

RETIREMENT REALITY CHECK

HOW TO SPEND YOUR MONEY
AND STILL LEAVE AN AMAZING LEGACY



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HOST OF THE FINANCIAL QUARTERBACK RADIO SHOW

A PDF COMPANION TO THE AUDIOBOOK

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REALITY CHECK

MITIGATE THE ONSLAUGHT
OF INCOME TAXES WITH
OUR 11-STEP APPROACH.

SELF-ASSESSMENT

1. **How do you feel about your financial situation?**
 - a. Comfortable
 - b. Uneasy
 - c. Worried
 - d. Scared
 - e. Terrified
2. **How would you characterize your knowledge of personal finance, investment, and savings choices?**
 - a. Minuscule
 - b. I know a bit but want to know more
 - c. I'm an expert at some things, shaky about others
 - d. I'm a total ace
3. **When it comes to your risk comfort level, are you more inclined to go after a sure thing or a maybe?**
 - a. Sure thing
 - b. Maybe
4. **Do you work with a financial advisor?**
 - a. Never
 - b. I did but gave up on him/her
 - c. Yes, but unhappily
 - d. Yes, happily
5. **How much money do you have specifically saved for your retirement?**
 - a. \$0–\$100,000
 - b. \$100,000–\$500,000
 - c. \$500,000–\$1,000,000
 - d. \$1,000,000–\$10,000,000
6. **How much money do you have saved for an emergency?**
 - a. Nothing
 - b. \$100–\$10,000
 - c. \$10,000–50,000
 - d. \$50,000–\$100,000
 - e. \$100,000–\$250,000
 - f. >\$250,000
7. **How much do you think you'll need for retirement?**
 - a. \$100,000
 - b. \$500,000
 - c. \$1 million
 - d. \$5 million
 - e. No clue

8. **How much money do you save each month after paying all your bills?**
- a. \$0–\$500
 - b. \$500–\$1,000
 - c. >\$1,000
9. **About how much credit-card debt do you carry over each month?**
- a. Zero
 - b. Between \$1 and \$999
 - c. >\$1,000
10. **Do you have insurance that would cover a disability that caused you to miss work?**
- a. Yes
 - b. No
11. **If you have kids between 6 months and 15 years old, how much have you saved for each one's education?**
- a. Nothing
 - b. \$50,000
 - c. \$100,000
 - d. >\$100,000
12. **Do you have life insurance?**
- a. No
 - b. Yes, a term policy from work
 - c. Yes, a whole-life policy
13. **Do you have any income that doesn't come from a salary?**
- a. No
 - b. Yes, from a savings account
 - c. Yes, from stocks and bonds
 - d. Yes, from an annuity
 - e. Yes, from part-time work
14. **Do you have a 401(k), IRA, or Roth IRA?**
- a. Yes, I contribute a little whenever I can
 - b. Yes, I max out every week
 - c. I think so, but I'm not sure
 - d. What's a 401(k)?
15. **If you could have 20 percent more income a month, what would you do with it?**
- a. Pay off my credit cards
 - b. Save it
 - c. Go out to dinner more often
 - d. Give more to charity
 - e. Take a vacation

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REALITY CHECK

BUY TERM LIFE INSURANCE AND
INVEST THE DIFFERENCE VS.
BUY WHOLE AND INVEST THE REST.

