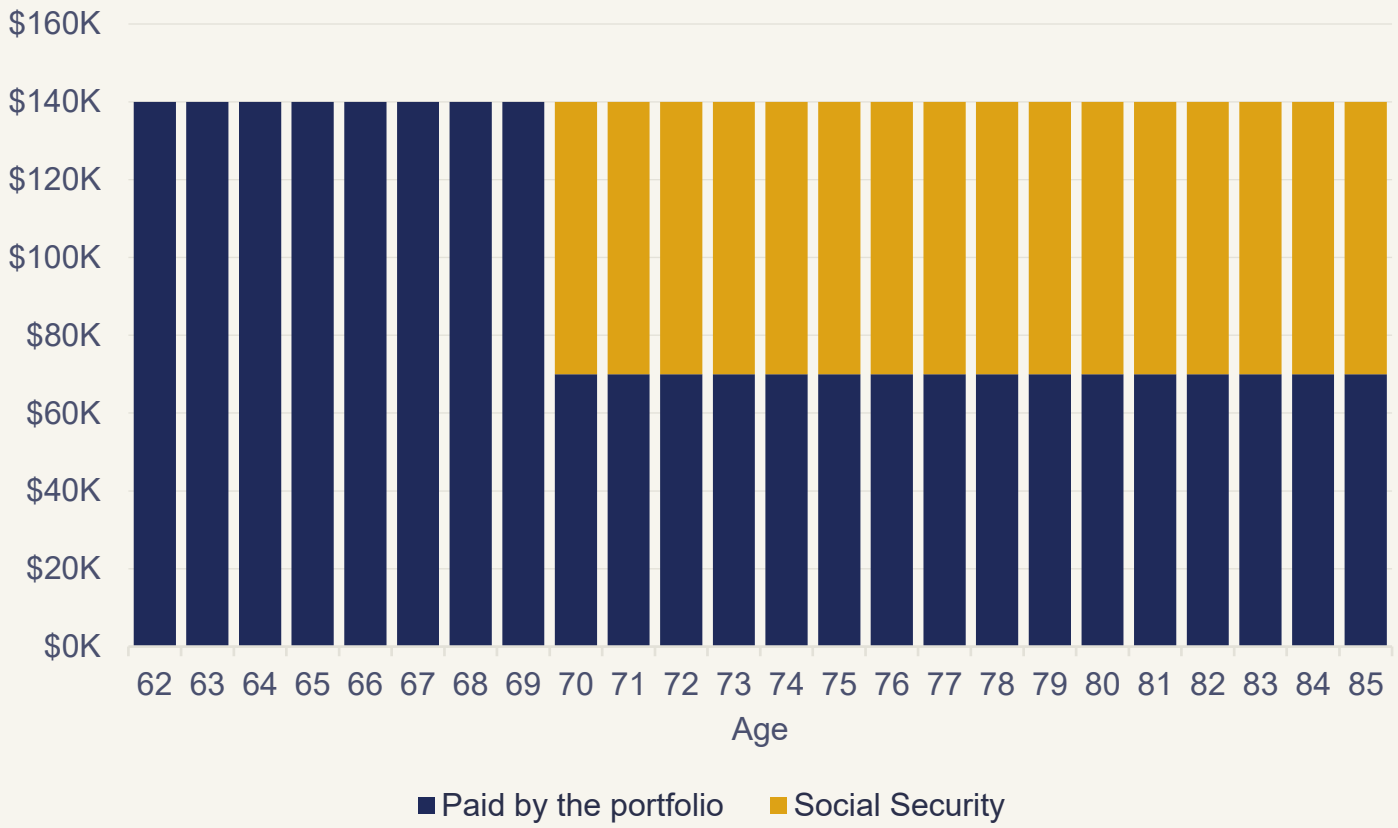
OUR RETIREMENT INCOME APPROACH

The TIPS Bridge Ladder

How we pay for the years before reliable income begins, with each year's money set aside in advance and built to track inflation.

THE TIPS BRIDGE LADDER

The years before Social Security begins carry the most risk



From 62 to 69, the portfolio pays every bill.

Waiting until 70 raises Social Security for life. Until it starts, though, often nothing else is coming in.

A bad market in those years can do lasting damage, and over eight years inflation may materially shrink what a fixed dollar buys.

