Personal Financial Plan

For

John & Mary Sample

December 11, 2013

Prepared by

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About Your Personal Financial Plan

We appreciate that you have questions and concerns as you work to attain and preserve financial security. Today's financial environment is complex and in many regards, uncertain. The decisions you make regarding work, spending, investment, and retirement, both now and in the future, will significantly affect your financial condition over the long term.

In an effort to aid you in learning, understanding, and formulating a personal basis for decision making, this 'Personal Financial Plan' is offered to help enhance your knowledge of various topics and communicate some of the intricacies of the financial world. The plan represents a framework to clarify and structure your financial matters.

This plan is based upon confidential information you provided regarding your present resources and objectives. While illustrations within this plan can be a valuable aid in the examination of your finances, it does not represent the culmination of your planning efforts. Financial planning is an ongoing process.

This hypothetical illustration of mathematical principles is custom made to model some potential situations and transitions you may face in your financial future. Hypothetical assumptions used in this illustration are specifically chosen to communicate and demonstrate your current financial position and highlight for discussion with your advisor the complex future interacting effects of combined incomes, expenses, savings, asset growth, taxes, retirement benefits, and insurance.

This document is not an advertisement or solicitation for any specific investment, investment strategy, or service. No recommendations or projections of specific investments or investment strategies are made or implied. Any illustrations of asset growth contained herein are strictly used to demonstrate mathematical concepts and relationships while presenting a balanced and complete picture of certain financial principles. Growth assumptions are applied to generalized accounts based upon differing tax treatment. Illustrations, charts and tables do not predict or project actual future investment performance, or imply that any past performance will recur.

This plan does not provide tax or legal advice, but may illustrate some tax rules or effects and mention potential legal options for educational purposes. Information contained herein is not a substitute for consultation with a competent legal professional or tax advisor and should only be used in conjunction with his or her advice.

The results shown in this illustration are not guarantees of, or projections of future performance. Results shown are for illustrative purposes only. This presentation contains forward-looking statements and there can be no guarantees that the views and opinions expressed will come to pass. Historical data shown represents past performance and does not imply or guarantee comparable future results. Information and statistical data contained herein have been obtained from sources believed to be reliable but in no way are guaranteed as to accuracy or completeness.

The Assumptions page contains information you provided that is used throughout the presentation. The asset listing herein is not an account statement and does not necessarily include current or complete balances, holdings, and returns. Please review the information for accuracy and notify your Financial Advisor promptly if discrepancies in the assumptions are present; discrepancies may materially alter the presentation.

Your actual future investment returns, tax levels and inflation are unknown. This illustration uses representative assumptions in a financial planning calculation model to generate a report for education and discussion purposes. Calculations and assumptions within this report may not reflect all potential fees, charges, and expenses that might be incurred over the time frame covered by these illustrations which, if included, would result in lower investment returns and less favorable illustration results. Do not rely upon the results of this report to predict actual future investment performance, market conditions, tax effects or inflation rates.

Summary

This report uses financial models to present a picture of your current financial situation and illustrations of possible directions your finances may take. Future economic and market conditions are unknown, and will change. The assumptions used are representative of economic and market conditions that could occur, and are designed to promote a discussion of appropriate actions that may need to be taken, now or in the future, to help you manage and maintain your financial situation under changeable conditions.

Your Current Situation:

- You have assets of approximately $1,460,000.
- You have liabilities of approximately $206,647.
- Your net worth is approximately $1,253,353.
- You now have $913,000 in working assets and are adding $35,600 per year.

Your Goals:

- John wants to retire at age 66 and Mary wants to retire at age 65.
- Monthly after-tax income needed at that time is $6,310 (in today's dollars).
- You will need the income until the last life expectancy of age 95.
- To meet your education goals you need to save $17,485 annually ($1,457 monthly).

Analysis Details:

- Asset Allocation: Type of Investor - Moderate
- Long-term care assets at risk: $602,738
- Net Estimated Life Insurance Needs Shortage for John: None
- Net Estimated Life Insurance Needs Shortage for Mary: $88,000
- John and Mary both have Wills.
- John and Mary do not have Durable Powers of Attorney.
- John and Mary do not have Living Wills.
- John and Mary do not have Health Care Powers of Attorney.

Retirement Analysis

Using the information you provided, calculations have been made to estimate whether your current retirement program will meet your stated retirement goals. The analysis begins now and extends through life expectancy. It includes tax advantaged, taxable investments, defined benefit pensions, if applicable, and Social Security benefits. The analysis calculates growth and depletion of capital assets over time. This analysis is the basis for the following summarized statement.

Actions:

Using current data, estimates show you will have enough money to reach your retirement goals. Since it appears that you will have $8,344,000 left at your life expectancy, you may wish to consider: an earlier retirement, increased spending during retirement, or other ways to enhance your retirement years.

This report is for informational and educational purposes only. The information and assumptions used are estimates. The resulting calculations are designed to help illustrate financial concepts and general trends.

Assumptions

Client Information:

Names :		John & Mary Sample
First Name 1		John
First Name 2		Mary
Birthdate / Age 1	12/10/1962	51
Birthdate / Age 2	12/8/1963	50
Retirement Age 1		66
Retirement Age 2		65
Life Expectancy 1		85
Life Expectancy 2		90
Alternate life exp. 1		87
Alternate life exp. 2		95
Risk Tolerance Level		Moderate
Life Insurance 1		$100,000
Life Insurance 2		
Term Insurance 1		$250,000
Term Insurance 2		
Insurance cash value 1		$19,000
Insurance cash value 2		

Pension & Social Security Data (Annual):

Pension-Indv. 1	
Pension start age	
Pension rate (pre ret.)	
Pension rate (ret.)	
Pension survivor %	
Pension-Indv. 2	$12,000
Pension start age	66
Pension rate (pre ret.)	0.00%
Pension rate (ret.)	0.00%
Pension survivor %	50%
Soc Sec 1 Start age	66
Soc Sec 1 Rate	2.00%
Earned income 1	$70,000
Soc Sec 1 Amt. (if known)	$24,000
Soc Sec 2 Start age	66
Soc Sec 2 Rate	2.00%
Earned income 2	$75,000
Soc Sec 2 Amt. (if known)	$19,000

Estimated Education Costs

Total cost at 5% inf.	$226,726

Expenses & Inflation (Annual After-tax):

Expenses, (pre ret.)	$92,160
Expenses, Survivor (pre ret.)	$73,020
Expenses at Retirement	$75,720
Expenses, Survivor (ret.)	$51,660
Inflation, (pre ret.)	3.00%
Inflation, Survivor (pre ret.)	3.00%
Inflation at Retirement	3.00%
Inflation, Survivor (ret.)	3.00%

Asset Allocations:	**Current**	**Suggested**
Cash & Reserves	2.08%	15.00%
Income	0.00%	10.00%
Income & Growth	53.12%	20.00%
Growth	44.80%	30.00%
Aggressive Growth	0.00%	25.00%
Other	0.00%	0.00%

Rate Assumptions (Before & After Retirement):

Taxable Returns	7.00%	6.00%
Tax-Deferred & Roth Returns	7.00%	6.00%
Tax-Free Returns	3.00%	4.00%
Return on Annuities	6.00%	6.00%
Effective Tax Rates	21.00%	18.00%
Cost Basis for Taxable Assets		85.00%
Cost Basis for Annuity Assets		100.00%
Additions Increase Rate: Taxable		3.00%
Additions Increase Rate: Tax-Def 1		3.00%
Additions Increase Rate: Tax-Def 2		3.00%

Other Incomes After-tax

Item Description	Start Year	Inc Rate	Number of years	Amount per year
Part time consulting	2028	3.00%	5	$15,000

Other Expenses After-tax:

Family World trip	2027	0.00%	1	($30,000)
Long term care	2047	3.00%	3	($75,000)
Home Equity	2013	0.00%	12	($4,908)

Note: These assumptions are based upon information provided by you, combined with representative forward looking values intended to provide a reasonable financial illustration for education and discussion purposes. The investment returns, tax rates, benefit increase rates, inflation rates, and future expense values used in this report were selected based on your age, assets, income, goals and other information you provided. These assumptions do not presuppose or analyze any particular investments or investment strategy, or represent a guarantee of future results.

Net Worth Statement

John & Mary Sample

December 11, 2013

ASSETS

Savings And Investments

Checking Accounts	$19,000	
Common Stocks	185,000	
		$204,000

Retirement Accounts

Qualified Plans-John	$364,000	
Qualified Plans-Mary	260,000	
Roth Assets-John	45,000	
Roth Assets-Mary	40,000	
		$709,000

Other Assets

Residence	$450,000	
cars	48,000	
Boats	14,000	
Precious metals	16,000	
Life Insurance Cash Values	19,000	
		$547,000
	TOTAL ASSETS	**$1,460,000**

LIABILITIES

Residence Mortgage	$127,882	
car loans	30,765	
Home Equity	48,000	
		$206,647

Net Worth (Assets less Liabilities) **$1,253,353**

Note: Potential taxes due on unrealized gains or assets in tax-deferred retirement plans are not accounted for in this Net Worth Statement. This asset information is based upon information you provided and sources believed to be reliable. The asset listing herein is not an account statement and does not necessarily include current or complete balances, holdings, and returns. Please review this information for accuracy.

Asset Worksheet

Description	Current Amount	Annual Additions*	Addition Period	Asset Class	Account Taxation	Asset Type
401k John @ work	364,000	12,600	2013-2027	Growth	Tax-Deferred (1)	Mutual Funds (Stock)
Mary's SEP	260,000	7,500	2013-2027	Inc./Gro.	Tax-Deferred (2)	Mutual Funds (Stock)
John ROTH	45,000	6,500	2013-2027	Growth	Roth IRA (1)	Bond Mutual Funds
Mary ROTH	40,000	6,500	2013-2027	Inc./Gro.	Roth IRA (2)	Mutual Funds (Stock)
Schwab Joint Account	185,000	1,000	2013-2027	Inc./Gro.	Taxable (J)	Stocks
Credit Union	19,000	1,500	2013-2027	Cash	Taxable (J)	Checking Account
Totals:	**$913,000**	**$35,600**				

*Annual IRA addition amounts used in the analysis are limited to the maximums allowed by law.

Note: This asset information is based upon information you provided and sources believed to be reliable. The asset listing herein is not an account statement and does not necessarily include current or complete balances, holdings, and returns. Please review this information for accuracy.

