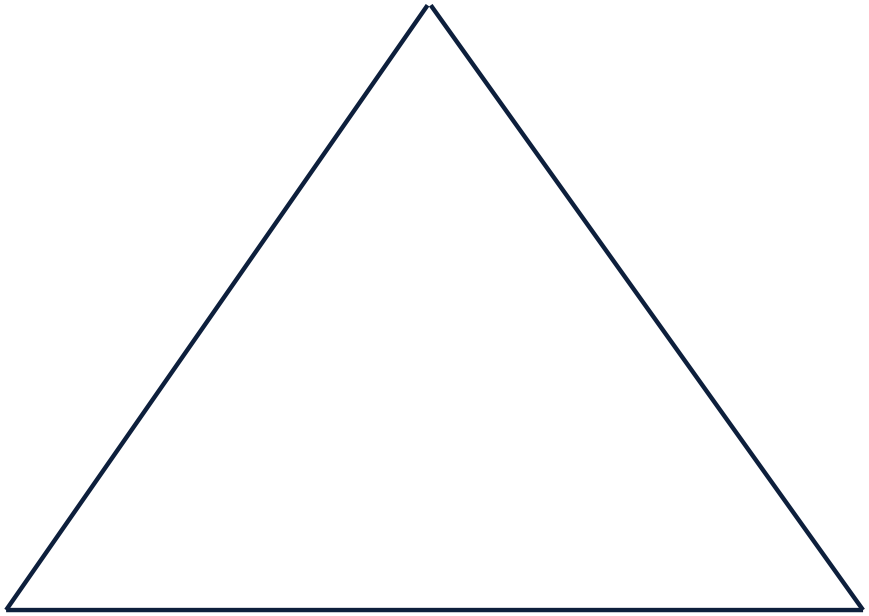
Are the Three Sides of the Balance Sheet Managed?

Active liability management for financial planning practices —
Borrow Smart when buying or refinancing, *Repay Smart* to reduce interest cost over time.

John Thompson · Certified Liability Advisor™ · SMPL Mortgage

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GENERATIONAL LENDING



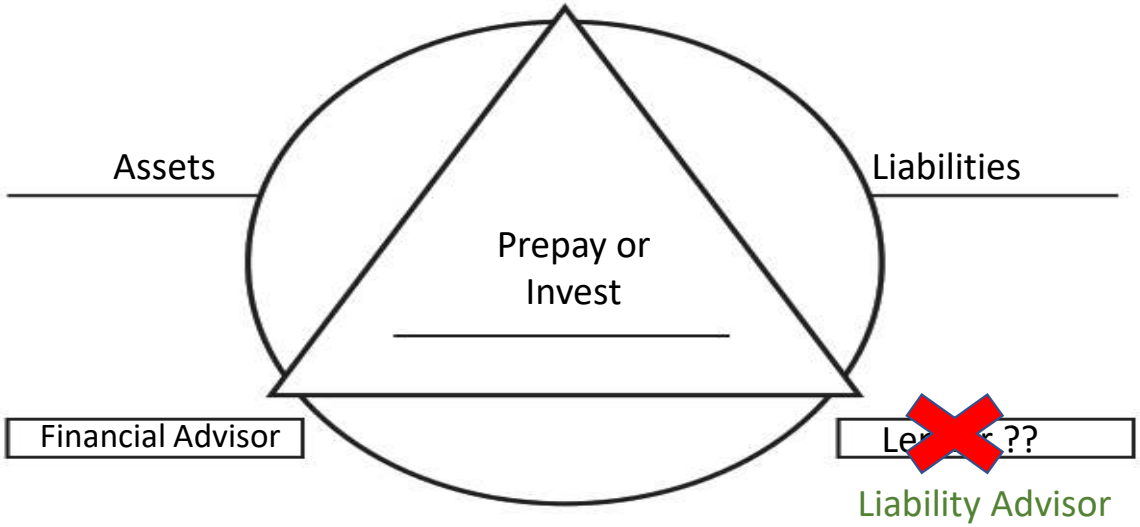
THE 3-SIDED BALANCE SHEET

The Big Why?

Safety	Liquidity	Return
Location	Location	Location

Realtor ??

