



P&G Wealth and Retirement Planning Services



Our specialized tools, P&G dedicated Wealth Planning Team and experience of more than 25 years working with P&G retirees makes us uniquely qualified to be a member of your advisory team.

Meet HCM's P&G Retirement Services Team

At HCM, we know having a comprehensive understanding of the unique issues surrounding P&G employees, retirees and alumni is critical in helping design unique wealth plans that will stand the test of time for your family.



HCM's in-house P&G Retirement Planning Specialist, Jim Eutsler, has vast knowledge of the P&G retirement plan. With 15 years' experience at P&G working primarily in corporate accounting, Jim leads the HCM P&G Retirement Services team.

Jim is a Certified Management Accountant, holds an MBA and has an Executive Certificate in Financial Planning from Xavier University. His roles at P&G have given him first-hand knowledge of the unique compensation and retirement plans the Company provides its employees.

Jim spent years as the lead accountant on stock-based compensation and the annual proxy statement. This experience has given Jim detailed knowledge of the financial aspects of the compensation, bonus and retirement plans distinctive to P&G.

Jim works closely with three groups of P&G professionals:

- Existing P&G employees looking for a trusted wealth advisor to help them manage their wealth accumulation planning.
- P&G employees who have, or are considering, taking a voluntary separation package. As someone who has taken a package himself, Jim has detail knowledge of the process, offer and long-term financial impact of voluntarily separating.
- P&G Retirees and alumni who have moved on from P&G and would appreciate help in managing one or more aspects of their wealth plan.

If you have any P&G related financial questions, connect with Jim to understand all of your available options and benefits: jim@hengeholdcapital.com



Mike Hengehold, founder and president, is a CPA with more than 30 years of investment, tax and financial planning experience. Mike has a Master's Degree in taxation and holds the RICP® designation in retirement income planning and the Personal Financial Planning Specialist designation from the American Institute of Certified Public Accountants. Mike's goal has always been to help clients reach financial independence. Working with P&G employees in transition is a niche he developed in the early days of HCM. Since then, Mike and his team have helped dozens of P&G employees transition into an enjoyable retirement without the fear of running out of money. You can contact Mike via email at mike@hengeholdcapital.com.

HCM has developed an expertise in the PST & Savings Plan, Qualified Lump Sum Distributions (QLSD) and Net Unrealized Appreciation (NUA). HCM also has experience with P&G stock options and restricted stock analysis. HCM has developed many specialized tools such as the PST Navigator™, NUA Optimizer™ and Stock Option Evaluator™. These tools help those retiring from P&G or those evaluating early separation packages to better understand the consequences of these complicated decisions.



Casey Boland
Wealth Advisor



Jake E. Butcher, CFP®
Wealth Advisor



Steve Hengehold
Wealth Advisor



Greg Middendorf, CFP®
Wealth Advisor

HENGEHOLD CAPITAL MANAGEMENT LLC (HCM) has helped Cincinnati families transition out of P&G and into retirement with intelligently designed financial independence plans. With over 25 years of experience, we specialize in working with P&G employees creating financial plans which allow them to successfully navigate through their numerous financial, tax and investment decisions prior to separation or retirement. Our goal is to work closely with each client family so they will retire with a plan for sustainable wealth during their retirement years and beyond.

Why Choose HCM to Manage Your P&G Retirement Income?

- **In-house P&G Retirement Specialist**
We have both the technical knowledge of the P&G retirement plan and first-hand experience working with P&G employees, retirees and alumni.
- **HCM is a Fee-Only Advisor**
As a fee-only Registered Investment Advisor, our loyalties are always aligned with our clients' best interests. Our goal is to be your most trusted advisor based on integrity, knowledge and personalized service.
- **Specialized Tools**
Our specialized tools will help those retiring from P&G or evaluating a separation package to better understand the consequences of the complicated decisions that must be made. We will help you get it right.

Services

for P&G Employees, Retirees & Alumni

- Creating a road map of all the components of your P&G plan and benefits that is coordinated with your life time financial plan
- Working through the tax and financial opportunities related to your preferred shares held within the PST
- Planning options surrounding Net Unrealized Appreciation (NUA) that may increase your family's wealth and your retirement income
- Claiming strategies for Social Security that are coordinated with other income streams such as plan distribution, part-time work and portfolio income
- Determining if a lump-sum distribution is appropriate for you
- Planning for both timely and tax efficient exercise when stock options, restricted stock units (RSUs) or performance share units (PSUs), are involved in your plan
- Handling distributions before age 55, between age 55 and 59 ½ and after age 59 ½

Make HCM part of your retirement planning team, whether as a current P&G employee, retiree or recipient of a separation package. We will work closely with your family and team of professional advisors to ensure you are well prepared for life in retirement.





