

Jan 28, 2019

Personal Financial Analysis

John & Mary Sample



**Dempsey
Investment
Management, LLC**

Donald Dempsey, CFP

1233 Shelburne Road Suite 410
South Burlington, VT 05403
802-497-1931
www.dempseyinvestments.com
Don@feonlyvt.com

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

Table of Contents

Cover	1
Introduction (text)	2
Objectives	3
Summary	4
Net Worth Graph	5
Net Worth	6
Asset Summary	7
Liquidity Graph	8
Cash Flow Graph	9
Cash Flow	10
Future Cash Flow	11
Asset Allocation	12
Allocation Worksheet	13
Retirement Graph	14
Retirement Needs Analysis	15
Retirement Capital Analysis	16
Retirement Capital Notes (text)	17
Retirement Capital Estimate	18
Asset Accounts	19
Income Tax Graph	20
Income Taxes	21
Life Insurance Graph	22
Survivor Capital Estimate John	23
Survivor Capital Estimate Mary	24
Disability	25

Introduction

Your Personal Financial Plan has been prepared using techniques and concepts proven over years of experience from the disciplines of banking, investments, insurance, economics and finance. The analysis is based on the information you provided in your confidential questionnaire.

As you review the Personal Financial Plan, you will find that some areas of your financial goals are in better shape than others. The areas that particularly need attention will be identified in the report that follows.

The objective of this analysis is to assist you in making proper plans and quality decisions that might help you to achieve your financial objectives.

Decisions you make about your financial future can be enhanced by an understanding of your personal situation as described in this report, and through careful review and discussion.

After you have reviewed this financial plan and noted areas that need attention, we will assist you in evaluating the various options available for addressing areas of need or opportunities for use of your financial resources.

Objectives

Your personal financial plan was prepared with concern for your specific goals and objectives. As you review this report, determine if your goals are obtainable or whether adjustments should be considered.

RETIREMENT OBJECTIVES:	Age	* Monthly Expenses in Today's Dollars	* Inflation Adjusted Expenses
Your financial plan is based on the following income requirements.	66	\$6,281	\$7,322
	75	5,233	8,258
	85	5,233	11,239

** Includes basic personal expenses, itemized deductions, insurance, mortgage and debts, savings and investment deposits.*

SURVIVOR OBJECTIVES:

In the event of your premature death, you indicated that your heirs would need the following amounts of monthly income:*

	<u>John</u>	<u>Mary</u>
Initial income amount needed:	\$6,029	\$5,922

**Amount of expenses will vary. Refer to Survivor report for details. Includes basic personal expenses, insurance premiums, itemized deductions and loan payments.*

EDUCATION FUNDING:

Your financial analysis includes consideration of the cost of educating your children. Education costs now represent one of the most substantial expenses for a family. Unless careful planning and preparation is performed, these costs could seriously affect your ability to accumulate funds for your retirement.

<u>Name</u>	<u>Cost / year</u>	<u>Inflated cost at 3.00%</u>
Allissa	\$5,000	\$33,567
Tom	5,000	31,641
	Total	\$65,208

OTHER:

Estimates used in the reports are based on a life expectancy age for John of 91.
The life expectancy age for Mary is assumed to be 95.

Personal Financial Summary

There are several areas of your financial affairs that can be compared to the goals you have set and to their probable achievement. The following areas will give you a brief overview of the progress you have made toward your goals or alert you to areas that may need attention.

RETIREMENT:

	Income needed and available
Annual basic living expenses needed adjusted for inflation *	\$87,868
Total amount of spendable income needed through life expectancy	\$3,456,173
Total income expected from Social Security, pensions, etc.	(\$1,492,349)
Additional income requirements to be satisfied by savings, investments	\$1,963,825
Estimated value of working assets at retirement age 66	\$2,098,276

Your money could last through life expectancy with \$5,037,613 remaining for your heirs.

**Includes basic living expenses, debt payments, insurance premiums and itemized deductions.*

SURVIVOR (Insurance):

	<u>John</u>	<u>Mary</u>
Person to be insured		
Insurance needed if death occurs now*	(\$998,568)	(\$1,034,839)
Maximum insurance needed if death occurs in the future		
<i>* A number in parenthesis indicates there is a surplus of capital in this case.</i>		
Present Insurance Coverage	\$750,000	\$50,000

DISABILITY:

In the event of long term disability, funds will be required to pay for living expenses, debts and insurance premiums.

	<u>John</u>	<u>Mary</u>
Person disabled		
Monthly income needed	\$5,863	\$5,863
Monthly income available (long term)	4,849	8,252
Percent available - vs - needed	83%	141%

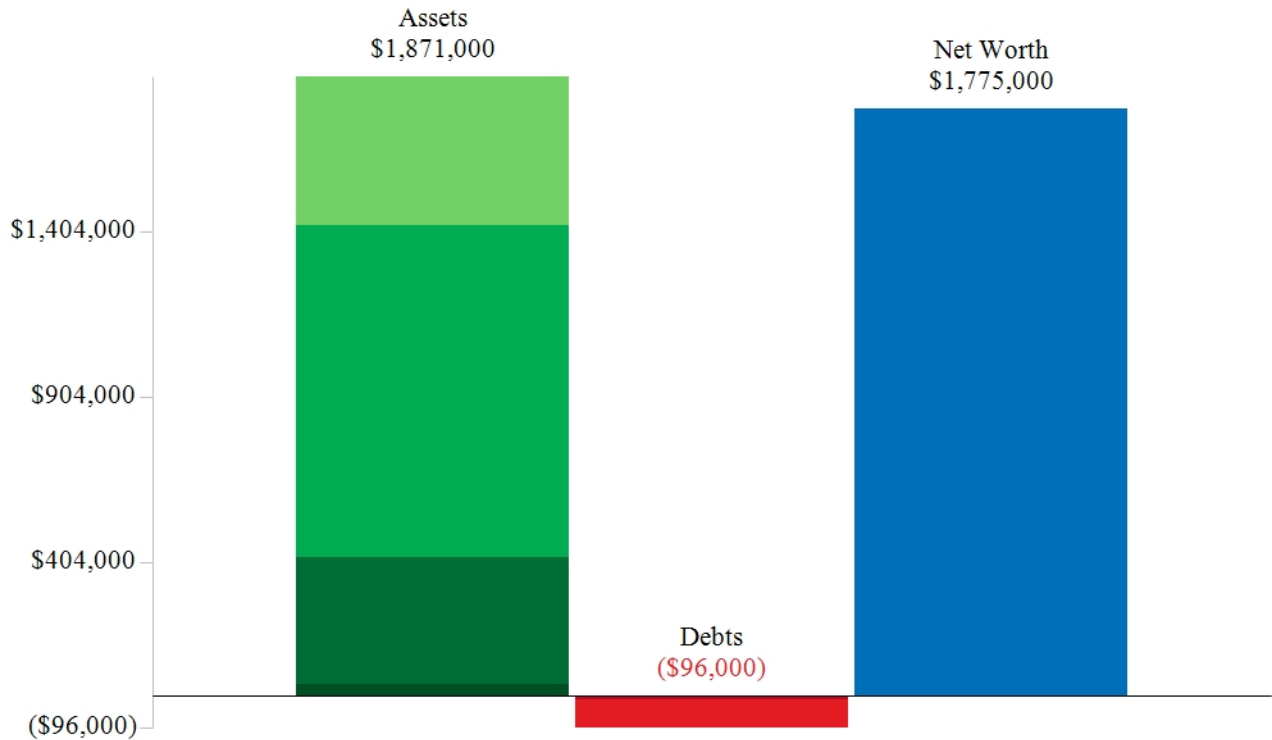
INCOME TAXES:

Your estimated gross income this year	\$201,100
Your estimated taxable income this year	170,700
Total income and social security taxes	50,245
Marginal tax rate (highest Federal & State tax rate)	30%

ESTATE COSTS:

First death estimated estate expenses and debts now	\$91,425
Second death taxes & expenses after 10 years (adjusted for estate growth)	\$155,196
Estate settlement costs as percent of future estate values (assuming second death in 10 years)	9%

Net Worth



Net Worth is the amount of assets remaining if all debts were paid off immediately. Typically over time an individual's net worth starts negative and grows until retirement or a little after then starts to decline as assets are spent.

