RIA Planning

Insights Investing Insurance Planning Retirement

The Pre-Retirement Guide – Inflation Edition

12 Steps to a Financially Savvy & Secure Inflation-Battling Retirement

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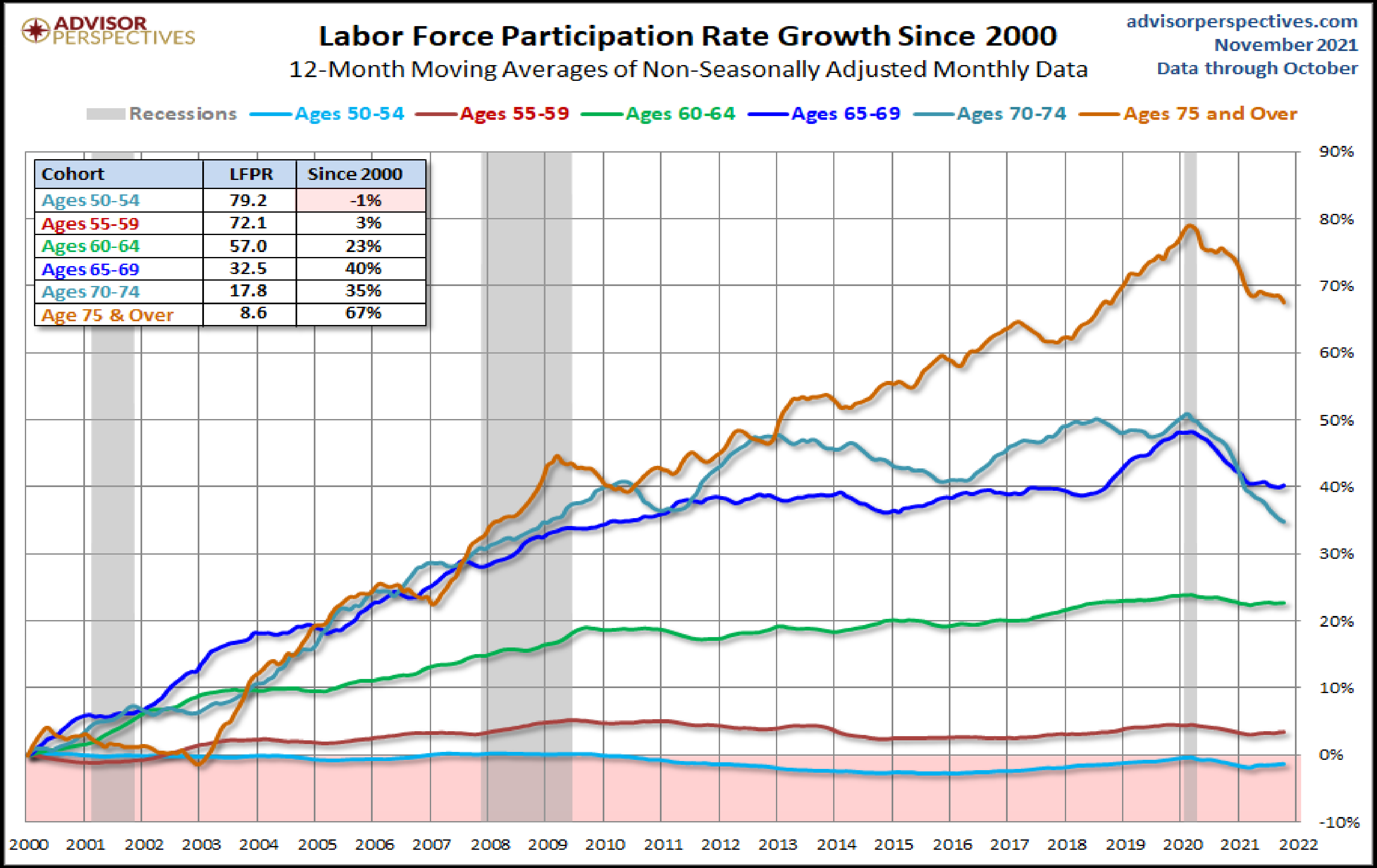
A Pre-Retirement Preparation Guide

- The New “Retire-mentality:”
- Who Will You Be Tomorrow?
- What Is The Game Plan?
  - Formulate a personalized “Right Lane” exit strategy and jumpstart a smooth transition to next the evolution of “you”
  - Incorporate Social Security into distribution planning - avoid common pitfalls and maximize benefits to increase the longevity of your retirement nest egg
  - The right Medicare decision can help with one of the greatest dangers to a successful retirement – Healthcare costs!
  - Switch to a tax diversification mindset pre-retirement and save thousands in taxes throughout retirement
  - Re-think your investment portfolio allocation five years before and after retirement
  - Generate a tax-efficient retirement paycheck

A Pre-Retirement Preparation Guide

- 5 “must-see” charts for retirement distributions.
- How to re-think housing in retirement.
- The impact of long-term care costs. Should you be concerned?
- Why buy & hold is a flawed theory, and the math of loss is important to understand.
- Why a comprehensive retirement goal and income plan is necessary.
- Inflation expectations, guidelines and tips.

“What Do You Do For A Living in Retirement?”



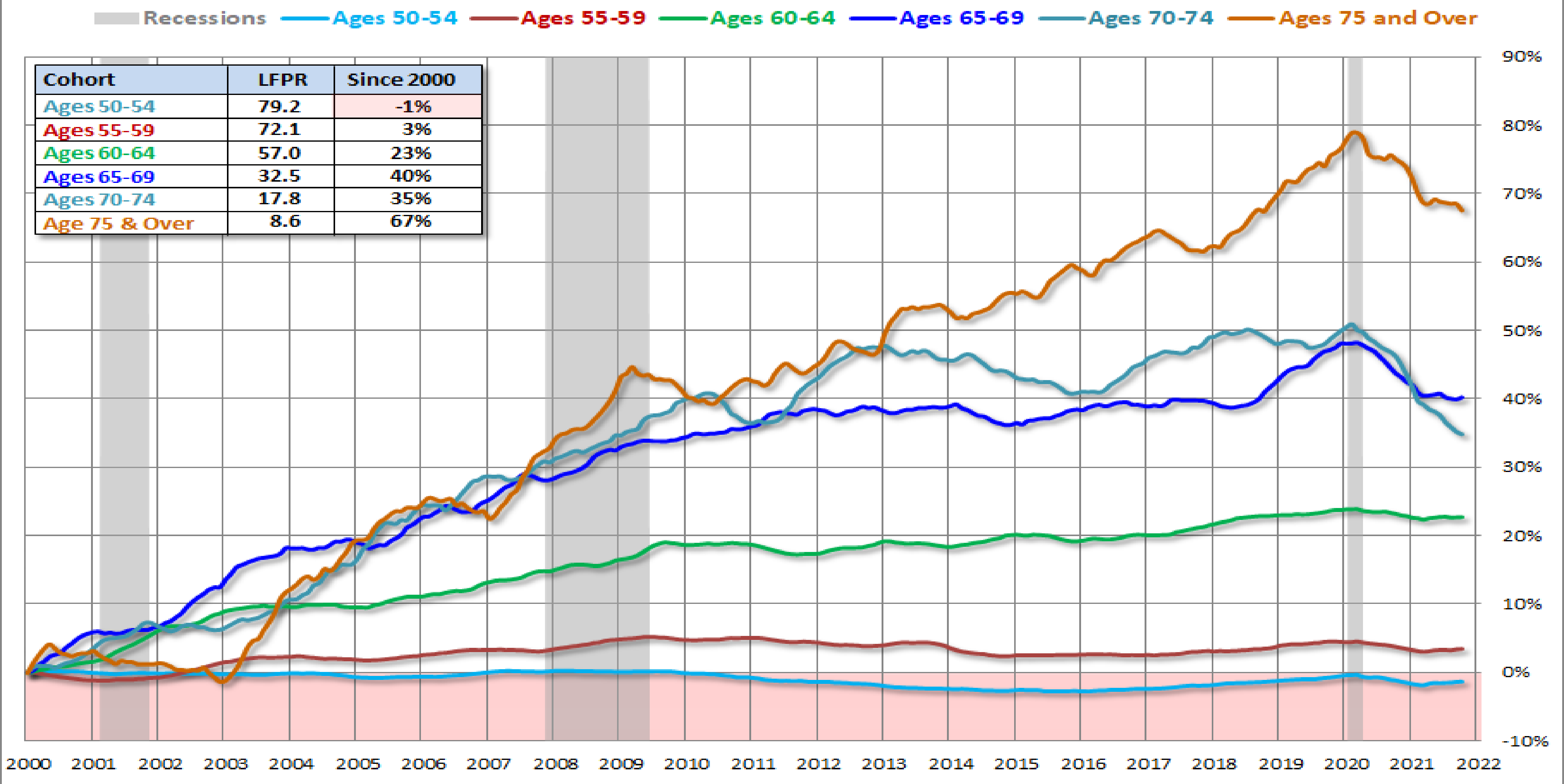
Cohort	LFPR	Since 2000
Ages 50-54	79.2	-1%
Ages 55-59	72.1	3%
Ages 60-64	57.0	23%
Ages 65-69	32.5	40%
Ages 70-74	17.8	35%
Age 75 & Over	8.6	67%

ADVISOR PERSPECTIVES

advisorperspectives.com
November 2021
Data through October

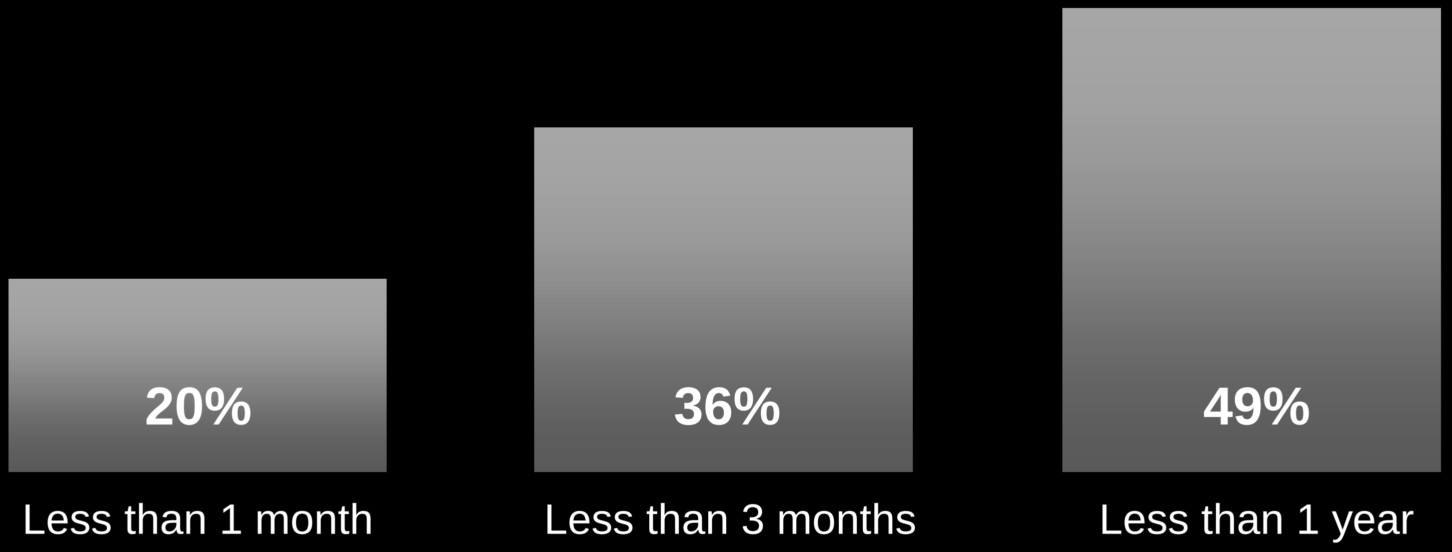
Labor Force Participation Rate Growth Since 2000

12-Month Moving Averages of Non-Seasonally Adjusted Monthly Data



July 2020 SimpleWise Retirement Confidence Study

How long people in their 50s could afford to live off their savings



How the Definition of Retirement Has Changed

- People are working longer. Some out of choice, most out of necessity, which requires a pragmatic vs. traditional approach to retirement. Retirement at age 65 is an outdated concept. <u>Did you know that delaying retirement by 3-6 months has the same impact on the retirement standard of living as saving an additional 1% of labor earnings for 30 years*?</u>
- The goal is to minimize the effects of "The Black Hole," or what I deem "crossover risk."
- "The Black Hole" is a feeling of displacement, unease that characterizes the first year in retirement.
- Remain Vital.
- Remain Social.
- Take account of core skills to share, re-engage with hobbies placed aside for career.

**The Power of Working Longer – NBER Working Paper No. 24226 – Bronshtein, Scott, Shoven & Slavov.*

We Seek A “Full Circle” Retirement

“The art of a happy retirement is in the creation of several meaningful circles and the beauty of the variations among them. It’s a consistent rotation around sources of fulfillment and purpose that create a force of their own. In that moment, the art of living emerges.”

Rich Rosso, CFP®

Step 1:

Lifetime Retirement Distributions Utilizing Variable Assets Require Flexibility & Monitoring

- What are ‘variable assets?’ Stocks, fixed income funds, mutual funds, exchange-traded funds are all considered variable assets.
- Where you retire in a market cycle is luck. The richer the stock valuations (price-to-earnings), the greater the risk of lower future returns which means a larger retirement nest egg for withdrawals or an adjustment to lifestyle.
- Will you face a headwind or a tailwind as you withdraw funds from retirement investment accounts?
- Distributions should be monitored over rolling 3-year periods to determine whether to remain in the middle lane (the income you require), switch to right lane (reduce or use an alternative like life insurance withdrawals), home-equity lines of credit or home equity conversion mortgages.

