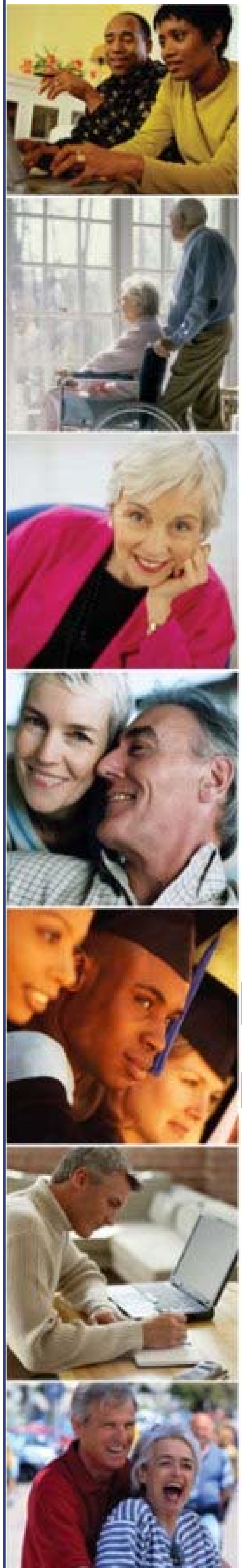


Retirement Readiness Report

Prepared for: **Jon and Katie Client**

Prepared by:
Matt Hearn, CFP®, ChFC®
Cannon Wealth Management Services
2160 Country Club Road
Winston-Salem, NC 27104
(336) 231-6844

LPL Financial

July 07, 2014

Table of Contents

Disclaimer

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

This report is based upon information and assumptions provided by you (the client). This report provides broad and general guidelines on the advantages of certain financial planning concepts and does not constitute a recommendation of any particular technique. We recommend that you review your plan annually, unless changes in your personal or financial circumstances require more frequent review.

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

Additionally, this report may not reflect all holdings or transactions, their costs, or proceeds received by you. Prices that may be indicated in this report are obtained from sources we consider reliable but are not guaranteed. Past performance is no guarantee of future performance and it is important to realize that actual results may differ from the projections contained in this report. The presentation of investment returns set forth in this report do not reflect the deduction of any commissions or fees or product charges that may apply to any particular investment. Deduction of such charges will result in a lower rate of return as compared to that set forth in this report.

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

This report may be provided as part of a financial plan being offered either through LPL Financial or a third-party registered investment advisor. Please refer to the financial planning agreement you signed for further information about the parties providing services.

This report may or may not contain general or specific recommendations for implementation. Please understand that you are under no obligation to implement any recommendations that may be included within this report or the financial plan; however, if you choose to, you may implement through a financial advisor associated with LPL Financial. You may decide to implement through the purchase or sale of one or more securities or insurance products on a commission basis or through asset management services in an investment advisory relationship for an ongoing fee. Please refer to the client agreement and any disclosure documents related to any implementation services you choose for further information.

LPL Financial representatives offer access to Trust Services through The Private Trust Company N.A., an affiliate of LPL Financial.

Investors should consider the investment objectives, risks, charges, and expenses of the investment company carefully before investing. The prospectus contains this and other information about the investment company. You can obtain a prospectus from your financial representative. Read carefully before investing.

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

Client(s): ______________________________ ______________

Jon Client Date

______________________________ ______________

Katie Client Date

Advisor: ______________________________ ______________

Matthew Hearn Date

Growth Rates Summary

Base Facts

Prepared for Jon and Katie Client

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

PRE-RETIREMENT RATES OF RETURN

Investment Account Type	Value	Rate of Return	Model Portfolio (Rate)	Allocation %
Cash Equivalents				
	$40,000	0.00%	No Growth (0.00%)	100.00%
Taxable Investments				
	$242,019	7.98%	Growth (7.98%)	100.00%
Qualified Retirement				
	$500,952	6.39%	By Asset Mix (6.39%)	100.00%
529 Plans				
	$51,240	6.39%	By Asset Mix (6.39%)	100.00%
Roth IRAs				
	$133,522	9.05%	By Asset Mix (9.05%)	100.00%

Growth Rates Summary

Base Facts

Prepared for Jon and Katie Client

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

POST-RETIREMENT RATES OF RETURN

Investment Account Type	Value	Rate of Return	Model Portfolio (Rate)	Allocation %
Cash Equivalents				
	$40,000	0.00%	No Growth (0.00%)	100.00%
Taxable Investments				
	$242,019	6.01%	Income with Capital Preservation (6.01%)	100.00%
Qualified Retirement				
	$500,952	6.01%	Income with Capital Preservation (6.01%)	100.00%
529 Plans				
	$51,240	6.39%	By Asset Mix (6.39%)	100.00%
Roth IRAs				
	$133,522	6.01%	Income with Capital Preservation (6.01%)	100.00%

Growth Rates Summary

Base Facts

Prepared for Jon and Katie Client

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

DEFAULT GROWTH RATES

Assets	Pre-Retirement Rate of Return	Post Retirement Rate of Return
Retirement Assets	By Asset Mix	By Asset Mix
Taxable Investments	By Asset Mix	By Asset Mix
Cash Equivalents	By Asset Mix	By Asset Mix
529 Plans	By Asset Mix	By Asset Mix

Insurance	Cash Value Growth Rate	Proceeds Reinvested at
Life Insurance	Inflation (3.74%)	Inflation (3.74%)

