

**UNIT
4****CASE STUDY:****Fast-Forward: Financial Pathways Over Time****Case Brief****Case Question**

How do different financial pathways chosen early in life shape Amara's long-term financial stability, risk, and independence?

How You'll Use This Case

What if you could jump forward in time . . . and see how the financial decisions you make actually turn out?

In this case, that's exactly what happens.

You will follow Amara, a young adult just beginning to navigate financial independence. One day, while thinking about what to do with her money, something unexpected happens:

She gains the ability to travel forward in time.

At four different points in her life, Amara jumps forward and sees three different future financial pathways. Each pathway is shaped by a different set of choices: how she saves, how she invests, how she manages risk, and how she plans for the future.



Amara doesn't get to change the past . . . but she does get to learn from what she sees.

And so do you!

Your job is not to decide what Amara should do. Your job is to:

- Analyze what happens in each version of her future.
- Compare outcomes across different financial pathways.
- Use exhibits to identify patterns and trade-offs.
- Explain how time, risk, and planning shape financial independence.

You will not have all the information at once. Each topic reveals a new time travel jump and new evidence.

The Situation

Amara is just starting out.

She has:

- Limited income
- Basic financial tools
- Big questions about the future

Like many people her age, she wonders:

- *Does saving vs. investing really matter right now?*
- *What happens when money is exposed to risk?*
- *What if something unexpected goes wrong?*
- *How do people actually become financially independent?*

Instead of guessing, Amara gets to see the answers.

At each stage of life, she fast forwards through time and observes what happens under three different financial pathways.

- Some futures show growth.
- Some show setbacks.
- Some show stability but with trade-offs.
- None are perfect.

Your goal? Closely analyze what happens across each version of Amara's financial future, and explain how the choices she makes early in life shape her long-term financial stability, risk, and independence.

Your Role

You are a **Financial Time-Travel Analyst**. You are answering the basic question: What happened in each of Amara's chosen pathways, and why?

Your role is to:

- Explain how risk, protection, and time interact.
- Compare how different financial pathways perform over time.
- Identify what caused success, setbacks, or missed opportunities.
- Explain how financial independence is built—or limited—across decades.

You will support all conclusions using case study materials and financial reasoning.

Preview

Each topic represents a new jump forward in time.

At each time jump:

- Amara considers three possible financial pathways.
- She travels forward and observes what happens under each one.
- You analyze exhibits that reveal the outcomes over time.

Your goal is to explain how different financial choices play out—not just immediately but over years and decades.

- **Topic 1: First Time Jump: Ages 18–22**—Amara is just beginning to earn and manage her own money. She wonders: "I'm just getting started . . . does it really matter what I do with my money right now?" To find out, she jumps forward a few years and sees three different versions of her financial situation.

- **Topic 2: Second Time Jump: Ages 23–30**—As Amara moves further into adulthood, her income increases and her financial decisions become more complex. She begins to wonder: “What happens when my money is invested—and the market changes?” She jumps forward again and sees how different investment strategies play out.
- **Topic 3: Third Time Jump: Ages 31–36**—Amara now begins to think beyond growth. She asks: “What happens if something unexpected goes wrong?” She jumps forward—and sees that an unexpected event has disrupted her financial situation.
- **Topic 4: Fourth Time Jump: Ages 50–67**—After seeing the impact of growth and risk, Amara asks one final question: “Where do all of these paths lead, and have I prepared adequately for retirement?” She jumps forward decades—and sees the long-term results of different financial pathways.

Case Study Resolution (End of Unit)

After analyzing all versions of Amara’s financial future, you’ll determine which combination of financial choices leads to the strongest long-term financial independence and why. Using evidence from all four topics, you will:

- Explain how saving, investing, risk management, and planning interact over time.
- Identify key trade-offs across different stages of life.
- Determine which financial decisions matter most in the long run.
- Justify your conclusions using evidence from multiple exhibits.

