

About Your 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 '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. 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.

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

	<u>John</u>	<u>Jane</u>
Age:	58	57
Retirement Age:	65	65
Years until Retirement:	7	8
Years of Retirement:	20	25
Annual Retirement Spending (After-tax):	\$48,300	<i>(expressed in today's dollars)</i>

Additional Objectives Please see the attached Education Funding Illustration.

Education Costs have been included in the Retirement Analysis.

Other Expenses

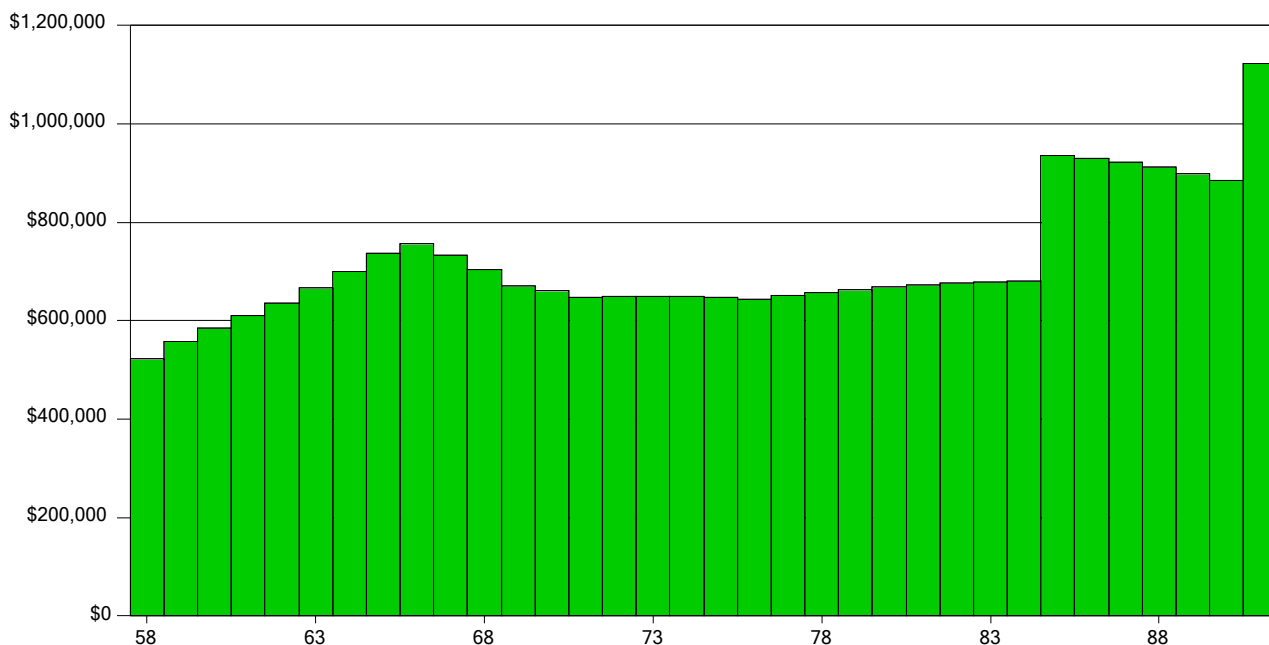
Mortgage:	(\$12,000)/year starting 2008, increase rate of 0%, for 15 years.
Auto payments:	(\$6,000)/year starting 2008, increase rate of 2%, for 20 years.

Assumptions

	<u>Pre-Retirement</u>	<u>Retirement</u>
Inflation Rate:	2.0%	2.0%
Income Tax Rate (Average):	28.0%	20.0%
Return on Investments (Average):	5.6%	5.6%

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

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 your capital assets, and in cases of capital shortages shows accumulating deficits.

