Personal Financial Plan

For

Robert & Sheila Smith

October 2, 2013

Prepared by

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This presentation provides a general overview of some aspects of your personal financial position. It is designed to provide educational and / or general information and is not intended to provide specific legal, accounting, investment, tax or other professional advice. For specific advice on these aspects of your overall financial plan, consult with your professional advisors. Asset or portfolio earnings and / or returns shown, or used in the presentation, are not intended to predict nor guarantee the actual results of any investment products or particular investment style.

IMPORTANT: The projections or other information generated by Money Tree's Silver regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Additionally, it is important to note that information in this report is based upon financial figures input on the date above; results provided may vary with subsequent uses and over time.

About Your Personal Financial Plan

We appreciate that you have questions and concerns as you work to attain and preserve financial security. Today's financial environment is complex and in many regards, uncertain. The decisions you make regarding work, spending, investment, and retirement, both now and in the future, will significantly affect your financial condition over the long term.

In an effort to aid you in learning, understanding, and formulating a personal basis for decision making, this 'Personal Financial Plan' is offered to help enhance your knowledge of various topics and communicate some of the intricacies of the financial world. The plan represents a framework to clarify and structure your financial matters.

This plan is based upon confidential information you provided regarding your present resources and objectives. While illustrations within this plan can be a valuable aid in the examination of your finances, it does not represent the culmination of your planning efforts. Financial planning is an ongoing process.

This hypothetical illustration of mathematical principles is custom made to model some potential situations and transitions you may face in your financial future. Hypothetical assumptions used in this illustration are specifically chosen to communicate and demonstrate your current financial position and highlight for discussion with your advisor the complex future interacting effects of combined incomes, expenses, savings, asset growth, taxes, retirement benefits, and insurance.

This document is not an advertisement or solicitation for any specific investment, investment strategy, or service. No recommendations or projections of specific investments or investment strategies are made or implied. Any illustrations of asset growth contained herein are strictly used to demonstrate mathematical concepts and relationships while presenting a balanced and complete picture of certain financial principles. Growth assumptions are applied to generalized accounts based upon differing tax treatment. Illustrations, charts and tables do not predict or project actual future investment performance, or imply that any past performance will recur.

This plan does not provide tax or legal advice, but may illustrate some tax rules or effects and mention potential legal options for educational purposes. Information contained herein is not a substitute for consultation with a competent legal professional or tax advisor and should only be used in conjunction with his or her advice.

The results shown in this illustration are not guarantees of, or projections of future performance. Results shown are for illustrative purposes only. This presentation contains forward-looking statements and there can be no guarantees that the views and opinions expressed will come to pass. Historical data shown represents past performance and does not imply or guarantee comparable future results. Information and statistical data contained herein have been obtained from sources believed to be reliable but in no way are guaranteed as to accuracy or completeness.

The Assumptions page contains information you provided that is used throughout the presentation. The asset listing herein is not an account statement and does not necessarily include current or complete balances, holdings, and returns. Please review the information for accuracy and notify your Financial Advisor promptly if discrepancies in the assumptions are present; discrepancies may materially alter the presentation.

Your actual future investment returns, tax levels and inflation are unknown. This illustration uses representative assumptions in a financial planning calculation model to generate a report for education and discussion purposes. Calculations and assumptions within this report may not reflect all potential fees, charges, and expenses that might be incurred over the time frame covered by these illustrations which, if included, would result in lower investment returns and less favorable illustration results. Do not rely upon the results of this report to predict actual future investment performance, market conditions, tax effects or inflation rates.

Summary

This report uses financial models to present a picture of your current financial situation and illustrations of possible directions your finances may take. Future economic and market conditions are unknown, and will change. The assumptions used are representative of economic and market conditions that could occur, and are designed to promote a discussion of appropriate actions that may need to be taken, now or in the future, to help you manage and maintain your financial situation under changeable conditions.

Your Current Situation:

- You have assets of approximately $1,966,385.
- You have liabilities of approximately $206,786.
- Your net worth is approximately $1,759,599.
- You now have $1,321,585 in working assets and are adding $66,000 per year.

Your Goals:

- Robert wants to retire at age 56 and Sheila wants to retire at age 60.
- Monthly after-tax income needed at that time is $9,667 (in today's dollars).
- You will need the income until the last life expectancy of age 95.

Analysis Details:

- Asset Allocation: Type of Investor - Moderate
- Long-term care assets at risk: $892,401
- Net Estimated Life Insurance Needs Shortage for Robert: None
- Net Estimated Life Insurance Needs Shortage for Sheila: $282,000
- Robert and Sheila both have Wills.
- Robert and Sheila both have Durable Powers of Attorney.
- Robert and Sheila both have Living Wills.
- Robert and Sheila both have Health Care Powers of Attorney.

Retirement Analysis

Using the information you provided, calculations have been made to estimate whether your current retirement program will meet your stated retirement goals. The analysis begins now and extends through life expectancy. It includes tax advantaged, taxable investments, defined benefit pensions, if applicable, and Social Security benefits. The analysis calculates growth and depletion of capital assets over time. This analysis is the basis for the following summarized statement.

Actions:

It appears you may run out of money before the last life expectancy of age 95. The range of possible options you might consider to improve your situation include the following:

- Increase the rate of return on your investments.
- Increase your annual savings substantially.
- Reduce your retirement spending needs by $7,800 to $108,200/year ($9,016/month).
- Defer your retirement by about 2 years.
- Combine any of the above and lower the requirements for each.

This report is for informational and educational purposes only. The information and assumptions used are estimates. The resulting calculations are designed to help illustrate financial concepts and general trends.

Assumptions

Client Information:

Names :		Robert & Sheila Smith
First Name 1		Robert
First Name 2		Sheila
Birthdate / Age 1	10/8/1958	54
Birthdate / Age 2	9/25/1960	53
Retirement Age 1		56
Retirement Age 2		60
Life Expectancy 1		85
Life Expectancy 2		90
Alternate life exp. 1		95
Alternate life exp. 2		95
Risk Tolerance Level		Moderate
Life Insurance 1		
Life Insurance 2		
Term Insurance 1		$241,250
Term Insurance 2		$277,875
Insurance cash value 1		
Insurance cash value 2		

Pension & Social Security Data (Annual):

Pension-Indv. 1	
Pension start age	
Pension rate (pre ret.)	
Pension rate (ret.)	
Pension survivor %	
Pension-Indv. 2	$47,369
Pension start age	60
Pension rate (pre ret.)	0.00%
Pension rate (ret.)	0.00%
Pension survivor %	75%
Soc Sec 1 Start age	67
Soc Sec 1 Rate	2.50%
Earned income 1	$99,417
Soc Sec 1 Amt. (if known)	
Soc Sec 2 Start age	67
Soc Sec 2 Rate	2.50%
Earned income 2	$124,700
Soc Sec 2 Amt. (if known)	

Estimated Education Costs

Total cost at 7.5% inf.

Expenses & Inflation (Annual After-tax):

Expenses, (pre ret.)	$116,000
Expenses, Survivor (pre ret.)	$92,800
Expenses at Retirement	$116,000
Expenses, Survivor (ret.)	$92,800
Inflation, (pre ret.)	3.00%
Inflation, Survivor (pre ret.)	3.00%
Inflation at Retirement	3.00%
Inflation, Survivor (ret.)	3.00%

Asset Allocations:	**Current**	**Suggested**
Cash & Reserves	0.00%	15.00%
Income	0.00%	20.00%
Income & Growth	100.00%	20.00%
Growth	0.00%	30.00%
Aggressive Growth	0.00%	15.00%
Other	0.00%	0.00%

Rate Assumptions (Before & After Retirement):

Taxable Returns	7.00%	5.00%
Tax-Deferred & Roth Returns	7.00%	5.00%
Tax-Free Returns	7.00%	5.00%
Return on Annuities	7.00%	5.00%
Effective Tax Rates	20.00%	18.00%
Cost Basis for Taxable Assets		100.00%
Cost Basis for Annuity Assets		100.00%
Additions Increase Rate: Taxable		0.00%
Additions Increase Rate: Tax-Def 1		3.00%
Additions Increase Rate: Tax-Def 2		3.00%

Other Incomes After-tax

Item Description	Start Year	Inc Rate	Number of years	Amount per year

Other Expenses After-tax:

Note: These assumptions are based upon information provided by you, combined with representative forward looking values intended to provide a reasonable financial illustration for education and discussion purposes. The investment returns, tax rates, benefit increase rates, inflation rates, and future expense values used in this report were selected based on your age, assets, income, goals and other information you provided. These assumptions do not presuppose or analyze any particular investments or investment strategy, or represent a guarantee of future results.

