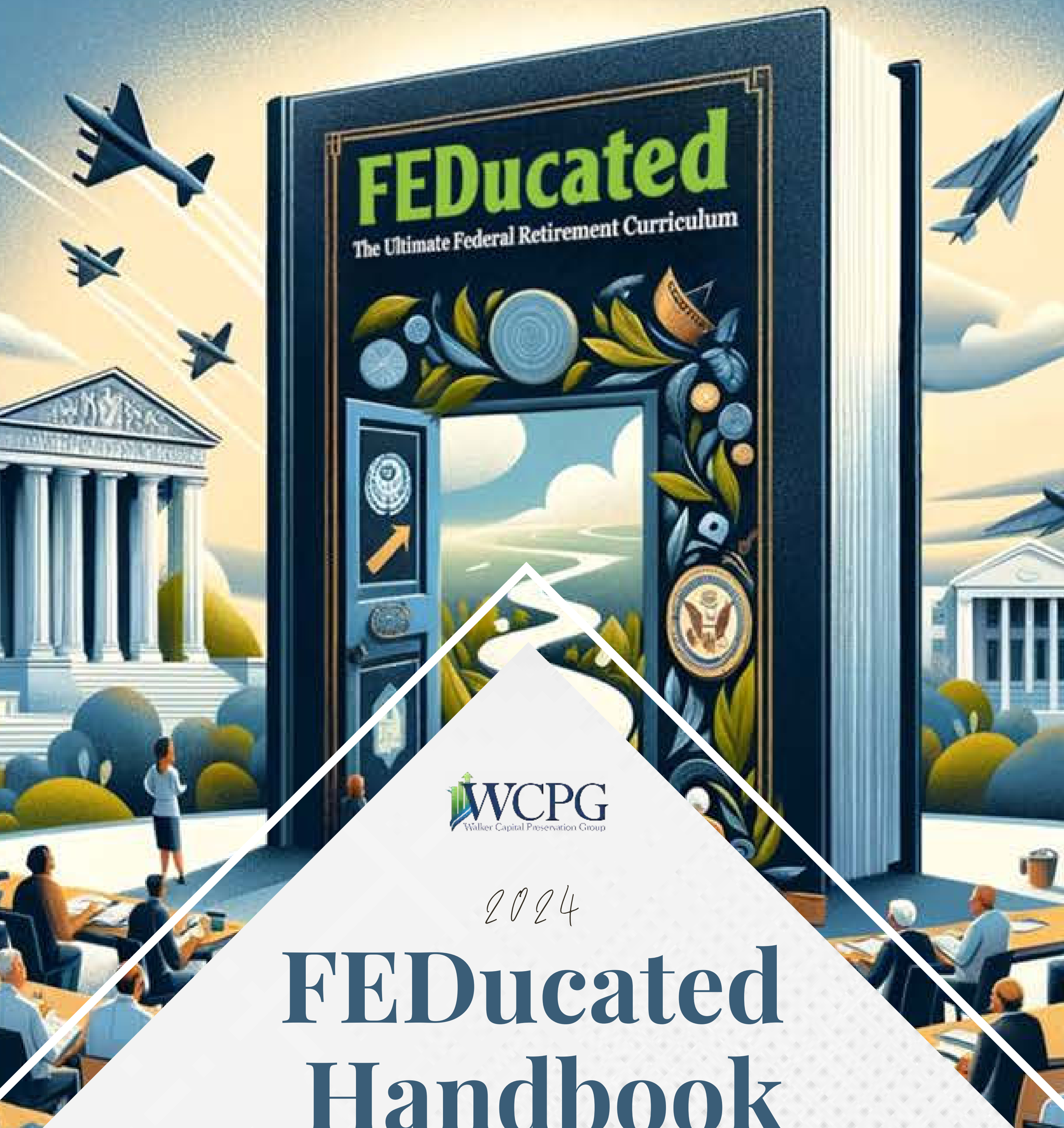


WCPG
Walker Capital Preservation Group

2024

FEDucated Handbook Pt. Eight

Thrift SPENDING Plan: Savvy Distribution Strategies

OUR MISSION

Since 2014, Walker Capital's Mission has been to educate & empower today's Federal Employee to maximize their Retirement through proper positioning & seamless coordination of their Federal Benefits & Personal Assets.

MEET THE EXPERTS

TOM WALKER, ChFEBC
Best-Selling Retirement Author

ED SLOTT'S MASTER ELITE IRA ADVISOR GROUP

Master Elite IRA Advisor
Ed Slott's Tax Planning Group

RETIREMENT TAX SERVICES

Retirement Tax Services
CPA Tax Planning Partners of WCPG

As seen on

Federal SOUP | Government Executive | FEDweek | FedSmith | FEDERAL NEWS NETWORK

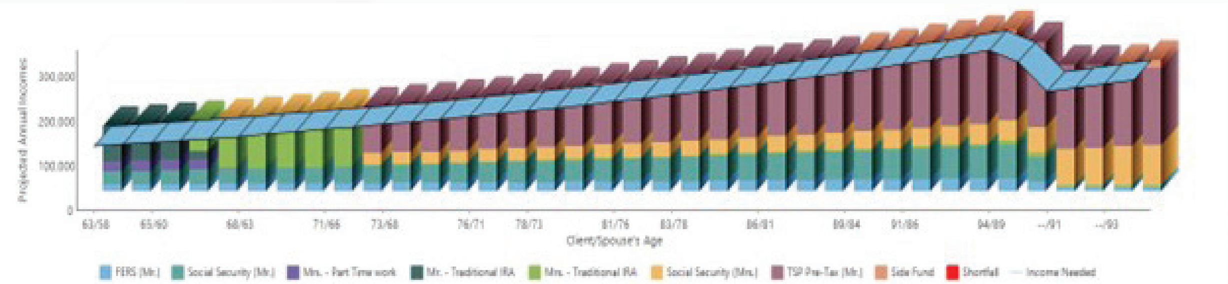
WCPG RETIREMENT BENEFITS FORECASTS

What is a **Retirement Benefits Forecast** and why do I need one?

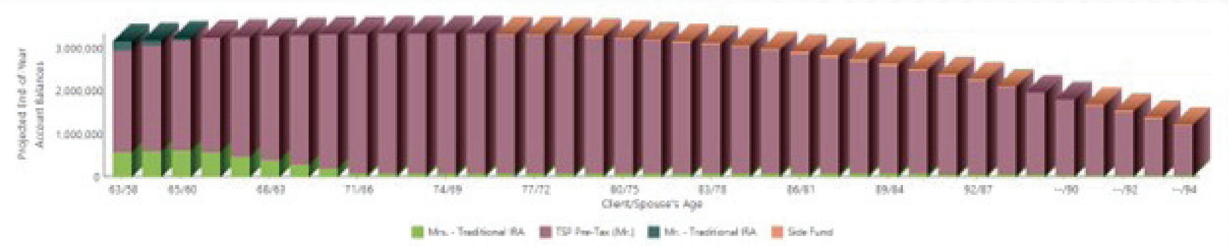
This powerful analysis offers a completely personalized model of your current retirement trajectory that includes:

- Your CSRS/FERS Pension
- FERS Supplement (if applicable)
- Social Security benefits (+ Spousal Benefits)
- TSP & IRA Withdrawals, RMDs, and Tax Treatment
- Personal Retirement Budget (adjusted for inflation)
- Current vs Future Tax Liability

Sample: Desired Income & Income Sources Through Retirement



Retirement Assets & Remaining Account Balances Through Retirement



The best part? Building a personalized projection with the Retirement Strategists at WCPG is just the start!

Our team is committed to helping you identify and address FERS/CSRS retirement pitfalls while building a relationship that enables us to help **you** get both **TO** and **THROUGH** your golden years succesfully!

Ready to Start? Click Here

WORKING WITH WALKER CAPITAL

What to expect

WCPG proudly offers Webcast Attendees & Federal Employees a **Complimentary Consultation** to review your retirement, this consultation is broken down into two parts:

- Part 1 – **Introduction Phone Call (~30 min.)**
  - **Goals:** Meet your Retirement Strategist & review your situation
    - **Discuss:** Retirement Timeline, Goals, Family & Concerns
  - Gather data to build retirement model that will be reviewed with you during a Video Strategy Session in Part 2
    - We provide a "What to Bring Email" to make it easy for you to have the key information available for your Introduction Call
- Part 2 - **Strategy Session Video Conference (~60 min.)**
  - **Goals:** Design & Discuss Retirement Benefits Forecast
    - Work through "What if Scenarios" & "Stress Tests"
      - What if I retired earlier? How about if I worked longer?
      - How may inflation, LTC, or higher tax rates impact my retirement?
  - Identify Strengths & Weaknesses of current retirement trajectory
  - Identify WCPG Services that align with your concerns & can improve your retirement

Ready to Start? Click Here

#8 | Thrift SPENDING Plan

Savvy Distribution Strategies

DISCLAIMER

- This presentation is intended as an educational overview and is not intended to provide specific advice, financial or otherwise, to any individuals without further consultation.
- WalkerCPG does not provide legal, tax or accounting advice. Please consult with a qualified attorney or CPA for proper legal, tax or accounting counsel.
- This educational presentation is not intended to sell any specific product, company, or strategy but to educate and empower attendees while emphasizing the importance of planning ahead
- Walker Capital Preservation Group, Inc. (WCPG) is not affiliated with, endorsed, or sponsored by the Federal Government or any U.S. Government agency. No Federal Government agency has reviewed or endorsed any of the information contained in this presentation.
- Due to the amount of material that will be covered today, please write down questions to be reviewed at the end of the presentation

Today's Presenter

Walker Capital
Preservation & Prosperity
Since 2014

Walker Capital
Prosperity Group LLC

Walker Capital
Preservation Group, Inc.

Tom Walker ChFEBC

BETTER TOGETHER

Tom is a best-selling author, Master Elite IRA Advisor Member, & Chartered Federal Employee Benefit Consultant with **12+ years experience** as a Federal Retirement Strategist working closely with those retiring from the Public Sector.

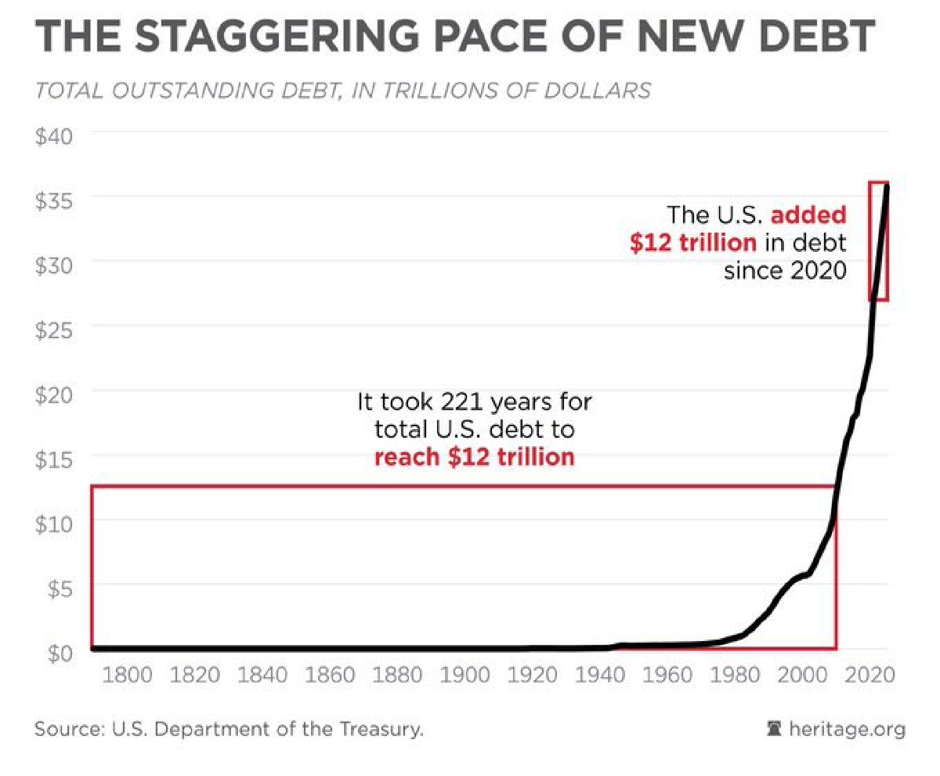
WCPG proudly partners with the CPA's at **Retirement Tax Services** to help ensure our clients have access to a team of highly trained experts to help with both tax planning & tax preparation

AGENDA

1. National Debt + My Retirement
2. But …Retirement Was Already COMPLEX!
3. Retirement Allocation + Distributions 101
4. Distribution Methodologies
5. The Bucket System | Addressing Mult. Timelines
6. Tax-Savvy Distribution Strategies
7. Taxation + Inflation + Sequence Risk Case Study
8. Who’s Your Intended Beneficiary? Case Study

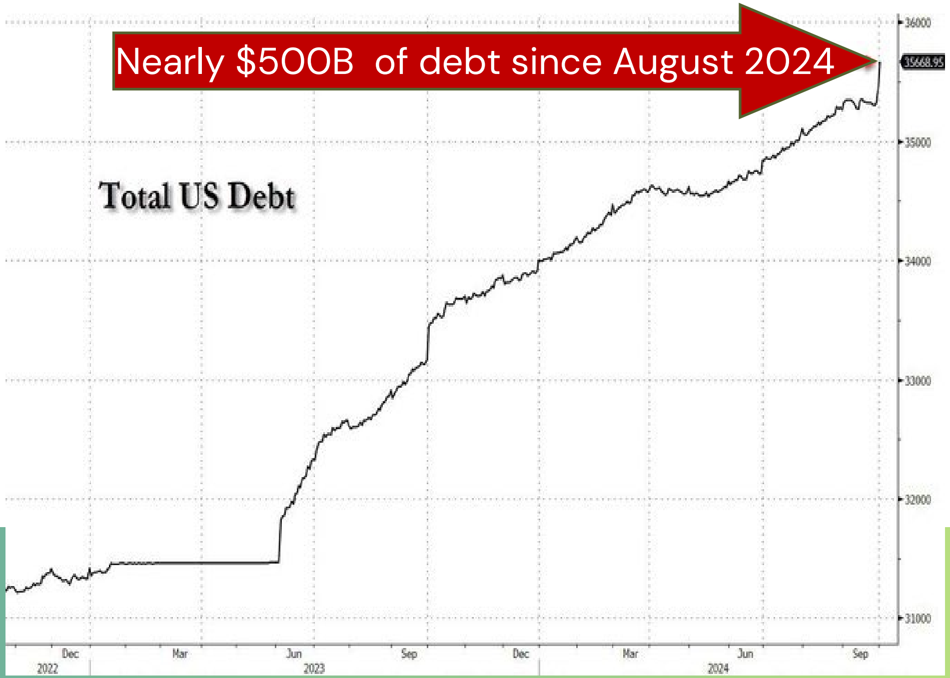
NATIONAL DEBT + MY RETIREMENT

Pace of US National Debt Accumulation



Continuing Resolutions ARE NOT Solutions

$4.3T of New US Debt in last 15 Months



In 2024, Uncle Sam's interest-only payments on National Debt cost $2.5B+ EVERY SINGLE DAY

INVESTIGATING UNCLE SAM'S OPTIONS

With $35.8 Trillion of Debt, the Fiscal Reality is that Uncle Sam has 3 options to avoid Defaulting on Debt

01 **Reduce Government Spending**

Only 26% of Congressional spending is discretionary.

02 **Increase Tax Revenues**

Higher tax rates negatively impact the economy

03 **Borrow (Print More Money)**

Debasing the value of existing dollars by printing more

Option #1 | Decrease Spending

Decrease Social Benefits
(SS, Medicare/Medicaid)

- Medicare Trust set to expire 2026
- Social Security Trust set to expire by 2034
- If unaddressed, monthly SS benefits would be reduced ~22% for new & existing recipients in 2035+

Reduce Pension & Cola's
(CSRS, FERS, LEO)

- Hi-5 to replace Hi-3 (reducing pension)
- Increases FERS contribution requirements to 7%
- Reduce CSRS pension Cost-of-Living-Adjustment + eliminate FERS COLA
- Moving MRA back further

Reduce Fers Supplement
(FERS + LEO)

- Bridge payments to get recipient to point of SS eligibility
- Reduction would severely hinder Fed's ability to retire at MRA+30
- Elimination could remove the feasibility of MRA+30 retirement for most

Reduce FEHB Subsidy
(Fed Retiree + Survivor)

- Healthcare costs generally increase faster than inflation
- Current FEHB subsidy is 72% of premiums
- FEHB coverage & subsidy continuation to surv. spouse = peace of mind

Option #2 | Increase Tax Rates

Higher Future Tax Rates IMPACT FERS retirees more so than many in the Private Sector

