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# Class 1: Financial Planning & Strategies

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Throughout the presentation, we may generally discuss different financial vehicles; however, nothing I say should be construed as a recommendation to buy or sell any financial vehicle, nor should it be used to make decisions today about your investments.

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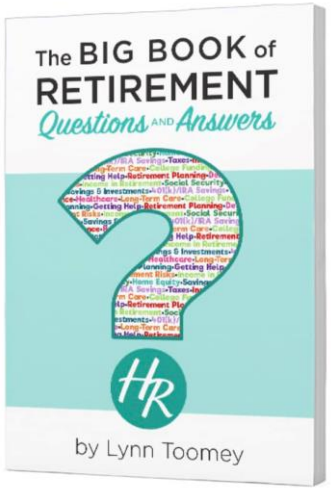
Despite efforts to be accurate and current, this presentation may contain out-of-date information; we are under no obligation to advise you of any subsequent changes related to the topics discussed in this presentation.

At the end of the seminar, you will be provided an opportunity to visit with us one-on-one to discuss your specific circumstance in a private, comfortable setting. There is no obligation to you for this visit.

# Don’t Forget I Offer a Whole Host of Resources to Complement the Program

- Would love to have you check out my weekly podcast
- YouTube channel
- Join my private Her Retirement Facebook group
- Follow me on TikTok @HerRetirementor
- Connect on LinkedIN
- Order my book: Books & More Store – Her Retirement




*Lynn has been featured in...*

moneygeek GOBankingRates The U.S. Sun Startup to Follow Reader's Digest sound dollar

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# Remember...
# I am NOT a financial advisor

**I am your RetireMentor.**
**I am your advocate.**
**I am your educator.**
**I am your coach & cheerleader.**
**I am a matchmaker too.**

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# Roadmap to Retirement

you Are here

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**Thanks for signing up & congrats on making a decision to be here.**

**Over the next 6 classes, my goal is to help you make informed decisions, create & implement a plan for retirement you not only understand, but have 100% confidence in.**

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**I'm going to ask you to step out of your comfort zone and try on some new ideas, that you may not have heard before.**

**I'm going to ask you to open your mind, give it an honest shot, promise to take action and...**

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# Don't Stop Believing a Better Life & Retirement IS Possible.

**You're going to be ok (maybe even better than ok)!**

**I know it's a crazy stressful time. But as my mom always said, "This too shall pass."**

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**Let me know if you agree and if this sounds exciting.**

**You feedback, commitment, time and taking action are the best gifts to yourself and to me. So thank you for these gifts.**

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**And speaking of gifts…I am going to give you a gift after you complete all 7 modules!**

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**Write this down:**

# The Right Financial Plan is Also More than a 401k or an Investment Strategy.

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# It's a Collection of Some Little Known Strategies, I call H.E.R.O.S.™

**Her Efficient Retirement Optimized Strategies (based on science, math & research)**

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# Personal Pension & Protection Plan®

- ✓ Safe savings/spending strategy for lifestyle and emergencies
- ✓ Income plan & distribution > income for life
- ✓ Social Security strategy to maximize your benefit (and any impact from IRMAA Medicare premiums)
- ✓ Investment strategy > transition portfolio to balance growth and guarantees, minimize risks
- ✓ Tax strategy to pay as little taxes as possible.
- ✓ Home equity strategy for income buffer or emergency fund.
- ✓ Protect against what-ifs > healthcare/Medicare, long care and death

**Implementing these strategies could add 5-15 years of life to your portfolio without adding anything to it.**

# Quick Video About H.E.R.O.S.

https://youtu.be/T0E-bpwLuqU

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**These strategies challenge the "traditional" approaches to financial planning and offer some non-traditional, yet very effective ways to create an EFFICIENT & SUSTAINABLE income distribution & protection plan for retirement.**

**You may also be able to double your retirement income by implementing these strategies**

# Real Life Example of How This Might Be Possible

**Multi-Discipline Retirement Strategies**

Studies indicate baseline Safe Withdrawal Rate (SWR) with a stock & bond portfolio of 2.5% to 3.0%

