WE ASPIRE TO INSPIRE.

GUIDANCE YOU DESERVE.

MILITARY RETIREMENT SURVIVOR BENEFIT PLAN (SBP)

MICHAEL JAY BORZA
Senior Vice President, Wealth Management

AUSTIN LEE STORCK
Financial Advisor

Jenn K. Cox
Client Service Associate

You've spent years serving your country, and now it's time to think about the future.

On one hand, there's the ***Survivor Benefit Plan (SBP),*** a safety net ensuring your spouse receives a steady income if something happens to you. It's a comforting thought, knowing they'll have financial support no matter what.

On the other hand, there's the path of ***self-directed investing through disciplined saving.*** This route offers the potential for greater financial growth and flexibility, allowing you to leave a legacy for your family

Both options have their merits.
The following information will help you navigate these choices.

Borza
WEALTH MANAGEMENT GROUP
of
RAYMOND JAMES

Overview of the Survivor Benefit Plan (SBP)

Purpose	The **Survivor Benefit Plan (SBP)** offers continuous lifetime annuity to surviving spouse or dependent children in the unfortunate event of a military retiree's passing.
Cost / Premium	• **6.5%** of your chosen base amount, or if less, • **2.5%** of the first **$725** of the base amount plus **10%** of the remaining base amount.
Benefit	• The SBP annuity is determined by the base amount you elect (minimum $300 to maximum full retired pay). **The annuity is 55% of the base amount** • Inflation-adjusted Monthly Income • Protects against early death, outliving benefits, and inflation • It is worth noting that benefits are reduced if the surviving spouse remarries before age 55, and benefits for children cease when they are no longer eligible.

https://militarypay.defense.gov/Benefits/Survivor-Benefit-Program/Overview/

Overview of the Cost / Premium

Costs associated with several "base amount" options and the benefits your spouse will receive based on these options. *Monthly Numbers*

Base Amount	SBP Costs	SBP Benefits 55% of Base Amount
$300.00	$7.50	$165.00
$725.00	$18.13	$398.75
$1,000.00	$45.63	$550.00
$1,553.00	$100.93	$854.15
$2,000.00	$130.00	$1,100.00
$2,500.00	$162.50	$1,375.00

Example.

Your Age	Spouse's Age	Retired Pay	Cost of SBP	Benefit
40	38	$2,000	$130.00	$1,100
45	43	$2,433	$158.15	$1,338
50	48	$2,960	$192.40	$1,628
55	53	$3,601	$234.07	$1,981
60	58	$4,381	$284.77	$2,410
65	63	$5,330	$346.45	$2,932
70*	68	$6,484	$421.46 *$0	$3,566
80*	78	$9,597	$623.81 *$0	$5,278
90*	88	$14,205	$923.33 *$0	$7,813

At age 70 or older, a member who has paid premiums for 30 years (360 months) is considered "paid-up" and no further premiums are deducted from retired pay. However, SBP coverage continues. The table shows the premiums for both situations (i.e. not paid-up and $0 for paid-up)

In the example, the annuity at age 90 would be nearly four times the covered retired pay at age 40 and over seven times what the benefit would be at the time of the election.

https://militarypay.defense.gov/Benefits/Survivor-Benefit-Program/Costs-and-Benefits/Spouse-Coverage/

Example Cost & Benefit By Rank

E-9

Annual Pension
$50,000
Annual Premium to SBP
$3,250
Benefit
$27,500

O-5

Annual Pension
$60,000
Annual Premium to SBP
$3,900
Benefit
$33,000

O-6

Annual Pension
$70,000
Annual Premium to SBP
$4,550
Benefit
$38,500

The hard-earned pension and Survivor Benefit Plan (SBP) benefits reflect your dedication and selfless service.

Your unwavering commitment and sacrifices have not only enhanced your financial future but also could continue to support your loved ones.

These are estimated Pension amounts and are purely for example to illustrate cost.

Borza
WEALTH MANAGEMENT GROUP
of
RAYMOND JAMES

WHAT IS THE AVERAGE TIME FRAME?