Net Worth Statement

Robert & Sheila Smith

October 2, 2013

ASSETS

Savings And Investments		
Stock Mutual Funds	$116,021	
		$116,021
Retirement Accounts		
Qualified Plans-Robert	$741,375	
Qualified Plans-Sheila	421,107	
Roth Assets-Sheila	43,082	
		$1,205,564
Other Assets		
Residence	$550,000	
Personal Property	66,500	
Emergency Fund	19,000	
Savings	9,300	
		$644,800
	TOTAL ASSETS	**$1,966,385**

LIABILITIES

Residence Mortgage	$182,397	
HELOC	24,389	
		$206,786

Net Worth (Assets less Liabilities)	**$1,759,599**

Note: Potential taxes due on unrealized gains or assets in tax-deferred retirement plans are not accounted for in this Net Worth Statement. This asset information is based upon information you provided and sources believed to be reliable. The asset listing herein is not an account statement and does not necessarily include current or complete balances, holdings, and returns. Please review this information for accuracy.

Asset Worksheet

Description	Current Amount	Annual Additions	Addition Period	Asset Class	Account Taxation	Asset Type
Robert - Microsoft 401(k)	741,375	26,000	2013-2014	Inc./Gro.	Tax-Deferred (1)	Mutual Funds (Stock)
Sheila - Boeing VIP	421,107	28,000	2013-2019	Inc./Gro.	Tax-Deferred (2)	Checking Account
Joint - Vanguard	116,021	12,000	2013-2018	Inc./Gro.	Taxable (J)	Mutual Funds (Stock)
Sheila - Roth IRA	43,082			Inc./Gro.	Roth IRA (2)	Mutual Funds (Stock)
Totals:	**$1,321,585**	**$66,000**				

Note: This asset information is based upon information you provided and sources believed to be reliable. The asset listing herein is not an account statement and does not necessarily include current or complete balances, holdings, and returns. Please review this information for accuracy.

Retirement Profile

Developing A Retirement Plan

Developing a retirement plan means understanding your current situation, deciding among alternatives, and taking appropriate action today. *This report will help you define your current retirement goals, identify your current planning, and estimate the results for your review.*

Your Current Retirement Goals

	Robert	**Sheila**
Age:	54	53
Retirement Age:	56	60
Years until Retirement:	2	7
Years of Retirement:	39	35
Annual Retirement Spending (After-tax):	**$116,000**	*(expressed in today's dollars)*

Additional Objectives

Education Costs have been included in the Retirement Analysis.

Assumptions

	Pre-Retirement	*Retirement*
Inflation Rate:	3.0%	3.0%
Income Tax Rate (Average):	20.0%	18.0%
Return on Investments (Average):	7.0%	5.0%

Current residence(s) will be maintained. Related debt will be paid per existing mortgage(s).

Resources Available for Retirement

Funds to meet your goals can come from several sources: Personal Investing, Retirement Plans, Defined Benefit Pensions, Social Security, and Other Income.

Here is a summary of your situation.

	Current Balances
Personal Investments	
Stock Mutual Funds	**$116,021**
	$116,021
Retirement Plans	
Qualified Plans-Robert	**$741,375**
Qualified Plans-Sheila	**421,107**
Roth IRA/401k Assets-Sheila	**43,082**
	$1,205,564
Total Investment Assets	**$1,321,585**

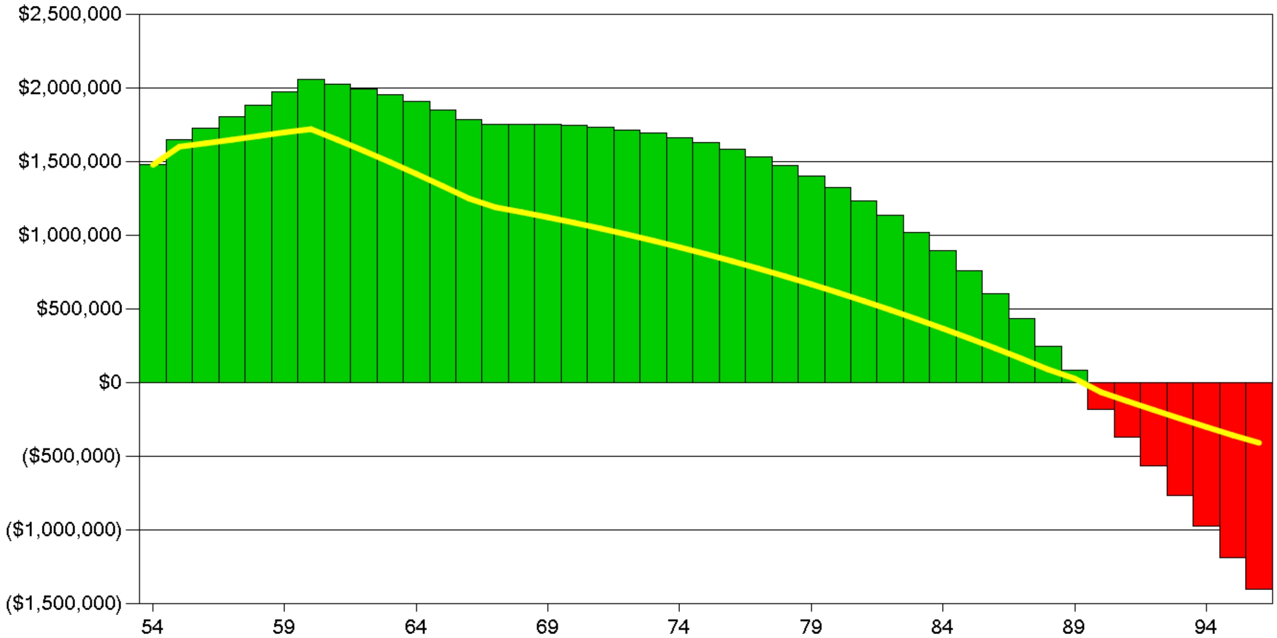
See Asset Worksheet for detailed annual savings information.

Social Security	**Robert**	**Sheila**
Starting Age	67	67
Benefit at Starting Age (After-tax)	$33,623	$33,999

Pension Plans	**Robert**	**Sheila**
Pension Amount	N/A	$38,843*
Pension Starting Age		60
Increase Rate Pre-Retirement		0.0%
Increase Rate in Retirement		0.0%
Survivor Percentage		75%

*Annual amount, after taxes.

Retirement Summary



Retirement Capital Illustration

The analysis begins at your current age and extends through your life expectancy. It includes all assets, both tax advantaged and taxable, all expenses, including education funding if applicable, other income and expense estimates, defined benefit pensions, and Social Security benefits. The graph illustrates the growth and depletion of capital assets as seen in Retirement Capital Analysis. The line within the graph illustrates the value of future retirement assets in today's dollars.

General Assumptions:

Rates of Return Before and After Retirement Used in Illustration:		
Taxable RORs:	7%	5%
Tax Def. RORs:	7%	5%
Tax Free RORs:	7%	5%
Annuity RORs:	7%	5%

Retirement Spending Needs*	$116,000
Survivor Spending Needs*	$92,800
Retirement Age	Robert - 56
Retirement Age	Sheila - 60
Inflation - Current	3%
Inflation - Retirement	3%
Tax Rate - Current	20%
Tax Rate - Retirement	18%

* Spending needs are stated in today's after tax-dollars. See Assumptions page for complete listing of assumptions.

Actual future returns, taxes, expenses, and benefits are unknown. This illustration uses representative estimates and assumptions for educational and discussion purposes only. Do not rely on this report for investment analysis.

Retirement Capital Illustration Results:

It appears you may run out of money before the last life expectancy of age 95. The range of possible options you might consider to improve your situation include the following:

- Increase the rate of return on your investments.
- Increase your annual savings substantially.
- Reduce your retirement spending needs by $7,800 to $108,200/year ($9,016/month).
- Defer your retirement by about 2 years.
- Combine any of the above and lower the requirements for each.

Monte Carlo Simulation Explanation

The financial planning process can help you evaluate your status in relationship to your financial goals and objectives. In preparing a hypothetical financial illustration for discussion, a series of representative fixed assumptions are made, such as inflation rates, rates of return, retirement benefits and tax rates. While such static hypothetical illustrations are still useful for education and discussion purposes, they are based upon unchanging long-term assumptions. In fact, economic and financial environments are unpredictable and constantly changing.

Monte Carlo Simulation is one way to visualize the effect of unpredictable financial market volatility on your retirement plan. Monte Carlo Simulation introduces random uncertainty into the annual assumptions of a retirement capital illustration model, and then runs the model a large number of times. Observing results from all these changing results can offer a view of trends, patterns and potential ranges of future outcomes illustrated by the randomly changing simulation conditions. While Monte Carlo Simulation cannot and does not predict your financial future, it may help illustrate for you some of the many different possible hypothetical outcomes.

Monte Carlo Simulation Technique:

Based upon the trends, changes, and values shown in your hypothetical financial program, the simulation process uses a different random rate of return for each year of a new hypothetical financial plan. Ten thousand full financial plan calculations are performed utilizing the volatile annual rates of return. The result is ten thousand new hypothetical financial plan results illustrating possible future financial market environments.

By using random rates from a statistically appropriate collection of annual returns, and repeating the process thousands of times, the resulting collection can be viewed as a representative set of potential future results. The tendencies within the group of Monte Carlo Simulation results; the highs, lows and averages, offer insight into potential plan performance which may occur under various combinations of broad market conditions.

