) have years of experience helping families like yours navigate every stage of their specific financial journey with clarity and confidence and adjusting plans as their circumstances evolve. We Have thoroughly assessed your situation and look forward to our continued partnership.

Income Tax Analysis

Current Situation

1. **Withholding:** Your family is only withholding **\$9,150** on **\$212,060** of current household income. Your estimated taxes due will be **\$18,000 – \$21,000**, meaning your withholdings will fall quite short.
2. **Estimated Taxable Income:** **\$181,560** in the **22%** marginal tax bracket.
3. **Estimated Tax Due:** **\$15,021**
4. We may not be able to limit all taxes while also diversifying your portfolio away from NimbusAI.

Recommendations

- **Underpayment Penalty:** If only **\$9,150** is withheld, since the gap is greater than **\$1,000**, your family will likely owe an underpayment penalty (Safe Harbor rule).
- **Withhold More:** We recommend withholding around **\$17,000** instead of your previous **\$9,150**.
- **Future with Nimbus AI IPO:**
 - **RSU's:** When your RSUs do vest, do not spend the net proceeds immediately. Your company will likely withhold too little tax. You must set aside an extra 15% of the vesting value in a high-yield savings account to pay the IRS next April, or you will face a massive surprise bill.
 - **ISO's:** Do not exercise all your ISOs at once because the AMT will be too high to afford at the time. You could owe over a million dollars in taxes on stocks you haven't sold yet. If the stock price drops after you pay that tax, you cannot easily get that money back. Wait until you have cash value to sell.
 - **Another option alongside this, we know that you would like to give back and donate more. We think using a Donor-Advised Fund (DAF) would help with your goal and allow you to pay less taxes when you exercise your ISO, and when the RSUs vest. We recommend putting \$50k into your DAF the year the RSUs vest. We recommend a similar payment when exercising the ISOs.**
 - You may have to pay more taxes than we would like you to have to so that we can pull out some assets from the ISO/RSUs and use them for diversifying your portfolio.

Assumptions: Married filing jointly. While paying off the house would be smart, we predict they won't have the liquidity to pay it off immediately; they may have to refinance, which could be pricey, but ultimately the best route. If the RSUs vest in 4 years.

Cash Flow Analysis

Cash Flow statement for Carter Family Aug 2025

INCOME			
Daniel Salary			\$92,000
Emily Salary			\$135,000
Potential IPO		unknown	
TOTAL INCOME			\$227,000
EXPENSES			
	Monthly	Annual	
Rent	\$2,600		\$31,200
Student Loan	\$600		\$7,200
Auto Loan	\$400		\$4,800
Childcare/After-school care	\$1,000		\$12,000
Groceries	\$900		\$10,800
Utilities/Internet	\$450		\$5,400
Insurance(health/dental)	\$350		\$4,200
Transportation(fuel/maint.)	\$350		\$4,200
Credit Card Payments	\$300		\$3,600
Entertainment/Dining	\$600		\$7,200
Travel/Vacations	\$500		\$6,000
Miscellaneous	\$350		\$4,200
TOTAL EXPENSES			
	\$8,400	\$ 100,800	
SURPLUS/DEFECIT			SURPLUS
			\$126,200

Current Situation

Great job both of you for saving so much. Your savings rate after taxes would be about 35%. Your actual surplus after taxes in Texas would be **\$79,666**, this is still amazing! This shows you are living below your means and that is great and will be even better for when Nimbus Ai goes public, you will be able to meet your savings and occupation goals! The ISO/RSUs could yield \$4-5M pretax.

Recommendations

We have a few concerns that something may be missing in this cashflow statement you provided us with. We speculate that your expenses may actually be higher than you realize. This comes from the fact that your net worth statement doesn't fully represent all this surplus income. We recommend closely tracking your spending and we can meet again in 6 months to re-evaluate.

Assumptions

Assuming expense statement is not fully correct and needs a closer view for a few months.

Net Worth Statement

ASSETS		LIABILITIES		
Financial Assets			Credit Cards	\$ 6,200
Checking (D)	\$ 12,000		Auto Loan (SUV)	\$ 21,000
Emergency Savings (J)	\$ 25,000		Student Loan (E)	\$ 17,000
Retirement Assets			Student Loan (D)	\$ 28,000
401(k) Plan (D)	\$ 42,000			
401(K) Plan (E)	\$ 38,000		TOTAL LIABILITIES	\$72,200.00
Investment Assets				
NimbusAI ISOs (E)				
NimbusAI RSUs (E)				
529 Plan Sophia	\$ 8,500			
529 Plan Liam	\$ 4,200			
TOTAL ASSETS	\$129,700			
NET WORTH	\$57,500.00			

Current Situation

Great job planning for the future! You have set aside an emergency fund and started your 401k's. You have also started planning for your goal of helping your kids through school by starting 529 plans. The main issue is that there is a lot of debt that we need to start to get rid of, and you have the assets to minimize the debt quickly. \$4-5 million is expected from the IPO, however for tax planning it will not all be available at once.

