50 KAISER PERMANENTE RETIREMENT SEMINARS DONE IN OREGON AND WASHINGTON

GREED

The get rich quick plan

7 Deadly Sins of Retirement Planning

No one can afford to get swindled by a get rich quick scam. Over the years we've seen plenty of folks who've felt unprepared for retirement and out of desperation, are searching for returns that are too good to be true. These folks are more susceptible to being scammed.

The biggest scammer of all time is Bernie Madoff, who pulled off a $65B ponzi scheme. We use him to help us educate others on how to avoid being scammed:

S

Secret Strategy

When people would ask Bernie how he invested he would say, "Just trust me." That's a red flag! You need to know and understand what the investment strategy is, even if you don't know every detail. Make the advisor explain it regularly.

C

Creative Comp

You could say Bernie's pay was creative. He didn't let those pesky fee agreements keep him from helping himself to whatever fees he wanted. You need to know what the total fees are in the investment, including what the advisor gets paid. We'll come back to this.

A

Advisor First

Make sure the advisor has YOUR best interest in mind, not theirs. Bernie clearly had his interest in mind over the client's. Still today, many advisors will suggest inferior investments because they pay a higher commission. That's an example of putting their interests ahead of yours. Make sure your advisor is a fiduciary, which means they are legally obligated to act in your best interest ahead of their own. Check your advisor at www.brokercheck.finra.org

M

Mythical Results

It pays to be skeptical in investing. If something sounds too good to be true (like the story of a client who was told the Iraqi Dinar was revaluing 10,000% higher), it's probably a scam! No investment is perfect. Every legitimate investment has a downside and you need to know what it is.

SMB FINANCIAL

GLUTTONY

Of the advisor/company

Instead of over-eating, financial advisor gluttony is over-charging. This happens in many different ways.

One example is an advisor who makes a large commission for a couple of hours of paperwork, then never speaks to you again. Another example is some annuity products we've seen with too many hands in the pot. After the insurance company, advisor, and investment company all take their share, the client can be stuck with a fee 3 times the normal amount!

Many people have no idea how much they've paid for investments. This may sound obvious, but one way to avoid paying excessive fees is to ask how much you're paying.

One of our favorite clients came in for an initial meeting, sat down, folded his arms and said, "How much is this costing me right now!" Believe it or not, it's actually rude to yourself not to ask (but you may be able to find a more tactful way to bring it up).

Below are the 3 main ways advisors get paid.

Commission: Financial One-night Stand

Annuity salespeople can receive 3-10% up front. The longer the lock-up, the larger the commission. Mutual Fund salespeople can receive up to 5% up front and the client starts with a loss. Stockbrokers charge a percentage of each trade cost. "Do I need this stock or does he need new golf clubs?"

Asset-Based Fees: Ongoing relationship

Instead of large up-front commissions, smaller ongoing fees around 1% (or less) per year. Interests are aligned - both the advisor and the client want the account to grow.

Financial Plan Fee: Do it yourself

Advisors charge an hourly rate for a financial plan. Rates vary, but financial plans are typically thousands of dollars.

MONOGAMY

Married to only one investment

7 Deadly Sins of Retirement Planning

In marriage, monogamy is wonderful. In investing, monogamy can cost you your retirement.

An unfortunate story comes to mind. We met with someone who worked for PGE. He saved for years by investing his retirement money in the parent corporation of PGE. It helped him build up a nest-egg totalling $500,000.

Then came December 2nd, 2001 - when Enron (The parent company of PGE) declared bankruptcy and the individual lost his entire savings.

In some years like 2022, you'll be glad to have guarantees. In other years like 2023, you'll be glad to have a growth stock portfolio. It's impossible to know what will be the best investment next year. Our lesson: there are many reasons not to be a one-investment retiree; you should see other investments.

