SOFA

THE SOCIETY FOR FINANCIAL AWARENESS

DC Metropolitan Chapter   www.dcsofa.org

RETIREMENT DISTRIBUTION STRATEGIES TO AVOID OUTLIVING YOUR MONEY
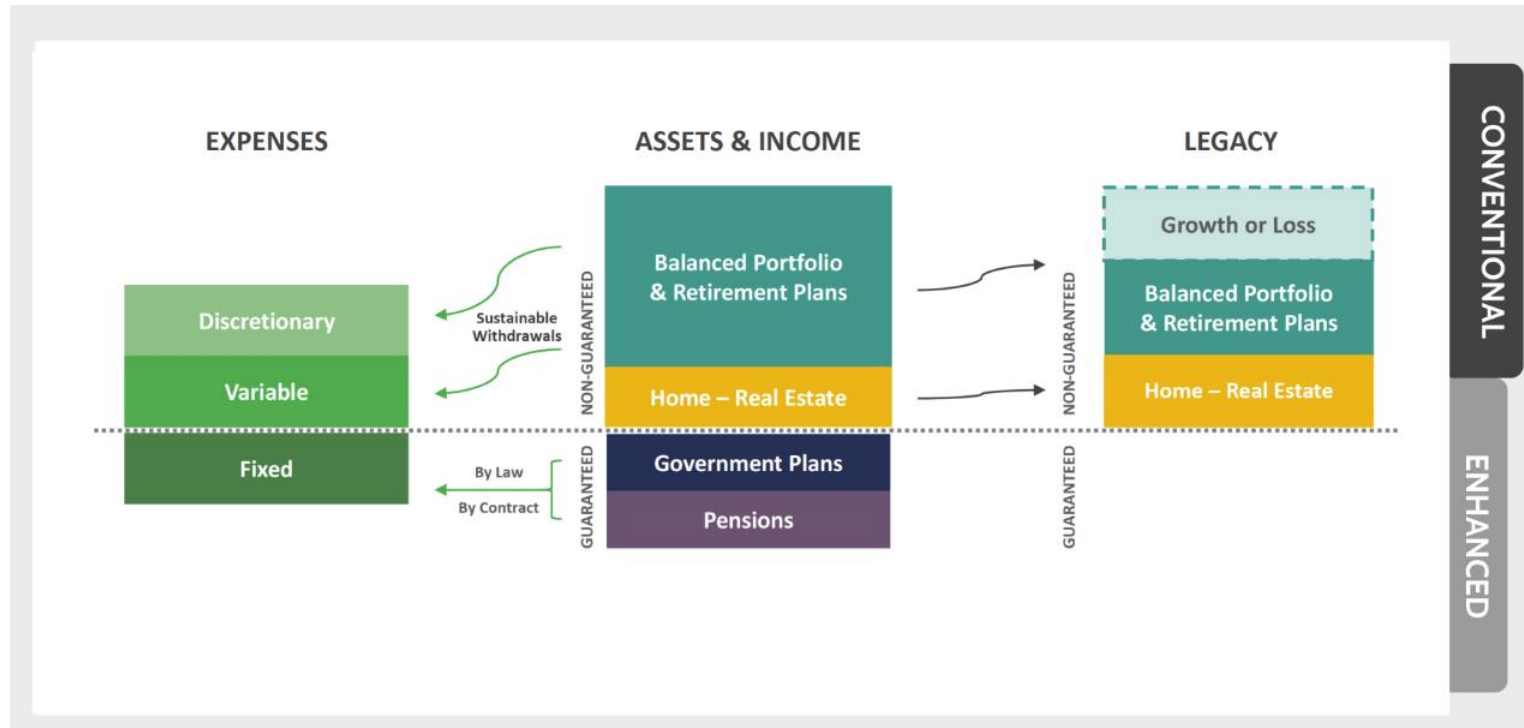
We are going to examine two different Income Distribution Strategies:

1. Conventional Approach

2. Alternative Approach

Conventional Retirement Approach

We are going to examine two different Income Distribution Strategies:

What is the Conventional Approach?

- Uses Stocks, Bonds, Cash to distribute your income need through retirement.
- Relies on the Rate of Return of Stocks, Bonds, and Cash to sustain income, protection, and legacy in retirement.
- The majority of the plan is predicated by the ebbs and flows of the markets.

Alternative Retirement Approach
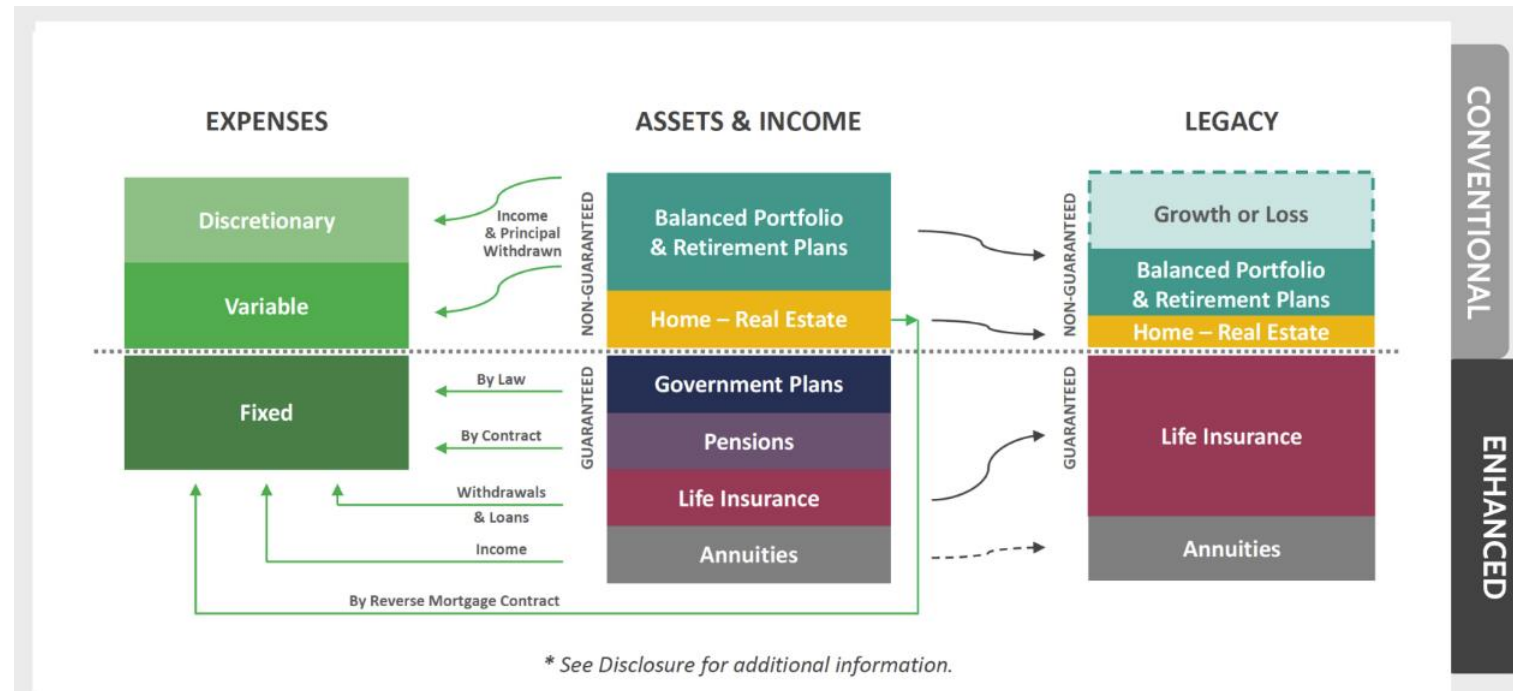
* See Disclosure for additional information.

We are going to examine two different Income Distribution Strategies:

What is the Alternative Approach?

- Still utilizes the markets for growth but doesn't rely solely on the markets to sustain income, protection, and legacy in retirement.
- This Alternative is typically more strategy driven using various assets types to reduce income risk and increase legacy (Legacy is for people who have a desire to pass on money to their heirs, charities, institutions, etc)
- The objective is to reduce risk and increase income, protection, and ensure legacy if desired.

What are we really talking about??

Target Retirement Income = $70,000

Pension	$20,000
Social Security	+ $25,000
	$45,000

Target Retirement Income = $70,000 - $45,000

Investment Income Need is ------- **$25,000**

TSP/401(k)/Investments = **$ 25,000**

ACCUMULATION

DISTRIBUTION

Retirement Risks
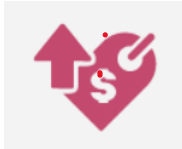
Inflation

Reduces buying power of our dollars over time.
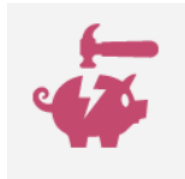
Outliving Money

Need to make sure our money lasts throughout lifetime.
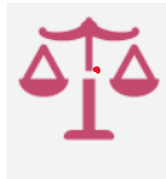
Tax Law Changes

Tax increases reduce spending power of income.

Volatility of Returns

Market fluctuations can negatively impact an investor's net returns and thus reduce future spending power.

