



*for*  
*Ron Moore*  
*and*  
*Rose Moore*

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# Important Notes

This analysis provides only broad, general guidelines, which may be helpful in shaping your thinking about your retirement needs. It can serve as a guide for discussions with your professional advisors. These pages depict certain wealth preservation strategies. These strategies may include simple wills, marital trusts, family trusts, credit shelter trusts, living trusts, grantor retained trusts, charitable remainder trusts, special business entities, life insurance (with or without a trust), taxable and charitable gifts. This illustration simply shows the effect of a strategy on your estate and potential estate taxes, based on certain assumptions detailed in the illustration.

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 Strategies) 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.

# Making the Most of Your "Test Drive"?

Determine the likely duration of your retirement phases

1



2

## Examine lifestyle requirements for each phase

- Review all outgoing payments, such as expenses, liabilities, and special needs
- Determine adjustments, if any, needed for each retirement phase
- Determine additional amounts necessary to provide for your desired retirement lifestyle

3

## Review sources of retirement income, options available, and your current options selected

- Social Security
- Pensions
- Qualified retirement plans
- Annuities or other income

4

## Take a "Test Drive"

- Determine which assets you might use for retirement, and which ones you would not want to use. For example, you would not use your principle residence or personal assets to provide needed income.
- Take your "test drive" and see if, or when, any shortfall is likely to occur
- Consider alternatives and take another "test drive"

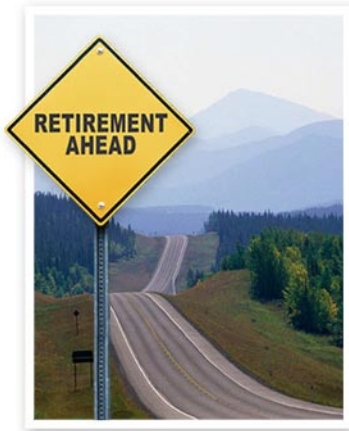
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## Start your retirement journey

- Make adjustments based on your test drives
- Review and repeat your "test drive" annually

# Your Retirement Test Drive

Retirement may last 20, 30, even 40 years.

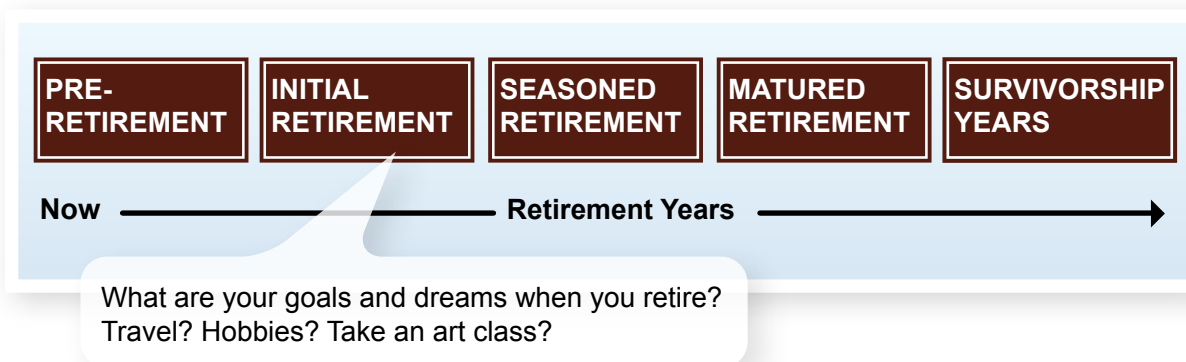


Have you asked yourself...

- Will I run out of money?
- How will rising health care costs affect me?
- Will inflation make retirement unaffordable?
- How do I invest my assets throughout retirement?
- What about my retirement plans?

These are difficult questions.

Considering all of your retirement years at once is also difficult. Breaking your retirement into smaller, more manageable phases allows you to consider what your lifestyle will be at certain points in time during retirement.



This analysis, based on your current situation, considers retirement starting at Ron's age 70, seasoned retirement starting at age 80, and matured retirement starting at age 90. Survivorship years start when one of you dies.

**Before making any changes, wouldn't it be nice to see the type of retirement your present plans would provide?**

**This analysis can show you how your current situation may work in retirement. It can also let you "test drive" alternative solutions as you prepare for your retirement ahead.**

**A "retirement test drive" may answer these questions!**

# Your Test Drive's Goals

## Scenario: Current Situation

Many retirement goals have a cost associated with them. These goals then become expected outgoing payments for your retirement lifestyle. The goal of your retirement "test drive" is to see if your anticipated income, along with the assets and investments you indicated as available for retirement, are adequate for the expected outgoing payments for your lifestyle.

### Goals necessary to maintain your retirement lifestyle:

#### Continue Ron and Rose's contributions to qualified retirement plans:

- Ron Qualified Plan
- Rose Qualified Plan

#### Essential Living expenses:

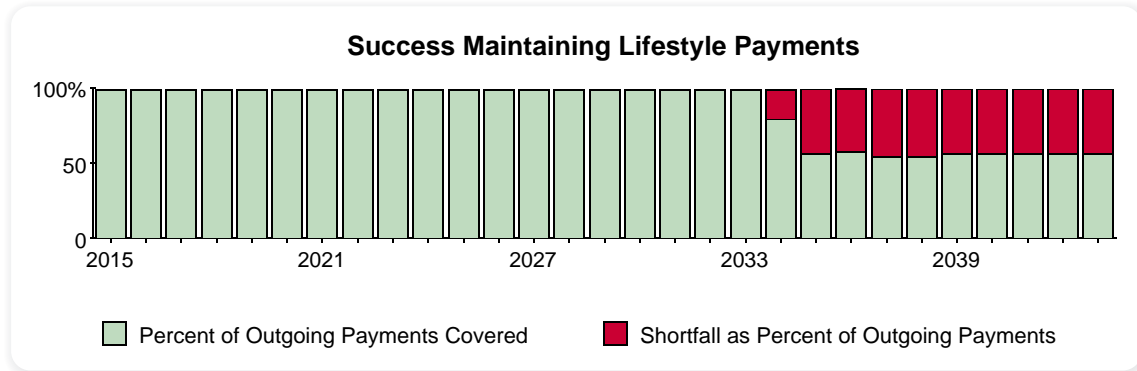
- Living Expenses

**A successful "test drive" provides for these goals.**

# Test Drive Results

Scenario: Current Situation

If Ron lives to age 92 and Rose lives to age 100, does this scenario provide for all outgoing payments each year?



**A shortfall occurs in August of 2034 with "restricted assets" equal to \$0 at the end of that year.**

There are shortfalls when your desired expenses exceed your estimated income. At that time, you would have to modify your lifestyle expenses to the available income .

**You may want to reconsider your lifestyle expenses or the date of retirement**

- Are your lifestyle expenses "nice to have" or necessary to maintain your lifestyle?
- Delaying retirement a year or two may help eliminate the shortfall.

**Consider additional savings**

- Monthly savings<sup>1</sup> between now and retirement of \$94,241 could help eliminate the shortfall.
- Monthly savings<sup>1</sup> between now and retirement of 0% of income each year could help eliminate the shortfall.

**Consider revising or repositioning investments or qualified plans distributions**

- Review your asset allocations.
- Review each retirement plan and its distribution options.

**Consider changes that may further reduce taxes during retirement**

- Reconsider each qualified retirement plan for optional ways of taking distributions.

**Review your "restricted assets" to see which, if any, you may use**

**Additional "test drives" can be taken to evaluate changes.**

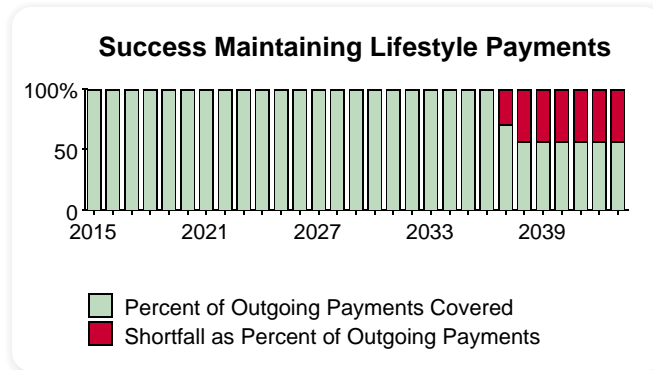
<sup>1</sup> Shortfall estimated to occur August of 2034. An alternative source of income would be restricted assets, if any. Otherwise, you would have to reduce your lifestyle expenses.



# Test Drive Results-Adverse Risks

## Mortality Risks

If Ron lives to age 80 and Rose lives to age 100, does this scenario provide for all outgoing payments each year?

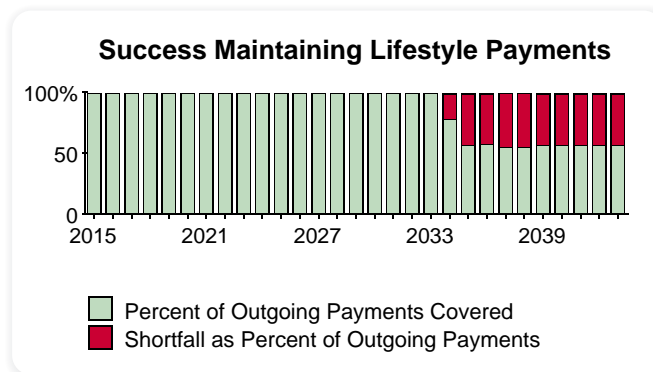


A shortfall occurs in May of 2037 with "restricted assets" equal to \$0 at the end of that year.

**An earlier death may not result in a change in meeting your continuing lifestyle expenses.**

## Health Risks

If Ron has a long-term care need starting at age 75 and ending after 5 years at an estimated additional annual cost in today's dollars of \$200, does this scenario provide for all outgoing payments each year if Ron lives to age 92 and Rose lives to age 100?



A shortfall occurs in August of 2034 with "restricted assets" equal to \$0 at the end of that year.

**Long-term care insurance may provide the additional income needed to reduce or eliminate these shortfalls.**

# Your Retirement Payments

Scenario: Current Situation

## Your Outgoing Lifestyle Payments

Your retirement needs consist of making all outgoing payments necessary to maintain your lifestyle. In addition to making your payments, you do not want to use any assets you have designated for other purposes or have indicated that it should not be used. Your goal is to make all of these outgoing payments necessary for your retirement lifestyle.

