

## Financial Life Plan

*Retirement Planning Today Sample Plan*

### James and Nancy Sample



NOTE: THIS IS A SAMPLE FINANCIAL PLANNING REPORT.  
WHILE THE REPORT IS A GOOD IDEA OF HOW TO THINK  
ABOUT PUTTING TOGETHER A PLAN, A PLAN REQUIRES  
GOOD INPUTS, JUDGMENT, AND THE ABILITY TO  
INTERPRET THE OUTPUTS TO DECIPHER AN  
OPTIMAL COURSE OF ACTION.

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# Current Assets, Insurance, Income, and Liabilities

## Investment Assets

Description	Owner	Current Value	Additions	Assign to Goal
Jim - IRA	James	\$750,000		Fund All Goals
Jim & Nancy - JTWROS	Joint	\$150,000		Fund All Goals
Nancy - IRA	Nancy	\$100,000		Fund All Goals

**Total Investment Assets : \$1,000,000**

## Other Assets

Description	Owner	Current Value	Future Value	Assign to Goal
Primary Home	Joint	\$250,000		Not Funding Goals

**Total of Other Assets : \$250,000**

## Retirement Income

Description	Owner	Value	Increase Rate	Assign to Goal
Social Security	James	\$24,000 from Age 66 to End of James' Plan	Yes, at 3.00%	Fund All Goals
Social Security	Nancy	\$6,000 from Age 62 to End of Nancy's Plan	Yes, at 3.00%	Fund All Goals
Pension - Jim	James	\$24,000 from 2011 to End of Plan (50% to Survivor)	No	Fund All Goals
Pension - Nancy	Nancy	\$15,000 from Nancy's Retirement to End of Nancy's Plan	Yes, at 2.00%	Fund All Goals

## Liabilities

Type	Description	Owner	Outstanding Balance	Interest Rate	Monthly Payment
Home - 1st Mortgage	1st Mortgage	Joint	\$69,000	5.25%	\$1,216

**Total Outstanding Balance : \$69,000**

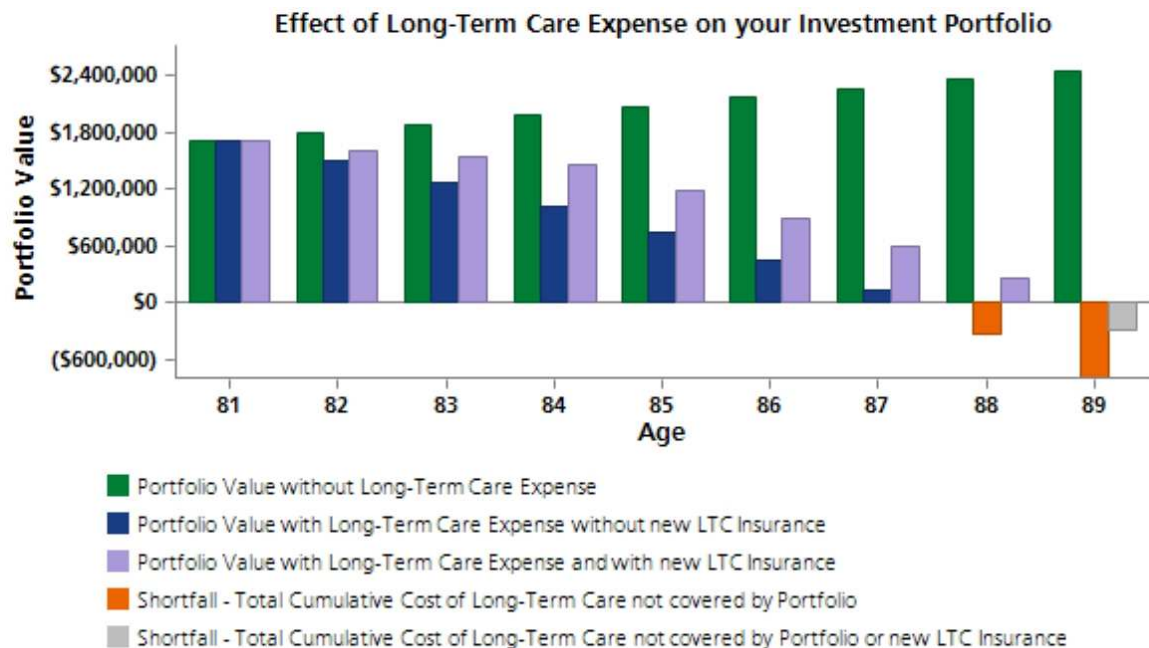
See Important Disclosures section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

# Long-Term Care Needs Analysis - James

## Scenario : What If Scenario 2

One of the greatest threats to the financial well-being of many people over 50 is the possible need for an extended period of Long-Term Care, either at home, in an Assisted Living Facility or in a Nursing Home. This Section demonstrates how these expenses could adversely affect your Investment Portfolio and how you might protect it with a Long-Term Care policy.

This graph shows what would happen to your portfolio if James needs a Home Health Care Aide for 8 hours per day at age 82 for 8 years at an annual cost, in Current Dollars, of \$55,480 inflating at 6.00%.



Total Cost of Long-Term Care :	\$1,978,744
Total of Existing Long-Term Care Policy Benefits :	\$0
Total Benefits from purchasing a new Long-Term Care Policy* :	\$295,514
Amount offset by expense reduction during care period :	\$0
<hr/>	
Net Cost of care to be paid from Portfolio :	\$1,683,229

\* Assumptions for new LTC policy are 3 year Benefit Period, 100-day Elimination Period, \$150 Daily Benefit Amount, 100% Home Care Benefit, and Compounded Inflation at 3%.

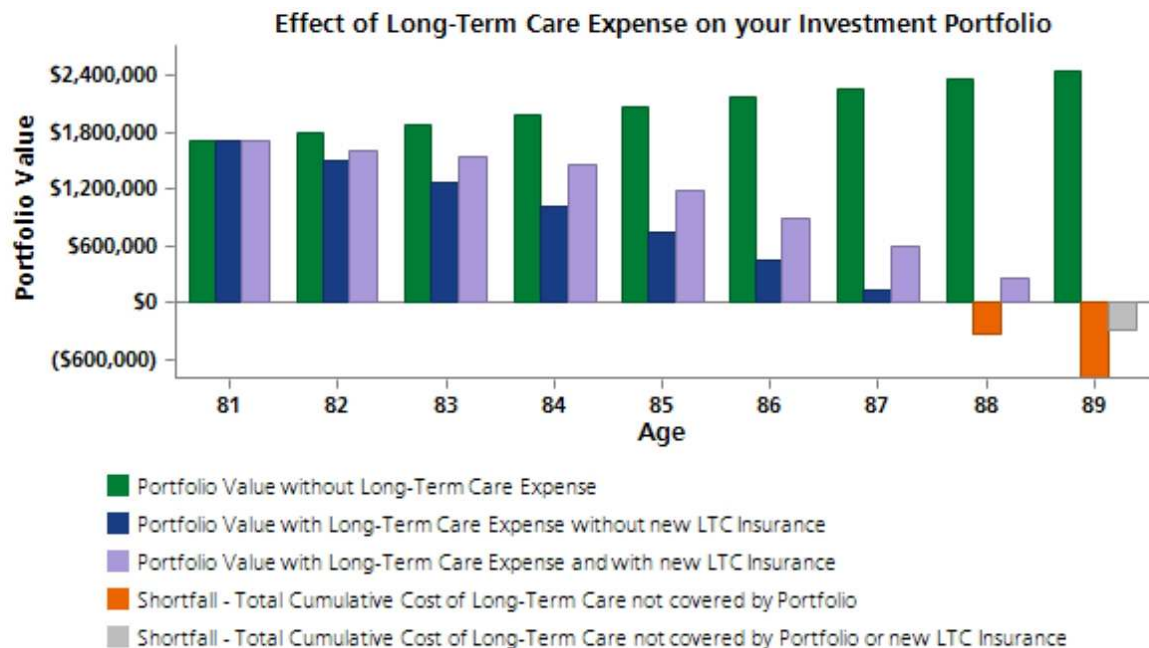
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# Long-Term Care Needs Analysis - Nancy

## Scenario : What If Scenario 2

One of the greatest threats to the financial well-being of many people over 50 is the possible need for an extended period of Long-Term Care, either at home, in an Assisted Living Facility or in a Nursing Home. This Section demonstrates how these expenses could adversely affect your Investment Portfolio and how you might protect it with a Long-Term Care policy.

This graph shows what would happen to your portfolio if Nancy needs a Home Health Care Aide for 8 hours per day at age 82 for 8 years at an annual cost, in Current Dollars, of \$55,480 inflating at 6.00%.



Total Cost of Long-Term Care :	\$1,978,744
Total of Existing Long-Term Care Policy Benefits :	\$0
Total Benefits from purchasing a new Long-Term Care Policy* :	\$295,514
Amount offset by expense reduction during care period :	\$0
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Net Cost of care to be paid from Portfolio :	\$1,683,229

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# Preferences

## Preferences for James and Nancy Sample

This page summarizes your preferences for Retirement Age (if applicable), Goals and Savings.

Review your Ideal and Acceptable values below and consider whether you would be satisfied with a Plan that is within the Acceptable Range for each of these items.



### Goals

Importance	Description	Ideal	Acceptable
<b>Needs</b>			
10	Retirement - NEEDS		
	Both retired	\$50,000	\$50,000
	Nancy alone - retired	\$40,000	\$40,000
9	Healthcare - Nancy	\$4,800 in 2011 Every Year - 36 Times	\$4,800
9	Healthcare - Jim	\$4,800 in 2011 Every Year - 34 Times	\$4,800
8	Travel - Yearly	\$10,000 in 2011 Every Year - 20 Times	\$5,000
<b>Wants</b>			
7	Car - Nancy	\$25,000 in 2014 Every 10 Years - 2 Times	\$20,000
7	Car - Jim	\$30,000 in 2012 Every 8 Years - 3 Times	\$20,000
6	Retirement - WANTS	\$10,000 in 2011 Every Year - 20 Times	\$5,000
<b>Total Spending for Life of Plan</b>		<b>\$2,404,177</b>	<b>\$2,164,177</b>
<b>Percent Change from Ideal</b>			<b>-10%</b>

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# The Bottom Line

## You have a simple question. Can I reach my Goals?

Unfortunately, because FUTURE RETURNS ARE UNPREDICTABLE, there is not one simple answer.

Let's look at 3 possibilities

### Your Answer - 3 Ways

**1. Average Return**

**What happens if you get Average Returns?**

- Assume Average Return each and every year
- % equals portion of Goals funded - not probability



Estimated % of Goal Funded	
Average Return	Bad Timing
?%	?%
Likelihood of Funding All Goals	
<p><b>Probability of Success: ?%</b> <b>? Confidence Zone</b></p>	



**2. Bad Timing**

**What happens if you experience Bad Timing?**

- Assume Average Return overall, but with 2 bad years at retirement
- % equals portion of Goals funded - not probability



**3. Probability of Success**

**What is the likelihood you can Fund All Your Goals?**

- Monte Carlo analysis simulates thousands of possible return sequences
- % equals Probability of Success

**Are you in your Confidence Zone?**

- Your Probability of Success should be high enough to make you feel confident about the future without sacrificing too much today.