Recommendations

Focus on eating away at your loans quickly. Especially when you get the ISO/RSUs, it would be wise to pay off the future house and pay off all these loans and credit card debt. We recommend doing a 15 year mortgage loan on your 752,900 home. This way we can get a lower interest rate, while still allowing time to receive liquidity from the ISO/RSUs.

Education Funding

Current Situation

Your family is off to a great start by investing in their children's future education through 529 plans. Because you live in Texas a state with no state income tax you do not receive any state tax deduction or credit for contributing to a Texas-based 529 plan. This gives you full flexibility to choose the most cost-effective and growth-oriented plan available nationwide.

When comparing 529 plan options, fees and investment quality are major factors. Texas's LoneStar 529 Plan charges relatively high annual asset-based fees (0.59%–0.98%), while Utah's my529 Plan offers significantly lower fees (0.113%–0.124%). Lower fees mean more money stays invested and compounding over time. Additionally, Utah's my529 is consistently ranked among the best 529 plans for its strong investment lineup, low costs, and flexibility. Funds from any 529 plan—including Utah's—can be used at eligible colleges nationwide, including Texas Tech.

Assumptions

- The projected total cost of four years at Texas Tech for each child is **\$463,955**.
- Your family plans to contribute **\$1,700 per year** to each child's 529 plan.
- The assumed long-term annual rate of return is **7%**.
- With these contributions and return assumptions, each child's 529 plan is estimated to grow to approximately **\$473,500**, providing sufficient resources to cover projected education costs (with a cushion for fees and market variability).

Recommendations

Given your flexibility as Texas residents, your family can choose any state's 529 plan without losing tax benefits. Based on fees, investment quality, and long-term growth potential, the **Utah my529 Plan** stands out as the strongest option for their family.

By selecting Utah's my529, they benefit from lower fees, high-quality investment choices, and more efficient long-term compounding. Continuing to contribute **\$1,700 per year** to each child's account is recommended to ensure adequate funds when it's time for college, even after accounting for fees and potential fluctuations in returns. This strategy positions their children for greater financial freedom and flexibility when pursuing higher education—whether at Texas Tech or another qualified institution.

Retirement Analysis

Current Situation

Your family currently has a \$25,000 emergency fund and annual expenses of \$100,800, rising with about 3% inflation. NimbusAI ISO/RSUs value growing to \$4.5 million indicates strong company performance and confirms the grants are more than two years old. Your investments are projected to return 9% annually, and NimbusAI is growing at roughly 15%. You guys are considering whether paying off their \$752,900 home would improve long-term stability. Your savings are on track but not enough for early retirement without higher contributions. The upcoming IPO may dramatically increase wealth but also brings tax implications and concentrated stock risk. Your 401(k)s should stay growth-focused for now, diversifying across stocks, bonds, and taxable accounts after the IPO. You guys also need better protection through life insurance and estate planning.

Assumptions

- Expenses grow at ~3% per year
- An 83(b) election does not apply because these are RSUs, not RSAs.
- Investment return: 8% annually
- NimbusAI expected growth: ~15%
- ISO value increase reflects multi-year appreciation
- Home payoff evaluated for long-term stability

Recommendations

Daniel should aim to save 10% of his salary, and Emily should increase contributions to 20-30% after the IPO. When the IPO happens, they should diversify proceeds across retirement accounts, taxable accounts, and possibly a donor-advised fund, selling shares gradually to reduce taxes. Maintaining a 70–80% stock and 20–30% bond/cash allocation, while avoiding overconcentration in NimbusAI stock, will support long-term growth. You guys should continue working toward a portfolio of 25× annual expenses to reach financial independence. Life insurance, wills, and powers of attorney are essential for family protection. You guys need to review our financial plan annually especially after major events like the IPO, home purchase, or job changes, this will help keep you on track.

