Cross-Border Wealth & Tax Optimization

★ NAVIGATE THE HIDDEN TRAPS ★



CELEBRATING 15 2009-2024 Bourbon Financial Management

Join Us March 5th 2026 at 5:30pm

at the Lycée Français de Chicago (+ Zoom)

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FRENCH AMERICAN CHAMBER OF COMMERCE Chicago

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Slides



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Patrick Bourbon, CFA, CFP

25 Years Investment / Financial Planning Experience

Your Personal CFO - Knowledgeable in

preserving & growing your wealth, investment / tax / retirement / estate planning, asset allocation, and cross-border financial planning.

- ✓ - Founded BFM in 2009
- ✓ - UBS Global Asset Management (2000 - 2010)
- ✓ - Managed billions for 70,000+ people
- ✓ - Chartered Financial Analyst (CFA - 2003)
- Certified Financial Planner
- M.S. in Finance (Chicago)
- M.S. in Engineering (Paris)





I brought 70+ slides today...

But don't worry – many of them are cartoons.







it turns out people remember pictures much better than a cross-border financial planner talking at them for an hour.

Agenda



Summary





Why This is Important

Inflation – Retirement – Diversification – Stocks





Cross-Border Financial Planning





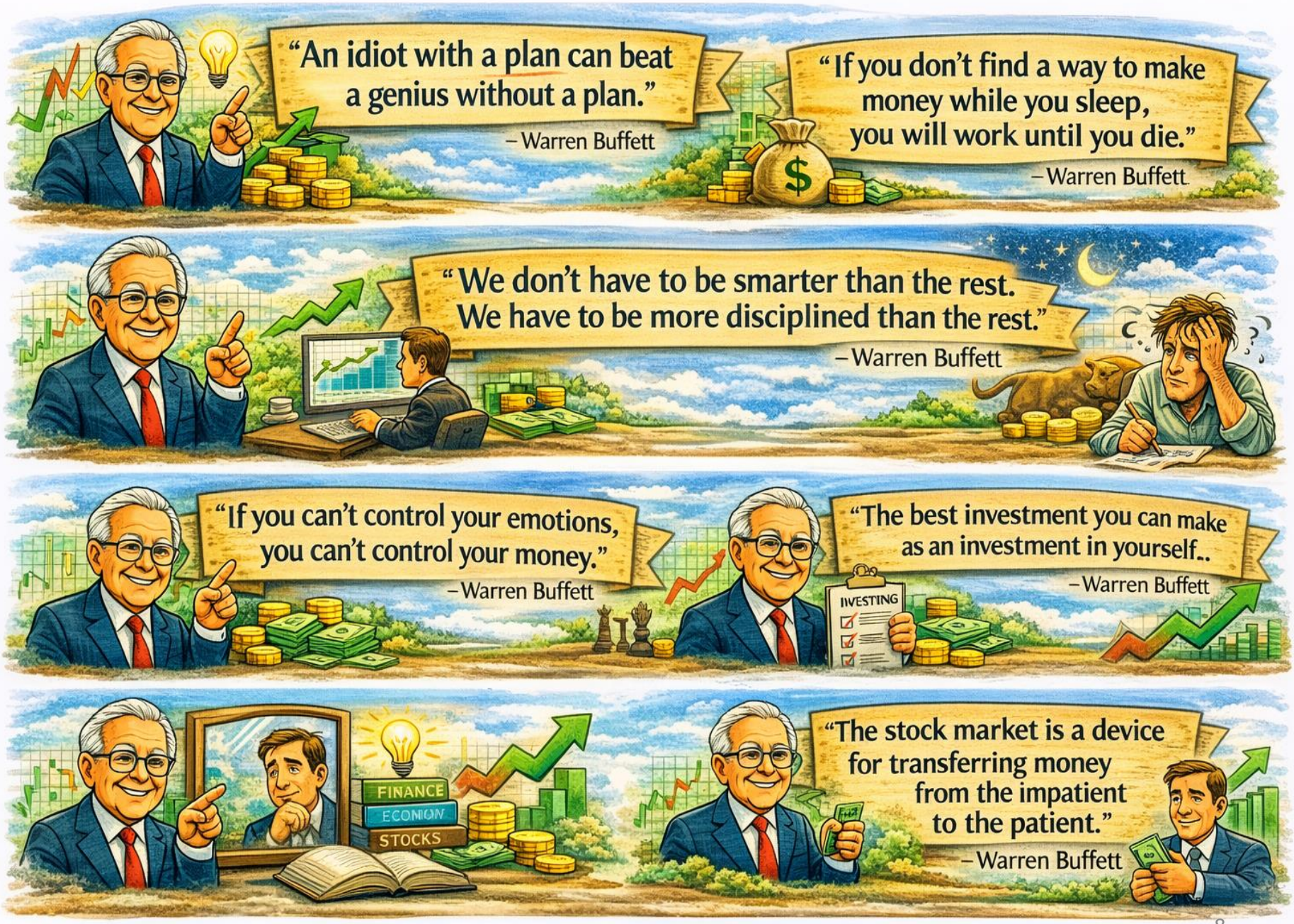
Taxes and Issues for Expatriates

Summary

- Stick with your Financial Plan – Stay Invested
- Do Not Time the Market – Don't Panic (Uncertainty = Opportunity)
- Review and Rebalance your Globally Diversified Portfolio
- Avoid Double Taxation – File The Right Tax Forms to Avoid Penalties

BFM newsletter about improving decision making:
https://tinyurl.com/BFM-Decision-Making


We simply attempt to be fearful when others are greedy and to be greedy only when others are fearful
- Warren Buffett
"Only buy something that you'd be perfectly happy to hold if the market shut down for 10 years."
Warren Buffett
"Risk comes from not knowing what you're doing."
- Warren Buffett
"Our greatest glory is not in never failing, but in rising every time we fall."
- Confucius
"The investor's chief problem — and even his worst enemy — is likely to be himself."
- Benjamin Graham


"An idiot with a plan can beat a genius without a plan."
– Warren Buffett
"If you don't find a way to make money while you sleep, you will work until you die."
– Warren Buffett
"We don't have to be smarter than the rest. We have to be more disciplined than the rest."
– Warren Buffett
"If you can't control your emotions, you can't control your money."
– Warren Buffett
"The best investment you can make as an investment in yourself.."
– Warren Buffett
INVESTING
FINANCE
ECONOMY
STOCKS
"The stock market is a device for transferring money from the impatient to the patient."
– Warren Buffett

KEYWORDS – SUMMARY SLIDE



CROSS-BORDER FINANCIAL PLANNING



MISTAKES



Tax Misunderstandings



Currency Risk



Retirement Planning



Foreign assets





SOLUTIONS



Expert Advice



Diversified Investments





Tax Planning



Currency Strategy




WHY THIS IS IMPORTANT!
SECURE FUTURE
ACHIEVE YOUR GOALS!
Financial Security
Achieve Your Dreams
Peace of Mind
AVOID DEBT!
DEBT
BE PREPARED FOR THE UNEXPECTED!
URGENT


Retirement May Be Long
Travel
New Hobbies
ASSISTED LIVING
90
95
100
Healthcare
Longevity

Retirement May Be Long

Probability of 65 Year Old Living to Age 95



	Male	Female	Both	≥1
Average American	7%	13%	1%	19%
Healthy American	20%	29%	6%	43%
Healthy American in ~10 Years	25%	33%	8%	50%

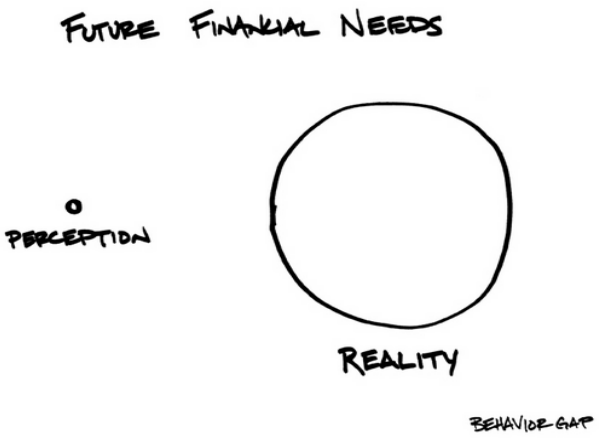
Source: Social Administration 2013 Periodic Life Table, Society of Actuaries 2012 Annuity Mortality Table

At least one member of a 65-year-old healthy couple has a 43% chance of making it to at least 95 years old (retirement of 30 years).

Nouvelle doyenne des Français : égyptologue reconnue, veuve depuis 34 ans... qui est Madeleine Dellamonica, âgée de 113 ans ?



À 113 ans, la voilà devenue la doyenne des Français. Madeleine Dellamonica, née le 23 juillet 1912, est devenue le 10 février dernier la Française la plus âgée, après le décès de Marie-Rose Tessier à l'âge de 115 ans. / - DDM-DOMINIQUE BRAGAGNOLO



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The Effect of Inflation





1968 1978 2006

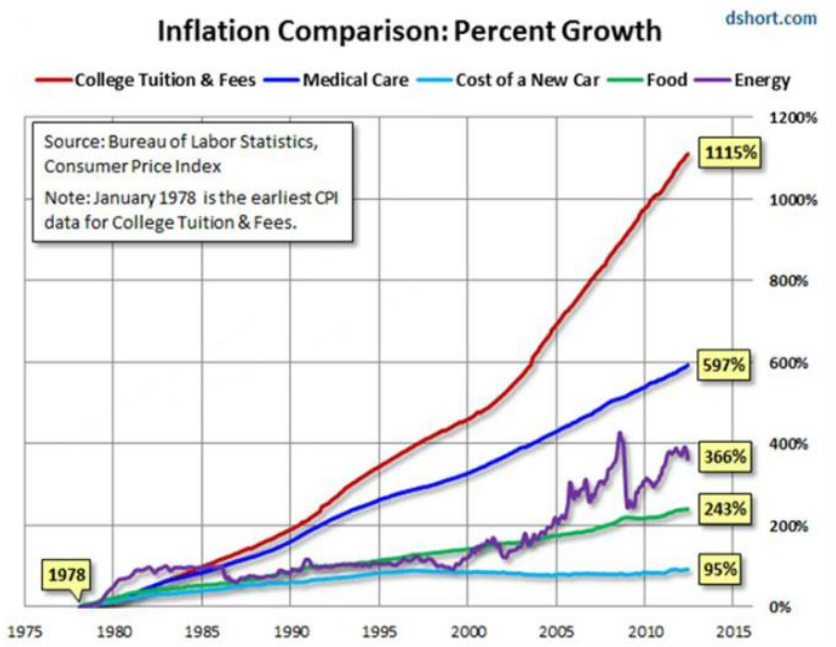
Figure 1 shows three postage stamps: 1968, 1978, and 2006– 6 cents, 13 cents, and 39 cents. Each stamp has the same value. Each stamp is first-class postage in the United States. Each stamp has a different price and a different date. What changed between 1968 and 2006 wasn't the value of the stamp, it was the value of the dollar.

College Costs

	Public	Private
Today	$76,979	$170,328
5 years	$93,568	$207,034
10 years	$119,419	$264,234
15 years	$152,413	$337,237
18 years	$176,437	$390,394

Source: The CollegeBoard – Trends in College Pricing 2012

Based on a projected 5% college cost inflation rate. Total due for 4 years of college calculated and the four years added together.



Inflation checklist

	Single-family home	A loaf of bread[1]	College education[2]	Gallon of unleaded gas
	+68%	+97%	+214%	+193%
1991	$ 97,100	$ 0.72	$ 5,452	$ 1.12
2001	147,800	1.01	9,032	1.13
2011	163,500	1.42	17,131	3.28

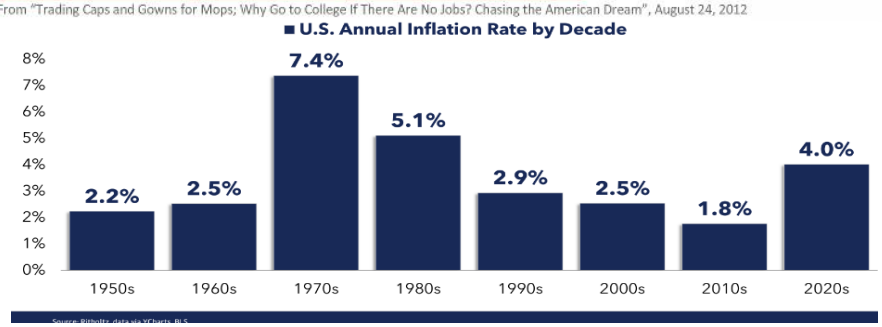
Sources: National Association of Realtors, U.S. Bureau of Labor Statistics, The College Board, Annual Survey of Colleges

[1] A loaf equals one pound.

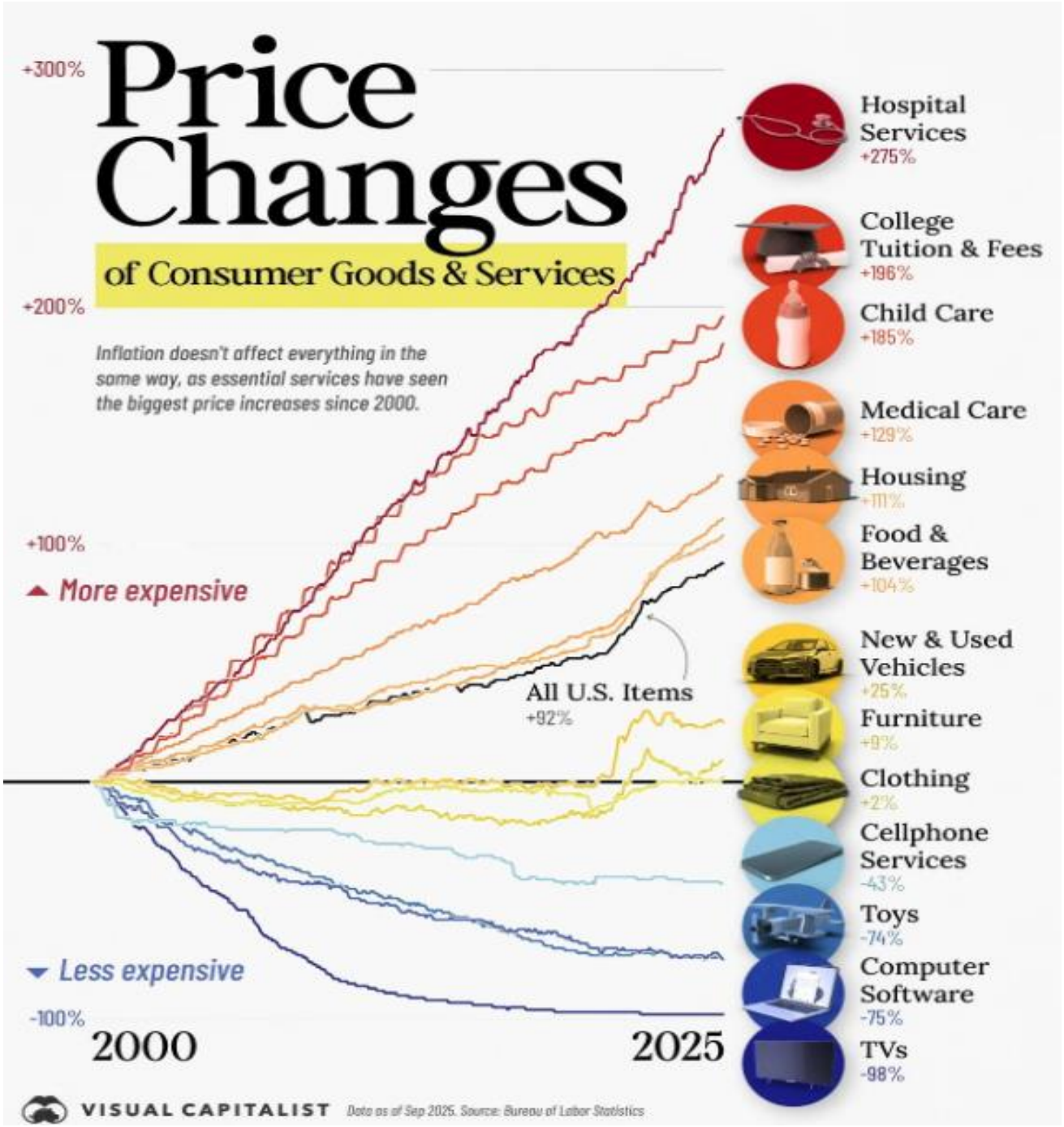
[2] Average cost of four years at a public university

http://globaleconomicanalysis.blogspot.com/2012/08/trading-caps-and-gowns-for-mops-why-go.html

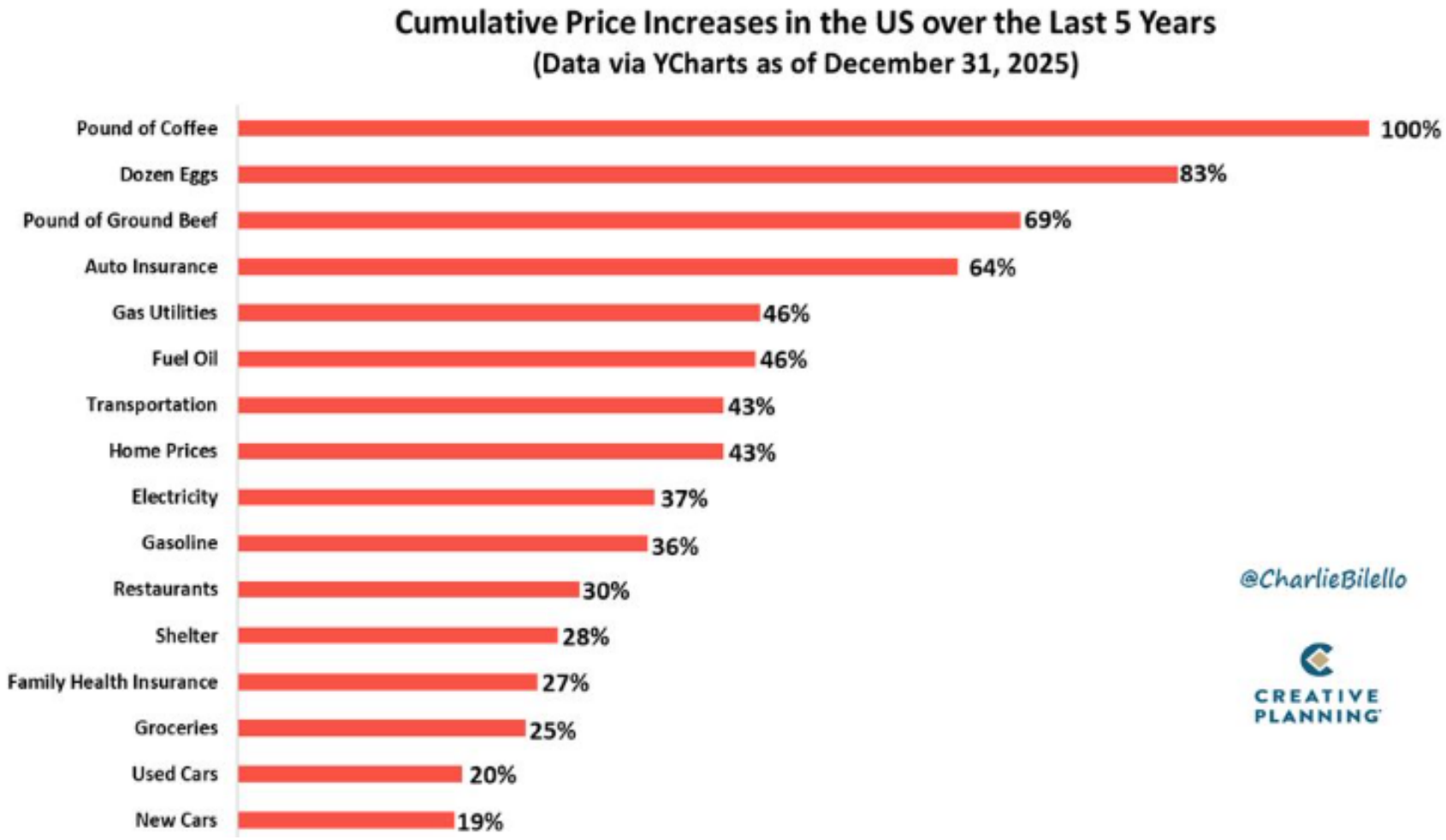
From "Trading Caps and Gowns for Mops; Why Go to College If There Are No Jobs? Chasing the American Dream", August 24, 2012