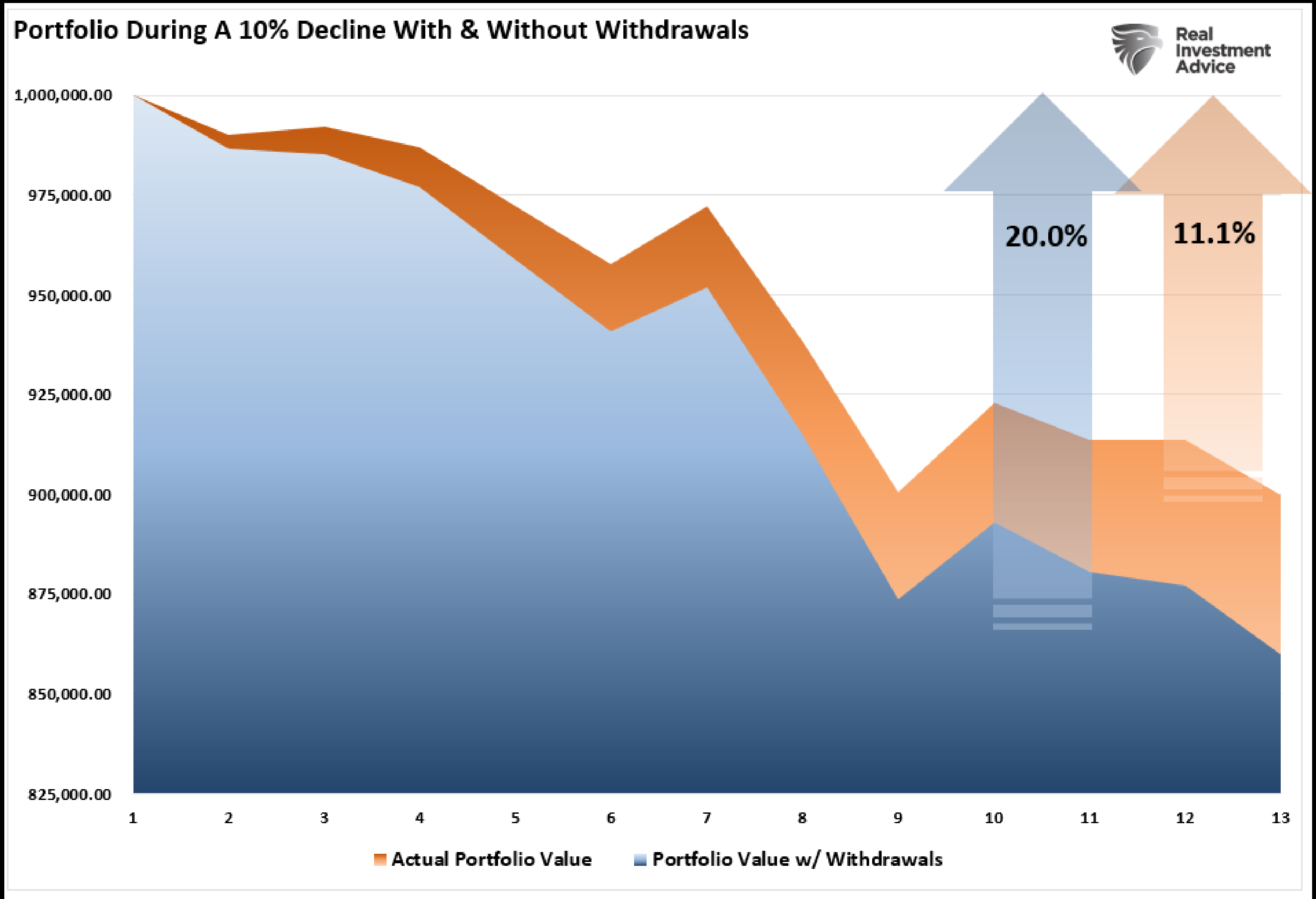
Consider our "Right Lane Strategy."

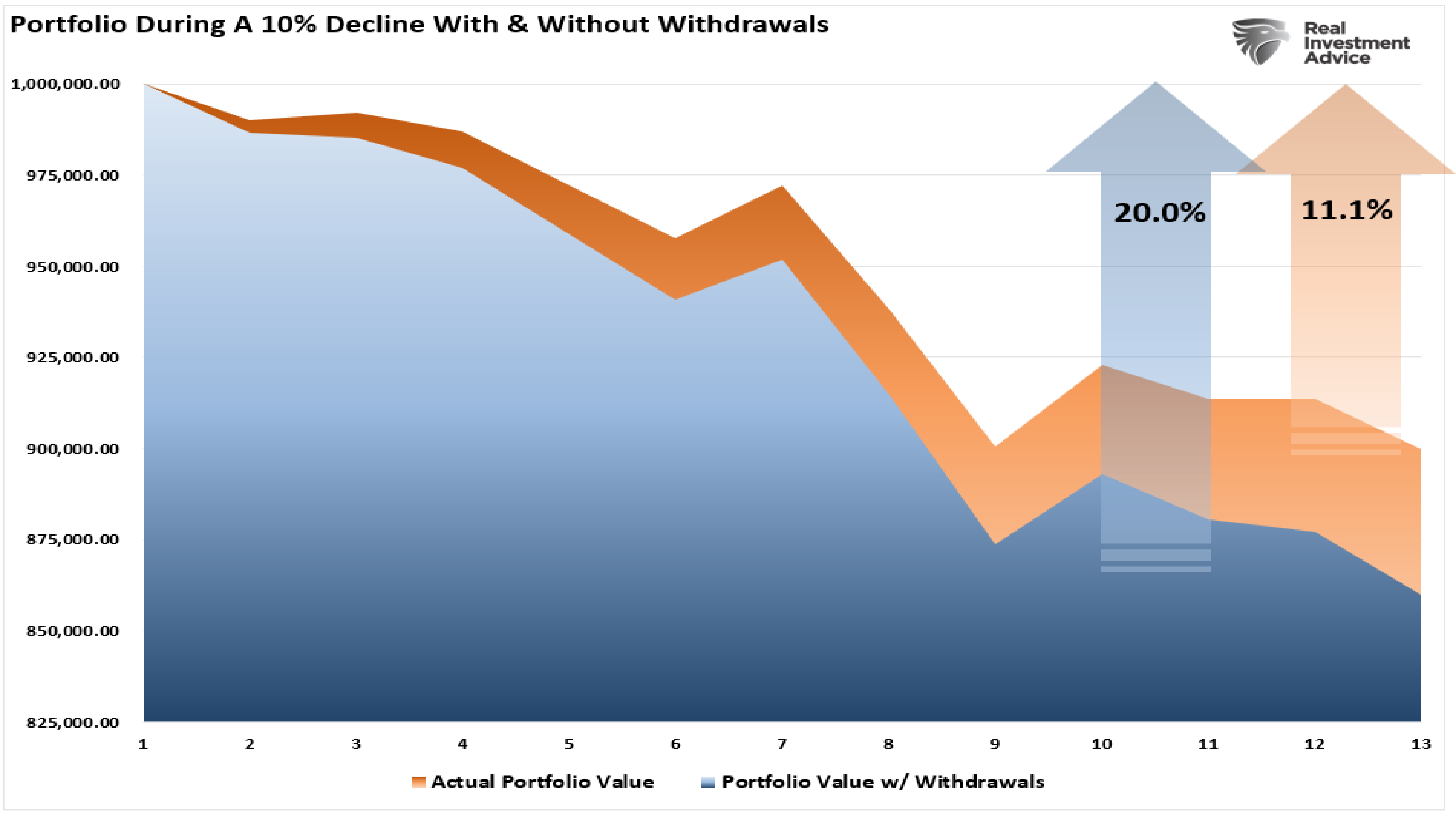
- You know how it is when you look to exit the freeway? You can see the sign ahead, hit your turn signal and make the switch. Now it's time to get your mind and money right.
- The "Right Lane Strategy" is the financial and qualitative pre-exit preparation to your next destination. They are the steps you take to ensure a smooth transition.
- The Right Lane Strategy is usually implemented 2-5 years before your target retirement year.

‘Bad Luck Cycle’ is Imminent. What can happen?

Impact of Large Losses in Retirement	
$1,000,000	Investment
-26.8%	60/40 market loss Mrch2008 – February 2009
-5%	$50,000 withdrawal
-1%	Fee
= $672,000	New account value after 32.8% principal erosion
	5% withdrawal of new account value = $33,600 distribution year two

Impairments to capital are the biggest challenges





Portfolio During A 10% Decline With & Without Withdrawals
Real Investment Advice
1,000,000.00
975,000.00
950,000.00
925,000.00
900,000.00
875,000.00
850,000.00
825,000.00
20.0%
11.1%
1
2
3
4
5
6
7
8
9
10
11
12
13
Actual Portfolio Value
Portfolio Value w/ Withdrawals

A Dose of Reality.

"While a 10% decline in the market will reduce a portfolio from $1 million to $900,000, when combined with an assumed monthly withdrawal rate, the portfolio value is reduced by almost 14%. This is the result of taking distributions during a period of declining market values. Importantly, while it ONLY requires a non-withdrawal portfolio an 11.1% return to break even, it requires nearly a 20% return for a portfolio in the distribution phase to attain the same level."

What Should Be Included in Your “Right Lane” Strategy?

- First, consider a “Return-On-Life” assessment.
- Are you beginning to asking yourself the right questions so it’s an easier transition to the next iteration of you?
- “How will I feel when I’m not accomplishing tasks, or on deadline in a work environment?”
- “How will I remain active?”
- “Where can I contribute?”
- “How can I learn new things and keep my mind sharp?”
- “What steps will I take to pursue my passions?”
- “What are the hobbies or interests I’ve put aside and would like to pursue?”

Step 2:

Begin a Formal Retirement-Planning Exercise

A formal retirement plan is an overall review and assessment of your needs, wants and wishes for retirement.

The plan represents an ongoing partnership between you and a fiduciary or qualified planner who can help you create a strategy for the life you seek in retirement. A two- to five-year time frame allows for adjustments to savings and debt, and the establishment of expectations for living expenses.

A thorough plan will include a smart Social Security benefits strategy, an assessment of healthcare costs (which can be formidable in retirement), the impact of taxes, realistic future rates of returns, a behavioral assessment of your ability to take on portfolio risk, and a life expectancy exercise to determine realistic longevity risk.

Be careful: Brokerage firms often use comprehensive financial, or retirement plans as “loss leaders.”

In other words, in many cases, the plan is designed to sell high-commission products like variable annuities.

*The most important part of the plan is **THE PLAN.***

Step 3:

Social Security: Confusing & Misunderstood

- Social Security is an annuity, or a lifetime income benefit for you or you and a spouse, and survivors.
- Social Security is an important part of a lifetime income plan with over 62% of aged beneficiaries received at least half their income from SS in 2016.
- Among elderly Social Security beneficiaries, 37% of men and 42% of women receive 50% or more of their income from Social Security. Among elderly Social Security beneficiaries, 12% of men and 15% of women rely on Social Security for 90% or more of their income!
- More than 4 in 10 Americans who are 50 & over say they'll dip into the program before reaching full retirement age which can have long-term repercussions on a retiree's fiscal security.
- In many cases, it's best to postpone Social Security until age 70. Recipients are eligible for and earn an 8% annual retirement credit from full retirement age to age 70 which means greater lifetime income and possibly larger spousal benefits.
- Social Security allows less of a burden on a variable asset portfolio to generate lifetime income and must be part of your overall retirement income distribution plan.

Social Security Facts Continued

- Starting Social Security income while working prior to full retirement age may cause benefits to be withheld. The amount withheld is $1 for every $2 earned over $19,560 in 2022. At full retirement age, benefits may be adjusted to account for months in which benefits were withheld.
- If a married couple has “provisional income” over $44,000, up to 85% of their Social Security benefits are taxable. If provisional income is between $32,000 and $44,000, up to half of their Social Security benefits are taxable.
- Provisional income includes modified adjusted gross income plus ½ of Social Security income plus tax-exempt interest.
- Based on average indexed monthly earnings (AIME) of $11,098 and the new bend points of $1,024 and $6,002, the PIA for a maximum earner born in 1960 will be $3,357, up from $3,262 for the 1959 cohort. This is the amount they’ll receive if they claim benefits at their full retirement age of 67, not counting COLAs or additional earnings between now and then.

Step 4:

Medicare: Know your Choices & Enrollment Periods

- What Medicare won't do: It won't cover all healthcare expenses in retirement.
- What Medicare isn't: Medicare is not long-term care (or custodial care). Most long-term care isn't medical care, but rather help with personal tasks of everyday life also known as activities of daily living.
- Medicare Part A covers hospitalization, 100 days of skilled nursing and hospice, and is free to everyone who has paid the Medicare payroll tax.
- Medicare Part B covers physician's services, diagnostic X-rays, lab tests & certain preventative services. Monthly premiums are $170.10 per month plus an additional surcharge if modified adjusted gross income is over $91,000 for single or $182,000 for married couples.
- The annual deductible for Medicare Part B is $233 in 2022 and either is deducted from Social Security payments or paid out-of-pocket for those who delay SS benefits.
- Medicare Part D is prescription drug coverage delivered through private insurance companies and monthly premiums range from $37 to $141.

Medicare Facts Continued

- The initial enrollment period starts on the 1st day of the 3rd month before a recipient's 65th birthday & extends for 7 months.
- Those who are covered by an employer group plan that covers 20 or more employees during their initial enrollment period have a special 8-month enrollment period that starts when they leave employment or group coverage concludes.
- Late enrollment penalties apply for failing to sign up for initial or permanent enrollment periods. This is a permanent penalty that is 10% of the Part B premium for every 12-month period you should have been enrolled but wasn't.
- Medigap or supplemental coverage open enrollment starts the month a person is both 65 & has Part B & extends for 6 months. However, we recommend you obtain Part B & Medigap coverage at the same time since enrollment in B starts the 6-month clock on Medigap open enrollment.

2022 Medicare Part B & D Total Premiums

IRMAA costs for 2022, single filer					
Single return MAGI (2020 tax return)	2022 Part B	Annual cost	2022 Part D *	Annual cost	Total annual cost
$91,000 or less	$170.10	$2,041.20	$33.00	$396.00	$2,437.20
$91,001 to $114,000	$238.10	$2,857.20	$45.40	$544.80	$3,402.00
$114,001 to $142,000	$340.20	$4,082.40	$65.10	$781.20	$4,863.60
$142,001 to $170,000	$442.30	$5,307.60	$84.70	$1,016.40	$6,324.00
$170,001 to $499,999	$544.30	$6,531.60	$104.30	$1,251.60	$7,783.20
$500,000 and up	$578.30	$6,939.60	$110.90	$1,330.80	$8,270.40

IRMAA costs for 2022, couple filing jointly					
Joint return MAGI (2020 tax return)	2022 Part B	Annual cost x 2	2022 Part D *	Annual cost x 2	Total annual cost
$182,000 or less	$170.10	$4,082.40	$33.00	$792.00	$4,874.40
$182,001 up to $228,000	$238.10	$5,714.40	$45.40	$1,089.60	$6,804.00
$228,001 up to $284,000	$340.20	$8,164.80	$65.10	$1,562.40	$9,727.20
$284,001 up to $340,000	$442.30	$10,615.20	$84.70	$2,032.80	$12,648.00
$340,001 to $749,999	$544.30	$13,063.20	$104.30	$2,503.20	$15,566.40
$750,000 and up	$578.30	$13,879.20	$110.90	$2,661.60	$16,540.80

* Using $33 as a typical Part D monthly base cost

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* Using $33 as a typical Part D monthly base cost

COBRA Coverage? (If Medicare Eligible)

- You may have chosen to delay enrollment into Medicare Part B upon Medicare eligibility if you or your spouse are actively working and are covered by an employer's group health plan (EGHP). So, if unemployed and seek to postpone Medicare enrollment, investigate enrollment to a spouse's plan (must be done within 30-days of separation).
- If you have Medicare Part A only when your group health plan coverage ends and you or your spouse are no longer actively working, it will be necessary to enroll into Medicare Part B even if you choose to continue employer group health coverage under COBRA.
- Coverage under COBRA is not due to current, active employment, which means your Medicare coverage will be primary. You have 8 months from when the employment ends, called a special enrollment period, to enroll in Medicare Part B. If you do not enroll during this 8-month period, you may have to pay a Medicare Part B premium late penalty, and your coverage will be delayed.

Mind The Gap: Medigap

- Medigap policies are issued by private insurance companies. Medigap can turn people down because of their health status unless they apply for benefits during the Medigap open enrollment period.
- Most states require Medigap plans to be standardized and identified by letters.
- All plans cover the gaps in A and all or part of Part B co-insurance or co-payments. Medigap will no longer cover the Part B deductible. Plan G is the most comprehensive supplemental plan.
- The Medicare website has a tool that is similar to the drug plan finder for Medigap policies: www.medicare.gov. After you bring up your zip code, it will bring up an overview page of all standardized plans.

