- *CONFIDENTIAL REPORT* -

Prepared Especially For:

John & Mary Sample

June 2016

Prepared By:

Smart T. Advisor

TOOLS FOR MONEY DOT COM

13 Gotbucks Avenue
Suite 33
Bel Air, CA 90077

(503) 309-1369
(800) 555-1333
FAX (734) 555-3355

Email: support@toolsformoney.com

- *CONFIDENTIAL REPORT* -

TABLE OF CONTENTS

- CONFIDENTIAL REPORT -

FINANCIAL PLAN INTRODUCTION

These confidential reports were created for your personal use and future reference only. Each section is designed to give you a better understanding of your financial circumstances, and what's projected for the future. These reports reflect your financial standing today and where you are likely to be in the event of your disability, death, or retirement. It will provide valuable information for years to come.

The goal of this financial plan is to make the greatest possible use of your present and expected financial resources. The plan assumes your expressed willingness, and ability, to take on an appropriate level of risk; and also to make the cash and investment commitments required.

Your report coordinates all of your assets, liabilities, sources of incomes; and then puts them into perspective when compared to your stated financial goals and objectives. Needs or deficiencies are identified, and recommendations are included to illustrate how you may improve on all of your arrangements.

Supplementary information is also included to help clarify some issues.

Periodic review will be necessary to keep your reports up to date and pertinent to your life. If, after a thorough review of the plan, you feel you'd like to make different assumptions, we'll be happy to make adjustments based on whatever assumptions you may wish to adopt.

The value of this financial plan lies in its implementation. Once your plan accurately reflects what you both are personally trying to accomplish, and the more rapidly these changes are made, the more likely your desired results can be achieved.

No financial plan is of any value unless it is implemented promptly. Our services are available to assist you in these endeavors.

About the *Cost Benefit Ratio* report: The total annual fee for constructing your financial plan was $2,500. According to our projections, the difference in your net worth in ten years between the current version (assuming you continued going down the road you're currently on), and the proposed version (following all of our recommendations) is roughly $495,000.

This number divided by the total fee is 19.8. So for every dollar you spent on our fee, the value of our plan returns around $19 to you. The cost benefit ratio in 20 years is 27.3.

Cost Benefit Ratio

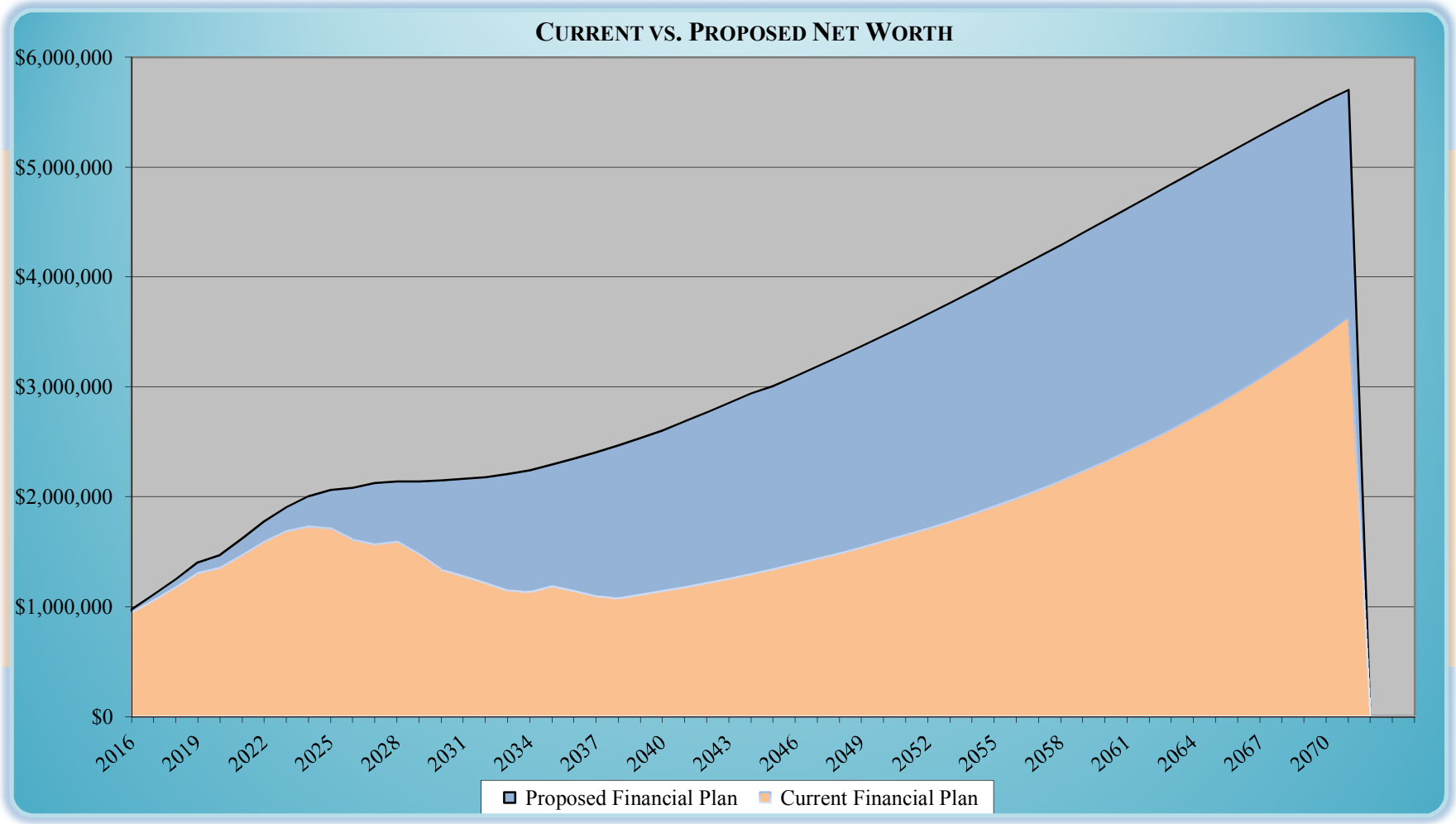
June 6, 2016

The estimated amount of money we returned to you in net worth over three time frames, for every dollar of fee paid

Financial Planning Fee:	$2,500	Change in Net Worth	Cost Benefit Ratio
Current Projected Net Worth at the End of Year 5:	$1,473,729	$146,488	11.7
Proposed Projected Net Worth at the End of Year 5:	$1,620,217	9.9% Increase	
Current Projected Net Worth at the End of Year 10:	$1,613,967	$471,101	18.8
Proposed Projected Net Worth at the End of Year 10:	$2,085,068	29.2% Increase	
Current Projected Net Worth at the End of Year 20:	$1,145,055	$1,205,675	24.1
Proposed Projected Net Worth at the End of Year 20:	$2,350,730	105.3% Increase	

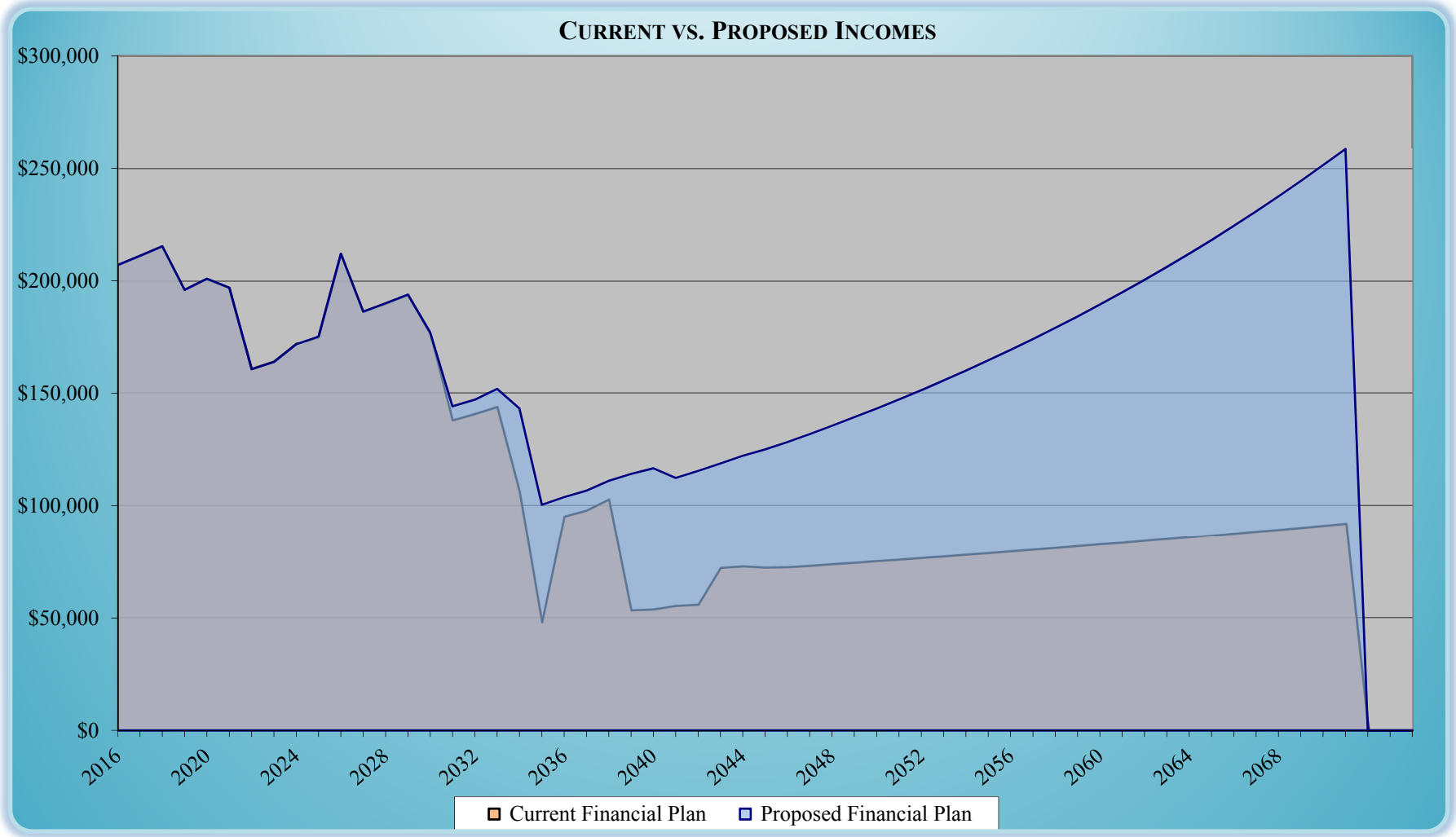
Current vs. Proposed Net Worth

Year #:	5	10	15	20	25	30	35	40	45	50
	2021	2026	2031	2036	2041	2046	2051	2056	2061	2066
John's Age:	50	55	60	65	70	75	80	85	90	95
Current Plan:	$1,473,729	$1,613,967	$1,279,297	$1,145,055	$1,179,737	$1,388,212	$1,653,067	$1,989,072	$2,415,202	$2,955,771
Proposed Plan:	$1,620,217	$2,085,068	$2,166,680	$2,350,730	$2,686,780	$3,095,900	$3,564,761	$4,077,666	$4,623,388	$5,179,045
Difference:	9.9%	29.2%	69.4%	105.3%	127.7%	123.0%	115.6%	105.0%	91.4%	75.2%



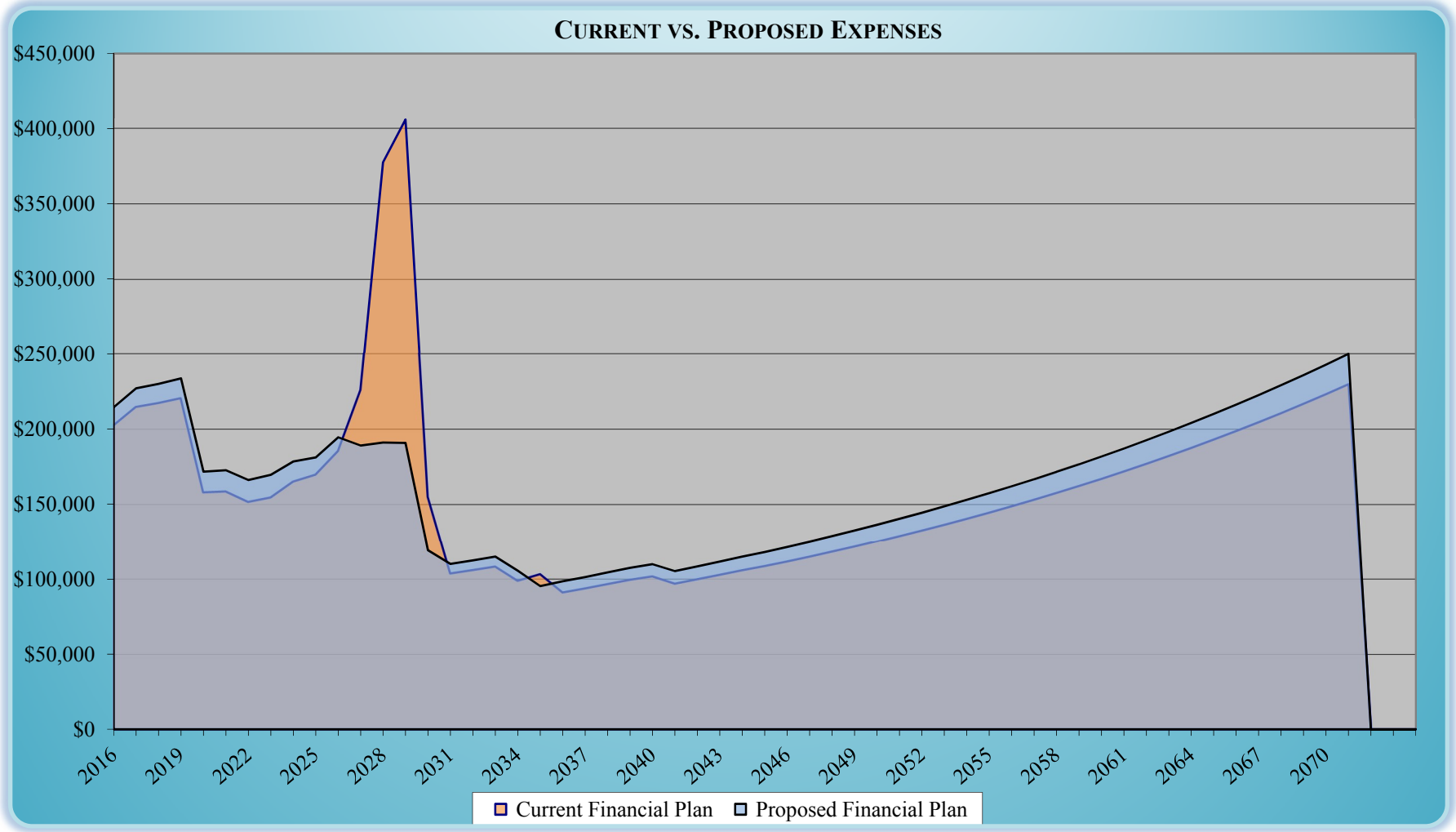
Current vs. Proposed Incomes

Year #:	5	10	15	20	25	30	35	40	45	50
	2021	2026	2031	2036	2041	2046	2051	2056	2061	2066
John's Age:	50	55	60	65	70	75	80	85	90	95
Current Plan:	$207,000	$196,946	$211,989	$137,738	$94,958	$55,140	$72,237	$75,639	$79,315	$83,178
Proposed Plan:	$207,000	$196,946	$211,989	$144,138	$103,766	$112,288	$128,258	$147,194	$169,276	$194,815
Difference:	0.0%	0.0%	0.0%	4.6%	9.3%	103.6%	77.6%	94.6%	113.4%	134.2%



Current vs. Proposed Expenses

Year #:	5	10	15	20	25	30	35	40	45	50
	2021	2026	2031	2036	2041	2046	2051	2056	2061	2066
John's Age:	50	55	60	65	70	75	80	85	90	95
Current Plan:	$202,430	$158,649	$185,476	$103,739	$91,127	$96,960	$111,718	$128,913	$148,855	$171,977
Proposed Plan:	$214,430	$172,560	$194,437	$110,108	$98,540	$105,369	$121,411	$140,114	$161,818	$186,995
Difference:	5.9%	8.8%	4.8%	6.1%	8.1%	8.7%	8.7%	8.7%	8.7%	8.7%



- CONFIDENTIAL REPORT -

FINANCIAL PLAN DISCLAIMER

Your financial plan was designed from the personal information and documents furnished to us by you, and it is based on your expression of the personal objectives and your attitudes. It is essential that the tax and legal planning steps be considered only with the advice of your attorney, CPA, and your other financial advisors; which we will be happy to coordinate with. This plan is not to be construed as offering legal or accounting advice. You are encouraged to discuss this plan and its findings with your attorney and accountant.

These reports show ballpark estimates of your future financial situation, and are intended only as a basis for discussion with your professional advisors. The estimates shown in this report are based on many assumptions that may or may not occur. Both principal value and investment returns will fluctuate over time. No warranty as to correctness is given and no liability is accepted for any error, or omission, or any loss, which may arise from relying on this data.

Every effort has been made to assure the highest reasonable degree of accuracy in your financial plan. However, due to the dynamic nature of our economic and tax environments, no guarantees or assurances can be given regarding the profitability or tax benefits of any investment. The only assurance is that over time, every investment program is likely to produce some losses on the road to achieving long-term gains. Also, taxes and inflation could be much higher than projected, which will seriously impede your progress.

This plan is only as accurate as the information on which it was based. If the data originally supplied to us is incorrect, the plan will reflect these inaccuracies, and these errors will project into the future at a magnified rate. Certain assumptions made by us, or you, may also limit the accuracy of the data. Please review your data carefully. Also, the further into the future this plan projects, the more inaccurate it becomes. As a result, your plan should be updated at least annually to ensure its continued accuracy.

Where rates of return, taxes, and inflation estimates are used to simulate investment results, they should not be construed as guarantees or warranties of profitability. Computerized performance projections of assets, portfolios, and markets are to be considered as statistical models based on past performance only. Past performance is no guarantee of any future results. No warranty as to correctness is given and no liability is accepted for any error, or omission, or any loss, which may arise from relying on this data. No investment, strategy, or recommendations in this report is insured by the FDIC, any governmental agency, or other corporation.

Where tax benefits are illustrated they are based on the best information currently available. Various proposals are made from time to time to change the tax laws, and it seems probable that many of our current tax laws will undergo changes during the years illustrated in this financial plan. Some of these proposals, if enacted, might have a serious adverse effect on tax consequences of some of the investment strategies proposed. On the other hand, some proposals may significantly enhance your position if enacted.

ABOUT THE RESULTING NUMBER TO THE RIGHT OF: *PROBABILITY OF SUCCESS GIVEN ALL ASSUMPTIONS*

In the retirement plan, and college savings plan reports, there is (usually) a percentage number shown. This is the result of the Monte Carlo simulation. This is also known as “stress testing” your financial plan.

Your financial plan was created using actual real “cash-flow based” money software, and not “fake goal- or goals-based software.”

The point is that using real financial planning software makes it so your financial plan has several more degrees of magnitude more validity, when it comes to projecting your financial life into the future.

Fake investment software is just not capable of projecting accurate numbers more than a few years into the future, simply because it totally ignores the very heart of financial planning – which pumps the life blood into the future of your financial plan.

The heart of your financial plan, is your budget and cash flow; or earned and other incomes compared to your actual real-world expenses. The difference between these two factors - annual surpluses and deficits, and replacement costs, are usually what will end up determining your ability to reach your long-term goals (unless you have a large pool of financial assets, or interest-free credit, that you can freely tap at any time, when there are annual cash flow deficits).

Numbers more than 70% mean that your retirement plan has a good chance of succeeding, by weathering storms.

With numbers less than 70%, there is significant risk that more money will be needed than what was input into the retirement plan, in order to remain in retirement without running out of money.

Numbers under 50% mean much more money will probably need to spent and invested than what's showing. This is because what was input was a "rosy scenario," meaning your investment returns will probably be lower than what was input, fees and expenses will be higher, and/or total costs will end up being much more than anticipated.

These things change, so it’s important to update your financial plan at least annually.

- CONFIDENTIAL REPORT -

Interview Notes, Assumptions, Concerns, and Goals

- JOHN & MARY SAMPLE -

FINANCIAL PLANNING INTERVIEW NOTES

In 2016, John is 45 and Mary is 40 years of age.

Your answers to our investment questionnaire scored 190 out of a possible 340 points (a score of 340 would indicate maximum tolerance for investment risk). This determines that you have a Moderate risk tolerance (the five risk categories are Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive). This gauges your ability to assume risk. Your willingness to assume risk has also been determined to be about the same as your ability to assume risk.

There are two time frames for your investment portfolios. Both are considered to be long-term. Because your health is excellent for your ages, your combined life expectancy is over 25 years. The second time frame occurs when the remains of the portfolio will pass to your heirs.

The primary purpose of your investment accounts are to provide retirement income for John and Mary Sample.

Other than providing for your children's education, you indicated that you foresee several future needs for significant withdrawals from the portfolio, so your liquidity needs are high. These long-term financial goals begin after retirement, and include purchasing a high-end RV, boat, expensive trips and vacations annually, a cabin in Montana, and new vehicles every seven years.

Your current income needs from the portfolio are minimal, calling for a total-return approach that focuses more on long-term capital gains than on the generation of current income.

There are no particular preferences, constraints, legal, regulatory, or unique needs noted for either your personal or qualified portfolios.

Your liquid assets are currently sufficient to provide the cash reserves needed for emergencies.

FINANCIAL PLANNING GOALS

John wishes to retire in 15 years and Mary wishes to continue working part time while John is retired.

Your main financial goal is to maintain a balanced portfolio to provide adequate retirement income, starting at age 60 for both of you. Your stated initial annual retirement income goal is $75,000 of net, after-tax, spendable dollars. This income stream will be constructed to attempt to increase at an average annual inflation rate of around 3% over your life expectancy. This income stream will also be constructed to attempt to continue through John's age of 100.

You should maintain adequate disability and survivor income (via level term life insurance) to maintain current living standards without depleting capital if one or both parents were to pass away. Currently, both of you are underinsured, so there are recommendations for buying more life insurance and disability insurance for both of you.

Buy new nursing care insurance policies to create a safety net for long-term care.

John indicated that he's willing to quit smoking and refinance the mortgage in 2017.

Restructure income and assets to achieve current tax liabilities.

Completely fund college educations for all three children, but only while living at home at local public colleges.

Increase the average rate of return on investments using asset allocation techniques.

FINANCIAL PLANNING CONCERNS

Being insured for major property, casualty, or investment losses is a concern.

Assure proper estate distribution according to your wishes and maintain sufficient liquidity to cover estate settlement expenses.

Managing your cash flow to eliminate unneeded expenditures is a concern.

Have the mortgage paid off in twenty years, vehicles in two, and rental property in ten years.

Obstacles you feel will impede your goals are poor health, taxes, possible changes in employment, disability, inflation, premature death, and long-term nursing home needs.

John is concerned about the performance and stability of his life insurance company.

Jane expressed concern about how their rental real estate was performing and didn't understand if they were making money on it or not.

FINANCIAL PLAN ASSUMPTIONS

Your current marginal tax bracket:	28%	Investment risk tolerance:	Moderate
Your average tax bracket:	20%	Personal residence growth rate:	2%
Average annual inflation rate:	3%	Personal property growth rate:	-5%
Bonds:	4%	Rental real estate growth rate:	6%
Bond mutual funds:	5%	Inflation rate of college expenses:	8.0%
Equities:	6% - 8%	Children to fund college for:	3
Annuities:	2%		
Cash / Money markets:	0.5%		
Social Security tax inclusion rate:	50%		
Social Security COLA rate:	1%		
John's age to collect Social Security:	62		
Mary's age to collect Social Security:	62		
John's calculated life expectancy:	84		
John's inputted life expectancy:	100		
Mary's calculated life expectancy:	84		
John's retirement age:	60		
Mary's retirement age:	60		

FAMILY BUDGET AND CASH FLOW REPORT EXPLANATION

REAL WORLD PERSONAL FINANCE SOFTWARE

(503) 309-1369 support@toolsformoney.com http://www.toolsformoney.com/

OVERVIEW OF THE BUDGETING AND CASH FLOW REPORTS

This text is to help you understand the overall concepts, and the technical details, of the family budgeting and cash flow projection reports that follow.

The data used to generate the reports came from a combination of our Fact Finders, your financial statements, assumptions, and estimates. These values change daily, and future levels of price inflation can't be predicted, so there will always be a level of inaccuracy that can't be avoided.

The personal budgeting reports have four major sections: Incomes, fixed expenses, variable expenses, and debt payments.

Fixed expenses are those that are relatively constant every month – like insurance premiums and cable TV bills. Variable expenses are those that vary greatly from month to month – like food, clothing, and entertainment. Debt payments show money going to repay loans. These sections display their monthly totals at the bottom.

Two parts of these reports are very important, and are usually overlooked with less sophisticated software programs. These are annual cash flow surpluses or deficits, and then replacement costs.

Replacement costs are a commonly overlooked part of family budgeting. It's also the biggest reason why family budgets never seem to add up. In the reports, major items that need to be replaced or serviced periodically are accounted for on a monthly basis. Most families (and budgeting software) neglect to account for these, and then when mundane things happen, like $10,000 needs to be spent on a new roof, this could be disastrous for the family budget for years to come. So it's critical to properly account and budget for all of these items on an ongoing basis.

If there is more money coming into the family budget than going out over a year, then this is called a surplus. If the family is spending more than what's coming in, then there is a deficit. Both are important to keep tabs on, but the trend is even more important if they persist year after year. Persistent surpluses should be put to work by investing for future goals, and deficits usually need to be

stopped, one way or another, to prevent permanent loss of net worth (and/or paying usury credit card interest rates for extended periods of time).

The chart, *Snapshot of Major Expense Categories*, helps in understanding what major categories your money is going into.

The details are on the following pages. They are shown both for normal times, and if the breadwinner were to become disabled. Disability is a very real danger, so it needs to be accounted and planned for in a serious manner.

The section, *Budget Totals with Debt* shows how much money is needed to pay all expenses on an hourly (assuming a 40-hour work week), daily, weekly, monthly, and annual basis. The top section shows how much net income (take home paycheck – or net) is needed to pay for everything in the family budget. The bottom section displays how much is needed to pay for everything, including taxes. This is called "gross."

The section below, *Budget Totals without Debt* displays the same information as above, but assuming all debt was paid off. This is important psychologically to see how things would be different if there were no debt payment to make anymore.

The section below, *Budget Category Percentages*, displays the percentages of the three major categories (fixed, variable, and debt). The middle and bottom sections display percentages spent on taxes in a few different formats.

In the next section, incomes are displayed both gross and net of taxes on an hourly, daily, weekly, monthly, and annual basis.

The next section, *Surplus or Deficit*, displays the current amount of annual surplus or deficit. If there is a surplus, then that means more after-tax money is coming into the family budget than is being spent. This should be put to use funding longer-term financial planning goals and objectives.

A deficit means that more money is being spent than is being contributed to the family's budget. Prolonged or increasing deficits will eventually lead to financial ruin (unless there are significant assets available to tap from somewhere else to fund them all).

The next section displays how much in disability insurance is needed to generate enough money to fund the family's budget assuming one, or both, breadwinners were disabled.

Hopefully, the graphs and charts are self-explanatory. The disability reports just display the same information as discussed above, but for future years (e.g., when retired). There are several that display results in different ways to provide information of value to most everyone.

ADDITIONAL INFORMATION

Budgeting and cash flow are the heart of the financial planning process.

Unless there is a large pool of financial assets that you can tap into at your pleasure; then over time, most everything else stems from the long-term balance between net-incomes and total expenses.

The report details very important information as it projects your current and future standard of living. It also reveals surpluses that can be put to productive uses, like funding vital long-term financial planning goals and objectives.

It also reveals the very dangerous effects of cash flow deficits. If so, expense items should be reduced ASAP to bring the family budget into balance.

The income sections include all sources of income that you told us about that help fund your family budget. Amounts from interest or mutual fund dividends that are reinvested are not shown here.

Note that some of the charts and graphs are "stacked." This means that one item is just added on top of others. This way total amounts can be viewed easier. This can be modified you you'd like to see the results presented in a different way.

There are also many (miscellaneous) input areas in the budget software that can easily be added, or renamed, to help display information that makes more sense to you.

Also, the family budgeting software used can easily be modified, if you disagree with how some of the chart item categories are classified. For example, if you want to see pet expenses removed from the "home" category, and put into the "miscellaneous" or "entertainment" category, this can be done.

Last but sometimes not least, there is a section on the left side of the Variable Expenses input section of the budget program that can show the difference between how much you've actually spent on select items, compared to what you budgeted for, or forecasted. This is useful in determining how and why your personal budgets don't add up over time.

Always keep in mind that in the real world, the #1 culprit on why there always seems to be not enough money, even when you've made and stuck to your budgets, is that you, or your financial planning software, did not account for replacement costs. This is one of the unique strengths of this software program, so great attention to detail when inputting replacement costs should be made.

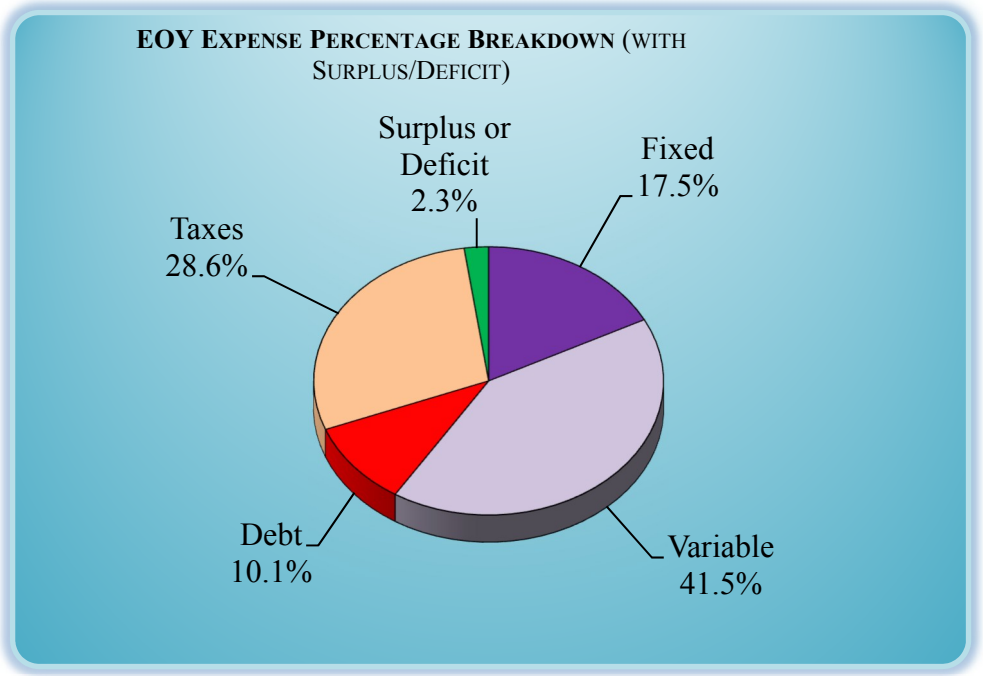
If done properly, accounting for replacement costs will make it seem like you've made a mistake in your family budgeting, and that you magically have more money month-to-month to spend than you thought. Just don't do that! This replacement money you're accounting for needs to be saved up and held in reserve, so it can be used for its intended purposes when the needs arise.

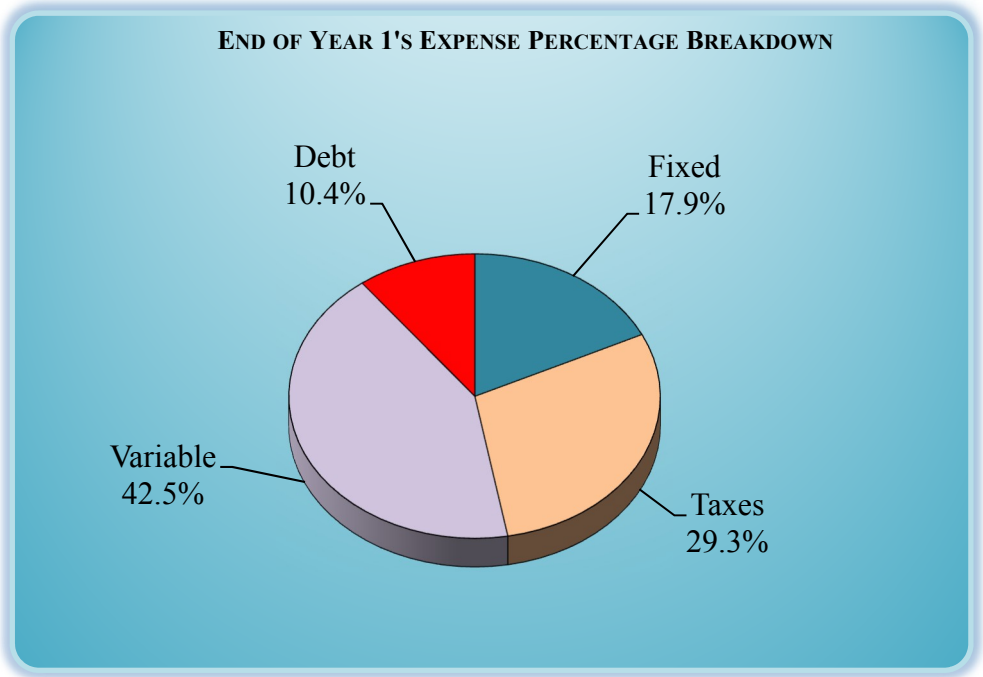
Current Budget and Cash Flow Results

Budget Totals With Debt	
Hourly Totals (net average based on 40 hour work week):	$68.54
Daily Budget Totals (net average daily income needed):	$394.25
Weekly Budget Totals (net weekly cash needed):	$2,742
Monthly Budget Totals (net monthly cash needed):	$11,926
Annual Budget Totals (net annual cash income needed):	$143,114
Hourly Totals (gross average based on 40 hour work week):	$68.54
Daily Budget Totals (gross average daily income needed):	$394.25
Weekly Budget Totals (gross weekly cash needed):	$2,742
Monthly Budget Totals (gross monthly cash needed):	$11,926
Annual Budget Totals (gross annual cash income needed):	$143,114

Budget Totals Without Debt	
Hourly Totals (net average based on 40 hour work week):	$58.48
Daily Budget Totals (net average daily income needed):	$336.40
Weekly Budget Totals (net weekly cash needed):	$2,339
Monthly Budget Totals (net monthly cash needed):	$10,176
Annual Budget Totals (net annual cash income needed):	$122,114
Hourly Totals (gross average based on 40 hour work week):	$58.48
Daily Budget Totals (gross average daily income needed):	$336.40
Weekly Budget Totals (gross weekly cash needed):	$2,339
Monthly Budget Totals (gross monthly cash needed):	$10,176
Annual Budget Totals (gross annual cash income needed):	$122,114

Beginning of the Year's Budget Category Percentages	
Percent of Total Gross Budget Spent on Fixed Expenses:	25.3%
Percent Total Gross Budget Spent on Variable Expenses:	60.1%
Percent of Total Gross Budget Spent on Debt Repayment:	14.7%
Percent of Total Gross Budget Spent on Federal Taxes:	28.1%
Percent of Total Gross Budget Spent on State Taxes:	7.0%
Percent of Total Gross Budget Spent on FICA Taxes:	6.3%
Percent of Total Gross Budget Spent on Local Taxes:	0.0%
Percent of Total Gross Budget Spent on All Taxes:	41.4%
Average / Effective Tax Rate (% gross income spent on taxes):	28.7%
Percent of Total Net Income Spent on Taxes:	40.2%

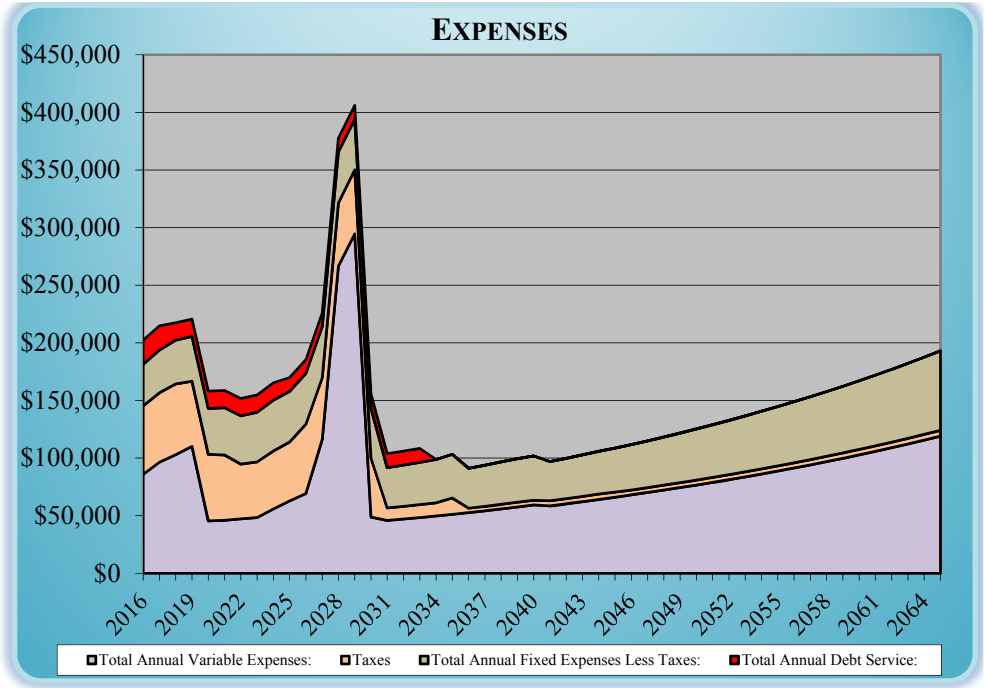


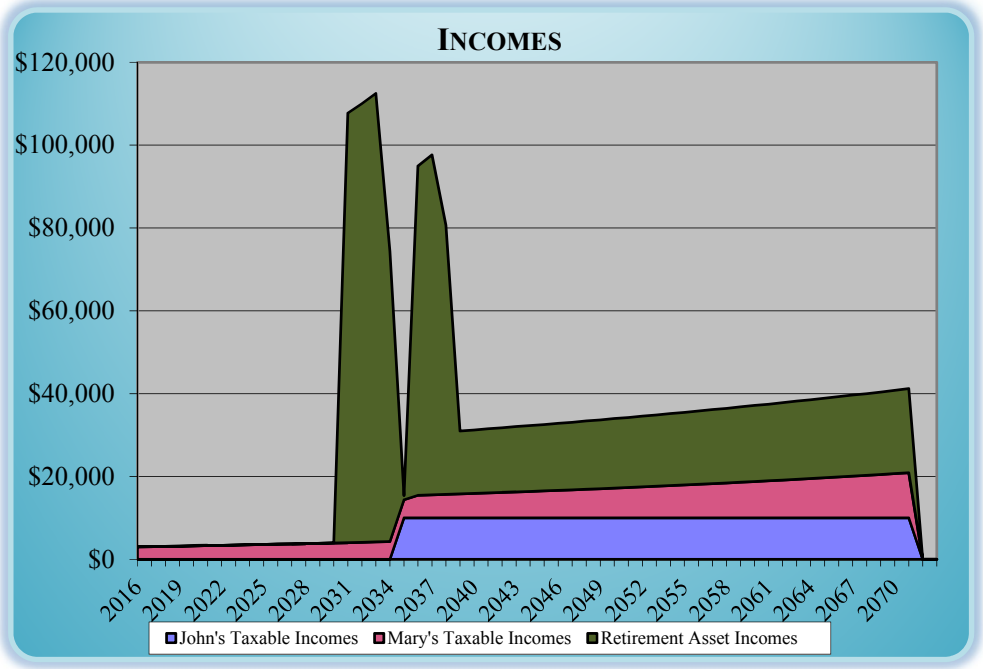


John's Incomes	
Hourly Net Incomes (based on 40 hour work week):	$53.30
Daily Net Income Totals:	$306.61
Weekly Net Income Totals:	$2,132
Monthly Net Incomes:	$9,275
Annual Net Incomes:	$111,299
Hourly Gross Incomes (based on 40 hour work week):	$74.71
Daily Gross Income Totals:	$429.75
Weekly Gross Income Totals:	$2,989
Monthly Gross Incomes:	$13,000
Annual Gross Incomes:	$156,000

Mary's Incomes	
Hourly Net Incomes (based on 40 hour work week):	$17.43
Daily Net Income Totals:	$100.24
Weekly Net Income Totals:	$697
Monthly Net Incomes:	$3,032
Annual Net Incomes:	$36,386
Hourly Gross Incomes (based on 40 hour work week):	$24.43
Daily Gross Income Totals:	$140.50
Weekly Gross Income Totals:	$977
Monthly Gross Incomes:	$4,250
Annual Gross Incomes:	$51,000

Sample's Combined Incomes	
Hourly Net Incomes (based on 40 hour work week):	$70.73
Daily Net Income Totals:	$406.85
Weekly Net Income Totals:	$2,829
Monthly Net Incomes:	$12,307
Annual Net Incomes:	$147,685
Hourly Gross Incomes (based on 40 hour work week):	$99.14
Daily Gross Income Totals:	$570.25
Weekly Gross Income Totals:	$3,966
Monthly Gross Incomes:	$17,250
Annual Gross Incomes:	$207,000

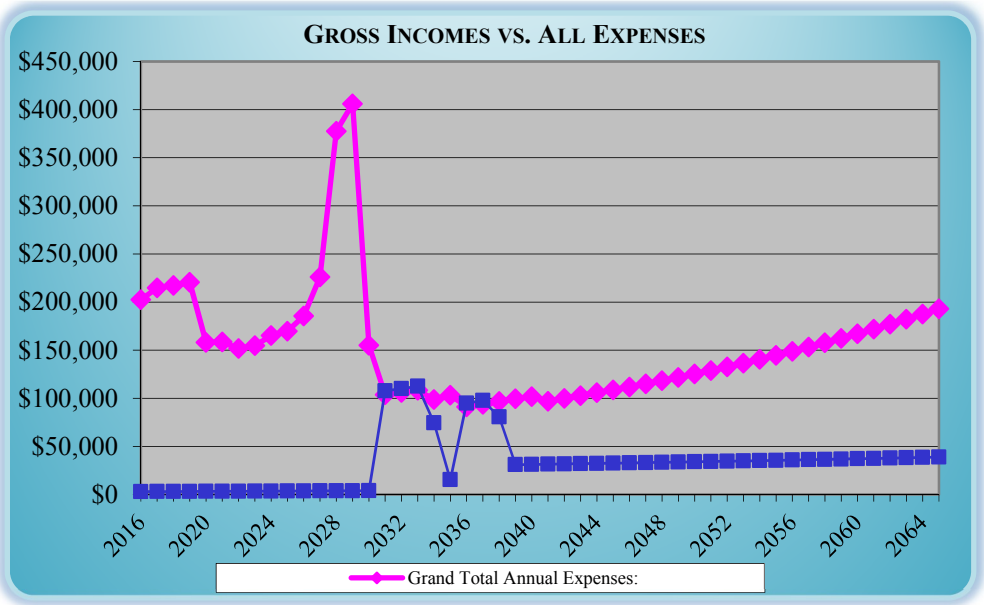


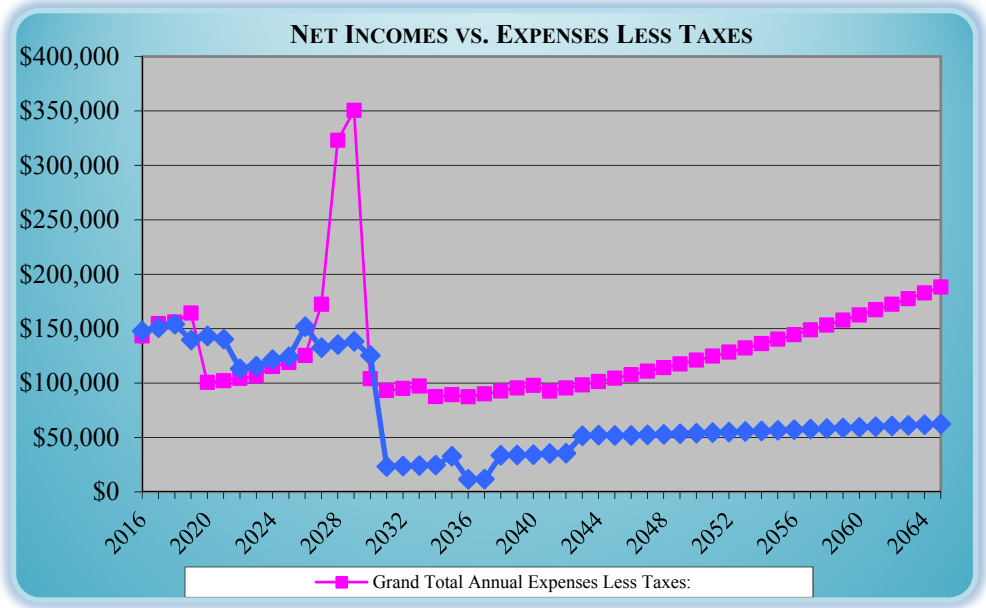


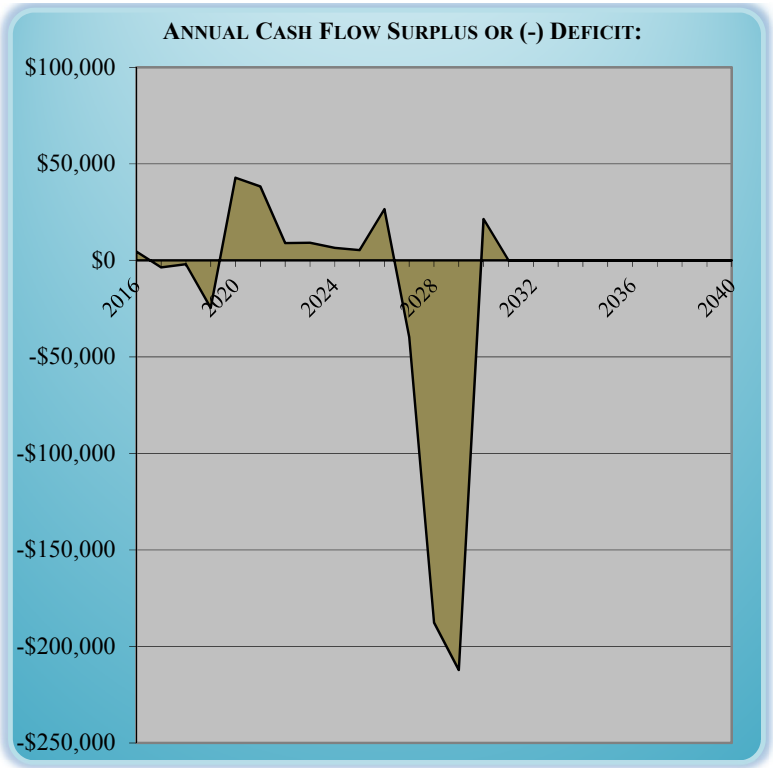
First Year Surplus or Deficit With Debt	
Hourly Totals (net average based on 40 hour work week):	$2.19
Daily Net Surplus or Deficit:	$12.59
Weekly Net Surplus or Deficit:	$88
Monthly Net Surplus or Deficit:	$381
Annual Net Surplus or Deficit:	$4,570
Percent Total Net Income In Surplus Or Deficit:	2.2%
Hourly Totals (gross average based on 40 hour work week):	$3.07
Daily Gross Surplus or Deficit:	$17.65
Weekly Gross Surplus or Deficit:	$123
Monthly Gross Surplus or Deficit:	$534
Annual Gross Surplus or Deficit:	$6,406
Percent Total Gross Income In Surplus Or Deficit:	3.1%

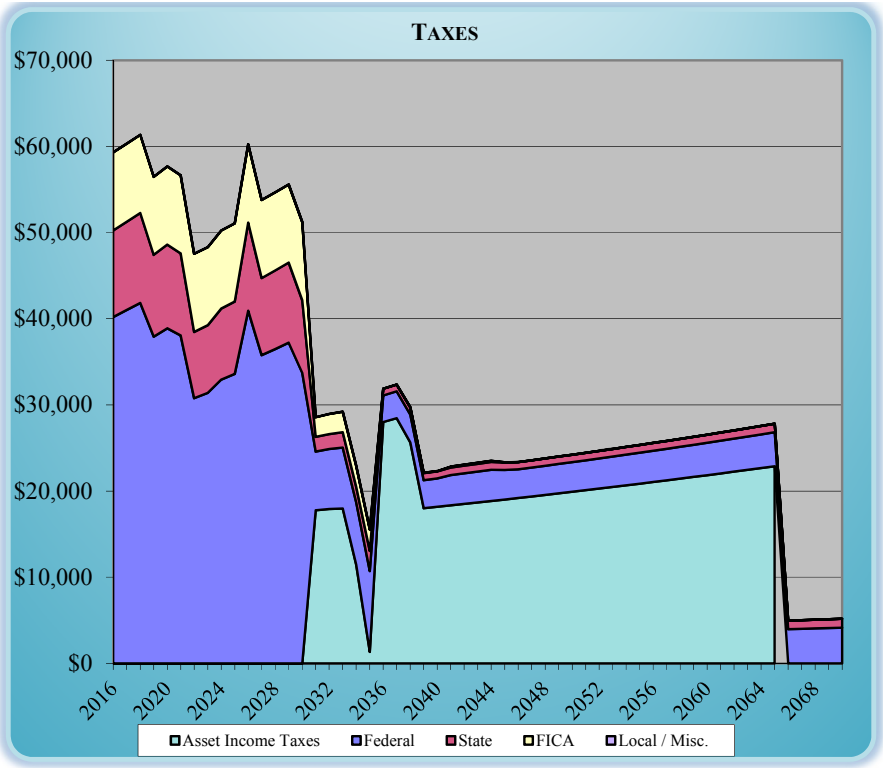
First Year Surplus or Deficit Without Debt	
Hourly Totals (net average based on 40 hour work week):	$12.25
Daily Net Surplus or Deficit:	$70.44
Weekly Net Surplus or Deficit:	$490
Monthly Net Surplus or Deficit:	$2,131
Annual Net Surplus or Deficit:	$25,570
Percent Total Net Income In Surplus Or Deficit:	12.4%
Hourly Totals (gross average based on 40 hour work week):	$17.16
Daily Gross Surplus or Deficit:	$98.73
Weekly Gross Surplus or Deficit:	$687
Monthly Gross Surplus or Deficit:	$2,987
Annual Gross Surplus or Deficit:	$35,840
Percent Total Gross Income In Surplus Or Deficit:	17.3%

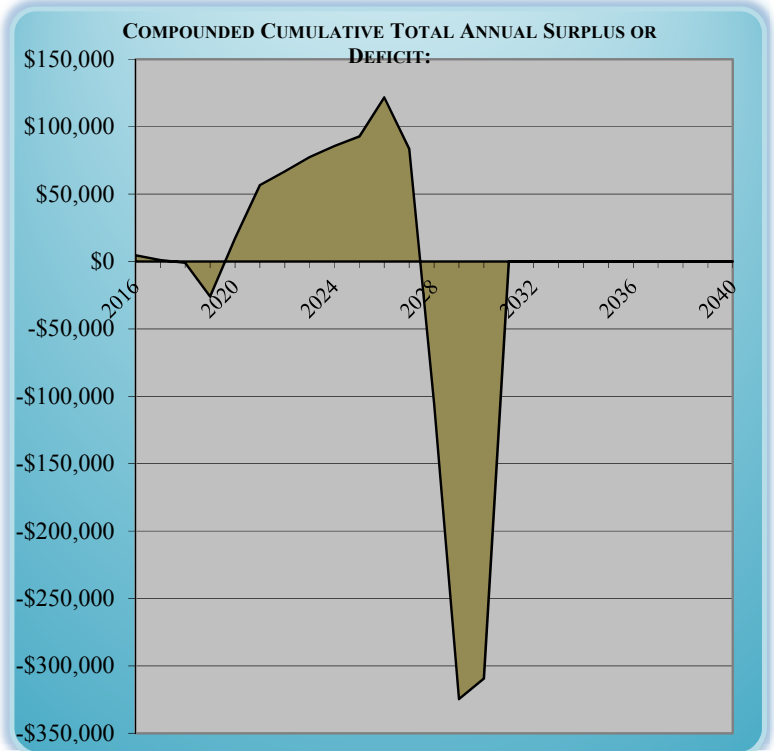
Percentage of Total Gross Income	
John's Percentage of Total Gross Income:	75.4%
Mary's Percentage of Total Gross Income:	24.6%

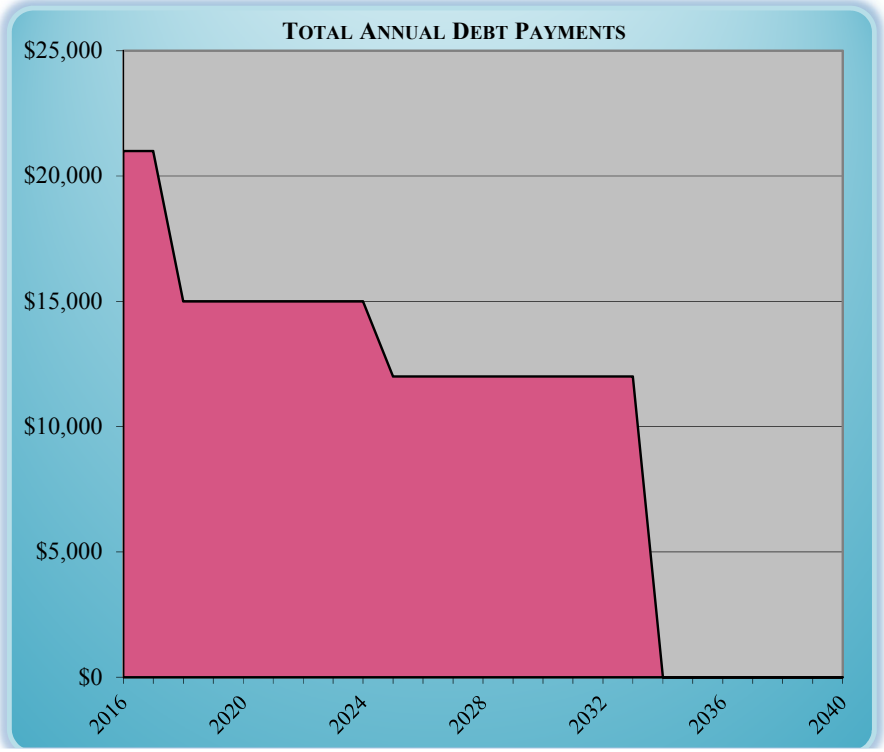




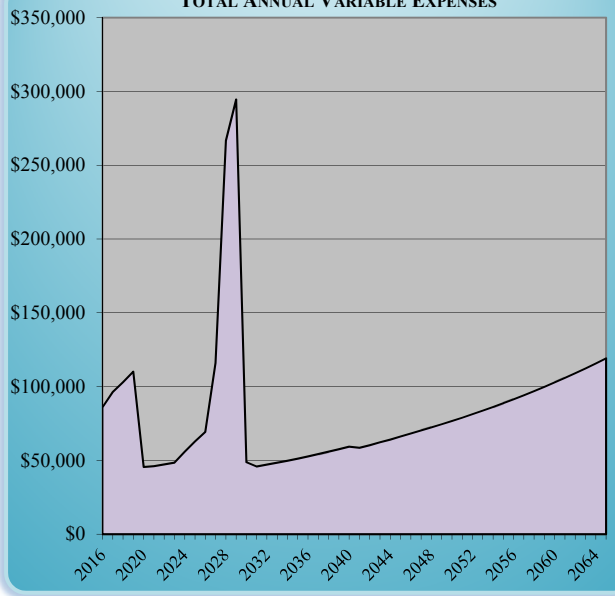




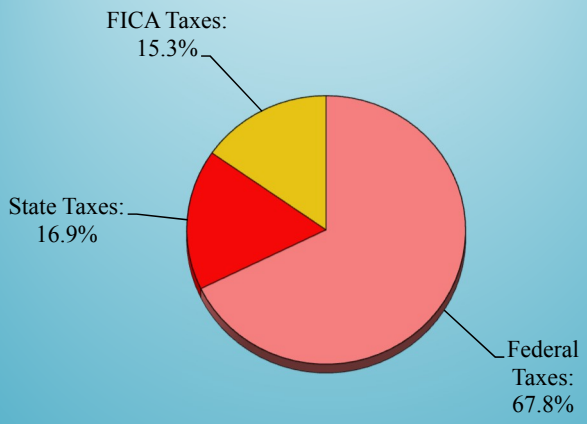




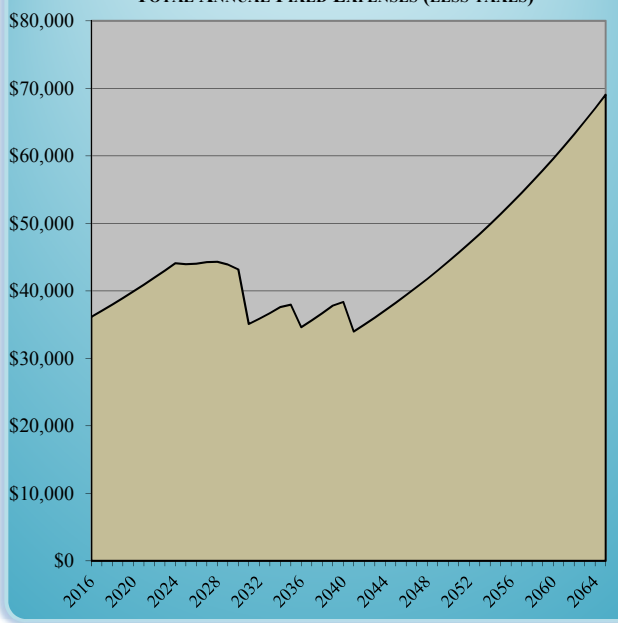
Total Annual Variable Expenses



Taxes as a Percentage of Year #1's Income Taxes



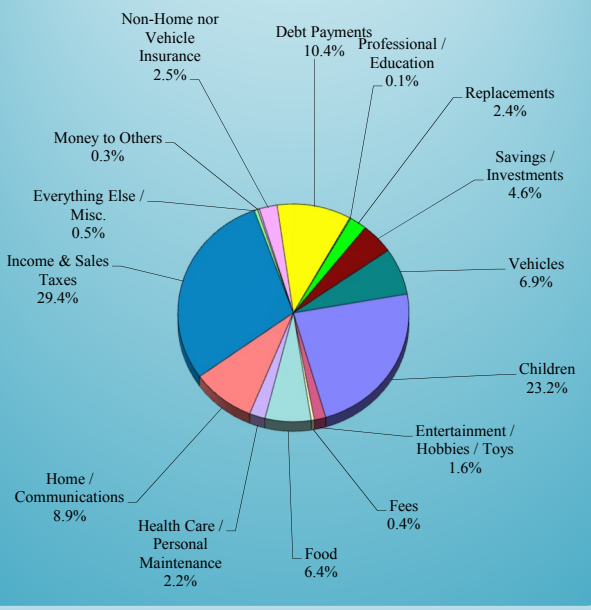
Total Annual Fixed Expenses (less taxes)



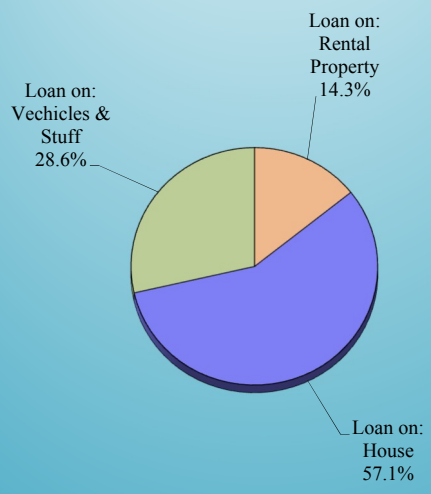
Income Taxes as a Percentage of Gross Incomes

Federal:	**20.0%**
FICA (Social Security & Medicare)	**5.0%**
State	**7.7%**
Local / Miscellaneous	**0.0%**
Total:	**32.7%**

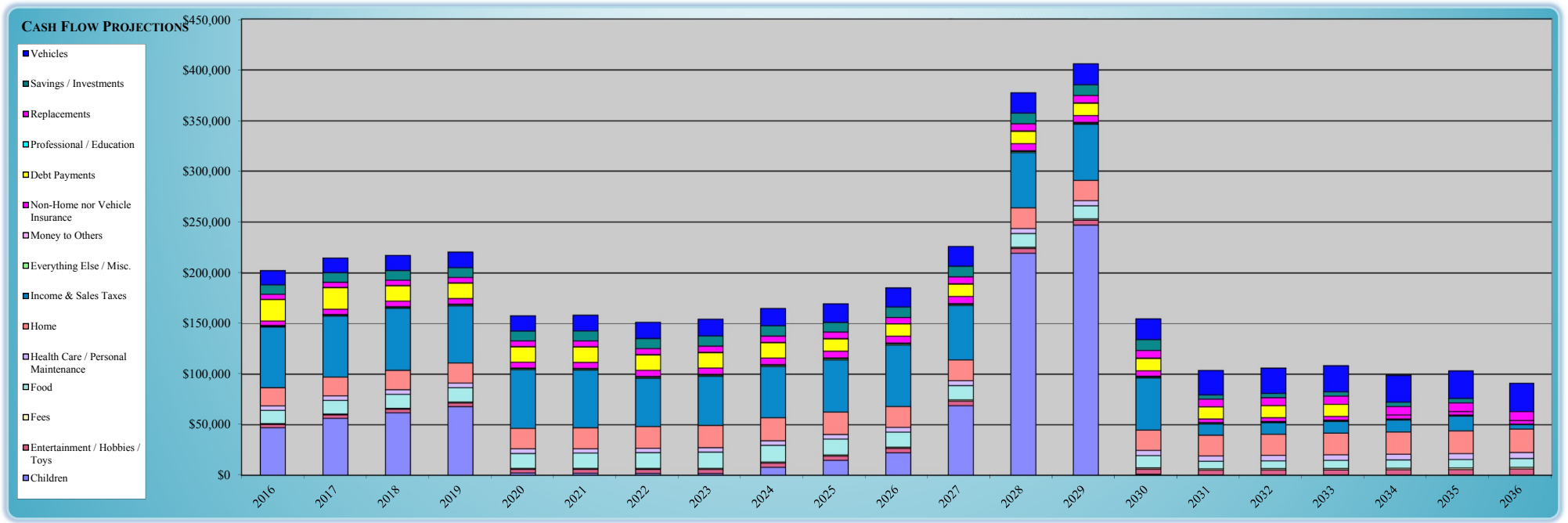
End of Current Year Major Expense Categories



Debt Payment Categories



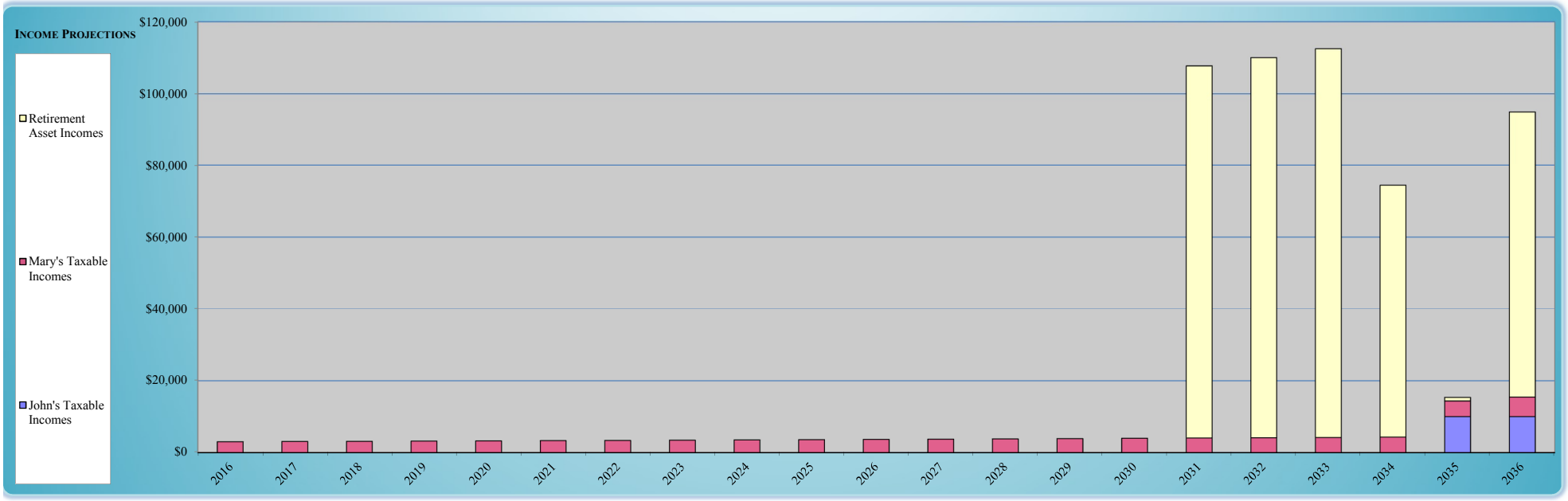
Annual	45 / 40	46 / 41	47 / 42	48 / 43	49 / 44	50 / 45	51 / 46	52 / 47	53 / 48	54 / 49	55 / 50	56 / 51	57 / 52	58 / 53	59 / 54	60 / 55	61 / 56	62 / 57	63 / 58	64 / 59	65 / 60
Expenses	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Children	$47,044	$56,398	$61,902	$67,951	$2,129	$1,964	$1,816	$1,685	$7,807	$14,632	$22,192	$68,898	$219,366	$247,051	$944	$313	$297	$282	$268	$255	$127
Entertainment / Hobbies / Toys	$3,274	$3,372	$3,473	$3,578	$3,685	$3,796	$3,909	$4,027	$4,147	$4,272	$4,400	$4,532	$4,668	$4,808	$4,952	$4,601	$4,770	$4,946	$5,132	$5,326	$6,052
Fees	$882	$908	$935	$964	$992	$1,022	$1,053	$1,084	$1,117	$1,150	$1,185	$1,221	$1,257	$1,295	$1,334	$1,374	$1,415	$1,457	$1,501	$1,546	$1,593
Food	$13,044	$13,435	$13,838	$14,254	$14,681	$15,122	$15,575	$16,042	$16,524	$15,698	$14,913	$14,167	$13,459	$12,786	$12,146	$7,500	$7,725	$7,957	$8,195	$8,441	$8,695
Health Care / Personal Maintenance	$4,487	$4,517	$4,554	$4,596	$4,645	$4,221	$4,305	$4,394	$4,487	$4,585	$4,688	$4,796	$4,909	$5,026	$5,149	$5,277	$5,410	$5,548	$5,691	$5,840	$5,994
Home	$17,987	$18,527	$19,083	$19,655	$20,245	$20,852	$21,478	$22,122	$22,786	$22,200	$20,622	$20,361	$20,236	$19,845	$20,154	$20,529	$20,962	$21,444	$21,970	$22,535	$23,212
Income & Sales Taxes	$59,576	$60,589	$61,622	$56,758	$57,966	$56,948	$47,846	$48,625	$50,568	$51,401	$60,585	$54,139	$55,044	$55,967	$51,603	$11,211	$11,439	$11,672	$11,910	$14,652	$4,336
Everything Else / Misc.	$978	$1,008	$1,038	$1,069	$1,101	$1,134	$1,168	$1,203	$1,239	$1,276	$1,213	$1,152	$1,094	$1,040	$988	$938	$891	$847	$804	$764	$382
Money to Others	$522	$537	$554	$570	$587	$605	$623	$642	$661	$681	$701	$722	$744	$766	$789	$400	$380	$361	$343	$326	$310
Non-Home nor Vehicle Insurance	$5,100	$5,253	$5,411	$5,573	$5,740	$5,912	$6,090	$6,272	$6,461	$6,654	$6,854	$7,060	$6,939	$6,634	$5,287	$3,576	$3,683	$3,794	$3,907	$3,413	$3,516
Debt Payments	$21,000	$21,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$0	$0	$0
Professional / Education	$300	$309	$318	$328	$338	$348	$358	$369	$380	$391	$403	$415	$428	$441	$454	$0	$0	$0	$0	$0	$0
Replacements	$4,901	$5,048	$5,199	$5,355	$5,516	$5,681	$5,851	$6,027	$6,208	$6,394	$6,586	$6,783	$6,987	$7,197	$7,412	$7,635	$7,864	$8,100	$8,343	$8,593	$8,851
Savings / Investments	$9,300	$9,393	$9,487	$9,582	$9,678	$9,774	$9,872	$9,971	$10,071	$10,171	$10,273	$10,376	$10,479	$10,584	$10,690	$4,179	$4,221	$4,263	$4,306	$4,349	$0
Vehicles	$14,035	$14,456	$14,890	$15,337	$15,797	$16,271	$16,759	$17,262	$17,779	$18,313	$18,862	$19,428	$20,011	$20,611	$21,229	$24,205	$24,931	$25,679	$26,450	$27,243	$28,061
Total Annual Expenses:	**$202,430**	**$214,751**	**$217,303**	**$220,568**	**$158,099**	**$158,649**	**$151,704**	**$154,725**	**$165,234**	**$169,819**	**$185,476**	**$226,050**	**$377,621**	**$406,052**	**$155,132**	**$103,739**	**$105,989**	**$108,351**	**$98,821**	**$103,285**	**$91,127**



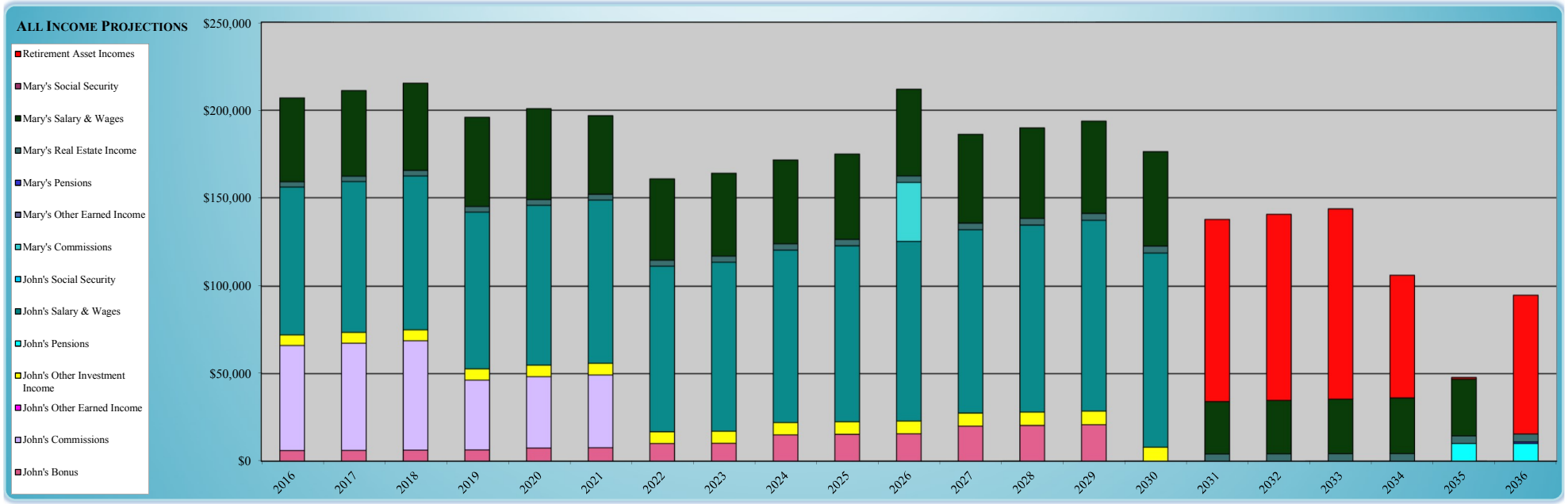
Annual	45 / 40	46 / 41	47 / 42	48 / 43	49 / 44	50 / 45	51 / 46	52 / 47	53 / 48	54 / 49	55 / 50	56 / 51	57 / 52	58 / 53	59 / 54	60 / 55	61 / 56	62 / 57	63 / 58	64 / 59	65 / 60
Taxable Incomes	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
John's Taxable Incomes	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$10,000	$10,000
Mary's Taxable Incomes	$3,000	$3,060	$3,121	$3,184	$3,247	$3,312	$3,378	$3,446	$3,515	$3,585	$3,657	$3,730	$3,805	$3,881	$3,958	$4,038	$4,118	$4,201	$4,285	$4,370	$5,458
Retirement Asset Incomes	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$103,700	$105,900	$108,300	$70,100	$1,000	$79,500
Total Annual Taxable Incomes:	**$3,000**	**$3,060**	**$3,121**	**$3,184**	**$3,247**	**$3,312**	**$3,378**	**$3,446**	**$3,515**	**$3,585**	**$3,657**	**$3,730**	**$3,805**	**$3,881**	**$3,958**	**$107,738**	**$110,018**	**$112,501**	**$74,385**	**$15,370**	**$94,958**

Annual	45 / 40	46 / 41	47 / 42	48 / 43	49 / 44	50 / 45	51 / 46	52 / 47	53 / 48	54 / 49	55 / 50	56 / 51	57 / 52	58 / 53	59 / 54	60 / 55	61 / 56	62 / 57	63 / 58	64 / 59	65 / 60
Non-Taxable Incomes	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
John's Non-Taxable Incomes	$156,000	$159,120	$162,302	$141,876	$145,719	$148,633	$111,355	$113,582	$120,449	$122,858	$125,315	$131,904	$134,542	$137,233	$118,753	$0	$0	$0	$0	$0	$0
Mary's Non-Taxable Incomes	$48,000	$48,960	$49,939	$50,938	$51,957	$45,000	$45,900	$46,818	$47,754	$48,709	$83,017	$50,677	$51,691	$52,725	$53,779	$30,000	$30,600	$31,212	$31,836	$32,473	$0
Total Non-taxable Incomes:	**$204,000**	**$208,080**	**$212,242**	**$192,814**	**$197,676**	**$193,633**	**$157,255**	**$160,400**	**$168,204**	**$171,568**	**$208,332**	**$182,581**	**$186,233**	**$189,957**	**$172,532**	**$30,000**	**$30,600**	**$31,212**	**$31,836**	**$32,473**	**$0**

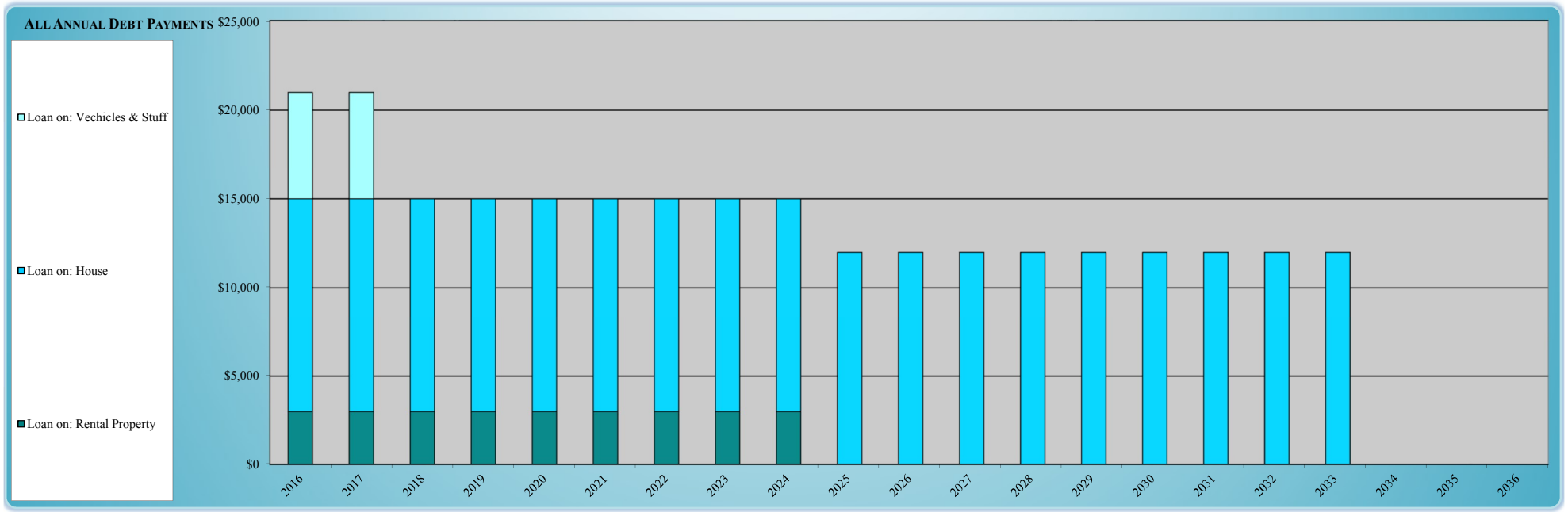
Annual	45 / 40	46 / 41	47 / 42	48 / 43	49 / 44	50 / 45	51 / 46	52 / 47	53 / 48	54 / 49	55 / 50	56 / 51	57 / 52	58 / 53	59 / 54	60 / 55	61 / 56	62 / 57	63 / 58	64 / 59	65 / 60
Gross Incomes	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
John's Gross Incomes	$156,000	$159,120	$162,302	$141,876	$145,719	$148,633	$111,355	$113,582	$120,449	$122,858	$125,315	$131,904	$134,542	$137,233	$118,753	$0	$0	$0	$0	$10,000	$10,000
Mary's Gross Incomes	$51,000	$52,020	$53,060	$54,122	$55,204	$48,312	$49,278	$50,264	$51,269	$52,295	$86,674	$54,407	$55,496	$56,605	$57,738	$34,038	$34,718	$35,413	$36,121	$36,843	$5,458
Total Gross Incomes:	**$207,000**	**$211,140**	**$215,363**	**$195,998**	**$200,923**	**$196,946**	**$160,633**	**$163,846**	**$171,719**	**$175,153**	**$211,989**	**$186,311**	**$190,037**	**$193,838**	**$176,491**	**$34,038**	**$34,718**	**$35,413**	**$36,121**	**$46,843**	**$15,458**
Total Combined Annual Taxes:	**$59,315**	**$60,320**	**$61,345**	**$56,473**	**$57,672**	**$56,646**	**$47,534**	**$48,304**	**$50,237**	**$51,061**	**$60,234**	**$53,778**	**$54,672**	**$55,584**	**$51,209**	**$10,804**	**$11,020**	**$11,241**	**$11,466**	**$14,195**	**$3,864**
Total Combined Net Incomes:	**$147,685**	**$150,820**	**$154,017**	**$139,525**	**$143,251**	**$140,300**	**$113,099**	**$115,542**	**$121,481**	**$124,092**	**$151,755**	**$132,533**	**$135,365**	**$138,254**	**$125,282**	**$23,233**	**$23,698**	**$24,172**	**$24,655**	**$32,648**	**$11,593**



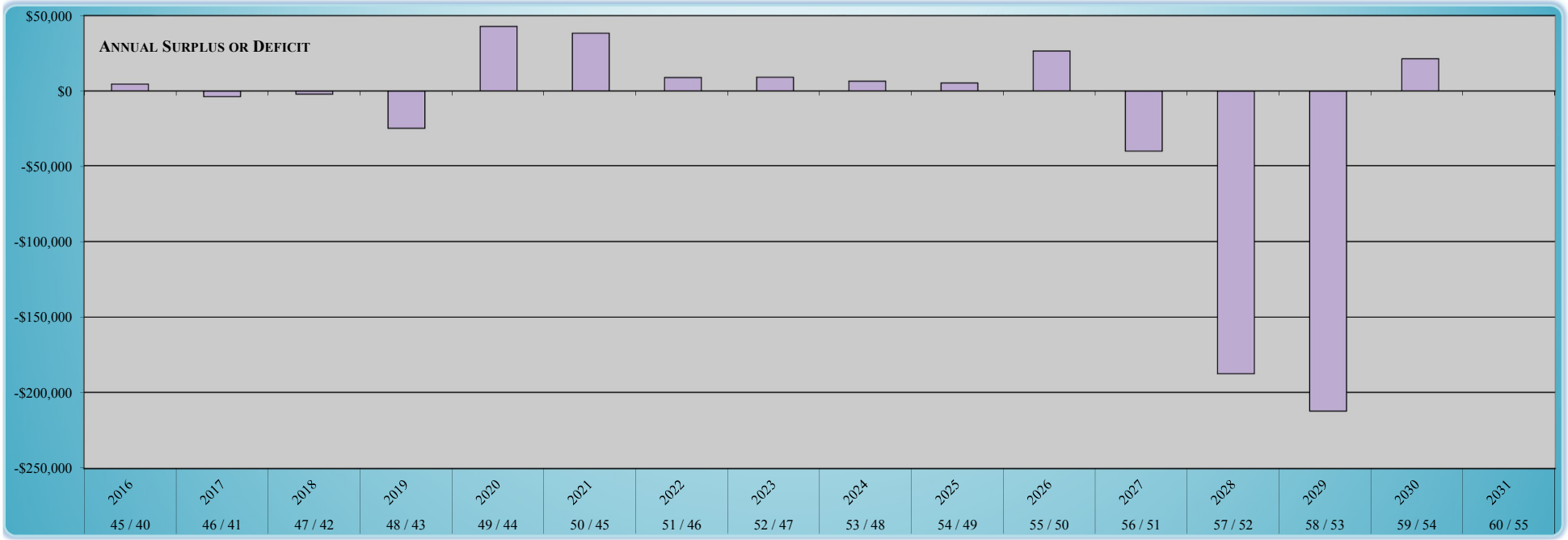
Annual	45 / 40	46 / 41	47 / 42	48 / 43	49 / 44	50 / 45	51 / 46	52 / 47	53 / 48	54 / 49	55 / 50	56 / 51	57 / 52	58 / 53	59 / 54	60 / 55	61 / 56	62 / 57	63 / 58	64 / 59	65 / 60
Non-Asset Incomes	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
John's Bonus	$6,000	$6,120	$6,242	$6,367	$7,500	$7,650	$10,000	$10,200	$15,000	$15,300	$15,606	$20,000	$20,400	$20,808	$0	$0	$0	$0	$0	$0	$0
John's Commissions	$60,000	$61,200	$62,424	$40,000	$40,800	$41,616	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
John's Other Earned Income	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
John's Other Investment Income	$6,000	$6,120	$6,242	$6,367	$6,495	$6,624	$6,757	$6,892	$7,030	$7,171	$7,314	$7,460	$7,609	$7,762	$7,917	$0	$0	$0	$0	$0	$0
John's Pensions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$10,000	$10,000
John's Salary & Wages	$84,000	$85,680	$87,394	$89,141	$90,924	$92,743	$94,598	$96,490	$98,419	$100,388	$102,396	$104,443	$106,532	$108,663	$110,836	$0	$0	$0	$0	$0	$0
John's Social Security	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Mary's Commissions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$33,333	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Mary's Other Earned Income	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Mary's Pensions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,000
Mary's Real Estate Income	$3,000	$3,060	$3,121	$3,184	$3,247	$3,312	$3,378	$3,446	$3,515	$3,585	$3,657	$3,730	$3,805	$3,881	$3,958	$4,038	$4,118	$4,201	$4,285	$4,370	$4,458
Mary's Salary & Wages	$48,000	$48,960	$49,939	$50,938	$51,957	$45,000	$45,900	$46,818	$47,754	$48,709	$49,684	$50,677	$51,691	$52,725	$53,779	$30,000	$30,600	$31,212	$31,836	$32,473	$0
Mary's Social Security	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Retirement Asset Incomes	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$103,700	$105,900	$108,300	$70,100	$1,000	$79,500
Total Annual Incomes:	**$207,000**	**$211,140**	**$215,363**	**$195,998**	**$200,923**	**$196,946**	**$160,633**	**$163,846**	**$171,719**	**$175,153**	**$211,989**	**$186,311**	**$190,037**	**$193,838**	**$176,491**	**$137,738**	**$140,618**	**$143,713**	**$106,221**	**$47,843**	**$94,958**

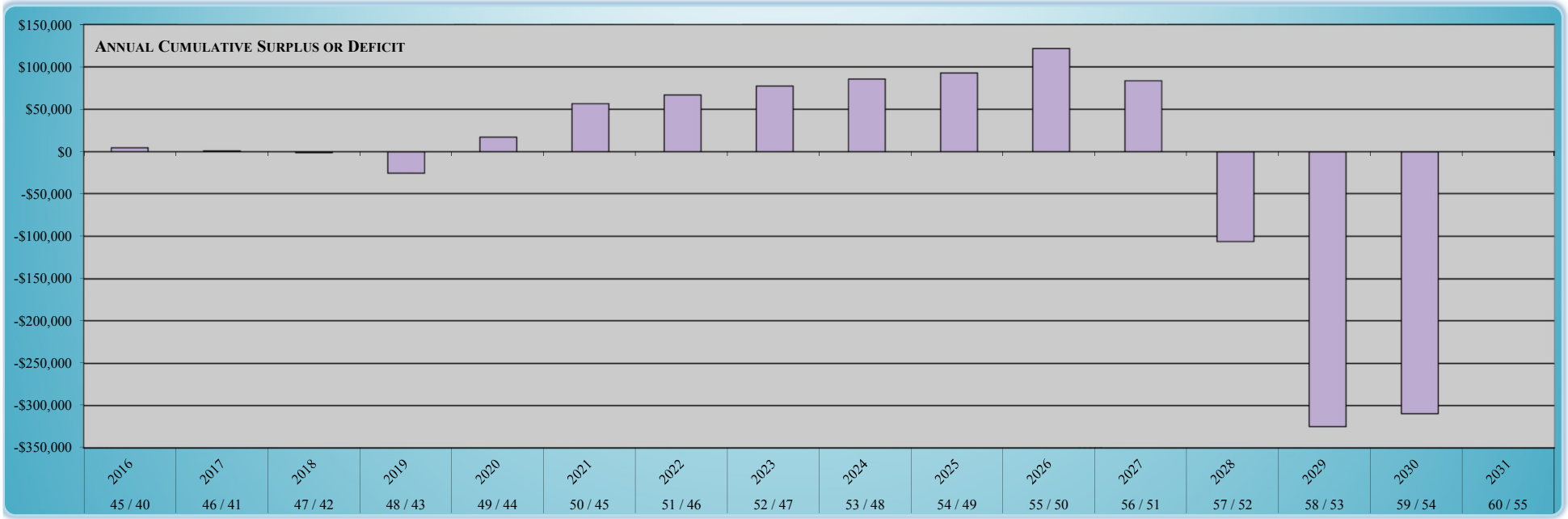


	45 / 40	46 / 41	47 / 42	48 / 43	49 / 44	50 / 45	51 / 46	52 / 47	53 / 48	54 / 49	55 / 50	56 / 51	57 / 52	58 / 53	59 / 54	60 / 55	61 / 56	62 / 57	63 / 58	64 / 59	65 / 60
Annual Debt Payments	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Loan on: Rental Property	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Loan on: House	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$0	$0	$0
Loan on: Vechicles & Stuff	$6,000	$6,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Annual Debt Payments:	**$21,000**	**$21,000**	**$15,000**	**$15,000**	**$15,000**	**$15,000**	**$15,000**	**$15,000**	**$15,000**	**$12,000**	**$12,000**	**$12,000**	**$12,000**	**$12,000**	**$12,000**	**$12,000**	**$12,000**	**$12,000**	**$0**	**$0**	**$0**



