HOUSEHOLD FINANCIAL SUMMARY

Alex & Jordan

Prepared 24 August 2026
12 months to 31 July 2026
Prepared for Pat Chen, CPA.

Our household spending has risen, guaranteed income has gone from $79k to $98k, and the standing monthly draw has held at $9,000. Together that has widened the shortfall funded by our portfolio by **$16,373 a year**.

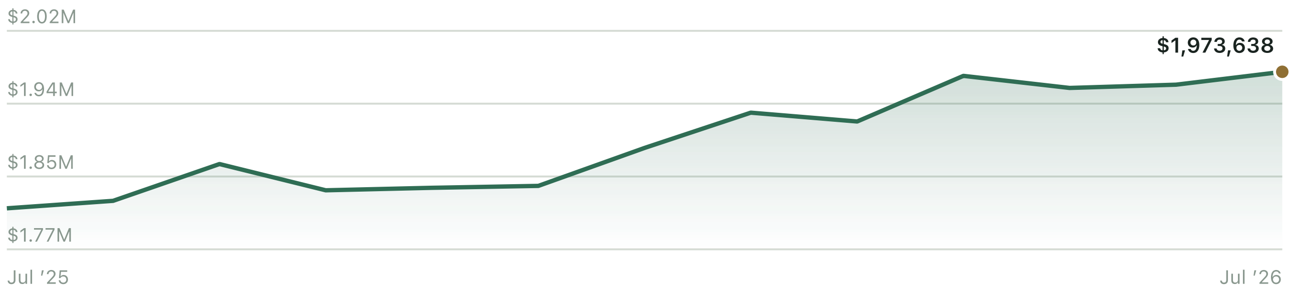
NET WORTH
$1.97M
+8.8% vs a year ago

GUARANTEED INCOME
$98k
covers 65% of spending

HOUSEHOLD GAP
$52k
funded by our portfolio draw

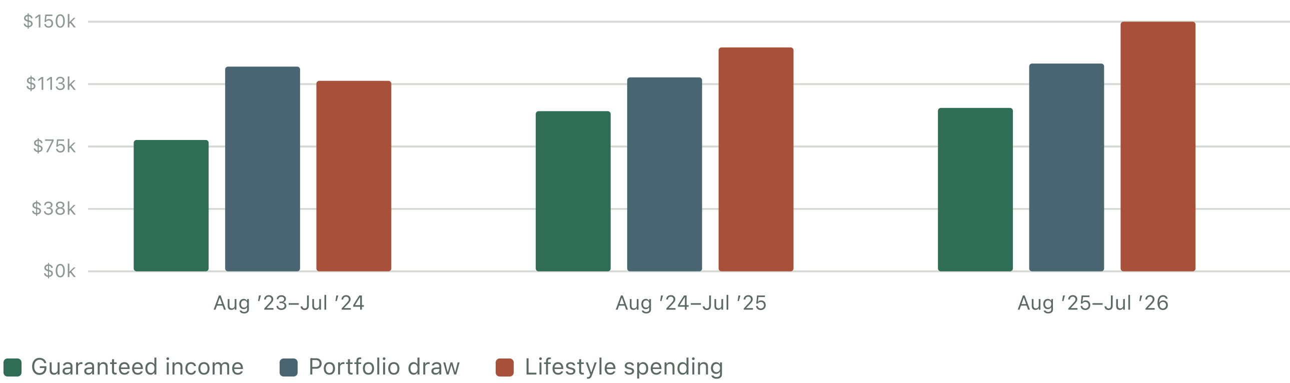
Net worth, trailing 12 months

Month-end, excludes home equity — our house isn't tracked as an asset, only its mortgage as a liability.



Three-year direction of travel

Aug–Jul rolling years, so all three are complete 12-month periods rather than a partial current year.



	AUG '23–JUL '24	AUG '24–JUL '25	AUG '25–JUL '26
Guaranteed income	$79k	$96k	**$98k**
Lifestyle spending	$115k	$135k	**$150k**
Portfolio draw	$123k	$117k	**$125k**
Household gap	$36k	$38k	**$52k**

The last 12 months in detail

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1 · Household — what our life costs — $150,274

Guaranteed income covers about 65% of spending; the rest comes from the $9,000/mo portfolio draw. Taxes are excluded here — see layer 2. Includes ~**$9,627/yr** of mortgage principal, which builds home equity rather than being consumed.