Monte Carlo Simulation Explanation

The financial planning process can help you evaluate your status in relationship to your financial goals and objectives. In preparing a hypothetical financial illustration for discussion, a series of representative fixed assumptions are made, such as inflation rates, rates of return, retirement benefits and tax rates. While such static hypothetical illustrations are still useful for education and discussion purposes, they are based upon unchanging long-term assumptions. In fact, economic and financial environments are unpredictable and constantly changing.

Monte Carlo Simulation is one way to visualize the effect of unpredictable financial market volatility on your retirement plan. Monte Carlo Simulation introduces random uncertainty into the annual assumptions of a retirement capital illustration model, and then runs the model a large number of times. Observing results from all these changing results can offer a view of trends, patterns and potential ranges of future outcomes illustrated by the randomly changing simulation conditions. While Monte Carlo Simulation cannot and does not predict your financial future, it may help illustrate for you some of the many different possible hypothetical outcomes.

Monte Carlo Simulation Technique:

Based upon the trends, changes, and values shown in your hypothetical financial program, the simulation process uses a different random rate of return for each year of a new hypothetical financial plan. Ten thousand full financial plan calculations are performed utilizing the volatile annual rates of return. The result is ten thousand new hypothetical financial plan results illustrating possible future financial market environments.

By using random rates from a statistically appropriate collection of annual returns, and repeating the process thousands of times, the resulting collection can be viewed as a representative set of potential future results. The tendencies within the group of Monte Carlo Simulation results; the highs, lows and averages, offer insight into potential plan performance which may occur under various combinations of broad market conditions.

Note: No investment products, investment strategy or particular investment style is projected or illustrated by this process. Simulation results demonstrate effects of volatility on rate of return assumptions for education and discussion purposes only.

Standard Deviation:

The simulated level of volatility in future financial markets is represented by a Standard Deviation value. This statistical measure of variation is used within the Monte Carlo Simulation to indicate how dramatically return rates can change year by year. The Standard Deviation controls the magnitude of the random changes in each annual rate of return as it is varied each year above or below the average annual rate to simulate market volatility.

The simulation model uses a Standard Deviation based upon the rate of return assumptions used in the Retirement Capital Illustration, and limits the rate of return variation to plus or minus five standard deviations in any year. Low assumed return rates generate low Standard Deviation values, higher returns relate to higher Standard Deviations.

The Bold Line

The bold line in the Monte Carlo Simulation Results graph tracks the value of assets over the length of the illustration if all rates of return are held stable at the assumed rates of return (see Assumptions). The estimate uses annual expected portfolio rates of return and inflation rates to model the growth and use of assets as indicated under Assumptions. The bold line represents the values shown in the Retirement Capital Analysis.

Percentage of Monte Carlo Results Above Zero at Selected Ages

These results represent the percentage of Monte Carlo simulation outcomes that show positive retirement asset value remaining at different ages. A percentage above 70 at last life expectancy is an indication that the underlying retirement plan offers a substantial probability of success even under volatile market conditions. Additional ages shown give the percentage of simulation outcomes with positive asset amounts at various ages.

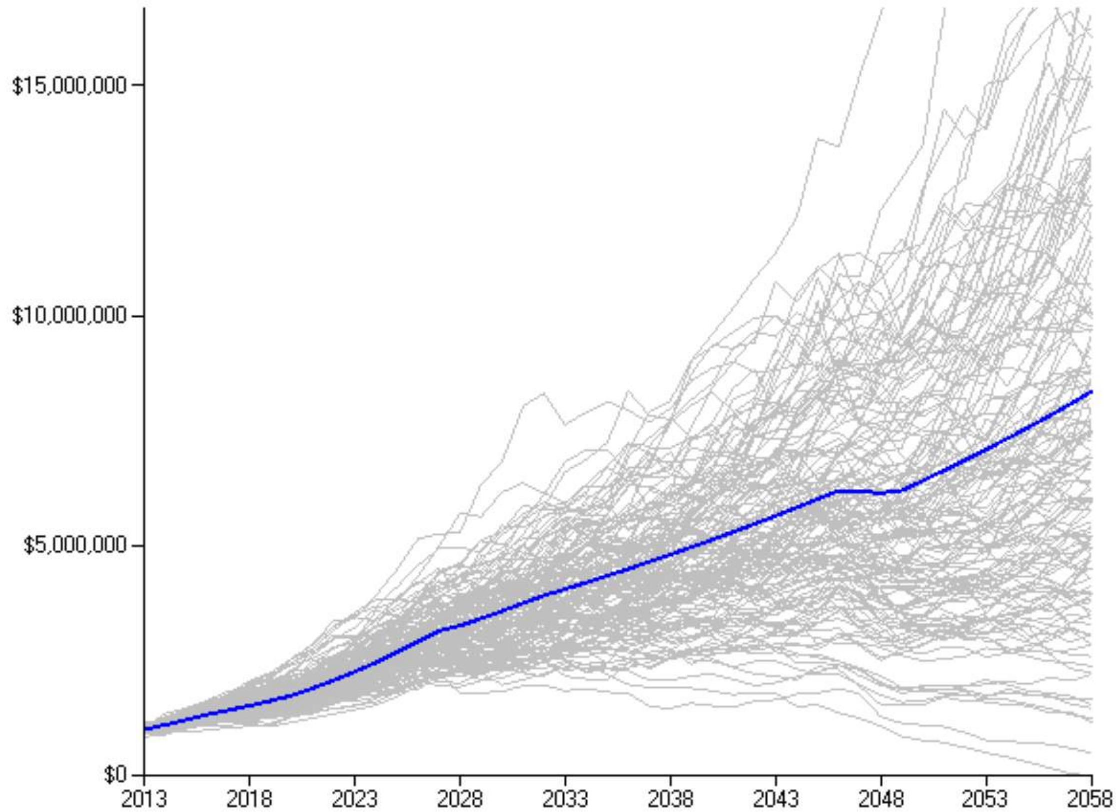
Monte Carlo Simulation Minimum, Average and Maximum Dollar Results

These values indicate the best, worst and average dollar results at the end of the ten thousand Monte Carlo Simulations. These show the range of results (high and low), and the average of all Monte Carlo results. All values are based on results at the life expectancy of the last to die.

IMPORTANT: The projections or other information generated by the Personal Financial Plan regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Each Monte Carlo Simulation is unique; results vary with each use and over time.

Monte Carlo Retirement Simulation

Results from 10,000 Monte Carlo Simulation Trials



* The bold line is the estimated retirement capital value over time using fixed rates.

This Monte Carlo Retirement Simulation illustrates possible variations in growth and/or depletion of retirement capital under unpredictable future conditions. The simulation introduces uncertainty by fluctuating annual rates of return on assets. The graph and related calculations do not presuppose or analyze any particular investment or investment strategy. This long-term hypothetical model is used to help show potential effects of broad market volatility and the possible impact on your financial plans. This is not a projection, but an illustration of uncertainty.

The simulations begin in the current year and model potential asset level changes over time. Included are all capital assets, both tax advantaged and taxable, all expenses, including education funding if applicable, pension benefits, and Social Security benefits. Observing results from this large number of simulations may offer insight into the shape, trends, and potential range of future retirement plan outcomes under volatile market conditions.

Retirement Capital Analysis Results, at Life Expectancy, of 10,000 Monte Carlo Simulations:

Percent with funds at last life expectancy	> 95%	Retirement Capital Estimate	$8,343,999
Percent with funds at age 86	> 95%	Minimum (Worst Case) result	$0
Percent with funds at age 76	> 95%	Average Monte Carlo result	$8,370,989
Percent with funds at age 66	> 95%	Maximum Monte Carlo result	$55,665,375

Life insurance proceeds are not included in the final year balances of these calculations.
Illustration based on random rates of return which average 6.3%, with a std. dev. of 6.3% (95% of values fall between -6.3% and 18.9%).

IMPORTANT: The projections or other information generated in this report 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 report and over time. Results of this simulation are neither guarantees nor projections of future performance. Information is for illustrative purposes only. Do not rely upon the results of this report to predict actual future performance of any investment or investment strategy.

Goal Evaluation

Successfully planning for your future may require recognizing that in some situations you may not be able to meet all your hoped for financial goals. Prioritizing different financial goals, and evaluating the impact of those expenses on your long term financial stability, can assist you and your advisor in planning and managing your spending decisions.

This report illustrates how expenses associated with your financial goals may potentially affect the likelihood of sustaining financial stability throughout your life. Monte Carlo simulations based on your current plan, and including the expenses associated with all your planned expenses, show a success rate of 99%. Since you have indicated that not all the planned expenses are essential, additional Monte Carlo simulations have been run to illustrate how your goals may affect the sustainability of your long term financial plans.

To create this illustration, your entire current financial plan has been recalculated a number of times while excluding expenses associated with different priorities of your goals. The illustration starts by including only the highest priority items; your retirement expenses and those other goals you identify as essential. Sequentially, the goals identified as primary, secondary and optional are included. Each case shows the percentage of successful Monte Carlo simulations resulting from the set of goals that are included in the calculations.

Essential expenses only

100%

Essential and Primary expenses

100%

	Start Year	Inc. Rate	Number of years	Amount per year
Family World trip	2027	0.00%	1	$30,000
Home Equity	2013	0.00%	12	$4,908

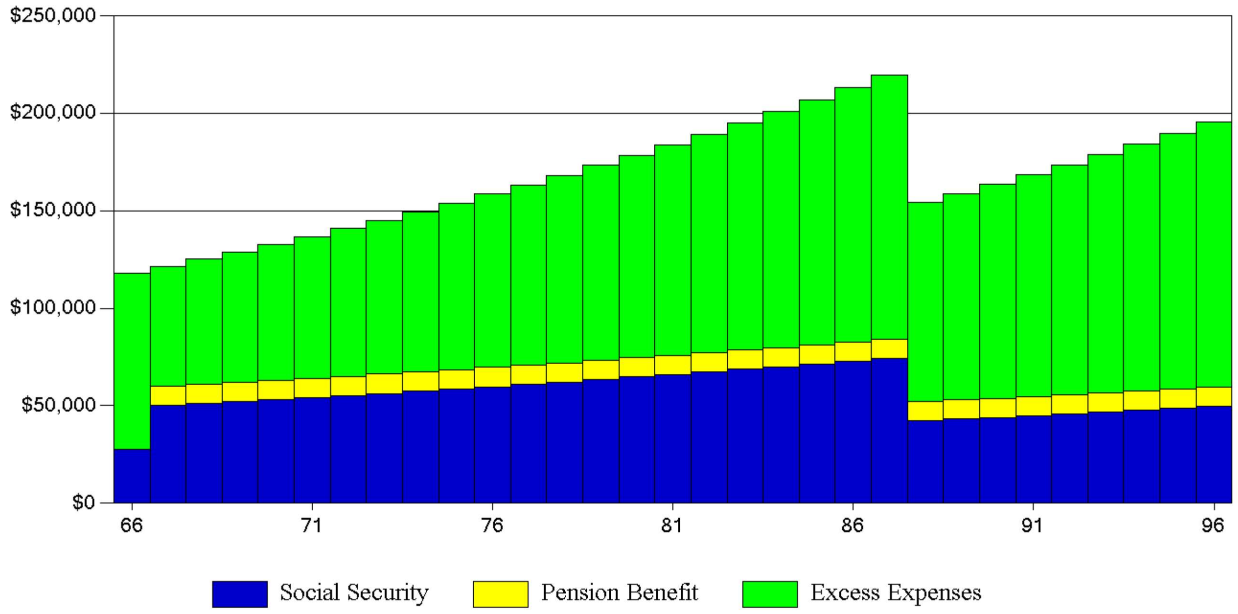
Essential, Primary, and Secondary expenses

99%

	Start Year	Inc. Rate	Number of years	Amount per year
Long term care	2047	3.00%	3	$75,000

IMPORTANT: The projections or other information generated in this report 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 report and over time. Results of this simulation are neither guarantees nor projections of future performance. Information is for illustrative purposes only. Do not rely upon the results of this report to predict actual future performance of any investment or investment strategy.