Medicare Advantage Plans or "Medicare Plan C"

- Medicare Advantage plans are all inclusive. They provide services under Part A & B. Most also offer prescription drug plans.
- You must enroll in A & B, then find a Medicare Advantage plan.
- Most operate as an HMO, so you'll want to determine whether your current primary (if you're not willing to switch), is within the program you like.
- Advantage plans may not deny enrollment based on health status.
- You may switch back to Original Medicare or another Advantage plan during annual open enrollment.
- Medicare Advantage can be more cost advantageous than Medigap, however it's best for the healthiest of recipients who don't require frequent trips to the doctor. Medigap is most likely a better overall choice, but it's best to do your homework or consult a healthcare insurance provider.

Step 5:

To Shelter all your Savings in Tax-Deferred Accounts may be a Big Mistake the Closer you Get to Retirement

- Most retirees wish to maintain their lifestyle in retirement, which means staying in a high tax bracket. This could have major repercussions to the taxation of Social Security benefits, increases in Medicare premiums, a greater tax burden overall in retirement.
- If your primary source of income in retirement is derived from tax-deferred accounts, then all distributions would be taxed at ordinary income rates. Thus, you would lose the ability to maintain control over your tax rate in retirement.
- At 72, required minimum distributions will result in further loss of tax control. Also, ‘stretch’ IRAs for non-spousal beneficiaries have been eliminated which may make Roth a better option for legacy planning.

Step 6:

Health Savings Accounts: Retirement Healthcare Powerhouses

- A Health Savings Account is a pre-tax, triple-tax free vehicle that's coupled with a high-deductible health insurance plan.
- A high-deductible health plan for 2022 is considered by the IRS as any plan with a deductible of at least $1,400 for an individual, $2,800 for a family. A HDHP total yearly out-of-pocket expenses can't be more than $7,000 for an individual, $14,000 for a family.
- HSA contribution limits for 2022: Individual - $3,650, family - $7,300, plus a $1,000 "catch-up" contribution for participants who are 55 and older.
- If you take Social Security, you'll be "automatically" enrolled in Medicare Part A which will disqualify you from contributing to an HSA.
- To decide whether to maintain an HSA over taking Medicare Part A depends on an individual's projected health experience, current qualified employer-based coverage, and whether waiting to take Social Security is worth it in order to continue contributing to a Health Savings Account.
- Pre-retirees following our "Right Lane Strategy," should consider maxing out their HSAs before maxing their company retirement plans (and avoid withdrawals from the HSA), as much as possible to bolster their "health-related retirement account."

Tax Diversification: Tips to Remember

- 3-5 years before your retirement date, begin to think "diversification of tax treatment," as well as diversification of assets.
- How to do it?
- Work with a qualified financial and tax adviser to consider surgical Roth conversions to grow a bucket of eventual tax-free withdrawals to compliment taxable distributions from tax-deferred accounts.
- Consider switching from funding your traditional tax-deferred retirement account to funding a Roth 401(k). Your employer should offer this option.
- If no Roth 401(k) is available, fund tax-deferred retirement accounts up to the employer match and save the rest in a taxable brokerage account.

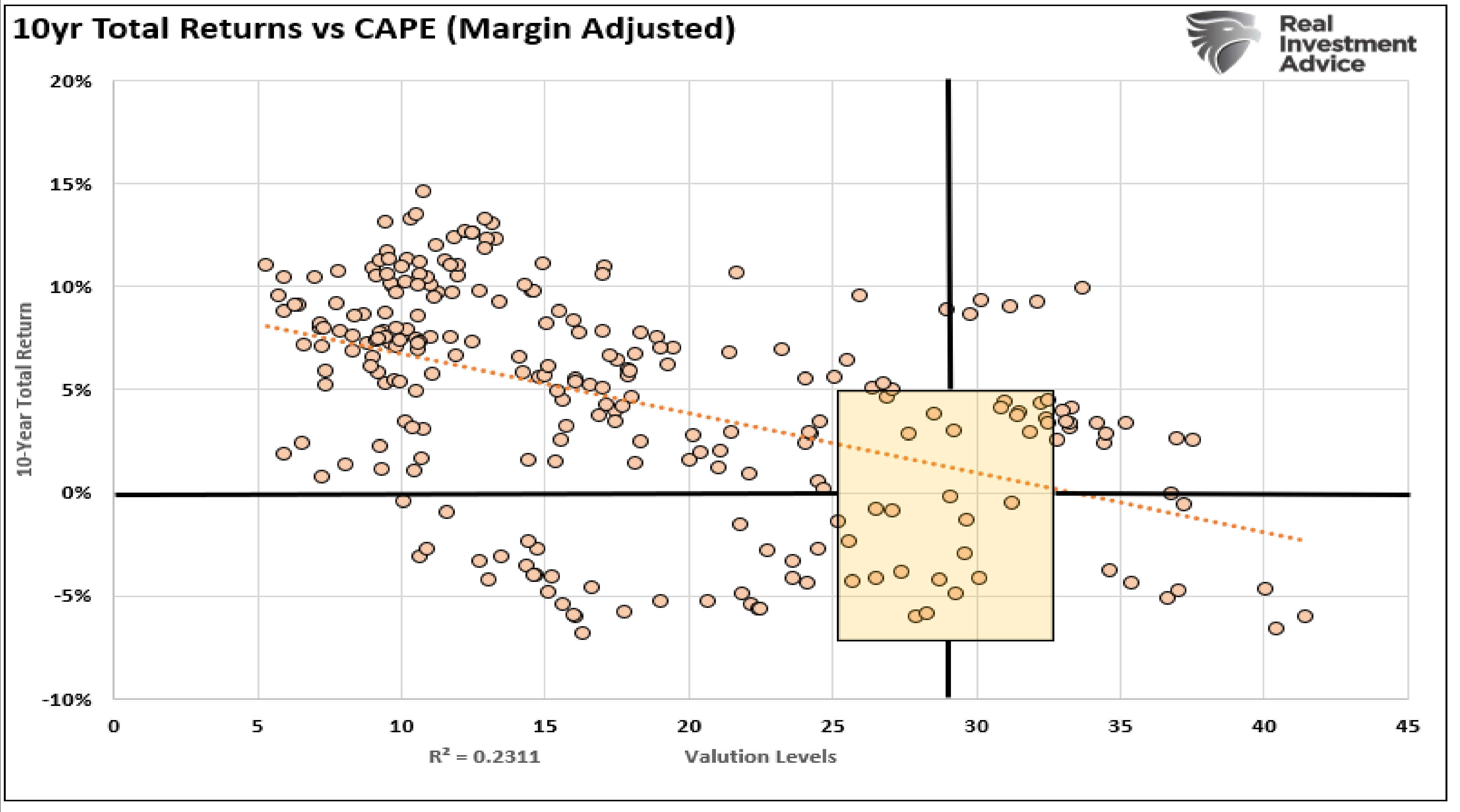
Step 7:

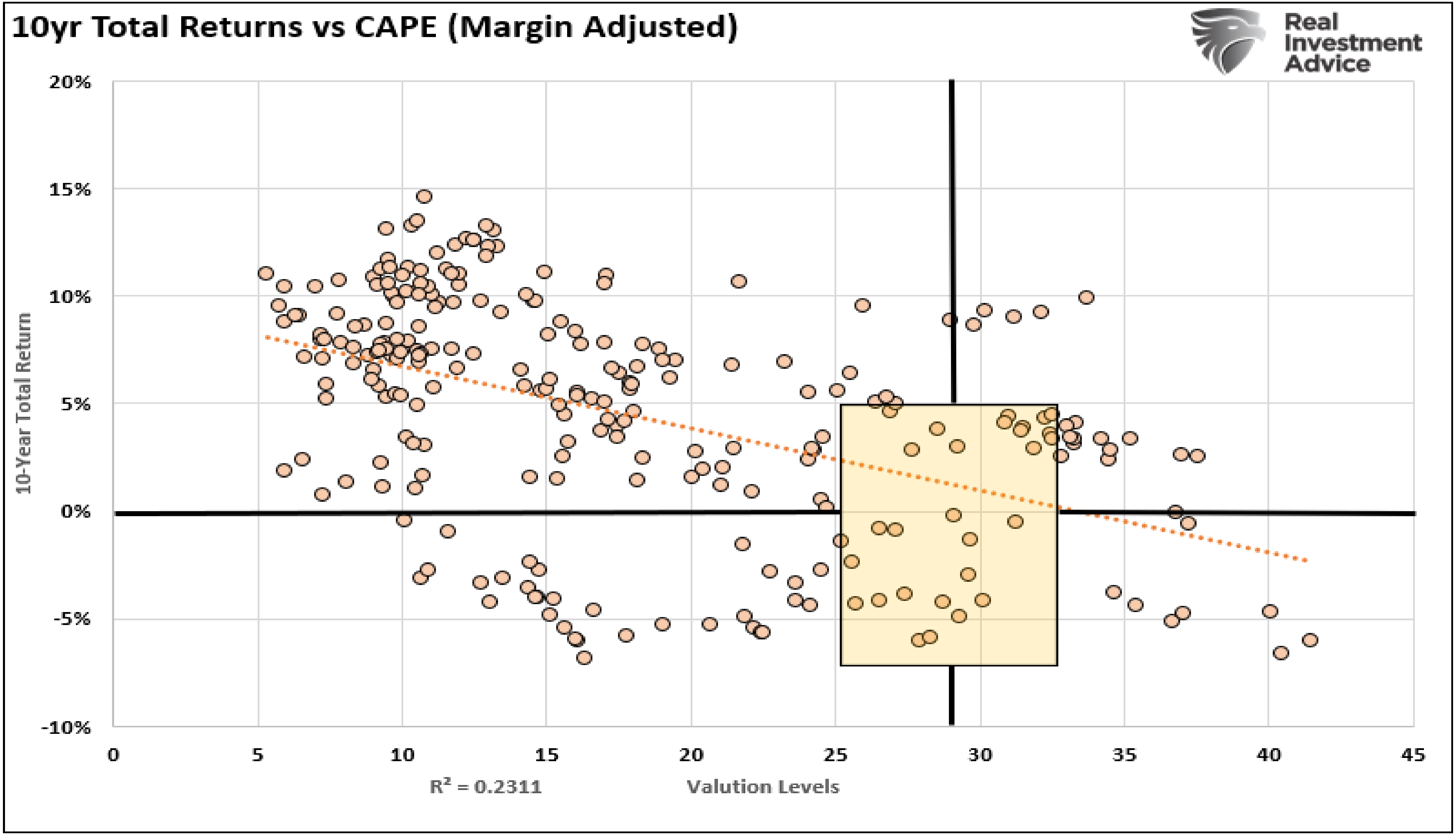
How Should your Asset Allocation Look Five Years from Retirement?

- Where you retire in a market cycle is luck. Whether you experience a market headwind or tailwind through a distribution cycle is a roll of the dice.
- Studies show that protecting assets in the first 10 years of retirement dictates portfolio longevity for the next 20.
- Recent academic research shows that when stock valuations exceed historical norms, it’s best to maintain a conservative asset allocation when entering retirement and then adjust to more a more aggressive stance as valuations improve.
- Your asset mix approaching retirement may hold more in bonds and cash than stocks to ensure your plans aren’t derailed and to reduce your risk of principal loss.
- With stock valuations (based on real earnings over 10 years periods) at 41, stock markets are at the second highest level of valuation since the Tech bubble burst in 2000 which warrants caution.

Five Must-See Charts for Retirement Distributions

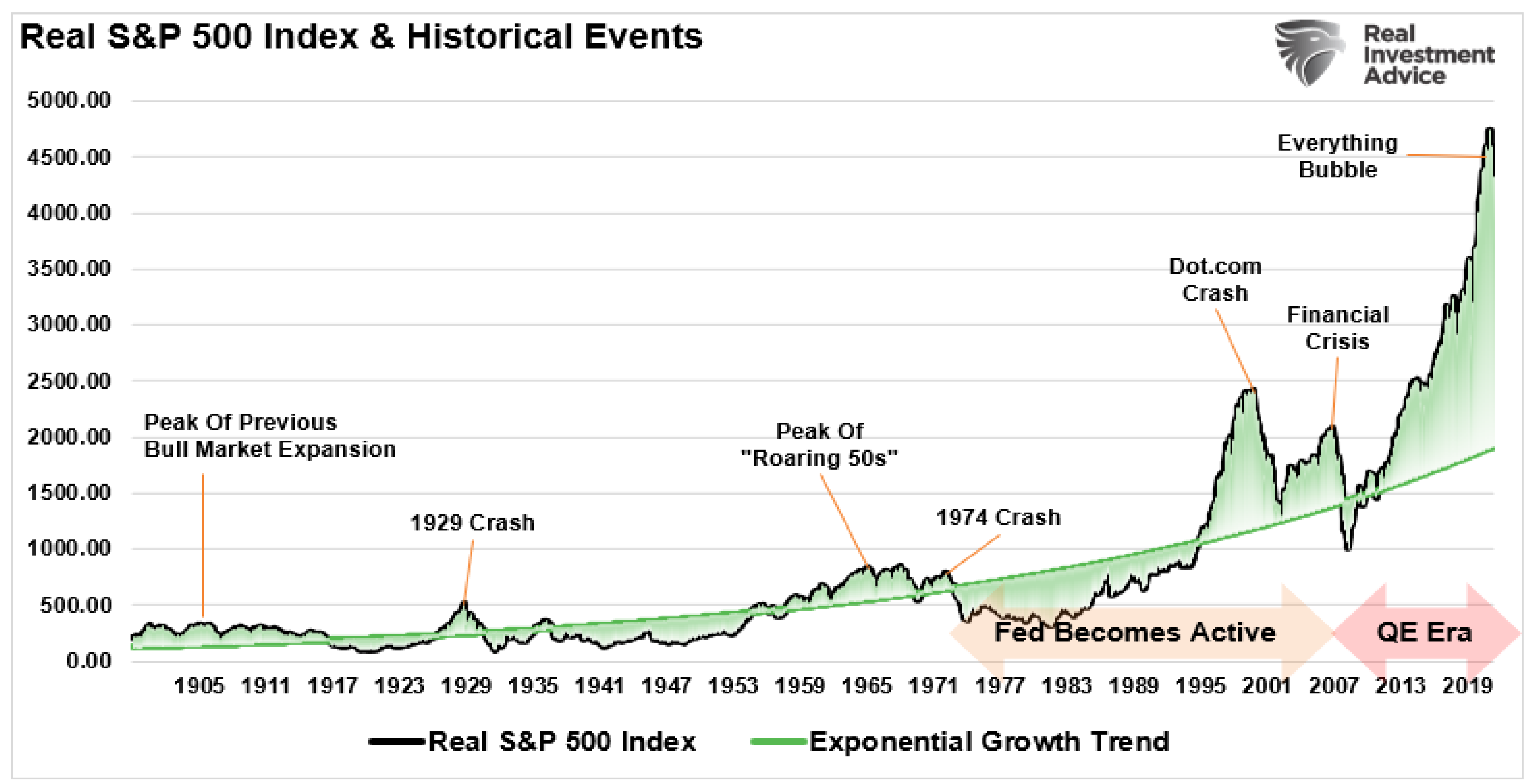
Chart #1: Valuation Levels Are Extremes





10yr Total Returns vs CAPE (Margin Adjusted)
Real Investment Advice
20%
15%
10%
5%
0%
-5%
-10%
10-Year Total Return
0
5
10
15
20
25
30
35
40
45
R² = 0.2311
Valution Levels

