



Financial Strategies

A lifestyle report prepared for
Keith Patterson and Kathryn Patterson

Income Protection

**Presented by:
Ross Mackereth**

For Evaluation Purposes Only

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PLEASE READ CAREFULLY

Important Notes

This report illustrates your financial lifestyle, or your hypothetical cash flow and its effects on your net worth. This analysis provides only broad, general guidelines, which may be helpful in shaping your thinking about your planning needs. It can serve as a guide for discussions with your professional advisers. The quality of this analysis is dependent upon the accuracy of data provided by you. Calculations contained in this analysis are estimates only.

Actual results may vary substantially from the figures shown. All rates of return are hypothetical and are not a guarantee of future performance of any asset, including insurance or other financial products. All inflation rates are estimates provided by you.

This analysis contains very specific computations concerning the value of your assets today. These computations are based on assumptions you provided concerning the value of your assets today and the rate at which the assets will appreciate. These assumptions must be carefully reviewed for their reasonableness. These assumptions are only a "best guess". The actual values, rates of growth, and tax rates may be significantly different from those illustrated. The actual taxes due may be significantly greater or smaller than those illustrated. No guarantee can be made regarding values and taxes when actual appreciation rates and tax rates cannot be known at this time.

For illustrative purposes, many assumptions must be made concerning the sale of properties or the change of property ownership. These are for illustrative purposes and not to be considered as legal advice; only your solicitor should provide such advice. No legal or accounting advice is being rendered either by this report or through any other oral or written communications. Please discuss legal and accounting matters directly with your advisers in each of those areas. Because your planning concerns and goals may change in the future, periodically monitoring actual results and making appropriate adjustments are essential components of your program. Annual updating allows a year of estimated values to be replaced with actual results and can be very helpful in your determining whether your plans are on your desired course. Strategies may be proposed during the course of planning, including the acquisition of insurance and other financial products. When this occurs, additional information about the specific product (including a key features document, if required) will be provided for your review.



1

Executive Summary

This is an overview of the Financial Analysis prepared just for you.

This Executive Summary condenses numerous calculations into condensed, one-page summaries of the financial objectives. A one-page summary can never be complete, but it helps you determine areas of your finances that need further considerations. Before taking actions based on any item in this summary, you should examine the detailed analysis contained in the complete *Financial Analysis* that has been prepared for you.

Effects of Uncertainties—Premature Death of Keith

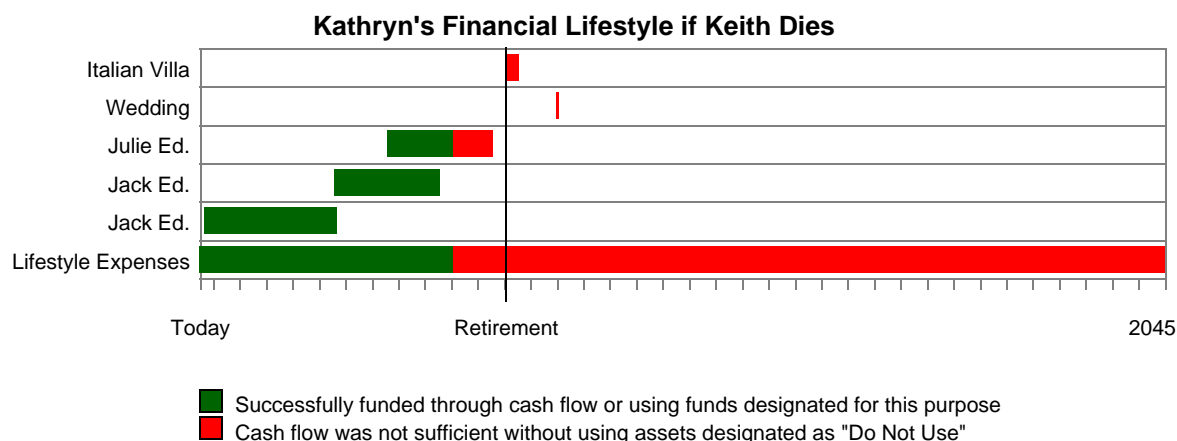
Premature death can have dramatic effects that are difficult to even imagine. However, proper financial planning involves carefully considering the possibility of premature death and its effects on your finances.

In order to analyse the lifestyle of the survivor in the event of a premature death, this portion of the analysis assumes that Keith dies tomorrow, and that Kathryn survives to the end of the illustration.

Cash Flow Objective

- Pay all lifestyle expenses and outgoing payments
- After applying education funds, pay any remaining education costs
- Fund all specific needs as they arise
- Make future purchases on the designated dates
- Make payments on all loans
- Under no circumstances use assets designated "Do Not Use" for cash flow

Will you maintain your lifestyle?



It appears your cash flow would be insufficient following Keith's premature death. This is due in part to your education and specific needs.

Consider:

Shortfall occurred in February of 2019.

The value of the shortfall today invested at 6%:

£116,878

You need to reduce your monthly outgoing payments by 7% beginning today.

Note: A cash flow failure occurred in February of 2019 with assets designated as "Do Not Use" equal to £1,191,362.

Effects of Uncertainties—Premature Death of Kathryn

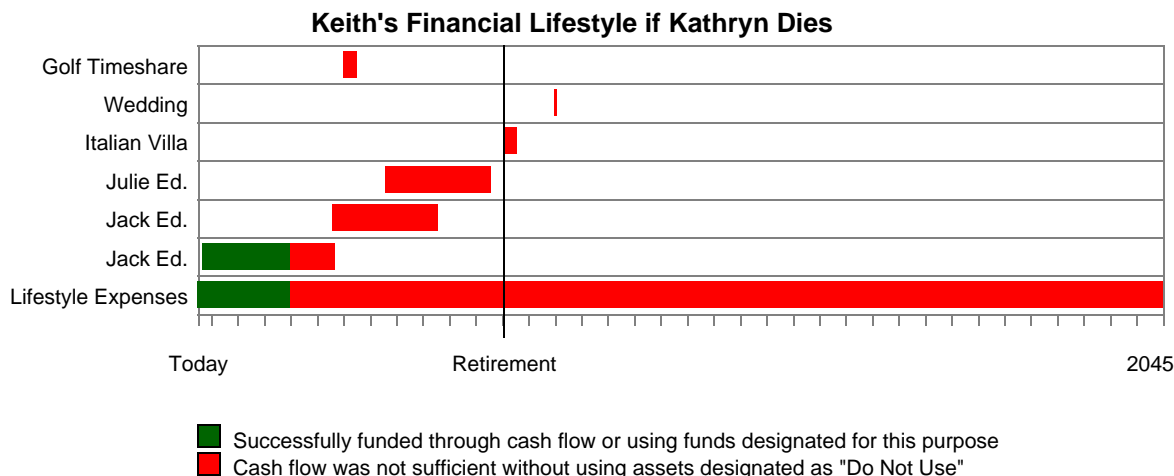
If the situation were reversed, would Keith have sufficient cash flow if Kathryn died?

In order to analyse the lifestyle of the survivor in the event of a premature death, this portion of the analysis assumes that Kathryn dies tomorrow, and that Keith survives to the end of the illustration.

Cash Flow Objective

- Pay all lifestyle expenses and outgoing payments
- After applying education funds, pay any remaining education costs
- Fund all specific needs as they arise
- Make future purchases on the designated dates
- Make payments on all loans
- Under no circumstances use assets designated "Do Not Use" for cash flow

Will you maintain your lifestyle?



It appears your cash flow would be insufficient following Kathryn's premature death. This is due in part to your education and specific needs.

Consider:

Shortfall occurred in January of 2013.

The value of the shortfall today invested at 6%:

£190,381

You need to reduce your monthly outgoing payments by 9% beginning today.

Note: A cash flow failure occurred in January of 2013 with assets designated as "Do Not Use" equal to £963,651.



2

Confirmation of Facts

The right plan must start with the right facts.

A financial plan must be dynamic; that is, able to change as quickly as your situation changes. Your plan is based on your facts and assumptions. You should be sure that all of the assumptions and facts listed here correctly reflect your situation and desires.

CONFIRMATION OF FACTS

Your Facts

Keith Patterson

Age: 48 Male Born: 23 Jan., 1961

Email Address: keithkath@aol.com

Do not use Email for Notifications

Kathryn Patterson

Age: 48 Female Born: 23 Jan., 1961

Email Address: keithkath@aol.com

Do not use Email for Notifications

Keith and Kathryn are married.

Home Phone: 0208 233 8967

Business Phone: 0870 455 644

Mailing Address

312 Great Charles Street
London, O, WC2 3AJ

Children and Dependents

Name	Date of Birth	Gender	Relationship	Dependent of
Jack	02 Feb., 1996	Male	Child	Keith, Kathryn
Julie	14 Aug., 1998	Female	Child	Keith, Kathryn

Salaries

Employer	Employee	Current Salary	Frequency	Inflation Rate
GLC Development Board	Keith	£5,540	Monthly	3.000%
Kathryn's Part Time Editor Work	Kathryn	£1,900	Monthly	3.000%

Current Bank Accounts, Savings, Deposit

Account Name	Owner	Current Balance	Balance As Of	Interest Rate
Current Account	Keith, Kathryn	£2,670	06 Jun., 2006	0.000%
Kathryn Bank Account	Kathryn	£1,200	06 Jun., 2006	0.500%
Deposit Account	Keith, Kathryn	£12,900	06 Jun., 2006	4.750%

This asset is the Cash Account

Tax-Efficient Investments

Account Name	Owner	Current Balance	Balance As Of	Interest Rate
University Funding ISA	Keith	£2,100	06 Jun., 2006	6.000%
School Funding ISA	Keith	£560	06 Jun., 2006	6.000%
National Savings	Kathryn	£4,908	06 Jun., 2006	6.000%

Investment

Account Name	Owner	Current Balance	Balance As Of	Interest Rate
Other Investment	Keith	£26,420	06 Jun., 2006	2.000%

CONFIRMATION OF FACTS

Your Facts (Continued)

Investment Trust

Name/Symbol	Owner	Current Value	Balance As Of	Basis	Rates	
					Div. Rate	App. Rate
ABC Investment Trust	Keith	£6,429	06 Jun., 2006	£0	1.000% ¹	5.000%
XYZ Investment Trust	Keith	£9,279	06 Jun., 2006	£0	1.400% ¹	5.700%
Unit Trust / OEICs	Keith, Kathryn	£15,000	20 Jun., 2006	£10,000	1.000% ¹	6.000%

Stocks

Name/Symbol	Owner	Current Value	Balance As Of	Basis	Rates	
					Div. Rate	App. Rate
BRITISH AIRWAYS PLC (BAB)	Keith, Kathryn	£5,150	02 Mar., 2006	£2,345	0.000% ¹	4.300%

Investment Bonds

Name/Symbol	Owner	Market Value	Balance As Of	Face Amount	Growth Rate
ABC Bond	Keith, Kathryn	£4,320	06 Jun., 2006	£3,500	4.500%
ACME Bond	Keith, Kathryn	£1,320	06 Jun., 2006	£500	5.400%

Bonds

Name/Symbol	Owner	Market Value	Face Amount	Coupon Interest	Frequency	Maturity Date
Government Bonds	Keith	£6,260	£5,500	4.500%	Semiannual	04 Feb., 2012

Retirement Plans

Name	Owner	Current Balance	Balance As Of	Growth Rate	Owner Contrib.	Employer Contrib.
Kathryn PPP	Kathryn	£900	06 Jun., 2006	6.000%	£100	£0
GLC Dev. Money Purchase	Keith	£7,800	06 Jun., 2006	6.500%	£250	£250

Final Salary Scheme

Name	Owner	Benefit	Lump Sum	Death In Service Lump Sum	Inflation Rate	Start
Final Salary	Keith	£0	£55,000	£35,000	0.000%	Starting when Keith retires

Rental Property

Buy to Let

Owner	Current Value	Balance As Of	Cost Basis	Appreciation Rate
Keith	£350,000	12 Mar., 2007	£150,000	5.000%
Rental Income	Frequency	Monthly Expenses	Annual Expenses	Rental Inflation
£650	Monthly	n/a	n/a	3.00%

¹ Dividends are assumed to be reinvested in similar investments.

