

A photograph of the Minneapolis skyline at dusk, featuring various skyscrapers and a bridge over a river in the foreground. The image is partially covered by a blue and yellow geometric overlay on the right side.

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FPA ANNUAL CONFERENCE 2019

OCTOBER 16 – 18 | MINNEAPOLIS, MN

An Asset Relocation Story for Funding Retirement Longevity



Curtis V. Cloke, CLTC, LUTCF, RICP®

CEO/Founder – International Retirement Speaker, Adjunct Professor

CurtisCloke.com, Thrive Income Distribution System , RNG & Acuity Financial

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Curtis V. Cloke, CLTC, LUTCF, RICP® – Retirement Income Expert

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Adjunct Professor



*2009 Top 5 Finalist for Advisor of the Year
Senior Markets Advisor Magazine*

*2012 Adjunct Instructor RICP
The American College*

Member of:

NAIFA 30 Year

MDRT 20 Year

12 X Top of the Table

3 X Court of the Table

Society of Financial Services Professionals

Forum 400 (International Forum)

Featured on TV program



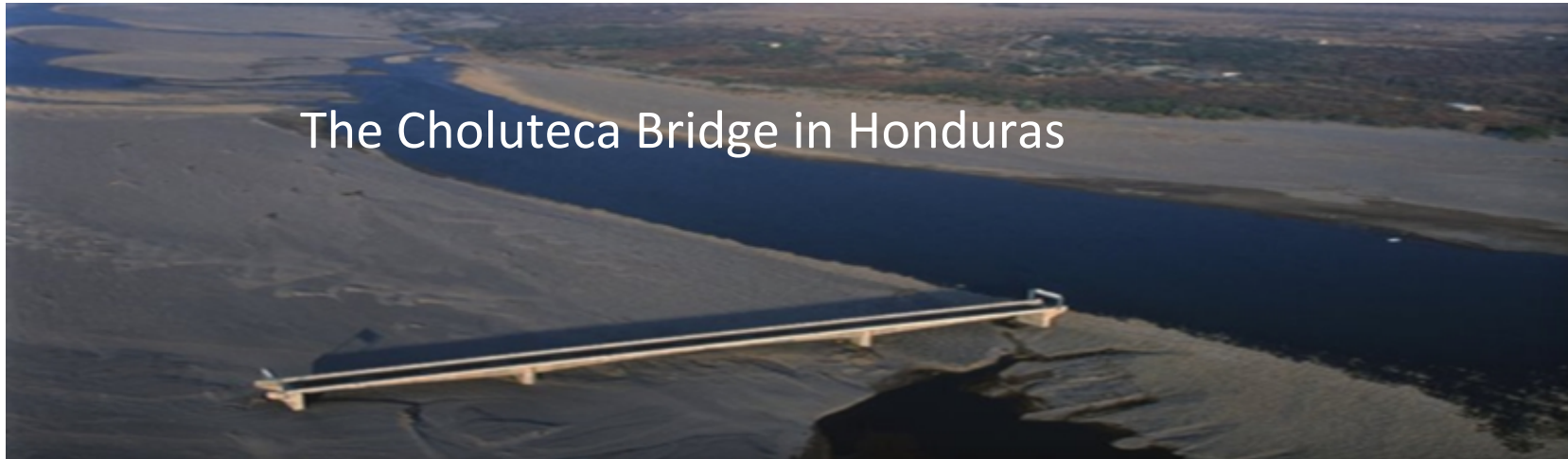
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Curtis V. Cloke, CLTC, LUTCF

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.COM

Changing Retirement Landscape



- Medicare is facing unfunded liabilities [+38 trillion dollars](#) over the next 75 years.
- Less than 10% of Companies today offer Pensions.
- US State Pensions are unfunded by more than [1 Trillion Dollars](#)
- Life expectancy for 65 year olds [now even longer!](#)

Men 86.6

Women 88.8

Source: Changes in life expectancy for 65-year olds in the us 2010 vs 2014 Wall Street-Journal 10/28/2014

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What a Difference a Year Makes

80%/20% Mix

- 65 year old with \$1 million portfolio
- Invested in 80% equities, 20% fixed income
- Withdrawing 5% each year
- Increase withdrawals by 3% for inflation
- Comparing 30-year rolling time-frames

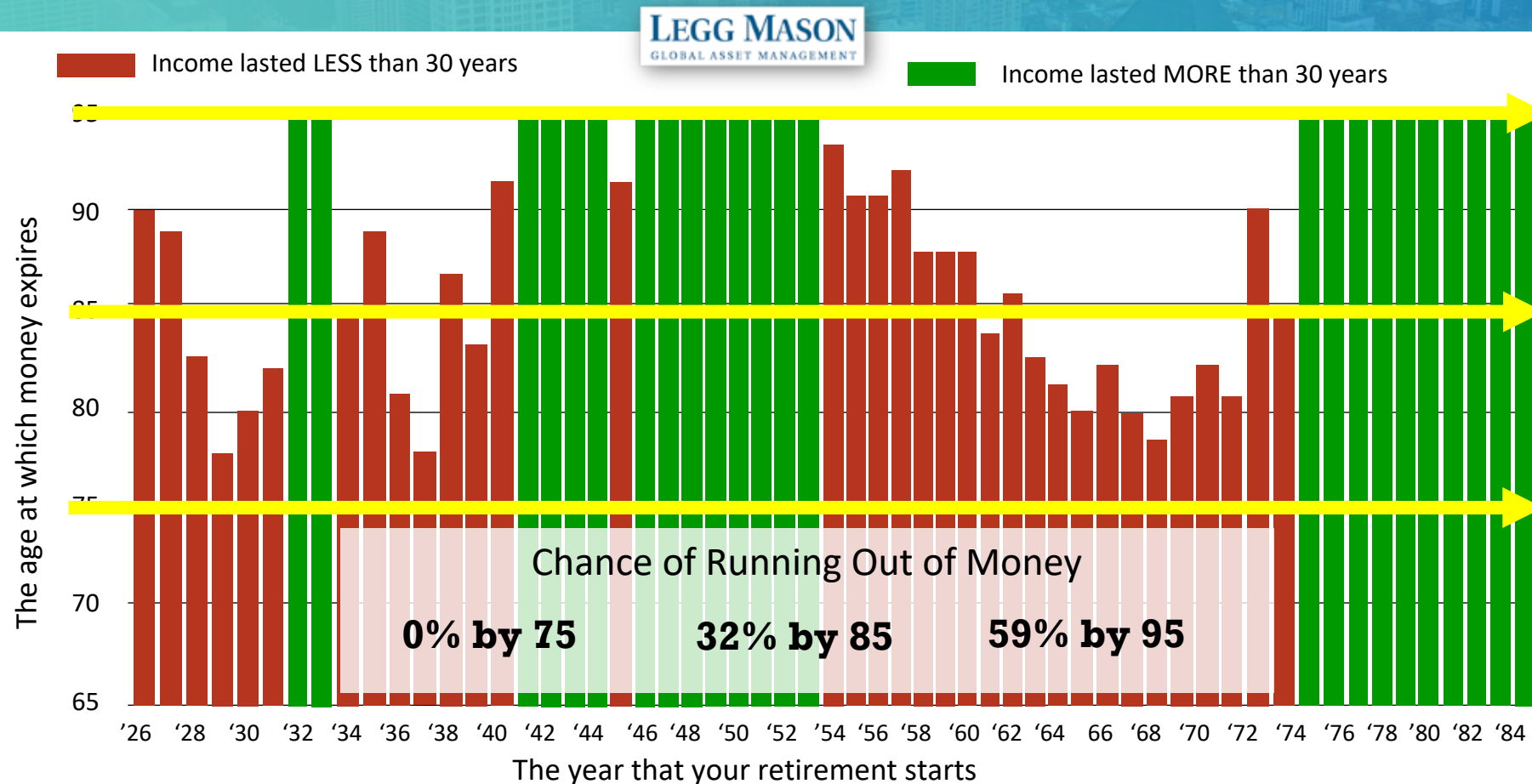
Will assets last 30 years?

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What a Difference a Year Makes

80% / 20% Mix



Source: Calculations by Retirementoptimizer.com Inc.; the equity proxy is S&P 500 Index since 1926, using currently prevailing dividend rates of 2%[^]. Total annual portfolio cost is 2.5% of the portfolio value, including management fees and all trading costs. Fixed income net returns (after all expenses) are historical 6-month CD rate plus 1%. Currently prevailing dividend rates apply to today's (2014) average dividend rate (about 2.0%). Historical 6-month CD rates are basically the interest rate for short-term deposits. The longer-term return of the fixed-income portfolio(excluding the capital gains/losses in the short term) is approximated by using this historical 6-month CD rate plus a premium. The S&P 500 Index is an unmanaged index of 500 stocks that is generally representative of the performance of larger companies in the U.S. An investor cannot invest directly in an index. Unmanaged index returns do not reflect any fees, expenses or sales charges. Past performance is no guarantee of future results.

The above chart is based on Jim Otter's methodology, which uses historical market returns instead of random returns and compares the results. The above example is hypothetical, based upon historical data, and provided for illustrative purpose only. The example does not represent any Lee Mason product or service. Individual investor results would have differed from those illustrated above.



- Want to be Heard
- Understand their Goals
- Be Told the Truth
- Understand by Pictures... Not Just Numbers!

Get to the Heart of the Matter



Get to the Heart of the Matter



Where are you from and what was it like growing up?

What did you learn about money growing up?

What is the hardest lesson you've had regarding \$?

What is the best experience you've had regarding \$?

What would you do with your time if no one paid you?

Get to the Heart of the Matter



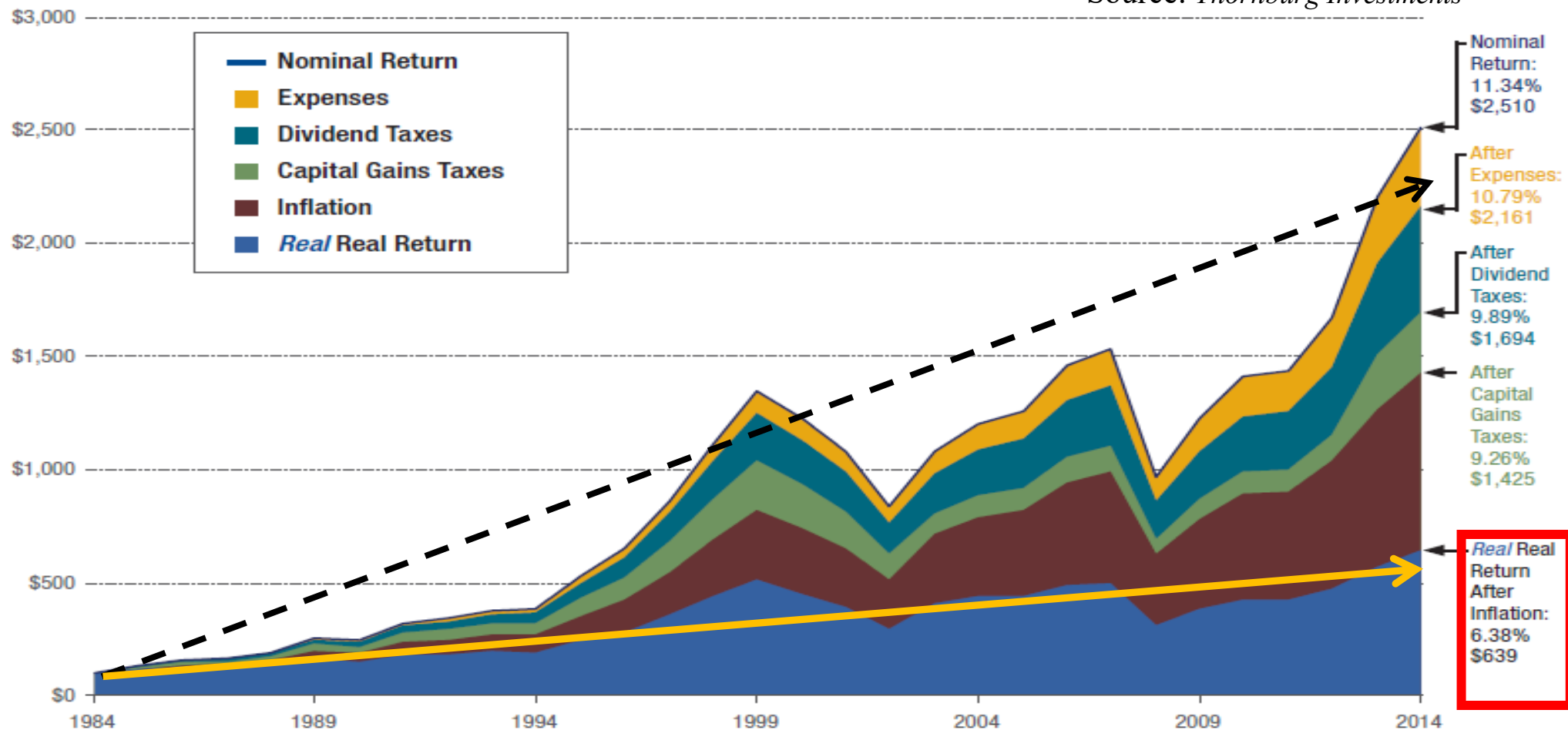
- Is there something important I should know about your \$ I wouldn't know if I didn't ask?
- In retirement, how much of your income is OK at risk ?
- In retirement, how much of your assets is OK at risk?