- Safe withdrawal rate with MDRS implemented
  - **ROP Strategy** – Implementation growth stocks, bonds, and structured products can add 1% or more SWR
  - **Alpha Portfolio Management** – Utilizing high quality money managers can add 1% or more to your SWR
  - **Social Security Timing** – Utilizing the proper Social Security Income strategy can add as much as 1% to your SWR
  - **Tax Planning** – Lower taxes can add up to 1% or more to your SWR
  - **Prudent Use of Home Equity** – HECM Reserve can add up to 1% or more to your SWR

# Real Life Example of How This Might Be Possible (cont)

**$1 million indexed stock & bond retirement portfolio x 3% SWR = $30,000 per year income**

Hypothetical Example where MDRS Strategies added:

- HIP Strategy at 1% additional SWR
- Tax Planning at .50% additional SWR
- Home Equity (HECM) at 1% additional SWR
- Alpha Portfolio Mgt at .75% additional SWR
- SS Timing @ .25%
  - Total additional SWR @ 3.5%

Baseline @ 3% + MDRS @ 3.5% = 6.5% SWR

- Stock & Bonds Index Portfolio only @ 3% SWR = **$30,000/year income**
- MDRS @ 6.5% = **$65,000/year income**

# The Accumulation Phase of Life is Different...we need different strategies

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# What the Research Tells Us...

*"Most advisors concentrate solely on managing investments. They don't incorporate all the intricate retirement strategies that must be utilized to dramatically increase the probability of a retiree's success."*

–Dr. Wade Pfau, Retirement Researcher

# Albert Einstein told us...

*"We cannot solve new problems with the same kind of thinking we used to create them."*

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## According to Several Research Studies...

# Properly Implemented Retirement Strategies Can Potentially DOUBLE YOUR RETIREMENT INCOME...

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MORNINGSTAR

**Morningstar's research estimates a retiree can expect to**

## generate 22.6% more income

**Investment-only portfolio...**

## annual income of $60,000

**Retirement optimized portfolio strategies**

## annual income of $73,560

## $13,560 MORE per year!!

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**Why just be "ok" in retirement when you can deploy some unconventional strategies and potentially get more, keep more and have more?**

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**I know most of us desire to keep the same or better standard of living in retirement. This is one of the main goals of financial planning.**

# Proper Retirement Planning Also Helps You

**Understand and mitigate YOUR major retirement risks**

# Let’s Learn About What-If? Risks

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# Having a Risk Protected Plan allows you to make this statement:

"Neither stock market losses, rising interest rates, inflation or tax increases will have a noticeable impact on either the amount of income produced by my portfolio or my ability to keep that income growing."

https://www.lifehealth.com/achieving-retirement-income-readiness-numbers-concepts/

# Longevity Risk

- With increased life expectancy, your portfolio must last longer
- Must prepare for 20, 30 years or longer in retirement

# Longevity Risk

## How Long Will Retirement Last?

- Average 65-year-old American can expect to live another 19.4 years*
- Average life expectancy is likely to continue to increase
- Retirement may last 25 years or more

* NCHS Data Brief, Number 267, December 2016

# Market Volatility Risk

- Volatility is a statistical measure of the dispersion of returns for a given security or market index. Commonly, the higher the volatility the riskier the security. – Investopedia, 2017

**"Studies *prove that the higher volatility portfolio, when taking withdrawals, the shorter the portfolio will last."***

# Volatility Is A Portfolio Killer

- **Growth Phase –** Accumulating your assets

  **Volatility has no effect on the final value of a growth portfolio**

  ✓ A portfolio with high volatility Vs a low volatility portfolio will end up with the same value over time when in the growth phase