Assets	\$1,871,000
Personal Assets	
Real Estate	450,000
Retirement Accounts	1,001,000
Investment Accounts	385,000
Savings Accounts	35,000
Debts	(\$96,000)
Real Estate	(84,000)
Other Liabilities	(12,000)
Net Worth	\$1,775,000

Net Worth Statement

ASSETS

	John	Mary	Joint / CP	Trust/Other	Total
Ordinary Income Accounts:					
Checking accounts, cash			\$35,000		\$35,000
Total			35,000		35,000
Equity (Investment) Accounts:					
Mutual Funds			385,000		385,000
Total			385,000		385,000
Retirement Accounts:					
401(k) accounts	640,000	150,000			790,000
Roth accounts	125,000	86,000			211,000
Total	765,000	236,000			1,001,000
Real Estate Assets:					
Residence			450,000		450,000
Total			450,000		450,000
Total Assets	\$765,000	\$236,000	\$870,000		\$1,871,000
LIABILITIES	John	Mary	Joint / CP	Trust/Other	Total
Residence mortgage			(\$84,000)		(\$84,000)
Auto loans			(12,000)		(12,000)
Total Liabilities			(\$96,000)		(\$96,000)
NET WORTH	\$765,000	\$236,000	\$774,000		\$1,775,000

Note: Assets held in a Revocable Trust are included in the grantors assets.

Asset Summary

This view looks at your retirement assets by the way they are treated for income taxes (the retirement estimate report uses this grouping for illustrating future values).

Assets by TYPE:	Account Value	Percent of Total	Weighted Average* Rate of Return
Taxable	\$35,000	2.46%	2.00%
Equity/Other Tax-Deferred Tax-Free	385,000	27.09%	6.00%
Retirement accounts	790,000	55.59%	6.00%
Roth accounts	211,000	14.85%	6.00%
	\$1,421,000	100%	5.90%

* Weighted average rate excludes assets which were not intended to be used for retirement.

Note: The Weighted Average Rate of Return is derived from the asset rates provided by you as shown on the Asset Detail report page. The effective return from each asset is computed and summed by type, and that sum is divided by the total value of that type asset. The resulting weighted average reflects an estimated portfolio rate of return for that asset type. The rates used are assumed to be net of all fees and expenses.

This view is focused on the asset classes. It should be used to help you determine if your assets are positioned in concert with your own goals.

Assets by CLASS:	Savings & Investments	Retirement Accounts	Percent of Total
Cash	\$35,000		2.46%
Growth and Income	385,000	1,001,000	97.54%
	\$420,000	\$1,001,000	100%

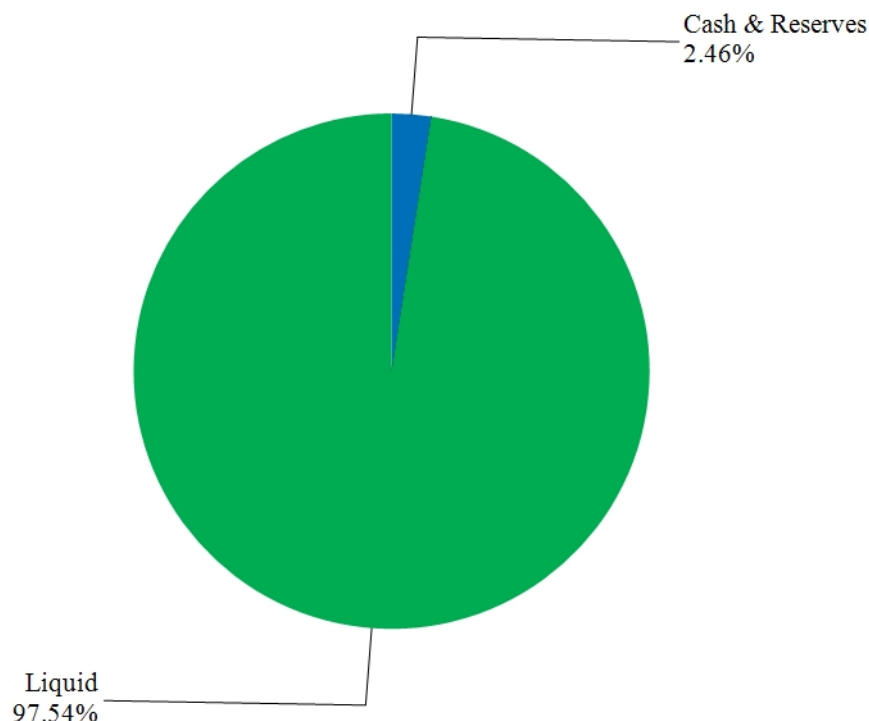
This view is concerned with the amount of liquid funds available. Refer to the Liquidity report for a more graphic illustration.

Assets by LIQUIDITY:	Savings & Investments	Retirement Accounts	Percent of Total
Cash and Reserves	\$35,000		2.46%
Liquid	385,000	1,001,000	97.54%
Non-Liquid Other			
	\$420,000	\$1,001,000	100%

Note: Some of the assets listed here may have been excluded from the retirement projection. Refer to the Asset Detail report for specifics.

Assets listed include only "working" assets, not residence and personal property assets or insurance cash values.

Liquidity



The above graph illustrates the liquidity level of your working assets, measuring the ability to convert working assets to cash if needed.

If you have too much of your money in "non-liquid" investments you may someday find yourself in a position where you need to have quick cash, but are unable to convert enough of your assets quickly.

	<u>Total Assets**</u>	<u>Working Assets*</u>
■ Cash & Reserves	\$35,000	\$35,000
■ Liquid	1,386,000	1,386,000
■ Non-Liquid	450,000	0
■ Other	0	0

Your total liquidity level including your residence and personal property is 76%.

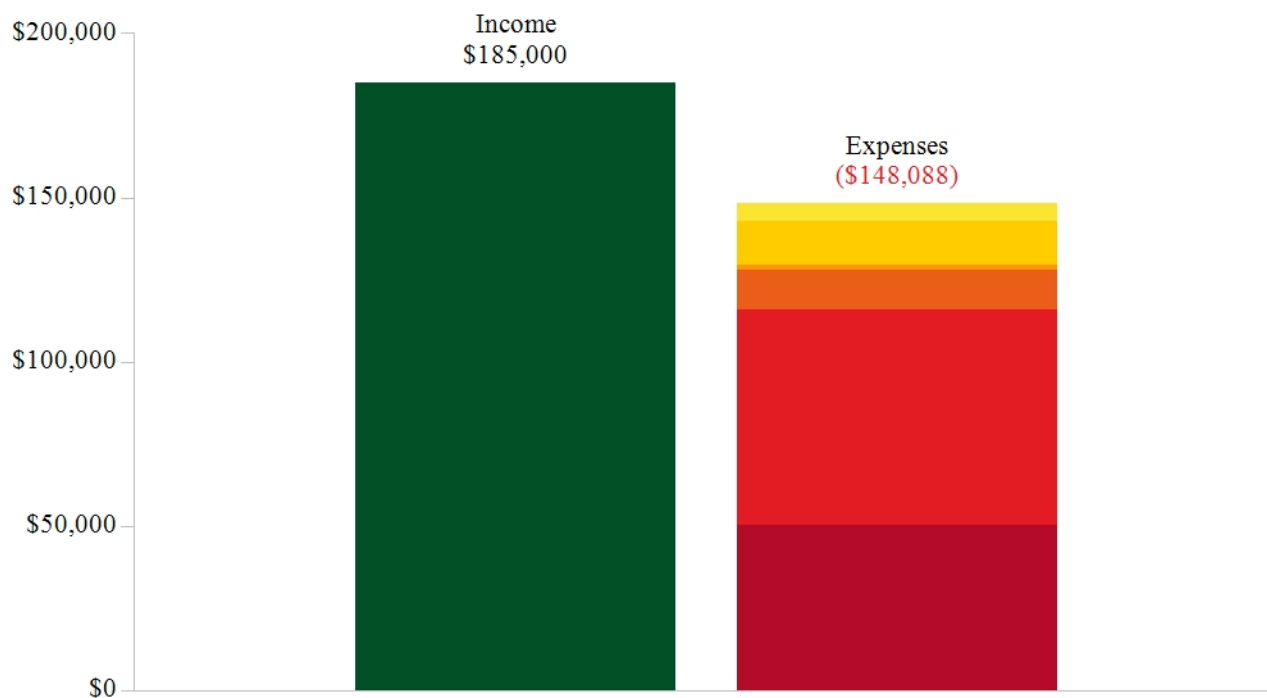
Your working asset liquidity ratio (cash and liquid assets divided by all working* assets) is 100%

