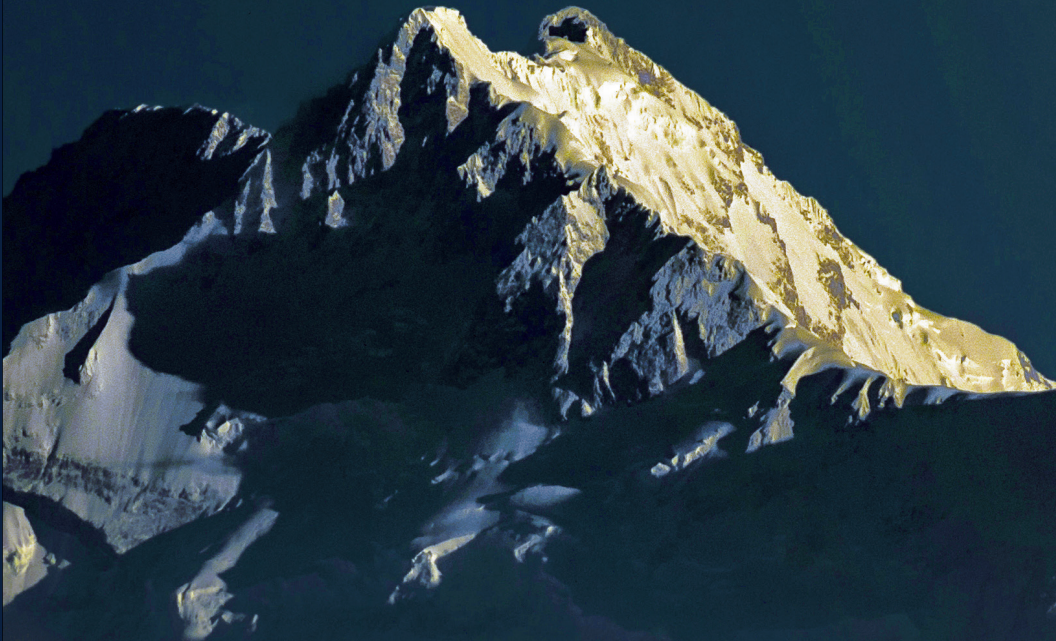


THE PERSONAL CFO REVOLUTION

*A Comprehensive Guide to
Navigating Your Retirement*



ERIK BRENNER, CFP™

HILLTOP WEALTH & TAX SOLUTIONS

THE PERSONAL CFO REVOLUTION

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Introduction

Have you ever found yourself staring at all those retirement account statements—your 401(k)s, IRAs, brokerage accounts—and thinking, "Now what?"

You've done a good job saving for retirement (congratulations!). You've successfully climbed a good way up that financial mountain. Maybe you've built up somewhere between \$1 million and \$10 million (or even more!). You've been disciplined, made smart choices, maxed out those retirement accounts like you were supposed to.

But now that you're starting to plan for retirement, you're facing a whole new set of questions that nobody really prepared you for:

- Which accounts should I take money from first?
- When should I claim Social Security?

- How do I keep taxes from eating up my retirement savings?
- What about health insurance before Medicare kicks in?
- How do all these new tax laws affect me?
- Will my money last for 30+ years if I live as long as my parents?

If you're nodding your head right now, this book is absolutely for you.

You're probably in your late 50s or 60s, getting close to retirement. Or maybe you just stepped into it, and suddenly realized that things aren't as simple as you thought they would be.

You know, there's a lot of education on how to get money into retirement accounts but practically nothing on how to get it out. And your employer or their 401(k) provider are not focused on helping retirees create sustainable income. These retirement plan administrators are great at helping you save money, but they don't know your complete financial situation. They can't see your tax picture, your healthcare costs, or your estate plans. They're just not in a position to give you the personalized advice you need when you're making that critical transition into retirement.

That's what I've been doing for more than three decades— helping thousands of clients figure out this retire-

ment puzzle. And I've noticed something critical: the skills and strategies that got you to retirement aren't the same ones you'll need to navigate through it successfully.

When I first started in this business, things were much simpler. There weren't as many investment choices. Many people still had pensions. Tax planning was more straightforward. But over the years, I watched everything get exponentially more complex while most financial professionals remained stuck in their separate silos.

I'd have clients come in frustrated, saying things like, "Why can't you do my taxes, too? You know my whole financial situation better than my CPA does."

That's when it really hit me that what most people needed wasn't just another financial advisor. They needed someone who could see their entire financial picture and coordinate all the moving parts. They needed their own personal CFO.

YOUR PERSONAL CFO

- Financial Oversight
- Strategic Planning
- Trusted Advisor

We are a registered investment advisory firm. As a fiduciary, we act as your personal Chief Financial Officer (CFO). We handle all your financial needs with expertise.

Financial &
Retirement Planning
Projections

Insurance Planning

Medicare Planning

Taxes

Estate Planning

Asset Management

As a Certified Financial Planner® and fiduciary, I'm part of a team with more than 125 years of combined experience. We've developed an approach that brings tax planning, investment management, healthcare guidance, and estate planning all under one roof—creating a comprehensive solution that's normally reserved for the ultra-wealthy but making it accessible to regular folks who've worked hard to build what they have.

Throughout this book, I'll share the strategies that have helped thousands of our clients navigate retirement successfully. But don't worry about confusing terminology! I'll explain everything in plain English with real examples from situations I've seen with clients over the years.

The pages ahead are filled with practical approaches that can help you make the most of what you've saved and enjoy the retirement you've worked so hard to achieve.

Ready to get started? So, let's dive in!

Chapter 1

Why Your Parents' Retirement Strategy Won't Work Today

I remember when retirement seemed a simple path. Think about your parents or grandparents for a moment. They probably had it pretty simple, right? Worked for a company for 30+ years, got their gold watch, and settled into retirement with a pension check showing up like clockwork each month.

But those days are gone, and I recently had a meeting that reminded me of that.

I've been working with Bob and Linda¹ for many years. I've guided them through building their wealth in all stages, including navigating college funding, investment strategies, and career transitions as they built their

¹ Bob and Linda are fictional characters. Their story is based on the many clients I've worked with, who faced similar experiences.

wealth. By all means, they definitely did a good job.

Now that they're both in their late 50s, they're looking forward to the retirement we've been preparing for together.

During our latest review meeting, Bob leaned forward in his chair with a thoughtful expression. "You know, Erik, I was just thinking about my parents' retirement compared to ours. They retired at 62 with their pension and Social Security. They had company healthcare until Medicare kicked in, and they never worried about money for 30 years."

"We're definitely in a different world now," Linda added. "I'm grateful we've been planning for these differences all along."

This is exactly why comprehensive planning matters so much. While clients are focused on climbing their financial mountains while saving, investing, paying for kids' college, managing careers, we're simultaneously preparing them for the complexities of the descent. It's not that they don't hear the information; it's that they're focused on more immediate concerns.

"It's so interesting. I know you've mentioned this before," Bob continued. "But now that we can actually see retirement on the horizon, all those differences between our situation and my parents' seem a lot more real."

That's when our conversation shifted from review to implementation. Bob and Linda had successfully built their financial life, and our planning had prepared them for the complexities of managing their finances through the next phase of life.

What they were appreciating now was something I emphasize with all my clients: what worked before in retirement just won't cut it today. Most clients don't have pensions. Their healthcare coverage ends the moment they retire. And, most critically, they face dozens of critical decisions about Social Security timing, tax planning, and withdrawal strategies their parents never had to make.

There's a huge difference between the challenges pre-retirees face today and those from the past. Your retirement journey requires a lot more careful navigation than your parents' did, and you may need more sophisticated planning to deal with it.

In this chapter, I'm going to show you why the retirement approach that worked for previous generations simply won't work anymore. We'll explore how the decline of pensions, the evolution of healthcare coverage, the increased complexity of Social Security and taxes, and the explosion of investment options have completely transformed retirement planning. Most importantly, I'll help you understand why you need specialized, comprehensive planning to navigate this new reality.

From Guaranteed Income to Self-Directed Retirement

One of the biggest differences between your parents' retirement and yours is the virtual disappearance of traditional pensions.

But here's something I want you to understand: you can **still** have a pension. We just call it Social Security!

This is something curious I experience during my seminars. When I ask people *"How many of you have a pension?"* just a couple of hands go up. But when I tell them, *"Actually, everyone here has a pension. It's called Social Security,"* their expressions immediately change, as if they're saying *"Wait, what?"*

That's why I wish they called Social Security the "American Pension System" or something similar. That would help people think about it differently.

Imagine you have a traditional pension plan at work. If you're just a few years away from being fully vested with maximum benefits, would you quit your job and walk away from all that guaranteed money? Of course not! Your friends would think you're nuts!

Yet this is exactly what happens with Social Security. People are usually so ready to claim benefits early without giving it a second thought.

But if you understand that Social Security is essentially your American pension system, why would you treat your Social Security decision any differently than a pension decision?

This shift in thinking—viewing Social Security as your personal pension—can make a huge difference in your retirement income.

Our parents likely had real pensions that provided:

- Guaranteed monthly income for life
- Often included cost-of-living adjustments (COLA)
- Survivor benefits for spouses
- No investment decisions or market worries

In Bob and Linda's example, his father's pension replaced nearly 70% of his working income. And that was on top of Social Security. Plus, it came with lifetime healthcare benefits for both him and his wife. He barely needed to touch his savings.

That reality has changed for most Americans. Today, less than 15% of private-sector workers have access to traditional pension plans. Instead, we're in the 401(k) world, where you're responsible for:

- Deciding how much to save
- Choosing your investments
- Managing those investments through market ups and downs

- Converting your nest egg into sustainable income
- Making it last for potentially 30+ years

In other words, the responsibility has shifted to you with far more complex decisions and much higher stakes. It's like being asked to be your own doctor without any medical training.

The Healthcare Conundrum: A New Retirement Roadblock

Have you ever thought about how your income might affect your healthcare costs? Most people don't until it's too late.

Healthcare is another area where today's retirees face challenges their parents didn't. Many in the previous generation had employer-provided health insurance that continued into retirement.

But the harsh reality is that healthcare coverage is fundamentally different now, and those differences leave a major gap in retirement planning.

This healthcare gap creates several problems for today's retirees:

- It forces many to work until 65 purely for health insurance, even if they're financially ready to retire earlier

- It creates uncertainty around early retirement budgeting
- It requires strategic planning to manage insurance costs during the pre-Medicare years
- It demands careful income management to qualify for healthcare subsidies
- It introduces the need to plan for Medicare IRMAA (Income-Related Monthly Adjusted Amount) surcharges that can significantly increase premiums based on your income

This is something I often see with clients who want to retire before 65 but are shocked by what healthcare might cost them.

When they realize they're looking at potentially \$20,000 or more annually for decent coverage, it can completely derail their retirement timeline.

But something fascinating about the current healthcare landscape is that with the Affordable Care Act (ACA, also known as Obamacare), your subsidies are determined by your modified adjusted gross income. So two households with identical spending power might pay dramatically different premiums because of how their income is structured.

What matters for the subsidies is not just how much you have but how that income shows up on your tax return. This is a complexity that simply didn't exist for previous generations.

The good news is that with proper planning, we can often structure retirement income to maximize health-care subsidies during those pre-Medicare years. It requires careful coordination between different income sources and tax strategies, which is something your parents never had to consider in their retirement planning.

The Complexity Of Social Security

Social Security has gotten more complex. It's not your grandmother's social security anymore!

In 1990, the average Social Security benefit was about \$550 per month. Today, it's around \$1,950. The real distinction is in not just about how many claims are made but also about how complex those claim decisions are.

Your parents likely claimed Social Security at 62 or 65 without much thought. There wasn't much strategy involved. Today, the claiming decisions are far more complex:

- Full retirement age has increased to 66-67 depending on birth year
- Delaying benefits until 70 can increase your payment by 8% per year
- Spousal benefits, survivor benefits, and divorce benefits all have their own rules

- Up to 85% of benefits may be taxable depending on your other income

As an example, we have clients who receive almost \$100,000 a year in Social Security. But what people don't think about is that's almost \$15,000 a year in tax-free income that goes up every year with the cost-of-living adjustment. Understanding how social security is taxed is an important factor. Provisional income is calculated differently than adjusted gross income, modified adjusted gross income, or taxable income.

And if you have longevity in your family, you could be drawing Social Security for 35-40 years. That's a long time, right?

The cost-of-living adjustments (COLAs) for Social Security have averaged 3.8% from 1975 to 2023. This means that, over time, these benefits have significant protection against inflation. This is something that's incredibly valuable but often overlooked in planning. Are you factoring this into your decisions?

The decision about when to claim is now a strategic one, not just an administrative formality. Making the wrong choice could cost you hundreds of thousands of dollars on the table over your lifetime.

Investments: More Options, More Decisions

The investment landscape has also exploded in complexity more recently. Previous generations likely had a simple portfolio. Perhaps they had some Certificates of Deposits (CD's), bonds, and a few blue-chip stocks.

Today, you're confronted with:

- Traditional IRAs, Roth IRAs, 401(k)s, 403(b)s, HSAs (Health Savings Account)
- Pre-tax, Roth, and after-tax contribution options
- Exchanged Traded Funds (ETFs), mutual funds, target-date funds, Real Estate Investment Trust (REITs)
- Thousands of investment choices within each account type

This creates both opportunity and confusion. I often see new clients who have accumulated assets in many different places with no coordination between them. They've done a good job saving, but they have no idea how to convert those savings into an efficient retirement income strategy. Does that sound familiar?

There's a lot of noise out there, and every situation is different. What works for your neighbor or brother-

in-law might be completely wrong for your specific circumstances.

Longevity: The Game-Changer

Perhaps the most significant shift in retirement is in longevity. Your parents might have planned for a 15-20 year retirement. Today, many couples need to plan for a 30+ year retirement.

To illustrate this, I don't have to look far. My parents are 94 and 88 years old and still live independently, whereas their parents died in their early 70s.

With heart medications, better healthcare, and increased awareness of health issues, people are living much longer.

This increased longevity means several things for retirement planning:

1. Your money needs to last much longer
2. Inflation becomes a bigger threat over extended periods
3. The risk of long-term care needs increases substantially
4. You need to balance current spending with resources for a potentially long future

When your money needs to last potentially 30+ years, the strategies that worked for a 15-year retirement simply aren't enough anymore.

The SECURE Act: Changing the Rules Mid-Game

In recent years, major legislative changes have further complicated retirement planning. The SECURE Act and SECURE 2.0 introduced over 200 changes to retirement laws and taxation, yet most consumers don't understand how these changes affect their situation.