Retirement Expense Forecast



The Retirement Expense Forecast graph combines estimated Social Security benefits with defined pension benefits plotted with estimated annual living expenses in retirement. The graph begins at retirement age and continues to life expectancy. Future retirement expenses are estimated based on your objectives, adjusted for inflation over time. Survivor expense levels start the year after first life expectancy.

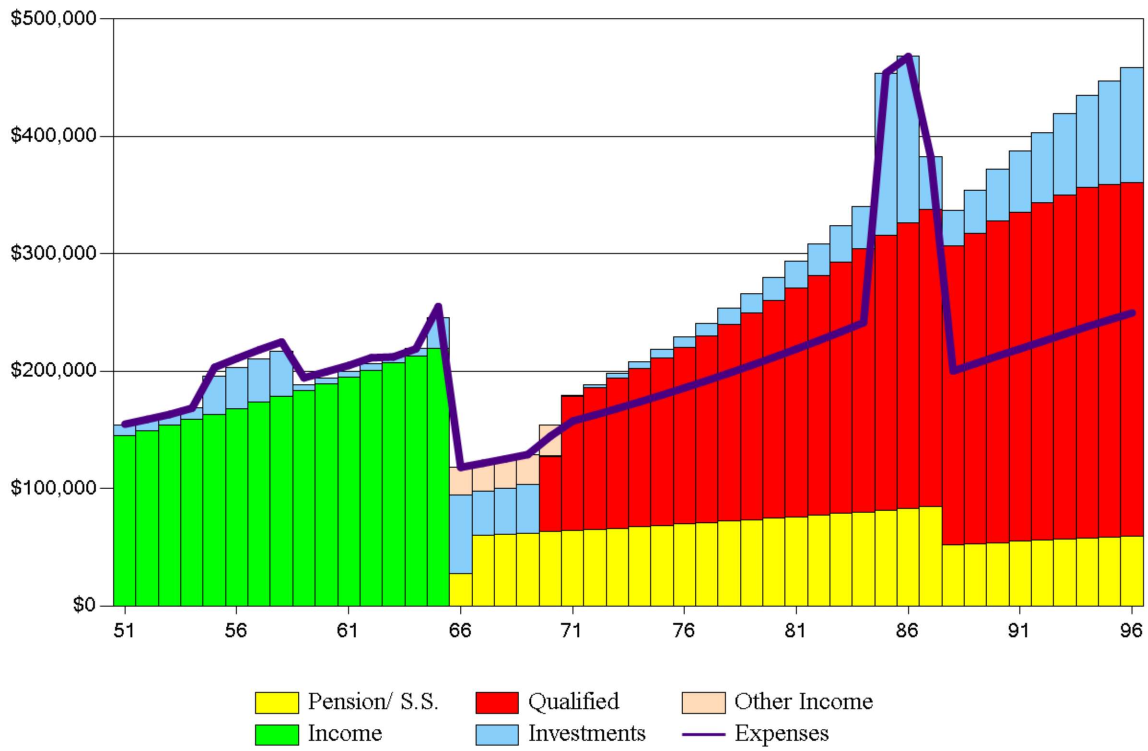
Social Security benefits, and annual adjustments for benefit growth, are estimated and illustrated over the anticipated lifetime. If the starting age selected for Social Security benefits is prior to normal benefit age, only a partial Social Security benefit may be available. Benefit amounts may decrease upon first death.

The Pension Benefit estimate combines any pension benefits and plots them starting at the age the benefit begins. At the death of the pension holder a surviving spouse might receive no continuing benefit, or only a portion of the benefit, causing a decrease in overall annual income.

Excess Expenses shown in the graph represent the amount of inflation adjusted annual living expenses that exceed the combined estimated Social Security and pension benefits. These are estimated amounts which will need to come from retirement savings to fund future expenses not covered by expected benefit income.

Note: Social Security and Pension benefit estimates are based upon information you provided. Estimates are not guarantees of future benefits amounts. Clients should not rely upon results of this report to predict actual future benefit amounts.

Cash Flow Summary



The bars in the above graph represent the amounts available from:

Earned income (wages and self-employment)
Social Security
Qualified plan additions and distributions
Investment additions and distributions
Misc - (inheritances, sale of residence, retirement account minimum distributions, life insurance)

The line illustrates the annual expenses including:

Personal living expenses
Planned debt expenses
Specified special expenses
Planned deposits to investment and retirement accounts
Miscellaneous expense items
Taxes

Note: The Cash Flow report provides the actual numbers that create the preceding Cash Flow Summary graph.

Cash Flow Explanation

Cash flows are sources and uses of money. Primary sources of funds are income from work, Social Security, pensions, savings, insurance proceeds, and other income events. Regular living expenses, education costs, and other planned expenses are the primary use of funds.

The cash flow report pages are designed to be an alternate presentation of the financial information shown elsewhere in this report. The emphasis of the cash flow illustrations are the amounts and types of incomes and levels of expenses that occur during the illustration.

The Cash Flow Summary Graph illustrates four primary financial elements; income, investment, expenses, and cash sources. The different colored bars in the graph represent the level of cash flows that are occurring, and what accounts they are related to. The single solid line represents the annual expense level from now to the end of the illustration. Prior to retirement, bars above the expense level represent investments.

Portions of bars below the expense line represent sources of cash that are being used to pay for planned living expenses and to cover special expenses such as education. During the working years, income from employment is generally the primary source of cash to cover expenses. In retirement, Social Security, pension benefits, and cash withdrawn from investment accounts are the major sources of cash to cover expenses.

In general terms, the best case is to have the cash flow bars always at or above the expense line. This indicates that there is sufficient income, or investment asset sources, to meet living expenses and other planned needs. Gaps between the expense line and cash flow bars indicate calculated shortfalls of cash flow during those years.

The cash flow numbers page contains the numerical information upon which the graph is based. This page shows the sources and uses of funds. The columns coincide with the bars and lines in the cash flow graph. Red numbers represent a use of cash, black a source.

The red numbers in the Retire/Roth or Investment Accounts columns are additions made to those accounts; these are investments and uses of funds. The black numbers in those columns represent withdrawals from the account; these are sources of funds to meet retirement needs.

All sources (and investment uses) are subtotaled in the Total Sources column. Tax estimates are based on earned income and investment income (adjusted for contributions to qualified retirement accounts) multiplied by the estimated net effective tax rates. The resulting tax estimate is added to inflation adjusted living expenses to create an estimated annual figure.

The combination of Total Sources and Living Expenses & Taxes can create a surplus or shortage. A shortage indicates that expenses exceed incomes and sources. A surplus can indicate that incomes exceed expenses. During retirement, if money is withdrawn at the same level of need, no surplus or shortage will occur.

