

# Paul and Lynn Price

**RETIREMENT INCOME**  
**July 27, 2017**

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# Disclaimer

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The following report is a diagnostic tool intended to review your current financial situation and suggest potential planning ideas and concepts that may be of benefit. The purpose of the report is to illustrate how accepted financial and estate planning principles may improve your current situation.

This report is based upon information and assumptions provided by you (the client). This report provides broad and general guidelines on the advantages of certain financial planning concepts and does not constitute a recommendation of any particular technique. The consolidated report is provided for informational purposes as a courtesy to you. We recommend that you review your plan annually, unless changes in your personal or financial circumstances require more frequent review. All reports should be reviewed in conjunction with your fact summary and this Disclaimer page.

The term "plan" or "planning," when used within this report, does not imply that a recommendation has been made to implement one or more financial plans or make a particular investment. Nor does the plan or report provide legal, accounting, financial, tax or other advice. Rather, the report and the illustrations therein provide a summary of certain potential financial strategies. The reports provide projections based on various assumptions and are therefore hypothetical in nature and not guarantees of investment returns. You should consult your tax and/or legal advisors before implementing any transactions and/or strategies concerning your finances.

Additionally, this report may not reflect all holdings or transactions, their costs, or proceeds received by you. It may contain information on assets that are not held at the broker/dealer with whom your financial representative is registered. As such, those assets will not be included on the broker/dealer's books and records. Prices that may be indicated in this report are obtained from sources we consider reliable but are not guaranteed. Past performance is no guarantee of future performance and it is important to realize that actual results may differ from the projections contained in this report. The presentation of investment returns set forth in this report does not reflect the deduction of any commissions. Projected valuations and/or rates of return may not take into account surrender charges on products you might own. They will reflect any fees or product charges when entered by the advisor/ representative. Deduction of such charges will result in a lower rate of return.

It is important to compare the information on this report with the statements you receive from the custodian(s) for your account(s). Please note that there may be minor variations due to calculation methodologies. If you have any questions, please contact your financial representative. Also, your account(s) may not be covered by FDIC or SIPC. FDIC and SIPC coverages apply only to certain assets and may be subject to limitations. Questions about coverage that may apply should be directed to the asset provider or sponsor.

The information contained in this report is not written or intended as financial, tax or legal advice. The information provided herein may not be relied on for purposes of avoiding any federal tax penalties. You are encouraged to seek financial, tax and legal advice from your professional advisors.

Tools such as the Monte Carlo simulation will yield different results depending on the variables inputted, and the assumptions underlying the calculation. For those reports that perform a Monte Carlo analysis, the term 'Monte Carlo' will be included in the report title. The assumptions with respect to the simulation include the assumed rates of return and standard deviations of the portfolio model associated with each asset. The assumed rates of return are based on the historical rates of returns and standard deviations, for certain periods of time, for the benchmark indexes comprising the asset classes in the model portfolio. Since the market data used to generate these rates of return change over time your results will vary with each use over time.

Monte Carlo Analysis is a mathematical process used to implement complex statistical methods that chart the probability of certain financial outcomes at certain times in the future. This charting is accomplished by

generating hundreds of possible economic scenarios that could affect the performance of your investments.

The Monte Carlo simulation uses at most 1000 scenarios to determine the probability of outcomes resulting from the asset allocation choices and underlying assumptions regarding rates of return and volatility of certain asset classes. Some of these scenarios will assume very favorable financial market returns, consistent with some of the best periods in investing history for investors. Some scenarios will conform to the worst periods in investing history. Most scenarios will fall somewhere in between.

The outcomes presented using the Monte Carlo simulation represent only a few of the many possible outcomes. Since past performance and market conditions may not be repeated in the future, your investment goals may not be fulfilled by following advice that is based on the projections.

I/We have received and read this Disclaimer page and understand its contents and, therefore, the limitations of the report. Furthermore, I understand that none of the calculations and presentations of investment returns are guaranteed.

Client(s): \_\_\_\_\_  
Paul Price \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
Lynn Price \_\_\_\_\_ Date \_\_\_\_\_

Advisor: \_\_\_\_\_  
Michael George \_\_\_\_\_ Date \_\_\_\_\_

## What are the Possibilities?

### The "New Retirement"

Gone are the days when retirement meant sitting at home and growing old. Retirement is a new freedom where you can spend your time and energy on your dreams, rather than earning a paycheck. The possibilities are endless, only limited by your imagination and energy. The "New Retirement" is a new career where you are your own boss.

### When do you plan to retire?

The timing of your retirement is important for many reasons. You may have a pension that you can collect after retirement. Working longer can help you earn additional income to make your retirement assets last longer. Or, you may simply want to begin your new possibilities as soon as possible.

#### Paul

- is currently age **59**
- and plans to retire at age **65**.

#### Lynn

- is currently age **58**
- and plans to retire at age **65**.

### What is important to you?

Everybody has a different vision of retirement. Family, hobbies, community, and activities mean different things to different people.

Which of the following are part of your retirement goals?

- Spending more time with my family
- Traveling and new experiences
- Staying active in my community or profession
- Developing new hobbies and activities
- Making a difference with my family, community, and associations
- Leaving a legacy for my family

#### New Attitudes

<b>50%</b>	said they expect to <b>retire by age 65</b> .
<b>82%</b>	expect to work in retirement as a way to be <b>active</b> and <b>involved</b> .
<b>67%</b>	intend to work during retirement, <b>most by choice</b> .
<b>51%</b>	say one reason they <b>plan to work</b> is because they expect to need the money.

EBRI 2016 Retirement Confidence Survey

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## A Strong Foundation

### *Living longer than ever*

Retirees your age are living longer than ever. Medical advances, etc. are keeping them healthy and active. Your money needs to last longer, but fortunately, time is also a very valuable asset. (*Longevity data based on Annuity 2000 Mortality Table.*)

Living Longer	
There is a <b>50%</b> chance that...	
...a man age <b>59</b> reaches age	<b>86</b>
...a man age <b>58</b> reaches age	<b>86</b>
...at least one of you will be alive in	<b>2051</b>

### *Understand your lifestyle*

The first step in a good retirement plan is to take an inventory of your assets, income, and expenses. Understand what you have, which income is reliable and which is risky, and which are your mandatory expenses and which are discretionary.

### *Balance guarantees with returns*

Nothing in life is free. You can have a safe retirement nest egg, or a high-return but risky one. Finding the right balance is the most important step. A safe retirement plan is designed to ensure that you will always have enough income to cover your mandatory expenses.

### *Make the most of what you have*

But hiding your money in a mattress is not the answer. You also need an investment plan that can leverage the fact that people are living longer. A well-balanced, "New Retirement" Portfolio is designed to make your assets produce a higher potential income and last as long as possible.

### *Plan for the expected unexpected*

LTC, Health Care expenses are rising. Don't get caught off guard. Make sure that your plan incorporates these costs. Disability or premature death could derail your entire plan. We'll take a look at these risks and make sure that your future is properly protected.

***Let's get started!***

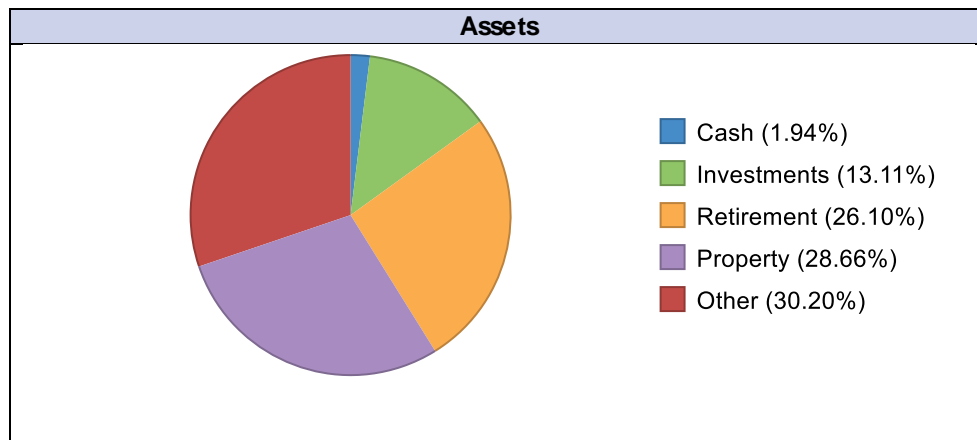
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## Where Are You Now?

### How much do you have?

Your assets are the financial engine that will keep working even when you are not. Building up a “nest egg” is even more important as you approach retirement. Your investments and even your fixed assets, such as real estate, can generate income.

These are your assets:



Assets	Value
Cash and Savings	\$100,000
Investments	\$676,950
Retirement Assets	\$1,347,891
Real Estate and Property	\$1,480,000
Other Assets	\$1,560,000
<b>Total Assets</b>	<b>\$5,164,841</b>

Liabilities	Value
Mortgages	(\$300,000)
Loans	(\$60,000)
<b>Total Liabilities</b>	<b>(\$360,000)</b>
<b>Net Worth</b>	<b>\$4,804,841</b>

### Where are you spending it?

Saving properly can be the largest contributor to a successful retirement. Review your income and expenses to make sure that you are saving as much as you can.

Income	\$557,563
- Taxes	\$174,329
- Expenses	\$349,234
<b>Potential Savings</b>	<b>\$34,000</b>
<b>Planned Savings</b>	<b>\$34,000</b>

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## Are You On Track?

This is a quick checkup on your progress towards retirement.

### Are you in good shape?

When you retire, you will probably need income equal to **70-80%** of your last working year's salary. In order to generate enough retirement income, you will need to have income-producing retirement and investment assets. A quick way to see if you are on track with savings today is to look at the ratio between your net worth and income. At your age, you should have a net worth of around **8.8** times your income.

Net Worth / Income	
<b>8.6</b>	
Net Worth:	\$4,804,841
Income:	\$557,563

### Are you saving enough?

To ensure that you are building wealth over time, you should also make sure that you are saving enough of your income. Although the national savings rate is generally only a few percent, you should target being able to save **10-12%** of your income each year.

Savings / Income	
<b>6.1%</b>	
Savings:	\$34,000
Income:	\$557,563

### Are you managing your debt?

Your retirement budget will be easier to manage if you have a lower debt level. As you approach retirement, you should work towards bringing your debt levels to **as low as possible**. Your debt to income ratio should approach zero as you approach retirement. If you are carrying a higher debt load, make sure that you understand the costs and benefits of holding debt.

Debt / Income	
<b>0.6</b>	
Debt:	\$360,000
Income:	\$557,563

### Are you protected?

An unexpected disability or death could deprive your family of essential income. If **Paul** were not able to work today, it would be a loss of **6** years of income, as much as **\$2,700,000**.

- Paul has disability insurance that covers **\$1,620,000** of this income.
- Paul has life insurance that covers **\$1,750,000** of this income.

Protection	
<b>!</b>	
Disability Risk:	\$1,080,000
Death Risk:	\$950,000

For **Lynn**, it would be **\$700,000**.

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- Lynn has disability insurance that covers **\$420,000** of this income.
- Lynn has life insurance that covers **\$50,000** of this income.

Note that there are also other ways to determine your insurance needs. This simply shows the income you have at risk.

Sample

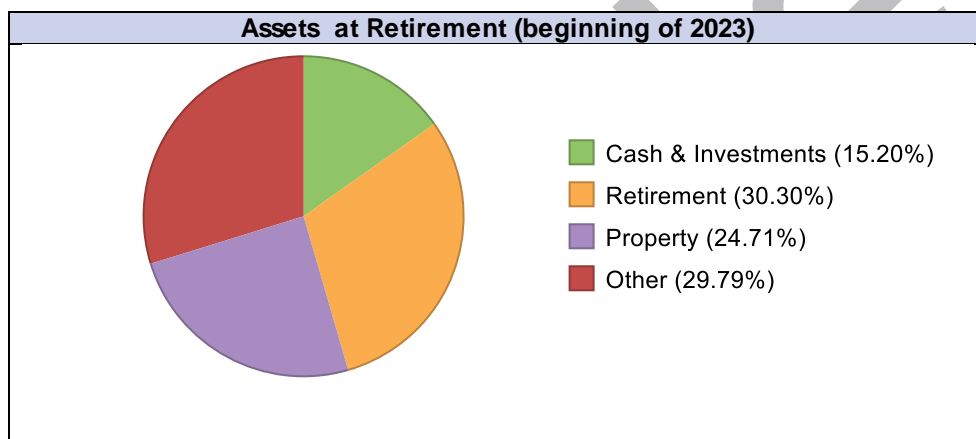
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## At Retirement

If you continue with your current savings and spending levels, and your investments perform at their historical levels, your financial picture could potentially look like this **when you retire in 2023** (ages **65/65**).

### How much will you have?

After retirement, you will be receiving less income from working sources and you will rely on your savings, investments and other assets to generate more of your income.



Assets	Value
Cash, Savings and Investments	\$1,124,175
Retirement Assets	\$2,240,526
Real Estate and Property	\$1,827,061
Other Assets	\$2,202,651
<b>Total Assets</b>	<b>\$7,394,413</b>

Liabilities	Value
Mortgages	(\$223,920)
Loans	\$0
<b>Total Liabilities</b>	<b>(\$223,920)</b>
<b>Net Worth</b>	<b>\$7,170,493</b>

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## Retirement Fitness

If you continue with your current savings and spending levels, and your investments perform at their historical levels, your financial picture could potentially look like this **when you retire in 2023** (ages **65/65**).

### Is your income secure?

A balanced retirement plan should include a reasonable amount of guaranteed income from *Social Security*, *pensions*, or financial products such as *annuities*. Guaranteed income sources, such as the government or financial institutions, reduce the risk of fluctuating income levels. You should have **at least 20%** of your total lifetime income from these reliable sources.

Guaranteed Income %	
<b>29.1%</b>	
Guaranteed:	\$7,825,400
Total Income:	\$26,910,749

### Are your expenses covered?

Your basic expenses will need to be funded throughout your retirement. A safe retirement plan will balance your guaranteed income against your expenses to make sure that you can always afford to pay for your necessities. Having **at least 60%** of your total lifetime basic expenses covered by your guaranteed income will help protect you against market risk.

