

# What does your retirement look like and will you run out of money?

## Executive Summary: (TL;DR)

- › The average person is dramatically underfunded compared to their retirement expectations.
- › A lot of people don't know how they're doing financially as they navigate the big decisions.
- › We've solved these problems for our clients with a high-tech platform that brings a ton of clarity to their finances. This technology allows us to be dramatically more effective in our role as financial sherpas for the people we care about.
- › Once configured, the platform functions as your financial hub, giving you a complete overview of where you are and where you're going. The information is continually refreshed in real-time, available on any device, and ultra-secure. (Think of it like mint.com on steroids.)
- › We're able to provide insights that makes a huge difference in our clients' financial lives. Are you ready for the same experience?

## Full version:

A 2015 BlackRock survey found that working Americans have a very positive view of retirement:

- 84% expect to feel free to pursue their hobbies and interest
- 77% expect to travel as they wish
- 74% expect to feel financially secure

They believe they'll need \$45,500 per year to meet their retirement expectations.

Yet these same people have only saved an average of \$136,200, which would provide \$8,172 per year in retirement. (This assumes a 6% annual drawdown, which we feel is pretty aggressive and bigger than we normally plan for clients. In a low-return environment like today, the portfolio could be depleted rather quickly at 6%.)

Maybe Social Security will come to the rescue? Sadly no-- the average Social Security benefit is just under \$16,000 per year, creating the following grim math:

\$8,172	[portfolio draw]
+ \$16,000	[Social Security]
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\$24,172	[expected income]
- \$45,500	[expected expenses]
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- \$21,328	[annual shortfall]

### That's basically 50% short!

Plugging that gap with an additional \$21k pulled from their retirement account would imply a 22% annual draw (and increasing each year as the account balances shrink)-- ouch! Even assuming abnormally healthy investment returns slowing that 22% drain, a portfolio that heavily tasked is likely to be gone in less than 10 years. Once it's tapped, all that's left are Social Security and a major forced lifestyle adjustment.

### The average person's financial position is woefully incapable of delivering on their expectations. They unequivocally can't afford to retire unless they accept a dramatic reduction in their quality of life.

Even affluent pre-retirees have question marks. They've saved an average of \$567,000 and expect \$59,600 to live off of to meet their dreams. But an aggressive 6% drawdown on their \$567k is still only \$34,000 per year, leaving a \$25k per year deficit. **There's clearly a major disconnect between people's hopeful dreams and economic reality, and every day 10,000 new people in the US reach retirement age with this problem staring them in the face.**

We've even seen this stress in our own clients, despite most of them being well above the averages. For someone reaching the twilight of their career, retiring and turning off your normal income stream can create a mountain of uncertainty. Will you have enough to live on? What if you outlive your money? When should you start taking Social Security? What if there's a market crash or inflation gets bad? There are an overwhelming number of scenarios that can be scary to untangle, even for the financially savvy.

Many young clients have a hard time imagining what cash flows they'll need for a comfortable retirement. They wonder if they are currently saving enough, especially when there are so many looming question about the future of Social Security. How do you balance living a full life now without short-changing your future self? It's a daunting question that shouldn't just be assumed is OK.

### To summarize, people's financial futures are generally cloudy, stress-inducing, and filled with uncertainty.

We don't want that kind of unhealthy stress in the lives of the people we care about. And the best cure for this kind of uncertainty is massively better information and planning. Thankfully, technology solves this problem and helps us all get on the same page.