The average timeframe that a spouse uses SBP after the passing of a veteran varies based on a number of factors, including the age difference between the veteran and the spouse, the spouse's life expectancy, and when the veteran passes away.

Spousal Life Expectancy

Women generally live longer than men, with an average life expectancy of about 81 years in the U.S. This suggests that spouses may receive SBP benefits for a substantial period after the passing of the veteran, especially if they are younger.

Many SBP recipients are spouses who **outlive the veteran by 10 to 20 years or more**, depending on their health and age difference.

Typical Timeframe

If a veteran passes away in their 70s or 80s, it's not uncommon for the **spouse to live another 10-15 years after the veteran's death**, which would be the period during which SBP benefits are paid.

For example, if a veteran passes at 75, and their spouse is five years younger, the spouse might live another 15 to 20 years, receiving SBP payments for that period.

Long-Term Benefit

SBP is designed to be a long-term financial safety net. Many spouses who receive SBP will do so for more than a decade, and in some cases, two decades or longer, depending on life expectancy.

Why Choose SBP?

Guaranteed Payout

SBP provides a reliable, lifelong stream of income to surviving spouses, giving peace of mind to those who prefer stability and assurance.

Inflation Adjusted

Survivor benefits are automatically adjusted for inflation, which ensures that the purchasing power of the spouse's income remains protected over time—a significant advantage given the long-term horizon many retirees face.

Spousal Protection

With SBP, retirees can rest assured that their spouse will receive a protected income, reducing concerns about future market volatility or investment risks.

This level of certainty is invaluable for many, particularly those nearing or already in retirement.

FOR SENIOR RANKS

An O-5 or O-6 retiree contributing $3,900 to $4,550 annually

GUARANTEES

a survivor benefit of $33,000 to $38,500 per year for their spouse.

This assurance can be particularly comforting for those who want the security of a guaranteed income

Borza
WEALTH MANAGEMENT GROUP
of
RAYMOND JAMES

Why You Might NOT Choose SBP?

High Long-Term Costs

SBP premiums can add up ***to hundreds of thousands of dollars over a 20-30-year period.*** Retirees who outlive their spouses may find that these costs do not deliver the desired return on investment, particularly if their spouse passes first or does not live long enough to benefit fully from SBP.

No Refunds

If the retiree outlives their spouse or their spouse predeceases them, the premiums paid into SBP **are lost**.

This creates a significant opportunity cost for those who could have invested those funds elsewhere.

Limited Flexibility

SBP is only designed to benefit a surviving spouse or dependent children. It does not offer the flexibility of an investment portfolio, which can be passed down to heirs, repurposed for healthcare or long-term care expenses, or managed for estate planning purposes.

Opportunity Cost

Over the span of 30 years, an O-6 retiree might contribute more than *$130,000* in SBP premiums without realizing any return unless the spouse outlives the retiree.

By contrast, investing that same amount in a portfolio could yield substantially higher returns and greater flexibility for heirs

Borza
WEALTH MANAGEMENT GROUP
of
RAYMOND JAMES

Self-Directed Investment Strategy

Disciplined investment provides a viable alternative to SBP, particularly for retirees who seek greater control over their financial future.

Investment Growth

By investing the $3,000 to $4,500 annually that would have gone toward SBP premiums, retirees can build a diversified portfolio over time. Funds, stocks, bonds, and other investment vehicles can potentially yield returns that exceed the fixed payouts from SBP, providing a larger retirement nest egg.

Flexibility

Unlike SBP, self-directed investing offers retirees control over their funds. This flexibility allows them to address a wide range of financial needs, from covering healthcare costs to ensuring that their wealth is transferred to children or charitable causes

Estate Planning

With a self-directed investment approach, retirees can ensure that their portfolio is part of a broader legacy strategy. Assets can be passed down to future generations, which is not possible with SBP's restrictive survivor benefits.

