



**Not All Bond Funds
Are Created Equal**

LIFETIME INCOME CASE STUDY

Presented by Puplava Financial Services, Inc.
Registered Investment Advisor


Amber Sharp

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:	Amber Sharp
Ages:	Age 64.
Retirement:	She hopes to retire in 1-2 years.
Life expectancy:	Age 95.
Risk tolerance:	Moderately Conservative.
Investment objective:	Income with Capital Preservation.



WHO IS AMBER?

Name: Amber

Age: 64

Job: Project Manager

Amber has worked for the same company for many years and is looking to retire soon. Amber has developed into a conservative investor after losing over half her net worth in the last financial crisis. She has used an advisor in the past and continues to make her own investment decisions by primarily investing in mutual funds and closed end funds. The challenge with this approach is that she's been using funds that have a high duration, low credit quality, and large amounts of leverage. Unaware of this, Amber's investment philosophy has been to choose funds with the highest yield with little understanding of the implications of those investments. Amber came to us looking for help in managing her investments with confidence that our expertise will help her produce sufficient income throughout retirement. Heading into retirement, Amber enjoys traveling and looks forward to taking long trips to exotic and remote destinations around the world.

AMBER'S CURRENT RISK STRATEGY

Most Conservative **1 - 2 - 3 - 4 - 5 - 6 - 7 - 8 - 9 - 10** Most Aggressive

Current Risk Score

3

Portfolio Risk Score

7

WHAT IS IMPORTANT TO AMBER?



Proper asset allocation

Maintaining the same lifestyle



Covering the expenses of travel and healthcare



Producing sufficient income in retirement



Investment	Investment Value at Year end	Investment Value at Year end
139 970	373 967	424 963
196 969	804 029	446 211
281 917	1 296 231	468 522
354	1 859 317	491 948
424	2 499 808	516 645
491	3 227 076	542 372
558	4 050 935	569 491
624	4 978 331	600 000

Start at monthly
Can we do this?

AMBER'S CURRENT BUDGET

✓ Essentials:	\$62,000
✓ Discretionary:	\$25,000
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TOTAL:	\$87,000

Amber's Salary:	\$98,000
Surplus:	\$11,000



AMBER'S RETIREMENT BUDGET

✓ Essentials:	\$66,000
✓ Discretionary:	\$18,000

TOTAL: \$84,000

Social Security:	\$35,000
Amber's Pension:	\$17,000
Shortfall:	-\$32,000



AMBER'S ASSETS

Non-Investment Assets

✓ Primary Residence: \$530,000

Investment Assets

✓ Amber's Retirement: \$375,000

✓ Amber's Taxable: \$651,000

✓ Amber's Roth IRA: \$150,000

✓ Cash Assets: \$60,000

Total Investment Assets \$1,236,000

Total Assets: \$1,766,000

Liabilities: -\$75,000

Net Worth: \$1,691,000

AMBER'S FINANCIAL PLAN CHALLENGES

- 1.** Taking excessive risk in current portfolio based on how she currently selects her investments.
- 2.** High expenses with low income sources in retirement.
- 3.** Large overlap in the portfolio creating additional risks and concentrated positions.



AMBER'S RETIREMENT INCOME STRATEGY

Social Security	\$35,000
Amber's Pension	\$17,000

Investment Income

Amber's Retir.	\$375K	Fixed Income & Dividend Payers @ 3.1% ¹	\$11,625
Amber's Tax.	\$651K	Fixed Income & Dividend Payers @ 3.1% ²	\$20,181
Amber's Roth	\$150K	Fixed Income & Dividend Payers @ 3.1% ³	\$4,650
Cash	\$60K		
		Total Investment Income	\$36,456
		Grand Total Income	\$88,456
		Less Budget	\$84,000
		Surplus	\$4,456

1, 2, & 3: 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 AMBER

Goal

Strategy

Proper asset allocation

We updated asset allocation to reflect a more balanced portfolio with her risk objectives and goals.

Producing sufficient income in retirement

In order to maximize income, we incorporated dividend producing stocks in her portfolio to help manage inflation. We also introduced an individual bond ladder that holds bonds to maturity in order to reduce risk and maintain a steady income stream.

Maintaining the same lifestyle

We recommended that she develop a budget that can be closely monitored. This way, when Amber would like to travel, the extent of her trips will vary based upon the current market conditions. In good years, Amber will be able to take more expensive trips and in down years, she'll need to limit traveling costs all-together.

Covering travel and healthcare expense

Our strategy was to make sure Amber was utilizing proper health insurance coverage. In addition, we also invested her assets in a way to manage sequence of returns risks and inflation.

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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