This is a very high level of working asset liquidity, providing a comfortable margin of safety.

** Excluding residence and personal assets. Includes retirement accounts and rental real estate.*

*** Includes residence and personal assets in non-liquid category.*

Cash Flow



	Monthly	Annual
Income	\$15,417	\$185,000
Account Distributions		
Other Income		
Retirement Income		
Investment Income		
Employment Income	15,417	185,000
Expenses	(\$12,341)	(\$148,088)
Loan Payments	(425)	(5,100)
Mortgage Payments	(1,119)	(13,428)
Insurance Premiums	(144)	(1,725)
Savings and Investments	(1,000)	(12,000)
Living Expenses	(5,466)	(65,590)
Taxes	(4,187)	(50,245)
Income Surplus	\$3,076	\$36,912

Cash Flow

INCOME

	Monthly Amount	Annual Amount	Percent of Income
Salaries & Wages	\$15,417	\$185,000	100.00%
Total income available	\$15,417	\$185,000	100.00%

EXPENSES

	Monthly Amount	Annual Amount	Percent of Income
Federal and State Income Tax	\$3,008	\$36,092	19.51%
FICA Taxes	1,179	14,153	7.65%
Residence Mortgage	1,119	13,428	7.26%
Auto Loans	425	5,100	2.76%
Life Insurance	144	1,725	0.93%
Retirement Account Additions (IRA, 401(k), TSA, etc.)	1,000	12,000	6.49%
Charitable Contributions	83	1,000	0.54%
Property Tax	625	7,500	4.05%
Food & Household Incidentals	1,000	12,000	6.49%
Gas, Electric, Heat & Water	400	4,800	2.59%
Cell phone & Home Phone	150	1,800	0.97%
Internet & Cable/satellite	100	1,200	0.65%
Auto operating & maintenance	300	3,600	1.95%
Clothing & personal items	50	600	0.32%
Property Improvement & upkeep	300	3,600	1.95%
Entertainment & Vacations	667	8,000	4.33%
Books, papers & subscriptions	20	240	0.13%
Home Furnishings	67	800	0.43%
Medical Expenses	200	2,400	1.30%
Gym or club membership	100	1,200	0.65%
Car payment	400	4,800	2.59%
Medical Insurance premiums	600	7,200	3.89%
Home Insurance premiums	54	650	0.35%
Auto Insurance premiums	100	1,200	0.65%
LTC Insurance	250	3,000	1.62%
Total spending and savings	\$12,341	\$148,088	80.05%

Cash flow surplus (Income less Spending)

\$3,076 \$36,912

Future Cash Flow at John's Age 65

INCOME			
	Monthly Amount	Annual Amount	Percent of Income
Salaries & Wages	\$11,041	\$132,490	90.20%
Pension Income	1,200	14,400	9.80%
Total income available	\$12,241	\$146,890	100.00%
EXPENSES			
	Monthly Amount	Annual Amount	Percent of Income
Total Income Taxes	\$3,964	\$47,564	32.38%
Residence Mortgage	1,119	13,428	9.14%
Retirement Account Additions (IRA, 401(k), TSA, etc.)	500	6,000	4.08%
Charitable Contributions	98	1,176	0.80%
Property Tax	735	8,822	6.00%
Food & Household Incidentals	1,171	14,047	9.57%
Gas, Electric, Heat & Water	468	5,619	3.82%
Cell phone & Home Phone	176	2,107	1.44%
Internet & Cable/satellite	117	1,405	0.96%
Auto operating & maintenance	351	4,214	2.87%
Clothing & personal items	59	702	0.48%
Property Improvement & upkeep	351	4,214	2.87%
Entertainment & Vacations	780	9,365	6.37%
Books, papers & subscriptions	23	281	0.19%
Home Furnishings	78	936	0.64%
Medical Expenses	234	2,809	1.91%
Gym or club membership	117	1,405	0.96%
Car payment	468	5,619	3.82%
Medical Insurance premiums	702	8,428	5.73%
Home Insurance premiums	63	761	0.51%
Auto Insurance premiums	117	1,405	0.96%
LTC Insurance	250	3,000	2.04%
Total spending and savings	\$11,941	\$143,307	97.55%
Cash flow surplus (Income less Spending)	\$300	\$3,583	

Asset Allocation

As you manage your portfolio of savings and investment assets, it is important that you consider how the characteristics of each asset matches your overall level of risk tolerance and your current financial goals. The chart below illustrates a suggested percentage of assets for various risk tolerance levels.

Your risk profile indicates an investor type of: Moderate*

Typical percentage of assets allocated for various risk levels.

<u>Asset Class</u>	<u>Very Conservative</u>	<u>Conservative</u>	<u>Moderate</u>	<u>Aggressive</u>	<u>Very Aggressive</u>	<u>Your Custom Allocation</u>
Cash	65	25				
Income	15	25	20	5	5	20
Growth and Income	10	25	35	20	15	35
Growth	10	25	30	40	35	30
Aggressive Growth			15	30	35	15
Misc						
Alternatives				5	10	
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

The allocation percentages illustrated above are only suggestions for your consideration, and are not intended to be a permanent allocation. As time passes and your goals change, it will be important that you review your portfolio to assure that the current mix of your assets is appropriate for your goals and for current economic and market conditions.

This Asset Allocation does not guarantee a profit or protect against loss in declining markets.

*After consideration of your personal goals and risk level, your suggested asset allocation has been customized to reflect a suggested amount for the various asset classes, shown in the last column on the right.

Allocation Worksheet

The following worksheet compares your present assets to the percentages suggested for your particular goals and risk tolerance level. If the amount in a class is too large or small, then the amount you might consider moving into or out of a category is shown in the "Amount To Move" column.

