



# Making the Most of Medicare

## LIFETIME INCOME CASE STUDY

*Presented by **Puplava Financial Services, Inc.***

Registered Investment Advisor

Tracy Simms

# 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>               | Tracy Simms.                        |
| <b>Ages:</b>                 | Tracy is 64.                        |
| <b>Retirement:</b>           | Retiring when she turns 65.         |
| <b>Life expectancy:</b>      | Age 95.                             |
| <b>Risk tolerance:</b>       | Moderately conservative.            |
| <b>Investment objective:</b> | Income and preservation of capital. |

A portrait of Tracy Simms, a woman with short brown hair, smiling slightly. She is wearing a white top with a black and pink leopard print pattern. The background is a blurred outdoor scene with buildings and a street.

# WHO IS TRACY SIMMS?

**Name:** Tracy

**Age:** 64

**Job:** Project Manager

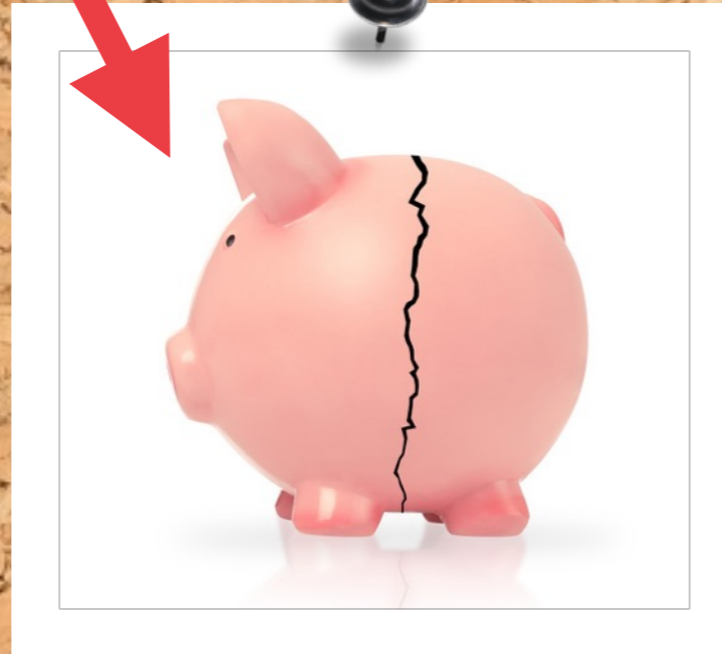
Tracy is nervous about planning for retirement since she is divorced and will be supporting herself, as well as trying to live the lifestyle she has hoped for. Tracy is also concerned about her healthcare costs since she has a long life expectancy.

# WHAT IS IMPORTANT TO TRACY SIMMS?



**Maximizing  
retirement income**

**Managing expenses  
in retirement**



**Creating a legacy**

**Affording the increasing  
costs of healthcare**



# TRACY'S CURRENT BUDGET

|                  |          |
|------------------|----------|
| ✓ Essentials:    | \$42,000 |
| ✓ Discretionary: | \$25,000 |

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|        |          |
|--------|----------|
| TOTAL: | \$67,000 |
|--------|----------|

|         |          |
|---------|----------|
| Salary: | \$93,000 |
|---------|----------|

|          |          |
|----------|----------|
| Surplus: | \$26,000 |
|----------|----------|



# TRACY'S RETIREMENT BUDGET

|                  |          |
|------------------|----------|
| ✓ Essentials:    | \$36,000 |
| ✓ Discretionary: | \$12,000 |

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|        |          |
|--------|----------|
| TOTAL: | \$48,000 |
|--------|----------|

|                          |          |
|--------------------------|----------|
| Pension/Social Security: | \$28,000 |
|--------------------------|----------|

|            |           |
|------------|-----------|
| Shortfall: | -\$20,000 |
|------------|-----------|



# TRACY'S ASSETS

## Non-Investment Assets

✓ Real Estate: \$460,000

## Investment Assets

✓ Tracy's Retirement: \$590,000

✓ Tracy's Trust: \$170,000

✓ Tracy's Cash: \$80,000

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**Total Investment Assets** \$840,000

Total Assets: \$1,300,000

Liabilities: -\$156,000

Net Worth: \$1,144,000

# TRACY'S FINANCIAL PLAN CHALLENGES

1. Long life expectancy.
2. Managing expenses in retirement.
3. Creating an estate plan.
4. Updating current asset allocation.



# TRACY'S RETIREMENT INCOME STRATEGY

|                         |          |
|-------------------------|----------|
| Tracy's Social Security | \$28,000 |
|-------------------------|----------|

## Investment Income

|                        |  |          |
|------------------------|--|----------|
| Tracy's Retire. \$590K | Fixed Income & Dividend payers @ 3.1% <sup>1</sup> | \$18,290 |
|------------------------|--|----------|

|                      |  |         |
|----------------------|--|---------|
| Tracy's Trust \$170K | Dividend Payers & Muni's @ 2.5% <sup>2</sup> | \$4,250 |
|----------------------|--|---------|

|                         |          |
|-------------------------|----------|
| Total investment income | \$22,540 |
|-------------------------|----------|

|                           |                 |
|---------------------------|-----------------|
| <b>Grand total income</b> | <b>\$50,540</b> |
|---------------------------|-----------------|

|             |          |
|-------------|----------|
| Less budget | \$45,000 |
|-------------|----------|

|                |                |
|----------------|----------------|
| <b>Surplus</b> | <b>\$5,540</b> |
|----------------|----------------|

*1 & 2: 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 TRACY SIMMS

## What am I afraid of?

- ▶ Affording healthcare costs.
- ▶ Managing expenses.
- ▶ Maximizing retirement income.
- ▶ Creating a legacy.

## Strategy

- ▶ Enroll in medicare part A & B. She will benefit from hold-harmless provision for part B, which will help control costs. Also recommend Medicare supplemental insurance and that she enroll in part D.
- ▶ Enroll in Medicare and will be encouraged to stick to a budget.
- ▶ Reallocate investments to provide necessary income in a tax preferred manner by utilizing municipals & corporate bonds.
- ▶ Create a proper 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.*

# Puplava Financial Services, Inc.

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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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