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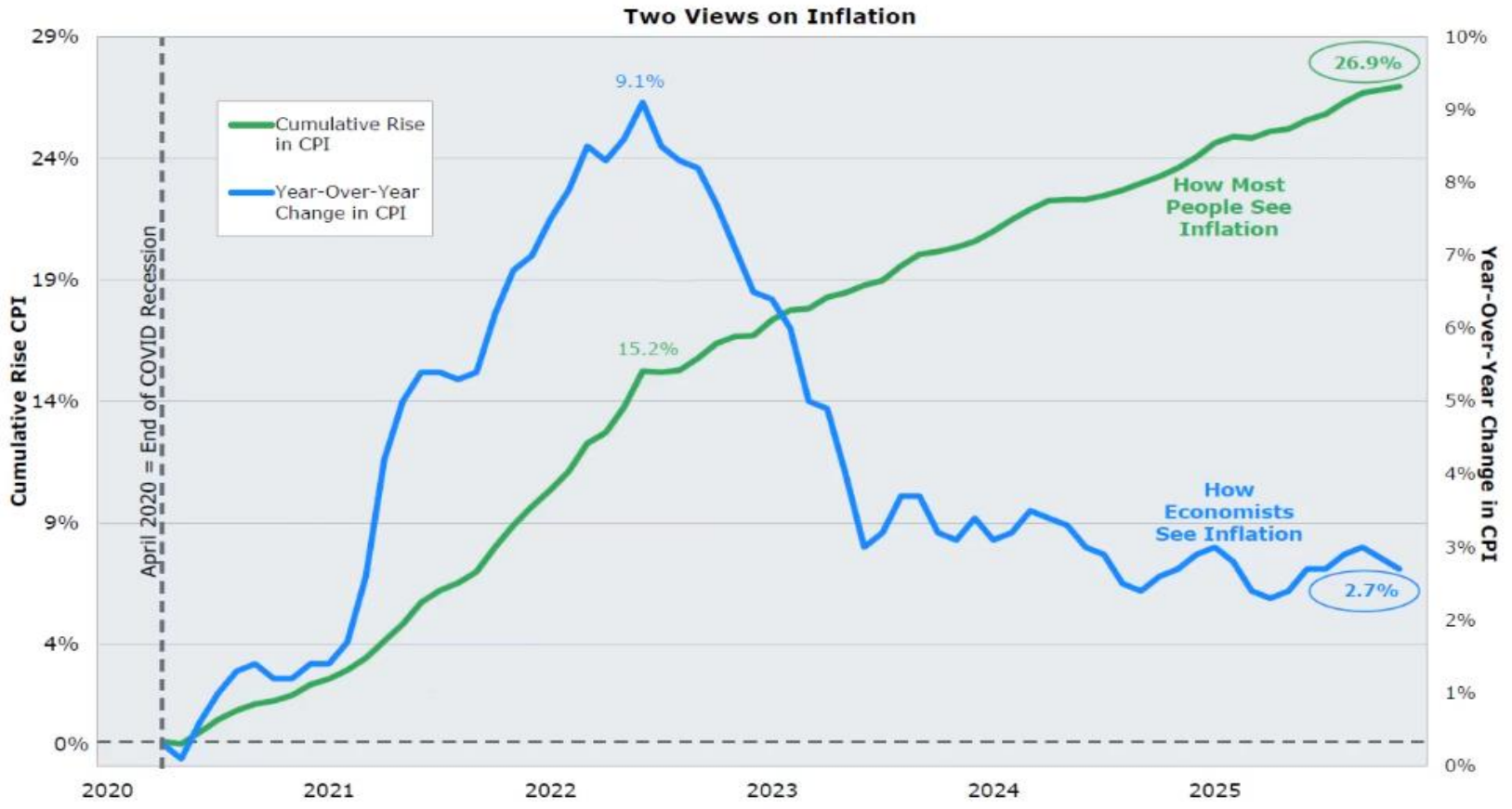

Price Changes
of Consumer Goods & Services
Inflation doesn't affect everything in the same way, as essential services have seen the biggest price increases since 2000.
+300%
+200%
+100%
More expensive
Less expensive
-100%
2000
2025
All U.S. Items
+92%
Hospital Services
+275%
College Tuition & Fees
+196%
Child Care
+185%
Medical Care
+129%
Housing
+111%
Food & Beverages
+104%
New & Used Vehicles
+25%
Furniture
+9%
Clothing
+2%
Cellphone Services
-43%
Toys
-74%
Computer Software
-75%
TVs
-98%
VISUAL CAPITALIST
Data as of Sep 2025. Source: Bureau of Labor Statistics

The Effect of Inflation



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The Effect of Inflation

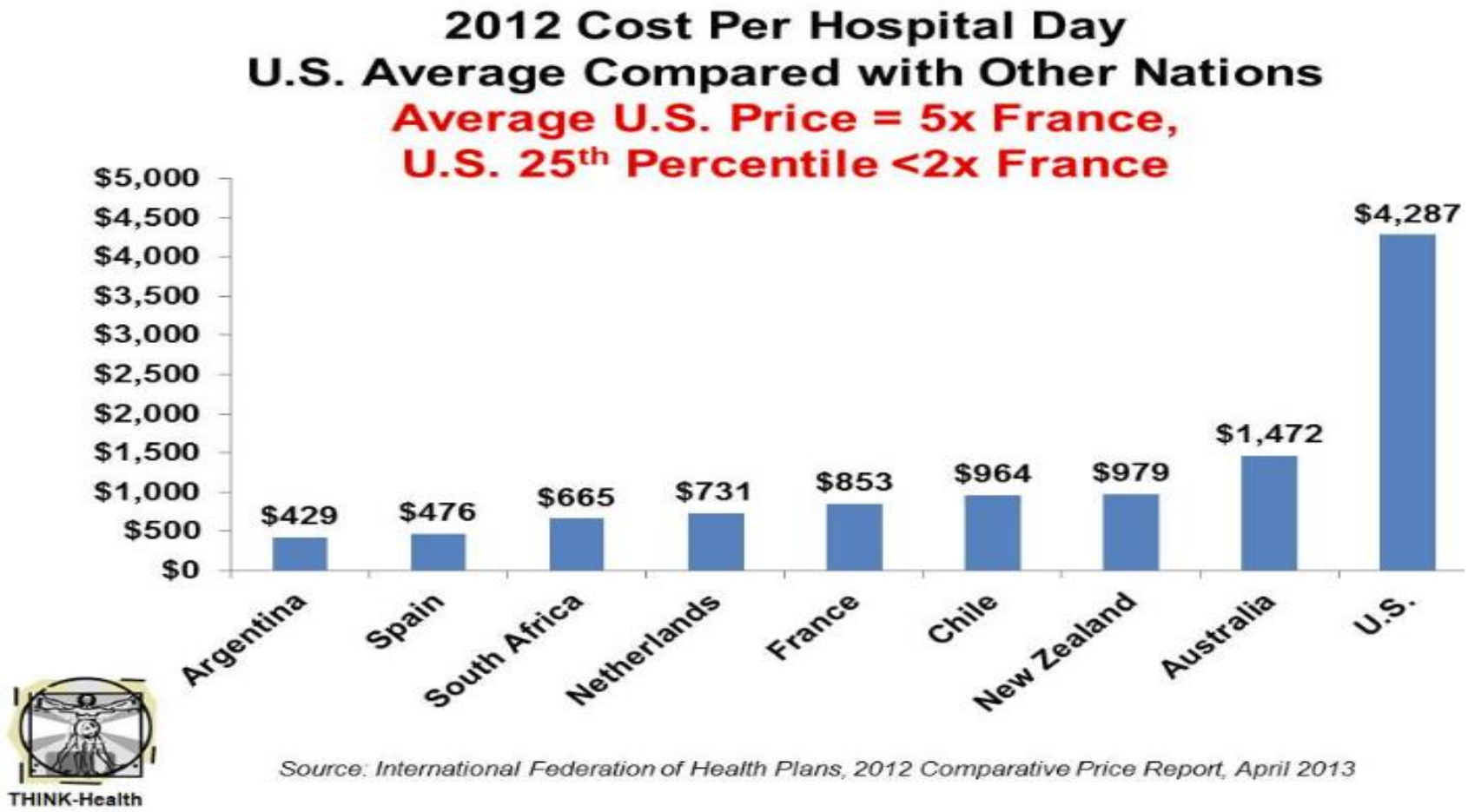


Source: Bureau of Labor Statistics, Bloomberg, Bianco Research
Data as of: 11/30/25

22

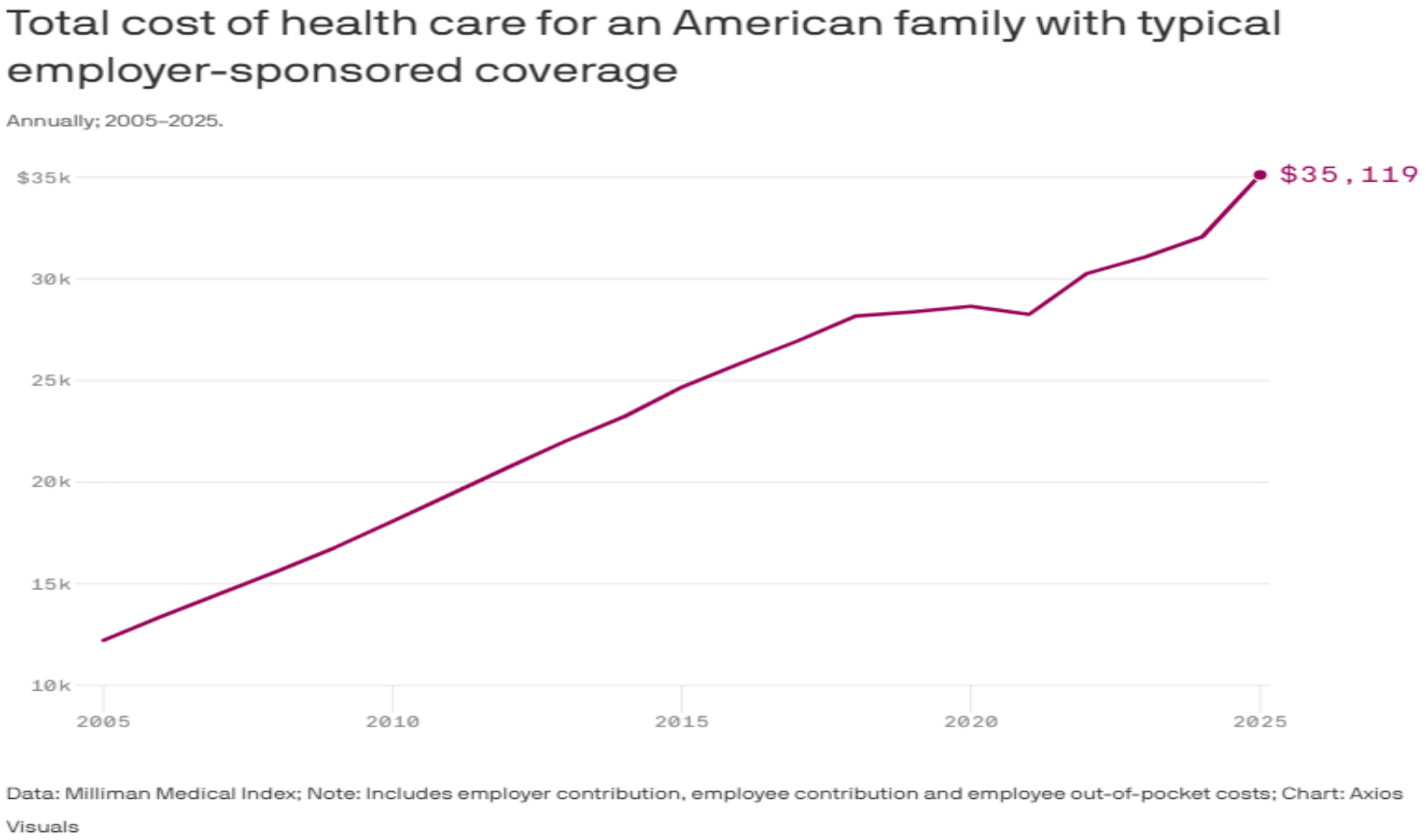
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Cost of Healthcare



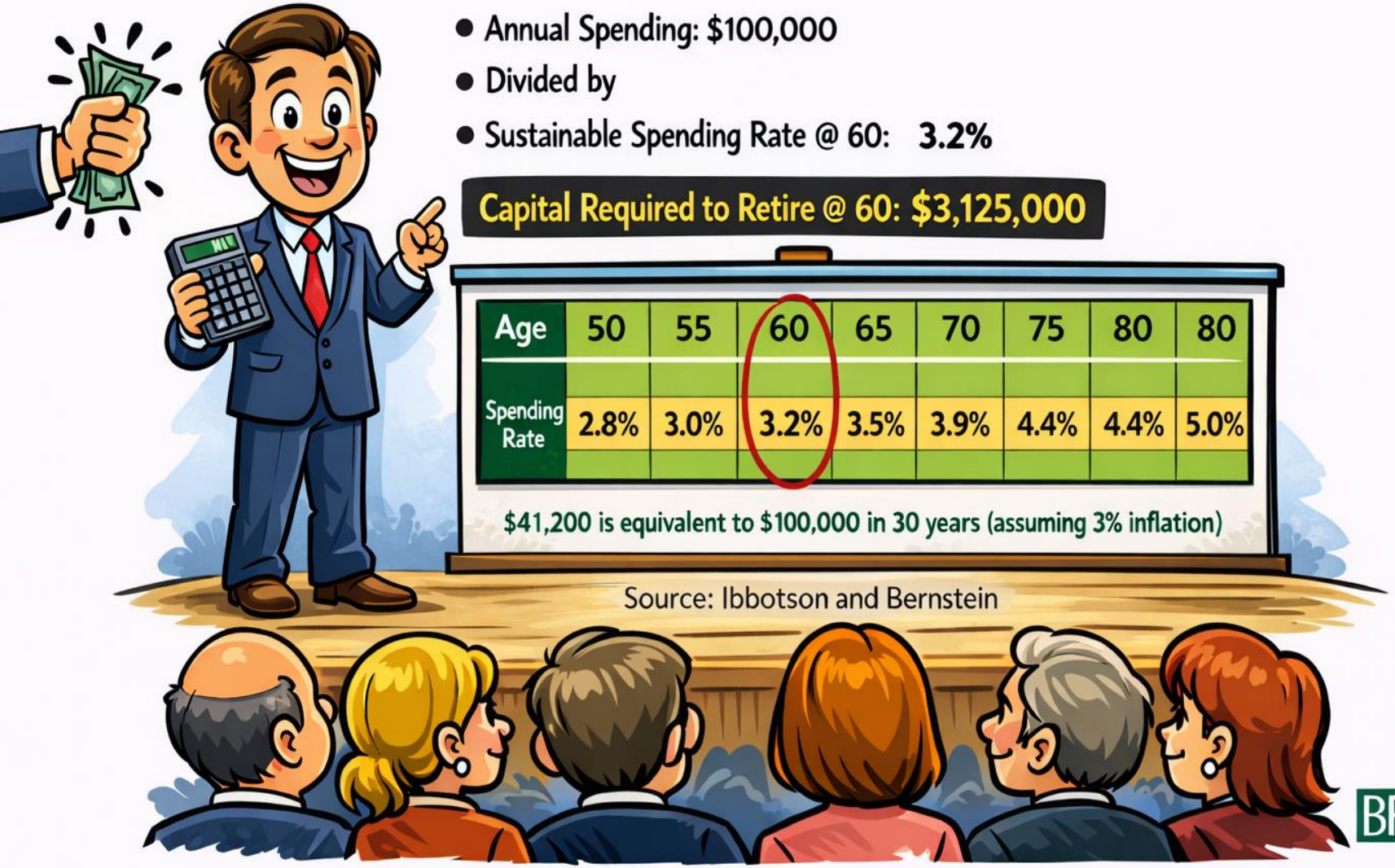
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The Overall Cost of Healthcare for a Retired Couple is Over $350,000



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Capital Needed to Retire



- Annual Spending: $100,000
- Divided by
- Sustainable Spending Rate @ 60: **3.2%**

Capital Required to Retire @ 60: $3,125,000

Age	50	55	60	65	70	75	80	80
Spending Rate	2.8%	3.0%	3.2%	3.5%	3.9%	4.4%	4.4%	5.0%

$41,200 is equivalent to $100,000 in 30 years (assuming 3% inflation)

Source: Ibbotson and Bernstein

BFM

When Can I Retire? Chat GPT Prompt

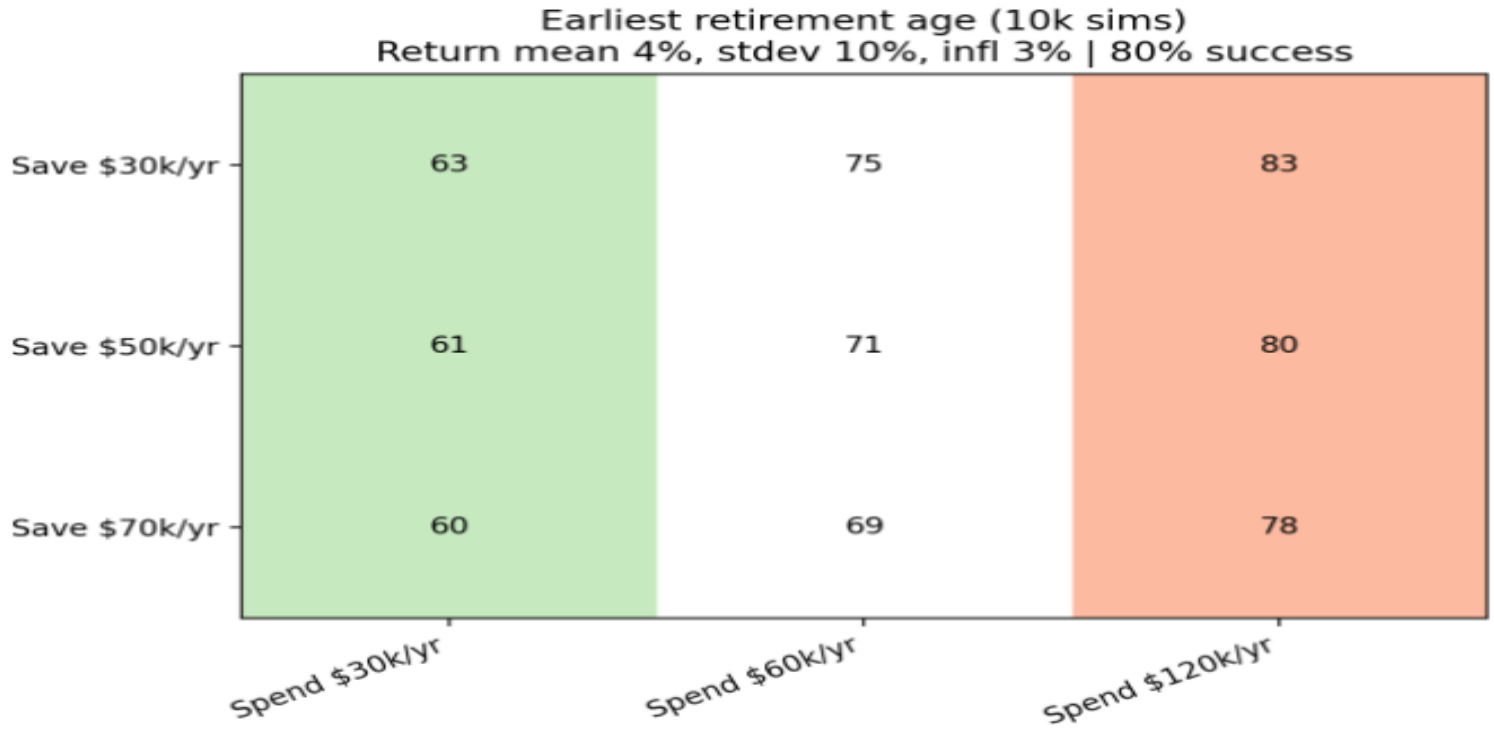
"I am 55 years old and I have $1M in retirement assets.

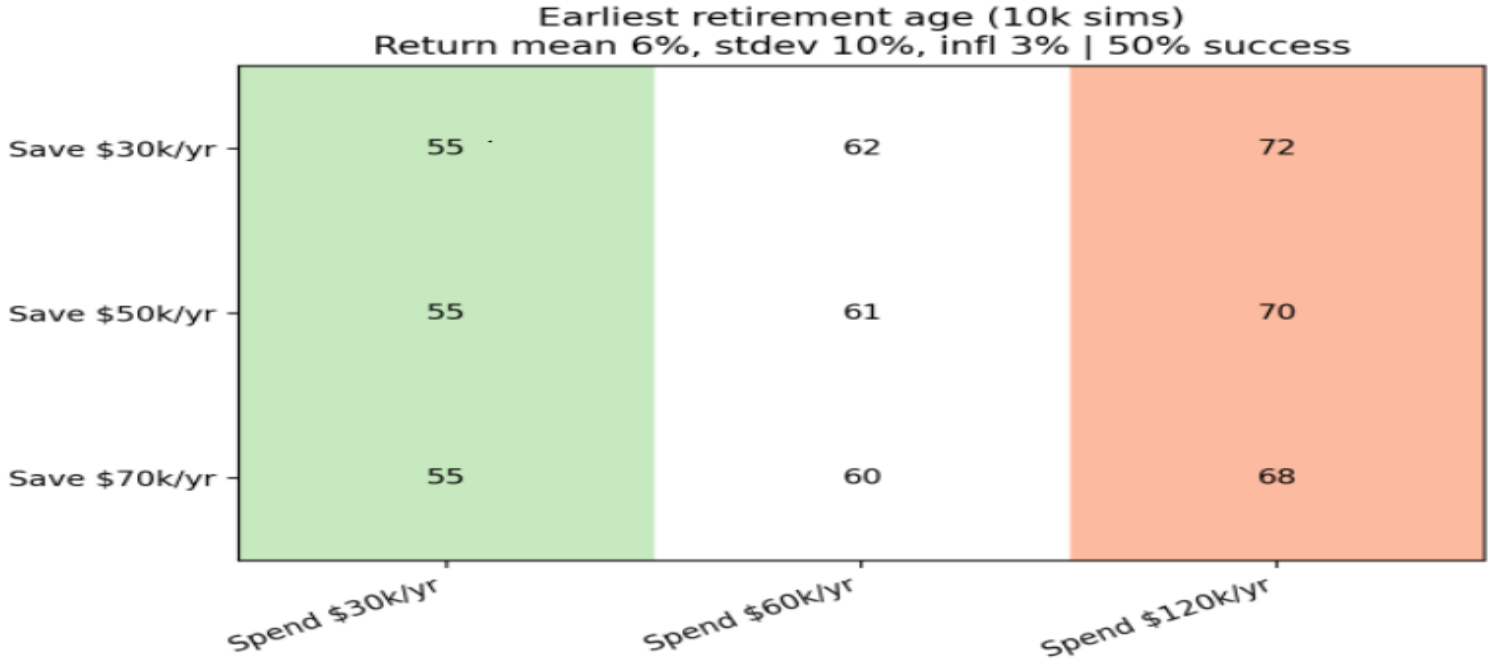
What if I save $30,000, $50,000 or $70,000 per year, and want $30,000, $60,000 or $120,000 per year, inflation adjusted retirement income in today's dollar for the rest of my life assuming I may live until 95 years old, at what age can I retire?