Growth of a Hypothetical \$100

S&P 500 Index from December 31, 1984, to December 31, 2014

Real Real Returns

Source: *Thornburg Investments*



Results reflect past performance and do not guarantee future results. The performance of an index is not indicative of any particular investment. Investors may not make direct investments into any index. Sources are provided at the end of this study.

Projecting Average Portfolio Returns

Composite Yield

3.97%

Name

Retiree Portfolio

Balance

\$1,000,000.00

Amount Liquid

\$1,000,000.00

Cost Basis

90.00%

Taxable

100.00%

Dividend

0.00%

Dividend Type

Qualified

Monthly Pre Retirement Contributions

\$0.00

Unrealized Taxable Gains

0.00%

Fixed

[add a split](#)

Percentage

5%

Cash

Amount

\$50,000.00

Growth

2.00%

Fees

0.00%

Percentage

35%

Bonds

Amount

\$350,000.00

Growth

3.50%

Fees

1.00%

Equity

[add a split](#)

Percentage

60%

Equities

Amount

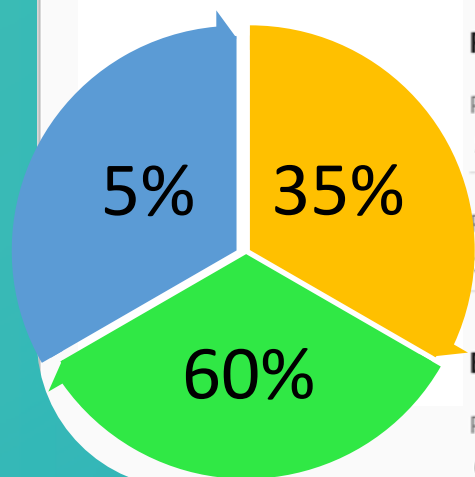
\$600,000.00

Growth

6.00%

Fees

1.00%

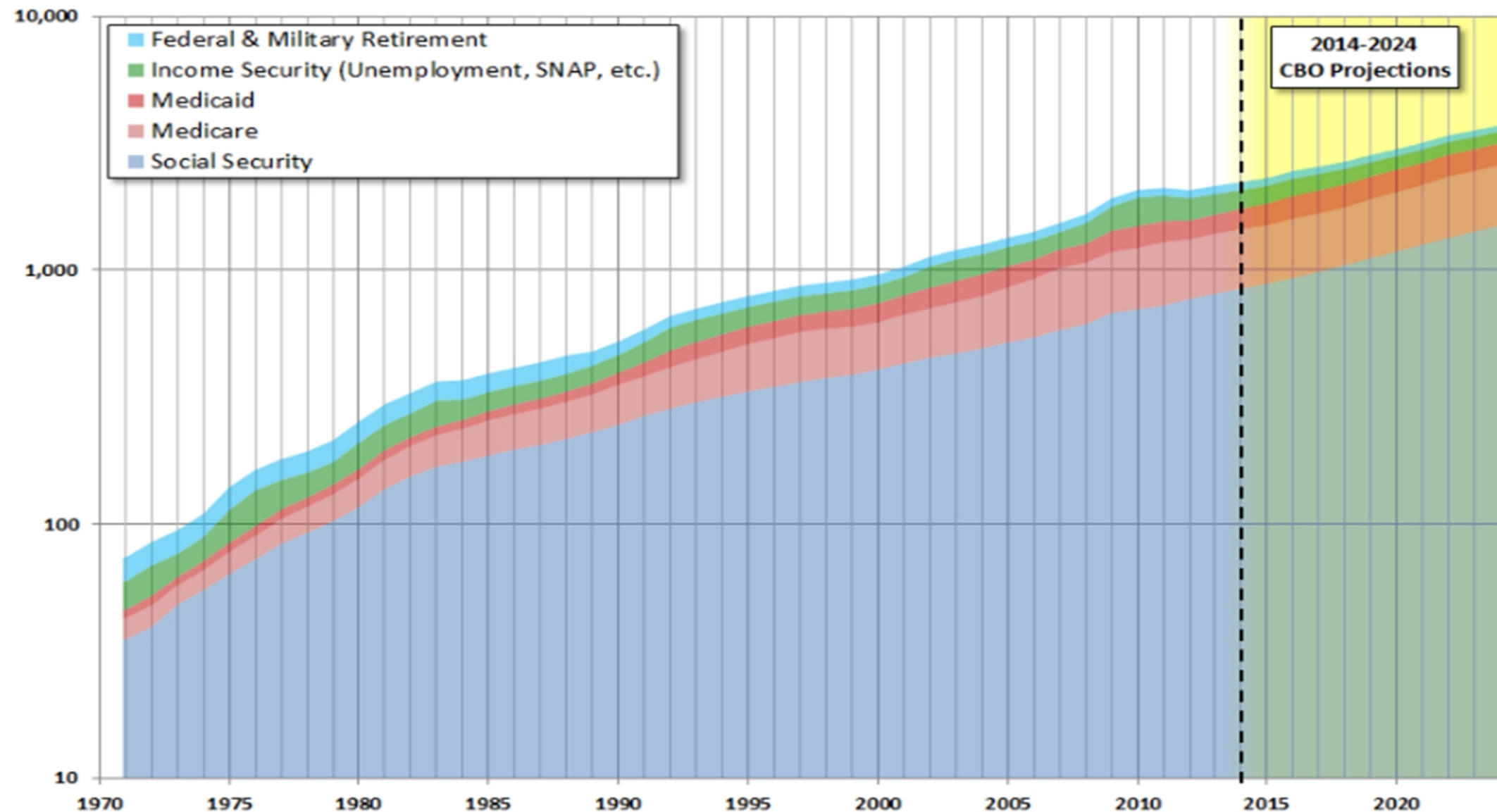


This hypothetical example is for educational purposes only and is not a guarantee of returns.

U.S. Expenditures for Major Entitlements Since 1971 With CBO's Baseline Projections for 2014-2024

dshort.com

Billions (log scale)



Top Five Fears

- *Outliving*
- *Control*

Investments- Liquidity

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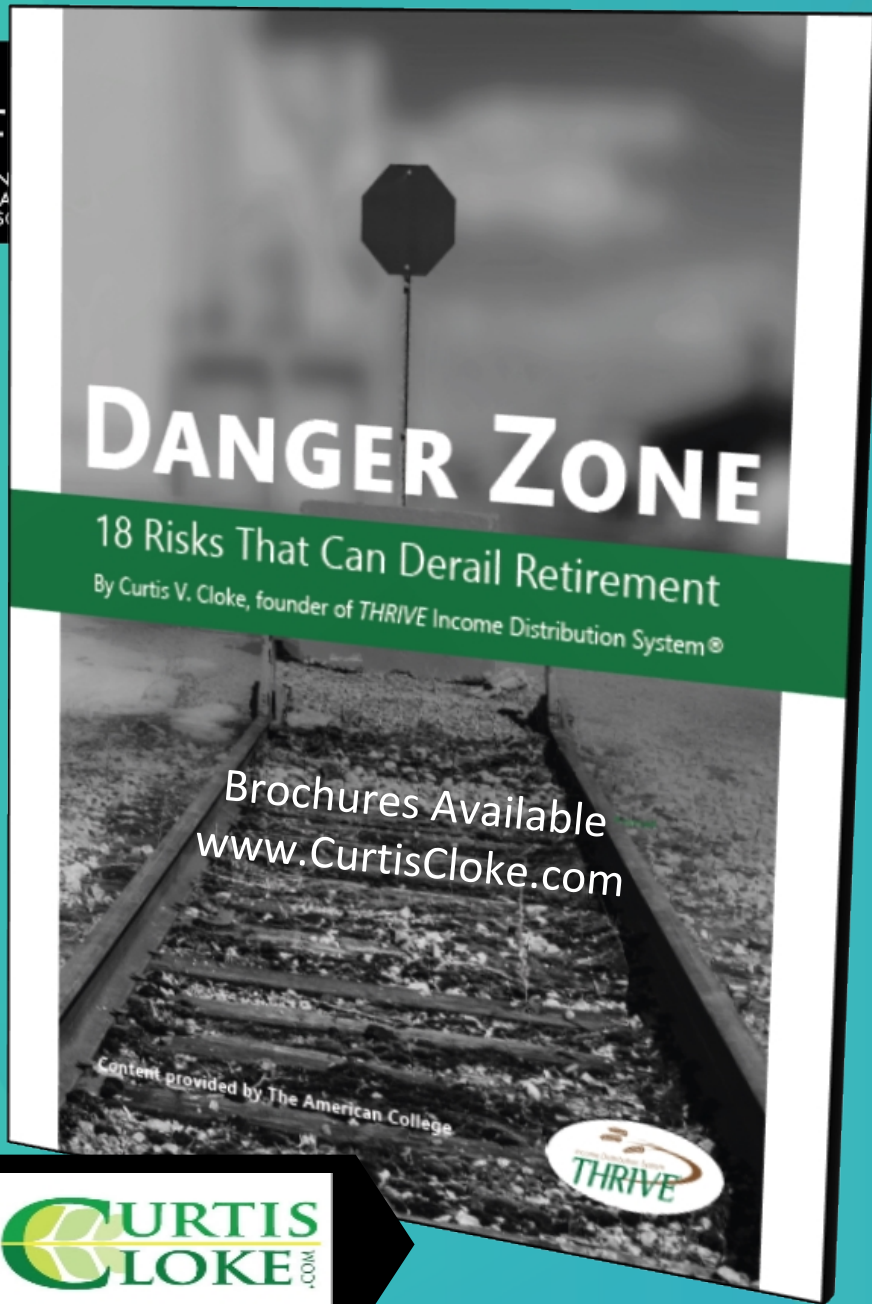
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Top Five Fears



- *Outliving*
- *Control*
- *Inflation*
- *Legacy*
- *Investment Mistake*



- Sequencing
- Elder Fraud
- Market Downside
- Withdrawal Rate
- Inflation
- Tax
- Deflation
- Longevity
- Mortality
- Legacy
- Behavior
- Market Upside
- Long Term Care

Taking Risks Off the Table

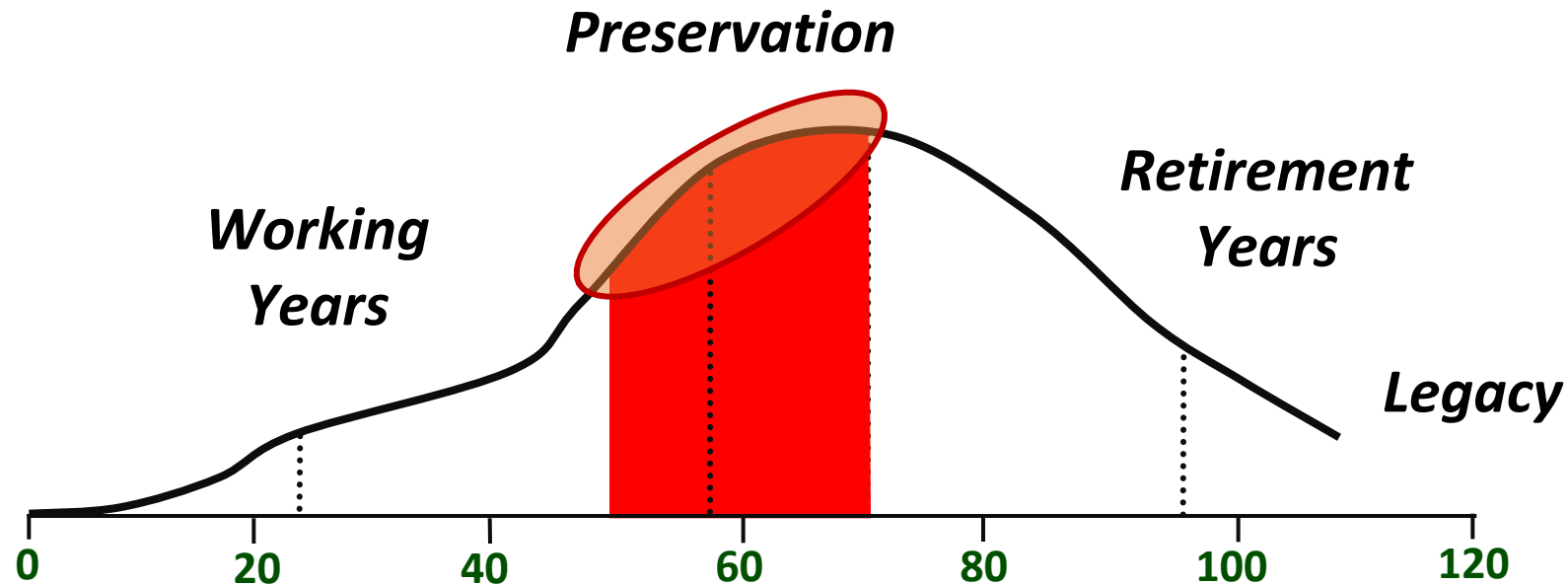
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Top Five Risks

- ***Longevity***
- ***Health***
- ***Inflation***
- ***Sequence of Returns***
- ***Market Volatility***

Stages of Life



Most critical time to avoid market volatility is the 5 to 10 years before and the 5 to 10 years after retirement:

