

# Pathway to Prosperity

By Mark Lazar, CFP®

## Your Guide to Money and Economics

### Volume IV—The Future You

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# Chapter 1

## Retirement Plans

Illustration I: 10-year Treasury historical yield chart



[Federal Reserve Bank](#)

# Chapter 4

## Income in Retirement

Illustration I: Hypothetical [money tree](#)

Hypothetical Money Tree				
Source	Value	Rate	Monthly	Annually
Social Security	NA	NA	\$2,500	\$30,000
Traditional IRA	\$300,000	<a href="#">4.00%</a>	\$1,000	\$12,000
Roth IRA	\$300,000	<a href="#">4.00%</a>	\$1,000	\$12,000
Stock portfolio	\$300,000	<a href="#">2.00%</a>	\$500	\$6,000
Income property	\$200,000	<a href="#">6.00%</a>	\$1,000	\$12,000
<b>Total</b>	<b>\$1,100,000</b>	<b>3.82%</b>	<b>\$6,000</b>	<b>\$72,000</b>

Estimated total rate doesn't include Social Security income

**Illustration II: Historical investment returns by category**

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REITs 27.95%	U.S. Gov't Bonds 9.02%	REITs 19.70%	Small Cap Stocks 38.82%	REITs 28.03%	REITs 2.83%	Small Cap Stocks 21.31%	Emerging Markets Stocks 37.75%	Treasury Bills 1.86%	U.S. Stocks 31.49%
Small Cap Stocks 26.85%	REITs 8.28%	Emerging Markets Stocks 18.63%	U.S. Stocks 32.39%	U.S. Stocks 13.69%	U.S. Stocks 1.38%	High Yield 17.13%	Foreign Stocks 24.81%	U.S. Gov't Bonds 0.88%	REITs 28.66%
Emerging Markets Stocks 19.20%	U.S. Aggregate Bonds 7.84%	Foreign Stocks 17.02%	U.S. Convertibles 24.92%	U.S. Convertibles 9.44%	U.S. Gov't Bonds 0.86%	U.S. Stocks 11.96%	U.S. Stocks 21.83%	U.S. Convertibles 0.15%	Small Cap Stocks 25.52%
U.S. Convertibles 16.77%	Global Aggregate 5.64%	Small Cap Stocks 16.35%	Foreign Stocks 21.57%	U.S. Aggregate Bonds 5.97%	U.S. Aggregate Bonds 0.55%	Emerging Markets Stocks 11.60%	Small Cap Stocks 14.65%	U.S. Aggregate Bonds 0.01%	Foreign Stocks 23.16%
High Yield 15.12%	High Yield 4.98%	U.S. Stocks 16.00%	High Yield 7.44%	U.S. Gov't Bonds 4.92%	Treasury Bills 0.03%	U.S. Convertibles 10.43%	U.S. Convertibles 13.70%	Global Aggregate -1.20%	U.S. Convertibles 23.15%
U.S. Stocks 15.06%	U.S. Stocks 2.11%	High Yield 15.81%	REITs 2.86%	Small Cap Stocks 4.89%	Foreign Stocks -2.60%	REITs 8.63%	REITs 8.67%	High Yield -2.08%	Emerging Markets Stocks 18.90%
Foreign Stocks 9.43%	Treasury Bills 0.08%	U.S. Convertibles 14.96%	Treasury Bills 0.05%	High Yield 2.45%	U.S. Convertibles -2.99%	Foreign Stocks 3.29%	High Yield 7.50%	REITs -4.04%	High Yield 14.32%
U.S. Aggregate Bonds 6.54%	Small Cap Stocks -4.18%	Global Aggregate 4.32%	U.S. Aggregate Bonds -2.02%	Global Aggregate 0.59%	Global Aggregate -3.15%	U.S. Aggregate Bonds 2.65%	Global Aggregate 7.39%	U.S. Stocks -4.38%	U.S. Aggregate Bonds 8.72%
Global Aggregate 5.54%	U.S. Convertibles -5.18%	U.S. Aggregate Bonds 4.21%	Emerging Markets Stocks -2.27%	Treasury Bills 0.03%	Small Cap Stocks -4.41%	Global Aggregate 2.09%	U.S. Aggregate Bonds 3.54%	Small Cap Stocks -11.01%	Global Aggregate 6.84%
U.S. Gov't Bonds 5.52%	Foreign Stocks -11.78%	U.S. Gov't Bonds 2.02%	U.S. Gov't Bonds -2.60%	Emerging Markets Stocks -1.82%	High Yield -4.47%	U.S. Gov't Bonds 1.05%	U.S. Gov't Bonds 2.30%	Foreign Stocks -13.64%	U.S. Gov't Bonds 6.83%
Treasury Bills 0.13%	Emerging Markets Stocks -18.17%	Treasury Bills 0.07%	Global Aggregate -2.60%	Foreign Stocks -3.88%	Emerging Markets Stocks -14.60%	Treasury Bills 0.27%	Treasury Bills 0.84%	Emerging Markets Stocks -14.25%	Treasury Bills 2.25%

