



## **New York Exodus: The Great Tax Inversion Pt. II**

# LIFETIME INCOME CASE STUDY

*Presented by Financial Sense Advisors, Inc.*  
Registered Investment Advisor

Casey Tran

# 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>	Casey Tran.
<b>Age:</b>	Age 58.
<b>Retirement:</b>	He hopes to in 5-6 years.
<b>Life expectancy:</b>	Age 93.
<b>Risk tolerance:</b>	Moderate.
<b>Investment objective:</b>	Growth & Preservation of Capital.





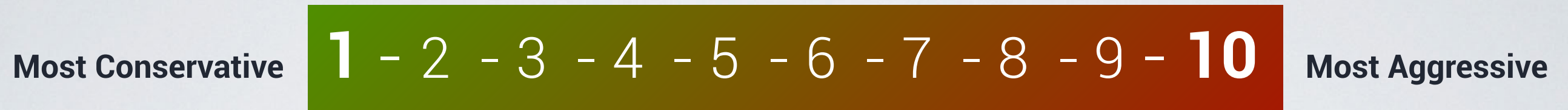
**Name: Casey**

**Age: 58**

**Job: Senior-Level Accountant**

Casey has lived in New York City his whole life. He makes a great salary but can only afford to rent and has never had a driver's license because it is too expensive to own a car with parking and all the other ancillary costs associated with owning a car in a major city. Casey would like to retire soon and enjoys living in a big city but would rather not feel so burdened by high expenses. He is considering staying in New York since that is where he has lived his whole life but is open to the idea of living out of state in a large city like Philadelphia or Miami. Casey's biggest goals include living comfortably in retirement and buying a home for the first time where he can live and enjoy the fruits of his hard work.

# CASEY'S CURRENT RISK STRATEGY



***Current Risk Score***



***Portfolio Risk Score***





# WHAT IS IMPORTANT TO CASEY?



**Managing a high  
cost of living**

**Buying a home**



**Maintaining the  
same retirement  
lifestyle**



**Minimizing taxes**





# CASEY'S CURRENT BUDGET

✓ Essentials:	\$103,000
✓ Discretionary:	\$43,000
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	TOTAL: \$146,000
Casey's Salary:	\$155,000
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Surplus:	\$9,000



# CASEY'S RETIREMENT BUDGET

LIVING IN NEW YORK CITY

✓ Essentials:	\$100,000
✓ Discretionary:	\$40,000

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TOTAL: \$140,000

Casey's Pension:	\$51,000
Social Security:	\$34,000
Shortfall:	-\$55,000





# CASEY'S RETIREMENT BUDGET

LIVING OUT OF STATE

✓ Essentials:	\$80,000
✓ Discretionary:	\$40,000

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TOTAL: \$120,000

Casey's Pension:	\$51,000
Social Security:	\$34,000
Shortfall:	-\$35,000



# CASEY'S ASSETS

## Investment Assets

✓ Casey's Retirement Accounts:	\$850,000
✓ Casey's Taxable Accounts:	\$290,000
✓ Checking & Savings:	\$15,000

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<b>Total Investment Assets</b>	<b>\$1,115,000</b>
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Total Assets:	\$1,115,000
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Liabilities:	-\$5,000
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Net Worth:	\$1,110,000
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# CASEY'S FINANCIAL PLAN CHALLENGES

1. Maximizing retirement income.
2. Managing the high cost of living.
3. Reaching his retirement goals.
4. Relocating and buying a home in retirement.



# CASEY'S RETIREMENT INCOME STRATEGY

## LIVING OUT OF STATE

Casey's Pension	\$51,000/Year
Social Security	\$34,000/Year

### Investment Income

Casey's Retire.	\$850K	Fixed Income & Dividend Payers @ 3.32% <sup>1</sup>	\$28,220
Casey's Taxable	\$290K	Fixed Income & Dividend Payers @ 3.32% <sup>2</sup>	\$9,628
Cash Savings	\$15K		
Total Investment Income			\$37,848
Grand Total Income			\$122,848
Less Budget			\$120,000
Surplus			\$2,848

1 & 2: Yields are for current portfolio yields as of 10/30/17. Please see disclosures at the end of this presentation for security risks.



# GOAL BASED RECOMMENDATIONS FOR CASEY

## Goal

## Strategy

### Managing high expenses

We worked with Casey so that he understood that his chance of success in retirement would be much lower if he were to continue living in NYC. We also mentioned to him that moving out of state and buying a home could lower his projected expenses and taxes by about \$20k/year, dramatically improving his ability to retire comfortably and allow him to live the lifestyle he wanted.

### Maintaining the same lifestyle

We recommended that Casey critically look at his expenses and overall budget. We encouraged him to reduce costs where he was able in order to help increase his savings towards retirement.

### Relocating in retirement

In searching for a new state to relocate to, we advised Casey to begin traveling and spending more time in the areas that he would consider moving to. One strategy we suggested was for him to begin using vacation time to travel to the cities he may want to retire in.

### Purchasing a home

Based on Casey's budget, we encouraged him to continue renting in order to provide him flexibility. If a job were to open up before retirement, Casey would have all the opportunity and flexibility to relocate while still working.

# 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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