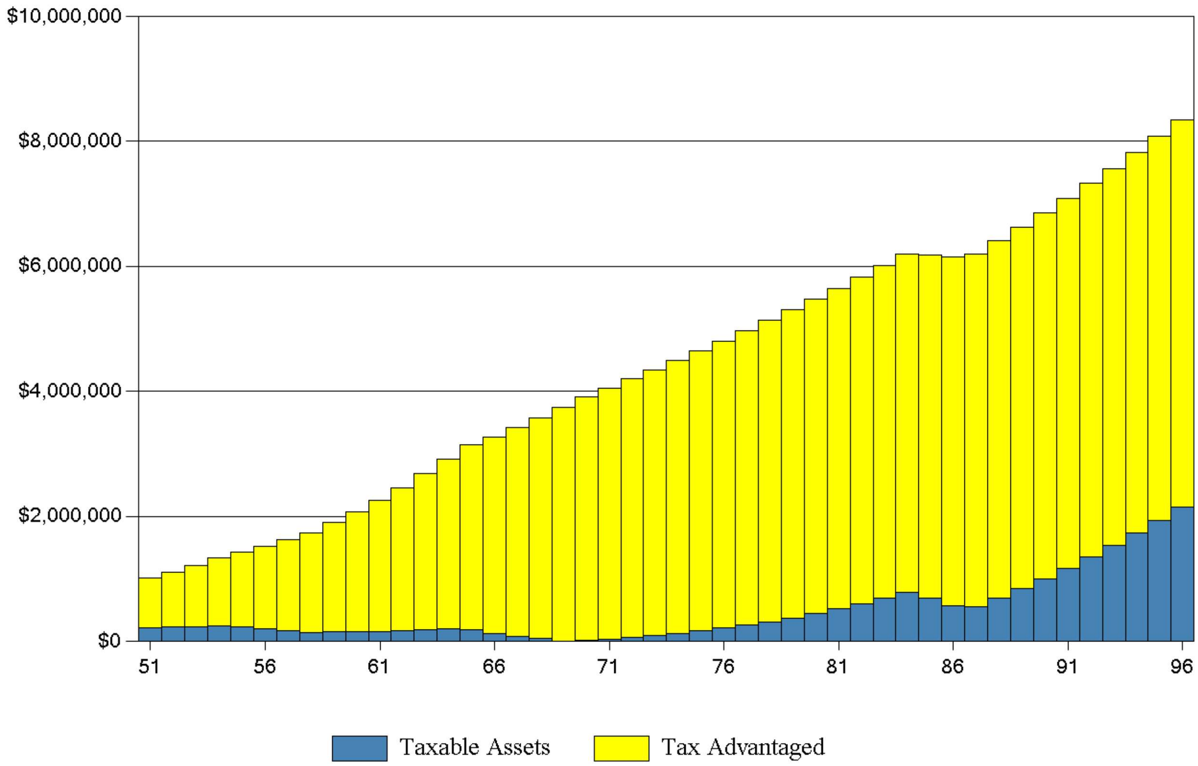
Cash Flow

Ages Indv. 1	2	Cash Flow Sources: Earned Income	Retire/Roth Accounts*	Investment Accounts*	Pension/ Soc Sec.	Other Income	Total Sources	Less Living Expense & Taxes	Shortage or Surplus
51	50	$145,000	($31,000)	$8,715		($4,908)	$117,807	($118,830)	($1,023)
52	51	149,350	(31,540)	9,129		(4,908)	122,031	(122,394)	(364)
53	52	153,830	(32,097)	9,572		(4,908)	126,397	(126,066)	331
54	53	158,444	(33,669)	10,045		(4,908)	129,912	(129,848)	64
55	54	163,198	(34,259)	32,291		(35,105)	126,125	(133,744)	(7,619)
56	55	168,094	(34,868)	35,193		(38,091)	130,328	(137,756)	(7,428)
57	56	173,136	(36,493)	36,765		(39,750)	133,658	(141,889)	(8,231)
58	57	178,331	(37,138)	38,418		(41,493)	138,118	(146,146)	(8,027)
59	58	183,680	(38,802)	4,536		(4,908)	144,506	(150,530)	(6,024)
60	59	189,191	(39,486)	4,772		(4,908)	149,569	(155,046)	(5,476)
61	60	194,867	(40,190)	5,031		(4,908)	154,800	(159,697)	(4,897)
62	61	200,713	(41,917)	5,311		(4,908)	159,199	(164,488)	(5,289)
63	62	206,735	(42,664)	5,751			169,822	(169,423)	399
64	63	212,937	(44,435)	6,359			174,861	(174,505)	356
65	64	219,325	(45,227)	26,219		(30,000)	170,317	(179,741)	(9,424)
66 R	65 R			67,231	27,359	23,370	117,959	(117,959)	
67	66			37,588	59,838	24,071	121,497	(121,497)	
68	67			39,510	60,838	24,793	125,141	(125,141)	
69	68			41,500	61,858	25,537	128,895	(128,895)	
70	69		64,315	404	62,899	26,303	153,921	(144,337)	9,584
71	70		114,409	1,228	63,960		179,597	(157,336)	22,261
72	71		120,939	2,381	65,042		188,362	(162,614)	25,748
73	72		127,828	3,710	66,146		197,684	(168,079)	29,606
74	73		135,096	5,234	67,272		207,602	(173,739)	33,863
75	74		142,760	6,972	68,421		218,153	(179,600)	38,552
76	75		150,840	8,947	69,593		229,380	(185,672)	43,708
77	76		158,910	11,173	70,788		240,871	(191,879)	48,991
78	77		167,536	13,667	72,007		253,210	(198,330)	54,880
79	78		176,405	16,453	73,250		266,108	(204,972)	61,136
80	79		185,301	19,543	74,518		279,362	(211,769)	67,593
81	80		194,568	22,956	75,812		293,336	(218,789)	74,547
82	81		204,209	26,715	77,131		308,055	(226,037)	82,017
83	82		214,225	30,845	78,477		323,547	(233,518)	90,029
84	83		224,613	35,374	79,850		339,837	(241,236)	98,601
85	84		234,426	138,243	81,250	(204,893)	249,026	(249,026)	
86	85		243,796	141,482	82,678	(211,040)	256,917	(256,917)	
87 L	86		253,291	44,962	84,135	(117,371)	265,017	(265,017)	
	87		254,770	29,871	52,136		336,777	(200,044)	136,732
	88		264,279	36,697	52,982		353,958	(206,381)	147,577
	89		273,793	44,054	53,845		371,692	(212,857)	158,834
	90		280,758	51,909	54,725		387,392	(219,018)	168,374
	91		287,361	60,224	55,623		403,208	(225,261)	177,948
	92		293,502	68,998	56,538		419,038	(231,572)	187,466
	93		299,067	78,225	57,472		434,764	(237,936)	196,828
	94		300,578	87,826	58,425		446,829	(243,731)	203,099
	95 L		301,138	97,715	59,397		458,250	(249,519)	208,730

*Scheduled distributions, interest, or cash dividends or amounts taken to meet the IRS minimum distribution requirements.

Note: Earned Income is reduced by qualified retirement account contributions in calculating the effect of income taxes. Pension, Social Security, and Other Income cash flow items are net of income taxes. The tax rate used is the average tax rate entered in the input.

Total Capital Assets



The Total Capital Assets graph displays taxable assets, combined with the value of the tax advantaged assets over time. The illustration shows assets from current age through life expectancy. Estimated capital growth is based on the rate of return for the assets, plus any annual additions or expenses. When the taxable accounts have been consumed, tax-advantaged accounts may be drawn on for additional funds.

Generally, the IRS requires that by age 70 1/2, minimum distributions must be made from qualified tax-deferred accounts. These annual distributions must be made on a schedule calculated to consume the account balances during the life expectancy. Money distributed from these tax-deferred accounts will first be used to meet current spending needs. Excess funds will be reinvested into taxable accounts.

Retirement Capital Analysis

Ages*		Retirement Spending Needs	Sources of Annual Income ** Social Security Indv. 1	Social Security Indv. 2	Pension Income Indv. 1	Pension Income Indv. 2	Education & Other Inc/Exp***	Net Surplus or (Shortage)	Annual Additions To Assets	**Retirement Capital** $913,000
51	50						(4,908)	(4,908)	35,600	1,005,694
52	51						(4,908)	(4,908)	36,278	1,105,448
53	52						(4,908)	(4,908)	36,976	1,212,769
54	53						(4,908)	(4,908)	38,695	1,329,233
55	54						(35,105)	(35,105)	39,436	1,422,994
56	55						(38,091)	(38,091)	40,200	1,521,263
57	56						(39,750)	(39,750)	41,985	1,626,861
58	57						(41,493)	(41,493)	42,795	1,739,249
59	58						(4,908)	(4,908)	44,629	1,900,059
60	59						(4,908)	(4,908)	45,488	2,072,926
61	60						(4,908)	(4,908)	46,372	2,258,714
62	61						(4,908)	(4,908)	48,284	2,459,384
63	62								49,222	2,680,009
64	63								51,189	2,917,923
65	64						(30,000)	(30,000)	52,184	3,142,229
66 R	65 R	(117,959)	27,359				23,370	(67,231)		3,259,205
67	66	(121,497)	27,906	22,092		9,840	24,071	(37,588)		3,414,577
68	67	(125,141)	28,464	22,534		9,840	24,793	(39,510)		3,577,614
69	68	(128,895)	29,033	22,985		9,840	25,537	(41,500)		3,748,743
70	69	(132,761)	29,614	23,444		9,840	26,303	(43,560)		3,916,713
71	70	(136,743)	30,206	23,913		9,840		(72,783)		4,055,266
72	71	(140,845)	30,810	24,392		9,840		(75,803)		4,197,558
73	72	(145,070)	31,427	24,879		9,840		(78,924)		4,343,604
74	73	(149,422)	32,055	25,377		9,840		(82,150)		4,493,408
75	74	(153,904)	32,696	25,885		9,840		(85,483)		4,646,964
76	75	(158,521)	33,350	26,402		9,840		(88,928)		4,804,254
77	76	(163,276)	34,017	26,930		9,840		(92,488)		4,965,330
78	77	(168,174)	34,698	27,469		9,840		(96,167)		5,130,134
79	78	(173,219)	35,392	28,018		9,840		(99,969)		5,298,656
80	79	(178,415)	36,099	28,579		9,840		(103,897)		5,470,914
81	80	(183,767)	36,821	29,150		9,840		(107,955)		5,646,861
82	81	(189,280)	37,558	29,733		9,840		(112,149)		5,826,434
83	82	(194,958)	38,309	30,328		9,840		(116,481)		6,009,555
84	83	(200,806)	39,075	30,934		9,840		(120,956)		6,196,133
85	84	(206,830)	39,857	31,553		9,840	(204,893)	(330,473)		6,176,308
86	85	(213,034)	40,654	32,184		9,840	(211,040)	(341,396)		6,143,436
87 L	86	(219,425)	41,467	32,828		9,840	(117,371)	(252,661)		6,198,910
	87	(154,186)		42,296		9,840		(102,050)		6,411,941
	88	(158,811)		43,142		9,840		(105,829)		6,630,601
	89	(163,575)		44,005		9,840		(109,730)		6,854,983
	90	(168,482)		44,885		9,840		(113,757)		7,085,664
	91	(173,536)		45,783		9,840		(117,913)		7,322,856
	92	(178,742)		46,698		9,840		(122,204)		7,566,796
	93	(184,104)		47,632		9,840		(126,632)		7,817,754
	94	(189,627)		48,585		9,840		(131,202)		8,076,675
	95 L	(195,315)		49,557		9,840		(135,918)		8,343,999

*R=Retirement age, L=Life expectancy.** Pensions & 85% of S.S. reduced 18.00% for income taxes. *** Includes life insurance and education costs.
Note: This report is based upon assumed inflation rates of 3.00% and 3.00% (before and after retirement). Actual future inflation rates are unknown.