Real Estate



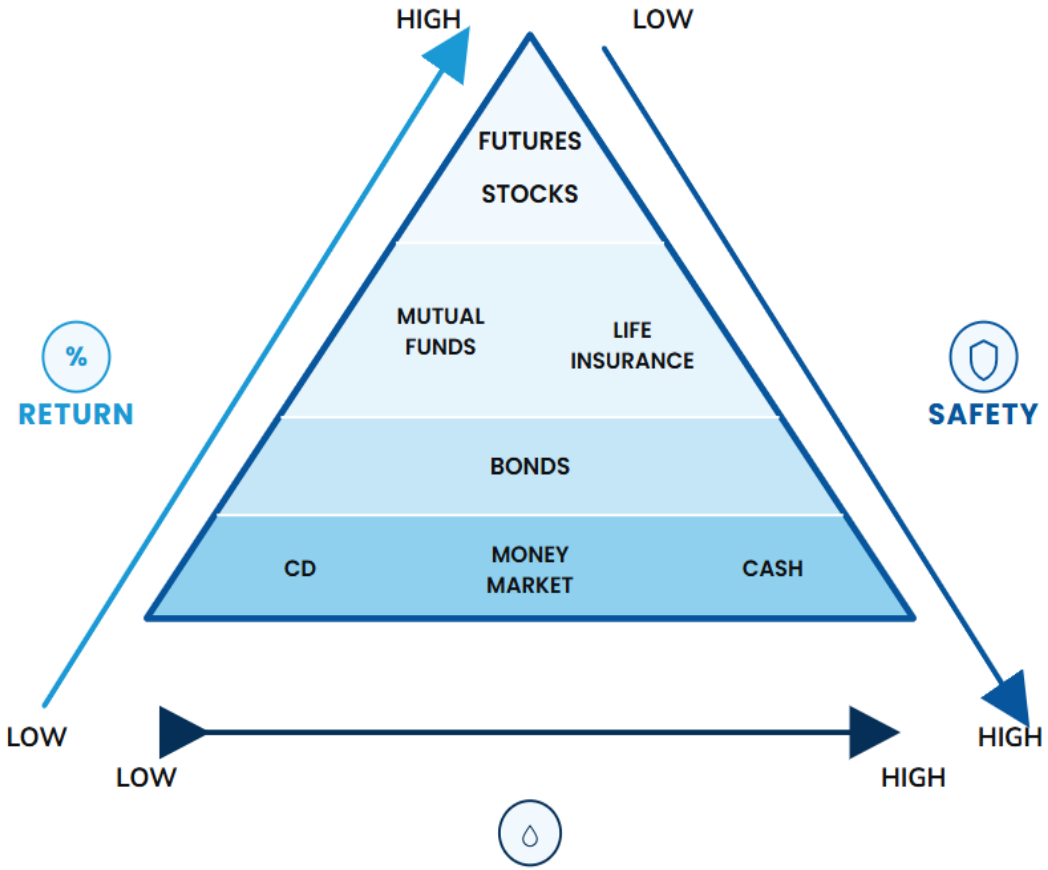
EPR: 6.75%

The Big How?

BORROW SMART · REPAY SMART

The Investment Pyramid

Every asset trades off three things: how much it can grow, how safe it is, and how fast you can turn it into cash.