Note: No investment products, investment strategy or particular investment style is projected or illustrated by this process. Simulation results demonstrate effects of volatility on rate of return assumptions for education and discussion purposes only.

Standard Deviation:

The simulated level of volatility in future financial markets is represented by a Standard Deviation value. This statistical measure of variation is used within the Monte Carlo Simulation to indicate how dramatically return rates can change year by year. The Standard Deviation controls the magnitude of the random changes in each annual rate of return as it is varied each year above or below the average annual rate to simulate market volatility.

The simulation model uses a Standard Deviation based upon the rate of return assumptions used in the Retirement Capital Illustration, and limits the rate of return variation to plus or minus five standard deviations in any year. Low assumed return rates generate low Standard Deviation values, higher returns relate to higher Standard Deviations.

The Bold Line

The bold line in the Monte Carlo Simulation Results graph tracks the value of assets over the length of the illustration if all rates of return are held stable at the assumed rates of return (see Assumptions). The estimate uses annual expected portfolio rates of return and inflation rates to model the growth and use of assets as indicated under Assumptions. The bold line represents the values shown in the Retirement Capital Analysis.

Percentage of Monte Carlo Results Above Zero at Selected Ages

These results represent the percentage of Monte Carlo simulation outcomes that show positive retirement asset value remaining at different ages. A percentage above 70 at last life expectancy is an indication that the underlying retirement plan offers a substantial probability of success even under volatile market conditions. Additional ages shown give the percentage of simulation outcomes with positive asset amounts at various ages.

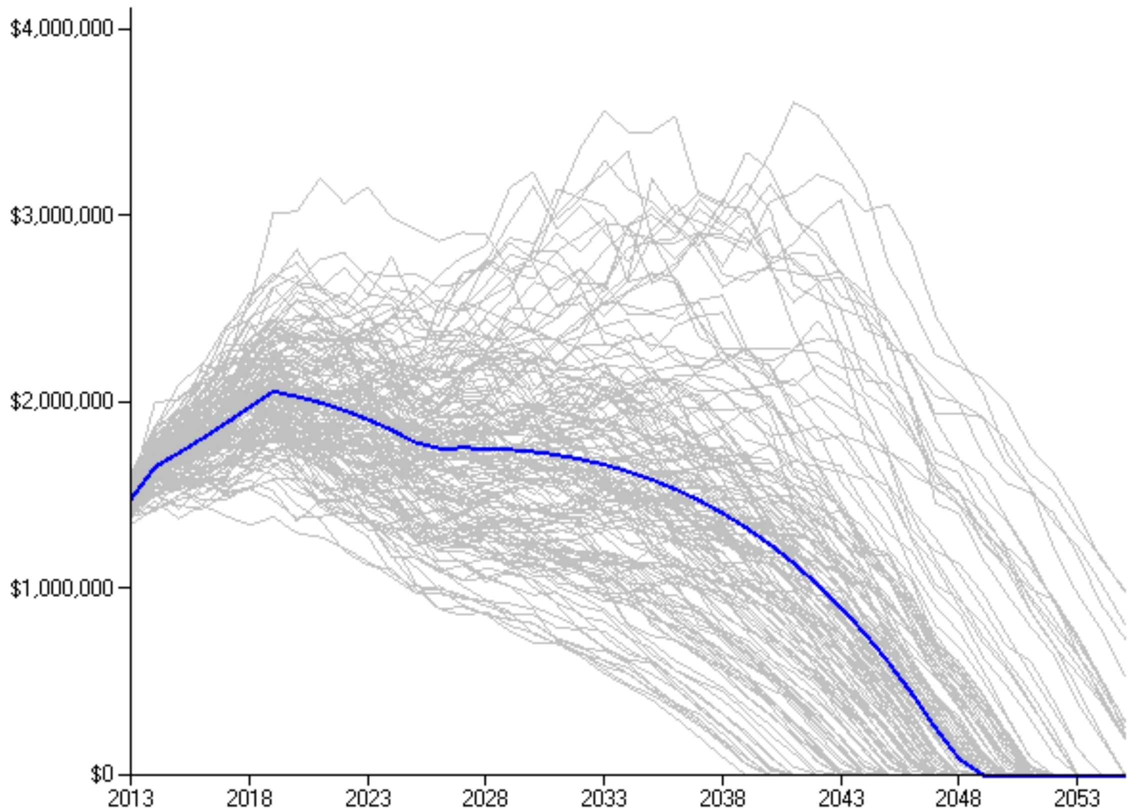
Monte Carlo Simulation Minimum, Average and Maximum Dollar Results

These values indicate the best, worst and average dollar results at the end of the ten thousand Monte Carlo Simulations. These show the range of results (high and low), and the average of all Monte Carlo results. All values are based on results at the life expectancy of the last to die.

IMPORTANT: The projections or other information generated by the Personal Financial Plan regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Each Monte Carlo Simulation is unique; results vary with each use and over time.

Monte Carlo Retirement Simulation

Results from 10,000 Monte Carlo Simulation Trials



* The bold line is the estimated retirement capital value over time using fixed rates.

This Monte Carlo Retirement Simulation illustrates possible variations in growth and/or depletion of retirement capital under unpredictable future conditions. The simulation introduces uncertainty by fluctuating annual rates of return on assets. The graph and related calculations do not presuppose or analyze any particular investment or investment strategy. This long-term hypothetical model is used to help show potential effects of broad market volatility and the possible impact on your financial plans. This is not a projection, but an illustration of uncertainty.

The simulations begin in the current year and model potential asset level changes over time. Included are all capital assets, both tax advantaged and taxable, all expenses, including education funding if applicable, pension benefits, and Social Security benefits. Observing results from this large number of simulations may offer insight into the shape, trends, and potential range of future retirement plan outcomes under volatile market conditions.

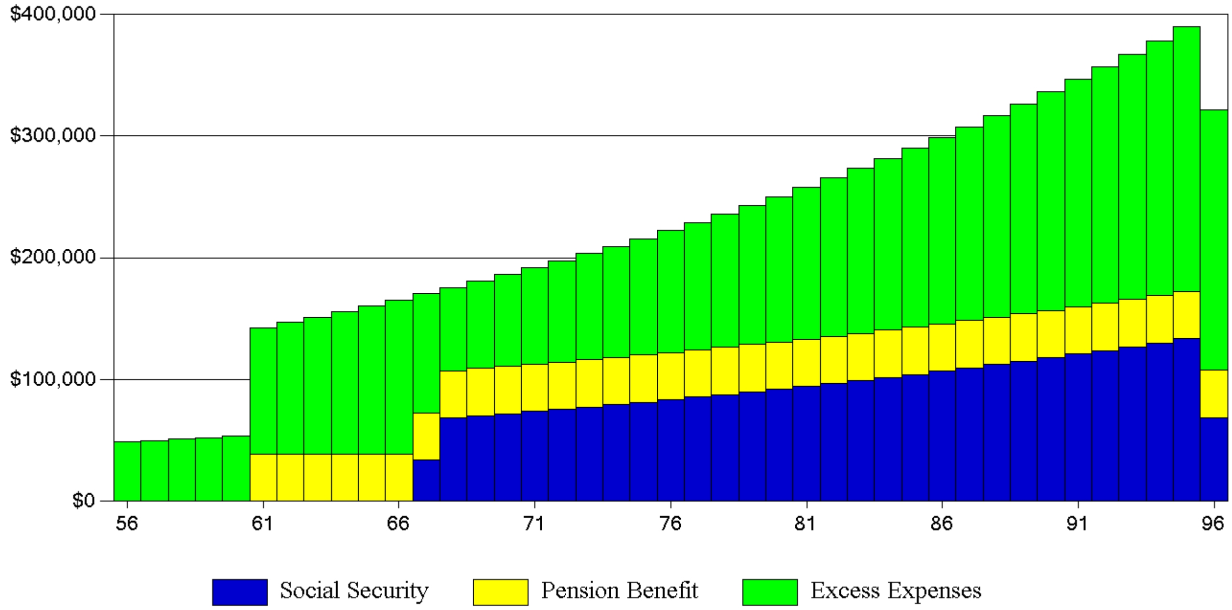
Retirement Capital Analysis Results, at Life Expectancy, of 10,000 Monte Carlo Simulations:

Percent with funds at last life expectancy	8%	Retirement Capital Estimate	$0
Percent with funds at age 83	94%	Minimum (Worst Case) result	$0
Percent with funds at age 69	> 95%	Average Monte Carlo result	$51,151
Percent with funds at age 56	> 95%	Maximum Monte Carlo result	$4,480,754

Life insurance proceeds are not included in the final year balances of these calculations.
Illustration based on random rates of return which average 5.1%, with a std. dev. of 5% (95% of values fall between -4.9% and 15.1%).

IMPORTANT: The projections or other information generated in this report regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each report and over time. Results of this simulation are neither guarantees nor projections of future performance. Information is for illustrative purposes only. Do not rely upon the results of this report to predict actual future performance of any investment or investment strategy.

