FINANCIAL DREAM MAP

PREPARED EXCLUSIVELY FOR

Robert and Margaret Reynolds

Presented by:
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Disclosure

Financial Dream Map **is a suitability and needs analysis tool** developed to define your current financial situation and to identify products and services offered through your professional advisor.

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 insurance agent or registered representative. The quality of this analysis is dependent upon the accuracy of data provided by you. Calculations contained in this analysis are estimates only. **This is not nor is it intended to be a financial plan.**

Actual results may vary with each use and over time. 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 and rates of return on current financial holdings are estimates provided by you.

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

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 and rates of growth may be significantly different from those illustrated. No guarantee can be made regarding values and taxes when actual appreciation rates and tax rates cannot be known at this time.

Any assumptions are for illustrative purposes and not to be considered as legal advice; only your legal counsel should provide such advice. No legal, accounting or tax advice is being rendered either by this report or through any other oral or written communications. Please discuss legal, accounting or tax 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.

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

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Your Personal Information

Robert Reynolds
Age: 57 **Male** **Born:** Apr. 25, 1954

Margaret Reynolds
Age: 53 **Female** **Born:** Jan. 15, 1959

Robert and Margaret are married.
Include Social Security benefits in analysis.

Home Phone: 704.555.1234
Business Phone: 704.555.4523
Email Address: Robert@Mail.com

Mailing Address

10735 David Taylor Dr
Charlotte, NC 28262

Dependents
Rob Jr. Born: May 10, 1993

Salaries
Robert's Current Salary: $120,000
Margaret's Current Salary: $75,000
Estimated Average Income Tax Rate: 28%

Other Income

Description	Owner	Lump Sum Amount	Monthly Amount	Annual Increase %	Start Age	End Age	Continues After Death to Survivors
Rental Income	Robert		$2,500	1.00%	57	90	Yes

Assets

Description	Owner	Current Amount	Monthly Savings	Growth Rate	Available for Emergency Fund?
Checking	Robert / Margaret	$7,500	$0	0.00%	Yes
Savings	Robert / Margaret	$94,000	$1,000	1.00%	Yes
CDs	Robert / Margaret	$165,000	$0	3.00%	Yes
Investment Acct	Robert / Margaret	$225,000	$0	5.00%	No
Residence	Robert / Margaret	$550,000	$0	3.00%	No

Your Personal Information

Debts

Total Mortgages: $174,500

Description	Current Balance	Monthly Payment	Interest Rate
Primary Residence	$150,000	$2,500	5.50%
HELOC	$24,500	$350	8.00%

Total Credit Card Debt: $7,600

Description	Current Balance	Monthly Payment	Interest Rate
Visa	$7,600	$150	18.00%

Retirement Assets

Total Retirement Assets: $295,000
Total Monthly Contributions: $700
Average Growth Rate: 6.00%

Description	Owner	Current Amount	Monthly Savings	Company Match	Growth Rate
Robert's 401k	Robert	$200,000	$500	$350	6.00%
Margaret's 401k	Margaret	$95,000	$200	$200	6.00%

Survivor Needs

Survivor Income Needs: 70% of current household income while Rob Jr. is at home.
Survivor Income Needs: 60% of current household income for remaining years.

Current Life Insurance Policies:

Description	Insured	Death Benefit	Premium
Term Policy	Robert	$250,000	$800
Term Policy	Margaret	$250,000	$675
Whole Life	Robert	$25,000	$840
Whole Life	Margaret	$10,000	$350

Retirement Needs

Robert retires at 65, Margaret retires at 65.
Robert starts Social Security benefits at 67, Margaret starts Social Security benefits at 67.
Retirement Income Needs: 80% of current household income for life.

Education Needs

Rob Jr.: Provide 100% of the total cost of The University of North Carolina at Charlotte for 4 years

Current Savings Amount: $50,000
Current Monthly Savings: $500
Growth Rate: 5.00%

Isn’t It Time You Started Dreaming Again?

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

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

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

Your Goals and Dreams

The last time we met, I asked you to identify the goals and dreams you hope to achieve through your Financial Dream Map. Here’s what you told me:

My Short-term Dreams (1 to 3 years)

- Build savings for unexpected expenses (emergency fund)
- Alternate income in case of death or disability
- College for child(ren)
- Pay off credit cards

My Mid-term Dreams (3 to 7 years)

- Build savings for unexpected expenses (emergency fund)
- Alternate income in case of death or disability
- Build retirement wealth
- Reduce or pay off mortgage
- Help support aging parents
- Pay off credit cards

My Long-term Dreams (7+ years)

- Build retirement wealth
- Buy a new home

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

Charting a Course to Financial Independence

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

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

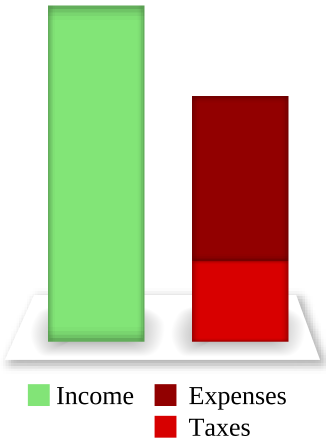
[2] All figures are for illustrative purposes only and do not reflect an actual investment in any product, nor do they reflect the performance risks, expenses or charges associated with any actual investment. Past performance is not an indication of future performance. Actual results may vary substantially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

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

Cash Flow

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

Your Monthly Cash Flow[1]



Estimated Gross Monthly Income		**$18,750**
Salary	$16,250	
Other Income	$2,500	
Estimated Monthly Expenses		**$13,767**
Estimated Monthly Taxes on Salaries	$4,550	
Mortgage, Rent, Other Debts	$3,000	
Savings (Education, Retirement, Other)	$2,200	
Life Insurance Premiums	$222	
Food and Clothing	$900	
Auto and Property Maint./Ins./Taxes	$625	
Utilities	$835	
Personal Expenses	$35	
Gifts, Charity	$1,150	
Entertainment	$250	
Estimated Discretionary Income		**$4,983**

What Your Cash Flow Objectives Should Be:

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

Good Progress

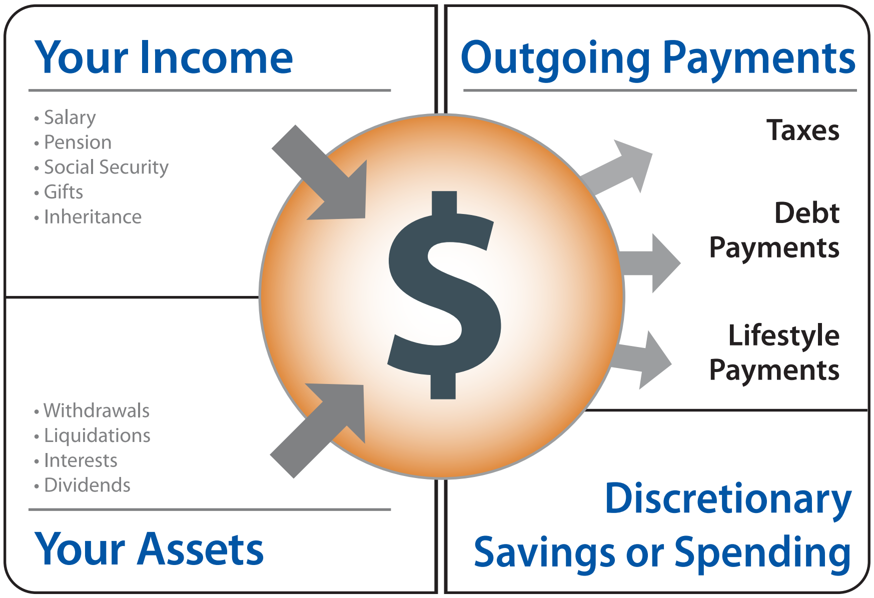
Your Monthly Discretionary Amount $4,983

Monthly Discretionary Amount Devoted to Funding Your Dreams:

$________________________

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

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



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

Ways to Increase Cash Flow

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

Manage Expenses

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

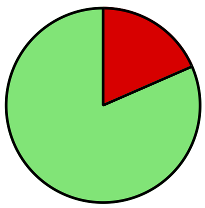
Increase Your Available Income

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

Analyzing Your Debt

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

Finding the Right Ratio of Debt and Income



Debt as a Percent of Earned Income

Total Monthly Debt Payments	$3,000
Total Monthly Earned Income	$16,250
Your Debt-to-Earned Income Ratio	**18.46%**

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

Your Existing Debt

Debt	Balance	Monthly Payment	Interest Rate	Years Until Debt is Paid Off[1]
Primary Residence	$150,000	$2,500	5.500%	5 Years 11 Months
HELOC	$24,500	$350	8.000%	7 Years 11 Months
Visa	$7,600	$150	18.000%	8 Years

Total Current Debt	**$182,100**
Total Current Credit Card Debt	**$7,600**
Average Interest Rate on Credit Cards	**18.000%**

Lower Concern

Your Total
Credit Card Debt
$7,600

Priority List for Managing Debt
1. ______________________
2. ______________________
3. ______________________

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

Debt Management

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

- Pay Yourself First – simultaneously work on savings and debt elimination
- Cut Spending and Stop Borrowing
- Pay Off the Right Debt First
- Pay More than the Minimum Payment
- Consider Restructuring Your Debt
- Consolidate Multiple Credit Cards to One Card with a Lower Rate
- Consolidate Bad Debt into Better Debt at Lower Rate
- Call the Credit Card Company and Ask for a Lower Rate
- Cut up Credit Cards You Don't Need
- Stop Credit Card Solicitations (1-888-5-OPTOUT)

Good Uses of Debt

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

- Purchasing a Home
- Purchasing an Appreciating Asset or Investment
- Investment in Education

Bad Uses of Debt

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

- Using Credit Cards to Pay for Lifestyle Needs
- Using Credit Cards to Pay Credit Cards
- Using Credit Cards to Purchase Depreciating Assets

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

Whether natural or man-made, disasters and emergencies can happen at any time. Even a small "catastrophe", requiring cash, can occur with little or no warning. The key is to be prepared for whatever life throws your way.

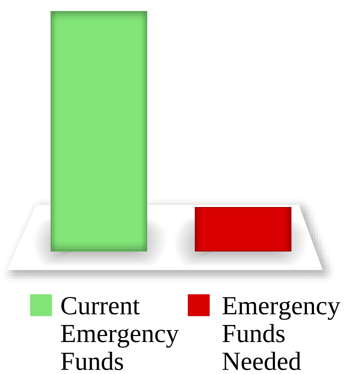
Don't Think You Need an Emergency Fund?

Consider how you would pay for any of the following unexpected events. A source of available funds will provide the peace of mind of knowing you can recover quickly—with the least disruption to your life.

- Major Car Repairs
- Major Home Repairs
- Major Appliance Replacement
- Job Interruption
- Serious Illness or Hospitalization
- Rainy Day Fund

Your Emergency Fund: Do You Have Enough?

A good rule of thumb is that your emergency fund should equal to 3-6 months' salary. Emergency funds should be kept in cash or any other form of liquid assets that can quickly provide the resources needed after a short-term financial crisis.



Emergency Fund Needed **$48,750**
(Monthly household salary of $16,250 x 3 mo.)

Current Emergency Funds Available **$266,500**

Checking	$7,500
Savings	$94,000
CDs	$165,000

Have - $266,500 vs. Need - $48,750

Good Progress

Your Remaining Emergency Fund Needed
$0

Monthly Commitment to Building Your Emergency Fund:
$____________________

Common Uses for Life Insurance

Protect Your Family	Final Expenses	Debts	Taxes
- Income Replacement	- Funeral Expenses	- Mortgage Protection	- Property
- Education Funding	- Medical Expenses	- Settlement of Individual	- Income Taxes
- Disability Funds	- Probate Fees	- Loans at Death	- Estate Taxes
- Home/Property Protection	- Administration Fees	- Consumer Debt	
- Protecting Business Interests			
- Cash Value Accumulation			

How Much Life Insurance Protection Is Enough?

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

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

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

Assumes Robert Dies Today

How Will Your Life Insurance Work for You?

Total Cost of Your Life Insurance Tasks — $1,625,547

Debts – Pay off present debts	$7,600
Income – Include survivor funding	$1,336,247
Mortgage – Pay off mortgage	$174,500
Education – Include college funding[1]	$38,450
Establish emergency fund	$48,750
Pay final expenses	$20,000

Income replacement at 70% of current household income while the children are at home, 60% for remaining years.

Total Existing Life Insurance For Robert — $275,000

Name	Insured/Owner	Face Amount	Annual Premium
Term Policy	Robert	$250,000	$800
Whole Life	Robert	$25,000	$840

Have - $275,000 vs. Need - $1,625,547

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

High Concern

Remaining Life Insurance Need for Robert
$1,350,547

Life Insurance Policy Details:
Death Benefit $____________________
Monthly Premium $_________________
Policy Type _______________________

[1] Considers Current College Savings of $50,000 today

Assumes Margaret Dies Today

How Will Your Life Insurance Work for You?

Total Cost of Your Life Insurance Tasks — $1,234,614

Debts – Pay off present debts	$7,600
Income – Include survivor funding	$945,314
Mortgage – Pay off mortgage	$174,500
Education – Include college funding[1]	$38,450
Establish emergency fund	$48,750
Pay final expenses	$20,000

Income replacement at 70% of current household income while the children are at home, 60% for remaining years.

