Building Retirement Security

Comprehensive Financial Plan

Emily and Robert Sample
Washington, District of Columbia

PREPARED BY:
ICMA-RC
APRIL 29, 2014

AC: 17596-0614-7296

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Introduction

What is Financial Planning?

Financial planning can be a life-long process that assists you and your family in taking control of your financial future. By setting financial goals, developing and implementing financial strategies, and monitoring progress on a regular basis, the likelihood of achieving your results is greatly increased.

There are usually five steps in the preparation of a professional financial plan:

1. An opening interview to assess your current financial situation and to identify your priorities and concerns.
2. Gathering information to develop a profile of your current situation, including a review of your financial information and relevant documents. We will analyze this data to be certain we understand your unique situation and how to address it.
3. Presenting the planning analysis during a strategy session, allowing you to understand where you are in relation to where you want to be in the future.
4. Using the plan as a blueprint, develop an implementation schedule and identify specific products and services to help you reach your goals.
5. The last step in the process is the periodic review of your financial situation. At a minimum, we recommend you assess the need for any changes annually. Even the best financial plan must be monitored on a regular basis to make sure you are continuing in the right direction.

Why Develop a Financial Plan?

Most people find that managing their finances is a challenge. We face many opportunities, obstacles, and hazards along the way. We struggle with anxiety relating to our personal financial circumstances. Further, many families are too busy dealing with the challenges of day-to-day life to think about next month, let alone retirement, which may be 20 years or more into the future.

By developing a financial plan, you and your family will

- Have a better understanding of your current financial situation.
- Determine attainable retirement, education, insurance, and other financial goals.
- Review goals, funding strategies, and alternatives where goals have to be compromised.
- Have the necessary financial resources set aside to fund your goals as they occur.
- Reduce the effect of unexpected events, such as disability, premature death, etc.

Net Worth

Net Worth Statement

This net worth statement provides a detailed breakdown of your financial situation as of April 29, 2014.

Net Worth Statement

As of April 29, 2014

	Emily	Robert	Joint	Total
Non-Qualified Assets				
Brokerage			150,887	150,887
Savings			52,218	52,218
Total Non-Qualified Assets			**203,104**	**203,104**
Qualified Assets				
Qualified Account	125,602			125,602
ICMA RC 457		78,188		78,188
Total Qualified Assets	**125,602**	**78,188**		**203,790**
Lifestyle Assets				
Residence			408,789	408,789
Vacation home			221,920	221,920
Personal Use Property (i.e. car, boat)			27,740	27,740
Other Personal Assets (i.e. collectibles)			44,384	44,384
Total Lifestyle Assets			**702,833**	**702,833**
Total Assets	**125,602**	**78,188**	**905,938**	**1,109,728**
Liabilities				
Mortgage			(156,416)	(156,416)
Total Liabilities			**(156,416)**	**(156,416)**
Total Net Worth	**125,602**	**78,188**	**749,522**	**953,312**

Cash Flow

Cash Flow Outlook – Current

The following report shows your sources of income and expenses over the next 5 years.

	2014	2015	2016	2017	2018
Cash Inflows					
Earned Income					
Annual Income (Emily)	45,901	47,507	49,170	50,891	52,672
Annual Income (Robert)	45,901	47,507	49,170	50,891	52,672
Subtotal	**91,802**	**95,015**	**98,340**	**101,782**	**105,345**
Investment Income					
Brokerage (Joint/Non-Qualified)	11,855	12,795	13,809	14,903	16,085
Savings (Joint/Non-Qualified)	656	661	667	672	678
Subtotal	**12,511**	**13,456**	**14,476**	**15,576**	**16,763**
Total Cash Inflows	**104,313**	**108,471**	**112,816**	**117,358**	**122,107**
Cash Outflows					
Lifestyle Expenses					
Expenses (Joint)	34,426	35,631	36,878	38,168	39,504
Mortgage (Joint)	16,800	16,800	16,800	16,800	16,800
Subtotal	**51,226**	**52,431**	**53,678**	**54,968**	**56,304**
Non-Qualified Reinvestments					
Brokerage (Joint/Non-Qualified)	8,187	8,836	9,536	10,292	11,108
Savings (Joint/Non-Qualified)	435	438	442	446	450
Subtotal	**8,622**	**9,274**	**9,978**	**10,738**	**11,558**
Qualified Savings					
Qualified Account (Emily/401(k))	1,800	1,800	1,800	1,800	1,800
Subtotal	**1,800**	**1,800**	**1,800**	**1,800**	**1,800**
Miscellaneous Expenses					
Life insurance policy (Emily)	240	240	240	240	240
Life insurance policy (Robert)	240	240	240	240	240
Residence (Joint)	2,000	2,070	2,142	2,217	2,295
Subtotal	**2,480**	**2,550**	**2,622**	**2,697**	**2,775**
Taxes					
Federal Income Tax	13,819	14,555	15,328	16,139	16,991
State Income Tax	6,596	6,944	7,309	7,691	8,093
Social Security Tax - employment	5,692	5,891	6,097	6,311	6,531
Medicare Taxes	1,331	1,378	1,426	1,476	1,527
Subtotal	**27,437**	**28,768**	**30,160**	**31,617**	**33,143**
Total Cash Outflows	**91,565**	**94,823**	**98,239**	**101,821**	**105,580**
Surplus/(Deficit)	**12,748**	**13,648**	**14,577**	**15,537**	**16,528**

Cash Flow Summary Report – Current

The following report represents the major components of your cash flow from the current year until the end of your life expectancy in your current plan.

Year	Age(s)	Inflows	Outflows	Surplus/(Deficit)
2014	39/39	104,313	91,565	12,748
2015	40/40	108,471	94,823	13,648
2016	41/41	112,816	98,239	14,577
2017	42/42	117,358	101,821	15,537
2018	43/43	122,107	105,580	16,528
2019	44/44	127,075	109,525	17,550
2020	45/45	132,273	114,951	17,322
2021	46/46	137,714	119,346	18,367
2022	47/47	143,410	123,965	19,445
2023	48/48	149,377	130,242	19,135
2024	49/49	155,629	135,395	20,234
2025	50/50	162,182	139,527	22,656
2026	51/51	169,054	144,955	24,099
2027	52/52	176,262	144,151	32,111
2028	53/53	183,827	139,889	43,938
2029	54/54	191,768	146,230	45,538
2030	55/55	200,108	152,914	47,194
2031	56/56	208,870	159,962	48,908
2032	57/57	218,080	167,398	50,682
2033	58/58	227,764	175,246	52,517
2034	59/59	237,951	183,533	54,418
2035	***60/60***	179,506	179,506	0
2036	61/61	180,700	180,700	0
2037	62/62	192,250	192,250	0
2038	63/63	199,802	199,802	0
2039	64/64	205,963	205,963	0
2040	65/65	209,977	209,977	0
2041	66/66	216,330	216,330	0
2042	67/67	222,933	222,933	0
2043	68/68	229,695	229,695	0
2044	69/69	236,616	236,616	0
2045	70/70	290,260	288,677	1,583
2046	71/71	306,250	301,780	4,469
2047	72/72	323,416	315,154	8,262
2048	73/73	341,854	329,256	12,597
2049	74/74	361,668	344,135	17,533
2050	75/75	382,972	359,841	23,131
2051	76/76	405,887	376,428	29,458
2052	77/77	429,591	393,762	35,829
2053	78/78	456,053	412,277	43,776
2058	83/83	613,196	520,576	92,620
2063	88/88	819,884	661,161	158,723
2068	93/--	2,371,634	2,210,369	161,265

*** = Year of retirement**

Cash Flow Outlook – Reduce Risk & Expenses

The following report shows your sources of income and expenses over the next 5 years.

	2014	2015	2016	2017	2018
Cash Inflows					
Earned Income					
Annual Income (Emily)	45,901	47,507	49,170	50,891	52,672
Annual Income (Robert)	45,901	47,507	49,170	50,891	52,672
Subtotal	**91,802**	**95,015**	**98,340**	**101,782**	**105,345**
Non-Qualified Liquidations					
Brokerage (Joint/Non-Qualified)	104,038	0	0	0	0
Savings (Joint/Non-Qualified)	40,484	0	0	0	0
Subtotal	**144,522**	**0**	**0**	**0**	**0**
Investment Income					
Brokerage (Joint/Non-Qualified)	6,584	6,703	6,983	7,275	7,580
Savings (Joint/Non-Qualified)	1,896	2,588	2,696	2,809	2,926
Subtotal	**8,480**	**9,290**	**9,679**	**10,084**	**10,506**
Total Cash Inflows	**244,804**	**104,305**	**108,019**	**111,866**	**115,851**
Cash Outflows					
Lifestyle Expenses					
Expenses (Joint)	34,426	35,631	36,878	38,168	39,504
Mortgage (Joint)	16,800	16,800	16,800	16,800	16,800
Subtotal	**51,226**	**52,431**	**53,678**	**54,968**	**56,304**
Non-Qualified Reinvestments					
Savings (Joint/Non-Qualified)	1,282	1,778	1,852	1,930	2,010
Brokerage (Joint/Non-Qualified)	0	4,605	4,797	4,998	5,207
Subtotal	**1,282**	**6,383**	**6,650**	**6,928**	**7,218**
Non-Qualified Savings					
Brokerage (Joint/Non-Qualified)	92,880	0	0	0	0
Savings (Joint/Non-Qualified)	40,484	0	0	0	0
Subtotal	**133,364**	**0**	**0**	**0**	**0**
Qualified Savings					
Qualified Account (Emily/401(k))	1,800	1,800	1,800	1,800	1,800
Subtotal	**1,800**	**1,800**	**1,800**	**1,800**	**1,800**
Miscellaneous Expenses					
Life insurance policy (Emily)	240	240	240	240	240
Life insurance policy (Robert)	240	240	240	240	240
Residence (Joint)	2,000	2,070	2,142	2,217	2,295
Subtotal	**2,480**	**2,550**	**2,622**	**2,697**	**2,775**
Taxes					
Federal Income Tax	22,796	13,714	14,359	15,028	15,724
State Income Tax	12,541	6,582	6,892	7,214	7,548
Social Security Tax - employment	5,692	5,891	6,097	6,311	6,531
Medicare Taxes	1,331	1,378	1,426	1,476	1,527
Subtotal	**42,360**	**27,564**	**28,773**	**30,028**	**31,332**

	2014	2015	2016	2017	2018
Total Cash Outflows	**232,511**	**90,728**	**93,523**	**96,422**	**99,429**
Surplus/(Deficit)	**12,293**	**13,578**	**14,496**	**15,444**	**16,422**

Cash Flow Summary Report – Reduce Risk & Expenses

The following report represents the major components of your cash flow from the current year until the end of your life expectancy in your proposed plan.

Year	Age(s)	Inflows	Outflows	Surplus/(Deficit)
2014	39/39	244,804	232,511	12,293
2015	40/40	104,305	90,728	13,578
2016	41/41	108,019	93,523	14,496
2017	42/42	111,866	96,422	15,444
2018	43/43	115,851	99,429	16,422
2019	44/44	119,977	102,547	17,430
2020	45/45	124,251	107,065	17,187
2021	46/46	128,678	110,464	18,214
2022	47/47	133,263	113,989	19,274
2023	48/48	138,012	118,098	19,914
2024	49/49	142,931	121,670	21,261
2025	50/50	148,025	125,370	22,656
2026	51/51	153,302	129,203	24,099
2027	52/52	158,768	126,657	32,111
2028	53/53	164,428	120,490	43,938
2029	54/54	170,292	124,754	45,538
2030	55/55	176,365	129,171	47,194
2031	56/56	182,655	133,748	48,908
2032	57/57	189,171	138,489	50,682
2033	58/58	195,919	143,402	52,517
2034	59/59	202,909	148,492	54,418
2035	***60/60***	108,802	108,802	0
2036	61/61	111,851	111,851	0
2037	62/62	123,906	123,906	0
2038	63/63	134,345	134,345	0
2039	64/64	137,294	137,294	0
2040	65/65	140,251	140,251	0
2041	66/66	143,310	143,310	0
2042	67/67	146,380	146,380	0
2043	68/68	149,552	149,552	0
2044	69/69	154,263	154,263	0
2045	70/70	212,662	185,836	26,826
2046	71/71	219,617	192,271	27,345
2047	72/72	226,834	198,940	27,895
2048	73/73	234,327	205,850	28,477
2049	74/74	242,103	213,010	29,093
2050	75/75	250,176	220,430	29,746
2051	76/76	258,557	228,119	30,437
2052	77/77	266,868	236,202	30,666
2053	78/78	275,879	244,786	31,093
2058	83/83	323,242	290,842	32,399
2063	88/88	374,198	343,864	30,334
2068	93/--	808,315	808,315	0

*** = Year of retirement**

Cash Inflows Report – Reduce Risk & Expenses

The following report represents the major components of your cash inflows from the current year until the end of your life expectancy in your proposed plan.

Year	Age(s)	Earned Income	Pension Income	Annuity Payments	Qualified Proceeds	Non-Qualified Proceeds	Other Inflows	Total Inflows
2014	39/39	91,802	0	0	0	153,002	0	244,804
2015	40/40	95,015	0	0	0	9,290	0	104,305
2016	41/41	98,340	0	0	0	9,679	0	108,019
2017	42/42	101,782	0	0	0	10,084	0	111,866
2018	43/43	105,345	0	0	0	10,506	0	115,851
2019	44/44	109,032	0	0	0	10,946	0	119,977
2020	45/45	112,848	0	0	0	11,404	0	124,251
2021	46/46	116,798	0	0	0	11,881	0	128,678
2022	47/47	120,885	0	0	0	12,378	0	133,263
2023	48/48	125,116	0	0	0	12,896	0	138,012
2024	49/49	129,496	0	0	0	13,435	0	142,931
2025	50/50	134,028	0	0	0	13,998	0	148,025
2026	51/51	138,719	0	0	0	14,583	0	153,302
2027	52/52	143,574	0	0	0	15,194	0	158,768
2028	53/53	148,599	0	0	0	15,829	0	164,428
2029	54/54	153,800	0	0	0	16,492	0	170,292
2030	55/55	159,183	0	0	0	17,182	0	176,365
2031	56/56	164,755	0	0	0	17,901	0	182,655
2032	57/57	170,521	0	0	0	18,650	0	189,171
2033	58/58	176,489	0	0	0	19,430	0	195,919
2034	59/59	182,666	0	0	0	20,243	0	202,909
2035	***60/60***	0	57,904	0	0	50,899	0	108,802
2036	61/61	0	59,062	0	0	52,789	0	111,851
2037	62/62	0	102,300	0	0	21,605	0	123,906
2038	63/63	0	115,901	0	0	18,444	0	134,345
2039	64/64	0	118,491	0	0	18,803	0	137,294
2040	65/65	0	121,140	0	0	19,111	0	140,251
2041	66/66	0	123,849	0	0	19,461	0	143,310
2042	67/67	0	126,619	0	0	19,761	0	146,380
2043	68/68	0	129,452	0	0	20,100	0	149,552
2044	69/69	0	132,349	0	0	21,914	0	154,263
2045	70/70	0	135,312	0	57,085	20,265	0	212,662
2046	71/71	0	138,342	0	60,162	21,113	0	219,617
2047	72/72	0	141,440	0	63,398	21,996	0	226,834
2048	73/73	0	144,609	0	66,801	22,917	0	234,327
2049	74/74	0	147,850	0	70,378	23,876	0	242,103
2050	75/75	0	151,164	0	74,138	24,875	0	250,176
2051	76/76	0	154,554	0	78,088	25,916	0	258,557
2052	77/77	0	158,020	0	81,848	27,000	0	266,868
2053	78/78	0	161,565	0	86,184	28,130	0	275,879
2058	83/83	0	180,536	0	108,177	34,529	0	323,242
2063	88/88	0	201,765	0	130,050	42,383	0	374,198
2068	93/--	0	168,414	0	144,780	495,121	0	808,315

*** = Year of retirement**

Cash Outflows Report – Reduce Risk & Expenses

The following report represents the major components of your cash outflows from the current year until the end of your life expectancy in your proposed plan.

