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# RETIREMENT PLANNING

DECEMBER 09, 2023

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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. SECURITIES AND ADVISORY SERVICES OFFERED THROUGH PACKERLAND BROKERAGE SERVICES, INC., AN UNAFFILIATED ENTITY. MEMBER FINRA & SIPC.

# 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.

\*Sources: EBRI Notes September 2004 Vol. 25, No. 9; Aon Consulting's 2008 Replacement Ratio Study



### 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 may 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 PLANNING

## Input And Assumptions

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### RETIREMENT OBJECTIVES

		YOU	SPOUSE
After-Tax Income Desired	\$70,000	61	63
Average Tax Rate (Pre-Retirement)	25.00%	65	65
Average Tax Rate (Post-Retirement)	20.00%	\$50,000	\$60,000
Inflation Rate	2.00%	1.00%	1.00%
Future Legacy To Heirs	\$0	90	90
Adjust Legacy For Inflation?	No		
Before-Tax Return (Pre-Retirement)	6.00%		
Before-Tax Return (Post-Retirement)	3.00%		

### SOCIAL SECURITY/PENSION

		YOU	SPOUSE
Include Social Security?	Yes	\$0	\$12,000
Social Security Inflation Rate	2.00%	\$0	\$0
Taxable Percentage of Social Security	85%	No	No
Annual Pension Benefit		0	65
Lump Sum Pension Benefit		65	65
Adjust Pension For Inflation?		n/a	n/a
Pension Begin Age			
Social Security Override Age			
Social Security Override Amount			

### SAVINGS PLANS

	YOU	SPOUSE	INCREASE W/ PAY?
Annual Savings (Qualified Plans - Traditional)	\$1,200	\$2,400	No
Annual Savings (Qualified Plans - Roth)	\$3,000	\$2,000	No
Annual Savings (Non-Qualified Plans)	\$1,000	\$1,000	No

### ADDITIONAL RETIREMENT RECEIPTS/EXPENSES

DESCRIPTION	AMOUNT	START AGE	END AGE	INCREASE	TYPE	TAXABLE
	\$0	60	90	0.00%	Receipt	Yes

### ASSETS

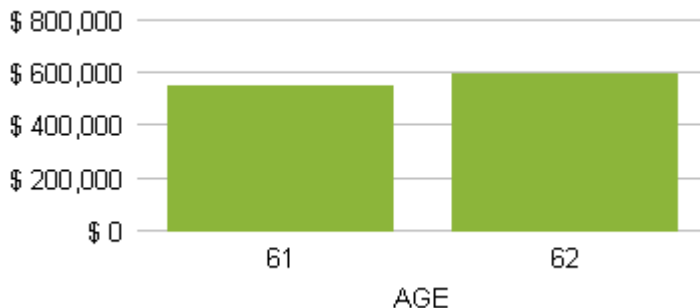
DESCRIPTION	AMOUNT	OWNERSHIP	TYPE	DESCRIPTION	AMOUNT	OWNERSHIP	TYPE
ABC CO 401k	\$230,000	Client	Traditional Qualified Plan	XYZ School 403k	\$160,000	Spouse	Traditional Qualified Plan
Mr. Client ROTH	\$40,000	Client	Roth Qualified Plan	Ms. Client ROTH	\$30,000	Spouse	Roth Qualified Plan
Mr. and Ms. Bro	\$50,000	Joint	Taxable Investment				





### ASSET ACCUMULATION

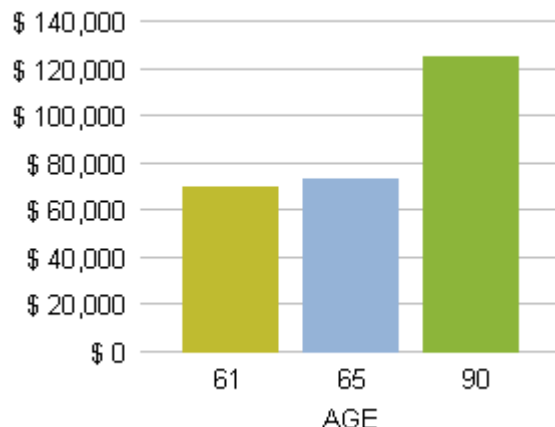
With regular contributions to a savings plan(s) and the effects of compounding interest, your retirement assets can accumulate to \$594,510 by the time you are ready to retire!