Remember . . . there is no single “perfect” pathway. Your goal is to explain how financial independence is built—and what makes it sustainable over time.

TOPIC 1: INTRODUCTION

Investing & Saving

New Case Information

At 18, Amara has just finished high school and started a part-time job. It doesn't pay much, but after covering basic expenses, there's a small but consistent amount left over each month (about \$75). It's not a lot, but it's something.

Friends and family offer conflicting advice:

Amara, I think you should just put it in a high yield savings account; it's safe and you can get to it whenever you need it.

—Grandpa Joe

You should invest it, Amara! Even small amounts grow a lot over time if you start early!

—Aunt Mimi

Do both. Don't put all your eggs in one basket, Amara.

—Jason (Older Brother)



Each of these reflects a real financial strategy. And each one involves trade-offs between growth and access, between risk and stability, and between what money can do now versus what it might become later.

Amara pauses and wonders: "Does this decision actually matter that much right now?"

So she decides to find out.

Using her ability to jump forward in time, Amara travels ahead to age 22 and sees three different versions of her financial future, each based on a different choice she could make today.

She returns with the evidence.

Now it's your job to analyze what she saw.

The Three Pathways

Amara doesn't see one future. She sees three.

Pathway A: Saver-First

Amara deposits all \$75/month into a High-Yield Savings Account (HYSA) earning 4.5% annual interest. Her money is safe, federally insured, and fully accessible at any time. Her growth is slow but guaranteed.

Pathway B: Early Investor

Amara invests all \$75/month into a broad index fund averaging 7% annual return. Her growth potential is higher, but the balance fluctuates with the market. Withdrawing her money early (especially during a downturn) may mean selling at a loss.

Pathway C: Blended Approach

Amara splits \$37.50/month into a HYSA and \$37.50/month into an index fund. This approach pursues both growth and liquidity, though at lower amounts in each account.

Supporting Question 1:

When Amara starts saving and investing at 18, which pathway performs best when everything goes as planned, and does that change when an emergency happens?

You will use case study materials to complete activities to answer this question. Your answers must be supported with evidence.

How to Use the Case Study Materials

- **Saving vs. Investing Pathways (Ages 18–22):** See what happens to \$75/month under each of the three pathways over four years, under two different conditions: one where no unexpected events occur and one where a \$600 car repair is needed at age 21, right in the middle of the saving window.

The information will help you:

- Compare how each pathway grows over time under normal conditions.
- Analyze what happens to each pathway when liquidity is suddenly needed.
- Explain which pathway performs best; and under what conditions.

As you analyze this material, focus on what changed between these futures and what caused those differences.

There is no single right answer. Your job is to reason carefully about what the evidence shows.

Saving vs. Investing Pathways

(Ages 18–22)

- **Pathway A:** Amara deposits into a High-Yield Savings Account (HYSA) at 4.5% annual interest.
- **Pathway B:** Amara invests in a broad index fund at an average 7% annual return.
- **Pathway C:** Amara splits \$37.50/month into each account type.



Note: Each pathway begins at \$0 at age 18 with \$75/month available.

	Pathway A Saver-First (HYSA, 4.5%)	Pathway B Early Investor (Broad Index Fund, 7%)	Pathway C Blended Approach (Split 50/50, 5.75%)
Condition 1: No Unexpected Events (Ages 18–22)			
Balance at Age 22	\$3,951	\$4,165	\$4,058
Amount Available Immediately (if needed)	\$3,951 (full balance)	<i>Varies—depends on market timing at time of withdrawal</i>	\$1,976 (savings portion only)
Condition 2: \$600 Car Repair Emergency at Age 21 (market down 12% at time of withdrawal)*			
How emergency is covered	Withdraw \$600 directly from HYSA — no penalty	Must sell investments at depressed market price	Withdraw \$600 from savings — investments untouched
Cost of accessing \$600	\$600 exactly	\$682 in shares sold to receive \$600 cash	\$600 exactly
Balance at age 22 (after emergency)	\$3,323	\$3,046	\$3,430

*Note: The 12% market decline in Condition 2 is a simplified illustration of short-term market volatility. It is not a prediction.

