OUR RETIREMENT INCOME APPROACH

Dynamic Spending Guardrails

A spending plan that bends with markets, by rules we agree on in advance.

DYNAMIC SPENDING GUARDRAILS

A fixed withdrawal ignores what markets do



Same withdrawals, same returns, very different outcome.

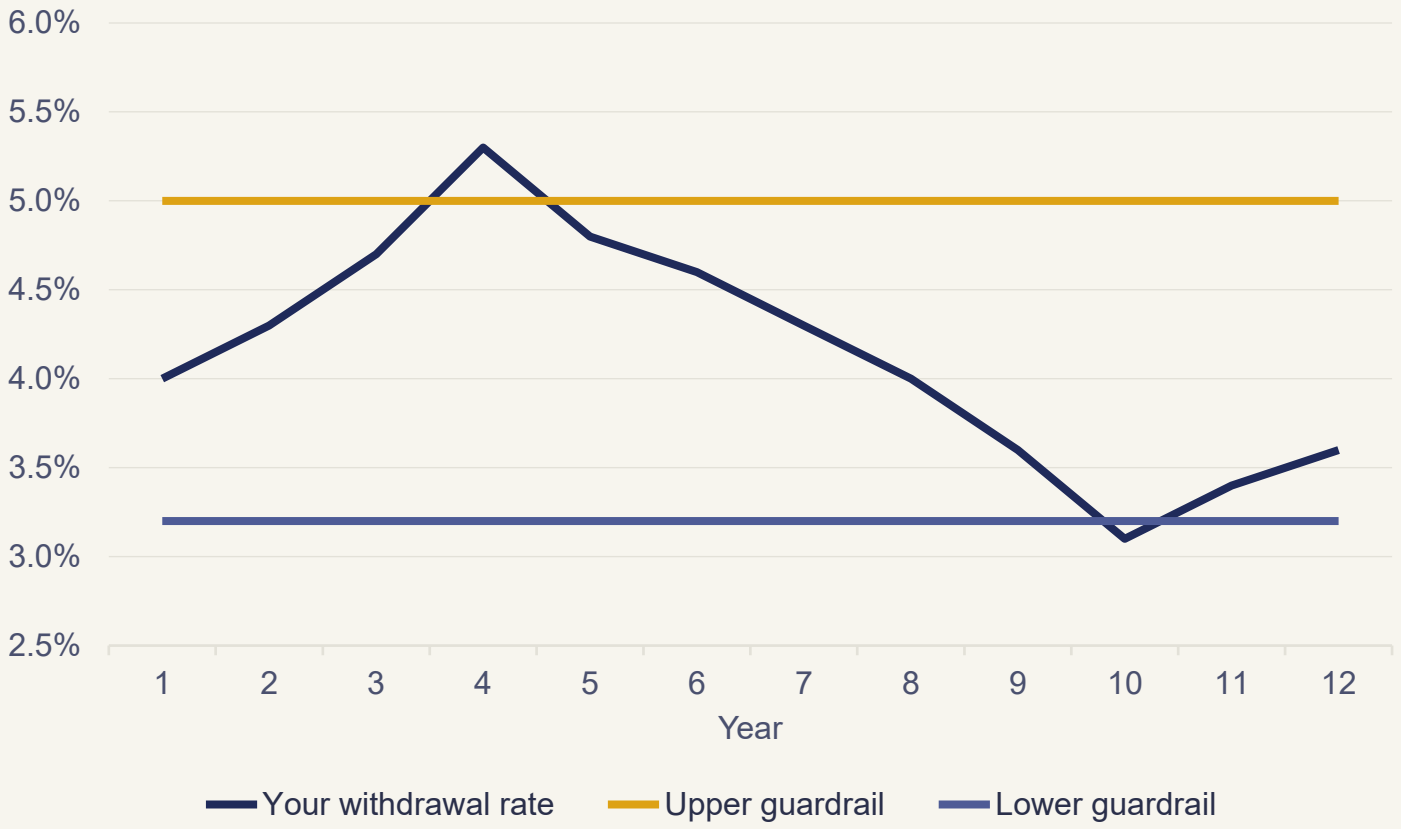
Both portfolios take out a fixed $50,000 a year and earn the same returns in opposite order. After 20 years: about $1.15M versus $198K.

Holding spending fixed through early losses wears a portfolio down. Guardrails adjust spending when the numbers call for it.

