

Personalized Financial Plan

For

Mr. & Mrs. Sample

March 20, 2006

Prepared by

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This presentation provides a general overview of some aspects of your personal financial position. It is designed to provide educational and / or general information and is not intended to provide specific legal, accounting, investment, tax or other professional advice. For specific advice on these aspects of your overall financial plan, consult with your professional advisors. Asset or portfolio earnings and / or returns shown, or used in the presentation, are not intended to predict nor guarantee the actual results of any investment products or particular investment style.

IMPORTANT: The illustrations, projections or other information in this report regarding the likelihood of various investment outcomes are hypothetical in nature, and do not reflect actual investment results and are not guarantees of future results. Additionally, it is important to note that information in this report is based upon financial figures input on the date above; results provided may vary with subsequent uses and over time.

Information About Your Personalized Financial Plan

We appreciate that you have questions and concerns as you work to attain and preserve financial security. Today's financial environment is complex and in many regards, uncertain. The decisions you make regarding work, spending, investment, and retirement, both now and in the future, will significantly affect your financial condition over the long term.

In an effort to aid you in learning, understanding, and formulating a personal basis for decision making, this 'Personalized Financial Plan' is offered to help enhance your knowledge of various topics and communicate some of the intricacies of the financial world. The plan represents a framework to clarify and structure your financial matters.

This plan is based upon confidential information you provided regarding your present resources and objectives. While illustrations within this plan can be a valuable aid in the examination of your finances, it does not represent the culmination of your planning efforts. Financial planning is an ongoing process.

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

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

This plan does not provide tax or legal advice, but may illustrate some tax rules or effects and mention potential legal options for educational purposes. Information contained herein is not a substitute for consultation with a competent legal professional or tax advisor and should only be used in conjunction with his or her advice.

The results shown in this illustration are not guarantees of, or projections of future performance. Results shown are for illustrative purposes only. This presentation contains forward-looking statements and there can be no guarantees that the views and opinions expressed will come to pass. Historical data shown represents past performance and does not imply or guarantee comparable future results. Information and statistical data contained herein have been obtained from sources believed to be reliable but in no way are guaranteed as to accuracy or completeness.

On page 3, Assumptions, is information provided by you and used throughout the presentation. Please review the information for accuracy and notify your Financial Advisor promptly if discrepancies in the assumptions are present; discrepancies may materially alter the presentation.

Your actual future investment returns, tax levels and inflation are unknown. This illustration uses representative assumptions in a financial planning calculation model to generate a report for education and discussion purposes. Do not rely upon the results of this report to predict actual future investment performance, market conditions, tax effects or inflation rates.

Summary

This report uses financial models to present a picture of your current financial situation and illustrations of possible directions your finances may take. Future economic and market conditions are unknown, and will change. The assumptions used are representative of economic and market conditions that could occur, and are designed to promote a discussion of appropriate actions that may need to be taken, now or in the future, to help you manage and maintain your financial situation under changeable conditions.

Your Current Situation:

- You have assets of approximately \$1,586,700
- You have liabilities of approximately \$172,500
- Your net worth is approximately \$1,414,200
- You now have \$935,000 in working assets and are adding \$29,000 per year.

Your Goals:

- Anthony wants to retire at age 65 and Michelle wants to retire at age 65.
- Monthly after-tax income needed at that time is \$5,000 (in today's dollars).
- You will need the income until the last life expectancy of age 90.

Planning Details:

- Asset Allocation: Type of Investor - Moderate
- Long-term care assets at risk - \$228,368
- Net Estimated Life Insurance Needs Shortage for Anthony: None
- Net Estimated Life Insurance Needs Shortage for Michelle: None
- Anthony and Michelle both have wills.
- Anthony and Michelle both have Durable General Powers of Attorney.
- Anthony and Michelle both have Living Wills.
- Anthony and Michelle both have Healthcare Powers of Attorney.

Retirement Analysis

Using the information you provided, calculations have been made to estimate whether your current retirement program will meet your stated retirement goals. The analysis begins now and extends through life expectancy. It includes tax advantaged, taxable investments, defined benefit pensions, if applicable, and Social Security benefits. The analysis calculates growth and depletion of capital assets over time. This analysis is the basis for the following summarized statement.

Actions:

Based on the assumptions, it appears that you will reach your retirement goals. We recommend that you continue to monitor your retirement plan. Changes in the assumptions may have a significant impact on the success of this plan.

This report is for informational and educational purposes only. The information and assumptions used are estimates. The resulting calculations are designed to help illustrate financial concepts and general trends.

Assumptions

Client Information:	3/20/06	Asset Allocation:	Current	Suggested
Names : Mr. & Mrs. Sample		Cash & Reserves	0.00%	15.00%
First Name 1 Anthony		Income	11.10%	10.00%
First Name 2 Michelle		Income & Growth	34.20%	20.00%
Birthdate / Age 1 02/20/1948 58	58	Growth	45.50%	30.00%
Birthdate / Age 2 06/25/1951 54	54	Aggressive Growth	9.20%	25.00%
Retirement Age 1 65	65	Other	0.00%	0.00%
Retirement Age 2 65	65			
Life Expectancy 1 85	85	Rate Assumptions (Before & After Retirement):		
Life Expectancy 2 90	90	Taxable Returns	7.00%	7.00%
Alternate life exp. 1		Tax-Deferred & Roth Returns	7.00%	7.00%
Alternate life exp. 2		Tax-Free Returns	4.00%	4.00%
Risk Tolerance level Moderate		Return on Annuities	7.00%	7.00%
Life Insurance 1 \$750,000	\$750,000	Effective Tax Rates	20.00%	18.00%
Life Insurance 2 \$350,000	\$350,000	Cost Basis for Taxable Assets		100.00%
Term Insurance 1		Cost Basis for Annuity Assets		100.00%
Term Insurance 2		Additions Increase Rate: Taxable		2.00%
Insurance cash value 1 \$4,500	\$4,500	Additions Increase Rate: Tax-Def 1		2.00%
Insurance cash value 2 \$1,200	\$1,200	Additions Increase Rate: Tax-Def 2		2.00%
Pension & Social Security Data (Annual):		Other Incomes After-tax :		
Pension-Indv. 1 \$36,000	\$36,000	Item Start Inc. Number Amount		
Pension start age 65	65	Description Year Rate of years per year		
Pension rate (pre ret.) 1.00%	1.00%			
Pension rate (ret.) 1.00%	1.00%			
Pension survivor % 50%	50%			
Pension-Indv. 2 \$22,000	\$22,000			
Pension start age 65	65			
Pension rate (pre ret.) 1.00%	1.00%			
Pension rate (ret.) 1.00%	1.00%			
Pension survivor % 50%	50%			
Soc Sec 1 Start age 65	65			
Soc Sec 1 Rate 2.00%	2.00%			
Earned income 1 \$85,000	\$85,000			
Soc Sec 1 Amt. (if known)				
Soc Sec 2 Start age 65	65			
Soc Sec 2 Rate 2.00%	2.00%			
Earned income 2 \$42,000	\$42,000			
Soc Sec 2 Amt. (if known)				

Estimated Education Costs

Total cost at 6% inf.

Expenses & Inflation (Annual After-tax):

Expenses, (pre ret.)	\$70,000
Expenses, Survivor (pre ret.)	\$55,000
Expenses at Retirement	\$60,000
Expenses, Survivor (ret.)	\$50,000
Inflation, (pre ret.)	3.00%
Inflation, Survivor(pre ret.)	3.00%
Inflation at Retirement	3.00%
Inflation, Survivor (ret.)	3.00%

Other Expenses After-tax :

Note: These assumptions are based upon information provided by you, combined with representative forward looking values intended to provide a reasonable financial plan illustration for education and discussion purposes. The investment returns, tax rates, benefit increase rates, inflation rates, and future expense values used in this report were selected based on your age, assets, income, goals and other information you provided. These assumptions do not presuppose or analyze any particular investments or investment strategy, or represent a guarantee of future results.

This report, and its hypothetical illustrations, are intended to form a basis for further discussion with your legal, accounting, and financial advisors. Actual future investment returns, taxes and inflation are unknown. Do not rely upon this report to predict future investment performance.

Net Worth Statement

Mr. & Mrs. Sample

March 20, 2006

ASSETS

Savings and Investments

Bond Mutual Funds	\$279,000	
		\$279,000

Retirement Accounts

Qualified Plans-Anthony	\$425,000	
IRA Assets-Michelle	145,000	
Roth IRA Assets-Michelle	86,000	
		\$656,000

Other Assets

Residence	\$535,000	
Personal property	35,000	
Life insurance cash values	5,700	
Autos	40,000	
Other Asset	36,000	
		\$651,700

TOTAL ASSETS	\$1,586,700
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LIABILITIES

Residence mortgage	\$125,000	
Auto Loans	22,000	
Credit Cards	3,500	
Other Debt	22,000	
		\$172,500

NET WORTH (Assets less Liabilities)	\$1,414,200
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Note: Potential taxes due on unrealized gains or assets in tax-deferred retirement plans are not accounted for in this Net Worth Statement.

Asset Worksheet

Description	Current Amount	Annual Additions	Addition Period	Asset Class	Account Taxation	Asset Type
401(k) Employer	425,000	14,000	2006-2015	Growth	Tax-Deferred (1)	Mutual funds (stock)
Vanguard	175,000	12,000	2006-2015	Inc/Growth	Taxable (1)	Bond mutual funds
Fidelity	104,000			Income	Annuity (J)	Bond mutual funds
Fidelity	86,000	3,000	2006-2015	Aggressive	Roth IRA (2)	Mutual funds (stock)
Schwab	145,000			Inc/Growth	IRA (2)	Bond mutual funds
Totals:	\$935,000					

Asset Allocation

Developing An Asset Allocation

Asset allocation refers to maintaining your investments in strategic asset classes, such as Cash, Fixed Income, and Equities, in an advantageous manner over time to ensure adequate diversification. It is important to the success of your planning that your asset allocation be consistent with your goals.

Here is a summary of your current asset allocation.

<u>Personal Investments</u>	Current Balances	Cash & Equivalents	Income Assets	Growth Assets	Other Assets*
Bond Mutual Funds	\$279,000		\$104,000	\$175,000	
	\$279,000		\$104,000	\$175,000	
<u>Retirement Plans</u>					
Qualified Plans-Anthony	\$425,000			\$425,000	
IRA Assets-Michelle	145,000			145,000	
Roth IRA Assets-Michelle	86,000			86,000	
	\$656,000			\$656,000	
Total Investment Assets	\$935,000		\$104,000	\$831,000	

11% 89%

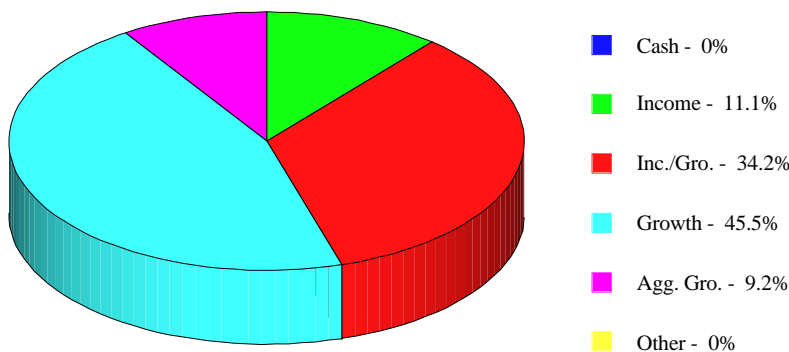
Current Asset Allocation

** Other assets are not included in the Current Asset Allocation.*

Your Current Asset Allocation

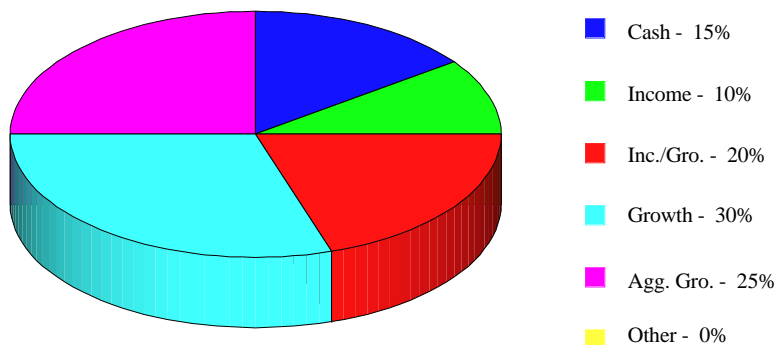
The information from the previous page was used to create the following chart.

It is important to the success of your planning that your asset allocation is consistent with your goals. You should compare your current allocation to the Suggested Asset Allocation below which may be more appropriate and beneficial to your situation.



Suggested Asset Allocation (Total Return)

Based upon information you provided, we believe you should consider a total return-oriented investment mix. This allocation has averaged an approximate 8% historical annual return. We have illustrated a broad-based allocation. Effectiveness could be further increased by a blend of large, small, and international stocks within the Equities category. See your Financial Advisor for further analysis.