RETIREMENT RED ZONE®

by: Prudential Insurance



Promised Based vs. Risked Based



PROMISED
BASED INCOME

ROI
Reliability
of Income

RISKED BASED
ASSETS

Discretionary Income

Growth Assets

Free Spending Liquidity

Legacy and LTC Goals

Basket of Products Approach

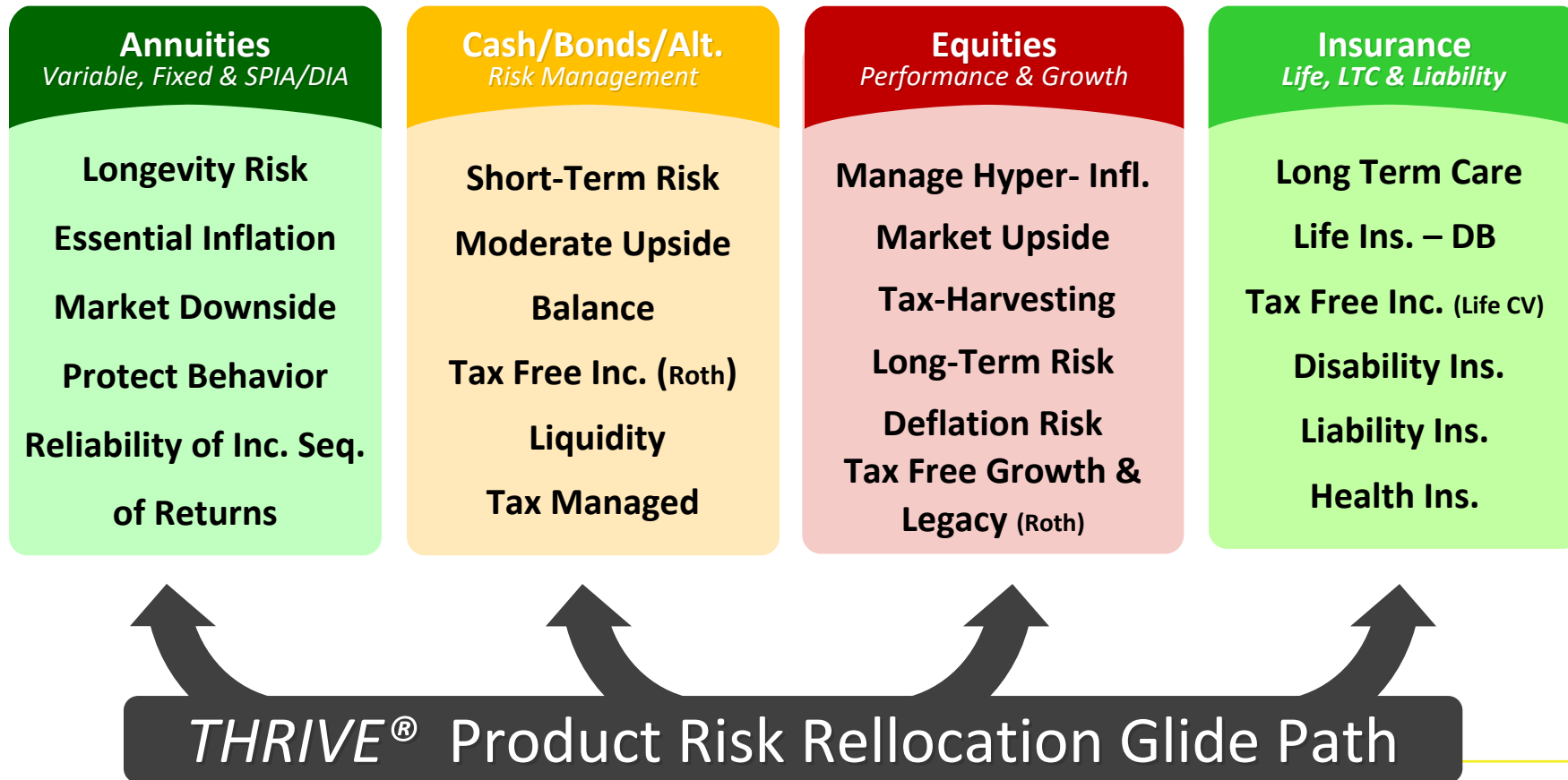
“For retirement income, we must step away from the notion that either investments or insurance alone will best serve retirees. More emphasis is needed on the basic forms of insurance products, and how they may behave as part of an integrated retirement income plan.”

– Wade D. Pfau, Ph.D., CFA

Basket of Products Approach



Product Relocation to Align Risks



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Promised Based Income REQUIRE Insurance

GLWB Guaranteed Lifetime Withdrawal Benefit Rider to Deferred Annuity ✓ Income Rider Withdrawals	SPIA Single Premium Immediate Annuity ✓ Annuitized Payments	DIA Single Premium Deferred Income Annuity ✓ Annuitized Payments	QLAC Single Premium Deferred Income Annuity ✓ Annuitized Payments
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*Guarantees are based upon the claims-paying ability of the issuing insurance company.

Key Elements of SPIAs & DIAs

1. Eliminates the FEE-DRAG



2. All future income, including inflation increase, can be fully guaranteed.

INFLATION



3. Tax Benefits with non-qualified assets

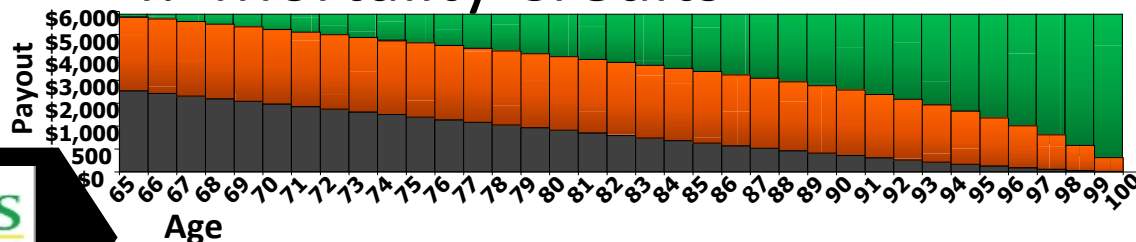
Tax-Exclusion Ratio

FIBO®

25% GAIN

75% PRINCIPAL

4. Mortality Credits



First In...

...Blend Out



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Three Basic Retirement Income Strategies



SWIP Strategy

Systematic
Withdrawal
Income Plan

“Assume & Consume”



Bucket Strategy

Buckets/Laddered

“Progressive Time
Segments of Money”



Floor Strategy

Retirement Income
Floor

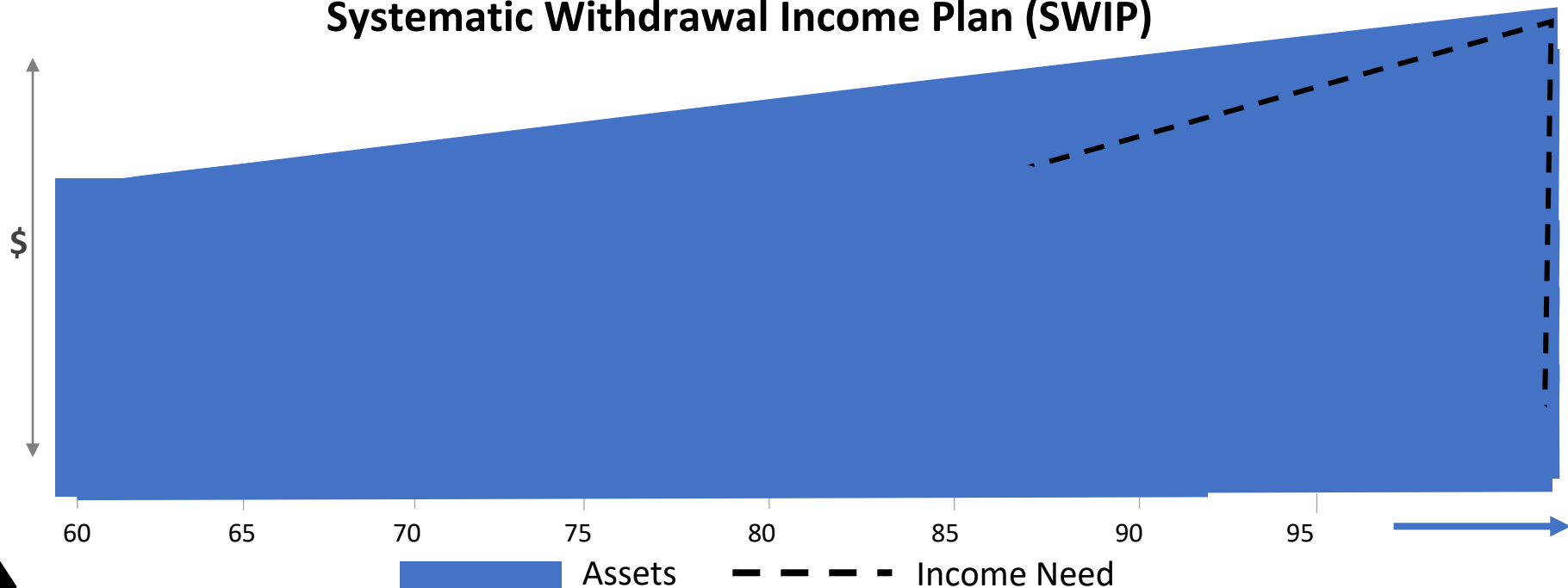
Promised Based

SWIP Strategy

Maximizing Income using a minimum sum of assets to accomplish a variety of investment techniques. Each solution is dependent on client's needs, desires and available assets classes.

Assumptions – Client is 60, Retires at 65, Accepts income risk in retirement

Systematic Withdrawal Income Plan (SWIP)

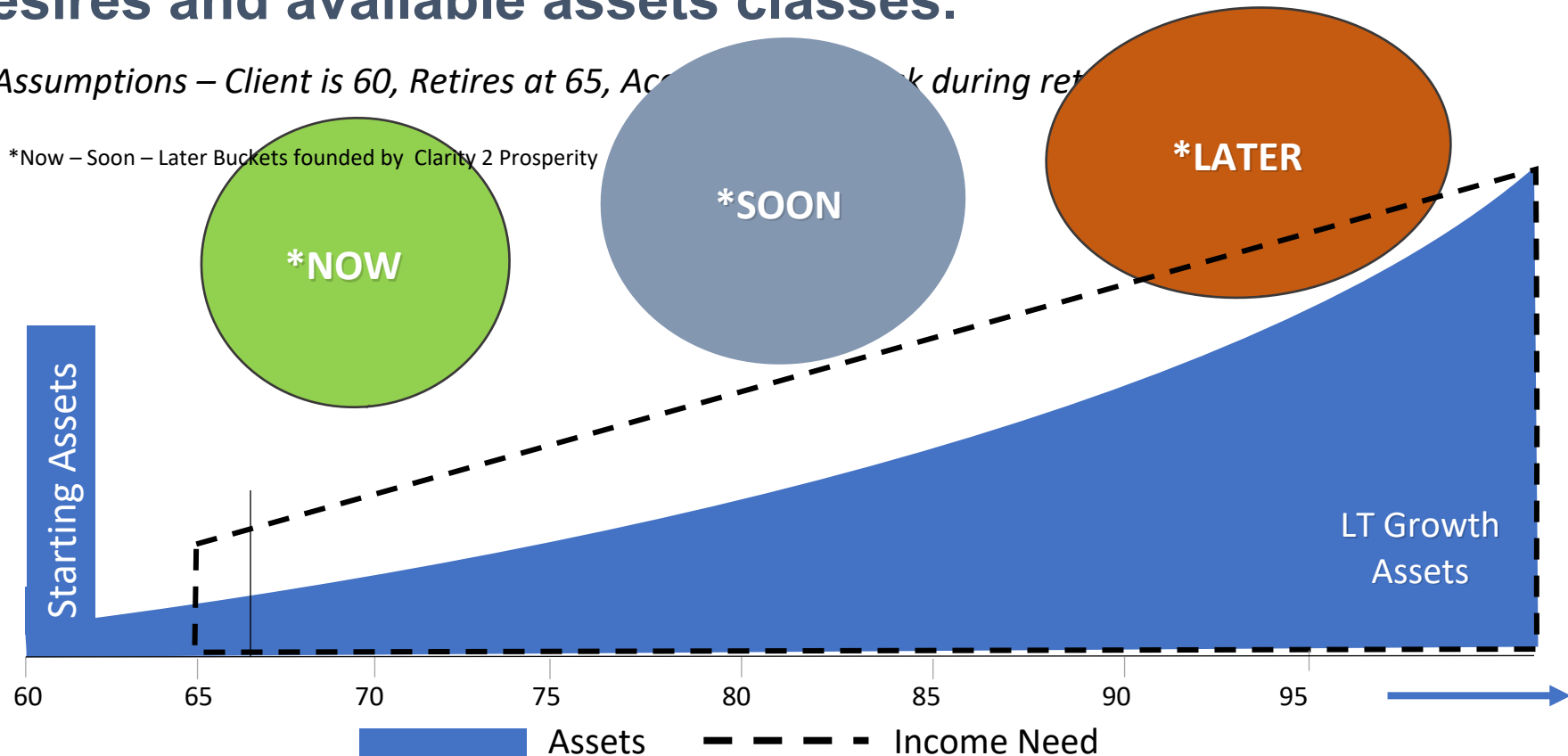


Bucket Strategy

Maximizing Income using a minimum sum of assets for each time-segment of retirement. Solution varies based on client's needs, desires and available assets classes.