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# Loss Cushion

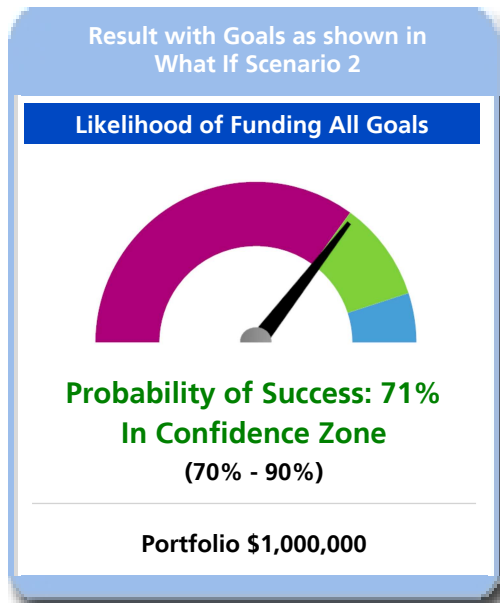
## Acceptable Goal Result

Next, let's see how confident you can be that you can attain your Acceptable Goals.

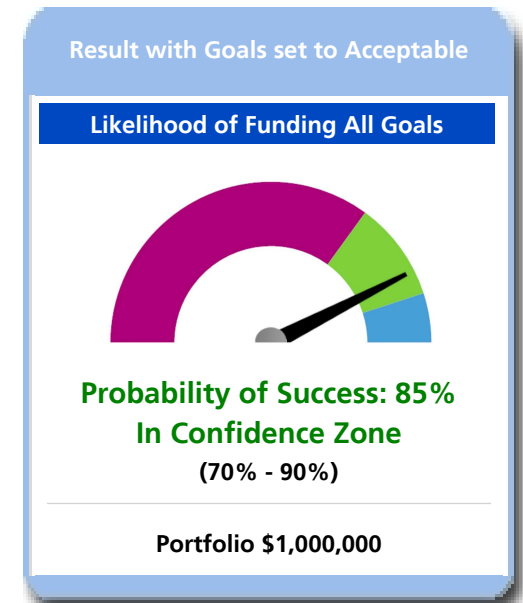
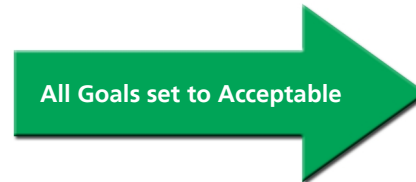
Start with your What If Scenario 2...

Change all Goal Values to Acceptable while keeping everything else the same.

This new result shows the probability you can attain your Acceptable Goals. The higher it is, the better.



You have a 71% likelihood of having \$2,404,177 or more to spend on your Goals.



You have a 85% likelihood of having \$2,164,177 or more to spend on your Goals.

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# Loss Cushion

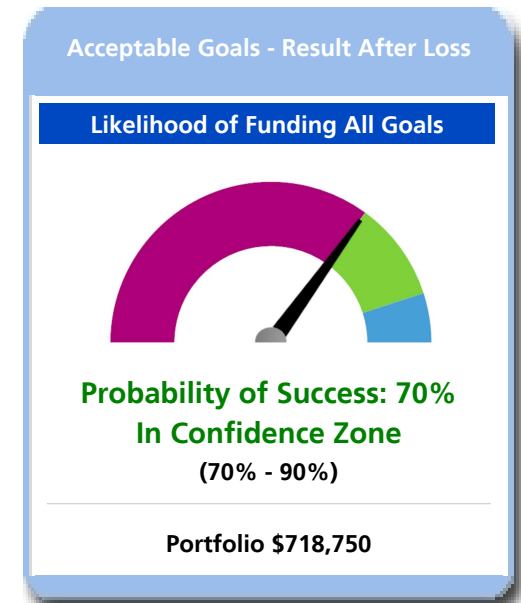
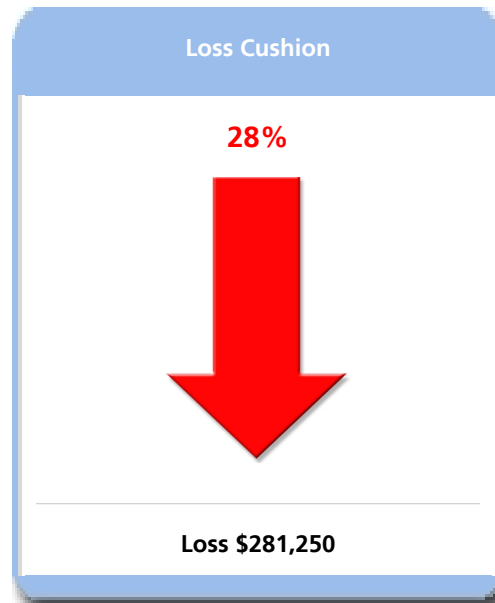
## Loss Cushion

Now, we'll calculate how much of your Investment Portfolio you could lose today and still be in your Confidence Zone for your Acceptable Goals.

Start with the results for your Acceptable Goals.

Then calculate the maximum loss your portfolio could sustain today...

...and still be in the Confidence Zone for your Acceptable Goals.



If your Portfolio lost \$281,250 today (that's 28%) the Probability of Success for your Acceptable Goals would be 70%, which is still in your Confidence Zone.

### The Bear Market Test - Is your Loss Cushion enough to withstand another Bear Market?

The worst Bear Market since the Great Depression occurred from November 2007 to February 2009. For this test, we calculated the loss suffered by a portfolio with the same percentages of stock, bonds, and cash as your Recommended Portfolio. Your Loss Cushion is less than this Bear Market Loss of 28%.

See the Bear Market Test section of IMPORTANT DISCLOSURE INFORMATION for details of the returns used in this calculation.

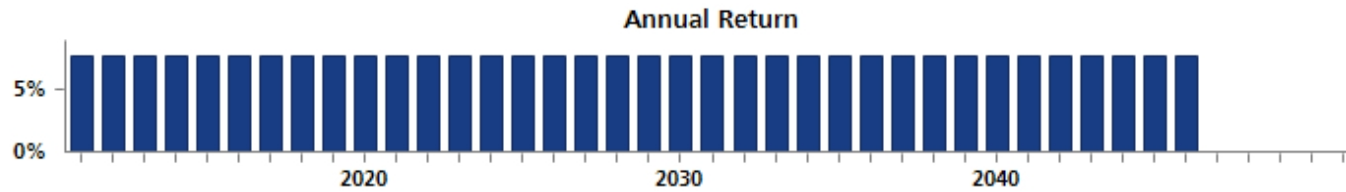
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# Inside The Numbers

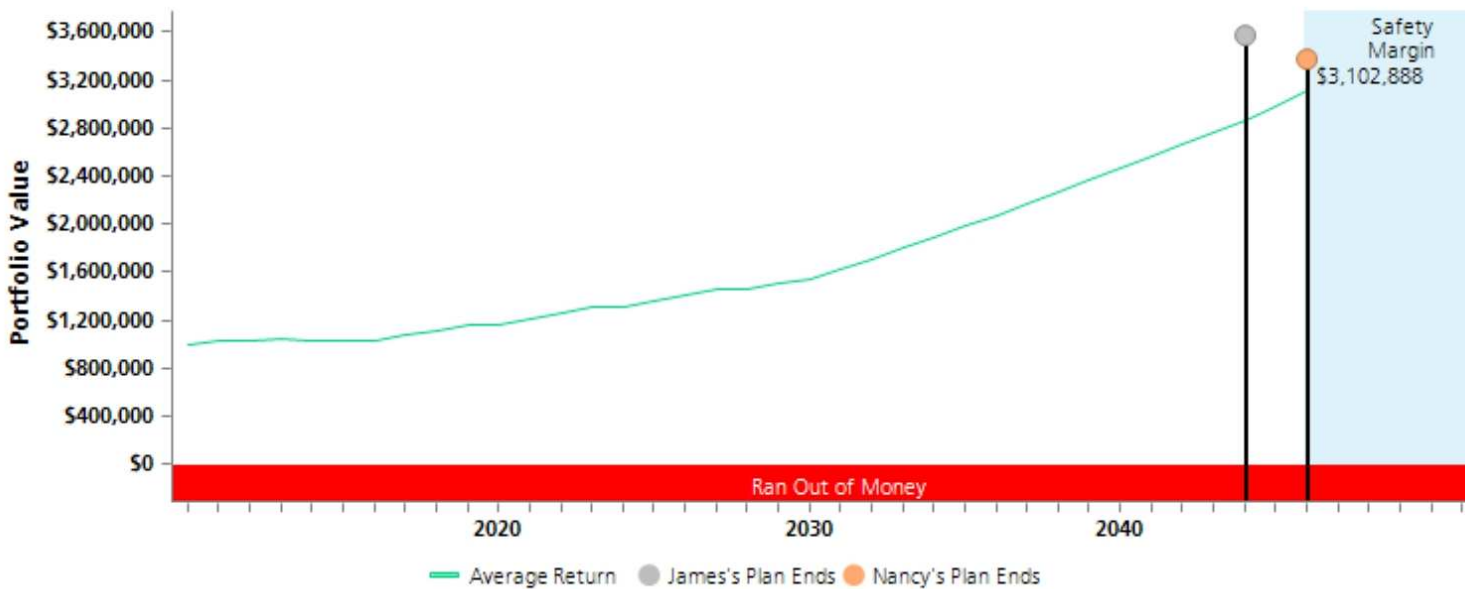
## Start with Average Return - What If Scenario 2

- Average Return assumes you receive 7.62% every year during Retirement.
- This is a good starting point, since it's the calculation method that people find most familiar.
- It provides a good base result for comparison to Bad Timing - a high Safety Margin can help protect against bad returns at retirement.



**Return Assumptions**

Average Return for Entire Plan: 7.62%



**% of All Goals Funded**

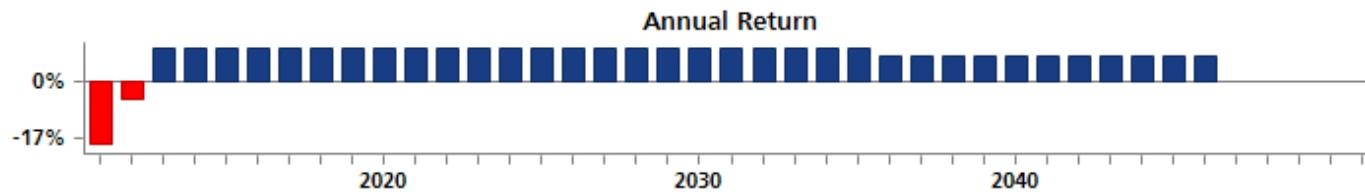
100%

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# Inside The Numbers

## See What Happens if you Experience Bad Timing - What If Scenario 2

- Bad Timing assumes you get the same Average Return over the entire Plan but with two years of bad returns at retirement.
- This illustrates that it's not only the Average Return that matters - the sequence of returns can make a big difference in your results.
- Usually, the worst time to get bad returns is just before or after you retire. That's just bad timing.