Retirement Expense Forecast



The Retirement Expense Forecast graph combines estimated Social Security benefits with defined pension benefits plotted with estimated annual living expenses in retirement. The graph begins at retirement age and continues to life expectancy. Future retirement expenses are estimated based on your objectives, adjusted for inflation over time. Survivor expense levels start the year after first life expectancy.

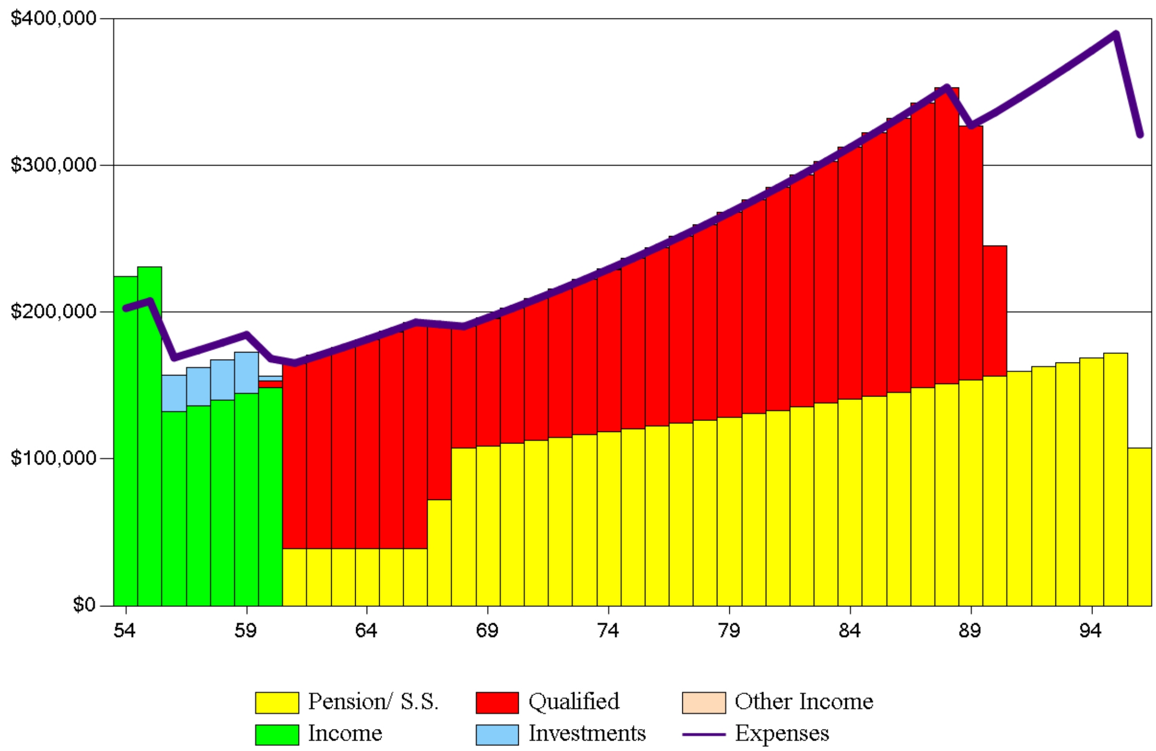
Social Security benefits, and annual adjustments for benefit growth, are estimated and illustrated over the anticipated lifetime. If the starting age selected for Social Security benefits is prior to normal benefit age, only a partial Social Security benefit may be available. Benefit amounts may decrease upon first death.

The Pension Benefit estimate combines any pension benefits and plots them starting at the age the benefit begins. At the death of the pension holder a surviving spouse might receive no continuing benefit, or only a portion of the benefit, causing a decrease in overall annual income.

Excess Expenses shown in the graph represent the amount of inflation adjusted annual living expenses that exceed the combined estimated Social Security and pension benefits. These are estimated amounts which will need to come from retirement savings to fund future expenses not covered by expected benefit income.

Note: Social Security and Pension benefit estimates are based upon information you provided. Estimates are not guarantees of future benefits amounts. Clients should not rely upon results of this report to predict actual future benefit amounts.

Cash Flow Summary



The bars in the above graph represent the amounts available from:

Earned income (wages and self-employment)
Social Security
Qualified plan additions and distributions
Investment additions and distributions
Misc - (inheritances, sale of residence, retirement account minimum distributions, life insurance)

The line illustrates the annual expenses including:

Personal living expenses
Planned debt expenses
Specified special expenses
Planned deposits to investment and retirement accounts
Miscellaneous expense items
Taxes

Note: The Cash Flow report provides the actual numbers that create the preceding Cash Flow Summary graph.

Cash Flow Explanation

Cash flows are sources and uses of money. Primary sources of funds are income from work, Social Security, pensions, savings, insurance proceeds, and other income events. Regular living expenses, education costs, and other planned expenses are the primary use of funds.

The cash flow report pages are designed to be an alternate presentation of the financial information shown elsewhere in this report. The emphasis of the cash flow illustrations are the amounts and types of incomes and levels of expenses that occur during the illustration.

The Cash Flow Summary Graph illustrates four primary financial elements; income, investment, expenses, and cash sources. The different colored bars in the graph represent the level of cash flows that are occurring, and what accounts they are related to. The single solid line represents the annual expense level from now to the end of the illustration. Prior to retirement, bars above the expense level represent investments.

Portions of bars below the expense line represent sources of cash that are being used to pay for planned living expenses and to cover special expenses such as education. During the working years, income from employment is generally the primary source of cash to cover expenses. In retirement, Social Security, pension benefits, and cash withdrawn from investment accounts are the major sources of cash to cover expenses.

In general terms, the best case is to have the cash flow bars always at or above the expense line. This indicates that there is sufficient income, or investment asset sources, to meet living expenses and other planned needs. Gaps between the expense line and cash flow bars indicate calculated shortfalls of cash flow during those years.

The cash flow numbers page contains the numerical information upon which the graph is based. This page shows the sources and uses of funds. The columns coincide with the bars and lines in the cash flow graph. Red numbers represent a use of cash, black a source.

The red numbers in the Retire/Roth or Investment Accounts columns are additions made to those accounts; these are investments and uses of funds. The black numbers in those columns represent withdrawals from the account; these are sources of funds to meet retirement needs.

All sources (and investment uses) are subtotaled in the Total Sources column. Tax estimates are based on earned income and investment income (adjusted for contributions to qualified retirement accounts) multiplied by the estimated net effective tax rates. The resulting tax estimate is added to inflation adjusted living expenses to create an estimated annual figure.

The combination of Total Sources and Living Expenses & Taxes can create a surplus or shortage. A shortage indicates that expenses exceed incomes and sources. A surplus can indicate that incomes exceed expenses. During retirement, if money is withdrawn at the same level of need, no surplus or shortage will occur.

Cash Flow

Ages Indv. 1	2	Cash Flow Sources: Earned Income	Retire/Roth Accounts*	Investment Accounts*	Pension/ Soc Sec.	Other Income	Total Sources	Less Living Expense & Taxes	Shortage or Surplus
54	53	$224,117	($46,000)	($5,167)			$172,951	($151,623)	$21,328
55	54	230,840	(47,380)	(4,112)			179,348	(156,172)	23,176
56 R	55	132,294	(24,401)	24,749			132,642	(144,642)	(12,000)
57	56	136,263	(25,133)	25,851			136,981	(148,981)	(12,000)
58	57	140,350	(25,887)	26,986			141,449	(153,449)	(12,000)
59	58	144,561	(26,664)	28,155			146,052	(158,052)	(12,000)
60	59	148,898	4,119	3,462			156,479	(168,478)	(11,999)
61	60 R		126,608		38,843		165,451	(165,451)	
62	61		131,827		38,843		170,670	(170,669)	
63	62		137,202		38,843		176,045	(176,045)	
64	63		142,739		38,843		181,582	(181,582)	
65	64		148,441		38,843		187,284	(187,284)	
66	65		154,315		38,843		193,158	(193,157)	
67	66		119,361		72,465		191,826	(191,827)	
68	67		83,105		107,305		190,410	(190,411)	
69	68		87,436		109,017		196,453	(196,453)	
70	69		91,908		110,771		202,679	(202,679)	
71	70		96,525		112,569		209,094	(209,094)	
72	71		101,290		114,412		215,702	(215,703)	
73	72		106,211		116,302		222,513	(222,513)	
74	73		111,289		118,238		229,527	(229,528)	
75	74		116,532		120,223		236,755	(236,755)	
76	75		121,945		122,258		244,203	(244,203)	
77	76		127,532		124,343		251,875	(251,875)	
78	77		133,300		126,480		259,780	(259,781)	
79	78		139,254		128,671		267,925	(267,925)	
80	79		145,399		130,917		276,316	(276,316)	
81	80		151,743		133,219		284,962	(284,962)	
82	81		158,292		135,578		293,870	(293,870)	
83	82		165,051		137,997		303,048	(303,048)	
84	83		172,028		140,476		312,504	(312,504)	
85	84		179,229		143,016		322,245	(322,246)	
86	85		186,662		145,621		332,283	(332,283)	
87	86		194,333		148,290		342,623	(342,624)	
88	87		202,251		151,026		353,277	(353,278)	
89	88		173,412		153,831		327,243	(327,243)	
90	89		88,345		156,706		245,051	(336,170)	(91,119)
91	90				159,652		159,652	(346,255)	(186,603)
92	91				162,673		162,673	(356,642)	(193,969)
93	92				165,768		165,768	(367,341)	(201,573)
94	93				168,941		168,941	(378,361)	(209,420)
95 L	94				172,194		172,194	(389,711)	(217,517)
	95 L				107,648		107,648	(321,120)	(213,472)

