



# Using Pensions to Maximize Retirement Income

## LIFETIME INCOME CASE STUDY

*Presented by Puplava Financial Services, Inc.*  
Registered Investment Advisor

Tom & Kathleen Sumac

# 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>	Tom and Kathleen Sumac.
<b>Ages:</b>	Tom is 68 and Kathleen is 60.
<b>Retirement:</b>	Both are retired.
<b>Life expectancy:</b>	Age 86 and 93.
<b>Risk tolerance:</b>	Conservative.
<b>Investment objective:</b>	Income and preservation of capital.

# WHO ARE TOM & KATHLEEN SUMAC?



**Name:** Tom

**Age:** 68

**Job:** Retired Chemical Engineer

Tom retired earlier this year after working almost 40 years with the same company. He has been very active in managing his finances and made sure they retire debt free and can enjoy the next chapter in life. He wants to focus on travel and spend more time out on the water in his boat.

**Name:** Kathleen

**Age:** 60

**Job:** Retired Nurse

Kathleen is a retired nurse and looks forward to spending more time with her spouse. She is very active and looks forward to pursuing her passions and having more time to relax with family and friends.

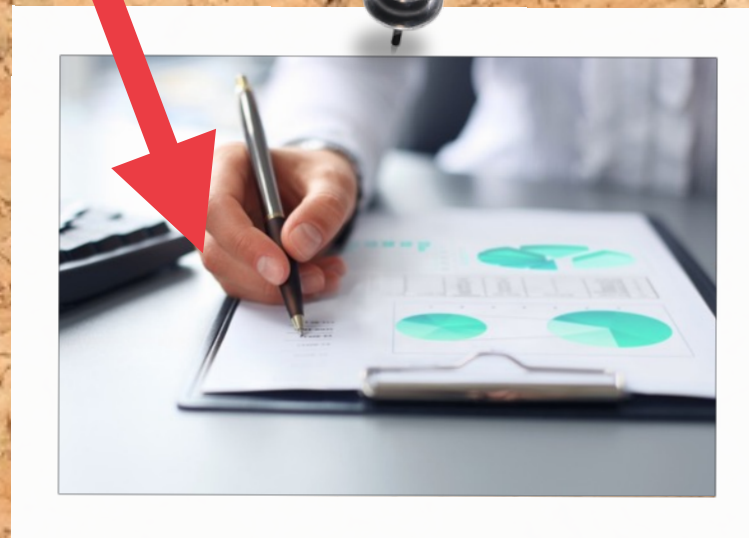


# WHAT IS IMPORTANT TO TOM & KATHLEEN?

**Making best choices  
with their pensions**



**Relocating in  
retirement**



**Managing taxes**

**Maximizing  
retirement income**





# TOM & KATHLEEN'S CURRENT BUDGET

✓ Essentials:	\$50,000
✓ Discretionary:	\$20,000

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TOTAL: \$70,000

Salary:	\$95,000
Surplus:	\$25,000



# TOM & KATHLEEN'S RETIREMENT BUDGET

✓ Essentials:	\$50,000
✓ Discretionary:	\$30,000

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TOTAL:	\$80,000
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Pension/Social Security:	\$82,800
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Surplus:	\$2,800
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# TOM & KATHLEEN'S ASSETS

## Non-Investment Assets

✓ Real Estate: \$380,000

## Investment Assets

✓ Total Joint Accounts: \$411,000

✓ Tom's Retirement: \$673,000

✓ Kathleen's Retirement: \$265,000

**Total Investment Assets** \$1,349,000

Total Assets: \$1,729,000

Liabilities: -\$70,000

Net Worth: \$1,659,000



# TOM & KATHLEEN'S FINANCIAL PLAN CHALLENGES

1. Managing taxes with multiple pensions in retirement.
2. Maximizing pensions to produce income and protect against longevity.
3. Updating asset allocation to reflect investment objectives.



# TOM & KATHLEEN RETIREMENT INCOME STRATEGY

Kathleen's Pension	\$10,800
Tom's Pensions (2)	\$32,000
Tom & Kathleen's Social Security	\$40,000

## Investment Income

Joint/ROS	\$411K	Dividend payers & Muni Bonds @2.5% <sup>1</sup>	\$10,275
Tom's Retire.	\$673K	Fixed Income & Dividend payers @3.1% <sup>2</sup>	\$20,863
Kath's Retire.	\$265K	Fixed Income & Dividend payers @3.1% <sup>3</sup>	\$8,215
Total investment income			\$39,353
<b>Grand total income</b>			<b>\$122,153</b>
Less budget			\$80,000
<b>Surplus</b>			<b>\$42,153</b>

1, 2, & 3: Yields are for current portfolio yields as of 9/8/16. Please see disclosures at the end of this presentation for security risks.



# GOAL BASED RECOMMENDATIONS FOR TOM & KATHLEEN SUMAC

## What am I afraid of?

- ▶ Managing pensions.
- ▶ Managing taxes.
- ▶ Creating a legacy.

## Strategy

- ▶ Take single life option for wife because of her longer life expectancy to maximize income. For the husband, take the larger pension @ 50% survivor and do a lump sum rollover for the smaller pension.
- ▶ Roll over lump sum to reduce tax liability. Also, update the allocation to include muni bonds to produce tax-free income.
- ▶ Recommend they update estate plans after relocation and not carry a mortgage to better serve budget.

# 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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