

**PERSONAL  
FINANCIAL  
PLAN**

**for**

**Allen & Betty Able**

**Prepared By**

**Pete Planner  
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Information  
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**PERSONAL STATISTICS**

10/3/02

Allen & Betty Able  
1234 Fifth St.  
Corvallis, OR 97330  
555-123-4567

<b>Family member</b>	<b>Age</b>	<b>Social Sec #</b>
Allen Able	56	222-11-4444
Betty M. Able	54	999-88-7777
Andy	15	222-33-4444
Bonnie	18	333-44-5555

<b>Allen</b>	<b>Employment</b>	<b>Betty</b>
Walton Industries General Manager 222 32nd St Philomath, OR 97370 234-5678		KMart Supervisor  Albany, OR 97321

*This report has been prepared based on information provided by you and is solely for informational purposes. This is not an offer to sell any security, nor is it a solicitation of an offer to buy any security. The income and estate tax portions of this report are estimates and illustrations only. You should consult with qualified tax and legal advisors for specific details and projections relating to your income tax and estate planning questions.*

## INTRODUCTION

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Your Personal Financial Plan has been prepared using techniques and concepts proven over years of experience from the disciplines of banking, investments, insurance, economics and finance. The analysis is based on the information you provided in your confidential questionnaire.

As you review the Personal Financial Plan, you will find that some areas of your financial goals are in better shape than others. The areas that particularly need attention will be identified in the report that follows.

The objective of this analysis is to assist you in making proper plans and quality decisions that will help you achieve your financial objectives.

Decisions you make about your financial future can be enhanced by an understanding of your personal situation as described in this report, and through careful review and discussion.

After you have reviewed this financial plan and noted areas that need attention, we will assist you in evaluating the various options available for addressing areas of need or opportunities for use of your financial resources.

## OBJECTIVES

Retirement @ 65

Your personal financial plan was prepared with concern for your specific goals and objectives. As you review this report you will determine if your goals are obtainable or whether adjustments should be considered.

<b>RETIREMENT OBJECTIVES:</b>	<u>Age</u>	Monthly expenses in today's dollars*	Inflation rate	Inflation adjusted expenses*	
Your financial plan is based on the following income requirements.	65	\$5,695	3.58%	\$7,540	G1a, C2
	70	\$5,024	3.59%	\$7,524	
	84	\$6,014	3.00%	\$13,768	

\* Includes basic personal expenses, itemized deductions, insurance, mortgage and debts, savings and investment deposits.

### **SURVIVOR OBJECTIVES:**

In the event of your premature death, you indicated that your heirs would need the following amounts of monthly income:\*

Initial income amount needed	<u>Allen</u>	<u>Betty</u>	F4, F6
	\$4,056	\$3,941	

\*Amount of expenses will vary. Refer to Survivor projection for details. Includes basic personal expenses, insurance premiums, itemized deductions and loan payments.

### **EDUCATION FUNDING:**

Your financial analysis includes consideration of the cost of educating your children. Education costs now represent one of the most substantial expenses for a family. Unless careful planning and preparation is performed, these costs could seriously affect your ability to accumulate funds for your retirement.

Name	<u>Cost / year</u>	<u>Inflated cost at 3.90%</u>	
Andy	10,000	\$51,340	A17
Bonnie	10,000	45,773	

Total      **\$97,114**

### **OTHER**

Projections used in the reports are based on a life expectancy age for Allen of 84. The life expectancy age for Betty is assumed to be 92.

You have indicated additional financial goals including:

	<u>Year</u>	<u>Amount</u>	Inflation rate	
Retirement trip	2007	\$15,000	6.00%	A17
Sail boat	2010	\$20,000	4.00%	

## PERSONAL FINANCIAL PLAN SUMMARY

Retirement @ 65

There are several areas of your financial affairs that can be compared to the goals you have set and to their probable achievement. The following areas will give you a brief overview of the progress you have made toward your goals or alert you to areas that may need attention.

<b>RETIREMENT:</b>	Income needed and available	
Annual basic living expenses needed adjusted for inflation *	\$90,477	
Total amount of spendable income needed through life expectancy	\$4,072,078	
Total income expected from Social Security, pensions, etc.	(\$1,693,307)	
Additional income requirements to be satisfied by savings, investments	\$2,378,772	C2
Projected value of working assets at retirement age 65	\$853,667	C3
<b>Your working assets will last only until you reach age 94.</b>		
<i>*Includes basic living expenses, debt payments, insurance premiums and itemized deductions.</i>		

<b>SURVIVOR (Insurance):</b>		<u>Allen</u>	<u>Betty</u>	
Person to be insured				
Insurance needed if death occurs now	\$321,453		\$10,635	F3,F5
Maximum insurance needed if death occurs in the future	\$348,485		\$23,193	
<b>Present Insurance Coverage</b>	<b>\$160,000</b>		<b>\$95,000</b>	

<b>DISABILITY:</b>		<u>Allen</u>	<u>Betty</u>	
In the event of long term disability, funds will be required to pay for living expenses, debts and insurance premiums.				
Person disabled				
Monthly income needed	\$4,987		\$5,025	F8
Monthly income available (long term)	6,277		5,300	
<b>Percent available - vs - needed</b>		<b>125.88%</b>	<b>105.49%</b>	

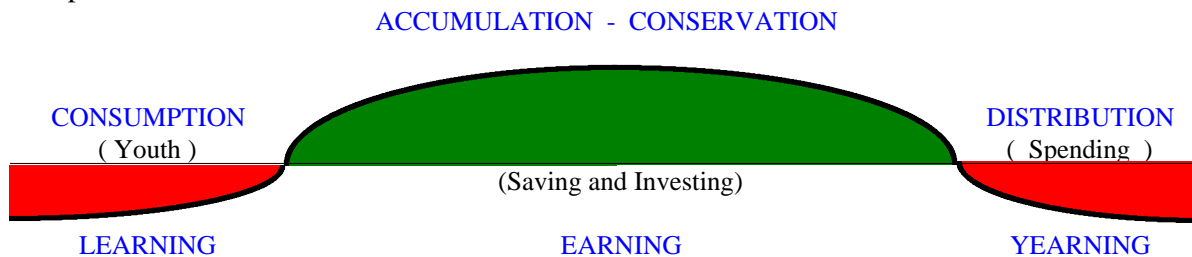
<b>INCOME TAXES:</b>		
Your estimated gross income this year		\$120,235
Your estimated taxable income this year		\$86,170
Total income and social security taxes		\$33,809
<b>Marginal tax rate (highest Federal &amp; State tax rate)</b>		<b>32.99%</b>

<b>ESTATE COSTS:</b>		
First death estimated estate expenses and debts now		\$70,966
Second death taxes & expenses after 10 years (adjusted for estate growth.)		\$120,932
<b>Estate settlement costs as percent of future estate values</b> (assuming second death in 10 years)		<b>13.28%</b>

# FINANCIAL LIFE CYCLE

Every person during his or her life goes through a similar economic life cycle. Your success in the final phase of the cycle is determined by your preparation and planning in the earlier phases.

The phases can be described as:



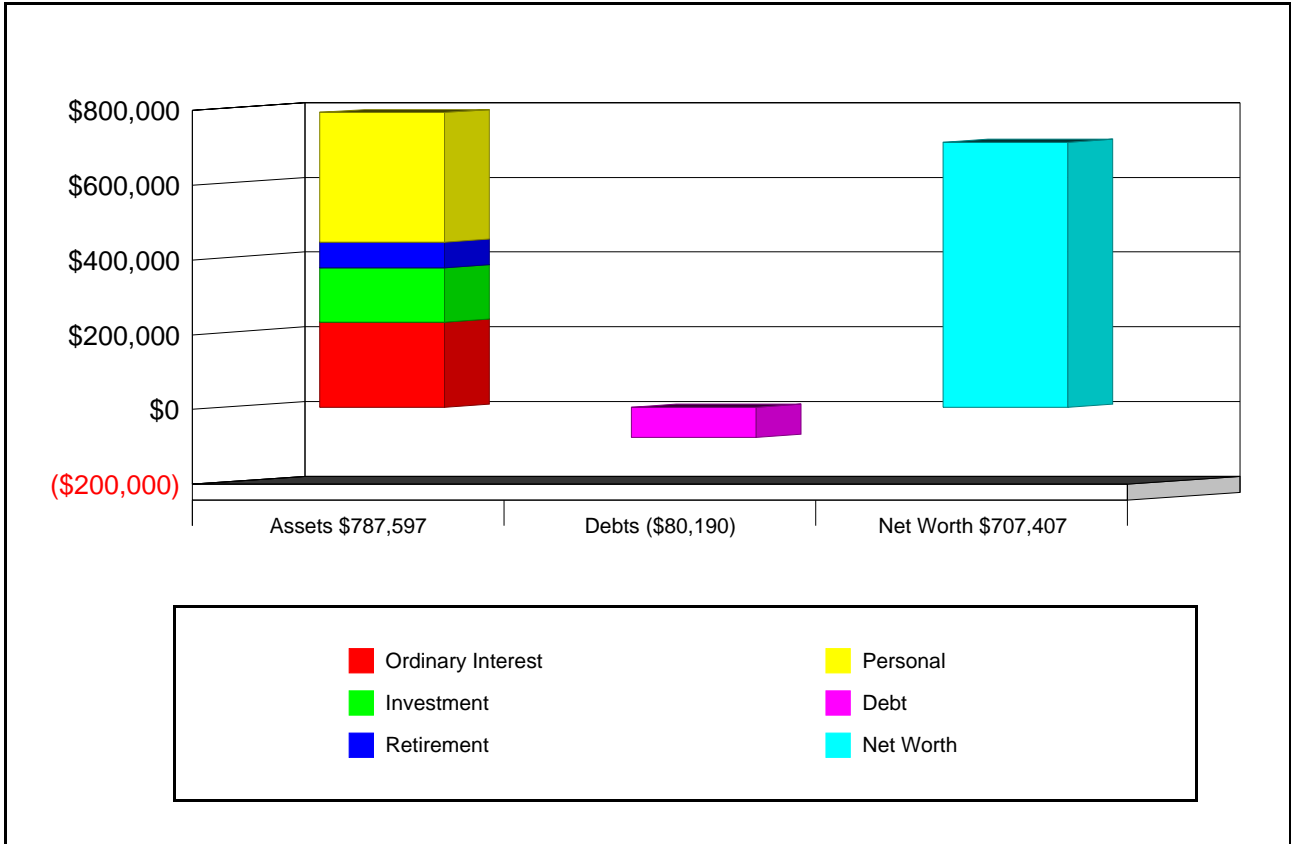
During the early years when you are a "consumer", depending on your parents for support and learning skills needed for the future, you have the opportunity to prepare yourself for the earning years. Successful preparation in the form of education and development of social skills and earning capability can be greatly responsible for the level of success in the "Earning" phase.

Interestingly enough, the amount of wages or income received in the second or "Earning" phase is not the factor that determines the results of the last phase - "Spending" or "Yearning". The key in this phase is how well a person has managed his/her income.

A person with low to medium income who regularly saves and prudently invests part of each paycheck can easily achieve a more successful financial result than high income earners who fail to set aside part of their wealth for the time when they can no longer work for a living.

# NET WORTH

Retirement @ 65



The Net Worth graph illustrates the amount of your assets, including savings, investments, retirement accounts, and personal assets, less liabilities such as mortgages, loans, credit card balances, etc.

<b>Assets:</b>		<b>\$787,597</b>
Ordinary interest accounts	\$227,593	
Investment accounts	144,851	
Retirement accounts	69,054	
Personal assets	346,100	
<b>Less Debts</b>		<b>(\$80,190)</b>
<b>Net Worth</b>		<b><u>\$707,407</u></b>

Your objective should be to measure your net worth on a regular schedule in order to assure that you are improving your financial strength.

*Normal retirement at age 65*

<b>NET WORTH STATEMENT</b>
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Retirement @ 65

<b>ASSETS</b>	<b>Allen</b>	<b>Betty</b>	<b>Joint /CP</b>	<b>Trust/Oth.</b>	<b>Total</b>
<b>ORDINARY INTEREST ACCOUNTS:</b>					
Checking accounts			\$2,200		\$2,200
Savings accounts		3,500			3,500
Money Market Accounts			20,125		20,125
Certificate of Deposit			20,000		20,000
Gov't bonds, T Bills, funds		12,250			12,250
Bonds, Corp. bond funds	15,543				15,543
Muni bonds, funds			25,000		25,000
Annuities	30,000				30,000
Insurance Cash Value and Dividends	5,975				5,975
Mortgages, Notes			93,000		93,000
<b>Total</b>	\$51,518	\$15,750	\$160,325		\$227,593
<b>EQUITY (investment) ACCOUNTS:</b>					
Stocks	\$15,000		\$28,489		\$43,489
Mutual Funds	22,377	11,475	12,146		45,998
Real Estate, REIT			2,800		2,800
Limited partnerships			28,000		28,000
Other ventures/businesses			19,565		19,565
Collectables			5,000		5,000
<b>Total</b>	\$37,377	\$11,475	\$95,999		\$144,851
<b>RETIREMENT ACCOUNTS:</b>					
401(k) accounts		\$27,300			27,300
Company plans	32,000				32,000
Roth IRA accounts	9,754				9,754
<b>Total</b>	\$41,754	\$27,300			\$69,054
<b>PERSONAL USE ASSETS:</b>					
Residence	\$307,000				\$307,000
Personal Property	15,000				15,000
Jewelry, furs		2,500			2,500
Autos	12,000		9,600		21,600
<b>Total</b>	\$334,000	\$2,500	\$9,600		\$346,100
<b>Total Assets</b>	\$464,648	\$57,025	\$265,924		\$787,597
<b>LIABILITIES</b>					
Residence mtg			(\$72,000)		(\$72,000)
Auto loans			(4,300)		(4,300)
Credit cards			(3,890)		(3,890)
<b>Total liabilities</b>			(\$80,190)		(\$80,190)
<b>NET WORTH</b>	\$464,648	\$57,025	\$185,734		\$707,407

**ASSET DETAIL**  
(Sorted by Main Group)

Retirement @ 65

<b>Name</b>	<b>Account</b>	<b>Monthly</b>	<b>Int/Div</b>	<b>Appr.</b>	<b>Owner</b>	<b>Group</b>		<b>Class</b>	<b>Type</b>	<b>Ret</b>
	<b>Value</b>	<b>additions</b>	<b>rate</b>	<b>rate</b>		<b>Main</b>	<b>Sub</b>			
Allens PS	32,000	150	5.50		Ind. 1	Cash	Save	Gr	Retire	Y
BofA checking	2,200				Joint	Cash	Chk	Res	Taxable	Y
Home Fed Savings	3,500		5.00		Ind. 2	Cash	Save	Inc	Taxable	Y
MFS Money Market	20,125		4.75		Joint	Cash	MM	Inc	Taxable	Y
Walton Ind.	15,000		2.20	6.00	Ind. 1	Liquid	Stk	Gr	Equity	N
Allens Roth IRA	9,754	167	7.50		Ind. 1	Liquid	Mf-Stk	Gr	Roth	N
Bettys 401k	27,300	330	8.20		Ind. 2	Liquid	Mf-Stk	Gr	Retire	Y
Corvallis CU	20,000		5.12		Joint	Liquid	CD	Inc	Taxable	Y
Dryfus MidCap Index	12,146	75	0.75	4.00	Joint	Liquid	Mf-Stk	AgGr	Equity	Y
K Mart bond	10,000		8.23		Ind. 1	Liquid	Bond	Inc	Taxable	Y
Intel	1,049			9.50	Joint	Liquid	Stk	AgGr	Equity	Y
IBM common	27,440		1.00	8.20	Joint	Liquid	Stk	Gr	Equity	Y
New World Life Ins	30,000		7.25		Ind. 1	Liquid	Ann	Gr	TaxDef	Y
Oregon '02 5.7%	25,000		5.70		Joint	Liquid	Muni	Inc	TaxFree	Y
T Rowe Price RE	11,475	66	4.20	2.00	Ind. 2	Liquid	Mf-RE	Gr	Equity	Y
TBills	12,250		5.17		Ind. 2	Liquid	Govt	Inc	Taxable	N
Templeton Dev Mkt	11,550			8.50	Ind. 1	Liquid	Mf-Int	Gr	Equity	Y
Vanguard Balanced	10,827	120	3.22	6.00	Ind. 1	Liquid	Mf-Bal	Inc/Gr	Equity	Y
Vanguard Windsor fund	5,543		4.50	2.00	Ind. 1	Liquid	Mf-Bnd	Inc/Gr	Equity	Y
Realty Partners	2,800		2.00		Joint	NonLiq	RE	Gr	Equity	Y
Coast Property note	93,000		8.25		Joint	NonLiq	NoteMtg	Inc	Taxable	Y
ABC Partners	28,000		4.00	2.00	Joint	NonLiq	LP-EqL	Gr	Other	Y
Gold coins	5,000			3.00	Joint	Other	Coll	Gr	Other	N
Venture Inc.	19,565			7.80	Joint	Other	OthBus	AgGr	Other	Y

**PERSONAL PROPERTY**

<u>Description</u>	<u>Value</u>	<u>Owner</u>	<u>Appreciation rate</u>
Mazda 626	\$9,600	JT	-5.00
Ford Pickup	12,000	CL	-8.00
Jewelry	2,500	SP	
Furniture & etc.	15,000	CL	
Corvallis home	307,000	CL	

<b>LIABILITIES</b>
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Retirement @ 65

<b><u>Description</u></b>	<b><u>Owed to</u></b>	<b><u>Balance</u></b>	<b><u>Monthly payment</u></b>	<b><u>Interest rate</u></b>
Corvallis home	BofA	72,000	940	8.37
Mazda loan	Corvallis CU	4,300	205	7.45
Provident		2,250	200	12.99
Wells Fargo	Wells Fargo	1,640	100	13.75
	<b>Total</b>	<b>80,190</b>	<b>1,445</b>	

## ASSET SUMMARY

Retirement @ 65

To help you visualize your financial position the following analysis provides three different views of your working assets (excluding residence and other personal property.)

This view looks at your assets by the way they are treated for income taxes (the retirement projection uses this grouping for projecting future values.)

<b>Assets by TYPE:</b>	Account value	Percent of total	Weighted average* rate of return
Taxable	\$161,075	36.98%	7.16%
Tax Deferred	30,000	6.89%	7.25%
Tax Free	25,000	5.74%	5.70%
Equities	97,829	22.46%	7.62%
Other	52,565	12.07%	6.74%
Retirement accounts	59,300	13.62%	6.74%
Roth IRA	9,754	2.24%	7.07%
	\$435,523	100.00%	7.07%

This view is focused on the classification of your assets. It should be used to help you determine if your assets are positioned in concert with your own goals.

<b>Assets by CLASS:</b>	Savings & Investments	Retirement accounts	Percent of total
Reserves	\$2,200		0.51%
Income	183,875		42.22%
Growth and income	16,370		3.76%
Growth	131,265	69,054	45.99%
Aggressive Growth	32,760		7.52%
Misc			
	\$366,470	\$69,054	100.00%

This view is concerned with the amount of liquid funds available. Refer to the Liquidity report for a more graphic illustration.

<b>Assets by Main GROUP:</b>	Savings & Investments	Retirement accounts	Percent of total
Cash & Reserves	\$25,825	\$32,000	13.28%
Liquid	192,280	37,054	52.66%
Non-Liquid	123,800		28.43%
Other	24,565		5.64%
	\$366,470	\$69,054	100.00%

*Note: Assets listed include only "working" assets, not residence and personal property assets or insurance cash values.*

*\* Weighted average rate excludes assets which were not intended to be used for retirement.*

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## ASSET REPOSITIONING

Financial planning has sometimes been defined as:

**Repositioning assets and redirecting income  
in order to most efficiently  
accomplish financial objectives.**

Achieving financial goals involves the use of many techniques, financial concepts and tools. Perhaps one of the most important is proper use of savings, investments and retirement accounts. During your financial life you will accumulate funds from various sources including savings from your surplus income, inheritances, gifts, company contributions to retirement accounts, etc.

Since savings and investment accounts are acquired over a broad time frame, it is not unusual to find that the funds have been put into savings or investment accounts with inadequate thought to how the various accounts relate to each other, or how they fit with your own long term goals for financial success.

One objective of any financial plan is to determine the proper mix of asset types, classes, or groups. In order to achieve the desired results for your financial plan, it may be prudent to consider repositioning assets from an existing account to other accounts that more appropriately match your goals and comfort level.

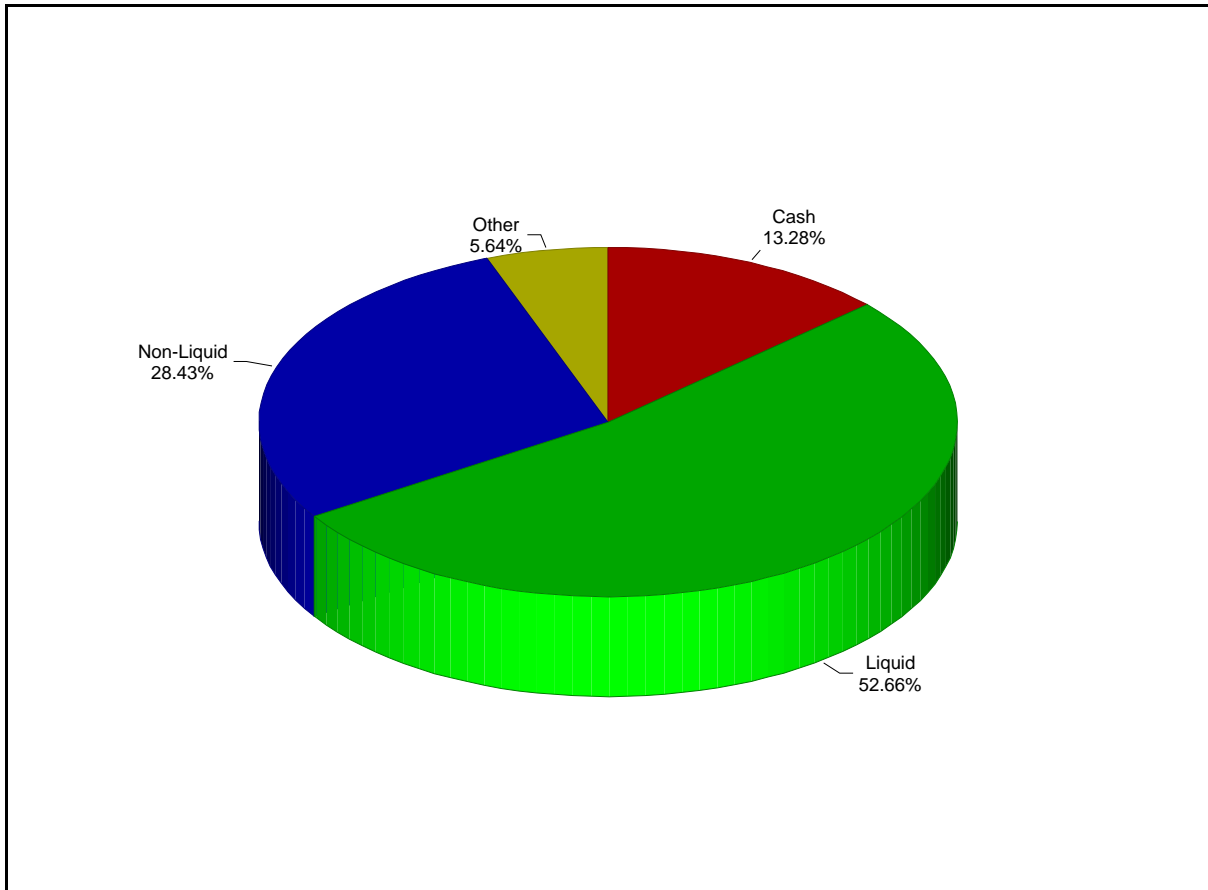
As a result of our analysis of your financial goals and the resources available to achieve those goals, it may be determined that repositioning some of your assets would enhance your present or future success. Any recommendations relating to repositioning will take into consideration:

- Your investment time horizon (time left to accumulate or use investments.)
- Your risk tolerance level.
- Your experience and training in investment management.
- The amount of time or interest you have for investment analysis or research.
- The amount of funds available relative to the amount required to achieve your goals.

Once a portfolio mix has been designed and assets repositioned to accomplish your goals, you should plan for regular reviews of your accounts. At that time we will reevaluate your circumstances, economic and financial conditions, and determine whether any changes are in order to bring your asset mix back into proper balance.

# LIQUIDITY

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Liquidity measures the ability to convert your assets to cash.

If you have too much of your money in "non-liquid" investments you may someday find yourself in a position where you need to have quick cash, but are unable to convert enough of your assets quickly.

Cash & Reserves	\$57,825
Liquid	\$229,334
Non-Liquid	\$123,800
Other	\$24,565

Your liquidity ratio (cash and liquid assets divided by all working\* assets) is 66%  
This level of liquidity should be adequate except in severe cases.

*\*Excluding residence and personal assets. Includes retirement accounts.*

*Normal retirement at age 65*

## LIQUIDITY ANALYSIS

Retirement @ 65

Liquidity is a measure of the ability to convert assets to cash. This can be important in two major instances . . .

**FIRST** - In times of economic disruption, cash is king. If a substantial portion of your net worth is held in assets that are not readily convertible to cash, you may find their value rapidly fluctuating. This could severely hamper your ability to move them to a "safe haven" if needed.

**SECOND** - In the event of loss of income due to death or disability there may be a need to reposition some of the assets to change from a growth oriented to a more income oriented asset position. If too much of your assets are positioned in non-liquid accounts, you may find it difficult or impossible to make the changes required without paying substantial penalties or taxes.