	45 / 40	46 / 41	47 / 42	48 / 43	49 / 44	50 / 45	51 / 46	52 / 47	53 / 48	54 / 49	55 / 50	56 / 51	57 / 52	58 / 53	59 / 54	60 / 55
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Annual Surplus / Deficit	$4,570	($3,611)	($1,941)	($24,571)	$42,824	$38,297	$8,929	$9,121	$6,484	$5,334	$26,513	($39,739)	($187,584)	($212,214)	$21,359	$0
Compounded Cumulative Total Annual Surplus or Deficit:	$4,662	$1,072	($886)	($25,966)	$17,195	$56,602	$66,842	$77,482	$85,646	$92,799	$121,698	$83,598	($106,066)	($324,645)	($309,352)	$0
Percentage Change in Annual Surplus / Deficit from Previous Year:		-179.0%	-46.3%	1166.1%	-274.3%	-10.6%	-76.7%	2.1%	-28.9%	-17.7%	397.1%	-249.9%	372.0%	13.1%	-110.1%	-100.0%
% Change in Cumulative Surplus / Deficit from Previous Year:		-77.0%	-182.7%	2829.9%	-166.2%	229.2%	18.1%	15.9%	10.5%	8.4%	31.1%	-31.3%	-226.9%	206.1%	-4.7%	-100.0%



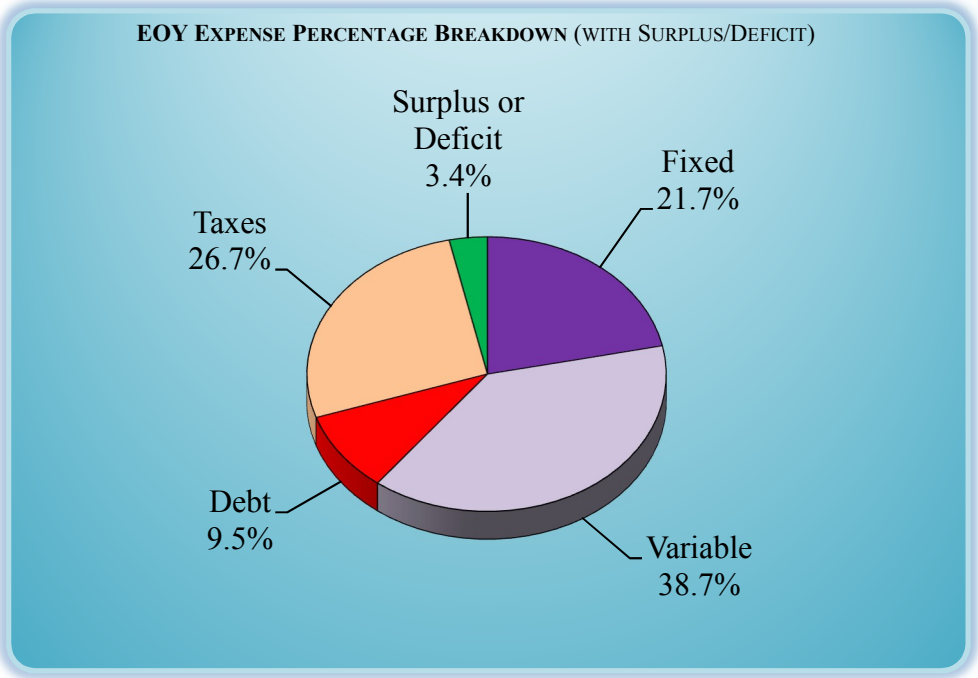


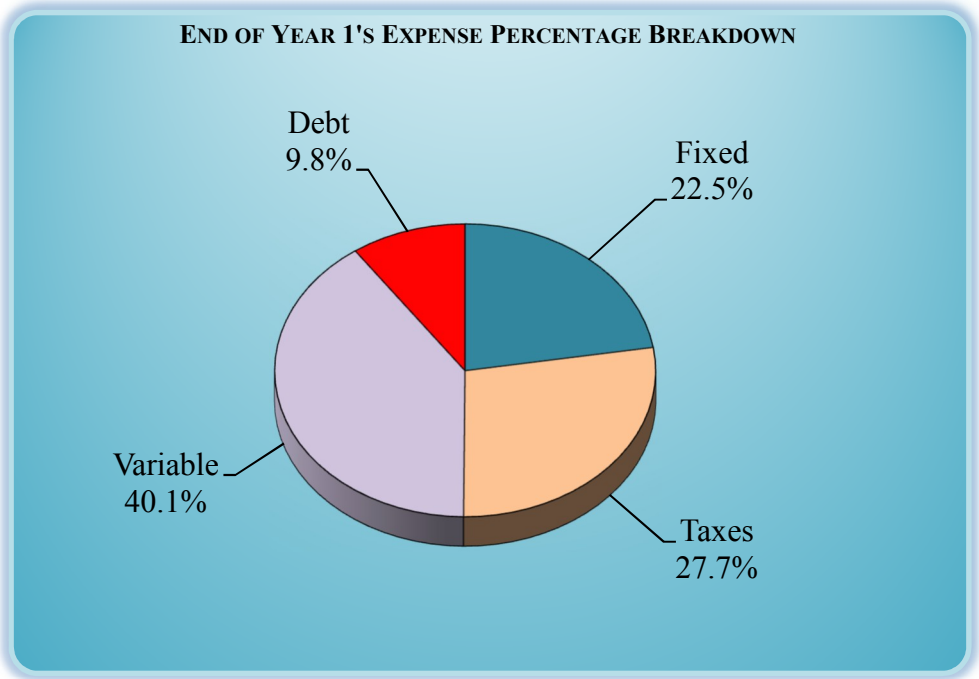
Proposed Budget and Cash Flow Results

Budget Totals With Debt	
Hourly Totals (net average based on 40 hour work week):	$74.29
Daily Budget Totals (net average daily income needed):	$427.31
Weekly Budget Totals (net weekly cash needed):	$2,972
Monthly Budget Totals (net monthly cash needed):	$12,926
Annual Budget Totals (net annual cash income needed):	$155,114
Hourly Totals (gross average based on 40 hour work week):	$74.29
Daily Budget Totals (gross average daily income needed):	$427.31
Weekly Budget Totals (gross weekly cash needed):	$2,972
Monthly Budget Totals (gross monthly cash needed):	$12,926
Annual Budget Totals (gross annual cash income needed):	$155,114

Budget Totals Without Debt	
Hourly Totals (net average based on 40 hour work week):	$64.23
Daily Budget Totals (net average daily income needed):	$369.46
Weekly Budget Totals (net weekly cash needed):	$2,569
Monthly Budget Totals (net monthly cash needed):	$11,176
Annual Budget Totals (net annual cash income needed):	$134,114
Hourly Totals (gross average based on 40 hour work week):	$64.23
Daily Budget Totals (gross average daily income needed):	$369.46
Weekly Budget Totals (gross weekly cash needed):	$2,569
Monthly Budget Totals (gross monthly cash needed):	$11,176
Annual Budget Totals (gross annual cash income needed):	$134,114

Beginning of the Year's Budget Category Percentages	
Percent of Total Gross Budget Spent on Fixed Expenses:	31.0%
Percent Total Gross Budget Spent on Variable Expenses:	55.4%
Percent of Total Gross Budget Spent on Debt Repayment:	13.5%
Percent of Total Gross Budget Spent on Federal Taxes:	25.9%
Percent of Total Gross Budget Spent on State Taxes:	6.5%
Percent of Total Gross Budget Spent on FICA Taxes:	5.8%
Percent of Total Gross Budget Spent on Local Taxes:	0.0%
Percent of Total Gross Budget Spent on All Taxes:	38.2%
Average / Effective Tax Rate (% gross income spent on taxes):	28.7%
Percent of Total Net Income Spent on Taxes:	40.2%

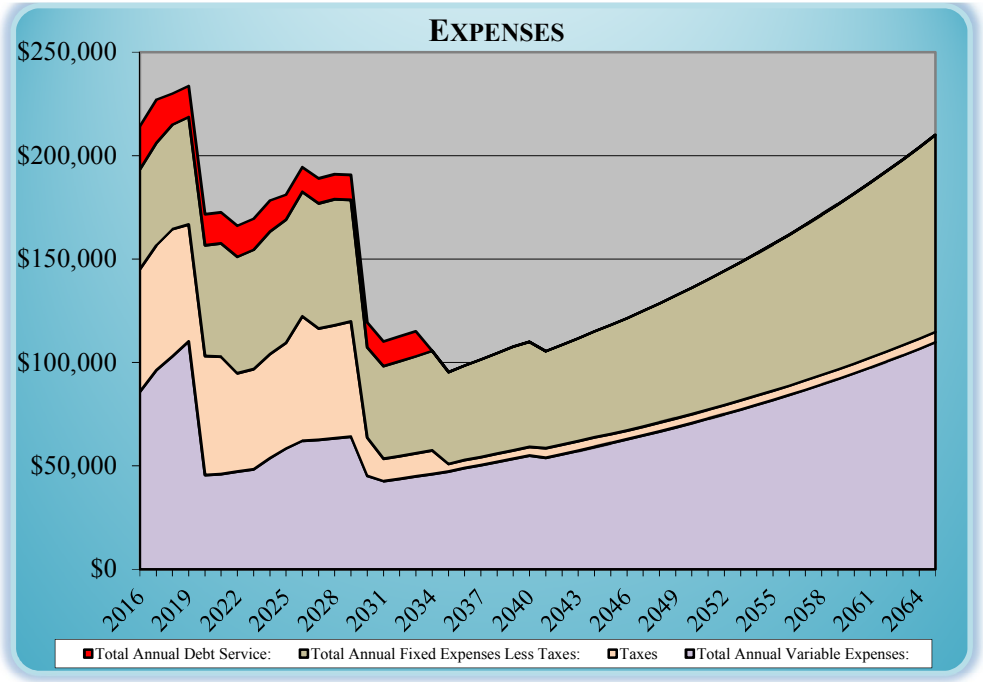


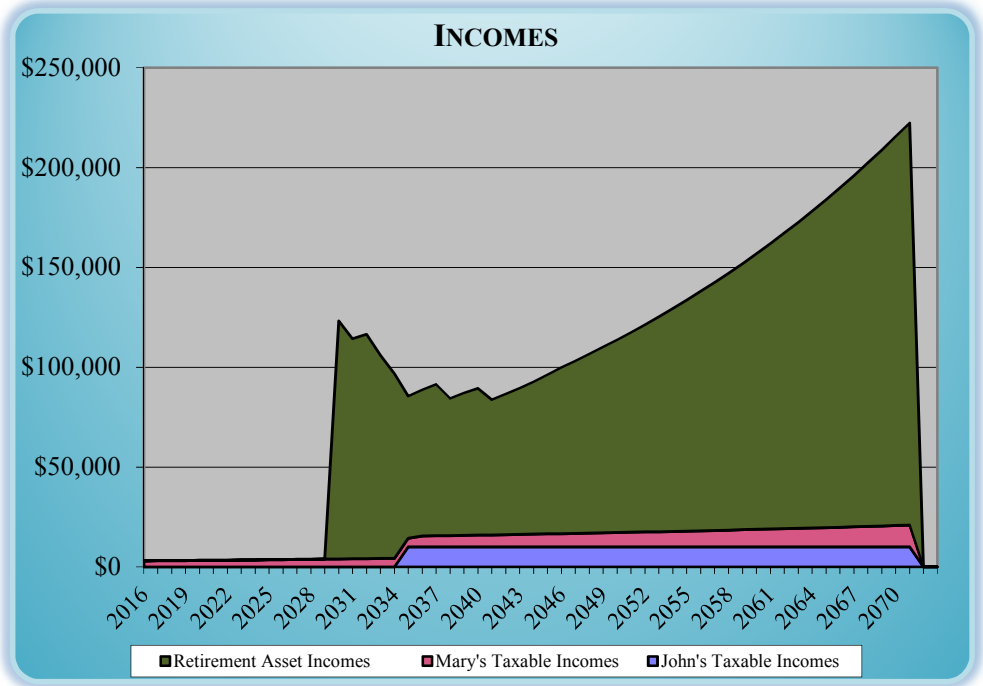


John's Incomes	
Hourly Net Incomes (based on 40 hour work week):	$53.30
Daily Net Income Totals:	$306.61
Weekly Net Income Totals:	$2,132
Monthly Net Incomes:	$9,275
Annual Net Incomes:	$111,299
Hourly Gross Incomes (based on 40 hour work week):	$74.71
Daily Gross Income Totals:	$429.75
Weekly Gross Income Totals:	$2,989
Monthly Gross Incomes:	$13,000
Annual Gross Incomes:	$156,000

Mary's Incomes	
Hourly Net Incomes (based on 40 hour work week):	$17.43
Daily Net Income Totals:	$100.24
Weekly Net Income Totals:	$697
Monthly Net Incomes:	$3,032
Annual Net Incomes:	$36,386
Hourly Gross Incomes (based on 40 hour work week):	$24.43
Daily Gross Income Totals:	$140.50
Weekly Gross Income Totals:	$977
Monthly Gross Incomes:	$4,250
Annual Gross Incomes:	$51,000

Sample's Combined Incomes	
Hourly Net Incomes (based on 40 hour work week):	$70.73
Daily Net Income Totals:	$406.85
Weekly Net Income Totals:	$2,829
Monthly Net Incomes:	$12,307
Annual Net Incomes:	$147,685
Hourly Gross Incomes (based on 40 hour work week):	$99.14
Daily Gross Income Totals:	$570.25
Weekly Gross Income Totals:	$3,966
Monthly Gross Incomes:	$17,250
Annual Gross Incomes:	$207,000

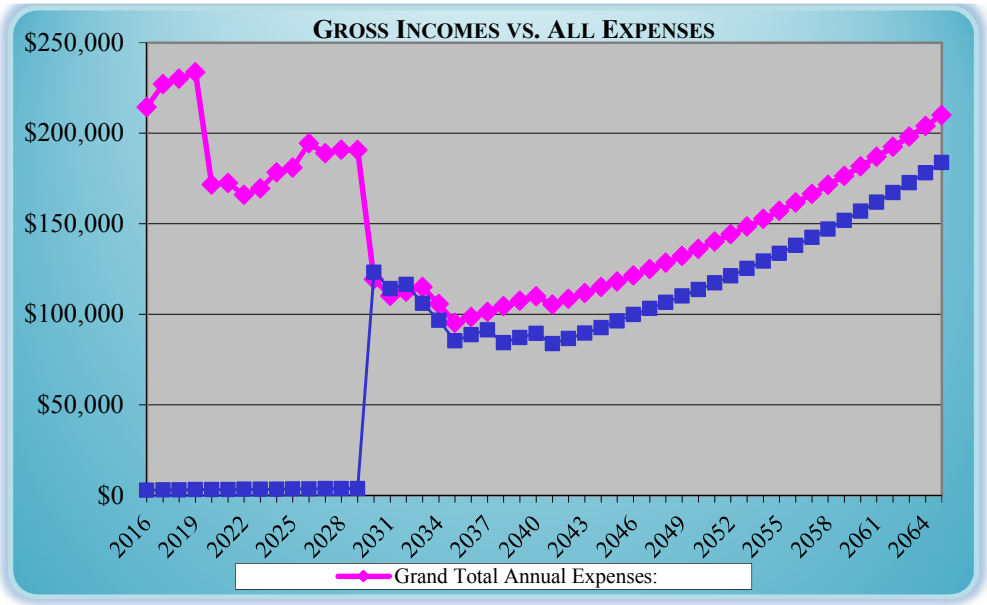


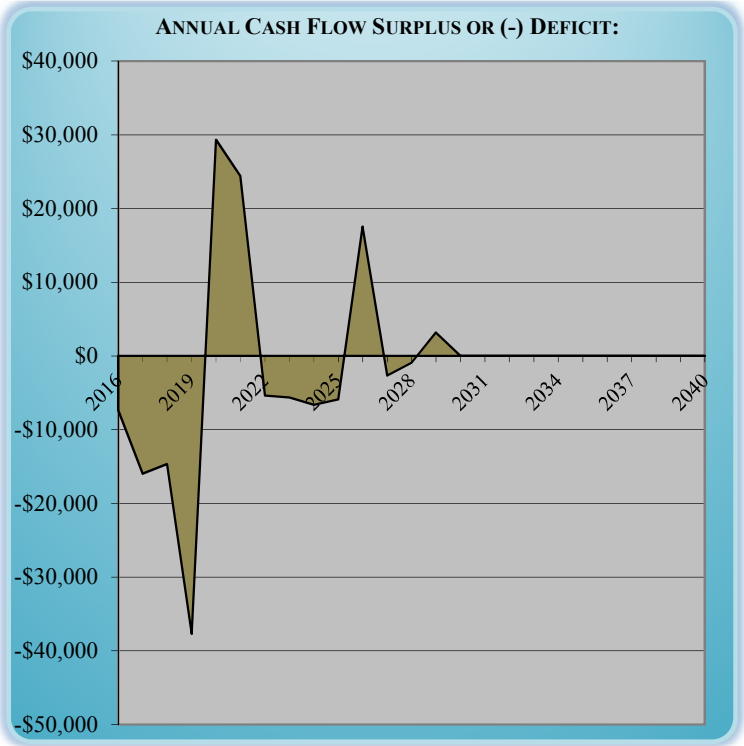


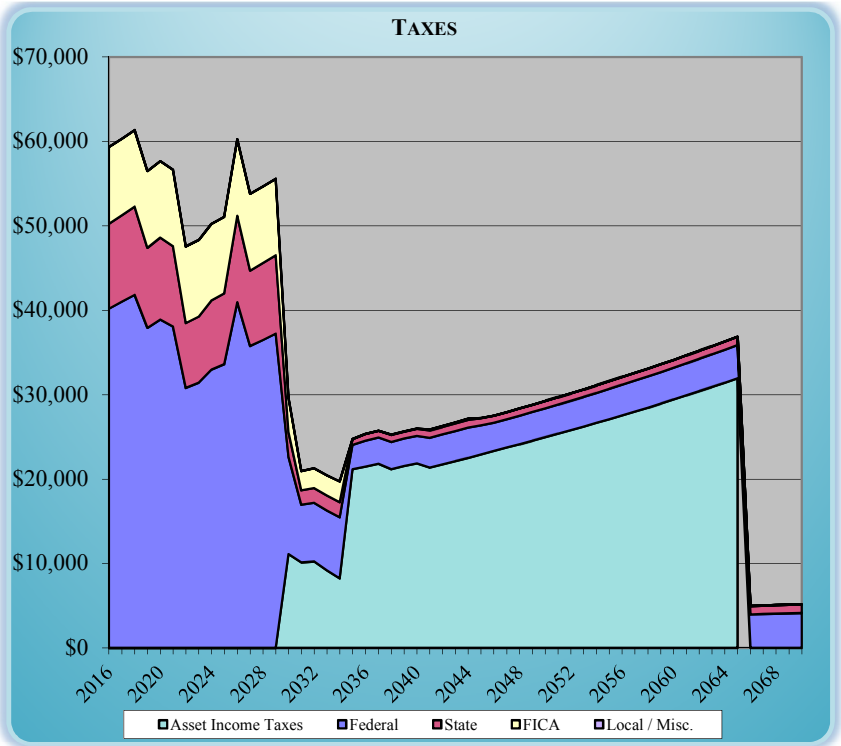
First Year Surplus or Deficit With Debt	
Hourly Totals (net average based on 40 hour work week):	-$3.56
Daily Net Surplus or Deficit:	-$20.47
Weekly Net Surplus or Deficit:	-$142
Monthly Net Surplus or Deficit:	-$619
Annual Net Surplus or Deficit:	-$7,430
Percent Total Net Income In Surplus Or Deficit:	-3.6%
Hourly Totals (gross average based on 40 hour work week):	-$4.99
Daily Gross Surplus or Deficit:	-$28.69
Weekly Gross Surplus or Deficit:	-$199
Monthly Gross Surplus or Deficit:	-$868
Annual Gross Surplus or Deficit:	-$10,414
Percent Total Gross Income In Surplus Or Deficit:	-5.0%

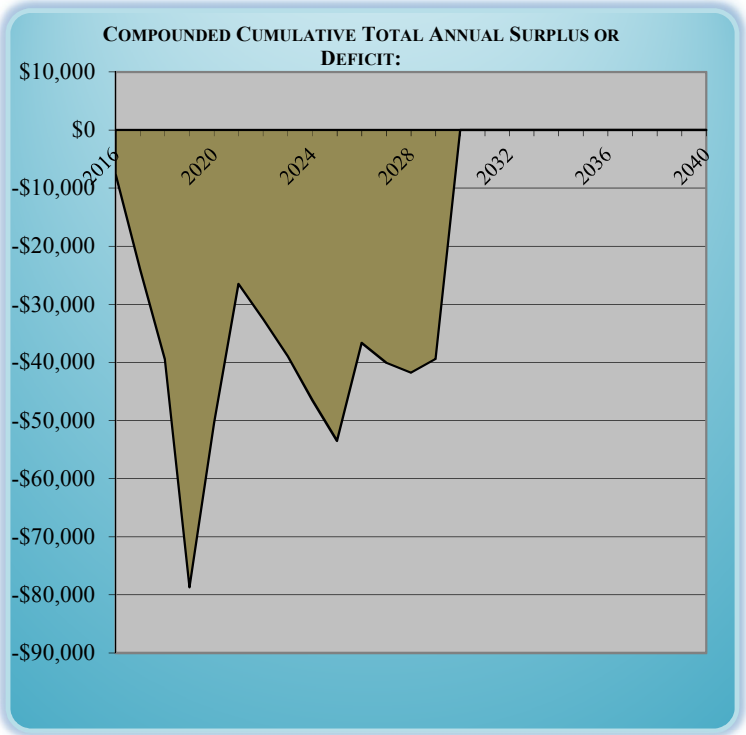
First Year Surplus or Deficit Without Debt	
Hourly Totals (net average based on 40 hour work week):	$6.50
Daily Net Surplus or Deficit:	$37.38
Weekly Net Surplus or Deficit:	$260
Monthly Net Surplus or Deficit:	$1,131
Annual Net Surplus or Deficit:	$13,570
Percent Total Net Income In Surplus Or Deficit:	6.6%
Hourly Totals (gross average based on 40 hour work week):	$9.11
Daily Gross Surplus or Deficit:	$52.40
Weekly Gross Surplus or Deficit:	$364
Monthly Gross Surplus or Deficit:	$1,585
Annual Gross Surplus or Deficit:	$19,021
Percent Total Gross Income In Surplus Or Deficit:	9.2%

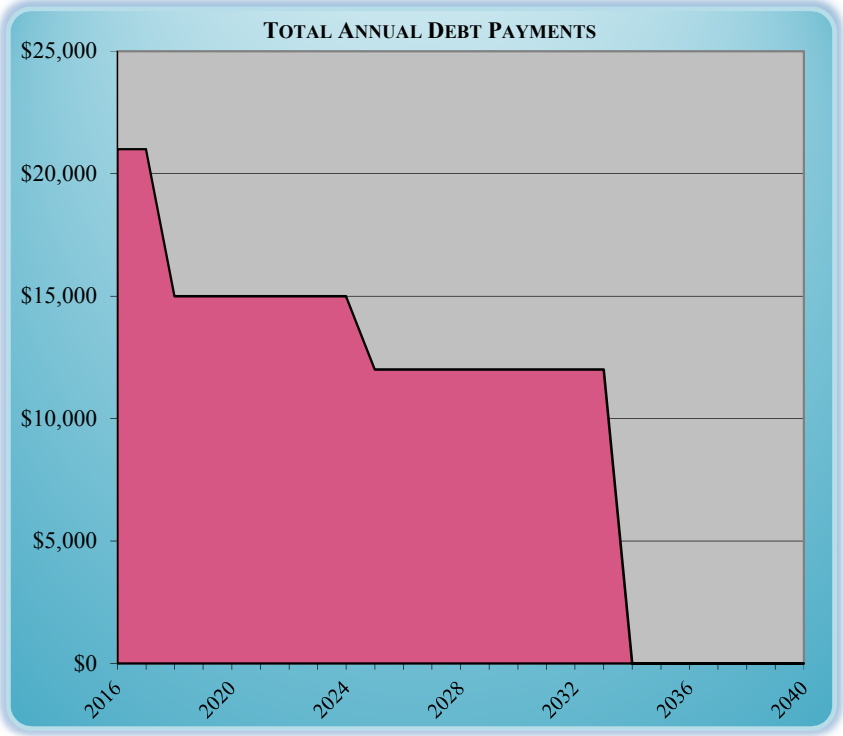
Percentage of Total Gross Income	
John's Percentage of Total Gross Income:	75.4%
Mary's Percentage of Total Gross Income:	24.6%



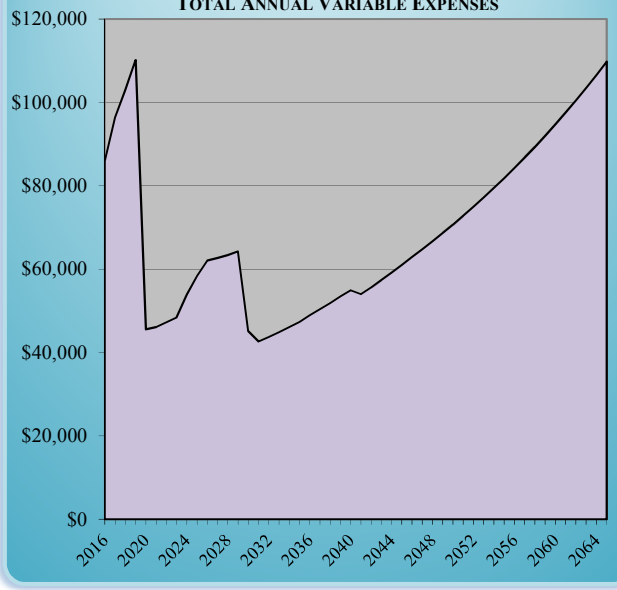




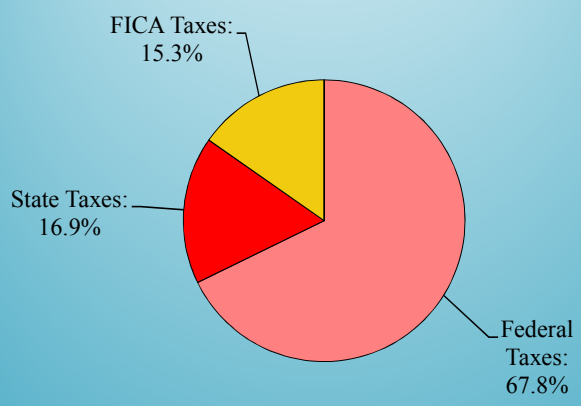




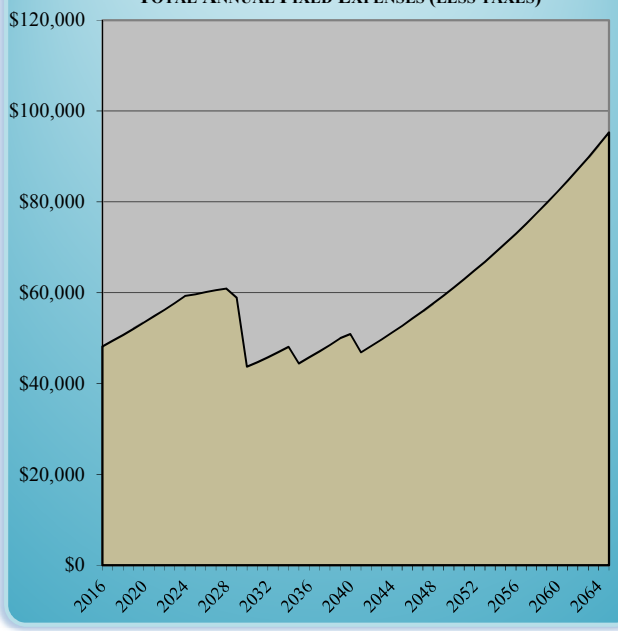
Total Annual Variable Expenses



Taxes as a Percentage of Year #1's Income Taxes



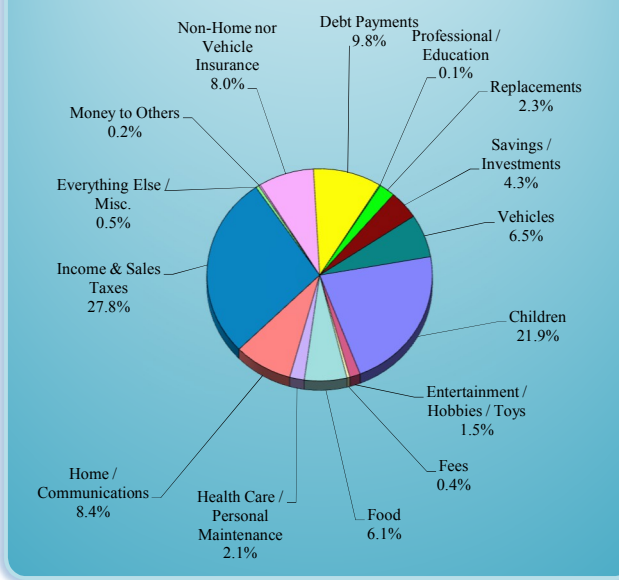
Total Annual Fixed Expenses (less taxes)



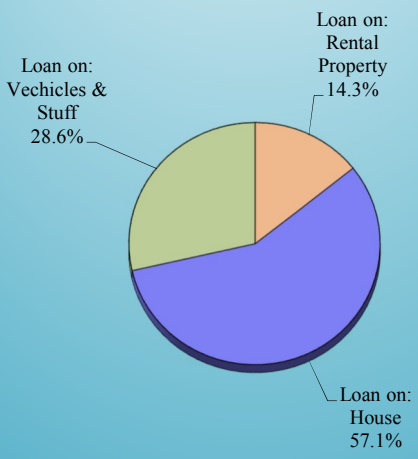
Income Taxes as a Percentage of Gross Incomes

Federal:	**20.0%**
FICA (Social Security & Medicare)	**5.0%**
State	**7.7%**
Local / Miscellaneous	**0.0%**
Total:	**32.7%**

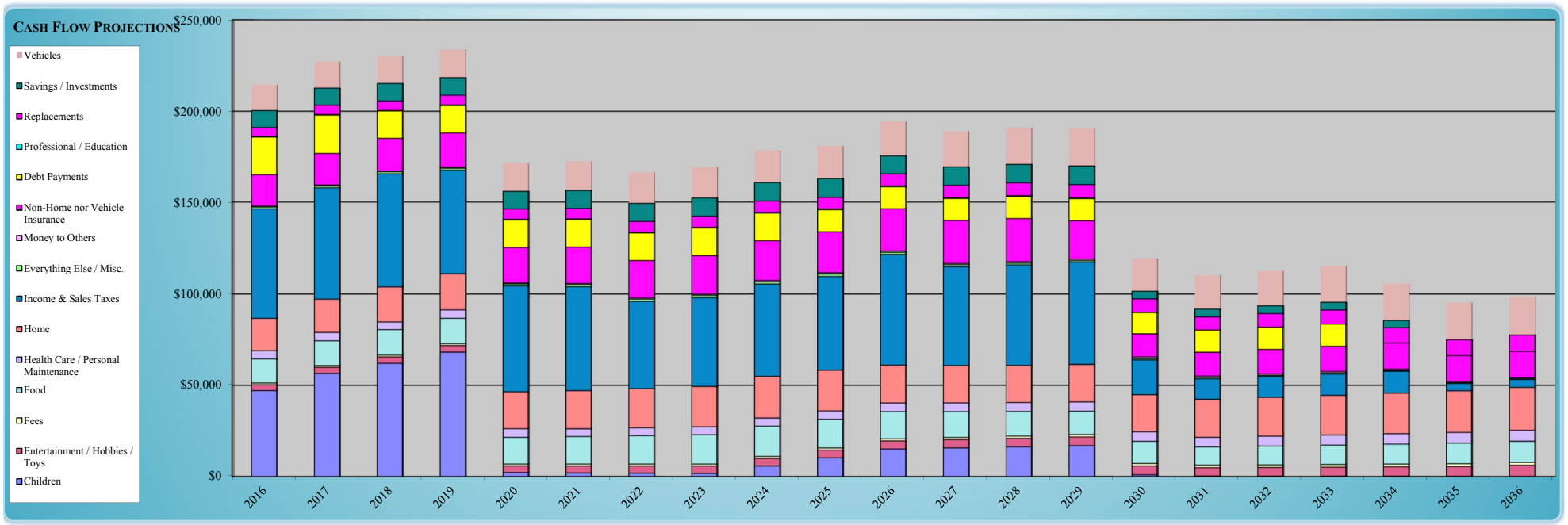
End of Current Year Major Expense Categories



Debt Payment Categories



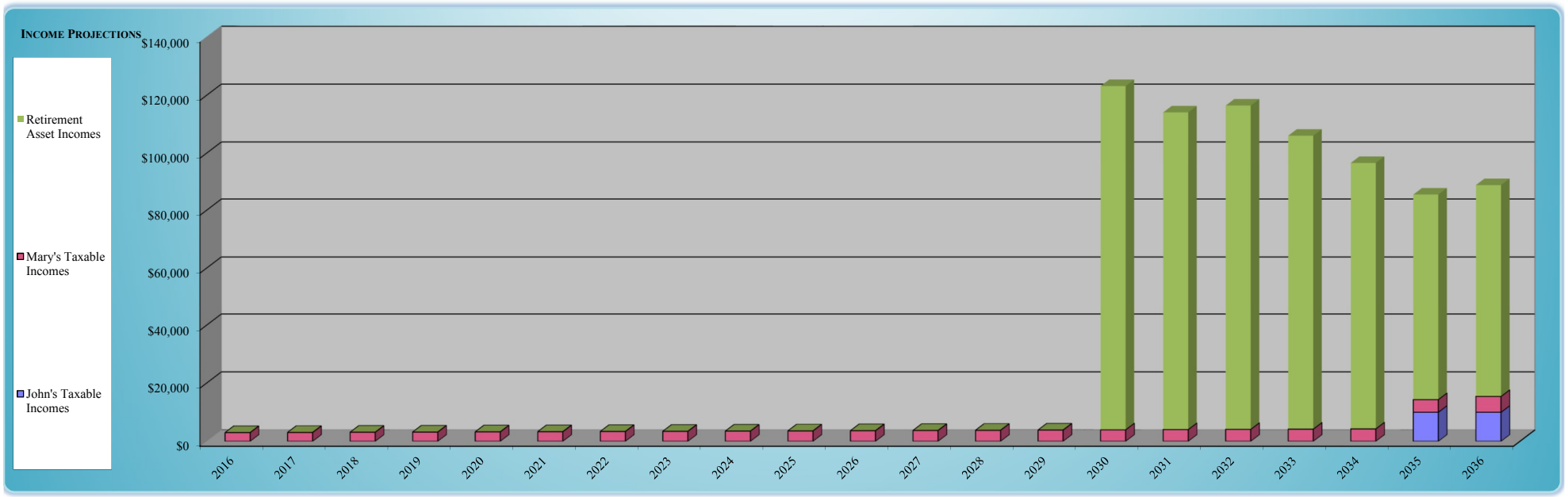
Annual	45 / 40	46 / 41	47 / 42	48 / 43	49 / 44	50 / 45	51 / 46	52 / 47	53 / 48	54 / 49	55 / 50	56 / 51	57 / 52	58 / 53	59 / 54	60 / 55	61 / 56	62 / 57	63 / 58	64 / 59	65 / 60
Expenses	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Children	$47,044	$56,398	$61,902	$67,951	$2,129	$1,964	$1,816	$1,685	$5,745	$10,219	$15,089	$15,634	$16,233	$16,888	$866	$226	$204	$183	$165	$148	$74
Entertainment / Hobbies / Toys	$3,274	$3,372	$3,473	$3,578	$3,685	$3,796	$3,909	$4,027	$4,147	$4,272	$4,400	$4,532	$4,668	$4,808	$4,952	$4,601	$4,770	$4,946	$5,132	$5,326	$6,052
Fees	$882	$908	$935	$964	$992	$1,022	$1,053	$1,084	$1,117	$1,150	$1,185	$1,221	$1,257	$1,295	$1,334	$1,374	$1,415	$1,457	$1,501	$1,546	$1,593
Food	$13,044	$13,435	$13,838	$14,254	$14,681	$15,122	$15,575	$16,042	$16,524	$15,698	$14,913	$14,167	$13,459	$12,786	$12,146	$10,000	$10,300	$10,609	$10,927	$11,255	$11,593
Health Care / Personal Maintenance	$4,487	$4,517	$4,554	$4,596	$4,645	$4,221	$4,305	$4,394	$4,487	$4,585	$4,688	$4,796	$4,909	$5,026	$5,149	$5,277	$5,410	$5,548	$5,691	$5,840	$5,994
Home	$17,987	$18,527	$19,083	$19,655	$20,245	$20,852	$21,478	$22,122	$22,786	$22,200	$20,622	$20,361	$20,236	$20,485	$20,406	$20,789	$21,229	$21,720	$22,254	$22,828	$23,513
Income & Sales Taxes	$59,576	$60,589	$61,622	$56,758	$57,966	$56,948	$47,846	$48,625	$50,568	$51,401	$60,585	$54,139	$55,044	$55,967	$18,943	$11,211	$11,439	$11,672	$11,910	$4,050	$4,336
Everything Else / Misc.	$978	$1,008	$1,038	$1,069	$1,101	$1,134	$1,168	$1,203	$1,239	$1,276	$1,149	$1,034	$931	$837	$754	$678	$611	$549	$495	$445	$223
Money to Others	$522	$537	$554	$570	$587	$605	$623	$642	$661	$681	$701	$722	$744	$766	$789	$813	$772	$734	$697	$662	$629
Non-Home nor Vehicle Insurance	$17,100	$17,613	$18,141	$18,686	$19,246	$19,824	$20,418	$21,031	$21,662	$22,312	$22,981	$23,348	$23,550	$20,993	$12,547	$12,924	$13,311	$13,711	$14,122	$13,934	$14,352
Debt Payments	$21,000	$21,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$0	$0	$0
Professional / Education	$300	$309	$318	$328	$338	$348	$358	$369	$380	$391	$403	$415	$428	$441	$0	$0	$0	$0	$0	$0	$0
Replacements	$4,901	$5,048	$5,199	$5,355	$5,516	$5,681	$5,851	$6,027	$6,208	$6,394	$6,586	$6,783	$6,987	$7,197	$7,412	$7,635	$7,864	$8,100	$8,343	$8,593	$8,851
Savings / Investments	$9,300	$9,393	$9,487	$9,582	$9,678	$9,774	$9,872	$9,971	$10,071	$10,171	$10,273	$10,376	$10,479	$10,584	$4,138	$4,179	$4,221	$4,263	$4,306	$0	$0
Vehicles	$14,035	$14,456	$14,890	$15,337	$15,797	$16,271	$16,759	$17,262	$17,779	$18,313	$18,862	$19,428	$20,011	$20,611	$17,864	$18,400	$18,952	$19,521	$20,107	$20,710	$21,331
Total Annual Expenses:	**$214,430**	**$227,111**	**$230,034**	**$233,681**	**$171,605**	**$172,560**	**$166,032**	**$169,483**	**$178,374**	**$181,064**	**$194,437**	**$188,956**	**$190,936**	**$190,686**	**$119,301**	**$110,108**	**$112,498**	**$115,013**	**$105,649**	**$95,338**	**$98,540**



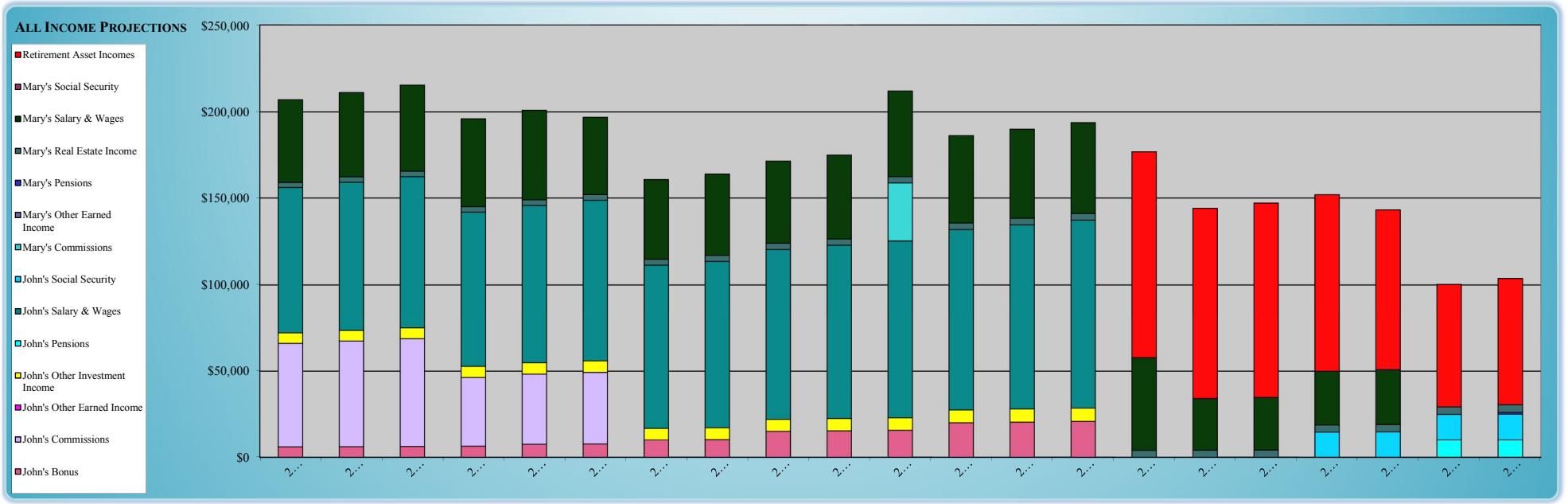
Annual	45 / 40	46 / 41	47 / 42	48 / 43	49 / 44	50 / 45	51 / 46	52 / 47	53 / 48	54 / 49	55 / 50	56 / 51	57 / 52	58 / 53	59 / 54	60 / 55	61 / 56	62 / 57	63 / 58	64 / 59	65 / 60
Taxable Incomes	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
John's Taxable Incomes	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$10,000	$10,000
Mary's Taxable Incomes	$3,000	$3,060	$3,121	$3,184	$3,247	$3,312	$3,378	$3,446	$3,515	$3,585	$3,657	$3,730	$3,805	$3,881	$3,958	$4,038	$4,118	$4,201	$4,285	$4,370	$5,458
Retirement Asset Incomes	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$119,300	$110,100	$112,400	$101,900	$92,400	$71,100	$73,300
Total Annual Taxable Incomes:	**$3,000**	**$3,060**	**$3,121**	**$3,184**	**$3,247**	**$3,312**	**$3,378**	**$3,446**	**$3,515**	**$3,585**	**$3,657**	**$3,730**	**$3,805**	**$3,881**	**$123,258**	**$114,138**	**$116,518**	**$106,101**	**$96,685**	**$85,470**	**$88,758**

Annual	45 / 40	46 / 41	47 / 42	48 / 43	49 / 44	50 / 45	51 / 46	52 / 47	53 / 48	54 / 49	55 / 50	56 / 51	57 / 52	58 / 53	59 / 54	60 / 55	61 / 56	62 / 57	63 / 58	64 / 59	65 / 60
Non-Taxable Incomes	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
John's Non-Taxable Incomes	$156,000	$159,120	$162,302	$141,876	$145,719	$148,633	$111,355	$113,582	$120,449	$122,858	$125,315	$131,904	$134,542	$137,233	$0	$0	$0	$14,567	$14,713	$14,860	$15,008
Mary's Non-Taxable Incomes	$48,000	$48,960	$49,939	$50,938	$51,957	$45,000	$45,900	$46,818	$47,754	$48,709	$83,017	$50,677	$51,691	$52,725	$53,779	$30,000	$30,600	$31,212	$31,836	$0	$0
Total Non-taxable Incomes:	**$204,000**	**$208,080**	**$212,242**	**$192,814**	**$197,676**	**$193,633**	**$157,255**	**$160,400**	**$168,204**	**$171,568**	**$208,332**	**$182,581**	**$186,233**	**$189,957**	**$53,779**	**$30,000**	**$30,600**	**$45,779**	**$46,549**	**$14,860**	**$15,008**

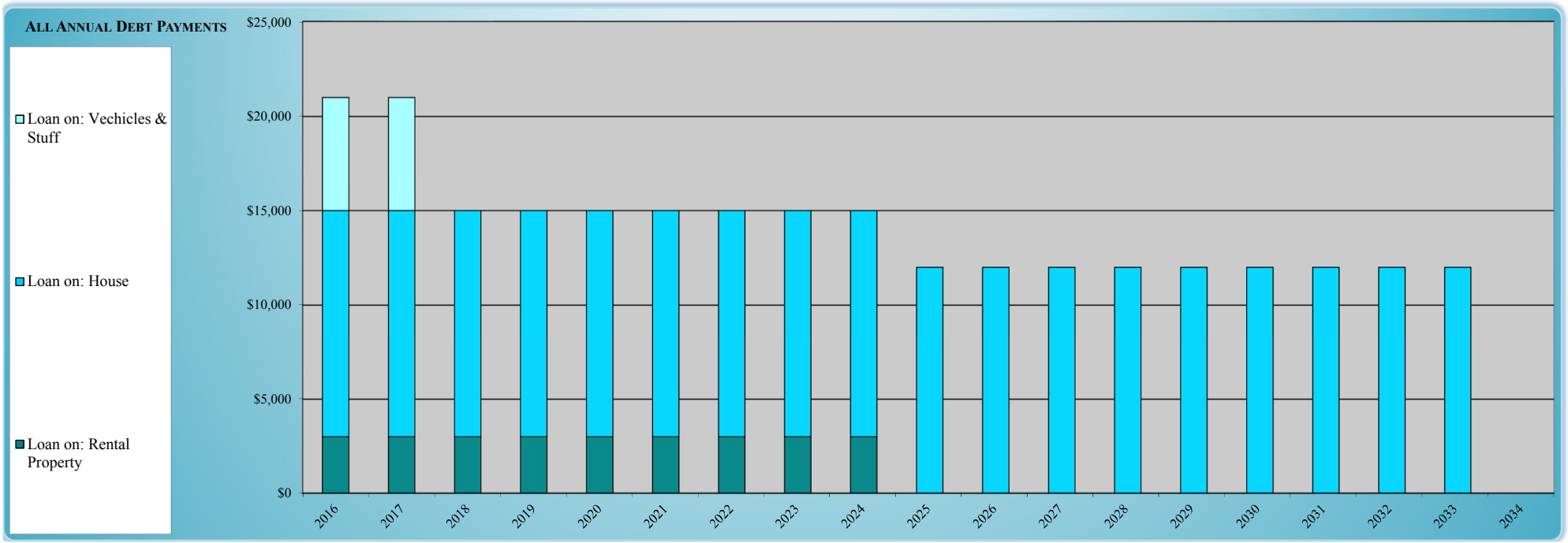
Annual	45 / 40	46 / 41	47 / 42	48 / 43	49 / 44	50 / 45	51 / 46	52 / 47	53 / 48	54 / 49	55 / 50	56 / 51	57 / 52	58 / 53	59 / 54	60 / 55	61 / 56	62 / 57	63 / 58	64 / 59	65 / 60
Gross Incomes	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
John's Gross Incomes	$156,000	$159,120	$162,302	$141,876	$145,719	$148,633	$111,355	$113,582	$120,449	$122,858	$125,315	$131,904	$134,542	$137,233	$0	$0	$0	$14,567	$14,713	$24,860	$25,008
Mary's Gross Incomes	$51,000	$52,020	$53,060	$54,122	$55,204	$48,312	$49,278	$50,264	$51,269	$52,295	$86,674	$54,407	$55,496	$56,605	$57,738	$34,038	$34,718	$35,413	$36,121	$4,370	$5,458
Total Gross Incomes:	**$207,000**	**$211,140**	**$215,363**	**$195,998**	**$200,923**	**$196,946**	**$160,633**	**$163,846**	**$171,719**	**$175,153**	**$211,989**	**$186,311**	**$190,037**	**$193,838**	**$57,738**	**$34,038**	**$34,718**	**$49,980**	**$50,834**	**$29,230**	**$30,466**
Total Combined Annual Taxes:	**$59,315**	**$60,320**	**$61,345**	**$56,473**	**$57,672**	**$56,646**	**$47,534**	**$48,304**	**$50,237**	**$51,061**	**$60,234**	**$53,778**	**$54,672**	**$55,584**	**$18,549**	**$10,804**	**$11,020**	**$11,241**	**$11,466**	**$3,593**	**$3,864**
Total Combined Net Incomes:	**$147,685**	**$150,820**	**$154,017**	**$139,525**	**$143,251**	**$140,300**	**$113,099**	**$115,542**	**$121,481**	**$124,092**	**$151,755**	**$132,533**	**$135,365**	**$138,254**	**$39,189**	**$23,233**	**$23,698**	**$38,739**	**$39,368**	**$25,638**	**$26,602**



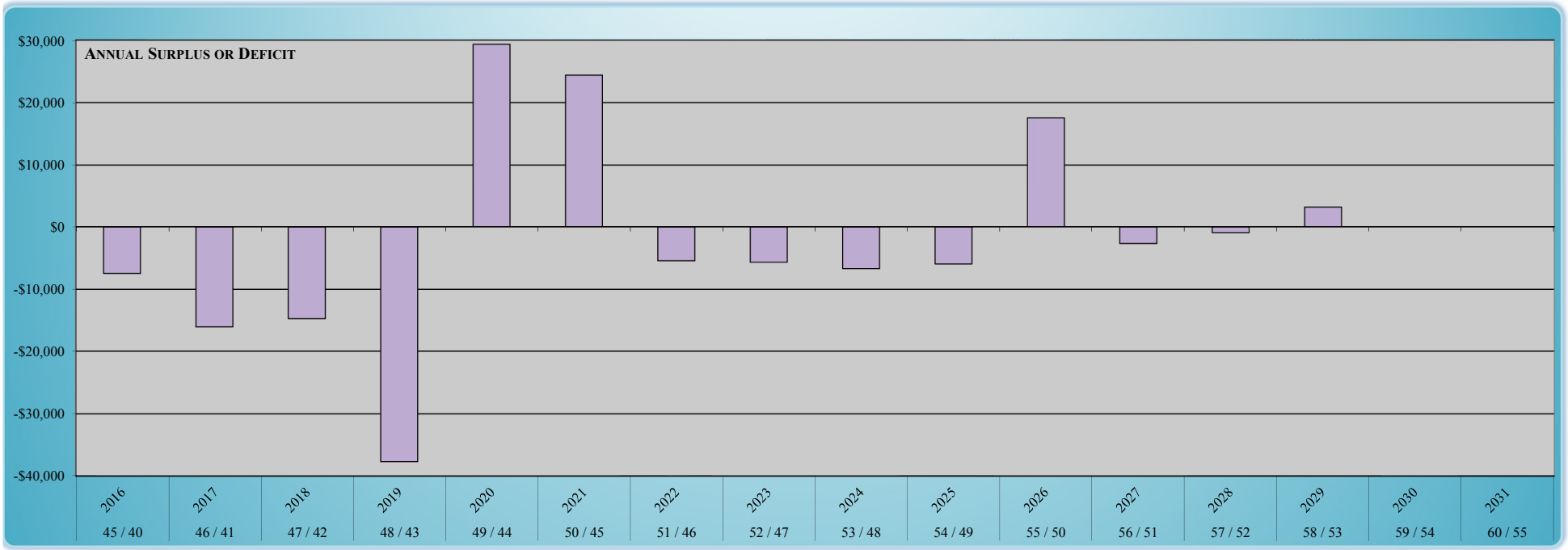
Annual	45 / 40	46 / 41	47 / 42	48 / 43	49 / 44	50 / 45	51 / 46	52 / 47	53 / 48	54 / 49	55 / 50	56 / 51	57 / 52	58 / 53	59 / 54	60 / 55	61 / 56	62 / 57	63 / 58	64 / 59	65 / 60
Non-Asset Incomes	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
John's Bonus	$6,000	$6,120	$6,242	$6,367	$7,500	$7,650	$10,000	$10,200	$15,000	$15,300	$15,606	$20,000	$20,400	$20,808	$0	$0	$0	$0	$0	$0	$0
John's Commissions	$60,000	$61,200	$62,424	$40,000	$40,800	$41,616	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
John's Other Earned Income	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
John's Other Investment Income	$6,000	$6,120	$6,242	$6,367	$6,495	$6,624	$6,757	$6,892	$7,030	$7,171	$7,314	$7,460	$7,609	$7,762	$0	$0	$0	$0	$0	$0	$0
John's Pensions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$10,000	$10,000
John's Salary & Wages	$84,000	$85,680	$87,394	$89,141	$90,924	$92,743	$94,598	$96,490	$98,419	$100,388	$102,396	$104,443	$106,532	$108,663	$0	$0	$0	$0	$0	$0	$0
John's Social Security	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$14,567	$14,713	$14,860	$15,008
Mary's Commissions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$33,333	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Mary's Other Earned Income	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Mary's Pensions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,000
Mary's Real Estate Income	$3,000	$3,060	$3,121	$3,184	$3,247	$3,312	$3,378	$3,446	$3,515	$3,585	$3,657	$3,730	$3,805	$3,881	$3,958	$4,038	$4,118	$4,201	$4,285	$4,370	$4,458
Mary's Salary & Wages	$48,000	$48,960	$49,939	$50,938	$51,957	$45,000	$45,900	$46,818	$47,754	$48,709	$49,684	$50,677	$51,691	$52,725	$53,779	$30,000	$30,600	$31,212	$31,836	$0	$0
Mary's Social Security	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Retirement Asset Incomes	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$119,300	$110,100	$112,400	$101,900	$92,400	$71,100	$73,300
Total Annual Incomes:	**$207,000**	**$211,140**	**$215,363**	**$195,998**	**$200,923**	**$196,946**	**$160,633**	**$163,846**	**$171,719**	**$175,153**	**$211,989**	**$186,311**	**$190,037**	**$193,838**	**$177,038**	**$144,138**	**$147,118**	**$151,880**	**$143,234**	**$100,330**	**$103,766**

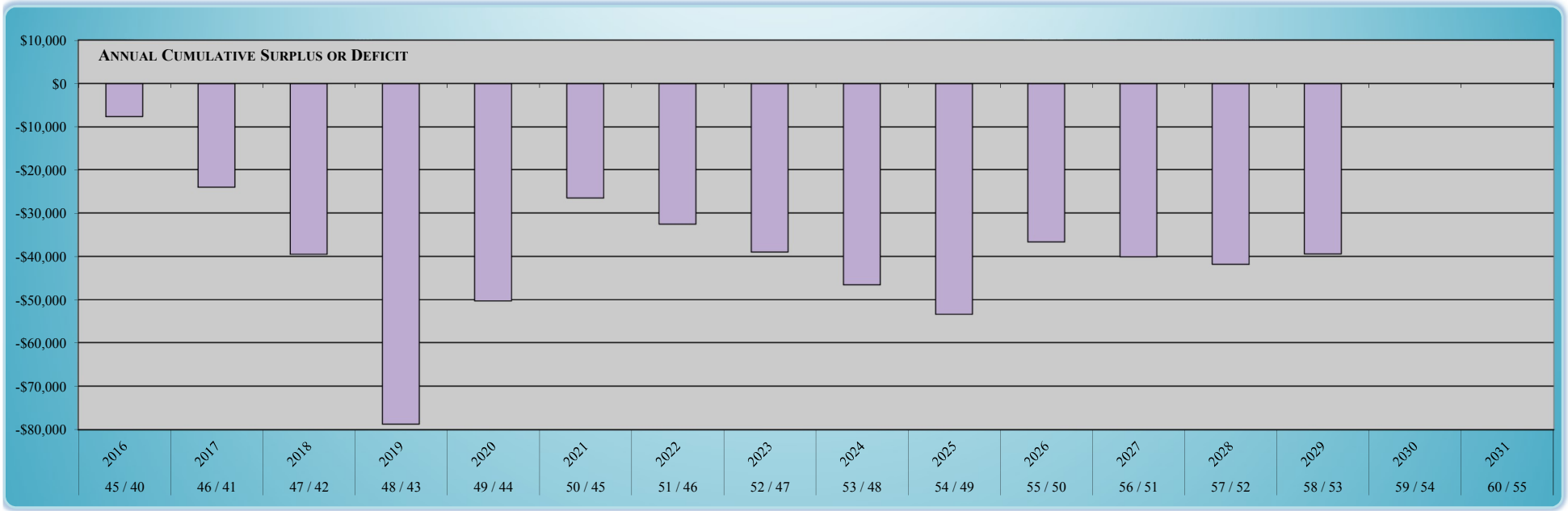


	45 / 40	46 / 41	47 / 42	48 / 43	49 / 44	50 / 45	51 / 46	52 / 47	53 / 48	54 / 49	55 / 50	56 / 51	57 / 52	58 / 53	59 / 54	60 / 55	61 / 56	62 / 57	63 / 58
Annual Debt Payments	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Loan on: Rental Property	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Loan on: House	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$0
Loan on: Vechicles & Stuff	$6,000	$6,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Annual Debt Payments:	**$21,000**	**$21,000**	**$15,000**	**$15,000**	**$15,000**	**$15,000**	**$15,000**	**$15,000**	**$15,000**	**$12,000**	**$12,000**	**$12,000**	**$12,000**	**$12,000**	**$12,000**	**$12,000**	**$12,000**	**$12,000**	**$0**



	45 / 40	46 / 41	47 / 42	48 / 43	49 / 44	50 / 45	51 / 46	52 / 47	53 / 48	54 / 49	55 / 50	56 / 51	57 / 52	58 / 53	59 / 54	60 / 55
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Annual Surplus / Deficit	($7,430)	($15,971)	($14,671)	($37,684)	$29,318	$24,385	($5,399)	($5,638)	($6,655)	($5,911)	$17,553	($2,645)	($899)	$3,152	$0	$0
Compounded Cumulative Total Annual Surplus or Deficit:	($7,578)	($24,020)	($39,466)	($78,692)	($50,361)	($26,496)	($32,533)	($38,934)	($46,500)	($53,460)	($36,626)	($40,056)	($41,775)	($39,395)	$0	$0
Percentage Change in Annual Surplus / Deficit from Previous Year:		115.0%	-8.1%	156.8%	-177.8%	-16.8%	-122.1%	4.4%	18.0%	-11.2%	-396.9%	-115.1%	-66.0%	-450.6%	-100.0%	0.0%
% Change in Cumulative Surplus / Deficit from Previous Year:		217.0%	64.3%	99.4%	-36.0%	-47.4%	22.8%	19.7%	19.4%	15.0%	-31.5%	9.4%	4.3%	-5.7%	-100.0%	0.0%





NET WORTH REPORT EXPLANATION

REAL WORLD PERSONAL FINANCE SOFTWARE

(503) 309-1369 support@toolsformoney.com http://www.toolsformoney.com/

OVERVIEW OF THE NET WORTH REPORTS

This text is to help you understand the overall concepts, and the technical details, of the net worth reports included in your financial plan.

The data used to generate these reports came from a combination of Fact Finders, your financial statements, assumptions, and estimates. These values change daily, so there will always be a level of inaccuracy that can't be avoided.

The *Current Net Worth Statement* report page presents a top-level summary of "where you are now." This is a snapshot of where you were at the time of Data-collecting Discovery (AKA the Fact Finding interview phase). They are not projected end-of-year values.

Assets and liabilities are both stated using their current market values. Net worth is the result assuming that all assets were sold at their market values, no taxes were deducted, and then all liabilities were subtracted. This is an estimate of your current wealth.

Reports can also be run illustrating the effects of paying capital gains taxes on asset sales.

This data is then presented in both bar chart and pie chart form.

As the pages progress, more details are shown by projecting everything into the future.

The *Proposed* sections of your financial plan, show the estimates after our proposed recommendations have been implemented.

DRILLING DOWN INTO THE DETAILS

The next page, *Current Liabilities*, details your current liabilities. These are also current values, not projected end-of-year values.

The next three pages, *All Assets*, *Non-Qualified Assets, and Qualified Assets*, detail who owns what, and if they are in a non-tax-qualified account, or held in a tax-qualified retirement account, like an IRA. These are also current values, not end-of-year values.

The page, *Assets by Asset Class*, sorts assets by which investment type they are, for example - cash, bonds, or stocks. These are also current values, not end-of-year values. Here, each account is shown with a pie chart, and then the same thing is shown totaling everyone's assets added together (again with a pie chart).

The next page, *Asset Values Before and After Capital Gains Taxes*, estimates how much of a decrease in assets will be applied after paying capital gains taxes upon their sale.

ABOUT ASSET DRAW DOWNS

Asset draw down analysis is shown in the retirement reports.

The point here is to compare rates of depletion between Current and Proposed versions of the reports. The goal is usually to minimize it, so investment accounts will not be depleted before passing. This helps prevent *superannuitization*, which is jargon for running out of money before you die. When retirement plans are made, this is usually the main goal and purpose of the plan.

How assets payout retirement income depends both on how things are set up in the Real World, and how it's modeled in financial planning software.

In the Real World, mutual fund and ETF accounts are depleted when shares are sold. Shares are sold when income from normal distributions (interest, dividends, and realized capital gains) are insufficient. In other words, if the income isn't enough just from an investment's normal income generation process, then shares must be sold to make up the difference. So how investment portfolios are structured to deal with this problem is critical.

The next issue is how financial planning software models them. The software used to generate your reports specializes in asset draw down analysis. As you can see on those reports, every parameter of interest is shown in order to help with the portfolio management process.

PROJECTING THE FUTURE

These report pages illustrate how your net worth may probably change over time, when everything is combined.

Next to each asset listed, is its estimated annual growth rate in parenthesis.

These values are all estimates of what they will be at the end of each year. This is why they are different than what's shown on the snapshot pages above. These values will include growth and shrinkage due to market fluctuations, additional monies contributed to them, withdrawals, and then paying off liabilities over time.

Each person's assets, liabilities, and resulting net worth are projected annually. Then each person's values are combined to display the same bottom-line information for the family as a whole.

For each adult, there are also two rows that display assets by tax-qualified and non-tax-qualified assets. This helps you to visualize how tax-qualified retirement assets are doing, compared to personal non-qualified assets.

Underneath the assets section, everyone's liabilities are detailed. Underneath the liabilities section, liabilities are subtracted from assets to display annual net worth estimates.

MISCELLANEOUS

Real investment account asset growth must take inflation into account. If your average annual rate of growth is 7% and annual inflation is 3%, then your real rate of growth is only 4%.

Hopefully, all of the charts and graphs will be self-explanatory. If not, then feel free to contact us for more information.

A good measure of the benefit of financial planning and investment management is how your net worth improved over what you would have realized if you never met us, and continued doing what you were doing over the long-term.

Current Net Worth Statement

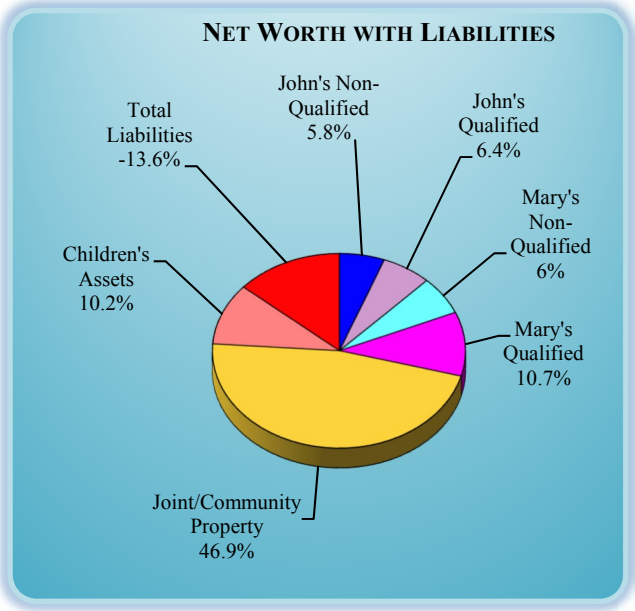
June 6, 2016

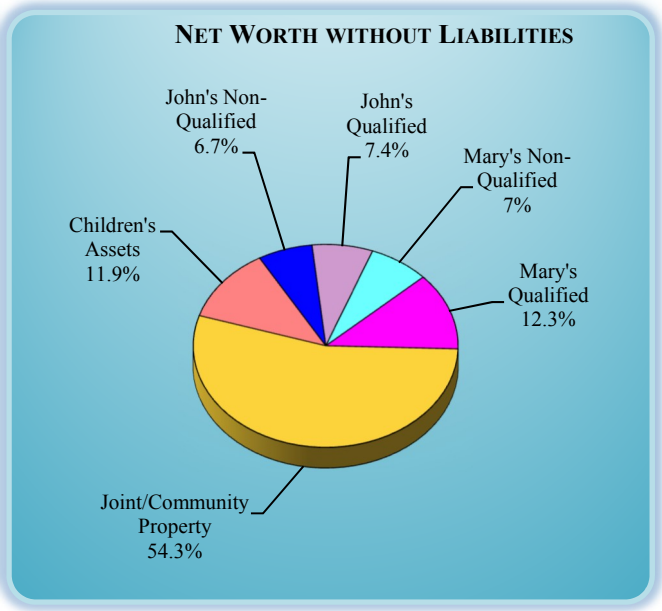
Prepared Especially for:

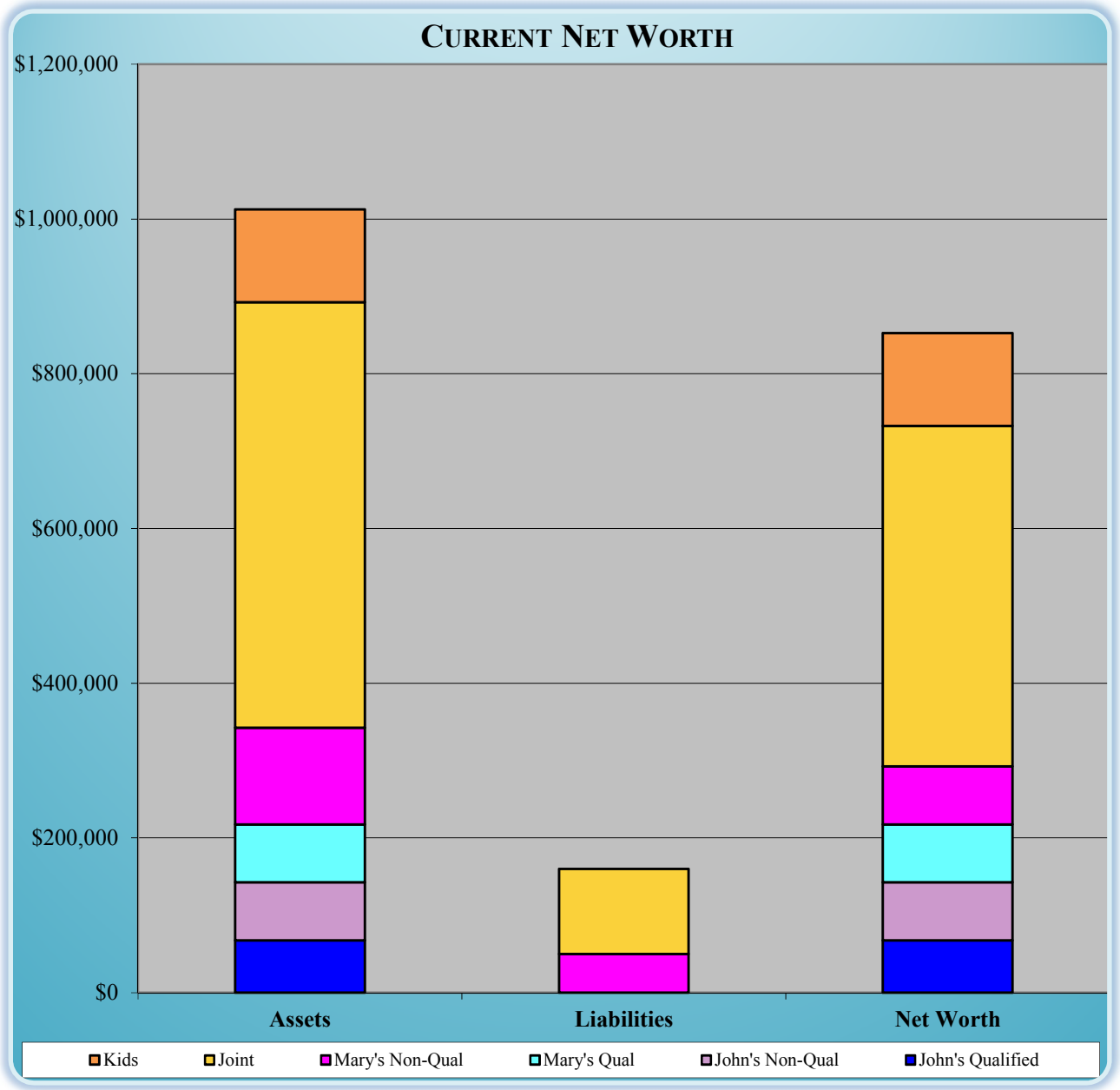
John & Mary Sample

Assets & Liabilities

John's Qualified Assets:	**$67,500**
John's Non-Qualified Assets:	**$75,000**
Mary's Qualified Assets:	**$75,000**
Mary's Non-Qualified Assets:	**$125,000**
Joint / Community Property Assets:	**$550,000**
Children's Assets:	**$120,000**
Total Assets	**$1,012,500**
John's Liabilities:	**$0**
Mary's Liabilities:	**$50,000**
Joint / Community Property Liabilities:	**$110,000**
Children's Liabilities:	**$0**
Total Liabilities	**-$160,000**
Net Worth	**$852,500**







	John's Qualified	John's Non-Qual	Mary's Qual	Mary's Non-Qual	Joint	Kids
Assets:	$67,500	$75,000	$75,000	$125,000	$550,000	$120,000
Liabilities:	$0	$0	$0	$50,000	$110,000	$0
Net Worth:	$67,500	$75,000	$75,000	$75,000	$440,000	$120,000

Current Liabilities

For Current Plan

June 6, 2016

Prepared Especially for:

John & Mary Sample

John's Liabilities

401(k):	**$0**
TD IRA:	**$0**
Merrill IRA:	**$0**
Schwab:	**$0**
Bank Savings:	**$0**
John's Total:	**$0**

Mary's Liabilities

403(b):	**$0**
TIAA CREF IRA:	**$0**
American Funds:	**$0**
Credit Union:	**$0**
Rental Property:	**$50,000**
Mary's Total:	**$50,000**

Joint & Community Liabilities

House:	**$100,000**
Vechicles & Stuff:	**$10,000**
Credit Union:	**$0**
	$0
Joint Total:	**$110,000**

Children's Liabilities

Junior:	**$0**
Sallie Mea:	**$0**
	$0
Children's Total:	**$0**

Sample's Total Liabilities: **$160,000**

Current Projected Net Worth for John & Mary Sample

Using End of Year Values

John's Assets	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Age: 45	Age: 46	Age: 47	Age: 48	Age: 49	Age: 50	Age: 51	Age: 52	Age: 53	Age: 54	Age: 55	Age: 56	Age: 57	Age: 58	Age: 59	Age: 60
401(k) (@ 4%)	$30,472	$33,904	$36,903	$40,158	$41,748	$48,937	$56,160	$61,200	$66,499	$71,806	$77,250	$84,986	$86,589	$73,406	$56,823	$41,508
TD IRA (@ 5%)	$27,825	$31,104	$34,019	$37,204	$38,865	$45,802	$52,862	$57,940	$63,330	$68,796	$74,463	$82,433	$84,504	$72,021	$55,966	$41,274
Merrill IRA (@ 5%)	$17,010	$19,315	$21,412	$23,694	$25,019	$29,743	$34,580	$38,148	$41,939	$45,795	$49,802	$55,362	$56,981	$48,789	$38,135	$29,907
Schwab (@ 5%)	$27,510	$30,452	$33,018	$35,832	$37,165	$43,540	$49,999	$54,556	$59,390	$64,278	$69,340	$76,530	$78,225	$66,444	$51,411	$40,319
Bank Savings (@ 2%)	$51,000	$52,020	$53,060	$54,122	$55,204	$56,308	$57,434	$58,583	$59,755	$60,950	$62,169	$63,412	$64,680	$65,974	$67,293	$67,293
End of Year Values of All John's Assets:	**$153,817**	**$166,793**	**$178,413**	**$191,009**	**$198,001**	**$224,331**	**$251,035**	**$270,428**	**$290,912**	**$311,625**	**$333,023**	**$362,723**	**$370,979**	**$326,634**	**$269,628**	**$220,301**
John's Total Liabilities	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
End of Year Values of All John's Assets, Minus Liabilities:	**$153,817**	**$166,793**	**$178,413**	**$191,009**	**$198,001**	**$224,331**	**$251,035**	**$270,428**	**$290,912**	**$311,625**	**$333,023**	**$362,723**	**$370,979**	**$326,634**	**$269,628**	**$220,301**
End of Year Values of All Client's Qualified Assets:	$75,307	$84,322	$92,334	$101,056	$105,632	$124,483	$143,602	$157,289	$171,767	$186,397	$201,514	$222,781	$228,073	$194,216	$150,924	$112,689
End of Year Values of All Client's Personal Assets:	$78,510	$82,472	$86,078	$89,954	$92,369	$99,848	$107,433	$113,139	$119,145	$125,228	$131,508	$139,942	$142,905	$132,418	$118,704	$107,612

Mary's Assets	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Age: 40	Age: 41	Age: 42	Age: 43	Age: 44	Age: 45	Age: 46	Age: 47	Age: 48	Age: 49	Age: 50	Age: 51	Age: 52	Age: 53	Age: 54	Age: 55
403(b) (@ 4%)	$38,896	$43,384	$47,324	$51,598	$53,734	$63,079	$72,477	$79,067	$85,996	$92,941	$100,069	$110,170	$112,325	$95,301	$73,848	$82,602
TIAA CREF IRA (@ 4%)	$27,248	$29,886	$32,120	$34,561	$35,551	$41,309	$47,054	$50,932	$55,007	$59,068	$63,224	$69,238	$70,232	$59,232	$45,549	$50,611
American Funds (@ 5%)	$15,750	$16,705	$17,408	$18,208	$18,219	$20,694	$23,129	$24,612	$26,177	$27,724	$29,307	$31,752	$31,866	$26,483	$19,914	$21,700
Credit Union (@ 2%)	$25,500	$26,010	$26,530	$27,061	$27,602	$28,154	$28,717	$29,291	$29,877	$30,475	$31,084	$31,706	$32,340	$32,987	$33,647	$34,320
Rental Property (@ 6%)	$106,000	$112,360	$119,102	$126,248	$133,823	$141,852	$150,363	$159,385	$168,948	$179,085	$189,830	$201,220	$213,293	$226,090	$239,656	$254,035
End of Year Values of All Spouse's Assets:	**$213,394**	**$228,345**	**$242,484**	**$257,674**	**$268,928**	**$295,088**	**$321,740**	**$343,287**	**$366,005**	**$389,293**	**$413,514**	**$444,086**	**$460,056**	**$440,093**	**$412,613**	**$443,267**
Mary's Total Liabilities	**$45,976**	**$41,671**	**$37,064**	**$32,134**	**$26,860**	**$21,216**	**$15,178**	**$8,716**	**$1,803**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
End of Year Values of All Mary's Assets, Minus Liabilities:	**$167,418**	**$186,675**	**$205,421**	**$225,540**	**$242,068**	**$273,872**	**$306,562**	**$334,571**	**$364,202**	**$389,293**	**$413,514**	**$444,086**	**$460,056**	**$440,093**	**$412,613**	**$443,267**
End of Year Values of All Spouse's Qualified Assets:	$81,894	$89,975	$96,853	$104,366	$107,504	$125,082	$142,659	$154,611	$167,180	$179,733	$192,599	$211,160	$214,423	$181,016	$139,310	$154,912
End of Year Values of All Spouse's Personal Assets:	$131,500	$138,370	$145,632	$153,309	$161,425	$170,006	$179,080	$188,676	$198,825	$209,560	$220,914	$232,926	$245,633	$259,077	$273,303	$288,355

Jointly Held / Community Assets	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
House (@ 5%)	$210,000	$220,500	$231,525	$243,101	$255,256	$268,019	$281,420	$295,491	$310,266	$325,779	$342,068	$359,171	$377,130	$395,986	$415,786	$436,575
Vechicles & Stuff (@ -5%)	$85,500	$81,225	$77,164	$73,306	$69,640	$66,158	$62,850	$59,708	$56,722	$53,886	$51,192	$48,632	$46,201	$43,891	$41,696	$39,611
Credit Union (@ 2%)	$265,200	$273,252	$276,611	$281,046	$273,181	$301,440	$327,273	$338,311	$349,543	$359,626	$369,294	$388,673	$378,925	$305,914	$223,458	$160,090
End of Year Values of All Joint Assets:	**$560,700**	**$574,977**	**$585,300**	**$597,453**	**$598,078**	**$635,617**	**$671,544**	**$693,510**	**$716,531**	**$739,291**	**$762,554**	**$796,477**	**$802,256**	**$745,791**	**$680,940**	**$636,276**
Joint & Community Total Liabilities	**$104,158**	**$97,581**	**$90,147**	**$86,461**	**$82,554**	**$78,413**	**$74,023**	**$69,369**	**$64,436**	**$59,208**	**$53,665**	**$47,791**	**$41,563**	**$34,962**	**$27,965**	**$20,548**
EOY Values of All Joint Assets, Minus Liabilities:	**$456,542**	**$477,396**	**$495,153**	**$510,991**	**$515,523**	**$557,204**	**$597,521**	**$624,141**	**$652,095**	**$680,083**	**$708,889**	**$748,686**	**$760,692**	**$710,829**	**$652,975**	**$615,728**

Children's Assets	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Junior's College Funds (6%)	$42,438	$58,933	$77,684	$98,945	$103,832	$108,962	$114,344	$119,993	$125,921	$132,141	$76,116	$13,803	$0	$0	$0	$0
Sallie Mea's College Stocks (6%)	$55,592	$76,337	$99,907	$126,622	$132,877	$139,441	$146,329	$153,558	$161,144	$109,857	$52,730	$0	$0	$0	$0	$0
Doogy's College CDs (6%)	$68,746	$93,741	$122,131	$154,299	$161,921	$169,920	$178,314	$187,123	$140,226	$87,906	$29,696	$0	$0	$0	$0	$0
End of Year Values of All Children's Assets:	**$166,776**	**$229,012**	**$299,722**	**$379,865**	**$398,630**	**$418,322**	**$438,987**	**$460,673**	**$427,291**	**$329,905**	**$158,542**	**$13,803**	**$0**	**$0**	**$0**	**$0**
Children's Total Liabilities	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
EOY Values of All Children's Assets, Minus Liabilities:	**$166,776**	**$229,012**	**$299,722**	**$379,865**	**$398,630**	**$418,322**	**$438,987**	**$460,673**	**$427,291**	**$329,905**	**$158,542**	**$13,803**	**$0**	**$0**	**$0**	**$0**

All Assets:	**$1,094,687**	**$1,199,127**	**$1,305,919**	**$1,426,001**	**$1,463,637**	**$1,573,358**	**$1,683,306**	**$1,767,899**	**$1,800,739**	**$1,770,113**	**$1,667,632**	**$1,617,089**	**$1,633,290**	**$1,512,518**	**$1,363,181**	**$1,299,845**

Liabilities	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
John's Total Liabilities	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Mary's Rental Property	$45,976	$41,671	$37,064	$32,134	$26,860	$21,216	$15,178	$8,716	$1,803	$0	$0	$0	$0	$0	$0	$0
Mary's Total Liabilities	**$45,976**	**$41,671**	**$37,064**	**$32,134**	**$26,860**	**$21,216**	**$15,178**	**$8,716**	**$1,803**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Joint: House	$96,905	$93,625	$90,147	$86,461	$82,554	$78,413	$74,023	$69,369	$64,436	$59,208	$53,665	$47,791	$41,563	$34,962	$27,965	$20,548
Joint: Vechicles & Stuff	$7,253	$3,956	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Joint & Community Total Liabilities	**$104,158**	**$97,581**	**$90,147**	**$86,461**	**$82,554**	**$78,413**	**$74,023**	**$69,369**	**$64,436**	**$59,208**	**$53,665**	**$47,791**	**$41,563**	**$34,962**	**$27,965**	**$20,548**
Children's Total Liabilities	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
All Liabilities:	**$150,134**	**$139,251**	**$127,211**	**$118,596**	**$109,414**	**$99,629**	**$89,200**	**$78,086**	**$66,239**	**$59,208**	**$53,665**	**$47,791**	**$41,563**	**$34,962**	**$27,965**	**$20,548**

All Assets Minus All Liabilities:	**$944,553**	**$1,059,876**	**$1,178,708**	**$1,307,405**	**$1,354,223**	**$1,473,729**	**$1,594,106**	**$1,689,813**	**$1,734,500**	**$1,710,905**	**$1,613,967**	**$1,569,299**	**$1,591,727**	**$1,477,556**	**$1,335,216**	**$1,279,297**

2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Age: 61	**Age: 62**	**Age: 63**	**Age: 64**	**Age: 65**	**Age: 66**	**Age: 67**	**Age: 68**	**Age: 69**	**Age: 70**	**Age: 71**	**Age: 72**	**Age: 73**	**Age: 74**	**Age: 75**	**Age: 76**	**Age: 77**	**Age: 78**	**Age: 79**	**Age: 80**
$25,313	$8,382	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$25,413	$8,496	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$20,357	$8,985	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$27,444	$12,113	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293
$165,819	**$105,269**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**
$0	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
$165,819	**$105,269**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**	**$67,293**
$71,082	$25,862	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$94,737	$79,407	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293	$67,293

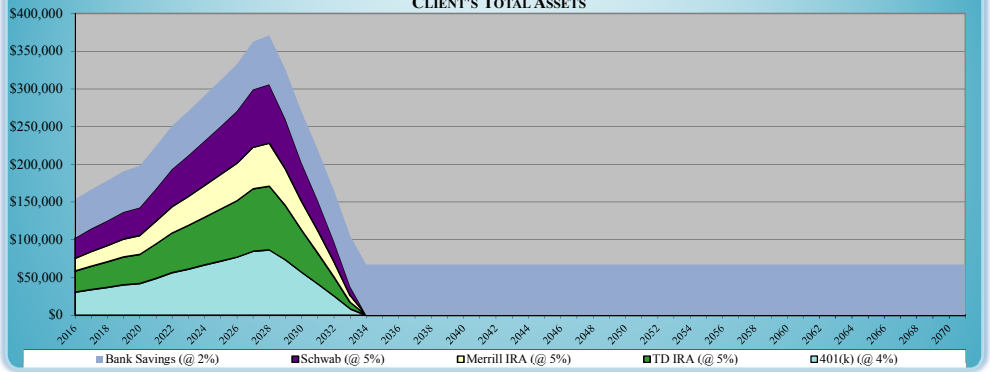
2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Age: 56	**Age: 57**	**Age: 58**	**Age: 59**	**Age: 60**	**Age: 61**	**Age: 62**	**Age: 63**	**Age: 64**	**Age: 65**	**Age: 66**	**Age: 67**	**Age: 68**	**Age: 69**	**Age: 70**	**Age: 71**	**Age: 72**	**Age: 73**	**Age: 74**	**Age: 75**
$88,833	$95,342	$102,142	$109,243	$69,062	$26,205	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$54,098	$57,740	$61,543	$65,512	$41,416	$15,715	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$22,785	$23,924	$25,120	$26,376	$18,370	$8,769	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$35,006	$35,706	$36,420	$37,149	$37,149	$37,149	$37,149	$37,149	$37,149	$37,149	$37,149	$37,149	$37,149	$37,149	$37,149	$37,149	$37,149	$37,149	$37,149	$37,149
$269,277	$285,434	$302,560	$320,714	$323,921	$327,160	$330,431	$333,736	$337,073	$340,444	$343,848	$347,287	$350,760	$354,267	$357,810	$361,388	$365,002	$368,652	$372,338	$376,062
$469,999	**$498,146**	**$527,785**	**$558,993**	**$489,918**	**$414,997**	**$367,580**	**$370,884**	**$374,222**	**$377,593**	**$380,997**	**$384,436**	**$387,908**	**$391,416**	**$394,959**	**$398,537**	**$402,151**	**$405,801**	**$409,487**	**$413,211**
$0	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
$469,999	**$498,146**	**$527,785**	**$558,993**	**$489,918**	**$414,997**	**$367,580**	**$370,884**	**$374,222**	**$377,593**	**$380,997**	**$384,436**	**$387,908**	**$391,416**	**$394,959**	**$398,537**	**$402,151**	**$405,801**	**$409,487**	**$413,211**
$165,716	$177,006	$188,804	$201,131	$128,849	$50,689	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$304,283	$321,140	$338,980	$357,862	$361,069	$364,309	$367,580	$370,884	$374,222	$377,593	$380,997	$384,436	$387,908	$391,416	$394,959	$398,537	$402,151	$405,801	$409,487	$413,211

2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
$458,404	$481,324	$505,390	$530,660	$557,193	$585,052	$614,305	$645,020	$677,271	$711,135	$746,691	$784,026	$823,227	$864,388	$907,608	$952,988	$1,000,638	$1,050,670	$1,103,203	$1,158,363
$37,631	$35,749	$33,962	$32,264	$30,651	$29,118	$27,662	$26,279	$24,965	$23,717	$22,531	$21,404	$20,334	$19,317	$18,352	$17,434	$16,562	$15,734	$14,948	$14,200
$95,751	$31,096	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$591,785	**$548,169**	**$539,352**	**$562,923**	**$587,843**	**$614,170**	**$641,967**	**$671,299**	**$702,236**	**$734,851**	**$769,222**	**$805,430**	**$843,561**	**$883,706**	**$925,960**	**$970,422**	**$1,017,200**	**$1,066,404**	**$1,118,151**	**$1,172,563**
$12,686	**$4,352**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
$579,099	**$543,816**	**$539,352**	**$562,923**	**$587,843**	**$614,170**	**$641,967**	**$671,299**	**$702,236**	**$734,851**	**$769,222**	**$805,430**	**$843,561**	**$883,706**	**$925,960**	**$970,422**	**$1,017,200**	**$1,066,404**	**$1,118,151**	**$1,172,563**

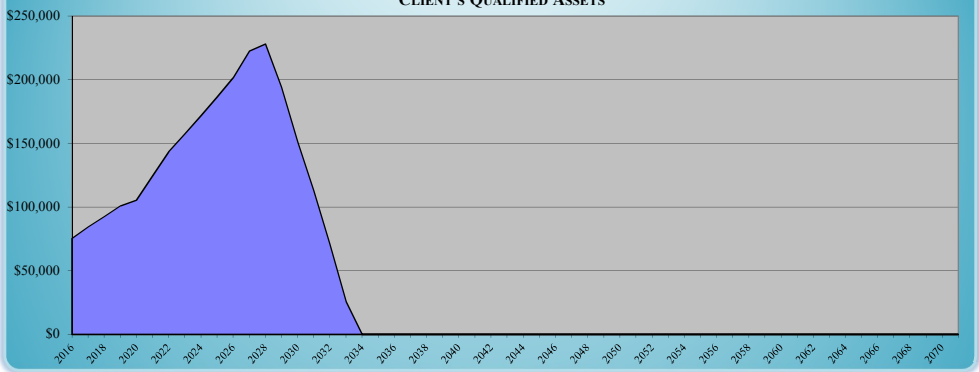
2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
$0	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
$0	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
$1,227,603	**$1,151,584**	**$1,134,430**	**$1,189,210**	**$1,145,055**	**$1,096,461**	**$1,076,840**	**$1,109,477**	**$1,143,751**	**$1,179,737**	**$1,217,513**	**$1,257,159**	**$1,298,763**