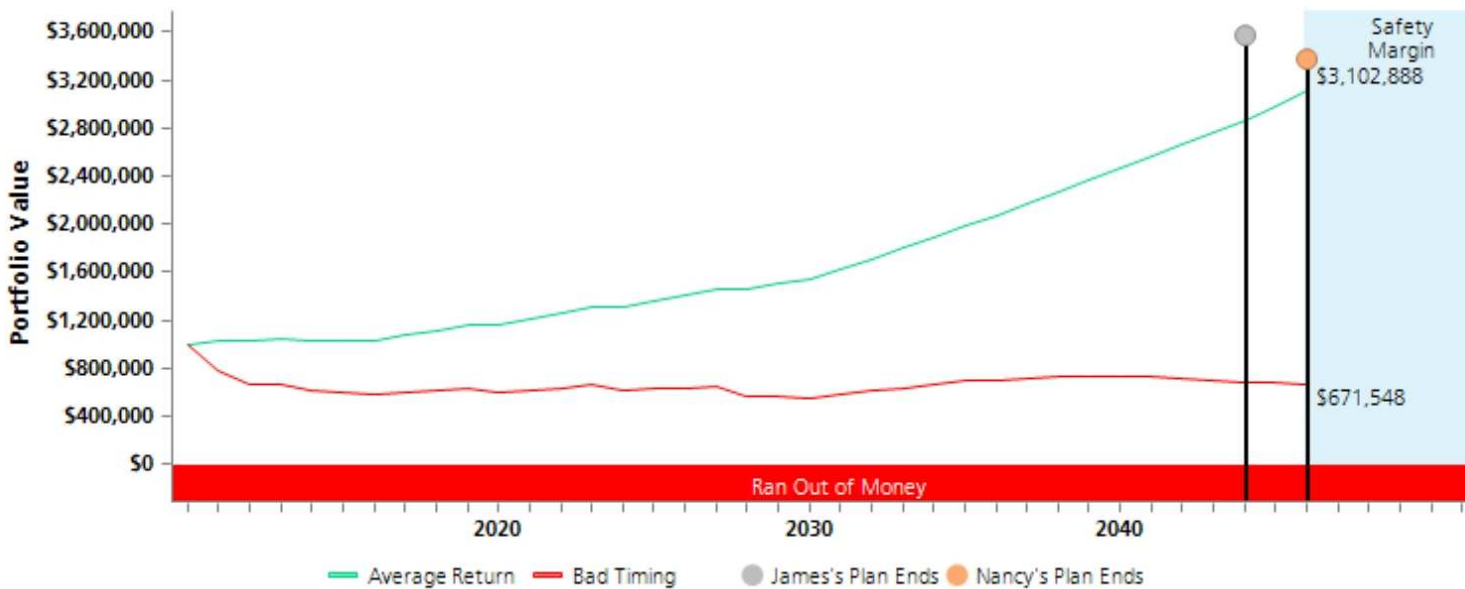


**Return Assumptions**

Average Return for Entire Plan: 7.62%

Years of Bad Returns

- 2011 : -18.87%
- 2012 : -5.63%



**% of All Goals Funded**

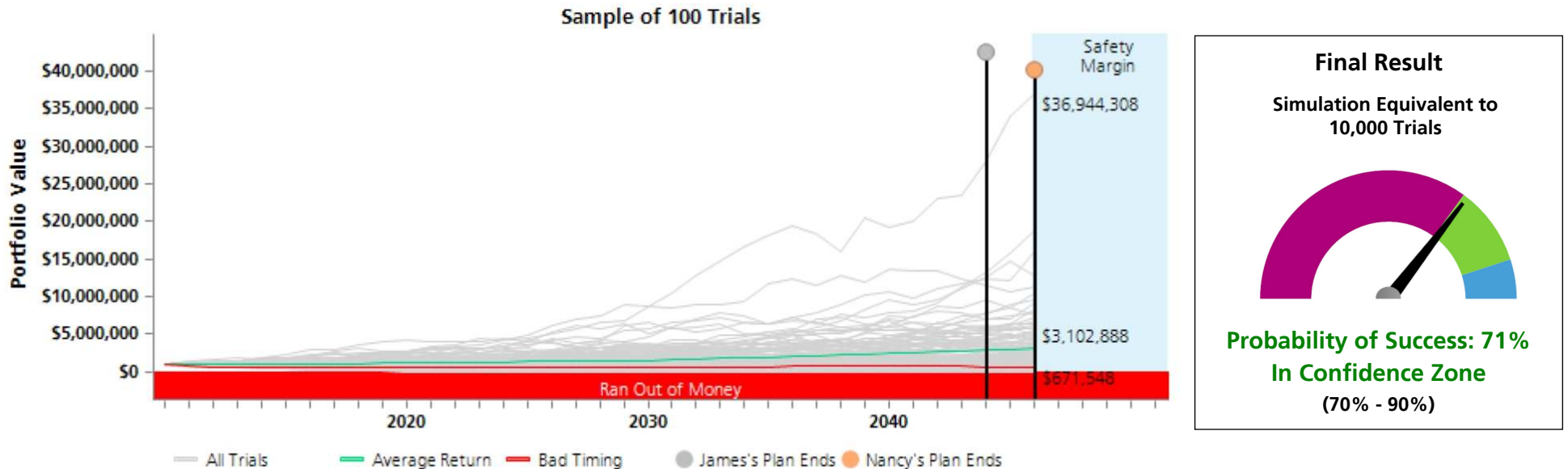
**100%**

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# Inside The Numbers

## Calculate the Probability of Success - What If Scenario 2

- The graph below shows the results for a Sample of 100 Monte Carlo Trials, but that is not enough Trials to determine your Probability of Success.
- Your Probability of Success, as shown by the meter, uses a mathematical simulation, equivalent to 10,000 Trials, to calculate your Final Result.
- Your Probability of Success represents the percentage of 10,000 Trials in which you could expect to attain all your Goals.



The table below is a numerical representation of the above Sample of 100 trials. It is provided for informational purposes to illustrate the general range of results you might expect. However, neither the graph nor the table reflects the Final Result, which is your Probability of Success as shown by the meter to the right.

In the Sample of 100 Trials table, the trials are ranked from best to worst (from 1 to 100) based on the End of Plan value. For each trial listed (1st, 25th, 50th, 75th and 100th), the corresponding portfolio values for that trial will be illustrated in the years of the trial that are indicated.

Trials	Year 5	Year 10	Year 15	Year 20	Year 25	End of Plan	Year Money Goes to \$0
Best	\$1,787,158	\$2,823,429	\$4,929,813	\$8,706,929	\$18,094,066	\$36,944,308	
25th	\$1,179,142	\$1,075,160	\$1,810,531	\$1,789,474	\$3,026,111	\$4,104,319	
<b>50th</b>	\$1,690,434	\$1,653,214	\$2,362,472	\$3,615,816	\$3,132,844	<b>\$1,795,465</b>	
75th	\$1,033,944	\$933,932	\$633,087	\$460,216	\$595,476	\$189,777	
Worst	\$293,747	\$0	\$0	\$0	\$0	\$0	2020

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# What If Worksheet - Scenarios

This Worksheet allows you to analyze and compare the results of one or more scenarios that you created by varying the Plan assumptions.

Goals	Estimated % of Goal Funded							
	Current Scenario		What If Scenario 1		What If Scenario 2		What If Scenario 3	
	Average Return	Bad Timing	Average Return	Bad Timing	Average Return	Bad Timing	Average Return	Bad Timing
<b>Needs</b>								
10 Retirement - NEEDS	100%	100%	100%	100%	100%	100%	100%	100%
9 Healthcare - Nancy	100%	100%	100%	100%	100%	100%	100%	100%
9 Healthcare - Jim	100%	100%	100%	100%	100%	100%	100%	100%
8 Travel - Yearly	100%	100%	100%	100%	100%	100%	100%	100%
<b>Wants</b>								
7 Car - Nancy	100%	100%	100%	100%	100%	100%	100%	100%
7 Car - Jim	100%	100%	100%	100%	100%	100%	100%	100%
6 Retirement - WANTS	100%	100%	100%	100%	100%	100%	100%	100%
<b>Safety Margin (Value at End of Plan)</b>								
Current dollars (in thousands) :	\$832	\$135	\$691	\$192	\$1,071	\$232	\$1,660	\$177
Future dollars (in thousands) :	\$2,413	\$390	\$2,003	\$558	\$3,103	\$672	\$4,811	\$512

## Monte Carlo Results

### Likelihood of Funding All Goals

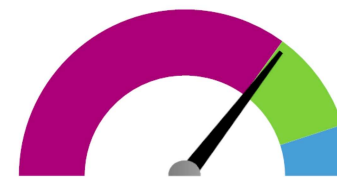
Your Confidence Zone: 70% - 90%



Probability of Success: 70%  
In Confidence Zone



Probability of Success: 77%  
In Confidence Zone



Probability of Success: 71%  
In Confidence Zone



Probability of Success: 65%  
Below Confidence Zone

• Indicates different data between the Scenario in the first column and the Scenario in any other column.

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# What If Worksheet - Scenarios

Key Assumptions	Current Scenario	What If Scenario 1	What If Scenario 2	What If Scenario 3
<b>Stress Tests</b>				
Method(s) :	Bad Timing Program Estimate Years of bad returns : 2011: -17.64% 2012: -5.24%	Bad Timing Program Estimate Years of bad returns : 2011: -13.28% 2012: -3.21%	Bad Timing Program Estimate Years of bad returns : 2011: -18.87% 2012: -5.63%	Bad Timing Program Estimate Years of bad returns : 2011: -25.97% 2012: -8.72%
	Class Sensitivity Not Used	Class Sensitivity Not Used	Class Sensitivity Not Used	Class Sensitivity Not Used
<b>Funding Order</b>				
Select Order for Assets assigned to Funding All Goals :	Importance Order	Importance Order	Importance Order	Importance Order
Assets - Ignore Earmarks (except for College Savings Plans) :		No	No	No
Retirement Income - Ignore Earmarks :		No	No	No
<b>Hypothetical Average Rate of Return</b>				
During Retirement :	Current	• <b>Balanced I</b>	• <b>Total Return I</b>	• <b>Cap Growth I</b>
Total Return :	7.16%	• <b>6.85%</b>	• <b>7.62%</b>	• <b>8.53%</b>
Standard Deviation :	12.40%	• <b>10.06%</b>	• <b>13.25%</b>	• <b>17.25%</b>
Total Return Adjustment :	0.00%	• <b>0.00%</b>	• <b>0.00%</b>	• <b>0.00%</b>
Adjusted Real Return :	4.16%	• <b>3.85%</b>	• <b>4.62%</b>	• <b>5.53%</b>
Base inflation rate :	3.00%	• <b>3.00%</b>	• <b>3.00%</b>	• <b>3.00%</b>
<b>Tax-Free Options</b>				
During Retirement				
Reallocate a portion of bonds to tax-free:		No	No	No
Percent of bond allocation to treat as tax-free:		0%	0%	0%