Total Existing Life Insurance For Margaret — $260,000

Name	Insured/Owner	Face Amount	Annual Premium
Term Policy	Margaret	$250,000	$675
Whole Life	Margaret	$10,000	$350

Have - $260,000 vs. Need - $1,234,614

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

High Concern

Remaining Life Insurance Need for Margaret
$974,614

Life Insurance Policy Details:
Death Benefit $___________________
Monthly Premium $_________________
Policy Type _______________________

[1] Considers Current College Savings of $50,000 today

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

The Principle of Building Equity

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

Types of Life Insurance Policies

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

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

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

Types of Life Insurance Policies

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

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

The most widely used policy types are:

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

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

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

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

Life Insurance Uses

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

Common Uses for Life Insurance

Protect Your Family

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

Final Expenses

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

Debts

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

Charitable Contributions

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

Estate Expenses

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

Common Uses for Life Insurance

Taxes

- **Property Taxes**—All property taxes must be paid for the year of death.
- **Income Taxes**—State and federal income taxes must be paid for a portion of the year in which death occurred. Also, income taxes are due on earnings from assets between death and the distribution of those assets.
- **Estate Taxes**—For larger estates, estate taxes are due in cash within nine months of death and can be as high as 55%. Unless Congress changes the present law, estate taxes are reduced each year through 2009, are not in effect in 2010, and return to the 2001 rates in 2011 and thereafter.

Business

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

Insurance Protection Needs Details

Assumes Robert Dies Today

Immediate Cash Needs Due at Robert's Death $289,300

Final Expenses—Money to pay doctor bills, hospital stays, and funeral arrangements	$20,000
Present Debts—Pay off the existing debts listed below to protect the family from creditors	$182,100

- Primary Residence $150,000
- HELOC $24,500
- Visa $7,600

Emergency Fund—3 months household income to protect against a family emergency	$48,750
Education Needs— A college fund to protect your children's future	$38,450

- Rob Jr.: Providing $21,799 a year starting at age 18 for 4 years would require $88,450 today.
- Considers Current College Savings of $50,000 today

Continuing Income Needs for Margaret $1,336,247

Survivor Income Needed

Period Based on Margaret's Age	Current Household Income	Percent of Household Income	Annual Need Today	Annual Amount at Start of Period	Lump Sum Value Today
53 - 90	$195,000	60%	$117,000	$117,000	$3,127,284

Total Amount Needed Today to Fund Survivor Income Needs **$3,127,284**

Survivor Income Sources

Income Source[1]	Annual Amount when Income Source Begins	Annual Increase	Lump Sum Value Today
Employment	$75,000	3%	$811,452
Social Security[2]	$43,327	3%	$410,665
Other Income			$568,921
Rental Income	$30,000	1%	

Total Amount Today of All Survivor Income Sources **$1,791,037**

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

Insurance Protection Needs Details

Assumes Margaret Dies Today

Immediate Cash Needs Due at Margaret's Death — $289,300

Final Expenses—Money to pay doctor bills, hospital stays, and funeral arrangements — $20,000

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- HELOC $24,500
- Visa $7,600

Emergency Fund—3 months household income to protect against a family emergency — $48,750

Education Needs— A college fund to protect your children's future — $38,450

- Rob Jr.: Providing $21,799 a year starting at age 18 for 4 years would require $88,450 today.
- Considers Current College Savings of $50,000 today

Continuing Income Needs for Robert — $945,314

Survivor Income Needed

Period Based on Robert's Age	Current Household Income	Percent of Household Income	Annual Need Today	Annual Amount at Start of Period	Lump Sum Value Today
57 - 90	$195,000	60%	$117,000	$117,000	$2,886,183

Total Amount Needed Today to Fund Survivor Income Needs — **$2,886,183**

Survivor Income Sources

Income Source[1]	Annual Amount when Income Source Begins	Annual Increase	Lump Sum Value Today
Employment	$120,000	3%	$898,381
Social Security[2]	$32,754	3%	$473,567
Other Income			$568,921
Rental Income	$30,000	1%	

Total Amount Today of All Survivor Income Sources — **$1,940,869**

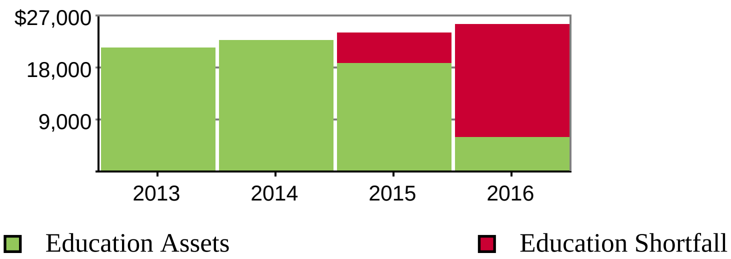
[1] See Confirmation of Facts for income details.
[2] See Assumptions & Notes section for details.

Education Needs

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

Objective

- **Rob Jr.:** Provide 100% of the total cost of **The University of North Carolina at Charlotte** for 4 years



The Cost of Your Education Needs

Name	Current Age	Start at Age	Number of Years	Annual Cost Today	First Year Funding Need	% of Annual Cost to Fund	Lump Sum Needed Today
Rob Jr.	18	18	4	$21,799	$21,799	100%	$88,450

Lump Sum Cost Today of Your Education Needs (in Today's Dollars) **$88,450**

Current Value of Your Education Assets (in Today's Dollars) **$66,339**

Lump Sum Shortfall Today **$22,110**

Monthly Savings Needed **$677**

(Amount you need to save between now and the start of the last year of your education funding to fund the education shortfall, assuming 5.00% rate of return.)

Lower Concern

Education Monthly Savings Need $677

Monthly Commitment to Building Your Education Fund:
$__________________

Education Funding Options

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

Qualified State Tuition Programs (Section 529 Plans)

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

Coverdell Education Savings Accounts (formerly, Education IRAs)

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

Personal Savings

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

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

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

Education Loans

Education loans can be a big help in paying for college. Education loans offer a low interest rate and a generous repayment period. Of course, loans must be repaid, usually with interest. However, some education loans have provisions for cancellation if the borrower performs a program-related service. The interest paid on qualified education loans after 2001 is completely tax deductible for single taxpayers with incomes less than $50,000 ($100,000 for joint tax returns), and there is a phase-out provision allowing partial deductions for incomes up to $65,000 for single filers ($130,000 for joint filers).