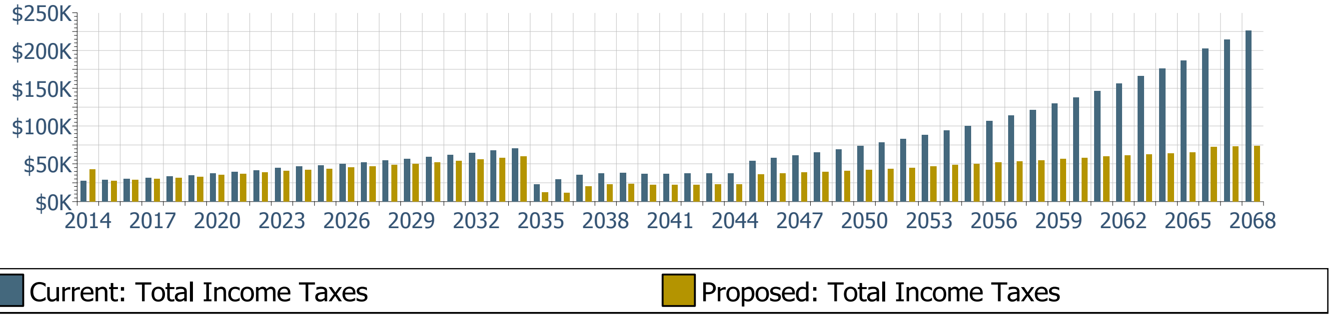
Year	Age(s)	Lifestyle & Medical Expenses	Qualified Savings	Non-Qualified Contributions	Other Outflows	Taxes	Surplus Outflows	Total Outflows
2014	39/39	51,226	1,800	134,646	2,480	42,360	0	232,511
2015	40/40	52,431	1,800	6,383	2,550	27,564	0	90,728
2016	41/41	53,678	1,800	6,650	2,622	28,773	0	93,523
2017	42/42	54,968	1,800	6,928	2,697	30,028	0	96,422
2018	43/43	56,304	1,800	7,218	2,775	31,332	0	99,429
2019	44/44	57,687	1,800	7,520	2,855	32,685	0	102,547
2020	45/45	59,118	1,800	7,834	2,939	35,374	0	107,065
2021	46/46	60,599	1,800	8,162	3,025	36,878	0	110,464
2022	47/47	62,132	1,800	8,504	3,114	38,440	0	113,989
2023	48/48	63,719	1,800	8,860	3,206	40,514	0	118,098
2024	49/49	65,361	1,800	9,230	3,301	41,977	0	121,670
2025	50/50	67,060	1,800	9,617	3,400	43,493	0	125,370
2026	51/51	68,820	1,800	10,019	3,502	45,063	0	129,203
2027	52/52	64,121	1,800	10,438	3,608	46,689	0	126,657
2028	53/53	55,725	1,800	10,875	3,717	48,373	0	120,490
2029	54/54	57,675	1,800	11,330	3,831	50,118	0	124,754
2030	55/55	59,694	1,800	11,804	3,948	51,925	0	129,171
2031	56/56	61,783	1,800	12,298	4,069	53,797	0	133,748
2032	57/57	63,945	1,800	12,813	4,195	55,736	0	138,489
2033	58/58	66,183	1,800	13,349	4,325	57,745	0	143,402
2034	59/59	68,500	1,800	13,907	4,460	59,825	0	148,492
2035	***60/60***	92,167	0	0	4,599	12,037	0	108,802
2036	61/61	95,392	0	0	4,743	11,716	0	111,851
2037	62/62	98,731	0	0	4,892	20,282	0	123,906
2038	63/63	102,187	0	4,072	5,047	23,039	0	134,345
2039	64/64	105,763	0	2,958	5,206	23,366	0	137,294
2040	65/65	109,465	0	3,788	4,972	22,025	0	140,251
2041	66/66	113,296	0	2,661	5,063	22,290	0	143,310
2042	67/67	117,262	0	1,342	5,240	22,535	0	146,380
2043	68/68	121,366	0	0	5,424	22,763	0	149,552
2044	69/69	125,614	0	0	5,614	23,036	0	154,263
2045	70/70	130,010	0	13,922	5,810	36,094	0	185,836
2046	71/71	134,560	0	14,505	6,013	37,193	0	192,271
2047	72/72	139,270	0	15,112	6,224	38,334	0	198,940
2048	73/73	144,144	0	15,744	6,442	39,519	0	205,850
2049	74/74	149,189	0	16,403	6,667	40,750	0	213,010
2050	75/75	154,411	0	17,089	6,901	42,029	0	220,430
2051	76/76	159,816	0	17,804	7,142	43,357	0	228,119
2052	77/77	165,409	0	18,549	7,392	44,851	0	236,202
2053	78/78	171,198	0	19,326	7,651	46,612	0	244,786
2058	83/83	203,330	0	23,722	9,087	54,704	0	290,842
2063	88/88	241,492	0	29,118	10,792	62,462	0	343,864
2068	93/--	286,817	0	0	28,453	493,045	0	808,315

*** = Year of retirement**

Income Tax

Income Tax Summary

The following graph compares the total tax in your current plan with any scenarios. Total tax represents all income tax payable on taxable income from all sources during the current year.



	Current	Reduce Risk & Expenses
Taxes paid in current year	$27,437	$42,360
Taxes paid in first year of retirement	$22,994 (2035)	$12,037 (2035)

Consider the Following

- Prior to proceeding with any income tax recommendation, discuss your personal situation with your tax advisor.
- Assess options to reduce your tax liability so that you can apply savings to fund other goals.
- Evaluate your situation carefully and use tax-advantaged products and accounts as appropriate.
- Income identified as tax-free may still be subject to the Alternative Minimum Tax (AMT).
- Emily, consider making a contribution to a Traditional or Roth IRA. Depending on your adjusted gross income and participation in employer qualified plans, your contribution to a Traditional IRA may be deductible. Combined contribution limits for 2014 for both Traditional and Roth IRAs are $5,500.
- Robert, consider making a contribution to a Traditional or Roth IRA. Depending on your adjusted gross income and participation in employer qualified plans, your contribution to a traditional IRA may be deductible. Combined contribution limits for 2014 for both Traditional and Roth IRAs are $5,500.
- Emily, as an alternative to a Traditional IRA consider the option of making a contribution to a Roth IRA. The after-tax contribution and any growth, if the qualified distribution requirements are satisfied, can be a good source of tax-free income in retirement. Contribution limits for 2014 are $5,500.
- Robert, as an alternative to a Traditional IRA consider the option of making a contribution to a Roth IRA. The after-tax contribution and any growth, if the qualified distribution requirements are satisfied, can be a good source of tax-free income in retirement. Contribution limits for 2014 are $5,500.

Asset Allocation

Asset Allocation Overview

What Is Asset Allocation?

Asset allocation is the process of aligning your risk tolerances, financial objectives, and investment time horizon to your investment portfolio. Selecting different asset types (commonly known as asset classes) may reduce the risk of your overall investment portfolio.

The three most common asset types (classes) are as follows:

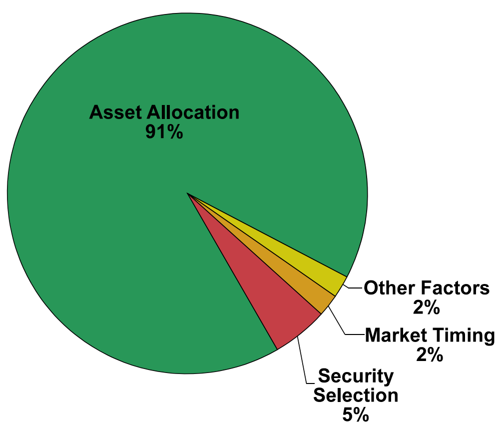
- Cash or short-term investments (savings accounts, money market accounts, etc.)
- Fixed Income investments (CDs, bonds, etc.)
- Equities (domestic and foreign stock, etc.)

Each of these three asset classes can be further subdivided. For example, equities may be broken down by size (small, medium, or large capitalized companies), different sectors of the economy (technology, financial services, etc.), or be divided geographically (U.S., Europe, Asia, etc.).

The decision of how to allocate your investments depends on a number of factors including your investment objectives, time horizon, attitudes toward acceptable risk, desired return, and tax bracket.

The basic premise of asset allocation is that by diversifying your investments over a number of different assets and asset classes, you can help reduce the risk of the entire portfolio while maintaining your desired long-term return rate expectations. Over the long term, an appropriate asset allocation (what to buy) is more important than when to buy. Generally, a decline in one asset class can be offset by an increase in another. Your choice of individual investments can also help reduce the risk of your portfolio. For example, if you diversify within each asset class and choose a number of stocks across different industries, your technology stock may be declining while your financial services stock may be rising. This strategy can also help reduce overall portfolio risk as opposed to investing all your stocks in a single company or sector of the economy.

Studies have shown the selection of a portfolio's asset allocation can be responsible for over 90% of a portfolio's variance, with the remaining portion comprised of market timing, security selection, and other factors.



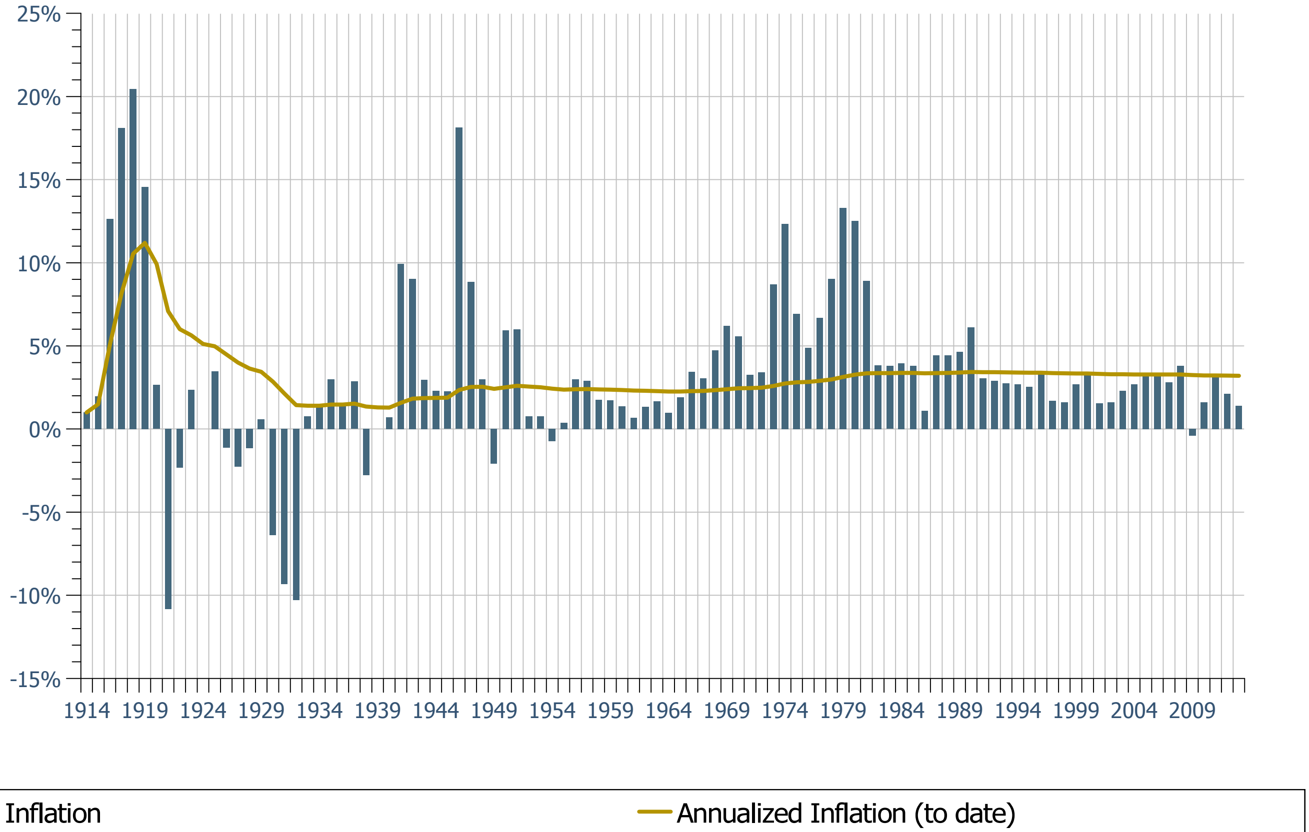
Source: Brinson, Singer and Beebower, "Determinants of Portfolio Performance," Financial Analyst Journal, May–June 1991.

Higher Risk and Higher Potential Return?

Your overall comfort level with risk should be a major factor in choosing appropriate investments. It is important to consider that, generally, achieving a higher rate of return requires accepting a higher level of risk. Higher risk investments are generally appropriate for clients with more aggressive risk profiles and longer investment time horizons. If your financial objective is many years away (retirement, for example), your investments may withstand the ups and downs of the market. If your goal is only a few years away (such as the purchase of a new car), your investment may decline during the period you wish to redeem the investments. Generally, as your financial goal approaches, you should reduce the risk of your investments by reallocating to a less aggressive asset mix.

Why Should You Consider Inflation?

When planning for an accumulation goal (retirement, education, or a major purchase), consider the effect of inflation on the eventual cost of the item. If inflation is not considered, savings may fall short of your goal. For example, an item that costs $1,000 today will cost $1,344 in 10 years, assuming a 3% inflation rate. The graph below shows actual inflation rates for the past 100 years, and the average annual rate of inflation from 1914 to 2013 is 3.20%.

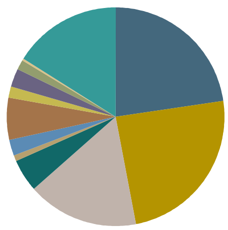


Inflation history data obtained from the U.S. Department of Labor. Inflation rates are based on the Consumer Price Index.

Asset Allocation for Entire Portfolio

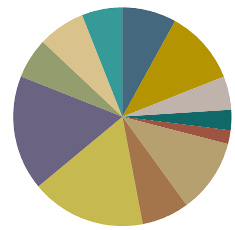
The following pie graphs illustrate your current asset mix and suggested asset mix for your entire portfolio.

Current Asset Mix



Rate of Return	7.84%
Standard Deviation	13.92%

Suggested Asset Mix*
Blended Mix



Rate of Return	5.69%
Standard Deviation	8.49%

*Modifications have been made to the suggested asset mix.

The table below provides a breakdown of the percentages and dollar values for each asset class in the current asset mix and suggested asset mix. The *Change* column indicates the rebalancing required to reach the suggested asset mix.

	Current Asset Mix		Change		Suggested Asset Mix	
Asset Class	**(%)**	**($)**	**(%)**	**($)**	**(%)**	**($)**
Large Cap Growth Equity	22.67	92,233	**-14.67**	**-59,681**	8.00	32,552
Large Cap Value Equity	24.32	98,947	**-13.32**	**-54,189**	11.00	44,758
Mid Cap Equity	16.53	67,277	**-11.53**	**-46,932**	5.00	20,345
Small Cap Equity	4.82	19,622	**-1.82**	**-7,415**	3.00	12,207
US REITs			**+2.00**	**+8,138**	2.00	8,138
International Equity	0.87	3,539	**+10.13**	**+41,219**	11.00	44,758
Emerging Markets Equity	2.35	9,570	**-2.35**	**-9,570**		
Long Term Bonds	6.23	25,340	**+0.77**	**+3,143**	7.00	28,483
Intermediate Term Bonds	1.68	6,841	**+15.32**	**+62,329**	17.00	69,170
Short Term Bonds	2.69	10,946	**+14.31**	**+58,226**	17.00	69,172
High Yield Bonds	1.44	5,864	**+4.56**	**+18,550**	6.00	24,414
International Bonds	0.30	1,214	**+6.70**	**+27,269**	7.00	28,483
Cash	16.10	65,501	**-10.10**	**-41,087**	6.00	24,414
Total	**100.00**	**406,894**	**+0.00**	**+0**	**100.00**	**406,894**

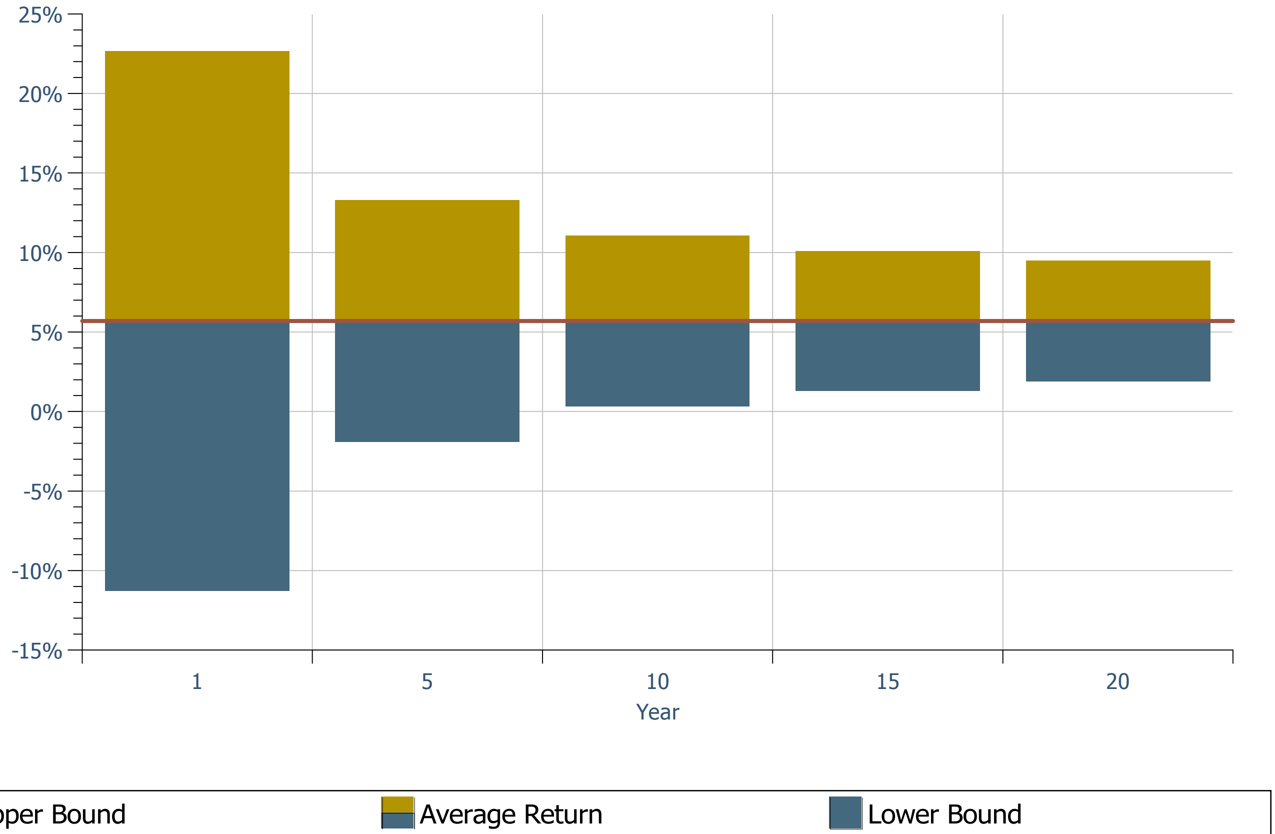
Note: The reallocation table above does not reflect the tax effects that may occur when reallocating your assets; these tax effects are accounted for at the end of the year.

Consider the Following

- Discuss the potential tax consequences of re-allocating your current investment portfolio with your tax advisor.
- Review your portfolio at least once a year or as your financial circumstances change.
- Make sure your portfolio is properly diversified to help reduce portfolio volatility.
- Determine if your investments within each asset class have been achieving acceptable performance relative to appropriate benchmarks.
- Income identified as tax-free may still be subject to the Alternative Minimum Tax (AMT).

Range of Returns

The following graph illustrates the potential range of returns on investments in your proposed investment portfolio. There is a 90% chance your returns over each time period will fall within the given range. Assuming the returns are normally distributed, there is a 5% chance you could outperform the highest return shown here, as well as a 5% chance you could underperform the lowest return shown here. The longer the time period of measurement, the narrower the range of returns. These results assume a buy-and-hold approach to the portfolio over each of the time periods illustrated.



