



Financial Plan

Prepared for: **John and Dana Smith**

Prepared by: **Pat Smith**

Date: **06/02/2016**



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Executive Summary

Dear Mary and John,

I appreciate the opportunity to develop a comprehensive personal financial plan for you. Today's financial environment is complex and in many regards, uncertain. The decisions you make regarding work, spending, investment, and retirement, both now and in the future, will significantly affect your financial condition over the long term.

In an effort to aid you in learning, understanding, and formulating a personal basis for decision making, this plan represents a framework to clarify and structure your financial matters. This plan is based upon confidential information you provided regarding your present resources and objectives. While illustrations within this plan can be a valuable aid in the examination of your finances, it does not represent the culmination of your planning efforts. Financial planning is an ongoing process.

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

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

This plan does not provide tax or legal advice, but may illustrate some tax rules or effects and mention potential legal options for educational purposes. Information contained herein is not a substitute for consultation with a competent legal professional or tax advisor and should only be used in conjunction with his or her advice. The results shown in this illustration are not guarantees of, or projections of future performance. Results shown are for illustrative purposes only.

This presentation contains forward-looking statements and there can be no guarantees that the views and opinions expressed will come to pass. Historical data shown represents past performance and does not imply or guarantee comparable future results. Information and statistical data contained herein have been obtained from sources believed to be reliable but in no way are guaranteed as to accuracy or completeness. The Assumptions page contains information you provided that is used throughout the presentation. Please review the information for accuracy and notify us promptly if discrepancies in the assumptions are present; discrepancies may materially alter the presentation.



Highlights of Your Personal Financial Plan

Based on the analysis of your personal finances, future financial goals, your overall desires and preferences, and certain assumptions, we have compiled this summary. For a detailed explanation you should read this report in its entirety.

Retirement Savings Plan

For your retirement, you need approximately \$4.5 million to maintain the desired lifestyle over your expected lifespan. Based on the current retirement savings, contributions, and assuming that Social Security, we estimate that your retirement savings may approach about \$3.6 million by the time of your retirement. Of course there is no guarantee for that. In order to increase your probability of hitting this target, you may need to contribute additional \$3,000 per month.

Investment Management

Your investment management plan to a large extent is dependent your comfort level with the risk associated with different types of securities. Based on your responses on risk profile questionnaire, you are comfortable with a **moderate** level of risk. Given that John plans to retire at the age of 61 (17 years from now) and Mary at age 65, your time horizon for investment is fairly long term. A typical diversified portfolio that we use for a moderate investor with a long-term investment plan is expected to produce an annual rate of return of 6.39% after accounting for our investment management fee. This portfolio allocation will change over time as you approach retirement.

Retirement Income Plan

We also produced a hypothetical income plan for both of you during retirement. This plan is an attempt to compare your lifestyle and healthcare expenses during retirement with the income that your portfolio may generate and the income from other sources e.g. Social Security, pensions, and annuities. It appears, that your current savings and contributions may support a retirement lifestyle that you would have now if your income was about 65%.

Recommended Next Steps

I would like you to review this report along with the information of your finances that was used in generating this report. I would also like to schedule a meeting with you to discuss any questions on this plan and to agree on an investment plan. As you review this report, please do not hesitate to contact me if you have any questions. Again, thank you for giving me the opportunity to work with you.

Kind regards,
Pat

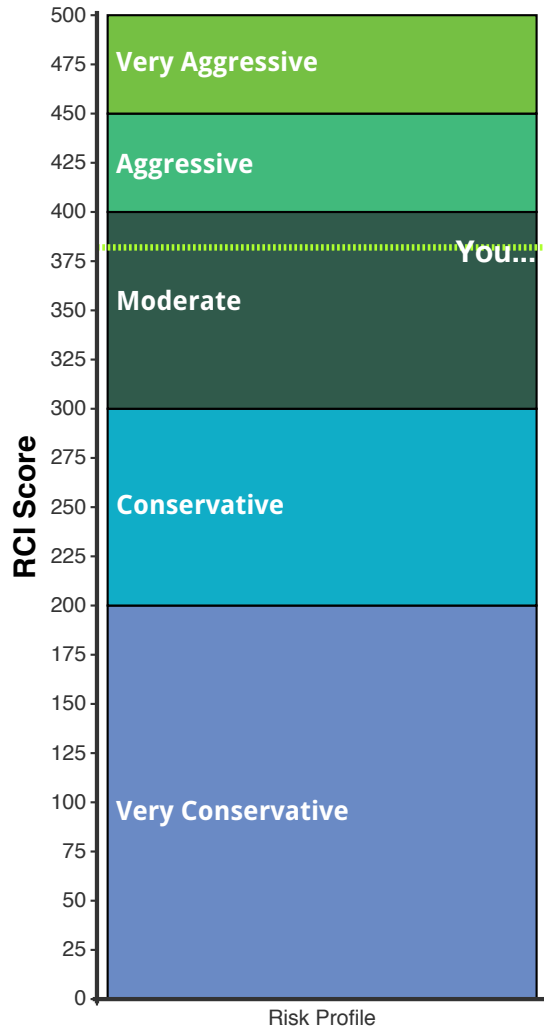


Investment Risk Profile



Your risk profile with a Risk Capacity Index (RCI) of 382 is 'Moderate'.

The Risk profile chart below shows your selected profile based on your responses to the RCI questionnaire.





| | |
|--|---|
| Age | 55 years |
| Highest Level of Education | Master's degree or PhD in Finance or Economics. Master's degree or PhD in some other discipline. Bachelor's degree in Finance or Economics. Bachelor's degree in some other discipline. High School. |
| Profession/ Source of Income | Stable job that is unaffected by recession or market fluctuations. Generally stable, chances I would lose my job in a bad economy are less than 10%. Somewhat stable, chances I would lose my job in a bad economy are less than 25%. But it will impact my income. Unstable, my job is tied to the economy. I have a 50/50 chance of losing my job. Temporary worker with specialized skills that don't have a lot of demand. |
| Annual Household Income | \$200,000 |
| Total Investment Portfolio | \$600,000 |
| Knowledge of Investments (Stocks and bonds or stock and bond mutual funds/exchange traded funds) | I fully understand these investments and invest in them because I know historically over a 5 to 10 year period these investments outperform more conservative investments. I have a good understanding of these products but I try not to put more than 50% of my investments in them. I have some understanding of these products and invest in them. My friends/family members tell me that securities are good investments for longer term investment goals. I have some understanding of these products and am considering investing in them. I have no understanding of these products OR I understand these products but find them too risky for me. |



Investment Experience

I have invested in options, futures, and currency markets.

I have invested in stocks, mutual funds, or stock ETFs for over 10 years.

I have invested in stocks, mutual funds, or stock ETFs for 5 to 10 years.

I have invested in stocks, mutual funds, or stock ETFs for less than 5 years.

I have never invested in stocks, mutual funds, or stock ETFs.

Types of Past Investments

Options, futures, or currency trading.

Individual stocks and bonds.

Stock or bond mutual funds, or ETFs.

Treasury or municipal bonds, or bond funds.

CDs or money market accounts.

Your reaction if the market went down by 50%

I always keep some money set aside for such opportunities and I HAVE actually invested more when there was a broad panic in the marketplace.

I always keep some money set aside for such opportunities. In the past I have stayed put, but in the future, I plan to buy more even when the conventional wisdom and media indicate that the market will continue to drop.

I will stay put and not look at my investments.

I will try to move into somewhat conservative investments.

I will sell all my investments to limit my losses.



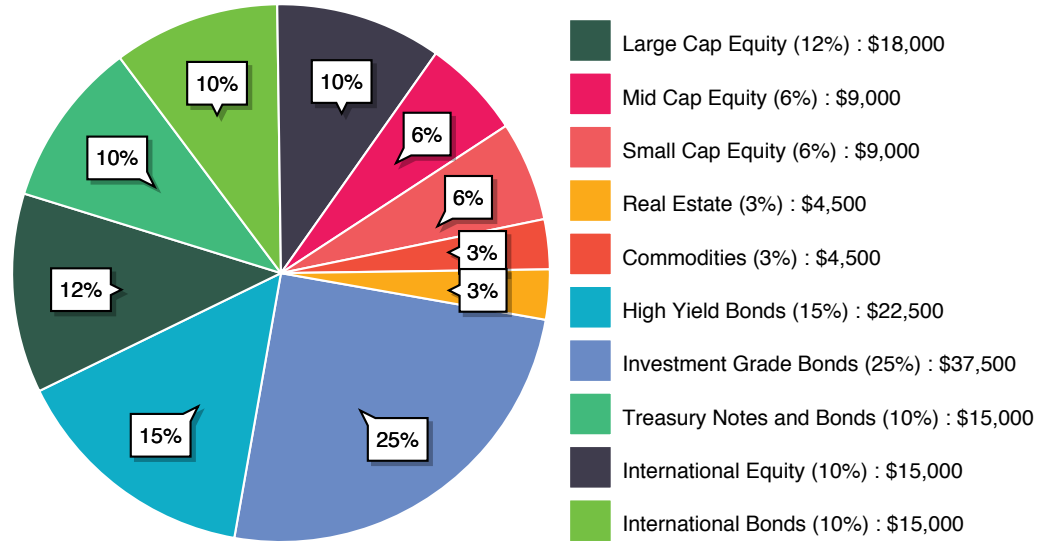
Asset Allocations



Asset Allocation for Retirement Portfolio

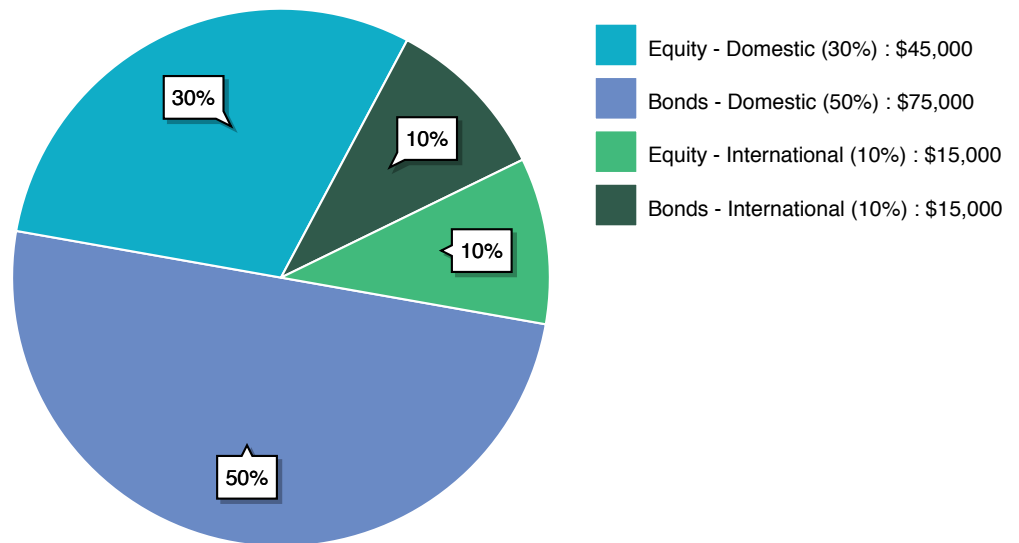
John's Qualified Portfolio

Suggested Asset Allocation by Asset Classes



Weighted Expected Annual Return : 6.52%,
Weighted Expected Standard Deviation : 3.88
In some cases, the above asset allocations may not add up to 100% due to rounding.

Suggested Asset Allocation by Asset Categories

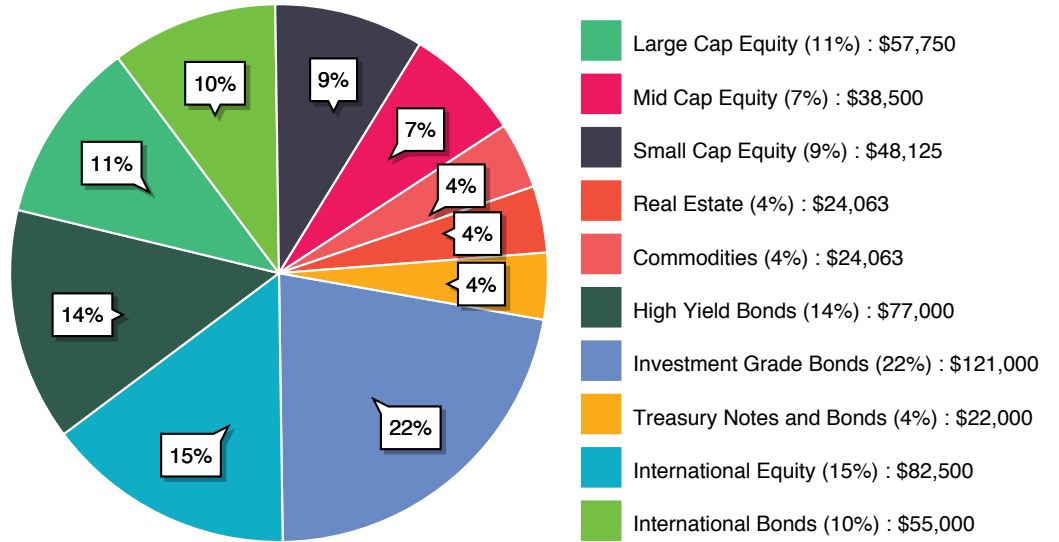




Asset Allocation for Retirement Portfolio

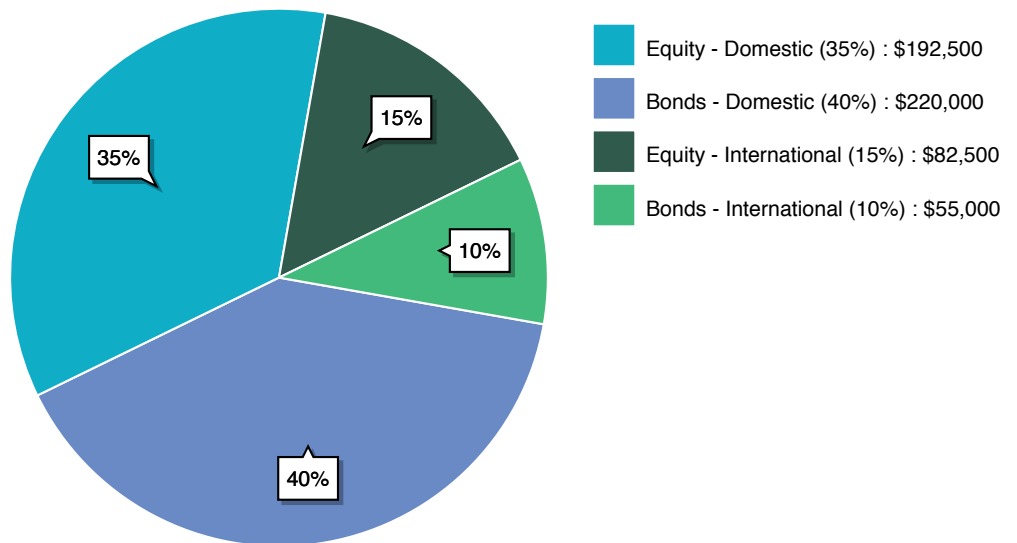
Dana's Qualified Portfolio

Suggested Asset Allocation by Asset Classes



Weighted Expected Annual Return : 7.02%,
Weighted Expected Standard Deviation : 3.35
In some cases, the above asset allocations may not add up to 100% due to rounding.

