

RETIREES – CASE STUDY

John and Sue have worked for the majority of their adult lives. John worked for a fortune 500 company for 30+ years. Sue was a teacher at a local school system for 20 years before switching jobs to work at the local university for 10 years before she retired. John wanted to retire at age 64. He had a pension and a 401k at his job. Sue was three years younger than John and wanted to retire at age 62. She was also covered by a pension.

Several years before they retired they reached out to us for help. They wanted to know how all the pieces fit together to create the income they needed in retirement. They also wanted to know what the best strategy for filing for Social Security Benefits. After gathering all information and talking with them about their goals and concerns we developed their personal financial plan to help meet all of those while alleviating many of their concerns. In this case, John took a Lump Sum benefit from his pension instead of a payout. John was concerned with the viability of the company's pension plan. Also, the lifetime benefit payment was not very attractive. We put part of the pension in an Annuity with a guaranteed lifetime income benefit and a non-reducing death benefit. We invested the remainder of the pension and 401k in income producing assets. John also delayed his social security benefit for one year to get to full retirement age and receive an increase of 8%. Sue chose to annuitize her pension option with a spousal benefit. Sue also chose to collect Social Security at age 62. Sue's social security benefits will be reduced because of her non-covered pension benefit. We were able to calculate those reductions due to the Windfall Elimination Provision. Her spousal benefits will also be reduced because of the Government Pension Offset provision. Sue is also caring for an elder parent so they had concerns about long-term care. We were able to get them a long-term care insurance policy to help guard against them spending down their assets. They now have the freedom to travel and take their grandkids to Disney World.

This is a hypothetical example and is not representative of any specific investment. Your results may vary.