Example of Investment Growth

Rate of Return	6%
Current Age	42
Time Period	30years
Annual Savings	$ 4,000.00

Not invested year 1. Building up savings.

Brokerage Account Age	Starting Value	Savings Amount	Ending Value
42	$ -	$ 4,000.00	$ 4,000.00
43	$ 4,000.00	$ 4,000.00	$ 8,240.00
44	$ 8,240.00	$ 4,000.00	$ 12,734.40
45	$ 12,734.40	$ 4,000.00	$ 17,498.46
46	$ 17,498.46	$ 4,000.00	$ 22,548.37
47	$ 22,548.37	$ 4,000.00	$ 27,901.27
48	$ 27,901.27	$ 4,000.00	$ 33,575.35
49	$ 33,575.35	$ 4,000.00	$ 39,589.87
50	$ 39,589.87	$ 4,000.00	$ 45,965.26
51	$ 45,965.26	$ 4,000.00	$ 52,723.18
52	$ 52,723.18	$ 4,000.00	$ 59,886.57
53	$ 59,886.57	$ 4,000.00	$ 67,479.76
54	$ 67,479.76	$ 4,000.00	$ 75,528.55
55	$ 75,528.55	$ 4,000.00	$ 84,060.26
56	$ 84,060.26	$ 4,000.00	$ 93,103.88
57	$ 93,103.88	$ 4,000.00	$ 102,690.11
58	$ 102,690.11	$ 4,000.00	$ 112,851.52
59	$ 112,851.52	$ 4,000.00	$ 123,622.61
60	$ 123,622.61	$ 4,000.00	$ 135,039.97
61	$ 135,039.97	$ 4,000.00	$ 147,142.36
62	$ 147,142.36	$ 4,000.00	$ 159,970.91
63	$ 159,970.91	$ 4,000.00	$ 173,569.16
64	$ 173,569.16	$ 4,000.00	$ 187,983.31
65	$ 187,983.31	$ 4,000.00	$ 203,262.31
66	$ 203,262.31	$ 4,000.00	$ 219,458.05
67	$ 219,458.05	$ 4,000.00	$ 236,625.53
68	$ 236,625.53	$ 4,000.00	$ 254,823.06
69	$ 254,823.06	$ 4,000.00	$ 274,112.45
70	$ 274,112.45	$ 4,000.00	$ 294,559.19
71	$ 294,559.19	$ 4,000.00	$ 316,232.74

Investing $4,000 per year, which is comparable to the typical SBP cost for an O-5 retiree into a diversified investment portfolio.

Assuming a more conservative annual return of 6%, which is typical for long-term stock market investments.

Over 30 years, such an investment could grow to approximately $316,000

Creating a robust financial cushion that can be accessed at any time for personal income or passed on to heirs.

This case study/example is for illustrative purposes only. Individual cases will vary. Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. Prior to making any investment decision, you should consult with your financial advisor about your individual situation. Investing involves risk and you may incur a profit or loss regardless of the strategy selected including asset allocation and diversification

Borza
WEALTH MANAGEMENT GROUP
of
RAYMOND JAMES

Example of Investment Growth cont.

