



The Decade of Diminishing Returns

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 & Marsha White.
Ages:	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 and Preserve Purchasing Power.

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 manages most of their investments and based on advice from “professionals “ he follows, he 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.

Diminishing Returns:

Why Investors Should Lower Their Expectations

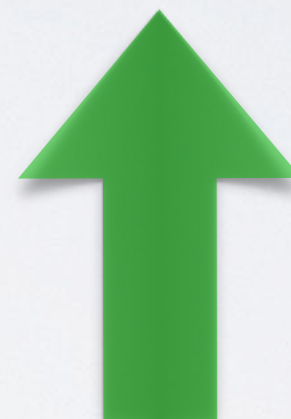
The next 10 years...

GDP Growth

Without big productivity gains, economic growth could be weaker as employment growth remains stagnant.

Corporate Profits

Emerging-markets and new tech companies could potentially cut corporate profit margins.



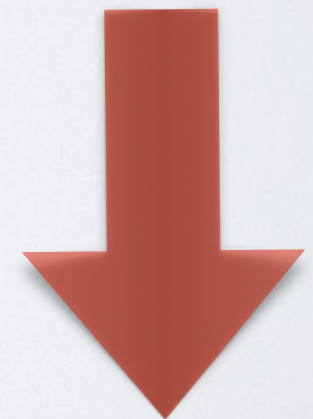
Inflation

Inflation is more likely to rise than fall as the economy recovers.



Interest rates

Interest rates are at all-time lows.



WHAT IS IMPORTANT TO BILL & MARSHA?

**Retiring in
5-10 years**

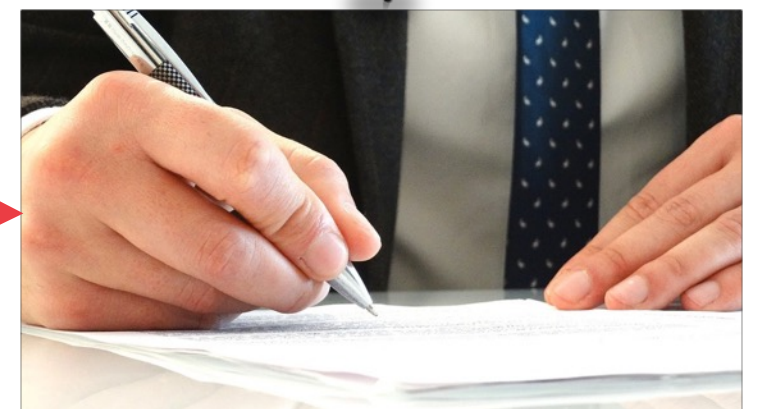


Income in retirement



Lowering taxes

**Managing
investment risks**



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:	\$44,500
✓ Discretionary:	\$15,000

TOTAL: \$59,500

Social Security:	\$37,000
Shortfall:	-\$22,500



BILL & MARSHA'S ASSETS

Non-Investment Assets

✓ Primary Residence: \$330,000

Investment Assets

✓ Bill's Retirement: \$385,000

✓ Marsha's Retirement: \$44,000

✓ Joint/ROS & Cash: \$110,000

✓ Precious Metals \$200,000

Total Investment Assets \$739,000

Total Assets: \$1,069,000

Liabilities: -\$75,000

Net Worth: \$994,000

BILL & MARSHA'S FINANCIAL PLAN CHALLENGES

1. Improper diversification.
2. Tax efficiency of investments.
3. Minimizing the impact of taxes.
4. Managing income sources in retirement.



BILL & MARSHA'S RETIREMENT INCOME STRATEGY

Bill & Marsha's Social Security	\$37,000
Rental Income	\$14,200

Investment Income

Bill's Ret.	\$385K	Fixed Income & Dividend Payers @ 3.1% ¹	\$11,935
Marsha's Ret.	\$44K	Fixed Income & Dividend Payers @ 3.1% ²	\$1,364
Joint/ROS Acct	\$110K	Fixed Income & Dividend Payers @ 3.1% ³	\$3,410

Total Investment Income	\$16,709
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Grand Total Income	\$67,909
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Less Budget	\$59,500
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Surplus	\$8,409
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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 BILL & MARSHA

Goal

Strategy

Improper Diversification

Reduce holdings in precious metals to about a 6% allocation of their total net worth. We recommend they use portion of cash for rental home purchase as well.

Tax Efficiency

Replace commodities which are taxed at 28% with blue-chip stocks that are more tax favorable. Also utilize corporate bonds placed in retirement accounts to reduce income taxes.

Lowering Taxes

Bill and Marsha should increase retirement savings and purchase a home that they can rent out now and then move into at retirement to downsize. Rental property provides more tax write-offs and income for retirement.

Income in Retirement

Update investment objectives to focus more on income producing investments like dividend paying stocks and bonds. Rental property will also serve as an additional income source.

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.

Registered Investment Advisor

If you have any specific questions or comments, please give us a call at

(858) 487-3939

We're happy to speak with you.

Post Office Box 503147 - San Diego, CA 92150-3147

10809 Thornmint Road 2nd Floor - San Diego, CA 92127-2403

(888) 486-3939 Toll Free (858) 487-3939 Tel (858) 487-3969 Fax