Life Insurance Analysis

Current Situation

As a family with two young children, a \$752,900 mortgage, and annual expenses of \$100,800 supported by a combined income of \$227,000. Your financial stability relies heavily on both incomes, meaning that if either parent were to pass away unexpectedly, the surviving spouse would face significant financial pressure. The mortgage, childcare costs, daily living expenses, and long-term savings goals would all become much harder to manage on a single income. Because of these responsibilities and the length of time their children will still depend on them, life insurance is not just recommended, it is essential. We advise you to secure at least a 15-year term policy, but given the ages of their children, additional term length would provide even greater protection as they grow into adulthood

Assumptions

- Income replacement is needed to maintain household financial stability
- Coverage should protect or pay down the mortgage to lighten long-term burdens
- Children's childcare, education, and daily living needs must be fully supported
- Daniel's income may rise after the NimbusAI IPO, increasing future financial obligations
- Term life insurance (20–30 years) offers the best balance of affordability and long-term protection
- A surviving spouse would continue saving for retirement and children's education

Recommendations

We advise you to secure term life insurance policies that provide 10–15× your annual incomes, ensuring that your household can maintain its lifestyle even in the event of a loss. A term length of 15–30 years is ideal, as it offers strong protection through their children's upbringing, college years, and early adulthood. Level premiums will ensure predictable costs over time, and choosing a policy with convertible options adds flexibility if their needs change later. The coverage amount should be high enough to pay off or significantly reduce the mortgage, replace years of lost income, support childcare and education expenses, and allow the surviving spouse to continue pursuing long-term financial goals. Term life insurance remains the most reliable and cost-effective way to protect their family during the years when financial responsibilities are at their highest. We also recommend purchasing a \$1 million annuity. This way you can reach your goal of financial stability for your children no matter what happens in your life. This also allows us to grow your assets through investments, in better case scenarios.

Estate Analysis

Current Situation

Your family currently has no estate planning documents and want to ensure their children are protected, and their assets are handled smoothly if something happens to them. Your goal is to create a simple, cost-effective plan that avoids probate, minimizes taxes, and provides clear instructions for managing their estate. You are also considering annuitizing \$1M to create a stable income stream for their children, with taxes owed only on the growth. Daniel plans to keep contributing to his 401(k) and take advantage of the 3% match. Because they have young children, a mortgage, and growing assets, having the right estate documents in place is essential.

Assumptions

- You will need **five core estate documents**:
 - **Last Will and Testament** – names guardians and directs asset distribution
 - **Revocable Living Trust** – avoids probate and structures inheritance
 - **Durable Power of Attorney** – manages finances if incapacitated
 - **Healthcare Power of Attorney** – names a medical decision-maker
 - **Living Will** – outlines end-of-life preferences
- Beneficiary designations on retirement accounts and life insurance must stay updated
- A revocable trust offers privacy and control over how children receive assets
- Current estate-tax exemption (\$13.99M per person) means they face no immediate estate-tax concerns
- DSUE allows the surviving spouse to use the deceased spouse's unused exemption

Recommendations

We advise that you guys should put all five core estate documents in place and establish a revocable living trust to avoid probating and protecting their privacy. Keeping beneficiary designations aligned with the trust will ensure assets transfer smoothly. You guys should also plan for the use of DSUE to preserve estate-tax benefits for their children as their wealth grows. With these documents and updates in place, their estate will be managed efficiently, tax-smart, and in a way that protects their children's long-term financial security.

Disability Analysis

Current Situation

As a family, you rely on their combined \$227,000 income to cover \$100,800 in annual expenses, pay their mortgage, and save for long-term goals. In your early 30s, their biggest financial risk is losing income due to a long-term disability. If either became unable to work, your entire financial plan could be compromised. While employer disability coverage exists, most plans only cover 40–60% of salary and often exclude bonuses or stock, leaving a significant shortfall—particularly important given Daniel’s potential IPO income. Private long-term disability insurance can fill this gap, providing protection that stays with them even if they change jobs. Own-occupation coverage is the strongest option, paying benefits if they cannot perform their specific role. Additionally, as Daniel’s income may rise, a policy that allows future benefit increases will be critical to maintaining financial security.

Assumptions

- Income replacement of 60–70% is needed to maintain financial stability
- Private long-term disability insurance provides portability if they change jobs
- Own-occupation coverage ensures benefits if unable to perform their specific job
- Policies with cost-of-living adjustments (COLA) help maintain purchasing power over time
- Future increase options allow coverage to keep pace with income growth

Recommendations

We advise both of you to secure long-term disability insurance that replaces 60–70% of income, provides own-occupation coverage, and is guaranteed to be renewable and non-cancelable. Policies should include partial disability benefits, cost-of-living adjustments, and the option to increase coverage as income grows. This approach ensures they can maintain your lifestyle, continue paying your mortgage, and save long-term goals even if one of them becomes unable to work, safeguarding their family’s financial stability against unforeseen risks.

