Protect Your Family's Lifestyle

  

for
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and
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IMPORTANT INFORMATION

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. The quality of this analysis is dependent upon the accuracy of data provided by you. Calculations contained in this analysis are estimates only.

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

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

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

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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

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

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.

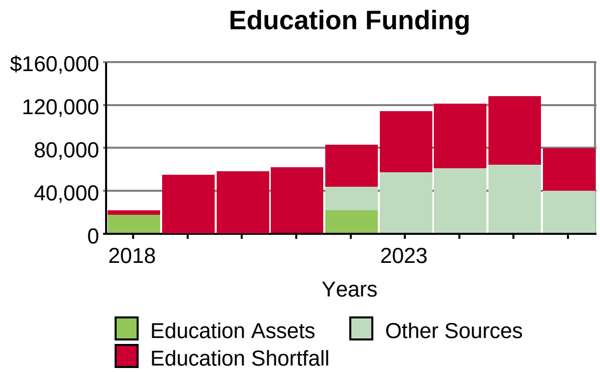
	John	Mary	Joint	Total
Assets				
Liquid Assets				
Joint Checking Account			$3,000	$3,000
Retirement Plans				
John's Retirement Plan	$12,500			$12,500
Mary's Retirement Plan		$8,000		$8,000
Residence				
Residence			$380,000	$380,000
Educational Savings Plans				
Billy's 529 Plan	$10,000			$10,000
Annemarie's 529 Plan	$10,000			$10,000
Total Assets Today	**$32,500**	**$8,000**	**$383,000**	**$423,500**
Liabilities				
Mortgages				
Residence			$280,000	$280,000
Credit Cards				
Credit Card			$15,000	$15,000
Total Liabilities Today			**$295,000**	**$295,000**

Net Worth

Your Assets	**$423,500**
Less Your Liabilities	**$295,000**
Your Net Worth Today	**$128,500**

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%.



How will you pay for college?

- Hope for scholarships
- Use college loans
- Pay as you go
- Begin a saving and investment strategy today

Education Goals

Education For	School	Education Cost Today	Start in Year[2]	Years
Billy	The University of North Carolina at Chapel Hill	$27,527	2018	4
Annemarie	Duke University	$45,615	2022	4

Amount Required Today to Fund Total Costs[3] $318,251

The amount needed today to fund all education goals invested at 5% provides the total costs for all years of education of $731,561 at the start of the individual education goal. This amount assumes inflation at 6% but does not consider your education assets or funding provided by other sources.

Remaining Funds Needed Today[4] $198,505

The remaining funds needed today consider your assets designated for education (current value $20,000) as well as anticipated funding from other sources. This amount is assumed to be invested until needed and with 5% growth would provide the additional money needed by the start of each education goal.

Monthly Savings Required for Additional Funds $1,780

An alternative way to provide the additional funds needed today of $198,505 would be a savings fund. These monthly deposits invested at 5% 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]
Billy	The University of North Carolina at Chapel Hill	$27,527	2018	$52,254	4	$236,594	$117,283
Annemarie	Duke University	$45,615	2022	$109,319	4	$494,967	$200,968
Total						**$731,561**	**$318,251**

Education Assets

Education Assets	Current Balance
Billy's 529 Plan	$10,000
Annemarie's 529 Plan	$10,000

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
Billy	$117,283	0%	$107,659	$1,062	11 yrs.
Annemarie	$200,968	50%	$90,846	$718	15 yrs.
Total	**$318,251**		**$198,505**	**$1,780**	

Annual Education Needs

Year	Annual Education Cost	Paid from Other Sources	Balance of Assets for Education[7]	Education Shortage for Year
2007	$0	$0	$20,420	$0
2008	0	0	21,465	0
2009	0	0	22,563	0
2010	0	0	23,717	0
2011	0	0	24,931	0
2012	0	0	26,206	0
2013	0	0	27,547	0
2014	0	0	28,957	0
2015	0	0	30,438	0
2016	0	0	31,995	0
2017	0	0	33,632	0
2018	21,773	0	17,676	4,278
2019	55,390	0	18,581	55,390
2020	58,713	0	19,531	58,713
2021	62,236	0	20,531	62,236

1 Annual costs are assumed paid in 12 monthly payments.
2 Estimated costs based on Annual Cost Today and inflation rate of 6%. 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% 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.

Summary of Education Needs Continued

Annual Education Needs

Year	Annual Education Cost	Paid from Other Sources	Balance of Assets for Education[1]	Education Shortage for Year
2022	84,032	22,775	0	39,867
2023	115,878	57,939	0	57,939
2024	122,831	61,415	0	61,415
2025	130,201	65,100	0	65,100
2026	80,507	40,254	0	40,254

[1] Balance includes any predetermined deposits to education assets.

When You Reach Retirement

Retirement is set to begin when John is age 65. This analysis illustrates 20 years of retirement.

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

Salary and Other Income	0%
Estimated Social Security[1]	37%
Retirement Plans	11%
Assets Used	41%
Shortfall	11%

Retirement Failure

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

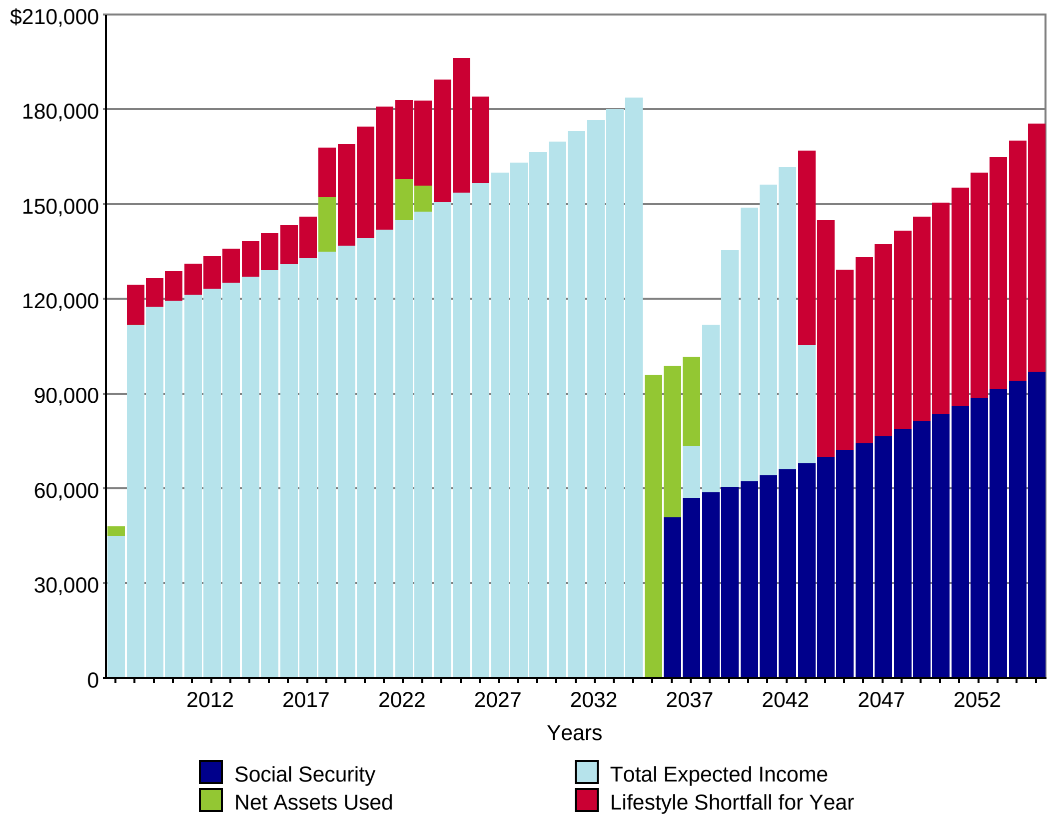
A cash flow failure occurs.

