Life Goals

Larry Gold

and

Susan Gold

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Important Notes

This analysis provides only broad, general guidelines, which may be helpful in shaping your thinking about your financial needs. It can serve as a guide for discussions with your professional advisors. Each of the “life goals” illustrated in this analysis are calculated independently and are not intended to be a comprehensive financial plan.

Each scenario shown illustrates your current situation or an alternative strategy and its possible effects on the financial situation you provided. Inclusion of one or more of these strategies does not constitute a recommendation of that strategy over any other strategy.

Calculations contained in this analysis are estimates only based on the information you provided, such as the value of your assets today, and the rate at which the assets appreciate. The actual values, rates of growth, and tax rates may be significantly different from those illustrated. These assumptions are only a “best guess.” No guarantee can be made regarding values, as all rates are the hypothetical rates you provided. These computations are not a guarantee of future performance of any asset, including insurance or other financial products.

No legal or accounting advice is being rendered either by this report or through any other oral or written communications. Nothing contained in this report is intended to be used on any tax form or to support any tax deduction. Unless indicated, the tax aspect of the federal Generation-Skipping Transfer Tax (GSTT) is not reflected. The GSTT is similar to an additional level of estate tax on certain transfers to grandchildren, or individuals two or more generations removed from the transferor. State laws vary regarding the distribution of property, and individual circumstances are unique and subject to change. You should discuss all strategies, transfers, and assumptions with your legal and tax advisors.

To implement a strategy, it may be necessary to restructure the ownership of property, or change designated beneficiaries before specific will or trust provisions, prepared by the client’s counsel, become effective. The transfer of a life insurance policy may not result in its removal from the estate of the prior owner for three years.

Strategies may be proposed to support the purchase of various products such as insurance and other financial products. When this occurs, additional information about the specific product (including a prospectus, if required, or an insurer provided policy illustration) will be provided for your review.

IMPORTANT: The projections or other information generated by this investment analysis tool (Life Goals) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

IRS CIRCULAR 230 NOTICE: To ensure compliance with requirements imposed by the IRS, this notice is to inform you that any U. S. federal tax advice contained in this presentation is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed in this presentation.

Confirmation of Facts

Personal Information

Larry Gold, Male Born: Sep. 28, 1978
Susan Gold, Female Born: Jul. 18, 1980

- Include Social Security in analysis.

Dependents: Michael Born: Jan. 01, 2004
Karen Born: Jan. 01, 2006

Salaries

Larry's Current Salary: $95,000
Susan's Current Salary: $72,000
Estimated Average Income Tax Rate: 20%

Assets

Total Assets: $630,000
Total Monthly Savings: $300
Average Growth Rate: 2.290%

Description	Owner	Current Amount	Monthly Savings	Growth Rate	Available for Emergency Fund?
All Other Assets	Larry / Susan	$80,000	$200	3.000%	No
Mutual Funds	Larry / Susan	$50,000	$100	4.000%	No
House	Larry / Susan	$500,000	$0	2.000%	No

Debts

Total Mortgage Balance: $350,000

Total Other Debts: $0

Description	Balance	Monthly Payment	Interest Rate
House - 1st mortg	$350,000	$2,500	4.500%

Retirement Assets

Total Retirement Assets: $35,000
Total Monthly Contributions: $300
Average Growth Rate: 5.000%

Description	Owner	Current Amount	Monthly Savings	Company Match	Growth Rate
401(k)	Larry	$25,000	$200	$160	5.000%
IRA	Susan	$10,000	$100	$0	5.000%

Survivor Needs

Current Life Insurance Policies:

Description	Insured	Death Benefit	Premium
Larry Existing Life Insurance	Larry	$200,000	$500

Disability Needs

Current Disability Insurance Policies: None

Confirmation of Facts (Continued)

Long-Term Care Needs

Your Existing Long-Term Care Policies: None

Education Savings

Current Savings Amount: $12,000
Current Monthly Savings: $300
Growth Rate: 5.000%

Isn't It Time You Started Dreaming Again?

Most dreams in life require having the money to achieve them—buying a new home or car, taking that trip of a lifetime, sending children to college, or retiring in comfort. But skyrocketing costs, mountains of debt, lack of savings and a lack of an understanding about how money works have forced many people to downsize or even eliminate their dreams.

We believe you shouldn't have to compromise your dreams. Instead, we advocate taking a practical approach to finances, one that incorporates powerful financial concepts and programs to provide you with the information and tools needed to make smart choices.

Using a comprehensive financial needs analysis program, our associates work with people, just like you, every day to create personalized Life Goals. The result is a strategy to help you move from dreaming to doing.

Your Goals and Dreams

The last time we met, I asked you to identify the goals and dreams you hope to achieve through your Life Goals. Here's what you told me:

My Short-term Dreams (1 to 3 years)

- Build savings for unexpected expenses (emergency fund)
- Build retirement wealth
- College for child(ren)

My Mid-term Dreams (3 to 7 years)

- Build retirement wealth
- Reduce or pay off mortgage

My Long-term Dreams (7+ years)

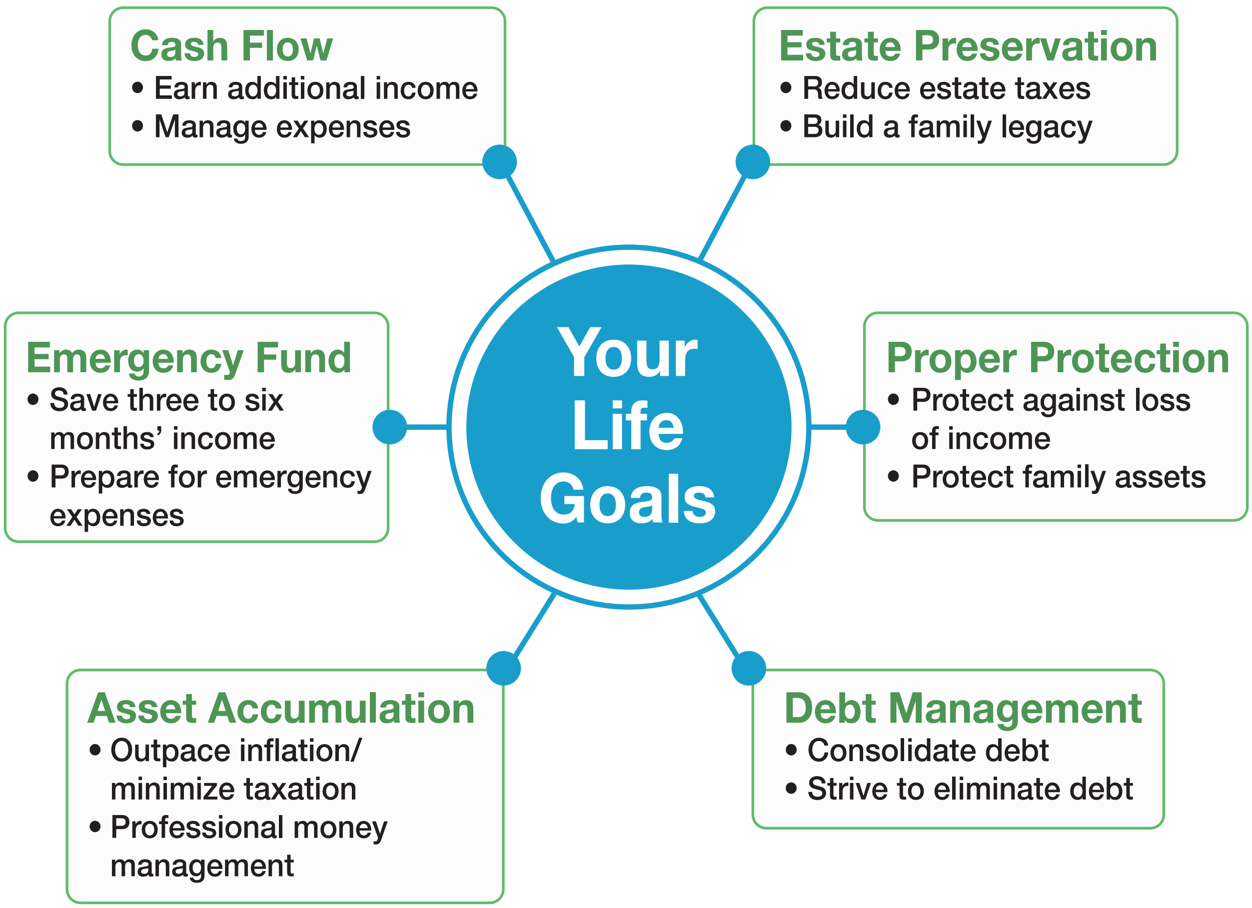
- Alternate income in case of death or disability

Now that you know where you want to go, let's take a look at how we get there.

Your Life Goals[1,2,3]

Charting a Course to Financial Independence

Your journey to financial independence begins today. As you move through each of the areas highlighted, you'll evaluate your current financial situation, identify your goals, objectives and dreams, and what products and services would be suitable to help you meet your objectives and dreams. The result is your personalized Life Goals.



[1] Life Goals is a suitability and needs analysis that is based upon information obtained from sources believed to be complete and accurate. However, discuss any legal, tax or financial matter with the appropriate professional. Neither the information presented nor any opinion expressed constitutes a solicitation for the purchase or sale of any specific security or financial service.

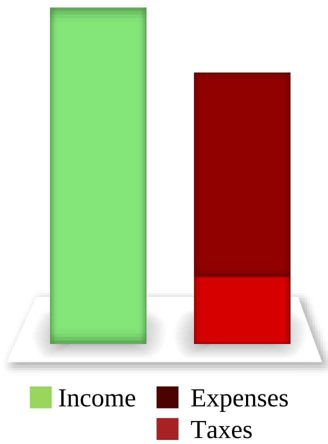
[2] All figures are for illustrative purposes only and do not reflect an actual investment in any product, nor do they reflect the performance risks, expenses or charges associated with any actual investment. Past performance is not an indication of future performance. Actual results may vary substantially from the figures in the example. All rates of return are hypothetical and are not a guarantee of future performance of any asset, including insurance or other financial products. Higher rates of return have been associated with higher volatility. All inflation rates and rates of return on current financial holdings are estimates provided by the client. Examples including information on Variable Universal Life and Variable Life insurance policies' death benefit and return of policy values are guarantees subject to the claims-paying ability of the issuing insurer.

[3] When investing, there are certain risks, fees, charges, and limitations that one must take into consideration.

Cash Flow

An important step along the path to financial independence is increasing the amount of money available to you. This money can help you reduce debt and build savings.