<b>CASH and RESERVES</b>	<b>\$57,825</b>
<p>These are generally assets that can quickly be taken in cash without significant delay and without substantial loss of value. Included in this group are your checking, savings, US savings bond accounts, and money market funds.</p>	
<b>LIQUID INVESTMENTS</b>	<b>\$229,334</b>
<p>These accounts can be converted to cash in a reasonable length of time, but they may suffer an unpredictable loss due to market fluctuations, liquidation penalties or other complications. Included are Gov't T-bills and bonds, corporate bonds, tax free municipal bonds, fixed or variable annuities, variable life insurance, certificates of deposit, mutual funds, stocks and other securities.</p>	
<b>NON-LIQUID INVESTMENTS</b>	<b>\$123,800</b>
<p>These accounts are considered non-liquid, meaning that even if you want to sell or dispose of them, there may not be a ready buyer for the asset. This includes real estate, partnerships, mortgages and notes.</p>	
<b>OTHER ASSETS</b>	<b>\$24,565</b>
<p>Items in this category are most likely to be non-liquid or may suffer substantial loss if they must be sold quickly. They include business interests, other ventures, tangibles.</p>	
Total of all assets*	<b>\$435,524</b>
Liquid assets (Cash, Reserves and Liquid investments)	<b>\$287,159</b>
Liquidity ratio (Liquid assets divided by Total Assets)	<b><u>66%</u></b>

*\*Excluding residence and personal assets. Includes retirement accounts.*

*Normal retirement at age 65*

## CASH FLOW

Retirement @ 65

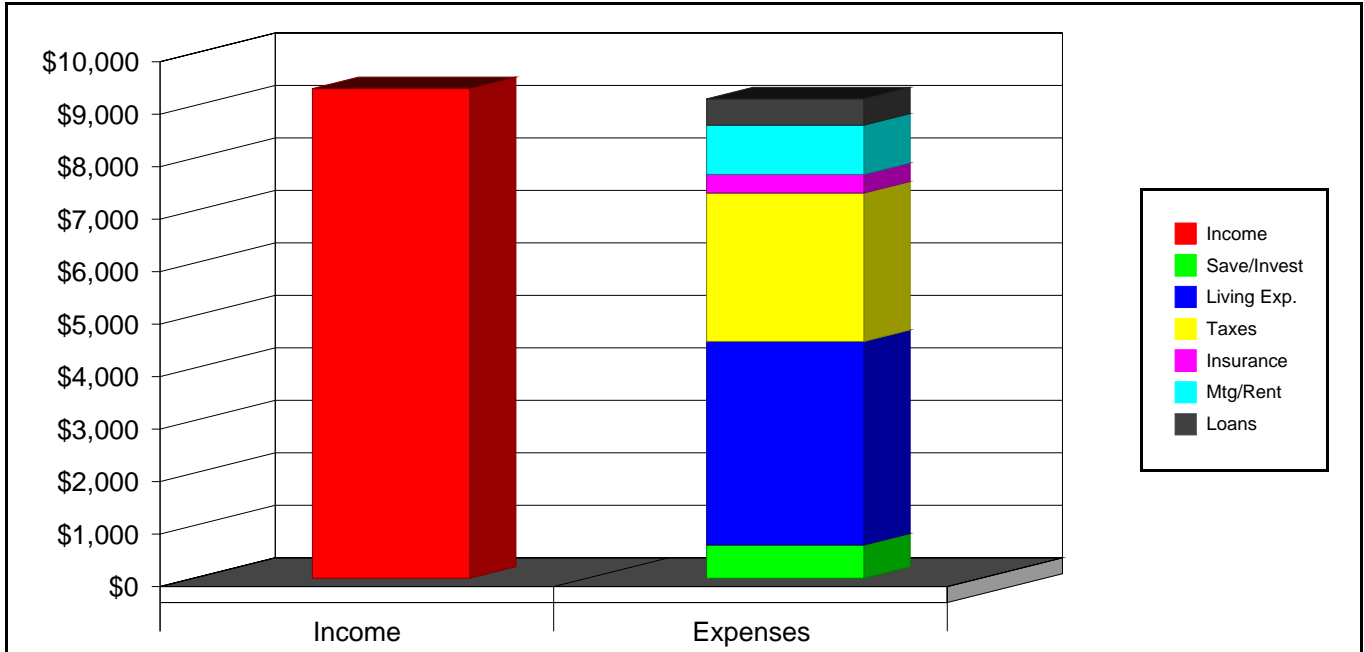
<b>INCOME:</b>	<u>Monthly Amount</u>	<u>Percent of income</u>
Salaries & Wages	\$8,750	93.96%
Self employment income	167	1.79%
Interest and dividends	396	4.25%
<b>Total income available</b>	<b>\$9,313</b>	<b>100.00%</b>

<b>EXPENDITURES:</b>	<u>Amount</u>	<u>Percent of income</u>	
Federal and State income tax	2,136	22.94%	<i>D1</i>
FICA taxes	681	7.31%	<i>D1</i>
Residence mortgage	940	10.09%	<i>K1</i>
Auto Loans	205	2.20%	<i>K1-4</i>
Credit Cards	300	3.22%	<i>K1-4</i>
Life insurance	253	2.71%	<i>J1</i>
Homeowners & other insurance	32	0.34%	<i>J8</i>
Auto insurance	33	0.36%	<i>J8</i>
Disability insurance	38	0.40%	<i>D1</i>
Saving and Investment additions	428	4.60%	<i>C5</i>
Retirement account additions (IRA, 401k, TSA, etc.)	200	2.15%	<i>C5</i>
Charitable contributions	63	0.67%	
Misc. itemized deductions	350	3.76%	
Property & other taxes	183	1.97%	
Food and household incidentals	525	5.64%	
Utilities, telephone	245	2.63%	
Auto operating and maintenance	447	4.80%	
Clothing and personal items	50	0.54%	
Property improvements and upkeep	257	2.76%	
Domestic help, babysitting	150	1.61%	
Allens hobbies	125	1.34%	
Entertainment, vacations	342	3.67%	
Allowance & kids entertainment	150	1.61%	
Cell phone	112	1.20%	
Boat upkeep	25	0.27%	
Books, papers and subscriptions	25	0.27%	
Home furnishings	83	0.89%	
Gifts, birthdays	317	3.40%	
Misc.	433	4.65%	
<b>Total spending and savings</b>	<b>\$9,127</b>	<b>98.01%</b>	
<b>Cash flow surplus (Income less Spending)</b>	<b>\$186</b>		

Normal retirement at age 65

# CASH FLOW

Retirement @ 65



The graph above shows the relationship of your expenditures to your available income. The expenditures group includes your personal expenses as well as taxes, insurance premiums, debt and mortgage payments, savings and investments deposits.

<b>Monthly income available</b>		<b>\$9,313</b>
Less:	Savings and Investments	(628)
	Living Expenses	(3,881)
	Taxes	(2,817)
	Insurance	(355)
	Mortgage	(940)
	Loan payments	(505)
	<b>Total spending</b>	<b>(\$9,127)</b>
	<b>Spendable income surplus</b>	<b>\$186</b>

The information you provided for this analysis indicates that your income is greater than your scheduled expenses.

You might consider using your surplus income for additional savings or investments.

You should regularly review your cash flow to determine if there are changes required in your spending habits.

*Normal retirement at age 65*

# INCOME MANAGEMENT

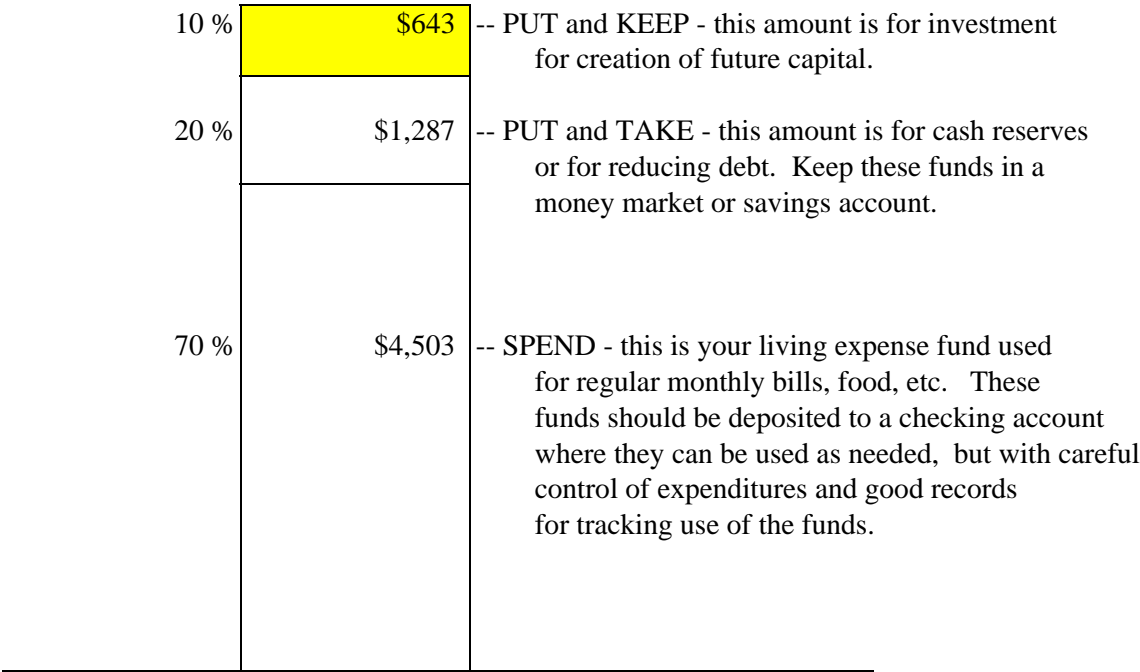
Retirement @ 65

The 10/20/70 Income Management Plan explained below will help you establish a system for current income management and for accumulation of capital for future financial independence.

\$9,313	Gross income available per month.
(2,817)	Less Income Tax and FICA
(63)	Less charitable contributions.
\$6,433	Amount left for the 10/20/70 plan.

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**DISTRIBUTION OF FUNDS FOR 10/20/70 PROGRAM**



The effectiveness of this plan can be enhanced by using automatic checking deposit and withdrawal programs where possible.

Check at your place of employment to see if you can have your paycheck automatically deposited to your checking account.

See if your bank will automatically transfer the 20% PUT and TAKE amount into a savings or money market account.

Consider investment programs like mutual funds or annuities which have automatic bank-draft plans for the 10% investment program each month.

This plan and the percents indicated above are general guidelines and may need to be adjusted fit your particular situation.

## FINANCIAL GOALS

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Retirement @ 65

It is important to plan ahead for financial goals like purchasing a home, a business opportunity or other special needs. If you indicated any special goals, the following table shows the amount of money needed for those items.

<b>Description:</b>	Year needed	Inflation rate %	Amount needed	Inflated amount needed	<b>Funding methods at 8.00% after tax</b>	
					Lump sum deposit	Monthly deposit
Retirement trip	2007	6.00%	\$15,000	\$22,554	\$13,160	\$200
Sail boat	2010	4.00%	20,000	\$29,605	\$13,713	\$161

In order to achieve a future financial goal, such as a major purchase or investment, you should plan to have funds available at the right time. Two methods are illustrated - prefunding with a lump sum of money dedicated to the future goal, or prefunded with an accumulation account where funds are deposited each month.

### **Lump Sum:**

Using this method, a calculation is done to determine what amount of money would need to be set aside now at an after-tax rate of return that would grow to the required amount at the time the funds are needed. The initial lump sum deposit would be held in a separate account and then used to pay for the expense.

### **Monthly deposits:**

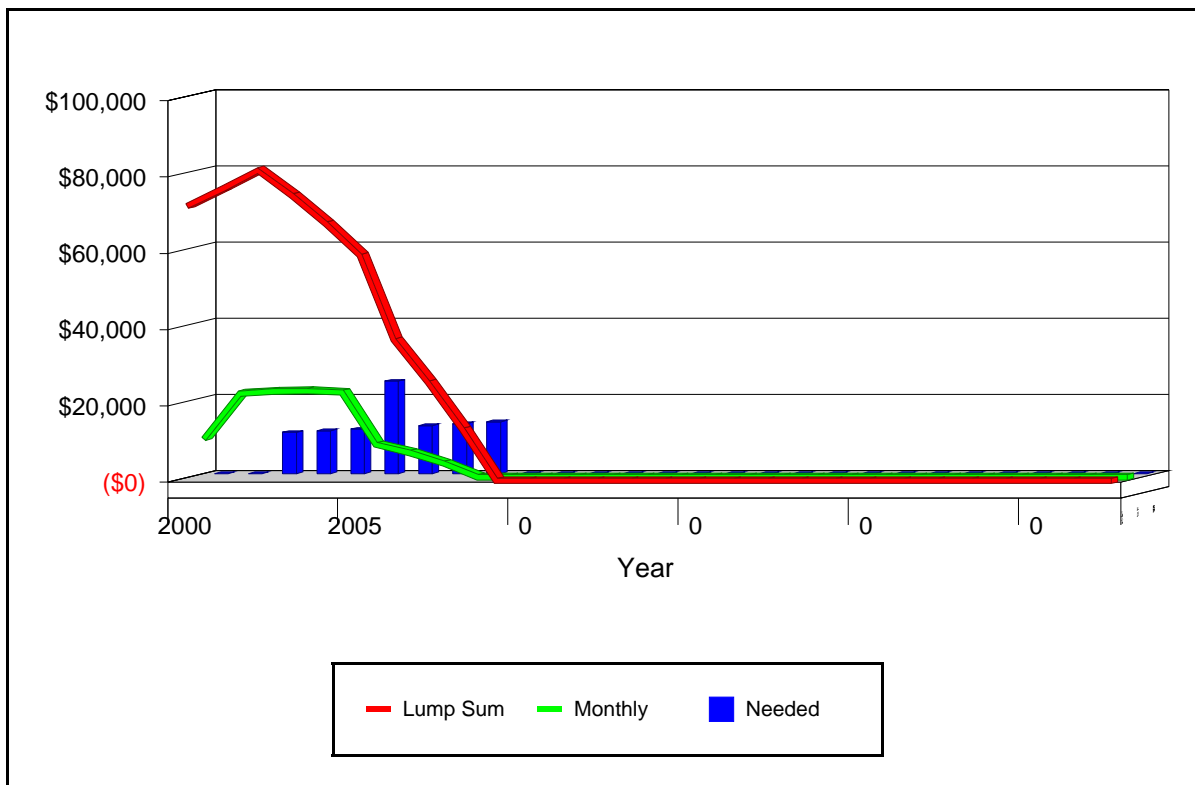
If a lump sum amount is not available to set aside for the future expense, you might consider using a separate account where monthly deposits are contributed to accumulate the funds required. The amount shown above as "Monthly Deposit" would be anticipated to grow at the after-tax rate shown, shown, and when needed would be used to pay for the goal specified.

The above funding amounts and rates are used for illustration only and do not represent any particular investment program. Results are not guaranteed.

*Normal retirement at age 65*

# EDUCATION FUNDING

Retirement @ 65



The "Needed" bars indicate the annual expenditures for the years when each child is in school. The "monthly" line indicates the cumulative account value of monthly deposits to the education fund. The "Lump Sum" line represents the initial deposit of a single lump sum to an education fund and the projected growth of the account.

**Funding education costs with a lump sum investment now:**

Lump sum needed today to fund future costs	\$72,434
Funds now available for college expenses.	6,500
<b>Additional lump sum needed now</b>	<b>\$65,934</b>

**Monthly funding with level payments through the last year of college:**

Total level monthly payments to fund costs	\$864
Payments needed considering \$6,500 available now	\$786
<b>Additional needed with \$6,500 and \$145 current deposits</b>	<b>\$641</b>

*Normal retirement at age 65*

# EDUCATION FUNDING

Retirement @ 65

The following schedules illustrate the education funds needed, using an after tax rate of return or a 529 education funding account. The options include separate accounts for each child, pre-funding with level monthly deposits through the last year, or a lump sum deposit.

Year	Annual Costs		Monthly deposit	Pre-Funded projection	
	Costs inflated at 3.90%	Parents share at 100%	Amount required using separate accounts	Lump Sum account 6.00%	Monthly* 6.00%
2000			\$1,384	\$72,434	\$10,649
2001			1,384	76,780	21,938
2002	10,795	10,795	1,384	81,387	22,461
2003	11,216	11,216	1,384	74,827	22,568
2004	11,654	11,654	1,384	67,428	22,219
2005	24,216	24,216	1,384	59,120	8,532
2006	12,580	12,580	511	36,998	6,358
2007	13,071	13,071	511	25,883	3,534
2008	13,581	13,581	511	13,581	

Totals \$97,114 \$97,114

**Funding education costs with a lump sum investment now:**

Lump sum needed today to fund future costs	\$72,434
Funds now available for college expenses.	6,500
<b>Additional lump sum needed now</b>	<b><u>\$65,934</u></b>

**Monthly funding with level payments through the last year of college:**

Total level monthly payments to fund costs	\$864
Payments needed considering \$6,500 available now	\$786
<b>Additional needed with \$6,500 and \$145 current deposits</b>	<b><u>\$641</u></b>

\* A negative amount in this column indicates some loans will be required in the years indicated.

## EDUCATION COSTS

Retirement @ 65

Providing educational funds can be one of life's greatest financial burdens. Fortunately, it is an expense that can be planned. The following illustration uses a rate of return of 6.00% for computing both a lump-sum and a monthly deposit funding method.

Student's Name	Age	Number of years	Starting year	Annual costs	<b>Total Costs</b>			
					Today's dollars	Inflated at 3.90%	Funding amount required	
							Lump Sum	Per month
Andy	15	4	2005	\$10,000	\$40,000	\$51,340	\$35,130	\$511
Bonnie	18	4	2002	10,000	40,000	45,773	37,304	873
<b>Total</b>				20,000	80,000	97,114		

**Lump Sum:**

This is the amount of money that would need to be set aside immediately to cover all costs assuming that the funds are spent at the beginning of each year. It is assumed that interest is added each year on the unused balance.

**Monthly deposits:**

Instead of pre-funding the education costs with a lump sum deposit, you could elect to accumulate funds by making monthly additions to a savings or investment account. In this case a required monthly deposit is computed that would provide enough funds to cover costs through the last year of education expenses.

**Method #1 - Separate accounts for each child:**

The benefit of separate account funding method is that the funds may be segregated and identified for each child. The disadvantage is that this method generally will require a much larger monthly deposit in the early years and smaller deposits in the later years. For example, if there are three children starting school at different years, the deposits might look like this:

*Period 1*

<i>Child 1 = \$400 per month</i>	<i>Period 2</i>	
<i>Child 2 = \$350 per month</i>	<i>Period 3</i>	
<i>Child 3 = \$300 per month</i>		
<i>Total deposits per month</i>	<i>\$1,050</i>	<i>\$650</i>
		<i>\$300</i>

**Method #2 - A single level payment amount used for all children:**

If you used a single monthly amount, then the payments would be level throughout the education years. This method is generally easier for most families to afford.

<i>Funding for all children using level payments = \$625 per month</i>
--

## SAVING FOR COLLEGE

Recent changes in income tax regulations have provided a variety of opportunities that should make saving for your child's education expenses more palatable. In some cases current education expenses can result in current tax savings, and putting aside money for future costs can be much more tax-friendly than in the past. (Note: without specific action from Congress, the improvements described below are scheduled to terminate in the year 2011.)

### **529 Plans:**

Section 529 of the Revenue code has enabled states to establish special college savings funds where parents or grandparents can make deposits to an account to accumulate money for tuition and in some cases other expenses. The terms and benefits of each state vary, but generally include the following features:

- s Tax savings - starting in 2002 the earnings on the accounts will not only be accumulated without federal income tax, but withdrawals will also be tax free. Some states will also allow tax free withdrawals, and many states will even allow you to take a tax deduction for some portion of the money deposited.
- s Control - unlike other accounts sometimes used to accumulate money for the child, you, the donor, stay in control of the assets. You decide when withdrawals are taken and for what purpose. And in most cases you can even reclaim the funds, particularly if the child elects not to attend college. (There may be a penalty for "non-qualified" withdrawals.)
- s Simple - once you select which state plan to use, a simple enrollment form is completed, and deposits may even be made by automatic checking account withdrawals. The account is managed by the state or an investment manager hired by the state.
- s Everyone eligible - generally there are no special eligibility requirements, and the amounts you can contribute in many states are substantial (in some cases as much as \$200,000.)

### **Other education plans:**

The following items are effective with the 2001 tax act:

- s Deduction of higher education expenses - with certain limitations, a deduction may be claimed in 2002 and 2003 for up to \$3,000 tuition expenses, and up to \$4,000 in 2004-2005.
- s Education IRAs - the allowable contribution is increased from \$500 to \$2,000, definition of eligible expenses is expanded, the income level for phaseout of allowable contributions is increased, age limitations are eliminated, corporations may contribute to plans, and the plan is integrated with the HOPE and Lifetime Learning Credit programs.
- s Employer provided assistance - the \$5,250 contribution level now extends the exclusion to graduate courses and makes the exclusion for undergraduate and graduate courses permanent.
- s Student Loan Interest Deduction - the availability for this benefit has been broadened and the earnings limits raised.

For more information about these plans or to compare your state 529 plan with other states, go on the internet to . . . [www.savingforcollege.com](http://www.savingforcollege.com)

## RISK

In every aspect of life we are faced with varying degrees of unknown outcomes. These uncertainties in life are sometimes referred to as areas of "risk". In particular, financial matters are commonly described as either "safe" or "risky" or somewhere in between the two extremes.

It is important to recognize that the term "Risk" can refer to more than simply the loss of your money. Some of the different types of risk are described below.

### **Loss of Principal:**

If you have \$10,000 invested in a stock, the stock declines in value to \$5,000, and you sell the stock, then you have suffered a loss of principal. On the other hand, if you do NOT sell the stock while the value is down, and the stock recovers to \$10,000 then you have not suffered a loss. Time and diversification are keys to mitigating this type of loss.

### **Loss of Purchasing Power:**

If you own a \$10,000 certificate of deposit earning 5% interest, you will receive \$500 per year interest. Since the account is insured by the FDIC and the interest is guaranteed for a set time frame, this may seem like a "safe" investment. If we experience inflation at the rate of 3% per year, the purchasing power of the \$500 income will be reduced after the first year to \$485, and after 10 years to \$372. The purchasing power of the \$10,000 after 10 years will be reduced to \$7,441. This loss is a permanent one with no chance for recovery unless our economy goes into a protracted deflationary cycle.

### **Tax Loss:**

Using the same \$10,000 as above, and assuming you are in the 28% tax bracket, the \$500 interest would be reduced to \$360 after taxes. After 10 years, the \$500 interest after taxes and inflation would provide purchasing power of only \$268.

### **Illiquidity:**

If you place all or most of your financial assets into illiquid assets like real estate, mortgages or notes, small business interests or even tax deferred retirement accounts with severe early withdrawal penalties, then you may find that you no longer have control of your financial future. If your personal financial affairs take a turn for the worse due to a disability, loss of employment, death in the family or other unforeseen event, and you cannot readily reposition your assets to meet your new needs, then you are exposed to the risk of not being in control of your financial well being.

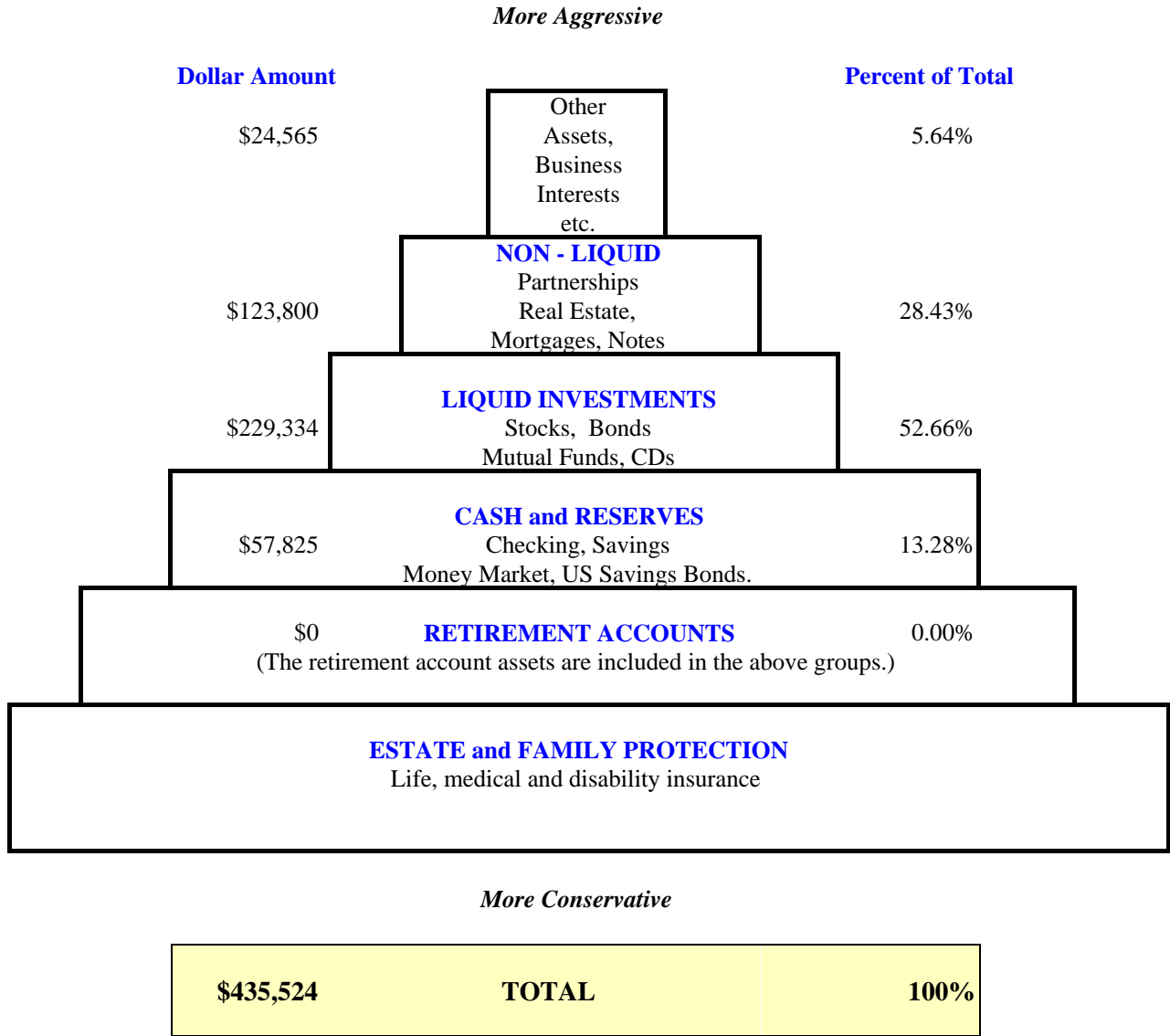
Although there are other types of risk that could be considered, the above examples will illustrate that it is important to properly plan and balance your financial assets so that all possibilities are covered. As your financial plan is created we take into consideration your levels of comfort with different types of assets and with consideration for your personal situation and goals.

**ASSET PYRAMID CHART**

Retirement @ 65

Proper management of your assets requires an understanding of the relationship between RISK and REWARD. The pyramid below illustrates the assets by levels, with the safest at the bottom and the risk generally increasing as you near the top of the pyramid.

Retirement Accounts may hold any of the assets listed, and should be allocated in a mix that reflects your risk profile and proper diversification.



Normal retirement at age 65

## FINANCIAL ATTITUDES

Retirement @ 65

You provided information about your attitudes and feelings relating to asset management and investments. The scale below reflects the information provided, with a score of "5" being most important and a "1" representing the least important.

Area of Concern	Importance
Maximum Investment Growth Potential	5
Protection from Inflation	4
Reducing Income Taxes	4
Liquidity (convert assets to cash)	2
Current Spendable Income	1

### **LIQUIDITY:**

This does not appear to be an item of concern. You could consider investments that might take a longer period of time to mature and in turn might offer an opportunity for more attractive results.

### **GROWTH:**

Maximum growth of your asset base appears to be an important goal. Emphasize assets that have potential for rapid increase in value in response to inflationary pressures or economic opportunities.

### **INCOME:**

Current income should not be a significant factor in your selection of assets. Concentrate on the quality and potential of the asset regardless of whether the return is from growth or income.

### **TAXES:**

When making selection of assets within each group, watch for programs that allow you to earn on a "tax free" or "tax deferred" basis in order to minimize your current income taxes.

### **INFLATION:**

This can cause erosion of both your earning power and your capital base. Pay particular attention to investments that will respond positively in an inflationary environment.

## ASSET ALLOCATION

Retirement @ 65

The task of accumulation, conservation, and distribution of capital is a lifetime project. However, each phase of your financial life dictates a different approach to the task.

### **ACCUMULATION:**

During your early years your objective should be to accumulate capital that can provide for your financial security. Your emphasis should be on growth potential and flexibility. The investment strategy used should also provide protection from inflation and, as your income increases, should consider tax effects.

### **CONSERVATION:**

As your assets grow and you approach the higher earning years prior to retirement, your goal will be to build more stability in your investments. Toward the end of this period you should gradually start to shift emphasis toward more liquidity and tax advantages. This is the time when you will begin to be concerned about CONSERVING capital as well as ACCUMULATING capital.

### **DISTRIBUTION:**

At this point, your assets will be called on to support you by providing current income from interest and dividends as well as from liquidating of capital. The term DISTRIBUTION includes both the concept of passing assets to your heirs as well as the use of principal and income for yourself in your retirement years.

### **ALLOCATION CATEGORIES:**

There are many different assets available to which funds may be allocated. The characteristics of each asset will vary but will generally fit into one of the following categories.

**Reserves**  
**Income**  
**Growth and income**  
**Growth**  
**Aggressive Growth**  
**Misc**

The amount of funds you place in each of these categories will be determined by which phase of your life you are in, your sensitivity to income taxes, and your risk tolerance.

Within each of the asset groups above, there are many individual choices which will allow you to tailor a portfolio that fits your particular situation.



## ALLOCATION PHASES

Retirement @ 65

This chart illustrates suggested percentage distribution of assets based on your risk tolerance level, your financial life cycle phase, and your required rate of return.

At your age 56 we have prepared this plan for a Somewhat Aggressive investor in the ACCUMULATION life cycle phase.