One of the most significant changes is the elimination of the "stretch IRA" for most non-spouse beneficiaries. Previously, if you inherited an IRA, you could stretch distributions over your lifetime. Now, most beneficiaries must empty inherited retirement accounts within 10 years. This has enormous tax implications.

IRA Beneficiaries After The SECURE Act

Eligible Designated Beneficiary	Non-Eligible Designated Beneficiary	Non-Designated Beneficiary
<ul style="list-style-type: none">• Minor Children of Decent• Disabled Persons• Chronically Ill• Not More Than 10 Years Younger• Spouses• Certain Trusts	<ul style="list-style-type: none">• Non-Spouses• Certain Trusts• Account Owners Died Prior to Required Beginning Date• Account Owners Died After Required Beginning Date	<ul style="list-style-type: none">• Charities• Your Estate• Certain Trusts (Account Owners Dies Prior to Required Beginning Date)• Account Owners Died On or After Required Beginning Date

The SECURE Act also:

- Pushed required minimum distributions (RMDs) to age 73 (and eventually 75)
- Created new catch-up contribution opportunities
- Modified rules for part-time workers

While these changes seem like simple administrative adjustments, they have profound implications for retirement planning and tax strategy. Unlike previous generations, you need to be proactive about understanding these changes and incorporating them into your planning. Are you staying on top of these changes?

I have a situation right now with clients whose father had accumulated a substantial IRA. After their father passed away, his children came to us for help. Despite being brilliant in their fields, they recognized they needed guidance with these inherited IRAs.

These beneficiaries are still working and will be for the next 10 years. If they only take the minimum distributions the IRS suggests, they'll face a huge tax burden in year 10, which has the potential to be \$200,000-\$300,000 in additional taxes at rates we can't even predict yet. Can you imagine getting hit with a tax bill like that?

Finding Your Way: The Specialist Advantage

Imagine you're walking into a hospital. Have you ever felt confused about who's who? Probably not.

In a hospital, the roles are very clear. You can easily recognize the doctors, the nurses, the physician's assistant. All those professionals are who they are because they've earned their title through years of rigorous training.

A nurse practitioner or physician's assistant, no matter how skilled, doesn't introduce themselves as "Doctor". They have their own important, well-defined roles in your care.

But in the financial world, that clarity has become a bit bland. The financial landscape has absolutely exploded with "advisors" over the last couple of decades. There are more financial folks on the street than ever before, and, honestly, it's creating a real challenge for regular people trying to figure out who can genuinely help them.

And just like you'd want to make sure your doctor went through rigorous training before trusting them with your health, you should expect the same from your financial advisor.

Now, you might be asking: *"But how can I ensure that?"*

A CFP® designation is at least a good starting point. It requires serious education and commitment to a fiduciary standard. But even beyond credentials, you need to understand how a firm is actually structured and what services they truly provide.

Here's a simple test I use at my seminars. I ask, "When's the last time your financial advisor asked you for a tax return?" The answer is almost always "never." Then I tell them, "You don't have a comprehensive financial planner. You have a broker or an investment person."

There's simply no way to provide truly comprehensive advice without understanding your complete financial picture, including taxes.

Conclusion - A New Approach for a New Reality

Let's go back to our friends Bob and Linda. At the end of the day, they realized that their parents' approach to retirement simply wouldn't work for them. They needed a more comprehensive, strategic plan that accounted for all these new complexities.

We created a coordinated strategy that balanced their income needs, tax efficiency, healthcare considerations, and legacy goals. We helped them understand when to

claim Social Security, how to create tax-efficient income, and how to protect against longevity risk.

Their story is the perfect illustration of why sitting back and letting retirement happen to you is no longer a viable strategy. You need guidance from professionals who understand how all of the retirement pieces fit together to help you navigate this new retirement landscape.

In the next chapter, we'll look into the financial mountain metaphor that frames your entire retirement journey. You'll learn why the accumulation phase feels harder but is actually more straightforward than most people think and why the distribution phase requires specialized knowledge and careful planning to navigate successfully.

Chapter 2

The Financial Mountain - Understanding Your Journey

Figuring out finances can be tricky, so I'm all about using analogies to make it easier to grasp. It's actually something I really enjoy doing! There's one analogy I've been using for ages, and it just clicks with people. You can practically see the lightbulb go on when I explain it.

Think about your financial life as climbing a mountain.

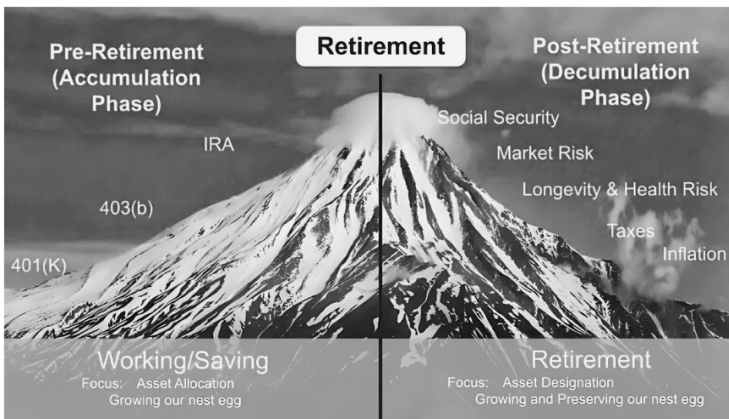
You know how it is when you're standing at the base, looking up at this massive peak? It feels overwhelming, right?

That's exactly how most people feel when they start their financial path. You're young, you've got student loans, maybe a new mortgage, kids on the way, and you're thinking, *"How am I ever going to save enough to retire someday?"*

Most people think the hard part of mountain climbing is going up. But ask any experienced climber, and they'll tell you that the most dangerous part isn't the ascent. It's the descent.

I'm definitely not a mountain climber, but going down a mountain needs extra attention: it can bring some challenges that, if not handled carefully, may lead to serious accidents.

In this chapter, I'm going to walk you through this mountain climbing metaphor and show you why it perfectly illustrates the retirement journey. We'll explore why the climb up (the accumulation phase) feels harder but is actually more straightforward than most people think. Then we'll dig into why the descent (the distribution phase) is where the real dangers lie and why you need specialized knowledge and careful planning to navigate it successfully.



The Climb Up: Accumulation Years

Let's start with the climb up the mountain, which are your working years when you're saving and investing.

This phase often feels like the hardest part, right? You're trying to balance so many financial priorities:

- Paying off student loans
- Buying a home
- Raising children
- Saving for college
- Building your retirement accounts
- Maybe helping aging parents

You're using a lot of effort to get up that mountain. You're sweating, you're working hard, and sometimes it feels like you're not making much progress. Maybe you go through periods of a year or two where it seems like you're stuck in the same spot. Or maybe you need to shift to a different part of the mountain to continue your climb.

I've had clients come to me worried that they're not climbing fast enough. They look at their 401(k) balance and think, "I should be further along by now." But steady progress is what matters. If you've established good savings patterns, you'll accumulate assets just by doing some basic things correctly.

The financial industry has actually made this climb easier over the years. A lot of 401(k) plans now offer target-date funds and automatic enrollment features. They're like having some basic climbing gear that helps you navigate the uphill journey more efficiently.

Instead of just leaving money sitting in cash, these tools help ensure you're making progress even when you're not paying close attention.

During this climbing phase, your financial life is actually pretty straightforward in many ways. If you're a W-2 employee, you probably have one or two income sources if both spouses are working. The tax treatment is simple. It gets taxed as ordinary income. You add it all up, determine your tax bracket, and that's it. Sure, you might have some complexity with stock options or other benefits, but, for the most part, it's pretty basic.

You influence your paycheck by doing good work, getting promotions, and switching jobs for higher pay. But the structure of your income doesn't fundamentally change from year to year. It's like following a well-marked trail up the mountain.

Reaching the Summit: The Transition to Retirement

Now let's talk about reaching the top of the mountain—that moment when you've accumulated enough to retire.

This is such a significant psychological milestone. After decades of climbing, you've finally reached the summit! You've done it! You and your spouse look at each other and say, "Honey, we've got enough money, so we're coasting now."

That "coasting" mindset is exactly where the danger begins.

Think about riding a bike. When you're going uphill, that's when you're working hardest, right? But once you reach the top, you can stop pedaling and just coast downhill. It feels easy.

The problem is, retirement planning doesn't work like a bicycle. It's actually the opposite. The descent—managing your money during retirement—requires even more attention and care than the climb up.

The Descent: Why Coming Down Is Trickier

Coming down the mountain is where things get really complex. And the complexity increases dramatically because of how your income changes.

As you near the top of the mountain, those 1-5 years before retirement and then starting your descent, you'll need to manage multiple sources of income that are continuing to grow:

- Interest and dividends from your savings that are becoming more substantial
- Capital gains that continue to grow and are taxed differently than ordinary income
- Social Security, which has its own unique tax treatment
- Tax-deferred income from IRAs and 401(k)s
- Tax-free income from Roth accounts

This can get confusing really quickly. Each income source is taxed differently, and how they interact with each other can significantly impact your overall tax situation.

For example, did you know that, depending on your other income, your Social Security might be tax-free, or up to 85% of it might be taxable? Or that taking too much from your IRA could push you over Medicare premium surcharge thresholds, costing you thousands more in healthcare costs?

It's like having to navigate multiple paths down the mountain simultaneously, making sure you're taking the right steps on each one.

Hazards on the Way Down

Coming down, there are many small rocks that can make you slip. Even a small rock can be dangerous; slip-

ping on it could cause you to slide a long distance and suffer serious injuries.

These "small rocks" in retirement planning include things like:

- **Health Risk:** A major health issue can derail even the best retirement plan. For example, unexpected medical bills not covered by insurance could force you to take larger distributions from your IRA than planned, which then creates a cascade of tax problems.
- **Market Risk:** When you're accumulating, market downturns are actually an opportunity. You're able to buy more shares at lower prices. But in retirement, a major market decline right after you stop working can devastate your portfolio. We call this "sequence of returns risk," and it's one of the biggest hazards on the descent.
- **Tax Exposure Risk:** Many people don't realize how tax-exposed they are in retirement. I've had clients come to me shocked to learn that their Required Minimum Distributions would push them into a higher tax bracket than they were in during their working years!
- **Longevity Risk:** I look at both my parents—94 and 88 years old—still living independently. Their parents died in their early 70s. But with better

healthcare and medications, people are living much longer now. My mom still gets her 10,000 steps in at 88! Sometimes right in the house. That longevity means your money has to last decades longer than previous generations planned for.

Some descent points are steeper than others, which means you need to be even more careful. The scary part is that, if you start to fall, even your climbing partner won't be able to stop you. You must be preventative and proactive not reactive, in your retirement planning.

Making Sure Your Brakes Work

When you're coasting downhill on a bike, what's the most important safety feature you need? Good brakes, right?

In retirement planning, your "brakes" are what give you control as you're coming down the mountain. Just like reliable bike brakes prevent accidents, these financial controls help you navigate retirement safely:

- **Annual adjustments to your Income retirement strategies** - Your income needs change, markets shift, and tax laws evolve, requiring regular fine-tuning to maintain control
- **Investment strategies with built-in protections** - What's your plan when markets become volatile? Without

proper investment "brakes," a market downturn could seriously damage your retirement security

- **Tax planning mechanisms** - Without guidance on changing tax regulations, you could end up paying thousands more than necessary, accelerating your descent far too quickly
- **Contingency plans for market downturns** - When markets aren't performing well, you need pre-established strategies to protect your retirement savings while still generating needed income

Estate planning is also important here but not exactly as a braking mechanism. It's more about what happens after you've completed your journey—making arrangements for when you've already reached the bottom of the mountain, especially if you have a spouse.

Having these financial brakes gives you control over your retirement. They allow you to navigate the inevitable twists and turns safely, rather than speeding down the mountain and hoping for the best.

Life Events and Detours

Sometimes the path can be really smooth for a long time. You could be doing really, really well, and then all of a sudden, you have to stop.

I've seen mountain climbers who have to pitch a tent on the side of the mountain because conditions changed. In your financial life, you might experience events that require you to pause, like an illness, the death of a spouse, or other life changes.

This is another area where professional guidance becomes invaluable. Having someone who can help you navigate these unexpected detours can make the difference between a minor delay and a major financial setback.

Why You Need a Guide

Would you attempt to climb and descend a challenging mountain without an experienced guide? Probably not, right? Yet many people attempt to navigate the complex descent of retirement planning without professional guidance.

An experienced guide knows the terrain in detail, such as where the dangers are and how to avoid them. They have specialized equipment and knowledge you don't possess. They've seen others make this journey and learned from their successes and failures.

That's exactly what a personal CFO does for you in retirement planning. They bring specialized expertise in the complex terrain of retirement distribution strategies,

tax planning, healthcare considerations, and risk management.

Conclusion

The financial mountain metaphor helps us understand why retirement planning needs to be treated carefully.

Your descent will involve more complex terrain with multiple income sources, tax considerations, healthcare decisions, and estate planning needs. It will require careful planning and, in most cases, specialized guidance.

The accumulation phase—climbing up—gets all the attention. But it's the distribution phase—coming down the mountain safely—that determines whether your retirement will be successful.

In the next chapter, we'll explore how a Personal CFO approach can integrate all these complex elements into a cohesive strategy, providing you with the comprehensive guidance you need for a successful retirement journey.

Chapter 3

The Power of Your Personal CFO

Have you ever felt overwhelmed when thinking about coordinating all the moving parts of your retirement? Well, you're not alone. I've found that even the most financially savvy people struggle to bring everything together into a cohesive strategy.

When John and Susan² walked into my office, I could see the frustration on their faces. They had recently retired, and, instead of enjoying this new chapter, they were drowning in financial complexity.

"Erik, we've got accounts everywhere," John admitted with a sigh. "Three different 401(k)s from past jobs, a couple of IRAs, some brokerage accounts, and even this annuity that some guy sold us years ago that we're not even sure why we bought."

2 John and Susan are fictional characters. Their story is based on the many clients I've worked with, who faced similar experiences.

Susan nodded. "Our advisor did fine managing our investments while we were working, but now that we've actually retired, we have all these questions he can't seem to answer. How do we take money out without paying too much in taxes? When should we claim Social Security? What about healthcare before Medicare? It feels like we're suddenly on our own with all these decisions."

Their situation hit me right in the heart because I've seen it so many times. They had a decent investment manager while they were climbing up the financial mountain during their accumulation years.

But now they were at the summit, looking down at the descent, and realized they needed something completely different. They needed a guide who knew all the paths down, not just someone who could help them climb up.

In this chapter, I'll show you why today's retirees need more than just investment management. They need a Personal CFO approach that brings everything together. I'll walk you through what this comprehensive approach looks like, why it matters especially when you're coming down the mountain, and how it creates both financial efficiency and genuine peace of mind.

