Ash Answers

The Best Color is Grey

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Agenda:

- What is Promised Based Income?
- What is Risked Based Income?
- What does Ken Fisher Think?
- What is the ~~Best~~ Optimal Solution?
- Conclusion

Promise Based Income- Examples

- **Social Security** – *US Government*
- **Pension** – *Company you Retired From*
- **Income from an Annuity** – *Insurance Company*

Risk Based Income- Examples

- **Dividends –** *Invested Firm or Portfolio*
- **Systematic Withdrawal** – *Invested Firm or Portfolio*
- **Interest from a Bond** – *Invested Firm or Entity*

What Can You Control?

Social Security	No
Pension	No
Income from an Annuity	Yes
Dividends	Yes
Systematic Withdrawal	Yes
Interest from a Bond	Yes

Retirement Savings

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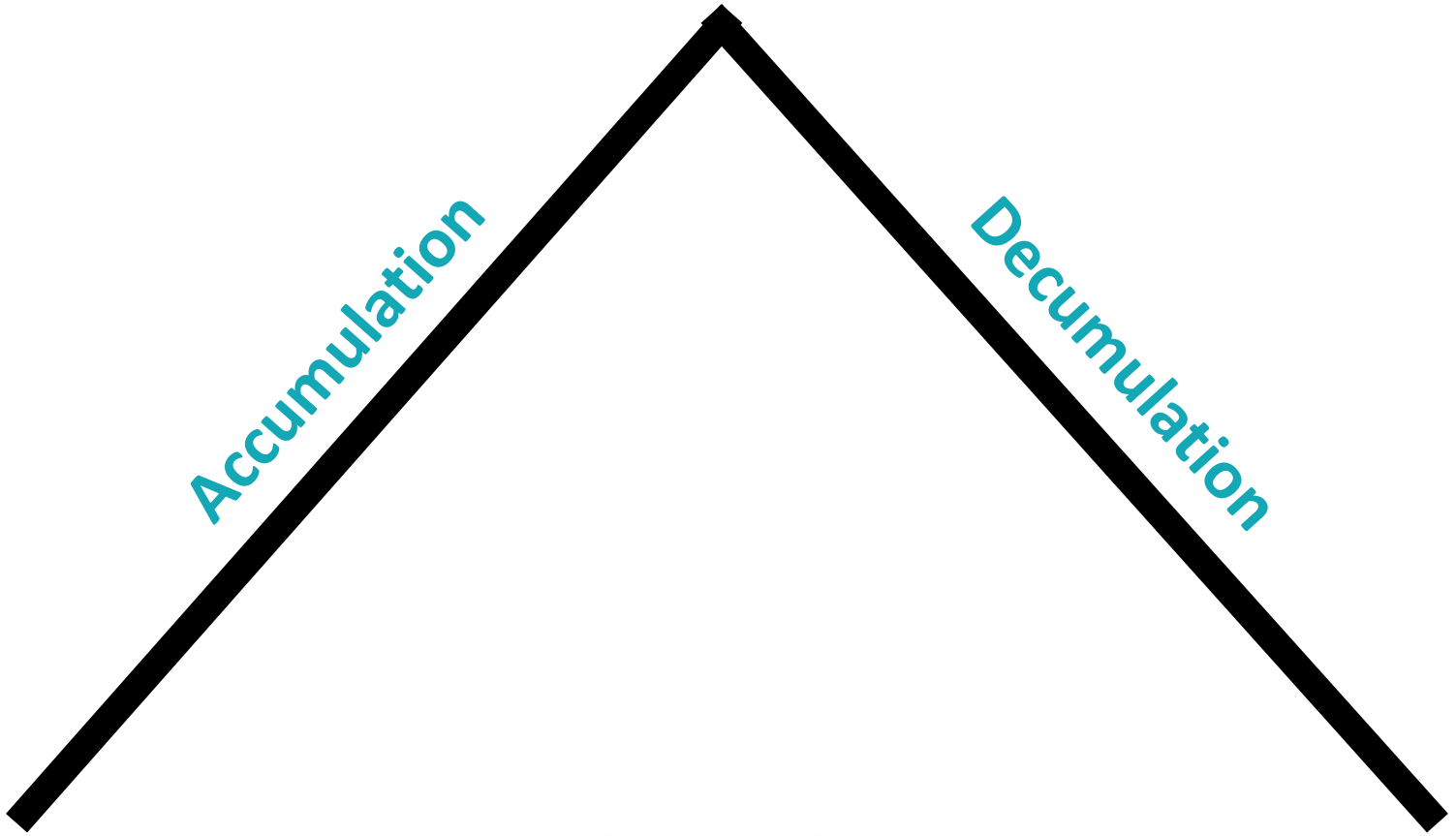
Retirement Savings - What's the Difference?



Retirement Savings - What's the Difference?

21 Risks to Retirement

- Inflation
- Frailty
- Interest rate
- Reemployment
- Timing
- Longevity
- Financial elder abuse
- Liquidity
- Employer insolvency
- Public policy
- Excess withdrawal
- Health expenses
- Withdrawal
- Loss of spouse
- Long-term care
- Unexpected financial responsibility
- Market
- Forced retirement
- Cognitive decline
- Taxation and distribution
- Use of housing wealth (where you live your final years)

