

Protect Your Family's Lifestyle



**For
Fred Alpert
and
Naomi Alpert**

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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 financial needs. It can serve as a guide for discussions with your professional advisors. Each of the needs 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 (Financial Needs Analysis) 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.

Protecting Your Family's Lifestyle

Important Notes

When you think of protection, you think of your family. You think about protecting the lifestyle you have and are continuing to build together. Protection is best achieved through preparation. The following report uses the information you have shared—your assets, your wishes, and your thoughts about the future. This report uses estimated calculations based on this information so that you can better consider your options. Of course, the actual results may vary substantially from the figures shown. There are many areas of protection for your lifestyle. This report just considers the following:

Education Expenses



The education of your children continues to increase in importance. With educational costs increasing faster than inflation, it is necessary to prepare in advance in order to assure your children an education.

Building and Preparing for Retirement



A financially secure retirement requires careful preparation, as well as, coordination of your existing assets and qualified retirement plans.

Immediate Cash Needs if Death Occurs



Life can be unpredictable. If something were to happen to you, would your family have the ability to pay the expenses associated with your death? These expenses are immediate cash needs such as funeral expenses, legal fees, taxes, mortgages, and debts.

Survivor Income Needs if Death Occurs



You provide for your family's lifestyle through your income. In the event of your death, your survivors will need to replace a portion of that income to maintain the lifestyle you have established. Social Security benefits may provide a portion of the needed income, but usually this is only a part of the income needed. Withdrawals or liquidations of some of your assets may be necessary.

Family Income Needs if Disabled



Should you lose your ability to provide income through an accident or illness, how would you maintain your lifestyle? Social Security benefits may provide a portion of needed income. How long would your present assets provide the necessary funds?

Long-Term Care



Long-term care, whether it is nursing home or home health care, depletes your accumulation of wealth. The extremely high costs associated with these types of care are seldom covered by regular health insurance. Assets intended for retirement are often used to cover these expenses.

If any new life insurance is proposed, a complete illustration, including any required prospectus, should be attached.

Your Current Situation

Your financial lifestyle is determined by (a) your financial goals and desires and (b) your saving and spending habits. This analysis examines your current assets and liabilities, reviews the cash flow necessary for you to maintain your lifestyle, and then shows you the results or consequences of various scenarios. Below is a summary of your current financial situation.

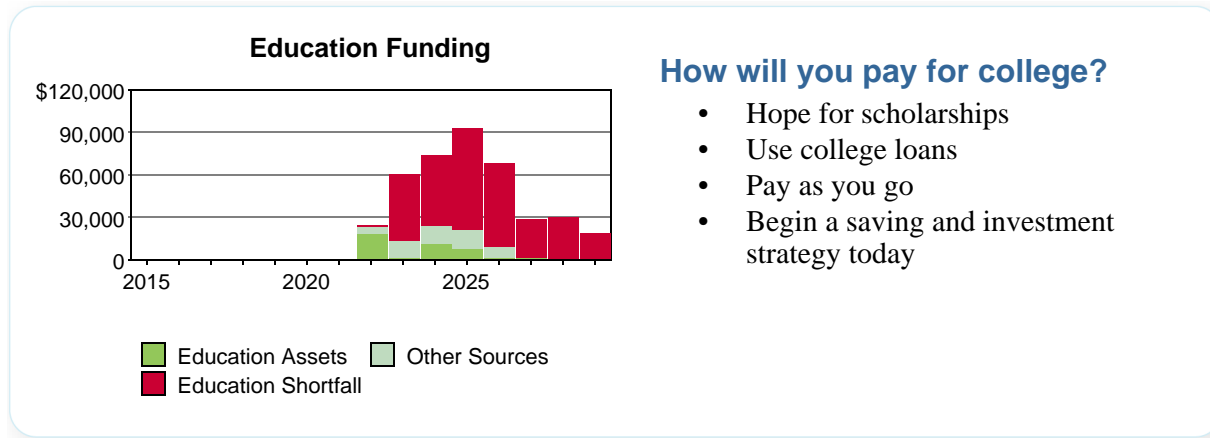
	Fred	Naomi	Joint	Total
Assets				
Liquid Assets				
Primary Checking			\$10,000	\$10,000
All Other Assets			\$80,000	\$80,000
Joint Investment Acct.			\$50,000	\$50,000
Retirement Plans				
Fred's 401k	\$25,000			\$25,000
Naomi's IRA		\$10,000		\$10,000
Residence				
Primary Residence			\$500,000	\$500,000
Educational Savings Plans				
Michael's 529 Plan	\$9,000			\$9,000
Karen's 529 Plan	\$6,000			\$6,000
Total Assets Today	\$40,000	\$10,000	\$640,000	\$690,000
Liabilities				
Mortgages				
Loan for Primary Residence			\$410,000	\$410,000
Total Liabilities Today			\$410,000	\$410,000

Net Worth

Your Assets	\$690,000
Less Your Liabilities	\$410,000
Total Net Worth Today	\$280,000

Education Funding

Education costs have been rising faster than general inflation. In the past ten years, the average annual increase has been *twice* that of the average annual increase in the Consumer Price Index.¹ These annual education cost estimates consider an education inflation rate of 6.00%.



Education Goals

Education For	School	Education Cost Today	Start in Year ²	Years
Michael Alpert	Clemson University	\$38,370	2022	4
Karen Alpert	UNC Chapel Hill	\$14,036	2024	5

Total Cost of Education Needs³

\$229,084

The amount needed today to fund all education goals invested at 5.00% provides the total costs for all years of education of \$399,578 at the start of the individual education goal. This amount assumes inflation at 6.00% but does not consider your education assets or funding provided by other sources.

Education Funding Shortfall Today⁴

\$174,929

The remaining funds needed today consider your assets designated for education (current value \$15,000) as well as anticipated funding from other sources. This amount is assumed to be invested until needed and with 5.00% growth would provide the additional money needed by the start of each education goal.

Monthly Savings Required to Fund Shortfall

\$2,247

An alternative way to provide the additional funds needed today of \$174,929 would be a savings fund. These monthly deposits invested at 5.00% would provide the money needed by the start of each individual education need. The monthly amount would reduce as each education need is started.

¹ U.S. Bureau of Labor Statistics and "Trends in College Pricing 2006." The College Board (www.collegeboard.com), 2006.

² Annual costs are assumed paid in 12 monthly payments.

³ The lump sum investment today that would grow to the amount needed at the start of the education need. Values assume that interest is earned at the rate of 5% each year until needed.

⁴ Additional Funds Needed Today reflects the Total Projected Costs less Education Assets and the Portion from Other Sources.

Summary of Education Needs

Education Goals

Education For	School	Annual Education Cost Today	Start in Year ¹	First Year Cost ²	For Years	Total Projected Costs ²	Amount Required Today ^{3,4}
Michael Alpert	Clemson University	\$38,370	2022	\$57,694	4	\$261,224	\$156,136
Karen Alpert	UNC Chapel Hill	\$14,036	2024	\$23,714	5	\$138,354	\$72,948
Total						\$399,578	\$229,084

Education Assets

Education Assets	Current Balance
Michael's 529 Plan	\$9,000
Karen's 529 Plan	\$6,000

Education Needs

Education For	Amount Required Today ^{3,4}	Portion Funded from Other Sources ⁵	Additional Funds Needed Today ⁶	Additional Monthly Savings Required ⁴	Time Monthly Savings Required
Michael Alpert	\$156,136	20.00%	\$112,222	\$1,540	7 yrs 3 mo.
Karen Alpert	\$72,948	0.00%	\$62,708	\$707	9 yrs 3 mo.
Total	\$229,084		\$174,929	\$2,247	

Annual Education Needs

Year	Annual Education Cost	Paid from Other Sources	Balance of Assets for Education ⁷	Education Shortage for Year
2015	\$0	\$0	\$16,781	\$0
2016	0	0	18,674	0
2017	0	0	20,643	0
2018	0	0	22,690	0
2019	0	0	24,820	0
2020	0	0	27,034	0
2021	0	0	29,337	0
2022	24,039	4,808	13,815	1,440
2023	61,156	12,231	14,976	48,323
2024	74,706	12,965	6,239	51,258
2025	93,851	13,743	50	73,076
2026	69,133	8,498	50	60,033
2027	28,243	0	0	28,043
2028	29,938	0	0	29,938
2029	18,512	0	252	18,512

¹ Annual costs are assumed paid in 12 monthly payments.

² Estimated costs based on Annual Cost Today and inflation rate of 6.00%. Total Projected Costs is the sum of these costs throughout the education years. Annual costs are assumed paid in 12 monthly payments from August through July. The graph reflects costs by calendar year.

³ The lump sum investment today that would grow to the amount needed at the start of the education need.

⁴ Values assume that interest is earned at the rate of 5.00% each year until needed.

⁵ Other sources may include scholarships, financial aid, gifts, or student work.

⁶ Additional Funds Needed Today reflects the Total Projected Costs less Education Assets and the Portion from Other Sources.

⁷ Balance includes any predetermined deposits to education assets.

Once Retirement Begins

This page considers your expenses during retirement and whether you are currently saving enough to meet your retirement goals. *It does not consider your lifestyle prior to retirement.*

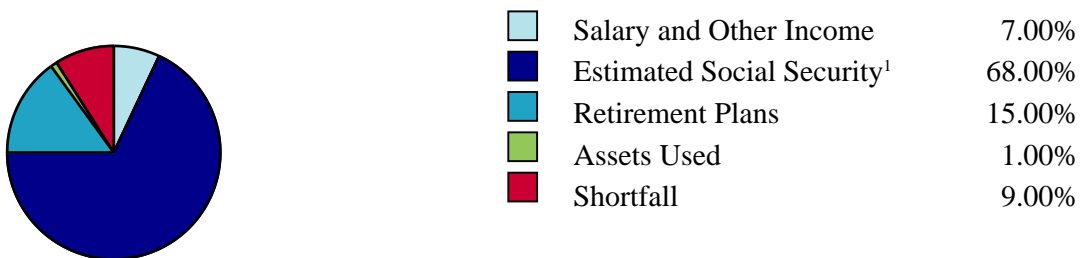
- Retirement begins at Fred's age 65, Naomi's age 65
- Social Security retirement benefits begin at age 67 for Fred and at 67 for Naomi
- Retirement is illustrated for 28 years.

Retirement Income Needed

Instead of asking you to estimate income needed to pay your expenses at retirement, this analysis examines your lifestyle expenses. It then considers sources of income such as any continuing salaries, other income, Social Security benefits, and your retirement plans. Assets you have designated for use at retirement are also considered. Assets you designated as "Do Not Use," have not been used to pay retirement expenses. Estimated retirement income and available assets are compared to all retirement expenses. Retirement success is defined as:

- Paying all expenses
- Not using any of those assets you have designated not to use
- Not running out of money

Sources of Retirement Income



Retirement Failure

Estimated income and assets available for your retirement appear to be insufficient to provide for the retirement lifestyle.

A cash flow failure occurs in 2027

The value of expenses not covered— *the shortfall*— at the start of retirement in year 2041 is \$719,265. For the purpose of this analysis, the retirement shortage is the equivalent of reducing outgoing payments during retirement by 11%.

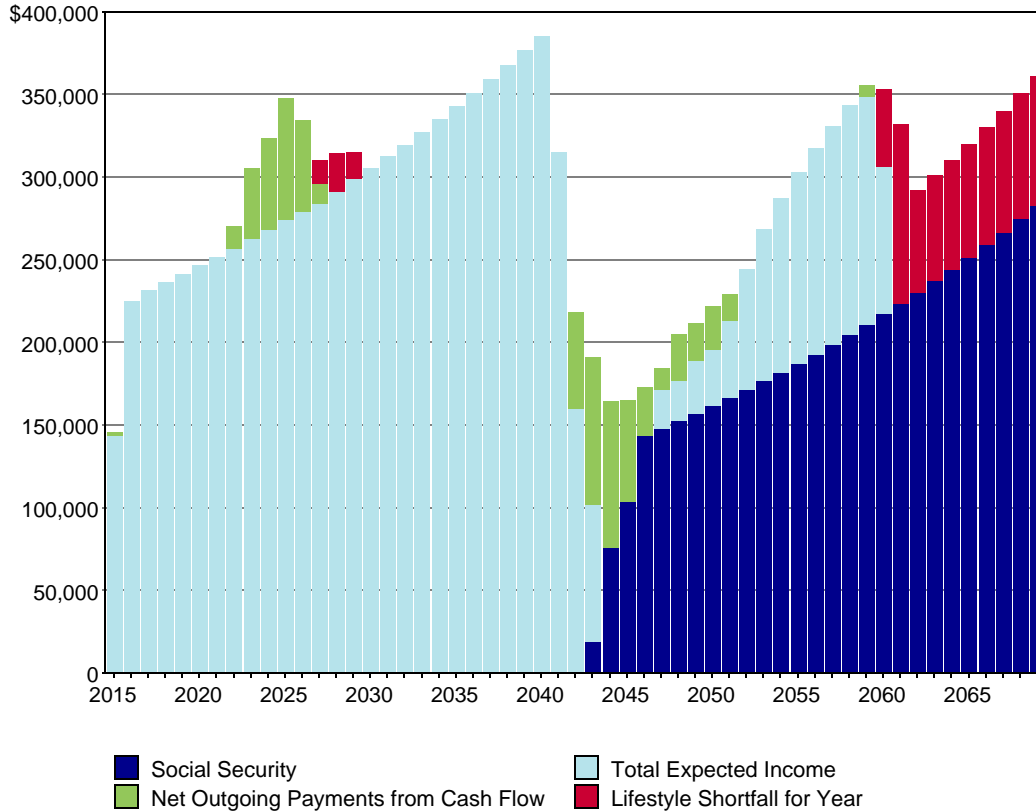
To fund the shortfall assuming a 5.000% growth rate, you would need \$192,654 today or make monthly deposits of \$1,053 between now and the start of retirement.

Unfortunately, you have a cash flow failure before retirement!

¹ Social Security benefits are based on a number of factors. One factor is the portion of your wages each year that are subject to Social Security taxes. Based on the information you provided, Fred's Social Security are estimates based on salary and Naomi's Social Security are estimates based on salary. This is an estimate of the monthly benefit available. Actual retirement benefits may be greater or less than the amount shown.

Now Through Retirement

Retirement is set to begin when Fred is age 65. Retirement is illustrated for 28 years. A successful retirement requires that all lifestyle expenses be satisfied before retirement. Otherwise, assets intended for retirement may be depleted.



Remaining Needs

Period	Start Year	Through Year	Amount Needed in Today's Dollars for Just this Period
Before Retirement	2025	2040	\$28,416
During Retirement	2041	2070	\$64,545

Cash Flow Before Retirement

It is important to consider cash flows between now and retirement when analyzing your retirement needs. Expenses before retirement may deplete the assets and investments intended to support you through retirement. If cash flow failures occur before retirement, examining your pre-retirement lifestyle may be a necessary step in creating a realistic retirement plan.

Now Through Retirement Details

Retirement is set to begin when Fred is age 65. Retirement is illustrated for 28 years. A successful retirement requires that all lifestyle expenses be satisfied before retirement. Otherwise, assets intended for retirement may be depleted.