- **Income Phase –** Taking Income from your assets

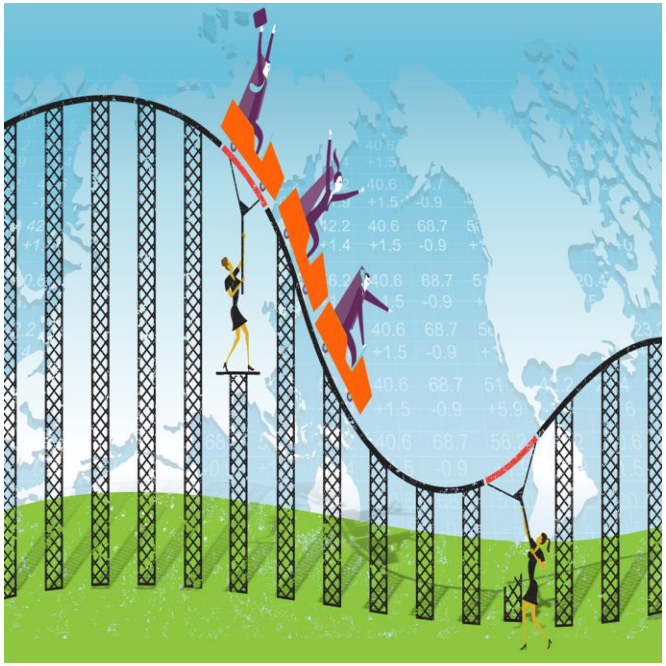
  **Volatility has a major effect on a portfolio when taking withdrawals**

  ✓ A portfolio with the lower volatility will last longer when taking withdrawals, all other variables being equal

# Market Volatility Risk

## Why You Must Care About Volatility in Retirement

by Sure Dividend, Seeking Alpha, Oct 14, 2014



### Study Variables:

- Initial portfolio value: $1,000,000 portfolio
- Annual withdrawal (for living expenses): $3,333 /month
- Assumed rate of return: 9% per year in all scenarios
- Inflation adjusted income @ 3%
- 30-year duration for different standard deviation levels

### Study Findings:

- 45% standard deviation = 69% chance of failure
- 30% standard deviation = 40% chance of failure
- 20% standard deviation = 12% chance of failure
- 15% standard deviation = 3% chance of failure
- 10% standard deviation = 0% chance of failure

# Sequence of Return Risk

"Sequence of return risk is the risk of receiving lower or negative returns early in a period when withdrawals are made from investments" (Investopedia, 2017)

- The first 10 years of returns indicates your retirement outcome
  - Negative Sequence - Lower returns in the early years
  - Positive Sequence - Higher than average returns in the early years

# Sequence of Return Risk

## Possible Scenarios

- Negative Sequences
  - Lower bond yields (current interest rate environment)
  - Stock market losses (2000-2001 & 2007-2008 & 2021)
  - The Lost Decade (2000-2010)

- Positive Sequences
  - Higher bond yields (1962-2008)
  - Stock Market Bull Market (2009-2018)

