



Beware The Overzealous Advisor

LIFETIME INCOME CASE STUDY

Presented by Puplava Financial Services, Inc.
Registered Investment Advisor

Bill & Marsha 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:	Bill & Masha White.
Age:	Bill is age 57 and Marsha is age 58.
Retirement:	Both wish to retire soon.
Life expectancy:	Marty age 90. Taylor age 95.
Risk tolerance:	Moderate.
Investment objective:	Income & Preserve Purchasing Power.

A photograph of a man and a woman embracing warmly in front of a house. The woman, on the left, has curly hair and is wearing a bright blue shirt. The man, on the right, is wearing a plaid shirt. In the background, a house with a teal door and some greenery is visible.

WHO ARE BILL & MARSHA?

Name: Bill

Age: 57

Job: Regional Manager

Bill has to travel often for work which has made it very difficult for him to manage their finances. He has been with the same broker for 2 decades and has been recently offered his broker's basic financial planning services. Working with his broker, Bill has accumulated large positions in precious metals, cash and some stock holdings in blue-chip companies. His current tax situation now and into retirement are a concern. Bill is hoping to change careers or retire in the next 5-10 years so he can travel less and spend more time with family.

Name: Marsha

Age: 58

Job: Human Resources

Marsha is hoping to be more focused on saving for retirement now that their youngest just finished college. She is more risk adverse than her husband and is concerned about their current investment strategy. Another concern of her's is their ability to retire since they will only have social security as an income source. Marsha is hoping to have her husband retire soon so she can spend more time with him and their family.

BILL & MARSHA'S CURRENT RISK STRATEGY

Most Conservative

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

Most Aggressive

Current Risk Score

4

Portfolio Risk Score

7

WHAT IS IMPORTANT TO BILL & MARSHA?

Maintaining the same lifestyle in retirement



Income in retirement



Managing investment risks



Lowering taxes



BILL & MARSHA'S CURRENT BUDGET

✓ Essentials:	\$43,200
✓ Discretionary:	\$29,100

TOTAL: \$72,300

Bill's Salary:	\$85,000
Marsha's Salary:	\$42,000
Surplus:	\$54,700



BILL & MARSHA'S RETIREMENT BUDGET

✓ Essentials:	\$50,500
✓ Discretionary:	\$26,000

TOTAL:	\$76,500
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Social Security:	\$37,000
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Shortfall:	-\$39,500
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BILL & MARSHA'S ASSETS

Non-Investment Assets

✓ Primary Residence:	\$330,000
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Investment Assets

✓ Bill's Retirement:	\$385,000
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✓ Marsha's Retirement:	\$44,000
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✓ Joint/ROS & Cash:	\$110,000
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✓ Precious Metals:	\$200,000
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Total Investment Assets	\$739,000
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Total Assets:	\$1,069,000
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Liabilities:	-\$75,000
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Net Worth:	\$994,000
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BILL & MARSHA'S FINANCIAL PLAN CHALLENGES

1. Improper diversification.
2. Insufficient assets to support their desired lifestyle.
3. Handling sequence of returns risk.
4. Managing income sources in retirement.



BILL & MARSHA'S RETIREMENT INCOME STRATEGY

Social Security

\$37,000/Year

Investment Income

Bill's Retire.	\$385K	Fixed Income & Dividend Payers @ 2.8% ¹	\$10,780
Marsha's Retire.	\$44K	Fixed Income & Dividend Payers @ 2.8% ²	\$1,232
Joint/ROS Acct	\$110K		
Total Investment Income			\$12,012
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Grand Total Income			\$49,012
Less Budget			\$76,500
Shortfall			-\$27,488

1, 2, & 3: Yields are for current portfolio yields as of 4/31/17. Please see disclosures at the end of this presentation for security risks.

GOAL ANALYSIS

YOUR GOALS	OTHER ESTIMATES	OUR ESTIMATES
<p>Probability of Success</p> <div><div></div>90%-100%</div> <div><div></div>75%-89%</div> <div><div></div>0%-74%</div>	<div><div></div><div>78%</div></div> <p>Probability of Success</p>	<div><div></div><div>94%</div></div> <p>Probability of Success</p>

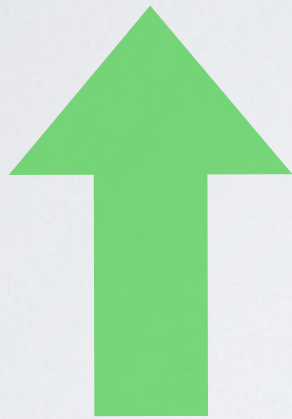
**The projections illustrated have been generated by a Monte Carlo simulation regarding the likelihood of various investment outcomes and are for hypothetical purposes only. These figures do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time.*

GOAL BASED RECOMMENDATIONS FOR BILL & MARSHA

Goal	Strategy
Proper diversification	We recommended that Bill reduce their holdings in precious metals to about a 6% allocation of their total net worth as a first step in reallocating their investments. In addition, we also recommended they use portion of cash to purchase a rental home that could be used to create more retirement income.
Having enough assets to retire	We presented them with the option to delay retirement or reduce their monthly expenses but they were not keen on either options. The least painful option was to delay retirement so we recommended they do just that by working 2-3 years or by reducing their hours and working part time to help offset their income gap. Our biggest concern was their unsustainable withdrawal rate at above 5%.
Mitigating sequence of returns risk	Delaying retirement by waiting until after the next major economic downturn could help them mitigate sequence of returns risk.
Setting realistic expectations	Bill and Marsha had serious concerns about the economy and were both very conservative investors. However, the financial advice they had received was based on historical evidence and did not account for current market conditions or where we are in the business cycle. The plan we provided took a much more conservative stance which better aligned with future expectations.

Diminishing Returns: Why Investors Should Lower Their Expectations

The next 5-10 years...

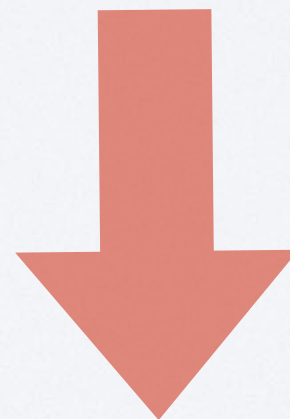


Inflation

Inflation is low and probabilities are higher that it could rise as the economy recovers.

Expensive Valuations

Current market valuations are quite high and put us in the top 5-10% on record, with a probability that expected returns will be below average.



Interest rates

Interest rates are near all-time lows. The Federal Reserve could potentially drive rates higher.

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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