Loss of Principal

Market fluctuations, unforeseen needs, or other unknowns can reduce total value of your account.

Lifestyle Changes

Technological change, planned obsolescence, and standard of living increases.

Conventional Retirement Approach
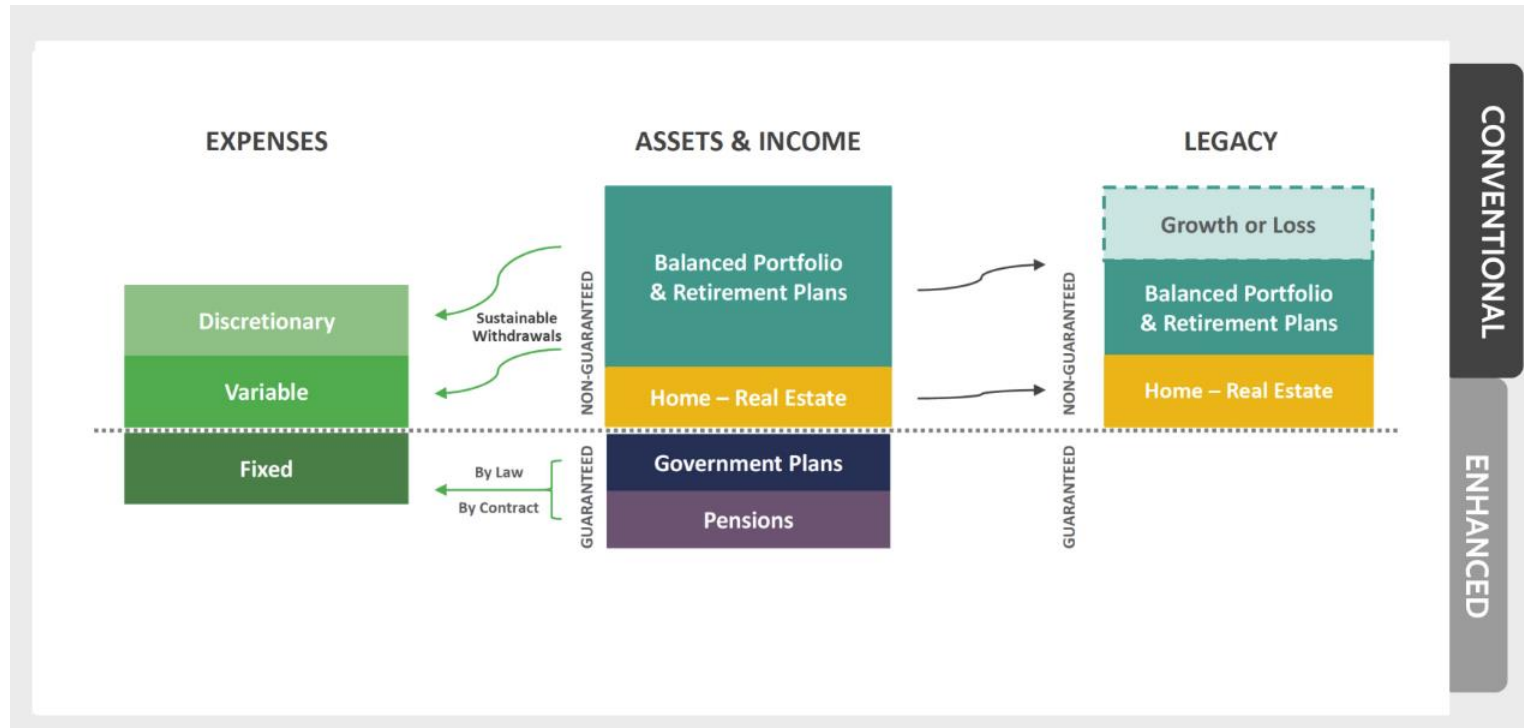
Conventional Approach

The problems that are more pronounced in the Conventional method are:

1. Market Risk
2. Withdrawal Rate Risk
3. Sequence Risk
4. Human Behavior

MUST HAVE PLAN!

Especially when you are within 10yrs of RETIREMENT!!!!!

1.What's Your Withdrawal rate need?

2.What's your targeted asset allocation?

Problem: Sustainable Withdrawal Rates

Withdrawal rate research generally identifies 2.5% to 4.5% as a suggested amount for portfolios to last to life horizon

For perspective, a $1,000,000 portfolio would generate $25,000 to $45,000 of Year 1 income

Or between $2.2 and $4 million of assets to produce $100,000 of income per year

1 – Bengen study (1994) and other financial research over the last twenty years

ASSETS   INCOME
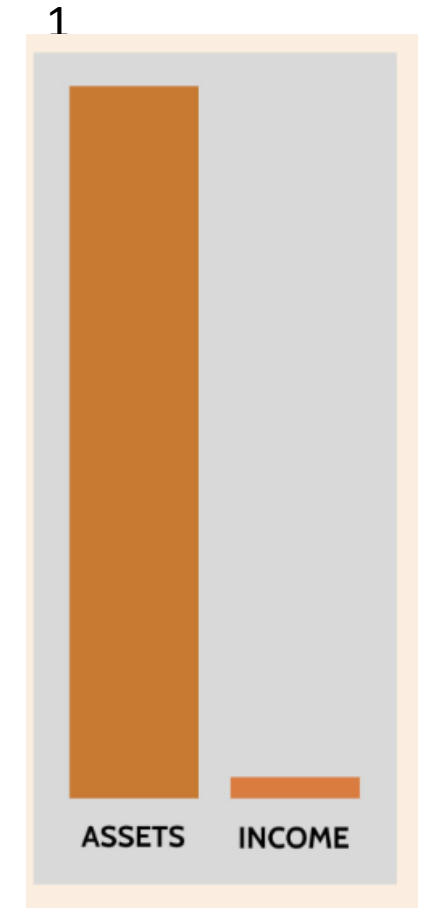
Understanding the 4% withdrawal Rule

The Trinity University Study

If an investor withdraws a fixed percentage of their assets annually for retirement expenses, what is the likelihood that they will outlive their savings?

The 4% withdrawal rate and a 50/50 or 75/25 portfolio gives excellent portfolio success rates:

Withdrawal Rate	100/0	75/25	50/50	25/75	0/100
3%	100%	100%	100%	100%	84%
4%	98%	100%	96%	80%	35%
5%	80%	82%	67%	31%	22%
6%	62%	60%	51%	22%	11%
7%	55%	45%	22%	7%	2%
8%	44%	35%	9%	0%	0%