Our guaranteed income

Alex Pension	$32,459
Alex Social Security	$23,375
Jordan Pension	$22,839
Jordan Social Security	$19,202
Other Income	$473
Total	**$98,348**

What we spend

Housing	$55,431
Home Projects & Upkeep	$32,569
Food & Dining	$17,041
Travel	$15,601
Shopping	$12,359
Giving	$5,282
Healthcare	$4,897
Transportation	$3,717
Subscriptions & Media	$1,651

Guaranteed income above is gross — an estimated **~$18,356/yr** is owed in tax on Social Security and pension income specifically, leaving roughly **~$79,992/yr** net. Rate-based estimate, not a CPA figure — full methodology on the next page.

Gap funded by our portfolio — **–$51,926 · –$4,327/mo**

2 · Taxes — a cost of income and portfolio returns — $33,617

Not part of what we spend on ourselves — driven by interest, dividends and realized gains inside the portfolio. Shown by calendar year 2025 (Jan–Dec), not the rolling window used elsewhere, since tax is actually owed on that basis.

Tax paid in for 2025

Federal (IRS)	$25,321
California (FTB)	$8,296
Total	**$33,617**

Why it swings (3yr)

2023	$12,727
2024	$32,361
2025	**$33,617**
3-year average	**$26,235**

Grouped by payment date, except **6** payment(s) tagged `ty<year>` on the Tags column to reassign them to the liability year they were actually for.

3 · Portfolio — the engine — $125,075 drawn

The draw splits by purpose; investment returns over the period roughly replaced what was withdrawn.

Routine draw — $9,000/mo, annual total	$108,000
Episodic draw — usually tax	$17,075
Total drawn	**$125,075**

Net worth, start → end — **$1.81M → $1.97M**

Spending by tier

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Categorized by **cut priority**, not by nature — if income or our portfolio took a hit, this is what changes, and in what order. Guaranteed income covers the entire floor, with $22,894/yr to spare.

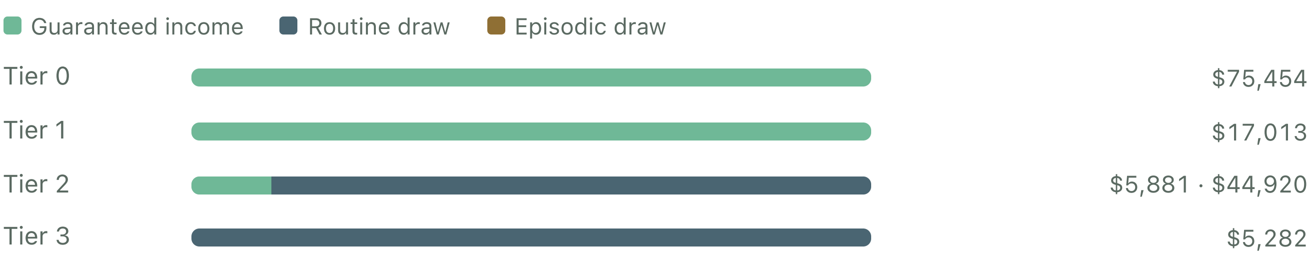
Spending by tier

Tier 0 is never cut and is what guaranteed income is measured against; Tier 3 would only continue if things are going well.

- Tier 0 — Floor (never cut) — **$75,454**
  Housing, utilities, core healthcare, groceries, basic transportation, unavoidable admin.
- Tier 1 — First to trim — **$17,013**
  Recurring lifestyle, reducible without real hardship.
- Tier 2 — Postponable — **$50,801**
  Can be delayed a year with no ongoing harm.
- Tier 3 — Purely elective — **$5,282**
  Would only continue if things are going well.

What's funding each tier

Guaranteed income fills tiers in cut order first; the routine draw (the standing monthly rate) covers the rest; the episodic draw is mostly tax-funding and contributes last, if at all.