2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
$0	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
$12,686	$4,352	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$12,686	**$4,352**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
$0	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
$12,686	**$4,352**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
$1,214,917	**$1,147,232**	**$1,134,430**	**$1,189,210**	**$1,145,055**	**$1,096,461**	**$1,076,840**	**$1,109,477**	**$1,143,751**	**$1,179,737**	**$1,217,513**	**$1,257,159**	**$1,298,763**	**$1,342,415**	**$1,388,212**	**$1,436,252**	**$1,486,644**	**$1,539,498**	**$1,594,931**	**$1,653,067**

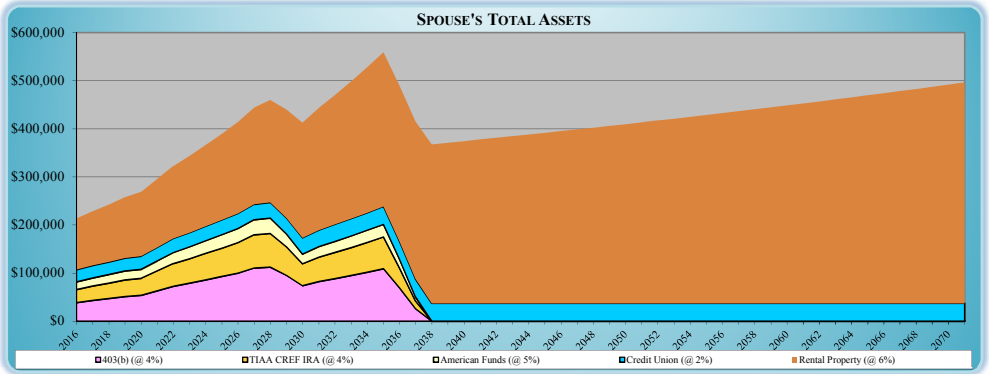
Client's Total Assets



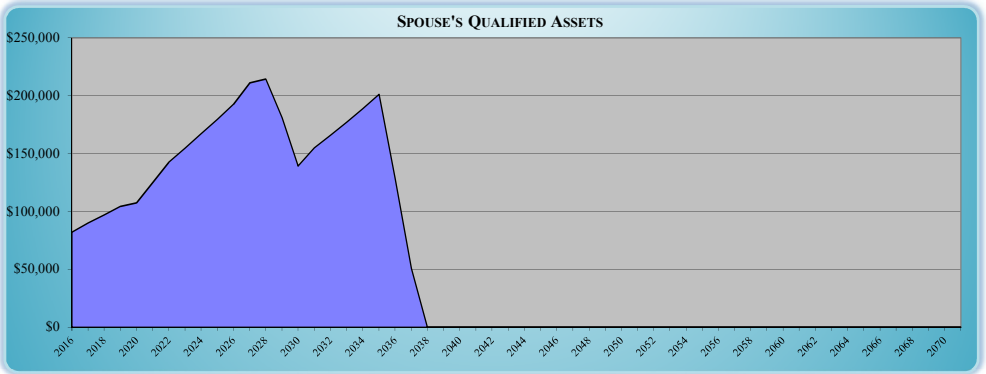
Client's Qualified Assets



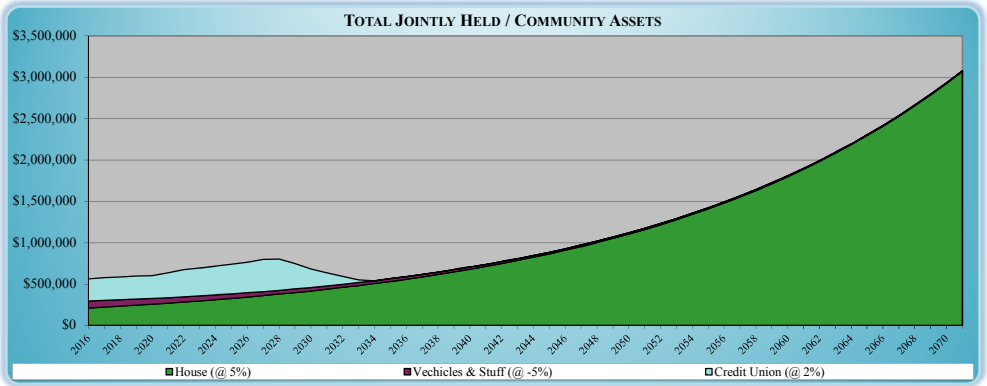
Spouse's Total Assets



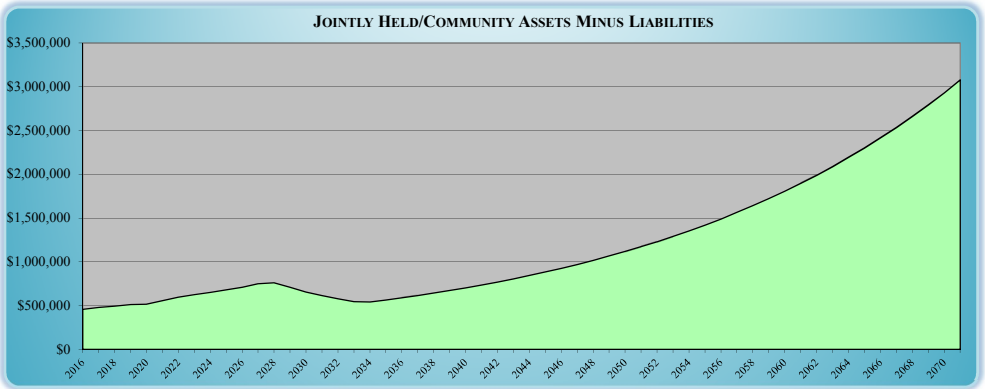
Spouse's Qualified Assets



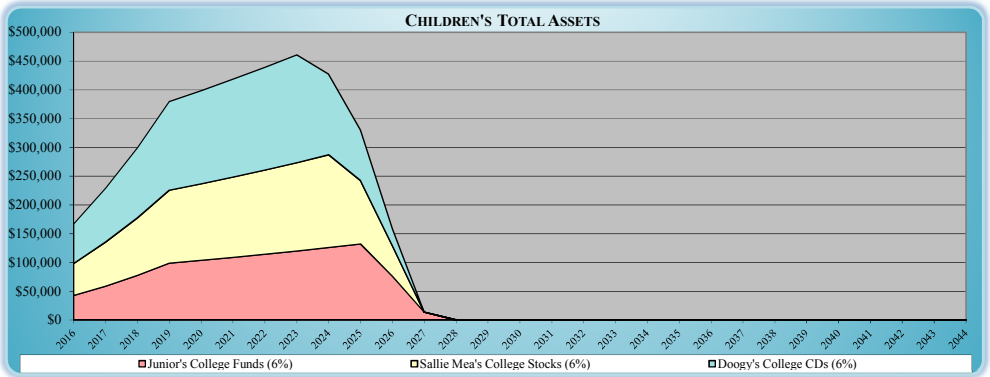
Total Jointly Held / Community Assets



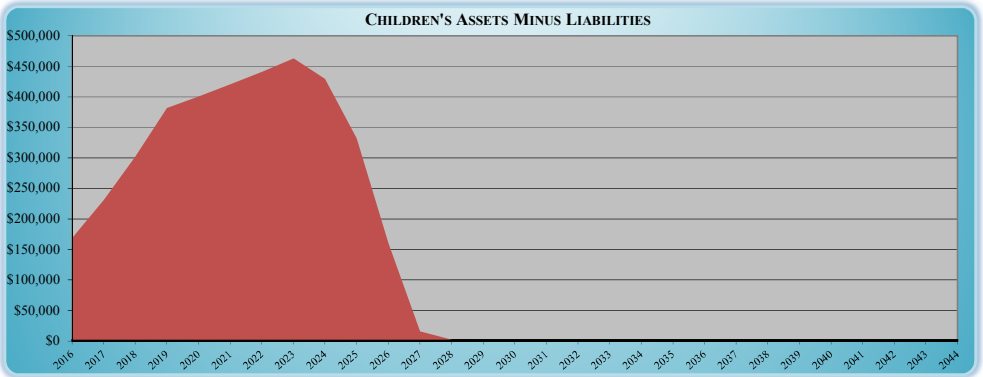
Jointly Held/Community Assets Minus Liabilities



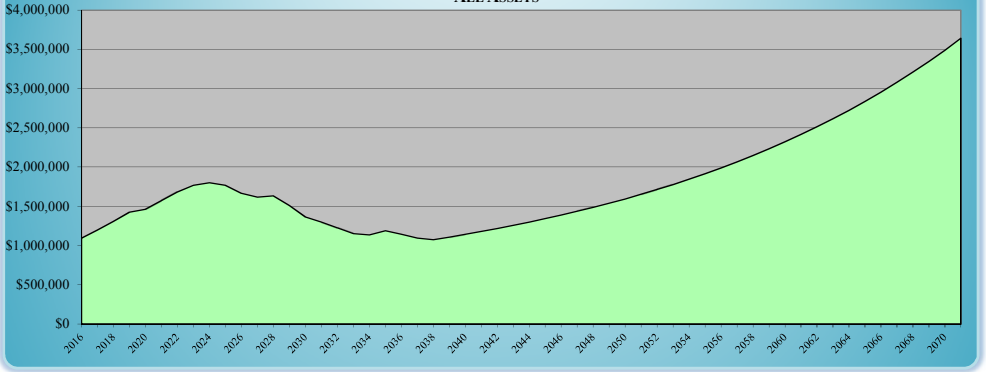
Children's Total Assets



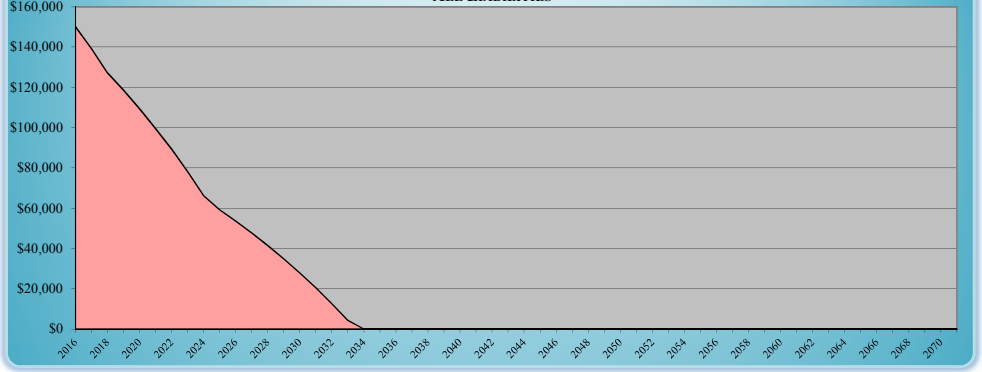
Children's Assets Minus Liabilities



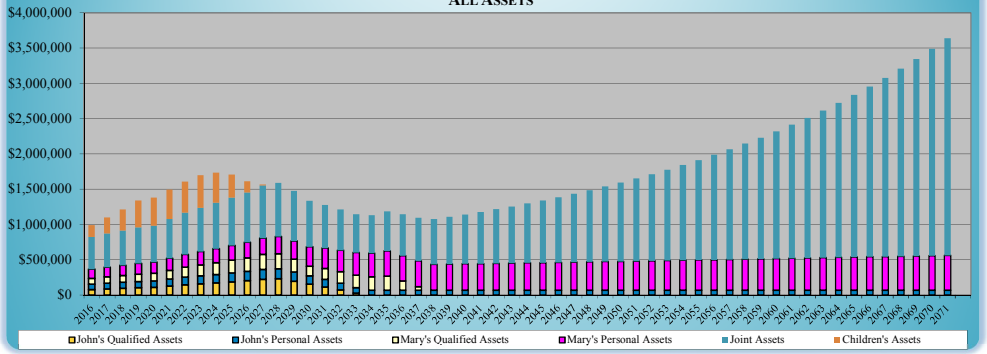
All Assets



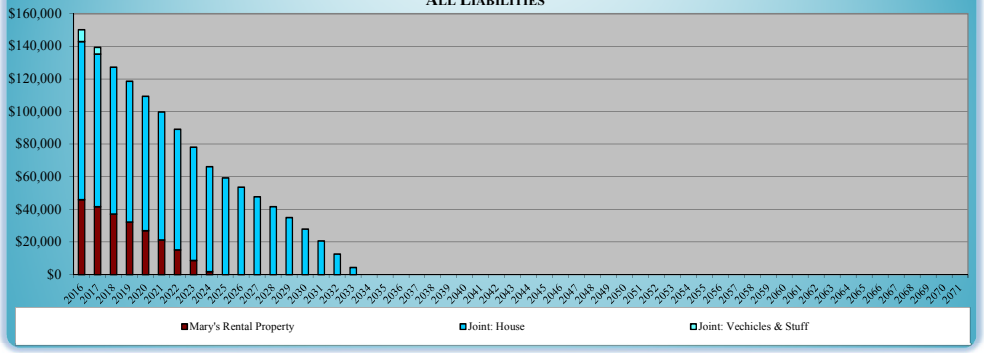
All Liabilities



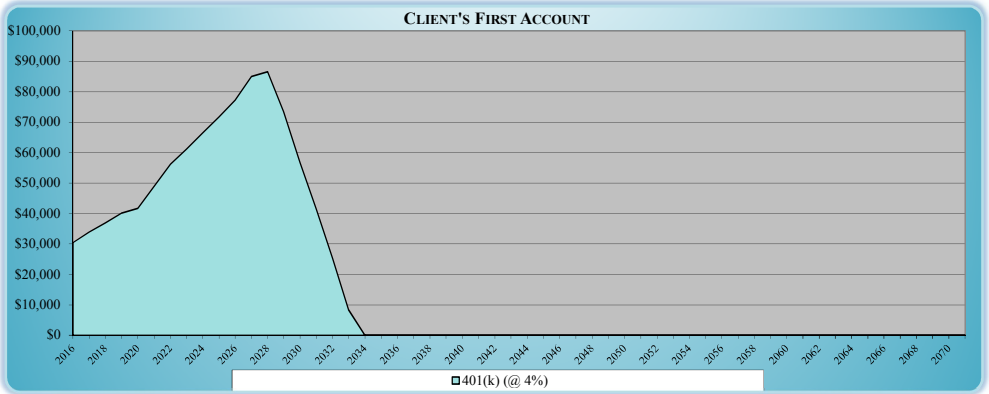
All Assets



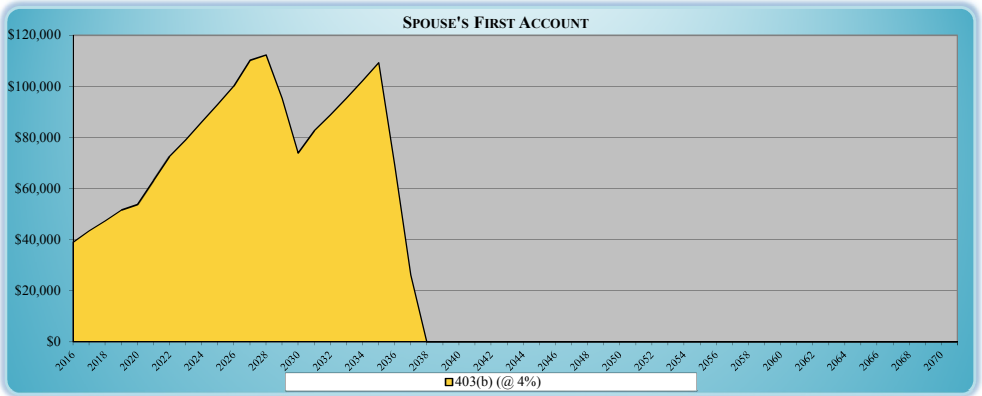
All Liabilities



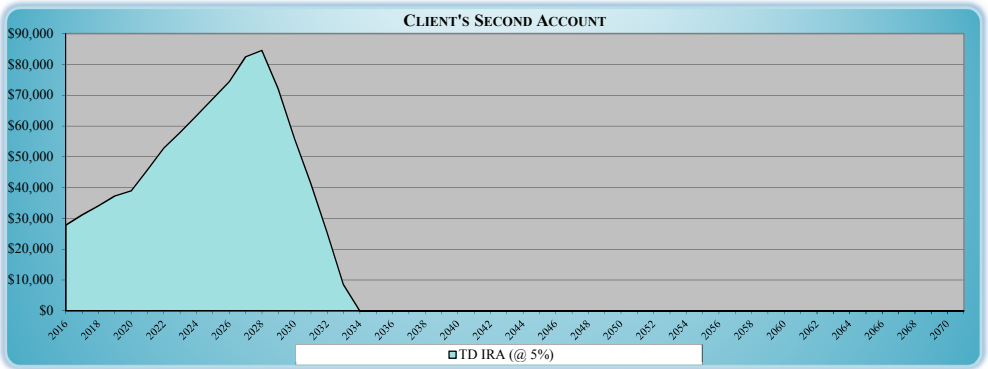
Client's First Account



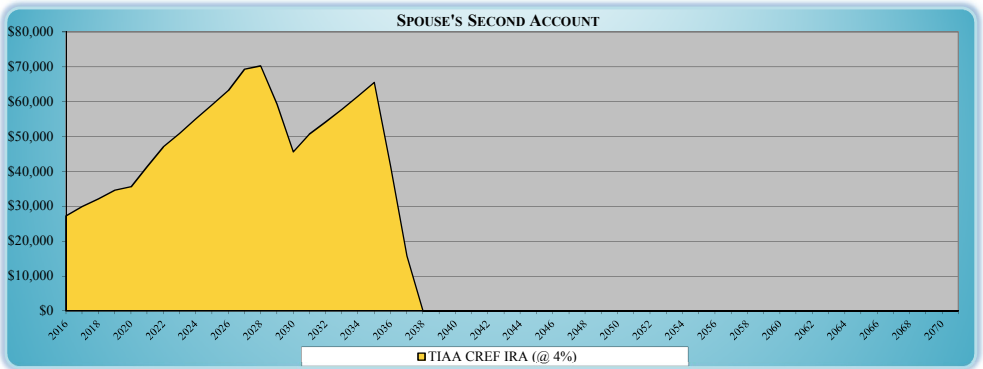
Spouse's First Account



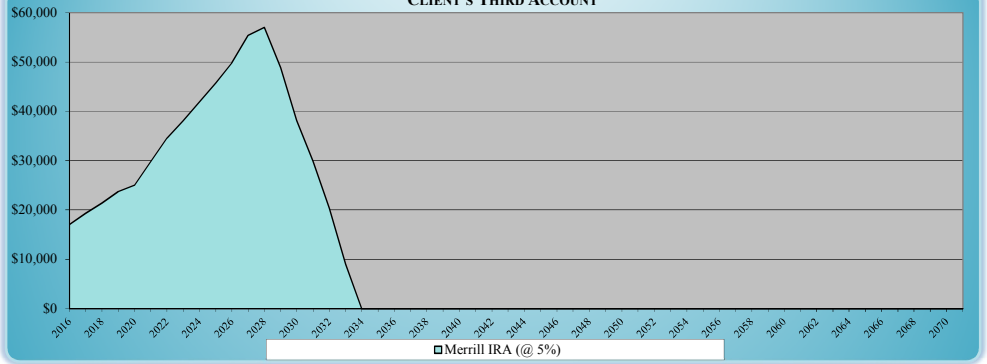
Client's Second Account



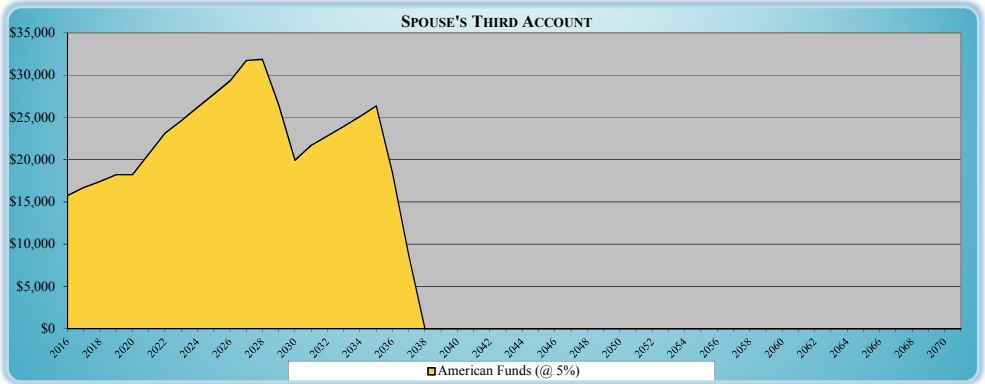
Spouse's Second Account



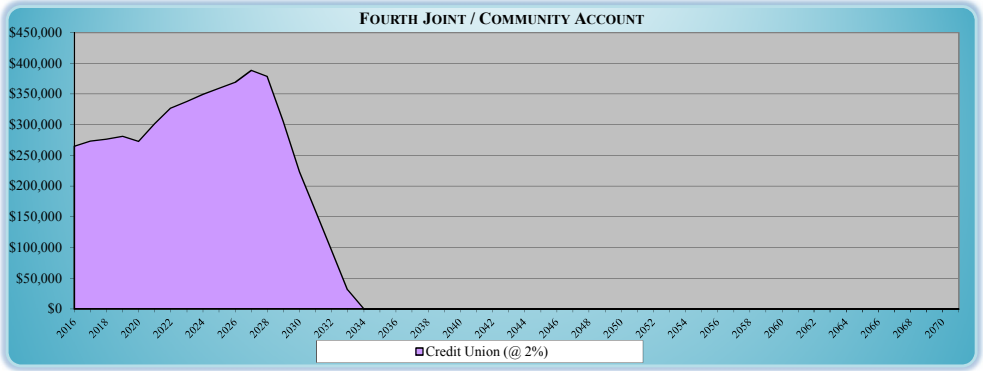
Client's Third Account



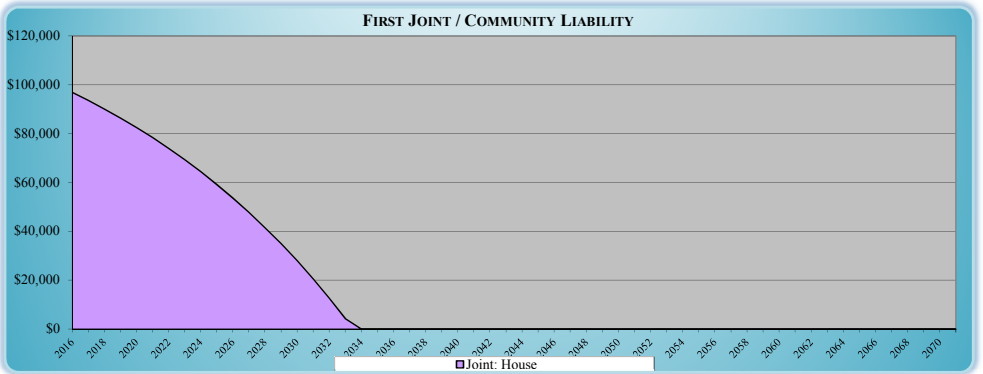
Spouse's Third Account



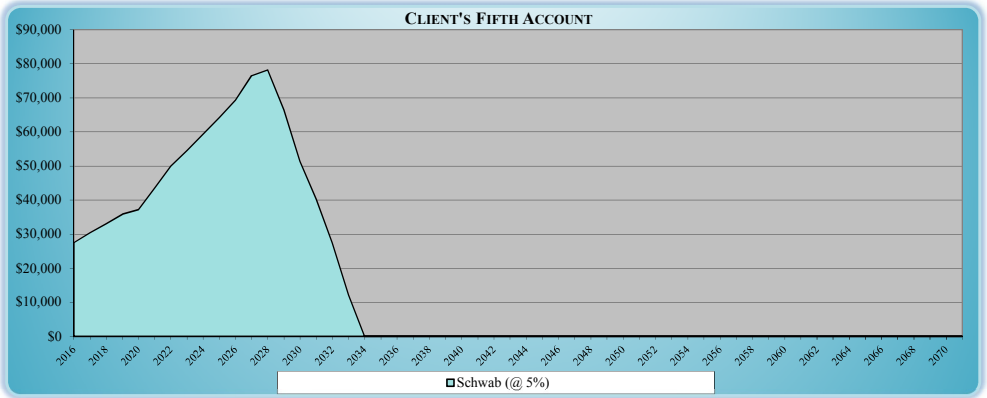
Fourth Joint / Community Account



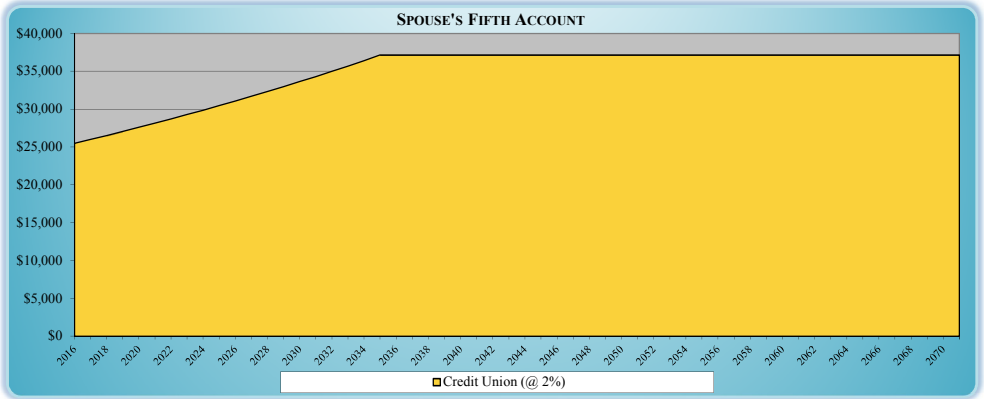
First Joint / Community Liability



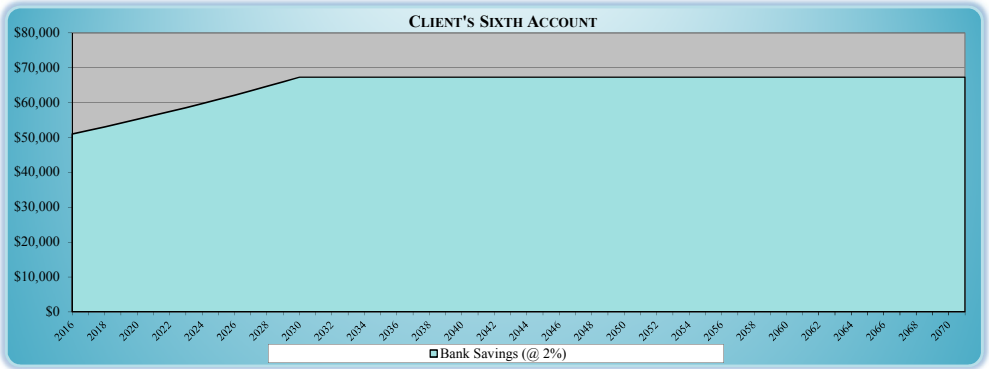
Client's Fifth Account



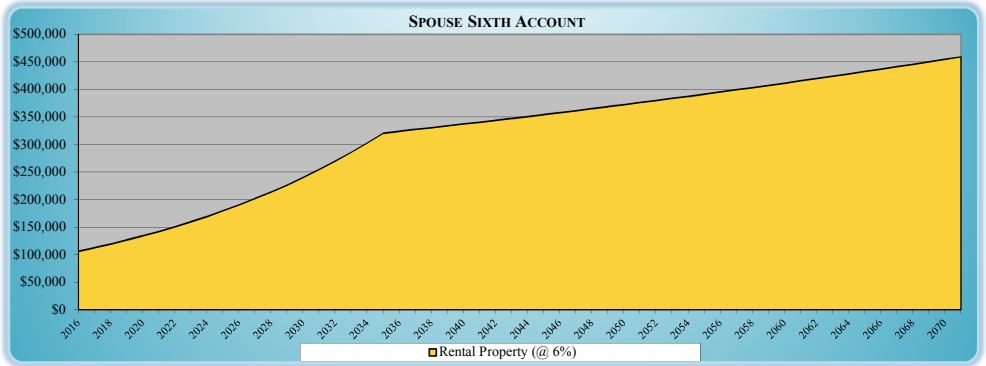
Spouse's Fifth Account



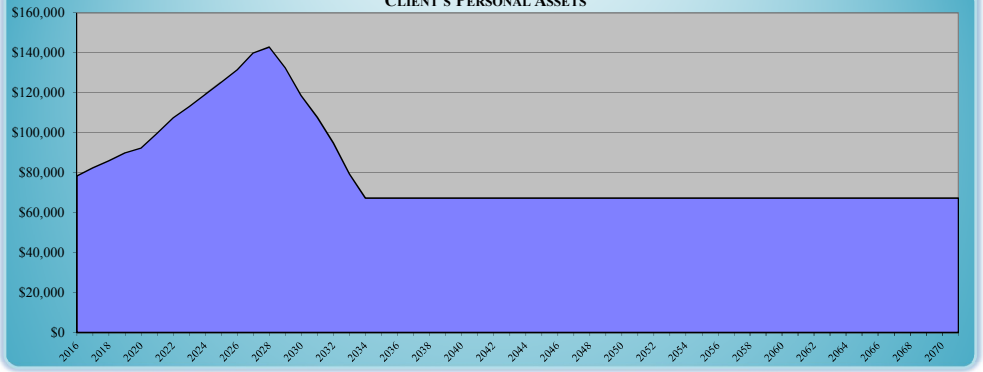
Client's Sixth Account



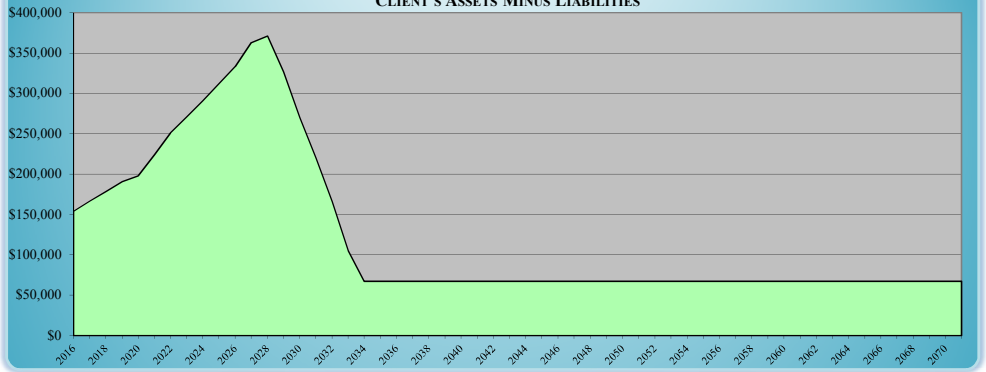
Spouse Sixth Account



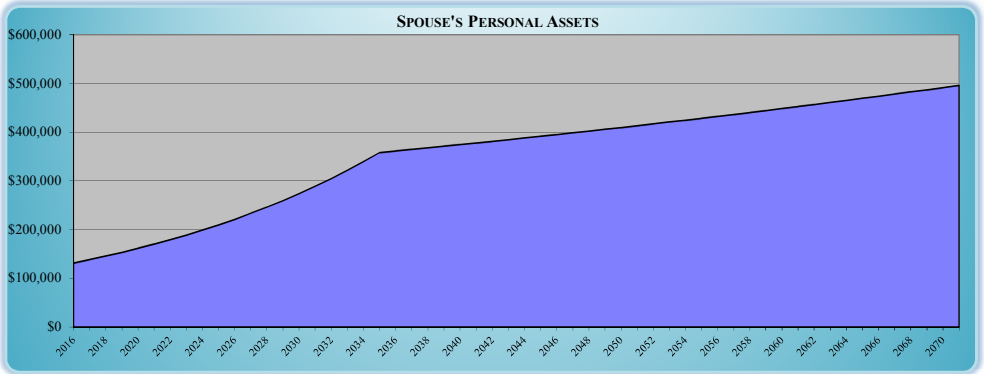
Client's Personal Assets



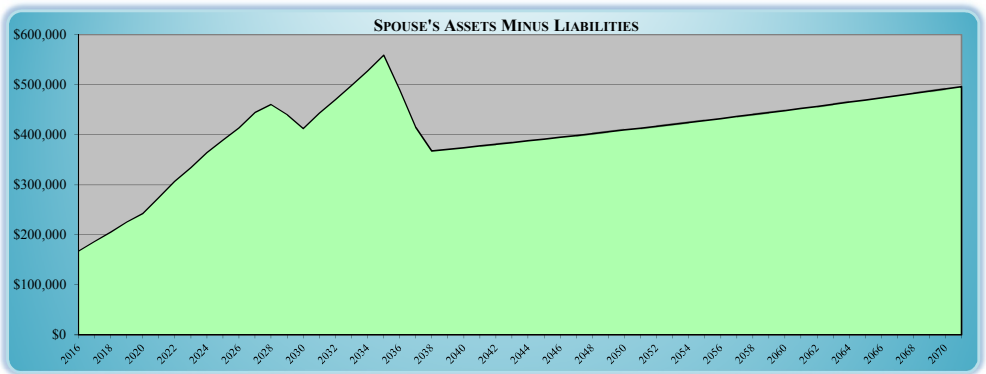
Client's Assets Minus Liabilities



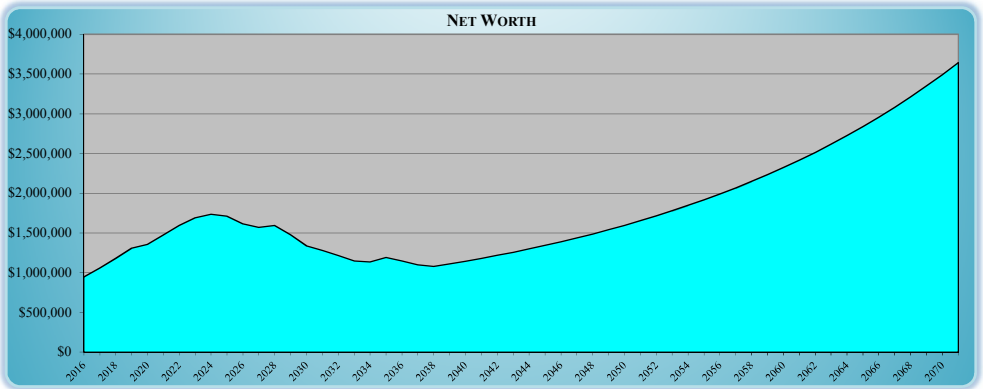
Spouse's Personal Assets



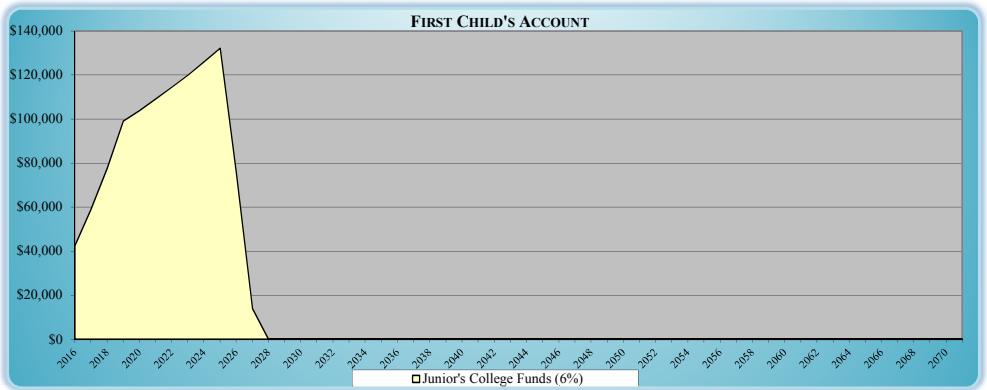
Spouse's Assets Minus Liabilities



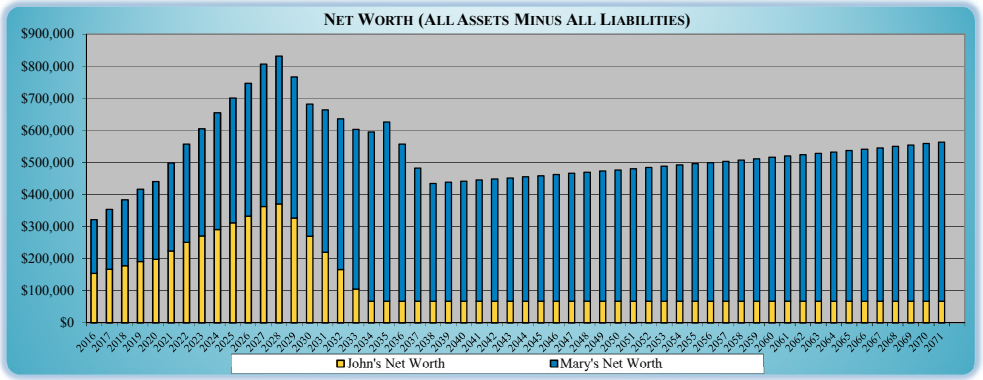
Net Worth



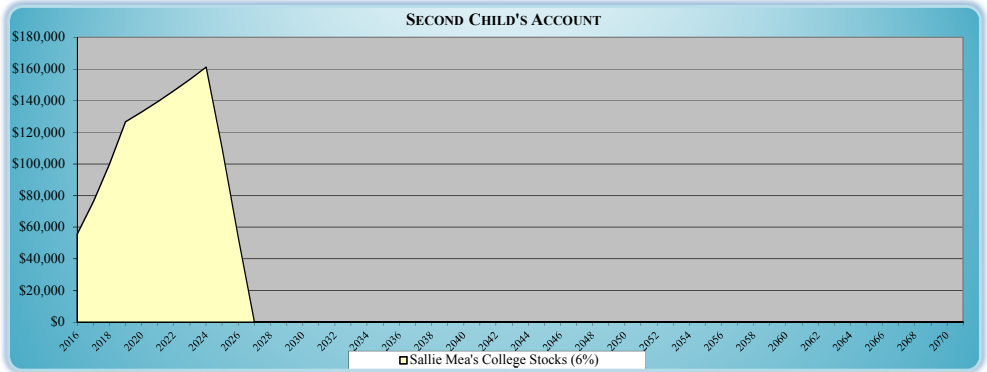
First Child's Account

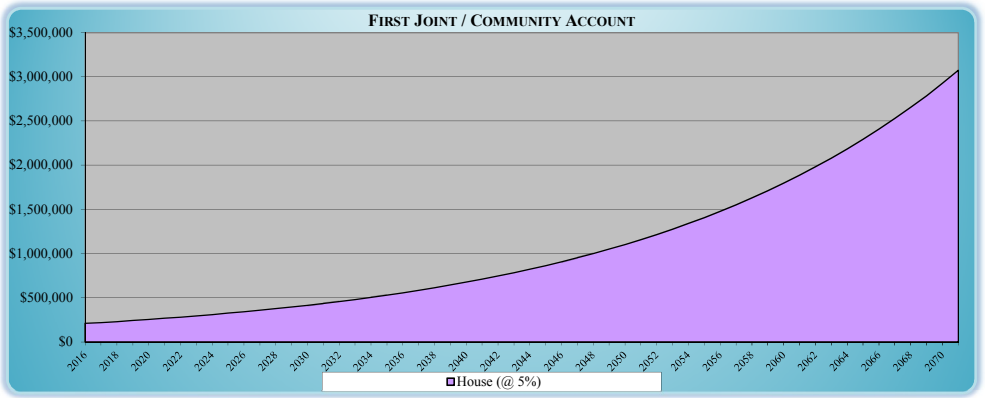


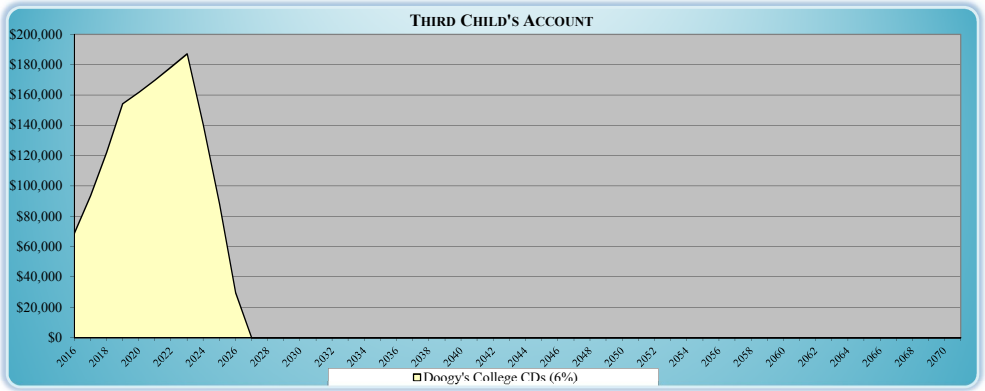
Net Worth (All Assets Minus All Liabilities)

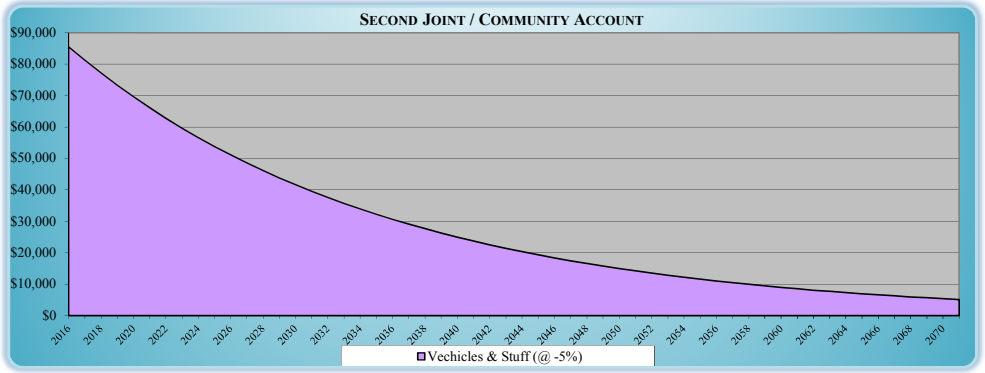


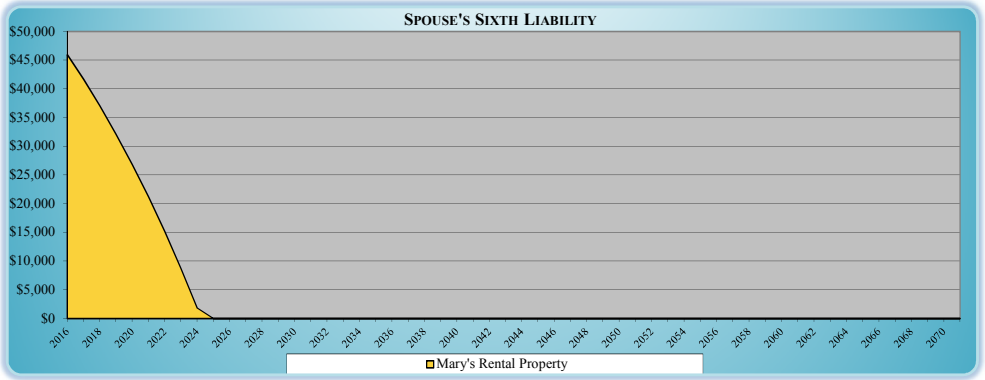
Second Child's Account

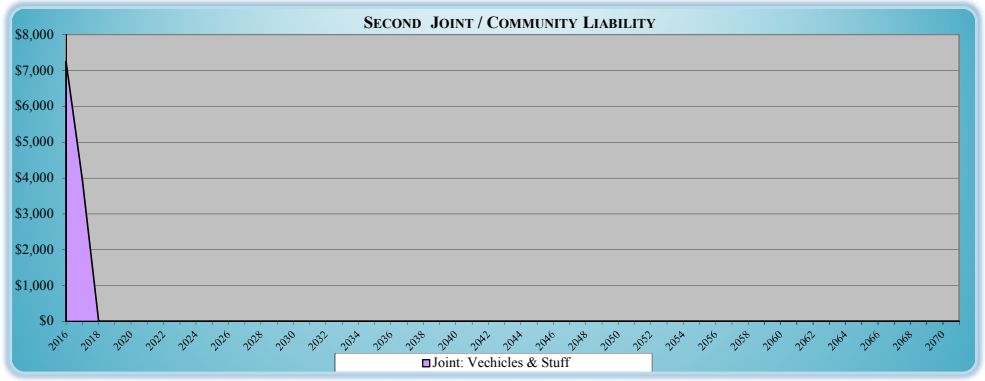












Proposed Projected Net Worth for John & Mary Sample

Using End of Year Values

John's Assets	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Age: 45	Age: 46	Age: 47	Age: 48	Age: 49	Age: 50	Age: 51	Age: 52	Age: 53	Age: 54	Age: 55	Age: 56	Age: 57	Age: 58	Age: 59	Age: 60
401(k) (@ 6%)	$31,058	$34,849	$38,886	$43,185	$47,761	$52,632	$57,816	$63,330	$69,196	$75,435	$82,068	$89,121	$96,618	$104,587	$96,730	$89,879
TD IRA (@ 7%)	$28,355	$31,961	$35,835	$39,998	$44,468	$49,267	$54,420	$59,950	$65,884	$72,251	$79,082	$86,408	$94,265	$102,691	$95,872	$89,922
Scottrade IRA (@ 8%)	$17,496	$17,898	$15,693	$13,728	$4,474	$14,110	$23,198	$24,767	$26,402	$27,865	$29,690	$38,250	$41,949	$46,501	$44,830	$43,384
Schwab (@ 6%)	$27,772	$30,723	$33,864	$37,206	$40,762	$44,545	$48,568	$52,846	$57,394	$62,229	$67,368	$72,829	$78,632	$84,797	$80,236	$76,211
Mutual Funds (@ 7%)	$53,500	$57,245	$61,252	$65,540	$70,128	$75,037	$80,289	$85,909	$91,923	$98,358	$105,243	$112,610	$120,492	$128,927	$120,366	$112,896
End of Year Values of All John's Assets:	**$158,181**	**$172,675**	**$185,530**	**$199,656**	**$207,593**	**$235,591**	**$264,291**	**$286,802**	**$310,799**	**$336,137**	**$363,451**	**$399,218**	**$431,957**	**$467,503**	**$438,036**	**$412,293**
John's Total Liabilities	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
End of Year Values of All John's Assets, Minus Liabilities:	**$158,181**	**$172,675**	**$185,530**	**$199,656**	**$207,593**	**$235,591**	**$264,291**	**$286,802**	**$310,799**	**$336,137**	**$363,451**	**$399,218**	**$431,957**	**$467,503**	**$438,036**	**$412,293**
End of Year Values of All Client's Qualified Assets:	$76,909	$84,707	$90,414	$96,910	$96,703	$116,009	$135,434	$148,047	$161,482	$175,551	$190,840	$213,780	$232,833	$253,779	$237,433	$223,186
End of Year Values of All Client's Personal Assets:	$81,272	$87,968	$95,116	$102,746	$110,890	$119,582	$128,857	$138,755	$149,317	$160,586	$172,610	$185,438	$199,124	$213,724	$200,603	$189,107

Mary's Assets	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Age: 40	Age: 41	Age: 42	Age: 43	Age: 44	Age: 45	Age: 46	Age: 47	Age: 48	Age: 49	Age: 50	Age: 51	Age: 52	Age: 53	Age: 54	Age: 55
403(b) (@ 5%)	$39,270	$43,779	$48,538	$53,562	$58,862	$64,454	$70,351	$76,571	$83,128	$90,040	$97,326	$105,004	$113,094	$121,616	$130,594	$140,049
TIAA CREF IRA (@ 5%)	$27,510	$30,158	$32,951	$35,897	$39,003	$42,278	$45,729	$49,366	$53,199	$57,237	$61,491	$65,971	$70,689	$75,658	$80,889	$86,396
Scottrade (@ 8%)	$16,200	$17,496	$18,896	$20,407	$22,040	$23,803	$25,707	$27,764	$29,985	$32,384	$34,975	$37,773	$40,794	$44,058	$47,583	$51,389
TD Ameritrade (@ 8%)	$27,000	$26,853	$24,042	$21,410	$11,422	$20,252	$28,456	$29,056	$29,630	$29,934	$30,494	$37,672	$39,865	$42,775	$47,048	$50,812
Rental Property (@ 6%)	$106,000	$112,360	$119,102	$126,248	$133,823	$141,852	$150,363	$159,385	$168,948	$179,085	$189,830	$201,220	$213,293	$226,090	$239,656	$254,035
End of Year Values of All Spouse's Assets:	**$215,980**	**$230,646**	**$243,529**	**$257,524**	**$265,150**	**$292,638**	**$320,607**	**$342,142**	**$364,890**	**$388,680**	**$414,115**	**$447,639**	**$477,735**	**$510,197**	**$545,769**	**$582,681**
Mary's Total Liabilities	**$45,976**	**$41,671**	**$37,064**	**$32,134**	**$26,860**	**$21,216**	**$15,178**	**$8,716**	**$1,803**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
End of Year Values of All Mary's Assets, Minus Liabilities:	**$170,004**	**$188,975**	**$206,465**	**$225,389**	**$238,290**	**$271,422**	**$305,429**	**$333,425**	**$363,087**	**$388,680**	**$414,115**	**$447,639**	**$477,735**	**$510,197**	**$545,769**	**$582,681**
End of Year Values of All Spouse's Qualified Assets:	$82,980	$91,433	$100,385	$109,866	$119,905	$130,534	$141,788	$153,701	$166,312	$179,661	$193,791	$208,747	$224,577	$241,332	$259,065	$277,835
End of Year Values of All Spouse's Personal Assets:	$133,000	$139,213	$143,144	$147,658	$145,245	$162,104	$178,819	$188,441	$198,578	$209,019	$220,323	$238,892	$253,158	$268,865	$286,704	$304,847

Jointly Held / Community Assets	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
House (@ 5%)	$210,000	$220,500	$231,525	$243,101	$255,256	$268,019	$281,420	$295,491	$310,266	$325,779	$342,068	$359,171	$377,130	$395,986	$415,786	$436,575
Vechicles & Stuff	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000
Joint Scottrade (@ 8%)	$280,800	$298,650	$312,624	$328,523	$331,404	$373,748	$416,816	$446,808	$479,052	$513,243	$550,631	$604,160	$650,850	$702,360	$677,122	$655,285
End of Year Values of All Joint Assets:	**$580,800**	**$609,150**	**$634,149**	**$661,624**	**$676,660**	**$731,767**	**$788,236**	**$832,299**	**$879,317**	**$929,022**	**$982,699**	**$1,053,332**	**$1,117,980**	**$1,188,346**	**$1,182,907**	**$1,181,860**
Joint & Community Total Liabilities	**$103,500**	**$96,301**	**$88,286**	**$84,065**	**$79,675**	**$75,109**	**$70,361**	**$65,423**	**$60,287**	**$54,946**	**$49,391**	**$43,615**	**$37,607**	**$31,358**	**$24,860**	**$18,102**
EOY Values of All Joint Assets, Minus Liabilities:	**$477,300**	**$512,849**	**$545,863**	**$577,560**	**$596,985**	**$656,657**	**$717,875**	**$766,876**	**$819,030**	**$874,076**	**$933,308**	**$1,009,717**	**$1,080,374**	**$1,156,988**	**$1,158,047**	**$1,163,758**

Children's Assets	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Junior's College Funds (7%)	$43,364	$61,148	$81,576	$104,969	$111,729	$118,925	$126,583	$134,735	$143,412	$152,648	$121,171	$85,825	$45,993	$0	$0	$0
Sallie Mea's College Funds (7%)	$56,786	$79,182	$104,895	$134,324	$142,975	$152,182	$161,983	$172,415	$183,518	$155,945	$124,925	$89,827	$50,259	$1,517	$1,617	$1,724
Doogy's College Funds (7%)	$70,208	$97,216	$128,213	$163,679	$174,220	$185,440	$197,382	$210,094	$186,040	$158,923	$128,099	$93,211	$53,866	$5,477	$5,838	$6,223
End of Year Values of All Children's Assets:	**$170,357**	**$237,546**	**$314,684**	**$402,973**	**$428,924**	**$456,547**	**$485,949**	**$517,244**	**$512,971**	**$467,516**	**$374,195**	**$268,863**	**$150,117**	**$6,994**	**$7,455**	**$7,947**
Children's Total Liabilities	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
EOY Values of All Children's Assets, Minus Liabilities:	**$170,357**	**$237,546**	**$314,684**	**$402,973**	**$428,924**	**$456,547**	**$485,949**	**$517,244**	**$512,971**	**$467,516**	**$374,195**	**$268,863**	**$150,117**	**$6,994**	**$7,455**	**$7,947**

All Assets:	**$1,125,318**	**$1,250,017**	**$1,377,892**	**$1,521,778**	**$1,578,327**	**$1,716,543**	**$1,859,082**	**$1,978,487**	**$2,067,977**	**$2,121,355**	**$2,134,460**	**$2,169,052**	**$2,177,789**	**$2,173,040**	**$2,174,167**	**$2,184,782**

Liabilities	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
John's Total Liabilities	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Mary's Rental Property	$45,976	$41,671	$37,064	$32,134	$26,860	$21,216	$15,178	$8,716	$1,803	$0	$0	$0	$0	$0	$0	$0
Mary's Total Liabilities	**$45,976**	**$41,671**	**$37,064**	**$32,134**	**$26,860**	**$21,216**	**$15,178**	**$8,716**	**$1,803**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Joint: House	$96,247	$92,345	$88,286	$84,065	$79,675	$75,109	$70,361	$65,423	$60,287	$54,946	$49,391	$43,615	$37,607	$31,358	$24,860	$18,102
Joint: Vechicles & Stuff	$7,253	$3,956	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Joint & Community Total Liabilities	**$103,500**	**$96,301**	**$88,286**	**$84,065**	**$79,675**	**$75,109**	**$70,361**	**$65,423**	**$60,287**	**$54,946**	**$49,391**	**$43,615**	**$37,607**	**$31,358**	**$24,860**	**$18,102**
Children's Total Liabilities	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
All Liabilities:	**$149,476**	**$137,971**	**$125,350**	**$116,199**	**$106,535**	**$96,326**	**$85,539**	**$74,139**	**$62,090**	**$54,946**	**$49,391**	**$43,615**	**$37,607**	**$31,358**	**$24,860**	**$18,102**

All Assets Minus All Liabilities:	**$975,842**	**$1,112,046**	**$1,252,542**	**$1,405,578**	**$1,471,792**	**$1,620,217**	**$1,773,543**	**$1,904,348**	**$2,005,887**	**$2,066,409**	**$2,085,068**	**$2,125,437**	**$2,140,183**	**$2,141,682**	**$2,149,307**	**$2,166,680**

2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Age: 61	**Age: 62**	**Age: 63**	**Age: 64**	**Age: 65**	**Age: 66**	**Age: 67**	**Age: 68**	**Age: 69**	**Age: 70**	**Age: 71**	**Age: 72**	**Age: 73**	**Age: 74**	**Age: 75**	**Age: 76**	**Age: 77**	**Age: 78**	**Age: 79**	**Age: 80**
$82,723	$76,669	$71,581	$71,752	$71,849	$71,846	$72,407	$72,889	$73,329	$74,231	$75,077	$75,863	$76,585	$77,208	$77,740	$78,198	$78,577	$78,874	$79,084	$79,202
$83,543	$78,160	$73,661	$74,534	$75,339	$76,047	$77,364	$78,613	$79,834	$81,578	$83,286	$84,952	$86,570	$88,097	$89,541	$90,918	$92,221	$93,443	$94,575	$95,610
$41,658	$40,230	$39,087	$40,263	$41,438	$42,597	$44,079	$45,568	$47,083	$48,904	$50,756	$52,639	$54,547	$56,460	$58,379	$60,312	$62,255	$64,203	$66,149	$68,088
$71,823	$68,077	$64,917	$65,632	$66,297	$66,890	$67,934	$68,928	$69,901	$71,260	$72,590	$73,888	$75,149	$76,343	$77,476	$78,560	$79,589	$80,559	$81,464	$82,299
$104,887	$98,129	$92,481	$93,577	$94,587	$95,476	$97,129	$98,697	$100,231	$102,420	$104,565	$106,656	$108,687	$110,604	$112,417	$114,147	$115,783	$117,316	$118,738	$120,036
$384,634	**$361,266**	**$341,727**	**$345,758**	**$349,509**	**$352,856**	**$358,913**	**$364,695**	**$370,379**	**$378,394**	**$386,275**	**$393,999**	**$401,539**	**$408,712**	**$415,553**	**$422,134**	**$428,426**	**$434,396**	**$440,011**	**$445,234**
$0	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
$384,634	**$361,266**	**$341,727**	**$345,758**	**$349,509**	**$352,856**	**$358,913**	**$364,695**	**$370,379**	**$378,394**	**$386,275**	**$393,999**	**$401,539**	**$408,712**	**$415,553**	**$422,134**	**$428,426**	**$434,396**	**$440,011**	**$445,234**
$207,924	$195,060	$184,329	$186,549	$188,626	$190,490	$193,850	$197,070	$200,247	$204,713	$209,120	$213,454	$217,702	$221,764	$225,660	$229,428	$233,054	$236,520	$239,808	$242,899
$176,710	$166,206	$157,398	$159,209	$160,884	$162,365	$165,063	$167,626	$170,132	$173,680	$177,155	$180,545	$183,836	$186,948	$189,894	$192,706	$195,372	$197,876	$200,202	$202,335

2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Age: 56	**Age: 57**	**Age: 58**	**Age: 59**	**Age: 60**	**Age: 61**	**Age: 62**	**Age: 63**	**Age: 64**	**Age: 65**	**Age: 66**	**Age: 67**	**Age: 68**	**Age: 69**	**Age: 70**	**Age: 71**	**Age: 72**	**Age: 73**	**Age: 74**	**Age: 75**
$150,007	$160,491	$171,530	$170,319	$168,940	$167,340	$167,056	$166,580	$166,006	$166,462	$166,771	$166,927	$166,926	$166,695	$166,261	$165,663	$164,896	$163,958	$162,842	$161,546
$92,193	$98,295	$104,717	$103,978	$103,136	$102,159	$101,986	$101,695	$101,345	$101,623	$101,812	$101,907	$101,906	$101,766	$101,500	$101,135	$100,667	$100,094	$99,413	$98,622
$55,500	$59,940	$64,736	$66,683	$68,629	$70,550	$73,003	$75,469	$77,979	$80,994	$84,063	$87,180	$90,341	$93,508	$96,686	$99,888	$103,107	$106,332	$109,556	$112,766
$54,877	$59,267	$64,008	$65,934	$67,858	$69,757	$72,183	$74,621	$77,102	$80,084	$83,118	$86,200	$89,326	$92,457	$95,600	$98,766	$101,948	$105,137	$108,325	$111,499
$269,277	$285,434	$302,560	$305,586	$308,641	$311,728	$314,845	$317,994	$321,173	$324,385	$327,629	$330,905	$334,214	$337,557	$340,932	$344,341	$347,785	$351,263	$354,775	$358,323
$621,854	**$663,428**	**$707,551**	**$712,499**	**$717,204**	**$721,533**	**$729,072**	**$736,359**	**$743,605**	**$753,548**	**$763,392**	**$773,120**	**$782,714**	**$791,983**	**$800,980**	**$809,793**	**$818,403**	**$826,785**	**$834,912**	**$842,757**
$0	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
$621,854	**$663,428**	**$707,551**	**$712,499**	**$717,204**	**$721,533**	**$729,072**	**$736,359**	**$743,605**	**$753,548**	**$763,392**	**$773,120**	**$782,714**	**$791,983**	**$800,980**	**$809,793**	**$818,403**	**$826,785**	**$834,912**	**$842,757**
$297,700	$318,727	$340,983	$340,980	$340,705	$340,048	$342,044	$343,745	$345,329	$349,079	$352,645	$356,014	$359,173	$361,969	$364,448	$366,686	$368,670	$370,384	$371,812	$372,935
$324,154	$344,701	$366,568	$371,519	$376,499	$381,485	$387,028	$392,615	$398,276	$404,469	$410,747	$417,106	$423,540	$430,014	$436,532	$443,107	$449,733	$456,400	$463,100	$469,822

2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
$458,404	$481,324	$505,390	$530,660	$557,193	$585,052	$614,305	$645,020	$677,271	$711,135	$746,691	$784,026	$823,227	$864,388	$907,608	$952,988	$1,000,638	$1,050,670	$1,103,203	$1,158,363
$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000	$90,000
$629,207	$607,646	$590,375	$608,138	$625,886	$643,399	$665,776	$688,264	$711,149	$738,649	$766,634	$795,065	$823,893	$852,777	$881,759	$910,961	$940,311	$969,730	$999,129	$1,028,407
$1,177,611	**$1,178,970**	**$1,185,765**	**$1,228,798**	**$1,273,078**	**$1,318,451**	**$1,370,081**	**$1,423,284**	**$1,478,420**	**$1,539,783**	**$1,603,325**	**$1,669,091**	**$1,737,120**	**$1,807,165**	**$1,879,367**	**$1,953,950**	**$2,030,949**	**$2,110,400**	**$2,192,332**	**$2,276,770**
$11,073	**$3,764**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
$1,166,537	**$1,175,206**	**$1,185,765**	**$1,228,798**	**$1,273,078**	**$1,318,451**	**$1,370,081**	**$1,423,284**	**$1,478,420**	**$1,539,783**	**$1,603,325**	**$1,669,091**	**$1,737,120**	**$1,807,165**	**$1,879,367**	**$1,953,950**	**$2,030,949**	**$2,110,400**	**$2,192,332**	**$2,276,770**

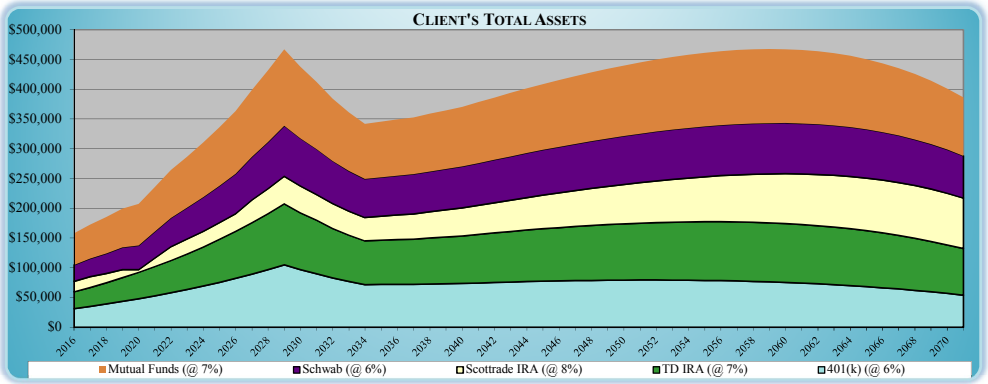
2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$1,838	$1,959	$2,088	$2,226	$2,373	$2,529	$2,696	$2,874	$3,064	$3,266	$3,481	$3,711	$3,956
$6,634	$7,071	$7,538	$8,035	$8,565	$9,130	$9,733	$10,375	$11,059	$11,789	$12,567	$13,396	$14,279
$8,471	**$9,030**	**$9,626**	**$10,261**	**$10,938**	**$11,660**	**$12,429**	**$13,249**	**$14,123**	**$15,055**	**$16,048**	**$17,107**	**$18,235**
$0	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
$8,471	**$9,030**	**$9,626**	**$10,261**	**$10,938**	**$11,660**	**$12,429**	**$13,249**	**$14,123**	**$15,055**	**$16,048**	**$17,107**	**$18,235**

$2,192,570	**$2,212,694**	**$2,244,669**	**$2,297,316**	**$2,350,730**	**$2,404,499**	**$2,470,495**	**$2,537,587**	**$2,606,526**	**$2,686,780**	**$2,769,041**	**$2,853,316**	**$2,939,608**	**$3,007,860**	**$3,095,900**	**$3,185,877**	**$3,277,778**	**$3,371,580**	**$3,467,254**	**$3,564,761**

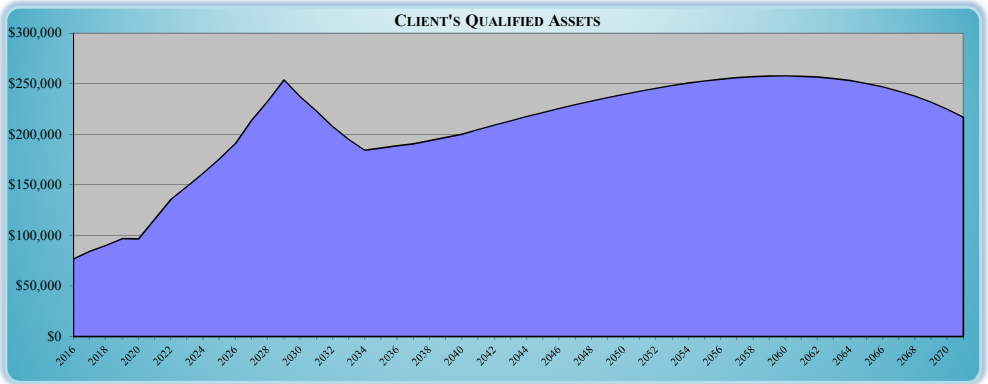
2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
$0	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
$11,073	$3,764	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$11,073	**$3,764**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
$0	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**						
$11,073	**$3,764**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

$2,181,496	**$2,208,930**	**$2,244,669**	**$2,297,316**	**$2,350,730**	**$2,404,499**	**$2,470,495**	**$2,537,587**	**$2,606,526**	**$2,686,780**	**$2,769,041**	**$2,853,316**	**$2,939,608**	**$3,007,860**	**$3,095,900**	**$3,185,877**	**$3,277,778**	**$3,371,580**	**$3,467,254**	**$3,564,761**

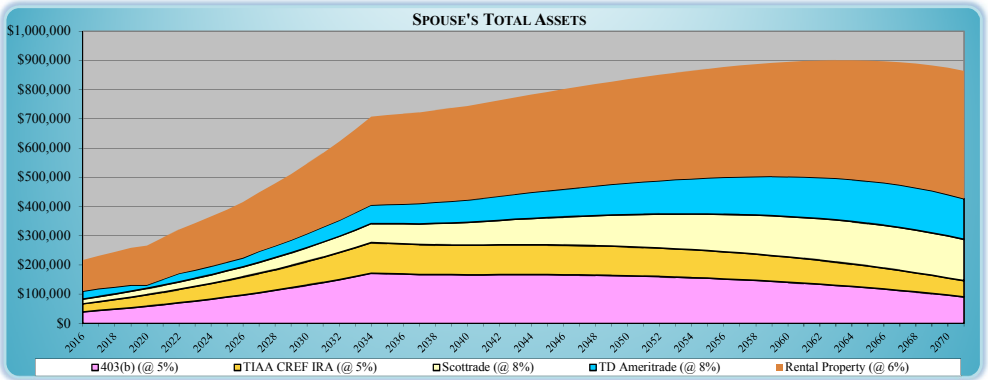
Client's Total Assets



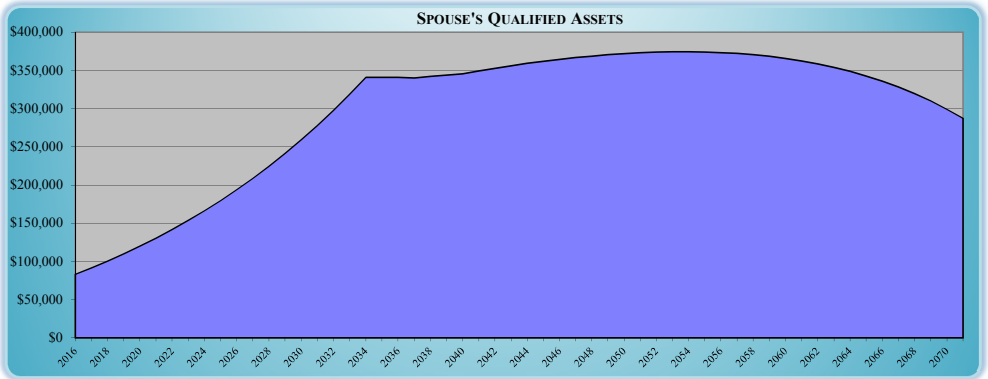
Client's Qualified Assets



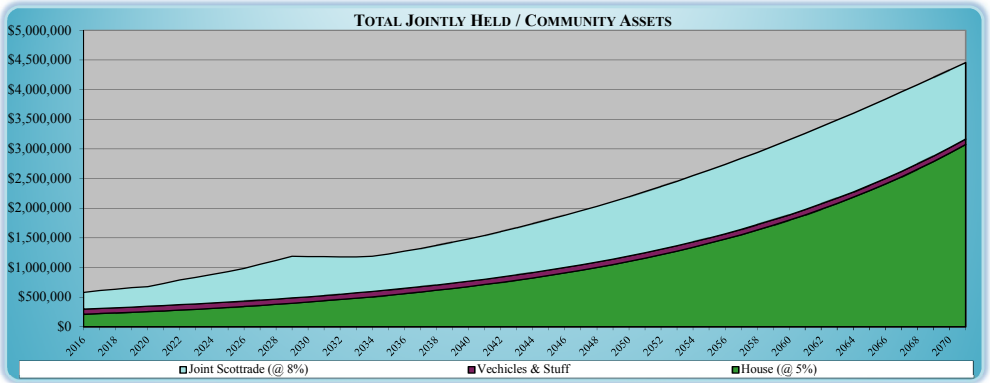
Spouse's Total Assets



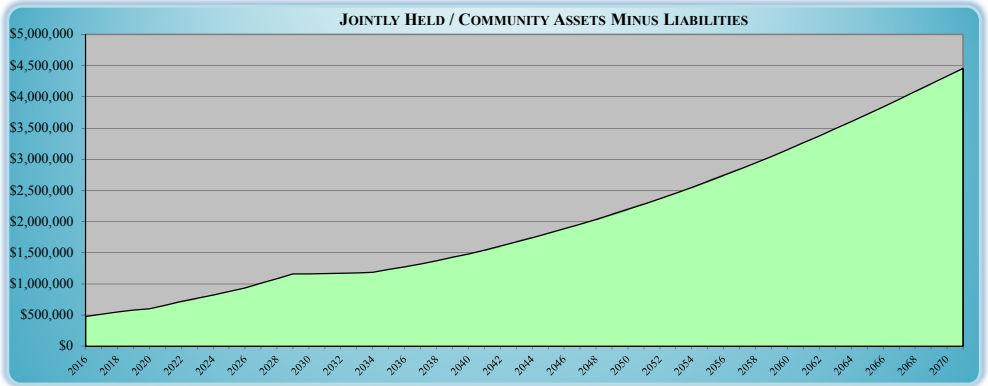
Spouse's Qualified Assets



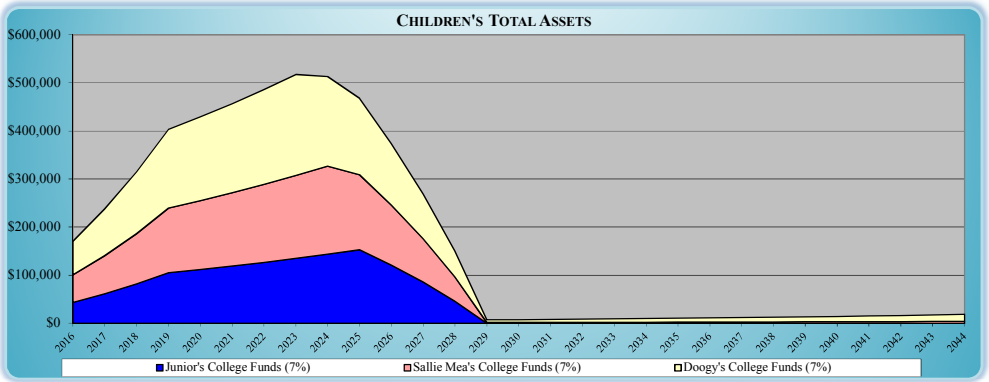
Total Jointly Held / Community Assets



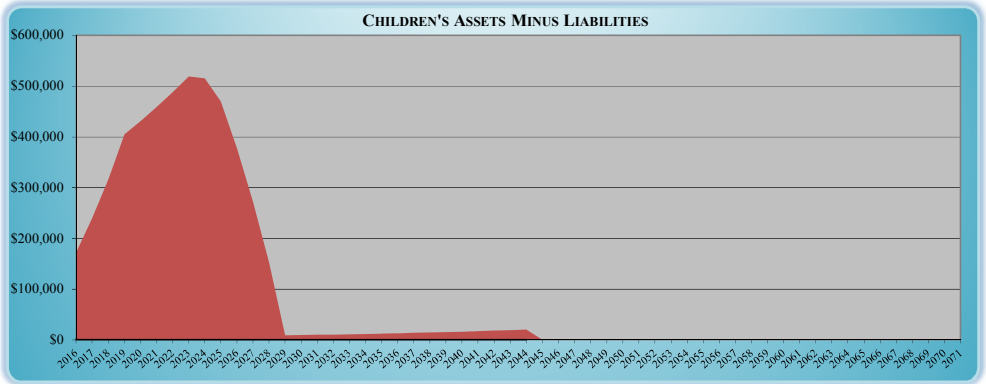
Jointly Held / Community Assets Minus Liabilities