The Three Levels

```
                    ┌─────────────────┐
                    │  Your TSP       │
                    │  Account        │
                    └────────┬────────┘
          ┌──────────────────┼──────────────────┐
┌─────────────────┐ ┌─────────────────┐ ┌─────────────────┐
│  C, S and I     │ │  F and G Funds  │ │ Lifecycle Funds │
│  Funds          │ │                 │ │                 │
└────────┬────────┘ └────────┬────────┘ └────────┬────────┘
┌─────────────────┐ ┌─────────────────┐ ┌─────────────────┐
│  Stocks         │ │  Bonds          │ │  Stocks and     │
│                 │ │                 │ │  Bonds          │
└─────────────────┘ └─────────────────┘ └─────────────────┘
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Your TSP Account

- C, S and I Funds → Stocks
- F and G Funds → Bonds
- Lifecycle Funds → Stocks and Bonds
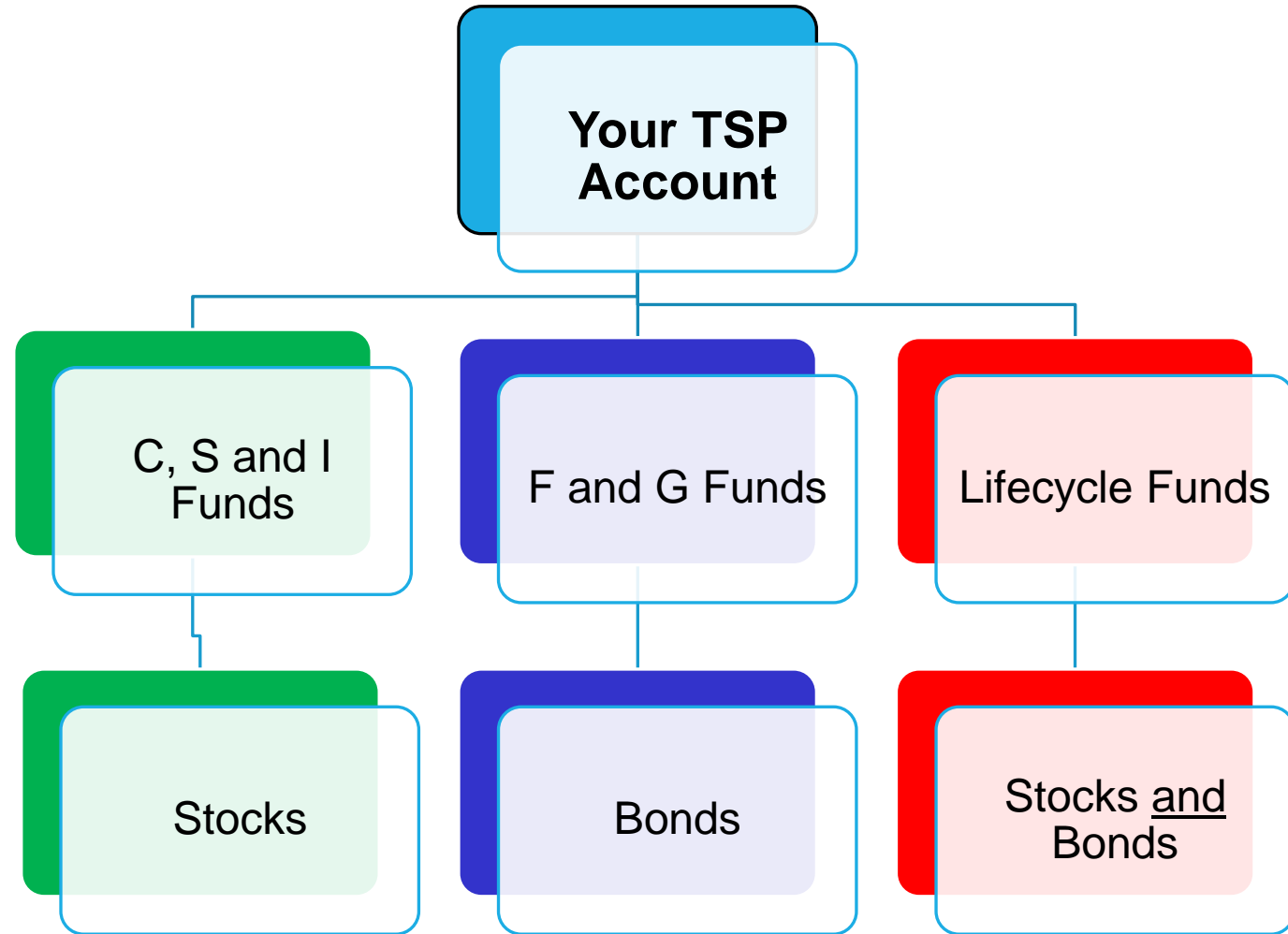
Loss of Purchasing Power:
What Happens When You Start Spending?

Example: At the beginning of 1993, retirees Bill, Jack and Mary each have $10,000 in the TSP. They each invest in one fund: Bill in G, Jack in F and Mary in C. They annually withdraw enough to buy 2000 first class stamps (after paying taxes of 30%).
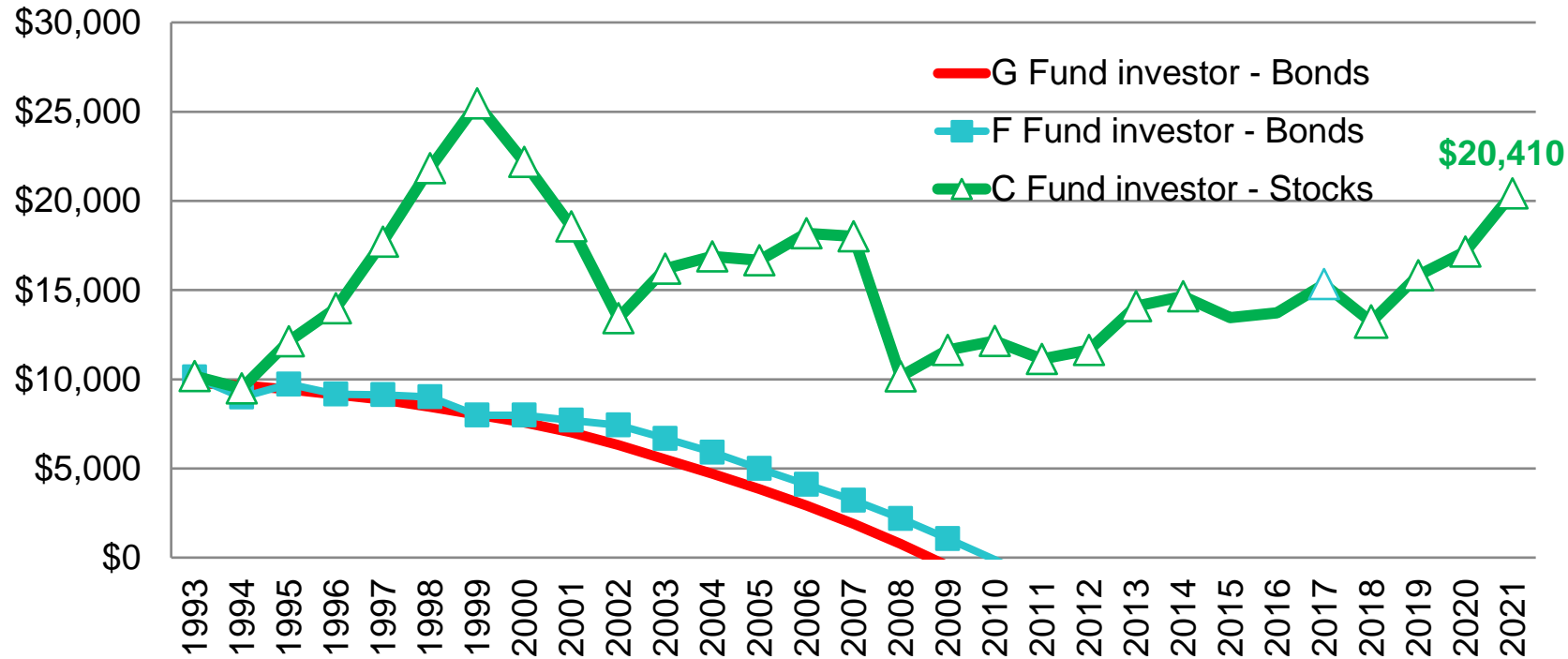
Note: This is for illustration purposes only. Past performance is no guarantee of future performance. All investments involve the risk of loss. The data assumes reinvestment of all income.

Target Retirement Income

Gross Income - Spouse A	$150,000
Gross Income - Spouse B	$100,000
	$0
Total Gross Income	**$250,000**

Less

TSP/401(k)	$27,000
TSP/401(k)	$27,000
Social Security	$17,540
Savings	$0
Mortgage	$0
Roth TSP	$0
Roth	$0
Non/Qulaified IRA	$0
College	$0
Credit Cards	$0
Tax Equivalent	$0

Total Payments	**$71,540**

Target Retirement Income	**$178,460**

					1%	0
					1%	0
					4%	0

Retirement Income Projections [Calculate]

Spouse A   60 to 67

WD	0.0%	Pension	$0
COLA	0.0%	Social Security	$0
0.0%	0.0%	Tax Deferred	$0
0.0%	0.0%	Tax Free	$0
0.0%	0.0%	Tax Deductible	$0
		TOTAL	$0

Spouse B   61 to 68

COLA	0.0%	Pension	$0
WD->	0.0%	Social Security	$0
0.0%	0.0%	Tax Deferred	$0
0.0%	0.0%	Tax Free	$0
0.0%	0.0%	Tax Deductible	$0
		TOTAL	$0

| W/D Rate from Cash Assets | $0 |
| | $0 |

| Total Income at year # 7 = | $0 |
| 0.0% | Target Retirement Income | $178,460 |

Debt Window

Type of Loan	$/Month P&I	$ Unpaid Balance	% Rate	Months to Pay

Additional Information

Spouse A

Tax Deferred	Tax Free	Tax Deductible

			4%	0
			4%	0
			4%	1,208,733

27,000 → TSP   750,000

Spouse B

Tax Deferred	Tax Free	Tax Deductible

			4%	0
			4%	0
		0	4%	945,457

27,000 → 401(k)   550,000

| 0 | 0 | 54,000 | | 2,154,190 |

7 Years

Government Bonds	Corporate Bonds	Municipal Bonds	Rate	Future Value
			5%	0
			5%	0
			5%	0
Preferred Stocks	Blue Chip Stocks	Growth Securities		
			5%	0
			5%	0
			4%	0
Real Estate	Primary	Trust		

| 0 | 0 | 0 | | 0 |

Conventional

	Employee	Match	Add.	Regular Savings	CD's	College Savings	Rate	Future Value
Additional Information							1%	0
Taxable Income							1%	0
Risk Score							4%	0

Retirement Income Pro [Calculate]

Spouse A 67 to 71				
WD	0.0%	Pension	$35,000	
COLA	0.0%	Social Security	$37,500	
0.0%	0.0%	Tax Deferred	$0	
0.0%	0.0%	Tax Free	$0	
3.4%	0.0%	Tax Deductible	$41,097	
		TOTAL	$113,597	

Spouse A		
Tax Deferred	Tax Free	Tax Deductible
		TSP 1,208,733

Rate	Future Value
4%	0
4%	0
4%	1,232,549

Spouse B 68 to 72				
COLA	0.0%	Pension	$0	
WD	0.0%	Social Security	$32,000	
	0.0%	Tax Deferred	$0	
	0.0%	Tax Free	$0	
3.5%	0.0%	Tax Deductible	$33,094	
		TOTAL	$65,094	
		W/D Rate from Cash Assets	$0	

Spouse B		
Tax Deferred	Tax Free	Tax Deductible
		401(k) 945,547

Rate	Future Value
4%	0
4%	0
4%	960,001

Employee/Match/Add: 0 | 0 | 0

Savings Type Assets Total 2,192,551

Total Income at year # 4 = $178,691
0.0% Target Retirement Income $178,460

Debt Window

Type of Loan	$/Month P&I	$ Unpaid Balance	% Rate	Months to Pay

Additional Information

Government Bonds	Corporate Bonds	Municipal Bonds	Rate	Future Value