TOPIC 2: INTRODUCTION

Investing Basics & Asset Growth

New Case Information

Amara is back, and this time she's jumping forward to her mid-twenties.

She is pleasantly surprised to see that she has a steadier income now, her basic expenses are covered, and she finally has real money to put to work. She plans on putting away \$300 a month for the next eight years.

But this time the question isn't just whether to save or invest. It's how to invest—and that turns out to be a much harder question.

Again, her friends, family, and coworkers offer conflicting advice:

Play it safe, Amara. Bonds and blue-chip stocks are your best bet. Slow and steady wins the race.

—Mom

We're young! Do what I did. Go aggressive, Amara. High growth, high risk, high return. You have the time to recover from anything that happens.

—Mateo (Coworker)

I like to spread things around. Don't bet everything on one thing, Amara.

—Zuri (Best Friend)



Each strategy has real logic behind it. And each one responds differently when the market behaves unexpectedly (which, eventually, it always does).

Amara pauses and wonders: “What actually happens if I follow each of these strategies?”

So, once again she uses her ability to jump forward in time. This time Amara travels ahead to age 30 and sees three different versions of her financial future, each shaped by a different investment strategy.

- Some paths grow quickly but feel unstable.
- Some feel safe but don’t grow as much as expected.
- Some strike a balance but come with their own trade-offs.

And there’s something else she notices:

Even when the numbers look bigger, they don’t always mean more, because the cost of living has changed too.

Amara returns with new questions and new evidence.

Now it’s your job to analyze what she saw.

The Three Pathways

Amara doesn't see one future. She sees three.

Pathway A: Conservative Investor

Amara allocates 60% to bonds and 40% to large-cap stocks. This blended portfolio averages about 5.2% annual return. Growth is slower but more predictable, and the bond allocation cushions against market swings.

Pathway B: Aggressive Investor

Amara concentrates 90% of investments in a single high-growth sector, averaging 9% annual return during strong market periods. The potential upside is significant—but the portfolio is highly exposed if that sector experiences a downturn.

Pathway C: Diversified Investor

Amara spreads investments across a broad index fund (50%), bonds (30%), and international stocks (20%), for a blended return of about 5.9% annually. No single asset class dominates, which limits both the highs and the lows.

Supporting Question 2:

How do risk level, diversification, and inflation influence long-term investment outcomes across Amara's different pathways?

You will use case study materials to complete activities to answer this question. Your answers must be supported with evidence.

How to Use the Case Study Materials

- **Investing Pathways (Ages 23–30):** This table shows what happens to \$300 per month under each of the three pathways over eight years, under two different conditions: one where the market grows steadily for all eight years and one where a market downturn hits at age 29 after six years of growth.

It also shows inflation-adjusted (real) values alongside nominal balances so you can see what Amara's money is actually worth in today's purchasing power, not just what the account statement says.

Finally, the table includes a projection of what each age-30 balance could grow to by age 65 if left untouched. This is a way of making the long-term consequences of Amara's choices visible.

The information in this table will help you:

- Compare how nominal and real returns differ across pathways.
- Analyze how a market downturn affects each strategy differently depending on how concentrated or diversified the portfolio is.
- Evaluate what the long-term cost of a single downturn might be, depending on which pathway Amara followed.

Pay close attention to the age-30 balances in Condition 2. They may surprise you!

Investing Pathways

(Ages 23–30)

Amara is now 23 with a steady job and plans to contribute \$300 per month to investments for 8 years.

- **Pathway A:** Amara allocates 60% bonds / 40% large-cap stocks (blended 5.2% average annual return).
- **Pathway B:** Amara concentrates 90% in a single high-growth sector (9% avg. annual return, high volatility).
- **Pathway C:** Amara spreads across broad index funds, bonds, and international stocks (blended 5.9% avg. annual return).

