

Table 2: Equity Allocation Targeting Examples											
Scenario	A	B	C	D = Max(0, C - B)	E	F = D + A * (1 - TAX) - E	G = F * TARGET / (1 - TAX)	H = Max(0, Min((B + E) / (1 - TAX), A - I))	I = E - H * (1 - TAX)	J = Min(A - H, I)	K = A - H - I
	IRA	HECM Debt	Home Value	Home Equity	Expenses	Tax-Adjusted Net Worth	Target IRA Equities	IRA Distribution	HECM Draw	IRA Equities	IRA Fixed Income
1	\$800,000	\$0	\$450,000	\$450,000	\$40,000	\$930,000	\$429,231	\$61,538	\$0	\$429,231	\$309,231
2	\$738,462	\$0	\$450,000	\$450,000	\$40,000	\$890,000	\$410,769	\$61,538	\$0	\$410,769	\$266,154
3	\$350,000	\$0	\$450,000	\$450,000	\$40,000	\$637,500	\$294,231	\$55,769	\$3,750	\$294,231	\$0
4	\$310,000	\$3,750	\$375,000	\$371,250	\$40,000	\$532,750	\$245,885	\$64,115	\$(1,675)	\$245,885	\$0
5	\$100,000	\$0	\$450,000	\$450,000	\$40,000	\$475,000	\$219,231	\$0	\$40,000	\$100,000	\$0
Scenario	Note										
3	Only borrowed enough to hit the equity allocation target										
4	Paid down debt rather than buy fixed income										
5	Unable to hit equity target, but did not borrow more than expenses (no contributions)										
All	TAX = 0.35, Target Allocation = 0.3										