	Asset Allocation				Change
	Current		Suggested *		
Cash & Reserves	\$0	0%	\$140,250 **	15%	\$140,250
Income	104,000	11%	93,500	10%	(10,500)
Income & Growth	320,000	34%	187,000	20%	(133,000)
Growth	425,000	46%	280,500	30%	(144,500)
Aggressive Growth	86,000	9%	233,750	25%	147,750
Other	0	0%	0	0%	0
Total	\$935,000	100%	\$935,000	100%	\$0

* These suggested asset allocation percentages are representative portfolio target values.

** Does not include any provision for an Emergency Fund.

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

This report, and its hypothetical illustrations, are intended to form a basis for further discussion with your legal, accounting, and financial advisors. Actual future investment returns, taxes and inflation are unknown. Do not rely upon this report to predict future investment performance.

Retirement Profile

Developing A Retirement Plan

Developing a retirement plan means understanding your current situation, deciding among alternatives, and taking appropriate action today. *This report will help you define your current retirement goals, identify your current planning, and estimate the results for your review.*

Your Current Retirement Goals

	<u>Anthony</u>	<u>Michelle</u>
Age:	58	54
Retirement Age:	65	65
Years until Retirement:	7	11
Years of Retirement:	20	25
Annual Retirement Spending (After-tax):	\$60,000	<i>(expressed in today's dollars)</i>

Assumptions

	<u>Pre-Retirement</u>	<u>Retirement</u>
Inflation Rate:	3.0%	3.0%
Income Tax Rate (Average):	20.0%	18.0%
Return on Investments (Average):	7.0%	7.0%

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

Resources Available for Retirement

Funds to meet your goals can come from several sources: Personal Investments, Retirement Plans, Defined Benefit Pensions, Social Security, and Other Income.

Here is a summary of your situation.

Personal Investments

Bond Mutual Funds

Current Balances

\$279,000

\$279,000

Retirement Plans

Qualified Plans-Anthony

\$425,000

IRA Assets-Michelle

145,000

Roth IRA Assets-Michelle

86,000

\$656,000

Total Investment Assets

\$935,000

* See Asset Worksheet for detailed annual savings information.

Social Security

Starting Age

Anthony

65

Michelle

65

Benefit at Starting Age (After-tax)

\$19,954

\$16,556

Pension Plans

Pension Amount per Year (After-tax)

Anthony

\$29,520

Michelle

\$18,040

Pension Starting Age

65

65

Increase Rate Pre-Retirement

1.0%

1.0%

Increase Rate in Retirement

1.0%

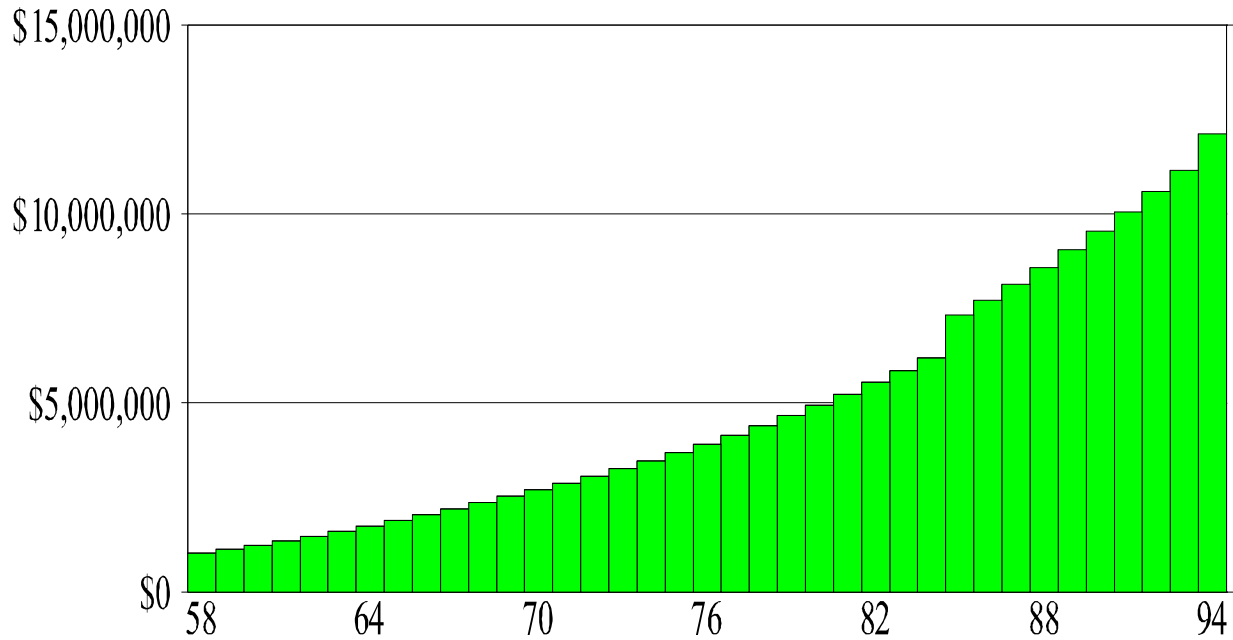
1.0%

Survivor Percentage

50%

50%

Retirement Summary



Retirement Capital Illustration

The analysis begins at your current age and extends through your life expectancy. It includes all assets, both tax advantaged and taxable, all expenses, including education funding if applicable, other income and expense estimates, defined benefit pensions, and Social Security benefits. The graph illustrates the growth and depletion of your capital assets, and in cases of capital shortages shows accumulating deficits.

General Assumptions:

Rates of Return Before and After Retirement Used in Illustration:		
Taxable RORs:	7%	7%
Tax Def. RORs:	7%	7%
Tax Free RORs:	4%	4%
Annuity RORs:	7%	7%

Retirement Spending Needs*	\$60,000
Survivor Spending Needs*	\$50,000
Retirement Age	Anthony - 65
Retirement Age	Michelle - 65
Inflation - Current	3%
Inflation - Retirement	3%
Tax Rate - Current	20%
Tax Rate - Retirement	18%

* Spending needs are stated in today's after tax-dollars. See Assumptions page for complete listing of assumptions.

Actual future returns, taxes, expenses, and benefits are unknown. This illustration uses representative estimates and assumptions for educational and discussion purposes only. Do not rely on this report for investment analysis.

Retirement Capital Illustration Results:

Using current data, estimates show you will have enough money to reach your retirement goals. Since it appears that you will have \$11,765,000 left at your life expectancy (not including insurance proceeds), you may wish to consider: an earlier retirement, increased spending during retirement, or other ways to enhance your retirement years.

Monte Carlo Simulation Explanation

The financial planning process can help you evaluate your status in relationship to your financial goals and objectives. In preparing a hypothetical financial illustration for discussion, a series of representative fixed assumptions are made, such as inflation rates, rates of return, retirement benefits and tax rates. While such static hypothetical illustrations are still useful for education and discussion purposes, they are based upon unchanging long-term assumptions. In fact, economic and financial environments are unpredictable and constantly changing.

Monte Carlo Simulation is one way to visualize the effect of unpredictable financial market volatility on your retirement plan. Monte Carlo Simulation introduces random uncertainty into the annual assumptions of a retirement capital illustration model, and then runs the model a large number of times. Observing results from all these changing results can offer a view of trends, patterns and potential ranges of future outcomes illustrated by the randomly changing simulation conditions. While Monte Carlo Simulation cannot and does not predict your financial future, it may help illustrate for you some of the many different possible hypothetical outcomes.

Monte Carlo Simulation Technique

Based upon the assumed portfolio rates of return used in your hypothetical financial plan, the simulation process uses a different random rate of return for each year of a new hypothetical financial plan. Five thousand full financial plan calculations are performed utilizing the volatile annual rates of return. The result is five thousand new hypothetical financial plan results illustrating possible future financial market environments.

By using random rates from a statistically appropriate collection of annual returns, and repeating the process thousands of times, the resulting collection can be viewed as a representative set of potential future results. The tendencies within the group of Monte Carlo Simulation results; the highs, lows and averages, offer insight into potential plan performance which may occur under various combinations of broad market conditions.

Note: No investment products, investment strategy or particular investment style is projected or illustrated by this process. Simulation results demonstrate effects of volatility on rate of return assumptions for education and discussion purposes only.

Standard Deviation

The simulated level of volatility in future financial markets is represented by a Standard Deviation value. This statistical measure of variation is used within the Monte Carlo Simulation to indicate how dramatically return rates can change year by year. The Standard Deviation controls the magnitude of the random changes in each annual rate of return as it is varied each year above or below the average annual rate to simulate market volatility.

The simulation model uses a Standard Deviation based upon the rate of return assumptions used in the Retirement Capital Illustration, and limits the rate of return variation to plus or minus five standard deviations in any year. Low assumed return rates generate low Standard Deviation values, higher returns relate to higher Standard Deviations.

The Bold Line

The bold line in the Monte Carlo Simulation Results graph tracks the value of assets over the length of the illustration if all rates of return are held stable at the assumed rates of return (see Assumptions). The estimate uses annual expected portfolio rates of return and inflation rates to model the growth and use of assets as indicated under Assumptions (page 3). The bold line represents the values shown in the Retirement Capital Illustration.

Percentage of Monte Carlo Results Above Zero at Selected Ages

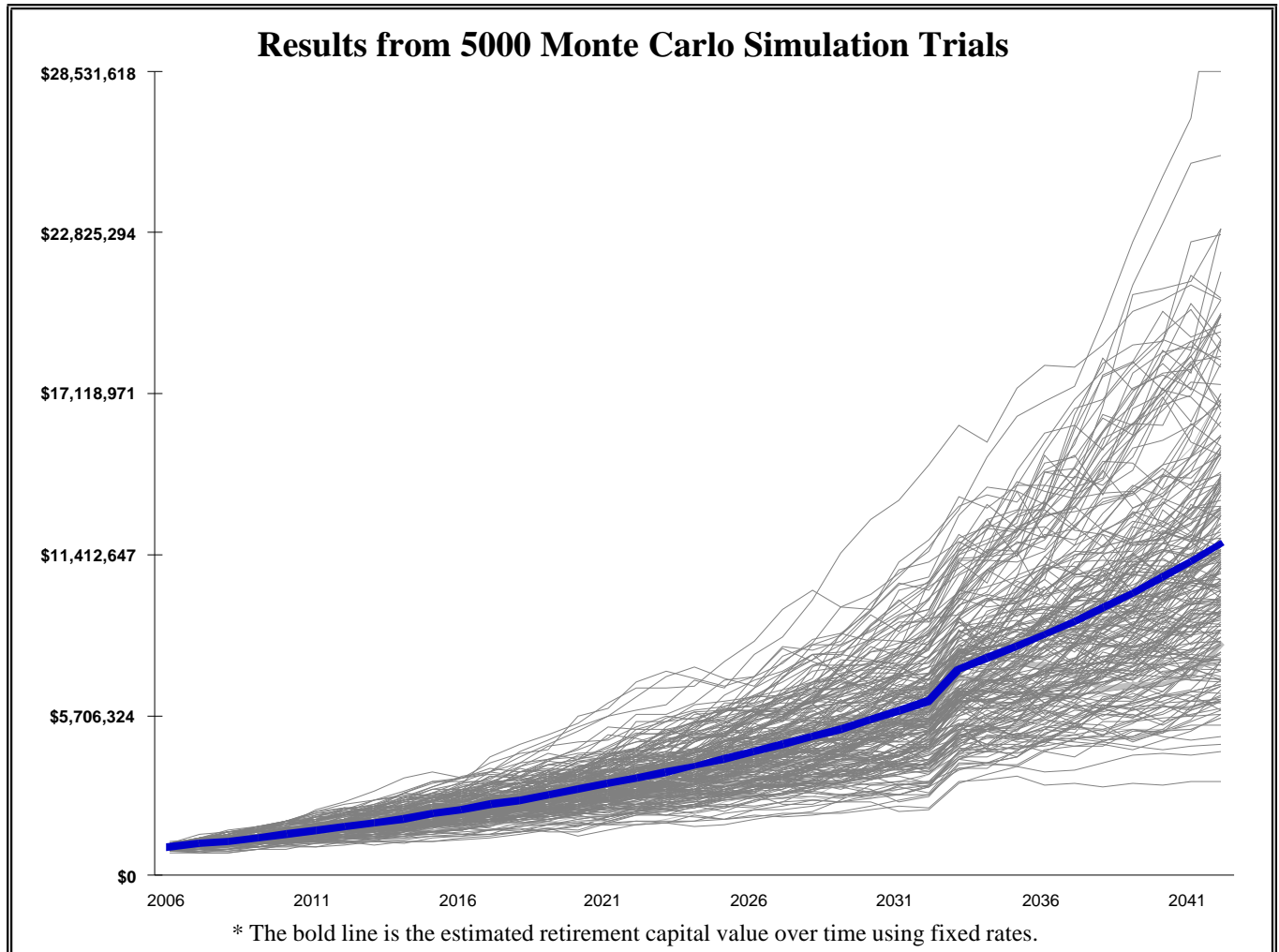
These results represent the percentage of Monte Carlo Simulation outcomes that show positive retirement asset value remaining at different ages. A percentage above 70 at last life expectancy is an indication that the underlying retirement plan offers a substantial probability of success even under volatile market conditions. Additional ages shown give the percentage of simulation outcomes with positive asset amounts at various ages.