Inflation runs at 3% annually throughout.



NOTE: For the purposes of Topic 2, Amara keeps whatever she built in Topic 1 in its original account—she doesn't touch it. Topic 2 is focused entirely on the new \$300 per month and the investment strategy decisions she makes with it.

	Pathway A Conservative Investor (5.2% blended)	Pathway B Aggressive Investor (9.0% concentrated)	Pathway C Diversified Investor (5.9% blended)
Condition 1: No Market Disruption (Ages 23–30)			
Stated balance at age 30	\$35,775	\$42,272	\$36,873
Inflation-adjusted (real) balance at age 30	\$28,241	\$33,370	\$29,108
Difference: stated vs. real value	-\$7,534	-\$8,902	-\$7,765
Projected value at age 65 if growth continues at same rate (no new contributions after age 30)	\$210,928	\$862,930	\$274,197

(continued)

	Pathway A Conservative Investor (5.2% blended)	Pathway B Aggressive Investor (9.0% concentrated)	Pathway C Diversified Investor (5.9% blended)
Condition 2: Market Downturn at Age 29 (after 6 years of growth)			
Portfolio value just before downturn	\$25,395	\$28,716	\$25,969
Impact of downturn (% lost and dollar amount)	–8% (bonds cushion the drop) Lost: \$2,032	–25% (concentrated sector collapses) Lost: \$7,179	–14% (diversification limits damage) Lost: \$3,636
Stated balance at age 30 (after downturn + 2 more years)	\$33,521	\$33,683	\$32,783
Inflation adjusted (real) balance at age 30 (after downturn + 2 more years)	\$26,461	\$26,589	\$25,879
Difference: stated vs. real value	–\$7,060	–\$7,094	–\$6,904
Projected value at age 65 (downturn scenario, no new contributions after age 30)	\$197,640	\$687,594	\$243,784

Note: Return rates and the downturn scenario are simplified illustrations. Real markets are more complex. Age-65 projections assume the age-30 balance continues growing at the same rate with no additional contributions—this is intentionally simplified to isolate the effect of each pathway's rate of return.

TOPIC 3: INTRODUCTION

Risk Management & Insurance

New Case Information

Amara is back, and this time she's jumping forward to her early thirties.

She has a steady job, a growing investment portfolio, and a financial life that is finally starting to feel stable. The decisions from her early twenties (how much to save, how to invest, how to balance risk and growth) are quietly compounding in the background. Alongside her investment portfolio, Amara has also been setting aside money in a separate savings account reserved specifically for emergencies: not to grow but to be there when something goes wrong.

Again, her friends, family, and coworkers offer conflicting advice on how to manage risk:

Honestly, I keep a little cushion in my savings and just figure I'll deal with stuff if it happens. Most people I know don't have crazy emergencies. And income replacement insurance costs money every month—money I could actually use right now! I'd rather put that toward rent than pay for something I might never need.

—Darius (cousin)

I learned the hard way—you need more than a little cushion. I keep enough to cover a few months of bills, and I pay for disability insurance because if I can't work, my whole household stops. Is it cheap? No. But the one time something happened, I was so glad I had it. You can't put a price on not having to panic.

—Renee (family friend)

I sat down years ago and wrote out every risk I could think of—what if I get sick, what if business dries up, what if my car dies the same week something else breaks? Then I figured out exactly how to protect against each one. It costs me more upfront, but I've never had a financial emergency I wasn't ready for. The plan is what makes the difference—not luck.

—Mr. Davidson (former boss/business owner)



Then, at age 33, something she didn't plan for happens: Amara suffers an injury and cannot work for three months.

It's not a catastrophe. She is able to return to work. But three months without income (with \$2,800 in monthly expenses still due) is enough to reveal exactly how much her financial protection systems actually protect her.

And just when she thinks the worst is over, her car needs an unexpected \$900 repair!