Chart #2: By Every Measure, Stocks Are Expensive



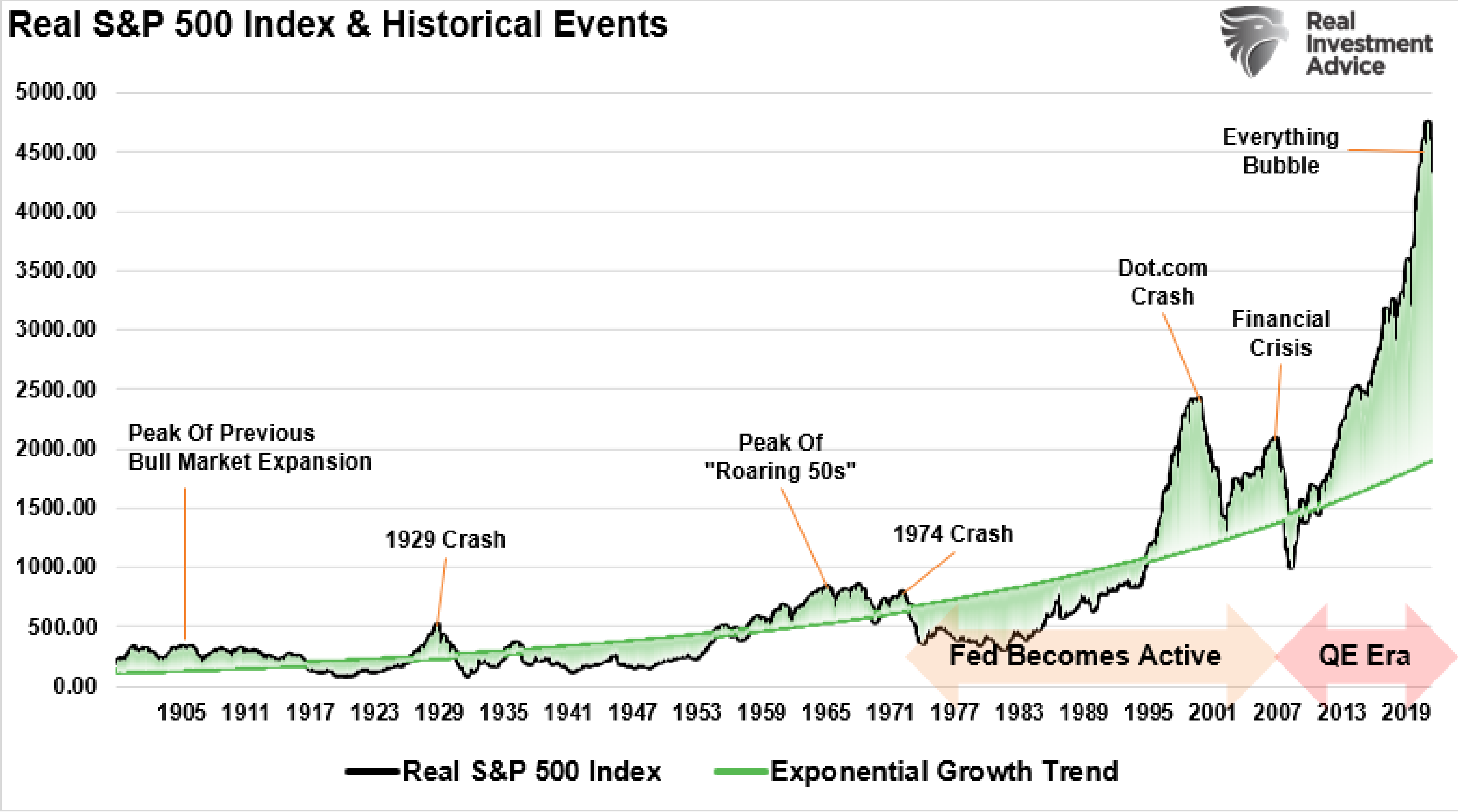
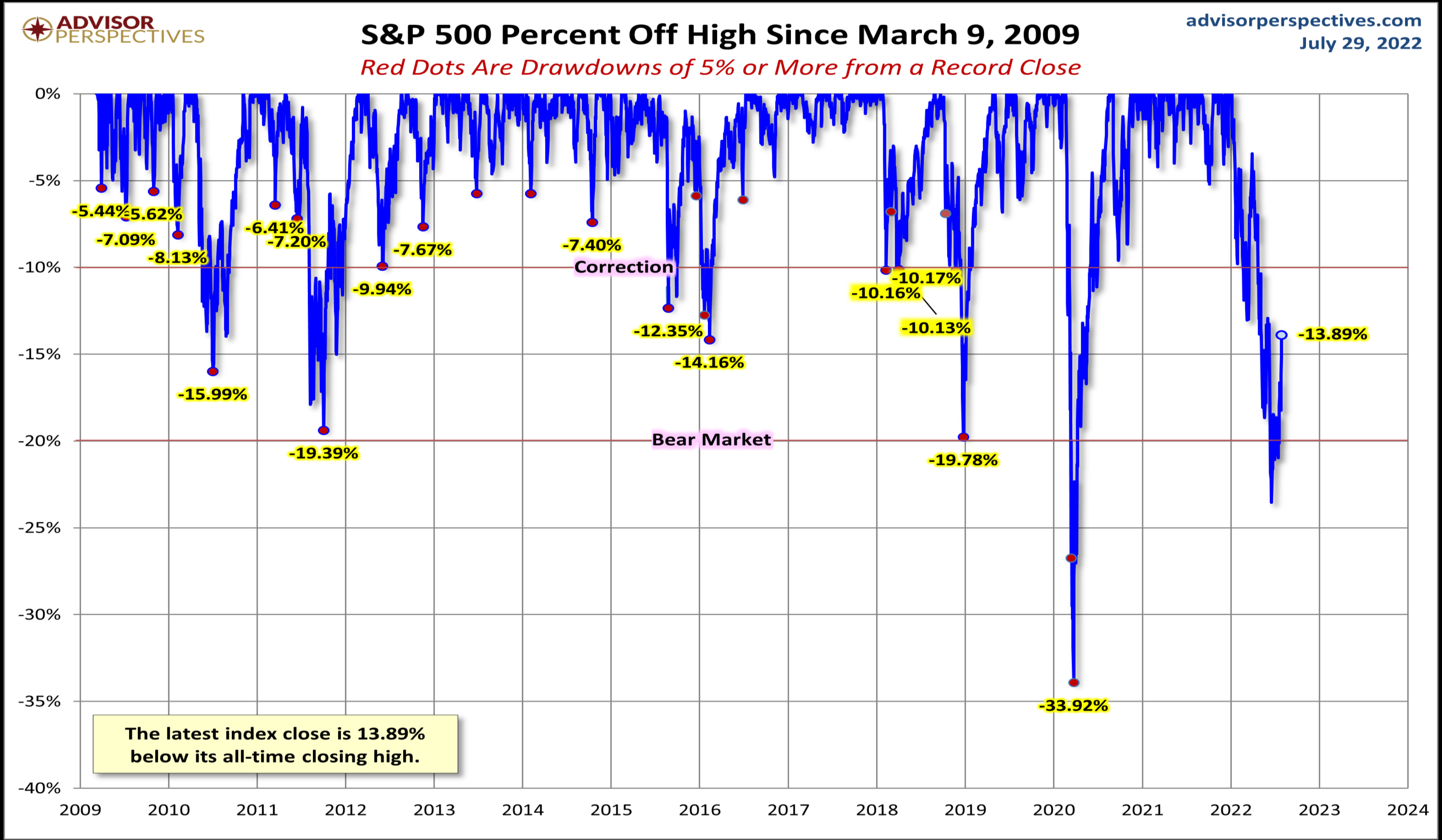

Real S&P 500 Index & Historical Events
Real Investment Advice
5000.00
4500.00
4000.00
3500.00
3000.00
2500.00
2000.00
1500.00
1000.00
500.00
0.00
1905
1911
1917
1923
1929
1935
1941
1947
1953
1959
1965
1971
1977
1983
1989
1995
2001
2007
2013
2019
Peak Of Previous Bull Market Expansion
1929 Crash
Peak Of "Roaring 50s"
1974 Crash
Dot.com Crash
Financial Crisis
Everything Bubble
Fed Becomes Active
QE Era
Real S&P 500 Index
Exponential Growth Trend

Chart #3: Where you Retire in a Market Cycle is Luck!



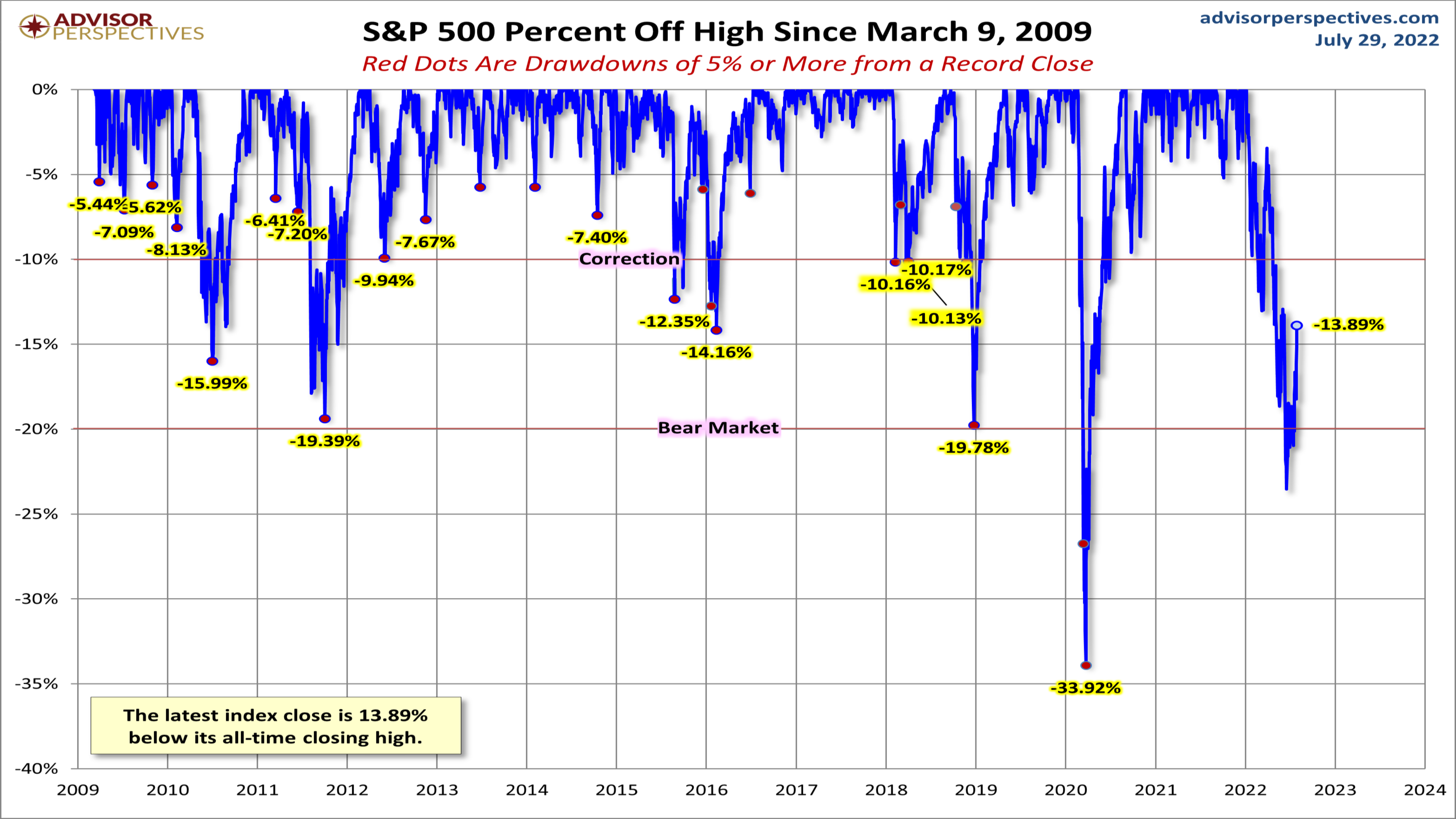
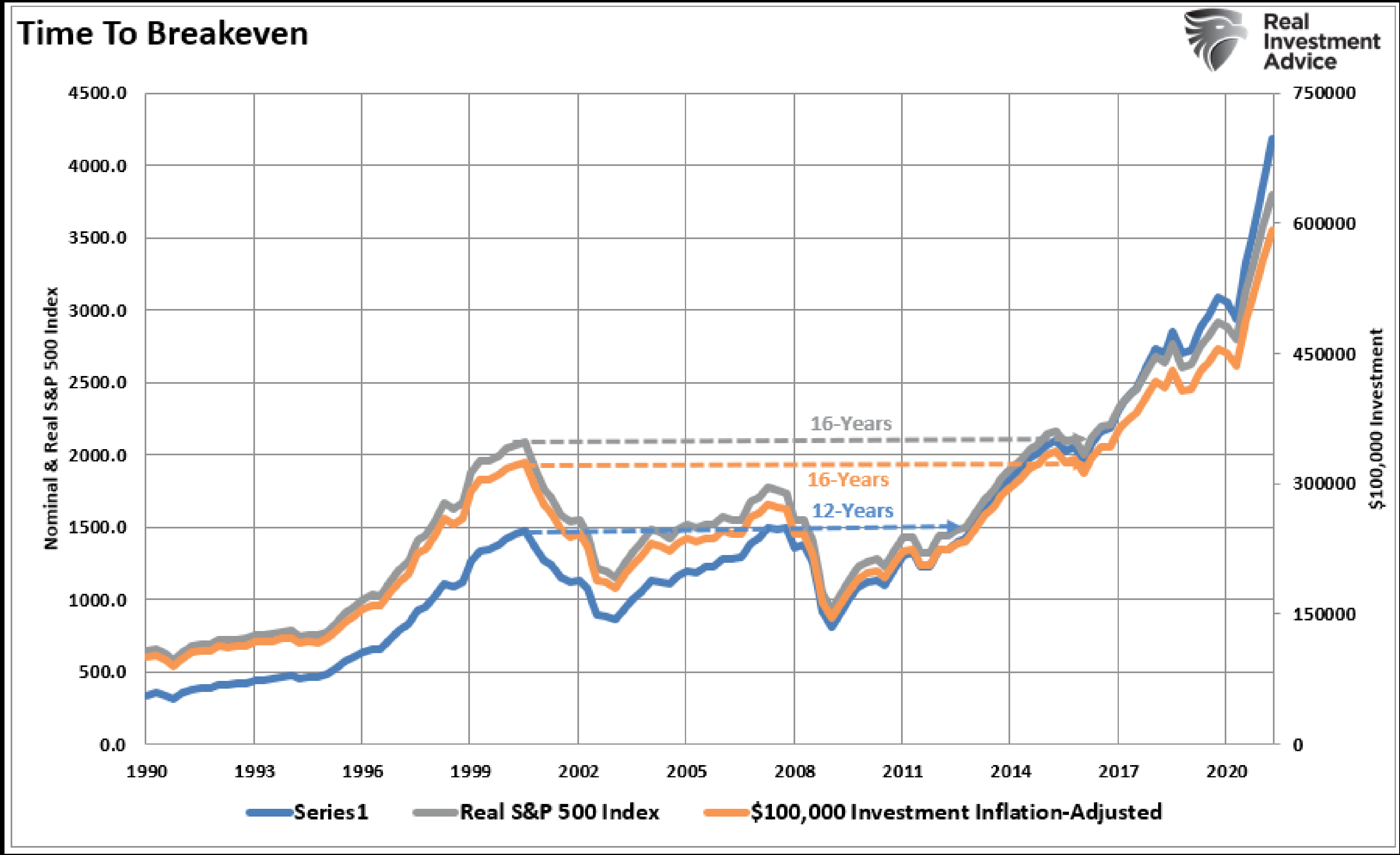