Assumptions – Client is 60, Retires at 65, Accumulates during retirement

*Now – Soon – Later Buckets founded by Clarity 2 Prosperity

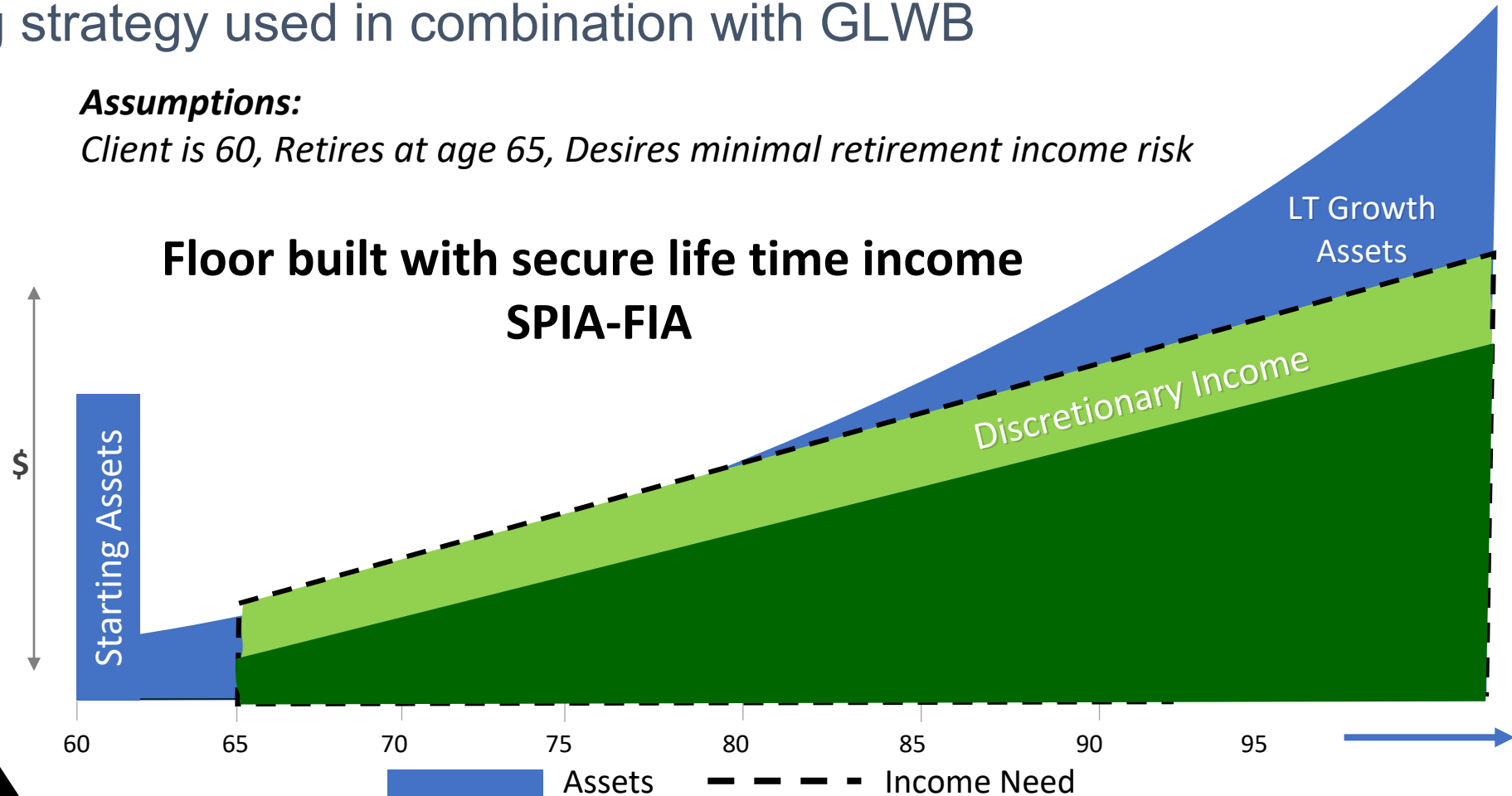


Flooring Strategy

Flooring strategy used in combination with GLWB

Assumptions:

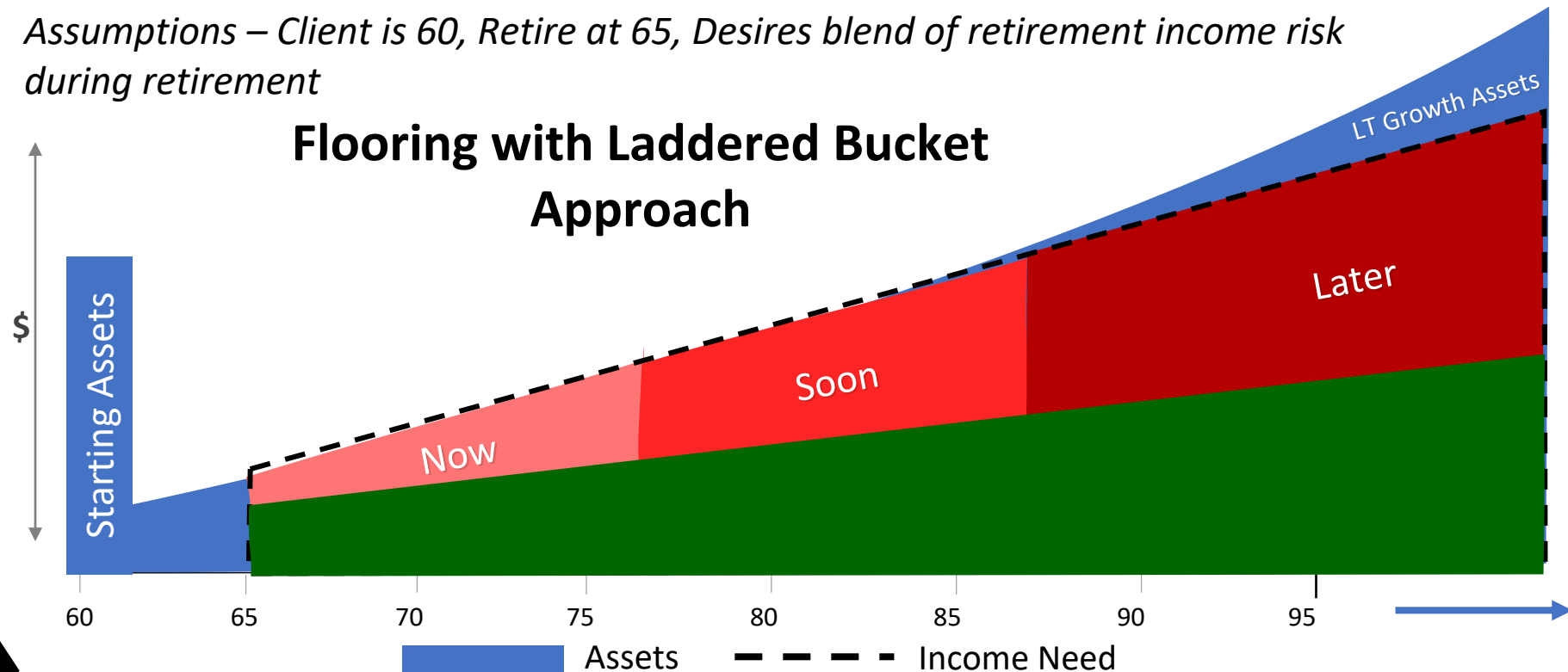
Client is 60, Retires at age 65, Desires minimal retirement income risk



Hybrid Floor – Bucket Strategies

Maximizing Income using minimum sum of assets to accomplish income goals. Each solution is dependent on the client's needs, desires and available asset classes.

Assumptions – Client is 60, Retire at 65, Desires blend of retirement income risk during retirement



Divide & Conquer



Income

Value of assets needed to create a stream of annually increasing retirement income

Must be reliable and predictable

Growth

Value of assets not needed for income is used to provide liquidity, discretionary income, growth, and legacy

Managed risk is acceptable

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Retirement Income Process

Many goals to achieve



Meets emotional and financial needs for a lifetime

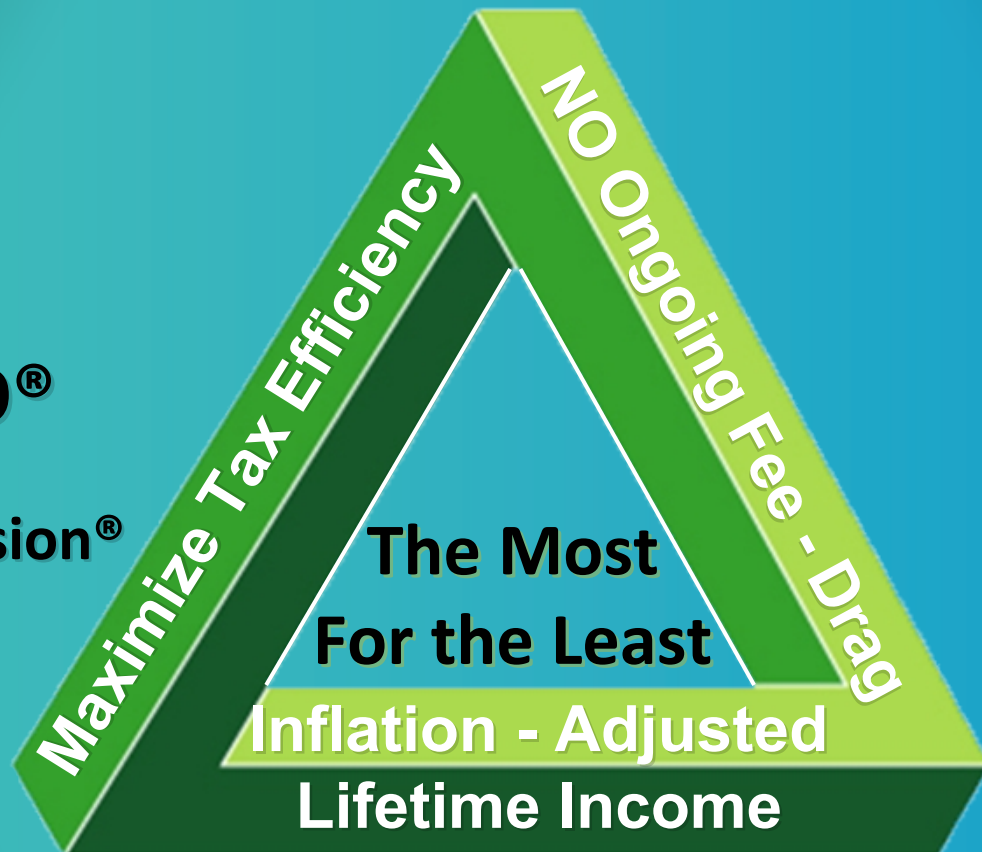
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How to Make the Impossible...Possible!?



FIBO®

RMD Compression®



BUY INCOME & INVEST THE DIFFERENCE®

Guarantees are subject to claims paying ability of issuing company

Case Study:
Rob Test
Single
Age 60

Longevity = 40 Year Duration

Sequence of Return Calculator

Tool in Beta



Bad Sequence Years

Client *	<input type="text" value="rob test"/>	Contributions	
Balance *	<input type="text" value="1000000.0"/>	Amount *	<input type="text" value="0.0"/>
Linear Yield *	<input type="text" value="6"/>	Start *	<input type="text" value="2019"/>
Fees *	<input type="text" value="1.0"/>	End *	<input type="text" value="2019"/>
# of Years *	<input type="text" value="40"/>	Distributions	
Linear Dividend *	<input type="text" value="0.0"/>	Amount *	<input type="text" value="40000.0"/>
Tax on Div *	<input type="text" value="0.0"/>	Start *	<input type="text" value="2020"/>
Tax on Gain *	<input type="text" value="0.0"/>	End *	<input type="text" value="2080"/>

	Test 1	Test 2
Test Year *	<input type="text" value="2000"/>	<input type="text" value="2000"/>
Text Index *	<input type="text" value="S&P 500"/>	<input type="text" value="S&P 500"/>
(SRT) Sequence of return test *		<input type="text" value="No"/>
% Portfolio Fixed *	<input type="text" value="0"/>	<input type="text" value="40"/>
Yield on fix *	<input type="text" value="3"/> No fee	<input type="text" value="3"/> No fee
Cost to Purchase *	<input type="text" value="0.0"/>	<input type="text" value="0"/>
Income Purchased *	<input type="text" value="0.0"/>	<input type="text" value="0"/>
	100% Market	60%/40% Market/Fixed