Run 10,000 monte carlo simulations and give me the results with 50% confidence and 80% confidence. Portfolio return would be 4%, 5% and 6%, inflation 3%, standard deviation of annual returns is 10%. Present the results in heatmaps"

*: ChapGPT can make mistakes. Numbers are approximate to give a big picture idea. The information provided here is for general informational purposes only and should not be considered an individualized recommendation or personalized investment advice. All figures are not a guarantee of future results. The views expressed in this presentation are not intended to be a forecast of future events, a guarantee of future results or investment advice. Forecasts and predictions are inherently limited and should not be construed as a solicitation or recommendation or be used as the sole basis for any investment decision. Examples provided are for illustrative purposes only and not intended to be reflective of results you should expect to attain. The projections or other information generated by this analysis regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Results may vary with each use and over time. These hypothetical returns are used for discussion purposes only and are not intended to represent, and should not be construed to represent, predictions of future rates of return. Actual returns may vary significantly. Past performance is no guarantee of future results.

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Earliest retirement age (10k sims)
Return mean 4%, stdev 10%, infl 3% | 80% success
Save $30k/yr
Save $50k/yr
Save $70k/yr
63
75
83
61
71
80
60
69
78
Spend $30k/yr
Spend $60k/yr
Spend $120k/yr


Earliest retirement age (10k sims)
Return mean 6%, stdev 10%, infl 3% | 50% success
Save $30k/yr
Save $50k/yr
Save $70k/yr
55
62
72
55
61
70
55
60
68
Spend $30k/yr
Spend $60k/yr
Spend $120k/yr

How Much Can I Spend at Retirement

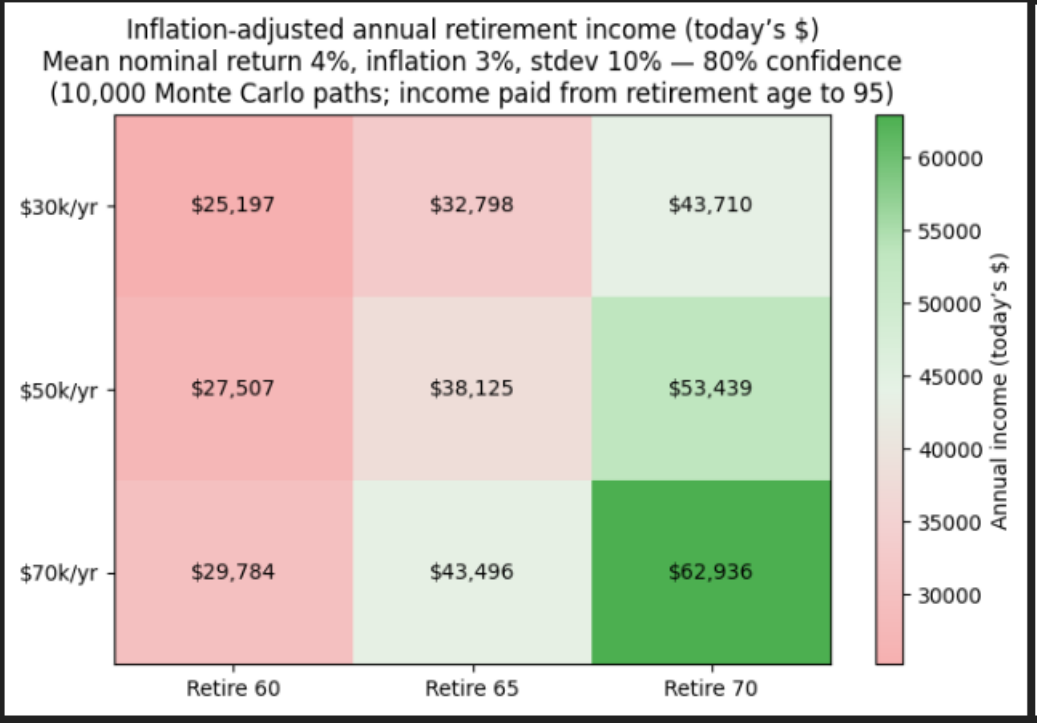
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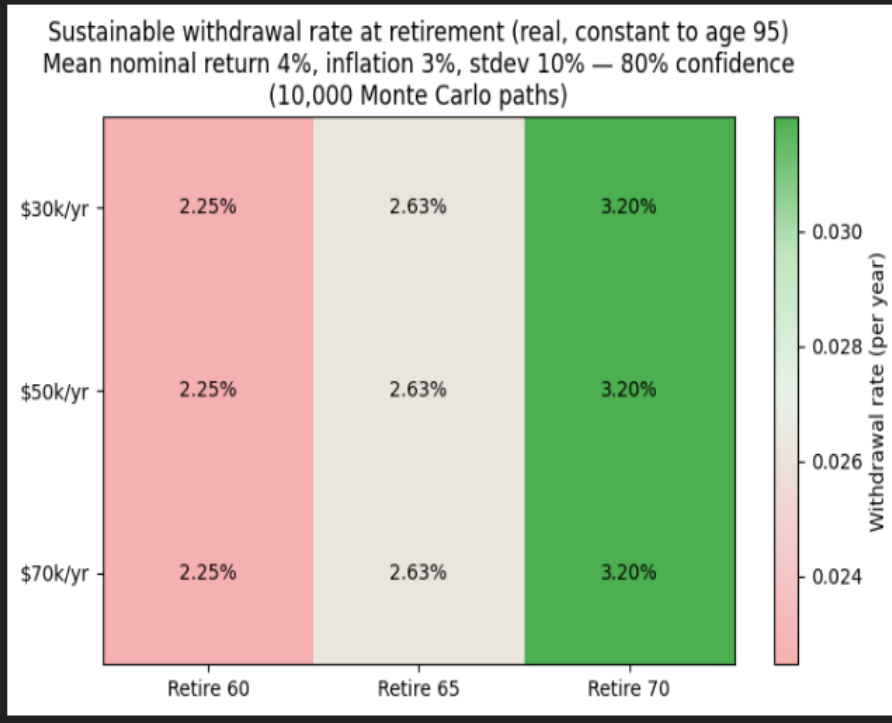
What if I save $30,000, $50,000 or $70,000 per year and retire at 60, 65 or 70 years old, how much could be my inflation adjusted retirement income in today's dollar for the rest of my life assuming I may live until 95 years old?

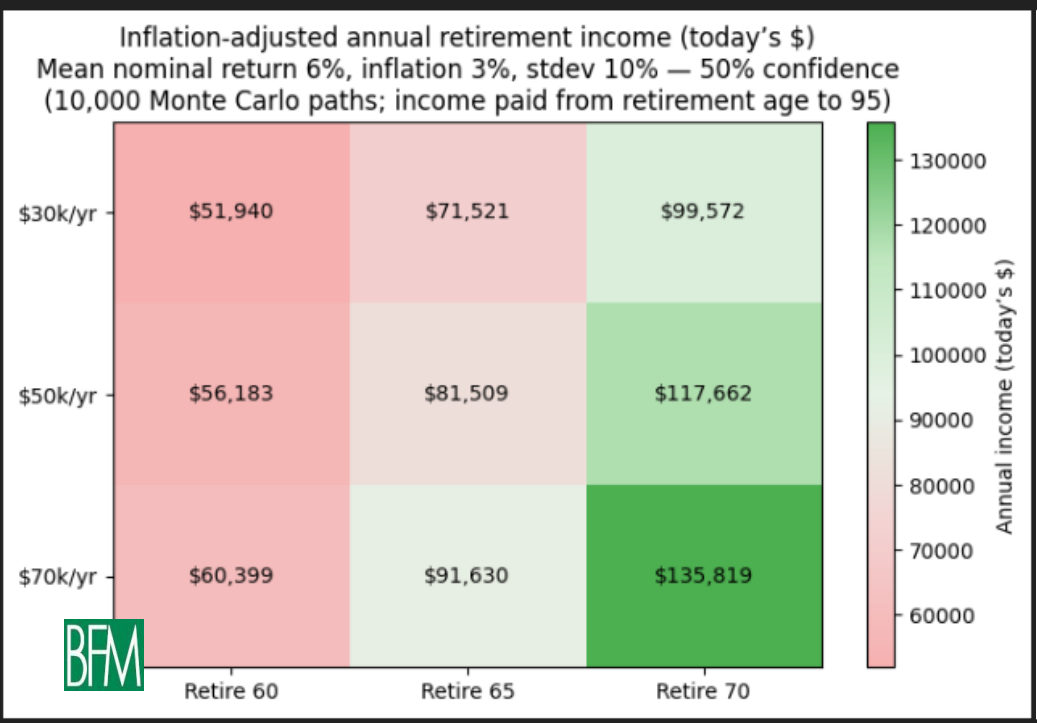
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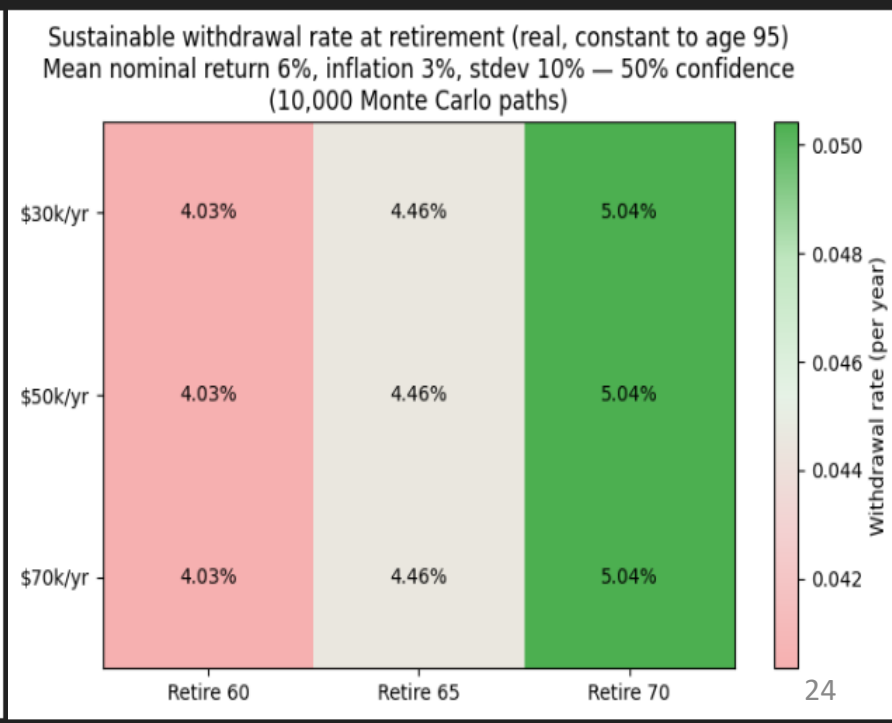
Portfolio return would be 4%, 5% and 6%, inflation 3%, standard deviation of annual returns is 10%. Present the results in heatmaps"

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Inflation-adjusted annual retirement income (today's $)
Mean nominal return 4%, inflation 3%, stdev 10% — 80% confidence
(10,000 Monte Carlo paths; income paid from retirement age to 95)
$30k/yr
$50k/yr
$70k/yr
$25,197
$32,798
$43,710
$27,507
$38,125
$53,439
$29,784
$43,496
$62,936
Retire 60
Retire 65
Retire 70
Annual income (today's $)
60000
55000
50000
45000
40000
35000
30000


Sustainable withdrawal rate at retirement (real, constant to age 95)
Mean nominal return 4%, inflation 3%, stdev 10% — 80% confidence
(10,000 Monte Carlo paths)
$30k/yr
$50k/yr
$70k/yr
2.25%
2.63%
3.20%
2.25%
2.63%
3.20%
2.25%
2.63%
3.20%
Retire 60
Retire 65
Retire 70
Withdrawal rate (per year)
0.030
0.028
0.026
0.024


Inflation-adjusted annual retirement income (today's $)
Mean nominal return 6%, inflation 3%, stdev 10% — 50% confidence
(10,000 Monte Carlo paths; income paid from retirement age to 95)
$30k/yr
$50k/yr
$70k/yr
$51,940
$71,521
$99,572
$56,183
$81,509
$117,662
$60,399
$91,630
$135,819
Retire 60
Retire 65
Retire 70
Annual income (today's $)
130000
120000
110000
100000
90000
80000
70000
60000


Sustainable withdrawal rate at retirement (real, constant to age 95)
Mean nominal return 6%, inflation 3%, stdev 10% — 50% confidence
(10,000 Monte Carlo paths)
$30k/yr
$50k/yr
$70k/yr
4.03%
4.46%
5.04%
4.03%
4.46%
5.04%
4.03%
4.46%
5.04%
Retire 60
Retire 65
Retire 70
Withdrawal rate (per year)
0.050
0.048
0.046
0.044
0.042

Mutual Funds Generate Taxes

PIMCO Long-Term U.S. Government Fund Institutional

★★★★

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Quote | Chart | Fund Analysis | Performance | Ratings & Risk | Management | Stewardship | Portfolio

Compare

Tax Analysis

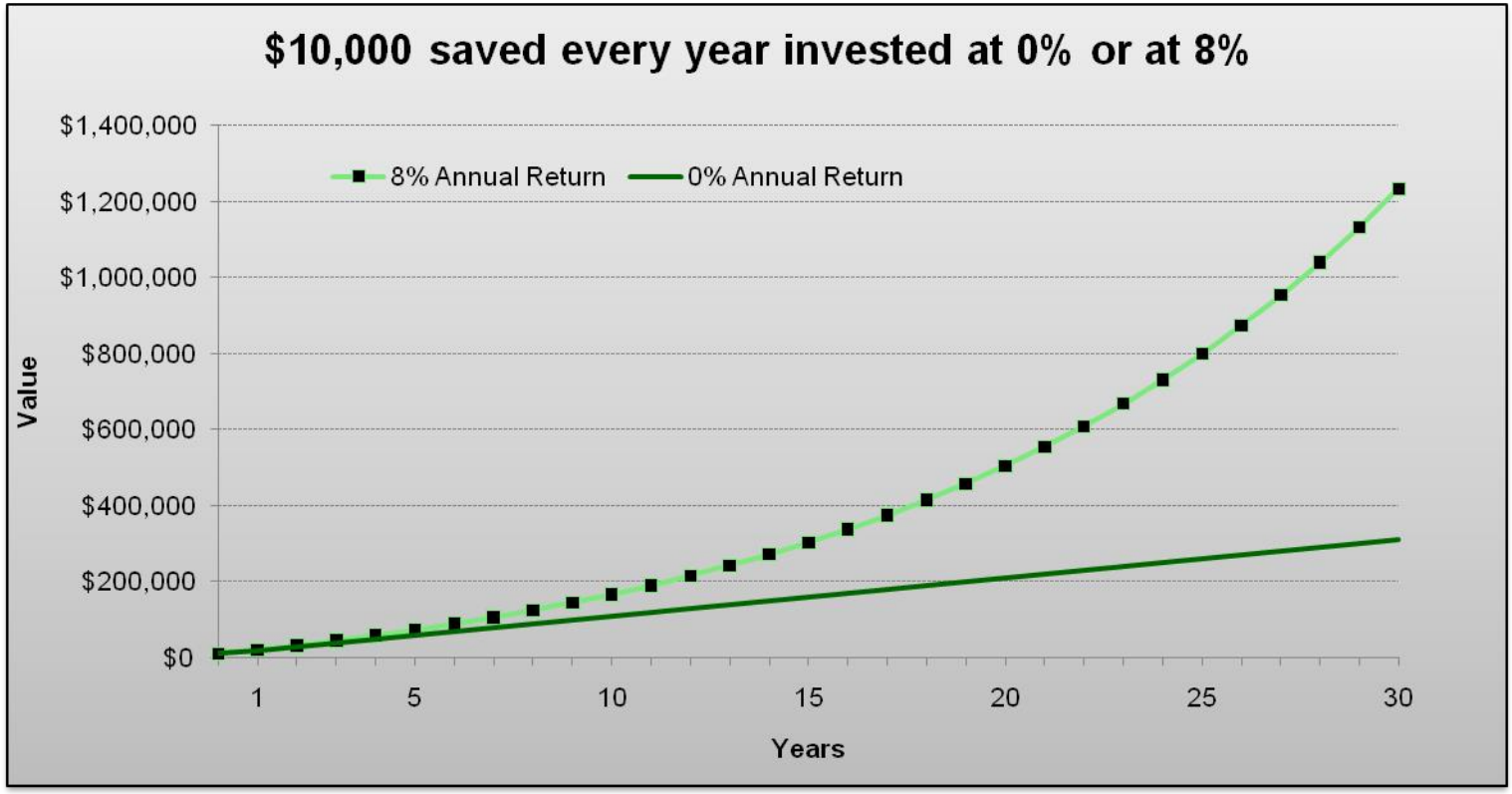
	1-Mo	3-Mo	6-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	15-Yr	Since Inception
Pretax Return										
PGOVX	0.54	0.53	7.38	8.15	7.38	6.34	8.05	8.47	7.91	9.06
Tax-adjusted Return *										
PGOVX	0.44	0.23	-13.30	7.64	-13.85	-2.20	1.13	3.71	3.99	5.19
% Rank in Category	48	10	80	39	80	77	73	58	64	—
Tax Cost Ratio										
PGOVX	—	—	—	—	19.77	8.03	6.40	4.39	3.63	—
Potential Cap Gains Exposure										
PGOVX	-14.61									

(05/31/2016)

Currency is displayed in USD.
* Post tax returns are load adjusted.

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Higher Return Leads to Higher Gains



$1,250,000

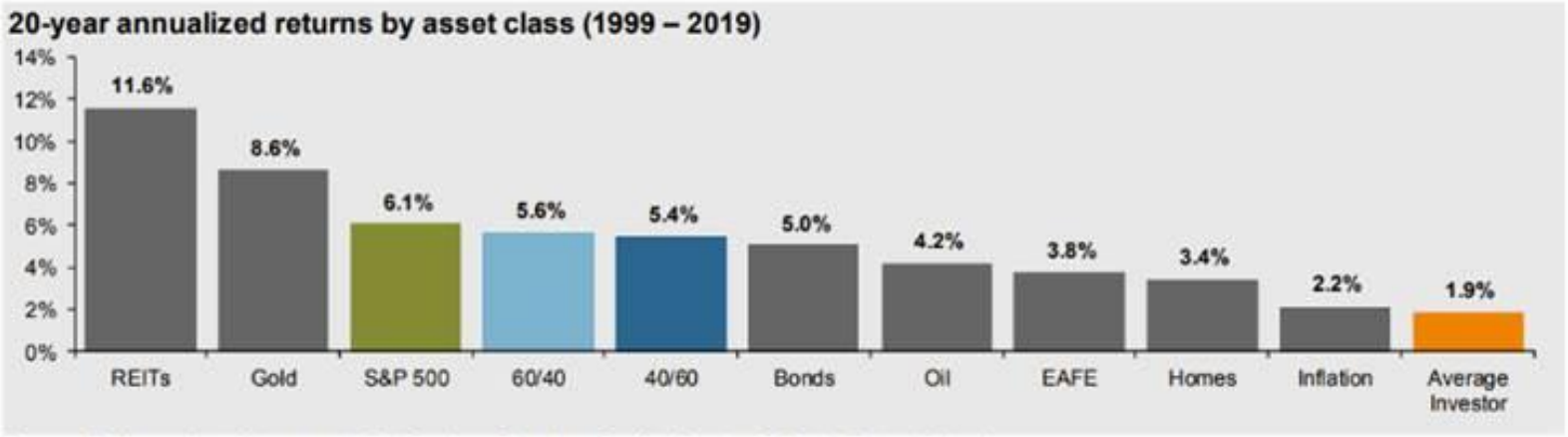
316% more!!

$300,000

If you do not invest, inflation guarantees an annual loss

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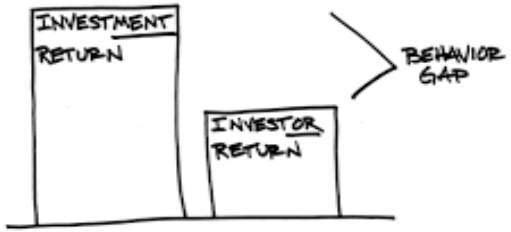
The Average Investor Underperformed



Source: J.P. Morgan Asset Management; (Top) Barclays, Bloomberg, FactSet, Standard & Poor's; (Bottom) Dalbar Inc.
Indices used are as follows: REITS: NAREIT Equity REIT Index, EAFE: MSCI EAFE, Oil: WTI Index, Bonds: Bloomberg Barclays U.S. Aggregate Index, Homes: median sale price of existing single-family homes, Gold: USD/troy oz., Inflation: CPI. 60/40: A balanced portfolio with 60% invested in S&P 500 Index and 40% invested in high-quality U.S. fixed income, represented by the Bloomberg Barclays U.S. Aggregate Index. The portfolio is rebalanced annually. Average asset allocation investor return is based on an analysis by Dalbar Inc., which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior. Returns are annualized (and total return where applicable) and represent the 20-year period ending 12/31/19 except the average investor which is through 12/31/18 and is based on Dalbar's most recent analysis. *Guide to the Markets – U.S.* Data are as of March 31, 2020.

J.P.Morgan
Asset Management

The average investor performance over the last 20 years was 1.9% per year (45% cumulative so $100,000 became $145,708) while a balanced portfolio composed of 60% in stocks and 40% in bonds had a performance of 5.6% per year (227% cumulative so $100,000 became $297,357) which is $151,649 more!