<b>Percent of assets allocated to each asset group.</b>					
	Very Conservative	Somewhat Conservative	Moderate	Somewhat Aggressive	Very Aggressive
<b>Accumulation phase:</b>					
Reserves	20	20	15	5	5
Income	30	25	20	10	10
Growth and income	40	25	20	20	15
Growth	10	25	30	35	25
Aggressive Growth		5	15	30	45
Misc					
<b>Conservation phase:</b>					
Reserves	25	20	15	10	5
Income	30	25	20	10	10
Growth and income	35	25	20	20	15
Growth	10	25	30	35	30
Aggressive Growth		5	15	25	40
Misc					
<b>Distribution phase:</b>					
Reserves	30	25	25	20	15
Income	50	40	30	25	20
Growth and income	20	25	30	30	25
Growth		5	10	15	25
Aggressive Growth		5	5	10	15
Misc					

### Accumulation:

This is the time when you are building your assets. While you are working you should be setting a part of all you earn aside for your future use. The funds accumulated will assure your financial security in your retirement years. The accumulation phase is assumed to last until 5 years prior to retirement.

### Conservation:

As you near retirement you will become less concerned about accumulating assets and more concerned about managing and conserving the assets you have accumulated. This is usually the time when you change your investment posture to a somewhat more conservative approach. The conservation phase is assumed to last until about 10 years prior to life expectancy.

### Distribution:

In the later years of your retirement your attention will be turned to using your assets to satisfy your spending needs and life style. You will be most concerned with the amount of cash flow available from your assets and possibility of leaving some of your estate to your heirs.

## ALLOCATION WORKSHEET

B7

Retirement @ 65

The following worksheet compares your present assets to the percentages suggested for your present age and risk tolerance level. If the amount of your assets in a category is too large or small, then the amount you need to move into or out of a category is shown in the "Amount To Move" column.

	Present Amount	Suggested amount	Amount To Move In (Out)
<b>Reserves</b>	\$2,200 0.5%	\$21,776 5.0%	\$19,576
<b>Income</b>	\$183,875 42.2%	\$43,552 10.0%	(\$140,323)
<b>Growth and income</b>	\$16,370 3.8%	\$87,105 20.0%	\$70,735
<b>Growth</b>	\$200,319 46.0%	\$152,433 35.0%	(\$47,886)
<b>Aggressive Growth</b>	\$32,760 7.5%	\$130,657 30.0%	\$97,897
<b>TOTAL *</b>	<b>\$435,524</b>	<b>\$435,524</b>	

As you make changes to your portfolio, you should consider the comments regarding your investment attitudes and objectives on the Investment Attitudes report page.

It will be important to re-evaluate your asset mix on a regular basis and determine which assets should be further increased or decreased.

It is not unusual for an asset to grow fast for a period of time, then experience a period of slow growth while other assets which have been ignored tend to take over the growth phase.

By regularly moving assets based on this allocation method, you will have a tendency to "sell high" and "buy low" thus providing potential for greater returns with lower risk.

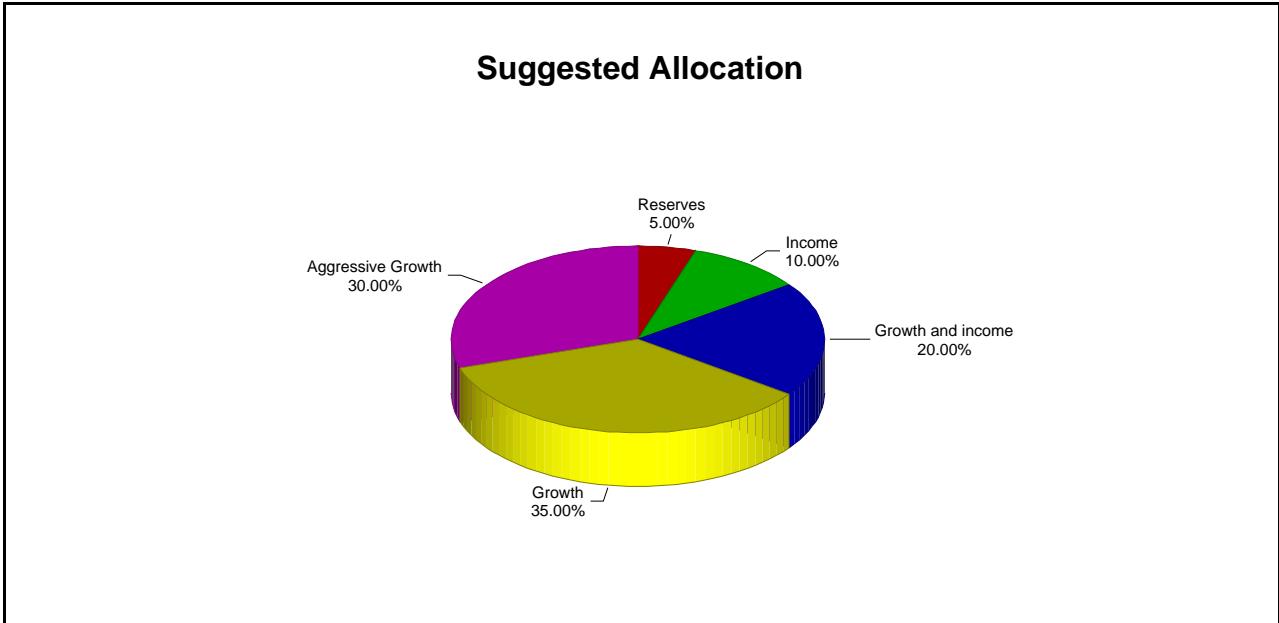
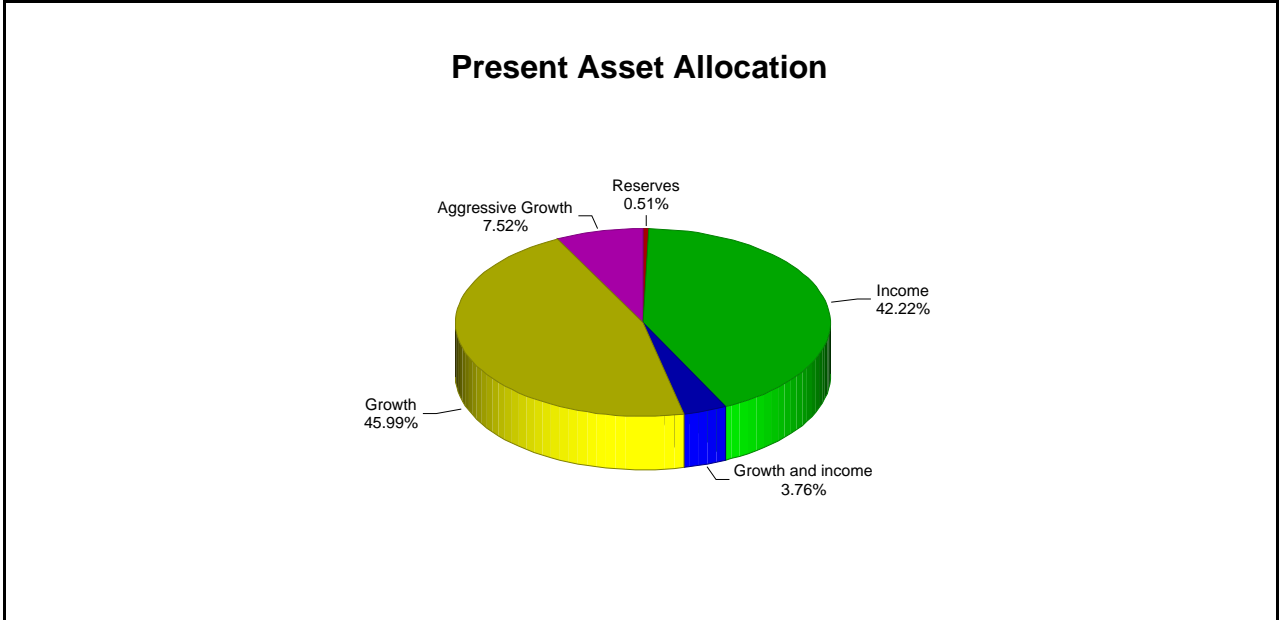
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*\* The asset category amounts shown do not include your residence and personal property.*

*Normal retirement at age 65*

# ASSET ALLOCATION

Retirement @ 65



	<b>Present</b>		<b>Suggested</b>	
Reserves	\$2,200	0.51%	\$21,776	5.00%
Income	183,875	42.22%	43,552	10.00%
Growth and income	16,370	3.76%	87,105	20.00%
Growth	200,319	45.99%	152,433	35.00%
Aggressive Growth	32,760	7.52%	130,657	30.00%
Total	\$435,524		\$435,524	

## Stock Options Summary Report

*Retirement @ 65*

Year	Options Exercised		Cash from sale of shares	Reportable for taxes			Income Tax Due			Net cash realized after tax
	ISO	NQSO		Ordinary Income*	Capital Gains	AMT	Ordinary 33.0% / 33.0%	Cap Gain 0.0%	AMT**	
2000										
2001	23,500		(15,000)			8,500			(15,000)	
2002	23,500	45,410	27,580	50,285			16,588		10,992	
2003	37,425		(2,165)	7,350	12,910	(8,500)	2,425		(4,590)	
2004	57,500		22,000	22,000			7,257		14,743	
2005										
2006			35,184		16,104				35,184	
2007			53,565		16,140				53,565	
2008										
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\* Includes ISO prematurely exercised or sold, or disqualified portion of ISO not eligible for CG treatment (vested in excess of \$100,000 in a given year.)

\*\* Actual AMT tax amount may be substantially different based on the relationship with other income and deductions items for each year.

\*\* Estimated ordinary tax rate before retirement is 33.0%, after retirement is 33.0%. Estimated capital gain rate is 0.0%. AMT rate used is 0.0%.

## Stock Options Worksheet for Allen & Betty Able

As of: 4/24/02  
Retirement @ 65

### Incentive Stock Options

<b>Grant information:</b>	Walton	Walton	Walton	Walton
Current price / appreciation rate	\$23.50 / 9.00%	\$23.50 / 9.00%	\$23.50 / 9.00%	\$23.50 / 9.00%
Grant date	1/15/00	2/1/01	1/15/02	8/15/01
Vest date	1/15/01	2/1/02	1/15/03	8/15/02
Number of shares	1,000	1,000	1,500	2,000
Grant (strike) price	\$15.00	\$12.50	\$20.05	\$17.75
<b>Exercise cost</b>	<b>\$15,000</b>	<b>\$12,500</b>	<b>\$30,075</b>	<b>\$35,500</b>

<b>Exercise Information:</b>				
Anticipated Exercise date	1/15/01	2/1/02	1/15/03	8/16/04
\$ per share	\$23.50	\$23.50	\$24.95	\$28.75
<b>Exercise value</b>	<b>\$23,500</b>	<b>\$23,500</b>	<b>\$37,425</b>	<b>\$57,500</b>
Bargain element	\$8,500	\$11,000	\$7,350	\$22,000
Exercise method*	Hold all.	Sell all.	Hold all.	Sell all.
# shares sold		1,000		2,000
Amount realized from sale		\$23,500		\$57,500
Less payment for grant	\$15,000	\$12,500	\$30,075	\$35,500
<b>Net cash results at exercise</b>	<b>(\$15,000)</b>	<b>\$11,000</b>	<b>(\$30,075)</b>	<b>\$22,000</b>
Alternative Minimum Tax Income	\$8,500			
Ordinary income**		\$11,000	\$7,350	\$22,000

\*\* Ordinary income from premature exercise or disqualified ISO from vested amounts exceeding \$100,000 in a given year.

<b>Future Sale of Stock (shares that were held):</b>				
Date of sale	1/15/03		1/15/07	
# shares sold	1,000		1,500	
\$ per share	\$27.91		\$35.71	
<b>Net cash results at future sale</b>	<b>\$27,910</b>		<b>\$53,565</b>	
AMTI recapture	(\$8,500)			
Ordinary income (STCG)				
Long term capital gain	\$12,910		\$16,140	

### Non Qualified Stock Options

<b>Grant information:</b>	DB	DB
Current price / appreciation rate	\$45.00 / 11.00%	\$45.00 / 11.00%
Grant date	6/15/98	6/15/99
Vest date	6/15/98	6/15/02
Number of shares	500	500
Grant (strike) price	\$5.00	\$7.25
<b>Exercise cost</b>	<b>\$2,500</b>	<b>\$3,625</b>

<b>Exercise Information:</b>		
Anticipated Exercise date	6/15/02	6/15/02
\$ per share	\$45.41	\$45.41
<b>Exercise value</b>	<b>\$22,705</b>	<b>\$22,705</b>
Bargain element	\$20,205	\$19,080
Exercise method*	Sell all.	Hold all.
# shares sold	500	
Amount realized from sale	\$22,705	
Payment for grant	\$2,500	\$3,625
<b>Net cash results at exercise</b>	<b>\$20,205</b>	<b>(\$3,625)</b>
Ordinary income at exercise	\$20,205	\$19,080

<b>Future Sale of Stock:</b>		
Date of sale		6/15/06
# shares sold		500
\$ per share		\$70.37
<b>Net cash results at future sale</b>		<b>\$35,184</b>
Ordinary income (STCG)		
Long term capital gain		\$16,104

Company 1 = DG Board  
Company 2 = Walton

\* Sell all = sell all shares immediately.

\*Sell part = sell enough shares to pay cost of exercise.

\*Hold all = pay exercise cost out of pocket.

## Stock Options

A stock option is a right to buy or sell a particular stock, at a specified price, until that option expires at a certain date. Many companies with publicly traded shares award or grant stock purchase options to some employees as an employment benefit, or as a part of the employee's compensation package. Stock options of this kind can allow the employee to significantly benefit from increases in the value of the underlying stock.

While there exists significant potential gains from employee stock option programs, it is important to consider various tax implications connected to the exercise of these options. Knowing in advance the tax rules and consequences connected to employee stock option plans may allow participants to actively maximize the results of exercising an option.

### **Terms:**

Grant Date - The date on which the employee received an option.

Vest Date - The date when the option is first exercisable (unless an early exercise is allowed.)

Exercise Date - Date when the employee elects to purchase the stock.

Grant (Strike) Price - The price the employee will pay to purchase the stock (usually paid in cash.)

Exercise cost - Total cost of the shares purchased (Grant Price times number of shares.)

Bargain Element - Difference between the market price of the stock and the grant price.

Exercise Value - Value of the shares when the employee makes the purchase.

Cashless sale - Upon exercise, immediate sale of enough shares to pay the exercise cost.

Total Sale - Value of shares when sold (number of shares times current market price.)

AMTI - Alternate Minimum Taxable Income.

### **Incentive Stock Options:**

An option which complies with certain IRS regulations. When the shares are sold, all or a portion of the values in excess of the Exercise Cost may be treated as a Capital Gain, which may allow the gain to be taxed at a rate lower than the ordinary tax rates. The sale must take place more than 24 months after the grant date and 12 months after the exercise date. Grants that vest or become exercisable in a single year in excess of \$100,000 will be "disqualified" or treated as ordinary income.

When the shares are purchased, the employee will report the bargain element as AMT Income.

When the shares are sold, the difference between the Total Sale and the Exercise Cost (depending on the timing of the sale) will be taxed as long term capital gain if held more than 12 months, or, if held less than 12 months or disqualified, then taxed as short term capital gain or ordinary income.

### **Non-Qualified Stock Options:**

These options do not need to follow any specific IRS regulations. One advantage is that the "Grant" price may be set by the company at a price lower than the current market price.

When the option is exercised, the employee will report ordinary income equal to the difference between the exercise cost and the exercise value. The exercise cost becomes the cost basis.

When the shares are sold, the difference between the exercise value and the total sale will be reported as capital gain or loss (long or short term.)

## Stock Option Report notes

### **The stock options are presented in two formats:**

- The Stock Option Worksheet reports deal with each option in a single column on each page. The Grant, Exercise, Sale, Tax and Net Cash Results may occur in several different years for a particular option
- The Stock Option Summary report combines the various events in the year that the event takes place. By combining the various events into a yearly projection you may see more clearly the effect on your cash flow and taxable events for each year.

### **Tax Rates**

In some cases, a different ordinary income tax rate will be used before and after retirement age. In addition, long term capital gains may be taxed at a lower rate. The report will use the rates to apply to the different types of income to be reported.

### **Cashless Exercise**

An election to use a cashless exercise is common when the participant does not have cash available to use to purchase the shares. In this case an arrangement will be made (usually with a stockbroker) to immediately sell enough shares upon exercise to pay for the cost of the shares.

### **Tax treatment**

When an ISO is exercised, no ordinary income tax is due. When the shares are ultimately sold, then the participant will owe taxes on the amount of funds realized in excess of the cost of the shares (the exercise cost.) If the shares have been held for more than 12 months, the gain will be treated as long term and qualify for the lower LTCG rate. If the shares were held for less than 12 months, taxes will be paid at the short term gain, or ordinary tax rate.

When a NQSO is exercised, the value of the shares acquired (exercise value) in excess of the cost (the bargain element) will be taxed at the ordinary tax rates. If the stock is held for later resale, then the appreciation of the shares from the time of purchase until the time of sale will be treated either as a long term or short term capital gain, depending on whether the holding period was more or less than 12 months.

### **Timing of cash and tax events**

The exercise and the sale in many cases will take place in different years. As a result you need to recognize that the net cash results of a particular grant will appear different in the Worksheet than in the Summary report.

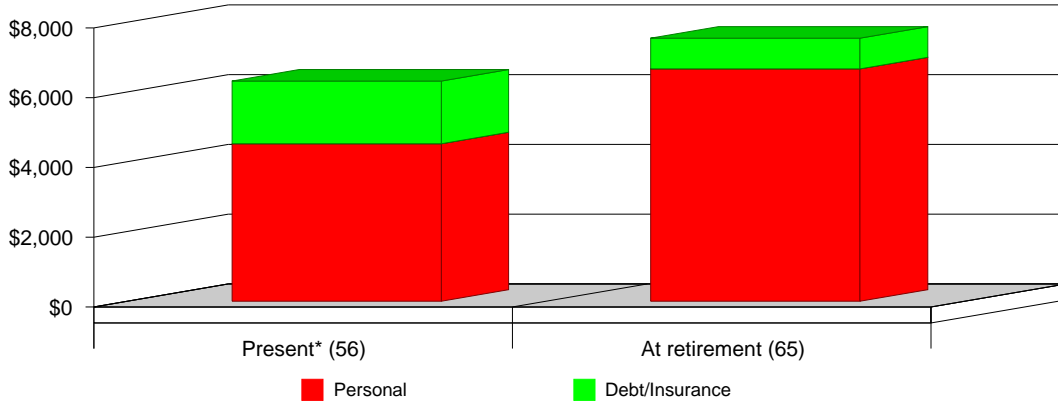
For example, an ISO option exercised in 2003 with the stock then sold in 2005 will show taxes due in 2005, and cash realized in the same year. On the other hand, a NQSO exercised in 2003 will show ordinary tax paid on the bargain element in 2003, then if the shares are held and later sold in 2005, a capital gain tax will be paid at that time, with the cash from the sale realized in 2005.

### **Alternate Minimum Tax**

When exercising an ISO, the amount of the bargain element will be reported as AMT Income, and may require payment of alternate minimum tax. When the stock shares are sold an AMTI adjustment will be available, potentially offsetting the original AMTI. Due to the complicated nature of the AMT tax calculations, the actual AMT tax due may be dramatically different than the amount illustrated. The illustrated amount should be considered a "worst case" scenario.

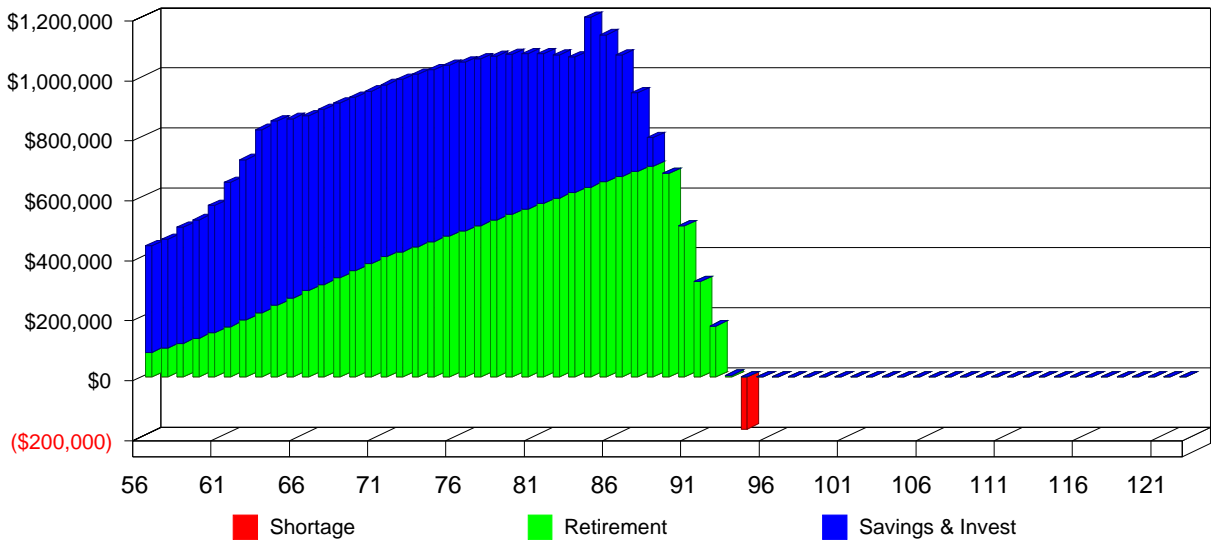
**RETIREMENT**

**Income needed**



The amount of monthly income needed for retirement can increase dramatically when inflation is considered. The above graph illustrates the impact of inflation on your desired income at present and at the beginning of your retirement years.

**Total Capital Available**



If you have not accumulated enough capital to last through your lifetime you could then find yourself dependent on others during the years when you most desire your financial independence. The graph above illustrates the amount of your capital available each year, or the amount of cumulative income shortage when your capital runs out.

*\* Personal includes basic living expenses, itemized deductions, and savings/investments. Debt/Ins. includes insurance premiums and mortgage and loan payments.*

*Normal retirement at age 65*

## RETIREMENT NEEDS ANALYSIS

Retirement @ 65

In order to determine whether you will have adequate income and capital to fund your retirement, a number of factors must be evaluated:

- Income needed for basic living expense and number of years required.
- Income available from Social Security, pensions or other sources.
- Extraordinary income or expense items that will affect your retirement capital.
- Existing savings, investment and retirement funds and annual additions to the accounts.
- The effect of inflation on income and expenses.
- The rate of return you are able to earn on your accounts.
- The effect of income taxes on your income sources and accounts.

You are now age 56 and plan to retire at age 65. That leaves you only 9 years to prepare for your financial independence.

The anticipated expenses and various income streams available are illustrated below. In order to help you visualize the relative value of the income streams, we have shown the total amount of payments needed or received over your retirement years through life expectancy, as well as the value of the streams of income at retirement.

<b>Income needed:</b>	Total monthly expenses in today's \$ (a)	Inflation rate	Inflation adjusted expenses (b)	Cumulative expense Retirement through life expectancy	
Current living expenses	\$6,310	3.82%	n/a	n/a	
Living expenses at age 65	5,695	3.58%	\$7,540	\$4,072,078 (c)	G1
Changing at age 70 to ...	5,024	3.59%	7,524		
Changing at age 84 to ...	6,014	3.00%	13,768		
<b>Sources of income: (d)</b>				<u>Total income (d)</u>	
Social Security - Allen	1,715	2.00%		597,491	G1
Social Security - Betty	1,192	2.00%		780,785	G1
Pension - Allen	550			139,515	G2
					G2
Other income items & insurance				323,814	G4
<b>Miscellaneous expenses: (e)</b>				<u>Misc inc./exp.</u>	
Education funding and other goals				(97,114)	G4
Other expense items				(51,184)	
			Total income or expenses	\$1,693,307	
<b>Difference between required expenditures and income available</b>				(\$2,378,772)	

(a) Total expense = personal expense, itemized deductions, insurance prem., debts and mortgages, saving and invest. (G1a)

(b) Inflation adjustments apply only to those items exposed to inflation (not debts, life insurance, etc.)

(c) Cumulative expense is the total of all expense payments needed during retirement through life expectancy.

(d) The "Sources of income" represents the sum of all monthly or annual income expected from Social Security, pensions (after tax) or other anticipated income source. Any life insurance benefit shown is received at life expectancy.

(e) Total of all expense items from education, goals and other single or multiple year expenses.

Note: Income taxes are not included with expenses as the taxes are paid out of the sources of taxable income.

Note: Inflation rates on pensions are not shown. Refer to appendix G2 for more details.

Normal retirement at age 65

# RETIREMENT CAPITAL ANALYSIS

Retirement @ 65

**The remaining expense anticipated during your retirement is . . . . .** **\$2,378,772** C2  
 (This amount was carried forward from the Retirement Needs Analysis page.)

**At age 65 the remaining expense could require capital of approximately . . . . .** **\$890,000**

*(This assumes an after tax rate of return of 6.00% on assets used to fund shortage. The actual amount of capital needed will vary depending on the type of savings and investments used and their tax treatment.)*

Projection of future asset account values	Annual additions	Current value used for retirement projection	Weighted average rate	Pre-retirement average after tax rate	Future* Value at age 65
Taxable accounts		\$148,825	7.16%	4.80%	\$170,633
Equity & other accounts	3,132	130,394	7.30%	5.84%	301,104
Tax free accounts		25,000	5.70%	5.70%	63,411
Tax deferred annuity or govt bonds.		30,000	7.25%	7.25%	79,554
Tax def retire accts - Allen	1,800	32,000	5.50%	5.50%	76,504
Tax def retire accts - Betty	3,960	27,300	8.20%	8.20%	117,421
Roth IRA	<u>2,004</u>	<u>9,754</u>	<u>7.50%</u>	<u>7.50%</u>	45,039
<b>Total Asset values</b>		<b>\$403,272</b>	<b>7.07%</b>	<b>5.72%</b>	<b>\$853,667</b>

*\* Pre-retirement expenses (education, etc) may cause one or more asset groups to be partially or fully depleted before retirement.*

**You will have \$853,667 capital available at retirement.**  
**These funds will last until your age 94 at which time your funds will be depleted.**

In order to make up this shortage of capital required for your retirement, you have several choices:

- |   |   |       |  |       |  |       |             |       |       |             |      |
|---|---|-------|--|-------|--|-------|-------------|-------|-------|-------------|------|
| <p><b>1. Increase the before-tax "weighted average" rate of return on all your existing asset accounts to . . .</b></p>   | <p>Average rate</p> <p style="background-color: yellow;"><b>7.53%</b></p> |       |  |       |  |       |             |       |       |             |      |
| <p><b>2. Increase the amount of money being added to your savings and investments.</b><br/> <b>You would have to make the following additional monthly deposits at a return of ...</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">4.00%</td> <td>after tax =</td> <td style="background-color: yellow; text-align: center;">\$356</td> <td rowspan="3" style="vertical-align: middle;">(Assuming deposits are increased by 3.50% per year.)</td> </tr> <tr> <td style="text-align: right;">6.00%</td> <td>after tax =</td> <td style="background-color: yellow; text-align: center;">\$181</td> </tr> <tr> <td style="text-align: right;">8.00%</td> <td>after tax =</td> <td style="background-color: yellow; text-align: center;">\$91</td> </tr> </table> |   | 4.00% | after tax =  | \$356 | (Assuming deposits are increased by 3.50% per year.) | 6.00% | after tax = | \$181 | 8.00% | after tax = | \$91 |
| 4.00%   | after tax =   | \$356 | (Assuming deposits are increased by 3.50% per year.) |       |  |       |             |       |       |             |      |
| 6.00%   | after tax =   | \$181 |  |       |  |       |             |       |       |             |      |
| 8.00%   | after tax =   | \$91  |  |       |  |       |             |       |       |             |      |
| <p><i>Note: The monthly additions are made into a side fund and computed to assure that asset account balances are never less than \$0.</i></p>   |   |       |  |       |  |       |             |       |       |             |      |
| <p><b>3. Use some combination of the two methods shown above.</b></p>   |   |       |  |       |  |       |             |       |       |             |      |

*Note - the tax rate used on growth assets is 20.00% before retirement and 15.00% after retirement. All other asset accounts use a tax rate of 32.99% before retirement and 32.99% after retirement*

Retirement Projection Solution

C3a

Age	Original Capital Projection	Revised projection with all assets at 7.53%	Original projection plus monthly additions into side fund. (Monthly deposits increase at 3.50% per year. Annual deposit amounts shown.)						
			\$356 4.00%		\$181 6.00%		\$91 8.00%		
			Total Value	Total Value	Total Value	Total Value	Total Value	Total Value	
56	54	\$438,007	\$437,326	\$4,269	\$442,355	\$2,174	\$440,242	\$1,087	\$439,135
57	55	459,470	457,800	4,419	468,496	2,250	464,156	1,125	461,858
58	56	498,720	495,760	4,573	512,772	2,329	506,089	1,165	502,515
59	57	523,971	519,347	4,733	543,417	2,411	534,273	1,205	529,332
60	58	571,216	564,573	4,899	596,444	2,495	584,718	1,247	578,316
61	59	648,103	639,185	5,071	679,523	2,582	665,092	1,291	657,132
62	60	724,426	712,928	5,248	762,471	2,673	745,210	1,336	735,590
63	61	824,798	810,485	5,432	869,926	2,766	849,707	1,383	838,324
64	62	853,667	835,982	5,622	906,360	2,863	883,056	1,431	869,801
65	63	861,146	839,430		915,986		892,348		878,619
66	64	871,522	845,004		928,596		904,648		890,445
67	65	892,159	866,550		892,159		927,328		912,652
68	66	912,884	888,297		974,703		950,222		935,079
69	67	933,363	910,008		997,701		973,004		957,400
70	68	952,879	930,477		1,019,838		994,965		978,911
71	69	974,326	952,877		1,044,013		1,019,008		1,002,519
72	70	992,296	973,256		1,064,822		1,039,734		1,022,829
73	71	1,009,117	992,786		1,084,598		1,059,481		1,042,184
74	72	1,024,613	1,011,318		1,103,169		1,078,083		1,060,424
75	73	1,038,591	1,028,689		1,120,348		1,095,359		1,077,374
76	74	1,050,842	1,044,722		1,135,930		1,111,112		1,092,845
77	75	1,061,147	1,059,238		1,149,701		1,125,134		1,106,636
78	76	1,069,249	1,072,018		1,161,411		1,137,183		1,118,514
79	77	1,074,913	1,082,863		1,170,830		1,147,036		1,128,266
80	78	1,077,826	1,091,521		1,177,651		1,154,398		1,135,608
81	79	1,077,703	1,097,745		1,181,595		1,158,998		1,140,281
82	80	1,074,209	1,101,257		1,182,334		1,160,518		1,141,981
83	81	1,067,128	1,101,513		1,179,657		1,158,759		1,140,524
84	82	1,199,980	1,242,984		1,317,095		1,297,264		1,279,468
85	83	1,140,699	1,192,073		1,262,584		1,243,982		1,226,784
86	84	1,073,768	1,132,368		1,200,619		1,183,422		1,166,999
87	85	947,817	1,063,070		1,079,837		1,064,234		1,048,786
88	86	798,511	936,385		935,909		922,108		907,860
89	87	678,289	779,326		821,285		809,510		796,714
90	88	503,149	633,823		651,971		642,463		631,404
91	89	317,409	460,014		472,294		465,315		456,308
92	90	169,748	326,938		330,943		326,777		320,176
93	91	5,393	174,428		173,155		172,107		168,306
94	92		404		546		2,945		2,383
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Monthly deposits are computed to assure that assets never fall below \$0 prior to last life expectancy.