Suggested Asset Allocation by Asset Categories

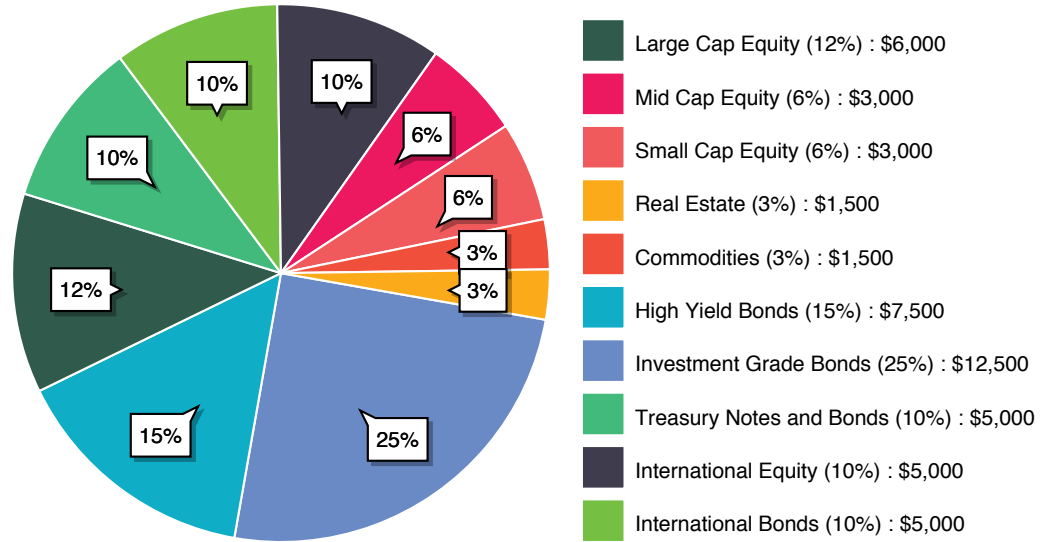




Asset Allocation for Retirement Portfolio

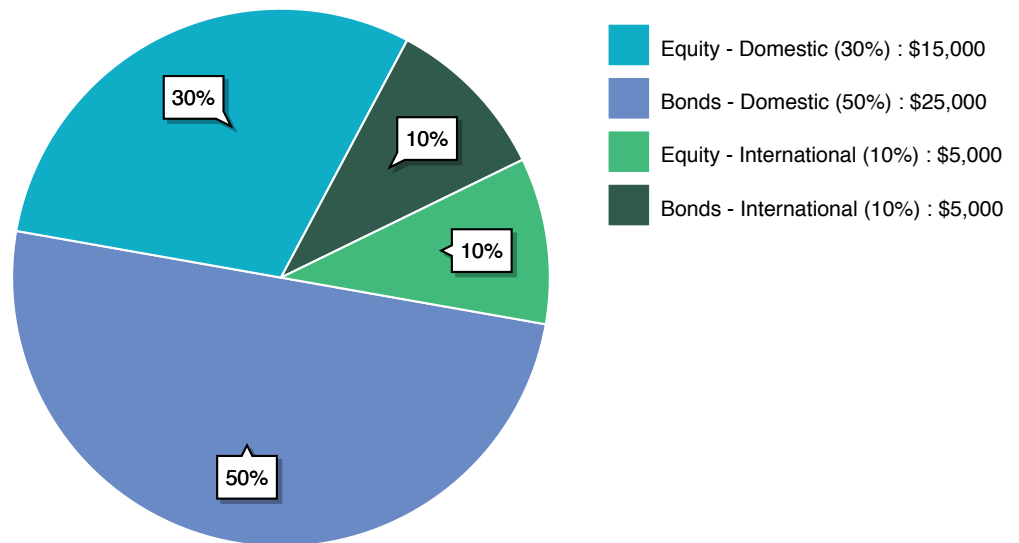
John's Roth Portfolio

Suggested Asset Allocation by Asset Classes



Weighted Expected Annual Return : 6.52%,
Weighted Expected Standard Deviation : 3.88
In some cases, the above asset allocations may not add up to 100% due to rounding.

Suggested Asset Allocation by Asset Categories

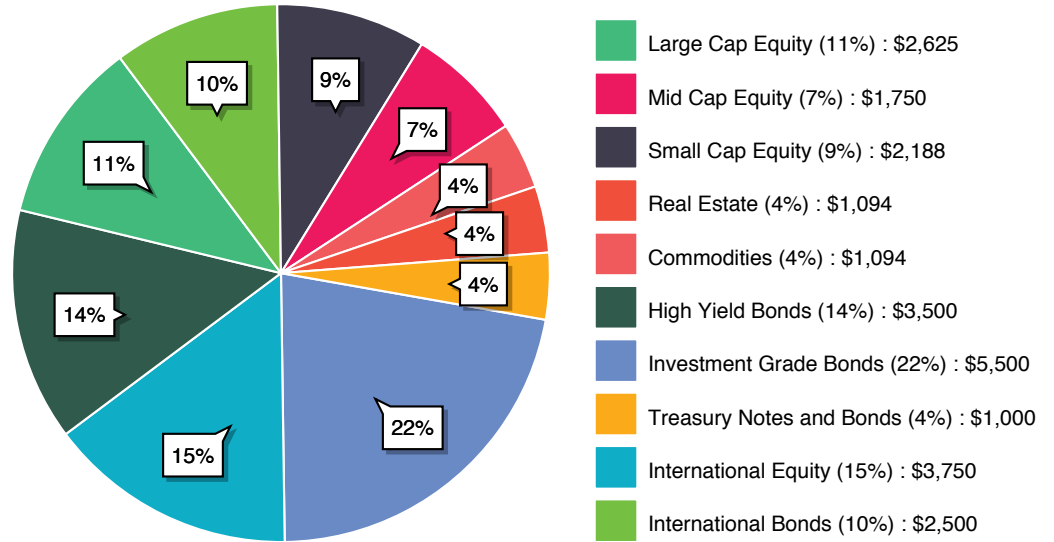




Asset Allocation for Retirement Portfolio

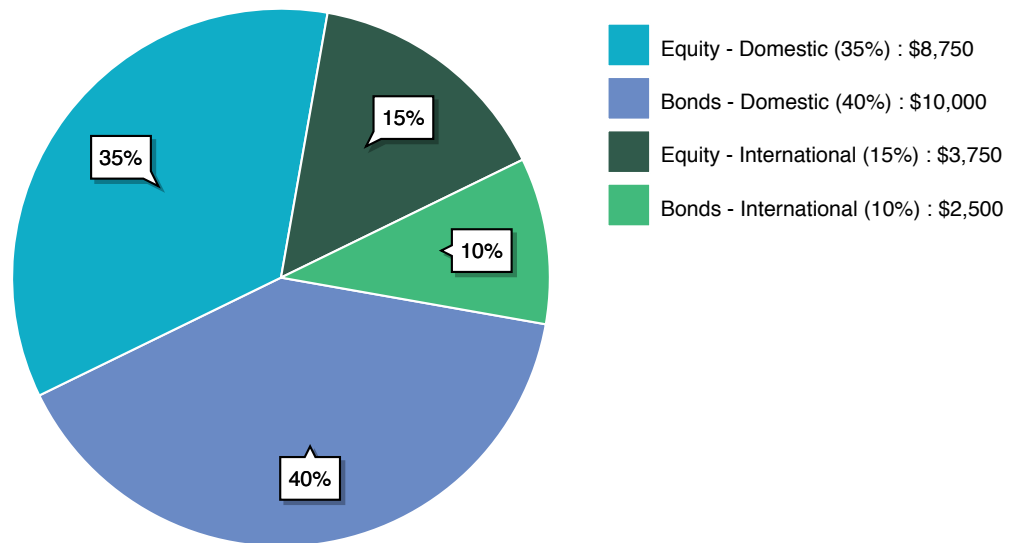
Dana's Roth Portfolio

Suggested Asset Allocation by Asset Classes



Weighted Expected Annual Return : 7.02%,
Weighted Expected Standard Deviation : 3.35
In some cases, the above asset allocations may not add up to 100% due to rounding.

Suggested Asset Allocation by Asset Categories

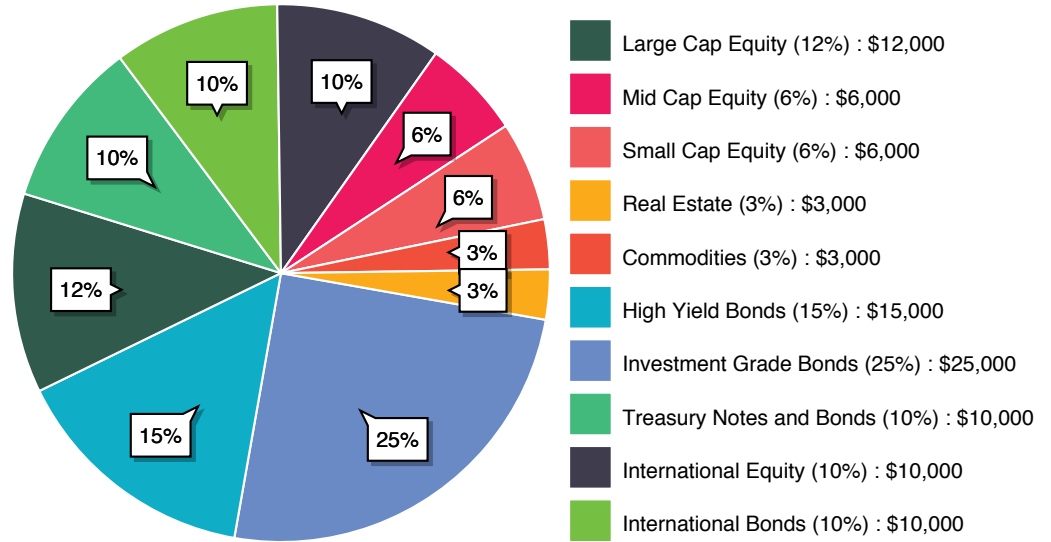




Asset Allocation for Retirement Portfolio

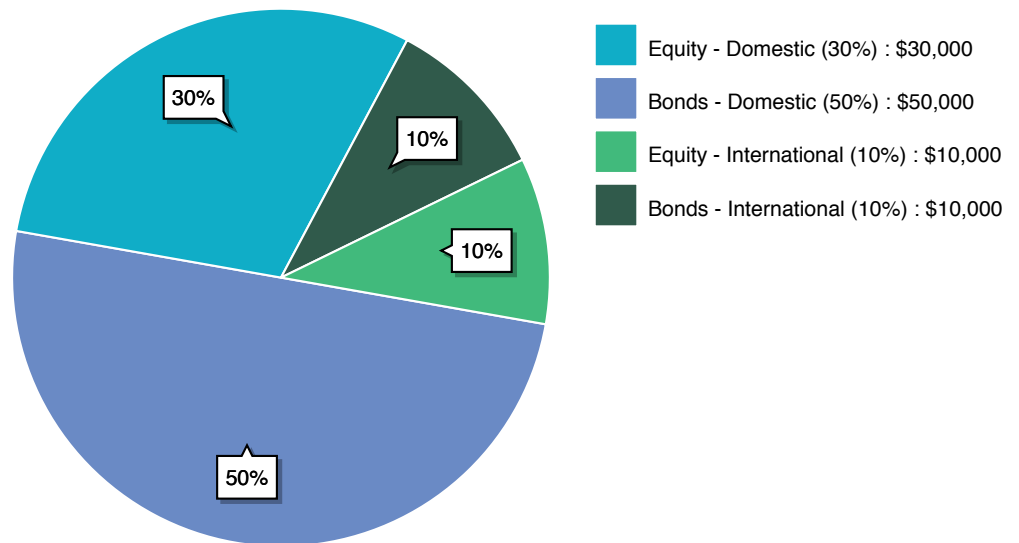
John's Non-qualified Portfolio

Suggested Asset Allocation by Asset Classes



Weighted Expected Annual Return : 6.52%,
Weighted Expected Standard Deviation : 3.88
In some cases, the above asset allocations may not add up to 100% due to rounding.