	1 Year	5 Years	10 Years	15 Years	20 Years
5th Percentile*	22.66%	13.28%	11.06%	10.07%	9.48%
Average Return	5.69%	5.69%	5.69%	5.69%	5.69%
95th Percentile**	-11.28%	-1.90%	0.32%	1.31%	1.89%

* You have a 5% chance of earning a higher return than what is shown over the applicable time period.

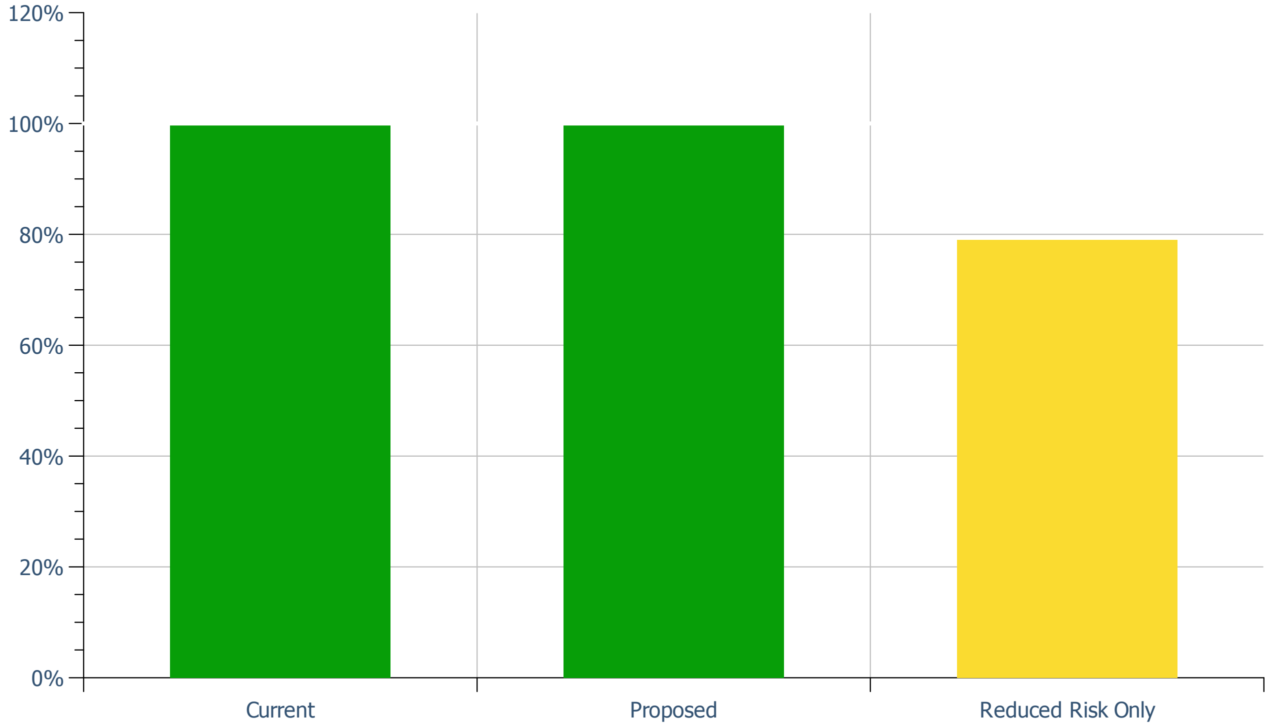
** You have a 5% chance of earning a lower return than what is shown over the applicable time period.

Retirement

Retirement Comparison Summary

The following information provides an overview of the selected retirement scenarios and their estimated effect on the retirement goal. The following graph illustrates the ability of each scenario to achieve the retirement goal.

Scenario Coverage



	Goal Coverage*	Net Worth at Start of Retirement Year	Net Worth at Plan End	Year Capital Is Exhausted	% Fixed Needs Covered by Total Resources
Current	100%	$3,350,972	$10,427,271		100%
Reduced Risk & Expenses	100%	$2,536,400	$4,818,360		100%
Reduced Risk Only	79%	$2,536,400	$2,931,534	2056	79%

*This value indicates the percentage of your total retirement needs that can be covered by your total retirement resources during your retirement time period.

Scenario Assumption Comparison

Key Differences	Current	Reduced Risk & Expenses	Reduced Risk Only
Objectives:			
Retirement Age/Year (Emily)	60/Jan 2035	60/Jan 2035	60/Jan 2035
Retirement Age/Year (Robert)	59/Jan 2035	59/Jan 2035	59/Jan 2035
Life Expectancy (Emily)	93/2068	93/2068	93/2068
Life Expectancy (Robert)	90/2065	90/2065	90/2065
Inflation Rate for Plan	3.50%	3.50%	3.50%
Annual Retirement Expenses (Fixed)	100%	**65%**	100%
Annual Retirement Expenses (Discretionary)	100%	100%	100%
Additional Lump Sum Savings	$0	$0	$0
Current Monthly Savings	$550	$550	$550
Additional Monthly Savings	$0	$0	$0
Additional Monthly Savings Indexed at	0.00%	0.00%	0.00%
Additional Monthly Savings Start Date	May 1, 2014	May 1, 2014	May 1, 2014
Investment Objective (Pre-Retirement)	Current - Not Rebalanced	**Moderate Conservative**	**Moderate Conservative**
Investment Objective (Retirement)	Current - Not Rebalanced	**Moderate Conservative**	**Moderate Conservative**
Assumed Return Rate: Pre-Retirement	7.84%	**5.69%**	**5.69%**
Assumed Return Rate: Retirement	7.84%	**5.69%**	**5.69%**
Transfer Strategies: †		N/A	N/A
Liquidation Strategies:			
Capital Liquidation Order	Manually set order	**Non-Qualified - Qualified - Roth**	**Non-Qualified - Qualified - Roth**
Qualified assets are available for redemption at age (Emily)	Retirement	Retirement	Retirement
Qualified assets are available for redemption at age (Robert)	Retirement	Retirement	Retirement
Redemption Strategies:	Current Plan	Current Plan	Current Plan
Bucketing Strategy:			
Target Balance (future $)	N/A	N/A	N/A
Indexed at			
Return Rate			
Social Security:			
Start Age (Emily)	62 years and 1 month	62 years and 1 month	62 years and 1 month
Start Age (Robert)	62 years and 1 month	62 years and 1 month	62 years and 1 month
Income and Expenses:	Current Plan	Current Plan	Current Plan
Annuitization: †		N/A	N/A
Goal Funding Strategy:	Current Plan	Current Plan	Current Plan
New Accounts: †		N/A	N/A

Note: Items in bold indicate a change from the current plan.

† What-if strategies are not applicable to the current plan scenario.

Retirement Summary

Objective(s)

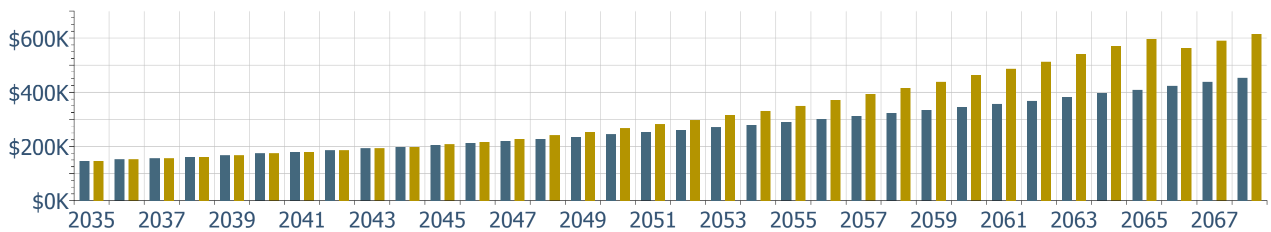
The purpose of the Proposed Plan is to determine whether or not a more conservative approach to your retirement portfolio is a viable option. That philosophy, coupled with our concern of making sure your retirement projection is at least 80% successful when variability is introduced, i.e. a Monte Carlo projection, is what drives your Proposed Plan illustration. In your case, it would appear that if you reduced your overall risk exposure, your retirement projection does not project favorably as indicated in the following section tabbed Monte Carlo. As a result, we furthered our planning analysis to include reducing your retirement expenses to a level that will fit our criteria of 80% success as measured by the Monte Carlo report.

Analysis

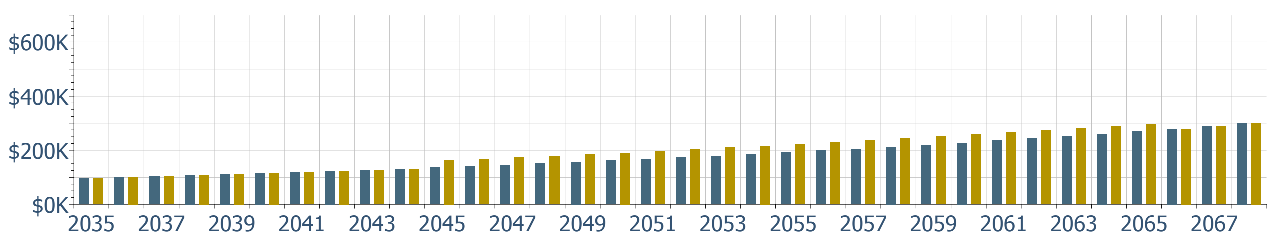
Retirement Needs vs. Abilities

The following graphs illustrate your projected needs vs. abilities.

Current



Reduced Risk & Expenses



Needs
Shortfall
Abilities

Financial Objectives	Current	Reduced Risk & Expenses
Emily's Retirement Age/Year	60/2035	60/2035
Emily's Life Expectancy	93	93
Robert's Retirement Age/Year	59/2035	59/2035
Robert's Life Expectancy	90	90
Needs in First Full Retirement Year (in Today's Dollars)	$71,084	**$46,986**
Inflation Rate	3.50%	3.50%

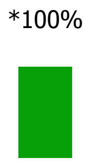
Financial Objectives	Current	Reduced Risk & Expenses
Return Rate: pre-retirement	7.84%	**5.69%**
Return Rate: retirement	7.84%	**5.69%**
Available Assets	$397,461	$397,461
Assumed Monthly Savings	$550	$550
Required Additional Monthly Savings	$0	$0
Required Additional Lump-Sum Savings	$0	$0

Note: Numbers in bold indicate a change from the current plan.

Consider the Following

- Consider the ongoing impact of your defined benefit plan on your purchasing power in retirement.
- Review your retirement plan and/or retirement account contributions and maximize to the extent possible.
- Because your goal funding needs appear to be met, consider the flexibility you may have to achieve additional goals.
- Re-evaluate your situation periodically since retirement calculations are subject to change.

Retirement – Current



This scenario covers 100% of the desired retirement goal objectives.

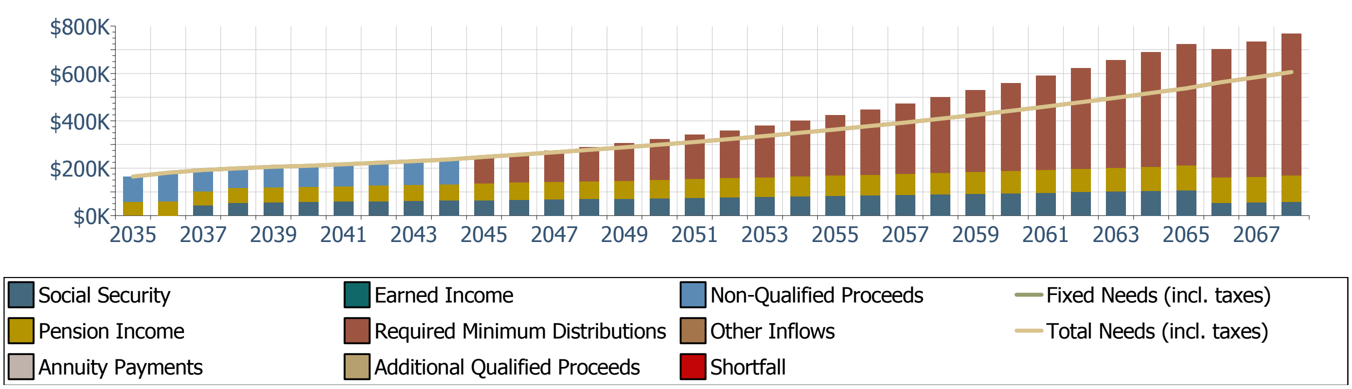
*This value indicates the percentage of your total retirement needs that can be covered by your total retirement resources during your retirement time period.

Assumptions

The following table details the key assumptions used in the generation of this scenario:

	Emily	Robert
Retirement Age/Year	60/2035	59/2035
Life Expectancy	93/2068	90/2065
Desired Fixed Expenses Covered	100% ($146,394)	
Desired Discretionary Expenses Covered	100% ($10,119)	
Annual Inflation Rate	3.50%	
Total Monthly Savings	$550	
Investment Objective (ROR) Pre-Retirement	Current - Not Rebalanced (7.84%)	
Investment Objective (ROR) Retirement	Current - Not Rebalanced (7.84%)	

Analysis



- Net Worth at Start of Retirement Year: $3,350,972
- Net Worth at Plan End: $10,427,271
- Year Capital Is Exhausted:
- % Fixed Needs Covered by Total Resources: 100%

Additional Assumptions

The following table details the additional assumptions used in the generation of this scenario:

Scenario Settings	Emily	Robert
Capital Liquidation Order	Manually set order	
Social Security Start Age	62 years and 1 month	62 years and 1 month
Bucketing Strategy Target Balance (future $)	N/A	

Retirement Income and Expenses – Current

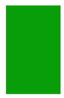
The following report shows the annual sources of income that are used to cover your needs throughout retirement in your current retirement plan.

Year	Age	Social Security	Pension Income	Annuity Payments	Earned Income	Required Minimum Distributions	Additional Qualified Proceeds	Non-Qualified Proceeds	Other Inflows	Fixed Needs (incl. taxes)	Total Needs (incl. taxes)	Shortfall
2035	***60/60***	0	57,904	0	0	0	0	106,950	0	164,854	164,854	0
2036	61/61	0	59,062	0	0	0	0	121,639	0	180,700	180,700	0
2037	62/62	42,057	60,243	0	0	0	0	89,949	0	192,250	192,250	0
2038	63/63	54,453	61,448	0	0	0	0	83,901	0	199,802	199,802	0
2039	64/64	55,814	62,677	0	0	0	0	87,471	0	205,963	205,963	0
2040	65/65	57,210	63,930	0	0	0	0	88,837	0	209,977	209,977	0
2041	66/66	58,640	65,209	0	0	0	0	92,481	0	216,330	216,330	0
2042	67/67	60,106	66,513	0	0	0	0	96,314	0	222,933	222,933	0
2043	68/68	61,609	67,843	0	0	0	0	100,243	0	229,695	229,695	0
2044	69/69	63,149	69,200	0	0	0	0	104,267	0	236,616	236,616	0
2045	70/70	64,728	70,584	0	0	113,499	0	0	0	247,228	247,228	0
2046	71/71	66,346	71,996	0	0	123,173	0	0	0	257,046	257,046	0
2047	72/72	68,004	73,436	0	0	133,694	0	0	0	266,873	266,873	0
2048	73/73	69,705	74,905	0	0	145,137	0	0	0	277,148	277,148	0
2049	74/74	71,447	76,403	0	0	157,580	0	0	0	287,897	287,897	0
2050	75/75	73,233	77,931	0	0	171,112	0	0	0	299,144	299,144	0
2051	76/76	75,064	79,489	0	0	185,826	0	0	0	310,921	310,921	0
2052	77/77	76,941	81,079	0	0	200,871	0	0	0	323,062	323,062	0
2053	78/78	78,864	82,701	0	0	218,184	0	0	0	335,973	335,973	0
2054	79/79	80,836	84,355	0	0	235,786	0	0	0	349,262	349,262	0
2055	80/80	82,857	86,042	0	0	254,766	0	0	0	363,163	363,163	0
2056	81/81	84,928	87,763	0	0	275,218	0	0	0	377,704	377,704	0
2057	82/82	87,051	89,518	0	0	297,238	0	0	0	392,919	392,919	0
2058	83/83	89,228	91,308	0	0	320,924	0	0	0	408,839	408,839	0
2059	84/84	91,458	93,135	0	0	346,376	0	0	0	425,499	425,499	0
2060	85/85	93,745	94,997	0	0	371,168	0	0	0	442,423	442,423	0
2061	86/86	96,088	96,897	0	0	397,440	0	0	0	460,059	460,059	0
2062	87/87	98,491	98,835	0	0	425,215	0	0	0	478,426	478,426	0
2063	88/88	100,953	100,812	0	0	454,498	0	0	0	497,540	497,540	0
2064	89/89	103,477	102,828	0	0	485,270	0	0	0	517,416	517,416	0
2065	90/90	106,064	104,885	0	0	512,941	0	0	0	537,153	537,153	0
2066	91/--	54,358	106,982	0	0	541,273	0	0	0	563,039	563,039	0
2067	92/--	55,717	109,122	0	0	570,079	0	0	0	584,350	584,350	0
2068	93/--	57,109	111,304	0	0	599,113	0	0	0	606,262	606,262	0

*** = Year of retirement**

Retirement – Reduced Risk & Expenses

*100% This scenario covers 100% of the desired retirement goal objectives.



*This value indicates the percentage of your total retirement needs that can be covered by your total retirement resources during your retirement time period.