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Your Retirement Assets Could Last 12 More Years

Results Matter: Even a Small Increase in Returns Can Dramatically Improve Outcomes

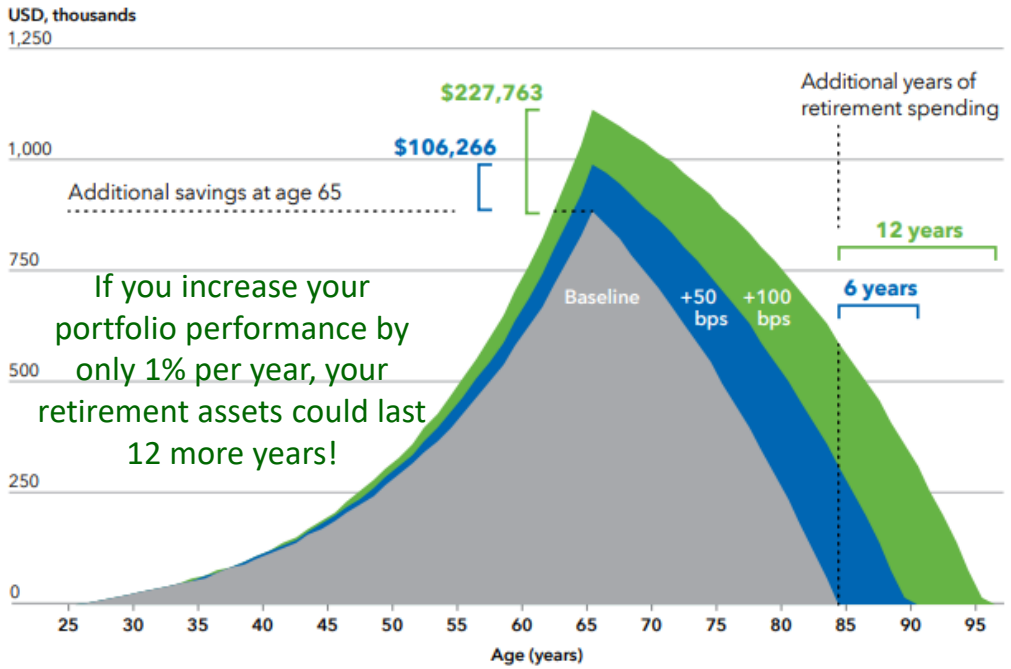
Demographic Assumptions

Starting Balance	$0
Starting Age	25
Starting Salary	$40,000
Annual Salary Growth Rate	3%
Annual Contribution Rate	10%
Retirement Age	65
Ending Salary at 65	$130,482

Scenario Assumptions

	Market Baseline	+50 bps	+100 bps
Returns Before 65	5.5%	6.0%	6.5%
Returns After 65	4.0%	4.5%	5.0%
Account Balance at 65	$886,415	$992,680	$1,114,177
Withdrawal (Percent of Ending Salary)	50%	50%	50%
Annual Withdrawal Amount	$65,241	$65,241	$65,241

Impact of 50 bps and 100 bps of Excess Return in a Hypothetical Savings and Withdrawal Scenario



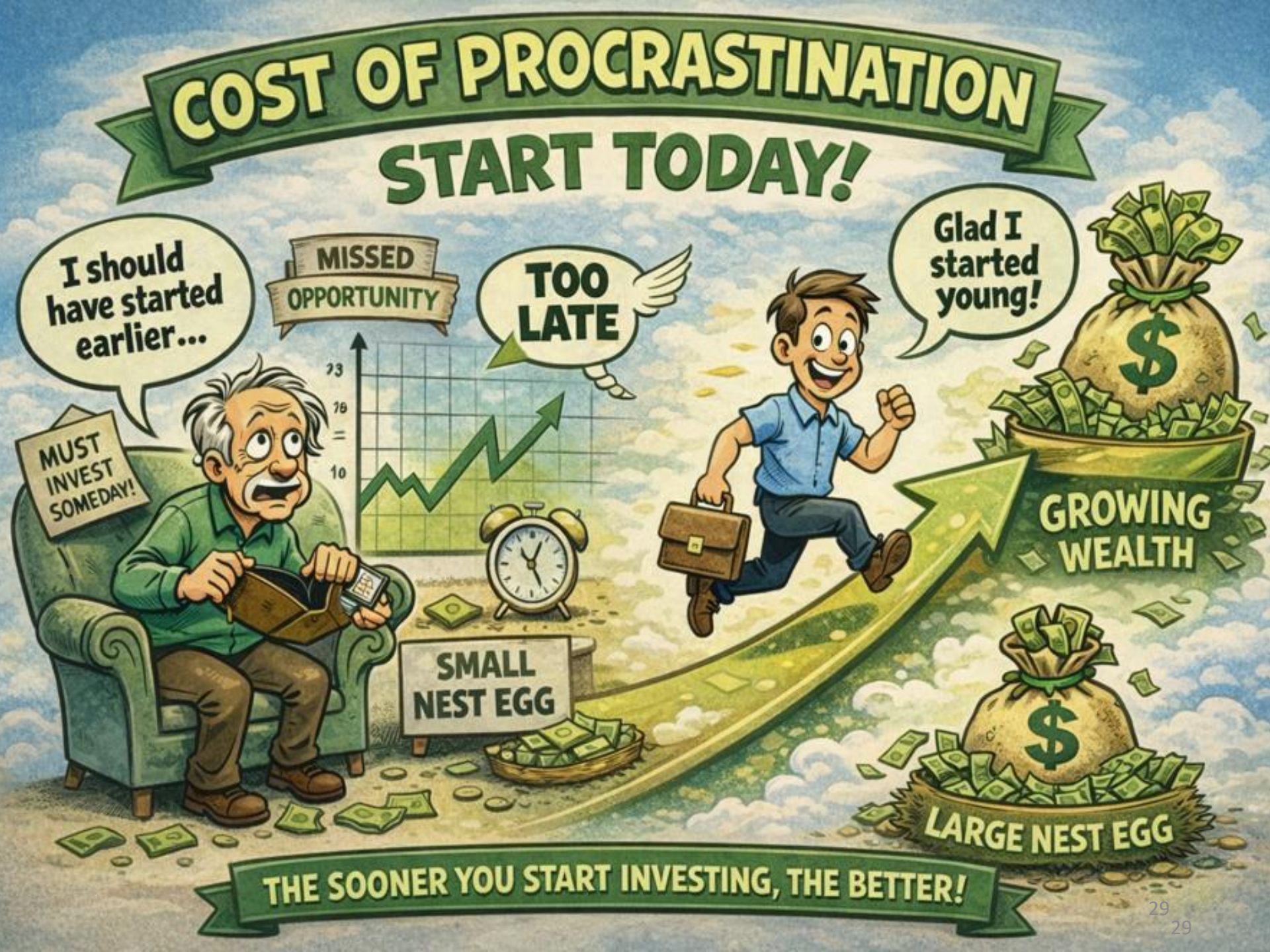
Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses and summary prospectuses, which can be obtained from a financial professional and should be read carefully before investing.

Source: Capital Group. The demographic assumptions, returns and ending balances are hypothetical and provided for illustrative purposes only, and are not intended to provide any assurance or promise of actual returns and outcomes. Returns will be affected by the management of the investments and any adjustments to the assumed contribution rates, salary or other participant demographic information. Actual results may be higher or lower than those shown. Past results are not predictive of results in future periods. Based on an exhibit from Russell Investments. The additional years of retirement spending are intended to represent a conservative measure.

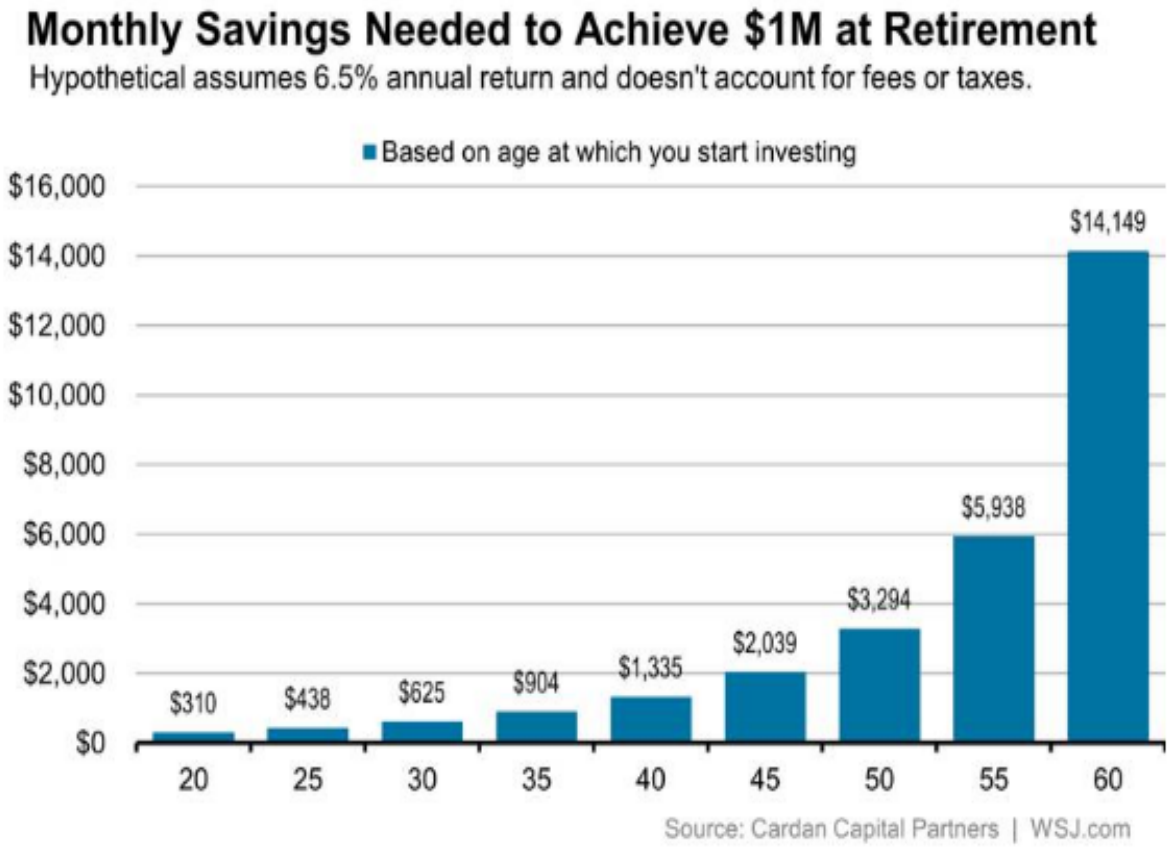
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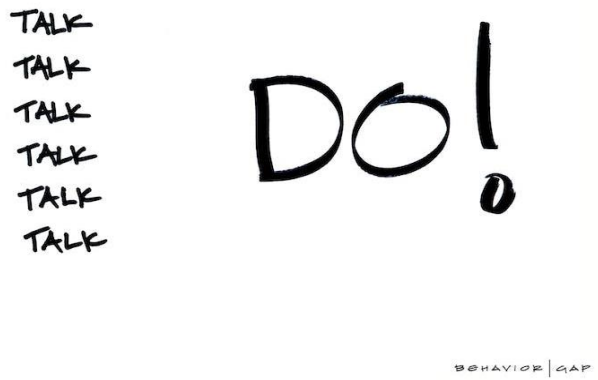
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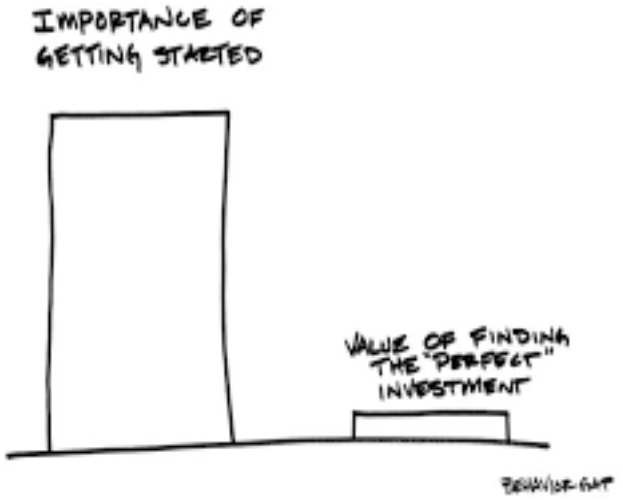

COST OF PROCRASTINATION
START TODAY!
I should have started earlier...
MISSED OPPORTUNITY
TOO LATE
Glad I started young!
MUST INVEST SOMEDAY!
SMALL NEST EGG
GROWING WEALTH
LARGE NEST EGG
THE SOONER YOU START INVESTING, THE BETTER!

29

Cost of Procrastination - Start Today!







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Do Not Wait - Start Today!



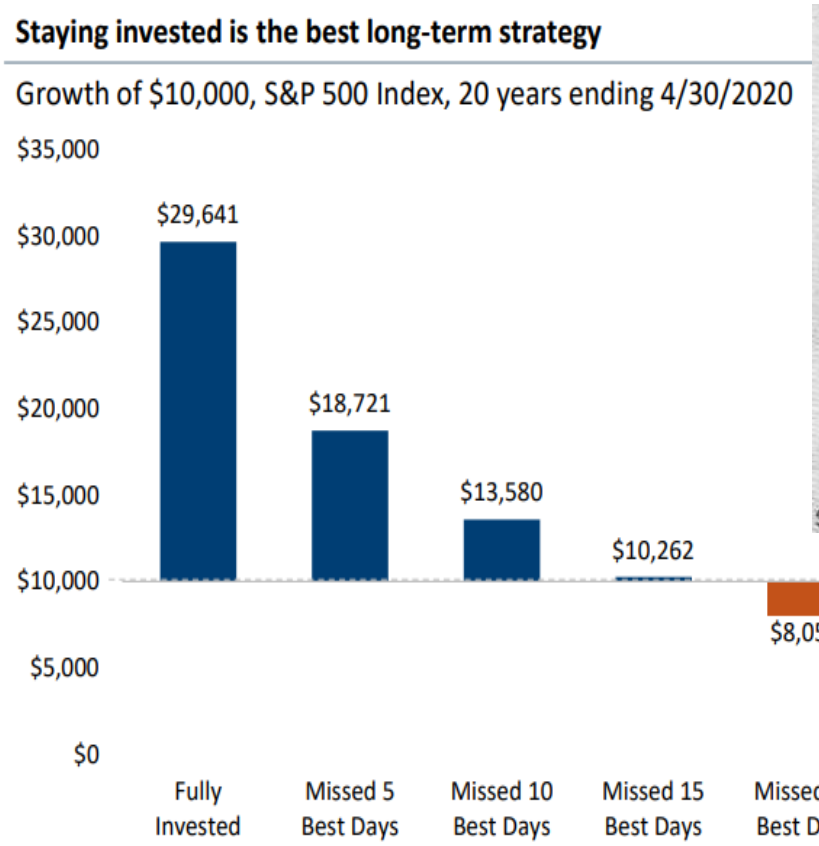
$10,000 invested every year starting today, for 10 years ($100,000 invested) at 8% annual return will create 47% more value, or $235,000 more, than investing twice more ($200,000 invested) starting 10 years from now for 20 years!

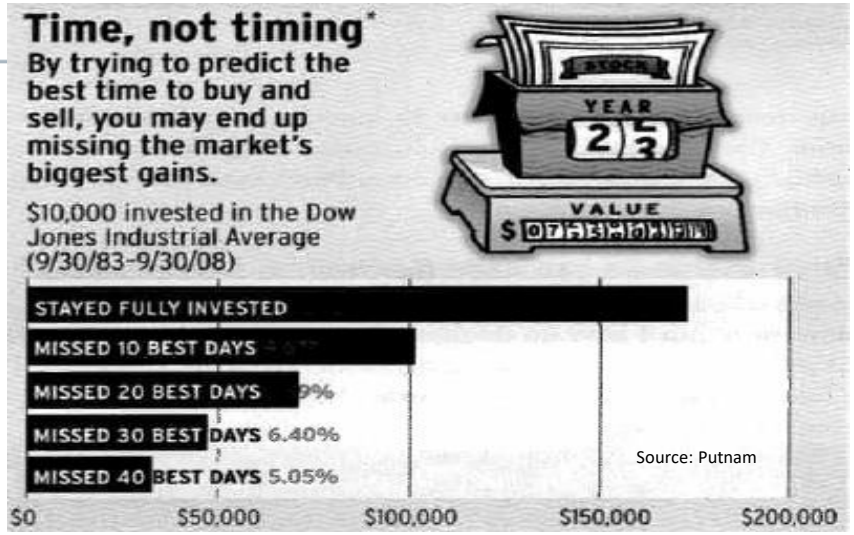
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MARKET TIMING
DOES NOT WORK!
Time to buy!
"PSYCHIC" INVESTING
STOCK MARKET
BUY!
CRASH!
SELL!
MISS THE RALLY!
TOO LATE!
RISING STOCKS
WAIT FOR ME!
ALWAYS CHASING THE TREND!



Do Not Time the Market





Source: Morningstar. Performance data quoted represents past performance, which is no guarantee of future results. The S&P 500 Index is generally considered representative of the U.S. stock market.

The BFM newsletter about market timing is at https://tinyurl.com/BFM-Market-Timing-2026

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Market Timing Does Not Work

Missing the Best Days Can Drastically Reduce Returns

	Cumulative		Annualized	
Decade	Price Return	Excluding 10 Best Days Per Decade	Price Return	Excluding 10 Best Days Per Decade
1930	-42%	-79%	-5%	-15%
1940	35%	-14%	3%	-2%
1950	257%	167%	14%	11%
1960	54%	14%	4%	1%
1970	17%	-20%	2%	-2%
1980	227%	108%	13%	8%
1990	316%	186%	15%	12%
2000	-24%	-62%	-3%	-10%
2010	190%	95%	11%	7%
Average Since 1930	**114%**	**44%**	**6%**	**1%**

- **Investors that missed the 10 best days in a given decade would have seen 70% lower returns over the course of that decade on average.**
- **28% of the best days (5% or more) took place in the first two months of a bull market.**

ClearBridge Investments

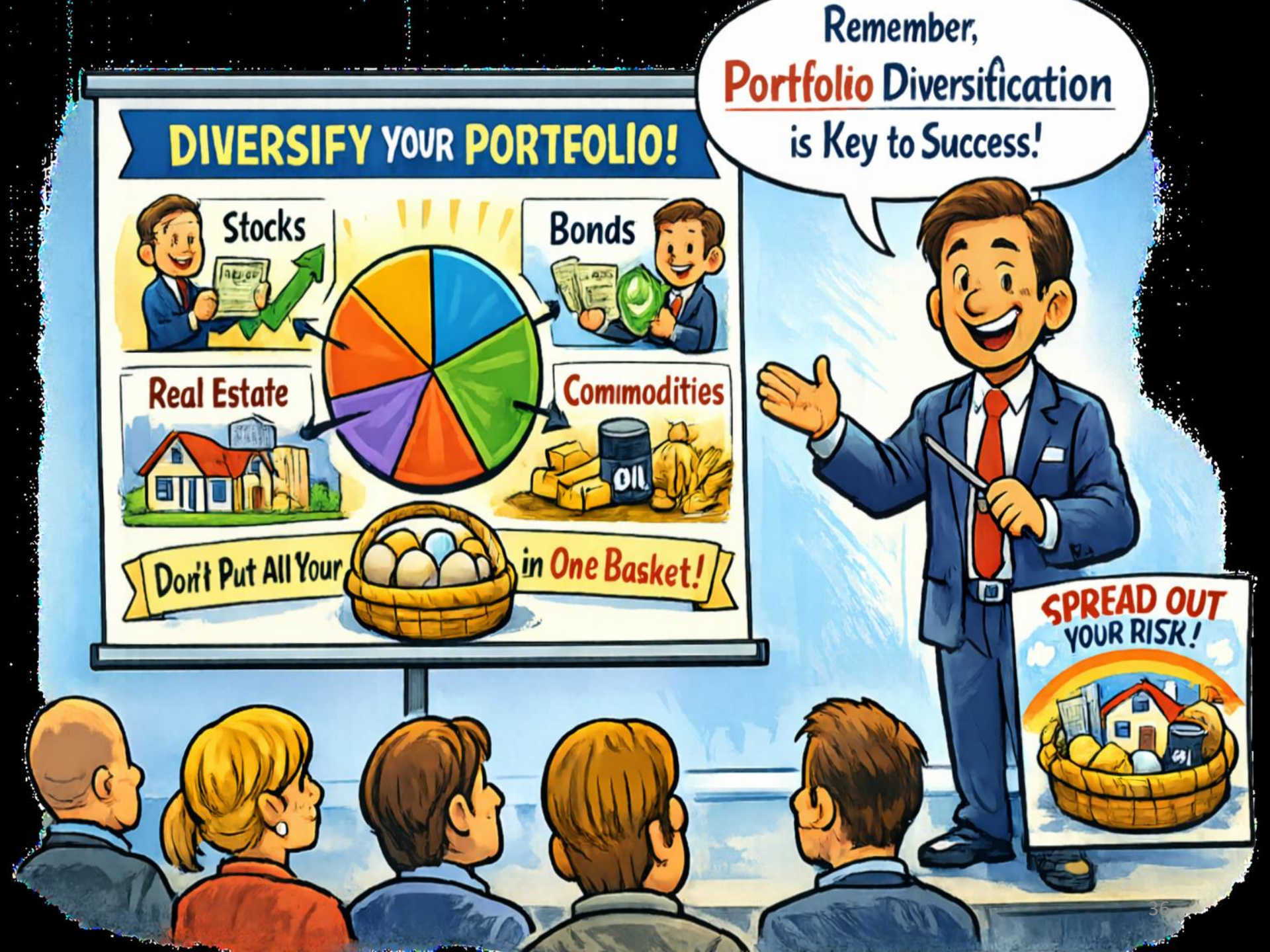
Data as of March 31, 2020. Source: FactSet. Past performance is not a guarantee of future results. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

BFM

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Asset Allocation and Diversification

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Remember,
Portfolio Diversification
is Key to Success!
DIVERSIFY YOUR PORTFOLIO!
Stocks
Bonds
Real Estate
Commodities
OIL
Don't Put All Your
in One Basket!
SPREAD OUT
YOUR RISK!