Guaranteed / Basic	
<b>31.6%</b>	
Guaranteed:	\$7,825,400
Basic Expenses:	\$24,796,309

### Are you making appropriate withdrawals?

A key to making sure that your retirement assets last a long time is to make sure that you are conservative with the amount of assets you withdraw each year. A good plan is to withdraw **no more than 3-5%** of your assets in your first retirement year, then adjust the amount by inflation annually.

Withdrawal Rate	
<b>6.3%</b>	
Withdrawals:	\$216,791
Assets:	\$3,439,574

### Are you protected?

A need for long term care could put a significant dent in your retirement assets. At **\$200** a day, a typical **3-year stay** in a long-term care facility could cost **\$216,000**.

- Paul has insurance to cover **\$600,000** of this expense.
- Lynn has **no insurance** to cover this expense.

Protection	
<b>!</b>	
LTC Risk:	\$216,000

*Guarantees are contingent upon the claims paying ability of the issuing company(s).*

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## ***From Wealth-Building to Lifetime Income***

### ***From wealth-building...***

You spent your working years building wealth, a nest egg that would support you throughout your retirement years. Your focus was on producing income, creating savings and investments, and a home.

#### **Your tools were likely:**

- Working income
- Regular savings
- Regular investments
- Asset allocation

### ***...to lifetime income***

Retirement is the time when you can change your focus to using your wealth, rather than earning it. Since you are no longer going to focus on income production, it is important to use your assets wisely, and to generate a lifetime income that will let you realize all of your possibilities.

#### **Your retirement tools are:**

- External income - Social Security, Pension
- Lifestyle choices
- Cash flow management
- Guaranteed income products such as annuities
- Prudent investment strategy

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## The Risks in Retirement Income

The "New Retirement" has its challenges, some old, some new.

**Longevity** – your retirement assets must last longer than ever. There is a **25%** chance that at least one of you will be alive in **2056**. If you retire in **2023** at **ages 65/65**, you need to plan to make your assets last for **33** years or more. In 1965, the average retirement age was 65, and a person age 65 had a 25% chance of surviving until only age 83. Retirees only had to make their money last 18 years. (Trends in Retirement Age, by sex. *Monthly Labor Review*, July 1992. 1965 Projected Annuity Mortality Table.)

**Inflation** – the cost of everything rises over time. In recent years, the treasury has managed to keep inflation at a reasonable rate, but even at a conservative 3.76% inflation rate, the value of your money erodes over time. Also keep in mind that your **actual expenses** will probably **outpace inflation**.

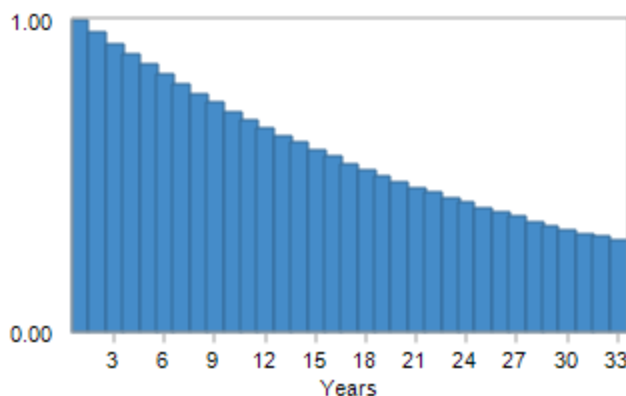
**Asset Allocation** – in the "old retirement", conventional wisdom was to take all of your assets out of the market, and place them in "risk-free" investments. Although that is a good strategy for short-term investing, the "New Retirement" is long-term, and risk-free investments may not keep your income levels ahead of your expenses.

**Health Care Costs** – living longer has its price. Costs for staying well, such as prescriptions, are **rising at 8% a year**. Critical health care and long-term care expenses can take a large bite out of your retirement assets. Retiring elderly couples will need \$200,000 in savings just to pay for the most basic medical coverage. Many experts believe that this figure is conservative and that \$300,000 may be a more realistic number (<http://www.nchc.org/facts/cost.shtml>).

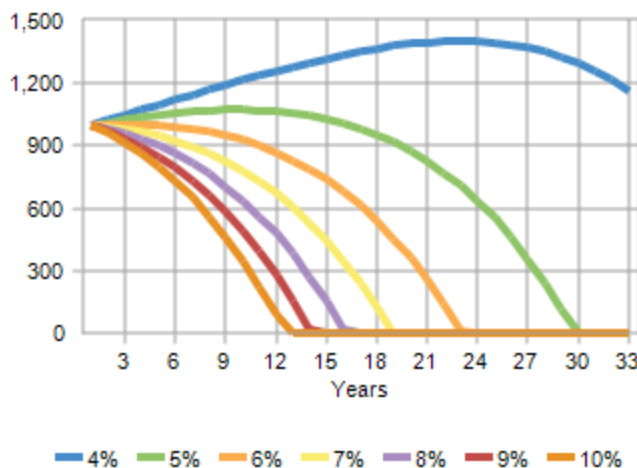
**Spending** – spending too much of your assets early in retirement can dramatically lower the chance of the portfolio lasting a long time. **Prudent withdrawal rates of 4-5%** of your assets can give you a better chance for a lifetime of income.

During the last stock market boom, many retirees assumed that you can safely withdraw 7%, 8% or more per year. In bad stock market years, withdrawal rates that high can quickly deplete a portfolio. (Chart assumes a growth rate of 6.73% and an inflation rate of 3.76%.)

Value of a Dollar



Withdrawal Rates



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## *The Tools of Retirement Income*

Fortunately, you have many tools to help you make the most out of retirement.

### *Lifestyle choices*

You are in control of many of your expenses. You can adjust them as your income levels change.

### *Longevity*

Retirees are now living longer. Some of your retirement assets now have a longer investment time horizon. Instead of a 5-year investment plan, some of your assets should be invested on a 20- or 25-year time horizon.

### *Guarantees*

You can purchase investments and products that can guarantee part of your retirement income needs.

#### **Did you know?**

Inflation Protected Securities can generate income that automatically adjusts for inflation. Annuities are contracts that generate guaranteed income and can be purchased to generate income for your entire lifetime.

### *Technology*

The Internet and other computerized tools can help you monitor your assets, income, and spending. They can also alert you when your plan needs to be updated.

### *Protection*

You can defend against rising health care costs with supplemental insurance policies.

#### **Potential Cost vs. Insurance**

Health Care	Medicare, Medicaid, Medigap policies
Prescriptions	Medicare, other supplemental policies
Long-Term Care	Long-Term Care insurance

**Did you know?** - Medigap insurance policies can cover health care costs that Medicare forces you to pay. For more information on Medigap policies, see <http://www.medicare.gov/medigap>.

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## Analyze Your Spending

Before we can plan a retirement income strategy, we need to understand your retirement spending.

### Your retirement expenses

Below is a worksheet for creating a retirement spending budget. Figure out how much you expect to spend on housing, food, energy, and health care. Look at your retirement dreams and see what it would cost to follow your dreams of travel, recreation and social activities. It is also important to determine which items are your basic, required expenses and which are your discretionary expenses.

Budget Item	Basic Expense?	Monthly Amount	Growth Rate	Annual Amount
Estimated Taxes		\$2,178		\$26,136
<b>Total</b>		<b>2,178</b>		<b>26,136</b>

### A typical budget

Typical married adults ages 65 and older spend...

- 29% on housing
  - 9% on utilities
  - 8% on taxes and insurance
  - 6% on rent/mortgage
  - 6% on maintenance
- 20% on healthcare
  - 8% on insurance
  - 6% on drugs
  - 4% on health services
  - 2% on medical supplies
- 13% on food
- 12% on transportation
- 10% on entertainment
- 10% on gifts
- 6% on other expenses

No Data Available

(Understanding Expenditure Patterns in Retirement, *The Urban Institute*, January 2005.)

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## ***Social Security Benefits***

Social Security has historically been an important source of retirement income. It is designed so that payroll taxes you pay during your working years entitle you to a lifetime monthly income stream after retirement.

### ***When am I eligible to receive Social Security benefits?***

You are eligible to receive Social Security benefits after your **62nd birthday**.

### ***How much income can I expect from Social Security?***

Your Social Security income will depend on your earned income history and when you elect to receive benefits. Although you are *eligible* to begin receiving benefits at age 62, depending on your date of birth, you must **wait until either age 65 or 67** to receive your **full retirement benefit** amount. Delaying receipt of Social Security benefits until after your full retirement benefit date or later (up to age 70) will increase the amount of your monthly income.

*The following table provides an estimate of the amount of Paul & Lynn's monthly Social Security benefit (in today's dollars).*

Estimated Monthly Benefit in Today's Dollars*		
Social Security Age	Paul	Lynn
62	\$1,700	\$0
65	\$2,358	\$0
67	\$2,933	\$0
70	\$4,032	\$0

*\*Social Security information is based upon the amounts reflected in your base facts. Contact the Social Security Administration regarding your specific benefits.*

### ***When should I elect to begin receiving Social Security benefits?***

This decision depends on your personal situation. If you can afford to live off other income sources for a few years, you can increase your monthly social security income later in life. Note that the Social Security Administration attempts to give everyone the same total benefit. Statistically, you will receive the same lifetime income regardless of when you elect to begin receiving benefits.

### ***Is Social Security a reliable income source?***

Although younger people may not expect SS to be there by the time they retire, today's retirees near age 62 or later can start enjoying the benefits now. Most current retirees consider Social Security to be a key part of their guaranteed income sources. Once you begin receiving Social Security payments, you will continue to receive them for your lifetime.

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Assuming that you begin receiving Social Security benefits at:

- **Paul** – age 65 - \$2,358 per month (in today's dollars).
- **Lynn** expects to receive no Social Security benefits.

You can count on Social Security covering a portion of your basic expenses. Note: if you elect to defer your Social Security benefits, you may need to use other sources of income during the first few retirement years.

Sample

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## A Look at Income

Your retirement income comes from many sources. You will generally begin receiving Social Security payments at age 62 or 65. You may own some annuities or may be receiving a pension. Your taxable and retirement investments may generate annual income, and the principal can be used to pay your expenses.

### What money can you count on?

You can generally count on income from annuities, pension, and Social Security. There are some risks with each type of income, but in general, they are reliable sources. Below are your sources of retirement income (in future dollars).

	Starts	Monthly Income	Annual Income	Growth Rate
Paul's Social Security	Age 65	\$2,357	\$28,288	3.76%
Lynn's School Pension	Spouse's Retirement (age 65 in 2024)	\$6,474	\$77,689	3.76%
<b>Total</b>		<b>\$8,831</b>	<b>\$105,977</b>	

Note: Some of the income above may start or stop, and your total income may vary from year to year. See the appendix for detailed cash flow information.

### About your other income

Your taxable and retirement accounts will be a large portion of your retirement income. The assets themselves can generate income stream, but they will generally fluctuate from year to year. You can also withdraw the principal of the accounts to pay your expenses. Depending on your investment choices, they also have a risk of losing the principal of your investments.

	Potential Value at Retirement	Assumed Growth Rate	Potential Annual Asset Growth
Cash, Savings & Other Investments	\$1,124,175	5.41%	\$60,819
Retirement Assets	\$2,240,526	5.95%	\$133,371
<b>Total</b>	<b>\$3,364,701</b>		<b>\$194,190</b>

Note that the actual income generated will be based upon actual investment performance, as well as the rate at which you withdraw money from the accounts.

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# ***The Retirement Balancing Act***

## ***Guaranteed Income vs. Basic Expenses***

Your basic expenses will be with you for your entire lifetime. You should match your reliable income sources to these expenses to make sure that your bills will always be covered.

## ***Variable Investments vs. Discretionary Expenses***

Once your basic expenses are covered, the remainder of your assets can be used to generate income to fund your discretionary expenses. Variable income investments typically generate higher returns, but carry the risk of losing some or all of their value.

## ***The balance***

You may choose to guarantee all of your mandatory expenses. However, guaranteed investments typically have lower overall returns. You may choose to only guarantee part of your expenses, and invest more heavily in variable products.

*Guarantees are contingent upon the claims paying ability of the issuing company(s).*

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## Your Guaranteed Income

Guaranteed Income is an important part of any successful retirement income strategy. The more guaranteed income you have to offset your non-discretionary expenses, the more likely it is that you will be able to achieve your retirement goals.

### Sources of Guaranteed Income

According to the data we have, you can expect to receive the following income. We've included guaranteed income and any income you plan to earn through working after retirement.

	Starts	Monthly Income	Annual Income	Growth Rate
Paul's Social Security	Age 65	\$2,357	\$28,288	3.76%
Lynn's School Pension	Spouse's Retirement (age 65 in 2024)	\$6,474	\$77,689	3.76%
<b>Total</b>		<b>\$8,831</b>	<b>\$105,977</b>	

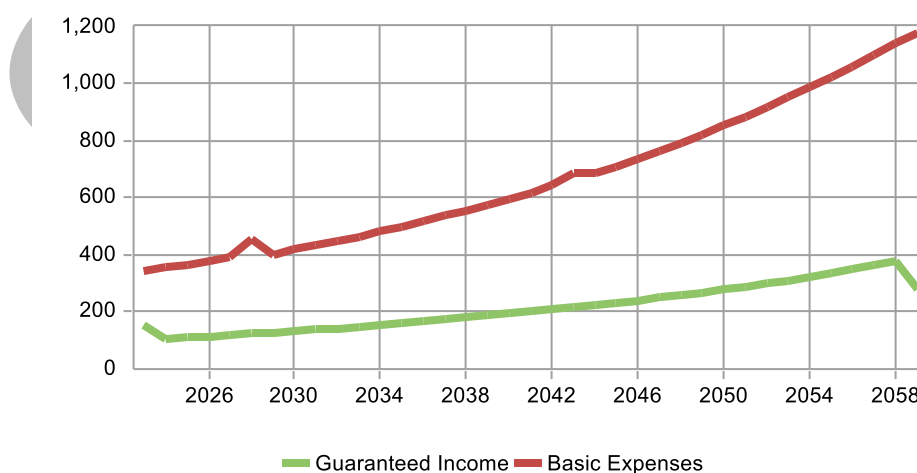
Note: Some of the income above may start or stop, and your total income may vary from year to year. See the appendix for detailed cash flow information.