Assumptions

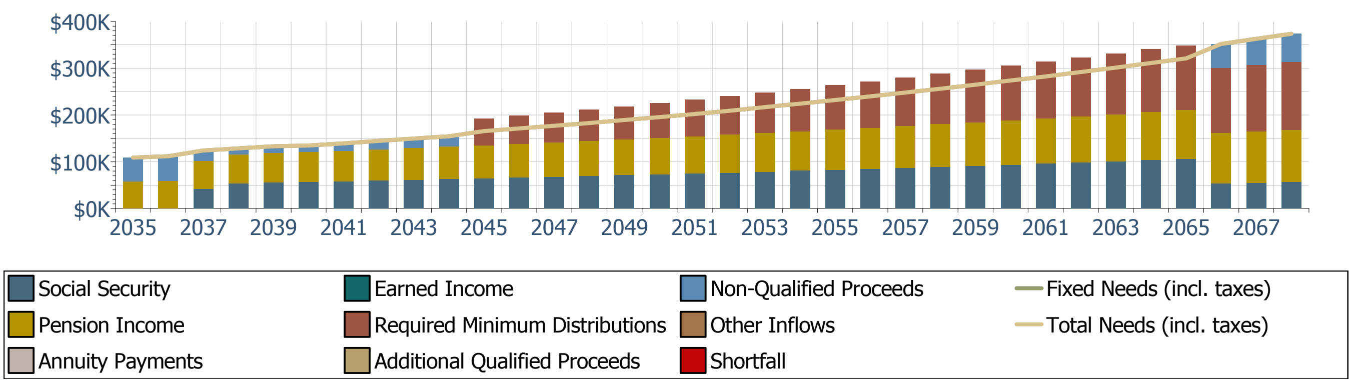
The following table details the key assumptions used in the generation of this scenario:

	Emily	Robert
Retirement Age/Year	60/2035	59/2035
Life Expectancy	93/2068	90/2065
Desired Fixed Expenses Covered	**65% ($96,765)**	
Desired Discretionary Expenses Covered	100% **($0)**	
Annual Inflation Rate	3.50%	
Additional Lump-Sum Savings	$0	
Total Monthly Savings	$550	
Investment Objective (ROR) Pre-Retirement	**Moderate Conservative** (**5.69%**)	
Investment Objective (ROR) Retirement	**Moderate Conservative** (**5.69%**)	

Note: Numbers in bold indicate a change from the current plan.

Note: Information in the table above is for the May 29, 2014 period. Any strategies occurring in the future are not displayed in this table.

Analysis



- Net Worth at Start of Retirement Year: $2,536,400
- Net Worth at Plan End: $4,818,360
- Year Capital Is Exhausted:
- % Fixed Needs Covered by Total Resources: 100%

Additional Assumptions

The following table details the additional assumptions used in the generation of this scenario:

Scenario Settings	Emily	Robert
Capital Liquidation Order	Non-Qualified - Qualified - Roth	
Social Security Start Age	62 years and 1 month	62 years and 1 month

Scenario Settings	Emily	Robert
Bucketing Strategy Target Balance (future $)	N/A	
Additional Annual Retirement Incomes	$0	$0
Additional Annual Retirement Expense	$0	$0
Annual amount to Annuitize to during Retirement	**$0**	

Note: Numbers in bold indicate a change from the Current Plan

Retirement Income and Expenses – Reduced Risk & Expenses

The following report shows the annual sources of income that are used to cover your needs throughout retirement in your proposed retirement plan.

Year	Age	Social Security	Pension Income	Annuity Payments	Earned Income	Required Minimum Distributions	Additional Qualified Proceeds	Non-Qualified Proceeds	Other Inflows	Fixed Needs (incl. taxes)	Total Needs (incl. taxes)	Shortfall
2035	***60/60***	0	57,904	0	0	0	0	50,899	0	108,802	108,802	0
2036	61/61	0	59,062	0	0	0	0	52,789	0	111,851	111,851	0
2037	62/62	42,057	60,243	0	0	0	0	21,605	0	123,906	123,906	0
2038	63/63	54,453	61,448	0	0	0	0	12,516	0	128,417	128,417	0
2039	64/64	55,814	62,677	0	0	0	0	14,497	0	132,989	132,989	0
2040	65/65	57,210	63,930	0	0	0	0	13,596	0	134,736	134,736	0
2041	66/66	58,640	65,209	0	0	0	0	15,588	0	139,437	139,437	0
2042	67/67	60,106	66,513	0	0	0	0	17,807	0	144,426	144,426	0
2043	68/68	61,609	67,843	0	0	0	0	20,100	0	149,552	149,552	0
2044	69/69	63,149	69,200	0	0	0	0	21,914	0	154,263	154,263	0
2045	70/70	64,728	70,584	0	0	57,085	0	0	0	165,571	165,571	0
2046	71/71	66,346	71,996	0	0	60,162	0	0	0	171,159	171,159	0
2047	72/72	68,004	73,436	0	0	63,398	0	0	0	176,943	176,943	0
2048	73/73	69,705	74,905	0	0	66,801	0	0	0	182,933	182,933	0
2049	74/74	71,447	76,403	0	0	70,378	0	0	0	189,134	189,134	0
2050	75/75	73,233	77,931	0	0	74,138	0	0	0	195,555	195,555	0
2051	76/76	75,064	79,489	0	0	78,088	0	0	0	202,204	202,204	0
2052	77/77	76,941	81,079	0	0	81,848	0	0	0	209,202	209,202	0
2053	78/78	78,864	82,701	0	0	86,184	0	0	0	216,657	216,657	0
2054	79/79	80,836	84,355	0	0	90,269	0	0	0	224,253	224,253	0
2055	80/80	82,857	86,042	0	0	94,510	0	0	0	232,068	232,068	0
2056	81/81	84,928	87,763	0	0	98,910	0	0	0	239,885	239,885	0
2057	82/82	87,051	89,518	0	0	103,466	0	0	0	247,964	247,964	0
2058	83/83	89,228	91,308	0	0	108,177	0	0	0	256,313	256,313	0
2059	84/84	91,458	93,135	0	0	113,039	0	0	0	264,939	264,939	0
2060	85/85	93,745	94,997	0	0	117,248	0	0	0	273,667	273,667	0
2061	86/86	96,088	96,897	0	0	121,500	0	0	0	282,664	282,664	0
2062	87/87	98,491	98,835	0	0	125,775	0	0	0	291,934	291,934	0
2063	88/88	100,953	100,812	0	0	130,050	0	0	0	301,481	301,481	0
2064	89/89	103,477	102,828	0	0	134,297	0	0	0	311,308	311,308	0
2065	90/90	106,064	104,885	0	0	137,266	0	0	0	321,140	321,140	0
2066	91/--	54,358	106,982	0	0	140,035	0	50,451	0	351,826	351,826	0
2067	92/--	55,717	109,122	0	0	142,558	0	55,288	0	362,685	362,685	0
2068	93/--	57,109	111,304	0	0	144,780	0	60,164	0	373,358	373,358	0

*** = Year of retirement**

Retirement Net Worth Accumulation – Reduced Risk & Expenses

The following report provides a summary of the accumulation and/or depletion of your assets during your retirement period. It displays the start-of-year asset balance, along with any contributions, redemptions, reinvestments, and growth that are applicable throughout each year, as well as the end-of-year asset balance.

Year	Age(s)	SOY Total Capital	Regular Savings	Redemptions From Assets	Reinvestments	Growth	EOY Total Capital
2035	***60/60***	2,536,400	0	44,298	57,730	43,310	2,593,143
2036	61/61	2,593,143	0	46,579	59,333	44,389	2,650,286
2037	62/62	2,650,286	0	15,836	60,965	45,489	2,740,905
2038	63/63	2,740,905	0	8,599	63,720	46,900	2,842,925
2039	64/64	2,842,925	0	9,960	66,870	48,428	2,948,264
2040	65/65	2,948,264	0	9,341	70,151	50,004	3,059,079
2041	66/66	3,059,079	0	10,709	73,636	51,647	3,173,653
2042	67/67	3,173,653	0	12,233	77,271	53,341	3,292,032
2043	68/68	3,292,032	0	13,840	81,058	55,089	3,414,339
2044	69/69	3,414,339	0	15,601	85,006	56,891	3,540,635
2045	70/70	3,540,635	0	55,885	86,436	58,481	3,629,666
2046	71/71	3,629,666	0	58,897	88,323	60,017	3,719,109
2047	72/72	3,719,109	0	62,065	90,157	61,578	3,808,779
2048	73/73	3,808,779	0	65,396	91,927	63,162	3,898,472
2049	74/74	3,898,472	0	68,898	93,621	64,769	3,987,963
2050	75/75	3,987,963	0	72,579	95,225	66,396	4,077,005
2051	76/76	4,077,005	0	76,446	96,724	68,044	4,165,327
2052	77/77	4,165,327	0	80,127	98,122	69,711	4,253,032
2053	78/78	4,253,032	0	84,372	99,384	71,395	4,339,439
2054	79/79	4,339,439	0	88,371	100,516	73,096	4,424,680
2055	80/80	4,424,680	0	92,524	101,500	74,813	4,508,470
2056	81/81	4,508,470	0	96,830	102,322	76,545	4,590,507
2057	82/82	4,590,507	0	101,291	102,964	78,290	4,670,470
2058	83/83	4,670,470	0	105,903	103,408	80,045	4,748,020
2059	84/84	4,748,020	0	110,662	103,635	81,809	4,822,801
2060	85/85	4,822,801	0	114,783	103,662	83,583	4,895,263
2061	86/86	4,895,263	0	118,946	103,476	85,369	4,965,162
2062	87/87	4,965,162	0	123,131	103,063	87,166	5,032,260
2063	88/88	5,032,260	0	127,316	102,409	88,972	5,096,324
2064	89/89	5,096,324	0	131,474	101,501	90,787	5,157,139
2065	90/90	5,157,139	0	134,380	100,385	92,616	5,215,759
2066	91/--	5,215,759	0	172,541	99,055	94,464	5,236,737
2067	92/--	5,236,737	0	179,754	96,342	96,019	5,249,344
2068	93/--	5,249,344	0	621,735	93,210	97,542	4,818,360

*** = Year of retirement**

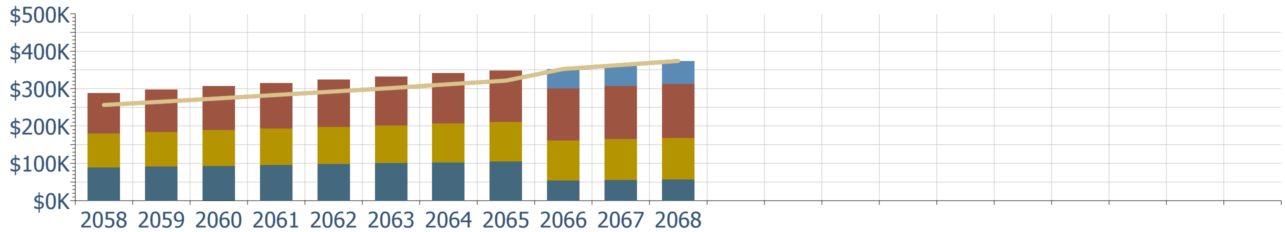
Longevity – Reduced Risk & Expenses

The illustrations below are based on the assumptions entered for the scenario and illustrate the potential effects living longer could have on the scenario.

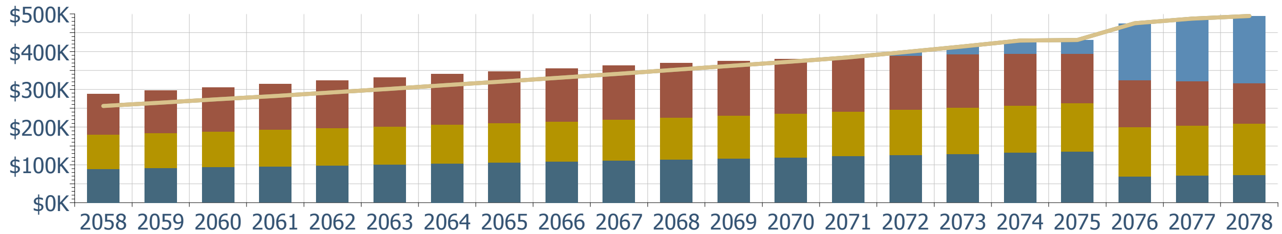
	Goal Coverage*	Net Worth at Plan End	Year Capital Is Exhausted	% Fixed Needs Covered by Total Resources
Proposed	100%	$4,818,360		100%
Proposed With Longevity	100%	$5,007,661		100%

*This value indicates the percentage of your total retirement needs that can be covered by your total retirement resources during your retirement time period.

Proposed



Proposed With Longevity



Social Security
Earned Income
Non-Qualified Proceeds
Fixed Needs (incl. taxes)
Pension Income
Required Minimum Distributions
Other Inflows
Total Needs (incl. taxes)
Annuity Payments
Additional Qualified Proceeds
Shortfall

Important: The calculations or other information generated by NaviPlan® version 14.1 regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. These calculations are shown for illustrative purposes only because they utilize return data that may not include fees or operating expenses, and are not available for investment. If included, fees and other operating expenses would materially reduce these calculations. See the Disclaimers section for more information.

Monte Carlo

Monte Carlo Analysis Assumptions

The following information lists the key points and assumptions used during the evaluation of your analysis.

Assumptions	
Life Expectancy Randomized	No
Force Full Deficit Coverage	No
Retirement Goal Success Tolerance	($10,000)
Education Goals Success Tolerance	($500)
Major Purchase Goals Success Tolerance	($500)
Number of Projections	500

Life Expectancy is **not** randomized. All projections will end at Emily and Robert's planned deceased age.

Full Deficit Coverage is not active for the plan. This means that in the analysis, assets are not redeemed to cover periodic expenses and taxes during pre-retirement. This may understate your success if investment income is automatically reinvested, as taxes may be due on this income.

The Goal Success Tolerance is the amount that the educational or major purchase goal(s) can be underfunded in any trial and still be considered successful.

The Number of Projections is the number of iterations (trials) of your analysis that the software projects using random rates of return and/or life expectancy.

Rate of Return Randomization

A random number was generated to determine a rate of return based on the standard deviation* shared by all of your accounts. This calculation is repeated for every account in the plan.

This process is repeated with a different random number for every projection.

*The assumption is that all returns are normally distributed. This means that approximately 67% of the results are within one standard deviation above or below the rate of return and approximately 95% of the results are within two standard deviations.

The table below lists the asset classes and standard deviations that are used in this analysis.

Asset Class	Interest	Dividends	Capital Gains	Tax Free	Deferred Growth	Total	Standard Deviation
Large Cap Growth Equity	0.00%	1.96%	4.63%	0.00%	1.89%	8.48%	21.92%
Large Cap Value Equity	0.00%	3.04%	5.53%	0.00%	1.56%	10.13%	17.35%
Mid Cap Equity	0.00%	2.04%	6.43%	0.00%	2.62%	11.09%	20.29%
Small Cap Equity	0.00%	1.71%	5.80%	0.00%	3.71%	11.22%	24.38%
US REITs	0.00%	3.89%	3.41%	0.00%	1.14%	8.44%	23.64%
International Equity	0.00%	3.93%	3.13%	0.00%	2.67%	9.73%	20.87%
Emerging Markets Equity	0.00%	3.17%	9.21%	0.00%	2.16%	14.54%	31.68%
Long Term Bonds	3.82%	0.00%	0.00%	0.00%	0.00%	3.82%	12.81%
Intermediate Term Bonds	2.63%	0.00%	0.00%	0.00%	0.00%	2.63%	6.77%
Short Term Bonds	1.72%	0.00%	0.00%	0.00%	0.00%	1.72%	2.69%
High Yield Bonds	7.58%	0.00%	0.00%	0.00%	0.00%	7.58%	11.45%
International Bonds	3.27%	0.00%	0.00%	0.00%	0.00%	3.27%	11.28%
Cash	1.26%	0.00%	0.00%	0.00%	0.00%	1.26%	1.82%

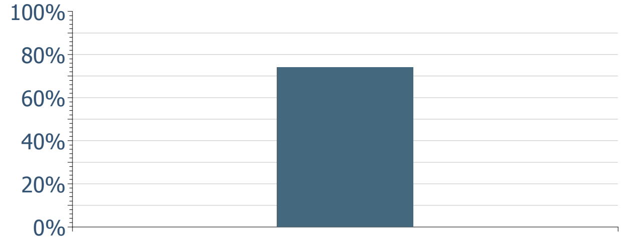
Note: The results of each projection will vary with each use and over time.

Important: The projections or other information generated by the Monte Carlo simulation regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results.