4 Large Risks to Retirement

- Longevity
- Inflation
- Market
- Withdrawal

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4 Large Risks to Retirement

- Longevity
- Inflation
- Market
- Withdrawal

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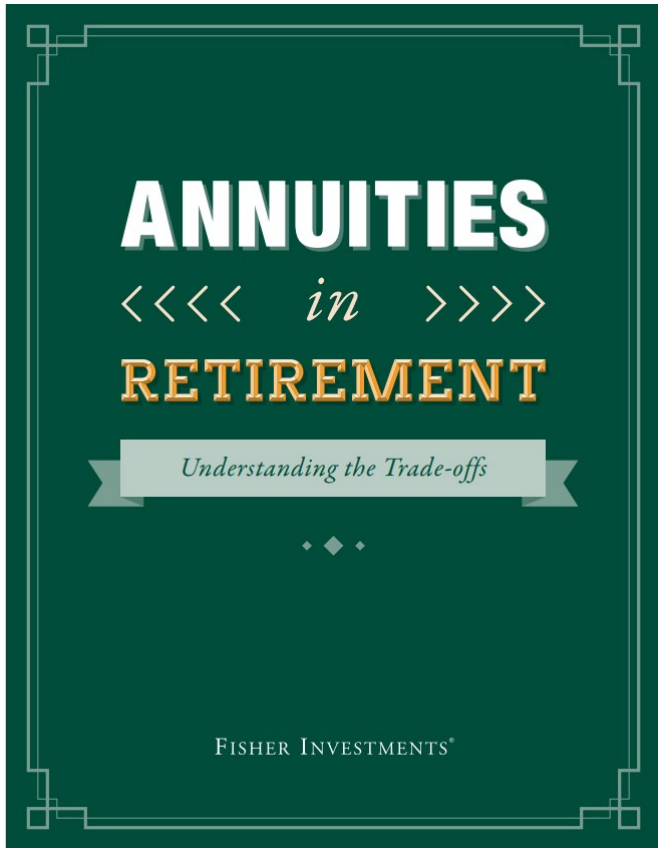
What does Ken Fisher Say?



What does Ken Fisher Say?

Retiring today is different than it was even a few decades ago. Most should expect to live a much longer, more active life in retirement than their grandparents. Hence, retirement savings will need to provide income for much longer as well.

Improvements in health care and life expectancy contribute, too. You need to plan to live longer than you might expect.

Exhibit 1: Average Life Expectancy

Current Age	Life Expectancy	Current Age	Life Expectancy	Current Age	Life Expectancy	Current Age	Life Expectancy
51	80	61	82	71	85	81	89
52	81	62	83	72	85	82	89
53	81	63	83	73	86	83	90
54	81	64	83	74	86	84	90
55	81	65	83	75	86	85	91
56	81	66	84	76	87	86	92
57	81	67	84	77	87	87	92
58	82	68	84	78	88	88	93
59	82	69	84	79	88	89	93
60	82	70	85	80	88	90	94

**Source: Social Security; Period Life Table, 2020. Life expectancy rounded to nearest year.*

But that's just the average. If you're in good health and have a family history of longevity, it is possible you may need to add many more years to your life expectancy. These odds suggest a 65-year-old retiree should plan on living for at least a couple more decades.

Reality!

THE COMPLETE WEALTH Planning System™

WHAT IS YOUR LIFE EXPECTANCY?

Male
65
Super Preferred Non Smoker
Cumulative Probability of Death
50%
85%
95%

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Data Courtesy of KBM CONSULTING

Age	Cumulative Probability of Death
65	0.00%
66	0.10%
67	0.26%
68	0.45%
69	0.68%
70	0.97%
71	1.30%
72	1.68%
73	2.13%
74	2.66%
75	3.27%
76	3.98%

Age	Cumulative Probability of Death
77	4.77%
78	5.68%
79	6.73%
80	7.93%
81	9.32%
82	10.94%
83	12.79%
84	14.88%
85	17.24%
86	19.92%
87	22.90%
88	26.19%

Age	Cumulative Probability of Death
89	29.81%
90	33.74%
91	37.97%
92	42.58%
93	47.50%
94	52.65%
95	57.92%
96	63.18%
97	68.33%
98	73.27%
99	77.93%
100	82.21%

Age	Cumulative Probability of Death
101	86.04%
102	89.36%
103	92.14%
104	94.40%
105	96.15%
106	97.45%
107	98.38%
108	99.01%
109	99.42%
110	99.67%

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Reality!

THE COMPLETE WEALTH Planning System™

WHAT IS YOUR LIFE EXPECTANCY?

Female
65
Super Preferred Non Smoker
Cumulative Probability of Death
50%
85%
95%

THE VITAL LONGEVITY INSTITUTE

Data Courtesy of KBM CONSULTING

Age	Cumulative Probability of Death
65	0.00%
66	0.06%
67	0.19%
68	0.38%
69	0.61%
70	0.86%
71	1.16%
72	1.50%
73	1.89%
74	2.35%
75	2.89%
76	3.53%

Age	Cumulative Probability of Death
77	4.28%
78	5.14%
79	6.14%
80	7.29%
81	8.63%
82	10.20%
83	11.98%
84	13.99%
85	16.25%
86	18.87%
87	21.77%
88	24.97%

Age	Cumulative Probability of Death
89	28.49%
90	32.33%
91	36.46%
92	40.93%
93	45.71%
94	50.73%
95	55.93%
96	61.21%
97	66.48%
98	71.64%
99	76.57%
100	81.17%

Age	Cumulative Probability of Death
101	85.32%
102	88.90%
103	91.88%
104	94.27%
105	96.10%
106	97.44%
107	98.39%
108	99.02%
109	99.43%
110	99.68%

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Reality!

THE COMPLETE WEALTH Planning System™

WHAT IS YOUR LIFE EXPECTANCY?