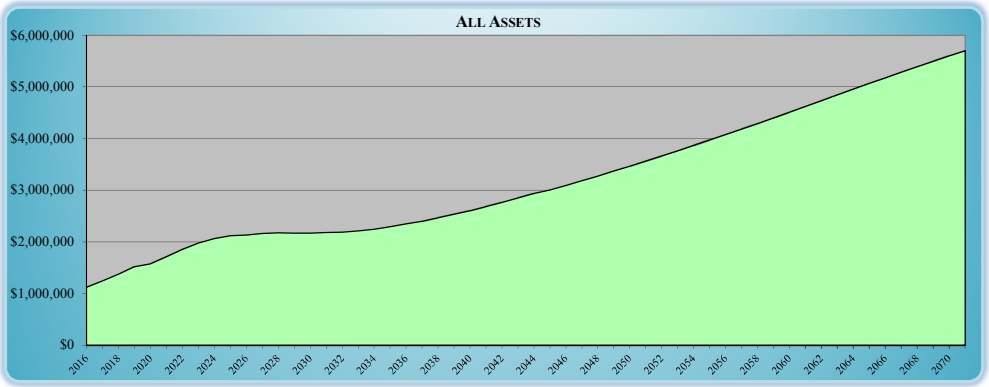
Children's Total Assets



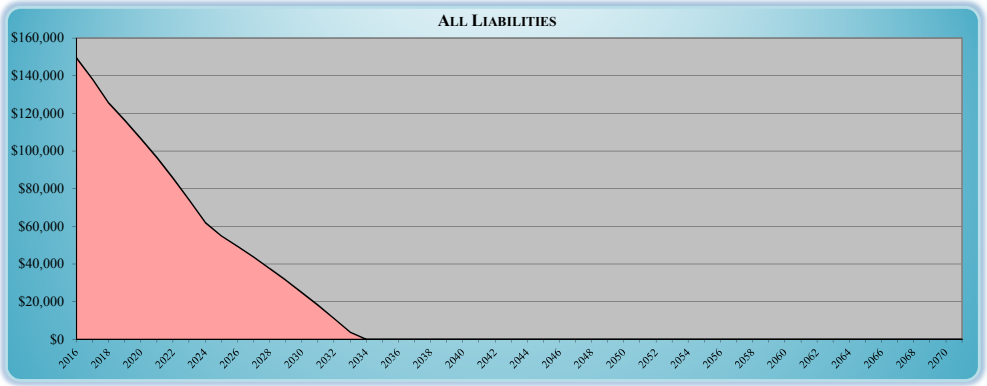
Children's Assets Minus Liabilities



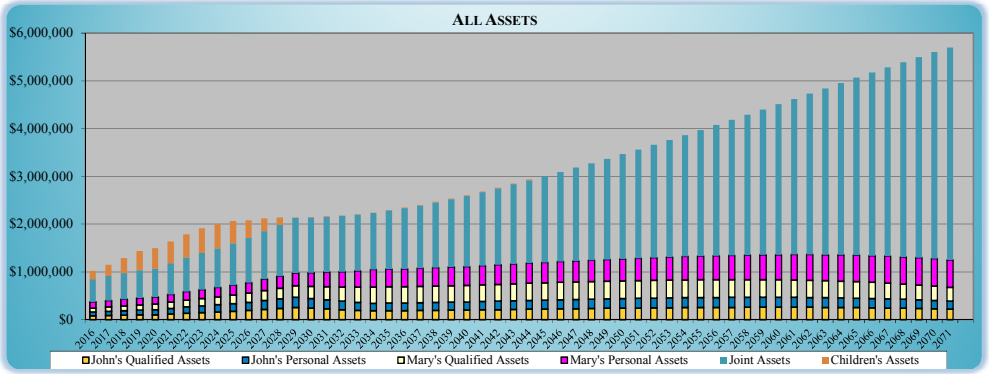
All Assets



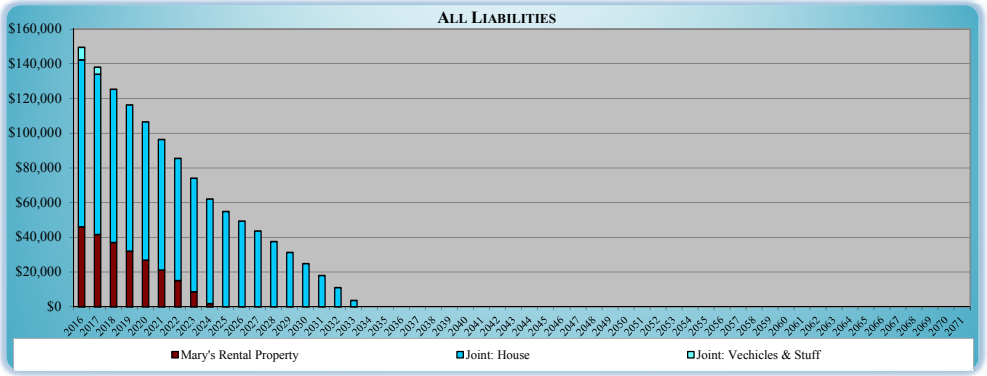
All Liabilities



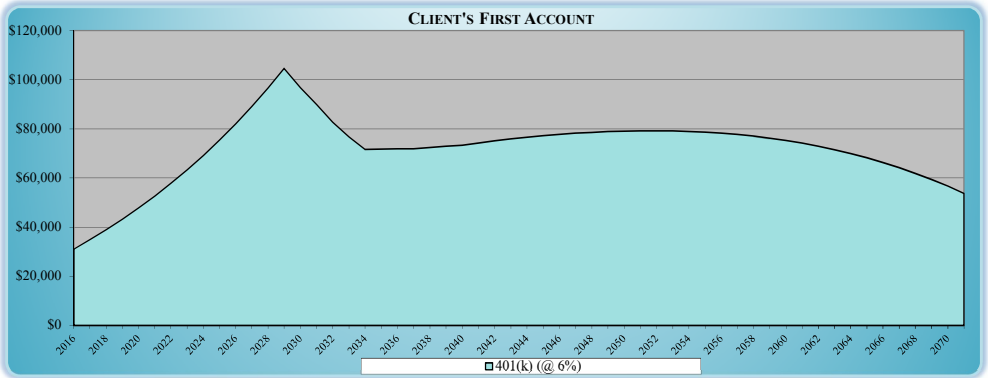
All Assets



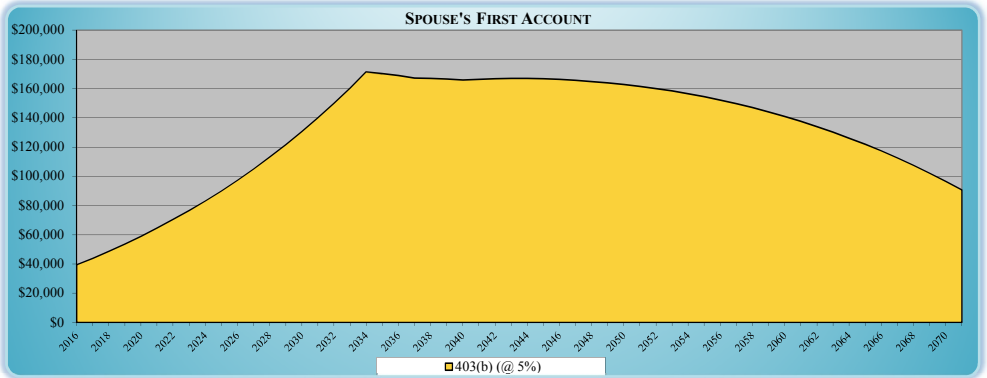
All Liabilities



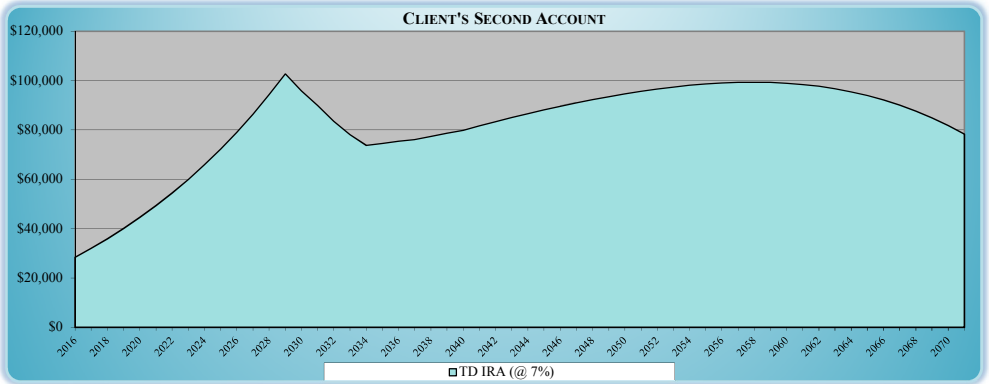
Client's First Account



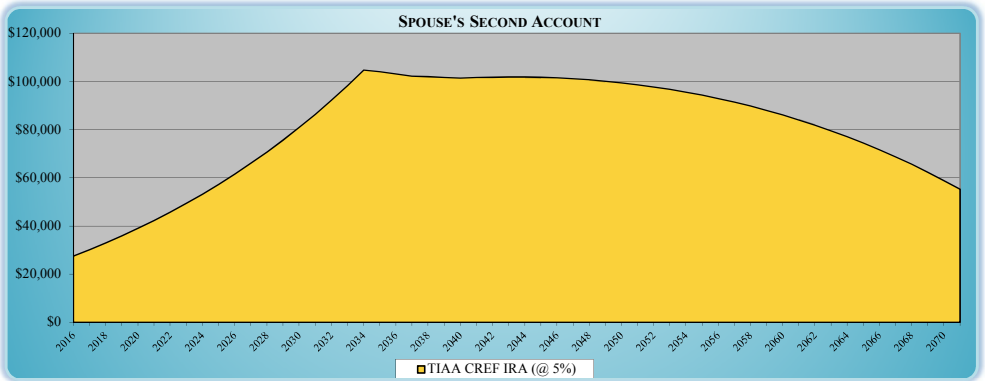
Spouse's First Account



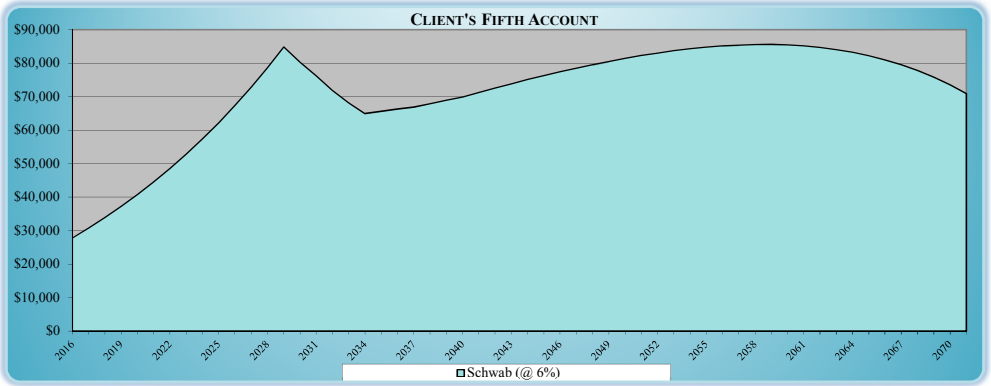
Client's Second Account



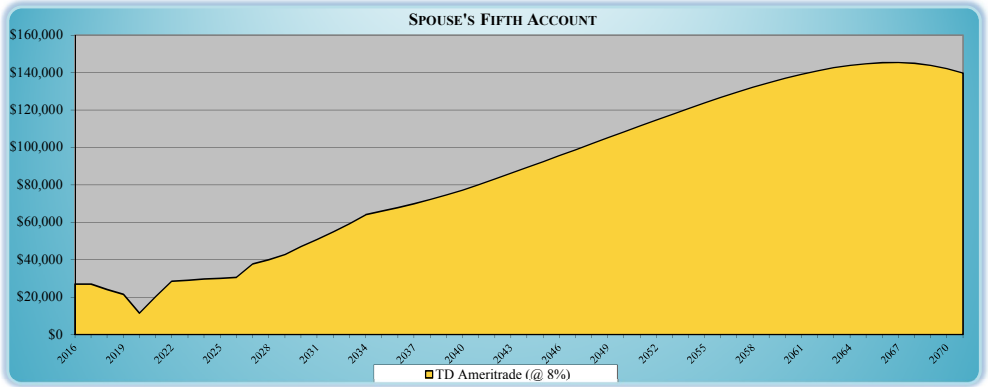
Spouse's Second Account



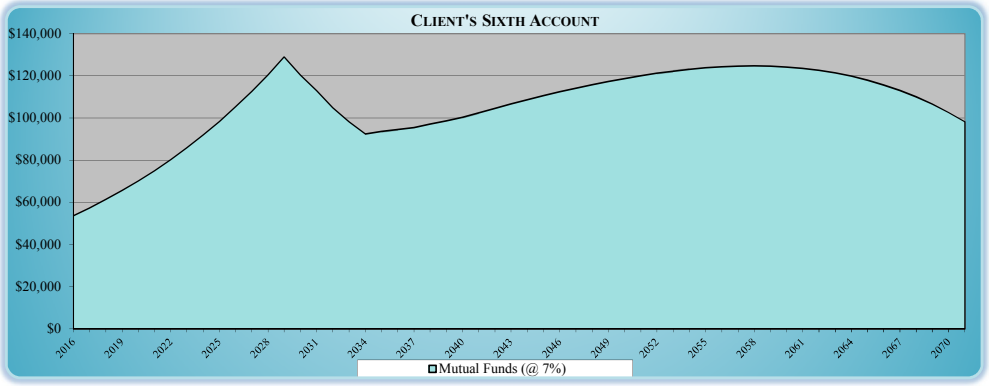
Client's Fifth Account



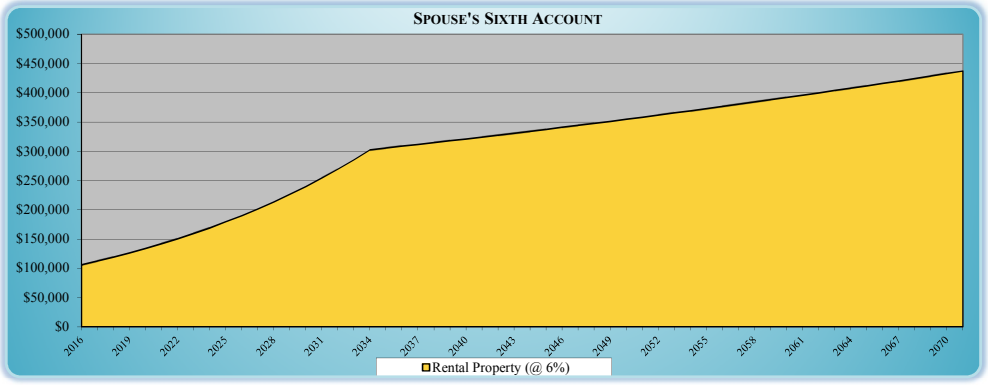
Spouse's Fifth Account



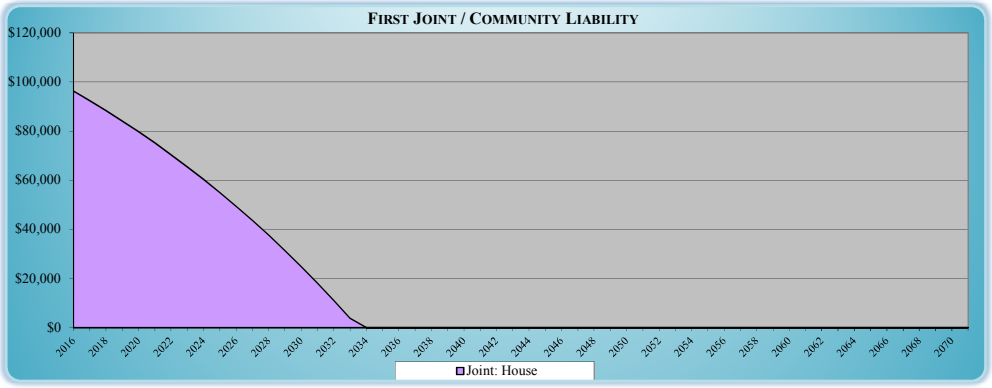
Client's Sixth Account



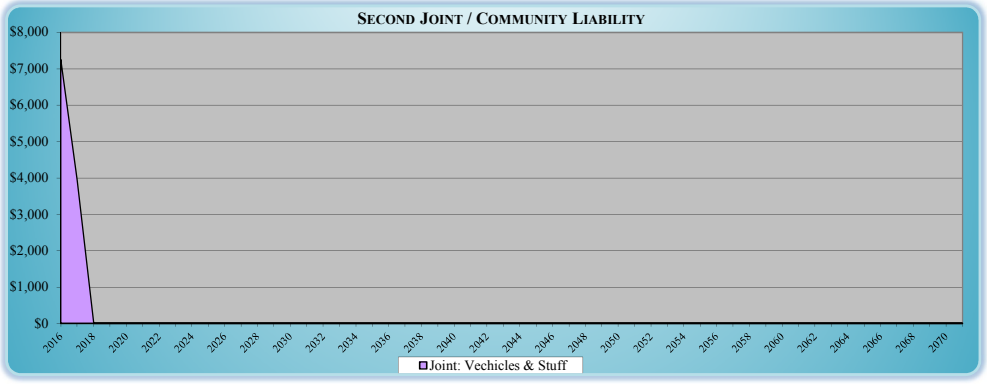
Spouse's Sixth Account



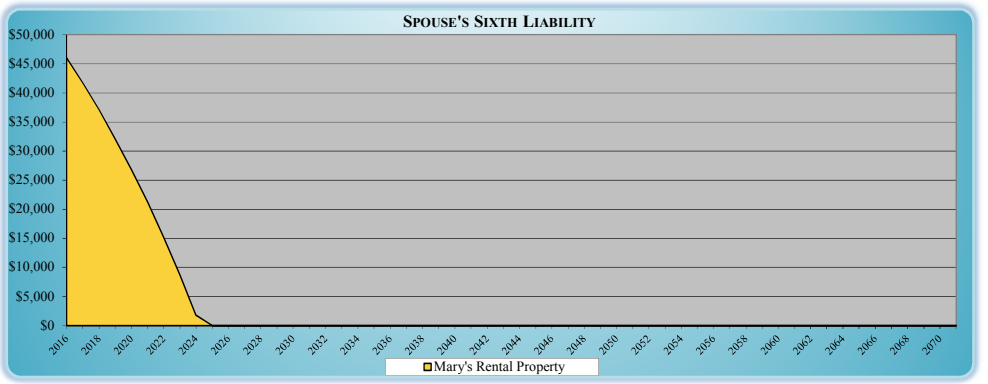
First Joint / Community Liability



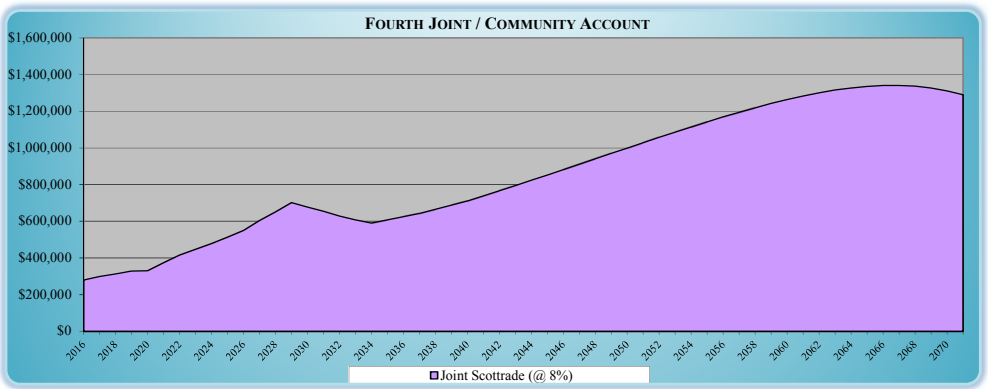
Second Joint / Community Liability

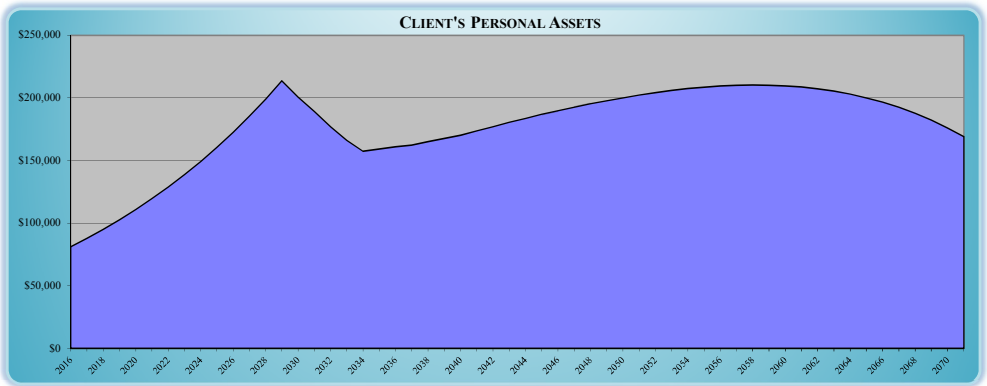


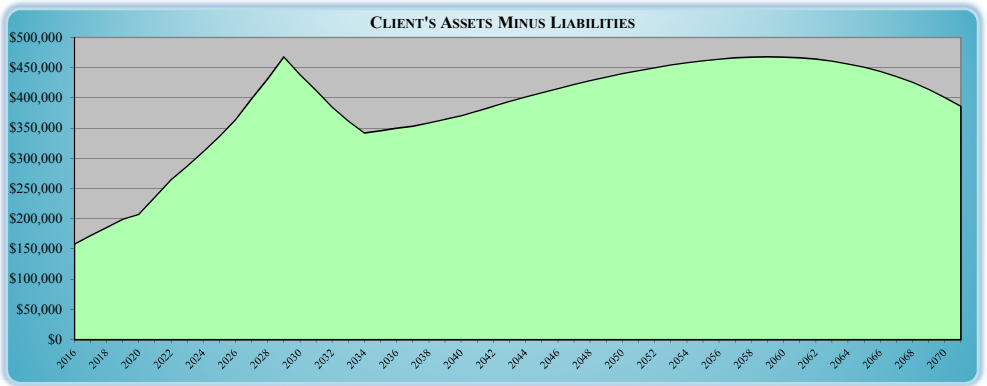
Spouse's Sixth Liability

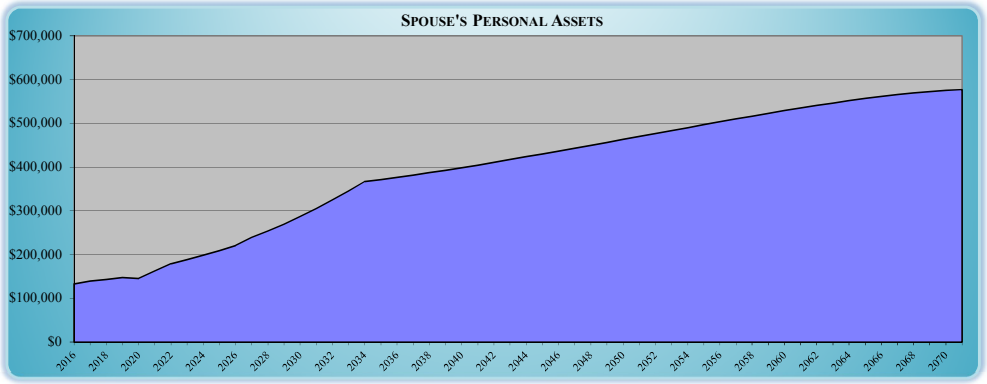


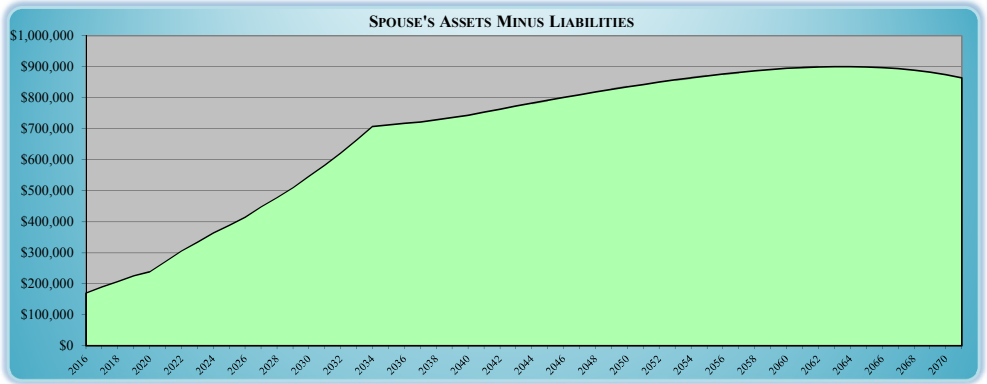
Fourth Joint / Community Account

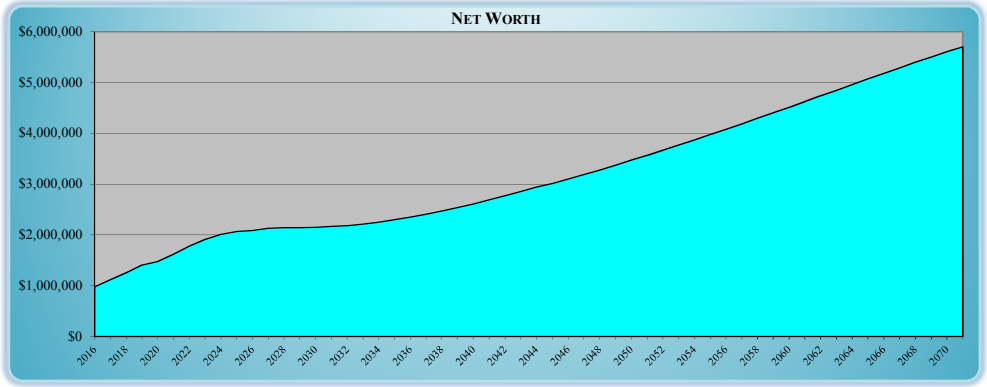


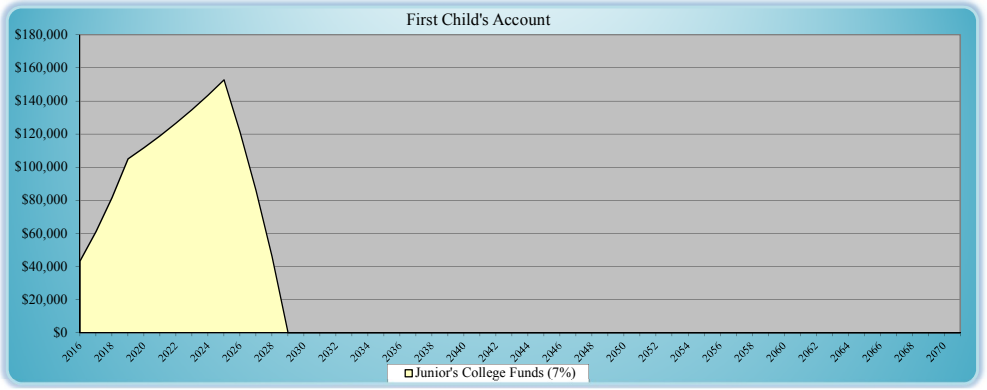


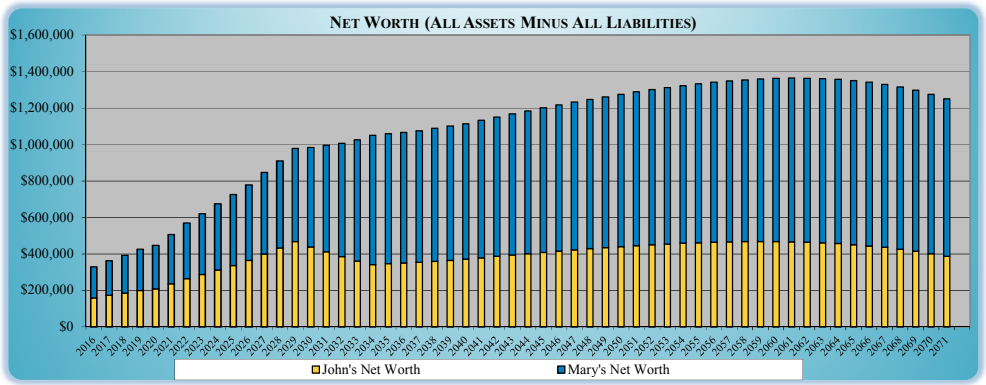


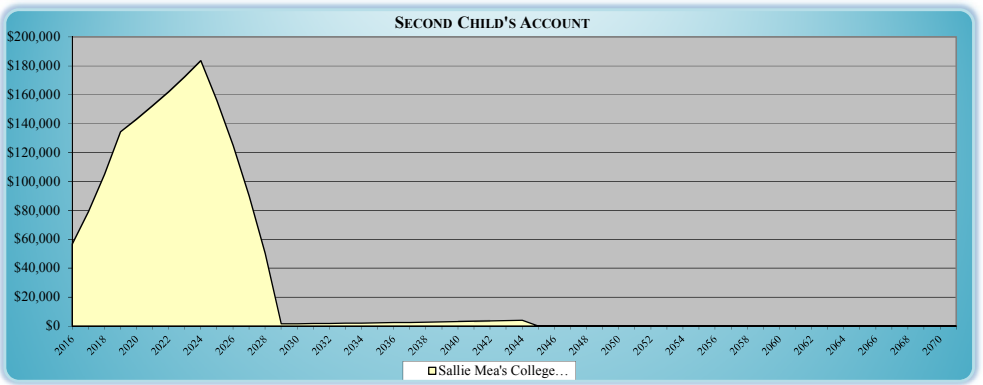


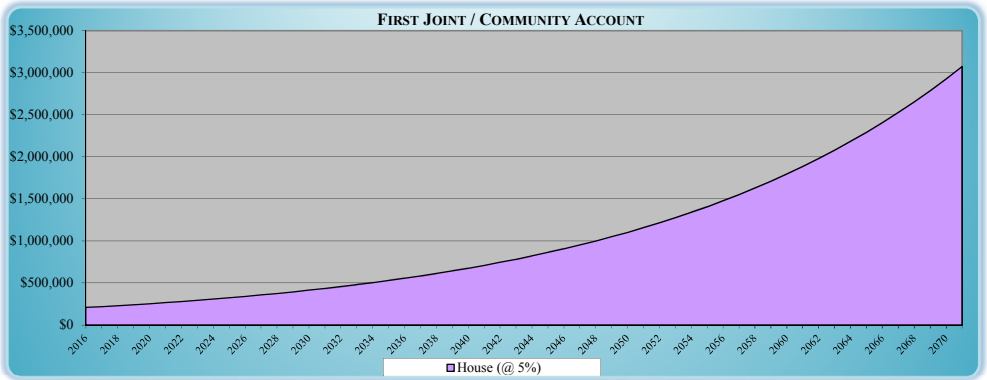


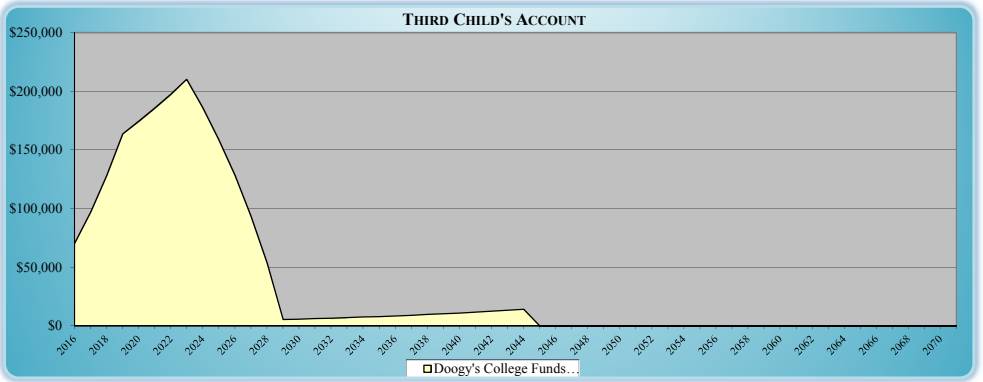


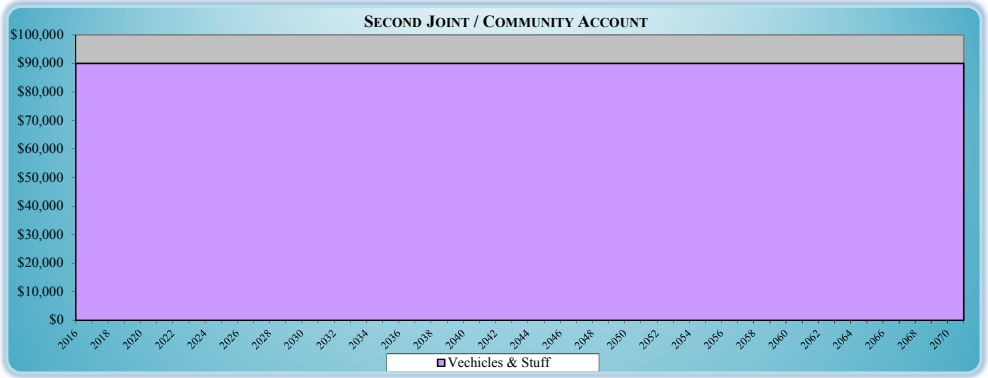












RETIREMENT PLANNING TUTORIAL

REAL WORLD PERSONAL FINANCE SOFTWARE

(503) 309-1369 support@toolsformoney.com http://www.toolsformoney.com/

This text is to help you understand the technical details of the retirement plan that follows.

Some people don't like the word "retirement," so the retirement plan is titled *Financial Independence Analysis*. Other terms are used that mean pretty much the same thing, such as going into an alternate lifestyle, stopping work full time, freedom from an occupational schedule, etc. It will just be referred to as "retirement" from now on because it's the industry's standard way of saying things.

This retirement plan is basically a year-by-year comparison of estimated money being spent versus estimated money being generated from all sources. You tell us, by filling out our *Retirement Fact Finder* questionnaire, how much you'd like to spend annually. This is then compared to how much money your investments, and other sources of income, can generate.

If you spend less than your investments are making, your balance of capital will increase over time. This means you can usually spend more than originally thought, thereby being able to increase your standard of living, having your nest egg last longer, passing more to heirs, and/or gifting more than projected.

If you spend more money than your investments are making, then you'll be spending investment principal (selling shares), and your balance of capital will decline. If the decline is serious enough, you will run out of money before you pass away. This is called *superannuitization*, and is the most common scenario we want to help you avoid.

Both scenarios (not spending enough and running out of money) are usually undesirable, so this plan will help find the middle ground you can be comfortable with. This middle ground is always changing, so it's important to run these retirement reports at least annually.

Your "current retirement plan" (or "old" or "before" plan) just forecasts what your financial future probably would have looked like if you didn't hire us, and just kept going as is. An old saying in the financial planning business is, "If you keep going down the road you're on, you'll probably end up where you're headed."

The "proposed retirement plan" (AKA your "new" or "after" or "recommended" plan) is a forecast of what your financial future would probably look like after implementing all of our retirement planning recommendations.

Other important uses for the retirement plan are to show you:

- When you can retire, and the effects of waiting, or retiring a few years earlier.

- How much you can spend every year, assuming taxes and various cost of living inflation rates.

- How much more you'll need to save / invest if you're short in reaching your retirement goals.

• What average investment rate of return is needed to reach your retirement goals. This sets the tone for how much risk you can, or need to take, to reach your goals. If you can reach your goals with a portfolio of bonds paying 4%, then you would sleep very well knowing you are not taking much risk.

• How major expenditures (e.g., college for children, nursing home stays, expensive vacations, vehicle and other replacement costs, etc.) in addition to your basic income goal, may affect your retirement plans over time.

• How home downsizing, inheritances, or other significant future cash flows may affect your plans.

• The effects of IRS qualified plan required minimum distributions that you may have to start taking at age 70½. If you have a goal of keeping a certain amount of money left over when you're a certain age, this may make a difference.

• An estimate of how much money you'll have at the end of every year.

• How investment portfolio construction and rebalancing may affect your plans over time.

ABOUT PRECISION

Since we are using economic assumptions and computers to estimate the future, we need to point out some limitations of the retirement plan:

• No one knows what the future holds. Most of what financial advisors do and say are just educated guesses. Economics is both a dismal and an inexact science (it's more of an art form really).

• Nobody knows what your expenses will actually be.

• Inflation, taxes, and investment rates of return can't be predicted nor guaranteed, and won't be constant.

• Computer generated numbers are just extrapolations, not predictions.

• Social Security and Medicare generic health insurance benefits may be changed.

• Anything that's not taken into account in the retirement plan may affect the results drastically.

• Anything could happen to other people in your life, greatly increasing your expenses.

In short, we're just guessing with current economic guesstimates using the best financial tools available.

The main goal in retirement planning is to spot trends based on various data input. If the trend is bad, then it's best to know as soon as possible rather than to find out after you commit to retirement (AKA quitting your day job and/or annuitizing an annuity or starting the payout of a defined benefit pension plan).

Because of the "time value of money," the sooner you can get an idea of what your retirement may look like, the better your chances are of avoiding unpleasant surprises will be. This is because the more time you have to prepare, and/or change course, the better the chances are of reaching your retirement goals. This is due mostly to the fact that one's ability, and willingness, to work to earn money usually significantly diminishes over time due to failing health, pain, or lack of cognitive abilities.

INCOME GOALS, TAXES, INFLATION, AND ADDITIONAL FUNDING NEEDS

Let's start with the first page of the report.

Annual Income Goals are what you (and your spouse) wrote on the questionnaire where it asked how much money you want to spend. Or, if a detailed budget and cash flow report was generated, then your retirement income goals would just be whatever your annual forecasted total living expenses are projected to be. This is the bulk of your normal living expenses when you retire.

They are called goals because they're in the future and not everyone can spend as much money as they want to. These income goal amounts are after taxes, so it's net, spendable money.

If there is only one income goal, or if both you and your spouse retire in the same year, then both of your goals are combined and the text under *Annual Income Goals* will say *Combined Goal.* If you and your spouse retire in different years, then there will be two separate income goals (if you want and listed two).

These amounts increase with inflation at the rate(s) you also specified on the questionnaire. If you didn't specify any inflation rates, we most likely did it for you because we feel there will always be some cost of living inflation. These rates can be found on the top right of the first page of the plan where it says *Income Goal Inflation.* This number is the average over the next 30 years.

Note that if the plan used the results of the Family Budget and Cash Flow Projector, then these income goals and inflation rates could be totally, or partially, overridden. In this case, inflation rates used may be different.

Retirement ages are when you told us you wanted to retire. Husband and wife do not have to retire in the same year. "Retirement" starts in the year your income goals start to be funded by investment assets and sources other than earned income. You can still earn money after you are retired, and these numbers are found on another page. Most projections in the plan start in the first year someone retires.

The two notes under the *Income Goal Inflation* section are the tax rates used. The first tax rate is our estimate of your average tax bracket. Because we are taking all of your income into account, marginal rates are not used. Average (AKA the effective tax rate) tax rates are always lower than marginal rates. Nobody pays marginal tax rates on all of their income. So if you see marginal rates used in other retirement plans, it's very incorrect, and should not be used. Average tax rates are found just by dividing the total amount of tax due by your gross incomes (not your Adjusted Gross Incomes).

The other tax rate shown is the amount of your Social Security we estimate will be included in your taxable income. Currently, most people collecting Social Security pay ordinary income tax on 50% of their Social Security if they have other retirement income over a certain amount.

The *Average Percent of Annual Income Goal Being Met* number in the middle of the page is important. You want 100% of your income needs to be met every year. If there are years when you won't be getting as much money as you need, then this will lower the average number. The year-by-year numbers are on the *Annual Summary Numbers* page. There's no magic number that can be viewed as good or bad, but anything less than 90% means your retirement probably won't go as well as planned.

The bottom section shows how much more needs to be saved / invested to reach your retirement goals. If the lump sum and monthly need numbers are both zero, then the plan is saying that you can probably reach your goals given the data that was input. Please note that this is before any "stress testing" performed by the Monte

Carlo simulation (more about this can be found in the disclaimer section of your financial plan). If you need to accumulate more money to reach your goals, then there will be numbers displaying here.

The left number shows how much more you would need to invest all at once today to reach your goals. The number in the middle shows how much you would need to invest every month until your retirement (if you would rather invest monthly than lump sum).

Please note that these numbers are mutually exclusive - doing one or the other will be sufficient to reach your goals. In other words, you don't need to do both lump sum and the monthly investing. Both the lump sum and monthly numbers will grow to be about the same value by the year you retire. Both of these amounts will grow at the assumed discount of return shown at the right. The lower this discount rate, the more money is needed, and vice versa.

About the *Basic Retirement Planning Information* table(s): Hopefully this basic information is self-explanatory.

Life expectancy was calculated using standard IRS unisex mortality tables, and is just a guess based on your current age and the age the average American passes. *Inputted life expectancy* is what we input into the retirement software. People are living longer and longer, so a very high age was input just to account for the "best-case scenario" (which is actually the worst-case scenario from your capital's point of view, because every year longer you live, the more it needs to generate income for your living expenses).

Number of Years of Retirement with Sufficient Capital: You need this number to be the same as the number of years of your retirement. If it's less, then the difference is how many years you did not have enough money to pay for your living expenses.

The next two lines show the percentage of years that you'll have enough money to pay your expenses. You need these to display 100% for your retirement plan to be a success.

The next two lines show how many years of your retirement are projected to be in a situation where you have run out of money. So you need these to be zero for your retirement plan to be a success.

The next two lines show the same thing as above, but in percentages. So you need them to be 0% too.

ASSET AND NON-ASSET INCOME SUMMARY

The top section lists all of your assets (retirement investment accounts) input into the program. The asset's name appears first. If neither you nor your spouse's name appears, then it's assumed to be a jointly-owned investment (you both own it together). Asset is just the commonly-used term for an investment (account).

The next column to the right shows each investment's current value. In the next column, if there is an age here other than your current age, then this means the investment does not come into play until you reach that age. For example, if you expect a $50,000 inheritance at age 70 (and you're 50 now), then the program ignores that asset until you are 70. In this case, the inputted growth rate becomes a discount rate. This means that if you have a $10,000 asset coming into the picture in five years, and its discount rate is 10%, then it's only worth $6,209 today. So roughly $6,200 will be the amount displayed here.

The *Percentage of Assets* column just shows what percent that one asset is, compared to the total shown.

The next five columns apply only to an investment when you plan to add more money to it. For example, if you have an IRA that you contribute $2,000 annually to, then $2,000 will show up under the *Annual Additions to*

Asset column. Then if the rate of growth shown next is 10%, the value of this IRA at the end of the next year will be $2,200.

The next two columns show the years you plan to make the contributions to the retirement investment account. The program doesn't go back in time, so it will just account for the current year and future years.

The column, *Inflation Rate of Annual Contributions,* shows increases in contributions over time. For example, if you have a company 401(k) plan, and you put x% of your income into it, and your income goes up 5% every year, then this 5% will show up here because your contributions will also increase by 5% annually (unless you're maxed out already).

The program will account for any amount and/or frequency of additions to investments. In other words, you can put $1,000 per year in this year, $2,000 the next, none the next, and so on. So whatever you told us to model, we did that, because the retirement software we use is one of the few that is able to do that.

The next column, *Age when Payout Begins*, shows your age when each investment starts to pay out income needed to fund your retirement income goals. Investment assets normally start to pay you when you retire, but you can start them at any year after retirement (but not before).

Using the inheritance example above, if you get it when you're 70, you can let it grow until you're 80, and then start taking retirement income from it. Just about anything that happens in the real world can be modeled, if you tell us in that level of detail. Income from investments paying out before the age of the first person's retirement is ignored (in stand-alone retirement plans).

The next column is more complex. This shows which of the ten most commonly-used methods was used to model paying retirement income from each investment account. There are various restrictions on how some investment assets can pay out income for you to spend. We chose one of the ten methods based on the type of investment it is, and other factors in your life.

THE TEN RETIREMENT INVESTMENT ASSET PAYOUT METHODS

All of the cell reference numbers in this section refer to the ten asset sheets of the retirement planner.

1) <u>Lump Sum</u>: 100% of the investment asset's balance is paid out as a lump sum at any year specified (whether retired or not, or way past the age retirement has already started). You can still use the manual withdrawal column to withdraw partial amounts before the 100% lump sum year. You can also control how much is taxed, and tax rates can be different in these two payout phases (manual withdrawals and then the final lump sum).

2) <u>Yield Only:</u> The biggest use for this retirement withdrawal method is when you want to keep principal intact forever, but it also has more uses. For example, to account for CDs or individual bonds in the Real World, you can account for just the income, and then use the manual withdrawal column to lump sum the maturity proceeds. You can also simulate any number of individual CDs or bonds maturing in different years by using the withdrawal manual override column in conjunction with the rate of return manual override column. You can also account for some maturing while others are reinvested.

Another practical use of this withdrawal method is modeling investments like bond mutual funds. You can assume a total return of 7%, taking out 6% interest income, and having the principal grow by some small amount (1% in this case). Or slowly deplete it by 1% by taking out 7% and growing it at 6%.

Taxes on municipal bonds, or mutual funds, can be simulated correctly too by setting the amount taxable input field (cell A10) to 0%. If there are capital gains to pay when it's sold or matured, enter that tax inclusion rate into cell A11. Or the tax rate on any mix of state and federally taxable scenarios can be modeled too.

With this payout option, you'll have control over every bond, CD, or fixed-income strategy where a fixed or variable percentage of the investment's balance is paid out as retirement income.

3) Inflation Adjusted Income Stream Generator: This unique retirement withdrawal method automatically answers the question, "What's the most retirement withdrawal I can take out of this investment account every year, account for taxes, have it keep up with inflation, and have it last until I'm 100 years old?"

You'd just input the year it starts to pay out, a life expectancy age, a rate of return, a tax rate, and it automatically figures out the rest. You can still use the manual income withdrawal column before payout starts.

This retirement income distribution method is also known as calculating a systematic withdrawal plan, or in IRS language, "substantially equal periodic payments over life expectancy."

4) IRS Age 70½ Minimum Required Distributions (MRD, or AKA MDIB and RMD): The retirement program will estimate the annual minimum distribution amounts that need to be withdrawn from traditional IRAs and 401(k)s. You can still use the income withdrawal manual override column at any age, so you can tap into it more when needed, and then have it go back to paying just the required minimum distributions.

5) Specific Annual Withdrawal Amounts: This withdrawal method disables the other nine payout methods, so only amounts input into the withdrawal manual override column inject income into the retirement plan.

In short, you'd manually input how much of an investment's balance you want to withdraw, and to be spent as retirement income, in every year. Then the retirement calculator forces that much net income into the picture. If there's a surplus over what's needed, then it is added back to active Flexible assets (discussed next).

6) Flexible Asset: This payment method pays out retirement income in a manner that does not have a structured payout option (methods 1 - 4, or 7 - 10). It's an easy way to just let it figure everything out based on what's needed every year.

A Flexible Asset is different because it frees the retirement account to pay out retirement income needs that remain after all non-asset income from the Summing & Input sheet, and assets with structured payout methods, have paid out. It basically funds whatever is needed to reach annual income goals after everything else has paid out (e.g., Social Security, pensions, earned income, and all non-flexible asset buckets).

If there is more than one Flexible Asset, then withdrawals are calculated on a pro-rata basis, according to size. For example, if there are only four investment buckets with values of $500,000, $250,000, $150,000, and $100,000, and the income need was $100,000 in that year; then $50,000 would come out of the $500k fund, $25,000 out of the $250k fund, $15,000 out of the $150k, and $10,000 out of the $100k fund. So all investments will run out at the same time.

Flexible Assets also accept income surpluses when there's a forced surplus (there's more money coming in than being spent). These surpluses get added back to their market value, so it can grow until needed in the future.

7) Single Life Fixed Annuity: This method of paying out retirement income trades in the investment's market value for a permanent income stream. This income stream most resembles a single life fixed annuity (or old-style defined benefit pension plan).

It wipes out the investment's market value when it starts to pay out, it pays until death, and cannot be altered once it begins. It basically allows you to simulate what will happen in the real world if you were to annuitize a fixed-rate annuity, without an inflation rider benefit. If you want to model a fixed annuity with an inflation rider, then you can use one of the income generators discussed below.

8) Inherited IRA or IRS Rule 72(t) Governing Pre-Age-59½ Tax-Qualified Plan Distributions: To sum this long story up, if you have a tax-qualified plan (e.g., Traditional IRA), the IRS has rules to make sure people repay the taxes that they saved during the accumulation phase.

There are also rules saying that if you take money out of an IRA before you turn age 59½, then you have to pay a 10% premature distribution tax (in addition to ordinary income tax). In 2002, the IRS realized the error of its ways, and made exceptions to these rules in section 72 of the code. Part "t" makes exceptions to getting these premature distributions, because many people are already retired at ages well before 59. Also, people that have inherited IRAs may need the money now.

There are three ways to avoid the 10% penalty tax in section 72(t). The three methods are not the only ways to qualify for these exceptions. All the IRS cares about is that you're receiving "substantially equal periodic payments" from the IRA, and thus are paying taxes on this income. Payout method #3 is also a way to do this (but don't use it before getting advice from a tax pro).

Payout method #8 uses the same calculations used for Inherited IRA distributions and the 72(t) method called Life Expectancy. Basically the end of the last year's balance is divided by the life expectancy of the owner. These life expectancy numbers go down every year, so the required payments escalate to the point that all of the IRA is distributed over the person's lifetime (assuming that they live until life expectancy, recently adjusted to age 115). Of the three methods of doing 72(t), this method will result in the lowest annual required minimum distributions from the IRA.

9) IRS Rule 72(t) Governing Pre-Age-59½ Tax-Qualified Plan Distributions Using the Fixed Amortization Method: The same story applies as above, but the formula is different. A time value of money formula is used, using life expectancy numbers, end of the last year's balance, and an assumed interest rate. This method will result in the highest annual distributions.

10) IRS Rule 72(t) Governing Pre-Age-59½ Tax-Qualified Plan Distributions Using the Annuitization Method: The same story as above applies here too. This method uses an actuarially determined annuity factor, so be careful. This method produces about the same annual distributions as payout method #9, but are just a little less. This method is the least used of the three.

That was the end of explaining payouts, now continuing on with the last two columns of the same section:

The next column indicates what rate of return was used for each investment. These are just guesses, and if you feel they will be something else in a certain year, it can be changed. For example if you have a limited partnership, or something that has different rates of returns in different years, it can be estimated.

The next column is the percent of the asset's income, not its growth, that is subject to the average tax rate described earlier. The pre-retirement earnings / growth / profit of each investment is not taxed in the stand-alone retirement planner. But when the asset produces income that you'll spend, then this part is taxed. It turns out that taxes on non-qualified pre-retirement distributions is much less significant than most people think, once the math is performed properly.

For example, suppose you have a mutual fund that is producing $10,000 of your retirement paycheck. The fund grows by $20,000 in the same year; and your average tax bracket was set to 25%. If we used 50% as the percent of the generated income that's subject to taxes, then $1,250 ($10,000 * 0.5 * 0.25) just disappeared in taxes and the rest went to fund your income goal in that year. The growth on the mutual fund was not taxed. Using 50% is common because when you sell mutual fund shares to get money to spend, on average about half is taxable capital gains and about half is the return of the initial investment (AKA basis), which is not taxable. We guesstimate on these numbers because nobody knows what will really happen.

The bottom section (*Primary Non-Asset Retirement Income Summary*) is the summary of the sources of your retirement income that did not come from "investment assets." In this program, a retirement investment asset is something that has value, and you could sell it and get this whole value. Social Security can be considered an asset, but you can't sell it and get the money. The same applies to any earned income, old-style defined benefit pensions, annuities that have been annuitized, income from trusts when you cannot get at the principal, etc. Not everything in this category is shown here. Only the usual primary sources (from the Cash Flow Projector program) are listed, like Social Security, pensions, and earned incomes during retirement.

All dollar amounts shown are before taxes are taken out. The amounts after taxes are shown on the tax report. The beginning and ending age columns are just that - when these incomes start and stop. Social Security pays until you pass away, so that's why it says "n/a." Earned income, and other things, may also stop at a certain age.

The next column shows the annual inflation rate - or how much these incomes are estimated to increase every year. As usual, we're just guessing. The last column shows whether the income is taxable or not. Some income streams are not taxable. If you have income high enough to make your Social Security taxable, then it will show up here (and on the first page).

The next page or two (*Annual Summary Numbers*) shows all of your miscellaneous income and expenses, and summarizes all of the items year-by-year.

The first five columns show what age you will be in future years, and the average tax rate used.

The next column, *Combined Income Goal*, shows your regular income goal going up annually with inflation. Combined just means that you and your spouse's incomes were added together. If you wanted to downsize a house, or otherwise reduce your income goal in future years, then you can see this here.

The next column, *Combined Annual Social Security*, shows these income amounts after taxes.

The next column, *Combined Annual After-Tax Miscellaneous Income and/or Expense (*or *Combined Annual Non-asset Income),* is just the next page or two's numbers all added together every year. In other words, all of the amounts shown on the next page or two, *Miscellaneous Annual Expense and Non-Asset Income Details*, are summed up here.

Miscellaneous income is money that you plan to get from sources other than your assets after you have retired. Some examples are earned incomes from hobby businesses, selling real estate, rental property income, inheritances, trusts, winning lawsuits, etc.

Any significant amount of money you plan to spend in addition to your normal income goals will show up here as a miscellaneous expense. Miscellaneous expense examples are putting children through college, replacing expensive vehicles every few years, buying a vacation home, etc.

These amounts are all "inflated," so if you put down that you want to buy a $35,000 vehicle five years after you have retired, then this could show up as a $45,000 expense on this page in that year if we used a 5% inflation rate (if you retired this year).

The next column (in the stand-alone version), *Combined Annual Earned Income*, displays all of your post-retirement earned incomes after taxes.

The next column (in the stand-alone version), *Combined Annual Pension Income*, are all of your incomes from old-style defined benefit pension plans, annuities that have been annuitized, etc., after taxes.

The next column, *Combined Annual Asset Income*, display all of the combined after-tax asset incomes.

The next column, *Combined Annual Income Surplus or Deficit*, is a little tricky because it depends on how all of your assets are structured to pay out income. Basically, if your income goals and miscellaneous expenses are more than what can be generated from your assets and miscellaneous sources of income, then you'll be spending more money than what's coming in that year. For example, if your income goal has inflated to be $100,000, and all of your sources of income only total up to $75,000 after taxes, then a deficit, of -$25,000 will show up here. Deficits are very bad, and are to be minimized and/or avoided.

The next column, *Percent of Income Goal Being Met:* If one had enough assets, and set them up right so that they'd pay out income that always met expenses perfectly, then these numbers will always be 100%. Numbers below 100% indicate problems with your retirement plan that need to be addressed ASAP.

The next column, *End of Year Balance of Capital*, shows how much money, in marketable assets, the program estimates you will have left over at the end of each year. These amounts are after taxes, withdrawals, and the rate of return growth rates are applied. If you consistently spend more money than these assets generate, then your balance of capital will decline over time, and eventually run out. If you spend less, then your balance of capital will continue to grow, sometimes astronomically.

If, however, there is not enough income to meet expenses, this number will be lower. For example, if the income goal is $50,000 and only $25,000 was available, then this number will be 50%. It's possible to see numbers more than 100% is there is a surplus in that year, and less than zero if the annual deficit is larger than the current year's income goal. Numbers under 90% indicate trouble ahead. The average over the life of the retirement plan is shown in the text of the column title.

The next column, *Average Weighted Rate of Return on Assets:* This estimates the average rate of return on all of your investment accounts combined. Since some investments pay out more than others every year, they do not all grow or shrink at the same rate. So the program just calculates the average.

For example, if you have two investments both about equal in size, and one gets a higher rate of return than the other, and a lot more money comes out of the higher return asset in the form of income in a certain year; then at the end of that year, you will have less money left over in this investment than in the other investment. So the average weighted return on your overall portfolio will decline a little bit because you have less money in the investment with the higher rate of return.

The next column, *Percent Change in Asset Balance from Previous Year*: This shows just how much all of your investments combined have grown or shrunk by the end of each year. It simply compares the *End of Year Balance of Capital* from one year to the next, and calculates the percentage change.

The next column, *Present Value of Additional Capital Needed Now vs. at Retirement:* These numbers are the additional year-by-year amounts needed now to make up for shortfalls. If one wanted to only fund retirement up until a certain year, then the number shown in that year shows how much is needed as a lump sum today. These numbers increase every year because every year's amount is just added to the running totals.

For example, if in the tenth year after retirement has begun, there is $10,000 in the *Present Value of Additional Capital Needed at Retirement* column: This means that, because of any number of retirement plan deficiencies, you'll need another $10,000 to pay your expenses in that year. The column to the right display how much more you'd need to invest today, to have that $10,000 ten years from now.

In general, you want these two columns to always be $0 in order to have a successful retirement plan.

THE TAX REPORT

If there is a tax report, then each column just shows the estimated amount of taxes paid in every year from that source of income. The middle section is for non-asset incomes, and the right section shows taxes from asset income withdrawals. Then they're all totaled up at the right.

GRAPHS

The first graph summarizes the whole picture with two numbers from the previous two pages. The sixth column on the previous page, *Combined Income Goal,* is in blue; and the; *End of Year Balance of Capital* (fifth column from the right on the previous page) is in maroon.

This shows how much money we estimate you'll be spending in each year, compared to how much money you have. This is the bottom line shown graphically. This is an easy way to see the financial dips and bumps in your future and what cause them.

We hope all of the other graphs are self-explanatory, as they say what they're about.

INPUT SUMMARIES

If this was printed, then it just displays what input data was used to generate your retirement plan.

WHAT YOU CAN DO IF THE REPORT SHOWS YOU'LL RUN OUT OF MONEY

Look on the first page of the retirement plan at the bottom where it shows *Additional Funding Needed to Reach Your Income Goals.* If there are any numbers (other than zeros), then the program has figured that you will run out of money before you pass away. The ending age is usually set at 100, but this can be changed. The sooner one passes away, the less money it takes to fund the retirement plan.

If this is the case in your retirement plans, then you're probably curious what it would take to solve this problem. Here is a list of the most common techniques used:

• Invest more money now, or over time. First, check to see that all of your investments are listed. Clients sometimes "forget" to tell their financial advisers about all of their investment accounts.

• Get a higher rate of return on the investments, both now and throughout retirement. If you have investments earning bank interest rates, then that's a major problem. Fortunately, we also specialize in investment management, using sophisticated asset allocation techniques, so we can help here too.

• Lower your income goal (the amount of money you'll be spending when retired). Take a good look at your budget and see if you really need to spend all of the money you put down as your income goal. If you don't have a budget, then we can help with that too by using the Family Budget and Cash Flow Projection software. Since the amount of money you have now probably can't be changed, and the rate of return you'll get cannot be predicted, lowering your income goal is the most effective option.

• You can retire in a later year. Every year you wait, the more money will accumulate (assuming your investments are well managed and don't go down, and/or assuming you will be saving money for a longer period of time). Also, every year less spent in retirement means a year where there's no withdrawals from your assets. No withdrawals in one year means there's more money available in future years.

• Lower the age that you will assume you'll pass away. Every year you're alive depletes your capital base, especially the later years. If you're pretty sure you won't make it past a certain age, then we should show that in the report (or make an additional report).

• Lower the cost of living inflation rates on your income goals. These numbers should reflect the current environment to some extent, but should also err on the high side, but not by too much. Make sure it's realistic.

• Find out what you will have in Social Security by getting the updated data directly from the source. You can download Social Security's free *AnyPIA* calculator from their website and get accurate numbers: http://www.ssa.gov/

• Lower the age when you will collect Social Security. If you plan on being retired at age 62, then you should definitely take it at age 62. There are no benefits to waiting (because actuaries ensure the same amount of money will be paid to you both ways if you make to age 100) and there are good benefits by taking it ASAP. Namely, you may pass away soon after you turn 62, in which case you'll never collected on your benefits.

• Take all pensions as soon as you can, for the same reasons as above.

• Ensure all of your investment assets are structured with paying out retirement income in mind. For example, if you have a portfolio of individual bank CDs or bonds, then instead of just spending the coupon interest, you should sell some of them, or don't roll them over when they mature.

• Think hard before annuitizing annuities. Most of the time, you're much better off by not doing that (by waiting until you're 60, and then liquidating it, and then investing the money in a do-it-yourself brokerage account).

There are other minor things that can be done, but these are the top things people do in the real world.

Please contact us if you have any questions or would like more information.

John & Mary Sample
Financial Independence Analysis

Illustration for Current Plan (before recommendations)

June 6, 2016

Annual Income Goals*		Current Age	Retirement Age	Income Goal Inflation
Combined Goal: $64646	John:	45	60	3.0%
		Life Expectancy:	83	
	Mary:	40	60	Overall Tax Rate: 20% **
		Life Expectancy:	83	SS Inclusion Rate: 50%***

* In today's dollars. Net after-tax, spendable dollars.

** If tax rate is 0%, income goals are gross (before taxes). If a tax rate is used, goals are net spendable dollars or after-tax goals.

*** The Social Security inclusion rate is how much of your SS is assumed to be includable in your taxable income.

Average Percentage of Annual Income Goal Being Met: 56.8%

Additional Funding Needed to Reach Your Income Goals*

Additional Lump Sum Needed Today	-or-	Additional Monthly Payments Needed until John's Year of Retirement	Assumed Rate of Return on Additional Funding
$734,200		$4030	3.0%

Probability of Success Given All Assumptions: 12%

* Additional funding means funding in addition to the assets that are entered into this analysis. It also assumes available capital needed to produce retirement income is not depleted until John's age of 100.

This report is designed to show a rough ballpark idea of your future financial situation, and is intended only as a basis for discussion with your professional advisors. The estimates shown in this report are based on many assumptions that may or may not occur. Both principal value and investment returns will fluctuate over time. No warranty as to correctness is given and no liability is accepted for any error, or omission, or any loss which may arise from relying on this data.

Basic Current Retirement Planning Information

John Sample's Current Age:	**45**
Calculated Life Expectancy:	**83**
Inputted Life Expectancy:	**100**
Difference Between Calculated and Inputted Life Expectancy in Years:	**17**
Number of Years Until Retirement:	**15**
Number of Years Until Calculated Life Expectancy:	**38**
Number of Years Until Inputted Life Expectancy:	**55**
Number of Years of Retirement to Calculated Life Expectancy:	**23**
Number of Years of Retirement to Inputted Life Expectancy:	**41**
Number of Years of Retirement with Sufficient Capital:	**6**
Percentage of Years in Retirement with Sufficient Capital Using Calculated Life Expectancy:	**26.4%**
Percentage of Years in Retirement with Sufficient Capital Using Inputted Life Expectancy:	**14.6%**
Number of Years Until Depletion of Capital:	**21**
Number of Years of Retirement Until Depletion of Capital:	**6**
Number of Years of Retirement without Capital Using Calculated Life Expectancy:	**17**
Number of Years of Retirement without Capital Using Inputted Life Expectancy:	**35**
Percentage of Years in Retirement without Capital Using Calculated Life Expectancy:	**73.6%**
Percentage of Years in Retirement without Capital Using Inputted Life Expectancy:	**85.4%**

Financial Independence Analysis: Asset Summary

Illustration for Current Plan (before recommendations)

Asset Name	Current (or present) Asset Value	Percentage of Assets	Age when Asset Becomes Effective	Annual Additions to Asset	Age when Additions Begin	Age when Additions Ends	Inflation Rate on Annual Contributions	Age when Payout Begins	Payout Method	Total Return Assumed	% Income Subject to Taxes
John's 401(k)	$27,500	4.6%	45	$1,800	45	59	1.0%	60	Flexible Asset*	4.0%	100.0%
Mary's 403(b)	$35,000	5.8%	40	$2,400	40	59	1.0%	60	Flexible Asset*	4.0%	100.0%
John's TD IRA	$25,000	4.1%	45	$1,500	45	59	1.0%	60	Flexible Asset*	5.0%	100.0%
Mary's TIAA CREF IRA	$25,000	4.1%	40	$1,200	40	59	1.0%	60	Flexible Asset*	4.0%	100.0%
John's Merrill IRA	$15,000	2.5%	45	$1,200	45	59	1.0%	60	Flexible Asset*	5.0%	25.0%
Mary's American Funds	$15,000	2.5%	40	$0	n/a	n/a	n/a	60	Flexible Asset*	5.0%	25.0%
John's Schwab	$25,000	4.1%	45	$1,200	45	59	1.0%	60	Flexible Asset*	5.0%	25.0%
Mary's Credit Union	$25,000	4.1%	40	$0	n/a	n/a	n/a	60	Yield Only @ 2%	2.0%	100.0%
John's Bank Savings	$50,000	8.3%	45	$0	n/a	n/a	n/a	60	Yield Only @ 2%	2.0%	100.0%
Mary's Rental Property	$100,000	16.6%	40	$0	n/a	n/a	n/a	60	Yield Only @ 5%	6.0%	100.0%
Credit Union	$260,000	43.2%	45	$0	n/a	n/a	n/a	60	Flexible Asset*	2.0%	100.0%
Totals:	**$602,500**			**$9,300**							

Notes: If an asset above has $0 in current value, and $0 in annual additions, please refer to the separately printed asset page.

* A "Flexible Asset" is an asset that does not have a structured method of paying out income. Instead, cash is withdrawn, or added back to this asset as needed to fund income withdrawals in that year.

Current Primary Non-Asset Retirement Income Summary*

Source of Non-asset Retirement Incomes	First Year's Pretax Incomes	Annual Average Pretax Incomes	Total Income Over Plan Life	Beginning Age	Ending Age	Income's Duration in Years	Annual Rate of Change Over Plan Life (at 20% Tax Rate)	Tax Inclusion Rate
John's Social Security	$21,434	$25,379	$862,884	67	100	34	1.0%	50%
Mary's Social Security	$15,699	$18,108	$525,121	67	95	29	1.0%	50%
John's Salary & Wages	$84,000	$96,843	$1,452,647	45	59	15	1.9%	100%
Mary's Salary & Wages Income	$48,000	$44,933	$898,653	40	59	20	-1.9%	100%
John's Other Earned Income	$1,000	$1,078	$4,310	70	73	4	3.7%	100%
Mary's Other Earned Income	$500	$536	$4,291	62	69	8	1.7%	100%
John's Defined Benefit Pension	$10,000	$10,000	$370,000	64	100	37	0.0%	100%
Mary's Defined Benefit Pension	$1,000	$1,444	$51,994	60	95	36	1.9%	100%

* Averages and totals include manual override amounts.

Financial Independence Analysis

Annual Summary Numbers

Illustration for Current Plan (before recommendations)

John's Age	Mary's Age	Tax Rate	Year #	Year	Combined Annual Income Goal	Combined Annual Before-tax Social Security	Combined Annual Before-tax Non-asset Income	Combined Annual Before-tax Asset Income	Combined Annual Income Surplus or Deficit (-)	Percent of Annual Income Goal Being Met (56.8%)	End of Year Balance of Capital	Average Weighted Rate of Return on Assets	Percent Change in Asset Balance from Previous Year	Present Value of Additional Capital Needed at Retirement	Present Value of Additional Capital Needed Now
45	40	20.0%	1	2016	$0	$0	$0	$0	$0	N/A	$632,400	3.4%	n/a	$0	$0
46	41	20.0%	2	2017	$0	$0	$0	$0	$0	N/A	$668,300	3.4%	5.7%	$0	$0
47	42	20.0%	3	2018	$0	$0	$0	$0	$0	N/A	$697,500	3.5%	4.4%	$0	$0
48	43	20.0%	4	2019	$0	$0	$0	$0	$0	N/A	$729,700	3.5%	4.6%	$0	$0
49	44	20.0%	5	2020	$0	$0	$0	$0	$0	N/A	$740,100	3.6%	1.4%	$0	$0
50	45	20.0%	6	2021	$0	$0	$0	$0	$0	N/A	$820,800	3.6%	10.9%	$0	$0
51	46	20.0%	7	2022	$0	$0	$0	$0	$0	N/A	$900,000	3.6%	9.6%	$0	$0
52	47	20.0%	8	2023	$0	$0	$0	$0	$0	N/A	$952,000	3.6%	5.8%	$0	$0
53	48	20.0%	9	2024	$0	$0	$0	$0	$0	N/A	$1,006,400	3.7%	5.7%	$0	$0
54	49	20.0%	10	2025	$0	$0	$0	$0	$0	N/A	$1,060,500	3.7%	5.4%	$0	$0
55	50	20.0%	11	2026	$0	$0	$0	$0	$0	N/A	$1,115,800	3.7%	5.2%	$0	$0
56	51	20.0%	12	2027	$0	$0	$0	$0	$0	N/A	$1,195,400	3.7%	7.1%	$0	$0
57	52	20.0%	13	2028	$0	$0	$0	$0	$0	N/A	$1,209,900	3.8%	1.2%	$0	$0
58	53	20.0%	14	2029	$0	$0	$0	$0	$0	N/A	$1,072,600	3.9%	-11.3%	$0	$0
59	54	20.0%	15	2030	$0	$0	$0	$0	$0	N/A	$905,600	4.0%	-15.6%	$0	$0
60	55	19.0%	16	2031	$103,700	$0	$0	$103,700	$0	100.0%	$823,600	4.1%	-9.1%	$0	$0
61	56	19.0%	17	2032	$105,900	$0	$0	$105,900	$0	100.0%	$731,500	4.3%	-11.2%	$0	$0
62	57	19.0%	18	2033	$108,300	$0	$0	$108,300	$0	100.0%	$634,500	4.6%	-13.3%	$0	$0
63	58	19.0%	19	2034	$98,800	$0	$0	$70,100	-$28,600	71.0%	$595,000	4.7%	-6.2%	$28,600	$16,300
64	59	19.0%	20	2035	$103,200	$0	$7,500	$1,000	-$94,600	8.2%	$626,200	4.7%	5.2%	$123,300	$68,700
65	60	18.0%	21	2036	$91,100	$0	$11,500	$79,500	$0	100.0%	$557,200	4.8%	-11.0%	$123,300	$68,700
66	61	18.0%	22	2037	$93,700	$0	$11,600	$82,100	$0	100.0%	$482,200	4.9%	-13.5%	$123,300	$68,700
67	62	18.0%	23	2038	$96,600	$21,400	$12,100	$65,000	$0	100.0%	$434,800	5.0%	-9.8%	$123,300	$68,700
68	63	18.0%	24	2039	$99,500	$21,600	$12,200	$15,200	-$52,300	49.2%	$438,100	5.0%	0.8%	$169,800	$94,500
69	64	18.0%	25	2040	$101,800	$21,800	$12,300	$15,300	-$54,100	48.5%	$441,500	5.1%	0.8%	$216,500	$120,300
70	65	18.0%	26	2041	$96,900	$22,000	$13,100	$15,500	-$48,100	52.2%	$444,800	5.1%	0.7%	$256,800	$142,700
71	66	18.0%	27	2042	$99,800	$22,300	$13,300	$15,600	-$50,500	51.3%	$448,200	5.1%	0.8%	$298,000	$165,400
72	67	18.0%	28	2043	$102,800	$38,200	$13,400	$15,800	-$38,700	65.6%	$451,700	5.1%	0.8%	$328,600	$182,400
73	68	18.0%	29	2044	$105,800	$38,600	$13,500	$15,900	-$41,100	64.3%	$455,200	5.1%	0.8%	$360,100	$199,800
74	69	18.0%	30	2045	$108,600	$38,900	$12,800	$16,000	-$44,200	62.3%	$458,700	5.1%	0.8%	$393,000	$218,100
75	70	18.0%	31	2046	$111,700	$39,300	$12,400	$16,200	-$47,100	60.8%	$462,200	5.1%	0.8%	$427,100	$236,900
76	71	18.0%	32	2047	$114,900	$39,700	$12,500	$16,300	-$49,700	59.6%	$465,800	5.1%	0.8%	$462,000	$256,300
77	72	18.0%	33	2048	$118,200	$40,100	$12,600	$16,500	-$52,500	58.5%	$469,400	5.1%	0.8%	$497,800	$276,100

Financial Independence Analysis
Annual Summary Numbers, continued

John's Age	Mary's Age	Tax Rate	Year #	Year	Combined Annual Income Goal	Combined Annual Social Security	Combined Annual Non-asset Income	Combined Annual Asset Income	Combined Annual Income Surplus or Deficit (-)	Percent of Annual Income Goal Being Met (56.8%)	End of Year Balance of Capital	Average Weighted Rate of Return on Assets	Percent Change in Asset Balance from Previous Year	Present Value of Additional Capital Needed at Retirement	Present Value of Additional Capital Needed Now
78	73	18.0%	34	2049	$121,700	$40,500	$12,700	$16,600	-$55,300	57.4%	$473,000	5.1%	0.8%	$497,800	$276,100
79	74	18.0%	35	2050	$125,200	$40,900	$12,900	$16,800	-$58,200	56.4%	$476,700	5.1%	0.8%	$497,800	$276,100
80	75	18.0%	36	2051	$128,900	$41,300	$13,000	$16,900	-$61,200	55.2%	$480,500	5.1%	0.8%	$497,800	$276,100
81	76	18.0%	37	2052	$132,600	$41,800	$13,100	$17,100	-$64,300	54.3%	$484,200	5.1%	0.8%	$497,800	$276,100
82	77	18.0%	38	2053	$136,500	$42,200	$13,200	$17,200	-$67,500	53.2%	$488,000	5.1%	0.8%	$537,500	$298,000
83	78	18.0%	39	2054	$140,500	$42,600	$13,300	$17,400	-$70,900	52.2%	$491,800	5.2%	0.8%	$537,500	$298,000
84	79	18.0%	40	2055	$144,600	$43,000	$13,400	$17,500	-$74,300	51.1%	$495,700	5.2%	0.8%	$578,600	$320,800
85	80	18.0%	41	2056	$148,800	$43,500	$13,500	$17,700	-$77,900	50.2%	$499,600	5.2%	0.8%	$620,500	$344,000
86	81	18.0%	42	2057	$153,200	$43,900	$13,700	$17,900	-$81,600	49.3%	$503,600	5.2%	0.8%	$663,100	$367,600
87	82	18.0%	43	2058	$157,600	$44,300	$13,800	$18,000	-$85,300	48.3%	$507,600	5.2%	0.8%	$706,400	$391,600
88	83	18.0%	44	2059	$162,300	$44,800	$13,900	$18,200	-$89,300	47.4%	$511,600	5.2%	0.8%	$750,300	$415,900
89	84	18.0%	45	2060	$167,000	$45,200	$14,000	$18,400	-$93,300	46.5%	$515,700	5.2%	0.8%	$794,900	$440,600
90	85	18.0%	46	2061	$171,900	$45,700	$14,200	$18,500	-$97,500	45.6%	$519,800	5.2%	0.8%	$840,200	$465,600
91	86	18.0%	47	2062	$177,000	$46,100	$14,300	$18,700	-$101,900	44.7%	$524,000	5.2%	0.8%	$886,000	$491,000
92	87	18.0%	48	2063	$182,200	$46,600	$14,400	$18,900	-$106,300	43.9%	$528,100	5.2%	0.8%	$932,500	$516,800
93	88	18.0%	49	2064	$187,500	$47,100	$14,600	$19,000	-$110,900	43.0%	$532,400	5.2%	0.8%	$979,600	$542,900
94	89	18.0%	50	2065	$193,000	$47,500	$14,700	$19,200	-$115,700	42.2%	$536,700	5.2%	0.8%	$1,027,300	$569,300
95	90	18.0%	51	2066	$198,700	$48,000	$14,900	$19,400	-$120,600	41.4%	$541,000	5.2%	0.8%	$1,075,600	$596,000
96	91	18.0%	52	2067	$204,600	$48,500	$15,000	$19,600	-$125,700	40.6%	$545,400	5.2%	0.8%	$1,124,400	$623,000
97	92	18.0%	53	2068	$210,600	$49,000	$15,200	$19,700	-$131,000	39.8%	$549,800	5.2%	0.8%	$1,173,900	$650,400
98	93	18.0%	54	2069	$216,800	$49,500	$15,300	$19,900	-$136,400	39.1%	$554,200	5.2%	0.8%	$1,223,800	$678,000
99	94	18.0%	55	2070	$223,200	$50,000	$15,500	$20,100	-$142,000	38.4%	$558,700	5.3%	0.8%	$1,274,300	$706,000
100	95	18.0%	56	2071	$229,800	$50,500	$15,600	$20,300	-$147,800	37.6%	$563,300	5.3%	0.8%	$1,325,300	$734,200

John & Mary Sample
Financial Independence Analysis

Illustration for Proposed Plan

June 6, 2016

Annual Income Goals*		Current Age	Retirement Age	Income Goal Inflation
Combined Goal: $76574	John:	45	59	3.0%
		Life Expectancy:	83	
	Mary:	40	59	Overall Tax Rate: 21% **
		Life Expectancy:	83	SS Inclusion Rate: 50%***

* In today's dollars. Net after-tax, spendable dollars.

** If tax rate is 0%, income goals are gross (before taxes). If a tax rate is used, goals are net spendable dollars or after-tax goals.

*** The Social Security inclusion rate is how much of your SS is assumed to be includable in your taxable income.

Average Percentage of Annual Income Goal Being Met: 100.0%

Additional Funding Needed to Reach Your Income Goals*

Additional Lump Sum Needed Today	-or-	Additional Monthly Payments Needed until John's Year of Retirement	Assumed Rate of Return on Additional Funding
$0		$0	3.0%

Probability of Success Given All Assumptions: 37%

* Additional funding means funding in addition to the assets that are entered into this analysis. It also assumes available capital needed to produce retirement income is not depleted until John's age of 100.

This report is designed to show a rough ballpark idea of your future financial situation, and is intended only as a basis for discussion with your professional advisors. The estimates shown in this report are based on many assumptions that may or may not occur. Both principal value and investment returns will fluctuate over time. No warranty as to correctness is given and no liability is accepted for any error, or omission, or any loss which may arise from relying on this data.

Basic Proposed Retirement Planning Information

John Sample's Current Age:	**45**
Calculated Life Expectancy:	**83**
Inputted Life Expectancy:	**100**
Difference Between Calculated and Inputted Life Expectancy in Years:	**17**
Number of Years Until Retirement:	**15**
Number of Years Until Calculated Life Expectancy:	**38**
Number of Years Until Inputted Life Expectancy:	**55**
Number of Years of Retirement to Calculated Life Expectancy:	**23**
Number of Years of Retirement to Inputted Life Expectancy:	**41**
Number of Years of Retirement with Sufficient Capital:	**41**
Percentage of Years in Retirement with Sufficient Capital Using Calculated Life Expectancy:	**100.0%**
Percentage of Years in Retirement with Sufficient Capital Using Inputted Life Expectancy:	**100.0%**
Number of Years Until Depletion of Capital:	**56**
Number of Years of Retirement Until Depletion of Capital:	**41**
Number of Years of Retirement without Capital Using Calculated Life Expectancy:	**0**
Number of Years of Retirement without Capital Using Inputted Life Expectancy:	**0**
Percentage of Years in Retirement without Capital Using Calculated Life Expectancy:	**0.0%**
Percentage of Years in Retirement without Capital Using Inputted Life Expectancy:	**0.0%**

Financial Independence Analysis: Asset Summary

Illustration for Proposed Plan

Asset Name	Proposed (or present) Asset Value	Percentage of Assets	Age when Asset Becomes Effective	Annual Additions to Asset	Age when Additions Begin	Age when Additions Ends	Inflation Rate on Annual Contributions	Age when Payout Begins	Payout Method	Total Return Assumed	% Income Subject to Taxes
John's 401(k)	$27,500	4.6%	45	$1,800	45	58	1.0%	59	Flexible Asset*	6.0%	100.0%
Mary's 403(b)	$35,000	5.8%	40	$2,400	40	58	1.0%	59	Flexible Asset*	5.0%	100.0%
John's TD IRA	$25,000	4.1%	45	$1,500	45	58	1.0%	59	Flexible Asset*	7.0%	100.0%
Mary's TIAA CREF IRA	$25,000	4.1%	40	$1,200	40	58	1.0%	59	Flexible Asset*	5.0%	100.0%
John's Scottrade IRA	$15,000	2.5%	45	$1,200	45	58	1.0%	59	Flexible Asset*	8.0%	25.0%
Mary's Scottrade	$15,000	2.5%	40	$0	n/a	n/a	n/a	59	Flexible Asset*	8.0%	25.0%
John's Schwab	$25,000	4.1%	45	$1,200	45	58	1.0%	59	Flexible Asset*	6.0%	25.0%
Mary's TD Ameritrade	$25,000	4.1%	40	$0	n/a	n/a	n/a	59	Flexible Asset*	8.0%	25.0%
John's Mutual Funds	$50,000	8.3%	45	$0	n/a	n/a	n/a	59	Flexible Asset*	7.0%	100.0%
Mary's Rental Property	$100,000	16.6%	40	$0	n/a	n/a	n/a	59	Yield Only @ 5%	6.0%	100.0%
Joint Scottrade	$260,000	43.2%	45	$0	n/a	n/a	n/a	59	Flexible Asset*	8.0%	25.0%
Totals:	**$602,500**			**$9,300**							

Notes: If an asset above has $0 in current value, and $0 in annual additions, please refer to the separately printed asset page.

* A "Flexible Asset" is an asset that does not have a structured method of paying out income. Instead, cash is withdrawn, or added back to this asset as needed to fund income withdrawals in that year.

Proposed Primary Non-Asset Retirement Income Summary*

Source of Non-asset Retirement Incomes	First Year's Pretax Incomes	Annual Average Pretax Incomes	Total Income Over Plan Life	Beginning Age	Ending Age	Income's Duration in Years	Annual Rate of Change Over Plan Life	Tax Inclusion Rate at 21% Tax Rate)
John's Social Security	$14,567	$17,709	$690,652	62	100	39	1.0%	50%
Mary's Social Security	$10,829	$12,822	$435,952	62	95	34	1.0%	50%
John's Salary & Wages	$84,000	$95,844	$1,341,811	45	58	14	1.9%	100%
Mary's Salary & Wages Income	$48,000	$45,588	$866,180	40	58	19	-2.1%	100%
John's Other Earned Income	$1,000	$1,078	$4,310	70	73	4	3.7%	100%
Mary's Other Earned Income	$500	$536	$4,291	62	69	8	1.7%	100%
John's Defined Benefit Pension	$10,000	$10,000	$370,000	64	100	37	0.0%	100%
Mary's Defined Benefit Pension	$1,000	$1,444	$51,994	60	95	36	1.9%	100%

* Averages and totals include manual override amounts.

Financial Independence Analysis

Annual Summary Numbers

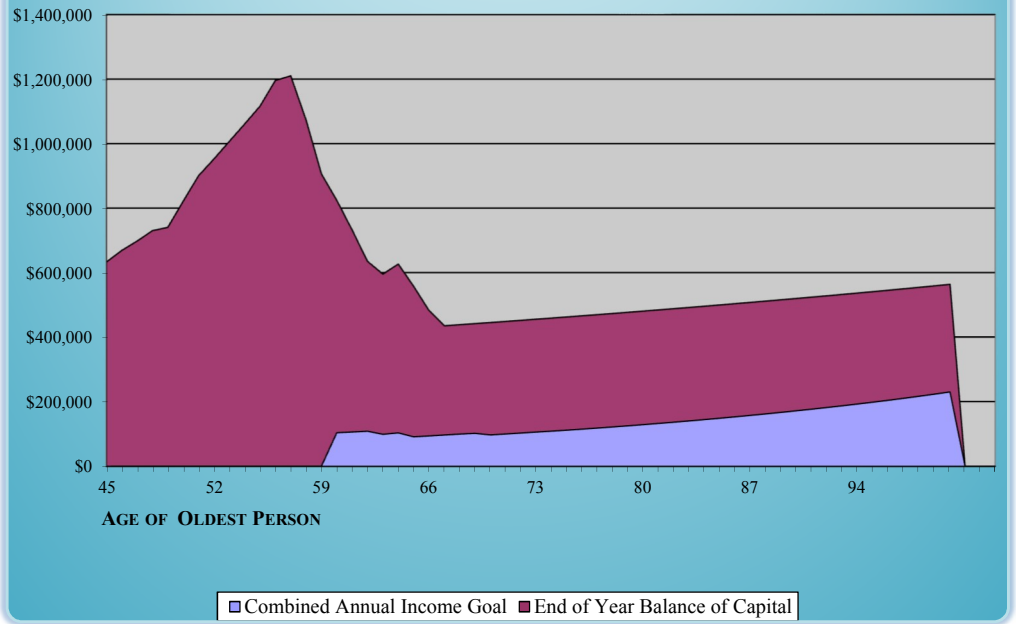
Illustration for Proposed Plan

John's Age	Mary's Age	Tax Rate	Year #	Year	Combined Annual Income Goal	Combined Annual Before-tax Social Security	Combined Annual Before-tax Non-asset Income	Combined Annual Before-tax Asset Income	Combined Annual Income Surplus or Deficit (-)	Percent of Annual Income Goal Being Met (100%)	End of Year Balance of Capital	Average Weighted Rate of Return on Assets	Percent Change in Asset Balance from Previous Year	Present Value of Additional Capital Needed at Retirement	Present Value of Additional Capital Needed Now
45	40	21.0%	1	2016	$0	$0	$0	$0	$0	N/A	$654,900	7.1%	n/a	$0	$0
46	41	21.0%	2	2017	$0	$0	$0	$0	$0	N/A	$701,900	7.0%	7.2%	$0	$0
47	42	21.0%	3	2018	$0	$0	$0	$0	$0	N/A	$741,600	7.0%	5.7%	$0	$0
48	43	21.0%	4	2019	$0	$0	$0	$0	$0	N/A	$785,700	7.0%	5.9%	$0	$0
49	44	21.0%	5	2020	$0	$0	$0	$0	$0	N/A	$804,100	6.9%	2.3%	$0	$0
50	45	21.0%	6	2021	$0	$0	$0	$0	$0	N/A	$901,900	7.0%	12.2%	$0	$0
51	46	21.0%	7	2022	$0	$0	$0	$0	$0	N/A	$1,001,700	7.0%	11.1%	$0	$0
52	47	21.0%	8	2023	$0	$0	$0	$0	$0	N/A	$1,075,700	7.0%	7.4%	$0	$0
53	48	21.0%	9	2024	$0	$0	$0	$0	$0	N/A	$1,154,700	7.0%	7.3%	$0	$0
54	49	21.0%	10	2025	$0	$0	$0	$0	$0	N/A	$1,238,000	7.0%	7.2%	$0	$0
55	50	21.0%	11	2026	$0	$0	$0	$0	$0	N/A	$1,328,100	7.0%	7.3%	$0	$0
56	51	21.0%	12	2027	$0	$0	$0	$0	$0	N/A	$1,451,000	7.0%	9.3%	$0	$0
57	52	21.0%	13	2028	$0	$0	$0	$0	$0	N/A	$1,560,500	7.0%	7.5%	$0	$0
58	53	21.0%	14	2029	$0	$0	$0	$0	$0	N/A	$1,680,000	7.0%	7.7%	$0	$0
59	54	20.0%	15	2030	$119,300	$0	$0	$119,300	$0	100.0%	$1,660,900	7.0%	-1.1%	$0	$0
60	55	20.0%	16	2031	$110,100	$0	$0	$110,100	$0	100.0%	$1,650,200	7.0%	-0.6%	$0	$0
61	56	20.0%	17	2032	$112,400	$0	$0	$112,400	$0	100.0%	$1,635,600	6.9%	-0.9%	$0	$0
62	57	20.0%	18	2033	$115,000	$14,500	$0	$101,900	$0	100.0%	$1,632,300	6.9%	-0.2%	$0	$0
63	58	20.0%	19	2034	$105,600	$14,700	$0	$92,400	$0	100.0%	$1,639,600	6.9%	0.4%	$0	$0
64	59	19.0%	20	2035	$95,300	$14,800	$10,700	$71,100	$0	100.0%	$1,666,300	6.9%	1.6%	$0	$0
65	60	19.0%	21	2036	$98,500	$15,000	$11,500	$73,300	$0	100.0%	$1,692,500	6.9%	1.6%	$0	$0
66	61	19.0%	22	2037	$101,300	$15,100	$11,600	$75,900	$0	100.0%	$1,717,700	6.9%	1.5%	$0	$0
67	62	19.0%	23	2038	$104,400	$26,100	$12,100	$68,700	$0	100.0%	$1,753,700	6.9%	2.1%	$0	$0
68	63	19.0%	24	2039	$107,500	$26,400	$12,200	$71,400	$0	100.0%	$1,789,300	6.9%	2.0%	$0	$0
69	64	19.0%	25	2040	$109,900	$26,600	$12,300	$73,500	$0	100.0%	$1,825,100	7.0%	2.0%	$0	$0
70	65	19.0%	26	2041	$105,300	$26,900	$13,100	$67,800	$0	100.0%	$1,870,500	7.0%	2.5%	$0	$0
71	66	19.0%	27	2042	$108,400	$27,200	$13,300	$70,500	$0	100.0%	$1,916,300	7.0%	2.4%	$0	$0
72	67	19.0%	28	2043	$111,700	$27,400	$13,400	$73,300	$0	100.0%	$1,962,100	7.0%	2.4%	$0	$0
73	68	19.0%	29	2044	$115,000	$27,700	$13,500	$76,300	$0	100.0%	$2,008,100	7.0%	2.3%	$0	$0
74	69	19.0%	30	2045	$118,000	$28,000	$12,800	$79,800	$0	100.0%	$2,053,400	7.0%	2.3%	$0	$0
75	70	19.0%	31	2046	$121,400	$28,300	$12,400	$83,300	$0	100.0%	$2,098,200	7.0%	2.2%	$0	$0
76	71	19.0%	32	2047	$124,900	$28,500	$12,500	$86,400	$0	100.0%	$2,142,800	7.1%	2.1%	$0	$0
77	72	19.0%	33	2048	$128,500	$28,800	$12,600	$89,700	$0	100.0%	$2,187,100	7.1%	2.1%	$0	$0

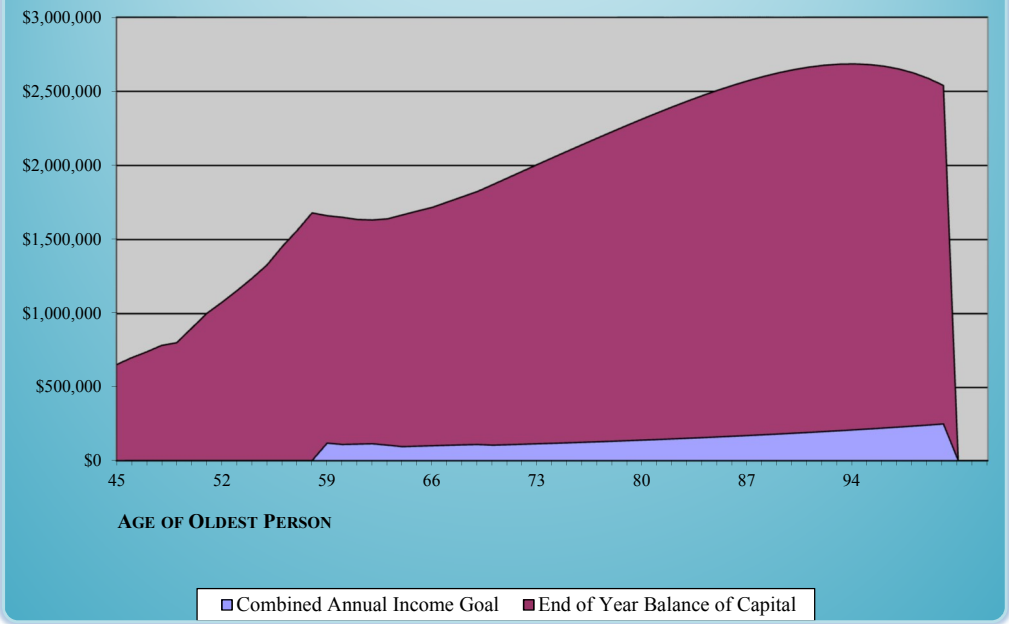
Financial Independence Analysis
Annual Summary Numbers, continued

John's Age	Mary's Age	Tax Rate	Year #	Year	Combined Annual Income Goal	Combined Annual Social Security	Combined Annual Non-asset Income	Combined Annual Asset Income	Combined Annual Income Surplus or Deficit (-)	Percent of Annual Income Goal Being Met (100%)	End of Year Balance of Capital	Average Weighted Rate of Return on Assets	Percent Change in Asset Balance from Previous Year	Present Value of Additional Capital Needed at Retirement	Present Value of Additional Capital Needed Now
78	73	19.0%	34	2049	$132,200	$29,100	$36,900	$93,100	$0	100.0%	$2,230,900	7.1%	2.0%	$0	$0
79	74	19.0%	35	2050	$136,100	$29,400	$37,300	$96,500	$0	100.0%	$2,274,000	7.1%	1.9%	$0	$0
80	75	19.0%	36	2051	$140,100	$29,700	$37,600	$100,100	$0	100.0%	$2,316,300	7.1%	1.9%	$0	$0
81	76	19.0%	37	2052	$144,200	$30,000	$38,000	$103,800	$0	100.0%	$2,357,700	7.1%	1.8%	$0	$0
82	77	19.0%	38	2053	$148,400	$30,300	$38,400	$107,700	$0	100.0%	$2,397,900	7.1%	1.7%	$0	$0
83	78	19.0%	39	2054	$152,700	$30,600	$38,700	$111,600	$0	100.0%	$2,436,700	7.2%	1.6%	$0	$0
84	79	19.0%	40	2055	$157,200	$30,900	$39,100	$115,700	$0	100.0%	$2,473,900	7.2%	1.5%	$0	$0
85	80	19.0%	41	2056	$161,800	$31,200	$39,500	$119,900	$0	100.0%	$2,509,200	7.2%	1.4%	$0	$0
86	81	19.0%	42	2057	$166,500	$31,500	$39,900	$124,200	$0	100.0%	$2,542,300	7.2%	1.3%	$0	$0
87	82	19.0%	43	2058	$171,400	$31,800	$40,200	$128,700	$0	100.0%	$2,573,000	7.2%	1.2%	$0	$0
88	83	19.0%	44	2059	$176,400	$32,200	$40,600	$133,300	$0	100.0%	$2,600,800	7.2%	1.1%	$0	$0
89	84	19.0%	45	2060	$181,600	$32,500	$41,000	$138,100	$0	100.0%	$2,625,500	7.2%	0.9%	$0	$0
90	85	19.0%	46	2061	$186,900	$32,800	$41,400	$143,000	$0	100.0%	$2,646,500	7.2%	0.8%	$0	$0
91	86	19.0%	47	2062	$192,400	$33,100	$41,800	$148,100	$0	100.0%	$2,663,500	7.3%	0.6%	$0	$0
92	87	19.0%	48	2063	$198,100	$33,500	$42,200	$153,300	$0	100.0%	$2,676,000	7.3%	0.5%	$0	$0
93	88	19.0%	49	2064	$203,900	$33,800	$42,700	$158,700	$0	100.0%	$2,683,400	7.3%	0.3%	$0	$0
94	89	19.0%	50	2065	$209,900	$34,100	$43,100	$164,200	$0	100.0%	$2,685,200	7.3%	0.1%	$0	$0
95	90	19.0%	51	2066	$216,100	$34,500	$43,500	$170,000	$0	100.0%	$2,680,800	7.3%	-0.2%	$0	$0
96	91	19.0%	52	2067	$222,500	$34,800	$44,000	$175,900	$0	100.0%	$2,669,500	7.3%	-0.4%	$0	$0
97	92	19.0%	53	2068	$229,100	$35,200	$44,400	$182,000	$0	100.0%	$2,650,600	7.3%	-0.7%	$0	$0
98	93	19.0%	54	2069	$235,800	$35,500	$44,800	$188,300	$0	100.0%	$2,623,200	7.3%	-1.0%	$0	$0
99	94	19.0%	55	2070	$242,800	$35,900	$45,300	$194,800	$0	100.0%	$2,586,600	7.3%	-1.4%	$0	$0
100	95	19.0%	56	2071	$250,000	$36,200	$45,700	$201,400	$0	100.0%	$2,539,700	7.3%	-1.8%	$0	$0

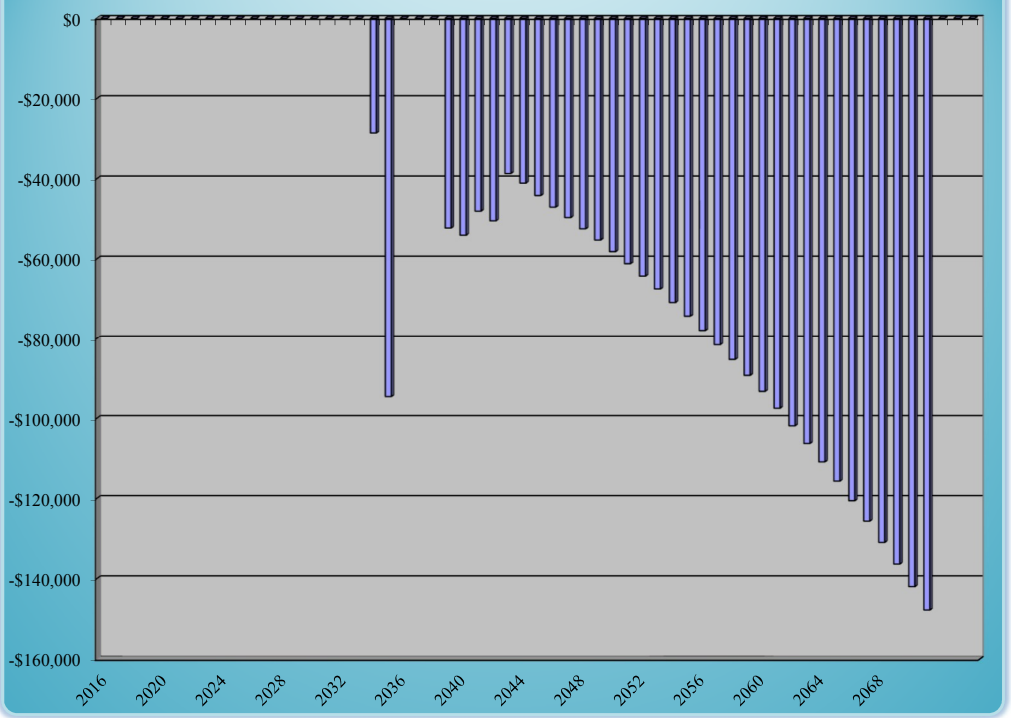
Current Income Producing Capital vs. Inflated Annual Income Goals



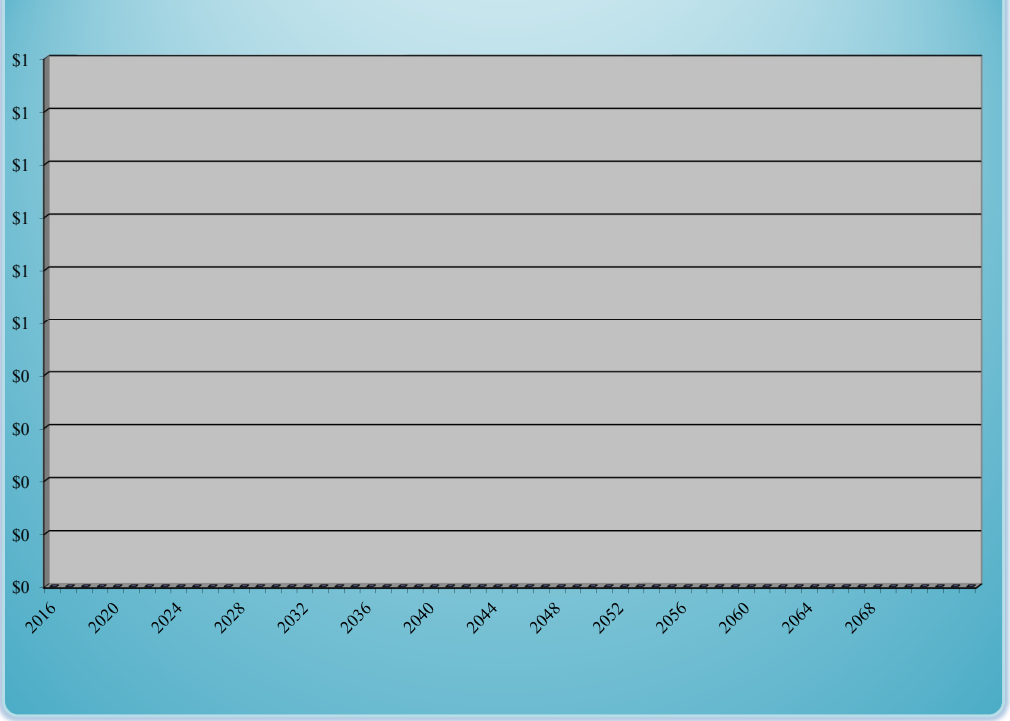
Proposed Income Producing Capital vs. Inflated Annual Income Goals



