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# RETIREMENT PLANNING

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This information may help you analyze your financial planning needs. It is based on information and assumptions provided by you regarding your goals, expectations and financial situation. This service shall not infer that company assumes any fiduciary duties. In addition, such service should not be relied upon as the only source of information. This information is supplied from sources we believe to be reliable but we can not guarantee its accuracy. Hypothetical illustrations may provide historical or current performance information. Past performance does not guarantee nor indicate future results.

# RETIREMENT PLANNING

## Introduction

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### SOURCES OF RETIREMENT INCOME

Today, two traditional sources of retirement income - Social Security and company pension plans are figuring less and less in people's retirement planning. By some estimates these two sources will provide just 20 to 25 percent of what those in the middle-to-upper income group will need to live comfortably when they retire. The forecast is cloudy for Social Security. Some actuaries believe either the system is going broke and will be out of business before today's younger workers come close to retirement age, or Social Security will provide only a marginal contribution to the incomes of those other than the poorest retirees.



### ROADBLOCKS TO RETIREMENT

**Inflation:** Inflation is constant, steady erosion of money's value. The amount of erosion varies - in some years the rate of inflation is higher than in others. But the effect of inflation never changes: the cost of living keeps going, so you need more money just to break even.

**Taxes:** Just as inflation can erode your savings, income taxes can have a dramatic effect on your total return, negating as much as a third of your earnings. Consider carefully your savings vehicles to minimize "tax-bite" and maximize earnings. Consult your tax advisor with any questions on taxation issues.

**Procrastination:** By far the most dangerous of retirement roadblocks is procrastination. Each year that saving is postponed you lose the advantages of compound growth in that year. In exchange for a higher standard of living now you may deteriorate your standard of living during retirement.



### RETIREES MAY HAVE INADEQUATE SAVINGS

Having enough money for retirement can be one of the biggest financial concerns among Americans today. According to a recent survey by the Employee Benefit Research Institute, 70% of people polled said that future retirees will be financially "worse off" than current retirees. Almost the same number, 68 percent, think the percentage of elderly people living at or below the poverty line will increase in the future because of inadequate savings.

Some of this pessimism - particularly among younger people - comes from low expectations about the future of Social Security. Seventy-two percent of people think their benefits will be cut off or even eliminated altogether by the time they retire.

### RETIREMENT OBJECTIVES

		YOU	SPOUSE
After-Tax Income Desired	\$68,250	35	35
Average Tax Rate (Pre-Retirement)	12%	65	65
Average Tax Rate (Post-Retirement)	12%	\$56,000	\$49,000
Inflation Rate	3%	2%	2%
Future Legacy To Heirs	\$0	95	95
Adjust Legacy For Inflation?	No		
Before-Tax Return (Pre-Retirement)	8%		
Before-Tax Return (Post-Retirement)	6%		

### SOCIAL SECURITY/PENSION

		YOU	SPOUSE
Include Social Security?	Yes	\$21,000	\$16,000
Social Security Inflation Rate	1%	\$0	\$0
Annual Pension Benefit		No	No
Lump Sum Pension Benefit		65	65
Adjust Pension For Inflation?		n/a	n/a
Pension Begin Age		n/a	n/a
Social Security Override Age		n/a	n/a
Social Security Override Amount			

### SAVINGS PLANS

	YOU	SPOUSE	INCREASE W/ PAY?
Annual Savings (Qualified Plans - Traditional)	\$3,000	\$3,000	Yes
Annual Savings (Qualified Plans - Roth)	\$2,000	\$2,000	No
Annual Savings (Non-Qualified Plans)	\$0	\$0	No