Rate of Return	7%
Current Age	42
Time Period	30years
Annual Savings	$ 4,000.00

Brokerage Account			
Age	Starting Value	Savings Amount	Ending Value
42	$ -	$ 4,000.00	$ 4,000.00
43	$ 4,000.00	$ 4,000.00	$ 8,280.00
44	$ 8,280.00	$ 4,000.00	$ 12,859.60
45	$ 12,859.60	$ 4,000.00	$ 17,759.77
46	$ 17,759.77	$ 4,000.00	$ 23,002.96
47	$ 23,002.96	$ 4,000.00	$ 28,613.16
48	$ 28,613.16	$ 4,000.00	$ 34,616.08
49	$ 34,616.08	$ 4,000.00	$ 41,039.21
50	$ 41,039.21	$ 4,000.00	$ 47,911.95
51	$ 47,911.95	$ 4,000.00	$ 55,265.79
52	$ 55,265.79	$ 4,000.00	$ 63,134.40
53	$ 63,134.40	$ 4,000.00	$ 71,553.81
54	$ 71,553.81	$ 4,000.00	$ 80,562.57
55	$ 80,562.57	$ 4,000.00	$ 90,201.95
56	$ 90,201.95	$ 4,000.00	$ 100,516.09
57	$ 100,516.09	$ 4,000.00	$ 111,552.21
58	$ 111,552.21	$ 4,000.00	$ 123,360.87
59	$ 123,360.87	$ 4,000.00	$ 135,996.13
60	$ 135,996.13	$ 4,000.00	$ 149,515.86
61	$ 149,515.86	$ 4,000.00	$ 163,981.97
62	$ 163,981.97	$ 4,000.00	$ 179,460.71
63	$ 179,460.71	$ 4,000.00	$ 196,022.96
64	$ 196,022.96	$ 4,000.00	$ 213,744.56
65	$ 213,744.56	$ 4,000.00	$ 232,706.68
66	$ 232,706.68	$ 4,000.00	$ 252,996.15
67	$ 252,996.15	$ 4,000.00	$ 274,705.88
68	$ 274,705.88	$ 4,000.00	$ 297,935.29
69	$ 297,935.29	$ 4,000.00	$ 322,790.76
70	$ 322,790.76	$ 4,000.00	$ 349,386.12
71	$ 349,386.12	$ 4,000.00	$ 377,843.15

Not invested year 1. Building up savings.

Once again investing $4,000 per year into a diversified investment portfolio.

This time assuming an annual return of 7% which is still within range of typical long-term stock market investments.

Over 30 years, such an investment could grow to approximately $377,800

This case study/example is for illustrative purposes only. Individual cases will vary. Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. Prior to making any investment decision, you should consult with your financial advisor about your individual situation. Investing involves risk and you may incur a profit or loss regardless of the strategy selected including asset allocation and diversification

Borza WEALTH MANAGEMENT GROUP of RAYMOND JAMES

Cons of Self-Directed Investment

Discipline and Consistency

Not all retirees have the discipline to save and invest consistently.

Without automatic deductions like SBP, some individuals may struggle to stay on track with long-term investment goals.

Market Risk

Investments are subject to market fluctuations, and there is no guarantee that returns will be positive in any given year.

While historical data suggests that long-term investments generally perform well, this approach is not without risk.

The Appeal of a "Sure Thing"

For many retirees, the peace of mind that comes with a guaranteed, inflation-adjusted income from SBP is hard to match. The certainty of SBP is a major reason why many choose it over self-insurance.

We deeply appreciate the dedication and hard work of our veterans. While disciplined investment offers flexibility and potential growth, it requires consistent effort and may not be feasible for all…

"As we express our gratitude, we must never forget that the highest appreciation is not to utter words, but to live by them."
-President John F. Kennedy

Investing involves risk and you may incur a profit or loss regardless of the strategy selected including asset allocation and diversification.

Borza
WEALTH MANAGEMENT GROUP
of
RAYMOND JAMES

Additional Thoughts

The higher your pension, the more advantageous a self-directed investment approach may be, particularly if you have a higher risk tolerance.

The potential returns from investments could exceed the benefits of SBP, especially when factoring in estate planning flexibility.

The Lower your pension, the SBP's guaranteed income could be more appealing to those who prioritize financial security and are less comfortable with market risks.

However, even for those in lower income brackets, self-insurance could yield substantial growth over time with disciplined investing

"Success is not final, failure is not fatal: it is the courage to continue that counts."
- Winston Churchill

Borza WEALTH MANAGEMENT GROUP of RAYMOND JAMES

Case Study Comparison

E-9

Master Chief Davis

SBP: Master Chief Davis, who has served with dedication for 30 years, opts for SBP, paying $3,200 annually. Over 30 years, this amounts to $96,000. His spouse receives an annual benefit of $27,500, providing a steady income.