How Amara weathers these two events depends not just on how much money she has but on three things she may or may not have put in place before the crisis hit:

- How large her emergency fund is and whether it's enough to absorb a gap in income
- Whether she transferred any of her income risk before her injury occurred
- How she responds emotionally and behaviorally when financial stress is at its highest

The Three Pathways

Each of Amara's pathways at this age reflects a different combination of preparation and behavioral response that Amara could have followed before and during the crisis:

Pathway A: Minimal Protection

Amara has a small emergency fund covering only one month of expenses (\$2,800) and no short-term disability insurance coverage. When she cannot work for three months, her fund runs out quickly. Facing a \$5,600 shortfall, she panic-sells investments during a market downturn—paying more than necessary to access her own money. She also takes on high-interest debt and stops investment contributions entirely while she digs out.

Pathway B: Moderate Protection

Amara has a two-month emergency fund (\$5,600) and short-term disability insurance that covers 40% of her income. Together these cover all three months of expenses without touching investments or going into debt. The \$900 car repair is covered by what's left in her fund. But without a written financial plan, she pauses her investment contributions for two months after returning to work—a small behavioral response with a measurable long-term cost.

Pathway C: Strong Protection + Behavioral Discipline

Amara has a six-month emergency fund (\$16,800) and short-term disability insurance that covers 70% of her income. The short-term disability insurance alone covers all three months of expenses—her emergency fund is never touched. The car repair comes out of the intact fund without creating debt. And because she wrote a financial plan before the crisis, she follows it without hesitation: contributions resume immediately, and her long-term financial progress is essentially uninterrupted.

Supporting Question 3:

How do different risk management strategies affect Amara's financial stability when an unexpected event disrupts income?

You will use case study materials to complete activities to answer this question. Your answers must be supported with evidence.

How to Use the Case Study Materials

- **Risk Management Pathways (Ages 31–36):** This table follows Amara through two consecutive financial stressors, three months without work, and a \$900 car repair shortly after returning to work. It shows how each protection pathway performs at every stage: before the crisis, during it, and in the recovery period that follows.

The table is organized into five sections. Read through all five before completing your deliverable: the behavioral response section near the bottom is just as important as the financial figures at the top.

The information in this table will help you:

- Identify which risk management strategies (avoidance, reduction, retention, transfer) each pathway uses and how effectively.
- Analyze how the size of an emergency fund and the presence of short-term disability insurance affect the financial outcome of a crisis.
- Evaluate how behavioral responses during recovery can create additional financial costs that outlast the crisis itself.

Pay attention to the differences between Pathways B and C. They both avoid debt and protect their investments, but they do not end up in the same place.

Risk Management Pathways

(Ages 31–36)

At age 31, Amara had a steady income of \$4,200 per month and monthly expenses of \$2,800. At age 33, she unexpectedly suffers an injury and cannot work for 3 months. Shortly after returning to work, a \$900 car repair is needed. Each pathway reflects a different level of financial protection and behavioral response.



- **Pathway A:** Amara has an emergency fund of \$2,800 (1 month of expenses) and no short-term disability insurance.
- **Pathway B:** Amara has an emergency fund of \$5,600 (2 months of expenses) and short-term disability insurance covering 40% of her income.
- **Pathway C:** Amara has an emergency fund of \$16,800 (6 months of expenses), short-term disability insurance covering 70% of her income, and a written financial plan she follows throughout the crisis.

NOTES:

1. The emergency fund and short-term disability insurance figures in this chart are separate from the investment balances Amara built in Topics 1 and 2. Those investment portfolios remain in their own accounts throughout this period. They appear in this chart only in Pathway A, where the absence of adequate protection forces Amara to sell her investments early to cover expenses.
2. These pathways reflect different levels of financial preparation. The differences in protection are intentional; they are designed to show how planning decisions affect outcomes, not to suggest that people with fewer resources make less rational choices. Income, access, and circumstances beyond individual control shape real-life financial planning decisions.