01 FERS Pension

02 Social Security

03 TSP Distributions

FERS Pension

~99% Reported as TAXABLE INCOME

Social Security

~85% Reported as TAXABLE INCOME*

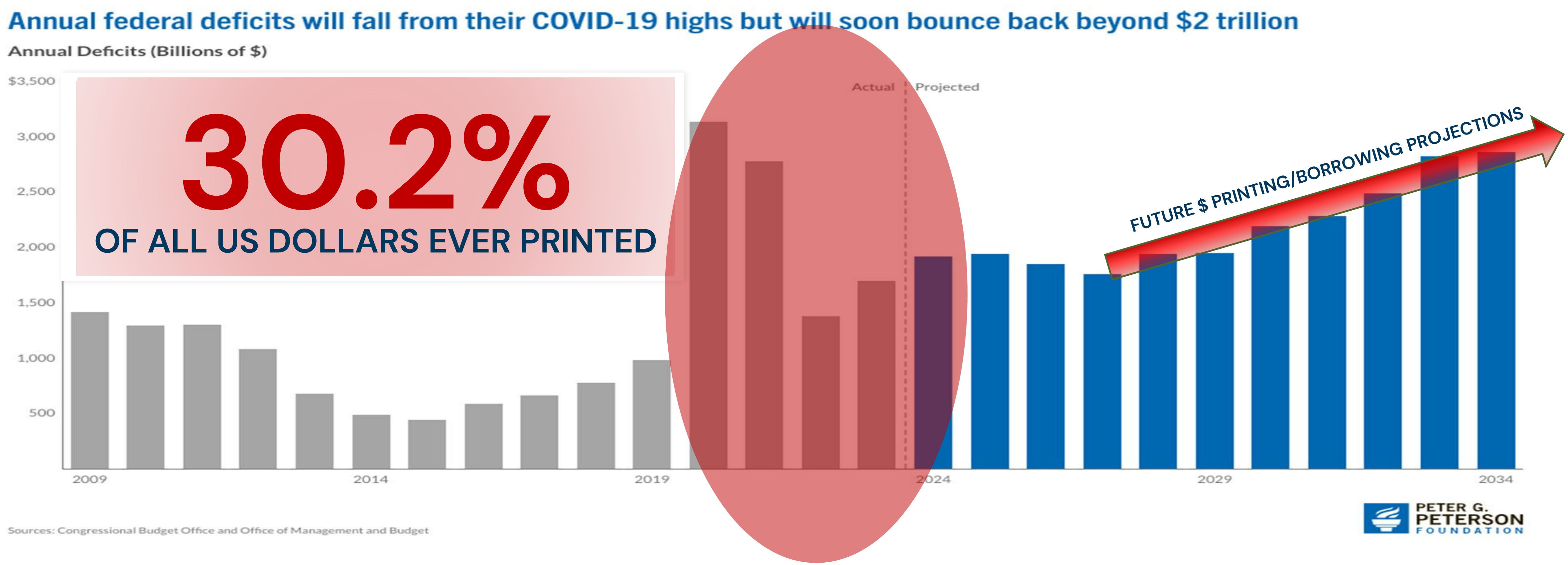
**due to Prov Income Level*

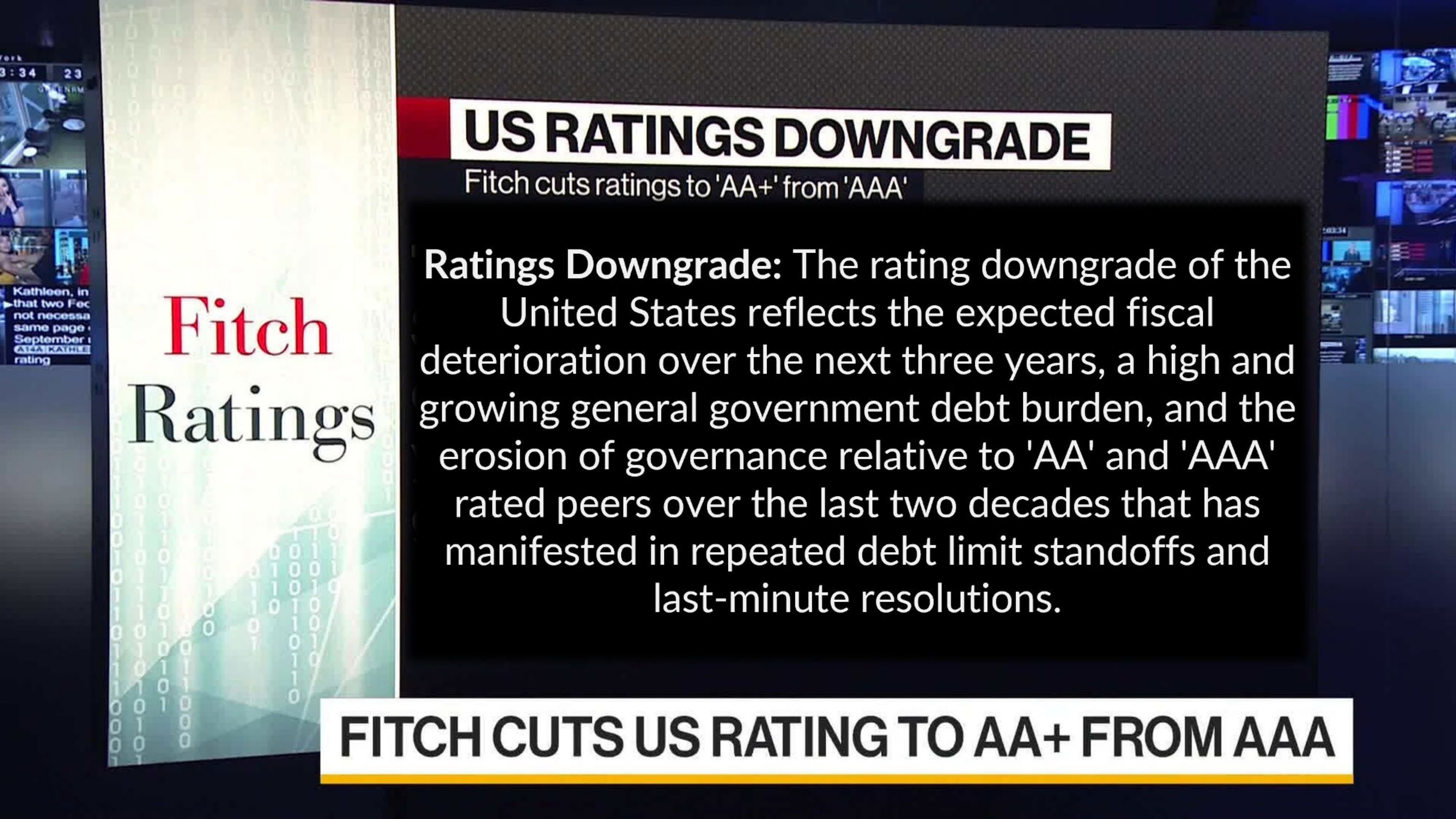
TRAD. TSP Distributions

100% Reported as TAXABLE INCOME

Option #3 | Increase Money Supply

Deficits can be Inflationary When Financed by Money Printing | Projections from the Congressional Budgeting Office (CBO)

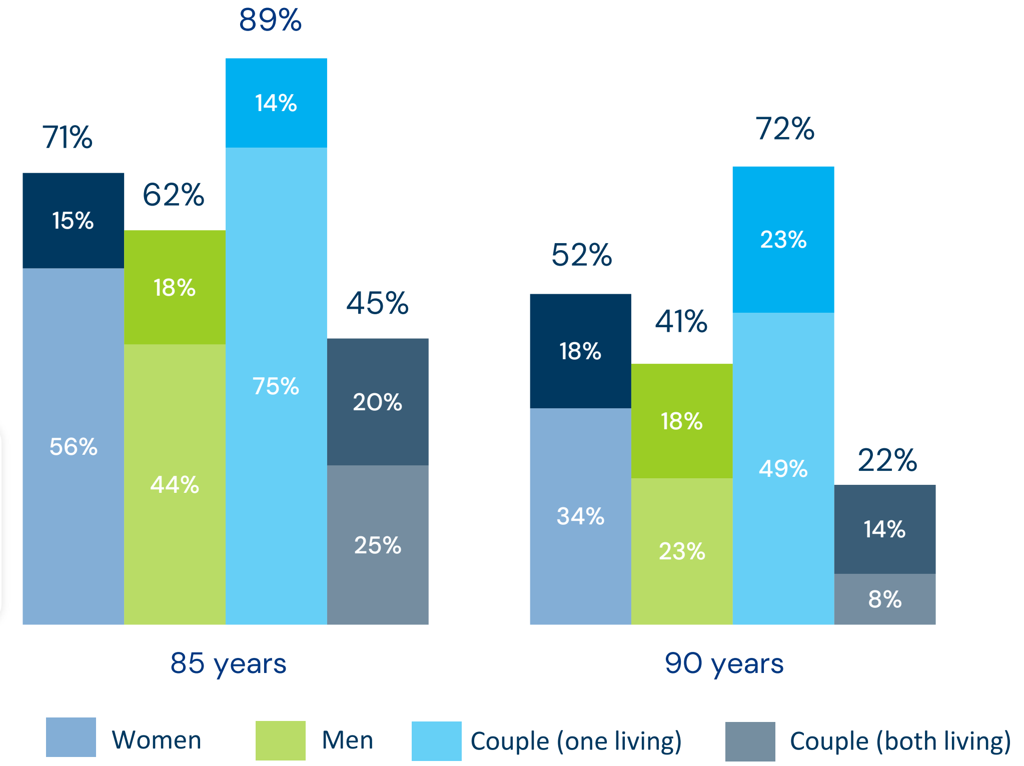



US RATINGS DOWNGRADE
Fitch cuts ratings to 'AA+' from 'AAA'
Fitch Ratings
Ratings Downgrade: The rating downgrade of the United States reflects the expected fiscal deterioration over the next three years, a high and growing general government debt burden, and the erosion of governance relative to 'AA' and 'AAA' rated peers over the last two decades that has manifested in repeated debt limit standoffs and last-minute resolutions.
FITCH CUTS US RATING TO AA+ FROM AAA

02

RETIREMENT WAS ALREADY COMPLEX

HOW LONG SHOULD YOU PLAN FOR YOUR MONEY TO LAST?

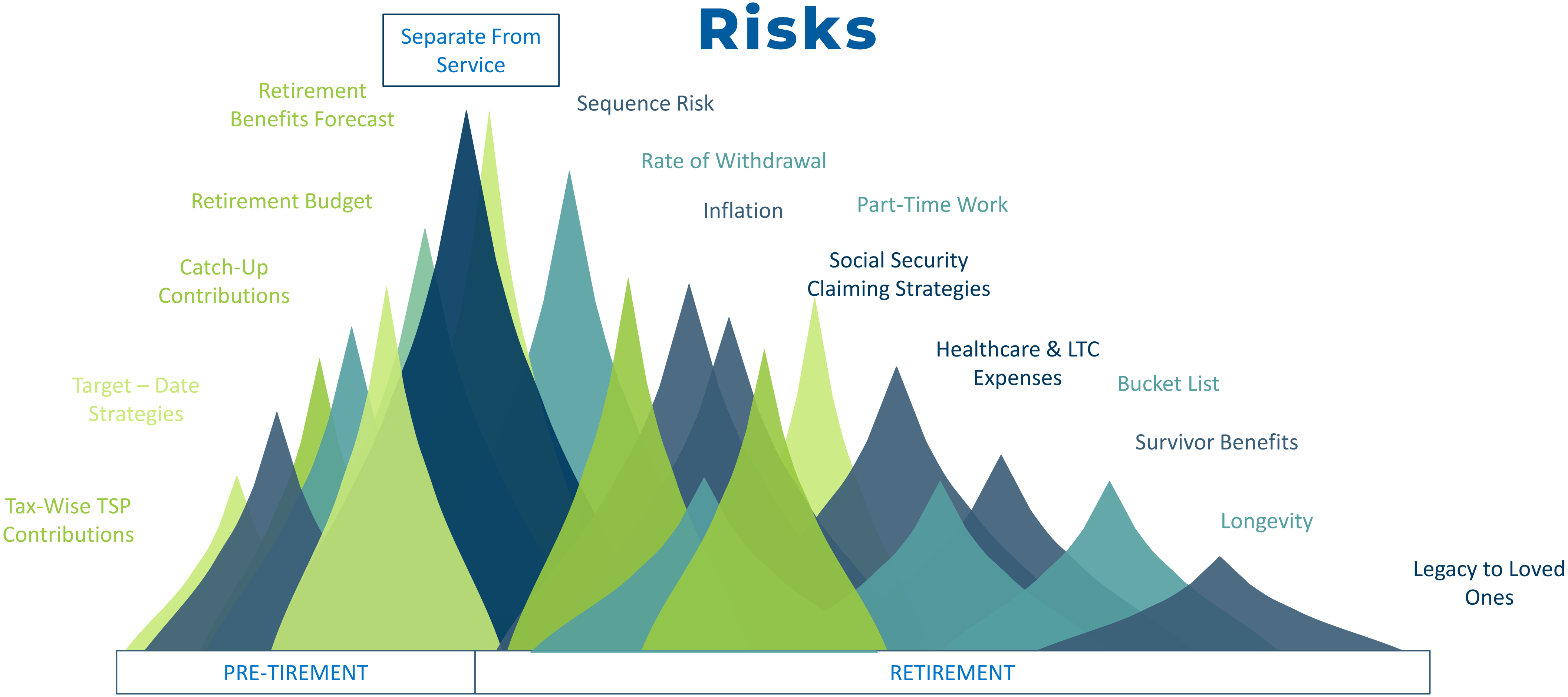


Average life expectancy at age 65

Year	Women	Man	Difference
1990	84.0	80.0	4.0
2020	84.5	82.0	2.5
2090	89.3	87.2	2.1

Source (chart): Social Security Administration, Period Life Table, 2018 (published in the 2021 OASDI Trustees Report); American Academy of Actuaries and Society of Actuaries, Actuaries Longevity Illustrator,http://www.longevityillustrator.org/(accessed January 14, 2022), J.P. Morgan Asset Management. Source (table): Social Security Administration 2021 OASDI Trustees Report. Probability at least one member of a same-sex female couple lives to age 95 is 26% and a same-sex male couple is 14%.

Pre-tirement Vs Retirement Risks

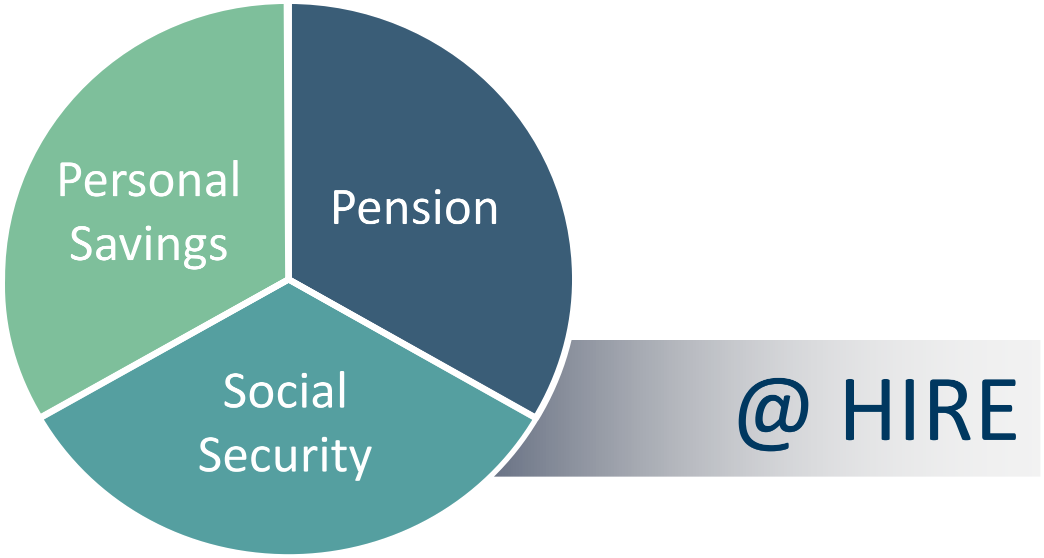


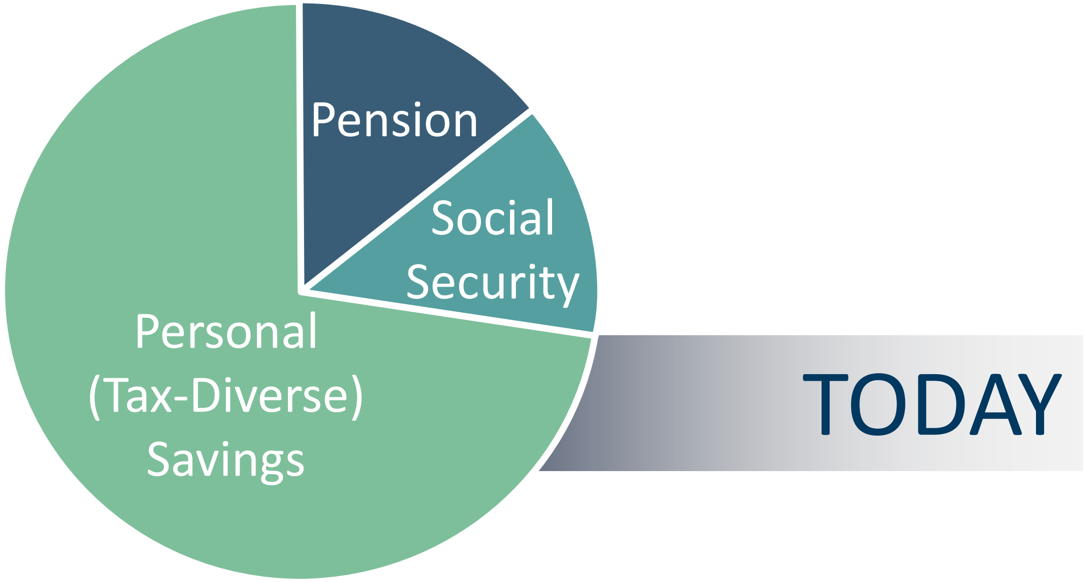
In retirement planning, as in mountain climbing…

Most of the risk is on the decent

What has changed about retirement?

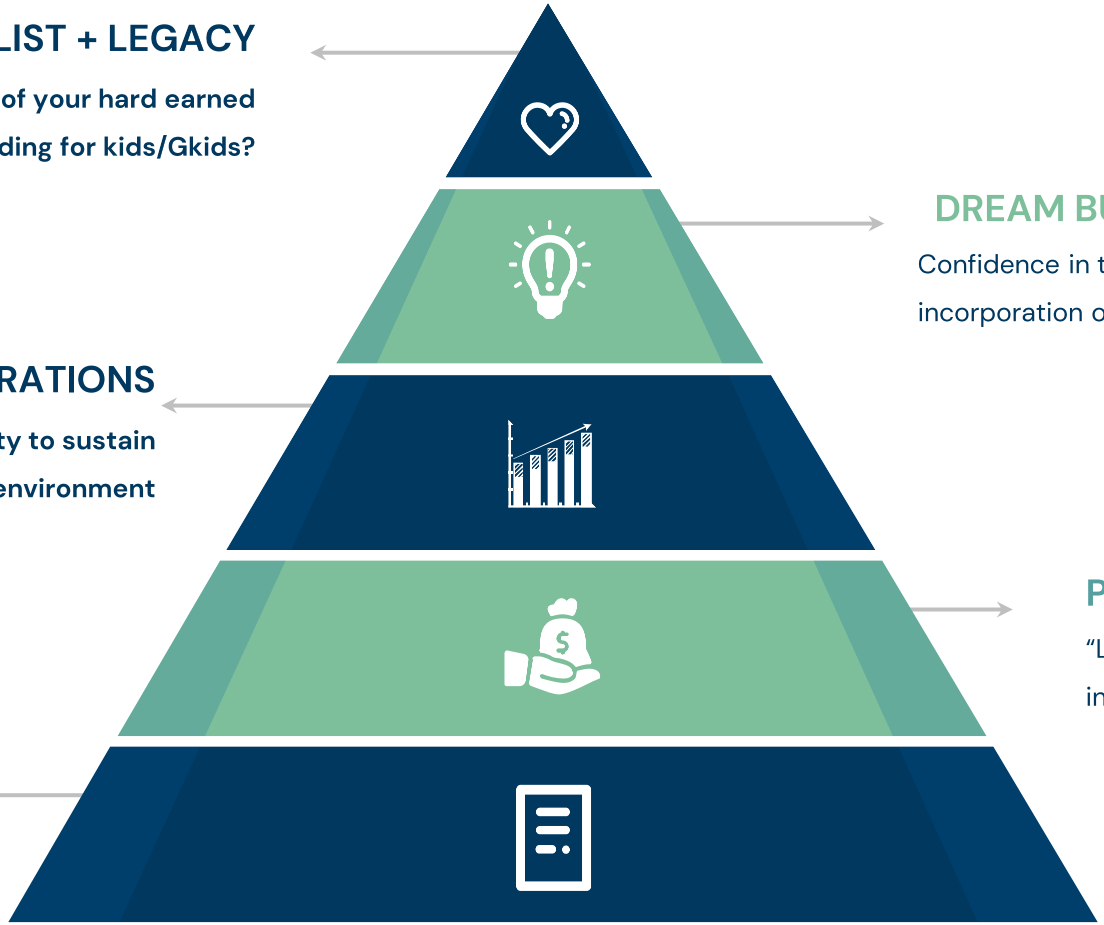
- Potential Gov't spending reductions, higher taxes, & inflationary monetary policy threaten traditional retirement incomes
- Greater responsibility for accumulating personal savings, diversifying + allocating them to **outpace inflation**





This information is intended to be a general overview and is not meant to be representative of the actual breakdown of retirement income sources. Individual circumstances will vary.

RETIREMENT CONFIDENCE HEIRARCHY



BUCKET LIST + LEGACY

What is the most IMPACTFUL use of your hard earned savings? Making memories? Providing for kids/Gkids?