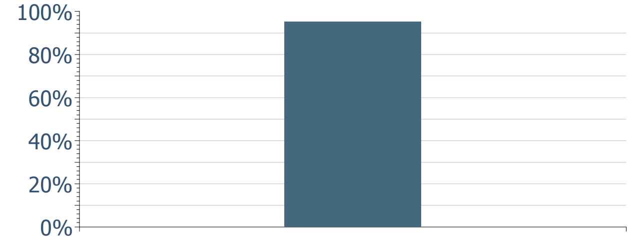
Monte Carlo Summary

The following graphs and tables summarize the probability of the success of each of your goals:

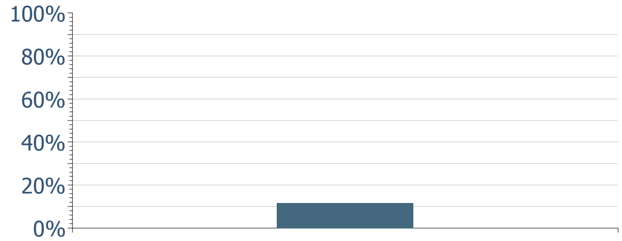
Current



Reduced Risk & Expenses



Reduced Risk Only



Current

Goal	Success Rate	90th Percentile	50th Percentile	10th Percentile
Retirement Goal	74.00%	$33,602,479	$7,975,734	$2,931,534

Reduced Risk & Expenses

Goal	Success Rate	90th Percentile	50th Percentile	10th Percentile
Retirement Goal	95.20%	$7,008,355	$4,599,193	$3,427,286

Reduced Risk Only

Goal	Success Rate	90th Percentile	50th Percentile	10th Percentile
Retirement Goal	11.60%	$3,394,355	$2,931,534	$2,931,534

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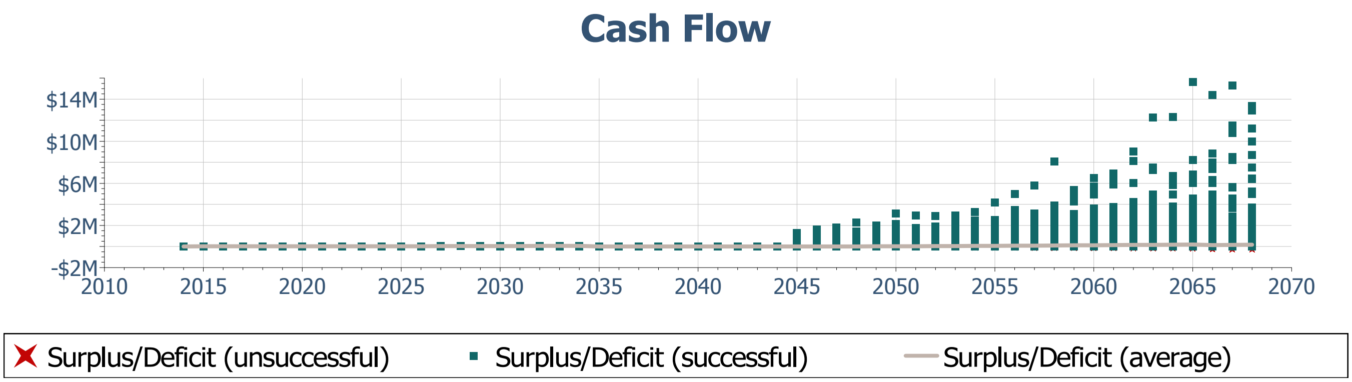
Consider the Following

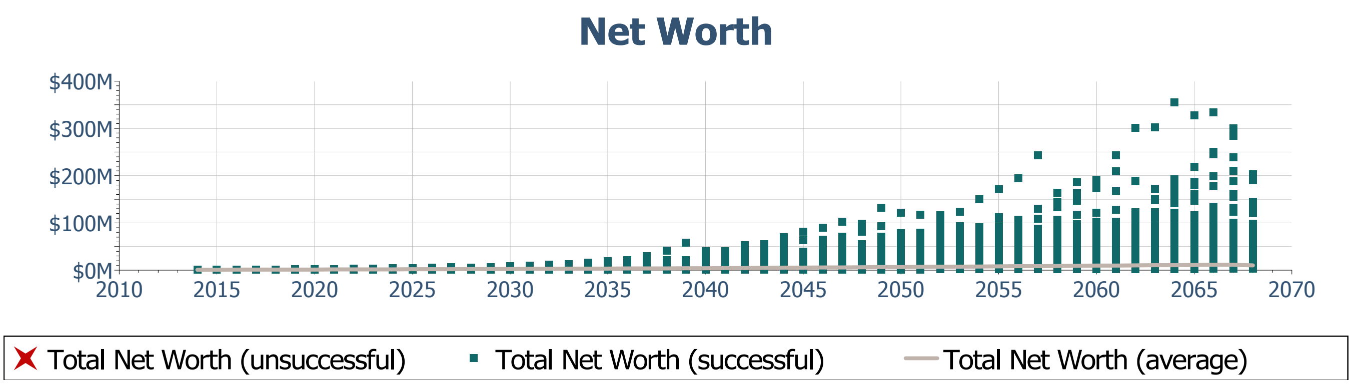
- Do your investments provide you with sufficient cash flow over the entire planning horizon?
- Do large holdings of non-income-producing real estate need to be liquidated at some point during your lifetime?
- Do you have adequate investments to cover shorter-term objectives such as children's education and major purchase and expense items?
- Is the level of risk for your investments appropriate? Could you satisfy your financial objectives with a lower level of risk?
- Comparing plans with two different risk profiles allows you and your advisor to analyze the relative success of the two plans.

Monte Carlo Sensitivity Analysis – Current

The two graphs in this analysis display a number of projections. The top graph illustrates cash flow and the bottom graph illustrates net worth. In each projection, the return rate expectations have been randomized each year within a range to simulate the assumed ups and downs that many investments, such as stocks, exhibit. The line in each graph represents the traditional projection, based on the rates of return that were specified in the plan, without any fluctuations from year to year.

Each projection may either be a success or a failure. A success is represented by a series of square points. A failure is represented by a series of "X"s. A success is defined as a projection that is able to meet the cash flow needs in every year of the plan, without experiencing deficits totaling more than $10,000.

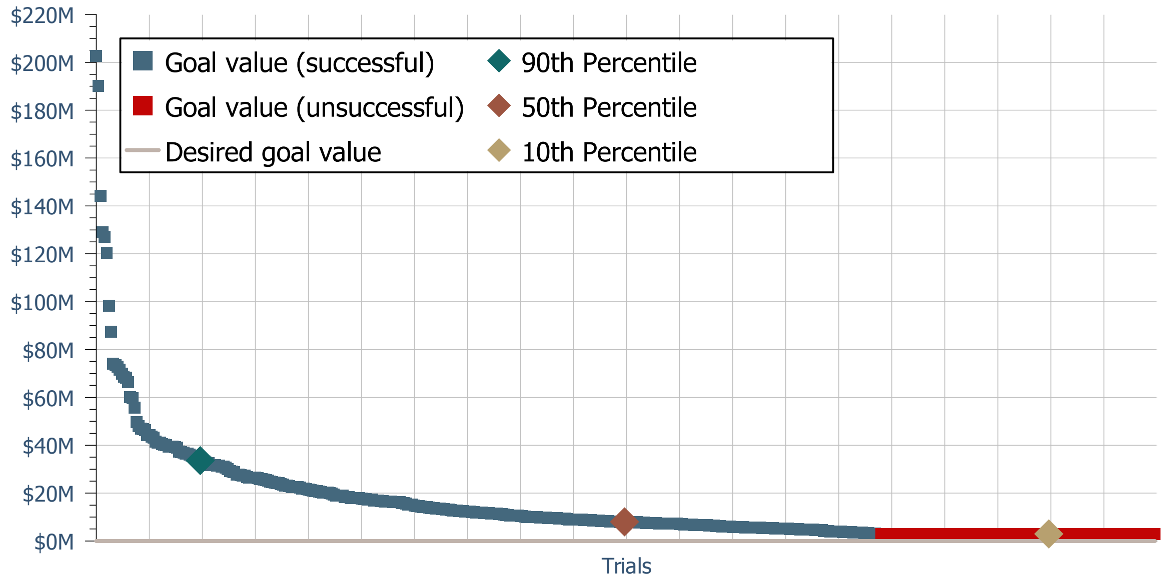




Goal Details

The graph below illustrates each of the trials in the Monte Carlo Simulation for each of the goals. Blue markers show the successful trials and red markers show the unsuccessful trials.

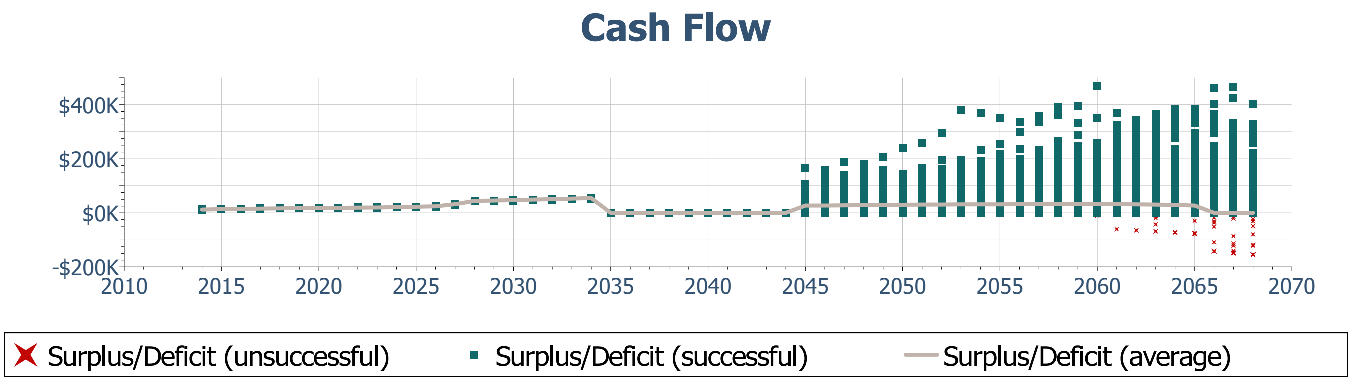
Retirement Goal

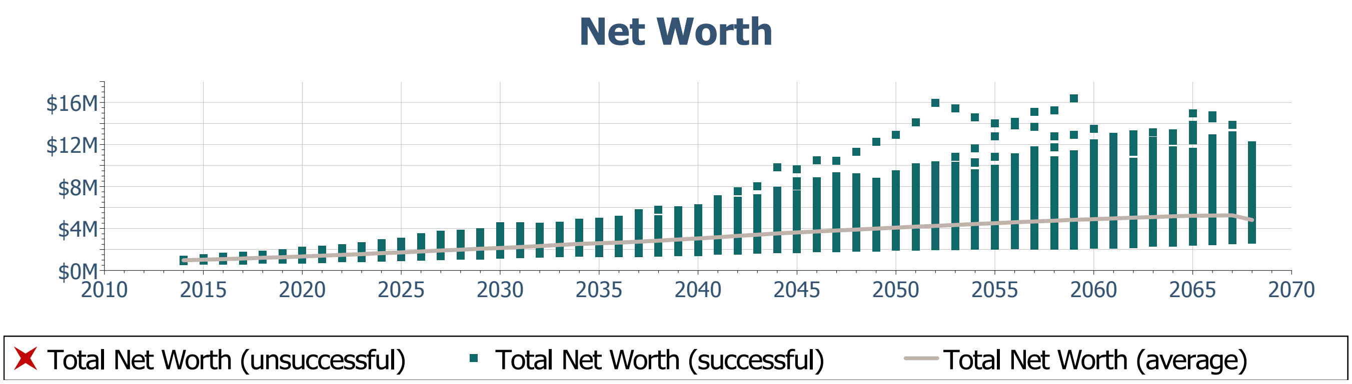


Monte Carlo Sensitivity Analysis – Reduced Risk & Expenses

The two graphs in this analysis display a number of projections. The top graph illustrates cash flow and the bottom graph illustrates net worth. In each projection, the return rate expectations have been randomized each year within a range to simulate the assumed ups and downs that many investments, such as stocks, exhibit. The line in each graph represents the traditional projection, based on the rates of return that were specified in the plan, without any fluctuations from year to year.

Each projection may either be a success or a failure. A success is represented by a series of square points. A failure is represented by a series of "X"s. A success is defined as a projection that is able to meet the cash flow needs in every year of the plan, without experiencing deficits totaling more than $10,000.

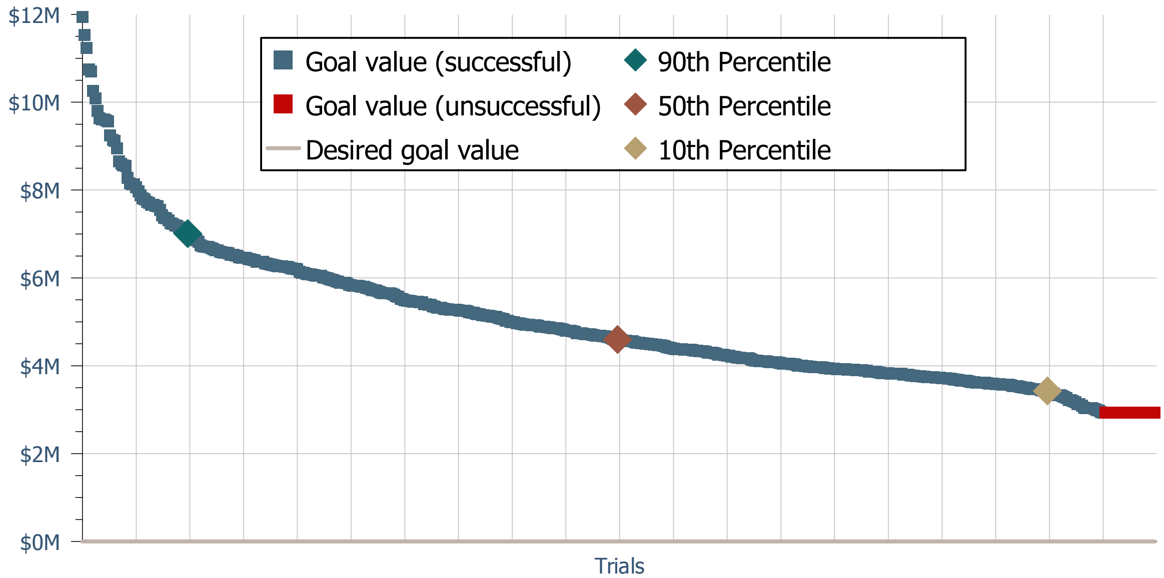




Goal Details

The graph below illustrates each of the trials in the Monte Carlo Simulation for each of the goals. Blue markers show the successful trials and red markers show the unsuccessful trials.

Retirement Goal



Life Insurance

Life Insurance Summary – Emily

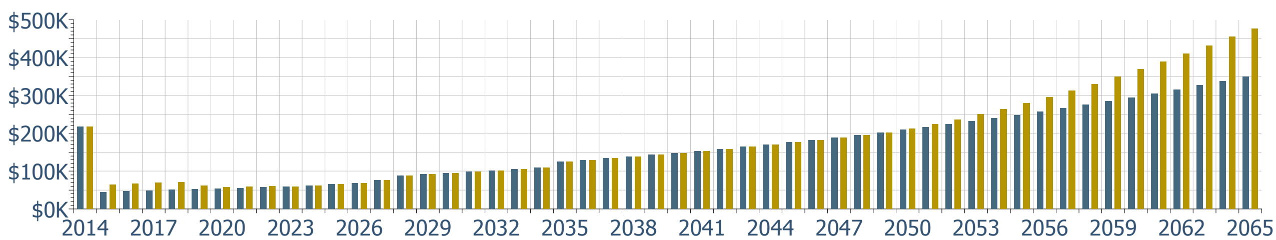
A life insurance analysis should ensure that when a death occurs in your family, there is sufficient income and capital to cover the cash flow needs for the surviving family members over the entire planning period. When you are young, a major reason for survivorship planning is to provide financial protection for your dependent family. Without the continued benefit of your income, your family may not be able to afford ongoing expenses for housing, transportation, food, clothing, etc. There may also be additional expenses for child-care. Post-secondary education and retirement needs will also continue to exist.

When you are older, the major goal of survivorship planning may be to protect the value of your estate from declining due to estate tax, income tax, and other costs. This type of income replacement provides cash flow to meet these needs, which would otherwise have to be covered by redeeming your existing assets.

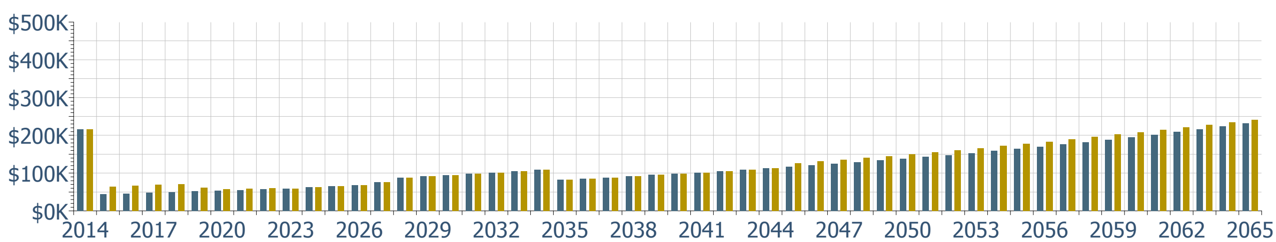
In the event of Emily's death, you want to ensure Robert has enough income and capital to cover both the family’s expenses and any investment plans needed to fund your goals.

Life Insurance Needs vs. Abilities

Current



Reduced Risk & Expenses



Needs Abilities Shortfall

Objectives	Current	Reduced Risk & Expenses
Retirement Age/Year for the Survivor	59/2035	59/2035
Survivor Life Expectancy	90	90
Total Rate of Return on Life Insurance Proceeds, Surpluses and Liquidations		
Pre-Retirement	6.00%	6.00%
Retirement	6.00%	6.00%
Life Insurance		
Death Benefit	$120,000	$120,000

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Objectives	Current	Reduced Risk & Expenses
Premium	$20/month	$20/month
Additional Life Insurance Required	$0	$0

Note: Numbers in bold indicate a change from the current plan.

The following report provides an overview of your life insurance if Emily were to die at the end of this year (2014).

Life Insurance Summary

At Death	Current	Reduced Risk & Expenses
Immediate Capital Needs		
Lump Sum Needs	0	0
Probate, Admin and Estate Taxes	0	0
Liabilities	150,472	150,472
Pre-Death Cash Flow Deficit	0	0
Other	10,836	10,206
Total Immediate Capital Needs	**161,307**	**160,678**
Available Resources for Immediate Capital Needs		
Pre-Death Cash Flow Surplus	12,748	12,293
Life Insurance Coverage Held	120,000	120,000
Lifestyle/Real Estate/Business Assets Available	0	0
Non-Qualified Assets Available	211,201	193,244
Qualified Assets Available	0	0
Additional Assets Redeemed for Estate Settlement	0	0
Total Available Resources for Immediate Capital Needs	**343,949**	**325,537**
Available Resources Redeemed (Gross)	**161,307**	**160,678**
Available Resources Remaining	**182,641**	**164,859**
Additional Recommended Coverage for Immediate Needs	**0**	**0**

Survivorship Period	Current	Reduced Risk & Expenses
Future Outflows		
Lifestyle & Medical Expenses	7,921,860	5,626,558
Qualified Savings	0	0
Non-Qualified Contributions	628,926	302,685
Other Outflows	288,806	288,806
Taxes	2,645,483	1,763,200
Surplus Outflows	1,007,094	360,194
Total Outflows	**12,492,170**	**8,341,442**
Future Inflows		
Earned Income	1,343,496	1,343,496
Pension Income	4,307,394	4,307,394
Annuity Payments	0	0
Qualified Proceeds	4,651,736	1,667,961
Non-Qualified Proceeds	2,189,544	1,022,591
Other Inflows	0	0
Total Inflows	**12,492,170**	**8,341,442**
Total Future Deficits	**0**	**0**
Additional Recommended Coverage for Survivorship	**0**	**0**

Summary	Current	Reduced Risk & Expenses
Life Insurance Coverage Required	17,986	0
Life Insurance Coverage Held	120,000	120,000
Additional Recommended Coverage	**0**	**0**

Consider the Following

- Emily, maintain your existing life insurance coverage and review your needs periodically.