Suggested Asset Allocation by Asset Categories

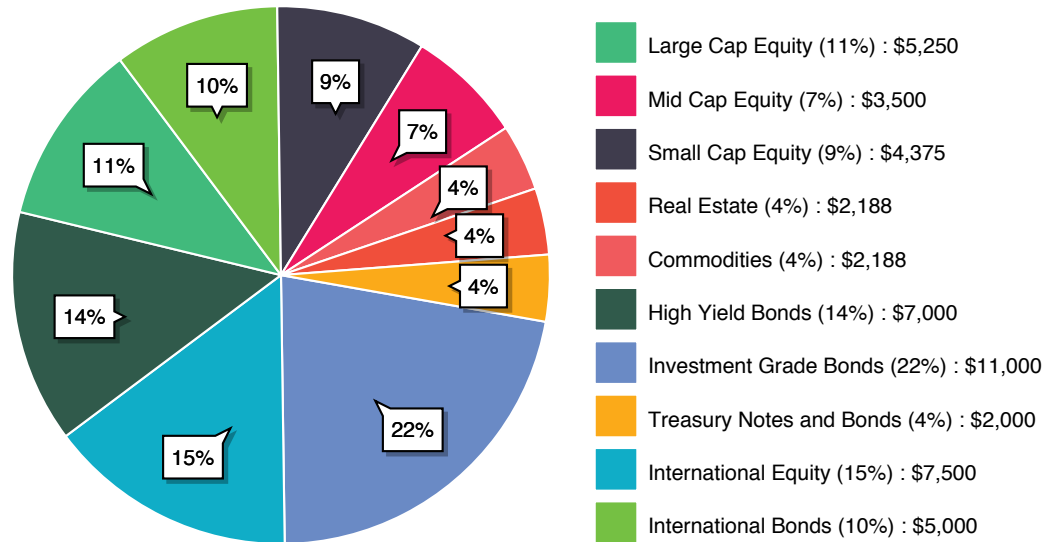




Asset Allocation for Retirement Portfolio

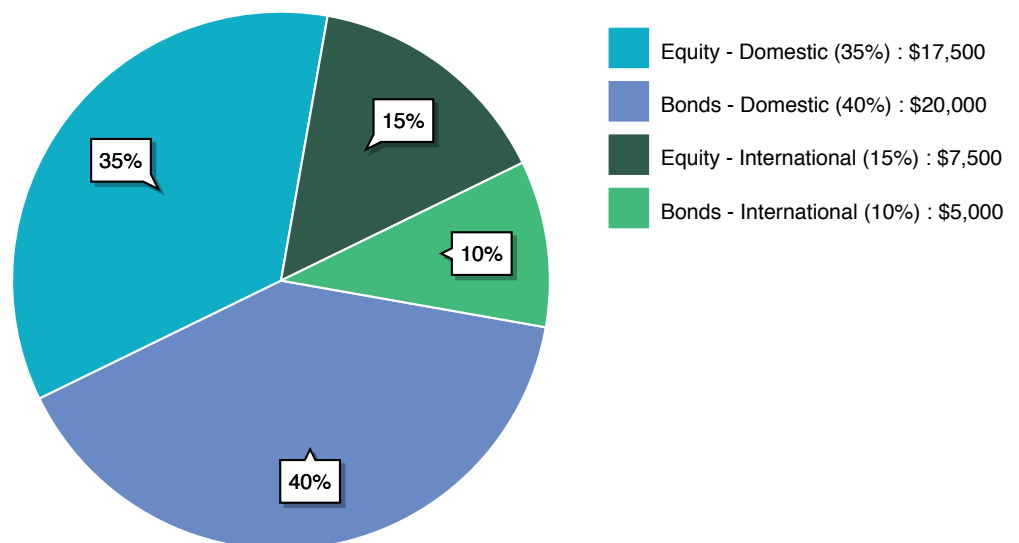
Dana's Non-qualified Portfolio

Suggested Asset Allocation by Asset Classes



Weighted Expected Annual Return : 7.02%,
Weighted Expected Standard Deviation : 3.35
In some cases, the above asset allocations may not add up to 100% due to rounding.

Suggested Asset Allocation by Asset Categories



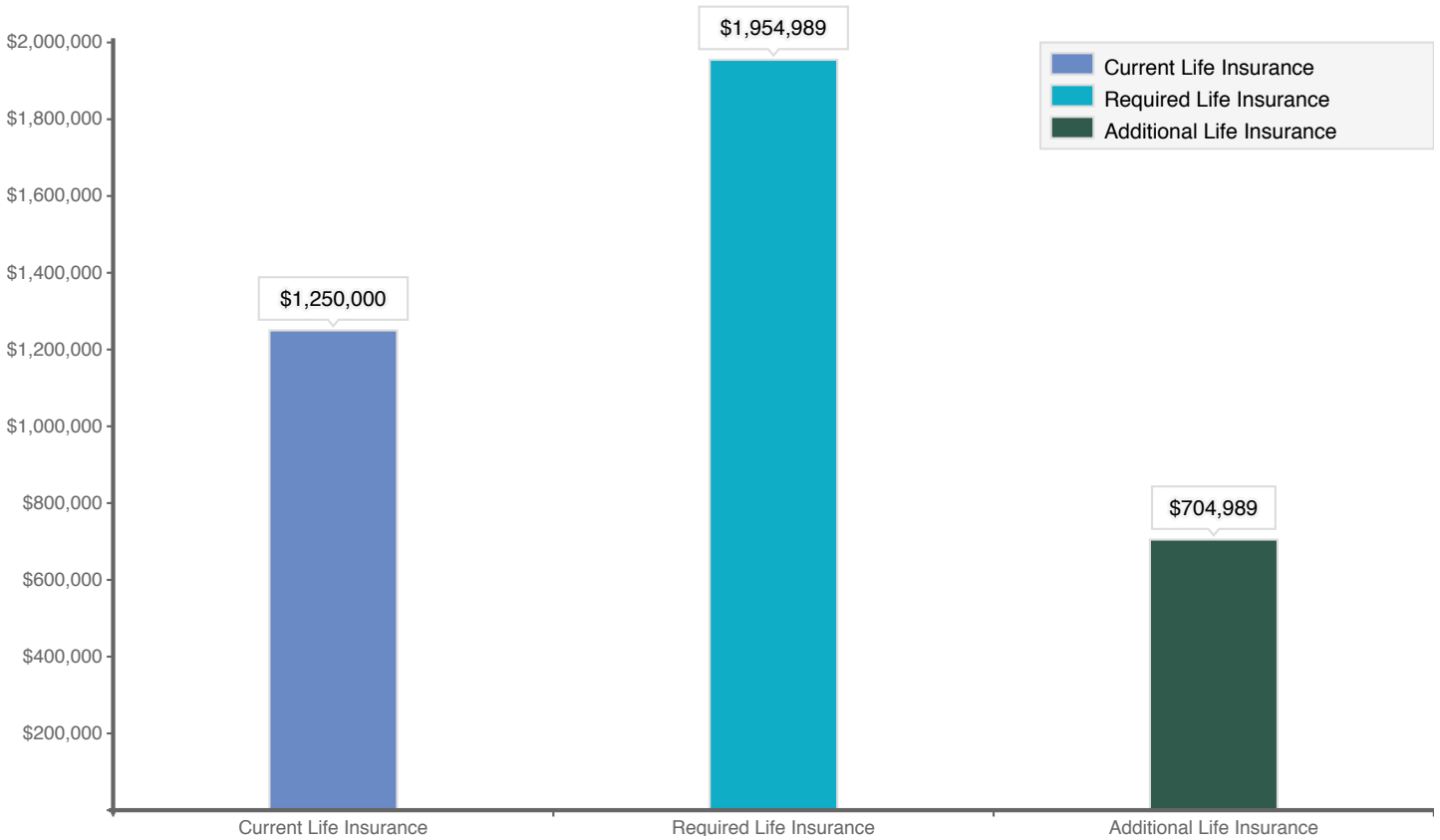


Insurance Analysis



Life Insurance Analysis for John Smith

| Required Insurance | Current Insurance | Additional Insurance |
|--------------------|-------------------|----------------------|
| \$1,954,989 | \$1,250,000 | \$704,989 |



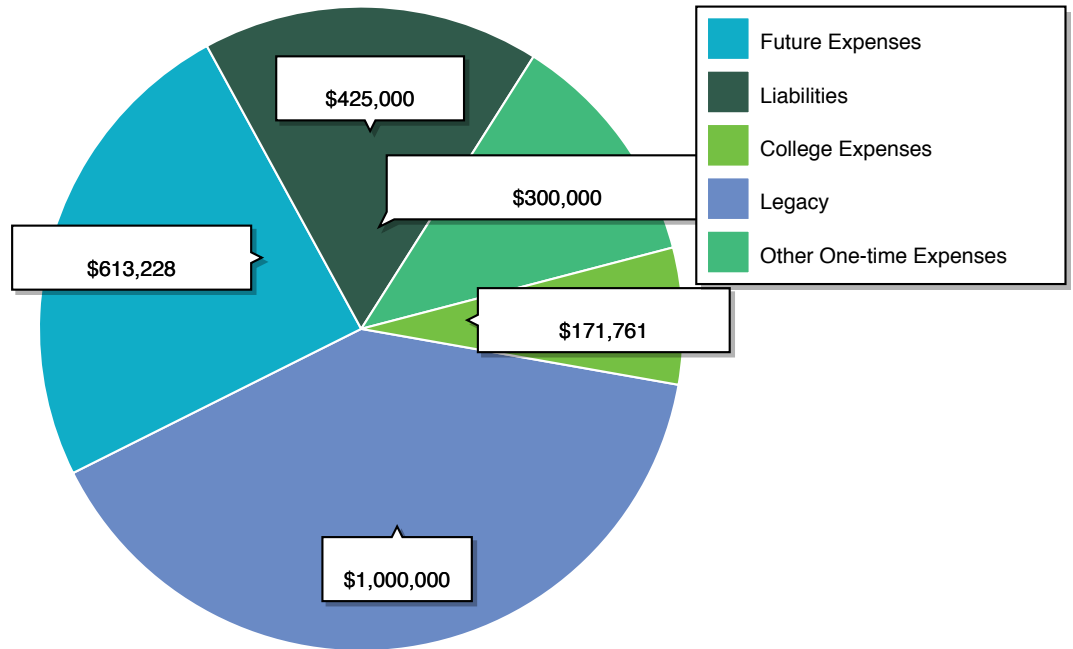
Action Plan for John Smith

Based on the information you provided, you don't seem to have enough life insurance coverage. You need an additional life insurance of \$704,989. The life insurance coverage provides the financial security to your dependents and liquidity for your estate in case of your untimely death. As shown in the table above, the life insurance coverage is based on liabilities, income to support loved ones, and to pay for significant expenses e.g. a wedding, college education for kids, and your funeral. For all the information used in life insurance calculations, please read the "Information Used" section of this report.

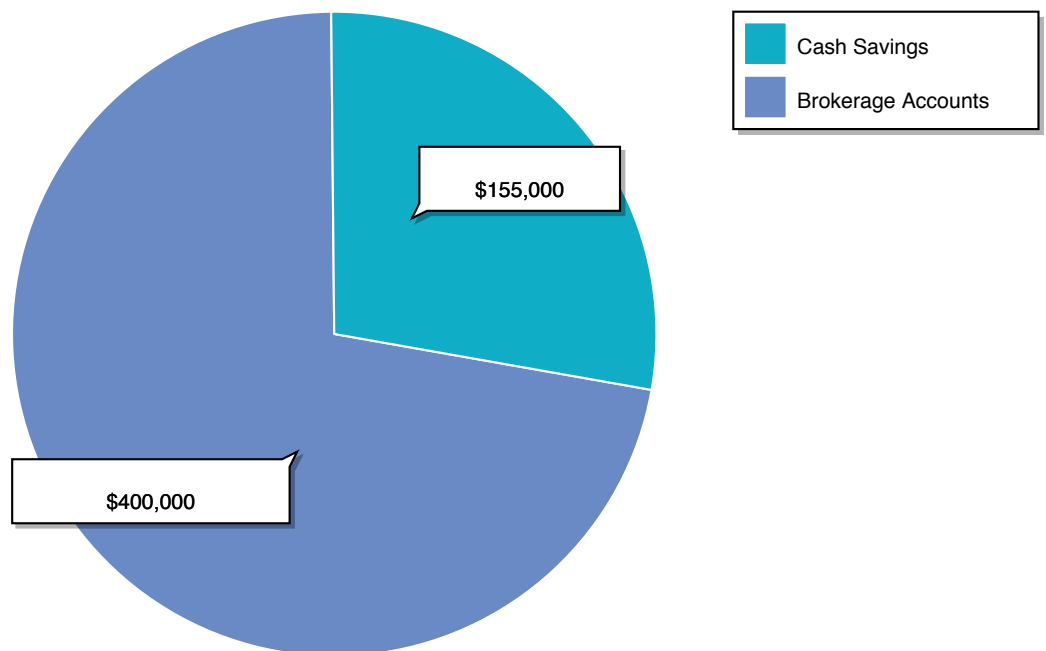
Please note that the amount of life insurance coverage is dependent on your age, current financial situation and your desires. It is recommended that you review your life insurance coverage annually as well as in case of a life event.

| Assets | | Obligations | | Life Insurance | |
|--------------------|-----------|-------------------|-------------|------------------------|-------------|
| Cash Savings | \$155,000 | Future Expenses | \$613,228 | Obligations | \$2,509,989 |
| Brokerage Accounts | \$400,000 | Liabilities | \$425,000 | - Assets | \$555,000 |
| | | Legacy | \$1,000,000 | Life Insurance Need | \$1,954,989 |
| | | One-time Expenses | \$300,000 | Current Life Insurance | \$1,250,000 |
| Total Assets | \$555,000 | Total Obligations | \$2,509,989 | Additional Insurance | \$704,989 |