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# What If Worksheet - Scenarios

Key Assumptions	Current Scenario	What If Scenario 1	What If Scenario 2	What If Scenario 3
<b>Goals</b>				
Retirement - NEEDS				
Planning Age				
James :	93	93	93	93
Nancy :	95	95	95	95
Both Retired				
James and Nancy retired :	\$50,000	\$50,000	\$50,000	\$50,000
One Alone - Retired				
Nancy alone :	\$40,000	\$40,000	\$40,000	\$40,000
James alone :	\$40,000	\$40,000	\$40,000	\$40,000
Healthcare - Nancy				
Year :	Nancy's retirement	Nancy's retirement	Nancy's retirement	Nancy's retirement
Cost :	\$4,800	\$4,800	\$4,800	\$4,800
Is recurring?	Yes	Yes	Yes	Yes
Years between occurrences :	1	1	1	1
Healthcare - Jim				
Year :	Nancy's retirement	Nancy's retirement	Nancy's retirement	Nancy's retirement
Cost :	\$4,800	\$4,800	\$4,800	\$4,800
Is recurring?	Yes	Yes	Yes	Yes
Years between occurrences :	1	1	1	1
Travel - Yearly				
Year :	Nancy's retirement	Nancy's retirement	Nancy's retirement	Nancy's retirement
Cost :	\$10,000	\$10,000	\$10,000	\$10,000
Is recurring?	Yes	Yes	Yes	Yes
Years between occurrences :	1	1	1	1
Number of occurrences :	20	20	20	20
Car - Nancy				
Year :	2014	2014	2014	2014
Cost :	\$25,000	\$25,000	\$25,000	\$25,000

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# What If Worksheet - Scenarios

Key Assumptions	Current Scenario	What If Scenario 1	What If Scenario 2	What If Scenario 3
<b>Goals</b>				
Is recurring?	Yes	Yes	Yes	Yes
Years between occurrences :	10	10	10	10
Number of occurrences :	2	2	2	2
Car - Jim				
Year :	2012	2012	2012	2012
Cost :	\$30,000	\$30,000	\$30,000	\$30,000
Is recurring?	Yes	Yes	Yes	Yes
Years between occurrences :	8	8	8	8
Number of occurrences :	3	3	3	3
Retirement - WANTS				
Year :	James' retirement	James' retirement	James' retirement	James' retirement
Cost :	\$10,000	\$10,000	\$10,000	\$10,000
Is recurring?	Yes	Yes	Yes	Yes
Years between occurrences :	1	1	1	1
Number of occurrences :	20	20	20	20
<b>Retirement Income</b>				
Pension - Jim				
Annual Income :	\$24,000	\$24,000	\$24,000	\$24,000
Start Year :	2011	2011	2011	2011
Select when income will end :	End of Plan	End of Plan	End of Plan	End of Plan
Survivor Benefit :	50%	50%	50%	50%
Pension - Nancy				
Annual Income :	\$15,000	\$15,000	\$15,000	\$15,000
Start Year :	Nancy's Retirement	Nancy's Retirement	Nancy's Retirement	Nancy's Retirement
Select when income will end :	End of Nancy's Plan	End of Nancy's Plan	End of Nancy's Plan	End of Nancy's Plan
Survivor Benefit :	0%	0%	0%	0%

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# What If Worksheet - Scenarios

Key Assumptions	Current Scenario	What If Scenario 1	What If Scenario 2	What If Scenario 3
<b>Social Security</b>				
<b>James</b>				
Select when benefits will begin :	At age of full eligibility	At age of full eligibility	At age of full eligibility	At age of full eligibility
Age to begin retirement benefits :	66 yrs, 0 mos	66 yrs, 0 mos	66 yrs, 0 mos	66 yrs, 0 mos
Annual benefit - Enter your own - Evaluate annually :	\$24,000	\$24,000	\$24,000	\$24,000
Widow(er) benefit :	\$0	\$0	\$0	\$0
Percentage of benefit to use :	100%	100%	100%	100%
<b>Nancy</b>				
Select when benefits will begin :	Enter your own age	Enter your own age	Enter your own age	Enter your own age
Age to begin retirement benefits :	62 yrs, 0 mos	62 yrs, 0 mos	62 yrs, 0 mos	62 yrs, 0 mos
Annual benefit - Enter your own - Evaluate annually :	\$6,000	\$6,000	\$6,000	\$6,000
Widow(er) benefit :	\$0	\$0	\$0	\$0
Percentage of benefit to use :	100%	100%	100%	100%
<b>Tax Options</b>				
Include Tax Penalties :	Yes	Yes	Yes	Yes
Change Tax Rate?	No	No	No	No

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# What If Worksheet - Retirement Distribution Cash Flow Chart

Scenario : What If Scenario 2 using Average Returns

Year Age (James / Nancy)		2011 60 / 60	2012 61 / 61	2013 62 / 62	2014 63 / 63	2015 64 / 64	2016 65 / 65	2017 66 / 66	2018 67 / 67	
<b>Income and Earnings</b>										
	<b>Assign To</b>									
Social Security - James	Fund All Goals	0	0	0	0	0	0	28,657	29,517	
Social Security - Nancy	Fund All Goals	0	0	0	0	0	0	3,067	3,272	
Pension - Jim	Fund All Goals	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	
Pension - Nancy	Fund All Goals	15,000	15,300	15,606	15,918	16,236	16,561	16,892	17,230	
Investment Earnings		72,880	72,558	74,213	72,236	72,829	73,301	76,081	78,917	
<b>Total Income and Earnings</b>		<b>111,880</b>	<b>111,858</b>	<b>113,819</b>	<b>112,154</b>	<b>113,066</b>	<b>113,862</b>	<b>148,698</b>	<b>152,936</b>	
<b>Cash Used To Fund Goals</b>										
Retirement - NEEDS	100%	50,000	51,230	52,497	53,802	55,146	56,530	57,956	59,425	
Healthcare - Nancy	100%	4,800	5,088	5,393	5,717	6,060	6,423	6,809	7,217	
Healthcare - Jim	100%	4,800	5,088	5,393	5,717	6,060	6,423	6,809	7,217	
Travel - Yearly	100%	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	
Car - Nancy	100%	0	0	0	27,318	0	0	0	0	
Car - Jim	100%	0	30,900	0	0	0	0	0	0	
Retirement - WANTS	100%	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	
<b>Total Goal Funding</b>		<b>(79,600)</b>	<b>(112,906)</b>	<b>(84,501)</b>	<b>(114,408)</b>	<b>(89,776)</b>	<b>(92,563)</b>	<b>(95,455)</b>	<b>(98,457)</b>	
<b>Total Taxes and Tax Penalty</b>		<b>(3,578)</b>	<b>(3,110)</b>	<b>(5,729)</b>	<b>(25,667)</b>	<b>(14,907)</b>	<b>(14,639)</b>	<b>(13,975)</b>	<b>(14,423)</b>	
<b>Cash Surplus/Deficit (Net Change in Portfolio)</b>		<b>28,703</b>	<b>(4,158)</b>	<b>23,588</b>	<b>(27,921)</b>	<b>8,383</b>	<b>6,660</b>	<b>39,268</b>	<b>40,056</b>	

## Portfolio Value

<b>Future Dollars</b>										
Beginning Value		1,000,000	1,028,703	1,024,544	1,048,133	1,020,212	1,028,595	1,035,254	1,074,522	
Cash Surplus/Deficit		28,703	(4,158)	23,588	(27,921)	8,383	6,660	39,268	40,056	
Investment Asset Additions		0	0	0	0	0	0	0	0	
Ending Value		1,028,703	1,024,544	1,048,133	1,020,212	1,028,595	1,035,254	1,074,522	1,114,578	
<b>Current Dollars</b>										
Ending Value		998,741	965,731	959,190	906,445	887,275	867,009	873,685	879,858	
Cash Surplus/Deficit		27,867	(3,920)	21,587	(24,807)	7,231	5,578	31,928	31,620	

See Important Disclosures section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

# What If Worksheet - Retirement Distribution Cash Flow Chart

Scenario : What If Scenario 2 using Average Returns

Year Age (James / Nancy)	2011 60 / 60	2012 61 / 61	2013 62 / 62	2014 63 / 63	2015 64 / 64	2016 65 / 65	2017 66 / 66	2018 67 / 67
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## Taxes

Total Taxes	3,578	3,110	5,729	25,667	14,907	14,639	13,975	14,423
Tax Penalty	0	0	0	0	0	0	0	0
Federal Marginal Tax Rate	15.00%	15.00%	15.00%	25.00%	25.00%	15.00%	15.00%	15.00%
State Marginal and Local Tax Rate	3.71%	3.71%	4.33%	5.74%	4.95%	4.95%	4.95%	4.95%

See Important Disclosures section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

# What If Worksheet - Retirement Distribution Cash Flow Chart

Scenario : What If Scenario 2 using Average Returns

Year Age (James / Nancy)		2019 68 / 68	2020 69 / 69	2021 70 / 70	2022 71 / 71	2023 72 / 72	2024 73 / 73	2025 74 / 74	2026 75 / 75
<b>Income and Earnings</b>									
Social Security - James	Fund All Goals	30,402	31,315	32,254	33,222	34,218	35,245	36,302	37,391
Social Security - Nancy	Fund All Goals	3,485	3,706	3,937	4,177	4,427	4,686	4,956	5,237
Pension - Jim	Fund All Goals	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Pension - Nancy	Fund All Goals	17,575	17,926	18,285	18,651	19,024	19,404	19,792	20,188
Investment Earnings		81,806	81,584	85,173	88,728	92,345	92,883	96,388	99,917
<b>Total Income and Earnings</b>		<b>157,268</b>	<b>158,531</b>	<b>163,649</b>	<b>168,777</b>	<b>174,013</b>	<b>176,218</b>	<b>181,438</b>	<b>186,733</b>
<b>Cash Used To Fund Goals</b>									
Retirement - NEEDS	100%	60,938	53,496	55,101	56,754	58,456	60,210	62,016	63,877
Healthcare - Nancy	100%	7,650	8,109	8,596	9,112	9,659	10,238	10,852	11,503
Healthcare - Jim	100%	7,650	8,109	8,596	9,112	9,659	10,238	10,852	11,503
Travel - Yearly	100%	12,668	13,048	13,439	13,842	14,258	14,685	15,126	15,580
Car - Nancy	100%	0	0	0	0	0	36,713	0	0
Car - Jim	100%	0	39,143	0	0	0	0	0	0
Retirement - WANTS	100%	12,668	13,048	13,439	13,842	14,258	14,685	15,126	15,580
<b>Total Goal Funding</b>		<b>(101,574)</b>	<b>(134,953)</b>	<b>(99,171)</b>	<b>(102,662)</b>	<b>(106,289)</b>	<b>(146,770)</b>	<b>(113,973)</b>	<b>(118,043)</b>
<b>Total Taxes and Tax Penalty</b>		<b>(14,891)</b>	<b>(26,722)</b>	<b>(13,781)</b>	<b>(15,959)</b>	<b>(16,703)</b>	<b>(21,740)</b>	<b>(18,026)</b>	<b>(18,917)</b>
<b>Cash Surplus/Deficit (Net Change in Portfolio)</b>		<b>40,804</b>	<b>(3,144)</b>	<b>50,698</b>	<b>50,157</b>	<b>51,021</b>	<b>7,708</b>	<b>49,439</b>	<b>49,773</b>
<b>Portfolio Value</b>									
<b>Future Dollars</b>									
Beginning Value		1,114,578	1,155,382	1,152,238	1,202,936	1,253,093	1,304,114	1,311,822	1,361,261
Cash Surplus/Deficit		40,804	(3,144)	50,698	50,157	51,021	7,708	49,439	49,773
Investment Asset Additions		0	0	0	0	0	0	0	0
Ending Value		1,155,382	1,152,238	1,202,936	1,253,093	1,304,114	1,311,822	1,361,261	1,411,035
<b>Current Dollars</b>									
Ending Value		885,504	857,373	869,026	878,894	888,038	867,269	873,742	879,310
Cash Surplus/Deficit		31,273	(2,339)	36,625	35,179	34,743	5,096	31,733	31,017

