

Planning for Health & Longevity

LIFETIME INCOME CASE STUDY

Presented by Puplava Financial Services, Inc.
Registered Investment Advisor

Brian & Lucy Withers

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:	Brian & Lucy Withers.
Ages:	Brian is age 65. Lucy is age 54.
Retirement:	They both hope to retire in 1-2 years.
Life expectancy:	Brian age 86. Lucy age 95.
Risk tolerance:	Moderate.
Investment objective:	Income with Capital Preservation.



WHO ARE BRIAN & LUCY?

Name: Brian

Age: 65

Job: Private Contractor

Brian has worked as a private contractor his entire career. He is considering retirement given that he has seen many buyouts and is involved in another. Retiring soon is an appealing proposition since he desires to spend more time with his spouse and friends. Living a very comfortable lifestyle with lots of trips and expensive hobbies like sailing and golfing, Brian cares not to change his lifestyle too much. However, he has a heart condition and has already had bypass surgery that could potentially require additional procedures in the future. After some major investment losses, he decided to use an advisor but has been overzealous in the risks he takes.

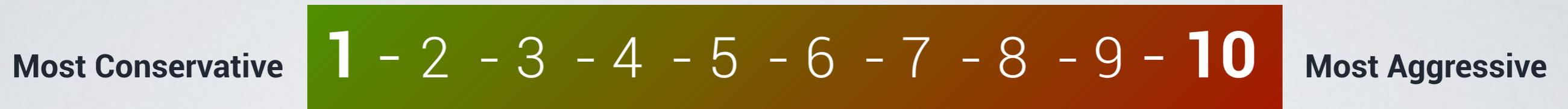
Name: Lucy

Age: 54

Job: Manager & Waitress

Lucy has worked in the same fine-dining restaurant for nearly two decades and has built up a network of many lifelong friends and clients throughout the years. Although she enjoys what she does, she is finding her job more difficult due to her worsening arthritis. Lucy is very healthy and has been given a long life expectancy given her mother is still alive in her late 90s and her grandparents both reached age 100. She is concerned about her needs after her spouse passes as she believes she will outlive him by at least a decade. Because of this, Lucy is much more conservative in her investments for fear of losing what they have worked so hard to save.

BRIAN & LUCY'S CURRENT RISK STRATEGY



Current Risk Score



Portfolio Risk Score



WHAT IS IMPORTANT TO BRIAN & LUCY?



Managing medical costs

Retiring as soon as possible



Maintaining the same lifestyle throughout retirement



Preserving purchasing power



BRIAN & LUCY'S CURRENT BUDGET

✓ Essentials:	\$98,000
✓ Discretionary:	\$48,000

TOTAL: \$146,000

Brian's Salary:	\$151,000
Lucy's Income:	\$62,000
Surplus:	\$67,000



BRIAN & LUCY'S RETIREMENT BUDGET

✓ Essentials:	\$56,000
✓ Discretionary:	\$49,000

TOTAL: \$105,000

Social Security

\$48,000

Shortfall:

-\$57,000



BRIAN & LUCY'S ASSETS

Non-Investment Assets

✓ Primary Residence: \$665,000

Investment Assets

✓ Brian's Retirement: \$1,521,000

✓ Lucy's Retirement: \$125,000

✓ Joint Accounts: \$956,000

Total Investment Assets \$2,602,000

Total Assets: \$3,267,000

Liabilities: -\$50,000

Net Worth: \$3,217,000

BRIAN & LUCY'S FINANCIAL PLAN CHALLENGES

- 1.** Creating sufficient cash flow to maintain the same standard of living.
- 2.** Managing the risks of longevity.
- 3.** Controlling projected health care expenses.
- 4.** Sequence of returns risk and low potential market returns.



BRIAN & LUCY'S RETIREMENT INCOME STRATEGY

Combined Social Security \$48,000/Year

Investment Income

Brian's Retire.	\$1.52M	Fixed Income & Dividend Payers @ 2.8% ¹	\$42,588
Lucy's Retire.	\$125K	Fixed Income & Dividend Payers @ 2.8% ²	\$3,500
Joint Accounts	\$956K	Fixed Income & Dividend Payers @ 2.8% ³	\$26,768
Total Investment Income			\$72,856
Grand Total Income			\$120,856
Less Budget			\$105,000
Surplus			\$15,856

1 & 2: Yields are for current portfolio yields as of 4/31/17. Please see disclosures at the end of this presentation for security risks.

GOAL BASED RECOMMENDATIONS FOR BRIAN & LUCY

Goal

Strategy

Retiring and maintaining lifestyle

We recommended that Brian continue to work another 18-24 months to help increase their retirement nest egg and reduce the risks of retiring in or near a bear market given current market conditions. We recommended that Brian and Lucy update their portfolio to reflect a more conservative, well-diversified approach. We also recommended that Brian reduce company stock exposure since he held a concentrated holding that represented 10% of their total investment allocation.

Managing medical costs

We encouraged Brian to sign up for a Medicare advantage plan to keep their costs somewhat predictable. We also suggested that they follow their doctor's advice to take better care of themselves since prevention is the best medicine. Our hope was that adhering to this strategy could allow them to live longer and reduce their medical costs.

Planning for longevity

Given Lucy's long life expectancy, we advised that Brian delay retirement and social security benefits to increase cash flow. We recommended that he use the portability feature of his life insurance so that he would have permanent coverage of \$400,000 for the rest of his life.

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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