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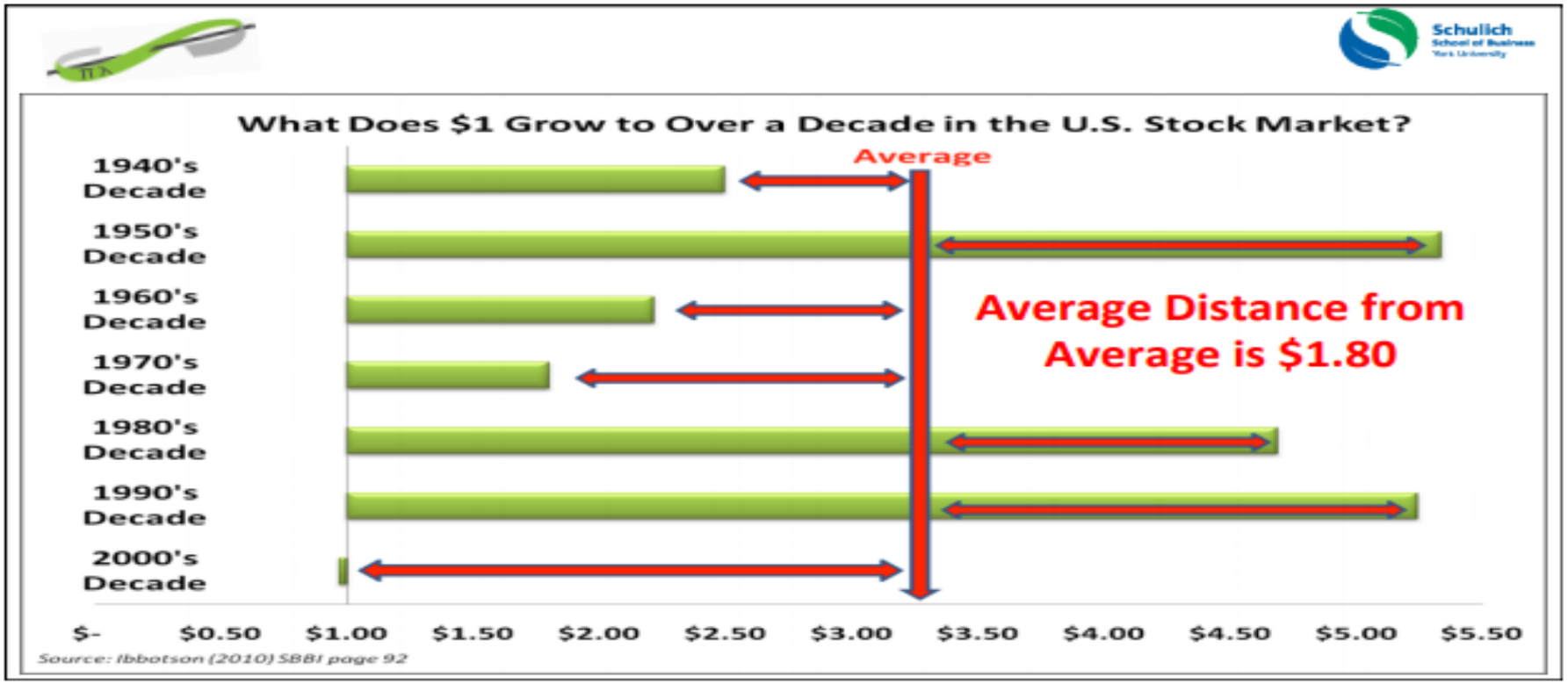
# Where Will Stocks Be When You Retire?



# Interest Rate Risk

**Interest rate risk is the potential for rising interest rates to cause the decrease in price of an investment**

- When interest rates go up, the current market price of bonds goes down

- When interest rates rise, stocks usually do not perform as well, especially if they have a large amount of debt

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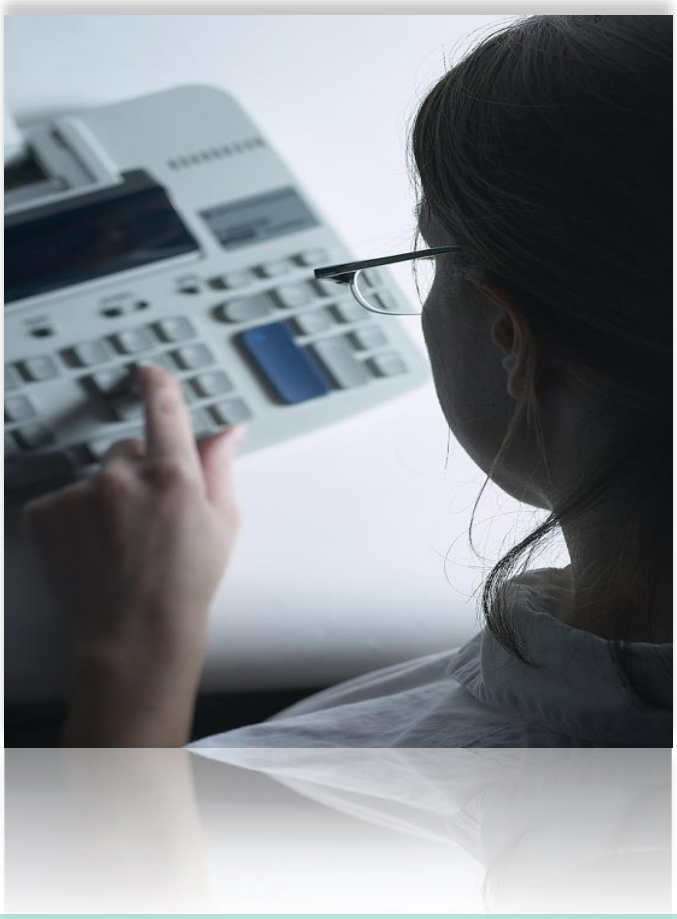
# Tax Risk

