

SUMMITRY

EARLY RETIREMENT:

Smart Financial Moves and Medical Insurance Planning

March 26, 2024



SPEAKERS



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Summitry



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Director
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Agenda

- Financial planning preparation to get to work-optional
- Navigating the medical insurance market for optimal coverage at the right price point
- Mental preparedness to transition to your next best chapter in life.
- Last chance tax strategy
- Q&A

Will I become
uninsured?

4% Rule? Or is it
3.5% now?

I think I need
\$10MM to
retire?

What am I
missing?



CASE STUDY #1: DAVE & KATHERINE

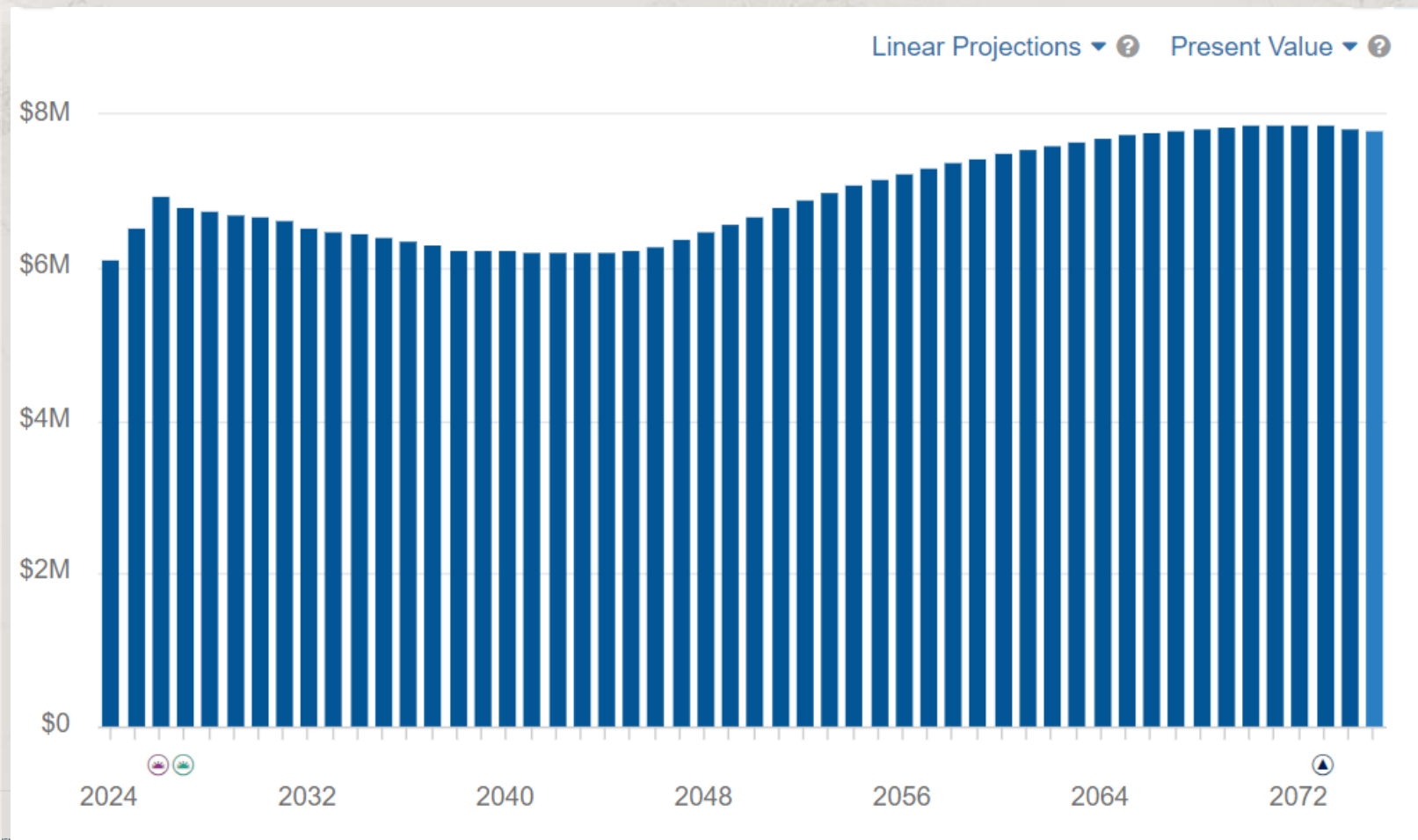
Assets	Dave	Katherine	Joint/ROS	Total	YEARS (AGES)	2024 (46/44)	2025 (47/45)	2026 (48/46)	2027 (49/47)	2028 (50/48)
Non-Qualified Assets					CASH INFLOWS					
<i>Taxable Investments</i>					<i>Salary</i>					
Joint Brokerage Account	—	—	\$3,399,077	\$3,399,077	Dave RSU	\$350,000	\$358,400	\$367,002	\$0	\$0
META concentrated holding	—	—	\$1,050,000	\$1,050,000	Dave Salary/Bonus	\$300,000	\$307,200	\$314,573	\$0	\$0
Retirement Assets					Katherine Salary/Bonus					
<i>Qualified Retirement</i>					Total Cash Inflows					
Dave 401(k)	\$1,192,520	—	—	\$1,192,520		\$950,000	\$972,800	\$996,148	\$0	\$0
Katherine 401(k)	—	\$660,920	—	\$660,920	CASH OUTFLOWS					
Real Estate Assets					<i>Living Expenses</i>					
Hamlin Family Home	—	—	\$3,072,000	\$3,072,000	Liabilities	\$180,000	\$184,320	\$188,744	\$193,274	\$197,913
Total Assets	\$1,192,520	\$660,920	\$7,521,077	\$9,374,517	<i>Education Expenses</i>					
Liabilities					College - Aiden					
<i>Long Term Liabilities</i>					529 Plan Withdrawals					
Mortgage	—	—	(\$595,208)	(\$595,208)	Real Estate Expenses	\$14,000	\$14,140	\$14,281	\$14,424	\$14,568
Total Liabilities	—	—	(\$595,208)	(\$595,208)	<i>Taxes</i>					
Total Net Worth	\$1,192,520	\$660,920	\$6,925,869	\$8,779,309	Other Expenses					
					Pre-Medicare - Medical Expenses					
					Private Schools and Extracurricular					
					Planned Savings					
					Total Cash Outflows					
					Net Cash Flow					
					\$814,374					
					\$135,626					
					\$126,330					
					\$119,824					
					(\$428,631)					
					(\$304,744)					

