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# Personal Financial Plan For Susan M. & John R. Smith

January 1, 2020

Prepared by  
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Investment Advisor Representative

\*\*\*WORKING DRAFT ONLY\*\*\*

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#### Money Tree Software Important Disclosures

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#### Release of all Liability for Planning Outcomes

Your signature below indicates your full understanding of the above disclosure and releases all parties involved in this planning process from all liability in the event your financial plan does not provide the result as illustrated.

\_\_\_\_\_  
Client Date

\_\_\_\_\_  
Co-Client Date

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## Assumptions

Retire @65 - Assume 6% ROR

Prepared for John R. and Susan M. Smith

02-Jan-20

The following basic information was used in preparing the reports. Other assumptions may have been used in preparation of this projection which are not shown here.

### Basic Plan Assumptions:

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	<u>John</u>	<u>Susan</u>
Current Age	49	52
Retirement Age	65	65
Annual Salary	\$85,000	\$105,000
Self employed income		
Age to start Soc. Sec. benefits	66	70

### Personal Savings and Investment Accounts

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This section includes amounts in your current savings and investment accounts.

<u>Asset Accounts</u>	<u>Amount</u>	<u>Monthly Additions</u>	<u>Interest Rate</u>	<u>Dividend Rate</u>	<u>Cap Gain Rate</u>	<u>Appr. Rate</u>
Taxable (at ordinary rates)			6.00			
Equity & other			1.50	1.50	1.50	1.50
Tax-deferred			6.00			
Tax-free	22,689	300	6.00			

### Retirement Accounts:

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This group includes tax deductible retirement plans like IRA, 401(k), profit sharing, etc.

	<u>Amount</u>	<u>Additions Pers./Comp.</u>	<u>Rate of Ret.</u>
John	60,000	567 / 212	6.00
Susan	11,050	300	6.00
401k - Suan	130,000	700 / 262	6.00

### Roth IRA and Roth 401(k) Accounts:

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## Assumptions Cont.

Retire @65 - Assume 6% ROR

### Current Living Expenses:

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	<u>Average Per year</u>	<u>Per month</u>	<u>Basic personal monthly expense amounts at selected ages *</u>		
Personal expenses *	\$68,800	\$5,733			
Insurance premiums			<u>Age</u>	<u>Amount</u>	<u>Inflation</u>
Debt payments	31,056	2,588	49	5,733	2.48%
Asset account and education	13,200	1,100	54	5,733	2.48%
Ret. account deposits	18,800	1,567	59	5,733	2.48%
Other exp. & stock opt.			64	4,400	1.52%
Itemized deductions			69	3,567	1.18%
Income tax and FICA	41,146	3,429			
<b>Total expenses</b>	<b>\$173,002</b>	<b>\$14,417</b>			

\* In today's dollars, does not include insurance, debts, taxes, etc.

### Mortgages & Loans:

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	<u>Amount</u>	<u>Per month</u>
Auto Loans		
Credit Cards	23,621	400
Investment Loans		
Investment Real Estate		
Other Liabilities		
Personal Loans	45,951	388
Residence Mortgage	250,000	1,800
RV and Boat Loans		
Totals	<b>\$319,572</b>	<b>\$2,588</b>

### Other Assumptions:

Inflation (index) rate for income tax table breakpoints = 1.00%

Joint income tax filing status.

Assumed cost of living increase factor for Social Security benefits = 2.00%

Life expectancy for John is age 95.

Life expectancy for Susan is age 95.

State income tax estimate is based on CO state tax tables.

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# Asset Detail

Retire @65 - Assume 6% ROR

Name	Account Value	Monthly Additions	Rate of Return %				Owner	Liquid	Group	Class	Type	Ret
			Inter.	Div.	CapG.	Appr.						
401k - John	\$60,000	567 / 213	6.00				John		MF-Balance		Retire	Yes
401k - Suan	130,000	700 / 263	6.00				Susan	Liquid	MF-Balance	Growth	Retire	Yes
John ROTH	22,689	300 / 0	6.00				John		Stock-Comm		TaxFree	Yes
Susan - Traditional IRA	11,050	300 / 0	6.00				Susan		MF-Balance		Retire	Yes

# Current Year Cash Flow

Retire @65 - Assume 6% ROR

	<b>Monthly Amount</b>	<b>Annual Amount</b>	<b>Percent of Income</b>
<b>INCOME</b>			
Salaries & Wages	\$15,833	\$190,000	100.00
<b>Total income available</b>	<b>\$15,833</b>	<b>\$190,000</b>	<b>100.00</b>
<b>EXPENDITURES</b>			
Federal and State Income Tax	\$2,218	\$26,611	14.01
FICA Taxes	1,211	14,535	7.65
Residence Mortgage	1,800	21,600	11.37
Credit Cards	400	4,800	2.53
Personal Loans	388	4,656	2.45
Saving and Investment Additions	300	3,600	1.89
Retirement Account Additions (IRA, 401(k), TSA, etc.)	1,567	18,800	9.89
Education Fund Deposits	800	9,600	5.05
Other Deductible Interest	225	2,704	1.42
Utilities	1,500	18,000	9.47
Food	1,000	12,000	6.32
Other Expenses	1,233	14,800	7.79
Kids	1,000	12,000	6.32
Insurances	1,000	12,000	6.32
<b>Total spending and savings</b>	<b>\$14,642</b>	<b>\$175,706</b>	<b>92.48</b>
<b>Cash flow surplus (Income less Spending)</b>	<b>\$1,191</b>	<b>\$14,294</b>	