CONFIRMATION OF FACTS

Your Facts (Continued)

Residences

Family Home

Owner	Current Value	Balance As Of	Cost Basis	Appreciation Rate
Keith, Kathryn	£345,000	06 Jun., 2006	£225,000	3.000%

Personal Loan Secured by this Asset

Balance as of	Mortgage Balance	Payment	Frequency	Interest Rate
06 Jun., 2006	£93,000	£642	Monthly	5.200%

Life Insurance-Individual

Name	Insured	Owner	Beneficiary	Face Amount	Premium	Frequency	Cash Value
Mortgage Protection Policy	Keith	Keith	Kathryn	£100,000	£32	Monthly	£0
ABC Term	Keith	Keith	Kathryn	£150,000	£45	Monthly	£0
XYZ Endowment	Keith	Keith	Kathryn	£25,000	£46	Monthly	£0

Disability Insurance-Individual

Name	Insured	Owner	Monthly Benefit	Waiting Period	Benefit Period	Premium	Frequency
ABC PHI	Keith	Keith	£1,500	180 Days	Age 65	£65	Monthly

Long-Term Care Insurance-Individual

Name	Insured	Daily Benefit	Daily Home Care	Waiting Period	Benefit Period	Premium	Frequency
IABC LTC Policy	Keith	£355	£0	90 Days	Lifetime	£65	Monthly

Essential Living Expenses

Description	Amount	Frequency	Percent Continuing after First Death	Percent Continuing after First Disability	Percent Continuing after First Retirement
Joint General Living Expenses	£3,750	Monthly	100%	70%	70%
Keith's Final Expenses	£5,000	Monthly	100%	100%	100%
Kathryn's Final Expenses	£5,000	Monthly	100%	100%	100%
Annual Holiday	£3,500	Annual	70%	100%	0%
Retirement Living Expenses	£3,500	Monthly	50%	70%	100%

Specific Need Expenses

Description	Amount	Frequency
Wedding	£15,000	Monthly

Education Expenses

Description	Amount	Frequency	Percent of Estimated Aid
University	£9,500	Annual	0%
University	£9,500	Annual	0%
Public School	£15,000	Annual	0%

Debt

Liability Name	Owner	Current Balance	Balance As Of	Interest Rate
Loan for Family Home	Keith, Kathryn	£93,000	06 Jun., 2006	5.200%

CONFIRMATION OF FACTS

Your Facts (Continued)

Future Purchase

Description	Future Owners	Anticipated Cost	Inflation	Start
Golf Timeshare	Keith	£25,000	3.000%	Starting on Jan 01, 2015
Italian Villa	Keith, Kathryn	£165,000	3.000%	Starting when Keith retires

Distribute Income to Specific Assets

Description	From	To	Amount	Apply Inflation
University ISA Contributions <i>Already started and ending when Jack turns 22.</i>	GLC Development Board	University Funding ISA	£100	no
School Funding ISA <i>Already started and ending when Julie turns 23.</i>	Kathryn's Part Time Editor Work	School Funding ISA	£120	no
Final Salary to Deposit <i>Already started and ending after the illustration.</i>	Final Salary	Deposit Account	100%	n/a

Pay Expenses

Description	From	To	Amount	Apply Inflation
Additional Loan Repayment <i>Already started and ending after 12 years.</i>	XYZ Investment Trust	Loan for Family Home	£250	yes

Reposition Assets

Description	From	To	Frequency	Amount	Apply Inflation
ABC Bond <i>Starting when the first client retires and ending after a one time occurrence.</i>	ABC Bond	Deposit Account	Monthly	100%	n/a
ABC Term <i>Already started and ending after the illustration.</i>	ABC Term	Deposit Account	Monthly	100%	n/a
Mortgage Protection <i>Already started and ending after the illustration.</i>	Mortgage Protection Policy	Deposit Account	Monthly	100%	n/a
ACME Bond <i>Starting when both clients retire.</i>	ACME Bond	Deposit Account	n/a	n/a	n/a
Sell Buy to Let <i>Starting when Keith retires.</i>	Buy to Let	Deposit Account	n/a	n/a	n/a



3

The Survivors' Lifestyle if Keith or Kathryn Dies

It's hard for most people to even imagine the death of a loved one. However, proper financial planning involves careful consideration of the possibility.

Examining the effects of death is an important step in determining both your current and future financial situations. In order to illustrate how your finances might satisfy the lifestyle needs of the survivors, this portion of your analysis considers the possible effects of each of your deaths on cash flow.

Following death, all assumptions about expenses and income must be adjusted; the calculations used in this portion of your analysis reflect those adjustments. This section of the analysis of the survivor's cash flow answers the following questions:

- What does "maintaining the lifestyle of the survivors" mean?
- How does your cash flow work?
- What incoming cash can you expect to receive?
- What outgoing payments can you expect?
- How will your cash flow handle unexpected payments and fluctuations?
- How will your cash flow affect your assets?
- How will your net worth (the result of your cash flow) change?

Funding Your Lifestyle

This cash flow analysis examines all of the financial items that are part of your lifestyle. It simulates typical spending and saving habits in order to determine (a) how you would meet your financial obligations and (b) what you would have left over for savings or investment.

Maintaining the Lifestyle of Your Survivors

This section assumes that Keith dies today and Kathryn continues to live.

Cash Flow Analysis

Examining your cash flow on a detailed monthly basis helps answer two essential questions: One, will I have enough money? And, two, if there is a problem, how severe is the shortfall?

Adjustments in Lifestyle

Major life events directly influence your lifestyle expenses. An unexpected death or disability, for example, could have a profound effect on your overall expenses and incoming cash flow. Some of your expenses may be reduced when you retire; expenses associated with traveling to and from work, for example. At the same time, money spent on recreation, vacations, or health care may increase your expenses during retirement.¹

The following payments are necessary for you to maintain your lifestyle:

- Basic lifestyle expenses
- Wedding for Julie valued at £15,000 Monthly (Starting on Jan 01, 2023 and ending after a one time occurrence)
- Italian Villa for Keith and Kathryn costing £165,000 (value today) (starting when Keith retires)
- Education for Jack
- Education for Julie
- Education for Jack
- Make payments on all loans

¹ Expenses and the adjustments for death and retirement are shown in the "Confirmation of Facts" section.

Your Cash Flow Process

Cash flow is a simple, monthly process. You receive money from outside sources and deposit that money into your bank account. You use that account to pay your expenses and cover your lifestyle expenses. What you do not spend you save, invest, or use to purchase other assets. If your expenses exceed your income one month, you take some money out of the savings, sell an asset, or borrow the funds to pay the expenses. Cash flow analysis is the detailed study of this monthly process.

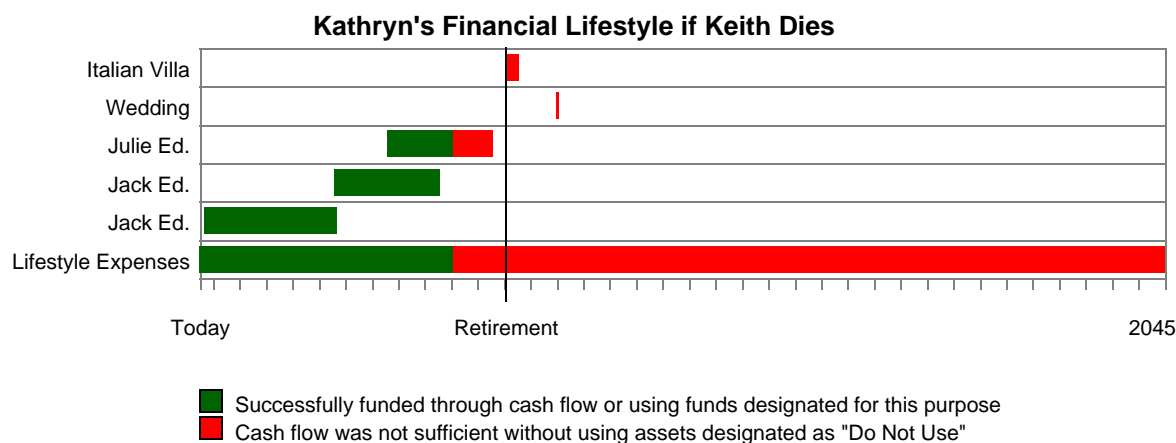
Your monthly cash flow process involves the following steps:

- Determine your expected incoming cash
- Determine your expected outgoing payments
- Compare incoming and outgoing cash: if outgoing payments exceed incoming cash, use an asset or borrow money to cover the shortage
- Adjust asset values as necessary

Discretionary Spending

Some of your expenditures fluctuate based on the funds available to you. When your incoming cash exceeds your outgoing payments, a portion of the excess cash may be used for discretionary spending. Cash flow analysis helps you identify and understand your discretionary spending, which can improve your financial situation.

Effects of your cash flow process—will you run out of money?



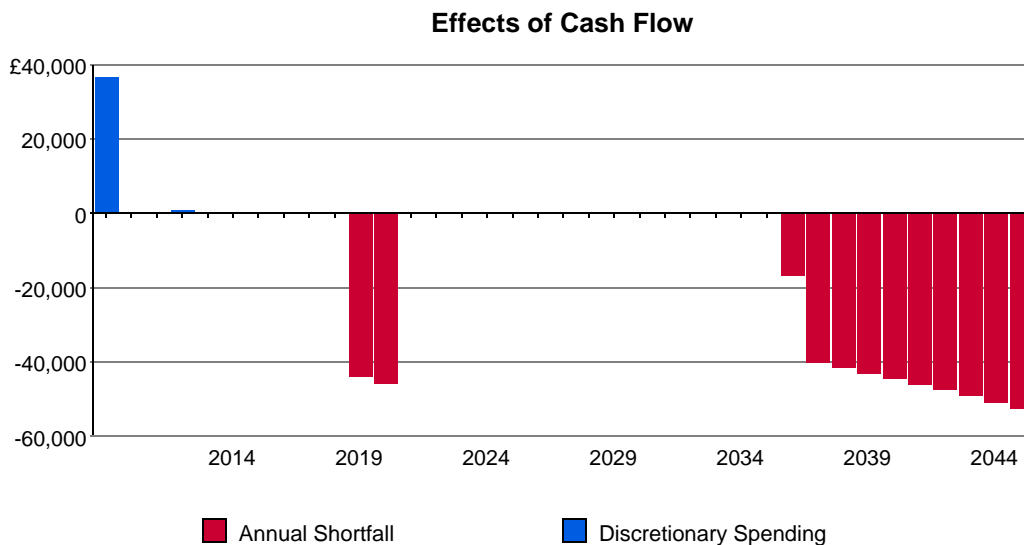
A cash flow failure occurred in February of 2019 with assets designated as "Do Not Use" equal to £1,191,362.