The value of expenses not covered, the shortfall, at the start of retirement in year 2035 is $455,273. Monthly deposits to avoid shortfalls is $584.

[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, John's Social Security are estimates based on the Social Security benefit statement provided and Mary's Social Security are estimates based on the Social Security benefit statement provided. 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 John is age 65. This analysis illustrates 20 years of retirement. A successful retirement requires that all lifestyle expenses be satisfied before retirement.



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	2007	2022	$162,248	$162,248
Before Retirement	2023	2034	$58,164	$220,412
During Retirement	2035	2056	$114,264	$334,676

Lump Sum to Provide Total Amount Needed Today **$334,676**

Amounts needed prior to retirement may deplete the assets and income intended for retirement.

How to Provide the Retirement Needs

A monthly deposit of $584, every year from now until retirement, invested at 5% could grow to the shortfall at the start of retirement of $455,273. For the purpose of this analysis, the retirement shortage is the equivalent of reducing all outgoing payments by 17%. Alternatively, an increase in income may be necessary to reach these retirement goals.

Now Through Retirement

Retirement is set to begin when John is age 65. This analysis illustrates 20 years of retirement. A successful retirement requires that all lifestyle expenses be satisfied before retirement. Otherwise, assets intended for retirement may be depleted.

		Outgoing Payments			Expected Income			
	Year	Living Expenses[1]	Education and Spending Goals	Tax Payments and Withholdings	Salary and Other Income[2]	Social Security	Assets Used for Cash Flow	Shortfall[3]
	2007	$31,300	$0	$16,642	$45,000	$0	$2,942	-
	2008	84,108	0	38,795	112,106	0	57	12,686
	2009	85,455	0	35,956	117,963	0	0	9,048
	2010	86,841	0	37,163	119,834	0	0	9,394
	2011	88,269	0	38,414	121,723	0	0	9,781
	2012	89,739	0	39,711	123,629	0	0	10,210
	2013	91,253	0	41,057	125,550	0	0	10,684
	2014	92,812	0	42,453	127,486	0	0	11,207
	2015	94,416	0	43,904	129,434	0	0	11,781
	2016	96,069	0	45,411	131,393	0	0	12,410
	2017	97,770	0	46,979	133,362	0	0	13,097
	2018	97,052	21,773	48,610	135,338	0	17,494	15,656
	2019	63,590	55,390	50,307	137,319	0	0	32,317
	2020	64,783	58,713	51,669	139,710	0	0	35,456
	2021	66,696	62,236	52,703	142,504	0	0	39,130
	2022	68,665	61,257	53,757	145,354	0	13,220	25,105
	2023	70,692	57,939	54,832	148,261	0	8,171	27,032
	2024	72,780	61,415	55,928	151,226	0	0	38,898
	2025	74,930	65,100	57,047	154,251	0	0	42,827
	2026	77,144	40,254	58,188	157,336	0	0	27,418
	2027	79,423	0	59,352	160,482	0	0	-
	2028	81,770	0	60,539	163,692	0	0	-
	2029	84,187	0	61,750	166,966	0	0	-
	2030	86,675	0	62,985	170,305	0	0	-
	2031	89,238	0	64,244	173,711	0	0	-
	2032	91,876	0	65,471	177,185	0	0	-
	2033	94,593	0	66,660	180,729	0	0	-
	2034	97,391	0	67,872	184,344	0	0	-
R	2035	96,093	0	0	0	0	96,093	-
	2036	98,976	0	0	0	50,808	48,168	-
	2037	101,945	0	0	16,556	57,090	28,299	-
	2038	105,003	0	7,048	53,249	58,802	0	-
	2039	108,153	0	27,630	75,217	60,566	0	-
	2040	111,398	0	38,010	87,024	62,383	0	-
	2041	114,740	0	42,015	92,500	64,255	0	-
	2042	118,182	0	44,135	96,135	66,183	0	-
	2043	121,728	0	45,717	37,445	68,168	0	61,831
	2044	125,380	0	20,054	0	70,213	0	75,220
	2045	129,141	0	466	0	72,319	0	57,287
	2046	133,015	0	624	0	74,489	0	59,150

[1] Basic expenses, loan payments, retirement contributions, and taxes and withholdings
[2] Salary, other income, dividends, and other distributions from holdings, new loan proceeds, and retirement plan distributions
[3] 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.

Now Through Retirement Continued

	Outgoing Payments			Expected Income			
Year	Living Expenses[1]	Education and Spending Goals	Tax Payments and Withholdings	Salary and Other Income[2]	Social Security	Assets Used for Cash Flow	Shortfall[3]
2047	137,006	0	787	0	76,724	0	61,069
2048	141,116	0	954	0	79,025	0	63,045
2049	145,349	0	1,127	0	81,396	0	65,080
2050	149,710	0	1,305	0	83,838	0	67,176
2051	154,201	0	1,488	0	86,353	0	69,336
2052	158,827	0	1,676	0	88,944	0	71,560
2053	163,592	0	1,920	0	91,612	0	73,900
2054	168,500	0	2,261	0	94,360	0	76,400
2055	173,555	0	2,611	0	97,191	0	78,974

[1] Basic expenses, loan payments, retirement contributions, and taxes and withholdings
[2] Salary, other income, dividends, and other distributions from holdings, new loan proceeds, and retirement plan distributions
[3] 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.)

Immediate Cash Needs at John's Death

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. If John should die today, Mary will face a number of financial needs. This analysis illustrates the immediate cash needs associated with John's death. Only the final expenses and any separate loans of the decedent must be paid immediately. Although many people would like to have these other needs fully funded at death, it is not necessary to pay them until they become due.

Final Expenses — $10,000

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

Present Debts — $295,000

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

Name	Balance	Monthly Payment
Residence	$280,000	$3,000
Credit Card	$15,000	$200

Emergency Funds[1] — $27,000

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

Education Funds[2] — $318,251

Amount needed to fund education today.

Total Cash Needs at John's Death — $650,251

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

Life Insurance on John

John's Group Life Policy	$50,000
Total	**$50,000**

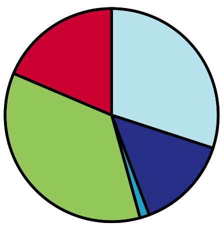
1 Emergency funds are estimated at the greater of 5% of all liquid assets or three months salary.
2 The amount needed today to fund total costs of education. This does not consider education assets and the portion that may be provided by other sources.

Income Needs at John's Death

A more comprehensive approach to survivor income needs is to consider all needs as they become due. Needs often thought of as "immediate needs" are considered, but only as they become payable. This approach considers immediate needs and the continuing survivor income needs. These total needs can be compared to anticipated income and assets to determine any shortfalls.

Survivor Income Needed

The surviving spouse will need to have income sufficient to pay all of the continuing lifestyle expenses. Often some of the lifestyle expenses are reduced or are eliminated after one spouse's death; there is usually an adjustment period. During this time, the expenses continue very similar to what they were immediately prior to death. This analysis assumes that the adjustment period is 24 months.



Mary's Income Sources

	Salary and Other Income	30%
	Estimated Social Security[1]	14%
	Retirement Plans	1%
	Assets Used	36%
	Shortfall	19%
	Value of Shortfall Today	**$1,088,184**

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 $0.

Life Insurance on John

Life insurance on John'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 John of $50,000.

