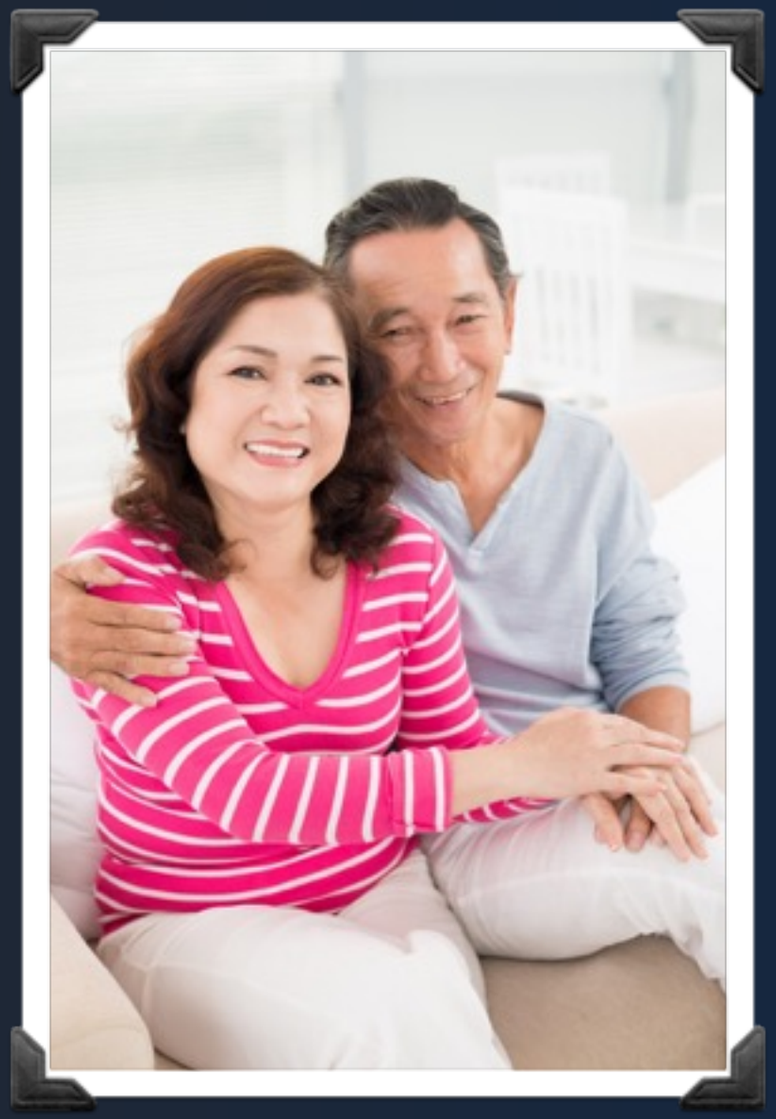


Getting the Most Out of Social Security

LIFETIME INCOME CASE STUDY

Presented by ***Puplava Financial Services, Inc.***
Registered Investment Advisor

Karl & Lisa Chang

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.

Puplava Financial Services, Inc.
Registered Investment Advisor

ESSENTIAL INFORMATION

Client:	Karl & Lisa Chang.
Ages:	Karl is age 65. Lisa is age 56.
Retirement:	Karl hopes to retire within the next year.
Life expectancy:	Karl age 85. Lisa age 95.
Risk tolerance:	Moderately Conservative.
Investment objective:	Income with Capital Preservation.

WHO ARE KARL & LISA?

Name: Karl

Age: 65

Job: Engineer

Karl has contemplated retirement for years ever since his best friend retired in 2014. He is excited to have more time with the wife and kids and is eager to finally get back on the golf course. However, Karl is concerned about the timing of retirement given the current market conditions. He is also unsure about which pension option to choose and when to take social security. Karl wants to have as much money now as possible but also wants to make sure his wife is protected after he passes.

Name: Lisa

Age: 56

Job: Homemaker

Lisa is very excited about her husband retiring soon. She looks forward to spending more time with him and being able to do things they have talked about like traveling the world and taking vacations with their kids. Lisa is concerned about the possibility of running out of money given that her parents have lived well into their 90s and she is still relatively young. She prefers the simple life and likes the idea of just having more time for family and friends during retirement.