Your cash flow is not sufficient to support your lifestyle expenses. The value of the shortfall today invested at 6% is £116,878.

Evaluating Shortfall

The cash flow process determined that your plan was likely to experience a cash flow failure in year 2019. This analysis can help you determine the severity of the failure and identify the solutions best suited for you.

- Annual Shortfall**
 Annual shortfall is the portion of expenses that cannot be covered without using assets designated as "Do Not Use." Shortfalls are shown as negative values.
- Discretionary Spending**
 After all outgoing payments have been met each month, discretionary spending is the portion of the money left over that is used for unspecified expenses. Adjusting these amounts may reduce the annual shortfalls.
- "Do Not Use" Assets**
 The value of assets you designated as "Do Not Use" was £1,191,362 in the year of the initial cash flow failure. You may want to re-consider the use of some of these assets.
- "Red" Numbers**
 All values after the initial cash flow failure are printed in red to indicate these values are only possible if the shortfall amounts were provided.



What adjustments should you make to your financial lifestyle?

Note: Cash flow is calculated monthly with the net values for the year shown; therefore, discretionary spending may occur one month and an income shortage occur in another month all in the same calendar year.

Assets Used for Cash Flow

Priority and Sources of Funds

You have indicated your priorities and desired uses of certain assets. If there is not sufficient cash flow to pay your outgoing payments during a particular month, then these assets will be considered in the order shown below.

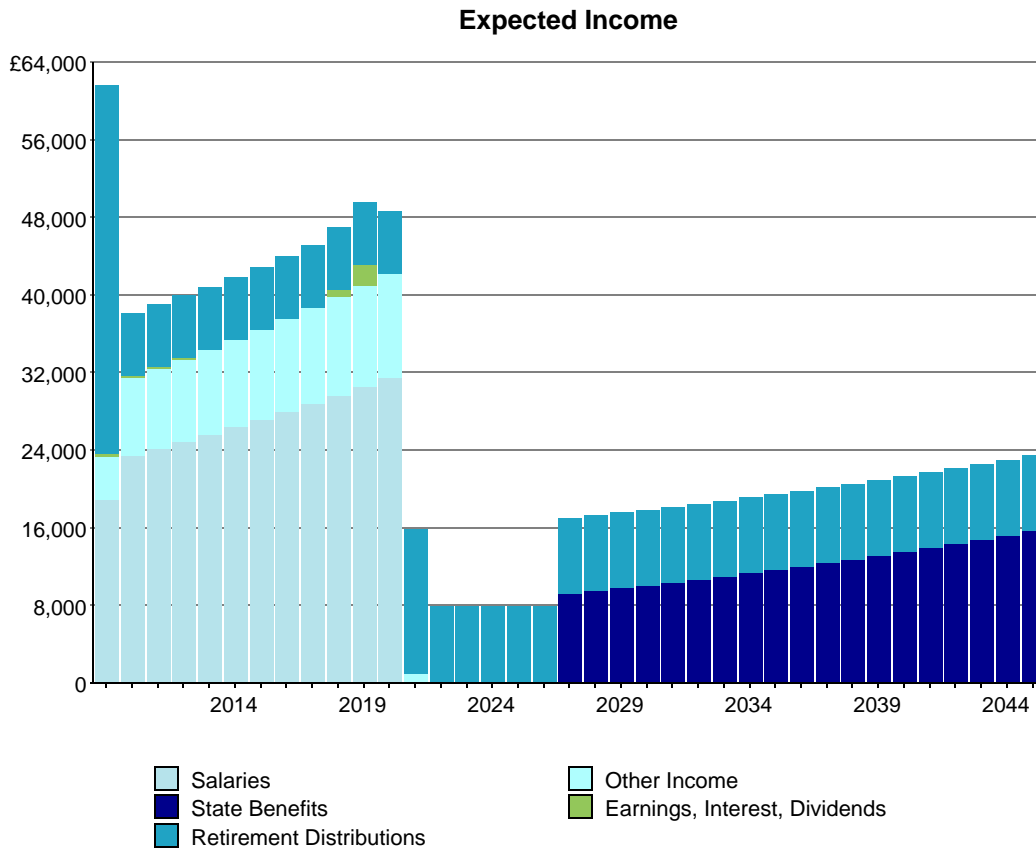
The use of some assets would cause a significant change in your lifestyle: such assets are marked "Do Not Use" or the desired use is indicated

Asset	Limit Uses to
Current Account	Unrestricted
Deposit Account	Unrestricted
Kathryn Bank Account	Unrestricted
Unit Trust / OEICs	Unrestricted
National Savings	Unrestricted
Other Investment	Unrestricted
ABC Investment Trust	Unrestricted
XYZ Investment Trust	Unrestricted
BRITISH AIRWAYS PLC	Unrestricted
ABC Bond	Unrestricted
ACME Bond	Unrestricted
Government Bonds	Unrestricted
Family Home	Do Not Use
Buy to Let	Do Not Use
University Funding ISA	Education
School Funding ISA	Education
Kathryn PPP	Retirement
GLC Dev. Money Purchase	Retirement
Italian Villa	Do Not Use

Value of Assets

The cumulative effects of your cash flow change the value of your assets. The effects of cash flow include the addition of new assets or savings, the use of all or a portion of some assets to pay expenses, and appreciation or changes in the value of your assets.

Incoming Cash Expected



A cash flow failure occurred in February of 2019 with assets designated as "Do Not Use" equal to £1,191,362. This illustration assumes Keith dies today. Life Insurance proceeds of £275,000 from Keith's death have been considered.

This illustration does not reflect (a) liquidations or unplanned withdrawals from your assets or (b) new loan proceeds that may be necessary during any month that expenses exceed income. However, the cash flow analysis considers income from all sources.

Incoming Cash Expected

Incoming Cash Flow

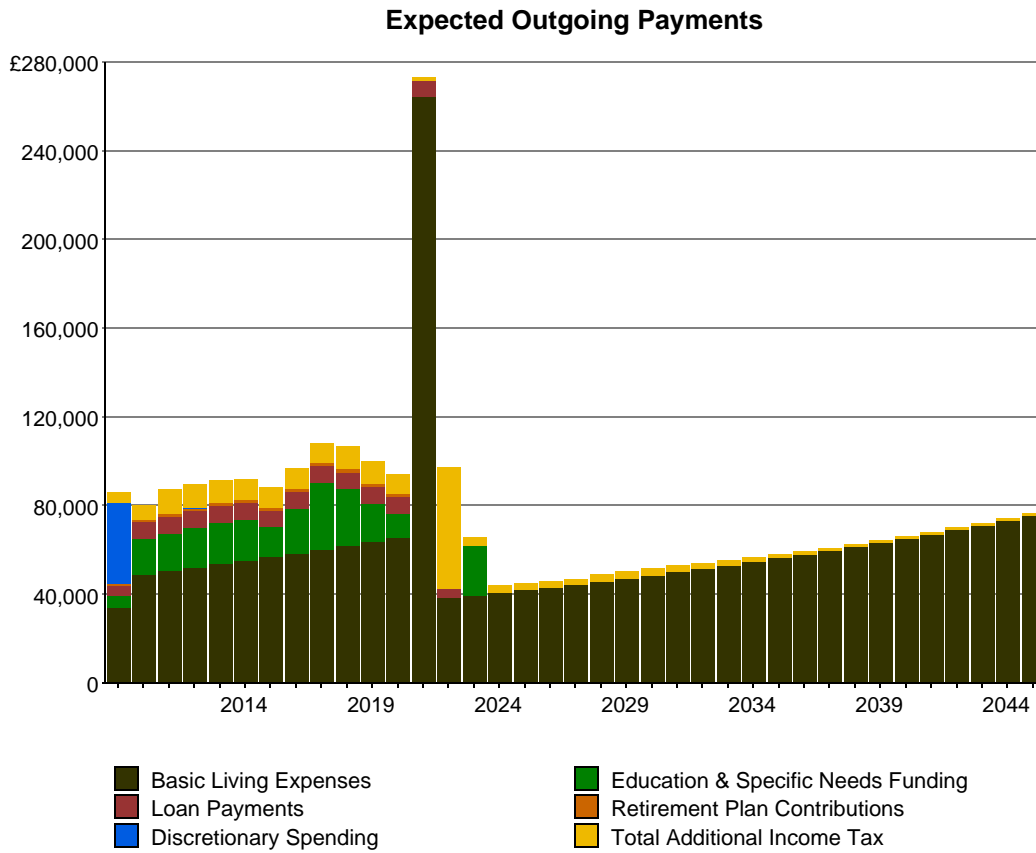
Year	Salary	Other Income ¹	State Benefits ¹	Earnings (Cash, Dividends)	Retirement Plan Distributions	Total Expected Income
2009	£18,840	£4,550	£0	£248	£38,250	£61,888
2010	23,484	8,034	0	248	6,500	38,266
2011	24,189	8,275	0	248	6,500	39,211
2012	24,914	8,523	0	124	6,500	40,061
2013	25,662	8,779	0	0	6,500	40,941
2014	26,431	9,042	0	0	6,500	41,974
2015	27,224	9,314	0	0	6,500	43,038
2016	28,041	9,593	0	0	6,500	44,134
2017	28,882	9,881	0	0	6,500	45,263
2018	29,749	10,177	0	750	6,500	47,176
2019	30,641	10,483	0	2,100	6,500	49,723
2020	31,561	10,797	0	0	6,500	48,858
R 2021	0	927	0	0	14,934	15,861
2022	0	0	0	0	7,787	7,787
2023	0	0	0	0	7,787	7,787
2024	0	0	0	0	7,787	7,787
2025	0	0	0	0	7,787	7,787
2026	0	0	0	0	7,787	7,787
2027	0	0	9,193	0	7,787	16,980
2028	0	0	9,469	0	7,787	17,256
2029	0	0	9,753	0	7,787	17,540
2030	0	0	10,046	0	7,787	17,832
2031	0	0	10,347	0	7,787	18,134
2032	0	0	10,657	0	7,787	18,444
2033	0	0	10,977	0	7,787	18,764
2034	0	0	11,306	0	7,787	19,093
2035	0	0	11,646	0	7,787	19,432
2036	0	0	11,995	0	7,787	19,782
2037	0	0	12,355	0	7,787	20,141
2038	0	0	12,725	0	7,787	20,512
2039	0	0	13,107	0	7,787	20,894
2040	0	0	13,500	0	7,787	21,287
2041	0	0	13,905	0	7,787	21,692
2042	0	0	14,323	0	7,787	22,109
2043	0	0	14,752	0	7,787	22,539
2044	0	0	15,195	0	7,787	22,981
2045	0	0	15,651	0	7,787	23,437

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This illustration does not reflect (a) liquidations or unplanned withdrawals from your assets or (b) new loan proceeds that may be necessary during any month that expenses exceed income. However, the cash flow analysis considers income from all sources.

¹ Other Income includes any estimated tax refunds for the prior year.
R-Retirement assumed to begin in this year.