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

THE TIPS BRIDGE LADDER

Buy each bridge year's spending in advance

We buy a series of inflation-protected U.S. Treasury bonds via a target maturity ETF, targeting each year until SS begins. Late each year, the fund matures just before the year it pays for. The bulk of your remaining portfolio assets stays invested for growth.

Each box is one year of retirement, starting at age 62



Age 62: this year, in cash

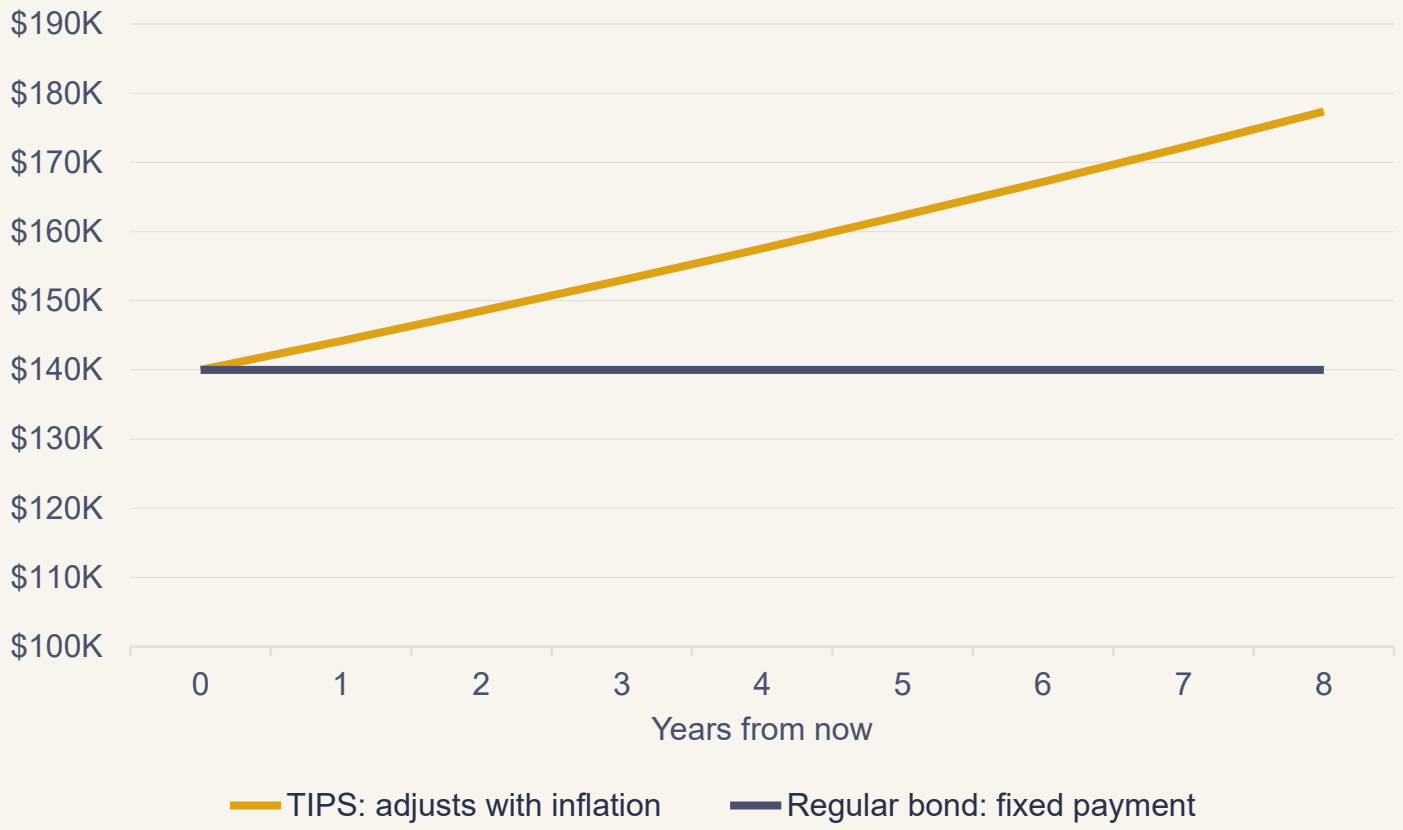
Ages 63 to 69: TIPS target maturity fund per year

Age 70 on: Social Security plus the portfolio

The money for each bridge year is set aside before it is needed. Markets can do anything in between.

