

Linda Alvarado, Single Age 51

Background: She is recently divorced and looking for a coach to help her get to retirement.

Occupation: Teacher for a unified School District

Annual Salary \$72,000

Situation

Linda had saved \$100,000 in a 403 B (Tax Sheltered Annuity) plan and had plan to save an additional \$5,000 a year until retirement. She had some money in a savings account and a CD. She also still had her ex husband on most of her retirement plan documents. Linda had two kids, Frankie, and Maria who she had hoped to leave some of her benefits to.

Concerns

One of Linda's biggest concerns was running out of money, another concern of hers was living too long. She had some concerns or leaving money to the kids, but this was only a concern if all her other concerns were met.

Expectations

She wanted to retire at 65 and in retirement Linda wanted to live an active lifestyle, work by choice as a substitute teacher, have an opportunity to help others, like tutor at the local community center and live a stress free life.

Solution

As with all clients we wanted to check the beneficiaries on all of her qualified plans (plans that are essentially earmarked for retirement and are tracked by the IRS for collection purposes). Turns out her ex-husband was still on most of her insurance and retirement documents. First order of business was to update all of her beneficiary forms to reflect her children. She had no plans of moving to another state and had chosen a life expectancy of 93 years old. She wanted to retire at the age of 65, so this meant her money would need to last 29 years in retirement.

Linda would not have enough money to live at her current lifestyle of \$72,000 based on what she had planned. She only had a 17% chance of reaching her goal of not running out of money. With some coaching we recommended that she work an additional 3 years and retire at the age of 68 (3 years later). We also determined that since she had not saved quite enough, reducing her expenses nearly half in retirement would give her a more than 85% chance of not running out of money in retirement. The best part about it is she identified the problem early and had more than 15 years to put an expense reduction plan in place. A combination of taking a little higher risk in her 403B retirement portfolio, reducing expenses, continuing to work until age 70, would give her an additional \$200,000 in Social Security Benefits and a more than 95% chance of addressing her primary concern of not running out of money in retirement.

Current Scenario



Recommended Scenario



Retirement [Show more ...](#)

	Current Scenario	What If Scenario 1	Changes in Value
Linda	65 in 2032	68 in 2035	3 year(s) later

Goals [Show more ...](#)

Total Spending for Life of Plan ⓘ	\$2,088,000	\$1,031,056	Decreased 51%
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Savings [Show more ...](#)

Total Savings This Year	\$5,000	\$8,600	Increased \$3,600
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