What Exactly Is a Personal CFO?

Think about how major corporations handle their finances. They don't just have a bunch of different departments each doing their own thing, right? They have a Chief Financial Officer who oversees everything, connecting all the dots and making sure the company's financial strategy works as a cohesive whole.

For years, the ultra-wealthy have been doing something similar with their personal finances. They create what's called a "family office", which essentially brings together a team of professionals who coordinate everything from investments and taxes to estate planning and risk management. Nothing falls through the cracks because someone is keeping an eye on the big picture.

But why should only people with \$50 million or more have access to this kind of comprehensive planning? What about the rest of us who've worked hard, saved diligently, and accumulated a nice nest egg but don't consider ourselves "rich" in the traditional sense?

That's exactly why I developed the Personal CFO approach to bring those same benefits to regular people who've been successful but don't consider themselves "rich".

A Personal CFO approach has three core elements:

- 1. Financial Oversight:** Keeping an eye on your entire financial picture, making sure nothing falls through the cracks

2. **Strategic Planning:** Thinking ahead about how investments, taxes, estate planning, healthcare, and risk management all work together
3. **Trusted Advisor:** Building a relationship where we're sitting on the same side of the table as you, always acting in your best interest

This is fundamentally different from how most financial services work. The traditional model is fragmented. You've got an investment person here, an insurance agent there, an estate planning attorney and a tax preparer somewhere else, and none of them are talking to each other or even agreeing with the same approach. They can't see your complete picture, so they can't possibly give you truly comprehensive advice.

A personal CFO approach brings everything together under one coordinated strategy.

The Components That Matter

So what exactly does a Personal CFO handle? Here are the key elements that need to work together:

- **Cash Flow Planning:** Understanding how much income you need and figuring out the smartest way to generate that income from your various accounts
- **Risk Management:** Making sure you have the right insurance coverage without paying for stuff you don't need

- **Healthcare Planning:** Helping you navigate Medicare decisions, potential long-term care needs, and strategies for healthcare before Medicare
- **Investment Strategy:** Making sure your portfolio matches your goals, comfort with risk, and income needs
- **Taxes:** Preparation, planning, and mitigation. Finding strategies that reduce your lifetime tax burden
- **Retirement Income Strategies:** Determining when to begin taking income from each source and how much from each source, including Social Security, IRA, and Roth distributions.
- **Estate Planning:** Making sure your wishes are carried out efficiently while minimizing headaches for your heirs

What makes this approach so powerful isn't just addressing each of these areas—it's understanding how they all interact with each other.

Your investment decisions affect your taxes. Your income strategy affects your Medicare premiums. Your estate plan influences how you title assets and name beneficiaries.

As I often tell my clients, "It's a lot easier to avoid a financial mistake than it is to fix one that's already happened." That preventative mindset is at the heart of the Personal CFO model.

Why Integration Matters: You Don't Get Do-Overs

One concept I emphasize with clients is that financial decisions often don't come with do-overs. If you need a knee replacement and choose the cheapest surgeon who ends up doing a poor job, you might be dealing with the consequences for the rest of your life. The same thing applies to financial planning.

I like to use this analogy: If you needed open heart surgery, would you want the surgeon who does one procedure a month, or the one who does five or six procedures every week? You'd want the one with more experience, right? The one who's seen more cases, encountered more complications, and developed more expertise.

That's why my team's combined experience of over 125 years is so valuable. We've seen thousands of retirement transitions. As I sometimes joke with clients, "You get one chance to retire from your lifetime profession. I've retired thousands of people." That perspective allows us to spot potential issues before they become real problems.

The integrated approach also prevents what I call "financial blind spots", which are areas where crucial decisions fall between the cracks of different advisors. Your investment person probably doesn't talk to your tax preparer. Your insurance agent isn't coordinating with

your estate attorney. Your tax preparer is focused on this year's taxes, not your lifetime tax situation.

Someone needs to be looking at the complete picture. That's what a Personal CFO does.

The Human Element

When I ask clients what they value most about working with a Personal CFO, the answer I hear most often is "relief." They talk about the peace of mind that comes from knowing they're making the right decisions and having someone they can bounce questions off before taking action.

This is especially important for widows and widowers. The vulnerability that comes after losing a spouse can make someone susceptible to financial missteps or, worse, being taken advantage of. Having a trusted advisor who knows your complete situation and sits on the same side of the table makes all the difference.

I'm always struck by how even the smartest, most accomplished people benefit from this approach. Many of our clients are doctors, professors, and successful business owners—extremely sharp people who are very successful in their fields. But they recognize that financial planning isn't what they do every day. It's not their expertise.

As one retired surgeon put it: "I wouldn't expect you to perform surgery, and I shouldn't expect myself to manage all these complex financial decisions. We each have our specialties."

That's the difference between information and wisdom. Information is everywhere today. You can find anything online. But wisdom comes from experience, from seeing patterns across many situations, and from understanding how different financial decisions interact with each other.

When clients work with us, they're not just getting access to financial knowledge. They're getting the benefit of decades of experience applied to their specific situation. They're getting someone who thinks about their financial well-being the way they think about their own family's well-being.

A Transformative experience

Remember John and Susan from the beginning of this chapter? After understanding their complete situation, we developed a comprehensive plan that transformed their retirement experience.

First, we implemented Roth conversion strategies during years when their tax bracket was lower, reducing their future required minimum distributions and

lifetime tax burden. We optimized their Social Security claiming strategy, looking at spousal benefits and tax considerations to maximize their lifetime benefits.

By restructuring their income sources, we helped them qualify for healthcare subsidies before Medicare, saving thousands in premiums. We consolidated their scattered accounts, making their financial life simpler and reducing fees. And we guided them through updating their estate plan to ensure their assets would transfer efficiently to their children.

The results were lower taxes, more secure income, and elimination of those financial blind spots I mentioned. But, most importantly, they gained real peace of mind. John told me recently, "For the first time since we retired, I'm not worrying about money. I know we have a plan, and I know someone's watching all the pieces."

That transformation from anxiety to confidence is what the Personal CFO approach is all about.

Conclusion

The Personal CFO approach represents a fundamental shift in how retirement planning works.

Instead of fragmented advice from multiple sources, you get an integrated strategy that addresses all aspects

of your financial life. Instead of reacting to financial events as they happen, you get proactive planning that anticipates challenges before they arise.

For John and Susan, this approach transformed their retirement experience from uncertainty to confidence. They went from being overwhelmed by scattered accounts and unanswered questions to having clarity about their future.

If you're approaching or in retirement, ask yourself if your current financial approach provides this level of integration:

- Does your advisor see your complete financial picture, including taxes and estate planning?
- Do you receive proactive recommendations, or just responses to questions you bring up?
- Is your advisor considering how different financial decisions affect each other?
- Do you feel confident that nothing is falling through the cracks?

The retirement path has enough challenges without adding unnecessary complexity. A Personal CFO can be your guide, helping you navigate the terrain safely and efficiently.

In the next chapter, we'll explore specific tax strategies that can dramatically impact your retirement success, showing why tax planning goes far beyond simply filing your annual return.

Chapter 4

Beyond Investment Returns: The Tax Connection

I've always found that real-life experiences make the best teachers in financial planning. And sometimes the most important lessons come from the most unexpected places.

Margaret³ came into my office after retiring from her position as a school superintendent. She had done a good job saving. She had about \$950,000 in traditional IRAs, \$40,000 in Roth accounts, and another \$400,000 in non-qualified investments. Not bad at all.

"I'm following the conventional wisdom," she told me. "Keep my money in the IRA as long as possible, and only take it out when I turn 73."

3 Margaret is a fictional character. Her story is based on the many clients I've worked with, who faced similar experiences.

She was really happy about one thing in particular. "My tax bill is tiny these first few years of retirement. That's pretty good, isn't it?"

I hear this a lot. People focus on having low taxes right now without thinking about what happens later.

"Margaret, have you ever looked at what your taxes might be 10 or 15 years from now?" I asked her.

"No," she said. "Why would I need to?"

So, we reviewed her tax return and her investments. I put her information into our planning software. What we saw was pretty eye-opening.

If she kept going the way she was, her IRAs would grow to over \$1.3 million by age 80. Sounds good, except her required distributions would push her taxes higher and higher each year, eventually hitting about \$20,000 a year.

"I didn't realize that would happen," she said.

Then I showed her something that literally made Margaret's jaw drop. By implementing strategic Roth conversions during her early retirement years, when her income was naturally lower, she would end up with about \$1.6 million in Roth accounts by age 80 instead of traditional IRAs. And her projected tax bill at that point would be less than \$1,000 per year.

"Wait," Margaret interrupted, leaning forward. "You're telling me I could pay less than half the taxes over my lifetime by being strategic about this? Why didn't anyone show me this before?"

I see this pattern all the time. People are good at saving for retirement, but they don't think about the tax side of taking money out. They just assume low taxes now means they're doing it right.

For Margaret and many others I work with, having someone who knows the best strategies when it comes to taxes makes all the difference.

In this chapter, I'm going to pull back the curtain on what might be the most overlooked aspect of retirement success—strategic tax planning. I'll show you how the three different "money buckets" work, the biggest tax mistakes I see retirees make, and specific strategies that could save you tens or even hundreds of thousands of dollars in unnecessary taxes.

Most importantly, you'll understand why having someone who integrates tax planning with your investment strategy is more than just helpful—it's absolutely essential for safely navigating your way down the financial mountain.

Not Planning at All: The Costliest Mistake

Do you want to know the most common tax planning mistake I see pre-retirees make? Not doing any planning at all.

It's not that people are negligent. Most just assume they don't need to worry about it. Maybe they figure their CPA is handling it. Or perhaps they think tax planning is only for the ultra-wealthy.

But, in reality, most tax preparers are focused on accurately filing this year's return—not creating a long-term tax strategy for your retirement. It's not their fault! That's what they're trained and hired to do. But there's a world of difference between tax preparation and tax planning.

That's what I mean:

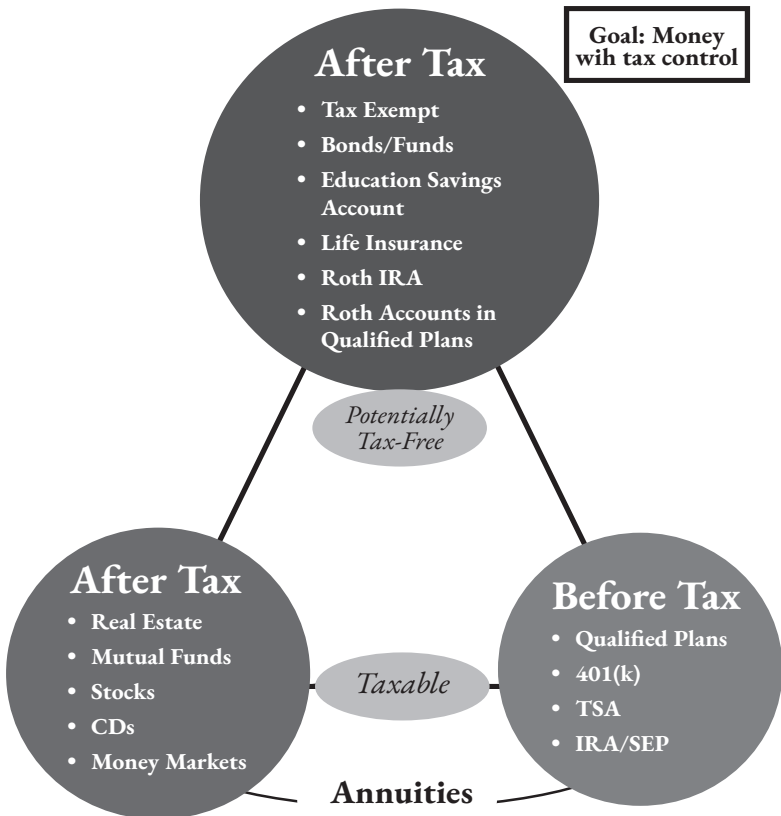
- **Tax preparation** is putting the right numbers in the right boxes after the year is over.
- **Tax planning** is making proactive decisions that reshape your financial future.

It's like the difference between having someone document your climb on the mountain versus having a guide who actually knows the safest paths down. Both serve a purpose, but only one will keep you from tumbling down the mountainside, right?

The Three Money Buckets: Your Financial Terrain

Before we get into specific strategies, let's talk about how your retirement money gets taxed. I use a simple triangle concept to help clients visualize the three types of accounts they might have.

Tax Control Triangle



At one corner of the triangle, you've got your taxable accounts. This is after-tax money. As it grows, you pay taxes on the earnings each year, and when you sell investments, you might pay capital gains taxes on the appreciation. These accounts include:

- Checking and savings accounts
- Money market accounts
- Brokerage accounts with stocks, mutual funds, or ETFs

At another corner, you've got your tax-deferred accounts. This is money that was invested on a pretax basis. It grows tax-deferred, but, when you take it out, it's all taxable at ordinary income rates. These include:

- Traditional IRAs
- 401(k)s
- 403(b)s
- Tax Sheltered Annuity (TSAs)
- Pensions

At the third corner, you've got your tax-free accounts. You paid taxes on this money before contributing, but the big advantage is that all the growth that happens inside these accounts is completely tax-free, and when you take qualified withdrawals, that money comes out totally tax-free, as well. These include:

- Roth IRAs
- Properly structured cash value life insurance
- Municipal bonds (though municipal bond interest can affect other tax calculations)

When I show this triangle to clients, I typically make the tax-deferred corner the biggest circle because that's where most people have concentrated their savings. The tax incentives for contributing to 401(k)s and IRAs have been heavily promoted for decades. It's not surprising most folks load up there.

These employer plans make it incredibly easy to contribute. It's usually part of your initial paperwork when you start a job. Besides, many companies have automatic enrollment now, which gets you saving from day one. And, let's be honest, most people set it up once, and it becomes a "set it and forget it" situation, right? The money just keeps flowing in with each paycheck.

Then there's the employer match, which is essentially free money that supercharges your savings. And here's something interesting that's changed recently: employers can now match Roth 401(k) contributions with Roth dollars, not just traditional pre-tax money. That's a game-changer that wasn't even possible a few years ago!

Unfortunately, many people don't even realize they have options between traditional and Roth contributions in their workplace plans.

It's important to know that having most of your money in one tax bucket creates challenges in retirement that catch a lot of people completely off guard.

The Tax Reality Nobody Talks About

There's a retirement planning myth that just won't die: "I'll be in a lower tax bracket when I retire."

