John & Jennifer Sample
Your Financial Plan
August 2020

Prepared by...

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Penobscot Financial Advisors' method is centered around financial wellness. As you look through this plan, our hope is that you are motivated to take small steps to improving your financial health. If you have any questions while reviewing the plan, please reach out!

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Summary of Recommendations

When your eyes have glazed over, and numbers are blurred, return to this summary for important educational pieces and recommendations.

Financial Snapshot

Take some time to understand where you stand today. The path to your future starts here.

Financial Goal Plan

Are you on track to reach your goals and dreams? Check out what it takes to get you from point A to point B.

Investment Analysis

Look 'under the hood' at your investment portfolio. We are digging past what you can see on your statement, to make sure your portfolio is meeting your objectives.

Additional Information

Thirsty for more knowledge? Review this information at your leisure to learn more about key planning concepts.

Section 1

Summary of Recommendations

John & Jennifer Sample – Sept. 2020

Retirement Planning

- **Outlook:** From our analysis, we believe you may be we-funded to meet your retirement goals. Using Monte Carlo analysis, we have derived a 79% probability of successfully meeting your goals. We will discuss the impacts that retirement age, spending levels, and savings rates have on your plan. See Section 3.
- **Monte Carlo Analysis:** Your retirement assets, including future contributions and distributions, are run through 1000 trials of different market returns. The dial percentage corresponds to how many times your money “out lived” you. We recommend clients in your proximity to retirement have at least a 70% probability of success.
- **Sources of Income:** Your first source of income in retirement will be social security. Your retirement savings, through work and personal, will be drawn upon to fund the remainder of your goals.
    - **Social Security:** This plan assumes John takes his social security when he retires, and Jennifer delays her benefit until age 70. When one spouse dies, the other will get the larger of the two benefits. This way, the larger benefit Jennifer is accruing will last if either one of you is alive. We should reassess strategies closer to retirement as your situation or thoughts about social security and longevity may change over time.
- **Savings Rate:** John is saving 6% of his income in his 401K with a 3% company match. Jennifer contributes 8% of her income to her 403B with a dollar for dollar match up to 8%. John and Jennifer also contribute to their Roth IRAs every year, $6,000 to each account. Overall, the household savings rate is 20%. This is a strong savings rate.
    - **Catch-Up Contributions:** Since you are both age 50 and older, you are eligible to contribute an additional $1,000 a year to each Roth IRA. Increasing your savings rates today would provide greater certainty of achieving your retirement as shown in the last scenario in Section 3.

Recommendation: If you would like to implement any increase to your savings rate, I recommend taking advantage of the catch-up contributions on the Roth IRAs before looking to increase employer retirement plan contributions since you are already receiving the maximum matching dollars from those plans.

- **Retirement Age:** With a strong probability of successfully retiring in 2033 at ages 65 and 63, it may be possible to consider an earlier retirement. Realized investment performance will play a key role.
- **Expenditures in Retirement:** Your basic living expense of $67,000 will cover your expenses such as utilities, entertainment, clothes, food, gasoline, etc... You will also have to pay for health care and your travel goal in retirement. It is important to remember that all these figures are net, after-tax figures.

Investment Planning

- **Asset Allocation Analysis:** Your current allocation is approximately 80% stocks and 20% bonds. Of the stocks, you are primarily invested in large domestic companies. A better diversified portfolio would contain a greater allocation of international investments (developed and emerging), mid-sized companies, small-sized companies, real estate, and commodity investments.
    - **Diversification:** We believe a well-diversified portfolio is best for our clients over the long run. Proper diversification aims to invest across all asset classes in order to assure your portfolio is never the largest loser or the largest winner. This reduces the overall volatility (risk) of your portfolio.
- **Risk Evaluation:** Your portfolio is aggressively invested with your large stock allocation. This level of risk is appropriate given your time horizon to retirement.

Recommendation: I recommend looking at reducing risk within five years of retirement toward a more moderately invested portfolio. This recommendation is reflected within the Financial Goal Plan as risk/return assumptions are lowered when you are both retired.

- **Cost Analysis:** Your current portfolio has a low expense ratio of 0.39%.
- **Consolidation:** John has an old 401K plan that can consolidated with his Traditional IRA by rolling over the balance. The Traditional IRA does not have investment limitations like 401K plan.

Recommendation: I recommend rolling the old 401K into the Traditional IRA.

- **Professional, Fiduciary Management:** You can work on implementing these recommendations through self-management or using professional services. If you should use our investment management services to implement investment recommendations, it is important to remember that we work in our clients' best interest with investment selection and can never receive a kickback or commission.

Recommendation: This is an area we have a conflict of interest, but we believe you could benefit from our investment management services to consolidate accounts, further diversify your assets, and actively monitor portfolio investments.

Cash & Debt Management

- **General Comments:** Good cash and debt management is the foundation of any financial plan. Without it, a financial plan can fall apart quickly in practice.
- **Financial Health Metrics:** One of the main starting points in assessing financial health is a series of financial ratios. In Section 2, you can see that all your debt ratios are within general standards and not causing alarm.

- **Debt Reduction Strategy:** Maintaining high interest debt can make it hard to achieve other goals. Some of this debt can be consolidated to reduce your interest rates and cut back on the amount of interest you will pay.

Recommendation: I recommend using your home equity line of credit to pay off John's credit card and Jennifer's SUV then allocating those payments to the HELOC. This will save you money on interest and consolidate payments.

- **Emergency Funds:** An emergency fund is imperative to the success of your financial plan. Periods of crisis arise in most households. Generally, a well-funded emergency fund is three to six months' worth of living expenses. We identified an emergency fund of $11,000 currently.

Recommendation: I recommend saving up $20,500 to $41,000 for a fully funded emergency fund.

- **Yield on Cash:** Your current savings is earning 0.10% at your bank. There are better options for where you can hold your cash.

Recommendation: I recommend you hold your cash savings in a high yield savings account. High yield savings accounts are insured and can provide interest rates up to 10 times what you are earning today.

- **Budgeting:** The statement of cash flows in Section 2 identified a $7,100 difference between cash in-flows and cash out-flows. It would be helpful to keep track of your expense over a couple of months to see if we can identify the areas that money is likely being spent in.
- **Mortgage Refinance:** Interest rate environments change over time and today you may be able to get a lower interest rate on a 15-year loan than what you have today. This would provide long-term savings in comparison to your current loan. See Section 2.

Recommendation: I recommend reaching out to your current lender and your existing banking relationships to see what interest rates and closing costs you can get on a 15-year fixed rate mortgage.

Risk Management

- **Life Insurance:** An analysis of your existing life insurance coverage shows that Jennifer's insurance is adequate, and that John is underinsured. Without additional coverage, Jennifer would be stuck paying the mortgage on one income and at a loss of John's future retirement savings contributions.

Recommendation: I recommend that John investigates purchasing a 10-year $550,000 term-life insurance policy. It would also be prudent to compare a 10-year, $500,000 term-life policy premium to Jennifer's supplemental coverage at work.

- **Disability Insurance:** You both have identified that your employers pay for long-term disability insurance on your behalf. John then pays for short-term disability coverage while Jennifer's employer does not offer the benefit. Without the short-term coverage for Jennifer, it is more imperative to have a well-funded emergency fund.
- **Health Insurance:** You are currently paying for a high deductible family health plan through John's employer. Having a high deductible plan qualifies you to be able to contribute to a Health Savings Account or HSA.
    - **HSA:** Contributions to HSAs are done on a pre-tax basis (tax deduction today). Like an FSA, if the money is used to pay for qualified medical expenses, you will not pay income taxes on the distributions from the account. For 2020, you can contribute $7,100 a year under a family plan. The money rolls over year to year and can be invested with tax-free growth.

Recommendation: I recommend stopping your FSA contributions at next open enrollment and instead depositing them into an HSA.

- **Long-Term Care:** Many people think of nursing homes when they picture long-term care when in fact most long-term care happens in the home. Long-term care insurance can help pay for home assistance as well as the cases where you may need to spend time in a facility. With a good retirement outlook and the ability to absorb some increased spending within your plan, it is prudent to explore the costs and benefits of purchasing long-term care policies.

Recommendation: I recommend we meet with a local insurance broker to compare costs and coverages and how long-term care policies may fit into your plan.

Tax Planning

- **Asset Location:** Efficient investing considers the tax implications of the account an asset is held in. Assets that are expected to grow at faster paces, such as equity investments, can create a lower tax liability in the future if held in a Roth account because of the tax-free growth. Slower growing assets, such as fixed income or bonds, should be held in pre-tax accounts where the whole withdrawal will be taxed as income when it is taken.
- **RMD Planning:** The IRS imposes Required Minimum Distributions (RMDs) from Traditional IRAs, 403Bs, and 401Ks. These distributions are calculated based off your life expectancy and must begin by April 1 of the year after you turn 72. While social security income is low delaying Jennifer's benefit, it may be prudent to withdraw pre-tax assets earlier in retirement to reduce RMDs later in retirement.
- **Home Sale:** Should you decide to move in the future, the IRS allows for a $500,000 tax exclusion on capital gains from the sale of your home if it has been your primary residence for two of the past five years.

Estate Planning

- **Estate & Gift Taxes:** The estate and gift tax exemption for 2020 is $11.58 million per individual. Federal estate taxes would not be owed if you were to pass. You may give up to $15,000 a year per individual before the tax exemption kicks in.
- **Beneficiaries and Joint Titling:** Accounts with beneficiary designations pass to your heirs outside of probate. It is critically important that your beneficiaries are up to date with your wishes and reviewed annually since your will cannot override your designations. Since your bank accounts are jointly owned, the surviving spouse will immediately inherit the balances as well.

Recommendation: I recommend we call John's old 401K provider to check his beneficiary designations on the account and update as needed.

  - **Probate:** Probate is the process by which the state government follows to distribute the assets of the deceased that were not jointly owned or containing beneficiary designations. Legal documents, such as a will, help facilitate the distribution of such assets in accordance to the deceased's wishes rather than heirs deemed by law.

- **Legal Documents:** For your wishes to be met in the distribution of your probate estate, it is a good idea to have your wills drawn by an attorney. Other legal documents, such as a power of attorney and health care directive, are also important for situations where you may not be able to make decisions for yourself.

Recommendation: I recommend that you meet with a Maine Estate Planning attorney to draft a will, power of attorney, and health care directive. PFA can provide referrals and work with the attorney as needed.