Male & Female

65

Super Preferred Non Smoker

Cumulative Probability of Death

50%

85%

95%

THE VITAL LONGEVITY INSTITUTE

Data Courtesy of KBM CONSULTING

Age	Cumulative Probability of Death
65	0.00%
66	0.00%
67	0.00%
68	0.00%
69	0.00%
70	0.01%
71	0.02%
72	0.03%
73	0.04%
74	0.06%
75	0.09%
76	0.14%

Age	Cumulative Probability of Death
77	0.20%
78	0.29%
79	0.41%
80	0.58%
81	0.81%
82	1.12%
83	1.53%
84	2.08%
85	2.80%
86	3.76%
87	4.98%
88	6.54%

Age	Cumulative Probability of Death
89	8.49%
90	10.91%
91	13.85%
92	17.43%
93	21.71%
94	26.71%
95	32.39%
96	38.67%
97	45.42%
98	52.49%
99	59.67%
100	66.73%

Age	Cumulative Probability of Death
101	73.41%
102	79.44%
103	84.67%
104	88.99%
105	92.39%
106	94.95%
107	96.79%
108	98.04%
109	98.85%
110	99.35%

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4 Large Risks to Retirement

- Longevity
- Inflation
- Market
- Withdrawal

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What does Ken Fisher Say?

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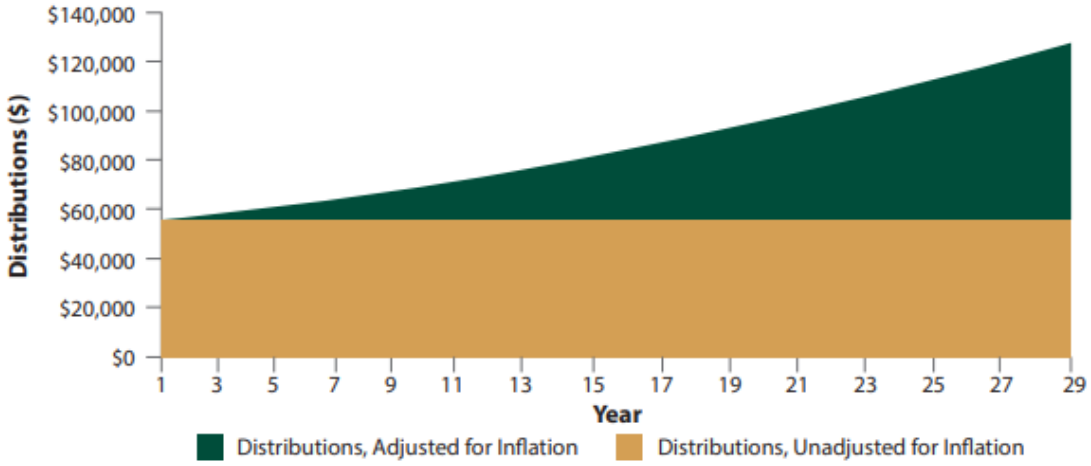
5. Fixed Payments: The income stream from fixed annuities is generally not adjusted for inflation. This offers little help to retirees who need a plan to keep up with rising costs over 30 years in retirement.

For example, if your living expenses total $45,000 per year, and you purchase a guaranteed income stream of $55,000 at age 65, you may feel your retirement is secure. But if you're drawing the same $55,000 income from your annuity, and inflation continues at its historical average of 3%, how will you fund inflation-adjusted expenses over $95,000 at age 85 or more than $100,000* if you live well into your 90s?

Exhibit 5: Typical Annuity Distributions Over Time



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What does Ken Fisher Say?

1. High Costs: Variable annuities (definitions of different types of annuities can be found in section 7) can charge multiple layers of fees: one for the contract, one for each rider or additional benefit you purchase and one for each mutual fund sub-account. These fees can total as much as 3.69% per year.” Taking nearly 4% in fees from the contract per year may eat away at its value.

4 Large Risks to Retirement

- Longevity
- Inflation
- Market
- Withdrawal

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What does Ken Fisher Say?

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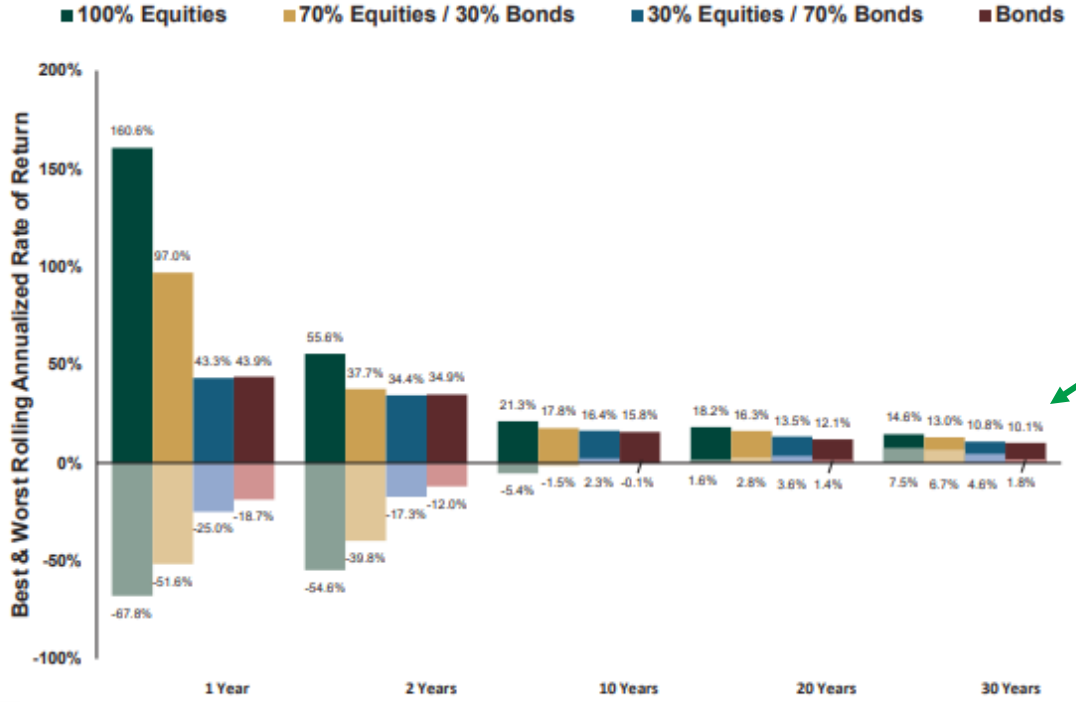
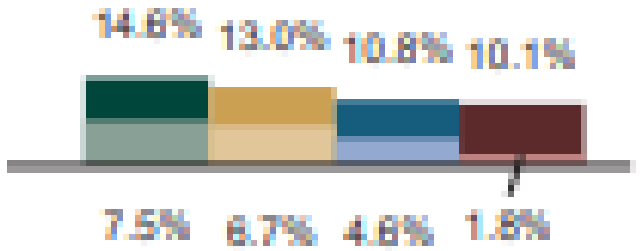
Exhibit 6: Volatility Declines as Time Horizons Lengthen