ADVISOR PERSPECTIVES
S&P 500 Percent Off High Since March 9, 2009
Red Dots Are Drawdowns of 5% or More from a Record Close
advisorperspectives.com
July 29, 2022
0%
-5%
-10%
-15%
-20%
-25%
-30%
-35%
-40%
-5.44%
-5.62%
-7.09%
-8.13%
-15.99%
-6.41%
-7.20%
-19.39%
-9.94%
-7.67%
-7.40%
Correction
-12.35%
-14.16%
Bear Market
-10.17%
-10.16%
-10.13%
-19.78%
-33.92%
-13.89%
The latest index close is 13.89% below its all-time closing high.
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024

Chart #4: Never Doubt "Regression to the Mean"



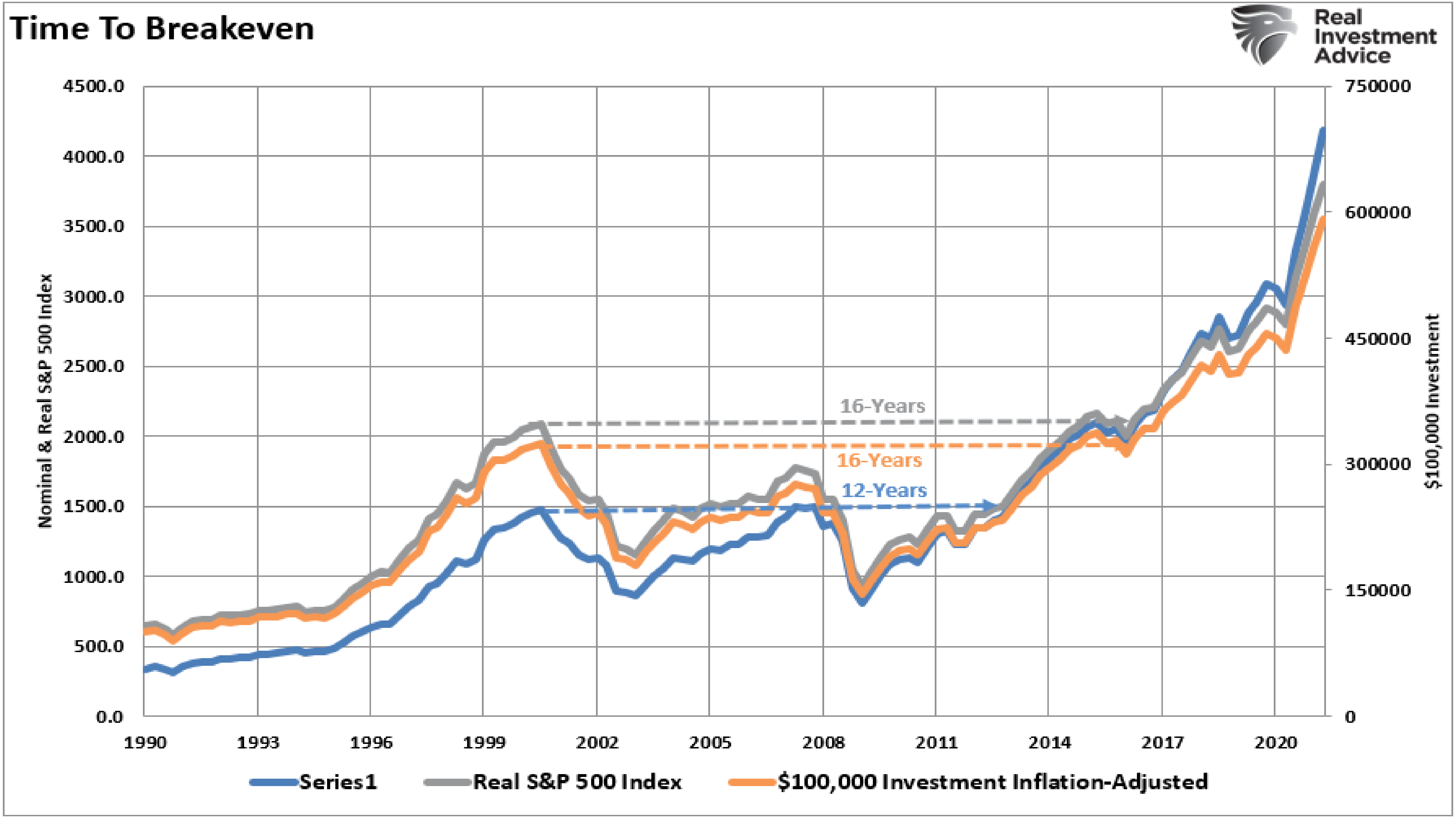
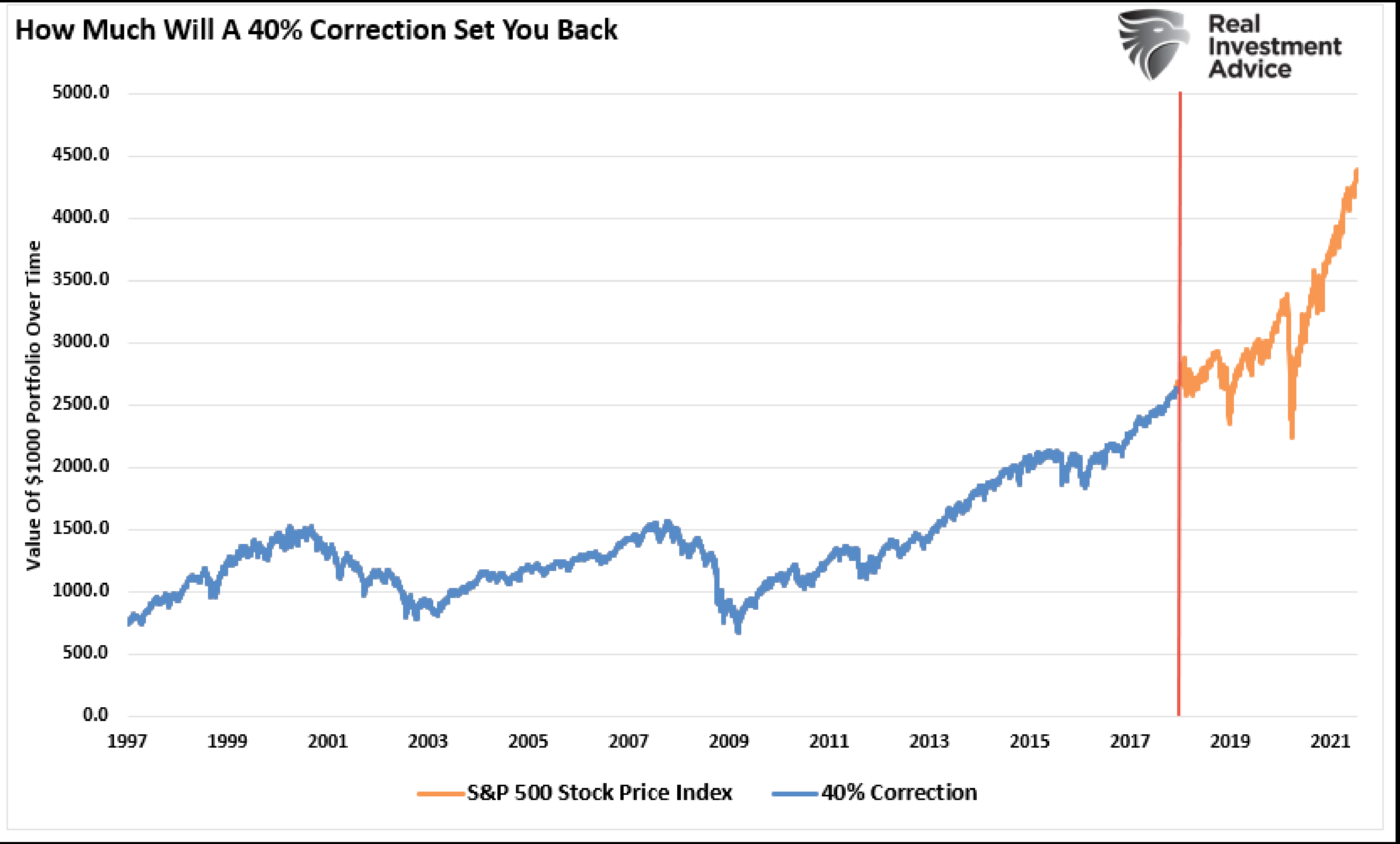
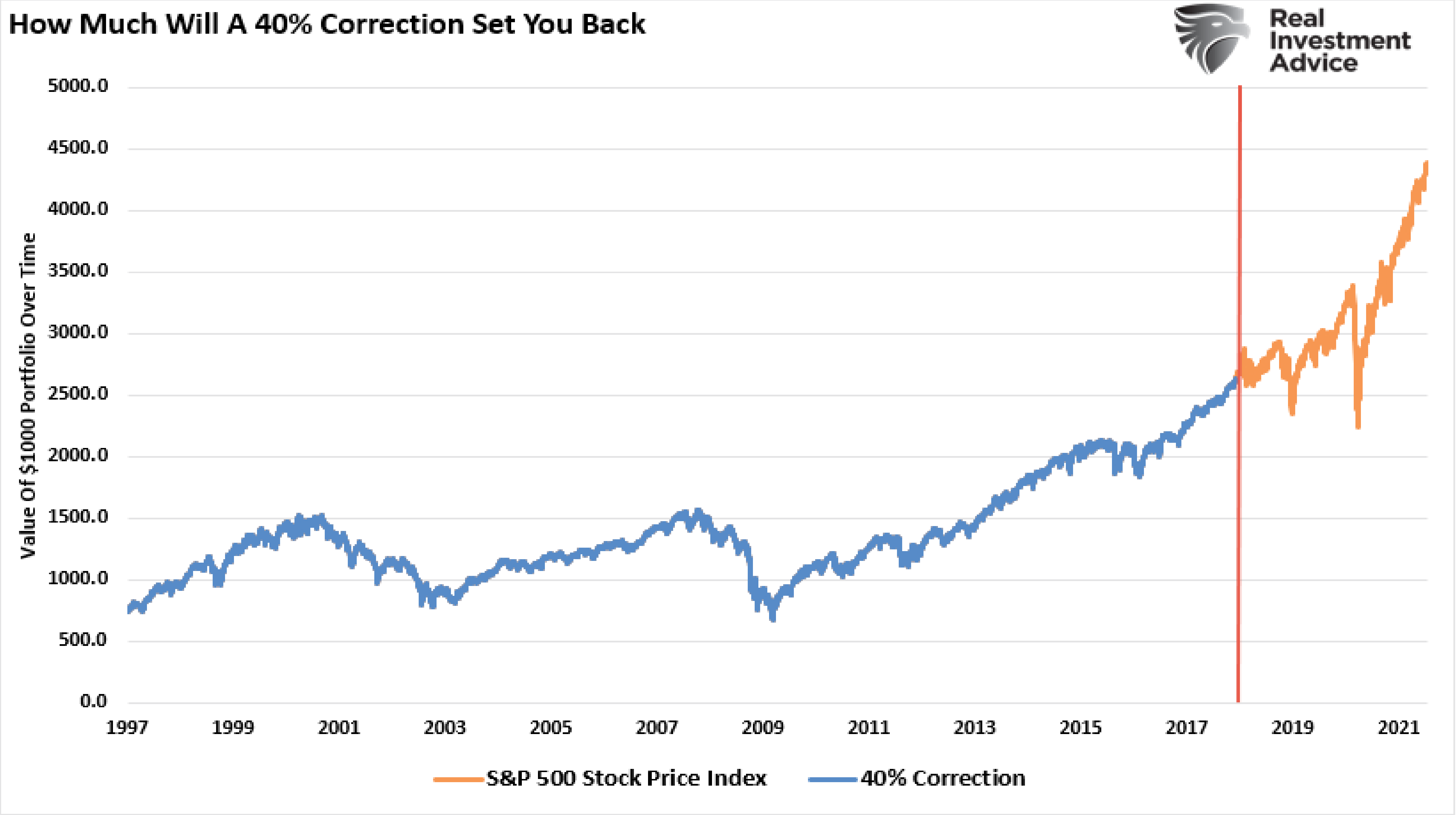

Time To Breakeven
Real Investment Advice
4500.0
4000.0
3500.0
3000.0
2500.0
2000.0
1500.0
1000.0
500.0
0.0
750000
600000
450000
300000
150000
0
Nominal & Real S&P 500 Index
$100,000 Investment
16-Years
16-Years
12-Years
1990
1993
1996
1999
2002
2005
2008
2011
2014
2017
2020
Series1
Real S&P 500 Index
$100,000 Investment Inflation-Adjusted

Chart #5: "Bear Markets Occur 40% Of The Time!

Not 20% as Touted by Mainstream Financial Media! An average loss is close to 40%!




How Much Will A 40% Correction Set You Back
Real Investment Advice
Value Of $1000 Portfolio Over Time
5000.0
4500.0
4000.0
3500.0
3000.0
2500.0
2000.0
1500.0
1000.0
500.0
0.0
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
2019
2021
S&P 500 Stock Price Index
40% Correction

Step 8:

Consider Housing in Retirement

- Housing in retirement is a major decision, if not in the beginning of retirement, certainly after a decade in.
- Prices range from $4,290 a month for 55+ Independent Living to $7,635 for Skilled Nursing per Genworth's Cost Of Care Study 2020 – Houston, Texas.
- Continuing Care Retirement Communities (CCRCs), are housing communities that provide a range of services: Independent living, personal care, adult day services, assisted living, skilled nursing care, and rehabilitation.
- CCRCs are suitable for middle-class or affluent people age 62+ who are looking for a comprehensive housing solution. Residents know that regardless of their health, their needs will be covered as they age.
- Consider entrance and monthly fees. The IRS may recognize a percentage of both the entrance fee & monthly service fee as a prepaid medical expense deduction. An elder-care attorney & tax specialist should be part of your decision.