Investment: Alternatively, Master Chief Davis invests $3,200 annually at a 7% return. After 30 years, his investment grows to around $300,000. This fund can be used for various needs during retirement or left as an inheritance, offering flexibility and control over his financial future

SBP Scenario

If Master Chief Davis's spouse has limited financial knowledge or prefers a guaranteed income, the SBP's **$27,500 annual benefit** ensures a steady, reliable source of income, making SBP the better option.

Breakeven

3.5 years of spouse receiving benefits to earn back premium payments

11 years of Benefits to Equal the Investment growth of $300,000 (assuming no more investing growth or savings)

Investment Scenario

If Master Chief Davis and his spouse are comfortable with investment risks and prefer having a lump sum that can be used for various needs or left as an inheritance, the $300,000 investment provides more flexibility and control, making the investment option more suitable.

Income Generation Using 4% Rule

$12,000 annually and increase by **2.2%** each year thereafter without spending down the $300,000 principal over **30 yrs**. Potential for principal growth as well.

Case Study Comparison

O-5

Commander Brown

SBP: Commander Brown, who has dedicated 20 years to his military career, decides to opt for the Survivor Benefit Plan (SBP). He pays approximately $4,000 annually over 30 years, totaling $120,000. Upon his passing, his spouse receives an annual benefit of $33,000, ensuring financial stability.

Investment: Alternatively, Commander Brown invests $4,000 annually into a diversified portfolio with a 7% return. After 30 years, his investment grows to approx. $380,000. This amount can be used during retirement or left as an inheritance for his children, providing flexibility and control over his financial legacy.

SBP Scenario

If Commander Brown passes away shortly after retirement, his spouse would receive **$33,000 annually** for potentially many years, far exceeding the $120,000 paid in premiums. This guaranteed, lifelong income provides significant financial security, making SBP the better option in this case.

Breakeven

3.6 years of spouse receiving benefits to earn back premium payments

11.5 years of Benefits to Equal the Investment growth of $380,000 (assuming no more investing growth or savings)

Investment Scenario

If Commander Brown and his spouse live long lives and prefer having a large, flexible sum of money that can be used for various needs or left as an inheritance, the investment option would be better. The **$380,000** can be accessed at any time, offering more control over their financial future.

Income Generation Using 4% Rule

$15,200 annually and increase by **2.2%** each year thereafter without spending down the $380,000 principal over **30 yrs**. Potential for principal growth as well.

Case Study Comparison

O-6

Colonel Smith

SBP: Colonel Smith, after a distinguished 25-year service, chooses SBP, paying $4,550 annually. Over 30 years, this totals $136,500. His spouse receives an annual benefit of $38,500, offering a reliable source of income.

Investment: If Colonel Smith invests the same $4,550 annually at a 7% return, his portfolio grows to approximately $460,000 after 30 years. This substantial amount can be accessed during retirement or passed on to his heirs, ensuring his family's financial security

SBP Scenario

If Colonel Smith's spouse relies heavily on a stable, predictable income and there are concerns about market volatility, the SBP's guaranteed **$38,500 annual benefit** provides peace of mind and financial stability, making SBP the better option.

Breakeven

3.5 years of spouse receiving benefits to earn back premium payments

12 years of Benefits to Equal the Investment growth of $460,000 (assuming no more investing growth or savings)

Investment Scenario

If Colonel Smith and his spouse are financially savvy and comfortable managing investments, the **$460,000** portfolio offers greater flexibility. They can use the funds for various purposes, such as healthcare, travel, or leaving a legacy for their children, making the investment option more appealing

Income Generation Using 4% Rule

$18,400 annually and increase by **2.2%** each year thereafter without spending down the $460,000 principal over **30 yrs**. Potential for principal growth as well.

INSURANCE OPTIONS

TERM INSURANCE

Pros of Term Insurance

Flexibility

Beneficiaries receive a lump sum payment upon passing, which can be used for any purpose, including paying off debts, covering living expenses, or investing.

Lower Initial Cost

Premiums for term insurance can be lower than SBP premiums, especially for younger, healthier retirees.