# Cash Flow Illustration

Retire @65 - Assume 6% ROR

Ages	Scheduled Cash flow sources and Required Minimum Distributions					Total Sources	Less Living Expense & Taxes	Surplus (Shortage)
	Earned Income	Retire/Roth Accounts *	Investment Accounts *	Pension/ SocSec	Other Income			
	1	2	3	4	5	6	7	8
49 52	\$190,000					\$190,000	(\$173,002)	\$16,998
50 53	192,750					192,750	(175,744)	17,006
51 54	195,545					195,545	(178,559)	16,986
52 55	198,384					198,384	(181,448)	16,936
53 56	201,270					201,270	(184,414)	16,857
54 57	204,203					204,203	(187,458)	16,745
55 58	207,183					207,183	(197,598)	9,585
56 59	210,212					210,212	(239,161)	(28,948)
57 60	213,291					213,291	(200,275)	13,016
58 61	216,420					216,420	(203,684)	12,735
59 62	219,600					219,600	(207,182)	12,417
60 63	222,832					222,832	(195,131)	27,701
61 64	226,117					226,117	(278,190)	(52,073)
62 65 R	109,957					109,957	(236,648)	(126,691)
63 66	112,156					112,156	(304,488)	(192,332)
64 67	114,399					114,399	(109,368)	5,031
65 R 68							(62,621)	(62,621)
66 69				33,606		33,606	(60,117)	(26,511)
67 70				65,128		65,128	(59,980)	5,148
68 71		33,717		66,431		100,148	(66,508)	33,639
69 72		35,632		67,759		103,391	(68,908)	34,483
70 73		37,651		69,114		106,766	(131,209)	(24,443)
71 74		59,463		70,497		129,960	(80,060)	49,900
72 75		62,825		71,907		134,732	(83,513)	51,219
73 76		66,158		73,345		139,503	(87,037)	52,466
74 77		69,880		74,812		144,692	(90,499)	54,193
75 78		73,546		76,308		149,854	(94,079)	55,775
76 79		77,260		77,834		155,094	(97,815)	57,279
77 80		81,263		79,391		160,653	(175,473)	(14,820)
78 81		85,295		80,979		166,273	(104,577)	61,696
79 82		89,486		82,598		172,084	(108,864)	63,220
80 83		93,834		84,250		178,084	(113,366)	64,719
81 84		97,898		85,935		183,833	(117,957)	65,876
82 85		102,058		87,654		189,711	(122,731)	66,981
83 86		106,304		89,407		195,710	(127,742)	67,968
84 87		110,363		91,195		201,558	(133,227)	68,332
85 88		114,445		93,019		207,463	(257,823)	(50,359)
86 89		117,840		94,879		212,719	(267,293)	(54,573)
87 90		121,143		96,777		217,920	(276,987)	(59,067)
88 91		124,317		98,712		223,029	(405,526)	(182,497)
89 92		126,920		100,687		227,606	(418,863)	(191,257)
90 93		128,351		102,700		231,051	(432,281)	(201,230)
91 94		129,443		104,754		234,198	(446,001)	(211,804)
92 95 L		130,144		106,849		236,994	(459,995)	(223,001)
93 96		116,378		57,361		173,740	(436,796)	(263,056)
94 97		116,553		58,509		175,061	(449,883)	(274,821)
95 L 98		116,307		59,679		175,985	(102,736)	73,249
96 99								

\* Scheduled distributions, interest or dividends taken in cash or amounts taken to meet the IRS minimum distribution requirements.

