

# Financial Intelligence

Produced Exclusively for Members of the  
**Senior Executives Association**

# Mike Miles



- Founder and Principal Advisor, Variplan, LLC
- Certified Financial Planner
- Registered Investment Advisor
- Paladin Registry Certified 5-Star Advisor
- SEA Member Benefit Provider Since 1999
- Federal Times' "Money Matters" Columnist
- Founder / Instructor Federal Retirement University
- "Ask the Experts" Panelist at [www.federaltimes.com](http://www.federaltimes.com)

# SEA Member Benefits

- \$49 Benchmark™ Portfolio Review – **Save \$250**
- Free Hour of Consulting / Analysis – **Save \$205**
  - \$250 Vantage Discount – **Save \$250**
- Email Questions to me at [mmiles@variplan.com](mailto:mmiles@variplan.com)

# Variplan Article Database



The image shows a screenshot of the Variplan website's navigation menu. The background is dark blue with a large, faint 'VP' logo. On the left, the Variplan logo is displayed in white, consisting of a stylized 'VP' above the word 'VARIPLAN' and the tagline 'Advanced Retirement Planning and Management' below it. To the right of the logo is a vertical list of navigation items, each preceded by a small yellow square icon. The items are: 'WHO WE ARE', 'WHAT WE DO', 'HOW WE DO IT', 'OUR CLIENTS', 'CONTACT US', and 'ARCHIVE'. The 'ARCHIVE' item is circled in red. In the bottom right corner of the navigation area, there is a yellow box containing the text 'CLIENT RESOURCES'. At the bottom of the page, there are two columns of logos and text. The left column features the CFP® logo, the text 'CERTIFIED FINANCIAL PLANNER', and a paragraph of text: 'Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™ and CFP® in the U.S.'. The right column features the PALADIN logo, which includes a shield with a 'P' and the text 'PALADIN' and 'SERVICES' below it, followed by five stars and the text 'AIAA OCB'.

VP  
VARIPLAN  
Advanced Retirement Planning and Management

- WHO WE ARE
- WHAT WE DO
- HOW WE DO IT
- OUR CLIENTS
- CONTACT US
- ARCHIVE

CLIENT RESOURCES

CFP® | CERTIFIED FINANCIAL PLANNER | CFP®  
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PALADIN  
SERVICES  
★★★★★ AIAA OCB

Federal Money Matters Blog  
<http://money.federaltimes.com>

Federal Retirement University  
[www.federaltimes.com/retirement](http://www.federaltimes.com/retirement)

# Contents

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1. Market Review
2. Tactical Recommendations
3. The Ideal TSP Allocation
4. Questions & Answers