### Covering your Basic Expenses

Between your Social Security benefits and your sources of Guaranteed Income, you have a reliable stream of income. Comparing this lifetime reliable income to your lifetime basic expenses will tell you how certain you can be that all of your basic needs and expenses are covered throughout retirement.

Guaranteed / Basic	
<b>31.6%</b>	
Guaranteed:	\$7,825,400
Basic Expenses:	\$24,796,309

Guaranteed Income vs. Expenses



Guarantees are contingent upon the claims paying ability of the issuing company(s).

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## ***Additional Guaranteed Income***

If you wish to guarantee more of your retirement income, annuities may be a suitable product. Annuities can provide a guaranteed income for a number of years or for your lifetime.

### ***What is an income annuity?***

An annuity is a contract between you and an insurance company, where the company agrees to make regular payments to you. You can purchase an annuity with a lump sum or multiple payments. In return, the issuing company agrees to guarantee payments for a period of years or your lifetime.

*Note that the guarantees of an annuity are based on the financial strength and claims paying ability of the issuing insurance company.*

### ***Laddering***

If you choose a lifetime annuity, you will receive payments for your entire lifetime. At your death, the annuity company keeps the rest of the investments. This tradeoff may allow the annuity company to offer you a higher rate of return than if you were to simply invest the money. Purchasing additional annuity contracts may subject you to additional fees and expenses.

One strategy to take advantage of this is a “laddering” strategy. Making regular annual purchases of annuities gives you the flexibility of changing strategies in early years, but takes advantage of potentially higher guaranteed rates in later years.

*Note that Laddering does not guarantee higher income payments.*

*\* Income Payment amounts are not representative of any actual annuity product. Income Payment amounts for issue ages shown above are for a hypothetical Single Life immediate annuity for a Male using the Annuity 2000 Mortality Table using a 2.86% interest rate. Amounts do not take into account the effect of taxes.*

Hypothetical Annuity: Lifetime Income Payments for a Male for a \$100,000 Purchase Payment\*

Age	Monthly Income	Annual Income
65	\$455	\$5,454
70	\$521	\$6,252
75	\$607	\$7,289
80	\$724	\$8,686

### ***Your total guaranteed income***

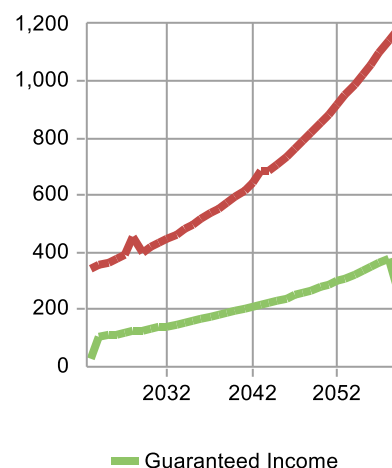
Your plan does not contain any planned annuity purchases.

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Monthly Guaranteed Income	At Retirement	After 2033
Guaranteed Income	\$0	\$9,025
Social Security	\$2,357	\$3,410
Total Guaranteed Income	\$2,357	\$12,435
Total Basic Expenses	\$28,639	\$38,766

Note: some of the income above may start or stop and your total income may vary from year to year.  
See the appendix for detailed cash flow information.

Guaranteed Income vs. Expenses



Sample

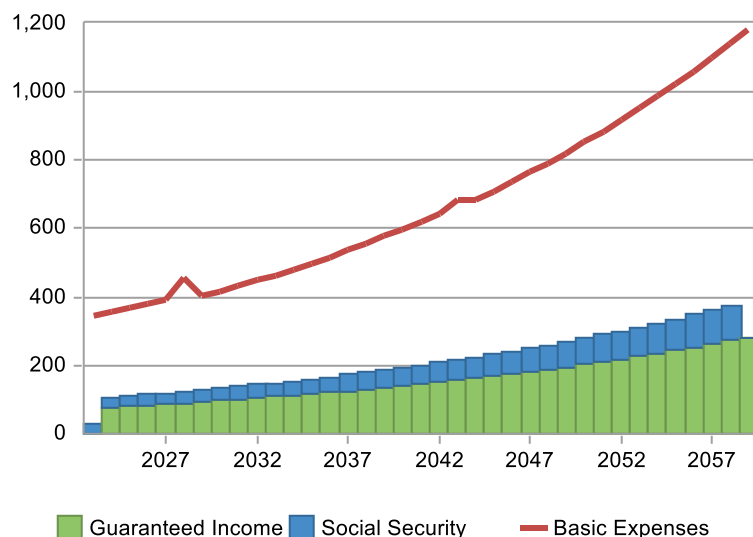
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## Make the Most of Your Money

We've already looked at your basic expenses and created a plan to cover them with various income sources. You also have other retirement assets that you will use to fund your lifestyle and your discretionary expenses. The goal is to find you an investment plan that you feel comfortable with, but will allow you to pursue a long-term lifestyle.

Take a look at your retirement expense picture:

**Guaranteed Income vs. Basic Expenses**



Guaranteed / Basic	
31.6%	
Guaranteed:	\$7,825,400
Basic Expenses:	\$24,796,309

Now that we've planned for your basic expenses, what investment plan might give you the most discretionary income? Will you be comfortable with that plan?

*Guarantees are contingent upon the claims paying ability of the issuing company(s).*

*Let's start with a few questions...*

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## What Would You Do?

Take a few minutes to complete this short questionnaire, which will create a recommended portfolio with the appropriate mix of assets. The score reflects the level of risk you're willing to take in your investment decisions.

1. If you own a home, do you have more than 30% equity?
2. Do you plan to work during retirement?
3. From an original investment of \$15,000, your portfolio now worth \$25,000 suddenly declines \$3,750 or 15%, which best describes your response?
4. Your portfolio, from previous question, now worth \$21,250 suddenly declines another \$2,125 or 10%, which best describes your response?
5. Have you invested in Equities?
6. Have you invested in Fixed Incomes?
7. Have you invested in Mutual Funds?
8. Have you invested in Options, Futures or Derivatives?
9. How would you describe your level of investment knowledge?
10. How much investment experience do you have?
11. Do you currently need to withdraw from your investments to provide income?
12. How soon do you expect to need to withdraw from these assets to provide retirement income?

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## Types of Investments

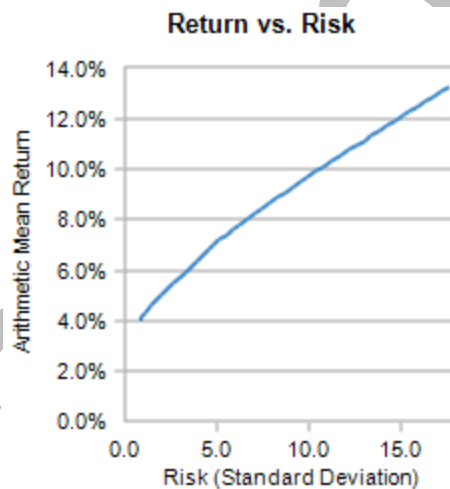
When choosing investments for generating retirement income, you should have a blend of assets that generates reliable income along with some investments that can generate higher returns.

### What types of investments are low-risk?

Some types of investments are generally considered less risky than traditional stock or equity investments:

- Certificates of Deposit
- Government Savings Bonds
- Municipal Bonds
- "Investment Grade" Bonds

Although these investments may carry the risk of losing their value, with proper management, you should feel comfortable with their security. The trade-off is that these investments will have an overall lower total return on your investment.



### What types of investments generate higher returns?

The following types of investments typically generate higher returns, but with greater risk, than those listed above:

- "High-Yield" Bonds
- Stocks
- International Investments

These investments typically generate a higher return for **long-term investments**. However, they carry a greater risk of losing their value, particularly in the short term. "High Yield" Bonds may also include risk of default.

*Certificates of Deposit are FDIC or NCUA insured up to certain limits per depositor, provide a fixed rate of return and must hold until maturity in order to avoid a penalty. Investments in high yield bonds include investment risk, including risk of default. International securities are subject to political influences, currency fluctuations and economic cycles that are unrelated to those affecting the domestic financial markets and may experience wider price fluctuations.*

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## Understanding Risk

Lower risk investments, such as CDs, typically only generate returns around the inflation rate. Placing a large portion of your assets in these could make you fall behind your cost of living. So, some of your assets should be placed in potentially higher-return investments. These investments can lose money. How can you make the decision on where to place your money?

### Would you regret it?

If you invest in the market, you may lose principal. What are the chances that you would be better off taking the safe investment than investing in the market? This is called the "Risk of Regret".

For this example, let's assume that you can make a hypothetical "risk-free" investment with a return of 3.77%. If you invest in the market for only one year, there is a good chance that you could lose money, or make less money than your hypothetical risk-free investment. However, look at what happens over time.

Investment	Average Return (Arithmetic Mean)	Risk of Regret				
		1 Year	3 Years	5 Years	10 Years	20 Years
Commodities	-1.72%	65%	75%	81%	89%	96%
Sht Trm Bnd	2.54	81	94	98	100	100
Sht Trm Mun	2.91	68	79	85	93	98
Cash	3.74	51	52	53	54	56
Inv Grd Bnd	4.86	39	31	26	18	10
Int Trm Mun	5.30	39	31	26	18	10
IPS	5.61	40	34	29	22	14
Long Trm Mun	5.94	37	28	23	15	7
Emerg Mkts	10.26	44	40	37	32	25
Small Growth	10.25	44	40	37	31	25
Balanced	8.48	35	25	20	11	4
Hedge Funds	8.05	30	18	12	5	1
Large Growth	10.14	40	32	28	20	12
Hgh Yld Bnd	9.24	32	21	15	7	2
International	10.99	38	30	25	18	9
Large Blend	10.69	36	27	22	13	6
Small Blend	11.53	39	32	27	19	11
Mid Growth	11.94	40	33	28	21	12
Inv Real Estate	11.63	38	30	25	17	9
Large Value	11.10	35	25	19	11	4
Small Value	12.69	35	25	20	11	4
Mid Blend	12.81	34	24	18	10	3
Mid Value	13.29	32	21	15	7	2

### Safe Bet vs. Balanced Investing

Notice that the longer you hold an investment, the risk of regret goes down. In any single year, any investment could go up or down. But if you hold the investment for multiple years, the chances are that you are going to do better than the hypothetical risk-free investment. As the chart illustrates, holding your investments over 20 years gives you the highest probability of being better off than the "safe bet". (*Risk of Regret is based upon the growth and risk assumptions of the given asset class and an exponential Brownian motion model.*)

### Use this to your advantage

- The longer you hold a diversified set of investments (as opposed to holding one asset class), the chances of

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greater return improve.

- Individual investments are at a higher risk of losing money and never recovering. A well-balanced, diversified portfolio is considered a good strategy for investing, though there are no guarantees a well-diversified portfolio will perform as expected.
- Your retirement plan lasts **37 years**, so some of your investment dollars can take advantage of this.

Sample

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## The Right Portfolio

Deciding on the right portfolio for you depends on how much risk you are willing to take and your investment time horizon, among other things. According to your answers to the questionnaire, the overall portfolio that fits your risk profile is **(Please Complete the Risk Questionnaire)**.

However, as your income needs change over time, the composition of your portfolio should change to reflect these needs.

Time Period:	At Retirement	Mid-Retirement	Later Retirement
Starting:	Age 65/64	Age 75/74	Age 85/84
Model:			
Relative Risk:	n/a	n/a	n/a
Asset Allocation:	No Data Available	No Data Available	No Data Available

Time Period:	At Retirement	Mid-Retirement	Later Retirement
Assumed Return:	0.00%	0.00%	0.00%
Est. Assets:	\$3,439,574	(\$43,127)	(\$3,928,091)
Est. Annual Growth:	\$0	\$0	\$0

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# Your Retirement Plan

## Assumptions

- Paul is currently age **59**, and plans to retire at age **65**.
- Lynn is currently age **58**, and plans to retire at age **65**.
- Paul plans to begin Social Security payments at age 65 of \$2,358 per month (in today's dollars).
- Lynn expects to receive no Social Security benefits.

## Retirement Resources

Asset / Liability	Value Now	At Retirement
Cash and Savings	\$100,000	\$93,346
Investments	676,950	1,030,829
Retirement Assets	1,347,891	2,240,526
Real Estate and Property	1,480,000	1,827,061
Other Assets	1,560,000	2,202,651
<b>Total Assets</b>	<b>5,164,841</b>	<b>7,394,413</b>
Mortgages	(300,000)	(223,920)
Loans	(60,000)	0
<b>Total Liabilities</b>	<b>(360,000)</b>	<b>(223,920)</b>
<b>Net Worth</b>	<b>4,804,841</b>	<b>7,170,493</b>

## Income Sources

	Starts	Monthly Income	Annual Income	Growth Rate
Paul's Social Security	Age 65	\$2,357	\$28,288	3.76%
Lynn's School Pension	Spouse's Retirement (age 65 in 2024)	\$6,474	\$77,689	3.76%
<b>Total</b>		<b>\$8,831</b>	<b>\$105,977</b>	

Note: Some of the income above may start or stop, and your total income may vary from year to year. See the appendix for detailed cash flow information.

## Retirement Expenses

Budget Item	Basic Expense?	Monthly Amount	Growth Rate	Annual Amount
Estimated Taxes		\$2,178		\$26,136
<b>Total</b>		<b>2,178</b>		<b>26,136</b>

Other Expense	Annual Amount in Today's Dollars	Starts	Ends
---------------	----------------------------------	--------	------

## Guaranteed Income Plan

Assuming that you purchase an annuity for **\$0** each year, from year **2023 to 2033**, at the end of the period, the annuities will generate an estimated monthly income of **\$0**. This covers **0.0%** of your Basic Expenses. In that year, along with other sources of guaranteed income, your guaranteed income will cover **32%** of your basic expenses.

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## Investment Plan

Time Period:	<b>At Retirement</b>	<b>Mid-Retirement</b>	<b>Later Retirement</b>
Starting:	Age 65/64	Age 75/74	Age 85/84
Model:	Custom	Custom	Custom
Assumed Return:	0.00%	0.00%	0.00%
Relative Risk:	n/a	n/a	n/a

*Guarantees are contingent upon the claims paying ability of the issuing company(s).*

Sample

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## Your Income Plan

Your retirement income is from several sources:

- Social Security and Pension
- Annuities and other Guaranteed Income Sources
- Earnings and withdrawals from your retirement portfolio

The table below shows how your income is derived throughout retirement. See the appendix for more detail on estimated income and expenses.