### 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.

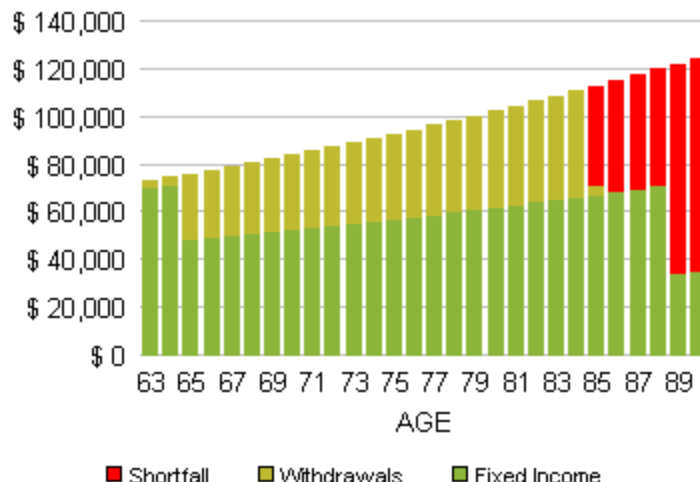
**TODAY:** \$70,000  
**RETIREMENT:** \$72,828  
**END OF RETIREMENT:** \$124,309



### 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.

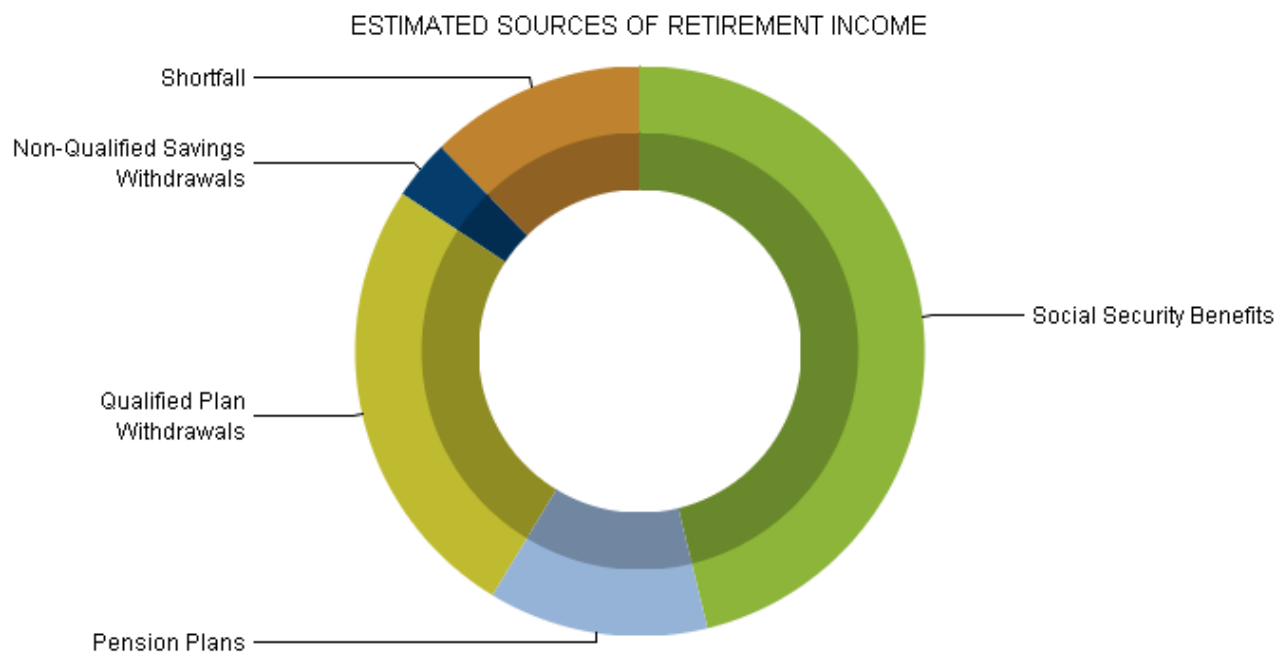
On the other hand, lack of planning may prevent you from achieving your retirement goals. You may have to 'tighten your belt' in later years of retirement as your retirement income needs exceed your retirement income and you are forced to make withdrawals from your retirement funds.