Obligations: \$2,509,989



Assets: \$555,000

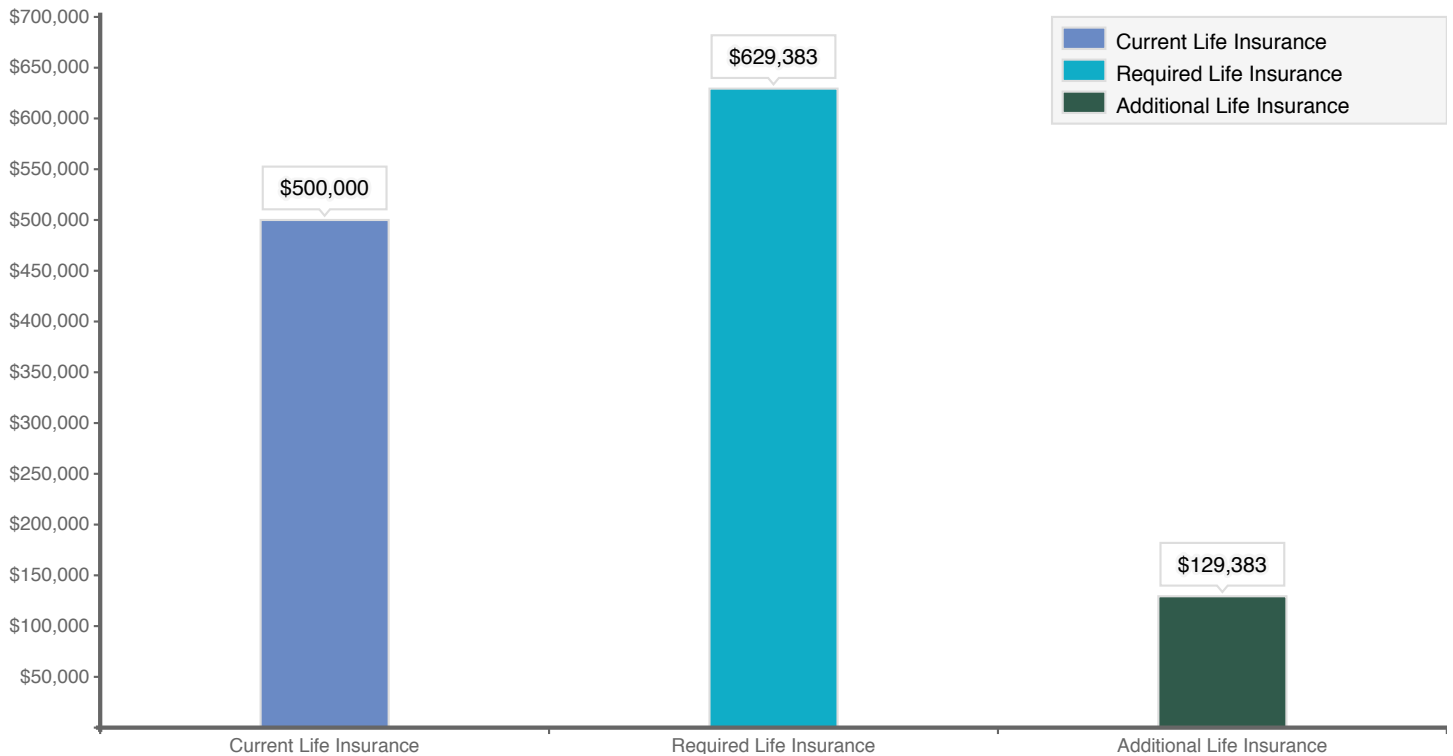




Life Insurance Analysis for Dana

| Required Insurance | Current Insurance | Additional Insurance |
|--------------------|-------------------|----------------------|
| \$629,383 | \$500,000 | \$129,383 |

Life Insurance



Action Plan for Dana

Based on the information you provided, you don't seem to have enough life insurance coverage. You need an additional life insurance of \$129,383. The life insurance coverage provides the financial security to your dependents and liquidity for your estate in case of your untimely death. As shown in the table above, the life insurance coverage is based on liabilities, income to support loved ones, and to pay for significant expenses e.g. a wedding, college education for kids, and your funeral. For all the information used in life insurance calculations, please read the "Information Used" section of this report.

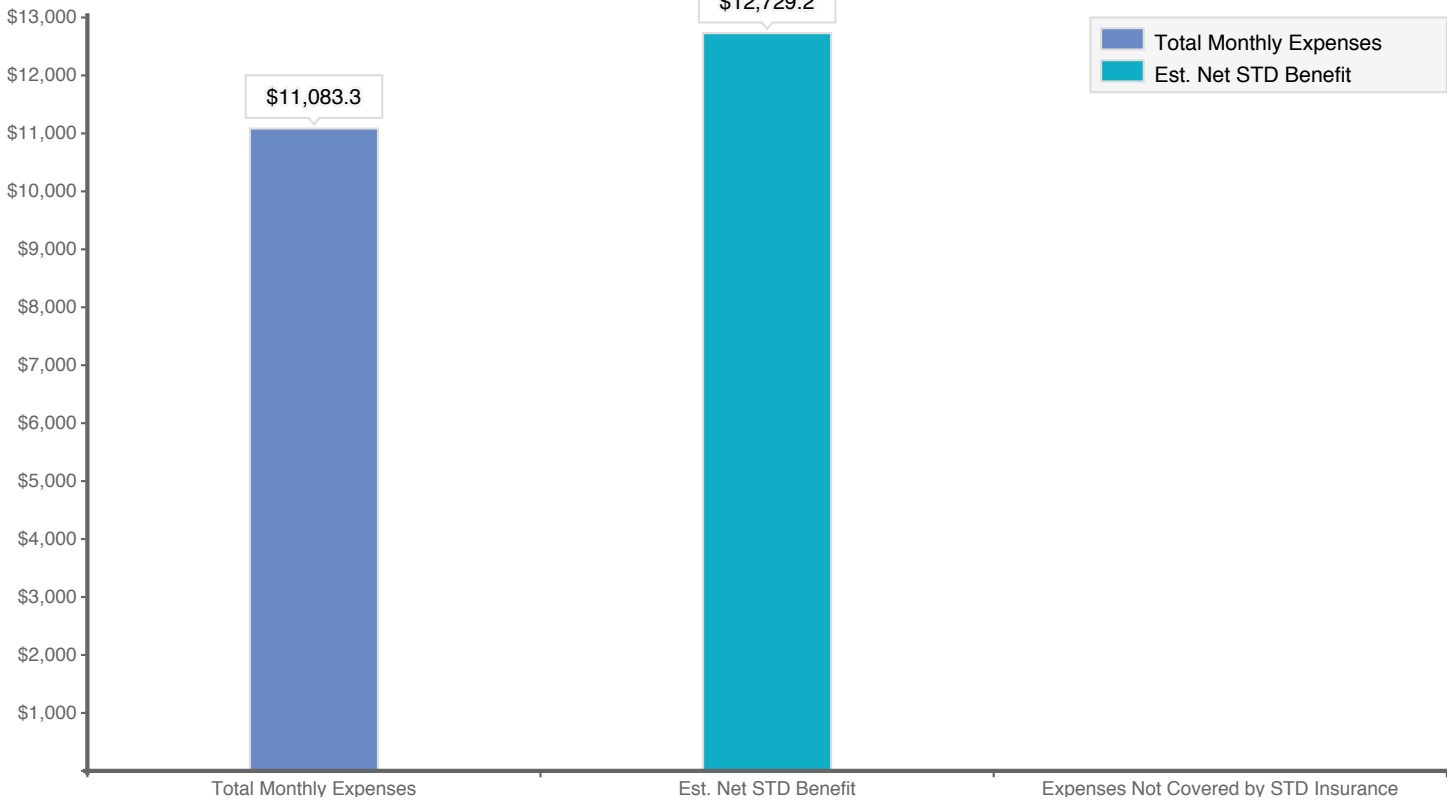
Please note that the amount of life insurance coverage is dependent on your age, current financial situation and your desires. It is recommended that you review your life insurance coverage at least once a year as well as in case of a significant life event.



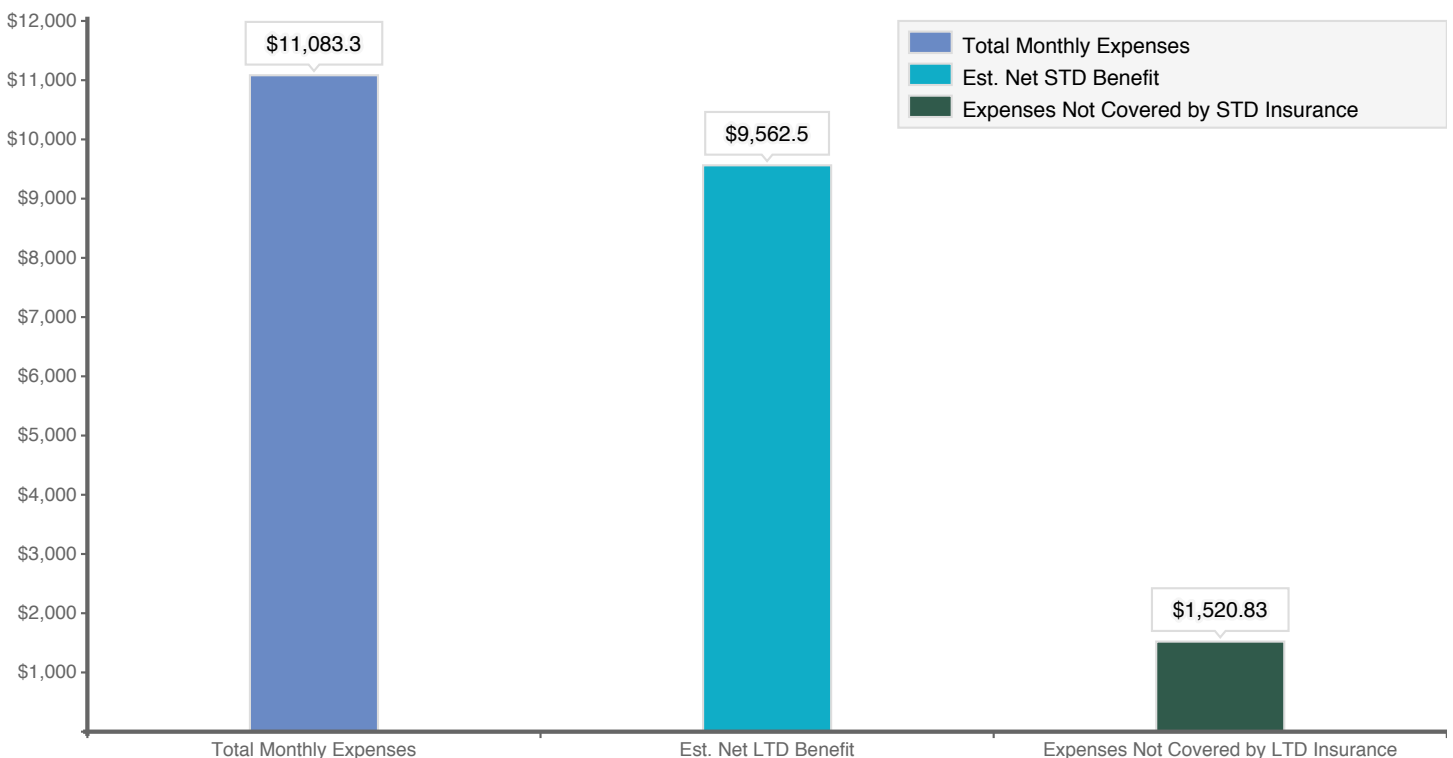
Disability Insurance Analysis for John

| Monthly Salary (Gross) | Monthly Expenses | Short Term Disability Benefit (Net) | Long Term Disability Insurance Benefits (Net) |
|------------------------|------------------|-------------------------------------|---|
| \$16,667 | \$11,083 | \$12,729 | \$9,563 |