<u>Asset Class</u>	<u>Present</u>		<u>Suggested</u>		<u>Amount to Move In</u>
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>(or out)</u>
Cash	\$35,000	2.46%			(\$35,000)
Income			284,200	20.00%	284,200
Growth and Income	1,386,000	97.54%	497,350	35.00%	(888,650)
Growth			426,300	30.00%	426,300
Aggressive Growth			213,150	15.00%	213,150
Misc					
Alternatives					
TOTAL*	\$1,421,000		\$1,421,000		

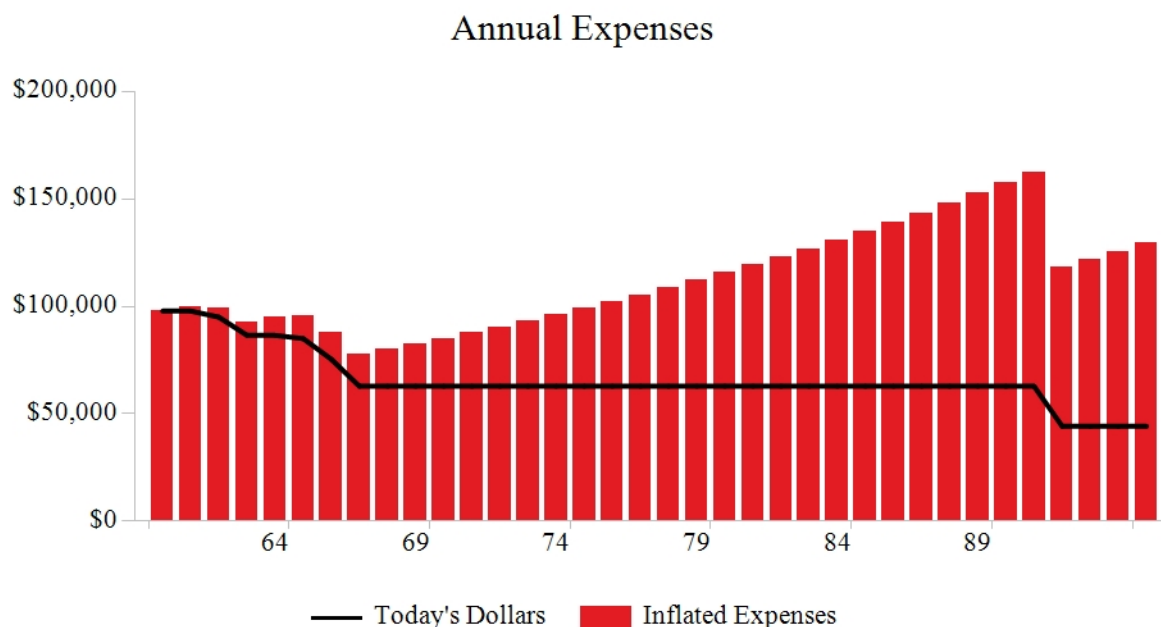
It will be important to re-evaluate your asset mix on a regular basis and determine which assets should be further increased or decreased. As you make changes to your portfolio you should carefully review your current lifestyle needs and goals.

Please recognize that the asset mix suggested above is not intended as a guarantee or assurance of future results. The suggested asset classes and their percentages do not represent an offer to sell or a solicitation of a purchase of any particular security, but are provided only as an illustration of a possible portfolio mix based on your stated goals and risk level.

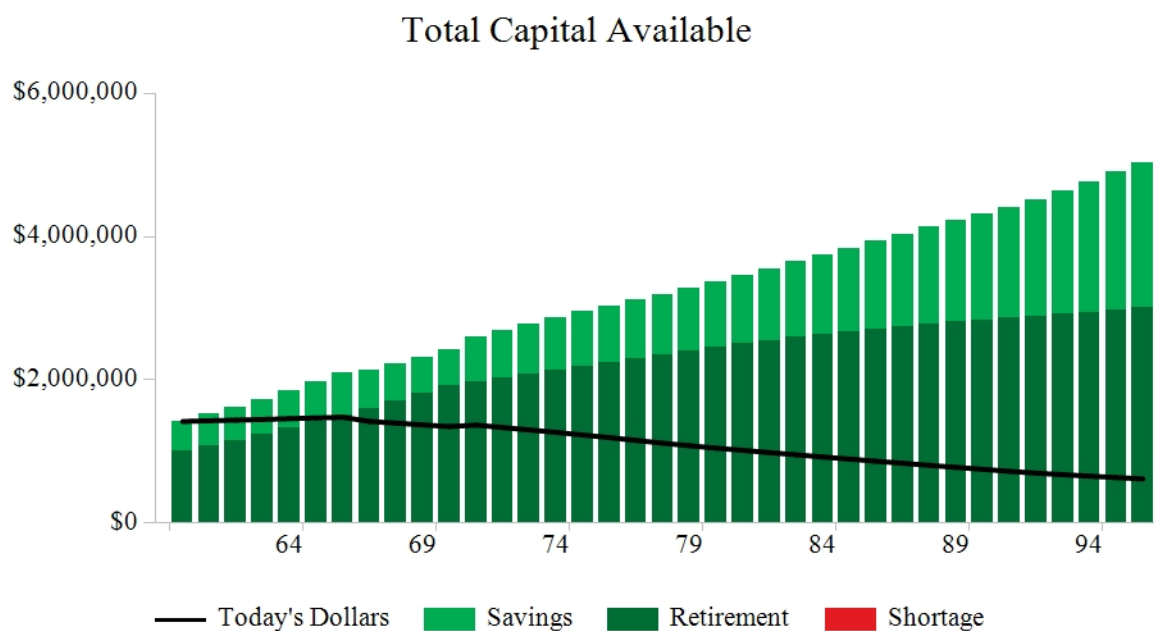
Asset allocation does not guarantee a profit or protect against loss in declining markets.

** The asset category amounts shown do not include your residence, rental real estate and personal property.*

Retirement



The amount of monthly income needed for retirement can increase dramatically when inflation is considered. The above graph illustrates the impact of inflation on your desired income by showing annual expenses in today's dollars as well as the same items adjusted for inflation.*



If you have not accumulated enough capital to last through your lifetime, you could then find yourself dependent on others during the years when you most desire your financial independence. The graph above illustrates the amount of your capital available each year, or the amount of cumulative income shortage when your capital runs out.

**Annual expenses include basic living expenses, mortgage and debt payments, insurance premiums, itemized deductions, savings and investment deposits.*

Retirement Needs Analysis

In order to determine whether you will have adequate income and capital to fund your retirement, a number of factors must be evaluated:

- Income needed for basic living expense and number of years required.
- Income available from Social Security, pensions or other sources.
- Extraordinary income or expense items that will affect your retirement capital.
- Existing savings, investment and retirement funds and annual additions to the accounts.
- The effect of inflation on income and expenses.
- The rate of return you are able to earn on your accounts.
- The effect of income taxes on your income sources and accounts.

You are now ages 60 and 60 and plan to retire at ages 66 and 63. That leaves you only 6 years to prepare for your financial independence.

The anticipated expenses and various income streams available are illustrated below. In order to help you visualize the relative value of the income streams, we have shown the total amount of payments needed or received over your retirement years through life expectancy, as well as the value of the streams of income at retirement.

	Total Monthly Amounts in Today's \$ (a)	Inflation Rate	Inflation Adjusted Amounts (b)	Cumulative Income/Expense	In Today's Dollars at 6.00% NPV Discount
Income needed:					
Current living expenses	\$8,154	3.03%	\$8,154		
Living expenses at age 66	6,281	3.02%	7,322	\$3,456,173 (c)	\$1,077,174
Expenses at age 75	5,233	3.02%	8,258		
Expenses at age 85	5,233	3.02%	11,239		
Sources of income:					
				Total Income (d)	
Social Security - John at age 67	1,792	1.00%	1,921	651,182	227,941
Social Security - Mary at age 67	971	1.00%	1,041	472,782	140,539
Mary Pension	842		842	333,590	128,026
Other income items & insurance				100,000	55,839
Miscellaneous expenses:					
				Misc Inc./Exp. (e)	
Education funding and other goals				(65,205)	(24,929)
Total income or expenses				\$1,492,349	
Income shortfall - amount needed compared to amount available				\$1,963,825	
Estimated capital required at retirement to satisfy this shortfall				\$820,000 (f)	

Including an assumed 6.00% after-tax rate of return on capital.