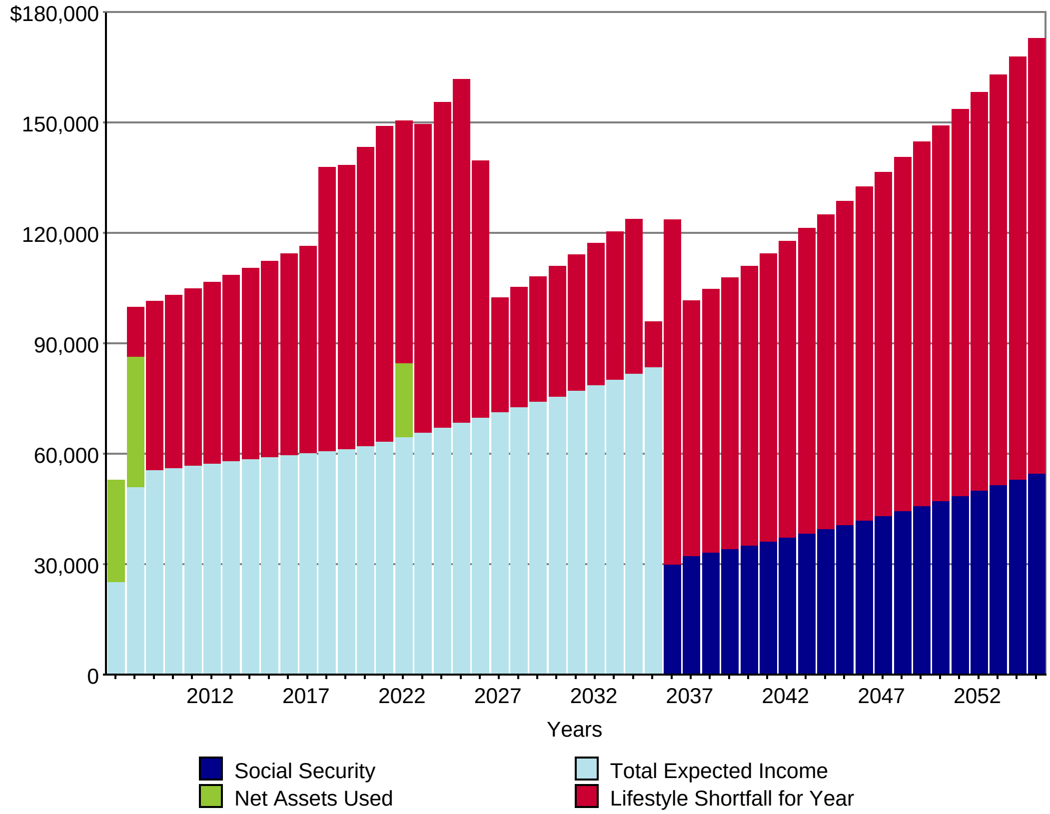
Survivor Income Replacement

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] 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, John's Social Security are estimates based on the Social Security benefit statement provided and Mary's Social Security are estimates based on the Social Security benefit statement provided. This is an estimate of the monthly benefit available. Actual survivor benefits may be greater or less than the amount shown.

Income Needs at John'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	2007	2022	$564,024	$564,024
Before Retirement	2023	2034	$240,616	$804,640
During Retirement	2035	2056	$283,544	$1,088,184

Lump Sum to Provide Total Amount Needed Today[1] **$1,088,184**

Life insurance can protect income needs.

[1] This amount includes all items listed for immediate cash needs but illustrates them being paid when due, not necessarily immediately following death. Life Insurance proceeds of $50,000 from John's death have been considered.

Income Needs at John'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.

		Outgoing Payments			Expected Income			
	Year	Living Expenses[1]	Education and Spending Goals	Tax Payments and Withholding[2]	Salary and Other Income[3]	Social Security[4]	Assets Used for Cash Flow	Shortfall
	2007	$43,553	$0	$9,352	$25,000	$0	$27,905	-
	2008	81,660	0	16,488	50,906	0	35,662	13,526
	2009	82,958	0	13,203	55,539	0	0	46,221
	2010	84,295	0	13,955	56,161	0	0	47,311
	2011	85,671	0	14,741	56,777	0	0	48,456
	2012	87,090	0	15,565	57,384	0	0	49,658
	2013	88,550	0	16,427	57,980	0	0	50,922
	2014	90,055	0	17,331	58,564	0	0	52,249
	2015	91,604	0	18,280	59,134	0	0	53,644
	2016	93,200	0	19,275	59,688	0	0	55,111
	2017	94,844	0	20,319	60,222	0	0	56,652
	2018	94,068	21,773	21,417	60,735	0	0	77,576
	2019	60,546	55,390	22,571	61,224	0	0	77,632
	2020	61,678	58,713	23,378	62,093	0	0	81,676
	2021	63,529	62,236	23,846	63,335	0	0	86,275
	2022	65,435	61,257	24,323	64,602	0	20,167	66,246
	2023	67,398	57,939	24,809	65,894	0	0	84,252
	2024	69,420	61,415	25,305	67,212	0	0	88,929
	2025	71,502	65,100	25,811	68,556	0	0	93,858
	2026	73,647	40,254	26,327	69,927	0	0	70,302
	2027	75,857	0	26,854	71,325	0	0	31,385
	2028	78,132	0	27,391	72,752	0	0	32,772
	2029	80,476	0	27,939	74,207	0	0	34,208
	2030	82,891	0	28,498	75,691	0	0	35,697
	2031	85,377	0	29,068	77,205	0	0	37,240
	2032	87,939	0	29,649	78,749	0	0	38,839
	2033	90,577	0	30,242	80,324	0	0	40,495
	2034	93,294	0	30,847	81,931	0	0	42,210
R	2035	96,093	0	0	83,655	0	0	12,438
	2036	98,976	0	25,097	0	29,840	0	94,232
	2037	101,945	0	0	0	32,040	0	69,905
	2038	105,003	0	0	0	33,001	0	72,002
	2039	108,153	0	0	0	33,991	0	74,162
	2040	111,398	0	0	0	35,011	0	76,387
	2041	114,740	0	0	0	36,061	0	78,679

[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 John is age 67 and FRA for Mary is age 67.
R-Retirement assumed to begin in this year.

Income Needs at John's Death Continued

	Outgoing Payments			Expected Income			
Year	Living Expenses[1]	Education and Spending Goals	Tax Payments and Withholding[2]	Salary and Other Income[3]	Social Security[4]	Assets Used for Cash Flow	Shortfall
2042	118,182	0	0	0	37,143	0	81,039
2043	121,728	0	0	0	38,257	0	83,470
2044	125,380	0	0	0	39,405	0	85,975
2045	129,141	0	0	0	40,587	0	88,554
2046	133,015	0	0	0	41,805	0	91,210
2047	137,006	0	0	0	43,059	0	93,947
2048	141,116	0	0	0	44,351	0	96,765
2049	145,349	0	0	0	45,681	0	99,668
2050	149,710	0	0	0	47,052	0	102,658
2051	154,201	0	0	0	48,463	0	105,738
2052	158,827	0	0	0	49,917	0	108,910
2053	163,592	0	0	0	51,415	0	112,177
2054	168,500	0	0	0	52,957	0	115,543
2055	173,555	0	0	0	54,546	0	119,009

[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 John is age 67 and FRA for Mary is age 67.

Immediate Cash Needs at Mary's Death

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. If Mary should die today, John will face a number of financial needs. This analysis illustrates the immediate cash needs associated with Mary's death. Only the final expenses and any separate loans of the decedent must be paid immediately. Although many people would like to have these other needs fully funded at death, it is not necessary to pay them until they become due.

Final Expenses — $10,000

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

Present Debts — $295,000

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

Name	Balance	Monthly Payment
Residence	$280,000	$3,000
Credit Card	$15,000	$200

Emergency Funds[1] — $27,000

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

Education Funds[2] — $318,251

Amount needed to fund education today.

Total Cash Needs at Mary's Death — $650,251

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

[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 Needs at Mary's Death

A more comprehensive approach to survivor income needs is to consider all needs as they become due. Needs often thought of as "immediate needs" are considered, but only as they become payable. This approach considers immediate needs and the continuing survivor income needs. These total needs can be compared to anticipated income and assets to determine any shortfalls.

