



✓ Current Financial Picture

✓ Goals & Concerns

✓ Retirement Solutions

# LIFETIME INCOME CASE STUDY

*Presented by Ptoplava Financial Services, Inc.*

Luke and Elaine Brown

# 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

<b>Client:</b>	Luke and Elaine Brown.
<b>Ages:</b>	Luke and Elaine are both 57.
<b>Retirement:</b>	Elaine is retired and Luke retires in 8 years at age 65.
<b>Life expectancy:</b>	Luke age 90, Elaine age 93.
<b>Risk tolerance:</b>	Moderate.
<b>Investment objective:</b>	Primary goal is to grow money for retirement.

# WHO ARE LUKE AND ELAINE BROWN?



**Name:** Luke

**Age:** 57

**Job:** Engineer

Luke has handled all their financial decisions up to this point. His time is very limited between work, family, and the rental properties.

**Name:** Elaine

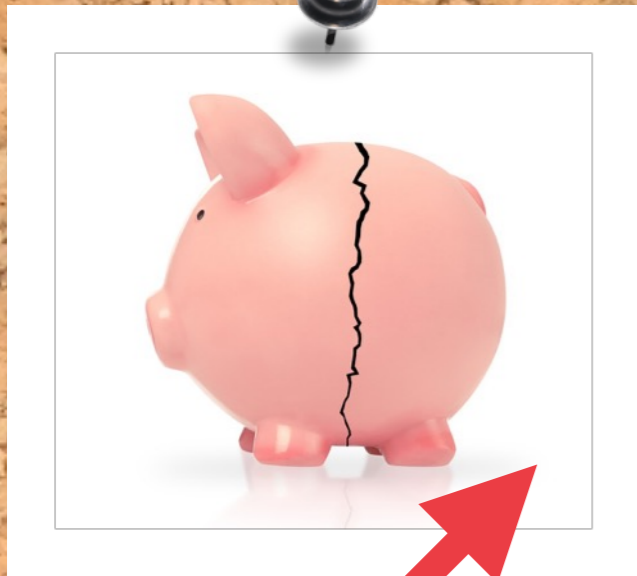
**Age:** 57

**Job:** Stay-at-home mother

Elaine is a stay at home mom who is concerned about planning for retirement and securing their financial picture.