You actively manage one side of the balance sheet

Assets

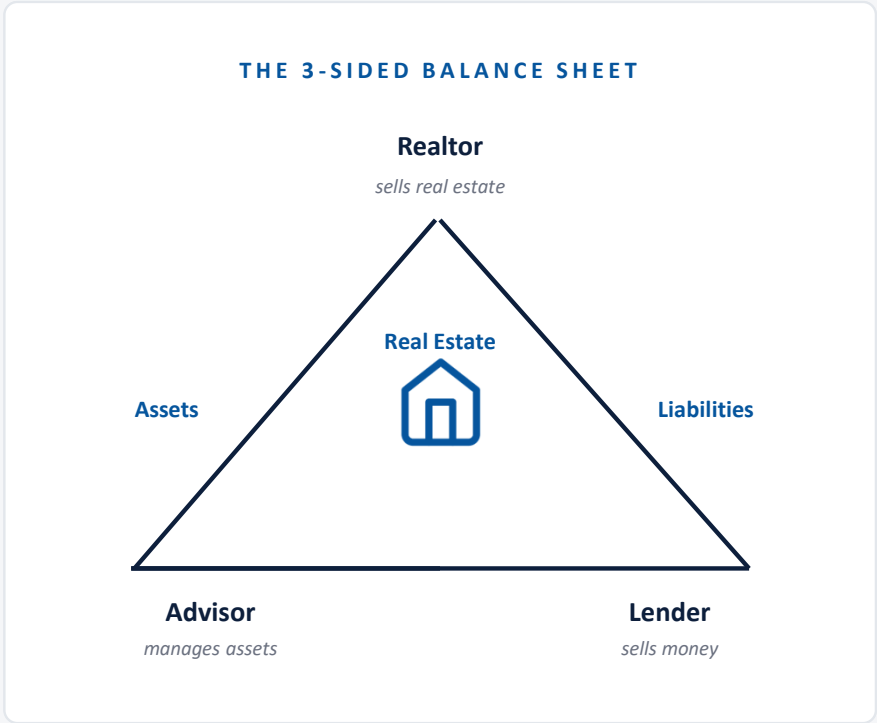
Reviewed, rebalanced, governed by an Investment Plan — managed continuously by you.

Real estate

The largest asset most clients own. Sold by realtors.

Liabilities

Sold by lenders during a transaction. Then ignored unless rates drop.



The home sits on both sides — asset and liability at once.

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THE SCALE OF THE GAP

Assets have AUM. Liabilities have… nothing.

$48.2T

U.S. household real estate — more wealth than most families hold in all other investments combined

$13.2T

in mortgage debt against it — structured once, at closing, then left alone

37%

of America's wealth is real estate — the largest unmanaged line on the balance sheet

LIABILITIES UNDER MANAGEMENT

We treat the right side of the balance sheet (liabilities) the way you treat the left side (assets).

$840M
in LUM

2,000+
families

36 yrs
of practice

Sources: Federal Reserve Z-1, Q2-24; U.S. Survey of Consumer Finance.

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THE CLIENT'S REAL QUESTION

Most mortgage questions are the same question

"15-year like Ramsey, or 30-year like Edelman?"

"Should my bonus go against the mortgage?"

"Should we do bi-weekly payments?"

"How much should we put down?"

One decision. Your plan supplies the Rate of Return side. We supply the liability side, which can include liquidity, safety, cash flow, tax strategies etc.

Prepay or invest?

What is the highest and best use of this dollar?

The framework: EPR — Effective Percentage Rate

Prepaying earns the mortgage rate in avoided interest — a guaranteed 3.25% on a 3.25% loan. No mortgage? Your equity earns today's rate (~6.75%) in avoidance. Compare that to the expected portfolio return *you* model

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PASSIVE VS. ACTIVE

What client's default to — and what's possible

	THE DEFAULT (PASSIVE)	ACTIVELY MANAGED
Mortgage structure	Whatever the lender quoted	**Term, product & EPR fit to the plan**
Prepay decisions	Rule of thumb, emotion	**Opportunity cost, calculated**
Review cadence	Only at major life events	**Annual — like the portfolio**
Household debt	Each loan in isolation	**One blended rate, one strategy**

Active management isn't a refinance pitch — most reviews change behavior, not loans.

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OPEN FLOOR

Before the how — let’s talk.

Ask us anything about liability management — what it means, how we practice it, and where it might fit what you do.

- What does “actively managing a liability” look like, month to month?
- Where do liability questions show up in your client meetings today — and who answers them?
- What would this look like inside your review process?
- Where do you see this colliding with how you already work?

THE MODEL

One engine. Both ends of the liability lifecycle.

Borrow Smart

THE FRONT END — AT ORIGINATION

Structure the debt correctly the first time:

- Amount & down payment sized to the plan
- Product & term chosen on EPR, not habit
- 7-Steps process, blended with your plan
- Liquidity & safety preserved, not spent

Repay Smart

THE BACK END — TO PAYOFF

Actively manage the debt for its whole life:

- A defined debt-free date, mapped in advance
- All household debts optimized together
- Rate targets set & monitored for action
- Re-run at every annual review

Powered by our day-by-day simulation engines — tools to run the borrowing analysis and the repayment plan.