- (a) Total expense = personal expense, itemized deductions, insurance premiums, debts and mortgages, saving and investments. (G4)
 (b) Inflation adjustments apply only to those items exposed to inflation (not debts, life insurance, etc.)
 (c) Cumulative living expense is the total of all expense payments needed during retirement through life expectancy.
 (d) The "Sources of income" represents the sum of all monthly or annual income expected from Social Security, pensions (after tax) or other anticipated post-retirement income sources. Any life insurance benefit shown is received at life expectancy.
 (e) Total of all post-retirement expense items from education, goals and other income and expense report.
 (f) This number is calculated using the most conservative of two separate calculations.
 Note: Income taxes are not included as part of expenses as the taxes are paid out of the sources of taxable income.

Retirement Capital Analysis

The remaining expense anticipated as described on the Retirement Needs Analysis is **\$1,963,825**
 (This amount was carried forward from the Retirement Needs analysis page.)

At age 66 the remaining expense could require capital of approximately **\$820,000**
(This assumes an after tax rate of return of 6.00% on all assets. The actual amount of capital needed will vary depending on the type of savings and investments used and their tax treatment.)

It appears that your estimated capital will meet your retirement income needs.

Estimate of future asset account values	Current year annual additions	Current value used for retirement estimate	Current weighted average rate	Current average after tax rate *	Future ** Value at 66
Taxable accounts		\$35,000	2.00%	1.40%	\$53,544
Equity & other accounts		385,000	6.00%	4.95%	530,877
Deductible retirement - John	9,600	640,000	6.00%	6.00%	978,273
Deductible retirement - Mary		150,000	6.00%	6.00%	212,776
Roth accounts - John		125,000	6.00%	6.00%	177,313
Roth accounts - Mary	6,000	86,000	6.00%	6.00%	145,493
Total Asset values		\$1,421,000	5.90%	5.60%	\$2,098,276

* The after-retirement rate may differ substantially from the pre-retirement rate, particularly on deductible retirement accounts.

Tax rate on interest is 29.80% before retirement, 29.80% after. Dividend and Capital Gain taxed at 15.00% before retirement and 15.00% after.

You might have as much as \$2,098,276 capital available at retirement. You may have surplus capital of \$1,278,276.

It appears that your estimated capital will meet your retirement income needs.

The above results are hypothetical, based on the assumptions used, and are not guaranteed. The illustration is provided for educational purposes and does not represent any specific investment, class of investments or investment style.

Retirement Capital Notes

The Retirement Capital Analysis report lists existing savings and investment accounts and shows hypothetical values at retirement age. The analysis is based on assumed rates of return information supplied by you and is not an estimate or guarantee of future performance. The assumptions used are detailed below.

Income taxes

The tax rate used for ordinary income items prior to retirement is 29.80% and after retirement is 29.80%. The taxable income includes interest, non-qualified dividends, tax deferred and retirement accounts distributions.

Tax on qualified dividends, capital gains and appreciation is computed at the rate of 15.00% before retirement and 15.00% after retirement.

The rates used are estimates based on your current tax bracket and may or may not reflect the rates that might be in effect at any time in the future. These rates are used for illustration purposes only and future changes in the tax laws or in your taxable income level may significantly affect the tax results of this analysis.

Future Values at Retirement Age

Each type of asset illustrated in the previous page uses a different assumed rate of return and tax treatment for estimating the future result. The assumed rates of return are derived from the asset and rate information you provided and may not actually reflect future results and are used for illustration purposes. The Current Weighted Average Rates come from the Asset Summary report. The Current After Tax Rates reflect the effective tax treatment of each asset type as described below.

Taxable Accounts

Interest earned on this asset type is taxed at the ordinary tax rate each year, both before and after retirement. As interest is earned, the estimated tax is deducted and the remaining interest is reinvested.

Equity and Other Accounts

The appropriate income tax effect is applied to the portfolio return based on the sources of income (interest, dividend, capital gain and appreciation). The after-tax return is reinvested.

Tax-Free Accounts

The income on this asset type is assumed to be fully exempt from tax and the entire return is reinvested each year.

Tax-Deferred Accounts

In years when there are no distributions from the accounts, the entire return is reinvested with no tax effect. In any year when a distribution is made, the distribution is assumed to come first from the accumulated tax-deferred returns. When all the accumulated tax-deferred returns have been distributed, the annual earnings are then taxed when distributed. The balance of distributions are treated as non-taxable distribution of the original capital. All taxable distributions are taxed at the ordinary income tax rate.

Deductible Retirement Accounts

Annual returns on these accounts are reinvested each year with no income tax. When distributions are made, the entire amount is taxed at the ordinary income tax rate. If distributions are made prior to age 59 1/2 they may be subject to an additional 10% excise tax penalty. Distributions must begin by age 70 1/2 unless special conditions apply.

Roth IRA Accounts

The earnings and withdrawals in these accounts are exempt from tax, both during the accumulation and distribution years.

Retirement Capital Estimate

Ages	Annual Expenses (\$3,456,173)	Income available/Other expenses				Annual Surplus (shortage)	Annual Deposits	Return on Assets	Tax Due Each Year 29.80%	Total Acct Values (end of year)
		Pension & Min. Dist.	Scheduled Dist.	Social Security	Other Inc/Exp					
		\$2,261,063		\$1,123,963	\$34,792		\$76,707		29.80%	\$1,421,000
60 60							\$15,600	\$84,375	(\$4,244)	\$1,516,732
61 61							15,672	90,102	(4,447)	1,618,059
62 62							15,745	96,164	(4,658)	1,725,310
63 63 R		10,109				10,109	9,820	102,602	(4,927)	1,842,912
64 64		10,109				10,109	9,896	109,437	(5,246)	1,967,109
65 65		10,109				10,109	9,974	116,663	(5,579)	2,098,276
66 R 66	(87,868)	10,109				(77,759)		121,890	(5,425)	2,136,982
67 67	(77,612)	10,109		35,545		(31,958)		127,174	(5,396)	2,226,801
68 68	(80,010)	10,109		35,900		(34,001)		132,495	(5,317)	2,319,978
69 69	(82,485)	10,109		36,259		(36,117)		138,016	(5,212)	2,416,666
70 70	(85,040)	49,709		36,622	100,000	101,291		145,337	(5,751)	2,601,132
71 71	(87,677)	51,963		36,988		1,274		152,078	(6,414)	2,688,447
72 72	(90,399)	54,340		37,358		1,300		157,152	(6,732)	2,777,158
73 73	(93,208)	56,848		37,732		1,371		162,302	(7,065)	2,867,187
74 74	(96,108)	59,492		38,109	(7,563)	(6,070)		167,426	(7,388)	2,950,808
75 75	(99,101)	62,279		38,490	(7,790)	(6,122)		172,525	(7,707)	3,035,187
76 76	(102,190)	65,000		38,875	(16,047)	(14,361)		177,588	(8,016)	3,112,203
77 77	(105,378)	68,034		39,264	(16,528)	(14,609)		182,617	(8,319)	3,189,378
78 78	(108,669)	71,016		39,656	(8,512)	(6,509)		187,767	(8,665)	3,275,208
79 79	(112,066)	74,071		40,053	(8,768)	(6,709)		193,023	(9,052)	3,361,356
80 80	(115,571)	77,252		40,454		2,134		198,426	(9,490)	3,456,780
81 81	(119,190)	80,559		40,858		2,227		203,953	(9,977)	3,552,626
82 82	(122,925)	83,993		41,267		2,335		209,497	(10,489)	3,648,720
83 83	(126,780)	87,552		41,679		2,451		215,047	(11,027)	3,744,874
84 84	(130,759)	90,780		42,096		2,117		220,604	(11,590)	3,841,088
85 85	(134,866)	93,968		42,517		1,620		226,169	(12,178)	3,937,240
86 86	(139,104)	97,194		42,942		1,032		231,734	(12,789)	4,033,164
87 87	(143,480)	100,441		43,372		334		237,295	(13,426)	4,128,688
88 88	(147,995)	103,691		43,805		(499)		242,846	(14,088)	4,223,639
89 89	(152,656)	106,222		44,243		(2,191)		248,421	(14,774)	4,318,181
90 90	(157,467)	108,487		44,686		(4,294)		254,045	(15,484)	4,412,307
91 L 91	(162,432)	110,598		45,133		(6,702)		259,649	(16,199)	4,505,909
92 92	(118,061)	107,570		29,568		19,077		266,173	(17,077)	4,635,248
93 93	(121,796)	109,386		29,864		17,454		273,427	(18,071)	4,766,638
94 94	(125,651)	109,854		30,162		14,365		280,865	(19,092)	4,900,688
95 95 L	(129,630)	110,003		30,464		10,837		288,523	(20,135)	5,037,613
96 96										

Note: All incomes/expenses are represented in after-tax values with 85% of Social Security taxable. Tax rate on income and interest is 29.80% before retirement, 29.80% after. Dividend and Capital Gain taxed at 15.00% before retirement and 15.00% after.