R = Retirement Age, L = Life Expectancy

# Allocation of Cash Flow Surplus or (Shortage)

Retire @65 - Assume 6% ROR

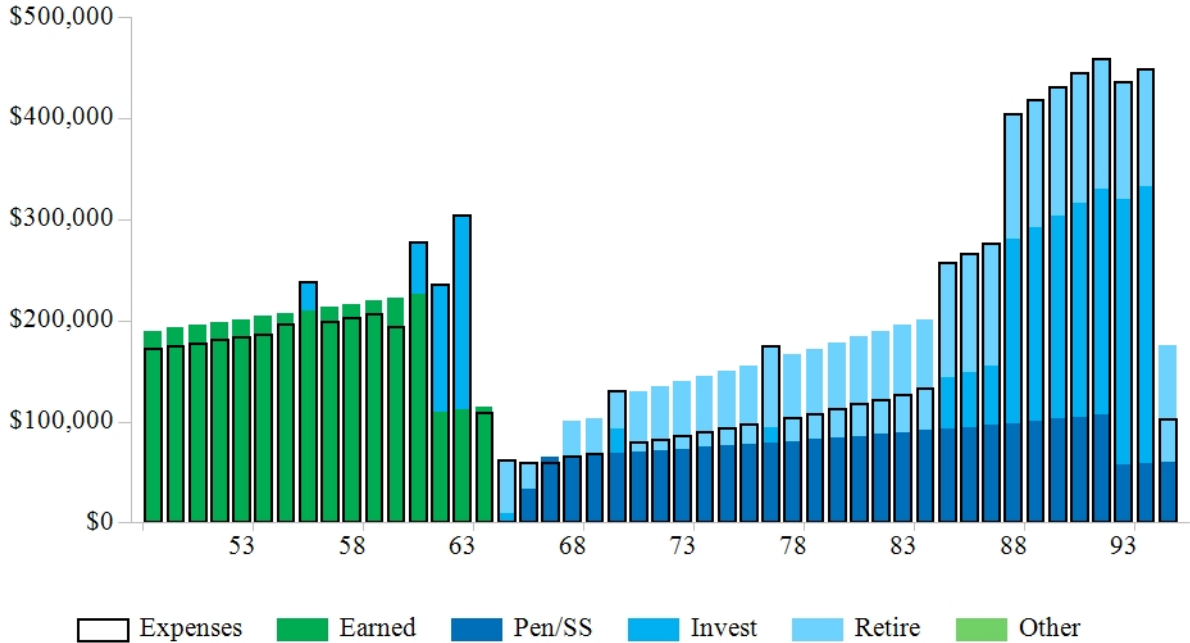
Ages		Taxable		Equity/Other		Tax-Free		Tax-Deferred		Retirement Accounts	Roth Accounts
		%	Amount	%	Amount	%	Amount	%	Amount	Amount	Amount
		1	2	3	4	5	6	7	8	9	10
49	52	30	\$5,099					70	\$11,898		
50	53	30	5,102					70	11,904		
51	54	30	5,096					70	11,890		
52	55	30	5,081					70	11,855		
53	56	30	5,057					70	11,800		
54	57	30	5,024					70	11,722		
55	58	30	2,876					70	6,710		
56	59		(28,948)								
57	60	30	3,905					70	9,111		
58	61	30	3,821					70	8,915		
59	62	30	3,725					70	8,692		
60	63	30	8,310					70	19,391		
61	64		(40,041)				(12,032)				
62	65						(109,790)		(16,901)		
63	66						(3,600)		(186,502)	(2,230)	
64	67	30	1,509					70	3,522		
65	68		(1,559)				(3,719)		(3,638)	(53,705)	
66	69									(26,511)	
67	70	100	5,148								
68	71	100	33,639								
69	72	100	34,483								
70	73		(24,443)								
71	74	100	49,900								
72	75	100	51,219								
73	76	100	52,466								
74	77	100	54,193								
75	78	100	55,775								
76	79	100	57,279								
77	80		(14,820)								
78	81	100	61,696								
79	82	100	63,220								
80	83	100	64,719								
81	84	100	65,876								
82	85	100	66,981								
83	86	100	67,968								
84	87	100	68,332								
85	88		(50,359)								
86	89		(54,573)								
87	90		(59,067)								
88	91		(182,497)								
89	92		(191,257)								
90	93		(201,230)								
91	94		(211,804)								
92	95		(223,001)								
93	96		(263,056)								
94	97		(274,821)								
95	98	100	73,249								
96	99										



# Sources of Funds

Retire @65 - Assume 6% ROR

## Income and Capital Distributions



Each year your spendable money will come from several different sources, as shown above. When your expenses exceed the income available from earnings, pensions and Social Security, then withdrawals are made from your investment accounts or retirement plans.

- Earned                      Salaries and self employment income.
  
- Pen/SS                      Defined benefit pension plans and the total income from Social Security benefits.
  
- Invest                      Interest or dividends paid in cash or withdrawals from your investment accounts to meet spending requirements.
  
- Retire                      Distributions from your retirement accounts either to meet your spending needs, scheduled distributions, or distributions made to meet the IRS minimum distribution requirements.
  
- Other                      Other single year or multiple year sources of funds, excess proceeds from sale of your residence, or life insurance death benefits.

# Annual Expense Illustration

Retire @65 - Assume 6% ROR

Ages		Personal Expenses *	Life & Misc. Ins. Premiums	Debt Payments	Asset Account Deposits	Retirement Account Deposits	Other Expense & Stock Opt.	Itemized Deductions**	Income Tax	Total Expenses
		1	2	3	4	5	6	7	8	9
49	52	\$78,400		\$31,056	\$3,600	\$18,800			\$41,146	\$173,002
50	53	80,104		31,056	3,600	19,020			41,964	175,744
51	54	81,859		31,056	3,600	19,244			42,800	178,559
52	55	83,667		31,056	3,600	19,471			43,654	181,448
53	56	85,529		31,056	3,600	19,702			44,527	184,414
54	57	87,447		31,056	3,600	19,936			45,419	187,458
55	58	89,422		31,056	3,600	20,175			53,345	197,598
56	59	91,457		29,493	3,600	20,417	40,000		54,194	239,161
57	60	93,553		26,256	3,600	20,663			56,203	200,275
58	61	95,711		26,256	3,600	20,914			57,204	203,684
59	62	97,934		26,256	3,600	21,168			58,224	207,182
60	63	73,277		26,256	3,600	21,427	10,085		60,486	195,131
61	64	74,390		26,256	3,600	21,689	91,401		60,854	278,190
62	65	75,536		26,256	3,600	8,797	96,692		25,767	236,648
63	66	71,917		23,166	3,600	8,972	156,269		40,563	304,488
64	67	73,133			3,600	9,152			23,483	109,368
65	68	58,338							4,283	62,621
66	69	59,147							970	60,117
67	70	59,980								59,980
68	71	60,838							5,670	66,508
69	72	61,722							7,186	68,908
70	73	62,632					60,504		8,073	131,209
71	74	63,570							16,490	80,060
72	75	64,536							18,977	83,513
73	76	65,530							21,507	87,037
74	77	66,555							23,944	90,499
75	78	67,610							26,469	94,079
76	79	68,697							29,118	97,815
77	80	69,816					74,412		31,245	175,473
78	81	70,970							33,607	104,577
79	82	72,157							36,707	108,864
80	83	73,381							39,985	113,366
81	84	74,641							43,316	117,957
82	85	75,939							46,792	122,731
83	86	77,275							50,467	127,742
84	87	78,652							54,574	133,227
85	88	80,070					120,000		57,753	257,823
86	89	81,531					126,000		59,761	267,293
87	90	83,036					132,300		61,652	276,987
88	91	84,585					258,915		62,025	405,526
89	92	86,182					271,861		60,821	418,863
90	93	87,826					285,454		59,002	432,281
91	94	89,519					299,726		56,756	446,001
92	95	91,263					314,713		54,019	459,995
93	96	60,349					330,448		45,998	436,796
94	97	61,407					346,971		41,505	449,883
95	98	62,496							40,240	102,736
96	99									