Growth Rates Summary

Base Facts

Prepared for Jon and Katie Client

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

MODEL PORTFOLIOS

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

Market Index	Percent	Rate of Return	Mean Rate	Standard Deviation	Time Period (years)	Period Ending
Inflation Rate						
Consumer Price Index	100.00%	3.74%	3.76%	1.65%	77	6/30/2013
Total	**100.00%**	**3.74%**				
Efficient Portfolio						
Russell 1000 Index	11.27%	10.47%	11.83%	15.42%	30	6/30/2013
Russell Midcap Growth Index	0.59%	10.56%	13.14%	21.16%	27	6/30/2013
Russell Midcap Value Index	15.00%	11.96%	13.53%	16.37%	27	6/30/2013
Russell Midcap Index	15.00%	11.69%	13.36%	16.96%	30	6/30/2013
MSCI EM Free Index	1.89%	7.53%	10.82%	24.16%	20	6/30/2013
Barclays 7yr Muni Bond Index	0.00%	5.89%	5.99%	3.88%	23	6/30/2013
Barclays Municipal Bond Index	15.00%	7.17%	7.33%	5.15%	30	6/30/2013
Barclays High Yield index	11.25%	8.74%	9.21%	8.94%	25	6/30/2013
Cit Non Us World Gov Bond Hedged Index	15.00%	6.39%	6.46%	2.98%	25	6/30/2013
Barclays U.S. Universal Bond Index	15.00%	6.79%	6.88%	3.70%	23	6/30/2013
Total	**100.00%**	**8.97%**				
Income with Capital Preservation						
Russell 1000 Growth Index	5.00%	7.81%	9.50%	17.41%	20	6/30/2013
Russell 1000 Value Index	5.00%	9.18%	10.47%	15.03%	20	6/30/2013
Russell Midcap Value Index	4.00%	11.96%	13.53%	16.37%	27	6/30/2013
Russell 2000 Value Index	2.00%	10.27%	12.01%	17.39%	20	6/30/2013
MSCI EAFE Index	2.00%	5.57%	7.13%	16.89%	20	6/30/2013
Barclays U.S. Aggregate Bond Index	34.00%	5.83%	5.93%	3.69%	20	6/30/2013
Barclays U.S. 1-3 Year Treasury Bond Index	28.00%	4.26%	4.29%	1.58%	20	6/30/2013
Barclays High Yield index	4.00%	8.74%	9.21%	8.94%	25	6/30/2013
Cit Non Us World Gov Bond Hedged Index	3.00%	6.39%	6.46%	2.98%	25	6/30/2013
NAREIT	3.00%	9.39%	11.03%	16.91%	30	6/30/2013
Citigroup 3-month T-Bill	10.00%	3.68%	3.69%	0.70%	25	6/30/2013
Total	**100.00%**	**6.01%**				
Income with Moderate Growth						
Russell 1000 Growth Index	10.00%	7.81%	9.50%	17.41%	20	6/30/2013
Russell 1000 Value Index	10.00%	9.18%	10.47%	15.03%	20	6/30/2013
Russell Midcap Growth Index	4.00%	10.56%	13.14%	21.16%	27	6/30/2013
Russell Midcap Value Index	4.00%	11.96%	13.53%	16.37%	27	6/30/2013
Russell 2000 Growth Index	2.00%	6.92%	9.89%	23.22%	20	6/30/2013
Russell 2000 Value Index	2.00%	10.27%	12.01%	17.39%	20	6/30/2013
MSCI EAFE Index	5.00%	5.57%	7.13%	16.89%	20	6/30/2013
Barclays U.S. Aggregate Bond Index	30.00%	5.83%	5.93%	3.69%	20	6/30/2013
Barclays U.S. 1-3 Year Treasury Bond Index	16.00%	4.26%	4.29%	1.58%	20	6/30/2013
Barclays High Yield index	4.00%	8.74%	9.21%	8.94%	25	6/30/2013
Cit Non Us World Gov Bond Hedged Index	3.00%	6.39%	6.46%	2.98%	25	6/30/2013
NAREIT	3.00%	9.39%	11.03%	16.91%	30	6/30/2013
Citigroup 3-month T-Bill	7.00%	3.68%	3.69%	0.70%	25	6/30/2013

