

Financial Literacy: Narrowing the Gap

LIFETIME INCOME CASE STUDY

Presented by Puplava Financial Services, Inc.
Registered Investment Advisor

Doug & Sierra Thompson

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:	Doug & Sierra Thompson.
Age:	Doug is age 64 and Sierra is age 55.
Retirement:	Doug retired unexpectedly. Sierra would like to retire soon.
Life expectancy:	Doug age 83. Sierra age 89.
Risk tolerance:	Moderately Conservative.
Investment objective:	Growth and Income.



Name: Doug

Age: 64

Job: Project Manager

Doug has managed all his family's finances for the last 30 years. He has handled all aspects of their financial life and has also managed their investments which have remained diversified among 4 different investment firms. From a young age, Doug was taught not to discuss finances with anyone. At the age of 64, this is something he has continued to practice his entire life. For the first time however, Doug feels like he needs some help due to a forced and unexpected retirement upon discovery of a heart problem followed by a surgery. Since then, his doctor has suggested he retire due to the long hours and high stress associated to his job.

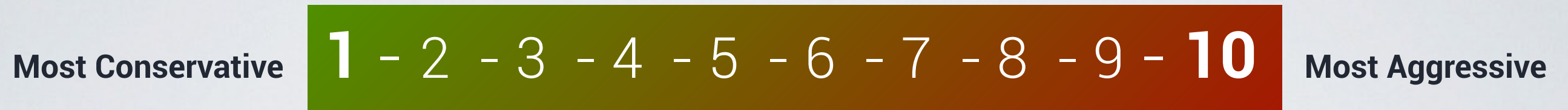
Name: Sierra

Age: 55

Job: Real Estate Agent

Sierra has been feeling overwhelmed with all that has happened recently. She's had some difficulty just trying to figure out exactly what bills to pay while her husband has remained in the hospital. She was even a couple days late on a few of their credit card payments which only elevated her stress levels. In addition, Sierra has never been so involved in making the financial decisions but rather has always relied on her husband's excellent judgement over the years. The recent health scare revealed to her just how unprepared she was to manage their finances alone, and so much so that it pushed her to seek professional help because she doesn't know what she is doing.

DOUG & SIERRA'S CURRENT RISK STRATEGY



Current Risk Score



Portfolio Risk Score



WHAT IS IMPORTANT TO DOUG & SIERRA?

**Educating the wife
about how to manage
finances**



**Maintaining the same
retirement lifestyle**



Not outliving assets

**Managing the forced
retirement**



DOUG & SIERRA'S CURRENT BUDGET

✓ Essentials:	\$72,000
✓ Discretionary:	\$33,000

TOTAL: \$105,000

Doug's Salary:	\$98,000
Sierra's Salary:	\$62,000
Surplus:	\$55,000



DOUG & SIERRA'S RETIREMENT BUDGET

✓ Essentials:	\$65,000
✓ Discretionary:	\$36,000
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	TOTAL: \$101,000
Doug & Sierra's Social Security:	\$48,000
Shortfall:	-\$53,000



DOUG & SIERRA'S ASSETS

Non-Investment Assets

✓ Primary Residence: \$630,000

Investment Assets

✓ Doug's Retirement: \$860,000

✓ Sierra's Retirement: \$352,000

✓ Joint Accounts: \$145,000

✓ Cash & Precious Metals: \$25,000

Total Investment Assets \$1,382,000

Total Assets: \$2,012,000

Liabilities: -\$10,000

Net Worth: \$2,002,000

DOUG & SIERRA'S FINANCIAL PLAN CHALLENGES

- 1.** Educating the couple to make sure everyone is on the same page.
- 2.** Dealing with an unexpected retirement.
- 3.** Maintaining the same lifestyle in retirement.
- 4.** Simplifying their financial situation.



DOUG & SIERRA'S RETIREMENT INCOME STRATEGY

Doug & Sierra's Social Security

\$48,000/Year

Investment Income

Doug's Retire.	\$860K	Fixed Income & Dividend Payers @ 2.8% ¹	\$24,080
Sierra's Retire.	\$352K	Fixed Income & Dividend Payers @ 2.8% ²	\$9,856
Joint Accounts	\$145K	Fixed Income & Dividend Payers @ 2.8% ³	\$4,060
PM's and Cash	\$25K		
		Total Investment Income	\$37,996
		Grand Total Income	\$85,996
		Less Budget	\$101,000
		Shortfall	-\$15,004

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 BASED RECOMMENDATIONS FOR DOUG & SIERRA

Goal

Strategy

Educating and preparing for retirement

By completing a financial plan, one of our objectives was to educate Doug and Sierra on some of the basics of retirement planning and managing finances. We also encouraged Sierra to begin paying more of the bills so she is more involved in the decision making process helping to ease some of the burden off her husband's shoulders.

Dealing with unexpected timing of retirement

We recommended that they update their asset allocation to better align with their risk tolerance as well as produce the necessary income needed to maintain their same lifestyle throughout retirement. In addition, we also recommended that Sierra continue to work for a few more years since she is younger and has a good income.

Simplifying finances

We advised them to consolidate their investment accounts to one firm so that their investments are much easier to manage and ensure proper diversification. We also encouraged them to switch to a secure, easy to use, web-based platform that they can use for managing finances in order to automate the process and make things much easier to track.

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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