Aging In Place: The Most Popular Option

Key requirements for aging in place:

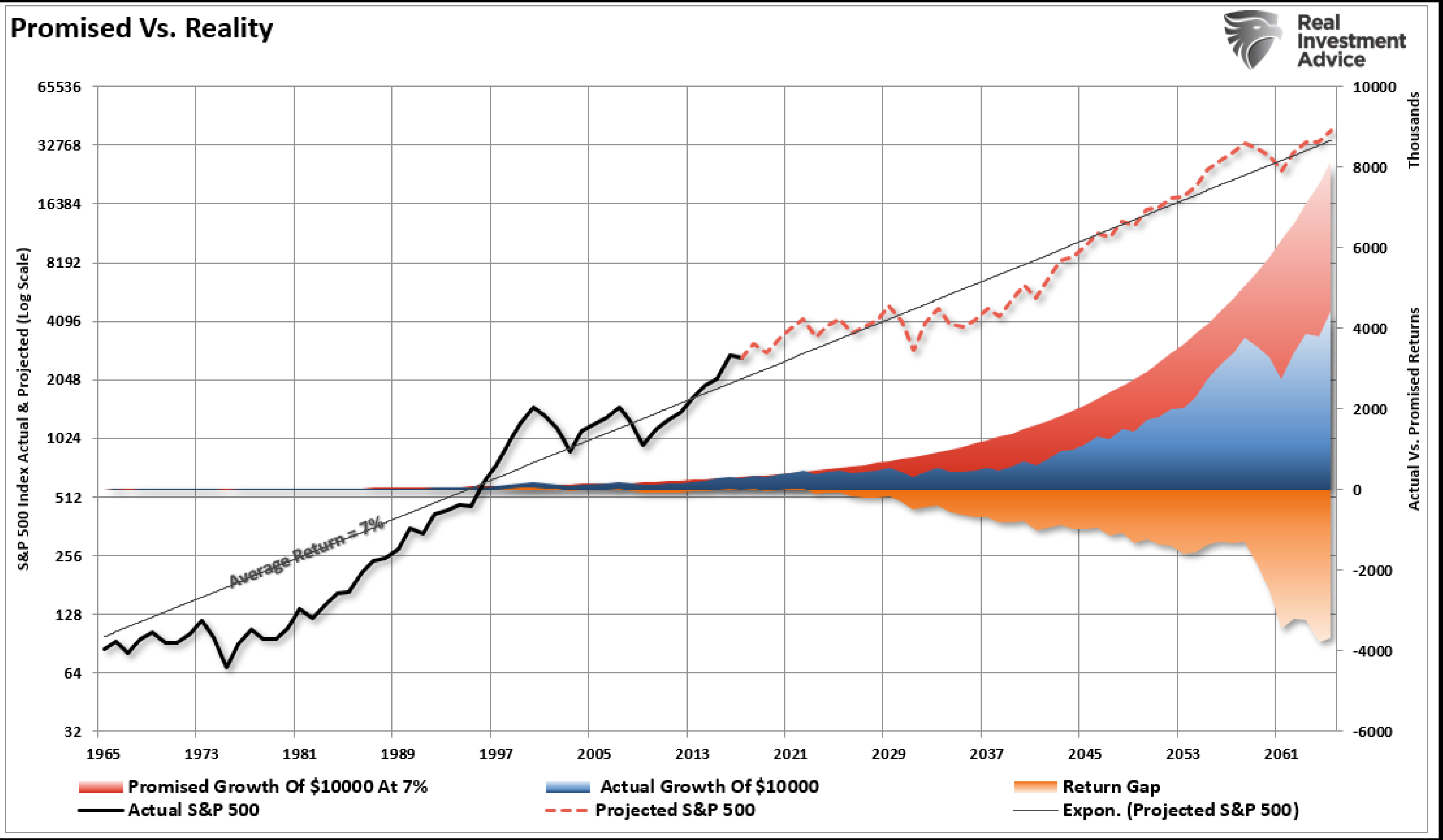
- Generally, in good health – People who are healthy and active are good candidates.
- Part of a social network – Those who have a circle of friends & family who live nearby can be a resource as well as good friends.
- Living in a home with a favorable floorplan: Homes with steep driveways or accessed by stairs may not be suitable or must be modified.
- Ability to access transportation and/or drive: Those aging in place must consider how easy it is to get around.
- Consider a home equity conversion mortgage to unlock your home equity which may be used to supplement retirement income and make improvements that will make a house aging-in-place ready.

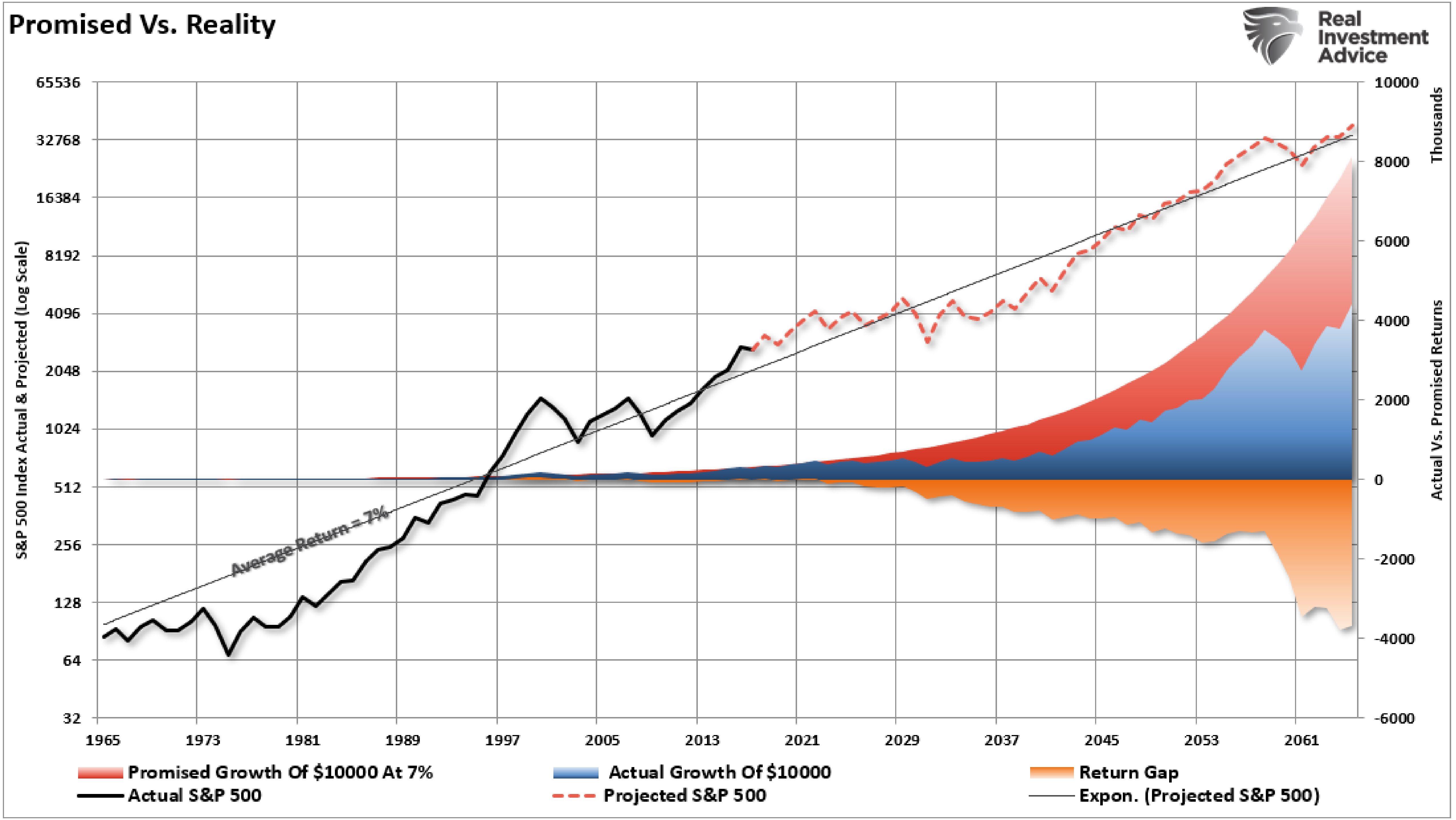
Step 9:

Long-Term Care Costs – The Financial Elephant in the Room

- Most retirees are not prepared for long-term care events, including custodial care to assist with activities for daily living.
- Long-term care insurance requires stringent underwriting and premiums over age 59 may be cost prohibitive.
- A comprehensive financial plan should include the impact of a long-term care event on retirement assets, including possible nursing home transition.
- You may be able to access cash values from life insurance and take advantage of long-term care riders.
- The insurance industry has created a series of hybrid insurance policies that permit less stringent underwriting, 5 years of lump sum premiums to purchase benefits, a return of premiums, and death benefits if long-term care benefits are not required.

Why is Buy & Hold a Flawed Theory?





Promised Vs. Reality
Real Investment Advice
S&P 500 Index Actual & Projected (Log Scale)
Actual Vs. Promised Returns
Thousands
Average Return = 7%
65536
32768
16384
8192
4096
2048
1024
512
256
128
64
32
10000
8000
6000
4000
2000
0
-2000
-4000
-6000
1965
1973
1981
1989
1997
2005
2013
2021
2029
2037
2045
2053
2061
Promised Growth Of $10000 At 7%
Actual Growth Of $10000
Return Gap
Actual S&P 500
Projected S&P 500
Expon. (Projected S&P 500)

Step 10:

Why “Buy & Hold” Can Be Detrimental to Wealth Preservation

- 10% rates of return are possible from one year to the next, but not on a consistent basis (despite what market pundits on television might say).
- The “power of compounding” ONLY WORKS when you do not lose money. For example, after three straight years of 10% returns, a drawdown of just 10% cuts the average annual compound growth rate by 50%. Furthermore, it then requires a 30% return to regain the average rate of return required. In reality, chasing returns is much less important to your long-term investment success than most believe.”

Buy & Hold or Risk Management?
You can Accomplish Both.

Let's assume an investor hopes to compound their investments by 10% per year over a 5-year period.

Year	Annual Return	Average Return	Notes
1	10%	10%	
2	10%	10%	
3	10%	10%	
4	-10%	5%	One year of loss destroys the compound rate
5	30%	10%	Requires a 30% return to recover from a 10% loss

Step 11:

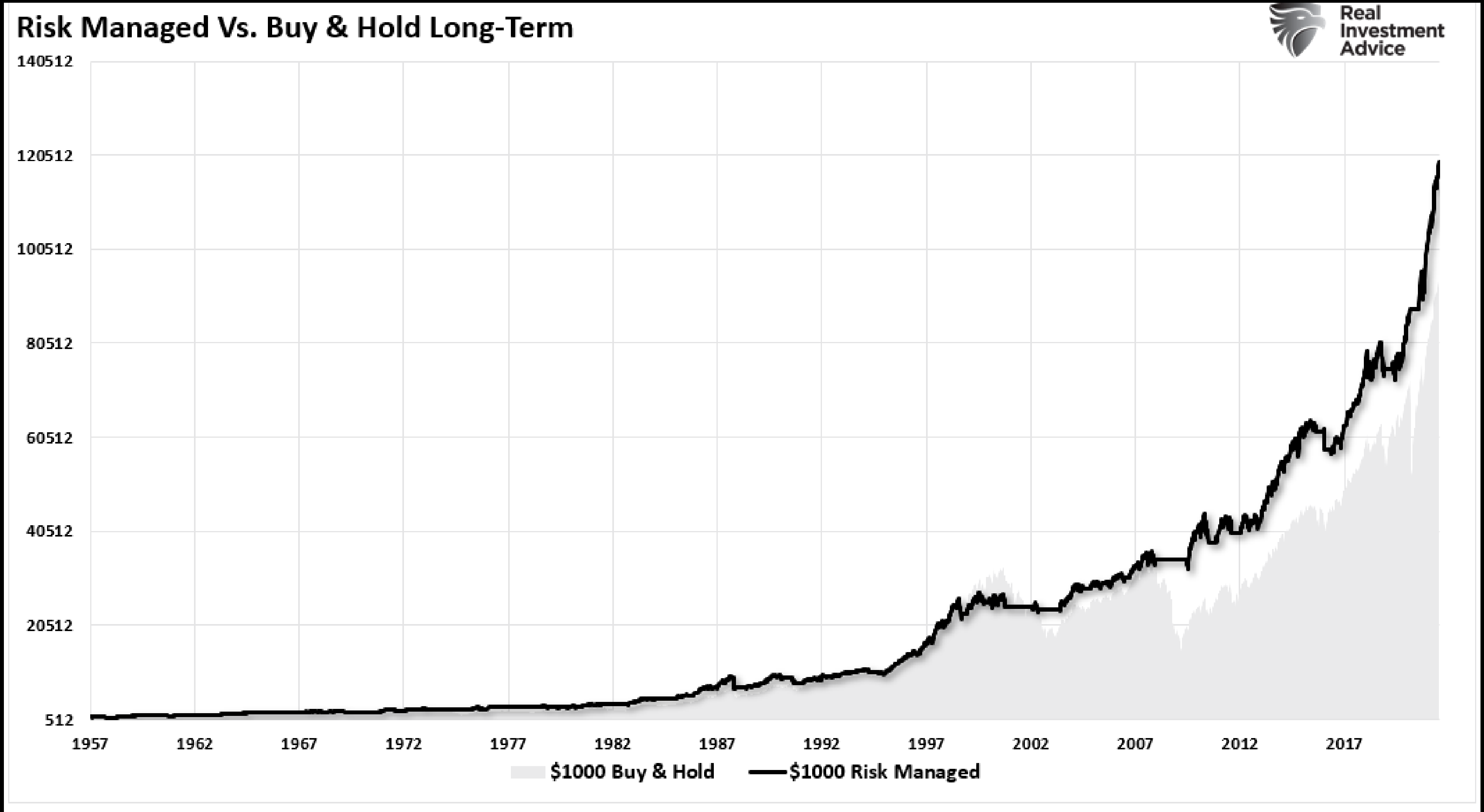
Risk Management is Achievable

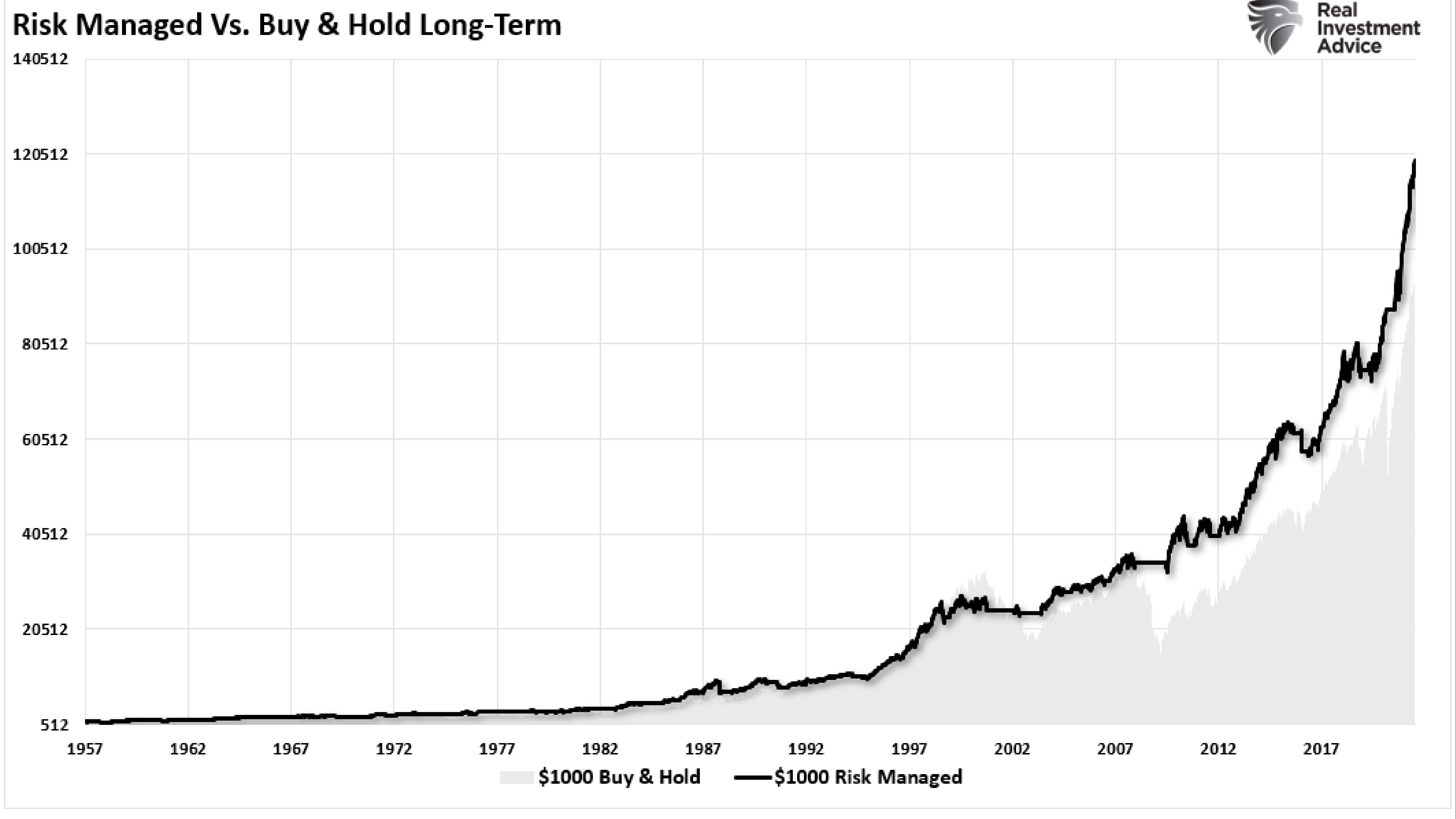
- For years, the investment industry has tried to scare clients into staying fully invested in the stock market at all times, no matter how high stocks go or what's going on in the economy. Investors are repeatedly warned that doing anything otherwise is simply foolish because "you can't time the market."