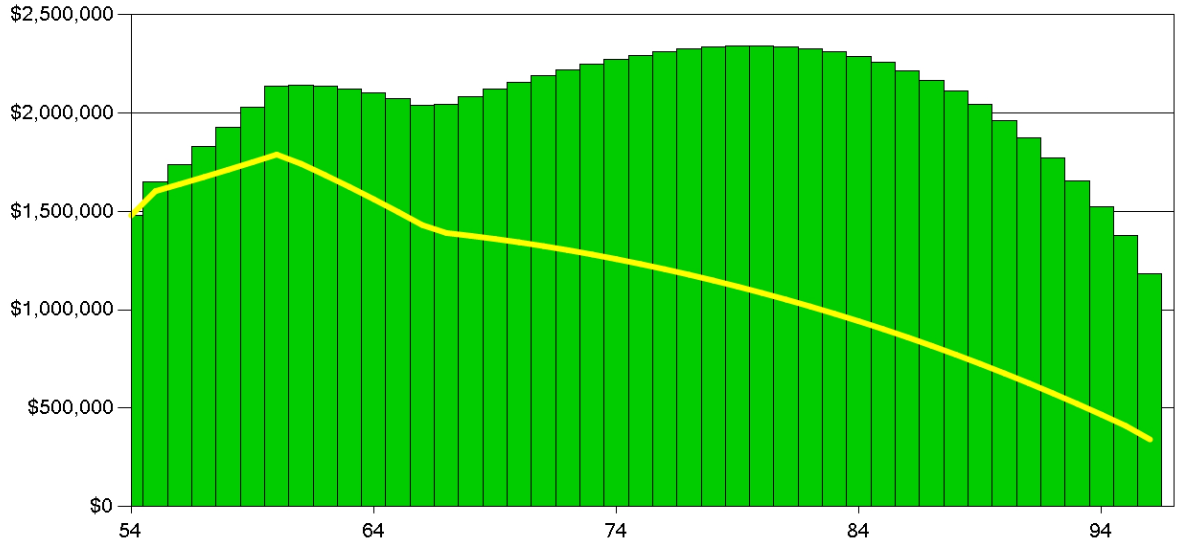
*Scheduled distributions, interest, or cash dividends or amounts taken to meet the IRS minimum distribution requirements.
Note: Earned Income is reduced by qualified retirement account contributions in calculating the effect of income taxes. Pension, Social Security, and Other Income cash flow items are net of income taxes. The tax rate used is the average tax rate entered in the input.

Retirement Capital Analysis

Ages*		Retirement Spending Needs	Sources of Annual Income ** Social Security Indv. 1	Social Security Indv. 2	Pension Income Indv. 1	Pension Income Indv. 2	Education & Other Inc/Exp***	Net Surplus or (Shortage)	Annual Additions To Assets	**Retirement Capital** $1,321,585
54	53								66,000	1,480,697
55	54								67,620	1,652,359
56 R	55	(48,749)						(48,749)	41,705	1,726,529
57	56	(49,851)						(49,851)	42,596	1,804,476
58	57	(50,986)						(50,986)	43,514	1,886,404
59	58	(52,155)						(52,155)	44,460	1,972,531
60	59	(53,359)						(53,359)	45,433	2,057,139
61	60 R	(142,662)				38,843		(103,819)		2,030,222
62	61	(146,941)				38,843		(108,098)		1,996,609
63	62	(151,349)				38,843		(112,506)		1,955,806
64	63	(155,889)				38,843		(117,046)		1,907,288
65	64	(160,565)				38,843		(121,722)		1,850,499
66	65	(165,381)				38,843		(126,538)		1,784,850
67	66	(170,342)	33,623			38,843		(97,877)		1,751,746
68	67	(175,452)	34,463	33,999		38,843		(68,147)		1,754,149
69	68	(180,715)	35,325	34,849		38,843		(71,698)		1,752,233
70	69	(186,136)	36,208	35,721		38,843		(75,365)		1,745,638
71	70	(191,720)	37,113	36,614		38,843		(79,151)		1,733,981
72	71	(197,471)	38,041	37,529		38,843		(83,059)		1,716,856
73	72	(203,395)	38,992	38,467		38,843		(87,093)		1,693,831
74	73	(209,496)	39,967	39,429		38,843		(91,258)		1,664,450
75	74	(215,780)	40,966	40,415		38,843		(95,557)		1,628,226
76	75	(222,253)	41,990	41,425		38,843		(99,995)		1,584,643
77	76	(228,920)	43,040	42,461		38,843		(104,577)		1,533,153
78	77	(235,787)	44,116	43,522		38,843		(109,307)		1,473,177
79	78	(242,860)	45,219	44,610		38,843		(114,189)		1,404,099
80	79	(250,145)	46,349	45,725		38,843		(119,228)		1,325,269
81	80	(257,649)	47,508	46,868		38,843		(124,430)		1,235,994
82	81	(265,378)	48,696	48,040		38,843		(129,800)		1,135,544
83	82	(273,339)	49,913	49,241		38,843		(135,342)		1,023,143
84	83	(281,539)	51,161	50,472		38,843		(141,063)		897,971
85	84	(289,985)	52,440	51,734		38,843		(146,969)		759,159
86	85	(298,684)	53,751	53,027		38,843		(153,063)		605,787
87	86	(307,644)	55,095	54,353		38,843		(159,354)		436,884
88	87	(316,873)	56,472	55,712		38,843		(165,847)		251,420
89	88	(326,379)	57,884	57,105		38,843		(172,548)		86,242
90	89	(336,170)	59,331	58,532		38,843		(179,464)		
91	90	(346,255)	60,814	59,996		38,843		(186,603)		
92	91	(356,642)	62,335	61,495		38,843		(193,969)		
93	92	(367,341)	63,893	63,033		38,843		(201,573)		
94	93	(378,361)	65,490	64,609		38,843		(209,420)		
95 L	94	(389,711)	67,127	66,224		38,843		(217,517)		
	95 L	(321,120)		68,806		38,843		(213,472)		

*R=Retirement age, L=Life expectancy.** Pensions & 85% of S.S. reduced 18.00% for income taxes. *** Includes life insurance and education costs.
Note: This report is based upon assumed inflation rates of 3.00% and 3.00% (before and after retirement). Actual future inflation rates are unknown.

Retirement Capital Analysis - What-if?



Retirement Capital Analysis

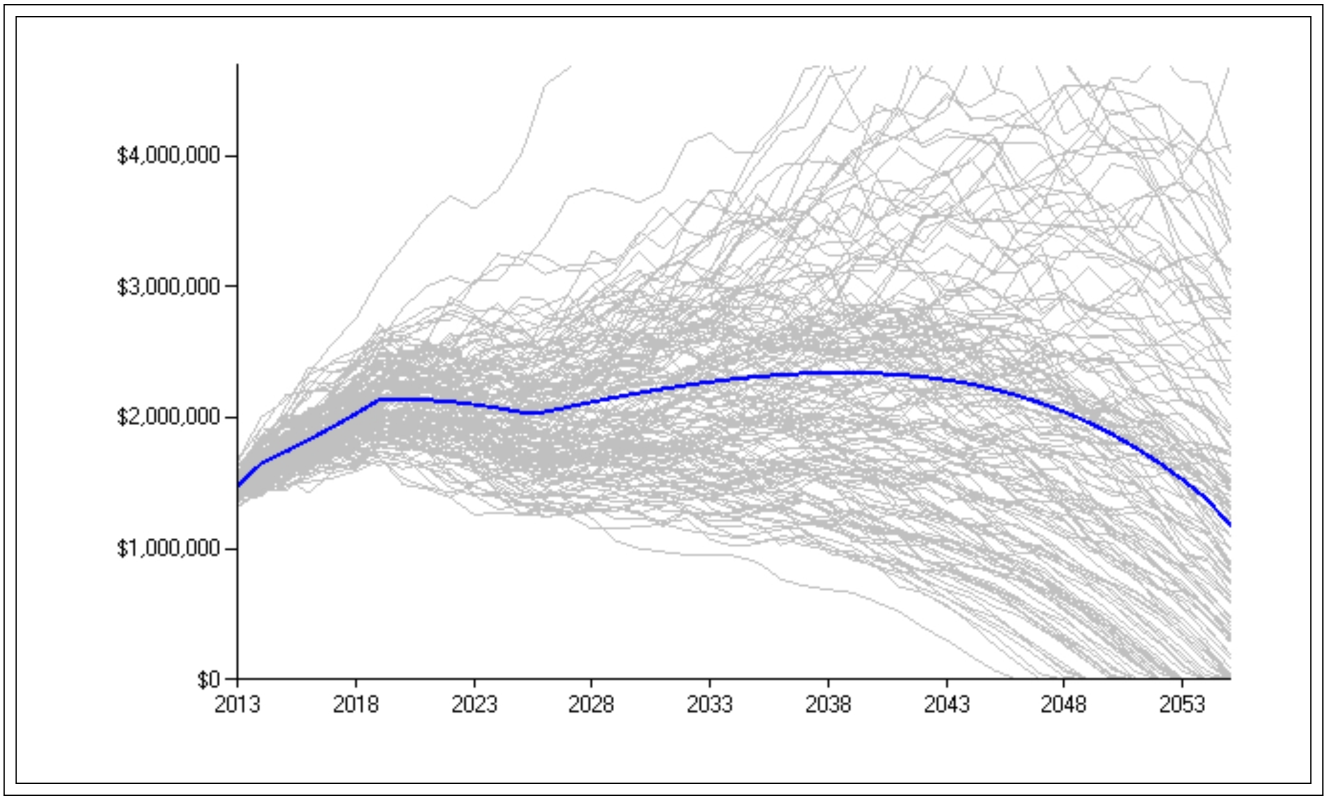
The analysis begins at your current age and extends through your life expectancy. It includes all assets, both tax advantaged and taxable, all expenses, including education funding if applicable, other income and expense estimates, defined benefit pensions, and Social Security benefits. The graph illustrates growth and depletion of capital assets as seen in Retirement Capital Analysis. The line within the graph illustrates the value of future retirement assets in today's dollars.