U.S. Savings bonds "Education Bond Program"

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

Cash Value Life Insurance

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

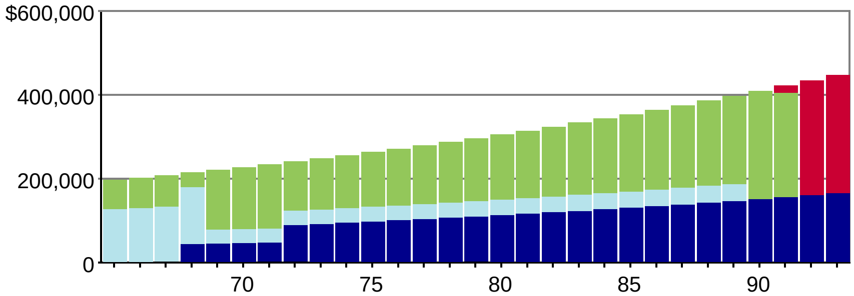
Asset Accumulation

Retirement Needs

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

Objective

- Robert retires at age 65, Margaret retires at age 65
- Retirement lasts for 29 years
- Provide money to fund a retirement lifestyle equal to 80% of your current lifestyle



The Cost of Your Retirement Lifestyle

Lump Sum Needed When You Retire		**$4,435,051**
Provides 80% of Your Current Household Income ($195,000) for 29 Years of Retirement (Adjusted for Inflation)		
Lump Sum of Your Retirement Assets When You Retire		**$4,282,638**
Lump Sum Value of Future Income Sources When You Retire		
Lump Sum Value of All Future SS Benefits	$1,291,991	
Lump Sum Value of All Future Salary	$369,310	
Lump Sum Value of All Future Other Income	$529,808	
Assets Values When You Retire		
Value of Robert's Retirement Plans When You Retire	$429,976	
Value of Margaret's Retirement Plans When You Retire	$203,748	
Value of Other Assets When You Retire	$1,457,805	

Lump Sum Shortfall When You Retire **$152,412**

assuming your average rate of return of 3.84%	**$1,386 per month**
…assuming 6%	$1,283 per month
…assuming 8%	$1,194 per month
…assuming 10%	$1,111 per month

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

Good Progress

Retirement Monthly Savings Need $1,386

Monthly Commitment to Building Your Retirement Fund: $__________________

Procrastination

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

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

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

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

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

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

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

The best age to start your retirement savings is NOW!

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

The Rule of 72 – Helping to Outpace Inflation

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

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

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

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

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

Power of Compounding

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

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

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

Importance of time and lessons of compounding

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

Opportunities to accumulate

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

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

Power of Compounding

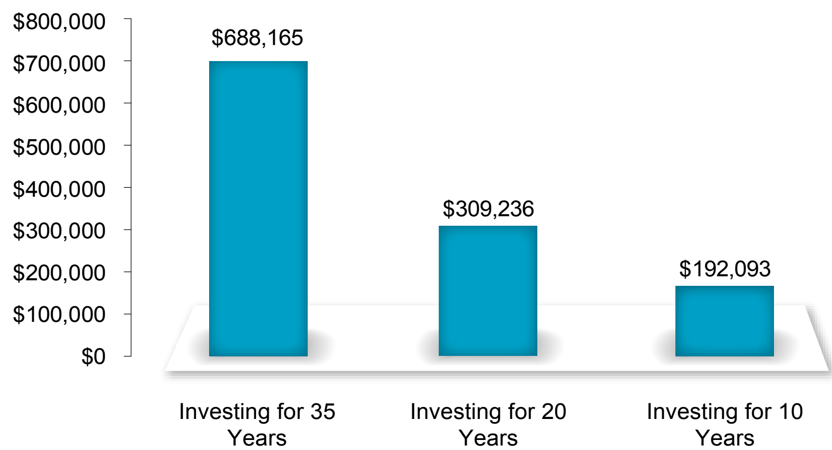
Option A: You start investing $300 a month at age 30 in a tax deferred retirement plan that earns 8%. After 35 years, you will have accumulated $688,165.

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

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

Power of Compounding

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



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

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

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

Retirement Needs Details

Amount Needed to Fund Retirement Lifestyle at Retirement — $4,435,051

Retirement Period Based on Robert's Age	Household Income Today	% of Household Income Needed During Retirement	Annual Need Starting at Retirement	Lump Sum Needed at Retirement
65 - 94	$195,000	80%	$197,616	$4,435,051

Less the Value of Retirement Income Sources at Retirement — $2,191,109

Retirement Income Sources

Income Source During Retirement	Income Recipient	Annual Increase	Age When Income Received	Annual Amount When Income Source Begins	Lump Sum Value at Retirement of Income Source
Social Security[1]	Robert	3%	67	$0	$1,291,991
	Margaret	3%	67		
Salary	Margaret	3%	53	$75,000	$369,310
Other Income					$529,808
Rental Income	Robert	1%	57	$30,000	

Total Value of Assets Needed at Retirement — $2,243,942

Less the Value of Existing Retirement Assets at Retirement — $2,091,529

Retirement Plan	Current Value	Monthly Contributions	Rate of Return	Value at Retirement
Robert	$200,000	$500	6.00%	$429,976
Margaret	$95,000	$200	6.00%	$203,748
Total Value of Retirement Plans at Retirement				**$633,724**

	Current Value	Monthly Savings	Rate of Return	Value at Retirement
Other Assets	$1,041,500	$1,000	3.23%	$1,457,805
Total Value of Other Assets at Retirement				**$1,457,805**

Retirement Asset Shortfall at Retirement — $152,412

[1] See Assumptions & Notes section for details.

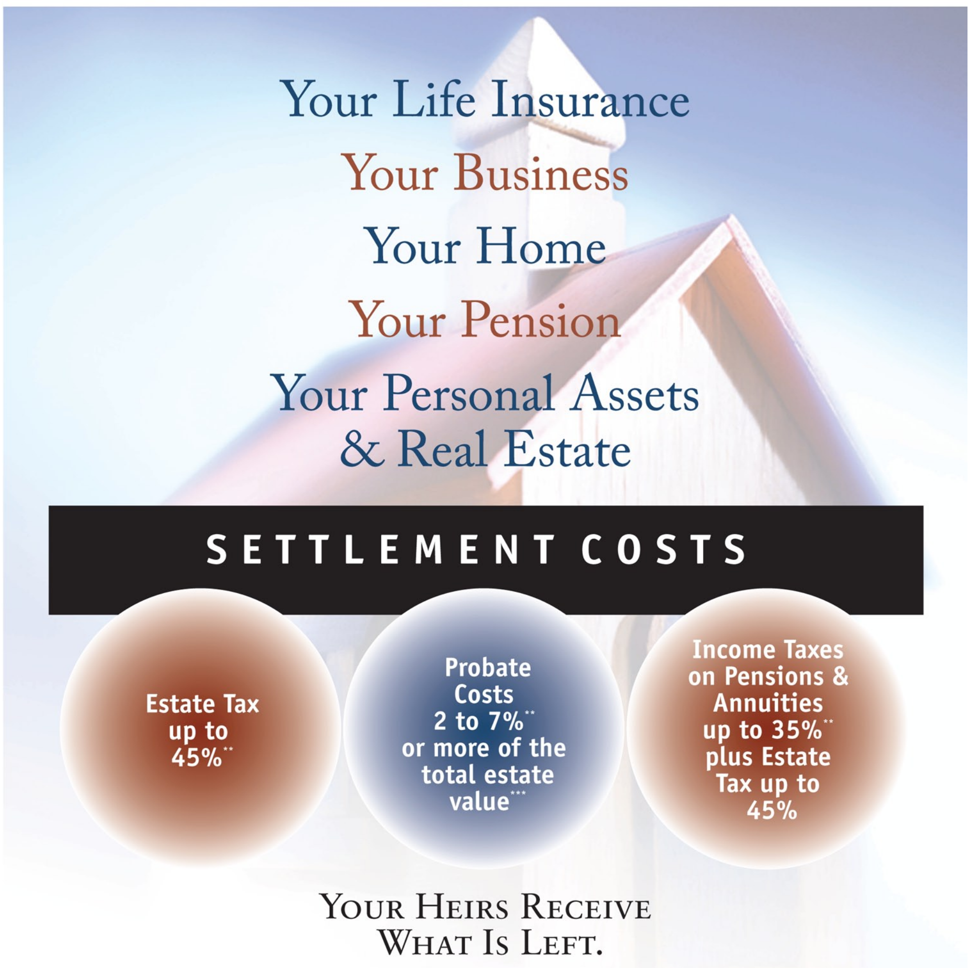
Estate Preservation

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

Keys to preserving your estate include:

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

The Risks of Not Having an Adequate Estate Plan*



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

Assumptions

Your Monthly Cash Flow Assumptions & Notes

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

Calculation Assumptions

- Estimated Monthly Taxes equals Estimated Gross Monthly Income multiplied by the Estimated Average (Effective) Income Tax Rate of 28%.

Insurance Protection Assumptions & Notes—Assumes Robert Dies

Assumed Years of Death

- This presentation assumes Robert dies immediately and Margaret dies at age 90.

Income Needs Assumption

- Margaret will require 60% of current household income.

Interest Rate Assumptions

- Education costs are assumed to increase at a 6% annual inflation rate.
- All other living expenses are assumed to increase at a 3% annual inflation rate.
- All lump sum values in today's dollars are assumed to grow at 5% annually.

Social Security Assumptions

- Robert and Margaret's Social Security benefit amounts based on their current salaries. Social Security survivor benefit ends when youngest child turns 16, however children's benefits are paid until age 18. Social Security retirement benefit begins at Margaret's age 67. No Social Security benefits will be paid if there are years after the youngest child turns 18, but before Margaret's age 67.

Insurance Protection Assumptions & Notes—Assumes Margaret Dies

Assumed Years of Death

- This presentation assumes Margaret dies immediately and Robert dies at age 90.

Income Needs Assumption

- Robert will require 60% of current household income.

Interest Rate Assumptions

- Education costs are assumed to increase at a 6% annual inflation rate.
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- All lump sum values in today's dollars are assumed to grow at 5% annually.

Social Security Assumptions

- Robert and Margaret's Social Security benefit amounts based on their current salaries. Social Security survivor benefit ends when youngest child turns 16, however children's benefits are paid until age 18. Social Security retirement benefit begins at Robert's age 67. No Social Security benefits will be paid if there are years after the youngest child turns 18, but before Robert's age 67.

Assumptions

Debt Management Assumptions & Notes

Calculation Assumptions

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

Emergency Fund Assumptions & Notes

Calculation Assumptions

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

Retirement Needs Assumptions & Notes

Years Illustrated

- This presentation continues until Margaret reaches age 90.

Income Needs Assumption

- Robert and Margaret require 80% of current household income during retirement.

Interest Rate Assumptions

- All income needs are assumed to increase at a 3% annual general inflation rate.
- Income sources and asset balances increase annually based on the rate listed on the Your Personal Information page.
- All lump sum values at retirement are assumed to grow at 5% annually.
- All interest rates compounded annually with all monthly contributions for the year added at the end of the year.
- Monthly Savings Needed amount assumes your additional savings will be invested similarly to your current assets, and therefore assumes the average rate of return of all your existing assets.

Social Security Assumptions

- Robert's and Margaret's Social Security benefit amounts based on their current salaries and their age when the benefit begins.

Education Needs Assumptions & Notes

- Education costs inflation rate: 6%
- Education savings rate of return: 5.00%
- Current and additional savings begin today and continue until the start of the last dependent's final year of education.
- All interest rates compounded annually with all monthly contributions for the year added at the end of the year.

Your Strategies

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

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

				Recommendations:
Good Progress	**Cash Flow** **Your Monthly Discretionary Amount** **$4,983**	Monthly Gross Household Income Monthly Total Expenses and Taxes	$18,750 $13,767	**Monthly Discretionary Amount Devoted to Funding Your Dreams:** $_______________
High Concern	**Proper Protection** **Remaining Life Insurance Need for Robert** **$1,350,547**	Total Current Life Insurance Need Total Current Life Insurance Have	$1,625,547 $275,000	**Life Insurance Policy Details:** Death Benefit $__________ Monthly Premium $__________ Policy Type __________
High Concern	**Proper Protection** **Remaining Life Insurance Need for Margaret** **$974,614**	Total Current Life Insurance Need Total Current Life Insurance Have	$1,234,614 $260,000	**Life Insurance Policy Details:** Death Benefit $__________ Monthly Premium $__________ Policy Type __________
Lower Concern	**Debt Management** **Debt-Earned Income Ratio** **18.46%**	Total Monthly Debt Total Monthly Income	$3,000 $16,250	**Priority List for Managing Debt** 1. __________ 2. __________ 3. __________
Good Progress	**Emergency Fund** **Your Remaining Emergency Fund Need** **$0**	Total Emergency Fund Need Total Emergency Fund Have	$48,750 $266,500	**Monthly Commitment to Building Your Emergency Fund:** $_______________
Good Progress	**Retirement Needs** **Retirement Monthly Savings Need** **$1,386**	Total Projected Retirement Need Total Projected Retirement Have	$4,435,051 $4,282,638	**Monthly Commitment to Building Your Retirement Fund:** $_______________

Your Strategies

Lower Concern	**Education Needs** **Education Monthly Savings Need** **$677**	Total Education Need	$88,450
		Total Education Have	$66,339

Monthly Commitment to Building Your Education Fund:
$______________________________

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

- Pay Yourself First – simultaneously work on savings and debt elimination
- Cut Spending and Stop Borrowing
- Pay Off the Right Debt First
- Pay More than the Minimum Payment
- Consider Restructuring Your Debt
- Consolidate Multiple Credit Cards to One Card with a Lower Rate
- Consolidate Bad Debt into Better Debt at Lower Rate
- Call the Credit Card Company and Ask for a Lower Rate
- Cut up Credit Cards You Don't Need
- Stop Credit Card Solicitations (1-888-5-OPTOUT)

Good Uses of Debt

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

- Purchasing a Home
- Purchasing an Appreciating Asset or Investment
- Investment in Education