REALISTIC BTID SCHEDULE

AVERAGE RETURN	NET RETURN	DIFFERENTIAL	NET RESULT
7.03%	5.14%	\$65,112	\$299,830

YEAR	BALANCE B.O.Y	RATE OF RETURN	ANNUAL PAYMENT	ANNUAL TERM	TOTAL FEES	ANNUAL TAX	BALANCE E.O.Y
[1] 2000	\$0	(-9.10%)	\$10,000	(-\$2,000)	(-\$91)	\$0	\$8,999
[2] 2001	\$8,999	(-11.89%)	\$10,000	(-\$2,000)	(-\$167)	\$0	\$16,573
[3] 2002	\$16,573	(-22.1%)	\$10,000	(-\$2,000)	(-\$207)	\$0	\$20,493
[4] 2003	\$20,493	28.68%	\$10,000	(-\$2,000)	(-\$373)	(-\$1,934)	\$36,932
[5] 2004	\$36,932	10.88%	\$10,000	(-\$2,000)	(-\$509)	(-\$1,129)	\$50,400
[6] 2005	\$50,400	4.91%	\$10,000	(-\$2,000)	(-\$627)	(-\$656)	\$62,083
[7] 2006	\$62,083	15.97%	\$10,000	(-\$2,000)	(-\$809)	(-\$2,517)	\$80,139
[8] 2007	\$80,139	5.49%	\$10,000	(-\$2,000)	(-\$940)	(-\$1,094)	\$93,053
[9] 2008	\$93,053	(-37.00%)	\$10,000	(-\$2,000)	(-\$649)	\$0	\$64,274
[10] 2009	\$64,274	26.46%	\$10,000	(-\$2,000)	(-\$896)	(-\$4,345)	\$88,686
[11] 2010	\$88,686	15.06%	\$10,000	(-\$2,000)	(-\$1,103)	(-\$3,286)	\$109,160
[12] 2011	\$109,160	2.11%	\$10,000	(-\$2,000)	(\$1,211)	(-\$556)	\$119,907
[13] 2012	\$119,907	16.00%	\$10,000	(-\$2,000)	(\$1,461)	(-\$4,596)	\$144,635
[14] 2013	\$144,635	32.39%	\$10,000	(-\$2,000)	(\$1,936)	(-\$11,074)	\$191,711
[15] 2014	\$191,711	13.69%	\$10,000	(-\$2,000)	(\$2,232)	(-\$6,106)	\$220,988
[16] 2015	\$220,988	1.38%	\$10,000	(-\$2,000)	(\$2,335)	(-\$705)	\$231,136
[17] 2016	\$231,136	11.96%	\$10,000	(-\$2,000)	(\$2,636)	(-\$6,376)	\$260,963
[18] 2017	\$260,963	21.83%	\$10,000	(-\$2,000)	(-\$3,170)	(-\$13,078)	\$313,866
Deferred Taxes (-\$14,036)							
Totals			\$180,000	(-\$36,000)	(-\$21,354)	(-\$71,487)	\$299,830

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REALITY CHECK

ANNUITIES AREN'T THE DEVIL: THEY CAN DELIVER
30 PERCENT MORE INCOME IN RETIREMENT.
ANNUITIES ARE YOUR FRIEND.

HYPOTHETICAL ANNUITY SCHEDULE

Selected Period 1/1/1998 to 1/1/2018		Principal Protection & Growth Potential			
End Of Year	Income	S&P 500 DRC 5% Index Change	S&P 500 Index Change	Accumulation Value	Allocated Interest Credited
At Issue		\$700,000			
1	\$0	9.41%	25.95%	\$746,050	7.53%
2	\$34,318	8.68%	18.49%	\$755,884	7.20%
3	\$35,527	1.09%	-11.82%	\$714,076	0.12%
4	\$35,527	-1.06%	-10.02%	\$671,368	0.00%
5	\$35,527	-4.58%	-21.27%	\$628,368	0.00%
6	\$35,527	8.37%	21.94%	\$627,782	7.05%
7	\$35,527	4.79%	8.44%	\$615,993	5.22%
8	\$35,527	4.13%	5.55%	\$598,993	4.43%
9	\$35,527	9.62%	11.65%	\$599,520	7.67%
10	\$35,527	4.81%	2.16%	\$574,204	3.08%
11	\$35,527	-4.43%	-35.61%	\$531,479	0.00%
12	\$35,527	6.04%	21.59%	\$517,900	5.87%
13	\$35,527	4.94%	12.51%	\$500,829	5.31%
14	\$35,527	-0.88%	0.41%	\$459,076	0.21%
15	\$35,527	4.53%	14.51%	\$438,087	5.13%
16	\$35,527	10.37%	25.27%	\$427,775	8.05%
17	\$35,527	4.26%	12.35%	\$404,654	4.99%
18	\$35,527	-2.06%	-2.21%	\$361,946	0.00%
19	\$35,527	4.52%	12.18%	\$336,060	5.15%
20	\$35,527	14.97%	19.40%	\$324,300	10.30%
Total	\$673,804			Average Total Interest Earned	4.37% \$441,089

Selected Period
1/1/1998 to 1/1/2018

Guaranteed Lifetime Income Benefit
(Showing values as of the next year)