Untimely Passing

Potential for bigger lump sum to beneficiaries if one were to pass at a younger age.

Estate Planning

The lump sum can be part of a broader estate planning strategy, allowing for wealth transfer to heirs or charitable causes.

Cons of Term Insurance

No Investment Growth

Unlike self-directed investments, term insurance does not grow in value; it only provides a death benefit.

Policy Expiry

Term insurance policies have a set duration. If the policyholder outlives the term, there is no payout, and new coverage may be more expensive.

Health and Age Factors:

Premiums can increase significantly with age or health issues, making it less affordable for older retirees.

Discipline Required

Beneficiaries need to manage the lump sum responsibly to ensure long-term financial security.

30-Year Level Term Policy vs O-5 SBP

This scenario illustrates a hypothetical Term policy and if you had an untimely passing immediately after obtaining benefits.

It is difficult to quantify the benefit of SBP as nobody can predict how long a spouse will have to utilize the benefit.

Over 30 years the premiums would be Cheaper for the Level Term Policy

If you passed your beneficiary would receive $1mm immediately.

SBP Premiums over 30 years would be more expensive

If you passed immediately, it would take close to 30 years to receive the same Benefit as the Term Policy

30-Year Level Term Policy

Annual Premium
$2,000

Total Premiums Paid (over 30 years)
$60,000

Face Value (Benefit)
$1,000,000

O-5 SBP

Annual Premium
$4,000

Total Premiums Paid (over 30 years)
$120,000

Annual Benefit
$33,000

Total Benefits Received (over 30 years)
$990,000

**If you live beyond 30 years with the Term policy you lose the Premium and Face Value benefit*
*It would take approx. 3-4 years for you to break even with premium payments with SBP**

A Mixed Approach

Term Insurance

- **Low-Cost Policy**: Allocates funds to secure a substantial lump sum benefit.
- **Immediate Support**: Provides financial support to beneficiaries upon death

Self-Directed Investing

- **Diversified Portfolio**: Invests remaining funds for potential growth.
- **Compound Interest**: Leverages compound interest to build a financial cushion

Flexibility and Control

- **Access Funds**: Allows access to the investment portfolio as needed.
- **Adaptability**: Enables retirees to adapt to changing financial needs and goals.

Combines self-directed investing with term insurance to cover an untimely death and have investments to access while alive and or pass to heirs as a legacy .

Borza
WEALTH MANAGEMENT GROUP
of
RAYMOND JAMES

Example of Term Insurance & Investment Growth

Rate of Return	6%
Curent Age	42
Time Period	30years
Annual Savings	$ 2,000.00

Brokerage Account			
Age	Starting Value	Savings Amount	Ending Value
42	$ -	$ -	$ 2,000.00
43	$ 2,000.00	$ 2,000.00	$ 4,120.00
44	$ 4,120.00	$ 2,000.00	$ 6,367.20
45	$ 6,367.20	$ 2,000.00	$ 8,749.23
46	$ 8,749.23	$ 2,000.00	$ 11,274.19
47	$ 11,274.19	$ 2,000.00	$ 13,950.64
48	$ 13,950.64	$ 2,000.00	$ 16,787.68
49	$ 16,787.68	$ 2,000.00	$ 19,794.94
50	$ 19,794.94	$ 2,000.00	$ 22,982.63
51	$ 22,982.63	$ 2,000.00	$ 26,361.59
52	$ 26,361.59	$ 2,000.00	$ 29,943.29
53	$ 29,943.29	$ 2,000.00	$ 33,739.88
54	$ 33,739.88	$ 2,000.00	$ 37,764.28
55	$ 37,764.28	$ 2,000.00	$ 42,030.13
56	$ 42,030.13	$ 2,000.00	$ 46,551.94
57	$ 46,551.94	$ 2,000.00	$ 51,345.06
58	$ 51,345.06	$ 2,000.00	$ 56,425.76
59	$ 56,425.76	$ 2,000.00	$ 61,811.31
60	$ 61,811.31	$ 2,000.00	$ 67,519.98
61	$ 67,519.98	$ 2,000.00	$ 73,571.18
62	$ 73,571.18	$ 2,000.00	$ 79,985.45
63	$ 79,985.45	$ 2,000.00	$ 86,784.58
64	$ 86,784.58	$ 2,000.00	$ 93,991.66
65	$ 93,991.66	$ 2,000.00	$101,631.15
66	$101,631.15	$ 2,000.00	$109,729.02
67	$109,729.02	$ 2,000.00	$118,312.77
68	$118,312.77	$ 2,000.00	$127,411.53
69	$127,411.53	$ 2,000.00	$137,056.22
70	$137,056.22	$ 2,000.00	$147,279.60
71	$147,279.60	$ 2,000.00	$158,116.37