Diversification and Vegetables

Diversification is the financial equivalent of eating vegetables.

It's an admission that you cannot predict the future and therefore shouldn't bet your entire retirement on one exciting stock tip from a cousin.

Will it stop bad days? Nope.
Bad months? Also nope.
Bad years? Sometimes still nope.

But over long periods — the only timeframe that matters — it quietly keeps your financial arteries unclogged.

The problem is psychological: investors want donuts (the hot stock that just doubled), but portfolios need salad.

And like every healthy habit, diversification works only if you stubbornly keep doing it long after it stops being fun.

BFM

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Diversification and Wine and Cheese

Diversification is like a good cheese and wine pairing.

You wouldn't serve only cheese. And you probably shouldn't serve only wine either.

One alone can be a little rough. Together — balanced and enjoyable.

Investing works the same way. **Diversification simply admits we don't know what the market will do next.**

It won't prevent bad days, bad months, or even bad years.

But over long periods — the only periods that matter in retirement — it helps smooth the experience. Like aging cheese or a well-cellared bottle, it rewards patience.

The goal in retirement investing isn't the most exciting bite today…
it's a balanced menu you can live with for decades.

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Diversification Works

Best Performer

Worst Performer

1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1994-2008 Return
Int'l 7.80%	S&P 500 37.60%	S&P 500 23.00%	Mid Value 34.40%	S&P 500 28.60%	Mid Growth 51.30%	Mid Value 19.20%	U.S. Bonds 8.40%	U.S. Bonds 10.30%	Mid Growth 42.70%	Mid Value 23.70%	Int'l 13.50%	Int'l 26.90%	Int'l 11.60%	U.S. Bonds 5.20%	Mid Value 8.65%
S&P 500 1.30%	Mid Value 34.90%	Mid Value 20.30%	S&P 500 33.40%	Int'l 20.00%	Int'l 27.00%	U.S. Bonds 11.60%	Mid Value 2.30%	Mid Value -9.70%	Int'l 38.60%	Int'l 20.30%	Mid Value 12.70%	Mid Value 20.20%	Mid Growth 11.40%	BFM -31.58%	BFM 6.73%
BFM 0.38%	Mid Growth 34.00%	Mid Growth 17.50%	Mid Growth 22.50%	Mid Growth 17.90%	S&P 500 21.00%	BFM -0.86%	BFM -8.56%	BFM -12.96%	Mid Value 38.10%	Mid Growth 15.50%	Mid Growth 12.10%	S&P 500 15.80%	U.S. Bonds 7.00%	S&P 500 -37.00%	S&P 500 6.46%
Mid Value -2.10%	BFM 27.24%	BFM 14.08%	BFM 20.36%	BFM 16.06%	BFM 19.68%	S&P 500 -9.10%	S&P 500 -11.90%	Int'l -15.90%	BFM 30.44%	BFM 14.94%	BFM 9.12%	BFM 15.58%	BFM 6.82%	Mid Value -38.40%	U.S. Bonds 6.17%
Mid Growth -2.20%	U.S. Bonds 18.50%	Int'l 6.00%	U.S. Bonds 9.70%	U.S. Bonds 8.70%	Mid Value -0.10%	Mid Growth -11.80%	Mid Growth -20.20%	S&P 500 -22.10%	S&P 500 28.70%	S&P 500 10.90%	S&P 500 4.90%	Mid Growth 10.70%	S&P 500 5.50%	Int'l -43.40%	Mid Growth 5.34%
U.S. Bonds -2.90%	Int'l 11.20%	U.S. Bonds 3.60%	Int'l 1.80%	Mid Value 5.10%	U.S. Bonds -0.80%	Int'l -14.20%	Int'l -21.40%	Mid Growth -27.40%	U.S. Bonds 4.10%	U.S. Bonds 4.30%	U.S. Bonds 2.40%	U.S. Bonds 4.30%	Mid Value -1.40%	Mid Growth -44.30%	Int'l 3.58%

BFM is a hypothetical equal weighted portfolio of the 5 other asset classes

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Diversification Works

Over the last 30 years, equities, gold and REITs are winners, but the 60/40 has delivered steady returns in most time periods

Exhibit 3: Relative performance of selected assets over discrete five-year periods from 1995-2025

'95–'00	'00–'05	'05–'10	'10–'15	'15–'20	'20–'25	Full period
MSCI Europe 23.3%	U.S. REITs 19.9%	Gold 22.5%	TOPIX 13.6%	S&P 500 14.1%	TOPIX 16.8%	S&P 500 10.5%
S&P 500 21.7%	MSCI EM 14.5%	MSCI EM 13.1%	S&P 500 13.3%	Gold 11.3%	S&P 500 16.5%	U.S. REITs 9.4%
Russell 2000 12.4%	Gold 11.5%	U.S. HY 8.4%	U.S. REITs 11.9%	MSCI EM 9.4%	Gold 15.1%	Russell 2000 8.6%
HFRI FOF 11.6%	U.S. IG 7.7%	U.S. 10y 7.1%	Russell 2000 11.7%	U.S. 60/40 8.3%	MSCI Europe 12.3%	Gold 8.0%
U.S. 60/40 11.3%	U.S. HY 7.5%	U.S. IG 6.5%	MSCI Europe 7.5%	Russell 2000 8.0%	Russell 2000 11.6%	MSCI Europe 7.8%
U.S. REITs 10.6%	U.S. 10y 6.5%	U.S. 60/40 4.6%	U.S. HY 6.1%	U.S. HY 6.8%	U.S. REITs 9.3%	U.S. 60/40 7.1%
U.S. IG 6.1%	Russell 2000 6.4%	HFRI FOF 2.1%	U.S. 60/40 5.9%	U.S. IG 6.0%	U.S. 60/40 8.4%	U.S. HY 6.7%
USD 6.1%	HFRI FOF 5.2%	U.S. REITs 1.8%	U.S. IG 4.3%	TOPIX 5.2%	MSCI EM 7.5%	MSCI EM 6.4%
U.S. HY 6.1%	U.S. 60/40 4.3%	Russell 2000 1.6%	USD 4.1%	MSCI Europe 5.2%	HFRI FOF 5.8%	U.S. IG 5.1%
U.S. 10y 5.5%	TOPIX 0.2%	MSCI Europe 1.5%	U.S. 10y 4.0%	U.S. 10y 4.9%	U.S. HY 5.5%	HFRI FOF 5.0%
TOPIX 1.3%	MSCI Europe -1.1%	S&P 500 0.6%	HFRI FOF 2.7%	U.S. REITs 3.8%	USD 0.8%	TOPIX 4.4%
MSCI EM -1.7%	S&P 500 -1.5%	USD -2.5%	Gold -3.1%	HFRI FOF 3.1%	U.S. IG 0.3%	U.S. 10y 4.1%
Gold -6.6%	USD -4.6%	TOPIX -8.6%	MSCI EM -3.2%	USD -0.5%	U.S. 10y -2.8%	USD 0.5%

Source: Bloomberg, Datastream, Haver, J.P. Morgan Asset Management; data as of September 2025. IG: investment grade; HY: high yield. HFRI FOF is the HFRI hedge fund of funds composite total return index.

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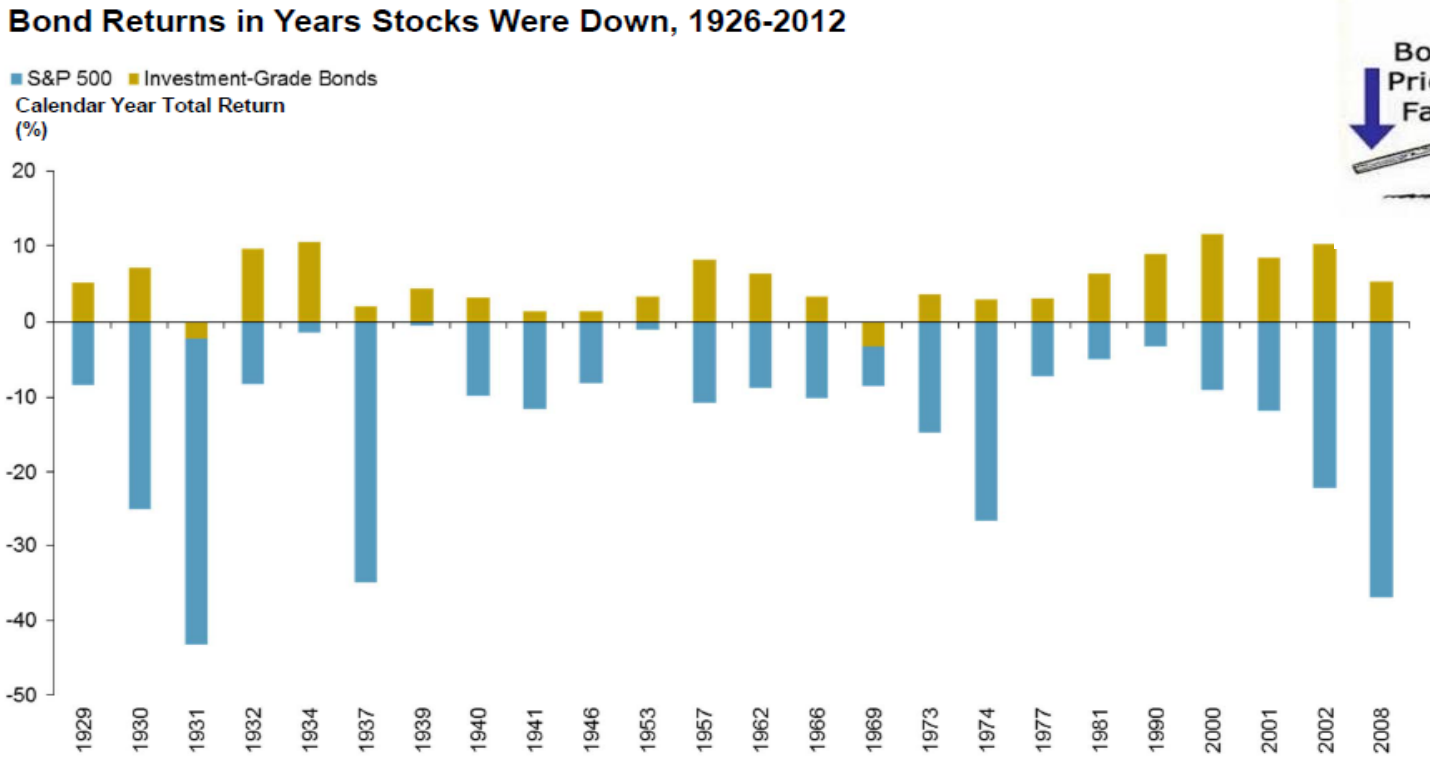
74% More by Diversifying the Portfolio!

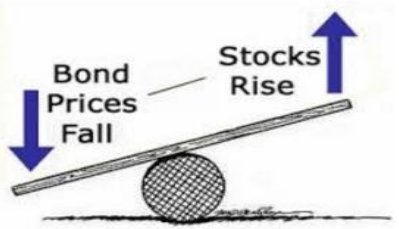
	Investment	Annual return	After 30 years
Portfolio A	$100,000	6%	$574,349
Portfolio B	$20,000	0%	$20,000
	$20,000	4%	$64,868
	$20,000	6%	$114,870
	$20,000	8%	$201,253
	$20,000	12%	$599,198
Portfolio B Total		Average 6%	$1,000,189



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Diversification is Key (When Stocks are Down, Usually Bonds are Up)





Bond returns are represented by the performance of the Barclays Aggregate Bond Index from January 1976 through December 2013 and by a composite of the IA SBBI Intermediate-Term Government Bond Index (67%) and the IA SBBI Long-Term Corporate Bond Index (33%) from January 1926 through December 1975. Stock returns are represented by the performance of the S&P 500 Index. Past performance is no guarantee of future results. It is not possible to invest directly in an index. Index performance is not meant to represent that of any Fidelity mutual fund. Diversification does not ensure a profit or guarantee against a loss. Source: Morningstar EnCorr, Fidelity Investments (AART) as of 12/31/13.

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Diversification is Key

Old Portfolio

	Year 1		Year 2		Year 3		3-Year Performance
	Weight	Return	Weight	Return	Weight	Return	
Fund A	60%	6.0%	60%	-10.0%	60%	5.0%	0.2%
Fund B	40%	4.0%	40%	-5.0%	40%	5.0%	3.7%
Annual Performance		**5.2%**		**-8.0%**		**5.0%**	**1.6%**
Growth of $100		**$ 105**		**$ 97**		**$ 102**	

New Portfolio

	Weight	Return	Weight	Return	Weight	Return	
Fund A	50%	6.0%	50%	-10.0%	50%	5.0%	0.2%
Fund B	40%	4.0%	40%	-5.0%	40%	5.0%	3.7%
Fund C	**10%**	**6.0%**	**10%**	**30.0%**	**10%**	**-30.0%**	**-3.5%**
Annual Performance		**5.2%**		**-4.0%**		**1.5%**	**2.5%**
Growth of $100		**$ 105**		**$ 101**		**$ 103**	

The power of diversification/correlation. Adding a fund C with negative performance (but non correlated) in a portfolio could increase the performance of the portfolio

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Pay Attention to Simulations of Insurance Products - $50,000 Invested

					Non-Guaranteed		
Year	Age End Year	Contract Premium	Guaranteed Cash Value End Year	Guaranteed Death Benefit End Year	Annual Dividend End Year	Cash Value of Additions End Year	Total Cash Value End Year
1	44	5,000	1,583	124,813	173	173	1,756
2	45	5,000	4,353	124,813	298	478	4,831
3	46	5,000	8,510	124,813	435	928	9,438
4	47	5,000	12,836	124,813	575	1,534	14,370
5	48	5,000	17,340	124,813	722	2,307	19,647
6	49	5,000	22,029	124,813	764	3,147	25,177
7	50	5,000	26,912	124,813	809	4,061	30,973
8	51	5,000	31,993	124,813	861	5,057	37,050
9	52	5,000	37,278	124,813	917	6,142	43,420
10	53	5,000	42,775	124,813	980	7,326	50,101

Source: MassMutual (05/2020)

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ChatGPT Concerns about Permanent / Whole Life Insurance Products

Why U.S. Whole Life Insurance is usually not well suited for French expatriates

- It is an inefficient and rigid solution for a cross-border lifestyle.
- If you leave the U.S., policy servicing, loans and beneficiary changes can become more complex and may require a U.S. address or additional compliance.
- As an investment, it offers lower expected returns, higher embedded costs and less flexibility, making it not competitive as a core investment solution.
- The policy is denominated in USD, creating USD/EUR currency risk if you retire or spend in euros.
- If you retire in France, U.S. permanent life insurance generally does not benefit from the favorable French assurance-vie estate tax exemptions.

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An Introduction to
STOCK MARKET BASICS!
STOCK MARKET BASICS
OWNERSHIP
STOCK
BUY!
SELL!
RALA
SEL
DIVIDENDS
$
GROWTH
STOCK PRICES
STOCK PRICES
BULL
BEAR

Stocks Outperformed

	Stocks	Cash	Bonds	Housing	Gold	Inflation
1930s	-0.9%	1.0%	4.0%	-1.2%	5.3%	-2.0%
1940s	8.5%	0.5%	2.5%	8.1%	-0.8%	5.4%
1950s	19.5%	2.0%	0.8%	3.0%	1.0%	2.2%
1960s	7.7%	4.0%	2.4%	2.2%	1.6%	2.5%
1970s	5.9%	6.3%	5.4%	8.7%	28.6%	7.4%
1980s	17.3%	8.8%	12.0%	5.9%	-2.5%	5.1%
1990s	18.0%	4.8%	7.4%	2.7%	-3.1%	2.9%
2000s	-1.0%	2.7%	6.3%	4.0%	14.1%	2.5%
2010s	13.4%	0.6%	4.1%	3.8%	3.4%	1.8%
2020s	14.9%	2.8%	-0.6%	7.5%	19.1%	4.1%

Cash = 3-Month T-Bills

Bonds = 10 Year Treasuries

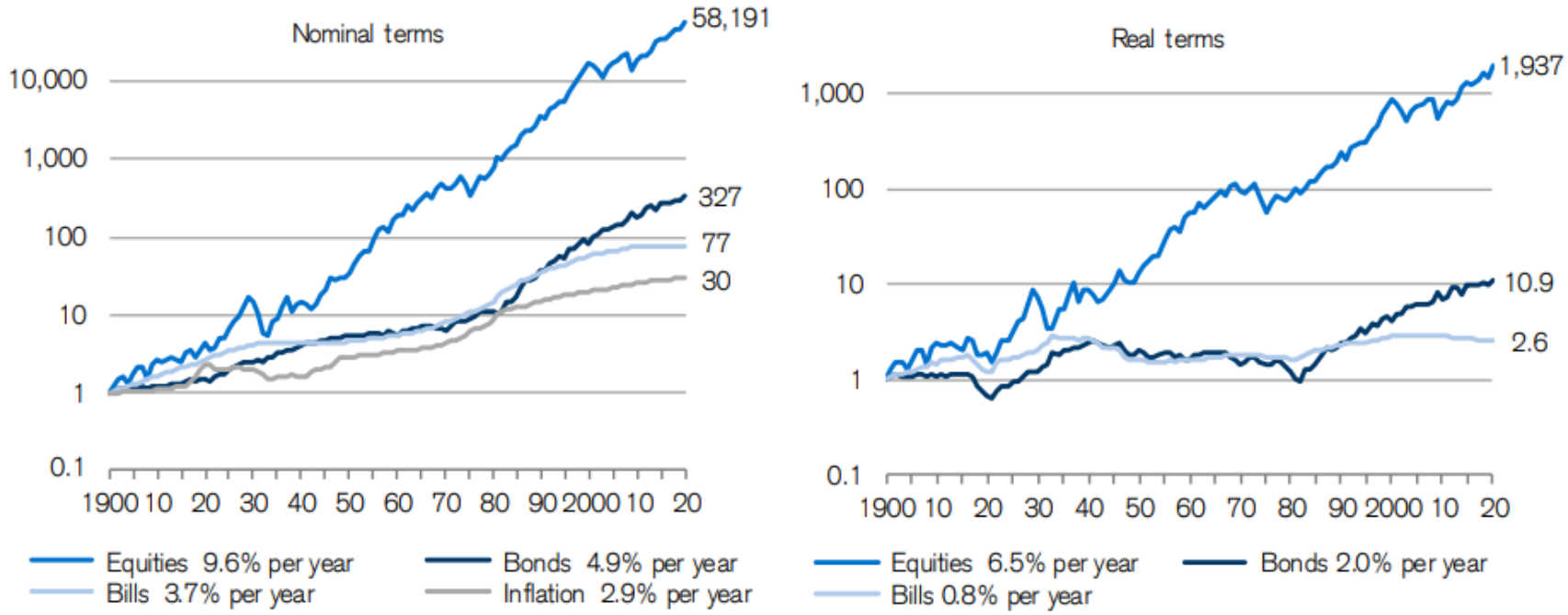
Inflation = Thru 11/30/2025

Source: Ritholtz

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Stocks Outperformed

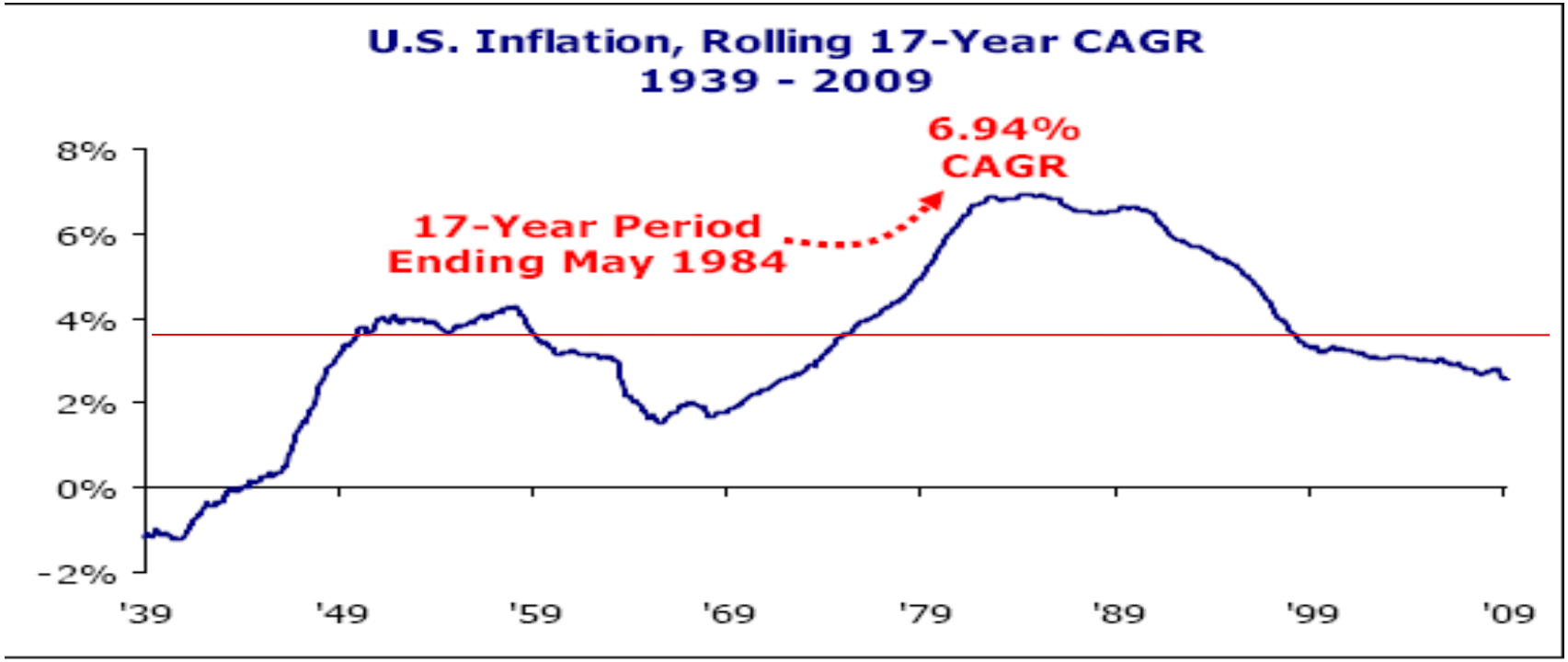
Cumulative returns on US asset classes in nominal terms (left) and real terms (right), 1900–2019



Sources: Elroy Dimson, Paul Marsh and Mike Staunton, Triumph of the Optimists, Princeton University Press, 2002, and Global Investment Returns Yearbook, Credit Suisse, 2020. Not

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Stocks are Necessary to Offset Inflation



U.S. Stocks (S&P 500 index) returns have **exceeded the inflation** rate during **every rolling 20-year period** since 1926.