Your Monthly Cash Flow[1]



Salary	$13,917	
Other Income	$0	
Estimated Gross Monthly Income		**$13,917**
Estimated Monthly Taxes on Income	$2,783	
Mortgage, Rent, Other Debts	$2,500	
Savings (Education, Retirement, Other)	$900	
Life Insurance Premiums	$42	
Food and Clothing	$1,600	
Auto and Property Maint./Ins./Taxes	$1,700	
Utilities	$1,150	
Personal Expenses	$100	
Gifts, Charity	$200	
Entertainment	$250	
Estimated Monthly Expenses		**$11,225**
Estimated Discretionary Income		**$2,692**

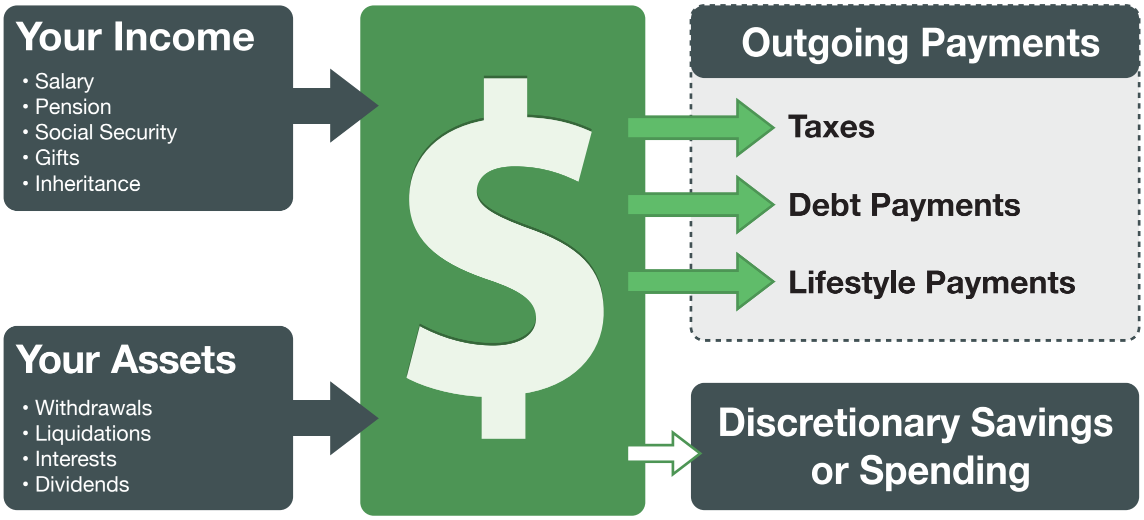
What Your Cash Flow Objectives Should Be:

- Pay all lifestyle expenses and outgoing payments
- After applying education funds, pay any remaining education costs
- Make payments on all loans

[1] These values represent average monthly values for the current year only. Your Monthly Cash Flow in future years may vary greatly from these values.

Increasing Cash Flow

The first step in developing your financial strategy is to evaluate your cash flow—the money that comes in and goes out every month. Money comes to you from both income sources (such as salary) and asset sources (such as cash dividends or withdrawals). This money is used for outgoing payments (such as taxes, debt payments or lifestyle expenses).



After all outgoing payments have been met each month, the portion of the money left over is known as **discretionary** income. Each month, you choose to spend this money on unspecified expenses, or you choose to save it. If outgoing payments exceed incoming cash flows, the difference between them is known as a **shortfall**.

Ways to Increase Cash Flow

Increasing your income and managing expenses are the keys to increasing your cash flow. Here are some ideas on ways to increase your cash flow.

Manage Expenses

- Strive to spend less than you earn
- Create a budget—weigh your monthly expenses as wants vs. needs
- Raise the deductibles to an appropriate level on your auto, homeowners and medical insurance policies
- Drop Private Mortgage Insurance (PMI) when equity in your home reaches 20% of your home’s value
- Cancel credit life insurance on car loans, mortgages and credit cards
- Explore a qualified plan option
- Earn tax deductions by starting your own business

Increase Your Available Income

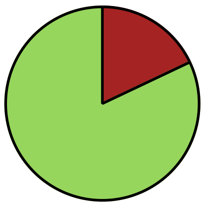
- Take on a second career or part-time opportunity for additional income
- Consult your tax advisor about adjusting your W-2 allowances if you are expecting a tax refund
- Look for ways to reposition low-interest savings accounts

Debt Management

Analyzing Your Debt

The effective use of debt can enhance your financial plans. Debt management starts with examining your existing debt. You should examine each individual debt as well as your total, overall debt. Total debt is often analyzed by comparing earned income to debt payments.

Finding the Right Ratio of Debt and Income



Total Monthly Debt Payments	$2,500
Total Monthly Earned Income	$13,917
Your Debt-to-Earned Income Ratio	**17.96%**

A debt-to-earned income ratio of 20% is considered average.
The lower your debt-to-earned income ratio, the better your financial flexibility will be. Depending on your particular circumstances a ratio of 20% or higher may be a sign that your credit is out of control, could lead to difficulty obtaining future loans and/or a lower credit rating. You may also be unable to qualify for the best rates and terms.

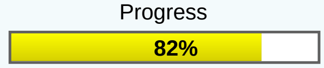
Your Existing Debt

Debt	Balance	Monthly Payment	Interest Rate	Years Until Debt is Paid Off[1]
House - 1st mortg	$350,000	$2,500	4.500%	16 Years 7 Months

Total Current Debt	**$350,000**
Total Current Credit Card Debt	**$0**
Average Interest Rate on Credit Cards	**0.000%**

Debt Management
Debt-Earned Income Ratio **17.96%**

Progress



[1] Assumes no additions to the balance, you continue the current monthly payment, and the current interest rate stays the same.

Debt Management

Nothing can derail your Life Goals faster than excessive, revolving, high-interest credit card debt. There are many steps you can take to manage your debt, but the most important step is to start today. It likely won't be easy, but with a consistent strategy, you can find your way out of debt. Here are some ways to manage your debt:

- Pay yourself first—simultaneously work on savings and debt elimination
- Cut spending and stop borrowing
- Pay off the right debt first
- Pay more than the minimum payment
- Consider restructuring your debt
- Consolidate multiple credit cards to one card with a lower rate
- Consolidate bad debt into better debt at lower rate
- Call the credit card company and ask for a lower rate
- Cut up credit cards you don't need
- Stop credit card solicitations (1-888-5-OPTOUT)

Good Uses of Debt

There are situations where debt is not only a necessity, but potentially smart. Debt can actually provide flexibility and convenience that can help you manage your money and provide for your lifestyle needs. Good uses of debt may include purchasing assets or financing an education. Other favorable uses of debt may include:

- Purchasing a home
- Purchasing an appreciating asset or investment
- Investment in education

Bad Uses of Debt

Bad uses of debt can be the biggest obstacle for achieving your desired lifestyle. Debt that spirals upward because of high interest charges and poor purchase decisions can strain monthly cash flow. Large interest payments perpetuate the debt and can consume the cash flow necessary to maintain your lifestyle and to accomplish your goals. Bad uses of debt include:

- Using credit cards to pay for lifestyle needs
- Using credit cards to pay credit cards
- Using credit cards to purchase depreciating assets

All debt, good and bad, must be analyzed together for proper debt management. Better debt management means better cash flow and better financial planning.

Proper Protection

Common Uses for Life Insurance

Protect Your Family
- Income replacement
- Education funding
- Disability funds
- Home/property protection
- Protecting business interests
- Cash value accumulation

Final Expenses
- Funeral expenses
- Medical expenses
- Probate fees
- Administration fees

Debts
- Mortgage protection
- Settlement of individual
- Loans at death
- Consumer debt

Taxes
- Property
- Income taxes
- Estate taxes

How Much Life Insurance Protection Is Enough?

The basic rule of thumb is to have enough life insurance to provide approximately 10 times your annual family income. But there are many other factors that should be taken into consideration, including your age, your medical condition, how many dependents you have, your income or current financial status, and most importantly, which tasks, or uses, do you want to assign to your life insurance policy?

In the event of your death, you indicated you would use your life insurance policy to accomplish the following tasks:

- Pay all of your final expenses—including any final medical bills and funeral arrangements
- Immediately pay off your present debts (including your mortgage)
- Establish a fund to protect against a family emergency
- Establish a fund to pay your children's college education expenses
- Establish a fund to provide income for your survivor(s) for 30 years

Survivor Needs Goal

Assumes Larry Dies Today

How Will Your Life Insurance Work for You?

Debts—Pay off present debts	$0
Income—Include survivor funding Income replacement at 100% of current household income while the children are at home, 60% for 30 years.	$1,005,066
Mortgage—Pay off mortgage	$350,000
Education—Include college funding[1]	$179,276
Establish emergency fund	$41,750
Pay final expenses	$0

Total Cost of Your Life Insurance Tasks **$1,576,092**

Name	Insured/Owner	Face Amount	Annual Premium
Larry Existing Life Insurance	Larry	$200,000	$500

Total Existing Life Insurance For Larry **$200,000**

Have - $200,000 vs. Need - $1,576,092

You may wish to use some or all of your existing assets to pay for your survivor needs.

Available Assets

Larry's Retirement Assets	$25,000
Susan's Retirement Assets	$10,000
Other Assets	$630,000

Assets Available to Fund Survivor Needs **$665,000**

Remaining Survivor Needs Using Available Assets **$711,092**

The amount of Needed Insurance reflected in the analysis is based on information that you provided, and may have been included in determining your final expenses, present debts, emergency fund, education fund and survivor fund. However, the amount of insurance that you may be able to obtain at this time will be subject to your current financial situations, including annual income, the type of insurance product being purchased, underwriting guidelines by the insurance carrier(s), and suitability guidelines that may be set by the insurance agency.

Proper Protection

Remaining Life Insurance Need for Larry: **$711,092**
Considers available assets of $665,000

Progress
55%

[1] Considers Current College Savings of $12,000 today

Survivor Needs Goal

Assumes Susan Dies Today

How Will Your Life Insurance Work for You?

Debts—Pay off present debts	$0
Income—Include survivor funding	$443,995
Income replacement at 100% of current household income while the children are at home, 60% for 30 years.	
Mortgage—Pay off mortgage	$350,000
Education—Include college funding[1]	$179,276
Establish emergency fund	$41,750
Pay final expenses	$0

Total Cost of Your Life Insurance Tasks **$1,015,021**

Total Existing Life Insurance For Susan **$0**

Have - $0 **vs.** **Need - $1,015,021**

You may wish to use some or all of your existing assets to pay for your survivor needs.

Available Assets

Larry's Retirement Assets	$25,000
Susan's Retirement Assets	$10,000
Other Assets	$630,000

Assets Available to Fund Survivor Needs **$665,000**

Remaining Survivor Needs Using Available Assets **$350,021**

The amount of Needed Insurance reflected in the analysis is based on information that you provided, and may have been included in determining your final expenses, present debts, emergency fund, education fund and survivor fund. However, the amount of insurance that you may be able to obtain at this time will be subject to your current financial situations, including annual income, the type of insurance product being purchased, underwriting guidelines by the insurance carrier(s), and suitability guidelines that may be set by the insurance agency.

Proper Protection

Remaining Life Insurance Need for Susan: **$350,021**
Considers available assets of $665,000

Progress

66%

[1] Considers Current College Savings of $12,000 today

The Principle of Building Equity

A key to charting your course for financial independence is to ensure that you have proper protection to replace your income and your assets. This can be achieved by having the proper amount of life insurance.

The Principle of Building Equity

The Principle of Building Equity illustrates the need to protect you and your family in the event you die too soon or live too long. When you are young, you want to make certain your family's source of income is protected in the event of death or disability. When you are older, you need to protect the retirement assets you have accumulated so you can provide for yourself and your loved ones as you age.