### ADDITIONAL RETIREMENT RECEIPTS/EXPENSES

DESCRIPTION	AMOUNT	START AGE	END AGE	INCREASE	TYPE
	\$0	0	0	5%	Receipt

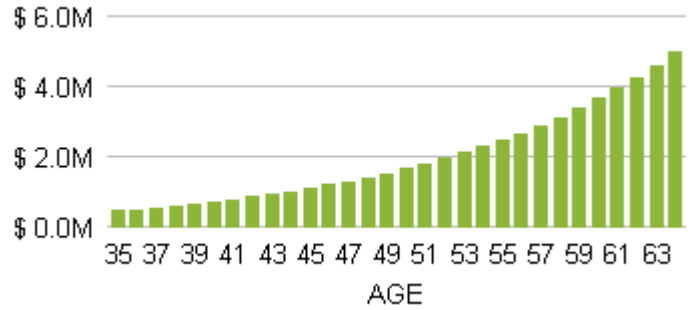
### ASSETS

DESCRIPTION	AMOUNT	OWNERSHIP	TYPE	DESCRIPTION	AMOUNT	OWNERSHIP	TYPE
Pension	\$80,000	Client	Traditional Qualified Plan	Pension	\$75,000	Spouse	Traditional Qualified Plan
Checking	\$5,000	Joint Tenancy	Taxable Investment	IRA	\$20,000	Client	Traditional Qualified Plan
IRA	\$12,000	Spouse	Traditional Qualified Plan	Roth	\$16,000	Client	Roth Qualified Plan
Roth	\$16,000	Spouse	Roth Qualified Plan	Business - Te	\$175,000	Client	Taxable Investment



### ASSET ACCUMULATION

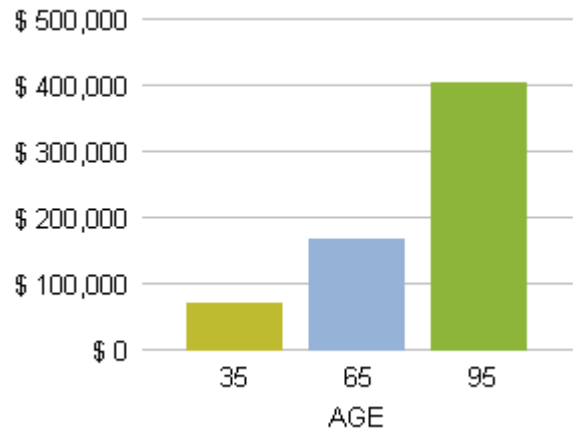
With regular contributions to a savings plan(s) and the effects of compounding interest, your retirement assets can accumulate to \$4,969,902 by the time you are ready to retire!



### GROWING RETIREMENT INCOME NEEDS

Unfortunately, just as your assets grow over time so do your retirement income needs. It may surprise you how much inflation can impact your retirement income needs.

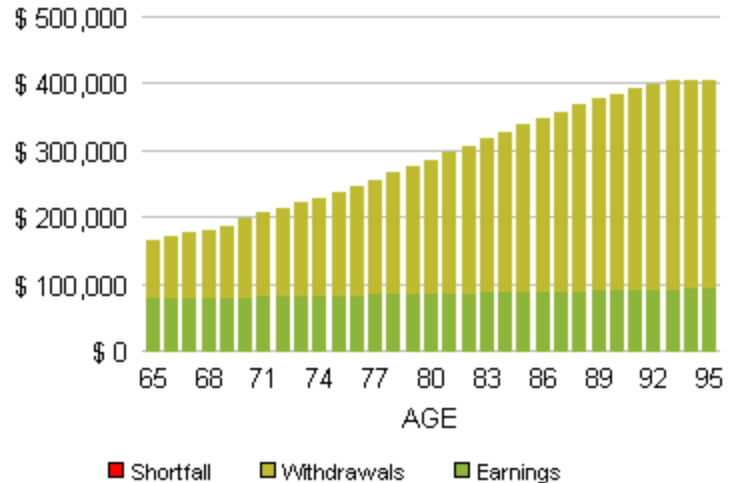
TODAY:	\$68,250
RETIREMENT:	\$165,661
END OF RETIREMENT:	\$402,102