Success Rate of Plan "Spend Less": 75%

Assumptions Changed from Original Report :

Spending Needs - Retirement	$104,000

Monte Carlo Retirement Simulation - What-if?



Life insurance proceeds are not included in the final year balances of these calculations.

Success Rate of Plan "Spend Less": 75%

Assumptions Changed from Original Report :

Spending Needs - Retirement $104,000

Illustration based on an average rate of return of 5.1%, with a std. dev. of 5% (95% of values fall between -4.9% and 15.1%).

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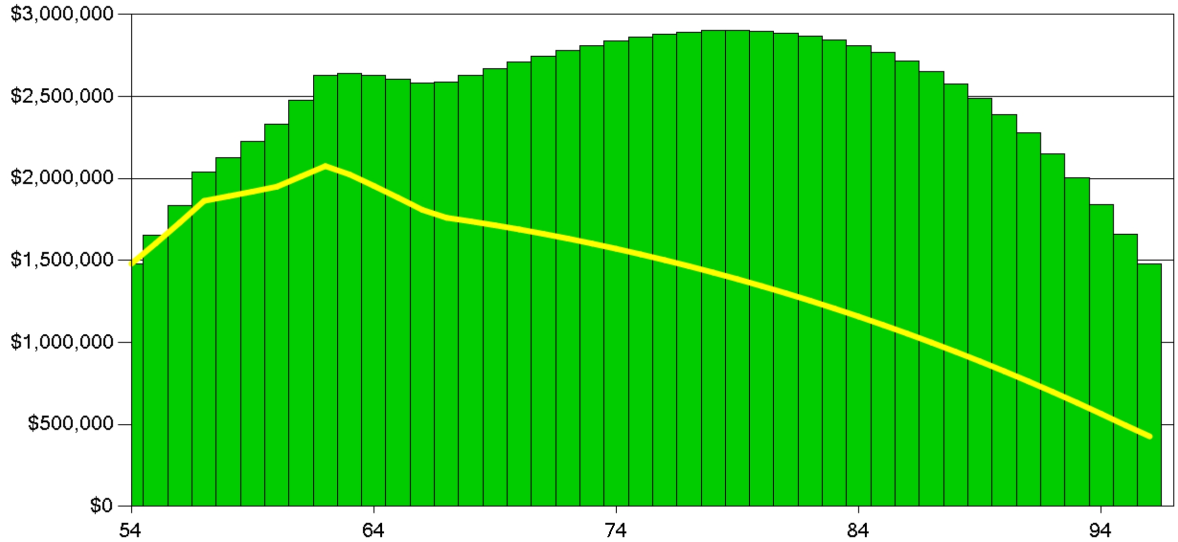
Retirement Capital Analysis - What-if?

Ages*		Retirement Spending Needs	Sources of Annual Income ** Social Security Indv. 1	Social Security Indv. 2	Pension Income Indv. 1	Pension Income Indv. 2	Education & Other Inc/Exp***	Net Surplus or (Shortage)	Annual Additions To Assets	**Retirement Capital** $1,321,585
54	53								66,000	1,480,697
55	54								67,620	1,652,359
56 R	55	(36,018)						(36,018)	41,705	1,739,521
57	56	(36,738)						(36,738)	42,596	1,831,383
58	57	(37,480)						(37,480)	43,514	1,928,197
59	58	(38,244)						(38,244)	44,460	2,030,234
60	59	(39,030)						(39,030)	45,433	2,137,774
61	60 R	(127,903)				38,843		(89,060)		2,144,202
62	61	(131,740)				38,843		(92,897)		2,135,289
63	62	(135,692)				38,843		(96,849)		2,120,991
64	63	(139,762)				38,843		(100,919)		2,100,891
65	64	(143,954)				38,843		(105,111)		2,074,546
66	65	(148,272)				38,843		(109,429)		2,041,485
67	66	(152,720)	33,623			38,843		(80,255)		2,043,241
68	67	(157,301)	34,463	33,999		38,843		(49,996)		2,082,908
69	68	(162,020)	35,325	34,849		38,843		(53,003)		2,120,799
70	69	(166,880)	36,208	35,721		38,843		(56,109)		2,156,702
71	70	(171,886)	37,113	36,614		38,843		(59,317)		2,189,747
72	71	(177,042)	38,041	37,529		38,843		(62,630)		2,220,368
73	72	(182,353)	38,992	38,467		38,843		(66,051)		2,248,305
74	73	(187,823)	39,967	39,429		38,843		(69,585)		2,273,283
75	74	(193,457)	40,966	40,415		38,843		(73,234)		2,295,006
76	75	(199,260)	41,990	41,425		38,843		(77,002)		2,313,158
77	76	(205,237)	43,040	42,461		38,843		(80,894)		2,327,430
78	77	(211,394)	44,116	43,522		38,843		(84,914)		2,337,503
79	78	(217,735)	45,219	44,610		38,843		(89,064)		2,342,972
80	79	(224,267)	46,349	45,725		38,843		(93,350)		2,343,515
81	80	(230,995)	47,508	46,868		38,843		(97,776)		2,338,725
82	81	(237,924)	48,696	48,040		38,843		(102,346)		2,328,171
83	82	(245,061)	49,913	49,241		38,843		(107,064)		2,311,396
84	83	(252,412)	51,161	50,472		38,843		(111,936)		2,287,922
85	84	(259,984)	52,440	51,734		38,843		(116,968)		2,257,265
86	85	(267,783)	53,751	53,027		38,843		(122,162)		2,217,425
87	86	(275,816)	55,095	54,353		38,843		(127,526)		2,168,889
88	87	(284,090)	56,472	55,712		38,843		(133,064)		2,111,004
89	88	(292,612)	57,884	57,105		38,843		(138,781)		2,043,077
90	89	(301,390)	59,331	58,532		38,843		(144,684)		1,964,376
91	90	(310,431)	60,814	59,996		38,843		(150,779)		1,874,122
92	91	(319,743)	62,335	61,495		38,843		(157,070)		1,771,490
93	92	(329,335)	63,893	63,033		38,843		(163,567)		1,655,606
94	93	(339,215)	65,490	64,609		38,843		(170,274)		1,525,544
95 L	94	(349,391)	67,127	66,224		38,843		(177,197)		1,380,325
	95 L	(321,120)		68,806		38,843		(213,472)		1,182,501

*R=Retirement age, L=Life expectancy.** Pensions & 85% of S.S. reduced 18.00% for income taxes. *** Includes life insurance and education costs.
Note: This report is based upon assumed inflation rates of 3.00% and 3.00% (before and after retirement). Actual future inflation rates are unknown.

Retirement Capital Analysis - What-if?