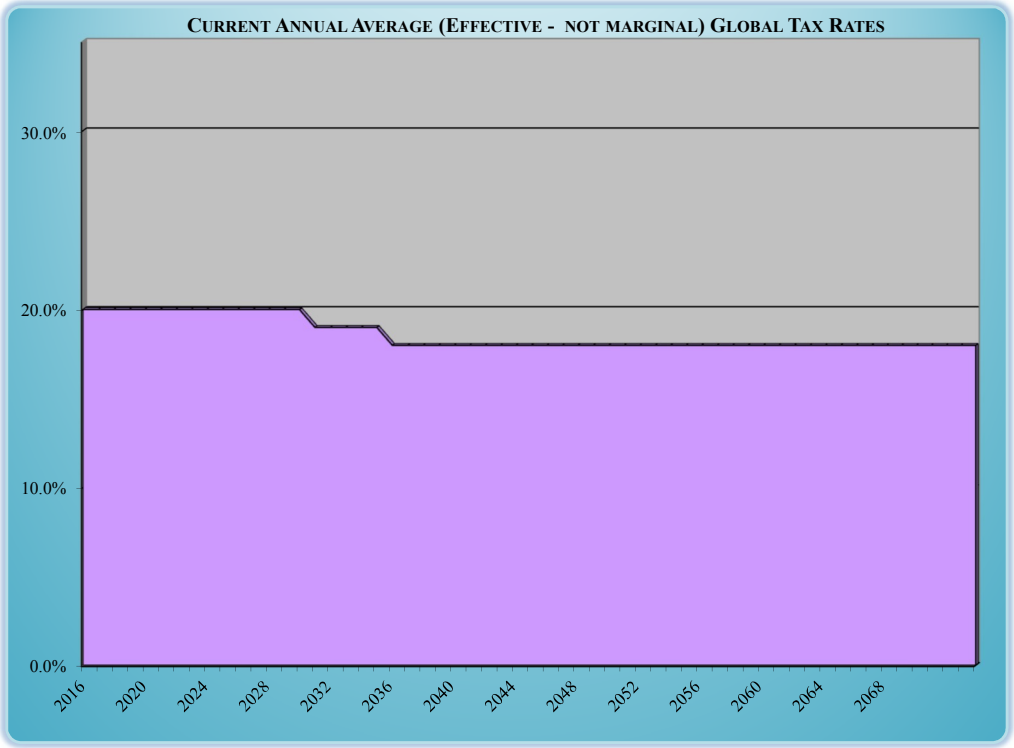
Current Annual Retirement Surplus or Deficit



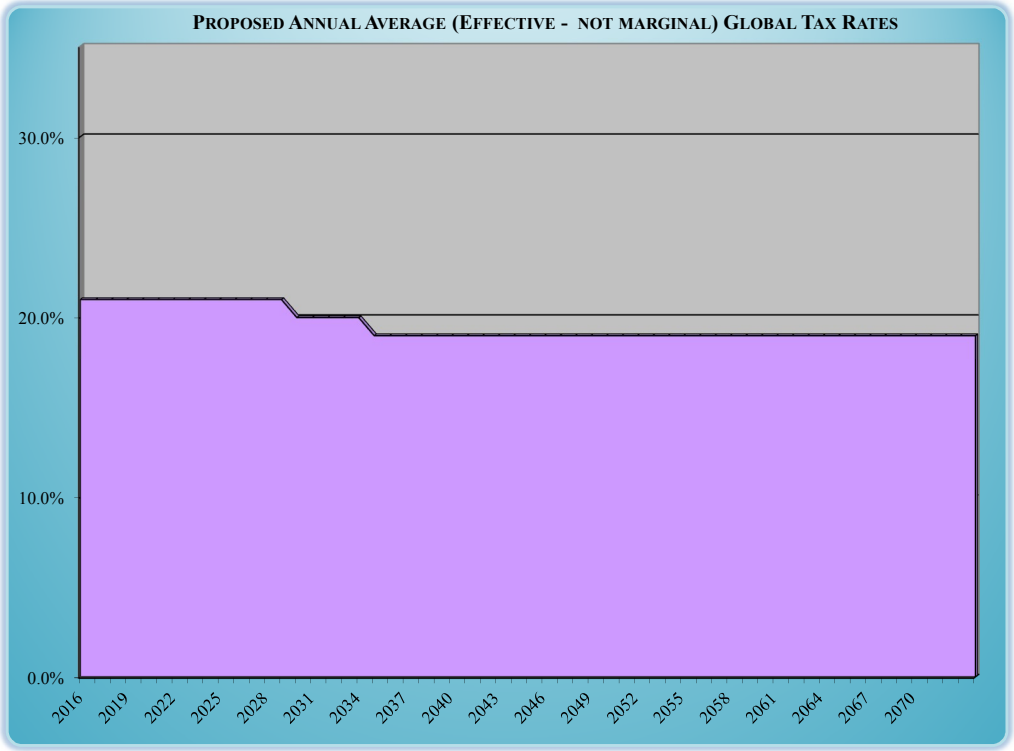
Proposed Annual Retirement Surplus or Deficit



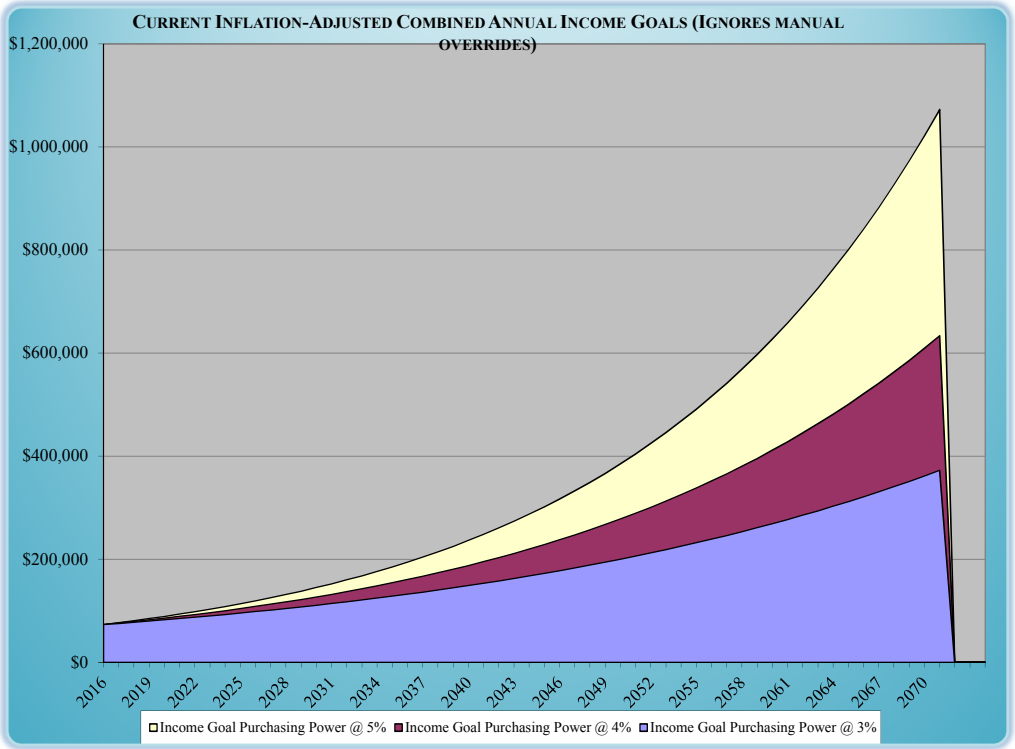
Current Annual Average (Effective - not marginal) Global Tax Rates



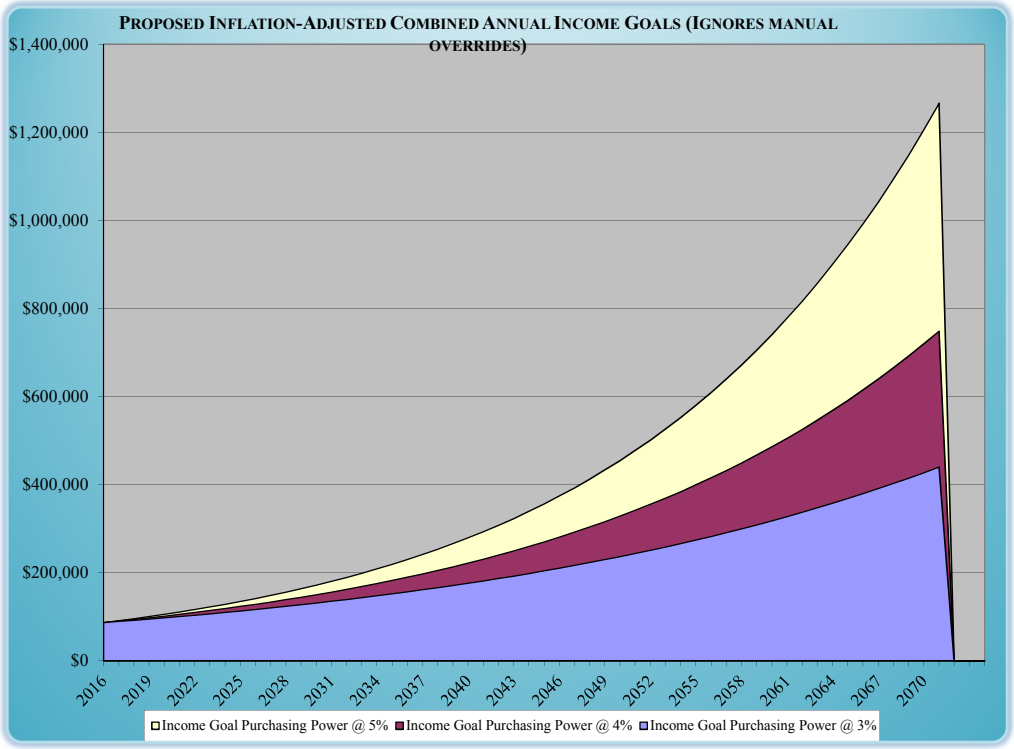
Proposed Annual Average (Effective - not marginal) Global Tax Rates

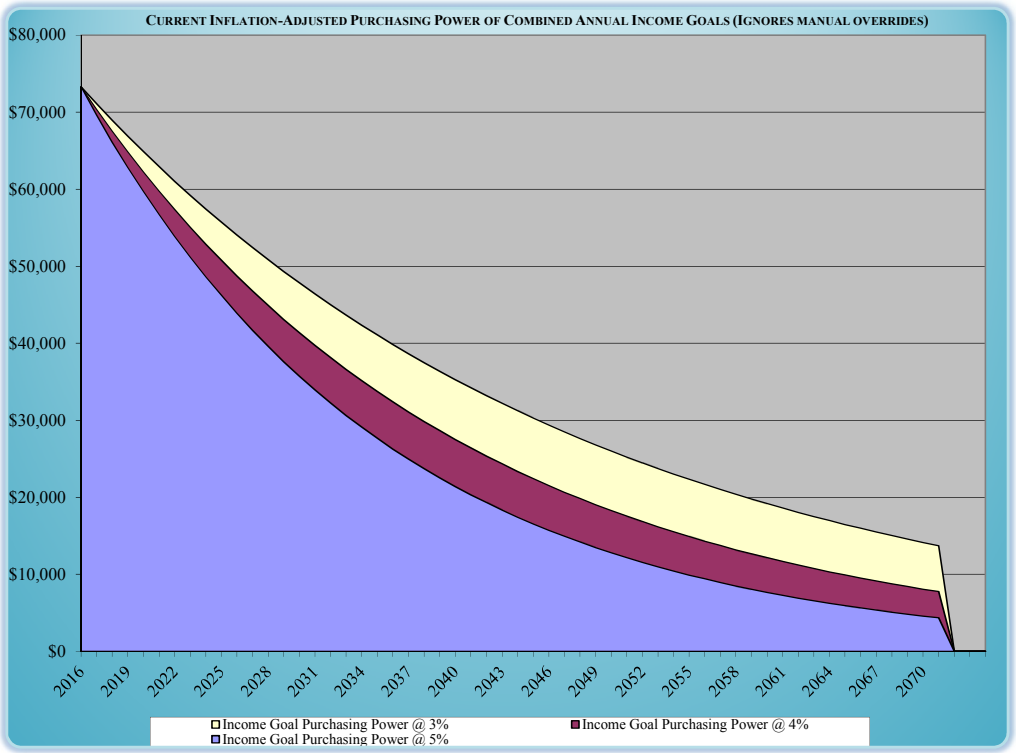


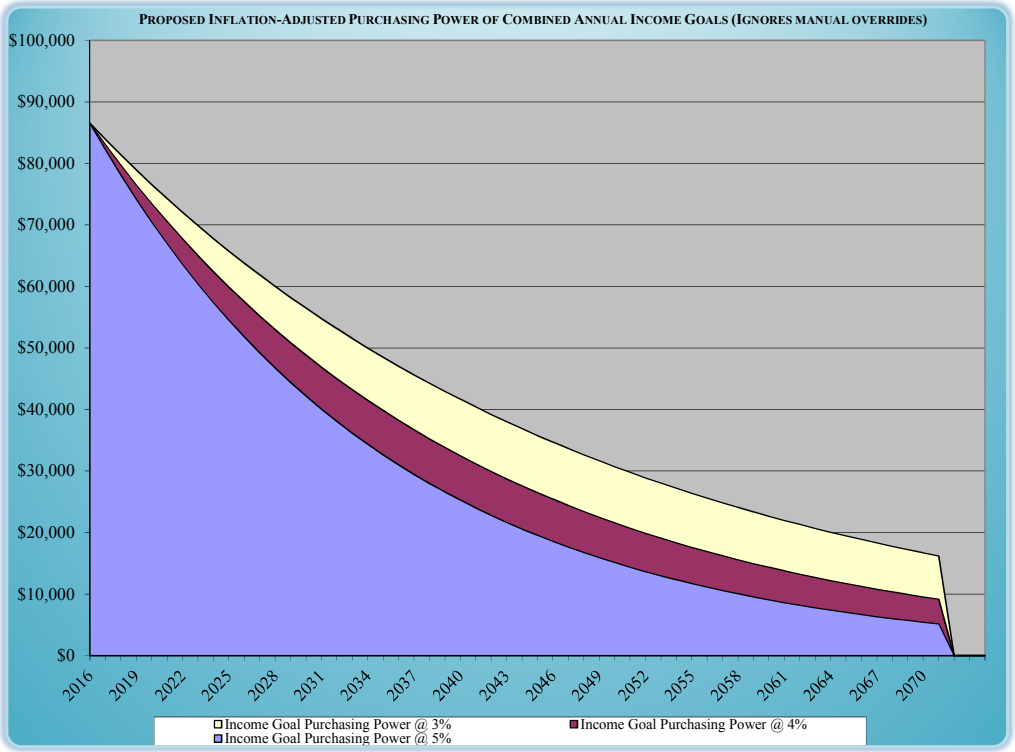
Current Inflation-Adjusted Combined Annual Income Goals (Ignores manual overrides)

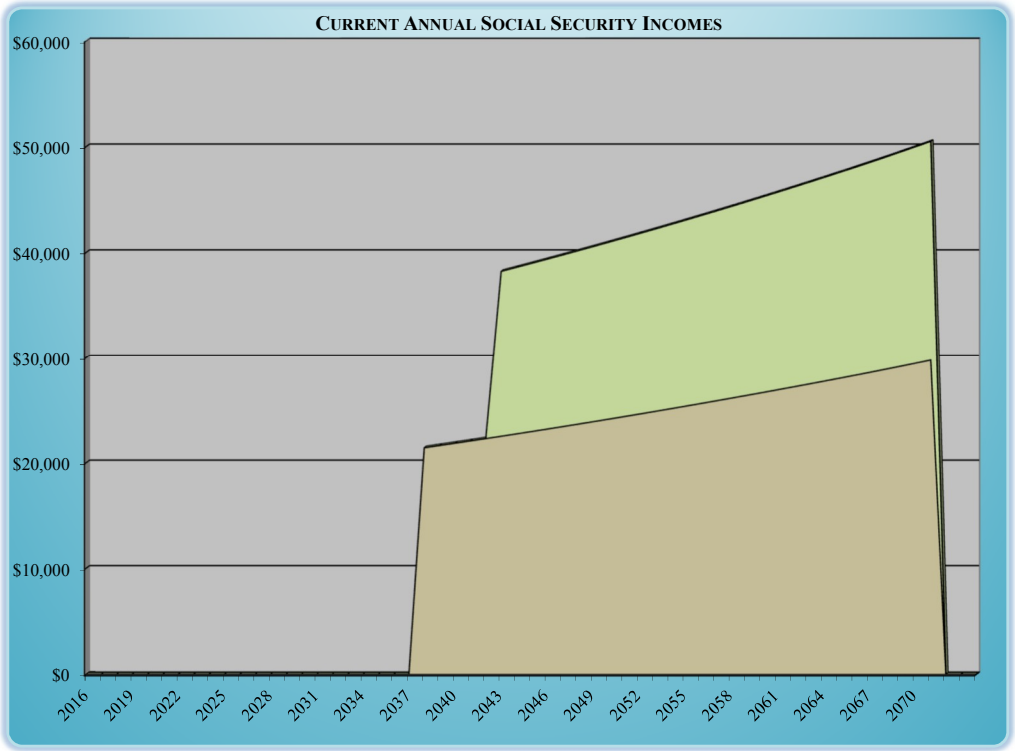


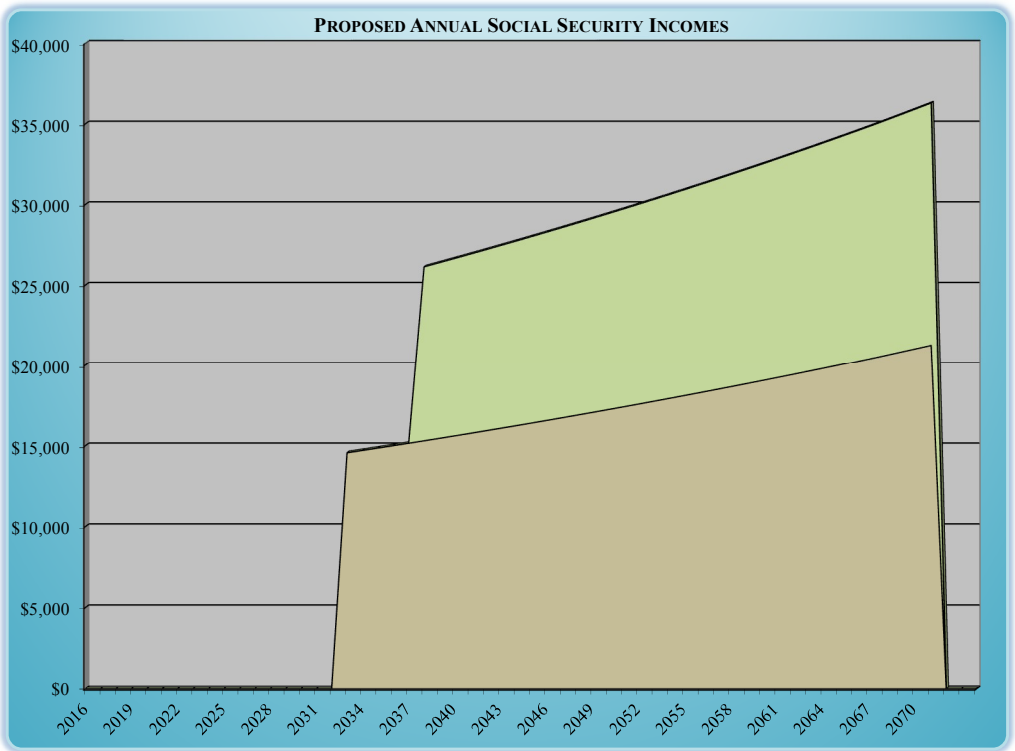
Proposed Inflation-Adjusted Combined Annual Income Goals (Ignores manual overrides)



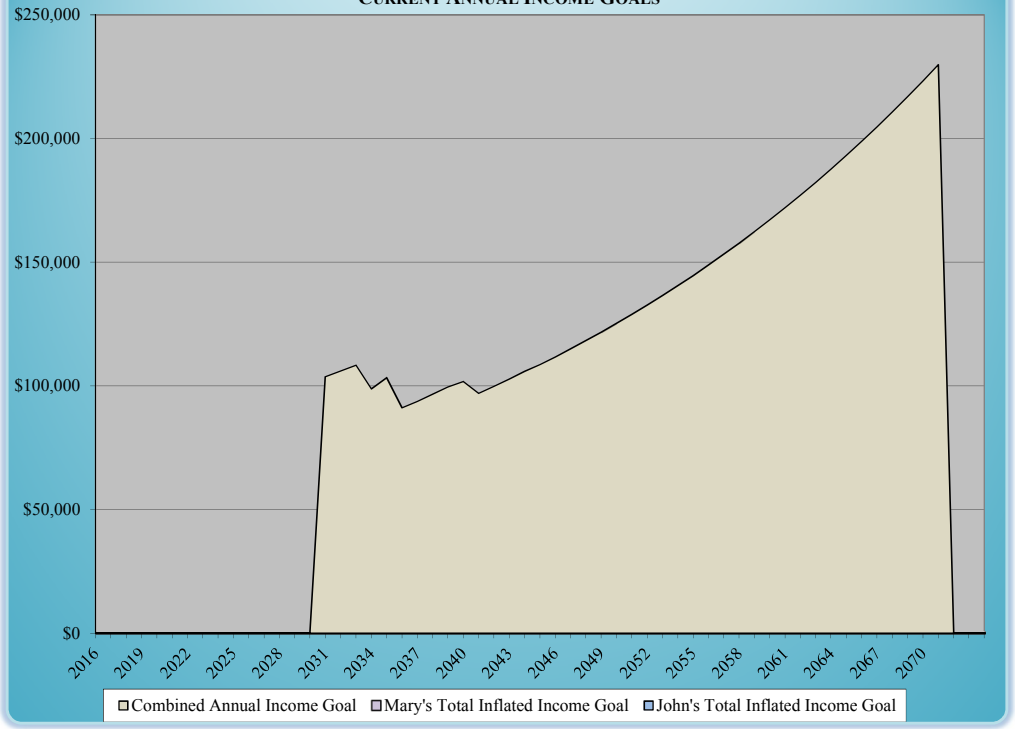




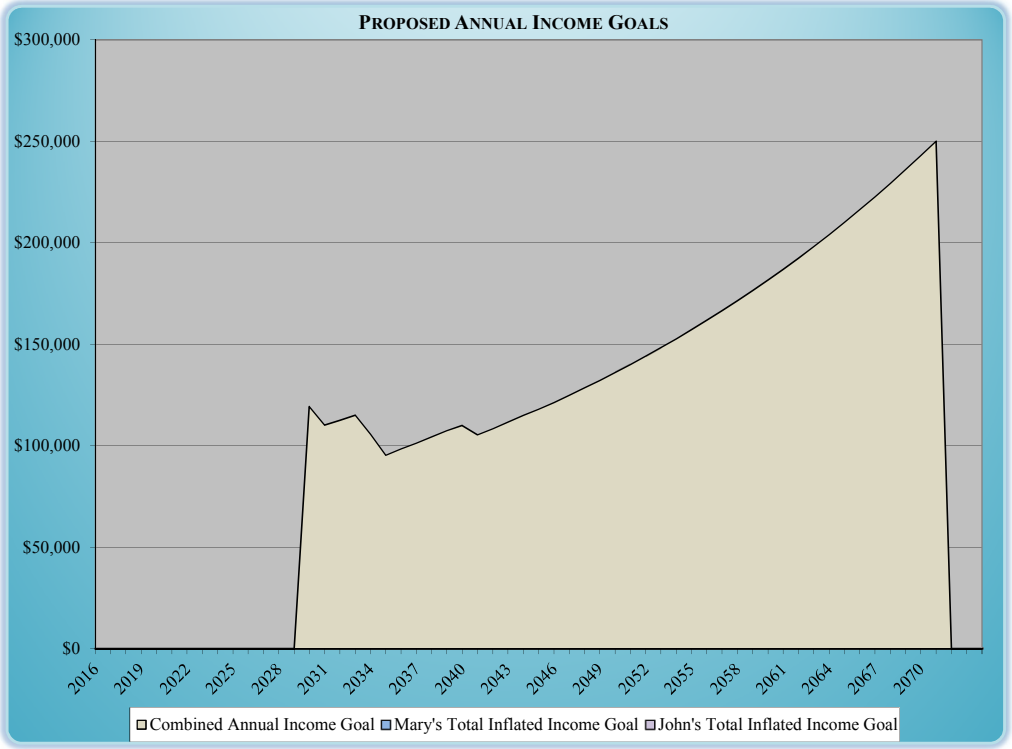




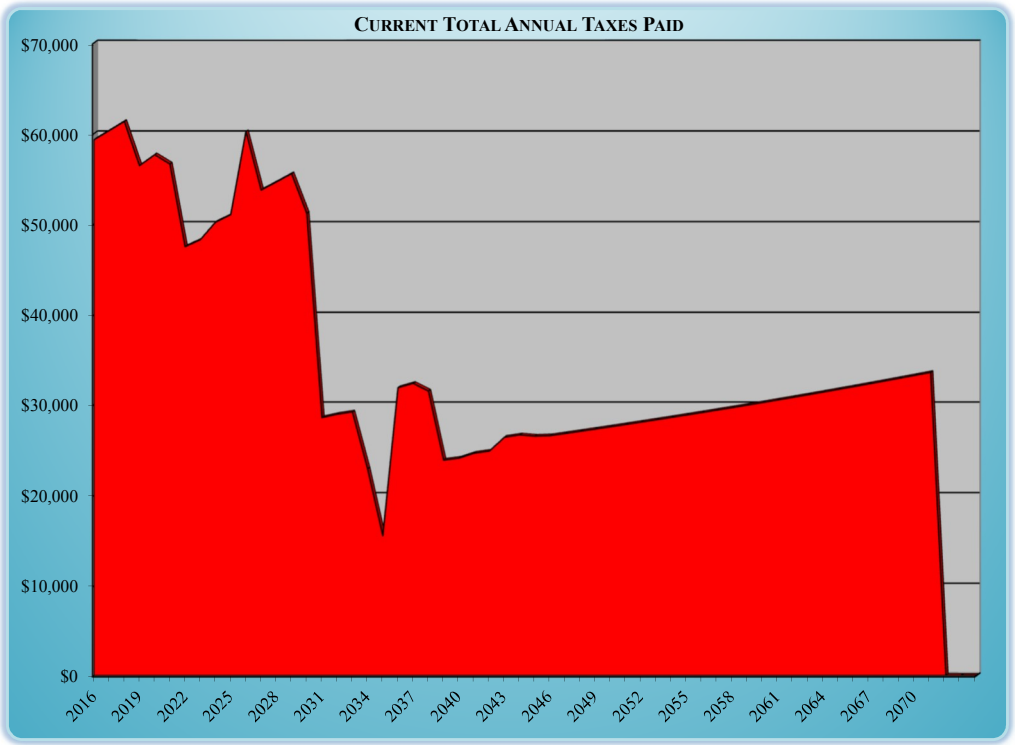
Current Annual Income Goals



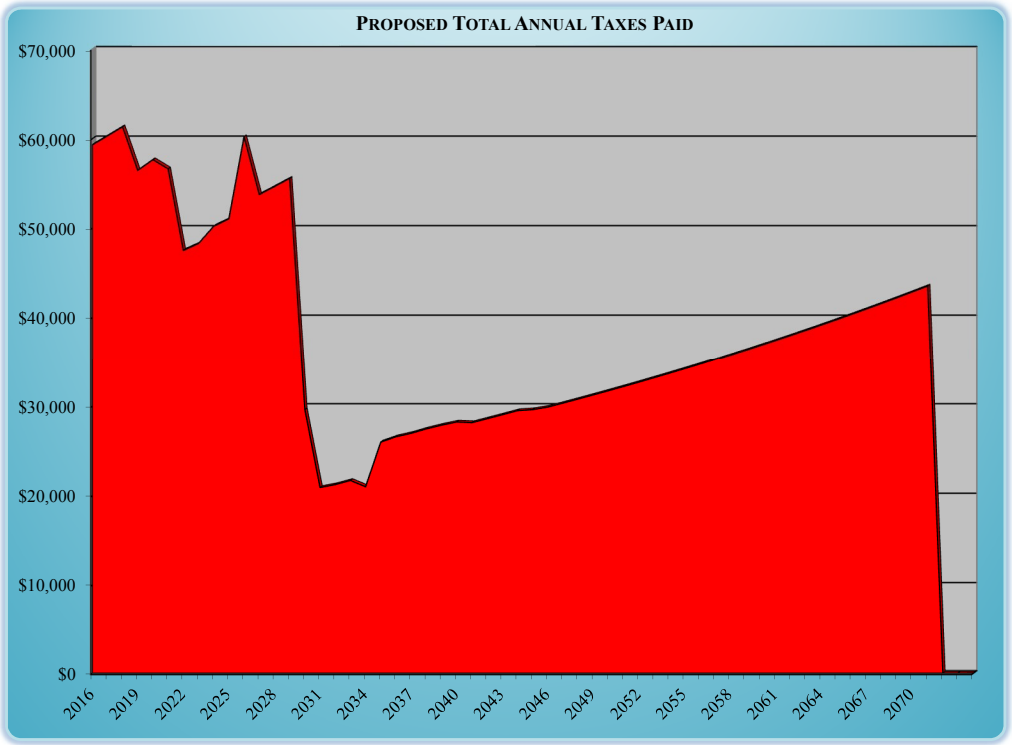
Proposed Annual Income Goals



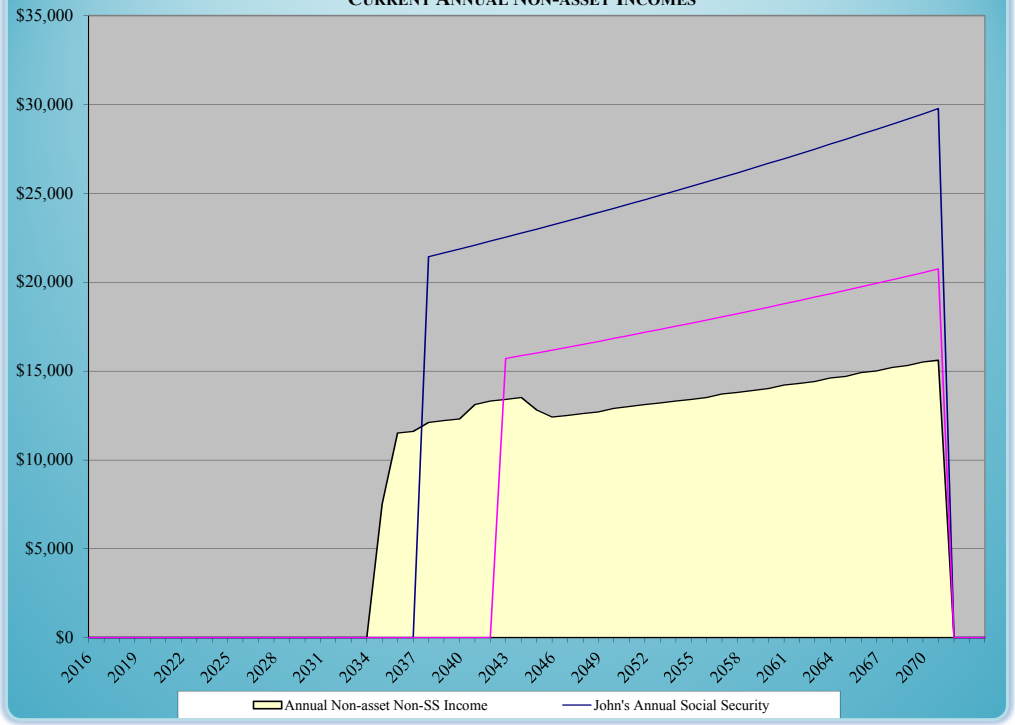
Current Total Annual Taxes Paid



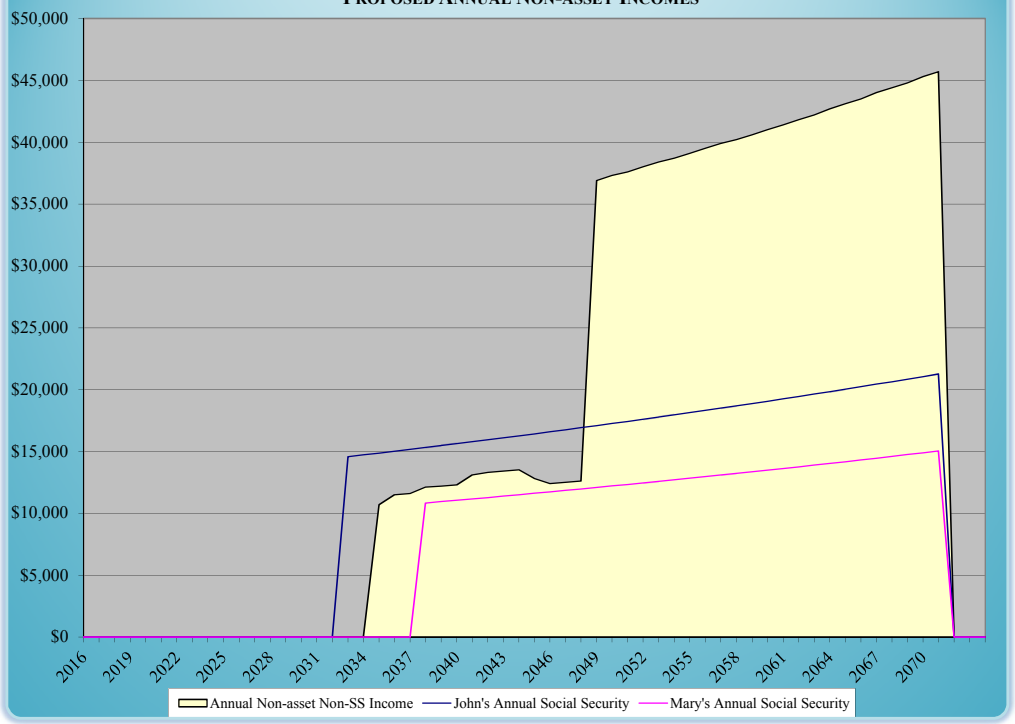
Proposed Total Annual Taxes Paid



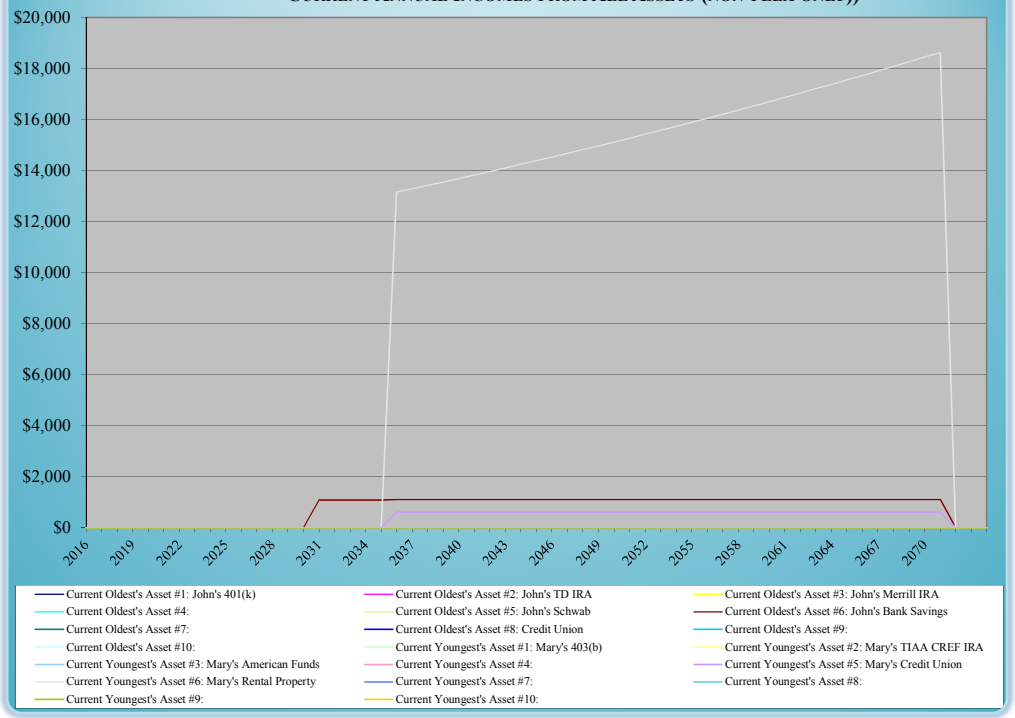
Current Annual Non-asset Incomes



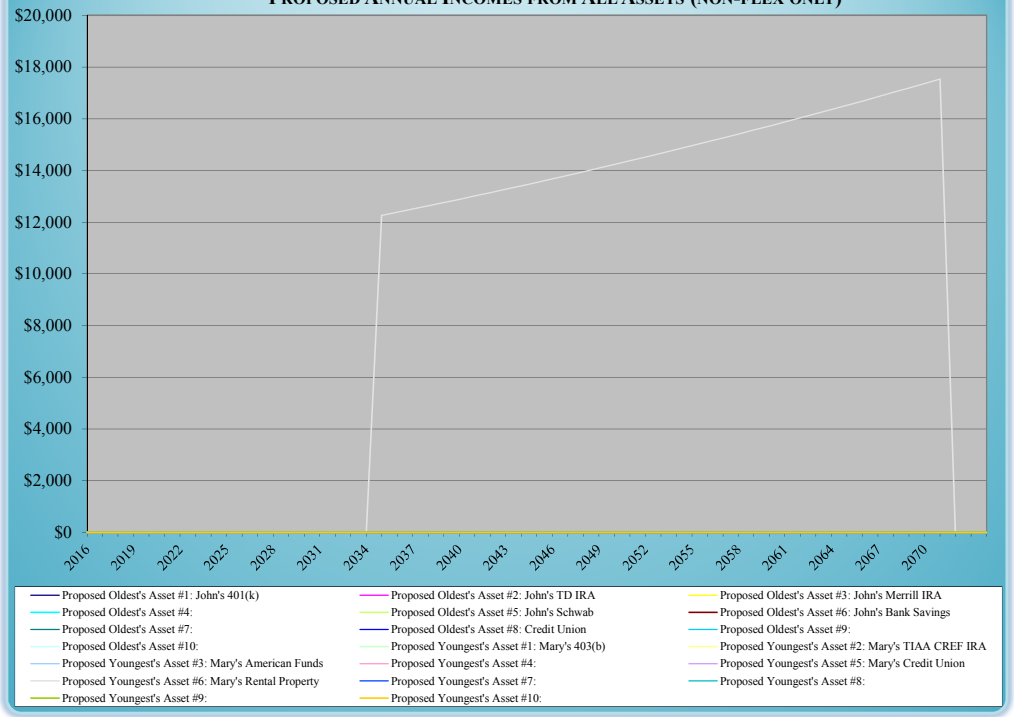
Proposed Annual Non-asset Incomes



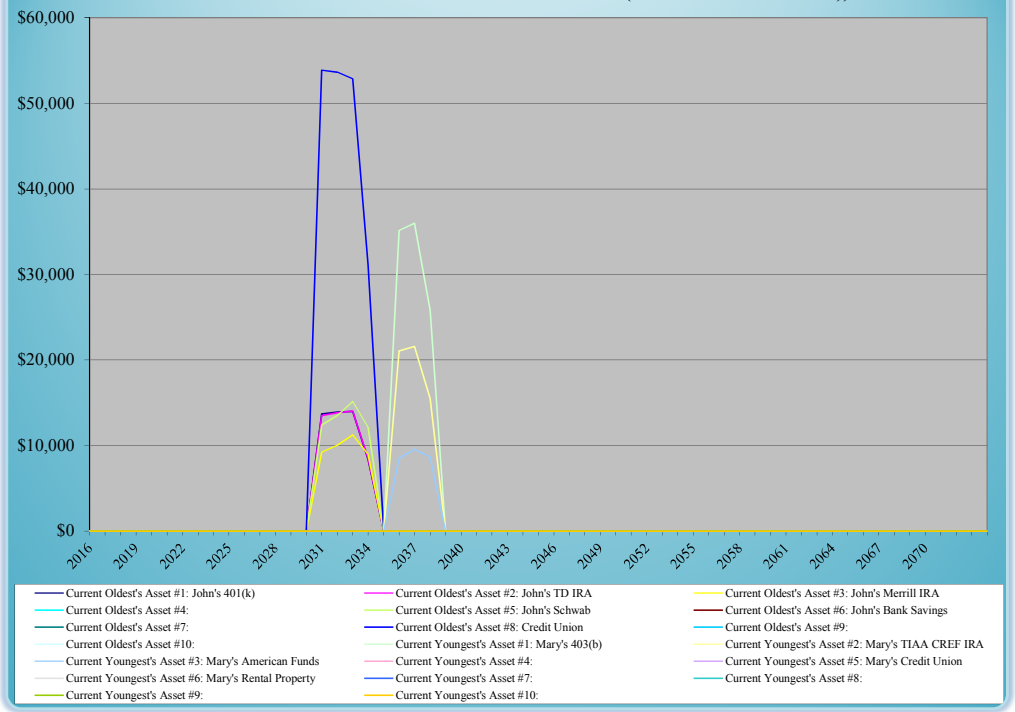
Current Annual Incomes from All Assets (non-flex only))



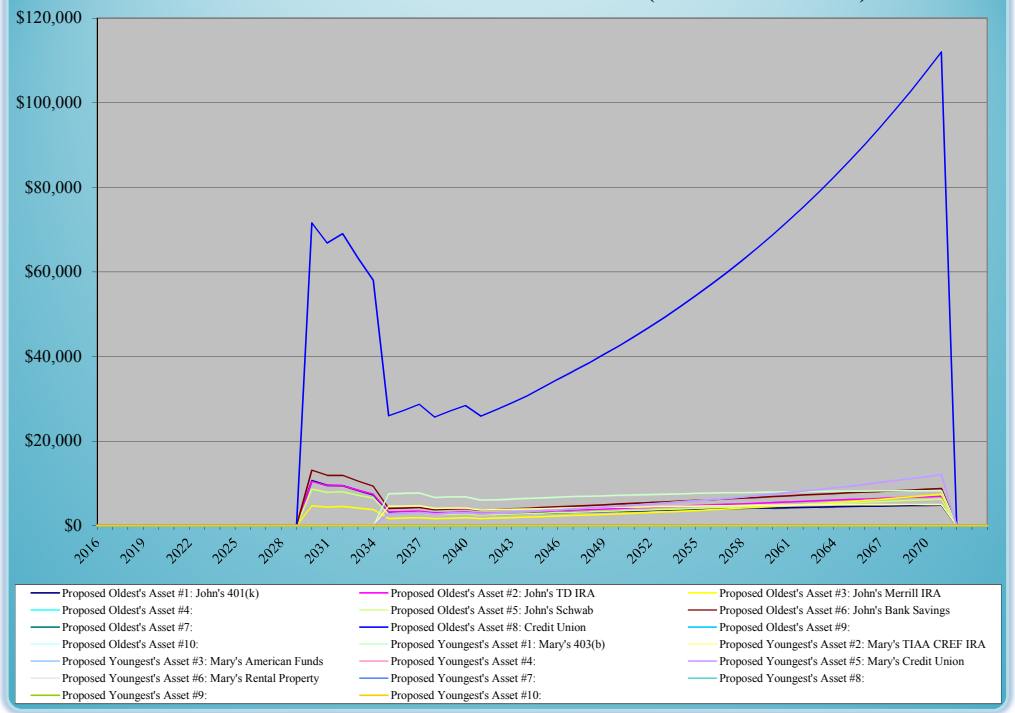
Proposed Annual Incomes from All Assets (non-flex only)



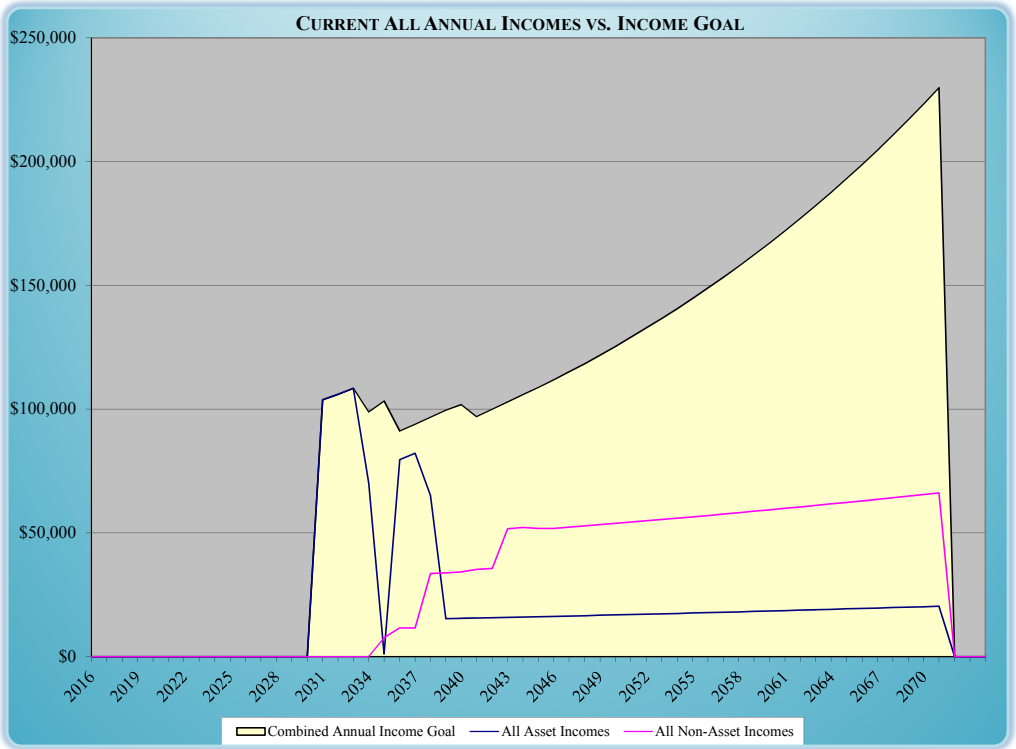
Current Annual Incomes from All Assets (flexible payout only))



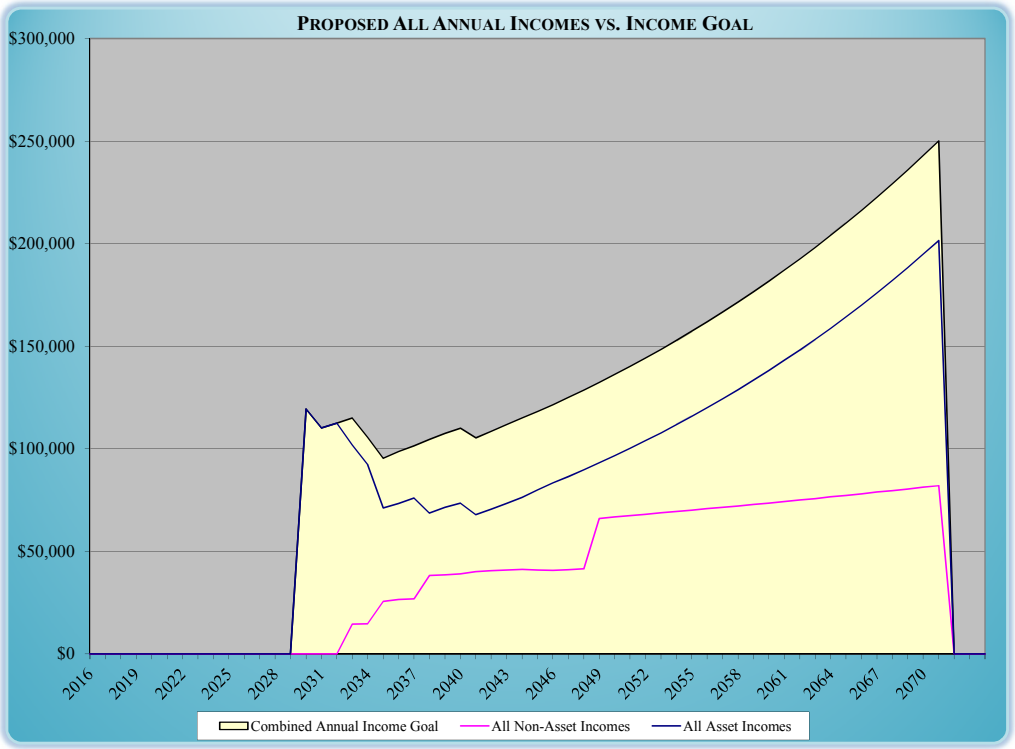
Proposed Annual Incomes from All Assets (flexible payout only)



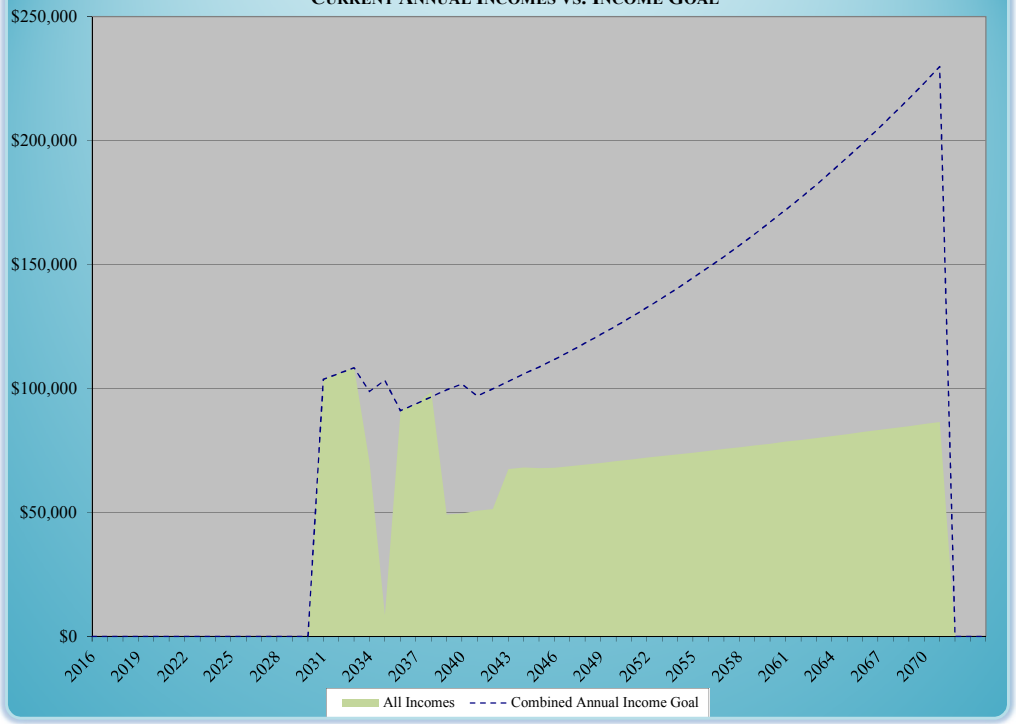
Current All Annual Incomes vs. Income Goal



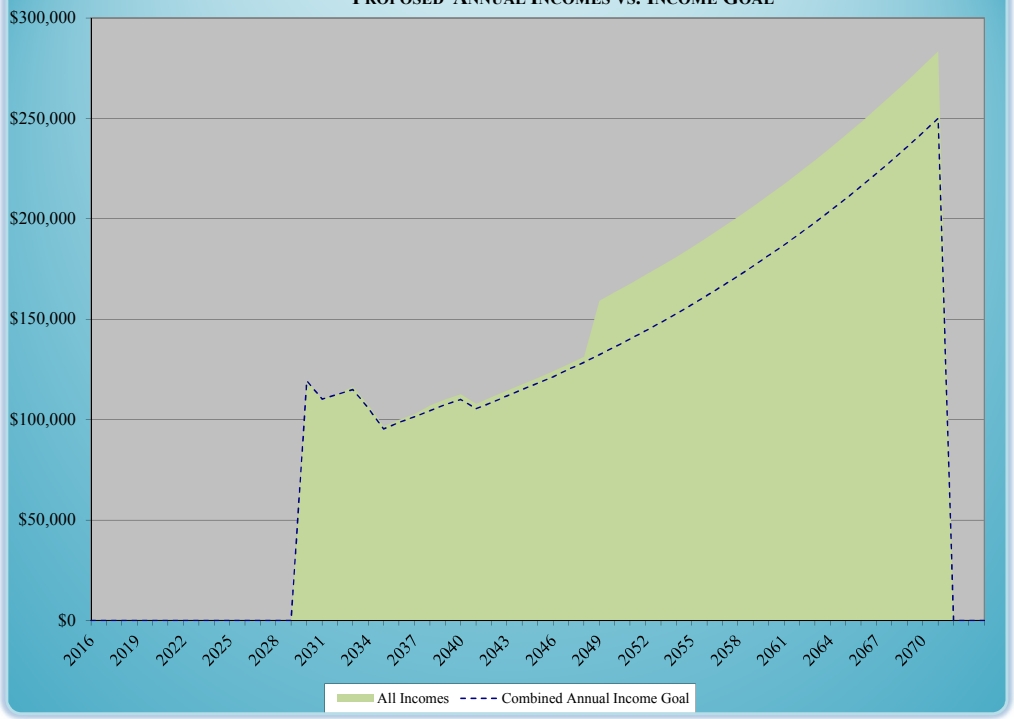
Proposed All Annual Incomes vs. Income Goal



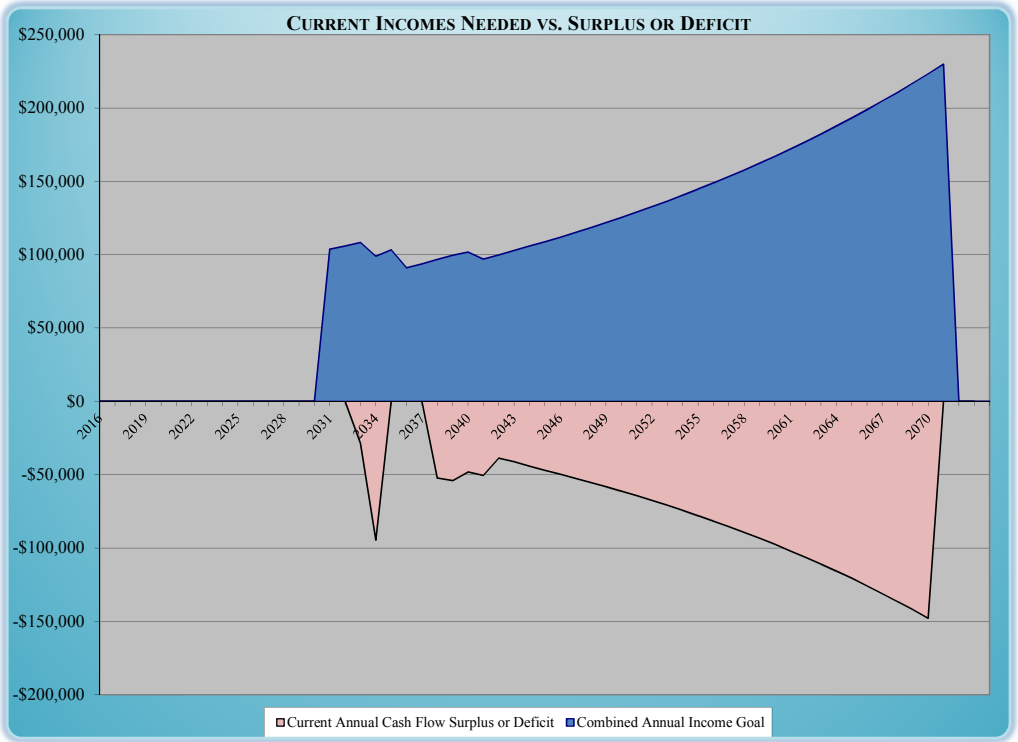
Current Annual Incomes vs. Income Goal



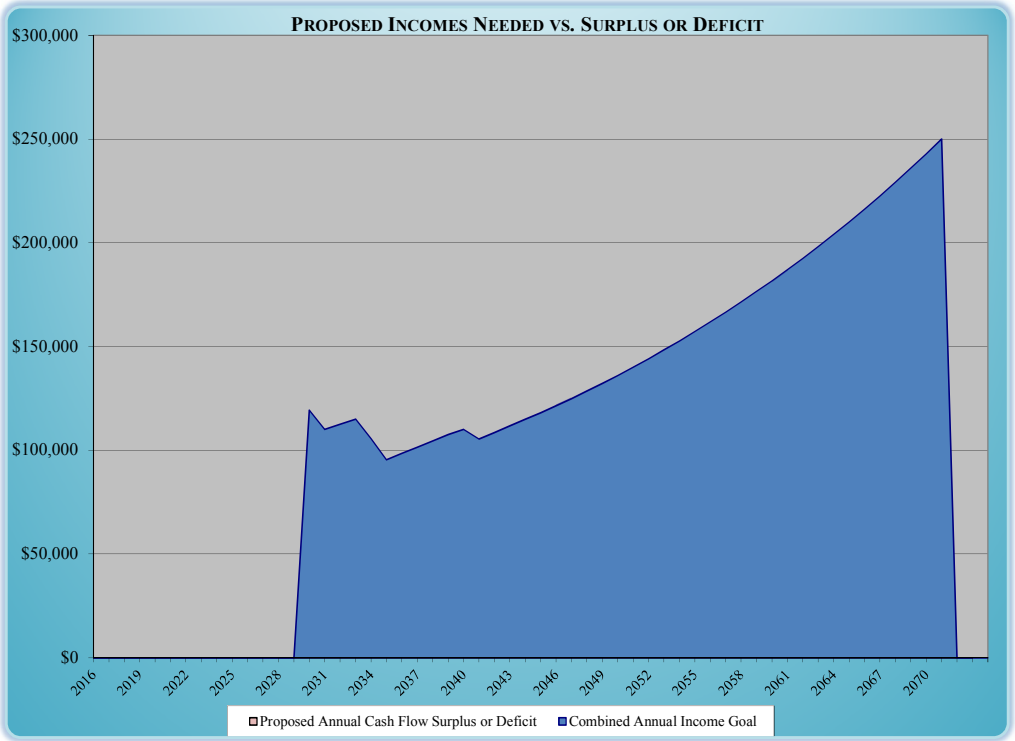
Proposed Annual Incomes vs. Income Goal



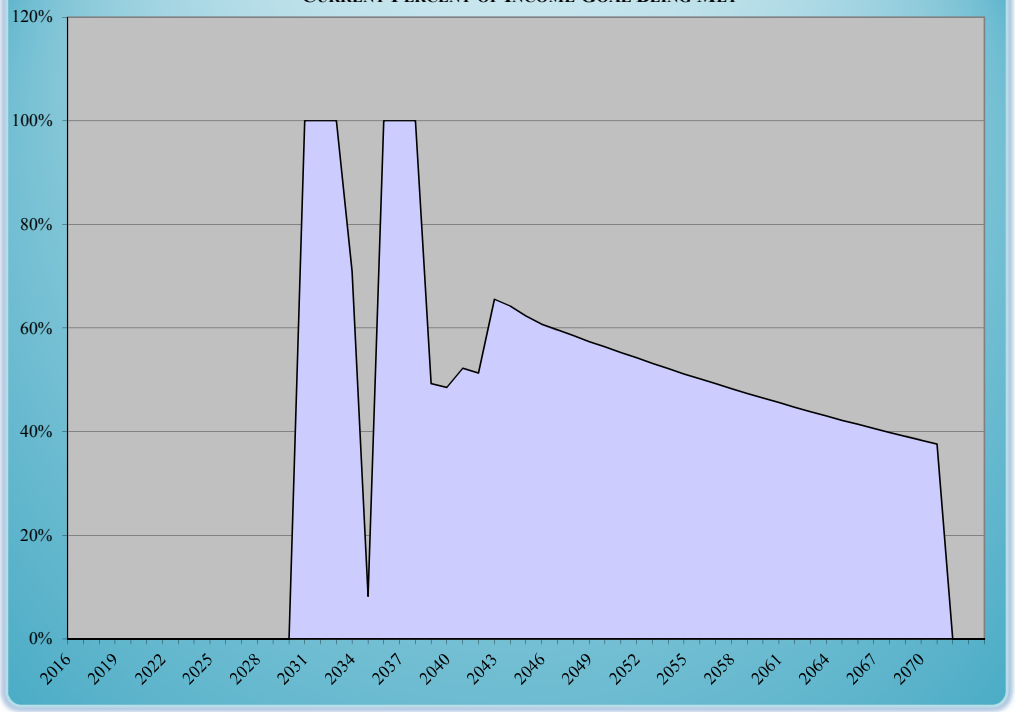
Current Incomes Needed vs. Surplus or Deficit



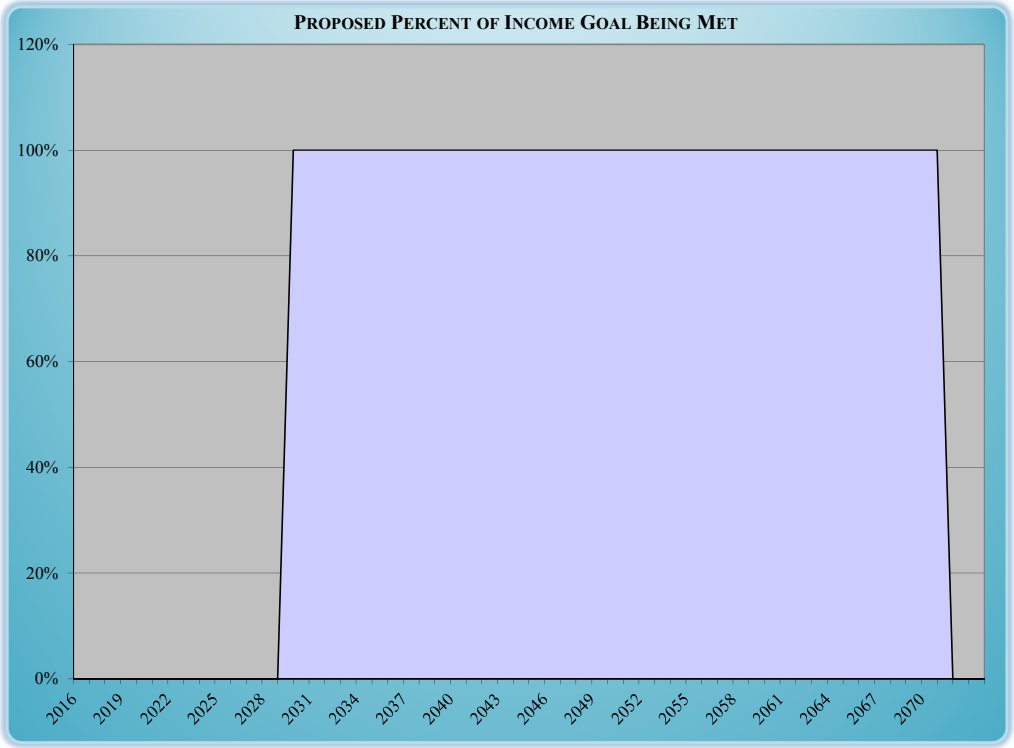
Proposed Incomes Needed vs. Surplus or Deficit



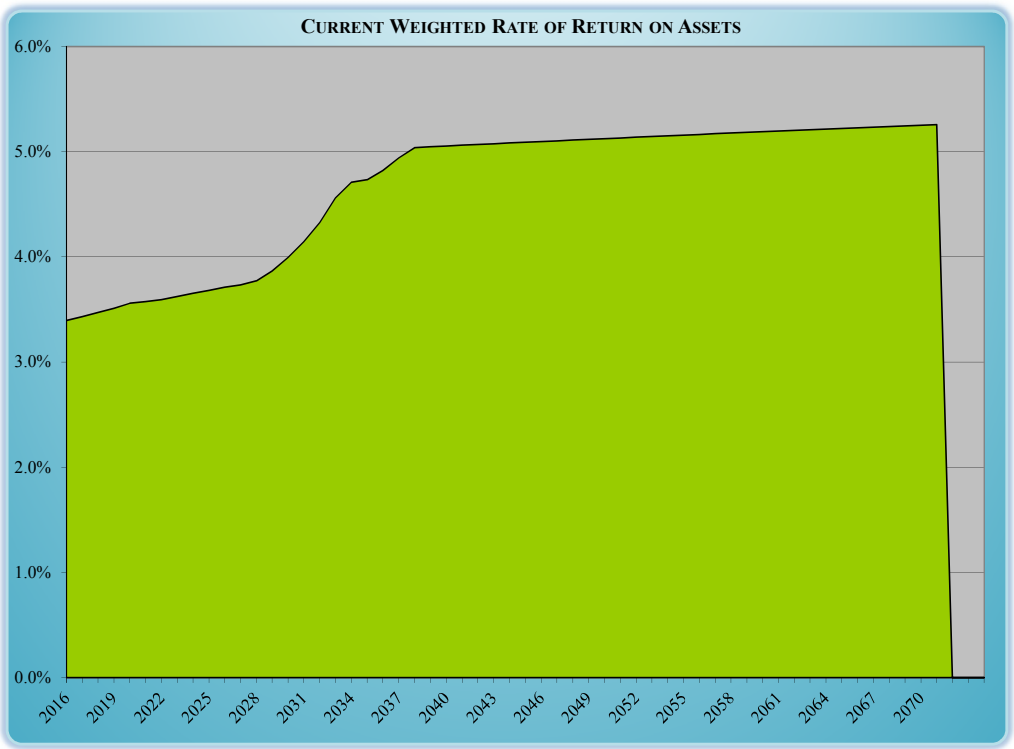
Current Percent of Income Goal Being Met



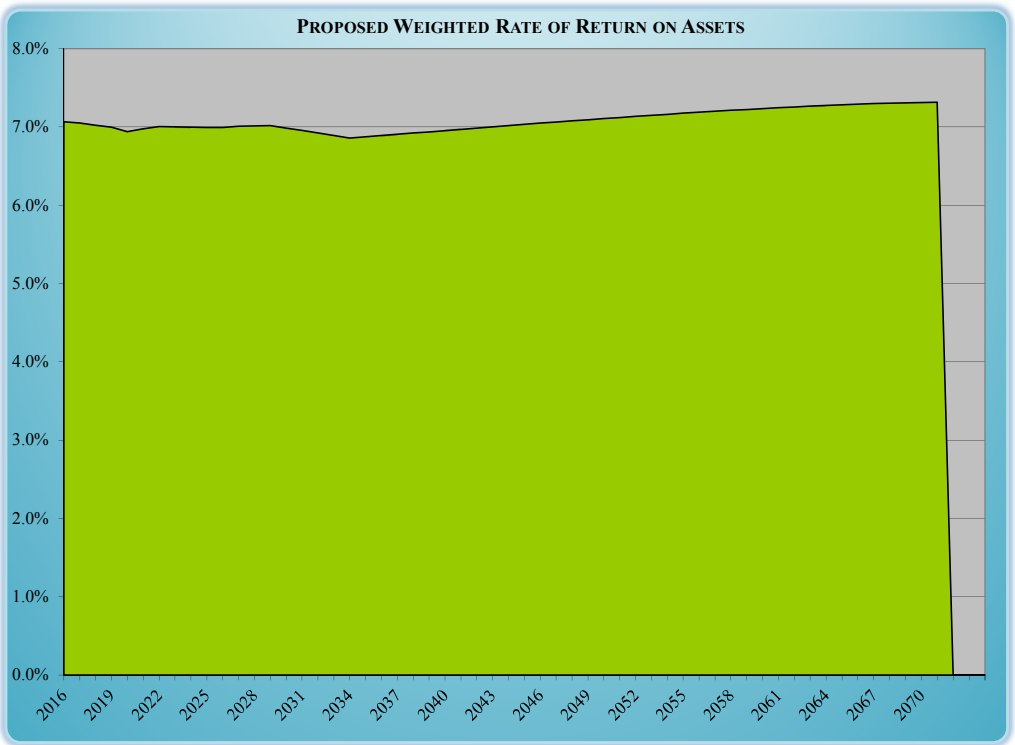
Proposed Percent of Income Goal Being Met



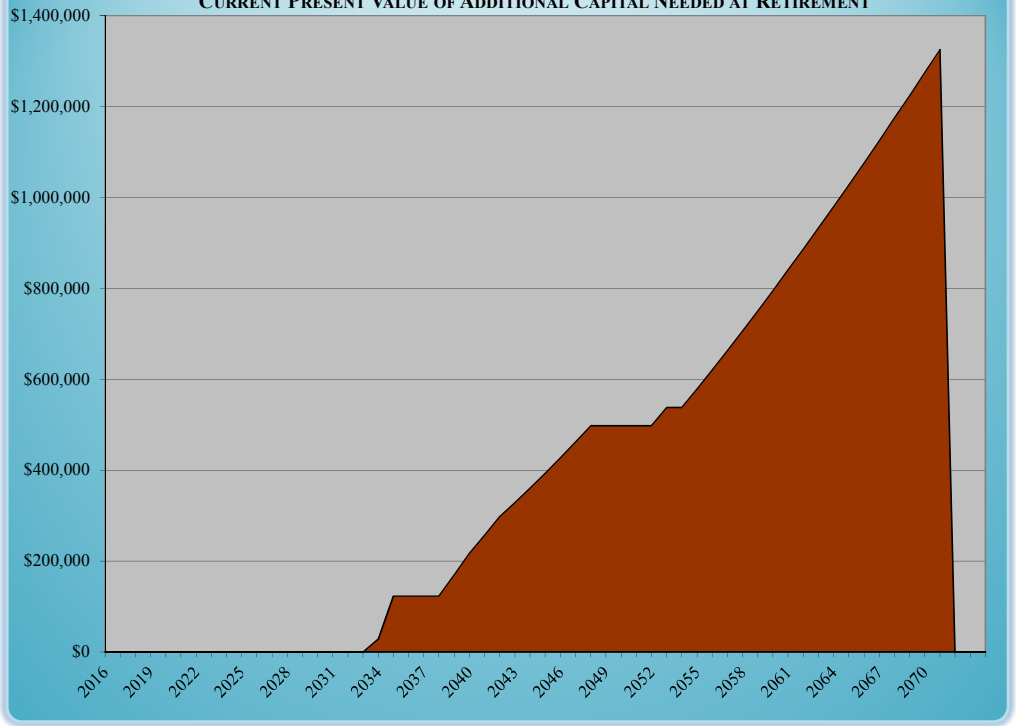
Current Weighted Rate of Return on Assets



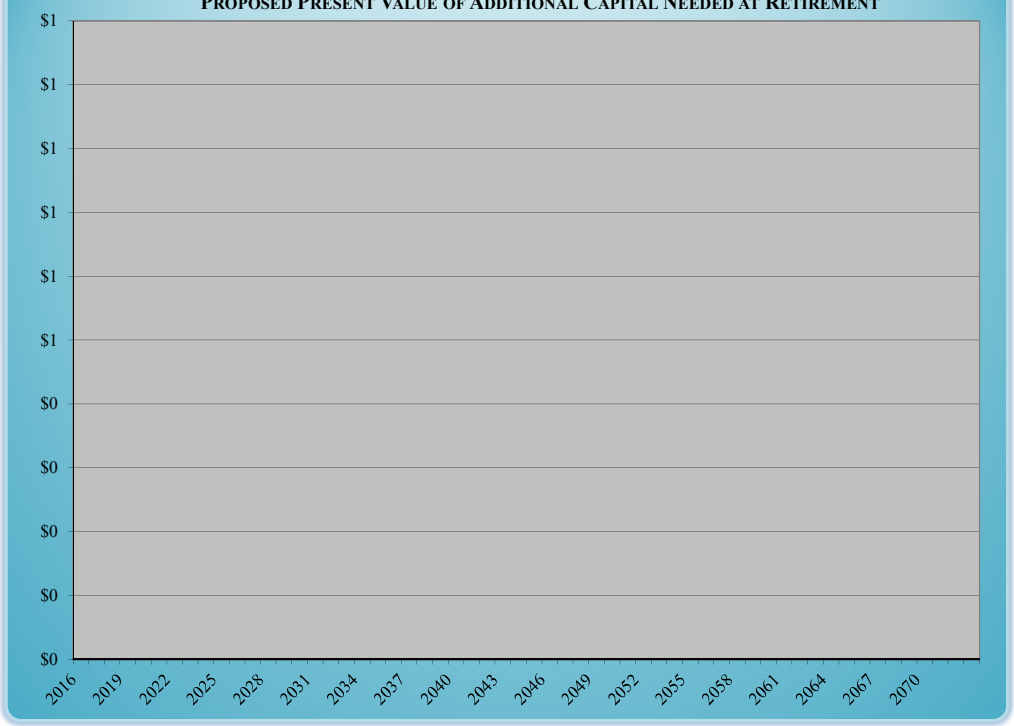
Proposed Weighted Rate of Return on Assets



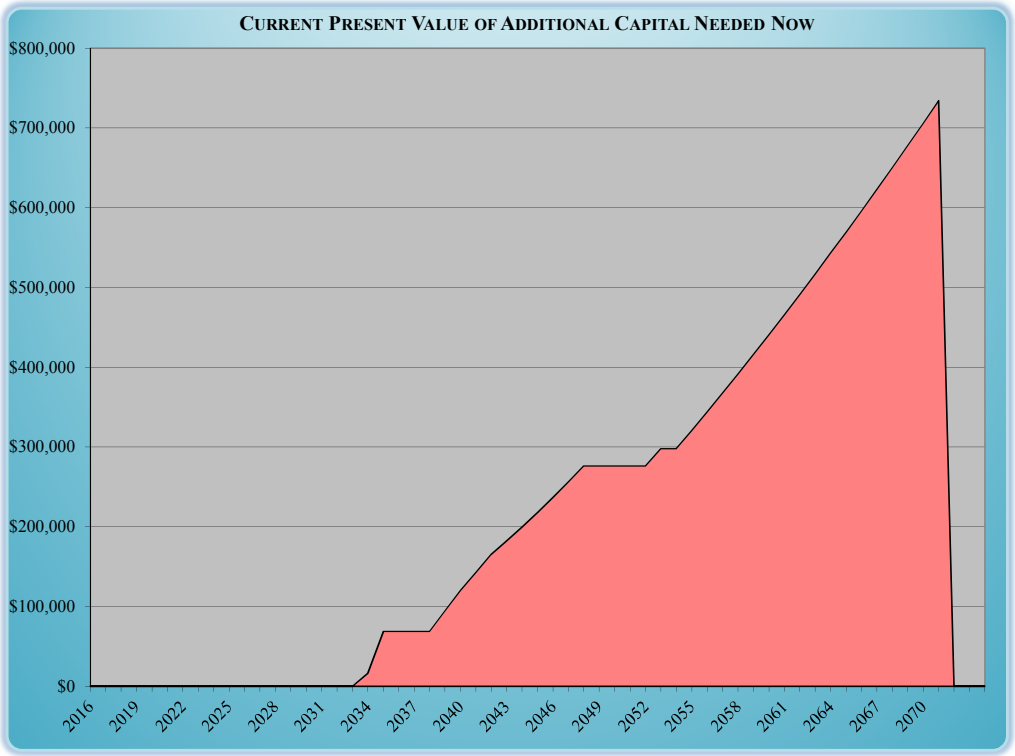
Current Present Value of Additional Capital Needed at Retirement



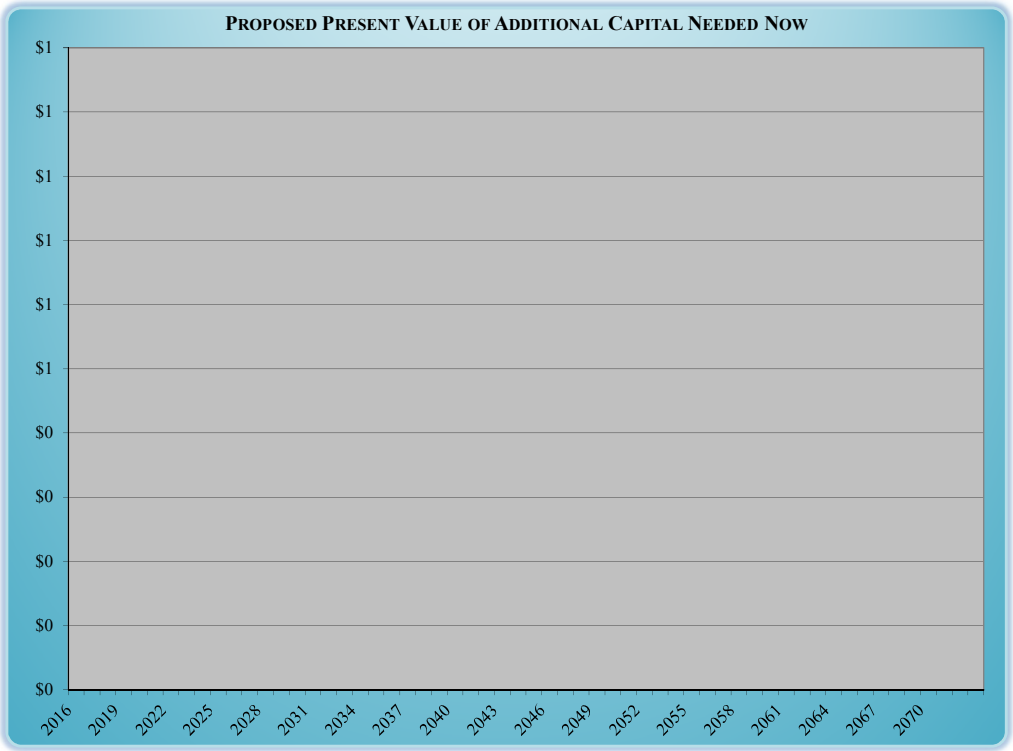
Proposed Present Value of Additional Capital Needed at Retirement



Current Present Value of Additional Capital Needed Now



Proposed Present Value of Additional Capital Needed Now



ASSET ALLOCATION REPORT TUTORIAL

REAL WORLD PERSONAL FINANCE SOFTWARE

(503) 309-1369 support@toolsformoney.com http://www.toolsformoney.com/

OVERVIEW OF OUR INVESTMENT MANAGEMENT PROCESS

This text is to help you understand the overall concepts, and technical details, of the reports that follow. It starts with basic concepts of how we manage your money.

The first and most important step in the financial planning and investment management process is Discovery. This is where our questionnaires asked you various multiple-choice, fill-in-the-blank, and essay questions. It's also called Fact Finding or data collection.

Your answers help us determine your investment risk temperament and tolerance, goals, time frames, cash flows in and out of the portfolio, and what you have to work with. It's also where you'll put into writing what it is you want us to do for you. This data helps us formulate investment policy that best fits your needs and objectives. This is then formally summarized in the Investment Policy Statement that follows.

Once these two preparatory phases are completed (Discovery & IPS creation), we can start to manage your assets, and use financial planning software to help forecast your future.

Forecasting your future (cash flow projections, net worth projections, life insurance needs, retirement planning, and college funding) is a different topic, and is discussed in detail in other parts of your financial plan.

ABOUT THE THREE WAYS TO MANAGE MONEY

The third phase of investment management is deciding how to manage your investments. Since there are only three ways to go, it's critical to first understand the advantages and disadvantages of each. The only three ways money can be managed are:

1) Market Timing: Whenever one makes an investment decision based on a forecast of a market, asset class, or security going up or down, then market timing is being utilized.

2) Security Selection: This is deciding which security to buy or sell compared to others of the same type. For example, deciding whether to buy a bond or a growth stock would be an asset allocation or market timing decision. Deciding whether to buy AMD or Intel would be a security selection decision. This is because both stocks are in the same asset class. Stock and ETF picking are the most common forms of security selection.

3) Asset Allocation: This is the art and science of how money gets divided up between different asset classes to lower risk and increase returns. This is also known as optimizing an investment portfolio, making it more efficient.

Asset allocation is just investment jargon that means how the money in your portfolio gets divided up between the different asset classes. An asset class distinguishes one type of investment from another. Asset classes are how different types of investments are categorized to distinguish them from one another. For example, CDs, bonds, stocks, gold, and real estate are different in terms of risk, reward, taxation, and income generation.

Most investments can be categorized into one of four major asset classes: stocks, bonds, tangibles (things you can touch), and cash. There are dozens of asset classes in the U.S., and most also have a mirror-image in the overseas markets. We may use up to a couple dozen, depending on various circumstances.

Every investment decision uses either one, or a combination, of these three methods. Also, all three methods can be used simultaneously in making one investment decision.

Out of the three ways to make investment decisions, we focus on mainly one - asset allocation. Now for a little more on the other two methods, and why we don't use them.

SECURITY SELECTION (STOCK AND/OR ETF PICKING)

Security selection is deciding which investment to purchase, or sell, compared to others of the same type (or within the same asset class).

We practice a little bit of security selection by using Morningstar database software to screen mutual funds (and things like ETFs and variable annuity subaccounts when needed). This is the initial phase of the screening process because we feel mutual funds that are highly ranked in their category over several time frames, peer group, and asset class tend to remain highly-ranked long enough to be useful.

We look for mutual funds that rank in the top 20% (this number varies for each asset class) in various time frames. If a fund ranks in the top quartile of their peer group in most of these time frames, then it is a candidate for further screening, which may include calling the fund manager. We perform this screening for all of the asset classes we use except for cash (money market).

We're looking mostly at total return numbers at this phase. We don't care much about the risk of each asset class at the individual fund level because these risks are mostly diversified away during the asset allocation process. In fact, for some asset classes, we want to see funds that are the most risky (highest Beta numbers) in their asset class.

Small-cap funds, for example, should have very high Betas – the higher the better. When the markets go up – this asset class should roar ahead much more than the S&P 500. When the S&P 500 goes down, we expect this asset class to go down much more than the S&P 500 too. If the mutual fund behaves in the future like it did in the past, then the gains in the good times usually will more than make up for the losses in the bad times.

When it comes to individual stock picking, most empirical studies have shown that similar common screening practices add little value. This is because:

- There are just too many stocks
- There is too little information publicly available
- All publicly available information is quickly outdated
- There is never enough time or resources to do a thorough analysis
- Things change significantly on a daily basis
- Everyone else is using essentially the same software tools, strategies, and methodologies
- The critical information needed to forecast where the stock may be headed over any time frame is just not available to the public.

The only people with the pertinent information needed to forecast the critical variables on where a stock may be headed (earnings, growth rates, etc.) are "insiders." Some examples of insiders are the corporate executives, other key employees, their investment bankers, lawyers, accountants, etc. These insiders are prohibited by law, and from corporate policy, from disseminating this information to the public. Most are not even allowed to trade on this information themselves.

The bottom line is that the only people that actually know how the company is doing on a daily basis, and therefore where the stock is going, are people who are not allowed to do anything about it (by trading the stock), nor tell anyone.

Because of these problems, the bottom line is that the vast majority of stock pickers lag the market (or their proper benchmark index) over time. In light of this, other than screening mutual funds that hold dozens of stocks, we believe the practice of security selection is not appropriate for most of our clients.

We leave stock picking and market timing up to the mutual fund managers, because they have the resources to specialize in picking stocks of a single asset class. We feel this is the only way to get decent results for individual investors.

MARKET TIMING

Market timing is seeing where a market or security currently is, and then betting where it may be going, and when. Any time an investment decision has a time frame associated with it (this will do this by this time), market timing is being used.

If you like your adrenaline pumping all the time over investments, and realizing returns that are less than the S&P 500, then market timing and stock picking is for you. You don't hear about asset allocation in the media because it's just too boring!

The biggest reason people do this is because it's fun to play on Wall Street. Some just need their jobs to be exciting more than they need to make a stable income and realize good returns with acceptable risks for their clients. It's an exhilarating ego-boost to make a lot of money being correct on a stock bet. You feel like you've just won a sophisticated high-tech battle in an intellectual war with people that thought they were smarter and better than you. To these warriors, using mutual funds is not only too boring; it's just resigning to join the herds of plodding commoners. It's also fun to gamble in Vegas, but you know how that usually ends up. These days, most of these folks have realized this, and have given up on trading stocks, and have moved to trading exchange traded funds (ETFs). This strategy "doesn't work" either, but at least it's less risky than stock picking.

The tortoise and hare analogy fits well here - where the tortoise (asset allocation) is slow and boring, but eventually wins over the exciting fits and starts of the hare (market timing and/or stock / ETF picking).

Why can't making low-risk money be fun and exciting? In order to make exciting money using market timing or stock picking techniques, you'd need to show a net profit on four investment decisions: You need to sell something (#1 - what to sell out of assets currently held) at the right time (#2), to generate the money needed to make new purchases (#3 - what to buy) at the right time (#4).

To win at the market timing game, one needs to be correct more than 60% of the time to cover the losses caused by mistakes of the other 40%. It's not close to 50 - 50 because of the trading commissions, capital gains taxes, and other transaction costs associated with trading securities frequently.

Usually a "mistake" is made on one of these four decisions, and those losses negate gains on the correct decision(s). Mistake is in quotes because market timers rarely acknowledge their mistakes. They always have a long-winded explanation about unforeseen events, it wasn't their fault, and how they would have been right, if only it wasn't for this or that and the other. The bottom line here, is that every time they're "wrong," it is their "mistake" – on multiple levels.

Then on top of that, you'll have to subtract out all of their fees, trading costs, administrative costs, and taxes. If that weren't true, then someone would have figured out how to make market timing or stock picking work, and they would have their own daily TV show. At any given time, there is at least one "tard" with their own TV show, but if they actually maintained an investment track record, it would be unbelievably dismal (which is why they don't have one). Regardless of their record, there has to be at least one of these shows on at all times, just because there's enough "Joe-six-pack armchair investors" that will watch it, and that's all it takes for the sellers of commercials to fund it (regardless of how much it harms the investing public).

Investment markets are just the sum of millions of people reacting to random daily news by trading securities. Because nobody can predict the news, nobody can predict the future no matter what computer models they use. That's why you'll never see the same investment guru on TV for more than a few years. It's usually the one that got lucky recently. When their luck runs out, they're replaced.

This is also why media gurus are usually mutual fund managers (and are CFA Charterholders). Only large institutions like these have the resources needed to have any chance at profiting on all four trades simultaneously, and have the economies of scale to keep expenses down (plus they don't have to care about the taxes you pay).

Everyone else is just misleading by hype, and is making you lose money. This is because these gurus are selling the same securities right after making their public recommendations to buy them. This is known as the "greater fool theory."

They're basically telling you when to buy, but not when to sell. First the guru buys a ton of a stock or ETF to make it go up a lot. Then to get on TV, they make something up about how its fundamentals or charts (all meaningless technical analysis babble) indicate it's going to go up much more. Then they convince fools to buy it via TV. Then it will go up just because these fools are buying it, allowing the guru to sell

it all at much higher prices. This drives the price lower. Then all of the fools that bought it from the guru are then left "holding the bag with the bill of good inside," while the guru locked in large profits. This makes the guru's performance look spectacular, which gets them invited back to the show. This scam is perfectly legal and still happens daily!

So if you're susceptible to taking a market guru's advice because you agree with what they're saying, and it i's working great at the moment, then just wait. Most of the time, it will be around a year before their luck runs out, they've lost a lot of money, and have disappeared from the media. The point is you don't know when their lucky streak will expire.

Try to remember who the big TV financial gurus were a decade or a few years ago. How long has it been since they've been on TV? How many were either booted out of the business or went to jail for insider trading or similar infractions? How did their stock tips pan out a year after they recommended them? How many just disappeared because their dismal track record was publicized? They don't retire and go away because all of sudden they're rich enough. Their egos are much too big for that. They went away because their fans quit giving them the big easy money, or a new Bieber or Kardashian came along that gets better ratings.

They also tout stocks that their firms' have investment banking relationships with (the investment firm that brought the company's stocks and bonds to the marketplace) so they can sell their inventory to the public easier. This is where most of the money is made on Wall Street. If this doesn't sound right to you, you're right - it's not, and there are a lot of things wrong with the financial markets that will never be fixed because of big money.

Here's what to do about these situations: Write down the name of the guru, the security they recommended, and what their forecast was in terms of price movement over a certain time frame. Then write on your calendar when to review this call. When that day comes, compare what actually happened with their original call. Then you'll see that 90% of the time, they're just wrong. That should be enough to get you to just change the channel.