Expected Outgoing Payments



A cash flow failure occurred in February of 2019 with assets designated as "Do Not Use" equal to £1,191,362. Outgoing payments begin with compulsory expenses (such as taxation) and continue through your discretionary spending.

Expected Outgoing Payments

Outgoing Payments

Year	Basic Expenses	Education & Specific Needs	Loan Payments	Retirement Plan Contributions	Discretionary Spending	Tax Payments and Deductions ¹	Total Outgoing Payments
2009	£33,953	£5,000	£4,494	£1,116	£36,720	£4,911	£86,194
2010	48,873	15,900	7,704	1,236	0	6,541	80,255
2011	50,340	16,854	7,704	1,273	0	11,178	87,348
2012	51,850	17,865	7,704	1,311	472	10,615	89,818
2013	53,405	18,937	7,704	1,351	0	10,025	91,422
2014	55,008	18,679	7,704	1,391	0	9,486	92,268
2015	56,658	13,476	7,704	1,433	0	9,274	88,545
2016	58,358	20,236	7,704	1,476	0	9,084	96,858
2017	60,108	30,283	7,704	1,520	0	8,884	108,500
2018	61,911	25,413	7,704	1,566	0	10,199	106,793
2019	63,769	17,013	7,704	1,613	0	10,181	100,279
2020	65,682	10,520	7,704	1,661	0	8,895	94,462
R 2021	265,192	0	7,704	0	0	1,667	274,562
2022	38,182	0	4,132	0	0	55,178	97,492
2023	39,327	22,689	0	0	0	3,669	65,685
2024	40,507	0	0	0	0	3,253	43,761
2025	41,722	0	0	0	0	3,048	44,771
2026	42,974	0	0	0	0	2,842	45,816
2027	44,263	0	0	0	0	2,616	46,880
2028	45,591	0	0	0	0	3,601	49,192
2029	46,959	0	0	0	0	3,403	50,361
2030	48,368	0	0	0	0	3,185	51,552
2031	49,819	0	0	0	0	2,948	52,767
2032	51,313	0	0	0	0	2,691	54,005
2033	52,853	0	0	0	0	2,414	55,266
2034	54,438	0	0	0	0	2,114	56,552
2035	56,071	0	0	0	0	1,790	57,861
2036	57,754	0	0	0	0	1,442	59,195
2037	59,486	0	0	0	0	1,111	60,597
2038	61,271	0	0	0	0	1,065	62,336
2039	63,109	0	0	0	0	1,051	64,159
2040	65,002	0	0	0	0	1,035	66,038
2041	66,952	0	0	0	0	1,020	67,972
2042	68,961	0	0	0	0	1,004	69,964
2043	71,030	0	0	0	0	987	72,017
2044	73,160	0	0	0	0	970	74,130
2045	75,355	0	0	0	0	952	76,308

A cash flow failure occurred in February of 2019 with assets designated as "Do Not Use" equal to £1,191,362. Outgoing payments begin with compulsory expenses (such as taxation) and continue through your discretionary spending.

¹ All PAYE tax deductions plus additional tax payments (other income and capital gains tax). Refunds are shown as other income in the year received.

R-Retirement assumed to begin in this year.

Additional Needs if Keith Dies

Education Needs

Education for	Annual Education Cost (Today's Money)	Portion Funded from Other Sources ¹	Start in Year	For Years	Total Cost for Education ²	Institution
Jack	£9,500	0%	2014	4	£57,562	University
Julie	£9,500	0%	2016	4	£64,676	University
Jack	£15,000	0%	2009	5	£87,939	Public School

To just fund the education needs:

- Life Insurance to provide for the entire education need of £210,177, or provide £125,875 for additional funds needed today.

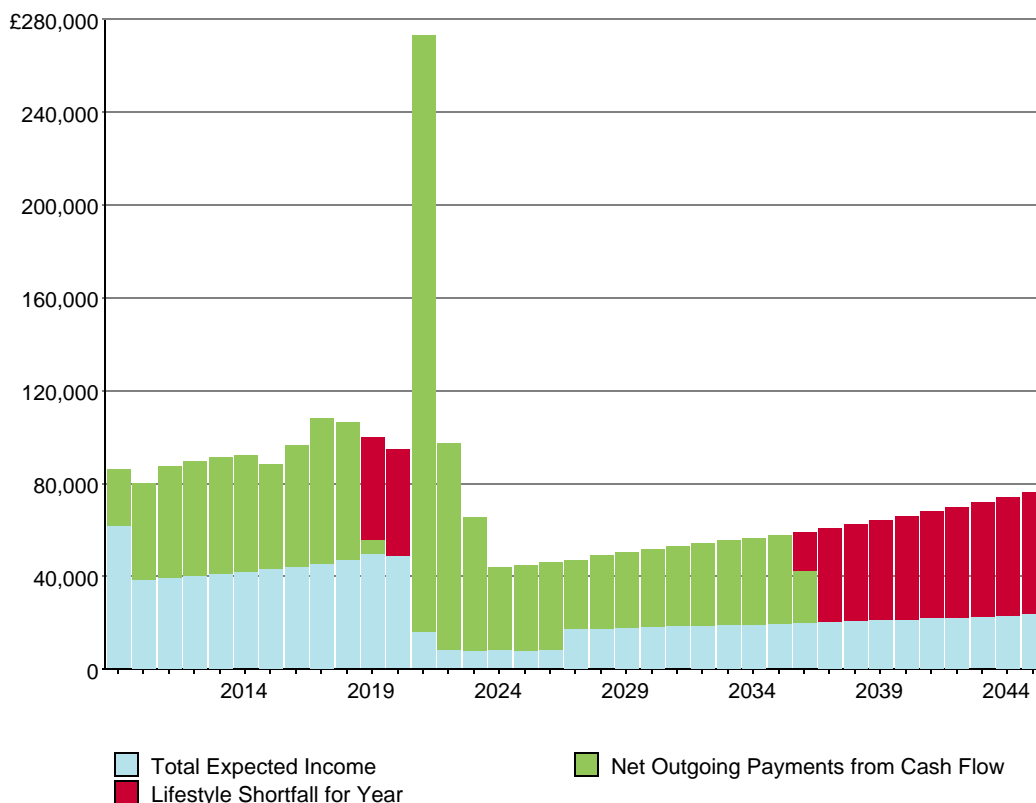
¹ Other sources may include scholarships, grants, student loans, or student work.

² Total Cost for Education is the total for the entire education need, assuming an annual inflation rate of 6%. This total does not reflect the portion of education costs funded from other sources.

Will Cash Flow Provide Needed Outgoing Payments?

By combining the information from the previous graphs, it is easy to see how your cash flow process works. Expected income is shown on top of the total outgoing payments. Any portion of payments remaining is paid by the cash flow process—using assets you have designated. When the cash flow process cannot provide the needed payments without using assets you designated as “Do Not Use,” then you have failure with the needed amount shown as a shortfall.

Summary of Cash Flow Process



Expected Income—the sum of all income items before the cash flow process is applied to use any assets or new loans to meet outgoing payments

Outgoing Payments from Cash Flow Process—the portion of outgoing payments that were required to be paid from using various assets or new loans

Shortfall—the amount needed in a year to pay all desired outgoing payments to maintain your lifestyle, but without using any assets you designated as “Do Not Use”

Conclusions

Based on the expenses that you specified, your present plans would not be sufficient to maintain your lifestyle. The value of this shortfall today is £116,878. This is the equivalent of reducing your spending by £1,315 every month. The following options may help you optimize your cash flow:

Reduce Expenses

- Determine whether you can comfortably reduce your expenses by reexamining each individual expense
- Consider reducing your discretionary spending and increasing your savings
- Are you claiming all the tax allowances to which you are entitled? Invest in one of the many inexpensive tax guides at your local book shop before you complete your next tax return.

Refinance Loans

- You may reduce your monthly expenses by (a) refinancing a loan to obtain a lower rate or (b) extending the terms of a loan
- Consider the fees and any points associated with individual loans when comparing payments

Pay Off Loans

- Reduce your monthly expenses by selling a slow growing asset and using the proceeds to pay off your loans

Downsize

- Sell your current home and buy a home or apartment of lesser value
- Reduce or eliminate your mortgage payment
- Reduce other monthly expenses, such as home maintenance, insurance, and property taxes

Change Some Investments

- Examine your investment portfolio and consider options that might increase your yields
- Consider differences in risk, returns, and your time horizons before making changes
- Consider all taxation, fees and other important investment characteristics

Reexamine Your Sensitivity to Life's Major Uncertainties

- Will Kathryn outlive your wealth during retirement?
- How would the unexpected death of you or your spouse affect the lifestyle of the survivors?
- Are you financially prepared for an extended nursing home stay during retirement?

Consider:

Shortfall occurred in February of 2019.

The value of the shortfall today invested at 6%:

£116,878

You need to reduce your monthly outgoing payments by 7% beginning today.

Funding Your Lifestyle

This cash flow analysis examines all of the financial items that are part of your lifestyle. It simulates typical spending and saving habits in order to determine (a) how you would meet your financial obligations and (b) what you would have left over for savings or investment.

Maintaining the Lifestyle of Your Survivors

This section assumes that Kathryn dies today and Keith continues to live.

Cash Flow Analysis

Examining your cash flow on a detailed monthly basis helps answer two essential questions: One, will I have enough money? And, two, if there is a problem, how severe is the shortfall?

Adjustments in Lifestyle

Major life events directly influence your lifestyle expenses. An unexpected death or disability, for example, could have a profound effect on your overall expenses and incoming cash flow. Some of your expenses may be reduced when you retire; expenses associated with traveling to and from work, for example. At the same time, money spent on recreation, vacations, or health care may increase your expenses during retirement.¹

The following payments are necessary for you to maintain your lifestyle:

- Basic lifestyle expenses
- Wedding for Julie valued at £15,000 Monthly (Starting on Jan 01, 2023 and ending after a one time occurrence)
- Golf Timeshare for Keith costing £25,000 (value today) (starting on Jan 01, 2015)
- Italian Villa for Keith and Kathryn costing £165,000 (value today) (starting when Keith retires)
- Education for Jack
- Education for Julie
- Education for Jack
- Make payments on all loans

¹ Expenses and the adjustments for death and retirement are shown in the "Confirmation of Facts" section.

Your Cash Flow Process

Cash flow is a simple, monthly process. You receive money from outside sources and deposit that money into your bank account. You use that account to pay your expenses and cover your lifestyle expenses. What you do not spend you save, invest, or use to purchase other assets. If your expenses exceed your income one month, you take some money out of the savings, sell an asset, or borrow the funds to pay the expenses. Cash flow analysis is the detailed study of this monthly process.