DREAM BUDGET SUSTAINABILITY

Confidence in the Retirement Plan after the incorporation of WANTS into retirement budget

TAX EFFICIENCY CONSIDERATIONS

Confidence in your Portfolio’s Tax-Diversity to sustain lifestyle / purchasing power in higher tax-rate environment

PROTECTION PLANNING

“Life-Proofing” the baseline retirement to insure base lifestyle against emergencies

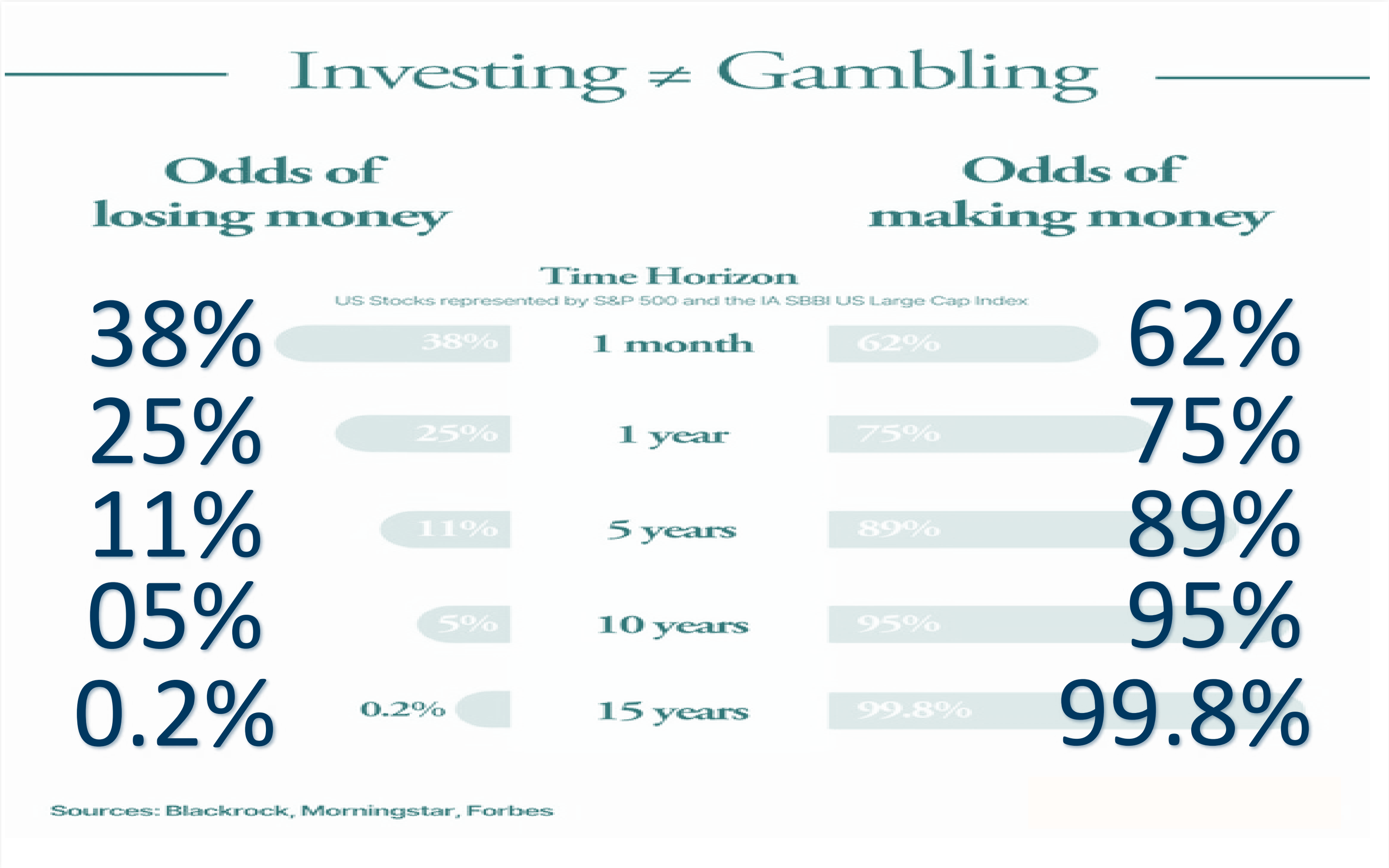
BASELINE BUDGET SUSTAINABILITY

Ability to fully fund your baseline lifestyle NEEDS (+ inflation) throughout the entirety of your golden years

05

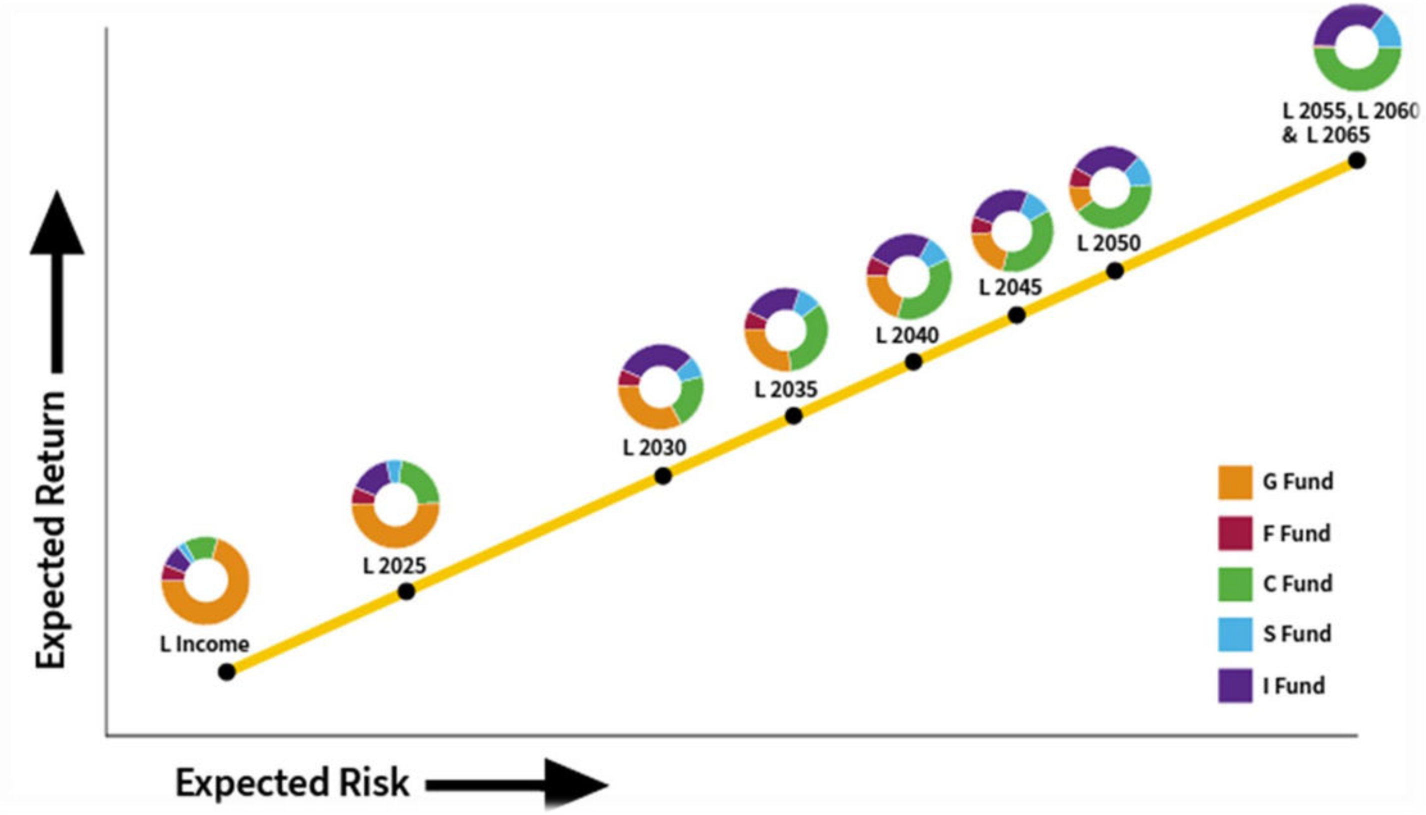
ALLOCATION + DISTRIBUTIONS 101

Risk/Reward + Time Horizon



TSP Lifecycle Funds' Relative Investment Horizon

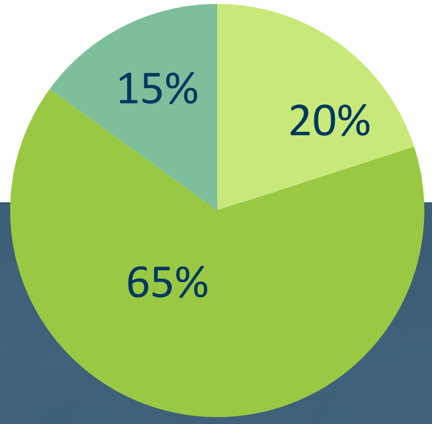
The information contained in this presentation is educational in nature and is pulled directly from the TSP.gov site. This presentation highlights the tools available and shares widely-available information on the funds available but does not provide any investment advice. For all discussions on the appropriate investment options, an appropriately licensed professional should be consulted. For more comprehensive information, visit tsp.gov and select "Learn about fund options" from the menu or download the TSP resources in the handouts.



Walker Capital Preservation Group

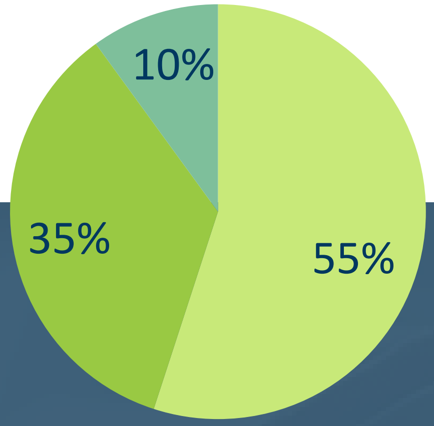
Risk Tolerance | Portfolio Examples

Conservative Investment Hypothetical Portfolio



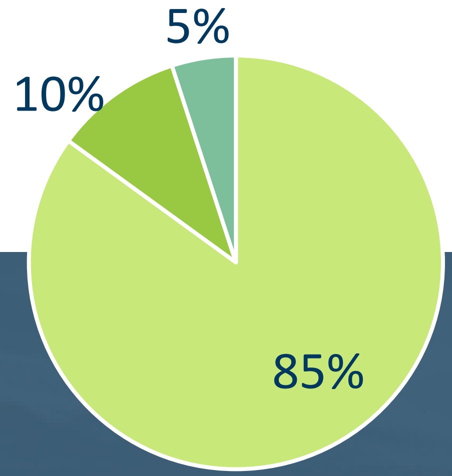
CASH
FIXED INCOME
EQUITIES

Moderate Investment Hypothetical Portfolio



CASH
FIXED INCOME
EQUITIES

Aggressive Investment Hypothetical Portfolio



CASH
FIXED INCOME
EQUITIES

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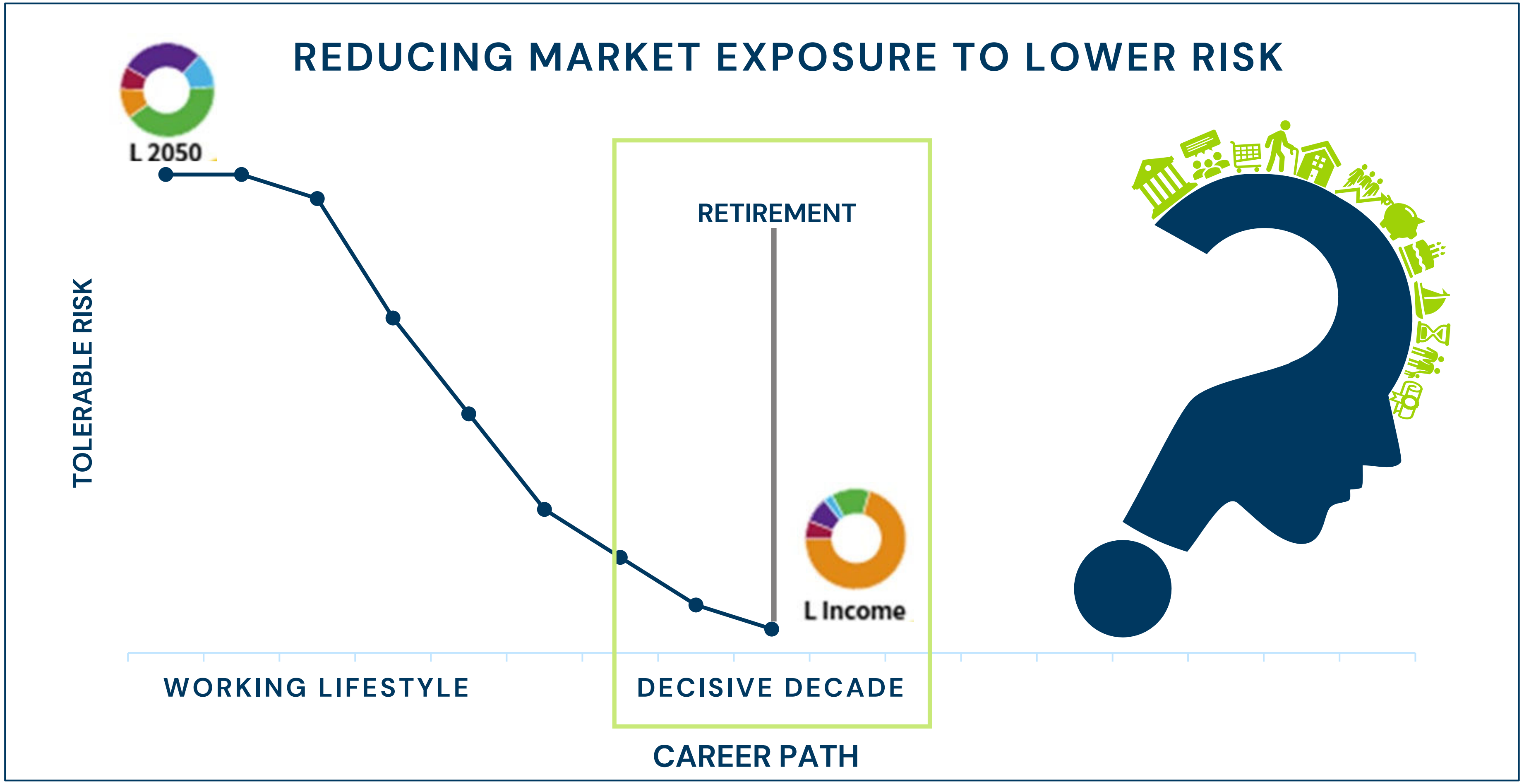
Mitigating Sequence of Returns Risk

Timeline & Market Exposure



BALANCE PORTFOLIO RISK & LEVERAGE HIGHER INTEREST RATES TO HELP ENSULOW-RISK MONEY IS WORKING HARDER THAN INFLATIONRE

DEFINE RISK TOLERANCE | FACTORS TO CONSIDER

What factors should be considering when creating the Retirement Asset Allocation that funds your Retirement Distributions?

INVESTMENT TIME HORIZON

RISK TOLERANCE

TARGET RATE OF RETURN

LIQUIDITY NEEDS

↓

RETIREMENT ASSET ALLOCATION
(Must allocate across multiple accts to properly balance household portfolio)

↓

RETIREMENT DISTRIBUTIONS
(Must consider tax-treatment, mkt conditions, interest rates + pace of withdrawals)

TSP Distribution Options

Remember this when we get to the Legacy Case Study

Transfer IRA/ROTH IRA

- Transfer funds from TSP directly to an IRA custodian to expand investment options & distribution strategies
- Direct Transfers/Rollovers are NOT taxable events

PARTIAL WITHDRAWALS

- No longer a limit on in-service/post-separation withdrawals
- Requires notary involvement (you + spouse) on all w/drawals
- Partial withdrawals are now more flexible with the TSP than ever before but are generally used for shock expenses not monthly budget

INSTALLMENT PAYMENTS

- Can be regular installments of a Fixed Dollar or Based on Life Expectancy
- Life Expectancy payments are not guaranteed for life
- Life expectancy payments usually look to IRS life expectancy tables (86 y/o) but do not address income continuation. Payments end when account = $0.00

LUMP SUM DISTRIBUTION

- Traditional TSP=taxable event (often increases tax bracket)
- Tax Rates may be higher at time of distribution & w/drawal ends compounding growth
- Lump Sum Distributions limit future growth and are rarely utilized in retirement planning outside of shock expenses (like a medical emergency)

(ANTIQUATED) TSP ANNUITY

- Can elect an IRREVOCABLE Immediate Annuity (SPIA)
- Life Expectancy payments are guaranteed for life
- Creates risk of disinheriting loved ones – in order to mitigate this risk, must lower monthly payments in order to "buy" income continuation & legacy guarantees

RULE OF THUMB | BALLPARK CALCULATIONS

The DIY Approach to Asset Allocation & Distribution Planning | Often considered outdated in 2024 | *Not Advice*

RETIREMENT ASSET ALLOCATION

THE RULE OF 100

100 – AGE = "SAFE" PORTFOLIO PERCENTAGE IN EQUITIES

EX. 77yr old Retiree

100 – 77 = 23% EQUITIES / 77% FIXED INCOME

(See L Income Allocation)

RETIREMENT DISTRIBUTIONS

THE 4% RULE

"Safe" Withdrawal Rate* = Retirement Assets x 4%

*Adjusted Annually for Inflation

Ex. $1,000,000 Portfolio = $40,000/yr Distributions

"Safe" is in quotations because the studies supporting these commonly used Industry Rules of Thumb have reduced/amended their recommendations multiple times. No retirement rule of thumb is accurate to all retirees through all markets. Shown for illustrative purposes only.