## How to Submit Your Questions

# Market Review – Stocks (6 months)

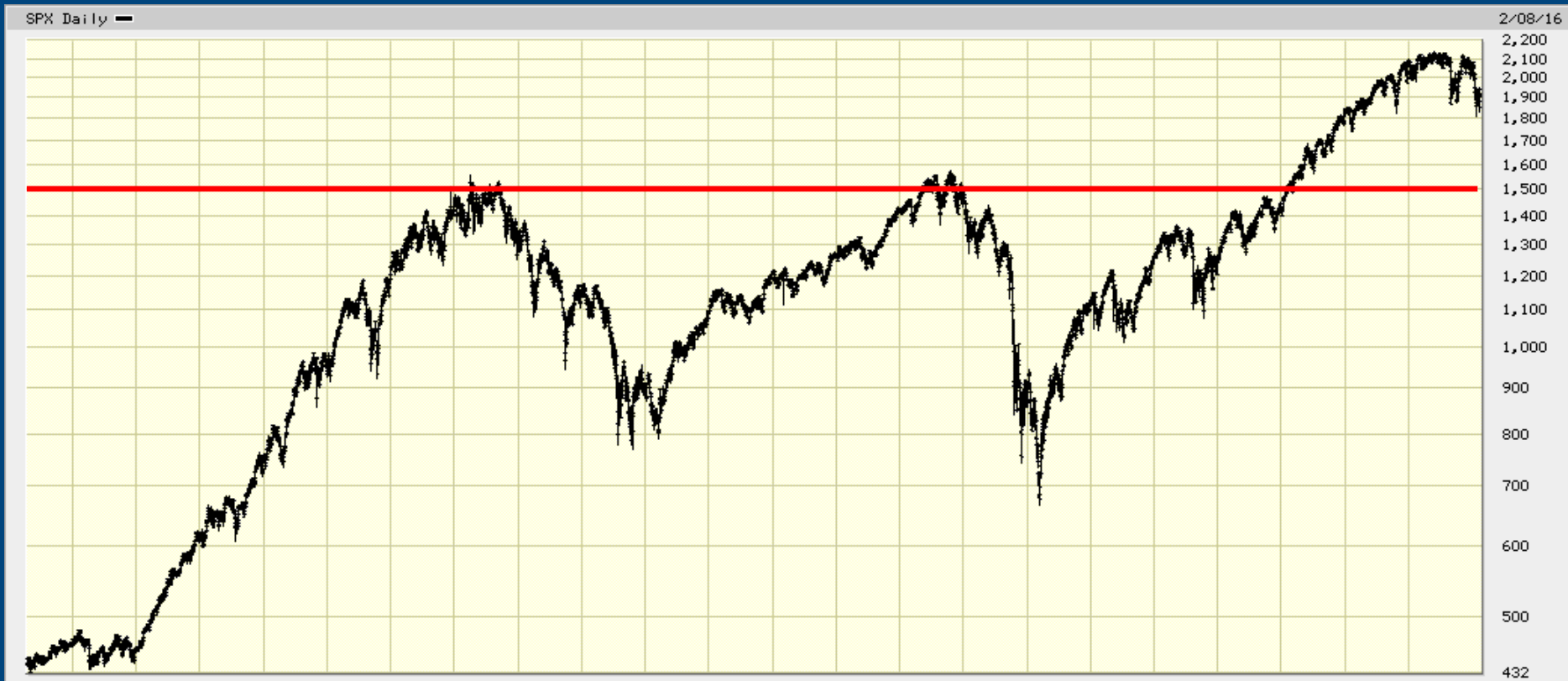




# Market Review – Stocks (5 Years)



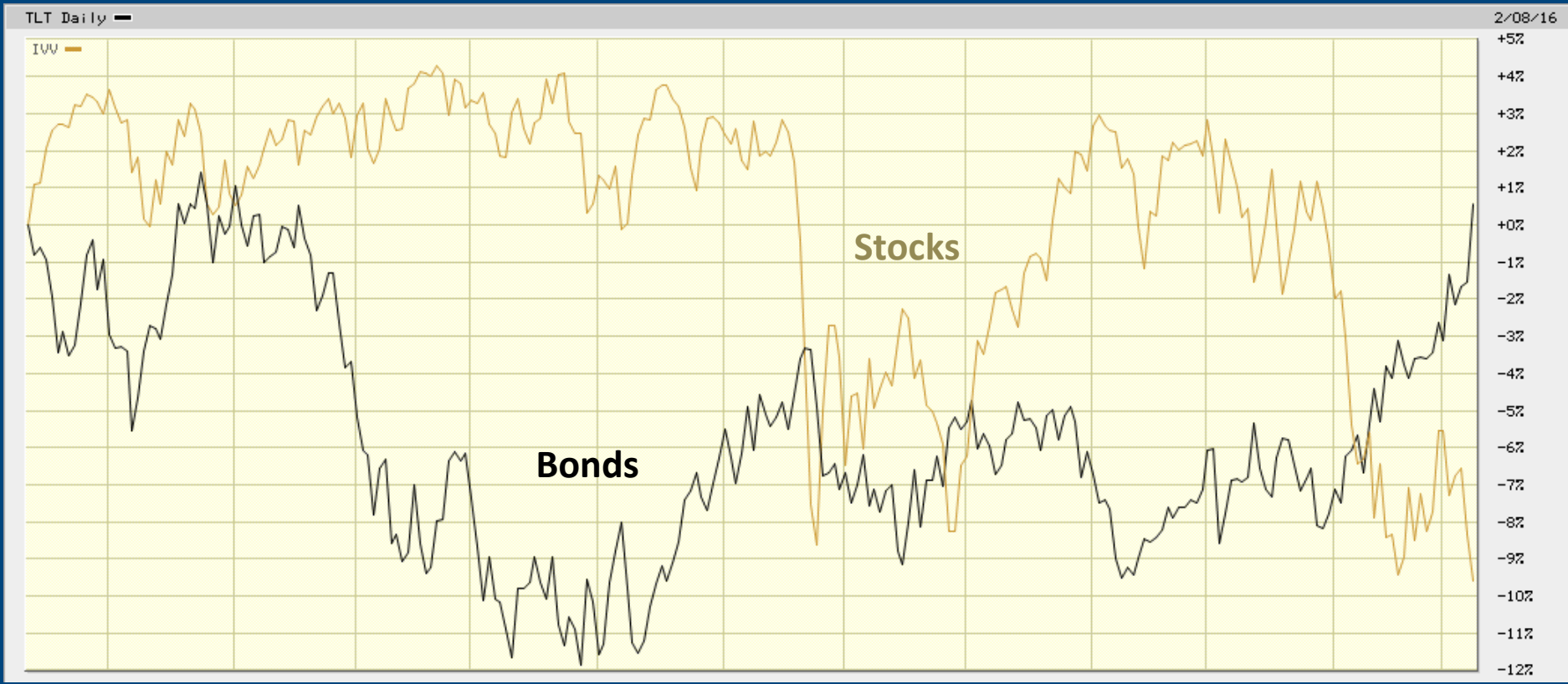
# Market Review – Stocks (20 Years)



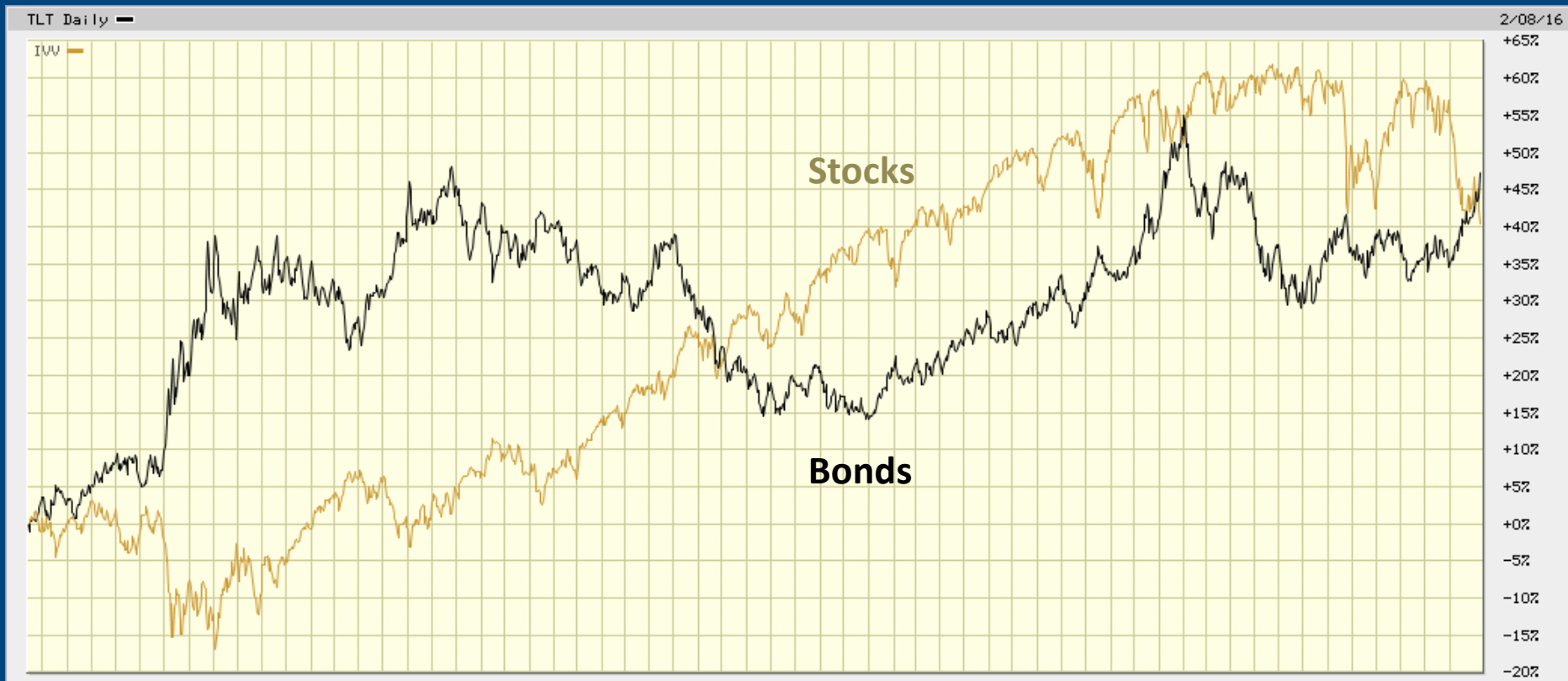
# Market Review - Interest Rates (20 Years)