Market Index	Percent	Rate of Return	Mean Rate	Standard Deviation	Time Period (years)	Period Ending
Total	**100.00%**	**6.73%**				
Growth with Income - Recommended						
Russell 1000 Growth Index	18.00%	7.81%	9.50%	17.41%	20	6/30/2013
Russell 1000 Value Index	17.00%	9.18%	10.47%	15.03%	20	6/30/2013
Russell Midcap Growth Index	6.00%	10.56%	13.14%	21.16%	27	6/30/2013
Russell Midcap Value Index	6.00%	11.96%	13.53%	16.37%	27	6/30/2013
Russell 2000 Growth Index	3.00%	6.92%	9.89%	23.22%	20	6/30/2013
Russell 2000 Value Index	3.00%	10.27%	12.01%	17.39%	20	6/30/2013
MSCI EAFE Index	7.00%	5.57%	7.13%	16.89%	20	6/30/2013
Barclays U.S. Aggregate Bond Index	21.00%	5.83%	5.93%	3.69%	20	6/30/2013
Barclays U.S. 1-3 Year Treasury Bond Index	8.00%	4.26%	4.29%	1.58%	20	6/30/2013
Barclays High Yield index	3.00%	8.74%	9.21%	8.94%	25	6/30/2013
Cit Non Us World Gov Bond Hedged Index	3.00%	6.39%	6.46%	2.98%	25	6/30/2013
Citigroup 3-month T-Bill	5.00%	3.68%	3.69%	0.70%	25	6/30/2013
Total	**100.00%**	**7.43%**				
Growth						
Russell 1000 Growth Index	23.00%	7.81%	9.50%	17.41%	20	6/30/2013
Russell 1000 Value Index	23.00%	9.18%	10.47%	15.03%	20	6/30/2013
Russell Midcap Growth Index	8.00%	10.56%	13.14%	21.16%	27	6/30/2013
Russell Midcap Value Index	8.00%	11.96%	13.53%	16.37%	27	6/30/2013
Russell 2000 Growth Index	4.00%	6.92%	9.89%	23.22%	20	6/30/2013
Russell 2000 Value Index	3.00%	10.27%	12.01%	17.39%	20	6/30/2013
MSCI EAFE Index	8.00%	5.57%	7.13%	16.89%	20	6/30/2013
MSCI EM Free Index	3.00%	7.53%	10.82%	24.16%	20	6/30/2013
Barclays U.S. Aggregate Bond Index	12.00%	5.83%	5.93%	3.69%	20	6/30/2013
Barclays U.S. 1-3 Year Treasury Bond Index	3.00%	4.26%	4.29%	1.58%	20	6/30/2013
Citigroup 3-month T-Bill	5.00%	3.68%	3.69%	0.70%	25	6/30/2013
Total	**100.00%**	**7.98%**				
Aggressive Growth						
Russell 1000 Growth Index	26.00%	7.81%	9.50%	17.41%	20	6/30/2013
Russell 1000 Value Index	26.00%	9.18%	10.47%	15.03%	20	6/30/2013
Russell Midcap Growth Index	10.00%	10.56%	13.14%	21.16%	27	6/30/2013
Russell Midcap Value Index	10.00%	11.96%	13.53%	16.37%	27	6/30/2013
Russell 2000 Growth Index	4.00%	6.92%	9.89%	23.22%	20	6/30/2013
Russell 2000 Value Index	4.00%	10.27%	12.01%	17.39%	20	6/30/2013
MSCI EAFE Index	11.00%	5.57%	7.13%	16.89%	20	6/30/2013
MSCI EM Free Index	4.00%	7.53%	10.82%	24.16%	20	6/30/2013
Citigroup 3-month T-Bill	5.00%	3.68%	3.69%	0.70%	25	6/30/2013
Total	**100.00%**	**8.45%**				

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

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

Standard Deviation: *A statistical measure of the volatility based on the distribution of a set of data from its mean (average value). Example: a portfolio with an average return of 10% and a standard deviation of 15% would have a 95% probability (twice the standard deviation) of having a return somewhere between -20% and 40%. Generally, more aggressive portfolios have a higher standard deviation and more conservative portfolios have a lower standard deviation.*

By investing in a 529 plan outside of the state in which you pay taxes, you may lose tax benefits offered by the state's plan. Withdrawals used for qualified expenses are federally tax-free. Tax treatment at the state level may vary.

Unless certain criteria is met, Roth IRA owners must be 59 1/2 or older and have held the IRA for 5 years before tax-free withdrawals are permitted.

Variables Annuities are long-term investment vehicles designed for retirement purposes and contain both an investment and insurance component. They are sold by prospectus. Guarantees are based on the claims paying ability of the issuing company. Withdrawals made prior to 59 1/2 are subject to 10% IRS penalty tax and surrender charges may apply. Gains from tax-deferred investments are taxable as ordinary income upon withdrawal. The investment returns and principal value of the available sub-accounts may fluctuate in value. When redeemed the value of the account may be worth more or less than the original value.

Life insurance policies are subject to substantial fees and charges. Investment portfolios are subject to market risk. Death benefit guarantees are subject to the claims-paying ability of the issuing life insurance company. Loans will reduce the policy's death benefit and cash surrender value, and have tax consequences if the policy lapses.

Municipal Bond Indexes

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

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

Barclays Capital 7yr Muni Bond Index – The **7 Year (6-8)** component of the Municipal Bond Index. This index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. To be included in the index, bonds must be rated investment-grade. The bonds must be fixed rate, have a dated-date after December 31, 1990, and must be at least one year from their maturity date. Remarketed issues, taxable municipal bonds, bonds with floating rates, and derivatives, are excluded from the benchmark.

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

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

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

Taxable Bond Indexes

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

Barclays Capital High Yield Index – Covers the universe of fixed rate, non-investment grade debt. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Orginal issue zeroes, step-up coupon structures, and 144-As are alson included.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Small/Mid-Cap Equity Indexes
Russell 2500 Growth Index - Measures the performance of those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values.

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

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

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

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

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

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

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

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

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

Commodity Indexes
Reuters/Jefferies CRB Index - As a benchmark, the Reuters/Jefferies CRB Index is designed to provide timely and accurate representation of a long-only, broadly diversified investment in commodities through a transparent and disciplined calculation methodology.

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

HFR Equity Hedge Index – Equity Hedge, also known as long/short equity, combines core long holdings of equities with short sales of stock or stock index options. Equity hedge portfolios may be anywhere from net long to net short depending on market conditions. Equity hedge manangers generally increase net long exposure in bull markets and decrease net long exposure or even are net short in a bear market. Generally, the short exposure is intended to generate an ongoing positive return in addition to acting as a hedge against a general stock market decline. Stock index put options are also often used as a hedge against market risk. Profits are made when long positions appreciate and stocks sold short depreciate. Conversely, losses are incurred when long positions depreciate and/or the value of stocks sold short appreciates. Equity hedge managers' source of return is similar to that of traditional stock pickers on the upside, but they use short selling and hedging to attempt to outperform the market on the downside.

