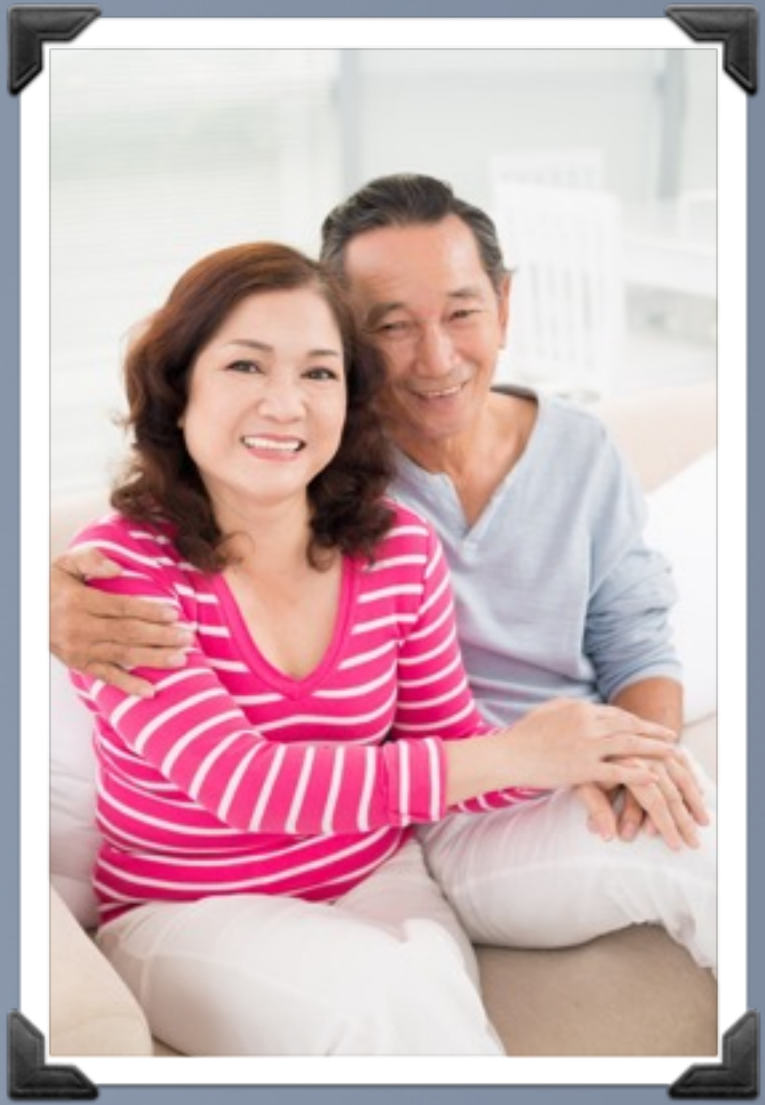

Shopping for Executive Compensation

LIFETIME INCOME CASE STUDY

Presented by ***Puplava Financial Services, Inc.***
Registered Investment Advisor

Kevin & Lacy Yang

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:	Kevin & Lacy Yang.
Ages:	Kevin is age 55. Lacy is age 52.
Retirement:	They both hope to retire in 8-10 years.
Life expectancy:	Kevin age 91. Lacy age 92.
Risk tolerance:	Moderate.
Investment objective:	Growth & Preservation of Capital.

Name: Kevin

Age: 55

Job: Software Engineer

Kevin has worked as a software engineer for the same company for many years. He's mainly worked in the city but is considering swapping careers and moving to a slower, more rural area. Kevin has always managed the family's investments but is currently concerned about their concentrated company stock positions. He is very risk adverse at this point given that he and his wife lost a lot in the 2008 crisis. Ready to settle down, Kevin likes the prospect of retirement and wants to buy rural land away from the city where he can spend his time farming and hunting.