Bonds trailed inflation in 16 of those 64 periods, while cash lagged behind inflation in 20 of the 64 periods (Ibbotson).

→ One of the best way to protect against down markets while maintaining a potential for real growth (adjusted for inflation) is to have a diversified portfolio that includes stocks and bonds.

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Stocks Are Good for the Long Term

S&P 500 Index Historical Risk & Return

1926-2025 Annualized Total Returns*

Time Period	Range of Annualized Returns	$100 Became	Periods of Negative Returns
1 Year	-43.3% to 54.0%	$56 to $154	26/100 (26.0%)
2 Years	-34.8% to 41.7%	$42 to $200	16/99 (16.2%)
3 Years	-27.0% to 31.2%	$38 to $225	15/98 (15.3%)
5 Years	-12.5% to 28.6%	$51 to $351	12/96 (12.5%)
10 Years	-1.4% to 20.1%	$86 to $624	4/91 (4.4%)
15 Years	0.6% to 18.9%	$109 to $1,341	0/86 (0.0%)
20 Years	3.1% to 17.9%	$184 to $2,693	0/81 (0.0%)
25 Years	5.9% to 17.2%	$419 to $5,286	0/76 (0.0%)
30 Years	8.5% to 13.7%	$1,155 to $4,707	0/71 (0.0%)
35 Years	8.7% to 13.1%	$1,853 to $7,433	0/66 (0.0%)
40 Years	8.9% to 12.5%	$3,027 to $11,119	0/61 (0.0%)

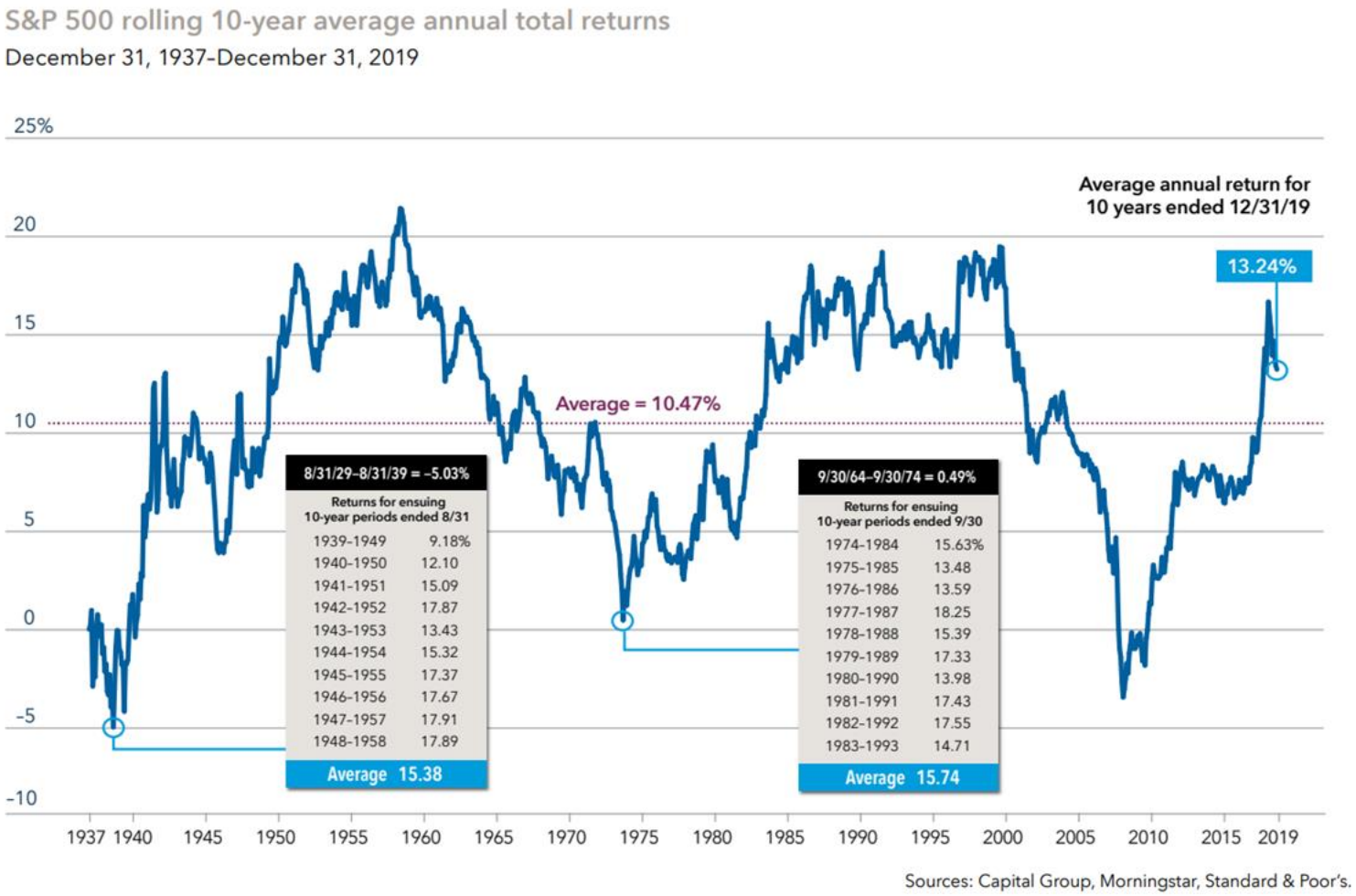
*Source: S&P Dow Jones Indices

Past performance does not guarantee future results.

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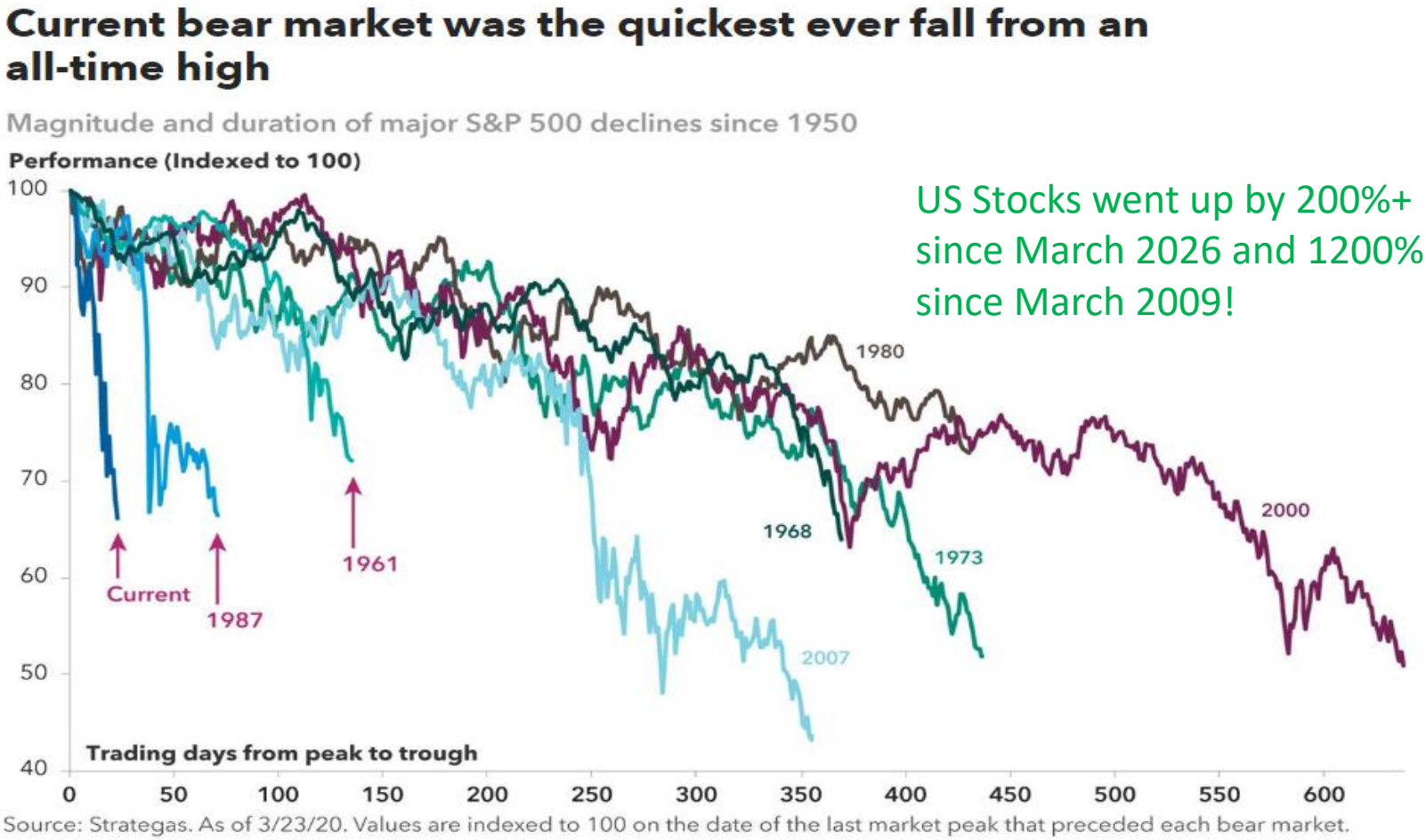
Stocks Are Volatile



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Do Not Panic - Stocks Rebound

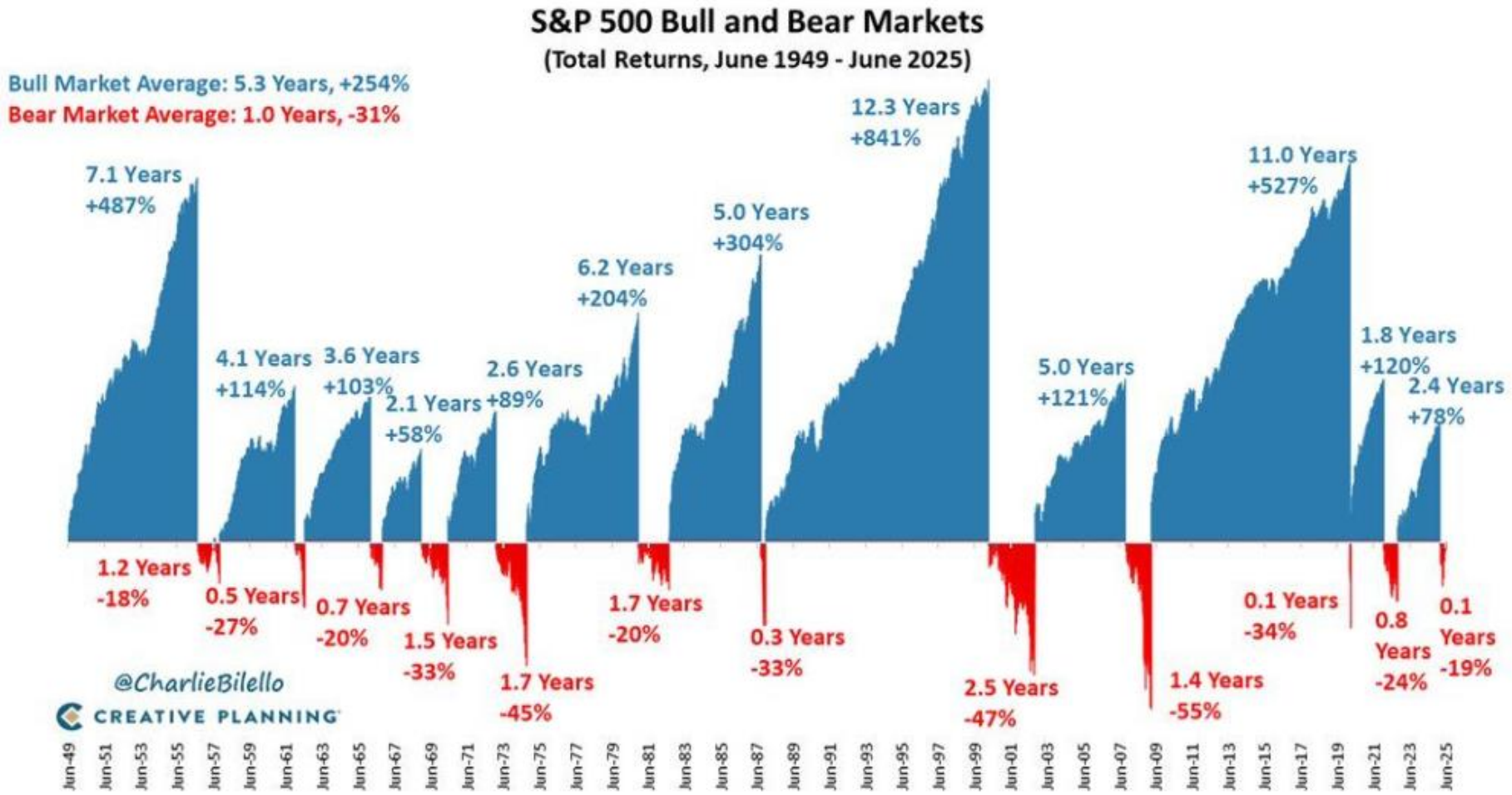


US Stocks went up by 200%+ since March 2026 and 1200% since March 2009!

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Stay Invested - Stocks Rebound



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Stay Invested - Stocks Rebound

U.S. Stock Market

Market and Economic Chartbook | March 28, 2020

NewLeaf FINANCIAL GUIDANCE

Bear Markets and Recoveries

S&P 500 total returns since World War II. Bear markets are peak-to-trough declines of 20% or worse. The bold line is an average across bear markets.

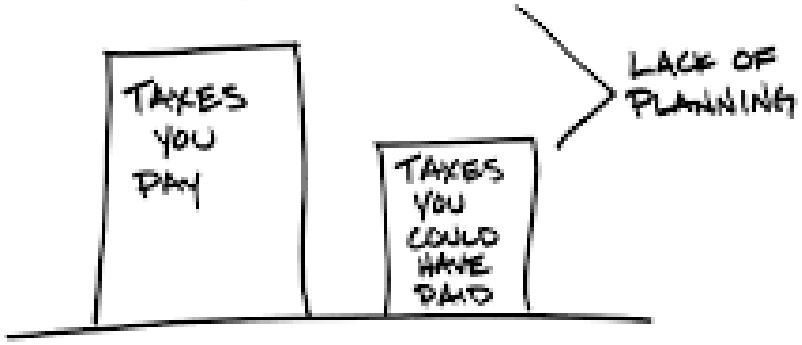


Source: Clearnomics, Standard & Poor's

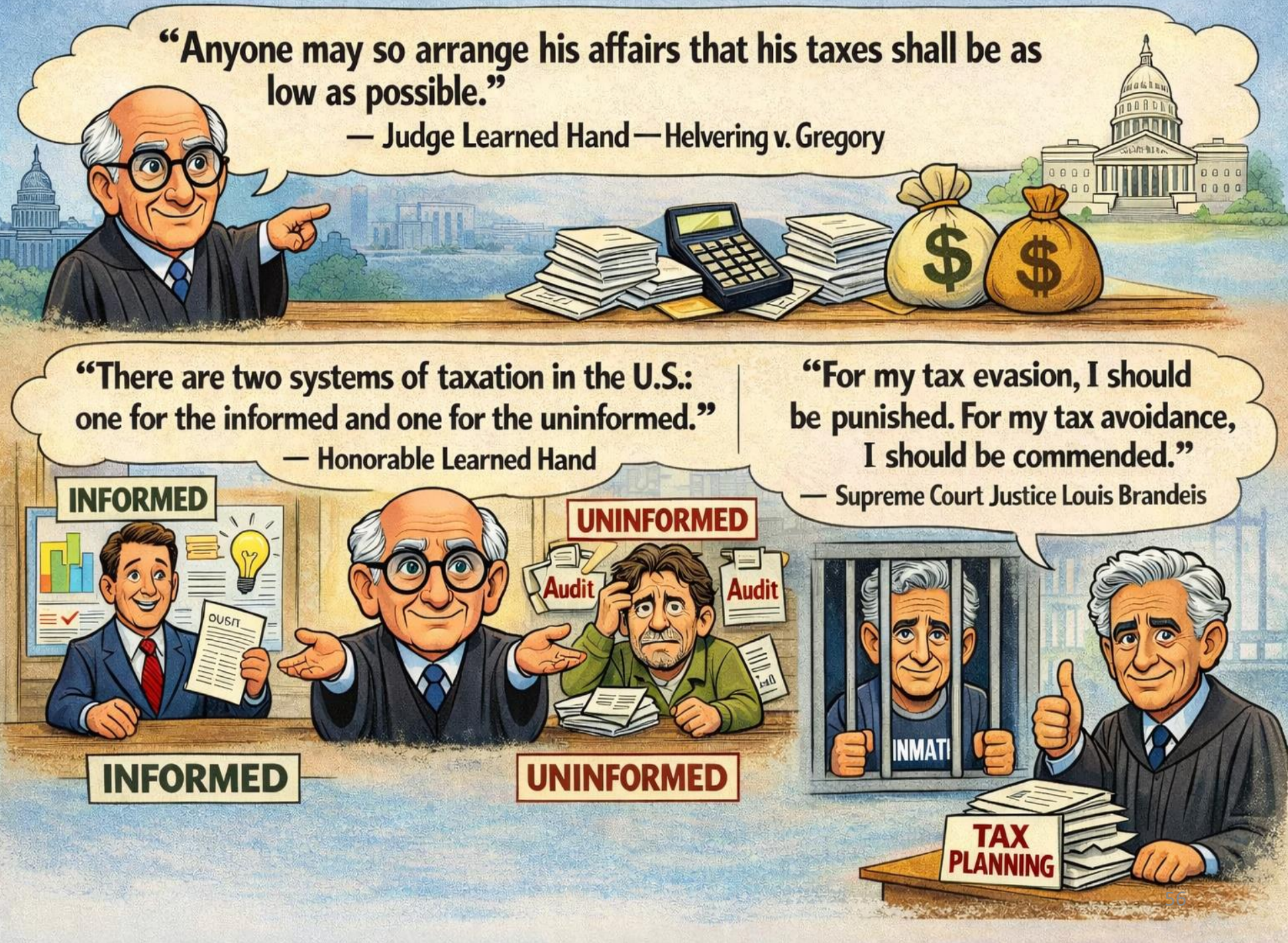
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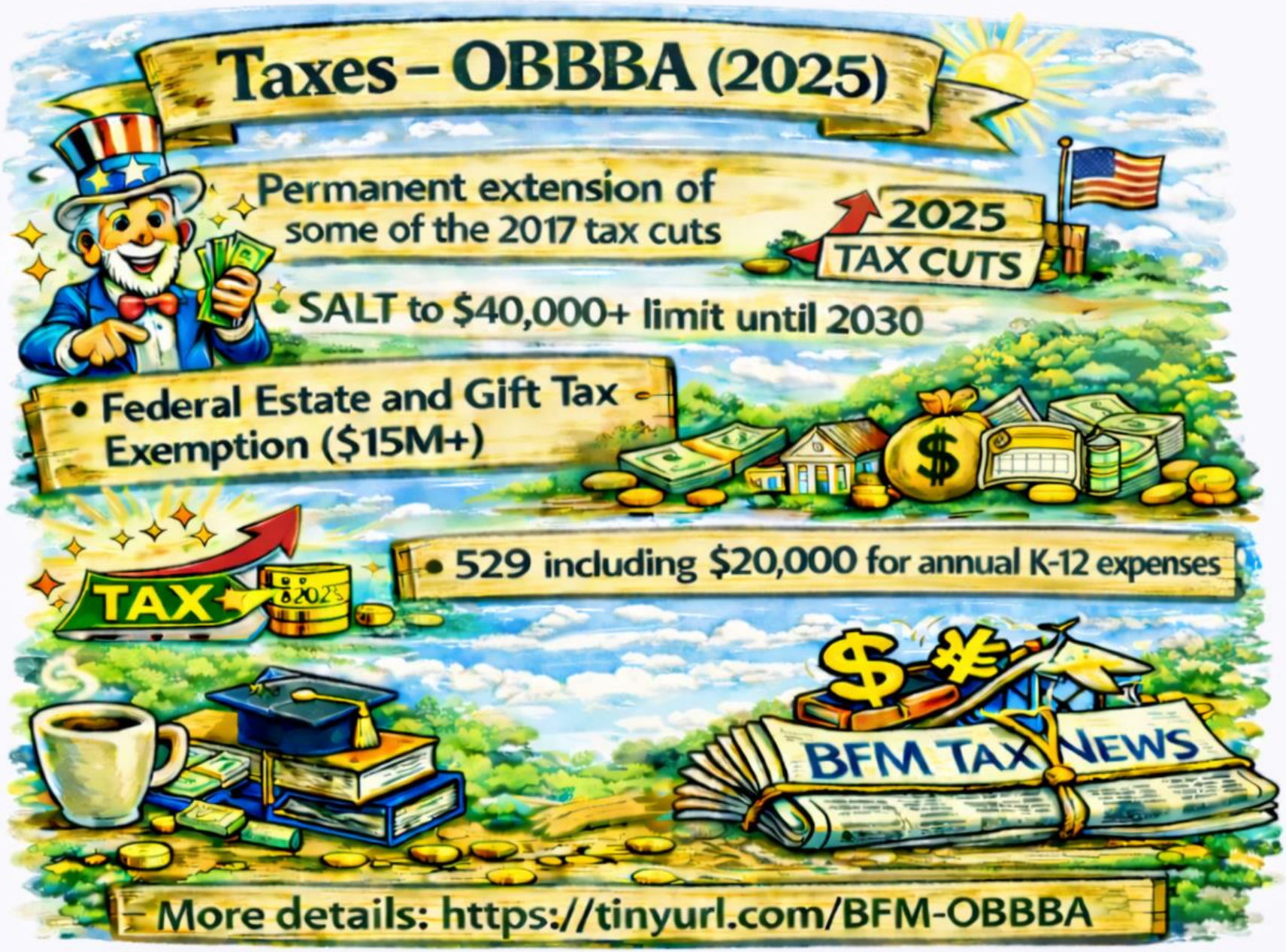
Taxes and Issues for Expatriates