[No Title]

e: Global Financial Data, Inc., as of 2/7/2024. Average rate of return from 12/31/1925 through 12/31/2023. Equity return based on Global Financial Data, Inc.'s S&P 500 Total Return Index. Fixed Income return based on Global Financial Data, Inc.'s USA 10-year Government Bond Index.



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Reality!

Retiring at the Beginning of an up market			
Year	Investment Value	Withdrawals	Return
0	$100,000	N/A	N/A
1	$103,000	$5,000.00	8.00%
2	$109,330	$5,000.00	11.00%
3	$124,009	$5,000.00	18.00%
4	$136,371	$5,000.00	14.00%
5	$147,735	$5,000.00	12.00%
6	$156,031	$5,000.00	9.00%
7	$168,195	$5,000.00	11.00%
8	$178,332	$5,000.00	9.00%
9	$185,816	$5,000.00	7.00%
10	$190,106	$5,000.00	5.00%
11	$177,502	$5,000.00	-4.00%
12	$158,302	$5,000.00	-8.00%
13	$129,557	$5,000.00	-15.00%
14	$116,783	$5,000.00	-6.00%
15	**$105,944**	$5,000.00	-5.00%

Average Return: 4.0%

Retiring at the Beginning of a down market			
Year	Investment Value	Withdrawals	Return
0	$100,000	N/A	N/A
1	$90,000	$5,000.00	-5.00%
2	$79,600	$5,000.00	-6.00%
3	$62,660	$5,000.00	-15.00%
4	$52,647	$5,000.00	-8.00%
5	$45,541	$5,000.00	-4.00%
6	$42,818	$5,000.00	5.00%
7	$40,816	$5,000.00	7.00%
8	$39,489	$5,000.00	9.00%
9	$38,833	$5,000.00	11.00%
10	$37,328	$5,000.00	9.00%
11	$36,807	$5,000.00	12.00%
12	$36,960	$5,000.00	14.00%
13	$38,613	$5,000.00	18.00%
14	$37,860	$5,000.00	11.00%
15	**$35,889**	$5,000.00	8.00%

Average Return: 4.0%

[No Title]

Despite having the same average annual return, **Investor Blue** has $70,055 more than **Investor Green** due to their sequence of returns.

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4 Large Risks to Retirement

- Longevity
- Inflation
- Market
- Withdrawal

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What's a Safe Withdrawal Rate?

4% RULE

- WILLIAM BENGEN PROPOSED USING THE 4% RULE DURING THE SPEND DOWN OF RETIREMENT
- CALCULATE 4% OF YOUR TOTAL SAVINGS

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Why the 4% Rule is Risky

Longevity of Retirees

Market Behavior – Black Swan Events

- 2001 – Dot-Com Bubble
- 2008 – Financial Crisis
- COVID-19

Reality!

Retirement Portfolio Success Rate

Number of Years	Annual Percentage Withdraw Rate (Inflation Adjusted)						
	3.00%	3.25%	3.50%	3.75%	4.00%	4.25%	4.50%
30	100.0	100.0	100.0	98.3	94.8	92.2	82.6
35	100.0	100.0	99.1	96.4	92.7	81.8	74.5
40	100.0	100.0	97.1	93.3	84.4	76.2	70.5
45	100.0	99.0	96.0	93.0	81.0	73.0	70.0
50	100.0	100.0	97.9	90.5	82.1	76.8	67.4
55	100.0	100.0	98.9	91.1	82.2	77.8	66.7
60	100.0	100.0	98.8	89.4	82.4	78.8	69.4

* Success rate calculations courtesy of FIRECALC MyMoneyDesign.com

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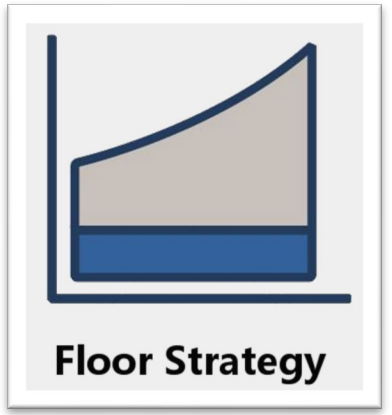
Three Basic Retirement Income Strategies

1. Systematic Withdrawal Income Plan
2. Buckets/Laddered Progressive Time Segments of Money
3. Retirement Income Floor Promise Based® Income Floor

Best Retirement Income Strategy



1. Systematic Withdrawal Income Plan
2. Buckets/Laddered Progressive Time Segments of Money
3. Retirement Income Floor Promise Based® Income Floor

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Scenario

- Husband and Wife – Both are 65
- Want to Retire Now
- $1,000,000 in Retirement Assets
- Need $40,000 per year
- 3% Inflation Annually

