



Tax Loopholes & Implications: Clinton and Trump

LIFETIME INCOME CASE STUDY

Presented by Puplava Financial Services, Inc.
Registered Investment Advisor

George & Idra Young

Important Notice:

This is a hypothetical illustration based on real life examples. Names and circumstances have been changed. The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investments or strategies may be appropriate for you, consult with a financial advisor prior to investing.

ESSENTIAL INFORMATION

Client:	George & Idra Young.
Ages:	George is 53 and Idra is 55.
Retirement:	Both plan to retire early at age 60.
Life expectancy:	George age 90. Idra age 93.
Risk tolerance:	Moderate.
Investment objective:	Moderate growth with preservation of capital.

WHO ARE GEORGE & IDRA YOUNG?



Name: Idra

Age: 55

Job: Business Owner

Idra developed a health food snack that has done very well and is carried by major retail chains. This is her second attempt at a business as her first business venture did not work out. She is concerned about her kids given that her and George work long hours. She is hoping to retire early to spend more time with family and friends.

Name: George

Age: 53

Job: Doctor

George is currently a Doctor and owns a practice with 2 other doctors. He is concerned about doing all that they can to lower taxes since he and his spouse have high incomes.

WHAT IS IMPORTANT TO THEM?

Creating a legacy



Early retirement

**Maximizing
benefits of being
business owners**



**Mitigating the
impact of taxes**



GEORGE & IDRA'S CURRENT BUDGET

✓ Essentials:	\$260,000
✓ Discretionary:	\$100,000

TOTAL: \$360,000

Rental Income/Salary:	\$830,000
Surplus:	\$470,000



GEORGE & IDRA'S RETIREMENT BUDGET

✓ Essentials:	\$110,000
✓ Discretionary:	\$50,000
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	TOTAL: \$160,000
Rental Income:	\$30,000
Social Security:	\$60,000
Shortfall:	-\$70,000



GEORGE & IDRA'S ASSETS

Non-Investment Assets

✓ Real Estate:	\$800,000
✓ Rental Property:	\$400,000
✓ Businesses (2):	\$3,500,000

Investment Assets

✓ George & Idra's Taxable:	\$1,550,000
✓ George & Idra's Retirement:	\$1,761,000
✓ Cash/Savings:	\$553,000

Total Investment Assets \$3,864,000

Total Assets: \$8,564,000

Liabilities: -\$285,000

Net Worth: \$8,279,000

GEORGE & IDRA'S FINANCIAL PLAN CHALLENGES

- 1.** Managing taxes with multiple businesses.
- 2.** Adopting proper business structure to manage taxes and liabilities.
- 3.** Develop an estate plan to create a legacy.
- 4.** Planning for early retirement.



GEORGE & IDRA'S RETIREMENT INCOME STRATEGY

George & Idra's Social Security	\$60,000
Rental Income	\$30,000

Investment Income

Joint Taxable	\$850K	Fixed Income & Dividend payers @ 3.1% ¹	\$26,350
Joint Retire.	\$1.76M	Fixed Income & Dividend payers @ 3.1% ²	\$54,560
Bond Ladder	\$700K	Muni Bonds @ 2.5% ³	\$17,500
		Total investment income	\$98,410
		Grand total income	\$190,865
		Less budget	\$158,410
		Surplus	\$32,455

1, 2 & 3: Yields are for current portfolio yields as of 9/20/16. Please see disclosures at the end of this presentation for security risks.

GOAL BASED RECOMMENDATIONS FOR GEORGE & IDRA

What are our concerns?

- ▶ Minimizing taxes.
- ▶ Maximizing benefits of owning a business.
- ▶ Creating a legacy.
- ▶ Planning for early retirement.

Strategy

- ▶ Work with a CPA to make sure they maximize the \$125,000 NOL they have from the failed business for future tax years. Maximize retirement accounts and other write-offs related to the business, like autos, home office, and travel expenses.
- ▶ Change business structure for wife's business to an S-Corp for the tax benefits. Structure Idra's income so that a portion is "distributive share," which is not subject to self-employment tax.
- ▶ This means not only creating a trust but having succession plans for both businesses with a buy-sell agreement for the husband and his business partners.
- ▶ Maximize savings and investing. A large portion of their assets are illiquid by being tied into real estate and their business. The strategy here is to create a plan to sell those assets at retirement to meet income needs.

Disclosures:

- 1. Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.*
- 2. The payment of dividend is not guaranteed. Companies may reduce or eliminate the payment of dividends at any given time.*
- 3. Fixed annuities are long-term investment vehicles for retirement purposes. Gains from tax-deferred investments are taxable as ordinary income upon withdrawal. Guarantees are based on the claims paying ability of the issuing company. Withdrawals made prior to age 59 1/2 are subject to a 10% IRS penalty tax and surrender charges may apply.*

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If you have any specific questions or comments, please give us a call at

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We're happy to speak with you.

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