### IMPORTANCE OF PLANNING

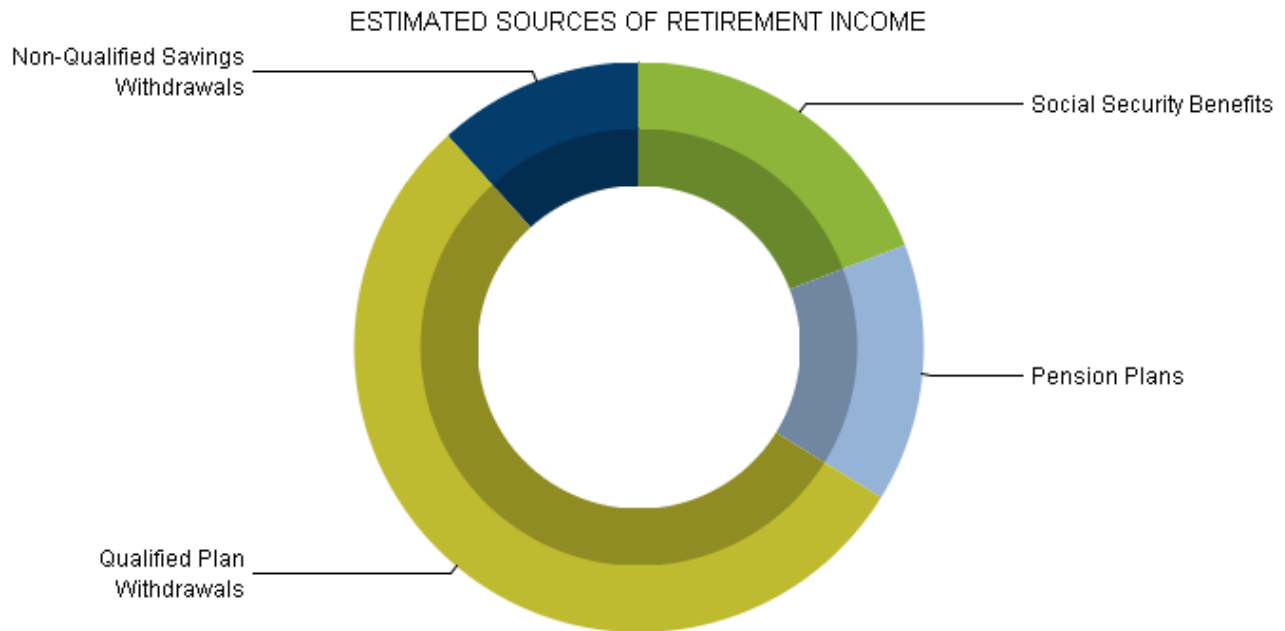
Careful planning can help you realize your financial goals and help you maintain the same standard of living you are accustomed to during your retirement years.

On the other hand, lack of planning may prevent you from achieving your retirement goals. You may have to 'tighten your belt' in later years of retirement as your retirement income needs exceed your retirement income and you are forced to make withdrawals from your retirement funds.



These projections are hypothetical. This information is meant to provide you with a general idea about your retirement income needs. The results given are for illustrative purposes only and do not represent the actual performance of any current or future investment. Rates of return will vary over time, especially for long-term investments.

### RESULTS AND RECOMMENDATIONS



Congratulations! Based on your current assumptions it appears that your annual retirement income objective of \$68,250 per year (in today's dollars) would likely be met on your current course.

### POTENTIAL SOLUTIONS

Based on your current assumptions your retirement objective of \$68,250 will likely be met. You may be able to adjust some of the following assumptions and still meet your retirement goal:

- Increase your income expectations.
- Reduce your investment risk.
- Consider retiring sooner.
- Increase the legacy to your heirs.



#### SUMMARY (AVERAGES)

Income Desired:	<b>\$68,250</b>
Current Plans Provide:	<b>\$68,250</b>
Annual Shortfall:	<b>\$0</b>
Income Replacement Ratio:	<b>65%</b>

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### DETAILS OF PRE-RETIREMENT ACCUMULATION PHASE

Year	Your Age	Spouse Age	Investment Assets Beginning Balance	Annual Investment Savings	Investment Interest @ 7%	Qualified Retirement Assets Beginning Balance	Qualified Annual Retirement Savings	Qualified Retirement Interest @ 8%	Total Ending Balance
1	35	35	180,000	0	12,672	219,000	10,000	18,320	439,992
2	36	36	192,672	0	13,564	247,320	10,120	20,595	484,271
3	37	37	206,236	0	14,519	278,035	10,242	23,062	532,095
4	38	38	220,755	0	15,541	311,340	10,367	25,737	583,740
5	39	39	236,296	0	16,635	347,444	10,495	28,635	639,505
6	40	40	252,932	0	17,806	386,573	10,624	31,776	699,712
7	41	41	270,738	0	19,060	428,974	10,757	35,178	764,707
8	42	42	289,798	0	20,402	474,909	10,892	38,864	834,865
9	43	43	310,200	0	21,838	524,665	11,030	42,856	910,588
10	44	44	332,038	0	23,375	578,551	11,171	47,178	992,312
11	45	45	355,413	0	25,021	636,899	11,314	51,857	1,080,504
12	46	46	380,434	0	26,783	700,070	11,460	56,922	1,175,670
13	47	47	407,217	0	28,668	768,453	11,609	62,405	1,278,352
14	48	48	435,885	0	30,686	842,467	11,762	68,338	1,389,138
15	49	49	466,571	0	32,847	922,567	11,917	74,759	1,508,660
16	50	50	499,418	0	35,159	1,009,243	12,075	81,705	1,637,600
17	51	51	534,577	0	37,634	1,103,023	12,237	89,221	1,776,692
18	52	52	572,211	0	40,284	1,204,481	12,401	97,351	1,926,728
19	53	53	612,495	0	43,120	1,314,233	12,569	106,144	2,088,561
20	54	54	655,614	0	46,155	1,432,946	12,741	115,655	2,263,112
21	55	55	701,770	0	49,405	1,561,342	12,916	125,941	2,451,373
22	56	56	751,174	0	52,883	1,700,199	13,094	137,063	2,654,413
23	57	57	804,057	0	56,606	1,850,356	13,276	149,091	2,873,385
24	58	58	860,662	0	60,591	2,012,723	13,461	162,095	3,109,532
25	59	59	921,253	0	64,856	2,188,279	13,651	176,154	3,364,193
26	60	60	986,109	0	69,422	2,378,084	13,844	191,354	3,638,813
27	61	61	1,055,531	0	74,309	2,583,281	14,041	207,786	3,934,948
28	62	62	1,129,841	0	79,541	2,805,108	14,241	225,548	4,254,278
29	63	63	1,209,381	0	85,140	3,044,897	14,446	244,747	4,598,612
30	64	64	1,294,522	0	91,134	3,304,091	14,655	265,500	4,969,902