There is a reason for this:

- "Wall Street firms, despite what the media advertising tells you, are businesses. As a business, their job is to develop and deliver products to investors in whatever form investor appetites demand…Wall Street is always happy to provide 'products' to the consumers they serve.
- By using some measures, fundamental or technical, to reduce portfolio risk by taking profits as prices/valuations rise, or vice versa, the long-term results of avoiding periods of severe capital loss will outweigh missed short term gains. Small adjustments can have a significant impact over the long run.

Risk Management isn't an "All or None" Strategy

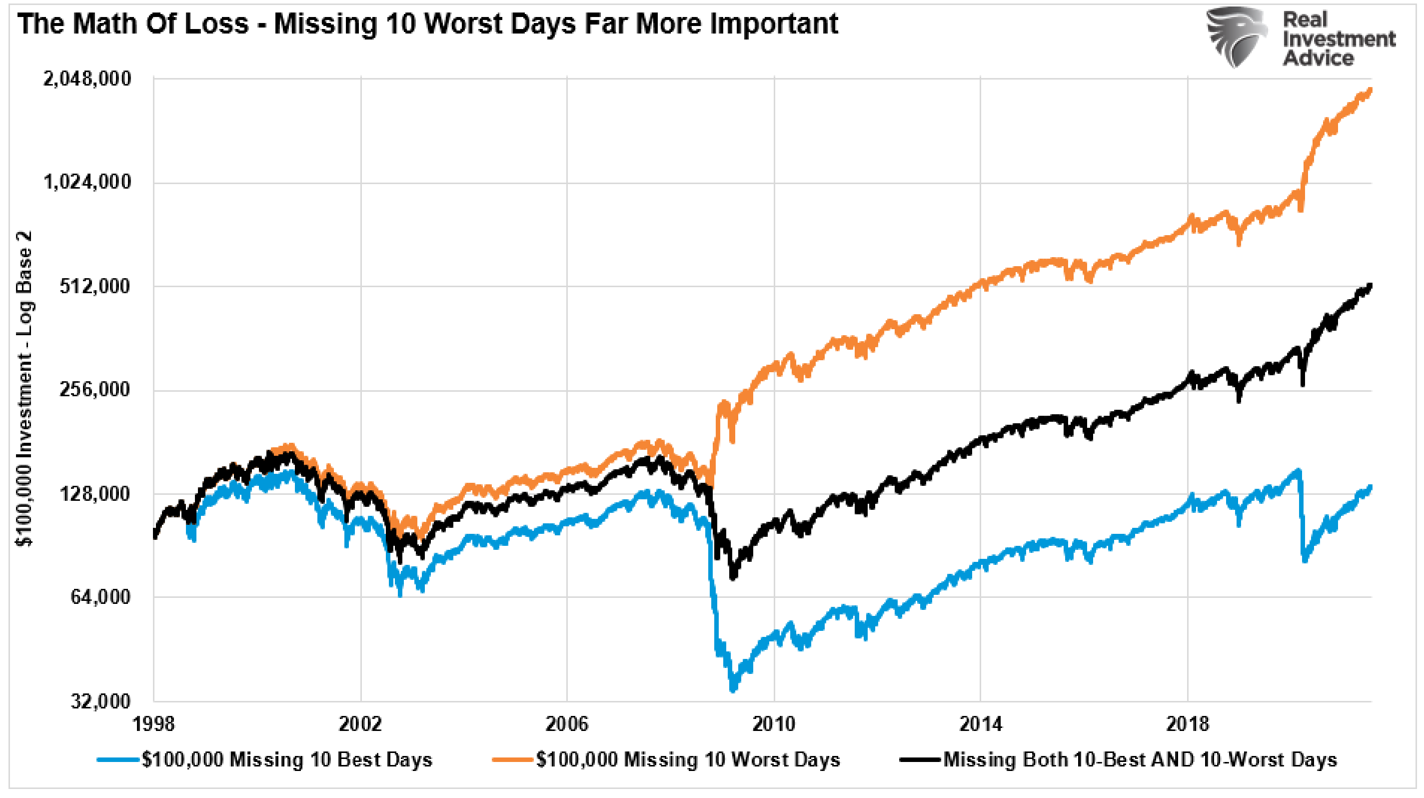




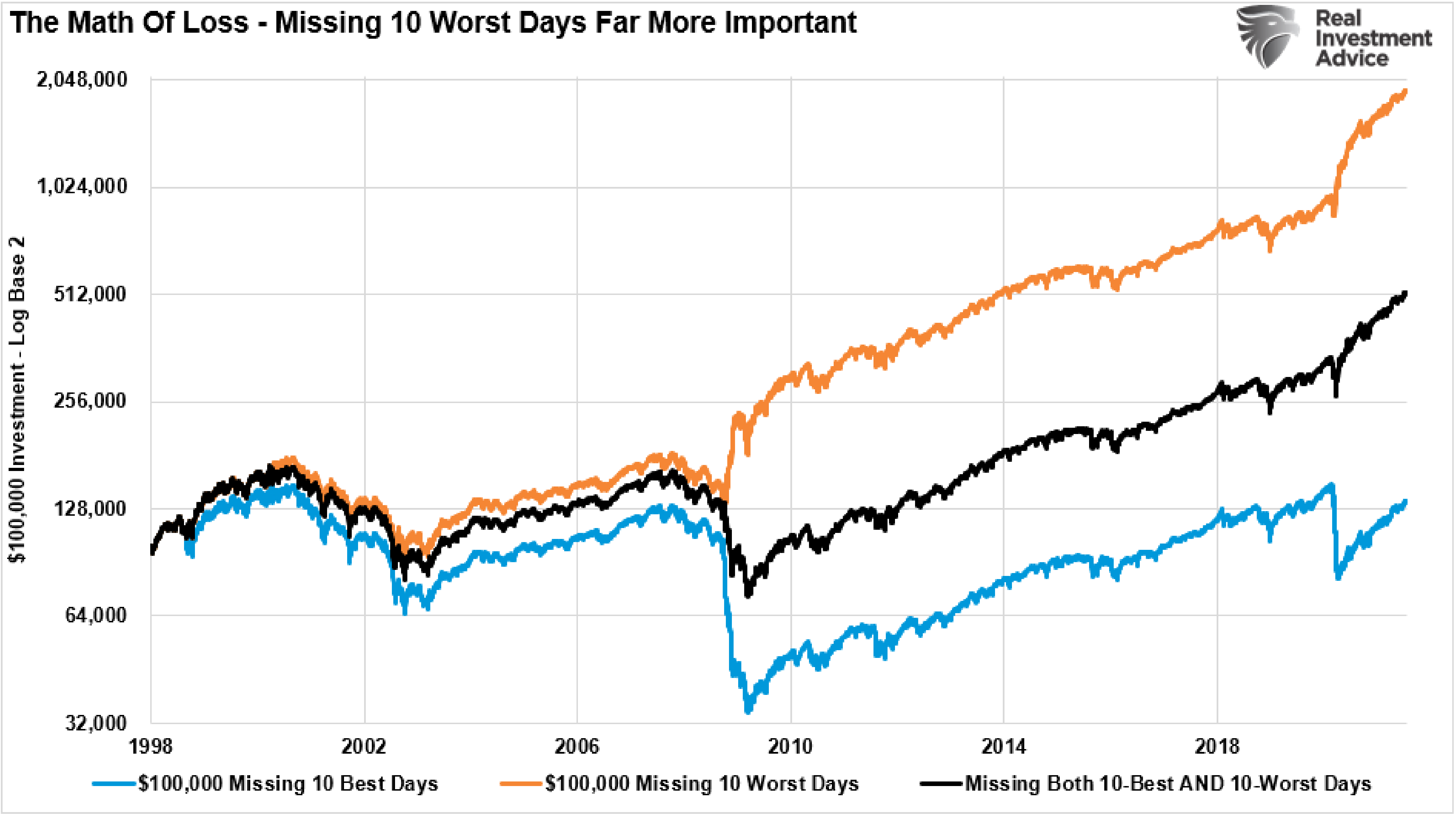
Risk Managed Vs. Buy & Hold Long-Term
Real Investment Advice
140512
120512
100512
80512
60512
40512
20512
512
1957
1962
1967
1972
1977
1982
1987
1992
1997
2002
2007
2012
2017
$1000 Buy & Hold
$1000 Risk Managed

The Math of Loss

Must be Considered over the Opportunity for Gain



Starting Value	% Draw Down	$ Loss	Ending Value	% Return Back to Breakeven
$100,000	10%	$10,000	$90,000	11.11%
$100,000	15%	$15,000	$85,000	17.65%
$100,000	20%	$20,000	$80,000	25.00%
$100,000	25%	$25,000	$75,000	33.33%
$100,000	30%	$30,000	$70,000	42.86%
$100,000	35%	$35,000	$65,000	53.85%
$100,000	40%	$40,000	$60,000	66.67%
$100,000	45%	$45,000	$55,000	81.82%
$100,000	50%	$50,000	$50,000	100.00%
$100,000	55%	$55,000	$45,000	122.22%
$100,000	60%	$60,000	$40,000	150.00%
$100,000	65%	$65,000	$35,000	185.71%
$100,000	70%	$70,000	$30,000	233.33%
$100,000	75%	$75,000	$25,000	300.00%



The Math Of Loss - Missing 10 Worst Days Far More Important
Real Investment Advice
2,048,000
1,024,000
512,000
256,000
128,000
64,000
32,000
$100,000 Investment - Log Base 2
1998
2002
2006
2010
2014
2018
$100,000 Missing 10 Best Days
$100,000 Missing 10 Worst Days
Missing Both 10-Best AND 10-Worst Days

