



Mitigating the Rising Costs of Healthcare

LIFETIME INCOME CASE STUDY

Presented by Puplava Financial Services, Inc.
Registered Investment Advisor

Milton & Annie White

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:	Milton & Annie White.
Ages:	Milton is 67 and Annie is 59.
Retirement:	Milton is recently retired. Annie wants to retire this year.
Life expectancy:	Milton age 84. Annie age 91.
Risk tolerance:	Moderately Conservative.
Investment objective:	Income with Capital Preservation.

WHO ARE MILTON & ANNIE?



Name: Milton

Age: 67

Job: Construction

Milton was forced into retirement this year due to health & heart concerns. He was a general contractor but due to back issues he can no longer continue to work his normal job. Milton is still concerned about maintaining the same standard of living. His is also very concerned about the timing of their retirement because he has seen a slowdown at work and is scared of retiring right before a recession.

Name: Annie

Age: 59

Job: Accountant

Annie works as an accountant for a small company. She is wanting to retire to spend more time with her husband and to help take care of him as he recovers from back surgery. She is nervous about being able to afford their current lifestyle, but she is excited at the prospect of retirement and looks forward to the next adventure.

WHAT IS IMPORTANT TO MILTON & ANNIE?



**Healthcare
planning**

**Protecting their
nest egg**



**Maintaining same
standard of living**

**Not outliving
assets**



MILTON & ANNIE'S CURRENT BUDGET

✓ Essentials:	\$58,200
✓ Discretionary:	\$33,800

TOTAL:	\$92,000
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Annie's Full-time Salary:	\$45,000
Social Security:	\$30,000
Shortfall:	-\$17,000



MILTON & ANNIE'S RETIREMENT BUDGET

✓ Essentials:	\$58,200
✓ Discretionary:	\$30,800

TOTAL:	\$89,000
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Annie's Part-time Salary:	\$20,000
Social Security:	\$30,000
Shortfall:	-\$39,000



MILTON & ANNIE'S ASSETS

Non-Investment Assets

✓ Primary Residence: \$225,000

Investment Assets

✓ Milton's Retirement: \$450,000

✓ Annie's Retirement: \$1,610,000

✓ Joint/ROS accounts: \$125,000

Total Investment Assets \$2,310,000

Total Assets: \$2,535,000

Liabilities: -\$30,000

Net Worth: \$2,505,000

MILTON & ANNIE'S FINANCIAL PLAN CHALLENGES

1. Managing the increasing costs of healthcare.
2. Managing sequence of returns risk.
3. Concerns about longevity and ensuring that they do not outlive their assets.
4. Proper estate planning.



MILTON & ANNIE'S RETIREMENT INCOME STRATEGY

Milton's Social Security	\$30,000
Annie's Part-time Income	\$20,000

Investment Income

Milton's Retire	\$450K	Fixed Income & Dividend Payers @ 3.1% ¹	\$13,950
Annie's Retire	\$1.28M	Short Term Bond Ladder @ 2.5% ²	\$32,000
	\$338K	Value Stocks & Dividend Payers @ 3.4% ³	\$11,492
Joint/ROS Acct	\$125K	Fixed Income & Dividend Payers @ 3.1% ⁴	\$3,875
		Total Investment Income	\$61,317
			Grand total income \$111,317
			Less Budget \$92,000
			Surplus \$19,317

1, 2, 3 & 4: Yields are for current portfolio yields as of 10/25/16. Please see disclosures at the end of this presentation for security risks.

GOAL BASED RECOMMENDATIONS FOR MILTON & ANNIE

What are our goals?

- ▶ Managing Healthcare costs.
- ▶ Protecting the nest egg.
- ▶ Not outliving assets.

Strategy

- ▶ Instead of fully retiring, Annie will continue to work on a part-time basis primarily from home. This will allow Annie to still be covered by her employer's healthcare plan. Milton will continue to be covered by his Medicare advantage plan.
- ▶ Reallocate investments into a more conservative portfolio allocation by focusing on income oriented investments. Annie working part-time will reduce the income needed from their assets.
- ▶ Reduce near-term stock positions. Over time, as the market corrects, stock positions will increase in more favorable market conditions.

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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