Taxable Savings & Investment Accounts

Ages 1	& 2	Account Additions	Annual Growth	Income Tax On Account*	From Tax-Advantaged Assets Distri-butions	Income Tax	Paid out or received for cash flow	Account Balance** $204,000
51	50	2,500	14,196	(2,981)			(4,908)	212,806
52	51	2,575	14,815	(3,111)			(4,908)	222,176
53	52	2,652	15,473	(3,249)			(4,908)	232,144
54	53	2,732	16,174	(3,397)			(4,908)	242,744
55	54	2,814	15,862	(3,766)			(35,105)	222,548
56	55	2,898	14,347	(3,522)			(38,091)	198,179
57	56	2,985	12,586	(3,202)			(39,750)	170,797
58	57	3,075	10,611	(2,838)			(41,493)	140,151
59	58	3,167	9,750	(2,047)			(4,908)	146,112
60	59	3,262	10,170	(2,136)			(4,908)	152,500
61	60	3,360	10,621	(2,230)			(4,908)	159,342
62	61	3,461	11,103	(2,332)			(4,908)	166,665
63	62	3,564	11,791	(2,476)				179,544
64	63	3,671	12,697	(2,666)				193,245
65	64	3,781	12,610	(2,908)			(30,000)	176,727
66 R	65 R		8,587	(2,310)			(67,231)	115,773
67	66		5,819	(1,464)			(37,588)	82,539
68	67		3,767	(1,141)			(39,510)	45,654
69	68		1,494	(781)			(41,500)	4,866
70	69		567	(163)	64,316	(11,577)	(43,560)	14,449
71	70		1,498	(270)	114,410	(20,594)	(72,783)	36,709
72	71		2,904	(523)	120,939	(21,769)	(75,803)	62,456
73	72		4,524	(814)	127,829	(23,009)	(78,924)	92,061
74	73		6,383	(1,149)	135,096	(24,317)	(82,150)	125,923
75	74		8,503	(1,531)	142,760	(25,697)	(85,483)	164,475
76	75		10,911	(1,964)	150,841	(27,151)	(88,928)	208,183
77	76		13,626	(2,453)	158,910	(28,604)	(92,488)	257,173
78	77		16,667	(3,000)	167,537	(30,157)	(96,167)	312,052
79	78		20,064	(3,611)	176,406	(31,753)	(99,969)	373,188
80	79		23,833	(4,290)	185,302	(33,354)	(103,897)	440,781
81	80		27,995	(5,039)	194,569	(35,022)	(107,955)	515,327
82	81		32,579	(5,864)	204,210	(36,758)	(112,149)	597,344
83	82		37,616	(6,771)	214,226	(38,561)	(116,481)	687,373
84	83		43,139	(7,765)	224,614	(40,431)	(120,956)	785,974
85	84		43,011	(7,742)	234,427	(42,197)	(330,473)	682,999
86	85		36,736	(6,612)	243,797	(43,883)	(341,396)	571,640
87 L	86		32,950	(5,931)	253,291	(45,592)	(252,661)	553,696
	87		36,428	(6,557)	254,770	(45,859)	(102,050)	690,428
	88		44,752	(8,055)	264,279	(47,570)	(105,829)	838,005
	89		53,724	(9,670)	273,793	(49,283)	(109,730)	996,839
	90		63,304	(11,395)	280,758	(50,536)	(113,757)	1,165,212
	91		73,444	(13,220)	287,361	(51,725)	(117,913)	1,343,159
	92		84,144	(15,146)	293,503	(52,831)	(122,204)	1,530,625
	93		95,396	(17,171)	299,067	(53,832)	(126,632)	1,727,452
	94		107,105	(19,279)	300,579	(54,104)	(131,202)	1,930,551
	95 L		119,164	(21,449)	301,138	(54,205)	(135,918)	2,139,280

* Estimated taxes include tax due on income and on sales of assets. Starting cost basis is estimated at 85.00%.
** This report is based on assumed growth rates of 7.00% and 6.00%, and inflation rates of 3.00% and 3.00% (before and after retirement).
Account additions are calculated to increase at 3.00% per year for each individual.

Tax-Deferred Retirement Accounts

	Individual 1 Accounts					Individual 2 Accounts			
Age	Account Additions	Annual Growth	With-drawals	**Balance*** $364,000	Age	Account Additions	Annual Growth	With-drawals	**Balance*** $260,000
51	12,600	25,921		402,521	50	7,500	18,463		285,963
52	12,978	28,631		444,130	51	7,725	20,288		313,976
53	13,367	31,557		489,054	52	7,957	22,257		344,190
54	13,768	34,716		537,538	53	8,195	24,380		376,765
55	14,181	38,124		589,843	54	8,441	26,669		411,875
56	14,607	41,800		646,250	55	8,695	29,136		449,706
57	15,045	45,764		707,059	56	8,955	31,793		490,454
58	15,496	50,037		772,592	57	9,224	34,655		534,333
59	15,961	54,640		843,193	58	9,501	37,736		581,570
60	16,440	59,599		919,232	59	9,786	41,052		632,408
61	16,933	64,939		1,001,104	60	10,079	44,621		687,108
62	17,441	70,688		1,089,233	61	10,382	48,461		745,951
63	17,965	76,875		1,184,073	62	10,693	52,591		809,235
64	18,504	83,533		1,286,110	63	11,014	57,032		877,281
65	19,059	90,695		1,395,864	64	11,344	61,807		950,432
66 R		83,752		1,479,616	65 R		57,026		1,007,458
67		88,777		1,568,393	66		60,448		1,067,906
68		94,104		1,662,497	67		64,074		1,131,980
69		99,750		1,762,247	68		67,919		1,199,899
70		103,805	(64,316)	1,801,737	69		71,994		1,271,893
71		106,065	(67,990)	1,839,811	70		74,921	(46,420)	1,300,395
72		108,233	(71,868)	1,876,176	71		76,552	(49,072)	1,327,875
73		110,292	(75,959)	1,910,509	72		78,116	(51,870)	1,354,121
74		112,222	(80,274)	1,942,458	73		79,603	(54,823)	1,378,901
75		114,003	(84,824)	1,971,637	74		80,996	(57,937)	1,401,960
76		115,610	(89,620)	1,997,627	75		82,281	(61,221)	1,423,020
77		117,031	(94,228)	2,020,430	76		83,441	(64,683)	1,441,778
78		118,240	(99,529)	2,039,141	77		84,466	(68,008)	1,458,236
79		119,211	(104,571)	2,053,781	78		85,339	(71,834)	1,471,741
80		119,932	(109,828)	2,063,885	79		86,040	(75,474)	1,482,307
81		120,374	(115,301)	2,068,958	80		86,560	(79,268)	1,489,600
82		120,508	(120,992)	2,068,474	81		86,880	(83,218)	1,493,262
83		120,301	(126,900)	2,061,875	82		86,976	(87,325)	1,492,913
84		119,722	(133,024)	2,048,573	83		86,827	(91,590)	1,488,150
85		118,762	(138,417)	2,028,918	84		86,409	(96,010)	1,478,549
86		117,418	(143,895)	2,002,441	85		85,716	(99,902)	1,464,363
87 L		115,663	(149,436)	1,968,669	86		84,746	(103,856)	1,445,254
			(1,968,669)		87	1,968,669	197,192	(254,770)	3,356,345
					88		193,452	(264,279)	3,285,518
					89		188,917	(273,793)	3,200,642
					90		183,616	(280,758)	3,103,500
					91		177,589	(287,361)	2,993,728
					92		170,819	(293,503)	2,871,044
					93		163,291	(299,067)	2,735,268
					94		155,099	(300,579)	2,589,788
					95 L		146,353	(301,138)	2,435,003

* This report is based on assumed growth rates of 7.00% and 6.00%, and inflation rates of 3.00% and 3.00% (before and after retirement). Account deposits are calculated to increase 3.00% and 3.00% per year (Individual 1 and 2). Company contributions to Roth 401k accounts show as account additions to Tax Deferred accounts.

Tax-Free Accounts

Combined ROTH IRA Accounts							Other Tax Free Assets			
Age Indv 1	Age Indv 2	Additions Indv. 1	Additions Indv. 2	Annual Growth	With-drawals	**Balance*** $85,000	Account Additions	Annual Growth	With-drawals	**Balance*** $0
51	50	6,500	6,500	6,405		104,404				
52	51	6,500	6,500	7,763		125,166				
53	52	6,500	6,500	9,217		147,381				
54	53	7,000	7,000	10,807		172,186				
55	54	7,000	7,000	12,543		198,728				
56	55	7,000	7,000	14,401		227,128				
57	56	7,500	7,500	16,424		258,551				
58	57	7,500	7,500	18,624		292,173				
59	58	8,000	8,000	21,012		329,184				
60	59	8,000	8,000	23,603		368,786				
61	60	8,000	8,000	26,375		411,160				
62	61	8,500	8,500	29,376		457,535				
63	62	8,500	8,500	32,622		507,157				
64	63	9,000	9,000	36,131		561,287				
65	64	9,000	9,000	39,920		619,206				
66 R	65 R			37,152		656,358				
67	66			39,381		695,739				
68	67			41,744		737,483				
69	68			44,249		781,731				
70	69			46,904		828,634				
71	70			49,718		878,351				
72	71			52,701		931,051				
73	72			55,863		986,913				
74	73			59,215		1,046,126				
75	74			62,768		1,108,892				
76	75			66,534		1,175,424				
77	76			70,525		1,245,949				
78	77			74,757		1,320,705				
79	78			79,242		1,399,946				
80	79			83,997		1,483,941				
81	80			89,036		1,572,976				
82	81			94,379		1,667,354				
83	82			100,041		1,767,394				
84	83			106,044		1,873,436				
85	84			112,406		1,985,842				
86	85			119,151		2,104,992				
87 L	86			126,300		2,231,291				
	87			133,877		2,365,168				
	88			141,910		2,507,078				
	89			150,425		2,657,502				
	90			159,450		2,816,952				
	91			169,017		2,985,969				
	92			179,158		3,165,127				
	93			189,908		3,355,034				
	94			201,302		3,556,336				
	95 L			213,380		3,769,716				

* Roth growth rates: 7.00% and 6.00%, Tax-Free: 3.00% and 4.00%, inflation rates: 3.00% and 3.00% (before and after retirement).
Account deposits are calculated to increase 3.00% and 3.00% per year (Individual 1 and 2).

Insurance Summary

Company Name	Met Life	Prudential
Insured	Indv 1	Indv 1
Owner	Indv 1	Indv 1
Beneficiary	Indv 2	Indv 2
Type	Whole	Term
Death Benefit	$100,000	$250,000
Annual Premium	2,400	700
Total Premiums Paid	28,000	
Current Cash Values	19,000	

Insurance Included in Estate:

John predeceases Mary

	John	Mary
Policy 1 - Met Life	$100,000	$0
Policy 2 - Prudential	250,000	0
	$350,000	$0

Mary predeceases John

	Mary	John
Policy 1 - Met Life	$0	$100,000
Policy 2 - Prudential	0	250,000
	$0	$350,000

Survivor Needs Analysis

In the event of an untimely death, survivors may be left without the household income needed to sustain their existing lifestyle. Life insurance coverage is recommended in an amount that will ensure sufficient ongoing income, as well as cover immediate needs, such as final expenses.

Determining proper levels of life insurance involves a comparison of current and future household expense levels with expected surviving spouse's earnings plus survivor benefits. Other resources are also taken into account such as: liquid assets, investments, pension, and retirement accounts.