The following chart gives an overview of some commonly used investments. **See disclosure at the end of this handout for additional information.**

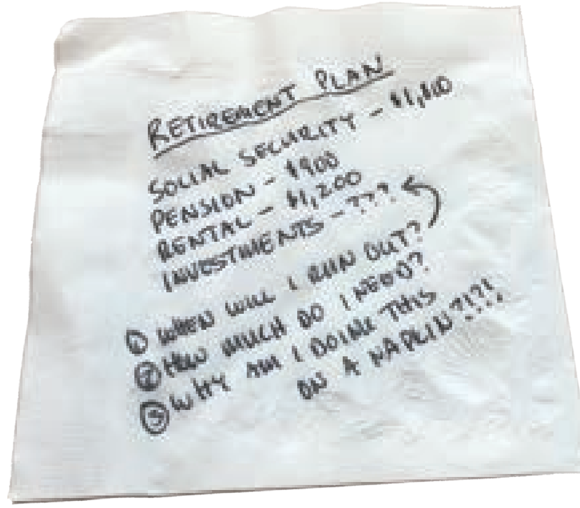
SMB FINANCIAL

APATHY

Income plan done on a napkin

7 Deadly Sins of Retirement Planning

Projecting the income you will live on in retirement is a big deal. You should pay someone to help you or dust off a spreadsheet and work this out. (See our example on the next page)

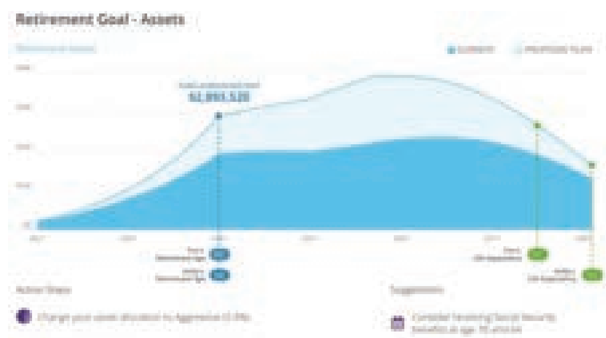


An income plan helps illustrate what level of income a retiree can expect to have in retirement. We're told it's one of the most helpful tools we offer. Below are the details you'll want to include.

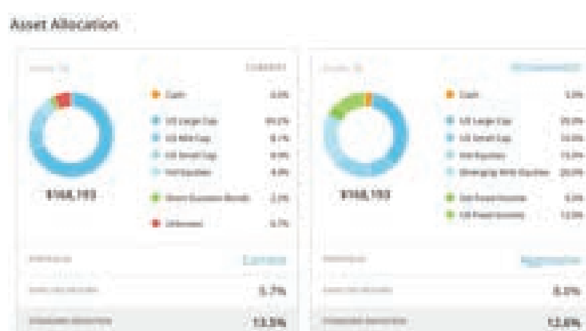
- Kaiser Plan A
- Kaiser TSA
- Inheritance
- Investment Income
- Kaiser Plan B
- Social Security
- Business Sale
- Other Income

Our Offer:

Income Plan (Free with no obligation - example on next page)
This is a great place to start and likely all you'll need. Schedule a call or office visit at www.smb.financial/appointment to complete yours. We'll collect investment and pension information, and plans can be done as soon as the next day.



Full Financial Plan (Contact us for price)
For those looking for comprehensive planning, we offer a thorough financial plan. This plan is presented to clients and comes with access to our software. Clients can review account balances and see how they're progressing toward their goals.