See Important Disclosures section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

# What If Worksheet - Retirement Distribution Cash Flow Chart

Scenario : What If Scenario 2 using Average Returns

Year Age (James / Nancy)	2019 68 / 68	2020 69 / 69	2021 70 / 70	2022 71 / 71	2023 72 / 72	2024 73 / 73	2025 74 / 74	2026 75 / 75
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## Taxes

Total Taxes	14,891	26,722	13,781	15,959	16,703	21,740	18,026	18,917
Tax Penalty	0	0	0	0	0	0	0	0
Federal Marginal Tax Rate	15.00%	25.00%	15.00%	15.00%	15.00%	25.00%	15.00%	15.00%
State Marginal and Local Tax Rate	4.95%	5.74%	4.33%	4.95%	4.95%	4.95%	4.95%	4.95%

See Important Disclosures section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

# What If Worksheet - Retirement Distribution Cash Flow Chart

Scenario : What If Scenario 2 using Average Returns

Year Age (James / Nancy)		2027 76 / 76	2028 77 / 77	2029 78 / 78	2030 79 / 79	2031 80 / 80	2032 81 / 81	2033 82 / 82	2034 83 / 83
<b>Income and Earnings</b>									
Social Security - James	Fund All Goals	38,513	39,668	40,858	42,084	43,347	44,647	45,986	47,366
Social Security - Nancy	Fund All Goals	5,529	5,832	6,147	6,474	6,814	7,167	7,533	7,914
Pension - Jim	Fund All Goals	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Pension - Nancy	Fund All Goals	20,592	21,004	21,424	21,852	22,289	22,735	23,190	23,653
Investment Earnings		103,459	102,962	106,218	109,430	115,324	121,373	127,577	133,928
<b>Total Income and Earnings</b>		<b>192,092</b>	<b>193,466</b>	<b>198,647</b>	<b>203,840</b>	<b>211,773</b>	<b>219,922</b>	<b>228,287</b>	<b>236,862</b>
<b>Cash Used To Fund Goals</b>									
Retirement - NEEDS	100%	65,793	67,767	69,800	71,894	74,051	76,272	78,560	80,917
Healthcare - Nancy	100%	12,194	12,925	13,701	14,523	15,394	16,318	17,297	18,335
Healthcare - Jim	100%	12,194	12,925	13,701	14,523	15,394	16,318	17,297	18,335
Travel - Yearly	100%	16,047	16,528	17,024	17,535	0	0	0	0
Car - Nancy	100%	0	0	0	0	0	0	0	0
Car - Jim	100%	0	49,585	0	0	0	0	0	0
Retirement - WANTS	100%	16,047	16,528	17,024	17,535	0	0	0	0
<b>Total Goal Funding</b>		<b>(122,274)</b>	<b>(176,260)</b>	<b>(131,250)</b>	<b>(136,010)</b>	<b>(104,839)</b>	<b>(108,908)</b>	<b>(113,154)</b>	<b>(117,587)</b>
<b>Total Taxes and Tax Penalty</b>		<b>(19,872)</b>	<b>(24,013)</b>	<b>(21,497)</b>	<b>(22,571)</b>	<b>(24,306)</b>	<b>(26,167)</b>	<b>(28,165)</b>	<b>(30,305)</b>
<b>Cash Surplus/Deficit (Net Change in Portfolio)</b>		<b>49,946</b>	<b>(6,807)</b>	<b>45,899</b>	<b>45,259</b>	<b>82,629</b>	<b>84,847</b>	<b>86,968</b>	<b>88,970</b>
<b>Portfolio Value</b>									
<b>Future Dollars</b>									
Beginning Value		1,411,035	1,460,980	1,454,174	1,500,073	1,545,332	1,627,960	1,712,807	1,799,775
Cash Surplus/Deficit		49,946	(6,807)	45,899	45,259	82,629	84,847	86,968	88,970
Investment Asset Additions		0	0	0	0	0	0	0	0
Ending Value		1,460,980	1,454,174	1,500,073	1,545,332	1,627,960	1,712,807	1,799,775	1,888,745
<b>Current Dollars</b>									
Ending Value		883,917	854,174	855,470	855,613	875,109	893,901	911,931	929,137
Cash Surplus/Deficit		30,218	(3,998)	26,176	25,059	44,417	44,281	44,066	43,767

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# What If Worksheet - Retirement Distribution Cash Flow Chart

Scenario : What If Scenario 2 using Average Returns

Year Age (James / Nancy)	2027 76 / 76	2028 77 / 77	2029 78 / 78	2030 79 / 79	2031 80 / 80	2032 81 / 81	2033 82 / 82	2034 83 / 83
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## Taxes

Total Taxes	19,872	24,013	21,497	22,571	24,306	26,167	28,165	30,305
Tax Penalty	0	0	0	0	0	0	0	0
Federal Marginal Tax Rate	15.00%	25.00%	15.00%	25.00%	25.00%	25.00%	25.00%	25.00%
State Marginal and Local Tax Rate	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%

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# What If Worksheet - Retirement Distribution Cash Flow Chart

Scenario : What If Scenario 2 using Average Returns

Year Age (James / Nancy)		2035 84 / 84	2036 85 / 85	2037 86 / 86	2038 87 / 87	2039 88 / 88	2040 89 / 89	2041 90 / 90	2042 91 / 91
<b>Income and Earnings</b>									
Social Security - James	Fund All Goals	48,787	50,251	51,758	53,311	54,910	56,558	58,254	60,002
Social Security - Nancy	Fund All Goals	8,309	8,719	9,145	9,587	10,045	10,520	11,014	11,525
Pension - Jim	Fund All Goals	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Pension - Nancy	Fund All Goals	24,127	24,609	25,101	25,603	26,115	26,638	27,170	27,714
Investment Earnings		140,415	147,043	153,801	160,679	167,664	174,742	181,925	189,204
<b>Total Income and Earnings</b>		<b>245,638</b>	<b>254,622</b>	<b>263,806</b>	<b>273,180</b>	<b>282,734</b>	<b>292,457</b>	<b>302,363</b>	<b>312,445</b>
<b>Cash Used To Fund Goals</b>									
Retirement - NEEDS	100%	83,345	85,845	88,420	91,073	93,805	96,619	99,518	102,503
Healthcare - Nancy	100%	19,435	20,601	21,837	23,147	24,536	26,008	27,569	29,223
Healthcare - Jim	100%	19,435	20,601	21,837	23,147	24,536	26,008	27,569	29,223
Travel - Yearly	100%	0	0	0	0	0	0	0	0
Car - Nancy	100%	0	0	0	0	0	0	0	0
Car - Jim	100%	0	0	0	0	0	0	0	0
Retirement - WANTS	100%	0	0	0	0	0	0	0	0
<b>Total Goal Funding</b>		<b>(122,214)</b>	<b>(127,047)</b>	<b>(132,094)</b>	<b>(137,367)</b>	<b>(142,877)</b>	<b>(148,636)</b>	<b>(154,655)</b>	<b>(160,949)</b>
<b>Total Taxes and Tax Penalty</b>		<b>(32,605)</b>	<b>(34,856)</b>	<b>(37,230)</b>	<b>(39,727)</b>	<b>(42,346)</b>	<b>(45,082)</b>	<b>(47,560)</b>	<b>(50,090)</b>
<b>Cash Surplus/Deficit (Net Change in Portfolio)</b>		<b>90,819</b>	<b>92,719</b>	<b>94,481</b>	<b>96,085</b>	<b>97,511</b>	<b>98,739</b>	<b>100,148</b>	<b>101,405</b>
<b>Portfolio Value</b>									
<b>Future Dollars</b>									
Beginning Value		1,888,745	1,979,564	2,072,283	2,166,765	2,262,850	2,360,361	2,459,101	2,559,248
Cash Surplus/Deficit		90,819	92,719	94,481	96,085	97,511	98,739	100,148	101,405
Investment Asset Additions		0	0	0	0	0	0	0	0
Ending Value		1,979,564	2,072,283	2,166,765	2,262,850	2,360,361	2,459,101	2,559,248	2,660,654
<b>Current Dollars</b>									
Ending Value		945,451	960,907	975,454	989,039	1,001,611	1,013,117	1,023,666	1,033,230
Cash Surplus/Deficit		43,376	42,994	42,535	41,997	41,378	40,679	40,058	39,379

See Important Disclosures section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

# What If Worksheet - Retirement Distribution Cash Flow Chart

Scenario : What If Scenario 2 using Average Returns

Year Age (James / Nancy)	2035 84 / 84	2036 85 / 85	2037 86 / 86	2038 87 / 87	2039 88 / 88	2040 89 / 89	2041 90 / 90	2042 91 / 91
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## Taxes

Total Taxes	32,605	34,856	37,230	39,727	42,346	45,082	47,560	50,090
Tax Penalty	0	0	0	0	0	0	0	0
Federal Marginal Tax Rate	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
State Marginal and Local Tax Rate	5.74%	5.74%	5.74%	5.74%	5.74%	5.74%	5.74%	5.74%

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# What If Worksheet - Retirement Distribution Cash Flow Chart

Scenario : What If Scenario 2 using Average Returns

Year Age (James / Nancy)		2043 92 / 92	2044 93 / 93	2045 94 / 94	2046 95 / 95
<b>Income and Earnings</b>					
Social Security - James	Fund All Goals	61,802	63,656	0	0
Social Security - Nancy	Fund All Goals	12,056	12,606	45,959	47,534
Pension - Jim	Fund All Goals	24,000	24,000	12,000	12,000
Pension - Nancy	Fund All Goals	28,268	28,833	29,410	29,998
Investment Earnings		196,567	204,003	212,375	221,006
<b>Total Income and Earnings</b>		<b>322,693</b>	<b>333,098</b>	<b>299,744</b>	<b>310,538</b>
<b>Cash Used To Fund Goals</b>					
Retirement - NEEDS	100%	105,578	108,746	84,689	87,230
Healthcare - Nancy	100%	30,976	32,835	34,805	36,893
Healthcare - Jim	100%	30,976	32,835	0	0
Travel - Yearly	100%	0	0	0	0
Car - Nancy	100%	0	0	0	0
Car - Jim	100%	0	0	0	0
Retirement - WANTS	100%	0	0	0	0
<b>Total Goal Funding</b>		<b>(167,531)</b>	<b>(174,415)</b>	<b>(119,494)</b>	<b>(124,123)</b>
<b>Total Taxes and Tax Penalty</b>		<b>(52,657)</b>	<b>(55,240)</b>	<b>(63,966)</b>	<b>(66,413)</b>
<b>Cash Surplus/Deficit (Net Change in Portfolio)</b>		<b>102,505</b>	<b>103,443</b>	<b>116,284</b>	<b>120,002</b>