Not invested year 1. Building up savings.

+

30-Year Level Term Policy

Annual Premium

$2,000

Total Premiums Paid (over 30 years)

$60,000

Face Value (Benefit)

$1,000,000

This is a hypothetical policy for illustrative purposes.

Investing $2,000 per year, which is comparable to the half the typical SBP cost for an O-5 retiree into a diversified investment portfolio.

Assuming a more conservative annual return of 6%, which is typical for long-term stock market investments.

Over 30 years, such an investment could grow to approximately $158,000

If you passed your beneficiary would receive **$1mm** from the Term Policy

This strategy not only allows for the potential growth of principal investment but also provides protection for your loved ones for a fixed period of time.

Borza
WEALTH MANAGEMENT GROUP
of
RAYMOND JAMES

Example of Term Insurance & Investment Growth

Rate of Return	6%
Curent Age	42
Time Period	30years
Annual Savings	$ 1,000.00

Brokerage Account			
Age	Starting Value	Savings Amount	Ending Value
42	$ -	$ -	$ 1,000.00
43	$ 1,000.00	$ 1,000.00	$ 2,060.00
44	$ 2,060.00	$ 1,000.00	$ 3,183.60
45	$ 3,183.60	$ 1,000.00	$ 4,374.62
46	$ 4,374.62	$ 1,000.00	$ 5,637.09
47	$ 5,637.09	$ 1,000.00	$ 6,975.32
48	$ 6,975.32	$ 1,000.00	$ 8,393.84
49	$ 8,393.84	$ 1,000.00	$ 9,897.47
50	$ 9,897.47	$ 1,000.00	$ 11,491.32
51	$ 11,491.32	$ 1,000.00	$ 13,180.79
52	$ 13,180.79	$ 1,000.00	$ 14,971.64
53	$ 14,971.64	$ 1,000.00	$ 16,869.94
54	$ 16,869.94	$ 1,000.00	$ 18,882.14
55	$ 18,882.14	$ 1,000.00	$ 21,015.07
56	$ 21,015.07	$ 1,000.00	$ 23,275.97
57	$ 23,275.97	$ 1,000.00	$ 25,672.53
58	$ 25,672.53	$ 1,000.00	$ 28,212.88
59	$ 28,212.88	$ 1,000.00	$ 30,905.65
60	$ 30,905.65	$ 1,000.00	$ 33,759.99
61	$ 33,759.99	$ 1,000.00	$ 36,785.59
62	$ 36,785.59	$ 1,000.00	$ 39,992.73
63	$ 39,992.73	$ 1,000.00	$ 43,392.29
64	$ 43,392.29	$ 1,000.00	$ 46,995.83
65	$ 46,995.83	$ 1,000.00	$ 50,815.58
66	$ 50,815.58	$ 1,000.00	$ 54,864.51
67	$ 54,864.51	$ 1,000.00	$ 59,156.38
68	$ 59,156.38	$ 1,000.00	$ 63,705.77
69	$ 63,705.77	$ 1,000.00	$ 68,528.11
70	$ 68,528.11	$ 1,000.00	$ 73,639.80
71	$ 73,639.80	$ 1,000.00	$ 79,058.19

Not invested year 1. Building up savings.