Survivor Income Needed

The surviving spouse will need to have income sufficient to pay all of the continuing lifestyle expenses. Often some of the lifestyle expenses are reduced or are eliminated after one spouse's death; there is usually an adjustment period. During this time, the expenses continue very similar to what they were immediately prior to death. This analysis assumes that the adjustment period is 24 months.

John's Income Sources

	Salary and Other Income	33%
	Estimated Social Security[1]	14%
	Retirement Plans	6%
	Assets Used	39%
	Shortfall	10%
	Value of Shortfall Today	**$628,188**

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 $0.

Life Insurance on Mary

Life insurance on Mary'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.

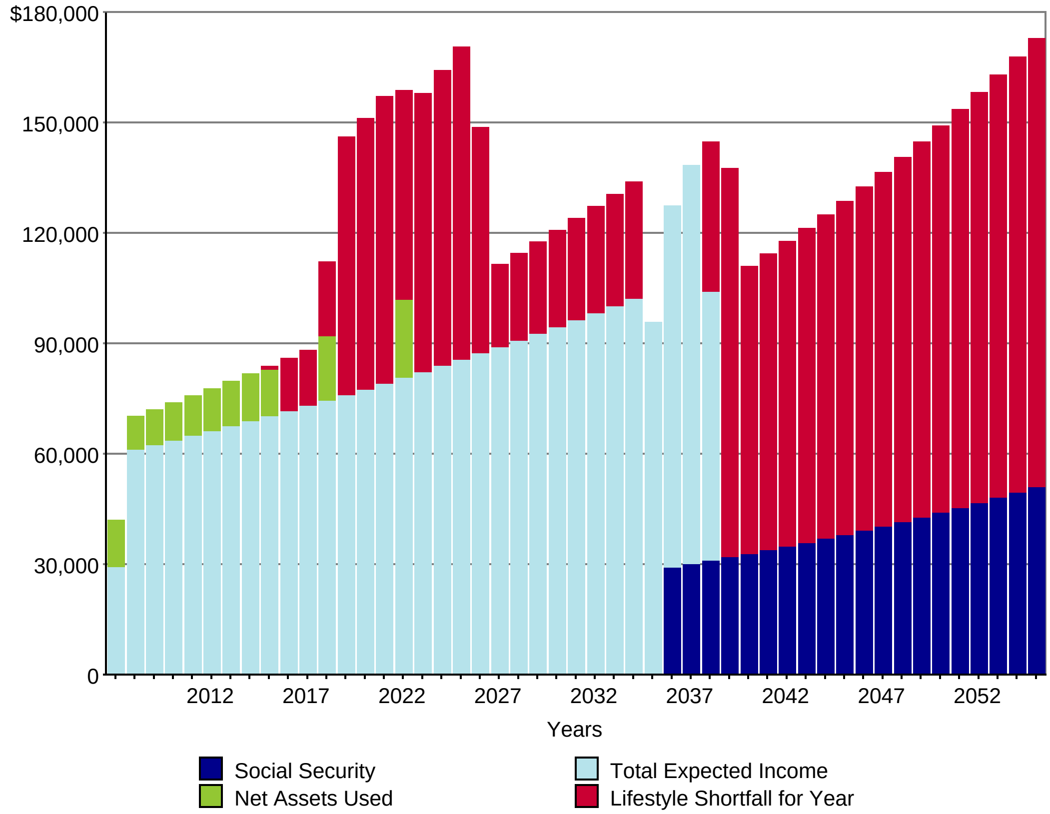
Survivor Income Replacement

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] 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, John's Social Security are estimates based on the Social Security benefit statement provided and Mary's Social Security are estimates based on the Social Security benefit statement provided. This is an estimate of the monthly benefit available. Actual survivor benefits may be greater or less than the amount shown.

Income Needs at Mary'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	2007	2022	$177,710	$177,710
Before Retirement	2023	2034	$199,756	$377,466
During Retirement	2035	2056	$250,722	$628,188

Lump Sum to Provide Total Amount Needed Today[1] **$628,188**

Life insurance can protect income needs.

[1] Immediate cash needs at Mary's death of $532,510 are included so that the total value of immediate cash needs and survivor needs is $628,188. This illustration assumes Mary dies today and continues until John is age 85.

Income Needs at Mary'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.

		Outgoing Payments			Expected Income		
Year	Living Expenses[1]	Education and Spending Goals	Tax Payments and Withholding[2]	Salary and Other Income[3]	Social Security[4]	Assets Used for Cash Flow	Shortfall
2007	$31,305	$0	$10,618	$29,000	$0	$12,923	-
2008	48,108	0	22,307	61,200	0	9,215	-
2009	49,455	0	22,754	62,424	0	9,784	-
2010	50,841	0	23,209	63,672	0	10,378	-
2011	52,269	0	23,673	64,946	0	10,996	-
2012	53,739	0	24,146	66,245	0	11,641	-
2013	55,253	0	24,629	67,570	0	12,312	-
2014	56,812	0	25,122	68,921	0	13,012	-
2015	58,416	0	25,624	70,300	0	12,738	1,003
2016	60,069	0	26,137	71,706	0	0	14,500
2017	61,770	0	26,659	73,140	0	0	15,290
2018	63,522	21,773	27,193	74,602	0	17,494	20,391
2019	63,590	55,390	27,736	76,095	0	0	70,622
2020	64,783	58,713	28,291	77,616	0	0	74,171
2021	66,696	62,236	28,857	79,169	0	0	78,620
2022	68,665	61,257	29,434	80,752	0	21,390	57,214
2023	70,692	57,939	30,023	82,367	0	0	76,287
2024	72,780	61,415	30,623	84,014	0	0	80,804
2025	74,930	65,100	31,236	85,695	0	0	85,571
2026	77,144	40,254	31,860	87,409	0	0	61,849
2027	79,423	0	32,498	89,157	0	0	22,764
2028	81,770	0	33,148	90,940	0	0	23,978
2029	84,187	0	33,811	92,759	0	0	25,238
2030	86,675	0	34,487	94,614	0	0	26,548
2031	89,238	0	35,177	96,506	0	0	27,908
2032	91,876	0	35,822	98,436	0	0	29,262
2033	94,593	0	36,418	100,405	0	0	30,605
2034	97,391	0	37,025	102,413	0	0	32,002
R 2035	96,093	0	0	96,093	0	0	-
2036	98,976	0	28,828	98,929	28,874	0	-
2037	101,945	0	37,042	109,083	29,904	0	-
2038	105,003	0	40,350	73,551	30,801	0	41,002
2039	108,153	0	29,919	0	31,725	0	106,348
2040	111,398	0	0	0	32,677	0	78,721
2041	114,740	0	0	0	33,657	0	81,083

[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 John is age 67 and FRA for Mary is age 67.
R-Retirement assumed to begin in this year.