Short Term Disability Insurance

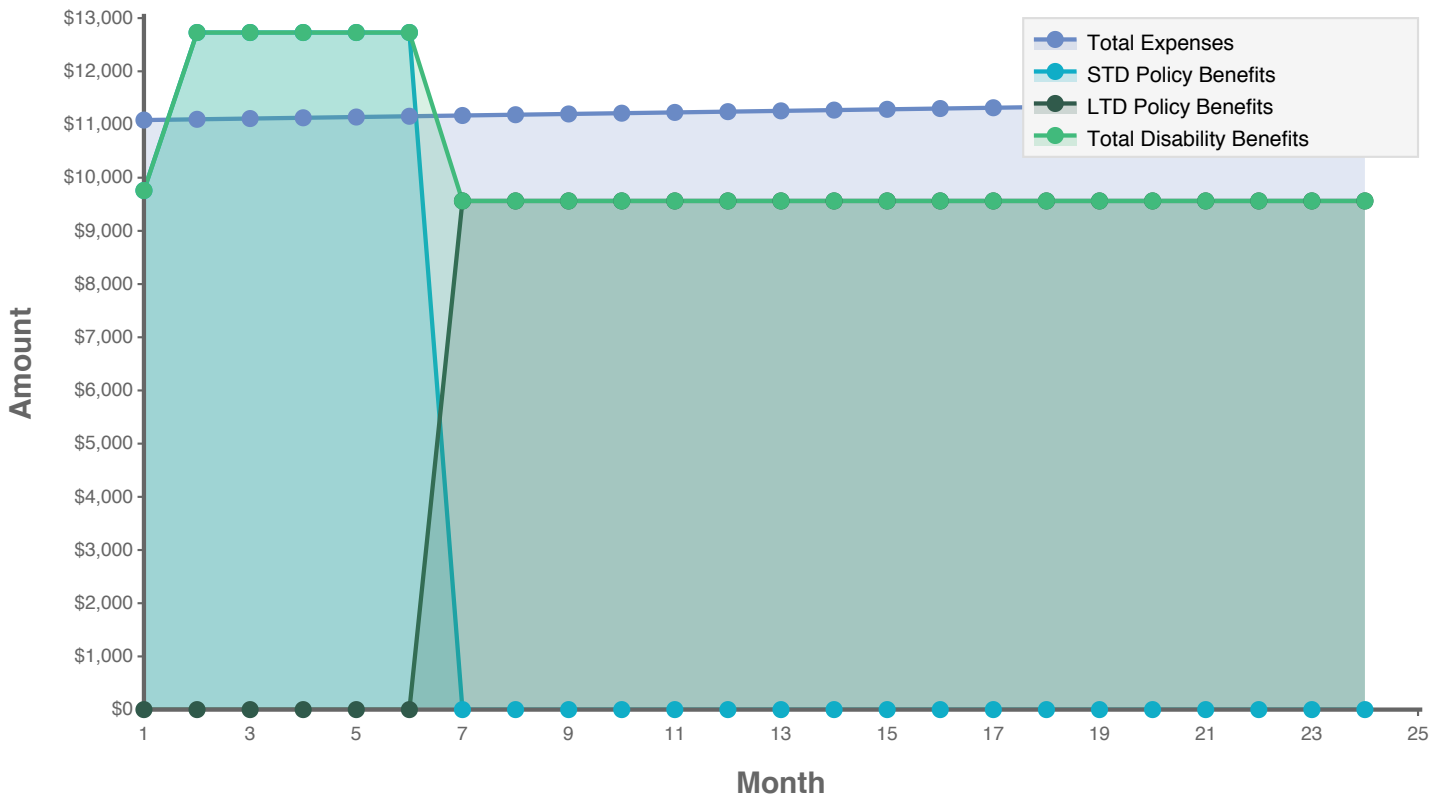


Long Term Disability Insurance





Disability Insurance Analysis for John



| Expenses | | STD Insurance Benefits | | LTD Insurance Benefits | |
|-------------------|----------|---|----------|---|----------|
| Fixed Expenses | \$4,250 | Group Policy Benefit | \$13,333 | Group Policy Benefit | \$10,000 |
| Variable Expenses | \$6,833 | After Tax Benefit + Individual Policy Benefit | \$12,729 | After Tax Benefit + Individual Policy Benefit | \$9,563 |
| Total Expenses | \$11,083 | Total Benefit | \$12,729 | Total Benefit | \$9,563 |
| | | Expense Coverage Ratio | 115% | Expense Coverage Ratio | 86% |



Long Term and Short Term Disability Insurance Policies

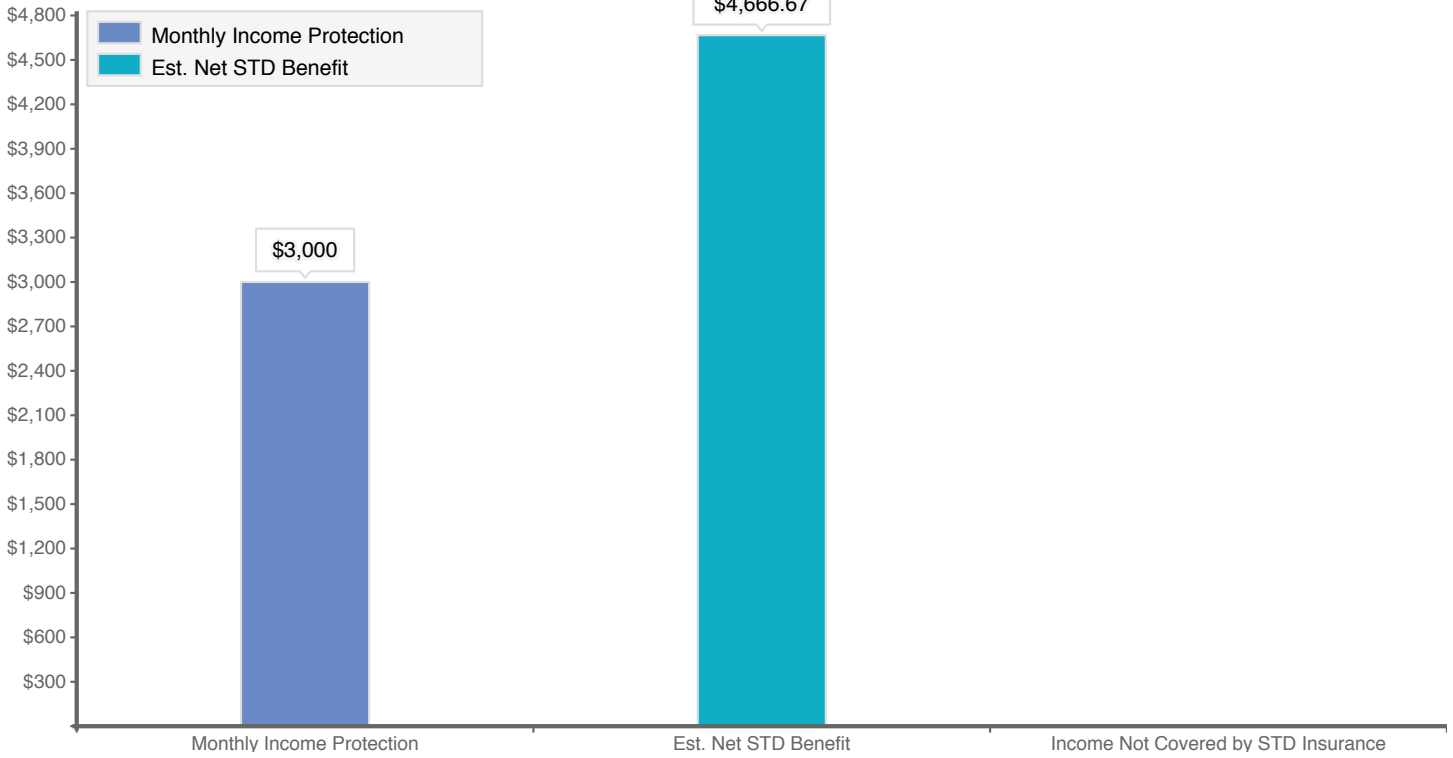
Long term disability insurance policies typically pay 60-80% of pre-disability earnings for a specific period of years or until age 65. You will not be able to get 100% coverage of your pre-disability earnings because that may lead to adverse selection. Usually there is a 60-180 day elimination or waiting period following the onset of disability to qualify for LTD benefits. A supplemental LTD disability is typically purchased by the employee to get additional coverage. The benefits from the employer provided group LTD policy are taxed as ordinary income whereas the benefits from a supplemental policy are tax-free as the premium is paid with after tax dollars. Short term disability insurance pays a percentage of an employee's salary for a specified length of time, if the insured employee is ill or injured, and cannot perform the duties of the job. Coverage usually starts anywhere from one to 14 days after the employee suffers a condition that leaves him/her unable to work. Many times, employees are required to use sick days before short term disability kicks in. The length of benefits is limited, typically between 30 and 90 days. Just like LTD, you may not be able to get the coverage up to 100% of your salary. STD policies are usually written to provide benefits during the waiting period of a LTD policy. It is a good idea to have both a STD and LTD policy. Your STD policy should be for the same length of time that your LTD policy elimination or waiting period is. The tax treatment of STD benefits is similar to that of LTD benefits.



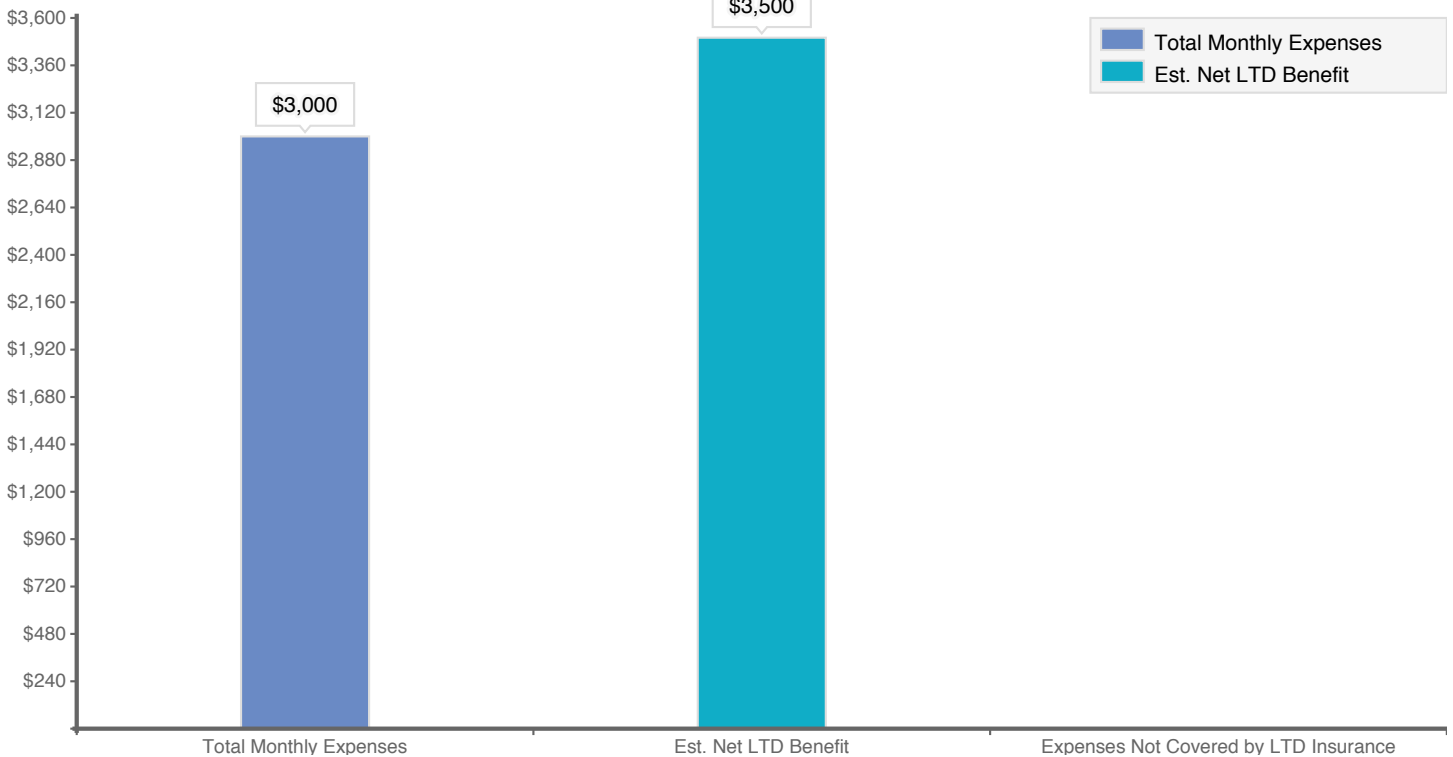
Disability Insurance Analysis for Dana

| Monthly Income Protection | Short Term Disability Benefit | Long Term Disability Insurance Benefits |
|---------------------------|-------------------------------|---|
| \$3,000 | \$4,667 | \$3,500 |

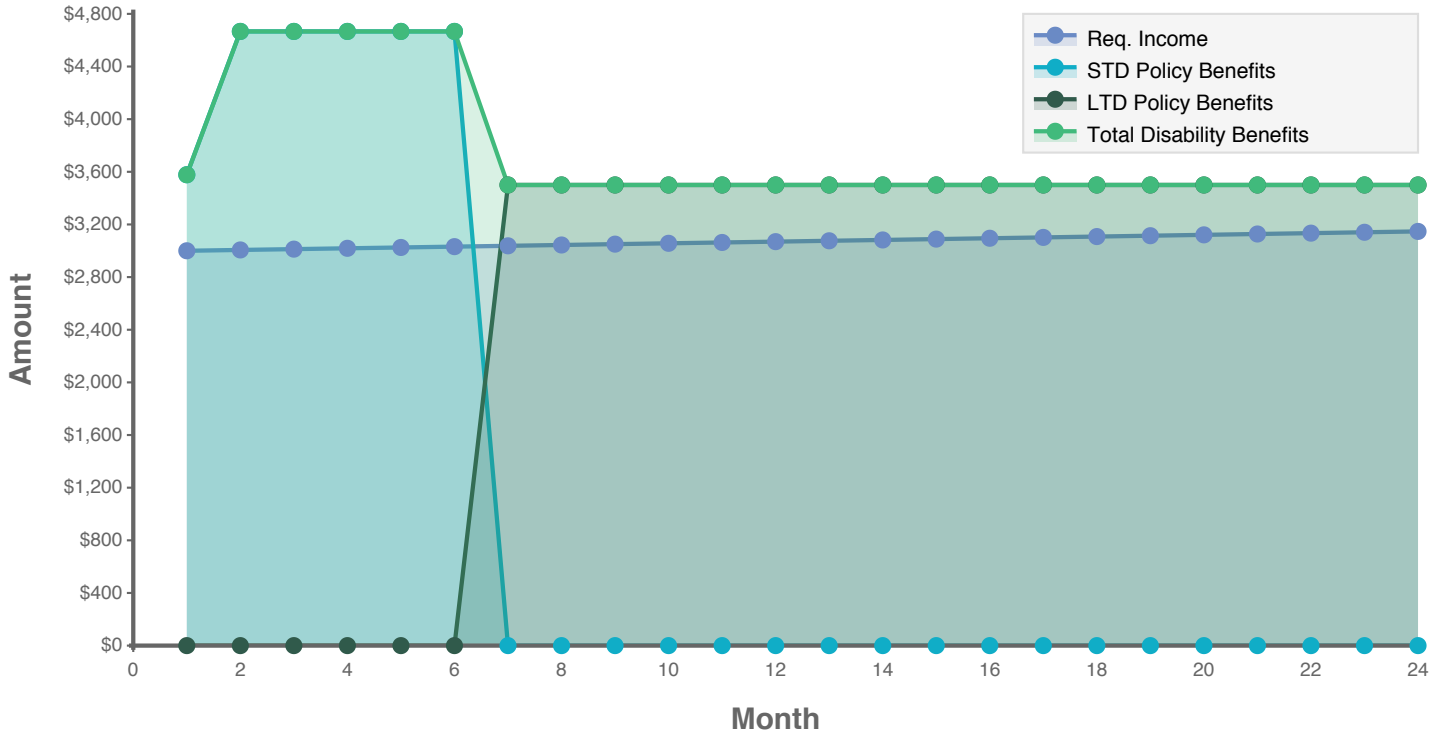
Short Term Disability Insurance



Long Term Disability Insurance



Monthly Income Protection (2 years) & Disability Coverage



Long Term and Short Term Disability Insurance Policies

Long term disability insurance policies typically pay 60-80% of pre-disability earnings for a specific period of years or until age 65. You will not be able to get 100% coverage of your pre-disability earnings because that may lead to adverse selection. Usually there is a 60-180 day elimination or waiting period following the onset of disability to qualify for LTD benefits. A supplemental LTD disability is typically purchased by the employee to get additional coverage. The benefits from the employer provided group LTD policy are taxed as ordinary income whereas the benefits from a supplemental policy are tax-free as the premium is paid with after tax dollars. Short term disability insurance pays a percentage of an employee’s salary for a specified length of time, if the insured employee is ill or injured, and cannot perform the duties of the job. Coverage usually starts anywhere from one to 14 days after the employee suffers a condition that leaves him/her unable to work. Many times, employees are required to use sick days before short term disability kicks in. The length of benefits is limited, typically between 30 and 90 days. Just like LTD, you may not be able to get the coverage up to 100% of your salary. STD policies are usually written to provide benefits during the waiting period of a LTD policy. It is a good idea to have both a STD and LTD policy. Your STD policy should be for the same length of time that your LTD policy elimination or waiting period is. The tax treatment of STD benefits is similar to that of LTD benefits.