CASE STUDY #1: DAVE & KATHERINE

Assets	Dave	Katherine	Joint/ROS	Total
Non-Qualified Assets				
<i>Taxable Investments</i>				
Joint Brokerage Account	—	—	\$3,399,077	\$3,399,077
META concentrated holding	—	—	\$1,050,000	\$1,050,000
Retirement Assets				
<i>Qualified Retirement</i>				
Dave 401(k)	\$1,192,520	—	—	\$1,192,520
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Real Estate Assets				
Hamlin Family Home	—	—	\$3,072,000	\$3,072,000
Total Assets	\$1,192,520	\$660,920	\$7,521,077	\$9,374,517
Liabilities				
Long Term Liabilities				
Mortgage	—	—	(\$595,208)	(\$595,208)
Total Liabilities	—	—	(\$595,208)	(\$595,208)
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YEARS (AGES)	2024 (46/44)	2025 (47/45)	2026 (48/46)	2027 (49/47)	2028 (50/48)
CASH INFLOWS					
<i>Salary</i>					
Dave RSU	\$350,000	\$358,400	\$367,002	\$0	\$0
Dave Salary/Bonus	\$300,000	\$307,200	\$314,573	\$0	\$0
Katherine Salary/Bonus	\$300,000	\$307,200	\$314,573	\$0	\$0
Total Cash Inflows	\$950,000	\$972,800	\$996,148	\$0	\$0
CASH OUTFLOWS					
<i>Living Expenses</i>					
Living Expenses	\$180,000	\$184,320	\$188,744	\$193,274	\$197,913
<i>Liabilities</i>					
Liabilities	\$51,192	\$51,192	\$51,192	\$51,192	\$51,192
<i>Education Expenses</i>					
College - Aiden	\$0	\$0	\$0	\$0	\$47,327
529 Plan Withdrawals	\$0	\$0	\$0	\$0	(\$47,327)
Real Estate Expenses	\$14,000	\$14,140	\$14,281	\$14,424	\$14,568
Taxes	\$403,182	\$426,938	\$448,278	\$8,680	\$8,086
<i>Other Expenses</i>					
Pre-Medicare - Medical Expenses	\$0	\$0	\$0	\$32,212	\$32,985
Private Schools and Extracurricular	\$120,000	\$122,880	\$125,829	\$128,849	\$0
Planned Savings	\$46,000	\$47,000	\$48,000	\$0	\$0
Total Cash Outflows	\$814,374	\$846,470	\$876,324	\$428,631	\$304,744
Net Cash Flow	\$135,626	\$126,330	\$119,824	(\$428,631)	(\$304,744)