Year	Outgoing Payments		Expected Income			Assets		
	Living Expenses ¹	Education and Spending Goals	Tax Payments and With-holdings ²	Salary and Other Income ³	Social Security ⁴	Payments Withdrawn from Available Assets	Shortfall ⁵	Net Worth ⁶
2015	\$85,120	\$0	\$60,744	\$144,000	\$0	\$1,864	-	\$335,188
2016	130,294	0	87,228	225,298	0	0	-	380,988
2017	132,985	0	87,639	232,048	0	0	-	430,800
2018	135,757	0	90,059	236,965	0	0	-	482,754
2019	138,611	0	92,546	241,993	0	0	-	536,927
2020	141,550	0	95,104	247,135	0	0	-	593,397
2021	144,577	0	97,734	252,394	0	0	-	652,246
2022	147,693	19,231	100,440	257,770	0	13,403	-	694,202
2023	150,903	48,925	103,222	263,268	0	43,124	-	708,403
2024	154,209	61,741	106,078	268,896	0	55,990	-	711,442
2025	157,612	80,108	108,679	274,988	0	74,103	-	696,919
2026	161,118	60,635	112,400	280,174	0	55,443	-	701,174
2027	163,444	28,243	119,612	285,282	0	11,613	14,405	735,089
2028	166,682	29,938	118,705	292,346	0	0	23,312	773,983
2029	171,214	18,512	120,883	299,751	0	0	16,332	828,163
2030	176,215	0	123,992	306,461	0	0	-	904,064
2031	155,268	0	127,075	313,441	0	0	-	983,033
2032	148,455	0	130,478	320,640	0	0	-	1,063,610
2033	152,761	0	133,327	328,243	0	0	-	1,146,381
2034	157,194	0	136,186	336,033	0	0	-	1,231,478
2035	161,760	0	139,116	344,016	0	0	-	1,318,980
2036	166,462	0	142,118	352,197	0	0	-	1,408,967
2037	171,304	0	145,195	360,581	0	0	-	1,501,524
2038	176,291	0	148,348	369,172	0	0	-	1,596,741
2039	181,426	0	151,580	377,976	0	0	-	1,694,710
2040	186,715	0	154,891	386,999	0	0	-	1,795,528
R 2041	177,678	0	129,201	315,923	0	0	-	1,859,296
2042	153,136	0	65,780	159,933	0	58,983	-	1,850,692
2043	156,321	0	34,196	83,298	18,278	89,874	-	1,811,893
2044	159,561	0	4,957	0	75,306	89,212	-	1,774,359
2045	164,312	0	989	0	103,428	61,873	-	1,766,209
2046	169,205	0	4,395	0	143,825	29,776	-	1,792,293
2047	174,246	0	10,404	23,374	148,139	13,136	-	1,813,874
2048	179,437	0	26,180	24,492	152,584	28,541	-	1,820,095
2049	184,784	0	27,565	32,337	157,161	22,852	-	1,825,316

¹ Basic expenses, loan payments, and retirement contributions.

² All payroll withholding taxes, including any FICA taxes, plus additional tax payments (income and capital gains tax). Refunds are shown as other income in the year received.

³ Salary, other income, dividends, and other distributions from holdings, new loan proceeds, and retirement plan distributions

⁴ Benefits may be reduced for earnings from current work prior to full retirement age (FRA). FRA for Fred is age 67 and FRA for Naomi is age 67.

⁵ The sum of the amount the monthly outgoing payments exceeded the expected income after using any assets available for the needed cash flow. (Assets designated "Do Not Use," or restricted are not considered available.)

⁶ Net Worth is equal to the estimated value of all assets less liabilities and cumulative annual shortfalls.

R-Retirement assumed to begin in this year.

Now Through Retirement Details (Continued)

Year	Outgoing Payments		Expected Income			Assets		
	Living Expenses ¹	Education and Spending Goals	Tax Payments and With-holdings ²	Salary and Other Income ³	Social Security ⁴	Payments Withdrawn from Available Assets	Shortfall ⁵	Net Worth ⁶
2050	190,292	0	32,200	33,880	161,876	26,735	-	1,825,803
2051	195,964	0	33,903	46,882	166,732	16,253	-	1,823,391
2052	201,807	0	43,046	73,399	171,734	0	-	1,809,887
2053	207,825	0	60,962	92,195	176,886	0	-	1,775,454
2054	214,024	0	73,902	106,041	182,193	0	-	1,724,209
2055	220,409	0	83,659	116,691	187,659	0	-	1,658,600
2056	226,985	0	91,376	125,409	193,288	0	-	1,580,001
2057	233,759	0	97,861	132,836	199,087	0	-	1,489,007
2058	240,736	0	103,542	139,531	205,060	0	-	1,385,798
2059	247,922	0	108,774	138,477	211,211	7,007	-	1,270,186
2060	255,323	0	99,342	90,051	217,548	0	47,066	1,158,154
2061	262,947	0	70,206	0	224,074	0	109,078	1,074,291
2062	270,799	0	22,341	0	230,796	0	62,344	1,037,668
2063	278,887	0	23,341	0	237,720	0	64,508	999,397
2064	287,218	0	24,371	0	244,852	0	66,737	959,423
2065	295,798	0	25,432	0	252,197	0	69,033	917,690
2066	304,636	0	26,524	0	259,763	0	71,398	874,139
2067	313,740	0	27,650	0	267,556	0	73,833	828,712
2068	323,116	0	28,809	0	275,583	0	76,342	781,345
2069	332,773	0	30,003	0	283,850	0	78,926	731,975

¹ Basic expenses, loan payments, and retirement contributions.

² All payroll withholding taxes, including any FICA taxes, plus additional tax payments (income and capital gains tax). Refunds are shown as other income in the year received.

³ Salary, other income, dividends, and other distributions from holdings, new loan proceeds, and retirement plan distributions

⁴ Benefits may be reduced for earnings from current work prior to full retirement age (FRA). FRA for Fred is age 67 and FRA for Naomi is age 67.

⁵ The sum of the amount the monthly outgoing payments exceeded the expected income after using any assets available for the needed cash flow. (Assets designated "Do Not Use," or restricted are not considered available.)

⁶ Net Worth is equal to the estimated value of all assets less liabilities and cumulative annual shortfalls.

Sources of Retirement Income

Three sources of Retirement Income

For most people, Social Security will provide for less than one third of their retirement.

1. Social Security

Social Security provides retirement benefits to most workers who are age 62 or older. These benefits are based on their earnings history and their normal retirement age. In addition, spouses are eligible for retirement benefits based on the worker's record. The normal retirement age for full benefits is age 67 for those born in 1960 and later. (Normal retirement age varies between age 65 and 67 for people born between 1937 and 1960.)

The rest of their retirement income must come from other sources, such as an employer sponsored retirement plan and personal savings.

2. Qualified Retirement Plans

Your retirement plan is a major part of your retirement income, so before you can properly prepare for retirement, you must know what to expect from your plan. Most employer sponsored retirement plans are either defined benefit plans or defined contribution plans.

3. Savings and Individual Investments

Multiple investment vehicles can be established to help you save for retirement. Examples of personal savings may be CDs, mutual funds or stock. Also, the government provides for tax deferred growth through investments like IRAs and annuities. These tax deferred investments have strict regulations governing their use.

No one income source, such as Social Security or your retirement plan, is intended to provide all of your retirement nest egg.

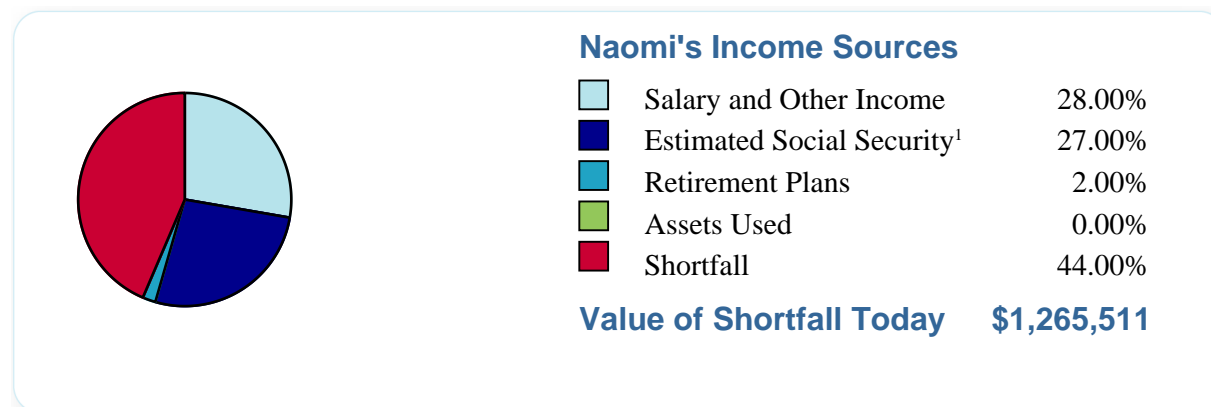
Build a retirement strategy based on all three of these sources of retirement income.

Income Needs at Fred's Death

If Fred was to die today, how would your loved ones pay the bills that will continue to come in? This analysis considers whether your survivors' income sources and assets will be able to support their cash flow needs after your death.

Survivor Income Needs

- Final expenses of \$15,000 to pay final medical bills, provide funeral arrangements, and pay any final taxes.
- Continuing lifestyle expenses to pay everyday expenses such as food, bills, insurance, mortgages and other debts, taxes, etc. Often it may take some time for the survivors' expenses to "adjust" to a new lifestyle after a death. This period of time is called the adjustment period. This analysis assumes an adjustment period of 24 months.



Social Security Benefits

Social Security benefits are available to those who fulfill work requirements in positions covered by Social Security. If you die, benefits are payable to your spouse and children under 18 years of age, subject to a family maximum benefit. The monthly benefit is based on your earnings record at the date of your death. Survivor benefits each year may increase to reflect changes in the cost of living. In addition, there is a one-time lump sum death benefit of \$255. The estimated initial monthly Social Security survivor benefit is \$3,994.

Life Insurance on Fred

Life insurance on Fred's life will be paid to the designated beneficiary. The beneficiary designation is very important as it determines if the proceeds will be available to provide the income needs. This illustration has considered the life insurance on the life of Fred of \$200,000.

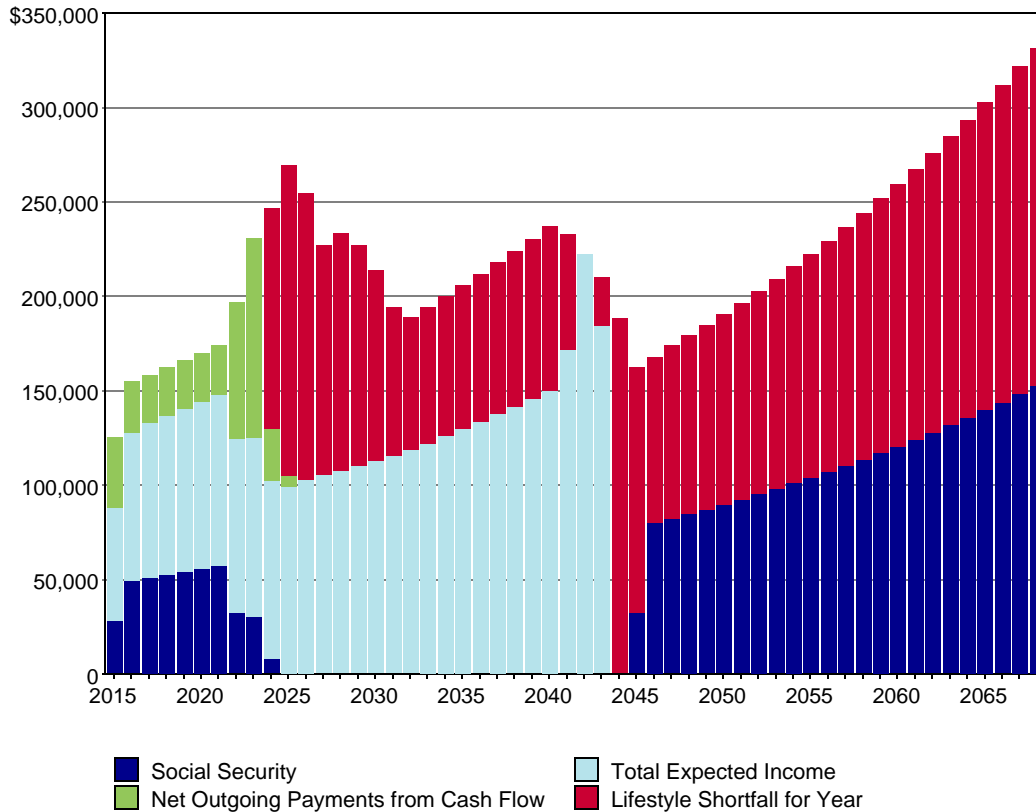
Replacing Your Income for Your Survivors

Additional income is necessary to maintain your family's lifestyle. This income can be provided by increasing spouse's earnings, added withdrawals, and possible liquidation of existing assets, or through a fund provided by life insurance death proceeds. Life insurance death proceeds can provide the monthly income needed to maintain your family's lifestyle and provide cash to pay immediate expenses at your death.

¹ This is an estimate of the monthly benefit available based on information provided by the client. Actual survivor benefits may be greater or less than the amount shown.

Income Needs at Fred's Death

You provide for your family's lifestyle through your income. In the event of your death, your survivors will need to replace a portion of that income to maintain the lifestyle you have established. Social Security benefits may provide a portion of the needed income. Usually, this is only a part of the income needed. Withdrawals or liquidations of some of your assets may be necessary.



Remaining Needs

Period	Start Year	Through Year	Amount Needed in Today's Dollars for Just this Period	Amount Needed Today to Fund Through Period
With Children at Home	2015	2024	\$74,567	\$74,567
Before Retirement	2025	2040	\$717,247	\$791,814
During Retirement	2041	2069	\$473,696	\$1,265,511
Lump Sum to Provide Total Amount Needed Today¹			\$1,265,511	

Life insurance can protect income needs.

¹ Life Insurance proceeds of \$200,000 from Fred's death have been considered.

An Alternate Approach at Fred's Death

Rather than supplementing your survivors' income needs on a continuing basis, an alternative approach would be to use life insurance to relieve your survivors of the major financial burdens they would face in order to provide them with a head start on managing their own continuing income needs.

Objective

- Eliminate major financial burdens so that survivor income is less of a concern
- Use life insurance to provide cash immediately at death to pay the following expenses:

Final Expenses \$18,532

Estimated expenses associated with death include doctor bills, long hospital stays, expensive surgeries, funeral expenses, inheritance taxes, or estate taxes.

Present Debts \$395,492

It may not be necessary to pay off all of your acquired debts. Although by doing so, Naomi will not have to repay the loans plus the interest on these debts and less income will be needed for your family.

Emergency Funds¹ \$54,000

The best financial analyses can be ruined by unexpected emergencies. Adequate cash reserves can often protect the plans you put in place.

Education Funds² \$176,445

Amount needed to fund education today.

Total Cash Needs at Fred's Death \$644,469

Immediate cash needs at death include debts, emergency funds, final expenses, taxes, and education funds.

Life Insurance on Fred

Fred's Life Policy	\$200,000
Total	\$200,000

Providing for these expenses at your death will reduce your survivor's income needs.

¹ Emergency funds are estimated at the greater of 5% of all liquid assets or three months salary.

² The amount needed today to fund total costs of education. This does not consider education assets and the portion that may be provided by other sources.

Income Details at Fred's Death

You provide for your family's lifestyle through your income. In the event of your death, your survivors will need to replace a portion of that income to maintain the lifestyle you have established. Social Security benefits may provide a portion of the needed income. Usually, this is only a part of the income needed. Withdrawals or liquidations of some of your assets may be necessary.

