MANDALA
WEALTH MANAGEMENT

January 23, 2025

Mandala Wealth Wheel Results

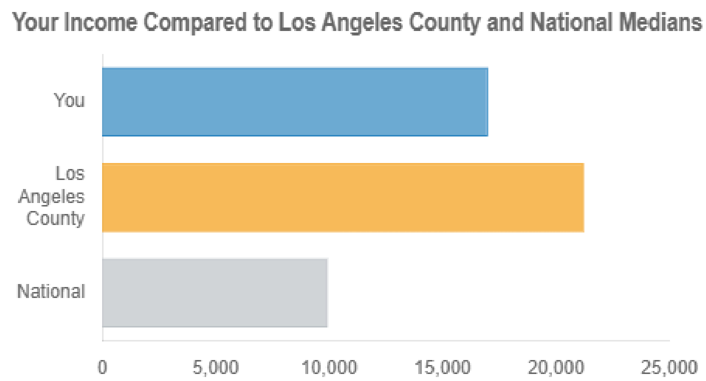
Overview and Summary

Pre-Tax Monthly Income:	$17,000
Effective Tax Rate %	25%
Net Monthly Income:	$12,750
Total Monthly Expenses:	$10,500
Cash Flow:	$2,250
Savings Rate:	18%
Total Assets:	$1,500,000
Liquid Assets:	$1,450,000
Total Debt:	$1,200,000
Net Worth:	$300,000
Liquid Net Worth	$250,000
Financial Goals:	Investment growth, Retirement funding
Mandala Wealth Score	**652**

Key Insights

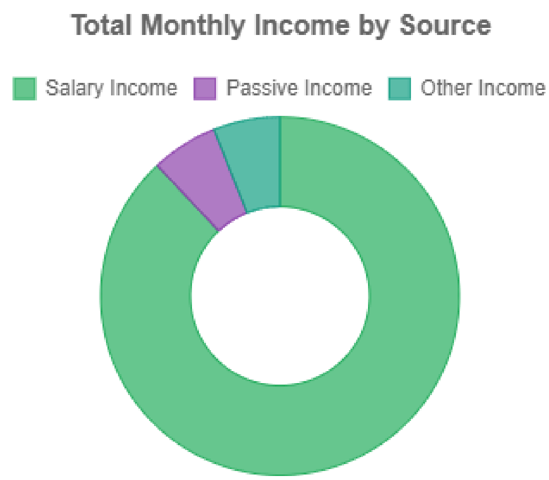
Income & Cash Flow:

Income Level



Your total monthly income is 20% below the median income for 4-person families, which suggests you may need to closely monitor your spending and focus on ways to better optimize your budget to improve your financial position relative to peers in Los Angeles County. Additionally, your monthly income exceeds the national median, which indicates you are in a solid position compared to the broader population, giving you more financial flexibility when considering future plans. At your income level, most people in your region would be able to comfortably cover essential living expenses and discretionary spending, while also saving for an emergency fund or making investments.

Income Diversification



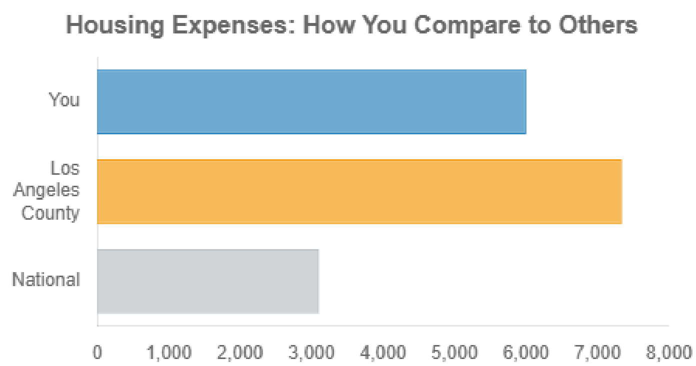
Your income is composed of 88% from salary and 6% from passive income and 6% from other income sources. You've made a good start with passive income. Continue optimizing and diversifying these streams to reduce your reliance on salary and increase your financial flexibility. Diversifying your income sources will provide resilience through different life stages and ensure you're not overly reliant on one source of income.

Savings Rate Efficiency

You're saving a moderate portion of your income. For every dollar you earn, you're saving 18 cents. To improve your long-term financial security, aim to gradually increase your savings rate, focusing on areas where you can cut expenses or allocate windfalls like bonuses or tax refunds toward savings. Your savings rate is higher than the target savings rate of 15% for your current income, age, and region. Keep up the good work!