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LIVE DEMO · THE FRONT END

Borrow Smart, live: the LendSight AI calculators

What we'll look at

- Structuring a real borrowing decision — amount, product, term — against the plan, not a rate sheet
- EPR in action: the prepay-vs-invest math your clients are guessing at
- Blended household rate across every debt — one number to manage against
- What a Borrow Smart analysis looks like when it lands on your desk

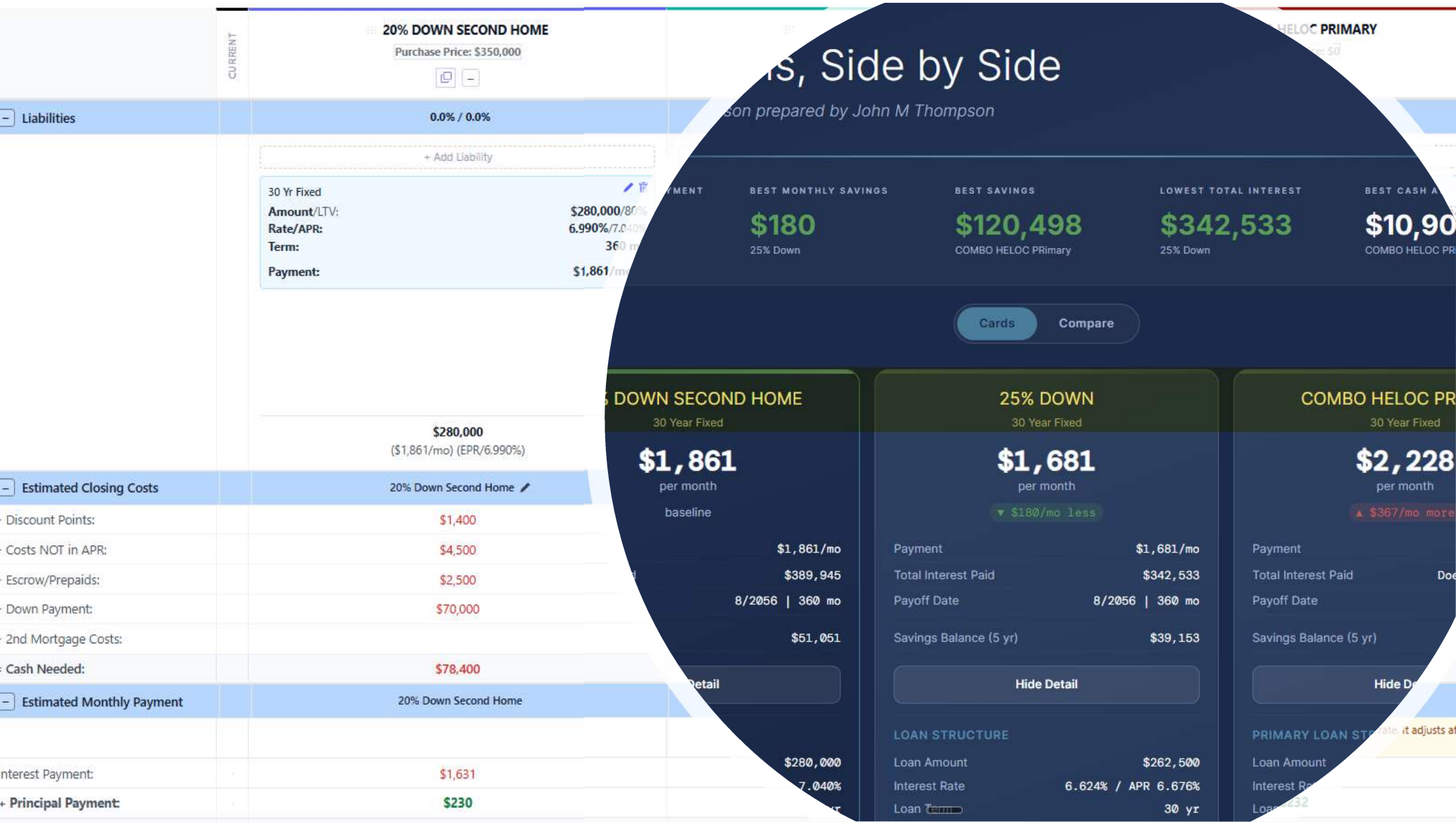
WHILE YOU WATCH

Think of one client — a purchase, a refi question, a lump of cash — and watch their situation, not the demo's.