General Assumptions:

Rates of Return Before and After Retirement Used in Illustration:	
Taxable RORs:	6% 6%
Tax Def. RORs:	6% 6%
Tax Free RORs:	4% 4%
Annuity RORs:	5% 5%

Retirement Spending Needs*	\$48,300
Survivor Spending Needs*	\$48,300
Retirement Age	John - 65
Retirement Age	Jane - 65
Inflation - Current	2%
Inflation - Retirement	2%
Tax Rate - Current	28%
Tax Rate - Retirement	20%

* 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:

Using current data, estimates show you will have enough money to reach your retirement goals. Since it appears that you will have \$872,700 left at your life expectancy (not including insurance proceeds), you may wish to consider: an earlier retirement, increased spending during retirement, or other ways to enhance your retirement years.

Retirement Capital Analysis

Ages*	Retirement Spending Needs	Sources of Annual Income **				Education & Other Inc/Exp***	Net Surplus or (Shortage)	Annual Additions To Assets	Retirement Capital \$500,000
		Social Security		Pension Income					
		Indv. 1	Indv. 2	Indv. 1	Indv. 2				
58	57					(18,000)	(18,000)	12,000	522,000
59	58					(6,120)	(6,120)	12,360	558,085
60	59					(18,242)	(18,242)	12,731	584,398
61	60					(18,367)	(18,367)	13,113	610,080
62	61					(18,495)	(18,495)	13,506	635,702
63	62					(18,624)	(18,624)	13,911	666,945
64	63					(18,757)	(18,757)	14,329	700,736
65 R	64	27,120	17,161		9,600	(18,892)	(19,251)	14,758	737,101
66	65 R	56,592	17,505	11,670	9,600	(20,534)	(38,352)	15,201	756,971
67	66	57,724	17,855	11,903	9,600	(36,703)	(55,069)		733,296
68	67	58,878	18,212	12,141	9,600	(37,898)	(56,823)		704,134
69	68	60,056	18,576	12,384	9,600	(39,159)	(58,655)		670,863
70	69	61,257	18,948	12,632	9,600	(19,609)	(39,687)		660,017
71	70	62,482	19,326	12,884	9,600	(19,762)	(40,433)		647,560
72	71	63,732	19,713	13,142	9,600	(7,917)	(29,194)		648,826
73	72	65,007	20,107	13,405	9,600	(8,075)	(29,970)		649,169
74	73	66,307	20,509	13,673	9,600	(8,237)	(30,761)		648,513
75	74	67,633	20,920	13,946	9,600	(8,401)	(31,568)		646,779
76	75	68,986	21,338	14,225	9,600	(8,569)	(32,392)		643,880
77	76	70,366	21,765	14,510	9,600		(24,491)		650,980
78	77	71,773	22,200	14,800	9,600		(25,173)		657,500
79	78	73,208	22,644	15,096	9,600		(25,868)		663,352
80	79	74,672	23,097	15,398	9,600		(26,577)		668,458
81	80	76,165	23,559	15,706	9,600		(27,300)		672,736
82	81	77,688	24,030	16,020	9,600		(28,038)		676,098
83	82	79,242	24,511	16,340	9,600		(28,791)		678,446
84	83	80,827	25,001	16,667	9,600		(29,559)		679,679
85 L	84	82,444	25,501	17,001	9,600	250,000	219,657		935,751
	85	84,093		26,011	9,600		(48,482)		929,553
	86	85,775		26,531	9,600		(49,644)		921,425
	87	87,491		27,062	9,600		(50,829)		911,220
	88	89,241		27,603	9,600		(52,038)		898,782
	89	91,026		28,155	9,600		(53,271)		883,950
	90 L	92,847		28,718	9,600	250,000	195,471		1,122,652

*R=Retirement age, L=Life expectancy.** Pensions & 85% of S.S. reduced 20.00% for income taxes.*** Includes life insurance and education costs.

Note: This report is based upon assumed inflation rates of 2.00% and 2.00% (before and after retirement). Actual future inflation rates are unknown.