DAVE AND KATHERINE'S PORTFOLIO VALUE OVER TIME – ADJUSTED FOR INFLATION

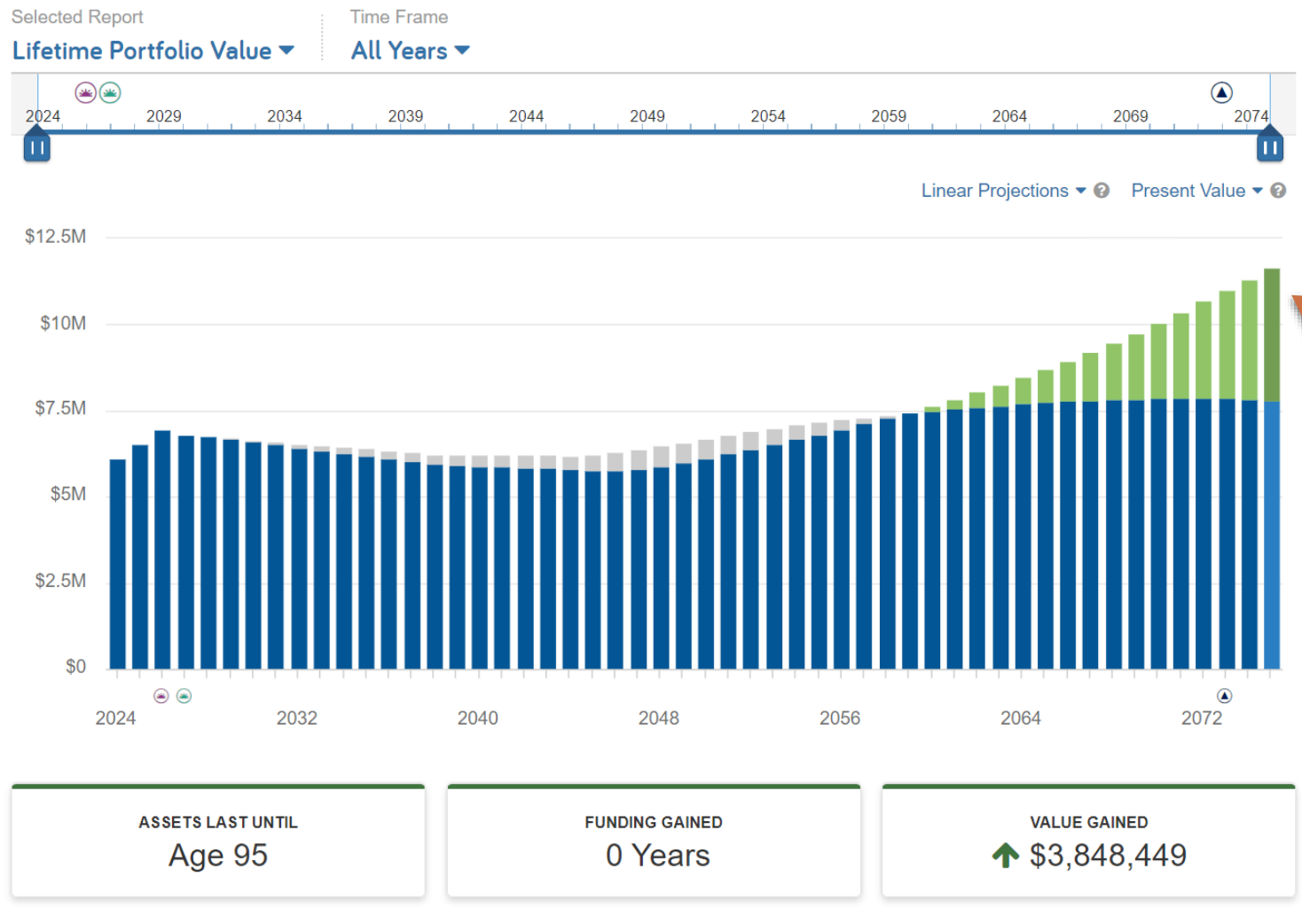


PLAN Manage ▾

Hamlin Plan - Nov 2023 ▾

- 2032 - Olivia's gift - \$200K [↗](#)
- 2035 - Aiden's gift - \$200K [↗](#)
- 2041 - Roth Conversions when Dave is 59.5 [↗](#)
- Roth IRA [↗](#)
- LTC for Dave Hamlin [↗](#)
- LTC for Katherine Hamlin [↗](#)
- 20% Market pull back in 2028 [↗](#)
- Extended period of higher inflation [↗](#)

[↗](#) Opens In Advanced Planning
All On · All Off



And of course, we can optimize to save on taxes and make their finance better.

CASE STUDY #2: SUZANNE

The process of financial planning provides an opportunity to explore and discuss aspirational goals and plan for them!

Charitable Contribution considerations

Value NVDA shares contributed	\$	100,000	
Embedded LT Capital Gain:	\$	95,000	
Tax Liability if Sell	\$	31,132	(23.8% Federal + 13.3% CA)
Net after-tax Proceed if sell	\$	68,869	
Actual tax liability reduction if gift to charities	\$	50,030	

In summary, for \$100K charitable donation, the net cost to you is \$18,839

Charitable Deduction is subject to 30% of taxable income limit

Charitable Deduction will be used to offset earned income/ordinary income first. You get highest value when you are still working

