Sample Client

October 2022

(Based on figures available to us at this time)

Primary Goals:

- Retire comfortably in March 2023 or March 2024
- $120k/yr goal per your projections (*actual* est. expense need is $58,000/yr)
- Minimize *lifetime* tax liability by implementing strategies in the near-term
- Save copious amounts of time spent on developing personal financial statements and tracking yourself on at least a semi-annual basis

Retirement Income:

- Estimated Fixed Retirement Income: $30,984 in gross pension income + Social Security Benefit $41,748 = $72,732/yr
- Implement dynamic spending strategy for increased longevity.
- Estimated Possible Gross Annual Retirement Income w/ Spending Strategy: ~$113,000/yr.

Risk Management:

- Diversify out of vesting RSUs and options when applicable
- Review current LTC policies and est. LTC need for in-home care.
- Review auto policies, only insure what would be catastrophic to you.
- Make sure home and non-retirement account are titled in trust or TOD
- Update estate documents with newly chosen executor, successor trustee, POA
- Review homeowner's insurance to cover at least 80% of replacement cost

Income Taxes:

- Evaluate annual Roth conversions to pay less tax now, vs. later (higher income tax bracket/rates come 2026 and RMD age 73) up to first or possibly second Medicare IRMAA penalty bracket (currently $91,000 first/ $114,000 second ***MAGI*** for Single Filer).
- Potentially save thousands in first two years of retirement by appealing IRMAA Medicare premium surcharges
- Tax loss *and gain* harvest annually in non-retirement account(s). Realize gains in years where taxable income is lower (possibly the year you retire). Realize losses when opportunities arise. In 2023/2024, this could theoretically allow you to pay 0% on some capital gains in your non-retirement account if done appropriately.
- Utilize asset LOCATION strategy to lower taxable income
- Determine which account types (retirement vs. non-retirement) to make supplemental income withdrawals from annually in retirement.
- Consider increasing 401(k) contributions to $27,000 limit by year end 2022.
- Correct IRA contribution at Vanguard that was deducted on tax return (ineligible).

Investment Portfolio:

- Assign a *purpose* to various accounts/investments (can be done with "bucketing" strategy).
- Re-allocate investments according to "need" (i.e. NOW, SOON, and LATER money) in order to minimize the amount of risk needed to accomplish retirement income goal.
- Utilize asset location:
    - non-tax efficient investments held in retirement accounts (bonds, non-qualified dividends, mutual funds)
    - more tax-efficient investments (stocks, ETFs, cash) held in non-retirement accounts.
- Consolidate accounts to reduce administrative fees and offer simplicity to your overall plan (one or two IRAs, maybe one trust/TOD account) and use one investment custodian.
- Consider fixed income ladders or *possible* low-cost deferred annuity in the current interest rate environment to replace income later in retirement.