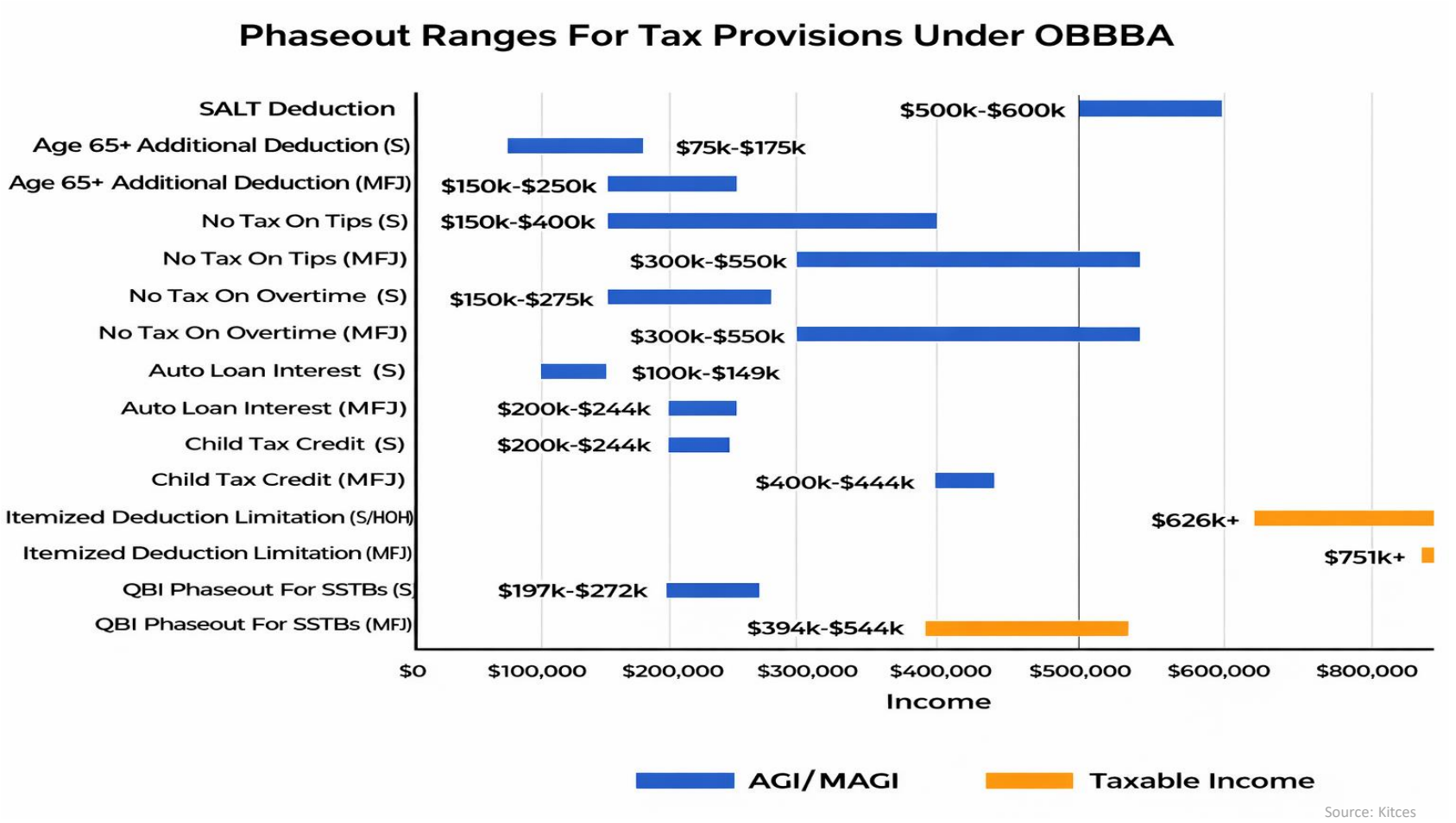
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"Anyone may so arrange his affairs that his taxes shall be as low as possible."
— Judge Learned Hand — Helvering v. Gregory
"There are two systems of taxation in the U.S.: one for the informed and one for the uninformed."
— Honorable Learned Hand
INFORMED
UNINFORMED
Audit
Audit
INFORMED
UNINFORMED
"For my tax evasion, I should be punished. For my tax avoidance, I should be commended."
— Supreme Court Justice Louis Brandeis
INMATE
TAX PLANNING


5 Typical Issues
Tax and Foreign Bank Accounts
(FBAR, FATCA, PFIC, SCI)
WILL
Education Planning
Asset Allocation / Location
Currency Risks
Donations / Successions
BFM
http://tinyurl.com/Tax-Update-Francais-Etats-Unis


Taxes – OBBBA (2025)
Permanent extension of some of the 2017 tax cuts
2025 TAX CUTS
SALT to $40,000+ limit until 2030
• Federal Estate and Gift Tax Exemption ($15M+)
TAX
2025
• 529 including $20,000 for annual K-12 expenses
BFM TAX NEWS
More details: https://tinyurl.com/BFM-OBBBA

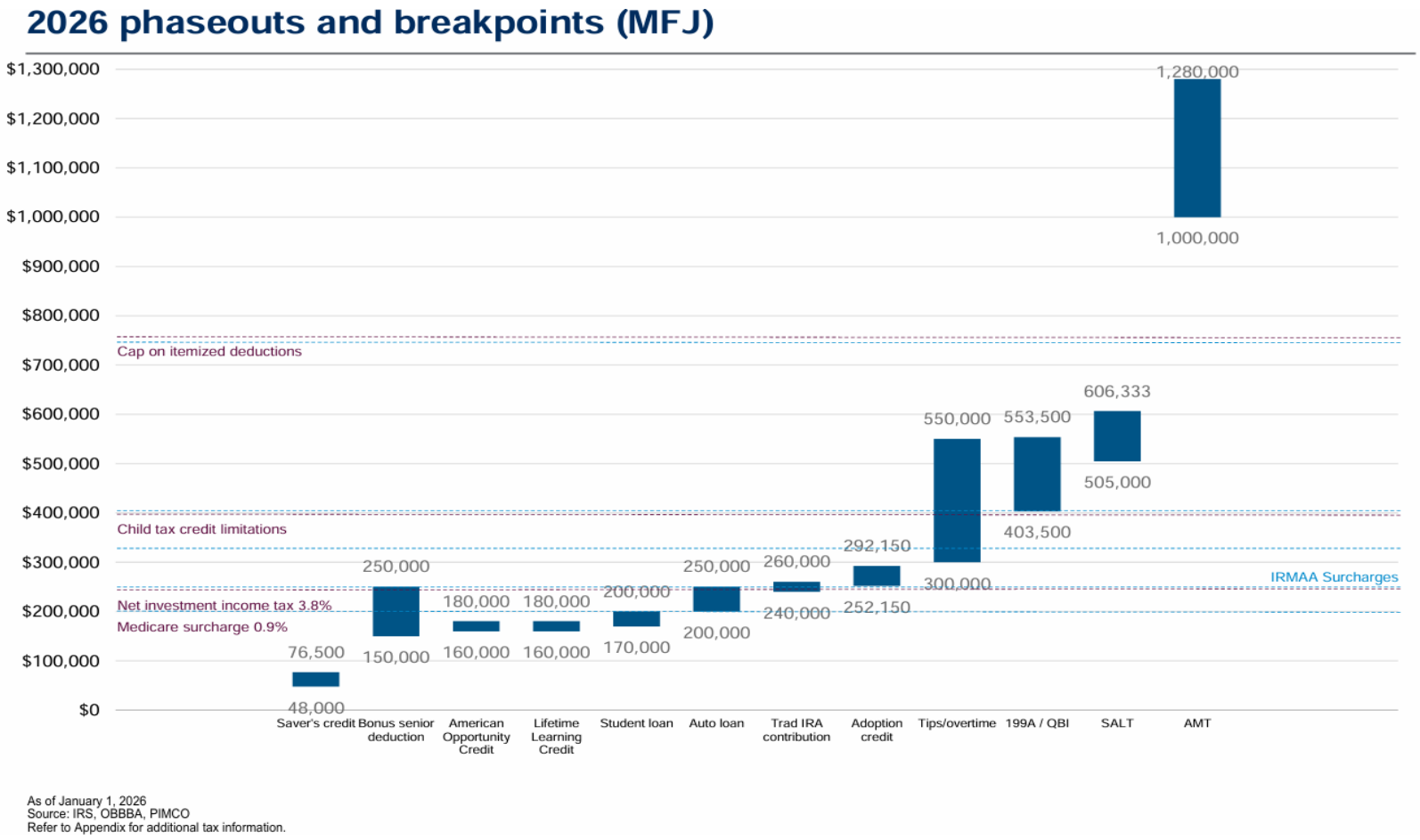
Taxes 2025 – OBBBA



See the BFM newsletter about the new 2025 Tax Bill: https://tinyurl.com/BFM-OBBBA-2026

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Taxes 2026 – OBBBA

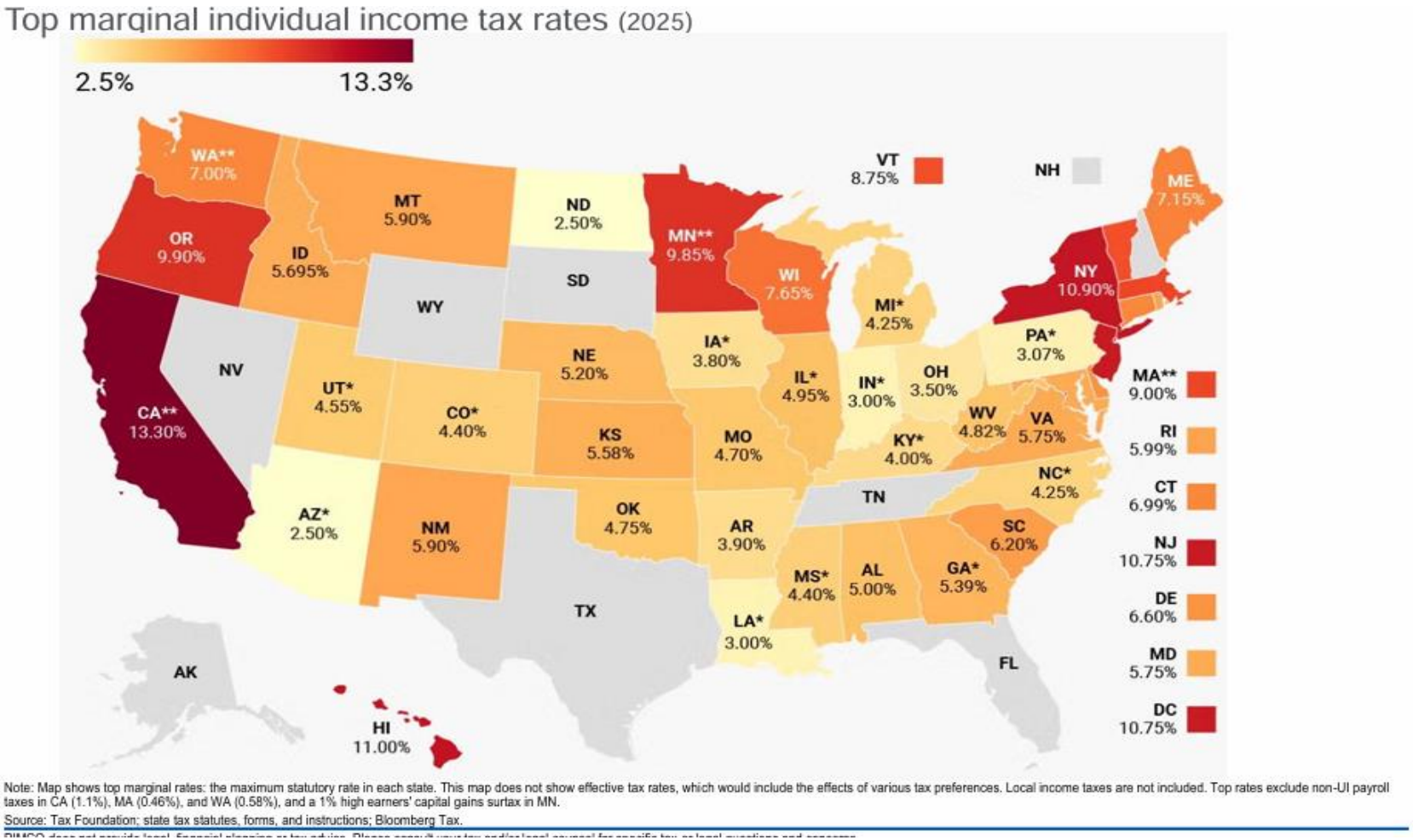


As of January 1, 2026
Source: IRS, OBBBA, PIMCO
Refer to Appendix for additional tax information.

See the BFM newsletter about the new 2025 Tax Bill: https://tinyurl.com/BFM-OBBBA-2026

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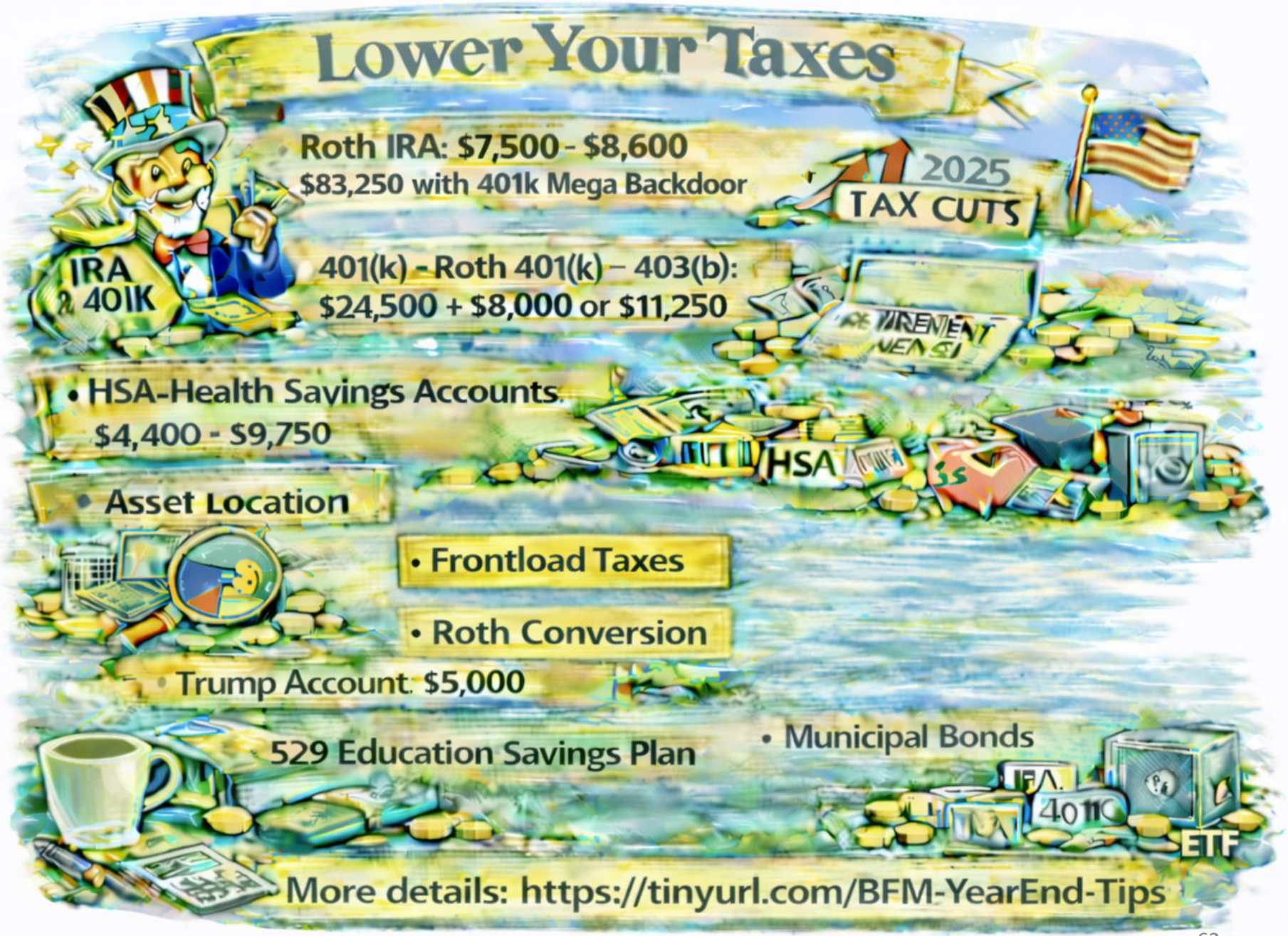
State Income Taxes



Note: Map shows top marginal rates: the maximum statutory rate in each state. This map does not show effective tax rates, which would include the effects of various tax preferences. Local income taxes are not included. Top rates exclude non-UI payroll taxes in CA (1.1%), MA (0.46%), and WA (0.58%), and a 1% high earners' capital gains surtax in MN.

Source: Tax Foundation; state tax statutes, forms, and instructions; Bloomberg Tax.

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Lower Your Taxes
Roth IRA: $7,500 - $8,600
$83,250 with 401k Mega Backdoor
2025
TAX CUTS
IRA
& 401K
401(k) - Roth 401(k) – 403(b):
$24,500 + $8,000 or $11,250
• HSA-Health Savings Accounts
$4,400 - $9,750
HSA
• Asset Location
• Frontload Taxes
• Roth Conversion
• Trump Account: $5,000
529 Education Savings Plan
• Municipal Bonds
IRA
401(k)
ETF
More details: https://tinyurl.com/BFM-YearEnd-Tips

Tax Planning

Tax planning in retirement isn't about minimizing taxes in one particular year.

It's about coordinating what you pay today with what you may owe in the future.

The goal is to structure your income so you get the most after-tax spending throughout retirement, while steering clear of unpleasant tax surprises along the way.

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Foreign Income and Bank Accounts

- Tax Summary for French in the U.S. >> http://tinyurl.com/Tax-Update-Francais-Etats-Unis
- If you are expats living in the U.S. (www.irs.gov/individuals/international-taxpayers/substantial-presence-test), or if you are U.S. citizen, or Green Card holder (Permanent Resident), you should report to the U.S. government your worldwide foreign revenues, gains, investment/bank interests/dividends: www.irs.gov/Individuals/International-Taxpayers
- If you have (or have a power of attorney on) foreign bank accounts with a total value (sum of all accounts) above $10,000, you should file the FBAR / FIN CEN 114 form. The penalties can include years in jail (remember that Al Capone went to jail for tax evasion in 1931): www.irs.gov/irm/part4/irm_04-026-016.html
- If you have foreign bank accounts with a total value (sum of all accounts) above $50,000 (for singles or $100,000 for couples - if you live in the U.S.), don't forget the IRS forms 8865 or 5471 if you own French SCI and the FATCA / 8938 form (and 8621 if you own any PFIC like a mutual fund or an ETF): www.irs.gov/Businesses/Corporations/Foreign-Account-Tax-Compliance-Act-FATCA
- The following websites may help the understanding.
- www.irs.gov/Businesses/Comparison-of-Form-8938-and-FBAR-Requirements
- www.goldinglawyers.com/foreign-mutual-fund-pfic-8621-excess-distribution-calculation-example/
- www.irs.gov/uac/form-8621-return-by-a-shareholder-of-a-passive-foreign-investment-company-or-qualified-electing-fund
- If you forgot to report your foreign accounts, you could look at solutions like the streamlined process: https://www.irs.gov/individuals/international-taxpayers/streamlined-filing-compliance-procedures.
- Penalties could be high. "Taxpayer Owes Penalties of $2,241,809 on Foreign Account Balance of $1,545,676": https://tinyurl.com/Penalty-FBAR.
- Note that many foreign banks refuse to work with clients that are "U.S. person" so it is not easy to keep foreign bank accounts. It may also be hard for a U.S. person moving away from the U.S. to keep U.S. bank accounts.