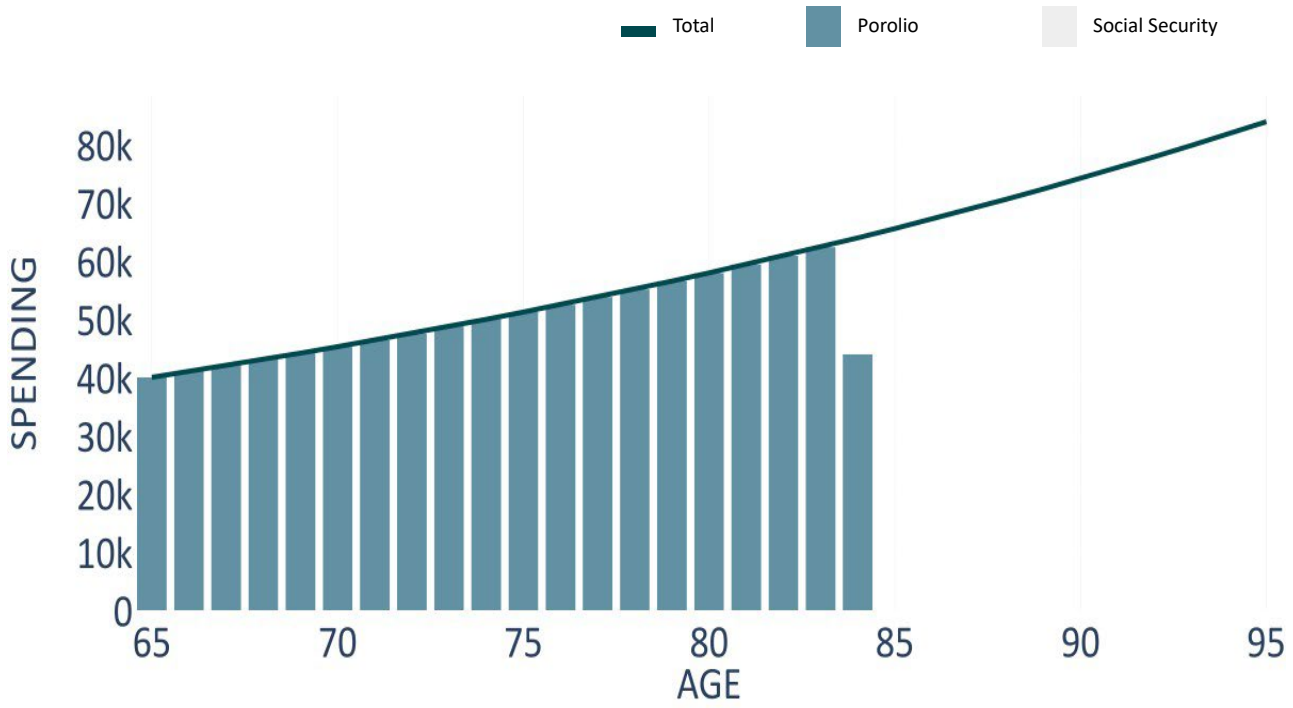
4% Systematic Withdrawal- (Risk Based)

- Requires $1,000,000 to generate $40,000 per year
- No Liquidity

Income Floor & SWIP Strategy

- $400,000 to a Joint Life Promised Based Income
- $600,000 Liquid Funds = Chase Alpha

SWIP Strategy



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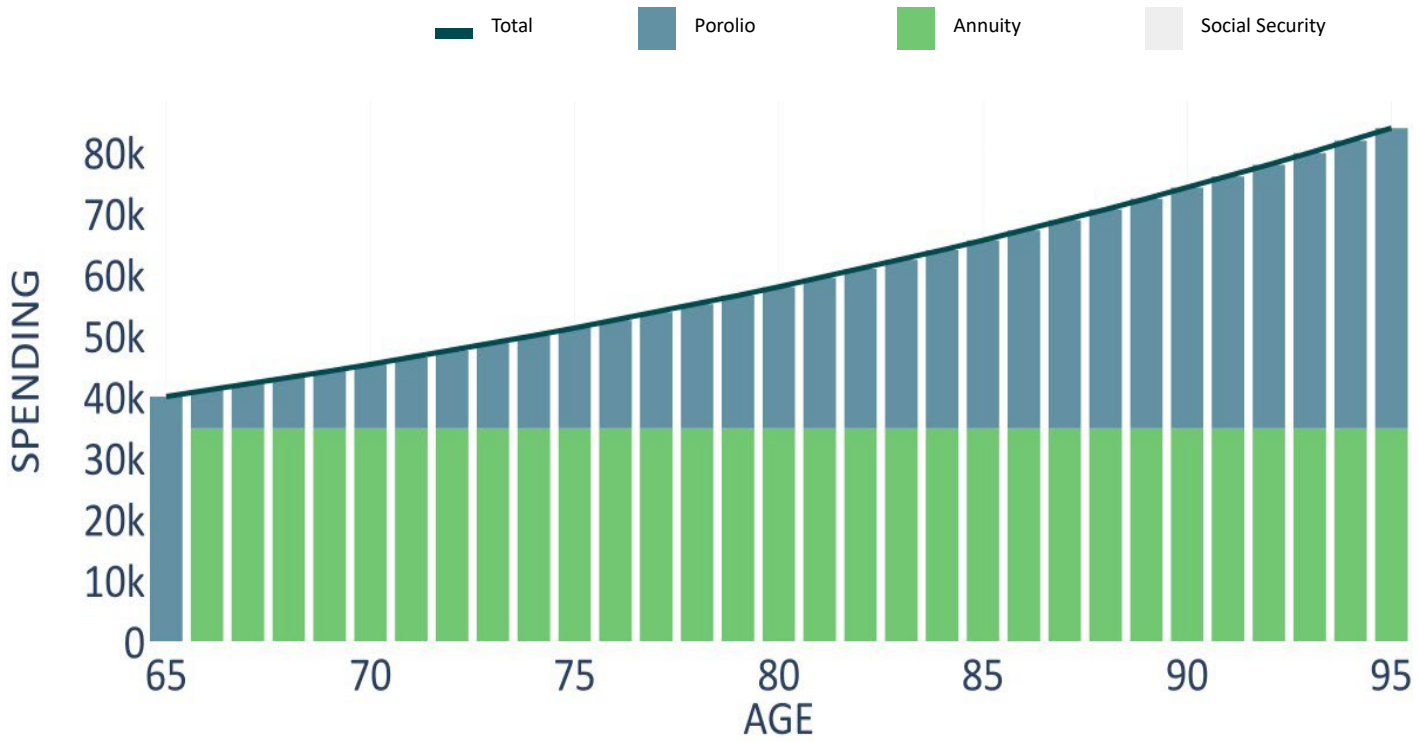
Income Floor & SWIP Strategy