> Our $98,348 of guaranteed income above is gross. An estimated **~$18,356/yr** is owed in tax on Social Security and pension income specifically — net, roughly **~$79,992/yr** is really available, which still covers the floor, with ~$4,538/yr left for Tier 1. Rate-based estimate (13.5% federal / 9.3% CA), not a CPA figure. This is our household's actual marginal tax bracket on the 2025 return, applied to Social Security and pension income specifically -- it moves with total income (especially realized capital gains) and should be re-derived from each new return, not trusted indefinitely.

Spending by category

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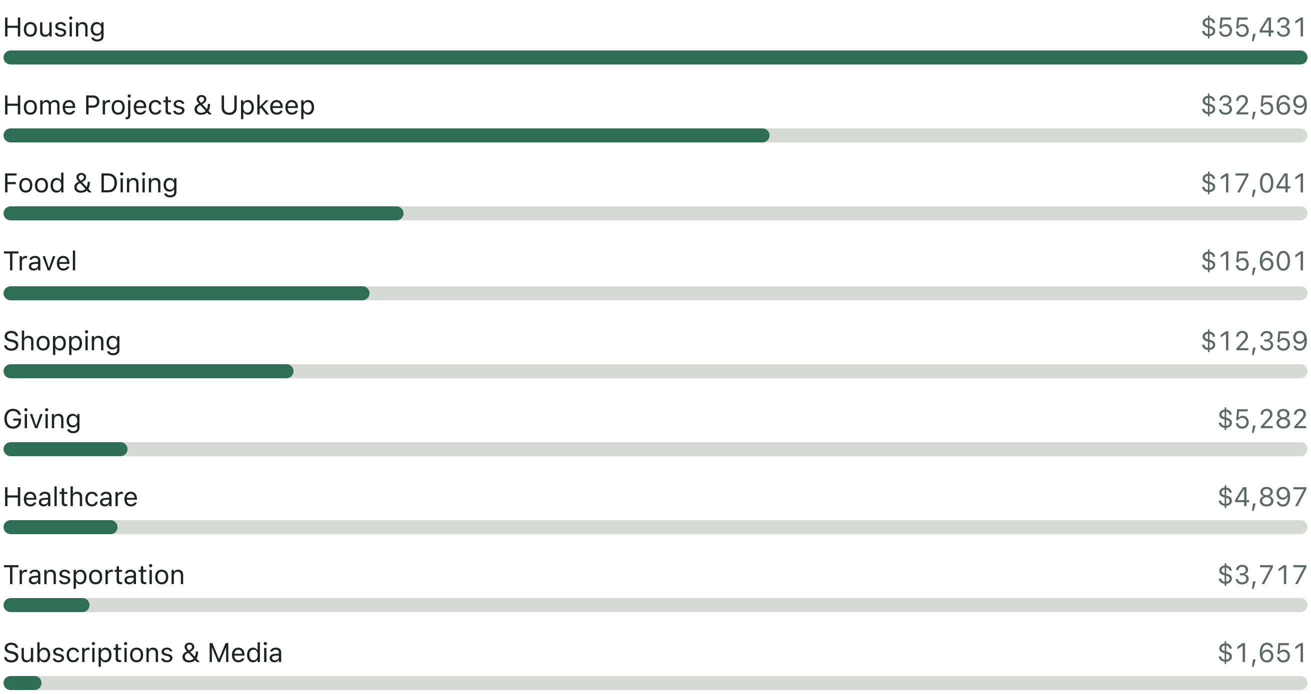
Housing is the largest tracked category this year at **$55,431** — 37% of categorized spend.

Top-level category spend, current year

Each category groups several transaction-level categories — see our household's interactive report for the full breakdown. Taxes, investment fees, transfers and income are not categories and are excluded here.



Notable this year

- **Home Projects & Upkeep** rose $29,111 over three years ($3k → $33k) — the biggest three-year increase of any category.
- **Giving** fell $4,646 over three years ($10k → $5k) — the biggest three-year decrease of any category.

Downsize model — the sale

Prepared 24 August 2026
Hypothetical, not current state
Prepared for Pat Chen, CPA.