RULE OF THUMB | BALLPARK CALCULATIONS

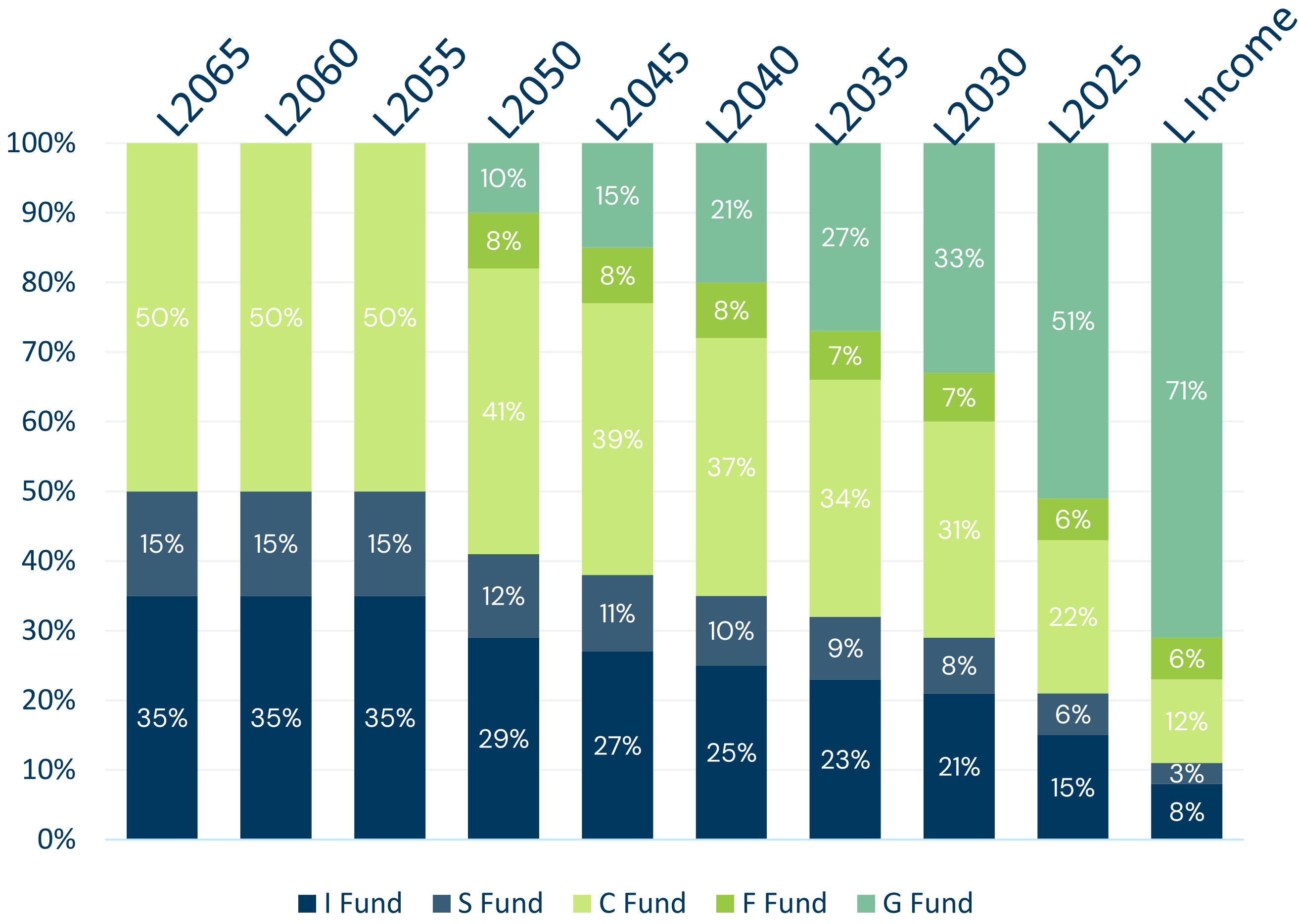
The DIY Approach to Asset Allocation & Distribution Planning | Often considered outdated in 2024 | *Not Advice*

RETIREMENT ASSET ALLOCATION

THE RULE OF 100

L Income (77% G/F aligns w a ~77 yr old)

77% Fixed Income + 15% Domestic Equities + 8% Int'l Equities



Less than 1% of the L 2065 L 2060. and L 2055 Funds is invested in the G and F Funds. Due to rounding, numbers may not add up to exactly

RULE OF THUMB | BALLPARK CALCULATIONS

The DIY Approach to Asset Allocation & Distribution Planning | Often considered outdated in 2024 | *Not Advice*

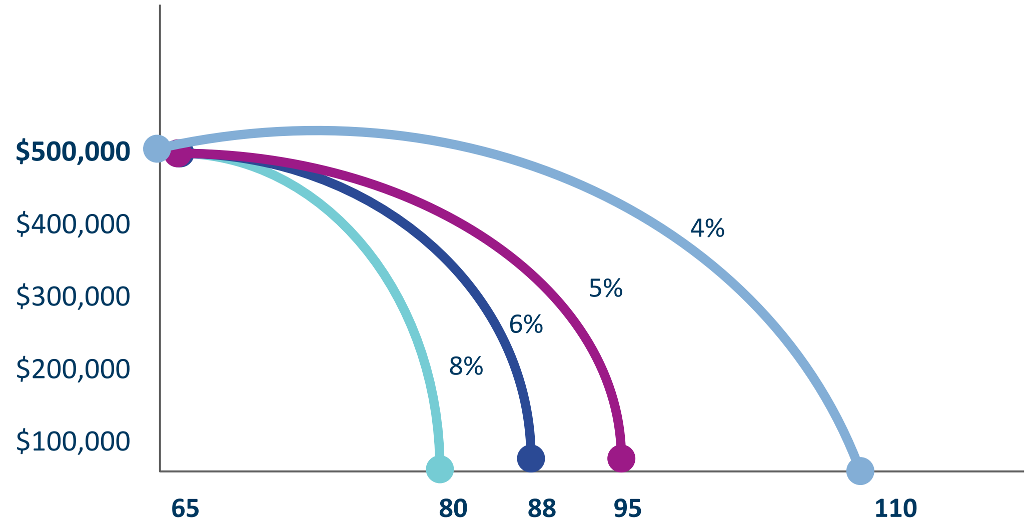
RETIREMENT DISTRIBUTIONS

THE 4% RULE

“Safe” Withdrawal Rate = Retirement Assets x 4% (+Inflation)

Ex. $500,000 Portfolio = $20,000/yr Distributions

--Distributions taken Pro-Rata from all assets--



This chart shows how long retirement savings may last at a 4%, 5%, 6%,and 8% annual year-end withdrawal rate (withdrawal rates apply only to the first year of withdrawal). The chart is a hypothetical example and assumes $500,000 beginning balance in retirement, a 3% annual inflation rate, and a 6% annual rate of return, compounded monthly. This hypothetical example does not represent the performance of any specific investment product, taxes, or product fees.

“Safe” is in quotations because the studies supporting these commonly used Industry Rules of Thumb have reduced/amended their recommendations multiple times. No retirement rule of thumb is accurate to all retirees through all markets. Shown for illustrative purposes only.

04

DISTRIBUTION METHODOLOGIES

THRIFT SPENDING METHODOLOGIES

TWO APPROACHES TO SUSTAINABLE RETIREMENT DISTRIBUTIONS

SYSTEMATIC WITHDRAWALS

- Often referred to as the **'4% Rule'**
- Views portfolio in aggregate
- Distributes from assets **'Pro-Rata'**
- Often assumes a **60/40 Stock/Bond allocation**
- Pro-Rata Dist withdraw from equities regardless of bull/bear
- **Bear Mkt, Pro-Rata Distributions:**
  - **Compounds Losses**
  - **Removes $ before mkt recovery**

THE BUCKET SYSTEM

- Separates portfolio into **'Buckets'**
- Buckets are assigned a **purpose & specific timeline**
- Helps define appropriate amt of **risk/reward**
- Provides **mental framework** for retirement plan that helps stay the course during market turbulence
- Assets are **tactically distributed** from specific buckets

Systematic Withdrawals
(TSP Calculated Life-Expectancy)

INSTALLMENT PAYMENTS

- Can be regular installments of a Fixed Dollar or Based on Life Expectancy
- **Distributions are Pro-Rata regardless of market/interest rate conditions at the time of need**
- **Use IRS Life Expectancy.**
  No Guarantees on Pace of Withdrawals
  Payments end when account = $0.00

Life Expectancy Payments

Single Life Table

Age	Distribution Period	Approximate Percentage
60	25.2	3.97%
61	24.4	4.10%
62	23.5	4.26%
63	22.7	4.41%
64	21.8	4.59%
65	21	4.76%
66	20.2	4.95%
67	19.4	5.15%
68	18.6	5.38%
69	17.8	5.62%

What if you live beyond age 86.2?

Account Balance ÷ Distribution Period = % of account balance that must be withdrawn during calendar year

Thrift Savings Plan

What if there's a bear market?

The Bucket System

01 Emergency Funds

Goal is to be easily available in an emergency (regardless of market condition)

Cash or cash-equivalent reserves (Money Mkt, CDs) that are both safe and reasonably liquid

02 Lifestyle Funds

INCOME is the OUTCOME that matters most for this segment of the retirement plan

Lower risk & income-generating assets like bonds or annuities that offer regular distributions or guaranteed income

03 Long-Term Funds

Growth focus to outpace inflation in order to preserve purchasing power through ret.

Moderate risk assets like stocks and index funds that offer greater appreciation opportunity

04 Later/Legacy Funds (Tax Advantaged)

Tax-Advantaged or Tax-Free funds to supplement retirement income or leave as legacy

Roth IRA + Roth TSP
Permanent Life Insurance
Muni Bonds
Real Estate

LIFESTYLE FUNDS

02

Lifestyle Funds

INCOME is the OUTCOME that matters most for this segment of the retirement plan

Lower risk & income-generating assets like bonds or annuities that offer regular distributions or guaranteed income

BASELINE BUDGET
(Needs)

LIFESTYLE GAP

SOC SEC	PENSION
Lifetime Income + COLAs (+Survivor)	Lifetime Income + COLAs (+ Survivor)

TREASURIES	BONDS
Debt issued by US Govt (G Fund)	Debt issued by corporations (F Fund)

CDs	Money Mkt
Certificate of Deposit (Less Liquid than $Mkt)	Short-Term Debt (Less Growth than CD)

Got Reoccurring Bills?
Get Reoccurring Income

PRIVATE PENSION	TSP ANNUITY
Contractually Guaranteed Lifetime Incomes	IRREVOCABLE option for Lifetime Income

TSP Annuity

The TSP only offers 1 type of annuity:
SPIA – Single Premium Immediate Annuity

SPIAs require you to trade ALL liquidity (Access) for Guaranteed Income at the risk of disinheriting loved ones

Pros:

- Immediate income stream guaranteed for:
    - Life (Joint Life)
    - Period certain
    - Cash refund
- No responsibility to manage money through different markets & interest rate environments

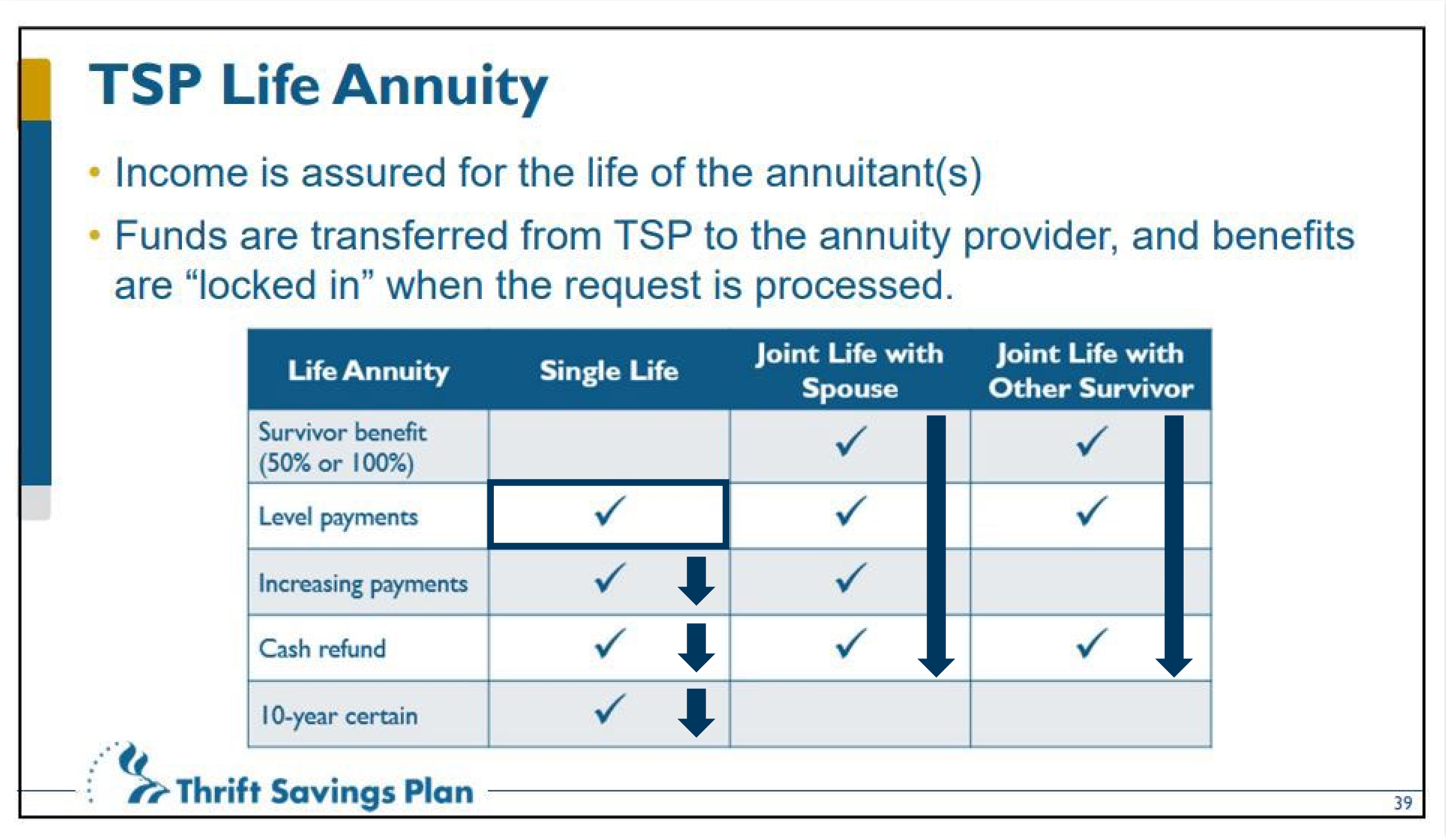
Cons:

- IRREVOCABLE
- Disinheritance Risk
- No lump sum access
- Inflation adjustment capped @ 3%
- 17-23 year "break even" pd
- Annuitizing a Traditional TSP creates another forever-taxable "pension"

TSP Distribution Options (Cont'd)

(ANTIQUATED) TSP ANNUITY

- Can elect an IRREVOCABLE Immediate Annuity (SPIA)
- Guarantees owner cannot outlive income payments no matter how long they live
- **Creates risk of disinheriting loved ones – in order to mitigate this risk, must lower monthly payments in order to "buy" income continuation & legacy guarantees**



TSP Life Annuity

- Income is assured for the life of the annuitant(s)
- Funds are transferred from TSP to the annuity provider, and benefits are "locked in" when the request is processed.

Life Annuity	Single Life	Joint Life with Spouse	Joint Life with Other Survivor
Survivor benefit (50% or 100%)		✓	✓
Level payments	✓	✓	✓
Increasing payments	✓	✓	
Cash refund	✓	✓	✓
10-year certain	✓		

Thrift Savings Plan

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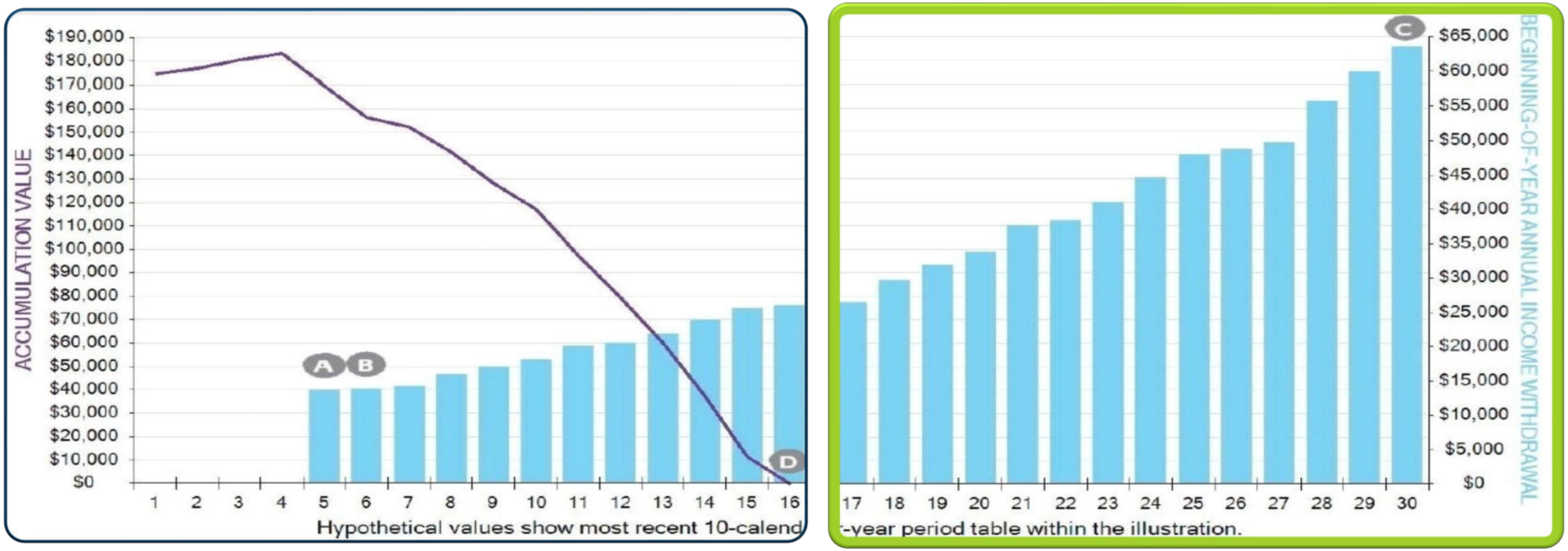
Private Pensions:

Income Guarantees + Accessibility + Tax Planning Opp



~TSP Annuity does not offer ability to leverage tax sale~

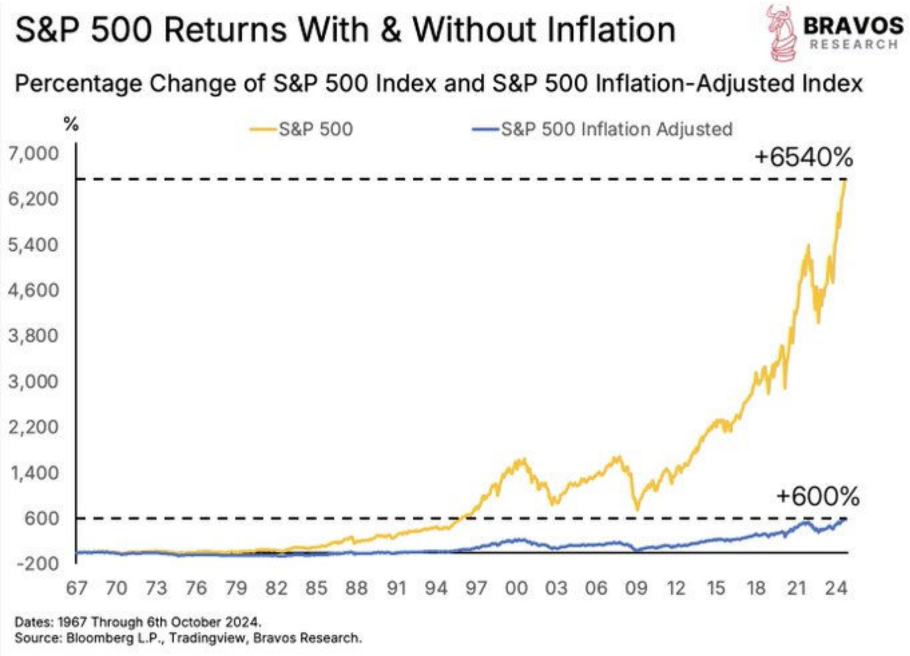
LONG-TERM FUNDS

03

Long-Term Funds

Growth focus to outpace inflation in order to preserve purchasing power through ret.

Moderate risk assets like stocks and index funds that offer greater appreciation opportunity



INFLATION HEDGE
(Preserve Purchasing Power)

LONGEVITY PROTECTION
(Combats too much life @ end of $)

PUBLIC POLICY PROTECTION
(What if Govt reduces spending?)

INDIV. STOCKS	MUTUAL FUNDS
Equity in a Single Company	Box of Stocks w varying performance & fees
ETFs + INDICES	**COMMODITIES**
Low cost diversified Funds ex. SP500, Nasdaq, DJIA	Gold. Silver, & Bitcoin Non-USD denominated Assets

If Bucket 1 addressed emergencies & Bucket 2 addressed nearly a decade of bill payments…

How much easier might it be to navigate market volatility in your Long-Term Bucket?