## Portfolio Value

<b>Future Dollars</b>					
Beginning Value		2,660,654	2,763,159	2,866,602	2,982,886
Cash Surplus/Deficit		102,505	103,443	116,284	120,002
Investment Asset Additions		0	0	0	0
Ending Value		2,763,159	2,866,602	2,982,886	3,102,888
<b>Current Dollars</b>					
Ending Value		1,041,783	1,049,305	1,060,068	1,070,597
Cash Surplus/Deficit		38,647	37,865	41,325	41,404

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# What If Worksheet - Retirement Distribution Cash Flow Chart

## Scenario : What If Scenario 2 using Average Returns

Year Age (James / Nancy)	2043 92 / 92	2044 93 / 93	2045 94 / 94	2046 95 / 95
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### Taxes

Total Taxes	52,657	55,240	63,966	66,413
Tax Penalty	0	0	0	0
Federal Marginal Tax Rate	25.00%	25.00%	28.00%	28.00%
State Marginal and Local Tax Rate	5.74%	5.74%	5.74%	5.74%

### Notes

- Additions and withdrawals occur at the beginning of the year.
- The Income section includes Retirement Income, Strategy Income, Stock Options, Restricted Stock, Other Assets, proceeds from Insurance Policies, and any remaining asset value after 72(t) distributions have been completed.
- Retirement Income includes the following: Social Security, pension, annuity, rental property, royalty, alimony, part-time employment, trust, and any other retirement income as entered in the Plan.
- If either Social Security Program Estimate or Use This Amount and Evaluate Annually is selected for a participant, the program will default to the greater of the selected benefit or the age adjusted spousal benefit based on the other participant's benefit.
- Strategy Income is based on the particulars of the Goal Strategies selected. Strategy Income from immediate annuities, 72(t) distributions, and variable annuities with a guaranteed minimum withdrawal benefit (GMWB) is pre-tax. Strategy Income from Net Unrealized Appreciation (NUA) is after-tax.
- Stock Options and Restricted Stock values are after-tax and based on the Exercise Scenario selected.
- Income from Other Assets and proceeds from Insurance Policies are after-tax values. Any remaining asset value after 72(t) distributions have been completed is a pre-tax value.
- Investment Earnings are calculated on all assets after any withdrawals for funding goals, taxes on withdrawals, and tax penalties, if applicable, are subtracted.
- Shortfalls that occur in a particular year are denoted with an 'x' in the Cash Used to Fund Goals section of the chart.
- The Total Taxes are a sum of (1) taxes on retirement income, (2) taxes on strategy income, (3) taxes on withdrawals from qualified assets for Required Minimum Distributions, (4) taxes on withdrawals from taxable assets' untaxed gain used to fund Goals in that year, (5) taxes on withdrawals from tax-deferred or qualified assets used to fund goals in that year, and (6) taxes on the investment earnings of taxable assets. Tax rates used are detailed in the Tax and Inflation Options page. (Please note, the Total Taxes do not include any taxes owed from the exercise of Stock Options or the vesting of Restricted Stock.)
- Tax Penalties can occur when Qualified and Tax-Deferred Assets are used prior to age 59½. If there is a value in this row, it illustrates that you are using your assets in this Plan in a manner that may incur tax penalties. Generally, it is better to avoid tax penalties whenever possible.
- The Cash Surplus/Deficit is the net change in the Portfolio Value for the specified year. This value is your income and earnings minus what was spent to fund goals minus taxes.
- The Ending Value of the Portfolio in Current Dollars is calculated by discounting the Ending Value of the Portfolio in Future Dollars by the Base Inflation Rate for this Plan.
- The Cash Surplus/Deficit in Current Dollars is calculated by discounting the Cash Surplus/Deficit in Future Dollars by the Base Inflation Rate for this Plan.
- These calculations do not incorporate penalties associated with use of 529 Plan withdrawals for non-qualified expenses.
- Ownership of Qualified Assets is assumed to roll over to the surviving spouse at the death of the original owner. It is also assumed the surviving spouse inherits all assets of the original owner.

See Important Disclosures section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

## Assumptions

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# Tax and Inflation Assumptions

## Base Inflation Rate

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Inflation rate :	3.00%
Social Security Inflation rate :	3.00%
Tax Assumption Inflation rate :	3.00%

## Tax Rates During Retirement

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Let the Program calculate taxes each year

Local rate :	0.00%
Deduction estimate :	Use standard deductions

## Untaxed Gain on Taxable Earnings - During Retirement

---

What portion of your Annual Taxable Investment Earnings will not be taxed until withdrawn?	50.00%
--	--------

## Long Term Capital Gains (LTCG) - During Retirement

---

What portion of your Taxable Investment Earnings will be taxed as Long Term Capital Gains?	20.00%
Long Term Capital Gains rate :	Use Program estimate

## Taxation of Social Security

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What portion of Social Security will be taxed?	85.00%
--	--------

## Tax Penalty

---

Include penalties in Plan? :	Yes
------------------------------	-----

## Tax Relief Acts of 2001/2010 - Options

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Use the new Tax Rates for the entire Plan.

## Tax Free Earnings - Options

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Use Tax-Free returns by Asset Class,  
Marginal Tax Rate to use during Retirement is 40.00%

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See Important Disclosures section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

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# Explain Real Returns

Your Real Return is what you have left from your Investment Earnings after taking into account the impact of Inflation. When you are planning to meet your Financial Goals, it is the Real Return that counts.

- Total Return :** Percentage (%) Growth of your Portfolio in one year. It's the number you always see.
- Inflation Rate :** Percentage (%) increase in the cost of goods and services in one year. (usually called CPI)
- Real Return :** The Total Return of your Portfolio minus (-) the Inflation Rate.

The Real Return reflects the increase in the real value of your Portfolio. It shows how much more goods and services you can buy at the end of one year with the investment earnings of your Portfolio. (Note, this is before deducting taxes.)

<b>Example :</b>	Portfolio value beginning of year :	\$100,000
	Total Return you earn :	10%
	Total Investment Earnings :	\$10,000
	Portfolio value at end of year (in future dollars) :	<hr/> \$110,000
	Inflation Rate for the year :	(4%)
	Cost of Inflation :	<hr/> (\$4,000)
	(This is how much extra you must pay for the same purchases.)	
	Real value of your Portfolio at end of year (in today's dollars) :	\$106,000
	Real Return for the year equals :	6%

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# IMPORTANT DISCLOSURE INFORMATION

IMPORTANT: The projections or other information generated by MoneyGuidePro regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results.

The return assumptions in MoneyGuidePro are not reflective of any specific product, and do not include any fees or expenses that may be incurred by investing in specific products. The actual returns of a specific product may be more or less than the returns used in MoneyGuidePro. It is not possible to directly invest in an index. Financial forecasts, rates of return, risk, inflation, and other assumptions may be used as the basis for illustrations. They should not be considered a guarantee of future performance or a guarantee of achieving overall financial objectives. Past performance is not a guarantee or a predictor of future results of either the indices or any particular investment.

MoneyGuidePro results may vary with each use and over time.

## **MoneyGuidePro Assumptions and Limitations**

### **Information Provided by You**

Information that you provided about your assets, financial goals, and personal situation are key assumptions for the calculations and projections in this Report. Please review the Report sections titled "Personal Information and Summary of Financial Goals", "Current Portfolio Allocation", and "Tax and Inflation Options" to verify the accuracy of these assumptions. If any of the assumptions are incorrect, you should notify your financial advisor. Even small changes in assumptions can have a substantial impact on the results shown in this Report. The information provided by you should be reviewed periodically and updated when either the information or your circumstances change.

All asset and net worth information included in this Report was provided by you or your designated agents, and is not a substitute for the information contained in the official account statements provided to you by custodians. The current asset data and values contained in those account statements should be used to update the asset information included in this Report, as necessary.

### **Assumptions and Limitations**

MoneyGuidePro offers several methods of calculating results, each of which provides one outcome from a wide range of possible outcomes. All results in this Report are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. All results use simplifying assumptions that do not completely or accurately reflect your specific circumstances. No Plan or Report has the ability to accurately predict the future. As investment returns, inflation, taxes, and other economic conditions vary from the MoneyGuidePro assumptions, your actual results will vary (perhaps significantly) from those presented in this Report.

All MoneyGuidePro calculations use asset class returns, not returns of actual investments. The projected return assumptions used in this Report are estimates based on average annual returns for each asset class. The portfolio returns are calculated by weighting individual return assumptions for each asset class according to your portfolio allocation. The portfolio returns may have been modified by including adjustments to the total return and the inflation rate. The portfolio returns assume reinvestment of interest and dividends at net asset value without taxes, and also assume that the portfolio has been rebalanced to reflect the initial recommendation. No portfolio allocation eliminates risk or guarantees investment results.

MoneyGuidePro does not provide recommendations for any products or securities.

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# IMPORTANT DISCLOSURE INFORMATION

Asset Class	Projected Return Assumption
Cash & Cash Alternatives	3.50%
Cash & Cash Alternatives (Tax-Free)	3.00%
Short Term Bonds	4.50%
Short Term Bonds (Tax-Free)	3.40%
Intermediate Term Bonds	5.50%
Intermediate Term Bonds (Tax-Free)	4.10%
Long Term Bonds	5.50%
Long Term Bonds (Tax-Free)	4.00%
Large Cap Value Stocks	10.00%
Large Cap Growth Stocks	8.00%
Mid Cap Stocks	9.50%
Small Cap Stocks	10.00%
International Developed Stocks	9.00%
International Emerging Stocks	11.00%

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# IMPORTANT DISCLOSURE INFORMATION

## Risks Inherent in Investing

Investing in fixed income securities involves interest rate risk, credit risk, and inflation risk. Interest rate risk is the possibility that bond prices will decrease because of an interest rate increase. When interest rates rise, bond prices and the values of fixed income securities fall. When interest rates fall, bond prices and the values of fixed income securities rise. Credit risk is the risk that a company will not be able to pay its debts, including the interest on its bonds. Inflation risk is the possibility that the interest paid on an investment in bonds will be lower than the inflation rate, decreasing purchasing power.

Cash alternatives typically include money market securities and U.S. treasury bills. Investing in such cash alternatives involves inflation risk. In addition, investments in money market securities may involve credit risk and a risk of principal loss. Because money market securities are neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency, there is no guarantee the value of your investment will be maintained at \$1.00 per share. U.S. Treasury bills are subject to market risk if sold prior to maturity. Market risk is the possibility that the value, when sold, might be less than the purchase price.