End Of Year	Income	Age	Income Base	Lifetime Benefit Percentage	Lifetime Benefit Amount	Nursing Home Benefit
At Issue		60	\$700,000	4.50%	\$31,500	NA
1	\$0	61	\$746,050	4.60%	\$34,318	NA
2	\$34,318	62	\$755,884	4.70%	\$35,527	NA
3	\$35,527	63	\$755,884	4.70%	\$35,527	NA
4	\$35,527	64	\$755,884	4.70%	\$35,527	NA
5	\$35,527	65	\$755,884	4.70%	\$35,527	\$75,588
6	\$35,527	66	\$755,884	4.70%	\$35,527	\$75,588
7	\$35,527	67	\$755,884	4.70%	\$35,527	\$75,588
8	\$35,527	68	\$755,884	4.70%	\$35,527	\$75,588
9	\$35,527	69	\$755,884	4.70%	\$35,527	\$75,588
10	\$35,527	70	\$755,884	4.70%	\$35,527	\$75,588
11	\$35,527	71	\$755,884	4.70%	\$35,527	\$75,588
12	\$35,527	72	\$755,884	4.70%	\$35,527	\$75,588
13	\$35,527	73	\$755,884	4.70%	\$35,527	\$75,588
14	\$35,527	74	\$755,884	4.70%	\$35,527	\$75,588
15	\$35,527	75	\$755,884	4.70%	\$35,527	\$75,588
16	\$35,527	76	\$755,884	4.70%	\$35,527	\$75,588
17	\$35,527	77	\$755,884	4.70%	\$35,527	\$75,588
18	\$35,527	78	\$755,884	4.70%	\$35,527	\$75,588
19	\$35,527	79	\$755,884	4.70%	\$35,527	\$75,588
20	\$35,527	80	\$755,884	4.70%	\$35,527	\$75,588
Total	\$673,804					

Selected Period
1/1/1998 to 1/1/2018

End Of Year	Income	Legacy Planning Guaranteed Death Benefit
At Issue		
1	\$0	\$746,050
2	\$34,318	\$755,884
3	\$35,527	\$714,076
4	\$35,527	\$671,368
5	\$35,527	\$628,368
6	\$35,527	\$627,782
7	\$35,527	\$615,993
8	\$35,527	\$598,993
9	\$35,527	\$599,520
10	\$35,527	\$574,204
11	\$35,527	\$531,479
12	\$35,527	\$517,900
13	\$35,527	\$500,829
14	\$35,527	\$459,076
15	\$35,527	\$438,087
16	\$35,527	\$427,775
17	\$35,527	\$404,654
18	\$35,527	\$361,946
19	\$35,527	\$336,060
20	\$35,527	\$324,300
Total	\$673,804	

There is still a legacy of **\$324,300** even after taking an income of **\$673,804** over the duration of his retirement!

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REALITY CHECK

MONTE CARLO IS FOR GAMBLING,
NOT WISE MONEY MANAGEMENT.
AN EASY-TO-UNDERSTAND GAME PLAN
WILL ORGANIZE YOUR FINANCES.

GAME PLAN RESULTS



Not Enough Disability Insurance



Consider getting a total of 67 percent of income in disability insurance. For example, if you make \$10,000 a month, consider a policy with a monthly benefit of \$6,700. Make sure your policy has its own occupation definition of disability. Get a guaranteed, non-cancellable policy. Contact a disability insurance specialist by calling 888-988-5674.



Long-Term Care May Be Needed for Asset Protection



You don't have long-term-care benefits in the event of injury or illness that provides you from performing activities of daily living (ADLs). With your Leap Professional, consult your health insurance agent for options regarding estate protection.



Will Needs Updating



Have you updated your will to include changes in your life situation? Do you have separate trustees and guardians? Your will was done many years ago, so consider updating your will. It also looks like you don't have a Living Will and Durable Power of Attorney. This is not meant to be a replacement for legal advice.



Get a Revocable Living Trust with Dynastic Provisions



See an estate planning attorney to make sure you maintain your privacy by avoiding the probate process through the use of a living trust. Add dynastic provisions to make sure your creditor-proof and divorce-proof your heirs.