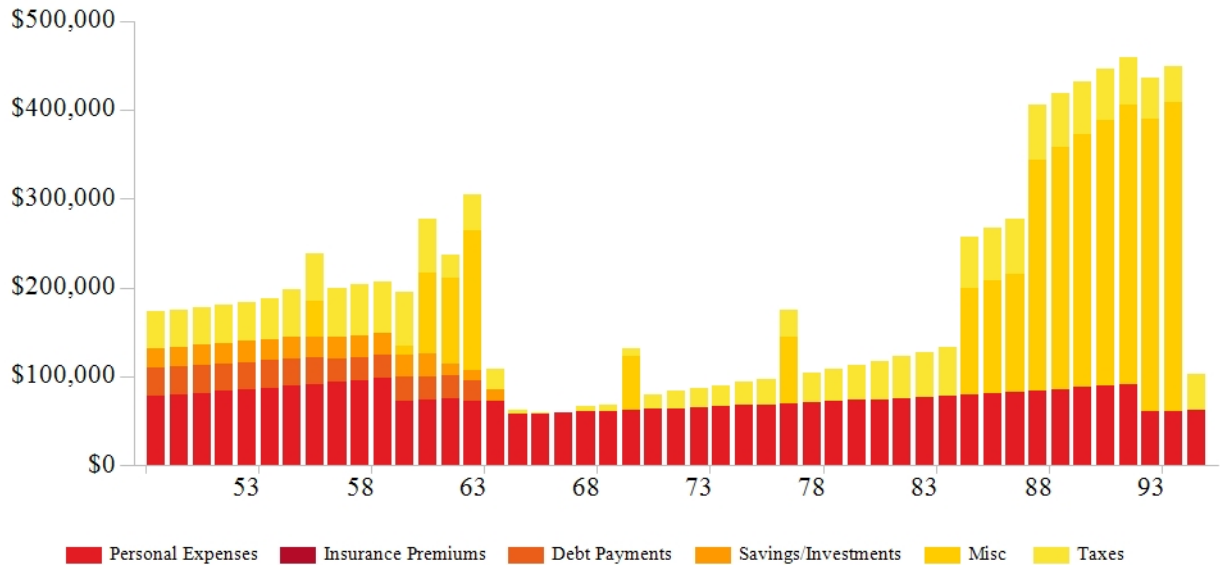
\* Personal expenses include education fund deposits.

\*\* Itemized deductions do not include mortgage interest, state tax, and medical insurance premiums, which are accounted for in respective expense categories.

# Annual Expenses

Retire @65 - Assume 6% ROR

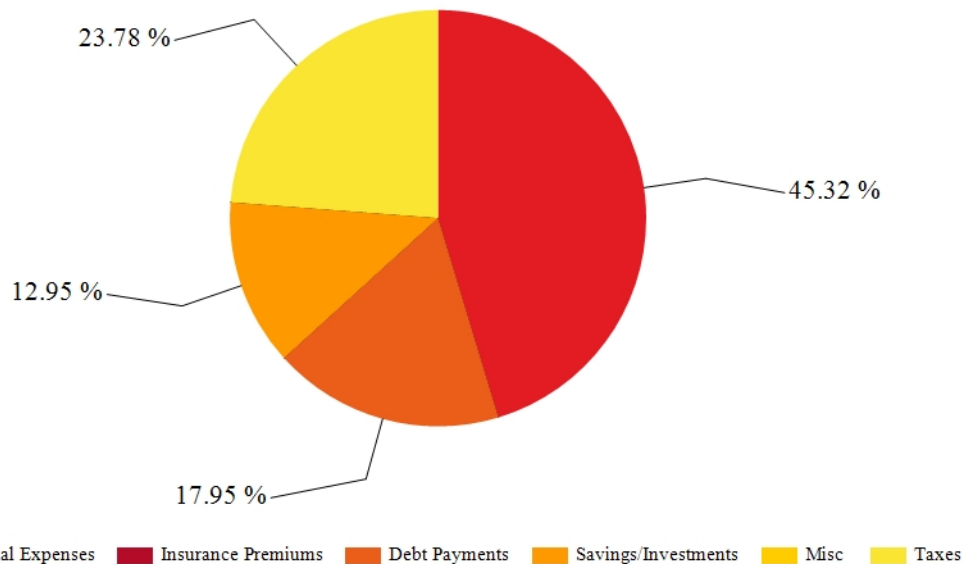
## Future Annual Expenses



Your annual expenses represent a number of different items, including personal needs, life insurance premiums, debt repayment, additions to savings and investments, other miscellaneous expenditures and taxes of various types.

The graph should help you visualize the proportionate amount of your total outlay for each of these types of expenditures, and the changing mix over the future years.