R = Retirement Age, L = Life Expectancy

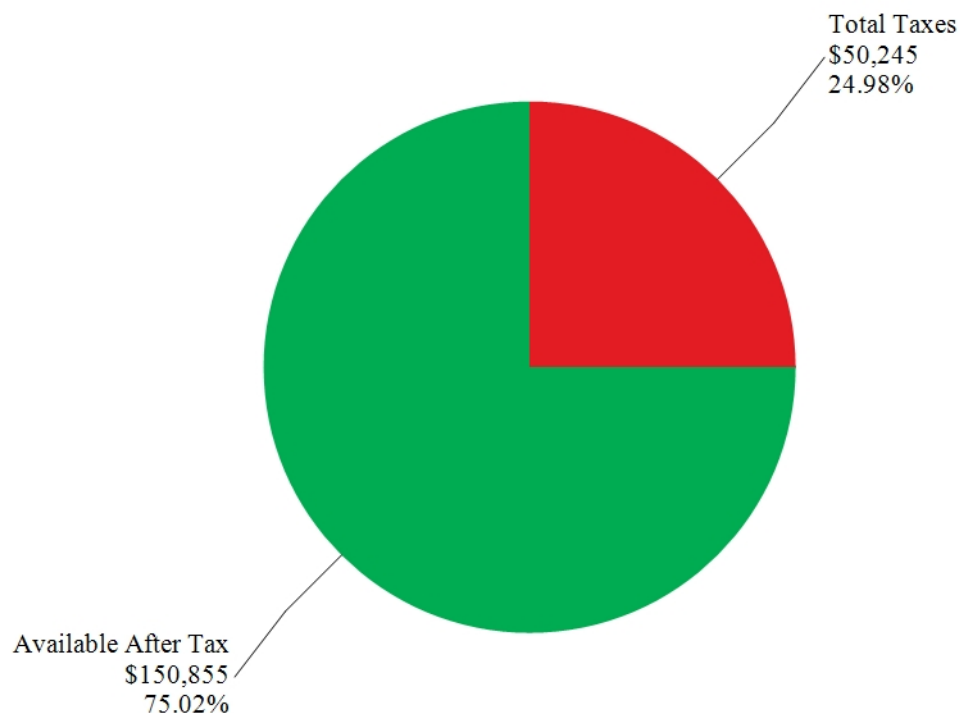
Asset Accounts

Ages	Taxable		Equity		Tax-Free		Tax-Deferred		Retirement Accts		Roth Accounts		Total Working Assets (eoy)
	Deposits or draws	Balance \$35,000 2.00%	Deposits or draws	Balance \$385,000 6.00%	Deposits or draws	Balance 4.00%	Deposits or draws	Balance 5.00%	Deposits or draws	Balance \$790,000 6.00%	Deposits or draws	Balance \$211,000 6.00%	
60 60		\$35,491		\$404,065					\$9,600	\$847,318	\$6,000	\$229,858	\$1,516,732
61 61		35,988		424,074					9,672	908,149	6,000	249,848	1,618,059
62 62		36,493		445,074					9,745	972,706	6,000	271,037	1,725,310
63 63	5,054	42,097	5,054	472,304					9,820	1,041,213		287,298	1,842,912
64 64	5,054	47,781	5,054	500,883					9,896	1,113,910		304,535	1,967,109
65 65	5,054	53,544	5,054	530,877					9,974	1,191,049		322,806	2,098,276
66 66	(53,544)		(24,215)	532,298						1,262,511		342,173	2,136,982
67 67			(31,958)	525,837						1,338,261		362,703	2,226,801
68 68			(34,001)	516,958						1,418,556		384,464	2,319,978
69 69			(36,117)	505,466						1,503,670		407,530	2,416,666
70 70	50,645	51,032	50,645	582,507					(56,410)	1,535,612		431,981	2,601,132
71 71	637	52,390	636	612,006					(59,621)	1,566,153		457,898	2,688,447
72 72	650	53,780	649	642,979					(63,008)	1,595,028		485,371	2,777,158
73 73	686	55,226	685	675,523					(66,580)	1,621,946		514,492	2,867,187
74 74	(6,070)	49,885		708,974					(70,346)	1,646,588		545,361	2,950,808
75 75	(6,122)	44,416		744,082					(74,316)	1,668,607		578,082	3,035,187
76 76	(14,361)	30,568		780,928					(78,193)	1,687,941		612,766	3,112,203
77 77	(14,609)	16,276		819,599					(82,514)	1,703,972		649,531	3,189,378
78 78	(6,509)	9,945		860,185					(86,762)	1,716,576		688,502	3,275,208
79 79	(6,709)	3,324		902,781					(91,114)	1,725,440		729,811	3,361,356
80 80	1,067	4,446	1,067	948,582					(95,646)	1,730,154		773,598	3,456,780
81 81	1,114	5,631	1,113	996,699					(100,357)	1,730,283		820,013	3,552,626
82 82	1,167	6,886	1,167	1,047,254					(105,248)	1,725,367		869,213	3,648,720
83 83	1,226	8,218	1,225	1,100,372					(110,318)	1,714,919		921,365	3,744,874
84 84	1,059	9,400	1,058	1,155,949					(114,916)	1,699,093		976,646	3,841,088
85 85	810	10,347	809	1,214,023					(119,458)	1,677,626		1,035,244	3,937,240
86 86	516	11,012	515	1,274,671					(124,053)	1,650,124		1,097,357	4,033,164
87 87	167	11,335	166	1,337,963					(128,679)	1,616,192		1,163,198	4,128,688
88 88	(499)	10,991		1,404,218					(133,308)	1,575,442		1,232,988	4,223,639
89 89	(2,191)	8,937		1,473,754					(136,913)	1,528,523		1,306,967	4,318,181
90 90	(4,294)	4,735		1,546,734					(140,140)	1,475,454		1,385,384	4,412,307
91 91	(4,735)		(1,967)	1,621,308					(143,147)	1,416,095		1,468,506	4,505,909
92 92	9,538	9,610	9,538	1,711,390					(138,833)	1,357,632		1,556,616	4,635,248
93 93	8,727	18,538	8,726	1,805,100					(141,420)	1,292,988		1,650,012	4,766,638
94 94	7,183	26,036	7,182	1,901,864					(142,087)	1,223,776		1,749,012	4,900,688
95 95	5,419	31,861	5,418	2,001,609					(142,300)	1,150,192		1,853,951	5,037,613
96 96													

Note: Rate of return shown for the asset groups are for the first year only. Refer to asset reports for future rates.

Income Tax

Income taxes can consume a substantial portion of your income. One of your objectives should be to control the amount of taxes you must pay through careful management of your income and investment portfolio. The tax calculations are based on the 2019 tax tables.