Year	Outgoing Payments			Expected Income		Payments Withdrawn from Available Assets	Assets	Net Worth ⁶
	Living Expenses ¹	Education and Spending Goals	Tax Payments and With-holdings ²	Salary and Other Income ³	Social Security ⁴	Shortfall ⁵		
2015	\$99,788	\$0	\$25,590	\$60,000	\$27,962	\$37,416	-	\$495,861
2016	123,756	0	27,191	78,598	49,372	27,415	-	504,098
2017	126,389	0	26,297	82,666	50,853	25,448	-	515,812
2018	129,100	0	27,592	84,640	52,379	25,637	-	528,914
2019	131,893	0	28,931	86,667	53,950	25,838	-	543,465
2020	134,770	0	30,318	88,749	55,569	26,052	-	559,526
2021	137,733	0	31,754	90,885	57,236	26,279	-	577,164
2022	140,785	19,231	33,240	93,078	31,933	72,773	-	549,839
2023	143,929	48,925	34,698	95,409	30,361	105,984	-	488,307
2024	145,731	61,741	39,229	94,781	7,818	27,571	117,369	385,355
2025	148,889	80,108	38,775	99,256	0	5,664	165,345	257,348
2026	152,276	60,635	39,320	102,852	0	0	152,566	149,560
2027	155,764	28,243	41,077	105,361	0	0	122,429	73,803
2028	159,357	29,938	42,896	107,934	0	0	126,456	-3,998
2029	163,058	18,512	44,781	110,574	0	0	117,444	-70,710
2030	166,869	0	46,734	113,282	0	0	101,430	-119,233
2031	145,789	0	48,757	116,059	0	0	79,007	-168,451
2032	138,839	0	50,687	119,043	0	0	70,521	-219,539
2033	143,004	0	52,026	122,575	0	0	72,455	-272,016
2034	147,295	0	53,366	126,252	0	0	74,408	-325,879
2035	151,713	0	54,747	130,040	0	0	76,420	-381,170
2036	156,265	0	56,169	133,941	0	0	78,492	-437,927
2037	160,953	0	57,633	137,959	0	0	80,626	-496,192
2038	165,781	0	59,142	142,098	0	0	82,825	-556,006
2039	170,755	0	60,696	146,361	0	0	85,089	-617,413
2040	175,877	0	62,296	150,752	0	0	87,421	-680,456
2041	169,939	0	63,945	172,482	0	0	61,402	-733,209
2042	151,936	0	71,363	223,299	0	0	-	-770,443
2043	153,749	0	57,259	185,245	0	0	25,763	-879,231
2044	158,361	0	30,600	0	0	0	188,962	-1,050,228
2045	163,112	0	0	0	32,319	0	130,793	-1,162,697
2046	168,005	0	0	0	79,893	0	88,113	-1,232,119
2047	173,046	0	1,391	0	82,289	0	92,147	-1,305,201
2048	178,237	0	1,600	0	84,758	0	95,079	-1,380,835
2049	183,584	0	1,816	0	87,301	0	98,100	-1,459,100

¹ Basic expenses, loan payments, and retirement contributions.

² All payroll withholding taxes, including any FICA taxes, plus additional tax payments (income and capital gains tax). Refunds are shown as other income in the year received.

³ Salary, other income, dividends, and other distributions from holdings, new loan proceeds, and retirement plan distributions

⁴ Benefits may be reduced for earnings from current work prior to full retirement age (FRA). FRA for Fred is age 67 and FRA for Naomi is age 67.

⁵ The sum of the amount the monthly outgoing payments exceeded the expected income after using any assets available for the needed cash flow. (Assets designated "Do Not Use," or restricted are not considered available.)

⁶ Net Worth is equal to the estimated value of all assets less liabilities and cumulative annual shortfalls.

Income Details at Fred's Death (Continued)

Year	Outgoing Payments			Expected Income		Payments Withdrawn from Available Assets	Assets	
	Living Expenses ¹	Education and Spending Goals	Tax Payments and With- holdings ²	Salary and Other Income ³	Social Security ⁴		Shortfall ⁵	Net Worth ⁶
2050	189,092	0	2,039	0	89,920	0	101,211	-1,540,079
2051	194,764	0	2,386	0	92,617	0	104,532	-1,623,976
2052	200,607	0	2,787	0	95,396	0	107,998	-1,710,925
2053	206,625	0	3,200	0	98,258	0	111,568	-1,801,024
2054	212,824	0	3,626	0	101,206	0	115,245	-1,894,369
2055	219,209	0	4,064	0	104,242	0	119,032	-1,991,064
2056	225,785	0	4,516	0	107,369	0	122,932	-2,091,212
2057	232,559	0	4,981	0	110,590	0	126,950	-2,194,923
2058	239,536	0	5,460	0	113,908	0	131,088	-2,302,307
2059	246,722	0	5,954	0	117,325	0	135,350	-2,413,479
2060	254,123	0	6,462	0	120,845	0	139,741	-2,528,558
2061	261,747	0	6,986	0	124,470	0	144,263	-2,647,666
2062	269,599	0	7,525	0	128,204	0	148,920	-2,770,928
2063	277,687	0	8,080	0	132,050	0	153,717	-2,898,474
2064	286,018	0	8,652	0	136,012	0	158,659	-3,030,438
2065	294,598	0	9,242	0	140,092	0	163,748	-3,166,957
2066	303,436	0	9,849	0	144,295	0	168,990	-3,308,174
2067	312,540	0	10,474	0	148,624	0	174,390	-3,454,235
2068	321,916	0	11,118	0	153,082	0	179,951	-3,605,291

¹ Basic expenses, loan payments, and retirement contributions.

² All payroll withholding taxes, including any FICA taxes, plus additional tax payments (income and capital gains tax). Refunds are shown as other income in the year received.

³ Salary, other income, dividends, and other distributions from holdings, new loan proceeds, and retirement plan distributions

⁴ Benefits may be reduced for earnings from current work prior to full retirement age (FRA). FRA for Fred is age 67 and FRA for Naomi is age 67.

⁵ The sum of the amount the monthly outgoing payments exceeded the expected income after using any assets available for the needed cash flow. (Assets designated "Do Not Use," or restricted are not considered available.)

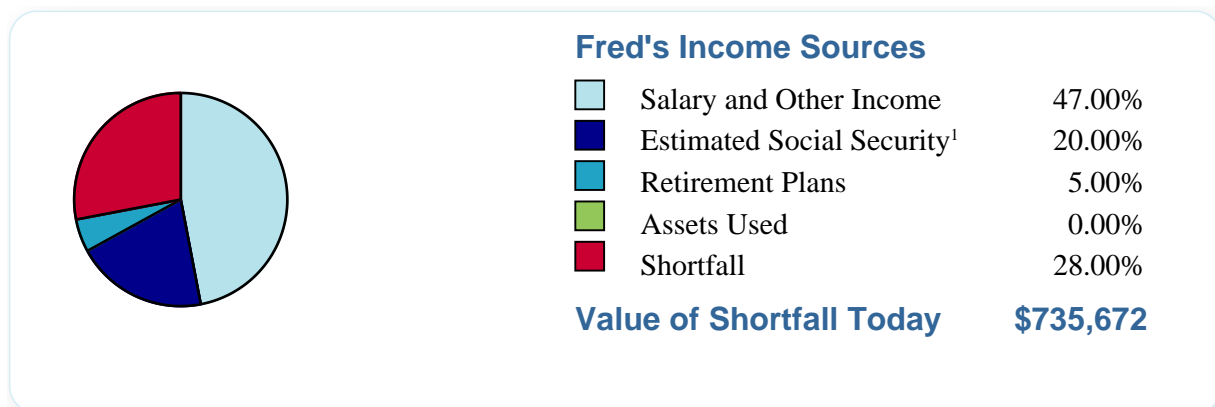
⁶ Net Worth is equal to the estimated value of all assets less liabilities and cumulative annual shortfalls.

Income Needs at Naomi's Death

If Naomi was to die today, how would your loved ones pay the bills that will continue to come in? This analysis considers whether your survivors' income sources and assets will be able to support their cash flow needs after your death.

Survivor Income Needs

- Final expenses of \$15,000 to pay final medical bills, provide funeral arrangements, and pay any final taxes.
- Continuing lifestyle expenses to pay everyday expenses such as food, bills, insurance, mortgages and other debts, taxes, etc. Often it may take some time for the survivors' expenses to "adjust" to a new lifestyle after a death. This period of time is called the adjustment period. This analysis assumes an adjustment period of 24 months.



Social Security Benefits

Social Security benefits are available to those who fulfill work requirements in positions covered by Social Security. If you die, benefits are payable to your spouse and children under 18 years of age, subject to a family maximum benefit. The monthly benefit is based on your earnings record at the date of your death. Survivor benefits each year may increase to reflect changes in the cost of living. In addition, there is a one-time lump sum death benefit of \$255. The estimated initial monthly Social Security survivor benefit is \$3,196.

Life Insurance on Naomi

Life insurance on Naomi's life will be paid to the designated beneficiary. The beneficiary designation is very important as it determines if the proceeds will be available to provide the income needs.

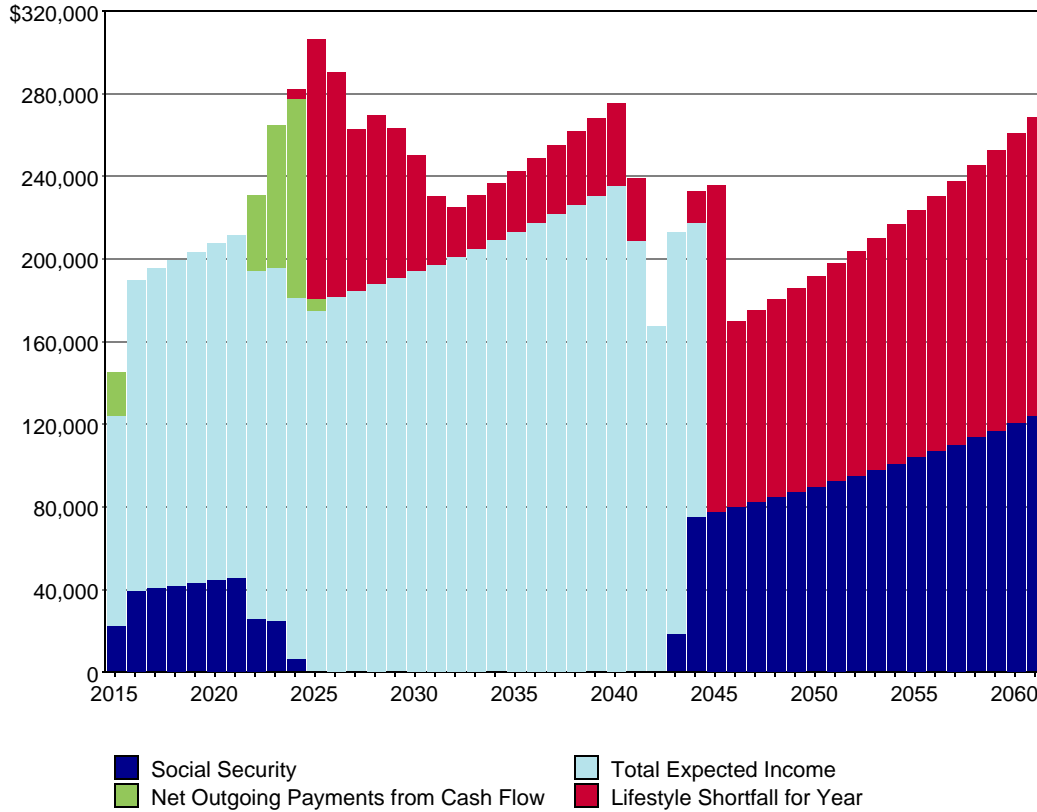
Replacing Your Income for Your Survivors

Additional income is necessary to maintain your family's lifestyle. This income can be provided by increasing spouse's earnings, added withdrawals, and possible liquidation of existing assets, or through a fund provided by life insurance death proceeds. Life insurance death proceeds can provide the monthly income needed to maintain your family's lifestyle and provide cash to pay immediate expenses at your death.

¹ This is an estimate of the monthly benefit available based on information provided by the client. Actual survivor benefits may be greater or less than the amount shown.

Income Needs at Naomi's Death

You provide for your family's lifestyle through your income. In the event of your death, your survivors will need to replace a portion of that income to maintain the lifestyle you have established. Social Security benefits may provide a portion of the needed income. Usually, this is only a part of the income needed. Withdrawals or liquidations of some of your assets may be necessary.



Remaining Needs

Period	Start Year	Through Year	Amount Needed in Today's Dollars for Just this Period	Amount Needed Today to Fund Through Period
With Children at Home	2015	2024	\$2,773	\$2,773
Before Retirement	2025	2040	\$405,399	\$408,172
During Retirement	2041	2062	\$327,500	\$735,672
Lump Sum to Provide Total Amount Needed Today				\$735,672

Life insurance can protect income needs.

An Alternate Approach at Naomi's Death

Rather than supplementing your survivors' income needs on a continuing basis, an alternative approach would be to use life insurance to relieve your survivors of the major financial burdens they would face in order to provide them with a head start on managing their own continuing income needs.

Objective

- Eliminate major financial burdens so that survivor income is less of a concern
- Use life insurance to provide cash immediately at death to pay the following expenses:

Final Expenses

\$18,370

Estimated expenses associated with death include doctor bills, long hospital stays, expensive surgeries, funeral expenses, inheritance taxes, or estate taxes.

Present Debts

\$395,492

It may not be necessary to pay off all of your acquired debts. Although by doing so, Fred will not have to repay the loans plus the interest on these debts and less income will be needed for your family.

Emergency Funds¹

\$54,000

The best financial analyses can be ruined by unexpected emergencies. Adequate cash reserves can often protect the plans you put in place.

Education Funds²

\$175,850

Amount needed to fund education today.

Total Cash Needs at Naomi's Death

\$643,712

Immediate cash needs at death include debts, emergency funds, final expenses, taxes, and education funds.

Providing for these expenses at your death will reduce your survivor's income needs.

¹ Emergency funds are estimated at the greater of 5% of all liquid assets or three months salary.

² The amount needed today to fund total costs of education. This does not consider education assets and the portion that may be provided by other sources.

Income Details at Naomi's Death

You provide for your family's lifestyle through your income. In the event of your death, your survivors will need to replace a portion of that income to maintain the lifestyle you have established. Social Security benefits may provide a portion of the needed income. Usually, this is only a part of the income needed. Withdrawals or liquidations of some of your assets may be necessary.

Year	Outgoing Payments			Expected Income		Payments Withdrawn from Available Assets	Assets Shortfall ⁵	Net Worth ⁶
	Living Expenses ¹	Education and Spending Goals	Tax Payments and With-holdings ²	Salary and Other Income ³	Social Security ⁴			
2015	\$102,690	\$0	\$42,831	\$102,000	\$22,376	\$21,146	-	\$314,824
2016	129,058	0	55,784	150,953	39,509	0	-	356,931
2017	131,712	0	55,061	155,663	40,694	0	-	403,065
2018	134,445	0	56,463	158,329	41,915	0	-	451,206
2019	137,260	0	57,902	161,039	43,172	0	-	501,420
2020	140,159	0	59,380	163,793	44,467	0	-	553,778
2021	143,144	0	60,898	166,591	45,801	0	-	608,354
2022	146,218	19,231	62,459	169,433	25,553	36,944	-	624,238
2023	149,383	48,925	64,060	172,323	24,295	69,353	-	608,419
2024	152,643	61,741	65,318	175,646	6,256	96,908	4,444	560,350
2025	156,000	80,108	71,710	175,535	0	6,178	126,105	481,363
2026	159,457	60,635	68,169	182,233	0	0	109,215	427,873
2027	163,016	28,243	69,930	185,333	0	0	78,563	407,623
2028	166,682	29,938	71,742	188,479	0	0	82,083	386,569
2029	170,458	18,512	73,606	191,672	0	0	72,571	377,875
2030	174,345	0	75,524	194,913	0	0	56,065	388,675
2031	153,342	0	77,498	198,201	0	0	33,159	400,122
2032	146,472	0	79,409	201,672	0	0	24,246	411,027
2033	150,718	0	80,924	205,667	0	0	25,974	421,701
2034	155,090	0	82,432	209,781	0	0	27,741	432,177
2035	159,593	0	83,969	213,976	0	0	29,586	442,450
2036	164,230	0	85,538	218,256	0	0	31,512	452,514
2037	169,005	0	87,138	222,621	0	0	33,522	462,366
2038	173,923	0	88,769	227,073	0	0	35,619	472,003
2039	178,987	0	90,434	231,615	0	0	37,806	481,425
2040	184,202	0	92,132	236,247	0	0	40,087	490,629
2041	175,090	0	64,779	209,356	0	0	30,513	459,315
2042	150,471	0	17,403	167,874	0	0	-	328,233
2043	154,949	0	58,756	195,426	18,278	0	-	160,607
2044	159,561	0	73,837	142,982	75,306	0	15,110	22,285
2045	164,312	0	72,447	0	77,566	0	159,194	-118,584
2046	169,205	0	1,187	0	79,893	0	90,500	-190,394
2047	174,246	0	1,391	0	82,289	0	93,347	-264,676
2048	179,437	0	1,600	0	84,758	0	96,279	-341,510
2049	184,784	0	1,816	0	87,301	0	99,300	-420,975

¹ Basic expenses, loan payments, and retirement contributions.

² All payroll withholding taxes, including any FICA taxes, plus additional tax payments (income and capital gains tax). Refunds are shown as other income in the year received.

³ Salary, other income, dividends, and other distributions from holdings, new loan proceeds, and retirement plan distributions

⁴ Benefits may be reduced for earnings from current work prior to full retirement age (FRA). FRA for Fred is age 67 and FRA for Naomi is age 67.