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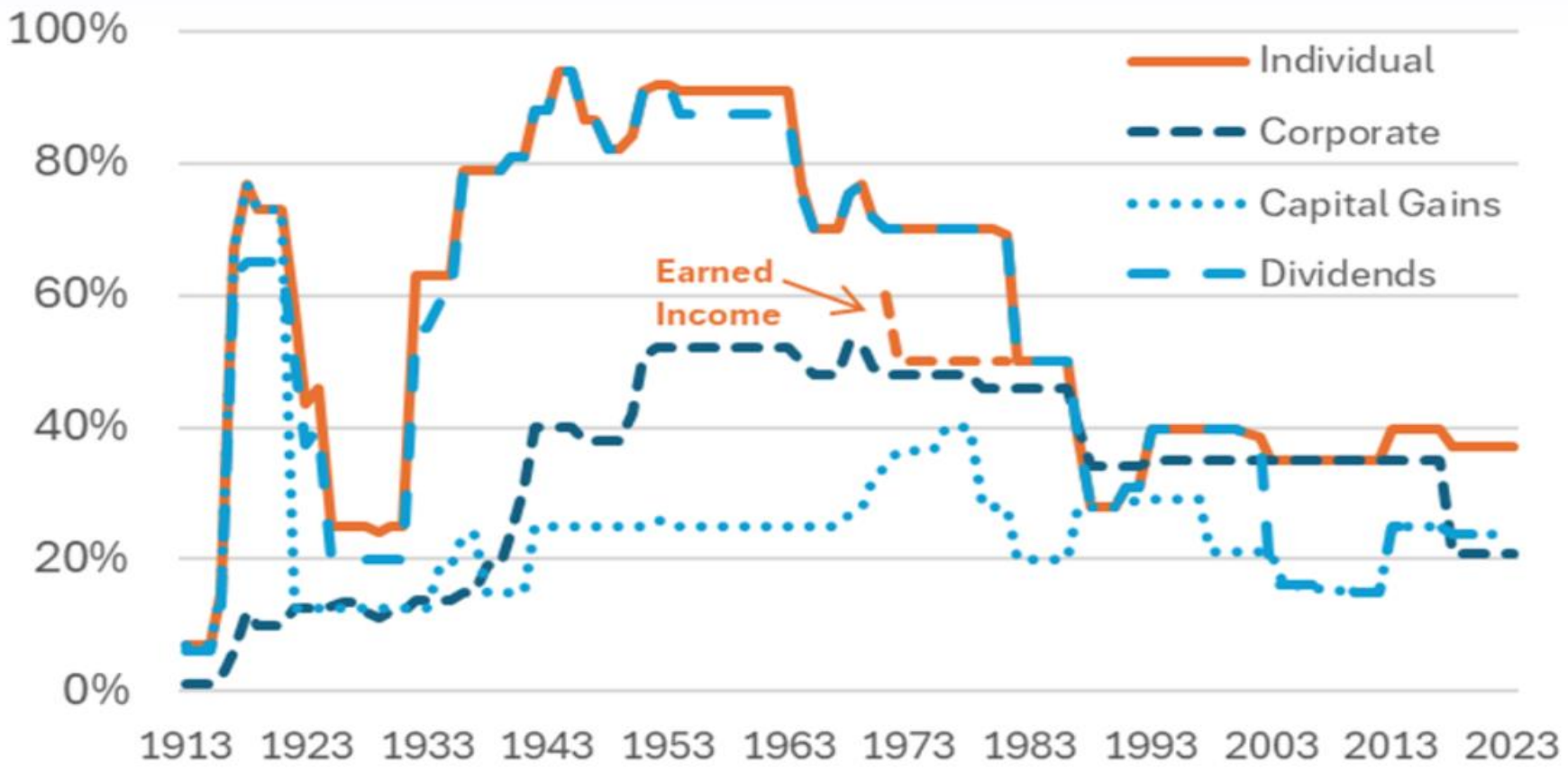
Estate or Inheritance Tax

State	Death Tax Type	Tax Exemption	Tax Rate
Connecticut	Estate	$13,990,000	12%
Hawaii	Estate	$5,490,000	10–20%
Illinois	Estate	$4,000,000	0.8–16.0%
Kentucky	Inheritance	$1,000	0–16%
Maine	Estate	$7,000,000	8–12%
Maryland	Estate and Inheritance	$5,000,000 estate; $1,000 inheritance	0.8–16.0% estate; 0–10% inheritance
Massachusetts	Estate	$2,000,000	0.8–16.0%
Minnesota	Estate	$3,000,000	13–16%
Nebraska	Inheritance	$100,000	0–15%
New Jersey	Inheritance	$25,000	0–16%
New York	Estate	$7,160,000	3.06–16.00%
Oregon	Estate	$1,000,000	10–16%
Pennsylvania	Inheritance	No exemption	0–15%
Rhode Island	Estate	$1,802,431	0.8–16.0%
Vermont	Estate	$5,000,000	16%
Washington	Estate	$3,000,000	10–35%
District of Columbia	Estate	$4,873,200	11.2–16.0%

Source: The Tax Foundation

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Historical Maximum Income and Capital Gains Tax Rates

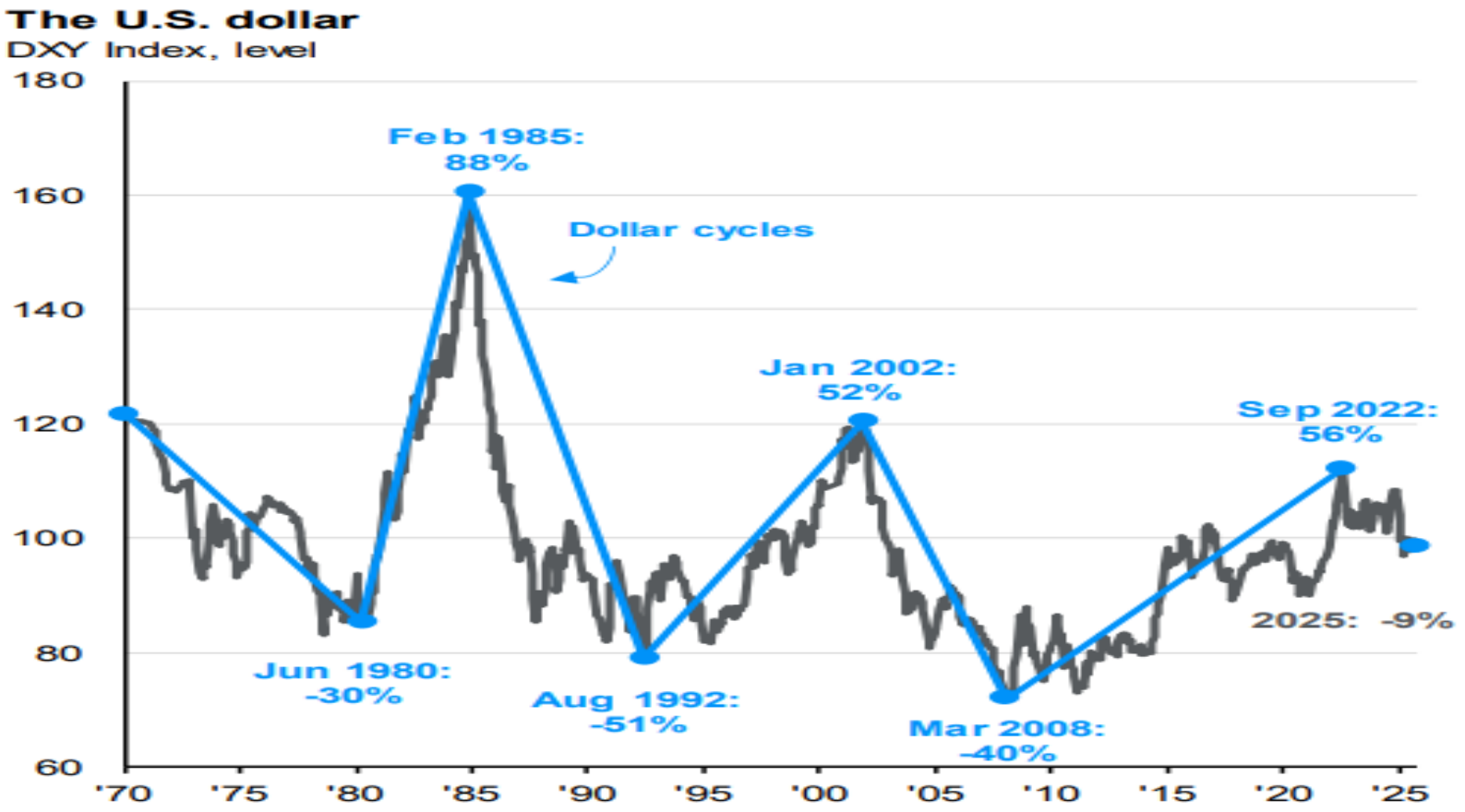


Source: The Concord Coalition based on IRS data

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Currency Risk
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INVESTMENTS
?

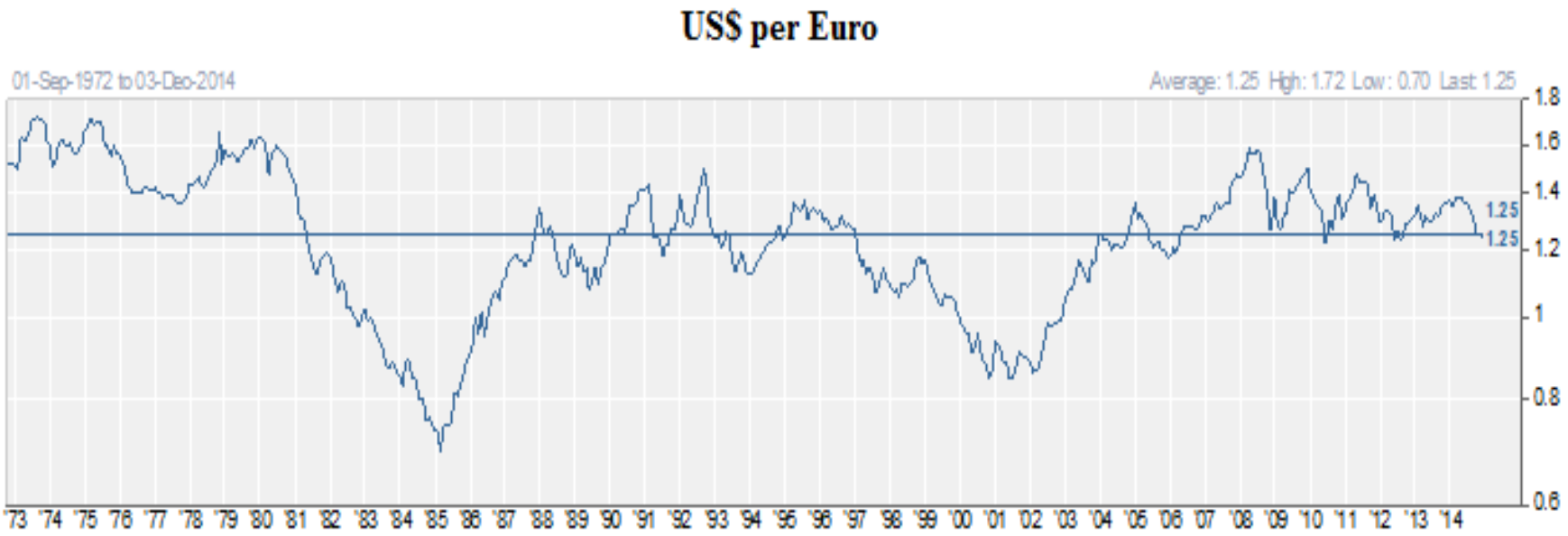
Currency Risk



Source: Bloomberg, FactSet, J.P. Morgan Asset Management; (Left) ICE; (Top right) BEA; (Bottom right) BIS.
Currencies in the DXY Index are: British pound, Canadian dollar, euro, Japanese yen, Swedish krona and Swiss franc. *Interest rate differential is the difference between the 2-year U.S. Treasury yield and a basket of the 2-year yields of each major trading partner (Australia, Canada, eurozone, Japan, Sweden, Switzerland and UK). Weights in the basket are calculated using the 2-year average of total government bonds outstanding in each region.
Guide to the Markets – U.S. Data are as of December 31, 2025.

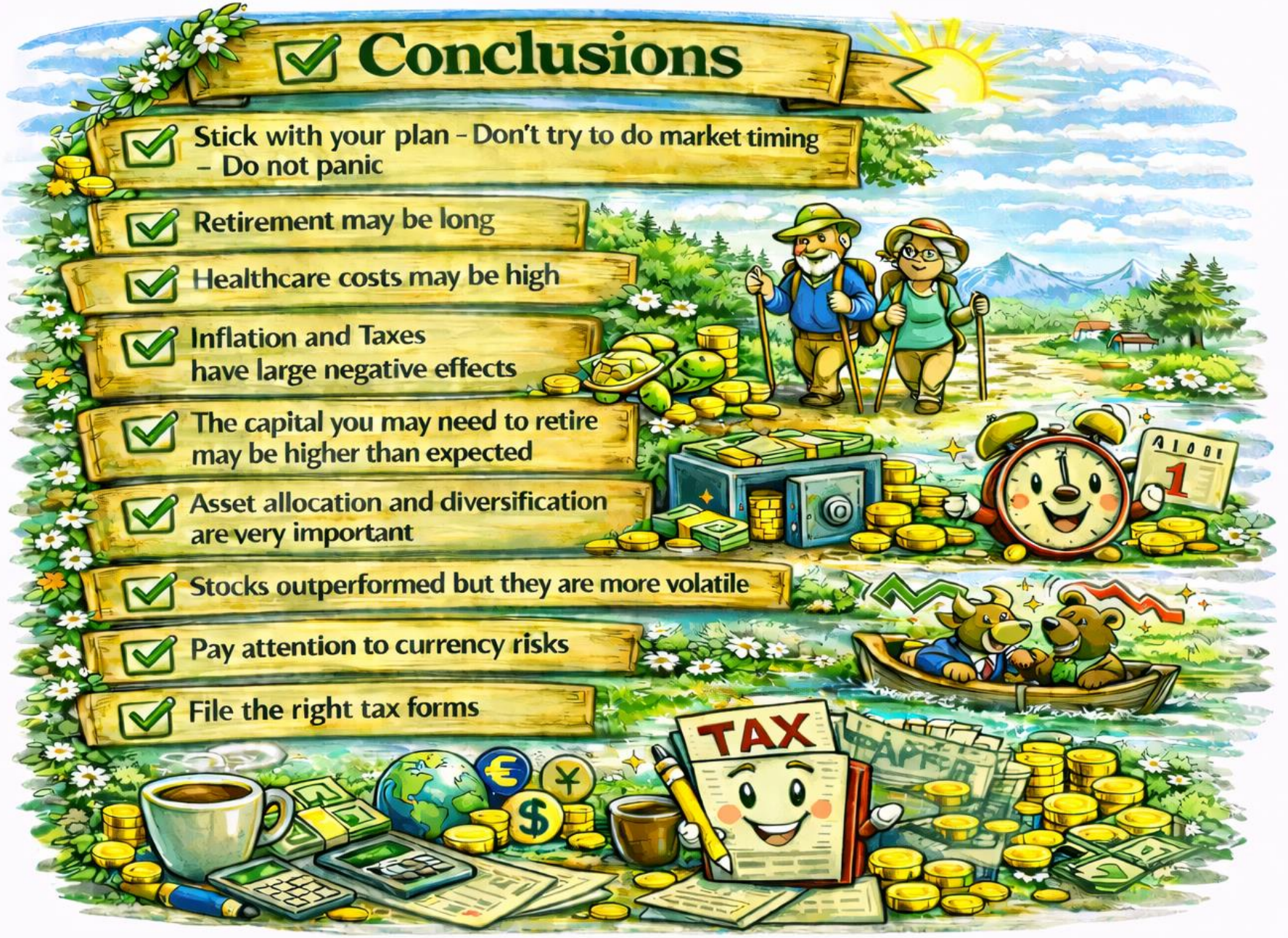
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Currency Risk



Source: WMR

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Conclusions
Stick with your plan – Don't try to do market timing – Do not panic
Retirement may be long
Healthcare costs may be high
Inflation and Taxes have large negative effects
The capital you may need to retire may be higher than expected
Asset allocation and diversification are very important
Stocks outperformed but they are more volatile
Pay attention to currency risks
File the right tax forms
TAX

Optimize Your WEALTH and BEHAVIOR



SMART MONEY HABITS

- ✓ Diversify
- ✓ Avoid Timing
- ✓ Plan for Retirement

GOOD BEHAVIOR

- ✓ Stay Calm
- ✓ Start Early
- ✓ Increase Savings

Educate Yourself to Minimize MISTAKES



Daily postings: bourbonfm.com/blog



"Who the hell wants to hear actors talk?"

H.M. Warner, Warner Brothers, 1927

Pay Attention to What People Do… Not What they Say…

"I think there is a world market for maybe 5 computers."

– Thomas Watson, Chairman of IBM, 1935



"TV won't be able to hold on to any market. People will soon get tired of staring at a plywood box every night."

– Darry Zanuck, 20th Century Fox, 1946



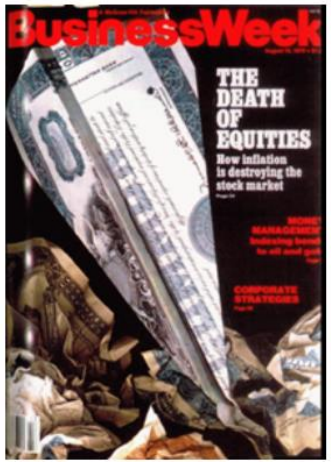
"No one will need more than 637kb of memory, 640 kb ought to be enough for anybody."

– Bill Gates, Microsoft, 1981



Do Not (?) Pay Attention to News

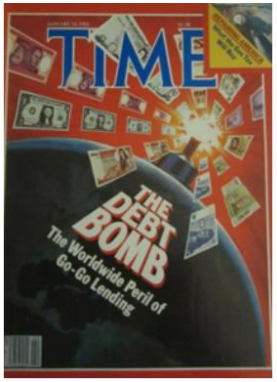
August 1979



October 1987



January 1983



But, $10,000 invested in a U.S. stock Index fund in 1979 would have become more than $50,000 ten years later...



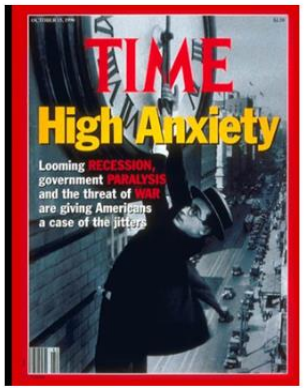
Source: Morningstar

BFM newsletter about the news : https://tinyurl.com/BFM-News

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Do Not (?) Pay Attention to News

October 1990



October 1995



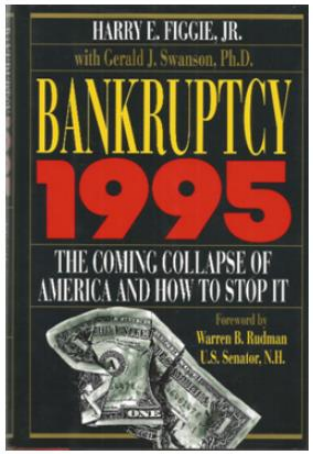
August 1997

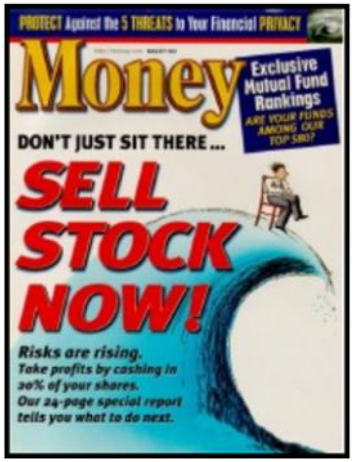
But, $10,000 invested in a U.S. stock index fund in 1990 would have become more than $60,000 ten years later...



Source: Morningstar

September 1992





BFM newsletter about the news : https://tinyurl.com/BFM-News

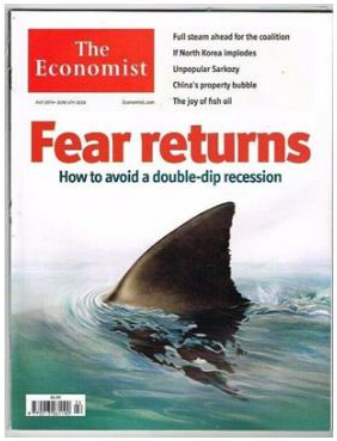
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Do Not (?) Pay Attention to News

January 2010



May 2010



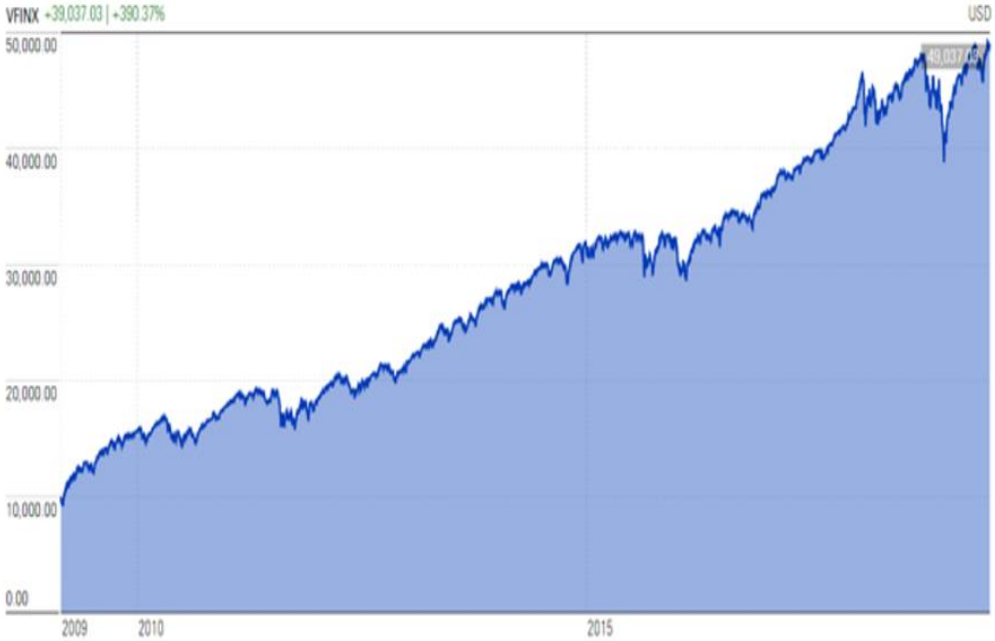
December 2011



August 2018



But, $10,000 invested in a U.S. stock index fund in 2009 would have become more almost $50,000 ten years later...



Source: Morningstar

BFM newsletter about the news : https://tinyurl.com/BFM-News

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