



## *Case Study*

**A 60-year-old MD with an income of \$1,000,000 is frustrated with the stock market volatility, lack of liquidity, and control on his 401(k)...**

### **Situation:**

60-year-old MD with an income of \$1,000,000, owns his own practice and building, and has over \$600,000 in his 401(k).

He is frustrated with the stock market volatility, lack of liquidity, and control in his 401k. He did his own research to check his 401(k) returns and felt that it was not as high as what the statements were presenting to him.

His biggest concern was retiring in 10 years and not knowing what his income would be. He wanted a game plan that would provide control, consistency, and predictability when he retired.

## How Varno & Co helped him:

I provided him with the books, *The Power of Zero*, by David McKnight and the third book in his series *Confessions of a CPA*, by Bryan S. Bloom, CPA.

After reading both books the doctor realized there were other approaches to retirement planning he was not aware of and wanted to find out what his retirement income would look like if he utilized the newly learned strategies.

**A couple of questions I always ask -**

**What is more important to you:**

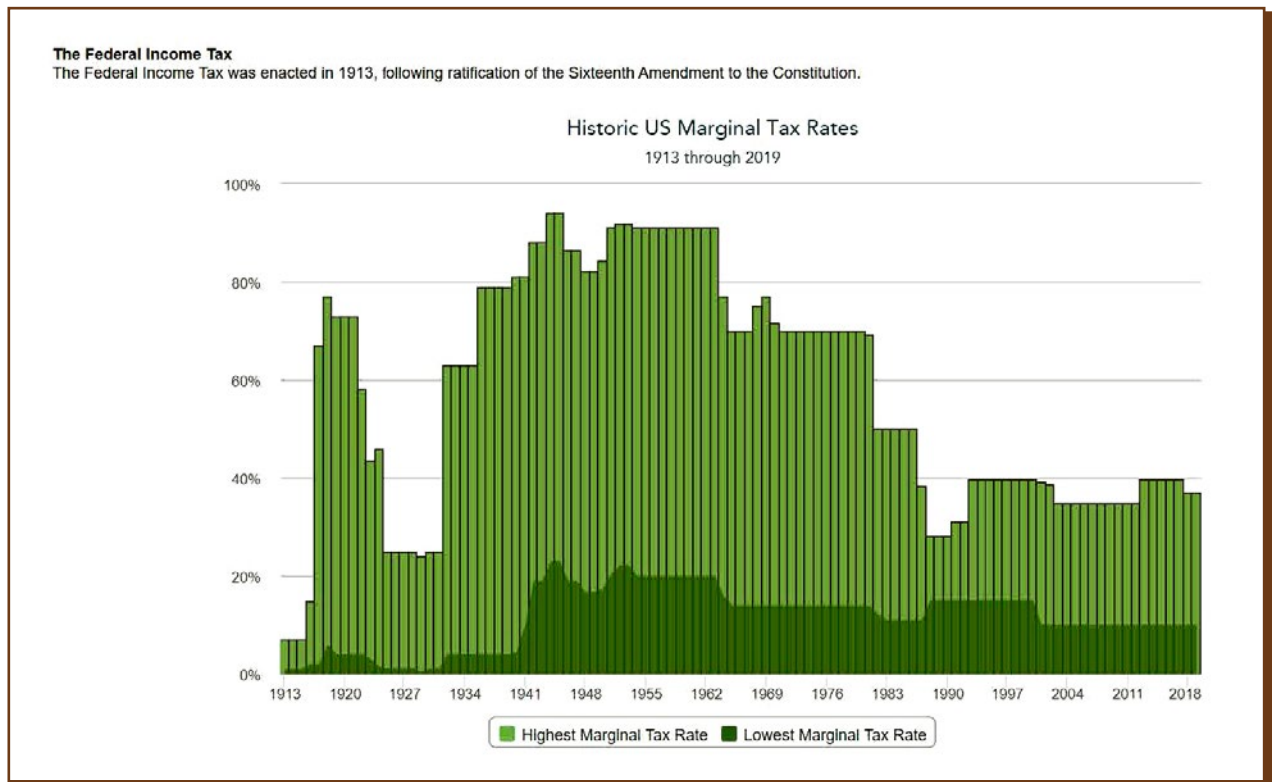
How much money you will have when you retire?