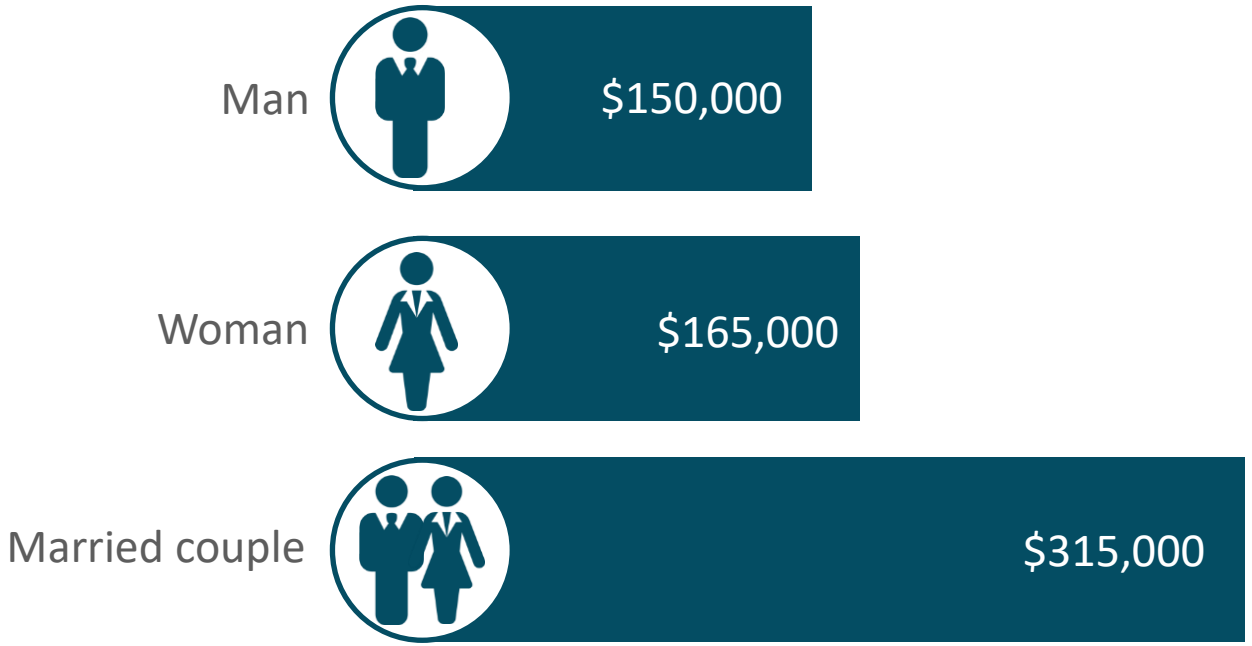
**Reducing tax liability in retirement has a dramatic impact on portfolio survival rates**

- Tax reduction Strategies can add 10-15 years or more to your portfolio survival
  - Roth Conversions
  - Tax Loss Harvesting
  - Annuities
  - Tax-Free Investments
  - Tax Optimized Withdrawals
  - Asset Location
  - Etc.



# Health Care Risk

Sixty-five-year-olds who retired in 2022 might need these amounts to cover their health expenses in retirement




Source: Fidelity Retiree Health Care Cost Estimate, 2022

# Long-Term Care Risk

- More than half of people will need some form of long-term care after age 65
- Current average cost of a one-year stay in a nursing home (semi-private room): **$95,000**
- Cost in 20 years at just a 3% inflation rate: **$200,000**

Source: 2021 Cost of Care Survey by Genworth

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# Take-Aways from this Class

1. Question & challenge traditional approaches (you may find new opportunities)
2. Base your decisions on data and research (vs. hearsay)
3. Always ask why (show me the research)
4. Balanced Middle Way advice is more reliable
5. The right plan incorporates Multi-Discipline Retirement Strategies
6. Your Safe Withdrawal Rate is critical
7. Your plan must mitigate What-If risks