Monte Carlo Simulation Minimum, Average and Maximum Dollar Results

These values indicate the best, worst and average dollar results at the end of the five thousand Monte Carlo Simulations. These show the range of results (high and low), and the average of all Monte Carlo results. All values are based on results at the life expectancy of the last to die.

IMPORTANT: The projections or other information generated by the Personalized Financial Plan regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Each Monte Carlo Simulation is unique, results vary with each use and over time.

Monte Carlo Retirement Simulation



This Monte Carlo Retirement Simulation illustrates possible variations in growth and/or depletion of retirement capital under unpredictable future conditions. The simulation introduces uncertainty by fluctuating annual rates of returns on assets. The graph and related calculations do not presuppose or analyze any particular investment or investment strategy. This long term hypothetical model is used to help show potential effects of broad market volatility and possible effect on your financial plans. This is not a projection, but an illustration of uncertainty.

The simulations begin in the current year and model potential asset level changes over time. Included are all capital assets, both tax advantaged and taxable, all expenses, including education funding if applicable, pension benefits, and Social Security benefits. Observing results from this large number of simulations may offer insight into the shape, trends, and potential range of future retirement plan outcomes under volatile market conditions.

Retirement Capital Illustration Results, at Life Expectancy, of 5000 Monte Carlo Simulations:

Percent with funds at last life expectancy	100%	Retirement Capital Estimate	\$11,765,809
Percent with funds at age 85	100%	Minimum (Worst case) result:	\$2,656,754
Percent with funds at age 75	100%	Average Monte Carlo result:	\$11,806,054
Percent with funds at age 65	100%	Maximum Monte Carlo result:	\$50,166,753

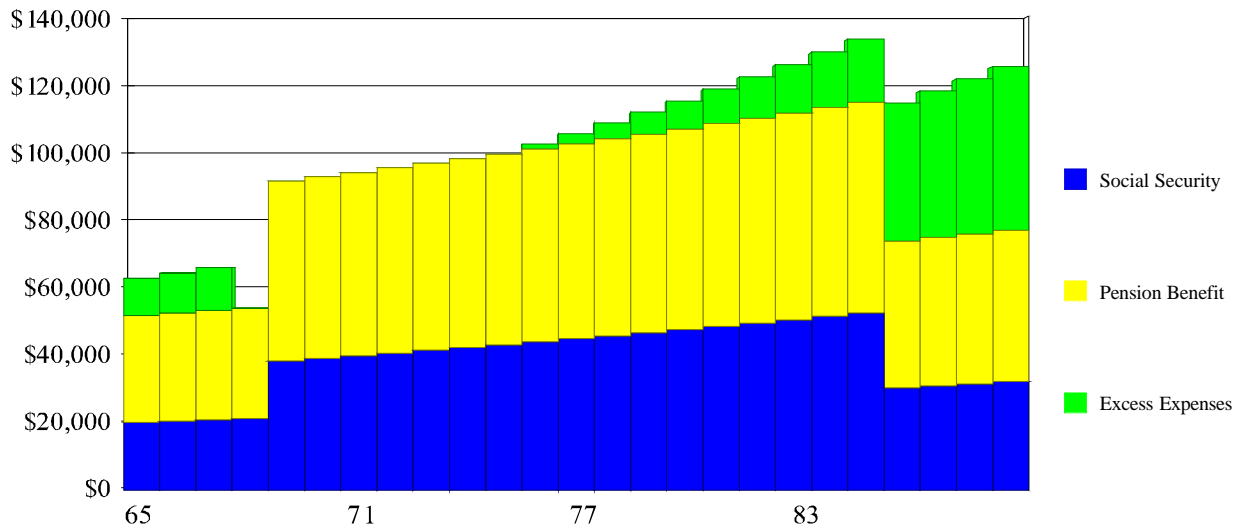
Life insurance proceeds are not included in the final year balances of these calculations.

Illustration based on an average rate of return of 7% with a std. dev. of 7% (95% of values fall between -7% and 21%).

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Retirement Expense Forecast



The Retirement Expense Forecast graph combines estimated Social Security benefits with defined pension benefits plotted with estimated annual living expenses in retirement. The graph begins at retirement age and continues to life expectancy. Future retirement expenses are estimated based on your objectives, adjusted for inflation over time. Survivor expense levels start the year after first life expectancy.

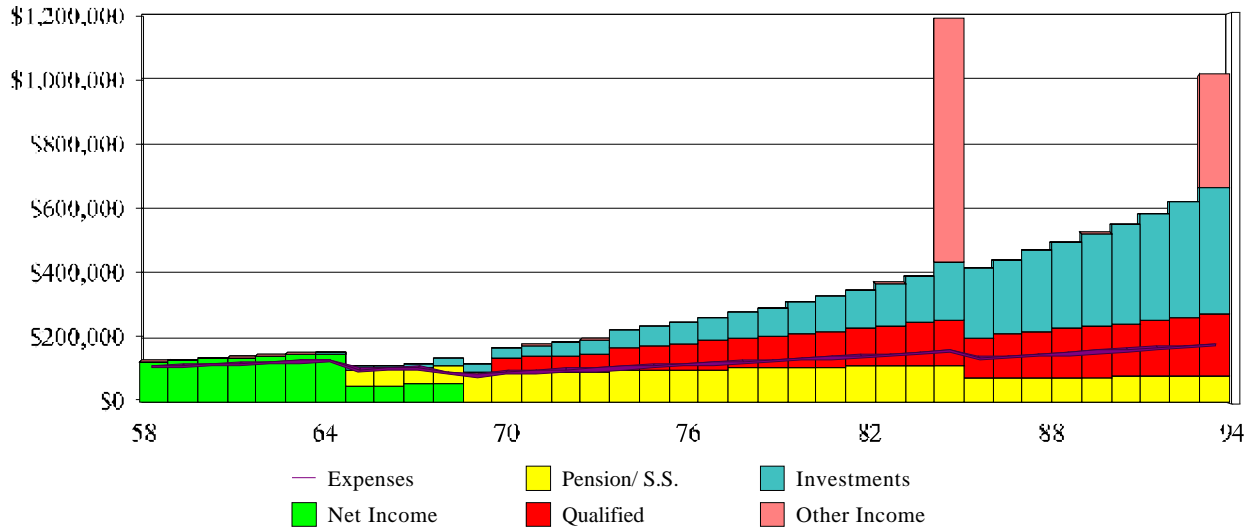
Social Security benefits, and annual adjustments for benefit growth, are estimated and illustrated over the anticipated lifetime. If the starting age selected for Social Security benefits is prior to normal benefit age, only a partial Social Security benefit may be available. Benefit amounts may decrease upon first death.

The Pension Benefit estimate combines any pension benefits and plots them starting at the age the benefit begins. At the death of the pension holder a surviving spouse might receive no continuing benefit, or only a portion of the benefit, causing a decrease in overall annual income.

Excess Expenses shown in the graph represent the amount of inflation adjusted annual living expenses that exceed the combined estimated Social Security and pension benefits. These are estimated amounts which will need to come from retirement savings to fund future expenses not covered by expected benefit income.

Note: Social Security and Pension benefit estimates are based upon information you provided. Estimates are not guarantees of future benefits amounts. Clients should not rely upon results of this report to predict actual future benefit amounts.

Cash Flow Summary



The bars in the above graph represent the amounts available from:

- Earned income (wages and self-employment net of investment)
- Social security
- Qualified plan additions and distributions
- Investment additions and distributions
- Misc - (inheritances, sale of residence, retirement account minimum distributions, life insurance)

The line illustrates the annual expenses including:

- Personal living expenses
- Planned debt expenses
- Specified special expenses and education expenses
- Planned deposits to investment and retirement accounts
- Miscellaneous expense items
- Taxes

Note: The Cash Flow report provides the actual numbers that create the preceding Cash Flow Summary graph.

Cash Flow

Ages Indv. 1 2		Cash Flow Sources					Total Sources	Less Living Expense & Taxes	Shortage or Surplus
		Earned Income	Retire/Roth Accounts*	Investment Accounts*	Pension/ Soc. Sec.	Other Income			
58	54	\$127,000	(\$17,000)	(\$1,864)			\$108,135	(\$92,600)	\$15,535
59	55	130,810	(17,340)	(858)			112,612	(95,406)	17,206
60	56	134,733	(17,686)	227			117,274	(98,296)	18,978
61	57	138,775	(18,039)	1,395			122,131	(101,274)	20,857
62	58	142,939	(18,401)	2,652			127,190	(104,342)	22,848
63	59	147,227	(18,769)	4,003			132,461	(107,503)	24,958
64	60	151,644	(19,144)	5,453			137,953	(110,759)	27,194
65	61	51,654	(19,527)	7,215	51,599		90,940	(81,229)	9,711
66	62	53,204	(19,917)	8,289	52,313		93,889	(83,695)	10,194
67	63	54,800	(20,316)	9,402	53,045		96,930	(86,235)	10,695
68	64	56,444		25,677	53,775		135,896	(91,924)	43,972
69	65			27,911	91,212		119,122	(83,055)	36,067
70	66		43,992	30,982	92,496		167,469	(93,465)	74,004
71	67		46,952	35,264	93,816		176,031	(96,564)	79,467
72	68		50,107	39,862	95,151		185,119	(99,775)	85,344
73	69		53,468	44,800	96,502		194,770	(103,103)	91,667
74	70		72,672	50,473	97,879		221,023	(109,364)	111,659
75	71		77,537	56,954	99,282		233,772	(113,127)	120,645
76	72		82,719	63,956	100,703		247,378	(117,035)	130,343
77	73		87,909	71,514	102,150		261,572	(121,033)	140,539
78	74		93,761	79,670	103,624		277,054	(125,243)	151,811
79	75		99,585	88,471	105,117		293,172	(129,542)	163,630
80	76		105,739	97,955	106,628		310,322	(133,999)	176,323
81	77		112,119	108,171	108,167		328,457	(138,596)	189,861
82	78		118,964	119,173	109,735		347,872	(143,380)	204,492
83	79		126,032	131,018	111,332		368,382	(148,311)	220,071
84	80		133,453	143,763	112,939		390,154	(153,416)	236,738
85	81		140,490	178,978	114,586	750,000	1,184,054	(158,565)	1,025,489
	82		127,639	215,378	73,568		416,585	(137,370)	279,215
	83		135,172	231,514	74,606		441,291	(142,158)	299,133
	84		143,073	248,799	75,666		467,538	(147,115)	320,423
	85		150,323	267,288	76,728		494,338	(152,061)	342,277
	86		157,797	287,034	77,823		522,654	(157,156)	365,498
	87		165,474	308,116	78,930		552,519	(162,401)	390,118
	88		173,331	330,611	80,051		583,993	(167,793)	416,200
	89		181,333	354,605	81,194		617,131	(173,332)	443,799
	90		187,775	390,188	82,361	350,000	1,010,323	(178,712)	831,611

* Scheduled distributions, interest, or dividends taken in cash or amounts taken to meet the IRS minimum distribution requirements.
 Note: Earned Income is reduced by qualified retirement account contributions in calculating the effect of income taxes. Pension, Social Security, and Other Income cash flow items are net of income taxes. The tax rate used is the average tax rate entered in the input.

Cash Flow Explanation

Cash flows are sources and uses of money. Primary sources of funds are income from work, Social Security, pensions, savings, insurance proceeds, and other income events. Regular living expenses, education costs, and other planned expenses are the primary use of funds.

The cash flow report pages are designed to be an alternate presentation of the financial information shown elsewhere in this report. The emphasis of the cash flow illustrations are the amounts and types of incomes and levels of expenses that occur during the illustration.

The Cash Flow Summary Graph illustrates four primary financial elements; income, investment, expenses, and cash sources. The different colored bars in the graph represent the level of cash flows that are occurring, and what accounts they are related to. The single solid line represents the annual expense level from now to the end of the illustration. Prior to retirement, bars above the expense level represent investments.

Portions of bars below the expense line represent sources of cash that are being used to pay for planned living expenses and to cover special expenses such as education. During the working years, income from employment is generally the primary source of cash to cover expenses. In retirement, social security, pension benefits, and cash withdrawn from investment accounts are the major sources of cash to cover expenses.

In general terms, the best case is to have the cash flow bars always at or above the expense line. This indicates that there is sufficient income, or investment asset sources, to meet living expenses and other planned needs. Gaps between the expense line and cash flow bars indicate calculated shortfalls of cash flow during those years.