Year	Age	Income Sources					Income from Assets				Total Income
		Earned Income	Guaranteed Income	Social Security	Other Income	Total Income Sources	Req'd Distributions	Add'l Qualified Withdrawals	Non-Qualified Withdrawals	Total Withdrawals	
2023	65/64	\$124,789	\$0	\$28,288	\$0	\$153,077	\$13,137	\$0	\$203,654	\$216,791	\$369,868
2024	66/65	0	77,689	29,352	0	107,041	13,137	0	249,328	262,465	369,506
2025	67/66	0	80,610	30,456	0	111,066	13,136	0	257,775	270,911	381,977
2026	68/67	0	83,641	31,601	0	115,242	13,137	0	266,518	279,655	394,897
2027	69/68	0	86,786	32,789	0	119,575	13,136	172,617	146,900	332,653	452,228
2028	70/69	0	90,049	34,022	0	124,071	73,720	415,272	0	488,992	613,063
2029	71/70	0	93,435	35,301	0	128,736	57,103	344,328	0	401,431	530,167
2030	72/71	0	96,948	36,628	0	133,576	43,430	372,262	0	415,692	549,268
2031	73/72	0	100,593	38,005	0	138,598	28,183	402,092	0	430,275	568,873
2032	74/73	0	104,375	39,434	0	143,809	11,170	254,666	118,000	383,836	527,645
2033	75/74	0	108,300	40,917	0	149,217	0	0	329,406	329,406	478,623
2034	76/75	0	112,372	42,455	0	154,827	0	0	341,268	341,268	496,095
2035	77/76	0	116,597	44,051	0	160,648	0	0	353,569	353,569	514,217
2036	78/77	0	120,981	45,707	0	166,688	0	0	366,340	366,340	533,028
2037	79/78	0	125,530	47,426	0	172,956	0	0	379,587	379,587	552,543
2038	80/79	0	130,250	49,209	0	179,459	0	0	393,343	393,343	572,802
2039	81/80	0	135,147	51,059	0	186,206	0	0	407,595	407,595	593,801
2040	82/81	0	140,229	52,979	0	193,208	0	0	422,408	422,408	615,616
2041	83/82	0	145,502	54,971	0	200,473	0	0	437,747	437,747	638,220
2042	84/83	0	150,973	57,038	0	208,011	0	0	453,701	453,701	661,712
2043	85/84	0	156,650	59,183	0	215,833	0	0	488,139	488,139	703,972
2044	86/85	0	162,540	61,408	0	223,948	0	0	480,938	480,938	704,886
2045	87/86	0	168,652	63,717	0	232,369	0	0	498,738	498,738	731,107
2046	88/87	0	174,993	66,113	0	241,106	0	0	517,222	517,222	758,328
2047	89/88	0	181,573	68,599	0	250,172	0	0	536,383	536,383	786,555
2048	90/89	0	188,400	71,178	0	259,578	0	0	556,248	556,248	815,826
2049	91/90	0	195,484	73,854	0	269,338	0	0	576,893	576,893	846,231

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		Earned Income	Guaranteed Income	Social Security	Other Income	Total Income Sources	Req'd Distributions	Add'l Qualified Withdrawals	Non-Qualified Withdrawals	Total Withdrawals	
2050	92/91	0	202,834	76,631	0	279,465	0	0	598,299	598,299	877,764
2051	93/92	0	210,461	79,512	0	289,973	0	0	620,511	620,511	910,484
2052	94/93	0	218,374	82,502	0	300,876	0	0	643,559	643,559	944,435
2053	95/94	0	226,585	85,604	0	312,189	0	0	667,477	667,477	979,666
2054	96/95	0	235,105	88,823	0	323,928	0	0	692,282	692,282	1,016,210
2055	97/96	0	243,945	92,163	0	336,108	0	0	718,040	718,040	1,054,148
2056	98/97	0	253,117	95,628	0	348,745	0	0	744,756	744,756	1,093,501
2057	99/98	0	262,634	99,224	0	361,858	0	0	772,481	772,481	1,134,339
<b>2058</b>	<b>100/99</b>	<b>0</b>	<b>272,509</b>	<b>102,955</b>	<b>1,000,000</b>	<b>1,375,464</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,375,464</b>
2059	101/100	0	282,755	0	0	282,755	0	0	942,725	942,725	1,225,480

Guarantees are contingent upon the claims paying ability of the issuing company(s).

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## Testing Your Plan - Stress Test

One of the worst things that could happen to a retirement plan is to have a market crash just as you retire. Market losses combined with retirement withdrawals can quickly deplete your retirement assets. Also, an increase in income taxes could cause you to withdraw additional funds from your qualified retirement plans to pay for your expenses.

The Stress Test lets you look at the behavior of your retirement plan in the worst of market conditions.

### The Stress Test

To test your plan, we looked at what would happen if, in most years, inflation and market returns were average, except for years **2023** to **2024**, when:

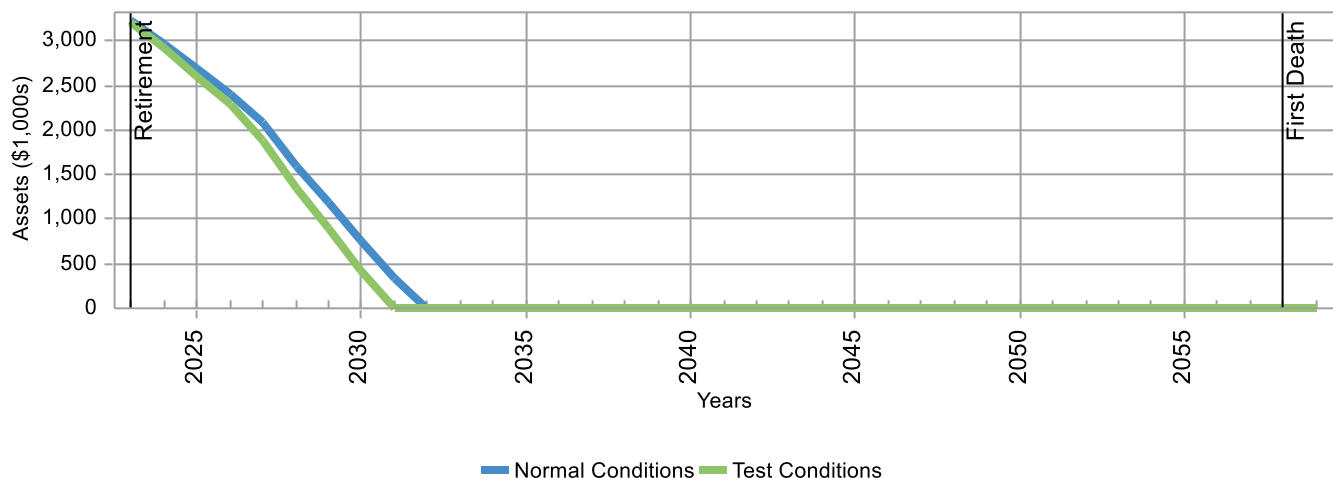
Inflation: **10.00%**  
Portfolio Rate of Return: **-20.00%**  
Income Tax Adjustment (+/-): **5.00%**

### How did your plan do?

During the Stress Test:

- Your assets lasted until age **73/72** in **2031**.
- You were able to fully fund **7 of 36 years** of your retirement.
- You were able to fund **32%** of your basic expenses after your other assets were depleted.

Portfolio Longevity



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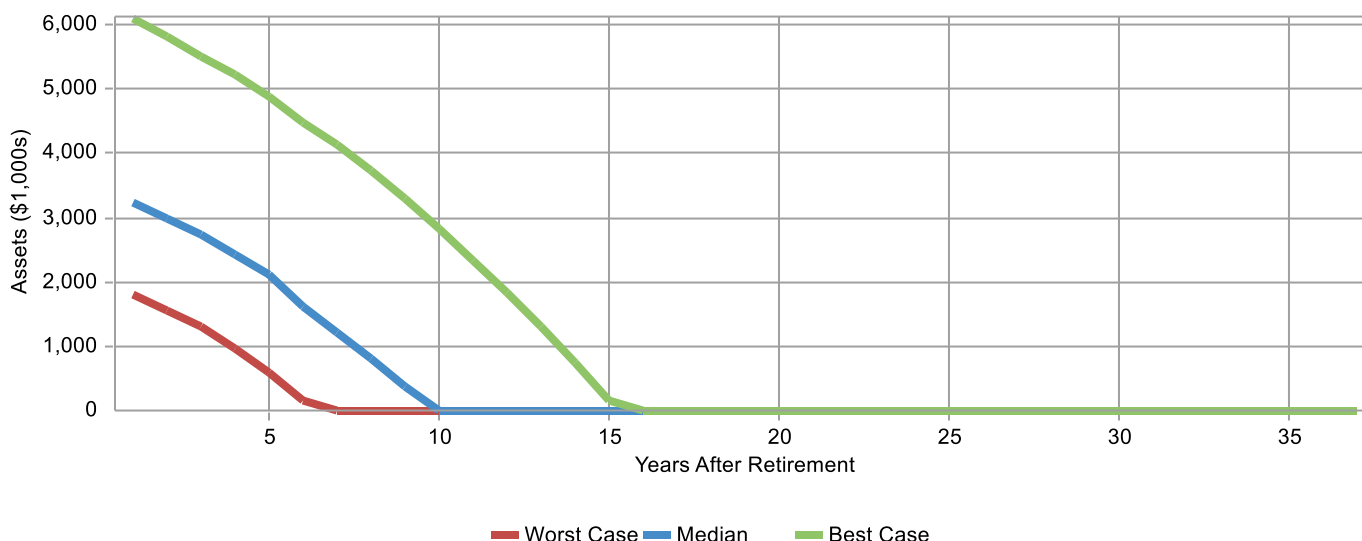
## Testing Your Plan - Monte Carlo

Another way of testing your plan is to analyze the statistics. *Monte Carlo Analysis* runs multiple simulations of your retirement plan against possible future market conditions. Looking at the results can give you a measure of confidence that your plan will succeed in a wide variety of conditions.

After running your plan for a total of **1000 different possible futures**, we've calculated the following statistics for your retirement plan. The table below shows the best, worst, and middle-of-the-road cases for how long you can expect to be able to meet your retirement expenses with this plan.

Chance of Success
<b>0%</b>
Your plan is successful in 0% of the trials.

**Portfolio Longevity**



Portfolio Lasts...	Worst Case	Median Case	Best Case
Years After Retirement:	6 years	9 years	15 years
Until:	2028	2031	2037
Age:	70/69	73/72	79/78

This Monte Carlo analysis illustrates the potential results of your financial plan using up to 1000 randomly generated market returns and volatility called trial runs. In each trial run, the mean and standard deviation of a selected benchmark index for each account or portfolio is used for a randomly chosen year. This hypothetical investment performance is combined with the detailed cash flow and tax calculations for your plan. The trial runs produce a range of potential results and are one way of illustrating and evaluating the probability of your plan's results.

Limitations of this Monte Carlo simulation include: (a) Investments assigned fixed rates of return reflect a constant growth rate, which is compounded on an annual basis with no variation and have no underlying correlation data. The growth on investments is the flat rate throughout the Monte Carlo simulation. (b) Market volatility may be more extreme than what is represented by the simulation. (c) The accuracy of the simulation is reduced in periods of market crisis. (d) The simulation does not consider all investments, and those not considered might have characteristics similar or superior to those analyzed in this report.

**IMPORTANT:** The projections or other information generated by this 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. Results may vary with each use and over time. Calculations are based upon market index and growth rate assumptions in your financial plan. Other investments not considered might have characteristics similar or superior to those analyzed in this report.

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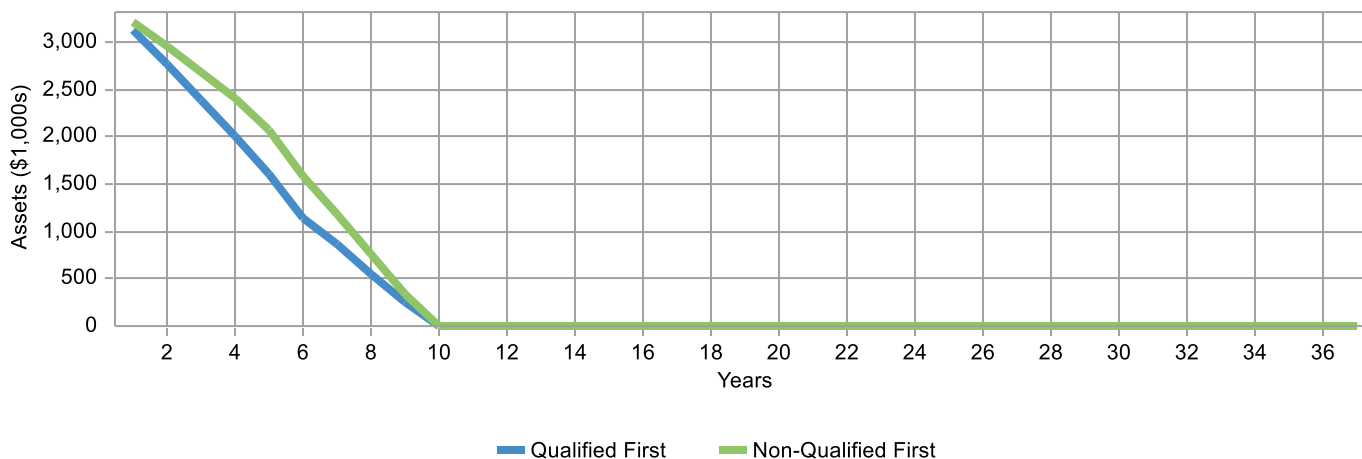
## Using Your Retirement Assets

When you begin to use your retirement assets to fund your expenses, the decision on which assets to spend first can have a significant impact on how long the assets last. Some important factors in this decision are risk/return and tax consequences. The investment plan that we've outlined already covers the risk/return decision.

### Minimize your taxes

In general, if you can defer your tax-favored retirement withdrawals, then you defer your taxes as long as possible. You should consider spending your minimum distributions first, then taxable investment income and gains, saving your tax-deferred assets for last. The chart below shows which strategy is likely to be better for your plan.