\*An asterisk (\*) indicates that the monthly deposits would exceed 1/3 of your income and this option is not practical.

NA - The "NA" sign in the monthly amount area indicates that no monthly deposits are required.

**Retirement Capital Projection**

Retirement @ 65

C4

Age Cl Sp	Annual expenses	Income available / Other expenses				Annual surplus (shortage)	Savings and investment	Retirement accounts & Roth	Total acct values (end of year)
		Pension & Min dist. (after tax)	Social Security	Education & other goals	Other Income (expense)				
						\$334,219	\$69,054	<b>\$403,272</b>	
56 54						\$355,889	\$82,117	\$438,007	
57 55					(15,000)	363,091	96,379	459,470	
58 56				(10,795)	10,992	386,788	111,933	498,720	
59 57				(11,216)	(4,590)	395,086	128,885	523,971	
60 58				(11,654)	14,743	423,867	147,349	571,216	
61 59				(24,216)	52,167	480,652	167,451	648,103	
62 60				(12,580)	35,184	535,103	189,322	724,426	
63 61				(13,071)	53,565	611,689	213,108	824,798	
64 62				(13,581)	(20,000)	614,702	238,964	853,667	
65 63	(90,477)	4,423	24,591		11,812	598,922	262,224	861,146	
66 64	(88,703)	4,511	25,083		10,613	584,031	287,490	871,522	
67 65	(85,626)	4,601	43,363		3,351	583,757	308,401	892,159	
68 66	(88,450)	4,693	44,230		3,351	582,011	330,873	912,884	
69 67	(91,374)	4,787	45,114		3,351	578,339	355,025	933,363	
70 68	(90,290)	7,328	46,017			575,745	377,134	952,879	
71 69	(90,969)	7,551	46,937			573,544	400,782	974,326	
72 70	(94,068)	13,232	47,876			575,012	417,284	992,296	
73 71	(97,276)	13,896	48,833			574,957	434,160	1,009,117	
74 72	(100,597)	14,600	49,810			573,234	451,379	1,024,613	
75 73	(104,035)	15,347	50,806			569,687	468,904	1,038,591	
76 74	(107,594)	16,141	51,822			564,152	486,690	1,050,842	
77 75	(111,278)	16,967	52,859			556,436	504,711	1,061,147	
78 76	(115,093)	17,861	53,916			546,366	522,883	1,069,249	
79 77	(119,041)	18,747	54,994			533,677	541,236	1,074,913	
80 78	(123,128)	19,730	56,094			518,192	559,635	1,077,826	
81 79	(127,360)	20,717	57,216			499,622	578,082	1,077,703	
82 80	(131,740)	21,756	58,360			477,706	596,503	1,074,209	
83 81	(136,275)	22,848	59,528			452,311	614,817	1,067,128	
84 82	(165,216)	23,997	60,718		160,000	567,048	632,932	1,199,980	
85 83	(166,970)	21,883	36,541			489,900	650,798	1,140,699	
86 84	(171,967)	23,044	37,271			405,454	668,314	1,073,768	
87 85	(177,114)	24,151	38,017			262,278	685,540	947,817	
88 86	(182,414)	25,295	38,777			96,113	702,397	798,511	
89 87	(187,874)	26,471	39,553				678,289	678,289	
90 88	(193,496)	25,246	40,344				503,149	503,149	
91 89	(199,287)	15,310	41,151				317,409	317,409	
92 90	(205,252)	3,775	41,974				169,748	169,748	
93 91	(211,395)	3,850	42,813				5,393	5,393	
94 92	(217,722)		43,669						
95 93									
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Normal retirement at age 65

02.be

Asset Projection

Retirement @ 65

C5

Ages Cl Sp	Taxable		Equity		Tax Free		Tax Deferred		Retirement accts		Roth IRA		Total working assets (eoy) \$403,272
	Deposits or draws	Balance \$148,825 at 7.16%	Deposits or draws	Balance \$130,394 at 7.30%	Deposits or draws	Balance \$25,000 at 5.70%	Deposits or draws	Balance \$30,000 at 7.25%	Deposits or draws	Balance \$59,300 at 6.74%	Deposits or draws	Balance \$9,754 at 7.50%	
56 54		155,966	3,132	141,324		26,425		32,175	5,760	69,482	2,000	12,635	438,007
57 55	(15,000)	147,729	3,161	152,922		27,931		34,508	5,985	80,642	2,004	15,737	459,470
58 56	39	154,859	3,269	165,312	39	29,565	39	37,052	6,218	92,861	2,004	19,072	498,720
59 57	(15,806)	145,724	3,219	178,374		31,250		39,738	6,461	106,228	2,004	22,656	523,971
60 58	618	153,364	4,484	193,537	618	33,684	618	43,281	6,713	120,840	2,004	26,510	571,216
61 59	5,590	166,581	14,459	220,143	5,590	41,513	5,590	52,415	6,974	136,798	2,004	30,652	648,103
62 60	4,521	179,311	12,350	246,071	4,521	48,658	4,521	61,063	7,246	154,217	2,004	35,106	724,426
63 61	8,099	196,402	19,537	281,120	8,099	59,992	8,099	74,176	7,529	173,216	2,004	39,893	824,798
64 62	(33,581)	170,633	3,370	301,104		63,411		79,554	7,823	193,925	2,004	45,039	853,667
65 63	(49,651)	126,787		319,788		67,026		85,322	5,588	213,807		48,417	861,146
66 64	(48,496)	82,047		339,630		70,846		91,508	5,806	235,442		52,048	871,522
67 65	(34,311)	50,026		360,704		74,884		98,142		252,449		55,952	892,159
68 66	(36,176)	14,515		383,086		79,153		105,257		270,725		60,148	912,884
69 67	(14,515)		(23,606)	381,786		83,664		112,888		290,365		64,660	933,363
70 68			(36,945)	366,238		88,433		121,073	(3,649)	307,625		69,509	952,879
71 69			(36,481)	350,219		93,474		129,851	(3,835)	326,060		74,722	974,326
72 70			(32,960)	336,945		98,802		139,265	(12,165)	336,958		80,326	992,296
73 71			(34,547)	321,162		104,434		149,362	(13,003)	347,809		86,351	1,009,117
74 72			(36,187)	302,657		110,386		160,190	(13,899)	358,552		92,827	1,024,613
75 73			(37,882)	281,205		116,678		171,804	(14,857)	369,114		99,789	1,038,591
76 74			(39,631)	256,563		123,329		184,260	(15,880)	379,417		107,273	1,050,842
77 75			(41,453)	228,458		130,359		197,619	(16,949)	389,392		115,319	1,061,147
78 76			(43,316)	196,631		137,789		211,946	(18,116)	398,916		123,968	1,069,249
79 77			(45,299)	160,721		145,643		227,312	(19,268)	407,971		133,265	1,074,913
80 78			(47,304)	120,454		153,945		243,792	(20,560)	416,374		143,260	1,077,826
81 79			(49,427)	75,435		162,720		261,467	(21,855)	424,077		154,005	1,077,703
82 80			(51,624)	25,288		171,995		280,424	(23,224)	430,948		165,555	1,074,209
83 81			(25,288)		(28,611)	151,556		300,754	(24,670)	436,845		177,972	1,067,128
84 82	15,900	16,663	31,800	33,773	15,900	177,001	15,900	339,612	(26,195)	441,612		191,320	1,199,980
85 83	(16,663)		(33,773)		(58,111)	125,667		364,233	(27,752)	445,130		205,669	1,140,699
86 84					(111,652)	14,814		390,640	(29,386)	447,220		221,094	1,073,768
87 85					(14,814)		(100,132)	262,278	(30,939)	447,864		237,676	947,817
88 86							(118,342)	96,113	(32,543)	446,896		255,501	798,511
89 87							(96,113)		(72,601)	403,625		274,664	678,289
90 88									(216,164)	207,886		295,264	503,149
91 89									(225,209)			317,409	317,409
92 90											(159,504)	169,748	169,748
93 91											(164,732)	5,393	5,393
94 92											(5,393)		
95 93													
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## Monte Carlo Retirement Projection Simulation

Retirement @ 65

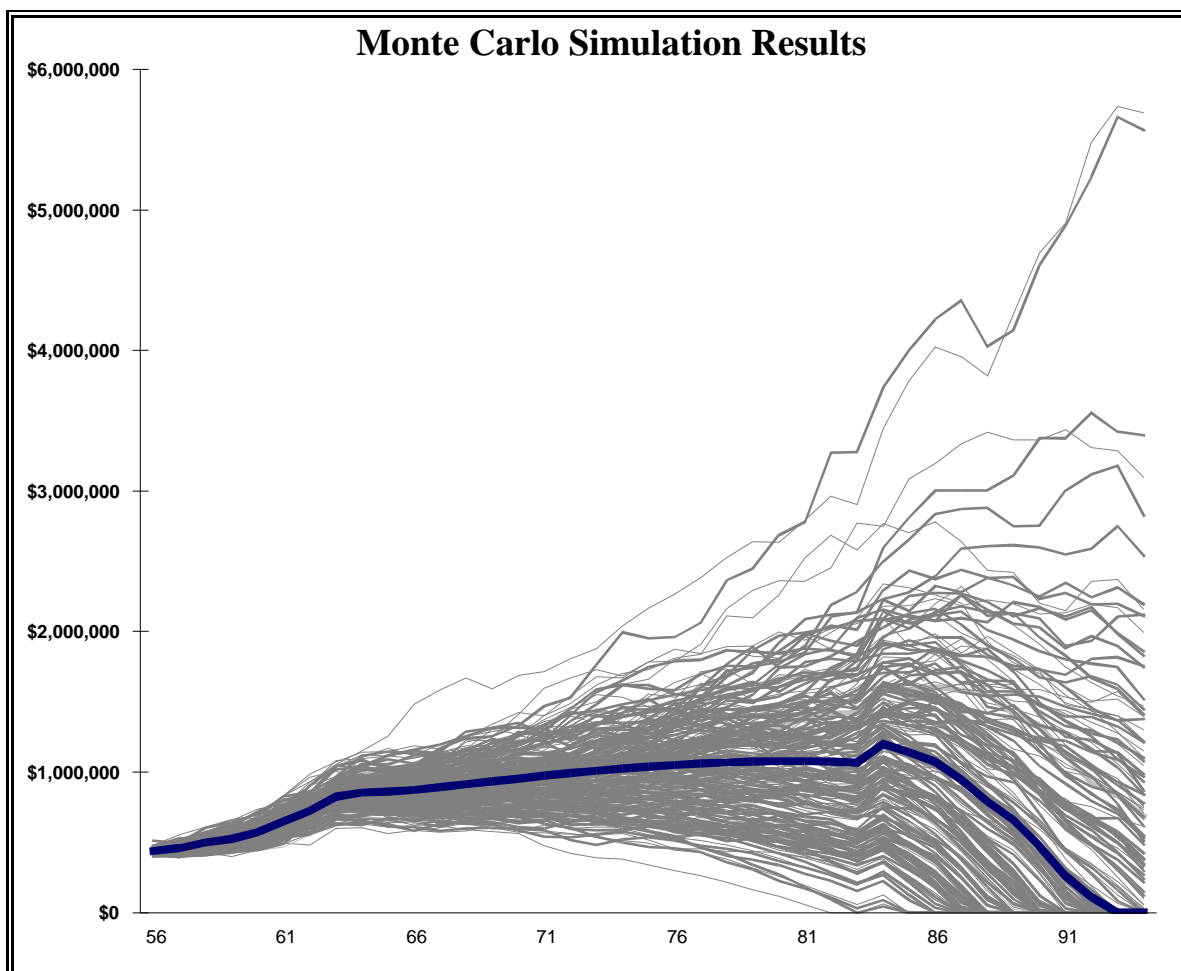
Most retirement projections are created using fixed assumptions for inflation rate, rates of return, tax rates and retirement benefits. While these projections are useful for planning and decision making purposes, they are static models of future financial results and do not show the effect of normal economic variations that occur in the real world. One way to illustrate unpredictability of the financial world, and its effects on your retirement, is a probability based model known as Monte Carlo Simulation.

Monte Carlo Simulation introduces random variance into the annual assumptions of the retirement projection model, and then runs the model many times. Observing results from a large number of projections illustrates the trends and potential range of future outcomes based on changable conditions. Your financial information produced the following Monte Carlo Simulation results at your life expectancy.

**Results from 1000 Monte Carlo Simulations at last life expectancy:**

Original Retirement Capital Projection	\$0	<b>Percentage of results above zero*</b>	39%
Percentage within 20% of estimate	0%	Minimum (worst case) result	\$0
Percentage of results above estimate	39%	Average Monte Carlo result	\$404,834
Percentage of results below estimate	61%	Maximum Monte Carlo result	\$6,691,422

*\*Percent of times money is remaining at last life expectancy.*



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*Annual rates of return in the original estimate varied from 7.08% to 11.66%, due to portfolio changes over time. This simulation used a 5.00% standard deviation to create a thousand sets of normally distributed random rates of return based on the annual rates of return in the original estimate (95% of the rates fall between -2.92% and 21.66%). Inflation rates of 3.82% and 3.58%, with a standard deviation of 2.00% were used to create pre and post retirement expenses.*

## Monte Carlo Details

### **Projection Estimate:**

The initial projection uses a "linear" estimated rate of return to project an anticipated amount of funds remaining at the life expectancy of the last to die. Although the projection is intended to be realistic based on the estimated rate, it should be understood that real life results will likely be substantially different. Note: If the original projection estimate shows the funds are totally consumed prior to life expectancy, some of the following statistical reports may not generate any meaningful numbers.

### **Percentage of results above zero \$:**

In most cases this is perhaps the most important result. If 100% of the Monte Carlo results are above zero, that is an indication that there is little or no chance of running out of money by the life expectancy of the last to die. If the analysis shows only 50% of the results above zero, then the report is telling you that there is a 50% chance that you may run out of money before you run out of time.

### **Percentage within 20%, Percent Above, Percent Below the estimate:**

If the original projection estimate was \$100,000, then these statistics describe what percent of the 1,000 Monte Carlo projections were between \$80,000 and \$120,000 (within 20% of \$100,000), and what percent were above or below the estimated \$100,000 remaining amount.

### **Minimum, Maximum Average results:**

This is based on the 1,000 Monte Carlo projections using different rates of return every year, and shows the range of results (high and low), and average of all Monte Carlo results. All percentages are based on results at the life expectancy of the last to die.

### **Standard Deviation:**

This is an indication of the amount of volatility expected in the portfolio. The original estimate uses an "average" portfolio rate, based on the current mix of your savings and investments. The standard deviation is a rate that represents the average rate above or below the original rate. Since the portfolio is generally invested in a broad mix of assets, the standard deviation rate is usually an estimate reflecting portfolios ranging from conservative to aggressive, with the aggressive portfolio using a higher standard deviation rate. Since the standard deviation is the "Average" rate above and below the original rate, this implies that the highest and lowest rates could be as much as twice the standard deviation above and below the original rate.

### **Suggested Standard Deviation rates:**

The Monte Carlo projection can cover many years of future investment performance. In most cases a reasonable standard deviation rate for a moderate investor would be about 75% of the present weighted average rate of return. For an aggressive investor, a rate equal to or slightly greater than the current rate might be appropriate. The standard deviation rate used in this report is 5.00%.

### **Normal or Equal Distribution:**

The most common Monte Carlo projection uses a "Normal Distribution" method. This means that the rate selected each year will be more likely to be somewhere close to the original rate instead of at the outer limits (high or low) of the rates. An "Equal Distribution" would have the rates equally distributed between the high and low ends of the range.

This Monte Carlo illustration uses the "Normal Distribution" method.

# INCOME TAXES

D1

Retirement @ 65

The following calculations give an idea of the amount of taxes you might pay based on the income and asset information provided. These amounts are approximations only and the actual tax amounts may be higher or lower than illustrated.

<b>INCOME:</b>	Gross	Taxable
Salaries and Wages	\$105,000	\$105,000
Interest and dividends	14,235	14,235
Schedule C (self employment)	1,000	1,000
Schedule D (net gain/loss)		
Schedule E (passive gain/loss)		
Social Security		
Pension income		
Other non-taxable income		
<b>GROSS INCOME</b>		<b>\$120,235</b>
 <b>Adjustments:</b>		
IRA deposit / allowable portion - Allen		
IRA deposit / allowable portion - Betty		
TSA, 401K, SEP, etc.	2,400	(2,400)
Other adjustments		
Self Employment FICA	141	(71)
<b>ADJUSTED GROSS INCOME</b>		<b>\$117,764</b>
 <b>Itemized Deductions:</b>		
	Gross	Allowed
Mortgage interest	6,026	6,026
Other deductible interest		
Charitable contributions	750	750
Medical expenses		
Property taxes	2,200	2,200
State taxes	8,773	8,773
Other taxes		
Misc Itemized deductions	4,200	1,845
Itemized deductions	\$19,594	(19,594)
or Standard deduction	\$7,850	0
Personal exemptions ( 4)		(12,000)
<b>TAXABLE INCOME</b>		<b>\$86,170</b>

<b>TAX SUMMARY:</b>		
Federal Income Tax	\$17,062	
FICA (Social Security) & HI Tax	8,174	
Alternative Minimum Tax		
Other Taxes or (credits)*	(200)	
State Income Tax	8,773	
<b>TOTAL TAXES</b>		<b>\$33,809</b>

Your combined federal & state marginal tax bracket is 33.57 %.

\* Includes the child tax credit of \$200.

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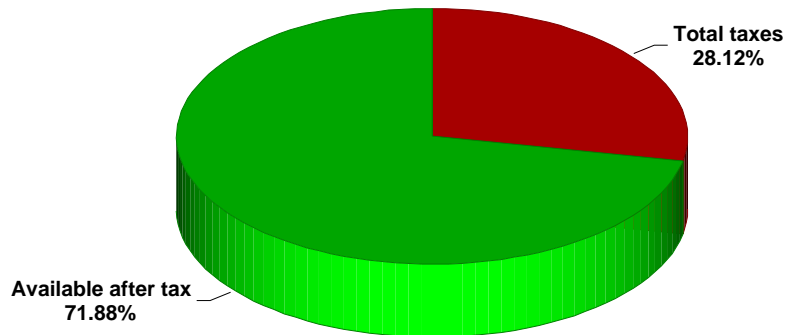
Your total taxes equal 28.71 % of your Adjusted Gross Income, and 39.23% of your Taxable income.

Normal retirement at age 65

## INCOME TAX

D2

Income taxes can consume a substantial portion of your income. One of your objectives should be to control the amount of taxes you must pay through careful management of your income and investment portfolio. The tax calculations are based on the 2001 tax cut bill.



### Estimated income and taxes for the current year:

<b>Gross income</b>	\$120,235
Adjustments	(2,471)
<b>Adjusted Gross Income</b>	<b>\$117,764</b>
Itemized or Standard deductions	(19,594)
Personal exemptions	(12,000)
<b>Taxable income</b>	<b>\$86,170</b>
Federal Income Tax	17,062
FICA (social security) tax	8,174
Other tax or credits	(200)
State income tax	8,773
<b>Total Tax</b>	<b>\$33,809</b>

### Tax Rates:

<b>Marginal tax rate = 32.99%</b> (Combined Federal and State tax rates)
<b>Effective tax rate = 28.71%</b> (Taxes divided by Adjusted Gross Income.)

*Normal retirement at age 65*

## TAX FAVORED INVESTING

Retirement @ 65

This illustration assumes that each account has an existing balance of \$20,000. The illustration is used to compare the future accumulation and income potential of various types of investments.

	Taxable	Tax Deferred	Tax Free	Tax Ded.	Capital Gains
Initial account balance	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Annual deposit available	2,000	2,000	2,000	2,000	2,000
Less taxes at 32.99%*	(660)	(660)	(660)		(660)
Net deposits	\$1,340	\$1,340	\$1,340	\$2,000	\$1,340
Annual interest rate	5.00%	6.00%	5.00%	6.00%	7.00%
Net interest after tax*	3.35%	6.00%	5.00%	6.00%	5.95%

Age	Taxable account	Tax Deferred	Tax Free	Tax Deductible	Capital Gains
56	20,000	20,000	20,000	20,000	20,000
57	22,055	22,621	22,407	23,320	22,610
58	24,179	25,399	24,935	26,839	25,375
59	26,375	28,343	27,589	30,570	28,305
60	28,643	31,464	30,376	34,524	31,409
61	30,988	34,773	33,302	38,715	34,698
62	33,412	38,280	36,374	43,158	38,182
63	35,916	41,997	39,600	47,868	41,874
64	38,505	45,938	42,987	52,860	45,786
65	41,180	50,115	46,544	58,151	49,930
66	43,945	54,542	50,278	63,760	54,321
67	46,803	59,235	54,199	69,706	58,973
68	49,756	64,210	58,316	76,008	63,902
69	52,808	69,483	62,639	82,689	69,124
70	55,963	75,073	67,179	89,770	74,657
71	59,223	80,998	71,945	97,276	80,519
72	62,592	87,279	76,949	105,233	86,730
73	66,075	93,936	82,204	113,667	93,310
74	69,674	100,993	87,721	122,607	100,282
75	73,393	108,473	93,515	132,083	107,669
76	77,238	116,402	99,598	142,128	115,495
Average monthly income**	\$483	\$795	\$623	\$971	\$859
Less average tax at 32.99%*	(63)	(204)		(320)	(63)
<b>Spendable income</b>	<b>\$420</b>	<b>\$591</b>	<b>\$623</b>	<b>\$651</b>	<b>\$795</b>

TAXABLE = Bank savings, CDs, corporate or govt. bonds, or other accounts where earnings are fully taxed each year.

TAX DEFERRED = Annuities or US Savings Bonds where interest accumulates without tax and is then taxed when drawn out of the account.

TAX FREE = Municipal bonds or funds and Roth IRA where all interest is always tax free.

TAX DEDUCTIBLE = Regular IRAs, 401(k), 403(b), etc. where deposits are deductible, tax on interest is deferred, then all withdrawals are fully taxed.

CAPITAL GAINS = Stocks, mutual funds, real estate or other investments qualified for capital gain treatment.

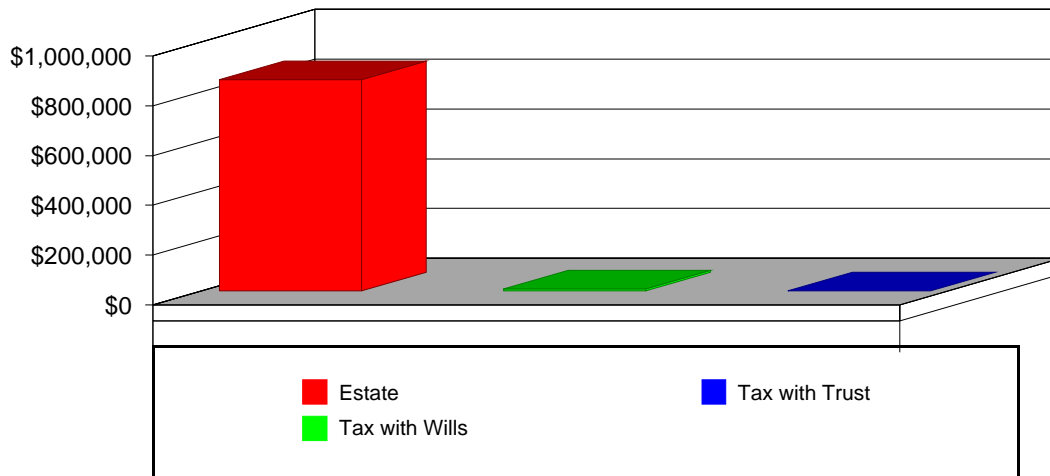
\* Capital gains column uses tax rate of 20% during accumulation and 15% during payout.