Insurance needs estimates are the calculated lump sum amounts which would provide a source of future cash flow to supplement the anticipated household income. The insurance levels suggested are just general guides and may not include all factors affecting your own situation.

Spending needs for this report are based upon $73,020 per year, inflated at 3% each year until retirement and $51,660 per year, inflated at 3% each year during retirement.

Life Insurance Basic Needs Estimate on John:

Present Value:	Anticipated Spending Needs	$1,873,420	
	Education Expenses	103,465	
	Final Expenses	23,040	
	Other Expenses	175,620	$2,175,545
	Mary's Employment	($779,495)	
	Social Security Benefits	(381,833)	
	Pension Benefits	(72,761)	
	Other Incomes	(54,105)	($1,288,193)

Net Estimated Survivor Need Shortage	$887,352
Currently Existing Liabilities	206,647
Assets Available to Offset Shortage	(913,000)
Current Life Insurance Coverage	(350,000)
Suggested Additional Life Insurance Coverage	**$0**

Note: Estimated insurance requirements can vary over time due to changes in asset levels, special expenses, education expenses, estate planning, and spouse’s retirement needs. Additional insurance, held outside of an insurance trust, may have estate tax consequences. It may be prudent to purchase an amount of insurance appropriate to prepare for potential higher coverage needs. Consult with your financial advisor about factors that may suggest additional insurance coverage.

Survivor Needs Analysis

In the event of an untimely death, survivors may be left without the household income needed to sustain their existing lifestyle. Life insurance coverage is recommended in an amount that will ensure sufficient ongoing income, as well as cover immediate needs, such as final expenses.

Determining proper levels of life insurance involves a comparison of current and future household expense levels with expected surviving spouse's earnings plus survivor benefits. Other resources are also taken into account such as: liquid assets, investments, pension, and retirement accounts.

Insurance needs estimates are the calculated lump sum amounts which would provide a source of future cash flow to supplement the anticipated household income. The insurance levels suggested are just general guides and may not include all factors affecting your own situation.

Spending needs for this report are based upon $73,020 per year, inflated at 3% each year until retirement and $51,660 per year, inflated at 3% each year during retirement.

Life Insurance Basic Needs Estimate on Mary:

Present Value:	Anticipated Spending Needs	$1,661,829	
	Education Expenses	103,465	
	Final Expenses	23,040	
	Other Expenses	175,620	$1,963,954
	John's Employment	($727,528)	
	Social Security Benefits	(336,036)	
	Pension Benefits	(51,824)	
	Other Incomes	(54,105)	($1,169,493)

Net Estimated Survivor Need Shortage	$794,461
Currently Existing Liabilities	206,647
Assets Available to Offset Shortage	(913,000)
Current Life Insurance Coverage	0
Suggested Additional Life Insurance Coverage	**$88,108**

Note: Estimated insurance requirements can vary over time due to changes in asset levels, special expenses, education expenses, estate planning, and spouse's retirement needs. Additional insurance, held outside of an insurance trust, may have estate tax consequences. It may be prudent to purchase an amount of insurance appropriate to prepare for potential higher coverage needs. Consult with your financial advisor about factors that may suggest additional insurance coverage.

Survivor Needs Calculation for Mary, To Estimate Life Insurance Required on John

NPV's*	($1,873,420)	($103,465)	($144,556)	$779,495	$381,833	$72,761	($887,352)
Age	After Tax Spending Need	Education Costs	Other Inc/Exp**	After Tax Emp. Income	After Tax SS Benefits	After Tax Pension Inc.	Estimated Inc. Shortage
50	(73,020)		(27,948)	59,250	33,034		(8,684)
51	(75,211)		(4,908)	61,028	28,878		9,787
52	(77,467)		(4,908)	62,858	29,456		9,939
53	(79,791)		(4,908)	64,744	30,045		10,090
54	(82,185)	(30,197)	(4,908)	66,686			(50,603)
55	(84,650)	(33,183)	(4,908)	68,687			(54,054)
56	(87,190)	(34,842)	(4,908)	70,748			(56,192)
57	(89,805)	(36,585)	(4,908)	72,870			(58,428)
58	(92,500)		(4,908)	75,056			(22,351)
59	(95,275)		(4,908)	77,308			(22,875)
60	(98,133)		(4,908)	79,627			(23,414)
61	(101,077)		(4,908)	82,016			(23,969)
62	(104,109)			84,476			(19,633)
63	(107,232)			87,011			(20,222)
64	(110,449)		(30,000)	89,621			(50,828)
65	(80,485)		23,370		18,104		(39,011)
66	(82,899)		24,071		27,906	9,840	(21,083)
67	(85,386)		24,793		28,464	9,840	(22,289)
68	(87,948)		25,536		29,033	9,840	(23,538)
69	(90,586)		26,303		29,614	9,840	(24,829)
70	(93,304)				30,206	9,840	(53,257)
71	(96,103)				30,810	9,840	(55,452)
72	(98,986)				31,427	9,840	(57,719)
73	(101,955)				32,055	9,840	(60,060)
74	(105,014)				32,696	9,840	(62,478)
75	(108,165)				33,350	9,840	(64,974)
76	(111,410)				34,017	9,840	(67,552)
77	(114,752)				34,698	9,840	(70,214)
78	(118,194)				35,392	9,840	(72,963)
79	(121,740)				36,099	9,840	(75,801)
80	(125,392)				36,821	9,840	(78,731)
81	(129,154)				37,558	9,840	(81,756)
82	(133,029)				38,309	9,840	(84,880)
83	(137,020)				39,075	9,840	(88,105)
84	(141,130)		(204,893)		39,857	9,840	(296,327)
85	(145,364)		(211,040)		40,654	9,840	(305,910)
86	(149,725)		(217,371)		41,467	9,840	(315,789)
87	(154,217)				42,296	9,840	(102,081)
88	(158,843)				43,142	9,840	(105,861)
89	(163,609)				44,005	9,840	(109,764)
90	(168,517)				44,885	9,840	(113,792)
91	(173,572)				45,783	9,840	(117,950)
92	(178,780)				46,698	9,840	(122,241)
93	(184,143)				47,632	9,840	(126,671)
94	(189,667)				48,585	9,840	(131,242)
95	(195,357)				49,557	9,840	(135,961)

* Net Present Values for this illustration are calculated using an after-tax discount rate of 5% (Education Costs at 6%)

** First year expenses include allowances for final expenses and emergency funds in the amount of $23,040.

Survivor Needs Calculation for John, To Estimate Life Insurance Required on Mary

NPV's*	($1,661,829)	($103,465)	($144,556)	$727,528	$336,036	$51,824	($794,461)
Age	After Tax Spending Need	Education Costs	Other Inc/Exp**	After Tax Emp. Income	After Tax SS Benefits	After Tax Pension Inc.	Estimated Inc. Shortage
51	(73,020)		(27,948)	55,300	34,680	2,912	(8,076)
52	(75,211)		(4,908)	56,959	30,321	2,912	10,073
53	(77,467)		(4,908)	58,668	30,927	2,912	10,131
54	(79,791)		(4,908)	60,428	31,546	2,912	10,186
55	(82,185)	(30,197)	(4,908)	62,241		2,912	(52,137)
56	(84,650)	(33,183)	(4,908)	64,108		2,912	(55,722)
57	(87,190)	(34,842)	(4,908)	66,031		2,912	(57,997)
58	(89,805)	(36,585)	(4,908)	68,012		2,912	(60,375)
59	(92,500)		(4,908)	70,052		2,912	(24,444)
60	(95,275)		(4,908)	72,154		2,912	(25,117)
61	(98,133)		(4,908)	74,319		2,912	(25,811)
62	(101,077)		(4,908)	76,548		2,912	(26,525)
63	(104,109)			78,845		2,912	(22,353)
64	(107,232)			81,210		2,912	(23,111)
65	(110,449)		(30,000)	83,646		2,912	(53,892)
66	(80,485)		23,370		27,359	3,022	(26,734)
67	(82,899)		24,071		27,906	3,022	(27,900)
68	(85,386)		24,793		28,464	3,022	(29,107)
69	(87,948)		25,536		29,033	3,022	(30,356)
70	(90,586)		26,303		29,614	3,022	(31,647)
71	(93,304)				30,206	3,022	(60,075)
72	(96,103)				30,810	3,022	(62,270)
73	(98,986)				31,427	3,022	(64,537)
74	(101,955)				32,055	3,022	(66,878)
75	(105,014)				32,696	3,022	(69,296)
76	(108,165)				33,350	3,022	(71,792)
77	(111,410)				34,017	3,022	(74,370)
78	(114,752)				34,698	3,022	(77,032)
79	(118,194)				35,392	3,022	(79,781)
80	(121,740)				36,099	3,022	(82,619)
81	(125,392)				36,821	3,022	(85,549)
82	(129,154)				37,558	3,022	(88,574)
83	(133,029)				38,309	3,022	(91,698)
84	(137,020)				39,075	3,022	(94,922)
85	(141,130)		(204,893)		39,857	3,022	(303,144)
86	(145,364)		(211,040)		40,654	3,022	(312,728)
87	(149,725)		(217,371)		41,467	3,022	(322,607)

* Net Present Values for this illustration are calculated using an after-tax discount rate of 5% (Education Costs at 6%)

** First year expenses include allowances for final expenses and emergency funds in the amount of $23,040.

Long-Term Care

Long-Term Care Defined

Long-term care is sustained medical or custodial care in a hospital, nursing facility, or equivalent care at home. This care meets the needs of people when, for some reason, they cannot care for themselves. Long-term care insurance provides coverage for costs when the need for care extends beyond a pre-determined period. Benefits start when certain conditions and time frames specified by a long-term care insurance policy are met.

Generally the needs requirements to obtain insurance benefits fall into two categories:

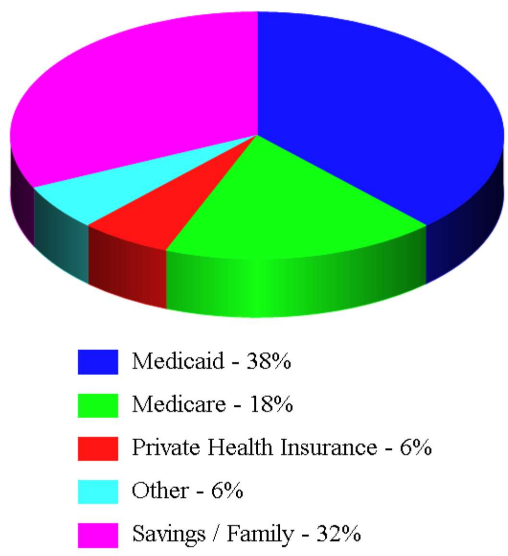
An inability to perform two or more Activities of Daily Living (or ADLs).	Activities of Daily Living (ADLs) are basic functions of daily independent living and includes: Dressing Toileting Bathing Transferring Eating Continence
Impaired Cognitive Ability	Loss of mental function can result from stroke, dementia or Alzheimer's Disease. Alzheimer's Disease is a disorder that progressively affects one's ability to carry out daily activities.