We'll run that client through the desk as your pilot case.

→ Switching to the live tool

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CURRENT
20% DOWN SECOND HOME
Purchase Price: $350,000
Liabilities
0.0% / 0.0%
+ Add Liability
30 Yr Fixed
Amount/LTV:
Rate/APR:
Term:
Payment:
$1,861
$280,000
($1,861/mo) (EPR/6.990%)
Estimated Closing Costs
20% Down Second Home
Discount Points:
$1,400
Costs NOT in APR:
$4,500
Escrow/Prepaids:
$2,500
Down Payment:
$70,000
2nd Mortgage Costs:
Cash Needed:
$78,400
Estimated Monthly Payment
20% Down Second Home
nterest Payment:
$1,631
+ Principal Payment:
$230
PRIMARY
s, Side by Side
son prepared by John M Thompson
BEST MONTHLY SAVINGS
$180
25% Down
BEST SAVINGS
$120,498
COMBO HELOC PRimary
LOWEST TOTAL INTEREST
$342,533
25% Down
Cards
Compare
DOWN SECOND HOME
30 Year Fixed
$1,861
per month
baseline
$1,861/mo
$389,945
8/2056 | 360 mo
$51,051
$280,000
7.040%
25% DOWN
30 Year Fixed
$1,681
per month
▼ $180/mo less
Payment
$1,681/mo
Total Interest Paid
$342,533
Payoff Date
8/2056 | 360 mo
Savings Balance (5 yr)
$39,153
Hide Detail
LOAN STRUCTURE
Loan Amount
$262,500
Interest Rate
6.624% / APR 6.676%
Loan Term
30 yr
COMBO HELOC PR
30 Year Fixed
$2,228
per month
▲ $367/mo more
Payment
Total Interest Paid
Payoff Date
Savings Balance (5 yr)
PRIMARY LOAN ST
Loan Amount
Interest Ra
Loa

Rental Real Estate – 5 Options Analysis

Option	Net Income (Yr 20, /mo)	Future Value (Yr 20)	What it means for Greg
1. Keep & raise rent to market	$5,967	$3.02M	Simplest path; great loan stays in place, but rent-to-price stays low.
2. Refinance to Lower Payment	$4,030	$2.77M	New 30-yr clock at 6.5% wipes out the 3.125% advantage.
3. Cash-out refi + buy 1 rental	$5,372	$3.56M	Adds one TN rental; better, but only modest diversification.
4. 1031 exchange into 4 TN SFRs ✓	**$10,429**	**$4.885M**	Defers taxes; redeploys equity into a 6% cap-rate market.
5. Sell, pay taxes, invest elsewhere	$883	$2.85M	$102K tax bill; loses the leverage and depreciation benefits.

CASE · STANDBY LINE + TAX COORDINATION

A Retired Couple - Managing IRA Sustainability Risk

The Coordinated Couple, ages 70 and 71

Home value	$1,300,000
Existing mortgage	$0 — free and clear
IRA assets	$862,000
Annual spending need	$25,000/yr over pension + SS
Liquid assets	Nearly gone — ~13 years of runway left

Goal: stop the IRA drawdown above RMD's— keep spending steady without exhausting retirement assets or triggering unnecessary taxable withdrawals.

1. A HECM standby line opens: $333,589 available, $100,000 taken as initial cash.
2. $25,000/year drawn for 10 years, starting at 75 — funded from the line, not the IRA.
3. Each year, the advisor picks the source — IRA or HECM — based on that year's tax picture.
4. The unused portion of the line keeps growing the whole time, for whatever comes next.