FINANCING IS MUCH EASIER WHILE WORKING WITH CURRENT HIGH TAXABLE INCOME

- Debt to income ratio is one of the most important factors to obtain the best interest rate available
- Assets based loan can be an option for retirees, but options will be limited.
- 1% interest difference will cost you over \$200K more on \$1MM standard 30-year mortgage!



KEY TAKEAWAYS

- You don't need to work until 65
- Plan for higher medical insurance premium and out of pocket costs pre-Medicare like you would for any other financial goals





MEDICAL INSURANCE

COBRA

- Continuation of employer plan
- Available for 18 months
- Brings some advantages
 - Larger networks
 - Continuity of care
 - Strategic with spend



INDIVIDUAL, FAMILY PLANS

- Standardization brings simplicity
- Flexible plan choices
- Strategic savings



What's Next

- Short vs. long term planning
 - Open enrollment (Nov. 1 – Dec. 31)
 - Qualifying events
- Alternative Options
 - Spouse/partner
 - University
 - Medicare

EXAMPLES

Family of 4 (50s and teens)	Two adults (50s)
PPO: \$3,280 - \$4,900 HMO: \$2,500 - \$3,800	PPO: \$2,400 - \$3,500 HMO: \$1,800 - \$2,700



SUMMARY

Be strategic

- Best individual plan vs. COBRA
- Annual reviews (don't set and forget)
- Explore Covered CA
- Transition family members when appropriate