Section 2

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Income Review

John's Income			
Regular Income		**Other Income**	
Income Type	Regular Wages	Income Type	
Pay Period	Bi-Weekly	Pay Period	
Gross Pay Check Value	$3,000	Gross Pay Check Value	
Net Pay Check Value	$1,757	Net Pay Check Value	
Tax Withholding			
Federal	$346	Federal	
State	$131	State	
Pre-Tax Deductions		**After-Tax Deductions**	
Retirement Withholding	$180	Retirement Withholding	
Health Insurance	$172	Health Insurance	
Dental Insurance	$25	Dental Insurance	
Vision Insurance	$7	Vision Insurance	
HSA Contributions		Life Insurance	$2
FSA Contributions	$100	AD/D	
Other		Short-Term Disability	$51
		Long-Term Disability	
		Union Dues	
		Charitable Contributions	
		Other	

Jennifer's Income			
Regular Income		**Other Income**	
Income Type	Regular Wages	Income Type	
Pay Period	Monthly	Pay Period	
Gross Pay Check Value	$7,000	Gross Pay Check Value	
Net Pay Check Value	$4,709	Net Pay Check Value	
Tax Withholding			
Federal	$817	Federal	
State	$333	State	
Pre-Tax Deductions		**After-Tax Deductions**	
Retirement Withholding	$560	Retirement Withholding	
Health Insurance		Health Insurance	
Dental Insurance		Dental Insurance	
Vision Insurance		Vision Insurance	
HSA Contributions		Life Insurance	$46
FSA Contributions		AD/D	
Other		Short-Term Disability	
		Long-Term Disability	
		Union Dues	
		Charitable Contributions	
		Other	

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Annual Income

Household Annual Income	
Gross Annual Income	$162,000
Net Annual Income	$102,173
Total Fed Withholding	$18,800
Total ME Withholding	$7,400
Taxable Income	$142,696

John's Annual Income		Jennifer's Annual Income	
Gross Income	$78,000	Gross Income	$84,000
Net Income	$45,671	Net Income	$56,502
Federal Taxes	$9,000	Federal Taxes	$9,800
State Taxes	$3,400	State Taxes	$4,000
Pre-Tax Deductions	$12,584	Pre-Tax Deductions	$6,720
After-Tax Deductions	$1,378	After-Tax Deductions	$552
Taxable Income	$65,416	Taxable Income	$77,280

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Statement of Cash Flows

Cash Inflows
$102,173

Cash Outflows	
Savings and Investments	
Cash Savings	$600
Retirement Savings	$12,000
529 Savings	-
Fixed Expenses	
Mortgage (PI)	$13,220
Mortgage (TI)	$5,465
Rent	
Life Insurance	
Auto Insurance	$1,600
Internet/Cable	$1,080
Phone	$6,000
Credit Card Payments	$1,800
Auto Payments	$12,650
Student Loans	$0
Other Debt Payments	$0
All Else	
Variable Expenses	
Food/Groceries	$13,000
Electricity	$900
Water	$600
Heat	$3,000
Gasoline	$3,640
Car Expenses	$2,000
Vacation/Travel	$7,500
Eating Out	$5,200
Entertainment	$3,000
Child Care	
Gym/Fitness	$1,800
Charitable Contributions	
Personal Care/Clothing	
Home Expenses	
All Else	
Total Outflows	
$95,055	

Cash Inflows - Cash Outflows
$7,118

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Basic Living Expense

Top-Down Approach	
Total Current Net Income	$102,173
minus…	
Absent Expenses in Retirement	
Mortgage(PI)	$13,220
Debt Payments	$1,800
Savings	$12,600
Travel	$7,500
Insurance	
Tax Refund/Owed	
Other	
Basic Living Expense	
$67,053	

Bottom-Up Approach	
Summation of budgeted expenses that will continue into retirement…	
Fixed Expenses[1]	$26,795
Variable Expenses	$33,140
Unaccounted for Funds	$7,118
Other	
Basic Living Expense	
$67,053	

[1]This figure does not include debt payments.

Difference
Top-Down and Bottom-Up approaches should yield similar results. Otherwise further investigation of expenses and savings is warranted…
$0

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Debt Ratio Review

Type of Debt	General Standards
Consumer Debt	20% or Less of **Net** Monthly Income
Housing Costs	28% or Less of **Gross** Monthly Income
Total Debt	36% or Less of **Gross** Monthly Income

Monthly Household Debt Payments	
Mortgage(PI)	$1,177
Mortgage(TI)	$455
Rent	-
Auto	$1,054
Credit Cards	$150
Other Debt	$0
Student Loans	$0

John's Monthly Debt Payments		Jennifer's Monthly Debt Payments	
Mortgage(PI)	$0	Mortgage(PI)	$0
Mortgage(TI)	$0	Mortgage(TI)	$0
Rent	-	Rent	-
Auto	$386	Auto	$669
Credit Cards	$150	Credit Cards	$0
Other Debt	$0	Other Debt	$0
Student Loans	$0	Student Loans	$0

Current Comparison to General Standards			
Consumer Debt	**14%**	Out of	**20%**
Housing Costs	**12%**	Out of	**28%**
Total Debt	**21%**	Out of	**36%**

Financial Position

Assets…				
Cash/Cash Equivalents			**Primary Beneficiary**	
Credit Union Checking	Joint	$3,490	Right of Survivorship	
Credit Union Savings	Joint	$11,087	Right of Survivorship	
Non-Qualified Invested Assets			**Primary Beneficiary**	
Tax-Qualified Invested Assets			**Primary Beneficiary**	
Current Employer 401K	John	$127,087	Jennifer	
Current Employer 403B	Jennifer	$311,399	John	
Old Employer 401K	John	$57,526	Needs Review	
Traditional IRA	John	$32,810	Jennifer	
Roth IRA	John	$87,011	Jennifer	
Roth IRA	Jennifer	$48,903	John	
Use Assets			**Primary Beneficiary**	
Primary Residence	Joint	$350,000	Right of Survivorship	
Liabilities…				
Real Estate			**Payment**	**Interest**
Primary Residence Mortgage	Joint	$151,083	$1,102	3.85%
HELOC	Joint	$20,000	$75	4.50%
Auto Loans			**Payment**	**Interest**
SUV	Jennifer	$6,809	$669	5.50%
Sedan	John	$15,210	$386	2.00%
Credit Cards			**Payment**	**Interest**
Credit Card #1	John	$1,700	$150	18.99%
Other/Personal Debts			**Payment**	**Interest**
Student Loans			**Payment**	**Interest** / **Type**

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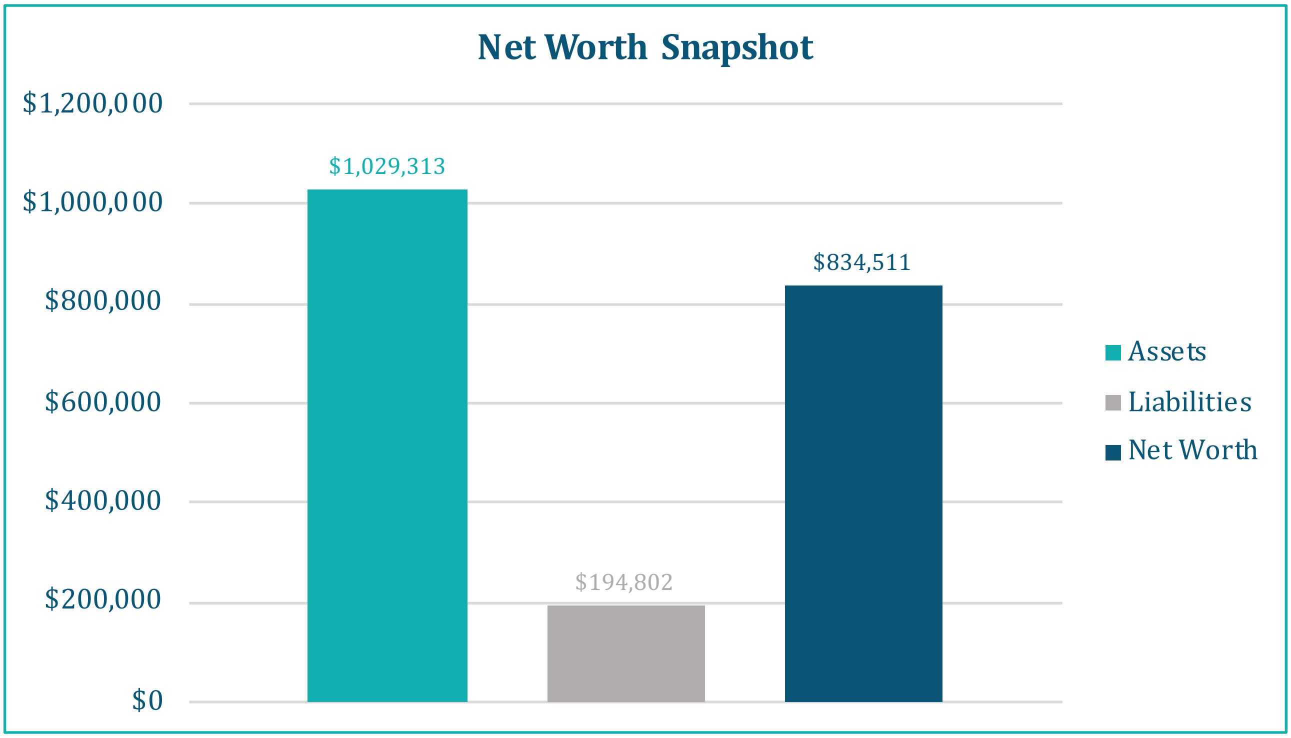
Statement of Financial Position

Total Assets…		**$1,029,313**
Total Liabilities…	Minus	**$194,802**
Net Worth…	Equals	**$834,511**



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Mortgage Repayment

Remaining Term	
Inputs	
Existing Balance	$151,083
Annual Interest Rate	3.85%
Monthly Payment	$1,102
Results	
Remaining Months	181
Estimated Payoff Date	10/1/35

Balance at Retirement	
John	
Age	52
Retirement Age	65
Retirement Year	2033
Balance at Retirement	$29,457
Remaining Months at Ret.	28
Jennifer	
Age	50
Retirement Age	63
Retirement Year	2033
Balance at Retirement	$26,426
Remaining Months at Ret.	25

These calculations assume you retire on your birthday of the retirement age listed.

Refinance	
Estimated Closing Costs	$3,000
New Loan Amount	$154,083
Term (Months)	180
Interst Rate	2.75%
Payment	$1,046
Total Interest Payments	$34,132
Totat Savings	$11,193

Life Insurance Analysis - True Cost Summary

Survivor Plans with Proposed Policies

John's Plan if Jennifer Dies In This Year

Jennifer's Plan if John Dies In This Year

Cost Summary

Period	John		Jennifer		Total Cost/Yr	
	Benefit	Cost/Yr	Benefit	Cost/Yr	New Policies	Increase/Decrease
10 Years 2020-2029	$635,000	$795	$504,000	$0	$795	$795
4 Years 2030-2033	$78,000	$0	$504,000	$0	$0	$0
2034 to Jennifer Dies	$0	$0	$0	$0	$0	$0

Insurance Policies

Description	Insured	Beneficiaries	Death Benefit	Annual Cost	Cash Value	Existing/Proposed
1x Benefit through Work (14 Years Remaining)	John	Jennifer	$78,000	$0	N/A	Existing
6x Benefit through Work (14 Years Remaining)	Jennifer	John	$504,000	$0	N/A	Existing
Term - 10 Years	John	Jennifer	$557,000	$795	N/A	Proposed

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Estate Planning Review

John's Estate Information			
Gross Estate	$564,723	Will	No
Debts Owed	$16,910	Power of Attorney	No
Marital Deduction	Unlimited	Health Care Directive	No
Charitable Deduction	Unlimited	Year Completed	N/A
2020 Federal Exemption	$11,580,000	State Completed	N/A
2020 ME State Exemption	$5,800,000	Attorney	N/A

Beneficiaries...