CASE · THE COORDINATED DRAWDOWN

IRA Stretch: Line of Credit Funding for Sustainability

	Inception (70)	Age 75	Age 85	Age 95
Cumulative cash drawn (tax-free)	**$100,000**	**$100,000**	**$350,000**	**$350,000**
Available credit line	$333,589	$457,640	$626,473	$1,311,370
Loan balance	$134,833	$220,077	$792,163	$1,658,202
Home value (4%)	$1,300,000	$1,507,056	$2,025,358	$2,721,911
Net home equity	**$1,165,168**	**$1,286,979**	**$1,233,195**	**$1,063,709**

10 YEARS
starting age 75

×

PER YEAR
$25,000

= **$250,000**

in tax-free draws — funded by the standby line, coordinated with IRA assets.

Inception balance of $134,833 includes the $100,000 initial cash draw plus financed closing costs.

CASE · WHAT ADVISORS SHOULD KEEP

The Advisor Stays in the Driver's Seat



A decision, not a product

The annual IRA-vs-HECM draw choice is a planning conversation — made with the advisor, every year, based on markets and tax brackets.



Two problems, one solution

The same standby line that funds spending also became the long-term-care contingency fund they never had.



Not taxable income

$250,000 of spending arrived with no taxable event — no bracket creep, no IRMAA cliff — while IRA assets stayed invested longer.

Are any of your client's IRA's going to run out before they do?

LIVE DEMO · THE BACK END

Repay Smart, live: the Debt Done Date portal

What we'll look at

- A saved client case loaded live — every debt, the real cash flow, the surplus
- The engine running the strategies and surfacing the routes that fit
- The debt-free date itself — the month the client's debt is done
- The client-ready presentation the plan builds automatically

WHILE YOU WATCH

Every client carrying a mortgage has a debt-free date — most have never seen it.

How many households in your book would want this number?

→ Switching to the live portal

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DEBT | DONE | DATE.· REPAY SMART ENGINE

Debt Done Date™ *Engine*

Analyze debts against 25 repayment strategies, ranked by **net savings** and your **Deb**

Begin — Set-Up — Income — Exp

Summary | Graph | Table | Savings

Do Nothing — 30.0 yrs
$3,919/mo current — Every debt paid on its current schedule

STRATEGIES, BEST TO WORST — Apply All Free C

★ **All-In-One | TMS** CASH FLOW — 7.8 yrs (22.3 yrs sooner)
$2,129/mo extra — Sweep income against the line

2 **Traditional HELOC | Velocity** CASH FLOW — 8.2 yrs (21.8 yrs sooner)
$2,129/mo extra — Sweep income against a Prime+margin line

3 **Bi-weekly** ACCELERATION — 16.7 yrs (13.3 yrs sooner)
$284/mo extra — An extra 1/12 each month, highest rate first

4 **Round-Up** BEHAVIORAL — 18.4 yrs

DASHBOARD FOR VANCE WEALTH TEST

YOUR PLAN · AVALANCHE · UPDATED TODAY — Payment 1 of 146

Debt|Done|Date: October 1, 2038 (Was: ~~February 1, 2055~~)

Estimated Interest Saved So Far on Your Current Plan — Refres

$0 of **$293,669** total projected savings

0.0% of the way there · Keep going

Debt confidence: Locked In We have enough information to create a simulation for you.

YOUR TRAJECTORY · PLAN VS. MINIMUMS

16 years 4 months sooner

— Your plan --- If noth

Your plan crosses zero in Oct 2038. Doing the minimums wouldn't get you there until Feb 2055.



The red area is interest you don't pay — **$293,669** saved over the life of

REPAY SMART IN ACTION

A simulation engine — not a rule of thumb

25

acceleration strategies analyzed against the client's real borrowing

10

optimized and surfaced — the ones that actually fit

1–3

best matches, chosen with the client and grounded in the plan

Day-by-day math

A full simulation of the household's cash flow — not an amortization shortcut.

Every debt, together

Mortgage, HELOC, auto, student, cards — one blended picture, one strategy.

Fit to the client

Matched to cash flow, available cash, and the discipline they'll actually sustain.

No credit pull

Free to run. No obligation. Advice first, product only if it helps.