Retirement Income Plan



Retirement Income Plan Summary

Dear John and Dana,

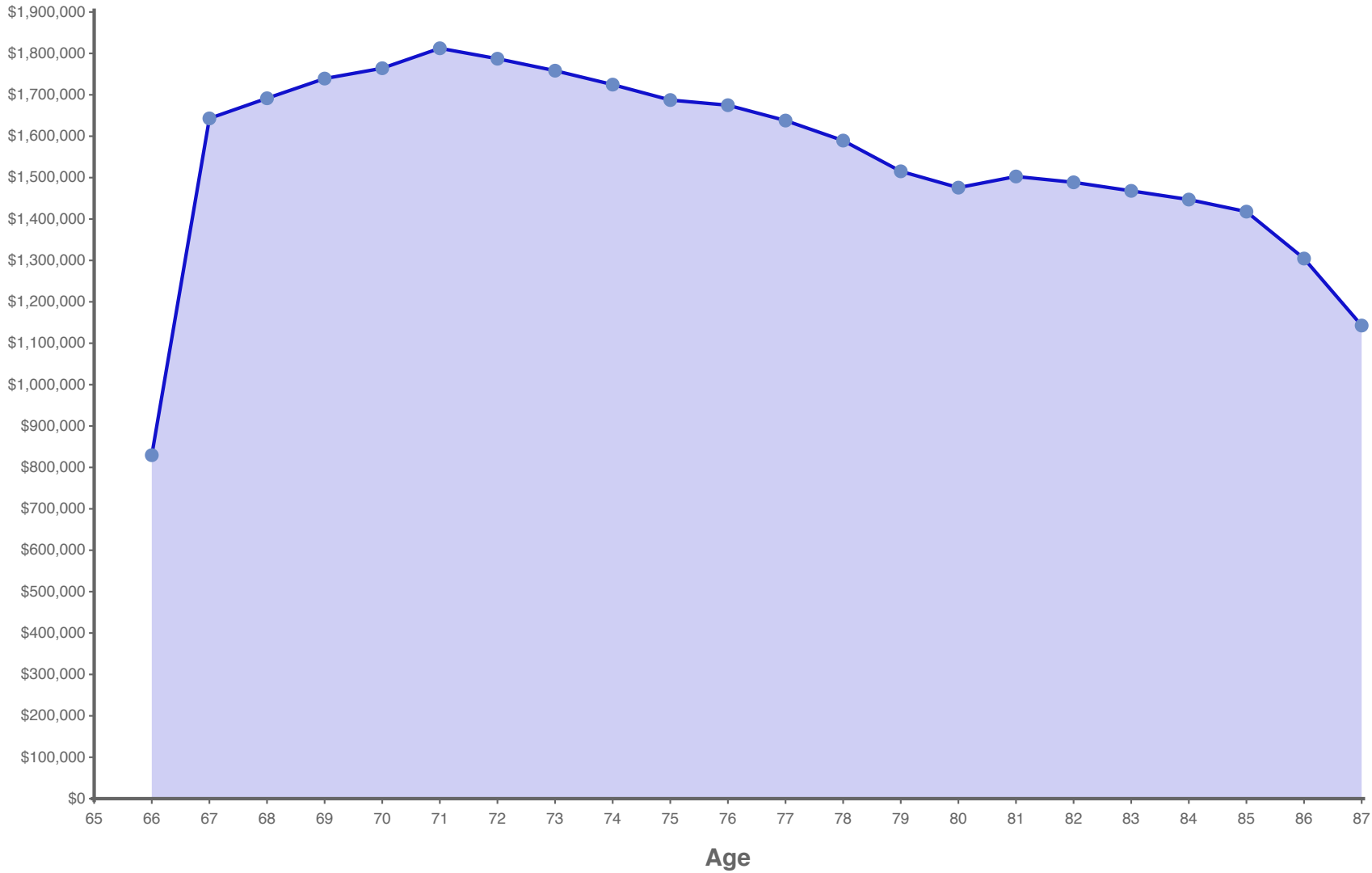
We have prepared this retirement income plan to serve as a snapshot of where you currently stand in relation to your planned income, investments, and expenses. This plan will help you to stay on track and live the kind of retirement you want. The illustration in this plan includes your estimated income, expenses, and your combined investment portfolio by calendar year. For each year during retirement, it estimates your inflation adjusted total expenses. To meet these expenses, the plan checks if those expenses can be paid for by your Social Security benefits, income from a pension or an annuity, and any business/rental income (Other Income). If this income is not sufficient, then the plan takes a distribution from your retirement portfolio. Even if you don't need a portfolio distribution, for years when either of you is over 70 it takes out a required minimum distribution (RMD) from your qualified portfolio to avoid the IRS penalty.

This report is based on a number of assumptions. As a result, it should be used for guidance purposes only. At the end of this report, you will see the information that was used to prepare this plan and a disclosure on some key assumptions. Please read the glossary of terms toward the end of this report before you review the analysis.

Congratulations! Based on your retirement income and expense projections, it appears that you will have sufficient income and assets to pay for your combined expenses throughout your retirement life. This is a significant achievement that you should be proud of. Please review the information used in this report to make sure everything is correct. We need to review this plan on a periodic basis to make sure that going forward your finances remain sound.