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



Based on your current assumptions it appears that your annual after-tax retirement objective of \$70,000 per year (in today's dollars) would not likely be met. The sooner you take action to address your shortfall the easier it will be to adjust your finances and/or expectations.

### POTENTIAL SOLUTIONS

To meet your after-tax retirement objective of \$70,000, consider the following potential solutions:

- Reduce your income expectations.
- Seek to improve your expected returns.
- Consider postponing your retirement.

You may choose to meet your objective by increasing the amount you choose to save each month. To meet your objective you could save an additional \$4,157 monthly in a qualified, tax-advantaged investment. This savings level would generate a tax savings of \$1,039 resulting in a net, out-of-pocket cost of \$3,118. Or you could save an additional \$3,944 monthly in a non-qualified, taxable investment. \*



INCOME SUMMARY (TODAY'S \$)	
First Year Goal Desired	<b>\$70,000</b>
Current Plans Provide	<b>\$61,383</b>
<hr/>	
Average Annual Shortfall	<b>\$8,617</b>
Goal Income Replaced	<b>87%</b>
Gross Income Replaced	<b>55%</b>

\* Qualified investment assumes new savings are invested at 6.0%. Non-qualified investment assumes new savings are invested at 4.5% after taxes. Assumed marginal tax rate of 25.0% before retirement, and 20.0% during retirement. Annual contributions are assumed to increase with inflation at 0.0%.

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### DETAILS OF PRE-RETIREMENT ACCUMULATION PHASE

Year	Your Age	Spouse Age	Investment Assets Beginning Balance	Annual Investment Savings	Investment Interest @ 4.5%	Qualified Retirement Assets Beginning Balance	Qualified Annual Retirement Savings	Qualified Retirement Interest @ 6.0%	Total Ending Balance
1	61	63	50,000	2,000	2,340	460,000	8,600	28,116	551,056
2	62	64	54,340	2,000	2,535	496,716	8,600	30,319	594,510