Name(s)	Primary Share	Contingent Share
Jennifer Sample	100.00%	
Robert Sample		50.00%
Mary Sample		50.00%

Jennifer's Estate Information			
Gross Estate	$1,046,591	Will	No
Debts Owed	$6,809	Power of Attorney	No
Marital Deduction	Unlimited	Health Care Directive	No
Charitable Deduction	Unlimited	Year Completed	N/A
2020 Federal Exemption	$11,580,000	State Completed	N/A
2020 ME State Exemption	$5,800,000	Attorney	N/A

Beneficiaries...

Name(s)	Primary Share	Contingent Share
John Sample	100.00%	
Robert Sample		50.00%
Mary Sample		50.00%

Section 3

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Financial Goal Plan

John and Jennifer Sample

Prepared by:

Craig Joncas, CFP
Financial Advisor

September 10, 2020

Table Of Contents

Summary of Goals and Resources

Personal Information and Summary of Financial Goals

John and Jennifer Sample

Needs		
10	**Retirement - Basic Living Expense**	
	John (2033)	65
	Jennifer (2033)	63
	Both Retired (2033-2060)	$67,000
	Jennifer Alone Retired (2061-2064)	$57,000
		Base Inflation Rate (2.25%)
10	**Health Care**	
	John Medicare / Jennifer Retired Before Medicare (2033-2034)	$15,615
	Both Medicare (2035-2060)	$7,113
	Jennifer Alone Medicare (2061-2064)	$5,077
		Base Inflation Rate plus 2.80% (5.05%)
10	**Primary Mortgage**	
	When both are retired	$13,224
	Recurring every year for a total of 2 times	No Inflation
Wants		
7	**Travel**	
	When both are retired	$7,500
	Recurring every year for a total of 15 times	Base Inflation Rate (2.25%)

See Important Disclosure Information section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

Personal Information and Summary of Financial Goals

Personal Information

John

Male - born 05/19/1968, age 52

Employed - $78,000

Jennifer

Female - born 08/03/1970, age 50

Employed - $84,000

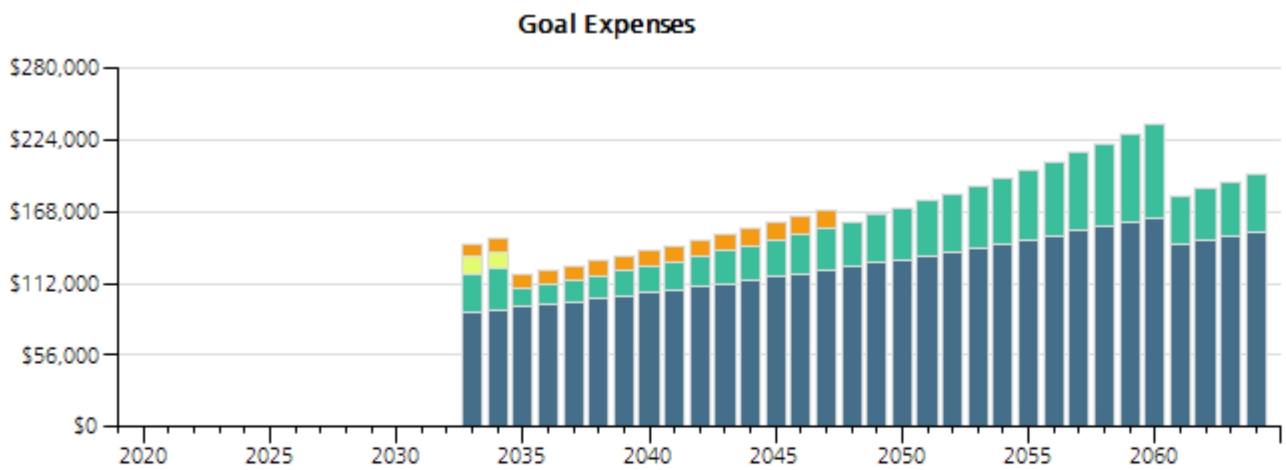
Married, US Citizens living in ME

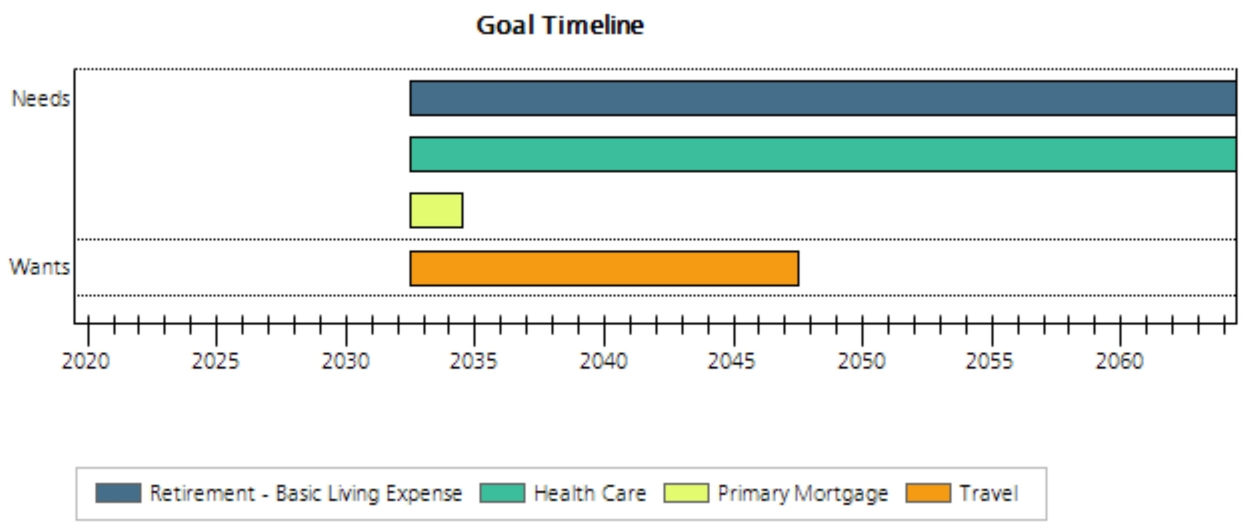
• This section lists the Personal and Financial Goal information you provided, which will be used to create your Report. It is important that it is accurate and complete.

Participant Name	Date of Birth	Age	Relationship
Jennifer	12/10/1998	21	Child of Both
Robert	07/29/2003	17	Child of Both

Current Financial Goals Graph

This graph shows the annual costs for your Financial Goals, as you have specified. Because these costs will be used to create your Plan, it is important that they are accurate and complete. All amounts are in after-tax, future dollars.





See Important Disclosure Information section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

Resources Summary

Investment Assets

Description	Owner	Current Value	Additions	Assign to Goal
Manually Entered				
Current Employer 401(k)	John	$127,087	$7,020	Fund All Goals
Account Total	$127,087			
Current Employer 403(b)	Jennifer	$311,399	$13,440	Fund All Goals
Account Total	$311,399			
Old Employer 401(k)	John	$57,526		Fund All Goals
Account Total	$57,526			
Roth IRA	John	$87,011	$6,000	Fund All Goals
Account Total	$87,011			
Roth IRA	Jennifer	$48,903	$6,000	Fund All Goals
Account Total	$48,903			
Traditional IRA	John	$32,810		Fund All Goals
Account Total	$32,810			
	Total :	**$664,736**		

Social Security

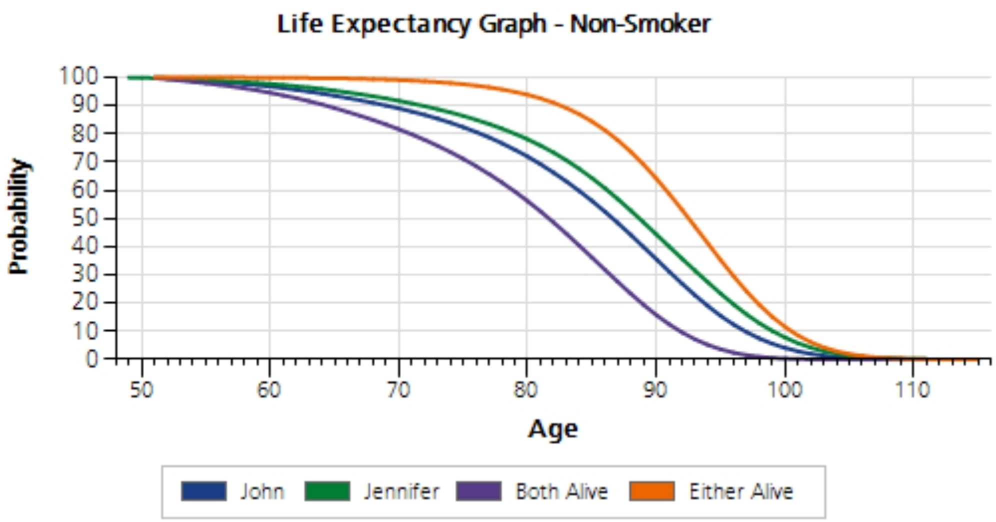
Description	Value	Assign to Goal
Social Security	John will file a normal application at age 65. He will receive $27,010 in retirement benefits at age 65.	Fund All Goals
Social Security	Jennifer will file a normal application at age 70. She will receive $39,538 in retirement benefits at age 70.	Fund All Goals

See Important Disclosure Information section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

Life Expectancy Table and Graph

How long might you live?

Chance you will live to age shown	John Live to Age		Jennifer Live to Age		Either Live to Age		Both Live to Age	
	Non-Smoker	Smoker	Non-Smoker	Smoker	Non-Smoker	Smoker	Non-Smoker	Smoker
50%	87	79	89	81	93	85	82	73
40%	89	81	92	84	95	87	85	76
30%	92	84	94	86	96	88	87	79
20%	94	86	96	88	98	90	89	81
10%	97	89	100	91	101	92	92	84



All calculations based on 2012 IAM Basic Tables.