			5%	0
			5%	0
			5%	0

Preferred Stocks	Blue Chip Stocks	Growth Securities	Rate	Future Value
			5%	0
			5%	0
			4%	0

Real Estate	Primary	Trust

Employee/Match/Add: 0 | 0 | 0

Growth Type Assets Total 0

Total Cash Assets 2,192,551

Example: L 2050 Lifecycle Fund:
Percentages in Stock and Bond Funds

The 2025 – 2050 Lifecycle funds begin with 90% invested in stocks (C, S and I) and 10% in the F and G funds. Over time, the percentage in stocks declines as the percentage in F & G increases. The 2055 – 2065 Lifecycle Funds are more aggressive. The funds eventually "roll into" the L Income Fund.

Current percentages for the L Income Fund are

70.5% G
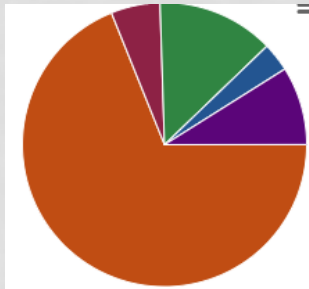5.7% F
12.5% C
3.0% S
8.3% I
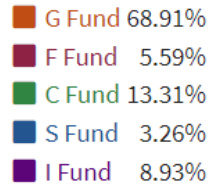
How the L 2050 allocation changes over time
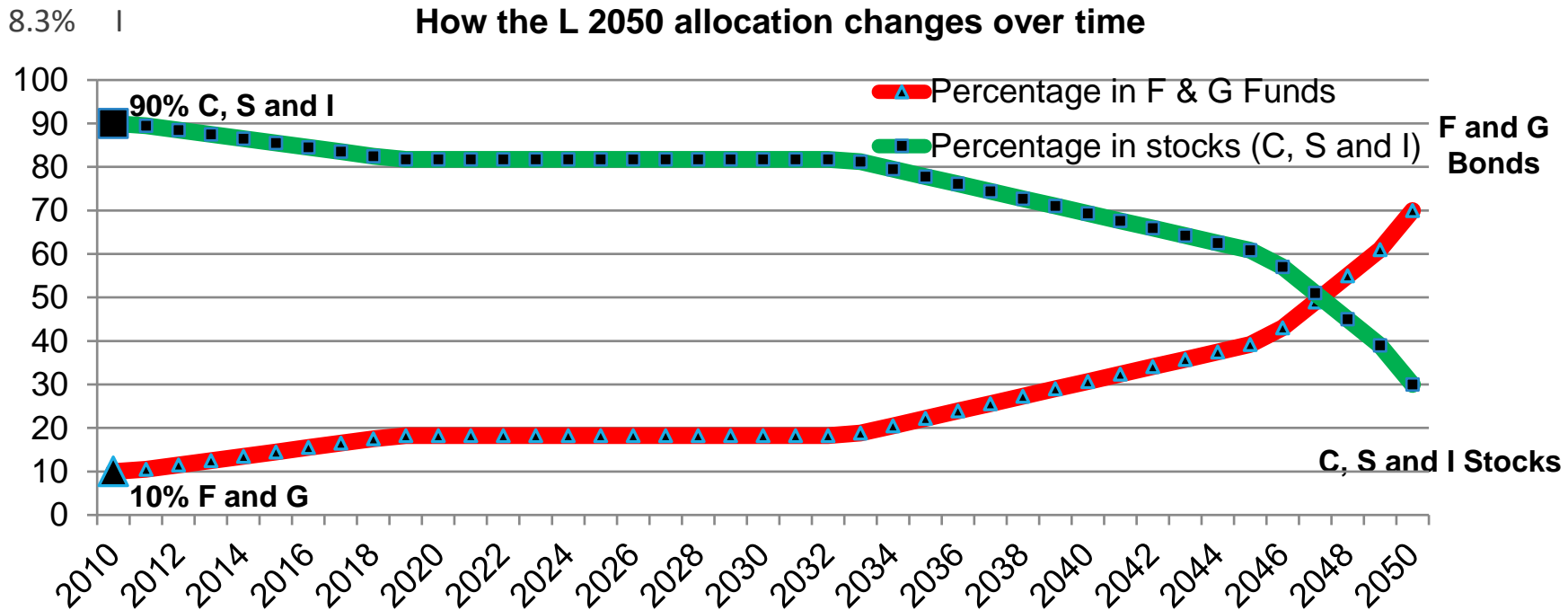
The final allocation of the L Income Fund is being adjusted by the TSP. In 2028, the L Income Fund Allocation will be 70% Bonds and 30% Stocks. Source: www.tsp.gov.

L FUNDS ALLOCATION COMPARISON

L Income

January 2024
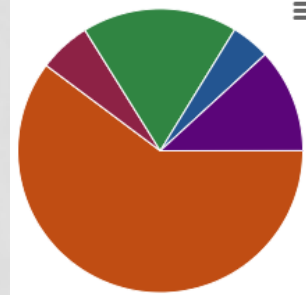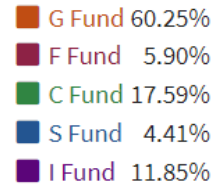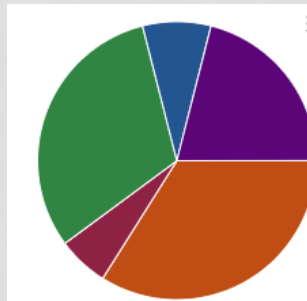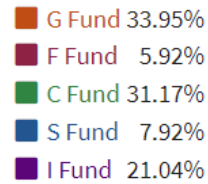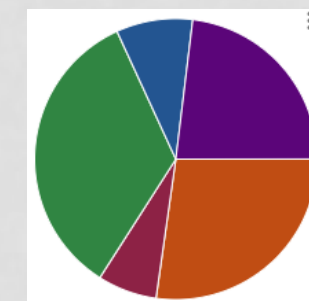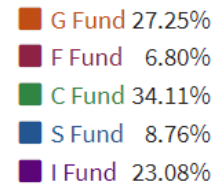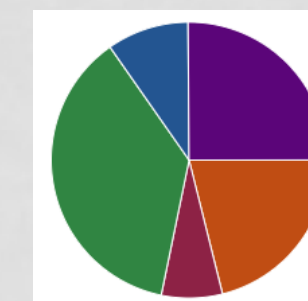
- G Fund 68.91%
- F Fund 5.59%
- C Fund 13.31%
- S Fund 3.26%
- I Fund 8.93%

L 2025

January 2024

- G Fund 60.25%
- F Fund 5.90%
- C Fund 17.59%
- S Fund 4.41%
- I Fund 11.85%

L 2030

January 2024

- G Fund 33.95%
- F Fund 5.92%
- C Fund 31.17%
- S Fund 7.92%
- I Fund 21.04%

L 2035

January 2024

- G Fund 27.25%
- F Fund 6.80%
- C Fund 34.11%
- S Fund 8.76%
- I Fund 23.08%

L 2040

January 2024

- G Fund 21.11%
- F Fund 7.14%
- C Fund 37.03%
- S Fund 9.61%
- I Fund 25.11%

L 2045

January 2024

- G Fund 15.69%
- F Fund 7.56%
- C Fund 39.47%
- S Fund 10.42%
- I Fund 26.86%

L 2050

January 2024

- G Fund 10.88%
- F Fund 7.37%
- C Fund 41.96%
- S Fund 11.18%
- I Fund 28.61%

L 2055

January 2024

- G Fund 0.53%
- F Fund 0.46%
- C Fund 50.78%
- S Fund 13.58%
- I Fund 34.65%

L 2060

January 2024

- G Fund 0.46%
- F Fund 0.53%
- C Fund 50.78%
- S Fund 13.58%
- I Fund 34.65%

L 2065

January 2024

- G Fund 0.38%
- F Fund 0.61%
- C Fund 50.78%
- S Fund 13.58%
- I Fund 34.65%
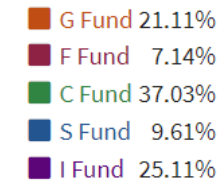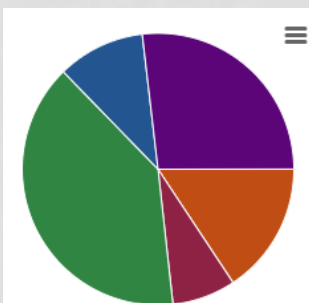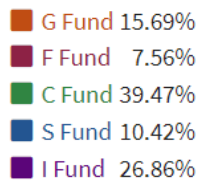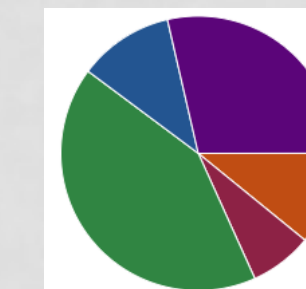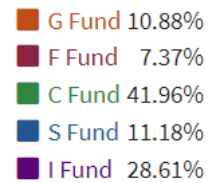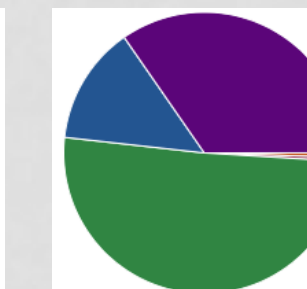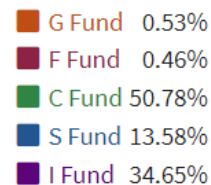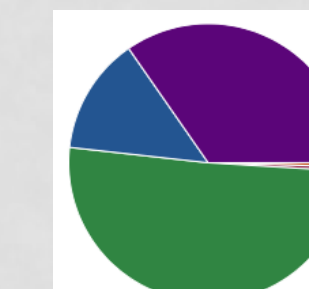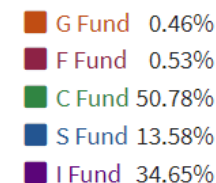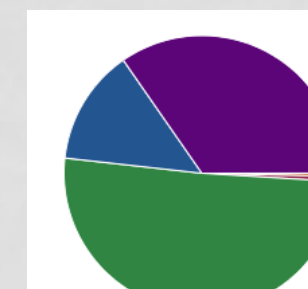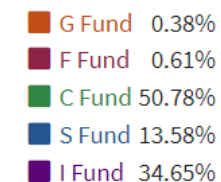
Problem: Markets Can Behave Badly

Having enough money can overcome financial risks

But it may not reduce financial concerns

Negative market returns can undo the best laid plans
- It's not a matter of *if* but ***when***
- *"Past performance is not an indication of future results"*

25 Down Markets since 1928		
1929	1930	1931
1932	1934	1937
1939	1940	1941
1946	1953	1957
1962	1966	1969
1973	1974	1977
1981	1990	2000
2001	2002	2008
2018		

S&P 500 Total Return since inception

Problem: Sequence of Return Risk

The timing of the returns can be a catastrophic problem

12.98% average annual return over a 19 year time horizon

$6,103,925

$3,939,634

$3,719,986

$2,437,519

$1,618,444

$1,325,489

$1,200,698

$785,281
$603,719
$477,670
$417,625
$350,134
$161,975
$0

1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991

—— 1973-1991 —— 1991-1973

COMPARE

1973 – 1991

1991 – 1973

Figure 1: $1,000,000, S&P 500 Total Return, return sequence run 2 ways, annual withdrawal of $79,713
Other starting years, rate of return sequences, market indexes, and life horizons will produce different results.

Problem: Sequence of Return Risk

Year	BOY Balance	Return	Withdrawal	EOY Balance
1973	$1,000,000	-14.67%	$79,713	$785,281