Bad Uses of Debt

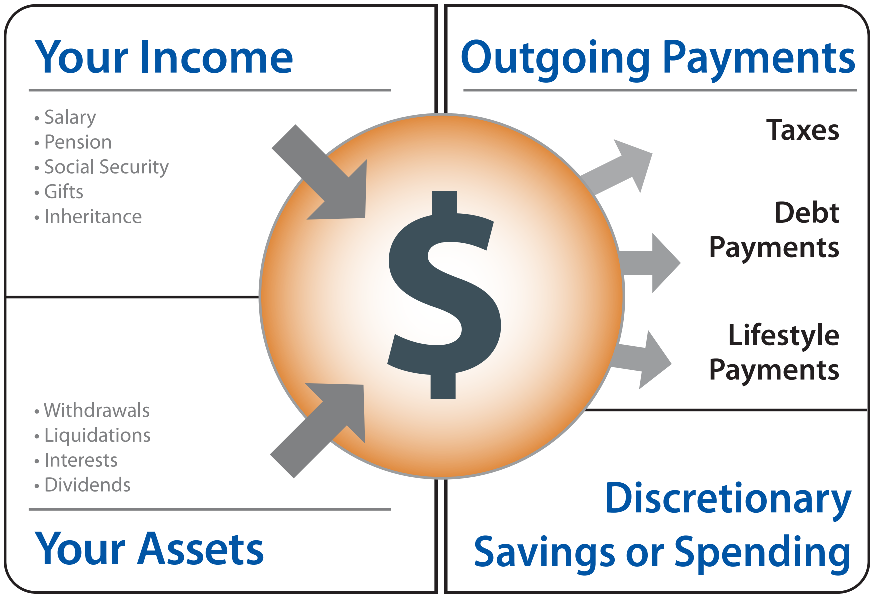
Bad uses of debt can be the biggest obstacle for achieving your desired lifestyle. Debt that spirals upward because of high interest charges and poor purchase decisions can strain monthly cash flow. Large interest payments perpetuate the debt and can consume the cash flow necessary to maintain your lifestyle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

- Using Credit Cards to Pay for Lifestyle Needs
- Using Credit Cards to Pay Credit Cards
- Using Credit Cards to Purchase Depreciating Assets

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

Increasing Cash Flow

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



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

Ways to Increase Cash Flow

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

Manage Expenses

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

Increase Your Available Income

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

Emergency Fund

Whether natural or man-made, disasters and emergencies can happen at any time. Even a small "catastrophe", requiring cash, can occur with little or no warning. The key is to be prepared for whatever life throws your way.

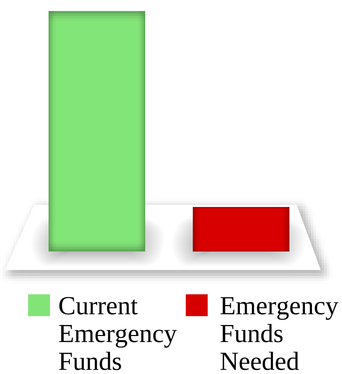
Don’t Think You Need an Emergency Fund?

Consider how you would pay for any of the following unexpected events. A source of available funds will provide the peace of mind of knowing you can recover quickly—with the least disruption to your life.

- Major Car Repairs
- Major Home Repairs
- Major Appliance Replacement
- Job Interruption
- Serious Illness or Hospitalization
- Rainy Day Fund

Your Emergency Fund: Do You Have Enough?

A good rule of thumb is that your emergency fund should equal to 3-6 months’ salary. Emergency funds should be kept in cash or any other form of liquid assets that can quickly provide the resources needed after a short-term financial crisis.



Emergency Fund Needed **$48,750**
(Monthly household salary of $16,250 x 3 mo.)

Current Emergency Funds Available **$266,500**

Checking	$7,500
Savings	$94,000
CDs	$165,000

Have - $266,500 vs. Need - $48,750

Good Progress

Your Remaining Emergency Fund Needed
$0

Monthly Commitment to
Building Your Emergency Fund:
$____________________

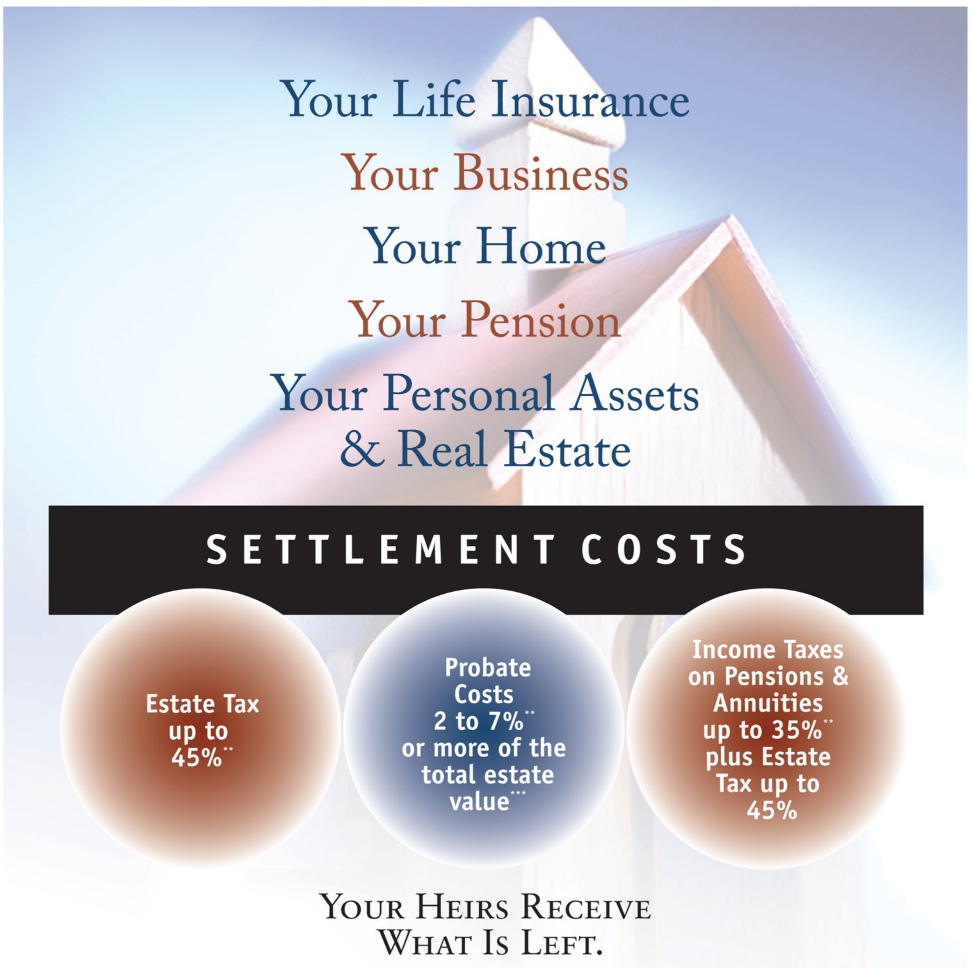
Estate Preservation

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

Keys to preserving your estate include:

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

The Risks of Not Having an Adequate Estate Plan*



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

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

The Principle of Building Equity

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

Types of Life Insurance Policies

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

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

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

Types of Life Insurance Policies

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

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

The most widely used policy types are:

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

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

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

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

Life Insurance Uses

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

Common Uses for Life Insurance

Protect Your Family

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

Final Expenses

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

Debts

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

Charitable Contributions

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

Estate Expenses

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

Common Uses for Life Insurance

Taxes

- **Property Taxes**—All property taxes must be paid for the year of death.
- **Income Taxes**—State and federal income taxes must be paid for a portion of the year in which death occurred. Also, income taxes are due on earnings from assets between death and the distribution of those assets.
- **Estate Taxes**—For larger estates, estate taxes are due in cash within nine months of death and can be as high as 55%. Unless Congress changes the present law, estate taxes are reduced each year through 2009, are not in effect in 2010, and return to the 2001 rates in 2011 and thereafter.