Types of Life Insurance Policies

- **Term Life Insurance**—This is used to provide death benefit protection for a set period of time at an affordable premium.
- **Whole Life Insurance**—Whole life insurance policies provide permanent death benefit protection for a fixed premium and remain in force as long as premium payments are made. Whole life policies accumulate guaranteed cash values and often pay dividends as well.
- **Universal Life Insurance**—Universal Life policies are also known as "Flexible Premium" policies. These flexible policies have an adjustable benefit and accumulate account value. Universal Life Insurance is used to provide death benefit protection with flexibility to adjust to your future insurance needs.
- **Indexed Universal Life Insurance**—Index Universal Life is similar to conventional Universal Life Insurance. It provides a death benefit, and the policy has a cash value that can grow over time.
- **Variable Universal Life Insurance**—Variable Universal Life is a life insurance policy that blends the premium payment flexibility benefits of universal life insurance with the invested portfolio and upside market potential of variable life. The death benefit and return of policy values are guarantees subject to the claims-paying ability of the issuing insurer.

In addition to the different types of insurance policies, there are also two different policy categories:

- **Fixed policies**—These offer a predetermined death benefit and rate of return on policy values that are guaranteed through the policy contract.
- **Variable policies**—These are designed to provide death benefit protection, but may not offer the guarantees that fixed policies do. The rate of return on your policy values, as well as the death benefit, may fluctuate up and down depending on your investment choices and performance. Variable policies are subject to market risk and therefore require the delivery of a prospectus.

Types of Life Insurance Policies

Life insurance is an important part of your wealth management strategy. The main purpose of buying a life insurance policy is to protect your loved ones after your death. With appropriate life insurance coverage, your beneficiaries may not have to worry about expenses associated with your death, and you increase the possibility for them to maintain their lifestyle.

The market offers a wide variety of life insurance products designed to provide solutions for different needs. Given the different characteristics of each one of the policies available, it is very important for you to spend some time understanding the type of protection offered by each policy and their costs.

The most widely used policy types are:

- **Term Life Insurance**—Term insurance is used to provide death benefit protection for a set period of time at an affordable premium.
- **Whole Life Insurance—**Whole life insurance policies provide permanent death benefit protection for a fixed premium and remain in force as long as premium payments are made. Whole life policies accumulate guaranteed cash values and often pay dividends as well. These policies are better suited for protecting your long-term goals.
- **Universal Life Insurance**—Universal Life policies are also known as "Flexible Premium" policies. These flexible policies have an adjustable benefit and accumulate account value. Universal life insurance is used to provide death benefit protection with flexibility to adjust to your future insurance needs.

In addition to the different types of insurance policies, there is also two different policy categories—Fixed and Variable.

- **Fixed policies**—offer a predetermined death benefit and rate of return on policy values that are guaranteed through the policy contract.
- **Variable policies**—are designed to provide death benefit protection but may NOT offer the guarantees that fixed policies do. The rate of return on your policy values, as well as the death benefit, may fluctuate up and down depending on your investment choices and performance. Variable policies are subject to market risk and therefore require the delivery of a prospectus.

Keep in mind that in order to obtain more detailed information on how a specific life insurance policy works, the premiums associated and any additional information, you must carefully review the policy details and prospectus.

Life Insurance Uses

Life insurance is a fundamental tool designed to provide liquidity after your death. The proceeds generated from a life insurance policy can be used to pay for many of the expenses associated with your death, so that your heirs and your business partners (if applicable) are more equipped to handle financial burdens during that difficult time.

Common Uses for Life Insurance

Protect Your Family

- **Income Replacement**—Life insurance can replace your income in the event of your untimely death. Upon your death, your beneficiary would receive the death benefit proceeds and could help your surviving spouse and children maintain the lifestyle you created for them.
- **Education Funding**—In the event of your premature death, life insurance can help supplement your children's education funds through the death proceeds of the policy and provide for them at your death what you would have provided during your lifetime.

Final Expenses

- **Funeral Expenses**—There are many costs associated with funerals. These costs may include but are not limited to cemetery plots, caskets, funeral home facilities, limousines, transportation, and grave markers. Through life insurance, you may be able to take care of these expenses before your death and avoid placing financial burdens on your family members.
- **Medical Expenses**—Illness or accidents often result in large medical bills that need to be paid after your death. Use life insurance to help protect your family from unnecessary financial strains.

Debts

- **Mortgage Protection**—A mortgage is often the largest debt and largest monthly payment for the surviving heirs, but a necessary one. Most people are not willing to give up their home, but sometimes they are forced to for financial reasons. Insurance can help pay remaining mortgages.
- **Other Loans**—All individual loans must be settled at death, often using cash assets intended for other purposes. Life insurance can help provide cash to eliminate these debts at your death.
- **Consumer Debt**—The balances of all individual credit cards are due at the time of death and any jointly owned cards can no longer be used. Life insurance can help provide cash to eliminate these debts at your death.

Charitable Contributions

- **Charitable Institutions**—Life insurance proceeds can be donated to a designated charity upon death. To some, this gives the lifetime satisfaction of knowing that you are helping others and allows you to enjoy potential tax benefits.

Life Insurance Uses (Continued)

Common Uses for Life Insurance

Estate Expenses

- **Probate Fees**—Probate is the legal process of ensuring that all assets are transferred to the proper heirs and in accordance with all legal documents. Probate fees are the expenses required to handle the legal concerns associated with death, and they can be expensive. Life insurance can help offset these expenses and keep them from eroding away your estate and your heirs' inheritance.
- **Administrative Fees**—These are usually the fees for various professional services that may be required to settle the estate, such as legal and accounting services. Administrative fees are often combined with probate fees.

Taxes

- **Property Taxes**—All property taxes must be paid for the year of death.
- **Income Taxes**—State and federal income taxes must be paid for a portion of the year in which death occurred. Also, income taxes are due on earnings from assets between death and the distribution of those assets.
- **Estate Taxes**—Estate taxes are only due for larger estates, but if estate taxes are due, they must be paid in cash within nine months of death and and the rate is 40%.

Business

- **Protecting Business Interests**—Business partners or co-owners that are concerned about the continuation of their business in the event of their partner's premature death can use life insurance to help protect their interests in the business. Typically, each business partner or the business itself, purchases life insurance and upon death, the proceeds are used to buy the business and continue operation.

Survivor Needs Goal Details

Assumes Larry Dies Today

Present Debts—Pay off the existing debts listed below to protect the family from creditors — $350,000

- House - 1st mortg $350,000

Emergency Fund—3 months household income to protect against a family emergency — $41,750

Education Needs—A college fund to protect your children's future — $179,276

- Michael: Providing $29,394 a year starting at age 18 for 4 years would require $128,662 today.
- Karen: Providing $14,036 a year starting at age 18 for 4 years would require $62,614 today.
- Considers Current College Savings of $12,000 today

Immediate Cash Needs Due at Larry's Death — $571,026

Survivor Income Needed

Period Based on Susan's Age	Current Household Income	Percent of Household Income	Annual Need Today	Annual Amount at Start of Period	Lump Sum Value Today
33 - 42	$167,000	100%	$167,000	$167,000	$1,599,562
43 - 62	$167,000	60%	$100,200	$134,660	$1,662,445

Total Amount Needed Today to Fund Survivor Income Needs — $3,262,007

Survivor Income Sources

Income Source[1]	Annual Amount when Income Source Begins	Annual Increase	Lump Sum Value Today
Employment	$72,000	3%	$1,884,203
Social Security[2]	$43,056	3%	$372,738

Total Amount Today of All Survivor Income Sources — $2,256,941

Continuing Income Needs for Susan — $1,005,066

[1] See Confirmation of Facts for income details.
[2] See Assumptions & Notes section for details.

Survivor Needs Goal Details

Assumes Susan Dies Today

Present Debts—Pay off the existing debts listed below to protect the family from creditors • House - 1st mortg $350,000	$350,000
Emergency Fund—3 months household income to protect against a family emergency	$41,750
Education Needs—A college fund to protect your children's future • Michael: Providing $29,394 a year starting at age 18 for 4 years would require $128,662 today. • Karen: Providing $14,036 a year starting at age 18 for 4 years would require $62,614 today. • Considers Current College Savings of $12,000 today	$179,276

Immediate Cash Needs Due at Susan's Death — $571,026

Survivor Income Needed

Period Based on Larry's Age	Current Household Income	Percent of Household Income	Annual Need Today	Annual Amount at Start of Period	Lump Sum Value Today
35 - 44	$167,000	100%	$167,000	$167,000	$1,599,562
45 - 64	$167,000	60%	$100,200	$134,660	$1,662,445

Total Amount Needed Today to Fund Survivor Income Needs — $3,262,007

Survivor Income Sources

Income Source[1]	Annual Amount when Income Source Begins	Annual Increase	Lump Sum Value Today
Employment	$95,000	3%	$2,486,101
Social Security[2]	$38,340	3%	$331,911

Total Amount Today of All Survivor Income Sources — $2,818,012

Continuing Income Needs for Larry — $443,995

[1] See Confirmation of Facts for income details.
[2] See Assumptions & Notes section for details.

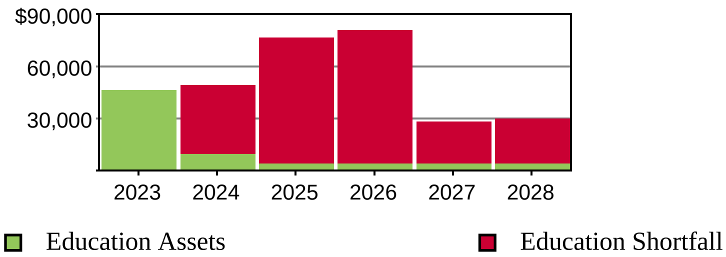
Asset Accumulation

Education Needs

Let’s take a look at your education savings objectives and goals.

Objective

- **Michael:** Provide 100% of the total cost of **Clemson University** for 4 years.
- **Karen:** Provide 100% of the total cost of **The University of North Carolina at Chapel Hill** for 4 years.



The Cost of Your Education Needs

Name	Current Age	Start at Age	Number of Years	Annual Cost Today	First Year Funding Need	% of Annual Cost to Fund	Lump Sum Needed Today
Michael	10	18	4	$29,394	$46,850	100%	$128,662
Karen	8	18	4	$14,036	$25,136	100%	$62,614

Lump Sum Cost Today of Your Education Needs (in Today's Dollars) **$191,276**

Current Value of Your Education Assets (in Today's Dollars) **$45,817**

Lump Sum Shortfall Today **$145,459**

Monthly Savings Needed **$1,290**

(Amount you need to save between now and the start of the last year of your education funding to fund the education shortfall, assuming 5.000% rate of return.)

Education
Monthly Savings Need: **$1,290**

Progress
24%

Education Funding Options

You should consider several important issues when saving for your child's education. Ownership and control of the assets used to fund education is often an important and justifiable concern for parents. In addition, Congress has enacted laws pertaining to the accumulation of assets in a child's name. Because your situation or economic conditions may change in the future, it is important to review your education funding plan periodically.