⁵ The sum of the amount the monthly outgoing payments exceeded the expected income after using any assets available for the needed cash flow. (Assets designated "Do Not Use," or restricted are not considered available.)

⁶ Net Worth is equal to the estimated value of all assets less liabilities and cumulative annual shortfalls.

Income Details at Naomi's Death (Continued)

Year	Outgoing Payments			Expected Income		Payments Withdrawn from Available Assets	Assets	
	Living Expenses ¹	Education and Spending Goals	Tax Payments and With- holdings ²	Salary and Other Income ³	Social Security ⁴		Shortfall ⁵	Net Worth ⁶
2050	190,292	0	2,039	0	89,920	0	102,411	-503,154
2051	195,964	0	2,386	0	92,617	0	105,732	-588,251
2052	201,807	0	2,787	0	95,396	0	109,198	-676,400
2053	207,825	0	3,200	0	98,258	0	112,768	-767,698
2054	214,024	0	3,626	0	101,206	0	116,445	-862,244
2055	220,409	0	4,064	0	104,242	0	120,232	-960,139
2056	226,985	0	4,516	0	107,369	0	124,132	-1,061,487
2057	233,759	0	4,981	0	110,590	0	128,150	-1,166,398
2058	240,736	0	5,460	0	113,908	0	132,288	-1,274,982
2059	247,922	0	5,954	0	117,325	0	136,550	-1,387,354
2060	255,323	0	6,462	0	120,845	0	140,941	-1,503,633
2061	262,947	0	6,986	0	124,470	0	145,463	-1,623,940

¹ Basic expenses, loan payments, and retirement contributions.

² All payroll withholding taxes, including any FICA taxes, plus additional tax payments (income and capital gains tax). Refunds are shown as other income in the year received.

³ Salary, other income, dividends, and other distributions from holdings, new loan proceeds, and retirement plan distributions

⁴ Benefits may be reduced for earnings from current work prior to full retirement age (FRA). FRA for Fred is age 67 and FRA for Naomi is age 67.

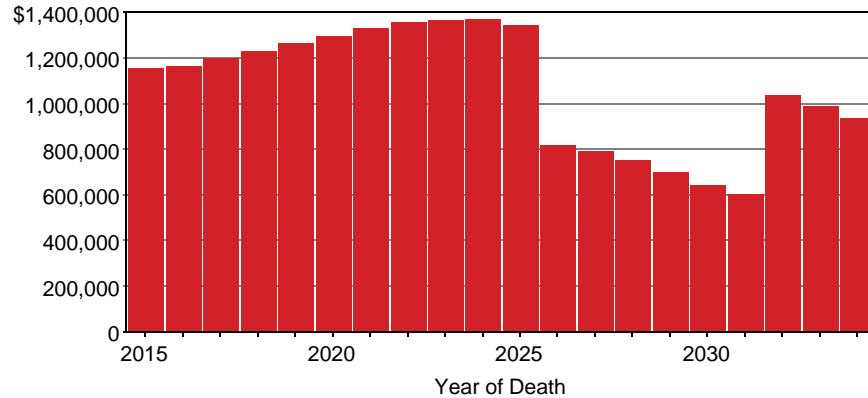
⁵ The sum of the amount the monthly outgoing payments exceeded the expected income after using any assets available for the needed cash flow. (Assets designated "Do Not Use," or restricted are not considered available.)

⁶ Net Worth is equal to the estimated value of all assets less liabilities and cumulative annual shortfalls.

Needs if Death in Various Years

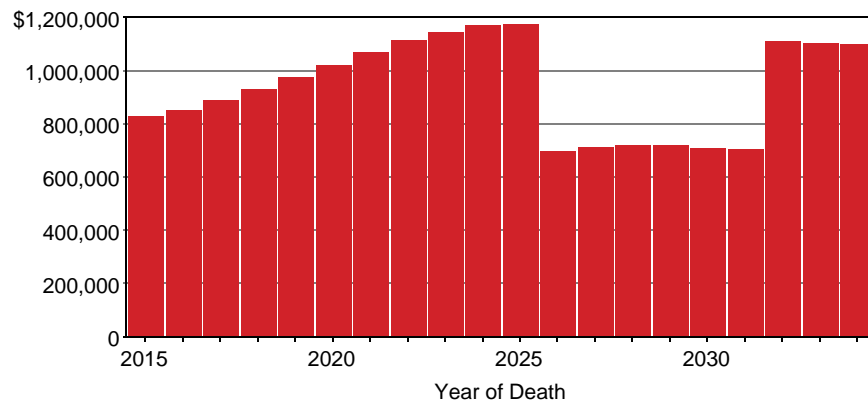
Needs change over time—incomes change, bills are paid and new living expenses are established, and others increase, some assets are sold and others acquired and some assets just increase or decrease in value. The prior charts illustrate the income needs if death occurred today. The charts below show the survivor income needs if death were to occur in any of the next 20 years. Analysis should consider the possibility of death in various years.

Value of all future needs at Fred's death.



At Fred's death, this is the amount that would need to be invested at 5% to provide the amounts needed for the shortages. The need if death occurred today is \$1,166,384 and the largest need of \$1,380,299 occurs if death is in year 10.

Value of all future needs at Naomi's death.



At Naomi's death, this is the amount that would need to be invested at 5% to provide the amounts needed for the shortages. The need if death occurred today is \$835,528 and the largest need of \$1,186,215 occurs if death is in year 11.

Life insurance can provide for the needs caused by death.

Why Create a Will?

Distributions Your Way or Their Way

The most important reason to have a will is to avoid dying intestate! If you die intestate, your estate will be subject to intestacy laws. These are state laws that prescribe how your property will pass to your heirs if you die without a valid will. Creating your own will allows you to express how you want your remaining property to pass.

Law—Their Way

A will determines how probate assets (assets not jointly owned or distributed according to contract) pass to heirs. If you die without a valid will, your assets will pass to your heirs according to state law.

Each state writes its own intestacy laws that serve as a "generic will" for its residents. Lawmakers design the "wills" to pass property as they think most people would want and to make provisions for all contingencies. These laws vary from state to state.

Usually, the distributions occur as follows:

- If your spouse survives you, and you have no children, your spouse inherits the estate. However, in some states, your parents and your spouse split the estate.
- If your spouse and children survive you, each inherits a portion of the estate
- If only your children survive you, they inherit the estate
- If you have no surviving spouse or descendants, your parents inherit the estate. If your parents are deceased, your siblings inherit the estate. If you have no surviving siblings, your next of kin inherits the estate.
- If you have no next of kin, your state of residence takes over possession of your estate

Will—Your Way

Creating a will allows you to express how you want your probate property to pass. Probate property consists of any assets not contractually promised or jointly owned.

Advantages of a Will:

- You choose who gets your remaining property
- You designate an executor of your choice to carry out your intentions
- You can design your will so that you actually reduce estate taxes
- You can appoint a trustee and/or guardian to manage your assets for your children
- You can amend or revoke the will at any time

How Property Passes at Death

Transfer of Assets



Deed

Property owned jointly with survivorship rights passes to the surviving joint owner



Contract

A life insurance policy is an example of a contract that pays death benefits to a named beneficiary



Will

All remaining property is distributed according to the terms of the will



Law

If you have no will, the remaining property is distributed according to state law

Gifts versus Bequests

During Lifetime or at Death

Gifts

You give up control of gift

Donee's tax basis is the same as the donor's

Your estate does not include the appreciation of the property after the date of the gift

Any gift taxes are removed from your estate after three years

You can observe and advise the donee about the management of the gift

Gifts of non-business assets can increase the percentage of business assets within the estate; thus, the business may qualify for favorable estate tax treatment

Gifts of income producing property shift income, and thus income taxes (except for gifts to a child under a certain age).

Bequests

You retain full control until death

Heir's tax basis is generally "*stepped up*" to the fair market value at the date of death

Total appreciated value of the property is included in your estate

Bequests are generally net of estate taxes

Heirs must assume full management when bequests are received

Family businesses and farms must meet minimum percentage tests for the estate to qualify for special tax treatment

You retain income from income producing property that you may need to maintain standard of living

Why Use a Trust?

Benefits of Using Trusts

Allows greater flexibility

May minimize probate expenses (at death)

May save the expense of guardians

- Trustee acts on behalf of minor beneficiaries
- May save expenses of guardianship, such as bonding requirements

May provide greater privacy (probate is a public record)

Can provide effective asset management

Can provide desired restrictions, limitations, and incentives

- Rules for use of trust funds
- May protect trust assets from the creditors of trust beneficiaries

May reduce or eliminate estate taxes

- May remove some assets (including life insurance proceeds) from the taxable estate
- May reduce or eliminate estate taxes at spouse's death

There are several types of trusts, including the revocable living trust and the irrevocable life insurance trust. Different trusts meet different needs. Consult with your legal/tax advisor to determine whether a particular type of trust would be beneficial for you.

Revocable Living Trust

How It Works

A Revocable Living Trust is a flexible estate planning tool that can be used to help reduce probate and administrative costs. It is a trust created by the Grantor during lifetime in which the Grantor retains the right to terminate the trust, change its terms, or remove trust property. It may be funded during lifetime (to obtain potential probate avoidance benefits) or remain unfunded until the Grantor's death. Since the Grantor hasn't irrevocably disposed of the trust assets, the entire trust will be includable in the Grantor's gross estate for estate tax purposes. However, to the extent the trust is funded during lifetime, the formal probate process may be avoided with respect to the trust assets. The major characteristics of a Revocable Living Trust are:

- The Grantor establishes the terms and conditions by which assets in the trust will be managed and names the beneficiaries to whom the trust assets will ultimately be distributed.
- Property is transferred to the trust during the Grantor's lifetime or pours over to the trust under the terms of the Grantor's Will.
- The trust can reduce probate and administrative costs, simplify asset management and provide greater privacy for the distribution of assets at death.

Advantages of a Revocable Living Trust

- In the event of the mental or physical incapacity of the Grantor, the Trustee continues to manage trust assets without interruption or the need for a court-appointed guardian.
- By avoiding the formal probate process, the Grantor's family may be afforded privacy with respect to the nature and amount of trust assets and the identity of the beneficiaries.
- The Trustee can distribute or manage trust assets immediately upon the Grantor's death and does not need to wait for admission of the will or other time consuming probate delays. "Ancillary" probate proceedings for property located in another state can be avoided.
- Probate and administrative costs can be reduced.
- Some estate planning can be accomplished.

Disadvantages of a Revocable Living Trust

- All trust assets are includable in the Grantor's gross estate for estate tax purposes.
- Establishment of the trust may generate legal costs and trustee fees.
- If probate avoidance is desired, assets generally need to be transferred to the trust during the lifetime of the Grantor.

Life Insurance in Trust

How It Works

In general, the proceeds of a life insurance policy pass free of probate unless the beneficiary of the policy is the insured person or the insured's estate. If the insured or the insured's estate is the beneficiary, the proceeds of the policy are payable to the insured's estate and are subject to the probate process.

The value of any policies owned by an individual at death are subject to estate taxes. If an individual possesses certain rights (known as incidents of ownership) over a policy insuring his or her own life, the value of the policy is generally included in the individual's gross estate for estate tax purposes at the individual's death.

Frequently, a couple will think they are safe from estate taxes if they own policies on each other. They may not be. Take for example the husband who is the owner and beneficiary of a policy on his wife. The wife dies first. The husband generally receives the proceeds of the life insurance policy free of income and estate taxes, but the funds remaining at his death become part of his gross estate for estate tax purposes. If the husband dies first, the value (not the death benefit, but the interpolated terminal reserve) of the policy would be includible in his estate.

Life insurance policies are often transferred to an irrevocable life insurance trust, in order to avoid the estate taxes that may result from owning a policy or from holding incidents of ownership in one. Other objectives may also be accomplished by such a transfer.

Pitfalls of Life Insurance in a Trust

The grantor cannot terminate or change the terms of an irrevocable life insurance trust once it is established and he does not have access to the funds in it.

If the insured transfers an existing policy to the trustee and then dies within the next three years, the value of the policy is includible in the estate for estate tax purposes under the Three Year Rule of IRC Section 2035. To avoid this possible pitfall, the trustee of the life insurance trust often purchases a new policy using cash in the trust, so that the insured is not transferring a policy to the trust.

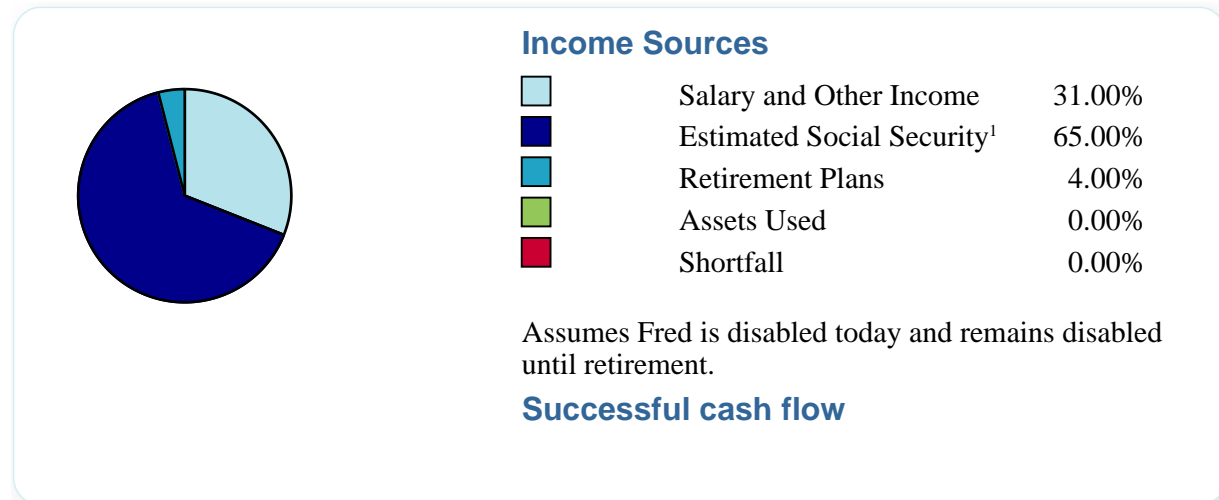
Frequently, the policy premiums for a policy in trust will be paid by the trustee with money received as a gift from the grantor. These transfers to the trust for premium payments may not qualify for the annual \$14,000 gift tax exclusion because they are considered to be gifts of "future interest" rather than a "present interest." To avoid this possible pitfall, the beneficiaries of the trust are given a limited power to withdraw funds (known as a "Crummey power"). Proper withdrawal rights generally make the gift a present interest and may allow the gift to qualify for the annual gift tax exclusion. Gifts to an irrevocable trust which do not qualify for the annual gift tax exclusion may trigger a gift tax or a reduction in the available Unified Credit for federal estate tax purposes.

The \$14,000 gift tax exclusion is adjusted annually for inflation. Adjustments will be rounded to the next lowest multiple of \$1,000.

Fred's Disability Income Needs

Disability Income Needed

Fred, should you lose your ability to provide an income due to an accident or illness, how would your family maintain its lifestyle? If you suffered a long-term disability today, most of your needs, or monthly lifestyle expenses, would continue. These needs may change in later years. This illustration assumes they will increase for inflation at 3.00% per year.



Social Security Benefits

Social Security benefits are available to those who fulfill work requirements in positions covered by Social Security. If you are disabled for 6 months or longer prior to your normal retirement, you can receive a monthly benefit for you, your spouse and children under 18 years of age, subject to a family maximum benefit. To qualify for Social Security disability benefits, you must not be able to perform any substantial employment. Benefits begin after a full five-month waiting period and continue as long as you are disabled. The estimated initial monthly Social Security disability benefit is **\$3,994**.

Disability Income Replacement

Long-term disability income coverage may be available through employer benefit programs and individual disability income plans. The maximum benefit available is usually limited to a portion of pre-disability earnings. Generally, group insurance has higher limits but must be coordinated with Social Security benefits and other employer disability plans. Individual coverage is normally limited to 60% of salary. Some policies pay benefits for a limited number of years, while others will pay benefits until retirement. The definition of disability is one of the most important features of any disability income policy.