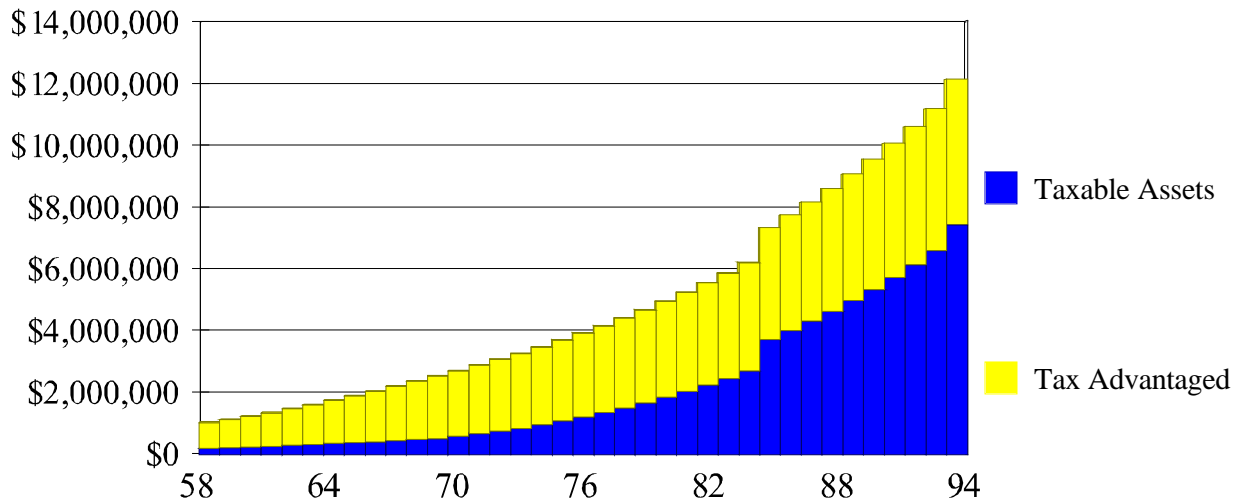
The cash flow numbers page contains the numerical information upon which the graph is based. This page shows the sources and uses of funds. The columns coincide with the bars and lines in the cash flow graph. Red numbers represent a use of cash, black a source.

The red numbers in the Retire/Roth or Investment Accounts columns are additions made to those accounts; these are investments and uses of funds. The black numbers in those columns represent withdrawals from the account; these are sources of funds to meet retirement needs.

All sources (and investment uses) are subtotaled in the Total Sources column. Tax estimates are based on earned income and investment income (adjusted for contributions to qualified retirement accounts) multiplied by the estimated net effective tax rates. The resulting tax estimate is added to inflation adjusted living expenses to create an estimated annual figure.

The combination of Total Sources and Living Expenses & Taxes can create a surplus or shortage. A shortage indicates that expenses exceed incomes and sources. A surplus can indicate that incomes exceed expenses. During retirement, if money is withdrawn at the same level of need, no surplus or shortage will occur.

Total Capital Assets



The Total Capital Assets graph displays taxable assets, combined with the value of the tax advantaged assets over time. The illustration shows assets from current age through life expectancy. Estimated capital growth is based on the rate of return for the assets, plus any annual additions or expenses. When the taxable accounts have been consumed, tax-advantaged accounts may be drawn on for additional funds.

Generally, the IRS requires that by age 70 1/2, minimum distributions must be made from qualified tax-deferred accounts. These annual distributions must be made on a schedule calculated to consume the account balances during the life expectancy. Money distributed from these tax-deferred accounts will first be used to meet current spending needs. Excess funds will be reinvested into taxable accounts.

Retirement Capital Analysis

Ages*		Retirement Spending Needs	Sources of Annual Income**				Education & Other Inc/Exp***	Net Surplus or (Shortage)	Annual Additions To Assets	Retirement Capital \$935,000
			Social Security		Pension Income					
			Indv. 1	Indv. 2	Indv. 1	Indv. 2				
58	54							29,000	1,027,930	
59	55							29,580	1,127,653	
60	56							30,171	1,234,635	
61	57							30,774	1,349,378	
62	58							31,390	1,472,411	
63	59							32,018	1,604,303	
64	60							32,658	1,745,662	
65 R	61	62,565	19,954		31,645		(10,967)	33,312	1,886,374	
66	62	64,140	20,353		31,960		(11,828)	33,977	2,036,437	
67	63	65,758	20,760		32,285		(12,713)	34,657	2,196,487	
68	64	35,481	21,175		32,600		18,294		2,363,537	
69	65 R	83,055	21,598	16,556	32,934	20,123	8,157		2,531,298	
70	66	85,547	22,030	16,887	33,259	20,320	6,949		2,700,682	
71	67	88,113	22,471	17,225	33,594	20,526	5,703		2,879,142	
72	68	90,756	22,920	17,569	33,928	20,733	4,395		3,067,144	
73	69	93,479	23,379	17,921	34,263	20,940	3,023		3,265,176	
74	70	96,283	23,846	18,279	34,607	21,146	1,596		3,470,770	
75	71	99,171	24,323	18,645	34,952	21,363	111		3,686,890	
76	72	102,146	24,810	19,018	35,306	21,569	(1,443)		3,914,027	
77	73	105,210	25,306	19,398	35,660	21,786	(3,060)		4,152,763	
78	74	108,366	25,812	19,786	36,014	22,012	(4,742)		4,403,591	
79	75	111,617	26,328	20,182	36,378	22,229	(6,500)		4,667,140	
80	76	114,966	26,855	20,585	36,743	22,445	(8,338)		4,944,006	
81	77	118,415	27,392	20,997	37,107	22,671	(10,248)		5,234,845	
82	78	121,967	27,940	21,417	37,481	22,898	(12,232)		5,540,300	
83	79	125,626	28,499	21,845	37,854	23,134	(14,294)		5,861,085	
84	80	129,395	29,069	22,282	38,228	23,360	(16,456)		6,197,908	
85 L	81	133,277	29,650	22,728	38,612	23,596	750,000	731,309	7,323,203	
	82	114,395		30,243	19,493	23,832		(40,827)	7,722,512	
	83	117,827		30,848	19,690	24,069		(43,221)	8,142,350	
	84	121,362		31,465	19,887	24,315		(45,696)	8,583,748	
	85	125,003		32,094	20,083	24,551		(48,275)	9,047,968	
	86	128,753		32,736	20,290	24,797		(50,930)	9,536,206	
	87	132,616		33,391	20,497	25,043		(53,686)	10,049,710	
	88	136,594		34,058	20,694	25,299		(56,543)	10,589,802	
	89	140,692		34,740	20,900	25,554		(59,498)	11,157,883	
	90 L	144,913		35,434	21,117	25,810	350,000	287,448	12,115,810	

*R=Retirement age, L=Life expectancy.** Pensions & 85% of S.S. reduced 18% for income taxes.*** Includes life insurance.
 Note: Report is based upon assumed inflation rates of 3% and 3% (before and after retirement). Actual future inflation rates are unknown.

Taxable Savings & Investment Accounts

Ages		Account Additions	Annual Growth	Income Tax On Account*	From Tax-Advantaged Assets		Paid out or received for cash flow	Account Balance** \$175,000
					Distributions	Income Tax		
58	54	12,000	12,669	(2,534)				197,135
59	55	12,240	14,227	(2,846)				220,757
60	56	12,484	15,889	(3,178)				245,953
61	57	12,734	17,662	(3,533)				272,817
62	58	12,989	19,551	(3,911)				301,447
63	59	13,248	21,565	(4,313)				331,947
64	60	13,513	23,709	(4,742)				364,428
65R	61	13,784	25,608	(4,610)			(10,967)	388,244
66	62	14,059	27,255	(4,906)			(11,828)	412,825
67	63	14,341	28,954	(5,212)			(12,714)	438,195
68	64		31,313	(5,637)			18,293	482,166
69	65R		34,037	(6,127)			8,156	518,233
70	66		37,782	(6,801)	43,992	(7,919)	6,949	592,237
71	67		43,003	(7,741)	46,952	(8,452)	5,702	671,704
72	68		48,611	(8,751)	50,107	(9,020)	4,394	757,048
73	69		54,633	(9,835)	53,468	(9,625)	3,022	848,715
74	70		61,551	(11,080)	72,672	(13,082)	1,595	960,374
75	71		69,455	(12,502)	77,537	(13,957)	111	1,081,019
76	72		77,994	(14,040)	82,719	(14,890)	(1,444)	1,211,361
77	73		87,211	(15,699)	87,909	(15,824)	(3,061)	1,351,899
78	74		97,157	(17,489)	93,761	(16,877)	(4,742)	1,503,711
79	75		107,890	(19,421)	99,585	(17,926)	(6,501)	1,667,341
80	76		119,456	(21,503)	105,739	(19,034)	(8,339)	1,843,663
81	77		131,915	(23,745)	112,119	(20,182)	(10,249)	2,033,524
82	78		145,332	(26,160)	118,964	(21,414)	(12,233)	2,238,015
83	79		159,777	(28,761)	126,032	(22,686)	(14,294)	2,458,085
84	80		175,320	(31,558)	133,453	(24,022)	(16,456)	2,694,823
85L	81		218,265	(39,288)	140,490	(25,289)	731,309	3,720,311
	82		262,656	(47,279)	127,639	(22,976)	(40,827)	3,999,526
	83		282,333	(50,821)	135,172	(24,331)	(43,221)	4,298,659
	84		303,412	(54,615)	143,073	(25,754)	(45,696)	4,619,081
	85		325,960	(58,673)	150,323	(27,059)	(48,275)	4,961,359
	86		350,041	(63,008)	157,797	(28,404)	(50,931)	5,326,856
	87		375,750	(67,636)	165,474	(29,786)	(53,686)	5,716,974
	88		403,183	(72,574)	173,331	(31,200)	(56,544)	6,133,173
	89		432,443	(77,840)	181,333	(32,641)	(59,498)	6,576,972
	90L		475,837	(85,651)	187,775	(33,800)	287,448	7,408,583

* Estimated taxes include tax due on income and on sales of assets. Starting cost basis is estimated at 100%.

** This report is based on assumed growth rates of 7.00% and 7.00%, and inflation rates of 3.00% and 3.00% (before and after retirement). Account additions are calculated to increase at 2.00% per year for each individual.

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Tax-Deferred Annuities

Ages 1 & 2	Account Additions	Annual Growth	Account Withdrawals	Balance* \$104,000	Cumulative Growth	Taxable Withdrawal	Income Tax Due
58 54		7,280		111,280	7,280		
59 55		7,790		119,070	15,070		
60 56		8,335		127,404	23,404		
61 57		8,918		136,323	32,323		
62 58		9,543		145,865	41,865		
63 59		10,211		156,076	52,076		
64 60		10,925		167,001	63,001		
65R 61		11,690		178,691	74,691		
66 62		12,508		191,200	87,200		
67 63		13,384		204,584	100,584		
68 64		14,321		218,905	114,905		
69 65R		15,323		234,228	130,228		
70 66		16,396		250,624	146,624		
71 67		17,544		268,167	164,167		
72 68		18,772		286,939	182,939		
73 69		20,086		307,025	203,025		
74 70		21,492		328,517	224,517		
75 71		22,996		351,513	247,513		
76 72		24,606		376,119	272,119		
77 73		26,328		402,447	298,447		
78 74		28,171		430,618	326,618		
79 75		30,143		460,762	356,762		
80 76		32,253		493,015	389,015		
81 77		34,511		527,526	423,526		
82 78		36,927		564,453	460,453		
83 79		39,512		603,964	499,964		
84 80		42,278		646,242	542,242		
85L 81		45,237		691,479	587,479		
86 82		48,404		739,882	635,882		
87 83		51,792		791,674	687,674		
88 84		55,417		847,091	743,091		
89 85		59,296		906,388	802,388		
90 86		63,447		969,835	865,835		
91 87		67,888		1,037,723	933,723		
92 88		72,641		1,110,364	1,006,364		
93 89		77,725		1,188,089	1,084,089		
94 90L		83,166		1,271,256	1,167,256		

* This report is based on assumed growth rates of 7.00% and 7.00%, with inflation rates of 3.00% and 3.00% (before and after retirement). Starting cost basis is 100%. Account additions are calculated to increase 2.00% per year.