1974	$785,281	-26.31%	$79,713	$519,934
1975	$519,934	37.14%	$79,713	$603,719
1976	$603,719	23.81%	$79,713	$648,772
1977	$648,772	- 7.19%	$79,713	$528,144
1978	$528,144	6.52%	$79,713	$477,670
1979	$477,670	18.45%	$79,713	$471,380
1980	$471,380	32.45%	$79,713	$518,764
1981	$518,764	- 4.88%	$79,713	$417,625
1982	$417,625	21.50%	$79,713	$410,564

Year	BOY Balance	Return	Withdrawal	EOY Balance
1983	$410,564	22.46%	$79,713	$405,161
1984	$405,161	6.22%	$79,713	$345,691
1985	$345,691	31.64%	$79,713	$350,134
1986	$350,134	18.62%	$79,713	$320,774
1987	$320,774	5.18%	$79,713	$253,548
1988	$253,548	16.61%	$79,713	$202,710
1989	$202,710	31.69%	$79,713	$161,975
1990	$161,975	-3.10%	$79,713	$79,713
1991	$79,713	30.47%	$79,713	$ 0
19 Yrs.	Average ROR	12.98%	$1,514,547	DEPLETED

COMPARE

1973 – 1991

1991 – 1973

Figure 2: Forward running return sequence of $1,000,000 – S&P 500 portfolio with annual withdrawals of $79,713 Other starting years, rate of return sequences, market indexes, and life horizons will produce different results.

Problem: Sequence of Return Risk

Year	BOY Balance	Return	Withdrawal	EOY Balance
1991	$1,000,000	30.47%	$79,713	$1,200,698
1990	$1,200,698	-3.10%	$79,713	$1,086,235
1989	$1,086,235	31.69%	$79,713	$1,325,489
1988	$1,325,489	16.61%	$79,713	$1,452,699
1987	$1,452,699	5.18%	$79,713	$1,444,107
1986	$1,444,107	18.62%	$79,713	$1,618,444
1985	$1,618,444	31.84%	$79,713	$2,028,663
1984	$2,028,663	6.22%	$79,713	$2,070,174
1983	$2,070,174	22.46%	$79,713	$2,437,519
1982	$2,437,519	21.50%	$79,713	$2,864,734

Year	BOY Balance	Return	Withdrawal	EOY Balance
1981	$2,864,734	-4.88%	$79,713	$2,649,112
1980	$2,649,112	32.45%	$79,713	$3,403,169
1979	$3,403,169	18.45%	$79,713	$3,939,634
1978	$3,939,634	6.52%	$79,713	$4,108,392
1977	$4,108,392	-7.19%	$79,713	$3,739,017
1976	$3,739,017	23.81%	$79,713	$4,530,585
1975	$4,530,585	37.14%	$79,713	$6,103,925
1974	$6,103,925	-26.31%	$79,713	$4,439,925
1973	$4,439,925	-14.67%	$79,713	$3,719,986
19 Yrs. Average ROR		12.98%	$1,514,547	$3,719,986

COMPARE 1973 - 1991 1991 - 1973

Figure 3: Backward running return sequence of $1,000,000 – S&P 500 portfolio with annual withdrawals of $79,713 Other starting years, rate of return sequences, market indexes, and life horizons will produce different results.

Solution: Sequence Defense

Figure 4: $1,000,000, S&P 500 Total Return, 1973-1991 sequence of total returns, annual withdrawal of $79,713 Other starting years, rate of return sequences, market indexes, and life horizons will produce different results.

Solution: Sequence Defense

Year	BOY Balance	Return	Withdrawal	EOY Balance
1973	$1,000,000	-14.67%	$79,713	$785,281
1974	$785,281	-26.31%	$79,713	$519,934
1975	$519,934	37.14%	$79,713	$603,719
1976	$603,719	23.81%	$79,713	$648,772
1977	$648,772	-7.19%	$79,713	$528,144
1978	$528,144	6.52%	$79,713	$477,670
1979	$477,670	18.45%	$79,713	$471,380
1980	$471,380	32.45%	$79,713	$518,764
1981	$518,764	-4.88%	$79,713	$417,625
1982	$417,625	21.50%	$79,713	$410,564

Year	BOY Balance	Return	Withdrawal	EOY Balance
1983	$410,564	22.46%	$79,713	$405,161
1984	$405,161	6.22%	$79,713	$345,691
1985	$345,691	31.64%	$79,713	$350,134
1986	$350,134	18.62%	$79,713	$320,774
1987	$320,774	5.18%	$79,713	$253,548
1988	$253,548	16.61%	$79,713	$202,710
1989	$202,710	31.69%	$79,713	$161,975
1990	$161,975	-3.10%	$79,713	$79,713
1991	$79,713	30.47%	$79,713	$0
19 Yrs.	Average ROR	12.98%	$1,514,547	DEPLETED

COMPARE — NO DEFENSE — WITH DEFENSE

Figure 5: Forward running return sequence of $1,000,000 – S&P 500 portfolio with annual withdrawals of $79,713 Other starting years, rate of return sequences, market indexes, and life horizons will produce different results.

Solution: Sequence Defense

Year	BOY Balance	Return	Withdrawal	EOY Balance
1973	$1,000,000	-14.67%	$79,713	$ 785,281
1974	$ 785,281	-26.31%	$ 0	$ 578,673
1975	$ 578,673	37.14%	$ 0	$ 793,593
1976	$ 793,593	23.81%	$79,713	$ 883,855
1977	$ 883,855	-7.19%	$79,713	$ 746,324
1978	$ 746,324	6.52%	$ 0	$ 794,984
1979	$ 794,984	18.45%	$79,713	$ 847,239
1980	$ 847,239	32.45%	$79,713	$1,016,588