¹ Social Security benefits are based on a number of factors. One factor is the portion of your wages each year that are subject to Social Security taxes. Based on the information you provided, Fred's Social Security are estimates based on salary and Naomi's Social Security are estimates based on salary. This is an estimate of the monthly benefit available. Actual disability benefits may be greater or less than the amount shown.

Family Needs if Fred is Disabled

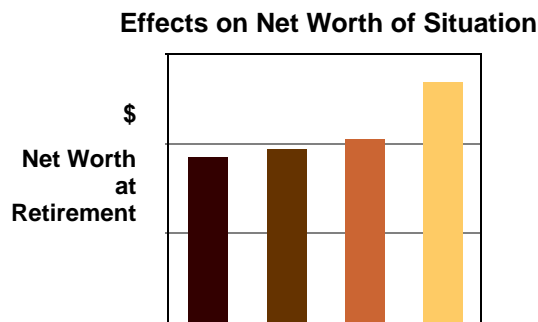
Should you lose your ability to provide income through an accident or illness, how would you maintain your lifestyle? Social Security benefits may provide a portion of needed income. How long would your present assets provide the necessary funds?

Long-term disability is another life uncertainty that prevents the accumulation of wealth.

- Salary stops
- Living expenses continue (medical care often increases)
- Retirement contributions stop

Before age 65, it is 2.81 times more likely that Fred will suffer a long-term disability than die!¹

Consider the effects of a long-term disability. What if you were out of work for two years? Five years? Until retirement?



Situation	Condition Considered	Net Worth at Retirement ²	% Reduction in Net Worth at Retirement
■	Not Disabled	\$1,859,296	—
■	Disabled for Next 2 Years	\$1,952,464	—
■	Disabled for Next 5 Years	\$2,066,993	—
■	Disabled Now until Retirement	\$2,717,233	—

A disability before retirement may greatly reduce the amount of assets you will have available for retirement. You should consider disability income insurance based on the amount of benefits for which you qualify.

Protect your greatest asset—your ability to earn!

¹ Based on a disability expected to last more than 2 years following a 60-day elimination period (see Assumptions).

² Estimated value at end of year of desired retirement.

Fred's Disability Income Details

Should you lose your ability to provide income through an accident or illness, how would you maintain your lifestyle? Social Security benefits may provide a portion of needed income. How long would your present assets provide the necessary funds? This illustrates the estimated cash flow if Fred became disabled today and remained disabled until retirement.

Year	Outgoing Payments			Expected Income		Payments Withdrawn from Available Assets	Assets	Shortfall ⁵	Net Worth ⁶
	Living Expenses ¹	Education and Spending Goals	Tax Payments and With-holdings ²	Salary and Other Income ³	Social Security ⁴				
2015	\$81,600	\$0	\$20,472	\$90,000	\$11,984	\$88	-	\$333,050	
2016	124,956	0	29,747	150,202	49,372	0	-	412,082	
2017	127,589	0	36,235	152,770	50,853	0	-	489,445	
2018	130,300	0	37,827	157,353	52,379	0	-	570,202	
2019	133,093	0	39,474	162,073	53,950	0	-	654,472	
2020	135,970	0	41,177	166,935	55,569	0	-	742,381	
2021	138,933	0	42,939	171,944	57,236	0	-	834,056	
2022	141,985	19,231	44,761	177,102	58,953	0	-	910,275	
2023	145,129	48,925	46,645	182,415	60,721	0	-	960,239	
2024	148,367	61,741	48,594	187,887	46,907	23,907	-	985,817	
2025	151,702	80,108	50,611	193,524	42,946	45,951	-	990,921	
2026	155,137	60,635	52,697	199,330	44,235	24,905	-	1,019,194	
2027	158,675	28,243	54,856	205,310	45,562	0	-	1,083,737	
2028	162,319	29,938	57,089	211,469	46,928	0	-	1,150,605	
2029	166,073	18,512	59,400	217,813	48,336	0	-	1,233,072	
2030	169,939	0	61,792	224,347	49,786	0	-	1,338,391	
2031	148,914	0	64,268	231,078	51,280	0	-	1,447,812	
2032	142,023	0	66,663	238,010	52,818	0	-	1,560,309	
2033	146,247	0	68,482	245,150	54,403	0	-	1,676,520	
2034	150,599	0	70,317	252,505	56,035	0	-	1,796,606	
2035	155,081	0	72,207	260,080	57,716	0	-	1,920,693	
2036	159,697	0	74,153	267,882	59,448	0	-	2,048,913	
2037	164,452	0	76,158	275,919	61,231	0	-	2,181,400	
2038	169,350	0	78,223	284,196	63,068	0	-	2,318,297	
2039	174,394	0	80,350	292,722	64,960	0	-	2,459,747	
2040	179,590	0	82,541	301,504	66,909	0	-	2,605,901	
R 2041	172,865	0	84,797	258,791	68,916	0	-	2,717,233	
2042	153,136	0	87,121	159,933	70,984	9,341	-	2,750,653	
2043	156,321	0	57,253	82,365	73,113	58,096	-	2,735,466	
2044	159,561	0	23,269	0	75,306	107,524	-	2,670,873	
2045	164,312	0	4,078	0	103,428	64,962	-	2,650,270	
2046	169,205	0	8,320	0	143,825	33,701	-	2,662,410	
2047	174,246	0	14,448	4,630	148,139	35,925	-	2,669,237	
2048	179,437	0	18,211	4,851	152,584	40,213	-	2,672,921	
2049	184,784	0	19,142	12,180	157,161	34,586	-	2,676,311	

¹ Basic expenses, loan payments, and retirement contributions.

² All payroll withholding taxes, including any FICA taxes, plus additional tax payments (income and capital gains tax). Refunds are shown as other income in the year received.

³ Salary, other income, dividends, and other distributions from holdings, new loan proceeds, and retirement plan distributions

⁴ Benefits may be reduced for earnings from current work prior to full retirement age (FRA). FRA for Fred is age 67 and FRA for Naomi is age 67.

⁵ The sum of the amount the monthly outgoing payments exceeded the expected income after using any assets available for the needed cash flow. (Assets designated "Do Not Use," or restricted are not considered available.)

⁶ Net Worth is equal to the estimated value of all assets less liabilities and cumulative annual shortfalls.

R-Retirement assumed to begin in this year.

Fred's Disability Income Details (Continued)

Year	Outgoing Payments		Expected Income			Assets		
	Living Expenses ¹	Education and Spending Goals	Tax Payments and With-holdings ²	Salary and Other Income ³	Social Security ⁴	Payments Withdrawn from Available Assets	Shortfall ⁵	Net Worth ⁶
2050	190,292	0	23,477	12,762	161,876	39,132	-	2,675,666
2051	195,964	0	24,693	13,370	166,732	40,555	-	2,674,086
2052	201,807	0	25,950	14,007	171,734	42,017	-	2,671,511
2053	207,825	0	27,252	14,643	176,886	43,548	-	2,667,874
2054	214,024	0	28,581	15,338	182,193	45,075	-	2,663,126
2055	220,409	0	29,974	15,985	187,659	46,740	-	2,657,175
2056	226,985	0	31,371	16,702	193,288	48,367	-	2,649,990
2057	233,759	0	32,837	17,395	199,087	50,114	-	2,641,472
2058	240,736	0	34,324	18,110	205,060	51,890	-	2,631,569
2059	247,922	0	35,856	18,847	211,211	53,719	-	2,620,202
2060	255,323	0	37,435	19,605	217,548	55,605	-	2,607,287
2061	262,947	0	39,060	20,328	224,074	57,606	-	2,592,737
2062	270,799	0	40,697	21,063	230,796	59,637	-	2,576,502
2063	278,887	0	42,377	21,723	237,720	61,821	-	2,558,496
2064	287,218	0	44,052	22,382	244,852	64,036	-	2,538,682
2065	295,798	0	45,765	23,038	252,197	66,328	-	2,516,980
2066	304,636	0	47,513	23,600	259,763	68,787	-	2,493,306
2067	313,740	0	49,239	24,142	267,556	71,280	-	2,466,138
2068	323,116	0	50,020	24,529	275,583	73,025	-	2,435,627
2069	332,773	0	50,267	24,873	283,850	74,317	-	2,402,164

¹ Basic expenses, loan payments, and retirement contributions.

² All payroll withholding taxes, including any FICA taxes, plus additional tax payments (income and capital gains tax). Refunds are shown as other income in the year received.

³ Salary, other income, dividends, and other distributions from holdings, new loan proceeds, and retirement plan distributions

⁴ Benefits may be reduced for earnings from current work prior to full retirement age (FRA). FRA for Fred is age 67 and FRA for Naomi is age 67.

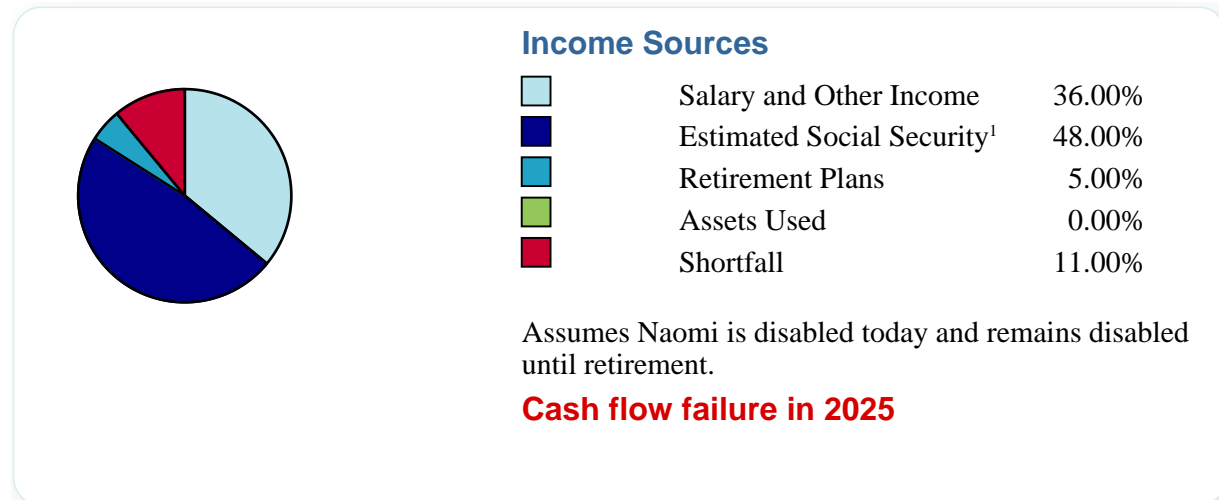
⁵ The sum of the amount the monthly outgoing payments exceeded the expected income after using any assets available for the needed cash flow. (Assets designated "Do Not Use," or restricted are not considered available.)

⁶ Net Worth is equal to the estimated value of all assets less liabilities and cumulative annual shortfalls.

Naomi's Disability Income Needs

Disability Income Needed

Naomi, should you lose your ability to provide an income due to an accident or illness, how would your family maintain its lifestyle? If you suffered a long-term disability today, most of your needs, or monthly lifestyle expenses, would continue. These needs may change in later years. This illustration assumes they will increase for inflation at 3.00% per year.



Social Security Benefits

Social Security benefits are available to those who fulfill work requirements in positions covered by Social Security. If you are disabled for 6 months or longer prior to your normal retirement, you can receive a monthly benefit for you, your spouse and children under 18 years of age, subject to a family maximum benefit. To qualify for Social Security disability benefits, you must not be able to perform any substantial employment. Benefits begin after a full five-month waiting period and continue as long as you are disabled. The estimated initial monthly Social Security disability benefit is **\$4,262**.

Disability Income Replacement

Long-term disability income coverage may be available through employer benefit programs and individual disability income plans. The maximum benefit available is usually limited to a portion of pre-disability earnings. Generally, group insurance has higher limits but must be coordinated with Social Security benefits and other employer disability plans. Individual coverage is normally limited to 60% of salary. Some policies pay benefits for a limited number of years, while others will pay benefits until retirement. The definition of disability is one of the most important features of any disability income policy.

¹ Social Security benefits are based on a number of factors. One factor is the portion of your wages each year that are subject to Social Security taxes. Based on the information you provided, Fred's Social Security are estimates based on salary and Naomi's Social Security are estimates based on salary. This is an estimate of the monthly benefit available. Actual disability benefits may be greater or less than the amount shown.

Family Needs if Naomi is Disabled

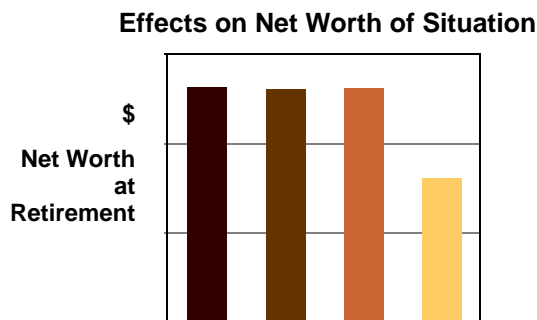
Should you lose your ability to provide income through an accident or illness, how would you maintain your lifestyle? Social Security benefits may provide a portion of needed income. How long would your present assets provide the necessary funds?

Long-term disability is another life uncertainty that prevents the accumulation of wealth.

- Salary stops
- Living expenses continue (medical care often increases)
- Retirement contributions stop

Before age 65, it is 5.39 times more likely that Naomi will suffer a long-term disability than die!¹

Consider the effects of a long-term disability. What if you were out of work for two years? Five years? Until retirement?



Situation	Condition Considered	Net Worth at Retirement ²	% Reduction in Net Worth at Retirement
■	Not Disabled	\$1,859,296	—
■	Disabled for Next 2 Years	\$1,841,979	0.93%
■	Disabled for Next 5 Years	\$1,852,221	0.38%
■	Disabled Now until Retirement	\$1,139,212	38.73%

A disability before retirement may greatly reduce the amount of assets you will have available for retirement. You should consider disability income insurance based on the amount of benefits for which you qualify.

Protect your greatest asset—your ability to earn!

¹ Based on a disability expected to last more than 2 years following a 60-day elimination period (see Assumptions).

² Estimated value at end of year of desired retirement.

Naomi's Disability Income Details

Should you lose your ability to provide income through an accident or illness, how would you maintain your lifestyle? Social Security benefits may provide a portion of needed income. How long would your present assets provide the necessary funds? This illustrates the estimated cash flow if Naomi became disabled today and remained disabled until retirement.

Year	Outgoing Payments		Expected Income			Assets		
	Living Expenses ¹	Education and Spending Goals	Tax Payments and With-holdings ²	Salary and Other Income ³	Social Security ⁴	Payments Withdrawn from Available Assets	Shortfall ⁵	Net Worth ⁶
2015	\$85,120	\$0	\$40,272	\$96,000	\$12,786	\$16,606	-	\$320,363
2016	130,294	0	57,472	149,265	52,678	0	-	374,165
2017	132,985	0	62,515	149,818	54,259	0	-	426,694
2018	135,757	0	64,140	152,814	55,886	0	-	481,488
2019	138,611	0	65,810	155,870	57,563	0	-	538,626
2020	141,550	0	67,525	158,988	59,290	0	-	598,190
2021	144,577	0	69,288	162,167	61,069	0	-	660,266
2022	147,693	19,231	71,100	165,411	48,486	24,128	-	691,171
2023	150,903	48,925	72,963	168,719	48,591	55,481	-	692,655
2024	154,209	61,741	74,864	172,093	37,536	81,184	-	669,603
2025	157,344	80,108	76,339	175,535	34,367	95,805	8,084	622,891
2026	159,457	60,635	84,704	179,046	35,398	0	90,352	589,217
2027	163,016	28,243	80,461	182,627	36,460	0	52,634	595,897
2028	166,682	29,938	82,589	186,279	37,553	0	55,377	602,600
2029	170,458	18,512	84,778	190,005	38,680	0	45,063	622,518
2030	174,345	0	87,031	193,805	39,840	0	27,731	662,810
2031	154,626	0	89,350	197,681	41,036	0	17,846	704,674
2032	148,455	0	91,167	201,635	42,267	0	-	747,474
2033	152,761	0	92,804	205,667	43,535	0	-	791,361
2034	157,194	0	94,668	209,781	44,841	0	-	836,180
2035	161,760	0	96,573	213,976	46,186	0	-	881,967
2036	166,462	0	98,520	218,256	47,571	0	-	928,760
2037	171,304	0	100,509	222,621	48,999	194	-	976,598
2038	176,291	0	102,542	227,073	50,469	1,291	-	1,025,526
2039	181,426	0	104,619	231,615	51,983	2,448	-	1,075,587
2040	186,715	0	106,743	236,247	53,542	3,668	-	1,126,831
R 2041	177,678	0	79,828	184,023	55,148	18,335	-	1,139,212
2042	153,136	0	23,682	120,015	56,803	0	-	1,064,565
2043	156,321	0	57,971	137,508	76,785	0	-	965,327
2044	159,561	0	70,491	94,483	135,569	0	-	903,247
2045	164,312	0	70,354	95,030	139,636	0	-	836,969
2046	169,205	0	71,313	96,694	143,825	0	-	765,104
2047	174,246	0	66,041	92,147	148,139	0	-	693,856
2048	179,437	0	53,484	18,737	152,584	0	61,601	633,040
2049	184,784	0	20,350	0	157,161	0	47,973	604,901

¹ Basic expenses, loan payments, and retirement contributions.