# WHAT IS IMPORTANT TO LUKE & ELAINE?

**Managing taxes and current expenses**

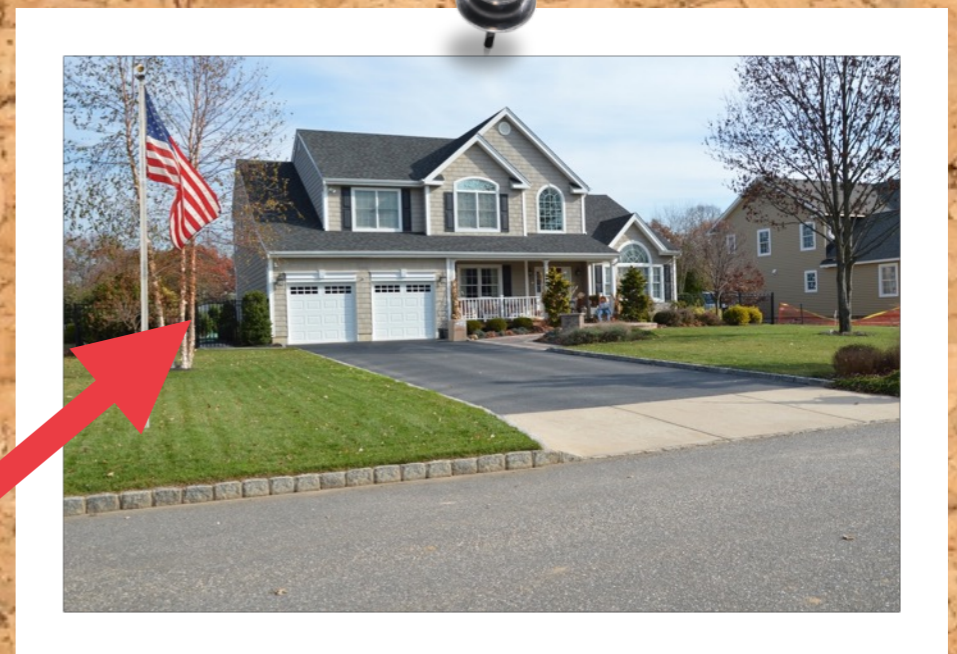


**Funding Retirement**



**Outliving assets**

**Risks related to his rental properties**



# LUKE & ELAINE'S CURRENT BUDGET

✓ Essentials:	\$176,000
✓ Must haves (quality of life):	\$41,000
✓ Want to haves:	\$9,000
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	TOTAL: -\$226,000
Less Salary/Rental Income:	+\$261,000
Surplus:	\$34,000



# LUKE & ELAINE'S RETIREMENT BUDGET

✓ Essentials:	\$90,000
✓ Must haves (quality of life):	\$10,000
✓ Want to haves:	\$5,000
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	TOTAL: \$105,000
Less Rental Income/Social Security:	\$110,000
Surplus:	\$5000



# LUKE & ELAINE'S ASSETS

## Non-Investment Assets

- ✓ Primary Real Estate: \$750,000
- ✓ Rental Property (3): \$630,000

## Investment Assets

- ✓ Total Joint Accounts: \$570,000
- ✓ Luke's Retirement: \$876,000
- ✓ Elaine's IRAs (2): \$43,000

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**Total Investment Assets** \$1,489,000

Total Assets: \$2,869,000

Liabilities: **-\$630,000**

Net Worth: \$2,239,000



# LUKE & ELAINE'S FINANCIAL PLAN CHALLENGES

1. All rentals are held in their names only with no liability protection.
2. One rental is out of state and they are considering buying another out of state.
3. Estate plans have not been updated since second child was born.
4. They are managing their finances without the help of professionals like a CPA, Attorney, or Property manager.
5. They carry high levels of cash since they've had bad prior experiences investing in the market.



# LUKE & ELAINE'S RETIREMENT INCOME STRATEGY

Luke's Military Pension	\$26,400
Luke & Elaine's Social Security	\$43,200
Property Rental Income	\$31,600

## Investment Income

Joint/ROS	\$570K	Dividend payers @3% <sup>1</sup>	\$17,100
401k & Roth	\$876K	Fixed Income & Dividend payers @3.2% <sup>2</sup>	\$28,000
IRA (2)	\$40K	Fixed Income & Dividend payers @3.2% <sup>3</sup>	\$1,400
		Total investment income	\$50,600
			<b>Grand total income \$1,983,000</b>
			Less budget \$105,000
			<b>Surplus \$93,300</b>

\* *Yields are for current portfolio yields as of 7/18/16. Please see disclosures at the end of this presentation for security risks.*

# GOAL BASED RECOMMENDATIONS FOR LUKE & ELAINE BROWN

## What am I afraid of?

- ▶ Retirement Income.
- ▶ Property liability.
- ▶ Managing expenses.
- ▶ Concerned with taxes.

## Strategy

- ▶ Refinance rentals and invest portion of cash.
- ▶ Place rental properties into LLC.
- ▶ Maintain \$100k in cash.
- ▶ Complete tax planning with CPA.

# IMPLEMENTATION & EXECUTION OF RECOMMENDATIONS

- Refinance two properties to save money on interest and provide better cash flow.
- Rental properties placed into LLC for liability protection and tax benefits.
- Utilized a property manager for the out of state rental.
- Reduce cash position by investing into the markets to provide better growth potential.
- Referred to attorney to update estate plan.

# 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.*

*This concludes our lifetime Income Series video by:*

# **Puplava Financial Services, Inc.**

Registered Investment Advisor

*Thanks for watching!*

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

*We're happy to speak with you.*

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