Use your resources

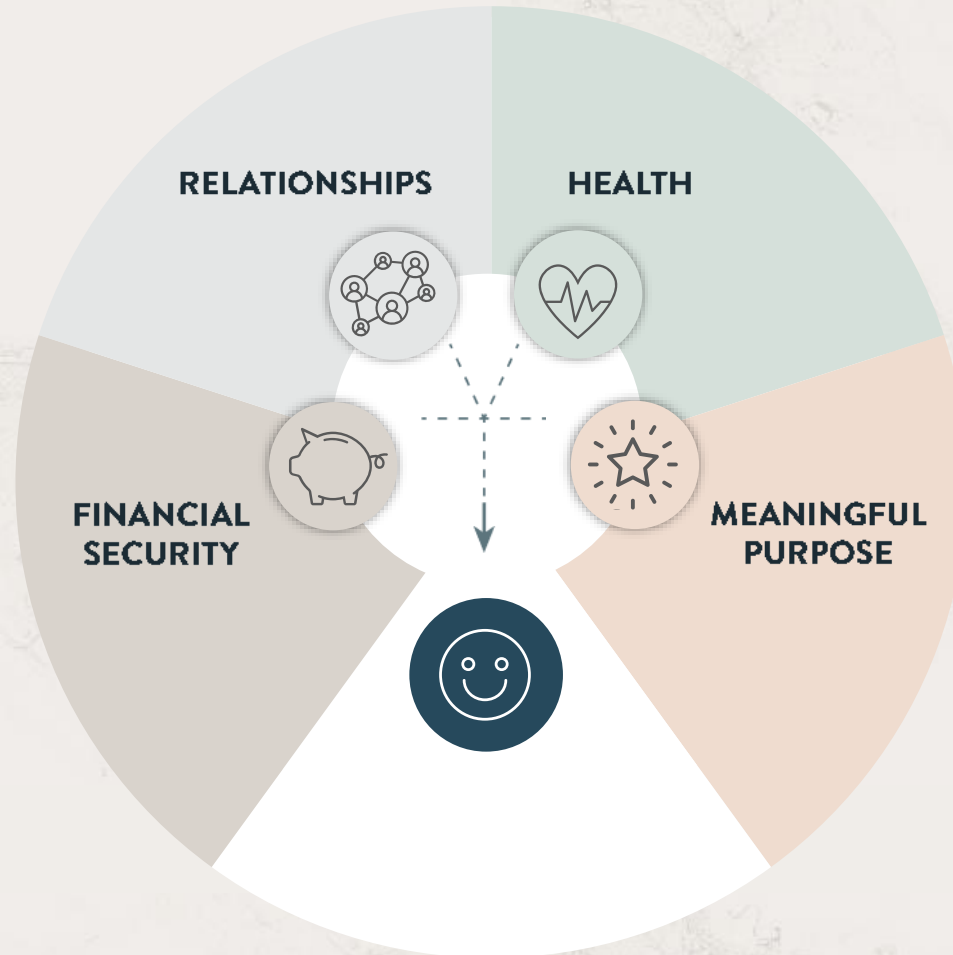
- Professional help
- www.CoveredCA.com



RETIREMENT...

What's it all about?

THE SECRET TO A SUCCESSFUL RETIREMENT



DRAFTING YOUR OWN RETIREMENT STORY



“This was but one of many inflection points in my career, family and purpose that were loud, seductive, and exciting... that had to be weighed against quieter life-changing choices, bravely voiced by Shelley, choices that involved sacrifice and commitment to family and/or relationship over unlimited pursuit of career.”

DIARIES OF A BAY AREA RETIREE: EPISODE 1
DAVID RICHANBACH

DRAFTING YOUR OWN RETIREMENT STORY



“I didn’t want to get to a place where I just decided to stop working and then there would be a void.