See Important Disclosure Information section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

Tax and Inflation Assumptions

Do you want to waive required minimum distributions in 2020?	No
Do you want to expire or sunset income tax provisions?	No

Base Inflation Rate

Inflation rate :	2.25%
Social Security Inflation rate :	1.75%
Tax Assumption Inflation rate :	2.25%

Marginal Tax Rates Before Retirement

	Federal	State	Local
Tax Rates :	22.00%	7.15%	0.00%

Untaxed Gain on Taxable Earnings - Before Retirement

What portion of your Annual Taxable Investment Earnings will not be taxed until withdrawn?	0.00%

Long Term Capital Gains (LTCG) - Before Retirement

What portion of your Taxable Investment Earnings will be taxed at the LTCG rate?	20.00%
Long Term Capital Gains rate :	15.00%

Tax Rates During Retirement

Let the Program calculate taxes each year

Local rate :	0.00%
Deduction estimate :	Use standard deductions

Untaxed Gain on Taxable Earnings - During Retirement

What portion of your Annual Taxable Investment Earnings will not be taxed until withdrawn?	0.00%

Long Term Capital Gains (LTCG) - During Retirement

What portion of your Taxable Investment Earnings will be taxed at the LTCG rate?	20.00%
Long Term Capital Gains rate :	Use Program estimate

Taxation of Social Security

What portion of Social Security will be taxed?	85.00%

Tax Penalty

Include penalties in Plan? :	Yes

Tax Free Earnings - Options

Treat Tax-Free Assets as Tax-Free

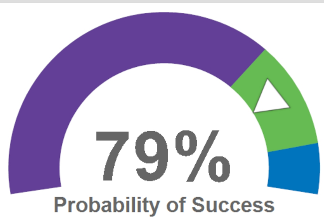
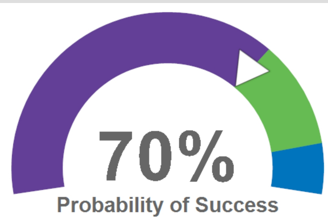
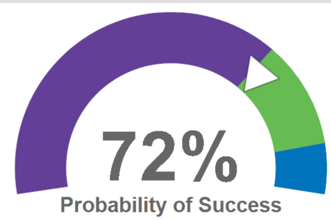
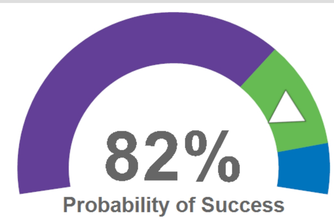
See Important Disclosure Information section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

Results

What If Worksheet

This Worksheet allows you to analyze and compare the results of one or more scenarios that you created by varying the Plan assumptions.

	Estimated % of Goal Funded							
Goals	**Current**		**Retire Earlier**		**Spend more**		**Greater Certainty**	
	Average Return	Bad Timing	Average Return	Bad Timing	Average Return	Bad Timing	Average Return	Bad Timing
Need	100%	100%	100%	100%	100%	100%	100%	100%
10 Basic Living Expense								
10 Health Care								
10 Primary Mortgage								
Want	100%	100%	100%	100%	100%	100%	100%	100%
7 Travel								
Safety Margin (Value at End of Plan)								
Current dollars (in thousands) :	$796	$542	$480	$80	$588	$237	$936	$693
Future dollars (in thousands) :	$2,120	$1,443	$1,277	$213	$1,565	$630	$2,491	$1,843

Monte Carlo Results	Likelihood of Funding All Goals			
Your Confidence Zone: 70% - 90%	 In Confidence Zone	 In Confidence Zone	 In Confidence Zone	 In Confidence Zone
Total Spending :	$2,522,176	$2,626,478	$2,682,176	$2,522,176

• Indicates different data between the Scenario in the first column and the Scenario in any other column.

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What If Worksheet

Key Assumptions	Current	Retire Earlier	Spend more	Greater Certainty
Stress Tests				
Method(s)	Bad Timing Program Estimate Years of bad returns: 2033: -13.37% 2034: -4.34%	Bad Timing Program Estimate Years of bad returns: 2032: -13.37% 2033: -4.34%	Bad Timing Program Estimate Years of bad returns: 2033: -13.37% 2034: -4.34%	Bad Timing Program Estimate Years of bad returns: 2033: -13.37% 2034: -4.34%
Hypothetical Average Rate of Return				
Before Retirement :	Cap Growth I	Cap Growth I	Cap Growth I	Cap Growth I
Entered Return :	N/A	N/A	N/A	N/A
Composite Return :	6.20%	6.20%	6.20%	6.20%
Composite Standard Deviation :	13.79%	13.79%	13.79%	13.79%
Total Return Adjustment :	0.00%	0.00%	0.00%	0.00%
Adjusted Real Return :	3.95%	3.95%	3.95%	3.95%
After Retirement :	Balanced I	Balanced I	Balanced I	Balanced I
Entered Return :	N/A	N/A	N/A	N/A
Composite Return :	4.69%	4.69%	4.69%	4.69%
Composite Standard Deviation :	7.51%	7.51%	7.51%	7.51%
Total Return Adjustment :	0.00%	0.00%	0.00%	0.00%
Adjusted Real Return :	2.44%	2.44%	2.44%	2.44%
Base inflation rate :	2.25%	2.25%	2.25%	2.25%

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What If Worksheet

Key Assumptions	Current	Retire Earlier	Spend more	Greater Certainty
Goals				
Basic Living Expense				
Retirement Age				
John	65	• 64	65	65
Jennifer	63	• 62	63	63
Planning Age				
John	92	92	92	92
Jennifer	94	94	94	94
One Retired				
John Retired and Jennifer Employed	$0	$0	$0	$0
Jennifer Retired and John Employed	$0	$0	$0	$0
Both Retired				
Both Retired	$67,000	$67,000	• $72,000	$67,000
One Alone - Retired				
Jennifer Alone Retired	$57,000	$57,000	• $62,000	$57,000
John Alone Retired	$0	$0	$0	$0
One Alone - Employed				
John Alone Employed	$0	$0	$0	$0
Jennifer Alone Employed	$0	$0	$0	$0
Health Care				
Percentage of costs to use :	100%	100%	100%	100%
Cost determined by Schedule :	See details	See details	See details	See details
Primary Mortgage				
Year :	When both are retired	When both are retired	When both are retired	When both are retired
Cost :	$13,224	$13,224	$13,224	$13,224
Is recurring :	Yes	Yes	Yes	Yes
Years between occurrences :	1	1	1	1
Number of occurrences :	2	• 3	2	2
Travel				

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What If Worksheet

Key Assumptions	Current	Retire Earlier	Spend more	Greater Certainty
Goals				
Year :	When both are retired	When both are retired	When both are retired	When both are retired
Cost :	$7,500	$7,500	$7,500	$7,500
Is recurring :	Yes	Yes	Yes	Yes
Years between occurrences :	1	1	1	1
Number of occurrences :	15	15	15	15
Retirement Income				
Social Security				
Select Social Security Strategy	Current	Current	Current	Current
John				
Filing Method :	Normal	Normal	Normal	Normal
Age to File Application :	65	• 64	65	65
Age Retirement Benefits begin :	65	• 64	65	65
First Year Benefit :	$27,010	• $24,929	$27,010	$27,010
Jennifer				
Filing Method :	Normal	Normal	Normal	Normal
Age to File Application :	70	70	70	70
Age Retirement Benefits begin :	70	70	70	70
First Year Benefit :	$39,538	• $39,529	$39,538	$39,538
Reduce Benefits By :	0%	0%	0%	0%

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What If Worksheet

Key Assumptions	Current	Retire Earlier	Spend more	Greater Certainty
Asset Additions				
Current Employer 401(k)	6.00%	6.00%	6.00%	6.00%
Roth:	0.00%	0.00%	0.00%	0.00%
Maximum contribution each year:	No	No	No	No
% Designated as Roth:	0.00%	0.00%	0.00%	0.00%
Plan addition amount:	$7,020	$7,020	$7,020	$7,020
Year additions begin:	2020	2020	2020	2020
John - Fund All Goals				
Current Employer 403(b)	8.00%	8.00%	8.00%	• 12.00%
Roth:	0.00%	0.00%	0.00%	0.00%
Maximum contribution each year:	No	No	No	No
% Designated as Roth:	0.00%	0.00%	0.00%	0.00%
Plan addition amount:	$13,440	$13,440	$13,440	• $16,800
Year additions begin:	2020	2020	2020	2020
Jennifer - Fund All Goals				
Roth IRA				
Roth Addition:	$6,000	$6,000	$6,000	$6,000
Maximum contribution each year:	No	No	No	No
Year additions begin:	2020	2020	2020	2020
John - Fund All Goals				
Roth IRA				
Roth Addition:	$6,000	$6,000	$6,000	$6,000
Maximum contribution each year:	No	No	No	No
Year additions begin:	2020	2020	2020	2020
Jennifer - Fund All Goals				

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What If Worksheet

Key Assumptions	Current	Retire Earlier	Spend more	Greater Certainty
Extra Savings by Tax Category				
John's Qualified	$0	$0	$0	$0
Jennifer's Qualified	$0	$0	$0	$0
John's Roth	$0	$0	$0	• $1,000
Jennifer's Roth	$0	$0	$0	• $1,000
John's Tax-Deferred	$0	$0	$0	$0
Jennifer's Tax-Deferred	$0	$0	$0	$0
Taxable	$0	$0	$0	$0
Cash Reserve				
Include :	No	No	No	No
Your Goal Coverage				
Needs :	3	3	3	3
Wants :	2	2	2	2
Wishes :	1	1	1	1
Minimum Amount in Cash Reserve :	$0	$0	$0	$0
Annual offset for Cash Reserve :	$0	$0	$0	$0
Selected Allocation :	Enter Own Return and Standard Deviation	Enter Own Return and Standard Deviation	Enter Own Return and Standard Deviation	Enter Own Return and Standard Deviation
Return :	0.00%	0.00%	0.00%	0.00%
Standard Deviation :	0.00%	0.00%	0.00%	0.00%
Aspirational Bucket				
Include :	No	No	No	No
Additional :	$0	$0	$0	$0
Selected Allocation :	Enter Own Return and Standard Deviation	Enter Own Return and Standard Deviation	Enter Own Return and Standard Deviation	Enter Own Return and Standard Deviation
Return :	9.00%	9.00%	9.00%	9.00%
Standard Deviation :	18.00%	18.00%	18.00%	18.00%

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What If Worksheet

Key Assumptions	Current	Retire Earlier	Spend more	Greater Certainty
Tax Options				
Include Tax Penalties :	Yes	Yes	Yes	Yes
Change Tax Rate?	No	No	No	No
Year To Change :				
Change Tax Rate by this % (+ or -) :	0.00%	0.00%	0.00%	0.00%