LATER/LEGACY FUNDS

04

Later/Legacy Funds (Tax Advantaged)

Tax-Advantaged or Tax-Free funds to supplement retirement income or leave as legacy

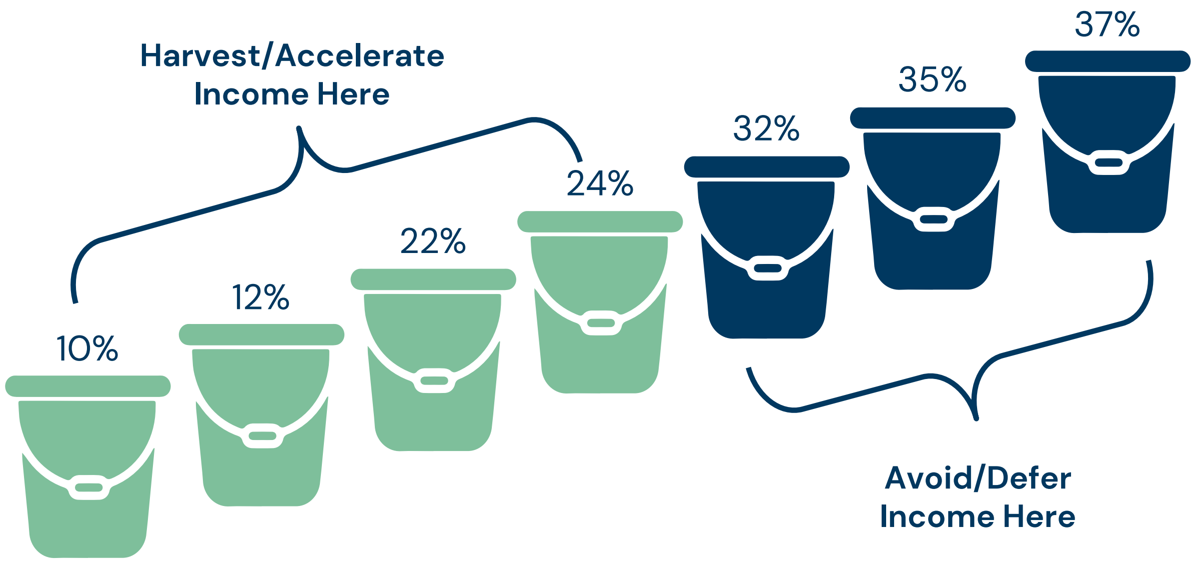
Roth IRA + Roth TSP
Permanent Life Insurance
Muni Bonds
Real Estate

SYSTEMATIC CONVERSIONS

- Bracket Harvesting conversions through EOY 2025 to clear tax liability at today's low rates & earn tax-free gains
- Protects Retirement from higher future tax rates while minimizing current year taxation
- **Roth IRAs are NOT subject to RMD distributions – no interruption to compounding**

"Bracket Harvesting"

OPTIMIZING TAX DEFERRAL: WHEN TO DEFER AND WHEN TO HARVEST INSTEAD



Barbell Approach to Roth Accts

04

Later/Legacy Funds (Tax Advantaged)

Tax-Advantaged or Tax-Free funds to supplement retirement income or leave as legacy

Roth IRA + Roth TSP
Permanent Life Insurance
Muni Bonds
Real Estate

INCOME

Establishing Roth IRA with a Private Pension in it can create a Tax-Free, Inflation-Adjusted Income for Life (or for you + spouse's life)

What are the 2 factors working against your Pension?

Inflation + Taxation

GROWTH

If Emergency Bucket, Lifestyle Bucket + Long-Term Growth Bucket address concerns over the next 10-15 years, then Roth accounts can chase more aggressive growth

What are the historical odds of success investing for 15+ years?

99.8% Chance of Making Money

TAX-SAVVY DISTRIBUTION PLANNING

DISTRIBUTION TAX HEIRARCHY

How to use your tax-diverse portfolio to hedge against higher future tax rates

1st Level

Tax-Deferred Money

- Traditional TSP (RMDs)
- Traditional IRA (RMDs)

2nd Level

Non-Qualified Money

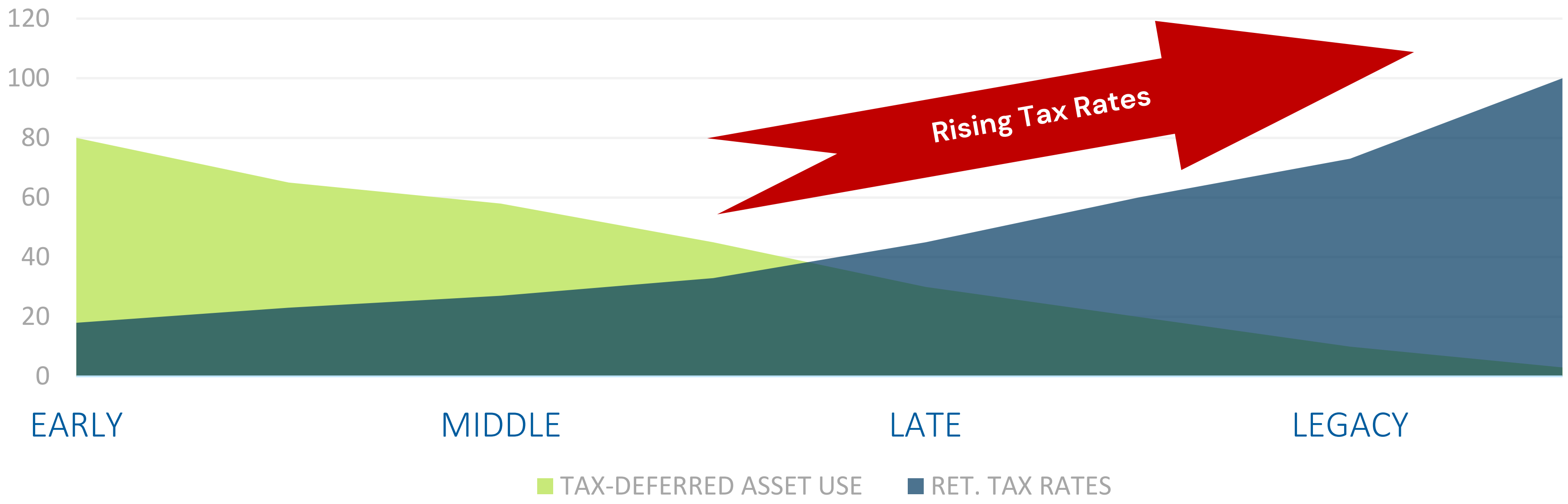
- CD's & Savings Bonds
- Brokerage Accounts

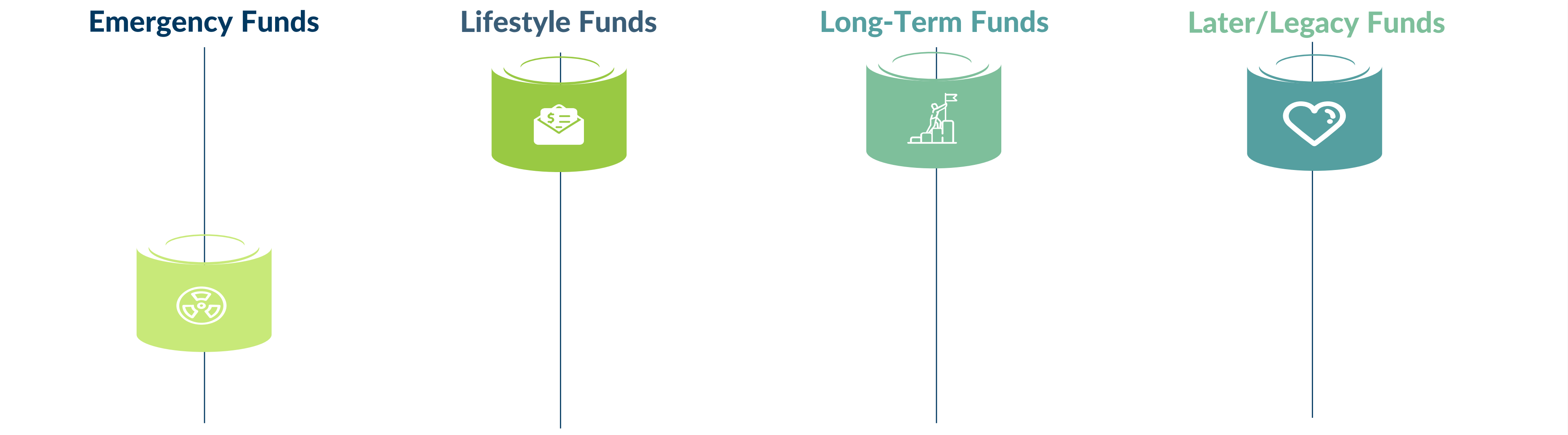
3rd Level

Tax-Free Money

- Roth TSP/Roth IRA
- Permanent Life Insurance
- Municipal Bonds

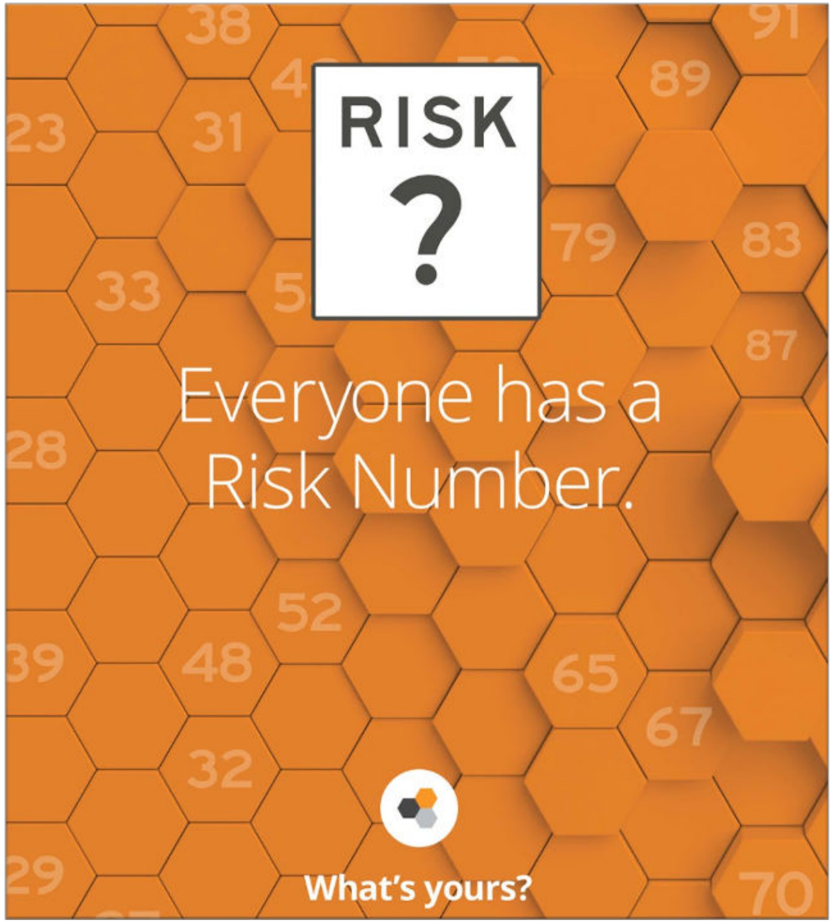
Distribution Planning



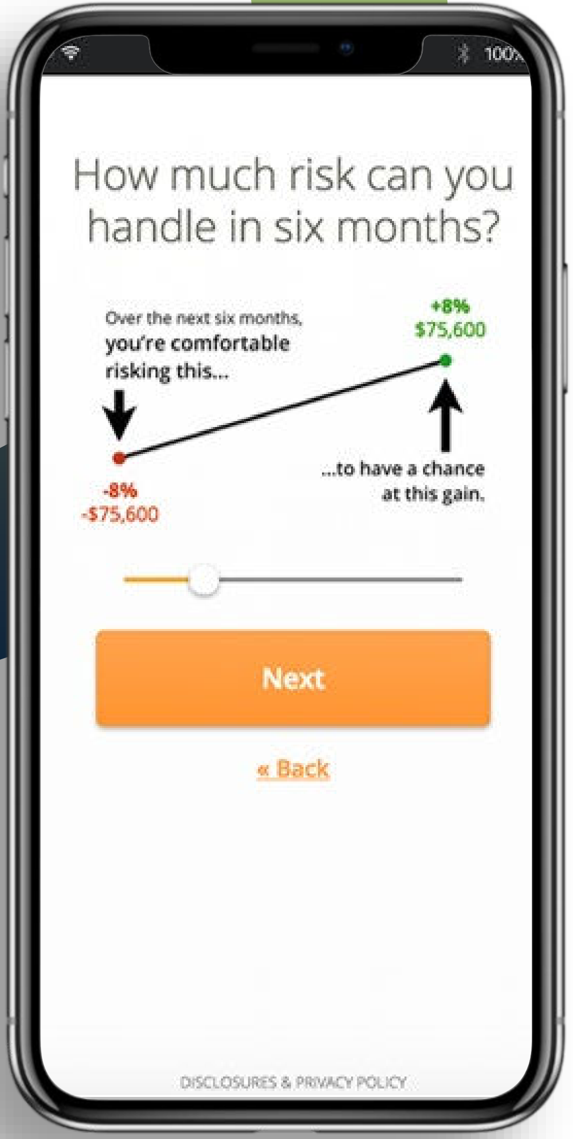


06

WCPG RETIREMENT PLANNING METHODOLOGY


38
91
89
23
31
RISK
?
79
83
33
87
Everyone has a Risk Number.
28
52
39
48
65
67
32
29
70
What's yours?


Your Risk Number Is
RISK 1
RISK 58
RISK 99
95% PROBABILITY (6 MONTHS)
-12%
$12,579
$107,000
+20%
+$21,412



How Much Risk Do You Want?

We'll take a quantitative approach to pinpointing your Risk Number by going through a series of objective exercises based on actual dollar amounts.

Risk assessment provided by Nitrogen Wealth (formerly known as Riskalyze) and does not constitute financial, investment, or insurance advice. The risk analysis is intended to provide an assessment of risk tolerance and should not be considered a substitute for personalized recommendations from a licensed financial professional.

How Much Risk Do You Have?

If you’ve already got an investment portfolio, we can quickly import it and see if your Risk Number aligns with your current amount of Risk.

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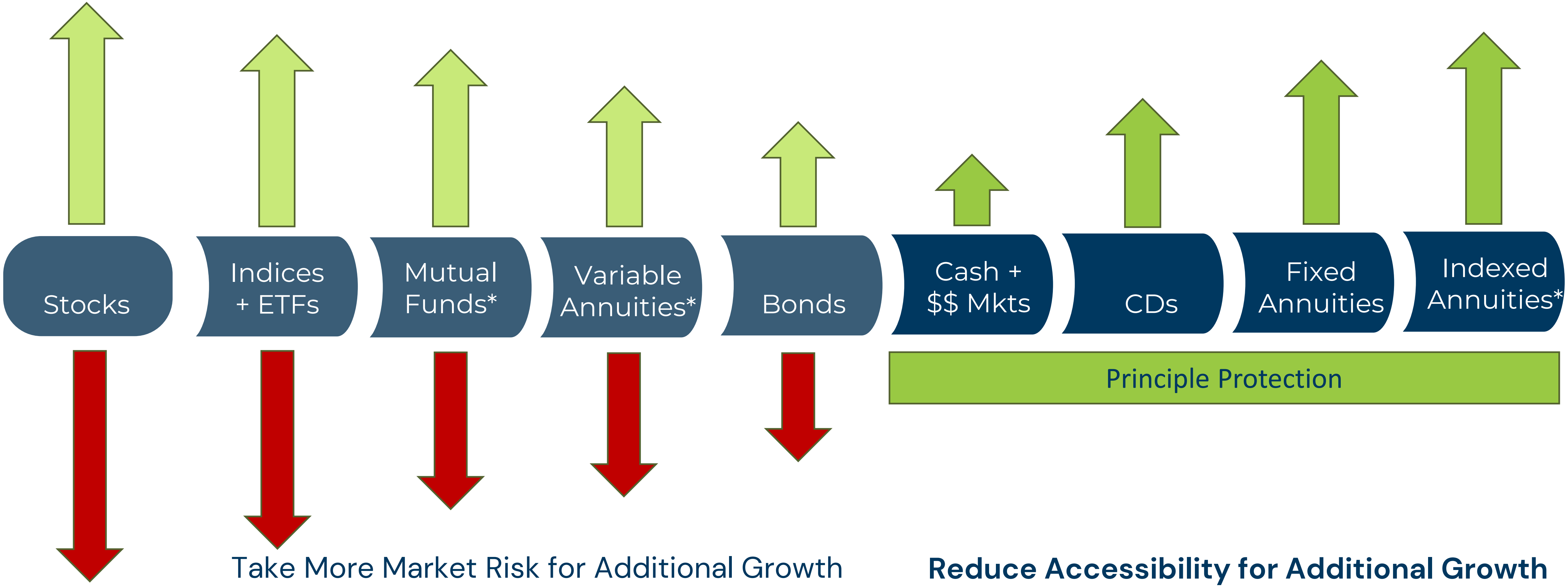
RISK TOLERANCE x ASSET CLASS

Potential Gains **Potential Gains**



Take More Market Risk for Additional Growth

Reduce Accessibility for Additional Growth

Degree of Risk/ Potential Losses

(Not an option within the TSP)

**Be wary of potential FEEs*

RISKALYZE

How Much Risk Do You Need?

We can chart a path to retirement using a simple, intuitive approach. We'll visualize the probability of a successful retirement and adjust in realtime.

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REFINED RISK TOLERANCE | FACTORS TO CONSIDER

What ADDITIONAL factors does WCPG consider in refining a STRETEGIC ASSET ALLOCATION recommendation

INVESTMENT TIME HORIZONS (Plural)

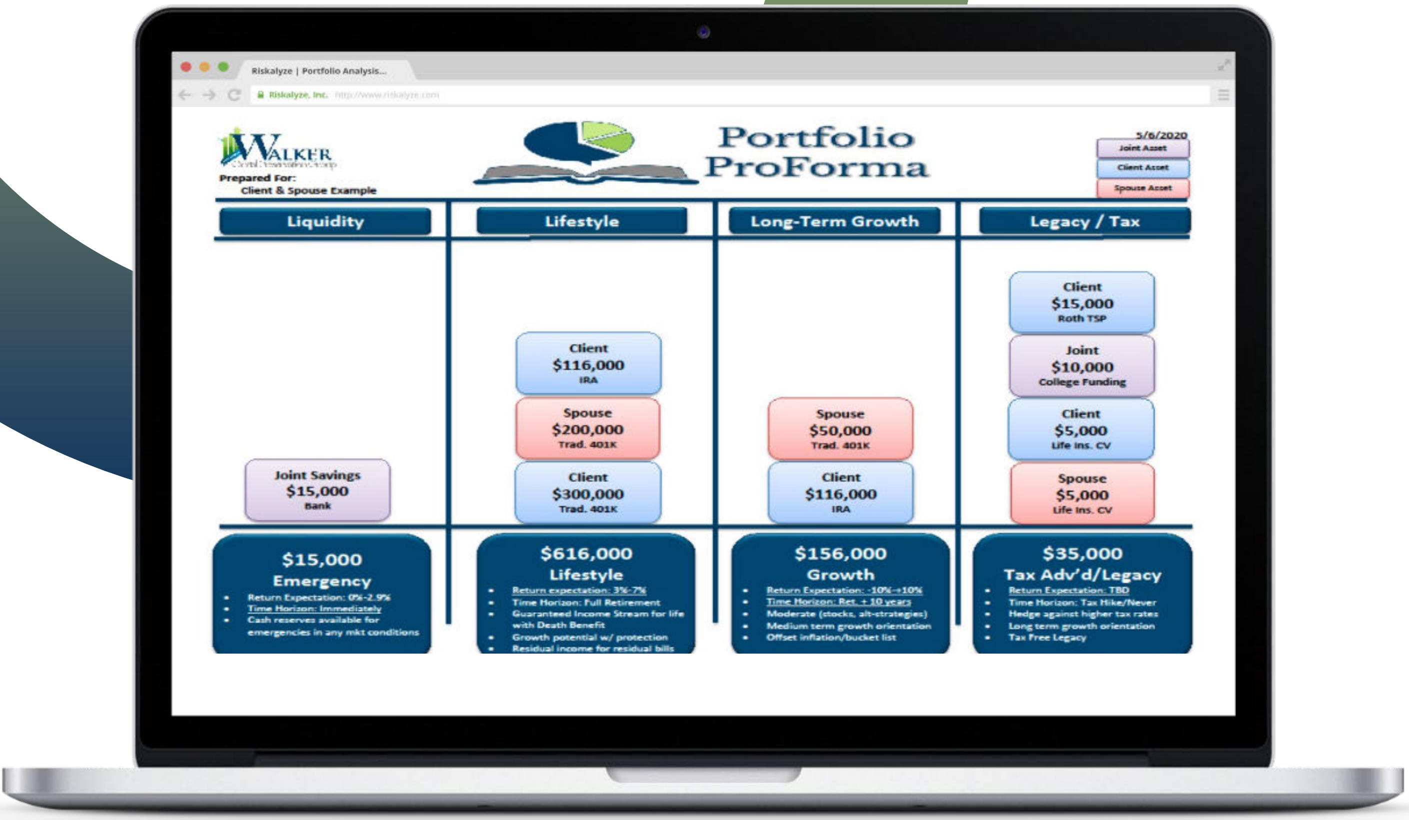
RISK TOLERANCE (Personal VS Portfolio)

TARGET RATE OF RETURN (Projected Need)

LIQUIDITY NEEDS (Emergencies + Bills)

STRATEGIC ASSET ALLOCATION
(Bucket System)

STRATEGIC RETIREMENT DISTRIBUTIONS
(Bucket System + Cash-flow Coaching)



Where Does Risk Belong in Your Profile?