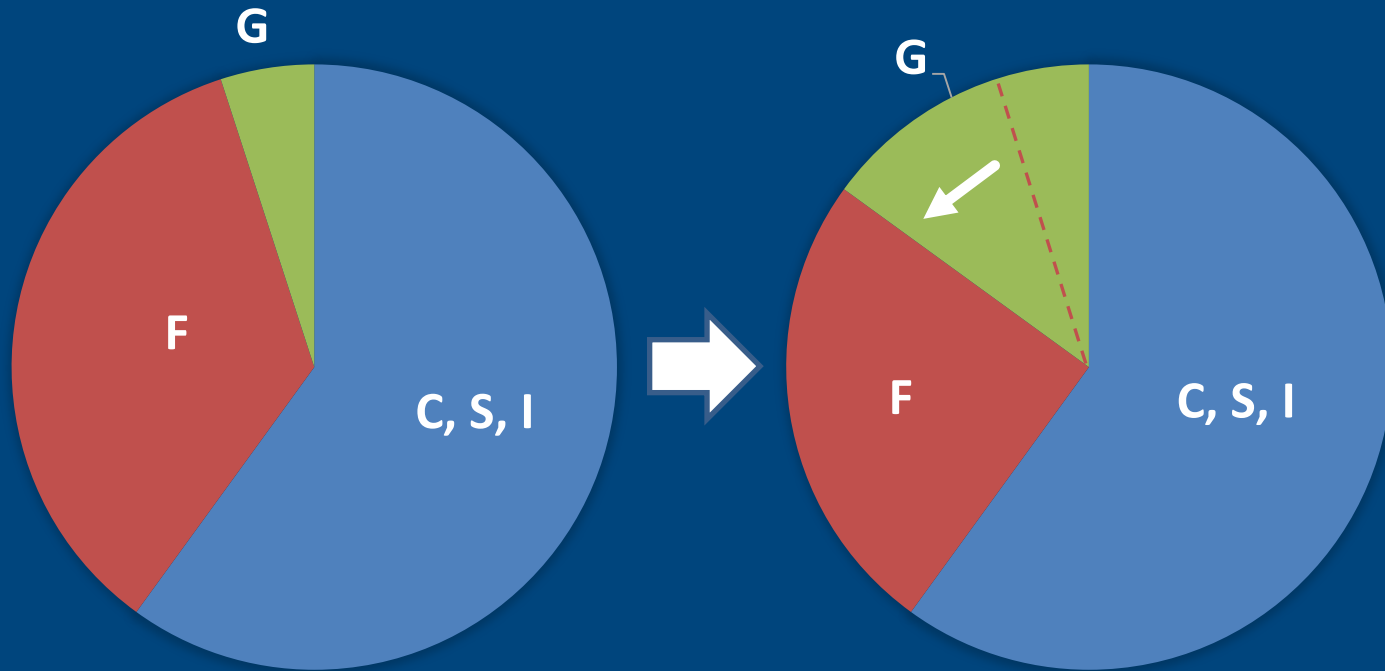
# Market Review – Stocks vs. Bonds (1 Year)