Net Worth Statement

John & Jane
March 2, 2009

ASSETS

Savings And Investments

Annuities	\$100,000	
Municipal Bonds and Funds	50,000	
		\$150,000

Retirement Accounts

Qualified Plans-John	\$350,000	
		\$350,000

Other Assets

Residence	\$295,000	
Personal Property	20,000	
Life Insurance Cash Values	18,000	
		\$333,000

TOTAL ASSETS		\$833,000
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LIABILITIES

Residence Mortgage	\$90,000	
Credit Card Debt	2,000	
		\$92,000

Net Worth (Assets less Liabilities)		\$741,000
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Note: Potential taxes due on unrealized gains or assets in tax-deferred retirement plans are not accounted for in this Net Worth Statement.

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.](#)

Personal Investments

Annuities

Municipal Bonds and Funds

Current Balances

\$100,000

50,000

\$150,000

Retirement Plans

Qualified Plans-John

\$350,000

\$350,000

Total Investment Assets

\$500,000

See Asset Worksheet for detailed annual savings information.

Social Security

Starting Age

Benefit at Starting Age (After-tax)

John

65

\$17,161

Jane

65

\$11,670

Pension Plans

Pension Amount

Pension Starting Age

Increase Rate Pre-Retirement

Increase Rate in Retirement

Survivor Percentage

*Annual amount, after taxes.

John

\$9,600*

65

0.0%

0.0%

100%

Jane

N/A

Other Income

Gift from parents:

\$12,000/year starting 2010, increase rate of 0%, for 1 year.

Asset Worksheet

Description	Current Amount	Annual Additions	Addition Period	Asset Class	Account Taxation	Asset Type
John 401k	350,000	12,000	2008-2017	Growth	Tax-Deferred (1)	Mutual Funds (Stock)
Mary Annuity	100,000			Cash	Annuity (2)	Annuities
Municipal bonds	50,000			Cash	Tax-Free (J)	Muni Bonds & Funds
Totals:	\$500,000					

Expense Worksheet		Estimated Monthly Expenses			
Item	Totals:	Now	Retirement	Survivor Now	Survivor Retirement
		\$4,025	\$4,025	\$4,025	\$4,025
Rent or lease payment					
Food and household incidentals		800	800	800	800
Utilities, telephone		800	800	800	800
Auto operating and maintenance		1,000	1,000	1,000	1,000
Clothing and personal items		200	200	200	200
Property improvements & upkeep		200	200	200	200
Domestic help, babysitting					
Property taxes		150	150	150	150
Entertainment & vacations		300	300	300	300
Charitable contributions		25	25	25	25
Child care					
Alimony, child support					
Books, papers, subscriptions		25	25	25	25
Home furnishings		50	50	50	50
Gifts, birthdays		100	100	100	100
Medical expenses		100	100	100	100
Other expenses					
Mortgage payment					
Auto loan payment					
Boat & RV payments					
Credit card payments					
Other loan payments					
Life insurance premiums					
Medical ins premiums		200	200	200	200
Auto ins premiums		50	50	50	50
House ins premiums		25	25	25	25
Other insurance					

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.