## Current Year Expenses



# Account Summary

Retire @65 - Assume 6% ROR

Ages		Taxable Account 6.00%	Equity & Other 6.00%	Tax Free 6.00%	Tax Deferred 6.00%	Retirement accounts		Roth IRAs		Begin. Year Account Totals
		1	2	3	4	John 6.00%	Susan 6.00%	John 6.00%	Susan 6.00%	9
49	52			\$22,689		\$60,000	\$141,050			\$223,739
50	53	5,268		27,770	12,292	73,260	165,165			283,754
51	54	10,855		33,155	25,328	87,508	190,845			347,691
52	55	16,770		38,863	39,131	102,808	218,187			415,760
53	56	23,026		44,914	53,727	119,227	247,292			488,186
54	57	29,632		51,328	69,141	136,837	278,265			565,202
55	58	36,599		58,127	85,399	155,712	311,221			647,058
56	59	41,766		65,334	97,454	175,933	346,280			726,767
57	60	44,366		72,973	103,302	197,584	383,569			771,794
58	61	49,262		81,071	118,912	220,757	423,223			863,225
59	62	54,364		89,654	135,257	245,547	465,386			960,208
60	63	59,675		98,753	152,352	272,054	510,209			1,063,043
61	64	65,041		108,397	181,526	300,388	557,854			1,188,206
62	65			106,190	192,418	330,662	608,490			1,237,759
63	66				186,502	362,997	644,999			1,194,499
64	67					395,219	683,699			1,078,918
65	68	1,559		3,719	3,638	431,933	724,721			1,165,570
66	69					402,366	768,204			1,170,570
67	70					399,119	814,296			1,213,416
68	71	5,318				423,066	863,154			1,291,539
69	72	40,390				448,450	880,110			1,368,951
70	73	78,438				475,357	896,106			1,449,901
71	74	57,892				503,879	910,974			1,472,745
72	75	112,917				513,777	924,535			1,551,230
73	76	172,607				523,114	936,592			1,632,313
74	77	237,166				531,794	947,146			1,716,106
75	78	307,383				539,711	955,773			1,802,866
76	79	383,447				546,749	962,482			1,892,679
77	80	465,629				552,910	967,058			1,985,597
78	81	478,257				557,946	969,267			2,005,470
79	82	570,691				561,863	968,865			2,101,419
80	83	670,245				564,534	965,589			2,200,369
81	84	777,321				565,824	959,167			2,302,311
82	85	892,017				565,589	949,763			2,407,368
83	86	1,014,736				563,677	937,159			2,515,572
84	87	1,145,838				559,927	921,137			2,626,902
85	88	1,285,182				554,438	901,473			2,741,093
86	89	1,310,267				547,080	877,952			2,735,299
87	90	1,332,503				537,727	851,067			2,721,296
88	91	1,351,430				526,248	820,719			2,698,398
89	92	1,243,978				512,517	786,836			2,543,332
90	93	1,121,029				496,822	749,371			2,367,223
91	94	980,399				479,107	709,259			2,168,765
92	95	820,408				459,327	666,612			1,946,348
93	96	639,250				437,456	621,587			1,698,293
94	97	405,841				414,040	588,315			1,408,196
95	98	146,273				389,145	552,940			1,088,358
96	99	230,723				362,860	515,593			1,109,176

*Note: Rates shown above are for first year only. Refer to account reports for future year rates.*

# 401k - Suan

Retire @65 - Assume 6% ROR

Age	Balance	Contributions		Withdrawals			Rate of Return		Gross ** Minimum distribution
		By participant	By company	Scheduled	Required Min. Distr*	For spend shortage	% rate	Annual interest	
1	2	3	4	5	6	7	8	9	
52	\$130,000	\$8,400	\$3,150				6.00	\$8,182	
53	149,732	8,484	3,182				6.00	9,370	
54	170,768	8,569	3,213				6.00	10,636	
55	193,186	8,655	3,245				6.00	11,985	
56	217,071	8,741	3,278				6.00	13,422	
57	242,512	8,828	3,311				6.00	14,953	
58	269,604	8,917	3,344				6.00	16,582	
59	298,447	9,006	3,377				6.00	18,317	
60	329,147	9,096	3,411				6.00	20,163	
61	361,817	9,187	3,445				6.00	22,127	
62	396,576	9,279	3,480				6.00	24,217	
63	433,551	9,372	3,514				6.00	26,440	
64	472,877	9,465	3,549				6.00	28,803	
65	514,695						6.00	30,882	
66	545,577						6.00	32,735	
67	578,311						6.00	34,699	
68	613,010						6.00	36,781	
69	649,790						6.00	38,987	
70	688,778						6.00	41,327	
71	730,105				(28,520)		6.00	42,862	28,520
72	744,447				(30,140)		6.00	43,669	30,140
73	757,977				(31,848)		6.00	44,424	31,848
74	770,553				(33,649)		6.00	45,119	33,649
75	782,024				(35,547)		6.00	45,745	35,547
76	792,222				(37,369)		6.00	46,296	37,369
77	801,149				(39,465)		6.00	46,763	39,465
78	808,446				(41,459)		6.00	47,134	41,459
79	814,122				(43,536)		6.00	47,406	43,536
80	817,992				(45,698)		6.00	47,567	45,698
81	819,861				(47,945)		6.00	47,605	47,945
82	819,521				(50,277)		6.00	47,507	50,277
83	816,750				(52,694)		6.00	47,261	52,694
84	811,317				(54,819)		6.00	46,864	54,819
85	803,363				(56,976)		6.00	46,316	56,976
86	792,702				(59,157)		6.00	45,604	59,157
87	779,149				(61,350)		6.00	44,718	61,350
88	762,517				(63,543)		6.00	43,648	63,543
89	742,622				(65,142)		6.00	42,401	65,142
90	719,880				(66,656)		6.00	40,986	66,656
91	694,211				(68,060)		6.00	39,400	68,060
92	665,551				(69,328)		6.00	37,638	69,328
93	633,860				(69,655)		6.00	35,726	69,655
94	599,931				(69,759)		6.00	33,687	69,759
95	563,858				(69,612)		6.00	31,527	69,612
96	525,773				(57,777)		6.00	29,634	57,777
97	497,630				(57,864)		6.00	27,942	57,864
98	467,708				(57,742)		6.00	26,151	57,742
99	436,118								

\* Remaining Required Minimum Distribution after adjustments for scheduled withdrawals (column 4)

\*\* Gross Required Minimum Distributions - using either IRS Uniform Life Table, or Joint Life Table.