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

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

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

MSCI All Countries World Index ex US – Morgan Stanley Capital International All Country World Index Ex-U.S. is a market-capitalization-weighted index designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies. The index includes both developed and emerging markets.

Citigroup World Government Bond Index - Cititgroup's market capitalization weighted index tracks the returns of government bonds in the following countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, the Netherlands, Norway, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States. Market eligibility depends on both market capitalization and investability.

Cit Non US World Gov Bond Hedged Index – Citigroup World Government Bond Index ex-US – Hedged Index is a market capitalization weighted index consisting of the government bonds of the following countries: Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, the Netherlands, Norway, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. This index represents the WGBI ex-U.S. hedged back to the U.S. Dollar.

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

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

Citigroup 3-month T-Bill – Measures monthly return equivalents of yield averages that are not marked to market. The Three-Month Treasury bill Indexes consist of the last three three-month Treasury bill issues.

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

Indices are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

Investing in real estate/REITs involves special risks such as potential illiquidity and may not be suitable for all investors. There is no assurance that the investment objectives of this program will be attained.

Mid-capitalization companies are subject to higher volatility than those of large-capitalized companies.

Small-cap stocks may be subject to a higher degree of risk than more established companies' securities. The illiquidity of the small-cap market may adversely affect the value of these investments.

Municipal bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Interest income may be subject to the alternative minimum tax. Federally tax-free but other state and local taxes may apply.

International and emerging market investing involves special risks such as current fluctuation and political instability and may not be suitable for all investors.

The fast price swings of commodities will result in significant volatility in an investor's holdings.

A Strong Foundation

Living longer than ever

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

Living Longer	
There is a ***50%*** chance that...	
...a man age **56** reaches age	***86***
...a woman age **51** reaches age	***91***
...**at least one** of you will be alive in	***2056***

Understand your lifestyle

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

Balance guarantees with returns

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

Make the most of what you have

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

Plan for the expected unexpected

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

Let's get started!

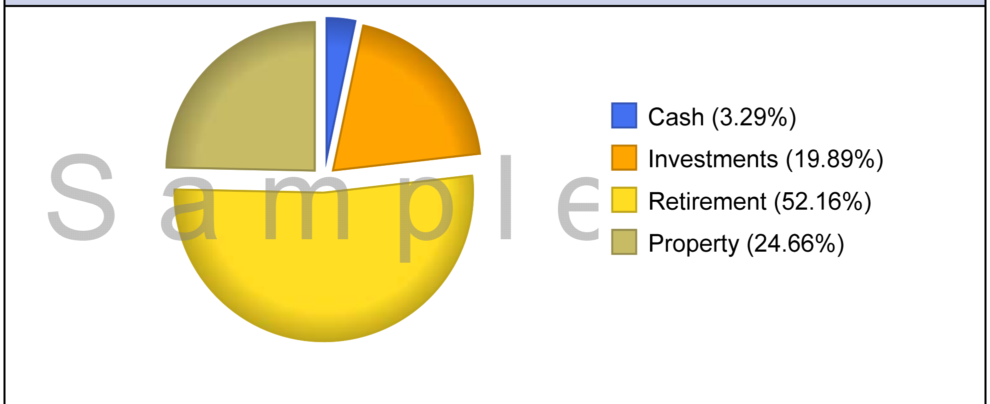
Where Are You Now?

How much do you have?

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

These are your assets:

Assets



Assets	Value
Cash and Savings	$40,000
Investments	$242,019
Retirement Assets	$634,474
Real Estate and Property	$300,000
Other Assets	$0
Total Assets	**$1,216,493**

Liabilities	Value
Mortgages	($110,000)
Loans	$0
Total Liabilities	**($110,000)**
Net Worth	**$1,106,493**

Where are you spending it?

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

Income	$190,000
- Taxes	$46,329
- Expenses	$146,350
Potential Savings	**$0**
Planned Savings	**$19,000**

This analysis must be reviewed in conjunction with the limitations and conditions disclosed in the Disclaimer page. Projections are based on assumptions provided by the advisor/representative, and are not guaranteed. Actual results will vary, perhaps to a significant degree. The projected reports are hypothetical in nature and for illustrative purposes only. Return assumptions do not reflect the deduction of any commissions, or fees or product charges that may apply to any particular investment. Deduction of such charges would result in a lower rate of return. Consult your tax and/or legal advisor before implementing any tax or legal strategies. Past performance is no guarantee of future results. The market for all securities is subject to fluctuation such that upon sale an investor may lose principal.

Are You On Track?

This is a quick checkup on your progress towards retirement.

Are you in good shape?

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

Net Worth / Income	
5.8	
Net Worth:	$1,106,493
Income:	$190,000

Are you saving enough?

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

Savings / Income	
10.0%	
Savings:	$19,000
Income:	$190,000

Are you managing your debt?

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

Debt / Income	
0.6	
Debt:	$110,000
Income:	$190,000

Are you protected?

An unexpected disability or death could deprive your family of essential income. If **Jon** were not able to work today, it would be a loss of **9** years of income, as much as **$1,305,000**.

- Jon has disability insurance that covers **$848,250** of this income.
- Jon has life insurance that covers **$750,000** of this income.

For **Katie**, it would be **$405,000**.

Protection	
!	
Disability Risk:	$456,750
Death Risk:	$555,000

- Katie has **no disability insurance** that protects you from this.
- Katie has life insurance that covers **$250,000** of this income.