Estimated income and taxes for the current year:

Gross income	\$201,100
Adjustments	(6,000)
Adjusted Gross Income	<u>\$195,100</u>
Itemized or Standard deductions	(24,400)
Taxable income	<u>\$170,700</u>
Federal Income Tax	28,463
FICA (social security) tax	14,153
Other tax or credits	(4,000)
State income tax	11,630
Total Tax	<u>\$50,245</u>

Tax Rates:

Marginal tax rate = 29.80%

(Combined Federal
and State tax rates)

Effective tax rate = 25.75%

(Taxes divided by Adjusted Gross Income)

Income Taxes

The following calculations give an idea of the amount of taxes you might pay based on the income and asset information provided. These amounts are approximations only and the actual tax amounts may be higher or lower than illustrated.

INCOME:

	Gross	Taxable
Salaries and Wages	\$185,000	\$185,000
Interest	4,550	4,550
Dividends*	7,700	7,700
Schedule D (net capital gain/loss)*	3,850	3,850
GROSS INCOME		\$201,100

Adjustments:

Retirement account deposits - John	\$6,000	(\$6,000)
ADJUSTED GROSS INCOME		\$195,100

Itemized Deductions:

	Gross	Allowed
Mortgage interest	2,369	2,369
Charitable contributions	1,000	1,000
State, property & other tax	19,130	10,000
Itemized deductions	\$13,369	
or Standard deductions	\$24,400	(24,400)
TAXABLE INCOME		\$170,700

TAX SUMMARY:

Federal Income Tax (Joint)	\$28,463	
FICA (Social Security) & HI Tax	14,152	
Other Taxes or (credits)*	(4,000)	
State Income Tax	11,630	
TOTAL TAXES		\$50,245

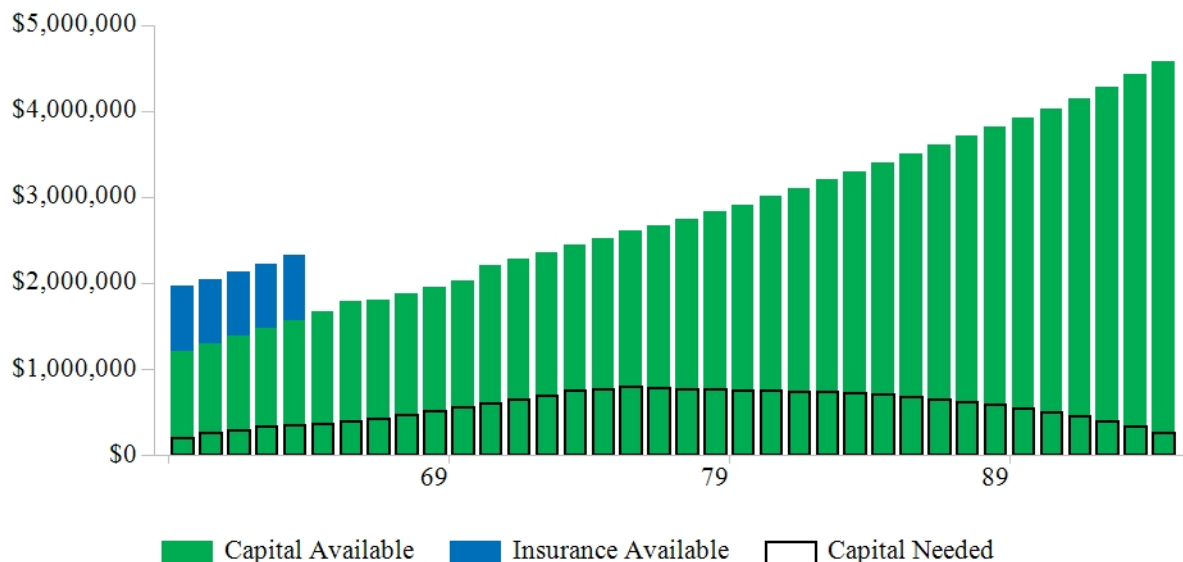
Your combined Federal & net State marginal tax bracket is 29.80 %.

Your total taxes equal 25.75 % of your Adjusted Gross Income, and 29.43% of your Taxable income.

*Dividend and Capital Gains taxed at 15.00 %.

Life Insurance

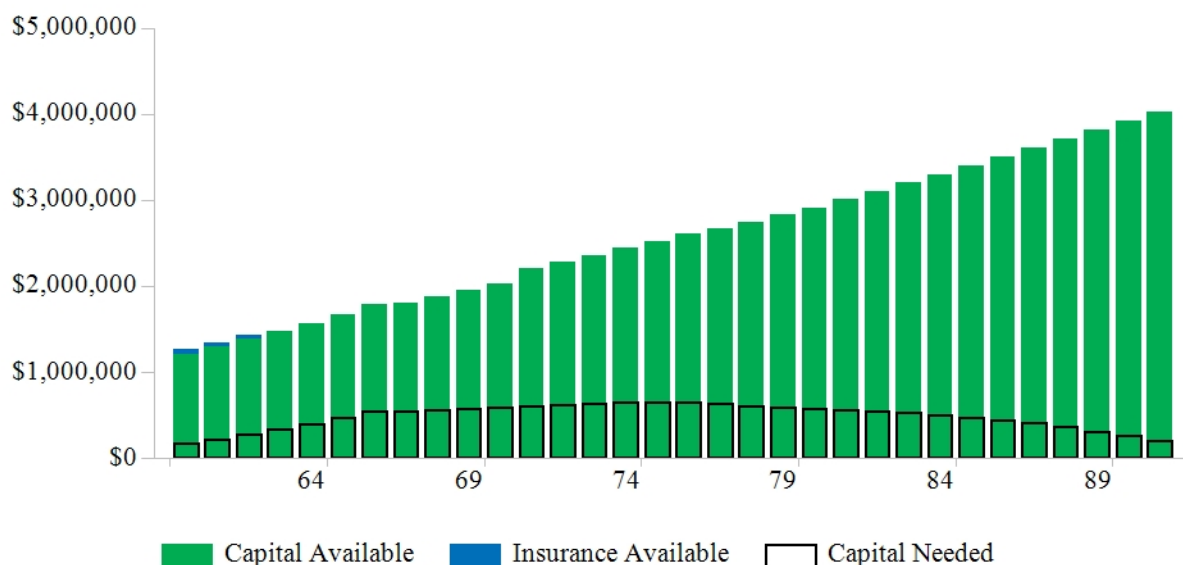
Insurance Need for John - Mary Survives



The shaded area of the graph shows the amount of capital available at a given age. The outlined area represents the amount of funds needed to provide capital for immediate cash needs and income for the survivor. If at any time the outline extends above the shaded area, the difference indicates and amount of additional capital needed in the form of insurance.

The graph is interpreted to show the amount of insurance needed if death occurs at a selected age. For example, if no shortage is shown now, then the amount of capital available now will be adequate through life expectancy. If a shortage is indicated 10 years from now, then additional insurance will be required only if death occurs at that age.