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# Retirement Summary

Retire @65 - Assume 6% ROR

The following table summarizes the goals, assumptions and variables used in the Retirement Planning analysis.

<b>RETIREMENT GOALS:</b>		<b>John</b>	<b>Susan</b>
Retirement Age		65	65
Life Expectancy		95	95
Retirement Living Expenses (after-tax) Today's \$	\$42,800		
Retirement Living Expenses (after-tax) Inflated	58,338		
Standard of Living Inflation Rate	1.18%		
<b>RETIREMENT CAPITAL:</b>			
Rate Of Return - Pre-Retirement (pre-tax)	6.00%		
Total Assets Available for Retirement	\$223,739		
Annual Additions to Qualified Accounts	18,800		
Annual Additions to Other Accounts	3,600		
<b>RETIREMENT INCOME (pre-tax):</b>			
Social Security Starting Age		66	70
Social Security Benefit		\$33,606	\$30,850
Social Security COLA	2.00%		
<b>OTHER INCOME/EXPENSE ITEMS (pre-tax):</b>			
Other Expense	(2,710,498)		
Education Expenses	(\$305,253)		
<b>INCOME TAXES:</b>			
Marginal Tax Rate (Federal & State)	22.00%		
Effective Tax Rate	24.01%		
<b>RETIREMENT ANALYSIS:</b>			
Amount Available at Retirement	1,165,570		
Retirement Assets at Age 95	1,109,176		
Your assets may last through life expectancy.			

# Retirement Capital Estimate

Retire @65 - Assume 6% ROR

Ages	Begin. Yr. Account Totals	Annual Expenses Incl. Tax	Income and Capital Distributions					Annual Surplus	Ending Year Account Totals
			Earned Income	** Retirement Acct Distr.	** Investment Acct Distr.	Pensions/ Soc Sec	Other Inc. & St. Opt.		
		1	2	3	4	5	6	7	8
49 52	\$223,739	(\$173,002)	\$190,000					\$16,998	\$283,754
50 53	283,754	(175,744)	192,750					17,006	347,691
51 54	347,691	(178,559)	195,545					16,986	415,760
52 55	415,760	(181,448)	198,384					16,936	488,186
53 56	488,186	(184,414)	201,270					16,857	565,202
54 57	565,202	(187,458)	204,203					16,745	647,058
55 58	647,058	(197,598)	207,183					9,585	726,767
56 59	726,767	(239,161)	210,212			28,948			771,794
57 60	771,794	(200,275)	213,291					13,016	863,225
58 61	863,225	(203,684)	216,420					12,735	960,208
59 62	960,208	(207,182)	219,600					12,417	1,063,043
60 63	1,063,043	(195,131)	222,832					27,701	1,188,206
61 64	1,188,206	(278,190)	226,117			52,073			1,237,759
62 65 R	1,237,759	(236,648)	109,957			126,691			1,194,499
63 66	1,194,499	(304,488)	112,156	2,230		190,102			1,078,918
64 67	1,078,918	(109,368)	114,399					5,031	1,165,570
65 R 68	1,165,570	(62,621)		53,705		8,917			1,170,570
66 69	1,170,570	(60,117)		26,511			33,606		1,213,416
67 70	1,213,416	(59,980)					65,128	5,148	1,291,539
68 71	1,291,539	(66,508)			33,717		66,431	33,639	1,368,951
69 72	1,368,951	(68,908)			35,632		67,759	34,483	1,449,901
70 73	1,449,901	(131,209)			37,651	24,443	69,114		1,472,745
71 74	1,472,745	(80,060)			59,463		70,497	49,900	1,551,230
72 75	1,551,230	(83,513)			62,825		71,907	51,219	1,632,313
73 76	1,632,313	(87,037)			66,158		73,345	52,466	1,716,106
74 77	1,716,106	(90,499)			69,880		74,812	54,193	1,802,866
75 78	1,802,866	(94,079)			73,546		76,308	55,775	1,892,679
76 79	1,892,679	(97,815)			77,260		77,834	57,279	1,985,597
77 80	1,985,597	(175,473)			81,263	14,820	79,391		2,005,470
78 81	2,005,470	(104,577)			85,295		80,979	61,696	2,101,419
79 82	2,101,419	(108,864)			89,486		82,598	63,220	2,200,369
80 83	2,200,369	(113,366)			93,834		84,250	64,719	2,302,311
81 84	2,302,311	(117,957)			97,898		85,935	65,876	2,407,368
82 85	2,407,368	(122,731)			102,058		87,654	66,981	2,515,572
83 86	2,515,572	(127,742)			106,304		89,407	67,968	2,626,902
84 87	2,626,902	(133,227)			110,363		91,195	68,332	2,741,093
85 88	2,741,093	(257,823)			114,445	50,359	93,019		2,735,299
86 89	2,735,299	(267,293)			117,840	54,573	94,879		2,721,296
87 90	2,721,296	(276,987)			121,143	59,067	96,777		2,698,398
88 91	2,698,398	(405,526)			124,317	182,497	98,712		2,543,332
89 92	2,543,332	(418,863)			126,920	191,257	100,687		2,367,223
90 93	2,367,223	(432,281)			128,351	201,230	102,700		2,168,765
91 94	2,168,765	(446,001)			129,443	211,804	104,754		1,946,348
92 95 L	1,946,348	(459,995)			130,144	223,001	106,849		1,698,293
93 96	1,698,293	(436,796)			116,378	263,056	57,361		1,408,196
94 97	1,408,196	(449,883)			116,553	274,821	58,509		1,088,358
95 L 98	1,088,358	(102,736)			116,307		59,679	73,249	1,109,176
96 99	1,109,176								1,109,176