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

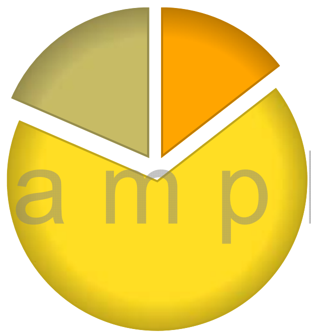
At Retirement

If you continue with your current savings and spending levels, and your investments perform at their historical levels, your financial picture could potentially look like this **when you retire in 2023** (ages **65/60**).

How much will you have?

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

Assets at Retirement (beginning of 2023)



Assets	Value
Cash, Savings and Investments	$327,543
Retirement Assets	$1,511,252
Real Estate and Property	$417,482
Other Assets	$0
Total Assets	**$2,256,277**

Liabilities	Value
Mortgages	$0
Loans	$0
Total Liabilities	**$0**
Net Worth	**$2,256,277**

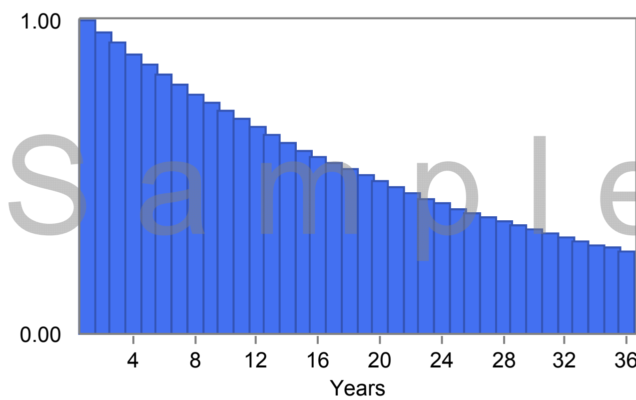
The Risks in Retirement Income

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

Longevity – your retirement assets must last longer than ever. There is a **25%** chance that at least one of you will be alive in **2059**. If you retire in **2023** at **ages 65/60**, you need to plan to make your assets last for **36** years or more. In 1965, the average retirement age was 65, and a person age 65 had a 25% chance of surviving until only age 83. Retirees only had to make their money last 18 years. (Trends in Retirement Age, by sex. *Monthly Labor Review*, July 1992. 1965 Projected Annuity Mortality Table.)

Inflation – the cost of everything rises over time. In recent years, the treasury has managed to keep inflation at a reasonable rate, but even at a conservative 3.74% inflation rate, the value of your money erodes over time. Also keep in mind that your **actual expenses** will probably **outpace inflation**.

Value of a Dollar



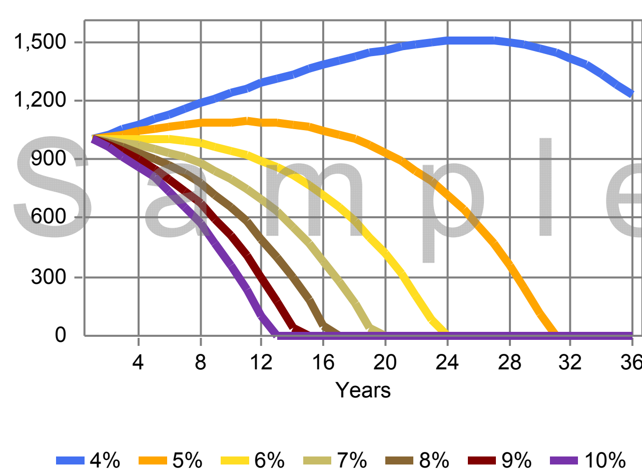
Asset Allocation – in the "old retirement", conventional wisdom was to take all of your assets out of the market, and place them in "risk-free" investments. Although that is a good strategy for short-term investing, the "New Retirement" is long-term, and risk-free investments may not keep your income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

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

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

During the last stock market boom, many retirees assumed that you can safely withdraw 7%, 8% or more per year. In bad stock market years, withdrawal rates that high can quickly deplete a portfolio. (Chart assumes a growth rate of 6.89% and an inflation rate of 3.74%.)

Withdrawal Rates



Analyze Your Spending

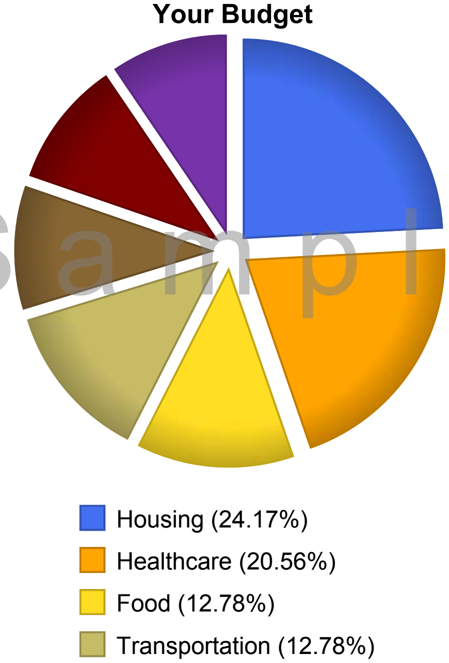
Before we can plan a retirement income strategy, we need to understand your retirement spending.