Tax-Deferred Retirement Accounts

		Individual 1 Accounts				Individual 2 Accounts			
Age	Account Additions	Annual Growth	With-drawals	Balance* \$425,000	Age	Account Additions	Annual Growth	With-drawals	Balance* \$145,000
58	14,000	30,240		469,240	54		10,150		155,150
59	14,280	33,346		516,866	55		10,860		166,010
60	14,565	36,690		568,122	56		11,620		177,630
61	14,856	40,288		623,267	57		12,434		190,064
62	15,154	44,159		682,580	58		13,304		203,368
63	15,457	48,321		746,358	59		14,235		217,603
64	15,766	52,796		814,921	60		15,232		232,835
65R	16,081	57,607		888,609	61		16,298		249,133
66	16,403	62,776		967,788	62		17,439		266,572
67	16,731	68,330		1,052,850	63		18,660		285,232
68		73,699		1,126,549	64		19,966		305,198
69		78,858		1,205,407	65R		21,363		326,561
70		82,838	(43,993)	1,244,252	66		22,859		349,420
71		85,454	(46,953)	1,282,753	67		24,459		373,879
72		88,038	(50,108)	1,320,684	68		26,171		400,050
73		90,576	(53,469)	1,357,791	69		28,003		428,053
74		93,048	(57,051)	1,393,789	70		29,416	(15,623)	441,847
75		95,434	(60,865)	1,428,359	71		30,345	(16,674)	455,519
76		97,712	(64,926)	1,461,146	72		31,263	(17,794)	468,988
77		99,867	(68,922)	1,492,091	73		32,164	(18,988)	482,165
78		101,873	(73,503)	1,520,462	74		33,042	(20,260)	494,948
79		103,703	(77,973)	1,546,192	75		33,889	(21,614)	507,224
80		105,339	(82,685)	1,568,847	76		34,698	(23,056)	518,867
81		106,751	(87,646)	1,587,953	77		35,464	(24,475)	529,856
82		107,906	(92,863)	1,602,996	78		36,176	(26,102)	539,931
83		108,767	(98,344)	1,613,420	79		36,826	(27,689)	549,068
84		109,296	(104,092)	1,618,624	80		37,407	(29,362)	557,113
85L		109,475	(109,367)	1,618,733	81		37,908	(31,124)	563,897
			(1,618,733)		82	1,618,733	148,316	(127,640)	2,203,307
					83		149,500	(135,173)	2,217,635
					84		150,226	(143,074)	2,224,788
					85		150,473	(150,324)	2,224,938
					86		150,222	(157,798)	2,217,363
					87		149,423	(165,475)	2,201,311
					88		148,025	(173,332)	2,176,004
					89		145,973	(181,334)	2,140,643
					90L		143,272	(187,776)	2,096,140
								(2,096,140)	

* This report is based on assumed growth rates of 7.00% and 7.00%, with inflation rates of 3.00% and 3.00% (before and after retirement). Account deposits are calculated to increase 2.00% and 2.00% per year (Individual 1 and 2).

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Tax-Free Accounts

Combined ROTH IRA Accounts						Other Tax Free Assets			
Age	Additions	Additions	Annual	With-	Balance*	Account	Annual	With-	Balance*
Indv 1	Indv 2	Indv. 1	Indv. 2	Growth	drawals	Additions	Growth	drawals	Additions
						\$86,000			
58	54		3,000	6,125		95,125			
59	55		3,060	6,766		104,950			
60	56		3,121	7,456		115,526			
61	57		3,183	8,198		126,907			
62	58		3,247	8,997		139,151			
63	59		3,312	9,856		152,319			
64	60		3,378	10,781		166,477			
65R	61		3,446	11,774		181,697			
66	62		3,514	12,842		198,052			
67	63		3,585	13,989		215,626			
68	64			15,094		230,719			
69	65R			16,150		246,869			
70	66			17,281		264,149			
71	67			18,490		282,639			
72	68			19,785		302,423			
73	69			21,170		323,592			
74	70			22,651		346,243			
75	71			24,237		370,480			
76	72			25,934		396,413			
77	73			27,749		424,161			
78	74			29,691		453,852			
79	75			31,770		485,621			
80	76			33,993		519,614			
81	77			36,373		555,986			
82	78			38,919		594,905			
83	79			41,643		636,548			
84	80			44,558		681,106			
85L	81			47,677		728,783			
	82			51,015		779,797			
	83			54,586		834,382			
	84			58,407		892,788			
	85			62,495		955,283			
	86			66,870		1,022,152			
	87			71,551		1,093,702			
	88			76,559		1,170,261			
	89			81,918		1,252,179			
	90L			87,653		1,339,831			
					(1,339,831)				

* Roth growth rates: 7.00% and 7.00%, Tax-Free: 4.00% and 4.00%, inflation rates: 3.00% and 3.00% (before and after retirement). Account deposits are calculated to increase 2.00% and 2.00% per year (Individual 1 and 2).

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Insurance Summary

Company Name	Penn Mutual	Hartford
Insured	Indv. 1	Indv. 2
Owner	Indv. 1	Indv. 2
Beneficiary	Indv. 2	Indv. 1
Type	Universal	Whole
Death Benefit	\$750,000	\$350,000
Annual Premium	2,500	1,250
Total Premiums Paid	17,500	8,750
Current Cash Values	4,500	1,200

Insurance Included in Estate:

Anthony predeceases Michelle

	<u>Anthony</u>	<u>Michelle</u>
Policy 1 - Penn Mutual	\$750,000	\$0
Policy 2 - Hartford	0	350,000
	\$750,000	\$350,000

Michelle predeceases Anthony

	<u>Michelle</u>	<u>Anthony</u>
Policy 1 - Penn Mutual	\$0	\$750,000
Policy 2 - Hartford	350,000	0
	\$350,000	\$750,000

Survivor Needs Analysis

Mr. & Mrs. Sample

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

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

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

Spending needs for this report are based upon \$55,000 per year, inflated at 3% each year until retirement and \$50,000 per year, inflated at 3% each year during retirement.

Life Insurance Basic Needs Estimate on Anthony:

Present Value:	Anticipated Spending Needs	\$1,320,473	
	Education Expenses	0	
	Other Expenses	17,500	\$1,337,973
	Michelle's Employment	(\$320,321)	
	Social Security Benefits	(222,830)	
	Pension Benefits	(411,751)	
	Other Incomes	(0)	(\$954,902)
	Net Estimated Survivor Need Shortage		\$383,071
	Currently Existing Liabilities		172,500
	Assets Available to Offset Shortage		(935,000)
	Current Life Insurance Coverage		(750,000)
	Suggested Additional Life Insurance Coverage		\$0

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

Survivor Needs Analysis

Mr. & Mrs. Sample

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

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

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

Spending needs for this report are based upon \$55,000 per year, inflated at 3% each year until retirement and \$50,000 per year, inflated at 3% each year during retirement.

Life Insurance Basic Needs Estimate on Michelle:

Present Value:	Anticipated Spending Needs	\$1,072,398	
	Education Expenses	0	
	Other Expenses	17,500	\$1,089,898
	Anthony's Employment	(\$428,235)	
	Social Security Benefits	(215,528)	
	Pension Benefits	(419,528)	
	Other Incomes	(0)	(\$1,063,291)
	Net Estimated Survivor Need Shortage		\$26,607
	Currently Existing Liabilities		172,500
	Assets Available to Offset Shortage		(935,000)
	Current Life Insurance Coverage		(350,000)
	Suggested Additional Life Insurance Coverage		\$0

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

Survivor Needs Calculation for Michelle, To Estimate Life Insurance Required on Anthony

NPV's*	(\$1,320,473)		(\$17,500)	\$320,321	\$222,830	\$411,751	(\$383,071)
Age	After Tax Spending Need	Education Costs	Other Inc/Exp**	After Tax Emp. Income	After Tax SS Benefits	After Tax Pension Inc.	Estimated Inc. Shortage
54	(55,000)		(17,500)	33,600		11,635	(27,265)
55	(56,650)			34,608		11,751	(10,291)
56	(58,350)			35,646		11,869	(10,834)
57	(60,100)			36,716		11,988	(11,397)
58	(61,903)			37,817		12,107	(11,979)
59	(63,760)			38,952		12,228	(12,580)
60	(65,673)			40,120		12,351	(13,202)
61	(67,643)			41,324		12,474	(13,845)
62	(69,672)			42,563		12,599	(14,510)
63	(71,763)			43,840		12,725	(15,197)
64	(73,915)			45,156		12,852	(15,908)
65	(69,212)				21,598	33,428	(14,185)
66	(71,288)				22,030	33,758	(15,500)
67	(73,427)				22,471	34,099	(16,857)
68	(75,629)				22,920	34,441	(18,268)
69	(77,898)				23,379	34,785	(19,735)
70	(80,235)				23,846	35,130	(21,259)
71	(82,642)				24,323	35,486	(22,833)
72	(85,122)				24,810	35,834	(24,478)
73	(87,675)				25,306	36,193	(26,176)
74	(90,306)				25,812	36,564	(27,930)
75	(93,015)				26,328	36,926	(29,761)
76	(95,805)				26,855	37,289	(31,661)
77	(98,679)				27,392	37,664	(33,623)
78	(101,640)				27,940	38,040	(35,660)
79	(104,689)				28,499	38,428	(37,762)
80	(107,830)				29,069	38,807	(39,954)
81	(111,064)				29,650	39,198	(42,217)
82	(114,396)				30,243	39,590	(44,563)
83	(117,828)				30,848	39,984	(46,997)
84	(121,363)				31,465	40,389	(49,509)
85	(125,004)				32,094	40,786	(52,124)
86	(128,754)				32,736	41,194	(54,824)
87	(132,617)				33,391	41,604	(57,622)
88	(136,595)				34,058	42,026	(60,511)
89	(140,693)				34,740	42,449	(63,505)
90	(144,914)				35,434	42,873	(66,606)

* Net Present Values for this illustration are calculated using an after-tax discount rate of 5%

** First year expenses include allowance for final expenses and emergency funds in the amount of \$17,500.

Survivor Needs Calculation for Anthony, To Estimate Life Insurance Required on Michelle

NPV's*	(\$1,072,398)		(\$17,500)	\$428,235	\$215,528	\$419,528	(\$26,607)
Age	After Tax Spending Need	Education Costs	Other Inc/Exp**	After Tax Emp. Income	After Tax SS Benefits	After Tax Pension Inc.	Estimated Inc. Shortage
58	(55,000)		(17,500)	68,000		6,295	1,795
59	(56,650)			70,040		6,358	19,748
60	(58,350)			72,141		6,421	20,213
61	(60,100)			74,305		6,485	20,691
62	(61,903)			76,535		6,550	21,182
63	(63,760)			78,831		6,616	21,686
64	(65,673)			81,196		6,682	22,205
65	(61,494)				19,954	38,563	(2,977)
66	(63,339)				20,353	38,947	(4,039)
67	(65,239)				20,760	39,342	(5,137)
68	(67,196)				21,175	39,727	(6,294)
69	(69,212)				21,598	40,133	(7,481)
70	(71,288)				22,030	40,529	(8,728)
71	(73,427)				22,471	40,937	(10,019)
72	(75,629)				22,920	41,345	(11,364)
73	(77,898)				23,379	41,753	(12,766)
74	(80,235)				23,846	42,173	(14,216)
75	(82,642)				24,323	42,593	(15,726)
76	(85,122)				24,810	43,023	(17,288)
77	(87,675)				25,306	43,455	(18,914)
78	(90,306)				25,812	43,887	(20,606)
79	(93,015)				26,328	44,330	(22,357)
80	(95,805)				26,855	44,773	(24,177)
81	(98,679)				27,392	45,218	(26,069)
82	(101,640)				27,940	45,673	(28,027)
83	(104,689)				28,499	46,129	(30,062)
84	(107,830)				29,069	46,585	(32,176)
85	(111,064)				29,650	47,053	(34,362)

* Net Present Values for this illustration are calculated using an after-tax discount rate of 5%

** First year expenses include allowance for final expenses and emergency funds in the amount of \$17,500.

Disability Income Insurance

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

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

Anthony-

Current Income: \$85,000/Yr.

Replacement Ratio*: 65%

Suggested Need: \$55,000/Yr.

Michelle-

Current Income: \$42,000/Yr.

Replacement Ratio*: 65%

Suggested Need: \$27,000/Yr.

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

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

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

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

Long-Term Care

Long-Term Care Defined

Long-term care is sustained medical or custodial care in a hospital, nursing facility, or equivalent care at home. This care meets the needs of people when, for some reason, they cannot care for themselves. Long-term care insurance provides coverage for costs when the need for care extends beyond a pre-determined period. Benefits start when certain conditions and time frames specified by a long-term care insurance policy are met.

Generally the needs requirements to obtain insurance benefits fall into two categories:

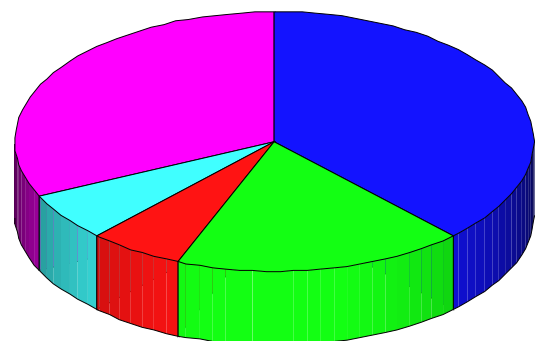
<p>An inability to perform two or more Activities of Daily Living (or ADLs).</p>	<p>Activities of Daily Living (ADLs) are basic functions of daily independent living and includes:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td>Dressing</td> <td>Toileting</td> </tr> <tr> <td>Bathing</td> <td>Transferring</td> </tr> <tr> <td>Eating</td> <td>Continence</td> </tr> </table>	Dressing	Toileting	Bathing	Transferring	Eating	Continence
Dressing	Toileting						
Bathing	Transferring						
Eating	Continence						
<p>Impaired Cognitive Ability</p>	<p>Loss of mental function can result from stroke, dementia or Alzheimer's Disease. Alzheimer's Disease is a disorder that progressively affects one's ability to carry out daily activities.</p>						

The Cost of Waiting to Plan

- 40% of all long-term care recipients are under the age of 65.
- Over 45% of seniors who reach age 65 will spend some time in a nursing home.
- Over 70% of seniors who reach age 65 will need some form of home health care in their lifetime.
- One out of every four families provides care to an elderly relative or loved one.
- 25% will stay in a Nursing Facility for more than one full year.
- The average nursing home stay is 2.5 years and the average Alzheimer's stay is 7 years.