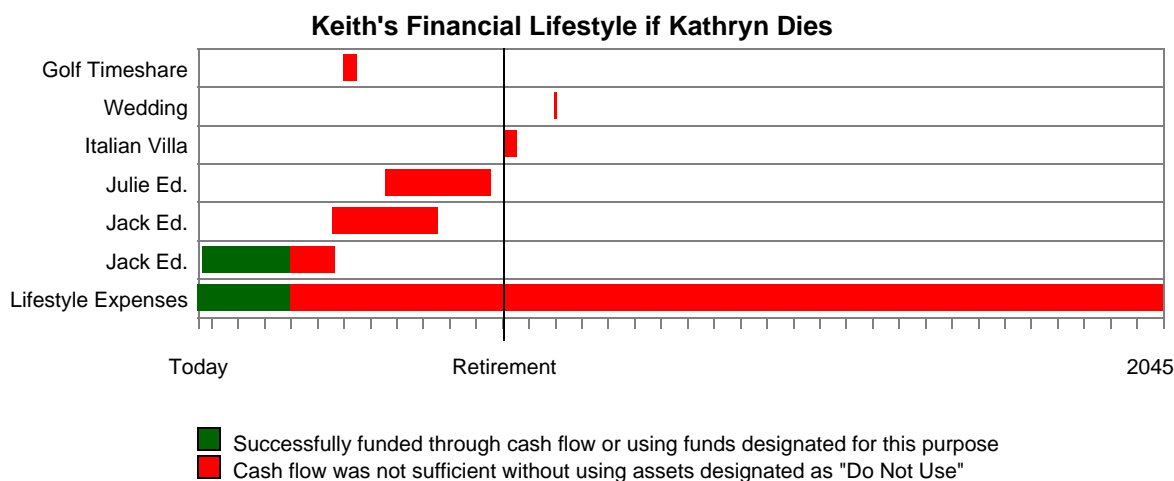
Your monthly cash flow process involves the following steps:

- Determine your expected incoming cash
- Determine your expected outgoing payments
- Compare incoming and outgoing cash: if outgoing payments exceed incoming cash, use an asset or borrow money to cover the shortage
- Adjust asset values as necessary

Discretionary Spending

Some of your expenditures fluctuate based on the funds available to you. When your incoming cash exceeds your outgoing payments, a portion of the excess cash may be used for discretionary spending. Cash flow analysis helps you identify and understand your discretionary spending, which can improve your financial situation.

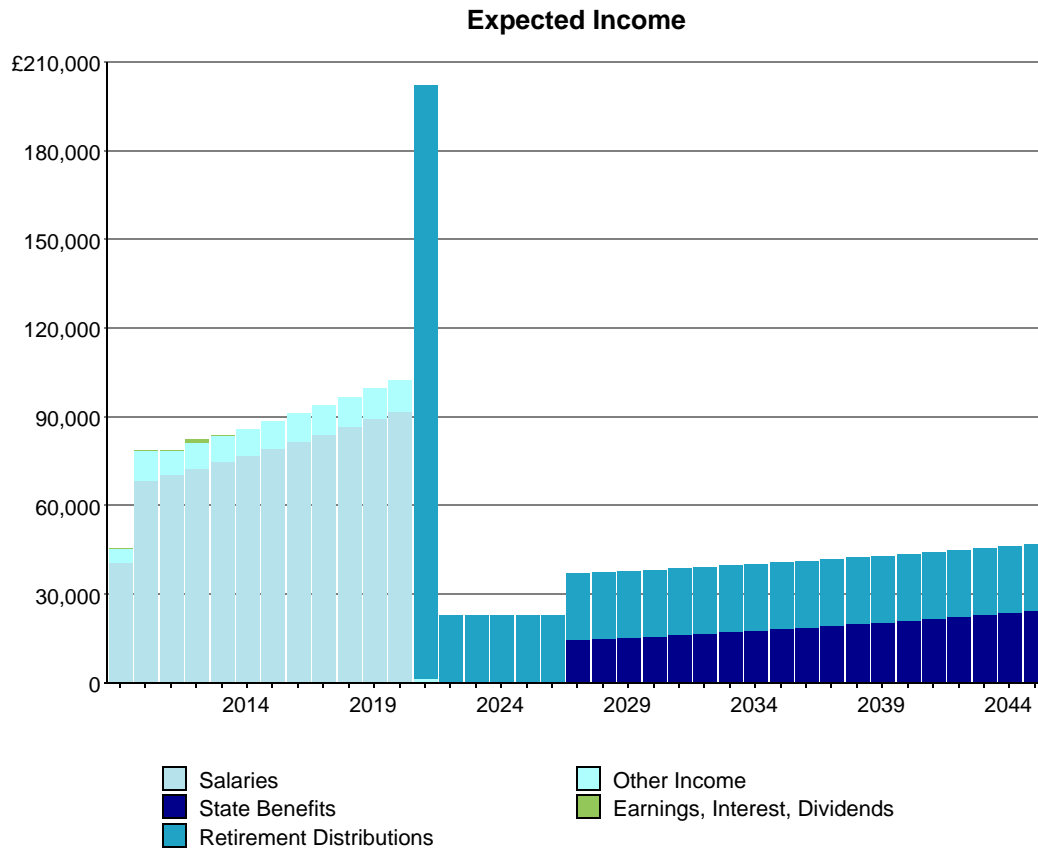
Effects of your cash flow process—will you run out of money?



A cash flow failure occurred in January of 2013 with assets designated as "Do Not Use" equal to £963,651.

Your cash flow is not sufficient to support your lifestyle expenses. The value of the shortfall today invested at 6% is £190,381.

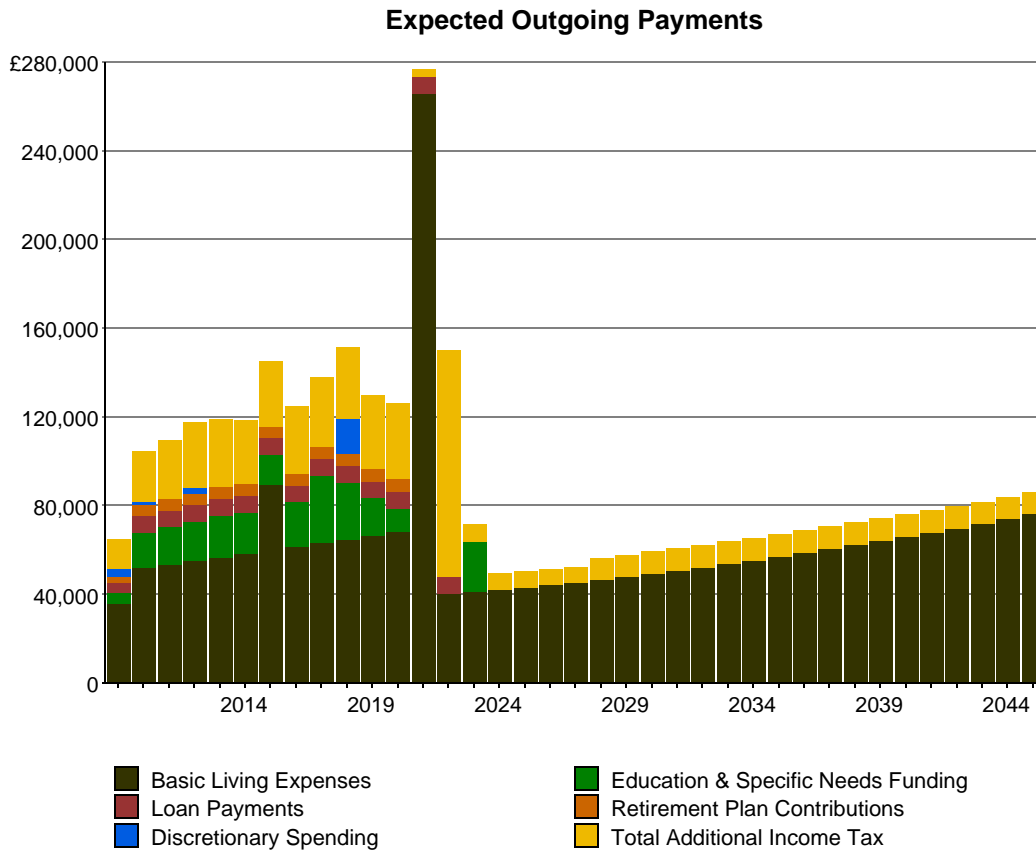
Incoming Cash Expected



A cash flow failure occurred in January of 2013 with assets designated as "Do Not Use" equal to £963,651. This illustration assumes Kathryn dies today. Life Insurance proceeds of £0 from Kathryn's death have been considered.

This illustration does not reflect (a) liquidations or unplanned withdrawals from your assets or (b) new loan proceeds that may be necessary during any month that expenses exceed income. However, the cash flow analysis considers income from all sources.

Expected Outgoing Payments

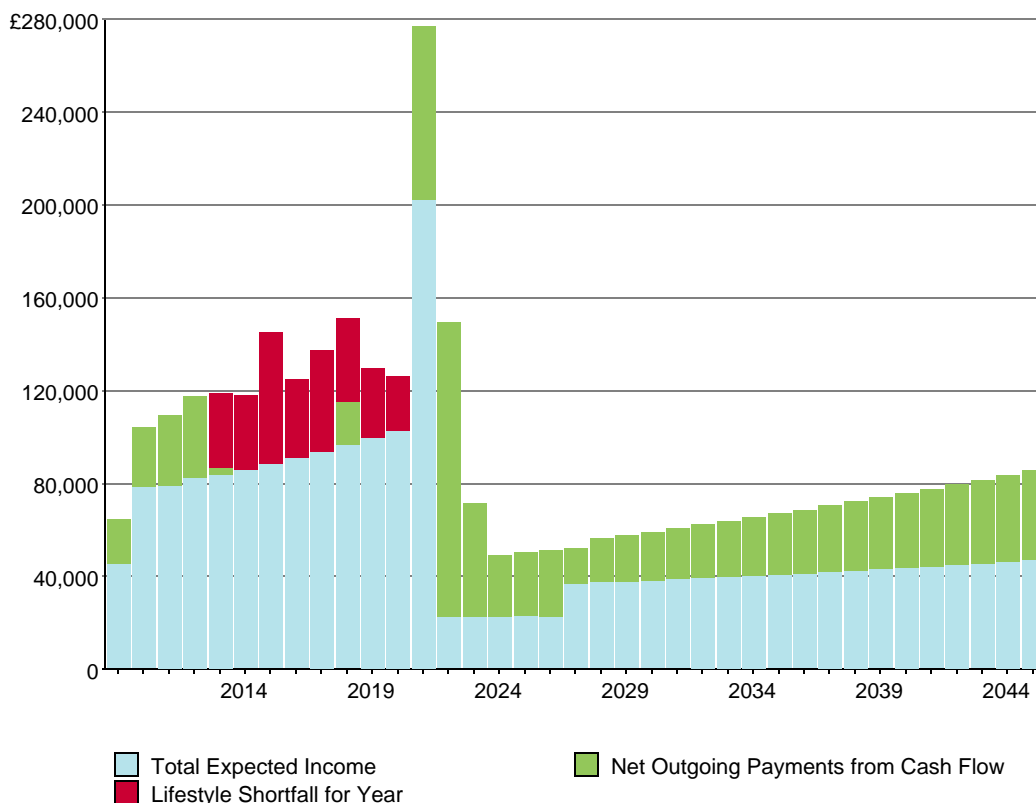


A cash flow failure occurred in January of 2013 with assets designated as "Do Not Use" equal to £963,651. Outgoing payments begin with compulsory expenses (such as taxation) and continue through your discretionary spending.

Will Cash Flow Provide Needed Outgoing Payments?

By combining the information from the previous graphs, it is easy to see how your cash flow process works. Expected income is shown on top of the total outgoing payments. Any portion of payments remaining is paid by the cash flow process—using assets you have designated. When the cash flow process cannot provide the needed payments without using assets you designated as “Do Not Use,” then you have failure with the needed amount shown as a shortfall.