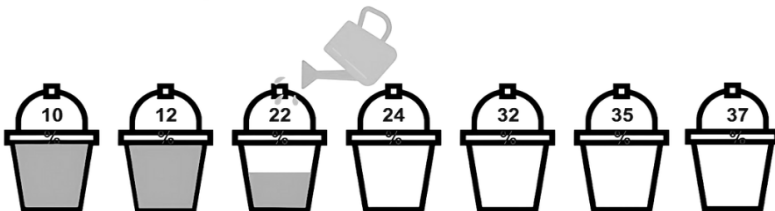
Remember when we talked about how the retirement landscape has changed?

Here's why: even if tax rates stay exactly the same (and I don't think they will), your taxable income can actually climb dramatically as you age. It's just math. Your IRAs keep growing, and then Required Minimum Distributions (RMDs) kick in at 73 or 75 (depending on your birth year), forcing you to take out increasingly larger amounts each year whether you need the money or not.



A Big Mistake Most People Make...
They don't fill up their tax bracket

Hilltop



Every year that goes by that you don't take advantage of your lower tax brackets, you don't get those opportunities back. The IRS doesn't give credits for unused tax brackets!

Understanding your tax situation today is only half the challenge. Projecting and planning for how it evolves throughout your retirement is what really matters.

It's like having a GPS that shows you not just the next turn, but the entire route with all its elevations, traffic patterns, and potential detours.

When Tax and Investment Planning Collide

Another big financial planning mistake I see is treating tax planning and investment decisions as separate things. They're completely intertwined like the roots of two trees that have grown together for decades.

As I mentioned earlier, when I ask people when their financial advisor last requested a copy of their tax return, the answer is often "almost never." But that's not what a comprehensive financial planner does. That's an investment broker.

In the last few years, as interest rates have gone up, many people have seen much higher earnings from their money market accounts and bond investments. More

money is great, right?

Not always. If those interest-producing investments are sitting in taxable accounts, they're creating a steady stream of taxable income, even if you're just reinvesting it and not spending a dime. You're paying taxes on money you're not even using!

This is where the concept of "asset location" comes in. It's important to put the right investments in the right tax buckets. As a general rule:

- Income-producing investments (like bonds) usually belong in tax-deferred accounts
- Growth investments with long-term appreciation potential often work better in taxable accounts where they can benefit from lower capital gains rates
- Your highest-growth potential investments might be best in Roth accounts where all that growth comes out tax-free

The exact same investment can have dramatically different after-tax returns depending on which type of account holds it. That's why raw investment return numbers by themselves don't tell the whole story. It's not what you earn. It's what you keep (after taxes and fees) that matters.

You know, there's a saying I picked up years ago that really captures the whole approach: "Investments are a matter of opinion, but taxes are a matter of fact."

We can debate all day about which investments are best. You might like small cap stocks, someone else prefers international, another person swears by value investing. That's all opinion.

But taxes are governed by laws. They're facts. And if you know the facts, you can use them to your advantage, just like the ultra-wealthy do.

Strategic Tax Planning Opportunities You Can't Afford to Miss

Now, let's dive into some specific tax planning opportunities that can make a huge difference in your retirement:

The Social Security Tax Surprise

Did you know your Social Security benefits might be tax-free, 50% taxable, or 85% taxable depending on your other income? This is determined by your "provisional income", a calculation that's different from adjusted gross income or taxable income.

This is something funny. During my seminars, when I ask, "How many people here have tax-free guaranteed income in retirement?" Hardly anyone raises their hand. Then I ask, "How many have Social Security?" When those hands go up, I say, "Keep your hand up—you all have tax-free money!"

Even if you're in the highest taxation tier where 85% of your benefits are taxable, that still means 15% is completely tax-free. For a couple receiving \$50,000 in Social Security, that's \$7,500 of tax-free income every single year! That increases each year with the annual cost of living adjustments of Social Security.

Harvesting Capital Gains at 0%

Harvesting capital gains at a 0% tax rate is definitely an underused strategy. For married couples filing jointly in 2024, the 0% capital gains rate applies until your taxable income reaches around \$97,000.

A client came to me saying, "I need to buy a new car. I'll just take \$45,000 from my IRA." I showed him there was a much better way.

He had about \$50,000 in taxable income and owned a stock with a \$45,000 gain. By selling the stock instead of tapping the IRA, he paid zero capital gains tax since he was in the 0% bracket. The IRA withdrawal would have been fully taxable at ordinary income rates, costing him thousands in unnecessary taxes!

The Medicare Premium Trap

Many retirees are caught off guard by Medicare Income-Related Monthly Adjustment Amounts (IR-MAA). These are premium surcharges that kick in when your income exceeds certain thresholds.

What's fascinating is that no matter how much money people have, they absolutely hate paying extra for their Medicare. I mean, really hate it. And I don't blame them! Why pay more if you don't have to?

The tricky part is that IRMAA is based on your tax return from two years ago. I've seen people get burned when they were advised to do something without being warned about the Medicare implications. They had no idea they'd crossed a threshold until that letter arrived 18 months later telling them their premiums were going up in the next year.

It's like setting a tax trap for yourself that doesn't spring until long after you've forgotten it's there!

The Roth Conversion Window of Opportunity

The period between retirement and when you must start taking RMDs is what I call your "window of opportunity" for Roth conversions. During these years, you often have more control over your tax situation than at any other time in your life.

Remember Margaret from the beginning of this chapter? By doing strategic Roth conversions during this window, we were able to dramatically reduce her lifetime tax burden while growing her retirement assets.

Let's strategically plan our conversions to maximize tax efficiency. We aim to utilize the lower tax brackets fully without exceeding them prematurely. The goal is to pay some taxes now to minimize a larger tax burden in the future.

Think of it like clearing smaller rocks from your path early in your descent down the mountain, rather than having to navigate around massive boulders later when the terrain gets steeper.

Advanced Tax Planning Techniques Worth Knowing

Beyond those fundamental strategies, there are several more advanced techniques that can be incredibly valuable:

Qualified Charitable Distributions (QCDs)

If you're over 70½ (not 73 or 75. The QCD age wasn't raised when the RMD age was), you can make contributions directly from your IRA to qualified charities. These distributions count toward your RMDs but don't show up as taxable income.

I ask clients: "Do you know at what age you can do a qualified charitable distribution?" Hardly anyone gets it right. But even experienced advisors sometimes get confused on this one.

I see people all the time who take money out of their IRA, deposit it in their checking account, write a check to charity, and then don't even get a tax deduction because they don't have enough itemized deductions to exceed the standard deduction. What a missed opportunity!

With a QCD, they could direct the money straight to charity, satisfy their RMD requirement, and avoid the income entirely. It's financial magic. The money goes from your IRA to the charity. The IRS acts like it never existed, and you don't get taxed!

Donor-Advised Funds & Appreciated Securities

For those with charitable intentions, donor-advised funds can be a powerful tool. You can contribute in years when you have higher income, get the tax deduction immediately, and then direct the actual grants to charities over time.

Tax Mitigation Strategies

Tax-Efficient Investments	Capital Gains Deferral & Reduction	Renewable Energy Tax Incentives
Charitable Tax Planning & CRTs	Conservation Easements	Stock Option Strategies for Concentrated Stock Holdings
Real Estate Tax Strategies	Business Owner Deductions	Business Owner Qualified Plans

Even better, you can donate appreciated securities to both donor-advised funds and charities directly. This gives you a double tax benefit. You avoid paying capital gains tax on the appreciation, and you get a deduction for the full market value.

Tax Mitigation for Sophisticated Investors

For more sophisticated investors, there are additional tax mitigation strategies available. Things like direct oil and gas partnerships and other complex investments can provide significant tax benefits.

These approaches are often overlooked, but they can be incredibly powerful tools for the right situation. Not everyone needs these tools, but when you do, they make all the difference.

Let's look at some examples:

- **Oil and Gas Partnerships:** You can invest in these partnerships and receive a substantial tax credit in the year you invest—usually above 90-95% of your investment amount. For example, a \$100,000 investment might generate a \$90,000-\$95,000 tax deduction in the first year. Plus, you'll receive ongoing dividends and income from the investment.
- **Solar Energy Credits:** Rather than simply paying your tax bill, you can redirect those dollars into solar energy leasing programs. Instead of sending \$100,000 to Uncle Sam, you might put that money into solar credits and receive approximately

\$130,000 in tax credits in the first year. But pay attention: this doesn't mean installing solar panels on your own home—it's about owning solar panels used in commercial installations and leasing them back.

- **Qualified Opportunity Funds:** These allow you to invest in designated opportunity zones, potentially deferring capital gains taxes while supporting economic development in distressed communities.
- **Conservation Easements:** By investing in properties with conservation easements, you can take advantage of significant deductions written directly into the tax code.
- **Strategies for Highly Appreciated Stock:** For portfolios with concentrated positions in appreciated stocks, we can use option strategies to reduce overall exposure while minimizing long-term capital gain impacts.

How do you think multi-billionaires manage to pay such low tax rates? They have really smart people working for them who know what's in the tax code, and they use the laws exactly as they're written to their advantage!

The Tax Rollercoaster of Early Retirement

Now, I want you to imagine the following situation: a couple retires in their early 60s with solid savings. In

those first few years of retirement, their taxable income drops significantly because they're living off non-qualified savings and not yet taking Social Security or IRA distributions.

They're thrilled at first: "Honey, look at this! We're barely paying any taxes!" It feels like they've discovered some financial secret.

But then, as time passes, RMDs kick in, Social Security starts, and investment earnings accumulate. Suddenly their tax burden is climbing again, sometimes to levels higher than during their working years. I've had clients absolutely shocked by how much their tax bill increased once RMDs kicked in.

It's like a rollercoaster that drops sharply at retirement and then steadily climbs back up. With proper planning, though, we can smooth out that rollercoaster, using those low-income years strategically for Roth conversions, capital gains harvesting, and other tax-efficient moves.

Making Tax Planning Visible and Understandable

One of the most valuable things we do for clients is help them actually see the impact of different tax strategies. Most people can't project the consequences of tax deci-

sions 10, 20, or 30 years into the future. It's just too abstract.

We use planning software to show side-by-side scenarios with actual numbers and graphs. There's something powerful about seeing the difference right in front of you and how a series of seemingly small decisions can compound into hundreds of thousands of dollars of difference over a retirement lifetime.

For most clients, we don't get too deep into the weeds. We start with the big picture to help them understand the direction, then break it down to specific action steps for this year and maybe next year. Getting too far into the details can be overwhelming, but they need to grasp the trajectory they're on.

Conclusion

As we finish this chapter, I want you to keep in mind the tax laws are there for you to use. They're not opinions. They're facts. The question is simply whether you're going to learn how to use them to your advantage or ignore them and pay more tax than necessary.

The key is having the right guide who can see your complete financial picture. They need to be someone who integrates investment management, tax planning, Social Security optimization, healthcare considerations, and estate planning.

Without this comprehensive approach, you're essentially trying to navigate the mountain with only partial information about the terrain ahead.

Making the right tax planning decisions the first time is critical. But with proper planning and guidance, you can enjoy the journey down with confidence, knowing you're taking the most tax-efficient path possible.

In the next chapter, we'll dive into the five critical decisions every retiree must make as they transition from saving to spending. You'll discover why your retirement timing affects far more than just your account balances, how Social Security claiming strategies can make or break your retirement income, and why these decisions need to be coordinated rather than made in isolation.

Chapter 5

The Five Critical Retirement Decisions

After so many years working in this industry, I've picked up on things that you can't learn from a textbook. You see, working with finances is not simply managing people's money. It involves them as people, their emotions, their hopes and their dreams.

You sit across from enough people who are worried about their retirement, and you start to see patterns. Some people come in nervous, some come in confused, and some come in looking completely overwhelmed.

When Claire⁴ came into my office, she was clearly worried. I could just see it on her face.

⁴ Claire is a fictional character. Her story is based on the many clients I've worked with, who faced similar experiences.

She sat down and said to me, "I don't even know where to start." Then she starts pulling out all these financial statements and spreading them across my desk. "My divorce just got finalized last month. I'm 61 years old and suddenly I'm on my own for the first time in decades."

Claire's situation was tough. Through the divorce, she got this mix of different assets. Some qualified retirement money from her ex-husband's plan, some non-qualified investments, and she kept the house. She was still working but not making a lot of money, definitely not enough to keep living the way she was used to without some serious planning.

"The thing keeping me up at night is health insurance," she tells me. "I was always on my husband's plan. Now they're telling me it's going to cost \$1,000 a month until I can get Medicare at 65. That's four years away! I did the math. It's a lot of money until I qualify for Medicare".

Life has its unexpected turns, doesn't it? Now, you're doing pretty well, but suddenly something unexpected happens and everything changes (including your financial situation).

What was interesting about Claire wasn't that she didn't have enough money. On paper, she looked okay. But without coordinating everything properly, she was going to burn through a big chunk of money just paying for health-care until Medicare kicked in.

So we put together a strategy for her. We looked at all her income sources and figured out the best way to coordinate them. We decided to sell certain investments to create some capital gains, manage her interest and dividends, and take small, targeted distributions from her IRA. This kept her income at a level where she could qualify for some pretty good subsidies through Obamacare.

The difference was huge. Instead of paying \$1,000 a month for coverage, she got it down to about \$350. That saved her over \$31,000 during the years she needed to get health insurance through the Affordable Care Act Marketplace.

Claire's story really shows that retirement success isn't just about having enough money. It's about making the right decisions at the right time and coordinating everything.

In this chapter, I'm going to walk you through the five biggest decisions you'll face when you're getting into and going through retirement. We'll look at why your retirement timing affects more than just your account balances, how your Social Security claiming strategy can make or break your retirement income, why the traditional ways of taking withdrawals might be costing you thousands in taxes you don't need to pay, how healthcare planning needs to be coordinated with everything else, and why estate planning is about a lot more than just having a will. Most importantly,

I want to show you how all these decisions affect each other.

Decision 1: Timing Your Retirement

When should you retire? Sounds simple enough, doesn't it? But this decision reaches into nearly every other aspect of your retirement plan.

First, there's the pure financial impact. Every additional year you work creates four powerful benefits:

- Another year of contributions to your retirement accounts (and the employer match!), including the opportunity for catch up contributions.
- Another year for your investments to potentially grow
- One fewer year of taking withdrawals
- Continuing to increase Social Security credits

But the timing question goes beyond just the numbers in your accounts. It also affects:

- **Social Security benefits:** Every year you delay claiming between your full retirement age (67 for most retirees) and 70 gives you an 8% annual increase in your payment. That's a guaranteed return you can't find anywhere else in today's market.
- **Healthcare coverage:** If you retire before 65, you've got to bridge that gap until Medicare. Without

proper planning, this alone can derail an otherwise solid retirement strategy.