Investing in stock securities involves volatility risk, market risk, business risk, and industry risk. The prices of most stocks fluctuate. Volatility risk is the chance that the value of a stock will fall. Market risk is chance that the prices of all stocks will fall due to conditions in the economic environment. Business risk is the chance that a specific company's stock will fall because of issues affecting it. Industry risk is the chance that a set of factors particular to an industry group will adversely affect stock prices within the industry. (See "Asset Class – Stocks" in the Glossary section of this Important Disclosure Information for a summary of the relative potential volatility of different types of stocks.)

International investing involves additional risks including, but not limited to, changes in currency exchange rates, differences in accounting and taxation policies, and political or economic instabilities that can increase or decrease returns.

## Report Is a Snapshot and Does Not Provide Legal, Tax, or Accounting Advice

This Report provides a snapshot of your current financial position and can help you to focus on your financial resources and goals, and to create a plan of action. Because the results are calculated over many years, small changes can create large differences in future results. You should use this Report to help you focus on the factors that are most important to you. This Report does not provide legal, tax, or accounting advice. Before making decisions with legal, tax, or accounting ramifications, you should consult appropriate professionals for advice that is specific to your situation.

## MoneyGuidePro Methodology

MoneyGuidePro offers several methods of calculating results, each of which provides one outcome from a wide range of possible outcomes. The methods used are: "Average Returns," "Historical Test," "Historical Rolling Periods," "Bad Timing," "Class Sensitivity," and "Monte Carlo Simulations." When using historical returns, the methodologies available are Average Returns, Historical Test, Historical Rolling Periods, Bad Timing, and Monte Carlo Simulations. When using projected returns, the methodologies available are Average Returns, Bad Timing, Class Sensitivity, and Monte Carlo Simulations.

## Results Using Average Returns

The Results Using Average Returns are calculated using one average return for your pre-retirement period and one average return for your post-retirement period. Average Returns are a simplifying assumption. In the real world, investment returns can (and often do) vary widely from year to year and vary widely from a long-term average return.

## Results Using Historical Test

The Results Using Historical Test are calculated by using the actual historical returns and inflation rates, in sequence, from a starting year to the present, and assumes that you would receive those returns and inflation rates, in sequence, from this year through the end of your Plan. If the historical sequence is shorter than your Plan, the average return for the historical period is used for the balance of the Plan. The historical returns used are those of the broad-based asset class indices listed in this Important Disclosure Information.

## Results Using Historical Rolling Periods

The Results Using Historical Rolling Periods is a series of Historical Tests, each of which uses the actual historical returns and inflations rates, in sequence, from a starting year to an ending year, and assumes that you would receive those returns and inflation rates, in sequence, from this year through the end of your Plan. If the historical sequence is shorter than your Plan, the average return for the historical period is used for the balance of the Plan.

Indices in Results Using Historical Rolling Periods may be different from indices used in other MoneyGuidePro calculations. Rolling Period Results are calculated using only three asset classes -- Cash, Bonds, and Stocks. The indices used as proxies for these asset classes when calculating Results Using Historical Rolling Periods are:

- Cash - Ibbotson U.S. 30-day Treasury Bills (1926-2010)
- Bonds - Ibbotson Intermediate-Term Government Bonds - Total Return (1926-2010)
- Stocks - Ibbotson Large Company Stocks - Total Return (1926-2010)



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# IMPORTANT DISCLOSURE INFORMATION

## Results with Bad Timing

Results with Bad Timing are calculated by using low returns in one or two years, and average returns for all remaining years of the Plan. For most Plans, the worst time for low returns is when you begin taking substantial withdrawals from your portfolio. The Results with Bad Timing assume that you earn a low return in the year(s) you select and then an Adjusted Average Return in all other years. This Adjusted Average Return is calculated so that the average return of the Results with Bad Timing is equal to the return(s) used in calculating the Results Using Average Returns. This allows you to compare two results with the same overall average return, where one (the Results with Bad Timing) has low returns in one or two years.

When using historical returns, the default for one year of low returns is the lowest annual return in the historical period you are using, and the default for two years of low returns is the lowest two-year sequence of returns in the historical period. When using projected returns, the default for the first year of low returns is two standard deviations less than the average return, and the default for the second year is one standard deviation less than the average return.

## Results Using Class Sensitivity

The Results Using Class Sensitivity are calculated by using different return assumptions for one or more asset classes during the years you select. These results show how your Plan would be affected if the annual returns for one or more asset classes were different than the average returns for a specified period in your Plan.

## Results Using Monte Carlo Simulations

Monte Carlo simulations are used to show how variations in rates of return each year can affect your results. A Monte Carlo simulation calculates the results of your Plan by running it many times, each time using a different sequence of returns. Some sequences of returns will give you better results, and some will give you worse results. These multiple trials provide a range of possible results, some successful (you would have met all your goals) and some unsuccessful (you would not have met all your goals). The percentage of trials that were successful is shown as the probability that your Plan, with all its underlying assumptions, could be successful. In MoneyGuidePro, this is the Probability of Success. Analogously, the percentage of trials that were unsuccessful is shown as the Probability of Failure. The Results Using Monte Carlo Simulations indicate the likelihood that an event may occur as well as the likelihood that it may not occur. In analyzing this information, please note that the analysis does not take into account actual market conditions, which may severely affect the outcome of your goals over the long-term.

MoneyGuidePro uses a specialized methodology called Beyond Monte Carlo™, a statistical analysis technique that provides results that are as accurate as traditional Monte Carlo simulations with 10,000 trials, but with fewer iterations and greater consistency. Beyond Monte Carlo™ is based on Sensitivity Simulations, which re-runs the Plan only 50 to 100 times using small changes in the return. This allows a sensitivity of the results to be calculated, which, when analyzed with the mean return and standard deviation of the portfolio, allows the Probability of Success for your Plan to be directly calculated.

## MoneyGuidePro Presentation of Results

The Results Using Average Returns, Historical Test, Historical Rolling Periods, Bad Timing, and Class Sensitivity display the results using an "Estimated % of Goal Funded" and a "Safety Margin."

## Estimated % of Goal Funded

For each Goal, the "Estimated % of Goal Funded" is the sum of the assets used to fund the Goal divided by the sum of the Goal's expenses. All values are in current dollars. A result of 100% or more does not guarantee that you will reach a Goal, nor does a result under 100% guarantee that you will not. Rather, this information is meant to identify possible shortfalls in this Plan, and is not a guarantee that a certain percentage of your Goals will be funded. The percentage reflects a projection of the total cost of the Goal that was actually funded based upon all the assumptions that are included in this Plan, and assumes that you execute all aspects of the Plan as you have indicated.

## Safety Margin

The Safety Margin is the estimated value of your assets at the end of this Plan, based on all the assumptions included in this Report. Only you can determine if that Safety Margin is sufficient for your needs.

## Bear Market Test

The Presentation section of MoneyGuidePro includes the Bear Market Test, which shows how much a portfolio (similar to your Target Portfolio) would have lost in the recession of November 2007 through February 2009.

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# IMPORTANT DISCLOSURE INFORMATION

Regardless of whether you are using historical or projected returns for all other MoneyGuidePro results, the Bear Market Test uses returns calculated from historical indices. If you are using historical returns, the indices in the Bear Market Test may be different from indices used in other calculations. The Bear Market Test is calculated using only three asset classes – Cash, Bonds, and Stocks. The indices and the resulting returns used for the Bear Market Test are:

- Cash = 1.97% = Ibbotson U.S. 30-day Treasury Bills (Nov. 2007 – Feb. 2009)
- Bonds = 3.51% = Ibbotson Intermediate-Term Government Bonds – Income Return (Nov. 2007 – Feb. 2009)
- Stocks = -48.81% = Ibbotson Large Company Stocks – Total Return (Nov. 2007 – Feb. 2009)

## MoneyGuidePro Risk Assessment

The Risk Tolerance Questionnaire highlights some – but not all – of the trade-offs you might consider when deciding how to invest your money. This Questionnaire does not provide a comprehensive, psychometrically-based, or scientifically-validated profile of your risk tolerance or risk capacity, and is provided for informational purposes only.

Based on your specific circumstances, you must decide the appropriate balance between potential risks and potential returns. MoneyGuidePro does not and cannot adequately understand or assess the appropriate risk/return balance for you, and does not know how much relative weight to give any of the various risk/return factors. Therefore, MoneyGuidePro scores the risk tolerance questions by calculating an average of the six answers, which means that each question is weighted equally in the resulting score. This inherent weighting may or may not be appropriate for you and your specific circumstances.

MoneyGuidePro uses the risk tolerance score to select a risk-based portfolio on the Target Portfolio page. This risk-based portfolio selection is provided for informational purposes only, and you should consider it to be a starting point for conversations with your advisor. It is your responsibility to select the Target Portfolio that you want MoneyGuidePro to use. The selection of your Target Portfolio, and other investment decisions, should be made by you, after discussions with your advisor and, if needed, other financial and/or legal professionals.

## Glossary

### Acceptable Goal Amount

For each financial goal, you enter an Ideal Amount and an Acceptable Amount. The Acceptable Amount is the minimum amount that would be acceptable to you for funding this goal. The Ideal Amount is the most that you would expect to spend on this goal, or the amount that you would like to have.

### Acceptable Goal Result

The Acceptable Goal Result shows your Monte Carlo Probability of Success when each financial goal is funded at its Acceptable Goal Amount. The Acceptable Goal Result is often used in combination with the Loss Cushion.

### Acceptable Retirement Age

You can enter both an Ideal and an Acceptable Retirement Age. The Acceptable Age is the latest you are willing to retire. The Ideal Age is the age at which you would like to retire.

### Acceptable Savings Amount

In the Resources section of MoneyGuidePro, you enter additions for your investment assets. We assume that the total of these additions is your Ideal Savings Amount. You can also enter an Acceptable Extra Savings amount, which, when added to the Ideal Savings Amount, is used as your Acceptable Savings Amount.

### Asset Allocation

Asset Allocation is the process of determining what portions of your portfolio holdings are to be invested in the various asset classes.

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# IMPORTANT DISCLOSURE INFORMATION

## **Asset Class**

Asset Class is a standard term that broadly defines a category of investments. The three basic asset classes are Cash, Bonds, and Stocks. Bonds and Stocks are often further subdivided into more narrowly defined classes. Some of the most common asset classes are defined below.

### **Cash and Cash Alternatives**

Cash typically includes bank accounts or certificates of deposit, which are insured by the Federal Deposit Insurance Corporation up to a limit per account. Cash Alternatives typically include money market securities, U.S. treasury bills, and other investments that are readily convertible to cash, have a stable market value, and a very short-term maturity. U.S. Treasury bills are backed by the full faith and credit of the U.S. Government and, when held to maturity, provide safety of principal. (See the "Risks Inherent in Investing" section in this Important Disclosure Information for a summary of the risks associated with investing in cash alternatives.)