Qualified State Tuition Programs (Section 529 Plans)

Section 529 Plans are described under IRC Section 529. These plans are operated by individual states and therefore may differ from state to state. Contributions to a 529 Plan can be made as a lump sum or through monthly savings. Contributions are not tax deductible for federal tax purposes. One of the main benefits of a 529 Plan is your account grows tax-deferred and distributions used for the beneficiary's college costs are tax-free (federally).

Coverdell Education Savings Accounts (formerly, Education IRAs)

Also known as Education IRAs, Coverdell Education Savings Plans may be set up for each of your children. You may contribute a maximum of $2,000 per year for each child until the child's 18th birthday. While contributions to an Education IRA do not provide a tax deduction, earnings on the funds will grow tax-free as long as the distribution is for qualified education expenses. Qualified education expenses include tuition, fees, books, supplies, equipment, and room and board. If a Coverdell ESA is not used for the child, the funds may be rolled over to another beneficiary. If funds are not used for qualified expenses, distributions are taxable and subject to a 10% penalty tax.

Personal Savings

If you have savings and/or investments from which you may draw, you might consider using these funds to pay your child's private school or college tuition expenses when they become due. The disadvantage of using your savings to pay educational costs is that the more you deplete your funds, the less money you will have available for emergencies or other lifetime goals.

Uniform Gift to Minors Act (UGMA) and Uniform Transfer to Minors Act (UTMA)

A Uniform Gifts to Minors Act (UGMA)/Uniform Transfers to Minors Act (UTMA) is an account established at a financial institution for the benefit of a minor child. UGMA/UTMA accounts are managed by the child's parent or by another designated custodian. Any money placed in a custodial account is gifted irrevocably to the child. While the child is a minor, the money is controlled by the custodian and can be used only for the benefit of the child.

Education Loans

Education loans can be a big help in paying for college. Education loans offer a low interest rate and a generous repayment period. Of course, loans must be repaid, usually with interest. However, some education loans have provisions for cancellation if the borrower performs a program-related service. The interest paid on qualified education loans after 2001 is completely tax deductible for single taxpayers with incomes less than $55,000 ($110,000 for joint tax returns), and there is a phase-out provision allowing partial deductions for incomes up to $70,000 for single filers ($140,000 for joint filers).

Education Funding Options (Continued)

U.S. Savings Bonds "Education Bond Program"

Series EE bonds issued January 1990 and later, along with all Series I Bonds, are eligible for the education bond program. Under the education bond program, interest earned by those bonds can be completely or partially excluded from federal income taxes if the bonds owner uses the bond to pay for qualified higher education expenses in the same calendar year the bonds are redeemed. To qualify, bondholders must be at least 24 years old at the moment of purchasing the bond. If the bond is going to be used for children's education, the parents must purchase the bond and name the children as beneficiary. Also, bondholders can use their bonds to pay for their own education.

Cash Value Life Insurance

Some life insurance policies such as whole life and universal life offer an investment component that earns interest, creating an asset (cash value). Policy holders can use the policy cash value or borrow against it to pay for education expenses. In most cases withdrawals may produce penalty fees, and loans will require repayment with interest or a reduction in the face value of the policy. If the insured dies before the need for education expenses, the proceeds from the policy can be saved and used in the future when college expenses begin.

Benefits of 529 Plans

529 Plans, described under IRC Section 529, are operated by individual states and, thus, may differ from state to state. Contributions to a 529 Plan, which can be made as a lump sum or through monthly savings, are not tax deductible for federal tax purposes. One of the main benefits of 529 plans is your account grows tax-deferred and distributions used for the beneficiary's college costs are tax-free (federally).

Contributions

- Can be lump sum or monthly savings
- May be made by any person who is the account owner, limited to what 5 years of undergraduate schooling would cost
- Contributions are NOT tax deductible for federal tax purposes
- Are considered a completed gift to the beneficiary
- 529 plans may have high contribution limits (as high as $250,000 for some plans)

Tax Advantages

- People of all income levels are eligible to contribute to a 529
- Most state savings plans are open to residents of any state
- You can generally open a 529 account after your child reaches age 18
- Plan contributions grow income tax-deferred
- Your account grows tax-deferred and distributions used for the beneficiary's college costs are tax-free (federally)
- The beneficiary of the account may be changed to another member of the family and you may roll one state's plan to another's
- The account owner (parent) has full control over the account withdrawals, however penalties may be assessed if the monies aren't used for education

Benefits of 529 Plans for Estate Planning

- Plan contributions qualify for the $12,000 ($24,000 for joint gifts) annual gift tax exclusion (2007 figures), and a special election lets you contribute up to $60,000 ($120,000 for joint gifts) in a single year and avoid gift tax by treating the amount as a gift over five years
- Plan contributions aren't considered part of your estate for federal tax purposes, yet you still retain control of the account during your lifetime as the account owner
- You can change the beneficiary without penalty if certain conditions are met
- A 529 account owned by someone other than the parent (like a grandparent) is not considered an asset of the parent for financial aid purposes

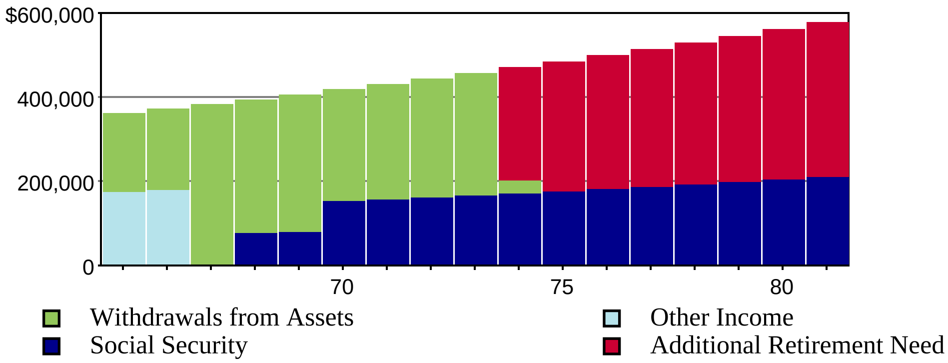
Asset Accumulation

Retirement Needs

Let’s take a look at your long-term savings objectives and goals.

Objective

- Larry retires at age 65, Susan retires at age 65
- Retirement lasts for 17 years
- Provide money to fund a retirement lifestyle equal to 90% of your current lifestyle



The Cost of Your Retirement Lifestyle

Lump Sum Needed When You Retire		**$5,747,012**
Provides 90% of Your Current Household Income ($167,000) for 17 Years of Retirement (Adjusted for Inflation)		
Lump Sum Value of Future Income Sources When You Retire		
Lump Sum Value of All Future SS Benefits	$1,563,581	
Lump Sum Value of All Future Salary	$347,845	
Assets Values When You Retire		
Value of Larry's Retirement Plans When You Retire	$517,299	
Value of Susan's Retirement Plans When You Retire	$156,900	
Value of Other Assets When You Retire	$1,529,641	
Lump Sum of Your Retirement Assets When You Retire		**$4,115,266**
Lump Sum Shortfall When You Retire		**$1,631,746**

assuming your average rate of return of 2.43%	**$3,133 per month**
…assuming 6%	$1,720 per month
…assuming 8%	$1,200 per month
…assuming 10%	$827 per month

* The Growth Rate(s) reflected in Life Goals for the Current Retirement Assets held by the Client(s) have been provided by the Client(s) and is not representative of any analysis or verification by the associate nor is a guaranteed representation of the likelihood of future returns on the assets currently held by the Client(s).

Retirement
Monthly Savings Need: **$3,133**

Progress
72%

Procrastination

The major mistake people make in preparing for retirement is procrastination—not putting their strategy into effect. Getting started often is the hardest step of any strategy.

Time can help you reach your retirement objectives. The younger you start funding your retirement, the smaller the amount of money you have to set aside each month to reach your financial retirement goals. Your sacrifices today may be worth a fortune in the future.

At any age it’s easy to find an excuse not to save for retirement…

Age 25
"We're just getting started. We'll save more when we're making more income."

Age 40
"We’ve got house payments, car payments, and the kids—we just don’t have anything left to save."

Age 50
"As soon as the kids are out of school, we’ll be able to save for retirement."

Age 60
"Our expenses are so high and the amount we need to save is just more than we can afford."

The best age to start your retirement savings is NOW!

Outpacing Inflation

To help provide security later in life, its important to have a long-term asset accumulation program in place designed to outpace inflation and reduce taxation. Retirement income has increased in its importance as people stop working earlier and are living longer in their retirement years.[1] Therefore, when building a program you should consider how many years you may be living in retirement and how much it will cost you to live comfortably during these years.

The Rule of 72—Helping to Outpace Inflation

The Rule of 72 can help you determine how long it will take for your savings to double. Dividing the number 72 by the interest rate that your savings or investment is earning provides you with the total number of years it will take for you to double your initial investment.

The examples below show how much you can earn over time with an investment of $10,000 at a different rates of interest.

Age	4%	Age	6%	Age	8%	Age	12%
Money doubles every 18 years		Money doubles every 12 years		Money doubles every 9 years		Money doubles every 6 years	
29	$10,000	29	$10,000	29	$10,000	29	$10,000
47	$20,000	41	$20,000	38	$20,000	35	$20,000
65	$40,000	53	$40,000	47	$40,000	41	$40,000
		65	$80,000	56	$80,000	47	$80,000
				65	$160,000	53	$160,000
						59	$320,000
						65	$640,000

All figures are for illustrative purposes only and do not reflect an actual investment in any product. They do not reflect the performance risks, expenses or charges associated with any actual investment. Past performance is not an indication of future performance. The Rule of 72 is a mathematical concept that approximates the number of years it would take to double the principle at a constant rate of return. The performance of investments fluctuate over time, and as a result, the actual time it will take an investment to double in value cannot be predicted with any certainty. Additionally, there are no guarantees that any investment or savings program can outpace inflation. Please note that high risk has been historically associated with higher rates of return.

[1] ACBO Study, November 2003, Baby Boomers' Retirement Prospects: An Overview.

Power of Compounding

Time is a fundamental factor in any investment. The earlier you start to invest and the longer you hold onto your investment, the more your investment can grow in value. This is possible due to compounding. Compounding makes time work in your favor!

Starting your savings and investments as soon as possible is very important. Even the month you start to make savings contributions can make a big difference. For example, by starting your contributions in January instead of December of the same year, you can increase your financial gains substantially. This is possible, given the compounding interest generated by starting earlier.

Compounding takes place when you reinvest your earnings such as interest or dividends. This means that your investment base gets larger because your investment earnings are added to your principal; therefore, the forming larger base has the potential to grow at a faster pace.

Importance of time and lessons of compounding

- The sooner you begin to invest, the less you need to contribute each month to reach your financial goals.
- The earlier you start, the greater the financial risk you can afford.
- The longer you hold your investments, the better chance you have of riding out any downturns in the market.

Opportunities to accumulate

There are many instruments in the market that can help you take advantage of compounding.

- Contribute to an employer sponsored, tax-deferred retirement plan.
- Open a Roth IRA or IRA account.
- Set up an investment account with a brokerage firm, mutual fund, or bank.
- Set up a life insurance policy that offers cash value.