	Pathway A	Pathway B	Pathway C
Protection in Place Before Injury			
Short-Term Disability Insurance (risk transfer)	None	\$1,680/month (40% of income)	\$2,940/month (70% of income)
Emergency fund	\$2,800 (1 month of expenses)	\$5,600 (2 months of expenses)	\$16,800 (6 months of expenses)
Written financial plan in place?	No	No	Yes
During Injury—3 Months Without Income (Age 33)			
Total expenses to cover	\$8,400	\$8,400	\$8,400
Used from short-term disability insurance (risk transfer)	-\$0 (none available)	-\$5,040 (\$1,680 x 3 months)	-\$8,820 (\$2,940 x 3 months)
Used from emergency fund	-\$2,800	-\$3,360	\$0 needed (income replacement covers all)
Remaining shortfall	\$5,600	\$0	\$0
How shortfall is covered	Sells investments during market downturn (-15%) Must sell \$6,588 to net \$5,600	No shortfall—fully covered	No shortfall—fully covered
Investments touched?	Yes—\$6,588 liquidated	No	No
After Returning to Work—\$900 Car Repair			
Emergency fund remaining	\$0 (fully depleted)	\$2,240 (partially depleted)	\$16,800 (fully intact)
\$900 car repair covered without new debt?	No—added to existing debt	Yes—covered from remaining fund (balance of \$1,340)	Yes—covered from fund (balance of \$15,900)

(continued)

	Pathway A	Pathway B	Pathway C
Financial Response During Recovery			
Investment contributions	Stops contributions indefinitely— focused on debt repayment	Pauses contributions for 2 months—feels unsafe resuming right away	Resumes contributions immediately—follows pre-written plan
Long-term cost of financial response (projected to age 65)	Significant—missed contributions + investment losses compound over time	\$3,350 (cost of 2 paused \$300 contributions compounded at 5.9% for 30 years)	\$0
Recovery Summary			
Total debt incurred	\$2,400	\$0	\$0
Recovery timeline (back to pre-event position)	~6 months	~2 months (rebuild emergency fund)	~1 month (minor fund top-up)
Financial progress interrupted?	Yes—significantly	Minimally	No

TOPIC 4: INTRODUCTION

Long-Term Financial Planning & Insurance Needs

New Case Information



Amara has one more time jump left.

But one question still lingers, “Where does all of this actually lead?”

Like the three time-hops before, her friends and family have differing opinions on the matter:

I have my pension and health insurance through the school district—that’s been my foundation. 30 years in the classroom, and I’m taken care of. I never had much extra beyond that, but I get by. Don’t let anyone sell you something you don’t understand. Keep it simple.

—**Grandma Cecile:** (retired teacher, age 72)

I wish somebody had sat me down at 36 and explained the 401k match. I left years of free money on the table because nobody told me. Get the match first—that’s step one. Then figure out what coverage you actually need, not what sounds good on paper.

—**Uncle Desmond:** (retired contractor, age 68)

I did everything: the retirement accounts, the insurance policies, updated my will every time something big changed in my life. My kids think I was obsessive. But when my husband passed, nothing was complicated. Everything went exactly where it was supposed to go. That peace of mind is worth whatever it cost.

—**Ms. Okonkwo (neighbor):** (retired hospital administrator, age 70)

So this time, Amara decides to fast-forward to retirement age to see how this all plays out financially.

What she sees is different from before. There are no more early trade-offs: no more “I’ll figure it out later.”

Between her mid-30s and age 67, the outcomes she sees are shaped by three key factors:

- **How she built retirement income:** Whether she relied only on Social Security or combined it with personal savings and investments
- **How she protected herself from major financial risks:** Including health care costs, disability, and long-term financial shocks
- **How she planned for the future beyond herself:** Through basic estate-planning tools like beneficiaries, wills, and legal documents

At 18, 24, and even 36-years old, these decisions felt distant. Easy to delay. Easy to ignore. But at 65, the consequences of each choice (or each non-choice) becomes clear.