Hypothetical illustration, not the performance of any actual portfolio or client. Assumes a portfolio held largely in stocks. See Important Disclosures.

DYNAMIC SPENDING GUARDRAILS

Set the spending rules before you need them



We track one number: your withdrawal rate.

That is the share of your portfolio you take out each year.

Cross the upper guardrail and spending steps down. Cross the lower one and spending steps up. In between, nothing changes.

Hypothetical path. See Important Disclosures.

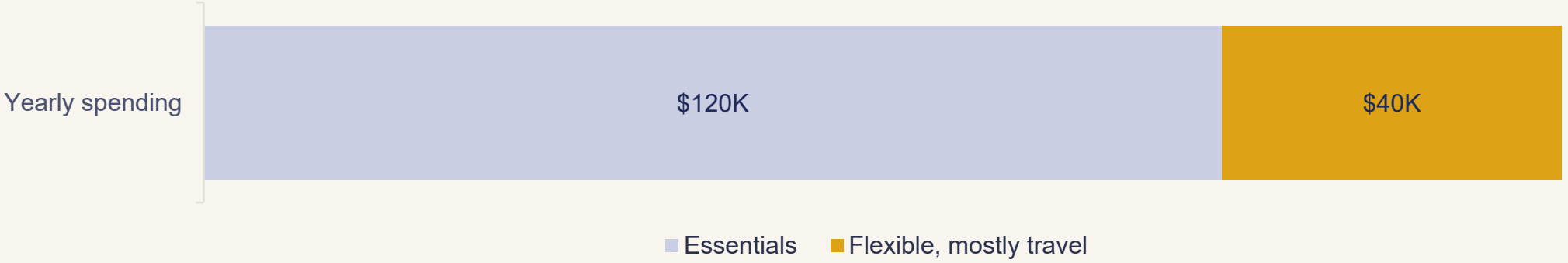
DYNAMIC SPENDING GUARDRAILS

Meet an illustrative household

$4.0M
Invested portfolio

$160K
Spent each year

4.0%
Starting withdrawal rate



The flexible $40,000 matters. Guardrails work best when a cut lands on travel and extras rather than groceries and the mortgage.

Hypothetical illustration. Your proposal uses your own financial plan. See Important Disclosures.

DYNAMIC SPENDING GUARDRAILS

Your guardrails, in plain numbers



Withdrawal rate: yearly spending as a share of the portfolio

Set with you
The guardrails and the size of each change are chosen together.

Written down
They go into your Investment Policy Statement before you need them.

Checked yearly
At each review we compare your withdrawal rate with the guardrails.

Hypothetical guardrails. Yours are set with you and modeled in your plan. See Important Disclosures.