THE TIPS BRIDGE LADDER

TIPS: Treasury bonds built to track inflation



At 3% inflation, a fixed $140,000 buys about 21% less after eight years.

A TIPS bond's principal is adjusted with the Consumer Price Index, which helps each year's spending keep its buying power. This is especially important in a run-away inflation scenario like we saw in 2022.

The bonds are backed by the full faith and credit of the U.S. government; the funds that hold them are not, and their prices move before they mature. We use funds that mature in a set year, each matched to one year of your spending.

Hypothetical illustration assuming 3% annual inflation. See Important Disclosures.

THE TIPS BRIDGE LADDER

Meet an illustrative household

$3.0M
Invested portfolio

62 → 70
Retire, then claim Social Security

$140K
Paid by the portfolio each year until 70

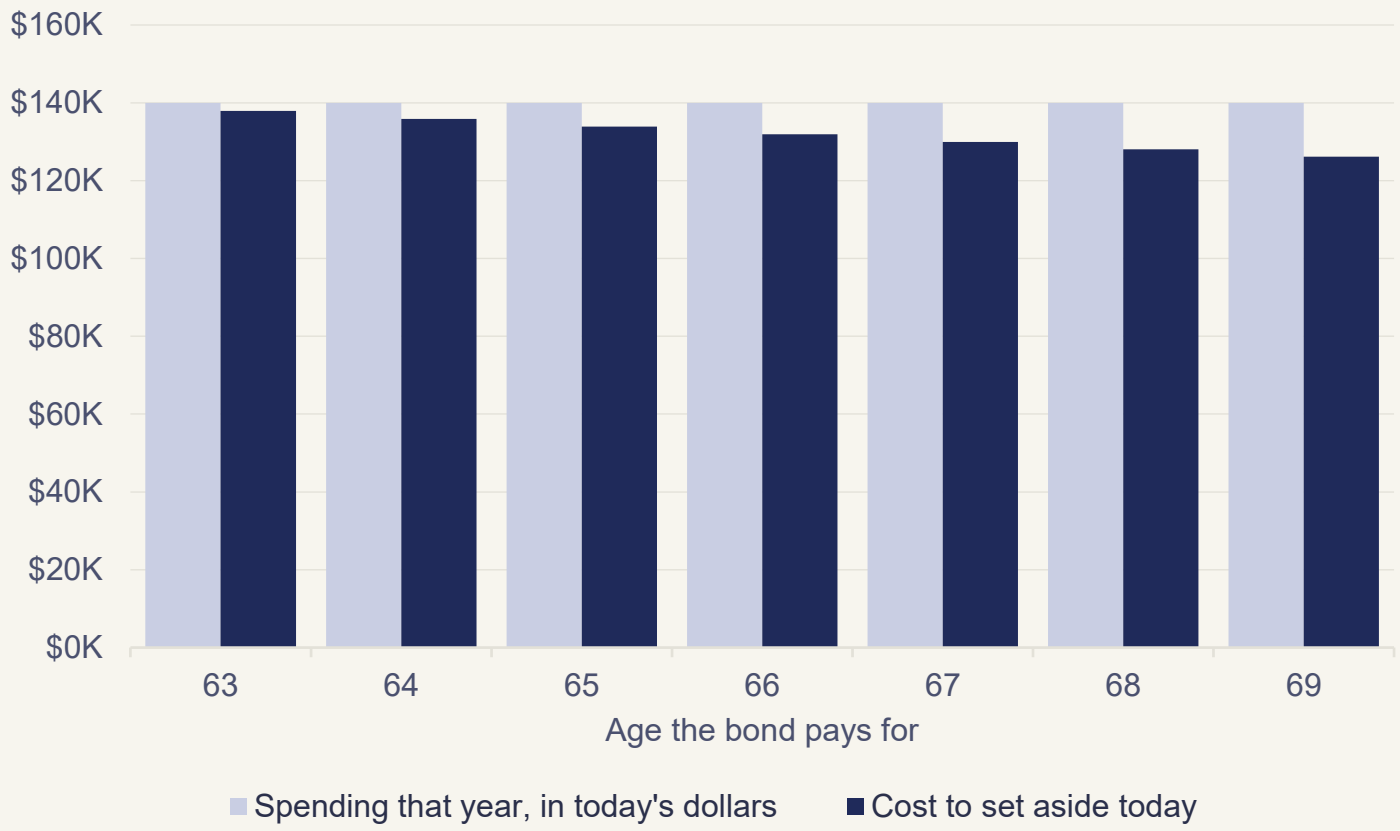


For eight years, the portfolio pays nearly every dollar. That stretch is what the ladder is built to protect.