R = Retirement Age, L = Life Expectancy

\*\*Investment and Retirement distributions include withdrawals from account totals to satisfy "Income needed" shortages from Cash Flow report.

# Educational Funding Requirements

Retire @65 - Assume 6% ROR

Child	Zach	Ayla	Totals	Amount to be Paid by Parents
Per Year	\$12,000	\$50,600		
Lump Sum*	\$43,888	\$179,896	\$223,783	
Monthly **	\$462	\$1,616	\$2,078	100.00%
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028	18,416		18,416	18,416
2029	19,429		19,429	19,429
2030	20,498		20,498	20,498
2031	21,625	91,186	112,811	112,811
2032		96,201	96,201	96,201
2033		101,492	101,492	101,492
2034		107,074	107,074	107,074
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				

## Funding education costs with a lump sum investment now:

Lump sum needed today to fund future costs	\$223,783
Funds now available for college expenses	6,000
<b>Additional lump sum needed now</b>	<b>\$217,783</b>

## Monthly funding with level payments through the last year of college:

Total level monthly payments to fund costs	\$2,010
Payments needed considering \$6,000 available now	1,956
<b>Additional needed with \$6,000 and \$800 current deposits</b>	<b>\$1,156</b>

*Note: If education funds do not earn at the rate illustrated, it would require either a larger amount of initial lump sum investment, larger monthly deposits to the education fund, or education loans to finance the costs.*

*\*Lump sum is the dollar amount needed today to fund the expenses assuming a 6.50% after tax or tax free return on education funds.*

*\*\*Monthly deposit needed to fund the expenses from now through the last year of school.*

*Note: The parents' share of education costs is included in personal expenses.*

*Note: Education expenses are assumed to inflate at 5.50%.*



# Education Funding Sources

Retire @65 - Assume 6% ROR

Ages	Year	Education Fund Balance (begin year)	Annual Additions	Annual Costs	Annual Growth at 6.50%	Sources of Funds	
						From Educ Funds	From Assets
49	52	2020	\$6,000	\$9,600	\$681		
50	53	2021	16,281	9,600	1,349		
51	54	2022	27,230	9,600	2,061		
52	55	2023	38,891	9,600	2,819		
53	56	2024	51,310	9,600	3,626		
54	57	2025	64,536	9,600	4,486		
55	58	2026	78,622	9,600	5,401		
56	59	2027	93,624	9,600	6,377		
57	60	2028	109,600	9,600	(18,416)	18,416	
58	61	2029	107,002	9,600	(19,429)	19,429	
59	62	2030	103,156	9,600	(20,498)	20,498	
60	63	2031	97,922	4,800	(112,811)	102,722	10,089
61	64	2032		4,800	(96,201)	4,800	91,401
62	65	2033		4,800	(101,492)	4,800	96,692
63	66	2034			(107,074)		107,074
64	67	2035					
65	68	2036					
66	69	2037					
67	70	2038					
68	71	2039					
69	72	2040					
70	73	2041					
71	74	2042					
72	75	2043					
73	76	2044					
74	77	2045					
75	78	2046					
76	79	2047					
77	80	2048					

Note: The parents' share of education costs is included in personal expenses.

Note: Education expenses are assumed to inflate at 5.50%.

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# Saving For College

Retire @65 - Assume 6% ROR

Recent changes in income tax regulations have provided a variety of opportunities that should make saving for your child's education expenses more palatable. In some cases current education expenses can result in current tax savings, and putting aside money for future costs can be much more tax-friendly than in the past.

## 529 Plans:

Section 529 of the Revenue code has enabled states to establish special college savings funds where parents or grandparents can make deposits to an account to accumulate money for tuition and in some cases other expenses. The terms and benefits of each state vary, but generally include the following features:

- Tax savings - earnings on the accounts not only accumulate without federal income tax, but withdrawals are also tax free so long as they are used for qualified educational expenses. Some states also allow withdrawals free of state taxation, and many states permit a deduction for a portion of plan deposits, but the rules of each state vary. Also, withdrawals from 529 plans that are not used for qualified educational expenses are generally subject to both federal and state taxation plus a 10% penalty.
- Control - unlike other accounts sometimes used to accumulate money for the child, you, the donor, stay in control of the assets. You decide when withdrawals are taken and for what purpose. And in most cases you can even reclaim the funds, particularly if the child elects not to attend college. (There may be a penalty for "non-qualified" withdrawals.)
- Simple - once you select which state plan to use, a simple enrollment form is completed, and deposits may even be made by automatic checking account withdrawals. The account is managed by the state or an investment manager hired by the state.
- Everyone eligible - generally there are no special eligibility requirements, and the amounts you can contribute in many states are substantial (in some cases as much as \$250,000 or more.)