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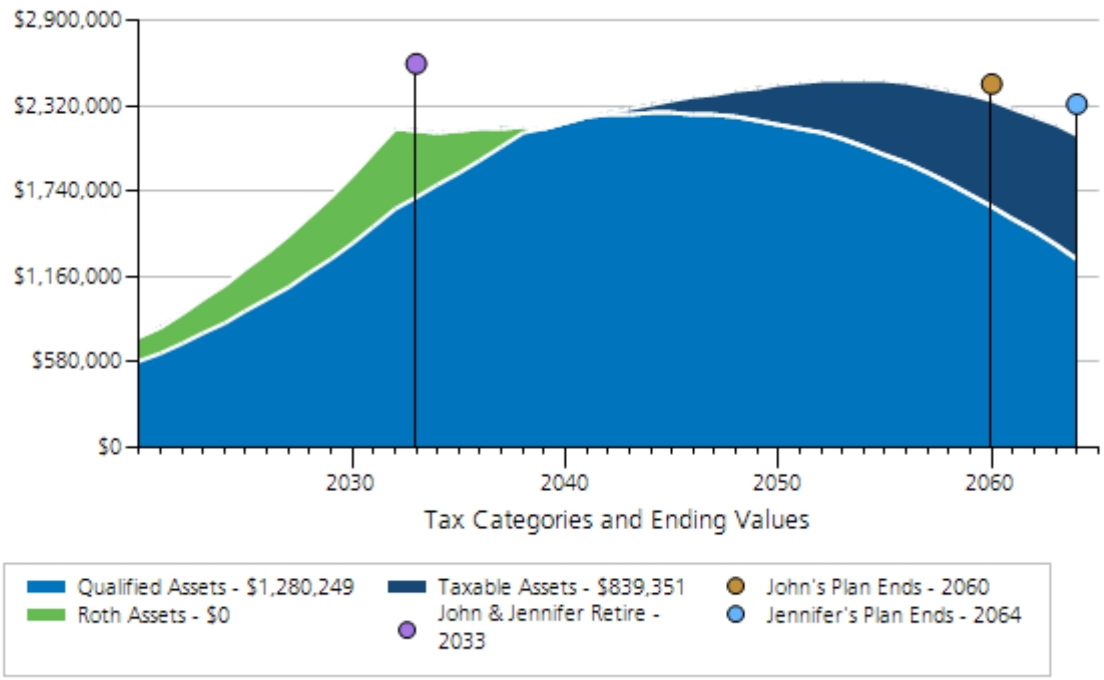
Worksheet Detail - Combined Details

Scenario : Current using Average Return

These pages provide a picture of how your Investment Portfolio may hypothetically perform over the life of this Plan. The graph shows the effect on the value of your Investment Portfolio for each year. The chart shows the detailed activities that increase and decrease your Investment Portfolio value each year including the funds needed to pay for each of your Goals. Shortfalls that occur in a particular year are denoted with an 'X' under the Goal column.

Total Portfolio Value Graph



x - denotes shortfall

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Worksheet Detail - Combined Details

Scenario : Current using Average Return

		Beginning Portfolio Value								Funds Used	
Event or Ages	Year	Earmarked	Fund All Goals	Additions To Assets	Other Additions	Post Retirement Income	Investment Earnings	Investment Return	Taxes	All Goals	Ending Portfolio Value
52/50	2020	0	664,736	32,460	0	0	43,261	6.21%	0	0	740,457
53/51	2021	0	740,457	32,920	0	0	47,988	6.21%	0	0	821,365
54/52	2022	0	821,365	33,391	0	0	53,038	6.21%	0	0	907,794
55/53	2023	0	907,794	33,872	0	0	58,430	6.21%	0	0	1,000,097
56/54	2024	0	1,000,097	34,364	0	0	64,188	6.21%	0	0	1,098,649
57/55	2025	0	1,098,649	34,867	0	0	70,335	6.21%	0	0	1,203,851
58/56	2026	0	1,203,851	35,382	0	0	76,894	6.21%	0	0	1,316,128
59/57	2027	0	1,316,128	35,908	0	0	83,894	6.21%	0	0	1,435,930
60/58	2028	0	1,435,930	36,446	0	0	91,361	6.21%	0	0	1,563,737
61/59	2029	0	1,563,737	36,996	0	0	99,325	6.21%	0	0	1,700,059
62/60	2030	0	1,700,059	37,559	0	0	107,819	6.21%	0	0	1,845,436
63/61	2031	0	1,845,436	38,134	0	0	116,876	6.21%	0	0	2,000,446
64/62	2032	0	2,000,446	38,722	0	0	126,530	6.21%	0	0	2,165,698
John & Jennifer Retire	2033	0	2,165,698	0	0	33,843	96,606	4.70%	0	142,342	2,153,805
66/64	2034	0	2,153,805	0	0	34,435	95,878	4.70%	0	146,545	2,137,574
67/65	2035	0	2,137,574	0	0	35,038	96,442	4.70%	0	118,911	2,150,143
68/66	2036	0	2,150,143	0	0	35,651	96,905	4.70%	0	122,219	2,160,480
69/67	2037	0	2,160,480	0	0	36,275	97,258	4.70%	0	125,683	2,168,330
70/68	2038	0	2,168,330	0	0	36,910	97,486	4.70%	0	129,310	2,173,415
71/69	2039	0	2,173,415	0	0	37,556	97,112	4.70%	9,900	133,094	2,165,088
72/70	2040	0	2,165,088	0	0	94,150	98,896	4.70%	16,241	137,036	2,204,856
73/71	2041	0	2,204,856	0	0	95,798	100,620	4.70%	16,856	141,126	2,243,291
74/72	2042	0	2,243,291	0	0	97,474	102,059	4.70%	22,234	145,368	2,275,221
75/73	2043	0	2,275,221	0	0	99,180	103,396	4.70%	23,211	149,763	2,304,824
76/74	2044	0	2,304,824	0	0	100,915	104,617	4.70%	24,414	154,315	2,331,627
77/75	2045	0	2,331,627	0	0	102,681	105,696	4.70%	25,623	159,033	2,355,348
78/76	2046	0	2,355,348	0	0	104,478	106,618	4.70%	26,927	163,919	2,375,598
79/77	2047	0	2,375,598	0	0	106,307	107,375	4.70%	28,122	168,984	2,392,175
80/78	2048	0	2,392,175	0	0	108,167	108,604	4.70%	29,632	160,246	2,419,067
81/79	2049	0	2,419,067	0	0	110,060	109,672	4.70%	31,076	165,371	2,442,353
82/80	2050	0	2,442,353	0	0	111,986	110,562	4.70%	32,554	170,685	2,461,663
83/81	2051	0	2,461,663	0	0	113,946	111,257	4.70%	34,062	176,195	2,476,609

x - denotes shortfall

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Worksheet Detail - Combined Details

Scenario : Current using Average Return

		Beginning Portfolio Value								Funds Used	
Event or Ages	Year	Earmarked	Fund All Goals	Additions To Assets	Other Additions	Post Retirement Income	Investment Earnings	Investment Return	Taxes	All Goals	Ending Portfolio Value
84/82	2052	0	2,476,609	0	0	115,940	111,739	4.70%	35,597	181,905	2,486,785
85/83	2053	0	2,486,785	0	0	117,969	111,992	4.70%	37,061	187,837	2,491,847
86/84	2054	0	2,491,847	0	0	120,033	111,995	4.70%	38,532	194,001	2,491,344
87/85	2055	0	2,491,344	0	0	122,134	111,736	4.70%	39,811	200,417	2,484,986
88/86	2056	0	2,484,986	0	0	124,271	111,194	4.70%	41,056	207,087	2,472,309
89/87	2057	0	2,472,309	0	0	126,446	110,347	4.70%	42,255	213,991	2,452,857
90/88	2058	0	2,452,857	0	0	128,659	109,182	4.70%	43,260	221,122	2,426,315
91/89	2059	0	2,426,315	0	0	130,910	107,680	4.70%	44,179	228,445	2,392,281
John's Plan Ends	2060	0	2,392,281	0	0	133,201	105,833	4.70%	44,724	235,980	2,350,611
-/91	2061	0	2,350,611	0	0	80,523	103,737	4.70%	51,370	180,198	2,303,304
-/92	2062	0	2,303,304	0	0	81,933	101,326	4.70%	51,887	185,530	2,249,146
-/93	2063	0	2,249,146	0	0	83,366	98,592	4.70%	52,255	191,027	2,187,823
Jennifer's Plan Ends	2064	0	2,187,823	0	0	84,825	95,546	4.70%	51,945	196,650	2,119,600

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Worksheet Detail - Combined Details

Scenario : Current using Average Return

		Funds Used				
Event or Ages	Year	Retirement	Health Care	Primary Mortgage	Travel	Ending Portfolio Value
52/50	2020	0	0	0	0	740,457
53/51	2021	0	0	0	0	821,365
54/52	2022	0	0	0	0	907,794
55/53	2023	0	0	0	0	1,000,097
56/54	2024	0	0	0	0	1,098,649
57/55	2025	0	0	0	0	1,203,851
58/56	2026	0	0	0	0	1,316,128
59/57	2027	0	0	0	0	1,435,930
60/58	2028	0	0	0	0	1,563,737
61/59	2029	0	0	0	0	1,700,059
62/60	2030	0	0	0	0	1,845,436
63/61	2031	0	0	0	0	2,000,446
64/62	2032	0	0	0	0	2,165,698
John & Jennifer Retire	2033	89,474	29,628	13,224	10,016	2,153,805
66/64	2034	91,487	31,592	13,224	10,241	2,137,574
67/65	2035	93,546	14,893	0	10,472	2,150,143
68/66	2036	95,651	15,861	0	10,707	2,160,480
69/67	2037	97,803	16,932	0	10,948	2,168,330
70/68	2038	100,003	18,113	0	11,194	2,173,415
71/69	2039	102,253	19,395	0	11,446	2,165,088
72/70	2040	104,554	20,779	0	11,704	2,204,856
73/71	2041	106,907	22,253	0	11,967	2,243,291
74/72	2042	109,312	23,820	0	12,236	2,275,221
75/73	2043	111,772	25,479	0	12,512	2,304,824
76/74	2044	114,286	27,236	0	12,793	2,331,627
77/75	2045	116,858	29,094	0	13,081	2,355,348
78/76	2046	119,487	31,057	0	13,375	2,375,598
79/77	2047	122,176	33,132	0	13,676	2,392,175
80/78	2048	124,925	35,322	0	0	2,419,067
81/79	2049	127,735	37,635	0	0	2,442,353
82/80	2050	130,609	40,075	0	0	2,461,663

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Worksheet Detail - Combined Details

Scenario : Current using Average Return

		Funds Used				
Event or Ages	Year	Retirement	Health Care	Primary Mortgage	Travel	Ending Portfolio Value
83/81	2051	133,548	42,647	0	0	2,476,609
84/82	2052	136,553	45,352	0	0	2,486,785
85/83	2053	139,625	48,212	0	0	2,491,847
86/84	2054	142,767	51,234	0	0	2,491,344
87/85	2055	145,979	54,438	0	0	2,484,986
88/86	2056	149,264	57,823	0	0	2,472,309
89/87	2057	152,622	61,369	0	0	2,452,857
90/88	2058	156,056	65,066	0	0	2,426,315
91/89	2059	159,567	68,878	0	0	2,392,281
John's Plan Ends	2060	163,158	72,822	0	0	2,350,611
-/91	2061	141,929	38,269	0	0	2,303,304
-/92	2062	145,122	40,407	0	0	2,249,146
-/93	2063	148,388	42,639	0	0	2,187,823
Jennifer's Plan Ends	2064	151,726	44,924	0	0	2,119,600

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Worksheet Detail - Combined Details

Notes

• Calculations are based on a "Rolling Year" rather than a Calendar Year. The current date begins the 365-day "Rolling Year".