SMB FINANCIAL

Can-I-Retire Spreadsheet

Kaiser Permanente Employee

January 1st, 2024

SMB FINANCIAL

NOT A GUARANTEE OR PROMISE

Current Account Value: $328,000								Account Value at Retirement $1,500,856
Year	Social Security Bob (Assumed 2% Inflation)	Social Security Judy (Assumed 2% Inflation)	KAISER PLAN A PENSION (Assumed Lump Sum option)	TSA & PLAN B @ VANGUARD (Assumed 5% return, $15.5k contr. until 2035)	Qualified Income (Assumed 5% withdrawals)	Judy's Roth IRA (Assumed 5% return)	Rental House ($1.2k/mo. + 2% annual increase)	Total Retirement Income
2024	$ -	$ -	$ -	$ 275,000	$ -	$ 53,000	$ 14,400	$ -
2025	$ -	$ -	$ -	$ 304,250	$ -	$ 55,650	$ 14,688	$ -
2026	$ -	$ -	$ -	$ 334,963	$ -	$ 58,433	$ 14,982	$ -
2027	$ -	$ -	$ -	$ 367,211	$ -	$ 61,354	$ 15,281	$ -
2028	$ -	$ -	$ -	$ 401,071	$ -	$ 64,422	$ 15,587	$ -
2029	$ -	$ -	$ -	$ 436,625	$ -	$ 67,643	$ 15,899	$ -
2030	$ -	$ -	$ -	$ 473,956	$ -	$ 71,025	$ 16,217	$ -
2031	$ -	$ -	$ -	$ 513,154	$ -	$ 74,576	$ 16,541	$ -
2032	$ -	$ -	$ -	$ 554,311	$ -	$ 78,305	$ 16,872	$ -
2033	$ -	$ -	$ -	$ 597,527	$ -	$ 82,220	$ 17,209	$ -
2034	$ -	$ -	$ -	$ 642,903	$ -	$ 86,331	$ 17,554	$ -
2035	$ -	$ -	$ -	$ 690,549	$ -	$ 90,648	$ 17,905	$ -
2036	$ -	$ -	$ -	$ 740,576	$ -	$ 95,180	$ 18,263	$ -
2037	$ -	$ -	$ -	$ 793,105	$ -	$ 99,939	$ 18,628	$ -
2038	$ -	$ -	$ -	$ 848,260	$ -	$ 104,936	$ 19,000	$ -
2039	$ -	$ 24,000	$ 500,000	$ 890,673	$ 69,534	$ 110,183	$ 19,381	$ 112,914
2040	$ -	$ 24,480	$ 488,495	$ 898,701	$ 69,360	$ 115,692	$ 19,768	$ 113,608
2041	$ -	$ 24,970	$ 476,506	$ 907,223	$ 69,186	$ 121,477	$ 20,163	$ 114,319
2042	$ -	$ 25,469	$ 464,008	$ 916,261	$ 69,013	$ 127,551	$ 20,567	$ 115,049
2043	$ -	$ 25,978	$ 450,976	$ 925,842	$ 68,841	$ 133,928	$ 20,978	$ 115,797
2044	$ 32,000	$ 26,498	$ 437,384	$ 935,993	$ 68,669	$ 140,625	$ 21,398	$ 148,564
2045	$ 32,640	$ 27,028	$ 423,202	$ 946,741	$ 68,497	$ 147,656	$ 21,826	$ 149,991
2046	$ 33,293	$ 27,568	$ 408,401	$ 958,117	$ 68,326	$ 155,039	$ 22,262	$ 151,449
2047	$ 33,959	$ 28,120	$ 392,950	$ 970,152	$ 68,155	$ 162,791	$ 22,707	$ 152,941
2048	$ 34,638	$ 28,682	$ 376,816	$ 982,878	$ 67,985	$ 170,930	$ 23,161	$ 154,466
2049	$ 35,331	$ 29,256	$ 359,965	$ 996,330	$ 67,815	$ 179,477	$ 23,625	$ 156,026
2050	$ 36,037	$ 29,841	$ 342,360	$ 1,010,544	$ 67,645	$ 188,451	$ 24,097	$ 157,621

Example: Contact us for your plan

NOT A GUARANTEE OR PROMISE

- Income Sources - Accounts - Proposed Retirement Year

SMB Financial is affiliated with SMB Financial Services, Inc., a Registered Investment Advisor registered with the SEC.
11535 SW 67th Ave Tigard, OR 97223 | Off: 503.387.3222 | Fax: 503.344.4558 | www.smb.financial

OBLIVIOUS

About taxes in retirement

Planning for how much income you'll have in retirement is a good first step. The next step is to work with your accountant to minimize taxes in retirement.

A friend – and client – owned a large sum of stock in US Bank. On a separate advisor's hasty recommendation, the client sold the stock to purchase an annuity. The result was a tax bill reaching over $10,000!

The surprise tax bill was bad enough, but the kicker was she had limited access to money in her annuity because of surrender charges in place! She was not happy.

Subsequently she moved her investments to us. This was not her fault, and the advisor is likely to blame. This near-sighted suggestion could have been motivated by the commission available.

Don't be oblivious.

Work with an accountant and an advisor. Make sure they work together.

On the right are a few more tips for retirement tax savings.

01 Work with a CPA
Accountants find creative ways to reduce tax

02 Diversify to ROTH
Contribute to a ROTH early, or convert your IRA to a ROTH

03 Bypass Trust
Oregon taxes estates > $1 Million
Bypass Trust can double limit

04 Move to Low-Tax State
FL, NV, SD, TN, TX, WY, AK, NH & WA

DENIAL

It'll never happen to me

7 Deadly Sins of Retirement Planning

For those of us who've experienced death, disability, or nursing-home care of a loved one, we can no longer deny the seriousness of this issue. The financial impact these events have on a family can be devastating.