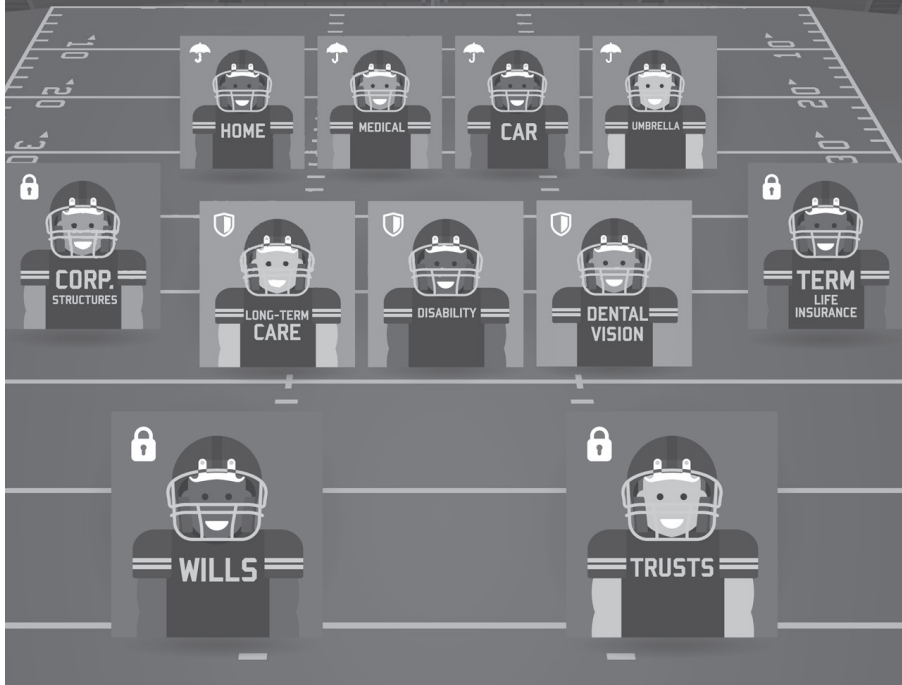
Taking Too Much Risk



You seem to be at a risk of a significant drawdown (as much as 50 percent) if the stock market experiences a significant decline. Consider a risk-tolerance and risk-capacity questionnaire. Consider increasing exposure to fixed income and treasuries.

DEFENSE

- ☂ DEFENSIVE LINEMEN
- 🛡 LINEBACKERS
- 🔒 DEFENSIVE BACKS

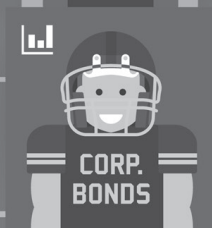
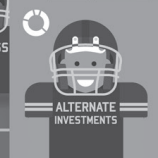
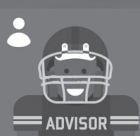


OFFENSE

- \$ OFFENSIVE LINEMEN
- ⌚ RECEIVERS
- 👤 QUARTERBACK
- 🛡️ RUNNING BACK
- 📊 TIGHT END

OWNER

YOU



THE FINANCIAL QUARTERBACK GAME PLAN

DEFENSIVE LINE

1. Car Insurance

- a. Do you have it?
- b. What's your premium?
- c. What are your deductibles?
- d. Are you paying for deductibles that don't benefit you?
Meaning, if you scratched your bumper and had a deductible of \$500, would you submit the claim?
- e. Do you have the maximum protection in the event of an accident?
- f. What are your liability limits?
- g. Does your coverage go down if you hit someone who is underinsured or has no insurance? Studies have shown that 13 percent of accidents are with people who have no insurance.
- h. Consider getting an attorney to draft a release for small fender-benders so your premiums don't go up.
- i. Remember to submit big claims but avoid little ones.

2. Home Insurance

- a. Do you have it?
- b. What's your premium?
- c. What are your deductibles?
- d. Are you paying for deductibles you wouldn't use for fear of premiums going up? Meaning, if you lost some jewelry and had a rider on your home insurance that covered jewelry and had a deductible of \$500, would you submit the claim?

- e. Do you have the maximum protection in the event of an accident?
- f. What are your liability limits?
- g. Does your coverage offer full replacement value?
- h. Remember to submit big claims but avoid little ones.

3. Umbrella Policy

- a. Do you have it?
- b. What's your premium?
- c. What are your deductibles?