• Additions and withdrawals occur at the beginning of the year.

• Other Additions come from items entered in the Other Assets section and any applicable proceeds from insurance policies.

• Stock Options and Restricted Stock values are after-tax.

• Strategy Income is based on the particulars of the Goal Strategies selected. Strategy Income from immediate annuities, 72(t) distributions, and variable annuities with a guaranteed minimum withdrawal benefit (GMWB) is pre-tax. Strategy Income from Net Unrealized Appreciation (NUA) is after-tax.

• Post Retirement Income includes the following: Social Security, pension, annuity, rental property, royalty, alimony, part-time employment, trust, and any other retirement income as entered in the Plan.

• When married, if either Social Security Program Estimate or Use a Better Estimate of Annual Benefits is selected for a participant, the program will default to the greater of the selected benefit or the age adjusted spousal benefit, which is based on the other participant's benefit.

• Investment Earnings are calculated on all assets after any withdrawals for 'Goal Expense', 'Taxes on Withdrawals' and 'Tax Penalties' are subtracted.

• The taxes column is a sum of (1) taxes on retirement income, (2) taxes on strategy income, (3) taxes on withdrawals from qualified assets for Required Minimum Distributions, (4) taxes on withdrawals from taxable assets' untaxed gain used to fund Goals in that year, (5) taxes on withdrawals from tax-deferred or qualified assets used to fund Goals in that year, and (6) taxes on the investment earnings of taxable assets. Tax rates used are detailed in the Tax and Inflation Options page. (Please note, the Taxes column does not include any taxes owed from the exercise of Stock Options or the vesting of Restricted Stock.)

• Tax Penalties can occur when Qualified and Tax-Deferred Assets are used prior to age 59½. If there is a value in this column, it illustrates that you are using your assets in this Plan in a manner that may incur tax penalties. Generally, it is better to avoid tax penalties whenever possible.

• These calculations do not incorporate penalties associated with use of 529 Plan withdrawals for non-qualified expenses.

• Funds for each Goal Expense are first used from Earmarked Assets. If sufficient funds are not available from Earmarked Assets, Fund All Goals Assets will be used to fund the remaining portion of the Goal Expense, if available in that year.

• All funds needed for a Goal must be available in the year the Goal occurs. Funds from Earmarked Assets that become available after the Goal year(s) have passed are not included in the funding of that Goal, and accumulate until the end of the Plan.

• When married, ownership of qualified assets is assumed to roll over to the surviving co-client at the death of the original owner. It is also assumed the surviving co-client inherits all assets of the original owner.

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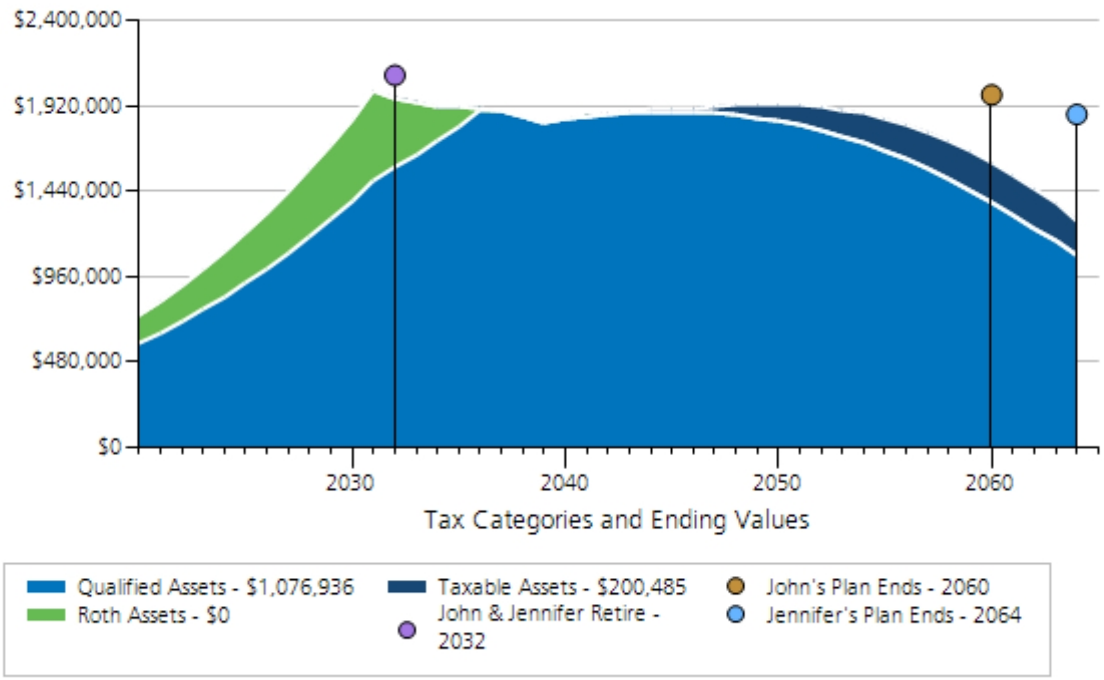
Worksheet Detail - Combined Details

Scenario : Retire Earlier using Average Return

These pages provide a picture of how your Investment Portfolio may hypothetically perform over the life of this Plan. The graph shows the effect on the value of your Investment Portfolio for each year. The chart shows the detailed activities that increase and decrease your Investment Portfolio value each year including the funds needed to pay for each of your Goals. Shortfalls that occur in a particular year are denoted with an 'X' under the Goal column.

Total Portfolio Value Graph



x - denotes shortfall

See Important Disclosure Information section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

Worksheet Detail - Combined Details

Scenario : Retire Earlier using Average Return

Event or Ages	Year	Beginning Portfolio Value: Earmarked	Beginning Portfolio Value: Fund All Goals	Additions To Assets	Other Additions	Post Retirement Income	Investment Earnings	Investment Return	Taxes	Funds Used: All Goals	Ending Portfolio Value
52/50	2020	0	664,736	32,460	0	0	43,261	6.21%	0	0	740,457
53/51	2021	0	740,457	32,920	0	0	47,988	6.21%	0	0	821,365
54/52	2022	0	821,365	33,391	0	0	53,038	6.21%	0	0	907,794
55/53	2023	0	907,794	33,872	0	0	58,430	6.21%	0	0	1,000,097
56/54	2024	0	1,000,097	34,364	0	0	64,188	6.21%	0	0	1,098,649
57/55	2025	0	1,098,649	34,867	0	0	70,335	6.21%	0	0	1,203,851
58/56	2026	0	1,203,851	35,382	0	0	76,894	6.21%	0	0	1,316,128
59/57	2027	0	1,316,128	35,908	0	0	83,894	6.21%	0	0	1,435,930
60/58	2028	0	1,435,930	36,446	0	0	91,361	6.21%	0	0	1,563,737
61/59	2029	0	1,563,737	36,996	0	0	99,325	6.21%	0	0	1,700,059
62/60	2030	0	1,700,059	37,559	0	0	107,819	6.21%	0	0	1,845,436
63/61	2031	0	1,845,436	38,134	0	0	116,876	6.21%	0	0	2,000,446
John & Jennifer Retire	2032	0	2,000,446	0	0	30,699	88,150	4.70%	0	154,012	1,965,282
65/63	2033	0	1,965,282	0	0	31,236	87,072	4.70%	0	142,342	1,941,249
66/64	2034	0	1,941,249	0	0	31,783	85,772	4.70%	0	146,545	1,912,259
67/65	2035	0	1,912,259	0	0	32,339	85,734	4.70%	0	118,911	1,911,421
68/66	2036	0	1,911,421	0	0	32,905	85,566	4.70%	0	122,219	1,907,674
69/67	2037	0	1,907,674	0	0	33,481	84,665	4.70%	12,561	125,683	1,887,575
70/68	2038	0	1,887,575	0	0	34,067	83,366	4.70%	17,066	129,310	1,858,632
71/69	2039	0	1,858,632	0	0	34,663	81,830	4.70%	17,658	133,094	1,824,372
72/70	2040	0	1,824,372	0	0	91,194	82,752	4.70%	16,344	137,036	1,844,938
73/71	2041	0	1,844,938	0	0	92,790	83,572	4.70%	16,960	141,126	1,863,213
74/72	2042	0	1,863,213	0	0	94,413	84,229	4.70%	18,661	145,368	1,877,826
75/73	2043	0	1,877,826	0	0	96,066	84,757	4.70%	19,318	149,763	1,889,568
76/74	2044	0	1,889,568	0	0	97,747	85,143	4.70%	19,997	154,315	1,898,146
77/75	2045	0	1,898,146	0	0	99,457	85,374	4.70%	20,680	159,033	1,903,265
78/76	2046	0	1,903,265	0	0	101,198	85,435	4.70%	21,402	163,919	1,904,576
79/77	2047	0	1,904,576	0	0	102,969	85,954	4.70%	22,166	155,308	1,916,026
80/78	2048	0	1,916,026	0	0	104,771	86,311	4.70%	23,014	160,246	1,923,847
81/79	2049	0	1,923,847	0	0	106,604	86,493	4.70%	23,813	165,371	1,927,760
82/80	2050	0	1,927,760	0	0	108,470	86,483	4.70%	24,626	170,685	1,927,402
83/81	2051	0	1,927,402	0	0	110,368	86,264	4.70%	25,451	176,195	1,922,388

x - denotes shortfall

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Worksheet Detail - Combined Details