Portfolio Longevity



#### Required Minimum Distributions

Generally, the IRS requires that you begin withdrawing money from your qualified retirement accounts the year when you reach **age 70.5**. Each year, you must withdraw money from the accounts, and it is taxed as income. You can spend this money or you can reinvest it in other vehicles.

Age	Approx. Minimum Annual Withdrawal
70.5	3.6%
71.5	3.8%
72.5	3.9%
73.5	4.0%
74.5	4.2%
75.5	4.4%
80.5	5.3%

Consult your tax advisor for withdrawal rates specific to your situation.

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## *Protecting Your Plan*

To better protect your plan, you should take a few things into consideration.

### *Cover your medical expenses*

Medicare is a government program that covers the costs of certain medical services and items in hospitals and other medical settings. It is available for people age 65 and older. Medicare can also cover a portion of your medical prescription costs. For more information on Medicare, see <http://www.medicare.gov>.

A Medigap policy is health insurance sold by private insurance companies to fill the “gaps” in Original Medicare Plan coverage. Medigap policies help pay some of the health care costs that the Original Medicare Plan doesn’t cover. If you are in the Original Medicare Plan and have a Medigap policy, then Medicare and your Medigap policy will pay both their shares of covered health care costs. For more information on Medigap policies, see <http://www.medicare.gov/medigap>.

Other private health insurance policies may cover more or less of your health costs than the Medicare/Medigap plan.

### *Consider Long-Term Care insurance*

The chances of you or your spouse requiring long-term care in your lifetime is significant. About 19% of Americans aged 65 and older experience some degree of physical impairment. This rises to 55% for people 85 or older. (America's Health Insurance Plans: Guide to Long Term Care Insurance, 2004. MetLife Mature Market Institute, Summary of Nursing Home and Home Health Care Costs, September 2004.) For a couple turning **age 65**, there is a **75% chance** that one of you will need long-term care eventually. A typical stay of **3 years** could cost you **\$70,000 per year**, or **\$210,000**.

If this were to occur today, you would **deplete your retirement assets in 2031**, **1 year earlier** than expected with your retirement plan.

You have the following policies to protect you from this risk:

- Paul's LTC Insurance - for Paul, up to \$200,000 per year
- For Lynn, a Long-Term Care policy with a benefit of up to \$70,000 per year would mitigate this

### *Notes*

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# Appendix - Plan Changes

## Retirement Income

Prepared for Paul and Lynn Price

The Fact Changes Details report shows the changes made to your facts within a scenario.

### INCOME AND SAVINGS

#### SOCIAL SECURITY

Paul's Social Security (updated)

Full Retirement Age Amount

Retirement Benefit: \$22,669

Start Collecting at: age 65 and 0 months

Disability Benefit: \$0

Surviving Child Benefit: \$0

Lynn's Social Security (updated)

Exempt Pension

Benefit Options (updated)

Percent of Household Benefit: 100%

Currently Filed & Suspended: No

### INCOME, IMMEDIATE ANNUITIES

Annuity Purchase Strategy (added)

Based on the life of: Paul and Lynn  
(Joint/ROS)

Minimum Payment Term: 0 years

Payments deposited to: Core Cash  
Account

Purchase Plan Type: Annual \$ Amount  
Last Purchase: Year 2033

Annual \$ Amount: \$0

First Purchase: Year 2023

#### Liquidation Priority

No Liquidation Priority information has  
been defined

### LIABILITIES AND EXPENSES

#### LIQUIDATION STRATEGY (UPDATED)

Current: By Type

Retirement: Qualified / Non-Qualified  
Ratio

Qualified/Non-Qualified Ratio: 0%/100%

### ASSUMPTIONS

#### RETIREMENT AND DEATH (UPDATED)

Paul Price

Retirement Age: 65 (2023)

Final Expenses: \$0

Assumed Age of Death: 100 (2058)

Probate Rate:

Lynn Price

Retirement Age: 65 (2024)

Final Expenses: \$0

Assumed Age of Death: 100 (2059)

Probate Rate:

Estate Analysis Reports will end in 2059  
(42 years)

#### INFLATION/MARKET ASSUMPTIONS (UPDATED)

Average Inflation Rate: 3.76%

### OTHER

#### REINVESTMENTS

Recommended at At Retirement (added)

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Occurs: Client's Retirement (age 65 in 2023)

Apply Taxes: No

#### Assets Selected for Reinvestment

Name: All Assets

#### Current Allocation

Large Blend: 11.14%  
Small Blend: 3.70%  
Large Growth: 4.07%  
Small Growth: 1.19%  
Int Trm Mun: 8.60%  
Inv Grd Bnd: 17.79%  
Cash: 1.78%

Unclassified: 0.08%  
Small Value: 2.41%  
Mid Growth: 2.00%  
International: 3.32%  
Long Trm Mun: 3.00%  
Sht Trm Bnd: 11.45%  
Mid Blend: 0.88%

Emerg Mkts: 1.18%  
Large Value: 7.13%  
Mid Value: 2.64%  
Sht Trm Mun: 8.88%  
Hgh Yld Bnd: 8.56%  
Hedge Funds: 0.21%

#### New Allocation - Unspecified

Cannot be determined

#### Recommended at Mid-Retirement (added)

Occurs: When Paul is 75 (2033)

Apply Taxes: No

#### Assets Selected for Reinvestment

Name: All Assets

#### Current Allocation

Large Blend: 11.14%  
Small Blend: 3.70%  
Large Growth: 4.07%  
Small Growth: 1.19%  
Int Trm Mun: 8.60%  
Inv Grd Bnd: 17.79%  
Cash: 1.78%

Unclassified: 0.08%  
Small Value: 2.41%  
Mid Growth: 2.00%  
International: 3.32%  
Long Trm Mun: 3.00%  
Sht Trm Bnd: 11.45%  
Mid Blend: 0.88%

Emerg Mkts: 1.18%  
Large Value: 7.13%  
Mid Value: 2.64%  
Sht Trm Mun: 8.88%  
Hgh Yld Bnd: 8.56%  
Hedge Funds: 0.21%

#### New Allocation - Unspecified

Cannot be determined

#### Recommended at Senior Years (added)

Occurs: When Paul is 85 (2043)

Apply Taxes: No

#### Assets Selected for Reinvestment

Name: All Assets

#### Current Allocation

Large Blend: 11.14%  
Small Blend: 3.70%  
Large Growth: 4.07%  
Small Growth: 1.19%  
Int Trm Mun: 8.60%  
Inv Grd Bnd: 17.79%  
Cash: 1.78%

Unclassified: 0.08%  
Small Value: 2.41%  
Mid Growth: 2.00%  
International: 3.32%  
Long Trm Mun: 3.00%  
Sht Trm Bnd: 11.45%  
Mid Blend: 0.88%

Emerg Mkts: 1.18%  
Large Value: 7.13%  
Mid Value: 2.64%  
Sht Trm Mun: 8.88%  
Hgh Yld Bnd: 8.56%  
Hedge Funds: 0.21%

#### New Allocation - Unspecified

Cannot be determined

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# Appendix - Plan Comparison

## ***Prepared for Paul and Lynn Price***

The Plan Comparison report shows the potential impact of making the suggested retirement plan changes.

**Assumptions** - The assumptions of the plan determine when significant events occur, such as retiring and electing to receive Social Security payments.

Assumptions	Before Plan	With Plan
Paul's Retirement Age	65	65
Lynn's Retirement Age	65	65
Paul's Social Security Election	65	65
Lynn's Social Security Election	66	66
Paul's Longevity	100	100
Lynn's Longevity	100	100

**Saving & Spending** - Changes to your saving and spending rates can have the largest impact upon your retirement income.

Saving & Spending	Before Plan	With Plan
Estimated Portfolio Value at Retirement	\$3,416,227	\$3,222,783
Retirement Spending - Basic Expenses	\$343,670	\$343,670
Retirement Spending - Total Living Expenses	\$343,715	\$343,732
Ending Portfolio Value	(\$12,310,648)	(\$13,815,054)

**Analysis** - The analysis of the plan shows how long your money can last in retirement and the total income you will be generating throughout retirement.

Analysis	Before Plan	With Plan
Portfolio Longevity After Retirement	14 years (2037)	9 years (2032)
Maximum Supported Retirement Spending (Today's Dollars)	\$165,000	\$103,000
Lifetime Retirement Income	\$26,910,749	\$26,372,545
Chance of Success	1%	0%

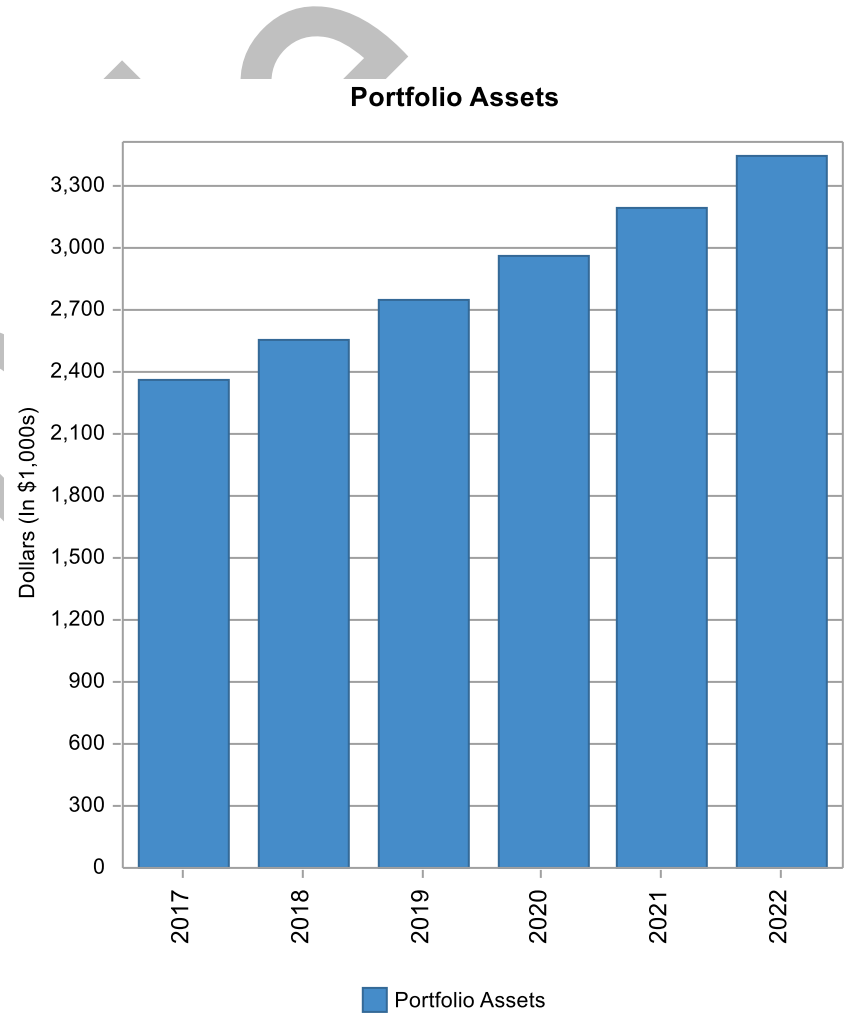
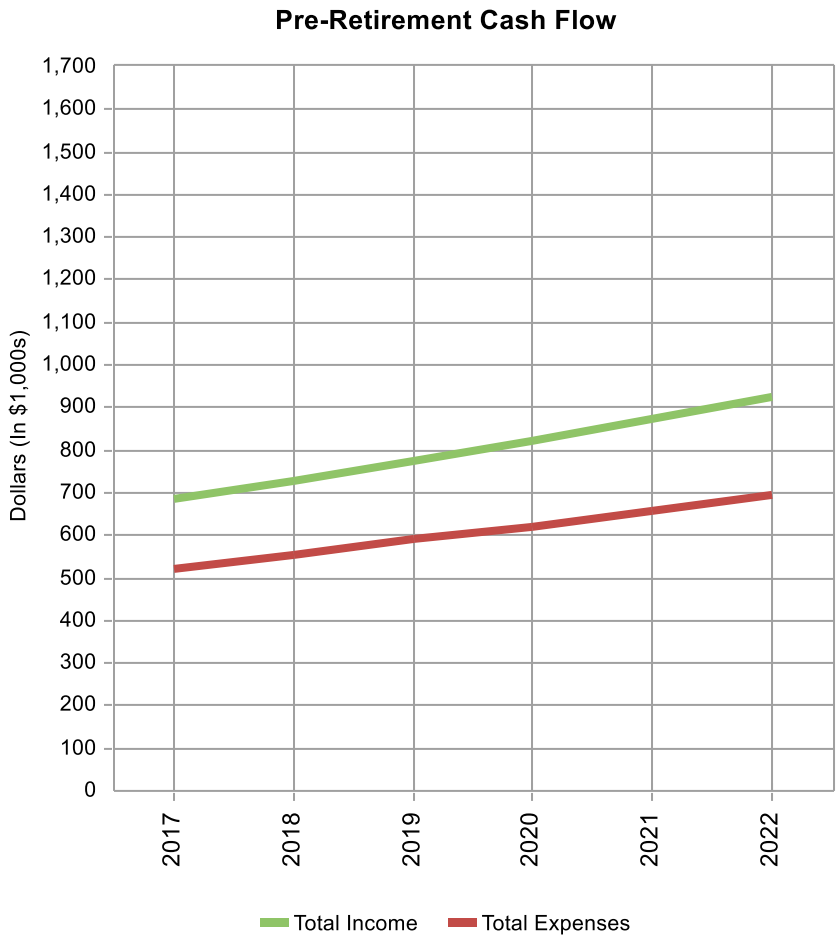
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# Appendix - Pre-Retirement Cash Flow

## Base Facts

Prepared for Paul and Lynn Price

The Pre-Retirement Cash Flow report shows how your income and expenses contribute to your savings up until your planned retirement.