Business

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

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

The Rule of 72 – Helping to Outpace Inflation

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

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

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

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

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

Social Security Benefits

Social Security provides benefits when you die, become disabled, or retire. Most workers are covered by Social Security, exceptions include railroad employees, some state and local government employees, and federal workers hired prior to 1984. Benefits are based on earnings and the length of time employed. Spouses and children of eligible workers may also receive benefits based on the worker's record.

Qualifications differ for each kind of benefit, as does the size of the benefit payable. Monthly benefits increase each January based on changes in the cost of living during the preceding year. You and your employer each contribute 6.2% of earnings up to the maximum taxable amount for Social Security and 1.45% of all earnings for Medicare. Self-employed workers pay both employee and employer amounts.

Calculations of benefits are based on the Primary Insurance Amount (PIA) which is based on your Average Indexed Monthly Earnings (AIME) over your employment history. Both the PIA and the AIME are calculated by formulas published each year by the Social Security Administration. You may get an estimate of your benefits by filling out a Request for Earnings and Benefit Estimate Statement from the Social Security Administration. In return you receive a report which shows your earnings history, AIME and estimated retirement, disability and survivor benefits.

Survivor Benefits

Family members of an eligible worker may receive monthly benefits based on the earnings record of the deceased individual. Benefits are paid to children under 18 and spouses who are retired, disabled or caring for children under 16. In addition, a one-time death benefit of $255 is payable.

Monthly survivor benefits are limited to a Maximum Family Benefit, approximately 150%-188% of the calculated PIA. Each child's benefit is equal to 75% of the PIA; a spouse caring for a child under age 16 receives an equal benefit. If there are no children under age 16, the spouse can receive a monthly benefit if disabled and over age 50 or retired and age 60 or more. The benefit is adjusted if the spouse is less than the normal retirement age.

Disability Benefits

If you become fully disabled, you and your family may qualify for disability benefits. To be eligible, you must be disabled for more than 6 months and unable to perform any meaningful employment. Benefits start after a five-month waiting period and continue as long as you are fully disabled. Family members of an eligible worker may also receive monthly benefits. Benefits are paid to children under 18 and spouses who are retired, disabled or caring for children under 16. The maximum family benefit is 150% of the disabled individual's benefit.

Retirement Benefits

Retired workers who are age 62 or older receive retirement benefits based on earnings history. In addition, spouse is eligible for retirement benefits based on the workers record, if that benefit exceeds the spouse's own retirement benefit. Normal retirement age (NRA) is based on the year of birth. For persons born before 1938, NRA is age 65; NRA gradually increases to 67 for individuals born after 1960. If you retire before your normal retirement age, your benefits will be reduced by a percentage for each month prior to NRA. If you retire later than your normal retirement age, benefits will be increased by a percentage up to 8% of the PIA per year.

Education Funding Options

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

Qualified State Tuition Programs (Section 529 Plans)

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

Coverdell Education Savings Accounts (formerly, Education IRAs)

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

Personal Savings

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

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

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

Education Loans

Education loans can be a big help in paying for college. Education loans offer a low interest rate and a generous repayment period. Of course, loans must be repaid, usually with interest. However, some education loans have provisions for cancellation if the borrower performs a program-related service. The interest paid on qualified education loans after 2001 is completely tax deductible for single taxpayers with incomes less than $50,000 ($100,000 for joint tax returns), and there is a phase-out provision allowing partial deductions for incomes up to $65,000 for single filers ($130,000 for joint filers).

U.S. Savings bonds "Education Bond Program"

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

Cash Value Life Insurance

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

Procrastination

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

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

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

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

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

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

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

The best age to start your retirement savings is NOW!

Power of Compounding

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

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

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

Importance of time and lessons of compounding

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

Opportunities to accumulate

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

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

Power of Compounding

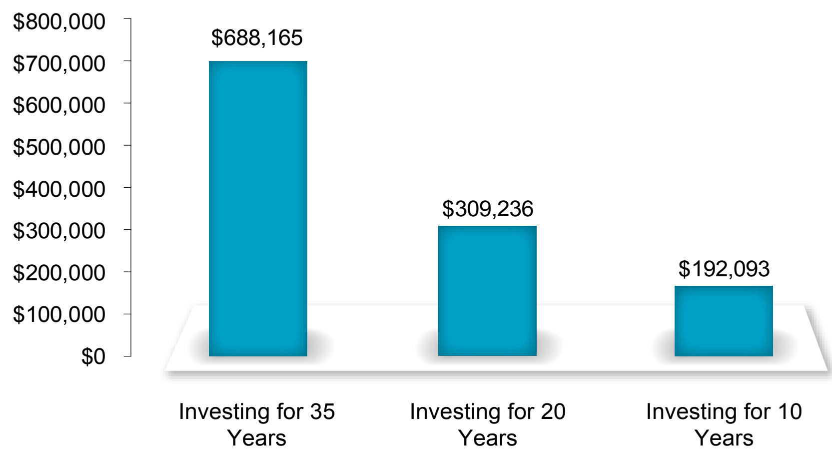
Option A: You start investing $300 a month at age 30 in a tax deferred retirement plan that earns 8%. After 35 years, you will have accumulated $688,165.

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

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

Power of Compounding

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



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

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

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

Disability Income Insurance

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

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

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

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

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

Could a Disability Affect Your Retirement?

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

What If You Become Disabled?

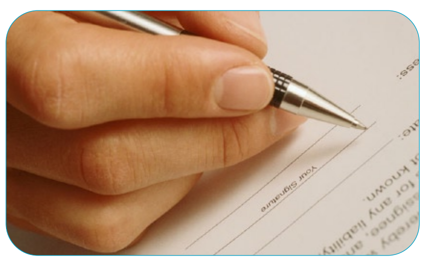
Disability income insurance may help protect you and your family from the possibility of income loss in the event that you are out of work for an extended period due to an illness or injury.

