



Mind Over Matter: The Psychology of Retirement

LIFETIME INCOME CASE STUDY

Presented by Puplava Financial Services, Inc.
Registered Investment Advisor

Connie Shultz

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:	Connie Shultz
Ages:	Age 64.
Retirement:	Connie hopes to retire within a few years.
Life expectancy:	Age 95.
Risk tolerance:	Moderately Conservative.
Investment objective:	Income with Capital Preservation.



WHO IS CONNIE?

Name: Connie

Age: 63

Job: Attorney

Connie is a longstanding attorney who has been very successful but has found the job more difficult in recent years despite the fact she enjoys what she does. Her friends have mostly retired and the stress and long hours have begun to take their toll. She knows she will need to retire soon but is unsure of what to do next. She has always thought of retirement as “going to pasture” and is not sure what she will do with herself in retirement. She has friends and enjoys travel, but is not someone who wants to devote time to a hobby or charity work like many of her retired friends. Connie is concerned about being able to maintain the same lifestyle in retirement and limiting the amount of taxes that she will have to pay.

WHAT IS IMPORTANT TO CONNIE?



Maintaining the same standard of living while retired

Establishing a plan for retirement



Figuring out what to do during retirement



Managing taxes



CONNIE'S CURRENT BUDGET

✓ Essentials:	\$58,300
✓ Discretionary:	\$12,600

TOTAL: \$70,900

Connie's Salary:	\$107,000
Surplus:	\$36,100



CONNIE'S RETIREMENT BUDGET

✓ Essentials:	\$50,300
✓ Discretionary:	\$16,200

TOTAL:	\$66,500
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Social Security:	\$29,000
Pension:	\$32,000
Shortfall:	-\$5,500



CONNIE'S ASSETS

Non-Investment Assets

✓ Primary Residence: \$600,000

Investment Assets

✓ Connie's Retirement: \$689,000

✓ Taxable Investments: \$212,000

✓ Cash: \$150,000

Total Investment Assets \$1,051,000

Total Assets: \$1,651,000

Liabilities: -\$12,000

Net Worth: \$1,639,000

CONNIE'S FINANCIAL PLAN CHALLENGES

1. Preparing Connie for the mental challenges of retirement.
2. Creating a retirement plan.
3. Lowering exposure to taxes.
4. Managing cash flow in retirement.



CONNIE'S RETIREMENT INCOME STRATEGY

Connie's Pension	\$32,000
Connie's Social Security	\$29,000

Investment Income

Connie's Ret.	\$389K	Fixed Income & Dividend Payers @ 3.1% ¹	\$12,059
Taxable Accts	\$612K	Fixed Income & Dividend Payers @ 3.1% ²	\$18,972
Cash	\$50K		

Total Investment Income	\$31,031
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Grand Total Income	\$92,031
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Less Budget	\$66,500
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Surplus	\$26,531
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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 CONNIE

Goal

Strategy

**Being mentally prepared
for retirement**

We recommended that she retire in 12-18 months. Although she can retire today, she is not psychologically ready. We reminded her that retirement is merely the opportunity to pursue one's passions in life. She really liked the idea of starting a business so we advised that Connie develop a business plan.

**Creating a retirement
plan**

We recommended she create a bucket list of items to accomplish before she retires: Things like offering a local charity her expertise as an accomplished lawyer or going and starting a small business of her own.

Lowering taxes

We used Roth conversions to reduce her Required Minimum Distribution (RMD) exposure and to simultaneously diversify her tax assets.

**Managing cash flow in
retirement**

We recommended that Connie put together a budget so that we could adequately piece together a plan to meet her specific income needs at the start of retirement.

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