Without benefits from long-term care insurance or a comparable plan, the cost of providing these services could devastate your lifetime savings, or a relative's life savings. On average, one year in a nursing home costs in the area of \$57,000 and can easily exceed \$100,000.

Depending on the care required, most of these expenses are paid for by the patient or their family. Medicare may contribute toward the first 100 days expenses in a skilled care facility. There are no Medicaid benefits available for intermediate-term or custodial care, unless the state finds the patient to be impoverished under local guidelines. Even then, care options would be restricted to care facilities that accept the very limited benefit payments Medicaid offers.



- Medicaid - 38%
- Medicare - 18%
- Private Health Insurance - 6%
- Other - 6%
- Savings / Family - 32%

Medicaid and Medicare Facts

- **Medicaid is a welfare program designed as an emergency safety net to pay health care costs of the poor.**
- **Medicare is part of Social Security, and helps pay for the general health care needs of retired persons.**
- **Medicare typically only pays for doctors, hospitals, and short recuperative stays in nursing facilities.**
- **Private health insurance is designed for medical (doctors, hospitals, etc) not long-term care expenses.**
- **Most people end up relying on their own or relatives resources to pay for long-term care expenses.**

Long-Term Care Need Analysis

Long-term care (LTC) requires long-term planning. LTC insurance is available to cover these expenses, protect your assets, your independence, and control the quality of the care you receive. You are able to choose the specified daily benefit level, as well as the types of medical and care services covered.

When is the best time to purchase LTC insurance? Generally, the premiums stay level once the policy is purchased, much like level term insurance. In practice, the earlier you buy a policy, the lower the premium. Since the odds of becoming disabled increase with age, purchasing coverage before the age of 55 is good planning. Consider the premium cost of several coverage levels to determine which is right for your budget.

Needs Estimate

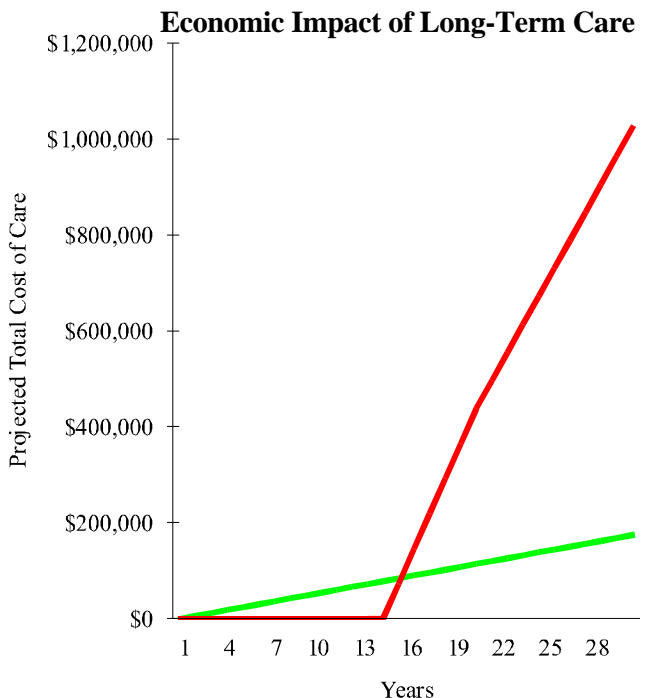
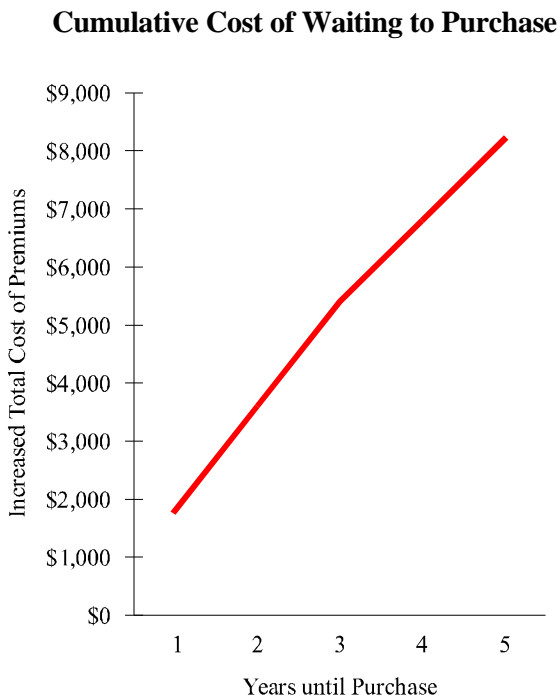
These estimated long-term care cost examples are based upon your financial information. Consider the numbers here to be a starting point for analysis and discussion of your long-term care insurance needs.

	<u>Anthony</u>	<u>Michelle</u>
Estimated daily care cost	\$200	\$200
Existing LTC daily coverage	\$100	\$100
Net estimated annual care costs	\$36,500	\$36,500
Estimated years of care	5	5
Assumed inflation rate	5%	5%

Current financial assets exposed to potential long-term care expense risk **\$935,000**

Depending on your age, a delay in arranging a Long-term care policy can mean substantially higher premiums. This graph illustrates the cost of waiting to purchase a Long-term care policy.

A Long-term care policy can stabilize and moderate the potentially damaging costs of nursing home care. This graph displays potential cost differential and value of having a Long-term insurance plan in place.



— Total Cost Without Insurance
 — Total Cost With Insurance

Long-Term Care Unprotected Need

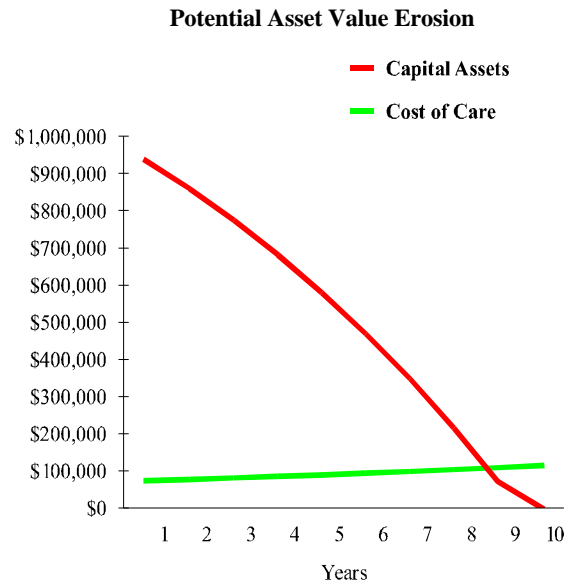
This future long-term care needs chart displays the annual future amount of long-term care needed vs. your assets available. Total Long-Term Care Need is based upon average care requirements. Assets to Liquidate are your non-qualified working assets. Your Unprotected Need is \$228,368 based upon these estimates.

Long-Term Care Need Calculation

Total Long-Term Care Need:	\$403,368 *
Assets to Liquidate:	\$175,000
Unprotected Need:	\$228,368

* Net of existing LTC coverage

Favorable income tax treatment is available for policies meeting certain requirements. In those cases, premiums, with certain limitations, may be deducted as medical expenses for those who itemize their deductions.



Alternative Options to Long-Term Care Insurance

Self-Insurance

This alternative to purchasing LTC insurance is using your existing investments to pay for long-term care if needed. This would be appropriate if sufficient assets are available and the potential loss of those assets to heirs is acceptable. Of course this means that you are willing to liquidate your assets, and if you don't have sufficient funds, you transfer the financial burden to your loved ones. While this alternative may be more flexible, the LTC insurance would be more beneficial if the coverage is eventually needed.

Qualify for Medicaid

Medicaid was enacted to provide health care services for the impoverished. Recent legislation has made it extremely difficult for a person of modest means to qualify for Medicaid benefits by gifting or otherwise disposing of personal assets for less than fair market value.

Summary

Be aware that the potential loss of financial assets to pay for long-term care costs is due to increasing life expectancies and advances in medical treatment for the elderly. This presents a risk to your lifetime savings and financial future. LTC insurance is available at varying levels of coverage and corresponding premiums to meet these risks. LTC insurance can allow you to maintain your desired level of independence and preserve personal assets. However, premium costs will be a significant factor in your decision. Consider discussing your LTC insurance needs and options with an insurance specialist who can explain specific policy details. Fully understanding available options can help you find the best choice for you and your family's future.

Estate Planning

While a very complex topic, estate planning is a critical component of any well developed financial plan. To be effective, this planning needs to be carefully coordinated with the other areas of planning such as Insurance, Retirement, Investments, etc. The primary goal of this section is to highlight estate planning concepts, and help illustrate potential benefits of implementing basic estate planning techniques available today.

Estate Tax

Minimizing estate tax exposure is generally a primary goal of most clients. History is full of examples of estates decimated by unnecessary estate taxes and expenses. We will provide you with an analysis of your current situation and illustrate methods which may help minimize your current and future estate tax exposure. Some of the basic planning techniques we will consider are the use of:

- Unlimited Marital Deduction
- Maximizing use of the Applicable Exclusion Amount
- Unlimited Charitable Deductions
- Annual Gift Exclusion
- Joint Revocable Living Trusts
- Irrevocable Life Insurance Trusts

Other Financial Goals

Other financial goals to consider in your planning are:

- Estate liquidity
- Managing probate, administrative and other expenses
- Minimizing Income Tax

Non-Financial Goals

The non-financial aspects of estate planning are just as important as the various financial goals described above. They will often be of a very personal nature and should be customized to fit into your overall plan. Generally, this can be accomplished by discussing these goals noted above. We will be able to point out only general concepts in this report. However, some of the nonfinancial goals for you to consider are:

- Caring for dependents or minor children
- Distribution of property to heirs
- Maintaining control over assets
- Lifetime planning issues such as incapacity and health care powers

Summary

Protecting your estate requires careful planning. The diverse skills required to coordinate a plan might require a team approach consisting of your financial planner, attorney, insurance specialist, accountant and investment advisor. The illustrations provided here are intended as tools to help you and your team make informed decisions. In addition, your situation will most likely change with time. Therefore, you will need to monitor your estate planning situation periodically and make amendments as required.

This report is a hypothetical illustration and does not constitute legal or tax advice. You should always obtain legal counsel and professional tax advice before taking action affecting your estate planning.

Your Current Situation

The illustrations in this report are based on information that you provided. Before reviewing the estate illustrations or investigating any of the alternatives that follow, please verify the following data and assumptions for accuracy and completeness.

Basic Data

	<u>Anthony</u>	<u>Michelle</u>
Age	58	54
Age at Death for this Illustration	58	54

General Assumptions

Administrative & probate expenses as a percentage of estate assets:	4.00%
Estimated final expenses:	\$7,500

Existing Estate Planning

Will	Yes	Yes
Revocable Living Trust	Yes	Yes
Marital Trust Provisions	Yes	Yes
Credit Shelter Trust Provisions	Yes	Yes
QTIP Trust Provisions	No	No
Generation Skip Trust Provisions	No	No
Irrevocable Life Insurance Trust	No	No
Durable General Power of Attorney	Yes	Yes
Durable Health Care Power of Attorney	Yes	Yes
Living Will	Yes	Yes
Existing percentage of Estate in Living Trust	0%	0%

Previous Gifting Detail

Previous Taxable Gifts	\$0	\$0
Previous Gift Taxes Paid	\$0	\$0

Current Estate Summary

- Anthony's gross estate consists of \$1,754,250 and Michelle's consists of \$754,250.
- Potential federal estate taxes currently range from \$0 to \$0.
- Administrative, probate, and final expenses could total from \$132,790 to \$148,790.
- Additional planning could save up to \$121,142 in estate taxes and other costs.