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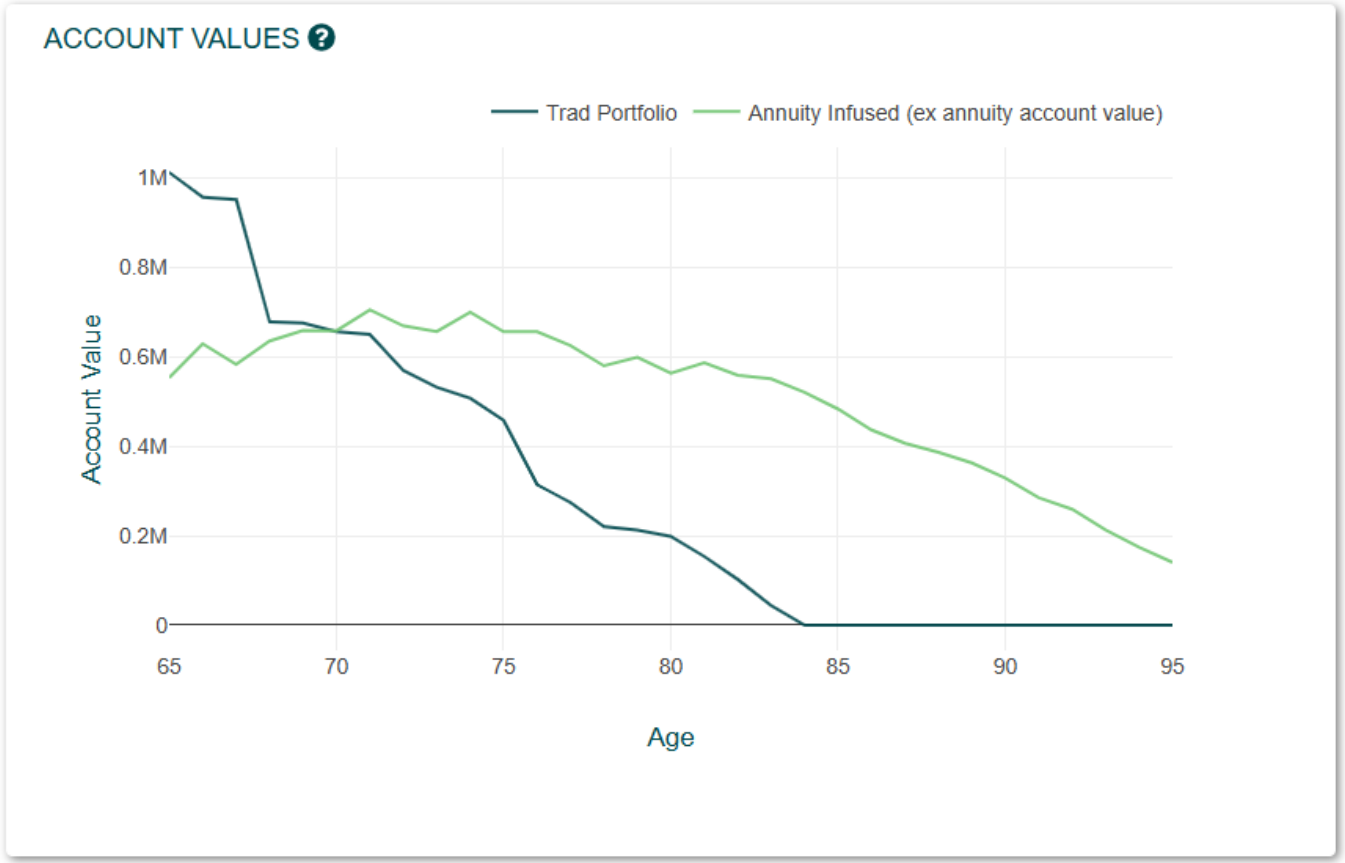
With & Without Promised Based Income