# Market Review – Stocks vs. Bonds (5 Years)



# Tactical Recommendation

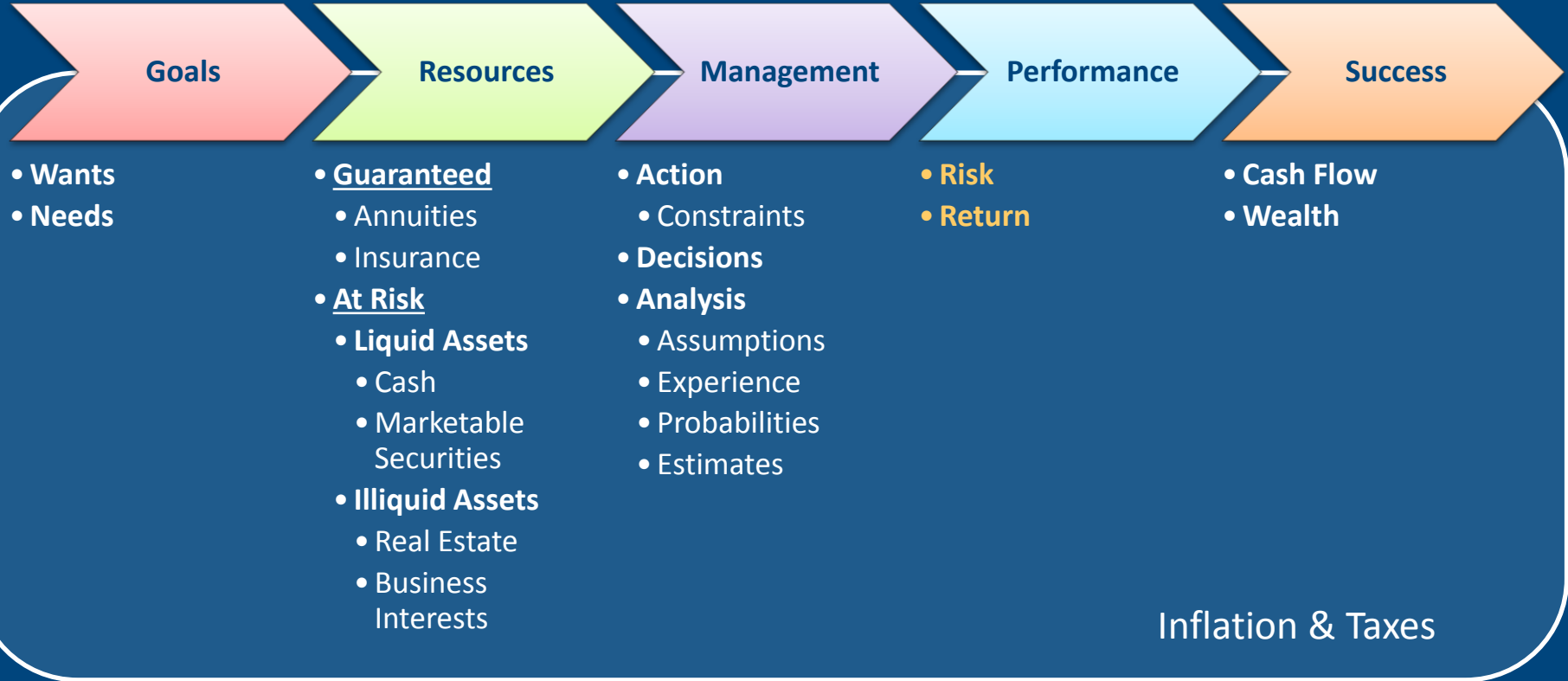


## The Ideal TSP Allocation

The Ideal TSP Allocation = 100% G Fund



# Financial Planning and Management



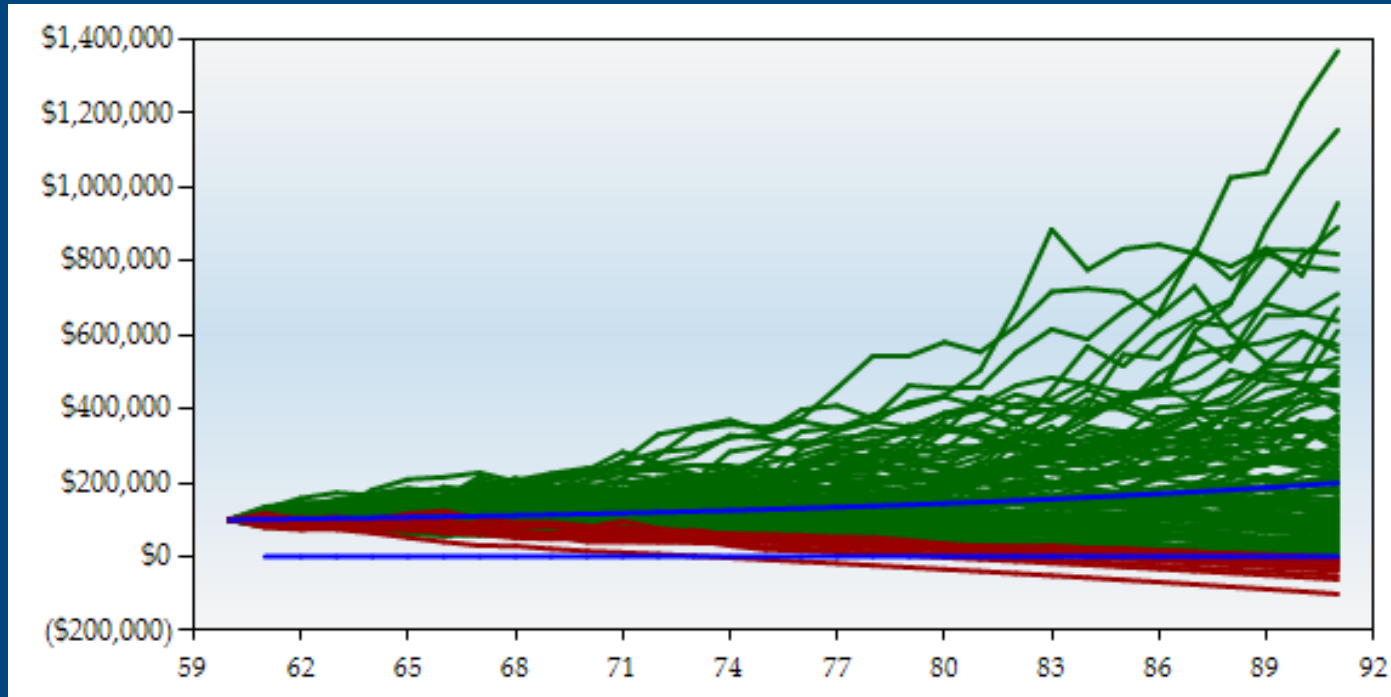
## Sequence Risk is a Threat to Retirement Income

Volatility Produces Sequence Risk

# The “Withdrawal Effect”

<u>Balance</u>	<u>Return</u>	<u>Cash Flow</u>	<u>Balance</u>
\$100,000	-50%	\$0	\$50,000
\$50,000	+100%	\$0	\$100,000
\$100,000	+100%	\$0	\$200,000
\$200,000	-50%	\$0	\$100,000
\$100,000	-50%	-\$10,000	\$40,000
\$40,000	+100%	-\$10,000	\$70,000
\$100,000	+100%	-\$10,000	\$190,000
\$190,000	-50%	-\$10,000	\$85,000

# Actual Monte Carlo Simulation Results



\$100,000 Starting Balance, Balanced Allocation, \$5,000 / Year Withdrawn Over 30 Years