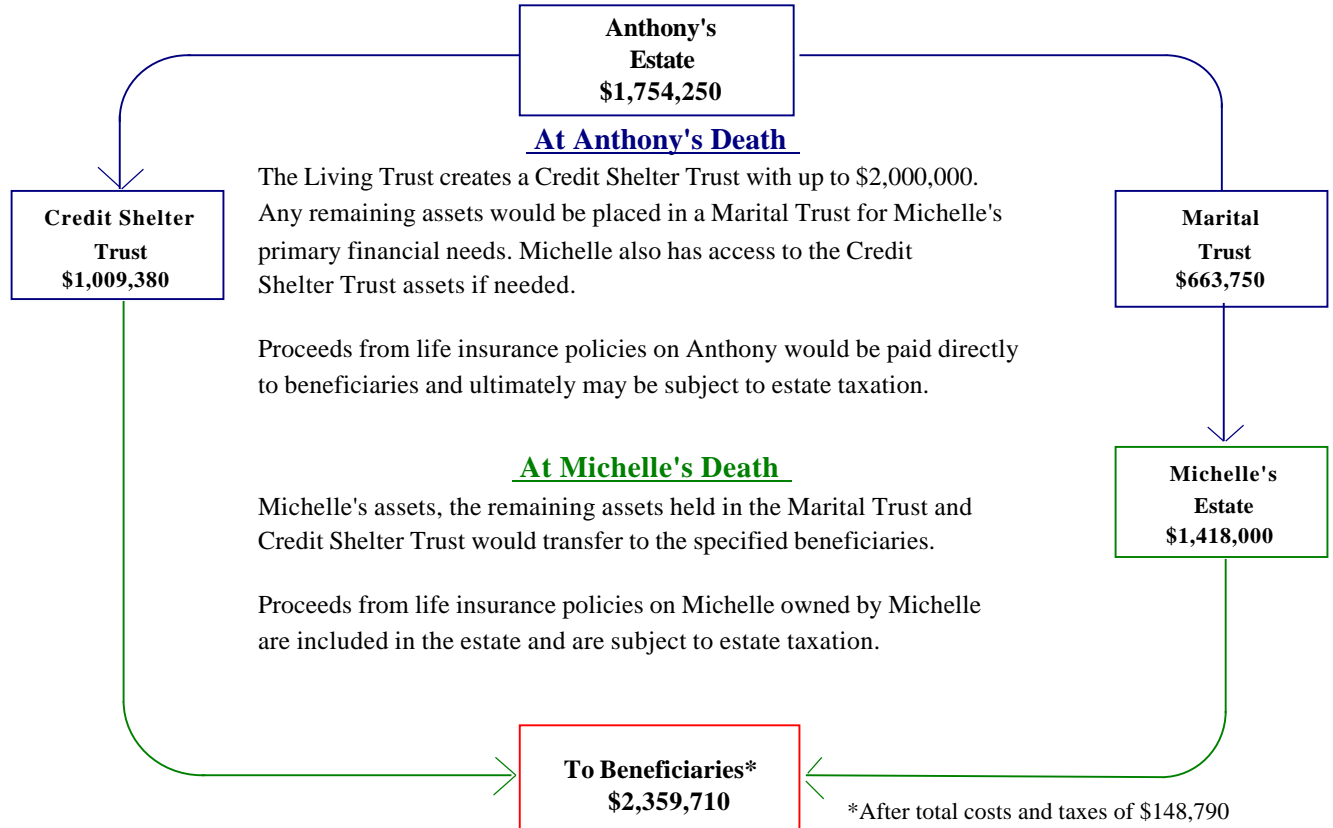
Estate Net Worth Statement

Mr. & Mrs. Sample

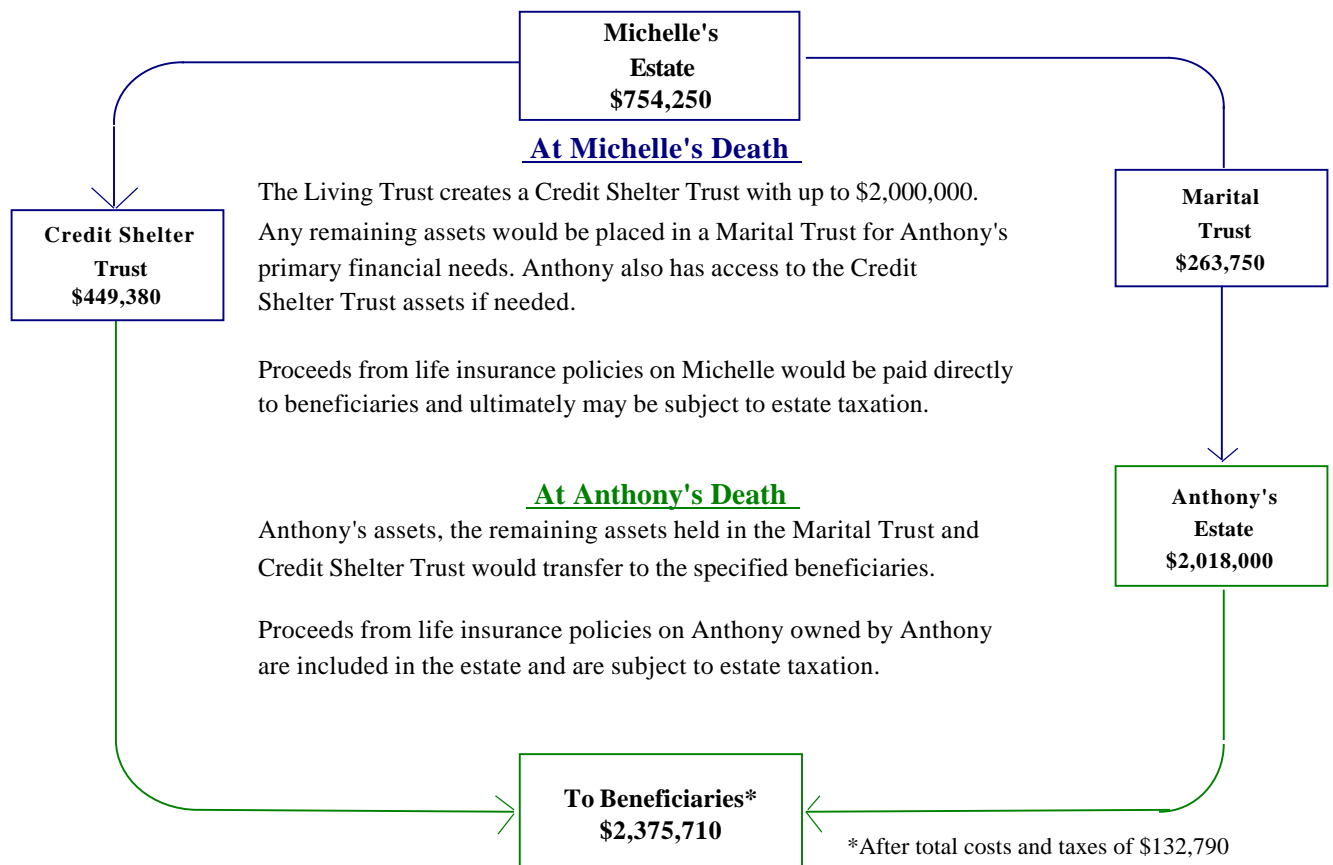
<u>ASSETS</u>	<u>Anthony</u>	<u>Michelle</u>	<u>Joint/ Community</u>	<u>Total</u>
Savings and Investments				
Bond mutual funds	\$175,000		\$104,000	\$279,000
	\$175,000	\$0	\$104,000	\$279,000
Retirement Accounts				
Qualified Plans-Anthony	\$425,000			\$425,000
IRA Assets-Michelle			145,000	145,000
Roth IRA Assets-Michelle			86,000	86,000
	\$425,000	\$0	\$231,000	\$656,000
Other Assets				
Residence			\$535,000	\$535,000
Personal property			35,000	35,000
Life insurance cash values	4,500	1,200		5,700
Autos			40,000	40,000
Other Asset			36,000	36,000
	\$4,500	\$1,200	\$646,000	\$651,700
TOTAL ASSETS	\$604,500	\$1,200	\$981,000	\$1,586,700
<u>LIABILITIES</u>				
Residence mortgage			\$125,000	\$125,000
Auto Loans			22,000	22,000
Credit Cards			3,500	3,500
Other Debt			22,000	22,000
TOTAL LIABILITIES	\$0	\$0	\$172,500	\$172,500
NET WORTH	\$604,500	\$1,200	\$808,500	\$1,414,200
<u>ADJUSTMENTS</u>				
Life insurance in estate	\$750,000	\$350,000		
Life insurance cash values	(4,500)	(1,200)		
Estate share of joint property	404,250	404,250		
ESTATE NET WORTH	\$1,754,250	\$754,250		

Current Situation - Flowchart

Anthony Predeceases Michelle



Michelle Predeceases Anthony



Current Situation - Estimate

Anthony Predeceases Michelle

Estate	Anthony's Death	Michelle's Death
Separate property	\$175,000	\$0
50% of jointly owned & community property	\$490,500	\$490,500
Retirement accounts	425,000	0
Life Insurance	750,000	350,000
Debt	(86,250)	(86,250)
Marital Transfer		663,750
	\$1,754,250	\$1,418,000
Deductions and Expenses		
Marital Transfer	(\$663,750)	
Administrative, Probate and Final expenses	(81,120)	(67,670)
	(\$744,870)	(\$67,670)
Federal Taxable Estate	\$1,009,380	\$1,350,330
Federal Estate Tax		
Federal Estate Tax	(\$349,646)	(\$491,442)
Applicable Credit Amount	349,646	491,442
Federal Estate Tax	\$0	\$0

Michelle Predeceases Anthony

Estate	Michelle's Death	Anthony's Death
Separate property	\$0	\$175,000
50% of jointly owned & community property	490,500	490,500
Retirement accounts	0	425,000
Life Insurance	350,000	750,000
Debt	(86,250)	(86,250)
Marital Transfer		263,750
	\$754,250	\$2,018,000
Deductions and Expenses		
Marital Transfer	(\$263,750)	
Administrative, Probate & Final expenses	(41,120)	(91,670)
	(\$304,870)	(\$91,670)
Federal Taxable Estate	\$449,380	\$1,926,330
Federal Estate Tax		
Federal Estate Tax	(\$138,589)	(\$747,649)
Applicable Credit Amount	138,589	747,649
Federal Estate Tax	\$0	\$0

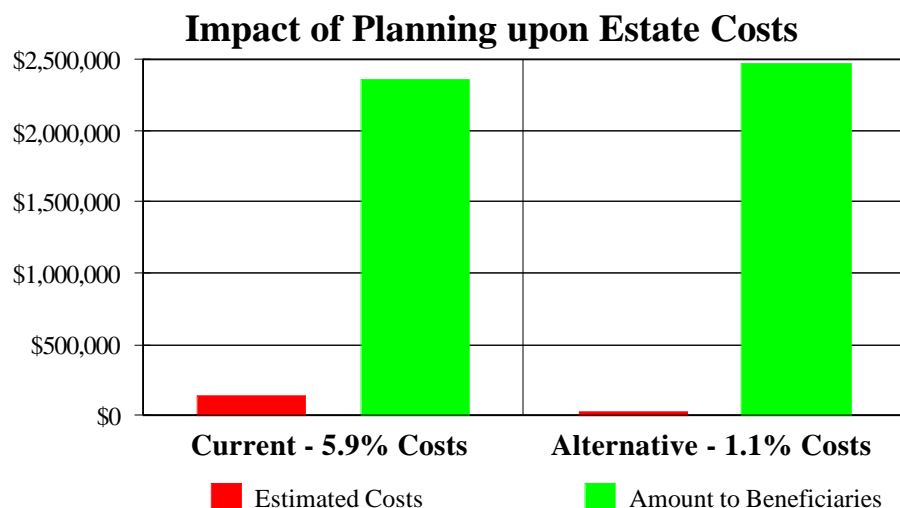
Your Alternate Estate Planning Structure

Summary of Alternative Estate Results

This report reviews and compares the cumulative impact of some potential estate planning alternatives upon your estate. The Alternative Flowchart diagram which follows this page helps illustrate how the improved estate structure reduces the amount of your estate exposed to estate taxes. In your specific case, you may be able to reduce your estate costs and taxes by up to 81%. These savings directly translate into additional assets available for beneficiaries.

Currently, your combined total estate is estimated to be \$2,508,500. Using estimated estate settlement costs of \$148,790, you would pass approximately \$2,359,710 to your beneficiaries.

With proper implementation of potential alternative estate structures, your current estimated estate settlement costs may be reduced to approximately \$27,648. This would allow you to save \$121,142 in taxes and expenses, transferring \$2,480,852 to your beneficiaries.



Alternative Wills and Trusts

By implementing potential alternative estate strategies, you may significantly increase the assets passing to your beneficiaries at death and reduce your estimated estate settlement costs.