\*\* Assuming entire balance is paid in level annual distributions over a life expectancy period of 22.0 years

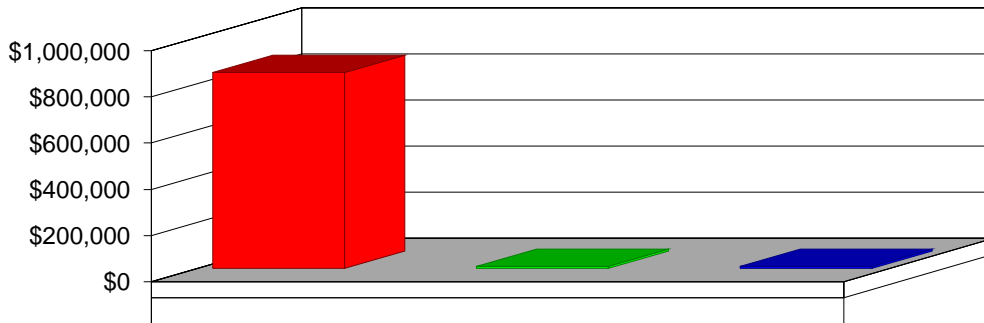
**ESTATE TAXES**

Retirement @ 65

**Allen dies first**



**Betty dies first**



	<b>Allen dies first</b>		<b>Betty dies first</b>	
All assets including life insurance	\$1,004,372		\$1,004,372	
Debts and expenses	(154,994)		(145,809)	
Net estate	\$849,379		\$858,563	
	Simple <u>wills</u>	Credit shelter <u>trust</u>	Simple <u>wills</u>	Credit shelter <u>trust</u>
Estate tax	\$7,170	\$0	\$10,568	\$10,568
Gain using trust	\$20,408		\$0	

<b>ESTATE TAX ILLUSTRATION</b>
--------------------------------

Retirement @ 65

**First death**

Separate property - Allen	\$401,919
Separate property - Betty	
1/2 community property	
1/2 joint property	130,462
Life Insurance in estate	10,000
Retirement plans*	41,754
<b>Gross estate</b>	<b>\$584,135</b>

**Allen dies first**

\$401,919
130,462
10,000
41,754
<b>\$584,135</b>

**Betty dies first**

\$17,475
130,462
90,000
27,300
<b>\$265,237</b>

Less expenses:

Debts	(40,095)
Final expenses	(15,000)
Administration @ 3.00%	(15,871)
Other expenses/gifts	
<b>Total expenses</b>	<b>(70,966)</b>

(40,095)
(15,000)
(15,871)
<b>(70,966)</b>

(40,095)
(15,000)
(6,304)
<b>(61,399)</b>

**Estate passing to heirs****\$513,169****\$203,838****To credit shelter trust\*\*****\$330,953****Second death**

Net estate from spouse	\$513,169
Separate property	17,475
1/2 Joint property	130,462
Life insurance in estate	90,000
Retirement plans*	27,300
<b>Gross Estate</b>	<b>\$778,406</b>

<b>Betty dies second</b>	
Without trust	With trust
\$513,169	\$182,216
17,475	17,475
130,462	130,462
90,000	90,000
27,300	27,300
<b>\$778,406</b>	<b>\$447,453</b>

<b>Allen dies second</b>	
Without trust	With trust
\$203,838	\$203,838
401,919	401,919
130,462	130,462
10,000	10,000
41,754	41,754
<b>\$787,973</b>	<b>\$787,973</b>

Less Expenses:

Debts	(40,095)
Final expenses	(15,000)
Administration @ 4.00%	(28,932)
Charity, other expenses, gifts	
<b>Total expenses</b>	<b>(\$84,027)</b>

(40,095)	(40,095)
(15,000)	(15,000)
(28,932)	(15,694)
<b>(\$84,027)</b>	<b>(\$70,789)</b>

(40,095)	(40,095)
(15,000)	(15,000)
(29,315)	(29,315)
<b>(\$84,410)</b>	<b>(\$84,410)</b>

Net taxable estate	\$694,379
Tentative Federal estate tax	227,720
Less unified credit	(220,550)

\$376,664	\$113,866
(113,866)	

\$703,563	\$231,118
(220,550)	(220,550)

**Estimated Federal Estate tax****\$7,170****\$0****\$10,568****\$10,568****Estate tax savings****100.00%**

Remainder Estate	\$687,209
Credit shelter trust**	
Life insurance outside estate	155,000
Irrevocable trust, other assets	
Estate and Trust to heirs*	\$842,209

\$376,664	\$330,953
155,000	155,000
<b>\$862,617</b>	

\$692,995	\$155,000
<b>\$847,995</b>	<b>\$847,995</b>

**Gain to heirs with Trust****\$20,408****\$0**

\*Tax deferred retirement plan assets when received by heirs will be subject to payment of deferred income taxes.

\*\*The Credit Shelter Trust is funded with the smaller of the current year Unified Credit exemption or separate property (less expenses.)

Normal retirement at age 65

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## ESTATE TAXES - SIMPLE WILLS

Retirement @ 65

When assets are passed to heirs by simple wills (or by State statutes when no wills exist), the estate will probably be subject to the maximum amount of Federal Estate taxes.

### Allen dies first

Allen's property \$401,919	1/2 Joint Property \$130,462	Life insurance \$10,000	Retirement plans \$41,754								
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"><b>Gross estate</b></td> <td style="width: 50%; text-align: right;">\$584,135</td> </tr> <tr> <td>Less debts and expenses</td> <td style="text-align: right;">(\$70,966)</td> </tr> <tr> <td>Federal estate Tax</td> <td></td> </tr> </table>				<b>Gross estate</b>	\$584,135	Less debts and expenses	(\$70,966)	Federal estate Tax			
<b>Gross estate</b>	\$584,135										
Less debts and expenses	(\$70,966)										
Federal estate Tax											
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Received from Allen</td> <td style="width: 50%; text-align: right;">\$513,169</td> </tr> <tr> <td>Betty's property &amp; insurance</td> <td style="text-align: right;">237,937</td> </tr> <tr> <td>Betty's retirement accounts</td> <td style="text-align: right;">27,300</td> </tr> <tr> <td><b>Gross estate</b></td> <td style="text-align: right; border-top: 1px solid black;">\$778,406</td> </tr> </table>				Received from Allen	\$513,169	Betty's property & insurance	237,937	Betty's retirement accounts	27,300	<b>Gross estate</b>	\$778,406
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<b>Heir's Estate</b>	<b>\$842,209</b>										
<b>Estate shrinkage</b>	<b>16.15%</b>										

While estate taxes may not be a serious problem for smaller estates, time, combined with the growth of successful investments or inflation can result in substantial estate tax liability.

### Betty dies first

Betty's property \$17,475	1/2 Joint Property \$130,462	Life insurance \$90,000	Retirement accounts \$27,300								
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"><b>Gross estate</b></td> <td style="width: 50%; text-align: right;">\$265,237</td> </tr> <tr> <td>Less debts and expenses</td> <td style="text-align: right;">(\$61,399)</td> </tr> <tr> <td>Federal estate tax</td> <td></td> </tr> </table>				<b>Gross estate</b>	\$265,237	Less debts and expenses	(\$61,399)	Federal estate tax			
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Federal estate tax											
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Received from Betty</td> <td style="width: 50%; text-align: right;">\$203,838</td> </tr> <tr> <td>Allen's property &amp; insurance</td> <td style="text-align: right;">542,382</td> </tr> <tr> <td>Allen's retirement accounts</td> <td style="text-align: right;">41,754</td> </tr> <tr> <td><b>Gross estate</b></td> <td style="text-align: right; border-top: 1px solid black;">\$787,973</td> </tr> </table>				Received from Betty	\$203,838	Allen's property & insurance	542,382	Allen's retirement accounts	41,754	<b>Gross estate</b>	\$787,973
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<b>Heir's Estate</b>	<b>\$847,995</b>										
<b>Estate shrinkage</b>	<b>15.57%</b>										

You may want to consider various types of trust or estate planning techniques to help assure that all aspects of your estate disposition are handled according to your wishes and with the minimum estate taxation. This report is an estimate and does not constitute legal advice. You should always obtain legal counsel before taking action affecting your estate planning.

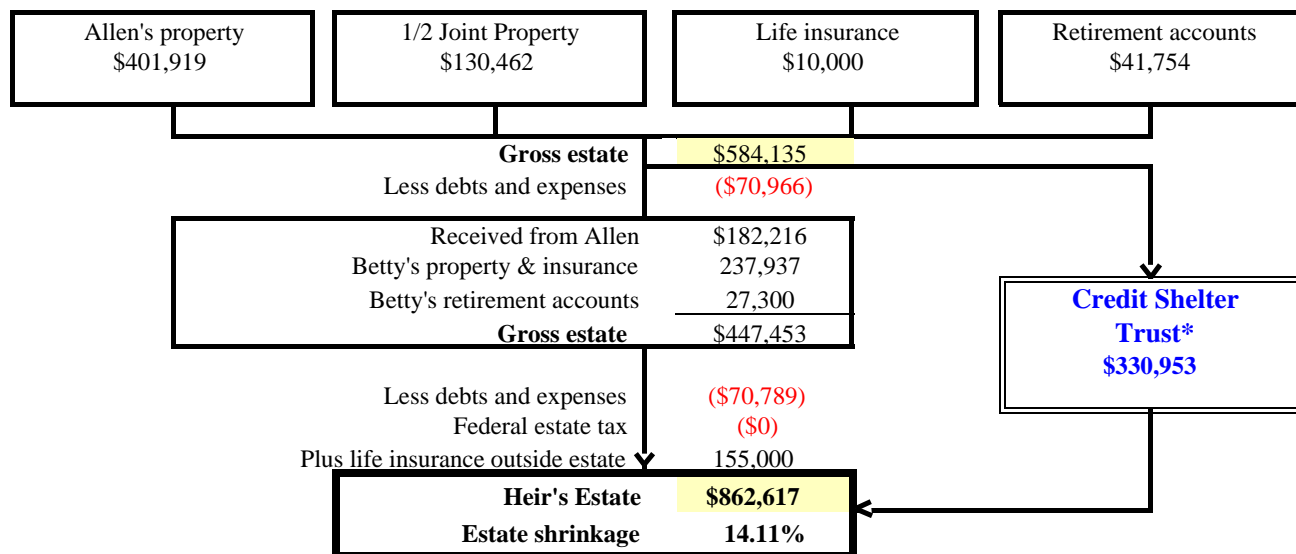
*Normal retirement at age 65*

## ESTATE TAXES - With TRUST

Retirement @ 65

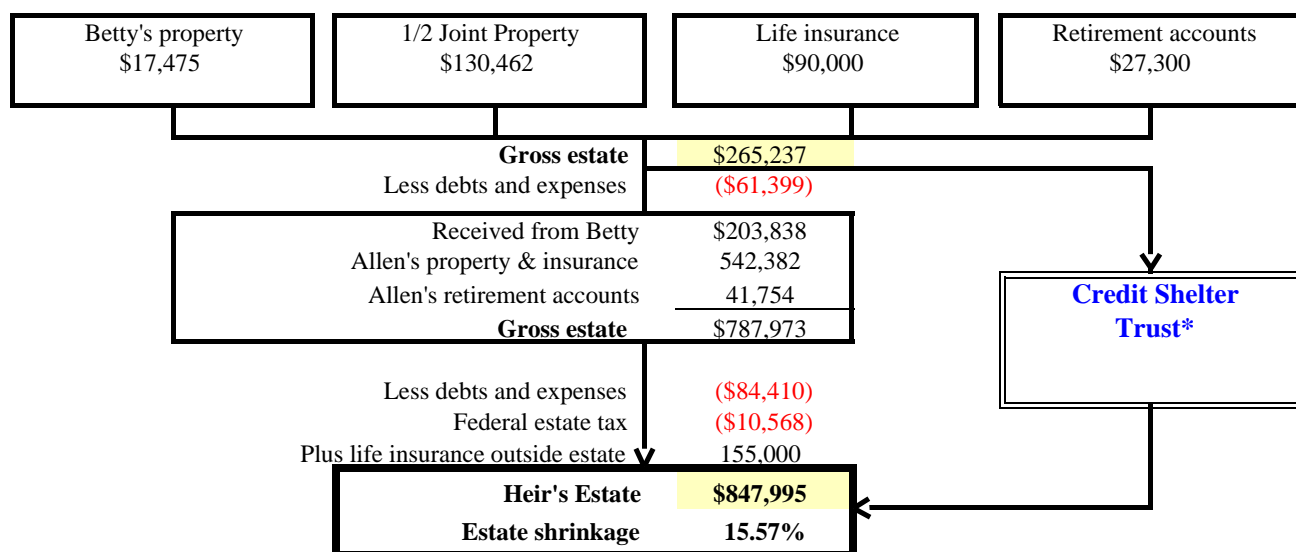
You might consider using a Credit Shelter Trust to minimize the cost of passing your assets to your heirs. This is accomplished by arranging to have a portion of your assets placed into trust upon the first death. The income from the trust may be made available to the surviving spouse, allowing the remaining trust assets to pass to the heirs without ever being included in the second spouse's estate.

### Allen dies first



In order to take advantage of trust planning techniques, your assets must be owned in a manner that will enable the assets to flow into the trust, such as separately owned or community property assets. Jointly held assets may be placed in the trust only if the surviving spouse makes a special election.

### Betty dies first



If you decide to use this technique, you should coordinate the process with all appropriate legal and financial advisors to evaluate the benefits of a trust. Implementation would require preparation of will and trust arrangements and possible retitling of some assets in order to maximize the effect of the trust planning.

*\*The Credit Shelter Trust is funded with the smaller of the current year Unified Credit exclusion or separate property plus 1/2 community property. (Less expenses)  
Normal retirement at age 65*

**FUTURE ESTATE SETTLEMENT COSTS - Allen dies first.**

Retirement @ 65

E5

Age	Assets & insurance*	Debts & expenses** (after both deaths)	Net Estate	Without trust		Credit Shelter Trust ***		Gain with Trust
				Estate tax	To Heirs (1)	Estate tax	To Heirs (1)	
56 54	\$1,004,372	(\$154,994)	\$849,379	(\$7,170)	\$842,209	(\$0)	\$862,617	\$20,408
57 55	1,037,666	(149,472)	888,194	(21,532)	866,662		888,194	21,532
58 56	1,057,784	(143,422)	914,362		914,362		914,362	
59 57	1,095,780	(140,792)	954,988		954,988		954,988	
60 58	1,119,860	(136,946)	982,914		982,914		982,914	
61 59	1,166,012	(133,833)	1,032,179		1,032,179		1,032,179	
62 60	1,241,878	(131,904)	1,109,975		1,109,975		1,109,975	
63 61	1,317,249	(129,354)	1,187,895		1,187,895		1,187,895	
64 62	1,416,732	(127,563)	1,289,169		1,289,169		1,289,169	
65 63	1,444,772	(120,932)	1,323,840		1,323,840		1,323,840	
66 64	1,451,477	(117,541)	1,333,936		1,333,936		1,333,936	
67 65	1,441,130	(118,713)	1,322,417		1,322,417		1,322,417	
68 66	1,461,093	(121,395)	1,339,698		1,339,698		1,339,698	
69 67	1,481,189	(124,140)	1,357,049		1,357,049		1,357,049	
70 68	1,501,081	(126,907)	1,374,173		1,374,173		1,374,173	
71 69	1,450,049	(126,812)	1,323,236		1,323,236		1,323,236	
72 70	1,470,984	(129,680)	1,341,304		1,341,304		1,341,304	
73 71	1,488,477	(132,549)	1,355,928		1,355,928		1,355,928	
74 72	1,504,852	(135,432)	1,369,420		1,369,420		1,369,420	
75 73	1,519,932	(138,324)	1,381,608		1,381,608		1,381,608	
76 74	1,533,522	(141,216)	1,392,306		1,392,306		1,392,306	
77 75	1,545,411	(144,101)	1,401,310		1,401,310		1,401,310	
78 76	1,555,378	(146,973)	1,408,405		1,408,405		1,408,405	
79 77	1,563,164	(149,821)	1,413,343		1,413,343		1,413,343	
80 78	1,568,533	(152,637)	1,415,897		1,415,897		1,415,897	
81 79	1,571,172	(155,409)	1,415,763		1,415,763		1,415,763	
82 80	1,570,793	(158,127)	1,412,665		1,412,665		1,412,665	
83 81	1,567,059	(160,778)	1,406,281		1,406,281		1,406,281	
84 82	1,559,754	(173,286)	1,386,469		1,386,469		1,386,469	
85 83	1,532,398	(172,551)	1,359,847		1,359,847		1,359,847	
86 84	1,472,922	(172,118)	1,300,804		1,300,804		1,300,804	
87 85	1,405,810	(171,465)	1,234,344		1,234,344		1,234,344	
88 86	1,279,689	(165,477)	1,114,213		1,114,213		1,114,213	
89 87	1,130,224	(157,781)	972,444		972,444		972,444	
90 88	1,009,855	(152,206)	857,649		857,649		857,649	
91 89	834,578	(147,052)	687,526		687,526		687,526	
92 90	648,708	(143,136)	505,572		505,572		505,572	
93 91	500,928	(135,941)	364,987		364,987		364,987	
94 92	331,460	(127,686)	203,774		203,774		203,774	
95 93								
96 94								
97 95								
98 96								
99 97								
100 98								
101 99								
102 100								
103 101								

16

16

(1) Plus value of life insurance outside of the estate, irrevocable trusts and other assets (\$155,000) if applicable.

\*Assets & Insurance = residence, personal prop., savings, investments, retirement accounts and life insurance.

\*\*Debts and expenses = mortgages, loans, final expenses (with inflation adjustments), and estimated estate administration costs.

\*\*\*The Credit Shelter Trust is funded with the smaller of the current year Unified Credit exclusion or separate property plus 1/2 community property.

Note: This illustration assumes the 2001 tax law changes are continued after 2010 (estate tax is repealed.)

Normal retirement at age 65

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**FUTURE ESTATE SETTLEMENT COSTS - Betty dies first.**

Retirement @ 65

E6

Age	Assets & insurance*	Debts & expenses* (after both deaths)	Net Estate	Without trust		Credit Shelter Trust ***		Gain with Trust	
				Estate tax	To Heirs (1)	Estate tax	To Heirs (1)		
56	54	\$1,004,372	(\$145,809)	\$858,563	(\$10,568)	\$847,995	(\$10,568)	\$847,995	6,605
57	55	1,037,666	(140,215)	897,451	(24,957)	872,494	(18,352)	879,099	
58	56	1,057,784	(134,109)	923,675		923,675		923,675	
59	57	1,095,780	(131,399)	964,381		964,381		964,381	
60	58	1,119,860	(127,492)	992,368		992,368		992,368	
61	59	1,166,012	(124,271)	1,041,740		1,041,740		1,041,740	
62	60	1,241,878	(122,033)	1,119,845		1,119,845		1,119,845	
63	61	1,317,249	(119,201)	1,198,047		1,198,047		1,198,047	
64	62	1,416,732	(116,972)	1,299,760		1,299,760		1,299,760	
65	63	1,444,772	(110,246)	1,334,525		1,334,525		1,334,525	
66	64	1,451,477	(106,931)	1,344,546		1,344,546		1,344,546	
67	65	1,441,130	(107,616)	1,333,514		1,333,514		1,333,514	
68	66	1,461,093	(110,196)	1,350,896		1,350,896		1,350,896	
69	67	1,481,189	(112,838)	1,368,351		1,368,351		1,368,351	
70	68	1,501,081	(115,561)	1,385,520		1,385,520		1,385,520	
71	69	1,450,049	(113,548)	1,336,501		1,336,501		1,336,501	
72	70	1,470,984	(116,527)	1,354,458		1,354,458		1,354,458	
73	71	1,488,477	(119,257)	1,369,220		1,369,220		1,369,220	
74	72	1,504,852	(121,984)	1,382,868		1,382,868		1,382,868	
75	73	1,519,932	(124,699)	1,395,232		1,395,232		1,395,232	
76	74	1,533,522	(127,394)	1,406,127		1,406,127		1,406,127	
77	75	1,545,411	(130,058)	1,415,353		1,415,353		1,415,353	
78	76	1,555,378	(132,679)	1,422,698		1,422,698		1,422,698	
79	77	1,563,164	(135,245)	1,427,919		1,427,919		1,427,919	
80	78	1,568,533	(137,744)	1,430,789		1,430,789		1,430,789	
81	79	1,571,172	(140,159)	1,431,013		1,431,013		1,431,013	
82	80	1,570,793	(142,476)	1,428,317		1,428,317		1,428,317	
83	81	1,567,059	(144,677)	1,422,382		1,422,382		1,422,382	
84	82	1,559,754	(152,250)	1,407,505		1,407,505		1,407,505	
85	83	1,532,398	(154,700)	1,377,699		1,377,699		1,377,699	
86	84	1,472,922	(153,494)	1,319,428		1,319,428		1,319,428	
87	85	1,405,810	(151,821)	1,253,989		1,253,989		1,253,989	
88	86	1,279,689	(149,214)	1,130,475		1,130,475		1,130,475	
89	87	1,130,224	(145,928)	984,296		984,296		984,296	
90	88	1,009,855	(143,846)	866,010		866,010		866,010	
91	89	834,578	(135,531)	699,047		699,047		699,047	
92	90	648,708	(124,994)	523,714		523,714		523,714	
93	91	500,928	(122,054)	378,874		378,874		378,874	
94	92	331,460	(118,536)	212,924		212,924		212,924	
95	93								
96	94								
97	95								
98	96								
99	97								
100	98								
101	99								
102	100								
103	101								

I6

I6

(1) Plus value of life insurance outside of the estate, irrevocable trusts and other assets (\$155,000) if applicable.

\*Assets & Insurance = residence, personal prop., savings, investments, retirement accounts and life insurance.

\*\*Debts and expenses = mortgages, loans, final expenses (with inflation adjustments), and estimated estate administration costs.

\*\*\*The Credit Shelter Trust is funded with the smaller of the current year Unified Credit exclusion or separate property plus

1/2 community property.

Note: This illustration assumes the 2001 tax law changes are continued after 2010 (estate tax is repealed.)

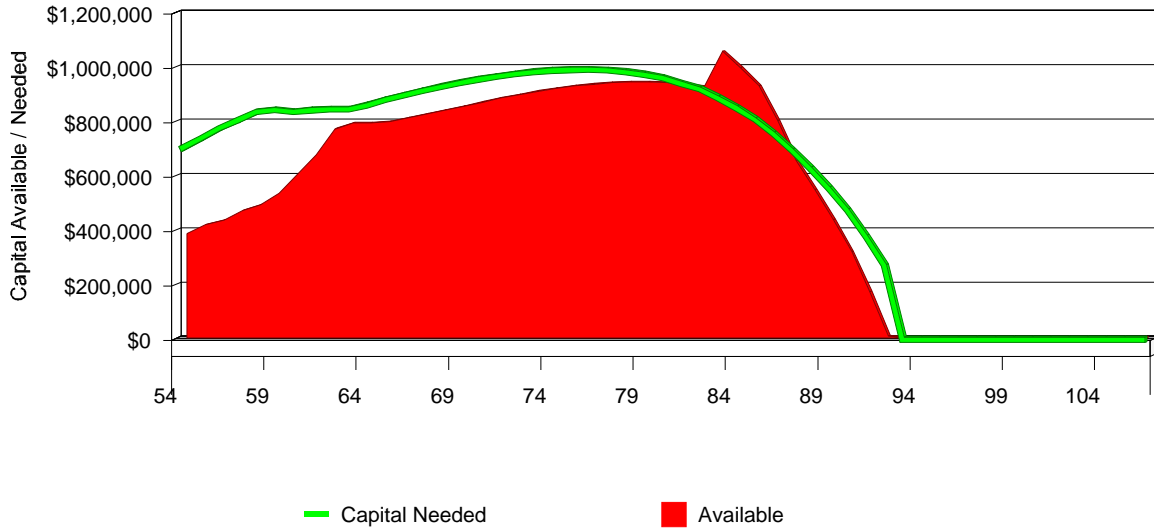
Normal retirement at age 65

02.be

# LIFE INSURANCE

Retirement @ 65

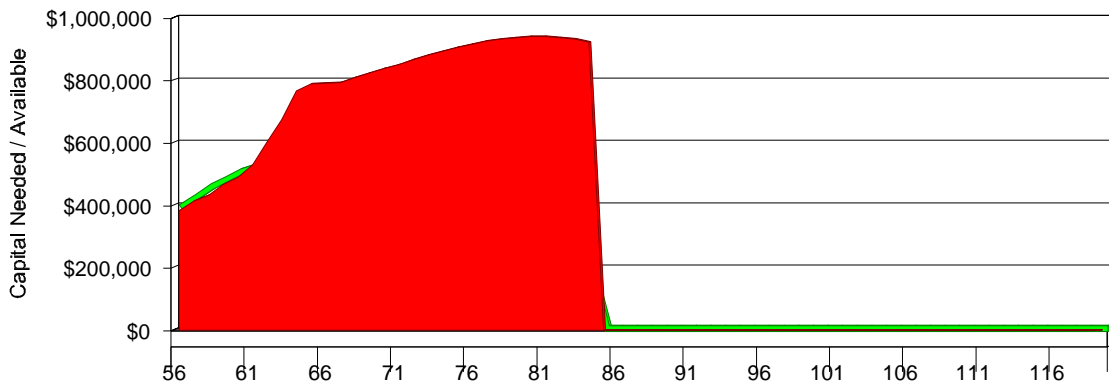
## Betty survives



The shaded area of the graph shows the amount of capital available at a given age. The line represents the amount of funds needed to provide capital for immediate cash needs and income for the survivor. If at any time the line extends above the shaded area, this indicates an amount of additional capital needed in the form of insurance.

The graph is interpreted to show the amount of insurance needed if death occurs at a selected age. For example, if no shortage is shown now, then the amount of capital available now will be adequate through life expectancy. If a shortage is indicated 10 years from now, then the additional insurance will be required only if death occurs at that age.

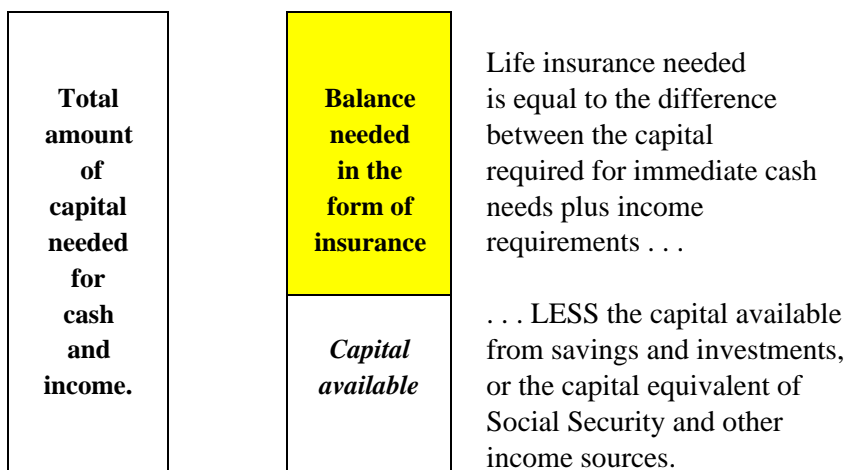
## Allen survives



## LIFE INSURANCE

In order to assure financial security in the event of the premature loss of a principal wage earner, any surviving heirs must have either an adequate source of wages or they must have sufficient accumulated capital to provide income in the form of interest, dividends, or the ability to consume such capital.

Unless you have already accumulated sufficient capital, the only course of action is to "option" for a sum of money for delivery at the time it is most needed -- the passing of a principal wage earner. The concept of optioning capital is nothing more than the idea of life insurance.



### **CAPITAL NEEDED (for survivor income and expenses)**

As time passes and the remaining heirs become less dependent on the wage earner, the total capital needed usually decreases.

### **CAPITAL AVAILABLE (savings and investments)**

If a careful program of saving and investing is followed, then capital available grows. At the point where the CAPITAL AVAILABLE is equal to the CAPITAL NEEDED, then life insurance is no longer needed except in cases where assets are not liquid.

In preparing the following Survivor Capital reports, all income needed and available has been converted to an equivalent "Present Value Capital" amount. In other words, we show the amount of capital that would be needed today to provide the future stream of income assuming that the capital will earn interest at 6.00% and be fully consumed at the end of the period shown or at life expectancy.

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

## SURVIVOR NEEDS for Betty

F3

Retirement @ 65

This analysis is used to show the amount of life insurance needed if Allen's death occurs at Betty's age shown and benefits are provided through Betty's life expectancy. The first age is current age, the last age is 10 years prior to life expectancy. The other ages are selected midpoint ages.