Summary of Cash Flow Process



Expected Income—the sum of all income items before the cash flow process is applied to use any assets or new loans to meet outgoing payments

Outgoing Payments from Cash Flow Process—the portion of outgoing payments that were required to be paid from using various assets or new loans

Shortfall—the amount needed in a year to pay all desired outgoing payments to maintain your lifestyle, but without using any assets you designated as “Do Not Use”

Cash Flow & Net Worth

Cash Flow & Net Worth

Year	Expected Total Income	Outgoing Payments	Net Paid from Cash Flow ¹	End of Year Assets ²	End of Year Liabilities	Cumulative Annual Shortfall	Net Worth
2009	£45,478	£64,669	£19,192	£892,443	£80,244	---	£812,200
2010	78,859	104,663	25,804	907,130	73,554	---	833,576
2011	79,051	109,691	30,639	917,054	66,509	---	850,545
2012	82,517	117,889	35,373	922,029	60,095	---	861,934
2013	83,853	119,078	2,792	963,651	55,405	32,434	875,812 ³
2014	86,111	118,531	0	1,010,316	50,465	64,854	894,997
2015	88,694	145,628	0	1,089,534	45,263	121,788	922,484
2016	91,355	125,217	0	1,141,118	39,783	155,650	945,686
2017	94,096	138,024	0	1,195,023	34,011	199,578	961,434
2018	96,919	151,666	18,750	1,251,358	27,932	235,575	987,851
2019	99,826	129,977	0	1,310,238	21,530	265,726	1,022,982
2020	102,821	126,499	0	1,371,782	14,786	289,405	1,067,592
R 2021	202,913	278,168	75,255	1,461,771	7,683	289,405	1,164,684
2022	22,472	150,198	127,726	1,384,145	202	289,405	1,094,539
2023	22,472	71,672	49,199	1,384,155	0	289,405	1,094,750
2024	22,472	49,265	26,793	1,407,106	0	289,405	1,117,701
2025	22,472	50,155	27,682	1,429,777	0	289,405	1,140,373
2026	22,472	51,314	28,842	1,451,861	0	289,405	1,162,456
2027	36,773	52,274	15,501	1,488,131	0	289,405	1,198,727
2028	37,202	56,244	19,043	1,521,947	0	289,405	1,232,543
2029	37,644	57,682	20,038	1,555,835	0	289,405	1,266,430
2030	38,099	59,152	21,053	1,589,761	0	289,405	1,300,357
2031	38,567	60,657	22,089	1,623,690	0	289,405	1,334,285
2032	39,050	62,198	23,147	1,657,582	0	289,405	1,368,177
2033	39,548	63,775	24,227	1,691,394	0	289,405	1,401,989
2034	40,060	65,390	25,330	1,725,083	0	289,405	1,435,678
2035	40,588	67,042	26,455	1,758,600	0	289,405	1,469,195
2036	41,131	68,734	27,603	1,791,895	0	289,405	1,502,490
2037	41,691	70,464	28,774	1,824,912	0	289,405	1,535,508
2038	42,267	72,235	29,968	1,857,596	0	289,405	1,568,191
2039	42,861	74,047	31,186	1,889,883	0	289,405	1,600,479
2040	43,473	75,901	32,428	1,921,710	0	289,405	1,632,305
2041	44,103	77,797	33,694	1,953,006	0	289,405	1,663,601
2042	44,752	79,736	34,984	1,983,698	0	289,405	1,694,294
2043	45,420	81,719	36,299	2,013,709	0	289,405	1,724,305

¹ Net change in existing assets due to appreciation, depreciation, reinvested earnings, and other changes.

² Assets equal total income less outgoing payments plus net effects of cash flow plus existing assets.

³ Cash Flow Failure-Incoming cash flow plus any available assets remaining were insufficient to pay outgoing payments. Any assets remaining are those assets that you marked "Do Not Use".

R-Retirement assumed to begin in this year.

Cash Flow & Net Worth (Continued)

Cash Flow & Net Worth

Year	Expected Income	Total Outgoing Payments	Net Paid from Cash Flow, Process ¹	End of Year Assets ²	End of Year Liabilities	Cumulative Annual Shortfall	Net Worth
2044	46,109	83,747	37,639	2,042,956	0	289,405	1,753,551
2045	46,818	85,821	39,003	2,071,351	0	289,405	1,781,946

A cash flow failure occurred in January of 2013 with assets designated as "Do Not Use" equal to £963,651.

Cash Flow Affects the Value of Assets

When Outgoing Payments exceed the Expected Income, existing assets must be used. If Expected Income exceeds Outgoing Payments then the surplus creates additional assets. These cash flow transactions are reflected in your assets. Net Worth is the difference in Assets and Liabilities.

¹ Net change in existing assets due to appreciation, depreciation, reinvested earnings, and other changes.

² Assets equal total income less outgoing payments plus net effects of cash flow plus existing assets.

Conclusions

Based on the expenses that you specified, your present plans would not be sufficient to maintain your lifestyle. The value of this shortfall today is £190,381. This is the equivalent of reducing your spending by £4,894 every month. The following options may help you optimize your cash flow:

Reduce Expenses

- Determine whether you can comfortably reduce your expenses by reexamining each individual expense
- Consider reducing your discretionary spending and increasing your savings
- Are you claiming all the tax allowances to which you are entitled? Invest in one of the many inexpensive tax guides at your local book shop before you complete your next tax return.

Refinance Loans

- You may reduce your monthly expenses by (a) refinancing a loan to obtain a lower rate or (b) extending the terms of a loan
- Consider the fees and any points associated with individual loans when comparing payments

Pay Off Loans

- Reduce your monthly expenses by selling a slow growing asset and using the proceeds to pay off your loans

Downsize

- Sell your current home and buy a home or apartment of lesser value
- Reduce or eliminate your mortgage payment
- Reduce other monthly expenses, such as home maintenance, insurance, and property taxes

Change Some Investments

- Examine your investment portfolio and consider options that might increase your yields
- Consider differences in risk, returns, and your time horizons before making changes
- Consider all taxation, fees and other important investment characteristics

Reexamine Your Sensitivity to Life's Major Uncertainties

- Will Keith outlive your wealth during retirement?
- How would the unexpected death of you or your spouse affect the lifestyle of the survivors?
- Are you financially prepared for an extended nursing home stay during retirement?

Consider:

Shortfall occurred in January of 2013.

The value of the shortfall today invested at 6%:

£190,381

You need to reduce your monthly outgoing payments by 9% beginning today.

4

Disability—A Pre-Retirement Uncertainty

*Before age 65, it is 2.90 times more likely that Keith will suffer a long-term disability than die and 4.98 times more likely that Kathryn will suffer a long-term disability than die!*¹

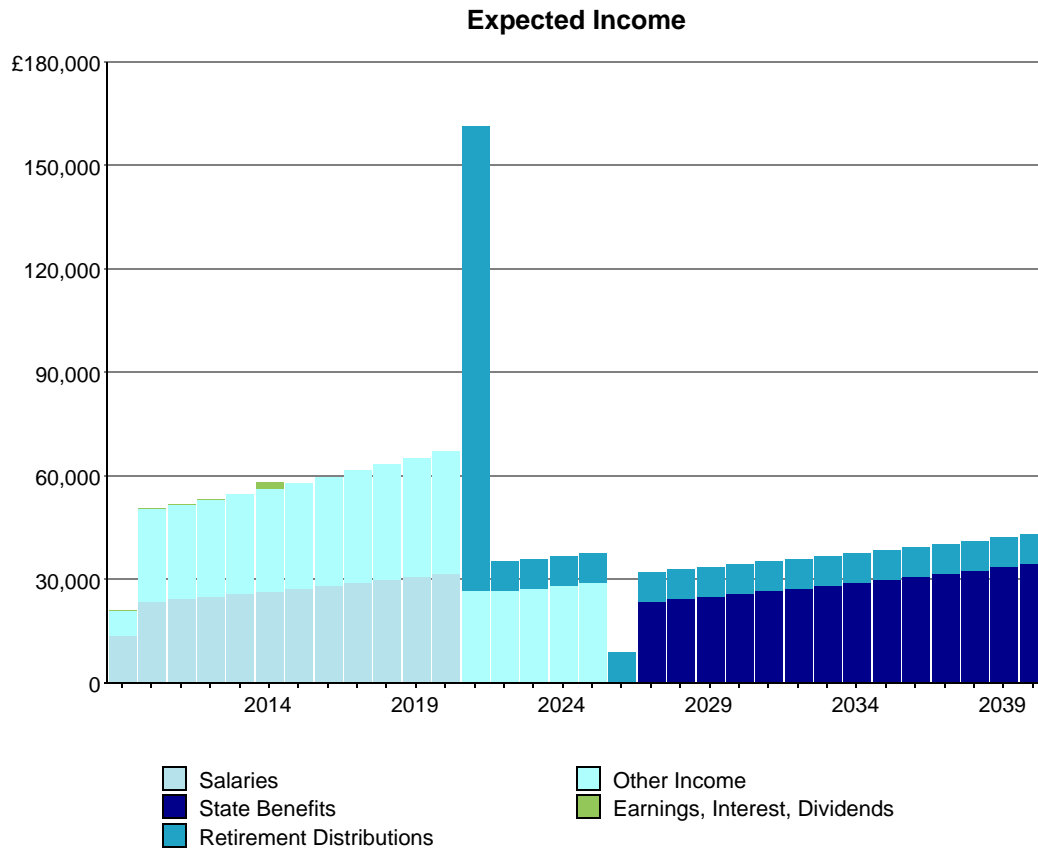
Examining the effects of disability is an important step in determining both your current and future financial situations. This portion of your analysis shows how your cash flow would be affected if one of you become disabled today. It illustrates how your finances might work to satisfy your lifestyle needs.

Following disability, all assumptions about expenses and income must be adjusted; the calculations used in this portion of your analysis reflect those adjustments. This section of the analysis of your cash flow during disability answers the following questions:

- What does "maintaining your lifestyle during disability" mean?
- How does your cash flow work?
- What incoming cash can you expect to receive?
- What outgoing payments can you expect?
- How will your cash flow handle unexpected payments and fluctuations?
- How will your cash flow affect your assets?
- How will your net worth (the result of your cash flow) change?

