Planning for Long-Term Care: How to Hit the Curve

LIFETIME INCOME CASE STUDY

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

Cindy Ross

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:	Cindy Ross.
Ages:	Age 75.
Retirement:	Retired.
Life expectancy:	Age 88.
Risk tolerance:	Conservative.
Investment objective:	Capital and Income Preservation.

WHO IS CINDY?

Name: Cindy

Age: 75

Job: Retired

Cindy has been retired for about 10 years and lost her spouse about a year ago due to a heart condition. She has immersed herself into her artwork but was having difficulty so she saw a doctor and was diagnosed with Parkinson's disease. She decided to seek help given all the major life events she was going through in such a short amount of time. Cindy acknowledges she will most likely need help at some point but doesn't want to have to rely on her kids and be a burden to them. Rather, she would prefer to maintain her independence for as long as possible. Her kids live in Tennessee and South Carolina while her and her husband lived in California for most of their marriage. Cindy would like to be able to leave some sort of legacy for her children.

WHAT IS IMPORTANT TO CINDY?

Maintain her independence

Not having to rely on her kids to care for her

Manage medical care costs

Leaving a legacy

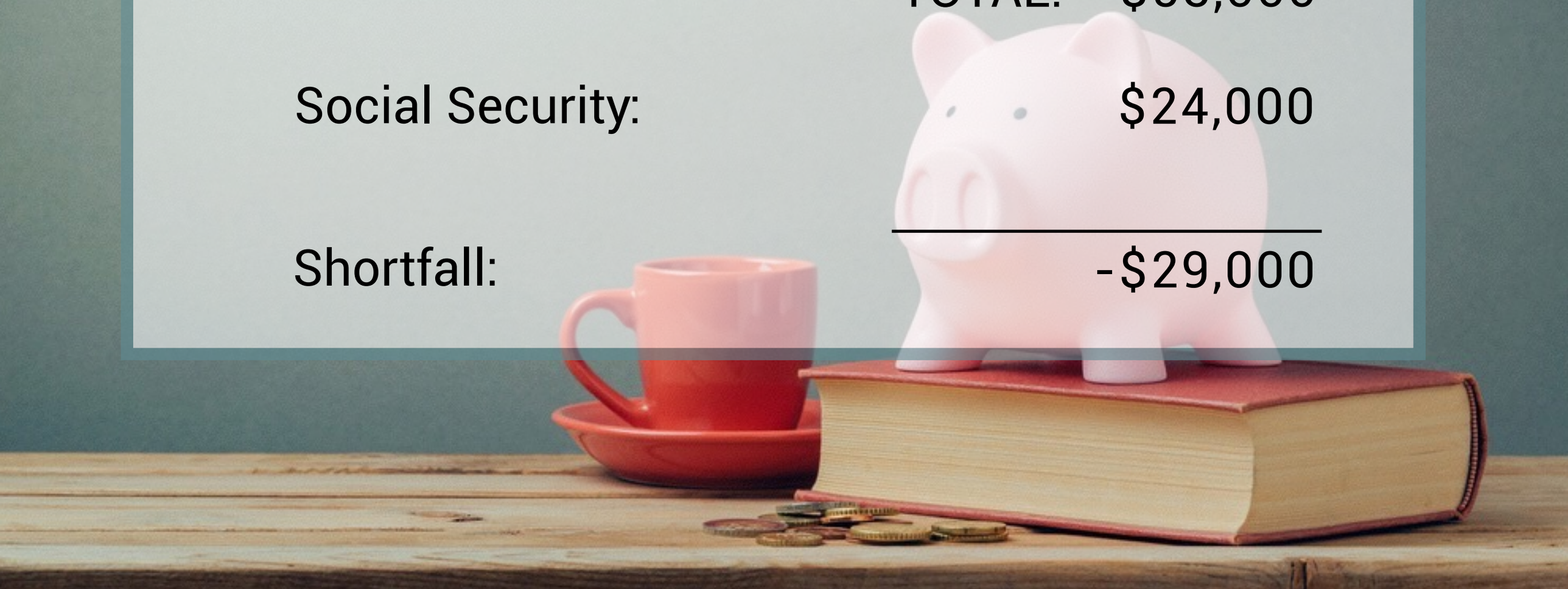
CINDY'S RETIREMENT BUDGET

✓ Essentials:	$51,000
✓ Discretionary:	$17,000
TOTAL:	$68,000
Social Security:	$24,000
Shortfall:	-$41,000

CINDY'S RETIREMENT BUDGET

AFTER RELOCATING TO SOUTH CAROLINA

✓ Essentials:	$39,000
✓ Discretionary:	$14,000
TOTAL:	$53,000
Social Security:	$24,000
Shortfall:	-$29,000



CINDY'S ASSETS

Non-Investment Assets

✓ Primary Residence:	$648,000

Investment Assets

✓ CIndy's Retirement:	$470,000
✓ Cindy's Taxable Accts:	$598,000
✓ Precious Metals & Cash:	$175,000
Total Investment Assets	$1,243,000
Total Assets:	$1,891,000
Liabilities:	-$80,000
Net Worth:	$1,811,000

CINDY'S ASSETS

AFTER RELOCATING TO SOUTH CAROLINA

Non-Investment Assets

✓ Primary Residence:	$408,000

Investment Assets

✓ Cindy's Retirement:	$470,000
✓ Cindy's Taxable Accts: (*Increased by sale of CA home*)	$838,000
✓ Precious Metals & Cash:	$175,000
Total Investment Assets	$1,243,000
Total Assets:	$1,891,000
Liabilities:	-$0
Net Worth:	$1,891,000

CINDY'S FINANCIAL PLAN CHALLENGES

1. Managing future potential costs associated with long term care.
2. Developing a plan that is flexible to change based on her needs.
3. Leaving a legacy to protect her kids.

CINDY'S RETIREMENT INCOME STRATEGY

AFTER RELOCATING TO SOUTH CAROLINA

		Social Security	$24,000

Investment Income

Cindy's Retire.	$470K	Fixed Income & Dividend Payers @ 3.2%[1]	$15,040
Cindy's Taxable	$838K	Fixed Income & Dividend Payers @ 3.2%[2]	$26,816
PM & Cash	$175K		
		Total Investment Income	$41,856
		Grand Total Income	**$65,856**
		Less Budget	$53,000
		Surplus	**$12,856**

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 CINDY

Goal	Strategy
Maintaining her independence	Given her desire to be closer to her grandchildren and relocate to a different state, we recommended that she sell the California home and purchase a smaller home in South Carolina. A new home would allow her more independence for longer since a smaller space is better suited for her given her future needs.
Managing medical costs	By having her relocate and downsize, this would lower her living expenses which would allow her to afford the possibility of using in-home care. The sale of the California home would provide her with over $200,000 which we recommended she use to help meet future medical costs.
Not relying on her kids	These changes increase the chances that she wouldn't have to rely on her children for support. We encouraged her to communicate with her children about her concerns. After discussing this with them, she was surprised to learn that her daughter was willing to help and was upset that she viewed herself as a burden to her kids.

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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