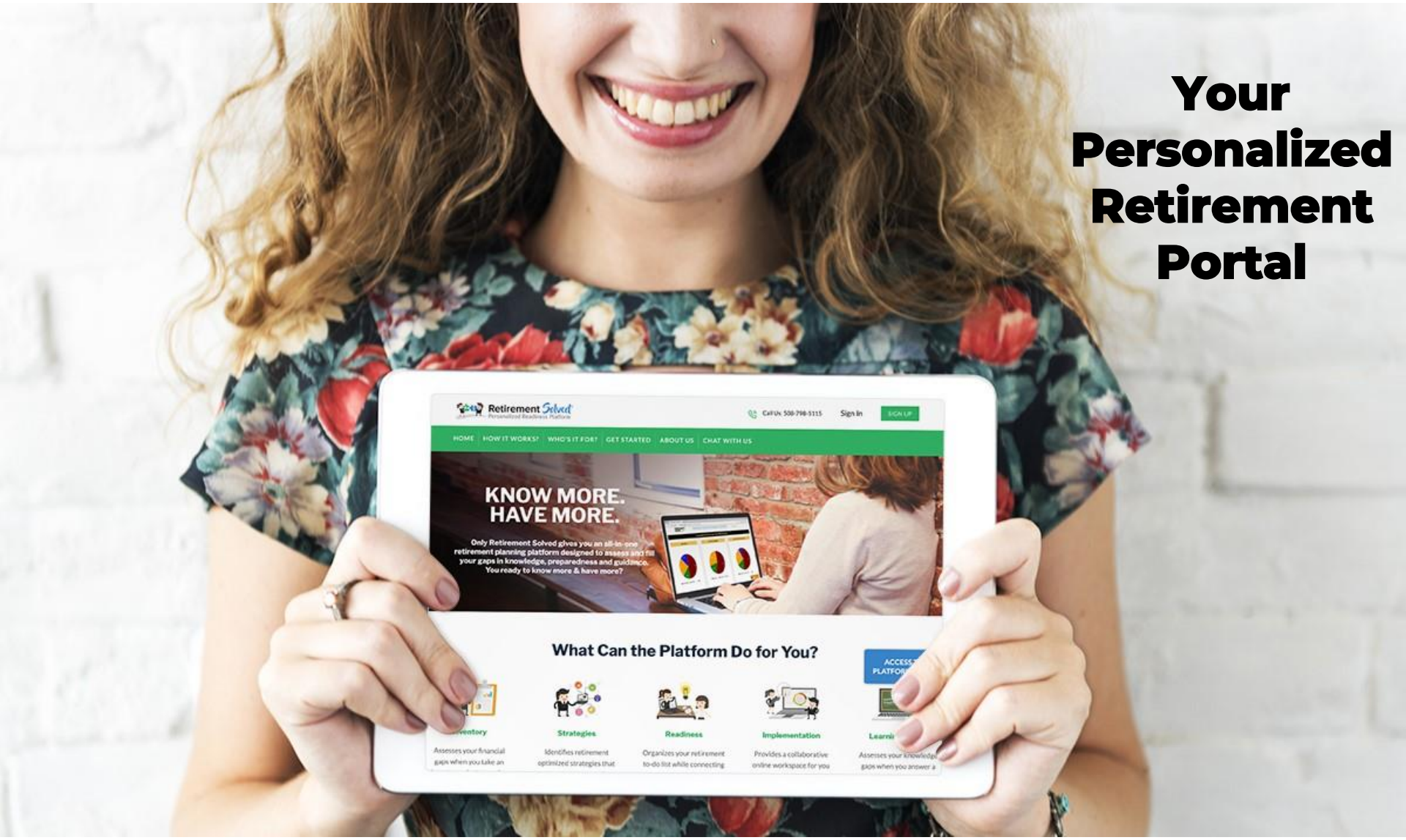
# Next Class

**Class 2:** Retirement income planning: accumulation and distribution, income sources (i.e. Social Security and Home Equity) and cash flow in retirement.