DYNAMIC SPENDING GUARDRAILS

In a normal year, nothing changes



Your portfolio

Invested in your model

This year's cash

Ready for each deposit

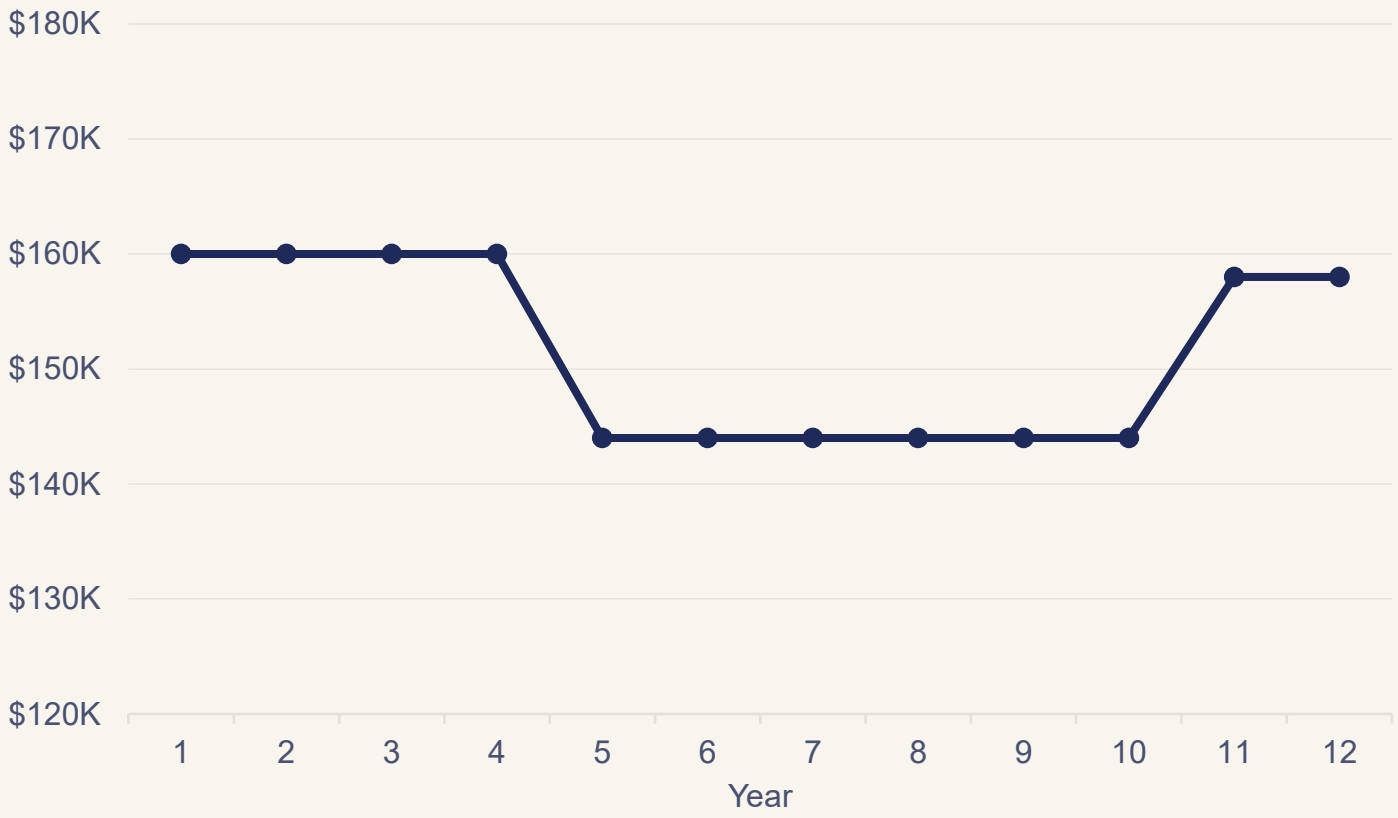
Your bank account

Monthly, quarterly, or all up front

Between the guardrails, nothing changes. Once a year we rebalance to your strategic targets, and spending continues at the planned amount, adjusted for inflation.

DYNAMIC SPENDING GUARDRAILS

After a decline, spending steps down



The cut is set in advance, and so is the raise.