Scenario : Retire Earlier using Average Return

		Beginning Portfolio Value								Funds Used	
Event or Ages	Year	Earmarked	Fund All Goals	Additions To Assets	Other Additions	Post Retirement Income	Investment Earnings	Investment Return	Taxes	All Goals	Ending Portfolio Value
84/82	2052	0	1,922,388	0	0	112,300	85,818	4.70%	26,285	181,905	1,912,316
85/83	2053	0	1,912,316	0	0	114,265	85,127	4.70%	27,091	187,837	1,896,780
86/84	2054	0	1,896,780	0	0	116,264	84,170	4.70%	27,897	194,001	1,875,317
87/85	2055	0	1,875,317	0	0	118,299	82,930	4.70%	28,578	200,417	1,847,550
88/86	2056	0	1,847,550	0	0	120,369	81,384	4.70%	29,234	207,087	1,812,982
89/87	2057	0	1,812,982	0	0	122,476	79,510	4.70%	29,859	213,991	1,771,118
90/88	2058	0	1,771,118	0	0	124,619	77,288	4.70%	30,394	221,122	1,721,509
91/89	2059	0	1,721,509	0	0	126,800	74,696	4.70%	30,877	228,445	1,663,683
John's Plan Ends	2060	0	1,663,683	0	0	129,019	71,720	4.70%	31,126	235,980	1,597,314
-/91	2061	0	1,597,314	0	0	80,505	68,690	4.70%	37,707	180,198	1,528,605
-/92	2062	0	1,528,605	0	0	81,914	65,276	4.70%	37,734	185,530	1,452,531
-/93	2063	0	1,452,531	0	0	83,348	61,514	4.70%	37,613	191,027	1,368,753
Jennifer's Plan Ends	2064	0	1,368,753	0	0	84,806	57,410	4.70%	36,899	196,650	1,277,420

x - denotes shortfall

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Worksheet Detail - Combined Details

Scenario : Retire Earlier using Average Return

Event or Ages	Year	Funds Used: Retirement	Funds Used: Health Care	Funds Used: Primary Mortgage	Funds Used: Travel	Ending Portfolio Value
52/50	2020	0	0	0	0	740,457
53/51	2021	0	0	0	0	821,365
54/52	2022	0	0	0	0	907,794
55/53	2023	0	0	0	0	1,000,097
56/54	2024	0	0	0	0	1,098,649
57/55	2025	0	0	0	0	1,203,851
58/56	2026	0	0	0	0	1,316,128
59/57	2027	0	0	0	0	1,435,930
60/58	2028	0	0	0	0	1,563,737
61/59	2029	0	0	0	0	1,700,059
62/60	2030	0	0	0	0	1,845,436
63/61	2031	0	0	0	0	2,000,446
John & Jennifer Retire	2032	87,505	43,488	13,224	9,795	1,965,282
65/63	2033	89,474	29,628	13,224	10,016	1,941,249
66/64	2034	91,487	31,592	13,224	10,241	1,912,259
67/65	2035	93,546	14,893	0	10,472	1,911,421
68/66	2036	95,651	15,861	0	10,707	1,907,674
69/67	2037	97,803	16,932	0	10,948	1,887,575
70/68	2038	100,003	18,113	0	11,194	1,858,632
71/69	2039	102,253	19,395	0	11,446	1,824,372
72/70	2040	104,554	20,779	0	11,704	1,844,938
73/71	2041	106,907	22,253	0	11,967	1,863,213
74/72	2042	109,312	23,820	0	12,236	1,877,826
75/73	2043	111,772	25,479	0	12,512	1,889,568
76/74	2044	114,286	27,236	0	12,793	1,898,146
77/75	2045	116,858	29,094	0	13,081	1,903,265
78/76	2046	119,487	31,057	0	13,375	1,904,576
79/77	2047	122,176	33,132	0	0	1,916,026
80/78	2048	124,925	35,322	0	0	1,923,847
81/79	2049	127,735	37,635	0	0	1,927,760
82/80	2050	130,609	40,075	0	0	1,927,402

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Worksheet Detail - Combined Details

Scenario : Retire Earlier using Average Return

		Funds Used				
Event or Ages	Year	Retirement	Health Care	Primary Mortgage	Travel	Ending Portfolio Value
83/81	2051	133,548	42,647	0	0	1,922,388
84/82	2052	136,553	45,352	0	0	1,912,316
85/83	2053	139,625	48,212	0	0	1,896,780
86/84	2054	142,767	51,234	0	0	1,875,317
87/85	2055	145,979	54,438	0	0	1,847,550
88/86	2056	149,264	57,823	0	0	1,812,982
89/87	2057	152,622	61,369	0	0	1,771,118
90/88	2058	156,056	65,066	0	0	1,721,509
91/89	2059	159,567	68,878	0	0	1,663,683
John's Plan Ends	2060	163,158	72,822	0	0	1,597,314
-/91	2061	141,929	38,269	0	0	1,528,605
-/92	2062	145,122	40,407	0	0	1,452,531
-/93	2063	148,388	42,639	0	0	1,368,753
Jennifer's Plan Ends	2064	151,726	44,924	0	0	1,277,420

x - denotes shortfall

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Worksheet Detail - Combined Details

Notes

• Calculations are based on a “Rolling Year” rather than a Calendar Year. The current date begins the 365-day “Rolling Year”.

• Additions and withdrawals occur at the beginning of the year.

• Other Additions come from items entered in the Other Assets section and any applicable proceeds from insurance policies.

• Stock Options and Restricted Stock values are after-tax.

• Strategy Income is based on the particulars of the Goal Strategies selected. Strategy Income from immediate annuities, 72(t) distributions, and variable annuities with a guaranteed minimum withdrawal benefit (GMWB) is pre-tax. Strategy Income from Net Unrealized Appreciation (NUA) is after-tax.

• Post Retirement Income includes the following: Social Security, pension, annuity, rental property, royalty, alimony, part-time employment, trust, and any other retirement income as entered in the Plan.

• When married, if either Social Security Program Estimate or Use a Better Estimate of Annual Benefits is selected for a participant, the program will default to the greater of the selected benefit or the age adjusted spousal benefit, which is based on the other participant's benefit.

• Investment Earnings are calculated on all assets after any withdrawals for 'Goal Expense', 'Taxes on Withdrawals' and 'Tax Penalties' are subtracted.

• The taxes column is a sum of (1) taxes on retirement income, (2) taxes on strategy income, (3) taxes on withdrawals from qualified assets for Required Minimum Distributions, (4) taxes on withdrawals from taxable assets' untaxed gain used to fund Goals in that year, (5) taxes on withdrawals from tax-deferred or qualified assets used to fund Goals in that year, and (6) taxes on the investment earnings of taxable assets. Tax rates used are detailed in the Tax and Inflation Options page. (Please note, the Taxes column does not include any taxes owed from the exercise of Stock Options or the vesting of Restricted Stock.)

• Tax Penalties can occur when Qualified and Tax-Deferred Assets are used prior to age 59½. If there is a value in this column, it illustrates that you are using your assets in this Plan in a manner that may incur tax penalties. Generally, it is better to avoid tax penalties whenever possible.

• These calculations do not incorporate penalties associated with use of 529 Plan withdrawals for non-qualified expenses.

• Funds for each Goal Expense are first used from Earmarked Assets. If sufficient funds are not available from Earmarked Assets, Fund All Goals Assets will be used to fund the remaining portion of the Goal Expense, if available in that year.

• All funds needed for a Goal must be available in the year the Goal occurs. Funds from Earmarked Assets that become available after the Goal year(s) have passed are not included in the funding of that Goal, and accumulate until the end of the Plan.

• When married, ownership of qualified assets is assumed to roll over to the surviving co-client at the death of the original owner. It is also assumed the surviving co-client inherits all assets of the original owner.

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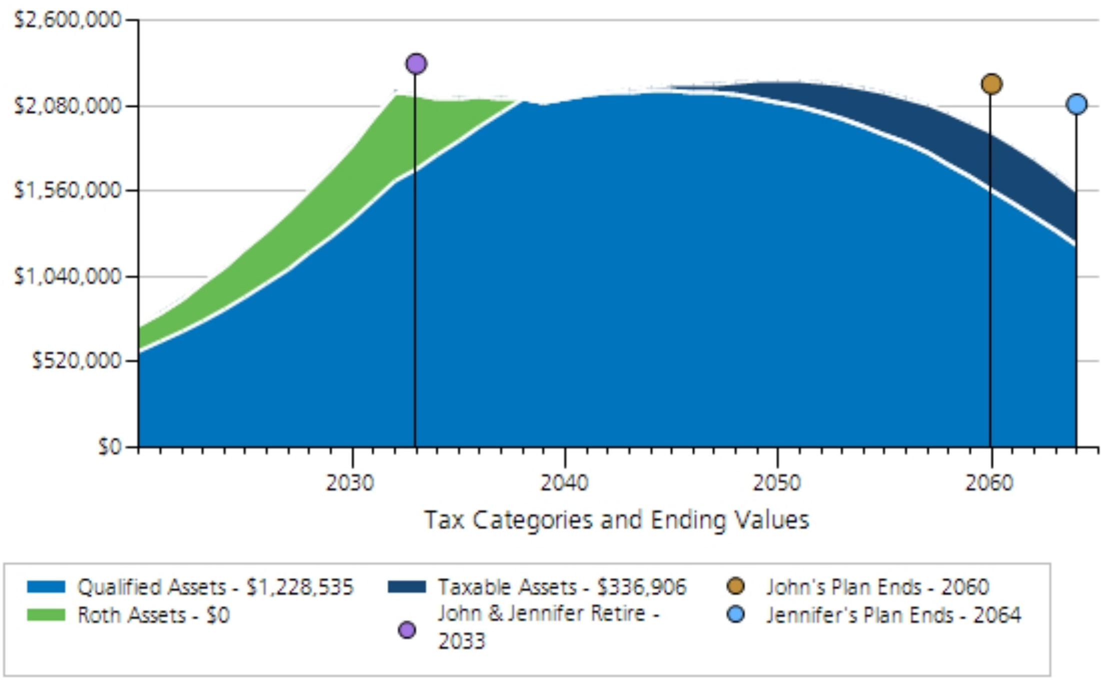
Worksheet Detail - Combined Details

Scenario : Spend more using Average Return

These pages provide a picture of how your Investment Portfolio may hypothetically perform over the life of this Plan. The graph shows the effect on the value of your Investment Portfolio for each year. The chart shows the detailed activities that increase and decrease your Investment Portfolio value each year including the funds needed to pay for each of your Goals. Shortfalls that occur in a particular year are denoted with an 'X' under the Goal column.