- **Longevity risk:** Remember when we talked about people living longer? With retirements potentially lasting 30+ years, the timing decision becomes even more critical.
- **Quality of life:** This factor often gets buried under spreadsheets and calculations, but it's hugely important. If your job is making you miserable or affecting your health, retiring earlier might be worth the financial trade-offs. I've had clients who stayed in toxic work environments an extra few years for financial reasons, and honestly, some of them regretted it deeply.

But the key here is making this retirement timing decision with full awareness of its ripple effects across your entire retirement landscape, not just looking at whether you've hit some arbitrary "number" in your accounts.

Decision 2: Social Security Claiming Strategy

If we were to break this down in detail, it could fill an entire book! But here I'm going to reinforce something I've said earlier: Social Security is one of the areas where I see people leaving the most money on the table.

Most people approach Social Security way too simplistically: "Should I take it at 62, full retirement age, or wait until 70?" They might even do a basic break-even analysis to determine how long they need to live to benefit from delaying.

But this barely scratches the surface of what you should be considering. Here's what a comprehensive approach includes:

- 1. Cost-of-Living Adjustments (COLAs):** Social Security benefits get annual COLAs to keep pace with inflation. From 1975 to 2023, these have averaged 3.8%. That might not sound like much, but when you claim early, all future COLAs are applied to a smaller base amount. Over 20 or 30 years, this creates an enormous difference in total benefits. Think of it like compound interest working in reverse. If you start with a smaller principal, you'll have less growth over time. The same applies to Social Security benefits with each COLA increase.
- 2. Tax implications:** Depending on your other income, up to 85% of your Social Security benefits could be taxable. Strategic claiming can help manage this tax burden more effectively.
- 3. Survivor benefits:** For married couples, when one spouse passes away, the surviving spouse keeps the higher of their two benefit amounts. This creates

a powerful incentive for the higher earner to delay claiming as long as possible in many cases.

4. **Spousal strategies:** Various claiming approaches can maximize the total benefits a couple receives, especially when there's a significant earnings disparity.

Keep in mind that every situation is unique, which is why cookie-cutter approaches so often leave money on the table. Your Social Security strategy needs to work in harmony with your other income sources, tax planning, and overall retirement objectives.

Decision 3: Distribution Strategy

Here's where I often see even sophisticated investors make costly mistakes. The traditional approach on retirement withdrawals goes something like this: take from taxable accounts first, then tax-deferred accounts like IRAs and 401(k)s, and finally tax-free accounts like Roth IRAs.

But this one-size-fits-all approach often leads to inefficient outcomes, particularly from a tax perspective. It's like following a GPS that doesn't account for traffic or construction. You'll eventually get there, but the journey might be far more costly and time-consuming than necessary.

The Strategic Alternative

A more thoughtful approach involves blending withdrawals from different accounts to manage your tax brackets each year. This approach can:

- Keep you from jumping unnecessarily into higher tax brackets
- Reduce the impact of Required Minimum Distributions later
- Extend your portfolio's longevity
- Create opportunities for tax-efficient Roth conversions

The distribution strategy that accomplishes this might look very different from what the traditional approach might suggest.

Decision 4: Healthcare Planning

Healthcare costs represent one of the biggest expenses in retirement, yet many people treat healthcare planning as an afterthought.

This decision area actually breaks down into two distinct components:

Pre-Medicare Planning (before 65)

If you retire before 65, you'll need healthcare cover-

age to bridge the gap until Medicare at age 65. This often involves (ACA) marketplace plans, which offer premium tax credits (subsidies) based on your income.

Strategic income planning becomes crucial when your Modified Adjusted Gross Income (MAGI) needs to fall between 100% and 400% of the Federal Poverty Level to qualify for subsidies. This requires careful coordination of your various income sources.

That was exactly what was keeping Claire awake at night. So here are some extra details about the strategies we used to solve her problem: we created a coordinated strategy to manage her income in a way that qualified her for substantial ACA subsidies.

Each year, we carefully orchestrated:

- Strategic sales of investments to create some capital gains
- Managed interest and dividend income
- Small, targeted IRA distributions

We even implemented what I call an "income pop" strategy. Toward the end of each year, we'd assess her income and make additional distributions if needed to ensure she qualified for the optimal subsidy level without falling below the minimum threshold into Medicaid territory (which she didn't want).

She saved thousands of dollars annually on health insurance premiums, allowing her to maintain her standard of living while protecting her retirement assets.

One thing I want to emphasize is this is not simply about getting the cheapest plan. It's about finding the right coverage for your specific situation while managing the costs through smart income planning.

Medicare Planning (age 65+)

Medicare is anything but simple with its various parts, enrollment periods, and coverage options:

- Original Medicare (Parts A & B)
- Medigap supplemental policies
- Medicare Advantage (Part C)
- Prescription drug coverage (Part D)

Each option comes with different costs, coverage levels, and provider networks. What many people don't realize is that some decisions made when you first enroll can have permanent consequences.

For example, if you don't enroll in a Medigap policy during your initial enrollment period, you might be subject to medical underwriting later, potentially making coverage unaffordable or unavailable if your health declines.

I often tell clients they need to think not just about their current health situation but what their needs might be 10 or 20 years down the road.

You know, you might not need much healthcare for the first 5-10 years of retirement, but what about later? What happens when you're dealing with serious health issues? So you really need to think about what plan you want to get into, and choose the one that will provide you better coverage when you really need it.

Decision 5: Estate and Legacy Planning

The final critical decision area involves estate and legacy planning. I can't tell you how many people I meet who think they have this handled because they created a will years ago. But proper estate planning goes far beyond just having a will.

Beyond the Basics

When I think about estate planning, I like break it down into three essential components that fit together like pieces of a puzzle:

- 1. Documentation** - these are the foundational legal documents everyone talks about. Your will, trust documents, durable power of attorney, healthcare directives. This is where most people stop and think they're done. But that's just the first piece.

2. **Strategy** - This section focuses on the methods involved in transferring your estate. How will assets pass to your heirs? What's the most tax-efficient way to transfer wealth? How do we protect assets from unnecessary taxation or probate complications? This strategic layer is what's often missing when people do DIY estate planning or work with professionals who don't take a comprehensive approach.
3. **Funding and Completion** - This is critical. I've seen beautifully crafted trusts that are completely empty! You know why? Because the client never actually transferred the assets into the trust. It's building a vault to protect your valuables but never putting anything inside it. The funding and completion step ensures that all the documentation and strategy work actually gets implemented properly.

One of the most overlooked aspects within this framework is beneficiary designations. These supersede whatever your will says, yet they're often outdated or improperly coordinated with the overall estate plan.

Basically, a front door alarm doesn't cut it if all the windows are wide open. You need a full security set-up.

With the SECURE Act changing the rules for inherited IRAs, the stakes are even higher. Most non-spouse beneficiaries now must empty inherited retirement ac-

counts within 10 years, potentially creating massive tax consequences.

When we talked about the SECURE Act in Chapter 1, I mentioned some clients who came to me for help after their father passed away, right? They were successful professionals, and their father had accumulated substantial IRA assets.

The challenge is that these beneficiaries are still working and will likely continue working for the next 10 years. The minimum distribution that the IRS says they need to take annually is practically irrelevant because we need to strategically determine how they're going to take all the money out over the next 10 years, and all of the money will be taxable!

We don't want them to face a \$200,000 or \$300,000 additional tax burden in year 10, in a tax bracket that we can't even predict that far in advance. Instead, we're developing strategic withdrawal plans for each beneficiary based on their specific tax situation.

For some beneficiaries, we might even recommend taking little to no distributions for several years, then taking substantial distributions during a year or two when they have lower income (perhaps during a career transition or sabbatical).

These strategies can make a huge difference in the overall tax burden. But they require careful planning and coordination that goes well beyond typical estate planning.

For most people, beneficiaries fall into two basic categories:

1. Spouses, who have special options for handling inherited retirement accounts
2. Non-spouse beneficiaries, who are generally subject to the 10-year rule

This is why I emphasize this in my seminars. I talk about the 10-year rule and how life has changed for IRA beneficiaries. The impact is huge, and proper planning is more important than ever.

The key is making sure your beneficiary designations align with your overall legacy goals and understanding the tax implications for your heirs.

This might mean rethinking which accounts go to which beneficiaries, considering Roth conversions to reduce tax burdens on heirs, or exploring trust options in more complex situations.

The Power of Coordinated Decision-Making

What makes these five decision areas so challenging is that they're deeply interconnected. It's like an orchestra. Each instrument sounds fine individually, but you need a conductor to ensure they all work in harmony.

Think about how these decisions interact:

- Your retirement timing affects your Social Security claiming options
- Your Social Security decision impacts your distribution strategy
- Your distribution strategy influences your healthcare costs and coverage options
- All of these decisions together shape your estate planning needs

This is precisely why the Personal CFO approach I've been describing is so valuable. Without someone looking at the complete picture, you risk making decisions that work against each other, potentially costing you tens or even hundreds of thousands of dollars over your retirement lifetime.

Conclusion

I hope by now you can see why these five decisions matter so much. They're like different trails on the same mountain. Make a mistake on one, and you might find yourself stuck on the wrong path for all the others.

So ask yourself:

- Do I understand how these five critical decisions affect my retirement plan?
- Have I considered how these decisions interact with each other?
- Do I have someone helping me see the complete picture?

Successful retirement isn't about having the biggest nest egg. It's about making smart, coordinated decisions with whatever you've accumulated.

In the next chapter, we'll explore why breaking down the traditional silos of financial planning is essential for navigating these complex decisions effectively.

Chapter 6

Breaking Down the Silos - Why Integration Matters

Imagine losing the love of your life. That's exactly the situation Carol⁵ was living in. After 42 years of a happy and successful marriage, she now had to adjust to life without the person she spent her days with, built a family with, and shared so many unforgettable moments with.

As if grief was not enough, she suddenly realized something scary: all her financial decisions used to be handled by her spouse.

Her husband James had passed away just three months ago. They had prepared for this moment in many ways. They created a will years ago and even talked about

5 Carol is a fictional character. Her story is based on the many clients I worked with who faced similar experiences.

where she might live if that happened. But they had never prepared for this overwhelming paper trail of financial complexity.

When Carol first came to see me, she brought a bag filled with financial documents. As she showed me all those papers, she looked determined, but I could see she was also scared.

"Erik, I feel like I'm assembling a puzzle where all the pieces came from different boxes," she explained. "My tax preparer says I should do one thing. The insurance agent keeps calling about James' annuities. His investment advisor sent a portfolio review I can barely understand. And our estate attorney says I need to retitle everything."

She pauses, looking clearly confused by all those documents

"Nobody sees the whole picture except me, and I don't know what I'm looking at."

This is the dangerous reality of siloed financial planning. Different professionals handle different aspects of your financial life, but no one coordinates the entire journey.

This fragmented approach can be financially devastating. Without coordination, Carol faced potential tax consequences from poorly timed withdrawals, missed

opportunities for strategic Roth conversions, and Social Security claiming decisions that could impact her income for the rest of her life.

But Carol's situation isn't unusual. She's like thousands of other Americans who find themselves navigating complex financial decisions without the proper guidance.

All those different financial professionals in her life weren't necessarily giving bad advice—they simply weren't seeing the complete picture. Each was viewing her situation through their specialized lens, missing how all the pieces needed to work together.

In this chapter, I'm going to show you why breaking down these financial silos is absolutely critical to your retirement success. You'll see exactly how disconnected planning could cost you tens or even hundreds of thousands of dollars. I'll walk you through how truly integrated planning works and why having someone who can see your complete financial picture is essential for safely coming down that financial mountain.

The Dangers of Disconnected Planning

When your financial decisions aren't coordinated, some important details of your financial life can fall through the cracks.

Many people have a whole team of financial professionals, which may include:

- A tax preparer or CPA who focuses on getting the right numbers in the right boxes each year, not strategic planning
- An estate planning attorney who likely has no idea who your accountant is or what's in your investment portfolio
- An investment advisor managing your retirement accounts
- Insurance professionals - maybe one for property and casualty, and a completely different one for life insurance
- A mortgage broker who helped with your home loan
- A banking contact at your local branch
- A Medicare specialist who's completely disconnected from your other insurance people

All these professionals have valuable expertise in their specific areas, but if they don't communicate they're like mountain guides who each specialize in one section of the mountain, none of them sees your entire picture.

That's where the personal CFO concept comes in. Just like a medical specialist consults your primary doctor to coordinate your health, your financial life needs someone overseeing the big picture, bringing all these professionals together when needed and making sure their advice works cohesively for your unique situation.

Let me share some real dangers I've seen play out time and again when these silos aren't properly connected:

Taking the Wrong Path on Healthcare Costs

Retiring early without structuring your withdrawals properly can completely disqualify you from ACA subsidies. Think about that for a minute. One uncoordinated decision about which account to tap for income could literally cost you thousands of dollars annually in healthcare premiums.

It's like carefully watching the trail for small rocks while completely missing the giant boulder that's about to roll your way.

The Social Security Timing Mistake

Claiming Social Security too soon without considering how it connects to your other income sources could significantly reduce your lifetime benefits. But beyond that, it increases your taxable income during crucial planning years and can trigger higher Medicare premiums down the road.

This decision ripples through your entire financial picture for decades to come, including survivor benefits, which people tend to overlook.

The RMD Surprise Party (That Nobody Wants)

We're finding that projected Required Minimum Distributions in many cases are much higher than what clients anticipate. Most people are simply not planning far enough into the future.

They're only thinking about this year and what they have to withdraw now. Then suddenly, at 73 or 75, they're forced to take substantial distributions that push them into higher tax brackets, creating a ripple effect that impacts their Medicare premiums, taxation of Social Security benefits, and overall financial security.

Poor distribution planning may force higher RMDs than necessary, and I can't tell you how many times I've seen the shock on clients' faces when they see those projections. It's like they've been climbing what they thought was a gentle hill, only to discover they're actually on the edge of a steep cliff.

The Estate Planning Disconnect

Ignoring proper estate planning can lead to serious probate delays and improper beneficiary designations. And with the SECURE Act's 10-year distribution rule, the tax consequences for your beneficiaries can be enormous if not properly planned for.

The mountain has gotten more complex to navigate and the trails more interconnected. You simply can't afford to have different guides giving you conflicting directions without anyone seeing the whole picture.

Why Integration Matters More Than Ever

As the retirement picture gets more complex, the stakes get higher, too.

Today's financial landscape is completely different than it used to be. We're dealing with evolving tax laws, rising healthcare costs, and retirement strategies that shift every few years with new legislation.

Unlike a generation ago, today's retirees have to navigate ACA subsidies, Medicare IRMAA surcharges, and tax-efficient withdrawal sequencing just to avoid costly mistakes that could derail their retirement.