### Expenses

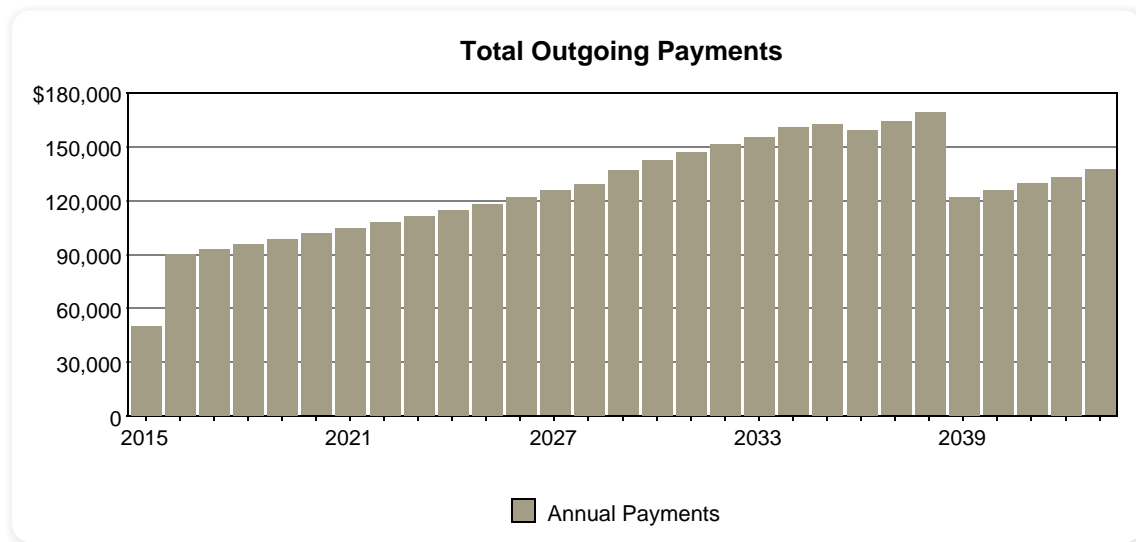
Description	Amount	Frequency	Tax Deductible	Percent Continuing after First Death	Percent Continuing after First Retirement
Living Expenses	\$7,200	Monthly	No	70%	100%

# Your Retirement Payments

Scenario: Current Situation

This graph assumes Ron lives to age 92 and Rose lives to age 100.

## Expected outgoing payments to maintain your lifestyle



These are the outgoing payments you indicated you needed for your lifestyle. This illustration shows these lifestyle expenses with a focus on payments, adjusted annually for estimated inflation.

### Outgoing payments vary with retirement phases

Retirement Phase	Beginning Year
Initial Retirement Years	2010
Seasoned Retirement Years	2020
Matured Retirement Years	2030
Survivorship Years	2037

**Goal: Make all outgoing payments necessary for your retirement lifestyle without using restricted assets<sup>1</sup>**

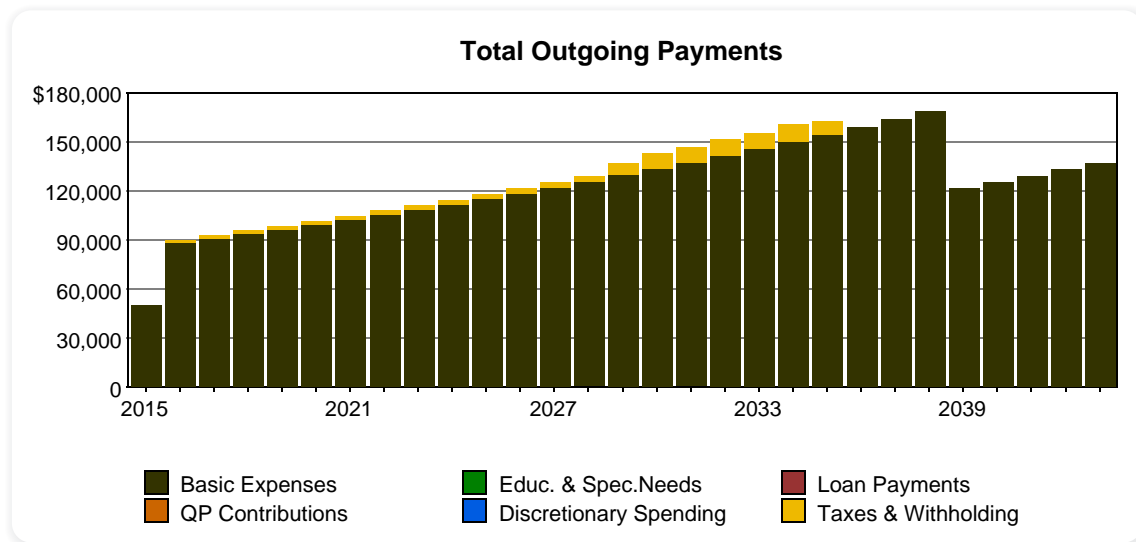
<sup>1</sup> Restricted assets are those assets you have designated for a specific purpose other than retirement or have designated "Do not use."

# Your Retirement Payments

Scenario: Current Situation

This graph assumes Ron lives to age 92 and Rose lives to age 100.

## Expected outgoing payments to maintain your lifestyle



These are the outgoing payments you indicated you needed for your lifestyle. This illustration shows these lifestyle expenses, adjusted annually for estimated inflation.

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**Goal: Make all outgoing payments necessary for your retirement lifestyle without using restricted assets<sup>1</sup>**

<sup>1</sup> Restricted assets are those assets you have designated for a specific purpose other than retirement or have designated "Do not use."

YOUR CURRENT SITUATION

# Your Retirement Payments

Scenario: Current Situation

This graph assumes Ron lives to age 92 and Rose lives to age 100.

## Expected outgoing payments to maintain your lifestyle

Year	Basic Expenses	Educ. & Spec. Needs	Loan Payments	Retirement Plan Contributions	Discretionary Spending	Taxes & Withholdings	Total Outgoing Payments
2015	50,400	0	0	0	0	0	50,400
2016	88,992	0	0	0	0	1,704	90,696
2017	91,662	0	0	0	0	1,913	93,575
2018	94,412	0	0	0	0	2,023	96,435
2019	97,244	0	0	0	0	2,138	99,382
<b>SEASONED RETIREMENT YEARS</b>							
2020	100,161	0	0	0	0	2,256	102,417
2021	103,166	0	0	0	0	2,378	105,544
2022	106,261	0	0	0	0	2,505	108,766
2023	109,449	0	0	0	0	2,651	112,100
2024	112,732	0	0	0	0	2,824	115,557
2025	116,114	0	0	0	0	2,981	119,095
2026	119,598	0	0	0	0	3,140	122,738
2027	123,186	0	0	0	0	3,303	126,489
2028	126,881	0	0	0	0	3,469	130,350
2029	130,688	0	0	0	0	7,240	137,927
<b>MATURED RETIREMENT YEARS</b>							
2030	134,608	0	0	0	0	9,299	143,907
2031	138,647	0	0	0	0	9,697	148,344
2032	142,806	0	0	0	0	9,995	152,801
2033	147,090	0	0	0	0	9,608	156,698
2034	151,503	0	0	0	0	10,547	162,050
2035	156,048	0	0	0	0	8,059	164,107
2036	160,729	0	0	0	0	0	160,729
2037	165,551	0	0	0	0	0	165,551
2038	170,518	0	0	0	0	0	170,518
2039	122,943	0	0	0	0	0	122,943
2040	126,632	0	0	0	0	0	126,632
2041	130,431	0	0	0	0	0	130,431
2042	134,344	0	0	0	0	0	134,344
2043	138,374	0	0	0	0	0	138,374

# Taxes during Your Retirement

Scenario: Current Situation

This graph assumes Ron lives to age 92 and Rose lives to age 100.

## Taxes after retirement

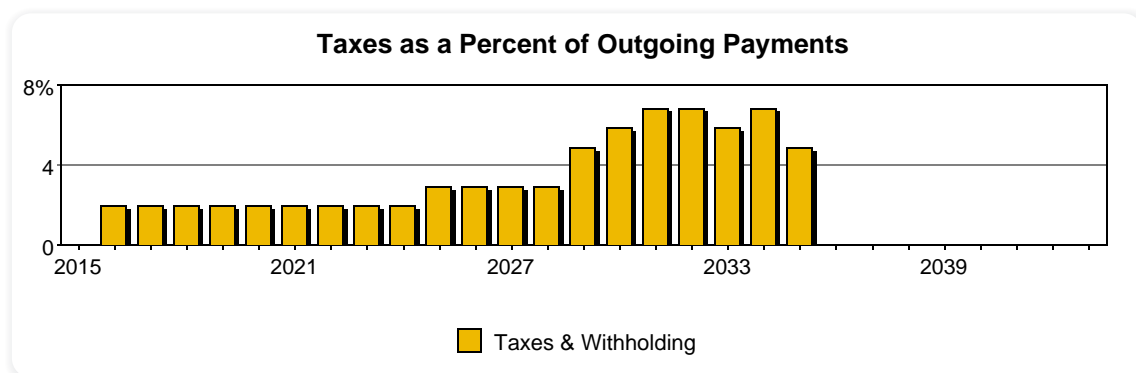
Taxable income usually decreases during retirement, but must be considered in any scenario. People age 65<sup>1</sup> and older often use a lesser portion of their income for taxes after retirement. When securities or assets are sold to provide retirement income, capital gains taxes must be considered.

## Taxation risk

"Taxation risk" is not knowing how taxes may affect your future income. Generally speaking taxes maintain a similar relationship to taxable income over time. By applying your effective average tax rate to estimated taxable income, you can see the likely affect of taxes during your retirement "test drive."

## Income Tax Rates Used for Estimated Taxable Income

Income Tax Rates	
Federal Income Tax Rate	0%
State Income Tax Rate	7%
Capital Gains Tax Rate	0%



## Qualified retirement plans

Qualified retirement plan distributions are taxable. The required minimum distributions from retirement plans may require that you take large, taxable amounts out of your plans. How you take your income from your qualified retirement plan affects both your retirement income and your retirement payments.

## Annuities

A portion of annuity income is excluded from income taxes based on an exclusion ratio which is determined by the relationship of the cost of the annuity to the income provided.