It's time to get serious and determine if you have the resources to cover one of these events. We recommend people get quotes from multiple carriers to start the process (not until mid-50s for LTC).

Once you have the quotes, you can decide what (if any) insurance you'd like to apply for, or what areas you'd like to self insure (have no coverage).

Chances of these events happening to you:

DEATH between ages 40 to 65: 1 in 6 *

DISABILITY between ages 40 to 65: 1 in 4 **

LONG-TERM CARE over age 65: 7 in 10 ***

NURSING HOME

$ 7,500 / month (Variables like semi-private vs. private room may increase or decrease cost)

ASSISTED LIVING FACILITY

$ 5,000 / month (Residential Arrangements with some Personal & Medical Care)

Please review the example quotes:

Life Insurance: Healthy Individuals Age 45	**Coverage:** 30 Years	**Total Benefit:** $1,000,000	**Cost:** $170/mo - Female $245/mo - Male
Disability: Healthy Individuals Age 45	**Coverage:** 5 Years	**Total Benefit:** $4,500/mo	**Cost:** $270/mo - Female $210/mo - Male
Example LTC: Healthy Individuals Age 52 Female & 58 Male	**Coverage:** $3,000 each Per month	**Total Benefit:** 3 Years = $200,000	**Cost:** $105/mo - Female $145/mo - Male

SMB FINANCIAL

NEGLECT

To get organized and create a plan

7 Deadly Sins of Retirement Planning

In our experience, when clients neglect to get organized it creates trouble for the next generation.

Without an estate plan (including a will or trust) beneficiaries and family will struggle to finalize end-of-life details after you're gone.

My LEAST favorite story regarding estate planning involves my first clients.

Despite previous encouragement to establish beneficiaries, they hadn't come around to developing a concrete plan for the future.

One of the clients passed away. Soon after, the surviving client became bed-ridden at a hospital in Portland. My last-ditch effort was to create a plan for my client at their bedside.

We spent time organizing the 10-15 family members as beneficiaries. We calculated percentages, signed all the "dotted lines," and finished the work. I felt good about the excellent service I provided...until he passed away.

We later found that two crucial numbers were switched, resulting in some relatives receiving money not intended for them! I had to confess my error to the executor in order to fix the mistake.

This last-minute fiasco can be avoided – update your will, trust, or estate plan now! This will ensure your wishes are carried out.

Another helpful tool is to create a notebook to spare your loved ones the hassle of organizing your estate. We created the Allevi-8 Book to make this process simple.

We offer these books free to our clients as a place to begin getting organized. Contact us if you're interested in working together.

Whatever you use to organize your documents, make sure you put it somewhere safe and tell your loved ones where to find it if something happens to you.

SMB FINANCIAL

Financial Planning to Help You Stop Worrying About Money

SMB Financial is owned and operated by SMB Financial Services, Inc., a registered investment advisor with the SEC. SMB Financial Services, Inc. was established in 2003 and is located in the Portland, OR area.

Disclosure: SMB Financial is not affiliated with KaiPerm Credit Union or Kaiser Permanente. This presentation is for educational purposes only and not intended as investment planning or advice. There is risk in investing. Account values can go down and principal can be lost. Not every investment is appropriate for every investor. Any guarantees listed are offered by specific financial institutions and not SMB Financial. Some of the information may be out of date. Please consult your own financial advisor or SMB Financial before acting on any of the information in the presentation. The advisor may not transact business in states where it is not registered, excluded or exempted from registration. Individualized responses to persons that involve either the effecting of transaction in securities or the rendering of personalized investment advice for compensation, will not be made without registration or exemption.

* Flowing Data - https://flowingdata.com/2016/01/19/how-you-will-die/
** Social Security - https://www.ssa.gov/oact/NOTES/ran6/an2017-6.pdf
*** Aging and Disability Resource of OR - https://www.oregon.gov/DHS/SENIORS-DISABILITIES/SUA/Pages/ADRC.aspx

Schedule an Appointment To Create Your Plan

503-387-3222
Tim@SMB.Financial