Power of Compounding (Continued)

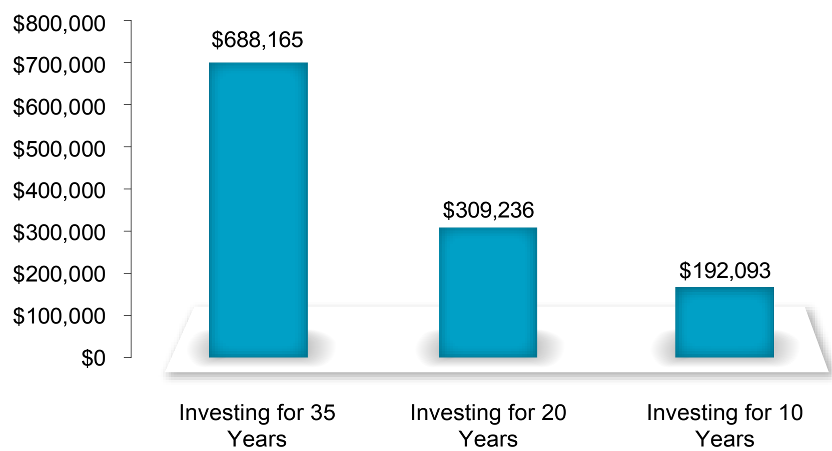
Option A: You start investing $300 a month at age 30 in a tax deferred retirement plan that earns 8%. After 35 years, you will have accumulated $688,165.

Option B: You start investing $525 a month at age 45 in a tax deferred retirement plan that earns 8%. After 20 years you will have accumulated $309,236.

Option C: You start investing $1,050 a month at age 55 in a tax deferred retirement plan that earn 8%. After 10 years you will have accumulated $192,093.

Power of Compounding

	Option A	Option B	Option C
Total investment	$126,000	$126,000	$126,000
Interest rate	8%	8%	8%
Number of years	35	20	10
Contribution per month	$300	$525	$1,050
Your retirement account	$688,165	$309,236	$192,093



In either case at age 65, you will have invested a total of $126,000, but your investment would have grown to $688,165 by starting at age 30. If you would have started at age 45 or 55 your investments would have only grown to $309,236 and $192,093 respectively.

- By starting 15 years earlier and taking advantage of compounding, you can accumulate $378,929 more, while still investing the same amount.
- By starting 25 years earlier and taking advantage of compounding, you can accumulate $496,071 more, while still investing the same amount.

The different final outputs on investment that have the same interest rate and the same amount invested are explained by the extra years of compounding.

Retirement Needs Details

Retirement Period Based on Larry's Age	Household Income Today	% of Household Income Needed During Retirement	Annual Need Starting at Retirement	Lump Sum Needed at Retirement
65 - 82	$167,000	90%	$364,818	$5,747,012

Amount Needed to Fund Retirement Lifestyle at Retirement **$5,747,012**

Retirement Income Sources

Income Source During Retirement	Income Recipient	Annual Increase	Age When Income Received	Annual Amount When Income Source Begins	Lump Sum Value at Retirement of Income Source
Social Security[1]	Larry	3%	67	$76,133	$1,563,581
	Susan	3%	67		
Salary	Susan	3%	33	$72,000	$347,845

Less the Value of Retirement Income Sources at Retirement **$1,911,426**

Total Value of Assets Needed at Retirement **$3,835,586**

Retirement Plan	Current Value	Monthly Contributions	Rate of Return	Value at Retirement
Larry	$25,000	$200	5.000%	$517,299
Susan	$10,000	$100	5.000%	$156,900

Total Value of Retirement Plans at Retirement **$674,199**

	Current Value	Monthly Savings	Rate of Return	Value at Retirement
Other Assets	$630,000	$300	2.290%	$1,529,641

Total Value of Other Assets at Retirement **$1,529,641**

Less the Value of Existing Retirement Assets at Retirement **$2,203,840**

Retirement Asset Shortfall at Retirement **$1,631,746**

[1] See Assumptions & Notes section for details.

Disability Needs Goal

Assumes Larry Becomes Disabled Today

Objective

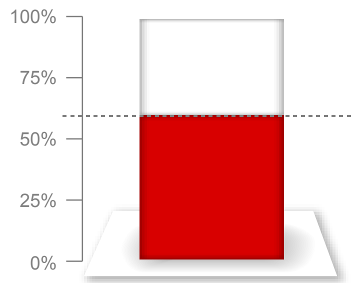
- Provide for 60% of your current salary ($95,000) if you become disabled today.

Your Disability Statistics

Larry, before your age 65, a long-term disability is **2.81 times more likely** to occur than death![1]

Assuming your salary increases at…	Cost of Disability (in Terms of Lost Salary)				
	2 Year	3 Year	5 Year	15 Year	To Age 67
0%	$190,000	$285,000	$475,000	$1,425,000	$2,850,000
2%	$191,900	$290,700	$494,380	$1,642,835	$3,853,960
4%	$193,800	$296,590	$514,520	$1,902,280	$5,328,075

If You Become Disabled Today



	Current Annual Salary	$95,000
	Percent of Salary Needed During Disability	60%
	Annual Income Needed	**$57,000**
less	Annual Disability Income Benefit	$0
	Additional Annual Income Needed	**$57,000**

Not Everyone Qualifies for Social Security Disability Benefits

Just being eligible for Social Security benefits is not enough. In order to qualify for Social Security disability benefits, you must NOT be able to perform ANY substantial employment. If you qualify, benefits begin after a full five-month waiting period and continue as long as you remain disabled. **You should carefully consider the likelihood of receiving Social Security disability benefits when determining your disability needs.**

Additional Annual Income Needed **$13,944**
(Assuming potential annual Social Security Disability Benefits of $43,056)

Disability
Annual Insurance Need for Larry: **$57,000**

Progress
0%

[1] Based on a disability expected to last more than 2 years following a 60 day elimination period (see "Assumptions & Notes" section).

Disability Needs Goal Details

Assumes Larry Becomes Disabled Today

Your First Year of Disability

Beginning of Month	Monthly Income Need	Monthly Disability Policy Benefit	Potential Social Security Benefit	Additional Income Needed
1	$4,750	$0	$0	$4,750
2	4,750	0	0	4,750
3	4,750	0	0	4,750
4	4,750	0	0	4,750
5	4,750	0	0	4,750
6	4,750	0	3,588	1,162
7	4,750	0	3,588	1,162
8	4,750	0	3,588	1,162
9	4,750	0	3,588	1,162
10	4,750	0	3,588	1,162
11	4,750	0	3,588	1,162
12	4,750	0	3,588	1,162

Additional Income Needs in Year 1 (With Social Security)	**$31,884**
Additional Income Needs in Year 1 (With NO Social Security)	**$57,000**

Disability Needs Goal Details

Assumes Larry Becomes Disabled Today

		Income			Shortfall		
Year	Larry's Age	Annual Income Needed	Estimated Social Security	Disability Policy Benefit	Annual Shortfall	Annual Shortfall No SS	Shortfall (% of Salary)
1	35	$57,000	$25,116	$0	$31,884	$57,000	60
2	36	58,710	44,348	0	14,362	58,710	60
3	37	60,471	45,678	0	14,793	60,471	60
4	38	62,285	47,048	0	15,237	62,285	60
5	39	64,154	48,460	0	15,694	64,154	60
6	40	66,079	49,914	0	16,165	66,079	60
7	41	68,061	51,411	0	16,650	68,061	60
8	42	70,103	52,953	0	17,149	70,103	60
9	43	72,206	54,542	0	17,664	72,206	60
10	44	74,372	56,178	0	18,194	74,372	60
11	45	76,603	38,576	0	38,027	76,603	60
12	46	78,901	39,733	0	39,168	78,901	60
13	47	81,268	40,925	0	40,343	81,268	60
14	48	83,706	42,153	0	41,554	83,706	60
15	49	86,218	43,417	0	42,800	86,218	60
16	50	88,804	44,720	0	44,084	88,804	60
17	51	91,468	46,061	0	45,407	91,468	60
18	52	94,212	47,443	0	46,769	94,212	60
19	53	97,039	48,867	0	48,172	97,039	60
20	54	99,950	50,333	0	49,617	99,950	60
21	55	102,948	51,843	0	51,106	102,948	60
22	56	106,037	53,398	0	52,639	106,037	60
23	57	109,218	55,000	0	54,218	109,218	60
24	58	112,494	56,650	0	55,845	112,494	60
25	59	115,869	58,349	0	57,520	115,869	60
26	60	119,345	60,100	0	59,246	119,345	60
27	61	122,926	61,903	0	61,023	122,926	60
28	62	126,613	63,760	0	62,854	126,613	60
29	63	130,412	65,673	0	64,739	130,412	60
30	64	134,324	67,643	0	66,681	134,324	60
31	65	138,354	69,672	0	68,682	138,354	60
32	66	142,505	71,762	0	70,742	142,505	60

Disability Needs Goal

Assumes Susan Becomes Disabled Today

Objective

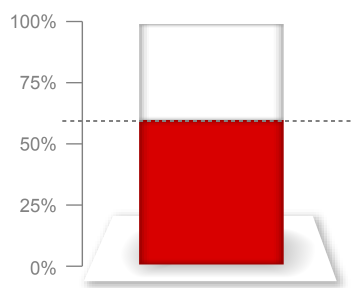
- Provide for 60% of your current salary ($72,000) if you become disabled today.

Your Disability Statistics

Susan, before your age 65, a long-term disability is **5.47 times more likely** to occur than death![1]

Assuming your salary increases at...	Cost of Disability (in Terms of Lost Salary)				
	2 Year	3 Year	5 Year	15 Year	To Age 67
0%	$144,000	$216,000	$360,000	$1,080,000	$2,304,000
2%	$145,440	$220,320	$374,688	$1,245,096	$3,184,344
4%	$146,880	$224,784	$389,952	$1,441,728	$4,514,472

If You Become Disabled Today



	Current Annual Salary	$72,000
	Percent of Salary Needed During Disability	60%
	Annual Income Needed	**$43,200**
less	Annual Disability Income Benefit	$0
	Additional Annual Income Needed	**$43,200**

Not Everyone Qualifies for Social Security Disability Benefits

Just being eligible for Social Security benefits is not enough. In order to qualify for Social Security disability benefits, you must NOT be able to perform ANY substantial employment. If you qualify, benefits begin after a full five-month waiting period and continue as long as you remain disabled. **You should carefully consider the likelihood of receiving Social Security disability benefits when determining your disability needs.**

Additional Annual Income Needed **$0**
(Assuming potential annual Social Security Disability Benefits of $50,244)

Disability
Annual Insurance Need for Susan: **$43,200**

Progress
0%

[1] Based on a disability expected to last more than 2 years following a 60 day elimination period (see "Assumptions & Notes" section).