Long Term Care Analysis

Current Situation

You are in your early 30s, healthy, and actively building wealth. You have a \$752,900 mortgage, \$80,000 in 401(k) accounts, and \$25,000 in emergency savings. While long-term care may feel far off, planning now is essential to protect your finances and family if either need extended care later in life. Long-term care costs can be substantial—nursing homes, assisted living, or in-home care often exceed \$100,000 per year, which could quickly deplete retirement savings or other assets. Without planning, these costs could compromise their ability to fund retirement, children's education, or other long-term goals. Purchasing coverage early while you are healthy can lower premiums and provide more flexible options for the future.

Assumptions

- Long-term care costs can easily exceed \$100,000 per year
- Without insurance, care costs may reduce retirement savings or educational funding
- Buying coverage while healthy reduces premiums and increases options
- LTC insurance covers nursing home, assisted living, and in-home care
- Hybrid life/LTC policies combine life insurance with long-term care benefits
- Self-funding is possible using savings or investments, but may impact other goals
- Plans should be reviewed after major events such as an IPO, home purchase, or lifestyle change

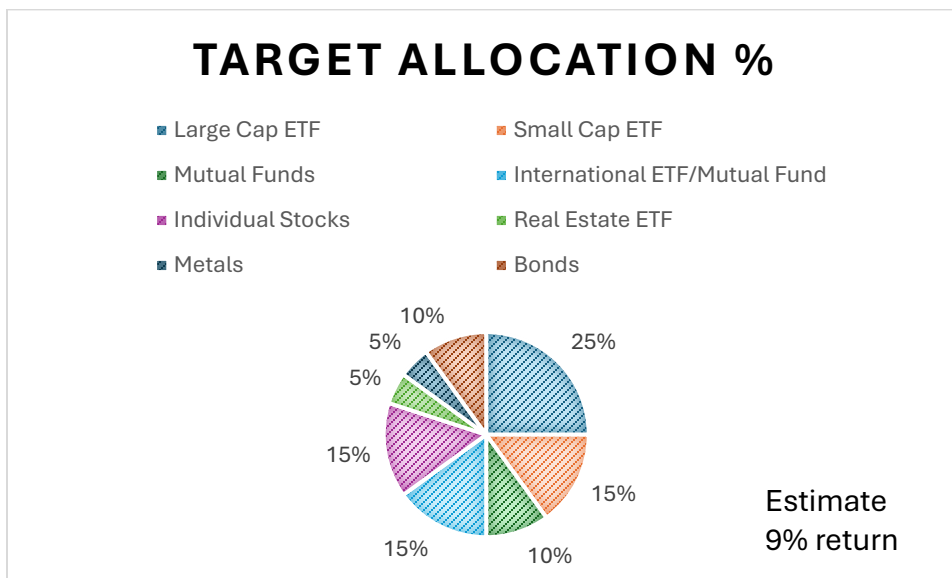
Recommendations

Your family should start planning for long-term care now to protect their financial future. You guys should consider LTC insurance or a hybrid life/LTC policy to lock in lower premiums and ensure coverage of nursing home, assisted living, or in-home care costs. Coverage should be designed to protect their retirement savings and mortgage. If you guys choose to self-fund, you guys should set aside a separate fund specifically for care costs. Additionally, you guys should review their long-term care plan periodically, especially after major life events. Early planning ensures their family is protected, retirement and education goals stay on track, and unexpected care costs do not derail their overall financial plan.

Asset Allocation

Recommendations

- Since you want to safeguard the wellbeing of your children, you have set aside \$1 million after the ISO/RSUs become liquid, into an annuity. This will allow us to be a little more aggressive about investing your money. As we are slightly more aggressive, note that your money will grow faster and will be the greatest act of safeguarding for the future as the money grows. We expect around 9% average annual gain but hope for more.
- We recommend that Emily actually pull her assets out of her 401k since her employer has no match. This way she won't have to pay a fee to a broker through her employer and will have more options for investments. For Daniel we recommend putting more of your income into your employers 401k since they do match at 6%-3%. The match will help your assets grow even quicker.
- Here is our recommendation:
 - **25%** in Large Cap ETF's
 - **15%** in International ETF/Mutual Fund
 - **15%** in Individual Stocks (Including NimbusAI)
 - **15%** in Small Cap ETF's
 - **10%** in Mutual Funds
 - **10%** in Bonds
 - **5%** in Real Estate
 - **5%** in Metals