Your current estate documents:

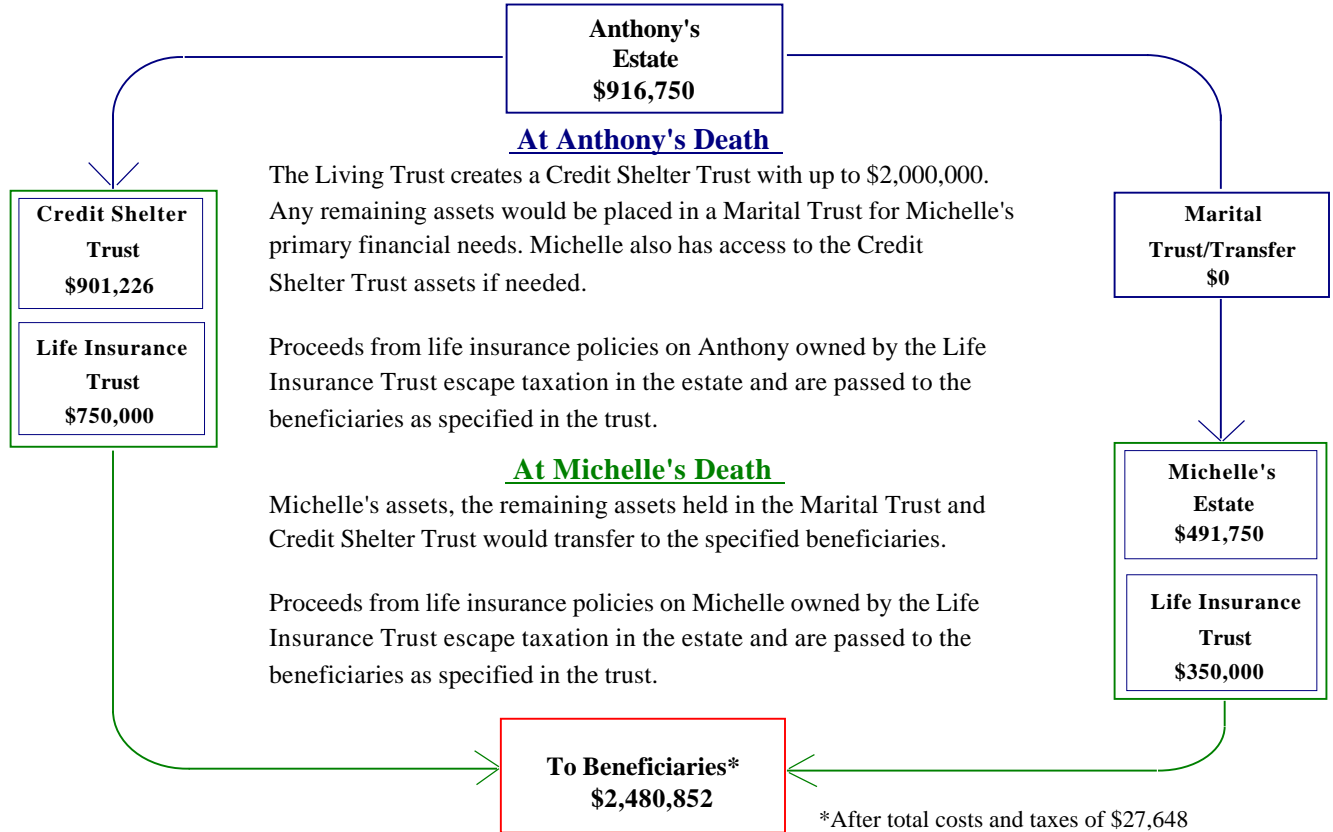
- A Will for each spouse
- Revocable Living Trusts for each spouse
- Credit Shelter Trust provisions
- Marital Trust provisions
- Durable General Powers of Attorney
- Durable Health Care Powers of Attorney
- Living Wills

Suggested additional/alternative estate documents:

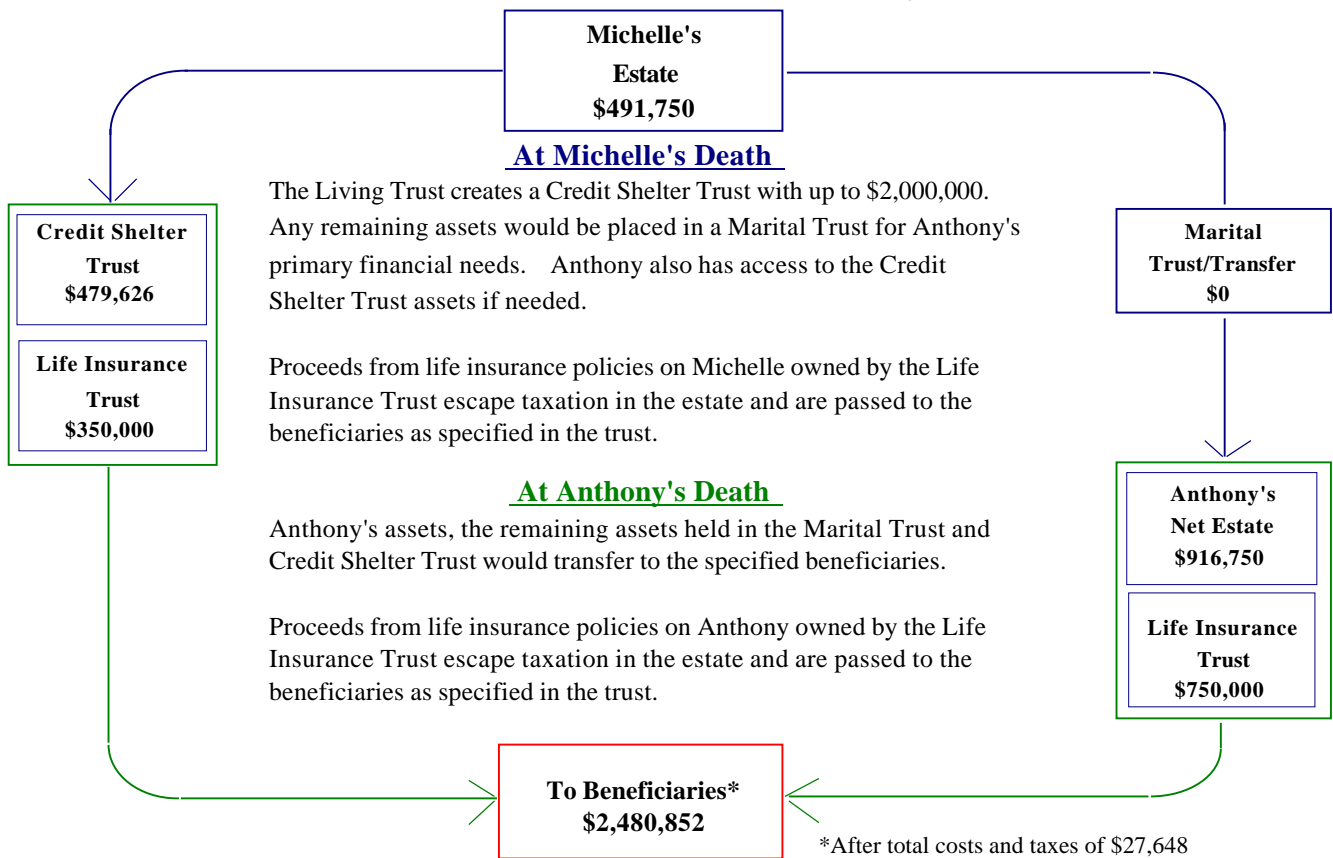
- A revised Will for each spouse if necessary
- Revised asset ownership to balance property if necessary
- A Joint Revocable Living Trust
- Fund the Joint Revocable Living Trust if necessary
- Revised Credit Shelter Trust provisions
- Revised Marital Trust provisions
- Irrevocable Life Insurance Trusts

Alternative Situation - Flowchart

Anthony Predeceases Michelle



Michelle Predeceases Anthony



Alternative Situation - Estimate

Anthony Predeceases Michelle

Estate	Anthony's Death	Michelle's Death
Separate property/Community property	\$578,000	\$578,000
Retirement accounts	425,000	0
Life Insurance	0	0
Debt	(86,250)	(86,250)
Marital Transfer	0	0
	\$916,750	\$491,750
Deductions and Expenses		
Marital Transfer	0	
Administrative, Probate & Final expenses	(15,524)	(12,124)
	(15,524)	(12,124)
Federal Taxable Estate	\$901,226	\$479,626
Federal Estate Tax		
Federal Estate Tax	(\$307,278)	(\$148,873)
Applicable Credit Amount	307,278	148,873
Federal Estate Tax	\$0	\$0

Michelle Predeceases Anthony

Estate	Michelle's Death	Anthony's Death
Separate property/Community property	\$578,000	\$578,000
Retirement accounts	0	425,000
Life Insurance	0	0
Debt	(86,250)	(86,250)
Marital Transfer	0	0
	\$491,750	\$916,750
Deductions and Expenses		
Marital Transfer	0	
Administrative, Probate & Final expenses	(12,124)	(15,524)
	(12,124)	(15,524)
Federal Taxable Estate	\$479,626	\$901,226
Federal Estate Tax		
Federal Estate Tax	(\$148,873)	(\$307,278)
Applicable Credit Amount	148,873	307,278
Federal Estate Tax	\$0	\$0

Estate Tax Estimate

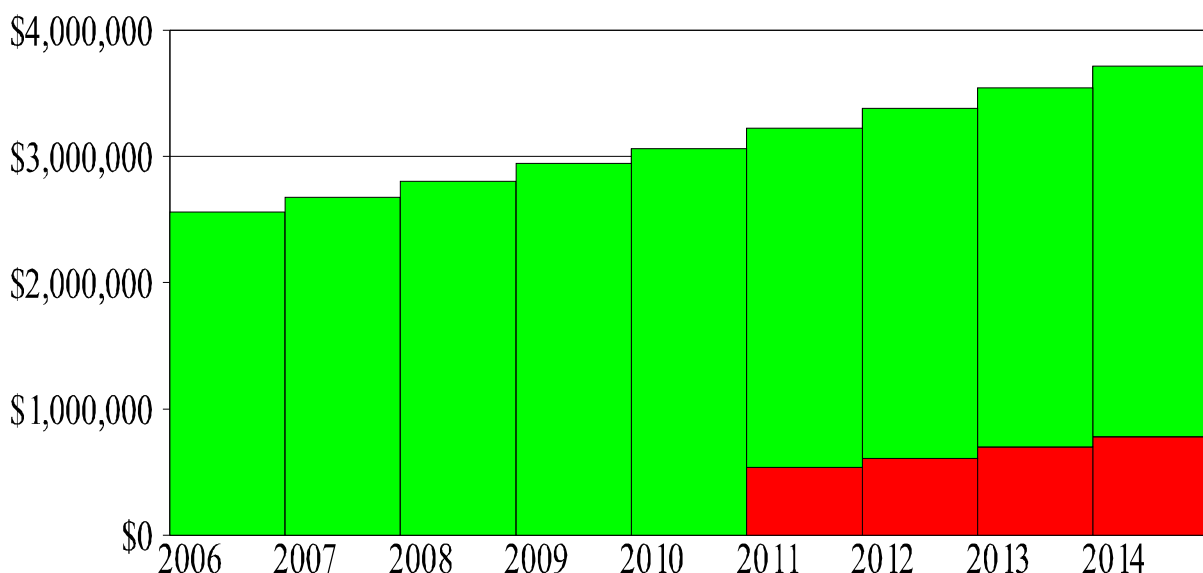
EGTRRA 2001

In June 2001, The Economic Growth and Tax Relief Reconciliation Act of 2001 was signed into law. One feature of the new law is to completely phase out estate taxes by 2010. This will be done by increasing estate tax exemptions and decreasing estate tax rates each year. In 2010, inherited property will no longer receive a step-up in basis as is done now, exposing those assets to potentially large capital gains when sold. In addition, Gift Tax rules have been changed. Congress must decide by 2011 if these changes will be permanent or revert back to previous law. We have shown your estate tax exposure in 2011 in terms of the previous law.

An Estimate of Your Estate Tax Exposure Using Suggested Planning

We have taken information provided about your current estate net worth to estimate your estate tax exposure under the new law over the next several years. We make some general assumptions regarding the growth of assets. Also, as previously suggested in this analysis, we assume that each individual has funded a credit shelter trust utilizing the applicable exclusion amounts available to them (currently \$2,000,000 per person in 2006). We also assume that any life insurance benefits are kept out of the taxable estate. The graph below shows your estimated estate tax exposure (red) and your estate remainder after taxes (green) at each year end. Keep in mind that the status of estate tax law is uncertain beyond year 2010.

Estimated Estate Growth vs. Federal Estate Tax



Year End	Retirement Capital	Other Assets	Debts & Expenses	Adjustments*	Estate Tax Base	Exclusion Amounts	Estimated Estate Tax
2006	\$1,027,930	\$1,746,000	(\$214,001)	\$0	\$2,559,929	\$4,000,000	\$0
2007	1,127,653	1,765,380	(215,777)	0	2,677,255	4,000,000	0
2008	1,234,635	1,785,341	(217,669)	0	2,802,308	4,000,000	0
2009	1,349,378	1,805,902	(212,052)	0	2,943,227	7,000,000	0
2010	1,472,411	1,827,079	(237,829)	0	3,061,661	0	0
2011	1,604,303	1,848,891	(232,113)	0	3,221,081	2,000,000	(536,697)
2012	1,745,662	1,871,358	(234,546)	0	3,382,474	2,000,000	(610,938)
2013	1,886,374	1,894,499	(236,956)	0	3,543,917	2,000,000	(700,202)
2014	2,036,437	1,918,333	(239,510)	0	3,715,260	2,000,000	(779,020)
2015	2,196,487	1,942,883	(242,217)	0	3,897,153	2,000,000	(862,690)

*Adjustments include charitable deductions or previous taxable gifts that have been included in your estate plan analysis.