## Other education plans:

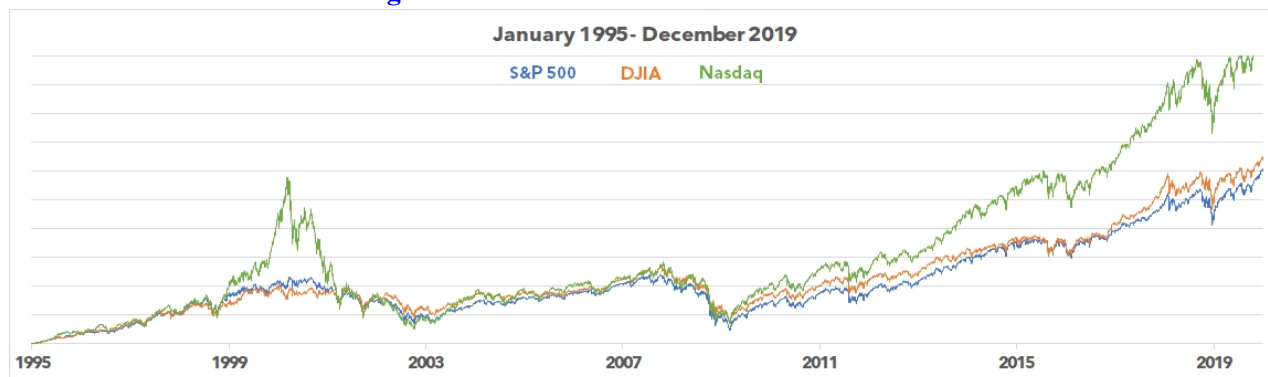
- Deduction of higher education expenses up to \$4,000 may be deductible (subject to income limitations.) This deduction continues to be renewed by Congress, but may not be available in future years.
- Coverdell Education Savings Accounts - the nondeductible contribution may be used for "qualified higher education" or "qualified elementary and secondary education expenses", including private institutions. The maximum allowable contribution is \$2,000 subject to certain income limitations. The plan is integrated with the HOPE and Lifetime Learning Credit programs.
- Employer provided assistance - the \$5,250 contribution level now extends the exclusion to graduate courses and makes the exclusion for undergraduate and graduate courses permanent.
- Student Loan Interest Deduction - the availability for this benefit has been broadened and the earnings limits raised.

For more information about these plans or to compare your state 529 plan with other states, go on the internet to : [www.savingforcollege.com](http://www.savingforcollege.com)

## Investment Returns

Your financial analysis includes hypothetical portfolio illustrations. To help you understand the potential risks and rewards of investing, the following information shows some historical investment results. While the analysis has used annual rates to illustrate possible scenarios, it does not attempt to specify which asset classes, investment vehicles or combinations of classes you will actually use in your portfolio, as the portfolio mix will generally change several times in the future.

### Historical Stock Market Changes



This chart illustrates the variable nature of stock investing. The scale does not represent any specific value or percent change, but rather shows relative increases or decreases in the indexes. Be aware that stock prices increase or decrease at various times and there is no assurance that profits will be realized in any particular time frame. The above chart does not represent any particular investment portfolio or asset class.

### Historical Asset Class Returns

This table shows the wide range of returns realized on various asset classes for different time periods.

Asset Class	Annual* Return	5 Year Return**		20 Year Return***	
		Maximum	Minimum	Maximum	Minimum
Treasury Bills	3.37%	11.12%	0.07%	7.72%	0.42%
Bonds - Intermediate Govt.	5.13%	16.98%	0.96%	9.97%	1.58%
Bonds - Long Term Govt.	5.48%	21.62%	-2.14%	12.09%	0.69%
Bonds - Long Term Corporate	6.05%	22.51%	-2.22%	12.13%	1.34%
Stocks - Small Companies	12.11%	45.90%	-27.54%	21.13%	5.74%
Stocks - Large Companies	10.17%	28.60%	-12.47%	17.88%	3.11%
Inflation	2.88%	10.06%	-5.42%	6.36%	0.07%

\* Annual return is the arithmetic mean average from 1926 through 2018.

\*\* 5 year return is the highest and lowest average rolling return for all the 5 year periods from 1926 through 2018.

\*\*\* 20 year return is the highest and lowest average rolling return for all the 20 year periods from 1926 through 2018.

These rates of return do not include adjustment for annual fees, commissions, taxes or other expenses that might be incurred in any investment plan. These costs could range from 0% to as much as 2% per year or more depending on the type of investment activity and method of managing the accounts. In addition to annual fees and expenses, some investments may include an initial commission, sales charge or set up expense. If fees and expenses are taken into account, the above rates of return would be lower. The rates used in the analysis are assumed to be net of any potential fees and expenses. If we assist you in selecting assets for your investment portfolio, a complete description of any fees, expenses, commissions or other costs will be provided for each investment selected.

In any report that illustrates an annuity product, it is assumed that the product is a fixed annuity earning interest as paid by the issuing company. With a fixed annuity you are generally protected against a loss of principal. If a variable annuity should be selected by you for any portion of your portfolio, please be aware that the annual return and corresponding asset value, death benefit and cash values will be based on the underlying investment choice, and could result in a zero or negative rate unless the product has specific terms limiting the loss of principal. The terms for annuity products will be spelled out in the annuity contract. The fees and charges on any annuity contract will vary based on the company and features provided in the contract. They could range from a minimal amount to as much as 2.5% or more.