Starting Value	% Draw Down	$ Loss	Ending Value	% Return Back to Breakeven
$100,000	10%	$10,000	$90,000	11.11%
$100,000	15%	$15,000	$85,000	17.65%
$100,000	20%	$20,000	$80,000	25.00%
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$100,000	35%	$35,000	$65,000	53.85%
$100,000	40%	$40,000	$60,000	66.67%
$100,000	45%	$45,000	$55,000	81.82%
$100,000	50%	$50,000	$50,000	100.00%
$100,000	55%	$55,000	$45,000	122.22%
$100,000	60%	$60,000	$40,000	150.00%
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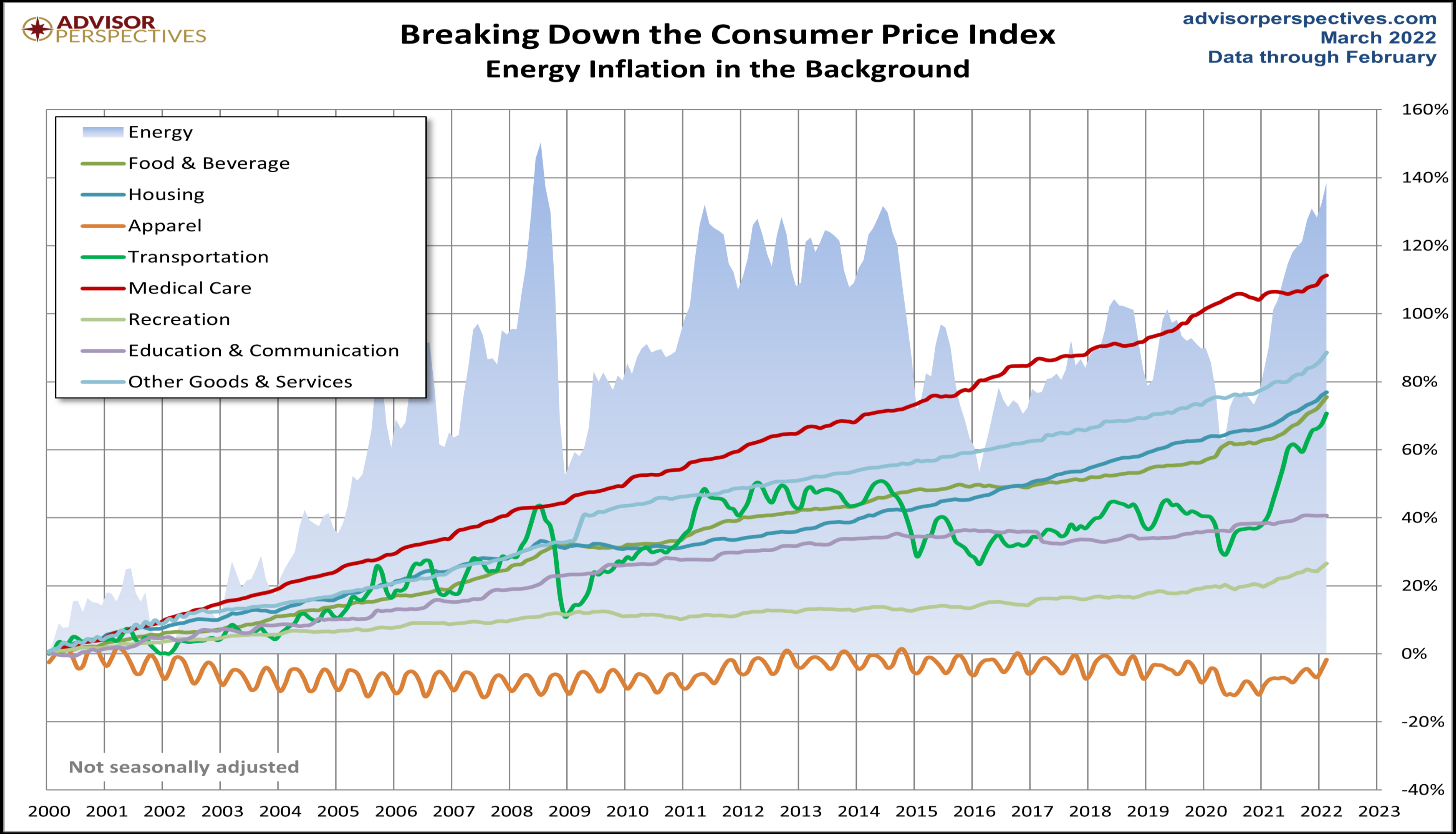
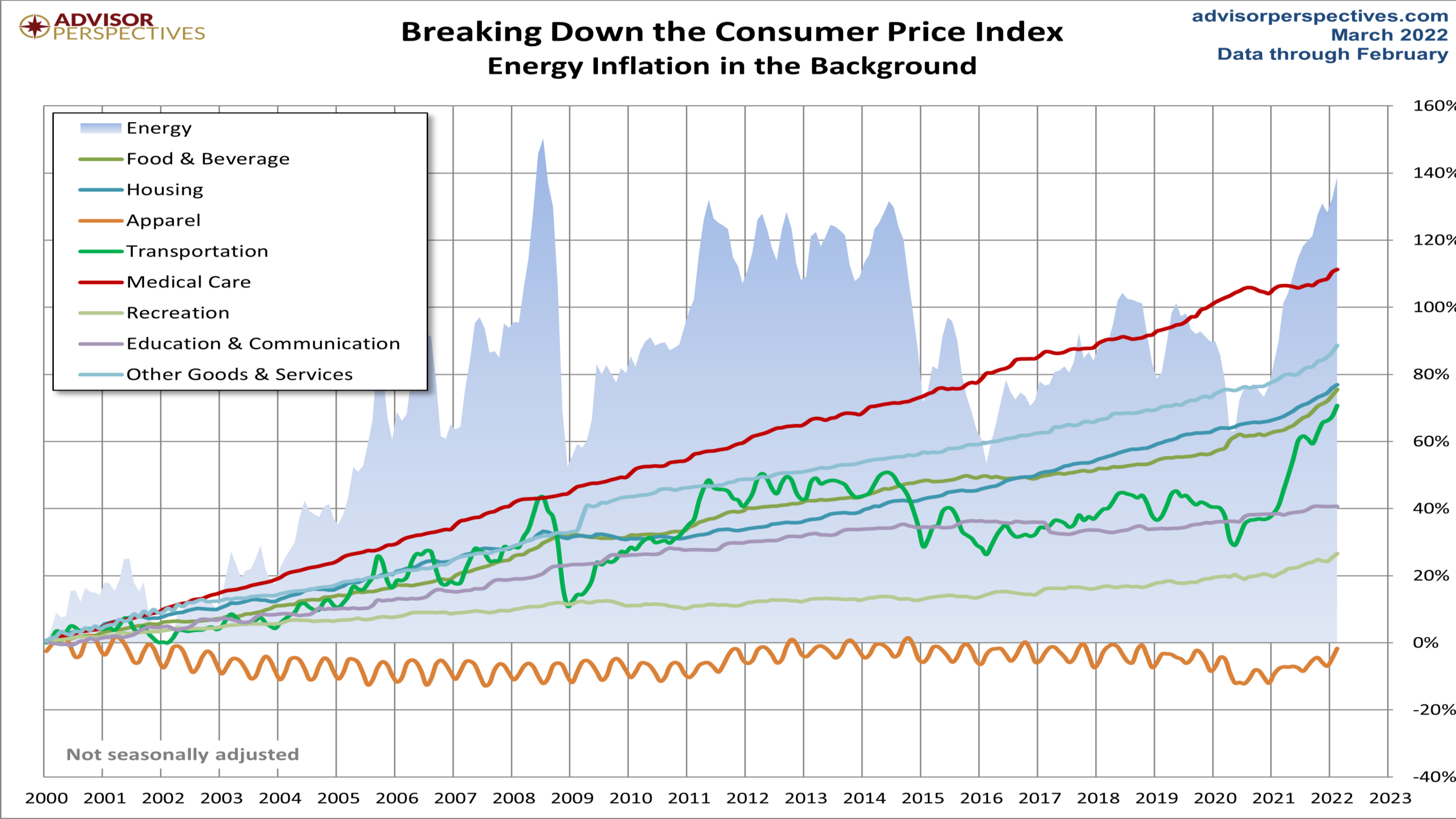
$100,000	70%	$70,000	$30,000	233.33%
$100,000	75%	$75,000	$25,000	300.00%

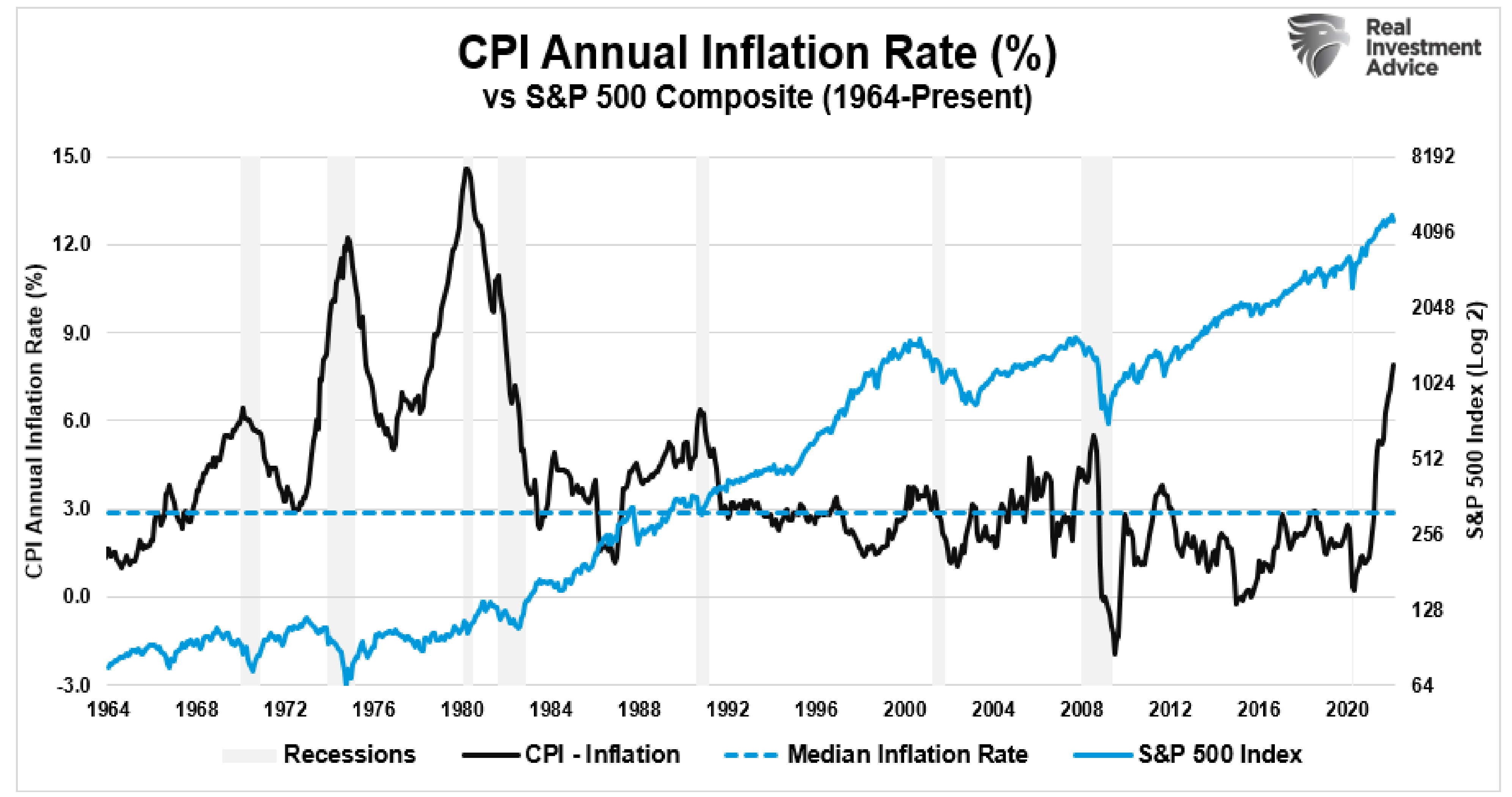
Inflation Perspective.

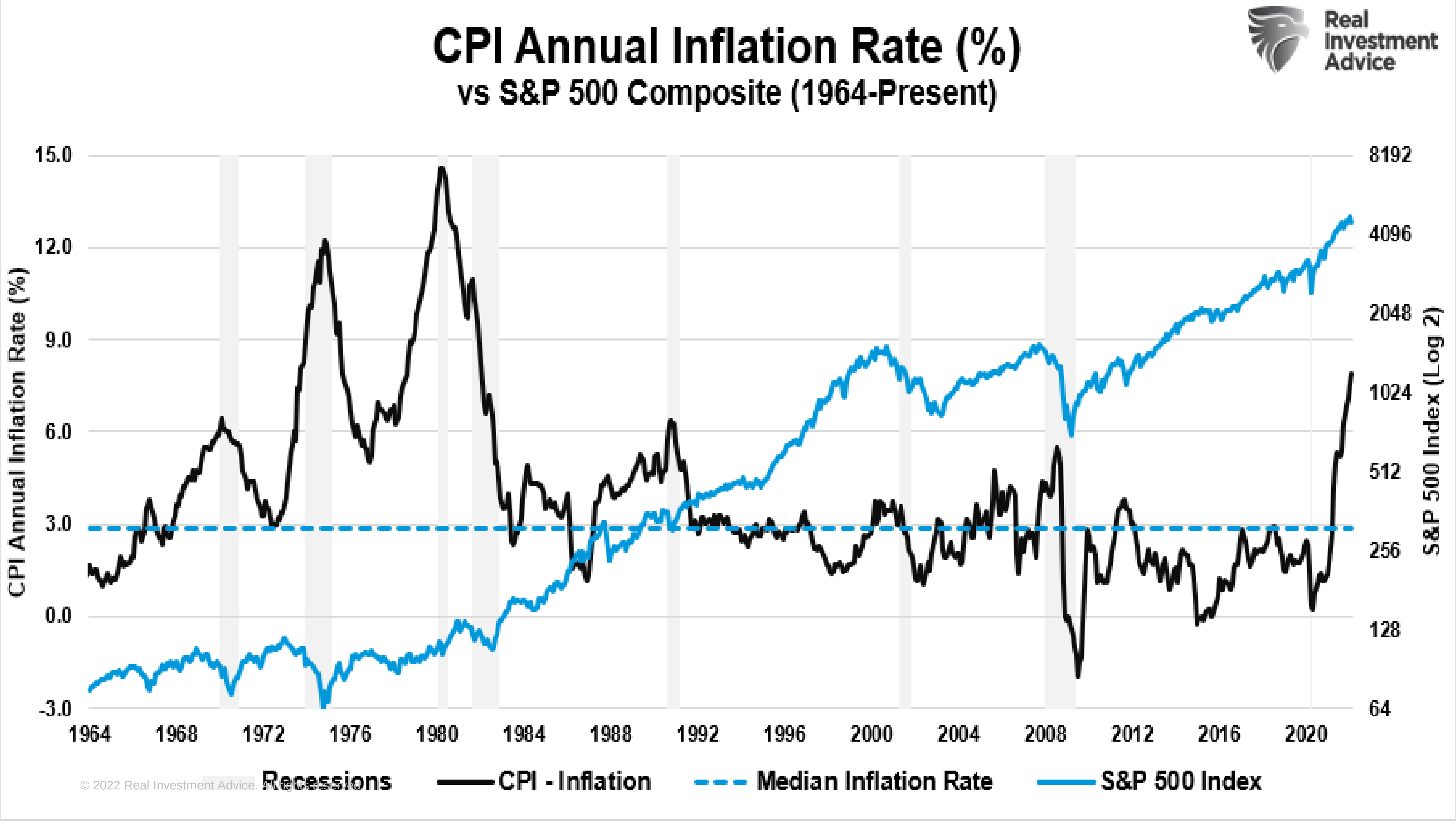




ADVISOR PERSPECTIVES
Breaking Down the Consumer Price Index
Energy Inflation in the Background
advisorperspectives.com
March 2022
Data through February
Energy
Food & Beverage
Housing
Apparel
Transportation
Medical Care
Recreation
Education & Communication
Other Goods & Services
160%
140%
120%
100%
80%
60%
40%
20%
0%
-20%
-40%
Not seasonally adjusted
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023

Inflation Perspective.





CPI Annual Inflation Rate (%)
vs S&P 500 Composite (1964-Present)
Real Investment Advice
CPI Annual Inflation Rate (%)
15.0
12.0
9.0
6.0
3.0
0.0
-3.0
8192
4096
2048
1024
512
256
128
64
S&P 500 Index (Log 2)
1964
1968
1972
1976
1980
1984
1988
1992
1996
2000
2004
2008
2012
2016
2020
Recessions
CPI - Inflation
Median Inflation Rate
S&P 500 Index

An Inflation Battle Plan.

- There’s no magic elixir to combat inflation. A plan is a unique, creative process for each household.
- Consider ‘micro-budgeting’ to determine how to manage or increase cash flow.
- Defer purchases on durable goods or ‘buy simple.’
- Negotiate your interest rates on credit (it can be done).
- Postpone Social Security to increase household income and a more robust Cost Of Living Adjustment.
- Dividend, natural resource and energy stocks can help but there’s a catch (they’ve already experienced a huge run up in prices).
- Gold may or may not work.
- Treasury inflation bonds or TIPS can work, but investment amounts are limited.
- Inflation-indexed bonds return expectations are negative (difference between real and nominal treasury yields). These bonds tend to be long term and investors can experience adverse tax consequences.

Step 12:

Your Retirement Begins with a Comprehensive Financial Plan

- A plan should be completed by a Certified Financial Planner, who is preferably paid to analyze the data.
- A plan must include realistic rates of future returns or income testing through real market cycles. You may retire in a bear or flat market and must adjust distributions accordingly.
- A financial partner must be a student of inflation. Each goal has a specific inflation target.
- A plan must be monitored and adjusted for changes in life circumstances.
- A plan should include a tax-efficient method to re-create the retirement paycheck.
- Finally, a plan is never perfect. Retirement is imperfect. If you wait for everything to be perfect, you may miss out on the active years of retirement.

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- Check our daily podcasts on iTunes, Stitcher and anywhere podcasts are available for download!
- Want to know more? Our "lunch & learn" classes cover specific topics such as Social Security and Medicare. Our events calendar is available at www.realinvestmentadvice.com, and www.riaadvisors.com.

RIA Advisors - Here to Help

- We are fiduciaries – we must place your interests above our own.
- We maintain a sell discipline when managing wealth – It's called risk management. The goal is to minimize the risk of loss. Stocks are risk assets. There is always a chance of loss. The key is a rules-based approach to minimize the damage. We call it *"buy, hold & watch."*
- We are cutting-edge financial planners – Our 5 CERTIFIED FINANCIAL PLANNERS® are well-versed in every facet of the planning process, including Social Security, Medicare and tax-smart retirement income planning.

Retirement is Knowledge, Rebirth, Continuity & Reward

… it's time for a new adventure.

THANK YOU!

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Danny Ratliff, CFP®, ChFC®