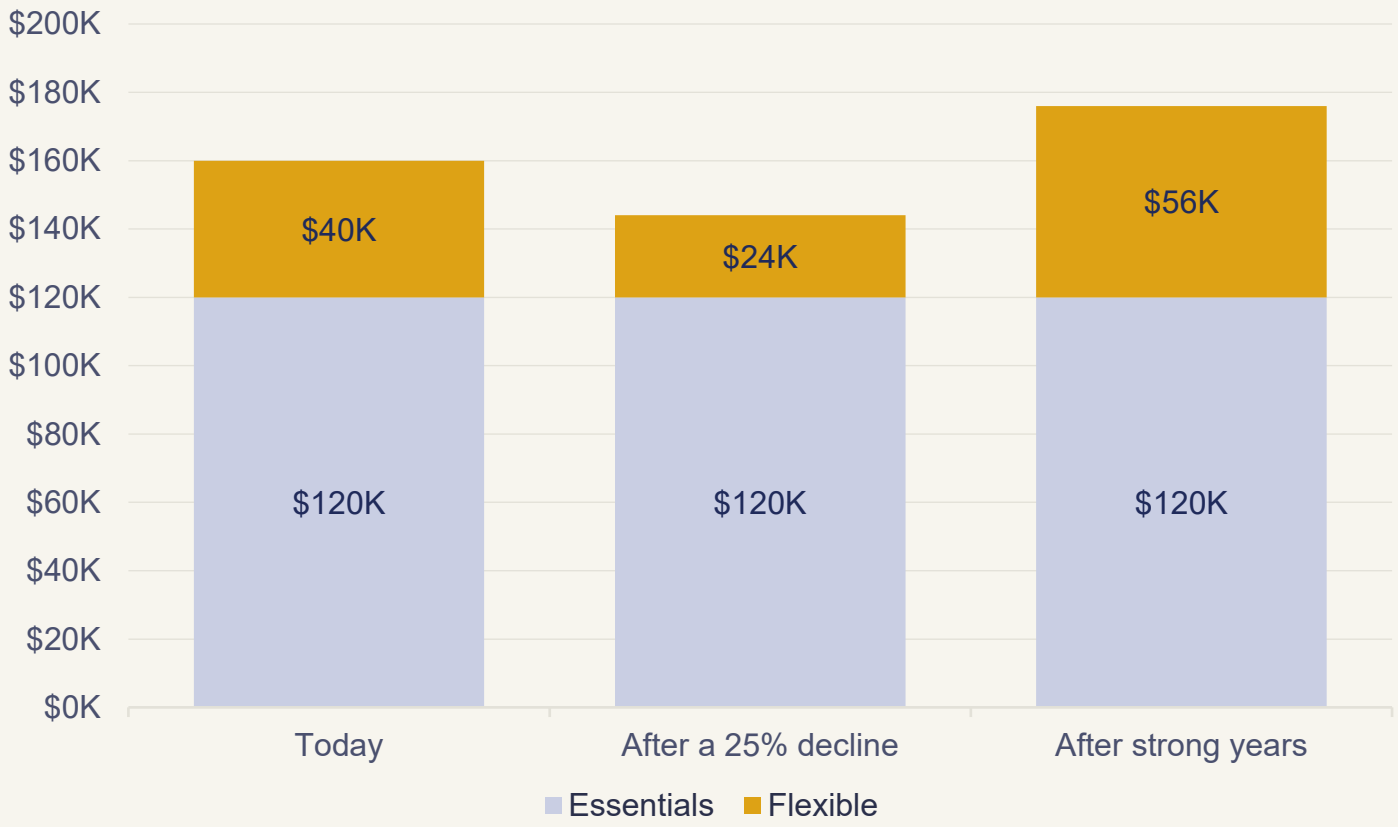
Following the same path as before: a decline pushes withdrawals over the upper guardrail in year 4, so spending steps down 10% in year 5.

When strong markets pull withdrawals under the lower guardrail in year 10, spending steps back up. In a long downturn, more than one cut can happen.

Hypothetical path, in today's dollars. See Important Disclosures.

DYNAMIC SPENDING GUARDRAILS

Cuts and raises land on flexible spending



In this example, essentials stay the same throughout.

A 25% decline takes the portfolio from $4.0M to $3.0M, pushing withdrawals to 5.3%: spending steps down 10%, to $144K.

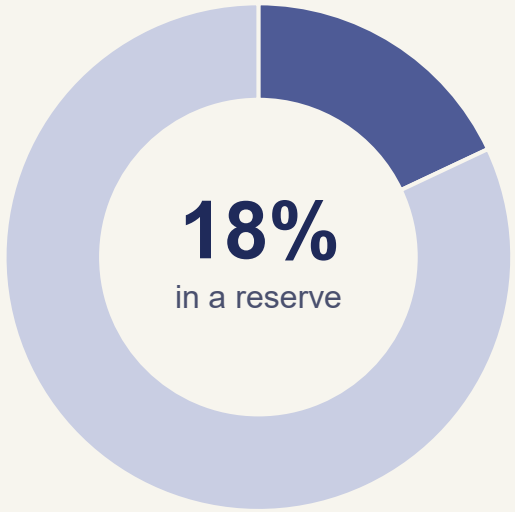
If the portfolio later grows to $5.2M, withdrawals fall to about 3.1%: spending steps up 10%, to $176K.

Hypothetical illustration, not a projection. See Important Disclosures.

DYNAMIC SPENDING GUARDRAILS

Your whole portfolio stays invested

Paycheck Reserve example



Reserve in bonds Invested in your model

Spending guardrails



Invested in your model

No separate reserve. Guardrails rely on spending flexibility rather than bonds set aside for years of spending, so more of the portfolio stays in your chosen mix. We still keep upcoming spending in cash, so each deposit is ready.

Who it fits, and the drawbacks

Who it's a good fit for

People with long time horizons (e.g., early retirees), strong plans, and a budget with enough discretionary spending room that a spending reduction wouldn't dramatically reduce quality of life.