## Taxable income and taxes affects retirement needs

<sup>1</sup> U. S. Department of Labor, Consumer Expenditure Survey, 2004, Table 3. (<http://www.bls.gov/cex/2004/Standard/age.pdf>)  
The average consumer age 65 and older spends less than half as much of their income for taxes than people under age 65.

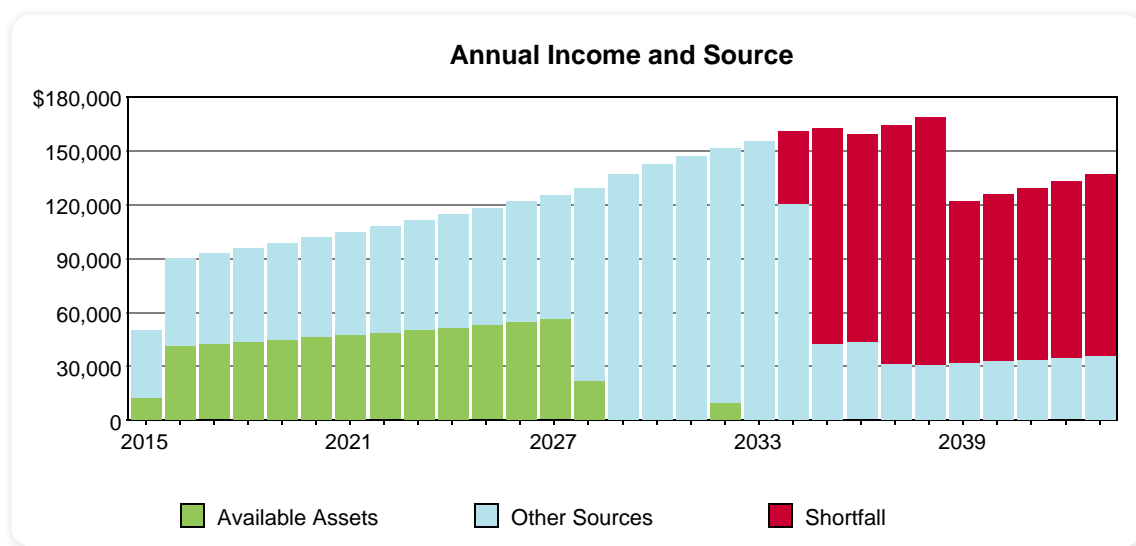
YOUR CURRENT SITUATION

# Your Retirement Needs

Scenario: Current Situation

Assumes Ron lives to age 92 and Rose lives to age 100.

Your retirement needs consist of your basic lifestyle expenses, education and special needs, loan payments, any remaining qualified retirement plan contributions, discretionary spending, and your taxes. Your expected incomes and the assets you wish to make available for your retirement needs must satisfy these needs.



A shortfall occurs in August of 2034 with "restricted assets"<sup>1</sup> equal to \$0 at the end of that year. The table below shows selected values from various phases of retirement.

Year	Total Income Needed	Annual Income	Social Security	Retirement Plan Distributions	Assets Used	Cumulative Shortfalls	Net Worth
2020	102,417	0	27,336	28,762	46,320	0	1,024,730
2030	143,907	0	36,737	107,308	0	0	391,627
2037	165,551	0	31,376	0	0	413,272	-413,272
2043	138,374	0	35,966	0	0	1,035,832	-1,035,832

A shortfall occurs if your retirement needs cannot be satisfied by your expected income or by using the assets available. One solution may be to use some of the assets you previously restricted. Other options may be to seek higher returns from assets and investments, to use income more efficiently, or to reduce lifestyle expenses.

## Shortfall is anticipated in year 2034.

<sup>1</sup> Restricted assets are those assets you have designated for a specific purpose other than retirement or have designated "Do not use."

YOUR CURRENT SITUATION

# Your Retirement Needs

Scenario: Current Situation

Assumes Ron lives to age 92 and Rose lives to age 100.

## Expected Income

Year	Total Income Needed	Income	Social Security	Retirement Plan Distributions	Assets Used	Shortfall
2015	50,400	0	13,755	24,346	12,299	0
2016	90,696	0	24,287	24,837	41,572	0
2017	93,575	0	25,016	25,769	42,790	0
2018	96,435	0	25,767	26,733	43,936	0
2019	99,382	0	26,539	27,730	45,112	0
<b>SEASONED RETIREMENT YEARS</b>						
2020	102,417	0	27,336	28,762	46,320	0
2021	105,544	0	28,156	29,828	47,560	0
2022	108,766	0	29,000	30,785	48,980	0
2023	112,100	0	29,870	31,920	50,310	0
2024	115,557	0	30,767	32,921	51,869	0
2025	119,095	0	31,690	33,942	53,463	0
2026	122,738	0	32,640	34,982	55,116	0
2027	126,489	0	33,619	36,037	56,832	0
2028	130,350	0	34,628	73,990	21,732	0
2029	137,927	0	35,667	102,522	0	0
<b>MATURED RETIREMENT YEARS</b>						
2030	143,907	0	36,737	107,308	0	0
2031	148,344	0	37,839	110,628	0	0
2032	152,801	0	38,974	104,127	9,701	0
2033	156,698	0	40,143	116,555	0	0
2034	162,050	0	41,348	79,989	0	40,714
2035	164,107	0	42,588	0	0	121,519
2036	160,729	0	43,866	0	0	116,864
2037	165,551	0	31,376	0	0	134,175
2038	170,518	0	31,025	0	0	139,493
2039	122,943	0	31,956	0	0	90,988
2040	126,632	0	32,914	0	0	93,718
2041	130,431	0	33,902	0	0	96,529
2042	134,344	0	34,919	0	0	99,425
2043	138,374	0	35,966	0	0	102,408

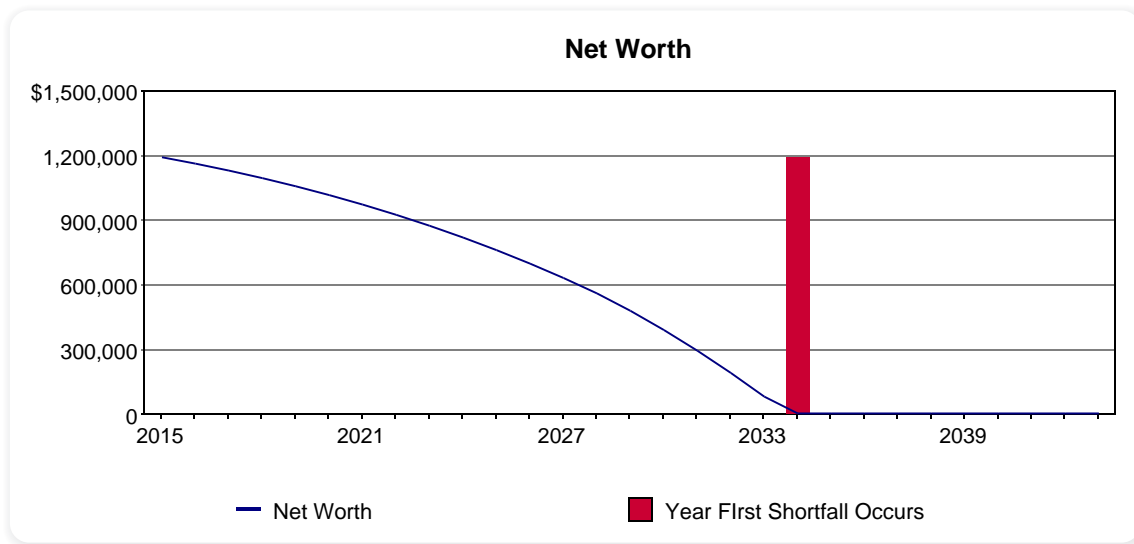


# Should Restricted Assets Be Used?

Scenario: Current Situation

Assumes Ron lives to age 92 and Rose lives to age 100.

You may choose not to use certain assets as a source of retirement income. These assets are referred to in this analysis as restricted assets. These restricted assets could provide an alternative source of income to prevent a shortfall. If a shortfall occurs, you should re-examine your assets and any restrictions.



A shortfall occurs in August of 2034 with restricted assets equal to \$0 at the end of that year. Included in that amount is the value of your principle residence estimated to be \$0.

**Restricted assets may provide an alternative source of income.**

# Alternative Sources of Income

Scenario: Current Situation

Assumes Ron lives to age 92 and Rose lives to age 100.

## Restricted assets may provide a source of additional retirement income.

You may choose not to use certain assets as a source of retirement income. These assets are referred to in this analysis as restricted assets. Because of these restricted assets you can have a shortfall and still have substantial net worth. Changing the restrictions on one or more assets may provide an alternative source of income to prevent the shortfall.

## Summary of assets including assets with restricted uses

Year	Principal Residence	Business and Farm Assets	Total Assets	Total Liabilities	Cumulative Annual Shortfall	Net Worth
2015	0	0	1,202,319	0	0	1,202,319
2016	0	0	1,172,432	0	0	1,172,432
2017	0	0	1,139,807	0	0	1,139,807
2018	0	0	1,104,408	0	0	1,104,408
2019	0	0	1,066,098	0	0	1,066,098
<b>SEASONED RETIREMENT YEARS</b>						
2020	0	0	1,024,730	0	0	1,024,730
2021	0	0	980,154	0	0	980,154
2022	0	0	932,212	0	0	932,212
2023	0	0	880,727	0	0	880,727
2024	0	0	825,504	0	0	825,504
2025	0	0	766,388	0	0	766,388
2026	0	0	703,197	0	0	703,197
2027	0	0	635,743	0	0	635,743
2028	0	0	563,433	0	0	563,433
2029	0	0	481,684	0	0	481,684
<b>MATURED RETIREMENT YEARS</b>						
2030	0	0	391,627	0	0	391,627
2031	0	0	294,565	0	0	294,565
2032	0	0	190,231	0	0	190,231
2033	0	0	78,987	0	0	78,987
2034	0	0	0	0	40,714	-40,714
2035	0	0	0	0	162,233	-162,233
2036	0	0	0	0	279,097	-279,097
2037	0	0	0	0	413,272	-413,272
2038	0	0	0	0	552,765	-552,765
2039	0	0	0	0	643,753	-643,753
2040	0	0	0	0	737,470	-737,470
2041	0	0	0	0	833,999	-833,999
2042	0	0	0	0	933,424	-933,424
2043	0	0	0	0	1,035,832	-1,035,832

## COMPARISON

# Comparison of Scenarios

Is your plan on track, or should you change directions? Comparing different planning scenarios can help you decide which planning strategies and techniques work best for you. By comparing strategies, you can get the perspective you need in order to make better financial decisions.