Income Needs at Mary's Death Continued

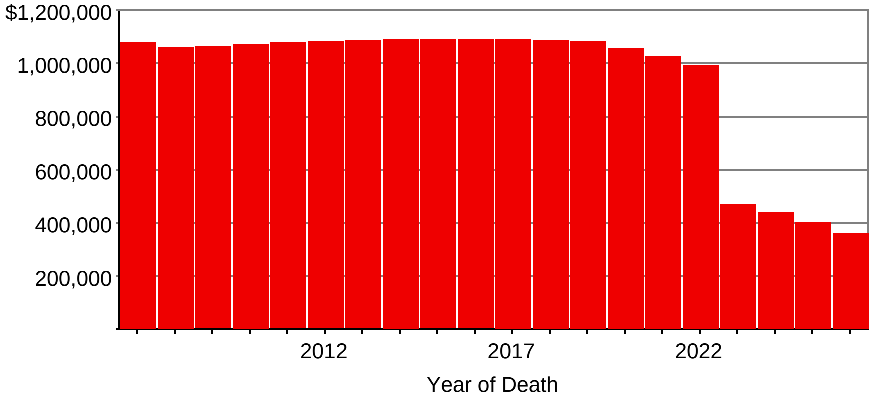
	Outgoing Payments			Expected Income			
Year	Living Expenses[1]	Education and Spending Goals	Tax Payments and Withholding[2]	Salary and Other Income[3]	Social Security[4]	Assets Used for Cash Flow	Shortfall
2042	118,182	0	0	0	34,667	0	83,515
2043	121,728	0	0	0	35,707	0	86,021
2044	125,380	0	0	0	36,778	0	88,601
2045	129,141	0	0	0	37,882	0	91,259
2046	133,015	0	0	0	39,018	0	93,997
2047	137,006	0	0	0	40,189	0	96,817
2048	141,116	0	0	0	41,394	0	99,722
2049	145,349	0	0	0	42,636	0	102,713
2050	149,710	0	0	0	43,915	0	105,795
2051	154,201	0	0	0	45,233	0	108,968
2052	158,827	0	0	0	46,590	0	112,237
2053	163,592	0	0	0	47,987	0	115,605
2054	168,500	0	0	0	49,427	0	119,073
2055	173,555	0	0	0	50,910	0	122,645

[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 John is age 67 and FRA for Mary is age 67.

Needs if Death in Various Years

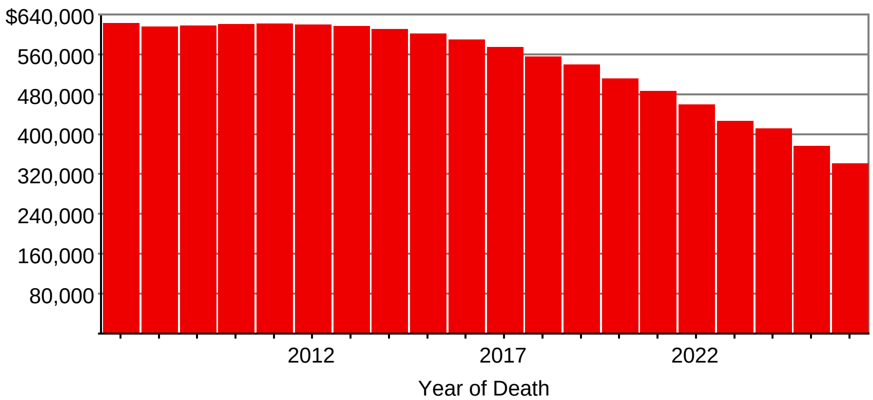
Needs change over time—incomes change, bills are paid and new living expenses are established, and others increase, some assets are sold and others acquired and some assets just increase or decrease in value. The prior charts illustrate the income needs if death occurred today. The charts below show 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 John's death.



At John'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 $1,088,184 and the largest need of $1,101,071 occurs if death is in year 9.

Value of all future needs at Mary's death.



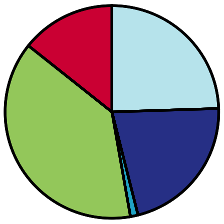
At Mary's death, this is the amount that would need to be invested at 5% to provide the amounts needed for the shortages. The need if death occurred today is $628,188 and the largest need of $628,188 occurs if death is in year 1.

Life insurance can provide for the needs caused by death.

John's Disability Income Needs

Disability Income Needed

John, 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% per year.



Income Sources

	Salary and Other Income	24%
	Estimated Social Security[1]	22%
	Retirement Plans	1%
	Assets Used	39%
	Shortfall	14%

Assumes John is disabled today and remains disabled until retirement.

Cash flow failure in 2007

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 **$0.**

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, John's Social Security are estimates based on the Social Security benefit statement provided and Mary's Social Security are estimates based on the Social Security benefit statement provided. This is an estimate of the monthly benefit available. Actual disability benefits may be greater or less than the amount shown.

Family Needs If John 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?

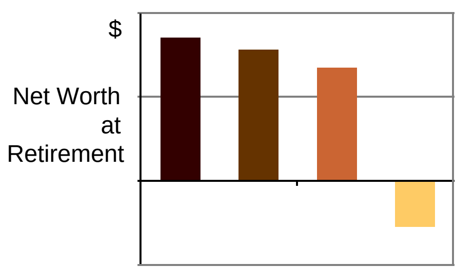
Long-term disability is another life uncertainty that prevents the accumulation of wealth.

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

Before age 65, it is 2.81 times more likely that John 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?

Effects on Net Worth of Situation



Situation	Condition Considered	Net Worth at Retirement[2]
■	Not Disabled	$1,203,713
■	Disabled for Next 2 Years	$1,101,741
■	Disabled for Next 5 Years	$946,356
□	Disabled Now until Retirement	-$380,505

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.

John's Disability Income Needs

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 John became disabled today and remained disabled until retirement.

		Outgoing Payments			Expected Income			
	Year	Living Expenses[1]	Education and Spending Goals	Tax Payments and Withholding[2]	Salary and Other Income[3]	Social Security[4]	Assets Used for Cash Flow	Shortfall
	2007	$30,300	$0	$7,530	$20,000	$0	$3,000	$14,830
	2008	81,660	0	16,488	50,906	0	0	49,188
	2009	82,958	0	13,203	55,539	0	0	46,221
	2010	84,295	0	13,955	56,161	0	0	47,311
	2011	85,671	0	14,741	56,777	0	0	48,456
	2012	87,090	0	15,565	57,384	0	0	49,658
	2013	88,550	0	16,427	57,980	0	0	50,922
	2014	90,055	0	17,331	58,564	0	0	52,249
	2015	91,604	0	18,280	59,134	0	0	53,644
	2016	93,200	0	19,275	59,688	0	0	55,111
	2017	94,844	0	20,319	60,222	0	0	56,652
	2018	94,068	21,773	21,417	60,735	0	17,494	60,082
	2019	60,546	55,390	22,571	61,224	0	0	77,632
	2020	61,678	58,713	23,378	62,093	0	0	81,676
	2021	63,529	62,236	23,846	63,335	0	0	86,275
	2022	65,435	61,257	24,323	64,602	0	21,390	65,022
	2023	67,398	57,939	24,809	65,894	0	0	84,252
	2024	69,420	61,415	25,305	67,212	0	0	88,929
	2025	71,502	65,100	25,811	68,556	0	0	93,858
	2026	73,647	40,254	26,327	69,927	0	0	70,302
	2027	75,857	0	26,854	71,325	0	0	31,385
	2028	78,132	0	27,391	72,752	0	0	32,772
	2029	80,476	0	27,939	74,207	0	0	34,208
	2030	82,891	0	28,498	75,691	0	0	35,697
	2031	85,377	0	29,068	77,205	0	0	37,240
	2032	87,939	0	29,649	78,749	0	0	38,839
	2033	90,577	0	30,242	80,324	0	0	40,495
	2034	93,294	0	30,847	81,931	0	0	42,210
R	2035	96,093	0	0	82,422	0	0	13,671
	2036	98,976	0	24,727	0	55,301	0	68,401
	2037	101,945	0	0	0	59,225	0	42,720
	2038	105,003	0	0	0	61,002	0	44,001
	2039	108,153	0	0	0	62,832	0	45,321
	2040	111,398	0	0	0	64,717	0	46,681
	2041	114,740	0	54	0	66,659	0	48,135

[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 John is age 67 and FRA for Mary is age 67.
R-Retirement assumed to begin in this year.