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WHAT IT LOOKS LIKE

One household, three mapped routes out of debt

$420,000	$480,000	$3,650/mo	$1,800/mo
mortgage @ 6.5% / 30 yr	total owed, all debts	in payments	existing surplus

STRATEGY	DEBT-FREE	VS. 2055 DEFAULT	INTEREST SAVED
Fastest — HELOC consolidation	**2035**	22.1 yrs sooner	**$347,000**
Cheapest — debt avalanche	**2045**	10.7 yrs sooner	**$184,000**
Restructure — refi & consolidate	**2045**	10.8 yrs sooner	**$201,000**

Two of the three routes require no new loan at all. *Same income — the plan just redirects the surplus already in the budget. Illustrative example; results vary.*

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THE DELIVERABLES

What your client gets. What your practice gets.

YOUR CLIENT

- A defined debt-free date — the month their debt is done
- A written plan & presentation built from their real numbers
- A 20-minute session — free, no credit pull, no obligation
- A plan that flexes — re-optimized as life changes

YOUR PRACTICE

- Analysis & reports delivered to you — you present, you stay central
- Prepay-vs-invest answers grounded in math, not rules of thumb
- A planning capability most planners simply don’t offer
- Documented liability advice for the client file — every year

You own the relationship. We run the desk.

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WHERE IT FITS

A standing agenda item — not an occasional referral



Client onboarding

A liability review alongside the initial plan — the balance sheet gets both sides from day one.



Annual reviews

Re-run the debt plan when you re-run the portfolio. Rates, cash flow, and goals all move.



Life events

Buying, selling, divorce, inheritance, retirement — every event could reshape the liability side.



Below your minimum

Prospects who don’t fit your model yet — but own a home and need help — stay in your orbit.

Four moments your process already has — we just add the other side of the balance sheet to each one.

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HOW WE WORK TOGETHER

The Review Desk — simple by design

1

A Need surfaces

A liability or mortgage question comes up in your client meeting

2

Review Desk form

You or the client sends the short form to our team or just email or call

3

We run the analysis

Borrow Smart / Repay Smart analysis prepared

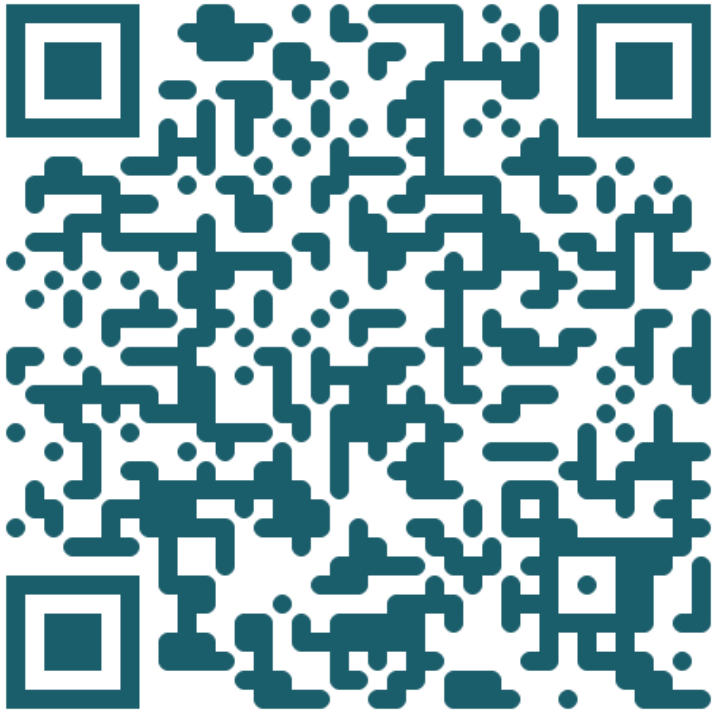
4

Delivered to you

You review it and share it with the client — bring us in as needed

Getting started is light: a 15-minute working session · one live case through the desk · a cadence for your reviews

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SMPL Calculators



Debt Done Date

NEXT STEPS

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GENERATIONAL LENDING

Let’s put one client’s balance sheet to work.

15 minutes — A short working session to pick the first case and set the cadence

One live case — A purchase, a prepay question, or a client retiring with a mortgage

Your reviews — Fold the liability review into onboarding and annuals from there

John Thompson, CLA™ CRMP ™ CDLP ™ | David Thompson CLA™