Save & Exit

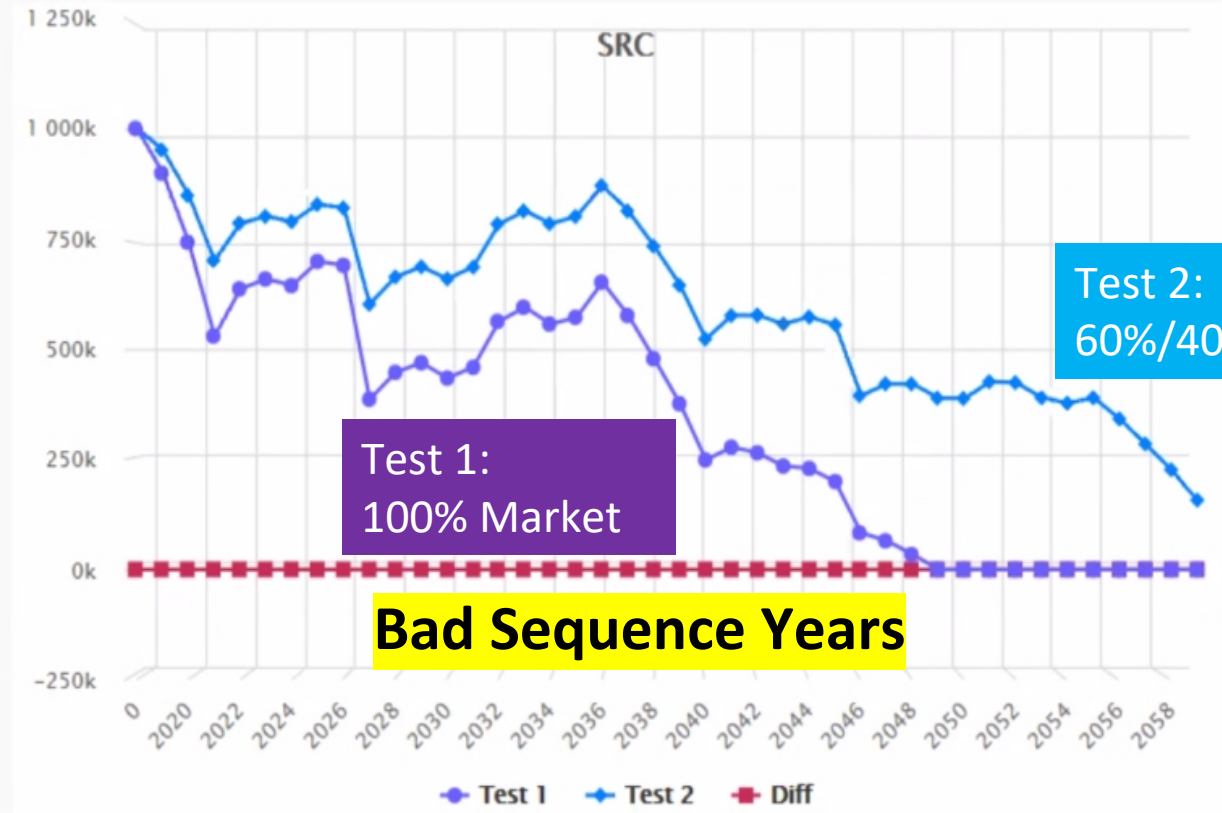
Exit

Preview

Report

Case Study Ignores Taxes & Medicare Tiering & Inflation

Client	rob test		
			Contributions
Balance	\$1,000,000	Amount	\$0.00
Linear Yield	6.00%	Start	2019
Fees	1.00%	End	2019
# of Years	40		Distributions
Linear Dividend	0.00%	Amount	\$40,000.00
Tax on Div	0.00%	Start	2020
Tax on Gain	0.00%	End	2080
	Test 1		Test 2
Test Year	2000		2000
Text Index	S&P 500		S&P 500
Avg. Yield	3.84%		3.50%
Net Avg. Withdrawal	5.95%		4.87%
Avg. Net Yield	-2.12%		-1.37%
End Value	\$0		\$157,186
(SRT) Sequence of	Return Test of		No



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Years	Withdr.	Contri.	% Withdra.	S&P 500 Return	S&P 500 Balance	Net After Taxes	Reduced Income	% Withdra.	S&P 500 Return	S&P 500 Balance	Net After Taxes	% Diff +/-	\$ Diff +/- Gross	% Diff +/- Net cap gains
2019	\$0	\$0	0.000%	-10.110%	\$898,900	\$898,900	\$0	0.000%	-4.866%	\$951,340	\$951,340	5.24%	\$52,440	\$52,440
2020	\$40,000	\$0	4.450%	-12.980%	\$742,223	\$742,223	\$40,000	4.200%	-6.588%	\$848,666	\$848,666	6.39%	\$106,443	\$106,443
2021	\$40,000	\$0	5.390%	-23.270%	\$529,508	\$529,508	\$40,000	4.710%	-12.762%	\$700,359	\$700,359	10.51%	\$170,851	\$170,851
2022	\$40,000	\$0	7.550%	27.720%	\$636,287	\$636,287	\$40,000	5.710%	17.832%	\$785,247	\$785,247	-9.89%	\$148,960	\$148,960
2023	\$40,000	\$0	6.290%	9.820%	\$658,770	\$658,770	\$40,000	5.090%	7.092%	\$800,937	\$800,937	-2.73%	\$142,166	\$142,167
2024	\$40,000	\$0	6.070%	3.790%	\$643,738	\$643,738	\$40,000	4.990%	3.474%	\$788,761	\$788,761	-0.32%	\$145,023	\$145,023
2025	\$40,000	\$0	6.210%	14.740%	\$698,625	\$698,625	\$40,000	5.070%	10.044%	\$827,984	\$827,984	-4.70%	\$129,360	\$129,359
2026	\$40,000	\$0	5.730%	4.460%	\$689,783	\$689,783	\$40,000	4.830%	3.876%	\$820,077	\$820,077	-0.58%	\$130,294	\$130,294
2027	\$40,000	\$0	5.800%	-38.220%	\$386,148	\$386,148	\$40,000	4.880%	-21.732%	\$601,858	\$601,858	16.49%	\$215,710	\$215,710
2028	\$40,000	\$0	10.360%	26.110%	\$446,972	\$446,972	\$40,000	6.650%	16.866%	\$663,367	\$663,367	-9.24%	\$216,396	\$216,395
2029	\$40,000	\$0	8.950%	13.870%	\$468,966	\$468,966	\$40,000	6.030%	9.522%	\$686,533	\$686,533	-4.35%	\$217,567	\$217,567
2030	\$40,000	\$0	8.530%	1.070%	\$433,984	\$433,984	\$40,000	5.830%	1.842%	\$659,179	\$659,179	0.77%	\$225,195	\$225,195
2031	\$40,000	\$0	9.220%	14.880%	\$458,561	\$458,561	\$40,000	6.070%	10.128%	\$685,941	\$685,941	-4.75%	\$227,380	\$227,380
2032	\$40,000	\$0	8.720%	31.430%	\$562,687	\$562,687	\$40,000	5.830%	20.058%	\$783,527	\$783,527	-11.37%	\$220,840	\$220,840
2033	\$40,000	\$0	8.720%	31.430%	\$562,687	\$562,687	\$40,000	5.830%	20.058%	\$783,527	\$783,527	-11.37%	\$220,840	\$220,840
2033	\$40,000	\$0	7.110%	12.810%	\$594,767	\$594,767	\$40,000	5.110%	8.886%	\$813,151	\$813,151	-3.92%	\$218,384	\$218,384
2034	\$40,000	\$0	6.730%	0.310%	\$556,611	\$556,611	\$40,000	4.920%	1.386%	\$784,421	\$784,421	1.08%	\$227,810	\$227,810
2035	\$40,000	\$0	7.190%	9.930%	\$571,883	\$571,883	\$40,000	5.100%	7.158%	\$800,570	\$800,570	-2.77%	\$228,688	\$228,687
2036	\$40,000	\$0	6.990%	20.940%	\$651,635	\$651,635	\$40,000	5.000%	13.764%	\$870,761	\$870,761	-7.18%	\$219,126	\$219,126
2037	\$40,000	\$0	6.140%	-5.420%	\$576,316	\$576,316	\$40,000	4.590%	-2.052%	\$812,893	\$812,893	3.37%	\$236,576	\$236,577
2038	\$40,000	\$0	6.940%	-10.110%	\$478,051	\$478,051	\$40,000	4.920%	-4.866%	\$733,337	\$733,337	5.24%	\$255,287	\$255,286
2039	\$40,000	\$0	8.370%	-12.980%	\$376,000	\$376,000	\$40,000	5.450%	-6.588%	\$645,025	\$645,025	6.39%	\$269,025	\$269,025
2040	\$40,000	\$0	10.640%	-23.270%	\$248,505	\$248,505	\$40,000	6.200%	-12.762%	\$522,707	\$522,707	10.51%	\$274,202	\$274,202
2041	\$40,000	\$0	16.100%	27.720%	\$277,390	\$277,390	\$40,000	7.650%	17.832%	\$575,916	\$575,916	-9.89%	\$298,526	\$298,526
2042	\$40,000	\$0	14.420%	9.820%	\$264,630	\$264,630	\$40,000	6.950%	7.092%	\$576,760	\$576,760	-2.73%	\$312,130	\$312,130
2043	\$40,000	\$0	15.120%	3.790%	\$234,659	\$234,659	\$40,000	6.940%	3.474%	\$556,797	\$556,797	-0.32%	\$322,137	\$322,138
2044	\$40,000	\$0	17.050%	14.740%	\$229,248	\$229,248	\$40,000	7.180%	10.044%	\$572,721	\$572,721	-4.70%	\$343,473	\$343,473
2045	\$40,000	\$0	17.450%	4.460%	\$199,472	\$199,472	\$40,000	6.980%	3.876%	\$554,920	\$554,920	-0.58%	\$355,448	\$355,448
2046	\$40,000	\$0	20.050%	-38.220%	\$83,234	\$83,234	\$40,000	7.210%	-21.732%	\$394,325	\$394,325	16.49%	\$311,091	\$311,091
2047	\$40,000	\$0	48.060%	26.110%	\$64,966	\$64,966	\$40,000	10.140%	16.866%	\$420,832	\$420,832	-9.24%	\$355,865	\$355,866
2048	\$40,000	\$0	61.570%	13.870%	\$33,977	\$33,977	\$40,000	9.500%	9.522%	\$420,903	\$420,903	-4.35%	\$386,926	\$386,926
2049	\$40,000	\$0	0.000%	1.070%	\$0	\$0	\$40,000	9.500%	1.842%	\$388,656	\$388,656	0.77%	\$388,656	\$388,656
2050	\$40,000	\$0	0.000%	14.880%	\$0	\$0	\$40,000	10.290%	10.128%	\$388,019	\$388,019	-4.75%	\$388,019	\$388,019
2051	\$40,000	\$0	0.000%	31.430%	\$0	\$0	\$40,000	10.310%	20.058%	\$425,848	\$425,848	-11.37%	\$425,848	\$425,848
2052	\$40,000	\$0	0.000%	12.810%	\$0	\$0	\$40,000	9.390%	8.886%	\$423,689	\$423,689	-3.92%	\$423,689	\$423,689
2053	\$40,000	\$0	0.000%	0.310%	\$0	\$0	\$40,000	9.440%	1.386%	\$389,561	\$389,561	1.08%	\$389,561	\$389,561
2054	\$40,000	\$0	0.000%	9.930%	\$0	\$0	\$40,000	10.270%	7.158%	\$377,446	\$377,446	-2.77%	\$377,446	\$377,446
2055	\$40,000	\$0	0.000%	20.940%	\$0	\$0	\$40,000	10.600%	13.764%	\$389,398	\$389,398	-7.18%	\$389,398	\$389,398
2056	\$40,000	\$0	0.000%	-5.420%	\$0	\$0	\$40,000	10.270%	-2.052%	\$341,407	\$341,407	3.37%	\$341,407	\$341,407
2057	\$40,000	\$0	0.000%	-10.110%	\$0	\$0	\$40,000	11.720%	-4.866%	\$284,794	\$284,794	5.24%	\$284,794	\$284,794
2058	\$40,000	\$0	0.000%	-12.980%	\$0	\$0	\$40,000	14.050%	-6.588%	\$226,032	\$226,032	6.39%	\$226,032	\$226,032
2059	\$40,000	\$0	0.000%	-23.270%	\$0	\$0	\$40,000	17.700%	-12.762%	\$157,186	\$157,186	10.51%	\$157,186	\$157,186

Buy Income & Invest the Difference® to Protect Risked Based Asset Withdrawal Drag and Provide a Stream of Lifetime “Promised Based®” Income

Bad Sequence Years

Client *	rob test	Contributions	
Balance *	1000000.0	Amount *	0.0
Linear Yield *	6	Start *	2019
Fees *	1.0	End *	2019
# of Years *	40	Distributions	
Linear Dividend *	0.0	Amount *	40000.0
Tax on Div *	0.0	Start *	2020
Tax on Gain *	0.0	End *	2080

	Test 1	Test 2
Test Year *	2000	2000
Text Index *	S&P 500	S&P 500
(SRT) Sequence of return test *		No
% Portfolio Fixed *	0	40
Yield on fix *	3	3
Cost to Purchase *	500000	0
Income Purchased *	27865	0
Add RV *	No	No

Save & Exit

Exit

Test 1: SPIA Guaranteed Lifetime Distribution Rate = 5.573% with today's SPIA rate environment and FULL Return of Principle

#FPACONF19



Leading Innovation for Retirement Confidence

Income Annuity Survey

Income Annuity Survey Details	
State of Residence	Iowa
State of Issue	Iowa
Owner	Rob Test
Name	Rob Test
Birth Date	October 9, 1959
Sex	Male
Annuity Type	Single Life
Fund Type	Traditional IRA
Guarantee Type	Installment refund
Premium	\$500,000.00
Purchase Date	October 9, 2019
Payment Frequency	Monthly
Income Start Date	January 9, 2020
Return of Premium before Income Start Date	No