Or...

How much income those dollars will produce for you?

**Most often people answer, “How much income I will have.”**

Another piece I reviewed with him was the graphic history of the US Marginal Tax Rates.



Many are amazed to find out that at one time taxes were as high as 94%. Granted, back in 1944 one had to have an income exceeding \$200,000+ to be in that bracket.

The highest bracket dropped to 50% in the early 1980's, again with an income of \$200,000+.

If you study the chart you may notice that during times of high government need, The Great Depression, WW1, WW2, Korean Conflict, and the Vietnam War taxes remained very high.

Ronald Reagan's 1987 tax plan brought the highest tax bracket down to 28% and the income to get into the highest bracket to \$29,500.

This was the only time in history where we had basically a kind of a flat tax where most Americans were paying some income taxes.

Tax laws have changed over the last 30+ years and around 47% of Americans pay little to no income taxes.

**Currently our country:**

- \*Has been in a war with Iraq for over 19 years
- \*Had a huge financial meltdown in 2008/2009
- \*Paid out over 1.6 trillion in the financial bail out
- \*Has over \$22 trillion in national debt
- \*Social security is a \$34 trillion-dollar unfunded liability
- \*Medicare is a \$200 trillion-dollar unfunded liability
- \*Spends around \$500 billion more than it takes in in taxes

These staggering facts are even more concerning when you notice the marginal tax rates have basically stayed flat over the last 30+ years.

David Walker, the controller for the Bush and Obama administrations, commented that we must double taxes, cut spending, or a combination of both or we will be in trouble as a nation.

Because of these facts, the doctor believed taxes must go up in the future and wanted to create as much tax free and tax-exempt income as possible for his retirement.

## The Plan:

- Convert all his old 401(k) dollars to tax free, tax exempt assets over the next 10 years
- Create new strategies for tax free, tax exempt retirement assets over the next 10 years
- Convert the sale of his practice to a guaranteed income stream in 10 years
- Keep his building as an income stream when he sells the practice
- His plan is to accomplish this with less risk, more control, pay less in taxes, and have more net after tax income when he retires

## Why should you work with Varno & Co.?

**Because as a former practicing dentist, business owner & family man myself:**

- I know what it takes to accomplish a graduate level of education.
- I understand the complexities of running and owning a practice.
- I relate to medical professionals/business owners/families who are creating their retirement assets.
- As a business owner for over 34 years, I get what it takes to run and own a business and understand the challenges of building an effective/efficient retirement income stream

## Where do we start together?

I believe communication is the key to any good relationship - just as in dentistry where I start with listening to your subjective comments, concerns, and frustrations.

That starts with a simple 5-minute phone call.

You can reach me at [joe.varno@varnoco.com](mailto:joe.varno@varnoco.com)  
or visit my website at [varnoco.com](http://varnoco.com).

Written by Joseph Varno

**Helping people get into a 0% retirement tax bracket with guaranteed income.**

**VC** VARNO + COMPANY

Varno + Company

[joe.varno@varnoco.com](mailto:joe.varno@varnoco.com)

cell: 612.581.9197

[varnoco.com](http://varnoco.com)

The example provided is not intended to suggest a particular course of action or represent the performance of any particular financial product, strategy or security. The information presented should not be used as the basis for any specific investment advice.

This material contains the current opinions of the author but not necessarily those of Guardian or its subsidiaries and such opinions are subject to change without notice. Material discussed is meant for general informational purposes only and is not to be construed as tax, legal, or investment advice. Although the information has been gathered from sources believed to be reliable, please note that individual situations can vary. Therefore, the information should be relied upon only when coordinated with individual professional advice. Charts are for illustrative purposes and are not intended to suggest a particular course of action or represent the performance of any particular financial product or security. **Past performance is not a guarantee of future results.**

Joe is a Registered Representative and Financial Advisor of Park Avenue Securities LLC (PAS). Securities products and advisory services offered through PAS, member FINRA, SIPC. Financial Representative of The Guardian Life Insurance Company of America® (Guardian), New York, NY. PAS is an indirect, wholly owned subsidiary of Guardian. Foster Klima & Company is not an affiliate or subsidiary of PAS or Guardian. CA insurance license #0K53983.

2019-91540 Exp 12/21