Using a snapshot of your current portfolio and implementing the chronology often associated with the "Bucket System" we can gauge risk in relation to timeline.

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Strategic Bucket Objectives

Apply "Chronology of Distributions" to help determine distinct goals for each "Bucket" of money

01 Emergency

Time Horizon:
Immediate
Liquidity Needs:
High
Growth Expectation:
Minimal
Risk Tolerance:
Principal Protected

02 Lifestyle

Social Security & Pension Reduce Lifestyle Bucket's Workload

Time Horizon:
Start of Distributions
Liquidity Needs:
Medium
Growth Expectation:
Keep up with Inflation
Risk Tolerance:
Minimal Exposure

03 Long-Term

The longer the time horizon, the greater the impact of inflation

Time Horizon:
Distrib Phase + 10 or so yrs
Liquidity Needs:
High
Growth Expectation:
Outpace Inflation
Risk Tolerance:
Medium - High

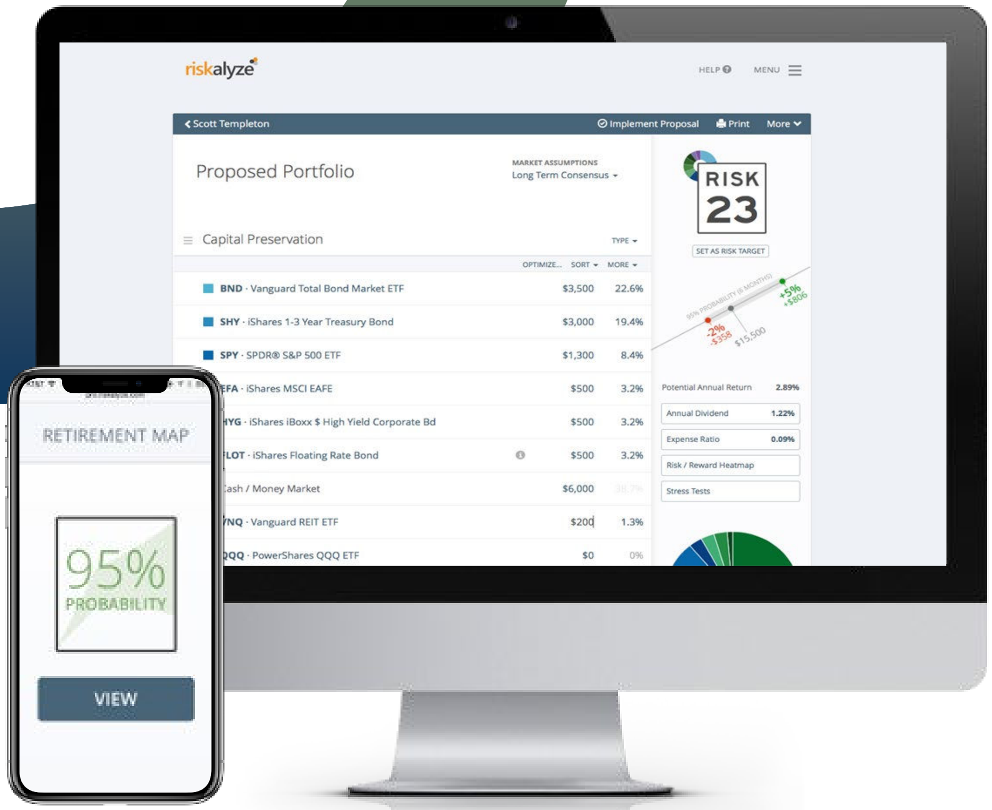
04 Later/Legacy

The longer the time horizon, the greater the risk of higher tax rates

Time Horizon:
Latter Years (15+ If needed)
Liquidity Needs:
(Roth Conv. 5yr Rules)
Growth Expectation:
Outpace Inflation
Risk Tolerance:
Balanced

RISKALYZE

How Much Risk SHOULD You Have?



We'll use all these factors to build an optimized portfolio that fits your risk tolerance and goals. We can then stress test your new portfolio, discuss your 95% probability range, and set expectations for the future!

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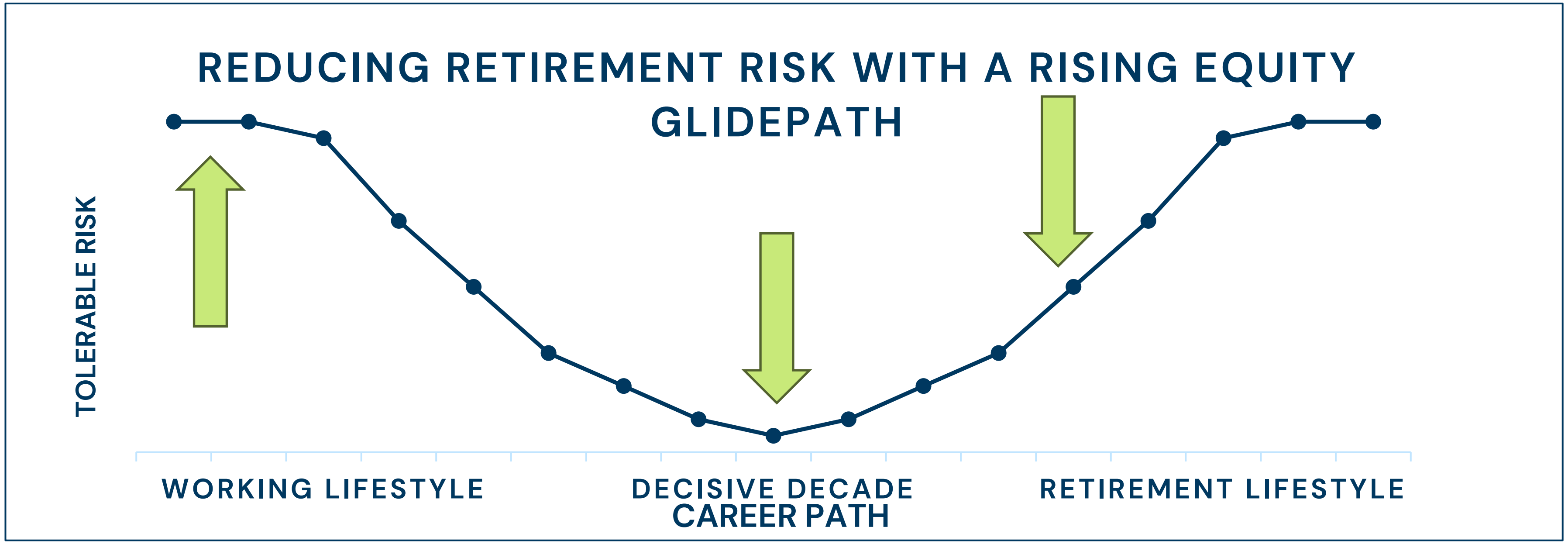
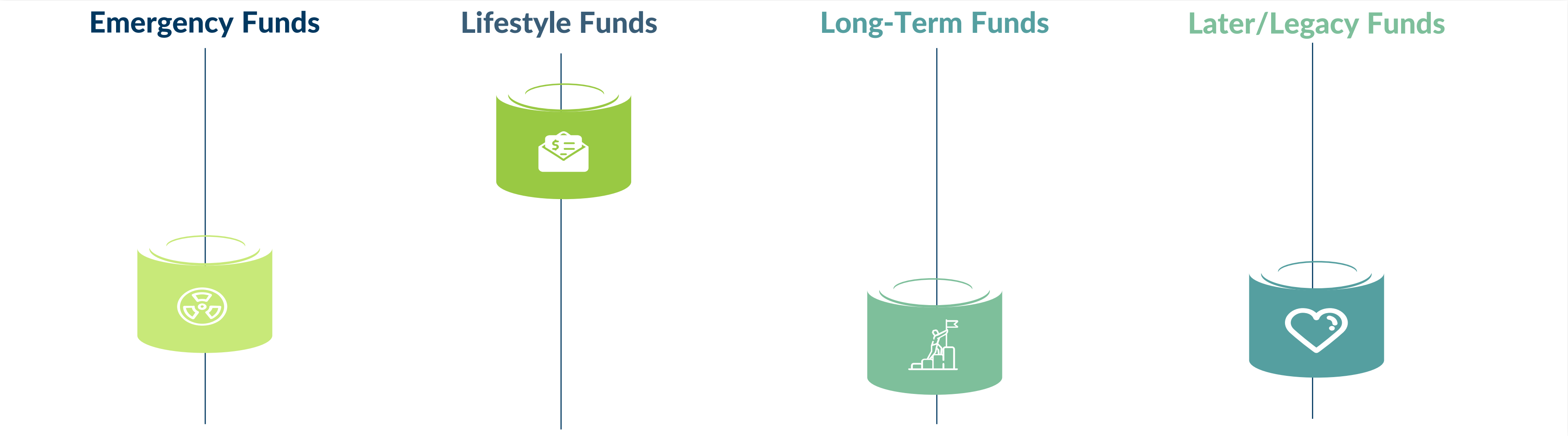
Retirement Allocations are not Static





RISKALYZE

How Much Can You Leave as a Legacy?

After accurately gauging your spending, forecasting conservatively, stress testing appropriately, and proactively planning... you get to answer a rare question – what do you want your money to accomplish after fulfilling all of your retirement goals?

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07

TAX RATE RISK CASE STUDY

Case Study: FERS Retirement + Rising Taxes


Fred


Wanda

SCENARIO #1
- After-Tax Retirement Budget: $10,000
- Fed Tax Rates from 2024
- State Tax Rate = 4.75%
- Standard Deduction: $29,200

Taxes Increase in Yr 5 of Retirement

SCENARIO #2
- After-Tax Retirement Budget: $10,000
- Fed Tax Rates from 1980
- State Tax Rate = 4.75%
- Standard Deduction: $14,600

Bracket Harvest Roth Conversions → **Tax-Wise Distribution Order** → **Move to a 0% Tax Rate State**

SCENARIO #3
- After-Tax Retirement Budget: $10,000
- Fed Tax Rates from 1980
- State Tax Rate = 0.0%
- Standard Deduction: $14,600

Fred & Wanda Serbus

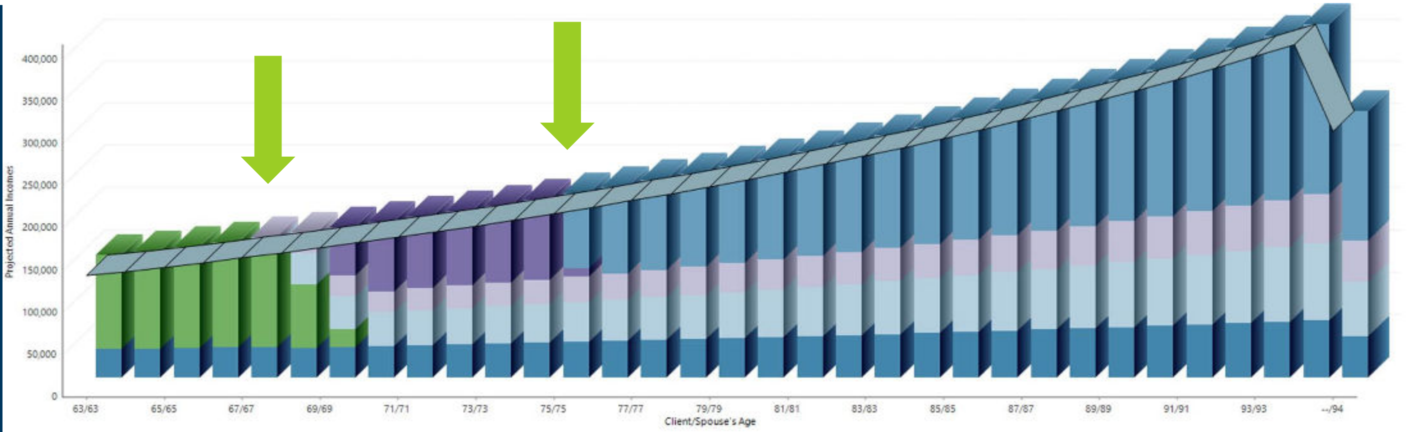
Scenario #1
Top Tax Bracket = 22% + State 4.75%

After-Tax Retirement Budget:	$10,000
Assumed State Tax Rate:	4.75%
Income Taxes Based on Year	2024
Standard Deduction	$25,900

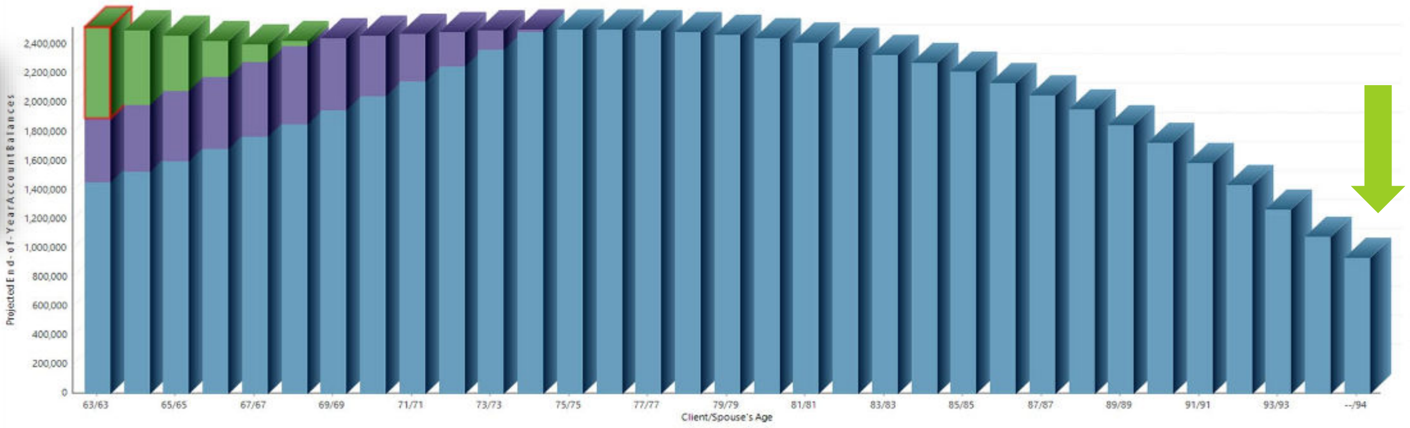
Fred

Wanda

FERS (Fred)
F Trad IRA (Pre Conversion)
Social Security (Fred)
Social Security (Wanda)
Wanda Trad IRA
TSP (Fred)
Shortfall
Income Needed



TSP (Fred)
Wanda Trad IRA
F Trad IRA (Pre Convers



Legacy ~ $800,000 (taxable)

Fred & Wanda Serbus

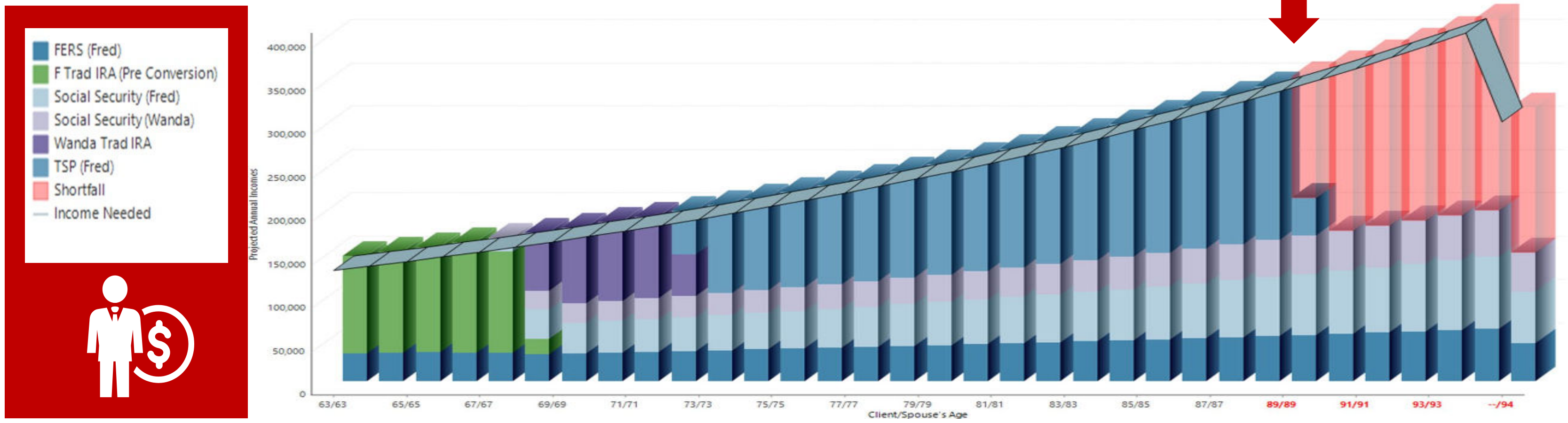
Scenario #2

Top Tax Bracket = 42% + State 4.75%

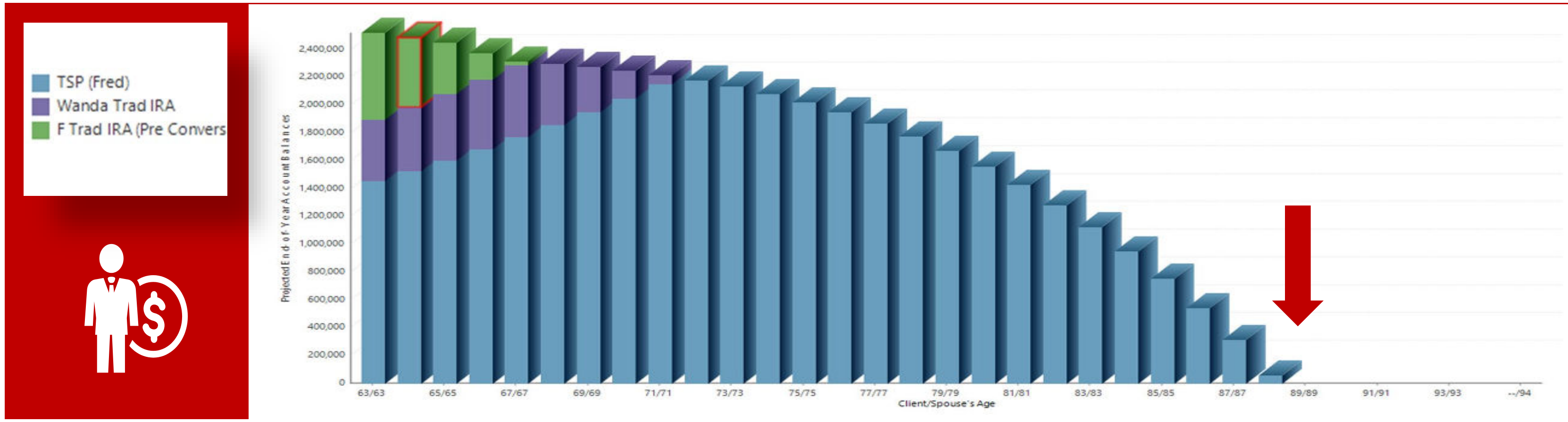
After-Tax Retirement Budget:	$10,000
Assumed State Tax Rate:	4.75%
Income Taxes Based on Year	1980
Standard Deduction	$25,900