1981	$1,016,588	-4.88%	$79,713	$ 891,155
1982	$ 891,155	21.50%	$ 0	$1,082,754

Year	BOY Balance	Return	Withdrawal	EOY Balance
1983	$1,082,754	22.46%	$79,713	$1,228,324
1984	$1,228,324	6.22%	$79,713	$1,220,054
1985	$1,220,054	31.64%	$79,713	$1,501,145
1986	$1,501,145	18.62%	$79,713	$1,686,103
1987	$1,686,103	5.18%	$79,713	$1,689,601
1988	$1,689,601	16.61%	$79,713	$1,877,290
1989	$1,877,290	31.69%	$79,713	$2,367,229
1990	$2,367,229	-3.10%	$79,713	$2,126,603
1991	$2,126,603	30.47%	$ 0	$2,892,002
19 Yrs.	Average ROR	12.98%	$1,115,982	$2,892,002

$398,565 funded from Sequence Defense Resources. Total withdrawal of $1,514,547.

Figure 6: Same sequence with withdrawals from portfolio in green. Sequence Defense employed following down year. Other starting years, rate of return sequences, market indexes, and life horizons will produce different results.

COMPARE

NO DEFENSE

WITH DEFENSE

Portfolio

$500,000

	20%		20%		10%		25%		25%		0%
	C		S		I		F		G		
	$100,000		$100,000		$50,000		$125,000		$125,000		$0
	4%		4%		4%		4%		4%		0%
	$4,000		$4,000		$2,000		$5,000		$5,000		$0
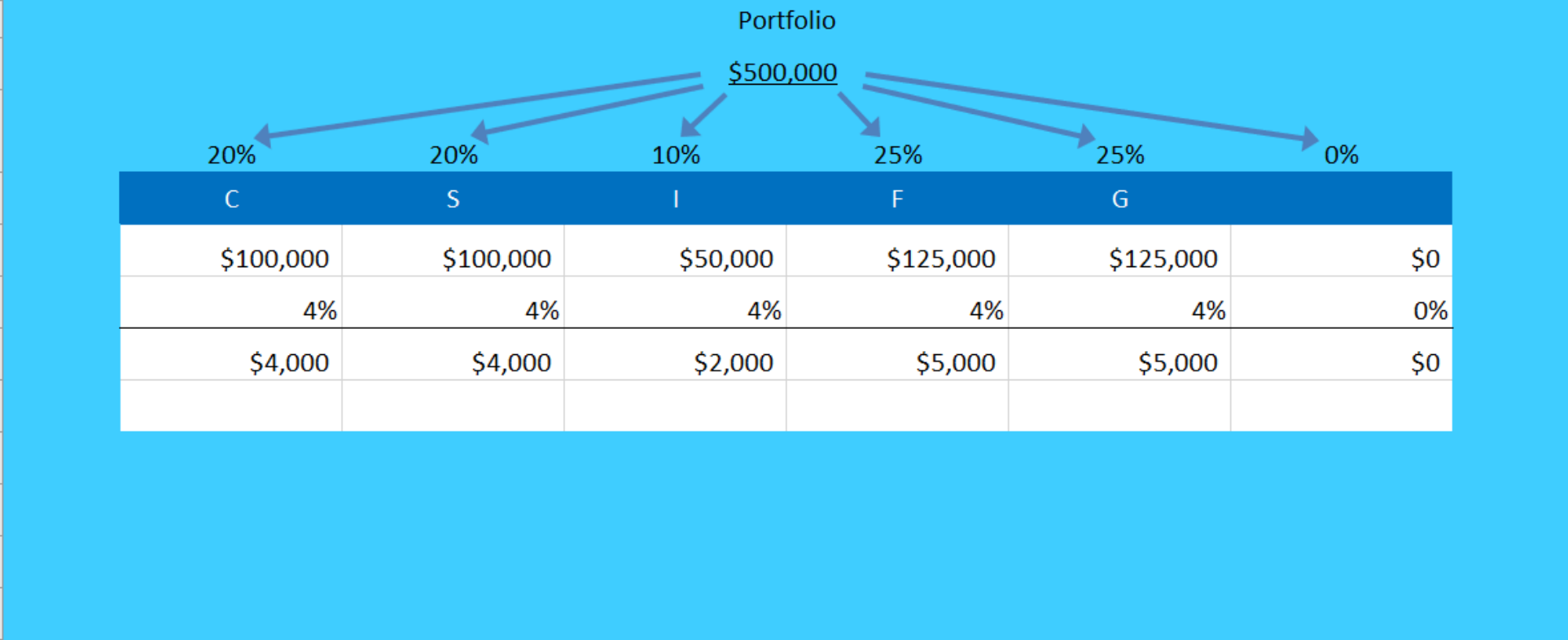
3.5%

Despite strong index returns over time, the "average investor" has underperformed a basic, indexed 60/40 portfolio by 3.5% annualized.

DIVERSIFICATION AND THE AVERAGE INVESTOR

20-year annualized return by asset class (2001 – 2020)
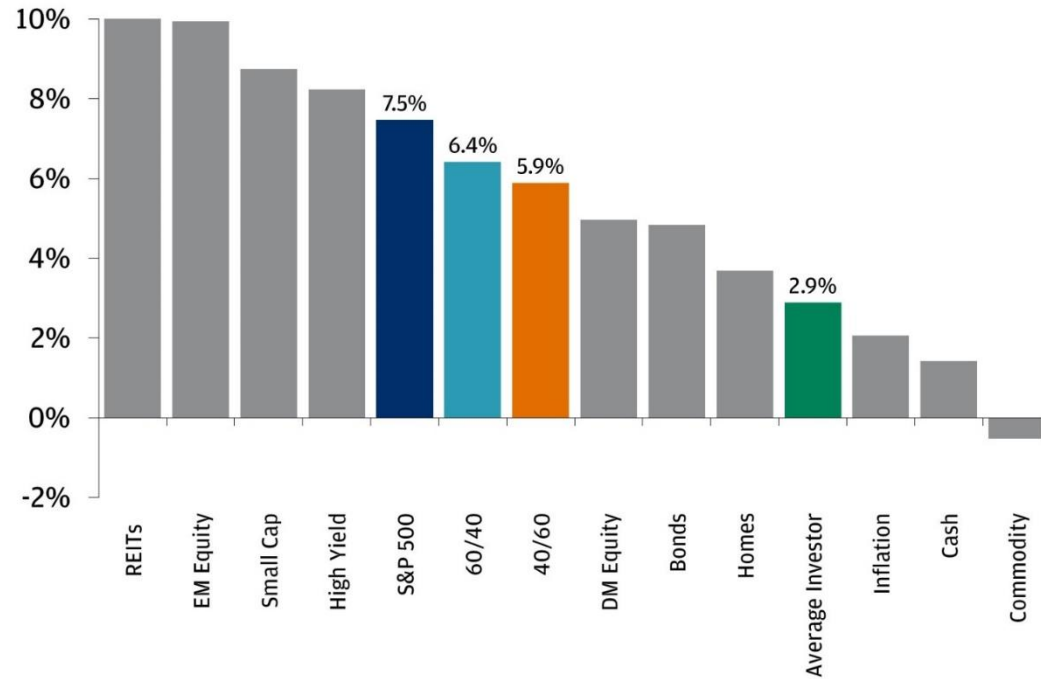
Source: DALBAR Inc., MSCI, NAREIT, Russell, J.P. Morgan Asset Management. Data as of December 31, 2020.

Volatility Illustrated:
There Are Not Many "Average" Years for the Stock Market

TSP C Fund Calendar Year Returns, 1993 to 2021

The Average Annual Return for the C Fund was 12.3% for the 29-year period. But there were only three years when the returns were close to the average (+1.5% to -1.5%).The returns for all the other years were much higher or lower. That is an example of "volatility," the high variation in returns compared to the average.

C Fund

10.8%   13.   12.0%   31.5%   28.7%   18.4%
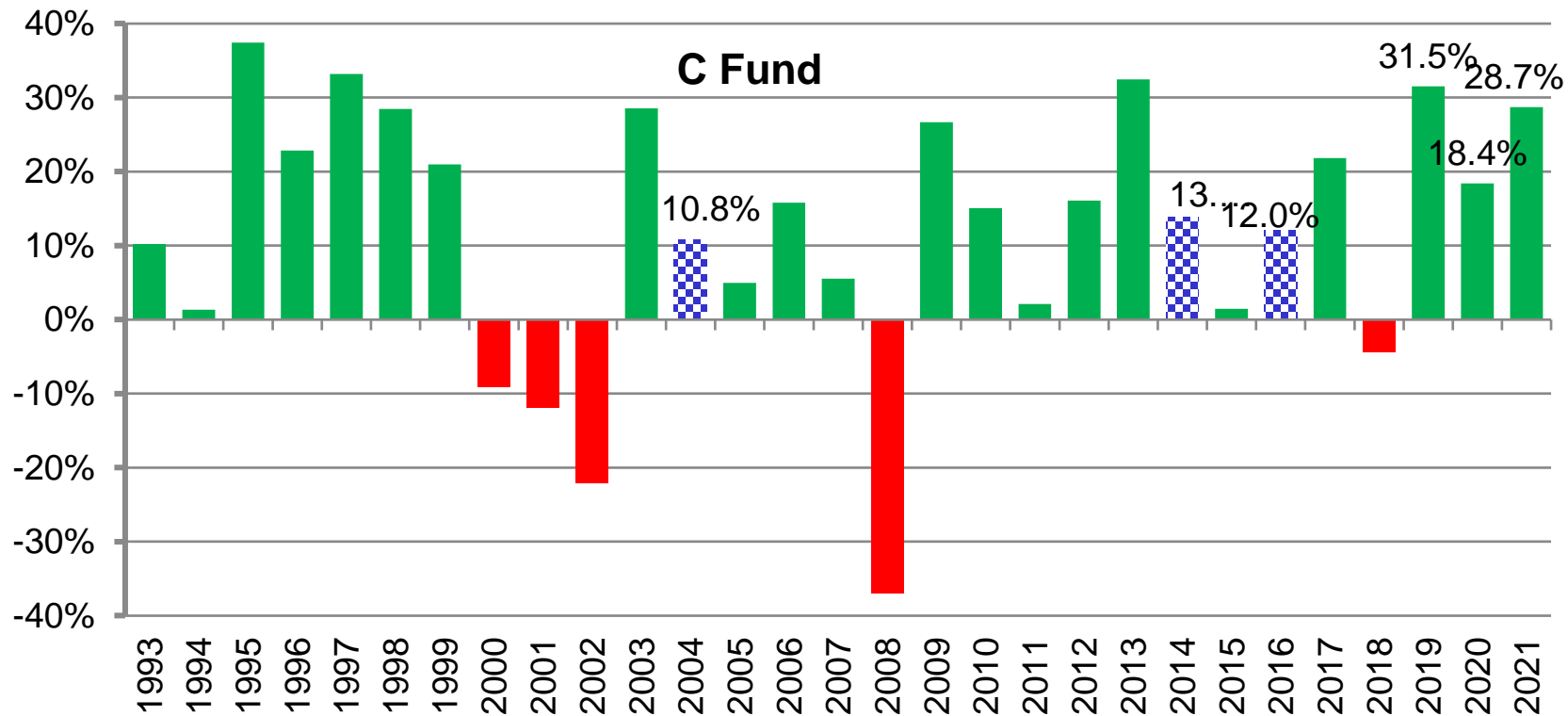
Note: The data assumes no further contributions and reinvestment of all income. It does not account for taxes. Standard & Poor's 500 Index. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. Past performance is no guarantee of future performance.

All investments involve the risk of loss. Source: TSP.gov

Recent Investment Returns for the TSP Funds

Rates of return (as of December 31,2023)

Year	G Fund Bonds/US Govt Short Term	F Fund Bonds/US Intermediate	C Fund Stocks- Large US Companies (S&P 500)	S Fund Stocks – Small and Medium US Companies	I Fund Stocks - International
Inception date	4/1/1987	1/29/1988	1/29/1988	5/1/2001	5/1/2001
1 year	4.22%	5.58%	26.25%	25.30%	18.38%
3 year	2.86%	-3.21%	9.97%	1.28%	4.32%
5 year	2.35%	1.16%	15.65%	11.88%	8.51%
10 year	2.32%	2.02%	12.03%	8.64%	4.63%
Since inception	4.66%	5.36%	10.81%	9.01%	5.05%

Conventional

	Employee	Match	Add.		Regular Savings	CD's	College Savings	Rate	Future Value
Taxable Income								1%	0
Risk Score								1%	0
								4%	0

Retirement Income Pro | Calculate

Spouse A   67 to 71

						Spouse A				
WD	0.0%	Pension	$35,000			Tax Deferred	Tax Free	Tax Deductible		
COLA	0.0%	Social Security	$37,500						4%	0
0.0%	0.0%	Tax Deferred	$0						4%	0
0.0%	0.0%	Tax Free	$0						4%	1,232,549
3.4%	0.0%	Tax Deductible	$41,097					TSP 1,208,733		
		TOTAL	$113,597							

Spouse B   68 to 72

						Spouse B				
COLA	0.0%	Pension	$0			Tax Deferred	Tax Free	Tax Deductible		
WD	0.0%	Social Security	$32,000						4%	0
	0.0%	Tax Deferred	$0						4%	0
	0.0%	Tax Free	$0						4%	960,001
3.5%	0.0%	Tax Deductible	$33,094					401(k) 945,547		
		TOTAL	$65,094							
W/D Rate from Cash Assets			$0	0	0	0				

| | | | | | Savings Type Assets Total | 2,192,551 |

Total Income at year # 4 =	$178,691
0.0% Target Retirement Income	$178,460

Debt Window

Type of Loan	$/Month P&I	$ Unpaid Balance	% Rate	Months to Pay

Government Bonds	Corporate Bonds	Municipal Bonds	Rate	Future Value
			5%	0
			5%	0
			5%	0