Case Study:

Rob Test

Single Male

Age 60

\$500k SPIA with Installment Refund

(Income you cannot destroy or outlive and principle you cannot loss)

Quote Date 10-9-19

Financial Institution	Monthly Income	Monthly Taxable Portion	Guaranteed To End Of
North American Company for Life and Health Insurance	\$2,322.11	\$2,322.11	OCT-16-2019
Midland National Life Insurance Company	\$2,322.11	\$2,322.11	OCT-16-2019
The Lincoln National Life Insurance Company	\$2,250.80	\$2,250.80	OCT-23-2019
Penn Mutual Life Insurance Company	\$2,243.44	\$2,243.44	OCT-23-2019 16:00
Jackson National Life Insurance	\$2,222.34	\$2,222.34	OCT-16-2019
Integrity Life Insurance Company (W&S)	\$2,160.37	\$2,160.37	OCT-16-2019
Symetra Life Insurance Company	\$2,158.07	\$2,158.07	OCT-19-2019
The Prudential Insurance Company of America	\$2,153.74	\$2,153.74	OCT-23-2019
New York Life Insurance and Annuity Corporation (NYLIAC)	\$2,142.60	\$2,142.60	OCT-23-2019
AIG	\$2,139.98	\$2,139.98	OCT-23-2019

Buy Income & Invest the Difference® to Create “Promised Based®” Income

Bad Sequence Years

Client *	rob test	Contributions		Test 1		Test 2	
Balance *	1000000.0	Amount *	0.0	Test Year *	2000	Test Year *	2000
Linear Yield *	6	Start *	2019	Text Index *	S&P 500	Text Index *	S&P 500
Fees *	1.0	End *	2019	(SRT) Sequence of return test *		(SRT) Sequence of return test *	No
# of Years *	40	Distributions		% Portfolio Fixed *	0	% Portfolio Fixed *	40
Linear Dividend *	0.0	Amount *	40000.0	Yield on fix *	3	Yield on fix *	3
Tax on Div *	0.0	Start *	2020	Cost to Purchase *	500000	Cost to Purchase *	0
Tax on Gain *	0.0	End *	2080	Income Purchased *	27865	Income Purchased *	0

Test 1: SPIA Guaranteed Lifetime Distribution Rate = 5.573% with today's SPIA rate environment and FULL Return of Principle

Test 2: 60%/40%

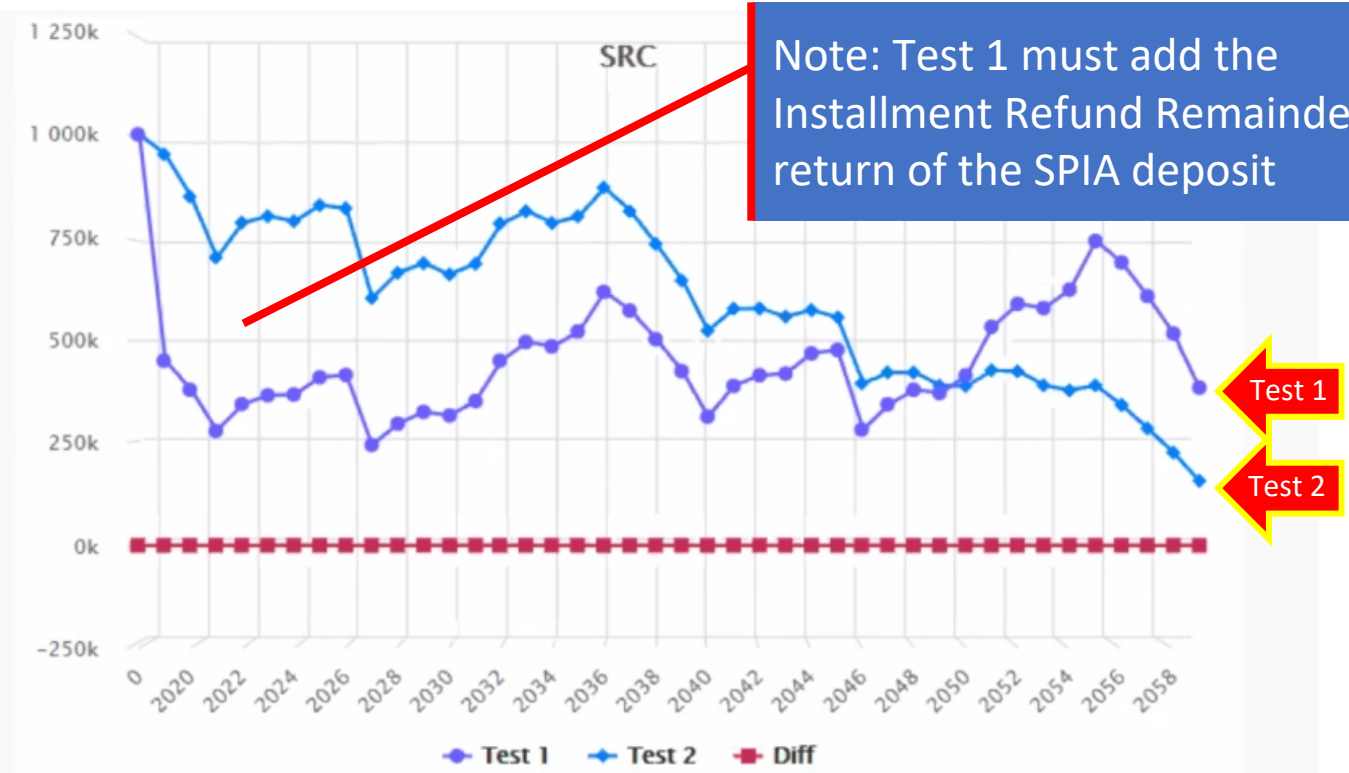


Optimal Income Guarantees w/Liquidity

Case Study: Rob Test
Single, Age 60, \$500k SPIA w/IR

Case Study Ignores Taxes, Inflation, Medicare Tiering, RMDs & Inflation

Client	rob test		
			Contributions
Balance	\$1,000,000	Amount	\$0.00
Linear Yield	6.00%	Start	2019
Fees	1.00%	End	2019
# of Years	40		Distributions
Linear Dividend	0.00%	Amount	\$40,000.00
Tax on Div	0.00%	Start	2020
Tax on Gain	0.00%	End	2080
	Test 1		Test 2
Test Year	2000		2000
Text Index	S&P 500		S&P 500
Avg. Yield	3.84%		3.50%
Net Avg. Withdrawal	1.92%		4.87%
Avg. Net Yield	1.92%		-1.37%
End Value	\$383,732		\$157,186



Test 1: With SPIA

Test 2: 60/40 Equity/Fixed

#19 A CONF 19



Do We Leave Assets on the Table?

Case Study: Rob Test
Single
Age 60

Test 1:
\$500k SPIA with Installment Refund

Test 2: 60%/40% Equity/Fixed

Client *

rob test

Balance *

1000000.0

Linear Yield *

6

Fees *

1.0

of Years *

40

Linear Dividend *

0.0

Tax on Div *

0.0

Tax on Gain *

0.0

Contributions

Amount *

0.0

Start *

2019

End *

2019

Distributions

Amount *

40000.0

Start *

2020

End *

2080

Test 1

Test Year *

1995

Text Index *

S&P 500

(SRT) Sequence of return test *

No

% Portfolio Fixed *

0

Yield on fix *

3

Cost to Purchase *

500000

Income Purchased *

27865

Add RV *

No

Test 2

Test Year *

1995

Text Index *

S&P 500

(SRT) Sequence of return test *

No

% Portfolio Fixed *

40

Yield on fix *

3

Cost to Purchase *

0

Income Purchased *

0

Add RV *

No

Save & Exit

Exit

Preview

Report

Good Sequence Years

Client	rob test		
	Contributions		
Balance	\$1,000,000	Amount	\$0.00
Linear Yield	6.00%	Start	2019
Fees	1.00%	End	2019
# of Years	40	Distributions	
Linear Dividend	0.00%	Amount	\$40,000.00
Tax on Div	0.00%	Start	2020
Tax on Gain	0.00%	End	2080
Test 1			
Test Year	1995	Test 2	
Text Index	S&P 500	S&P 500	
Avg. Yield	9.32%	6.79%	
Net Avg. Withdrawal	0.42%	1.07%	
Avg. Net Yield	8.90%	5.72%	

Farming the 4 L's of Retirement



Longevity

- Will income last a Lifetime?



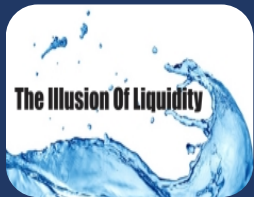
Lifestyle

- Safe withdrawal rate?
- Fixed vs. Variable?



Legacy

- Promised vs. Risk based?
- Protecting the surv. Spouse



Liquidity

- Discretionary spending?

#FPACONF19

Retirement Income Dashboard

4 Key Quantitative and Qualitative Measurements

- Investment Net Worth
- Withdrawal Rates
- Reliability of Income
- Discretionary Liquidity

Longevity

- Will income last a Lifetime?



Lifestyle

- Safe withdrawal rate?
- Fixed vs. Variable withdrawal?



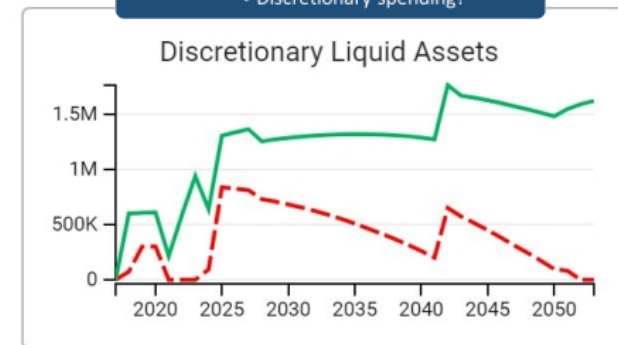
Legacy

- Promised based vs. Risk based?
- Protecting the surviving Spouse



Liquidity

- Discretionary spending?



Wayne & Margaret (Delaware) Case Study



Client Info

	Age	Retire Age	Life Exp
Wayne	65	66	88
Margaret	65	66	100

Desired Monthly Income
\$16,500

Inflation Rate
2.0%

Estimated 1st Yr Retirement Expense
\$23,904

Medical

	Expense	Starts In
Wayne	\$0	2019
Margaret	\$0	2019

Inflation Rate
5.0%

Real Estate & Liabilities

Total Homes Value
\$600,000

Mortgage Balance
\$0

Mortgage Payment
\$0

Other Loans Balance
\$0

Other Loans Payment
\$0

Other Cash Flow

Social Security
\$5,170

Pensions
\$0

Other Income
\$0

Other Expenses
\$0

One Time Income or Expenses
\$0

Assets

Qualified Assets
\$4,177,664

Non-Qualified Assets
\$1,591,391

Non-Qualified Annuities
\$0

Composite Yield
3.65%

Life Insurance & LTC

Number of Life Insurance Policies
1

Total Face Value
\$0

Total Cash Value
\$0

Number of Long Term Care Policies
1

Annuities w/Income Riders

Number of Annuities
1

Total Value
\$378,000

Excess Cash Flow & Misc Info

Excess to Invest
0%

Distribute from Qualified
100%

Distribute from Roth & Non-Qualified
0%

Income Tax Rate On Heirs
35%



Client Info	Medical	Real Estate & Liabilities	Other Cash Flow
<p>Age Retire Age Life Exp</p> <p>Wayne 65 66 88</p> <p>Margaret 65 66 100</p> <p>Desired Monthly Income \$16,500</p> <p>Inflation Rate 2.0%</p> <p>Estimated 1st Yr Retirement Expense \$23,904</p>	<p>Expense Starts In</p> <p>Wayne \$0 2019</p> <p>Margaret \$0 2019</p> <p>Inflation Rate 5.0%</p>	<p>Total Homes Value \$600,000</p> <p>Mortgage Balance \$0</p> <p>Mortgage Payment \$0</p> <p>Other Loans Balance \$0</p> <p>Other Loans Payment \$0</p>	<p>Social Security \$5,170</p> <p>Pensions \$0</p> <p>Other Income \$0</p> <p>Other Expenses \$0</p> <p>One Time Income or Expenses \$0</p>
Assets	Life Insurance & LTC	Annuities w/Income Riders	Excess Cash Flow & Misc Info
<p>Qualified Assets \$4,177,664</p> <p>Non-Qualified Assets \$1,591,391</p> <p>Non-Qualified Annuities \$0</p> <p>Composite Yield 3.65%</p>	<p>Number of Life Insurance Policies 1</p> <p>Total Face Value \$0</p> <p>Total Cash Value \$0</p> <p>Number of Long Term Care Policies 1</p>	<p>Number of Annuities 1</p> <p>Total Value \$378,000</p>	<p>Excess to Invest 0%</p> <p>Distribute from Qualified 100%</p> <p>Distribute from Roth & Non-Qualified 0%</p> <p>Income Tax Rate On Heirs 35%</p>



Name
All Qualified-Wayne

Balance
\$3,299,325.00

Amount Liquid
\$3,299,325.00

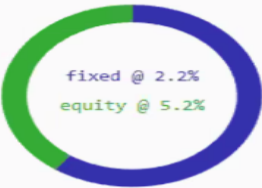
Spouses?
☐

Roth?
☐

Employee Contributions
0.00%

Employer Contributions
0.00%

Annual Contribution
\$0.00



Fixed [add a split](#)