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# RETIREMENT PLANNING

## Summary of Distribution Phase

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### SUMMARY OF POST-RETIREMENT DISTRIBUTION PHASE

Year	Your Age	Spouse Age	Social Security	Annual Pension Payments	Wages & Other Income Less Expenses	Total After-Tax Income @ 20.0%	Retirement Income Needs	After-Tax Withdrawal Investments	After-Tax Withdrawal Qualified/Roth	Total Retirement Savings Balance	Annual Shortfall
3	63	65	24,310	12,000	51,005	69,621	72,828	3,207	0	614,058	0
4	64	66	24,796	12,000	51,515	70,433	74,285	3,852	0	633,538	0
5	65	67	46,212	12,000	0	47,956	75,770	27,814	0	623,723	0
6	66	68	47,136	12,000	0	48,723	77,286	28,563	0	613,010	0
7	67	69	48,079	12,000	0	49,505	78,831	832	28,494	593,857	0
8	68	70	49,040	12,000	0	50,304	80,408	0	30,104	572,914	0
9	69	71	50,021	12,000	0	51,118	82,016	0	30,899	550,319	0
10	70	72	51,022	12,000	0	51,948	83,656	0	31,708	526,004	0
11	71	73	52,042	12,000	0	52,795	85,330	0	32,535	499,896	0
12	72	74	53,083	12,000	0	53,659	87,036	0	33,377	471,919	0
13	73	75	54,145	12,000	0	54,540	88,777	0	34,237	441,997	0
14	74	76	55,227	12,000	0	55,439	90,552	0	35,114	410,048	0
15	75	77	56,332	12,000	0	56,356	92,364	0	36,008	375,989	0
16	76	78	57,459	12,000	0	57,291	94,211	0	36,920	339,734	0
17	77	79	58,608	12,000	0	58,245	96,095	0	37,850	301,194	0
18	78	80	59,780	12,000	0	59,217	98,017	0	38,799	260,275	0
19	79	81	60,976	12,000	0	60,210	99,977	0	39,767	216,883	0
20	80	82	62,195	12,000	0	61,222	101,977	0	40,755	170,918	0
21	81	83	63,439	12,000	0	62,254	104,016	0	41,762	131,307	0
22	82	84	64,708	12,000	0	63,307	106,097	0	42,789	91,173	0
23	83	85	66,002	12,000	0	64,382	108,219	0	43,837	48,757	0
24	84	86	67,322	12,000	0	65,477	110,383	0	44,906	3,966	0
25	85	87	68,668	12,000	0	66,595	112,591	0	3,966	0	-42,029
26	86	88	70,042	12,000	0	67,735	114,842	0	0	0	-47,108
27	87	89	71,443	12,000	0	68,897	117,139	0	0	0	-48,242
28	88	90	72,872	12,000	0	70,083	119,482	0	0	0	-49,399
29	89	n/a	40,680	0	0	33,765	121,872	0	0	0	-88,107
30	90	n/a	41,494	0	0	34,440	124,309	0	0	0	-89,869

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## Details of Distribution Phase

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### DETAILS OF RETIREMENT SAVINGS BALANCE

Year	Your Age	Spouse Age	After-Tax Withdrawal Investments	Ending Balance Investments	After-Tax Withdrawal Qualified	Ending Balance Qualified	After-Tax Withdrawal Roth	Ending Balance Roth	Total Retirement Savings Balance
3	63	65	3,207	58,028	0	460,683	0	95,347	614,058
4	64	66	3,852	56,501	0	475,739	0	101,298	633,538
5	65	67	27,814	29,375	0	490,012	0	104,336	623,723
6	66	68	28,563	832	0	504,712	0	107,467	613,010
7	67	69	832	0	28,494	483,167	0	110,691	593,857
8	68	70	0	0	30,104	458,902	0	114,011	572,914
9	69	71	0	0	30,899	432,888	0	117,432	550,319
10	70	72	0	0	31,708	405,049	0	120,955	526,004
11	71	73	0	0	32,535	375,313	0	124,583	499,896
12	72	74	0	0	33,377	343,599	0	128,321	471,919
13	73	75	0	0	34,237	309,827	0	132,170	441,997
14	74	76	0	0	35,114	273,913	0	136,135	410,048
15	75	77	0	0	36,008	235,770	0	140,219	375,989
16	76	78	0	0	36,920	195,308	0	144,426	339,734
17	77	79	0	0	37,850	152,435	0	148,759	301,194
18	78	80	0	0	38,799	107,054	0	153,222	260,275
19	79	81	0	0	39,767	59,065	0	157,818	216,883
20	80	82	0	0	40,755	8,365	0	162,553	170,918
21	81	83	0	0	6,692	0	35,070	131,307	131,307
22	82	84	0	0	0	0	42,789	91,173	91,173
23	83	85	0	0	0	0	43,837	48,757	48,757
24	84	86	0	0	0	0	44,906	3,966	3,966
25	85	87	0	0	0	0	3,966	0	0
26	86	88	0	0	0	0	0	0	0
27	87	89	0	0	0	0	0	0	0
28	88	90	0	0	0	0	0	0	0
29	89	n/a	0	0	0	0	0	0	0
30	90	n/a	0	0	0	0	0	0	0

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