**Scenario 1:** **Current Situation**

**Scenario 2:** **Proposed Plan**

## Major Scenario Differences

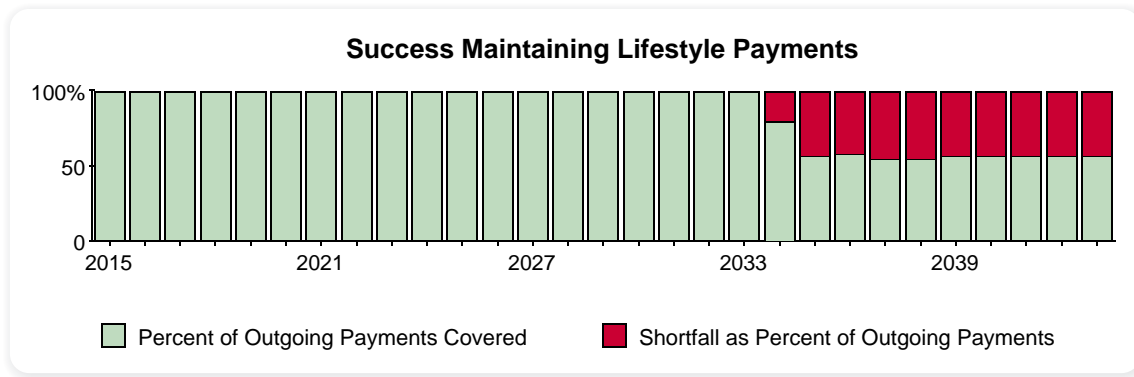
The complete analyses of scenarios being compared should be reviewed for differences. The chart below shows the differences in these two scenarios:

<b>Scenario Creation Date</b>	<b>Jul. 1, 2011</b>	<b>Mar. 16, 2012</b>
<b>Scenario Name</b>	Current Situation	Proposed Plan
<b>Life Insurance</b>		
Life Insurance Policy - Ron's Life Ins Policy	Not included	Exists
<b>Long-Term Care Insurance</b>		
Long-Term Care Insurance Policy - Ron's Long Term Care Policy	Not included	Exists

The Assumptions page and the Other Facts Used page can provide more details for the items included within a scenario.

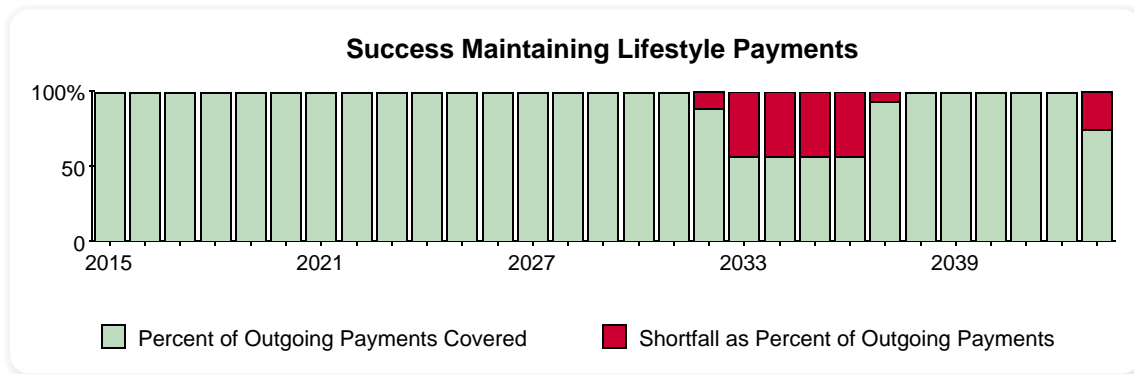
# Test Drive Results

## Scenario 1: Current Situation



When this shortfall occurs, your lifestyle must be adjusted or you must use restricted assets.

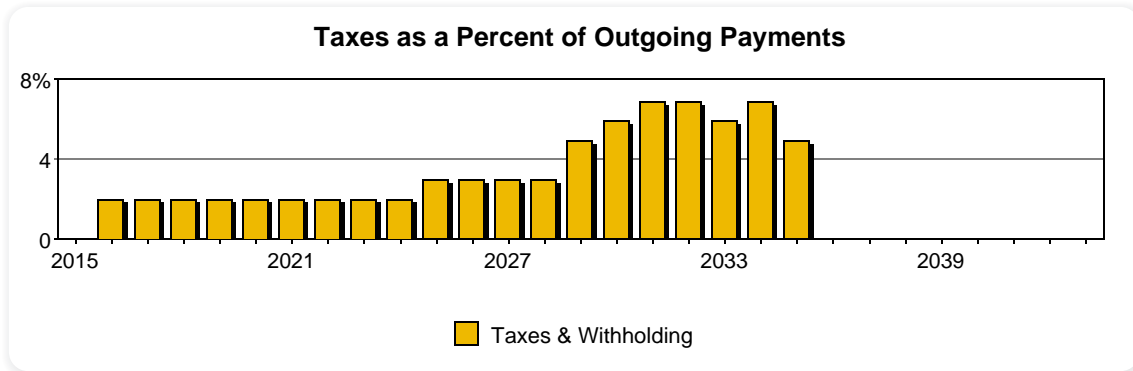
## Scenario 2: Proposed Plan



When this shortfall occurs, your lifestyle must be adjusted or you must use restricted assets.

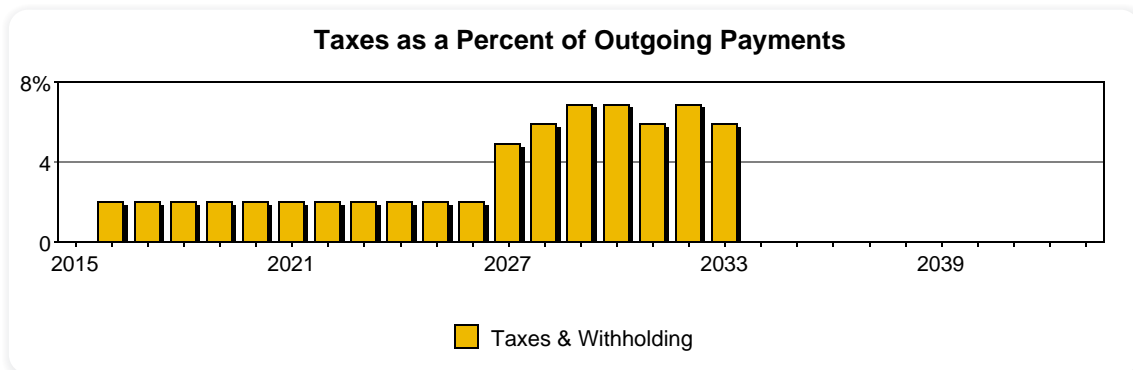
# Taxes during Retirement

## Scenario 1: Current Situation



This reflects the portion of outgoing payments that are likely to go for taxes in this scenario.

## Scenario 2: Proposed Plan

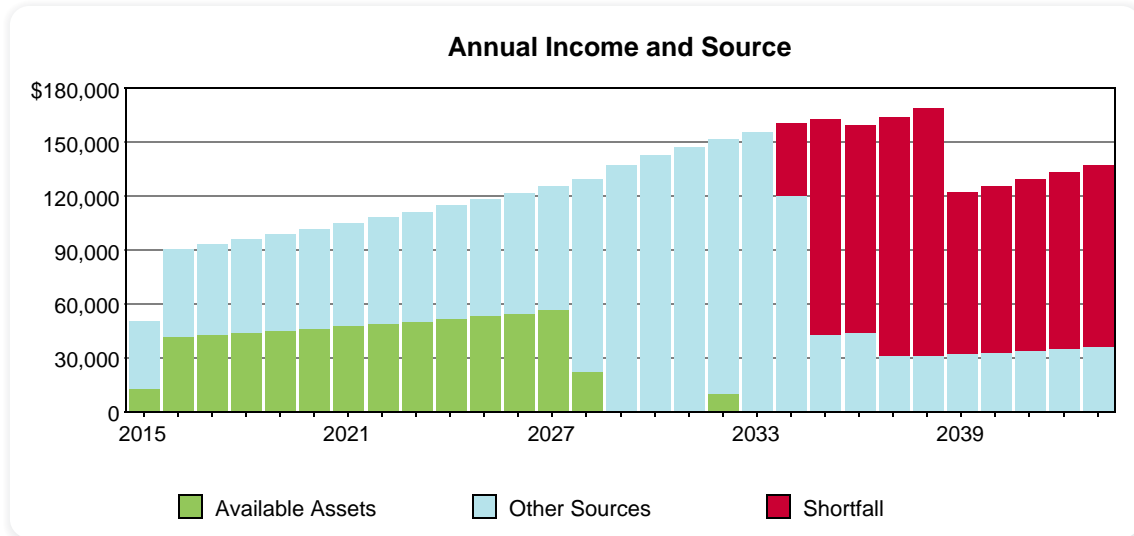


This reflects the portion of outgoing payments that are likely to go for taxes in this scenario.