Name: Lacy

Age: 52

Job: Vice President Finance

Lacy has worked as the Executive Vice President for a large corporate finance company. She loves her job and has enjoyed working in the downtown city area. Lacy is anxious about their current tax situation given their high incomes. She has mostly relied on her husband to manage their finances and is also worried about their exposure to market risk given their concentrated stock positions. Lacy is looking forward to retiring but wants to maintain the same lifestyle living in the city.

KEVIN & LACY'S CURRENT RISK STRATEGY

Most Conservative 1 - 2 - 3 - 4 - 5 - 6 - 7 - 8 - 9 - 10 **Most Aggressive**

Current Risk Score

3

Portfolio Risk Score

8

WHAT IS IMPORTANT TO KEVIN & LACY?

Proper asset allocation

Mitigating taxes subject to AMT

Preparing for retirement

Maintaining retirement lifestyle as planned

KEVIN & LACY'S CURRENT BUDGET

✔ Essentials:		$125,000
✔ Discretionary:		$57,000
	TOTAL:	$182,000

Lacy's Salary:	$315,000
Kevin's Salary:	$120,000
Surplus:	$253,000

KEVIN & LACY'S RETIREMENT BUDGET

✔	Essentials:	$110,000
✔	Discretionary:	$42,000
	TOTAL:	$148,000

Lacy's Social Security	$33,000
Kevin's Social Security	$31,000
Shortfall:	-$88,000

KEVIN & LACY'S ASSETS

Non-Investment Assets

✓ Primary Residence:	$2,300,000

Investment Assets

✓ Lacy's Retirement:	$1,120,000
✓ Kevin's Retirement:	$850,000
✓ Taxable Accounts:	$350,000
✓ Checking & Savings:	$500,000
✓ Executive Cmp/Stock Opts:	$580,000
Total Investment Assets	$3,400,000
Total Assets:	$5,700,000
Liabilities:	-$285,000
Net Worth:	$5,415,000

KEVIN & LACY'S FINANCIAL PLAN CHALLENGES

1. Mitigating taxes associated with stock options.
2. Managing investments risks associated with concentrated stock positions.
3. Both couples have different retirement goals.
4. Creating a reliable income stream in retirement.

KEVIN & LACY'S RETIREMENT INCOME STRATEGY

		Kevin & Lacy's Social Security	$64,000

Investment Income

Lacy's Retire.	$1.20M	Fixed Income & Dividend Payers @ 3.1%[1]	$37,200
Kevin's Retire.	$850K	Fixed Income & Dividend Payers @ 3.1%[2]	$26,350
Taxable Accts.	$350K	Fixed Income & Dividend Payers @ 3.1%[3]	$10,850
Stock Proceeds	$580K	Fixed Income & Dividend Payers @ 3.1%[4]	$17,980
Savings & Cash	$500K		
		Total Investment Income	$92,380
		Grand Total Income	**$156,380**
		Less Budget	$148,000
		Surplus	**$8,380**

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 KEVIN & LACY

Goal	Strategy
Managing stock options	Kevin and Lacy both have mixtures of ISO's, NSO's, and RSU's. Since they are subject to AMT tax, we advised the client to make a Disqualifying Disposition on a portion of the ISO's to raise ordinary income taxes and remove an AMT preference item. On some options, the 83b election was chosen to take advantage of the long-term capital gains rate on the growth of the stock.
Different retirement goals	We encouraged them to downsize in their current city at retirement and then buy a home in another state that is more tax advantageous. In doing this, they made the out-of-state home their homestead and lived in both states for a portion of the year. This strategy helped them lower taxes and balance both of their wants in retirement.
Managing investments	With the RSU's that were given, we had Kevin and Lacy treat them as a cash bonus and elect to sell them as soon as they were vested. This strategy reduced their stock exposure while the cash was used to help cover taxes and the rest was diversified in other investments.
Maintaining the same retirement lifestyle	Our strategy was to continue working with them on managing their financial plan and stock options. This way, they can look to either retire sooner or switch careers into something less demanding and more enjoyable.

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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