John's Disability Income Needs Continued

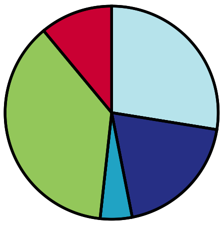
	Outgoing Payments			Expected Income			
Year	Living Expenses[1]	Education and Spending Goals	Tax Payments and Withholding[2]	Salary and Other Income[3]	Social Security[4]	Assets Used for Cash Flow	Shortfall
2042	118,182	0	199	0	68,658	0	49,723
2043	121,728	0	349	0	70,718	0	51,359
2044	125,380	0	504	0	72,840	0	53,044
2045	129,141	0	663	0	75,025	0	54,779
2046	133,015	0	827	0	77,276	0	56,566
2047	137,006	0	996	0	79,594	0	58,407
2048	141,116	0	1,170	0	81,982	0	60,304
2049	145,349	0	1,349	0	84,441	0	62,257
2050	149,710	0	1,533	0	86,974	0	64,268
2051	154,201	0	1,723	0	89,584	0	66,340
2052	158,827	0	2,002	0	92,271	0	68,558
2053	163,592	0	2,345	0	95,039	0	70,897
2054	168,500	0	2,698	0	97,891	0	73,307
2055	173,555	0	3,061	0	100,827	0	75,788

[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 John is age 67 and FRA for Mary is age 67.

Mary's Disability Income Needs

Disability Income Needed

Mary, 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% per year.



Income Sources

Salary and Other Income	28%
Estimated Social Security[1]	19%
Retirement Plans	5%
Assets Used	37%
Shortfall	11%

Assumes Mary is disabled today and remains disabled until retirement.

Cash flow failure in 2007

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 **$0.**

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, John's Social Security are estimates based on the Social Security benefit statement provided and Mary's Social Security are estimates based on the Social Security benefit statement provided. This is an estimate of the monthly benefit available. Actual disability benefits may be greater or less than the amount shown.

Family Needs If Mary 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?

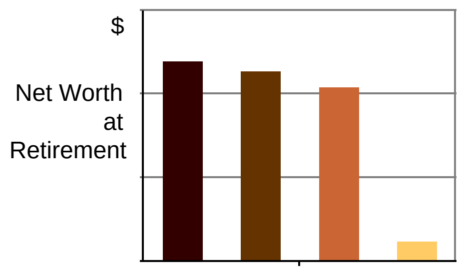
Long-term disability is another life uncertainty that prevents the accumulation of wealth.

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

Before age 65, it is 5.35 times more likely that Mary 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?

Effects on Net Worth of Situation



Situation	Condition Considered	Net Worth at Retirement[2]
■	Not Disabled	$1,203,713
■	Disabled for Next 2 Years	$1,142,553
■	Disabled for Next 5 Years	$1,046,149
□	Disabled Now until Retirement	$110,069

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.

Mary's Disability Income Needs

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 Mary became disabled today and remained disabled until retirement.

		Outgoing Payments			Expected Income			
	Year	Living Expenses[1]	Education and Spending Goals	Tax Payments and Withholding[2]	Salary and Other Income[3]	Social Security[4]	Assets Used for Cash Flow	Shortfall
	2007	$31,300	$0	$9,112	$25,000	$0	$3,000	$12,412
	2008	84,108	0	20,362	63,146	0	0	43,270
	2009	85,455	0	17,154	68,023	0	0	40,185
	2010	86,841	0	17,985	68,896	0	0	41,154
	2011	88,269	0	18,852	69,766	0	0	42,176
	2012	89,739	0	19,758	70,633	0	0	43,253
	2013	91,253	0	20,705	71,494	0	0	44,388
	2014	92,812	0	21,694	72,349	0	0	45,585
	2015	94,416	0	22,730	73,194	0	0	46,846
	2016	96,069	0	23,814	74,029	0	0	48,177
	2017	97,770	0	24,949	74,850	0	0	49,579
	2018	97,052	21,773	26,139	75,656	0	17,494	52,868
	2019	63,590	55,390	27,388	76,443	0	0	70,273
	2020	64,783	58,713	28,291	77,616	0	0	74,171
	2021	66,696	62,236	28,857	79,169	0	0	78,620
	2022	68,665	61,257	29,434	80,752	0	21,390	57,214
	2023	70,692	57,939	30,023	82,367	0	0	76,287
	2024	72,780	61,415	30,623	84,014	0	0	80,804
	2025	74,930	65,100	31,236	85,695	0	0	85,571
	2026	77,144	40,254	31,860	87,409	0	0	61,849
	2027	79,423	0	32,498	89,157	0	0	22,764
	2028	81,770	0	33,148	90,940	0	0	23,978
	2029	84,187	0	33,811	92,759	0	0	25,238
	2030	86,675	0	34,487	94,614	0	0	26,548
	2031	89,238	0	35,177	96,506	0	0	27,908
	2032	91,876	0	35,822	98,436	0	0	29,262
	2033	94,593	0	36,418	100,405	0	0	30,605
	2034	97,391	0	37,025	102,413	0	0	32,002
R	2035	96,093	0	0	96,093	0	0	-
	2036	98,976	0	28,828	72,911	54,892	0	-
	2037	101,945	0	35,871	78,785	59,031	0	-
	2038	105,003	0	38,688	82,890	60,802	0	-
	2039	108,153	0	40,371	53,209	62,626	0	32,689
	2040	111,398	0	28,096	0	64,505	0	74,989
	2041	114,740	0	38	0	66,440	0	48,338

[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 John is age 67 and FRA for Mary is age 67.
R-Retirement assumed to begin in this year.

Mary's Disability Income Needs Continued

	Outgoing Payments			Expected Income			
Year	Living Expenses[1]	Education and Spending Goals	Tax Payments and Withholding[2]	Salary and Other Income[3]	Social Security[4]	Assets Used for Cash Flow	Shortfall
2042	118,182	0	183	0	68,433	0	49,932
2043	121,728	0	333	0	70,486	0	51,574
2044	125,380	0	486	0	72,601	0	53,265
2045	129,141	0	645	0	74,779	0	55,007
2046	133,015	0	808	0	77,022	0	56,801
2047	137,006	0	977	0	79,333	0	58,649
2048	141,116	0	1,150	0	81,713	0	60,553
2049	145,349	0	1,328	0	84,164	0	62,513
2050	149,710	0	1,512	0	86,689	0	64,533
2051	154,201	0	1,702	0	89,290	0	66,613
2052	158,827	0	1,964	0	91,969	0	68,823
2053	163,592	0	2,306	0	94,728	0	71,170
2054	168,500	0	2,658	0	97,570	0	73,588
2055	173,555	0	3,020	0	100,497	0	76,078

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 John is age 67 and FRA for Mary is age 67.

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 2002, the average annual cost for a nursing home stay in North Carolina was $52,322.[1]
- **Rapidly Increasing Costs**
  Historically, the cost of long-term care has doubled in the past 9 years.[2]
- **Your Possible Cost**
  If Mary had a nursing home stay at age 70, the expected cost could be $142,817, based on the general inflation rate of 3%.