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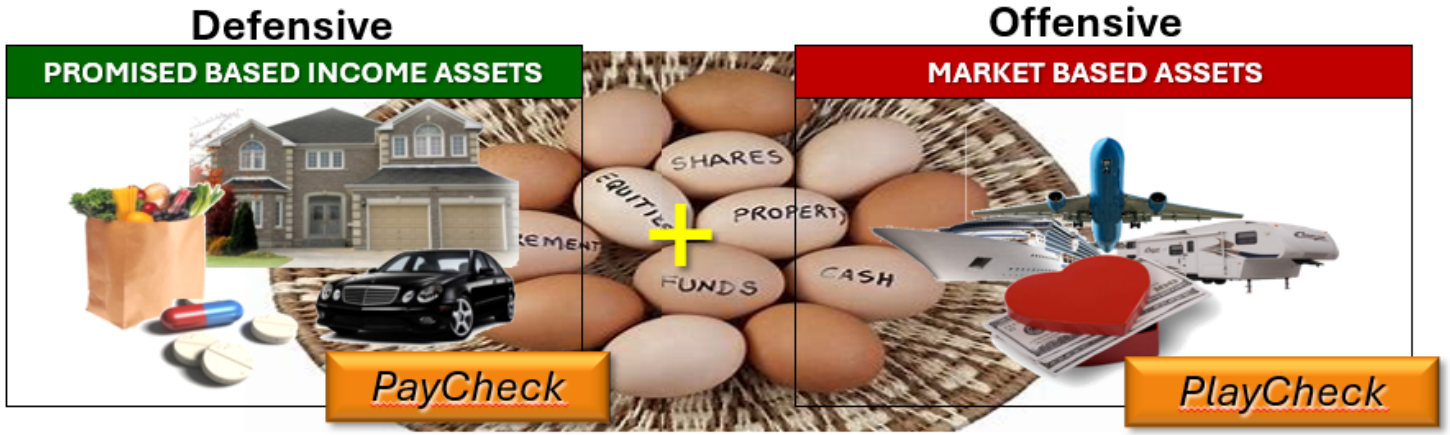
~~Best~~ Optimal Portfolio!

Divide and Conquer



Income

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

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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~~Best~~ Optimal Portfolio!

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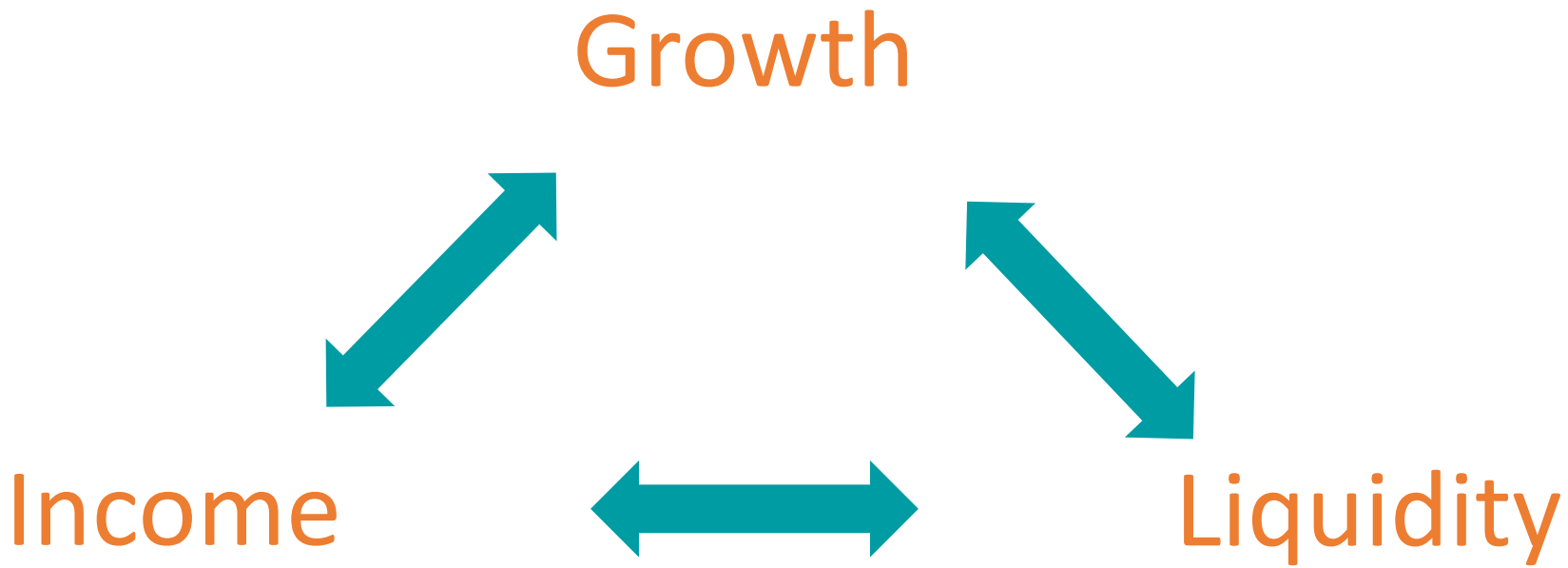
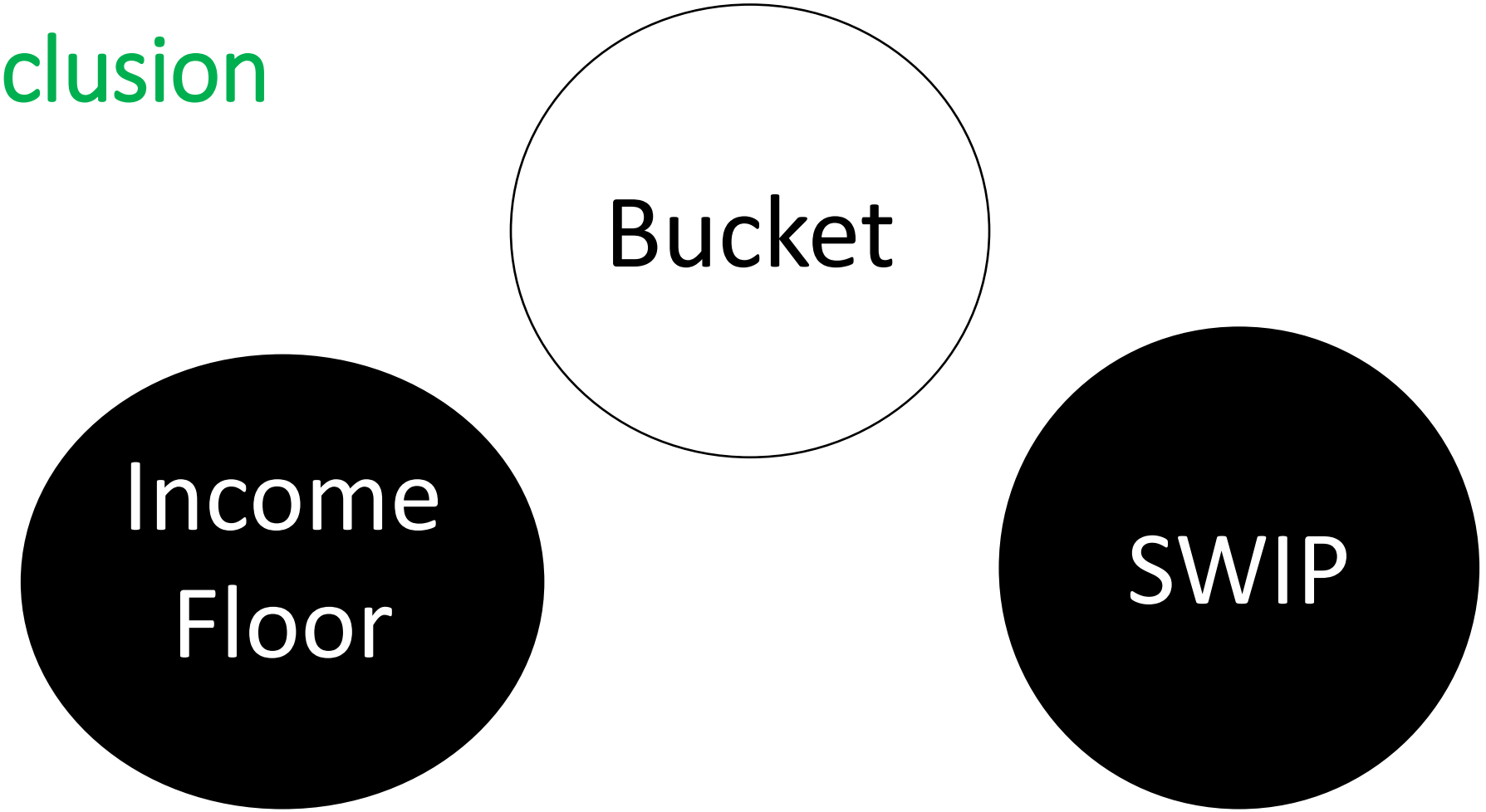
What's Important to Retirees?