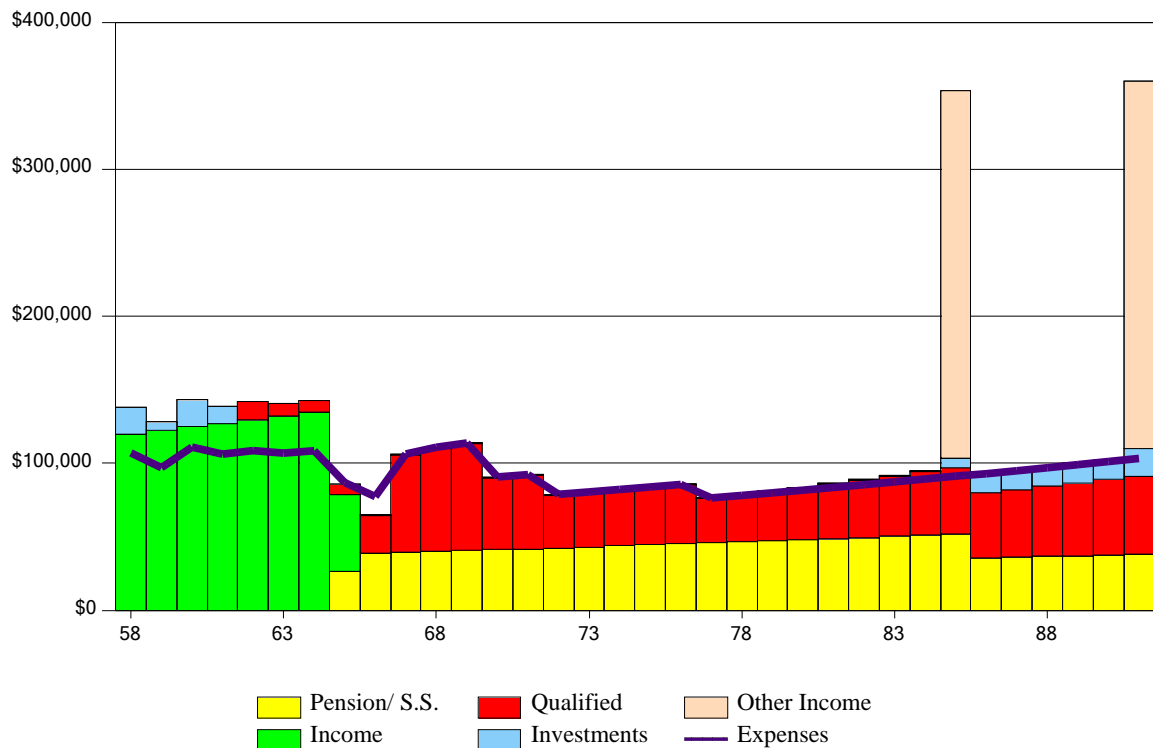
The cash flow numbers page contains the numerical information upon which the graph is based. This page shows the sources and uses of funds. The columns coincide with the bars and lines in the cash flow graph. Red numbers represent a use of cash, black a source.

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 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

Ages Indv. 1 2		Cash Flow Sources					Total Sources	Less Living Expense & Taxes	Shortage or Surplus
		Earned Income	Retire/Roth Accounts*	Investment Accounts*	Pension/ Soc Sec.	Other Income			
58	57	\$120,000	(\$10,000)	\$18,000		(\$18,000)	\$110,000	(\$79,100)	\$30,900
59	58	122,400	(10,300)	6,120		(6,120)	112,100	(80,654)	31,446
60	59	124,848	(10,609)	18,242		(18,242)	114,239	(82,238)	32,001
61	60	127,344	(1,398)	11,506		(18,367)	119,085	(86,521)	32,564
62	61	129,891	11,941			(18,495)	123,337	(90,201)	33,136
63	62	132,489	8,203			(18,624)	122,068	(88,350)	33,718
64	63	135,139	7,770			(18,757)	124,152	(89,843)	34,309
65 R	64	51,690	7,470		26,761	(18,892)	67,029	(68,013)	(984)
66	65 R		25,936		38,774	(20,534)	44,177	(56,844)	(12,667)
67	66		67,046		39,358	(36,703)	69,702	(69,701)	
68	67		71,028		39,953	(37,898)	73,084	(73,083)	
69	68		73,319		40,560	(39,159)	74,720	(74,719)	
70	69		49,609		41,179	(19,609)	71,179	(71,178)	
71	70		50,541		41,811	(19,762)	72,591	(72,590)	
72	71		36,492		42,455	(7,917)	71,031	(71,030)	
73	72		37,462		43,112	(8,075)	72,499	(72,499)	
74	73		38,451		43,782	(8,237)	73,997	(73,997)	
75	74		39,460		44,466	(8,401)	75,525	(75,525)	
76	75		40,490		45,163	(8,569)	77,084	(77,084)	
77	76		30,614		45,875		76,489	(76,488)	
78	77		32,067	12	46,600		78,679	(78,186)	493
79	78		33,692	51	47,340		81,083	(79,946)	1,137
80	79		35,386	120	48,095		83,601	(81,749)	1,852
81	80		37,149	226	48,865		86,240	(83,594)	2,645
82	81		38,983	370	49,650		89,003	(85,484)	3,519
83	82		40,886	557	50,451		91,894	(87,419)	4,476
84	83		42,859	791	51,268		94,918	(89,399)	5,520
85 L	84		44,597	7,071	52,101	250,000	353,769	(91,363)	262,406
	85		44,169	13,222	35,611		93,002	(92,926)	76
	86		45,917	13,232	36,131		95,280	(94,958)	322
	87		47,685	13,253	36,662		97,600	(97,028)	573
	88		49,465	13,286	37,203		99,954	(99,134)	820
	89		51,246	13,330	37,755		102,331	(101,275)	1,056
	90 L		52,549	19,375	38,318	250,000	360,242	(103,356)	256,885