Percentage
60%

Amount
\$1,979,595.00

Growth
3.00%

Fees
0.80%

Equity [add a split](#)

Percentage
40%

Amount
\$1,319,730.00

Growth
Growth
6.00%

Fees
0.80%

Name
All Qualified- Margaret

Balance
\$878,339.00

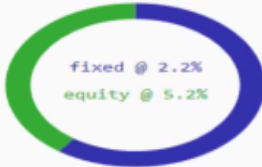
Amount Liquid
\$878,339.00

Spouses?
☐

Roth?
☐

Employee Contributions
0.00%

Employer Contributions
0.00%



Fixed [add a split](#)

Percentage
60%

\$527,003.40

3.00%

Fees
0.80%

Equity [add a split](#)

Percentage
40%

Amount
\$351,335.60

Growth
6.00%

Fees
0.80%

Composite Yield
3.65%

Name
All Non-Qualified Joint Inc Margaret ind Stocks

Balance
\$1,591,391.00

Amount Liquid
\$1,591,391.00

Cost Basis
85.00%

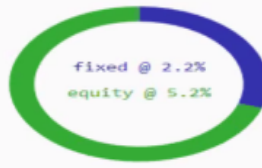
Taxable
100.00%

Dividend
0.00%

Dividend Type
Qualified

Monthly Pre Retirement Contributions
\$0.00

Unrealized Taxable Gains
0.00%



Fixed [add a split](#)

Percentage
30%

Amount
\$477,417.30

Growth
3.00%

Fees
0.80%

Equity [add a split](#)

Percentage
70%

Amount
\$1,113,973.70

Growth
6.00%

Fees
0.80%

RNG Retirement Income “Dashboard”

Charts



Investment Net Worth



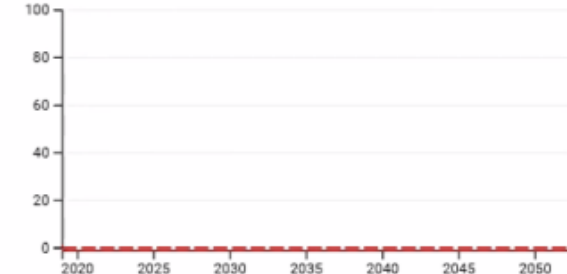
Withdrawal Rate



Reliability of Income



Discretionary Liquid Assets



Baseline Highest Withdrawal Rate: 13.0%

Baseline Average Withdrawal Rate: 6.2%

Baseline Average ROI: 21.7%

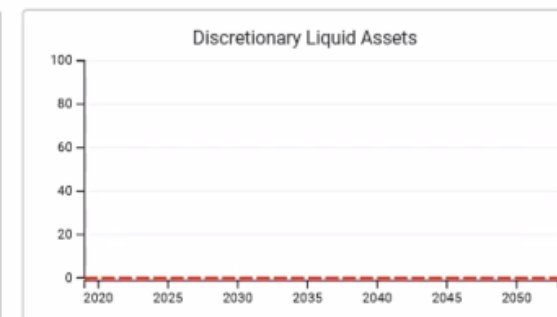
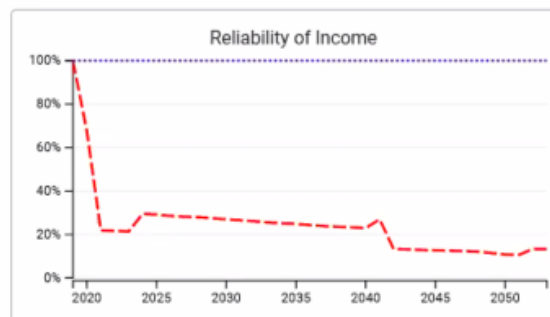
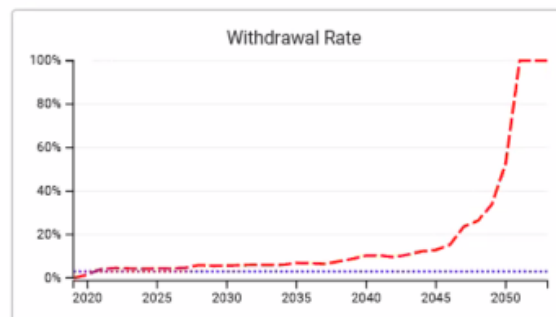


	Baseline
Assets Depleted In	Never
High Withdrawal Rate	13.02%
Average Withdrawal Rate	6.22%
Average Reliability of Income	21.65%
Total Tax	\$2,758,505
Total Medicare Premiums	\$455,229
Total Social Security	\$2,039,758
Net to Heirs	\$2,639,616
Qualified Assets	\$0
Tax Rate to Heirs	35%
Tax on Qualified Assets	\$0
Net After Tax	\$2,639,616

Testing Bad Sequence Years – Repeating 2000 in 2019 Going Forward

Charts

Index: Dow ▼ Start Year: 2019 ▼ Test Year: 2000 ▼ Average: 6.00% New Average: 4.31%



Baseline Highest Withdrawal Rate: 100.0%

Baseline Average Withdrawal Rate: 18.5%

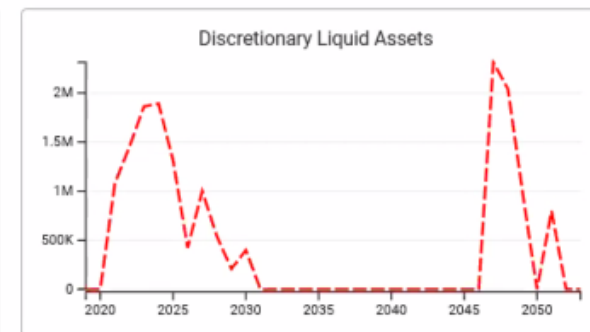
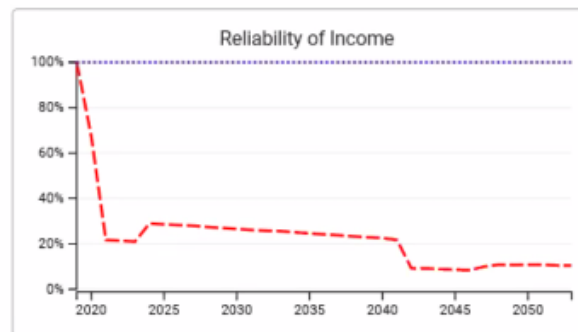
Baseline Average ROI: 22.2%

	Baseline
Assets Depleted In	2052
High Withdrawal Rate	100.00%
Average Withdrawal Rate	18.49%
Average Reliability of Income	22.15%
Total Tax	\$2,380,660
Total Medicare Premiums	\$428,280
Total Social Security	\$2,039,758
Net to Heirs	\$0
Qualified Assets	\$0
Tax Rate to Heirs	35%
Tax on Qualified Assets	\$0
Net After Tax	\$0

Testing Good Sequence Years Repeating 1995 in 2019 Going Forward

Charts

Index: Dow ▾ Start Year: 2019 ▾ **Test Year: 1995 ▾** Average: 6.00% New Average: 9.27% ✕



Baseline Highest Withdrawal Rate: 5.7%

Baseline Average Withdrawal Rate: 3.9%

Baseline Average ROI: 20.9%

	Baseline
Assets Depleted In	Never
High Withdrawal Rate	5.66%
Average Withdrawal Rate	3.86%
Average Reliability of Income	20.89%
Total Tax	\$3,587,188
Total Medicare Premiums	\$510,280
Total Social Security	\$2,039,758
Net to Heirs	\$10,461,631
Qualified Assets	\$0
Tax Rate to Heirs	35%
Tax on Qualified Assets	\$0
Net After Tax	\$10,461,631

Linear Test Solution SPIA w/3% Cola / Jt Lifetime & Cash Refund



Cases

Discovery

Analysis

Solution

☒ All Recommendations

☒ Change qualified asset 1 (All Qualified-Wayne).

- Change fixed percentage from 60% to 20%.
- Change equity percentage from 40% to 80%.

☒ Change qualified asset 2 (All Qualified- Margaret).

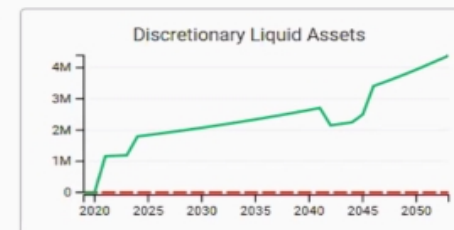
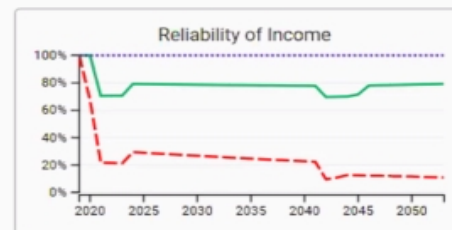
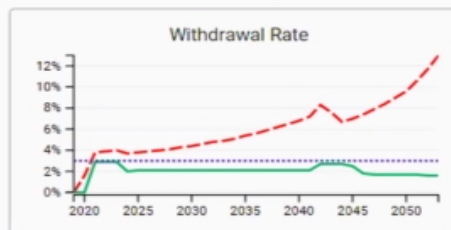
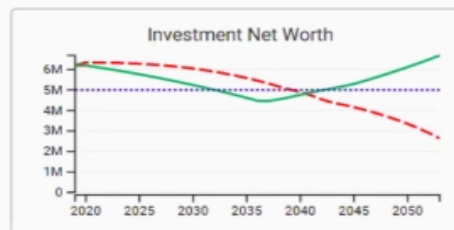
- Change fixed percentage from 60% to 20%.
- Change equity percentage from 40% to 80%.

☒ Change non-qualified asset 1 (All Non-Qualified Joint Inc Margaret ind Stocks).

- Change fixed percentage from 30% to 20%.
- Change equity percentage from 70% to 80%.

☒ Purchase an annuity for \$3,000,000 paying a benefit of \$11,150 beginning in 1/2020.

Solution > Solve 3



Baseline Highest Withdrawal Rate: 13.0%

Solution Highest Withdrawal Rate: 2.9%

Baseline Average Withdrawal Rate: 6.2%

Solution Average Withdrawal Rate: 2.1%

Baseline Average ROI: 21.7%

Solution Average ROI: 77.4%

	Baseline	Solution	+/-
Assets Depleted In	Never	Never	
High Withdrawal Rate	13.02%	2.88%	-10.14%
Average Withdrawal Rate	6.22%	2.12%	-4.10%
Average Reliability of Income	21.65%	77.44%	55.79%
Total Tax	\$2,758,505	\$3,527,063	\$768,558
Total Medicare Premiums	\$455,229	\$523,631	\$68,402
Total Social Security	\$2,039,758	\$2,039,758	\$0
Net to Heirs	\$2,639,616	\$6,686,643	\$4,047,027
Qualified Assets	\$0	\$0	\$0
Tax Rate to Heirs	35%	35%	0%
Tax on Qualified Assets	\$0	\$0	\$0
Net After Tax	\$2,639,616	\$6,686,643	\$4,047,027

Stress Testing Bad Markets



Cases

Discovery

Analysis

Solution

☒ All Recommendations

☒ Change qualified asset 1 (All Qualified-Wayne).

- Change fixed percentage from 60% to 20%.
- Change equity percentage from 40% to 80%.

☒ Change qualified asset 2 (All Qualified- Margaret).

- Change fixed percentage from 60% to 20%.
- Change equity percentage from 40% to 80%.

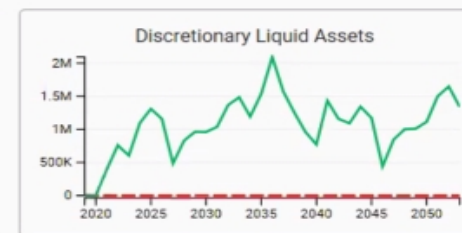
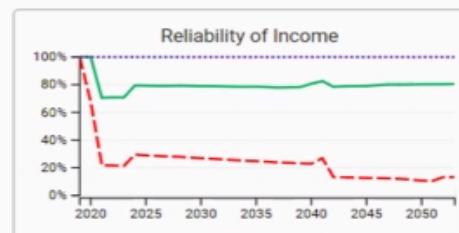
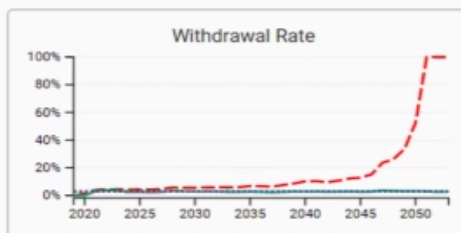
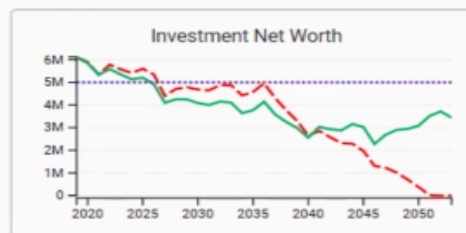
☒ Change non-qualified asset 1 (All Non-Qualified Joint Inc Margaret ind Stocks).

- Change fixed percentage from 30% to 20%.
- Change equity percentage from 70% to 80%.

☒ Purchase an annuity for \$3,000,000 paying a benefit of \$11,150 beginning in 1/2020.