+

30-Year Level Term Policy

Annual Premium
$3,000

Total Premiums Paid (over 30 years)
$90,000

Face Value (Benefit)
$1,000,000

This is a hypothetical policy for illustrative purposes.

This scenario assumes that the Term Insurance is more expensive, and you have less to invest.

With $1,000 per year into a diversified investment portfolio.

Assuming a more conservative annual return of 6%, which is typical for long-term stock market investments.

Over 30 years, such an investment could grow to approximately $79,000

If you passed your beneficiary would still receive **$1mm** from the Term Policy

You have less potential growth of principal investment but still provides protection for your loved ones for a fixed period of time.

Borza
WEALTH MANAGEMENT GROUP
of
RAYMOND JAMES

Why Some Insurance Products May Not Be the Best Choice

Many retirees are often introduced to **Whole Life Insurance** and **Indexed Universal Life (IUL)** as alternatives to SBP.

While these products are often marketed as providing ***"security"*** and ***"guaranteed returns,"*** there are significant downsides to consider, especially for military retirees looking to maximize their financial security.

Why Insurance Can Be Problematic

High Costs & Commissions

Over time, the high fees and premium costs associated with these policies can erode the policyholder's returns, leaving them with less money than they might have earned through simpler, low-cost investments.

Complexity & Lack of Transparency

These products are often marketed with promises of "market-like" returns with no risk. However, they are complex financial products, and their true costs and limitations can be difficult to understand.

Fees associated with insurance policies (e.g., administrative fees, mortality charges, and surrender charges) can significantly reduce the policy’s overall performance, leaving the retiree with less cash value than expected.

“Simplicity is the ultimate sophistication.”
- Leonardo da Vinci

Borza
WEALTH MANAGEMENT GROUP
of
RAYMOND JAMES

Why Insurance Can Be Problematic

Suboptimal Returns

While these policies offer some level of protection, the returns are often significantly lower than those that could be obtained through direct investment in the stock market or a diversified portfolio.

Indexed Universal Life policies, for example, cap the maximum return you can achieve, meaning that even in strong market years, your investment might not perform as well as other options like exchange-traded funds or other diversified investments.

Illiquidity and Surrender Charges

One of the major disadvantages of whole life and IUL products is the lack of liquidity. If you need access to your money early, you may face high surrender charges, and it could take years before the cash value of the policy becomes meaningful.

By contrast, investing in the market offers more flexibility. You can access your funds when you need them without incurring excessive penalties.

"An informed decision is a wise decision"
-Unknown

Borza
WEALTH MANAGEMENT GROUP
of
RAYMOND JAMES

Carefully evaluate your personal risk tolerance, financial goals, and the needs of your family.

SBP

Ideal for retirees seeking guaranteed, inflation-adjusted, lifelong income for their spouse. It offers certainty and stability with minimal risk, making it the better choice for those who value security over flexibility.

Self-Directed Investing

A better option for retirees willing to take on market risk in exchange for flexibility, control, and the potential for higher returns. This option is especially attractive for those focused on leaving a legacy or maintaining control over their assets.

Term Insurance

Term insurance provides a flexible, lower-cost option with a significant lump sum benefit for beneficiaries, ideal for estate planning and protection for untimely passing. However, it lacks investment growth, has policy expiry risks, and requires disciplined management of the lump sum to ensure long-term security.

WE ARE HONORED TO SERVE THOSE WHO HAVE DEDICATED THEIR LIVES TO SERVING OTHERS

Borza

WEALTH MANAGEMENT GROUP

of

RAYMOND JAMES

300 32nd Street, Suite 520
Virginia Beach, VA 23451
borzawealthmanagementgroup.com

(757) 417-1714
Michael.borza@raymondjames.com

(757) 417-1722
Austin.Storck@raymondjames.com

(757) 417-1716
Jenn.Cox@raymondjames.com

ASPIRE TO A LIFE THAT INSPIRES.

LET US GUIDE YOU.