Fred

Wanda



Median Income Households Assumes Median Income couple with 2 children	1980
Marginal Tax Rate	43%
Likely Ret. Tax Bracket	15%
Capital Gains Tax Rate	28%
1980 Median Household Income = $16,400 (inflation adjusted 2020= $57,738.53), 2020 Median Income $68,400	



Shortfall @ Age 89/89

Fred & Wanda Serbus

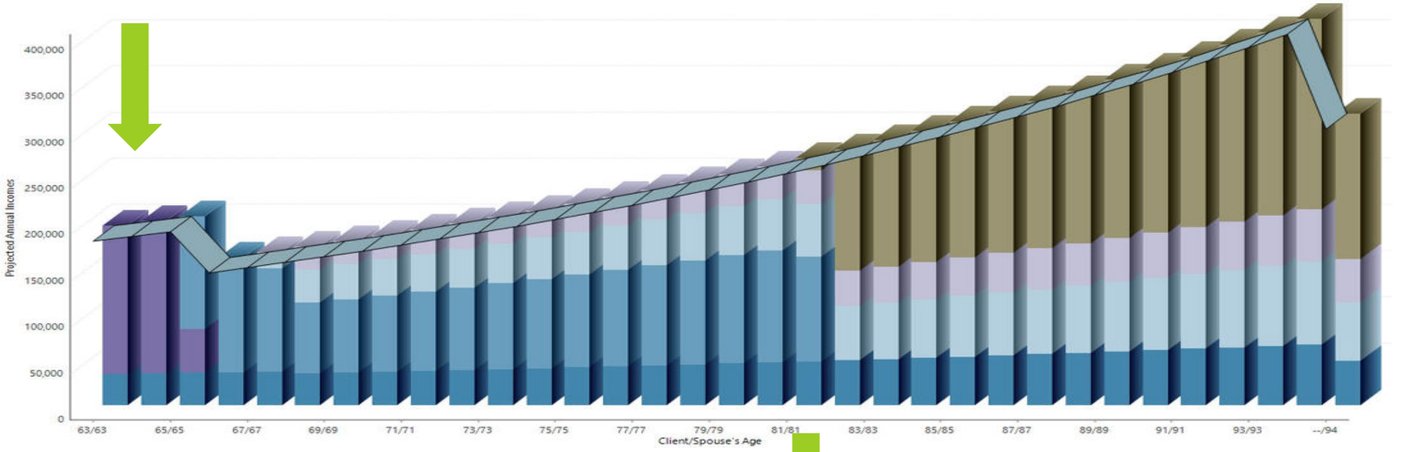
Scenario #3
Top Tax Bracket = 42% + State 0.0%

After-Tax Retirement Budget:	$10,000
Assumed State Tax Rate:	0.0%
Income Taxes Based on Year	1980
Standard Deduction	$25,900

Fred

Wanda

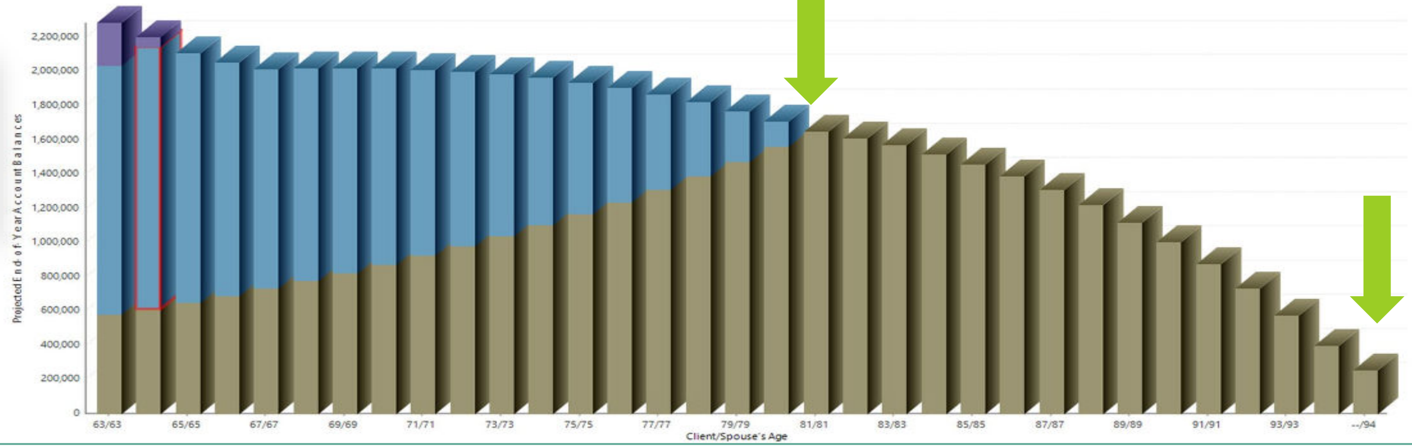
- FERS (Fred)
- Wanda Trad IRA
- TSP (Fred)
- Social Security (Fred)
- Social Security (Wanda)
- Fred Roth IRA
- Shortfall
- Income Needed



Median Income Households Assumes Median Income couple with 2 children	1980
Marginal Tax Rate	43%
Likely Ret. Tax Bracket	15%
Capital Gains Tax Rate	28%

1980 Median Household Income = $16,400 (inflation adjusted 2020= $57,738.53), 2020 Median Income $68,400

- Fred Roth IRA
- TSP (Fred)
- Wanda Trad IRA



Legacy ~ $200,000 (tax free)

08

INFLATION + SEQ. RISK CONT'D CASE STUDY

Case Study: Balancing Inflation & Sequence Risk

Fred

Wanda

Bracket Harvest Roth Conversions → Tax-Wise Distribution Order → Move to a 0% Tax Rate State

SCENARIO #1 → Inflation = 3.5% Bear Market = -35% → Portfolio = Tax Diverse but not allocated for Seq Risk → Portfolio = 3 buckets RoR = 4% (all buckets)

Bucket Sys: Match timeline + risk → Roth Accounts: Barbell Balancing → Add Contractually Gtd. Lifetime Income

SCENARIO #2 → Inflation = 3.5% Bear Market = -35% → Portfolio = Tax Diverse + reallocated for Seq Risk → Portfolio = 4 buckets RoR = 4% - 8%

Fred & Wanda Serbus

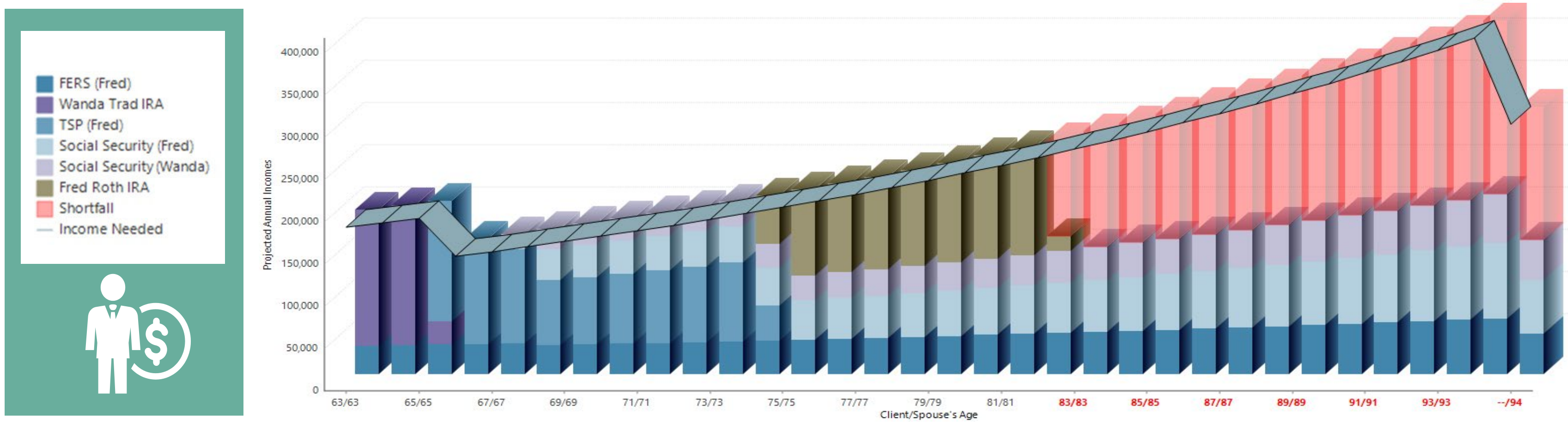
Scenario #4

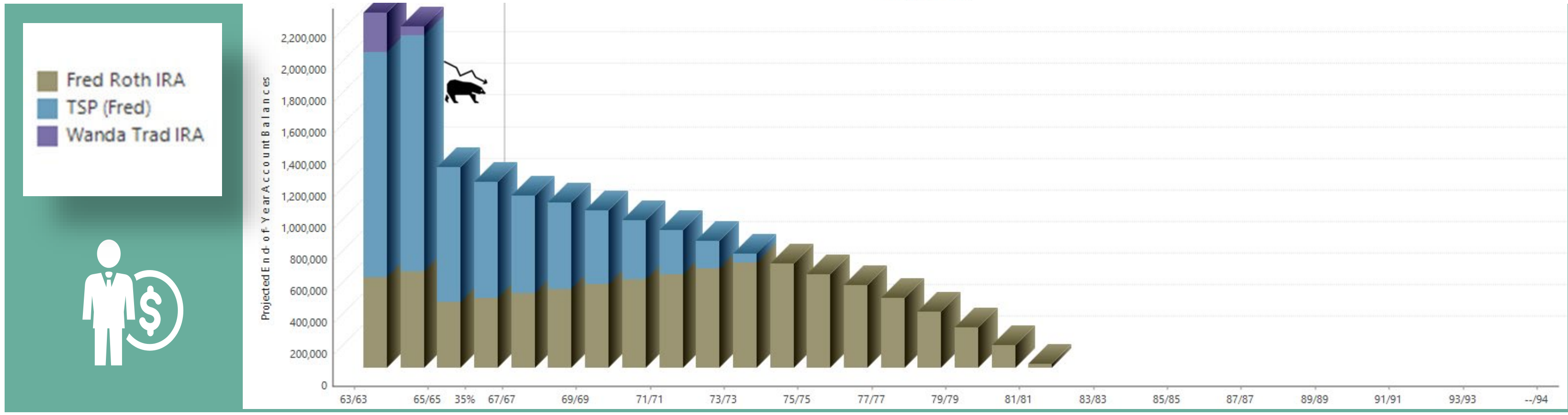
Sequence Risk vs Inflation In Tax Diverse Portfolio

Tax Planning	Complete
Roth Conversions @ Retirement:	3x
Bear Market Drop	-35% (Yr 4)
Inflation:	3.5%

Fred

Wanda





Systematic Withdrawals:

Make all of your money work harder + pray you are lucky enough to avoid Seq Risk

Shortfall @ Age 82

HYPOTHETICAL ASSET REALLOCATIONS

Portfolio ProForma

Joint Asset
Client Asset
Spouse Asset

Emergency

"No Risk"
Target = 1%

Joint Savings
$15,000
Bank

$15,000

Lifestyle

"Low Risk"
Target = 4%

TSP (G/F Fund)
$300,000
Trad. 401K

$300,000

Long-Term

"Growth Risk"
Target = 6%

Wanda IRA
$350,00
Trad. 401K

Client
$600,000
IRA

TSP (C/S/I)
$700,000
Trad. 401k

$1,650,000

Later/Legacy

"Risk Barbell"
Target = 8% Growth or Lifetime TF Income

Fred Roth IRA
$450,000
Roth IRA

$0,000

Walker Capital Preservation Group

HYPOTHETICAL ASSET REALLOCATIONS

Portfolio ProForma

Joint Asset
Client Asset
Spouse Asset

Emergency

Target = 1%

Joint Savings
$15,000
Bank

$15,000

Lifestyle

Target = 4%

Wanda IRA
$350,00
Trad. 401K

TSP (G/F Fund)
$300,000
Trad. 401K

$650,000

Long-Term

Target = 6%

TSP (C/S/I)
$700,000
Trad. 401k

$700,000

Later/Legacy

Target = 8% or Income for Life

Fred Roth IRA
$450,000
Roth IRA

Roth Pvt Pension
$250,000
Tax Free Income for Life

Roth IRA (Growth)
$200,000
Roth IRA (8% Target)

$450,000

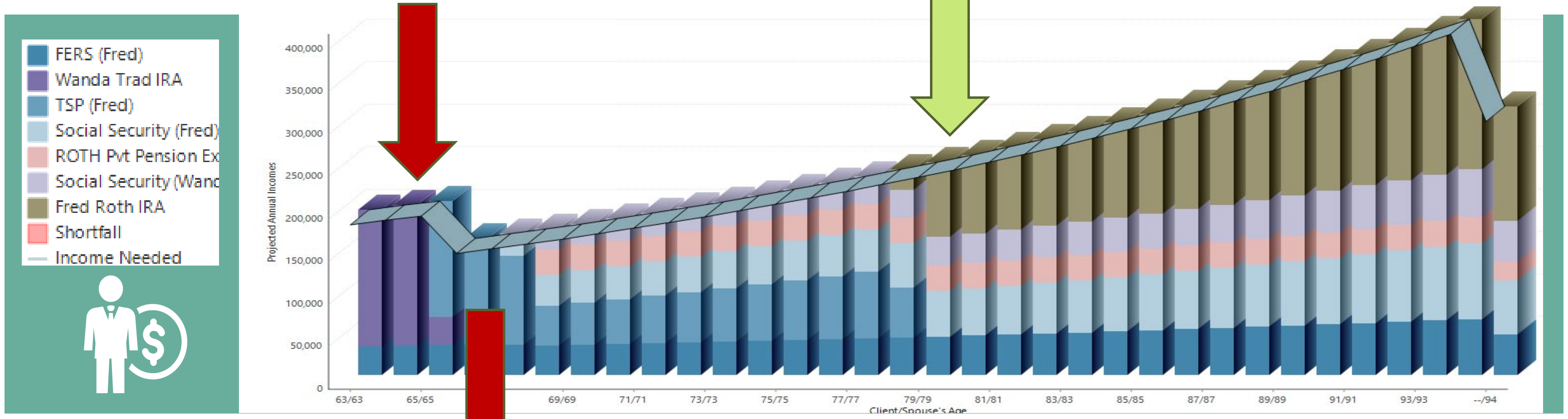
Fred & Wanda Serbus

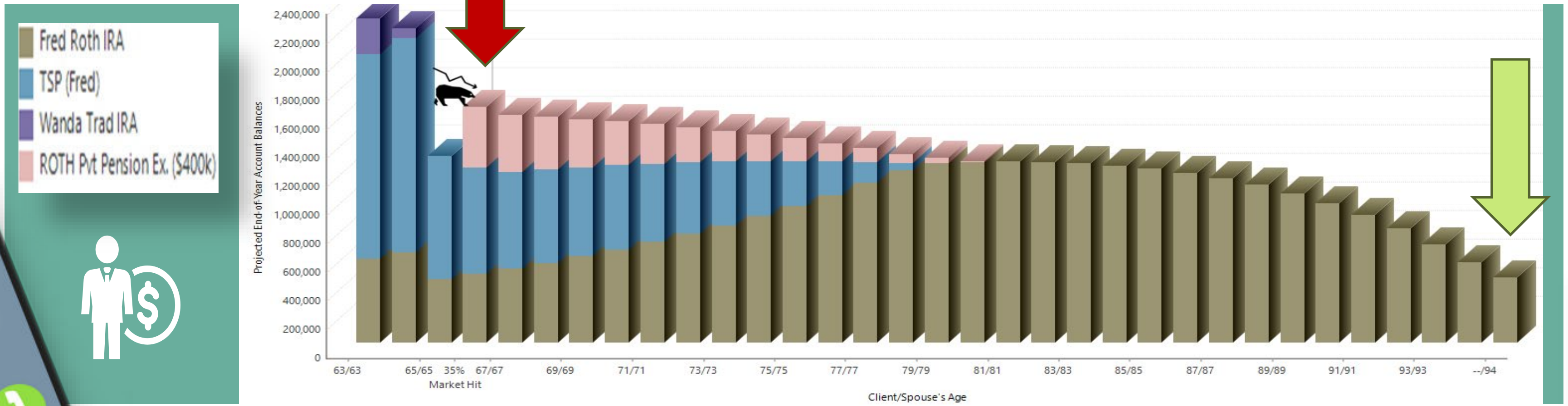
Scenario #5
Sequence Risk vs Inflation In Tax Diverse Portfolio

Assumed Tax Rates:	1980 (yr 5)
Roth Conversions @ Retirement:	3x
Bear Market Drop	-35% (Yr 4)
Inflation:	3.5%

Fred

Wanda





ercpg.com

Private Pension (Pink)

Not exposed to downside Mkt hits

Income is contractually guaranteed for F+W's life (even after acct =$0.00)

Roth IRA Pvt Pension = tax-free

Options for Increasing Income (Typically lower inc. @ start)

Death Benefit Options for Legacy (Not use or lose like TSP Annuity)

Legacy IS NOW ~ $451,000 (tax free)

INTENDED BENEFICIARY CASE STUDY

WHO IS YOUR INTENDED BENEFICIARY?

Fred

TRAD TSP $1,000,000

$500,000

$500,000

40% Combined
Tax Rate

Chuck, Single
32% Tax Bracket + 8% State

$300,000

$200,000

Uncle Sam

$400,000

$200,000

40% Combined
Tax Rate

Lucy, Married
35% Tax Bracket + 5% State

$300,000

There is a very short window of opportunity to reposition those funds in order to stretch the tax liability over a 10-yr period so be sure to help your family work with a professional to optimize the legacy you are able to leave

WHO IS YOUR INTENDED BENEFICIARY?