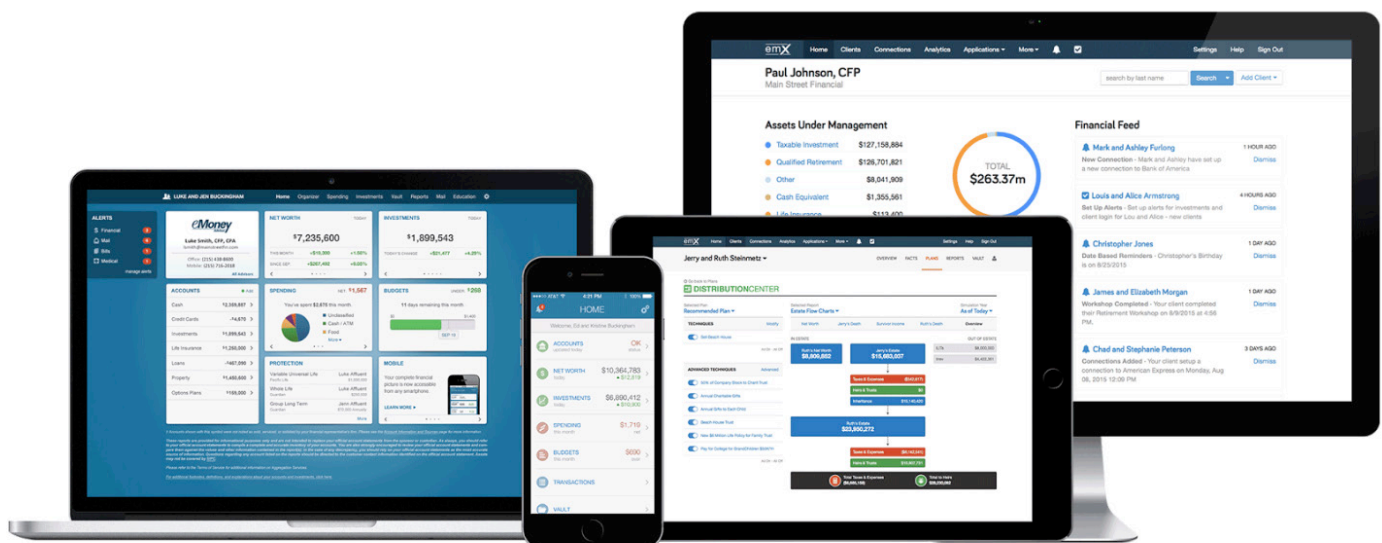


## FARNAM STREET

## Investments

**“The best—maybe the only?—real, direct measure of “innovation” is change in human behaviour. No small innovation ever caused a large shift in how people spend their time and no large one has ever failed to do so.”** – Stewart Butterfield, Startup Founder

**We’ve paid up for the best financial platform we could find to help us work with our clients more effectively and slay the uncertainty dragons for the people we care about.** Our clients making retirement decisions have a much clearer picture whether it’s the right time or not, and the likelihood of outliving their money. Our younger clients have more insight into balancing their current and future needs, with enough time to make changes before they deviate too far off course. By providing better visualization of your financial picture, we’re able to both *tell you* and now *show you* with clear graphics how you’re doing.



Our platform functions as a central location for your financial life. If you’re familiar with mint.com, it uses a similar architecture where you link up all of your accounts so the data are continuously updated in real time. What’s in there are the freshest numbers available, always up to date. With just a 15 minute onboarding process, you no longer have to remember 10 different account logins when you want to check on your financial well being-- you have one centralized place to see it all. Our goal is to leverage these cool new technologies to make our advisor relationship with our clients richer and more holistic.

We also splurged for the slick mobile app for those of you who prefer a real time medium for staying on top of your financial life. In seconds you can see a personal overview when and where you want, from any device. And for our remote clients, we have screen-sharing capabilities where we can work together via an online meeting format. It’s as close as we can get to having you in the office on the couch sitting next to us.



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One of the coolest bonus features is the online "vault" where you're able to store important documents like passports, birth certificates, wills, trusts, home and auto titles, tax returns, really anything you'd want to keep in a digital safe. Think of it as a secure electronic filing cabinet. We can even grant access to certain documents to other service providers like lawyers and CPAs. In the event of something catastrophic like a fire or flood, this can be invaluable in avoiding the loss of critical documents. It can also be a huge aid for loved ones to sort things out if something unfortunate were to happen. Upload an audio recording of where you'd like your possessions to end up and avert any family drama.

Wallet stolen on a trip? The vault may just help you get home safely by providing a remote copy of your license and passport. The usefulness is really limited only by our creativity.

As you'd expect, the platform has institutional-grade security with 256-bit encryption. All access and data in the platform are non-transactional and read only, so there's little concern as far as cyber-security. In fact, the same security network is used to house 70% of all financial industry transactions.

We offer this service to all FSI clients for no additional charge, and we've already seen it to be a game-changer for our clients who adopt it.

*Yours in service,  
Jake Taylor & Lonnie Rush*