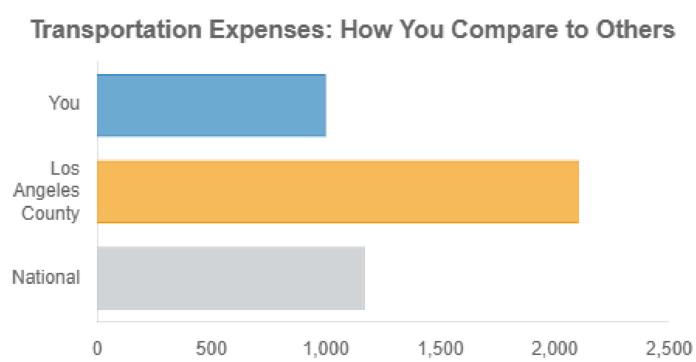
Expense Management:

Housing $6,000



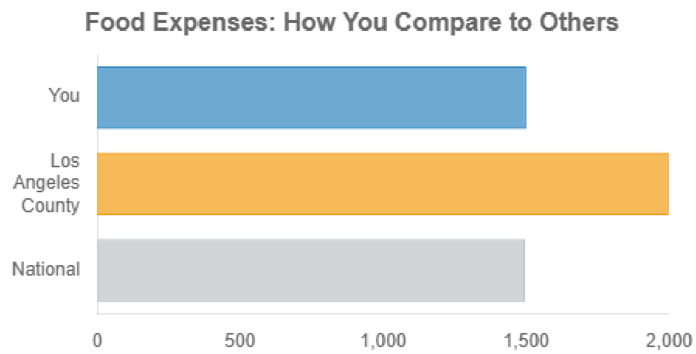
Your housing costs are 35% of your income, which exceeds the recommended 30% threshold. Consider refinancing (if that's an option) to lower your monthly mortgage payments. You might also consider making extra mortgage payments to pay off your loan faster.

Transportation $1,000



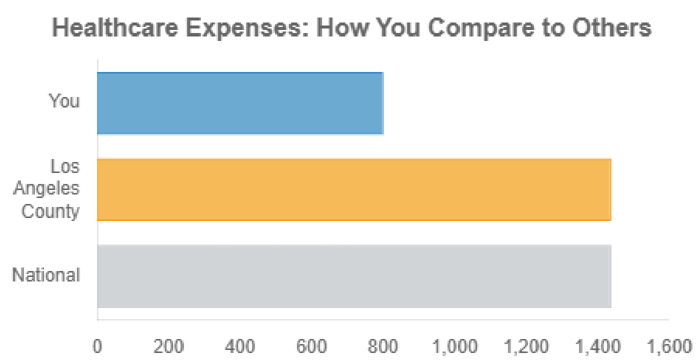
Your transportation expense is within a reasonable range based on your income. On a comparative basis, you're spending less than both the national and regional medians, which indicates efficient cost management.

Food	$1,500	



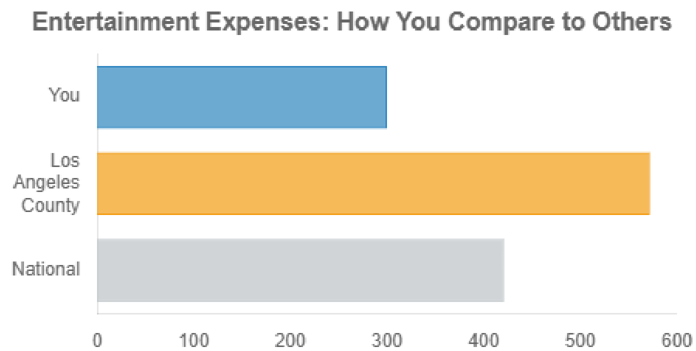
Your food expense is within a reasonable range based on your income. On a comparative basis, your food expense is below the regional median but higher than the national median.

Healthcare	$800	



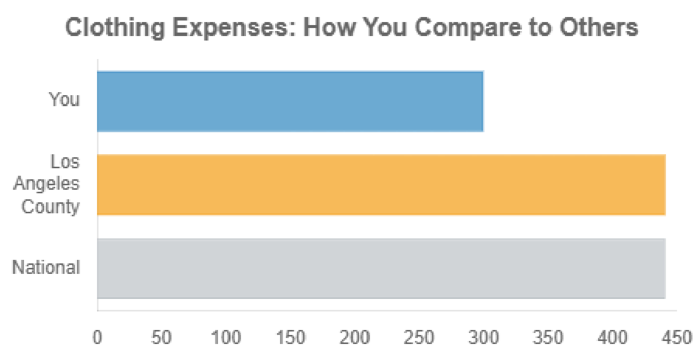
Your healthcare expense is within a reasonable range based on your income. On a comparative basis, your healthcare expense is lower than both the regional and national medians.

