



50 Shades of Gray Divorce

LIFETIME INCOME CASE STUDY

Presented by Puplava Financial Services, Inc.
Registered Investment Advisor

Greg & Sophie Smith

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:	Dr. Greg & Sophie Smith.
Ages:	Greg is 69. Sophie is 66.
Retirement:	They are both retired.
Life expectancy:	Age 88 and 93.
Risk tolerance:	Moderately Conservative.
Investment objective:	Income and preservation of capital.

WHO ARE GREG & SOPHIE SMITH?



After being married for over 25 years, they decided it was best to get divorced. Unfortunately, they felt like they had drifted apart after the kids went to college and realized they wanted very different things for the rest of their lives. The divorce is amicable and they still get together for family events.

Name: Greg

Age: 69

Job: Retired Business Owner

Greg recently sold his business after 33 years of ownership. With his newfound free time, he wants to travel the world and pursue photography.

Name: Sophie

Age: 66

Job: Retired

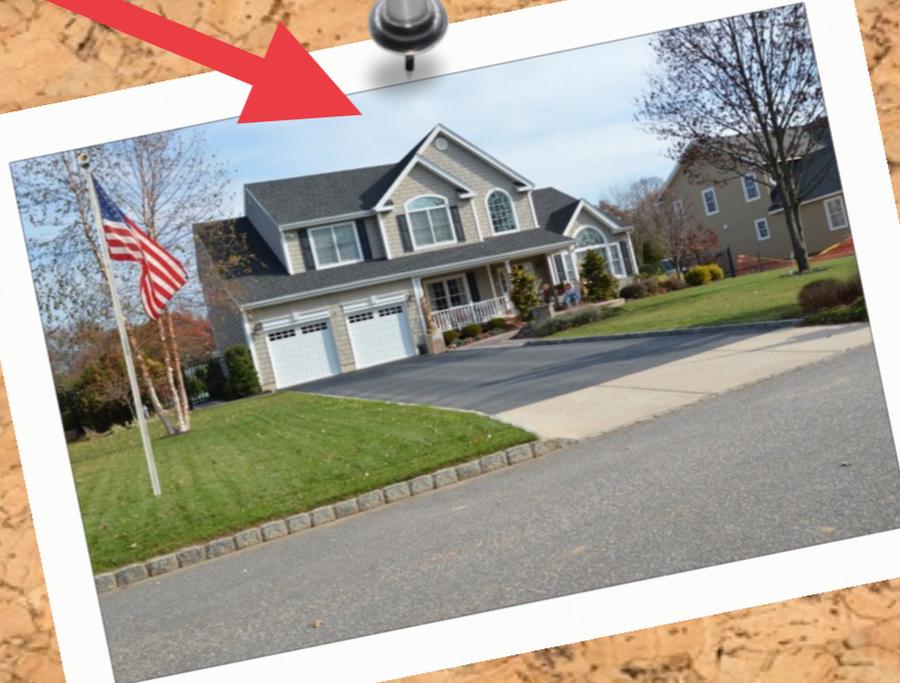
Sophie is retired and enjoys spending all her free time volunteering and working in her garden. She enjoys being home and spending quality time with family.

WHAT IS IMPORTANT TO GREG & SOPHIE?



Both are concerned about maintaining current lifestyle

Sophie wants to live in current residence



Greg wants to maximize retirement income to afford retirement goals



GREG'S RETIREMENT BUDGET

✓ Essentials:	\$50,000
✓ Discretionary:	\$56,000
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	TOTAL: \$106,000
Social Security:	\$32,000
Shortfall:	-\$74,000



SOPHIE'S RETIREMENT BUDGET

✓ Essentials:	\$50,000
✓ Discretionary:	\$23,000
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	TOTAL: \$73,000
Social Security:	\$24,000
Shortfall:	-\$49,000



GREG'S ASSETS POST DIVORCE

Investment Assets

✓ Sale of Business Proceeds:	\$518,000
✓ Greg's Trusts (2):	\$1,022,000
✓ Greg's Cash:	\$114,000
✓ Greg's Retirement:	\$960,000

Total Investment Assets \$2,614,000

Total Assets: \$2,614,000

Liabilities: -\$80,000

Net Worth: \$2,534,000

SOPHIE'S ASSETS POST DIVORCE

Non-Investment Assets

✓ Primary Real Estate: \$850,000

Investment Assets

✓ Sophie's Trust: \$270,000

✓ Sophie's Individual: \$116,000

✓ Sophie's Retirement (3): \$1,362,000

Total Investment Assets \$1,748,000

Total Assets: \$2,598,000

Liabilities: -\$100,000

Net Worth: \$2,498,000

GREG'S FINANCIAL PLAN CHALLENGES

1. Needs to find a new residence since Sophie retained the home in the divorce.
2. Wants to pursue expensive hobbies in retirement.
3. Would like to maintain his current lifestyle.
4. His estate plan needs to be updated to reflect the changes due to divorce.



SOPHIE'S FINANCIAL PLAN CHALLENGES

1. Wants to maintain her current lifestyle.

2. Concerned about affording the primary residence on her own and she doesn't want to move or downsize.

3. Her estate plan needs to be updated to reflect the changes due to divorce.



GREG'S RETIREMENT INCOME STRATEGY

Greg's Social Security \$32,000

Investment Income

Greg's Trusts	\$1.02M	Fixed Income & Dividend payers @3.1% ²	\$31,620
Bus. Proceeds	\$518K	Dividend payers @3% ¹	\$15,540
Greg's Retire.	\$960K	Fixed Income & Dividend payers @3.1% ³	\$29,760
		Total investment income	\$76,920
		Grand total income	\$108,920
		Less budget	\$106,000
		Surplus	\$2,920

1, 2, & 3: Yields are for current portfolio yields as of 9/8/16. Please see disclosures at the end of this presentation for security risks.

SOPHIE'S RETIREMENT INCOME STRATEGY

Sophie's Social Security \$24,000

Investment Income

Sophie's Trust	\$270K	Fixed Income & Dividend payers @3.1% ³	\$8,370
Retire. Accts	\$1.36M	Fixed Income & Dividend payers @3.1% ²	\$42,160
Total investment income			\$50,530
Grand total income			\$74,530
Less budget			\$73,000
Surplus			\$1,530

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GOAL BASED RECOMMENDATIONS FOR GREG SMITH

What am I afraid of?

- ▶ Finding a new primary residence.
- ▶ Maintaining current lifestyle.
- ▶ Creating a legacy.

Strategy

- ▶ Greg should rent a condo instead of buying another residence.
- ▶ Renting will allow his assets to generate sufficient income for him to live the lifestyle he wants in retirement.
- ▶ He updated his estate plan with new trust as well as POA and medical derivatives.

GOAL BASED RECOMMENDATIONS FOR SOPHIE SMITH

What am I afraid of?

- ▶ Maintaining current residence.
- ▶ Maintaining current lifestyle.
- ▶ Creating a legacy.

Strategy

- ▶ Requires her to maintain a budget each month for her expenses.
- ▶ Since she kept the home this means she has less investible assets than Greg in order to generate income.
- ▶ She updated her estate plans with a new trust as well as POA and medical derivatives.

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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