² All payroll withholding taxes, including any FICA taxes, plus additional tax payments (income and capital gains tax). Refunds are shown as other income in the year received.

³ Salary, other income, dividends, and other distributions from holdings, new loan proceeds, and retirement plan distributions

⁴ Benefits may be reduced for earnings from current work prior to full retirement age (FRA). FRA for Fred is age 67 and FRA for Naomi is age 67.

⁵ The sum of the amount the monthly outgoing payments exceeded the expected income after using any assets available for the needed cash flow. (Assets designated "Do Not Use," or restricted are not considered available.)

⁶ Net Worth is equal to the estimated value of all assets less liabilities and cumulative annual shortfalls.

R-Retirement assumed to begin in this year.

Naomi's Disability Income Details (Continued)

Year	Outgoing Payments		Expected Income		Assets			
	Living Expenses ¹	Education and Spending Goals	Tax Payments and With-holdings ²	Salary and Other Income ³	Social Security ⁴	Payments Withdrawn from Available Assets	Shortfall ⁵	Net Worth ⁶
2050	190,292	0	12,388	0	161,876	0	40,803	584,329
2051	195,964	0	13,089	0	166,732	0	42,321	562,644
2052	201,807	0	13,811	0	171,734	0	43,885	539,808
2053	207,825	0	14,555	0	176,886	0	45,495	515,783
2054	214,024	0	15,322	0	182,193	0	47,153	490,528
2055	220,409	0	16,111	0	187,659	0	48,862	464,004
2056	226,985	0	16,924	0	193,288	0	50,621	436,166
2057	233,759	0	17,762	0	199,087	0	52,433	406,972
2058	240,736	0	18,624	0	205,060	0	54,300	376,376
2059	247,922	0	19,513	0	211,211	0	56,223	344,331
2060	255,323	0	20,428	0	217,548	0	58,203	310,790
2061	262,947	0	21,370	0	224,074	0	60,243	275,702
2062	270,799	0	22,341	0	230,796	0	62,344	239,016
2063	278,887	0	23,341	0	237,720	0	64,508	200,679
2064	287,218	0	24,371	0	244,852	0	66,737	160,637
2065	295,798	0	25,432	0	252,197	0	69,033	118,832
2066	304,636	0	26,524	0	259,763	0	71,398	75,208
2067	313,740	0	27,650	0	267,556	0	73,833	29,704
2068	323,116	0	28,809	0	275,583	0	76,342	-17,743
2069	332,773	0	30,003	0	283,850	0	78,926	-67,196

¹ Basic expenses, loan payments, and retirement contributions.

² All payroll withholding taxes, including any FICA taxes, plus additional tax payments (income and capital gains tax). Refunds are shown as other income in the year received.

³ Salary, other income, dividends, and other distributions from holdings, new loan proceeds, and retirement plan distributions

⁴ Benefits may be reduced for earnings from current work prior to full retirement age (FRA). FRA for Fred is age 67 and FRA for Naomi is age 67.

⁵ The sum of the amount the monthly outgoing payments exceeded the expected income after using any assets available for the needed cash flow. (Assets designated "Do Not Use," or restricted are not considered available.)

⁶ Net Worth is equal to the estimated value of all assets less liabilities and cumulative annual shortfalls.

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 North Carolina was \$76,650.¹
- **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
- **Your Possible Cost**
If Fred had a nursing home stay at age 70, the expected cost could be \$203,301, based on the general inflation rate of 3.00%.
If Naomi had a nursing home stay at age 70, the expected cost could be \$215,683, based on the general inflation rate of 3.00%.

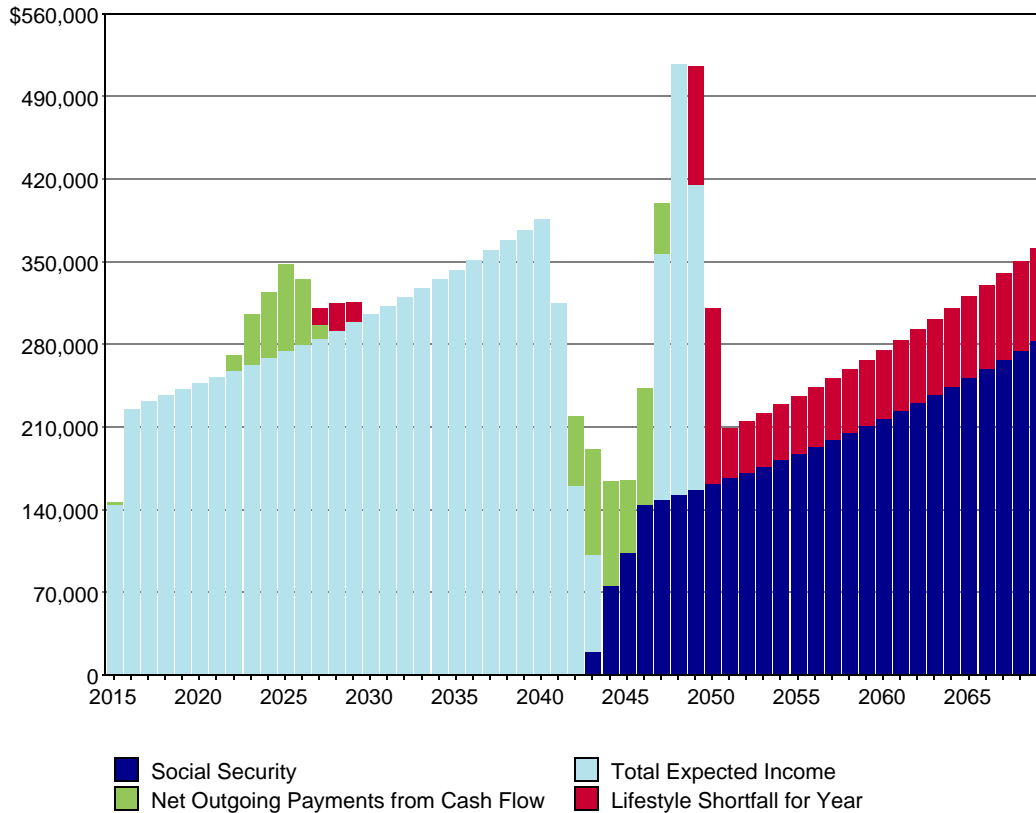
Paying for Long-Term Care

- **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

What if Fred Needs Long-Term Care?

This illustration assumes that Fred has a nursing home stay starting at age 70 ending after 3 years. Costs are estimated based on median costs today increased for the general inflation rate.



Remaining Needs

Period	Start Year	Through Year	Amount Needed in Today's Dollars for Just this Period	Amount Needed Today to Fund Through Period
Before Retirement	2015	2040	\$28,416	\$28,416
During Nursing Home Stay	2046	2049	\$19,053	\$28,416
Healthy Years After Nursing Home Stay	2050	2070	\$150,138	\$197,606

Lump Sum to Provide Total Amount Needed Today

\$197,606

The best way to protect you from unexpected expenses like nursing home stays is through various forms of insurance. Long-term care insurance can provide additional funds to help cover the cost of a nursing home stay, but you cannot wait until you need it to get it.

Don't let an unexpected expense ruin your plans.

Fred's Long-Term Care Details

This illustration assumes that Fred has a nursing home stay starting at age 70 ending after 3 years. Costs are estimated based on average costs today increased for the general inflation rate.

Year	Outgoing Payments		Expected Income			Assets		
	Living Expenses ¹	Education and Spending Goals	Tax Payments and With-holdings ²	Salary and Other Income ³	Social Security ⁴	Payments Withdrawn from Available Assets	Shortfall ⁵	Net Worth ⁵
2015	\$85,120	\$0	\$60,744	\$144,000	\$0	\$1,864	-	\$335,188
2016	130,294	0	87,228	225,298	0	0	-	380,988
2017	132,985	0	87,639	232,048	0	0	-	430,800
2018	135,757	0	90,059	236,965	0	0	-	482,754
2019	138,611	0	92,546	241,993	0	0	-	536,927
2020	141,550	0	95,104	247,135	0	0	-	593,397
2021	144,577	0	97,734	252,394	0	0	-	652,246
2022	147,693	19,231	100,440	257,770	0	13,403	-	694,202
2023	150,903	48,925	103,222	263,268	0	43,124	-	708,403
2024	154,209	61,741	106,078	268,896	0	55,990	-	711,442
2025	157,612	80,108	108,679	274,988	0	74,103	-	696,919
2026	161,118	60,635	112,400	280,174	0	55,443	-	701,174
2027	163,444	28,243	119,612	285,282	0	11,613	14,405	735,089
2028	166,682	29,938	118,705	292,346	0	0	23,312	773,983
2029	171,214	18,512	120,883	299,751	0	0	16,332	828,163
2030	176,215	0	123,992	306,461	0	0	-	904,064
2031	155,268	0	127,075	313,441	0	0	-	983,033
2032	148,455	0	130,478	320,640	0	0	-	1,063,610
2033	152,761	0	133,327	328,243	0	0	-	1,146,381
2034	157,194	0	136,186	336,033	0	0	-	1,231,478
2035	161,760	0	139,116	344,016	0	0	-	1,318,980
2036	166,462	0	142,118	352,197	0	0	-	1,408,967
2037	171,304	0	145,195	360,581	0	0	-	1,501,524
2038	176,291	0	148,348	369,172	0	0	-	1,596,741
2039	181,426	0	151,580	377,976	0	0	-	1,694,710
2040	186,715	0	154,891	386,999	0	0	-	1,795,528
R 2041	177,678	0	129,201	315,923	0	0	-	1,859,296
2042	153,136	0	65,780	159,933	0	58,983	-	1,850,692
2043	156,321	0	34,196	83,298	18,278	89,874	-	1,811,893
2044	159,561	0	4,957	0	75,306	89,212	-	1,774,359
2045	164,312	0	989	0	103,428	61,873	-	1,766,209
L 2046	239,006	0	4,395	0	143,825	99,576	-	1,722,492
2047	389,928	0	10,404	209,583	148,139	42,609	-	1,524,321
2048	401,590	0	117,790	366,796	152,584	0	-	1,196,222
2049	337,329	0	180,111	259,084	157,161	0	101,195	857,305

¹ Basic expenses, loan payments, and retirement contributions.

² All payroll withholding taxes, including any FICA taxes, plus additional tax payments (income and capital gains tax). Refunds are shown as other income in the year received.

³ Salary, other income, dividends, and other distributions from holdings, new loan proceeds, and retirement plan distributions

⁴ Benefits may be reduced for earnings from current work prior to full retirement age (FRA). FRA for Fred is age 67 and FRA for Naomi is age 67.

⁵ The sum of the amount the monthly outgoing payments exceeded the expected income after using any assets available for the needed cash flow. (Assets designated "Do Not Use," or restricted are not considered available.)

R-Retirement assumed to begin in this year.

L-Long-term care assumed to begin in this year.

Fred's Long-Term Care Details (Continued)

Year	Outgoing Payments			Expected Income		Assets		
	Living Expenses ¹	Education and Spending Goals	Tax Payments and With-holdings ²	Salary and Other Income ³	Social Security ⁴	Payments Withdrawn from Available Assets	Shortfall ⁵	Net Worth ⁵
2050	190,292	0	120,906	0	161,876	0	149,322	728,254
2051	195,964	0	13,089	0	166,732	0	42,321	706,610
2052	201,807	0	13,811	0	171,734	0	43,885	683,816
2053	207,825	0	14,555	0	176,886	0	45,495	659,835
2054	214,024	0	15,322	0	182,193	0	47,153	634,627
2055	220,409	0	16,111	0	187,659	0	48,862	608,151
2056	226,985	0	16,924	0	193,288	0	50,621	580,363
2057	233,759	0	17,762	0	199,087	0	52,433	551,221
2058	240,736	0	18,624	0	205,060	0	54,300	520,679
2059	247,922	0	19,513	0	211,211	0	56,223	488,690
2060	255,323	0	20,428	0	217,548	0	58,203	455,207
2061	262,947	0	21,370	0	224,074	0	60,243	420,180
2062	270,799	0	22,341	0	230,796	0	62,344	383,557
2063	278,887	0	23,341	0	237,720	0	64,508	345,286
2064	287,218	0	24,371	0	244,852	0	66,737	305,312
2065	295,798	0	25,432	0	252,197	0	69,033	263,579
2066	304,636	0	26,524	0	259,763	0	71,398	220,028
2067	313,740	0	27,650	0	267,556	0	73,833	174,600
2068	323,116	0	28,809	0	275,583	0	76,342	127,234
2069	332,773	0	30,003	0	283,850	0	78,926	77,864

¹ Basic expenses, loan payments, and retirement contributions.

² All payroll withholding taxes, including any FICA taxes, plus additional tax payments (income and capital gains tax). Refunds are shown as other income in the year received.

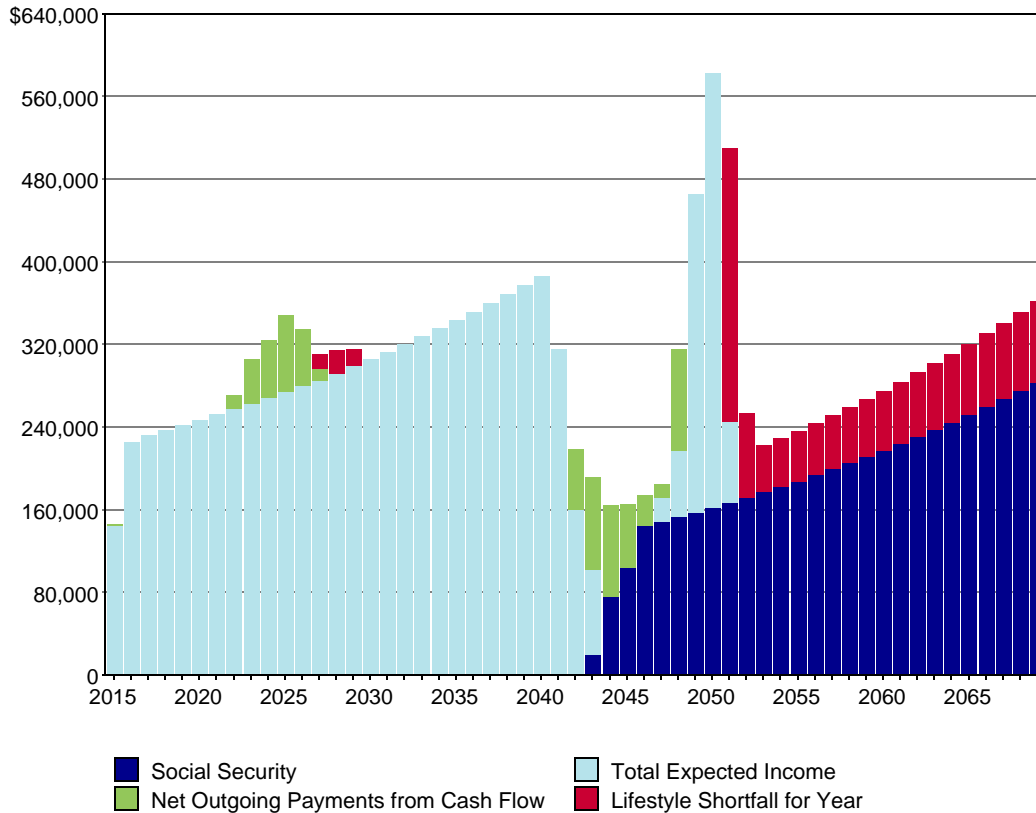
³ Salary, other income, dividends, and other distributions from holdings, new loan proceeds, and retirement plan distributions

⁴ Benefits may be reduced for earnings from current work prior to full retirement age (FRA). FRA for Fred is age 67 and FRA for Naomi is age 67.