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Year	Age	Income		Expenses			Net Cash Flow	Portfolio Growth	Ending Portfolio Assets
		Income Flows	Total Income	Living Expenses	Taxes	Total Expenses			
2017	59/58	\$550,000	\$550,000	\$349,234	\$174,329	\$523,563	\$26,437	\$137,749	\$2,360,277
2018	60/59	580,760	580,760	368,326	185,847	554,173	26,587	149,333	\$2,548,122
2019	61/60	613,281	613,281	394,575	197,679	592,254	21,027	161,725	\$2,743,515
2020	62/61	647,666	647,666	409,258	210,697	619,955	27,711	175,049	\$2,959,525
2021	63/62	684,023	684,023	431,284	224,069	655,353	28,670	189,280	\$3,191,475
2022	64/63	722,468	722,468	455,438	237,979	693,417	29,051	204,548	\$3,439,574

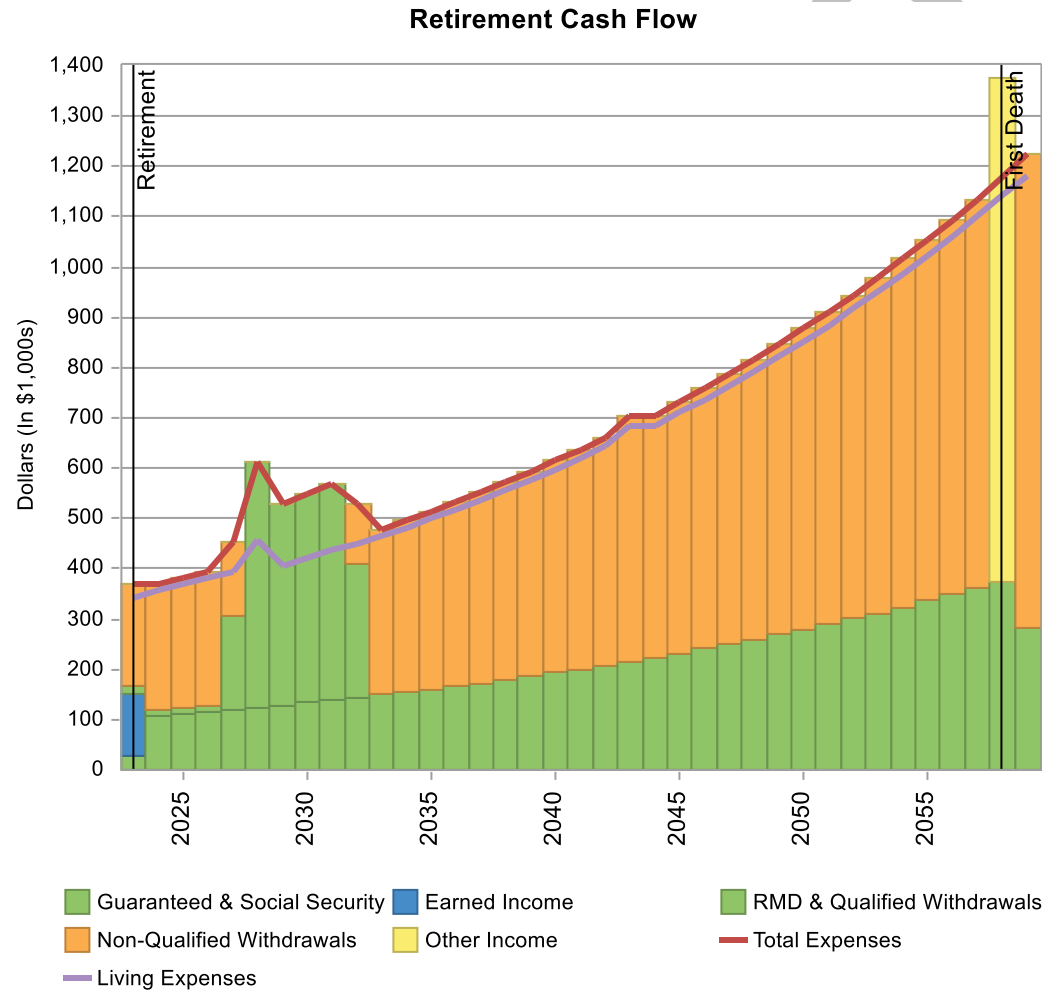
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# Appendix - Retirement Cash Flow

## Base Facts

Prepared for Paul and Lynn Price

The Retirement Cash Flow report shows how expenses are paid from income sources, investment returns, and asset withdrawals throughout retirement.



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Year	Age	Income Sources					Expenses			Income from Assets		Portfolio Growth	Ending Portfolio Assets
		Earned Income	Guaranteed Income	Social Security	Other Income	Total Income	Living Expenses	Taxes	Total Expenses & Taxes	Portfolio Withdrawals	Withdrawal Rate		
2023	65/64	\$124,789	\$0	\$28,288	\$0	\$153,077	\$343,732	\$26,136	\$369,868	\$216,791	6.3%	\$0	\$3,222,783
2024	66/65	0	77,689	29,352	0	107,041	356,904	12,602	369,506	262,465	8.1	0	2,960,318
2025	67/66	0	80,610	30,456	0	111,066	369,386	12,591	381,977	270,911	9.2	0	2,689,407
2026	68/67	0	83,641	31,601	0	115,242	382,335	12,562	394,897	279,655	10.4	0	2,409,752
2027	69/68	0	86,786	32,789	0	119,575	395,009	57,219	452,228	332,653	13.8	0	2,077,099
2028	70/69	0	90,049	34,022	0	124,071	457,189	155,874	613,063	488,992	23.5	0	1,588,107
2029	71/70	0	93,435	35,301	0	128,736	406,342	123,825	530,167	401,431	25.3	0	1,186,676
2030	72/71	0	96,948	36,628	0	133,576	421,068	128,200	549,268	415,692	35.0	0	770,984
2031	73/72	0	100,593	38,005	0	138,598	436,188	132,685	568,873	430,275	55.8	0	340,709
2032	74/73	0	104,375	39,434	0	143,809	448,842	78,803	527,645	383,836	112.7	0	(43,127)
2033	75/74	0	108,300	40,917	0	149,217	465,194	13,429	478,623	329,406	0.0	0	(372,533)
2034	76/75	0	112,372	42,455	0	154,827	482,161	13,934	496,095	341,268	0.0	0	(713,801)
2035	77/76	0	116,597	44,051	0	160,648	499,766	14,451	514,217	353,569	0.0	0	(1,067,370)
2036	78/77	0	120,981	45,707	0	166,688	518,033	14,995	533,028	366,340	0.0	0	(1,433,710)
2037	79/78	0	125,530	47,426	0	172,956	536,987	15,556	552,543	379,587	0.0	0	(1,813,297)
2038	80/79	0	130,250	49,209	0	179,459	556,653	16,149	572,802	393,343	0.0	0	(2,206,640)
2039	81/80	0	135,147	51,059	0	186,206	577,059	16,742	593,801	407,595	0.0	0	(2,614,235)
2040	82/81	0	140,229	52,979	0	193,208	598,232	17,384	615,616	422,408	0.0	0	(3,036,643)
2041	83/82	0	145,502	54,971	0	200,473	620,201	18,019	638,220	437,747	0.0	0	(3,474,390)
2042	84/83	0	150,973	57,038	0	208,011	642,996	18,716	661,712	453,701	0.0	0	(3,928,091)
2043	85/84	0	156,650	59,183	0	215,833	684,549	19,423	703,972	488,139	0.0	0	(4,416,230)
2044	86/85	0	162,540	61,408	0	223,948	684,748	20,138	704,886	480,938	0.0	0	(4,897,168)
2045	87/86	0	168,652	63,717	0	232,369	710,213	20,894	731,107	498,738	0.0	0	(5,395,906)
2046	88/87	0	174,993	66,113	0	241,106	736,635	21,693	758,328	517,222	0.0	0	(5,913,128)
2047	89/88	0	181,573	68,599	0	250,172	764,050	22,505	786,555	536,383	0.0	0	(6,449,511)
2048	90/89	0	188,400	71,178	0	259,578	792,496	23,330	815,826	556,248	0.0	0	(7,005,759)
2049	91/90	0	195,484	73,854	0	269,338	822,012	24,219	846,231	576,893	0.0	0	(7,582,652)
2050	92/91	0	202,834	76,631	0	279,465	852,638	25,126	877,764	598,299	0.0	0	(8,180,951)
2051	93/92	0	210,461	79,512	0	289,973	884,415	26,069	910,484	620,511	0.0	0	(8,801,462)
2052	94/93	0	218,374	82,502	0	300,876	917,387	27,048	944,435	643,559	0.0	0	(9,445,021)
2053	95/94	0	226,585	85,604	0	312,189	951,599	28,067	979,666	667,477	0.0	0	(10,112,498)
2054	96/95	0	235,105	88,823	0	323,928	987,097	29,113	1,016,210	692,282	0.0	0	(10,804,780)
2055	97/96	0	243,945	92,163	0	336,108	1,023,930	30,218	1,054,148	718,040	0.0	0	(11,522,820)
2056	98/97	0	253,117	95,628	0	348,745	1,062,148	31,353	1,093,501	744,756	0.0	0	(12,267,576)

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Year	Age	Income Sources					Expenses			Income from Assets		Portfolio Growth	Ending Portfolio Assets
		Earned Income	Guaranteed Income	Social Security	Other Income	Total Income	Living Expenses	Taxes	Total Expenses & Taxes	Portfolio Withdrawals	Withdrawal Rate		
2057	99/98	0	262,634	99,224	0	361,858	1,101,803	32,536	1,134,339	772,481	0.0	0	(13,040,057)
<b>2058</b>	<b>100/99</b>	<b>0</b>	<b>272,509</b>	<b>102,955</b>	<b>1,000,000</b>	<b>1,375,464</b>	<b>1,142,949</b>	<b>33,753</b>	<b>1,176,702</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>(12,909,929)</b>
2059	101/100	0	282,755	0	0	282,755	1,180,142	45,338	1,225,480	942,725	0.0	37,600	(13,815,054)

Guarantees are contingent upon the claims paying ability of the issuing company(s).

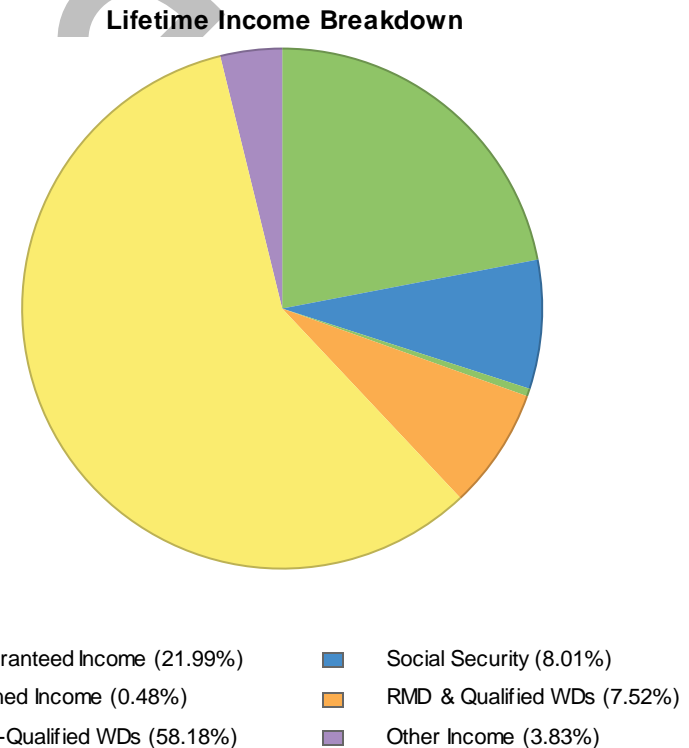
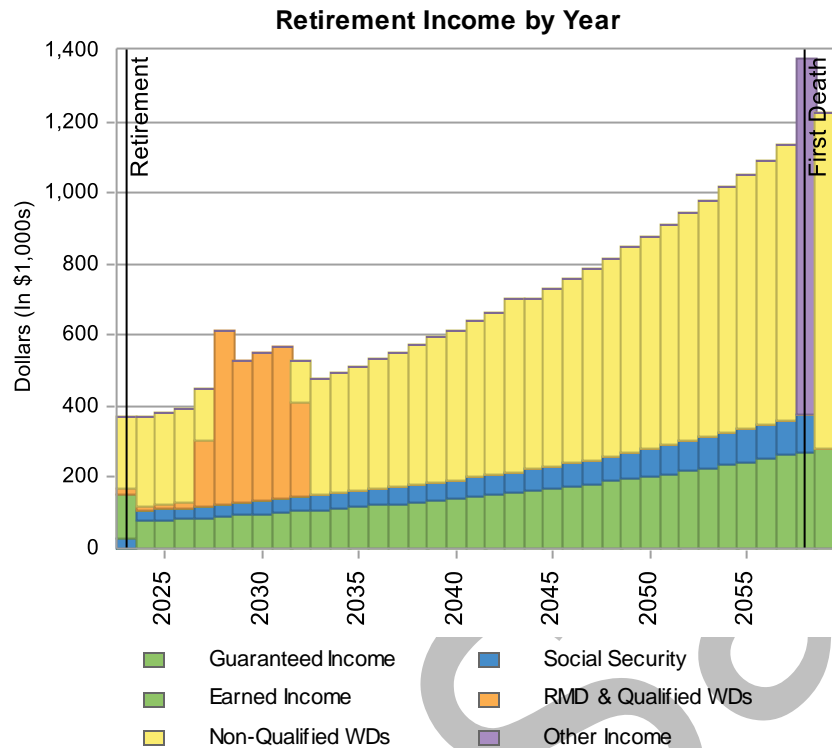
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# Appendix - Retirement Income Detail

## Base Facts

Prepared for Paul and Lynn Price

The Retirement Income Detail report shows expected income sources.