# Can You Name One of the Multi-Discipline Strategies?

# Can You Name One of the Key Risks??

# Your Personalized Retirement Portal



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**It's the decisions we make, followed by the actions we take, that dictate who we are and what we can become.**

# Apply for my G.R.O.W. Diagnostic

(complimentary assessment to determine gaps, risks and opportunities for wealthbuilding)

Go to this link:
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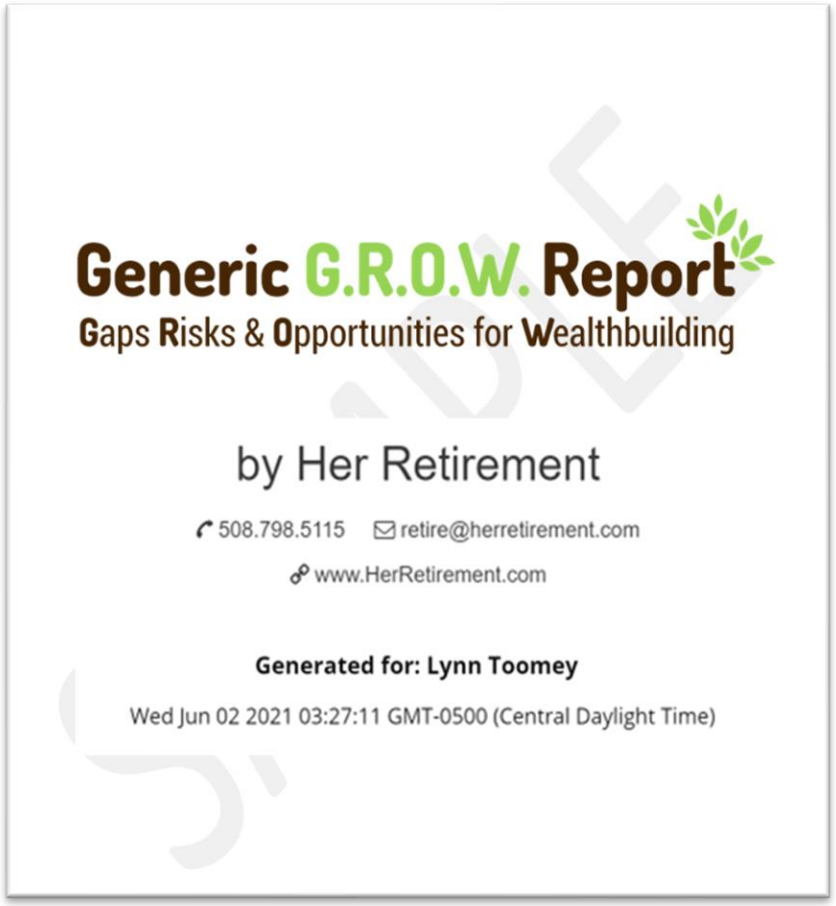