⁵ The sum of the amount the monthly outgoing payments exceeded the expected income after using any assets available for the needed cash flow. (Assets designated "Do Not Use," or restricted are not considered available.)

What if Naomi Needs Long-Term Care?

This illustration assumes that Naomi has a nursing home stay starting at age 70 ending after 3 years. Costs are estimated based on median costs today increased for the general inflation rate.



Remaining Needs

Period	Start Year	Through Year	Amount Needed in Today's Dollars for Just this Period	Amount Needed Today to Fund Through Period
Before Retirement	2015	2040	\$28,416	\$28,416
During Nursing Home Stay	2048	2051	\$46,145	\$28,416
Healthy Years After Nursing Home Stay	2052	2070	\$121,954	\$196,516
Lump Sum to Provide Total Amount Needed Today				\$196,516

The best way to protect you from unexpected expenses like nursing home stays is through various forms of insurance. Long-term care insurance can provide additional funds to help cover the cost of a nursing home stay, but you cannot wait until you need it to get it.

Don't let an unexpected expense ruin your plans.

Naomi's Long-Term Care Details

This illustration assumes that Naomi has a nursing home stay starting at age 70 ending after 3 years. Costs are estimated based on average costs today increased for the general inflation rate.

Year	Outgoing Payments		Expected Income			Assets		
	Living Expenses ¹	Education and Spending Goals	Tax Payments and With-holdings ²	Salary and Other Income ³	Social Security ⁴	Payments Withdrawn from Available Assets	Shortfall ⁵	Net Worth ⁵
2015	\$85,120	\$0	\$60,744	\$144,000	\$0	\$1,864	-	\$335,188
2016	130,294	0	87,228	225,298	0	0	-	380,988
2017	132,985	0	87,639	232,048	0	0	-	430,800
2018	135,757	0	90,059	236,965	0	0	-	482,754
2019	138,611	0	92,546	241,993	0	0	-	536,927
2020	141,550	0	95,104	247,135	0	0	-	593,397
2021	144,577	0	97,734	252,394	0	0	-	652,246
2022	147,693	19,231	100,440	257,770	0	13,403	-	694,202
2023	150,903	48,925	103,222	263,268	0	43,124	-	708,403
2024	154,209	61,741	106,078	268,896	0	55,990	-	711,442
2025	157,612	80,108	108,679	274,988	0	74,103	-	696,919
2026	161,118	60,635	112,400	280,174	0	55,443	-	701,174
2027	163,444	28,243	119,612	285,282	0	11,613	14,405	735,089
2028	166,682	29,938	118,705	292,346	0	0	23,312	773,983
2029	171,214	18,512	120,883	299,751	0	0	16,332	828,163
2030	176,215	0	123,992	306,461	0	0	-	904,064
2031	155,268	0	127,075	313,441	0	0	-	983,033
2032	148,455	0	130,478	320,640	0	0	-	1,063,610
2033	152,761	0	133,327	328,243	0	0	-	1,146,381
2034	157,194	0	136,186	336,033	0	0	-	1,231,478
2035	161,760	0	139,116	344,016	0	0	-	1,318,980
2036	166,462	0	142,118	352,197	0	0	-	1,408,967
2037	171,304	0	145,195	360,581	0	0	-	1,501,524
2038	176,291	0	148,348	369,172	0	0	-	1,596,741
2039	181,426	0	151,580	377,976	0	0	-	1,694,710
2040	186,715	0	154,891	386,999	0	0	-	1,795,528
R 2041	177,678	0	129,201	315,923	0	0	-	1,859,296
2042	153,136	0	65,780	159,933	0	58,983	-	1,850,692
2043	156,321	0	34,196	83,298	18,278	89,874	-	1,811,893
2044	159,561	0	4,957	0	75,306	89,212	-	1,774,359
2045	164,312	0	989	0	103,428	61,873	-	1,766,209
2046	169,205	0	4,395	0	143,825	29,776	-	1,792,293
2047	174,246	0	10,404	23,374	148,139	13,136	-	1,813,874
L 2048	290,513	0	26,180	64,837	152,584	99,273	-	1,708,733
2049	413,602	0	53,689	310,129	157,161	0	-	1,448,701

¹ Basic expenses, loan payments, and retirement contributions.

² All payroll withholding taxes, including any FICA taxes, plus additional tax payments (income and capital gains tax). Refunds are shown as other income in the year received.

³ Salary, other income, dividends, and other distributions from holdings, new loan proceeds, and retirement plan distributions

⁴ Benefits may be reduced for earnings from current work prior to full retirement age (FRA). FRA for Fred is age 67 and FRA for Naomi is age 67.

⁵ The sum of the amount the monthly outgoing payments exceeded the expected income after using any assets available for the needed cash flow. (Assets designated "Do Not Use," or restricted are not considered available.)

R-Retirement assumed to begin in this year.

L-Long-term care assumed to begin in this year.

Naomi's Long-Term Care Details (Continued)

Year	Outgoing Payments			Expected Income		Payments Withdrawn from Available Assets	Assets	
	Living Expenses ¹	Education and Spending Goals	Tax Payments and With- holdings ²	Salary and Other Income ³	Social Security ⁴		Shortfall ⁵	Net Worth ⁵
2050	425,974	0	158,811	422,909	161,876	0	-	1,057,310
2051	317,341	0	194,144	78,859	166,732	0	265,893	733,554
2052	201,807	0	52,196	0	171,734	0	82,269	672,377
2053	207,825	0	14,555	0	176,886	0	45,495	648,396
2054	214,024	0	15,322	0	182,193	0	47,153	623,187
2055	220,409	0	16,111	0	187,659	0	48,862	596,711
2056	226,985	0	16,924	0	193,288	0	50,621	568,923
2057	233,759	0	17,762	0	199,087	0	52,433	539,781
2058	240,736	0	18,624	0	205,060	0	54,300	509,239
2059	247,922	0	19,513	0	211,211	0	56,223	477,250
2060	255,323	0	20,428	0	217,548	0	58,203	443,767
2061	262,947	0	21,370	0	224,074	0	60,243	408,740
2062	270,799	0	22,341	0	230,796	0	62,344	372,117
2063	278,887	0	23,341	0	237,720	0	64,508	333,846
2064	287,218	0	24,371	0	244,852	0	66,737	293,872
2065	295,798	0	25,432	0	252,197	0	69,033	252,139
2066	304,636	0	26,524	0	259,763	0	71,398	208,588
2067	313,740	0	27,650	0	267,556	0	73,833	163,161
2068	323,116	0	28,809	0	275,583	0	76,342	115,794
2069	332,773	0	30,003	0	283,850	0	78,926	66,424

¹ Basic expenses, loan payments, and retirement contributions.

² All payroll withholding taxes, including any FICA taxes, plus additional tax payments (income and capital gains tax). Refunds are shown as other income in the year received.

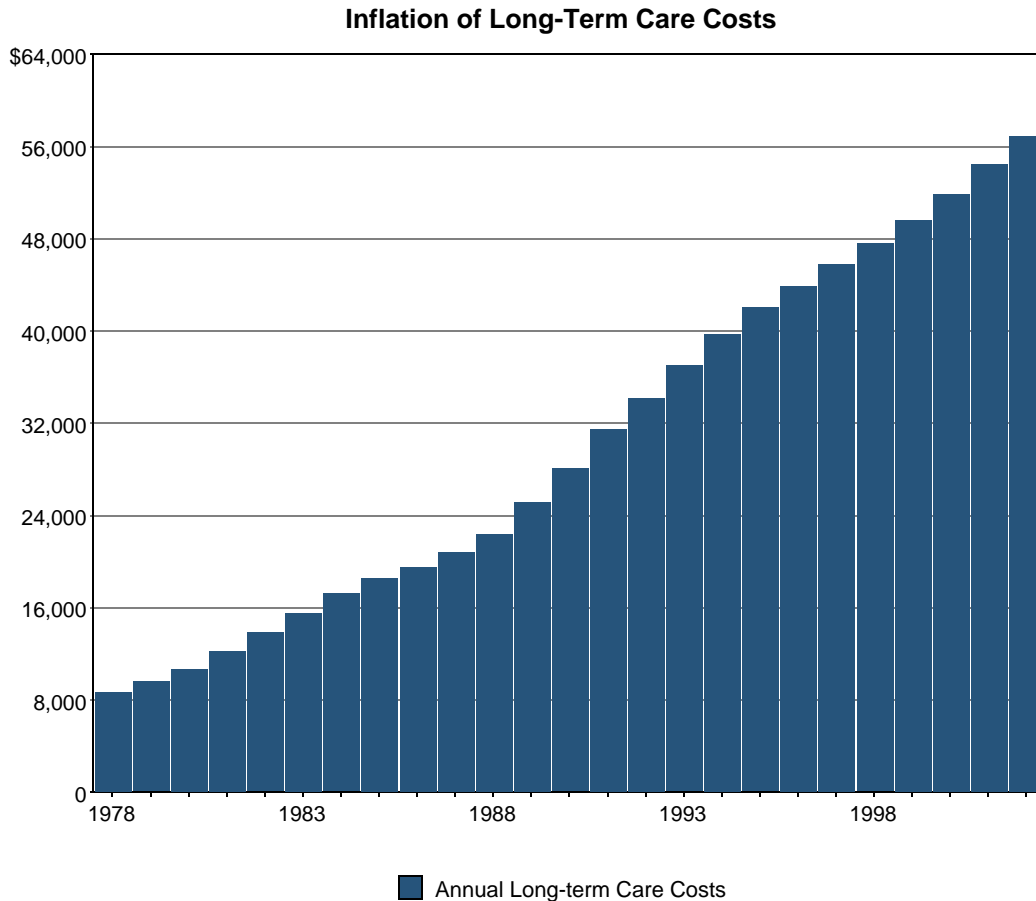
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⁵ The sum of the amount the monthly outgoing payments exceeded the expected income after using any assets available for the needed cash flow. (Assets designated "Do Not Use," or restricted are not considered available.)

Historic Long-Term Care Costs

When predicting long-term care costs in the future, past average inflation rate is often sought. Historically, long-term care costs have increased at an average of 8.2% per year. However, past experience is no assurance of what will happen in the future. Preparing for the anticipated future expenses of long-term care is an important step towards developing a realistic analysis.



Even in this period of moderate inflation, the cost of long-term care increased by 8.2% annually.

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 \$81,030¹.

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

Understanding the Costs of Long-Term Care

Home Health Care

One area of particular interest is being able to afford to have somebody come into your home and help out. Just about everybody would prefer to be able to stay in their own home as long as possible, and there are several health care options which can help you do this. But it can still hasten the erosion of your retirement assets. Home care costs, on a full time basis, can easily be equivalent to those costs in a nursing facility.

There are several issues that have been considered when evaluating your personal situation, and whether long-term care insurance is appropriate for you, long-term care insurance can:

- Protect assets from being eroded by health-care costs, in order to conserve them for future use
- Preserve an estate so that it may ultimately be passed to the next generation
- Protect against the catastrophic impact of a major long-term illness
- Provide you with the option of being able to stay in your home and receive the level of care needed

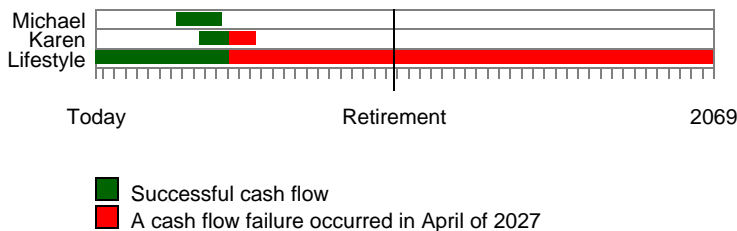
Financial Needs Summary

Will your present analyses provide the funds to meet your financial goals and maintain your lifestyle? Do your analyses work for different needs? Do your analyses consider death, disability, retirement, and long-term care?

Your financial timeline below assumes you pay for each need as it occurs. Funds designated for a specific need such as education or retirement are used for those needs. Some funds, such as your home, may be designated as "Do Not Use." The remaining assets supplement your income to provide the remaining needs and goals. These timelines show whether your cash flow is sufficient to meet your needs as they occur while using only those assets you have made available.

Retirement

Cash Flow through Retirement

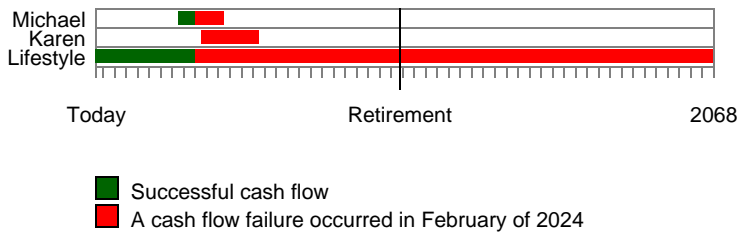


Cash Flow Failure

Value of Shortfall in Today's Dollars: \$92,961

Fred Dies

Income Needs at Fred's Death

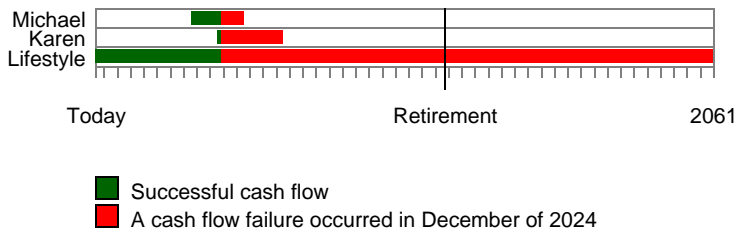


Cash Flow Failure

Value of Shortfall in Today's Dollars: \$1,265,511

Naomi Dies

Income Needs at Naomi's Death



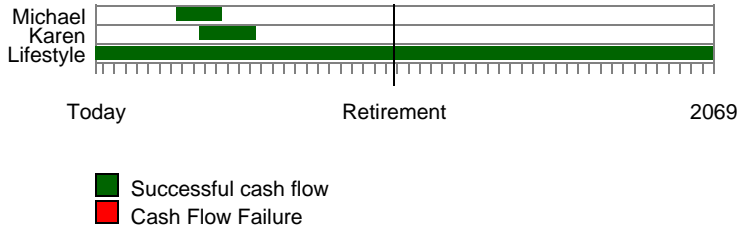
Cash Flow Failure

Value of Shortfall in Today's Dollars: \$735,672

Financial Needs Summary (Continued)

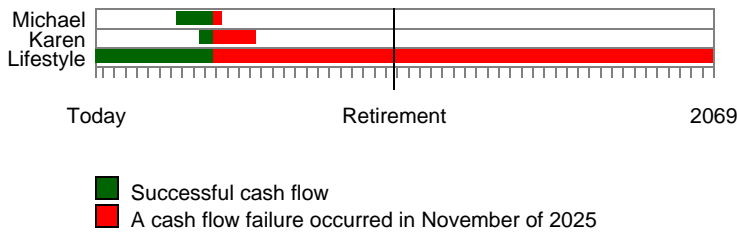
Fred Becomes Disabled

Cash Flow with a Long-Term Disability Starting Today and Lasting until Retirement



Naomi Becomes Disabled

Cash Flow with a Long-Term Disability Starting Today and Lasting until Retirement

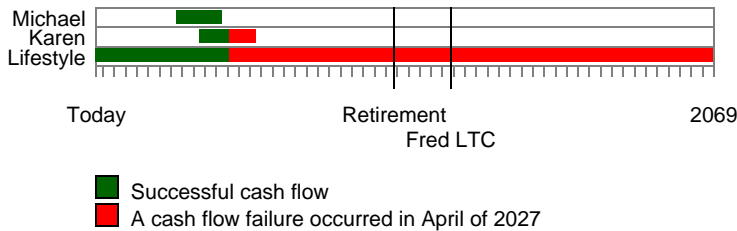


Cash Flow Failure

Value of Shortfall in Today's Dollars: \$311,938

Fred's Long-Term Care Considered

Effect if Fred Requires Nursing Home Care

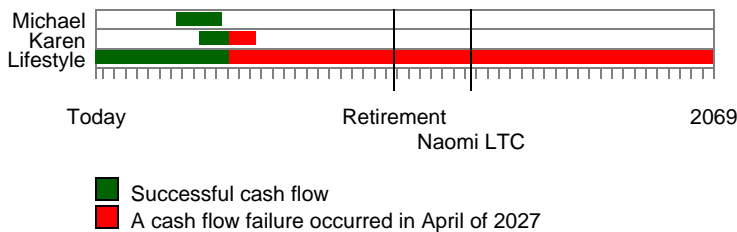


Cash Flow Failure

Value of Shortfall in Today's Dollars: \$197,606

Naomi's Long-Term Care Considered

Effect if Naomi Requires Nursing Home Care



Cash Flow Failure

Value of Shortfall in Today's Dollars: \$196,516

Financial Needs Summary (Continued)

Your financial lifestyle is determined by (a) your financial goals and desires and (b) your saving and spending habits. This analysis examines your current assets and liabilities, reviews the cash flow necessary for you to maintain your lifestyle, and then shows you the results or consequences of various scenarios.