Income Sources						Income from Assets				
Year	Age	Earned Income	Guaranteed Income	Social Security	Other Income	Total Income Sources	Req'd Distributions	Add'l Qualified Withdrawals	Non-Qualified Withdrawals	Total
2023	65/64	\$124,789	\$0	\$28,288	\$0	\$153,077	\$13,137	\$0	\$203,654	\$216,791
2024	66/65	0	77,689	29,352	0	107,041	13,137	0	249,328	262,465
										<b>Total Income</b>
										<b>\$369,868</b>
										<b>369,506</b>

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Year	Age	Income Sources					Income from Assets				
		Earned Income	Guaranteed Income	Social Security	Other Income	Total Income Sources	Req'd Distributions	Add'l Qualified Withdrawals	Non- Qualified Withdrawals	Total Withdrawals	Total Income
2025	67/66	0	80,610	30,456	0	111,066	13,136	0	257,775	270,911	381,977
2026	68/67	0	83,641	31,601	0	115,242	13,137	0	266,518	279,655	394,897
2027	69/68	0	86,786	32,789	0	119,575	13,136	172,617	146,900	332,653	452,228
2028	70/69	0	90,049	34,022	0	124,071	73,720	415,272	0	488,992	613,063
2029	71/70	0	93,435	35,301	0	128,736	57,103	344,328	0	401,431	530,167
2030	72/71	0	96,948	36,628	0	133,576	43,430	372,262	0	415,692	549,268
2031	73/72	0	100,593	38,005	0	138,598	28,183	402,092	0	430,275	568,873
2032	74/73	0	104,375	39,434	0	143,809	11,170	254,666	118,000	383,836	527,645
2033	75/74	0	108,300	40,917	0	149,217	0	0	329,406	329,406	478,623
2034	76/75	0	112,372	42,455	0	154,827	0	0	341,268	341,268	496,095
2035	77/76	0	116,597	44,051	0	160,648	0	0	353,569	353,569	514,217
2036	78/77	0	120,981	45,707	0	166,688	0	0	366,340	366,340	533,028
2037	79/78	0	125,530	47,426	0	172,956	0	0	379,587	379,587	552,543
2038	80/79	0	130,250	49,209	0	179,459	0	0	393,343	393,343	572,802
2039	81/80	0	135,147	51,059	0	186,206	0	0	407,595	407,595	593,801
2040	82/81	0	140,229	52,979	0	193,208	0	0	422,408	422,408	615,616
2041	83/82	0	145,502	54,971	0	200,473	0	0	437,747	437,747	638,220
2042	84/83	0	150,973	57,038	0	208,011	0	0	453,701	453,701	661,712
2043	85/84	0	156,650	59,183	0	215,833	0	0	488,139	488,139	703,972
2044	86/85	0	162,540	61,408	0	223,948	0	0	480,938	480,938	704,886
2045	87/86	0	168,652	63,717	0	232,369	0	0	498,738	498,738	731,107
2046	88/87	0	174,993	66,113	0	241,106	0	0	517,222	517,222	758,328
2047	89/88	0	181,573	68,599	0	250,172	0	0	536,383	536,383	786,555
2048	90/89	0	188,400	71,178	0	259,578	0	0	556,248	556,248	815,826
2049	91/90	0	195,484	73,854	0	269,338	0	0	576,893	576,893	846,231
2050	92/91	0	202,834	76,631	0	279,465	0	0	598,299	598,299	877,764
2051	93/92	0	210,461	79,512	0	289,973	0	0	620,511	620,511	910,484
2052	94/93	0	218,374	82,502	0	300,876	0	0	643,559	643,559	944,435
2053	95/94	0	226,585	85,604	0	312,189	0	0	667,477	667,477	979,666
2054	96/95	0	235,105	88,823	0	323,928	0	0	692,282	692,282	1,016,210
2055	97/96	0	243,945	92,163	0	336,108	0	0	718,040	718,040	1,054,148
2056	98/97	0	253,117	95,628	0	348,745	0	0	744,756	744,756	1,093,501
2057	99/98	0	262,634	99,224	0	361,858	0	0	772,481	772,481	1,134,339
<b>2058</b>	<b>100/99</b>	<b>0</b>	<b>272,509</b>	<b>102,955</b>	<b>1,000,000</b>	<b>1,375,464</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,375,464</b>
2059	101/100	0	282,755	0	0	282,755	0	0	942,725	942,725	1,225,480

Guarantees are contingent upon the claims paying ability of the issuing company(s).

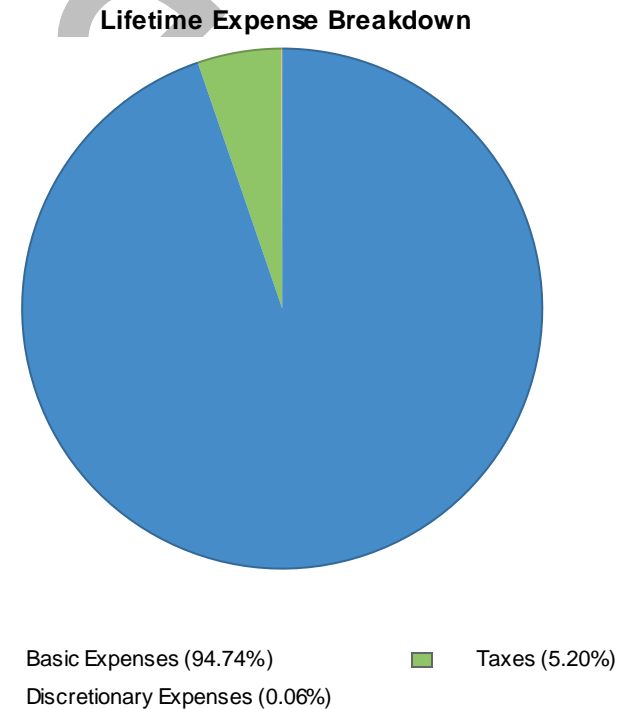
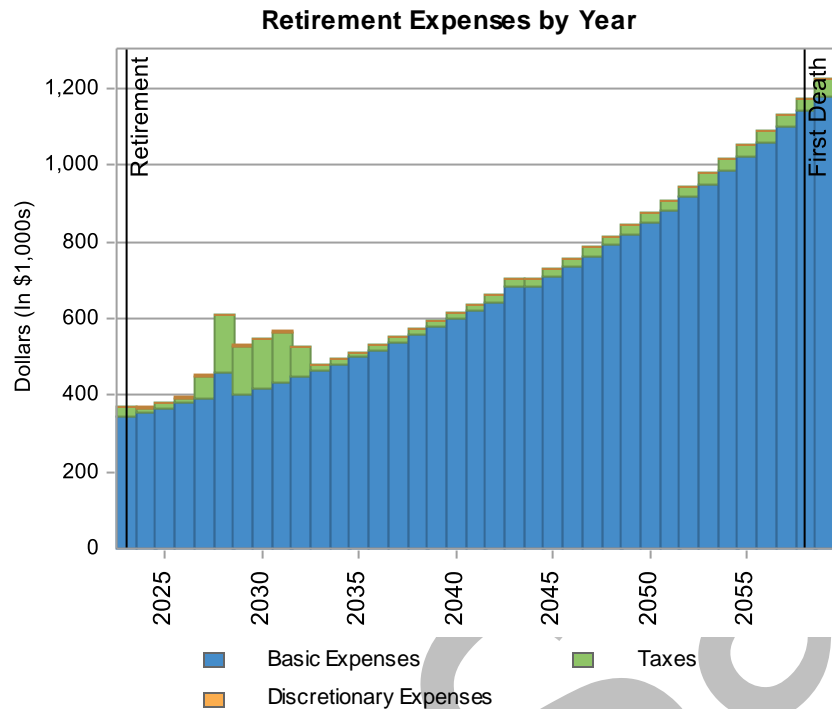
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# Appendix - Retirement Expense Detail

## Base Facts

Prepared for Paul and Lynn Price

The Retirement Expense Detail report shows expected expenses throughout retirement.



Year	Age	Basic Expenses	Discretionary Living Expenses	Taxes*	Other Expenses	Total Expenses
2023	65/64	\$343,670	\$62	\$26,136	\$0	\$369,868
2024	66/65	355,400	1,504	12,602	0	369,506
2025	67/66	367,571	1,815	12,591	0	381,977
2026	68/67	380,200	2,135	12,562	0	394,897
2027	69/68	393,304	1,705	57,219	0	452,228

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Year	Age	Basic Expenses	Discretionary Living Expenses	Taxes*	Other Expenses	Total Expenses
2028	70/69	456,999	190	155,874	0	613,063
2029	71/70	403,255	3,087	123,825	0	530,167
2030	72/71	417,893	3,175	128,200	0	549,268
2031	73/72	433,082	3,106	132,685	0	568,873
2032	74/73	448,842	0	78,803	0	527,645
2033	75/74	465,194	0	13,429	0	478,623
2034	76/75	482,161	0	13,934	0	496,095
2035	77/76	499,766	0	14,451	0	514,217
2036	78/77	518,033	0	14,995	0	533,028
2037	79/78	536,987	0	15,556	0	552,543
2038	80/79	556,653	0	16,149	0	572,802
2039	81/80	577,059	0	16,742	0	593,801
2040	82/81	598,232	0	17,384	0	615,616
2041	83/82	620,201	0	18,019	0	638,220
2042	84/83	642,996	0	18,716	0	661,712
2043	85/84	684,549	0	19,423	0	703,972
2044	86/85	684,748	0	20,138	0	704,886
2045	87/86	710,213	0	20,894	0	731,107
2046	88/87	736,635	0	21,693	0	758,328
2047	89/88	764,050	0	22,505	0	786,555
2048	90/89	792,496	0	23,330	0	815,826
2049	91/90	822,012	0	24,219	0	846,231
2050	92/91	852,638	0	25,126	0	877,764
2051	93/92	884,415	0	26,069	0	910,484
2052	94/93	917,387	0	27,048	0	944,435
2053	95/94	951,599	0	28,067	0	979,666
2054	96/95	987,097	0	29,113	0	1,016,210
2055	97/96	1,023,930	0	30,218	0	1,054,148
2056	98/97	1,062,148	0	31,353	0	1,093,501
2057	99/98	1,101,803	0	32,536	0	1,134,339
<b>2058</b>	<b>100/99</b>	<b>1,142,949</b>	<b>0</b>	<b>33,753</b>	<b>0</b>	<b>1,176,702</b>
2059	101/100	1,180,142	0	45,338	0	1,225,480

\*Comprised of Annualized Income Tax, Gift Tax, and Generation Skipping Tax, where applicable.

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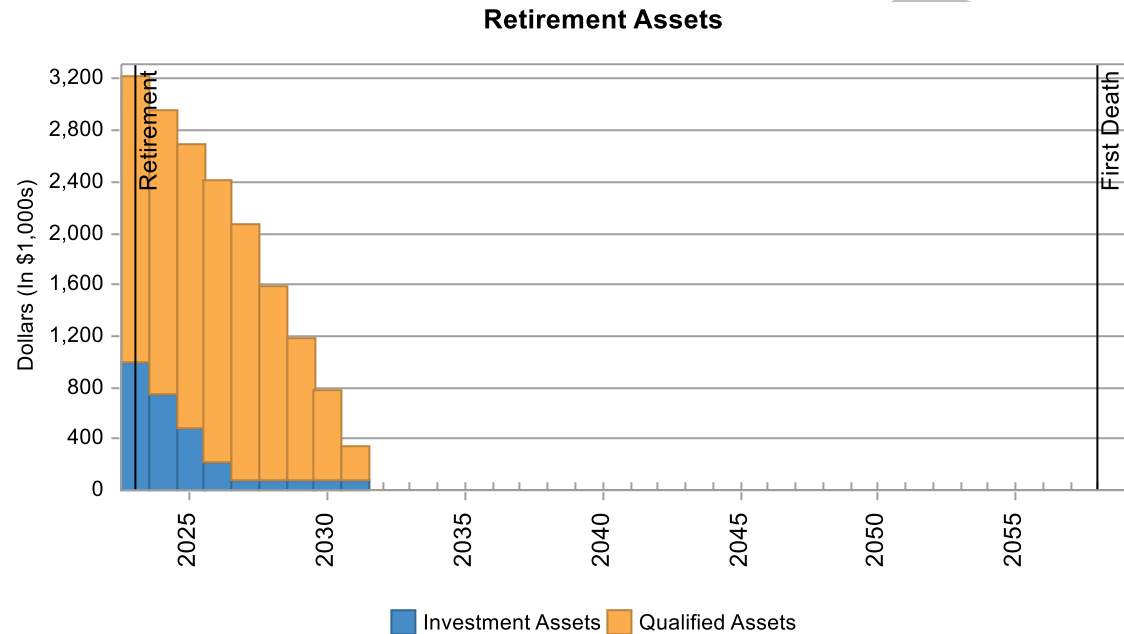


# Appendix - Retirement Assets

## Base Facts

Prepared for Paul and Lynn Price

The Retirement Portfolio report shows the longevity and distribution of your assets.