USING ASSET ALLOCATION STRATEGIES HELPS AND SAVES YOU IN MANY WAYS

• An old Wall Street adage is you have to assume more risk to realize more return. But you don't always realize more return just by assuming more risk in the real world. Most of the time, when you assume more risk, you just lose more money. Asset allocation allows more control over how much return you'll probably get in exchange for assuming more risk.

• Asset allocation is the only non-derivative technique you can use to reduce risk (lower overall portfolio volatility), increase income, and get better returns, all at the same time. It's the only one of the three ways of managing money actually that reduces risk. The other two methods of investing only greatly increase risks.

For example, if the S&P 500 goes down 20%, your diversified investment portfolio of 1,000+ stocks and bonds of all types will probably be down less than 15%. This is because you'd have less exposure to those 500 stocks when you hold other asset classes. If you're a stock / ETF picker or a market timer, then chances

are you'll be down over 25%. This is somewhat because pickers and timers mostly use stocks or ETFs in the S&P 500.

• Even though using asset allocation eliminates the need for you to time markets and pick securities, it still has to be done by someone. That's the mutual fund manager's job. They have the armies of analysts and millions invested in computers, people, and systems needed to perform these mostly futile tasks. You don't, and that's the point. If you want to compete with them, then you'll lose most of the time. Winning means realizing low risk and good returns, while not having to waste time and money trying to manage money.

• Asset allocation saves you a lot of time. Other than updating mutual funds and quarterly rebalancing, you don't have to pay much attention to investment portfolios. If you really want to minimize time, you can use index mutual funds or index ETFs, which rarely need to be monitored or updated (but still need to be rebalanced).

• Asset allocation saves you grief, worry, anxiety, stress, from losing sleep, and having to be glued to the TV or phone or computer to keep track of the markets and your holdings. There's no need to baby-sit a security, and have constant access to a phone or the Internet, to be ready to trade at all times to avoid losses. Asset allocation allows you to sleep well, take real vacations, and to turn it all off.

• Asset allocation saves you money because you don't have to pay top-dollar for all of the trading costs associated with high-turnover market timing and/or stock or ETF picking strategies. It's the mutual fund managers' job to do all of the trading. You'll still have to pay these mutual fund management fees, but they're much less than you'd pay on your own. They're able to keep their expenses down because of competition and economies of scale.

• You can still brag at parties that you were smart enough to buy something before it took off. When you hold a diverse portfolio of mutual funds comprised of many asset classes, you're bound to be holding securities of the current fad. Whatever the current hot thing is you'll most always be able to say, "I bought that before it went through the roof!"

• Asset allocation strategies are also great for diversifying and enhancing portfolio income, which is critical during retirement. Maximizing investment portfolio income greatly reduces the need to dip into principal (sell shares). Investment portfolios will last much longer if you can get the spendable income needed to pay living expenses mostly by their normal income distributions (interest, dividends, and realized capital gains).

• Asset allocation also saves advisors from getting into trading trouble. First, stocks are the #1 source of trading trouble. Trading ETFs are #2. Then there are no B or C-share classes in our mutual fund recommendations, so those compliance red flags will never be raised. There are also many times fewer trades when you buy and hold mutual funds compared to trading stocks / ETFs or timing markets. So compliance won't annoy you about excess trading (AKA churning) just to drum up more commissions.

Then as anyone with trading experience knows, there’s always mistakes made, and money is lost when they can’t be fixed. Asset allocation minimizes trading and its mistakes as much as possible. Fewer trades result in lower trading costs, less administrative work, fewer mistakes that need to be fixed, and less risks.

THE DISADVANTAGES OF ASSET ALLOCATION

You're probably going to pay a little more in taxes with asset allocation, because you're probably going to be making more income and profits. You'll also probably be realizing less tax-deductible losses.

You also won't be the life of the party when the topic is stock trading or market timing. Why? For the same reason the media only focuses on market timers and stock pickers. Because asset allocation is much too boring! There's literally nothing to talk about other than which asset class is currently up or down, and why.
You're also guaranteed not to strike it rich if a big bet pays off. If something doubles overnight, only that portion of the portfolio that was invested in that asset class will be affected. This is usually less than 10% with asset allocation. If it's a stock, then it could be less than 1% of your total portfolio's holdings.

Gambling with a large portion of money (using stocks, ETFs, margin, derivatives, etc.), and lucking out, is the one and only way to get rich quick in financial markets. Very few advisers can do this in efficient markets these days. You've been at it for years, and haven't struck it rich yet. It just gets harder every day, so why keep trying?

Because we feel two of these three major determinants of portfolio performance (security selection and market timing) are not appropriate for most investors, we focus mostly on asset allocation. We feel a finely tuned methodical asset allocation process has, by far, the most impact on determining whether or not your portfolio will help you reach your long-term financial goals.

The most famous and comprehensive asset allocation study was done by Gary P. Brinson, Brian D. Singer, and Gilbert L. Beebower in 1991. Most other findings drew the same conclusions. The bottom line is that considering everything (commissions and other transaction costs, taxes, and mistakes), over 91% of long-term portfolio performance is derived from the decisions made regarding asset allocation.

Results reflect this infamous study.* It concludes that 91.5% of investment performance returns stem from the asset allocation decision, and not the security selection or market timing decisions. In English - The behavior of asset classes, and their interactions with each other, are much more important factor than choosing the best-performing securities to represent them, or when to trade them.

In other words, it doesn't matter too much that the actual investments selected outperform their proper benchmark indices. What matters most is utilizing optimized and efficient asset allocation strategies, and then consistently picking investments that are a close proxy to their asset classes (or just using index funds).

Gary Brinson, Brian Singer, & Gilbert Beebower "Determinants of Portfolio Performance: An Update," Financial Analysts Journal, June '91

HOW ASSET ALLOCATION WORKS

Different correlation coefficients between investments are why asset allocation works much better for individual investors than anything else humanity has ever invented.

When investments move up and down perfectly in sync with each other over a certain time frame, its correlation coefficient is 1. When assets move in the opposite direction with each other, its correlation coefficient is -1. Both of these scenarios never happen. The average is around 0.7.

All it takes is for it not to be over 0.9 to add diversification value to a portfolio. This is the core of MPT (Modern Portfolio Theory), which started in the 1950s.

The point is to hold a balanced mix of asset classes that have both good returns on their own, and go up and down at different times relative to the other investments in the portfolio. Determining which assets classes to hold is an art, a science, and depends on the circumstances and goals of the investor.

Holding an investment portfolio comprised of asset classes with healthy correlations to each other is just about the only free and reliable method to reduce the primary risk of losing too much money if and when the markets go down, while still getting both the returns and income that will be acceptable - all while giving you any chance at all of outperforming the markets.

This is because whenever you check the portfolio's value, there's usually always something that's doing so well, that it keeps the portfolio as a whole from having negative returns, even when the U.S. stock markets are down.

Asset allocation can be looked at as an enormous board game with about 25 buckets that hold money (each bucket could contain several sub-buckets too). There are trillions of dollars in all of the financial markets, and all of this money is spread between these buckets (around 20 trillion just in U.S. stocks alone at the time of this writing). The buckets all stay on the board at all times, and around one trillion dollars gets shuffled between buckets on a normal day.

For example, if tech stocks go down 10% in a day, it's because more people sold, and wanted to sell, tech stocks than wanted to buy them that day. These sellers got money when they sold, and if they didn't buy any other kinds of investments, this money just went into the cash (money market) bucket. Few like getting low-single-digit cash returns, so over the next day or so, this money finds its way into the other buckets. Which buckets they go into are mostly determined by the security selection and market timing decisions of short-term traders.

One of the main points of asset allocation is to have exposure to a little bit of just about every major bucket that this cash is likely to go into. This way no matter where the money goes, you're already there. This eliminates the need for market timing, because you're in most every major market all of the time.

For example, if ten billion worth of tech stocks were sold net in a day, then this ten billion dollars has to go somewhere - cash, bonds, real estate, large-cap value stocks, etc. If you consistently own a little bit of everything, then it's hard to lose a lot of money long-term because it all has to stay on the table in one bucket or another. It's just a question of which bucket it will be shuffled to next, and when. Since nobody knows which, it’s best to just have a little bit spread around between most all of them all the time.

It happens every dozen years or so, but it's rare for all (major) asset classes (buckets) to be down at the same time for very long. So when a well-allocated investment portfolio is down, it doesn't stay down for very long. This is because if a lot of markets are down at the same time, it means everyone is hiding in

cash / money markets. People don't like getting 0.5% to 2%, so they're just waiting to pounce and put this money to work somewhere as soon as they stop being "frozen up like a deer caught in headlights by uncertainty." When this happens, there is usually a big sudden rally in at least one major asset class. That's why the best time to invest is when everything is down at the same time because everyone is "uncertain."

By playing the investing game this way, instead of guessing which bucket will do best short-term, you'll not only eliminate the risk of not being in the right bucket at the right time, but you also don't have to guess where the right bucket will be in the future. If you try to predict where the big money will move to next, then more than likely the bucket you took the money from will be the next place it will go, and the big money is just waiting to leave the bucket you picked.

If you paid capital gains taxes on the sale, you'd would lose on four fronts (taxes, trading costs, and being wrong with your market timing bet twice).

Since nobody knows when, and by how much, money will move to next bucket, it's just best not to guess.

We feel just having a balanced mix between most all of the buckets, all of the time, is the best way to minimize investment risk, and still get good returns. Just be in as many viable asset classes as you can all of the time, and you can always tell people you were there for the big rally at dinner parties, while the stock pickers and the market timers missed the boat.

The different asset classes can be looked at as ingredients that go into making a pie. Each one individually tastes pretty bad. But when they're all put together in the right combinations, the result is a pie that tastes just right.

SUMMARIZING THE BASIC CONCEPTS OF THE INVESTMENT REPORTS

Initially we asked you many questions to get to know you and your investment risk tolerance better. Once we know you, then we know how to invest your money.

Then we determine how much of various types of investments (asset classes) you should own. This is called the "Guideline Allocation."

Then we analyze how much of which types of investments you currently own. This is called your "Current portfolio(s)."

We then are able to recommend a new portfolio based on the difference between what you should have, compared to what you now have. This is called your "Proposed portfolio(s)."

Some investments you own we're recommending that you sell. Some may be fine, so we think you should keep some, or all, of them.

There are various reasons for this. The most important is that the investment first be analyzed to see which asset class it is in. Then it can be compared to benchmarks of the same asset class to see if it's performing well or not. It not, then it should be replaced by a similar investment that is.

The next most important thing is that an investment be pure to only one asset class. Investments that contain too many different asset classes rarely perform well, so they should be discarded. This is because the mutual fund managers are shuffling money between the different types of investments at random on a daily basis. This should only be done by someone that knows you and how much of each type you need. They don't know any of their investors, and so they're just trying to time the markets to get better returns.

This seldom works well, so they should all be avoided. Here are some examples of mutual funds (and ETFs) with the following word in their names, or objectives, that tip you off to using this sub-optimal strategy: World, global, asset allocation, target, retirement with a future year after it, lifestyle, life cycle, hybrid, or balanced.

The main overall goal is to get the kind of portfolio performance that fits your life, while minimizing the risks. Because we use several different kinds of mutual funds, each holding around 50 securities, the risk of losing a lot of money because one stock crashed is minimal.

EXPLANATION OF THE ASSET ALLOCATION REPORT

The first colored page in the report (titled Asset Allocation Calculator) shows how we determined your guideline asset allocation mix. This guideline mix of asset classes is the recommended amounts of different types of investments we're shooting for. This is not an exact science, so this money management tool just gets us in the ballpark, by using your personal circumstances as a guide.

Your personal particulars are weighted in five sections according to their importance. The section called Risk Category is the most important, and so it's weighted the heaviest.

Your answers to the multiple choice questions of our Investment Discovery Questionnaire were scored, weighted according to their importance, totaled, and the end result put you into one of the five most-commonly used investment risk tolerance categories.

This goes by different names depending on whom you talk with, but the concept is the same: Investor risk tolerance, risk temperament, risk profile, investment profile, investor profile, investment profiler, investor profiler, investing risk tolerance, risk category, etc. Don't get confused, because it's all the same thing.

Unless both spouses' portfolios are being managed separately, an average of both of your risk tolerances was used in the calculations.

Because none of this is an exact science, most investment managers work with three to seven risk categories. We use five because we feel three isn't enough and seven is too many. These five categories are summaries of how the investor feels about investment risk, how much downside market fluctuations can be tolerated, and how much they expect to profit when the markets are going up

THE FIVE INVESTMENT RISK TOLERANCE CATEGORIES IN DETAIL

Conservative: This investor isn't willing to tolerate "noticeable downside market fluctuations," and is willing to forego most all significant upside potential, relative to the markets, to achieve this goal. In

English, they really really don't want to get their monthly statement and see less money than they had before (unless it was due to their withdrawals).

Most conservative investors want their portfolios to provide them with an inflation-adjusted income stream to pay their living expenses. They're either currently depending on their investments to give them a retirement paycheck, or are expecting this to happen soon. Some are on tight budgets and are barely making a living as it is, so they are very afraid of losing what little money they have left. They do not have time to recoup any losses (because they can't go back to work for a multitude of reasons). Some realize they don't need their portfolio to provide income for more than several years, because of low life expectancy, so growth is not the objective.

The majority of their money should be held in cash and high-quality short- and intermediate-term maturity bonds. Very risky asset classes are typically avoided altogether.

Satisfying their needs is hard to achieve when inflation is high, or rising, because the market value of fixed income securities (bonds) typically are declining due to increasing interest rates. So investing defensively is not without risk. There is no way to eliminate all risks when investing.

So the investments most desired by Conservative investors are the ones that lose the most value from inflation (e.g., fixed annuities). Investing defensively is not without risk, and there is no free lunch, nor a magic investment to solve one's problems, for anyone in investing (but our Conservative High-income Model is the closest thing invented to being the “magic solution” to this dilemma).

In this case, the potential for the large loss of nominal dollars (how many dollars one has relative to how many they started with) is low, but the loss of real dollars (the inflation-adjusted worth of those dollars) is guaranteed. This is caused by the loss of purchasing power due to the prices of everything in their family budget going up.

Cash (savings accounts, money market funds, and CDs) most always lose real value over time because of the combined effect of taxes and inflation. There isn't much one can do if this happens, except to have exposure beforehand to asset classes that benefit when inflation increases (real estate and tangible / commodity-based mutual funds, like the precious metals and energy sectors). The catch is most of these are the same asset classes that are usually minimized, because they're "too risky," and/or don't provide a reasonable income yield.

Because Conservative investors are still "investing," they should have a higher return over most rolling three-year periods than investing 100% in money market funds, fixed annuities, CDs, and other bank instruments.

The typical range of annual returns in down financial markets are -4% to 0%, in flat markets 1% to 4%, and in up markets 5% to 7%.

Conservative portfolios produce the highest annual income yields - typically in the range of 4% to 6%.
Conservative portfolios produce very little capital gains distributions.

If an investor is so risk adverse that they cannot tolerate ANY downside risk to the nominal value of their money, then we recommend money market funds, or just putting their money in the FDIC insured bank. We don't use an investor risk tolerance category for these ultra-conservative investors because we don't think these folks are investors in the first place. They have resigned to the fact that their real returns will be negative after considering taxes and inflation, and just care about not seeing the number of dollars they have decline. They should just hide it all in the safest vehicles possible. But not "under the mattress" because of its purchasing power will be substantially eroded from being 100% exposed to inflation.

Moderately Conservative: If a worried investor can tolerate a little more risk than the Conservative investor, but still is adverse to large short-term downside fluctuations, and wants a little more return with a little less income, then this is the category for them.

The typical investor in this category is either retired and getting their paycheck from portfolio income, soon to be retired, or has been burned by poor investment management and has lost money in the past. These folks want to be protected somewhat from large downside market fluctuations and are willing to not fully-participate when markets rally upwards to get it.

Informed investors realize that if their life expectancy is more than a decade, then having exposure to investments that increase in value is needed to provide adequate income in the later years. These folks want to be protected somewhat from large downside market fluctuations and are willing to not fully participate when markets rally upwards to get it.

Their portfolio will still fall when the markets' decline, but they want to be somewhat protected from sudden double-digit percentage declines in their portfolios. They want to be in the game, but they are definitely playing defense. They also want to see low double-digit percentage gains when the financial markets are going up. This is achieved by having a significant exposure to fixed income securities, several different types of stocks, real estate, and tangible commodities that somewhat track inflation. Core equity asset classes are used, but very risky asset classes are still held to a minimum.

Moderately Conservative portfolios produce significant annual income yields - typically in the range of 3% to 5%.

Moderately Conservative portfolios produce little capital gains distributions.

They are typically going to achieve returns a little more than taxes and inflation. When the major markets are increasing, they could realize double-digit returns. The typical range of annual returns in down financial markets are -7% to -1%, in flat markets 0% to 5%, and in up markets 6% to 9%.

Moderate: The majority of investors are in this middle-of-the-road category. The reasons for people to be in this category are too many to list here. The most-common is the desire to invest long-term for retirement or college funding. The current need for portfolio-generated income is usually several years away.

These investors want good returns, and know they're taking some risk to get them. They should expect returns similar to a basket of similarly weighted market indices. Their portfolio should go up less than the markets as a whole, but should also go down less when markets go down.

A Moderate portfolio will hold a balanced mix of most all-major viable asset classes (for maximum diversification), which will include conservatively-managed bond funds as well as high-risk stock funds. This category typically uses the largest number of asset classes to both reduce risk and increase profits. Both safe and risky asset classes are utilized pragmatically. Balance between profits and loss reduction is the goal.

They know they will lose money if the markets go down, but also expect to be along for the ride if they go up.

Moderate portfolios produce modest annual income yields - typically in the range of 2% to 3%.

Moderate portfolios produce a moderate amount of capital gains distributions.

Moderate investment portfolios are usually compared to the S&P 500 to see how well they're doing. When the S&P 500 is going up, it should be up a little more than a Moderate investment portfolio (if it's very well managed). When the S&P 500 is down, the Moderate portfolio should be down less.

They are typically going to achieve returns greater than taxes and inflation. When the major markets are increasing, they could easily realize double-digit returns. The typical range of annual returns in down financial markets are -8% to -2%, in flat markets -1% to 4%, and in up markets 5% to 10%.

Moderately Aggressive: If an investor wants to outperform a basket of similarly weighted indices when the markets are up, and doesn't mind too much being down a little more than the markets when they are down, then this is the category for them.

They are taking on more downside risk than the markets, but expect to be substantially ahead of the game when markets go up. Fixed income positions are minimized and risky asset classes are fully utilized. Most of the bond and international stock mutual funds in this portfolio are aggressively-managed.

These investors want to take the risks of winning the game by playing hard offense, but still don't want to lose too much in a short period of time. Most Moderately Aggressive investors want to accumulate a significant amount of wealth in the future, are willing to wait a significant amount of time for the rewards (and to recoup short-term losses), and have earned-income to contribute to the portfolio over time.

They know they will lose a high percentage of their money if the markets go down (more than the S&P 500), but also expect to profit greatly if they go up. More emphasis is put on making money than preventing the loss of money.

Moderately Aggressive portfolios produce the little annual income yields - typically in the range of 0.5% to 2%.

Moderately Aggressive portfolios produce a high amount of capital gains distributions.

They're typically going to achieve long-term returns far greater than taxes and inflation. When the major stock markets are increasing, they expect to realize double-digit returns. The typical range of annual

returns in down financial markets are -10% to 4%, in flat markets -3% to 6%, and in up markets 7% to 11%.

Aggressive: Damn the torpedoes, full speed ahead! These investors want to substantially outperform the markets and (should) know they are exposed to much more risk than the markets. They could easily lose up to 40% of their portfolio value in a few months, and it may take years, if ever, to recoup these losses. These investors typically hold mostly growth, small-cap, and sector mutual funds (or stocks or ETFs). Any fixed-income mutual funds in the portfolio are a small percentage of the portfolio, and also are of the riskier types that are aggressively-managed.

The purpose of any cash held is to handle any unexpected withdrawals, and to take advantage of perceived buying opportunities.

Aggressive investors are typically younger (The Invincibles), and intend to contribute relatively large amounts into the portfolio periodically over time via contributions coming from earned-income.

Most aggressive investors either want to accumulate substantial wealth in the future, are in a hurry, have enough income from other sources to fund their living expenses, and/or have plenty of time to work and recoup losses. Some just may have not yet personally experienced significant losses in the markets, so their bravery usually ends up being their own downfall.

They should know they would lose a very high percentage of their money if the markets go down, but also expect to profit greatly if they go up. Most all emphasis is put on making money and little, other than the diversification benefits of using mutual funds with asset allocation, is used in preventing the loss of money.

Aggressive portfolios produce the little-to-no annual income yields - typically in the range of 0% to 1%.

Aggressive portfolios produce a very high amount of capital gains distributions.

They are typically going to achieve long-term returns far greater than taxes and inflation. When the major markets are increasing, they expect to realize large double-digit returns. The typical range of annual returns in down financial markets are -15% to -5%, in flat markets -4 to 7%, and in up markets 8% to 12%.

BACK TO EXPLAINING THE REPORTS

In each of the other four sections on the Asset Allocation Calculator page, the row that you fit into is shaded.

Then all of the shaded numbers are totaled for each column by the eight major asset classes. This shows how much of your investments should be invested into each major asset class. The end-result is an asset allocation that's tailored for your current life situation (the bottom colored row). In other words, this is the mix of major asset classes we feel will best fit your needs, today.

The asset classes are arranged (mostly) in order of riskiness going from left to right, as the colors indicate. Cash at the far left is green, going right the three types of bonds are blue, and the risky equities are shades of risky purples and reds.

We use eight distinct major asset classes, as shown in these reports. But when it comes to actually investing your money, we use up to 22 sub-asset classes (AKA buckets). These compress into eight because some sub-asset classes fit into one major asset class in the reports. This is because they are too similar to each other to be worthy of a separate major bucket in the reports.

For example, technology and biotechnology stocks have similar risk and return characteristics (back to MPT correlation coefficients again), so making a separate bucket for them in the reports would just add clutter with little benefit. Another reason is that the percentages recommended of the sub-asset classes are usually significantly smaller than other major asset class buckets.

You can see how this is working by looking at how the contents of each asset are distributed on the next page (CURRENT / OLD & PROPOSED / NEW ASSET ALLOCATION).

We rarely recommend over 2% in an Internet fund, whereas Large-cap Growth is commonly as much as 25%. How we allocate the sub-asset classes within the major asset classes are both a judgment and an optimization call (MPT again) based on our experience and your life situation, as explained below. For example, if someone scored Conservative and wanted monthly income to spend, we would raise the amount of real estate at the expense of tangible (natural resource) mutual funds in the right-most bucket.

For example, the Any kind of domestic stock other than Mid- or Large-cap Growth or Value stocks asset class has at least four types of U.S. equity securities inside of it:

• U.S. Small-cap, venture capital, privately held, and Micro-cap stocks.

• Mutual funds that specialize in small sectors of the market (technology, biotech, and the Internet).

• Other tangible funds / investments, like real estate and limited partnerships.

• Miscellaneous diversifying agents like inflation hedges, derivatives, IPOs, and venture capital funds.

This bottom-line allocation is just called the “Guideline” because there is no magic exact allocation that’s best for you. It would be impossible to calculate the perfect allocation except in rare situations (e.g., if a client wanted an exact income yield or a defined amount of money over a defined time frame). Even though there is no magic allocation, this part of the portfolio management process (calculating your guideline allocation based on your life factors) still adds the most value in tailoring a portfolio to your life and needs.

This allocation should also remain the same until something in your life changes (e.g., one of the five calculation sections, such as risk tolerance). It should not change in response to market moves, fear, irrational exuberance, or hot tips.

The next page (or two) titled CURRENT / OLD & PROPOSED / NEW ASSET ALLOCATION, shows how the money in your Current / Old portfolio(s) is or was distributed between asset classes. In other words, the way it is now, or how it was before our recommended changes are or were implemented (by trading).

The dollar amounts are shown to the right of the asset's name. These amounts are all rounded to the nearest $100 or $1,000 most of the time, just because of the noise caused by normal daily market fluctuations.

Because a mutual fund may hold some cash, bonds, and some foreign assets, these amounts may be broken out into the different asset classes for each investment in the report. These numbers are shown to the right under the different asset class columns in the same row as the investment's name and value. In other words, this section shows what's "really" going on inside a complex investment, like a mutual fund or ETF. "Really" is in quotes, because this information is sketchy at best, for many reasons (so we're doing the best we can, given the reality of what can actually be done in the real world).

To see the source of these numbers, take a look at any Morningstar mutual fund report at the end of the report (mid page at the top under the Composition section) and you will see that the fund's value is usually spread between more than one asset class. This is how we determined (estimated) what you really have as best as possible (it will never be exact because fund managers only disclose this data monthly, and then it changes the next day when they trade).

There may be a separate page for both the personal and retirement accounts, or it could be combined into one page. Different accounts you may have may be segregated by putting an empty row / space between them. Sometimes if there's room, we'll put the name of the account in a blank row too.

At the bottom of these sections, all of your accounts are totaled up - by dollar values of personal, tax qualified (IRA) accounts, and then everything is combined and totaled.

We hope now it's now clear why we asked you for a list of all of your assets - not just assets that we manage. In order to give you the balance we feel is right for you, we need to know the whole story. Even if we don't make any recommendations in investments you own outside of our management (e.g., your 401(k)s), the mix of assets under our management could be different depending on what you hold elsewhere.

For example, if you have a total of $1,000,000; $500,000 under our management, and you also own $500,000 of a Large-cap Growth stock outside of our management, we would not buy any Large-cap Growth mutual funds for you because we feel you already have way too much in this asset class already.

The next page shows the Guideline, Current, and the Proposed asset allocations summarized in pie chart form. This is where to look to make comparisons. There is also a four-bucket (stockbroker mentality) breakdown for easy reference on this page.

Because of various constraints on your assets, the Proposed allocation also probably won't exactly match the Guideline. This is okay, because there are usually constraints or preferences on your part in the portfolio management process. An example of a constraint would be not wanting to sell a favorite stock.

The percentage you'll hold in each bucket will change daily as the markets fluctuate, too. What we want to do is keep each asset class's allocation within a range, as explained in your Investment Policy Statement.

For example, your growth stock guideline may be 15%. This may change in response to normal market moves by a few percent every day. If your range is 15% to 5%, then we wouldn't recommend selling some of this asset class unless it grew to be over 20% of your portfolio, and we wouldn't recommend buying more unless it shrunk to be less than 10% or your portfolio. We check these ranges quarterly, when you tell us something in your life changed one of the five calculation sections, or when there is a significant change in your account (e.g., new money withdrawn or added).

The next page (or two) titled Proposed / New Asset Allocation, shows how we want to buy and sell investments in order to get closer to your Guideline allocation. The new (proposed) dollar amounts are shown next to the asset's name, just like it is in the Current / Old Asset Allocation section.

Asset rows that are not colored are assets that you currently own that were not affected (nothing was sold and no new money was added to it). Assets that are colored "orange" are investments that you currently own that are recommended to be either sold off, partially or completely. Assets that are colored "blue" are investments that are either new by our recommended allocation, or are assets you have and we hypothetically allocated more money to go into them.

To see how much of an existing investment we want to change, subtract the value in the Proposed / New part of the report from the value in the Current / Old part of the report.

Please note that due to daily market fluctuations, and other variables, the actual dollar amounts in these reports will never be exactly the same as the actual amounts bought or sold in your account - unless someone has manually performed a linking process to your custodian's reporting software.

The last color page of the asset allocation study is titled Source and Application of Funds. This shows how much is needed to buy and sell, both in percentage and dollar values, to reach your Guideline allocation in each asset class. This just compares your Current / Old position with the Guideline in dollar and percentage amounts. Nothing on the Proposed / New Asset Allocation, or the pie chart pages, has any effect on this page.

To summarize: We feel determining an asset allocation mix that best fits your life, and then using mutual funds in their respective categories to fill each asset class, is a sound risk-minimizing strategy we believe is most likely to enable your investments to reach your long-term goals.

We minimize the use of security selection and market timing because we know we can't see through walls (find out what's' really happening with a stock) nor predict the future, so we don't even try.

PORTFOLIO PROJECTIONS AND FORECASTS

The page, Annual Asset Growth of Current vs. Proposed Asset Allocations, then uses this asset level data to forecast the portfolios for future years, both in numeric and graphical form. This enables you to evaluate the long-term effects of making one trade.

Here we used some rate of return estimates for the eight major asset classes. Then the annual withdrawals and contributions may have been added to the picture. Then the changes in the asset class mix were added

to that. The end result is the estimated growth of both the current and proposed portfolios over time. This information is also displayed in the graphs.

The asset allocation returns page shows both the current and proposed portfolio returns in several different formats. The returns input were the actual three-year annualized averages for each asset. If the data wasn't available, then it was estimated.

Then the asset growth of the allocations page shows these numbers forecasted into the future.

One thing we can guarantee, is that not one of these guesstimated numbers will actually occur in the future!

MISCELLANEOUS

Reaching your financial objectives will depend largely upon the management of your investment portfolios. Minimizing interest payments on debt and future cash flow surpluses that can be invested are also critical.

The primary goal of most investment strategies is to achieve a consistent after-tax rate of return, which matches your investment risk tolerance, is more than inflation, and meets your objectives.

Please call if you have any questions or would like more information.

CURRENT / OLD & PROPOSED / NEW ASSET ALLOCATIONS

John & Mary Sample

		YOUR CURRENT / OLD ASSET ALLOCATION BREAKDOWN							
Personal (non-qualified) Assets	**Asset Class Category➔ _____ Dollar Amount ⬇**	**Cash Equivalents**	**U.S. Government (not agency) & Investment Grade U.S. Corporate Bonds**	**Municipal (federally tax-free) Bonds**	**High Yield, Int'l, Agency, Zero Coupon, and All Other Bonds**	**High to Medium Yield & Value Style Stocks (U.S. Large- & Mid-Cap)**	**Low to No Yield & Growth Style Stocks (U.S. Large- & Mid-Cap)**	**Int'l Stocks, Emerging Markets, & Other Int'l Equities**	**Small-Cap, Precious Metals, Sector Funds, Real Estate, LPs, Misc. Equities**
John's Schwab									
Cash	$5,000	$5,000							
Schwab Bond Fund	$10,000	$200	$9,800						
Schwab Stock Fund	$10,000	$200					$9,800		
John's Bank Savings									
Savings	$50,000	$50,000							
John's Credit Union									
Savings	$25,000	$25,000							
Mary's Rental Property									
Home Street Rental	$100,000								$100,000
Joint Credit Union									
Savings	$260,000	$260,000							
Personal Totals:	**$460,000**	**$340,400**	**$9,800**	**$0**	**$0**	**$0**	**$9,800**	**$0**	**$100,000**

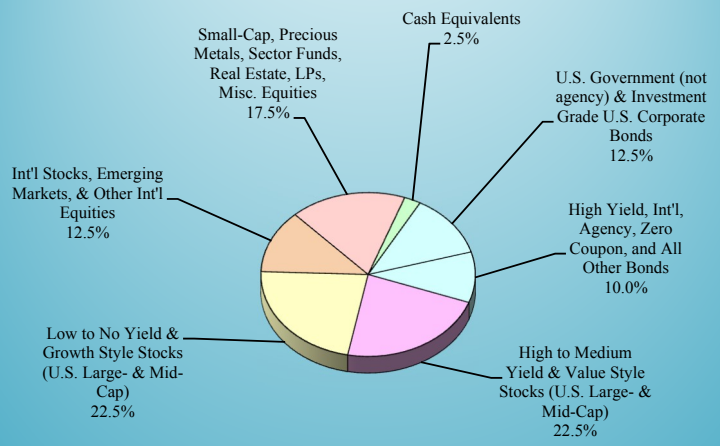
YOUR CURRENT / OLD ASSET ALLOCATION BREAKDOWN, Continued

Retirement (tax-qualified) Assets	Asset Class Category → / Dollar Amount ↓	Cash Equivalents	U.S. Government (not agency) & Investment Grade U.S. Corporate Bonds	Municipal (federally tax-free) Bonds	High Yield, Int'l, Agency, Zero Coupon, and All Other Bonds	High to Medium Yield & Value Style Stocks (U.S. Large- & Mid-Cap)	Low to No Yield & Growth Style Stocks (U.S. Large- & Mid-Cap)	Int'l Stocks, Emerging Markets, & Other Int'l Equities	Small-Cap, Precious Metals, Sector Funds, Real Estate, LPs, Misc. Equities
John's 401(k)									
Cash	$5,000	$5,000							
Bond Fund	$10,000	$200	$9,800						
Stock Fund	$7,500	$150					$7,350		
Int'l Fund	$5,000	$100						$4,900	
John's TD IRA									
Tech Stocks	$25,000								$25,000
John's Merrill IRA									
Bank Stocks	$15,000					$15,000			
Mary's 403(b)									
Cash	$10,000	$10,000							
Target Fund	$25,000	$500	$500			$5,000	$12,750	$3,750	$2,500
Mary's TIAA CREF IRA									
Bond Fund	$10,000	$200	$9,800						
Stock Fund	$15,000	$300					$14,700		
Mary's American Funds									
ICA	$5,000	$100				$1,500	$3,300	$100	
Growth Fund of American	$5,000	$100				$3,400	$1,500		
EuroPacific Growth	$5,000	$100						$4,900	
Tax-Qualified Totals:	**$142,500**	**$16,750**	**$20,100**	**$0**	**$0**	**$24,900**	**$39,600**	**$13,650**	**$27,500**

Grand Total: Personal & Retirement	**$602,500**	**$357,150**	**$29,900**	**$0**	**$0**	**$24,900**	**$49,400**	**$13,650**	**$127,500**

Allocations of Combined Personal & Tax-Qualified Assets	Cash Equivalents	U.S. Government (not agency) & Investment Grade U.S. Corporate Bonds	Municipal (federally tax-free) Bonds	High Yield, Int'l, Agency, Zero Coupon, and All Other Bonds	High to Medium Yield & Value Style Stocks (U.S. Large- & Mid-Cap)	Low to No Yield & Growth Style Stocks (U.S. Large- & Mid-Cap)	Int'l Stocks, Emerging Markets, & Other Int'l Equities	Small-Cap, Precious Metals, Sector Funds, Real Estate, LPs, Misc. Equities
CURRENT / OLD ALLOCATION	59.3%	5.0%	0.0%	0.0%	4.1%	8.2%	2.3%	21.2%
GUIDELINE ALLOCATION	2.5%	12.5%	0.0%	10.0%	22.5%	22.5%	12.5%	17.5%
PROPOSED / NEW ALLOCATION	3.6%	15.3%	0.0%	9.9%	18.5%	15.6%	10.1%	26.8%

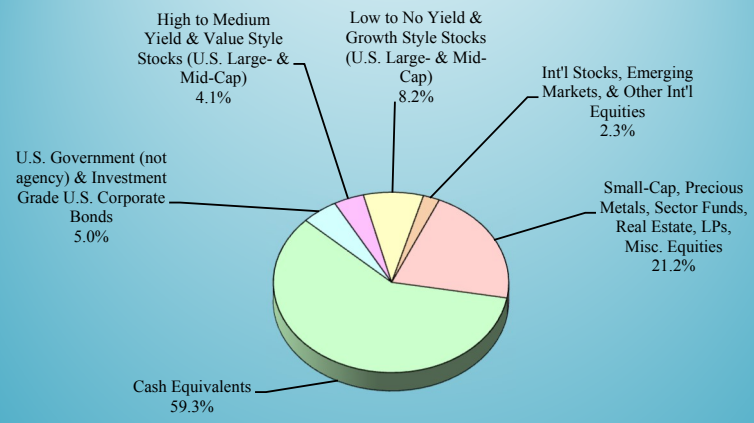
Guideline Allocation



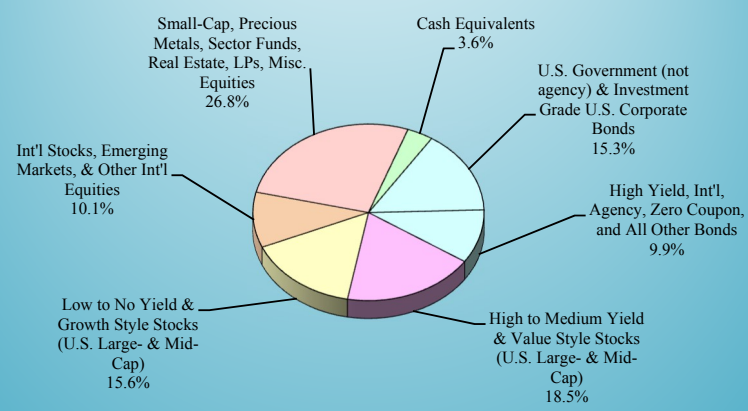
Calculated Guideline Asset Allocation	
Cash:	2.5%
Bonds:	22.5%
U.S. Equity:	62.5%
Int'l Stocks:	12.5%

Your Current / Old Asset Allocation Breakdown		Your Proposed / New Asset Allocation Breakdown	
Cash:	59.3%	Cash:	3.6%
Bonds:	5.0%	Bonds:	25.2%
U.S. Equity:	33.5%	U.S. Equity:	61.0%
Int'l Stock:	2.3%	Int'l Stock:	10.1%

Current / Old Allocation



Proposed / New Allocation



		YOUR PROPOSED / NEW ASSET ALLOCATION BREAKDOWN							
Personal (non-qualified) Assets	**Asset Class Category➔ _____ Dollar Amount ⬇**	**Cash Equivalents**	**U.S. Government (not agency) & Investment Grade U.S. Corporate Bonds**	**Municipal (federally tax-free) Bonds**	**High Yield, Int'l, Agency, Zero Coupon, and All Other Bonds**	**High to Medium Yield & Value Style Stocks (U.S. Large- & Mid-Cap)**	**Low to No Yield & Growth Style Stocks (U.S. Large- & Mid-Cap)**	**Int'l Stocks, Emerging Markets, & Other Int'l Equities**	**Small-Cap, Precious Metals, Sector Funds, Real Estate, LPs, Misc. Equities**
John's Schwab									
Cash	$1,000	$1,000							
Schwab Bond Fund	$0								
Schwab Stock Fund	$0								
Current Short Bond Pick	$5,000	$100	$4,350		$550				
Current Large Value Pick	$7,000	$140				$6,510		$350	
Current Large Growth Pick	$7,000	$140					$6,510	$350	
Current Int'l Stock Pick	$5,000	$100						$4,900	
John's Mutual Funds									
Bank Savings	$0								
Cash	$10,000	$10,000							
Bond Funds	$10,000	$200	$2,550		$7,250				
Stock Funds	$10,000	$200				$4,650	$4,650	$500	
International Funds	$10,000	$200						$9,800	
Natural Resources Funds	$10,000	$200			$1,075				$8,725
John's TD Ameritrade									
Credit Union	$0								
Cash	$1,000	$1,000							
Multi-sector Bond Pick	$8,000	$160	$7,840						
Mid-cap Value Pick	$8,000	$160					$7,440	$400	
Mid-cap Growth Pick	$8,000	$160				$7,440		$400	
Mary's Rental Property									
Home Street Rental	$100,000								$100,000
Joint Scottrade									
Credit Union Savings	$0								
Current Short Bond Pick	$25,000	$500	$18,475		$6,025				
Current Bond Fund Pick	$30,000	$600	$29,400						
Current Junk Bond Pick	$10,000	$100			$9,900				
Current Int'l Bond Pick	$10,000	$100			$9,900				
Emerging Mrkts Bond Pick	$5,000	$50			$4,950				
Current Large Value Pick	$45,000	$900				$41,850		$2,250	
Current Large Growth Pick	$45,000	$900					$42,600	$1,500	
Current Mid-cap Pick	$30,000	$600				$14,450	$14,450	$500	
Current Small-cap Pick	$10,000	$200						$250	$9,550
Current Micro-cap Pick	$5,000	$100						$750	$4,150
Current Int'l Large-cap Pick	$15,000	$300						$14,700	
Current Int'l Small-cap Pick	$5,000	$100						$4,900	
Emerging Markets Pick	$10,000	$200						$9,800	
Current Tangibles Pick	$15,000	$300							$14,700
Personal Totals:	**$460,000**	**$18,710**	**$62,615**	**$0**	**$39,650**	**$74,900**	**$75,650**	**$51,350**	**$137,125**

<= This color denotes an asset with a decrease in value (or was sold completely) to reach the guideline allocation.

<= This color denotes an asset with an increase in value (or was newly acquired) to reach the guideline allocation.

		YOUR PROPOSED / NEW ASSET ALLOCATION BREAKDOWN, Continued							
Retirement (tax-qualified) Assets	**Asset Class Category ➔ / Dollar Amount ⬇**	**Cash Equivalents**	**U.S. Government (not agency) & Investment Grade U.S. Corporate Bonds**	**Municipal (federally tax-free) Bonds**	**High Yield, Int'l, Agency, Zero Coupon, and All Other Bonds**	**High to Medium Yield & Value Style Stocks (U.S. Large- & Mid-Cap)**	**Low to No Yield & Growth Style Stocks (U.S. Large- & Mid-Cap)**	**Int'l Stocks, Emerging Markets, & Other Int'l Equities**	**Small-Cap, Precious Metals, Sector Funds, Real Estate, LPs, Misc. Equities**
John's 401(k)									
Cash	$1,000	$1,000							
Bond Fund	$0								
Stock Fund	$7,500	$150				$7,350			
Int'l Fund	$5,000	$100						$4,900	
Growth Fund	$4,000	$80					$3,920		
Multi-sector Bond	$10,000	$200	$9,800						
John's TD IRA									
Tech Stocks	$5,000								$5,000
Internet Fund	$5,000	$100							$4,900
Tech Fund	$5,000	$100							$4,900
Biotech Fund	$5,000	$100							$4,900
Energy Fund	$5,000	$100							$4,900
John's Scottrade IRA									
Bank Stocks	$0								
Current Junk Bond Pick	$5,000	$100			$4,900				
Current Int'l Bond Pick	$5,000				$5,000				
Emerging Markets Bond Pick	$5,000				$5,000				
Mary's 403(b)									
Cash	$0								
Target Fund	$0								
Bond Fund	$10,000	$100	$9,900						
Value Fund	$10,000	$200				$9,800			
Growth Fund	$10,000	$200					$9,800		
Int'l Stock Fund	$5,000	$100						$4,900	
Mary's TIAA CREF IRA		$0	$0						
Bond Fund	$10,000	$100	$9,900						
Stock Fund	$15,000	$300				$14,700			
Mary's Scottrade									
ICA	$0								
Growth Fund of American	$0								
EuroPacific Growth	$0								
Junk Bond Pick	$5,000	$50			$4,950				
Large Value Pick	$5,000	$100				$4,900			
Large Growth Pick	$5,000	$100					$4,900		
Tax-Qualified Totals:	**$142,500**	**$3,280**	**$29,600**	**$0**	**$19,850**	**$36,750**	**$18,620**	**$9,800**	**$24,600**

Grand Total: Personal & Retirement	**$602,500**	**$21,990**	**$92,215**	**$0**	**$59,500**	**$111,650**	**$94,270**	**$61,150**	**$161,725**

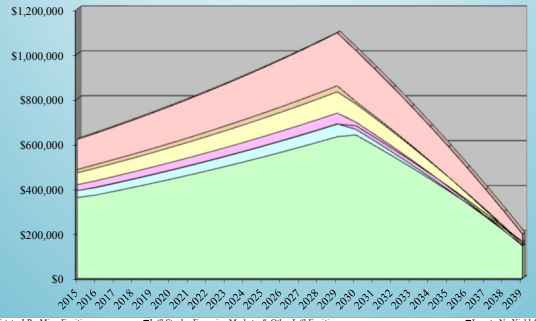
Sources and Applications of Funds

Needed Changes to More Closely Resemble the Guideline Asset Allocation

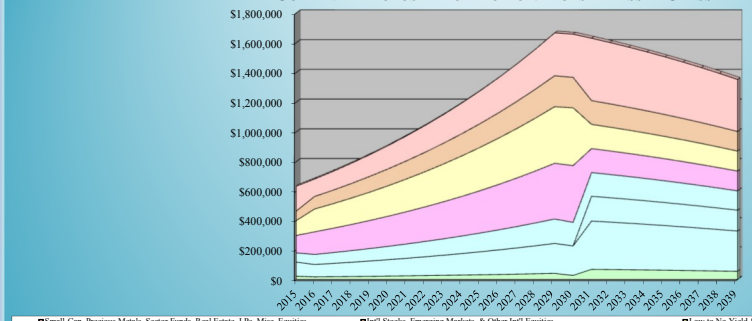
John & Mary Sample

Investment Asset Class Category ➔	Cash Equivalents	U.S. Government (not agency) & Investment Grade U.S. Corporate Bonds	Municipal (federally tax-free) Bonds	High Yield, Int'l, Agency, Zero Coupon, and All Other Bonds	High to Medium Yield & Value Style Stocks (U.S. Large- & Mid-Cap)	Low to No Yield & Growth Style Stocks (U.S. Large- & Mid-Cap)	Int'l Stocks, Emerging Markets, & Other Int'l Equities	Small-Cap, Precious Metals, Sector Funds, Real Estate, LPs, Misc. Equities
Percent Increase or Decrease Needed in Asset Class to Resemble Guideline Allocation:	**-57%**	**8%**	**0%**	**10%**	**18%**	**14%**	**10%**	**-4%**
Dollar Amount Increase or (Decrease) Needed in Asset Class to Resemble Guideline Allocation:	**($342,000)**	**$45,000**	**$0**	**$60,000**	**$111,000**	**$86,000**	**$62,000**	**($22,000)**

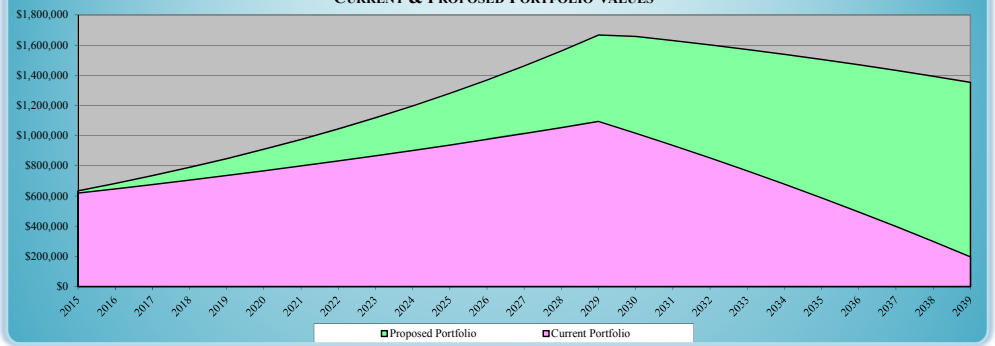
Combined Current Portfolio Values By Asset Class



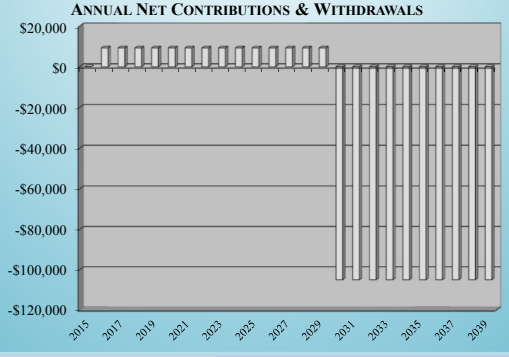
Combined Proposed Portfolio Values By Asset Class

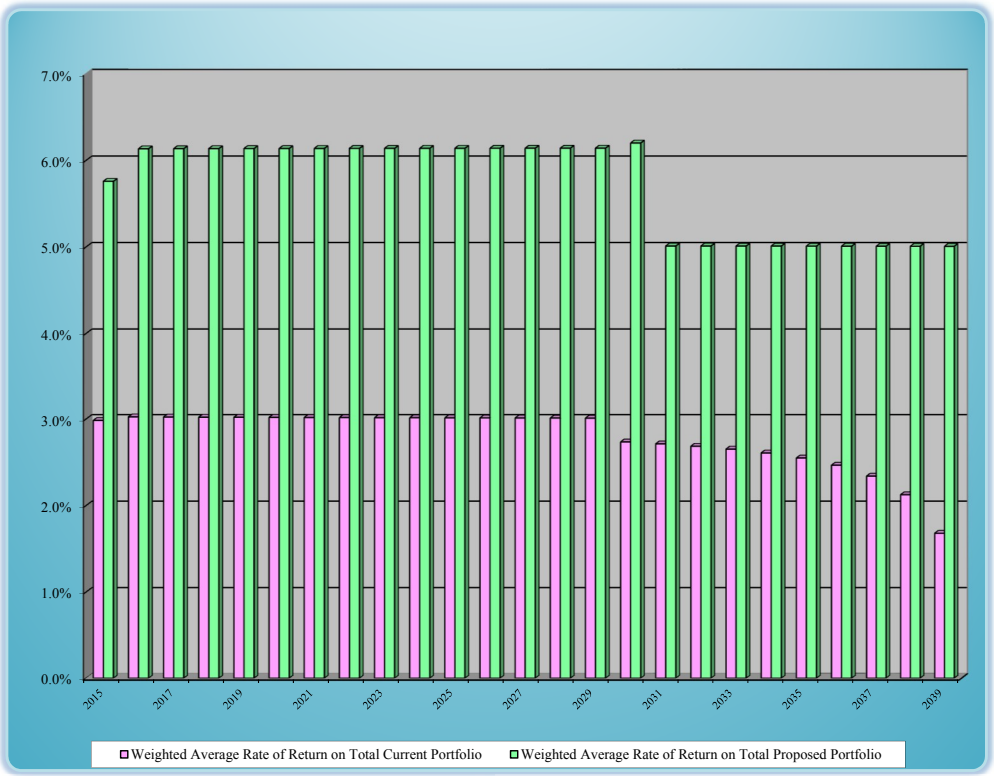


Current & Proposed Portfolio Values

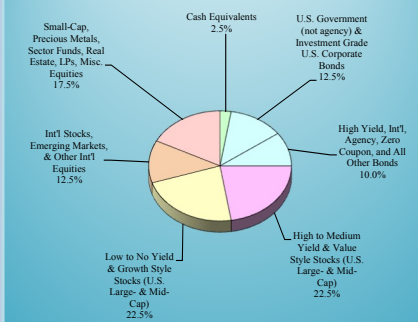


Annual Net Contributions & Withdrawals





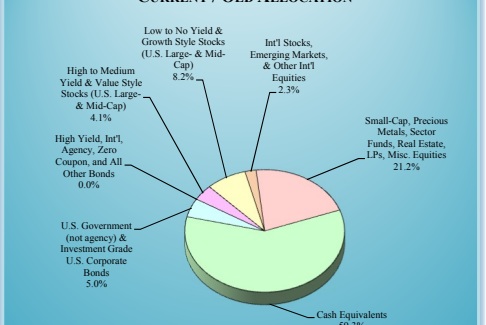
Guideline Allocation



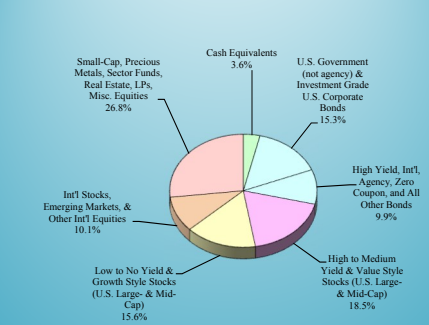
Calculated Guideline Asset Allocation	
Cash:	2.5%
Bonds:	22.5%
U.S. Equity:	62.5%
Int'l Stocks:	12.5%

Your Current/Old Asset Allocation Breakdown		Your Proposed/New Asset Allocation Breakdown	
Cash:	59.3%	Cash:	3.6%
Bonds:	5.0%	Bonds:	25.2%
U.S. Equity:	33.5%	U.S. Equity:	61.0%
Int'l Stock:	2.3%	Int'l Stock:	10.1%

Current / Old Allocation



Proposed / New Allocation



RENTAL REAL ESTATE REPORT EXPLANATION

REAL WORLD PERSONAL FINANCE SOFTWARE

(503) 309-1369 support@toolsformoney.com http://www.toolsformoney.com/

OVERVIEW OF THE RENTAL REAL ESTATE REPORTS

This text is to help you understand the overall concepts, and the technical details, of the following rental real estate analysis reports.

This rental real estate report estimates:

• All annual cash flows.

• Most of the usual rental real estate ratios.

• Pre- and post-capital gain tax IRR / NPV (internal rate of return and net present value).

IRR is the method of determining an overall average annual compound rate of return on a series of unequal cash flows. It's the only way to determine how well a complex investment such as real estate rentals really did over the life of the investment, because money flows in and out at random.

You can use the bottom-line IRR number to both estimate how an existing real-world rental property has done, and to do "What-if" scenarios on properties you're thinking about investing in - to see if the current price is worth it or not.

Net present value estimates what the property is worth today assuming your input, a discount rate, and all of the rental's annual cash flows, from when you first bought it, until after its sale.

IRR is just the way to calculate an investment's overall rate of return when there are multiple years with unequal cash flows. So any IRR number in years without the last cash flow (the pre-tax or after-tax sale of the property) is meaningless.

NPV is just the IRR calculation in reverse, so unless there's a sale input into a program, this is invalid too. So there has to be an estimated year of sale and amount input into the equation for any of these to display meaningful results.

The generic definition of NPV is: The present value of an investment's future net cash flows, minus the initial investment. If it's positive, then the investment should be made. If it is negative, then it should not be made, because you can do better elsewhere assuming you can get an average rate of return equal to, or better than, the discount interest rate you used to calculate NPV. This is why the discount interest rate input (into cell A10) should be a rate of return that you can get with confidence, over the same time horizon, by investing in something else safely – like a bank CD or other conservative investments.

This is confusing, so an example will help. In the single rental demo, the before-tax IRR is 8.97%. If you were to input 8.97% into the NPV input cell, you'll get a tiny number as a result. It should be zero, and would be if one were to input the rate using a few more decimal places. This means that if you did the math using all of the inputted cash flows of the property (which was done and is what the program is all about), the overall rate of return of the property since you bought it, until the end of the year in which it was sold, was 8.97%. That also means if you bought mutual funds that returns 8.97% all of the monies invested at the same time, you would have made just as much money in the end as you did with the rental, even after all of the great tax benefits of rental real estate.

Back to the example: If you input 9.5%, then you'll get around -$5,000 in cell F21. This means that if you would have had the exact same cash flows at the exact same time, and got 8.97% instead of 9.5% in mutual funds, you would have made $5,000 MORE money in mutual funds than the rental.

So if you are being "required" to get a 9.5% rate of return on your money, then you would have been disappointed by $5,000 by investing in this rental property. The bottom-line in this example, is that if your goal is to get 9.5% on your money with this property, then you should not have paid $250,000 for it (as inputted into cell A15 of the Input sheet). You should have only paid $245,000 for it.

Experienced real estate investors (and loan officers) can use NPV to value properties outright like this, and they can also use it to make apples-to-apples comparisons on similar properties. This is valuable and can end up either making lots of money, and/or can be used to avoid losing lots of money.

On the other hand, if you would have had only an 8% rate of return requirement on your money (instead of 9.5%), then you would have made your 8.97% back, and then, also around $10,000 on top of that (this is the difference between 8% and 8.97% over the investment horizon).

In this case the fair market value of the property (assuming all of your future input data happens, which we can guarantee that it definitely will not), would be around $270,000. In this case, the property is a great deal if you only expected to get 8% on it in the first place, or it only cost $250,000. In this case, you would have made $20,000 more than expected.

The reason NPV is one of the first input cells is to surprise you. Input the rate of return you think the property will achieve (and/or what you can realize using alternative investments, like mutual funds). The difference between that and the true return will be the surprise.

REPORT INFORMATION EXPLAINED

IRR before Capital Gains Taxes: This is the overall annually compounded rate of return (given all cash flows) from purchase to sale. All of the annual cash flows of the property's life are summed, and then the IRR is calculated to give a meaningful bottom-line number. This is how much money it actually made – before paying after sale capital gains taxes.

IRR after Capital Gains Taxes: This is the overall annually compounded rate of return of the property after considering payment of the terminal capital gains taxes.

Pre-tax Net Present Value: Given all cash flows and taxation, this is the current estimated value of the property if you were to liquidate it today (for the market value input), before paying capital gains taxes.

Post-tax Net Present Value: Given all cash flows and taxation, this is the current real value of the property if you were to liquidate it today, after paying capital gains taxes. So if this NPV is much lower than a cash offer, then you should consider taking it.

NPV Discount Rate Used: This is the annual rate of return used to calculate the present value of all of the future cash flows. The larger the number input, the less the property's value will be. This is because this discount rate is what you could have received by investing in alternative vehicles (e.g., mutual funds).

Annual Taxes Saved: This is how much in taxes were saved from being able to deduct expenses from gross rental incomes.

Gross Accounting Income: This is how much income was realized annually from a taxation standpoint. This usually doesn't have much to do with how much actual cash flow you'll experience. This is shown in the last column – *Actual Realized Cash Flow*.

The last number in the *Actual Realized Cash Flow* column estimates how much annual cash flow the property returned after sale, and after paying capital gains taxes.

These are all estimates because nothing financial can be predicted with any accuracy.

PROJECTING THE FUTURE

This report illustrates how values may change over time. Once you go over a year or so, most all financial projections will be substantially different compared to what was input into rental real estate software programs.

So it's important to run the numbers whenever something changes, or at least annually.

MISCELLANEOUS

Real growth must take inflation into account. If your average annual rate of growth is 7% and annual inflation is 3%, then your real rate of growth is only 4%.

Hopefully, all of the charts and graphs will be self-explanatory. If not, then feel free to contact us for more information.

A good measure of the benefit of financial planning and investment management is how your net worth improved over what you would have realized if you never met us, and continued doing what you were doing.

Rental Internal Rate of Return Calculator

Prepared For: Mary Sample

Prepared By: Smart T. Advisor

June 6, 2016

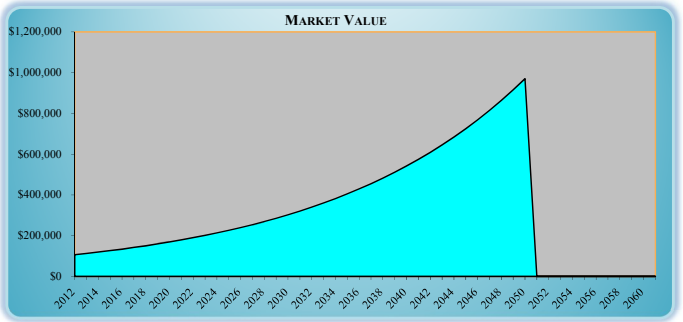
Property Name: Grand View
123 Gotbucks Lane

Original Mortgage Payments	IRR Before Capital Gains Taxes	IRR After Capital Gains Taxes
$258	11.09%	10.61%

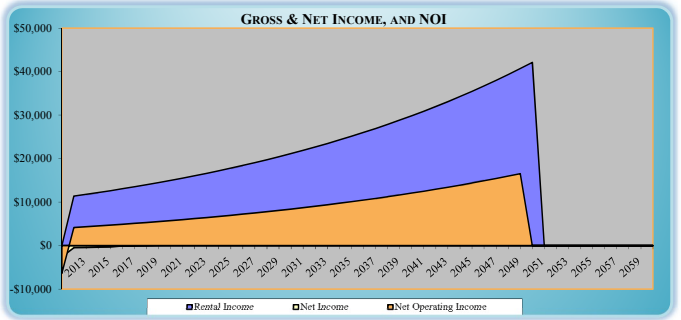
Pre-Tax Net Present Value	Post-Tax Net Present Value	Net Present Value Discount Rate Used
$235,676	$189,250	4.000%

Year #	Year	End of Year Market Value	Annual Rental Income (Adjusted for vacancy)	Annual Interest Paid	Principal Payments Made	Total Annual Deductible Expenses	Annual Taxes Paid or (Saved)	Gross (Accounting) Income	Actual Realized Annual Cash Flow
1	2012	$106,000	$11,400	$2,720	$382	$20,470	($2,573)	($9,452)	($42,229)
2	2013	$112,360	$11,799	$2,664	$437	$10,295	($458)	$1,067	$1,525
3	2014	$119,102	$12,212	$2,634	$468	$10,503	($417)	$1,241	$1,658
4	2015	$126,248	$12,639	$2,601	$501	$10,717	($374)	$1,422	$1,796
5	2016	$133,823	$13,082	$2,566	$535	$10,938	($330)	$1,608	$1,938
6	2017	$141,852	$13,540	$2,529	$573	$11,165	($84)	$1,802	$1,885
7	2018	$150,363	$14,014	$2,489	$613	$11,399	($36)	$2,001	$2,037
8	2019	$159,385	$14,504	$2,446	$656	$11,640	$14	$2,208	$2,194
9	2020	$168,948	$15,012	$2,400	$701	$11,888	$66	$2,422	$2,356
10	2021	$179,085	$15,537	$2,351	$750	$12,144	$120	$2,643	$2,523
11	2022	$189,830	$16,081	$2,299	$803	$12,407	$176	$2,871	$2,695
12	2023	$201,220	$16,644	$2,243	$859	$12,677	$235	$3,108	$2,873
13	2024	$213,293	$17,226	$2,183	$919	$12,955	$295	$3,352	$3,057
14	2025	$226,090	$17,829	$2,119	$983	$13,242	$359	$3,605	$3,246
15	2026	$239,656	$18,453	$2,050	$1,052	$13,536	$425	$3,866	$3,441
16	2027	$254,035	$19,099	$1,976	$1,125	$13,838	$507	$4,135	$3,629
17	2028	$269,277	$19,767	$1,898	$1,204	$14,149	$578	$4,414	$3,836
18	2029	$285,434	$20,459	$1,814	$1,288	$14,469	$653	$4,702	$4,050
19	2030	$302,560	$21,175	$1,724	$1,378	$14,798	$730	$5,000	$4,270
20	2031	$320,714	$21,917	$1,627	$1,474	$15,135	$811	$5,307	$4,496
21	2032	$339,956	$22,684	$1,524	$1,578	$15,481	$895	$5,625	$4,730
22	2033	$360,354	$23,478	$1,414	$1,688	$15,837	$983	$5,953	$4,970
23	2034	$381,975	$24,299	$1,296	$1,806	$16,202	$1,074	$6,291	$5,217
24	2035	$404,893	$25,150	$1,169	$1,932	$16,577	$1,169	$6,641	$5,472
25	2036	$429,187	$26,030	$1,034	$2,067	$16,961	$1,268	$7,002	$5,734
26	2037	$454,938	$26,941	$890	$2,212	$17,354	$1,372	$7,375	$6,003
27	2038	$482,235	$27,884	$735	$2,367	$17,758	$1,480	$7,760	$6,280
28	2039	$511,169	$28,860	$569	$2,532	$18,171	$1,865	$8,157	$6,292
29	2040	$541,839	$29,870	$392	$2,709	$18,594	$2,255	$8,567	$6,312
30	2041	$574,349	$30,915	$203	$2,899	$19,027	$2,378	$8,990	$6,612
31	2042	$608,810	$31,997		$359	$19,470	$2,506	$12,169	$9,663
32	2043	$645,339	$33,117			$20,139	$2,596	$12,978	$10,382
33	2044	$684,059	$34,276			$20,834	$2,688	$13,442	$10,754
34	2045	$725,103	$35,476			$21,555	$2,784	$13,922	$11,137
35	2046	$768,609	$36,718			$22,302	$2,883	$14,416	$11,532
36	2047	$814,725	$38,003			$23,078	$2,985	$14,925	$11,940
37	2048	$863,609	$39,333			$23,883	$3,090	$15,450	$12,360
38	2049	$915,425	$40,710			$24,718	$3,198	$15,992	$12,793
39	2050	$970,351	$42,135			$25,584	$2,310	$11,550	$703,050
40	2051								

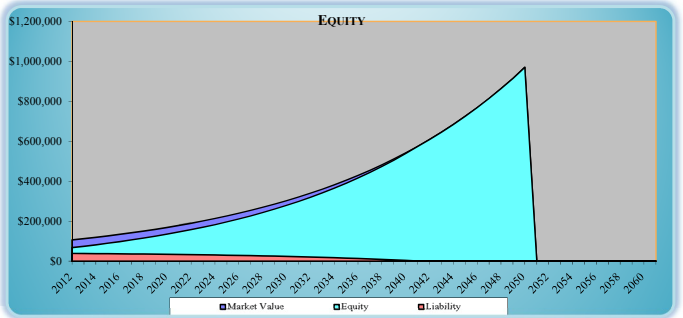
Market Value



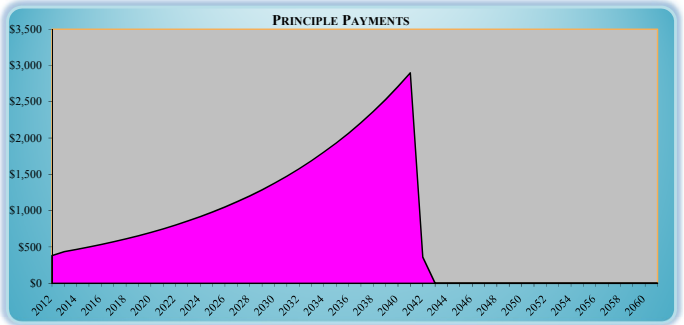
Gross & Net Income, and NOI



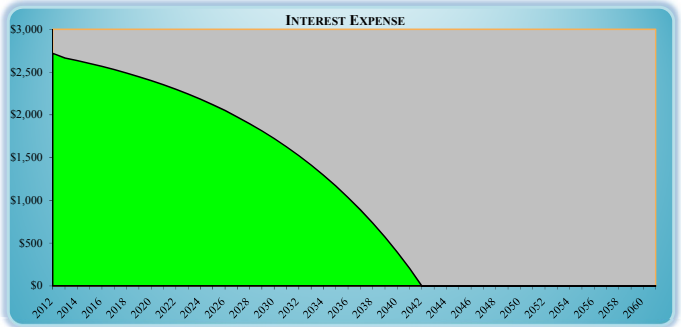
Equity



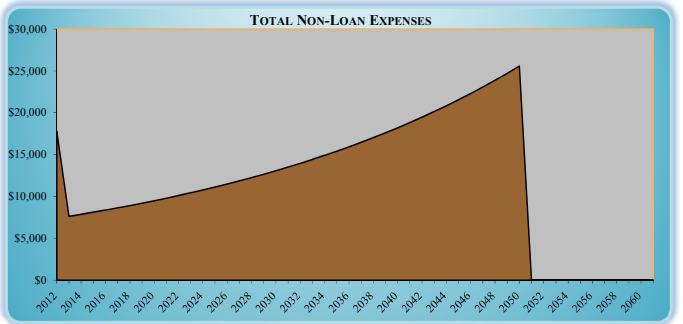
Principle Payments



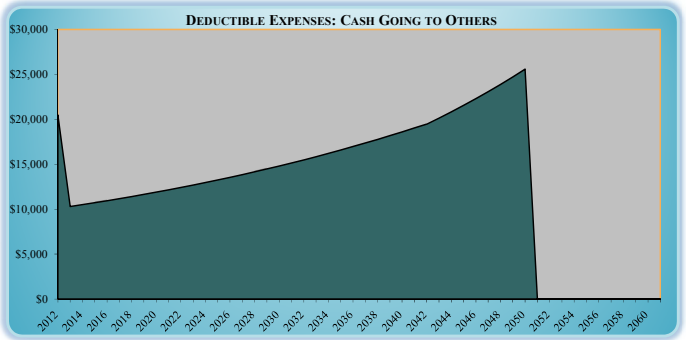
Interest Expense



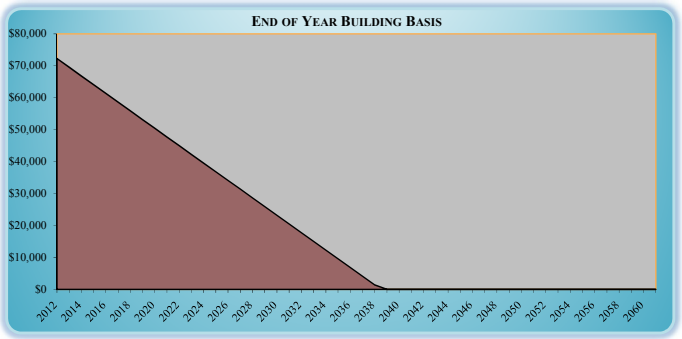
Total Non-Loan Expenses



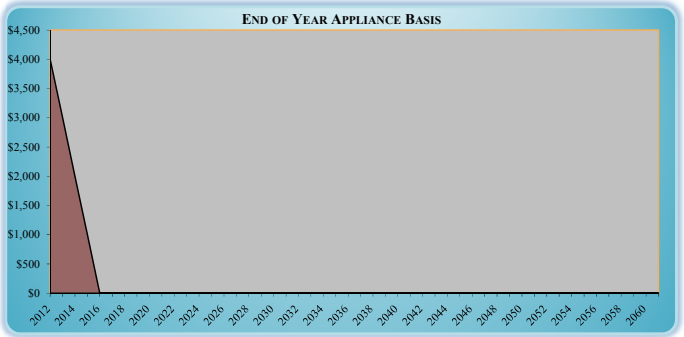
Deductible Expenses: Cash Going to Others



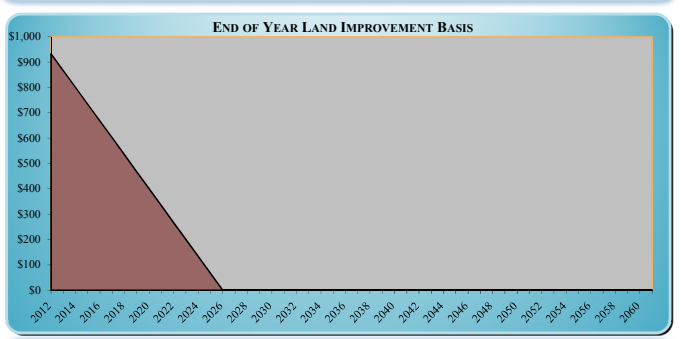
End of Year Building Basis



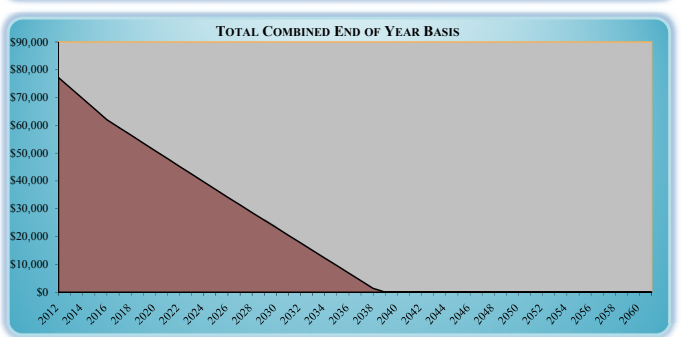
End of Year Appliance Basis



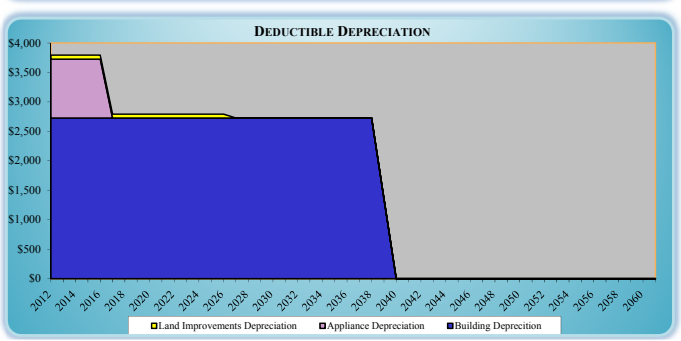
End of Year Land Improvement Basis



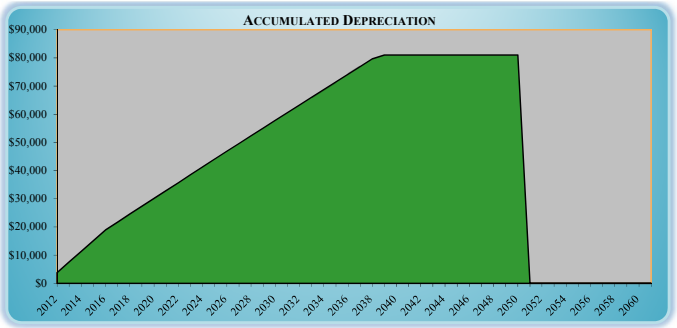
Total Combined End of Year Basis



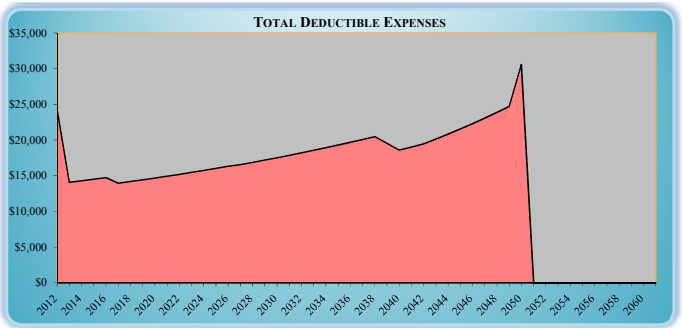
Deductible Depreciation



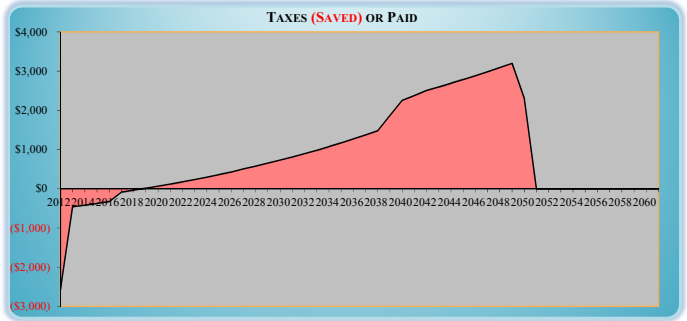
Accumulated Depreciation



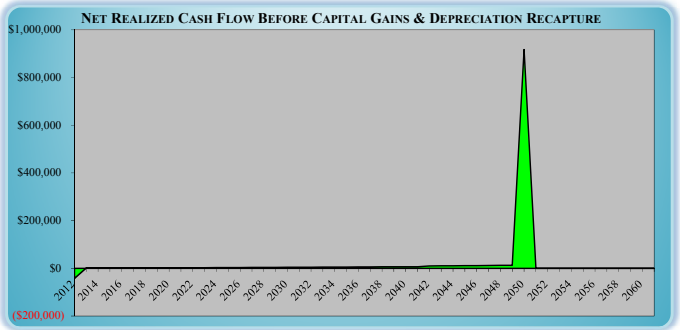
Total Deductible Expenses



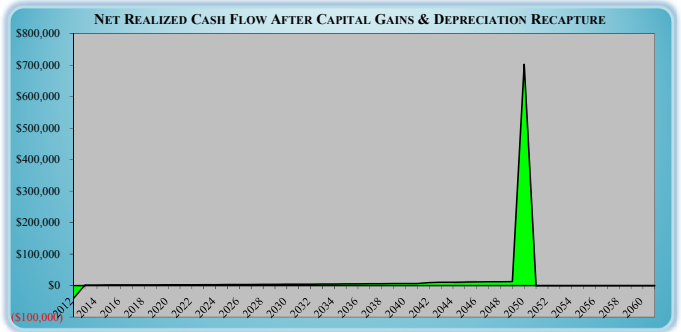
Taxes (Saved) or Paid



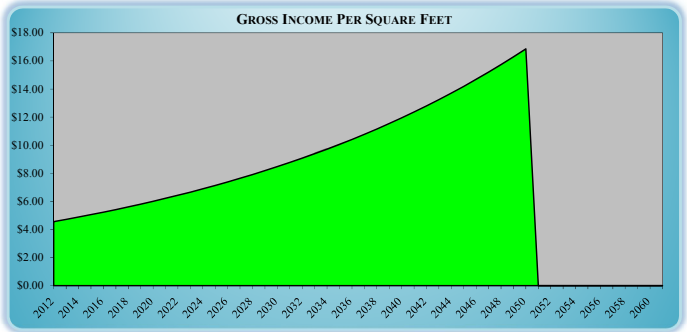
Net Realized Cash Flow Before Capital Gains & Depreciation Recapture



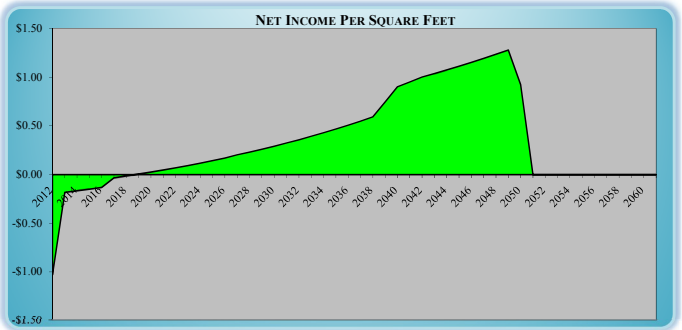
Net Realized Cash Flow After Capital Gains & Depreciation Recapture



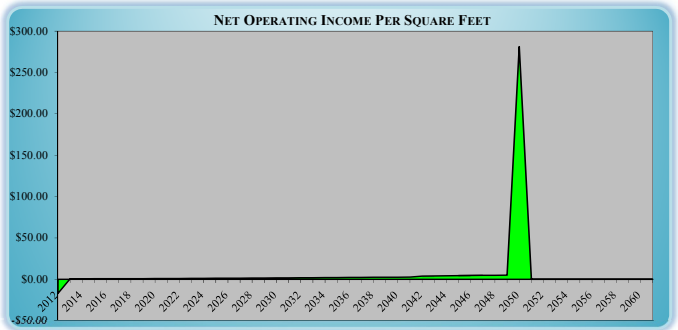
Gross Income Per Square Feet



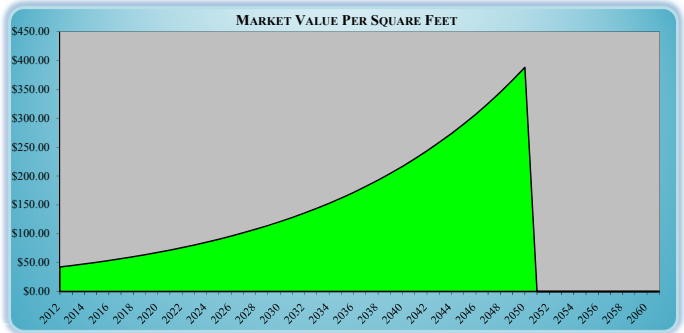
Net Income Per Square Feet



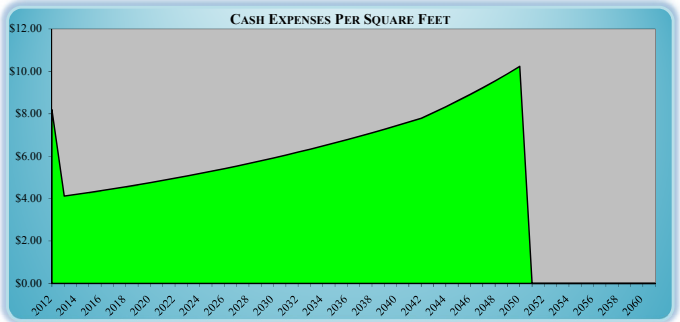
Net Operating Income Per Square Feet



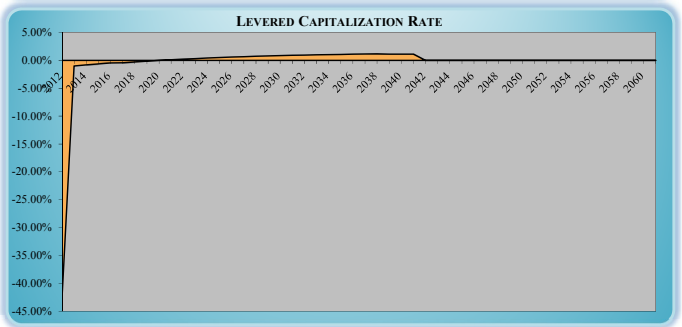
Market Value Per Square Feet



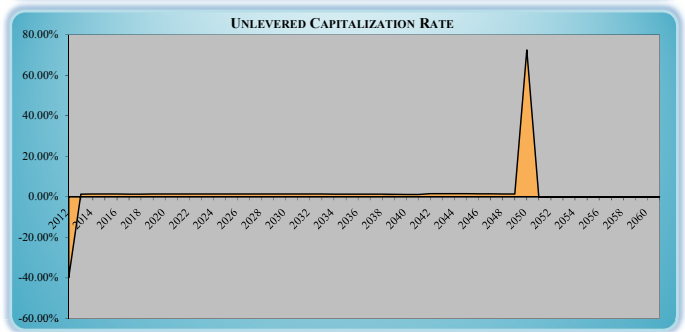
Cash Expenses Per Square Feet

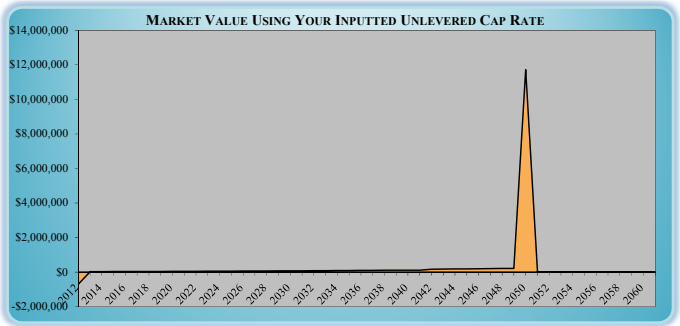


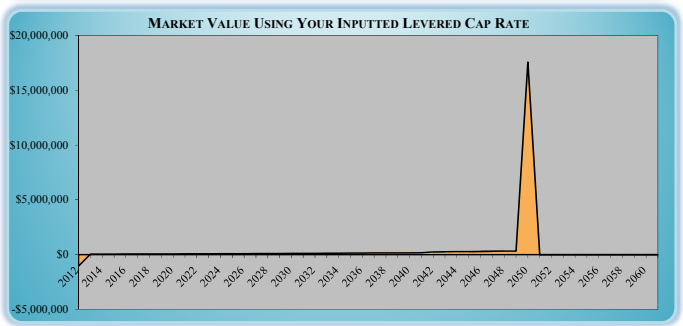
Levered Capitalization Rate

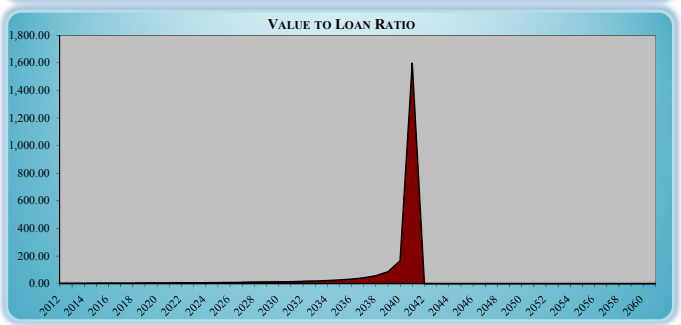


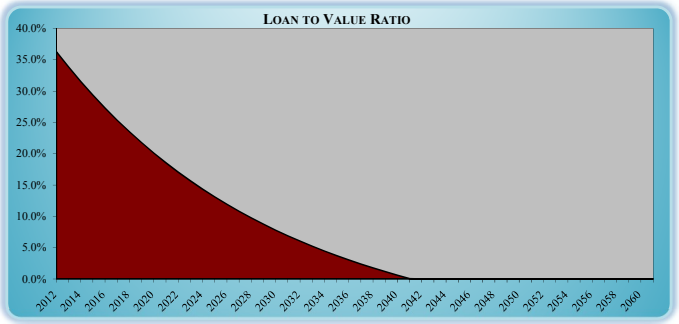
Unlevered Capitalization Rate

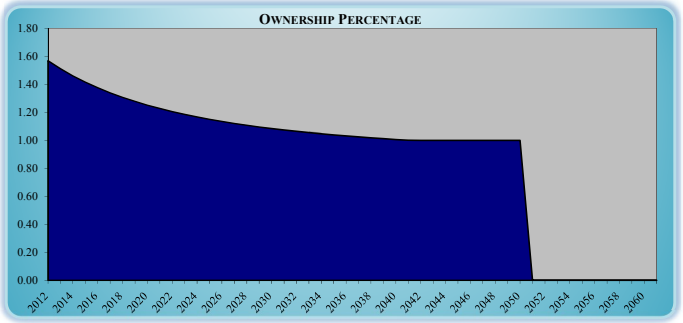


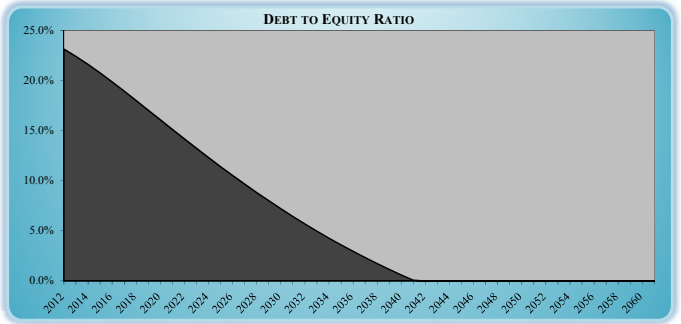


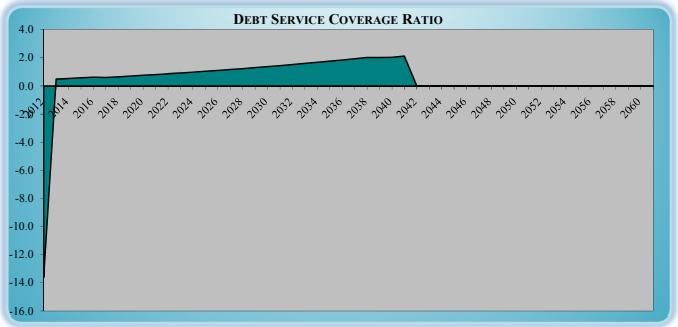


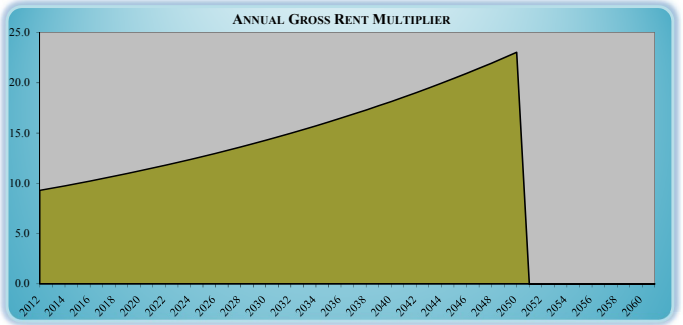


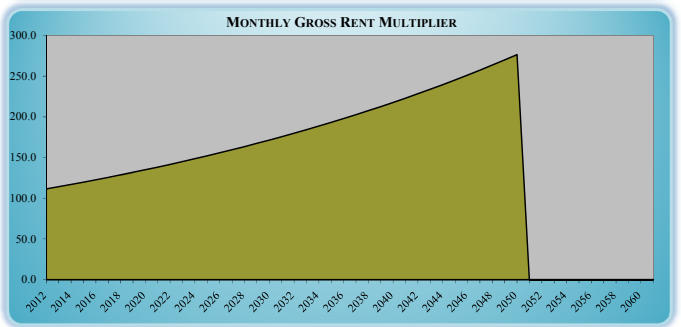


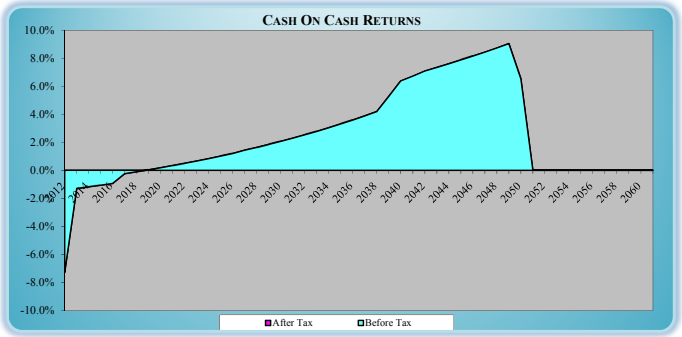


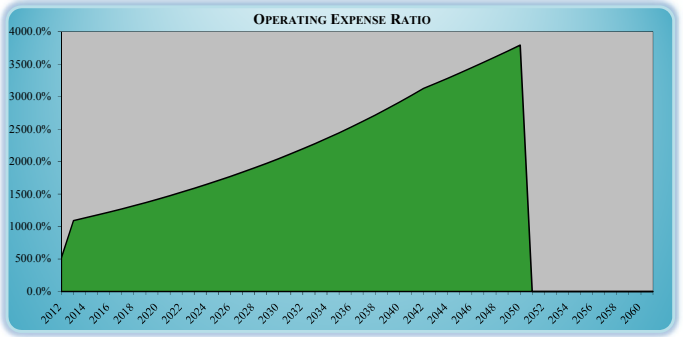


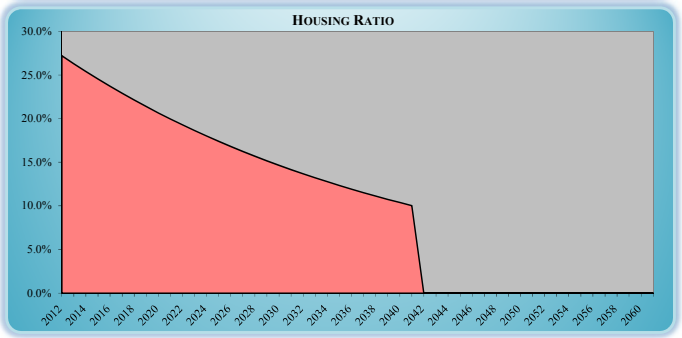












LIFE INSURANCE NEEDS REPORT EXPLANATION

REAL WORLD PERSONAL FINANCE SOFTWARE

(503) 309-1369 support@toolsformoney.com http://www.toolsformoney.com/

OVERVIEW OF THE LIFE INSURANCE REPORTS

This text is to help you understand the overall concepts, and the technical details, of the following life insurance needs analysis reports.