Life Insurance Summary – Robert

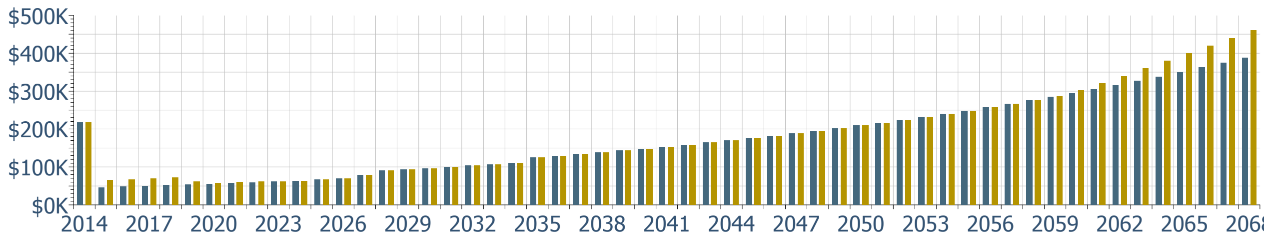
A life insurance analysis should ensure that when a death occurs in your family, there is sufficient income and capital to cover the cash flow needs for the surviving family members over the entire planning period. When you are young, a major reason for survivorship planning is to provide financial protection for your dependent family. Without the continued benefit of your income, your family may not be able to afford ongoing expenses for housing, transportation, food, clothing, etc. There may also be additional expenses for child-care. Post-secondary education and retirement needs will also continue to exist.

When you are older, the major goal of survivorship planning may be to protect the value of your estate from declining due to estate tax, income tax, and other costs. This type of income replacement provides cash flow to meet these needs, which would otherwise have to be covered by redeeming your existing assets.

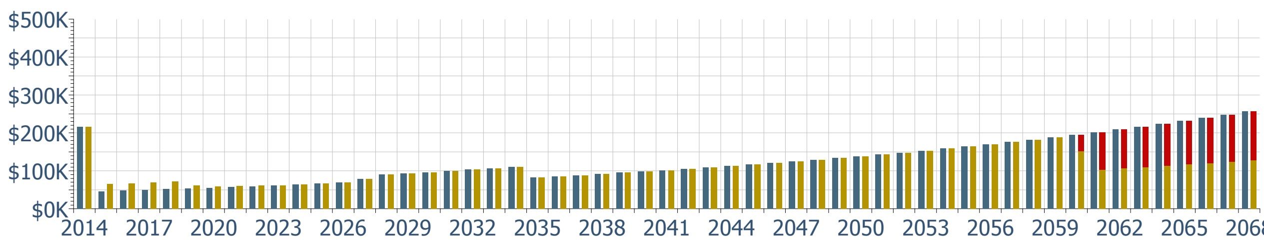
In the event of Robert's death, you want to ensure Emily has enough income and capital to cover both the family’s expenses and any investment plans needed to fund your goals.

Life Insurance Needs vs. Abilities

Current



Reduced Risk & Expenses



Needs | Abilities | Shortfall

Objectives	Current	Reduced Risk & Expenses
Retirement Age/Year for the Survivor	60/2035	60/2035
Survivor Life Expectancy	93	93
Total Rate of Return on Life Insurance Proceeds, Surpluses and Liquidations		
Pre-Retirement	6.00%	6.00%
Retirement	6.00%	6.00%
Life Insurance		
Death Benefit	$120,000	$120,000

Objectives	Current	Reduced Risk & Expenses
Premium	$20/month	$20/month
Additional Life Insurance Required	$0	**$91,131**

Note: Numbers in bold indicate a change from the current plan.

The following report provides an overview of your life insurance if Robert were to die at the end of this year (2014).

Life Insurance Summary

At Death	Current	Reduced Risk & Expenses
Immediate Capital Needs		
Lump Sum Needs	0	0
Probate, Admin and Estate Taxes	0	0
Liabilities	150,472	150,472
Pre-Death Cash Flow Deficit	0	0
Other	10,836	10,206
Total Immediate Capital Needs	**161,307**	**160,678**
Available Resources for Immediate Capital Needs		
Pre-Death Cash Flow Surplus	12,748	12,293
Life Insurance Coverage Held	120,000	120,000
Lifestyle/Real Estate/Business Assets Available	0	0
Non-Qualified Assets Available	211,201	193,244
Qualified Assets Available	0	0
Additional Assets Redeemed for Estate Settlement	0	0
Total Available Resources for Immediate Capital Needs	**343,949**	**325,537**
Available Resources Redeemed (Gross)	**161,307**	**160,678**
Available Resources Remaining	**182,641**	**164,859**
Additional Recommended Coverage for Immediate Needs	**0**	**0**

Survivorship Period	Current	Reduced Risk & Expenses
Future Outflows		
Lifestyle & Medical Expenses	9,009,444	6,333,487
Qualified Savings	36,000	36,000
Non-Qualified Contributions	169,932	72,820
Other Outflows	325,894	325,894
Taxes	2,311,803	1,255,418
Surplus Outflows	461,861	94,722
Total Outflows	**12,314,933**	**8,118,340**
Future Inflows		
Earned Income	1,343,496	1,343,496
Pension Income	3,372,951	3,372,951
Annuity Payments	0	0
Qualified Proceeds	6,284,213	1,813,419
Non-Qualified Proceeds	1,314,274	641,632
Other Inflows	0	0
Total Inflows	**12,314,933**	**7,171,497**
Total Future Deficits	**0**	**946,843**
Additional Recommended Coverage for Survivorship	**0**	**91,131**

Summary	Current	Reduced Risk & Expenses
Life Insurance Coverage Required	69,538	211,131
Life Insurance Coverage Held	120,000	120,000
Additional Recommended Coverage	**0**	**91,131**

Consider the Following

- Based on our assessment, Robert should consider applying for additional life insurance coverage.

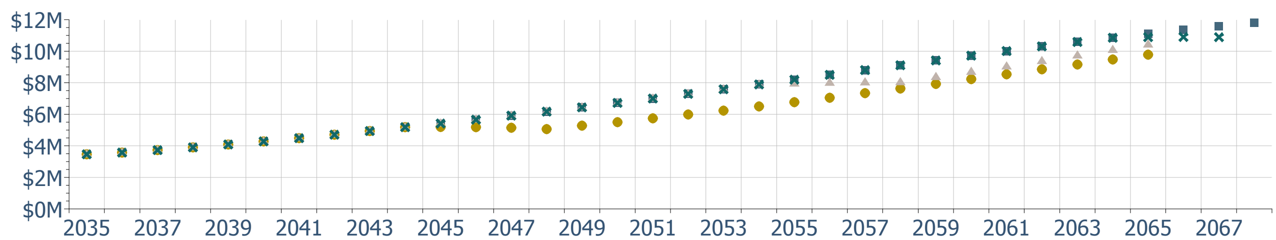
Long-Term Care

Long-Term Care Summary – Emily

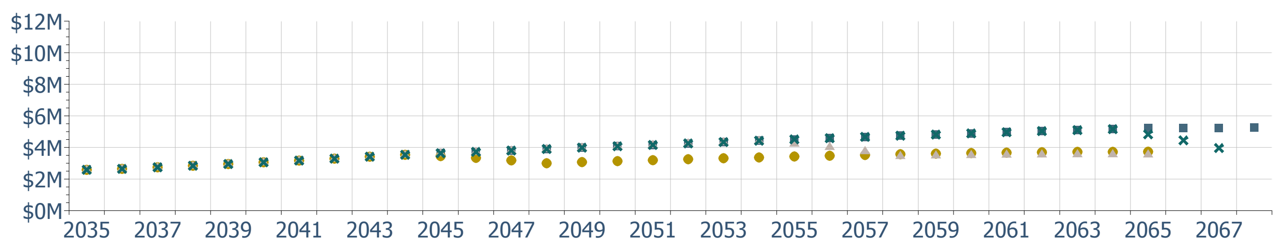
The purpose of long-term care insurance is to minimize the financial impact associated with the costs of care for those who are no longer able to care for themselves. Family members traditionally have provided long-term care; however, not all families are able to provide this type of care. Long-term care requires a major personal sacrifice of time, money and emotional support. Many families have all adult family members active in the workforce, while other families have members living in different parts of the world. These situations make the option of caring for a family member very difficult.

The following graphs compare your net worth assuming no long-term care (LTC) is required, with your net worth assuming Emily requires long-term care.

Current



Reduced Risk & Expenses



■ Never Require LTC ● Require LTC age 70-73 ▲ Require LTC age 80-83 ✖ Require LTC age 90-93

	Current	Reduced Risk & Expenses
LTC Ages	80	80
LTC Duration	4 years	4 years
LTC Benefits	$0	$0
LTC Expenses	$5,702	$5,702
LTC Benefit Shortfall*	$5,702	$5,702

*The shortfalls for both plans in the table above only take into account your existing long-term care benefits.

Objectives	Current	Reduced Risk & Expenses
LTC Age	80	80
LTC Duration	4 years	4 years
Total Rate of Return on Lifestyle Assets immediately Available	6.00%	6.00%
Long-Term Care Insurance		
Benefit Amount	$0	$0
Premium	$0	$0
Additional Long-Term Care Insurance Required	$0	**$1,281**

Note: Numbers in bold indicate a change from the Current Plan. All dollar values in the above tables are monthly.

Consider the Following

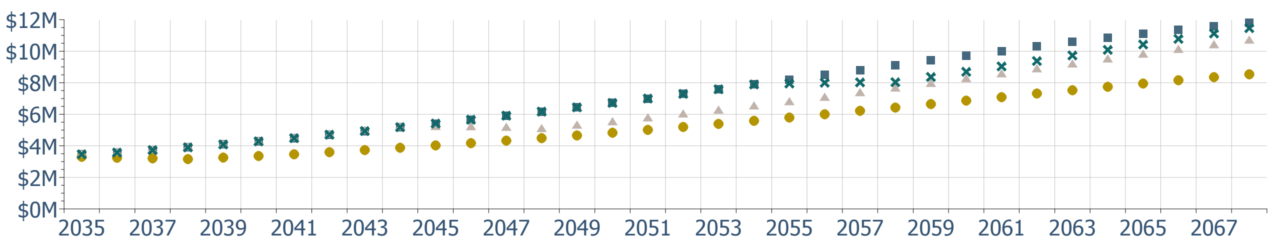
- Emily, consider applying for a long-term care insurance policy.
- Long term care insurance can be an effective strategy to help maintain control and preserve your assets.
- When applying for a long term care policy consider the following features: cost of living adjustment, period coverage, elimination period, exclusion for pre-existing conditions and Home Care Benefit as a Percent of Benefits Received.
- Periodically review the impact that a long term care need could have on your financial and personal circumstances.

Long-Term Care Summary – Robert

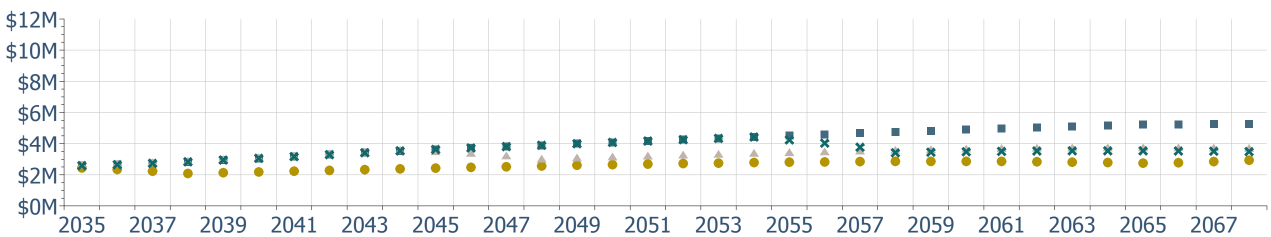
The purpose of long-term care insurance is to minimize the financial impact associated with the costs of care for those who are no longer able to care for themselves. Family members traditionally have provided long-term care; however, not all families are able to provide this type of care. Long-term care requires a major personal sacrifice of time, money and emotional support. Many families have all adult family members active in the workforce, while other families have members living in different parts of the world. These situations make the option of caring for a family member very difficult.

The following graphs compare your net worth assuming no long-term care (LTC) is required, with your net worth assuming Robert requires long-term care.

Current



Reduced Risk & Expenses



■ Never Require LTC ● Require LTC age 60-63 ▲ Require LTC age 70-73 ✖ Require LTC age 80-83

	Current	Reduced Risk & Expenses
LTC Ages	80	80
LTC Duration	4 years	4 years
LTC Benefits	$0	$0
LTC Expenses	$5,702	$5,702
LTC Benefit Shortfall*	$5,702	$5,702

*The shortfalls for both plans in the table above only take into account your existing long-term care benefits.

Objectives	Current	Reduced Risk & Expenses
LTC Age	80	80
LTC Duration	4 years	4 years
Total Rate of Return on Lifestyle Assets immediately Available	6.00%	6.00%
Long-Term Care Insurance		
Benefit Amount	$0	$0
Premium	$0	$0
Additional Long-Term Care Insurance Required	$0	**$1,215**

Note: Numbers in bold indicate a change from the Current Plan. All dollar values in the above tables are monthly.

Consider the Following

- Robert, consider applying for a long-term care insurance policy.
- Long term care insurance can be an effective strategy to help maintain control and preserve your assets.
- When applying for a long term care policy consider the following features: cost of living adjustment, period coverage, elimination period, exclusion for pre-existing conditions and Home Care Benefit as a Percent of Benefits Received.
- Periodically review the impact that a long term care need could have on your financial and personal circumstances.

Estate Planning

Estate Planning Overview

Estate planning is an essential part of any analysis. Many people believe estate planning is only for the wealthy; a belief that is simply not true. You should have an estate plan to dictate your final wishes. An estate plan allows you to decide how your assets are distributed, both during your lifetime and at your death. Your estate plan should be structured to achieve your personal objectives and maximize wealth passed on to heirs and charities, while minimizing taxes and other expenses.

Estate planning begins with consideration of the following questions:

- Do you have an attorney that specializes in estate planning?
- Who should receive your assets: children, grandchildren, friends, or charity?
- Are you willing to transfer your assets during your lifetime as well as at death?
- Who do you want to take care of minor children if you die prematurely?
- What are the needs of your survivors?
- Do you have the needed estate planning documents established, do they meet your current personal objectives, and are they structured properly to minimize taxes and expenses?
- Do you have appropriate beneficiary designations on your life insurance policies and retirement plans?
- How are your major assets titled? Are they solely or jointly owned? Do your assets automatically transfer to the survivor upon your death or do they pass through your will? Is your estate balanced between you and your spouse (if married) to effectively minimize estate taxes?

When preparing an estate plan, it is helpful to understand some of the legal documents, concepts, and strategies. The following information is intended to help you understand this important part of managing your finances. You should seek the advice of an attorney who specializes in this area when drafting these documents and implementing these strategies.

Last Will and Testament

A will, an important part of your estate plan, even if your estate is a small one, is a legal document that lets you direct how your assets will be transferred when you die and it becomes effective only after your death. In addition to determining who gets what, it allows you to name an executor for your estate and to designate a guardian for your minor children. A will also provides an opportunity to minimize estate taxes. If you die without a will, you are considered to be *intestate*, and state law dictates who receives your assets upon your death and who will look after your minor children. These decisions may be against your wishes and leave loved ones in financial hardship.

Your will should be reviewed regularly, particularly upon any major changes that occur during your lifetime, such as the birth of a child or changes in tax laws.

Simple will

The most common form of will is the simple will, also known as an "I Love You Will". Here, all assets owned by the first to die pass to the survivor. A simple will does not provide any estate tax planning. On the second to die, a much smaller family estate may pass on to heirs due to estate taxes. Depending on the size of an estate, the federal estate tax can amount to as much as 40% in 2014 and beyond.

Living will

A living will allows you to state your wishes about certain types of medical care and life prolonging procedures. The document only takes effect if you cannot communicate your own health care decisions. The benefit of a living will is that you do not put your family in the position of having to make difficult decisions and you also ensure your health care wishes are carried out.

Durable power of attorney for health care/health care proxy

A durable power of attorney for health care is a document that lets you appoint another person to make medical decisions on your behalf if you become unable to make those decisions yourself. This document may resolve any potential conflicts over your medical treatment, and helps ensure your wishes are respected. Unlike a living will, this document covers a broad range of health care decisions.

Durable power of attorney for finances

A durable power of attorney is a document that allows you to appoint another person or persons to manage your affairs and make financial decisions on your behalf. Unless the power of attorney has "springing" provisions, it is generally effective once it is signed. It is important to include a *durability* provision to have these powers continue if you become incapacitated or mentally incompetent; otherwise, its powers will cease. A general power of attorney may give your chosen *attorney* extensive powers over your affairs, or you may consider a special power of attorney limited to specifically defined tasks.

Taxes and other estate expenses

If your estate is significant, the taxes paid on transfers both during your lifetime and at death may be significant. In addition to the various taxes due, additional fees and expenses should be considered. The following is a list of some, but not all, of the taxes and expenses that you should be aware of:

- Federal estate (death) tax
- Gift Tax
- Generation Skipping Transfer Taxes (GSTT)
- Income Tax
- State death tax
- Attorney's fees
- Personal Representative (executor) fees
- Probate fees
- Final expenses (burial, for example)

These items are likely the largest expenses your estate will have to pay. Proper planning can minimize the amount of taxes and expenses that need to be paid, and allow you to transfer more of your assets according to your wishes.

Minimizing estate shrinkage

All of the taxes and expenses noted above must be paid before your estate can be distributed to your beneficiaries, meaning that the value of your estate may shrink considerably before it reaches your beneficiaries. Proper estate planning can reduce the amount of this shrinkage through use of a number of techniques, including a properly drafted will, trusts, and various gifting strategies.

Qualified plans

The value of any qualified retirement plans (including 401(k)s, 403(b)s, and IRAs) at the death of the plan owner are included in the owner's gross estate for estate tax purposes. In addition, the beneficiaries of the plans are also subject to income tax on any distributions they receive after your death. The income in the hands of the beneficiaries is referred to as Income in Respect of Decedent (IRD). All distributions from qualified plans in a particular year are aggregated to determine the amount subject to tax.

However, if the federal estate tax was in effect at the time of death, for income tax purposes the beneficiary is entitled to deduct a proportionate amount of any federal estate taxes attributable to the inclusion of the qualified plan assets in the plan owner's gross estate. Calculating and comparing the federal estate tax payable with and without the qualified plan assets in the gross estate determines this deduction.

Generation skipping transfers

Each person has a generation skipping transfer tax exemption, which may be used during life or at death. Any time a gift to a "skip person" is made in excess of the annual gift tax exclusion, the generation skipping transfer tax (GSTT) applies in addition to federal estate and gift taxes. A *skip person* is defined as a recipient two or more generations below the transferor.