Insurance Need for Mary - John Survives



Survivor Capital Estimate - Mary Survives

Income Needed and Sources					Capital Needed for Income (npv @ 6.00%)	Immediate Cash Needs	Net Assets Plus Additions**	Total Life Insurance Needed
Age	Personal Expenses*	Earned Income**	Soc Sec & Pensions**	Other Inc/Exp				
	(\$2,998,451)	\$147,696	\$1,791,480	(\$65,208)	(\$1,124,483)			
60	(\$71,067)	\$48,260	\$42,078		\$19,271	(\$155,582)	\$1,217,575	
61	(72,494)	49,226	42,499		19,230	(184,189)	1,298,547	
62	(71,127)	50,210	42,924		22,007	(214,470)	1,384,211	
63	(64,162)		72,186		8,024	(249,346)	1,474,838	
64	(65,731)		72,586		6,855	(272,330)	1,574,800	
65	(67,351)		72,986		5,635	(295,525)	1,680,277	
66	(65,569)		73,385		7,816	(318,891)	1,791,581	
67	(54,632)		73,784		19,151	(345,840)	1,811,885	
68	(56,328)		74,182		17,854	(385,742)	1,882,199	
69	(58,079)		74,579		16,500	(426,740)	1,954,700	
70	(59,885)		74,976		15,090	(468,845)	2,029,471	
71	(61,751)		75,371		13,621	(512,066)	2,205,712	
72	(63,676)		75,766		12,090	(556,410)	2,285,163	
73	(65,663)		76,159		10,497	(601,885)	2,366,438	
74	(67,714)		57,930	(7,563)	(17,346)	(648,495)	2,449,536	
75	(69,831)		58,403	(7,790)	(19,218)	(670,058)	2,526,811	
76	(72,016)		34,210	(16,047)	(53,853)	(691,044)	2,605,520	
77	(74,272)		34,445	(16,528)	(56,355)	(678,653)	2,677,558	
78	(76,601)		34,683	(8,512)	(50,430)	(663,017)	2,750,605	
79	(79,004)		34,923	(8,768)	(52,849)	(652,368)	2,833,190	
80	(81,485)		35,165		(46,320)	(638,661)	2,917,055	
81	(84,046)		35,410		(48,636)	(630,661)	3,011,265	
82	(86,689)		35,657		(51,032)	(619,865)	3,107,078	
83	(89,417)		35,907		(53,511)	(606,025)	3,204,438	
84	(92,234)		36,159		(56,075)	(588,875)	3,303,282	
85	(95,140)		36,413		(58,727)	(568,133)	3,403,572	
86	(98,141)		36,671		(61,470)	(543,494)	3,505,252	
87	(101,238)		36,930		(64,308)	(514,633)	3,608,257	
88	(104,435)		37,193		(67,242)	(481,204)	3,712,519	
89	(107,735)		37,458		(70,277)	(442,833)	3,817,963	
90	(111,142)		37,726		(73,416)	(399,126)	3,924,586	
91	(114,658)		37,996		(76,662)	(349,658)	4,032,378	
92	(118,061)		38,269		(79,792)	(293,975)	4,141,265	
93	(121,796)		38,545		(83,251)	(231,822)	4,285,658	
94	(125,651)		38,823		(86,828)	(162,480)	4,433,693	
95	(129,630)		39,105		(90,525)	(85,401)	4,585,566	
96								

* Includes basic personal expenses plus insurance premiums, debt payments and itemized deductions.

** Earned income, pensions and retirement accounts reduced by 25.75% for income taxes.

Survivor Capital Estimate - John Survives

Income Needed and Sources					Capital Needed for Income	Immediate Cash Needs	Net Assets Plus Additions**	Total Life Insurance Needed
Age	Personal Expenses*	Earned Income**	Soc Sec & Pensions**	Other Inc/Exp	Income Surplus/Short	(npv @ 6.00%)		
60	(\$2,528,138)	\$562,029	\$1,119,730	(\$65,208)	(\$911,587)	(\$132,536)	(\$50,200)	\$1,217,575
61	(73,769)	90,878	23,323		40,432	(180,334)	(52,176)	1,298,547
62	(72,402)	92,696	23,556		43,850	(231,586)	(54,567)	1,384,211
63	(71,662)	94,550	23,792		46,679	(289,331)	(55,730)	1,474,838
64	(73,231)	96,441	24,030		47,239	(353,371)	(58,155)	1,574,800
65	(73,351)	98,369	24,270		49,288	(421,812)	(60,673)	1,680,277
66	(65,569)		24,513		(41,056)	(496,409)	(63,268)	1,791,581
67	(54,632)		40,910		(13,722)	(485,138)	(64,841)	1,811,885
68	(56,328)		40,985		(15,343)	(500,524)	(66,750)	1,882,199
69	(58,079)		41,053		(17,026)	(515,212)	(68,707)	1,954,700
70	(59,885)		41,116		(18,769)	(529,099)	(70,713)	2,029,471
71	(61,751)		41,172		(20,579)	(542,075)	(74,295)	2,205,712
72	(63,676)		41,222		(22,454)	(554,021)	(76,721)	2,285,163
73	(65,663)		41,265		(24,398)	(564,808)	(79,226)	2,366,438
74	(67,714)		41,301	(7,563)	(33,976)	(574,298)	(81,814)	2,449,536
75	(69,831)		41,329	(7,790)	(36,292)	(574,780)	(84,392)	2,526,811
76	(72,016)		33,770	(16,047)	(54,293)	(572,975)	(87,053)	2,605,520
77	(74,272)		34,108	(16,528)	(56,693)	(553,060)	(89,698)	2,677,558
78	(76,601)		34,449	(8,512)	(50,664)	(529,552)	(92,429)	2,750,605
79	(79,004)		34,794	(8,768)	(52,978)	(510,661)	(95,352)	2,833,190
80	(81,485)		35,141		(46,344)	(488,322)	(98,370)	2,917,055
81	(84,046)		35,493		(48,553)	(471,278)	(101,598)	3,011,265
82	(86,689)		35,848		(50,841)	(451,002)	(104,932)	3,107,078
83	(89,417)		36,206		(53,211)	(427,220)	(108,375)	3,204,438
84	(92,234)		36,568		(55,666)	(399,643)	(111,931)	3,303,282
85	(95,140)		36,934		(58,206)	(367,956)	(115,597)	3,403,572
86	(98,141)		37,303		(60,838)	(331,827)	(119,379)	3,505,252
87	(101,238)		37,676		(63,562)	(290,899)	(123,280)	3,608,257
88	(104,435)		38,053		(66,382)	(244,792)	(127,303)	3,712,519
89	(107,735)		38,434		(69,301)	(193,097)	(131,450)	3,817,963
90	(111,142)		38,818		(72,324)	(135,382)	(135,717)	3,924,586
91	(114,658)		39,206		(75,452)	(71,181)	(140,110)	4,032,378
92								
93								
94								
95								
96								

* Includes basic personal expenses plus insurance premiums, debt payments and itemized deductions.

**Earned income, pensions and retirement accounts reduced by 25.75% for income taxes.

Disability Income Insurance

In the event of total or partial disability you may face serious financial challenges. If income from wages is reduced substantially, you and those dependent on you could be required to make radical changes in your style of living, or consume assets that will be needed for security during the retirement years.

Annual income needed:*

	<u>John</u>	<u>Mary</u>
Personal living expenses	\$41,602	\$41,602
Itemized deductions (property tax, contrib, etc.)	8,500	8,500
Home mortgage	13,428	13,428
Loan payments (auto, credit card, etc)	5,100	5,100
Insurance premium payments (less disability premium)	1,725	1,725
Total income required	\$70,355	\$70,355

	<u>John disabled</u>		<u>Mary disabled</u>	
Income sources while disabled:	<u>Short term</u>	<u>Long term</u>	<u>Short term</u>	<u>Long term</u>
Wages and self employment from John			\$120,000	\$120,000
Wages and self employment from Mary	65,000	65,000		
Less taxes (estimated at 25.75%)	(19,066)	(19,066)	(33,231)	(33,231)
Interest income	4,550	4,550	4,550	4,550
Dividend income	7,700	7,700	7,700	7,700
Total income available	\$58,184	\$58,184	\$99,019	\$99,019

Income shortage per year when disabled	\$12,171	\$12,171	N/A	N/A
Income shortage per month	\$1,014	\$1,014	N/A	N/A

If a shortage is indicated you should consider acquiring disability insurance coverage (or increasing existing policies) to provide the necessary income. Insurance company requirements may limit the amount of coverage available.

* The amounts needed above do not include deposits to savings and investments to build assets for your retirement years. Present annual additions equal \$12,000. The Retirement Capital report indicates additional deposits may not be required since it appears you will have adequate retirement funds.

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