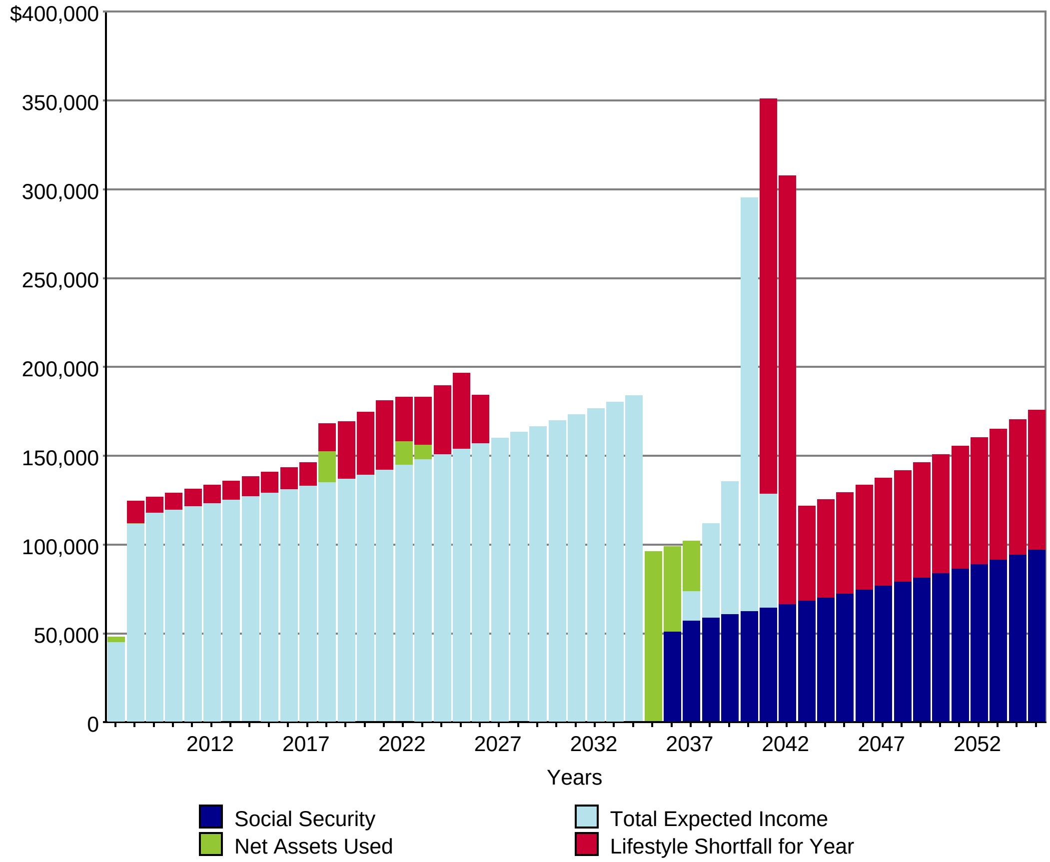
Paying for Long-Term Care

- **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] Your current state of residence based on a study by Milliman USA.
[2] Annual national rate of 8.2%. Source: US Consumer Index for Nursing Home Costs, 1978-2001.

What if You Need Long-Term Care?

This illustration assumes Mary enters a nursing home at age 70 and remains there for 3 years. Costs are estimated based on average 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	2007	2034	$220,412	$220,412
Retirement Until Nursing Home Stay	2035	2039	$0	$220,412
During Nursing Home Stay	2040	2043	$96,278	$316,690
Healthy Years After Nursing Home Stay	2044	2056	$100,207	$416,897

Lump Sum to Provide Total Amount Needed Today **$416,897**

The best way to protect yourself 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.

What if You Need Long-Term Care?

This illustration assumes John enters a nursing home at age 70 and remains there for 3 years. Costs are estimated based on average costs today increased for the general inflation rate.

		Outgoing Payments			Expected Income			
	Year	Living Expenses[1]	Education and Spending Goals	Tax Payments and Withholding[2]	Salary and Other Income[3]	Social Security[4]	Assets Used for Cash Flow	Shortfall
	2007	$31,300	$0	$16,642	$45,000	$0	$2,942	-
	2008	84,108	0	38,795	112,106	0	57	12,686
	2009	85,455	0	35,956	117,963	0	0	9,048
	2010	86,841	0	37,163	119,834	0	0	9,394
	2011	88,269	0	38,414	121,723	0	0	9,781
	2012	89,739	0	39,711	123,629	0	0	10,210
	2013	91,253	0	41,057	125,550	0	0	10,684
	2014	92,812	0	42,453	127,486	0	0	11,207
	2015	94,416	0	43,904	129,434	0	0	11,781
	2016	96,069	0	45,411	131,393	0	0	12,410
	2017	97,770	0	46,979	133,362	0	0	13,097
	2018	97,052	21,773	48,610	135,338	0	17,494	15,656
	2019	63,590	55,390	50,307	137,319	0	0	32,317
	2020	64,783	58,713	51,669	139,710	0	0	35,456
	2021	66,696	62,236	52,703	142,504	0	0	39,130
	2022	68,665	61,257	53,757	145,354	0	13,220	25,105
	2023	70,692	57,939	54,832	148,261	0	8,171	27,032
	2024	72,780	61,415	55,928	151,226	0	0	38,898
	2025	74,930	65,100	57,047	154,251	0	0	42,827
	2026	77,144	40,254	58,188	157,336	0	0	27,418
	2027	79,423	0	59,352	160,482	0	0	-
	2028	81,770	0	60,539	163,692	0	0	-
	2029	84,187	0	61,750	166,966	0	0	-
	2030	86,675	0	62,985	170,305	0	0	-
	2031	89,238	0	64,244	173,711	0	0	-
	2032	91,876	0	65,471	177,185	0	0	-
	2033	94,593	0	66,660	180,729	0	0	-
	2034	97,391	0	67,872	184,344	0	0	-
R	2035	96,093	0	0	0	0	96,093	-
	2036	98,976	0	0	0	50,808	48,168	-
	2037	101,945	0	0	16,556	57,090	28,299	-
	2038	105,003	0	7,048	53,249	58,802	0	-
	2039	108,153	0	27,630	75,217	60,566	0	-
L	2040	258,499	0	38,010	234,126	62,383	0	-
	2041	266,254	0	86,145	64,448	64,255	0	223,696

[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 John is age 67 and FRA for Mary is age 67.
R-Retirement assumed to begin in this year.
L -Long-term care assumed to begin in this year.

What if You Need Long-Term Care? Continued

	Outgoing Payments			Expected Income			
Year	Living Expenses[1]	Education and Spending Goals	Tax Payments and Withholding[2]	Salary and Other Income[3]	Social Security[4]	Assets Used for Cash Flow	Shortfall
2042	274,242	0	34,541	0	66,183	0	242,601
2043	121,728	0	164	0	68,168	0	53,723
2044	125,380	0	313	0	70,213	0	55,479
2045	129,141	0	466	0	72,319	0	57,287
2046	133,015	0	624	0	74,489	0	59,150
2047	137,006	0	787	0	76,724	0	61,069
2048	141,116	0	954	0	79,025	0	63,045
2049	145,349	0	1,127	0	81,396	0	65,080
2050	149,710	0	1,305	0	83,838	0	67,176
2051	154,201	0	1,488	0	86,353	0	69,336
2052	158,827	0	1,676	0	88,944	0	71,560
2053	163,592	0	1,920	0	91,612	0	73,900
2054	168,500	0	2,261	0	94,360	0	76,400
2055	173,555	0	2,611	0	97,191	0	78,974

[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 John is age 67 and FRA for Mary is age 67.

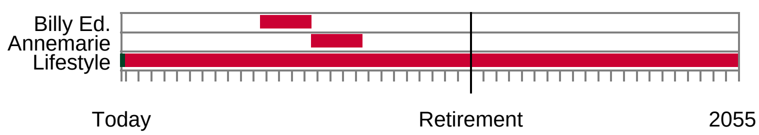
Financial Needs Summary

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

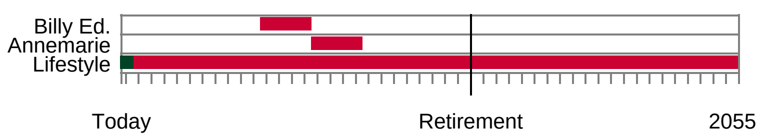
Value of Shortfall in Today's Dollars: $334,676

Successful cash flow

A cash flow failure occurred in January of 2008 with assets designated as "Do Not Use" equal to $450,547 at the end of that year.

John Dies

Income Needs at John's Death



Cash Flow Failure

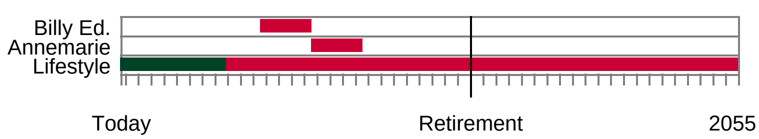
Value of Shortfall in Today's Dollars: $1,088,184

Successful cash flow

A cash flow failure occurred in September of 2008 with assets designated as "Do Not Use" equal to $434,159 at the end of that year.

