

Retirement Income Workbook



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What is the Retirement Income Workbook and Why is it Valuable?

Completing this workbook is an essential part of the course. There are no right or wrong answers, so don't stress about it. Just do your best. The topics and decisions you consider here could easily shape your finances for the rest of your life. My hope for you is that you are able to reduce any financial anxiety you may have about your retirement, and replace it with the feeling of relaxed confidence.

This workbook can be filled out either by hand or electronically. Feel free to complete it the way you prefer.

Module One: *Who should be in your plan?*



To begin preparing for the future, let's identify who else should be a part of your plan.

1. What is your age? _____
2. What is the age of your significant other? (if applicable) _____
3. How many children do you have? _____
4. How many grandchildren do you have? _____

Module Two: *Your Goals*

Let's continue by pinpointing your goals, then we can determine your concerns. We will use these goals to start making important decisions for your future.

Below take an initial stab at identifying your long term spending goals. Don't worry if you have goals that are not listed other goals can be added later. Please choose the most appropriate answer for each of the following 9 common goals:



Spending Goal	Need	Want	Wish	Not A Goal
Basic Living Expenses	X			
Healthcare	X			
Payoff Mortgage				
Travel				
Vacation Home				
Help Adult Children				
Charitable Giving				
Educate Grandkids				
Leaving a Legacy				
Other: _____				

Which Risks Concern you the most?

Directions: Please mark all of the risks below with a 3 for very concerned, a 2 for concerned, or 1 for slightly concerned.

- Risks:**
- | | |
|------------------------------------|-----------------------------------|
| _____ Longevity | _____ Elder Financial Abuse |
| _____ Inflation | _____ Taxes (Public Policy) |
| _____ Overspending | _____ Health Expenses |
| _____ Interest Rate on Investments | _____ Long-Term Care |
| _____ Stock Market Returns | _____ Frailty / Cognitive Decline |
| _____ Sequence of Returns | |

Module Three: *Your Income Floor*

Your income floor is essential because it will cover all of your basic needs. Establishing an income floor makes it possible to focus the rest of your portfolio on your wants and wishes and to relax!

In order to build the components of your income floor let's answer the questions below.



Social Security

1. At what age do you plan to claim social security?

2. At what age does your significant other plan to claim social security?

Employer Pension

3. Do you have an Employer Pension?

Yes No

4. If Yes, will you have a lump sum vs. payments decision to make?

Yes No

Bond Ladder

5. Are you interested in using a bond ladder for part of your income floor?

Yes No Not Sure

Personal Pension

6. Do you already have an annuity?

Yes No

7. Do you plan to learn more about commission-free income annuities?

Yes No Not Sure

Module Four: *Your Growth Portfolio*

Now we can start forming a portfolio to help you reach your “Wishes” and “Wants”. The first step is to determine your need, willingness, and ability to bear risk.

1. First let’s measure your **ABILITY** to bear risk. Please check the box that applies to you, then tally your total score at the bottom. The highest score is 100, which if earned would mean you are very **ABLE** to bear risk. The further away from this number you are the less **ABLE** you are to bear risk.

Question	Answer	Score
Indicate which age range you fall into on the right-hand side.	Under 50	20
	51-60	10
	61-70	5
	Over 70	0
When do you plan to retire?	Already Retired	0
	In the next 5 years	5
	In 6-10 years	10
	In 11 or more years	20
How predictable is your income from work?	Very Predictable	20
	Somewhat predictable	10
	Not very predictable	0
If your portfolio fell significantly in your retirement how willing and able would you be to return to work?	I would be happy to return to work	20
	I would return to work if I had to	10
	I would not be willing to return to work	0
If your portfolio fell significantly in your retirement, how willing would you be reducing your spending?	I would be fine reducing spending	20
	I would reduce spending but be unhappy about it	10
	I would not be willing to reduce my spending	0
Total Ability to Bear Risk:		

High: 70 - 100

Medium: 40-69

Low: 0-39

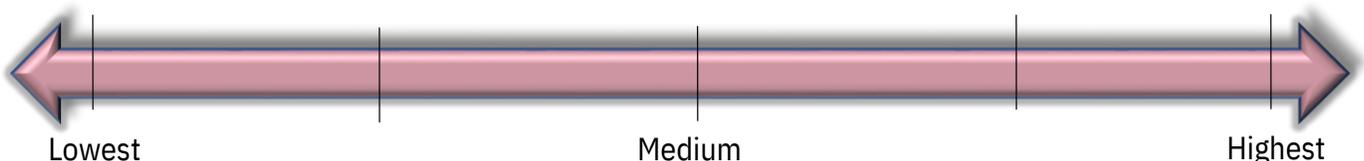
2. Now let's evaluate your **NEED** to bear risk. To do this let's look at a hypothetical situation between 3 different people. All three people have a different **NEED** to bear risk even though they have the same size portfolio. On the right-hand side fill in your approximate portfolio value and your estimated annual income needed from the portfolio. Then divide column B by column A and to get a decimal. Multiple that decimal by 100. That number represents your **NEED** to bear investment risk as a percentage.