Uncle Sam


Uncle Sam


Uncle Sam


Fred

ROTH TSP $750,000

0.0% Tax Liability

$375,000

$0.00

Chuck, Single
32% Tax Bracket + 8% State

Additional $75,000

Uncle Sam

$250,000 (Conversions)

$0.00

$375,000

0.0% Tax Liability

Lucy, Married
35% Tax Bracket + 5% State

Additional $75,000

In this hypothetical example, Jim uses the Tax Cuts & Jobs Act "Tax Sale" to proactively do piecemeal Roth Conversions, allowing him to clear the liability to the IRS without going above his current tax bracket (22% Fed. + 3% State). If properly established, an Inherited IRA can allow non-spousal beneficiaries to spread the tax burden out over as many as 10 years.

WHO IS YOUR INTENDED BENEFICIARY?

Fred

REACTIVE PLANNING

Inheritance
$300,000

Inheritance
$300,000

Uncle Sam

$400,000

Reactive Planning leaves "TIP" to IRS of
$150,000

PROACTIVE PLANNING

Uncle Sam

Uncle Sam

Uncle Sam

$250,000

Chuck, Single
32% Tax Bracket + 8% State

Additional $75,000

Lucy, Married
35% Tax Bracket + 5% State

Additional $75,000

WHO IS YOUR INTENDED BENEFICIARY?

ROTH TSP $750,000

0.0% Tax Liability

$375,000

Chuck, Single
32% Tax Bracket + 8% State

Inherited Roth IRA
$375,000

10 Additional Years
@ 8% RoR

Final Tax-Free Distribution:

$809,597

SECURE Act 2.0 labels the kids
Non-Eligible Designated

NEDBs have additional **10 yrs** to defer Inherited IRA/Roth IRA Required Distributions

Total Legacy Comparison:
Traditional TSP Inheritance
$1,000,000 → $600,000 heirs

Roth IRA Inheritance + 10yrs
$750,000 → $1,619,194 heirs

0.0% Tax Liability

$375,000

Lucy, Married
35% Tax Bracket + 5% State

Inherited Roth IRA
$375,000

10 Additional Years
@ 8% RoR

Final Tax-Free Distribution:

$809,597

In this hypothetical example, Jim uses the Tax Cuts & Jobs Act "Tax Sale" to proactively do piecemeal Roth Conversions, allowing him to clear the liability to the IRS without going above his current tax bracket (22% Fed. + 3% State). If properly established, an Inherited IRA can allow non-spousal beneficiaries to spread the tax burden out over as many as 10 years.

FEDucated Food for Thought

Benefit Projection & Budget

Gauging how well positioned your assets are to see you through retirement depends on how quickly said assets are distributed

Sufficient Safety for Lifestyle Assets

When entering retirement or in the Decisive Decade, be sure to have sufficient safety in your portfolio for the funds intended to pay the bills in near term so as to minimize the potential impact of Sequence of Returns risk

Growth to Keep Up With Inflation

Once enough of the portfolio is positioned safely to fund your lifestyle and to avoid Sequence Risk through the early part of retirement, remaining funds need to put more emphasis on long-term growth in order to keep up with Inflation

Integrate with a Fed Focused Planner

Should you DEFUSE the Tax-Deferred TSP timebomb? Should you have more or less risk? Are you spending your funds down too quickly?

Contact Our Team

LEARN MORE @ WALKERCPG.com

Learn more using the WCPG Toolbox on our website – articles, videos, calculators, event replays, and easy scheduling!

SCHEDULE AN INTRODUCITON

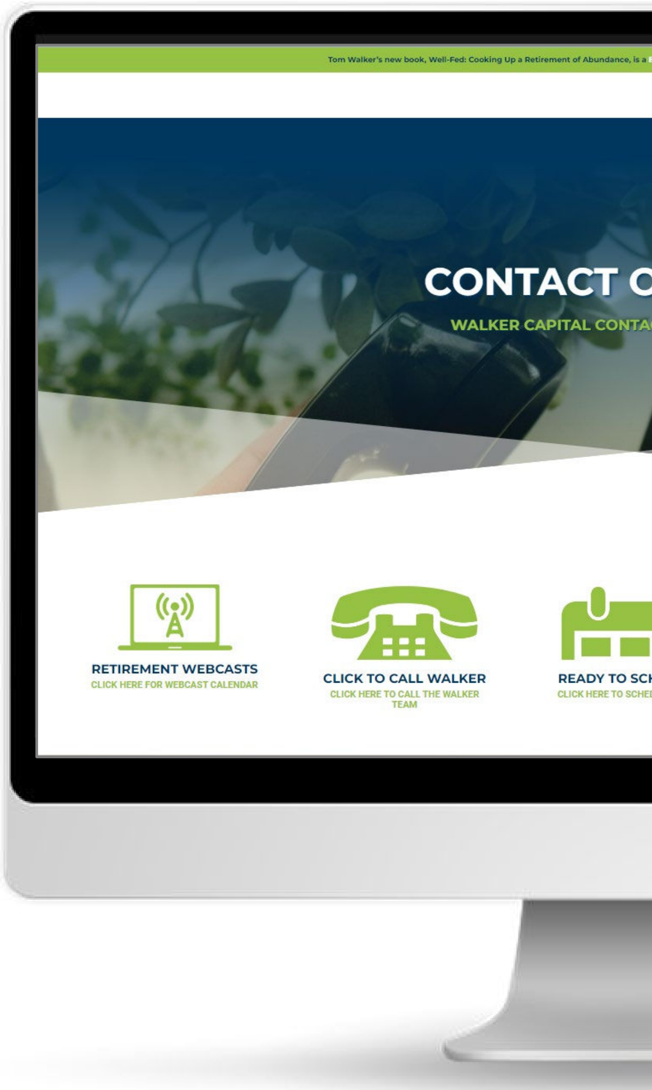
Brief phone call with a **WCPG Strategist** to chat & gather data for a personalized Retirement Benefits Forecast - reviewed with you during **Strategy Session**

RETIREMENT BENEFITS FORECAST

Review a powerful analysis that offers a 100% personalized model of your current retirement trajectory including Pensions, SS, & Nest Egg with ability to Stress Test in real time

WCPG STRATEGY RECOMMENDATIONS

Identify Strengths & Weaknesses of current retirement trajectory. Identify WCPG Services that align with your concerns & can help fuel your retirement

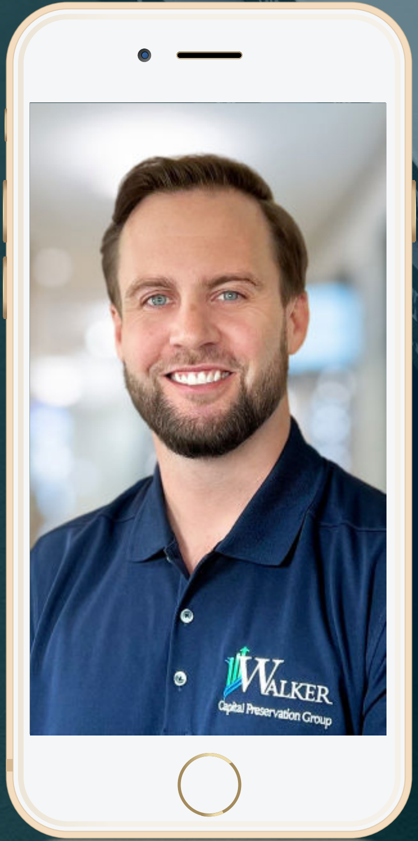


Schedule Here!

Exclusive Offer

FEDucated Attendees Only

Step 1: Schedule a Call to Discuss Your Retirement with Walker Capital
Step 2: Get a FREE COPY of WELL-FED the best-selling retirement ‘cookbook’



Your Questions

Your Retirement

WCPG’s Services

Retirement Forecasting

WALKER CAPITAL

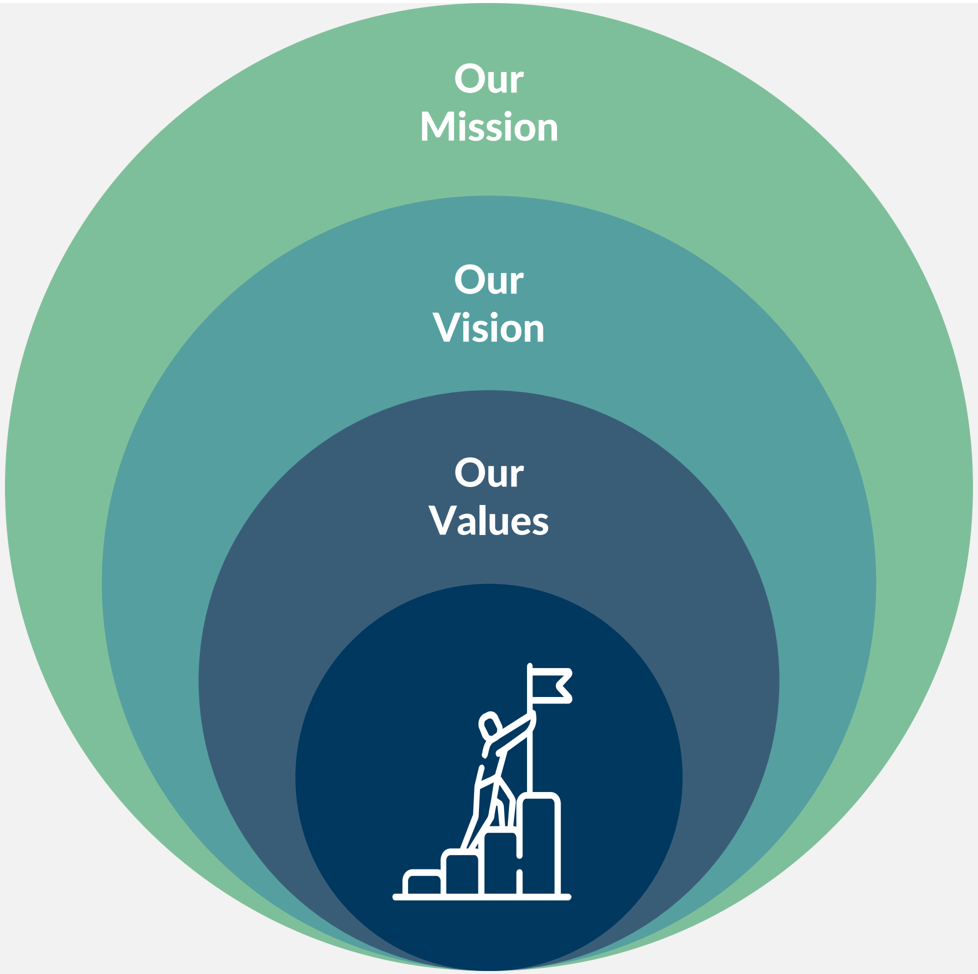
Empowering Those Who Power The Public Sector

OUR MISSION

Provide industry-leading Retirement & Tax Planning Insights and Education, virtually, nationwide.

OUR VISION

Empowering Federal Employees to maximize their retirement through strategic coordination of benefits & assets



Values

A continuing commitment to Financial Empowerment & Education

Values

A modern approach to financial planning leveraging cutting-edge technology

Values

An innovative, Fed-focused, tax-centric, approach to holistic retirement planning

Important Information

Disclaimer – Walker Capital Preservation Group, Inc.

If presented, hypothetical portfolio information provided does not represent results of an actual investment portfolio but reflects representative historical performance of the strategies, funds, or accounts listed herein, which were selected with the benefit of hindsight. Hypothetical performance results do not reflect actual trading. No representation is being made that any portfolio will achieve a performance record similar to that shown. A hypothetical investment does not necessarily take into account the fees, risks, economic, or market conditions an investor might experience in actual trading. Hypothetical results may have under- or over-compensated for the impact, if any, of certain market factors, such as lack of liquidity or broader economic and market conditions.

The investment returns of other clients may differ materially from the portfolio portrayed. Many factors related to the markets in general or to the implementation of any specific program cannot be fully accounted for in the preparation of hypothetical performance results.

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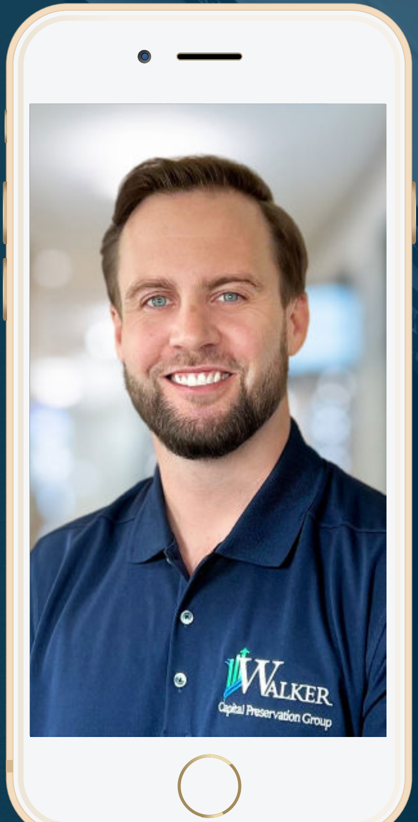


Your Questions

Your Retirement

WCPG's Services

Retirement Forecasting

WALKER CAPITAL'S SERVICES OFFERED

FEDUCATED
FEDERAL RETIREMENT CURRICULUM

Retirement planning

- Retirement planning is the process of determining retirement income goals and the actions and decisions necessary to achieve those goals. Retirement planning includes identifying sources of income, estimating expenses, implementing a savings program and managing assets. Future cash flows are estimated to determine if the retirement income goal will be achieved.

Federal Benefits Optimizations

- The Federal Retirement systems available today still offer some of the best large-scale benefits available… if you can successfully navigate the maze of program acronyms, rules, caveats, & pitfalls. During your career, it is important to understand the benefits you currently carry & how they may change over time. As you enter retirement, it is critical that you maximize your benefits in order to leverage your years of public service into your retirement. There are a number of critical coordinates to mapping out a successful retirement. For example, it is critical that you coordinate your FEGLI & SSB with your spousal FEHB & income continuation needs. Retirement is a journey, let Walker Capital help guide you through!

Tax Planning

- Truly Holistic Retirement Planning requires a braintrust of like minded experts with complimentary areas of expertise which is why Walker Capital has partnered with a Tax Professor & CPA to help you understand your current tax equation and how it may change in coming years.The key is to be proactive in addressing these concerns today because taxes are only going to be 'on-sale' for a few more years and the IRS has already put major restrictions on how much you can contribute in each of those years!

Estate Planning

- What happens to your hard-earned assets after you are gone? Having a plan for your estate can help ensure that your legacy is distributed efficiently and that you can clearly outline your wishes/goals for how that legacy could be used even after you are no longer around to provide those instructions. Have a goal of leaving money to the grandkids for education? Looking to avoid probate costs and delays? Do you have a child with special needs? An estate plan – like a Living Trust + Pour-Over Will + Powers of Attorney – is here to help!

Insurance Planning

- When properly utilized, insurance can help protect the quality of both you & your family's lifestyle throughout your career, in retirement, & even after (legacy). Whether looking to sleep easier knowing Living Benefits will help protect your lifestyle, looking to utilize Cash Value Life Insurance as a tool to help navigate future tax risk, or looking to ensure your loved ones have access to a highly leveraged tax-free death benefit – todays innovative policy design offerings allow Walker Capital to help your insurance plans evolve with your needs as they change over time!

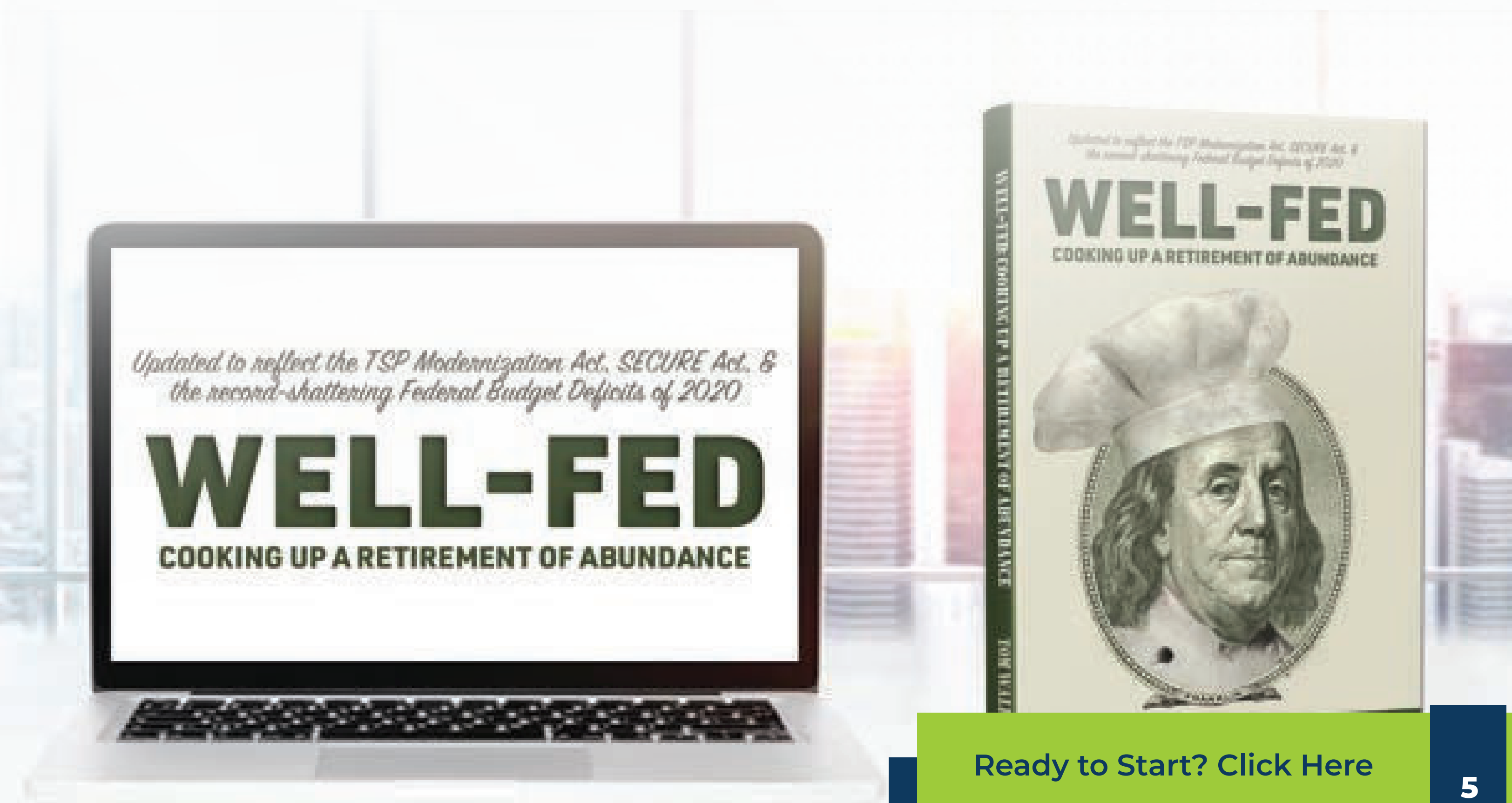
Ready to Start? Click Here

CONTACT INFORMATION

Ready to get started? Great!

- Schedule your very own Introduction Call below!
  - Schedule an Introduction with WCPG Here!
  - 227 W 4th St. #233, Charlotte, NC 28202
  - (704) 879 3137
  - Info@walkercpg.com
- **Well-Fed: Cooking Up a Retirement of Abundance by Tom Walker**

  Amazon #1 New Release & Best-Selling Book in 9 Different Finance Categories!
  - Well-Fed: Cooking Up a Retirement of Abundance
  - Click Here to Purchase Well-Fed on Amazon



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RETIREMENT IS A JOURNEY

Walker Capital Is Here To Help You Navigate