### **Bonds**

Bonds are either domestic (U.S.) or global debt securities issued by either private corporations or governments. (See the "Risks Inherent in Investing" section in this Important Disclosure Information for a summary of the risks associated with investing in bonds. Bonds are also called "fixed income securities.")

Domestic government bonds are backed by the full faith and credit of the U.S. Government and have superior liquidity and, when held to maturity, safety of principal. Domestic corporate bonds carry the credit risk of their issuers and thus usually offer additional yield. Domestic government and corporate bonds can be sub-divided based upon their term to maturity. Short-term bonds have an approximate term to maturity of 1 to 5 years; intermediate-term bonds have an approximate term to maturity of 5 to 10 years; and, long-term bonds have an approximate term to maturity greater than 10 years.

### **Stocks**

Stocks are equity securities of domestic and foreign corporations. (See the "Risks Inherent in Investing" section in this Important Disclosure Information for a summary of the risks associated with investing in stocks.)

Domestic stocks are equity securities of U.S. corporations. Domestic stocks are often sub-divided based upon the market capitalization of the company (the market value of the company's stock). "Large cap" stocks are from larger companies, "mid cap" from the middle range of companies, and "small cap" from smaller, perhaps newer, companies. Generally, small cap stocks experience greater market volatility than stocks of companies with larger capitalization. Small cap stocks are generally those from companies whose capitalization is less than \$500 million, mid cap stocks those between \$500 million and \$5 billion, and large cap over \$5 billion.

## **Asset Class (continued)**

Large cap, mid cap and small cap may be further sub-divided into "growth" and "value" categories. Growth companies are those with an orientation towards growth, often characterized by commonly used metrics such as higher price-to-book and price-to-earnings ratios. Analogously, value companies are those with an orientation towards value, often characterized by commonly used metrics such as lower price-to-book and price-to-earnings ratios.

International stocks are equity securities from foreign corporations. International stocks are often sub-divided into those from "developed" countries and those from "emerging markets." The emerging markets are in less developed countries with emerging economies that may be characterized by lower income per capita, less developed infrastructure and nascent capital markets. These "emerging markets" usually are less economically and politically stable than the "developed markets." Investing in international stocks involves special risks, among which include foreign exchange volatility and risks of investing under different tax, regulatory and accounting standards.

## **Asset Mix**

Asset Mix is the combination of asset classes within a portfolio, and is usually expressed as a percentage for each asset class.

## **Bear Market Test**

The Bear Market Test shows how much a portfolio (similar to your Target Portfolio) would have lost in the recession of November 2007 through February 2009.

## **Concentrated Position**

A Concentrated Position is when your portfolio contains a significant amount (as a percentage of the total portfolio value) in individual stock or bonds. Concentrated Positions have the potential to increase the risk of your portfolio.

## **Confidence Zone**

See Monte Carlo Confidence Zone.

## **Current Dollars**

The Results of MoneyGuidePro calculations are in Future Dollars. To help you compare dollar amounts in different years, we also express the Results in Current Dollars, calculated by discounting the Future Dollars by the sequence of inflation rates used in the Plan.

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# IMPORTANT DISCLOSURE INFORMATION

## Current Portfolio

Your Current Portfolio is comprised of all the investment assets you currently own (or a subset of your assets, based on the information you provided for this Plan), categorized by Asset Class and Asset Mix.

## Expense Adjustments

When using historical returns, some users of MoneyGuidePro include Expense Adjustments. These adjustments (which are specified by the user) reduce the return for each Asset Class and are commonly used to account for transaction costs or other types of fees associated with investing. If Expense Adjustments have been used in this Report, they will be listed beside the historical indices at the beginning of this Report.

## Fund All Goals

Fund All Goals is one of two ways for your assets and retirement income to be used to fund your goals. The other is Earmark, which means that an asset or retirement income is assigned to one or more goals, and will be used only for those goals. Fund All Goals means that the asset or income is not earmarked to fund specific goals, and can be used to fund any goal, as needed in the calculations. The MoneyGuidePro default is Fund All Goals, except for 529 Plans and Coverdell IRAs, which are generally used only for college goals. Fund All Goals is implemented as either Importance Order or Time Order funding. Importance Order means that all assets are used first for the most important goal, then the next most important goal, and so on. Time Order means that all assets are used first for the goal that occurs earliest, then the next chronological goal, and so on.

## Future Dollars

Future Dollars are inflated dollars. The Results of MoneyGuidePro calculations are in Future Dollars. To help you compare dollar amounts in different years, we discount the Future Dollar amounts by the inflation rates used in the calculations and display the Results in the equivalent Current Dollars.

## Ideal Goal Amount

For each financial goal, you can enter both an Ideal Amount and an Acceptable Amount. The Ideal Amount is the most that you would expect to spend on this goal, or the amount that you would like to have. The Acceptable Amount is the minimum amount that would be acceptable to you for funding this goal.

## Ideal Retirement Age

You can enter both an Ideal and an Acceptable Retirement Age. The Ideal Age is the age at which you would like to retire. The Acceptable Age is the latest you are willing to retire.

## Ideal Savings Amount

In the Resources section of MoneyGuidePro, you enter additions for your investment assets. We assume that the total of these additions is your Ideal Savings Amount. You can also enter an Acceptable Extra Savings amount, which, when added to the Ideal Savings Amount, is used as your Acceptable Savings Amount.

## Inflation Rate

The Inflation Rate is the percentage increase in the cost of goods and services for a specified time period. A historical measure of inflation is the Consumer Price Index (CPI).

## Liquidity

Liquidity is the ease with which an investment can be converted into cash.

## Loss Cushion

The Loss Cushion shows how much of your portfolio you could lose today while still funding each financial goal at its Acceptable Goal Amount and having a Monte Carlo Probability of Success within the Confidence Zone.

## Monte Carlo Confidence Zone

The Monte Carlo Confidence Zone is the range of probabilities that you (and/or your advisor) have selected as your target range for the Monte Carlo Probability of Success in your Plan. The Confidence Zone reflects the Monte Carlo Probabilities of Success with which you would be comfortable, based upon your Plan, your specific time horizon, risk profile, and other factors unique to you.

## Monte Carlo Probability of Success / Probability of Failure

The Monte Carlo Probability of Success is the percentage of trials of your Plan that were successful. If a Monte Carlo simulation runs your Plan 10,000 times, and if 6,000 of those runs are successful (i.e., all your goals are funded and you have at least \$1 of Safety Margin), then the Probability of Success for that Plan, with all its underlying assumptions, would be 60%, and the Probability of Failure would be 40%.

## Monte Carlo Simulations

Monte Carlo simulations are used to show how variations in rates of return each year can affect your results. A Monte Carlo simulation calculates the results of your Plan by running it many times, each time using a different sequence of returns. Some sequences of returns will give you better results, and some will give you worse results. These multiple trials provide a range of possible results, some successful (you would have met all your goals) and some unsuccessful (you would not have met all your goals).

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# IMPORTANT DISCLOSURE INFORMATION

## Needs / Wants / Wishes

In MoneyGuidePro, you choose an importance level from 10 to 1 (where 10 is the highest) for each of your financial goals. Then, the importance levels are divided into three groups: Needs, Wants, and Wishes. Needs are the goals that you consider necessary for your lifestyle, and are the goals that you must fulfill. Wants are the goals that you would really like to fulfill, but could live without. Wishes are the "dream goals" that you would like to fund, although you won't be too dissatisfied if you can't fund them. In MoneyGuidePro, Needs are your most important goals, then Wants, then Wishes. Since you can specify Ideal and Acceptable amounts for all your financial goals, there can be many possible combinations of funding levels among your Needs, Wants, and Wishes.

## Portfolio Set

A Portfolio Set is a group of portfolios that provides a range of risk and return strategies for different investors.

## Portfolio Return

A Portfolio Return is determined by weighting the return assumption for each Asset Class according to the Asset Mix. If you choose, you or your advisor can override this return on the What If Worksheet, by entering your own return.

## Probability of Success / Probability of Failure

See Monte Carlo Probability of Success / Probability of Failure.

## Real Return

The Real Return is the Total Return of your portfolio minus the Inflation Rate.

## Risk

Risk is the chance that the actual return of an investment, asset class, or portfolio will be different from its expected or average return.

## Safety Margin

The Safety Margin is the hypothetical portfolio value at the end of the Plan. A Safety Margin of zero indicates the portfolio was depleted before the Plan ended.

## Standard Deviation

Standard Deviation is a statistical measure of the volatility of an investment, an asset class, or a portfolio. It measures the degree by which an actual return might vary from the average return, or mean. Typically, the higher the standard deviation, the higher the potential risk of the investment, asset class, or portfolio.

## Star Track

Star Track provides a summary of your Plan results over time, using a bar graph. Each bar shows your results on the date specified, along with your results using all Ideal values, your results using all Acceptable values, and your Monte Carlo Confidence Zone.

## Target Portfolio

Your Target Portfolio is the portfolio you have selected based upon your financial goals and your risk tolerance.

## Time Horizon

Time Horizon is the period from now until the time the assets in this portfolio will begin to be used.

## Total Return

Total Return is the assumed growth rate of your portfolio for a specified time period. The Total Return is either (1) determined by weighting the return assumption for each Asset Class according to the Asset Mix or (2) is entered by you or your advisor (on the What If Worksheet). Also see "Real Return."

## Wants

See "Needs / Wants / Wishes".

## Willingness

In MoneyGuidePro, in addition to specifying Ideal and Acceptable Goal Amounts, Ideal and Acceptable Savings Amounts, and Ideal and Acceptable Retirement Ages, you specify a Willingness to adjust from an Ideal Amount (or Age) to an Acceptable Amount (or Age). The Willingness choices are Slightly Willing, Somewhat Willing, and Very Willing. If you are unwilling to adjust from your specified Ideal Amount or Age, enter the same value for Ideal and Acceptable.

## Wishes

See "Needs / Wants / Wishes".

## Worst One-Year Loss

The Worst One-Year Loss is the lowest annual return that a portfolio with the specified asset mix and asset class indices would have received during the historical period specified.

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**See Important Disclosures section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.**

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# Plan Delivery Acknowledgement

We have reviewed and accept the information contained within this plan and understand the assumptions associated with it. We believe that all information provided by us is complete and accurate to the best of our knowledge. We recognize that performance is not guaranteed and that all future projections are included simply as a tool for decision making and do not represent a forecast of our financial future. This plan should be reviewed periodically to ensure that the decisions made continue to be appropriate, particularly if there are changes in family circumstances, including, but not limited to, an inheritance, birth of a child, death of a family member, or material change in incomes or expenses.

Client Signature : \_\_\_\_\_

Spouse Signature : \_\_\_\_\_

Client Name : James Sample

Spouse Name : Nancy Sample

Delivery Date : \_\_\_\_\_

## Notes

We have prepared this plan based on information provided by you. We have not attempted to verify the accuracy or completeness of this information. As the future cannot be forecast with certainty, actual results will vary from these projections. It is possible that these variations may be material. The degree of uncertainty normally increases with the length of the future period covered.

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Financial Advisor : Kevin Kroskey

Plan Name : Financial Goal Plan (1)

Report Name : Financial Life Plan

10/08/2011