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### DETAILS OF POST-RETIREMENT DISTRIBUTION PHASE

Year	Your Age	Spouse Age	Social Security	Annual Pension Payments	Wages & Other Income Less Expenses	Total After Tax Income @ 12%	Retirement Income Needs	After-Tax Withdrawal Investments	After-Tax Withdrawal Qualified	Retirement Savings Balance	Annual Shortfall
31	65	65	49,284	37,000	0	76,817	165,661	88,844	0	5,164,584	0
32	66	66	49,776	37,000	0	77,259	170,630	93,371	0	5,366,328	0
33	67	67	50,274	37,000	0	77,706	175,749	98,043	0	5,575,446	0
34	68	68	50,777	37,000	0	78,158	181,022	102,864	0	5,792,270	0
35	69	69	51,285	37,000	0	78,614	186,453	107,839	0	6,017,150	0
36	70	70	51,798	37,000	0	79,074	192,046	0	119,176	6,232,369	0
37	71	71	52,316	37,000	0	79,539	197,807	0	125,850	6,453,402	0
38	72	72	52,839	37,000	0	80,009	203,742	0	132,880	6,680,328	0
39	73	73	53,367	37,000	0	80,484	209,854	0	140,282	6,913,223	0
40	74	74	53,901	37,000	0	80,963	216,150	0	148,074	7,152,151	0
41	75	75	54,440	37,000	0	81,447	222,634	0	156,274	7,397,171	0
42	76	76	54,984	37,000	0	81,936	229,313	0	164,897	7,648,331	0
43	77	77	55,534	37,000	0	82,430	236,192	0	173,142	7,905,796	0
44	78	78	56,089	37,000	0	82,928	243,278	0	182,626	8,169,486	0
45	79	79	56,650	37,000	0	83,432	250,577	0	191,598	8,439,567	0
46	80	80	57,217	37,000	0	83,941	258,094	0	200,922	8,716,080	0
47	81	81	57,789	37,000	0	84,454	265,837	0	210,598	8,999,057	0
48	82	82	58,367	37,000	0	84,973	273,812	0	220,623	9,288,518	0
49	83	83	58,950	37,000	0	85,498	282,026	0	230,991	9,584,475	0
50	84	84	59,540	37,000	0	86,027	290,487	0	241,691	9,886,931	0
51	85	85	60,135	37,000	0	86,562	299,202	0	250,999	10,196,135	0
52	86	86	60,737	37,000	0	87,102	308,178	0	260,398	10,512,128	0
53	87	87	61,344	37,000	0	87,647	317,423	0	269,843	10,834,950	0
54	88	88	61,958	37,000	0	88,198	326,946	0	279,276	11,164,637	0
55	89	89	62,577	37,000	0	88,754	336,754	0	288,632	11,501,229	0
56	90	90	63,203	37,000	0	89,316	346,857	0	295,215	11,845,167	0
57	91	91	63,835	37,000	0	89,884	357,262	0	301,338	12,196,573	0
58	92	92	64,473	37,000	0	90,457	367,980	0	306,892	12,555,590	0
59	93	93	65,118	37,000	0	91,036	379,020	0	311,751	12,922,378	0
60	94	94	65,769	37,000	0	91,621	390,390	0	312,299	13,297,652	0
61	95	95	66,427	37,000	0	92,211	402,102	0	311,791	13,681,694	0

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