**Illustration III: Capital preservation model withdrawal illustration**

Capital Preservation Model Illustration					
Year	Starting Value	6.50% Return	Total	Distribution	Ending Value
0	\$1,000,000	\$65,000	\$1,065,000	(\$40,000)	\$1,025,000
1	\$1,025,000	\$66,625	\$1,091,625	(\$41,000)	\$1,050,625
2	\$1,050,625	\$68,291	\$1,118,916	(\$42,025)	\$1,076,891
3	\$1,076,891	\$69,998	\$1,146,889	(\$43,076)	\$1,103,813
4	\$1,103,813	\$71,748	\$1,175,561	(\$44,153)	\$1,131,408
5	\$1,131,408	\$73,542	\$1,204,950	(\$45,256)	\$1,159,693
6	\$1,159,693	\$75,380	\$1,235,073	(\$46,388)	\$1,188,686
7	\$1,188,686	\$77,265	\$1,265,950	(\$47,547)	\$1,218,403
8	\$1,218,403	\$79,196	\$1,297,599	(\$48,736)	\$1,248,863
9	\$1,248,863	\$81,176	\$1,330,039	(\$49,955)	\$1,280,085
29	\$2,046,407	\$133,016	\$2,179,424	(\$81,856)	\$2,097,568

For illustration purposes only. Actual results will vary.

#### Illustration IV: Capital amortization model withdrawal illustration

Capital Amortization Model Illustration					
Year	Starting Value	6.50% Return	Total	Distribution	Ending Value
0	\$1,000,000	\$65,000	\$1,065,000	(\$76,578)	\$988,422
1	\$988,422	\$64,247	\$1,052,670	(\$76,578)	\$976,092
2	\$976,092	\$63,446	\$1,039,538	(\$76,578)	\$962,960
3	\$962,960	\$62,592	\$1,025,553	(\$76,578)	\$948,975
4	\$948,975	\$61,683	\$1,010,658	(\$76,578)	\$934,080
5	\$934,080	\$60,715	\$994,796	(\$76,578)	\$918,218
6	\$918,218	\$59,684	\$977,902	(\$76,578)	\$901,324
7	\$901,324	\$58,586	\$959,910	(\$76,578)	\$883,332
8	\$883,332	\$57,417	\$940,749	(\$76,578)	\$864,171
9	\$864,171	\$56,171	\$920,342	(\$76,578)	\$843,765
29	\$71,877	\$4,672	\$76,549	(\$76,549)	\$0

For illustration purposes only. Actual results will vary.

## Chapter 6

### Volume IV [Knowledge Check](#)

#### About the author



Mark Lazar is a CERTIFIED FINANCIAL PLANNER™ and senior vice president of investments for a national wealth management firm. He has worked in the investment industry for twenty-five years and has been an adjunct professor of finance at the University of Utah's David Eccles School of Business since 2002. Mark earned a Bachelor of Science in finance at the University of Utah and an MBA at the University of Colorado, Colorado Springs.

Born to a blue-collar family, Mark watched his parents' ongoing struggle to make ends meet. After their divorce, Mark lived with his father in a run-down one-bedroom apartment for many years. Rather than discouraging him, hardship instead provided the motivation to do better.

Going to work at age twelve, Mark quickly learned the correlation between effort and reward, and became a millionaire by age forty. He now wants to share the common-sense principles, values, and strategies anyone can learn that will lead to financial success.

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