



529s: The Best Tool for Education Planning

LIFETIME INCOME CASE STUDY

Presented by Financial Sense Advisors, Inc.
Registered Investment Advisor

Chad & Tiffany Bronsen

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:	Chad & Tiffany Bronsen.
Ages:	Chad is age 52 and Tiffany is age 48.
Retirement:	Both would like to retire in 10 years.
Life expectancy:	Chad age 90. Tiffany age 93.
Risk tolerance:	Moderately Aggressive.
Investment objective:	Growth with Income.



Name: Chad

Age: 52

Job: Scientist

Chad has worked over 20 years living his dream job conducting his own research in Arizona. Chad and his wife have a high value for education and want their children to attend private schools. He wants to retire within the next 10 years, however, he is concerned that he and his wife have not saved enough to pay for their kids high school and college education. Chad is considering delaying retirement in order to put more money aside but is seeking professional advice.

Name: Tiffany

Age: 48

Job: Nurse

Tiffany was an RN for 10 years before having kids. She has spend the last 10 years staying at home taking care of her two young children. Chad and Tiffany's two kids are getting ready for high school and both want them to get the best education possible. Tiffany has looked into private high schools and universities but remains unsure about how they'll be able to afford the annual tuition.

WHAT IS IMPORTANT TO CHAD & TIFFANY?

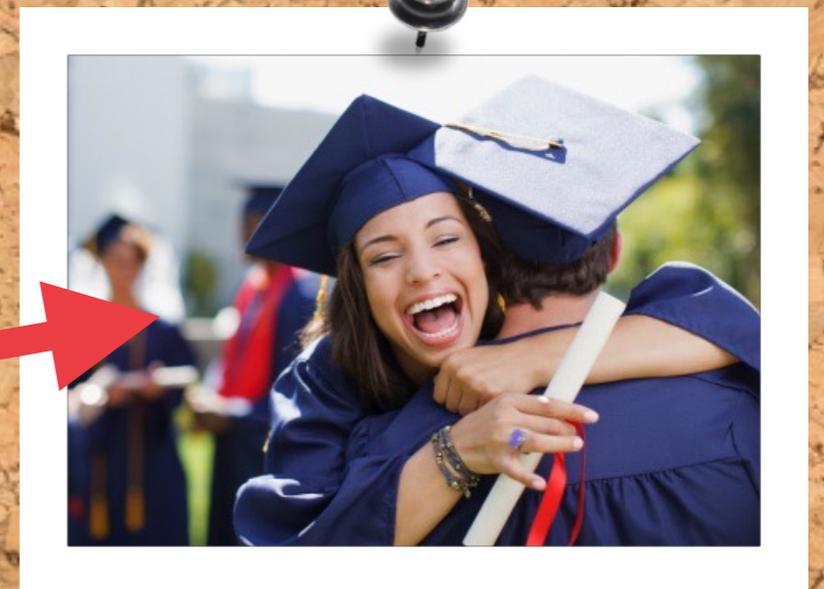
Preparing for retirement



Maximizing their income



Choosing the right schools for their children to attend



Saving for future education costs



CHAD & TIFFANY'S CURRENT BUDGET

✓ Essentials:	\$85,000
✓ Discretionary:	\$38,000
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	TOTAL: \$123,000
Chad's Salary:	\$155,000
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Surplus:	\$32,000



CHAD & TIFFANY'S RETIREMENT BUDGET

✓ Essentials:	\$75,000
✓ Discretionary:	\$40,000

TOTAL: \$115,000

Chad's Pension:	\$18,000
Social Security:	\$44,000
Shortfall:	-\$53,000



CHAD & TIFFANY'S ASSETS

Non-Investment Assets

✓ Primary Residence: \$520,000

Investment Assets

✓ Chad's Retirement: \$750,000

✓ Tiffany's Retirement: \$120,000

✓ Joint/ROS Accounts: \$80,000

Total Investment Assets \$950,000

Total Assets: \$1,470,000

Liabilities: -\$285,000

Net Worth: \$1,185,000

CHAD & TIFFANY'S FINANCIAL PLAN CHALLENGES

1. Meeting education expenses.
2. Maximizing savings.
3. Investment allocation.
4. Being prepared for retirement.



CHAD & TIFFANY'S RETIREMENT INCOME STRATEGY

Chad's Pension	\$18,000
Combined Social Security	\$44,000

Investment Income

Chad's Retire.	\$750K	Fixed Income & Dividend Payers @ 3.2% ¹	\$24,000
Tiffany's Retire.	\$120K	Fixed Income & Dividend Payers @ 3.2% ²	\$3,840
Joint/ROS	\$80K	Fixed Income & Dividend Payers @ 3.2% ³	\$2,560
Total Investment Income			\$30,400
Grand Total Income			\$115,000
Less Budget			\$92,400
Shortfall			-\$22,600

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 CHAD & TIFFANY

Goal

Strategy

Maximizing education savings

With the kids much older and more independent, we recommend that Tiffany work part-time to maximize their income to increase their savings each month. In addition, we recommended that Chad and Tiffany create a state sponsored 529 savings plan for each of their two kids. We also discussed the value of using the 2x2 approach and having realistic discussions with kids on what kind of colleges they can afford.

Managing high costs of private education

We showed them some resources to use to research high schools in the local area and determine which school offers the best value. We also suggested that they begin to have constructive conversations with their kids about what they are interested in doing. Answering these questions can help determine which colleges to seriously consider.

Updating asset allocation

Given where we are in the current business cycle, we recommended that they update their investment allocation, scaling down their risk exposure by minimizing volatility but still maintaining a balanced portfolio that provides sufficient income.

Preparing for retirement

We advised that Chad and Tiffany max out their 401(k)s but direct all other savings to their taxable accounts and the 529s. We discussed with them that as long as they keep their expenses under control, Chad should not have to delay retirement in order to pay for their children's college.

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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