Solution > Solve 3

Index: Dow Start Year: 2019 Test Year: 2000 Average: 6.00% New Average: 4.31%



Baseline Highest Withdrawal Rate: 100.0%

Solution Highest Withdrawal Rate: 3.8%

Baseline Average Withdrawal Rate: 18.5%

Solution Average Withdrawal Rate: 2.9%

Baseline Average ROI: 22.2%

Solution Average ROI: 79.3%

	Baseline	Solution	+/-
Assets Depleted In	2052	Never	
High Withdrawal Rate	100.00%	3.82%	-96.18%
Average Withdrawal Rate	18.49%	2.88%	-15.61%
Average Reliability of Income	22.15%	79.25%	57.10%
Total Tax	\$2,380,660	\$3,188,122	\$807,462
Total Medicare Premiums	\$428,280	\$523,631	\$95,350
Total Social Security	\$2,039,758	\$2,039,758	\$0
Net to Heirs	\$0	\$3,437,285	\$3,437,285
Qualified Assets	\$0	\$0	\$0
Tax Rate to Heirs	35%	35%	0%
Tax on Qualified Assets	\$0	\$0	\$0
Net After Tax	\$0	\$3,437,285	\$3,437,285

Baseline and Solution Starting @ the Same Place....



Solution > Solve 3

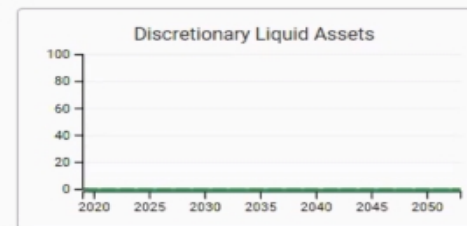
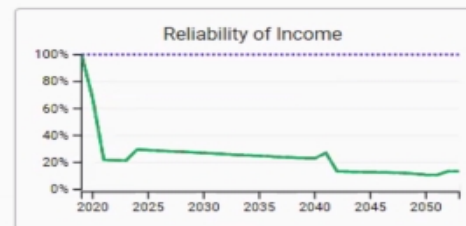
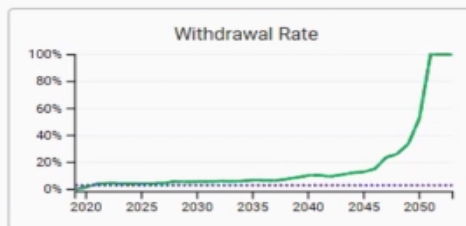
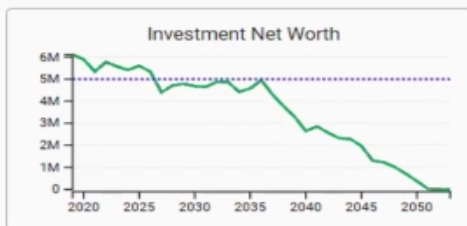
Index: Dow

Start Year: 2019

Test Year: 2000

Average: 6.00%

New Average: 4.31%



Baseline Highest Withdrawal Rate: 100.0%

Baseline Average Withdrawal Rate: 18.5%

Baseline Average ROI: 22.2%

Solution Highest Withdrawal Rate: 100.0%

Solution Average Withdrawal Rate: 18.5%

Solution Average ROI: 22.2%

	Baseline	Solution	+/-
Assets Depleted In	2052	2052	
High Withdrawal Rate	100.00%	100.00%	0.00%
Average Withdrawal Rate	18.49%	18.49%	0.00%
Average Reliability of Income	22.15%	22.15%	0.00%
Total Tax	\$2,380,660	\$2,380,660	\$0
Total Medicare Premiums	\$428,280	\$428,280	\$0
Total Social Security	\$2,039,758	\$2,039,758	\$0
Net to Heirs	\$0	\$0	\$0
Qualified Assets	\$0	\$0	\$0
Tax Rate to Heirs	35%	35%	0%
Tax on Qualified Assets	\$0	\$0	\$0
Net After Tax	\$0	\$0	\$0

- ☐ All Recommendations
- ☐ Change qualified asset 1 (All Qualified-Wayne).
• Change fixed percentage from 60% to 20%.
• Change equity percentage from 40% to 80%.
- ☐ Change qualified asset 2 (All Qualified- Margaret).
• Change fixed percentage from 60% to 20%.
• Change equity percentage from 40% to 80%.
- ☐ Change non-qualified asset 1 (All Non-Qualified Joint Inc Margaret ind Stocks).
• Change fixed percentage from 30% to 20%.
• Change equity percentage from 70% to 80%.
- ☐ Purchase an annuity for \$3,000,000 paying a benefit of \$11,150.14 beginning in 1/2020.

Looking at Solution Taking More Market Risk Only



Cases

Discovery

Analysis

Solution

☐ All Recommendations

☒ Change qualified asset 1 (All Qualified-Wayne).

- Change fixed percentage from 60% to 20%.
- Change equity percentage from 40% to 80%.

☒ Change qualified asset 2 (All Qualified- Margaret).

- Change fixed percentage from 60% to 20%.
- Change equity percentage from 40% to 80%.

☒ Change non-qualified asset 1 (All Non-Qualified Joint Inc Margaret ind Stocks).

- Change fixed percentage from 30% to 20%.
- Change equity percentage from 70% to 80%.

☐ Purchase an annuity for \$3,000,000 paying a benefit of \$11,150 beginning in 1/2020.

Solution > Solve 3

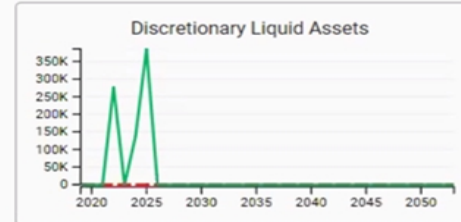
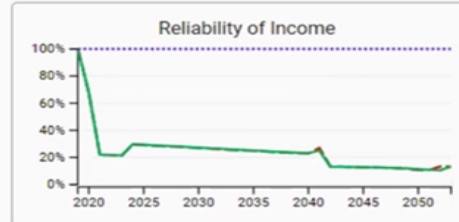
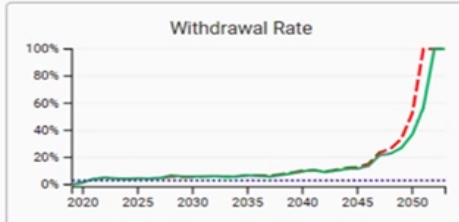
Index: Dow

Start Year: 2019

Test Year: 2000

Average: 6.00%

New Average: 4.31%



Baseline Highest Withdrawal Rate: 100.0%

Baseline Average Withdrawal Rate: 18.5%

Baseline Average ROI: 22.2%

Solution Highest Withdrawal Rate: 100.0%

Solution Average Withdrawal Rate: 16.2%

Solution Average ROI: 22.2%

	Baseline	Solution	+/-
Assets Depleted In	2052	2052	
High Withdrawal Rate	100.00%	100.00%	0.00%
Average Withdrawal Rate	18.49%	16.23%	-2.26%
Average Reliability of Income	22.15%	22.19%	0.04%
Total Tax	\$2,380,660	\$2,380,269	-\$391
Total Medicare Premiums	\$428,280	\$438,592	\$10,312
Total Social Security	\$2,039,758	\$2,039,758	\$0
Net to Heirs	\$0	\$0	\$0
Qualified Assets	\$0	\$0	\$0
Tax Rate to Heirs	35%	35%	0%
Tax on Qualified Assets	\$0	\$0	\$0
Net After Tax	\$0	\$0	\$0

Buy Income & Invest the Difference



Cases

Discovery

Analysis

Solution

☒ All Recommendations

☒ Change qualified asset 1 (All Qualified-Wayne).

- Change fixed percentage from 60% to 20%.
- Change equity percentage from 40% to 80%.

☒ Change qualified asset 2 (All Qualified- Margaret).

- Change fixed percentage from 60% to 20%.
- Change equity percentage from 40% to 80%.

☒ Change non-qualified asset 1 (All Non-Qualified Joint Inc Margaret ind Stocks).

- Change fixed percentage from 30% to 20%.
- Change equity percentage from 70% to 80%.

☒ Purchase an annuity for \$3,000,000 paying a benefit of \$11,150 beginning in 1/2020.

Solution > Solve 3

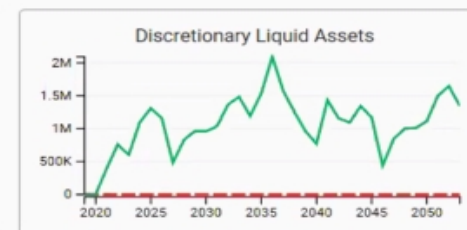
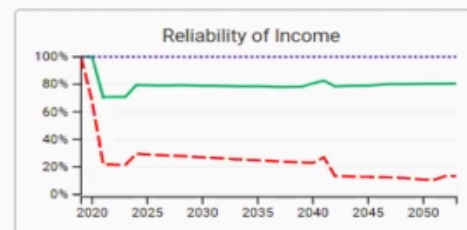
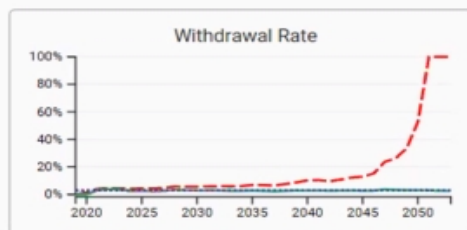
Index: Dow

Start Year: 2019

Test Year: 2000

Average: 6.00%

New Average: 4.31%



Baseline Highest Withdrawal Rate: 100.0%

Solution Highest Withdrawal Rate: 3.8%

Baseline Average Withdrawal Rate: 18.5%

Solution Average Withdrawal Rate: 2.9%

Baseline Average ROI: 22.2%

Solution Average ROI: 79.3%

	Baseline	Solution	+/-
Assets Depleted In	2052	Never	
High Withdrawal Rate	100.00%	3.82%	-96.18%
Average Withdrawal Rate	18.49%	2.88%	-15.61%
Average Reliability of Income	22.15%	79.25%	57.10%
Total Tax	\$2,380,660	\$3,188,122	\$807,462
Total Medicare Premiums	\$428,280	\$523,631	\$95,350
Total Social Security	\$2,039,758	\$2,039,758	\$0
Net to Heirs	\$0	\$3,437,285	\$3,437,285
Qualified Assets	\$0	\$0	\$0
Tax Rate to Heirs	35%	35%	0%
Tax on Qualified Assets	\$0	\$0	\$0
Net After Tax	\$0	\$3,437,285	\$3,437,285

In Good Markets....You Give Up No Opportunity on the Up Side!!!

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Cases

Discovery

Analysis

Solution

☒ All Recommendations

- ☒ Change qualified asset 1 (All Qualified-Wayne).
 - Change fixed percentage from 60% to 20%.
 - Change equity percentage from 40% to 80%.
- ☒ Change qualified asset 2 (All Qualified- Margaret).
 - Change fixed percentage from 60% to 20%.
 - Change equity percentage from 40% to 80%.
- ☒ Change non-qualified asset 1 (All Non-Qualified Joint Inc Margaret ind Stocks).
 - Change fixed percentage from 30% to 20%.
 - Change equity percentage from 70% to 80%.
- ☒ Purchase an annuity for \$3,000,000 paying a benefit of \$11,150 beginning in 1/2020.

Solution > Solve 3

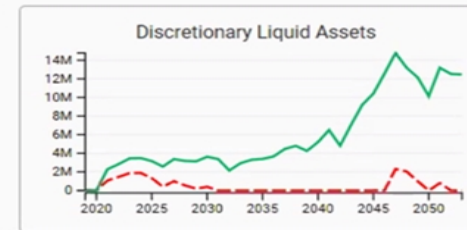
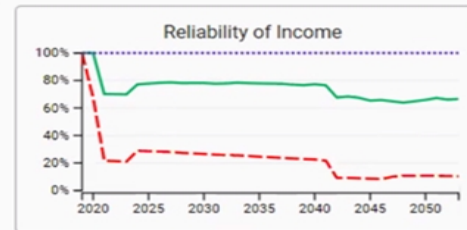
Index: Dow

Start Year: 2019

Test Year: 1995

Average: 6.00%

New Average: 9.27%



Baseline Highest Withdrawal Rate: 5.7%

Solution Highest Withdrawal Rate: 2.3%

Baseline Average Withdrawal Rate: 3.9%

Solution Average Withdrawal Rate: 1.5%

Baseline Average ROI: 20.9%

Solution Average ROI: 73.6%

	Baseline	Solution	+/-
Assets Depleted In	Never	Never	
High Withdrawal Rate	5.66%	2.31%	-3.35%
Average Withdrawal Rate	3.86%	1.53%	-2.33%
Average Reliability of Income	20.89%	73.63%	52.74%
Total Tax	\$3,587,188	\$4,406,328	\$819,140
Total Medicare Premiums	\$510,280	\$523,631	\$13,351
Total Social Security	\$2,039,758	\$2,039,758	\$0
Net to Heirs	\$10,461,631	\$16,848,059	\$6,386,428
Qualified Assets	\$0	\$867,219	\$867,219
Tax Rate to Heirs	35%	35%	0%
Tax on Qualified Assets	\$0	\$303,527	\$303,527
Net After Tax	\$10,461,631	\$16,544,533	\$6,082,902

66866

Case Sensitive

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QUESTIONS?

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