COMPARISON

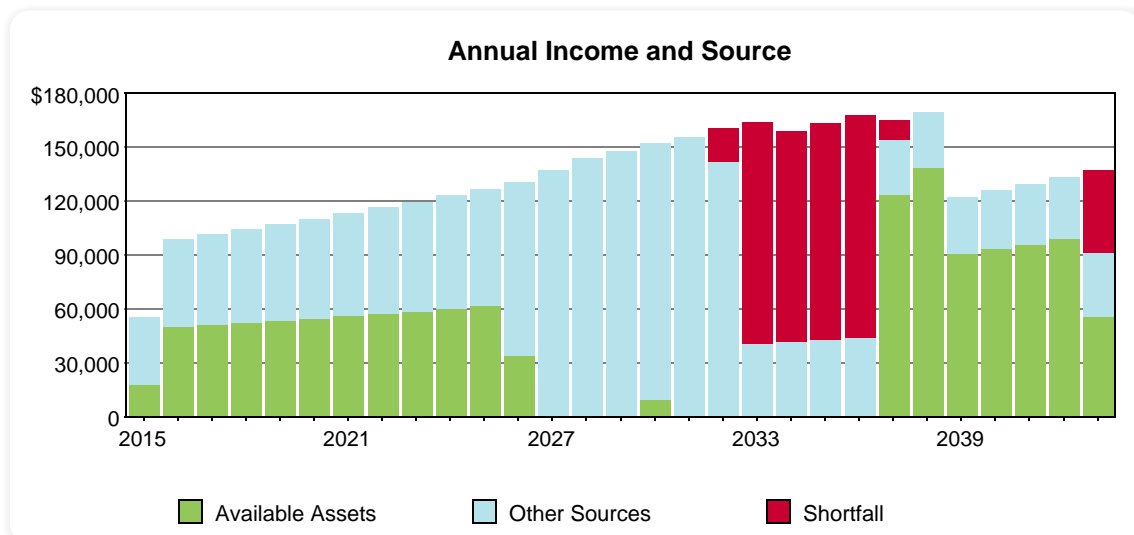
# Income and Shortfalls

## Scenario 1: Current Situation



A shortfall occurs in August of 2034 with "restricted assets" equal to \$0 at the end of that year.

## Scenario 2: Proposed Plan



A shortfall occurs in October of 2032 with "restricted assets" equal to \$0 at the end of that year.

COMPARISON

# Cash Flow

## Scenario 1: Current Situation

Year	Total Outgoing Payments	Total Income	Shortfall
2015	50,400	38,101	0
2016	90,696	49,125	0
2017	93,575	50,785	0
2018	96,435	52,499	0
2019	99,382	54,269	0
2020	102,417	56,097	0
2021	105,544	57,984	0
2022	108,766	59,786	0
2023	112,100	61,790	0
2024	115,557	63,688	0
2025	119,095	65,632	0
2026	122,738	67,622	0
2027	126,489	69,657	0
2028	130,350	108,618	0
2029	137,927	138,189	0
2030	143,907	144,045	0
2031	148,344	148,467	0
2032	152,801	143,101	0
2033	156,698	156,698	0
2034	162,050	121,337	40,714
2035	164,107	42,588	121,519
2036	160,729	43,866	116,864
2037	165,551	31,376	134,175
2038	170,518	31,025	139,493
2039	122,943	31,956	90,988
2040	126,632	32,914	93,718
2041	130,431	33,902	96,529
2042	134,344	34,919	99,425
2043	138,374	35,966	102,408

## Scenario 2: Proposed Plan

Year	Total Outgoing Payments	Total Income	Shortfall
2015	55,300	38,101	0
2016	99,096	49,125	0
2017	101,975	50,785	0
2018	104,835	52,499	0
2019	107,782	54,269	0
2020	110,817	56,097	0
2021	113,944	57,984	0
2022	117,166	59,786	0
2023	120,500	61,790	0
2024	123,957	63,688	0
2025	127,495	65,632	0
2026	131,138	97,480	0
2027	138,067	138,329	0
2028	144,611	144,874	0
2029	148,865	149,127	0
2030	153,073	144,332	0
2031	156,764	156,764	0
2032	161,782	142,699	19,083
2033	165,070	40,143	124,927
2034	159,903	41,348	118,555
2035	164,448	42,588	121,860
2036	169,129	43,866	125,264
2037	166,251	31,376	10,731
2038	170,518	31,025	0
2039	122,943	31,956	0
2040	126,632	32,914	0
2041	130,431	33,902	0
2042	134,344	34,919	0
2043	138,374	35,966	46,704

COMPARISON

# Your Net Worth Values

## Scenario 1: Current Situation

Year	Cumulative Annual Shortfall	Net Worth
2015	0	1,202,319
2016	0	1,172,432
2017	0	1,139,807
2018	0	1,104,408
2019	0	1,066,098
2020	0	1,024,730
2021	0	980,154
2022	0	932,212
2023	0	880,727
2024	0	825,504
2025	0	766,388
2026	0	703,197
2027	0	635,743
2028	0	563,433
2029	0	481,684
2030	0	391,627
2031	0	294,565
2032	0	190,231
2033	0	78,987
2034	40,714	-40,714
2035	162,233	-162,233
2036	279,097	-279,097
2037	413,272	-413,272
2038	552,765	-552,765
2039	643,753	-643,753
2040	737,470	-737,470
2041	833,999	-833,999
2042	933,424	-933,424
2043	1,035,832	-1,035,832

## Scenario 2: Proposed Plan

Year	Cumulative Annual Shortfall	Net Worth
2015	0	1,197,394
2016	0	1,158,942
2017	0	1,117,578
2018	0	1,073,267
2019	0	1,025,866
2020	0	975,227
2021	0	921,194
2022	0	863,606
2023	0	802,282
2024	0	737,023
2025	0	667,671
2026	0	593,753
2027	0	511,008
2028	0	419,263
2029	0	320,566
2030	0	214,720
2031	0	102,040
2032	19,083	-19,083
2033	144,010	-144,010
2034	262,565	-262,565
2035	384,425	-384,425
2036	509,689	-509,689
2037	520,420	55,436
2038	520,420	-84,057
2039	520,420	-175,045
2040	520,420	-268,762
2041	520,420	-365,291
2042	520,420	-464,716
2043	567,124	-567,124





# **PROPOSED SCENARIO**

# Your Test Drive's Goals

## Scenario: Proposed Plan

Many retirement goals have a cost associated with them. These goals then become expected outgoing payments for your retirement lifestyle. The goal of your retirement "test drive" is to see if your anticipated income, along with the assets and investments you indicated as available for retirement, are adequate for the expected outgoing payments for your lifestyle.

### Goals necessary to maintain your retirement lifestyle:

#### Continue Ron and Rose's contributions to qualified retirement plans:

- Ron Qualified Plan
- Rose Qualified Plan

#### Maintain insurance coverages:

- Ron's Life Ins Policy for Ron
- Ron's Long Term Care Policy for Ron

#### Essential Living expenses:

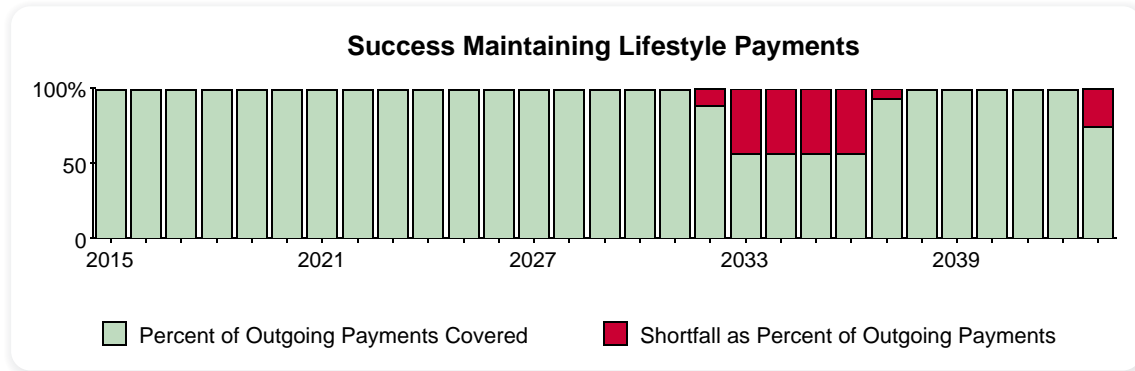
- Living Expenses

**A successful "test drive" provides for these goals.**

# Test Drive Results

Scenario: Proposed Plan

If Ron lives to age 92 and Rose lives to age 100, does this scenario provide for all outgoing payments each year?



**A shortfall occurs in October of 2032 with "restricted assets" equal to \$0 at the end of that year.**

There are shortfalls when your desired expenses exceed your estimated income. At that time, you would have to modify your lifestyle expenses to the available income .

**You may want to reconsider your lifestyle expenses or the date of retirement**

- Are your lifestyle expenses "nice to have" or necessary to maintain your lifestyle?
- Delaying retirement a year or two may help eliminate the shortfall.

**Consider additional savings**

- Monthly savings<sup>1</sup> between now and retirement of \$55,538 could help eliminate the shortfall.
- Monthly savings<sup>1</sup> between now and retirement of 0% of income each year could help eliminate the shortfall.

**Consider revising or repositioning investments or qualified plans distributions**

- Review your asset allocations.
- Review each retirement plan and its distribution options.

**Consider changes that may further reduce taxes during retirement**

- Reconsider each qualified retirement plan for optional ways of taking distributions.

**Review your "restricted assets" to see which, if any, you may use**

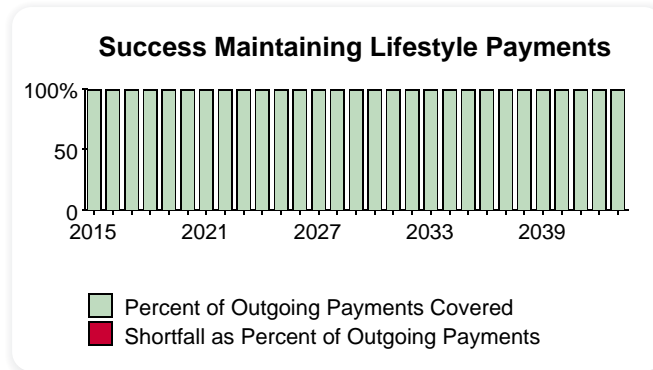
**Additional "test drives" can be taken to evaluate changes.**

<sup>1</sup> Shortfall estimated to occur October of 2032. An alternative source of income would be restricted assets, if any. Otherwise, you would have to reduce your lifestyle expenses.

# Test Drive Results-Adverse Risks

## Mortality Risks

If Ron lives to age 80 and Rose lives to age 100, does this scenario provide for all outgoing payments each year?