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

THE TIPS BRIDGE LADDER

We buy one bond fund for each bridge year



$1.06M

This year's cash plus seven TIPS bonds, about 35% of the portfolio

Each bond is sized to one year of spending, in today's dollars.

Bonds for later years cost a little less today, because they earn an inflation-adjusted yield until they mature. Each fund matures in October and pays expenses for the following year.

Hypothetical illustration assuming a 1.5% real yield. Your proposal uses your plan and current rates. See Important Disclosures.

THE TIPS BRIDGE LADDER

Each October, next year's money arrives



The maturing bond fund

Next year’s expenses are paid out

Next year's cash

Ready before January

Your bank account

Monthly, quarterly, or all up front

No growth investments need to be sold to pay for the coming year. Once a year we rebalance growth investments to their strategic targets, and the ladder runs on its own schedule.

THE TIPS BRIDGE LADDER

After a decline, the ladder pays on schedule



The maturing bond fund

Matures as planned

Next year's cash

Ready for the year

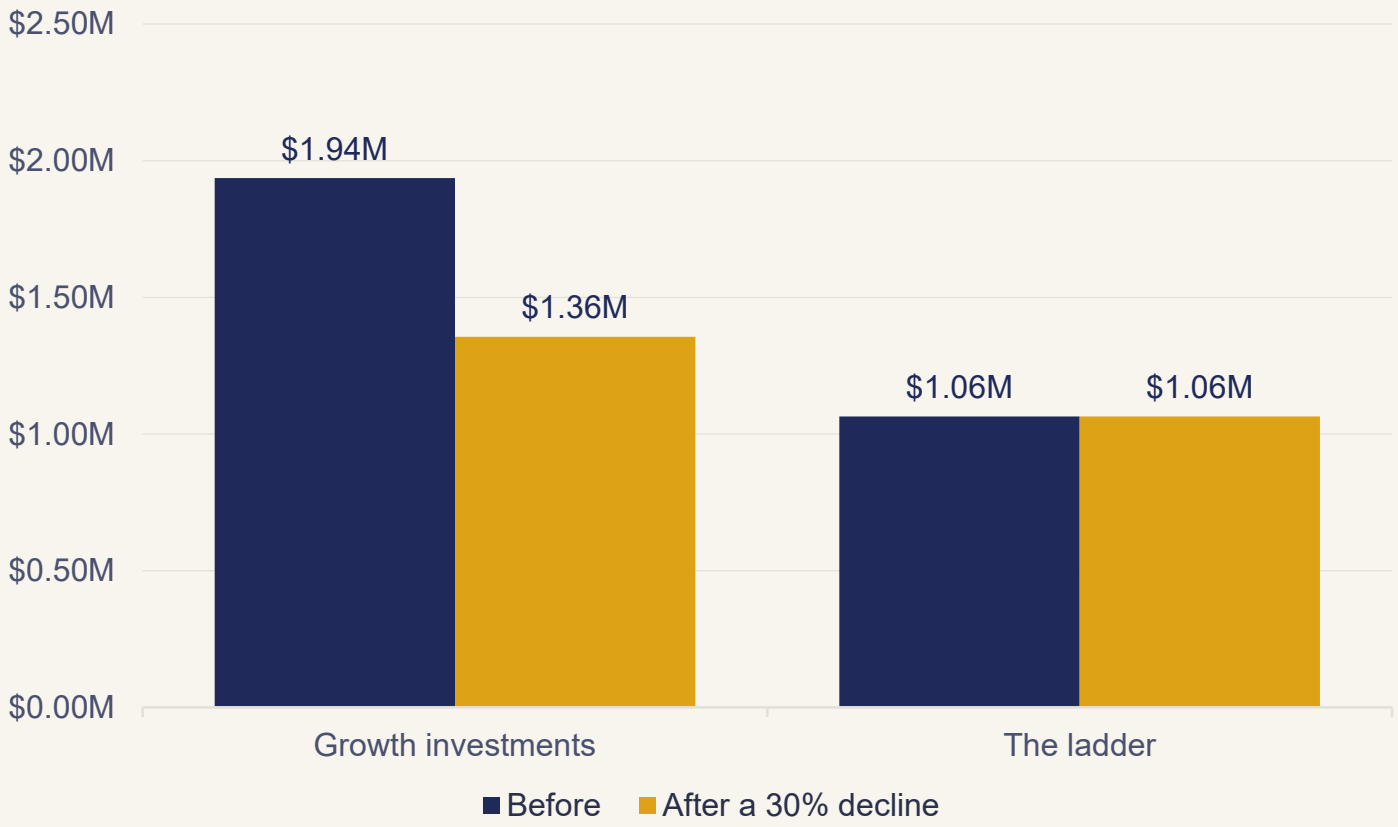
Your bank account

Same amount, same cadence

Growth investments are left alone, with time to recover. The bonds are scheduled to mature regardless of what stocks do. Rebalancing is limited to buying until markets recover.

THE TIPS BRIDGE LADDER

What a decline looks like for our household



$140K

This year's spending, before and after

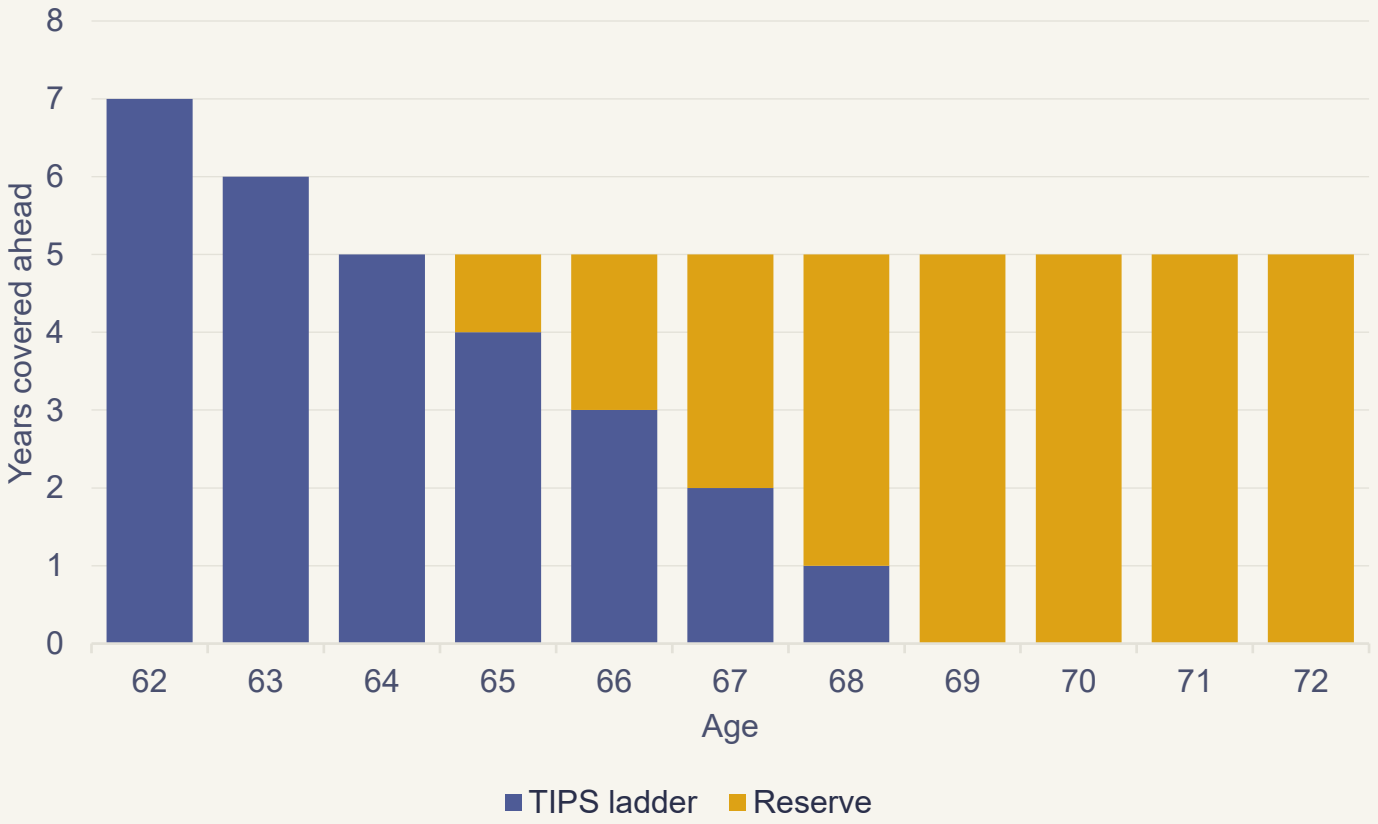
The next seven years of spending are already set aside.