KARL & LISA'S CURRENT RISK STRATEGY

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

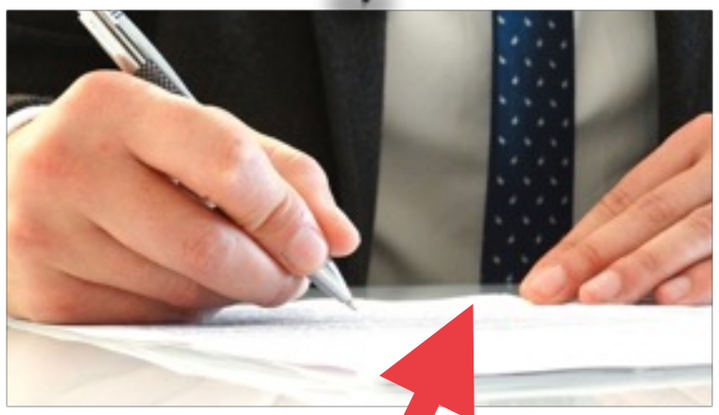
Current Risk Score

3

Portfolio Risk Score

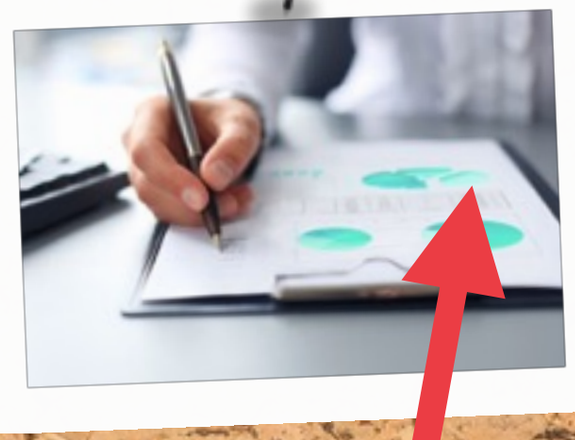
5

WHAT IS IMPORTANT TO KARL & LISA?



Maximizing social security and pension

Not outliving assets



Investment allocation

Maintaining similar lifestyle in retirement

KARL & LISA'S CURRENT BUDGET

✓	Essentials:	$95,000
✓	Discretionary:	$46,000
	TOTAL:	$131,000
	Karl's Salary:	$175,000
	Surplus:	$44,000

KARL & LISA'S RETIREMENT BUDGET

✓ Essentials:	$92,000
✓ Discretionary:	$51,000
TOTAL:	$143,000
Combined Social Security:	$41,000
Karl's Pension:	$56,000
Shortfall:	-$46,000

KARL & LISA'S ASSETS

Non-Investment Assets

✓ Primary Residence:	$500,000

Investment Assets

✓ Karl's Retirement:	$621,000
✓ Karl & Lisa's Taxable Accounts:	$910,000
✓ Cash Savings:	$25,000
Total Investment Assets	$1,556,000
Total Assets:	$2,056,000
Liabilities:	-$40,000
Net Worth:	$2,016,000

KARL & LISA'S FINANCIAL PLAN CHALLENGES

1. **Balancing social security and the pension to maximize income.**
2. **Protecting against longevity risk.**
3. **Updating asset allocation.**
4. **Managing sequence risks.**

KARL & LISA'S RETIREMENT INCOME STRATEGY

Karl's Pension	$56,000/Year
Combined Social Security	$41,000/Year

Investment Income

Karl's Retire.	$624K	Fixed Income & Dividend Payers @ 3.2%[1]	$19,968
Taxable Accts	$910K	Fixed Income & Dividend Payers @ 3.2%[2]	$29,120
Cash Savings	$25K		
		Total Investment Income	$49,088
		Grand Total Income	**$146,088**
		Less Budget	$143,000
		Surplus	**$3,088**

1 & 2: Yields are for current portfolio yields as of 8/31/17. Please see disclosures at the end of this presentation for security risks.

GOAL BASED RECOMMENDATIONS FOR KARL & LISA

Goal	Strategy
Maximizing social security	Considering Karl's pension and the age gap between Lisa and Karl, we recommended that Karl delay social security until age 70 in order to utilize the survivor benefit that would provide more income to his spouse after he passes. Delaying social security would also provide them with more money throughout retirement given Karl's life expectancy.
Not outliving assets	We advised that Karl take the pension with the 75% survivor benefit. Lisa is expected to outlive Karl by 10-15 years. Taking this option would meet most of their expenses and would still leave Lisa with a large benefit after Karl's passing.
Mitigating sequence risk	Given the current market conditions and their proximity to retirement, we recommended that they update their asset allocation to align their focus on providing income instead of growth. Our strategy was to help provide an additional source of income to meet their living expenses and allow them to delay social security.

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.*

Puplava Financial Services, Inc.

Registered Investment Advisor

If you have any specific questions or comments, please give us a call at

(858) 487-3939

We're happy to speak with you.

Post Office Box 503147 - San Diego, CA 92150-3147

10809 Thornmint Road 2nd Floor - San Diego, CA 92127-2403

(888) 486-3939 Toll Free (858) 487-3939 Tel (858) 487-3969 Fax

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