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

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

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

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

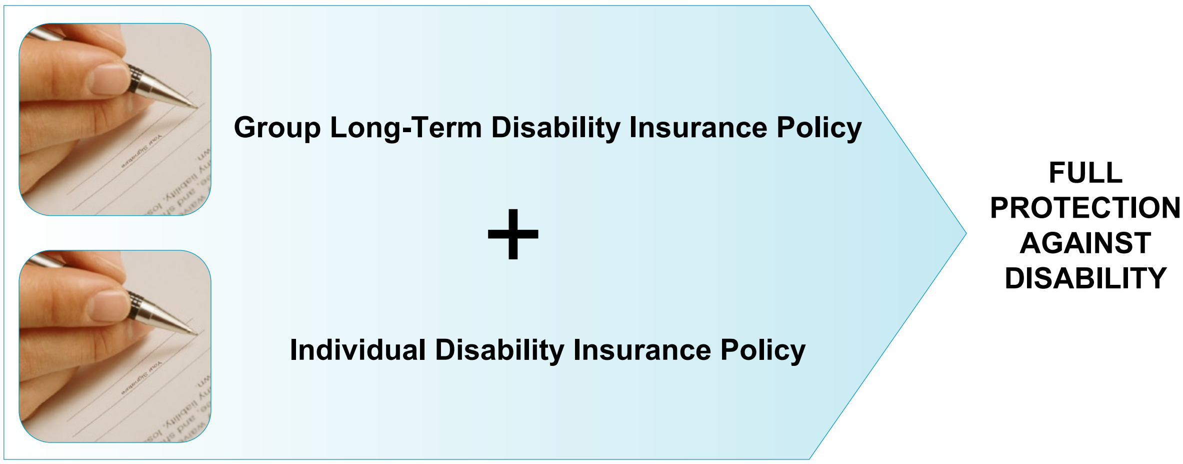


Disability insurance can provide income when you need it the most!

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

Full Protection Against Disability

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

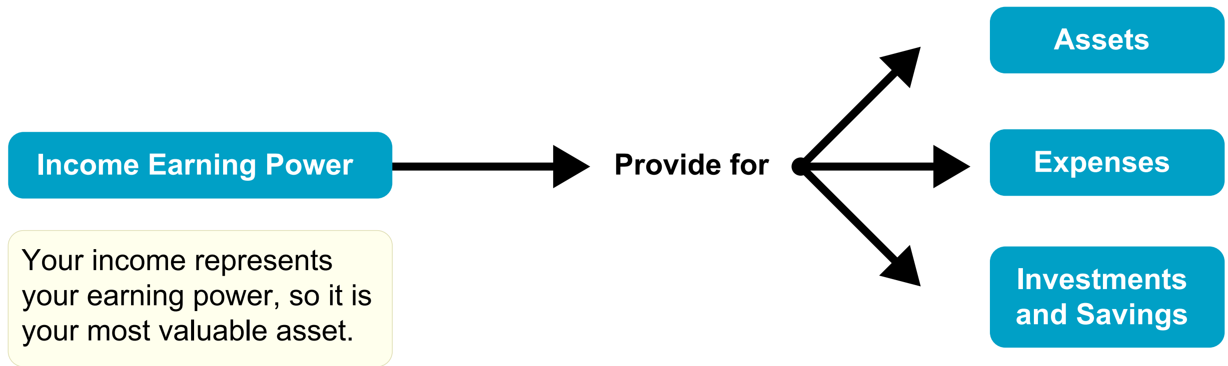


If you are an employee and have disability coverage through your company, you need to review the policy coverage and the benefits. Normally, group long-term disability insurance doesn't provide sufficient coverage to maintain your standard of living and pay for the extra expenses associated with disability.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

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

Have You Insured Your Most Valuable Asset?

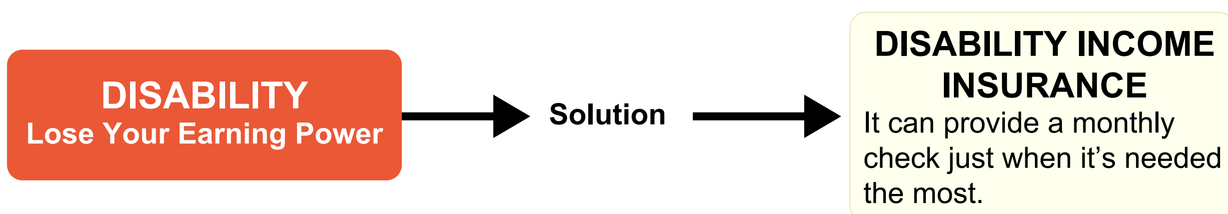
Most people insure their homes, their cars, and even their lives. However, they have a tendency to leave potentially their greatest asset uncovered—their income.



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

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

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



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

Take the appropriate steps to protect your income as well!

Medicare

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

Medicare Part A

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

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

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

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

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

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

Medicare Part B

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

Medicare Part D

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

What if You Need Long-Term Care?

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

Odds of Needing Long-Term Care

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

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

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

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

What Will Long-Term Care Cost?

- **Cost Today**—In 2006, the average annual cost for a nursing home stay in the US was $62,532.[1]
- **Rapidly Increasing Costs**—Historically, the cost of long-term care has doubled in the past 9 years.[2]

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] "The MetLife Market Survey of Nursing Home and Home Care Costs," The MetLife Mature Market Institute, September 2006.
[2] Annual national rate of 8.2%. Source: US Consumer Index for Nursing Home Costs, 1978-2001.

Long-Term Care Costs, By State

Long-term care expenses vary by state. Rather than receiving long-term care in your state of residence, you may choose to move to a different state so that you're closer to relatives. The average U.S. long-term care cost for 2006 was $62,532.[1]

Average Long-Term Care Costs for 2002 by State

State	Average Cost	State	Average Cost
Alabama	$57,772	Montana	$53,957
Alaska	197,842	Nebraska	38,696
Arizona	53,412	Nevada	57,227
Arkansas	34,881	New Hampshire	61,587
California	51,232	New Jersey	58,317
Colorado	53,957	New Mexico	50,687
Connecticut	71,398	New York	91,018
Delaware	53,412	North Carolina	52,322
District of Columbia	109,549	North Dakota	51,777
Florida	51,777	Ohio	58,862
Georgia	46,872	Oklahoma	39,786
Hawaii	82,298	Oregon	49,052
Idaho	51,777	Pennsylvania	58,317
Illinois	47,962	Rhode Island	77,938
Indiana	47,417	South Carolina	46,327
Iowa	38,151	South Dakota	49,597
Kansas	43,057	Tennessee	41,422
Kentucky	51,777	Texas	41,422
Louisiana	35,971	Utah	44,147
Maine	61,042	Vermont	59,407
Maryland	58,317	Virginia	43,057
Massachusetts	59,952	Washington	62,677
Michigan	58,862	West Virginia	53,412
Minnesota	63,222	Wisconsin	50,142
Mississippi	43,602	Wyoming	51,232
Missouri	45,782		

The figures shown in the table above are prepared by Milliman, USA, and are based on *Milliman's Long-Term Care Guidelines*.

[1] "The MetLife Market Survey of Nursing Home and Home Care Costs," The MetLife Mature Market Institute, September 2006.