Preferred Stocks	Blue Chip Stocks	Growth Securities		
			5%	0
			5%	0
			4%	0

Real Estate	Primary	Trust		

| | 0 | 0 | 0 | | Growth Type Assets Total | 0 |

1988		Investment			G Fund			
		S&P 500 without dividends	Annual Withdrawal	Investment		Annual Withdrawal	Investment	
	Yr	ROR	Amount	Balance	Annual ROR	Amount	Balance	
1988	1	12.40	20,000	539,520	8.81	20,000	544,050	
1989	2	27.25	20,600	660,489	8.81	20,600	569,619	
1990	3	(6.56)	0	597,216	8.90	42,436	597,370	
1991	4	26.31	21,855	727,705	8.15	21,855	622,720	
1992	5	4.46	22,510	736,922	7.23	22,510	644,052	
1993	6	7.06	23,185	764,788	6.14	23,185	659,562	
1994	7	(1.54)	0	729,293	7.22	57,315	682,534	
1995	8	34.11	24,597	951,155	7.03	24,597	705,444	
1996	9	20.26	25,335	1,118,087	6.76	25,335	727,651	
1997	10	31.01	26,095	1,439,697	6.77	26,095	751,033	
1998	11	26.67	26,878	1,799,260	5.74	26,878	767,797	
1999	12	19.53	27,685	2,126,126	5.99	33,222	787,071	
2000	13	(10.14)	0	1,879,604	6.42	57,030	810,616	
2001	14	(13.04)	0	1,600,914	5.39	58,741	826,682	
2002	15	(23.37)	0	1,186,777	5.00	60,504	839,850	
2003	16	26.38	31,159	1,482,401	4.11	31,159	845,345	
2004	17	8.99	32,094	1,589,251	4.30	32,094	852,316	
2005	18	3.00	33,057	1,606,129	4.49	33,057	860,906	
2006	19	13.62	34,049	1,802,860	4.93	34,049	873,652	
2007	20	3.53	35,070	1,835,043	4.87	35,070	886,113	
2008	21	(38.49)	0	1,047,423	3.75	72,244	887,623	
2009	22	23.45	37,206	1,287,150	2.97	37,206	880,745	
2010	23	12.78	38,322	1,432,590	2.81	38,322	871,408	
Average		9.03	479,699	1,432,590	5.94	833,506	871,408	2,303,998.0

1999		Investment			G Fund		
		S&P 500 without dividends	Annual Withdrawal	Investment	Annual	Annual Withdrawal	Investment
	Yr	ROR	Amount	Balance	ROR	Amount	Balance
1999	1	19.53	20,000	573,744	5.99	30,000	529,950
2000	2	(10.14)	0	496,994	6.42	41,200	542,089
2001	3	(13.04)	0	413,498	5.39	42,436	549,044
2002	4	(23.37)	0	299,258	5.00	43,709	553,732
2003	5	26.38	22,510	351,385	4.11	22,510	553,309
2004	6	8.99	23,185	358,547	4.30	23,185	553,322
2005	7	3.00	23,881	345,103	4.49	23,881	553,808
2006	8	13.62	24,597	366,590	4.93	24,597	556,180
2007	9	3.53	25,335	354,119	4.87	25,335	557,826
2008	10	(38.49)	0	190,498	3.75	52,191	552,768
2009	11	23.45	26,878	210,467	2.97	26,878	542,583
2010	12	12.78	27,685	211,745	2.81	27,685	530,599
2011	13	0.00	28,515	183,230	2.45	28,515	515,667
2012	14	13.41	29,371	182,769	1.47	29,371	494,352
2013	15	29.60	30,252	218,968	1.89	45,378	474,233
2014	16	11.39	31,159	218,669	2.31	31,159	455,229
2015	17	(0.73)	0	184,518	2.04	64,188	433,709
2016	18	9.54	33,057	176,241	1.82	33,057	409,915
2017	19	19.42	34,049	193,564	2.33	34,049	387,474
2018	20	(6.24)	0	140,030	2.91	70,140	366,658
2019	21	28.80	36,122	178,050	2.24	36,122	341,379
2020	22	16.26	37,206	191,507	0.97	37,206	308,779
2021	23	26.89	38,322	245,214	1.38	38,322	276,799
Average		7.59	492,125	245,214	3.34	831,116	276,799	522,013.0
		Average	Total W/D	Balance	Average	Total W/D	Balance

What Type of Fed Are You?

Do It Yourselfer

You love coming to financial seminars

You can't wait to be your own full time advisor in retirement

Not Sure

You can handle the finances but not sure you want to

You can tolerate financial speak but unclear if you want to think about this in retirement

100% I'm Not Doing It!

You are in pursuit of finding the right advisor and relationships matter to you

Have you ever had someone tell you "Oh it's not hard, you can do it"

We are going to examine two different Income Distribution Strategies:

What is the Alternative Approach?

- Still utilizes the markets for growth but doesn't rely solely on the markets to sustain income, protection, and legacy in retirement.
- This alternative is typically more strategy driven using various assets types to reduce income risk and increase legacy (Legacy is for people who have a desire to pass on money to their Ares, charities, institutions, etc)
- The objective is to reduce risk and increase income, protection, and ensure legacy if desired.

Alternative Method

Paydown vs. Interest Only	**Reduce Pressure on Capital**	**Reduce Pressure of Withdrawal Rates**