Disability Needs Goal Details

Assumes Susan Becomes Disabled Today

Your First Year of Disability

Beginning of Month	Monthly Income Need	Monthly Disability Policy Benefit	Potential Social Security Benefit	Additional Income Needed
1	$3,600	$0	$0	$3,600
2	3,600	0	0	3,600
3	3,600	0	0	3,600
4	3,600	0	0	3,600
5	3,600	0	0	3,600
6	3,600	0	4,187	0
7	3,600	0	4,187	0
8	3,600	0	4,187	0
9	3,600	0	4,187	0
10	3,600	0	4,187	0
11	3,600	0	4,187	0
12	3,600	0	4,187	0

Additional Income Needs in Year 1 (With Social Security)	**$13,889**
Additional Income Needs in Year 1 (With NO Social Security)	**$43,200**

Disability Needs Goal Details

Assumes Susan Becomes Disabled Today

		Income			Shortfall		
Year	Susan's Age	Annual Income Needed	Estimated Social Security	Disability Policy Benefit	Annual Shortfall	Annual Shortfall No SS	Shortfall (% of Salary)
1	33	$43,200	$29,311	$0	$13,889	$43,200	60
2	34	44,496	51,754	0	0	44,496	60
3	35	45,831	53,307	0	0	45,831	60
4	36	47,206	54,906	0	0	47,206	60
5	37	48,622	56,553	0	0	48,622	60
6	38	50,081	58,250	0	0	50,081	60
7	39	51,583	59,997	0	0	51,583	60
8	40	53,131	61,797	0	0	53,131	60
9	41	54,724	48,568	0	6,157	54,724	60
10	42	56,366	50,025	0	6,341	56,366	60
11	43	58,057	34,351	0	23,707	58,057	60
12	44	59,799	35,381	0	24,418	59,799	60
13	45	61,593	36,442	0	25,150	61,593	60
14	46	63,441	37,536	0	25,905	63,441	60
15	47	65,344	38,662	0	26,682	65,344	60
16	48	67,304	39,822	0	27,483	67,304	60
17	49	69,323	41,016	0	28,307	69,323	60
18	50	71,403	42,247	0	29,156	71,403	60
19	51	73,545	43,514	0	30,031	73,545	60
20	52	75,751	44,820	0	30,932	75,751	60
21	53	78,024	46,164	0	31,860	78,024	60
22	54	80,365	47,549	0	32,816	80,365	60
23	55	82,776	48,976	0	33,800	82,776	60
24	56	85,259	50,445	0	34,814	85,259	60
25	57	87,817	51,958	0	35,858	87,817	60
26	58	90,451	53,517	0	36,934	90,451	60
27	59	93,165	55,122	0	38,042	93,165	60
28	60	95,960	56,776	0	39,184	95,960	60
29	61	98,838	58,479	0	40,359	98,838	60
30	62	101,804	60,234	0	41,570	101,804	60
31	63	104,858	62,041	0	42,817	104,858	60
32	64	108,003	63,902	0	44,101	108,003	60
33	65	111,244	65,819	0	45,424	111,244	60
34	66	114,581	143,926	0	0	114,581	60

Disability Income Insurance

Disability income insurance protects working adults from the possibility of income loss when they are out of work for an extended period due to an illness or injury.

Disability income insurance has three primary provisions. The provisions determine the amount of benefits payable, when benefits are paid (monthly or weekly basis), and the elimination period and maximum benefit period.

In order to be eligible for disability benefits, the insured must be under a physician’s care and the disability must be a result of a cause stated in the policy. There are two primary benefits recognized: total disability and partial disability.

Additional coverage options are often offered with disability income insurance, most of which are optional and at additional costs. These additional coverage options are as follows:

- **Social Security Rider**—This coverage may also be known as short-term monthly indemnity. The purpose of this coverage is to provide additional monthly payments during the first few months of total disability while the insured applies for Social Security benefits. Typically, this payment is limited for the first six months but may vary by policy.
- **Social Insurance Substitute (SIS)**—This coverage provides you with additional disability benefits during periods that you are not receiving funds from government social insurance programs, such as social security disability, retirement or workers compensation.
- **Future Increase Option (FIO)**—This option is designed to protect your future earnings. The disability policy by itself protects your earnings at the time you acquire the policy but will not grow your monthly benefit by itself. The FIO rider preserves your insurability and guarantees that you will be able to increase your monthly benefit in the future. Typically, the only documentation required at the time of increase is proof of income as the same income guidelines will apply.
- **Return-of-Premium Option**—With this option, the insured has the right to receive a percentage of the total premium after a specified period of time if they do not become disabled (normally 5 to 10 years).
- **Cost-of-Living Adjustment Rider (COLA)**—This provision allows for an increase of benefit payments based on the effects of inflation during a lengthy period of disability.

Could a Disability Affect Your Retirement?

Although traditional disability policies are focused on replacing income while a person is unable to work, careful advice must consider how a disability could affect your retirement lifestyle. Without adequate disability coverage, you may be forced to use savings otherwise earmarked for retirement. So even though the disability does not create cash flow shortfalls during the disability, the use of retirement assets could be catastrophic to your retirement plans. For this reason, when considering disability coverage, it is important to consider the disability’s effects on retirement.

What If You Become Disabled?

Disability income insurance may help protect you and your family from the possibility of income loss in the event that you are out of work for an extended period due to an illness or injury.

The negative physical and psychological effects of a disability are exacerbated by the fact that without adequate protection you will need to find a way to replace your income.

If disability occurs, your income decreases, and normally your expenses often increase as a result of treatment and recuperation costs. This scenario can jeopardize your family's future and your ability to keep the wealth that you accumulated over the years. If you do not have disability protection, you will need to replace the lost income and cover the extra expenses from other sources besides your salary. Usually these sources don't generate an optimal solution:

- **Savings**—Normally a disability produces expenses such as medical bills and therapy costs. With these additional expenses and the need to replace your lost income, it is likely that your savings could be exhausted very quickly.
- **Social Security**—You may be eligible for Social Security benefits[1] if you comply with the Social Security requirements. You have to make sure that you qualify.
- **Loans**—You can get loans to replace your income, however it is very unlikely that anyone will lend you money with a low interest rate or without compromising your assets if you do not have expected income.
- **Other Household Income**—The income from other family members can help, however it is not likely to be enough to maintain your lifestyle and keep your financial strategies in place.

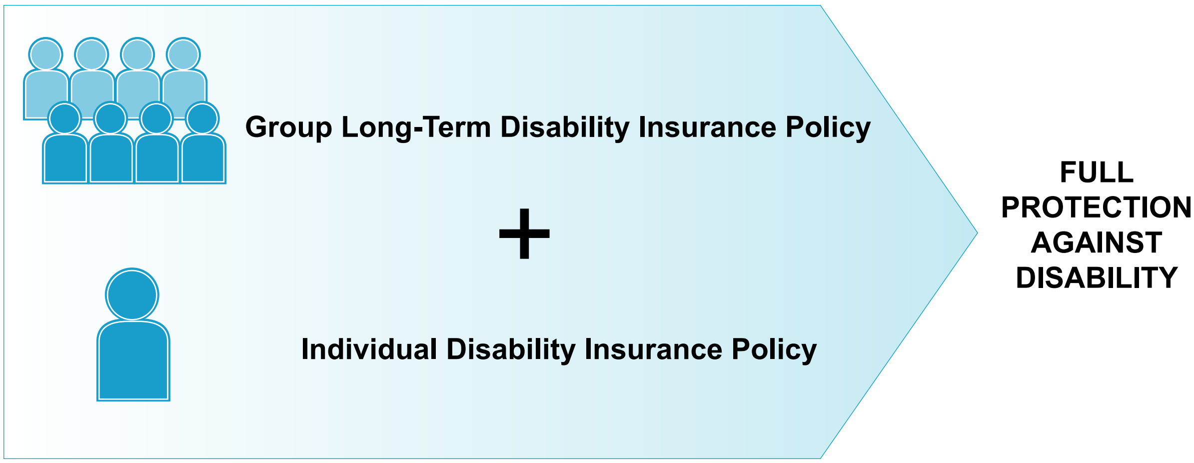
The best option to protect yourself and your family against disability is a disability insurance policy.

Disability insurance can provide income when you need it the most!

[1] To be considered eligible for Social Security disability benefits, you must be unable to perform the work you did before becoming disabled, and a Social Security office must decide that you cannot adjust to other work because of your medical condition. Also, your disability must last or be expected to last for at least one year or be expected to result in death.

Full Protection Against Disability

Many companies offer group long-term disability insurance as part of their employee group benefits. This is an important protection; however the benefits from this policy are usually a partial percentage of salary and are taxable as income.

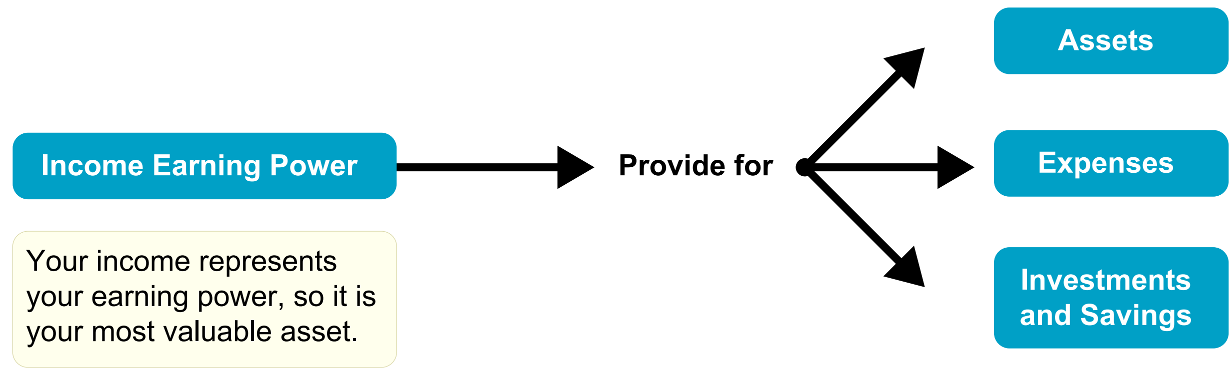


If you are an employee and have disability coverage through your company, you need to review the policy coverage and the benefits. Normally, group long-term disability insurance doesn't provide sufficient coverage to maintain your standard of living and pay for the extra expenses associated with disability. In the event the amount generated by the group policy is not sufficient, you should consider purchasing an individual disability insurance policy to be fully protected.

An individual disability policy may help supplement the group disability policy provided at work.

Have You Insured Your Most Valuable Asset?

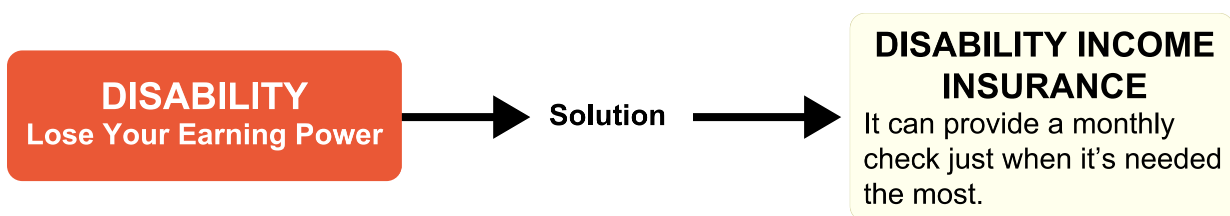
Most people insure their homes, their cars, and even their lives. However, they have a tendency to leave potentially their greatest asset uncovered—their income.