* Scheduled distributions, interest, or dividends taken in cash 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.

Education Funding Illustration

John & Jane

Assuming an inflation rate of 6%, the total projected cost of education will be \$72,355

If you can invest your education funds at 6%* after taxes you may ...

- Make a single deposit now in the amount of ... \$33,999
- Make level annual payments in the amount of ... \$4,067
- Make level monthly payments in the amount of ... \$339

* This hypothetical rate of return is for illustrative purposes and does not represent a particular investment.

Student Name	Starting Year	Number of Years	Per Year in Today's \$	Total Cost at 6% Inf.	Current College Funds Saved	529 Plan	One Time Deposit	Annual Deposits
Susie	2017	4	\$11,000	\$72,355	\$10,000	Yes	\$33,999	\$4,067

\$72,355 \$10,000 \$33,999 \$4,067**

The following schedule demonstrates the option of making level annual payments until the last year of education expenses. Any current funds saved will be utilized as educational expenses are incurred.

Annual Breakdown of Educational Funding

Year	Additions to fund	Paid to school from fund	Ending Balance at 6%*
2010	\$4,067		\$14,911
2011	4,067		20,116
2012	4,067		25,634
2013	4,067		31,483
2014	4,067		37,683
2015	4,067		44,255
2016	4,067		51,221
2017	4,067	16,540	41,073
2018	4,067	17,532	29,264
2019	4,067	18,584	15,632
2020	4,067	19,699	

** Annual deposit total shown may be higher than the level payment amount, but decreases as each student graduates.

Survivor Needs Analysis

In the event of an untimely death, survivors may be left without the household income needed to sustain their existing lifestyle. Life insurance coverage is recommended in an amount that will ensure sufficient ongoing income, as well as cover immediate needs, such as final expenses.

Determining proper levels of life insurance involves a comparison of current and future household expense levels with expected surviving spouse's earnings plus survivor benefits. Other resources are also taken into account such as: liquid assets, investments, pension, and retirement accounts.

Insurance needs estimates are the calculated lump sum amounts which would provide a source of future cash flow to supplement the anticipated household income. The insurance levels suggested are just general guides and may not include all factors affecting your own situation.

Spending needs for this report are based upon \$48,300 per year, inflated at 2% each year until retirement and \$48,300 per year, inflated at 2% each year during retirement.