*I wanted to **crowd work out.**”*

DIARIES OF A BAY AREA RETIREE: EPISODE 1
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DRAFTING YOUR OWN RETIREMENT STORY

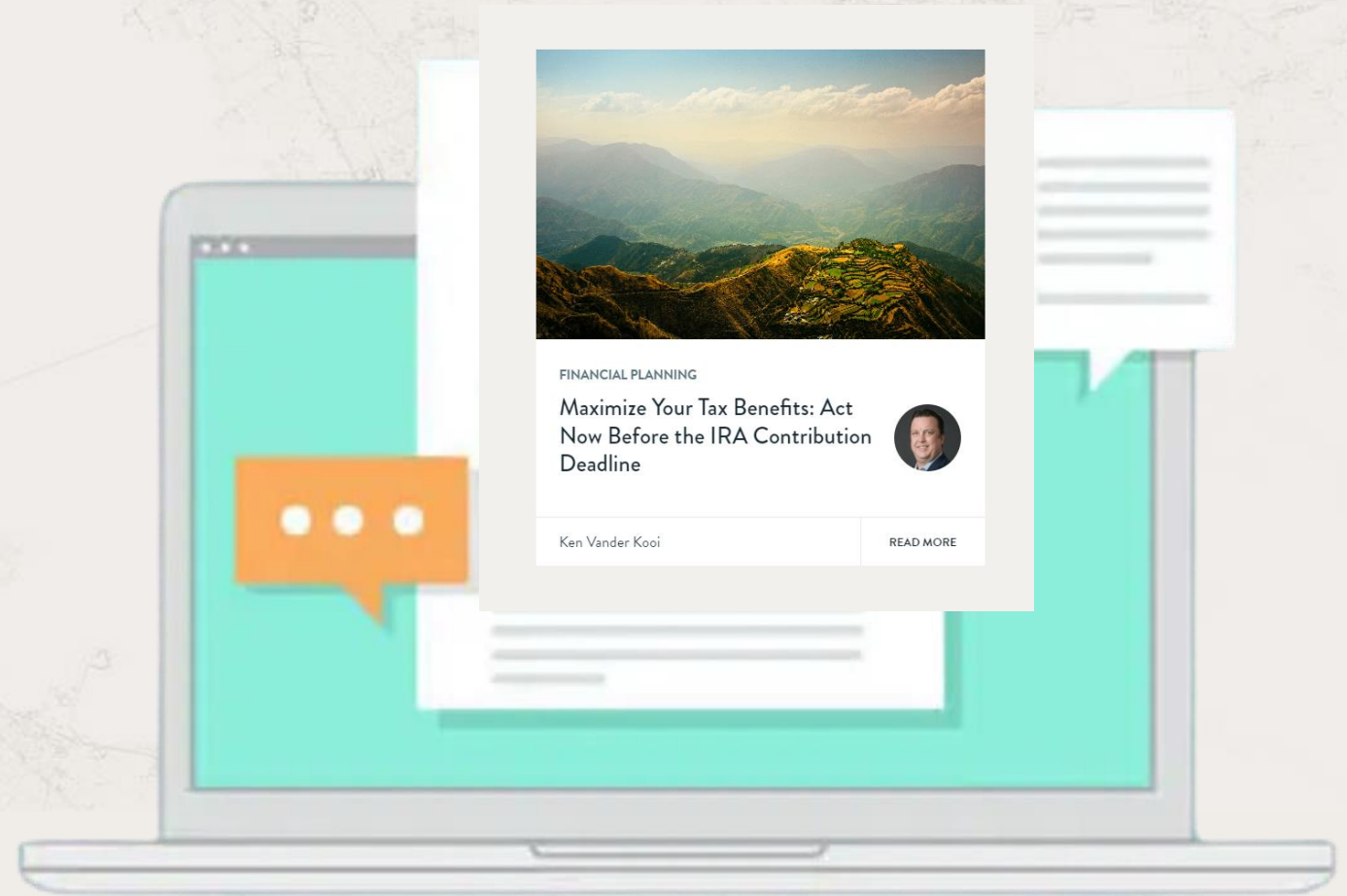


It's about finding "a place in your mind, body, and heart where you can live and be happy."

DIARIES OF A BAY AREA RETIREE: EPISODE 1
DAVID RICHANBACH

TAXES: LAST CHANCE

- Last chance tax optimization for 2023 tax year: Regular, Roth, and SEP IRAs contribution deadlines.



<https://summitry.com/insights/>

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Q&A