For a couple, there are usually four life insurance needs analysis reports: One to calculate and show the capital needs for the youngest, if the oldest were to pass away today, as if you had never consulted with us, and planned to keep doing what you were doing. Then another to calculate and show the capital needs for the oldest, if the youngest were to pass away today, as if you had never consulted with us. These are called the *Current* plans.

Then these two reports are regenerated to include our proposed recommendations of additional life insurance for each of you. These are called the *Proposed* life insurance plans.

Life insurance pays the face value of the policy to the beneficiary upon the insured's death.

The most-common use of this type of insurance contract, is to provide money to a surviving spouse and/or family (AKA the beneficiary) when the main breadwinner passes away. This monetary payout from the life insurance policy is called the policy face value, face amount, or death benefit. This is different from the policy's cash value, which is usually much less.

The two main things it pays for are the short-, immediate-, and long-term needs for money; and then to replace the breadwinner's future earned income, which would be lost.

So life insurance allows maintaining the standard of living dependents are accustomed to when savings and other investment assets are not sufficient to meet these needs.

This whole process of determining the needed face amount of death benefit is also known as capital needs analysis.

These life insurance analysis reports will accurately calculate how much life insurance is really needed - both currently, and far into the future.

VUL stands for Variable Universal Life Insurance, which has been state of the art in whole (or permanent) life insurance for over five decades. The variable part allows one to invest in things like stock mutual funds (which are called subaccounts), and universal means that it's flexible in many ways. Universal means you can easily tinker with the main features without having to alter the policy in writing (e.g., face value, cash value, premiums, bells and whistles, etc.).

Term life insurance does not have a "savings account" associated with it, so here you are just buying pure life insurance. The most efficient form of term was ART (Annually Renewable Term), but life insurance companies rarely sell that anymore because it doesn't make them enough profit. Now it's all called Level Term Insurance, which is much more expensive.

Other than rare circumstances, term life insurance is much more affordable to maintain than whole life. Because of the basic life insurance company business model, the bottom line is that you're just giving a quarter to a third of all premiums paid to the life company and receiving little-to-nothing in return, when you buy any type, other than generic term life insurance.

REPORT INFORMATION EXPLAINED

The life insurance needs program calculates the differences between four present values: Lump sum needs vs. assets available & future income needs vs. future incomes available. This is then the grand total amount of life insurance needed now.

Present value means what something in the future is worth today. Lump sum means what a series of future payments (or just one future payment) is worth today, in one payment of money.

As you can see on the report, the present value of everything you chose to insure for is listed first. These are summed and displayed as *Total Lump Sum Currently Needed*.

Then financial assets you said were currently available to meet the above needs were listed and summed up. This total displays as *Total Lump Sum Currently Available*.

The next line, *Current Unmet Lump Sum Life Insurance Needs*, shows the difference between these two totals.

The next section, *Lump Sum Needed Today to Replace John's Future Income(s)*, calculates and displays the current lump sum of money needed today, to replace John’s future income(s) that would be lost to the family if he were to pass away today.

This amount is added to the net lump sum amount needed from above, and displays the, *Total Additional Life Insurance Needed Today to Fund All Needs*. This is how much additional life insurance is needed today if the breadwinner were to pass away. This displays the difference left over that needs to be funded by purchasing more level-term life insurance today.

It is normal for these numbers showing the net life insurance needs to be very large in the *Current* version of your financial plan, just because it requires sophisticated insurance software to accurately calculate these (future income replacement) amounts. So this is probably the first time this was done correctly for you.

Currently, Mary needs $2,475,000 worth of life insurance death benefits, if John were to pass away today. All assets diverted to meeting these needs would produce around $475,000. So there is a current need for $2,000,000 more life insurance on John. Looking at it another way, liquidating current financial assets will fund around 10% of current needs.

Currently, John needs $1,325,000 if Mary were to pass away today. All assets diverted to meeting these needs would produce around $475,000. So there is a current need for $850,000 more life insurance on Mary. Liquidating current financial assets will fund around 19% of current needs, as shown in the last line of report data.

But these funds only cover things that can be paid for today, in one way or another.

This above analysis report shows how much life insurance should be maintained today. But what about next year, and beyond? Instead of running a new report annually, this capital needs analysis software also has the unique feature of being able to estimate capital needs very far into your future.

PROJECTING THE FUTURE

This ability to forecast into the future exposes a little-known top-secret about life insurance needs - they decline substantially every year. Life insurance needs decline annually because of three factors (assuming the breadwinner would have kept on winning bread until there was no need for life insurance anymore).

First, every year the insured survives is one less year of earned income that needs to be replaced with insurance capital. This is by far the largest factor.

Next, the amount of lump sum needs decline as debts are paid off, children get through college, and other large funding needs dissipate.

Then last, and usually least least, financial assets available to meet needs usually increase annually as saving vehicles are added to, and investment and retirement accounts (hopefully) grow with stock market advances over time.

Adding these three factors accurately result in VERY LARGE DECLINES in the need for life insurance as every year goes by.

This matters a lot, because it's very important to know exactly how much life insurance you need. Not only is it important to not waste big money maintaining too much life insurance, which is very expensive (and becomes much more expensive every year), but you also need to know if you've been underestimating, and thus underfunding, your needs (which is much worse than just overpaying annual premiums).

The only way to know exactly how much insurance to maintain, is to input all of the factors that go into calculating how much you really need, and then using this unique insurance software to control how these needs will probably change in the future.

Just ignorantly keeping the same face amount funded forever results in wasting hundreds to thousands annually maintaining unneeded life insurance. For the typical family, the amount of wasted money over a decade is usually enough to buy a nice car, so this is not a trivial matter.

These future annual needs are displayed on the following report pages. There is also a column of numbers to show the annual percentage decline in capital needs.

MISCELLANEOUS

This report illustrates how values may change over time. Once you go over a year or so, most all projections will be substantially different compared to what was input.

So it's important to run the numbers whenever something changes, or at least annually.

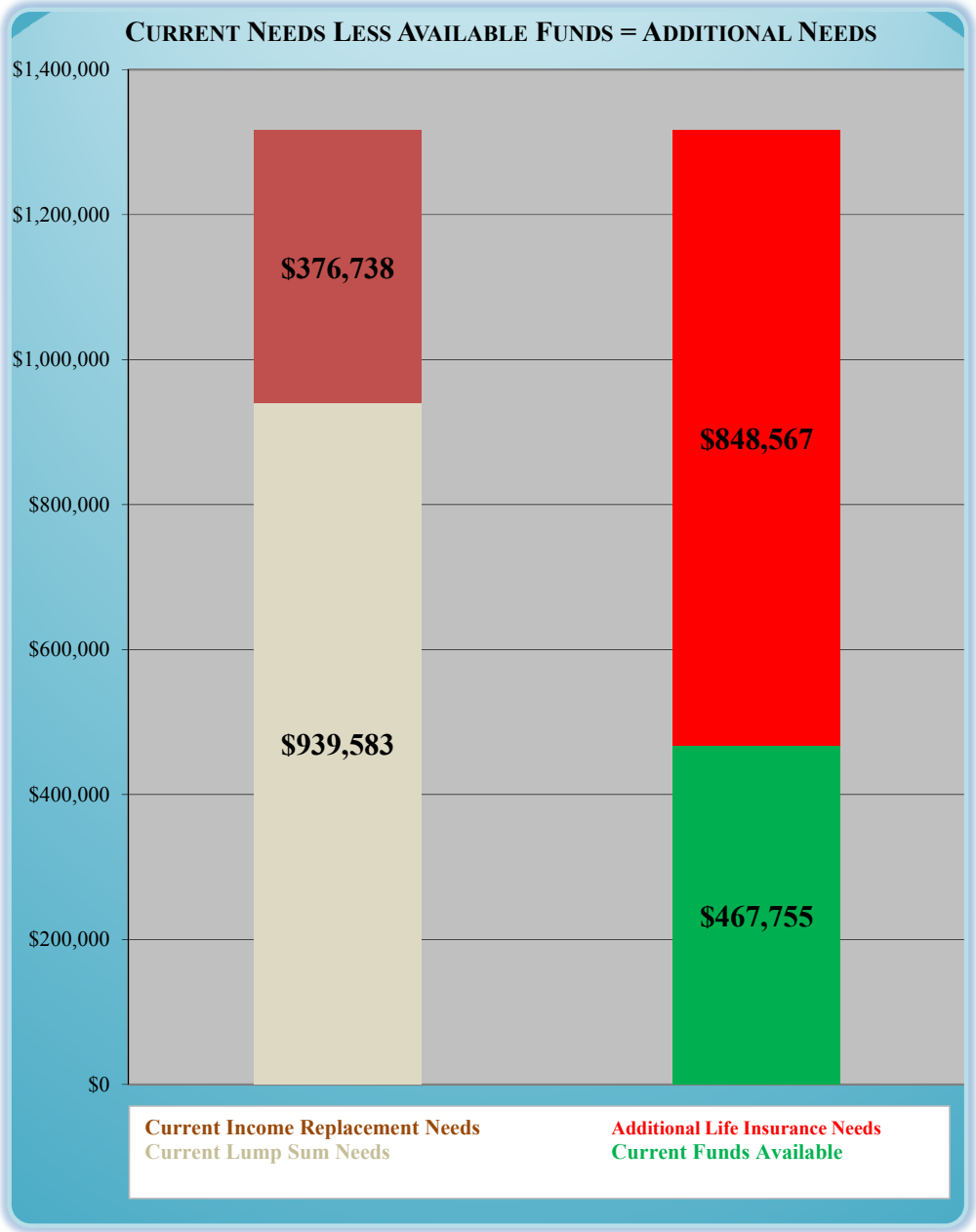
Hopefully, all of the charts and graphs will be self-explanatory. If not, then feel free to contact us for more information.

A good measure of the benefit of financial planning and investment management is how your net worth improved over what you would have realized if you never met us, and continued doing what you were doing.

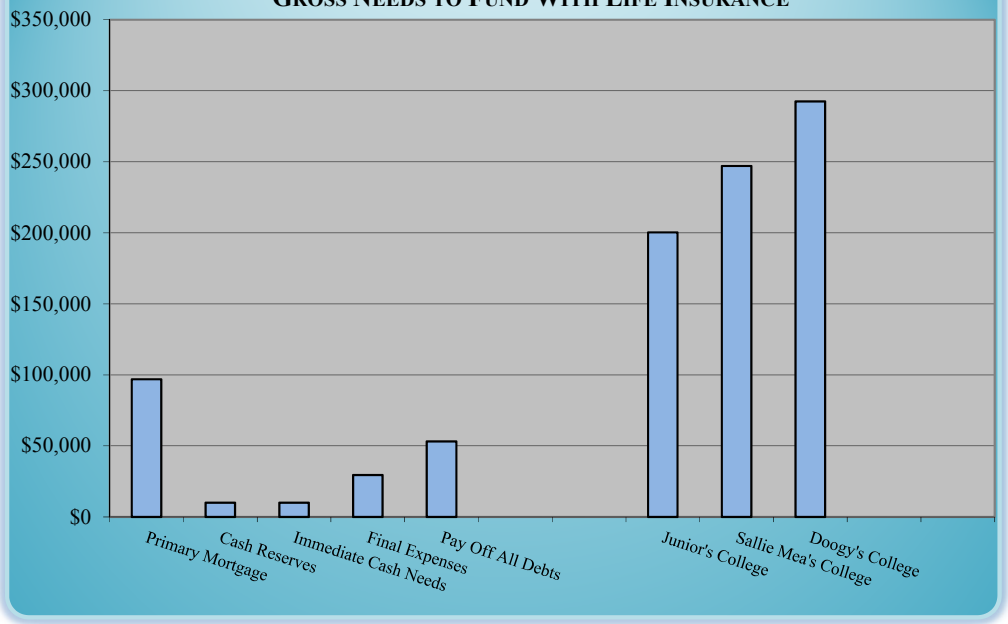
Current Life Insurance Needs Analysis for John

John & Mary Sample

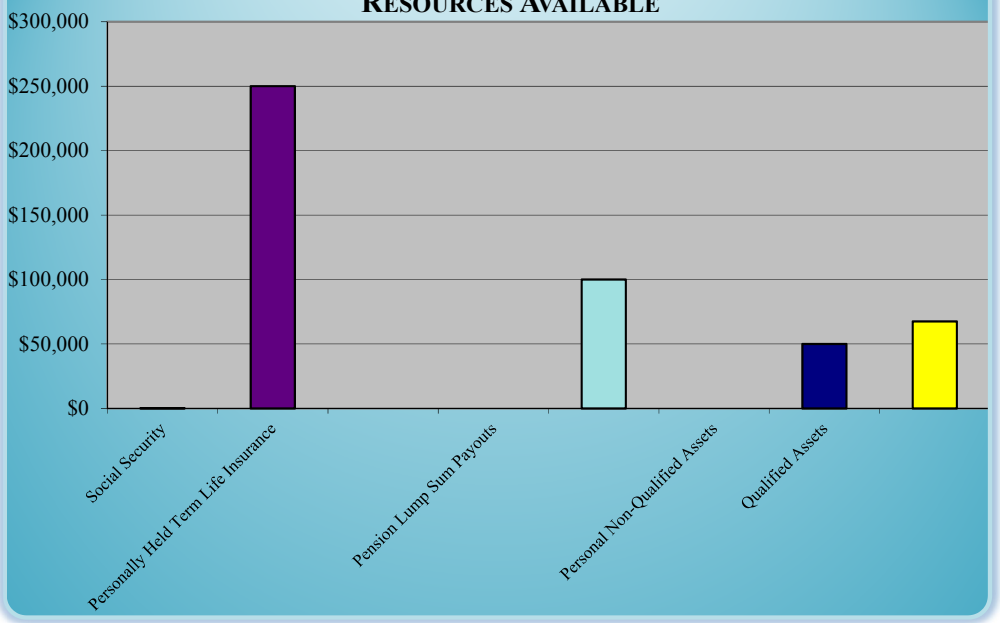
Lump Sum Needed Today to Pay Off Primary Mortgage:	**$96,905**
Lump Sum Needed for Cash Reserve After Everything Else is Paid For:	**$10,000**
Lump Sum Immediate Cash Needs:	**$10,000**
Lump Sum Needed for Burial / Funeral / Medical and Other Final Expenses:	**$29,500**
Lump Sum Needed to Pay Off All Debts:	**$53,229**
Lump Sum Needed to Cover Estate Taxes and Other Taxes Due:	**$0**
Lump Sum Needed to Give Away to Others / Bequeaths / Charity:	**$0**
Lump Sum Needed to Fund Junior's College & Other Expenses:	**$200,362**
Lump Sum Needed to Fund Sallie Mea's College & Other Expenses:	**$247,104**
Lump Sum Needed to Fund Doogy's College & Other Expenses:	**$292,483**
Total Lump Sum Currently Needed:	**$939,583**
Lump Sum Available from Social Security:	**$255**
Lump Sum Available from Personally Held Term Life Insurance:	**$250,000**
Lump Sums Available from Employer / Business Life Insurance:	**$0**
Lump Sums from All Whole Life Insurance Policies:	**$0**
Funds Available from Pension Lump Sum Payouts:	**$100,000**
Lump Sum Available Funds from Other Liquid Assets:	**$0**
Lump Sums Available from Personal Non-Qualified Assets:	**$50,000**
Lump Sums Available from Qualified Assets:	**$67,500**
Total Lump Sum Currently Available:	**$467,755**
Current Unmet Lump Sum Life Insurance Needs:	**$471,828**
Lump Sum Needed Today to Replace Mary's Future Income(s):	**$376,738**
Total Additional Life Insurance Needed Today to Fund All Needs:	**$848,567**
Current Percentage of Life Insurance Needs Currently Covered:	**19.0%**



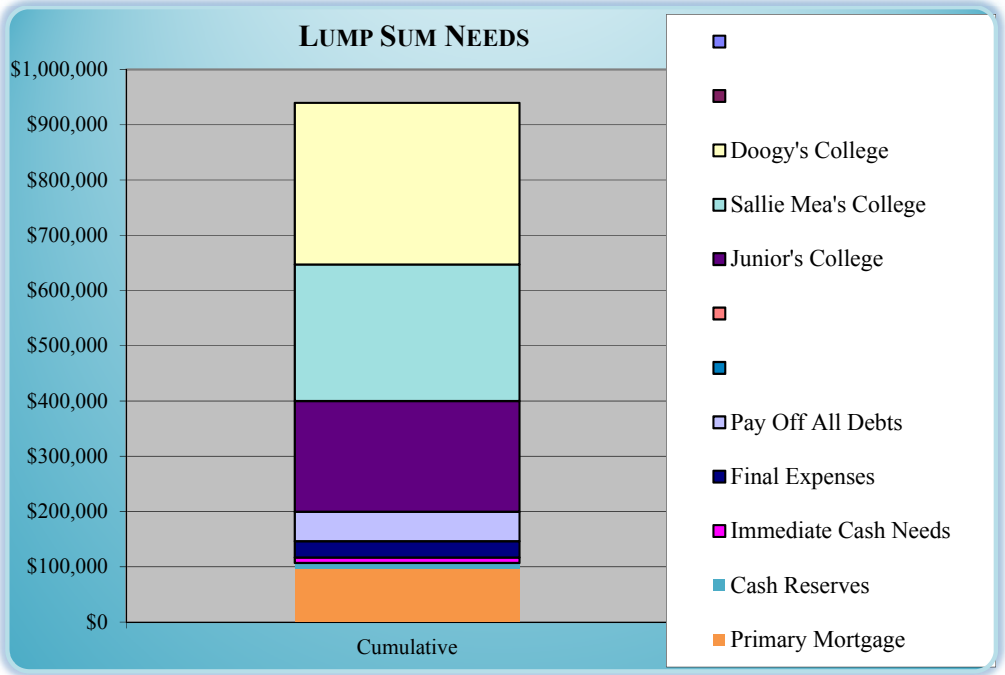
Gross Needs to Fund With Life Insurance



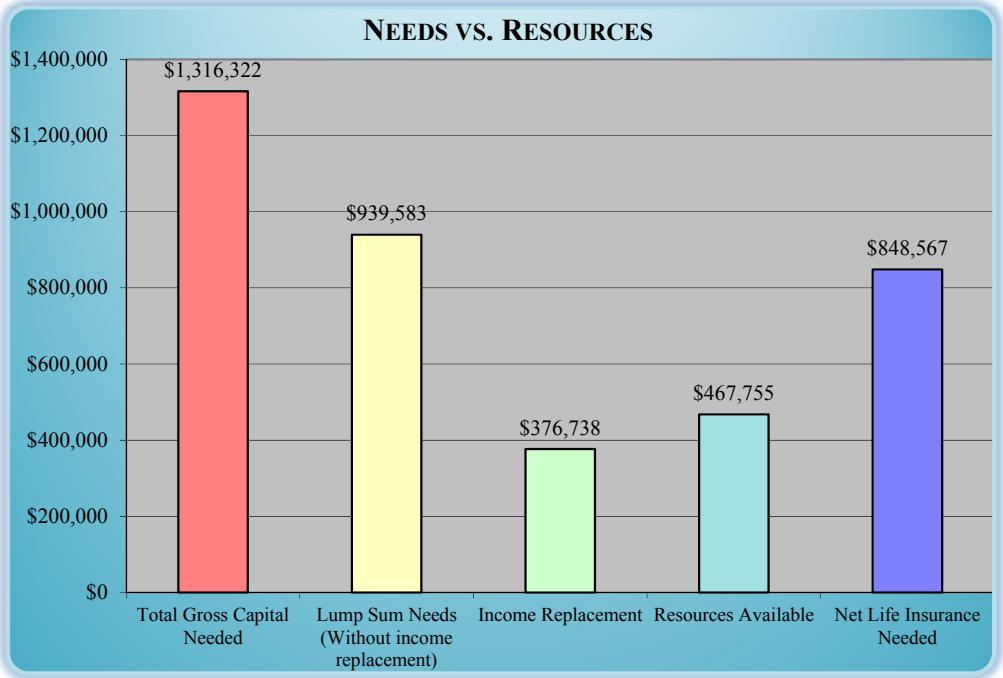
Resources Available



Lump Sum Needs



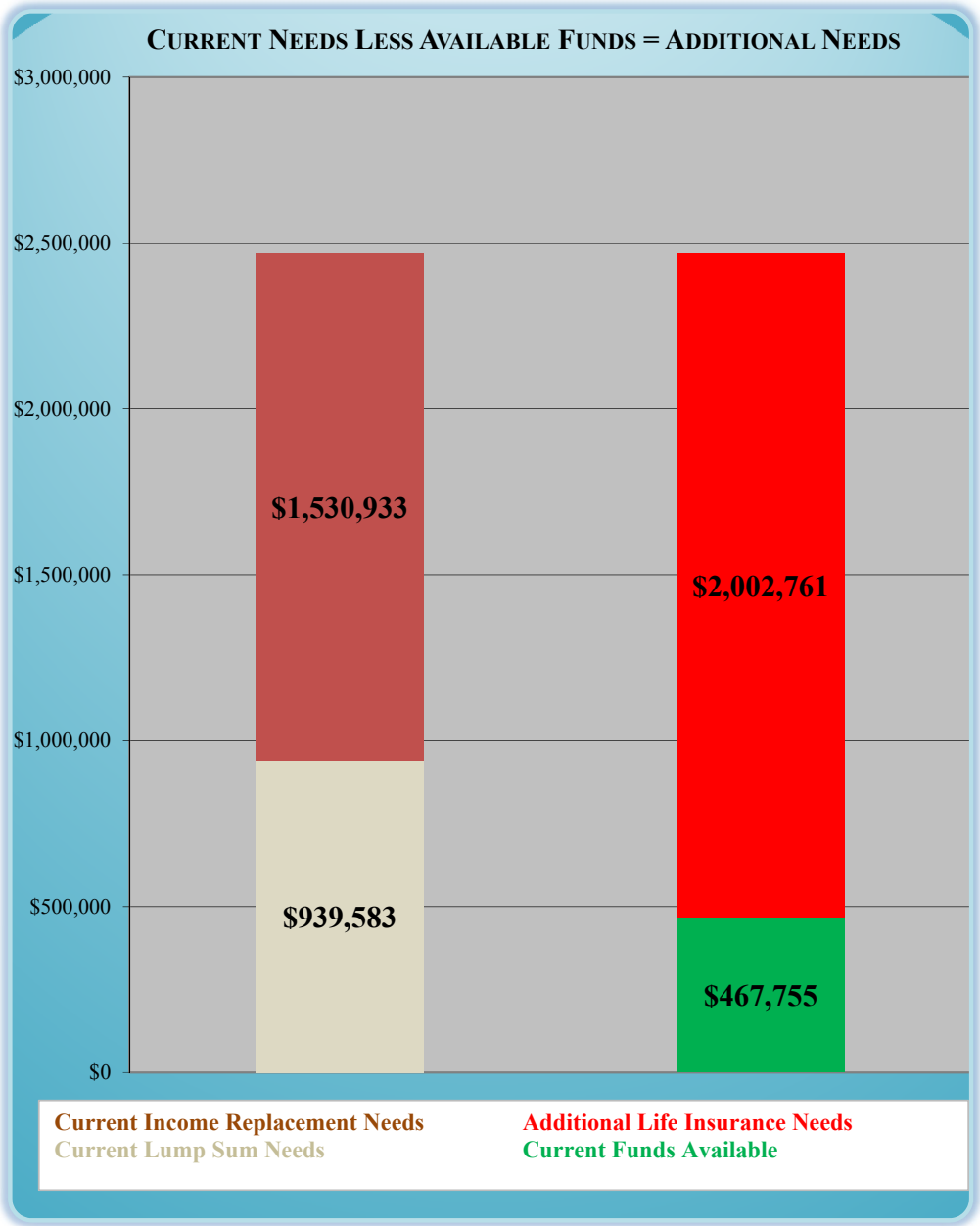
Needs vs. Resources

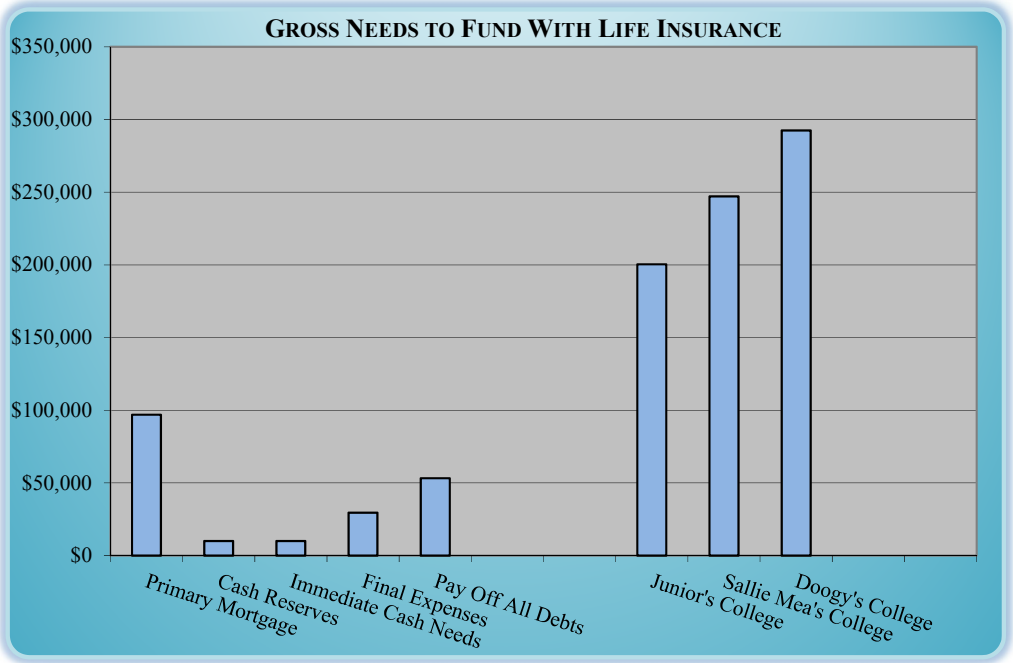


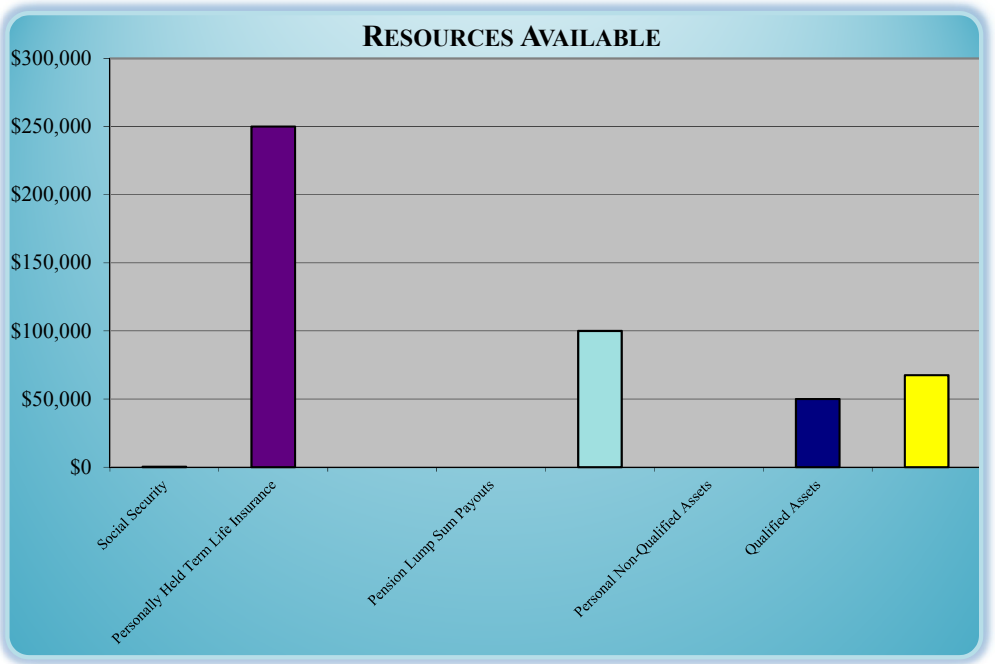
Current Life Insurance Needs Analysis for Mary

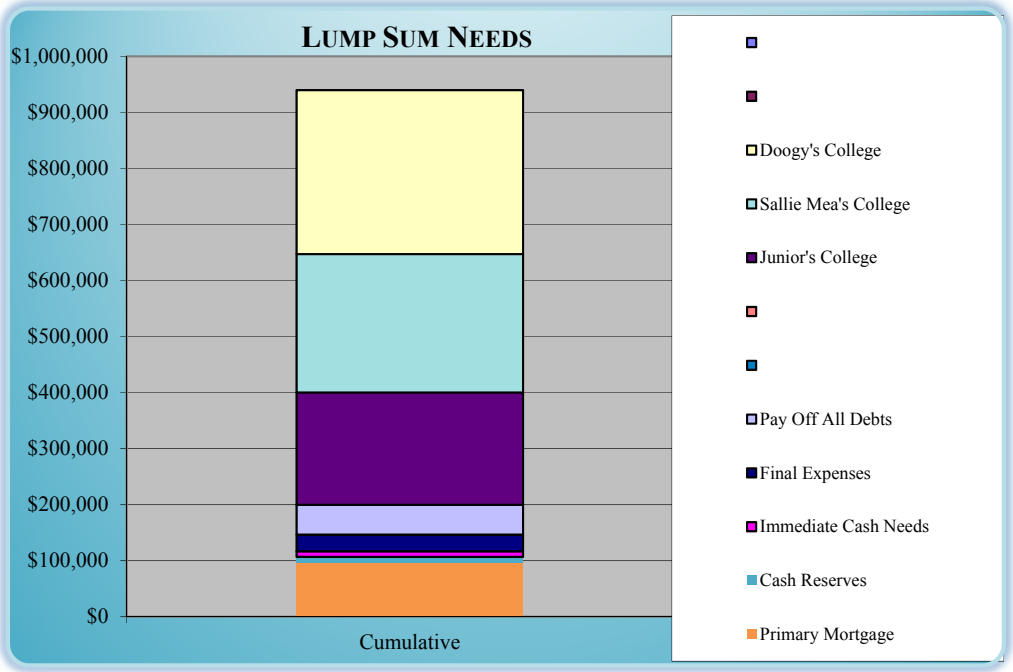
John & Mary Sample

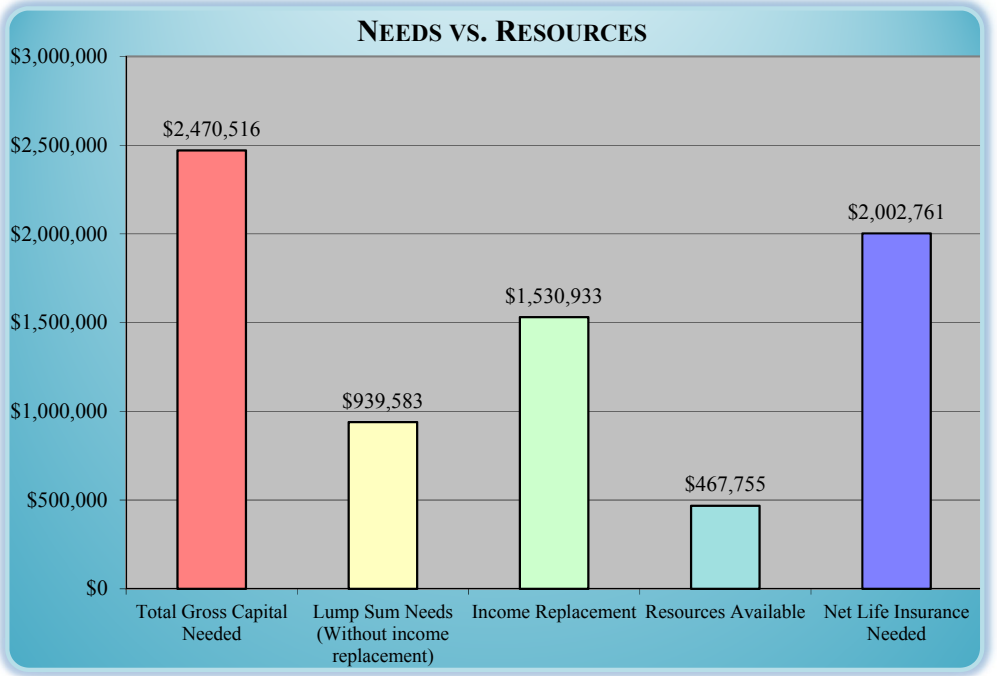
Lump Sum Needed Today to Pay Off Primary Mortgage:	$96,905
Lump Sum Needed for Cash Reserve After Everything Else is Paid For:	$10,000
Lump Sum Immediate Cash Needs:	$10,000
Lump Sum Needed for Burial / Funeral / Medical and Other Final Expenses:	$29,500
Lump Sum Needed to Pay Off All Debts:	$53,229
Lump Sum Needed to Cover Estate Taxes and Other Taxes Due:	$0
Lump Sum Needed to Give Away to Others / Bequeaths / Charity:	$0
Lump Sum Needed to Fund Junior's College & Other Expenses:	$200,362
Lump Sum Needed to Fund Sallie Mea's College & Other Expenses:	$247,104
Lump Sum Needed to Fund Doogy's College & Other Expenses:	$292,483
Total Lump Sum Currently Needed:	**$939,583**
Lump Sum Available from Social Security:	$255
Lump Sum Available from Personally Held Term Life Insurance:	$250,000
Lump Sums Available from Employer / Business Life Insurance:	$0
Lump Sums from All Whole Life Insurance Policies:	$0
Funds Available from Pension Lump Sum Payouts:	$100,000
Lump Sum Available Funds from Other Liquid Assets:	$0
Lump Sums Available from Personal Non-Qualified Assets:	$50,000
Lump Sums Available from Qualified Assets:	$67,500
Total Lump Sum Currently Available:	**$467,755**
Current Unmet Lump Sum Life Insurance Needs:	**$471,828**
Lump Sum Needed Today to Replace John's Future Income(s):	**$1,530,933**
Total Additional Life Insurance Needed Today to Fund All Needs:	**$2,002,761**
Current Percentage of Life Insurance Needs Currently Covered:	**10.1%**







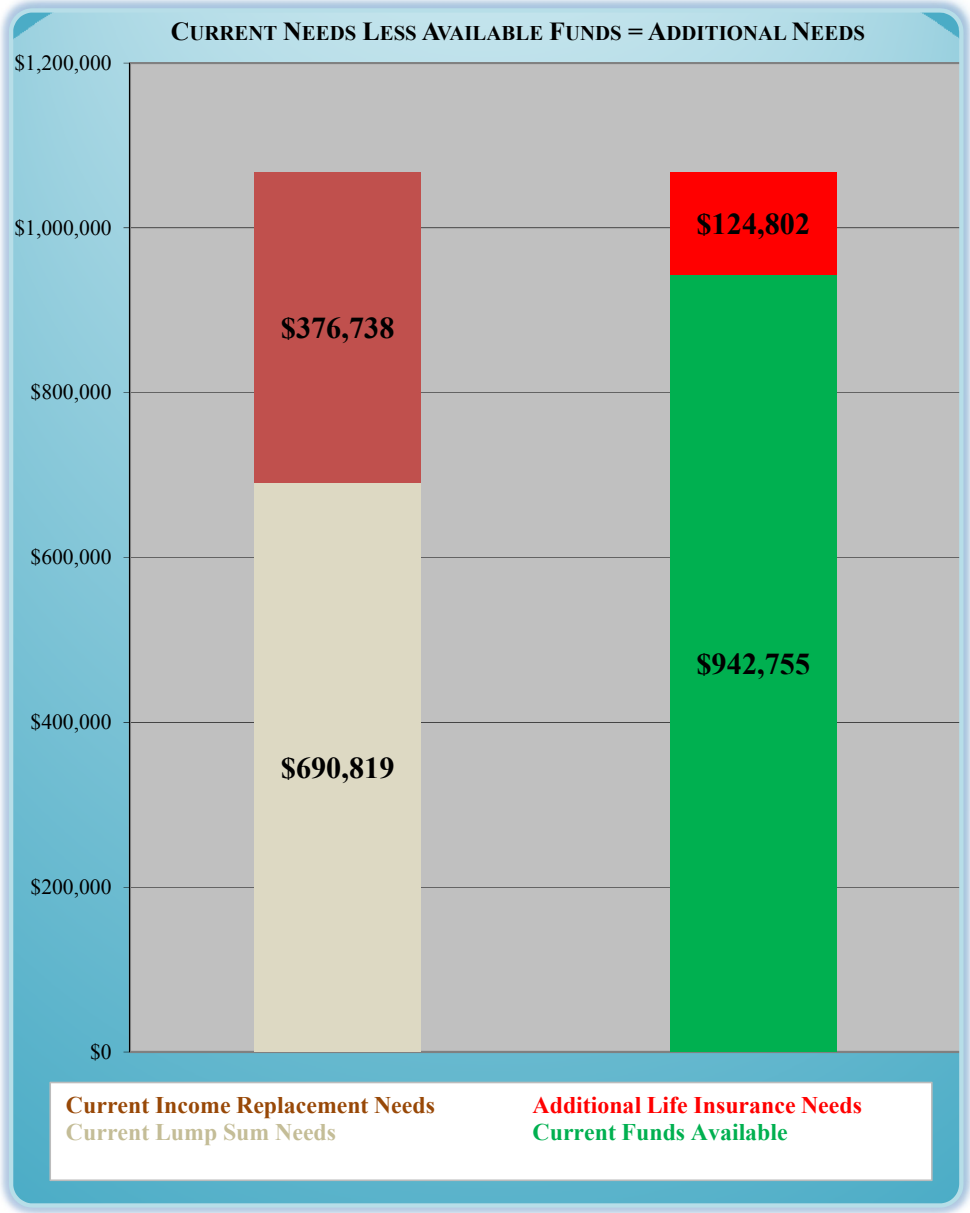




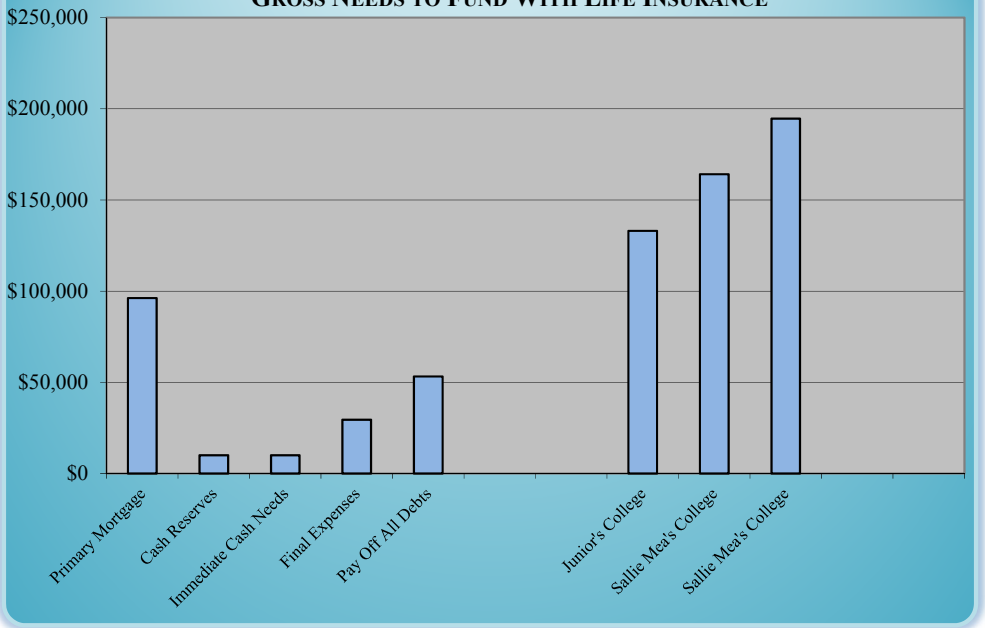
Proposed Life Insurance Needs Analysis for John

John & Mary Sample

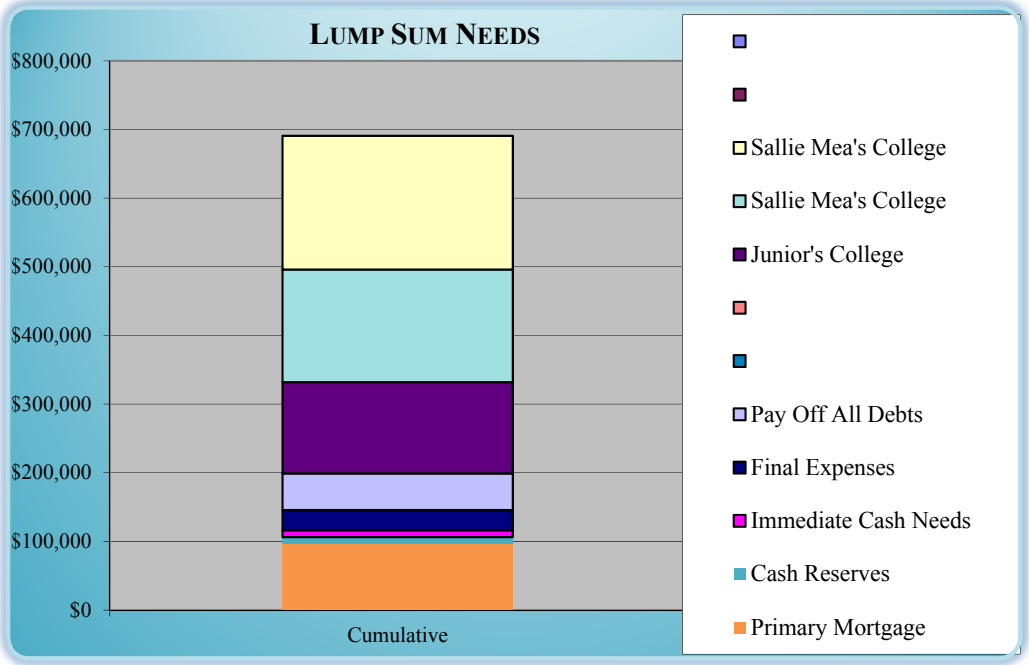
Lump Sum Needed Today to Pay Off Primary Mortgage:	$96,247
Lump Sum Needed for Cash Reserve After Everything Else is Paid For:	$10,000
Lump Sum Immediate Cash Needs:	$10,000
Lump Sum Needed for Burial / Funeral / Medical and Other Final Expenses:	$29,500
Lump Sum Needed to Cover Estate Taxes and Other Taxes Due:	$53,229
Lump Sum Needed to Cover Estate Taxes:	$0
Lump Sum Needed to Give Away to Others / Bequeaths / Charity:	$0
Lump Sum Needed to Fund Junior's College & Other Expenses:	$133,035
Lump Sum Needed to Fund Sallie Mea's College & Other Expenses:	$164,173
Lump Sum Needed to Fund Doogy's College & Other Expenses:	$194,635
Total Lump Sum Currently Needed:	**$690,819**
Lump Sum Available from Social Security:	$255
Lump Sum Available from Personally Held Term Life Insurance:	$725,000
Lump Sums Available from Employer / Business Life Insurance:	$0
Lump Sums from All Whole Life Insurance Policies:	$0
Funds Available from Pension Lump Sum Payouts:	$100,000
Lump Sum Available Funds from Other Liquid Assets:	$0
Lump Sums Available from Personal Non-Qualified Assets:	$50,000
Lump Sums Available from Qualified Assets:	$67,500
Total Lump Sum Currently Available:	**$942,755**
Current Unmet Lump Sum Life Insurance Needs:	**-$251,936**
Lump Sum Needed Today to Replace Mary's Future Income(s):	**$376,738**
Total Additional Life Insurance Needed Today to Fund All Needs:	**$124,802**
Current Percentage of Life Insurance Needs Currently Covered:	**67.9%**



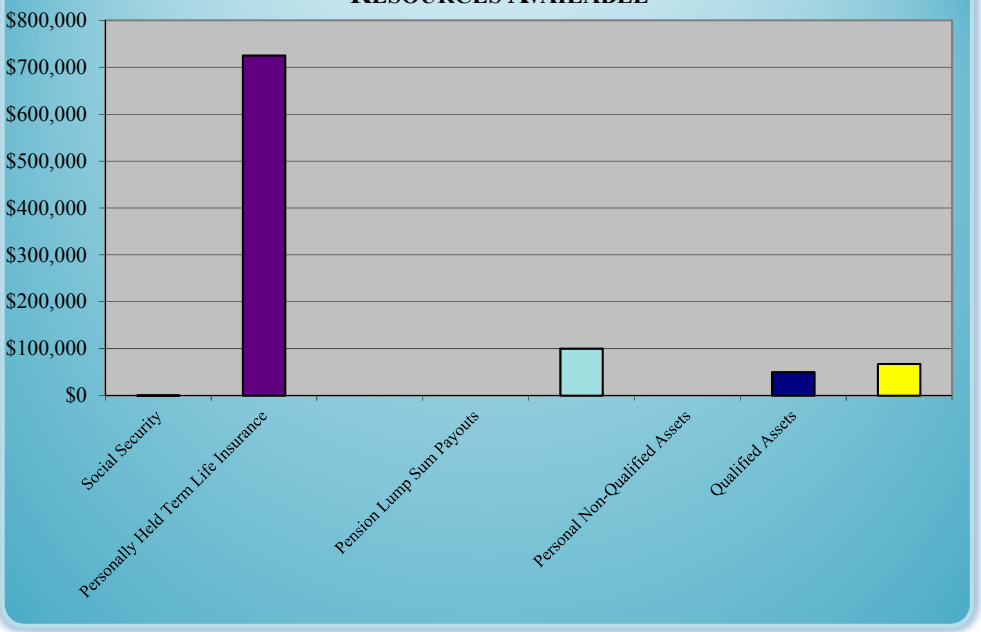
Gross Needs to Fund With Life Insurance



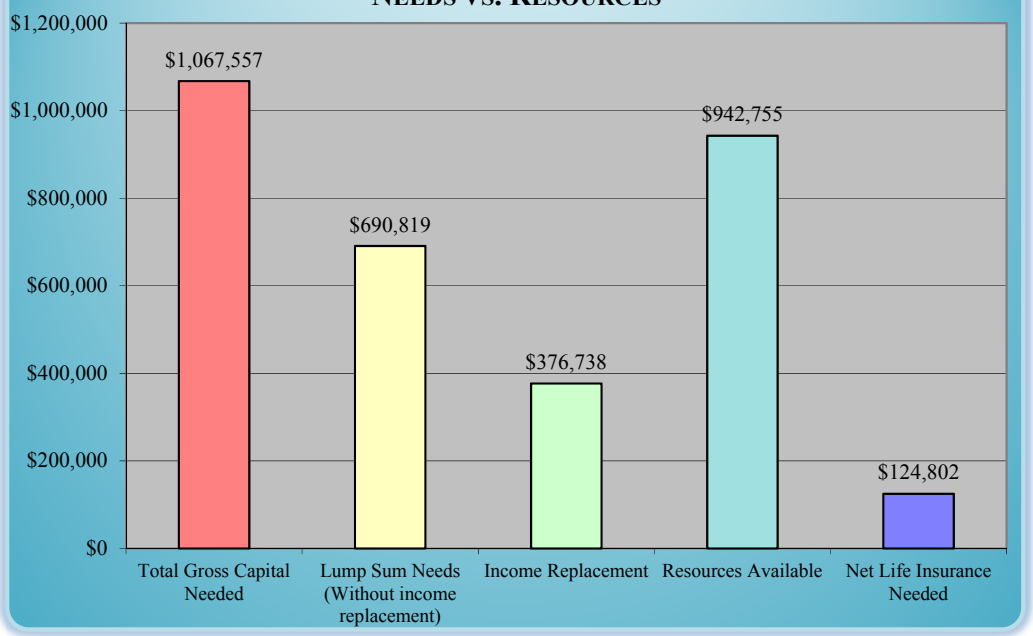
Lump Sum Needs



Resources Available



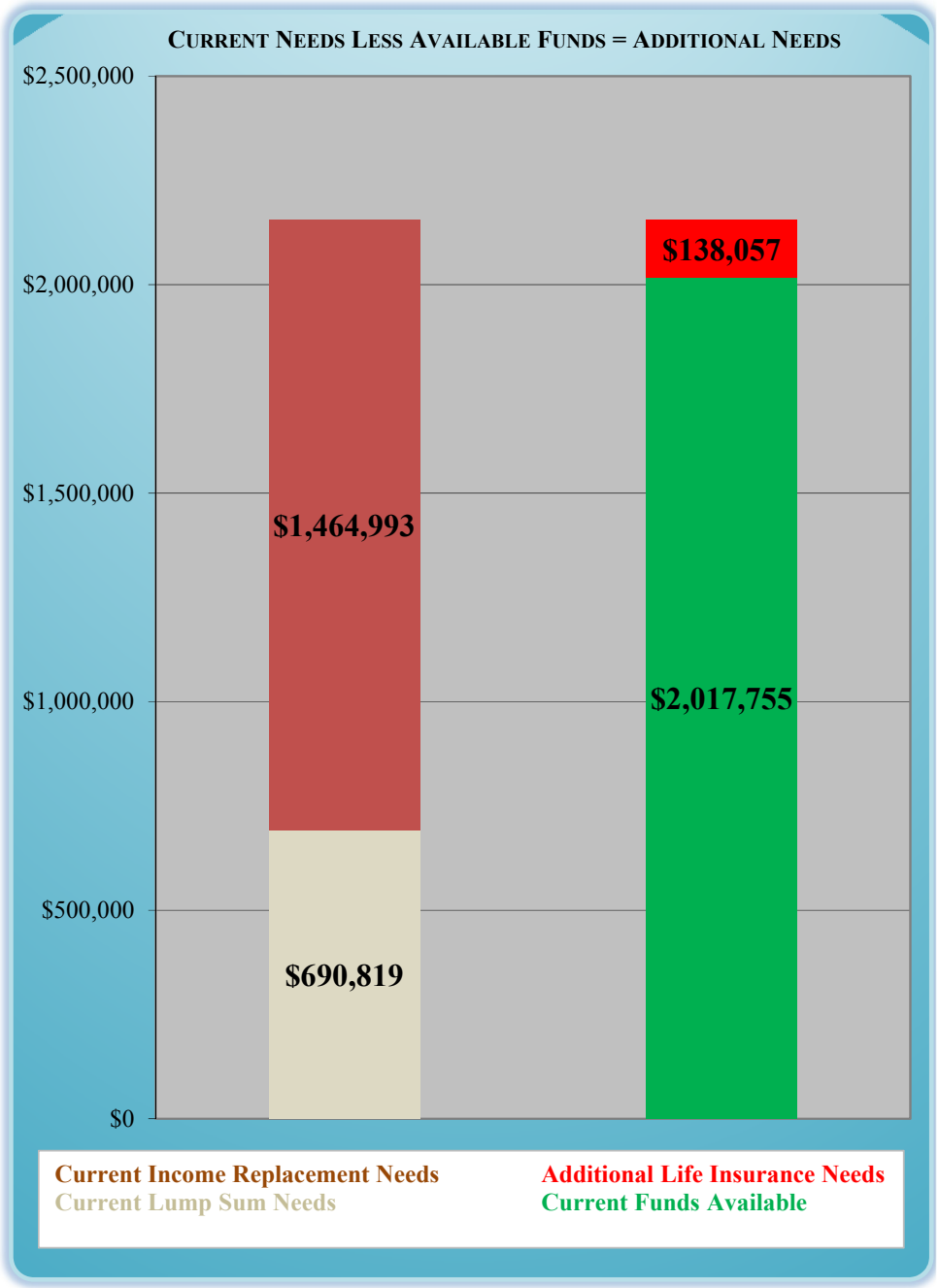
Needs vs. Resources

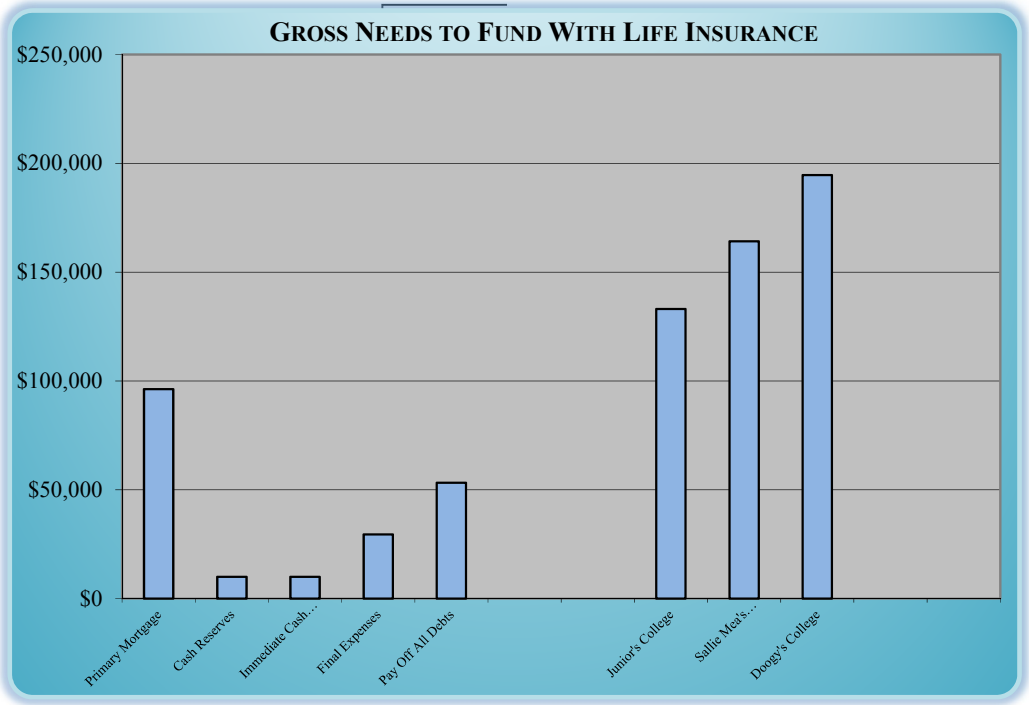


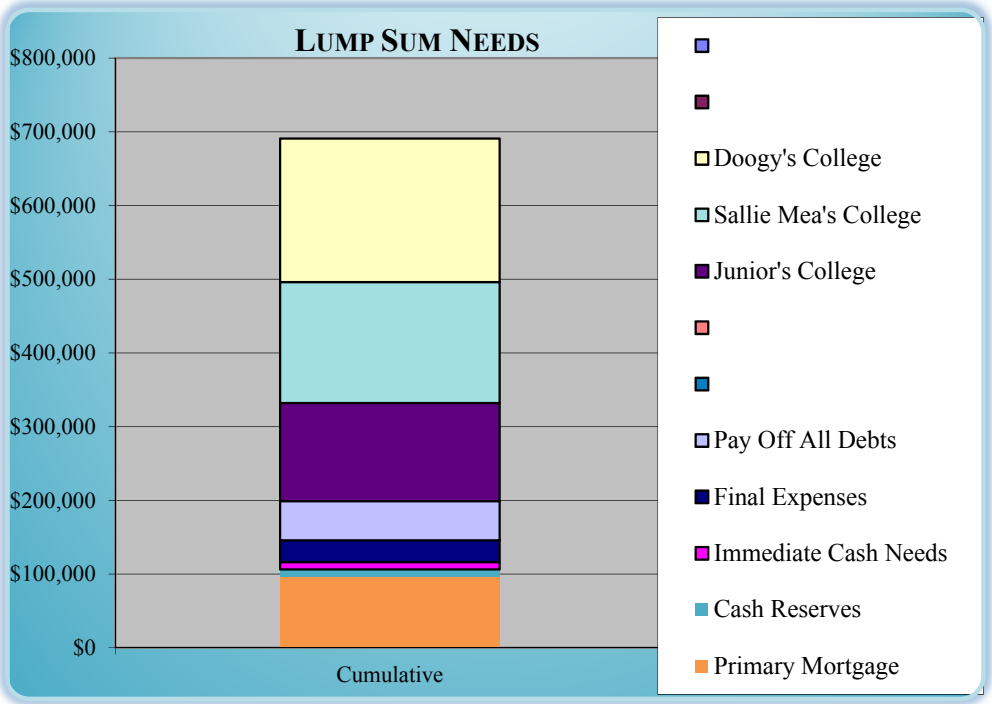
Proposed Life Insurance Needs Analysis for Mary

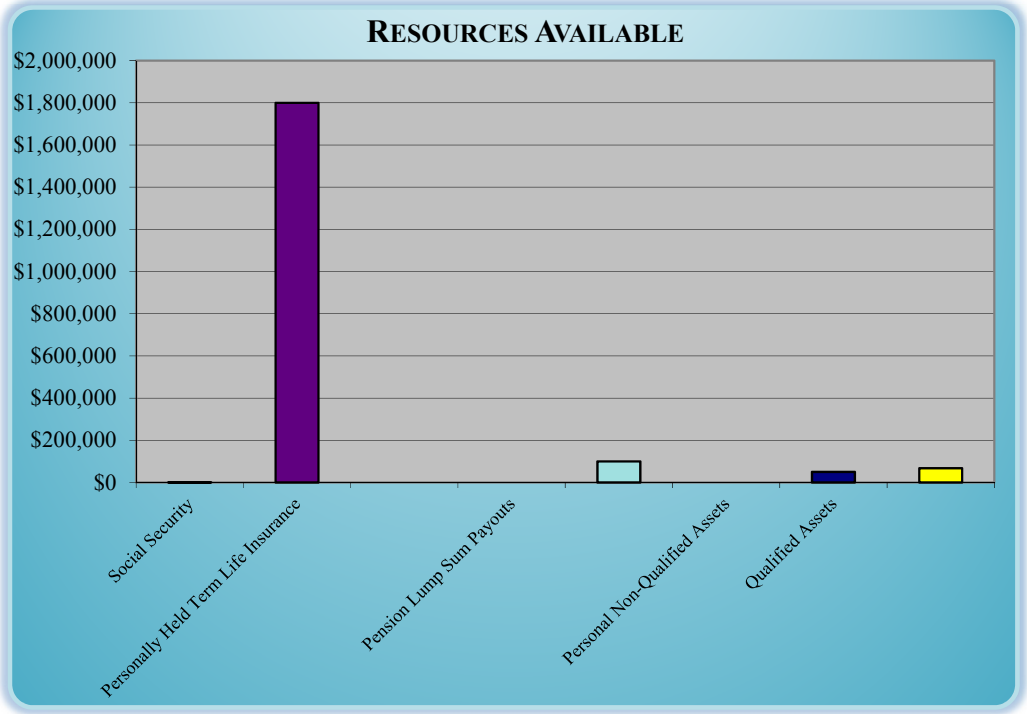
John & Mary Sample

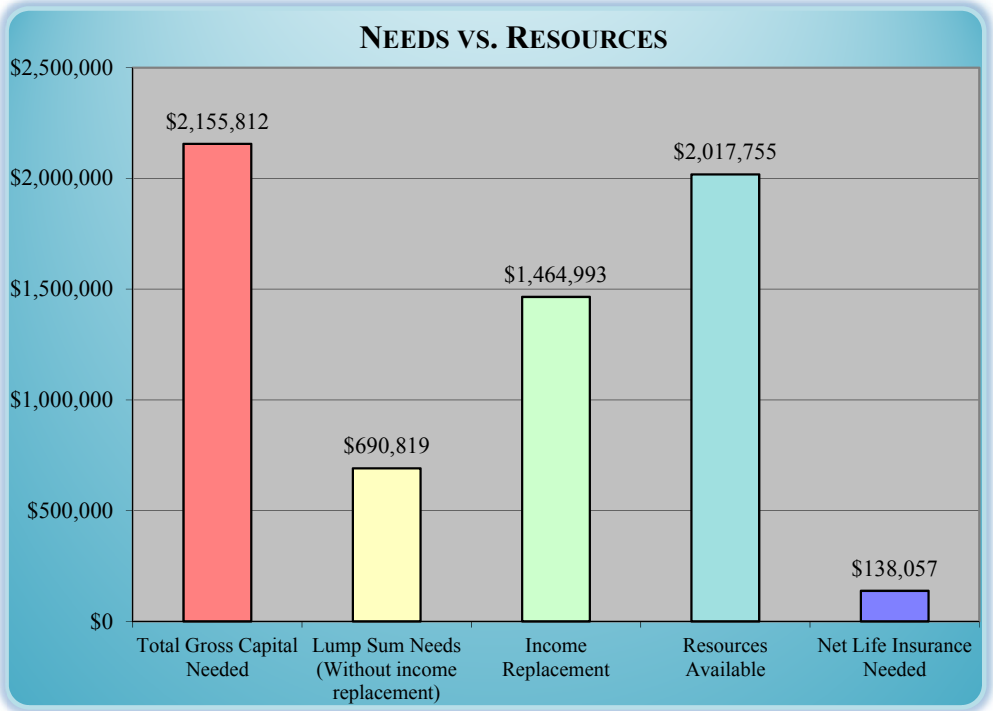
Lump Sum Needed Today to Pay Off Primary Mortgage:	**$96,247**
Lump Sum Needed for Cash Reserve After Everything Else is Paid For:	**$10,000**
Lump Sum Immediate Cash Needs:	**$10,000**
Lump Sum Needed for Burial / Funeral / Medical and Other Final Expenses:	**$29,500**
Lump Sum Needed to Pay Off All Debts:	**$53,229**
Lump Sum Needed to Cover Estate Taxes and Other Taxes Due:	**$0**
Lump Sum Needed to Give Away to Others / Bequeaths / Charity:	**$0**
Lump Sum Needed to Fund Junior's College & Other Expenses:	**$133,035**
Lump Sum Needed to Fund Sallie Mea's College & Other Expenses:	**$164,173**
Lump Sum Needed to Fund Doogy's College & Other Expenses:	**$194,635**
Total Lump Sum Currently Needed:	**$690,819**
Lump Sum Available from Social Security:	**$255**
Lump Sum Available from Personally Held Term Life Insurance:	**$1,800,000**
Lump Sums Available from Employer / Business Life Insurance:	**$0**
Lump Sums from All Whole Life Insurance Policies:	**$0**
Funds Available from Pension Lump Sum Payouts:	**$100,000**
Lump Sum Available Funds from Other Liquid Assets:	**$0**
Lump Sums Available from Personal Non-Qualified Assets:	**$50,000**
Lump Sums Available from Qualified Assets:	**$67,500**
Total Lump Sum Currently Available:	**$2,017,755**
Proposed Unmet Lump Sum Life Insurance Needs:	**-$1,326,936**
Lump Sum Needed Today to Replace John's Future Income(s):	**$1,464,993**
Total Additional Life Insurance Needed Today to Fund All Needs:	**$138,057**
Proposed Percentage of Life Insurance Needs Currently Covered:	**83.5%**











COLLEGE SAVINGS REPORT EXPLANATION

REAL WORLD PERSONAL FINANCE SOFTWARE

(503) 309-1369 support@toolsformoney.com http://www.toolsformoney.com/

OVERVIEW OF THE COLLEGE PLANNING REPORTS

This text is to help you understand the overall concepts, and the technical details, of the following college plan analysis reports.

Careful long-term planning is needed these days to prepare for the extremely expensive college adventure.

This analysis will help you determine how much you'll need to invest, both lump sum, and/or monthly, to reach a future college funding need, assuming out-of-pocket costs and various time-value-of-money input. In English, it estimates how much it will cost to send someone to college, and how much one needs to save now to pay for it later.

There are a few ways to invest for future college expenses. Back in the good 'ol days, there were things called UTMAs and UGMAs that had tax benefits. These days, hardly anyone uses them anymore because a whole new Wall Street-based financial services industry evolved to replace them. This is the 529 College Savings Plan industry.

The one and only big advantage touted by 529 plans is the "awesome tax deferral," which basically operates similarly to a Roth IRA (but you may also get a state tax deduction if you play the game right). Basically, annual taxable events like dividends, are not taxed, nor are amounts withdrawn and spent for college expenses.

But the math bottom line shows that all you have to do is get between 1% to 2% more average annual investment return in a non-529 do-it-yourself discount brokerage account, and you'll probably end up having more spendable money when needed (which is the point of all of this). Yes, this is even after these awesome 529 plan tax breaks.

The lower market returns are in general, the lower this difference is. If the stock markets average less than 6% annually, then this difference (between 529 & DIY) is less than 1%.

So the bottom line is that with low investment returns, the value of 529 plans are mostly negated. The math proves you'll need to realize an annual average of over 8% to break even with a good DIY

investing plan. In other words, if your 529 plan does not average more than 8% annually, then its tax benefits are mostly useless. This is because there are not enough profits to tax, and if there were, the amount of tax is insignificant. Therefore investing yourself in a brokerage account will probably end up letting the student spend more money when the time comes, than even the best 529 plans, after paying its taxes.

529 Plans also suffer from other major problems, like high fees, commissions, and expenses. Which again, with low investment returns and low tax rates, can gobble up from a quarter to almost half of your investment profits. For example, if you only average 5% return, and total fees and expenses are 1%, then ~20% of your returns went for naught.

Then the choice of funding vehicles are severely limited, which makes getting decent returns, with low risk, difficult more than a few years in a row. This is mostly because of lack of access to asset classes needed to diversify the largest risks away.

Then the funding vehicles are usually comprised of those that make Wall Street, and the salespeople that are selling the 529 plan, the most money – not you nor the student.

Then there is little-to-no liquidity in a 529 plan. If an emergency happens, you can't withdraw money without expensive tax penalties.

Then you can only spend the money on "qualified expenses" or you'll lose the tax breaks. Relative to the average student's budget, these are severely limited, and so it's one of the biggest overlooked problems. Students can't even spend 529 money on basic necessities, like a computer, Internet connections, or printer, anymore.

One must keep in mind that even though it seems like 529 plans are "good" because they're "sponsored by the state," they are definitely a "Wall Street innovation." So you'll be paying a lot to use them, and then will get receive little-to-no actual benefit – compared to investing yourself intelligently via a non-tax-qualified discount brokerage account.

This analysis is the only way to gauge the true value of 529 vs. Doing-it-yourself, because it uses the only software specifically designed for this purpose. These differences are shown in the reports that follow (mostly in the bottom line numbers).

So when you add this all up, there is usually NO REAL BENEFIT in using 529 savings plans, compared to the lower fees, total control, total liquidity, no restrictions, unlimited asset class and investment options, and "it doesn't matter from a tax-standpoint what the student spends the money on - tuition or beer," because it's all taxed the same (barely anything to tax and then hardly taxed at all these days).

Like the old saying goes, "Just because you can do a thing, does not mean that you should, or you must, do that thing."

Report Information Explained

The first few rows of information just show what was input into the program.

If there are two reports, then one is probably showing the costs of a public college, and the other the much more expensive private college. Then this may be duplicated to compare 529 with investing yourself. The titles at the top will say which is which.

Where it says, *Total Nominal Costs without Investment Expenses* is where the beef starts. This is just the current year's total costs multiplied by how many years the student is projected to be in college. *With investment expenses,* just adds in projected expenses of either doing-it-yourself, or using a 529 plan. As you can see, total 529 plan expenses are usually several times as much compared with investing yourself, so this is where the rubber meets the road.

The next line shows the projected costs considering that the cost of everything goes up annually (due to generic inflation). Colleges typically have inflation rates two to three times higher than everything else. The main reason for this is that college professors' think they deserve "rock-star compensation."

The bolded text, *Inflated Present Value with Investment Expenses* is the "bottom-line." So if the parent and Grandma were sitting with a financial planner, and all Grandma wanted to know was how much to write a check to the financial planner for to fully fund an education, this is these amounts. Note that these amounts are also automatically referenced into the life insurance needs module, to protect from losing a breadwinner.

The text that follows is again just displaying input information – until you get down to where it says *Lump Sum Needed Now to Fund Cash Flow Deficits (PV)*. This and *Monthly Payments Needed from Now until College Starts*, are how much more needs to be invested now to fully fund college for the student. This is in addition to what was already input into the college plan software. Note that these two numbers are two different ways of looking at the same thing – so it's not saying that you'll need to add the additional lump sum AND make that much more in monthly payments. It's one or the other, not both.

Probability of Success Given All Assumptions is the result of the Monte Carlo "stress test" simulation. Any number less than 70%, and there is significant risk that more money will be needed than what was input into the college plan, for the student to graduate. Numbers under 50% mean much more money will probably need to spent and invested than what's showing. This is all because what was input was a "rosy scenario," meaning your investment returns will probably be lower than what was input, fees and expenses will be higher, and/or total costs will end up being much more than anticipated.

Projecting the Future

The charts and graphs show both input data, and a future projection of what will probably happen over the life of the college plan. Hopefully, they are self-explanatory.

What you don't want to see are red areas in the graphs – because that shows the college plan running out of money before the student graduates. This is the scenario that this whole college planning forecasting process is trying to avoid.

The most important thing is the overall trend, and if you're going in the right direction or not. The goal is to tweak the input data until no red shows on the charts, and the Monte Carlo simulation results are over 85%.

The solutions to your college planning forecast showing unfavorable results, are to NOT use a 529 plan, use intelligent asset allocation investing strategies (in order to minimize losses when the equity markets go down), reside at home instead of moving away to a more expensive state, and then not spending top-dollar on the very best private “Ivy-league” college.

Miscellaneous

This report illustrates how values may change over time. Once you go over a year or so, most all projections will be substantially different compared to what was input.

So it's important to run the numbers whenever something changes, or at least annually.

Hopefully, all of the charts and graphs are self-explanatory. If not, then feel free to contact us for more information.

A good measure of the benefit of financial planning and investment management is how your net worth improved over what you would have realized if you never met us, and continued doing what you were doing.

Current 529 Public College Funding Results for All Students

Especially Prepared for: John & Mary Sample

By Smart T. Adviser

6/6/2016

Junior's Current Age:	9	Junior Enters College at Age:	19
Sallie Mea's Current Age:	8	Sallie Mea Enters College at Age:	17
Doogy's Current Age:	7	Doogy Enters College at Age:	15

Number of Years Junior Will Attend College:	4
Number of Years Sallie Mea Will Attend College:	5
Number of Years Doogy Will Attend College:	6

		Percent Paid Out of Pocket:	Percent Paid By Savings:
Total Nominal Costs Without Investment Expenses:	$438,300	$43,830	$394,470
Total Nominal Costs With Investment Expenses:	$501,449	$50,145	$451,304
Total Inflated Costs Without Investment Expenses:	$722,374	$72,237	$650,136
Total Inflated Costs With Investment Expenses:	**$848,672**	**$135,387**	**$713,286**
Inflated Present Value Without Investment Expenses:	$506,500	$50,650	$455,850
Inflated Present Value With Investment Expenses:	**$559,593**	**$55,959**	**$503,633**

Initial Lump Sum Investment (amount saved now):	$120,000
Monthly Contributions:	$3,750
Total Amount of Gross Money Invested:	$165,000
Total Amount of Net Money Invested (after commissions):	$329,242
Total Investment Expenses:	$63,149
Lump Sum Needed Now to Fund Cash Flow Deficits (PV):	**$66,841**
- or -	
Monthly Payments Needed from Now Until College Starts:	**$549**
Average Probability of Success of All Student Plans Combined:	0.0%

Current 529 Private College Funding Results for All Students

Especially Prepared for: John & Mary Sample

By Smart T. Adviser

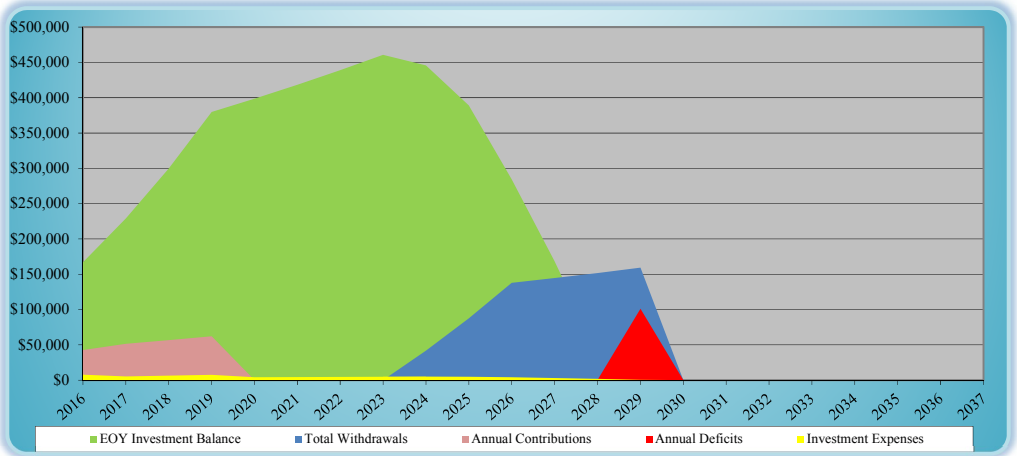
6/6/2016

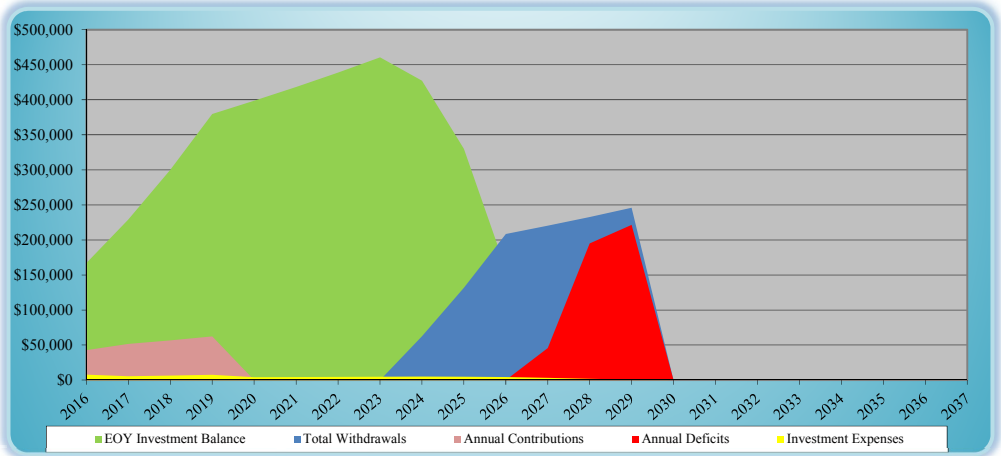
Junior's Current Age:	9	Junior Enters College at Age:	19
Sallie Mea's Current Age:	8	Sallie Mea Enters College at Age:	17
Doogy's Current Age:	7	Doogy Enters College at Age:	15

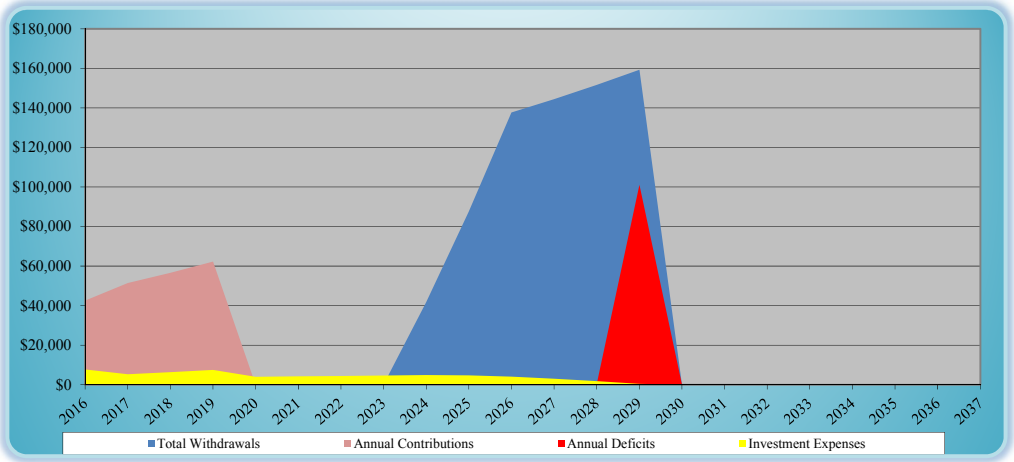
Number of Years Junior Will Attend College:	4
Number of Years Sallie Mea Will Attend College:	5
Number of Years Doogy Will Attend College:	6

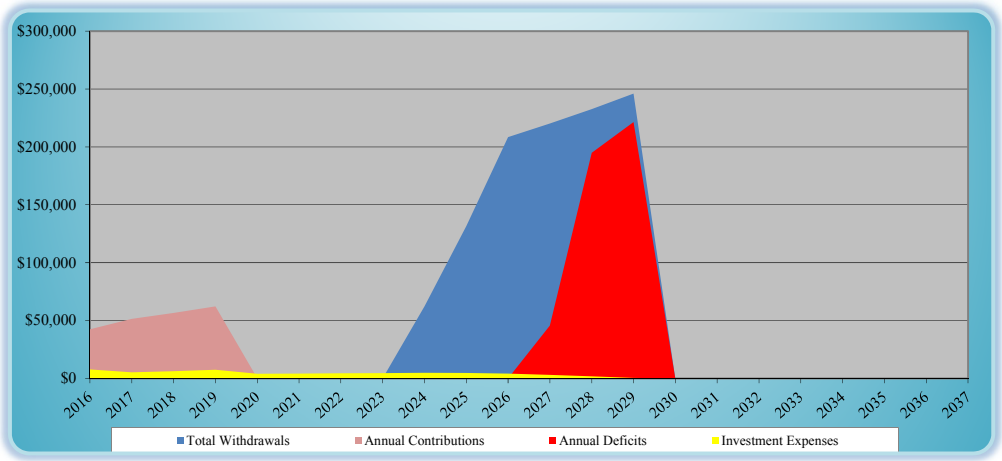
		Percent Paid Out of Pocket:	Percent Paid By Savings:
Total Nominal Costs Without Investment Expenses:	$618,300	$61,830	$556,470
Total Nominal Costs With Investment Expenses:	$677,226	$67,723	$609,503
Total Inflated Costs Without Investment Expenses:	$1,101,541	$110,154	$991,386
Total Inflated Costs With Investment Expenses:	**$1,219,392**	**$169,080**	**$1,050,312**
Inflated Present Value Without Investment Expenses:	$772,007	$77,201	$694,806
Inflated Present Value With Investment Expenses:	**$822,166**	**$82,217**	**$739,949**

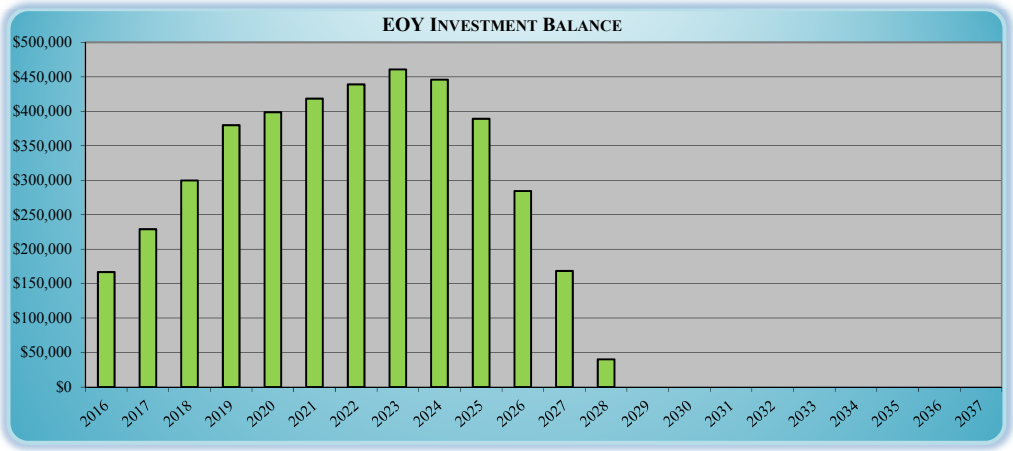
Initial Lump Sum Investment (amount saved now):	$120,000
Monthly Contributions:	$3,750
Total Amount of Gross Money Invested:	$165,000
Total Amount of Net Money Invested (after commissions):	$329,242
Total Investment Expenses:	$58,926
Lump Sum Needed Now to Fund Cash Flow Deficits (PV):	**$311,165**
- or -	
Monthly Payments Needed from Now Until College Starts:	**$2,573**
Average Probability of Success of All Student Plans Combined:	0.0%

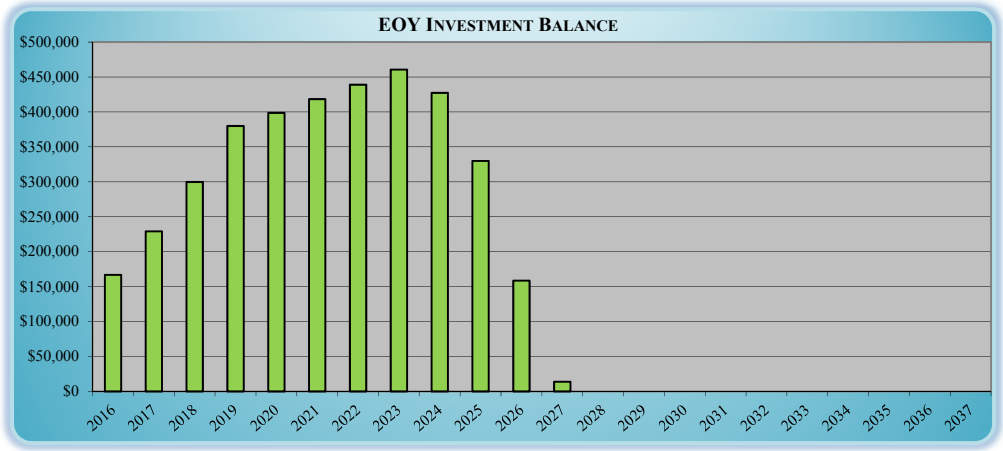












Total Annual 529 Public College Contributions and Withdrawals Needed

	Year #	Junior	Sallie Mea	Doogy	Annual Totals
2016	1	$1,989	$2,587	$3,184	$7,760
2017	2	$1,394	$1,769	$2,145	$5,308
2018	3	$1,663	$2,107	$2,551	$6,322
2019	4	$1,966	$2,487	$3,008	$7,461
2020	5	$1,049	$1,342	$1,636	$4,027
2021	6	$1,101	$1,408	$1,716	$4,225
2022	7	$1,155	$1,478	$1,801	$4,434
2023	8	$1,212	$1,551	$1,890	$4,653
2024	9	$1,272	$1,628	$43,743	$46,643
2025	10	$1,335	$45,477	$45,452	$92,263
2026	11	$47,299	$47,273	$47,247	$141,818
2027	12	$49,188	$49,160	$49,133	$147,481
2028	13	$51,173	$51,145	$51,116	$153,434
2029	14	$53,261	$53,232	$53,201	$159,695
2030	15	$0	$0	$0	$0
2031	16	$0	$0	$0	$0
2032	17	$0	$0	$0	$0
2033	18	$0	$0	$0	$0
2034	19	$0	$0	$0	$0
2035	20	$0	$0	$0	$0
2036	21	$0	$0	$0	$0
2037	22	$0	$0	$0	$0
2038	23	$0	$0	$0	$0
2039	24	$0	$0	$0	$0
2040	25	$0	$0	$0	$0
2041	26	$0	$0	$0	$0
2042	27	$0	$0	$0	$0
2043	28	$0	$0	$0	$0
2044	29	$0	$0	$0	$0
2045	30	$0	$0	$0	$0
	Totals:	**$215,055**	**$262,644**	**$307,823**	**$785,523**

Total Annual 529 Private College Contributions and Withdrawals Needed

	Year #	Junior	Sallie Mea	Doogy	Annual Totals
2016	1	$1,989	$2,587	$3,184	$7,760
2017	2	$1,394	$1,769	$2,145	$5,308
2018	3	$1,663	$2,107	$2,551	$6,322
2019	4	$1,966	$2,487	$3,008	$7,461
2020	5	$1,049	$1,342	$1,636	$4,027
2021	6	$1,101	$1,408	$1,716	$4,225
2022	7	$1,155	$1,478	$1,801	$4,434
2023	8	$1,212	$1,551	$1,890	$4,653
2024	9	$1,272	$1,628	$64,361	$67,261
2025	10	$1,335	$67,538	$67,317	$136,190
2026	11	$70,904	$70,668	$70,436	$212,008
2027	12	$74,221	$73,973	$73,728	$221,922
2028	13	$77,722	$77,576	$77,576	$232,874
2029	14	$82,007	$82,007	$82,007	$246,022
2030	15	$0	$0	$0	$0
2031	16	$0	$0	$0	$0
2032	17	$0	$0	$0	$0
2033	18	$0	$0	$0	$0
2034	19	$0	$0	$0	$0
2035	20	$0	$0	$0	$0
2036	21	$0	$0	$0	$0
2037	22	$0	$0	$0	$0
2038	23	$0	$0	$0	$0
2039	24	$0	$0	$0	$0
2040	25	$0	$0	$0	$0
2041	26	$0	$0	$0	$0
2042	27	$0	$0	$0	$0
2043	28	$0	$0	$0	$0
2044	29	$0	$0	$0	$0
2045	30	$0	$0	$0	$0
	Totals:	**$318,989**	**$388,120**	**$453,357**	**$1,160,466**

