These States Will Tax You to Death

LIFETIME INCOME CASE STUDY

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

Charles and Beverly Williams

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:	Charles & Beverly Williams
Ages:	Both are 59.
Retirement:	Both want to retire in 3-4 years.
Life expectancy:	Charles 89. Beverly age 92.
Risk tolerance:	Moderate.
Investment objective:	Growth with Capital Preservation.

WHO ARE CHARLES & BEVERLY?

Name: Charles

Age: 59

Job: Consultant

Charles is excited about retirement. He enjoys his position but is no longer interested in the long hours and frequent travel. After living in a busy area for many years, he likes the idea of moving to someplace that is more low key, however, he doesn't want to give up access to all of the amenities he is accustomed to. His primary concerns are to make sure that there are enough assets for them to retire and live comfortably. Taxes have always been a concern and wants to take whatever steps necessary to lessen their impact in retirement.

Name: Beverly

Age: 59

Job: Therapist

Beverly is anxious about retirement, but looks forward to spending more time with family and friends. She is concerned that they will run out of money given their high expenses each month. Beverly is focused on leaving a legacy for her kids, as she has an adult son that will probably need some form of financial support for the rest of his life. She wants to make sure that they can meet his needs and also leave something substantial behind for their other two kids.

CHARLES & BEVERLY'S CURRENT RISK TOLERANCE?

Most Conservative **1** - 20 - 30 - 40 - 50 - 60 - 70 - 80 - 90 - **100** **Most Aggressive**

Current Risk Score

81

Portfolio Risk Score

55

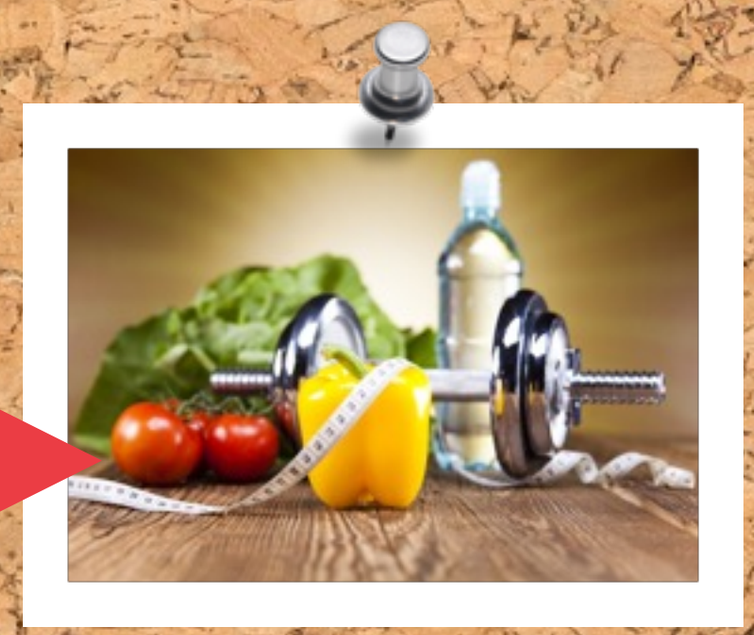
WHAT IS IMPORTANT TO CHARLES & BEVERLY?

Updating their investment strategy

Being able to retire early

Lowering their taxes

Maintaining the same lifestyle



CHARLES & BEVERLY'S CURRENT BUDGET

✓ Essentials:	$120,000
✓ Discretionary:	$55,000
TOTAL:	$175,000
Charles's Salary:	$170,000
Beverly's Salary:	$45,000
Surplus:	$40,000

CHARLES & BEVERLY'S RETIREMENT BUDGET

✓ Essentials:	$110,000
✓ Discretionary:	$60,000
TOTAL:	$170,000
Combined Social Security:	$50,000
Combined Pension:	$105,000
Shortfall:	-$15,000

CHARLES & BEVERLY'S ASSETS

Non-Investment Assets

✓ Primary Residence:	$875,000

Investment Assets

✓ Charles' Retirement Accounts:	$205,000
✓ Beverly's Retirement Accounts:	$155,000
✓ Joint/Individual Accounts:	$890,000
Total Investment Assets	$1,250,000
Total Assets:	$2,125,000
Liabilities:	-$125,000
Net Worth:	$2,000,000

CHARLES & BEVERLY'S FINANCIAL PLAN CHALLENGES

1. They live in a state with high estate and income taxes.
2. Insufficient retirement savings.
3. Poor asset allocation.
4. They want to leave behind a legacy for their kids.

CHARLES & BEVERLY'S RETIREMENT INCOME STRATEGY

		Combined Social Security & Pension	$155,000
Investment Income			
Charles' Retire.	$205K	Fixed Income & Dividend Payers @ 3.2%[1]	$6,560
Beverly's Retire.	$155K	Fixed Income & Dividend Payers @ 3.2%[2]	$4,960
Joint/Individual	$890K	Fixed Income & Dividend Payers @ 3.2%[3]	$28,480
		Total Investment Income	$40,000
		Grand Total Income	**$195,000**
		Less Budget	$170,000
		Surplus	**$15,000**

1,2 & 3: Yields are for current portfolio yields as of 1/31/18. Please see disclosures at the end of this presentation for security risks.

GOAL BASED RECOMMENDATIONS FOR CHARLES & BEVERLY

Goal	Strategy
Mitigating the impact of taxes	Based on their situation, we recommended that they consider the prospect of moving out of Oregon. By moving to a tax-favorable state, they would be able to save a lot more money in taxes that could be enjoyed in retirement.
Dealing with the challenges of relocating	Charles and Beverly expressed interest in moving to a place like Boise, Idaho. By relocating to a more tax-favorable state, they would be able to lower their expenses because of Idaho's lower cost of living and lack of estate tax. Moving to Boise would also only leave Charles and Beverly less than 6 hours away from their kids and grandkids living in Portland, Oregon.
Diversifying their investment portfolio	We advised that Charles and Beverly update their investment portfolio to an asset allocation with less exposure to risk and one that is more in-line with their objectives.
Leaving a legacy behind	Given the size of their estate, Charles and Beverly would have to pay thousands in estate taxes if they chose to reside in Oregon. However, relocating to Idaho would allow them to avoid paying additional estate tax, leaving a larger amount to be transferred to their heirs.

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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