Retirement Capital Analysis

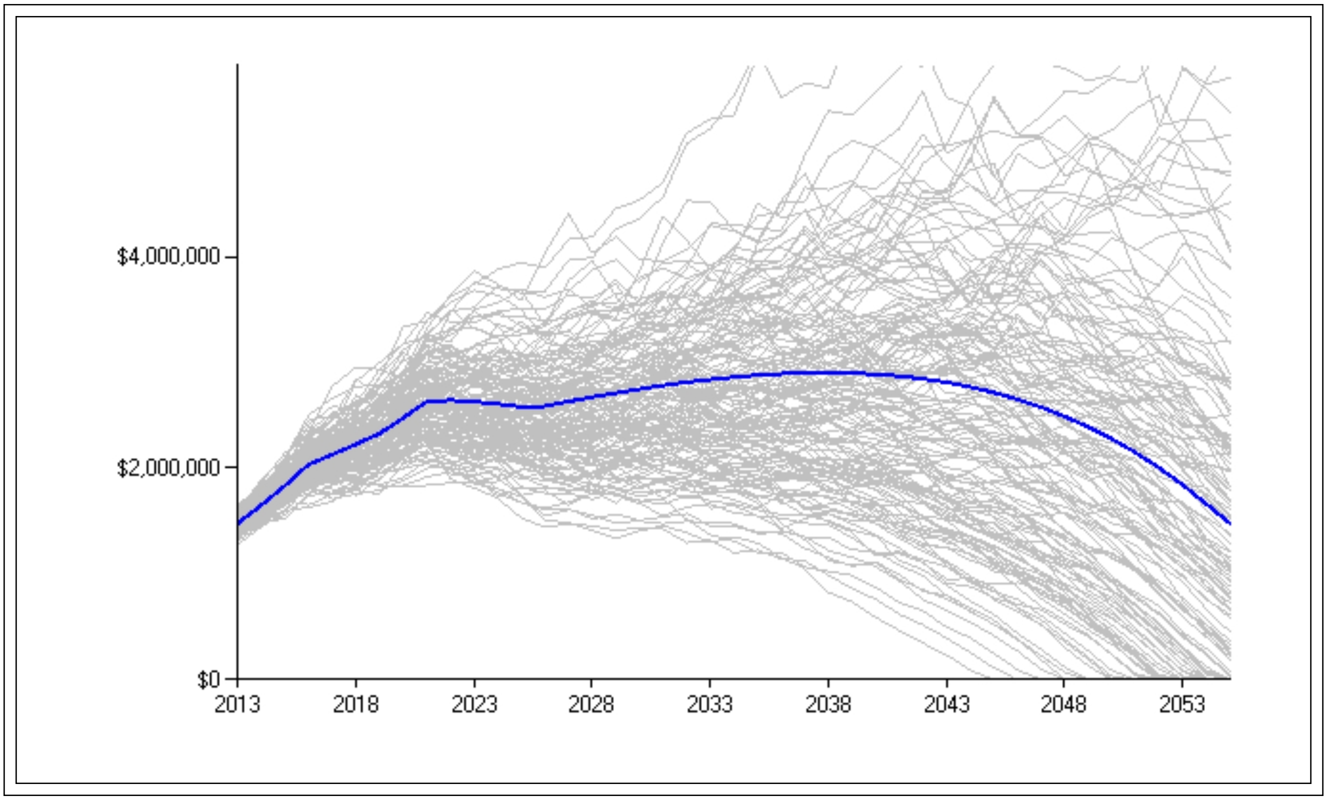
The analysis begins at your current age and extends through your life expectancy. It includes all assets, both tax advantaged and taxable, all expenses, including education funding if applicable, other income and expense estimates, defined benefit pensions, and Social Security benefits. The graph illustrates growth and depletion of capital assets as seen in Retirement Capital Analysis. The line within the graph illustrates the value of future retirement assets in today's dollars.

Success Rate of Plan "Work Longer": 76%

Assumptions Changed from Original Report :

Retirement Age - Indiv. 1	58
Retirement Age - Indiv. 2	62

Monte Carlo Retirement Simulation - What-if?



Life insurance proceeds are not included in the final year balances of these calculations.

Success Rate of Plan "Work Longer": 76%
Assumptions Changed from Original Report :

Retirement Age - Indiv. 1	58
Retirement Age - Indiv. 2	62

Illustration based on an average rate of return of 5.2%, with a std. dev. of 5.1% (95% of values fall between -5% and 15.4%).

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Retirement Capital Analysis - What-if?

Ages*		Retirement Spending Needs	Sources of Annual Income ** Social Security Indv. 1	Social Security Indv. 2	Pension Income Indv. 1	Pension Income Indv. 2	Education & Other Inc/Exp***	Net Surplus or (Shortage)	Annual Additions To Assets	**Retirement Capital** $1,321,585
54	53								66,000	1,480,697
55	54								67,620	1,652,359
56	55								69,288	1,837,486
57	56								71,007	2,037,058
58 R	57	(50,986)						(50,986)	43,514	2,129,645
59	58	(52,155)						(52,155)	44,460	2,226,923
60	59	(53,359)						(53,359)	45,433	2,329,141
61	60	(54,599)				38,843		(15,757)	46,436	2,476,204
62	61	(55,878)				38,843		(17,035)	47,470	2,630,373
63	62 R	(151,349)				38,843		(112,506)		2,642,450
64	63	(155,889)				38,843		(117,046)		2,628,264
65	64	(160,565)				38,843		(121,722)		2,607,524
66	65	(165,381)				38,843		(126,538)		2,579,727
67	66	(170,342)	33,623			38,843		(97,877)		2,586,367
68	67	(175,452)	34,463	33,999		38,843		(68,147)		2,630,501
69	68	(180,715)	35,325	34,849		38,843		(71,698)		2,672,403
70	69	(186,136)	36,208	35,721		38,843		(75,365)		2,711,817
71	70	(191,720)	37,113	36,614		38,843		(79,151)		2,748,470
72	71	(197,471)	38,041	37,529		38,843		(83,059)		2,782,070
73	72	(203,395)	38,992	38,467		38,843		(87,093)		2,812,307
74	73	(209,496)	39,967	39,429		38,843		(91,258)		2,838,850
75	74	(215,780)	40,966	40,415		38,843		(95,557)		2,861,346
76	75	(222,253)	41,990	41,425		38,843		(99,995)		2,879,419
77	76	(228,920)	43,040	42,461		38,843		(104,577)		2,892,667
78	77	(235,787)	44,116	43,522		38,843		(109,307)		2,900,667
79	78	(242,860)	45,219	44,610		38,843		(114,189)		2,902,965
80	79	(250,145)	46,349	45,725		38,843		(119,228)		2,899,079
81	80	(257,649)	47,508	46,868		38,843		(124,430)		2,888,495
82	81	(265,378)	48,696	48,040		38,843		(129,800)		2,870,669
83	82	(273,339)	49,913	49,241		38,843		(135,342)		2,845,024
84	83	(281,539)	51,161	50,472		38,843		(141,063)		2,810,945
85	84	(289,985)	52,440	51,734		38,843		(146,969)		2,767,781
86	85	(298,684)	53,751	53,027		38,843		(153,063)		2,714,840
87	86	(307,644)	55,095	54,353		38,843		(159,354)		2,651,390
88	87	(316,873)	56,472	55,712		38,843		(165,847)		2,576,651
89	88	(326,379)	57,884	57,105		38,843		(172,548)		2,489,798
90	89	(336,170)	59,331	58,532		38,843		(179,464)		2,389,957
91	90	(346,255)	60,814	59,996		38,843		(186,603)		2,276,201
92	91	(356,642)	62,335	61,495		38,843		(193,969)		2,147,549
93	92	(367,341)	63,893	63,033		38,843		(201,573)		2,002,960
94	93	(378,361)	65,490	64,609		38,843		(209,420)		1,841,333
95 L	94	(389,711)	67,127	66,224		38,843		(217,517)		1,661,503
	95 L	(321,120)		68,806		38,843		(213,472)		1,477,738

*R=Retirement age, L=Life expectancy.** Pensions & 85% of S.S. reduced 18.00% for income taxes. *** Includes life insurance and education costs.
Note: This report is based upon assumed inflation rates of 3.00% and 3.00% (before and after retirement). Actual future inflation rates are unknown.

Long-Term Care

Long-Term Care Defined

Long-term care is sustained medical or custodial care in a hospital, nursing facility, or equivalent care at home. This care meets the needs of people when, for some reason, they cannot care for themselves. Long-term care insurance provides coverage for costs when the need for care extends beyond a pre-determined period. Benefits start when certain conditions and time frames specified by a long-term care insurance policy are met.

Generally the needs requirements to obtain insurance benefits fall into two categories:

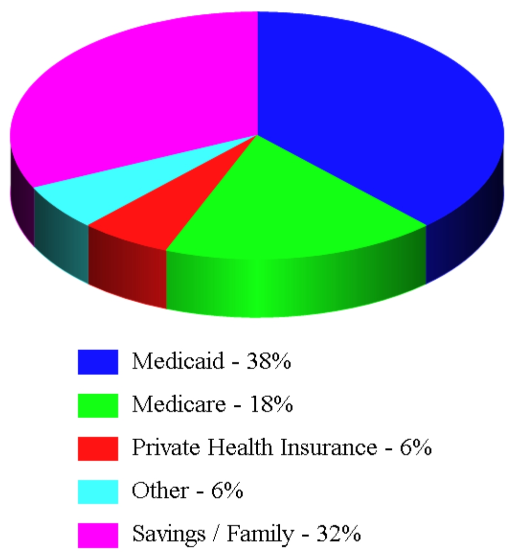
An inability to perform two or more Activities of Daily Living (or ADLs).	Activities of Daily Living (ADLs) are basic functions of daily independent living and includes: Dressing Toileting Bathing Transferring Eating Continence
Impaired Cognitive Ability	Loss of mental function can result from stroke, dementia or Alzheimer's Disease. Alzheimer's Disease is a disorder that progressively affects one's ability to carry out daily activities.