Current DIY Public College Funding Results for All Students

Especially Prepared for: John & Mary Sample

By Smart T. Adviser

6/6/2016

Junior's Current Age:	9	Junior Enters College at Age:	19
Sallie Mea's Current Age:	8	Sallie Mea Enters College at Age:	17
Doogy's Current Age:	7	Doogy Enters College at Age:	15

Number of Years Junior Will Attend College:	4
Number of Years Sallie Mea Will Attend College:	5
Number of Years Doogy Will Attend College:	6

		Percent Paid Out of Pocket:	Percent Paid By Savings:
Nominal Costs Without Taxes or Investment Expenses:	$438,300	$43,830	$394,470
Total Nominal Costs With Investment Taxes:	$478,367	$47,837	$430,530
Total Nominal Costs With Investment Expenses:	$448,657	$44,866	$403,791
Nominal Costs With Taxes & Investment Expenses:	$488,724	$48,872	$439,852
Inflated Costs Without Taxes or Investment Expenses:	$722,374	$72,237	$650,136
Total Inflated Costs With Investment Taxes:	$762,441	$76,244	$686,197
Total Inflated Costs With Investment Expenses:	$732,731	$73,273	$659,458
Inflated Costs With Taxes & Investment Expenses:	**$772,798**	**$77,280**	**$695,518**
Inflated PV Without Investment Taxes or Expenses:	$506,500	$50,650	$455,850
Inflated Present Value With Investment Taxes:	$536,745	$53,675	$483,071
Inflated Present Value With Investment Expenses:	$516,246	$51,625	$464,622
Inflated PV With Investment Taxes and Expenses:	**$546,492**	**$54,649**	**$491,842**

Initial Lump Sum Investment (amount saved now):	$120,000
Monthly Contributions:	$3,750
Total Amount of Gross Money Invested:	$301,580
Total Amount of Net Money Invested (after commissions):	$334,873
Total Investment Taxes:	$40,067
Total Investment Expenses:	$10,357
Total Investment Expenses and Taxes:	$50,424

Lump Sum Needed Now to Fund Cash Flow Deficits (PV):	**$0**
- or -	
Monthly Payments Needed from Now Until College Starts:	**$0**

Average Probability of Success of All Student Plans Combined: 0.0%

Current DIY Private College Funding Results for All Students

Especially Prepared for: John & Mary Sample

By Smart T. Adviser

6/6/2016

Junior's Current Age:	9	Junior Enters College at Age:	19
Sallie Mea's Current Age:	8	Sallie Mea Enters College at Age:	17
Doogy's Current Age:	7	Doogy Enters College at Age:	15

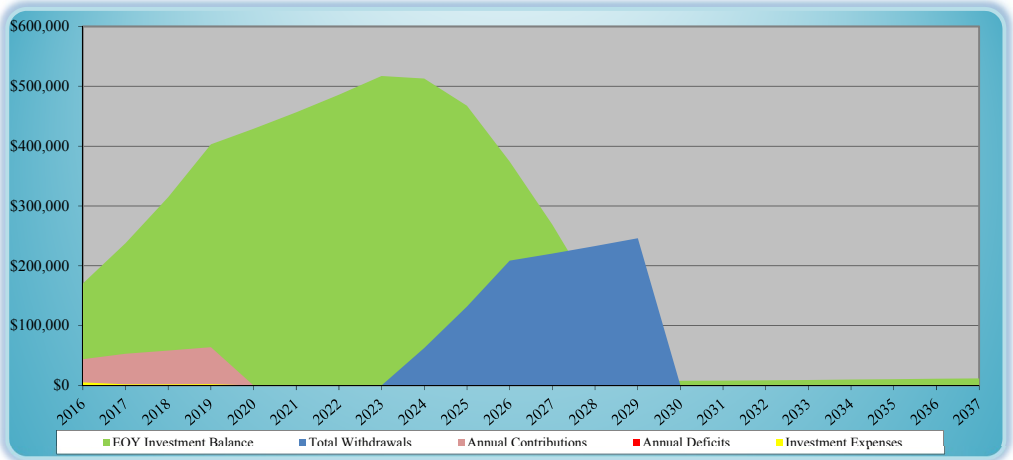
Number of Years Junior Will Attend College:	4
Number of Years Sallie Mea Will Attend College:	5
Number of Years Doogy Will Attend College:	6

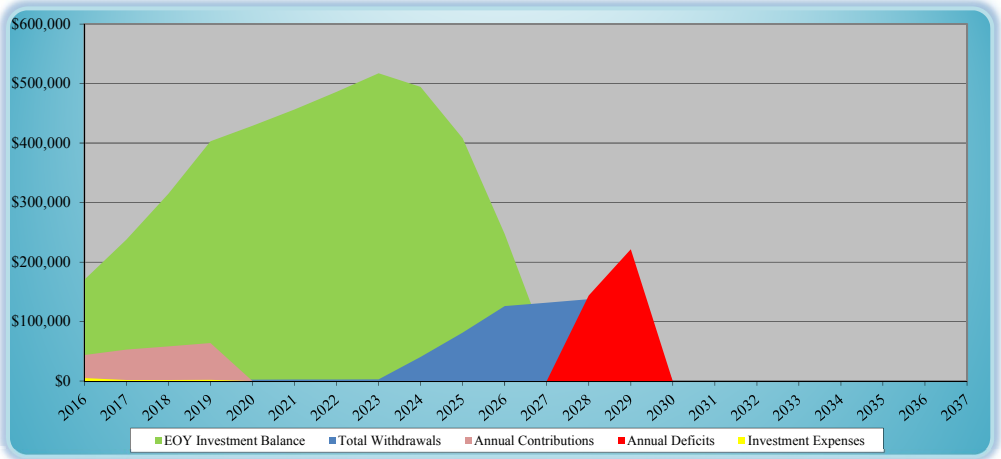
		Percent Paid Out of Pocket:	Percent Paid By Savings:
Nominal Costs Without Taxes or Investment Expenses:	$618,300	$61,830	$556,470
Total Nominal Costs With Investment Taxes:	$649,530	$64,953	$584,577
Total Nominal Costs With Investment Expenses:	$628,657	$62,866	$565,791
Nominal Costs With Taxes & Investment Expenses:	$659,887	$65,989	$593,898
Inflated Costs Without Taxes or Investment Expenses:	$1,101,541	$110,154	$991,386
Total Inflated Costs With Investment Taxes:	$1,132,771	$113,277	$1,019,494
Total Inflated Costs With Investment Expenses:	$1,111,897	$111,190	$1,000,708
Inflated Costs With Taxes & Investment Expenses:	**$1,143,128**	**$114,313**	**$1,028,815**
Inflated PV Without Investment Taxes or Expenses:	$772,007	$77,201	$694,806
Inflated Present Value With Investment Taxes:	$796,750	$79,675	$717,075
Inflated Present Value With Investment Expenses:	$781,753	$78,175	$703,577
Inflated PV With Investment Taxes and Expenses:	**$806,497**	**$80,650**	**$725,847**

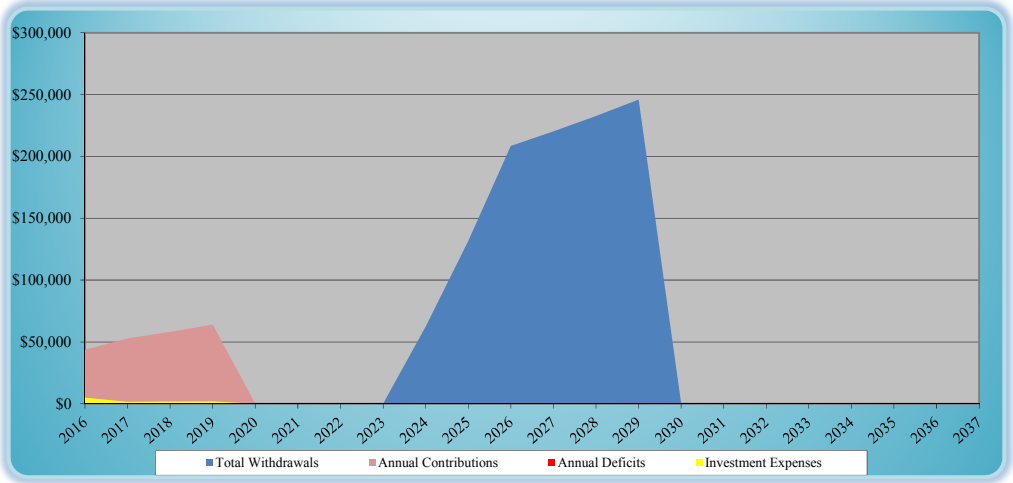
Initial Lump Sum Investment (amount saved now):	$120,000
Monthly Contributions:	$3,750
Total Amount of Gross Money Invested:	$301,580
Total Amount of Net Money Invested (after commissions):	$334,873
Total Investment Taxes:	$31,230
Total Investment Expenses:	$10,357
Total Investment Expenses and Taxes:	$41,587

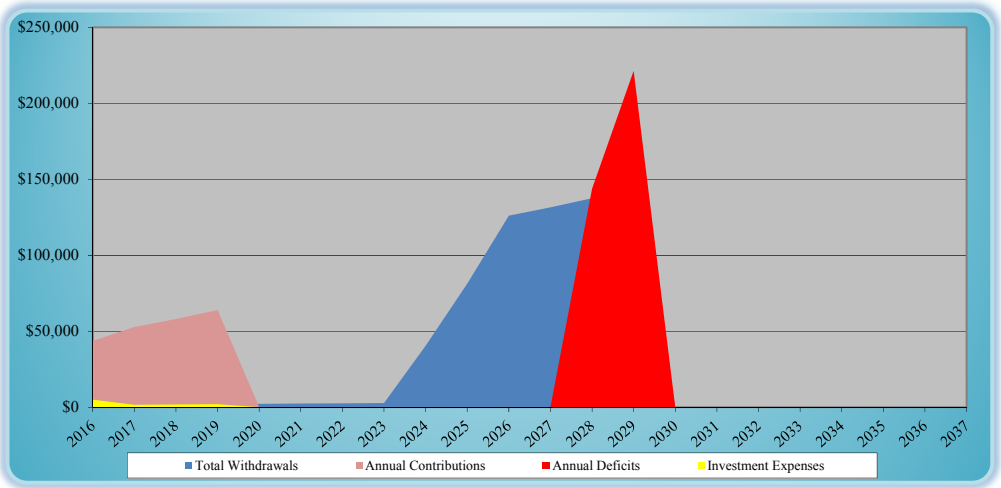
Lump Sum Needed Now to Fund Cash Flow Deficits (PV):	**$244,286**
- or -	
Monthly Payments Needed from Now Until College Starts:	**$2,023**

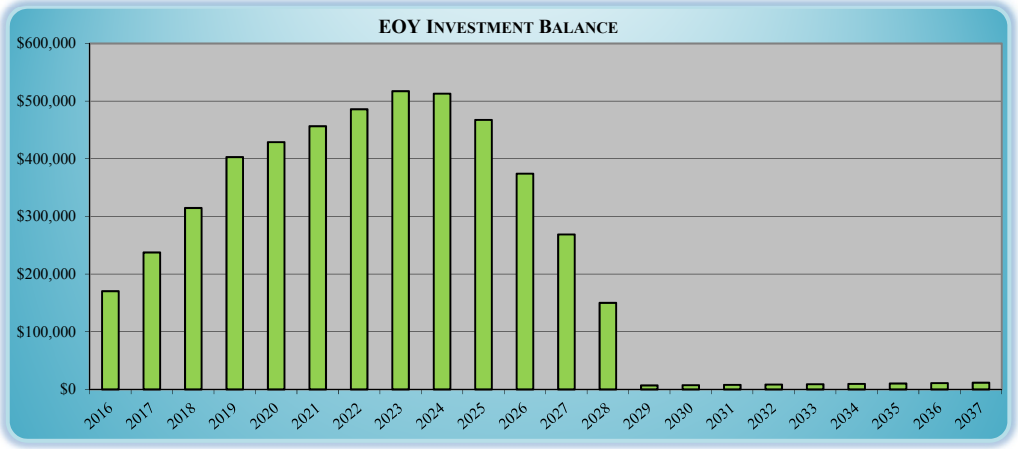
Average Probability of Success of All Student Plans Combined: 0.0%

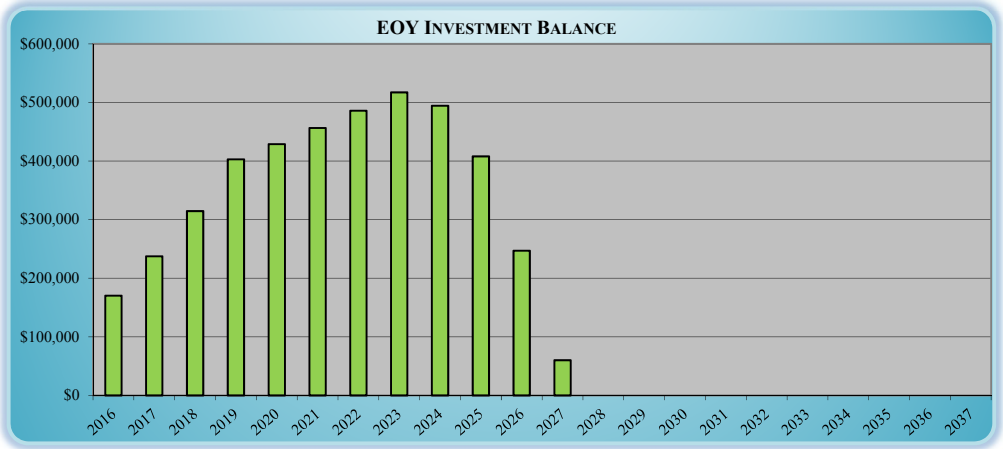












Proposed DIY Public College Funding Results for All Students

Especially Prepared for: John & Mary Sample

By Smart T. Adviser

6/6/2016

Junior's Current Age:	9	Junior Enters College at Age:	19
Sallie Mea's Current Age:	8	Sallie Mea Enters College at Age:	17
Doogy's Current Age:	7	Doogy Enters College at Age:	15

Number of Years Junior Will Attend College:	4
Number of Years Sallie Mea Will Attend College:	5
Number of Years Doogy Will Attend College:	6

		Percent Paid Out of Pocket:	Percent Paid By Savings:
Nominal Costs Without Taxes or Investment Expenses:	$438,300	$43,830	$394,470
Total Nominal Costs With Investment Taxes:	$478,367	$47,837	$430,530
Total Nominal Costs With Investment Expenses:	$448,657	$44,866	$403,791
Nominal Costs With Taxes & Investment Expenses:	$488,724	$48,872	$439,852
Inflated Costs Without Taxes or Investment Expenses:	$722,374	$72,237	$650,136
Total Inflated Costs With Investment Taxes:	$762,441	$76,244	$686,197
Total Inflated Costs With Investment Expenses:	$732,731	$73,273	$659,458
Inflated Costs With Taxes & Investment Expenses:	**$772,798**	**$77,280**	**$695,518**
Inflated PV Without Investment Taxes or Expenses:	$506,500	$50,650	$455,850
Inflated Present Value With Investment Taxes:	$536,745	$53,675	$483,071
Inflated Present Value With Investment Expenses:	$516,246	$51,625	$464,622
Inflated PV With Investment Taxes and Expenses:	**$546,492**	**$54,649**	**$491,842**

Initial Lump Sum Investment (amount saved now):	$120,000
Monthly Contributions:	$3,750
Total Amount of Gross Money Invested:	$301,580
Total Amount of Net Money Invested (after commissions):	$334,873
Total Investment Taxes:	$40,067
Total Investment Expenses:	$10,357
Total Investment Expenses and Taxes:	$50,424
Lump Sum Needed Now to Fund Cash Flow Deficits (PV):	**$0**
- or -	
Monthly Payments Needed from Now Until College Starts:	**$0**
Average Probability of Success of All Student Plans Combined:	16%

Proposed DIY Private College Funding Results for All Students

Especially Prepared for: John & Mary Sample

By Smart T. Adviser

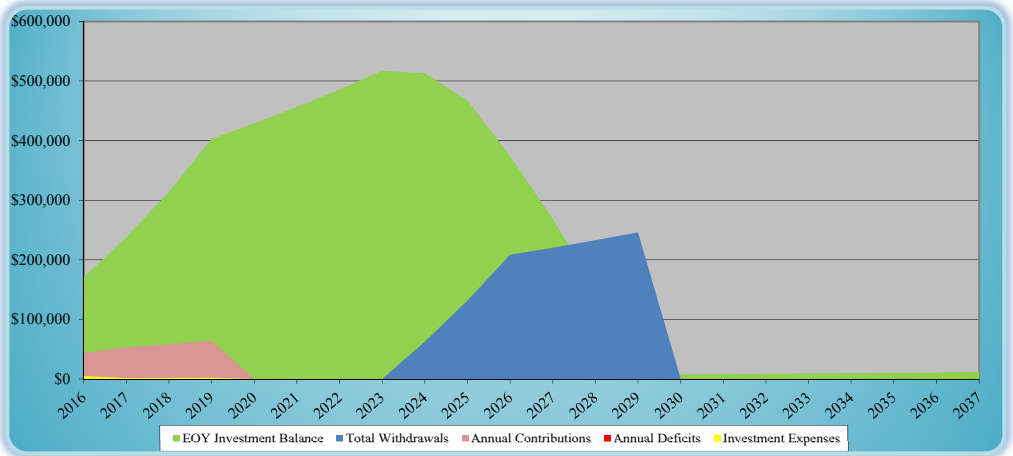
6/6/2016

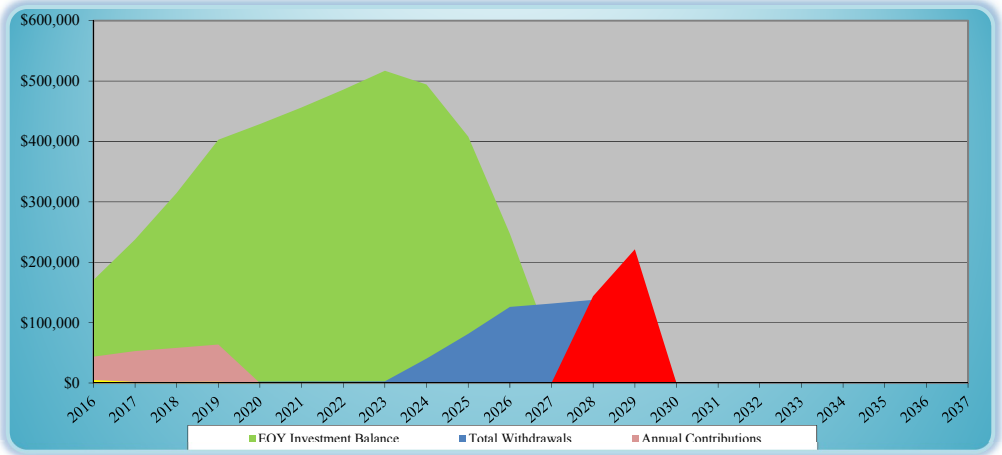
Junior's Current Age:	9	Junior Enters College at Age:	19
Sallie Mea's Current Age:	8	Sallie Mea Enters College at Age:	17
Doogy's Current Age:	7	Doogy Enters College at Age:	15

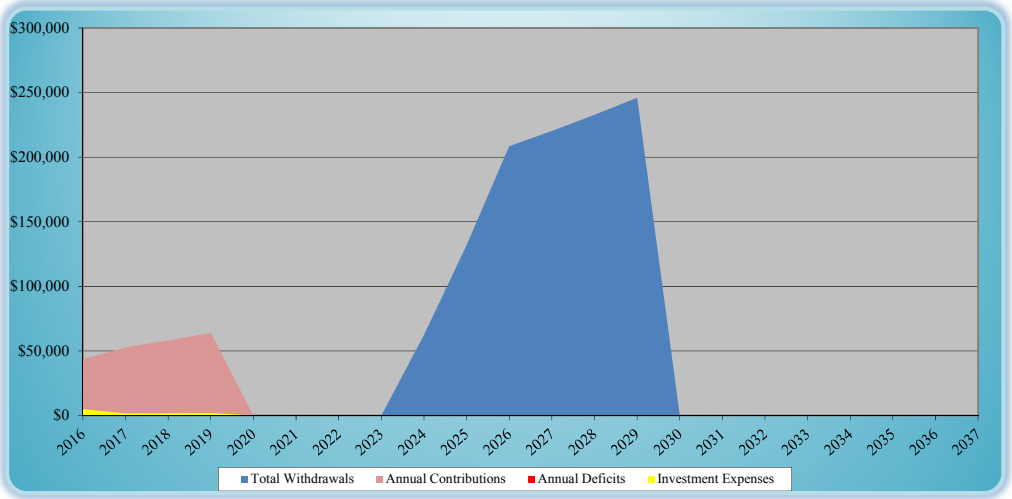
Number of Years Junior Will Attend College:	4
Number of Years Sallie Mea Will Attend College:	5
Number of Years Doogy Will Attend College:	6

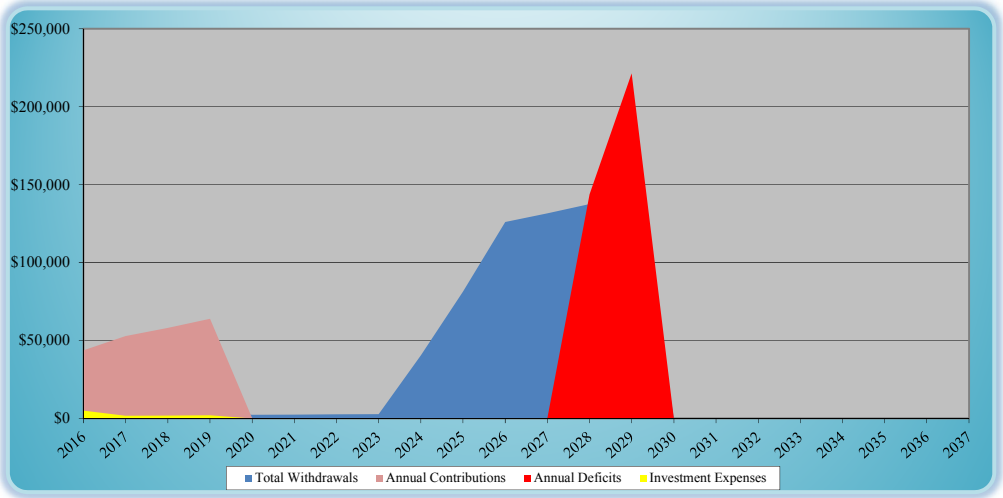
		Percent Paid Out of Pocket:	Percent Paid By Savings:
Nominal Costs Without Taxes or Investment Expenses:	$618,300	$61,830	$556,470
Total Nominal Costs With Investment Taxes:	$649,530	$64,953	$584,577
Total Nominal Costs With Investment Expenses:	$628,657	$62,866	$565,791
Nominal Costs With Taxes & Investment Expenses:	$659,887	$65,989	$593,898
Inflated Costs Without Taxes or Investment Expenses:	$1,101,541	$110,154	$991,386
Total Inflated Costs With Investment Taxes:	$1,132,771	$113,277	$1,019,494
Total Inflated Costs With Investment Expenses:	$1,111,897	$111,190	$1,000,708
Inflated Costs With Taxes & Investment Expenses:	**$1,143,128**	**$114,313**	**$1,028,815**
Inflated PV Without Investment Taxes or Expenses:	$772,007	$77,201	$694,806
Inflated Present Value With Investment Taxes:	$796,750	$79,675	$717,075
Inflated Present Value With Investment Expenses:	$781,753	$78,175	$703,577
Inflated PV With Investment Taxes and Expenses:	**$806,497**	**$80,650**	**$725,847**

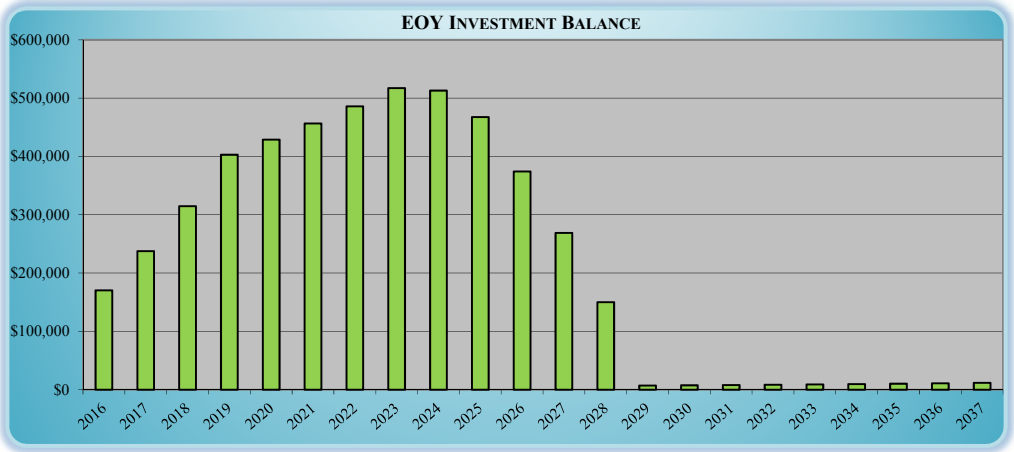
Initial Lump Sum Investment (amount saved now):	$120,000
Monthly Contributions:	$3,750
Total Amount of Gross Money Invested:	$301,580
Total Amount of Net Money Invested (after commissions):	$334,873
Total Investment Taxes:	$31,230
Total Investment Expenses:	$10,357
Total Investment Expenses and Taxes:	$41,587
Lump Sum Needed Now to Fund Cash Flow Deficits (PV):	**$244,286**
- or -	
Monthly Payments Needed from Now Until College Starts:	**$2,023**
Average Probability of Success of All Student Plans Combined:	0%

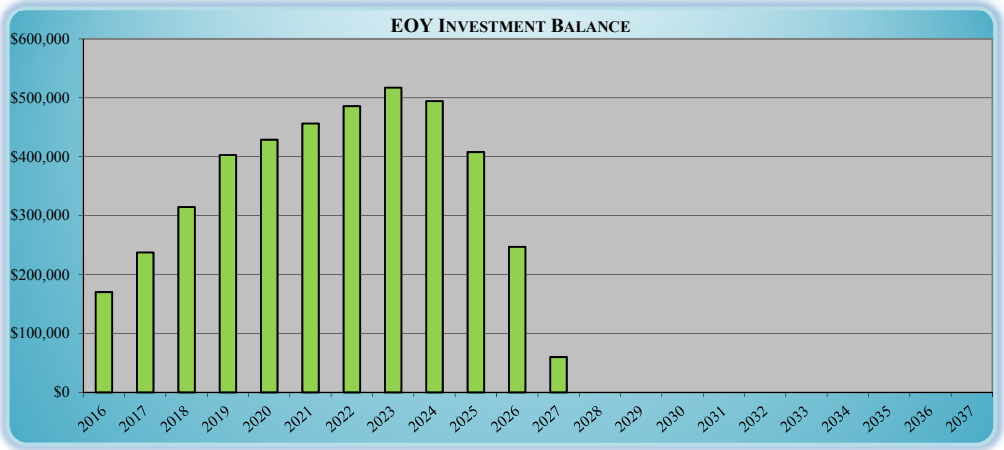












Total Annual DIY Public College Contributions and Withdrawals Needed

	Year #	Junior	Sallie Mea	Doogy	Annual Totals
2016	1	$1,488	$1,949	$2,409	$5,846
2017	2	$757	$961	$1,165	$2,883
2018	3	$908	$1,151	$1,393	$3,452
2019	4	$1,079	$1,366	$1,652	$4,097
2020	5	$588	$752	$917	$2,257
2021	6	$626	$801	$976	$2,402
2022	7	$666	$852	$1,038	$2,557
2023	8	$709	$907	$1,105	$2,721
2024	9	$755	$966	$42,936	$44,656
2025	10	$803	$44,796	$44,517	$90,117
2026	11	$46,753	$46,526	$46,538	$139,816
2027	12	$48,643	$48,658	$48,671	$145,973
2028	13	$50,895	$50,911	$50,925	$152,731
2029	14	$57,493	$57,569	$57,469	$172,531
2030	15	$0	$6	$22	$28
2031	16	$0	$7	$23	$30
2032	17	$0	$7	$25	$32
2033	18	$0	$7	$27	$34
2034	19	$0	$8	$28	$36
2035	20	$0	$8	$30	$39
2036	21	$0	$9	$32	$41
2037	22	$0	$10	$34	$44
2038	23	$0	$10	$37	$47
2039	24	$0	$11	$39	$50
2040	25	$0	$12	$42	$53
2041	26	$0	$12	$45	$57
2042	27	$0	$13	$47	$61
2043	28	$0	$14	$51	$65
2044	29	$0	$15	$54	$69
2045	30	$0	$16	$57	$73
	Totals:	**$212,163**	**$258,329**	**$302,305**	**$772,798**

Total Annual DIY Private College Contributions and Withdrawals Needed

	Year #	Junior	Sallie Mea	Doogy			Annual Totals
2016	1	$1,488	$1,949	$2,409			$5,846
2017	2	$757	$961	$1,165			$2,883
2018	3	$908	$1,151	$1,393			$3,452
2019	4	$1,079	$1,366	$1,652			$4,097
2020	5	$588	$752	$917			$2,257
2021	6	$626	$801	$976			$2,402
2022	7	$666	$852	$1,038			$2,557
2023	8	$709	$907	$1,105			$2,721
2024	9	$755	$966	$63,554			$65,274
2025	10	$803	$66,858	$66,504			$134,165
2026	11	$70,359	$70,052	$69,984			$210,394
2027	12	$73,816	$76,008	$78,263			$228,087
2028	13	$77,739	$77,655	$77,576			$232,969
2029	14	$82,007	$82,007	$82,007			$246,022
2030	15	$0	$0	$0			$0
2031	16	$0	$0	$0			$0
2032	17	$0	$0	$0			$0
2033	18	$0	$0	$0			$0
2034	19	$0	$0	$0			$0
2035	20	$0	$0	$0			$0
2036	21	$0	$0	$0			$0
2037	22	$0	$0	$0			$0
2038	23	$0	$0	$0			$0
2039	24	$0	$0	$0			$0
2040	25	$0	$0	$0			$0
2041	26	$0	$0	$0			$0
2042	27	$0	$0	$0			$0
2043	28	$0	$0	$0			$0
2044	29	$0	$0	$0			$0
2045	30	$0	$0	$0			$0
	Totals:	**$312,300**	**$382,283**	**$448,545**	**$0**	**$0**	**$1,143,128**

Proposed DIY Public College Funding Planner

Especially Prepared for: John & Mary Sample

By Smart T. Adviser

6/6/2016

Student's Name: Junior

Junior's Current Age:	9
Junior Enters College at Age:	19
Number of Years Junior Will Attend College:	4
Number of Months Until Junior Enters College:	120

		Percent Paid Out of Pocket: 10.0%	Percent Paid By Savings: 90.0%
Nominal Costs Without Taxes or Investment Expenses:	$116,880	$11,688	$105,192
Total Nominal Costs With Investment Taxes:	$128,649	$12,865	$115,784
Total Nominal Costs With Investment Expenses:	$119,582	$11,958	$107,624
Nominal Costs With Taxes & Investment Expenses:	$131,351	$13,135	$118,216
Inflated Costs Without Taxes or Investment Expenses:	$197,692	$19,769	$177,923
Total Inflated Costs With Investment Taxes:	$209,462	$20,946	$188,515
Total Inflated Costs With Investment Expenses:	$200,394	$20,039	$180,355
Inflated Costs With Taxes & Investment Expenses:	**$212,163**	**$21,216**	**$190,947**
Inflated PV Without Investment Taxes or Expenses:	$136,453	$13,645	$122,808
Inflated Present Value With Investment Taxes:	$145,276	$14,528	$130,748
Inflated Present Value With Investment Expenses:	$138,994	$13,899	$125,094
Inflated PV With Investment Taxes and Expenses:	**$147,816**	**$14,782**	**$133,035**

Initial Lump Sum Investment (amount saved now):	$30,000
Monthly Contributions:	$1,000
Annual Increase in Annual Contributions:	10.0%
Year Monthly Contributions Start:	2016
Last Year of Monthly Contributions:	2019
Inflation Rate of Total Annual Expenses (global default):	8.0%
Investment Account Rate of Return:	7.0%
Taxable Annual Dividend Yield:	1.8%
Taxable Annual Realized Capital Gains Rate:	1.4%
Pre-withdrawal Dividend Tax Rate:	20.0%
Pre-withdrawal Capital Gains Tax Rate:	15.0%
Withdrawal Dividend Tax Rate:	15.0%
Withdrawal Capital Gains Tax Rate:	10.0%
Total Amount of Gross Money Invested:	$78,421
Total Amount of Net Money Invested (after commissions):	$87,359
Total Expenses as a Percentage of Money Invested:	46.0%
Total Investment Taxes:	$11,769
Total Investment Expenses:	$2,702
Total Investment Expenses and Taxes:	$14,471
Lump Sum Needed Now to Fund Cash Flow Deficits (PV):	**$0**
- or -	
Monthly Payments Needed from Now Until College Starts:	**$0**
Rate of Return on New Money Used to Fund Deficits (discount rate):	3.0%
Probability of Success Given All Assumptions:	16%

Proposed DIY Private College Funding Planner

Especially Prepared for: John & Mary Sample

By Smart T. Adviser

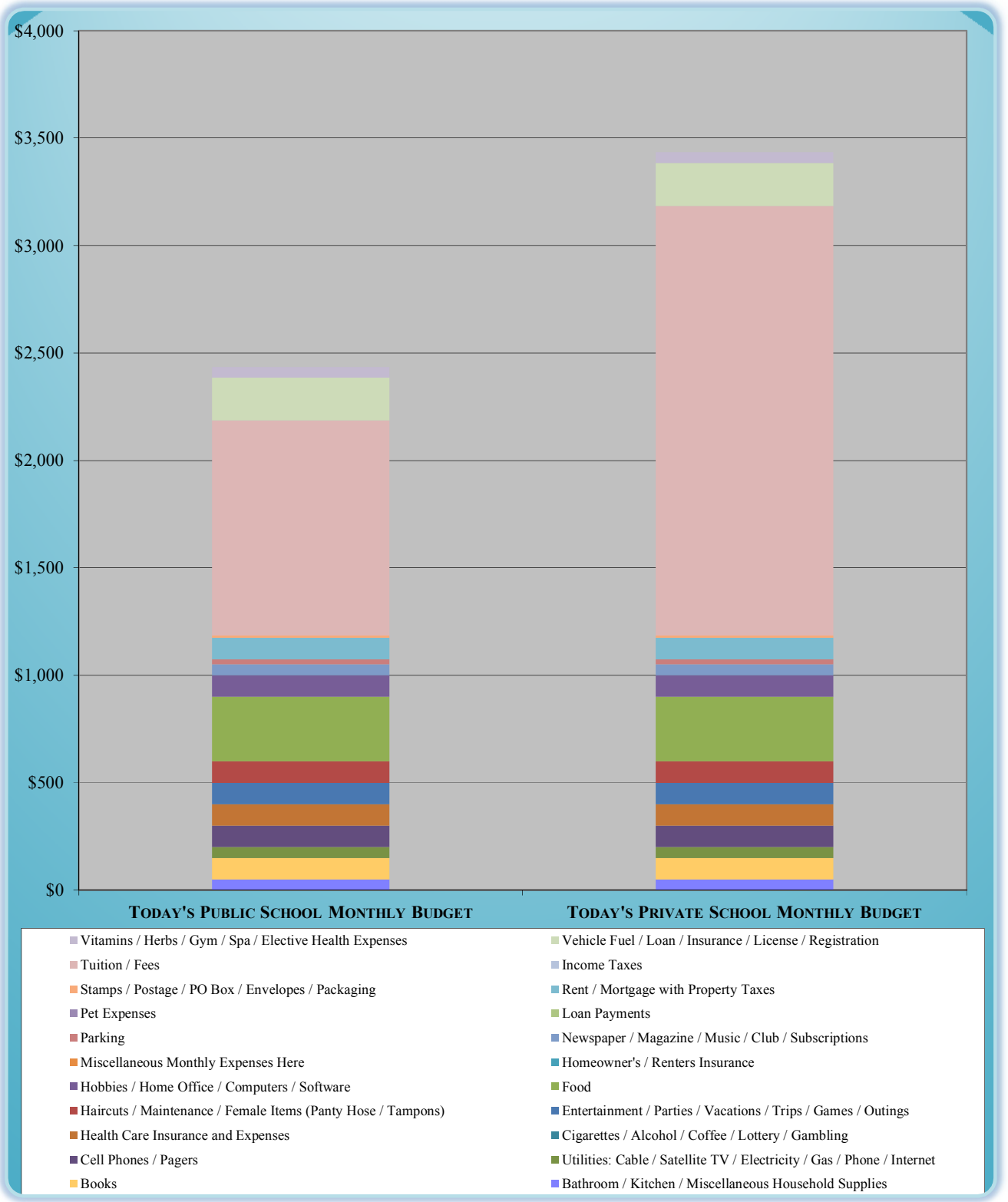
6/6/2016

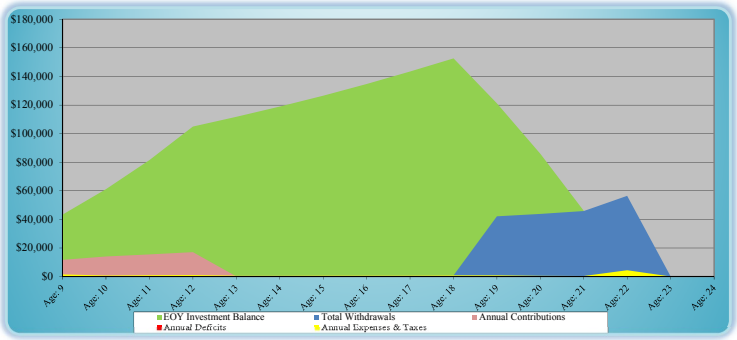
Student's Name: Junior

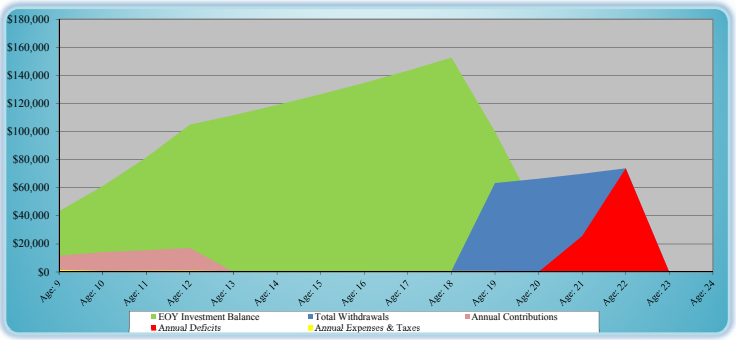
Junior's Current Age:	9
Junior Enters College at Age:	19
Number of Years Junior Will Attend College:	4
Number of Months Until Junior Enters College:	120

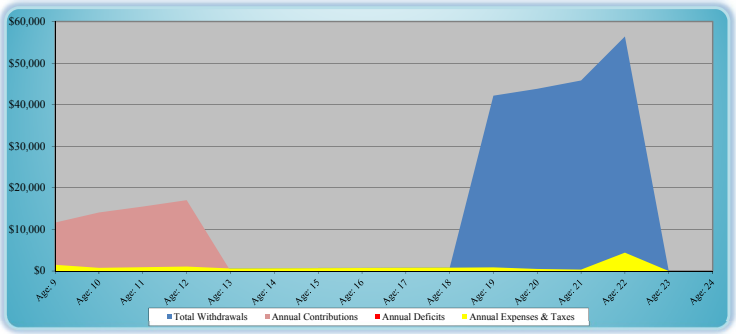
		Percent Paid Out of Pocket: 10.0%	Percent Paid By Savings: 90.0%
Nominal Costs Without Taxes or Investment Expenses:	$164,880	$16,488	$148,392
Total Nominal Costs With Investment Taxes:	$171,977	$17,198	$154,779
Total Nominal Costs With Investment Expenses:	$167,582	$16,758	$150,824
Nominal Costs With Taxes & Investment Expenses:	$174,679	$17,468	$157,211
Inflated Costs Without Taxes or Investment Expenses:	$302,501	$30,250	$272,251
Total Inflated Costs With Investment Taxes:	$309,598	$30,960	$278,638
Total Inflated Costs With Investment Expenses:	$305,203	$30,520	$274,682
Inflated Costs With Taxes & Investment Expenses:	**$312,300**	**$31,230**	**$281,070**
Inflated PV Without Investment Taxes or Expenses:	$208,744	$20,874	$187,870
Inflated Present Value With Investment Taxes:	$214,471	$21,447	$193,024
Inflated Present Value With Investment Expenses:	$211,285	$21,128	$190,156
Inflated PV With Investment Taxes and Expenses:	**$217,011**	**$21,701**	**$195,310**

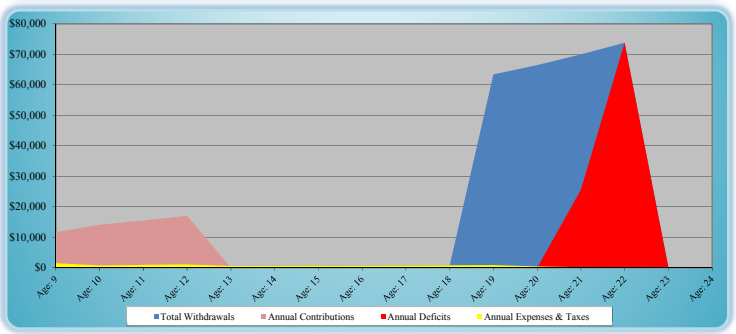
Initial Lump Sum Investment (amount saved now):	$30,000
Monthly Contributions:	$1,000
Annual Increase in Annual Contributions:	10.0%
Year Monthly Contributions Start:	2016
Last Year of Monthly Contributions:	2019
Inflation Rate of Total Annual Expenses (global default):	8.0%
Investment Account Rate of Return:	7.0%
Taxable Annual Dividend Yield:	1.8%
Taxable Annual Realized Capital Gains Rate:	1.4%
Pre-withdrawal Dividend Tax Rate:	20.0%
Pre-withdrawal Capital Gains Tax Rate:	15.0%
Withdrawal Dividend Tax Rate:	15.0%
Withdrawal Capital Gains Tax Rate:	10.0%
Total Amount of Gross Money Invested:	$78,421
Total Amount of Net Money Invested (after commissions):	$87,359
Total Expenses as a Percentage of Money Invested:	42.5%
Total Investment Taxes:	$7,097
Total Investment Expenses:	$2,702
Total Investment Expenses and Taxes:	$9,799
Lump Sum Needed Now to Fund Cash Flow Deficits (PV):	**$66,223**
- or -	
Monthly Payments Needed from Now Until College Starts:	**$474**
Rate of Return on New Money Used to Fund Deficits (discount rate):	3.0%
Probability of Success Given All Assumptions:	0%

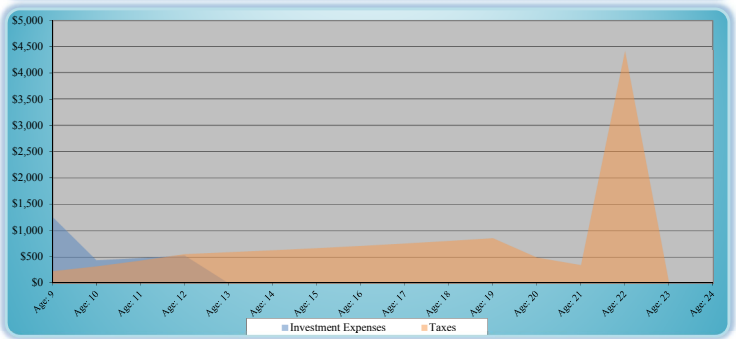

$4,000
$3,500
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
TODAY'S PUBLIC SCHOOL MONTHLY BUDGET
TODAY'S PRIVATE SCHOOL MONTHLY BUDGET
Vitamins / Herbs / Gym / Spa / Elective Health Expenses
Vehicle Fuel / Loan / Insurance / License / Registration
Tuition / Fees
Income Taxes
Stamps / Postage / PO Box / Envelopes / Packaging
Rent / Mortgage with Property Taxes
Pet Expenses
Loan Payments
Parking
Newspaper / Magazine / Music / Club / Subscriptions
Miscellaneous Monthly Expenses Here
Homeowner's / Renters Insurance
Hobbies / Home Office / Computers / Software
Food
Haircuts / Maintenance / Female Items (Panty Hose / Tampons)
Entertainment / Parties / Vacations / Trips / Games / Outings
Health Care Insurance and Expenses
Cigarettes / Alcohol / Coffee / Lottery / Gambling
Cell Phones / Pagers
Utilities: Cable / Satellite TV / Electricity / Gas / Phone / Internet
Books
Bathroom / Kitchen / Miscellaneous Household Supplies

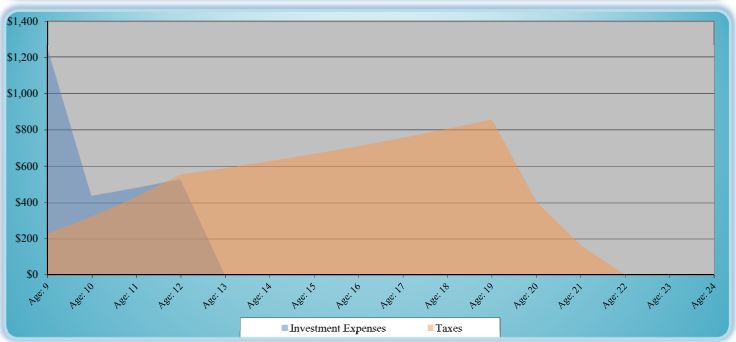


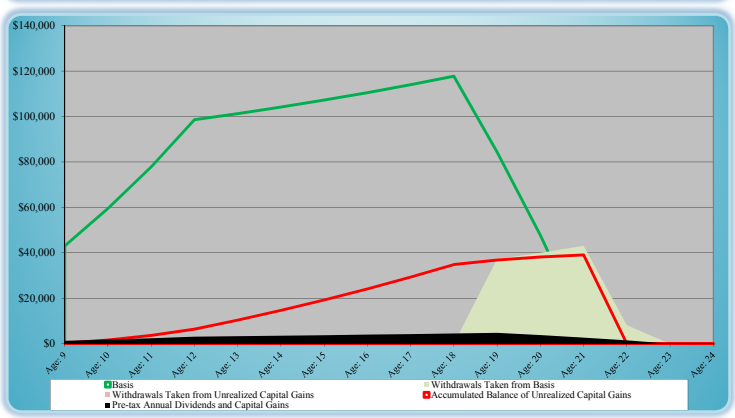


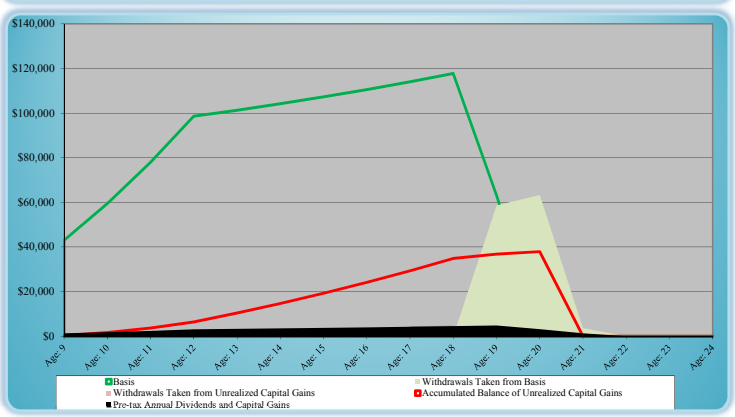


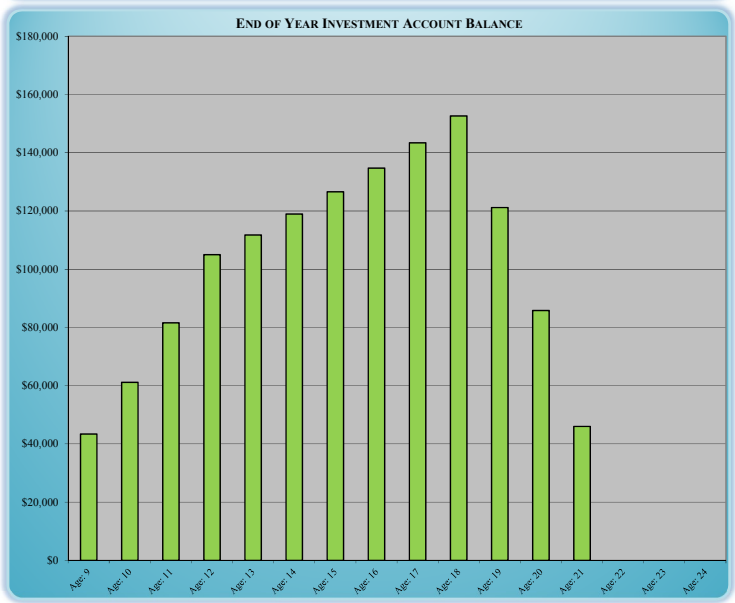


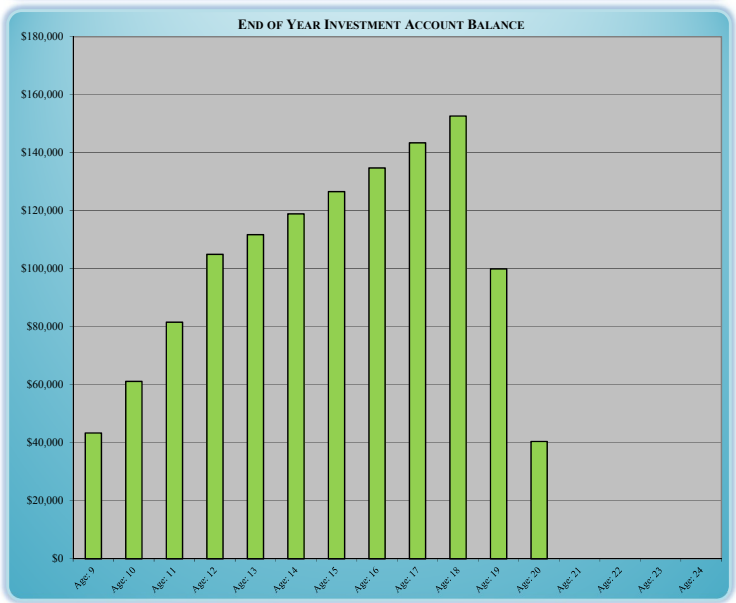












Proposed DIY Public College Funding Planner

Especially Prepared for: John & Mary Sample

By Smart T. Adviser

6/6/2016

Student's Name: Sallie Mea

Sallie Mea's Current Age:	8
Sallie Mea Enters College at Age:	17
Number of Years Sallie Mea Will Attend College:	5
Number of Months Until Sallie Mea Enters College:	108

		Percent Paid Out of Pocket: 10.0%	Percent Paid By Savings: 90.0%
Nominal Costs Without Taxes or Investment Expenses:	$146,100	$14,610	$131,490
Total Nominal Costs With Investment Taxes:	$159,516	$15,952	$143,564
Total Nominal Costs With Investment Expenses:	$149,552	$14,955	$134,597
Nominal Costs With Taxes & Investment Expenses:	$162,968	$16,297	$146,671
Inflated Costs Without Taxes or Investment Expenses:	$241,461	$24,146	$217,315
Total Inflated Costs With Investment Taxes:	$254,877	$25,488	$229,389
Total Inflated Costs With Investment Expenses:	$244,913	$24,491	$220,422
Inflated Costs With Taxes & Investment Expenses:	**$258,329**	**$25,833**	**$232,496**
Inflated PV Without Investment Taxes or Expenses:	$169,021	$16,902	$152,119
Inflated Present Value With Investment Taxes:	$179,166	$17,917	$161,249
Inflated Present Value With Investment Expenses:	$172,270	$17,227	$155,043
Inflated PV With Investment Taxes and Expenses:	**$182,414**	**$18,241**	**$164,173**

Initial Lump Sum Investment (amount saved now):	$40,000
Monthly Contributions:	$1,250
Annual Increase in Annual Contributions:	10.0%
Year Monthly Contributions Start:	2016
Last Year of Monthly Contributions:	2019
Inflation Rate of Total Annual Expenses (global default):	8.0%
Investment Account Rate of Return:	7.0%
Taxable Annual Dividend Yield:	1.8%
Taxable Annual Realized Capital Gains Rate:	1.4%
Pre-withdrawal Dividend Tax Rate:	20.0%
Pre-withdrawal Capital Gains Tax Rate:	15.0%
Withdrawal Dividend Tax Rate:	15.0%
Withdrawal Capital Gains Tax Rate:	10.0%
Total Amount of Gross Money Invested:	$100,527
Total Amount of Net Money Invested (after commissions):	$111,624
Total Expenses as a Percentage of Money Invested:	104.1%
Total Investment Taxes:	$13,416
Total Investment Expenses:	$3,452
Total Investment Expenses and Taxes:	$16,868
Lump Sum Needed Now to Fund Cash Flow Deficits (PV):	**$0**
- or -	
Monthly Payments Needed from Now Until College Starts:	**$0**
Rate of Return on New Money Used to Fund Deficits (discount rate):	3.0%
Probability of Success Given All Assumptions:	16%

Proposed DIY Private College Funding Planner

Especially Prepared for: John & Mary Sample

By Smart T. Adviser

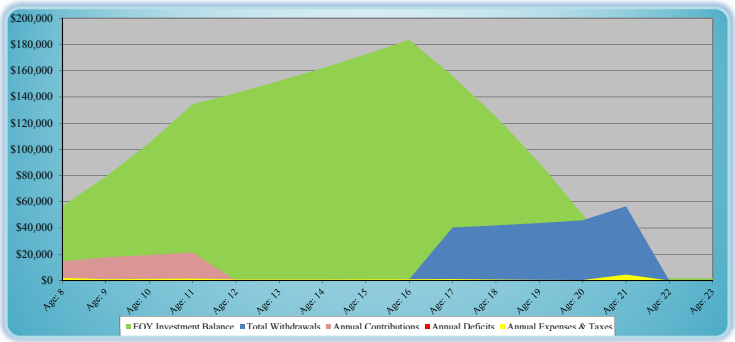
6/6/2016

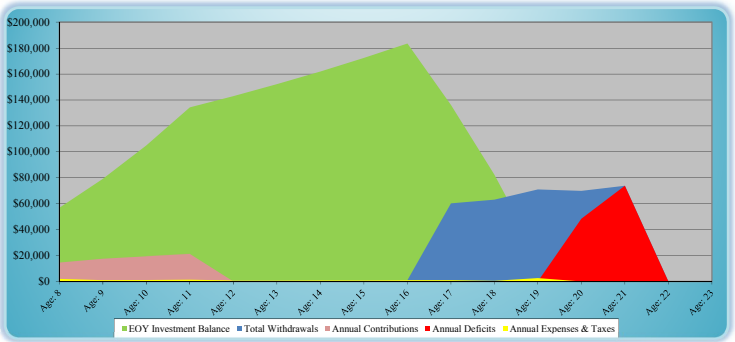
Student's Name: Sallie Mea

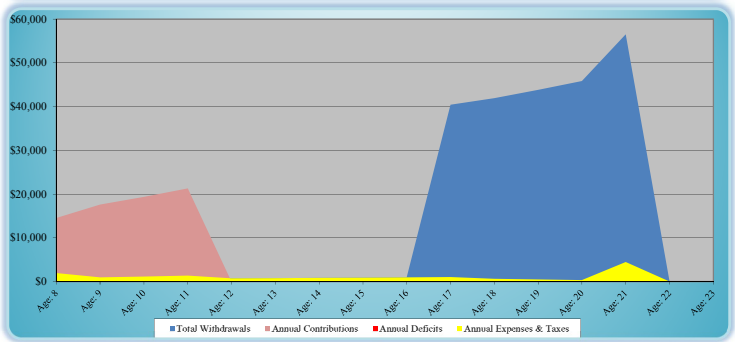
Sallie Mea's Current Age:	8
Sallie Mea Enters College at Age:	17
Number of Years Sallie Mea Will Attend College:	5
Number of Months Until Sallie Mea Enters College:	108

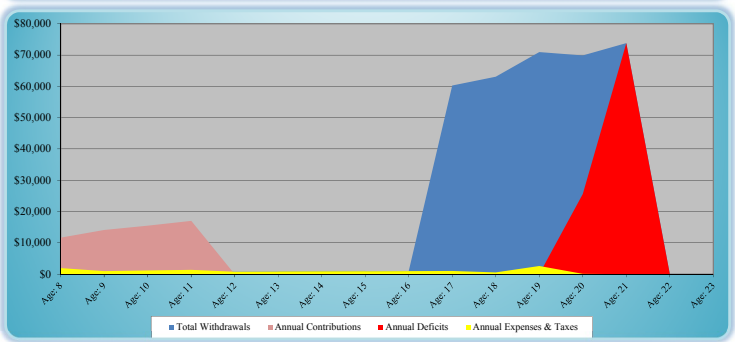
		Percent Paid Out of Pocket: 10.0%	Percent Paid By Savings: 90.0%
Nominal Costs Without Taxes or Investment Expenses:	$206,100	$20,610	$185,490
Total Nominal Costs With Investment Taxes:	$216,600	$21,660	$194,940
Total Nominal Costs With Investment Expenses:	$209,552	$20,955	$188,597
Nominal Costs With Taxes & Investment Expenses:	$220,052	$22,005	$198,047
Inflated Costs Without Taxes or Investment Expenses:	$368,331	$36,833	$331,498
Total Inflated Costs With Investment Taxes:	$378,831	$37,883	$340,948
Total Inflated Costs With Investment Expenses:	$371,783	$37,178	$334,605
Inflated Costs With Taxes & Investment Expenses:	**$382,283**	**$38,228**	**$344,055**
Inflated PV Without Investment Taxes or Expenses:	$257,728	$25,773	$231,955
Inflated Present Value With Investment Taxes:	$266,045	$26,605	$239,441
Inflated Present Value With Investment Expenses:	$260,976	$26,098	$234,879
Inflated PV With Investment Taxes and Expenses:	**$269,294**	**$26,929**	**$242,365**

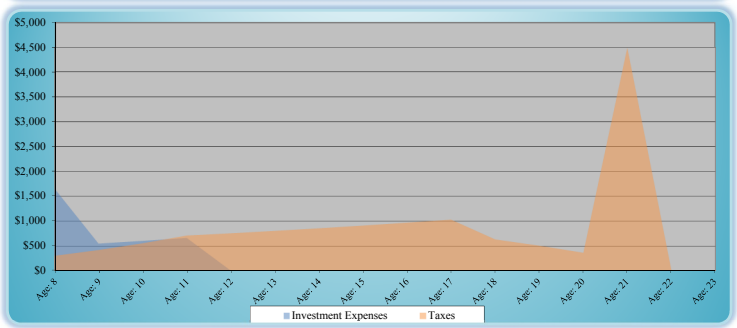
Initial Lump Sum Investment (amount saved now):	$40,000
Monthly Contributions:	$1,250
Annual Increase in Annual Contributions:	10.0%
Year Monthly Contributions Start:	2016
Last Year of Monthly Contributions:	2019
Inflation Rate of Total Annual Expenses (global default):	8.0%
Investment Account Rate of Return:	7.0%
Taxable Annual Dividend Yield:	1.8%
Taxable Annual Realized Capital Gains Rate:	1.4%
Pre-withdrawal Dividend Tax Rate:	20.0%
Pre-withdrawal Capital Gains Tax Rate:	15.0%
Withdrawal Dividend Tax Rate:	15.0%
Withdrawal Capital Gains Tax Rate:	10.0%
Total Amount of Gross Money Invested:	$100,527
Total Amount of Net Money Invested (after commissions):	$111,624
Total Expenses as a Percentage of Money Invested:	42.3%
Total Investment Taxes:	$10,500
Total Investment Expenses:	$3,452
Total Investment Expenses and Taxes:	$13,952
Lump Sum Needed Now to Fund Cash Flow Deficits (PV):	**$81,726**
- or -	
Monthly Payments Needed from Now Until College Starts:	**$660**
Rate of Return on New Money Used to Fund Deficits (discount rate):	3.0%
Probability of Success Given All Assumptions:	0%

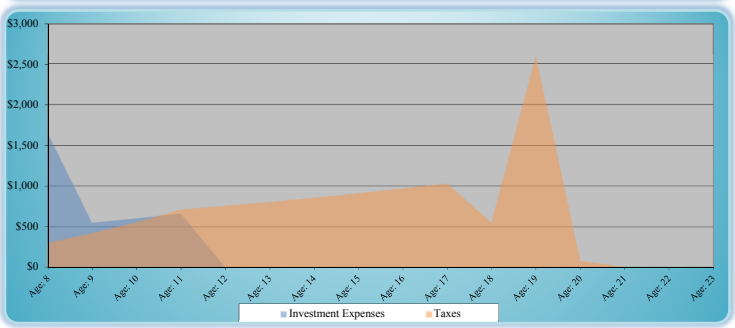


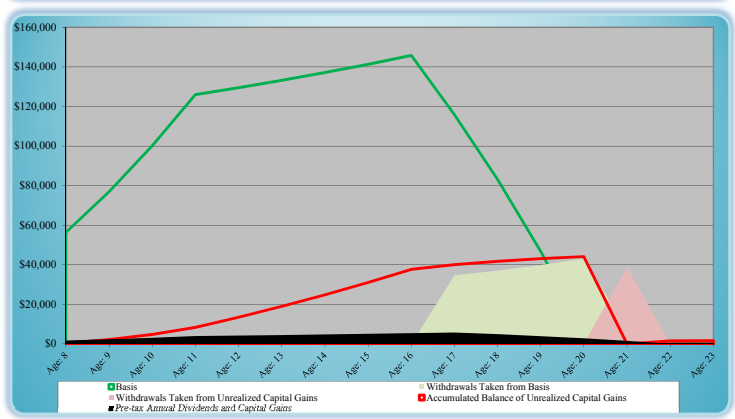


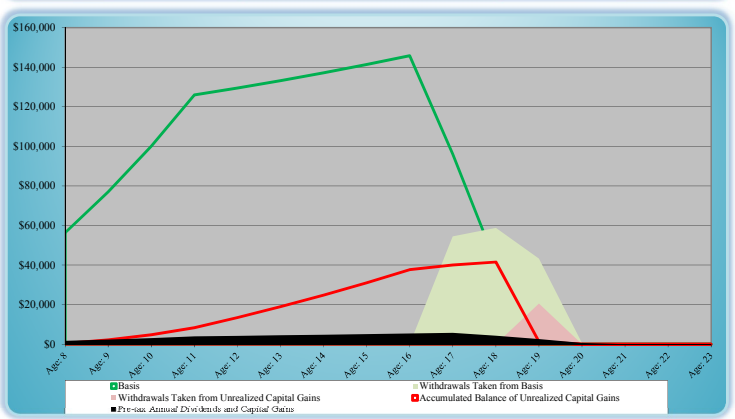


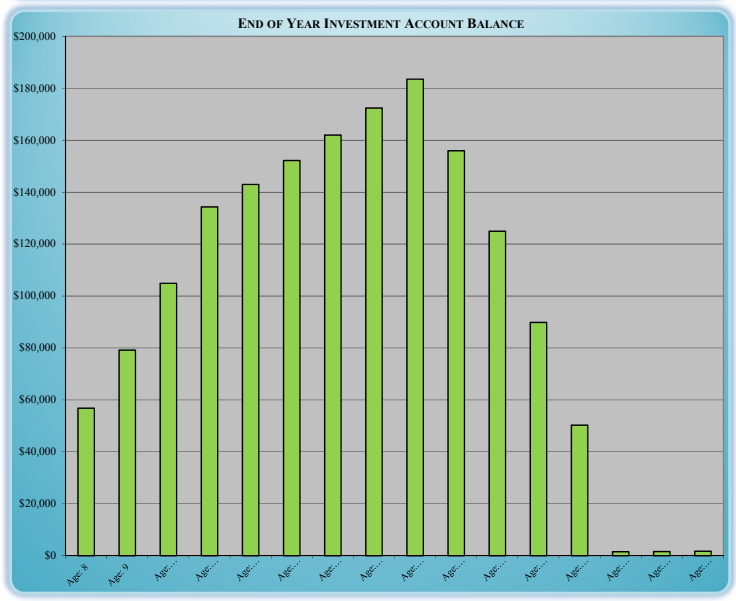


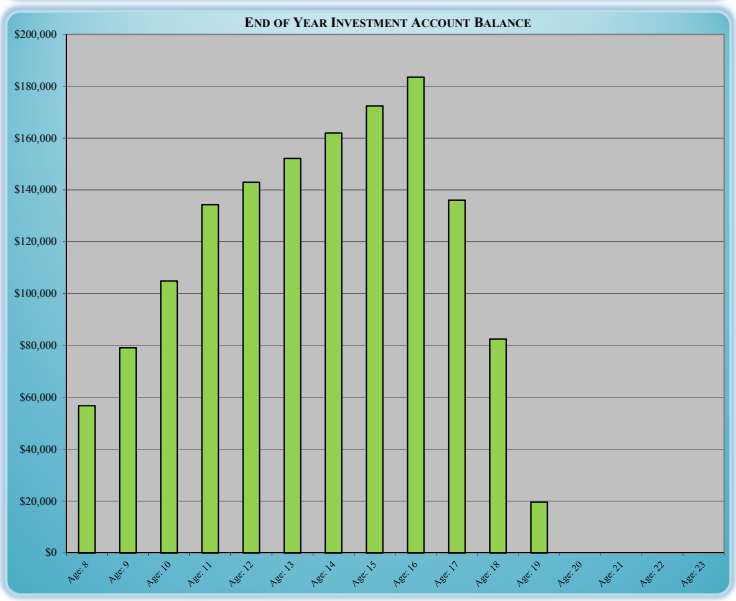












Proposed DIY Public College Funding Planner

Especially Prepared for: John & Mary Sample

By Smart T. Adviser

6/6/2016

Student's Name: Doogy

Doogy's Current Age:	7
Doogy Enters College at Age:	15
Number of Years Doogy Will Attend College:	6
Number of Months Until Doogy Enters College:	96

		Percent Paid Out of Pocket: 10.0%	Percent Paid By Savings: 90.0%
Nominal Costs Without Taxes or Investment Expenses:	$175,320	$17,532	$157,788
Total Nominal Costs With Investment Taxes:	$190,202	$19,020	$171,182
Total Nominal Costs With Investment Expenses:	$179,523	$17,952	$161,570
Nominal Costs With Taxes & Investment Expenses:	$194,405	$19,440	$174,964
Inflated Costs Without Taxes or Investment Expenses:	$283,220	$28,322	$254,898
Total Inflated Costs With Investment Taxes:	$298,103	$29,810	$268,292
Total Inflated Costs With Investment Expenses:	$287,423	$28,742	$258,681
Inflated Costs With Taxes & Investment Expenses:	**$302,305**	**$30,231**	**$272,075**
Inflated PV Without Investment Taxes or Expenses:	$201,026	$20,103	$180,924
Inflated Present Value With Investment Taxes:	$212,304	$21,230	$191,074
Inflated Present Value With Investment Expenses:	$204,983	$20,498	$184,485
Inflated PV With Investment Taxes and Expenses:	**$216,261**	**$21,626**	**$194,635**

Initial Lump Sum Investment (amount saved now):	$50,000
Monthly Contributions:	$1,500
Annual Increase in Annual Contributions:	10.0%
Year Monthly Contributions Start:	2016
Last Year of Monthly Contributions:	2019
Inflation Rate of Total Annual Expenses (global default):	8.0%
Investment Account Rate of Return:	7.0%
Taxable Annual Dividend Yield:	1.8%
Taxable Annual Realized Capital Gains Rate:	1.4%
Pre-withdrawal Dividend Tax Rate:	20.0%
Pre-withdrawal Capital Gains Tax Rate:	15.0%
Withdrawal Dividend Tax Rate:	15.0%
Withdrawal Capital Gains Tax Rate:	10.0%
Total Amount of Gross Money Invested:	$122,632
Total Amount of Net Money Invested (after commissions):	$135,889
Total Expenses as a Percentage of Money Invested:	103.8%
Total Investment Taxes:	$14,882
Total Investment Expenses:	$4,203
Total Investment Expenses and Taxes:	$19,085
Lump Sum Needed Now to Fund Cash Flow Deficits (PV):	**$0**
- or -	
Monthly Payments Needed from Now Until College Starts:	**$0**
Rate of Return on New Money Used to Fund Deficits (discount rate):	3.0%
Probability of Success Given All Assumptions:	16%

Proposed DIY Private College Funding Planner

Especially Prepared for: John & Mary Sample

By Smart T. Adviser

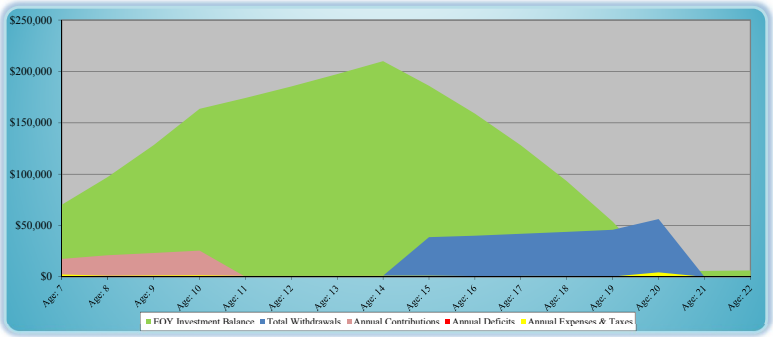
6/6/2016

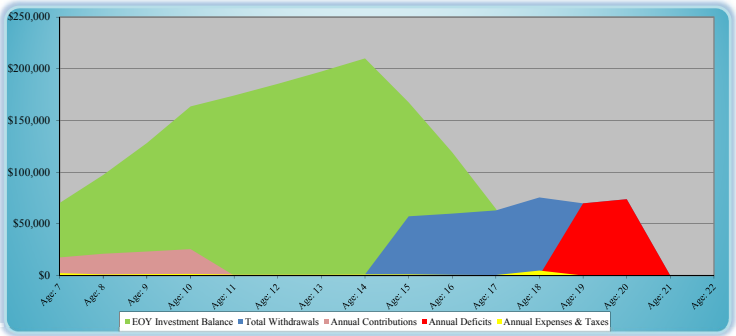
Student's Name: Doogy

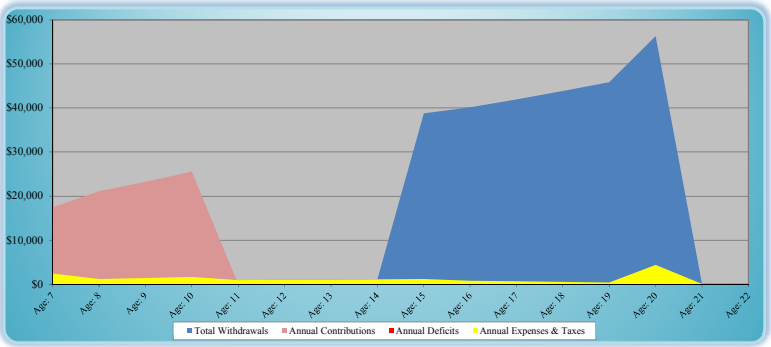
Doogy's Current Age:	7
Doogy Enters College at Age:	15
Number of Years Doogy Will Attend College:	6
Number of Months Until Doogy Enters College:	96

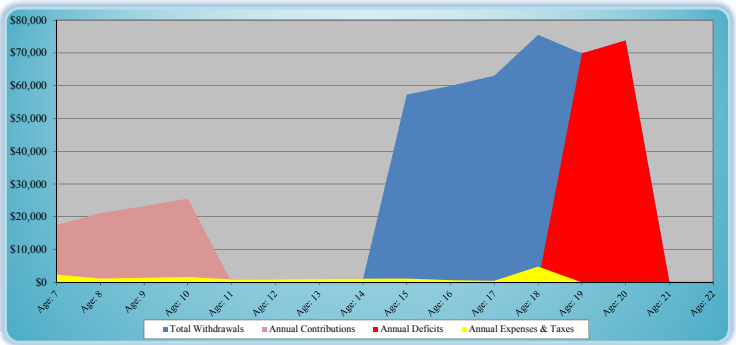
		Percent Paid Out of Pocket: 10.0%	Percent Paid By Savings: 90.0%
Nominal Costs Without Taxes or Investment Expenses:	$247,320	$24,732	$222,588
Total Nominal Costs With Investment Taxes:	$260,953	$26,095	$234,858
Total Nominal Costs With Investment Expenses:	$251,523	$25,152	$226,370
Nominal Costs With Taxes & Investment Expenses:	$265,156	$26,516	$238,640
Inflated Costs Without Taxes or Investment Expenses:	$430,709	$43,071	$387,638
Total Inflated Costs With Investment Taxes:	$444,342	$44,434	$399,908
Total Inflated Costs With Investment Expenses:	$434,911	$43,491	$391,420
Inflated Costs With Taxes & Investment Expenses:	**$448,545**	**$44,854**	**$403,690**
Inflated PV Without Investment Taxes or Expenses:	$305,535	$30,554	$274,982
Inflated Present Value With Investment Taxes:	$316,235	$31,623	$284,611
Inflated Present Value With Investment Expenses:	$309,492	$30,949	$278,543
Inflated PV With Investment Taxes and Expenses:	**$320,191**	**$32,019**	**$288,172**

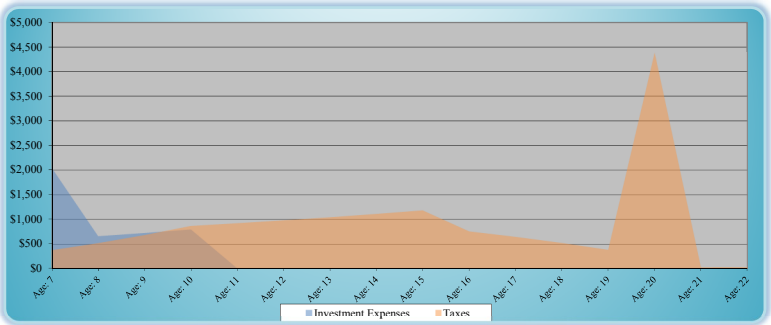
Initial Lump Sum Investment (amount saved now):	$50,000
Monthly Contributions:	$1,500
Annual Increase in Annual Contributions:	10.0%
Year Monthly Contributions Start:	2016
Last Year of Monthly Contributions:	2019
Inflation Rate of Total Annual Expenses (global default):	8.0%
Investment Account Rate of Return:	7.0%
Taxable Annual Dividend Yield:	1.8%
Taxable Annual Realized Capital Gains Rate:	1.4%
Pre-withdrawal Dividend Tax Rate:	20.0%
Pre-withdrawal Capital Gains Tax Rate:	15.0%
Withdrawal Dividend Tax Rate:	15.0%
Withdrawal Capital Gains Tax Rate:	10.0%
Total Amount of Gross Money Invested:	$122,632
Total Amount of Net Money Invested (after commissions):	$135,889
Total Expenses as a Percentage of Money Invested:	38.7%
Total Investment Taxes:	$13,633
Total Investment Expenses:	$4,203
Total Investment Expenses and Taxes:	$17,836
Lump Sum Needed Now to Fund Cash Flow Deficits (PV):	**$96,338**
- or -	
Monthly Payments Needed from Now Until College Starts:	**$889**
Rate of Return on New Money Used to Fund Deficits (discount rate):	3.0%
Probability of Success Given All Assumptions:	0%

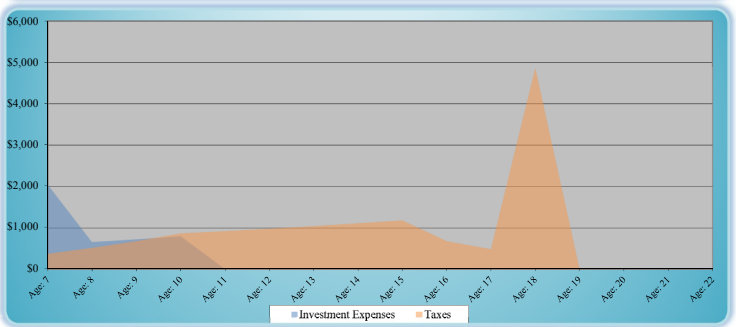


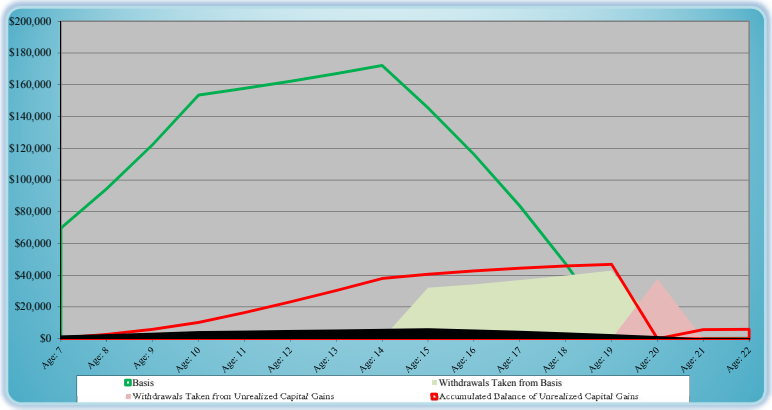


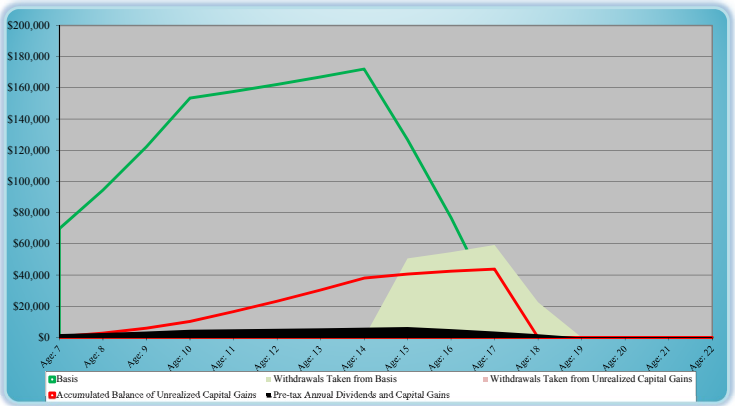


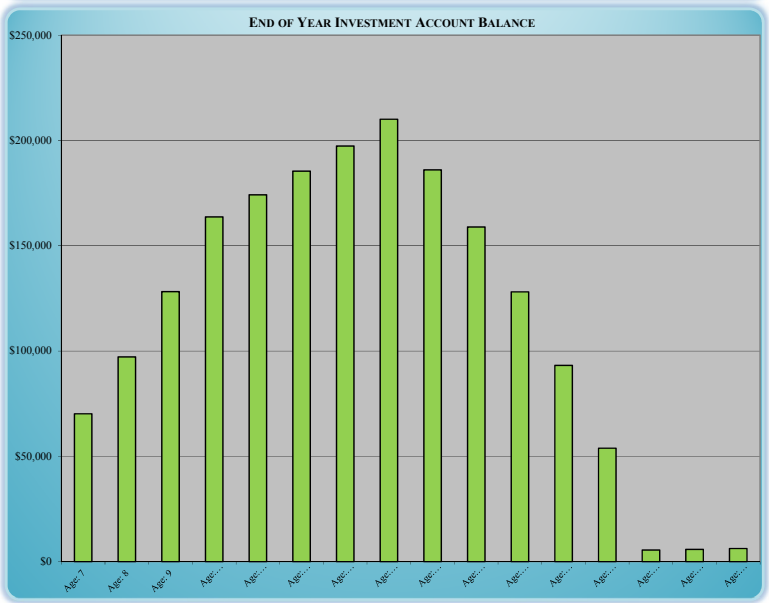


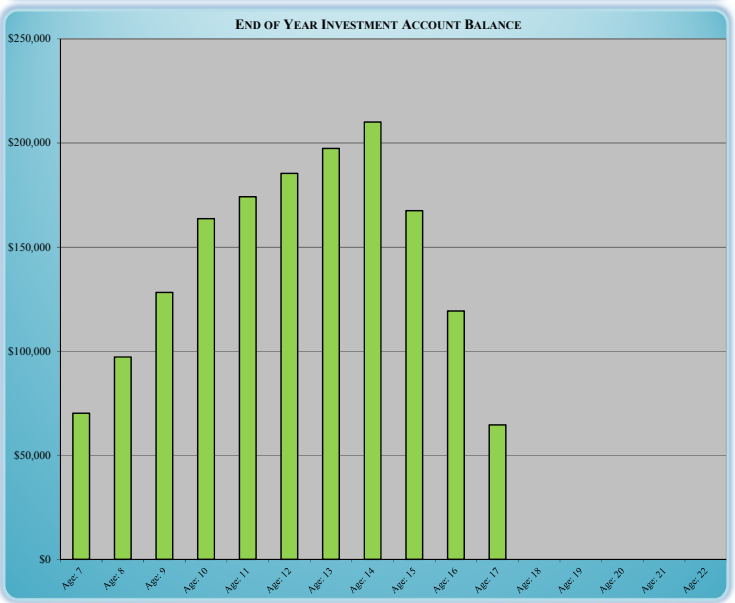












- CONFIDENTIAL REPORT -

TO DO LIST: FINANCIAL PLAN IMPLEMENTATION

Here is a list of tasks the two of you have agreed to complete to implement your financial plan. Please write in the date each task was completed in the middle column as progress is made. Detailed sources and application of funds can be seen on the proposed section of the investment asset allocation report.

Who Needs to Do the Activity	When the Activity Needs to be Done	Description of the Activity	When the Activity was Completed
☐ John ☐ Mary ☒ Both	9/1/16	Increase homeowners insurance to $500,000, auto liability to $100/300/50, and buy a $2M Umbrella liability policy.	
☐ John ☐ Mary ☒ Both	9/1/16	Increase payroll withholding exemptions to four each.	
☐ John ☐ Mary ☒ Both	11/1/16	Update wills, death / funeral / burial instructions, and trusts. Use the document organizer provided.	
☒ John ☐ Mary ☐ Both	10/1/16	Sell all individual stocks and let us create a well-allocated investment portfolio.	
☒ John ☐ Mary ☐ Both	9/1/16	Reallocate current 401(k) investment options as shown in the asset allocation report. Direct all future contributions into the new funds as we discussed.	
☐ John ☒ Mary ☐ Both	10/1/16	Liquidate all bank CDs and Credit Union Savings accounts and let us create an optimized asset allocation investment portfolio.	
☐ John ☒ Mary ☐ Both	11/1/16	Open a rollover IRA with us via Scottrade: Then close the Merrill Lynch, TIAA, Fidelity, and American Funds accounts and transfer the money over to our asset allocation account. Start by completing the forms titled "ACAT."	
☒ John ☐ Mary ☐ Both	10/1/16	Sell the individual bonds and buy a bond mutual fund in your new personal investment portfolio account with us.	
☐ John ☐ Mary ☒ Both	9/1/16	Both John and Mary need to purchase $250 per day in long-term care insurance benefit through your Superior Life, Inc. for $250 per month premium each.	
☐ John ☐ Mary ☒ Both	9/1/16	Both John and Mary need to purchase $2,000 per month in additional disability insurance benefit through XYZ insurance, by completing the form we gave you, and returning them to our office. It is $100 per month premium each.	
☒ John ☐ Mary ☐ Both	3/1/16	John promised to quit smoking in the first quarter of 2013.	
☐ John ☒ Mary ☐ Both	9/1/16	Complete the appraisal of your antiques, silver and jewelry so the appropriate insurance can be added to your homeowner's policy. The names, addresses and phone numbers of three qualified appraisers are attached and marked *Appraisals.*	
☐ John ☐ Mary ☒ Both	8/16/16	Refinance the primary residence mortgage to a lower term with a lower rate.	
☐ John ☐ Mary ☒ Both	9/1/16	John needs to sign up for an additional $1,750,000 of Level Term Life Insurance via his employer, and Mary to do the same for $500,000. It is $250 per month in additional premium each.	
☐ John ☐ Mary ☒ Both	12/1/16	Break the news to the kids that they can't afford to attend Ivy-league colleges.	
☒ John ☐ Mary ☐ Both	9/1/16	Use cash flow surpluses to pay off credit cards and student loans. When paid off, direct surpluses to the money market fund of your personal investment accounts until it reaches your desired emergency cash reserve of $25,000.	

FINANCIAL PLANNING SERVICES EVALUATION FORM

REAL WORLD PERSONAL FINANCE SOFTWARE

(503) 309-1369 **support@toolsformoney.com** **http://www.toolsformoney.com/**

Dear Mr. & Mrs. Sample,

Please complete this form and return it to us. Completing this form will better help us learn how to best serve your needs.

If you feel we should explore an area of your financial plan, or an area that wasn't in you financial plan, please check the *Explore* box. If you are satisfied that we covered this area in your financial plan, please check the *Satisfied* box. If you feel there is more work to be done in part of your financial plan, please check the *Review* box.

	Explore	**Satisfied**	**Review**
Family Budgeting and Cash Flow	☐	☐	☐
Personal Net Worth	☐	☐	☐
Retirement Planning Projections	☐	☐	☐
Investment Management	☐	☐	☐
Risk Management and Insurance Planning	☐	☐	☐
College Planning	☐	☐	☐
Estate Planning	☐	☐	☐
Plans of Action	☐	☐	☐
Other: _____	☐	☐	☐
Other: _____	☐	☐	☐
Other: _____	☐	☐	☐
Other: _____	☐	☐	☐

Your opinion counts!

We want to make this presentation better each time we provide it. As the intended audience, you are the best judge of our work. We need your comments to improve the quality and value of this seminar.

	YES		Neutral		NO
The information was helpful:	5	4	3	2	1
The information was presented clearly:	5	4	3	2	1
The planners were well prepared:	5	4	3	2	1
The visuals were easy to read:	5	4	3	2	1
The speakers held my interest:	5	4	3	2	1
The room was comfortable:	5	4	3	2	1
I would come to another seminar:	5	4	3	2	1
I would recommend your services to others:	5	4	3	2	1

Which part of the financial plan was most helpful? How could we improve?

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

THANKS AGAIN FOR THE OPPORTUNITY TO BE OF SERVICE!

As we talked about, we are compensated in two ways. If you feel our services have been of value, then we'd really appreciate sharing some of the same ideas and strategies with your friends, family, and coworkers!

We'll let them know it's just an introduction and not any kind of a recommendation. And of course, our conversation will be strictly confidential, informative, and free.

Name:	Occupation:	Approx ages:	Marital Status	# of children
Phone:	Spouse's Occupation:			
Please circle all that apply: Family New to the area	Coworker Newlywed Recent promotion	Friend	New baby	New Home

Name:	Occupation:	Approx ages:	Marital Status	# of children
Phone:	Spouse's Occupation:			
Please circle all that apply: Family New to the area	Coworker Newlywed Recent promotion	Friend	New baby	New Home

Name:	Occupation:	Approx ages:	Marital Status	# of children
Phone:	Spouse's Occupation:			
Please circle all that apply: Family New to the area	Coworker Newlywed Recent promotion	Friend	New baby	New Home

Name:	Occupation:	Approx ages:	Marital Status	# of children
Phone:	Spouse's Occupation:			
Please circle all that apply: Family New to the area	Coworker Newlywed Recent promotion	Friend	New baby	New Home

Name:	Occupation:	Approx ages:	Marital Status	# of children
Phone:	Spouse's Occupation:			
Please circle all that apply: Family New to the area	Coworker Newlywed Recent promotion	Friend	New baby	New Home