Contact Andrea Onopa
Telephone 800-654-7959
Cell 203-733-3228
Email aonopa@optimizedfinancialsystems.com
Website www.optimizedfinancialsystems.com

A RETIREES NIGHTMARE: INVESTMENT RETURNS GOING DOWN AND TAXES GOING UP
HOW DO I PREPARE FOR UNCERTAIN TIMES?

October 22, 2012– Good luck trying to figure out a safe investment that has decent returns. Optimized Financial Systems decided to look at two "certainties" regarding how to increase your retirement savings: Death and Taxes.

> *"Generally, in order to increase returns you need to increase your risk," said Modeling Director Josh Woodruff. "I was curious to know if there was a way to increase wealth in individual retirement investments by creating a mathematical model that looked specifically at death and taxes."*

Woodruff's background is in applied math and financial risk management in equities. Together with a group of Operations Research PhDs and Tax Experts, they did just that, allowed middle class savers to fight lower investment returns and higher taxes—mathematically.

> *"It's not possible to know the future. We don't know with certainty if taxes will go up. We don't know what our investments will actually return. And, of course, we don't know how long we will live," said Woodruff. "However, you can look at probabilities and make decisions on the information that you have available at the time. When the situation changes, you can change your strategy. Generally, you want to react, but not overreact to situations like the 3.8% healthcare surtax and a possible end of the Bush Era tax cuts. Our company is focused on doing the math for you so you can see what we think is an appropriate reaction to a given situation affecting your retirement."*

Optimized Financial Systems uses a type of mathematical modeling called Optimization, or more specifically Stochastic Linear Programming. This determines the best possible answer evaluating millions of tradeoffs regarding present and future taxes along with mortality data to create the best plan. The tax break for the middle class individual is the Roth IRA. Previously, most people evaluated a full Roth IRA conversion and compared the results to not converting any of their IRA. After running 400,000 test cases, the answer (for those with tax bracket flexibility and the extra money to pay the taxes) is almost always to convert incrementally over time. The SLiP™ Roth Conversion Engine created by Optimized Financial Systems tells your accountant and financial advisor the right amount at the right time to contribute, convert, and distribute from your retirement savings in order to make the money last longer and/or pass on more to your heirs.

The test case average shows an increase of $906,934 ($88,544 in net present value) for the non-fiscal cliff and non-health care surtax scenario. (We're running another 6,000 test cases on the health care surtax right now and so far the benefit only increases.) The test case assumptions used were a 6%

rate of return, a feasible client budget, ages between 30-70, earned income between $0 and $2mm, the initial IRA between $0-$6mm, and a $24k per spouse Social Security payment starting at age 66. We invite all financial advisers and tax accountants to contact us.

<div align="center">Optimized Financial Systems. Solutions for Tomorrow. Engineered Today.</div>

If you would like more information about this topic, please contact Andrea Onopa at 800-654-7959 or email at aonopa@optimizedfinancialsystems.com.

<div align="center">###</div>