Selling today would net an estimated **$745,911** after our mortgage, selling costs, and capital gains tax. Owning currently costs $55,431/yr in cash — but a tax benefit worth an estimated **$7,890/yr** (mortgage interest and property tax deductions, lost if sold — full breakdown on the next page) brings the effective cost down to **$47,541/yr** ($3,962/mo) — the figure compared against sustainable rent two pages from here.

Net proceeds waterfall

Current market value	$1,250,000
– Transfer tax + agent/closing costs	–$76,375
– Mortgage payoff	–$400,000
– Capital gains tax (fed + NIIT + CA)	–$27,714
= Net proceeds to invest	**$745,911**

Key assumptions

Current market value	$1,250,000
Combined cap-gains rate on taxable gain	28.1%
Expected real return / volatility	5% / 12%
General / rent inflation	3.0% / 3.0%
Cost of owning — raw / net of tax benefit	$55,431 / $47,541

Cap-gains rate is an illustrative example, not tax advice: taxable income here keeps all gains in the 15% federal bracket, not the 20% top rate. Worth checking against your own actual return each year, since a large enough gain can push into the 20% band. Selling now realizes and taxes the gain today; holding your house until death gives heirs a full step-up in basis instead, a separate trade-off worth raising with a CFP.

Downsize model — the tax benefit of owning

Prepared 24 August 2026
Hypothetical, not current state
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Mortgage interest and property tax are deductible; renting has no comparable deduction. Computed live from our actual mortgage interest and property tax over the current 12-month window, using the illustrative example rates and other-deductions baseline on the "Downsize Model" sheet tab — combined, worth an estimated **$7,890/yr**.

Federal

Mortgage interest (current 12mo)	$28,076
Property tax (current 12mo)	$12,454
+ Other itemized (charity + other SALT)	$8,200
= Itemized, with our home	**$48,730**
vs. standard deduction / itemized without home	$30,000
Incremental deduction from owning	**$18,730**
× 22% marginal rate	$4,121/yr

California

Mortgage interest + property tax	$40,530
× 9.3% marginal rate	$3,769/yr
Combined tax benefit of owning	**$7,890/yr**

Federal: the naive "mortgage interest + property tax, times marginal rate" number OVERSTATES the benefit, because it ignores the standard deduction. If our remaining itemized deductions without the home (charity + other SALT) fall under the standard deduction, we'd take the standard deduction instead of itemizing at all -- so the true marginal benefit is only the portion of itemizing WITH our home that exceeds the greater of the standard deduction or itemizing without our home, not the full deduction amount (see the row above). NOT A CPA FIGURE -- for CPA review, not a substitute for one.

California: standard-deduction crowd-out was deliberately NOT modeled here. CA's standard deduction is typically low enough relative to itemized deductions that itemizing on the CA return stays close to certain regardless of our home, so the naive calculation (deduction x CA marginal rate) matches the precise one closely enough not to be worth the extra complexity. CA also does not apply the federal SALT cap at all -- property tax is separately, fully deductible on the CA return.

