## Meet Linda and Dave Lincoln

Linda and Dave Lincoln live in Oklahoma City, Oklahoma. Linda is 55 years old and Dave is 67 years old. They have three grown children (two sons and a daughter) and three grandchildren. Dave and Linda's home equity loan will be fully paid-off within ten years.

Linda has been a third grade teacher for 25 years. Linda plans to retire in two years at age 57. Her estimated initial monthly retirement benefit will be $1,234. Linda will be eligible for Social Security at age 62. After retirement, Linda plans to work part-time in her school district to supplement her retirement. She is in excellent health.

Dave was an industrial engineer for a mid-sized, privately-held company and has been retired for two years. He does regular freelance contract work on a part-time basis that generates $36,000 per year of income. His rollover IRA from his 401(k) plan is worth $180,000. Dave retired from his employer at the full retirement age of 65 and has been receiving $1,800 per month in Social Security benefits. Dave's father and two brothers all passed away before age 70 from heart disease.

### Current Expense

Dave and Linda have set up 529 college savings accounts for each of their three grandchildren. They contribute $425 per month. They expect all contributions to employer-sponsored plans to cease upon Linda's retirement but intend to contribute to fund the 529 plans for as long as possible. Dave, an avid hunter, spends approximately $400 per month for gear and licenses. Linda spends her free time quilting, costing approximately $325 per month.

### Year 1 of Retirement

The Lincolns assume the cost of living/inflation will grow by an average of 4% a year throughout retirement. Linda is working part-time in retirement. Dave has reduced his working hours to spend more time with Linda now that she is retired.

Linda has invested in her SRP (supplemental retirement plan) throughout her career. She expects to have approximately $41,200 in her plan account at retirement. She does not plan to take a distribution from this account until she reaches age 70½.

In Year 3, their youngest daughter, Holly, plans to get married. The proud parents of the bride plan to pay $10,000 for the wedding from their liquid, after-tax savings of $23,000. After the wedding, a much needed 21-day European vacation is planned and is expected to cost approximately $13,000.