What are the drawbacks

Flexibility. Your spending moves with markets, and in a bad stretch it may move down more than once and more than you would like.

Without a reserve, withdrawals after a decline still come from selling investments, just in smaller amounts.

Cuts can land early in retirement, when health is best and you most want to enjoy spending.

DYNAMIC SPENDING GUARDRAILS

What we handle, and what we ask of you



We handle

- Setting your guardrails and modeling them in your plan
- Checking your withdrawal rate at every review
- Telling you when a guardrail is crossed, and the new spending amount
- Rebalancing your portfolio by rules set in advance



We ask of you

- Keep flexible spending truly flexible
- Tell us when life changes: spending, health, a big purchase, an inheritance
- Meet with us at least once a year, and sign your Investment Policy Statement so the rules we want to adhere to are in writing

DYNAMIC SPENDING GUARDRAILS

From here

1

We set your guardrails

Built from your financial plan and the flexible room in your budget.

2

You review them with us

Ask anything. Nothing moves until you are comfortable.

3

We put it in writing

Your Investment Policy Statement records the rules we follow.

Investment advisory services are offered through Core Planning, LLC, an SEC-registered investment adviser. Simplify Wealth Planning is a trade name of Core Planning, LLC. Examples are hypothetical and for illustration only; they are not projections or guarantees of future results. Please see the Important Disclosures that follow.

Important disclosures

About Simplify Wealth Planning

Investment advisory services are offered through Core Planning, LLC, an SEC-registered investment adviser. Simplify Wealth Planning is a trade name of Core Planning, LLC. Registration with the SEC does not imply a certain level of skill or training.

Core Planning's Form ADV Part 2A brochure describes our services, fees, and conflicts of interest. It is available on request and at adviserinfo.sec.gov.

For educational purposes

This presentation explains one of the retirement income approaches we offer. It is general information, not individualized investment, tax, or legal advice, and not an offer to buy or sell any security.

Whether this approach suits you depends on your financial plan, goals, and tolerance for risk, which we review with you before making any recommendation.

About the hypothetical examples

The household, dollar amounts, withdrawal rates, guardrail levels, returns, and market declines in this presentation are hypothetical. They were created to explain how the approach works. They do not represent actual clients or accounts, or the performance of any portfolio we manage, and they are not projections of future results.

Page 2 applies the same assumed annual returns in opposite orders: three years of losses (20%, 12%, and 5%) and seventeen years of 8% gains, with $50,000 withdrawn at the start of each year and no fees, taxes, or inflation adjustments. The guardrails of 3.2% and 5.0%, the 10% spending changes, and the paths on pages 3 and 7 are illustrative. Page 8 assumes a one-time 25% decline. Page 9 compares to the Paycheck Reserve example, where 18% is set aside.

Different assumptions would produce different results, and actual results will vary, possibly by a wide margin. Hypothetical examples have inherent limitations: they do not reflect actual trading, fees, or taxes, and they cannot capture every factor that affects real results.

Important disclosures, continued

Investment risks

Investing involves risk, including possible loss of principal. No approach, including spending guardrails, can guarantee income, prevent losses, or ensure that you will not run out of money.

Guardrails reduce spending after declines; they do not avoid selling. Withdrawals still come from selling investments, including after markets fall, and a long or severe decline may require more than one reduction, larger reductions than shown, or cuts to essential spending. Rebalancing and diversification do not ensure a profit or protect against loss.

About the guardrails

Guardrail levels and adjustment sizes are set with you and modeled in financial planning software. They are guidelines for decisions, not guarantees, and they work only if spending can actually be reduced when called for. A spending increase after strong markets may later need to be reversed.

Taxes, accounts, and cash

Withdrawals and rebalancing can have tax consequences. Distributions from traditional IRAs are generally taxed as ordinary income, and distribution rules change over time. We do not provide tax or legal advice; please consult your tax professional.

Money market funds used for upcoming spending are not insured or guaranteed by the FDIC or any government agency, and it is possible to lose money in them.

Your plan and your Investment Policy Statement

In an actual proposal, guardrail levels and spending amounts come from financial planning software and the information you provide. Projections rely on assumptions about returns, inflation, taxes, and spending that may not come true.

The rules we follow are documented in your Investment Policy Statement, reviewed at least annually, and may change as your circumstances change.