The Cost of Waiting to Plan

- 40% of all long-term care recipients are under the age of 65.
- Over 45% of seniors who reach age 65 will spend some time in a nursing home.
- Over 70% of seniors who reach age 65 will need some form of home health care in their lifetime.
- One out of every four families provides care to an elderly relative or loved one.
- 25% will stay in a Nursing Facility for more than one full year.
- The average nursing home stay is 2.5 years and the average Alzheimer's stay is 7 years.

Without benefits from long-term care insurance or a comparable plan, the cost of providing these services could devastate your lifetime savings, or a relative's life savings. On average, one year in a nursing home costs in the area of $57,000 and can easily exceed $100,000.

Depending on the care required, most of these expenses are paid for by the patient or their family. Medicare may contribute toward the first 100 days expenses in a skilled care facility. There are no Medicaid benefits available for intermediate term or custodial care, unless the state finds the patient to be impoverished under local guidelines. Even then, care options would be restricted to care facilities that accept the very limited benefit payments Medicaid offers.



Medicaid and Medicare Facts

- **Medicaid is a welfare program designed as an emergency safety net to pay health care costs of the poor.**
- **Medicare is part of Social Security, and helps pay for the general health care needs of retired persons.**
- **Medicare typically only pays for doctors, hospitals, and short recuperative stays in nursing facilities.**
- **Private health insurance is designed for medical (doctors, hospitals, etc) not long-term care expenses.**
- **Most people end up relying on their own or relatives resources to pay for long-term care expenses.**

Long-Term Care Need Analysis

Long-term care (LTC) requires long-term planning. LTC insurance is available to cover these expenses, protect your assets, your independence, and control the quality of the care you receive. You are able to choose the specified daily benefit level, as well as the types of medical and care services covered.

When is the best time to purchase LTC insurance? Generally, the premiums stay level once the policy is purchased, much like level term insurance. In practice, the earlier you buy a policy, the lower the premium. Since the odds of becoming disabled increase with age, purchasing coverage before the age of 55 is good planning. Consider the premium cost of several coverage levels to determine which is right for your budget.

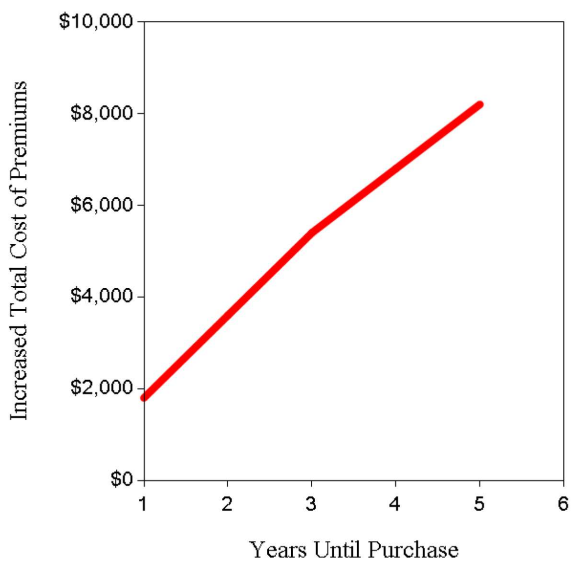
Needs Estimate

These estimated long-term care cost examples are based upon your financial information. Consider the numbers here to be a starting point for analysis and discussion of your long-term care insurance needs.

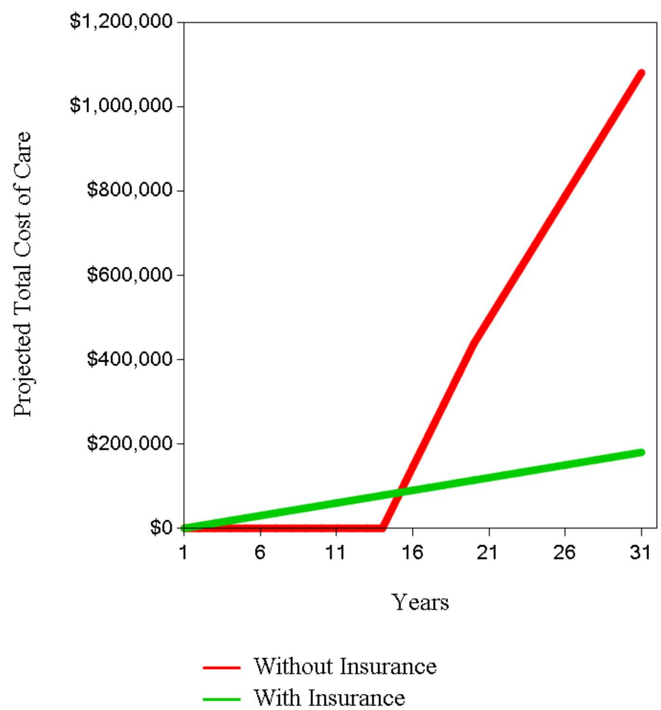
	John	Mary
Estimated daily care cost	$200	$200
Estimated annual care costs	$73,000	$73,000
Estimated years of care	5	5
Assumed inflation rate	5%	5%

Current financial assets exposed to potential long-term care expense risk : **$913,000**

Cumulative Cost of Waiting to Purchase



Total Cost of Long-Term Care



Depending on your age, a delay in arranging a Long-term care policy can mean substantially higher premiums. This graph illustrates the cost of waiting to purchase a Long-term care policy.

A Long-term care policy can stabilize and moderate the potentially damaging costs of nursing home care. This graph displays potential cost differential and value of having a Long-term insurance plan in place.

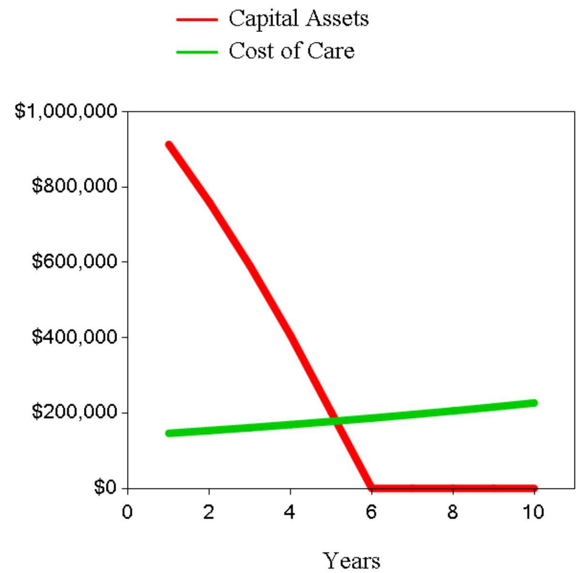
Long-Term Care Unprotected Need

This future long-term care needs chart displays the annual future amount of long-term care needed vs. your assets available. Total Long-Term Care Need is based upon average care requirements. Assets to Liquidate are your non-qualified working assets. Your Unprotected Need is estimated to be $602,738 based upon these estimates:

Long-Term Care Need Calculation

Total Long-Term Care Need:	$806,738
Assets to Liquidate:	$204,000
Unprotected Need:	$602,738

Potential Asset Value Erosion



Favorable income tax treatment is available for policies meeting certain requirements. In those cases, premiums, with certain limitations, may be deducted as medical expenses for those who itemize their deductions.

Alternative Options to Long-Term Care Insurance

Self-Insurance

This alternative to purchasing LTC insurance is using your existing investments to pay for long-term care if needed. This would be appropriate if sufficient assets are available and the potential loss of those assets to heirs is acceptable. Of course this means that you are willing to liquidate your assets, and if you don't have sufficient funds, you transfer the financial burden to your loved ones. While this alternative may be more flexible, the LTC insurance would be more beneficial if the coverage is eventually needed.

Qualify for Medicaid

Medicaid was enacted to provide health care services for the impoverished. Recent legislation has made it extremely difficult for a person of modest means to qualify for Medicaid benefits by gifting or otherwise disposing of personal assets for less than fair market value.

Summary

Be aware that the potential loss of financial assets to pay for long-term care costs is due to increasing life expectancies and advances in medical treatment for the elderly. This presents a risk to your lifetime savings and financial future. LTC insurance is available at varying levels of coverage and corresponding premiums to meet these risks. LTC insurance can allow you to maintain your desired level of independence and preserve personal assets. However, premium costs will be a significant factor in your decision. Consider discussing your LTC insurance needs and options with an insurance specialist who can explain specific policy details. Fully understanding available options can help you find the best choice for you and your family's future.

Estate Planning

While a very complex topic, estate planning is a critical component of any well developed financial plan. To be effective, this planning needs to be carefully coordinated with the other areas of planning such as Insurance, Retirement, Investments, etc. The primary goal of this section is to highlight estate planning concepts, and help illustrate potential benefits of implementing basic estate planning techniques available today.

Estate tax rules changed in 2012. To fairly illustrate concepts and estimated future estate taxes, this report illustrates estate taxes based upon existing estate law as enacted. For 2013 and beyond, the new estate rules set a $5 million unified federal estate and gift tax exemption (adjusted annually for inflation) and a new top estate tax rate of 40%. The updated rules provide continuing portability of unused estate tax exclusions to surviving spouses. Executors must file an estate tax return electing "Deceased Spouse Unused Exclusion Amount" (DSUEA) be used by surviving spouse. Note that estate law is uncertain and may potentially change again sometime in the future.