For decades, people were told to max out their 401(k)s and IRAs and then just take minimum distributions in retirement. Now, we've got the SECURE Act completely transforming how retirement accounts work and what happens to them when you pass away.

And it's not just tax laws. Healthcare planning alone has become incredibly intricate. Making one wrong move with your income could cost you thousands in lost subsidies or trigger those Medicare surcharges nobody wants to pay.

This is exactly why having experienced professional advice matters so much. You need someone who can see the entire financial picture and how all these pieces interact. Someone who's navigated these waters with hundreds of other clients and knows where the hidden currents are.

The Architecture of Integrated Planning

Real integration means having a comprehensive blueprint that considers how all components of your financial life work together.

Here are some critical points that actually make this work.

Four Critical Integration Points:

1. Tax Planning + Investment Strategy

This isn't about complex tax-dodging schemes. It's about understanding how the tax code actually works and using it properly. The tax laws are there, we just need to know how to use them!

When we integrate tax planning with investment strategy, we're looking at questions like:

- Which investments should go in which types of accounts?

- How do we harvest capital gains during lower-income years?
- When should we realize investment losses to offset gains?
- How do we position investments to support efficient withdrawals later?
- How do we Coordinate HSA strategies with other healthcare planning?

2. Social Security + Withdrawal Strategy

Social Security claiming isn't an isolated decision (Yes, I'll say again!) —it needs to work with your overall withdrawal plan. When properly integrated, we consider:

- How Social Security timing affects your lifetime guaranteed income
- Which accounts to draw from during different phases of retirement
- The tax implications of various withdrawal sequences
- How survivor benefits protect the remaining spouse

The best claiming strategy isn't a simple break-even calculation. It should coordinate with your other income sources to maximize lifetime benefits while managing tax implications.

3. Healthcare Planning + Income Management

Healthcare costs can derail even the best retirement plans if not properly integrated with income planning. The key connections include:

- Managing income thresholds for ACA subsidies before Medicare
- Structuring withdrawals to avoid Medicare premium surcharges
- Planning for potential long-term care needs within the overall financial picture

By integrating these areas, you can often retire years earlier than you might have thought possible, while maintaining quality healthcare coverage at reasonable costs.

4. Estate Planning + Lifetime Tax Strategy

True estate planning goes far beyond just having legal documents. It means integrating your estate goals with lifetime tax planning, including:

- Coordinating beneficiary designations with your legal documents
- Strategically positioning assets for efficient wealth transfer
- Using lifetime gifting and Roth conversions to reduce tax burdens on heirs

- Aligning charitable giving with both tax and legacy objectives

The integrated approach looks at your entire life journey and beyond—not just this year's tax return or investment performance.

The Path Forward for Carol

Let's return to Carol, the widow I mentioned at the beginning of this chapter. After understanding her complete situation, we developed a comprehensive strategy that transformed her retirement experience:

We conducted a Social Security optimization analysis, advising her to claim her survivor benefit first and delay her own benefits, maximizing her lifetime Social Security income.

We also structured her IRA withdrawals strategically to keep her taxable income below Medicare surcharge thresholds, helping her save on penalties and unnecessary expenses.

To simplify management, we consolidated her scattered accounts, giving her a clear, organized financial picture and making it easier to track her investments and income. Most importantly, we provided ongoing guidance to help her navigate future changes with confidence.

The financial benefits were substantial, but the emotional impact was even greater. As Carol told me a few months later, "For the first time since my husband died, I'm not waking up at night worrying about money. I finally feel like someone is on my side."

That transformation from anxiety to confidence is what integrated planning is all about. It's not just about optimizing numbers—it's about creating real peace of mind.

Conclusion

If you're approaching or in retirement, take a moment to assess your current situation:

1. Do you have multiple professionals who rarely communicate with each other?
2. Do you have a comprehensive plan that integrates all aspects of your financial life?
3. Do you understand how your investment, tax, Social Security, healthcare, and estate planning decisions affect each other?
4. Do you sometimes feel like you're the only one trying to see the complete picture?

Seemingly small decisions in isolation can have major ripple effects across your entire financial picture.

In the next chapter, we'll explore how to create a sustainable retirement income strategy that brings together everything we've discussed so far—from investment management and tax planning to Social Security optimization and healthcare considerations.

Chapter 7

Creating Your Retirement Income Strategy

Bill and Karen⁶ had accumulated a nice mix of assets through the years. They had tax-deferred retirement accounts, a brokerage account with some appreciated stocks they'd held for quite some time, and a Roth IRA they started contributing to later in their careers.

They planned to delay Social Security until age 70 to maximize their benefits, and they had carefully calculated their annual expenses in retirement. Everything seemed under control until something unexpected happened.

Interest rates shot up dramatically, and suddenly their fixed-income investments were generating three times

6 Bill and Karen are fictional characters. Their story is based on the many clients I worked with who faced similar experiences.

more income than they had projected. This sounds like a good problem to have, right? But Bill and Karen's heads were spinning.

"When we first noticed our income jumping, we actually celebrated," Bill explained during our initial meeting. "But then I started running the numbers and realized this 'good fortune' was about to cost us thousands of dollars."

Karen leaned forward anxiously. "Our extra income is pushing us right to the edge of the next tax bracket. And worse, we're now looking at those Medicare IRMAA surcharges—which would mean paying significantly more for healthcare than we budgeted for the next two years."

"We thought we were being smart by creating more guaranteed income", Bill added, clearly stressed. "Now I can't stop thinking about what other financial landmines we're about to step on."

"Is our entire retirement plan going to unravel because of one thing we didn't anticipate?" Karen asked, her voice trembling.

This situation highlights what many retirees discover as they descend the financial mountain. Income coordination is anything but simple.

The various streams of retirement income don't exist in isolation. They interact with each other, creating a complex financial ecosystem that requires active management.

As Bill and Karen learned, you can't just set your retirement income strategy on autopilot.

You need a coordinated approach that adapts to changing market conditions, tax laws, and personal circumstances. And most importantly, you need to recognize what I call your "window of opportunity", which is that critical period between retirement and required minimum distributions when you have maximum flexibility to manage your tax situation.

In this chapter, I'm going to show you why creating retirement income requires completely different strategies than accumulating wealth. I'll walk you through how blending withdrawals from your various accounts can maximize tax efficiency. You'll learn why diversified investments need to balance both growth and protection, and how coordinating multiple income sources creates reliable cash flow. Most importantly, I'll help you understand why those old-school retirement "rules of thumb" often fall dangerously short and how a more sophisticated approach can transform your retirement experience, just like it did for Bill and Karen.

One of the most popular rules of thumbs you've probably heard of is the 4% rule. Which simply says to take

your entire portfolio, multiply it by 4%, and that's supposedly how much you can withdraw annually without running out of money. Sounds straightforward, right? The problem is that the 4% rule doesn't account for which accounts you're drawing from, the taxes you'll pay on those withdrawals, inflation eating away at your purchasing power, or what happens during severe market downturns. Real retirement income requires thoughtful planning that adapts to your unique situation, not a one-size-fits-all percentage.

The Income Strategy Challenge

Think about what happens when you transition from working to retirement. You're essentially switching from getting regular paychecks to creating your own paychecks from various accounts. It's a completely different challenge, right?

The three biggest challenges you'll face coming down the retirement mountain are:

1. **Longevity Risk** – Again, people are living longer, and this increases the risk of outliving your money.
2. **Tax Efficiency** – Maximizing how much of your money you get to keep after taxes.
3. **Inflation Protection** – Ensuring your purchasing power doesn't erode over time. Even modest

inflation can drastically reduce your buying power over a 25-30 year retirement.

The conventional wisdom about retirement income like the "4% rule" we previously mentioned just doesn't address these complexities adequately. It's like trying to descend a mountain with a map that only shows one possible path, regardless of the changing conditions or hazards you might encounter along the way.

The Building Blocks of Sustainable Income

Creating sustainable retirement income starts with diversified investments based on your risk tolerance and comfort level.

But what does "diversified" really mean when you're creating retirement income?

Well, this is about having a good mix between more conservative fixed income type investments (bonds, cash, money markets) versus stocks that will help outpace taxes and inflation.

Our approach isn't a stagnant asset allocation model. We use quantitative modeling to make sure you're protecting against inflation, taxes, and other things in the future while also protecting your downside.

What I share with clients is that the big boys of investing, the pension funds and these large, large fund managers, care about how much they make, but they also care how much they don't lose, right?

They focus on risk-adjusted returns and downside protection. That's exactly the approach you need coming down the retirement mountain.

Many retirees make the mistake of becoming too conservative with their investments, thinking this is the "safe" approach. But with retirements potentially lasting 30+ years, being too conservative creates its own serious risks, primarily that your money won't grow enough to keep pace with inflation and last your entire life.

The Three Buckets Approach to Withdrawals

Once you have an appropriate investment strategy, the next critical component is figuring out which accounts to withdraw from and when. This is where that bucket theory we saw earlier in the book comes into play.

Most retirees have three types of accounts, each with different tax treatments:

- 1. Taxable accounts** – Your brokerage accounts, bank accounts, etc. You've already paid tax on the principal, but you pay taxes on earnings and interest each year.

Dividends are taxed when received and capital gains are only taxed when you sell investments (and usually at preferential capital gains rates which are typically lower than your ordinary income tax rate).

2. **Tax-deferred accounts** – Your traditional IRAs, 401(k)s, etc. You haven't paid income tax on this money yet, so withdrawals are fully taxable as ordinary income.
3. **Tax-free accounts** – Your Roth IRAs, Roth 401(k)s, etc. You've already paid tax on this money, so qualified withdrawals come out completely tax-free. Cash value life insurance, when properly designed, can also provide tax-free income through policy loans. This is another strategy that frequently gets overlooked.

Usually, what works best is blending withdrawals from different accounts to manage your tax brackets effectively. It's that whole bucket theory, right? Blending these distributions so that you don't creep into the next tax bracket unintentionally.

The last few years have demonstrated just how important this flexibility can be. Many retirees have seen their investment income fluctuate significantly.

For years, they weren't earning anything off of their fixed income investments, right? And then all of a sudden, with rising interest rates, they've tripled their

income. The allocation has tripled the income from that portion, which has been a positive issue, but it still requires adjusting your withdrawal strategy.

You can't just guess at this. It takes real planning. Someone in retirement certainly wants to have a pretty steady, similar income every year, but you've got to plan for it.

Coordinating Multiple Income Sources

Creating a truly efficient retirement income strategy requires coordinating all your income sources. This means understanding how Social Security, pension (if you have one), and investment withdrawals all work together.

I work with a lot of clients on this strategy, and it's really pretty straightforward once you understand it. First, we typically recommend delaying Social Security to get those maximum benefits. That's your lifetime guaranteed income, right?

Then, we look at what tax bracket you're in and we manage your income sources to fill up that bracket efficiently. We're essentially taking advantage of every dollar of tax space in your current bracket without crossing into the next one.

Converting traditional IRA money to Roth during what I call the "window of opportunity"—that period

between retirement and required minimum distributions—is a powerful strategy. Not because clients need the money right away but because they want to maximize the amount they can convert while they have more tax flexibility.

Actually, there are two "windows of opportunity" most retirees should consider:

- **The first** window opens between your retirement date and when you start claiming Social Security. During this period, your income is typically much lower, giving you room to convert IRA money to Roth at minimal tax cost.
- **The second** window extends from retirement (or Social Security start) until your Required Minimum Distributions kick in. Once RMDs start, they often force distributions that eat up your lower tax brackets, making Roth conversions more expensive.

Both these windows eventually close, so taking advantage of them when they're open is crucial. I've seen too many clients who missed these opportunities and later wished they had acted when they had the chance.

The other thing we can do is implement tax mitigation strategies that provide tax credits for the current year. These advanced strategies can offset some or all of the tax liability from Roth conversions, sale of a business, or sale of appreciated stock.

The Goals-Based Foundation

All of this technical planning needs to be anchored in what you actually want to achieve. That's why we definitely start with understanding your goals. What do you want your retirement to look like? What do you want to accomplish?

For clients approaching retirement, we focus on helping them make those critical decisions about Social Security timing, IRA rollovers, Medicare options, and other choices that will affect their financial picture for decades. These decisions set the foundation for everything that follows.

For those already in retirement, we're dealing with different challenges like managing RMDs efficiently, handling higher taxation than expected, avoiding those Medicare IRMAA surcharges, and making the most of what they have.

As clients move through retirement and feel more secure in their situation, our conversations often shift to "What's next?" That might include legacy planning, helping with grandchildren's education, or charitable giving.

The key is that goals evolve. Your priorities in early retirement might focus on travel and lifestyle, while later years might center more on what happens to your assets after you're gone. Your financial strategy needs to evolve along with these changing priorities.

There's no one-size-fits-all approach. Just as each climb up the mountain is unique, each descent requires its own carefully planned route.

This is why having an integrated approach to coming down the mountain is so critical. You can't just set your path and forget it. You need to adjust as the terrain shifts beneath your feet.

Conclusion

Let's return to Bill and Karen. After understanding their complete financial picture, we developed a coordinated retirement income strategy that transformed their outlook.

We created a plan that blended withdrawals from their various accounts to maximize tax efficiency. We implemented strategic Roth conversions during years when their income was naturally lower. We developed a Social Security claiming strategy that optimized their lifetime benefits. Most importantly, we aligned everything with their specific goals, allowing for generous travel budgets in their early retirement years while still ensuring long-term sustainability.

The result? Instead of the stress and uncertainty about whether they were making the right decisions, they gained confidence in their financial future.

That transformation from anxiety to confidence is what a proper retirement income strategy is all about. It's not just about maximizing returns or minimizing taxes, though those are certainly important. It's about creating a plan that gives you the freedom to enjoy the retirement you've worked so hard to achieve.

In the next chapter, we'll explore how protecting your legacy fits into your overall financial strategy, ensuring that your wealth serves not only your retirement needs but also the people and causes you care about most.

Chapter 8

Protecting Your Legacy

It's ironic that while legacy planning is about leaving a meaningful legacy, it's a topic most people are reluctant to discuss.

We all know we're not going to live forever, but planning for what happens after we're gone is a conversation most people would rather avoid, right?

This reality hit home with a couple I'd been working with for years, Robert and Diane⁷. They came to one of our regular review meetings with the exciting news that their son had just had twins.

They were absolutely excited about being grandparents, showing me pictures and telling stories about their first visit.

⁷ Robert and Diane are fictional characters. Their story is based on the many clients I've worked with who faced similar challenges.

"This changes everything," Robert said, beaming with pride. "These little ones are our future now."

"It sure does change everything," I agreed. "Including your estate plan, which we've been discussing getting updated for several years."