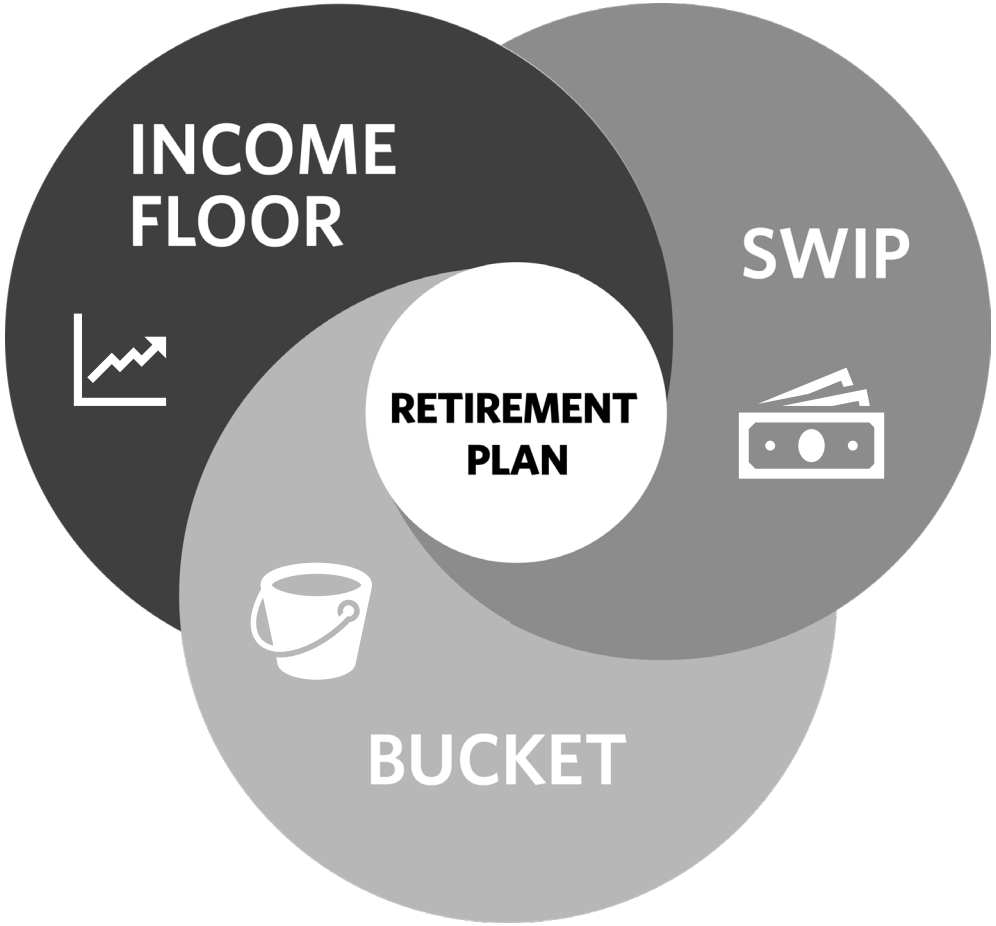
What's Important to Retirees?

Income → Liquidity → Growth

Conclusion



Conclusion



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Next Steps?!?!

Continue the Conversation

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QUESTIONS & THANK YOU!

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