The GSTT exemption is equal to the federal estate tax applicable exclusion amount. The individual lifetime exclusion for GSTT, as well as gifts and estate tax, is $5,340,000 per person, with a maximum tax rate of 40% for estate, gift, and generation skipping transfer taxes (GSTT).

The GSTT exemption is subject to inflation adjustments.

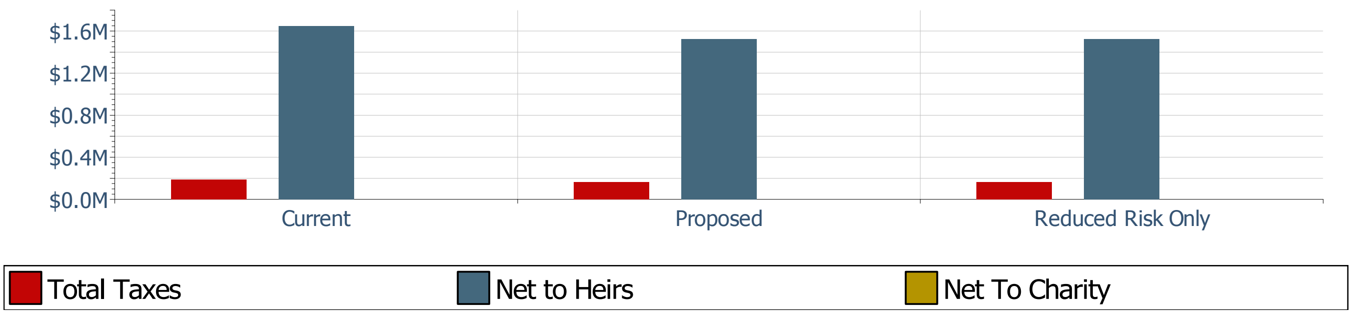
Estate Planning – Summary

If Emily were to die in 2017, and Robert were to die in 2022.

Estate planning is the process of developing and implementing documents and strategies to ensure the distribution of your property during your life and after your death according to your goals and objectives. Without such a plan, you may lose control of the distribution and taxation of your assets and leave those decisions to chance and outside forces.

The following table and graph show a quick comparison of the estate planning strategies demonstrated in your analysis.

Estate Planning Comparison Summary



	Total Taxes	Net to Heirs	Net to Charity	Total to Heirs and Charity
Current	$188,179	$1,648,526	$0	$1,648,526
Reduced Risk & Expenses	$165,024	$1,523,555	$0	$1,523,555
Reduced Risk Only	$165,024	$1,523,555	$0	$1,523,555

Consider the Following

- Make sure you have up-to-date wills to help ensure that assets will be distributed according to your wishes.
- Review the importance of having Durable Powers of Attorney, Health Care Proxies/Declarations and/or Living Wills.
- You should review your current estate planning documents with your attorney in light of the American Taxpayer Relief Act of 2012 (ATRA).
- Review the beneficiary designations on life insurance policies and retirement plans.
- Carefully examine the estate implications of your retirement plan assets. Remember that these assets may be subject to both federal estate and income tax upon death.
- Review your choice of personal representative who will handle the administration of your estate.

Appendix – Plan Data Summary

Plan Data Summary

This report summarizes the data that was entered in your current plan.

General Information

Detail	Emily	Robert
Birth Date	Jan 1 1975	May 25 1975
Proposed Retirement Date	Jan 2035	Jan 2035
Life Expectancy	Dec 2068	Dec 2065
Pre-Retirement Income Tax Rates		
State Tax Rate	8.70%	8.70%
Average Federal Tax Rate	19.43%	19.43%
Marginal Federal Tax Rate	25.00%	25.00%
Long-Term Capital Gains Tax Rate	15.00%	15.00%
Retirement Income Tax Rates		
State Tax Rate	8.70%	8.70%
Average Federal Tax Rate	19.43%	19.43%
Marginal Federal Tax Rate	25.00%	25.00%
Long-Term Capital Gains Tax Rate	15.00%	15.00%
Year of Death Income Tax Rates		
State Tax Rate	8.70%	8.70%
Average Federal Tax Rate	19.43%	19.43%
Marginal Federal Tax Rate	25.00%	25.00%
Long-Term Capital Gains Tax Rate	15.00%	15.00%

Assumptions

Detail	
Income Tax Method	Average Tax
Inflation Rate	3.50%
Tax Filing Status - Emily	Married Filing Jointly
Tax Filing Status - Robert	Married Filing Jointly
Investment Profile:	Blended Mix

Estate Assumptions

Detail	Emily	Robert
Is there a will?	Yes - Revised: Oct 10 2007	Yes - Revised: Oct 10 2007
Life Expectancy	2017	2022
State Death Tax	Current Legislated Amount	Current Legislated Amount
Probate Fee	1.00%	1.00%
Administration Fee	1.00%	1.00%

Dependents

Name	Birth Date	Age as of Plan Date	Dependent Of (for tax)	Dependent Of (for Social Security)
Steven	Dec 22 2004	9	Emily and Robert	Emily and Robert
Jessica	Apr 22 2001	13	Emily and Robert	Emily and Robert

Family Information

Client	
Name	**Emily Sample**
Date of Birth	Jan 1 1975
Gender	Female
Address	
	Washington, District of Columbia
	United States
Citizenship	United States
Name	**Robert Sample**
Date of Birth	May 25 1975
Gender	Male
Address	
	Washington, District of Columbia
	United States
Citizenship	United States

Dependents

Dependents	
Name	**Steven Sample**
Date of Birth	Dec 22 2004
Gender	Male
Address	
	Washington, District of Columbia
	United States
Dependent Of	Emily and Robert
Name	**Jessica Sample**
Date of Birth	Apr 22 2001
Gender	Female
Address	
	Washington, District of Columbia
	United States
Dependent Of	Emily and Robert

Regular Income

Income Source	Member	Applicable	Amount	Indexed
Annual Income	Emily	Jan 1 2010 to Dec 31 2034	$40,000/yr	Inflation
Annual Income	Robert	Jan 1 2010 to Dec 31 2034	$40,000/yr	Inflation

Defined Benefit Pension Plans - Estimate Benefit

Description:	Pension	Annual Benefit:	$28,952
Plan Owner:	Emily	Indexed By:	2.00%
Pct. Payable to Survivor:	100.00%		

Description:	Pension	Annual Benefit:	$28,952
Plan Owner:	Robert	Indexed By:	2.00%
Pct. Payable to Survivor:	100.00%		

Social Security Retirement Benefits

Member	Start Date/Age	Calculated Monthly Benefit (% / $) OR Est. Monthly Benefit (today's $)	Indexed	Eligible for Spousal Benefits
Emily	Jan 1 2037 / 62.1	100% / $1,254	Inflation[1]	Yes
Robert	Jun 1 2037 / 62.1	100% / $1,254	Inflation[1]	Yes

[1] Indexed annually by inflation + -1.0%

Social Security Survivor Benefits

Member	Monthly Benefit to Survivor and Eligible Dependents (% / $)	Monthly Benefit to Survivor at Retirement (%/$)	Spouse's Revised Start Date During Retirement	Indexed
Emily	100% / $2,385	100% / $1,137	At Retirement	Inflation
Robert	100% / $2,385	100% / $1,137	At Retirement	Inflation

Regular Expenses

Expense	Member	Applicable	Amount	Indexed	Fixed Expense
Expenses	Joint	Jan 1 2010 to Dec 31 2034	$2,500/mo	Inflation	Yes
Retirement goal expense	Joint	Jan 1 2035 to Dec 31 2068	$68,851/yr	Inflation	Yes
LTC Expense	Emily	Not applicable	$187/day	Inflation	Yes
LTC Expense	Robert	Not applicable	$187/day	Inflation	Yes
Property Taxes for Residence	Joint	Dec 31 2006 to Never	$2,000/yr	Inflation	Yes

Lifestyle Assets

Asset Name:	Other Personal Assets (i.e. collectibles)		
Asset Type:	Other Personal Assets	Sale Date:	N/A
Owner:	Joint	Direct After Tax Proceeds To:	N/A
Purchase Date:	Dec 31 2006	Projected Value as of Sale Dates:	
Purchase Amount:	$40,000	Before Tax:	N/A
Market Value:	$44,163	After Tax:	N/A
Valuation Date:	Jan 1 2014		
Growth Rate:[1]	2.00%		
Standard Deviation:	0.00%		

[1]The growth rate is a pre-tax amount

Asset Name:	Personal Use Property (i.e. car, boat)		
Asset Type:	Personal Use Property	Sale Date:	N/A
Owner:	Joint	Direct After Tax Proceeds To:	N/A
Purchase Date:	Dec 31 2006	Projected Value as of Sale Dates:	
Purchase Amount:	$25,000	Before Tax:	N/A
Market Value:	$27,602	After Tax:	N/A
Valuation Date:	Jan 1 2014		
Growth Rate:[1]	2.00%		
Standard Deviation:	0.00%		

[1]The growth rate is a pre-tax amount

Asset Name:	Residence		
Asset Type:	Residence	Sale Date:	N/A
Owner:	Joint	Direct After Tax Proceeds To:	N/A
Purchase Date:	Dec 31 2006	Projected Value as of Sale Dates:	
Purchase Amount:	$250,000	Before Tax:	N/A
Market Value:	$405,746	After Tax:	N/A
Valuation Date:	Jan 1 2014		
Growth Rate:[1]	3.00%		
Standard Deviation:	0.00%		

[1]The growth rate is a pre-tax amount

Asset Name:	Vacation home		
Asset Type:	2nd Residence	Sale Date:	N/A
Owner:	Joint	Direct After Tax Proceeds To:	N/A
Purchase Date:	Dec 31 2006	Projected Value as of Sale Dates:	
Purchase Amount:	$0	Before Tax:	N/A
Market Value:	$220,816	After Tax:	N/A
Valuation Date:	Jan 1 2014		
Growth Rate:[1]	2.00%		
Standard Deviation:	0.00%		

[1]The growth rate is a pre-tax amount

Portfolio Assets

Asset Name	Goal	Market Value Date	Market Value	Basis	Int. (%)	Div. (%)	Cap. Gain (%)	Tax Free (%)	Def. Growth (%)	Std. Dev. (%)	Total (%)	Annual Fee (%)	Income Reinvested
Life Insurance Proceeds (Joint/Non-Qualified)	Retirement	Jan 1 2014	$0	$0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Yes
$147K of Brokerage (Joint/Non-Qualified)	Retirement	Jan 1 2014	$147,055	$38,684	0.00	2.22	5.83	0.00	2.36	19.96	10.42	0.00	Yes
Savings (Joint/Non-Qualified)	Retirement	Jan 1 2014	$52,054	$52,054	1.26	0.00	0.00	0.00	0.00	1.82	1.26	0.00	Yes
ICMA RC 457 (Robert)	Retirement	Jan 1 2014	$76,698	$0	2.39	0.51	1.22	0.00	0.50	7.48	4.62	0.00	Yes
Qualified Account (Emily/401(k))	Retirement	Jan 1 2014	$121,654	$0	0.09	2.55	5.13	0.00	1.70	17.64	9.47	0.00	Yes

The *Portfolio Assets* section includes your major investment assets. It supplies the market value and cost basis of these assets. Cost basis for non-qualified assets is equal to the amount you paid to acquire the assets, plus income reinvestments, less any amounts you received income tax-free. Your total pretax growth rate is broken down into specific return rate types, as some of these items currently receive special tax treatment. At present interest is taxed as ordinary income at the marginal tax rates. Capital gains are either long-term or short-term. For non-qualified assets, income from the deferred growth component is not subject to tax until the asset is sold and is usually subject to the capital gains tax rules. For qualified assets, income from the deferred growth component is usually subject to tax as ordinary income at the average tax rates. Tax-free returns are not subject to regular income tax, but may be subject to the Alternative Minimum Tax. The actual total return rates that you will receive will depend on many factors, including inflation, type of investment, market conditions and investment performance.

Life Insurance Policies

Description:	Life insurance policy		
Policy Type:	Term 10 Life	**Owner:**	Emily
		Insured:	Emily
Death Benefit:	$120,000	**Beneficiary:**	Robert
Cash Surrender Value (CSV):	$0	**Premium Payer:**	Emily
Premiums Cease On:	Jan 1 2040	**Annual Premium Payments:**	$240
CSV Payable With Death Benefit:	No	**Coverage Ceases On:**	Jan 1 2040
		Disability Waiver:	Yes

Description:	Life insurance policy		
Policy Type:	Term 10 Life	**Owner:**	Robert
		Insured:	Robert
Death Benefit:	$120,000	**Beneficiary:**	Emily
Cash Surrender Value (CSV):	$0	**Premium Payer:**	Robert
Premiums Cease On:	May 25 2040	**Annual Premium Payments:**	$240
CSV Payable With Death Benefit:	No	**Coverage Ceases On:**	May 25 2040
		Disability Waiver:	Yes

Disability Insurance Policies

Description:	Disability insurance policy		
Policy Type:	Group LTD	**Insured:**	Emily
		Effective Date:	Dec 31 2006
Company:		**Owner:**	Emily
Policy #:		**Premium Payer:**	Emily

Benefits are **60% of salary (taxable)**.
Benefits begin **after 3 months** and are paid **until age 65**.
Premiums are **$0/month** and end on **Dec 31 2034**.

Description:	Disability insurance policy		
Policy Type:	Group STD	**Insured:** **Effective Date:**	Emily Dec 31 2006
Company:		**Owner:**	Emily
Policy #:		**Premium Payer:**	Emily

Benefits are **60% of salary (taxable)**.
Benefits begin **after 2 weeks** and are paid **until 3 months**.
Premiums are **$0/month** and end on **Dec 31 2034**.

Description:	Disability insurance policy		
Policy Type:	Group LTD	**Insured:** **Effective Date:**	Robert Dec 31 2006
Company:		**Owner:**	Robert
Policy #:		**Premium Payer:**	Robert

Benefits are **30% of salary (taxable)**.
Benefits begin **after 3 months** and are paid **until age 65**.
Premiums are **$0/month** and end on **Dec 31 2034**.

Description:	Disability insurance policy		
Policy Type:	Group STD	**Insured:** **Effective Date:**	Robert Dec 31 2006
Company:		**Owner:**	Robert
Policy #:		**Premium Payer:**	Robert

Benefits are **30% of salary (taxable)**.
Benefits begin **after 2 weeks** and are paid **until 3 months**.
Premiums are **$0/month** and end on **Dec 31 2034**.

Liabilities

Liability Name	Liability Date	End Date	Original Principal	Current Principal	Int. Rate	Payment Type	Linked to Asset
Mortgage	Dec 31 2006	Aug 31 2027	$200,000	$156,416	5.75%	Principal & Interest	N/A

Regular Investment Strategies

Asset Name	Applicable	Amount	Indexed
Qualified Account (Emily/401(k))	Jan 1 2007 to Dec 31 2034		
Employee Pre-Tax Contribution		$150/month	0.0%
Employee Post-Tax Contribution (0.00% of Salary)		$0/month	N/A[1]
Employer Contribution		$200/month	0.0%
ICMA RC 457 (Robert)	Jan 1 2007 to Dec 31 2034		
Employee Pre-Tax Contribution		$0/month	0.0%
Employee Post-Tax Contribution (0.00% of Salary)		$0/month	N/A[1]
Employer Contribution		$200/month	0.0%

[1] Indexing occurs if the salaries used in the calculations have been indexed.

The table above includes all your periodic (annual or monthly) investment contributions.

Transfer Strategies

Source Asset	Destination Asset	Amount	When
Life insurance policy	Life Insurance Proceeds	100%	Upon Death

Transfers specify a plan for moving your investments from one type of asset to another on specific dates or events such as retirement. Also, transfers will be desirable in some cases to move from one type of investment to another type at a certain point in time. Refer to your **Action Plan** to view the amounts to be transferred for the next three years.

Deficit Coverage Strategies

Asset Name	Applicable
Life Insurance Proceeds (Joint/Non-Qualified)	While Retired
Qualified Account (Emily/401(k))	Jan 1 2035 to Dec 31 2068
ICMA RC 457 (Robert)	Jan 1 2035 to Dec 31 2068
$147K of Brokerage (Joint/Non-Qualified)	While Retired
Savings (Joint/Non-Qualified)	While Retired

The assets listed are available for redemption to meet cash flow needs. The *Applicable* column indicates the period of time these assets are available. Typically, qualified assets are not available during your working years.

Liquidation Order for Retirement

Asset Name	Account Type	Owner
Savings	Non-Qualified	Joint
Brokerage	Non-Qualified	Joint
ICMA RC 457	457	Robert
Qualified Account	401(k)	Emily

At retirement the liquidation of accounts will be based on the following order: Manually set order.

Emergency Expenses

Expense	Amount	Index Rate
Emergency Fund	$13,993	N/A

No assets have been set aside to cover the emergency expense.

Estate Distribution

The Simple Will option has been selected.

Gifting Growth

Beneficiary	GSTT applicable for Emily's gifts	GSTT applicable for Robert's gifts	50% Charity	Growth Rate	Average Income Tax Rate	Net After-Tax Growth
Other (Other)	No	No		3.50%	0.0%	3.50%
Steven Sample (Heir)	No	No		3.50%	0.0%	3.50%
Jessica Sample (Heir)	No	No		3.50%	0.0%	3.50%

Tax Considerations

On January 1, 2013, the U.S. Congress adopted the American Taxpayer Relief Act of 2012 (ATRA, 'the Act'). The Act allowed the Bush-era tax rates to sunset after 2012 for individuals with incomes over certain amounts. The legislation permanently 'patched' the alternative minimum tax (AMT), revived many expired tax extenders, including the American Opportunity Tax Credit, and changed the estate tax rate and exemption amount.

ATRA made the estate tax permanent and set the exemption amount equal to $5,000,000 for 2010 subject to inflation for future years. As a result the exemption has been increased to $5,340,000 for 2014 per person (subject to future inflation), or $10,680,000 per couple. The portability of an unused spousal exclusion was also made permanent by the Act. The top tax rate bracket was increased from 35% to 40%, and a few additional brackets have been added to the unified credit table. Estate and gift taxes continue to be unified, as part of the permanent part of the Act.