	Joe	Beth	Tom	YOU
A] Total Portfolio Value (retirement and non-portfolio)	\$2,500,000	\$2,500,000	\$2,500,000	
B] Annual Retirement Income Needed from Portfolio	\$50,000	\$100,000	\$150,000	
C] Need to Bear Investment Risk Percentage = Annual Retirement Income Needed (Line B)/Total Portfolio (Line A)	2%	4%	6%	
D] Need to Bear Investment Risk	LOW	MODERATE	HIGH	

NEED to Bear Risk Scale

High > 5%
Moderate 3-5%
Low 1-3%

3. Now it's time to evaluate your **WILLINGNESS** to bear risk. A **willingness** to bear risk is based on your emotional & psychological response to fluctuations in the stock market. Consider situations such as a bear or bull markets. Then indicate your **willingness** to bear risk on the spectrum below.





Before we can start selecting investments we must first establish your philosophy towards investing. Please indicate how strongly you agree or disagree with the following statements about investing by placing a checkmark in the box that represents your stance.

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
Keeping expenses low is important.					
Tax efficiency is important.					
Diversification is important.					

Let's take some time to clearly define our philosophy towards investing. In the space below please summarize your investing philosophy in roughly 2-4 sentences.

Module Five: *Long-Term Care*

Although it is not the most fun topic to dwell on, Long-Term Care can be very expensive and is an important part of planning for your anxiety free retirement.

Let's take a glimpse at some Long-Term Care options. The list of questions below should help you decide what the best next steps are. Fill in the questions to the best of your ability.

1. Who will help you if you need long-term care?

Spouse Children Professional Caregiver Not Sure

2. Do you currently have LTC insurance?

Yes No

3. Do you think you might need LTC insurance (or more LTC insurance)?

Yes No Not Sure

4. If you were to purchase LTC insurance, would you prefer a Standalone or Hybrid policy?

Yes No Not Sure

Module Six: *Your Tax Strategy*

*Many people don't realize the catastrophic effect taxation can have on their portfolio.
It could cost thousands of dollars a year.*

Take some time below to reflect on your current portfolio's tax strategy, then make some decisions about what we should do in the future.

1. Do you own tax efficient investments in your non-retirement accounts?

Yes No Not Sure

2. Are you practicing asset location?

Yes No Not Sure

3. Do you max out your HSA contribution and invest it

Yes No Not Sure

4. What is your approximate total value of all your pre-tax retirement plans?

\$

5. Do you anticipate your tax rate to increase as you get older?

Yes No Not Sure

6. Do you believe Roth Conversions should be a priority for you?

Yes No Not Sure

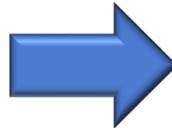
Module Seven: Advisors

Hiring a financial advisor can be a tricky task because many pay structures cause a conflict of interest. Below we will consider strategies for selecting the right advisor for you.

Answer the questions below to reflect on hiring professional advice.

What services does your advisor perform?

- Investment Management
- Planning
- No Advisor



How are they compensated?

- Percentage
- Commission
- Other
- No Advisor

For the following statements, please select which one best applies to you.

- I work with a financial advisor and am happy with him or her.
- I work with a financial advisor and should consider alternatives.
- I don't work with a financial advisor but should consider it.
- I am excited to implement and manage my own retirement income plan.

When you are considering an advisor what is important to you?

Below, place a 3 for the most important and place a 1 for the least important.

- _____ Offers both planning and Investment Management
- _____ Deep Expertise in Retirement Income Planning
- _____ Fees
- _____ Credentials (CFP, RICP)

Module Eight: *Implementation Checklist*

Below you will see the list of tasks to complete in order to setup your anxiety free retirement.

My Goals

- ▶ Identify my Goals (Needs, Wants, Wishes)
- ▶ Quantify My Goals
- ▶ Identify the Retirement Risks That Concern me the Most.
- ▶ Decide how to best address priority risks

My Income Floor

- ▶ Decide When We're Going to Take Social Security
- ▶ File for Social Security
- ▶ Make pension decision (lump sum vs. payments)
- ▶ Size my bond ladder
- ▶ Build my bond ladder
- ▶ Evaluate an Income Annuity

My Growth Portfolio

- ▶ Decide how much investment risk to take
- ▶ Select asset classes & percentages
- ▶ Select investment vehicles
- ▶ Implement portfolio

My LTC Plan

- ▶ Decide whether to explore LTC insurance
- ▶ Get LTC insurance quotes
- ▶ Evaluate estate planning options for LTC

My Tax Strategies

- ▶ Set-up an HSA
- ▶ Contribute the maximum to my HSA
- ▶ Make sure I own my investments in the right accounts
- ▶ Articulate my long-term Roth Conversion plan
- ▶ Calculate Roth Conversion amount for this year

My Advisor

- ▶ Decide if I need an advisor (or new advisor)
- ▶ Decide on key criteria for selecting an advisor
- ▶ Speak with 3 advisors
- ▶ Select advisor

Congratulations for completing your Retirement Income Workbook. I hope you have more clarity and are starting to feel better about your retirement. Please feel free to contact me with any questions.