Your retirement expenses

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

Budget Item	Basic Expense?	Monthly Amount	Growth Rate	Annual Amount
Housing	Yes	$2,522	3.74%	$30,266
Healthcare	Yes	2,145	3.74	25,744
Food	Yes	1,334	3.74	16,003
Transportation	Yes	1,334	3.74	16,003
Entertainment	No	1,044	3.74	12,525
Gifts	No	1,067	3.74	12,802
Other	No	992	3.74	11,898
Estimated Taxes		137		1,641
Total		**10,574**		**126,882**

Your Budget



A typical budget

Typical married adults ages 65 and older spend...

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

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

Social Security Benefits

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

When am I eligible to receive Social Security benefits?

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

How much income can I expect from Social Security?

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

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

Estimated Monthly Benefit in Today's Dollars*		
Social Security Age	**Jon**	**Katie**
62	$1,852	$1,415
65	$2,367	$1,809
67	$2,806	$2,144
70	$3,472	$2,653

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

When should I elect to begin receiving Social Security benefits?

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

Is Social Security a reliable income source?

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

Assuming that you begin receiving Social Security benefits at:

- **Jon** – age 65 - $2,367 per month (in today's dollars).
- **Katie** – age 65 - $1,809 per month (in today's dollars).

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

Your Guaranteed Income

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

Sources of Guaranteed Income

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

	Starts	Monthly Income	Annual Income	Growth Rate
Jon's Social Security	Age 65	$3,294	$39,526	3.74%
Katie's Social Security	Age 65	$3,037	$36,438	3.74%
Katie's Hospital Pension	When Katie is 65 (2028)	$1,000	$12,000	0.00%
Total		**$7,330**	**$87,964**	

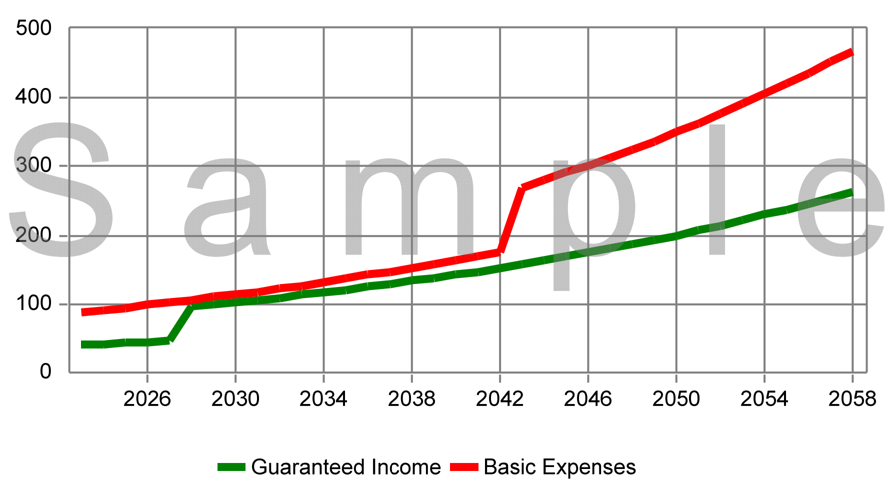
Note: Some of the income above may start or stop, and your total income may vary from year to year. See the appendix for detailed cash flow information.

Covering your Basic Expenses

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

Guaranteed / Basic	
64.2%	
Guaranteed:	$5,345,391
Basic Expenses:	$8,332,285

Guaranteed Income vs. Expenses



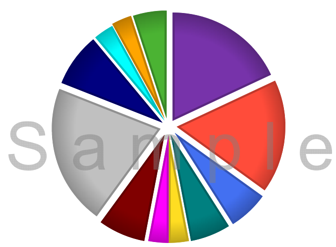
Guarantees are contingent upon the claims paying ability of the issuing company(s).

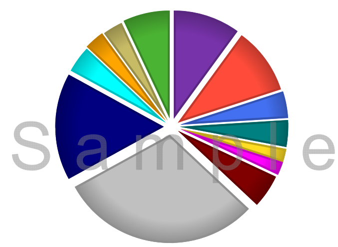
The Right Portfolio

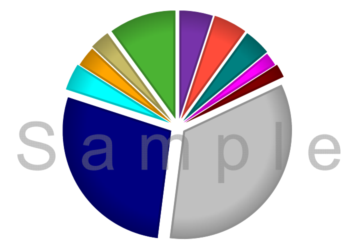
Deciding on the right portfolio for you depends on how much risk you are willing to take and your investment time horizon, among other things. According to your answers to the questionnaire, the overall portfolio that fits your risk profile is **Growth with Income**.

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

Time Period:	**At Retirement**	**Mid-Retirement**	**Later Retirement**
Starting:	Age 65/60	Age 75/70	Age 85/80
Model:	Growth with Income	Income with Moderate Growth	Income with Capital Preservation
Relative Risk:	9.5	6.4	3.7







Asset Allocation:	At Retirement	Mid-Retirement	Later Retirement
	Large Growth (18.00%)	Large Growth (10.00%)	Large Growth (5.00%)
	Large Value (17.00%)	Large Value (10.00%)	Large Value (5.00%)
	Mid Cap Growth (6.00%)	Mid Cap Growth (4.00%)	Mid Cap Value (4.00%)
	Mid Cap Value (6.00%)	Mid Cap Value (4.00%)	Small Value (2.00%)
	Small Growth (3.00%)	Small Growth (2.00%)	Lg Foreign (2.00%)
	Small Value (3.00%)	Small Value (2.00%)	It High Qual Bd (34.00%)
	Lg Foreign (7.00%)	Lg Foreign (5.00%)	St High Qual Bd (28.00%)
	It High Qual Bd (21.00%)	It High Qual Bd (30.00%)	It High Yield Bd (4.00%)
	St High Qual Bd (8.00%)	St High Qual Bd (16.00%)	Foreign Bnd (3.00%)
	It High Yield Bd (3.00%)	It High Yield Bd (4.00%)	REIT (3.00%)
	Foreign Bnd (3.00%)	Foreign Bnd (3.00%)	Cash (10.00%)
	Cash (5.00%)	REIT (3.00%)	
		Cash (7.00%)	

