



Planning for the *Long-Haul*

LIFETIME INCOME CASE STUDY

Presented by Puplava Financial Services, Inc.
Registered Investment Advisor

Edward & Amy 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:	Edward & Amy White
Ages:	Ed is age 65 and Amy is age 61.
Retirement:	Both hope to retire in the next few years.
Life expectancy:	Ed age 90 and Amy age 95.
Risk tolerance:	Moderately Conservative.
Investment objective:	Income with Capital Preservation.

WHO ARE ED AND AMY?



Name: Edward

Age: 65

Job: Engineer

Ed has worked as an engineer for a large defense contractor his entire career. He is considering retirement given that he has seen many buyouts and is involved in another. Retiring soon is an appealing proposition since he desires to spend more time with his spouse and friends. Living a very comfortable lifestyle with lots of trips and expensive hobbies like sailing and golfing, Ed cares not to change his lifestyle heading into retirement. He has a heart condition and has already had bypass surgery that could potentially require additional procedures in the future. After some major losses, he decided to use an advisor but has been overzealous in the risks he takes.

Name: Amy

Age: 61

Job: Aesthetician

Amy has worked in the same salon for nearly two decades and has built up many lifelong friends throughout the years. Although she enjoys what she does, she is finding it more difficult due to her worsening arthritis. Amy is very healthy and has a long life expectancy given her mother is still alive in her late 90s and her grandparents reached age 100. She is concerned about her needs after her spouse passes since she believes she will outlive him by at least a decade. Because of this, she tends to be more conservative in her investments for fear of losing what they have saved.

WHAT IS IMPORTANT TO ED & AMY?



**Managing
medical costs**

**Retire as soon as
possible**



**Maintaining the same
lifestyle throughout
retirement**



**Preserving
purchasing power**



ED & AMY'S CURRENT BUDGET

✓ Essentials:	\$98,000
✓ Discretionary:	\$48,000

TOTAL: \$146,000

Edward's Salary:	\$160,000
Amy's Salary:	\$50,000
Surplus:	\$64,000



ED & AMY'S RETIREMENT BUDGET

✓ Essentials:	\$82,000
✓ Discretionary:	\$51,000

TOTAL: \$133,000

Social Security:	\$45,000
Shortfall:	-\$88,000



ED & AMY'S ASSETS

Non-Investment Assets

✓ Primary Residence: \$650,000

Investment Assets

✓ Ed's Retirement: \$1,900,000

✓ Amy's Retirement: \$128,000

✓ Joint/ROS: \$1,020,000

Total Investment Assets \$3,048,000

Total Assets: \$3,698,000

Net Worth: \$3,698,000

ED & AMY'S FINANCIAL PLAN CHALLENGES

- 1.** Creating sufficient cash flow to maintain the same standard of living.
- 2.** Managing the risks of longevity.
- 3.** Controlling projected health care expenses.
- 4.** The sequence of returns risk and low potential market returns.



ED & AMY'S RETIREMENT INCOME STRATEGY

Ed and Amy's Social Security \$45,000

Investment Income

Ed's Retire.	\$1.90M	Fixed Income & Dividend Payers @ 3.1% ¹	\$58,900
Amy's Retire.	\$128K	Fixed Income & Dividend Payers @ 3.1% ²	\$3,968
Joint/ROS	\$1.02M	Fixed Income & Dividend Payers @ 3.1% ³	\$31,620
Total Investment Income			\$94,488
Grand Total Income			\$139,488
Less Budget			\$133,000
Surplus			\$6,488

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 ED & AMY

Goal

Strategy

Retiring ASAP

We recommended that Ed continue to work another 18-24 months to help increase their retirement nest egg and reduce the risks of retiring in or near a bear market given current market conditions.

Managing medical costs

We recommended that Ed sign up for a Medicare advantage plan and Amy sign up for a high deductible individual policy upon retirement. Ed's work life insurance policy is portable so he can keep a permanent life insurance policy upon retirement. This can be used upon his passing to help create additional funds to help protect his spouse.

Maintaining same lifestyle

We recommended that Ed and Amy change investments to a conservative, well-diversified portfolio. We also recommended that Ed reduce company stock exposure since he held a concentrated holding that represented 10% of their total investment allocation.

Planning for longevity

Given Amy's long life expectancy, we advised that Ed delay retirement and his social security to increase cash flow. We recommended that he use the portability feature of his life insurance so that he would have permanent coverage of \$400,000 for the rest of his life.

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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