Your Linebackers = The first 4 in the 3-4-4 defense

- 4. Disability Insurance
- 5. Long-Term-Care Insurance
- 6. Medical, Dental, and Vision Insurance
- 7. Social Security Insurance

Your Defensive Backs = The second 4 in the 3-4-4 defense

- 8. Life Insurance
- 9. Wills
- 10. Trusts—including a plan for your beloved Fido
- 11. Asset Protection and Ownership arrangements

YOUR OFFENSE

Your Receivers

- 1. Stocks
- 2. Business
- 3. Alternate Investments

Your Offensive Linemen—the five big guys who protect your quarterback

4. Social Security
5. Government Bonds
6. Cash-Value Life Insurance
7. Municipal Bonds
8. Cash Equivalents

The Quarterback and Short Offensive Catch and Run Game

9. Quarterback: Financial Advisor
10. Running Back: Annuities
11. Tight End: Corporate Bonds

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REALITY CHECK

DIVERSIFICATION COULD
LEAD TO DI-WORSIFICATION.

SPEND-DOWN SCHEDULE

Year	Annual Payment	Account Balance BOY	Account Balance EOY	Other	True Value
1	(\$50,000)	\$500,000	\$465,750	\$0	\$465,750
2	(\$50,000)	\$465,750	\$430,301	\$0	\$430,301
3	(\$50,000)	\$430,301	\$393,612	\$0	\$393,6120
4	(\$50,000)	\$393,312	\$355,638	\$0	\$355,638
5	(\$50,000)	\$355,638	\$316,336	\$0	\$316,336
6	(\$50,000)	\$316,336	\$275,657	\$0	\$275,657
7	(\$50,000)	\$275,657	\$233,555	\$0	\$233,555
8	(\$50,000)	\$233,555	\$189,980	\$0	\$189,980
9	(\$50,000)	\$189,980	\$144,879	\$0	\$144,879
10	(\$50,000)	\$144,879	\$98,200	\$0	\$98,200
11	(\$50,000)	\$98,200	\$49,887	\$0	\$49,887
12	(\$50,000)	\$49,887	(\$117)	\$0	(\$117)

SPEND DOWN WHILE STAYING IN THE MARKET

Year	Balance BOY	Interest Rate	Annual Payment	Mgt. Fee	Misc. Fee	Annual Term	Annual Tax	Balance EOY
1	\$500,000	39.64%	\$0	(\$5,000)	\$0	\$0	(\$16,352)	\$674,867
2	\$674,867	-30.75%	\$0	(\$6,749)	\$0	\$0	\$0	\$462,471
3	\$426,471	-31.23%	\$0	(\$4,265)	\$0	\$0	\$0	\$314,861
4	\$314,861	-47.40%	\$0	(\$3,149)	\$0	\$0	\$0	\$163,961
5	\$163,961	-10.26%	\$0	(\$1,640)	\$0	\$0	\$0	\$145,667
6	\$145,667	125.63%	\$0	(\$1,457)	\$0	\$0	(\$15,098)	\$310,284
7	\$310,284	18.25%	\$0	(\$3,103)	\$0	\$0	(\$4,672)	\$358,570
8	\$358,570	76.69%	\$0	(\$3,586)	\$0	\$0	(\$22,686)	\$604,535
9	\$604,535	48.92%	\$0	(\$6,045)	\$0	\$0	(\$24,398)	\$866,873
10	\$866,873	-48.74%	\$0	(\$8,669)	\$0	\$0	\$0	\$439,916
11	\$439,916	43.39%	\$0	(\$4,399)	\$0	\$0	(\$15,748)	\$608,739
12	\$608,739	0.70%	(-\$50,000)	(\$6,087)	\$0	\$0	(\$322)	\$556,198
13	\$556,198	-1.82%	(-\$50,000)	(\$5,562)	\$0	\$0	\$0	\$491,525
14	\$491,525	-10.96%	(-\$50,000)	(\$4,915)	\$0	\$0	\$0	\$388,757
15	\$388,757	29.20%	(-\$50,000)	(\$3,888)	\$0	\$0	(\$8,148)	\$424,503
16	\$424,503	55.09%	(-\$50,000)	(\$4,245)	\$0	\$0	(\$16,998)	\$557,235
17	\$557,235	40.12%	(-\$50,000)	(\$5,572)	\$0	\$0	(\$16,772)	\$686,157
18	\$686,157	59.73%	(-\$50,000)	(\$6,862)	\$0	\$0	(\$31,323)	\$973,851
19	\$973,851	-10.26%	(-\$50,000)	(\$9,739)	\$0	\$0	\$0	\$820,324
20	\$820,324	-2.49%	(-\$50,000)	(\$8,203)	\$0	\$0	\$0	\$743,144
					Deferred CG Tax:		\$0	
Totals:			(\$450,000)	(\$103,493)	\$0	\$0	(\$172,518)	\$743,144