Implementation

Income Tax Analysis-

- If only **\$9,150** is withheld, since the gap is greater than **\$1,000**, your family will likely owe an underpayment penalty (Safe Harbor rule).
- We recommend withholding around **\$17,000** instead of your previous **\$9,150**.
- When your RSUs do vest, do not spend the net proceeds immediately. You must set aside an extra 15% of the vesting value in a high-yield savings account to pay the IRS next April, or you will face a massive surprise bill.
- We advise against exercising all your ISOs at once, as this could trigger an unaffordable AMT on unsold stock that would be difficult to recover from.
- To fulfill your philanthropic goals while mitigating the tax impact of your equity compensation, we recommend contributing \$50,000 to a Donor-Advised Fund (DAF) in years when your RSUs vest or when you exercise ISOs

Cash Flow Analysis-

- Attack High-Interest Debt: Immediately pay down the \$6,200 credit card debt to save on interest and boost net worth faster.
- Maximize Retirement Savings: Dedicate a large portion of the surplus to 401k and other investment accounts for long-term wealth accumulation.
- Reevaluate your spending: Some things seem to be missing from your cashflow that doesn't reflect on your net worth, find those extra expenses and we can discuss them later.

Education Analysis-

- Education Funding- Choose the Utah my529 Plan for its low fees, strong investment options, and better long-term growth potential.
- Contribute \$1,700 per year per child, which could grow to about \$473,500 at a 7% return.
- Use this contribution level to stay on track and help cover future fees and college expenses.

Net Worth-

- Eliminate Debt: Focus on paying off all debt from credit cards, car loans, and student loans.
- Plan for Mortgage: Purchase a 15 year mortgage for your \$752,900 home, to lock in a lower rate.

Retirement Analysis-

- Save and Invest Wisely: Daniel should save 10% of salary; Emily should save 12-15% after the IPO; invest 70-80% in stocks, 20-30% in bonds/cash, and rebalance regularly while avoiding overconcentration in NimbusAI.
- Manage IPO Proceeds Smartly: Diversify across retirement, taxable accounts, and donor-advised funds; sell gradually to reduce taxes.
- Protect and Plan for the Future: Aim for 25 times annual expenses for financial independence, secure term life insurance, set up wills and powers of attorney, and review the plan yearly.

Life Insurance Analysis-

- Secure Term Life Insurance: Each should have 10-15 times annual income coverage with a 15-30 year term.
- Choose Flexible Features: Choose level premiums and convertible options for future adjustments.
- Ensure Adequate Coverage: Protect the mortgage, replace income, support childcare and education, and maintain long-term financial goals.

Estate Analysis-

- Establish Core Estate Documents: Create a will, powers of attorney, and a living will.
- Set Up a Revocable Living Trust: Provides privacy, structured inheritance, and avoids probate.
- Keep Plans Updated: Maintain beneficiary designations and plan for DSUE (Deceased Spousal Unused Exclusion) to manage taxes efficiently and protect the family.

Disability Analysis-

- Get Long-Term Disability Insurance: Each should have 60-70% income replacement.
- Choose Strong Coverage Features: Choose own-occupation, guaranteed renewable, non-cancelable, partial benefits, and COLA (Cost of Living Adjustment).

- Plan for the Future: Include options to increase benefits so they can maintain lifestyle, home, and savings if unable to work.

Long Term Care Analysis-

- Plan Early for Long-Term Care: Consider LTC insurance or a hybrid life/LTC policy to secure lower premiums and ensure coverage while healthy.
- Protect Key Assets: Ensure coverage safeguards retirement savings and the mortgage, maintaining financial stability for the family.
- Review and Adjust Regularly: Reassess plans after major life events, and if self-funding, keep a separate dedicated fund for care costs.

Asset Allocation-

- To safeguard your children's well-being, we will set aside \$1 million of your liquid equity into an annuity, creating a safety net that allows us to pursue a more aggressive investment strategy targeting a 9% annual return to maximize your future wealth.
- We recommend that Emily transfer her assets from her non-matching 401(k) to avoid broker fees and gain investment flexibility, while Daniel should increase his contributions to fully capitalize on his employer's match for accelerated asset growth.
- Emily has quite the stock in Nimbus AI, while that is great news, we need to spread that money out in the case that Nimbus AI doesn't do as well, this is called diversification.
- Here is our recommendation for your investments:
 - **25%** in Large Cap ETF's
 - **20%** in International ETF/Mutual Fund
 - **15%** in Small Cap ETF's
 - **10%** in Mutual Funds
 - **10%** in Bonds
 - **10%** in Individual Stocks
 - **5%** in Real Estate
 - **5%** in Metals