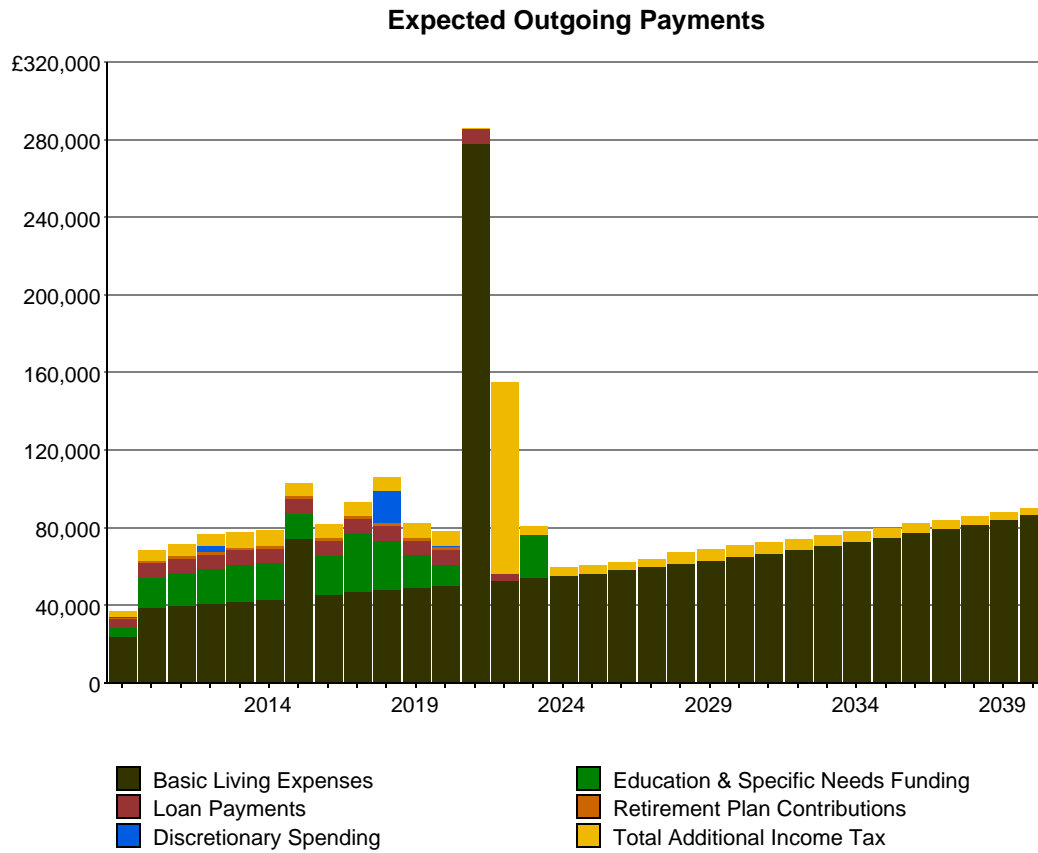
¹ Office of National Statistics.

Incoming Cash Expected



A cash flow failure occurred in August of 2014 with assets designated as "Do Not Use" equal to £997,597. The illustration assumes everything goes as anticipated. Proceeds from disability income insurance are included as *Other Income*. This illustration does not reflect (a) liquidations or unplanned withdrawals from your assets or (b) new loan proceeds that may be necessary during any month that expenses exceed income. However, the cash flow analysis considers income from all sources.

Expected Outgoing Payments

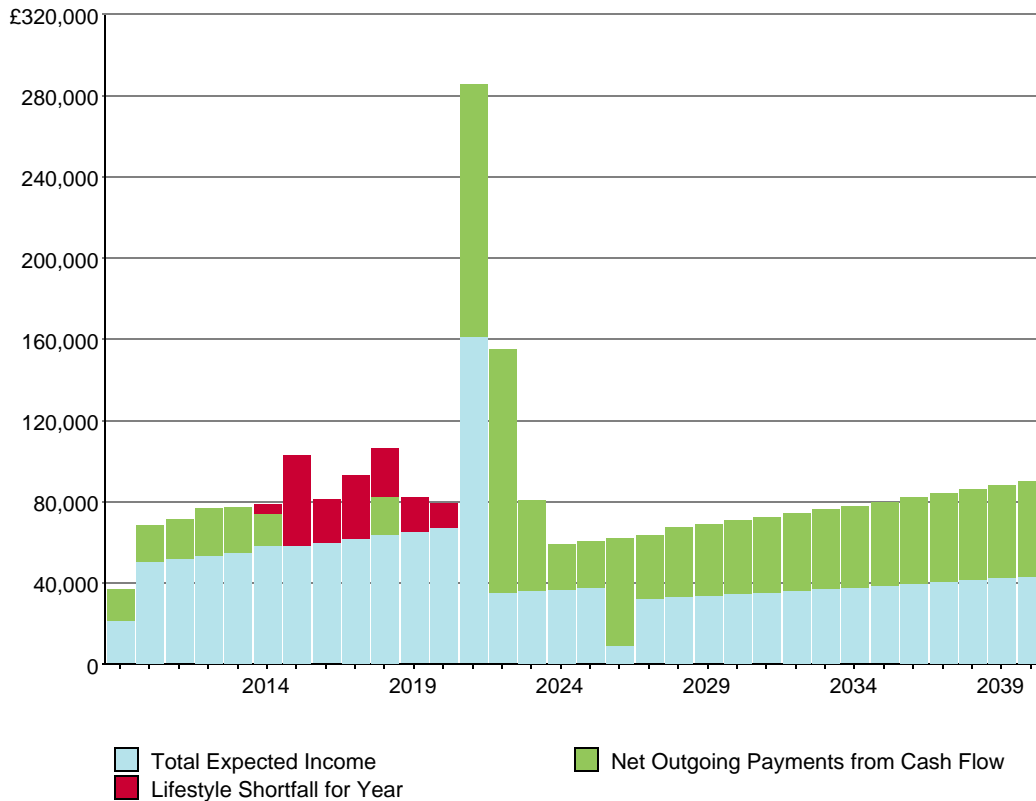


A cash flow failure occurred in August of 2014 with assets designated as "Do Not Use" equal to £997,597. Outgoing payments begin with compulsory expenses (such as taxation) and continue through your discretionary spending.

Will Cash Flow Provide Needed Outgoing Payments?

By combining the information from the previous graphs, it is easy to see how your cash flow process works. Expected income is shown on top of the total outgoing payments. Any portion of payments remaining is paid by the cash flow process—using assets you have designated. When the cash flow process cannot provide the needed payments without using assets you designated as “Do Not Use,” then you have failure with the needed amount shown as a shortfall.

Summary of Cash Flow Process



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Shortfall—the amount needed in a year to pay all desired outgoing payments to maintain your lifestyle, but without using any assets you designated as “Do Not Use”

Cash Flow & Net Worth

Cash Flow & Net Worth

Year	Expected Income	Total Outgoing Payments	Net Paid from Cash Flow ¹	End of Year Assets ²	End of Year Liabilities	Cumulative Annual Shortfall	Net Worth
2009	£21,098	£36,542	£15,445	£894,799	£80,244	---	£814,555
2010	50,615	68,528	17,913	915,407	73,554	---	841,853
2011	51,807	71,303	19,495	935,123	66,509	---	868,615
2012	53,230	76,752	23,522	951,516	59,088	---	892,428
2013	54,700	77,467	22,767	970,933	53,015	---	917,918
2014	58,191	78,885	15,746	997,597	47,948	4,948	944,701 ³
2015	58,031	103,059	0	1,074,031	42,612	49,976	981,443
2016	59,772	81,461	0	1,122,721	36,991	71,666	1,014,064
2017	61,565	93,046	0	1,173,614	31,070	103,147	1,039,397
2018	63,412	106,366	18,750	1,226,817	24,835	127,351	1,074,631
2019	65,314	82,445	0	1,282,436	18,267	144,481	1,119,688
2020	67,274	77,940	0	1,342,192	11,350	156,747	1,174,095
R 2021	161,979	286,943	124,964	1,411,546	4,064	156,747	1,250,735
2022	35,099	155,475	120,375	1,339,034	0	156,747	1,182,287
2023	35,892	80,897	45,005	1,341,227	0	156,747	1,184,480
2024	36,709	59,165	22,456	1,366,608	0	156,747	1,209,861
2025	37,551	60,515	22,965	1,392,214	0	156,747	1,235,468
2026	8,666	62,153	53,487	1,387,364	0	156,747	1,230,617
2027	32,159	63,478	31,318	1,404,418	0	156,747	1,247,671
2028	32,864	67,265	34,400	1,418,569	0	156,747	1,261,822
2029	33,590	68,961	35,371	1,431,866	0	156,747	1,275,119
2030	34,338	70,696	36,358	1,444,236	0	156,747	1,287,489
2031	35,108	72,470	37,362	1,455,600	0	156,747	1,298,853
2032	35,901	74,285	38,384	1,465,874	0	156,747	1,309,127
2033	36,718	76,141	39,423	1,474,970	0	156,747	1,318,223
2034	37,560	78,039	40,479	1,482,796	0	156,747	1,326,049
2035	38,427	79,980	41,553	1,489,253	0	156,747	1,332,506
2036	39,320	81,964	42,645	1,494,239	0	156,747	1,337,492
2037	40,239	83,993	43,753	1,497,644	0	156,747	1,340,897
2038	41,186	86,066	44,879	1,499,354	0	156,747	1,342,607
2039	42,162	88,185	46,023	1,499,249	0	156,747	1,342,502
2040	43,167	90,350	47,183	1,497,201	0	156,747	1,340,455

A cash flow failure occurred in August of 2014 with assets designated as "Do Not Use" equal to £997,597.

Cash Flow Affects the Value of Assets

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Conclusions

Based on the expenses that you specified, your present plans would not be sufficient to maintain your lifestyle. The value of this shortfall today is £99,742. This is the equivalent of reducing your spending by £1,859 every month. The following options may help you optimize your cash flow:

Reduce Expenses

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- Is it possible that you will outlive your wealth during retirement?
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- What would happen to your plans if you or your spouse became disabled?
- Are you financially prepared for an extended nursing home stay during retirement?

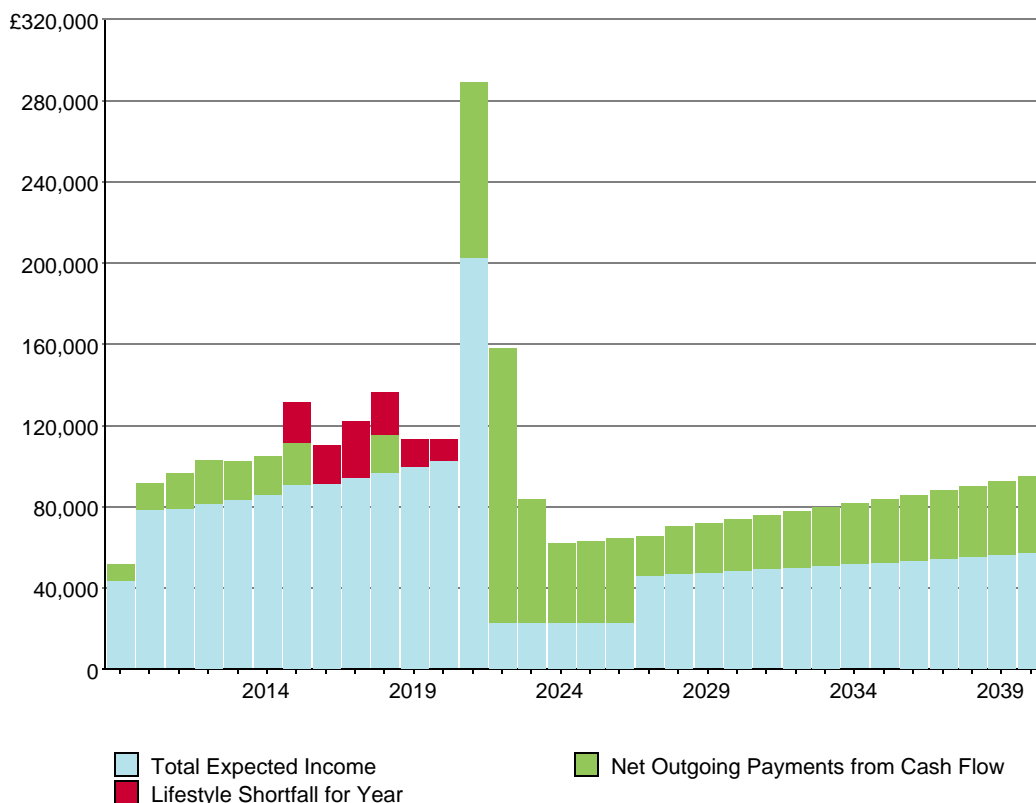
Consider:

Through year 2010, income should decrease 42%. If disability continued until retirement, expected income would decrease 47%. Outgoing payments between now and retirement are expected to decrease 30%.

