The Perfect Retirement Catastrophe

LIFETIME INCOME CASE STUDY

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

Curt & Katie Catastrophe

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:	Curt & Katie Castrophe.
Age:	Curt is age 58. Katie is age 59.
Retirement:	They both hope to retire in 5-6 years.
Life expectancy:	Curt age 90. Katie age 92.
Risk tolerance:	Moderately Conservative.
Investment objective:	Growth & Preservation of Capital.

WHO ARE CURT & KATIE?

Name: Curt

Age: 58

Job: Project Manager

Curt has spent the latter half of his career working for a local small company. He has enjoyed working in a small family-owned firm that pays great benefits, but feels that he is far behind the curve with regards to retirement preparedness. Even with a great income, Curt hasn't saved much for retirement and is concerned that he and his wife won't have enough assets to live throughout retirement. Curt and his wife live a lavish lifestyle and are paying for their 3 children to attend prestigious universities out of state. Curt is concerned that they will be unable to maintain the same lifestyle throughout their retirement years.

Name: Katie

Age: 59

Job: Secretary

Katie has worked as a secretary at a mid-sized consulting firm for the past 15 years. She hasn't enjoyed her job but she has remained there because it has helped support the lifestyle that she and her husband have enjoyed living. Katie is not much of a saver and rather enjoys spoiling her kids and taking family vacations when they can. Katie plans to save aggressively for the next few years and thinks that will be enough to help her and her husband live throughout retirement. Family is most important to Katie and as such, she hopes that her and Curt will be able to leave a legacy for their children and grandchildren.

CURT & KATIE'S CURRENT RISK STRATEGY

Most Conservative **1** - 2 - 3 - 4 - 5 - 6 - 7 - 8 - 9 - **10** **Most Aggressive**

Current Risk Score

4

Portfolio Risk Score

6

WHAT IS IMPORTANT TO CURT & KATIE?

Not running out of retirement assets

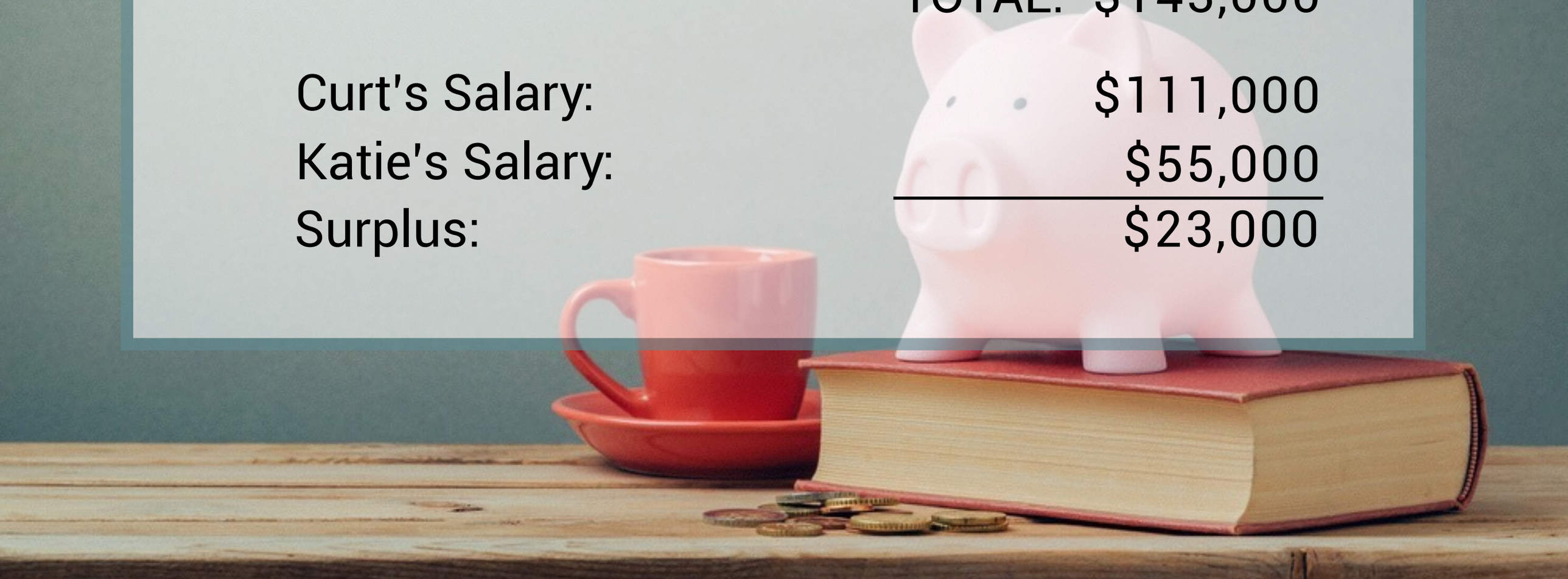
Saving for retirement

Leaving a legacy

Maintaining the same retirement lifestyle

CURT & KATIE'S CURRENT BUDGET

✓ Essentials:	$80,000
✓ Discretionary:	$63,000
TOTAL:	$143,000
Curt's Salary:	$111,000
Katie's Salary:	$55,000
Surplus:	$23,000



CURT & KATIE'S RETIREMENT BUDGET

✓ Essentials:	$58,000
✓ Discretionary:	$62,000
	TOTAL: $120,000
Combined Social Security:	$48,000
Shortfall:	-$72,000

CURT & KATIE'S ASSETS

Non-Investment Assets

✓ Primary Residence	$520,000

Investment Assets

✓ Curt's Retirement:	$520,000
✓ Emily's Retirement:	$235,000
✓ Checking & Savings:	$105,000
Total Investment Assets	$860,000

Total Assets:	$1,380,000
Liabilities:	-$320,000
Net Worth:	$1,060,000

CURT & KATIE'S FINANCIAL PLAN CHALLENGES

1. Maximizing retirement savings.
2. Mitigating their expectations given their current situation.
3. Reaching their retirement goals.
4. Creating sufficient retirement income.

CURT & KATIE'S RETIREMENT INCOME STRATEGY

		Combined Social Security	$48,000/Year

Investment Income

Curt's Retire.	$520K	Fixed Income & Dividend Payers @ 3.2%[1]	$16,640
Katie's Retire.	$235K	Fixed Income & Dividend Payers @ 3.2%[2]	$7,520
Cash Savings	$105K		
		Total Investment Income	$24,160
		Grand Total Income	**$72,160**
		Less Budget	$120,000
		Shortfall	**-$47,840**

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 CURT & KATIE

Goal	Strategy
Not running out of assets	We recommended that they focus on making up their shortfall in three ways: 1. Delaying retirement in order to save more 2. Decreasing expenses by focusing on reducing discretionary spending 3. Downsizing home and considering the idea of relocating at retirement
Maximizing retirement savings	We advised that Curt and Katie decrease their expenses by at least $500/month and save that money into a 401k. We also encouraged them to delay retirement until age 68-70 and delay social security in order to increase their benefits.
Maintaining the same lifestyle in retirement	We suggested to Curt and Katie that they downsize their home to reduce their costs and increase their investable assets. For them, this would mean relocating to an area with a lower cost of living, allowing them a better chance to be able to do the things they want to continue doing like traveling.
Leaving a legacy	We explained to both of them that leaving a legacy is a great goal but that our main concern was their ability to retire. We suggested that they focus on leaving their home to their kids debt-free.

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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