Downsize model — the rent

Prepared 24 August 2026
Hypothetical, not current state
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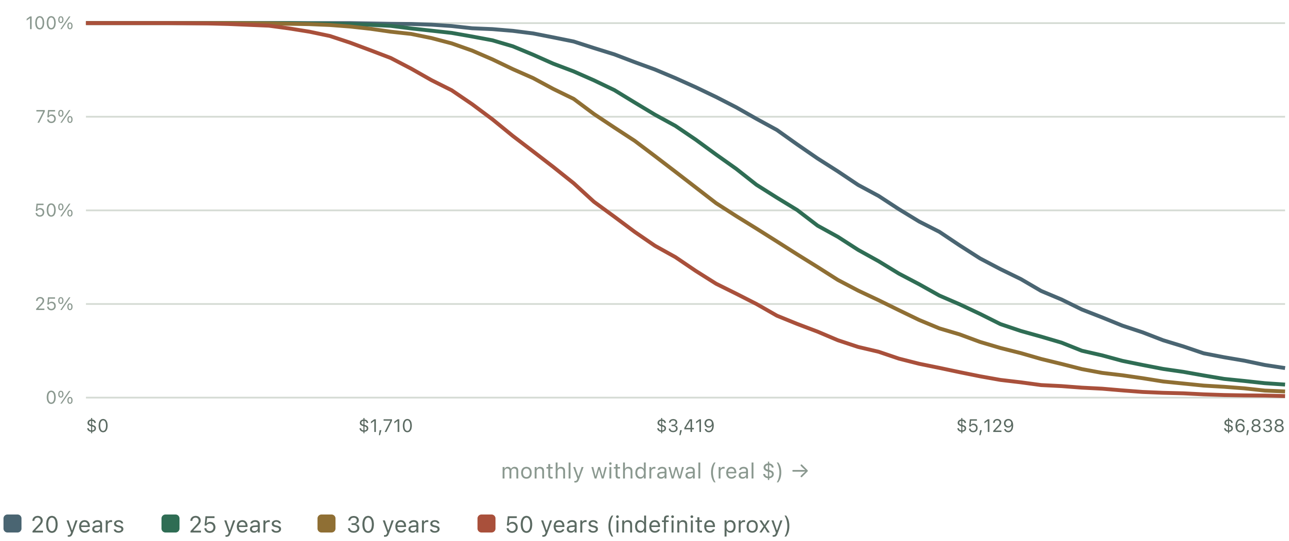
Invested, that could sustainably support about **$2,550/mo** in rent at 90% confidence over 25 years — less than the $3,962/mo it effectively costs to own our house today, net of our mortgage-interest/property-tax tax benefit from the previous page. That is roughly a **$1,412/mo shortfall**: renting somewhere that costs as much as owning does today would NOT be sustainable at 90% confidence — a comparable rental would need to cost less than owning does now.

How much rent could the proceeds sustain?

Monte Carlo, 3,000 trials, real (inflation-adjusted) terms. Rent's real growth rate is derived from general vs. rent inflation (+0.0%/yr here); table shows the starting monthly amount, which stays flat only if that rate is 0%. Each cell is the largest such withdrawal that never runs out in at least that fraction of simulated paths.

HORIZON	75% CONFIDENCE /MO	90% CONFIDENCE /MO	95% CONFIDENCE /MO
20	$3,708	$3,013	$2,781
25	$3,245	$2,550	$2,318
30	$2,897	$2,318	$1,970
50 (indefinite proxy)	$2,202	$1,738	$1,391



Real terms throughout (already inflation-adjusted): the return/volatility assumption and the withdrawal itself are both real, not nominal. Ruin is permanent -- once a simulated path hits zero it stays there, it cannot mathematically recover on a later good year. Proceeds-only model -- treats the net sale proceeds as their own isolated invested pot, not our whole portfolio (see the Retirement Sustainability page for that separate question). Interactive version, with the full curve across all four horizons, is on our household's downsize.html report.

Retirement sustainability

Prepared 24 August 2026
Whole portfolio, not a hypothetical
Prepared for Pat Chen, CPA.

Whole-portfolio snapshot

Current net worth	$1.97M
Guaranteed income (net of tax caveat)	$79,992/yr
Current total spending (lifestyle only)	$150,274/yr

Key assumptions

Expected real return / volatility	5% / 12%
General inflation	3.0%/yr
Lifestyle / income real growth	+0.0% / +0.0%
Proceeds from a home sale included?	No

How much could we sustainably spend?

Monte Carlo, 3,000 trials, real (inflation-adjusted) terms. Each cell is our largest monthly lifestyle spending (guaranteed income + portfolio draw combined) that never runs out in at least that fraction of simulated paths. Spending shown is lifestyle only — calendar-year 2025 taxes ($33,617, see page 2) are deliberately excluded. Assumes the same 5%/12% return/volatility as the downsize model, and guaranteed income fully COLA'd (flat in real terms). Deliberately excludes any proceeds from selling our home.

HORIZON	75% CONFIDENCE /MO	90% CONFIDENCE /MO	95% CONFIDENCE /MO	TODAY SUCCEEDS
20	$16,726	$14,635	$13,938	99%
25	$14,983	$13,590	$12,544	96%
30	$14,287	$12,544	$11,847	92%
50 (indefinite proxy)	$12,544	$11,150	$10,454	78%