<b>Betty's age when Allen dies</b>	<b>54</b>	<b>64</b>	<b>74</b>	<b>82</b>	
Annual personal expense and item. deduction	(\$42,632)	(\$61,166)	(\$87,845)	(\$117,432)	
Debt payments	(3,600)				
Insurance premiums	(1,065)	(849)	(1,208)	(1,601)	
<b>Total annual expenses at this age</b>	<b>(\$47,297)</b>	<b>(\$62,015)</b>	<b>(\$89,053)</b>	<b>(\$119,033)</b>	J3
<b>Income sources:</b>					
Earned income	27,996	27,996			
Pensions* & Social Security	23,657	1,711	32,287	37,535	
Other income or (expense)		3,312	3,312		
<b>Total sources</b>	<b>\$51,653</b>	<b>\$33,019</b>	<b>\$35,599</b>	<b>\$37,535</b>	J3
<b>Annual surplus or (shortage) this year</b>	<b>4,356</b>	<b>(28,996)</b>	<b>(53,454)</b>	<b>(81,498)</b>	
<b>Capital required to fund income needed</b>	<b>(\$577,992)</b>	<b>(\$786,221)</b>	<b>(\$887,275)</b>	<b>(\$786,738)</b>	F4
<b>Plus immediate cash needs:</b>					
Final expenses and other cash needs	(35,000)	(50,926)	(74,100)	(100,027)	
Estate administration and legal costs	(15,871)	(24,973)	(27,876)	(34,277)	
Residence mortgage balance	(72,000)				
Other debts balance	(4,300)				
<b>Total immediate cash requirements</b>	<b>(\$127,171)</b>	<b>(\$75,900)</b>	<b>(\$101,976)</b>	<b>(\$134,304)</b>	J5
<b>Total capital needed at Allen's death (a)</b>	<b>(\$705,163)</b>	<b>(\$862,121)</b>	<b>(\$989,251)</b>	<b>(\$921,043)</b>	
<b>Less assets available:</b>					
Savings and investments	343,972	647,339	669,476	630,282	C5
Allen's retirement accounts (net of tax*)	21,444	54,086	72,356	71,945	H3
Betty's retirement accounts (net of tax*)	18,294	89,189	174,994	220,792	H3
<b>Total assets available at this age:</b>	<b>\$383,710</b>	<b>\$790,615</b>	<b>\$916,826</b>	<b>\$923,019</b>	
<b>Insurance needed for remaining years</b>	<b>\$321,453</b>	<b>\$71,506</b>	<b>\$72,425</b>	<b>(\$1,977)</b>	
<i>An amount in parenthesis indicates a surplus amount of capital is available if death occurs at that age.</i>					
Life insurance on Allen at the age shown	160,000	160,000	160,000	160,000	J1
<b>Additional insurance needed on Allen (b)</b>	<b>\$161,453</b>				

Notes to above data:

a - This represents the amount of capital needed, sometimes referred to as the Net Present Value, at the age shown to fund all future income shortages, assuming the capital could earn 6.00% after tax each year.

b - The additional insurance needed will vary depending on when death occurs, the amount of capital available at the time of death and the number of years remaining to provide income.

\* Pensions and retirement account values have been reduced by 32.99% to account for income taxes.

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# Survivor Capital Projection for Betty

Retirement @ 65

F4

Age	Income needed and sources				Income surplus or (shortage)	Capital needed for income	Immediate cash needs	Net assets ** +monthly add't'ns	Total life insurance needed
	Annual personal expenses*	Earned income (after tax)	Social Security & pensions	Other income or (expense)					
54	(47,297)	27,996	23,657		4,356	(577,992)	(127,171)	383,710	321,453
55	(46,200)	27,996	24,096		5,892	(617,027)	(123,305)	415,086	325,247
56	(46,930)	27,996	24,543	(10,795)	(5,186)	(659,941)	(117,171)	432,867	344,245
57	(48,637)	27,996	25,000	(11,216)	(6,858)	(694,351)	(113,055)	468,087	339,319
58	(49,928)	27,996	1,711	(11,654)	(31,875)	(729,154)	(108,258)	488,928	348,485
59	(51,764)	27,996	1,711	(24,216)	(46,273)	(741,029)	(103,315)	531,353	312,991
60	(53,668)	27,996	1,711	(9,268)	(33,229)	(739,218)	(98,375)	602,975	234,617
61	(55,642)	27,996	1,711	(9,759)	(35,694)	(750,342)	(92,818)	673,552	169,608
62	(57,690)	27,996	1,711	(10,269)	(38,252)	(759,668)	(87,056)	767,657	79,067
63	(59,814)	27,996	1,711	3,312	(26,795)	(766,996)	(79,337)	789,694	56,640
64	(62,015)	27,996	1,711	3,312	(28,996)	(786,221)	(75,900)	790,615	71,506
65	(64,297)		27,295	3,312	(33,690)	(804,399)	(77,944)	793,853	88,490
66	(66,664)		27,807	3,312	(35,545)	(818,973)	(80,317)	808,880	90,411
67	(69,119)		28,329	3,312	(37,478)	(832,567)	(82,770)	823,576	91,760
68	(71,665)		28,861	3,312	(39,491)	(845,043)	(85,270)	837,576	92,736
69	(74,305)		29,404	3,312	(41,589)	(856,254)	(87,764)	851,398	92,620
70	(77,043)		29,958	3,312	(43,773)	(866,041)	(90,368)	866,764	89,645
71	(79,884)		30,523	3,312	(46,048)	(874,230)	(93,140)	881,139	86,231
72	(82,829)		31,099	3,312	(48,418)	(880,636)	(95,997)	894,380	82,253
73	(85,884)		31,687	3,312	(50,885)	(885,056)	(98,942)	906,332	77,666
74	(89,053)		32,287	3,312	(53,454)	(887,275)	(101,976)	916,826	72,425
75	(92,339)		32,898	3,312	(56,129)	(887,057)	(105,102)	925,679	66,480
76	(95,748)		33,522	3,312	(58,914)	(884,151)	(108,322)	932,693	59,781
77	(99,283)		34,158	3,312	(61,813)	(878,287)	(111,638)	937,653	52,271
78	(102,950)		34,807	3,312	(64,831)	(869,171)	(115,052)	940,330	43,894
79	(106,753)		35,469	3,312	(67,972)	(856,491)	(118,568)	940,471	34,588
80	(110,698)		36,144		(74,554)	(839,909)	(122,187)	937,807	24,289
81	(114,789)		36,833		(77,956)	(815,750)	(125,912)	932,046	9,615
82	(119,033)		37,535		(81,498)	(786,738)	(134,304)	923,019	
83	(123,425)		38,252		(85,173)	(752,445)	(136,058)	1,054,299	
84	(127,981)		38,982		(88,998)	(712,418)	(139,537)	993,857	
85	(132,705)		39,728		(92,978)	(666,165)	(143,182)	926,237	
86	(137,606)		40,488		(97,118)	(613,158)	(143,806)	800,074	
87	(142,689)		41,264		(101,425)	(552,829)	(143,709)	651,087	45,451
88	(147,961)		42,055		(105,906)	(484,573)	(144,695)	545,140	84,129
89	(153,430)		42,862		(110,568)	(407,741)	(148,499)	434,571	121,670
90	(159,101)		43,685		(115,417)	(321,638)	(154,130)	317,409	158,360
91	(164,984)		44,524		(120,460)	(225,520)	(154,857)	169,748	210,629
92	(171,086)		45,380		(125,706)	(118,591)	(155,280)	5,393	268,478
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94									
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98									
99									
100									
101									
	J3	J3	J3	J3			J2	C5	

\* Includes basic personal expenses plus insurance premiums, debt payments and itemized deductions.

\*\* Retirement account values (IRA, 401k, etc.) are reduced by 32.99% to account for income taxes.

## SURVIVOR NEEDS for Allen

Retirement @ 65

This analysis is used to show the amount of life insurance needed if Betty's death occurs at Allen's age shown and benefits are provided through Allen's life expectancy. The first age is current age, the last age is 10 years prior to life expectancy. The other ages are selected midpoint ages.

<b>Allen's age when Betty dies</b>	<b>56</b>	<b>61</b>	<b>66</b>	<b>74</b>	
Annual personal expense & item. deduction	(\$42,632)	(\$51,058)	(\$61,166)	(\$81,704)	
Debt payments	(2,460)				
Insurance premiums	(3,585)	(1,156)	(849)	(1,125)	
<b>Total annual expenses at this age</b>	<b>(\$48,677)</b>	<b>(\$52,214)</b>	<b>(\$62,015)</b>	<b>(\$82,829)</b>	J6
<b>Income sources:</b>					
Earned income	56,796	56,796			
Pensions* & Social Security	10,532		29,882	35,011	
Other income or (expense)		27,951	3,351		
<b>Total sources</b>	<b>\$67,328</b>	<b>\$84,747</b>	<b>\$33,233</b>	<b>\$35,011</b>	J6
<b>Annual surplus or (shortage) this year</b>	<b>18,651</b>	<b>32,533</b>	<b>(28,782)</b>	<b>(47,818)</b>	
<b>Capital required to fund income needed</b>	<b>(\$277,151)</b>	<b>(\$424,312)</b>	<b>(\$519,019)</b>	<b>(\$469,819)</b>	F6
<b>Plus immediate cash needs:</b>					
Final expenses and other cash needs	(35,000)	(42,219)	(50,926)	(68,745)	
Estate administration and legal costs	(6,304)	(10,185)	(13,921)	(13,243)	
Residence mortgage balance	(72,000)	(40,951)			
Other debts balance	(3,890)				
<b>Total immediate cash requirements</b>	<b>(\$117,194)</b>	<b>(\$93,355)</b>	<b>(\$64,847)</b>	<b>(\$81,988)</b>	J5
<b>Total capital needed at Betty's death (a)</b>	<b>(\$394,345)</b>	<b>(\$517,667)</b>	<b>(\$583,867)</b>	<b>(\$551,808)</b>	
<b>Less assets available:</b>					
Savings and investments	343,972	450,377	647,339	661,308	C5
Allen's retirement accounts (after tax*)	21,444	35,673	54,086	70,958	H3
Betty's retirement accounts (after tax*)	18,294	45,304	89,189	162,114	H3
<b>Total assets available at this age</b>	<b>\$383,710</b>	<b>\$531,353</b>	<b>\$790,615</b>	<b>\$894,380</b>	
<b>Insurance needed for remaining years</b>	<b>\$10,635</b>	<b>(\$13,686)</b>	<b>(\$206,748)</b>	<b>(\$342,573)</b>	
<i>An amount in parenthesis indicates a surplus amount of capital is available if death occurs at that age.</i>					
Life insurance on Betty at the age shown	95,000	95,000	95,000		J1
<b>Additional insurance needed on Betty (b)</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	

Notes to above data:

a - This represents the amount of capital needed, sometimes referred to as the net present value, at the age shown to fund all future shortages, assuming that the capital could earn 6.00% after tax each year.

b - The additional insurance needed will vary depending on when death occurs, the amount of capital available at the time of death and the number of years remaining to provide income.

\* Pensions and retirement account values have been reduced by 32.99% to account for income taxes.

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**Survivor Capital Projection for Allen**

Retirement @ 65

F6

Income needed and sources					Income surplus or (shortage)	Capital needed for income	Immediate cash needs	Net** assets +monthly additions	Total life insurance needed
Age	Annual personal expenses*	Earned income (after tax)	Social Security & pensions	Other income or (expense)					
56	(48,677)	56,796	10,532		18,651	(277,151)	(117,194)	383,710	10,635
57	(50,126)	56,796	10,743		17,413	(312,431)	(112,311)	415,086	9,656
58	(49,450)	56,796	10,958	(10,795)	7,508	(348,590)	(107,471)	432,867	23,193
59	(51,157)	56,796	11,177	(11,216)	5,599	(377,013)	(103,271)	468,087	12,197
60	(50,378)	56,796		(11,654)	(5,235)	(405,233)	(98,411)	488,928	14,716
61	(52,214)	56,796		27,951	32,533	(424,312)	(93,355)	531,353	
62	(54,118)	56,796		(12,580)	(9,902)	(482,304)	(88,093)	602,975	
63	(56,092)	56,796		(13,071)	(12,367)	(501,340)	(82,242)	673,552	
64	(58,140)	56,796		(33,581)	(34,925)	(519,053)	(76,023)	767,657	
65	(59,814)		29,296	3,351	(27,168)	(515,271)	(68,206)	789,694	
66	(62,015)		29,882	3,351	(28,782)	(519,019)	(64,847)	790,615	
67	(64,297)		30,480	3,351	(30,467)	(521,378)	(66,385)	793,853	
68	(66,664)		31,089	3,351	(32,224)	(522,194)	(68,652)	808,880	
69	(69,119)		31,711	3,351	(34,057)	(521,301)	(70,997)	823,576	
70	(71,665)		32,345		(39,319)	(518,522)	(73,450)	837,576	
71	(74,305)		32,992		(41,313)	(510,314)	(73,947)	851,398	
72	(77,043)		33,652		(43,392)	(499,620)	(76,667)	866,764	
73	(79,884)		34,325		(45,559)	(486,206)	(79,294)	881,139	
74	(82,829)		35,011		(47,818)	(469,819)	(81,988)	894,380	
75	(85,884)		35,712		(50,173)	(450,191)	(84,750)	906,332	
76	(89,053)		36,426		(52,627)	(427,029)	(87,579)	916,826	
77	(92,339)		37,154		(55,185)	(400,024)	(90,473)	925,679	
78	(95,748)		37,898		(57,850)	(368,841)	(93,432)	932,693	
79	(99,283)		38,655		(60,628)	(333,121)	(96,455)	937,653	
80	(102,950)		39,429		(63,521)	(292,481)	(99,539)	940,330	
81	(106,753)		40,217		(66,536)	(246,508)	(102,682)	940,471	
82	(110,698)		41,021		(69,676)	(194,763)	(105,884)	937,807	
83	(114,789)		41,842		(72,947)	(136,773)	(109,140)	932,046	
84	(119,033)		42,679		(76,354)	(72,032)	(112,392)	923,019	
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\* Includes basic personal expenses plus insurance premiums, debt payments and itemized deductions.

\*\* Retirement account values (IRA, 401k, etc.) are reduced by 32.99% to account for income taxes.

<b>LIFE INSURANCE</b>
-----------------------

Retirement @ 65

<u>Insured</u>	<u>Company</u>	<u>Description</u>	<u>Face amount</u>	<u>Annual premium</u>	<u>Cash value</u>
Allen	Met Life	Whole Life	100,000	1,900	4,800
Allen	NWML	WL	60,000	650	1,175
		Total	160,000	2,550	5,975
Betty	Aetna	Group Term	20,000		
Betty	ANLIC	5 year term	75,000	375	
		Total	95,000	375	

## DISABILITY INCOME

Retirement @ 65

In the event of total or partial disability you may face serious financial challenges. If income from wages is reduced substantially, you and those dependent on you could be required to make radical changes in your style of living, or consume assets that will be needed for security during the retirement years.

<b>Annual income needed:*</b>	<b>Allen</b>		<b>Betty</b>	
Personal living expenses	31,539		31,539	
Itemized deductions (property tax, contrib, etc.)	7,150		7,150	DI
Home mortgage	11,280		11,280	KI
Loan payments (auto, credit card, etc)	6,060		6,060	KI-3
Insurance premium payments	3,815		4,265	
<b>Total income required</b>	<b>59,844</b>		<b>60,294</b>	

<b>Income sources while disabled:</b>	<b>Allen disabled</b>		<b>Betty disabled</b>		
	<u>Short term</u>	<u>Long term</u>	<u>Short term</u>	<u>Long term</u>	
Wages and self employment -Allen			\$71,000	\$71,000	
Wages and self employment - Betty	\$36,000	\$36,000			
Less taxes (estimated @ 28.71%.)	(11,699)	(13,421)	(21,747)	(21,747)	
Interest and dividend income	4,750	4,750	4,750	4,750	DI
Schedule E rent / partnership income					DI
Other non-taxable income					DI
Other non-taxable income					
Pension income					
Personal disability income policies	30,000	42,000	6,000	9,600	
Company disability income benefits		6,000			
<b>Total income available</b>	<b>\$59,051</b>	<b>\$75,329</b>	<b>\$60,003</b>	<b>\$63,603</b>	

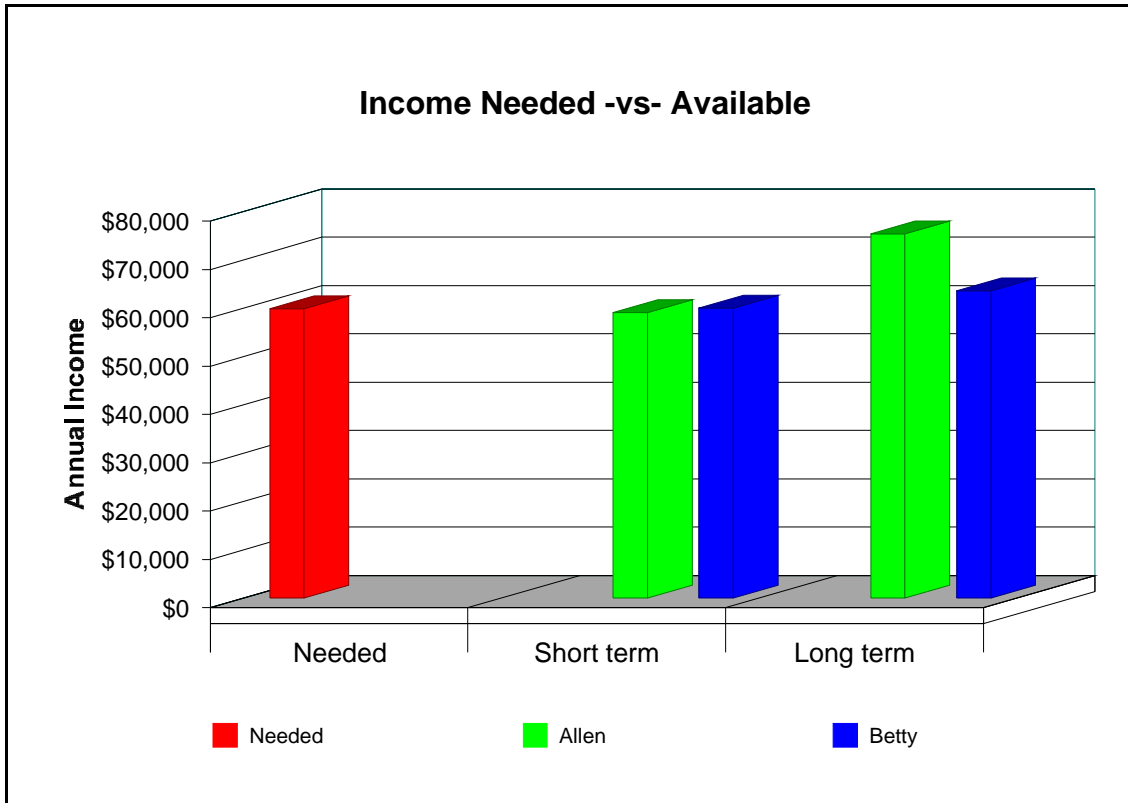
<b>Income shortage per year when disabled</b>	\$793	N/A	\$291	N/A
Income shortage per month	\$66	N/A	\$24	N/A

If a shortage is indicated you should consider acquiring disability insurance coverage (or increasing existing policies) to provide the necessary income. Insurance company requirements may limit the amount of coverage available.

*\* The amounts needed above do not include deposits to savings and investments to build assets for your retirement years. Present annual additions equal \$7,536. The Retirement Capital report indicates additional deposits may be needed between \$1,087 and \$4,269 per year depending on the rate of return earned.*

*Note: Consult with your financial advisor and/or insurance agent about factors that may suggest additional insurance coverage.*

## DISABILITY



A short term or long term disability due to illness or injury can devastate your financial plans. At a time when you can no longer work for a living, your expenses may actually increase while your income decreases, forcing you to deplete funds that were accumulating for your financial independence in your retirement years.

Careful planning should be made to assure that you will have adequate income in the event of disability due to serious illness or accident.

	<u>Allen disabled</u>		<u>Betty disabled</u>	
	<u>Short term</u>	<u>Long term</u>	<u>Short term</u>	<u>Long term</u>
Income needed	\$59,844	\$59,844	\$60,294	\$60,294
Amount available	<u>59,051</u>	<u>75,329</u>	<u>60,003</u>	<u>63,603</u>
Additional needed	\$793	N/A	\$291	N/A

*Normal retirement at age 65*

## PROPERTY AND CASUALTY INSURANCE

A substantial portion of your assets is represented by your residence and other personal property such as autos, recreational vehicles, jewelery, etc.

Loss of these assets can occur through fire, theft, accidents or other means. Just as you insure your life with life insurance, or your health with medical insurance, you should carefully evaluate the benefits of insuring your property against loss in the form of property and casualty insurance.

### **Homeowners Insurance:**

Most mortgage lenders require that you carry insurance on your residence for at least 80% of the current replacement value. Most homeowners policies will include coverage on the contents of the home, and may even provide extended benefits on property taken out of the home temporarily.

Homeowners policies usually will include some amount of liability protection, providing protection in case someone is injured on your property. This coverage generally includes both medical cost reimbursement and liability protection in the event the homeowner is found negligent.

### **Automobile and Recreational Vehicle coverage:**

Auto policies generally include several types of coverage:

- Collision pays for damage to your car when an accident occurs.

- Comprehensive coverage pays for losses not caused by an accident.

- Liability provides payment for damage to people and property in an accident where you are found to be at fault.

- No fault coverage, mandatory in many states, pays medical expenses and a portion of lost wages regardless of who is at fault in an accident.

### **Personal Excess Liability coverage:**

Sometimes referred to as "umbrella coverage", this type of policy provides protection in excess of normal policy limits found in homeowners or automobile policies.

If you are found negligent in an automobile accident or in an injury to a visitor at your home, this policy can protect you from losses that might substantially exceed the limits of your other policies and could save you from losing all that you own.

## LONG TERM CARE

Since the turn of the century we have seen two events that have dramatically affected the need for long term care (LTC) planning for the retirement years.

- **Longer life expectancy**
- **Advances in medical treatment for the elderly**

It is not unusual to experience as many as 20 or more years in what we refer to as "retirement". During these retirement years, many people experience a period where special care is needed. The American Association of Homes for the Aging reported that two out of five individuals over age 65 will enter a care facility and stay an average of two and a half years.

The LTC facility may be a nursing home, adult day care center, assisted living facility, continuing care community, or assistance in your own home. According to the New England Journal of Medicine, the average cost of a nursing home is in excess of \$100 per day.

Medicare, Medicaid and private health policies usually cover only a small portion of the costs of long term care, if any, and even most "Medigap" policies provide little or no benefits for LTC.

In order to plan properly for the possibility of LTC expenses, a popular option is to purchase a LTC insurance policy which provides a specified daily or monthly benefit when the care is required. This enables the insured to pay a small premium now and assure a benefit in the future, when the need arises.

Current provisions in the tax laws relating to LTC insurance may allow some or all of these premiums to be tax deductible (for those who itemize deductions) and provide that the LTC benefits may, under some conditions, be received all or partially tax free.



Annual Expenses (without inflation adjustments)

Retirement @ 65

G1a

Age	Personal expenses (no tax)	Itemized deductions	Savings invest. retire.	Insurance					Liabilities		Total annual expenses
				Auto*	Disability	Medical & LTC*	Home-owner & P/C*	Life Insur.	Mortgages	Other debts	
56	39,424	7,150	7,536	400	450		385	3,030	11,280	6,060	75,715
57	39,424	7,359	7,536	400	450		385	3,030	11,280	3,237	73,101
58	39,424	7,574	7,536	400	450		385	3,030	11,280		70,079
59	39,424	7,796	7,536	400	450		385	3,030	11,280		70,301
60	39,424	8,023	7,536	400	450		385	3,030	11,280		70,528
61	39,424	8,258	7,536	400	450		385	3,670	11,280		71,403
62	39,424	8,499	7,536	400	450		385	3,670	11,280		71,644
63	39,424	8,748	7,536	400	450		385	3,670	11,280		71,893
64	39,424	9,004	7,536	400	450		385	3,670	11,280		72,149
65	46,400	9,267	2,400	400			385	3,670	5,823		68,345
66	46,400	9,538	2,400	400			385	4,865			63,988
67	46,400	9,817		400			385	4,865			61,867
68	46,400	10,104		400			385	4,865			62,154
69	46,400	10,400		400			385	4,865			62,450
70	43,940	10,704		400			385	4,865			60,294
71	43,940	11,017		400			385	2,550			58,292
72	43,940	11,339		400			385	2,550			58,614
73	43,940	11,671		400			385	2,550			58,946
74	43,940	12,012		400			385	2,550			59,287
75	43,940	12,363		400			385	2,550			59,639
76	43,940	12,725		400			385	2,550			60,000
77	43,940	13,097		400			385	2,550			60,372
78	43,940	13,481		400			385	2,550			60,756
79	43,940	13,875		400			385	2,550			61,150
80	43,940	14,281		400			385	2,550			61,556
81	43,940	14,699		400			385	2,550			61,974
82	43,940	15,129		400			385	2,550			62,404
83	43,940	15,572		400			385	2,550			62,847
84	52,800	16,028		400			385	2,550			72,163
85	52,800	16,497		200			385				69,882
86	52,800	16,979		200			385				70,364
87	52,800	17,476		200			385				70,861
88	52,800	17,988		200			385				71,373
89	52,800	18,515		200			385				71,900
90	52,800	19,056		200			385				72,441
91	52,800	19,614		200			385				72,999
92	52,800	20,189		200			385				73,574
93	52,800	20,780		200			385				74,165
94	52,800	21,388		200			385				74,773
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\*Premiums on these policies will be inflated on the Income Needed reports at the rates used for personal expenses.

**Pensions:**

		Allen		Allen		Betty		Betty			
Ages		65	Survivor	65	Survivor	65	Survivor	65	Survivor	Tax on	Net
Cl	Sp	\$6,600	benefit		benefit		benefit		benefit	pensions	Pensions
		2.00%	\$2,400				50%			33%	after tax
56	54		2,400								
57	55		2,400								
58	56		2,400								
59	57		2,400								
60	58		2,400								
61	59		2,400								
62	60		2,400								
63	61		2,400								
64	62		2,400								
65	63	6,600	2,400							2,177	4,423
66	64	6,732	2,400							2,221	4,511
67	65	6,867	2,400							2,265	4,601
68	66	7,004	2,400							2,310	4,693
69	67	7,144	2,400							2,357	4,787
70	68	7,287	2,400							2,404	4,883
71	69	7,433	2,400							2,452	4,981
72	70	7,581	2,400							2,501	5,080
73	71	7,733	2,400							2,551	5,182
74	72	7,888	2,400							2,602	5,286
75	73	8,045	2,400							2,654	5,391
76	74	8,206	2,400							2,707	5,499
77	75	8,370	2,400							2,761	5,609
78	76	8,538	2,400							2,816	5,721
79	77	8,709	2,400							2,873	5,836
80	78	8,883	2,400							2,930	5,952
81	79	9,060	2,400							2,989	6,072
82	80	9,242	2,400							3,049	6,193
83	81	9,426	2,400							3,110	6,317
84	82	9,615	2,400							3,172	6,443
85	83	4,904	2,400							1,618	3,286
86	84	5,002	2,400							1,650	3,352
87	85	5,102	2,400							1,683	3,419
88	86	5,204	2,400							1,717	3,487
89	87	5,308	2,400							1,751	3,557
90	88	5,414	2,400							1,786	3,628
91	89	5,522	2,400							1,822	3,701
92	90	5,633	2,400							1,858	3,775
93	91	5,745	2,400							1,895	3,850
94	92		2,400								
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103	101										

**Other Income and Expense**

Retirement @ 65

G3

<b>Single Year</b>		Amount	Incr-	Inflated	Percent	Net	Survivor amount	
Age	Description	(today's dollars)	ease rate	amount	taxable	after tax*	after tax & inflation	
							Allen	Betty
61	Inheritance	45,000	3.00	52,167		52,167	52,167	
64	Gifts to kids	(20,000)		(20,000)		(20,000)	(20,000)	

<b>Multiple year</b>		Amount	Incr-	Starting	Ending	Percent	Total	Survivor amount	
Start age	Stop age	(today's dollars)	ease rate	amount	amount	taxable	after tax*	after tax & inflation.	
	Description							Allen	Betty
65	70	Deferred comp		5,000	5,000	100%	16,753	16,753	
65	67	Retirement Trip	8.00	(14,993)	(16,192)		(31,184)		

\* Tax rate before retirement = 32.99%, and 32.99% after retirement.