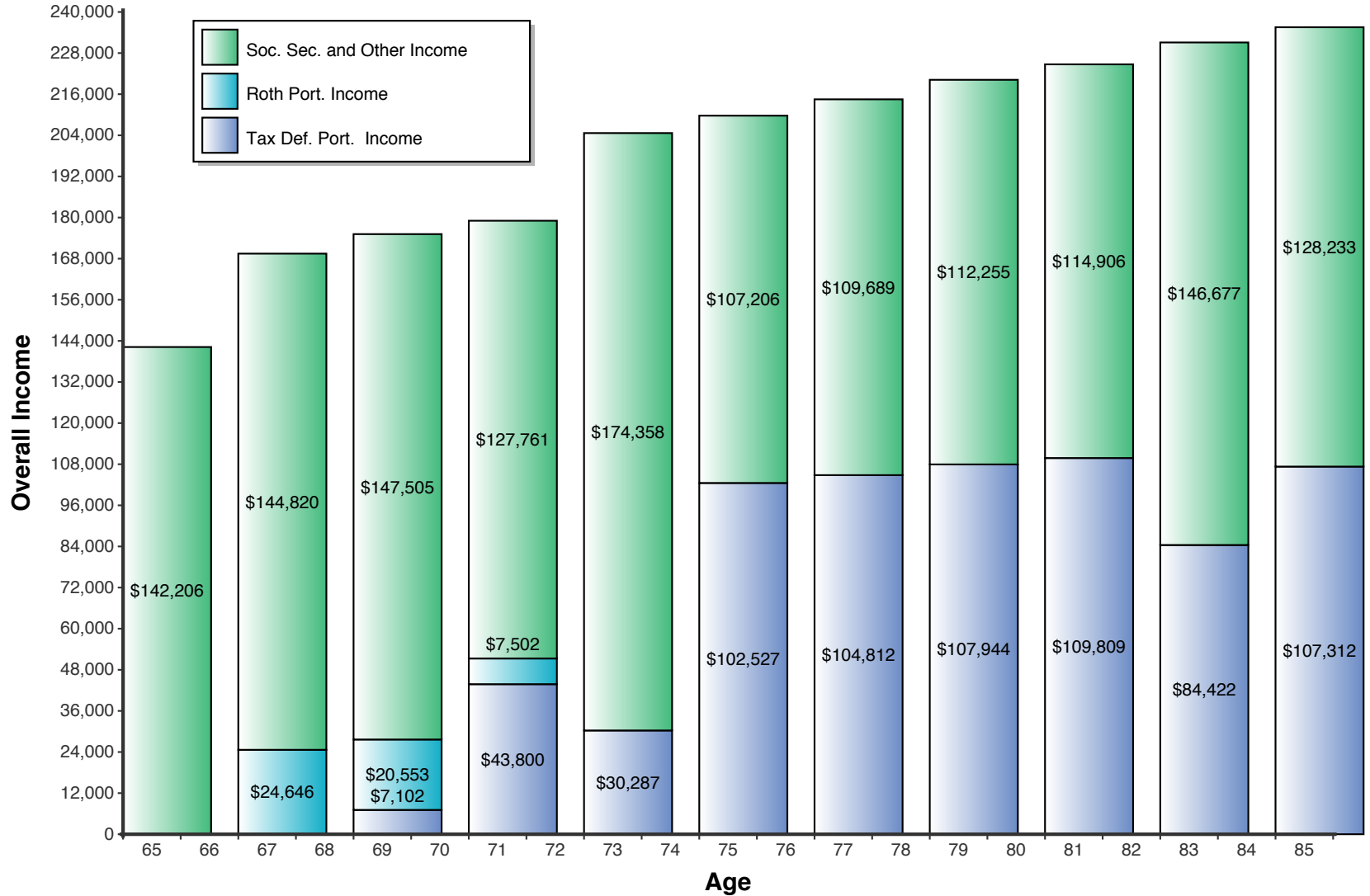


Portfolio Balance Chart



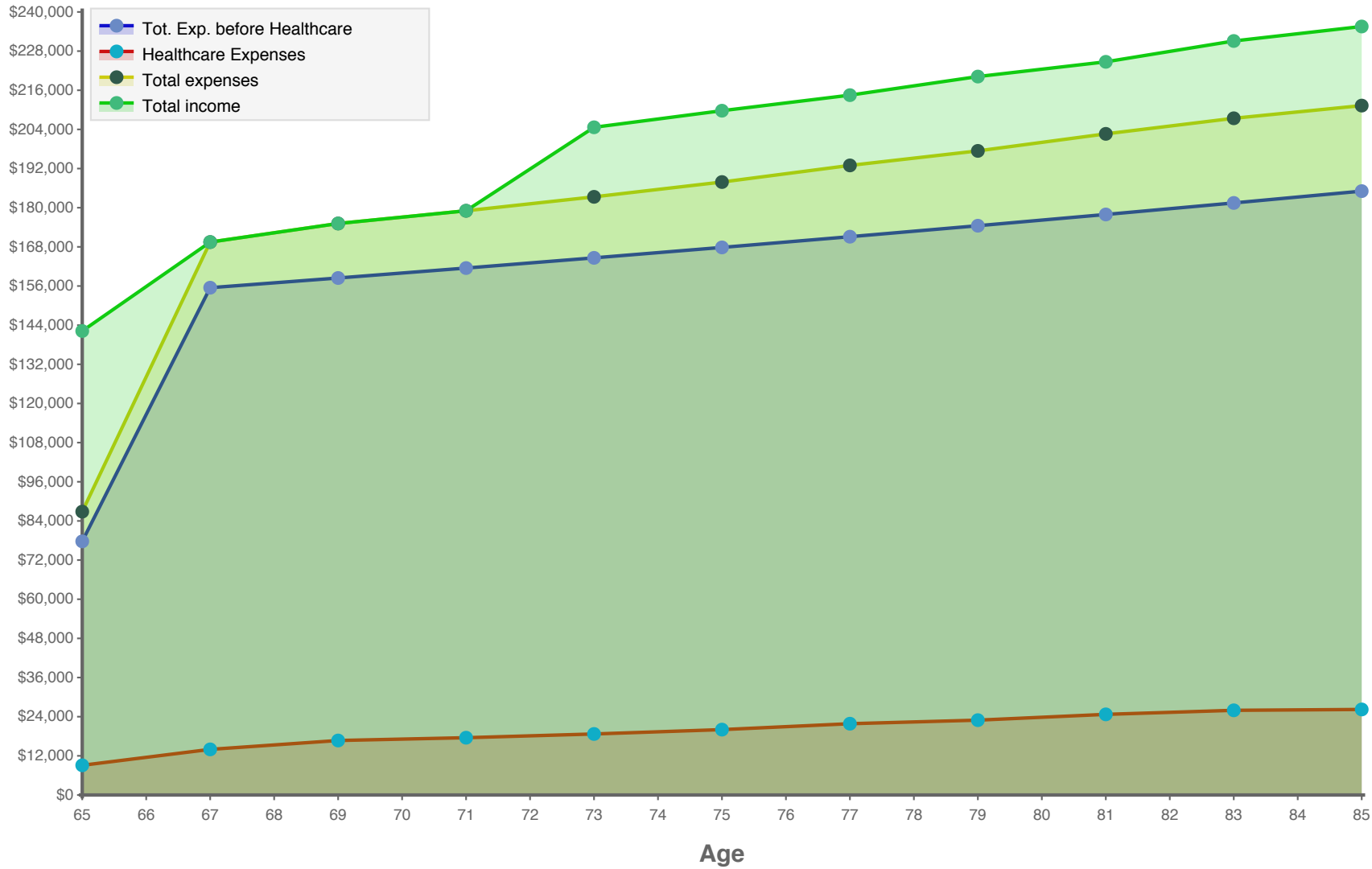


Income from Social Security, Pensions, and Portfolio





Expected Income and Expense Chart





Joint Retirement Income Distribution

| Age | Total Expenses | Other Income (Soc. Sec., Pension, Annuity) | Req. Withdr. | Starting Portfolio | Withdr. Tax-def. | RMD John | RMD Dana | Withdr. Non-qual. | Withdr. Roth | End Portfolio | Est. Withdr. | Total Income | Shortfall |
|-------|----------------|--|--------------|--------------------|------------------|----------|----------|-------------------|--------------|---------------|--------------|--------------|-----------|
| 66/66 | \$86,845 | \$142,206 | | \$829,571 | | | | | | \$871,050 | | \$142,206 | |
| 67/67 | \$169,466 | \$144,820 | \$24,646 | \$1,643,007 | | | | | \$24,646 | \$1,691,605 | \$24,646 | \$169,466 | |
| 68/68 | \$175,159 | \$147,505 | \$27,655 | \$1,691,605 | \$7,102 | | | | \$20,553 | \$1,739,237 | \$27,655 | \$175,159 | |
| 69/69 | \$179,063 | \$127,761 | \$51,302 | \$1,739,238 | \$43,800 | | | | \$7,502 | \$1,764,180 | \$51,302 | \$179,063 | |
| 70/70 | \$183,330 | \$174,358 | \$8,972 | \$1,764,181 | \$30,287 | | \$29,629 | | | \$1,812,406 | \$30,287 | \$204,645 | |
| 71/71 | \$187,871 | \$107,206 | \$80,665 | \$1,812,406 | \$102,527 | | \$30,698 | | | \$1,787,170 | \$102,527 | \$209,733 | |
| 72/72 | \$192,961 | \$109,689 | \$83,272 | \$1,787,171 | \$104,812 | \$19,760 | \$31,801 | | | \$1,758,265 | \$104,812 | \$214,501 | |
| 73/73 | \$197,417 | \$112,255 | \$85,162 | \$1,758,264 | \$107,944 | \$18,483 | \$32,939 | | | \$1,724,624 | \$107,944 | \$220,199 | |
| 74/74 | \$202,637 | \$114,906 | \$87,732 | \$1,724,625 | \$109,809 | \$16,925 | \$34,113 | | | \$1,687,359 | \$109,809 | \$224,714 | |
| 75/75 | \$207,412 | \$146,677 | \$60,734 | \$1,687,359 | \$84,422 | \$15,104 | \$35,323 | | | \$1,674,911 | \$84,422 | \$231,100 | |
| 76/76 | \$211,300 | \$128,233 | \$83,067 | \$1,674,911 | \$107,312 | \$14,231 | \$36,569 | | | \$1,637,844 | \$107,312 | \$235,545 | |
| 77/77 | \$248,852 | \$132,384 | \$116,468 | \$1,637,845 | \$108,473 | \$12,178 | \$37,673 | | \$7,995 | \$1,589,442 | \$116,468 | \$248,852 | |
| 78/78 | \$275,794 | \$136,686 | \$139,107 | \$1,589,442 | \$111,587 | \$9,763 | \$38,986 | | \$27,520 | \$1,515,193 | \$139,107 | \$275,794 | |
| 79/79 | \$212,739 | \$103,049 | \$109,690 | \$1,515,192 | \$95,721 | \$45,499 | | | \$13,969 | \$1,475,777 | \$109,690 | \$212,739 | |
| 80/80 | \$150,370 | \$106,134 | \$44,236 | \$1,475,777 | \$44,579 | \$44,579 | | | | \$1,502,758 | \$44,579 | \$150,713 | |
| 81/81 | \$151,728 | \$66,707 | \$85,021 | \$1,502,758 | \$85,021 | \$46,308 | | | | \$1,488,624 | \$85,021 | \$151,728 | |
| 82/82 | \$159,693 | \$69,160 | \$90,533 | \$1,488,624 | \$90,533 | \$45,809 | | | | \$1,467,996 | \$90,533 | \$159,693 | |
| 83/83 | \$161,609 | \$71,711 | \$89,897 | \$1,467,996 | \$89,897 | \$44,791 | | | | \$1,447,004 | \$89,897 | \$161,609 | |
| 84/84 | \$171,070 | \$74,366 | \$96,704 | \$1,447,004 | \$96,704 | \$43,547 | | | | \$1,417,815 | \$96,704 | \$171,070 | |
| 85/85 | \$252,566 | \$77,128 | \$175,439 | \$1,417,815 | \$175,439 | \$41,534 | | | | \$1,304,495 | \$175,439 | \$252,566 | |
| 86/86 | \$296,199 | \$80,002 | \$216,197 | \$1,304,495 | \$216,197 | \$33,227 | | | | \$1,142,713 | \$216,197 | \$296,199 | |
| 87/87 | \$150,435 | \$76,991 | \$73,444 | \$1,142,713 | \$73,444 | \$20,520 | | | | \$1,122,732 | \$73,444 | \$150,435 | |



Information Used for Life Insurance

Plan type

Joint

Current Savings

Cash savings

\$155,000

Value of brokerage accounts

\$400,000

Value of retirement accounts

\$1,000,000

Liabilities

Mortgage balance on primary home

\$1,000,000

Mortgage balance on vacation home

\$62,500

Auto/boat loan balance

\$0

Credit card & loan balance on other purchases

\$12,500

Any other loan

\$0

Unaffected expenses

Number of years to support dependents

10 years

Property taxes (annual)

\$12,000

Homeowner's insurance (annual)

\$1,000

Other expenses (home maint.)

\$500 per month

Affected expenses

Life exp.(food, clothes, util...)

\$1,500 per month

Health insurance payment

\$1,250 per month

Kids/self tuition bills

\$0 per month

Kids' activities

\$500 per month

Travel & entertainment

\$1,500 per month

Estimated fed. & state taxes (annual)

\$20,000 annual

Any other monthly payments

\$500

% of affected expenses remaining at client's death

70%

Future Payments (Dependents)

Amount needed to fully fund college education

Other one time expenses (e.g. wedding, funeral, estate)

\$300,000

Legacy you want to leave

\$1,000,000

Current Life Insurance

Self purchased life insurance amount

\$1,000,000

Employer provided life insurance amount

\$250,000

Market & Economic Factors

Expected average return on long term investments

6.39%

Expected average inflation rate

2.5%



Information Used for Spousal Life Insurance

Income

Income to be protected

\$36,000 annual

Number of years for income protection

20 years

Current Life Insurance

Self purchased life insurance amount

\$250,000

Employer provided life insurance amount

\$250,000

Market & Economic Factors

Expected average return on long term investments

4%

Expected average inflation rate

2.5%



Information Used for Disability Insurance

Earned Income

Salary and bonus

\$200,000 annual

Property Related Expenses

Home mortgage payment

\$3,000 per month

Vacation home mortgage payment

\$1,250 per month

Property taxes (annual)

\$12,000

Homeowners insurance (annual)

\$1,000

Other expenses (home maint.)

\$500 per month

Living Expenses

Life exp.(food, clothes, util...)

\$1,500 per month

Health insurance payment

\$1,250 per month

Kids/self tuition bills

\$0 per month

Kids' activities

\$500 per month

Travel & entertainment

\$1,500 per month

Any other monthly payments

\$500

Long Term Disability Insurance

Employer provided LTD insurance

60%

Benefits waiting period - LTD(days)

180

Length of benefits - LTD

20 years

Supplemental LTD insurance

0%

Benefits waiting period - Supp. LTD (days)

180

Length of benefits - Supp. LTD

20 years

Short Term Disability Insurance

Employer provided STD insurance

80%

Benefits waiting period - STD (days)

7

Length of benefits - STD

180 days

Supplemental STD insurance

0%

Market & Economic Factors

Expected average inflation rate

2.5%

Tax filing status

MFS - Married filing separately

Number of dependents

3

State income tax rate

5%



Information Used for Spousal Disability Insurance

Income Information

Salary and bonus

\$70,000 annual

Income to Protect

\$36,000 annual

Long Term Disability Insurance

Employer provided LTD insurance

60%

Benefits waiting period LTD(days)

180

Length of benefits - LTD

20 years

Supplemental Long Term Disability Insurance

Supplemental LTD insurance

0%

Benefits waiting period - Supp. LTD(days)

180

Length of benefits - Supp. LTD

20 years

Short Term Disability Insurance

Employer provided STD insurance

80%

Benefits waiting period STD(days)

7

Length of benefits - STD

180 days

Supplemental STD insurance

0%

Benefits waiting period - Supp. STD(days)

7

Length of benefits - Supp. STD

180 days

Market & Economic Factors

Expected average inflation rate

2.5%



Information Used for Retirement Income

Retirement Information:

John's date of birth

02/01/1960

Dana's date of birth

02/01/1960

Is Dana sole benef. on John's tax-def. accounts?

Yes

Is John sole benef. on Dana's tax-def. accounts?

Yes

Life expectancy

87 years (Specific value)

Retirement age

65

Retirement month

January

Legacy you want to leave

\$1,000,000

Longevity risk portfolio set aside

10%

Retirement Savings Information:

Retirement savings in tax-deferred account(s)

\$150,000

Retirement savings in Roth account(s)

\$50,000

Non-qual. retirement savings

\$100,000

Retirement Contribution Information:

Salary (pre-tax)

\$200,000 Per year

Annual pay increase

3.00%

Employee contribution(% of salary)

5% (09/01/2014 - 12/31/2025)

Employer match (% of contribution)

50% (09/01/2014 - 12/31/2025)

Employer match ends at (% of salary)

5%

Employer's nonelective contribution (% of salary)

0% (06/02/2016 - 06/02/2016)

Annual contribution to Traditional IRA

\$0 (06/02/2016 - 06/02/2016; 0.00%)

Monthly contribution (Roth)

\$0 (12/12/2012 - 12/12/2012; 0.00%)

Employer's Roth contribution (monthly)

\$0 (06/02/2016 - 06/02/2016; 0.00%)

Monthly contribution (non qual.)

\$500 (12/01/2014 - 12/31/2015; 5.00%)



Information Used for Retirement Income (Contd.)

Retirement Information for Dana

Life expectancy

80 years (Specific value)

Retirement age

67 years

Legacy to be left

\$250,000

Retirement Savings & Contribution:

Savings in tax-deferred account(s)

\$550,000

Savings in Roth account(s)

\$25,000

Non-qualified savings

\$50,000

Salary (pre-tax)

\$70,000 Per year

Annual salary increase

2.00%

Employee contribution (% of salary)

8% (01/03/2013 - 01/03/2013)

Employer match (% of contribution)

50% (06/02/2016 - 06/02/2016)

Employer match ends at (% of salary)

5%

Employer's nonelective contribution(% of salary)

0% (06/02/2016 - 06/02/2016)

Annual contribution to Traditional IRA (spouse)

\$0 (06/02/2016 - 06/02/2016; 0.00%)

Spouse's monthly contribution (Roth)

\$0 (12/12/2012 - 12/12/2012; 0.00%)

Employer's Roth contribution (monthly)

\$0 (06/02/2016 - 06/02/2016; 0.00%)

Monthly contribution (non qual.)

\$0 (12/12/2012 - 12/12/2012; 0.00%)



Information Used for Retirement Income (Contd.)

Market, Economic, and Taxes Info.:

John's exp. avg. annual return before retirement

6.39%

John's exp. avg. annual return during retirement

5%

Dana's exp. avg. return before retirement

4%

Dana's exp. avg. return in retirement

4%

Expected avg. inflation rate

2.5%

Tax filing status

MFS - Married filing separately

State income tax rate

5%

Portfolio withdrawal order

Roth Tax-deferred Non Qualified

Guaranteed Retirement Income:

Get sp. scenario output from Social Security Maximizer

No

John's est. monthly Soc. Sec. benefit in today's

\$2,000 (01/01/2030 - 12/31/2048; 2.00%)

Dana's estimated monthly Soc. Sec. benefit in today's

\$1,500 (01/01/2035 - 10/31/2055; 2.00%)

John's est. monthly pension in today's

\$500 (10/01/2029 - 12/31/2046; 0.00%)

Dana's est. monthly pension in today's

\$0 (09/28/2025 - 09/28/2036; 0.00%)

John's est. monthly annuity payment

\$0 (06/01/2016 - 06/01/2016; 0.00%)

Dana's est. monthly annuity payment

\$0 (09/28/2030 - 09/28/2036; 0.00%)

Other Retirement Income:

Reg. income source 2

\$2,000 (09/28/2020 - 12/31/2028; 0.00%) Per Month

Bus. income source 2

\$2,000 (12/12/2012 - 12/31/2040; 2.00%) Per Month

Deferred comp 1 income

\$1,000 (09/28/2020 - 09/28/2035; 1.00%) Per Month

Miscellaneous income 2

\$5,000 (09/28/2025 - 12/31/2030; 3.00 Per Month

Miscellaneous income 3

\$1,000 (01/01/2025 - 12/31/2035; 0.00 Per Month



Information Used for Retirement Income (Contd.)