# Actual Monte Carlo Simulation Results – Bottom 20%

Probability	Ending Value	Age at Failure	Rate of Return
80	\$44,544		5.61%
81	\$38,387		7.32%
82	\$34,285		8.49%
83	\$28,233		8.87%
84	\$23,542		8.16%
85	\$19,970		8.16%
86	\$16,189		7.93%
87	\$9,480		7.23%
88	\$5,235		6.07%
89	\$738		5.54%
90	-\$2,856	90	8.03%
91	-\$7,019	89	5.99%
92	-\$13,575	88	6.90%
93	-\$17,988	87	5.65%
94	-\$21,607	86	6.65%
95	-\$26,488	85	6.21%
96	-\$34,490	84	4.79%
97	-\$37,630	83	5.98%
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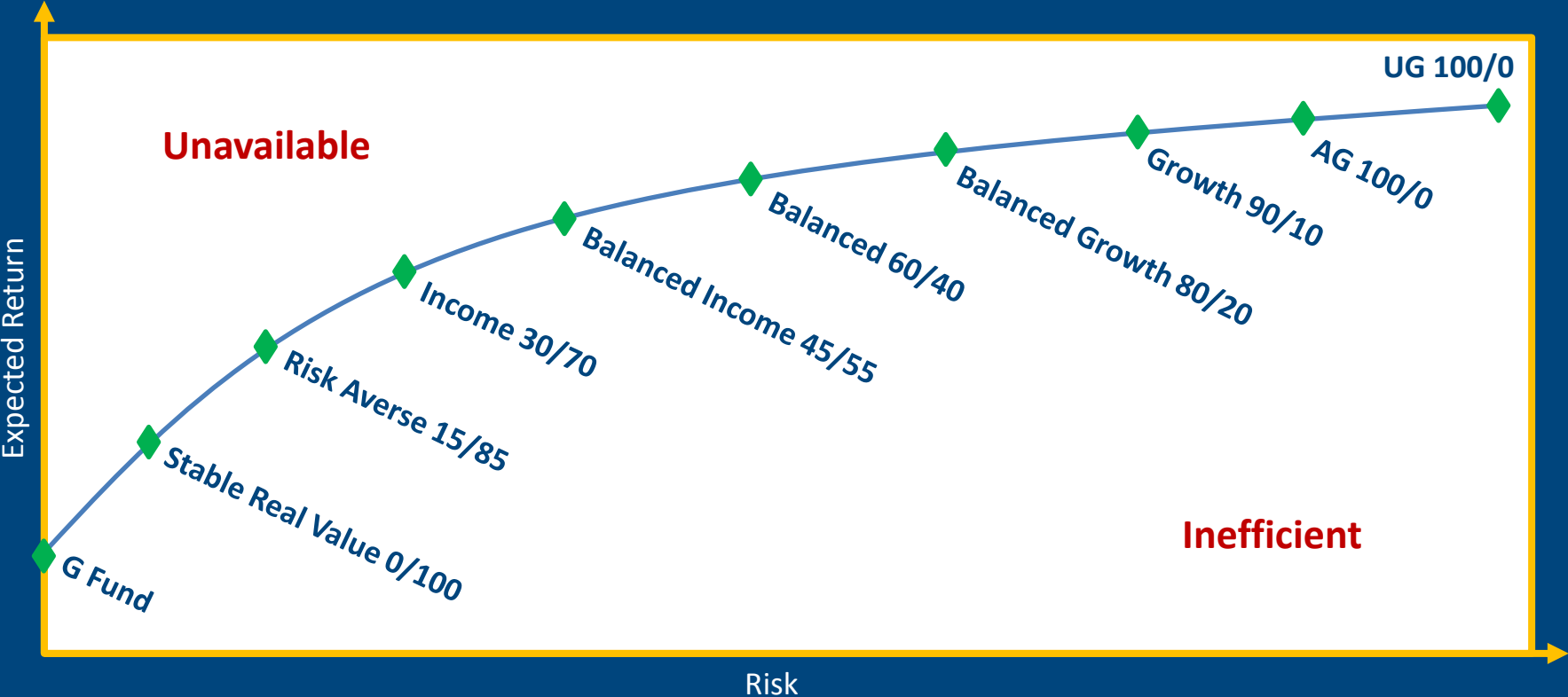
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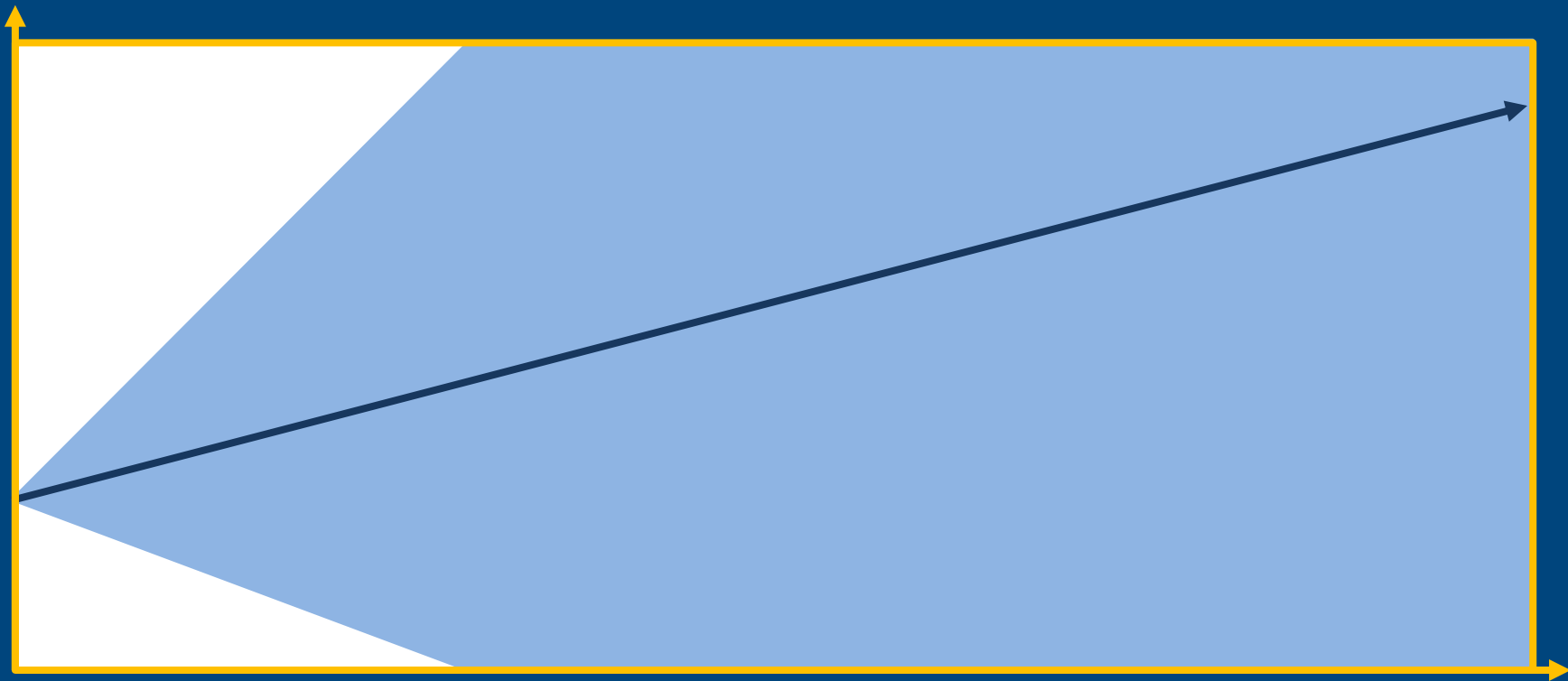
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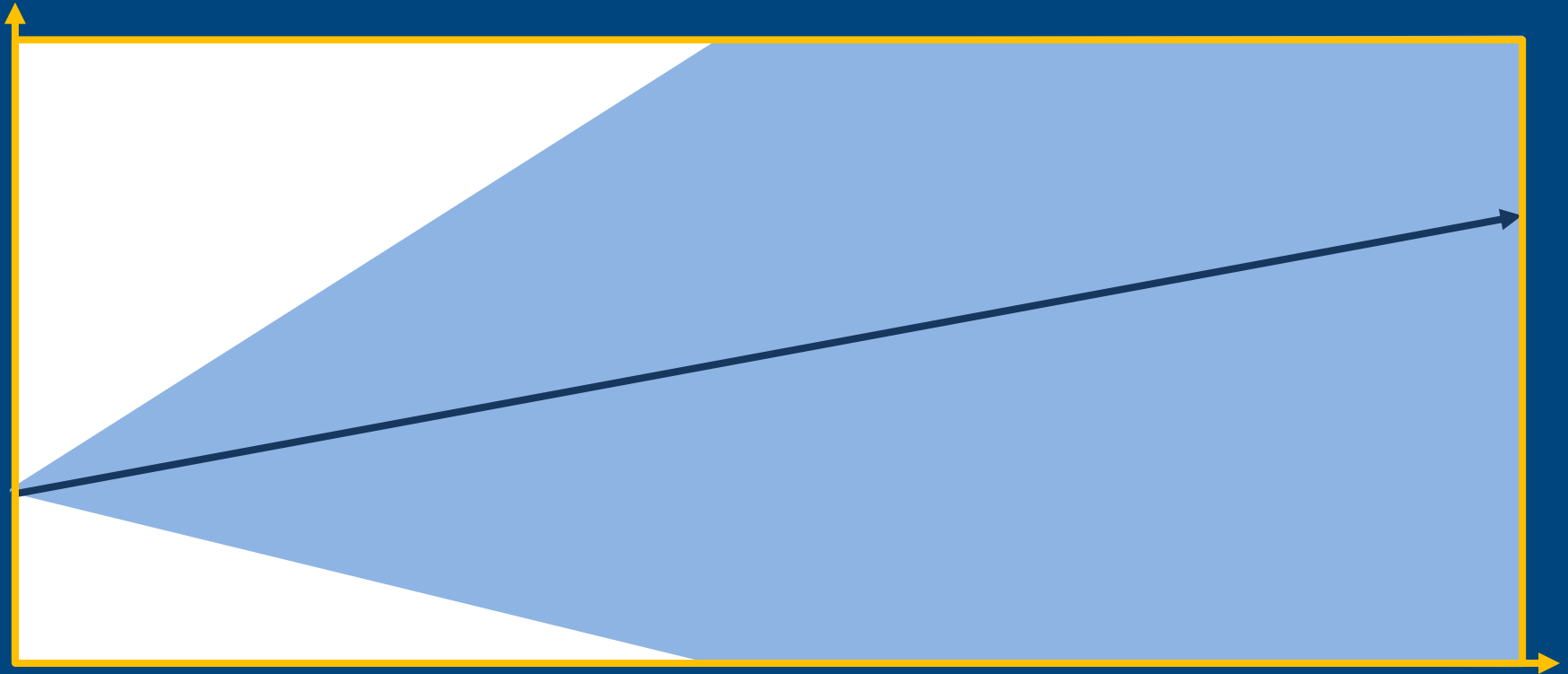
# Risk-Efficient Portfolios