Estate Tax

Minimizing estate tax exposure is generally a primary goal of most clients. History is full of examples of estates decimated by unnecessary estate taxes and expenses. We will provide you with an analysis of your current situation and illustrate suggestions to minimize your current and future estate tax exposure. Some of the basic planning techniques we will consider are the use of:

Unlimited Marital Deduction
Maximizing use of Applicable Exclusion Amount
Unlimited Charitable Deductions
Annual Gift Exclusion
Revocable Living Trusts
Irrevocable Life Insurance Trusts

Other Financial Goals

Other financial goals to consider in your planning are:

Estate liquidity
Managing probate, administrative and other expenses
Minimizing Income Tax

Non-Financial Goals

The non-financial aspects of estate planning are just as important as the various financial goals described above. They will often be of a very personal nature and should be customized to fit into your overall plan. Generally, this can be accomplished by discussing these goals noted above. We will be able to point out only general concepts in this report. However, some of the non-financial goals for you to consider are:

Caring for dependents or minor children
Distribution of property to heirs
Maintaining control over assets
Lifetime planning issues such as incapacity and health care powers

Summary

Protecting your estate requires careful planning. The diverse skills required to coordinate a plan might require a team approach consisting of your financial planner, attorney, insurance specialist, accountant, and investment advisor. The illustrations provided here are intended as tools to help you and your team make informed decisions. In addition, your situation will most likely change with time. Therefore, you will need to monitor your estate planning situation periodically and make amendments as required.

This report is a hypothetical illustration and does not constitute legal or tax advice. You should always obtain legal counsel and professional tax advice before taking action affecting your estate planning.

Your Current Situation

The recommendations in this report are based on information that you provided. Before reviewing the estate plan or implementing any of the recommendations that follow, please verify the following data and assumptions.

Basic Data

	John	Mary
Age	51	50
Age at Death for this Illustration	51	50

General Assumptions

Administrative & probate expenses as a percentage of estate assets:	0.00%
Estimated final expenses	$7,500

Existing Estate Planning

	John	Mary
Will	**Yes**	**Yes**
Revocable Living Trust	No	No
Marital Trust Provisions	No	No
Credit Shelter Trust Provisions	No	No
QTIP Trust Provisions	No	No
Generation Skip Trust Provisions	No	No
Irrevocable Life Insurance Trust	No	No
Durable General Power of Attorney	No	No
Durable Health Care Power of Attorney	No	No
Living Will	No	No
Existing percentage of Estate in Living Trust	0%	0%

Previous Gifting Detail

	John	Mary
Previous Taxable Gifts	$0	$0
Previous Gift Taxes Paid	$0	$0

Current Estate Summary

- John's gross estate consists of $1,021,677 and Mary's consists of $562,677.
- Potential federal estate taxes currently range from $0 to $0.
- Administrative, probate, and final expenses could total from $15,000 to $15,000.
- Additional planning could save up to $0 in estate taxes and other costs.

Estate Net Worth Statement

ASSETS			Joint/	
Savings and Investments	**John**	**Mary**	**Community**	**Total**
Checking accounts			$19,000	$19,000
Common stocks			185,000	185,000
	$0	$0	$204,000	$204,000
Retirement Accounts				
Qualified Plans - John	$364,000			$364,000
Qualified Plans - Mary		260,000		260,000
Roth IRA Assets - John	45,000			45,000
Roth IRA Assets - Mary		40,000		40,000
	$409,000	$300,000	$0	$709,000
Other Assets				
Residence			$450,000	$450,000
cars			48,000	48,000
Boats			14,000	14,000
Precious metals			16,000	16,000
Life Insurance Cash Values	19,000			19,000
	$19,000	$0	$528,000	$547,000
TOTAL ASSETS	**$428,000**	**$300,000**	**$732,000**	**$1,460,000**
LIABILITIES				
Residence Mortgage			$127,882	$127,882
car loans			30,765	30,765
Home Equity			48,000	48,000
TOTAL LIABILITIES	**$0**	**$0**	**$206,647**	**$206,647**
NET WORTH	**$428,000**	**$300,000**	**$525,353**	**$1,253,353**

ADJUSTMENTS		
Life insurance in estate	$350,000	$0
Life insurance cash values	(19,000)	0
Estate share of joint property	262,677	262,677
ESTATE NET WORTH	**$1,021,677**	**$562,677**

Education Funding Illustration

John & Mary Sample

Assuming an inflation rate of 5%, the total projected cost of education will be $226,726

You are currently saving $6,000 each year for education costs.

If you can invest your education funds at 6%* after taxes you may ...

- Make a single deposit now in the amount of $103,464
- Make level annual payments in the amount of ... $17,485
- Make level monthly payments in the amount of ... $1,457

* This hypothetical rate of return is for illustrative purposes and does not represent a particular investment.

Student Name	Starting Year	Number of Years	Per Year in Today's $	Total Cost at 5% Inf.	Current College Funds Saved	529 Plan	One Time Deposit	Annual Deposits
Ben	2014	4	$20,000	$90,513	$46,000	Yes	$36,819	$10,024
Julie	2017	4	26,000	136,213	38,000	Yes	66,645	11,263
				$226,726	$84,000		$103,464	$21,287 **

<u>It appears you need to save an additional $15,287 each year ($1,274/mo.) to fund your education plans.</u>

The following schedule demonstrates the option of making level annual payments until the last year of education expenses. Any current funds saved will be utilized as educational expenses are incurred.

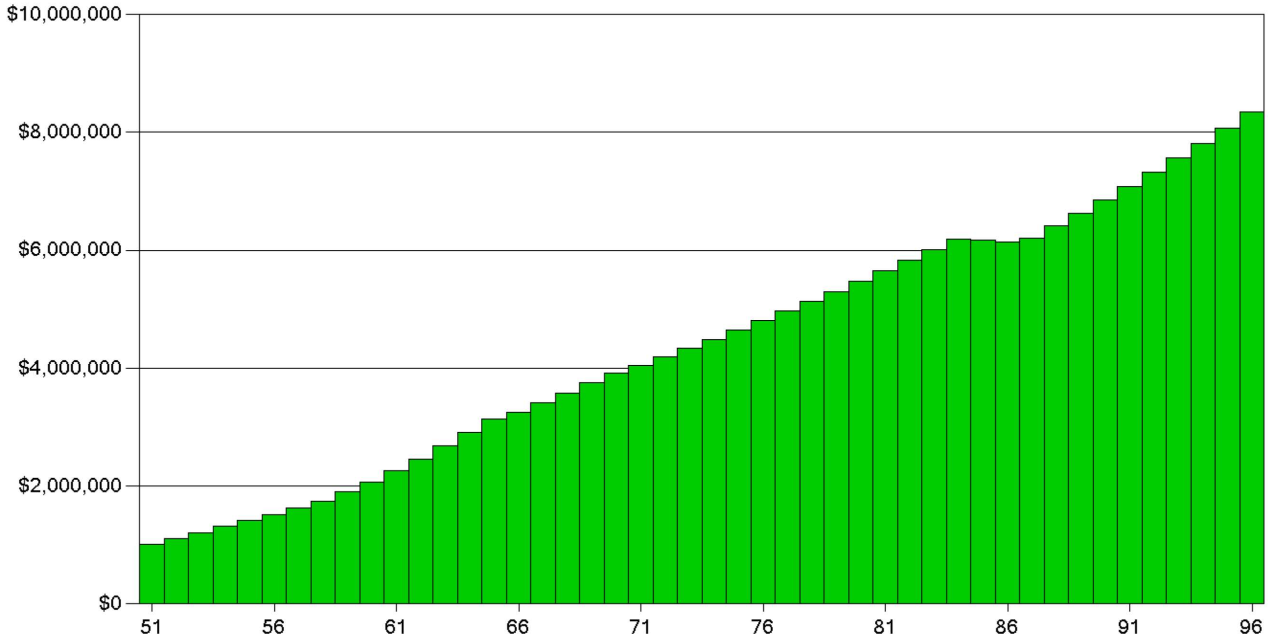
Annual Breakdown of Educational Funding

Year	Additions to fund	Paid to school from fund	Ending Balance at 6%*
2014	$17,485	$21,000	$85,314
2015	17,485	22,050	85,594
2016	17,485	23,153	84,722
2017	17,485	55,913	49,071
2018	17,485	33,183	35,376
2019	17,485	34,842	19,100
2020	17,485	36,585	

** Annual deposit total shown may be higher than the level payment amount, but decreases as each student graduates.

Expense Worksheet	Estimated Monthly Expenses			
	Now	Retirement	Survivor Now	Survivor Retirement
Item **Totals:**	**$6,563**	**$6,110**	**$5,118**	**$4,205**
Rent				
Food and household incidentals	600	600	400	400
Gas, Electric, Heat, Water	325	325	300	300
Cell phone & Home Phone	120	120	80	80
Internet, Cable/satellite	60	60	60	60
Auto operating and maintenance	300	300	200	200
Clothing and personal items	125	100	80	75
Property improvements & upkeep	300	300	300	300
Domestic help, babysitting				
Property taxes	500	500	500	500
Entertainment & vacations	550	700	400	400
Charitable contributions	100	75	75	60
Child care				
Pets	50	50	50	50
Alimony, child support				
Books, papers, subscriptions	25	25	15	15
Home furnishings	100	100	90	90
Gifts, birthdays	200	150	150	100
Medical expenses	300	600	200	300
Other expenses	250	250	200	200
Vacation property				
Mortgage payment (in special expense)	933		933	
Auto loan payment	400	300	300	250
Boat & RV payments				
Credit card payments	650	600	500	400
School or business Loans				
Home Equity				
Life insurance premiums	200	200		
Medical ins premiums	300	600	150	300
Long Term Care or Disabilty				
Auto ins premiums	100	80	60	50
House ins premiums	75	75	75	75
Other insurance				

Retirement Summary



Retirement Capital Illustration

The analysis begins at your current age and extends through your life expectancy. It includes all assets, both tax advantaged and taxable, all expenses, including education funding if applicable, other income and expense estimates, defined benefit pensions, and Social Security benefits. The graph illustrates the growth and depletion of capital assets as seen in Retirement Capital Analysis.

General Assumptions:

Rates of Return Before and After Retirement Used in Illustration:		
Taxable RORs:	7%	6%
Tax Def. RORs:	7%	6%
Tax Free RORs:	3%	4%
Annuity RORs:	6%	6%

Retirement Spending Needs*	$75,720
Survivor Spending Needs*	$51,660
Retirement Age	John - 66
Retirement Age	Mary - 65
Inflation - Current	3%
Inflation - Retirement	3%
Tax Rate - Current	21%
Tax Rate - Retirement	18%

* Spending needs are stated in today's after tax-dollars. See Assumptions page for complete listing of assumptions.

Actual future returns, taxes, expenses, and benefits are unknown. This illustration uses representative estimates and assumptions for educational and discussion purposes only. Do not rely on this report for investment analysis.

Retirement Capital Illustration Results:

Using current data, estimates show you will have enough money to reach your retirement goals. Since it appears that you will have $8,344,000 left at your life expectancy, you may wish to consider: an earlier retirement, increased spending during retirement, or other ways to enhance your retirement years.