**Other Income/Expense, Options, Insurance, Misc.**

G4

Age	Single year inc/exp (after tax)	Multiple year inc/exp (after tax)	Stock Options (after tax)	Betty post retire income (after tax)	Life insurance benefits	Total misc. income or expense & insurance	Education expenses	Other goals	Total education and other goals
56									
57			(15,000)			(15,000)			
58			10,992			10,992	(10,795)		(10,795)
59			(4,590)			(4,590)	(11,216)		(11,216)
60			14,743			14,743	(11,654)		(11,654)
61	52,167					52,167	(24,216)		(24,216)
62			35,184			35,184	(12,580)		(12,580)
63			53,565			53,565	(13,071)		(13,071)
64	(20,000)					(20,000)	(13,581)		(13,581)
65		(11,642)		23,454		11,812			
66		(12,841)		23,454		10,613			
67		3,351				3,351			
68		3,351				3,351			
69		3,351				3,351			
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Normal retirement at age 65

**Income Summary**

Retirement @ 65

**Cash Flow surplus allocation**

G5

Age	Annual personal expenses	Other income or expenses	Pension Soc Sec	Minimum distrib	Surplus	Shortage	Taxable 20%	Equity 40%	Tax free 20%	Tax Defer. 20%
	56									
57		(15,000)				(15,000)				
58		197			197		39	79	39	39
59		(15,806)				(15,806)				
60		3,089			3,089		618	1,236	618	618
61		27,951			27,951		5,590	11,180	5,590	5,590
62		22,603			22,603		4,521	9,041	4,521	4,521
63		40,494			40,494		8,099	16,198	8,099	8,099
64		(33,581)				(33,581)				
65	(90,477)	11,812	29,014			(49,651)				
66	(88,703)	10,613	29,594			(48,496)				
67	(85,626)	3,351	47,964			(34,311)				
68	(88,450)	3,351	48,923			(36,176)				
69	(91,374)	3,351	49,902			(38,121)				
70	(90,290)		50,900	2,445		(36,945)				
71	(90,969)		51,918	2,570		(36,481)				
72	(94,068)		52,956	8,152		(32,960)				
73	(97,276)		54,015	8,714		(34,547)				
74	(100,597)		55,096	9,314		(36,187)				
75	(104,035)		56,197	9,956		(37,882)				
76	(107,594)		57,321	10,642		(39,631)				
77	(111,278)		58,468	11,358		(41,453)				
78	(115,093)		59,637	12,140		(43,316)				
79	(119,041)		60,830	12,912		(45,299)				
80	(123,128)		62,047	13,777		(47,304)				
81	(127,360)		63,288	14,645		(49,427)				
82	(131,740)		64,553	15,563		(51,624)				
83	(136,275)		65,844	16,532		(53,899)				
84	(165,216)	160,000	67,161	17,553	79,499		15,900	31,800	15,900	15,900
85	(166,970)		39,827	18,597		(108,547)				
86	(171,967)		40,623	19,692		(111,652)				
87	(177,114)		41,436	20,733		(114,945)				
88	(182,414)		42,264	21,808		(118,342)				
89	(187,874)		43,110	22,914		(121,850)				
90	(193,496)		43,972	21,618		(127,907)				
91	(199,287)		44,851	11,609		(142,827)				
92	(205,252)		45,748			(159,504)				
93	(211,395)		46,663			(164,732)				
94	(217,722)		43,669			(174,052)				
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	G1	G4	G1,G2	G1						

Normal retirement at age 65

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**Itemized deduction expense projection**

Retirement @ 65

G6

Age	Gross Income	Charitable contrib.		Medical expenses		Property tax		Other Tax	Misc Item. Ded.		Other ded. int.	Total
		% gross income	\$750	% gross income		Residence \$307,000	% resid. value \$2,200	% gross income	% gross income \$4,200	% gross income		
56	120,235		750			307,000	2,200			4,200		7,150
57	102,599		773			307,000	2,261			4,326		7,359
58	129,166		796			307,000	2,323			4,456		7,574
59	113,052		820			307,000	2,387			4,589		7,796
60	133,037		844			307,000	2,452			4,727		8,023
61	223,954		869			307,000	2,520			4,869		8,258
62	156,058		896			307,000	2,589			5,015		8,499
63	176,219		922			307,000	2,660			5,165		8,748
64	81,077		950			307,000	2,733			5,320		9,004
65	90,280		979			307,000	2,808			5,480		9,267
66	86,853		1,008			307,000	2,886			5,644		9,538
67	61,036		1,038			307,000	2,965			5,814		9,817
68	59,844		1,069			307,000	3,047			5,988		10,104
69	60,121		1,101			307,000	3,130			6,168		10,400
70	60,518		1,134			307,000	3,216			6,353		10,704
71	61,981		1,168			307,000	3,305			6,543		11,017
72	68,937		1,204			307,000	3,396			6,740		11,339
73	70,912		1,240			307,000	3,489			6,942		11,671
74	72,964		1,277			307,000	3,585			7,150		12,012
75	75,099		1,315			307,000	3,684			7,365		12,363
76	77,321		1,355			307,000	3,785			7,586		12,725
77	79,617		1,395			307,000	3,889			7,813		13,097
78	82,024		1,437			307,000	3,996			8,048		13,481
79	84,468		1,480			307,000	4,106			8,289		13,875
80	87,056		1,525			307,000	4,219			8,538		14,281
81	89,697		1,570			307,000	4,335			8,794		14,699
82	92,440		1,617			307,000	4,454			9,058		15,129
83	93,658		1,666			307,000	4,576			9,329		15,572
84	258,570		1,716			307,000	4,702			9,609		16,028
85	66,818		1,767			307,000	4,832			9,898		16,497
86	62,764		1,820			307,000	4,965			10,195		16,979
87	63,851		1,875			307,000	5,101			10,500		17,476
88	65,789		1,931			307,000	5,241			10,815		17,988
89	67,775		1,989			307,000	5,385			11,140		18,515
90	67,375		2,049			307,000	5,534			11,474		19,056
91	58,282		2,110			307,000	5,686			11,818		19,614
92	47,606		2,174			307,000	5,842			12,173		20,189
93	48,559		2,239			307,000	6,003			12,538		20,780
94	43,669		2,306			307,000	6,168			12,914		21,388
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Itemized deduction expense projection - non-inflated

Retirement @ 65

G6a

Age	Gross Income	Charitable contrib.		Medical expenses		Property tax			Other Tax		Misc Item. Ded.		Other ded. int.		Total
		% gross income	\$750	% gross income	Residence \$307,000	% resid. value	\$2,200	% gross income	% gross income	\$4,200	% gross income	46.19			
56	120,235		750		307,000		2,200				4,200				7,150
57	120,235		750		307,000		2,200				4,200				7,150
58	120,235		750		307,000		2,200				4,200				7,150
59	120,235		750		307,000		2,200				4,200				7,150
60	120,235		750		307,000		2,200				4,200				7,150
61	120,235		750		307,000		2,200				4,200				7,150
62	120,235		750		307,000		2,200				4,200				7,150
63	120,235		750		307,000		2,200				4,200				7,150
64	120,235		750		307,000		2,200				4,200				7,150
65	120,235		750		307,000		2,200				4,200				7,150
66	31,815		750		307,000		2,200				4,200				7,150
67	50,229		750		307,000		2,200				4,200				7,150
68	51,234		750		307,000		2,200				4,200				7,150
69	52,258		750		307,000		2,200				4,200				7,150
70	55,749		750		307,000		2,200				4,200				7,150
71	56,940		750		307,000		2,200				4,200				7,150
72	63,609		750		307,000		2,200				4,200				7,150
73	65,280		750		307,000		2,200				4,200				7,150
74	67,012		750		307,000		2,200				4,200				7,150
75	68,807		750		307,000		2,200				4,200				7,150
76	70,670		750		307,000		2,200				4,200				7,150
77	72,587		750		307,000		2,200				4,200				7,150
78	74,593		750		307,000		2,200				4,200				7,150
79	76,614		750		307,000		2,200				4,200				7,150
80	78,754		750		307,000		2,200				4,200				7,150
81	80,922		750		307,000		2,200				4,200				7,150
82	83,165		750		307,000		2,200				4,200				7,150
83	85,486		750		307,000		2,200				4,200				7,150
84	87,886		750		307,000		2,200				4,200				7,150
85	60,041		750		307,000		2,200				4,200				7,150
86	61,965		750		307,000		2,200				4,200				7,150
87	63,851		750		307,000		2,200				4,200				7,150
88	65,789		750		307,000		2,200				4,200				7,150
89	67,775		750		307,000		2,200				4,200				7,150
90	67,375		750		307,000		2,200				4,200				7,150
91	58,282		750		307,000		2,200				4,200				7,150
92	47,606		750		307,000		2,200				4,200				7,150
93	48,559		750		307,000		2,200				4,200				7,150
94	43,669		750		307,000		2,200				4,200				7,150
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**Taxable accounts**

Retirement @ 65

Age	Deposits 65	Cash flow surplus or (shortage)	Interest earned 7.16%	Income tax 32.99%	Account balance
			7.16%	32.99%	\$148,825
56			\$10,656	(\$3,515)	\$155,966
57		(15,000)	10,093	(3,330)	147,729
58		39	10,580	(3,490)	154,859
59		(15,806)	9,956	(3,284)	145,724
60		618	10,478	(3,457)	153,364
61		5,590	11,381	(3,754)	166,581
62		4,521	12,251	(4,041)	179,311
63		8,099	13,419	(4,427)	196,402
64		(33,581)	11,658	(3,846)	170,633
65		(49,651)	8,662	(2,858)	126,787
66		(48,496)	5,606	(1,849)	82,047
67		(34,311)	3,418	(1,128)	50,026
68		(36,176)	992	(327)	14,515
69		(14,515)			
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84		15,900	1,138	(376)	16,663
85		(16,663)			
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**Equity & Other Investments**

H1

Age	Deposits 0.92% 65	Cash flow surplus or (shortage)	Account return 7.30%	Income tax 20.00%	Account balance
	\$3,132		7.30%	15.00%	\$130,394
56	\$3,132		\$9,747	(\$1,949)	\$141,324
57	3,161		10,547	(2,109)	152,922
58	3,190	79	11,402	(2,280)	165,312
59	3,219		12,303	(2,461)	178,374
60	3,249	1,236	13,349	(2,670)	193,537
61	3,279	11,180	15,184	(3,037)	220,143
62	3,309	9,041	16,972	(3,394)	246,071
63	3,339	16,198	19,389	(3,878)	281,120
64	3,370		20,768	(4,154)	301,104
65			21,981	(3,297)	319,788
66			23,344	(3,502)	339,630
67			24,793	(3,719)	360,704
68			26,331	(3,950)	383,086
69		(23,606)	26,242	(3,936)	381,786
70		(36,945)	25,173	(3,776)	366,238
71		(36,481)	24,072	(3,611)	350,219
72		(32,960)	23,160	(3,474)	336,945
73		(34,547)	22,075	(3,311)	321,162
74		(36,187)	20,803	(3,120)	302,657
75		(37,882)	19,329	(2,899)	281,205
76		(39,631)	17,635	(2,645)	256,563
77		(41,453)	15,703	(2,355)	228,458
78		(43,316)	13,515	(2,027)	196,631
79		(45,299)	11,047	(1,657)	160,721
80		(47,304)	8,279	(1,242)	120,454
81		(49,427)	5,185	(778)	75,435
82		(51,624)	1,738	(261)	25,288
83		(25,288)			
84		31,800	2,321	(348)	33,773
85		(33,773)			
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Normal retirement at age 65

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**Tax Free Accounts**

Age	Deposits 65	Cash flow surplus or (shortage)	Interest earned 5.70%	Account balance \$25,000
56			\$1,425	\$26,425
57			1,506	27,931
58		39	1,594	29,565
59			1,685	31,250
60		618	1,816	33,684
61		5,590	2,239	41,513
62		4,521	2,624	48,658
63		8,099	3,235	59,992
64			3,420	63,411
65			3,614	67,026
66			3,820	70,846
67			4,038	74,884
68			4,268	79,153
69			4,512	83,664
70			4,769	88,433
71			5,041	93,474
72			5,328	98,802
73			5,632	104,434
74			5,953	110,386
75			6,292	116,678
76			6,651	123,329
77			7,030	130,359
78			7,430	137,789
79			7,854	145,643
80			8,302	153,945
81			8,775	162,720
82			9,275	171,995
83		(28,611)	8,173	151,556
84		15,900	9,545	177,001
85		(58,111)	6,777	125,667
86		(111,652)	799	14,814
87		(14,814)		
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**Tax Deferred Accounts**

Retirement @ 65

H2

Age	Deposits 65	Cash Flow surplus or (shortage)	Income tax 32.99%	Interest earned 7.25%	Account balance \$30,000	Cumulative deferred interest	Taxable interest
56				\$2,175	\$32,175	\$2,175	
57				2,333	34,508	4,508	
58		39		2,505	37,052	7,012	
59				2,686	39,738	9,699	
60		618		2,926	43,281	12,624	
61		5,590		3,543	52,415	16,168	
62		4,521		4,128	61,063	20,295	
63		8,099		5,014	74,176	25,310	
64				5,378	79,554	30,687	
65				5,768	85,322	36,455	
66				6,186	91,508	42,641	
67				6,634	98,142	49,275	
68				7,115	105,257	56,391	
69				7,631	112,888	64,022	
70				8,184	121,073	72,206	
71				8,778	129,851	80,984	
72				9,414	139,265	90,398	
73				10,097	149,362	100,495	
74				10,829	160,190	111,324	
75				11,614	171,804	122,937	
76				12,456	184,260	135,393	
77				13,359	197,619	148,752	
78				14,327	211,946	163,079	
79				15,366	227,312	178,445	
80				16,480	243,792	194,925	
81				17,675	261,467	212,600	
82				18,956	280,424	231,557	
83				20,331	300,754	251,888	
84		15,900		22,957	339,612	274,845	
85				24,622	364,233	299,467	
86				26,407	390,640	325,874	
87		(100,132)	(49,293)	21,062	262,278	197,511	149,424
88		(118,342)	(58,257)	10,435	96,113	31,347	176,600
89		(96,113)	(10,341)				31,347
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Normal retirement at age 65

02.be

**Qualified plans - Allen**

**Betty**

Retirement @ 65

H3

	Deposits 3.90%	CF Short incl tax	Minimum distr.*	Interest earned	Account balance		Deposits 3.90%	CF Short incl tax	Minimum distr.*	Interest earned	Account balance
Age	65	32.99%		5.50%	\$32,000	Age	65	32.99%		8.20%	\$27,300
56	\$1,800			\$1,859	\$35,659	54	\$3,960			\$2,563	\$33,823
57	1,870			2,064	39,593	55	4,114			3,111	41,049
58	1,943			2,285	43,821	56	4,275			3,717	49,040
59	2,019			2,521	48,361	57	4,442			4,386	57,867
60	2,098			2,775	53,234	58	4,615			5,124	67,606
61	2,179			3,048	58,461	59	4,795			5,937	78,337
62	2,264			3,340	64,066	60	4,982			6,832	90,151
63	2,353			3,653	70,071	61	5,176			7,817	103,144
64	2,445			3,988	76,504	62	5,378			8,899	117,421
65				4,208	80,712	63	5,588			10,087	133,095
66				4,439	85,151	64	5,806			11,390	150,291
67				4,683	89,834	65				12,324	162,615
68				4,941	94,775	66				13,334	175,949
69				5,213	99,988	67				14,428	190,377
70			(3,649)	5,299	101,637	68				15,611	205,988
71			(3,835)	5,379	103,181	69				16,891	222,879
72			(4,031)	5,453	104,604	70			(8,134)	17,609	232,354
73			(4,235)	5,520	105,889	71			(8,768)	18,334	241,920
74			(4,449)	5,579	107,019	72			(9,450)	19,063	251,532
75			(4,673)	5,629	107,975	73			(10,183)	19,791	261,139
76			(4,908)	5,669	108,736	74			(10,972)	20,514	270,681
77			(5,129)	5,698	109,305	75			(11,820)	21,227	280,087
78			(5,384)	5,716	109,636	76			(12,731)	21,923	289,279
79			(5,622)	5,721	109,735	77			(13,645)	22,602	298,236
80			(5,868)	5,713	109,579	78			(14,691)	23,251	306,795
81			(6,122)	5,690	109,148	79			(15,733)	23,867	314,929
82			(6,383)	5,652	108,417	80			(16,841)	24,443	322,531
83			(6,651)	5,597	107,362	81			(18,019)	24,970	329,483
84			(6,927)	5,524	105,960	82			(19,268)	25,438	335,653
85			(7,159)	5,434	104,234	83			(20,592)	25,835	340,895
86			(7,393)	5,326	102,168	84			(21,993)	26,150	345,052
87			(7,624)	5,200	99,744	85			(23,314)	26,382	348,120
88			(7,854)	5,054	96,944	86			(24,689)	26,521	349,952
89		(38,406)	(8,079)	2,775	53,234	87			(26,116)	26,555	350,391
90		(53,234)	(4,670)			88		(130,670)	(27,590)	15,755	207,886
91						89		(207,886)	(17,324)		
92						90					
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\* Minimum distribution uses MDIB tables (IRS Jan. 2001)

**Roth IRA - Allen**

Retirement @ 65

Age	Deposits 65 \$2,004	Cash flow surplus or (shortage)	Interest earned 7.50%	Account balance \$9,754
56	\$2,000		\$882	\$12,635
57	2,004		1,098	15,737
58	2,004		1,331	19,072
59	2,004		1,581	22,656
60	2,004		1,850	26,510
61	2,004		2,139	30,652
62	2,004		2,449	35,106
63	2,004		2,783	39,893
64	2,004		3,142	45,039
65			3,378	48,417
66			3,631	52,048
67			3,904	55,952
68			4,196	60,148
69			4,511	64,660
70			4,849	69,509
71			5,213	74,722
72			5,604	80,326
73			6,024	86,351
74			6,476	92,827
75			6,962	99,789
76			7,484	107,273
77			8,045	115,319
78			8,649	123,968
79			9,298	133,265
80			9,995	143,260
81			10,745	154,005
82			11,550	165,555
83			12,417	177,972
84			13,348	191,320
85			14,349	205,669
86			15,425	221,094
87			16,582	237,676
88			17,826	255,501
89			19,163	274,664
90			20,600	295,264
91			22,145	317,409
92		(159,504)	11,843	169,748
93		(164,732)	376	5,393
94		(5,393)		
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**Betty**

H4

Age	Deposits 65	Cash flow surplus or (shortage)	Interest earned 7.50%	Account balance
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Estate - personal assets

Retirement @ 65

11

Age	Residence	Personal property	Jewelry & furs	Art & antiques	Autos	RVs & boats	Other	Total personal property
Cl Sp	\$307,000	\$15,000	\$2,500		\$21,600			\$346,100
					-6.67%			
56	54	307,000	15,000	2,500		21,600		346,100
57	55	307,000	15,000	2,500		20,159		344,659
58	56	307,000	15,000	2,500		18,815		343,315
59	57	307,000	15,000	2,500		17,560		342,060
60	58	307,000	15,000	2,500		16,388		340,888
61	59	307,000	15,000	2,500		15,295		339,795
62	60	307,000	15,000	2,500		14,275		338,775
63	61	307,000	15,000	2,500		13,323		337,823
64	62	307,000	15,000	2,500		12,434		336,934
65	63	307,000	15,000	2,500		11,605		336,105
66	64	307,000	15,000	2,500		10,831		335,331
67	65	307,000	15,000	2,500		10,109		334,609
68	66	307,000	15,000	2,500		9,434		333,934
69	67	307,000	15,000	2,500		8,805		333,305
70	68	307,000	15,000	2,500		8,218		332,718
71	69	307,000	15,000	2,500		7,670		332,170
72	70	307,000	15,000	2,500		7,158		331,658
73	71	307,000	15,000	2,500		6,681		331,181
74	72	307,000	15,000	2,500		6,235		330,735
75	73	307,000	15,000	2,500		5,819		330,319
76	74	307,000	15,000	2,500		5,431		329,931
77	75	307,000	15,000	2,500		5,069		329,569
78	76	307,000	15,000	2,500		4,731		329,231
79	77	307,000	15,000	2,500		4,415		328,915
80	78	307,000	15,000	2,500		4,121		328,621
81	79	307,000	15,000	2,500		3,846		328,346
82	80	307,000	15,000	2,500		3,589		328,089
83	81	307,000	15,000	2,500		3,350		327,850
84	82	307,000	15,000	2,500		3,126		327,626
85	83	307,000	15,000	2,500		2,918		327,418
86	84	307,000	15,000	2,500		2,723		327,223
87	85	307,000	15,000	2,500		2,542		327,042
88	86	307,000	15,000	2,500		2,372		326,872
89	87	307,000	15,000	2,500		2,214		326,714
90	88	307,000	15,000	2,500		2,066		326,566
91	89	307,000	15,000	2,500		1,928		326,428
92	90	307,000	15,000	2,500		1,800		326,300
93	91	307,000	15,000	2,500		1,680		326,180
94	92	307,000	15,000	2,500		1,568		326,068
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102	100							
103	101							

Age	Personal property 96.50%	Savings and investments					Liabilities	Final Expenses	Life Insurance	
		Taxable 6.72%	Equity & Other 21.41%	Tax Free	Tax Deferred 100.00%	Retire/Roth accounts			Within estate	Outside estate
56	334,000	10,000	27,919		30,000	41,754		15,000	10,000	150,000
57	332,610	10,480	30,260		32,175	48,294		15,573	10,000	150,000
58	331,312	9,926	32,743		34,508	55,330		16,168	10,000	150,000
59	330,101	10,405	35,396		37,052	62,893		16,786	10,000	150,000
60	328,971	9,792	38,193		39,738	71,017		17,428	10,000	150,000
61	327,916	10,305	41,440		43,281	79,744		18,094	10,000	150,000
62	326,931	11,193	47,136		52,415	89,114		18,785	10,000	150,000
63	326,012	12,048	52,688		61,063	99,171		19,503	10,000	150,000
64	325,155	13,197	60,192		74,176	109,964		20,248	10,000	150,000
65	324,354	11,465	64,471		79,554	121,543		20,973	10,000	150,000
66	323,607	8,519	68,472		85,322	129,129		21,723	10,000	150,000
67	322,910	5,513	72,720		91,508	137,199		22,500	10,000	150,000
68	322,260	3,361	77,233		98,142	145,786		23,304	10,000	150,000
69	321,652	975	82,025		105,257	154,924		24,138	10,000	150,000
70	321,086		81,747		112,888	164,647		25,004	10,000	150,000
71	320,557		78,418		121,073	171,146		25,901	10,000	150,000
72	320,063		74,988		129,851	177,903		26,830	10,000	150,000
73	319,602		72,146		139,265	184,930		27,793	10,000	150,000
74	319,172		68,766		149,362	192,240		28,790	10,000	150,000
75	318,771		64,804		160,190	199,846		29,823	10,000	150,000
76	318,396		60,211		171,804	207,764		30,892	10,000	150,000
77	318,047		54,934		184,260	216,009		32,001	10,000	150,000
78	317,720		48,917		197,619	224,624		33,149	10,000	150,000
79	317,416		42,102		211,946	233,604		34,338	10,000	150,000
80	317,132		34,413		227,312	243,000		35,570	10,000	150,000
81	316,866		25,791		243,792	252,839		36,846	10,000	150,000
82	316,619		16,152		261,467	263,152		38,168	10,000	150,000
83	316,388		5,415		280,424	273,972		39,537	10,000	150,000
84	316,172				300,754	285,334		40,723	160,000	
85	315,971	1,120	7,231		339,612	297,279		41,945		
86	315,783				364,233	309,903		43,203		
87	315,608				390,640	323,262		44,500		
88	315,444				262,278	337,419		45,835		
89	315,292				96,113	352,445		47,210		
90	315,149					327,898		48,626		
91	315,016					295,264		50,085		
92	314,892					317,409		51,587		
93	314,776					169,748		53,135		
94	314,668					5,393		54,729		
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103										
	<i>I1</i>	<i>H1</i>	<i>H1</i>	<i>H2</i>	<i>H2</i>	<i>H3,H4</i>	<i>K4</i>		<i>J1</i>	

Normal retirement at age 65

Age C1 C2		Personal property 0.72%	Savings and investments				Liabilities	Final expenses	Life Insurance		
			Taxable 2.35%	Equity & Other 8.80%	Tax Free	Tax Deferred			Retire/Roth accounts	Included in estate	Outside estate
56	54	2,500	3,500	11,475			27,300		15,000	90,000	5,000
57	55	2,490	3,668	12,437			33,823		15,573	90,000	5,000
58	56	2,480	3,474	13,458			41,049		16,168	90,000	5,000
59	57	2,471	3,642	14,548			49,040		16,786	90,000	5,000
60	58	2,462	3,427	15,697			57,867		17,428	90,000	5,000
61	59	2,454	3,607	17,032			67,606		18,094	90,000	5,000
62	60	2,447	3,918	19,373			78,337		18,785	90,000	5,000
63	61	2,440	4,217	21,655			90,151		19,503	90,000	5,000
64	62	2,434	4,619	24,739			103,144		20,248	90,000	5,000
65	63	2,428	4,013	26,498			117,421		20,973	90,000	5,000
66	64	2,422	2,982	28,142			133,095		21,723	90,000	5,000
67	65	2,417	1,930	29,888			150,291		22,500	70,000	5,000
68	66	2,412	1,177	31,743			162,615		23,304	70,000	5,000
69	67	2,408	341	33,713			175,949		24,138	70,000	5,000
70	68	2,403		33,598			190,377		25,004	70,000	5,000
71	69	2,399		32,230			205,988		25,901		5,000
72	70	2,396		30,820			222,879		26,830		5,000
73	71	2,392		29,652			232,354		27,793		5,000
74	72	2,389		28,263			241,920		28,790		5,000
75	73	2,386		26,635			251,532		29,823		5,000
76	74	2,383		24,747			261,139		30,892		5,000
77	75	2,381		22,578			270,681		32,001		5,000
78	76	2,378		20,105			280,087		33,149		5,000
79	77	2,376		17,304			289,279		34,338		5,000
80	78	2,374		14,144			298,236		35,570		5,000
81	79	2,372		10,600			306,795		36,846		5,000
82	80	2,370		6,638			314,929		38,168		5,000
83	81	2,368		2,225			322,531		39,537		5,000
84	82	2,367					329,483		40,723		5,000
85	83	2,365	392	2,972			335,653		41,945		5,000
86	84	2,364					340,895		43,203		5,000
87	85	2,362					345,052		44,500		5,000
88	86	2,361					348,120		45,835		5,000
89	87	2,360					349,952		47,210		5,000
90	88	2,359					350,391		48,626		5,000
91	89	2,358					207,886		50,085		5,000
92	90	2,357							51,587		5,000
93	91	2,356							53,135		5,000
94	92	2,355							54,729		
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103	101										

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*Ji*

Normal retirement at age 65

Estate - Joint property

Retirement @ 65

14

CI Age	Personal property 2.77%	Savings and investments			Liabilities 100.00%
		Taxable 90.93%	Equity & Other 69.79%	Tax Free 100.00%	
56	9,600	135,325	90,999	25,000	80,190
57	9,560	141,818	98,627	26,425	69,715
58	9,523	134,329	106,722	27,931	61,053
59	9,488	140,811	115,368	29,565	54,883
60	9,455	132,506	124,484	31,250	48,197
61	9,425	139,452	135,066	33,684	40,951
62	9,397	151,470	153,634	41,513	33,099
63	9,370	163,045	171,728	48,658	24,589
64	9,346	178,586	196,188	59,992	15,367
65	9,323	155,155	210,135	63,411	5,373
66	9,301	115,286	223,174	67,026	
67	9,281	74,605	237,022	70,846	
68	9,263	45,489	251,729	74,884	
69	9,245	13,198	267,349	79,153	
70	9,229		266,441	83,664	
71	9,214		255,591	88,433	
72	9,199		244,411	93,474	
73	9,186		235,148	98,802	
74	9,174		224,133	104,434	
75	9,162		211,219	110,386	
76	9,152		196,247	116,678	
77	9,141		179,051	123,329	
78	9,132		159,437	130,359	
79	9,123		137,225	137,789	
80	9,115		112,164	145,643	
81	9,108		84,063	153,945	
82	9,100		52,644	162,720	
83	9,094		17,648	171,995	
84	9,088			151,556	
85	9,082	15,151	23,569	177,001	
86	9,076			125,667	
87	9,071			14,814	
88	9,067				
89	9,062				
90	9,058				
91	9,054				
92	9,051				
93	9,047				
94	9,044				
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II