Life Insurance Basic Needs Estimate on John:

Present Value:	Anticipated Spending Needs	\$1,213,755	
	Education Expenses	33,999	
	Other Expenses	228,627	\$1,476,382
	Jane's Employment	(\$242,409)	
	Social Security Benefits	(468,829)	
	Pension Benefits	(153,741)	
	Other Incomes	(0)	(\$864,979)
	Net Estimated Survivor Need Shortage		\$611,403
	Currently Existing Liabilities		92,000
	Assets Available to Offset Shortage		(500,000)
	Current Life Insurance Coverage		(250,000)
	Suggested Additional Life Insurance Coverage		\$0

Note: Estimated insurance requirements can vary over time due to changes in asset levels, special expenses, education expenses, estate planning, and spouse's retirement needs. Additional insurance, held outside of an insurance trust, may have estate tax consequences. It may be prudent to purchase an amount of insurance appropriate to prepare for potential higher coverage needs. Consult with your financial advisor about factors that may suggest additional insurance coverage.

Survivor Needs Analysis

In the event of an untimely death, survivors may be left without the household income needed to sustain their existing lifestyle. Life insurance coverage is recommended in an amount that will ensure sufficient ongoing income, as well as cover immediate needs, such as final expenses.

Determining proper levels of life insurance involves a comparison of current and future household expense levels with expected surviving spouse's earnings plus survivor benefits. Other resources are also taken into account such as: liquid assets, investments, pension, and retirement accounts.

Insurance needs estimates are the calculated lump sum amounts which would provide a source of future cash flow to supplement the anticipated household income. The insurance levels suggested are just general guides and may not include all factors affecting your own situation.

Spending needs for this report are based upon \$48,300 per year, inflated at 2% each year until retirement and \$48,300 per year, inflated at 2% each year during retirement.

Life Insurance Basic Needs Estimate on Jane:

Present Value:	Anticipated Spending Needs	\$1,053,384	
	Education Expenses	33,999	
	Other Expenses	228,627	\$1,316,011
	John's Employment	(\$356,878)	
	Social Security Benefits	(366,509)	
	Pension Benefits	(106,440)	
	Other Incomes	(0)	(\$829,827)
	Net Estimated Survivor Need Shortage		\$486,184
	Currently Existing Liabilities		92,000
	Assets Available to Offset Shortage		(500,000)
	Current Life Insurance Coverage		(250,000)
	Suggested Additional Life Insurance Coverage		\$0

Note: Estimated insurance requirements can vary over time due to changes in asset levels, special expenses, education expenses, estate planning, and spouse's retirement needs. Additional insurance, held outside of an insurance trust, may have estate tax consequences. It may be prudent to purchase an amount of insurance appropriate to prepare for potential higher coverage needs. Consult with your financial advisor about factors that may suggest additional insurance coverage.

Disability Income Insurance

Disability due to illness or injury can devastate your financial plans. At a time when you are unable to work for a living, household expenses may actually increase while your income decreases. You could be forced to deplete funds that might have been saved for your retirement years.

Generally, the goal of disability insurance is to replace the after-tax earnings of the insured wage earner and to allow you and your family to maintain your current lifestyle. Based on your current situation, you would need to replace the following income if you were disabled.

<u>John</u>		<u>Jane</u>	
Current Income:	\$75,000/Yr.	Current Income:	\$45,000/Yr.
Replacement Ratio*:	65%	Replacement Ratio*:	65%
Suggested Need:	\$49,000/Yr.	Suggested Need:	\$29,000/Yr.

* Current underwriting standards allow only a portion of Current Income to be replaced.

In addition, there are many factors which could affect the amount of the Suggested Need noted above. You should review these items before making your final decision. These factors include:

- Investment Income
- Investment Assets
- Retirement Assets
- Spouse's Salary
- Pension Income
- Other Income
- Changes in Living Expenses
- Inflation
- Funds required for retirement/education or other needs
- Length of Time Until Retirement
- Changes in Taxes
- Social Security Disability Benefits
- Employer Disability Benefits

Note: Consult with your financial advisor about factors that may suggest additional insurance coverage.