Their smiles faded a bit as I asked again when they'd last updated their will. The uncomfortable silence told me everything I needed to know.

"Fifteen years ago," Diane finally admitted. "When the kids were in college."

"Exactly," I said gently. "We've talked about this during our last few annual reviews. Now that you have grandchildren, it's really time to move this from 'someday' to 'right now'."

As we dug deeper, I discovered their entire estate plan was built around circumstances that no longer existed. Their son was now married with children. Their daughter had moved across the country. Their assets had changed dramatically.

Yet their estate documents were frozen in time, like a snapshot of a family that no longer existed in the same form.

Why does this happen? It's simple. Taxes are a deadline—you must file them, right? If you owe money, it's ingrained in you that this needs to be done.

But where is the deadline on estate planning? Well, it's when you die. And there's no government agency sending you reminder notices about that.

The consequences of this procrastination can be devastating. I've seen families torn apart by disputes over inherited assets. I've watched beneficiaries lose tens of thousands of dollars to unnecessary taxes.

And I've witnessed countless people realize too late that their hard-earned wealth isn't going to benefit the people and causes they care about most.

In this chapter, I'm going to show you why protecting your legacy requires much more than just creating some legal documents and sticking them in a drawer. We'll explore the dangerous misconceptions about estate planning that could cost your heirs dearly, the critical ways tax planning intersects with your legacy goals, and specific strategies that can dramatically increase what you're able to pass on.

Common Legacy Planning Misconceptions

Let's start by clearing up some dangerous misconceptions about estate planning that I see all the time:

"My Estate is All Set Because It's in My Will"

This is probably the most common myth I encounter. People believe that as long as they have a will, everything's taken care of. But here's what they're missing:

- A will only controls assets that go through probate (the court process that transfers assets after death)
- Many of your most valuable assets, like retirement accounts, life insurance, and property with designated beneficiaries bypass your will completely
- Beneficiary designations on these accounts override anything stated in your will

I can't tell you how many times I've seen clients whose wills say one thing, but their IRA beneficiary forms (which they haven't looked at in 20 years) say something completely different. Guess which one wins? It's not the will!

"Estate Taxes Are My Only Concern"

Lots of folks have heard that the federal estate tax limit has gone way up (to over \$13 million per person in 2024). They think, *"Great! I won't have to worry about estate taxes, so I'm all set."*

This is a dangerous mistake for several reasons. First, that \$13 million exemption is temporary under current law and scheduled to decrease significantly in the future when current tax laws sunset. Second, tax laws are always subject to change and sometimes dramatically

with little warning. This is why our team consistently monitors these potential changes because we've seen how quickly the planning landscape can shift.

But even more importantly, estate taxes are just one small piece of the puzzle. It's not just federal estate taxes. It's also regular income taxes that can take a huge bite out of what your kids receive.

Let me show you what I mean with the real numbers. What will your IRA be worth when you're 75 or 80? Let's break this down into two critical parts that most folks don't fully understand:

First, during your lifetime, your Required Minimum Distributions (RMDs) don't just stay flat—they typically grow year after year. A lot of people mistakenly believe these distributions decrease over time, but the opposite usually happens. Why? It's a double-factor effect at work.

You see, each year as you age, the IRS requires you to withdraw a higher percentage of your account. At 73, you might need to withdraw about 3.7% of your balance. By 85, you're required to take out over 6.5%. By 90, it's over 8.7%. The percentage keeps climbing.

But that's only half the story. If your investments are growing faster than your withdrawals, which is often the case with larger IRAs, your account balance continues to increase too. So now you're taking a larger percentage of a larger balance.

It's like a snowball that keeps getting bigger as it rolls downhill. Your first-year RMD might be \$28,000. That doesn't sound like much compared to your total account, right? But by year 10, that annual distribution could easily double or triple, creating significantly higher taxable income when you might least want it.

Now, when we look at what happens after your lifetime, when your kids inherit that IRA, the picture changes completely.

Remember the SECURE Act we discussed earlier? Because of it, most non-spouse beneficiaries have to empty inherited IRAs within 10 years. Your adult children are likely in their peak earning years with their own income pushing them into higher tax brackets. Now add substantial IRA distributions on top of that.

And here's the surprising part. When your kids take their yearly withdrawal, they get a 1099 form and hand it to their tax preparer who just fills in the numbers for that year. But that form doesn't show what's coming in the future, and their CPA isn't asking about it either!

If they only take minimum distributions along the way, they'll face a massive tax bill in year 10 when they have to empty what's left in the account. The balance keeps growing during those 10 years, and then, boom, they're hit with a huge distribution that might push them into the highest tax brackets.

For IRAs worth \$500,000, \$1 million, or more, we're talking about potentially hundreds of thousands of dollars in taxes that proper planning might have reduced or even avoided. That's money literally being handed over to the IRS instead of staying with your family.

"Estate Planning Is Just About Having the Right Documents"

Having the right legal documents is certainly important, but it's only half the battle. The execution of those documents and the strategies behind them is equally critical.

Think about this: You go to an estate attorney, they create beautiful documents, you sign everything, and they tell you to re-title assets, update beneficiaries, and so forth.

Then what happens? For most people, nothing. They walk out feeling accomplished, put the documents in a drawer, and never complete those critical next steps.

Estate Planning

DOCUMENTS

- Will
- Trust
- Durable Power of Attorney
- Advanced Healthcare Directive
- Lady Bird Deed
- Pre-Arranged Funeral

STRATEGIES

- Step up & Cost Basis
- Tax Bracket Management
- Roth Conversions
- Qualified Charitable Distribution & RMD's
- Gifting
- 529 Plans
- Life Insurance

IMPLEMENTATION

- Ownership Adjustments (individual to trust)
- Ownership Changes
- Beneficiary
- Property Ownership
- Funding Trusts
- Titling
- Execution
- Signing/Witnessing
- Multiple Accounts (institutions)

As you can see in the graphic, the left-hand side of estate planning is the probate avoidance, the documents themselves.

The right-hand side, which is often completely overlooked, is the strategy. This includes stepped-up cost basis planning, tax bracket management, Roth conversions, and more. These strategic elements can make a difference of hundreds of thousands of dollars to your heirs.

While you're working on your documents, we should be developing **strategies** at the same time. Then once you've signed everything, you've got to actually **implement** it. Funding the trusts, completing the property assignments, making sure everything is titled correctly. All those things your attorney told you to do that most people never get around to.

Many families leave hundreds of thousands of dollars on the table because they stopped at the documents and never got to the strategy and the implementation.

They conquered half the mountain but never made it all the way down safely.

The Intersection of Tax, Investment, and Estate Planning

When these three areas work together, magic happens. When they don't, wealth evaporates. Let's look at some critical connection points:

Step-Up in Basis: A Powerful Tax Advantage

One of the most valuable tax benefits for your heirs is something called "step-up in basis."

Here's how it works in simple terms:

Let's say you bought Apple stock for \$100,000 many years ago, and today it's worth \$500,000. If you sold it while alive, you'd potentially owe capital gains tax on that \$400,000 gain. You might also have to pay the 3.8% net investment income tax on top of your capital gains tax, right?

But if your heirs inherit that same Apple stock after your death, their "basis" (the value used to calculate future capital gains) gets "stepped up" to the fair market value at your death, \$500,000 in this example.

This means if they sold the stock right away for \$500,000, they would owe zero capital gains tax. That's a huge benefit! They could literally sell it the day they receive it and not pay any income taxes on those gains.

This step-up applies to many assets:

- Real estate
- Stocks, bonds, & mutual funds in non-retirement accounts
- Business interests
- Farmland

But there's a critical detail many people miss is how assets are owned affects step-up benefits. For example:

- Assets owned individually receive a full step-up at death
- Jointly-owned assets (with right of survivorship) only receive a partial step-up when the first spouse dies
- Gifted assets don't receive a step-up. The recipient keeps your original basis

It also matters whether you live in a community property state or a separate property state. The laws differ between these types of states and can dramatically impact how step-up in basis works for married couples.

This kind of planning can save families tens or even hundreds of thousands of dollars.

Investment Strategies Must Align with Estate Goals

Another area where integration matters is aligning investment strategies with legacy goals.

Some clients may say "This Roth IRA—I'm never touching it. It's for my kids." But when we look at how it's invested, they're being ultra-conservative with it.

If this money is truly for the next generation and has decades to grow, shouldn't the investment strategy reflect that longer time horizon and perhaps be more aggressive?

Similarly, if you own an account that will receive a step-up in basis, aggressive tax-loss harvesting might not be the best strategy since those losses won't benefit your heirs after they receive the stepped-up basis.

Your investment strategies should reflect not just your needs but the ultimate destination of those assets.

Strategic Solutions for Legacy Planning

Now let's look at some powerful strategies that can transform your legacy planning:

Qualified Charitable Distributions (QCDs)

Remember back in Chapter 4 when we mentioned QCDs? This strategy is so powerful it's worth mentioning again.

One of my favorite questions that I ask at seminars is: "At what age can you do a qualified charitable distribu-

tion?" Hardly anyone gets it right. It's 70½—not 73, not 59½, not any other age people typically guess. And it hasn't changed even though the RMD age has increased to 73 or 75, depending on your birth year.

QCDs allow IRA owners aged 70½ or older to donate over \$100,000 annually directly from their IRA to qualified charities. These distributions count toward your RMDs but don't show up as taxable income.

I see people all the time who take money out of their IRA, deposit it in their checking account, write a check to charity, and don't even get a tax deduction because they don't have enough itemized deductions to exceed the standard deduction. What a missed opportunity!

As we discussed previously in this book, with a QCD, you create a direct line from your IRA to the charity—no stopping in your checking account along the way.

It satisfies your RMD obligation but never appears on your tax return as income. For those who are charitably inclined, it's one of the most efficient giving strategies available in our current tax landscape.

Life Insurance for Estate Liquidity and Tax Burden

Life insurance can be a powerful estate planning tool beyond its obvious death benefit. It can:

- 1. Replace wealth lost to taxes:** If your estate will face significant tax burdens, life insurance can replace those dollars for your heirs. This "wealth replacement strategy" is particularly valuable because the death benefit is completely tax-free to your beneficiaries. This can be a real game-changer for those who weren't able to do Roth conversions and will be leaving substantial IRA accounts to their kids. Instead of your children facing that massive tax bill when they inherit your IRA, the life insurance proceeds can step in and offset that tax burden.
- 2. Create liquidity:** If most of your estate is in illiquid assets like real estate or a business, life insurance provides immediate cash to pay expenses, taxes, or equalize inheritances.
- 3. Leverage small amounts into larger benefits:** You can pay a relatively small premium to create a much larger death benefit. For example, you might pay \$50,000 annually for 10 years (a total of \$500,000), but that could create a \$1.5 million tax-free death benefit for your family. That's turning pennies into dollars compared to the tax burden your heirs might face!

The key is making sure policies are properly funded so they don't lapse. It's better to have a smaller death

benefit that's fully funded than a larger one that's at risk of lapsing, especially since people are living longer than ever.

These strategies don't exist in isolation. The beauty of comprehensive planning is that these approaches can work in unison with other strategies we've discussed.

This strategic coordination is exactly where having a Personal CFO can make all the difference in determining which strategies to use and how to integrate them effectively for your unique circumstances.

Educational 529 Plans for Grandchildren

Grandparents setting up 529 education plans for grandchildren can be a wonderful legacy strategy. These plans offer:

- Tax-deferred growth
- Tax-free withdrawals for qualified education expenses
- Potential state tax deductions or credits (depending on where you live)
- A way to reduce your taxable estate while ensuring future generations have educational opportunities

Many clients worry: "What if they don't go to college?" There are several solutions:

- Change the beneficiary to another family member
- Use it for trade schools or other qualified educational programs
- Offset withdrawals with scholarship amounts if they receive one

These plans allow you to see your legacy in action during your lifetime, which many clients find incredibly rewarding.

The Asset and Beneficiary Inventory

A client came to see me after getting all his estate planning documents done by an attorney. We were going through his assets, checking that everything was titled correctly and had the right beneficiaries when I asked him, "Did your attorney ever ask you for a net worth statement or any account statements? Did they even know what you owned?"

He looked at me kind of surprised and said, "No, they never asked for any of that." I mean, how can that be? This was a guy with a complex family situation and specific ideas about who should get what. How can an attorney create documents without even knowing what assets you have?

Without knowing everything you own and how it's titled, your estate plan might look good on paper, but it's not going to work the way you want when it actually matters.

That's exactly why we created the Asset and Beneficiary Inventory process. This tool helps to simplify the legacy planning process.. It's a simple one-page document that:

- Lists all your important assets
- Shows how each asset is titled (individual, joint, trust, etc.)
- Identifies the beneficiaries for each asset
- Includes a "to-do" section for estate planning action items

We update this document with clients regularly—usually annually or every couple of years. It's amazing how often we discover things that need attention.

"Oh, I forgot we still had that old 401(k) at my previous employer." Or, "I never updated that beneficiary after my daughter got married and changed her name."

This inventory becomes the central piece that ties together all aspects of your estate plan. It pulls everything together in one place so nothing falls through the cracks.

The Role of Your Personal CFO

As your Personal CFO, one of our most important roles is being your "accountability partner" for legacy planning.

We can't force clients to complete their estate planning, and, believe me, I've tried! Even our high-level clients who have estate planning included in our services sometimes drag their feet.

But we can consistently remind you of what needs to be done and help you understand the consequences of inaction.

We have the resources and a strong team in place to put together this plan. However, if you're already working with other professionals, we can certainly coordinate with them as well.

Most of our clients want to take care of their immediate retirement needs first, but they typically have enough assets that they won't run out unless large unforeseen expenses arise. Once they feel secure about their own future, they begin to think about passing assets to children and grandchildren or to charitable organizations. That's when comprehensive legacy planning becomes even more crucial.

Conclusion

Throughout this chapter, we've explored how proper planning integrates tax strategy, investment decisions, and estate documentation into a coordinated approach that can save your heirs tens or even hundreds of thousands of dollars.

Legacy planning is beyond just creating documents and filing them away. It's about intentionally designing the path your wealth will take after you're gone.

The Personal CFO approach ensures every aspect of your legacy receives proper attention, from beneficiary designations to strategic asset positioning. This approach doesn't just protect the financial resources you've built; it honors the life you've lived by ensuring your wealth continues to benefit the people and causes you care about most.

In the next chapter, we'll explore the essential elements of finding your Personal CFO, the experienced guide who can help you navigate the most challenging terrain of your financial journey. We'll uncover what truly sets apart a comprehensive financial specialist from the countless "experts" you encounter daily, explore the critical questions that reveal whether an advisor is equipped to handle your unique situation, and show you how to evaluate whether a relationship will provide the integrated approach you need for a confident descent down your financial mountain.