ATRA provided for a top dividend and capital gains rate of 20% in 2013 and subsequent years, higher than the top rate of 15% in 2012, but below ordinary income rates. This preferential rate still only applies to long-term capital gains, and not to short-term gains. These provisions have also been made permanent, without any sunset option.

Important Terminology

Current plan

The current plan consists of information provided and reviewed by you and serves as the basis for some of the assumptions used in the proposed plan.

Proposed plan

The proposed plan is a system-generated plan that is calculated based on achieving your stated goals by applying the additional assumptions contained within the proposed scenarios.

Scenarios

A scenario is a modification of assumptions based on the current plan. A proposed scenario is incorporated into the proposed plan.

Rate of return (Current - Not Rebalanced)

Current - Not Rebalanced does not rebalance the accounts linked to a goal. Each account linked to a goal maintains a separate rate of return.

Rate of return (Current - Rebalanced)

Current - Rebalanced rebalances the accounts linked to a goal and uses the weighted average rate of return of the linked assets.

Rate of return (suggested asset mix)

The rate of return that is calculated based on the investment profile as determined by answers to a risk tolerance questionnaire.

Rate of return (proposed plan)

The dollar-weighted average rate of return of the assets that are used in the assumed/suggested asset mix. This rate of return is the same as the *Rate of return (Assumed/Suggested Asset Mix)*.

Standard deviation

Standard deviation is a statistical measure of the volatility of an asset or account. It measures the degree to which the rate of return in any one year varies from the historical average rate of return for that investment; the greater the standard deviation, the riskier the investment.

Unlinked accounts

Unlinked accounts represent all non-qualified accounts that are not linked to a goal. (Qualified accounts are automatically linked to the retirement goal.) Unlinked accounts are assumed to be allocated to the estate.

Investment profile

The investment profile is the result of an analysis of an individual's investment objectives, time horizon, and risk tolerance in reference to investing.

Portfolio

The combination of assets a client owns and that are considered in this plan to fund the client's goal.

Time horizon

The length of time desired to achieve a financial goal. A longer time horizon usually allows an individual to withstand more volatility, whereas a shorter time horizon typically requires less volatility and more liquidity.

Asset mix

The combination of asset classes within an investment portfolio. It can also represent a further division within an asset class such as a mix of small, medium, and large company stock assets.

Current Asset Mix

The combination of asset classes assigned to the assets included in the current plan.

Suggested Asset Mix

The asset mix that is derived based on the investment profile as determined by answers to a risk tolerance questionnaire.

Entire portfolio

The entire portfolio for the current plan represents the asset mix of all accounts in the plan. The entire portfolio for the proposed plan is the combination of the suggested asset mix and the assumed asset mix associated with all of the goals included in the plan.

Blended mix

For the entire portfolio, a blended mix of investment profiles indicates that the investment profile has been defined differently for each goal. For the retirement goal, a blended mix of investment profiles indicates that the investment profile has been defined differently for each type of account (qualified retirement accounts, non-qualified retirement accounts, or non-qualified annuity retirement accounts).

Average tax rate

The assumed average tax rate that is applied against salary, self-employed income, Social Security, defined benefits, pensions, and other taxable income. The assumed average tax rate is typically less than the marginal tax rate based on the assumption that income is spread over multiple tax brackets.

Community property

In states with community property laws, any property acquired by a married couple residing in a community property state is considered to be equally owned by both parties.

Annuitize

The transition of an annuity contract from the accumulation phase into the income distribution phase. In the income distribution phase the accumulated value of the annuity is distributed via a computed stream of income payments over a duration of time or through varying withdrawals from the annuity.

Inflation rate/Index rate

The rate at which dollar values are discounted over time. The rate is measured by an index that indicates the change in the cost of various goods and services as a percentage.

Marginal tax rate

The marginal tax rate is derived from the federal income tax brackets. It is the amount of tax that would be paid on any additional dollars of income. It is applied against interest, dividend, royalty, alimony, and capital gains income.

Required minimum distribution (RMD)

The amount required by the IRS to be withdrawn each year from traditional IRAs and employer-sponsored retirement plans, starting on the required beginning date, which generally (but not always) occurs in the year following the year in which the owner turns 70½.

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

UTMA and UGMA are custodial accounts, owned by a minor with an adult designated as the custodian. The accounts are normally used to save for the child's education. Once the transfer to the account occurs, the account is the legal property of the child and can only be used for the child's benefit. When the child reaches the age of majority, control of the account transfers to the child and the child can use the proceeds as he or she wishes. The UTMA considers the age of majority to be 21 although it is 18 in some states.

Unlimited marital deduction (UMD)

A provision in the Internal Revenue Code which allows assets owned by the decedent to be transferred to the surviving spouse without incurring estate taxes.

Fixed expenses

Fixed expenses include ongoing expenses that you have determined cannot be easily changed or eliminated, such as basic living expenses or retirement living expenses.

Fixed needs

Fixed needs include all your fixed expenses, plus other expenses that have been calculated based on your financial information. These expenses include liability payments, insurance premiums, property taxes, and income taxes.

Lifestyle expenses

The definition of lifestyle expenses includes all expenses entered in the *Cash Flow* category where the type of expense is classified as lifestyle.

Total needs

The definition of total needs includes all fixed needs, all other expenses that are not considered in the fixed needs definition, and total taxes. The total needs in the plan will account, in part, for expenses that are more discretionary in nature.

Fixed incomes

The definition of fixed incomes includes the pre-tax income from the following income sources: Benefit Formula and Estimate Benefit pensions, income entered with the type *Pension*, Social Security income of the client and co-client (retirement, survivor, and disability benefits), income entered with the type *Salary*, and annuity income (excluding income from annuities with the income option of *Withdrawals as Needed*).

Asset class

A category of investments grouped according to common characteristics such as relative liquidity, income characteristics, tax status, and growth characteristics.

LargeCap Growth Equity – Russell 1000 ® Growth Index

The Russell 1000 Growth Index captures the performance of the large-cap portion of the Russell 1000 index with a growth orientation. Companies in this index tend to exhibit higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values than the Value universe.

LargeCap Value Equity – Russell 1000 ® Value Index

The Russell 1000 Value Index contains those Russell 1000 securities with a less-than-average growth orientation. Securities in this index generally have lower price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values than the Growth universe.

MidCap Equity – Russell Midcap ® Index

The Russell Mid Cap Index consists includes approximately 800 of the smallest companies in the Russell 1000 index, as ranked by total market capitalization. This midcap index represents approximately 31% of the Russell 1000 total market capitalization. As of November 2013, the weighted average market capitalization was approximately $11.286 billion; the median market capitalization was approximately $5.729 billion. The largest company in the index had an approximate market capitalization of $28.285 billion.

SmallCap Equity – Russell 2000 ® Index

The Russell 2000 Index is a small-cap index consisting of the smallest 2,000 companies in the Russell 3000 Index, representing approximately 10% of the Russell 3000 total market capitalization. As of November 2013, the weighted average market capitalization was approximately $1.757 billion; the median market capitalization was approximately $0.700 billion. The largest company in the index had an approximate market capitalization of $5.373 billion.

International Equity – MSCI EAFE® Index

The MSCI EAFE (Europe, Australasia, Far East) Index is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. As of November 2013 the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

International Emerging Markets Equity – MSCI Emerging Markets Index

THE MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of November 2013 the MSCI Emerging Markets Index consisted of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

US REITs – FTSE NAREIT All Equity Index

The FTSE NAREIT Index is an unmanaged index considered representative of U.S. real estate investment trusts (REITs). The index is a market capitalization-weighted index that contains all tax-qualified REITs with more than half of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

High Yield Bonds – Barclay's High Yield Index

The U.S. Corporate High-Yield Index covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. A small number of unrated bonds are included in the index; to be eligible they must have previously held a high-yield rating or have been associated with a high-yield issuer, and must trade accordingly. The index excludes Emerging Markets debt.

Cash – Citigroup US Domestic 3 Month T-Bill

The objective of this benchmark is to reflect the returns provided by the short term fixed income instruments. The index is based on the U.S. 3 month Treasury Bills. This index measures monthly return equivalents of yield averages that are not marked to market. Calculations are based on the last 3, 3-month T-Bill issues. Returns for this index are then calculated on a monthly basis.

International Bonds – Citigroup WGBI Non-US

The objective of this benchmark is to reflect the returns provided by investment in international (non U.S.) fixed income securities. The World Government Bond Index is a market-capitalization weighted benchmark that tracks the performance of fixed-rate sovereign debt issued in the domestic market in the local currency with at least one year maturity. The minimum credit quality required is BBB-/Baa3 (by either S&P or Moody's) for all issuers to ensure that the WGBI remains an investment-grade benchmark.

Long-Term Bonds – US Long-Term Government Bonds

The objective of this benchmark is to measure the returns of long-term bonds. To the greatest extent possible the total returns are calculated for each year on a single bond issued by the United States Government with a term of approximately 20 years and a reasonably current coupon with returns that did not reflect potential tax benefits, impaired negotiability, or special redemption or call privileges.

Intermediate Term Bonds – US Intermediate Term Government Bonds

The objective of this benchmark is to measure the returns of intermediate-term bonds. As with long-term government bonds, one-bond portfolios are used to construct the intermediate-term index. The bond chosen each year is the shortest non-callable bond with a maturity of not less than five years, and it is "held" for the calendar year. Monthly returns are computed. Bonds with impaired negotiability or special redemption privileges are omitted, as are partially or fully tax-exempt bonds starting in 1943.

Short-Term Bonds – US 1-Year Government Bonds

The objective of this benchmark is to reflect the returns provided by the short-term fixed income instruments. Yields on Treasury securities at "constant maturity" are interpolated by the U.S. Treasury from the daily yield curve. This curve, which relates the yield on a security to its time to maturity, is based on the closing market bid yields on actively traded Treasury securities in the over-the-counter market. These market yields are calculated from composites of quotations obtained by the Federal Reserve Bank of New York. The constant maturity yield values are read from the yield curve at fixed maturities, currently 3 and 6 months and 1, 2, 3, 5, 7, 10, 20, and 30 years. This method provides a yield for a 10-year maturity, for example, even if no outstanding security has exactly 10 years remaining to maturity.

Important acronyms

EOY – End of year	**CSV** – Cash surrender value
ILIT – Irrevocable Life Insurance Trust	**GSTT** – Generation-skipping transfer tax
ATRA – American Taxpayer Relief Act of 2012	**IRD** – Income in respect of a decedent
SOY – Start of year	**RMD** – Required minimum distribution
UMD – Unlimited marital deduction	**UGMA** – Uniform Gift to Minors Act
ROR – Rate of return	**UTMA** – Uniform Transfer to Minors Act
ESA – Education Savings Accounts	**CST** – Credit Shelter Trust
ILIT – Irrevocable Life Insurance Trust	**QTIP** – Qualified Terminable Interest Property
QDOT – Qualified Domestic Trust	

Disclaimer

IMPORTANT: Please read this section carefully. It contains an explanation of some of the limitations of this report.

IMPORTANT: *The calculations or other information generated by NaviPlan regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results.*

Below is an outline of several specific limitations of the calculations of financial models in general and of NaviPlan specifically.

The Calculations Contained in This Report Depend in Part, on Personal Data That You Provide

The assumptions used in this analysis are based on information provided and reviewed by you. Please review all assumptions in the Plan Data Summary section before reviewing the rest of the report to ensure the accuracy and reasonableness of the assumptions. These assumptions must be reconsidered on a frequent basis to ensure the results are adjusted accordingly. The smallest of changes in assumptions can have a dramatic impact on the outcome of this analysis. Any inaccurate representation by you of any facts or assumptions used in this analysis invalidates the results.

This Report is Not a Comprehensive Financial Report and Does Not Include, Among Other Things, a Review of Your Insurance Policies

We have made no attempt to review your property and liability insurance policies (auto and homeowners, for example). We strongly recommend that in conjunction with this analysis, you consult with your property and liability agent to review your current coverage to ensure it continues to be appropriate. In doing so, you may wish to review the dollar amount of your coverage, the deductibles, the liability coverage (including an umbrella policy), and the premium amounts.

NaviPlan Does Not Constitute Legal, Accounting, or Tax Advice

This analysis does not constitute advice in the areas of legal, accounting or tax. It is your responsibility to consult with the appropriate professionals in those areas either independently or in conjunction with this planning process.

Circular 230: Any income tax, estate tax or gift tax advice contained within this document was not intended or written to be used for, and cannot be used for, the purpose of avoiding penalties that may be imposed.

Discussion of the Limits of Financial Modeling

Inherent Limitations in Financial Model Results

Investment outcomes in the real world are the result of a near infinite set of variables, few of which can be accurately anticipated. Any financial model, such as NaviPlan, can only consider a small subset of the factors that may affect investment outcomes and the ability to accurately anticipate those few factors is limited. For these reasons, investors should understand that the calculations made in this analysis are hypothetical, do not reflect actual investment results, and are not guarantees of future results.

Results May Vary With Each Use and Over Time

The results presented in this analysis are not predictions of actual results. Actual results may vary to a material degree due to external factors beyond the scope and control of this analysis. Historical data is used to produce future assumptions used in the analysis, such as rates of return. Utilizing historical data has limitations as past performance is not a guarantee or predictor of future performance.

Outline of the Limitations of NaviPlan and Financial Modeling

Your Future Resources and Needs May Be Different From the Estimates That You Provide

This analysis is intended to help you in making decisions on your financial future based, in part, on information that you have provided and reviewed. The suggested asset allocation presented in this analysis is based, in part, on your answers to a risk tolerance questionnaire and may represent a more aggressive—and therefore more risky—investment strategy than your current asset allocation mix.

The calculations contained in the report utilize the information that you have provided and reviewed including, but not limited to, your age, tolerance for investment risk, income, assets, liabilities, anticipated expenses, and likely retirement age. Some of this information may change in unanticipated ways in the future and those changes may make NaviPlan less useful.

NaviPlan Considers Investment in Only a Few Broad Investment Categories

NaviPlan utilizes this information to estimate your future needs and financial resources and to identify an allocation of your current and future resources, given your tolerance for investment risk, to a few broad investment categories: large-cap equity, mid-cap equity, small-cap equity, international equity, emerging equity, bonds, and cash.

In general, NaviPlan favors the investment categories that have higher historical and expected returns. The extent of the recommended allocation to these favored investment categories is limited by the investor's disclosed tolerance for risk. In general, higher returns are associated with higher risk.

These broad investment categories are not specific securities, funds, or investment products and NaviPlan is not an offer or solicitation to purchase any securities or investment products. The assumed rates of return of these broad categories are based on the returns of indices. These indices do not include fees or operating expenses and are not available for investment. These indices are unmanaged and the returns are shown for illustrative purposes only.

It is important to note that the broad categories that are used are not comprehensive and other investments that are not considered may have characteristics that are similar or superior to the categories that are used in NaviPlan.

Refer to the Asset Allocation section of this report for details on return rate assumptions used throughout this analysis.

NaviPlan Calculates Investment Returns Far Into the Future Using Ibbotson Data

For all asset class forecasts, Ibbotson uses the building block approach to generate expected return estimates. The building block approach uses current market statistics as its foundation and adds historical performance relationships to build expected return forecasts. This approach separates the expected return of each asset class into three components: the real risk-free rate, expected inflation, and risk premia. The real risk-free rate is the return that can be earned without incurring any default or inflation risk. Expected inflation is the additional reward demanded to compensate investors for future price increases, and risk premia measures the additional reward demanded for accepting uncertainty associated with investing in a given asset class. Any calculation of future returns of any asset category, including any calculation using historical returns as a guide, has severe limitations. Changes in market conditions or economic conditions can cause investment returns in the future to be very different from returns in the past. Returns realized in the future can, in fact, be much lower, or even negative, for all or some of these asset categories and, if so, the calculations in NaviPlan will be less useful.

Any assets, including the broad asset categories considered in NaviPlan, that offer potential profits also entail the possibility of losses.

Furthermore, it is significant that the historical data for these investment categories does not reflect investment fees or expenses that an investor would pay when investing in securities or investment products. The fees and expenses would significantly reduce net investment returns and a calculation taking account of fees and expenses would result in lower expected asset values in the future.

Refer to the Asset Allocation section of this report for details on return rate assumptions used throughout this analysis.

NaviPlan Calculations Include Limited Accounting for Taxes

The federal and state income tax laws are extremely complex and subject to continuous change. NaviPlan has limited capability to model any individual’s tax liability, and future tax laws may be significantly different from current tax laws. Any changes in tax law may affect returns for any given investment and make the calculations produced by NaviPlan less useful. The calculations contain limited support for the tax impact on transfers of money or redemptions of funds. Please review the tax assumptions outlined in the Plan Data Summary section of this report for more specific information regarding tax assumptions used in the calculations.

NaviPlan Calculations Do Not Include Fees and Expenses

The calculations utilize return data that do not include fees or operating expenses. If included, fees and other operating expenses would materially reduce these calculations. Recommendations included in the calculations to redeem funds from certain investments or transfer money to others do not account for fees and charges that may be incurred.

NaviPlan Calculations May Include Variable Products

Variable life insurance policies or deferred variable annuities are inherently risky and may be included in the calculations. The return rate assumptions used throughout this analysis do not relate to the underlying product illustrated. These returns should not be used as a proxy for actual performance as they may exaggerate the performance potential of the underlying investment accounts (subaccounts). Any calculations incorporating variable products are hypothetical and intended to show how the performance of the underlying subaccounts could affect the value and death benefit of the variable products; these calculations are not intended to predict or project investment results. Please review all assumptions in the Plan Data Summary section of this report to assess the reasonableness of the assumptions associated with any variable products used in the calculations.

The rates of return have not been adjusted to include mortality and expense fees attributable to variable annuities. These fees, and their effects on asset growth, are accounted for as a monthly expense of the annuity contract and can be observed in applicable net worth reports.

If a variable annuity included in this analysis contains a guaranteed minimum withdrawal rider, it is important to understand that if the contract value is greater than the guaranteed minimum withdrawal benefit once withdrawals begin, as an investor you will have paid for the rider and not actually used it.

Income taxes during the annuitization phase are accounted for in the calculations. See the section titled NaviPlan Calculations Include Limited Accounting for Taxes in this Disclaimer for further information on the tax methodology used.