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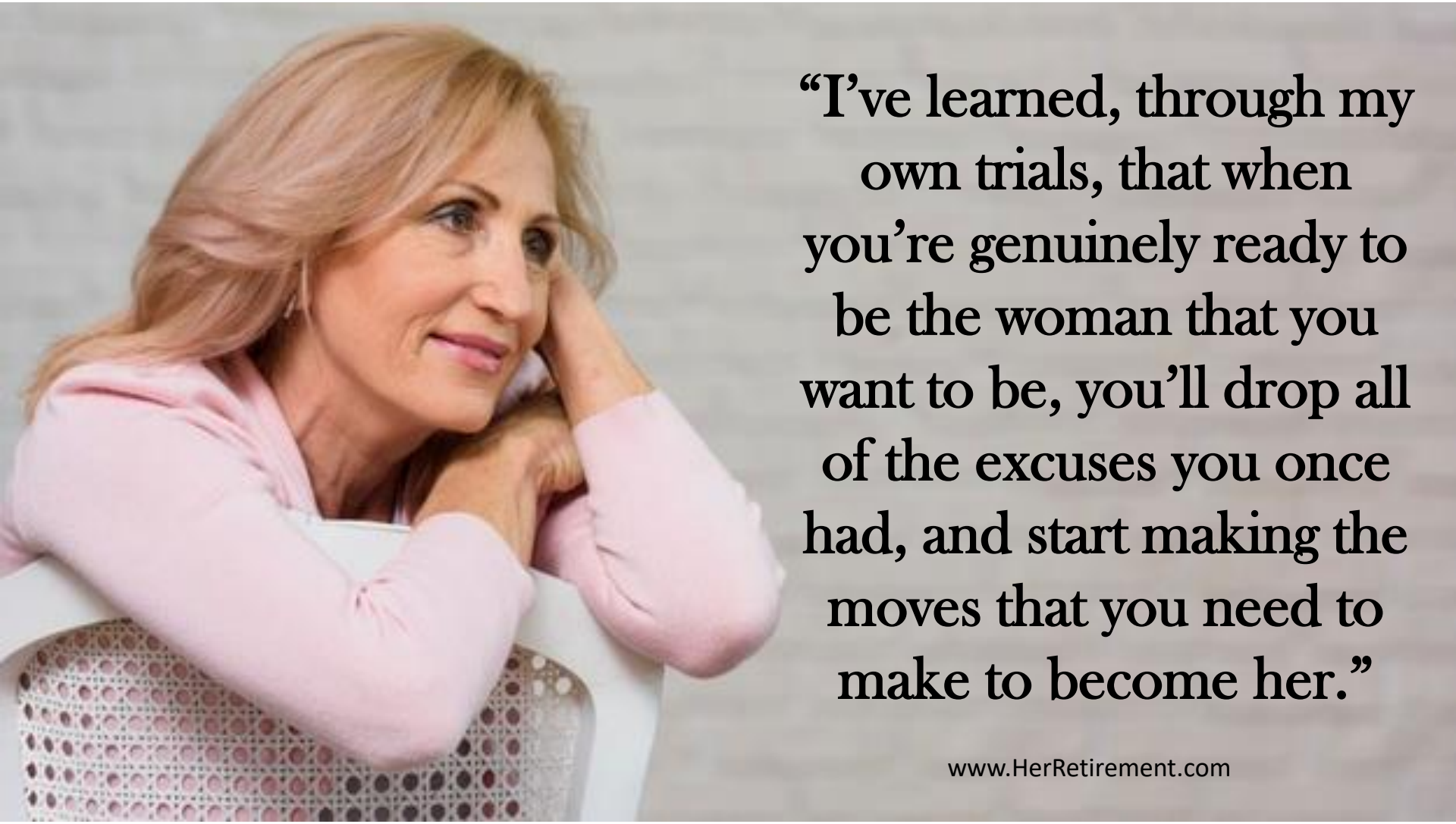

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# Thank you for watching Class 1.

HappiHER. HealthiHER. WealthiHER.

Let's Get Her Done.

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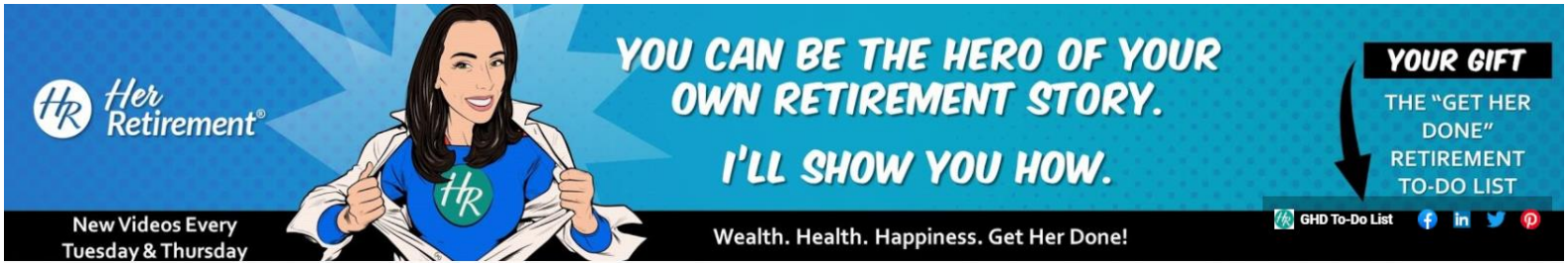
# Get more support, information and inspiration

from my podcast, Youtube channel and private FB group



# Links...

- Her Retirement Website
- Retirement Solved Readiness Platform
- Lynn's Blog & Podcast
- Lynn's Private Her Retirement Facebook group
- Lynn's Youtube Channel
- Lynn's Big Book of Retirement Qs&As