If you think about it, most of your valuable possessions are purchased with the income that you generate from work. So it makes sense to be protected against the risk of losing your earning power.

If you multiply your annual income adjusted by the number of years until you retire, you will earn a fortune!

If anything happens to your assets, you may be able to replace them, even if they are not insured, as long as you have your income. However, if you lose your ability to generate income due to disability, the only optimal solution would be to have some form of disability income insurance protection.



Think of your income as an asset. One that is valuable and one that should be considered as important as the other items you normally insure, such as your car or your house.

Take the appropriate steps to protect your income as well!

Long-Term Care Needs Goal

Assumes Larry Has a LTC Need at Age 75

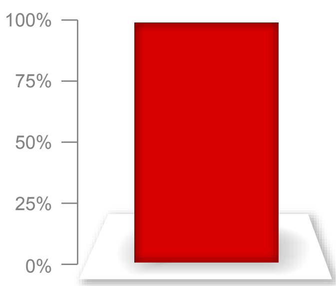
Objective

- Consider effects of a hypothetical long-term care need at age 75 for 5 years
- Assume monthly need (in today's dollars) of $6,000 and a 3% inflation rate

National Long-Term Care Statistics

Who will need Long-Term Care[1]?	 40% of people 65+	 90% of people 80+
$62,532	**Average cost**, semi-private room in a nursing home annually[2]	
8.2%	**Average inflation rate**, long-term care costs annually	

Monthly Long-Term Care Needs



	Hypothetical Monthly Long-Term Care Need at Age 75 (based on $6,000 per month in today's dollars)	$19,572
less	Existing LTC Policy Benefits ($0 Daily Benefit x 30 days) [3]	$0
	Remaining Monthly Long-Term Care Need at Age 75	**$19,572**

Funding a Long-Term Care Need for 5 Years

These are the amounts needed to fund your hypothetical long-term care need for 5 years, starting at age 75. These amounts are in addition to what you need for retirement.

Lump Sum Needed at Age 75	**$1,187,510**
Monthly Savings Needed Until Age 75 (Assumes a 2.43% rate of return)	**$1,492**

Long-Term Care

Remaining Monthly Need for Larry: **$19,572**

Progress

0%

[1] Journal of Financial Service Professionals, January 2001 & 1996 National Nursing Home Study by AARP.
[2] "The MetLife Market Survey of Nursing Home and Home Care Costs," The MetLife Mature Market Institute, September 2006.
[3] Long-Term Care policy Daily Benefit is not adjusted for a COLA benefit.

Long-Term Care Details

Assumes Larry Has a LTC Need at Age 75

Your Long-Term Care Need Details

			Income		Shortfall	
Year	Larry/ Susan's Ages		Annual Long-Term Care Need	Long-Term Care Policy Benefit	Annual Shortfall	Cumulative Shortfall
41	75	73	$234,867	$0	$234,867	$234,867
42	76	74	241,913	0	241,913	476,779
43	77	75	249,170	0	249,170	725,950
44	78	76	256,645	0	256,645	982,595
45	79	77	264,345	0	264,345	1,246,939

Long-Term Care Needs Goal

Assumes Susan Has a LTC Need at Age 75

Objective

- Consider effects of a hypothetical long-term care need at age 75 for 5 years
- Assume monthly need (in today's dollars) of $6,000 and a 3% inflation rate

National Long-Term Care Statistics

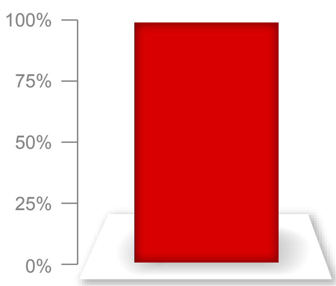
Who will need Long-Term Care[1]?

40% of people 65+

90% of people 80+

$62,532	**Average cost**, semi-private room in a nursing home annually[2]
8.2%	**Average inflation rate**, long-term care costs annually

Monthly Long-Term Care Needs



	Hypothetical Monthly Long-Term Care Need at Age 75 (based on $6,000 per month in today's dollars)	$20,764
less	Existing LTC Policy Benefits ($0 Daily Benefit x 30 days) [3]	$0
	Remaining Monthly Long-Term Care Need at Age 75	**$20,764**

Funding a Long-Term Care Need for 5 Years

These are the amounts needed to fund your hypothetical long-term care need for 5 years, starting at age 75. These amounts are in addition to what you need for retirement.

Lump Sum Needed at Age 75	**$1,259,829**
Monthly Savings Needed Until Age 75 (Assumes a 2.43% rate of return)	**$1,466**

Long-Term Care

Remaining Monthly Need for Susan: **$20,764**

Progress

0%

[1] Journal of Financial Service Professionals, January 2001 & 1996 National Nursing Home Study by AARP.
[2] "The MetLife Market Survey of Nursing Home and Home Care Costs," The MetLife Mature Market Institute, September 2006.
[3] Long-Term Care policy Daily Benefit is not adjusted for a COLA benefit.

Long-Term Care Details

Assumes Susan Has a LTC Need at Age 75

Your Long-Term Care Need Details

Year	Larry/ Susan's Ages		Income: Annual Long-Term Care Need	Income: Long-Term Care Policy Benefit	Shortfall: Annual Shortfall	Shortfall: Cumulative Shortfall
43	77	75	$249,170	$0	$249,170	$249,170
44	78	76	256,645	0	256,645	505,815
45	79	77	264,345	0	264,345	770,160
46	80	78	272,275	0	272,275	1,042,435
47	81	79	280,443	0	280,443	1,322,878

Medicare

Medicare is a government sponsored health insurance program designed to provide health care for individuals age 65 or older. There are two primary types of Medicare: Medicare Part A and Medicare Part B.

Medicare Part A

Medicare Part A benefits are provided automatically to persons eligible for Social Security retirement benefits when they reach age 65. Medicare Part A pays benefits for hospitalization, skilled nursing facilities, home health care services, hospice care and blood. Deductibles, co-payments and coinsurance apply to most of these services.

Hospitalization requires an initial deductible from the beneficiary for the first 60 days of hospitalization and Medicare covers 100% of the cost once this is paid. The 61st to the 90th day of hospitalization requires the beneficiary to pay a co-payment for each day of hospitalization. After the 90th day, the beneficiary is responsible for all expenses. There is an exception that allows the beneficiary a lifetime benefit of up to 60 additional days after the first 60 days has been exhausted.

Note: This can be used at separate periods but once the total 60 days has been used, the benefit ends.

Medicare pays limited benefits for services rendered in an approved skilled nursing facility for up to 100 days per occurrence. Solely custodial care is not covered. The first three days must be spent in a hospital and Medicare will then pay all allowed costs for the first 20 days of the nursing home stay and day 21 through 100 the beneficiary pays a co-payment.

Home health care services such as part-time skilled nursing care, physical therapy, etc. are provided up to 21 days per occurrence of illness. Hospice benefits for terminally ill patients are paid for a limit of 210 days.

Inpatient psychiatric hospital care costs can be covered for 190 days in a lifetime. All blood is covered after a deductible is paid for the first three pints per year.

Medicare Part B

Medicare Part B is a supplementary medical insurance and is offered as a voluntary program of which beneficiaries must pay a portion of the premium. Part B provides benefits for physician services, surgical procedures, hospital outpatient services and medical supplies. The beneficiary is required to pay a calendar year deductible and a 20% coinsurance. It does not cover prescription drugs, which are offered to beneficiaries under Medicare Part D.

Medicare Part D

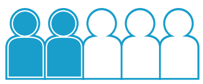
Medicare Part D is prescription drug coverage that covers both brand name and generic prescription medications and effective January 1, 2006 is available to any person eligible to receive Medicare benefits. The eligible beneficiary may not be able to have both Medicare Part D and an employer sponsored prescription drug plan, therefore, the employee may have to make a choice of whether or not to accept Medicare Part D or keep the employer sponsored prescription drug plan. For specific information regarding your employer sponsored plan, contact your employee benefits department and ask what arrangements they have made with Medicare.

What if You Need Long-Term Care?

Preparing for long-term care means thinking ahead and being prepared for the consequences of needing long-term care. While almost all people face long-term care at some point in their lives, few adequately consider its financial burden.

Odds of Needing Long-Term Care

The possibility of needing long-term care is one of the greatest threats to your personal well-being, financial goals and financial security.



Forty percent of people 65 and older will require some long-term care.
Journal of Financial Service Professionals, January 2001

Ninety percent of people 80 and older will require some long-term care.
1996 National Nursing Home Study by AARP

As people live longer, these odds are likely to increase.

What Will Long-Term Care Cost?

- **Cost Today**—In 2012, the median annual cost for a nursing home stay in the US was $81,030[1]
- **Rapidly Increasing Costs**—The cost of long-term care has increased an average of 4.28% per year over each of the past 5 years.[1].

Paying for Long-Term Care

- **Medicare and Medicaid**
  These government benefits are occasionally available after you have depleted your assets.
- **Use Retirement Savings**
  Will you risk your life-long savings? Will you run out of money?
- **Depend on Family**
  What will be the total impact on your family?
- **Long-Term Care Insurance**
  Insurance is available to protect you and your family, but it must be obtained before incurring the long-term care expense.

[1] "Genworth 2012 Cost of Care Survey," Genworth Financial, Inc. and National Eldercare Referral Systems, LLC (CareScout), 2012

Long-Term Care Costs, By State

Long-term care expenses vary by state. Rather than receiving long-term care in your state of residence, you may choose to move to a different state so that you're closer to relatives. The median U.S. long-term care cost for 2012 was $81,030[1].