Time Period:	**At Retirement**	**Mid-Retirement**	**Later Retirement**
Assumed Return:	7.43%	6.73%	6.01%
Est. Assets:	$1,838,795	$2,517,171	$3,405,245
Est. Annual Growth:	$136,622	$169,406	$204,655

This analysis must be reviewed in conjunction with the limitations and conditions disclosed in the Disclaimer page. Projections are based on assumptions provided by the advisor/representative, and are not guaranteed. Actual results will vary, perhaps to a significant degree. The projected reports are hypothetical in nature and for illustrative purposes only. Return assumptions do not reflect the deduction of any commissions, or fees or product charges that may apply to any particular investment. Deduction of such charges would result in a lower rate of return. Consult your tax and/or legal advisor before implementing any tax or legal strategies. Past performance is no guarantee of future results. The market for all securities is subject to fluctuation such that upon sale an investor may lose principal.

Your Income Plan

Your retirement income is from several sources:

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

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

		Income Sources			Income from Assets				
Year	**Age**	**Guaranteed Income**	**Social Security**	**Total Income Sources**	**Req'd Distributions**	**Add'l Qualified Withdrawals**	**Non-Qualified Withdrawals**	**Total Withdrawals**	**Total Income**
2023	**65/60**	**$0**	**$39,526**	**$39,526**	**$0**	**$0**	**$91,551**	**$91,551**	**$131,077**
2024	66/61	0	41,004	41,004	0	0	90,360	90,360	131,364
2025	67/62	0	42,538	42,538	0	0	93,440	93,440	135,978
2026	68/63	0	44,129	44,129	0	0	96,644	96,644	140,773
2027	69/64	0	45,779	45,779	0	93,516	19,319	112,835	158,614
2028	70/65	12,000	83,929	95,929	43,722	25,232	1,824	70,778	166,707
2029	71/66	12,000	87,068	99,068	45,964	28,349	0	74,313	173,381
2030	72/67	12,000	90,325	102,325	48,212	29,248	0	77,460	179,785
2031	73/68	12,000	93,704	105,704	50,545	30,260	0	80,805	186,509
2032	74/69	12,000	97,209	109,209	52,959	31,317	0	84,276	193,485
2033	75/70	12,000	100,844	112,844	79,179	7,845	704	87,728	200,572
2034	76/71	12,000	104,615	116,615	84,016	7,548	9	91,573	208,188
2035	77/72	12,000	108,528	120,528	88,871	6,535	30	95,436	215,964
2036	78/73	12,000	112,587	124,587	94,366	5,050	46	99,462	224,049
2037	79/74	12,000	116,798	128,798	99,918	3,654	42	103,614	232,412
2038	80/75	12,000	121,166	133,166	105,853	2,034	48	107,935	241,101
2039	81/76	12,000	125,697	137,697	112,207	163	57	112,427	250,124
2040	82/77	12,000	130,398	142,398	118,847	0	0	118,847	261,245
2041	83/78	12,000	135,275	147,275	126,039	0	0	126,039	273,314
2042	84/79	12,000	140,334	152,334	133,409	0	0	133,409	285,743
2043	85/80	12,000	145,583	157,583	140,493	97,069	7,425	244,987	402,570
2044	86/81	12,000	151,028	163,028	139,915	117,884	0	257,799	420,827
2045	87/82	12,000	156,676	168,676	137,314	129,949	0	267,263	435,939
2046	88/83	12,000	162,536	174,536	133,081	144,712	0	277,793	452,329
2047	89/84	12,000	168,615	180,615	126,759	161,885	0	288,644	469,259
2048	90/85	12,000	174,921	186,921	116,909	183,000	0	299,909	486,830

		Income Sources			Income from Assets				
Year	Age	Guaranteed Income	Social Security	Total Income Sources	Req'd Distributions	Add'l Qualified Withdrawals	Non-Qualified Withdrawals	Total Withdrawals	Total Income
2049	91/86	12,000	181,463	193,463	103,915	207,735	0	311,650	505,113
2050	92/87	12,000	188,249	200,249	87,047	236,193	0	323,240	523,489
2051	93/88	12,000	195,290	207,290	65,445	204,514	4,269	274,228	481,518
2052	94/89	12,000	202,594	214,594	50,323	231,031	0	281,354	495,948
2053	95/90	12,000	210,171	222,171	31,475	260,781	0	292,256	514,427
2054	96/91	12,000	218,032	230,032	8,159	85,258	210,165	303,582	533,614
2055	97/92	12,000	226,186	238,186	0	0	315,304	315,304	553,490
2056	98/93	12,000	234,646	246,646	0	0	327,468	327,468	574,114
2057	99/94	12,000	243,422	255,422	0	0	340,119	340,119	595,541
2058	100/95	12,000	252,526	264,526	0	0	353,205	353,205	617,731