Amara returns from her final time jump with one last set of questions.

Now it’s your job to make sense of what she saw.

The Three Pathways

One thing to note about this topic: The personal investment balances Amara built in Topics 1 and 2 (those small monthly contributions she made at 18 and 23) are still quietly growing in the background. In Topic 4, you’ll see exactly what they’re worth at 67 and whether they still matter.

From age 36 to 67, Amara follows one of three long-term planning approaches:

Pathway A: Minimal Planning

Amara does not participate in an employer-sponsored retirement plan. Her only retirement income will be Social Security plus whatever her Topic 1 blended savings have grown to by age 67. She carries only the minimum required insurance coverage and has no estate planning documents in place.

Pathway B: Consistent Planning

Amara consistently contributes to her employer's 401(k) plan at 6% of her income, receiving a 3% employer match for a total of 9%. Her Topic 2 diversified portfolio continues growing untouched alongside the 401(k). She maintains core insurance coverage and has a simple will and updated beneficiary designations in place.

Pathway C: Proactive Planning

Amara maximizes her 401(k) contributions at 10% (plus a 3% employer match for 13% total) and continues adding \$400/month to her Topic 2 diversified portfolio all the way to age 67. She carries comprehensive insurance, including long-term care coverage, and has a full set of estate planning documents in place: a will, updated beneficiary designations, a health care directive, and a power of attorney.

Supporting Question 4:

How do early, informed financial decisions shape Amara's future financial security and ability to make meaningful choices?

You will use case study materials to complete activities to answer this question. Your answers must be supported with evidence.

How to Use the Case Study Materials

- **Long-Term Planning Pathways (Age 67+):** This table shows what each pathway produces at age 67 across three dimensions: retirement income sources, insurance coverage, and estate planning status. Unlike earlier case study materials, there are no scenarios or unexpected events here. The table shows the straightforward result of three decades of consistent choices.

The information in this table will help you:

- Compare how different retirement income strategies produce very different levels of financial independence at age 67.
- Analyze the trade-off between insurance premium costs and out-of-pocket exposure.
- Evaluate the role of estate planning in protecting financial progress that took decades to build.

Pay close attention to a few notable items:

- Closely examine the personal investments row. Those balances connect directly to the decisions Amara made in Topics 1 and 2 and the difference between stopping contributions early versus continuing them for decades.
- In the insurance section, there are two interesting things to highlight.
 - Be sure to review the “net monthly income after premiums” row. This is where the insurance cost trade-off becomes concrete.
 - The estate-planning section has no dollar amounts, but the consequences of missing documents can be just as financially significant as any number in the table.

This is the last time jump before the Case Study Resolution. After completing your Topic 4 deliverable, you will use evidence from all four exhibits to answer the overall Case Question.

Long-Term Planning Pathways

(Age 67+)

Starting at age 36, Amara has a monthly income of \$5,200 and expenses of \$3,400, leaving a \$1,800 monthly surplus. Each pathway reflects a different approach to long-term financial planning from age 36 to 67. All pathways assume the same income and expense baseline.



- **Pathway A:** Amara relies on Social Security alone with minimal insurance and no estate planning. Her personal investments are the “blended savings” she built in Topic 1, left to grow untouched.
- **Pathway B:** Amara consistently contributes to an employer-sponsored 401(k) plan (9% total with employer match), maintains core insurance coverage, and has basic estate planning documents in place. Her personal investments are the “diversified portfolio” from Topic 2, also left to grow untouched.
- **Pathway C:** Amara maximizes 401(k) contributions at 13% total with employer match and continues adding \$400 per month to her Topic 2 diversified portfolio through age 67. She also carries comprehensive insurance and has full estate planning documents in place.

Note on prior topics: The personal investment balances in this exhibit are carried forward from Topics 1 and 2 using the blended/diversified pathway in each case. The 401(k) contributions and insurance figures are new to Topic 4. The Case Study Resolution will bring all four topics together.