Entertainment $300



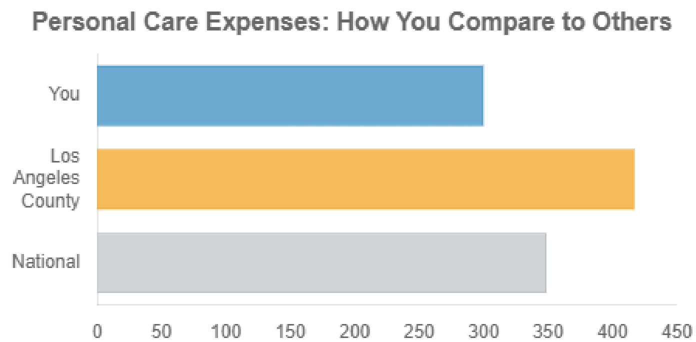
Your entertainment expense is within a reasonable range based on your income. On a comparative basis, your entertainment expense is lower than both the regional and national medians.

Clothing $300



Your clothing expense is within a reasonable range based on your income. On a comparative basis, your clothing expense is lower than both the regional and national medians.

Personal Care	$300	



Your personal care expense is within a reasonable range based on your income. On a comparative basis, your personal care expense is below both regional and national medians.

Debt & Liabilities

Total Debt Load

- Debt as a Percentage of Income — Your total debt is 5.88 times your annual income. Consider prioritizing debt reduction to achieve greater financial security.

- Debt Composition — Debt Composition: 42% mortgage, 13% student loans, 4% credit card, 42% other debt

Liability Classification — You have 46% of your total debt in short-term liabilities, which may require faster repayment to avoid interest buildup. The remaining 54% is in long-term liabilities, typically repaid over a longer period.

Your Loan-to-Value (LTV) Ratio is 100%. A high LTV ratio may limit refinancing options. Your housing costs make up 35% of your monthly income. This exceeds the recommended 30%

	threshold. Consider options like refinancing to lower costs.
Debt Reduction Strategy	To reduce your debt effectively, focus on your credit card debt, which has a balance of $50,000. Since one of your goals is retirement funding, reducing high-interest debts like credit cards can free up resources for retirement savings. Try to make extra payments each month toward this debt. Reducing the balance sooner will save you money and reduce financial stress down the road.

Savings & Investments:

Emergency Fund Adequacy	Your current emergency fund covers about 47.6 months of expenses, based on cash savings of $500,000. This aligns well with our recommended target of 9 months for your profile. This recommendation is based on a few key factors. With monthly expenses of $10,500, a larger buffer offers stability. While your debt load is manageable, having extra funds can prevent reliance on credit if unexpected costs arise. At your current stage in life, a more substantial fund is wise for peace of mind, especially with your income being somewhat variable. Building up to 9 months ensures flexibility during any income gaps and aligns with your long-term financial goals.
Liquidity Strategy	Based on your current financial profile, here's a tailored liquidity strategy: - Tier 1 (Immediate Needs): This tier covers cash or near-cash assets for immediate, short-term expenses and emergencies (e.g., checking accounts, savings

	accounts, or other highly liquid, low-risk assets). You currently have $500,000 in cash, covering approximately 47.6 months of expenses. We recommend keeping $31,500 in this tier for urgent, immediate needs. This means you already have more than enough in Tier 1, so consider reallocating $468,500 to meet your intermediate needs in Tier 2. - Tier 2 (Intermediate Needs): This tier is suited for foreseeable expenses over the medium term, typically within one to five years. Assets in Tier 2 often include short-term bonds, CDs (Certificates of Deposit), and money market funds, which offer modest returns but remain accessible. We recommend setting aside $63,000 in Tier 2. Currently, you would need an additional $-405,500 in this tier after reallocating from Tier 1. You can gradually build this up over time with additional savings, or move a portion from Tier 1 if that fits your comfort level. - Tier 3 (Long-Term Goals): This tier is intended for long-term growth, primarily through retirement accounts and investment portfolios aligned with major financial goals. Typical assets for Tier 3 include stocks, bonds, mutual funds, and real estate, as well as retirement accounts like 401(k)s and IRAs. You have $1,000,000 allocated in retirement accounts and investments, which fully meets our recommended Tier 3 amount. This amount supports your goals of investment growth and retirement funding, optimized for long-term growth.
Tax Optimization Strategy	With a tax rate of 25%, contributing to tax-deferred accounts like a 401(k) or Traditional IRA can reduce your taxable income. At your current

	age, maximizing contributions now can help you fully leverage compounding growth and set a strong foundation for the future.
Goal Alignment	Investment growth - With a conservative risk tolerance, prioritize assets with lower beta and low correlation to the broader market, like government bonds or defensive stocks, to minimize portfolio volatility. Retirement funding - With a focus on retirement, aim for a balanced portfolio that shifts towards stability as you approach retirement age. Given your tax rate of 25%, consider maximizing contributions to tax-advantaged retirement accounts like a 401(k) or IRA.

Let us know how we can help. Contact Mandala today to get started:

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