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**Estate - Community Property** Retirement @ 65

**Irrevocable Trust, Other**

Age	Personal property	Savings and investments				Liabilities	Age	Personal property	Savings and investments				Liabilities
		Taxable	Equity & Other	Tax Free	Tax Deferred				Taxable	Equity & Other	Tax Free	Tax Deferred	
56													
57													
58													
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102													
103	<i>II</i>	<i>H1</i>	<i>H1</i>	<i>H2</i>	<i>H2</i>	<i>K4</i>	103	<i>II</i>	<i>IH1</i>	<i>H1</i>	<i>H2</i>	<i>H2</i>	<i>K4</i>

Normal retirement at age 65



Cl age	Sp age	Death Benefit				Premiums	
		Allen		Betty		\$2,550	\$480
		Group/Term	Permanent	Group/term	Permanent	Allen	Betty
56	54		160,000	95,000		2,550	480
57	55		160,000	95,000		2,550	480
58	56		160,000	95,000		2,550	480
59	57		160,000	95,000		2,550	480
60	58		160,000	95,000		2,550	480
61	59		160,000	95,000		2,550	1,120
62	60		160,000	95,000		2,550	1,120
63	61		160,000	95,000		2,550	1,120
64	62		160,000	95,000		2,550	1,120
65	63		160,000	95,000		2,550	1,120
66	64		160,000	95,000		2,550	2,315
67	65		160,000	75,000		2,550	2,315
68	66		160,000	75,000		2,550	2,315
69	67		160,000	75,000		2,550	2,315
70	68		160,000	75,000		2,550	2,315
71	69		160,000			2,550	
72	70		160,000			2,550	
73	71		160,000			2,550	
74	72		160,000			2,550	
75	73		160,000			2,550	
76	74		160,000			2,550	
77	75		160,000			2,550	
78	76		160,000			2,550	
79	77		160,000			2,550	
80	78		160,000			2,550	
81	79		160,000			2,550	
82	80		160,000			2,550	
83	81		160,000			2,550	
84	82		160,000			2,550	
85	83						
86	84						
87	85						
88	86						
89	87						
90	88						
91	89						
92	90						
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102	100						
103	101						

**Immediate cash needs worksheet for Betty**

Retirement @ 65

J2

	Final expenses	Cash reserves	Mortgages	Other debts	Estate settlement	Other survivor cash	Total immediate cash needs
54	(15,000)	(20,000)	(72,000)	(4,300)	(15,871)		(127,171)
55	(15,573)	(20,764)	(66,746)	(2,160)	(18,061)		(123,305)
56	(16,168)	(21,558)	(61,053)		(18,392)		(117,171)
57	(16,786)	(22,382)	(54,883)		(19,004)		(113,055)
58	(17,428)	(23,237)	(48,197)		(19,397)		(108,258)
59	(18,094)	(24,125)	(40,951)		(20,145)		(103,315)
60	(18,785)	(25,047)	(33,099)		(21,444)		(98,375)
61	(19,503)	(26,004)	(24,589)		(22,722)		(92,818)
62	(20,248)	(26,998)	(15,367)		(24,442)		(87,056)
63	(21,022)	(28,030)	(5,373)		(24,912)		(79,337)
64	(21,826)	(29,101)			(24,973)		(75,900)
65	(22,660)	(30,213)			(25,072)		(77,944)
66	(23,526)	(31,367)			(25,424)		(80,317)
67	(24,425)	(32,566)			(25,779)		(82,770)
68	(25,358)	(33,811)			(26,101)		(85,270)
69	(26,327)	(35,103)			(26,334)		(87,764)
70	(27,333)	(36,444)			(26,590)		(90,368)
71	(28,378)	(37,837)			(26,925)		(93,140)
72	(29,462)	(39,283)			(27,252)		(95,997)
73	(30,588)	(40,784)			(27,570)		(98,942)
74	(31,757)	(42,343)			(27,876)		(101,976)
75	(32,971)	(43,961)			(28,170)		(105,102)
76	(34,231)	(45,641)			(28,450)		(108,322)
77	(35,539)	(47,385)			(28,714)		(111,638)
78	(36,897)	(49,196)			(28,960)		(115,052)
79	(38,307)	(51,076)			(29,185)		(118,568)
80	(39,771)	(53,028)			(29,389)		(122,187)
81	(41,291)	(55,054)			(29,567)		(125,912)
82	(42,869)	(57,158)			(34,277)		(134,304)
83	(44,507)	(59,342)			(32,208)		(136,058)
84	(46,208)	(61,610)			(31,719)		(139,537)
85	(47,974)	(63,965)			(31,244)		(143,182)
86	(49,807)	(66,409)			(27,590)		(143,806)
87	(51,710)	(68,947)			(23,051)		(143,709)
88	(53,686)	(71,582)			(19,427)		(144,695)
89	(55,738)	(74,317)			(18,444)		(148,499)
90	(57,868)	(77,157)			(19,105)		(154,130)
91	(60,079)	(80,106)			(14,671)		(154,857)
92	(62,375)	(83,167)			(9,737)		(155,280)
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K1

K1-4

I6

**Survivor detail for Betty**

Retirement @ 65

J3

Age	Survivor income needed			Income (or misc expenses) available						
	Personal expenses + item ded	Insurance premiums	Debt payments	SocSec	Own Pension (after tax)	Survivor pension (after tax)	Earned income	Other Income	Education funding	Misc income or expense
54	(\$42,632)	(\$1,065)	(\$3,600)	\$21,946		\$1,711	\$27,996			
55	(44,197)	(1,087)	(915)	22,385		1,711	27,996			
56	(45,820)	(1,111)		22,832		1,711	27,996		(10,795)	
57	(47,503)	(1,135)		23,289		1,711	27,996		(11,216)	
58	(49,248)	(680)				1,711	27,996		(11,654)	
59	(51,058)	(706)				1,711	27,996		(24,216)	
60	(52,935)	(733)				1,711	27,996	3,312	(12,580)	
61	(54,882)	(761)				1,711	27,996	3,312	(13,071)	
62	(56,901)	(790)				1,711	27,996	3,312	(13,581)	
63	(58,994)	(820)				1,711	27,996	3,312		
64	(61,166)	(849)				1,711	27,996	3,312		
65	(63,418)	(880)		25,584		1,711		3,312		
66	(65,753)	(911)		26,096		1,711		3,312		
67	(68,175)	(944)		26,618		1,711		3,312		
68	(70,687)	(977)		27,150		1,711		3,312		
69	(73,293)	(1,012)		27,693		1,711		3,312		
70	(75,995)	(1,049)		28,247		1,711		3,312		
71	(78,797)	(1,086)		28,812		1,711		3,312		
72	(81,704)	(1,125)		29,388		1,711		3,312		
73	(84,719)	(1,166)		29,976		1,711		3,312		
74	(87,845)	(1,208)		30,576		1,711		3,312		
75	(91,088)	(1,251)		31,187		1,711		3,312		
76	(94,452)	(1,296)		31,811		1,711		3,312		
77	(97,941)	(1,342)		32,447		1,711		3,312		
78	(101,559)	(1,390)		33,096		1,711		3,312		
79	(105,313)	(1,440)		33,758		1,711		3,312		
80	(109,206)	(1,492)		34,433		1,711				
81	(113,244)	(1,545)		35,122		1,711				
82	(117,432)	(1,601)		35,824		1,711				
83	(121,776)	(1,649)		36,541		1,711				
84	(126,282)	(1,698)		37,271		1,711				
85	(130,956)	(1,749)		38,017		1,711				
86	(135,804)	(1,802)		38,777		1,711				
87	(140,833)	(1,856)		39,553		1,711				
88	(146,050)	(1,912)		40,344		1,711				
89	(151,461)	(1,969)		41,151		1,711				
90	(157,073)	(2,028)		41,974		1,711				
91	(162,896)	(2,089)		42,813		1,711				
92	(168,935)	(2,151)		43,669		1,711				
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K2

G2

G2

A19

J4

**Misc. survivor Income or Expense for Betty**

Retirement @ 65

J4

	Other single year income	Other multiple year income	Capital to be retained for heirs	Total other income (expense)
56	54			
57	55			
58	56			
59	57			
60	58			
61	59			
62	60			
63	61			
64	62			
65	63			
66	64			
67	65			
68	66			
69	67			
70	68			
71	69			
72	70			
73	71			
74	72			
75	73			
76	74			
77	75			
78	76			
79	77			
80	78			
81	79			
82	80			
83	81			
84	82			
85	83			
86	84			
87	85			
88	86			
89	87			
90	88			
91	89			
92	90			
93	91			
94	92			
95	93			
96	94			
97	95			
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99	97			
100	98			
101	99			
102	100			
103	101			

G3

G3

Immediate cash needs worksheet for Allen

Retirement @ 65

J5

	Final expenses	Cash reserves	Mortgages	Other debts	Estate settlement	Other survivor cash	Total immediate cash needs
56	(15,000)	(20,000)	(72,000)	(3,890)	(6,304)		(117,194)
57	(15,573)	(20,764)	(66,746)	(808)	(8,419)		(112,311)
58	(16,168)	(21,558)	(61,053)		(8,691)		(107,471)
59	(16,786)	(22,382)	(54,883)		(9,220)		(103,271)
60	(17,428)	(23,237)	(48,197)		(9,549)		(98,411)
61	(18,094)	(24,125)	(40,951)		(10,185)		(93,355)
62	(18,785)	(25,047)	(33,099)		(11,162)		(88,093)
63	(19,503)	(26,004)	(24,589)		(12,146)		(82,242)
64	(20,248)	(26,998)	(15,367)		(13,410)		(76,023)
65	(21,022)	(28,030)	(5,373)		(13,781)		(68,206)
66	(21,826)	(29,101)			(13,921)		(64,847)
67	(22,660)	(30,213)			(13,512)		(66,385)
68	(23,526)	(31,367)			(13,759)		(68,652)
69	(24,425)	(32,566)			(14,006)		(70,997)
70	(25,358)	(33,811)			(14,281)		(73,450)
71	(26,327)	(35,103)			(12,517)		(73,947)
72	(27,333)	(36,444)			(12,889)		(76,667)
73	(28,378)	(37,837)			(13,079)		(79,294)
74	(29,462)	(39,283)			(13,243)		(81,988)
75	(30,588)	(40,784)			(13,378)		(84,750)
76	(31,757)	(42,343)			(13,479)		(87,579)
77	(32,971)	(43,961)			(13,542)		(90,473)
78	(34,231)	(45,641)			(13,561)		(93,432)
79	(35,539)	(47,385)			(13,531)		(96,455)
80	(36,897)	(49,196)			(13,446)		(99,539)
81	(38,307)	(51,076)			(13,300)		(102,682)
82	(39,771)	(53,028)			(13,085)		(105,884)
83	(41,291)	(55,054)			(12,795)		(109,140)
84	(42,869)	(57,158)			(12,365)		(112,392)
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K1

K1-4

I6

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Survivor detail for Allen

Retirement @ 65

J6

Survivor income needed				Income (or misc expenses) available						
Age	Personal expenses + item ded	Insurance premiums	Debt payments	SocSec	Own Pension (after tax)	Survivor pension (after tax)	Earned income	Other Income	Education funding	Misc income
56	(42,632)	(3,585)	(2,460)	10,532			56,796			
57	(44,197)	(3,607)	(2,321)	10,743			56,796			
58	(45,820)	(3,631)		10,958			56,796		(10,795)	
59	(47,503)	(3,655)		11,177			56,796		(11,216)	
60	(49,248)	(1,130)					56,796		(11,654)	
61	(51,058)	(1,156)					56,796		(24,216)	52,167
62	(52,935)	(1,183)					56,796		(12,580)	
63	(54,882)	(1,211)					56,796		(13,071)	
64	(56,901)	(1,240)					56,796		(13,581)	(20,000)
65	(58,994)	(820)		24,591	4,705					3,351
66	(61,166)	(849)		25,083	4,799					3,351
67	(63,418)	(880)		25,584	4,895					3,351
68	(65,753)	(911)		26,096	4,993					3,351
69	(68,175)	(944)		26,618	5,093					3,351
70	(70,687)	(977)		27,150	5,195					
71	(73,293)	(1,012)		27,693	5,299					
72	(75,995)	(1,049)		28,247	5,405					
73	(78,797)	(1,086)		28,812	5,513					
74	(81,704)	(1,125)		29,388	5,623					
75	(84,719)	(1,166)		29,976	5,736					
76	(87,845)	(1,208)		30,576	5,850					
77	(91,088)	(1,251)		31,187	5,967					
78	(94,452)	(1,296)		31,811	6,087					
79	(97,941)	(1,342)		32,447	6,208					
80	(101,559)	(1,390)		33,096	6,333					
81	(105,313)	(1,440)		33,758	6,459					
82	(109,206)	(1,492)		34,433	6,588					
83	(113,244)	(1,545)		35,122	6,720					
84	(117,432)	(1,601)		35,824	6,855					
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K2

G2

G2

A19

J7

02.be

Misc. survivor Income or Expense for Allen

Retirement @ 65

J7

		Other single year income	Other multiple year income	Capital to be retained for heirs	Total other income (expense)
56	54				
57	55				
58	56				
59	57				
60	58				
61	59	52,167			52,167
62	60				
63	61				
64	62	(20,000)			(20,000)
65	63		3,351		3,351
66	64		3,351		3,351
67	65		3,351		3,351
68	66		3,351		3,351
69	67		3,351		3,351
70	68				
71	69				
72	70				
73	71				
74	72				
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102	100				
103	101				

G3

G3

02.be

**Misc Insurance Premiums\***

Retirement @ 65

J8

Age	Allen				Betty				Home owners, Property & casualty	Total premiums (incl. life)
	Auto	Disab	Medical	LTC	Auto	Betty Disab	Betty Medical	Betty LTC		
56	200	450			200				385	4,265
57	208	450			208				400	4,295
58	216	450			216				415	4,326
59	224	450			224				431	4,358
60	232	450			232				447	4,392
61	241	450			241				464	5,067
62	250	450			250				482	5,103
63	260	450			260				501	5,141
64	270	450			270				520	5,180
65	280				280				540	4,770
66	290				290				559	6,005
67	301				301				579	6,045
68	311				311				600	6,087
69	323				323				621	6,131
70	334				334				643	6,176
71	346				346				666	3,909
72	359				359				690	3,957
73	371				371				715	4,008
74	385				385				741	4,060
75	399				399				767	4,114
76	413				413				795	4,170
77	428				428				823	4,228
78	443				443				853	4,289
79	459				459				883	4,351
80	475				475				915	4,416
81	492				492				948	4,483
82	510				510				982	4,552
83	528				528				1,017	4,624
84	547				547				1,054	4,698
85					564				1,085	1,649
86					581				1,118	1,698
87					598				1,151	1,749
88					616				1,186	1,802
89					634				1,221	1,856
90					654				1,258	1,912
91					673				1,296	1,969
92					693				1,335	2,028
93					714				1,375	2,089
94					736				1,416	2,151
95										
96										
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\* Auto, medical, LTC, homeowners and property & casualty premiums are indexed at the inflation rate used for retirement income.





**Loans - other, investment real estate**

	Personal loans				Other liabilities				Investment Real Estate			
	Balance	Interest	Principal	Total payment	Balance	Interest	Principal	Total payment	Balance	Interest	Principal	Total payment
56												
57												
58												
59												
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**Loans by owner**

Retirement @ 65

K4

	Loan Balances (by owner)					Total payments	Loan Payments (by owner)				
	Total balances	Allen	Betty	Joint 100.00%	C. Prop. Trust/Oth		Allen	Betty	Joint 100.00%	C. Prop. Tr/Other	
\$56	\$80,190			\$80,190		\$17,340		\$17,340			
57	69,715			69,715		14,517		14,517			
58	61,053			61,053		11,280		11,280			
59	54,883			54,883		11,280		11,280			
60	48,197			48,197		11,280		11,280			
61	40,951			40,951		11,280		11,280			
62	33,099			33,099		11,280		11,280			
63	24,589			24,589		11,280		11,280			
64	15,367			15,367		11,280		11,280			
65	5,373			5,373		5,823		5,823			
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## AUDIT TRAIL

The financial plan includes coverage of a number of issues important to your financial future. Since many of the topics are complex, some of the details for a particular topic are derived from support pages that provide additional information.

### **The reports are grouped as follows:**

#### Main Reports

##### Section   Contents

- A    General reports, Net Worth, Cash Flow, Summary, Liquidity, Education, etc.
- B    Asset Pyramid, Asset allocation, etc.
- C    Retirement Needs and Projection, Asset Projection, Monte Carlo
- D    Income Taxes
- E    Estate Taxes
- F    Survivor Needs, Life Insurance, Disability,

#### Appendix reports

- G    Retirement projections and details, Pensions, Income & Expenses
- H    Asset accounts
- I    Estate details and projections
- J    Life insurance and survivor needs projections
- K    Loan amortizations

### **Using the Audit Trail feature:**

If the audit trail feature is turned on, then each report page will have a letter and number in the top right corner. For example A2, C5, etc.

On many pages, there are values that originate on another page, either in the Main section or the Appendix section of the report. The source of the information will be identified by a letter / number memo referring to the page where the value originated. This memo will be in small italic type either near the right margin of the page or at the bottom of the column of numbers.

### **Examples:**

#### Personal Financial Plan Summary: (A3)

The Retirement Section shows numbers for the Basic Living Expenses, Total Spendable income needed, etc. The references at the right of these numbers is C2. That means you may look on report page C2 - "Retirement Needs Analysis" to find the source of the amounts and more details about how the numbers were derived.

#### Retirement Needs Analysis: (C2)

When you look at this report page, you will find additional audit memos. This means that you may need to look at several pages to get the final answer you are looking for. For example, the references on page C2 (Retirement Needs Analysis) lead you to the Appendix section, pages G1, G2 and G4 for additional information.

#### Retirement Capital Analysis: (C3)

This is a columnar projection report. The Audit Trail memos at the bottom of each column will lead you a more detailed source of the numbers shown. For example, the "Annual Expenses" column memo leads you to the Appendix Section, page "G1 - Income Needed". This page shows the amount of income needed to pay for mortgage and loans, insurance premiums, personal expenses and itemized deduction expenses. It also shows the expected amount of Social Security benefits and funds received from qualified plan minimum distributions. Audit trail memos on this page refer you to additional sources of data.

<b>Personal Information:</b>		Prepared by	Pete Planner	2/5/00
Scenario name	Retirement @ 65		Phone	555-123-4567
Cover name	Allen & Betty Able		Phone 2	
Home addr.	1234 Fifth St.		e-mail	
City/State/Zip	Corvallis OR 97330		Fax	
		Married		

	Allen		Betty	
	Allen Able		Betty M Able	
Life expectancy	84	Birth date	3/5/46	89
Alternate life exp		SS #	222-11-4444	92
Retirement age	65		Male	65
				Female

RetiredNow

	Allen		Betty	
Employer	Walton Industries		KMart	
Duties / Title	General Manager		Supervisor	
Address	222 32nd St			
City, State, Zip	Philomath		Albany	
Phone	234-5678			
Footnote	Normal retirement at age 65			

Dependent Children	Social Security #	Birth Date	College start year	Number years college	Annual college cost	Funds now avail.	Monthly savings
Andy	222-33-4444	12/28/87	2005	4	10,000	2,500	45
Bonnie	333-44-5555	6/13/84	2002	4	10,000	4,000	100
		0					
		0					
		0					
		0					
		0					

Percent of college costs parents will pay	100	%
Earning rate on college funds (after tax)	6.00	%
Inflation rate for educational expenses	3.90	%
Deduct education expenses from retirement capital? (1 = yes)	1	

Asset Summary: (used for retirement)	Total	Allen	Betty	Joint	Comm Prop	Trust/Oth	Monthly additions	Rate of return
Taxable	148,825	10,000	3,500	135,325				7.16
Tax free	25,000			25,000				5.70
Tax deferred	30,000	30,000						7.25
Equity & Other	130,394	27,919	11,475	90,999			261	7.30
Percent ownership:								
Taxable		6.72%	2.35%	90.93%				
Tax free				100.00%				
Tax deferred		100.00%						
Equity/other		21.41%	8.80%	69.79%				
Use Joint property to fund Unified Credit Trust?				No				

Default Asset Rates	Before	After Ret
Taxable	6.00	6.00
TaxDeferred	6.00	6.00
TaxFree	5.75	5.75
Equity/Other	8.00	8.00
Retirement accounts	7.50	7.50
Roth IRA		

	Allen	Betty	Joint	CommProp	Trust/Oth	Apprec. rate
Residence	307,000					
Personal property	15,000					
Jewelry, Furs		2,500				
Art, antiques						
Autos	12,000		9,600			(6.67)
RV's, boats						
Other personal assets						

Page 2 Liabilities:	Payoff at death?	Account balance					Monthly payment	Annual rate %
		Allen	Betty	Joint	CommProp	Trust/Oth		
Residence mtg	1			72,000			940	8.37
Residence 2 mtg								
Investment loans								
Auto loans	2			4,300			205	7.45
RV & boat loans								
Credit cards	3			3,890			300	13.31
Personal loans								
Other liabilities								
Real estate loans								

\* 0=no, 1= at either death, 2= at client death only, 3= at spouse death only.

Surplus cash flow allocation	Taxable	20		
	Tax free	20		
	Tax deferred	20	Annuity Deferred interest	
	Equity/other	40		

Income needed per month in Retirement:	Start age	Amount \$	Infl. rate	
Prior to retirement		3,285		
<i>(Basic expenses only; in reports</i>	Period 1	65	3,867	3.58
<i>charity, medical, prop tax,</i>	Period 2	70	3,662	3.59
<i>insurance and debt payments</i>	Period 3	84	4,400	3.00
<i>are added.)</i>	Period 4	199		3.00
<b>Personal income needed when disabled / year</b>		31,539		

Retirement Accounts: (defined contribution plans)	Allen	Betty
Profit sharing / Money purchase	32,000	
IRA accounts		
401(k) plans		27,300
Other (TSA, Keogh, SEP, etc.)		
Total	32,000	27,300
Rate of return on retirement plans	5.50	8.20
Roth IRA	9,754	
Rate of return of Roth IRA	7.50	
Roth monthly additions	167	
Use retirement accounts to fund Credit Shelter Trust?		No

Monthly additions:	Allen	Betty	Deduction
IRA account additions			
401(k) additions		200	2,400
Company contributions	150	130	
Alternate age to stop additions	65	65	
Increase rate for amount of additions	3.90	3.90	

Retirement Income Sources (Defined benefit plans)	Allen		Betty	
Pension plan or other income/mo (expected in today's \$)	550			
Starting at age	65	65	65	65
Increase rate before retirement				
Increase rate after retirement	2.00			
Age when income will stop (default = life expectancy)				
Percent available to surviving spouse during retirement	50		50	
\$ Amount payable to survivor if death occurs now	200			

Retirement Social Security benefits:	Allen	Betty
Age to start retirement SS benefits	65	65
Percent of computed SS benefit to show in today's dollars	100	100
Actual amount of expected benefits in today's dollars		
Social Security benefit increase rate	2.00	

**Page 3**

**Monthly Survivor Social Security benefits (override calculated amount)**

	Allen	Betty
Actual / estimated survivor benefit with 2 or more children		
" " " with 1 child at home		
Actual /estimated survivors benefit in retirement		
Age to start survivor social security benefits	65	65

	Allen	Betty
Wages exempt from FICA tax?		
Not qualified to receive SS benefits?		
Client or spouse QP participant?		
Diversify retirement account assets? (0=no, 1=yes)	-1	

**Income data:**

(annual amounts)	Income tax data		Amount to use for:	
	Present	Increase rate	Cash Flow	Disability
Client salary & wages	70,000		70,000	70,000
Spouse salary & wages	35,000		35,000	35,000
Interest & dividends	14,235		4,750	4,750
Client self employment	1,000		1,000	1,000
Spouse self employment			1,000	1,000
Sched D capital gain (loss)				
Sched E passive gain (loss)				
Other non-taxable income				
Other non-taxable income				
Pension income				
Social sec income client				
Social sec income spouse				

Incr (decr) fed income	
Other fed tax or (credit)	

Investment interest	
AMT (preference) items	

Incr (decr) state income	
Other state tax or (credit)	

State tax Item Ded override	
Continue spouse income after retirement	Yes

Itemized Deductions:	% of gross income	and/or	Annual	
			\$ amount	Increase rate
Charitable contributions			750	3.00
Misc itemized deductions			4,200	3.00
Other tax (not property)				
Property tax (% of residence value)			2,200	2.75
Medical expense				
Doctor				
Dentist/Orthodontist				
Eye exam/Glasses				
Medicine/Drugs				

Tax filing status	Joint
Number of exemptions	4
Number over 65 or blind	

**Optional Tax Rates**

	Ordinary	Cap Gain
Effective tax rate before retirement		20.00
Effective tax rate after retirement		15.00

Capital gain holding period (1=12 mo to	2	1=12 months to 5 years, 2 = over 5 years.
---	---	---

Insurance information:	Allen		Betty	
	Short term	Long term	Short term	Long term
Disability insurance monthly benefit	2,500	3,500	500	800
Company disability benefits per month		500		
% of company disability benefits taxable (0-100)		100		
Do you have LTC insurance				

	Allen		Betty		Not subject to Estate tax	
	Allen	Betty	Allen	Betty	Allen	Betty
Term or company group death benefit		95,000	50,000	5,000		
Personal permanent life coverage death benefit	160,000		100,000			
Cash value now (traditional CV policies)	5,975					
Cash value at retirement age	87,500					
Insurance policy loans outstanding						
Suppress insurance benefits on Retirement report?						
Include cash values in asset allocation?	No					
Use life insurance to fund Unified Credit Trust?	No					
Use immediate cash needs for minimum life insurance needed?	No					

Insurance premiums (annual):	Allen	Betty	Proposed LTC data	
Life insurance premiums - term		480	Premium	
Life ins premiums - permanent	2,550		Benefit/day	
Auto insurance premiums	200	200	Pay to age	
Disability insurance premiums	450		LTC per mo	
Home owners & other ins premiums	385		Number Mo	
Medical insurance premiums				
Long Term Care premium				

<b>SURVIVOR available / needed*:</b> (today's \$)	Allen	Betty	Allen	Betty
Income per month - with child at home	4,733	2,333	2,957	2,957
Income after children are grown	4,733	2,333	2,957	2,957
Income during retirement years			2,957	2,957

\* In reports, insurance, debts and itemized deduction items are added.

<b>Other survivor income:</b>	Allen	Betty
Monthly amount expected		250
Percent annual increase before income starts		2.00
Age when income will start		60
Percent annual increases while income received (COLA)		
Age when income will stop		80

<b>Immediate survivor needs</b>	Allen	Betty
Final expenses (burial, medical, etc.)	15,000	15,000
Emergency funds, reserves	20,000	20,000
Other survivor cash needed (charitable, gifts, etc.)		
Include other survivor cash on Estate Report?		

<b>Capital Consumption / Retention Option (survivor &amp; retire):</b>	Allen	Betty
Amount of capital to be retained at life expectancy		

<b>Attitude about investing and money management</b>	4
--	---

(Conservative <- 1 2 3 4 5 -> Aggressive)

**Financial objectives:**

Reducing income taxes	4
Protection from inflation	4
Maximum investment growth potential	5
Current spendable income from assets	1
Liquidity (convert assets to cash)	2

(Not concerned <- 1 2 3 4 5 -> Very concerned)

**Asset Allocation by Class:**

Classes	Present mix	Proposed
Reserves	0.50	
Income	42.07	
Growth and income	3.75	
Growth	46.19	
Aggressive Growth	7.49	
Misc		

<b>Other financial goals (description):</b>	Year needed	Amount needed	Increase rate
Retirement trip	2,007	15,000	6.00
Sail boat	2,010	20,000	4.00

<b>Anticipated rate of return on funds accumulated for goals</b>	8.00
Include Financial Goals in Retirement Capital projection?	