Median Long-Term Care Costs for 2012 by State

State	Average Cost	State	Average Cost
Alabama	$65,839	Montana	$75,008
Alaska	232,505	Nebraska	70,263
Arizona	82,308	Nevada	87,600
Arkansas	58,900	New Hampshire	105,120
California	93,988	New Jersey	114,975
Colorado	84,315	New Mexico	75,526
Connecticut	145,818	New York	123,005
Delaware	96,725	North Carolina	76,650
District of Columbia	94,353	North Dakota	80,607
Florida	84,552	Ohio	81,213
Georgia	63,875	Oklahoma	53,597
Hawaii	125,925	Oregon	91,250
Idaho	80,300	Pennsylvania	99,280
Illinois	69,350	Rhode Island	114,975
Indiana	82,125	South Carolina	71,175
Iowa	60,773	South Dakota	68,620
Kansas	60,225	Tennessee	69,806
Kentucky	75,555	Texas	61,503
Louisiana	56,721	Utah	67,343
Maine	105,120	Vermont	101,507
Maryland	95,995	Virginia	82,125
Massachusetts	127,750	Washington	96,842
Michigan	87,600	West Virginia	88,308
Minnesota	85,534	Wisconsin	93,075
Mississippi	74,825	Wyoming	80,391
Missouri	55,480		

[1] "Genworth 2012 Cost of Care Survey," Genworth Financial, Inc. and National Eldercare Referral Systems, LLC (CareScout), 2012

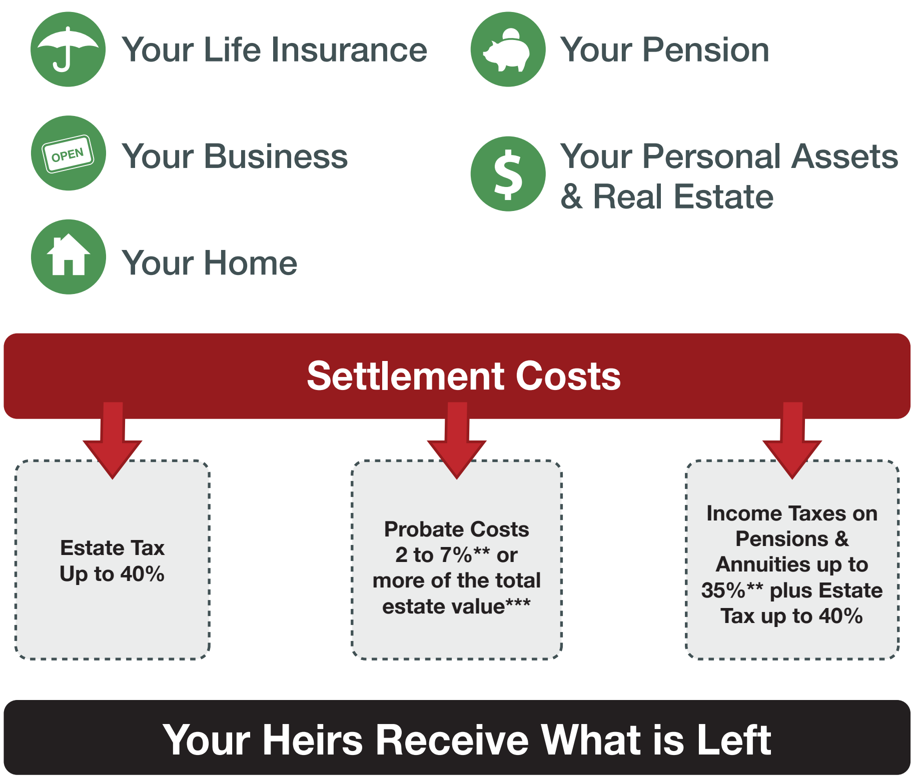
Estate Preservation

Don't let a lifetime of successful savings be devoured by taxes, lawyers and unintended heirs. A proper estate plan can take care of your family during your life and after your death. Estate planning can help you develop a firm strategy for the proper transfer of your wealth. By minimizing the costs associated with transferring wealth, you can increase the amount passed on to your heirs.

Keys to preserving your estate include:

- Have adequate life insurance protection
- Have a Will
- Understand the probate process for the state in which you reside
- Avoid probate
- Understand what a trust is
- Transfer assets through trusts
- Learn how to minimize estate taxes
- Don't delay

The Risks of Not Having an Adequate Estate Plan*



*Strategic planning may include the proper use of: life insurance, wills, trusts, gifts, charitable donations, appropriate ownership of property, implementation of buy-sell agreements and should include consultation with an attorney knowledgeable in estate planning. Please consult with your representative for services he/she can offer.
**Please consult with your personal tax professional for additional guidance regarding the estate tax and other tax matters.
***"Skipping Out on Probate Costs," Steven Merkel, CFP ChFC, Dec. 13, 2004, Investopedia.com.

Assumptions

Your Monthly Cash Flow

- Your Monthly Cash Flow represents an estimate of your current household income and expenses. This may not represent all of your current income and expenses, and your income and expenses may change in the future.

Calculation Assumptions

- Estimated Monthly Taxes equals Estimated Gross Monthly Income multiplied by the Estimated Average (Effective) Income Tax Rate of 20%.

Debt Management

Calculation Assumptions

- Debt-to-Earned Income Ratio equals your Total Household Current Monthly Debt Payments divided by Your Total Household Current Gross Monthly Salaries.
- Years Until Debt is Paid Off equals the number of years it will take to pay off the Current Balance, assuming you continue to pay the current Monthly Payment, at the current Interest Rate, with no additions to the current Balance.
- Average Interest Rate on Credit Cards represents a weighted average based on each credit card current Balance.

Emergency Fund

Calculation Assumptions

- Emergency Fund Needed based on total household current gross monthly salaries multiplied by 3 months.

Survivor Needs—Assumes Larry Dies

Assumed Years of Death

- This presentation assumes Larry dies immediately.

Income Needs Assumption

- Susan will require 100% of current household income while the children are at home.

  When the youngest child turns 18, Susan will require 60% of current household income for remaining years.

  Needs are provided for 30 years.

Assumptions (Continued)

Survivor Needs—Assumes Larry Dies (Continued)

Interest Rate Assumptions

- Education costs are assumed to increase at a 6% annual inflation rate.
- All other living expenses are assumed to increase at a 3% annual inflation rate.
- All lump sum values in today's dollars are assumed to grow at 4.000% annually.

Social Security Assumptions

- Larry and Susan's Social Security benefit amounts are based on their current salaries. Social Security children's benefits are paid until age 18. Social Security retirement benefit begins at Susan's age 67. No Social Security benefits will be paid if there are years after the youngest child turns 18, but before Susan's age 67.

Survivor Needs—Assumes Susan Dies

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- Larry will require 100% of current household income while the children are at home.

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Disability Needs—Assumes Larry Becomes Disabled Today

Assumed Disability

- This presentation assumes Larry becomes disabled immediately.

Assumptions (Continued)

Disability Needs—Assumes Larry Becomes Disabled Today (Continued)

Income Needs Assumption

- Larry will require 60% of current household income during disability.

Disability versus Death Probability

- The probabilities of dying before age 65 are based on the 1990-1995 U.S. Basic Male and Female Tables (Age Nearest Birthday) developed by the Society of Actuaries. The probabilities of becoming disabled before age 65 are based on the 1985 Commissioner's Individual Disability A Tables for occupation class 1 (white collar) and a 60-day elimination period. Disability is assumed to last at least two years or longer.

Social Security Assumptions

- Larry's Social Security benefit amount is based on his current salary.

Disability Needs—Assumes Susan Becomes Disabled Today

Assumed Disability

- This presentation assumes Susan becomes disabled immediately.

Income Needs Assumption

- Susan will require 60% of current household income during disability.

Disability versus Death Probability

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Social Security Assumptions

- Susan's Social Security benefit amount is based on her current salary.

Long-Term Care Needs—Assumes Larry Has a LTC Need at Age 75

Long-Term Care Need Assumptions

- Monthly long-term care need (in today's dollars) of $6,000 with a 3% inflation rate. Long-term care need will begin at age 75 and continue for 5 years.

Assumptions (Continued)

Long-Term Care Needs—Assumes Larry Has a LTC Need at Age 75 (Continued)

Annual Savings Assumptions

- The annual savings assumed rate of return (2.43%) is the average rate of return of all existing assets.

Long-Term Care Needs—Assumes Susan Has a LTC Need at Age 75

Long-Term Care Need Assumptions

- Monthly long-term care need (in today's dollars) of $6,000 with a 3% inflation rate. Long-term care need will begin at age 75 and continue for 5 years.

Annual Savings Assumptions

- The annual savings assumed rate of return (2.43%) is the average rate of return of all existing assets.

Retirement Needs

Years Illustrated

- This presentation continues until Susan reaches age 80.

Income Needs Assumption

- Larry retires at 65, Susan retires at 65.
- Larry and Susan require 90% of current household income during retirement.

Interest Rate Assumptions

- All income needs are assumed to increase at a 3% annual general inflation rate.
- Income sources and asset balances increase annually based on the rate listed on the Your Personal Information page.
- All lump sum values at retirement are assumed to grow at 4.000% annually.
- All interest rates compounded annually with all monthly contributions for the year added at the end of the year.
- Monthly Savings Needed amount assumes your additional savings will be invested similarly to your current assets, and therefore assumes the average rate of return of all your existing assets.

Social Security Assumptions

- Larry's and Susan's Social Security benefit amounts are based on their current salaries and their age when the benefit begins. Larry starts Social Security benefits at 67, Susan starts Social Security benefits at 67.

Assumptions (Continued)

Education Needs

- For Michael, requires 100% of the total cost of Clemson University for 4 years.
  For Karen, requires 100% of the total cost of The University of North Carolina at Chapel Hill for 4 years.
- Education costs inflation rate: 6%
- Education savings rate of return: 5.000%
- Current and additional savings begin today and continue until the start of the last dependent's final year of education.
- All interest rates compounded annually with all monthly contributions for the year added at the end of the year.

Your Strategies

Many people today, whether through poor planning or lack of a financial education, have downsized or discarded their dreams. You have determined that your family deserves better—they deserve to achieve their dreams.

We believe that there is no room for compromise when it comes to someone's dreams. So let us work with you to help you move from dreaming to doing today.

Recommendations:

Debt Management

Debt-Earned Income Ratio: **17.96%**

82%

Total Monthly Debt:	$2,500
Total Monthly Income:	$13,917

Priority List for Managing Debt

1. ______________________
2. ______________________
3. ______________________

Emergency Fund

Your Remaining Need: **$41,750**

0%

Total Need:	$41,750
Total Have:	$0

Committment to Building Emergency Fund

Monthly Amount: $

Proper Protection

Remaining Life Insurance Need for Larry: **$711,092**

55%

Total Current Need:	$1,576,092
Current Have:	$200,000
Assets Available to Fund Survivor Needs:	$665,000

Death Benefit: $

Monthly Premium: $

Policy Type:

Proper Protection

Remaining Life Insurance Need for Susan: **$350,021**

66%

Total Current Need:	$1,015,021
Current Have:	$0
Assets Available to Fund Survivor Needs:	$665,000

Death Benefit: $

Monthly Premium: $

Policy Type:

Disability

Insurance Need for Larry: **$57,000**

0%

Total Current Monthly Need:	$57,000
Total Current Disability Income Have:	$0

Insurance Policy Details

Monthly Benefit: $

Monthly Premium: $

Your Strategies (Continued)

Disability Insurance Need for Susan: **$43,200**

0%

Total Current Monthly Need:	$43,200
Total Current Disability Income Have:	$0

Insurance Policy Details

Monthly Benefit: $

Monthly Premium: $

Long-Term Care Remaining Need for Larry: **$19,572**

0%

Total Monthly Need:	$19,572
Total Current Policy Benefits Have:	$0

Insurance Policy Details

Monthly Benefit: $

Monthly Premium: $

Long-Term Care Remaining Need for Susan: **$20,764**

0%

Total Monthly Need:	$20,764
Total Current Policy Benefits Have:	$0

Insurance Policy Details

Monthly Benefit: $

Monthly Premium: $

Retirement Monthly Savings Need: **$3,133**

72%

Total Projected Need:	$5,747,012
Total Projected Have:	$4,115,266

Commitment to Building Your Retirement Fund

Monthly Amount: $

Education Monthly Savings Need: **$1,290**

24%

Total Need:	$191,276
Total Have:	$45,817

Committment to Building Your Education Fund

Monthly Amount: $