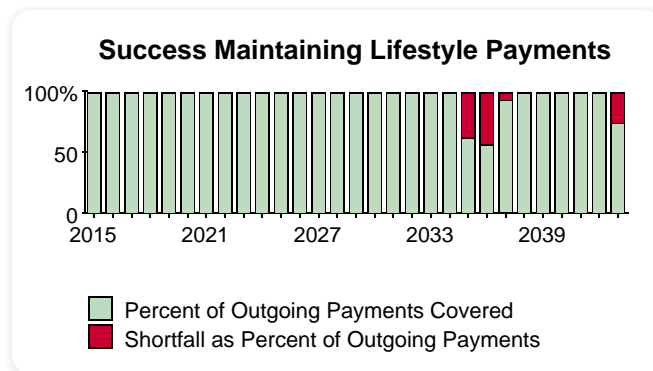


It appears that your expected income and available assets are sufficient to meet your outgoing payments during retirement.

**An earlier death may not result in a change in meeting your continuing lifestyle expenses.**

## Health Risks

If Ron has a long-term care need starting at age 75 and ending after 5 years at an estimated additional annual cost in today's dollars of \$200, does this scenario provide for all outgoing payments each year if Ron lives to age 92 and Rose lives to age 100?



A shortfall occurs in February of 2035 with "restricted assets" equal to \$0 at the end of that year.

**Long-term care insurance may provide the additional income needed to reduce or eliminate these shortfalls.**

# Your Retirement Payments

Scenario: Proposed Plan

## Your Outgoing Lifestyle Payments

Your retirement needs consist of making all outgoing payments necessary to maintain your lifestyle. In addition to making your payments, you do not want to use any assets you have designated for other purposes or have indicated that it should not be used. Your goal is to make all of these outgoing payments necessary for your retirement lifestyle.

## Expenses

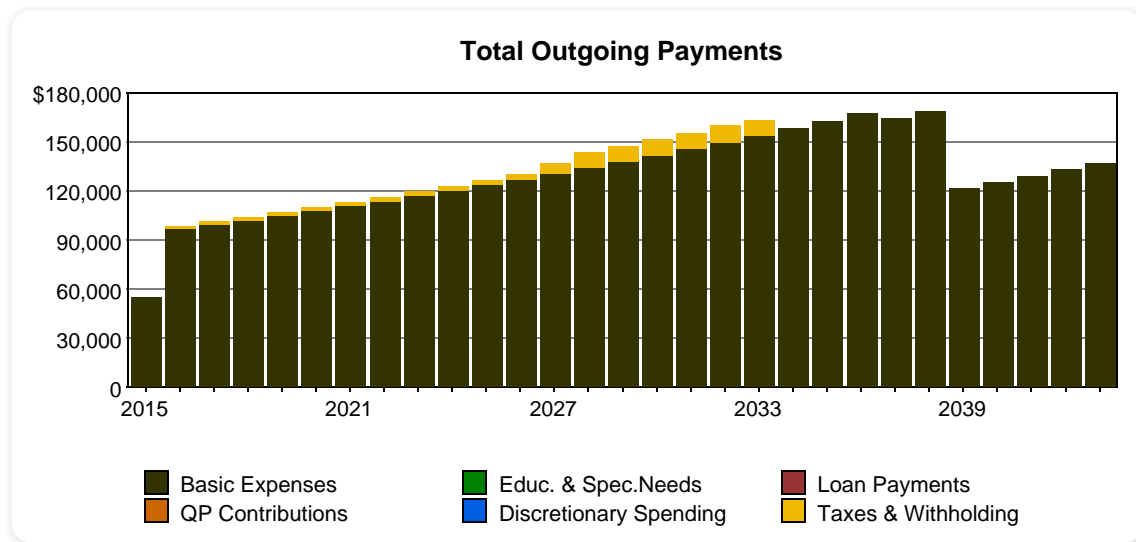
Description	Amount	Frequency	Tax Deductible	Percent Continuing after First Death	Percent Continuing after First Retirement
Living Expenses	\$7,200	Monthly	No	70%	100%

# Your Retirement Payments

Scenario: Proposed Plan

This graph assumes Ron lives to age 92 and Rose lives to age 100.

## Expected outgoing payments to maintain your lifestyle



These are the outgoing payments you indicated you needed for your lifestyle. This illustration shows these lifestyle expenses, adjusted annually for estimated inflation.

### Outgoing payments vary with retirement phases

Retirement Phase	Beginning Year
Initial Retirement Years	2010
Seasoned Retirement Years	2020
Matured Retirement Years	2030
Survivorship Years	2037

## Goal: Make all outgoing payments necessary for your retirement lifestyle without using restricted assets<sup>1</sup>

<sup>1</sup> Restricted assets are those assets you have designated for a specific purpose other than retirement or have designated "Do not use."

A PROPOSED SCENARIO

# Your Retirement Payments

Scenario: Proposed Plan

This graph assumes Ron lives to age 92 and Rose lives to age 100.

## Expected outgoing payments to maintain your lifestyle

Year	Basic Expenses	Educ. & Spec. Needs	Loan Payments	Retirement Plan Contributions	Discretionary Spending	Taxes & Withholdings	Total Outgoing Payments
2015	55,300	0	0	0	0	0	55,300
2016	97,392	0	0	0	0	1,704	99,096
2017	100,062	0	0	0	0	1,913	101,975
2018	102,812	0	0	0	0	2,023	104,835
2019	105,644	0	0	0	0	2,138	107,782
<b>SEASONED RETIREMENT YEARS</b>							
2020	108,561	0	0	0	0	2,256	110,817
2021	111,566	0	0	0	0	2,378	113,944
2022	114,661	0	0	0	0	2,505	117,166
2023	117,849	0	0	0	0	2,651	120,500
2024	121,132	0	0	0	0	2,824	123,957
2025	124,514	0	0	0	0	2,981	127,495
2026	127,998	0	0	0	0	3,140	131,138
2027	131,586	0	0	0	0	6,481	138,067
2028	135,281	0	0	0	0	9,330	144,611
2029	139,088	0	0	0	0	9,778	148,865
<b>MATURED RETIREMENT YEARS</b>							
2030	143,008	0	0	0	0	10,064	153,073
2031	147,047	0	0	0	0	9,718	156,764
2032	151,206	0	0	0	0	10,576	161,782
2033	155,490	0	0	0	0	9,580	165,070
2034	159,903	0	0	0	0	0	159,903
2035	164,448	0	0	0	0	0	164,448
2036	169,129	0	0	0	0	0	169,129
2037	166,251	0	0	0	0	0	166,251
2038	170,518	0	0	0	0	0	170,518
2039	122,943	0	0	0	0	0	122,943
2040	126,632	0	0	0	0	0	126,632
2041	130,431	0	0	0	0	0	130,431
2042	134,344	0	0	0	0	0	134,344
2043	138,374	0	0	0	0	0	138,374

# Taxes during Your Retirement

Scenario: Proposed Plan

This graph assumes Ron lives to age 92 and Rose lives to age 100.

## Taxes after retirement

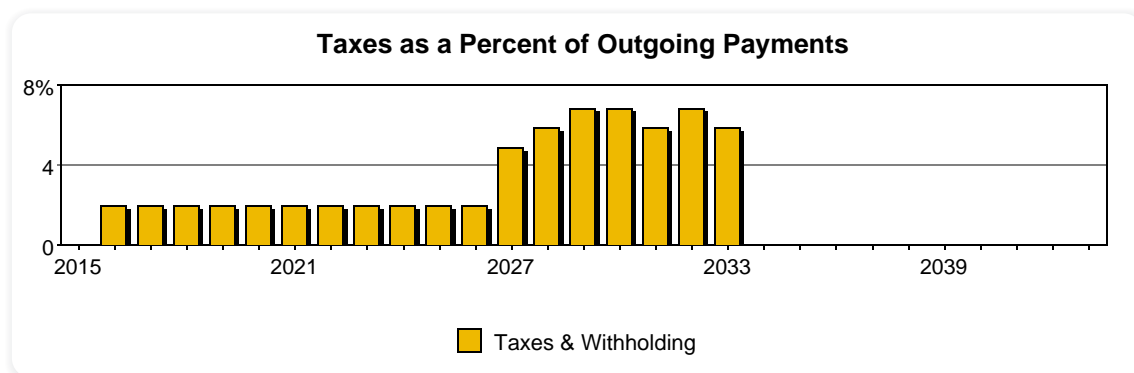
Taxable income usually decreases during retirement, but must be considered in any scenario. People age 65<sup>1</sup> and older often use a lesser portion of their income for taxes after retirement. When securities or assets are sold to provide retirement income, capital gains taxes must be considered.

## Taxation risk

"Taxation risk" is not knowing how taxes may affect your future income. Generally speaking taxes maintain a similar relationship to taxable income over time. By applying your effective average tax rate to estimated taxable income, you can see the likely affect of taxes during your retirement "test drive."

## Income Tax Rates Used for Estimated Taxable Income

Income Tax Rates	
Federal Income Tax Rate	0%
State Income Tax Rate	7%
Capital Gains Tax Rate	0%



## Qualified retirement plans

Qualified retirement plan distributions are taxable. The required minimum distributions from retirement plans may require that you take large, taxable amounts out of your plans. How you take your income from your qualified retirement plan affects both your retirement income and your retirement payments.

## Annuities

A portion of annuity income is excluded from income taxes based on an exclusion ratio which is determined by the relationship of the cost of the annuity to the income provided.

## Taxable income and taxes affects retirement needs

<sup>1</sup> U. S. Department of Labor, Consumer Expenditure Survey, 2004, Table 3. (<http://www.bls.gov/cex/2004/Standard/age.pdf>)  
The average consumer age 65 and older spends less than half as much of their income for taxes than people under age 65.



# Primary Sources of Retirement Income

## Scenario: Proposed Plan

Your retirement income comes from several sources. Some income you receive is from sources you have little control over such as Social Security. Some income is a result of choices you have made such as retirement plan distributions. The balance of your income must come from your assets as earnings, withdrawals, or liquidations.

### Social Security

Ron is eligible for Social Security benefits. Ron's Social Security benefits are estimated based on the information contained in the Social Security Benefit statement you provided. Ron plans to take Social Security retirement benefits starting at age 65.

Rose is eligible for Social Security benefits. Rose's Social Security benefits are estimated based on the information contained in the Social Security Benefit statement you provided. Rose plans to take Social Security retirement benefits starting at age 65.

### Qualified Retirement Plans

#### IRAs

Name	Owner	Current Balance	Balance As Of	Growth Rate	Type	Annual Contrib'ns
Ron Qualified Plan	Ron	\$300,000	Jul. 17, 2010	4.000%	Deductible	\$0
Rose Qualified Plan	Rose	\$250,000	Jul. 17, 2010	4.000%	Deductible	\$0

### Income Transactions

All other income items and transactions will be reflected in the analysis as they are specified. If income is not sufficient to make the outgoing payments in a month, then assets will be used in the order listed below, but honoring all of your restrictions.