The Cost of Waiting to Plan

- 40% of all long-term care recipients are under the age of 65.
- Over 45% of seniors who reach age 65 will spend some time in a nursing home.
- Over 70% of seniors who reach age 65 will need some form of home health care in their lifetime.
- One out of every four families provides care to an elderly relative or loved one.
- 25% will stay in a Nursing Facility for more than one full year.
- The average nursing home stay is 2.5 years and the average Alzheimer's stay is 7 years.

Without benefits from long-term care insurance or a comparable plan, the cost of providing these services could devastate your lifetime savings, or a relative's life savings. On average, one year in a nursing home costs in the area of $57,000 and can easily exceed $100,000.

Depending on the care required, most of these expenses are paid for by the patient or their family. Medicare may contribute toward the first 100 days expenses in a skilled care facility. There are no Medicaid benefits available for intermediate term or custodial care, unless the state finds the patient to be impoverished under local guidelines. Even then, care options would be restricted to care facilities that accept the very limited benefit payments Medicaid offers.



Medicaid and Medicare Facts

- **Medicaid is a welfare program designed as an emergency safety net to pay health care costs of the poor.**
- **Medicare is part of Social Security, and helps pay for the general health care needs of retired persons.**
- **Medicare typically only pays for doctors, hospitals, and short recuperative stays in nursing facilities.**
- **Private health insurance is designed for medical (doctors, hospitals, etc) not long-term care expenses.**
- **Most people end up relying on their own or relatives resources to pay for long-term care expenses.**

Long-Term Care Need Analysis

Long-term care (LTC) requires long-term planning. LTC insurance is available to cover these expenses, protect your assets, your independence, and control the quality of the care you receive. You are able to choose the specified daily benefit level, as well as the types of medical and care services covered.

When is the best time to purchase LTC insurance? Generally, the premiums stay level once the policy is purchased, much like level term insurance. In practice, the earlier you buy a policy, the lower the premium. Since the odds of becoming disabled increase with age, purchasing coverage before the age of 55 is good planning. Consider the premium cost of several coverage levels to determine which is right for your budget.

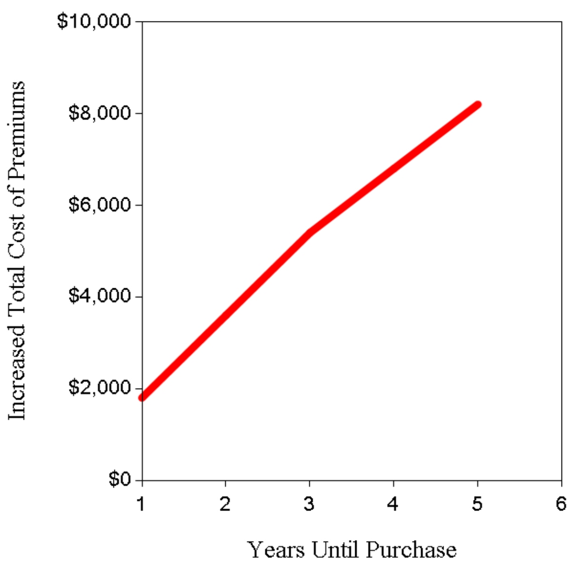
Needs Estimate

These estimated long-term care cost examples are based upon your financial information. Consider the numbers here to be a starting point for analysis and discussion of your long-term care insurance needs.

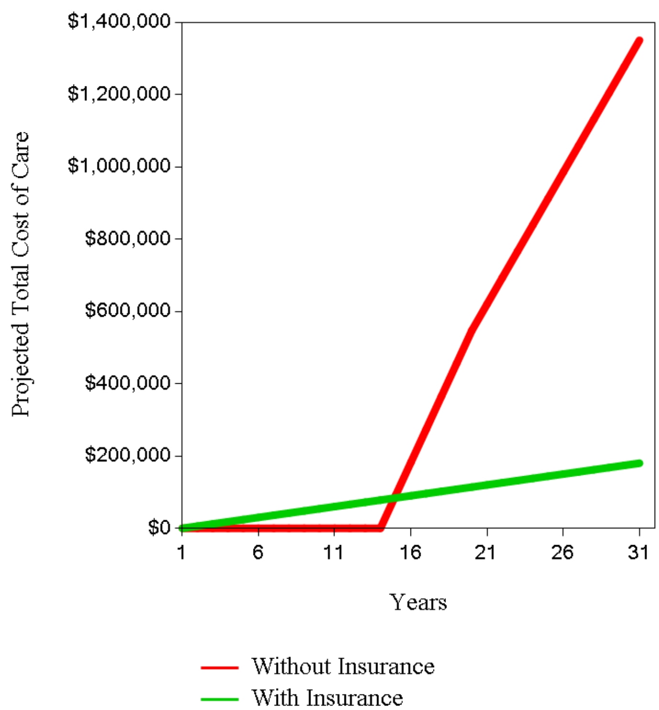
	Robert	Sheila
Estimated daily care cost	$250	$250
Estimated annual care costs	$91,250	$91,250
Estimated years of care	5	5
Assumed inflation rate	5%	5%

Current financial assets exposed to potential long-term care expense risk : **$1,321,585**

Cumulative Cost of Waiting to Purchase



Total Cost of Long-Term Care



Depending on your age, a delay in arranging a Long-term care policy can mean substantially higher premiums. This graph illustrates the cost of waiting to purchase a Long-term care policy.

A Long-term care policy can stabilize and moderate the potentially damaging costs of nursing home care. This graph displays potential cost differential and value of having a Long-term insurance plan in place.

Long-Term Care Unprotected Need

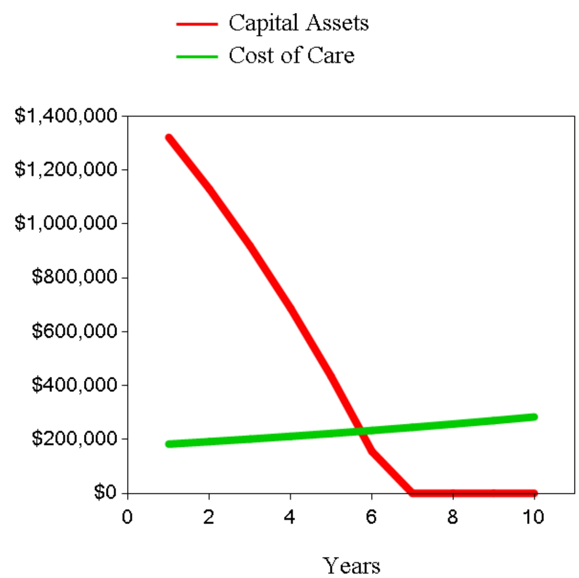
This future long-term care needs chart displays the annual future amount of long-term care needed vs. your assets available. Total Long-Term Care Need is based upon average care requirements. Assets to Liquidate are your non-qualified working assets. Your Unprotected Need is estimated to be $892,401 based upon these estimates:

Long-Term Care Need Calculation

Total Long-Term Care Need:	$1,008,422
Assets to Liquidate:	$116,021
Unprotected Need:	$892,401

Favorable income tax treatment is available for policies meeting certain requirements. In those cases, premiums, with certain limitations, may be deducted as medical expenses for those who itemize their deductions.

Potential Asset Value Erosion



Alternative Options to Long-Term Care Insurance

Self-Insurance

This alternative to purchasing LTC insurance is using your existing investments to pay for long-term care if needed. This would be appropriate if sufficient assets are available and the potential loss of those assets to heirs is acceptable. Of course this means that you are willing to liquidate your assets, and if you don't have sufficient funds, you transfer the financial burden to your loved ones. While this alternative may be more flexible, the LTC insurance would be more beneficial if the coverage is eventually needed.

Qualify for Medicaid

Medicaid was enacted to provide health care services for the impoverished. Recent legislation has made it extremely difficult for a person of modest means to qualify for Medicaid benefits by gifting or otherwise disposing of personal assets for less than fair market value.

Summary

Be aware that the potential loss of financial assets to pay for long-term care costs is due to increasing life expectancies and advances in medical treatment for the elderly. This presents a risk to your lifetime savings and financial future. LTC insurance is available at varying levels of coverage and corresponding premiums to meet these risks. LTC insurance can allow you to maintain your desired level of independence and preserve personal assets. However, premium costs will be a significant factor in your decision. Consider discussing your LTC insurance needs and options with an insurance specialist who can explain specific policy details. Fully understanding available options can help you find the best choice for you and your family's future.