	Pathway A	Pathway B	Pathway C
Retirement Income Sources at Age 67			
Social Security (monthly)	\$1,800	\$1,800	\$1,800
Employer-sponsored plan (401k balance at age 67)	None (did not participate)	\$618,020 (9% contribution rate incl. employer match)	\$892,695 (13% contribution rate incl. employer match)
Personal investments (balance at age 65)	\$50,226 Topic 1 blended balance (\$4,058 at age 22, grown 45 years at 5.75%, no new contributions)	\$307,510 Topic 2 diversified balance (\$36,873 at age 30, grown 37 years at 5.9%, no new contributions)	\$730,545 Topic 2 diversified balance (\$36,873 at age 30) + \$400/month from age 36–67 at 5.9%
Total monthly retirement income (4% withdrawal rule*)	\$1,967/month (\$1,800 SS + \$167 personal)	\$4,885/month (\$1,800 SS + \$2,060 from 401k + \$1025 personal)	\$7,211/month (\$1,800 SS + \$2,976 from 401k + \$2,435 personal)
Estimated monthly expenses at age 67	\$3,800	\$3,800	\$3,800
Monthly income surplus / (gap) before insurance	–\$1,833/month (income covers only 46% of expenses)	+\$1,085/month (covers expenses with surplus)	+\$3,411/month (surplus after all expenses covered)
Insurance Coverage at Age 67			
Types of coverage in place[^]	Medicare Part B only (required government health coverage) + standard property insurance	Medicare + Medigap supplemental + term life insurance + standard property insurance	Medicare + Medigap + life insurance + long-term care + comprehensive property insurance
Monthly insurance premiums	\$170/month	\$520/month	\$890/month
Estimated out-of-pocket exposure if a major medical event occurs	\$7,500 (no supplemental coverage to fill gaps)	\$1,200 (Medigap covers most gaps)	\$300 (comprehensive coverage, minimal exposure)
Net monthly income after premiums	–\$2,003/month	+\$565/month	+\$2,521/month

(continued)

	Pathway A	Pathway B	Pathway C
Estate Planning Status at Age 65			
Will in place?	No	Yes—basic will	Yes—comprehensive will
Beneficiary designations updated?	No—may default to outdated or unintended recipients	Yes—updated on 401(k) and life insurance policy	Yes—updated on all accounts and policies
Health care directive or power of attorney in place?	No	No	Yes—both in place
Risk if Amara becomes unable to manage her affairs	High—no legal documents to guide decisions or protect assets	Moderate—assets protected but no health care or financial power of attorney	Low—all legal documents in place to protect assets and wishes

*The 4% withdrawal rule is a commonly used guideline suggesting that retirees can withdraw 4% of their portfolio annually without running out of money over a 30-year retirement. Monthly figures are rounded. Insurance premiums are simplified estimates for illustration purposes.

^Disability insurance, which was relevant during Amara's working years in Topic 3, is not included here as its coverage typically ends at or before retirement age.

Case Study Resolution

You have now followed Amara through four time jumps: from her first financial decisions at 18 to her retirement picture at 65. Each topic showed one stage of her financial life in isolation. Now it's time to look at the whole journey.

Your task as a **Financial Time-Travel Analyst** is to build your own combination of pathway choices (one from each topic) and argue that it leads to the strongest long-term financial independence. You will need to use your four case study tables as evidence.

There is no single perfect combination. Your goal is to explain how financial independence is built and what makes it sustainable over time.

Case Question:

How do different financial pathways chosen early in life shape Amara's long-term financial stability, risk, and independence?

Your Deliverable

Write a final claim: After analyzing all versions of Amara's financial future, which combination of financial choices leads to the strongest long-term financial independence, and why?

Using evidence from all four case study tables and the pathways they present, you will:

- Explain how saving, investing, risk management, and planning interact over time.
- Identify key trade-offs across different stages of life.
- Determine which financial decisions matter most in the long run.
- Justify your conclusions using evidence.