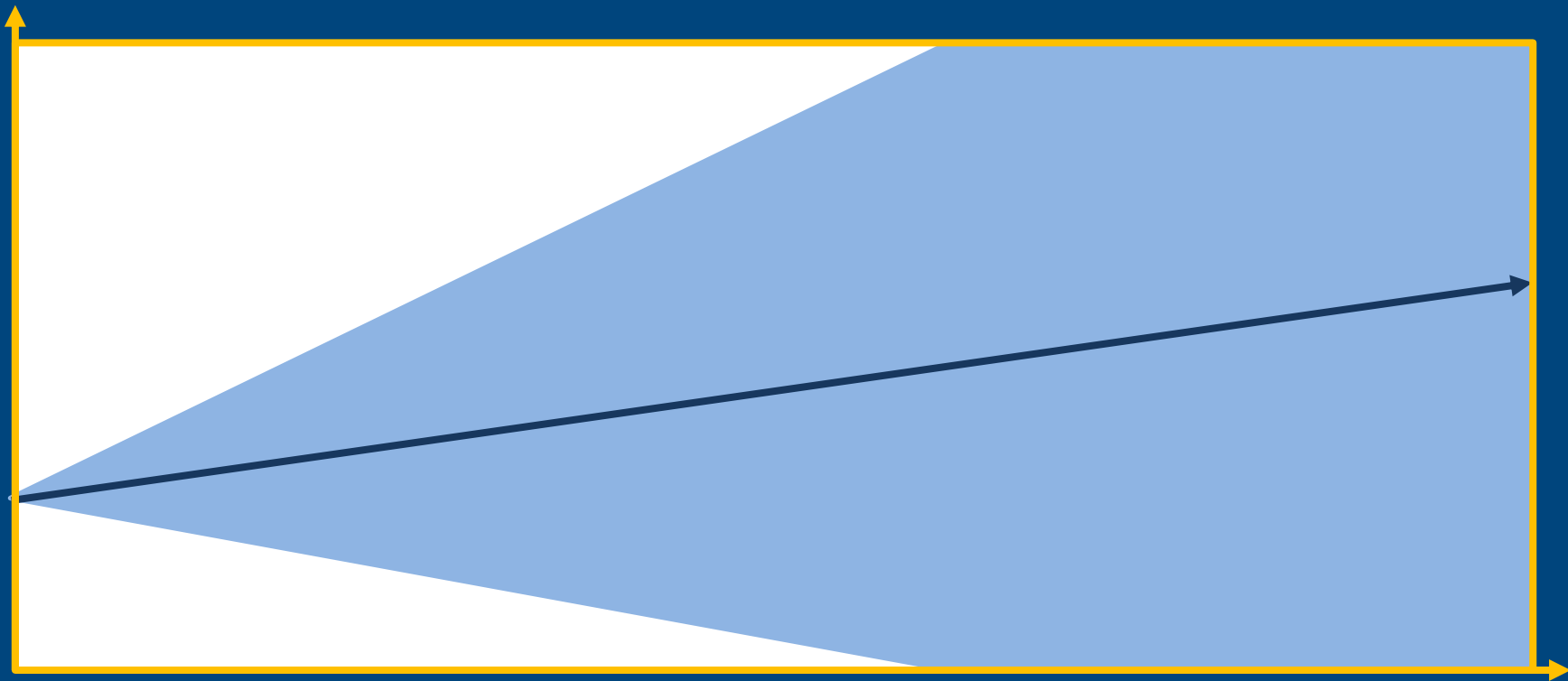
# Reducing the Risk of Failure



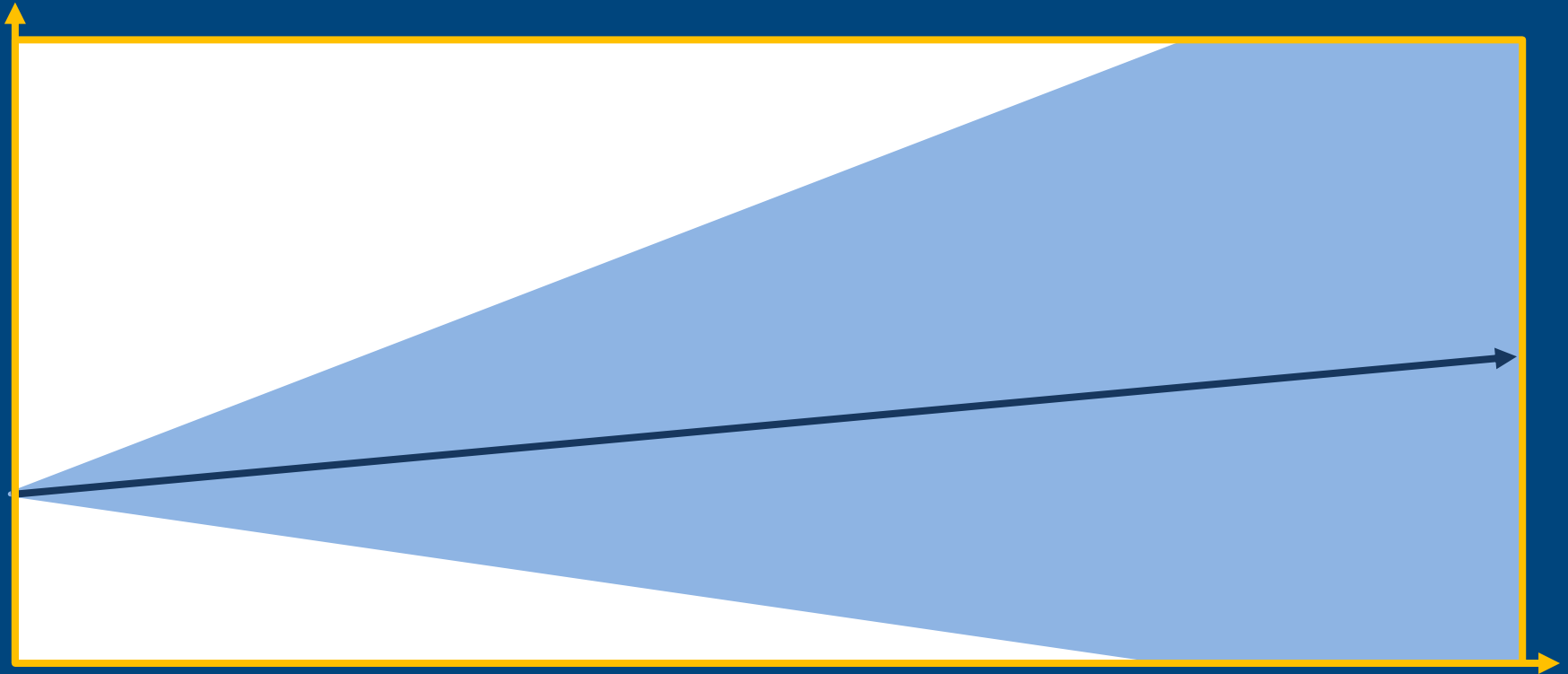
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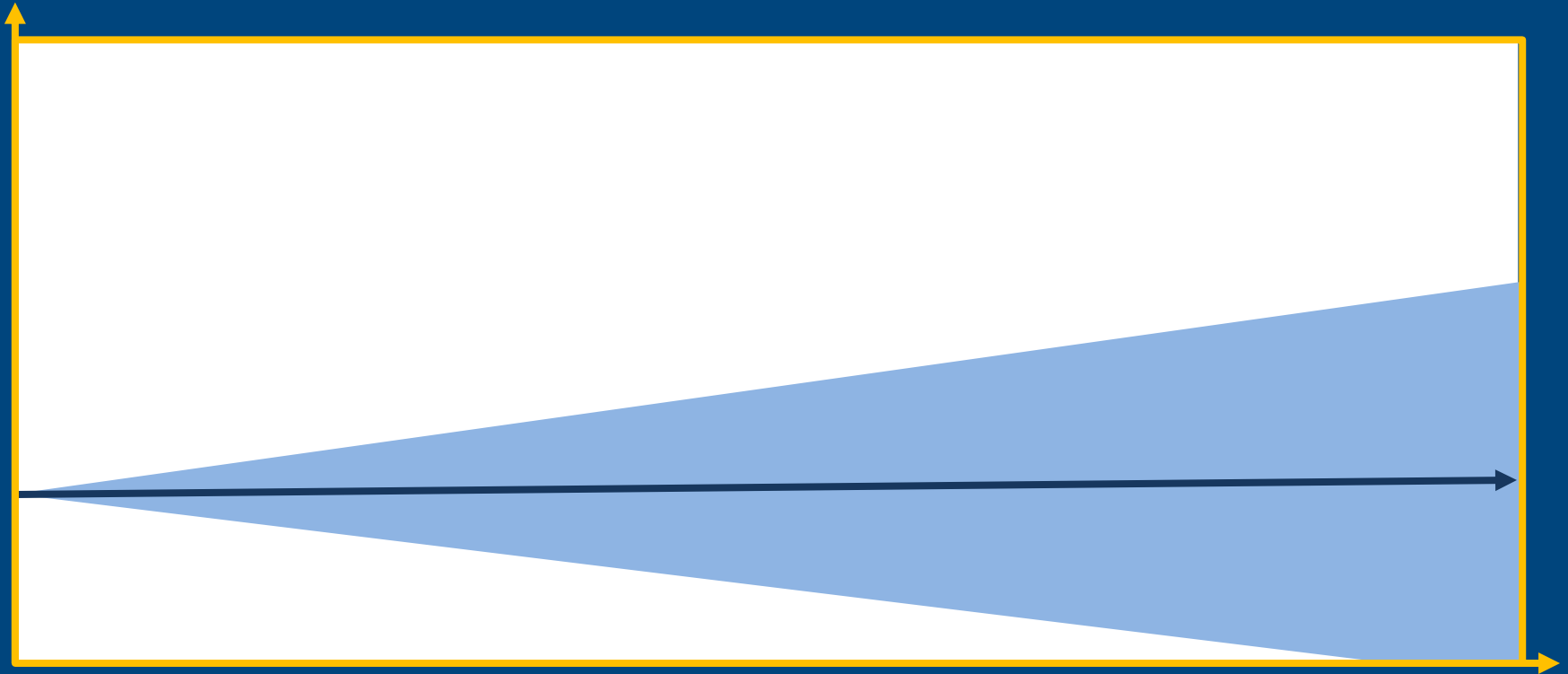
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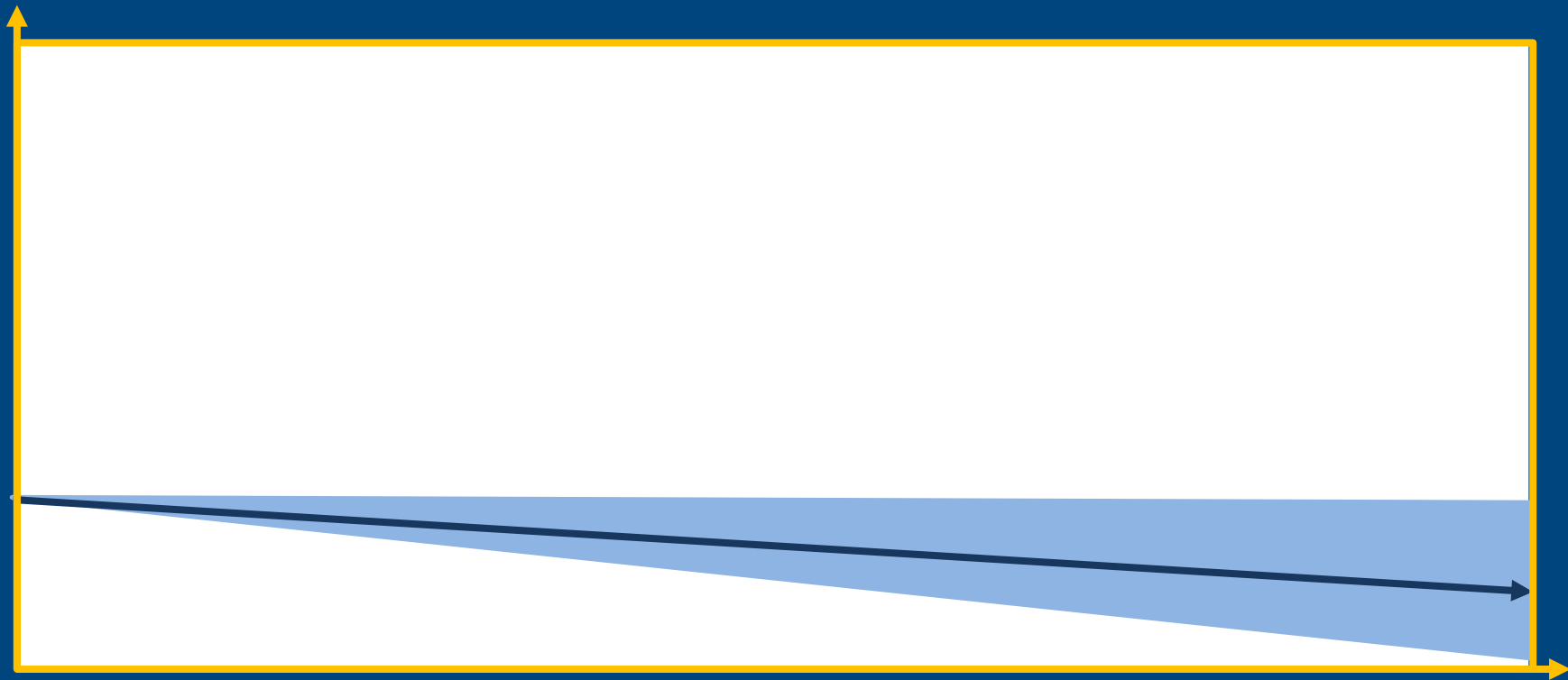
# Reducing the Risk of Failure



# Reducing the Risk of Failure



# Reducing the Risk of Failure





The Ideal TSP Allocation = 100% G Fund  
(If You Can Afford It)

Next Month:

Defining Success and Failure in Retirement Investing  
March 8 @ 12:00

[www.seniorexecs.org](http://www.seniorexecs.org)

Questions / Comments / Suggestions



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V A R I P L A N

Advanced Retirement Planning and Management

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