### Other Assets

Asset	Limit Uses to	Current Balance
Other Assets	Unrestricted	\$500,000
Ron Qualified Plan	Retirement	\$300,000
Rose Qualified Plan	Retirement	\$250,000

A PROPOSED SCENARIO

# Your Retirement Needs

Scenario: Proposed Plan

Assumes Ron lives to age 92 and Rose lives to age 100.

## Expected Income

Year	Total Income Needed	Income	Social Security	Retirement Plan Distributions	Assets Used	Shortfall
2015	55,300	0	13,755	24,346	17,199	0
2016	99,096	0	24,287	24,837	49,972	0
2017	101,975	0	25,016	25,769	51,190	0
2018	104,835	0	25,767	26,733	52,336	0
2019	107,782	0	26,539	27,730	53,512	0
<b>SEASONED RETIREMENT YEARS</b>						
2020	110,817	0	27,336	28,762	54,720	0
2021	113,944	0	28,156	29,828	55,960	0
2022	117,166	0	29,000	30,785	57,380	0
2023	120,500	0	29,870	31,920	58,710	0
2024	123,957	0	30,767	32,921	60,269	0
2025	127,495	0	31,690	33,942	61,863	0
2026	131,138	0	32,640	64,840	33,658	0
2027	138,067	0	33,619	104,710	0	0
2028	144,611	0	34,628	110,246	0	0
2029	148,865	0	35,667	113,460	0	0
<b>MATURED RETIREMENT YEARS</b>						
2030	153,073	0	36,737	107,595	8,740	0
2031	156,764	0	37,839	118,925	0	0
2032	161,782	0	38,974	103,725	0	19,083
2033	165,070	0	40,143	0	0	124,927
2034	159,903	0	41,348	0	0	118,555
2035	164,448	0	42,588	0	0	121,860
2036	169,129	0	43,866	0	0	125,264
2037	166,251	0	31,376	0	124,144	10,731
2038	170,518	0	31,025	0	139,493	0
2039	122,943	0	31,956	0	90,988	0
2040	126,632	0	32,914	0	93,718	0
2041	130,431	0	33,902	0	96,529	0
2042	134,344	0	34,919	0	99,425	0
2043	138,374	0	35,966	0	55,703	46,704

# Alternative Sources of Income

Scenario: Proposed Plan

Assumes Ron lives to age 92 and Rose lives to age 100.

## Restricted assets may provide a source of additional retirement income.

You may choose not to use certain assets as a source of retirement income. These assets are referred to in this analysis as restricted assets. Because of these restricted assets you can have a shortfall and still have substantial net worth. Changing the restrictions on one or more assets may provide an alternative source of income to prevent the shortfall.

## Summary of assets including assets with restricted uses

Year	Principal Residence	Business and Farm Assets	Total Assets	Total Liabilities	Cumulative Annual Shortfall	Net Worth
2015	0	0	1,197,394	0	0	1,197,394
2016	0	0	1,158,942	0	0	1,158,942
2017	0	0	1,117,578	0	0	1,117,578
2018	0	0	1,073,267	0	0	1,073,267
2019	0	0	1,025,866	0	0	1,025,866
<b>SEASONED RETIREMENT YEARS</b>						
2020	0	0	975,227	0	0	975,227
2021	0	0	921,194	0	0	921,194
2022	0	0	863,606	0	0	863,606
2023	0	0	802,282	0	0	802,282
2024	0	0	737,023	0	0	737,023
2025	0	0	667,671	0	0	667,671
2026	0	0	593,753	0	0	593,753
2027	0	0	511,008	0	0	511,008
2028	0	0	419,263	0	0	419,263
2029	0	0	320,566	0	0	320,566
<b>MATURED RETIREMENT YEARS</b>						
2030	0	0	214,720	0	0	214,720
2031	0	0	102,040	0	0	102,040
2032	0	0	0	0	19,083	-19,083
2033	0	0	0	0	144,010	-144,010
2034	0	0	0	0	262,565	-262,565
2035	0	0	0	0	384,425	-384,425
2036	0	0	0	0	509,689	-509,689
2037	0	0	575,856	0	520,420	55,436
2038	0	0	436,363	0	520,420	-84,057
2039	0	0	345,375	0	520,420	-175,045
2040	0	0	251,657	0	520,420	-268,762
2041	0	0	155,128	0	520,420	-365,291
2042	0	0	55,703	0	520,420	-464,716
2043	0	0	0	0	567,124	-567,124



**PROBABILITY OF SUCCESS™**

# Probability of Success<sup>®</sup>

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. Additional assumptions appear at the end of this analysis.

## Monte Carlo Simulation

**A mathematical method for estimating the probability of uncertain events**

**A large number of possible simulations performed**

**Variables allowed to vary at random, but in accordance with their probable occurrence**

**Varying rates instead of average rates used – based on historical averages, volatilities, and correlations to each other**

**Statistical integrity so that analysis of results is meaningful**

## Retirement Uncertainties Considered

### Death

- Mortality tables used for probability of death at various ages
- Possibility of death many years after life expectancy
- Possibility of an early death shortly after retirement

### Special health care expenses

- Possibility of occurring and possible duration
- Nursing home stays
- Special home health care

### Economy

- Stock market fluctuations
- Values of real estate and other assets fluctuate
- Cost of living and inflation

## Large number of simulations of your plans

**Your goals, needs, and desires used in each simulation**

**Retirement uncertainties considered at random**

**Each result is a realistic possible financial outcome**

**Each simulation is unique and will vary over time**

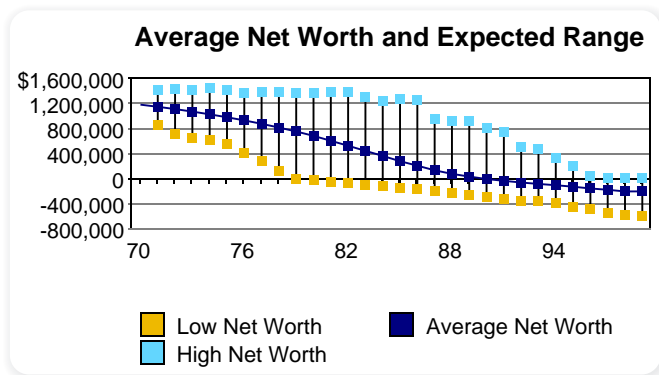
**Monte Carlo simulation may help you understand and plan for your retirement.**

# Probability of Success<sup>®</sup>

Scenario: Current Situation

## Running Out of Money

It is common to fear running out of money and depleting your assets during retirement. If that were to happen, your net worth would become zero. The average net worth of all simulations can be an indicator of the probability of that occurring. The expected range shows the result of 70% of the simulations.



## Relative Error

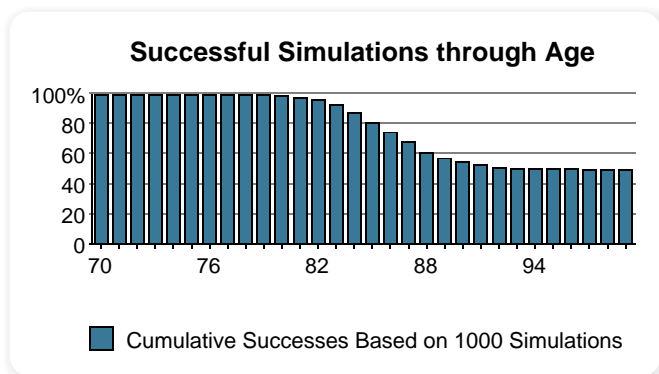
Supported by standard statistical theory, the relative error indicates a probability of greater than 99% that these values represent the true average result. Results cannot be guaranteed but are statistical measures applied to the results of a large number of simulations. Increasing the number of simulations will reduce the relative error. The average net worth of -\$259,092 based on 1000 simulations has a relative error of 13.88%.

**Net worth approaching ZERO – means you are running out of money and assets**

**Success is much more than "not running out of money"**

**Success is maintaining your lifestyle and enjoying your retirement goals**

- Success is paying all lifestyle expenses and needs
- Success is not using any asset you designated as "do not use"
- Success is leaving your heirs special assets



## Success

This graph shows the percent of simulations that were successful in paying all your lifestyle expenses without using any of your "restricted assets" through each year.

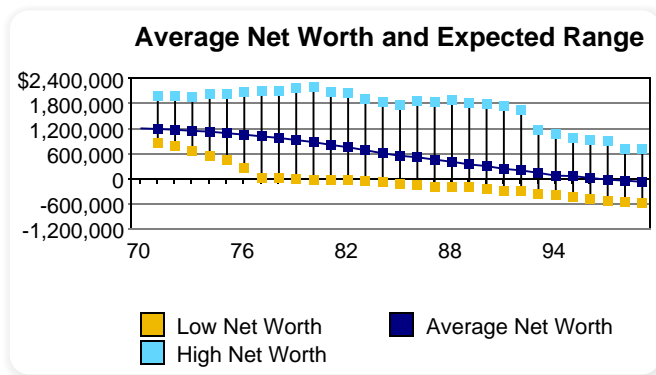
**Success is more than not running out of money – it's maintaining your desired retirement lifestyle.**

# Probability of Success<sup>®</sup>

Scenario: Proposed Plan

## Running Out of Money

It is common to fear running out of money and depleting your assets during retirement. If that were to happen, your net worth would become zero. The average net worth of all simulations can be an indicator of the probability of that occurring. The expected range shows the result of 70% of the simulations.



## Relative Error

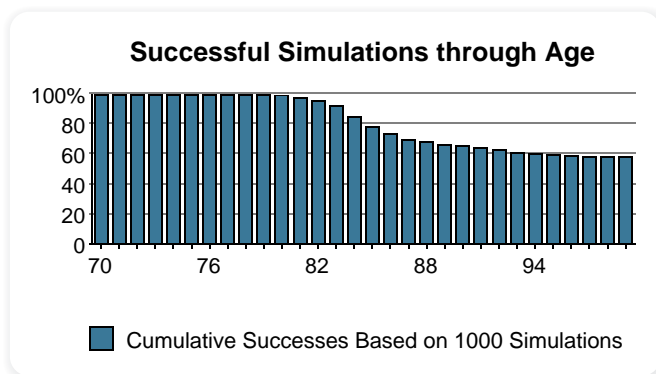
Supported by standard statistical theory, the relative error indicates a probability of greater than 99% that these values represent the true average result. Results cannot be guaranteed but are statistical measures applied to the results of a large number of simulations. Increasing the number of simulations will reduce the relative error. The average net worth of -\$89,288 based on 1000 simulations has a relative error of 6.40%.