Reduce Income Risks	**Reduce Fear**	**Inflation Protection**

Alternative Retirement Approach

* See Disclosure for additional information.
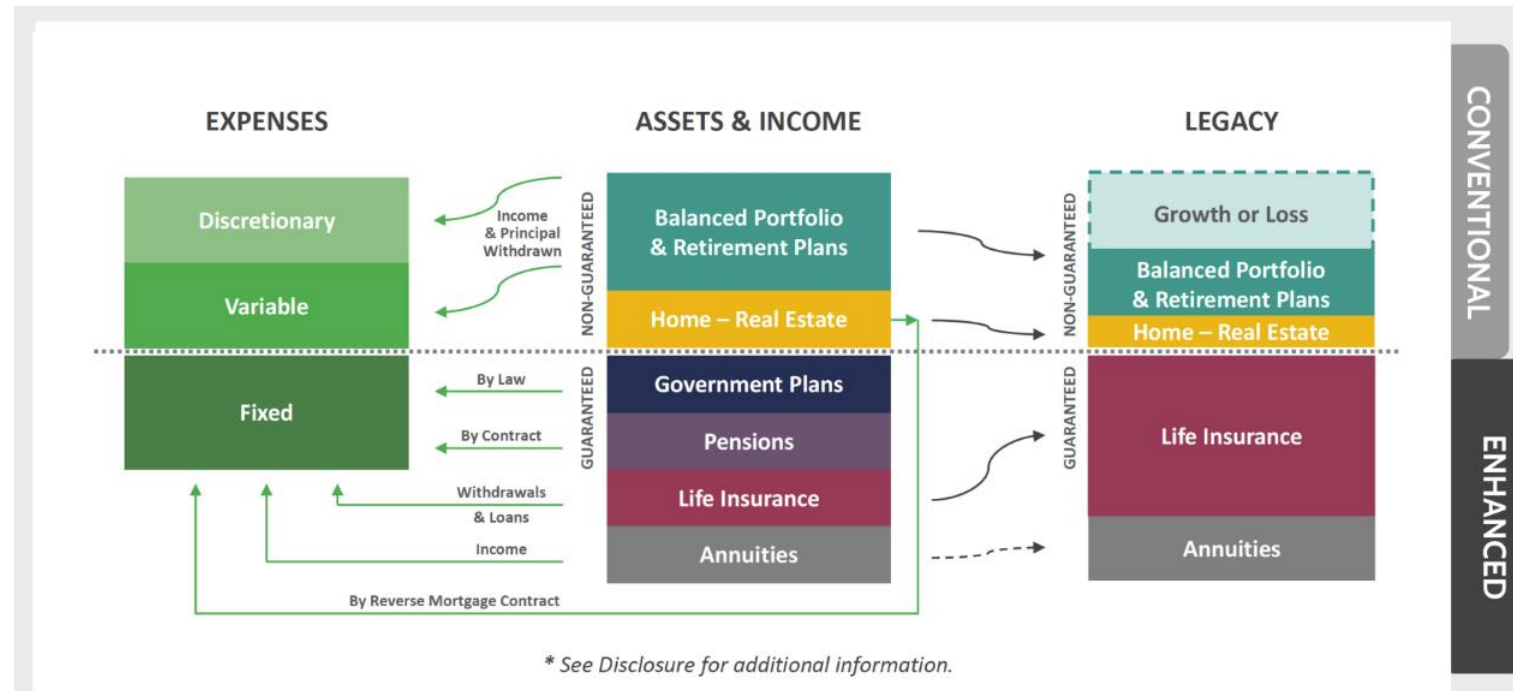
Alternative

Additional Information			Employee	Match	Add.	Regular Savings	CD's	College Savings	Rate	Future Value
Taxable Income									1%	0
Risk Score									1%	0
									4%	0

Retirement Income Pro [Calculate]

Spouse A   67 to 71

						Spouse A				
WD	0.0%	Pension	$35,000			Annuity	Tax Free	Tax Deductible		
COLA	0.0%	Social Security	$37,500							
5.0%	0.0%	Annuity	$30,000			600,000			1%	501,332
0.0%	0.0%	Tax Free	$0						4%	0
2.0%	0.0%	Tax Deductible	$12,000						4%	648,919
		TOTAL	$114,500					TSP 600,000		

Spouse B   68 to 72

						Spouse B				
COLA	0.0%	Pension	$0			Annuity	Tax Free	Tax Deductible		
WD	0.0%	Social Security	$32,000						1%	417,777
5.0%	0.0%	Annuity	$25,000			500,000			4%	0
	0.0%	Tax Free	$0						4%	481,282
2.0%	0.0%	Tax Deductible	$8,900					401(k) 445,000		
		TOTAL	$65,900							

W/D Rate from Cash Assets	$0	0	0	0	Savings Type Assets Total	2,049,310

Total Income at year # 4 = **$180,400**

0.0% Target Retirement Income **$178,460**

Debt Window

Type of Loan	$/Month P&I	$ Unpaid Balance	% Rate	Months to Pay

Additional Information

Government Bonds	Corporate Bonds	Municipal Bonds	Rate	Future Value
			5%	0
			5%	0
			5%	0

Preferred Stocks	Blue Chip Stocks	Growth Securities	Rate	Future Value
			5%	0
			5%	0
			4%	0

Real Estate	Primary	Trust		

			0	0	0	Growth Type Assets Total	0

Conventional

Retirement Income Pro	Calculate

Spouse A   67 to 71

WD	0.0%	Pension	$35,000
COLA	0.0%	Social Security	$37,500
0.0%	0.0%	Tax Deferred	$0
0.0%	0.0%	Tax Free	$0
3.4%	0.0%	Tax Deductible	$41,097
		TOTAL	$113,597

Spouse B   68 to 72

COLA	0.0%	Pension	$0
WD	0.0%	Social Security	$32,000
	0.0%	Tax Deferred	$0
	0.0%	Tax Free	$0
3.5%	0.0%	Tax Deductible	$33,094
		TOTAL	$65,094
		W/D Rate from Cash Assets	$0

0	0	0

Total Income at year # 4 =	$178,691
0.0% Target Retirement Income	$178,460

Debt Window

Type of Loan	$/Month P&I	$ Unpaid Balance	% Rate	Months to Pay

Additional Information

1%		0
1%		0
4%		0

Spouse A

Tax Deferred	Tax Free	Tax Deductible

4%	0
4%	0
4%	1,232,549

TSP   1,208,733

Spouse B

Tax Deferred	Tax Free	Tax Deductible

4%	0
4%	0
4%	960,001

401(k)   945,547

Savings Type Assets Total	2,192,551

Government Bonds	Corporate Bonds	Municipal Bonds	Rate	Future Value
			5%	0
			5%	0
			5%	0
Preferred Stocks	Blue Chip Stocks	Growth Securities		
			5%	0
			5%	0
			4%	0
Real Estate	Primary	Trust		

0	0	0

Growth Type Assets Total	0

Characteristics of consumers who like one strategy over the other

	Conventional		Alternative
1	Comfortable with Market Volatility	1	Not as comfortable with market volatility
2	Like Full Control	2	Like less management
3	Legacy is important to them.	3	Not as driven to pass on Legacy
4	Driven by watching the portfolio grow	4	Overwhelmed by the finance.
5	Comfortable with all the moving pieces	5	Like simplicity - Not a lot of moving pieces
		6	Conservative to very conservative with investments that require a withdrawal rate need of 3-4%

- Understanding how to rebalance.
- Understands how to navigate income distributions in good and bad markets.
- Understands how to navigate RMD's when the time comes.

Retirement
Pressures

Retirement
Risks

Build
a Better
Retirement

Retire on
Your Terms

Next
Steps

ACCUMULATION

DISTRIBUTION

What Type Of Fed Are you ?

Do It Yourselfer

You love coming to financial seminars

You can't wait to be your own full time advisor in retirement

Not Sure

You can handle the finances but not sure you want to

You can tolerate financial speak but unclear if you want to think about this in retirement

100% I'm Not Doing It!

You are in pursuit of finding the right advisor and relationships matter to you

Have you ever had someone tell you "Oh it's not hard, you can do it"

Thank you for your time today. Kindly fill out our feedback survey:

https://www.surveymonkey.com/r/DCSOFASURVEY