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

Testing Your Plan - Stress Test

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

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

The Stress Test

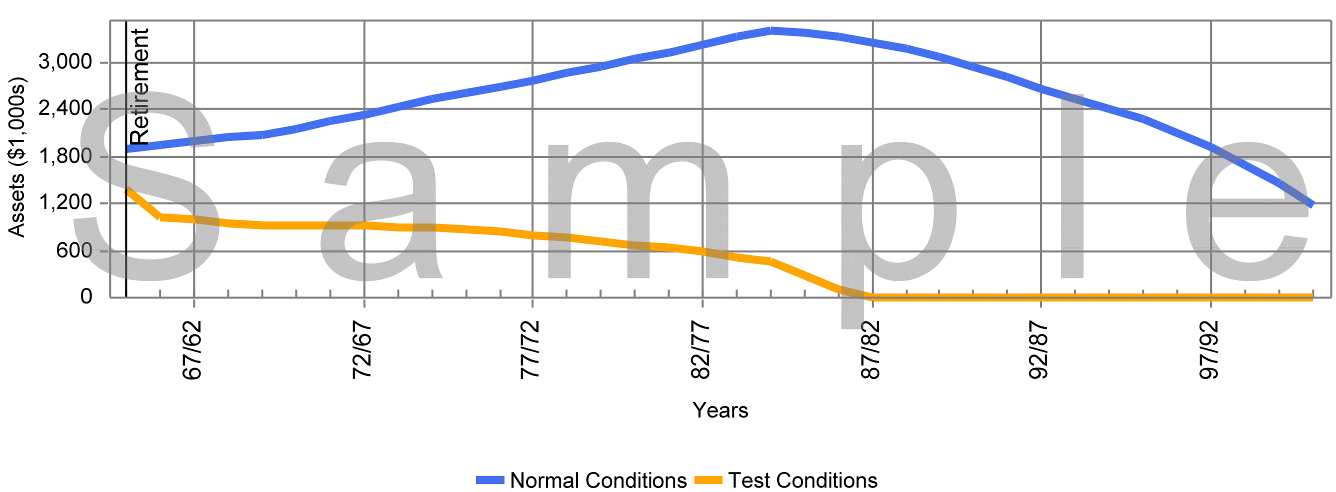
To test your plan, we looked at what would happen if, in most years, inflation and market returns were average, except for years **2023** to **2024**, when:

Inflation:	**6.30%**
Portfolio Rate of Return:	**-20.00%**
Income Tax Adjustment (+/-):	**5.00%**

How did your plan do?

During the Stress Test:

- Your assets lasted until age **87/82** in **2045**.
- You were able to fully fund **21 of 35 years** of your retirement.
- You were able to fund **60%** of your basic expenses after your other assets were depleted.



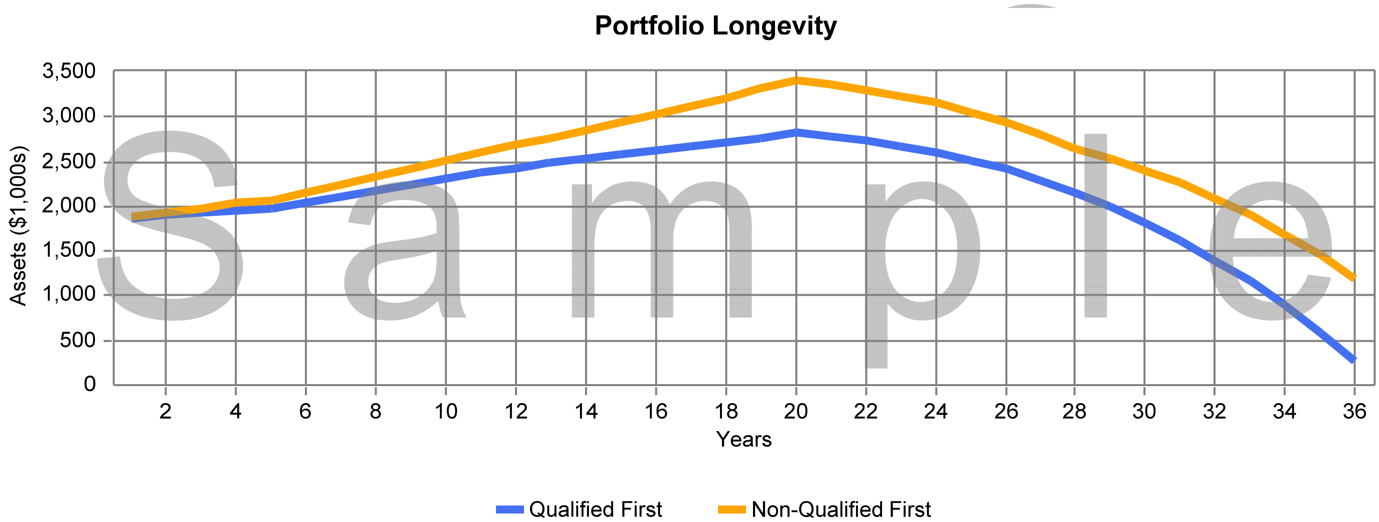
This analysis must be reviewed in conjunction with the limitations and conditions disclosed in the Disclaimer page. Projections are based on assumptions provided by the advisor/representative, and are not guaranteed. Actual results will vary, perhaps to a significant degree. The projected reports are hypothetical in nature and for illustrative purposes only. Return assumptions do not reflect the deduction of any commissions, or fees or product charges that may apply to any particular investment. Deduction of such charges would result in a lower rate of return. Consult your tax and/or legal advisor before implementing any tax or legal strategies. Past performance is no guarantee of future results. The market for all securities is subject to fluctuation such that upon sale an investor may lose principal.

Using Your Retirement Assets

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

Minimize your taxes

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



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

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

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