Mary Dies

Income Needs at Mary's Death



Cash Flow Failure

Value of Shortfall in Today's Dollars: $628,188

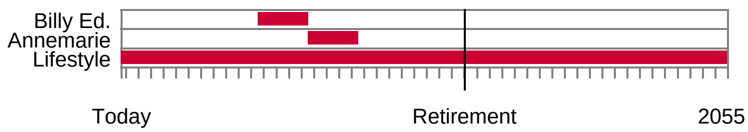
Successful cash flow

A cash flow failure occurred in December of 2015 with assets designated as "Do Not Use" equal to $102,515 at the end of that year.

Financial Needs Summary Continued

John Becomes Disabled

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



Cash Flow Failure

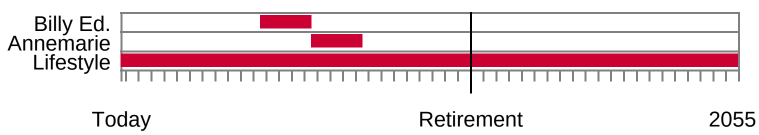
Value of Shortfall in Today's Dollars: $1,021,435

Successful cash flow

A cash flow failure occurred in September of 2007 with assets designated as "Do Not Use" equal to $427,612 at the end of that year.

Mary Becomes Disabled

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



Cash Flow Failure

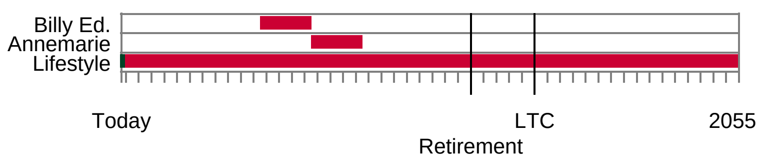
Value of Shortfall in Today's Dollars: $875,349

Successful cash flow

A cash flow failure occurred in September of 2007 with assets designated as "Do Not Use" equal to $429,131 at the end of that year.

Long-Term Care Considered

Effects if Mary Requires Nursing Home Care



Cash Flow Failure

Value of Shortfall in Today's Dollars: $416,897

Successful cash flow

A cash flow failure occurred in January of 2008 with assets designated as "Do Not Use" equal to $450,547 at the end of that year.

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.

Your Facts

John Sample

Age: 37 **Male** **Born:** Jan. 01, 1970

Email Address: jsample@email.com

Do Not Use Email for Notifications

John and Mary are married.

Mary Sample

Age: 37 **Female** **Born:** Jan. 01, 1970

Email Address: jsample@email.com

Do Not Use Email for Notifications

Home Phone: 704 549-1100

Business Phone: 704 643-8017

Mailing Address

1512 Westmore Lane
Charlotte, North Carolina, 28202

Children and Dependents

Name	Date of Birth	Gender	Relationship	Dependent of
Billy	Jan. 01, 2000	Male	Child	John, Mary
Annemarie	Feb. 01, 2004	Female	Child	John, Mary

Salaries

Employer	Employee	Current Salary	Frequency	Inflation Rate
ABC, Inc.	John	$5,000	Monthly	2%
XYZ, Inc.	Mary	$4,000	Monthly	2%

Checking, Savings, CDs

Account Name	Owner	Current Balance	Balance As Of	Interest Rate	
Joint Checking Account	John, Mary	$3,000	Aug. 22, 2007	0%	This asset is the Cash Account

Educational Savings

Name	Owner	Account Balance	Balance As Of	Growth Rate	Type
Billy's 529 Plan	John	$10,000	Aug. 22, 2007	5.000%	529
Annemarie's 529 Plan	John	$10,000	Aug. 22, 2007	5.000%	529

Retirement Plans

Name	Owner	Current Balance	Balance As Of	Growth Rate	Owner Contrib'ns	Employer Contrib'ns
John's Retirement Plan	John	$12,500	Aug. 22, 2007	5.000%	4.000%	2.000%
Mary's Retirement Plan	Mary	$8,000	Aug. 22, 2007	5.000%	$0	$0

Your Facts Continued

Residences

Residence

Owner	Current Value	Balance As Of	Cost Basis	Appreciation Rate
John, Mary	$380,000	Aug. 22, 2007	$380,000	4.000%

Personal Loan Secured by this Asset

Balance as of	Mortgage Balance	Payment	Frequency	Interest Rate
Aug. 22, 2007	$280,000	$3,000	Monthly	7.000%

Life Insurance-Individual

Name	Insured	Owner	Beneficiary	Face Amount	Premium	Frequency	Cash Value
John's Group Life Policy	John	John	Mary	$50,000	$0	Monthly	$0

Essential Living Expenses

Description	Amount	Frequency	Tax Deductible	Percent Continuing after First Death	Percent Continuing after First Disability	Percent Continuing after First Retirement
Joint General Living Expenses	$3,500	Monthly	No	100%	100%	100%

Already started and ending after the illustration.

Education Expenses

Description	Amount	Frequency	Percent of Estimated Aid
The University of North Carolina at Chapel Hill	$27,527	Annually	0%
Starting when Billy turns 18 and ending after 4 years.			
Duke University	$45,615	Annually	50%
Starting when Annemarie turns 18 and ending after 4 years.			

Debt

Liability Name	Owner	Current Balance	Balance As Of	Interest Rate
Residence	John, Mary	$280,000	Aug. 22, 2007	7.000%
Credit Card	John, Mary	$15,000	Aug. 22, 2007	12.000%

Assumptions

John Sample	Age: 37	Male	Born: Jan. 01, 1970
Mary Sample	Age: 37	Female	Born: Jan. 01, 1970

John and Mary are married.

Social Security

John is eligible for Social Security benefits. John's Social Security benefits are estimated based on the information contained in the Social Security Benefit statement you provided. John plans to take Social Security retirement benefits starting at age 66.

Mary is eligible for Social Security benefits. Mary's Social Security benefits are estimated based on the information contained in the Social Security Benefit statement you provided. Mary plans to take Social Security retirement benefits starting at age 66.

Obtaining Social Security Records

You may obtain a copy of your earnings record by requesting a Personal Earnings and Benefits Statement (PEBES) from the Social Security Administration. You may request a PEBES form on the internet by visiting the Social Security web site at www.ssa.gov or calling the Social Security Administration at 1-800-772-1213. You should receive this same statement each year from the Social Security Administration.

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 August 22, 2007. 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 $1/12^{th}$ 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.

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.

Assumptions Continued

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

John:
Final Expenses: $10,000
Administrative Fees (% of Gross Estate): 1%
Probate Fees (% of Probate Assets): 4%
Administrative Fees: $0
Estimated Probate Fees: $0

Mary:
Final Expenses: $10,000
Administrative Fees (% of Gross Estate): 1%
Probate Fees (% of Probate Assets): 4%
Administrative Fees: $0
Estimated Probate Fees: $0

Prior Taxable Gifts

John:
Taxable Gifts: $0
Gift Taxes Paid: $0
Applicable Credit Used: $0

Mary:
Taxable Gifts: $0
Gift Taxes Paid: $0
Applicable 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.

John's Plan

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

Mary's Plan

Your will leaves everything outright to John 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: 30%
State Income Tax Rate: 0%

Other Rates

Capital Gains Tax Rate: 15%

Income Tax Rate for Income in Respect of a Decedent: 30%

Inflation Rate for Federal Indexed Values: 3%

An IRC Sec. 7520 rate of 5% is used to calculate the remainder interests for trusts, annuities and income in respect of decedent.

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 15% 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 John 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.

Disability versus Death Probability

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

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 the current state of residence (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.)