Will Cash Flow Provide Needed Outgoing Payments?

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Cash Flow & Net Worth

Cash Flow & Net Worth

Year	Expected Income	Total Outgoing Payments	Net Paid from Cash Flow ¹	End of Year Assets ²	End of Year Liabilities	Cumulative Annual Shortfall	Net Worth
2009	£43,578	£51,579	£8,002	£903,660	£80,244	---	£823,416
2010	78,610	91,590	12,981	932,041	73,554	---	858,486
2011	79,051	96,576	17,525	956,918	66,509	---	890,409
2012	81,292	103,009	21,717	978,570	59,088	---	919,482
2013	83,603	102,494	18,892	1,005,686	53,015	---	952,671
2014	86,111	105,316	19,205	1,034,678	47,948	---	986,729
2015	90,744	131,859	21,079	1,090,913	42,612	20,036	1,028,266 ³
2016	91,355	110,345	0	1,142,561	36,991	39,026	1,066,544
2017	94,096	122,252	0	1,196,532	31,070	67,183	1,098,279
2018	96,919	136,889	18,750	1,252,936	24,835	88,404	1,139,698
2019	99,826	113,245	0	1,311,888	18,267	101,823	1,191,798
2020	102,821	112,387	0	1,374,509	11,350	112,388	1,250,770
R 2021	203,424	290,145	86,721	1,451,107	4,064	112,388	1,334,655
2022	22,550	158,580	136,029	1,364,439	0	112,388	1,252,050
2023	22,550	83,676	61,126	1,351,317	0	112,388	1,238,929
2024	22,550	61,750	39,200	1,360,008	0	112,388	1,247,619
2025	22,550	62,891	40,341	1,367,471	0	112,388	1,255,083
2026	22,550	64,305	41,755	1,373,352	0	112,388	1,260,964
2027	46,044	65,521	19,477	1,401,772	0	112,388	1,289,383
2028	46,749	70,199	23,450	1,426,908	0	112,388	1,314,519
2029	47,475	71,998	24,524	1,451,616	0	112,388	1,339,227
2030	48,222	73,839	25,617	1,475,839	0	112,388	1,363,450
2031	48,992	75,724	26,732	1,499,515	0	112,388	1,387,126
2032	49,786	77,654	27,868	1,522,578	0	112,388	1,410,190
2033	50,603	79,629	29,026	1,544,959	0	112,388	1,432,570
2034	51,444	81,651	30,207	1,566,584	0	112,388	1,454,195
2035	52,311	83,720	31,409	1,587,375	0	112,388	1,474,986
2036	53,204	85,838	32,634	1,607,249	0	112,388	1,494,860
2037	54,124	88,005	33,882	1,626,119	0	112,388	1,513,731
2038	55,071	90,223	35,152	1,643,894	0	112,388	1,531,505
2039	56,046	92,491	36,445	1,660,475	0	112,388	1,548,087
2040	57,051	94,812	37,761	1,675,761	0	112,388	1,563,372

A cash flow failure occurred in January of 2015 with assets designated as "Do Not Use" equal to £1,090,913.

Cash Flow Affects the Value of Assets

When Outgoing Payments exceed the Expected Income, existing assets must be used. If Expected Income exceeds Outgoing Payments then the surplus creates additional assets. These cash flow transactions are reflected in your assets. Net Worth is the difference in Assets and Liabilities.

¹ Net change in existing assets due to appreciation, depreciation, reinvested earnings, and other changes.

² Assets equal total income less outgoing payments plus net effects of cash flow plus existing assets.

³ Cash Flow Failure-Incoming cash flow plus any available assets remaining were insufficient to pay outgoing payments. Any assets remaining are those assets that you marked "Do Not Use".

R-Retirement assumed to begin in this year.

Conclusions

Based on the expenses that you specified, your present plans would not be sufficient to maintain your lifestyle. The value of this shortfall today is £69,925. This is the equivalent of reducing your spending by £1,220 every month. The following options may help you optimize your cash flow:

Reduce Expenses

- Determine whether you can comfortably reduce your expenses by reexamining each individual expense
- Consider reducing your discretionary spending and increasing your savings
- Are you claiming all the tax allowances to which you are entitled? Invest in one of the many inexpensive tax guides at your local book shop before you complete your next tax return.

Refinance Loans

- You may reduce your monthly expenses by (a) refinancing a loan to obtain a lower rate or (b) extending the terms of a loan
- Consider the fees and any points associated with individual loans when comparing payments

Pay Off Loans

- Reduce your monthly expenses by selling a slow growing asset and using the proceeds to pay off your loans

Downsize

- Sell your current home and buy a home or apartment of lesser value
- Reduce or eliminate your mortgage payment
- Reduce other monthly expenses, such as home maintenance, insurance, and property taxes

Change Some Investments

- Examine your investment portfolio and consider options that might increase your yields
- Consider differences in risk, returns, and your time horizons before making changes
- Consider all taxation, fees and other important investment characteristics

Reexamine Your Sensitivity to Life's Major Uncertainties

- Is it possible that you will outlive your wealth during retirement?
- How would the unexpected death of you or your spouse affect the lifestyle of the survivors?
- What would happen to your plans if you or your spouse became disabled?
- Are you financially prepared for an extended nursing home stay during retirement?

Consider:

Through year 2010, income should decrease 20%. If disability continued until retirement, expected income would decrease 22%. Outgoing payments between now and retirement are expected to decrease 18%.



5

Planning Assumptions

Assumptions used for this scenario referred to as .

No one knows the future or the exact sequence of events that may occur. Your plan is built on all of the facts you have shared, but it is still necessary to make various assumptions to illustrate your financial situation. You should be sure that you understand all of the assumptions listed here and that they correctly reflect your situation and desires. Assumptions appear with the section that are applicable. The following assumptions are of a more general nature and apply throughout your plan. Also, some assumptions required additional explanations.

PLANNING ASSUMPTIONS

Keith Patterson	Age: 48	Male	Born: 23 January, 1961
Kathryn Patterson	Age: 48	Female	Born: 23 January, 1961

Keith and Kathryn are married.

State Benefits

Keith is eligible for certain State Benefits. Keith's certain State Benefits are based on levels in today's terms increased by inflation. Keith plans to take State Benefits starting at age 65.

Kathryn is eligible for certain State Benefits. Kathryn's certain State Benefits are based on levels in today's terms increased by inflation. Kathryn plans to take State Benefits starting at age 65.

Ages and Events

Ages illustrated are based on the age as of the last birthday.

Calculation Date

The starting date for the calculations in this report is 30 June, 2009. Assets that were entered with a valuation date more than one month prior to this date have their value adjusted for appreciation to approximate the value of the asset on this calculation date.

Calendar Year Processing

Each year of the illustration ends with December. The current year will calculate from the month of the Calculation Date through December of that year.

Nature of Monthly Calculations

Calculations are made each month, based on the amounts available at the start of the month. No attempt is made to determine the exact date within a month various transactions occur.

Interest Rates and Earnings

Interest and earnings are credited for 1/12th of the annual amount requested for each month. This is for the purpose of helping to determine the applicable cash flow and does not represent a guarantee of this or any interest or earnings. All rates of return illustrated are hypothetical and are not associated with any particular investment product.

Insurance

The numbers produced by this analysis in no way guarantee the right to purchase life insurance in the amounts illustrated. If any new life insurance is illustrated, this presentation is not valid unless accompanied by a complete illustration of proposed policy values.

Final Expenses

Keith:
Final Expenses: £5,000

Kathryn:
Final Expenses: £5,000

PLANNING ASSUMPTIONS

Estate Assumptions

For the purposes of Inheritance Tax analysis, it is assumed death occurs to Keith at the end of the current year followed immediately by the death of Kathryn. Each client's estate is assessed individually at the time of death and jointly-held assets and liabilities are divided equally. The value of any assets jointly held with a third party are deemed part of the estate. Death benefits from pension plans are assumed to be held in trust and therefore not liable to Inheritance Taxation at the holder's death. However pension benefits transferred from Keith to Kathryn are considered part of the estate at Kathryn's death. Life insurance proceeds are paid to your named beneficiary and are considered part of the estate for Inheritance Tax purposes. This analysis incorporates the current Inheritance Tax Nil Rate band in its calculations.

Loans, Credit Cards, and Lines of Credit

Any form of credit illustrated is not a guarantee that such credit will be accepted by a lending institution. Different forms of credit may have a number of fees associated with various uses of the credit. Please consult the lending institution for details as well as all fees and rules for using that credit.

Restrictive Uses of Assets

Assets that are marked for restricted use will only be used to provide cash for that purpose.

Income Taxes

Income Tax Rates

Basic Income Tax Rate: 20%

Higher Income Tax Rate: 40%

Capital Gains Tax

Taxation on the gains from assets that are liable to Capital Gains Tax is deducted at the fixed rate of 18% in the year the asset is liquidated or sold. Liable gains on Investment Bonds are taxed at 20%. An individual's Annual Exemption amount is deducted from the total gains in any given year before Capital Gains Tax is applied. The current Annual Exemption amount is increased annually by the State Benefits inflation rate. Capital Gains Tax is not applied to the following asset types: Bank Accounts, Other Bonds (Government), ISAs PEPs TESSAs, Property – Main Residence, Savings (Cash Equiv.) and Venture Capital Trusts. Entrepreneur Capital Gains Tax relief is not applied.

Assumed Retirement

Retirement is assumed to be when Keith reaches, or would have reached, age 60. Any change you indicated in the basic living expenses is applied at that time.

General Inflation Rate

A general inflation rate of 3% is used for all basic living expenses and where indicated.

Education Payments

Education costs are stated as annual amounts but are assumed to be paid in 12 monthly payments. Payments are assumed to start in August of each year unless a specific starting date is stated.

Education Inflation Rate

An education inflation rate of 6% is used for all education funding expenses. Historically, the cost of education has experienced a rate different than the general inflation rate of all goods and services. Adjustments for the education inflation rate are made in January of each year.

PLANNING ASSUMPTIONS

Costs Associated with Long-Term Care

Estimated costs of long-term care are based on the average costs for a nursing home stay in the current county of residence (Unknown), adjusted for the current level of long-term care inflation rate. Basic living expenses are further adjusted as if disabled and any salary or retirement contributions are discontinued. (Estimated costs based on SAGA Cost of Care Report 2008 from Laing and Buisson.)

Discretionary Spending

For this illustration, it has been assumed that you will spend any excess money in your cash account in excess of £1,000. In addition, it assumes that any tax refunds are spent. "Sweeps" and all other transactions are processed prior to determining the amount of discretionary spending for each month.