Questions You May Be Contemplating

- Should I accept my early retirement package? If I do, how do I ensure I will not outlive my money?
- If I decide to retire, should I stay in the PST or are there better options?
- What makes the P&G plan so unique and what do I need to know in order to create a tax efficient, financially smart and flexible wealth plan for my family?
- How do I protect the value of what has accumulated in my PST?
- What is the ideal PST and Savings Plan distribution strategy for my family now and into the future?
- What is the best strategy for exercising P&G stock options?
- If I have both common and preferred shares in my PST plan are there any special opportunities available to me in planning my distribution?
- What is the advantage of Net Unrealized Appreciation (NUA)?
- What are the rules around P&G Plus? Should I consider this option?
- How does P&G Plus compare with an individual retirement account (IRA)?
- Are there any advantages related to distributions from P&G Plus depending on my age?
- How do I minimize tax consequences as I take distributions from the plan?

Specialized Tools

P&G PST Navigator™

Your P&G Profit Sharing Trust is one of the most important retirement assets you hold. The flexibility it provides gives you critical planning opportunities to help maximize your “Retirement Paycheck” for the rest of your life. **The HCM PST Navigator™** can help you decide:

1. If you should leave your retirement assets with Great-West Financial (formerly J.P. Morgan), roll them into an individual retirement account (IRA) or take shares out of the plan to capitalize on the opportunities available for Net Unrealized Appreciation (NUA). One of the most important factors in this decision involves your age at the time you plan to begin taking distributions:
 - before age 55
 - between age 55 and 59 ½
 - after age 59 ½
2. How to take advantage of the tax environments where your other retirement assets are held. This is important because, with appropriate distribution planning, you have an opportunity to arrange your retirement portfolio to give you a lifetime of tax efficient income. If all of your retirement savings are currently in the PST or other tax qualified accounts, it's important to determine if you should take this opportunity to fund additional tax environments as part of your distribution process.
3. If you should use P&G stock as part of a long-term plan to efficiently fund your cash flow, charitable giving and Family Legacy goals. This could create an added benefit of providing additional tax efficient income to you during your lifetime.
4. If you should utilize the Tax-Free Rollout Method (a.k.a. Frank Duke Method) to reduce or eliminate income taxes and potential early distribution penalties on shares distributed to you directly from the Plan.
5. If the Tax-Free Rollout Method is not appropriate for you, should you create a strategy to utilize the benefits of traditional NUA planning?

P&G NUA Optimizer™

Generally speaking, the special tax rules available for Net Unrealized Appreciation (NUA) apply when a qualified retirement plan pays out employer stock, in kind, to a participant. Because the PST holds both common and preferred shares of Company stock, in many cases with extremely low employer cost, NUA is a powerful planning tool available to P&G retirees.

The key benefit of NUA treatment is the ability to have the appreciation in value between the Company's cost and the fair market value of the stock at distribution taxed at the favorable long-term capital gain rates at the time the stock is sold. Typically, retirement distributions, without the benefit of NUA, are taxed as ordinary income at the taxpayer's highest marginal tax rate. The combination of deferral and lower tax rates can have a significant impact on your family's wealth and retirement income plan.

for P&G Employees Retiring or Transitioning

The Tax-Free Rollout Method provides retirees with additional tax deferral of NUA and the potential for tax free income when it is part of a coordinated family wealth plan.

The **HCM NUA Optimizer™** is a tool to help P&G retirees better understand when the benefits of NUA will enhance their retirement income plan and make it more tax efficient. In addition, the **HCM NUA Optimizer™** helps avoid some of the traps in this complex decision.

Making the right decision does matter. A retiree holding a significant block of stock may be tempted to hold the shares in order to defer taxes. This may be “penny wise and pound foolish.” The right decision, from a diversification and asset allocation perspective, may be to diversify some of the shares in order to reduce investment risk.

Picking the right shares matters. Typically, preferred shares have a much higher potential to generate NUA and the related benefits. Those with significant preferred shareholdings should consider the NUA option.

Individuals with an immediate need for cash will clearly benefit from the NUA rules as distributions that are immediately liquidated will be taxed at lower capital gains rates. Alternatively, amounts rolled over and taken from an IRA or as ad-hoc distributions will be taxed at ordinary income tax rates which can be significantly higher.

P&G Stock Option Evaluator™

Those P&G employees who have earned stock options as part of their compensation package have additional challenges in optimizing their wealth plan. Dealing with options is like playing three-dimensional chess. You need to think about and plan for the following:

1. What has been the trend in the P&G stock price?
2. What are the expiration dates by which you must make critical option exercise decisions?
3. Are there tax consequences on the option income that may drive you into much higher tax brackets, reducing your after tax return?
4. How will you coordinate the tax consequences of your stock option exercise decisions with other tax oriented, cash flow and investment decisions? These decisions include items such as the sale of stock, IRA distributions, starting date for Social Security and the after tax impact of other employment.

It is impossible to know how the future stock price will align with the expiration date of various options. Therefore, HCM believes it is important to focus on the return requirements of your wealth plan. If proceeds from the option exercises are an important aspect of your overall retirement plan, the exercise should be timed to deliver the returns calculated as part of your financial planning process. Once these objectives have been achieved, it is wise to diversify some or all of the near-term risk the options represent.

HCM's Stock Option Evaluator™ was designed be used in conjunction with our **Tax Bracket Analyzer™** to help those with options make more profitable decisions.

As a P&G employee you have *worked hard* and want to be certain that what you have saved will *go the distance* during your retirement.



Our mission is to help you build a dependable foundation of financial security to last during retirement and beyond.

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