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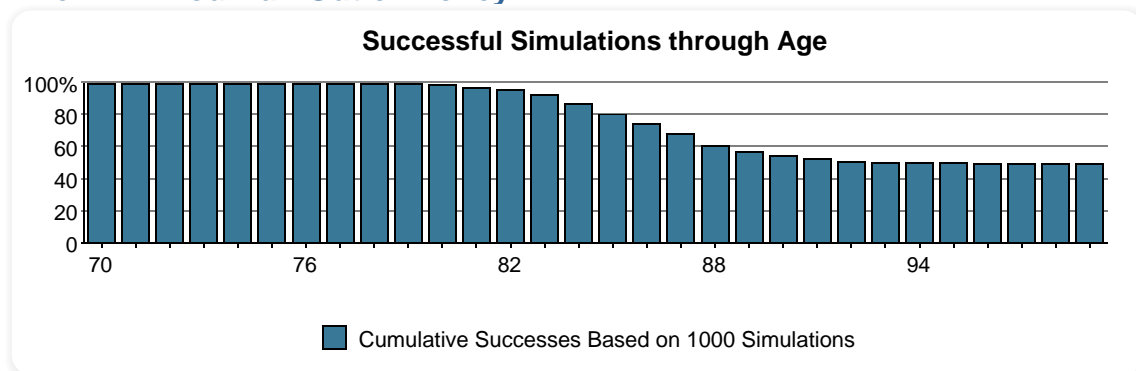
## Success

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**Success is more than not running out of money – it's maintaining your desired retirement lifestyle.**

# Probability of Success<sup>®</sup>

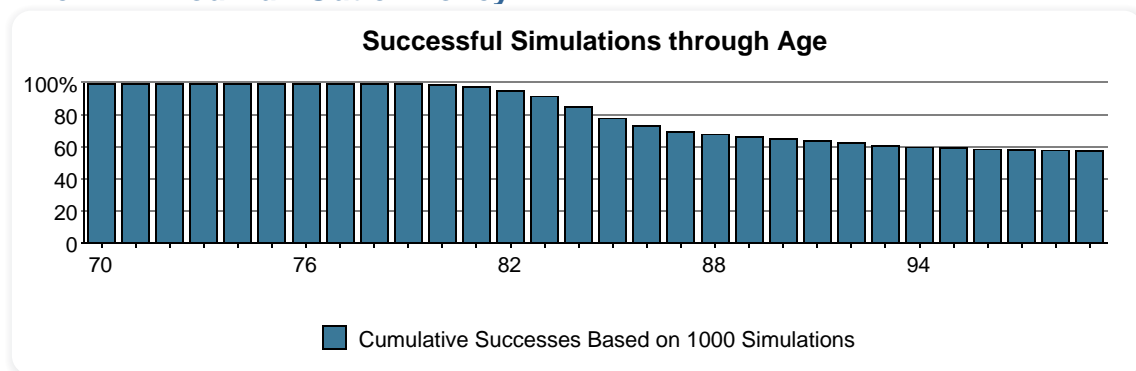
## Scenario 1: Current Situation When Will You Run Out of Money?



This illustration is the result of 1000 simulations for this scenario. A failure is the first year a shortfall occurs. The percent of simulations having its first shortfall is shown for each year.

The average net worth of -\$259,092 based on 1000 simulations has a relative error of 13.88%.

## Scenario 2: Proposed Plan When Will You Run Out of Money?



This illustration is the result of 1000 simulations for this scenario. A failure is the first year a shortfall occurs. The percent of simulations having its first shortfall is shown for each year.

The average net worth of -\$89,288 based on 1000 simulations has a relative error of 6.40%.

Failures are defined as a simulation that experienced a shortfall without using restricted assets or assets designated “Do not use” in this scenario. In these cases, you would have to modify your desired lifestyle or use restricted assets for the needed income.



# Probability of Success<sup>®</sup>

## Assumptions

### Methodology Used

Information is gathered from you about your assets, qualified retirement plans, income, liabilities, expenses, expected tax rates, as well as personal information and objectives. Details about these items are collected such as your expected rates of return, cost basis, and current value. Calculations are made assuming that everything performs as you specified. This set of results is referred to as the "deterministic" results.

### Methodology Used for Probability Analysis

No actual securities nor indices are being used or recommended in this analysis. Additional calculations are made using your information as the basis, but varying the results each year based on the assumptions for simulations described on the "Probability of Success Details" pages. Each simulation is subjected to a number of "uncertainties" occurring that year: economic conditions will result in expected rates of returns being adjusted; mortality assumptions will determine if death is assumed for that year; disability assumptions will determine if a well person becomes disabled, or if a disabled person will recover; and inheritance assumptions will determine what, if any, inheritance may be received that year. All variations in the future are based on the historical averages of the past. (See page titled "Probability of Success Details" for specific sources of assumptions.)

By repeating this process many times and applying statistical measures to the results, it can be an indication of a statistically correlative result. The purpose of these calculations is not to predict the result of any specific investment or assets, but to see the interplay of all your assets and desired actions as they relate to your net worth, your net to heirs, and your cash flow sensitivity over time. Since all simulations are different, the results may vary with each use and over time.

Although each asset class may vary independently for any single year, all assets of the same class are assumed to vary similarly for each year. This is a limitation of this program. Assets of the same class may average the same returns and may have the same degree of risk, but in reality, they do not vary in the same manner each year. Other limitations of this program are described in the "Important Notes" pages.

Total returns and risk, as measured by volatility, vary directly: low risk usually have low returns, and high risk has the potential for higher returns, although any investment could also experience losses. The more the risk, the greater the probability of losses. Historical returns over the past 40 years have been used with a heavier weighting on the most recent ten years. The volatility for each asset class was based on standard deviations and the coefficient of volatility as shown for each class below:

Low Volatility = 0%  
(Almost no risk)

Very Conservative = 10%  
(Low risk)

Conservative = 40%  
(Below average risk)

Moderate = 90%  
(Average risk)

Aggressive = 120%  
(Higher than average risk)

Dynamic = 160%  
(Very high risk)

# Assumptions in this Analysis

## Scenario: Proposed Plan

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.

<b>Ron Moore</b>	Age: 70	Male	Born: January 1, 1945
<b>Rose Moore</b>	Age: 70	Female	Born: January 1, 1945

Ron and Rose are married.

## Social Security

Ron is eligible for Social Security benefits. Ron's Social Security benefits are estimated based on the information contained in the Social Security Benefit statement you provided. Ron plans to take Social Security retirement benefits starting at age 65.

Rose is eligible for Social Security benefits. Rose's Social Security benefits are estimated based on the information contained in the Social Security Benefit statement you provided. Rose plans to take Social Security retirement benefits starting at age 65.

## Ages and Events

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

## Calculation Date

The starting date for the calculations in this report is June 30, 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 1/12<sup>th</sup> 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 in this Analysis (Continued)

Scenario: Proposed Plan

## 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

### Ron:

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

### Rose:

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

## Prior Taxable Gifts

### Ron:

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

### Rose:

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 the maximum federal credit for state death taxes.

### Ron's Plan

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

### Rose's Plan

Your will leaves everything outright to Ron 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.

# Assumptions in this Analysis (Continued)

Scenario: Proposed Plan

## Restrictive Uses of Assets

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

## Income Taxes

### Income Tax Rates

Federal Income Tax Rate: 0% Medicare surcharge is not included.

State Income Tax Rate: 7%

### Other Rates

Capital Gains Tax Rate: 0%

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

Inflation Rate for Federal Indexed Values: 3%

An IRC Sec. 7520 rate of 5.0% 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 0.00% 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 Ron 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.

## Costs Associated with Long-Term Care

Estimated costs of long-term care are based on the average costs for a nursing home stay in the current county of residence (Unknown), adjusted for the current level of long-term care inflation rate. Basic living expenses are further adjusted as if disabled and any salary or retirement contributions are discontinued. (Estimated costs based on Laing and Buisson survey carried out in 2003.)

A PROPOSED SCENARIO

# Other Facts Used

Scenario: Proposed Plan

Ron Moore

Rose Moore

Age: 70 Male Born: Jan. 01, 1945

Age: 70 Female Born: Jan. 01, 1945

Ron and Rose are married.

## Mutual Funds

Name/ Symbol	Owner	Account Balance	Balance As Of	Basis	Rates		
					Qual. Div.	Cap. Gains	App.
Other Assets	Rose, Ron	\$500,000	Jul. 17, 2010	\$500,000	0.000% <sup>1</sup>	0.000% <sup>1</sup>	2.000%

## IRAs

Name	Owner	Current Balance	Balance As Of	Growth Rate	Type
Ron Qualified Plan	Ron	\$300,000	Jul. 17, 2010	4.000%	Deductible
Rose Qualified Plan	Rose	\$250,000	Jul. 17, 2010	4.000%	Deductible

## Life Insurance-Individual

Name	Insured	Owner	Beneficiary	Face Amount	Premium	Frequency	Cash Value
Ron's Life Ins Policy	Ron	Ron	Rose	\$700,000	\$500	Monthly	\$0

## Long-Term Care Insurance-Individual

Name	Insured	Daily Benefit	Daily Home Care	Waiting Period	Benefit Period	Premium	Frequency
IRon's Long Term Care Policy	Ron	\$100	\$35	180 Days	5 Years	\$200	Monthly

## Essential Living Expenses

Description	Amount	Frequency	Inflation	Tax Deductible <sup>2</sup>	Percent Continuing after First Death	Percent Continuing after First Disability	Percent Continuing after First Retirement
Living Expenses	\$7,200	Monthly	3%	No	70%	100%	100%

<sup>1</sup> Dividends are assumed to be reinvested in similar investments.

<sup>2</sup> Deductions for charitable contributions and medical/prescriptions are subject to limitations.