Confirmation of Facts

Fred Alpert

Age: 38 **Male** **Born:** Sep. 28, 1976

Fred and Naomi are married.

Home Phone: 656-555-1231

Business Phone: 656-555-8989

Mailing Address

566 Tulip St.
Charlotte, NC, 28250

Naomi Alpert

Age: 36 **Female** **Born:** Jul. 18, 1978

Children and Dependents

Name	Date of Birth	Gender	Relationship	Dependent of
Michael Alpert	Jan. 25, 2004	Male	Child	Naomi, Fred
Karen Alpert	Mar. 25, 2006	Female	Child	Naomi, Fred

Salaries

Employer	Employee	Current Salary	Frequency	Inflation Rate
ABC Corp.	Fred	\$12,000	Monthly	2.000%
Naomi's Dress Shop	Naomi	\$6,000	Monthly	3.000%

Checking, Savings, CDs

Account Name	Owner	Current Balance	Balance As Of	Interest Rate	
Primary Checking	Naomi, Fred	\$10,000	May 07, 2014	0.000%	This asset is the Cash Account
All Other Assets	Naomi, Fred	\$80,000	May 07, 2014	3.000%	

Mutual Funds

Name/ Symbol	Owner	Account Balance	Balance As Of	Basis	Rates		
					Qual. Div.	Cap. Gains	App.
Joint Investment Acct.	Naomi, Fred	\$50,000	May 07, 2014	\$45,000	0.000% ¹	0.000% ¹	4.000%

Educational Savings

Name	Owner	Account Balance	Balance As Of	Growth Rate	Type
Michael's 529 Plan	Fred	\$9,000	May 07, 2014	4.000%	529
Karen's 529 Plan	Fred	\$6,000	May 07, 2014	4.000%	529

Retirement Plans

Name	Owner	Current Balance	Balance As Of	Growth Rate	Owner Contrib.	Employer Contrib.
Fred's 401k	Fred	\$25,000	May 07, 2014	5.000%	2.000%	2.000%

IRAs

Name	Owner	Current Balance	Balance As Of	Growth Rate	Type
Naomi's IRA	Naomi	\$10,000	May 07, 2014	5.000%	Deductible

¹ Dividends are assumed to be reinvested in similar investments.

Confirmation of Facts (Continued)

Residences

Primary Residence

Owner	Current Value	Balance As Of	Cost Basis	Appreciation Rate
Naomi, Fred	\$500,000	May 07, 2014	\$500,000	2.000%

Personal Loan Secured by this Asset

Balance as of	Mortgage Balance	Payment	Frequency	Interest Rate
May 07, 2014	\$410,000	\$3,000	Monthly	5.000%

Life Insurance-Individual

Name	Insured	Owner	Beneficiary	Face Amount	Premium	Frequency	Cash Value
Fred's Life Policy	Fred	Fred	Naomi	\$200,000	\$100	Monthly	\$0

Disability Insurance-Individual

Name	Insured	Owner	Monthly Benefit	Waiting Period	Benefit Period	Premium	Frequency
Fred's DI	Fred	Fred	\$6,000	60 Days	Age 65	\$200	Monthly

Essential Living Expenses

Description	Amount	Frequency	Inflation	Deductible ¹	Tax	Percent Continuing after First Death	Percent Continuing after First Disability	Percent Continuing after First Retirement
Joint General Living Expenses	\$7,000	Monthly	3%	No	No	100%	100%	80%

Education Expenses

Description	Amount	Frequency	Percent of Estimated Aid
Clemson University	\$38,370	Annual	20%
UNC Chapel Hill	\$14,036	Annual	0%

Debt

Liability Name	Owner	Payment Amount	Frequency	Current Balance	Balance As Of	Interest Rate
Loan for Primary Residence	Naomi, Fred	\$3,000	Monthly	\$410,000	May 07, 2014	5.000%

¹ Deductions for charitable contributions and medical/prescriptions are subject to limitations.

Assumptions

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.

Fred Alpert	Age: 38	Male	Born: September 28, 1976
Naomi Alpert	Age: 36	Female	Born: July 18, 1978

Fred and Naomi are married.

Social Security

Fred is eligible for Social Security benefits. Fred's Social Security benefits are estimated based on a ratio of salary to maximum benefits. Fred plans to take Social Security retirement benefits starting at age 67.

Naomi is eligible for Social Security benefits. Naomi's Social Security benefits are estimated based on a ratio of salary to maximum benefits. Naomi plans to take Social Security retirement benefits starting at age 67.

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 May 28, 2015. 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.

Assumptions (Continued)

Qualified Retirement Plans

The estimated benefits of the qualified retirement plans are dependent upon the employer maintaining the present plan, continuing to make the illustrated contributions to the plan and that the government regulations concerning the plans remain unchanged. These assumptions are highly unlikely. The Plan Administrator of each qualified retirement plan should be consulted for specific details concerning that plan. Annual contributions are assumed to increase at the general inflation rate each year. This may or may not correspond to the annual limits adjusted by the U.S. Treasury each year and subject to future changes by Congress.

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.

Probate and Expenses

Fred:

Final Expenses: \$15,000
Administrative Fees (% of Gross Estate): 1.00%
Probate Fees (% of Probate Assets): 4.00%
Administrative Fees: \$0
Estimated Probate Fees: \$0

Naomi:

Final Expenses: \$15,000
Administrative Fees (% of Gross Estate): 1.00%
Probate Fees (% of Probate Assets): 4.00%
Administrative Fees: \$0
Estimated Probate Fees: \$0

Prior Taxable Gifts

Fred:

Taxable Gifts: \$0
Gift Taxes Paid: \$0
Unified Credit Used: \$0

Naomi:

Taxable Gifts: \$0
Gift Taxes Paid: \$0
Unified Credit Used: \$0

Estate Assumptions

Not all property is transferred by your will. Property owned jointly with survivorship rights passes to the surviving joint owner. Life insurance proceeds are paid to your named beneficiary. This analysis applies the provisions below to the extent possible. State inheritance tax is based on North Carolina.

Fred's Plan

Your will leaves everything outright to Naomi after providing for any other planning options.

Naomi's Plan

Your will leaves everything outright to Fred after providing for any other planning options.

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.

Assumptions (Continued)

Income Taxes

Income Tax Rates

Federal Income Tax Rate: 28%

State Income Tax Rate: 7%

Other Rates

Capital Gains Tax Rate: 20%

Income Tax Rate for Income in Respect of a Decedent: 35%

Inflation Rate for Federal Indexed Values: 3%

An IRC Sec. 7520 rate of 3.0% is used to calculate the remainder interests for trusts, annuities and income in respect of decedent.

Withholdings and FICA

Estimated withholdings and FICA taxes are deducted from each paycheck and applied toward the estimated taxes in January of the following year. Other estimated taxes are not paid from monthly cash flow, but are treated as a tax liability until January of the following year. Taxes are assumed paid in the monthly cash flow for January each year. Income designated as capital gains income is assumed to qualify for long-term capital gains treatment and has an effective tax rate of 20.00% applied.

Calculations of short-term capital gains, adjusted net capital gain or qualified 5-year gain is beyond the scope of this analysis. Taxes are only calculated as an estimate to make cash flow analysis more realistic: You should consult your tax advisor concerning exact calculations of your taxes and for tax advice.

Assumed Retirement

Retirement is assumed to be when Fred reaches, or would have reached, age 65. 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.

Costs Associated with Long-Term Care

Estimated costs of long-term care are based on the average costs for a nursing home stay in North Carolina, adjusted for current estimate of inflation rate. Basic living expenses are further adjusted as if disabled and any salary or retirement contributions are discontinued. (Estimated costs based on Milliman's Long-Term Care Guidelines.)

Assumptions (Continued)

Tax Act of 2012

The American Taxpayer Relief Act of 2012 was signed into law on January 2, 2013 as P.L. 112-240, also known as Tax Act of 2012 in this presentation. Tax Act of 2012 applies to deaths and gifts made in 2013 and later. Tax Act of 2012 provides for 'portability' of a deceased spouse's unused Applicable Exclusion Amount. Unused exclusion amounts may be passed to the surviving spouse (election must be made on timely filed estate tax return.)

Investment Risk Questionnaire

How tolerant are you to investment risk? Several factors can influence this—your age, net worth and the time frame for when you need your investments. This questionnaire will help quantify your investment risk tolerance level and guide you in recommending a suggested investment portfolio. If the questionnaire recommends more or less risk than you feel is appropriate, then you should allocate your investments based on your convictions. Answer the following questions by marking the appropriate letter.

Current Financial Situation

These first three questions will be automatically scored based on your fact finder results.

What is your household's gross annual income (before tax)?

- a) Less than \$50,000
- b) \$50,000 to \$100,000
- c) \$100,001 to \$200,000
- d) \$200,001 to \$500,000
- e) Greater than \$500,000

What is your net worth (including your primary residence)?

- a) Less than \$50,000
- b) \$50,000 to \$100,000
- c) \$100,001 to \$200,000
- d) \$200,001 to \$500,000
- e) \$500,001 to \$750,000
- f) \$750,001 to \$1,000,000
- g) More than \$1,000,000

What percent of net worth do your investment assets represent?

- a) Less than 20%
- b) 20% to 40%
- c) 41% to 60%
- d) 61% to 80%
- e) 81% to 100%

Financial Goals, Investment Objective and Risk Tolerance

1. **Which statement best describes the type of products you have in your portfolio (both past and present)?**

- a) This is your first investment
- b) A mix of fixed-interest savings, high-quality bonds, or government backed bonds
- c) Primarily mutual funds
- d) A mix of mutual funds and individual stocks and/or bonds
- e) A mix of individual stocks and bonds

2. **What is your household's annual income requirement (if any) from your investment portfolio?**

- a) 0% (no income is required)
- b) 1% to 3%
- c) 4% to 6%
- d) 7% or 8%
- e) More than 8%

Investment Risk Questionnaire (Continued)

3. **Your major need for these investments is in?**
 - a) Less than 2 years
 - b) 2 to 5 years
 - c) 5 to 7 years
 - d) 7 to 9 years
 - e) 10 or more years

4. **What is your primary investment objective?**
 - a) To produce a steady income, even if the value of my capital is eroded over time.
 - b) To produce moderate income, but preserve the value of my capital if possible.
 - c) To generate long-term capital growth. I am not concerned about income from my investments.
 - d) To generate maximum long-term capital growth. I don't need income from my investments at all.

5. **Will you need to withdraw any portion of your investment portfolio over the next 5 years?**
 - a) I have no requirement to withdraw any portion of my portfolio within 5 years
 - b) I will need to withdraw between 0% to 10% of my portfolio within 5 years
 - c) I will need to withdraw between 11% to 20% of my portfolio within 5 years
 - d) I will need to withdraw more than 20% of my portfolio within 5 years

6. **If you suddenly suffer a 20% loss in the market value on your portfolio, but the historical return over ten years is 9%, how would you react?**
 - a) I would immediately pull out of the portfolio and cut my losses
 - b) I would endure the current loss and hope for higher future returns
 - c) I would invest more in the portfolio now that the price is lower

7. **The portfolios below describe the relationship between expected returns and volatility. Select the portfolio described below that best reflects your investment preference.**
 - a) Portfolio A (minimal risk with lower expected returns)
 - b) Portfolio B (increasing risk with a chance of higher returns)
 - c) Portfolio C (greater risk with the highest possible returns)

8. **How often do you evaluate and consider changing your investments?**
 - a) Monthly
 - b) Quarterly
 - c) Annually
 - d) Less frequently than annually

9. **How would you define your investment knowledge?**
 - a) You are completely new to investing
 - b) You have a very low level of investment knowledge
 - c) You have some investment knowledge
 - d) You have a good understanding of investing
 - e) You are an expert investor

Investment Risk Questionnaire (Continued)

10. **What do you expect the before-tax return on your investment portfolio to be over the long term (10+ years)?**
- a) 2% to 4%
 - b) 4% to 6%
 - c) 6% to 8%
 - d) 8% to 10%
 - e) 10% to 12%
 - f) More than 12%

Documents Needed Checklist

As your unique situation is analyzed and a financial plan is developed it is helpful to have certain detailed planning records. The list below references many of these planning documents.

Personal Records and Estate Planning

- Income Tax Returns (last two years)
- Will(s) and Trust Document(s)
- Real Estate Deeds
- Appraisals of Collectibles
- Ownership of automobiles, boats, etc.
- Any Recent Major Purchases
- Other _____

Information on Company Benefits

- Paycheck Stubs
- Employee Benefits Booklet
- Group Life Insurance Benefits
- Cafeteria Plan (Section 125 Information)
- Employer Sponsored Retirement Savings Plan
- Employee Stock Purchase Plans
- Stock Option Information
- Pension Plan
- Contact to verify and obtain benefit information _____
- Other _____

Liability Information

- Mortgages (Last Refinancing Papers)
- Equity Loan or Equity Line Information
- Credit Card Statements
- Loans on Other Property
- Other _____

Liquid Accounts

- Checking Account Statements
- Savings Account Statements
- Money Market Account Statements
- CD Statements:
- Note Maturity Date: _____
- Other _____

Investment Accounts

- Monthly Brokerage Statements
- Mutual Fund Statements
- IRA Account Statements
- Annuity Account Statements
- Other _____

Insurance Policies

- Life Insurance Contracts
- Annual Statements (UL, VUL, Annuities)
- Health Insurance
- Long-Term Care/Critical Care Insurance
- Home Owners Insurance
- Auto Policies
- Umbrella Policies
- Other _____

Business Planning

- Business Continuation Agreements
- Deferred Compensation Agreements
- Business Loans that are Personally Secured
- Other _____

Comments

Planning Objectives and Profiles

Rank the importance of your planning objectives using the lists below:

(Rank assuming that 1 is the highest. Any blank objectives are assumed to be unimportant):

Cash Flow & Investment Planning

- Analyze ways to save more money for wealth accumulation
- Examine how money is being spent and identify cash flow problems
- Provide funding for education goals
- Determine how long your retirement funds will last
- Optimize the use of qualified retirement plans
- Debt consolidation and management

If Death Were to Occur

- Maintain desired standard of living for spouse's lifetime
- Establish a fund to pay for education needs
- Provide sufficient resources to pay off all debt at your death
- Provide funds for final expenses (funeral, medical and administrative fees)
- Review disability and long-term care needs

Orderly Distribution of Estate

- Minimize estate taxes at death
- Provide for estate liquidity at either death
- Ensure that qualified retirement plan distributions are maximized
- Annually gift money during your lifetime to family
- Develop a charitable gifting plan

Fringe Benefits and Business Planning

- Analyze fringe benefits (qualified plans, stock options, ESPPs, deferred compensation)
- Use money from business to fund personal planning goals
- Include continuation of business in considering financial plan
- Better coordination of business benefits and personal benefits
- Other _____

Comments
