



Tax Planning & Retirement Relocation Pt.II

LIFETIME INCOME CASE STUDY

Presented by Financial Sense Advisors, Inc.
Registered Investment Advisor

Simon & Joanna Wentworth

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:	Simon and Joanna Wentworth.
Ages:	Simon is age 68 and Joanna is age 66.
Retirement:	Both are retiring in one year.
Life expectancy:	Simon age 88. Joanna age 90.
Risk tolerance:	Conservative.
Investment objective:	Preservation of Capital.

A photograph of an older man and woman sitting at a table. The man, Simon, is on the left, wearing glasses and a striped sweater, looking down at a document. The woman, Joanna, is on the right, wearing a white top and a pearl necklace, also looking down at a document. The background is a bright, out-of-focus indoor setting.

WHO ARE SIMON & JOANNA?

Name: Simon

Age: 68

Job: Consultant

Simon's position as a business consultant has requires him to travel and is very stressful. However, he is looking forward to retirement and living life at a slower pace. Ideally, this means moving to an area that is less crowded and less busy than where he currently lives. Simon's primary concern is managing high taxes and having sufficient income throughout retirement.

Name: Joanna

Age: 66

Job: Preschool Teacher

Joanna loves the idea of retiring soon, however, her desire is to move closer to her grandkids who live in 3 separate states. She also likes the idea of living in a quieter, less congested area. It is equally important to her that there are amenities available so that "retirement isn't boring." Joanna wants to take trips to see family and hopes that they'll have the ability to pay for some large family vacations over the years.

WHAT IS IMPORTANT TO SIMON & JOANNA?



**Relocation in
retirement**

**Preparing for
retirement**



Managing taxes



**Maximizing their
income**



SIMON & JOANNA'S CURRENT BUDGET

✓ Essentials:	\$45,000
✓ Discretionary:	\$20,000
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	TOTAL: \$65,000
Simon's Salary:	\$125,000
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Surplus:	\$60,000



SIMON & JOANNA'S RETIREMENT BUDGET

✓ Essentials:	\$35,000
✓ Discretionary:	\$15,000

TOTAL:	\$50,000
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Simon's Pension:	\$17,000
Social Security:	\$20,000
Shortfall:	-\$13,000



SIMON & JOANNA'S ASSETS

Non-Investment Assets

✓ Primary Residence: \$500,000

Investment Assets

✓ Simon's Retirement: \$360,000

✓ Joanna's Retirement: \$155,000

✓ Joint/ROS Accounts: \$120,000

Total Investment Assets \$635,000

Total Assets: \$1,135,000

Liabilities: -\$0

Net Worth: \$1,135,000

SIMON & JOANNA'S FINANCIAL PLAN CHALLENGES

1. Managing the cost of taxes.
2. Emotionally preparing for retirement.
3. Maintaining the same lifestyle.



SIMON & JOANNA'S RETIREMENT INCOME STRATEGY

Simon's Pension	\$17,000
Combined Social Security	\$20,000

Investment Income

Simon's Retire.	\$360K	Fixed Income & Dividend Payers @ 3.2% ¹	\$11,520
Joanna's Retire.	\$155K	Fixed Income & Dividend Payers @ 3.2% ²	\$4,960
Joint/ROS	\$120K	Fixed Income & Dividend Payers @ 3.2% ³	\$3,840
Total Investment Income			\$20,320
Grand Total Income			\$57,320
Less Budget			\$50,000
Surplus			\$7,320

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 SIMON & JOANNA

Goal

Strategy

Maintaining the same lifestyle

We advised that they relocate to lower their living expenses and allow them to have more money to do the things they love doing. For Simon and Joanna, it was more important to relocate so they could do the things they love instead of staying where they were and not being able to live the lifestyle they desire.

Reducing the impact of taxes

By relocating, they would lower the overall impact of state income and property taxes. Because their assets are mostly tied up in retirement accounts, we recommended that over time they utilize a fill the bucket approach for Roth conversations. This would lower future taxes since they are protected to withdraw more from RMDs than needed based on their projected expenses.

Planning for retirement

They knew they wanted to move elsewhere but were unsure of where to go. We provided cost-of-living estimates for 3 separate states and recommended they visit those places now to help determine which place they feel will be the best fit to live in retirement.

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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