Growth investments fall 30% in this example, and the potential loss is real, but no growth investments are sold to lock it in. TIPS fund prices move with interest rates along the way; held to maturity, each fund is designed to pay out as planned, adjusted for inflation.

Hypothetical illustration, not a projection. Assumes a 1.5% real yield. See Important Disclosures.

THE TIPS BRIDGE LADDER

When the ladder ends, a reserve takes over



As bonds mature, a reserve builds behind them.

Coverage is designed to wind down gradually rather than end all at once. By the time Social Security begins, the reserve holds several years of the portfolio's remaining spending, and from then on it works like our Paycheck Reserve.

We do not build a 30-year ladder. About ten years is usually enough to reach reliable income.

Hypothetical illustration with a five-year reserve floor. See Important Disclosures.

Who it fits, and the drawbacks

Who it's a good fit for

Households with a long stretch before reliable income begins, and a preference for knowing the exact date each year's money arrives.

People who want their spending protected from inflation as well as from markets.

What are the drawbacks

A large share of your portfolio may end up held outside the stock market, which can be risky if you need the growth to make your plan work.

Each fund is bought for a specific year. If plans change, a fund sold early is sold at its market price, which may be less than you paid.

TIPS follow the Consumer Price Index, which may not match the prices you actually pay.

THE TIPS BRIDGE LADDER

What we handle, and what we ask of you



We handle

- Buying the ladder and matching each fund to a year of spending
- Sending each year's money when its bond matures
- Building the reserve behind the ladder as bonds mature
- Rebalancing your growth investments by rules set in advance



We ask of you

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

THE TIPS BRIDGE LADDER

From here

1

We run your numbers

Your own version of these pages, built from your plan and current TIPS rates.

2

You review it 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, ages, dollar amounts, yields, inflation rates, 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.

The ladder's cost on pages 6 and 9 assumes a 1.5% real yield on every bond and spending of $140,000 a year in today's dollars. Page 4 assumes 3% annual inflation. Page 9 assumes a one-time 30% decline in growth investments and no change in TIPS prices. Page 10 assumes a five-year reserve floor as the ladder winds down.

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 a TIPS ladder, can guarantee income, prevent losses, or ensure that you will not run out of money.

Stock prices can fall sharply and stay below earlier levels for many years. Rebalancing and diversification do not ensure a profit or protect against loss.

About TIPS and TIPS funds

TIPS are issued by the U.S. Treasury and backed by its full faith and credit. Funds that hold TIPS are not guaranteed, and their prices rise and fall with interest rates before they mature. A fund sold before its maturity date may be worth less than you paid, and the amount a fund distributes at the end of its term is not guaranteed.

TIPS adjust with the Consumer Price Index, which may not match the prices you pay, and the adjustment can be negative in periods of deflation. When real yields are low, setting aside each year costs more.

Taxes, accounts, and income

In a taxable account, the inflation adjustments on TIPS and TIPS funds are generally taxable as income each year, and fund distributions can vary from year to year. Distributions from traditional IRAs are generally taxed as ordinary income, and distribution rules change over time.

Social Security and pension amounts shown are illustrative; actual benefits depend on your earnings record, claiming age, and current law. We do not provide tax or legal advice; please consult your tax professional.

Your plan and your Investment Policy Statement

In an actual proposal, ladder sizes 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.