Lifestyle Assets for Ret. Income & Expenses:

Exclude primary home sale from retirement income?

No

Market value of primary home

\$1,000,000

Planned sale date (Primary home)

12/17/2020

Annual appreciation (Primary home)

1.00%

Purchase price/date primary home

\$700,000 / 01/01/2006

Down payment/interest rate/term primary home

\$140,000 / 6% / 30 year(s)

Exclude vacation home sale from retirement income?

Yes

Market value of vacation home

\$400,000

Planned sale date (vacation home)

11/21/2012

Annual appreciation (vacation home)

0.00%

Purchase price/date vacation home

\$250,000 / 12/01/2026

Down payment/interest rate/term vacation home

\$125,000 / 6% / 30 year(s)

Exclude other properties sale from retirement income?

Yes

Market value of other properties

\$0

Planned sale date (other properties)

11/03/2025

Annual appreciation (other properties)

3.00%

Purchase price/date other prop.

\$250,000 / 12/12/2012

Down payment/interest rate/term other prop.

\$0 / 6% / 30 year(s)



Information Used for Retirement Income (Contd.)

Non Discretionary Expenses:

Home/condominium rent

\$3,000 Per Month

Vacation home mortgage payment

\$1,250 Per Month

Property taxes (annual)

\$12,000

Homeowners insurance (annual)

\$1,000

Life exp. (food, clothes, util...)

\$1,500 Per Month

Healthcare expenses/insurance payments

\$1,250 Per Month

Kids/self tuition/support bills

\$0 Per Month

Discretionary Expenses:

Kids' activities

\$500 Per Month

Travel & entertainment

\$1,500 Per Month

\$500 Per Month

Include healthcare expenses during retirement?

Yes

First to retire period

50%

Surviving spouse expenses

65%

Other Expenses:

Some property expense 3

\$14,000 (12/31/2028 - 01/01/2025; 0.00%) Per Year



Disclosures & Methodology for Asset Allocation

The characteristics of different asset classes used in the asset allocation are based on their respective benchmarks. Below is a list of popular benchmarks used for different asset classes. The expected return and standard deviation for the portfolio are based on the historical returns and standard deviations for the underlying asset classes. Past

S&P 500

Large cap equity class represents large US companies based on market capitalization. The benchmark used to represent this class is S&P 500. The average annual return and standard deviation used for different time horizons are based on different rolling periods.

| Time period | Annual return | Standard deviation |
|-------------------------|---------------|--------------------|
| Less than 2 years | 8.24% | 13.78 |
| Between 2 and 5 years | 7.34% | 7.85 |
| Between 5 and 10 years | 7.08% | 5.34 |
| Between 10 and 15 years | 7.1% | 4.17 |
| More than 15 years | 7.22% | 2.48 |

S&P Midcap 400

The asset class Mid Cap represents a set of mid size publicly traded companies based on market capitalization. The S&P MidCap 400® provides investors with a benchmark for mid-sized companies. The index covers over 7% of the U.S. equity market, and seeks to remain an accurate measure of mid-sized companies, reflecting the risk and return characteristics of the broader mid-cap universe on an on-going basis.

| Time period | Annual return | Standard deviation |
|-------------------------|---------------|--------------------|
| Less than 2 years | 11.44% | 14.71 |
| Between 2 and 5 years | 10.27% | 7.59 |
| Between 5 and 10 years | 9.78% | 4.12 |
| Between 10 and 15 years | 9.67% | 2.56 |
| More than 15 years | 10.1% | 0.58 |

Russell 2000 Small Cap Index

The asset class Small Cap represents a large number of small, publicly traded companies by market capitalization. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

| Time period | Annual return | Standard deviation |
|-------------------------|---------------|--------------------|
| Less than 2 years | 9.11% | 15.52 |
| Between 2 and 5 years | 7.88% | 7.38 |
| Between 5 and 10 years | 7.66% | 3.82 |
| Between 10 and 15 years | 7.33% | 2.57 |
| More than 15 years | 7.66% | 1.08 |



Dow Jones Equity REIT Index

The asset class Real Estate provides investors exposure to the companies involved in real estate business. The Dow Jones Equity REIT Index measures the stock performance of REITs and real estate operating companies.

| Time period | Annual return | Standard deviation |
|-------------------------|---------------|--------------------|
| Less than 2 years | 8.33% | 21.94 |
| Between 2 and 5 years | 4.63% | 11.98 |
| Between 5 and 10 years | 3.26% | 2.36 |
| Between 10 and 15 years | 5.55% | 0.49 |
| More than 15 years | 5.55% | 0.49 |

Dow Jones-UBS Commodities Index

The asset class Commodities represents investments in companies which are in the business of various raw materials and metals. This includes oil, natural gas, coal, precious metals, and other metals. The Dow Jones-UBS Commodity Index is composed of exchange-traded commodity futures contracts rather than physical commodities. By tracking commodity futures rather than commodity "spot" prices (meaning the prices quoted for immediate payment and delivery of physical commodities), the indexes are investable benchmarks, meaning they can generally be replicated using futures contracts. Spot prices, or indexes using spot prices, do not account for the effects of rolling futures contracts or the costs associated with actually holding physical commodities.

| Time period | Annual return | Standard deviation |
|-----------------------|---------------|--------------------|
| Less than 2 years | 4.01% | 16.21 |
| Between 2 and 5 years | 1.59% | 8.33 |

Merrill Lynch US High Yield Master II

The asset class High Yield represents a pool of fixed income securities from various companies whose credit ratings are below investment grade. The Merrill Lynch High Yield Bond Master II Index is an unmanaged index that tracks the performance of below-investment-grade, U.S.-dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

| Time period | Annual return | Standard deviation |
|-------------------------|---------------|--------------------|
| Less than 2 years | 9.19% | 10.65 |
| Between 2 and 5 years | 8.82% | 5.89 |
| Between 5 and 10 years | 8.39% | 2.83 |
| Between 10 and 15 years | 7.86% | 1.56 |
| More than 15 years | 8.54% | 0.54 |

Barclays Capital U.S. Aggregate

The asset class Investment Grade comprises of fixed income securities from various government and public organizations whose credit ratings are investment grade. The Barclays Capital U.S. Aggregate Bond Index is an unmanaged, market-value-weighted index of taxable investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage backed securities, with maturities of one year or more.

| Time period | Annual return | Standard deviation |
|-------------------------|---------------|--------------------|
| Less than 2 years | 5.72% | 2.93 |
| Between 2 and 5 years | 5.7% | 1.49 |
| Between 5 and 10 years | 4.7% | 0.77 |
| Between 10 and 15 years | 5.65% | 0.37 |
| More than 15 years | 5.63% | 0.22 |



Chicago Board of Options Exchange 10-year Treasury Yields

The asset class Treasury Notes & Bonds represents the fixed income securities from US Government. This index is based on the options on 10-Year U.S. Treasury bonds. The underlying value of these options moves up or down as a result of shifts in the U.S. Treasury yield curve. The annual return and standard deviation figures below are based on the data since 1991.

| Time period | Annual return | Standard deviation |
|-------------------------|---------------|--------------------|
| Less than 2 years | 4.88% | 1.45 |
| Between 2 and 5 years | 4.92% | 1.21 |
| Between 5 and 10 years | 4.93% | 0.93 |
| Between 10 and 15 years | 4.92% | 0.62 |
| More than 15 years | 4.91% | 0.27 |

US Treasury Bills

The allocation to asset class Cash involves investment in highly liquid securities such as Treasury Bills and short-term money market instruments. The benchmark used is US Treasury Bill rates for the past 3 years.

| Time period | Annual return | Standard deviation |
|-------------------------|---------------|--------------------|
| Less than 2 years | 0.39% | 0.33 |
| Between 2 and 5 years | 0.42% | 0.26 |
| Between 5 and 10 years | 0.44% | 0.15 |
| Between 10 and 15 years | 0.44% | 0.15 |
| More than 15 years | 0.44% | 0.15 |

Morgan Stanley Capital International World ex USA Standard Core

The asset class International Equity represents the stock of large companies outside of USA. This benchmark is a market-capitalization-weighted index maintained by Morgan Stanley Capital International (MSCI) and is designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies.

| Time period | Annual return | Standard deviation |
|-------------------------|---------------|--------------------|
| Less than 2 years | 9.28% | 19.33 |
| Between 2 and 5 years | 7.97% | 11.4 |
| Between 5 and 10 years | 8.18% | 6.4 |
| Between 10 and 15 years | 8.56% | 4.99 |
| More than 15 years | 8.71% | 2.34 |

S&P International Corporate Bond Index

S&P International Corporate Bond Index is an investable index of non-U.S. Dollar corporate bonds issued by non-U.S. investment grade issuers. The index seeks to measure the performance of corporate bonds issued in the non-U.S. Dollar G10 currencies.

| Time period | Annual return | Standard deviation |
|-------------------------|---------------|--------------------|
| Less than 2 years | 7.58% | 5 |
| Between 2 and 5 years | 7.48% | 2.16 |
| Between 5 and 10 years | 7.48% | 2.16 |
| Between 10 and 15 years | 7.48% | 2.16 |
| More than 15 years | 7.48% | 2.16 |



Methodology

The suggested asset allocation is based on the time horizon of the financial goal and client's Risk Capacity Index. The expected returns and standard deviation for the portfolio are based on the historical returns and standard deviations for the underlying asset classes. Note that the past performance is not the guarantee of future results.

The annual rate of returns and standard deviations for different benchmarks are based on respective rolling periods. The rate of returns are calculated using geometric mean. For example, if we have weekly closing values for S&P 500 for 55 consecutive weeks, then there can be 4 possible rolling annual returns: week 1 through week 52, week 2 through week 53, and so on.

Similarly, if we have S&P 500 weekly closing values for 160 consecutive weeks and if we are looking for annual returns over a 3 year period, then we will have 5 possible rolling periods of 3 years: week 1 through week 156, week 2 through week 157, and so on. The annual return for these rolling periods is calculated as $(\text{closing value of week 156}/\text{closing value of week 1})^{1/3}$. The published values for these benchmarks could be significantly different from the values shown here. The duration of data used for different benchmark varies from 10 years to 30 years depending upon the inception of the benchmark and the availability of historical data.

The benchmarks described above are owned by different organizations which are not affiliated with GoWealthPro.



Assumptions and Disclosures for joint Retirement Income Plan

The above results for the joint retirement income plan are based on the following assumptions:

1. If the investment rate of return is not coming from the portfolio allocation model, then the plan assumes that the entered rate of return remains same throughout the plan period. In reality, the investment returns could fluctuate widely depending on the economic environment and market conditions.
2. The inflation rate remains level throughout the plan period. In reality, the inflation rate also varies from year to year depending on the economic environment.
3. All federal and state tax calculations (if shown) are high level estimates only and are based on current federal tax rules and simplified tax calculations. The actual tax calculations will vary substantially from these results. All Social Security income and pension income have been considered as taxable income. No taxes were applied on Roth account savings. Due to the complexity associated with the capital gains taxes, no taxes were assessed on the withdrawals from non-qualified portfolio.
4. The Required Minimum Distribution (RMD) projections for both of you are based on the current rules. Changes in these rules can force you to withdraw more from your tax-deferred portfolio than estimated in this distribution schedule. As a result, your tax liability could be higher.
5. This plan assumes that your future annual expenses will remain level except for the adjustments for inflation and the level of expenses when only one of you is retired or one of you survives. In reality, these expenses could vary substantially based on lifestyle and health conditions.
6. One of the biggest assumptions in this plan is the expected lifespan. Your lifestyle and future health conditions could greatly enhance or reduce the lifespan. However, this plan sets aside a small portion of your retirement savings for potential longevity risk.
7. Other Income: The other income in this plan represents the income from Social Security, pensions, annuities, and other entered retirement income. The entered income from Social Security is assumed to be the income at full retirement age. The full retirement age is based on the date of birth. Benefits starting before the full retirement age are automatically adjusted downward. Conversely, delayed benefits are automatically increased. Additionally, in case of couples, this plan automatically adjusts any survivor benefits. Payments from Social Security, pensions, and annuities (if any) are assumed to have constant growth at their respective rates of increase (entered). The rate entered for increase in Social Security benefits may be different from the Cost of Living Adjustment (COLA).
8. Withdrawal order: Withdrawals from different portfolios (tax-deferred, Roth, and non-qualified) are based on the portfolio withdrawal order selected. However, the funds to cover longevity risk and any legacy are set aside in the reverse order since these events occur at the end of expected life. In fact, this retirement schedule reduces the starting retirement portfolio by the amount of these funds before the first withdrawal. It is assumed that all withdrawals from qualified and Roth portfolios occur after normal retirement age. This assumption applies to both spouses in case of a joint plan. Withdrawals from these portfolios until normal retirement age are subject to early withdrawal penalty. As a result any early withdrawals from these portfolios will also lead to reduced estimated net income than what's presented in this schedule.
9. The growth of non qualified portfolio does not consider the impact of capital gains and dividend taxes. Accounting for these taxes will reduce the net balance of these portfolios.
10. If retiree healthcare expenses are included in this plan, then the estimates of such expenses for both of you are automatically included based on your respective health condition and healthcare preferences. If you have a "tax-qualified" long-term care insurance policy and you itemize your deductions on tax returns, you may be able to deduct part or all of the premium you pay for the policy depending on your age. However, this tax benefit is not applied in this retirement income plan.
11. If the sale of lifestyle assets (home, vacation home, rental properties, etc.) is planned to fund the retirement income, then proceeds from such sales do not take into account any tax implications.

The withdrawal schedule in this retirement income plan is produced by a computerized model. These results only represent a potential portfolio withdrawal schedule during retirement. This plan should be updated on a regular basis.