Year	Age	Beginning Portfolio Assets	Asset Growth	Withdrawals			Ending Values			Total Ending Portfolio Assets	Withdrawal Rate
				Required Distributions	Qualified Withdrawals	Non-Qualified Withdrawals	Investment Assets	Tax-Free Assets	Retirement Assets		
2023	65/64	\$3,439,574	\$0	\$13,137	\$0	\$203,654	\$995,394	\$0	\$2,227,389	\$3,222,783	6.3%
2024	66/65	3,222,783	0	13,137	0	249,328	746,066	0	2,214,252	2,960,318	8.1
2025	67/66	2,960,318	0	13,136	0	257,775	488,291	0	2,201,116	2,689,407	9.2
2026	68/67	2,689,407	0	13,137	0	266,518	221,773	0	2,187,979	2,409,752	10.4
2027	69/68	2,409,752	0	13,136	172,617	146,900	74,873	0	2,002,226	2,077,099	13.8
2028	70/69	2,077,099	0	73,720	415,272	0	74,873	0	1,513,234	1,588,107	23.5
2029	71/70	1,588,107	0	57,103	344,328	0	74,873	0	1,111,803	1,186,676	25.3
2030	72/71	1,186,676	0	43,430	372,262	0	74,873	0	696,111	770,984	35.0

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Year	Age	Beginning Portfolio Assets	Asset Growth	Withdrawals			Ending Values			Total Ending Portfolio Assets	Withdrawal Rate
				Required Distributions	Qualified Withdrawals	Non-Qualified Withdrawals	Investment Assets	Tax-Free Assets	Retirement Assets		
2031	73/72	770,984	0	28,183	402,092	0	74,873	0	265,836	340,709	55.8
2032	74/73	340,709	0	11,170	254,666	118,000	(43,127)	0	0	(43,127)	112.7
2033	75/74	(43,127)	0	0	0	329,406	(372,533)	0	0	(372,533)	0.0
2034	76/75	(372,533)	0	0	0	341,268	(713,801)	0	0	(713,801)	0.0
2035	77/76	(713,801)	0	0	0	353,569	(1,067,370)	0	0	(1,067,370)	0.0
2036	78/77	(1,067,370)	0	0	0	366,340	(1,433,710)	0	0	(1,433,710)	0.0
2037	79/78	(1,433,710)	0	0	0	379,587	(1,813,297)	0	0	(1,813,297)	0.0
2038	80/79	(1,813,297)	0	0	0	393,343	(2,206,640)	0	0	(2,206,640)	0.0
2039	81/80	(2,206,640)	0	0	0	407,595	(2,614,235)	0	0	(2,614,235)	0.0
2040	82/81	(2,614,235)	0	0	0	422,408	(3,036,643)	0	0	(3,036,643)	0.0
2041	83/82	(3,036,643)	0	0	0	437,747	(3,474,390)	0	0	(3,474,390)	0.0
2042	84/83	(3,474,390)	0	0	0	453,701	(3,928,091)	0	0	(3,928,091)	0.0
2043	85/84	(3,928,091)	0	0	0	488,139	(4,416,230)	0	0	(4,416,230)	0.0
2044	86/85	(4,416,230)	0	0	0	480,938	(4,897,168)	0	0	(4,897,168)	0.0
2045	87/86	(4,897,168)	0	0	0	498,738	(5,395,906)	0	0	(5,395,906)	0.0
2046	88/87	(5,395,906)	0	0	0	517,222	(5,913,128)	0	0	(5,913,128)	0.0
2047	89/88	(5,913,128)	0	0	0	536,383	(6,449,511)	0	0	(6,449,511)	0.0
2048	90/89	(6,449,511)	0	0	0	556,248	(7,005,759)	0	0	(7,005,759)	0.0
2049	91/90	(7,005,759)	0	0	0	576,893	(7,582,652)	0	0	(7,582,652)	0.0
2050	92/91	(7,582,652)	0	0	0	598,299	(8,180,951)	0	0	(8,180,951)	0.0
2051	93/92	(8,180,951)	0	0	0	620,511	(8,801,462)	0	0	(8,801,462)	0.0
2052	94/93	(8,801,462)	0	0	0	643,559	(9,445,021)	0	0	(9,445,021)	0.0
2053	95/94	(9,445,021)	0	0	0	667,477	(10,112,498)	0	0	(10,112,498)	0.0
2054	96/95	(10,112,498)	0	0	0	692,282	(10,804,780)	0	0	(10,804,780)	0.0
2055	97/96	(10,804,780)	0	0	0	718,040	(11,522,820)	0	0	(11,522,820)	0.0
2056	98/97	(11,522,820)	0	0	0	744,756	(12,267,576)	0	0	(12,267,576)	0.0
2057	99/98	(12,267,576)	0	0	0	772,481	(13,040,057)	0	0	(13,040,057)	0.0
<b>2058</b>	<b>100/99</b>	<b>(13,040,057)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(12,909,929)</b>	<b>0</b>	<b>0</b>	<b>(12,909,929)</b>	<b>0.0</b>
2059	101/100	(12,909,929)	37,600	0	0	942,725	(13,815,054)	0	0	(13,815,054)	0.0

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# Appendix - Growth Rates Summary

## Base Facts

*Prepared for Paul and Lynn Price*

The Growth Rates Summary report shows assets and the assigned growth models.

### PRE-RETIREMENT RATES OF RETURN

Investment Account Type	Value	Rate of Return	Model Portfolio (Rate)	Allocation %
Cash Equivalents	\$100,000	0.00%	No Growth (0.00%)	100.00%
Taxable Investments	\$676,950	5.90%	By Asset Mix (5.90%)	100.00%
Qualified Retirement	\$1,347,891	7.09%	By Asset Mix (7.09%)	100.00%
Life Insurance	\$60,000	3.76%	Use Default - Inflation (3.76%)	100.00%

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# Appendix - Growth Rates Summary

## Base Facts

*Prepared for Paul and Lynn Price*

The Growth Rates Summary report shows assets and the assigned growth models.

### POST-RETIREMENT RATES OF RETURN

Investment Account Type	Value	Rate of Return	Model Portfolio (Rate)	Allocation %
Cash Equivalents	\$100,000	0.00%	No Growth (0.00%)	100.00%
Taxable Investments	\$676,950	5.90%	By Asset Mix (5.90%)	100.00%
Qualified Retirement	\$1,347,891	5.76%	By Asset Mix (5.76%)	85.58%
Life Insurance	\$60,000	3.76%	Use Default - Inflation (3.76%)	100.00%

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# Appendix - Growth Rates Summary

## Base Facts

*Prepared for Paul and Lynn Price*

The Growth Rates Summary report shows assets and the assigned growth models.

### DEFAULT GROWTH RATES

#### Retirement Assets

Pre-Retirement Rate of Return: By Asset Mix

Post Retirement Rate of Return: By Asset Mix

#### Taxable Investments

Pre-Retirement Rate of Return: By Asset Mix

Post Retirement Rate of Return: By Asset Mix

#### Cash Equivalents

Pre-Retirement Rate of Return: By Asset Mix

Post Retirement Rate of Return: By Asset Mix

#### 529 Plans

Pre-Retirement Rate of Return: By Asset Mix

Post Retirement Rate of Return: By Asset Mix

#### Life Insurance

Cash Value Growth Rate: Inflation (3.76%)

Proceeds Reinvested at: Inflation (3.76%)

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# Appendix - Growth Rates Summary

## Base Facts

Prepared for Paul and Lynn Price

The Growth Rates Summary report shows assets and the assigned growth models.

## MODEL PORTFOLIOS

The table below displays the underlying assumptions used for the gross growth rates of investment assets. Indexes are unmanaged, are not available for direct investment and they are not indicative of the performance of any particular investment. The index information is updated periodically and the model portfolio growth rates may change over time as the index rates change. Past performance does not guarantee future results.

Market Index	Percent	Rate of Return	Mean Rate	Standard Deviation	Time Period (years)	Period Ending
Inflation Rate						
Consumer Price Index	100.00%	3.76%	3.77%	1.65%	77	9/30/2016
<b>Total</b>	<b>100.00%</b>	<b>3.76%</b>				

**Market Index:** An index is a group of securities with similar investment characteristics combined to create a benchmark against which performance of a specific security is measured. An index does not represent any single asset but rather an entire group of assets. One cannot invest directly into any index. Indices are unmanaged and returns assume the reinvestment of all dividends. Past performance is no guarantee of future results.

**Model Portfolio:** A model portfolio is made up of a mix of asset classes and those asset classes are tied to appropriate market indices.

**Recommended Portfolio:** A recommended portfolio is derived from the completion of a risk tolerance questionnaire with scoring that is associated to a model portfolio.

**Mean:** Simple average, equal to the sum of all values divided by the number of values.

**Rate of Return:** The average annual return for the number of years shown.

**Standard Deviation:** A statistical measure of the volatility based on the distribution of a set of data from its mean (average value). Example: A portfolio with an average return of 10% and a standard deviation of 15% would return a result between -5% and +25% the majority of the time (68% probability or 1 standard deviation), almost all the time the return would be between -20% and +40% (95% probability or twice the standard deviation). If there were 0 standard deviation then the result would always be 10%. Generally, more aggressive portfolios have a higher standard deviation and more conservative portfolios have a lower standard deviation.

### Municipal Bond Indexes

**Ibbotson LT Muni Bond Index** - An unmanaged index that is representative of a portfolio of Municipal bonds with maturities ranging from 17-22 years.

**Barclays Capital 10yr Muni Bond Index** - An unmanaged index comprised of investment grade municipal bonds with a minimum credit rating of Baa and with maturities ranging from 8-12 years.

**Barclays Capital 20yr Muni Bond Index** - An unmanaged index comprised of investment grade municipal bonds with a minimum credit rating of Baa and with maturities ranging from 17-22 years.

**Barclays Capital 3yr Muni Bond Index** - An unmanaged index comprised of investment grade bonds with a minimum credit rating of Baa and with maturities of greater than two years and less than four years.

**Barclays Capital Municipal Bond Index** - Covers the long term tax exempt bond market. The index has four main sectors: State and Local General Obligation bonds, Revenue bonds, Insured bonds, and Prerefunded bonds.

**Barclays Capital 1-10yr Muni Bond Index** - A rules based, market-value weighted index engineered for the long-term tax exempt market.

### Taxable Bond Indexes

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*Ibbotson HY Corp Bond Index - An unmanaged index representing fixed rate, non-investment grade debt. In general, all securities must be rated Ba1 or lower including defaulted issues.*

*Ibbotson IT Gov't Bond Index - An unmanaged index that is representative of a portfolio of Treasury bonds with 10 years to maturity.*

*Ibbotson LT Corp Bond Index - An unmanaged index representing the Salomon Brothers Long-Term High-Grade Corporate Bond Index, which includes nearly all Aaa and Aa-rated bonds with at least 10 years to maturity.*

*Ibbotson LT Gov't Bond Index - An unmanaged index that is representative of a portfolio of Treasury bonds with 20 years to maturity.*

*Barclays Capital 1-3yr Treasury Bond Index - An unmanaged index comprised of investment grade issues with maturities ranging from 1 to (but not including) 3 years.*

*Barclays Capital Mortgage Bond Index - Covers the fixed-rate agency mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The index is a subset of the U.S. Aggregate Index.*

*Barclays Capital TIPS Index - An unmanaged market index comprised of all U.S. Treasury Inflation Protected Securities rated investment grade (Baa3 or better).*

*Barclays Capital U.S. Aggregate Bond Index - Covers the investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes bonds from the Treasury, Government-Related, Corporate, MBS, ABS, and CMBS sectors. The U.S. Aggregate Index family includes a wide range of standard and customized sub-indices by sector, quality, and maturity.*

*Barclays Capital U.S. Universal Bond Index - The Universal Index represents the union of the U.S. Aggregate Index, U.S. Corporate High-Yield Index, Investment-Grade 144A Index, Eurodollar Index, U.S. Emerging Markets Index, the non-ERISA eligible portion of the CMBS Index, and the CMBS High-Yield Index. The index covers taxable bonds that are rated either investment-grade or below investment-grade.*

#### **Large-Cap Equity Indexes**

*Russell 1000 Growth Index - Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.*

*Russell 1000 Index - Measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 92% of the total market capitalization of the Russell 3000 Index.*

*Russell 1000 Value Index - Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.*

*Russell 3000 Index - Measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.*

*S&P 500 Index - Measures performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The S&P 500 covers 80% of the U.S. market encompassing more than 100 industry groups.*

*S&P/Citigroup 500 Growth Index - Measures the performance of those S&P 500 companies with higher price-to-book ratios and higher forecasted growth values.*

*S&P/Citigroup 500 Value Index - Measures the performance of those S&P 500 companies with lower price-to-book ratios and lower forecasted growth values.*

#### **Mid-Cap Equity Indexes**

*Russell Midcap Growth Index - Measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index.*

*Russell Midcap Index - Measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.*

*Russell Midcap Value Index - Measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value index.*

*S&P MidCap 400 Index - Measures the performance of mid-sized companies. The S&P MidCap 400 represents about 7% of U.S. market cap.*

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### **Small/Mid-Cap Equity Indexes**

*Russell 2500 Growth Index - Measures the performance of those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values.*

*Russell 2500 Index - Measures the performance of the 2,500 smallest companies in the Russell 3000 Index, which represents approximately 16% of the total market capitalization of the Russell 3000 Index.*

*Russell 2500 Value Index - Measures the performance of those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values.*

### **Small-Cap Equity Indexes**

*Ibbotson Small Co Stock Index - Measures the performance of those companies that have a market capitalization in the lowest 4 percent of the market universe. The market universe is defined as the aggregate of the NYSE, AMEX and NASDAQ NMS firms.*

*Russell 2000 Growth Index - Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.*

*Russell 2000 Index - Measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.*

*Russell 2000 Value Index - Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.*

*S&P SmallCap 600 Index - Measures the performance of small-sized companies. The S&P SmallCap 600 represents about 3% of U.S. market cap.*

### **Real Estate Indexes**

*FTSE NAREIT All REITs Index - Consists of all tax-qualified REITs listed on the New York Stock Exchange, American Stock Exchange, and NASDAQ National Market List.*

### **Energy Indexes**

*S&P Energy Sector Index - The S&P Energy Sector Index comprises companies whose businesses are dominated by either of the following activities: The construction or provision of oil rigs, drilling equipment and other energy related service and equipment, including seismic data collection. Companies engaged in the exploration, production, marketing, refining and/or transportation of oil and gas products, coal and other consumable fuels.*

### **Commodity Indexes**

*Bloomberg Commodity TR Index - The index is designed to minimize concentration in any one commodity or sector. It currently has 22 commodity futures in seven sectors.*

### **Hedge Indexes**

*CSFB/Tremont Hedge Fund Index - An asset-weighted hedge fund index which separates funds into ten primary sub categories based on their investment style. The index represents at least 85% of the assets under management in each respective category of the index universe.*

### **International Indexes**

*MSCI EAFE Index - Morgan Stanley Capital International's market capitalization weighted index composed of companies representative of the market structure of 20 developed market countries in Europe, Australasia and the Far East. Countries include: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland, and United Kingdom.*

*Dow Jones World Emerging Markets Index - The Dow Jones market capitalization index represents the following 22 emerging markets: Brazil, Bulgaria, Chile, Cyprus, Czech Republic, Estonia, Europe, Hungary, Latvia, Lithuania, Malaysia, Malta, Mexico, Philippines, Poland, Romania, South Africa, South Korea, Slovakia, Slovenia, Taiwan, and Thailand.*

*MSCI Emerging Market Free Price Index - Morgan Stanley Capital International's float-adjusted market capitalization index composed of the following 25 emerging market country indexes: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.*

*Citigroup World Government Bond Index - Citigroup's market capitalization weighted index tracks the returns of government bonds in the following countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, the*

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Netherlands, Norway, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States. Market eligibility depends on both market capitalization and investability.

**Metals Indexes**

*PHLX Gold Silver Index* - A capitalization-weighted index composed of 16 companies involved in the gold and silver mining industry.

**Other Indexes**

*30 Day T-Bill Rate* - From Ibbotson Associates, provides the rate on debt obligations of the US Treasury that have maturities of one year or less. Maturities for T-bills are usually 91 days, 182 days, or 52 weeks.

*Consumer Price Index* - Cost of living index that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation.

Sample

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