Chapter 9

Finding Your Personal CFO

Have you ever noticed how many "financial experts" there are these days? It's like every time you turn on the TV or scroll through social media, someone's telling you about the next hot investment or some magic retirement strategy you can do by yourself.

The financial services field has become incredibly crowded with investment brokers, insurance agents, tax preparers, financial planners, and wealth managers. It can make your head spin, right?

But nothing compares to having the right team by your side, providing you true financial guidance. And sometimes people learn this the hard way.

When Henry⁸ came to us, he seemed to have aged a decade in just a few months. His wife Sandra had recently passed away, and he was still deep in grief. But there was something else weighing on him— the consequences of a financial decision.

"I should have listened," he said. "Sandra always told me we needed professional guidance for our retirement planning, but I was so sure I could handle it all myself."

Sandra was a gifted educator who had risen to a superintendent level administrative position in her school district. She had built an impressive career over three decades and had earned a substantial six-figure pension. She insisted they needed comprehensive financial planning, but Henry was skeptical.

"Why should I pay someone thousands of dollars per year to do something I'm already doing well myself?" he used to say.

Henry was totally focused on investment returns. What he didn't understand was that retirement planning is way beyond that. It's about how all the pieces work together (taxes, healthcare, estate planning, and income strategies).

Because he was so silo focused, he thought the 'life only' option instead of the survivorship benefit would

8 Henry and Sandra are fictional characters. Their story is based on the many clients I've worked with who faced similar challenges.

be the best choice for Sandra because it has the highest monthly payment.

You know, she was healthy when they made the pension choice and he never thought she would get sick, right? But you never know. Life can change unexpectedly.

“I told her we’d get more money each month, and I could invest the difference and easily make up what we’d lose with the survivor benefit,” he explained.

But what Henry was missing is that the “life only” pension option meant that upon Sandra’s death, her entire pension income would immediately stop with no continuing benefits for Henry as her spouse. The survivorship option, which they had declined, would have continued paying Henry about 70% of Sandra’s pension amount for the rest of his life.

Guess what? That single decision made Henry lose access to over \$100,000 in annual pension income that could have continued supporting him for the rest of his life.

What struck me most was when Henry looked up and said, “Now I realize how much I didn’t know about our complete financial picture. Sandra understood our finances better than I did, even though I was the one bragging about investment returns. Now I’m trying to make sense of everything while still grieving, and I don’t even know where to begin.”

With proper guidance from a Personal CFO their journey could have been dramatically different. Henry would still be grieving the loss of his partner, but he wouldn't also be facing financial insecurity during this vulnerable time.

In this chapter, I'll help you understand what makes a true Personal CFO different from typical financial advisors. You'll learn the critical questions to ask before trusting someone with your descent. We'll explore how to evaluate whether a relationship is the right fit for your specific situation. And most importantly, you'll discover how to find an experienced guide who has navigated these paths many times before and can implement everything we've discussed throughout this book.

What Makes a True Personal CFO?

A Personal CFO is fundamentally different from most financial advisors you'll encounter. They're not just managing investments or selling products. They're coordinating every aspect of your financial life.

What separates a true Personal CFO from the crowd?

Deep Expertise Across Multiple Disciplines

A Personal CFO needs substantial knowledge in several areas:

- Tax planning and strategies
- Investment management
- Retirement distribution planning
- Social Security optimization
- Medicare and healthcare planning
- Estate and legacy planning
- Risk management

This doesn't mean they personally handle everything. But they need enough expertise in each area to see how they all connect and to coordinate with specialists when needed.

A True Fiduciary Commitment

There's a lot of confusion around the term "fiduciary" these days. Many people believe all financial advisors are fiduciaries now, but that's simply not the case.

A **true** fiduciary is legally obligated to act in your best interest at all times. This means:

- Recommending what's best for you, not what pays them the most.
- Working with transparent fee structures with no hidden compensation.
- Providing full disclosure of any potential conflicts of interest.

Working with a pure fiduciary means that you'll always know what you're paying for; it won't take a math degree to figure it out.

This is why we make it clear to prospects: "We're a fiduciary, and we take no investment commission. I mean, there's no additional compensation no matter what you invest in." Not everybody can say they're a 100% fiduciary.

Integration vs. Isolation

The most important characteristic of a Personal CFO is their ability to see how everything in your financial life connects.

By now, we've already talked a lot on how tax decisions affect investment choices. Social Security timing influences withdrawal strategies. Healthcare costs impact budget planning. Estate planning connects to tax efficiency.

A Personal CFO doesn't just see these connections. They actively manage them to create a coherent, unified strategy for your retirement.

True Specialists vs. Product Specialists

Another term that often brings some confusion in financial services is "specialist".

Some advisors call themselves specialists when they're really just focused on selling specific products.

If someone conducts a comprehensive analysis of your entire financial situation and then provides recommendations based on that complete picture. That's a specialist.

But someone who just sells annuities or insurances or are simply investment brokers, Medicare specialists, or any other professionals who are solely focused on product sale usually don't see the big picture. Chances are they didn't do a comprehensive analysis at all.

A comprehensive approach and advice would be covering these six areas:

- Financial Position
- Investment
- Goals
- Retirement
- Tax
- Estate planning

If they're not covering these areas, they're not a true financial specialist. They're a product specialist, and that's it.

A cardiologist performs dozens of heart surgeries each month and has far more expertise in cardiac care than a general practitioner. Similarly, a true financial specialist has encountered a broader range of tax, investment, and estate planning challenges than someone who only sells

insurance or manages investments.

This experience allows them to anticipate issues before they arise and deliver proactive solutions rather than reactive fixes.

Key Questions to Ask a Potential Personal CFO

Finding the right Personal CFO means asking the right questions. Here are the most important ones:

- 1. What experience do you have working with clients in my financial situation?** They should be able to describe clients with similar circumstances and how they've helped them.
- 2. What does your team structure look like, and who will I be working with directly?** A strong team provides depth of expertise and continuity of service for your financial journey.
- 3. How are you compensated? Do you receive any commissions or other incentives?** The answer should be completely transparent. Be wary of complex compensation structures.
- 4. In simple terms, please describe your investment approach.** The answer should be clear and understandable, not filled with jargon or buzzwords.

5. **What is your firm's expertise in tax planning? Can you give specific tax advice for my situation?** Look for specific examples of tax strategies they've implemented, not just general statements about "tax-efficient investing."
6. **How do you coordinate tax, investment, retirement income, and estate planning?** Listen for clear processes that ensure these areas work together, not in isolation.
7. **Do you provide proactive tax strategies, such as Roth conversions and RMD planning?** These strategies require forward-thinking and integration between tax and investment planning.
8. **How do you help clients manage Social Security and Medicare decisions?** Look for detailed answers that demonstrate real expertise, not just basic knowledge.
9. **How do you ensure investment strategies align with tax efficiency and income needs?** The answer should show how they consider multiple factors in investment planning.
10. **How do you help clients navigate estate planning and beneficiary designations?** Look for specific processes they use to ensure estate plans are properly implemented.

11. Do you work with CPAs, estate attorneys, and other professionals? A Personal CFO should have established relationships with other professionals.

When evaluating answers to these questions, trust your instincts. If something doesn't seem clear or straightforward, ask for clarification. A good Personal CFO will welcome these questions and answer them directly.

Evaluating the Relationship

Beyond technical expertise, finding the right Personal CFO also means finding someone you're comfortable working with. After all, you'll be sharing highly personal information and relying on their guidance for critical decisions for both your situation and your legacy.

Consider these aspects of the relationship:

Communication Style - Does the advisor explain complex concepts in ways you can understand? Do they talk down to you or genuinely try to educate you? Do they listen to your concerns or just push their own agenda?

Educational Approach - A good Personal CFO educates clients so they understand the "why" behind recommendations. They don't just tell you what to do.

They help you understand the reasoning. This is something I'm passionate about. When clients understand why we're recommending certain strategies, they feel more confident and engaged in the process.

Values Alignment - Do they understand what matters most to you? Financial decisions are about your goals, priorities, and values.

Team Structure - Who will you actually be working with? Many advisors have teams, which can provide excellent service if properly structured. That depth of knowledge means they're able to develop strategies to address the most varied situations.

The Transition Process

If you're currently working with other advisors, transitioning to a Personal CFO approach may raise some questions. How do you evaluate your current relationships? What steps should you take if you decide to make a change?

Start by assessing your current situation:

- Are your current advisors coordinating with each other? Or are you the only one trying to connect all the dots?
- Do you have someone looking at your complete financial picture? Or are you getting piecemeal advice on individual topics?

- Are you receiving proactive recommendations? Or do you only hear from your advisors when you reach out first?
- Do you fully understand the strategies you're implementing? Or do you sometimes feel confused after meetings?
- If you're only receiving investment management services, are you being charged comprehensive planning fees? There's a significant difference in what these services should cost.
- Are you receiving proactive full tax planning? If your advisor does not ask for and review your tax return, then this is not a comprehensive relationship.

We commonly see people paying more for their current services than they should be while getting less than they deserve.

This happens because many advisors charge comprehensive planning fees but they're actually just providing investment management. It's like paying for a Cadillac but driving home in a Chevy Malibu, you know? There's nothing wrong with the Malibu, but you should be paying Malibu prices for it!

If you decide to make a change, understand that the transition process typically involves several steps. A good Personal CFO will guide you through this process

carefully, making sure everything transitions smoothly.

The most important thing is to find the right fit. Having a Personal CFO is one of the most significant professional relationships you'll have, and it's worth investing the time to get it right.

Conclusion: Your Next Steps

Throughout this book, we've talked a lot about the financial decisions that shape your retirement, and one of the most important is choosing the right Personal CFO.

When making a big life decision, you wouldn't just go with the flashiest ad or the cheapest option. You'd look for someone with real experience, someone who has helped others in your situation and knows what to expect.

The same should be true for your retirement.

The decisions you make now will shape your future. This isn't something to figure out alone. Take the time to find a Personal CFO who can bring all the pieces of

your financial life together and help you put the right strategies in place.

This decision will provide you more than just a successful retirement: it will allow you to experience genuine **peace of mind**.

We've covered a lot of ground through this book, haven't we? We've explored why your parents' retirement approach won't work today, uncovered tax strategies that could save you thousands, and looked at how all these pieces need to work together as you make your way down that financial mountain.

Knowledge without action doesn't get you safely down the mountain. So let's talk about what comes next for you.

Taking Control of Your Retirement Descent

Assess Your Current Position on the Mountain:

Take some time to really think about where you stand right now. Are you still climbing up, nearing the summit, or have you already started your descent? Ask yourself these questions:

- Do I understand how the different aspects of my retirement planning work together?
- Am I confident in my tax strategy for the coming years?

- Is my estate planning intentional or am I just letting it happen to me and my family?

Evaluate Your Need for a Mountain Guide: Be honest with yourself about whether you need professional guidance. Consider:

- Do I have the expertise to coordinate tax, investment, healthcare, and estate planning decisions?
- Am I staying current with constantly changing tax laws and retirement regulations?
- Would I attempt to descend a challenging mountain without an experienced guide?

It's never too late to improve your retirement strategy. Whether you're five years from retirement or already enjoying your retirement years, there are always steps you can take to make your journey down the financial mountain safer and more rewarding.

I hope this book has given you valuable insights and perspectives that will help you navigate your own path. A fulfilling retirement isn't just about having enough money. It's about having a clear, well-structured plan that provides confidence, security, and freedom.

And if you realize that you need help to navigate your descent, our team will be happy to be your guide!

But remember, whether you choose to work with us or not, commit to taking a more strategic approach to your retirement path down the financial mountain!

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About The Author

From the classrooms of financial education to guiding families through their retirement journey, Erik Brenner has dedicated over three decades to a singular mission: helping middle-income Americans navigate the increasingly complex terrain of their financial mountains with confidence and clarity. His expertise serves different professionals - especially business owners, doctors, and medical professionals - who are planning for their future retirement or already navigating the retirement years.

As a Certified Financial Planner® and founder of Hilltop Wealth and Tax Solutions, Erik pioneered the Personal CFO approach—bringing sophisticated planning strategies once reserved for the ultra-wealthy to everyday Americans who have worked hard to accumulate wealth.

Splitting his time between Florida and Indiana, Erik leads a team of advisors with over 125 years of combined experience, integrating tax planning, investment management, and estate strategies into a cohesive approach that addresses the unique challenges of the retirement descent down the financial mountain.

His signature "Financial Mountain" concept perfectly illustrates the retirement journey: Your working years represent the climb up the mountain—saving, investing, and building wealth. This ascent may seem challenging, but with discipline and consistency, you reach the summit. The truly treacherous part begins during the descent—the transition into and through retirement—where mistakes can have far greater consequences. Just as mountain climbing accidents happen more frequently during descent than ascent, financial missteps during retirement can be catastrophic and difficult to recover from.

This insight led Erik and his team to develop comprehensive strategies that coordinate all aspects of retirement planning, from Social Security optimization and tax-efficient withdrawals to healthcare planning and legacy protection.

As an Ed Slott Elite Advisor specializing in IRA distribution planning, Erik and his team help clients navigate the ever-changing tax landscape with strategies that often save them tens or even hundreds of thousands of dollars over their retirement lifetime.

"Most people think retirement planning is about having enough money," Erik often shares during his educational seminars, "but it's really about making the right decisions at the right time in a coordinated way."

Through his fiduciary practice, unwavering commitment to client education, and passion for strategic planning, Erik and his team continue to show pre-retirees and retirees across America that with the right guidance, the way down the financial mountain can be navigated safely, efficiently, and with genuine peace of mind.

THE PERSONAL CFO REVOLUTION

In "The Personal CFO Revolution," Erik Brenner reveals why traditional retirement planning no longer works in today's complex financial landscape. Using his powerful "Financial Mountain" metaphor, Brenner shows that the descent through retirement requires more careful navigation than the climb up. Learn how coordinated proactive tax planning strategies, investment management, healthcare considerations, social security planning, and estate planning can save you thousands while providing peace of mind on your retirement journey. Discover why having a Personal CFO makes all the difference in safely navigating your way down the financial mountain.

Erik Brenner, CFP



Erik Brenner, CFP®, is the founder of Hilltop Wealth & Tax Solutions with over 30 years of experience guiding clients through retirement transitions. As an Ed Slott Elite Advisor specializing in IRA distribution planning, Erik pioneered the Personal CFO approach—bringing sophisticated planning strategies once reserved for the ultra-wealthy to everyday Americans. His integrated approach has helped thousands navigate retirement's complex terrain with confidence and clarity.