Total Portfolio Value Graph



x - denotes shortfall

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Worksheet Detail - Combined Details

Scenario : Spend more using Average Return

Event or Ages	Year	Beginning Portfolio Value: Earmarked	Beginning Portfolio Value: Fund All Goals	Additions To Assets	Other Additions	Post Retirement Income	Investment Earnings	Investment Return	Taxes	Funds Used: All Goals	Ending Portfolio Value
52/50	2020	0	664,736	32,460	0	0	43,261	6.21%	0	0	740,457
53/51	2021	0	740,457	32,920	0	0	47,988	6.21%	0	0	821,365
54/52	2022	0	821,365	33,391	0	0	53,038	6.21%	0	0	907,794
55/53	2023	0	907,794	33,872	0	0	58,430	6.21%	0	0	1,000,097
56/54	2024	0	1,000,097	34,364	0	0	64,188	6.21%	0	0	1,098,649
57/55	2025	0	1,098,649	34,867	0	0	70,335	6.21%	0	0	1,203,851
58/56	2026	0	1,203,851	35,382	0	0	76,894	6.21%	0	0	1,316,128
59/57	2027	0	1,316,128	35,908	0	0	83,894	6.21%	0	0	1,435,930
60/58	2028	0	1,435,930	36,446	0	0	91,361	6.21%	0	0	1,563,737
61/59	2029	0	1,563,737	36,996	0	0	99,325	6.21%	0	0	1,700,059
62/60	2030	0	1,700,059	37,559	0	0	107,819	6.21%	0	0	1,845,436
63/61	2031	0	1,845,436	38,134	0	0	116,876	6.21%	0	0	2,000,446
64/62	2032	0	2,000,446	38,722	0	0	126,530	6.21%	0	0	2,165,698
John & Jennifer Retire	2033	0	2,165,698	0	0	33,843	96,293	4.70%	0	149,019	2,146,814
66/64	2034	0	2,146,814	0	0	34,435	95,229	4.70%	0	153,372	2,123,107
67/65	2035	0	2,123,107	0	0	35,038	95,435	4.70%	0	125,892	2,127,687
68/66	2036	0	2,127,687	0	0	35,651	95,516	4.70%	0	129,357	2,129,497
69/67	2037	0	2,129,497	0	0	36,275	95,460	4.70%	0	132,982	2,128,250
70/68	2038	0	2,128,250	0	0	36,910	95,223	4.70%	632	136,773	2,122,978
71/69	2039	0	2,122,978	0	0	37,556	93,943	4.70%	19,319	140,725	2,094,433
72/70	2040	0	2,094,433	0	0	94,150	95,127	4.70%	18,042	144,839	2,120,829
73/71	2041	0	2,120,829	0	0	95,798	96,213	4.70%	18,697	149,105	2,145,038
74/72	2042	0	2,145,038	0	0	97,474	97,098	4.70%	21,372	153,526	2,164,713
75/73	2043	0	2,164,713	0	0	99,180	97,853	4.70%	22,164	158,104	2,181,478
76/74	2044	0	2,181,478	0	0	100,915	98,464	4.70%	22,985	162,844	2,195,028
77/75	2045	0	2,195,028	0	0	102,681	98,918	4.70%	23,807	167,754	2,205,066
78/76	2046	0	2,205,066	0	0	104,478	99,197	4.70%	24,749	172,836	2,211,156
79/77	2047	0	2,211,156	0	0	106,307	99,287	4.70%	25,659	178,101	2,212,989
80/78	2048	0	2,212,989	0	0	108,167	99,822	4.70%	26,917	169,569	2,224,492
81/79	2049	0	2,224,492	0	0	110,060	100,160	4.70%	28,095	174,903	2,231,713
82/80	2050	0	2,231,713	0	0	111,986	100,288	4.70%	29,294	180,432	2,234,262
83/81	2051	0	2,234,262	0	0	113,946	100,188	4.70%	30,510	186,161	2,231,724

x - denotes shortfall

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Worksheet Detail - Combined Details

Scenario : Spend more using Average Return

		Beginning Portfolio Value								Funds Used	
Event or Ages	Year	Earmarked	Fund All Goals	Additions To Assets	Other Additions	Post Retirement Income	Investment Earnings	Investment Return	Taxes	All Goals	Ending Portfolio Value
84/82	2052	0	2,231,724	0	0	115,940	99,841	4.70%	31,740	192,096	2,223,669
85/83	2053	0	2,223,669	0	0	117,969	99,229	4.70%	32,897	198,257	2,209,713
86/84	2054	0	2,209,713	0	0	120,033	98,331	4.70%	34,048	204,655	2,189,374
87/85	2055	0	2,189,374	0	0	122,134	97,131	4.70%	34,995	211,311	2,162,333
88/86	2056	0	2,162,333	0	0	124,271	95,607	4.70%	35,894	218,226	2,128,091
89/87	2057	0	2,128,091	0	0	126,446	93,738	4.70%	36,735	225,381	2,086,160
90/88	2058	0	2,086,160	0	0	128,659	91,506	4.70%	37,386	232,768	2,036,170
91/89	2059	0	2,036,170	0	0	130,910	88,891	4.70%	37,940	240,353	1,977,678
John's Plan Ends	2060	0	1,977,678	0	0	133,201	85,884	4.70%	38,109	248,156	1,910,499
-/91	2061	0	1,910,499	0	0	80,523	82,568	4.70%	44,495	192,648	1,836,448
-/92	2062	0	1,836,448	0	0	81,933	78,889	4.70%	44,606	198,260	1,754,403
-/93	2063	0	1,754,403	0	0	83,366	74,832	4.70%	44,555	204,043	1,664,003
Jennifer's Plan Ends	2064	0	1,664,003	0	0	84,825	70,406	4.70%	43,834	209,959	1,565,441

x - denotes shortfall

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Worksheet Detail - Combined Details

Scenario : Spend more using Average Return

Event or Ages	Year	Funds Used: Retirement	Funds Used: Health Care	Funds Used: Primary Mortgage	Funds Used: Travel	Ending Portfolio Value
52/50	2020	0	0	0	0	740,457
53/51	2021	0	0	0	0	821,365
54/52	2022	0	0	0	0	907,794
55/53	2023	0	0	0	0	1,000,097
56/54	2024	0	0	0	0	1,098,649
57/55	2025	0	0	0	0	1,203,851
58/56	2026	0	0	0	0	1,316,128
59/57	2027	0	0	0	0	1,435,930
60/58	2028	0	0	0	0	1,563,737
61/59	2029	0	0	0	0	1,700,059
62/60	2030	0	0	0	0	1,845,436
63/61	2031	0	0	0	0	2,000,446
64/62	2032	0	0	0	0	2,165,698
John & Jennifer Retire	2033	96,151	29,628	13,224	10,016	2,146,814
66/64	2034	98,315	31,592	13,224	10,241	2,123,107
67/65	2035	100,527	14,893	0	10,472	2,127,687
68/66	2036	102,789	15,861	0	10,707	2,129,497
69/67	2037	105,101	16,932	0	10,948	2,128,250
70/68	2038	107,466	18,113	0	11,194	2,122,978
71/69	2039	109,884	19,395	0	11,446	2,094,433
72/70	2040	112,357	20,779	0	11,704	2,120,829
73/71	2041	114,885	22,253	0	11,967	2,145,038
74/72	2042	117,470	23,820	0	12,236	2,164,713
75/73	2043	120,113	25,479	0	12,512	2,181,478
76/74	2044	122,815	27,236	0	12,793	2,195,028
77/75	2045	125,579	29,094	0	13,081	2,205,066
78/76	2046	128,404	31,057	0	13,375	2,211,156
79/77	2047	131,293	33,132	0	13,676	2,212,989
80/78	2048	134,247	35,322	0	0	2,224,492
81/79	2049	137,268	37,635	0	0	2,231,713
82/80	2050	140,356	40,075	0	0	2,234,262

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Worksheet Detail - Combined Details

Scenario : Spend more using Average Return

Event or Ages	Year	Funds Used: Retirement	Funds Used: Health Care	Funds Used: Primary Mortgage	Funds Used: Travel	Ending Portfolio Value
83/81	2051	143,514	42,647	0	0	2,231,724
84/82	2052	146,743	45,352	0	0	2,223,669
85/83	2053	150,045	48,212	0	0	2,209,713
86/84	2054	153,421	51,234	0	0	2,189,374
87/85	2055	156,873	54,438	0	0	2,162,333
88/86	2056	160,403	57,823	0	0	2,128,091
89/87	2057	164,012	61,369	0	0	2,086,160
90/88	2058	167,702	65,066	0	0	2,036,170
91/89	2059	171,475	68,878	0	0	1,977,678
John's Plan Ends	2060	175,334	72,822	0	0	1,910,499
-/91	2061	154,379	38,269	0	0	1,836,448
-/92	2062	157,852	40,407	0	0	1,754,403
-/93	2063	161,404	42,639	0	0	1,664,003
Jennifer's Plan Ends	2064	165,036	44,924	0	0	1,565,441

x - denotes shortfall

See Important Disclosure Information section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

Worksheet Detail - Combined Details

Notes

- Calculations are based on a “Rolling Year” rather than a Calendar Year. The current date begins the 365-day “Rolling Year”.
- Additions and withdrawals occur at the beginning of the year.
- Other Additions come from items entered in the Other Assets section and any applicable proceeds from insurance policies.
- Stock Options and Restricted Stock values are after-tax.
- Strategy Income is based on the particulars of the Goal Strategies selected. Strategy Income from immediate annuities, 72(t) distributions, and variable annuities with a guaranteed minimum withdrawal benefit (GMWB) is pre-tax. Strategy Income from Net Unrealized Appreciation (NUA) is after-tax.
- Post Retirement Income includes the following: Social Security, pension, annuity, rental property, royalty, alimony, part-time employment, trust, and any other retirement income as entered in the Plan.
- When married, if either Social Security Program Estimate or Use a Better Estimate of Annual Benefits is selected for a participant, the program will default to the greater of the selected benefit or the age adjusted spousal benefit, which is based on the other participant's benefit.
- Investment Earnings are calculated on all assets after any withdrawals for 'Goal Expense', 'Taxes on Withdrawals' and 'Tax Penalties' are subtracted.
- The taxes column is a sum of (1) taxes on retirement income, (2) taxes on strategy income, (3) taxes on withdrawals from qualified assets for Required Minimum Distributions, (4) taxes on withdrawals from taxable assets' untaxed gain used to fund Goals in that year, (5) taxes on withdrawals from tax-deferred or qualified assets used to fund Goals in that year, and (6) taxes on the investment earnings of taxable assets. Tax rates used are detailed in the Tax and Inflation Options page. (Please note, the Taxes column does not include any taxes owed from the exercise of Stock Options or the vesting of Restricted Stock.)
- Tax Penalties can occur when Qualified and Tax-Deferred Assets are used prior to age 59½. If there is a value in this column, it illustrates that you are using your assets in this Plan in a manner that may incur tax penalties. Generally, it is better to avoid tax penalties whenever possible.
- These calculations do not incorporate penalties associated with use of 529 Plan withdrawals for non-qualified expenses.
- Funds for each Goal Expense are first used from Earmarked Assets. If sufficient funds are not available from Earmarked Assets, Fund All Goals Assets will be used to fund the remaining portion of the Goal Expense, if available in that year.
- All funds needed for a Goal must be available in the year the Goal occurs. Funds from Earmarked Assets that become available after the Goal year(s) have passed are not included in the funding of that Goal, and accumulate until the end of the Plan.
- When married, ownership of qualified assets is assumed to roll over to the surviving co-client at the death of the original owner. It is also assumed the surviving co-client inherits all assets of the original owner.

x - denotes shortfall

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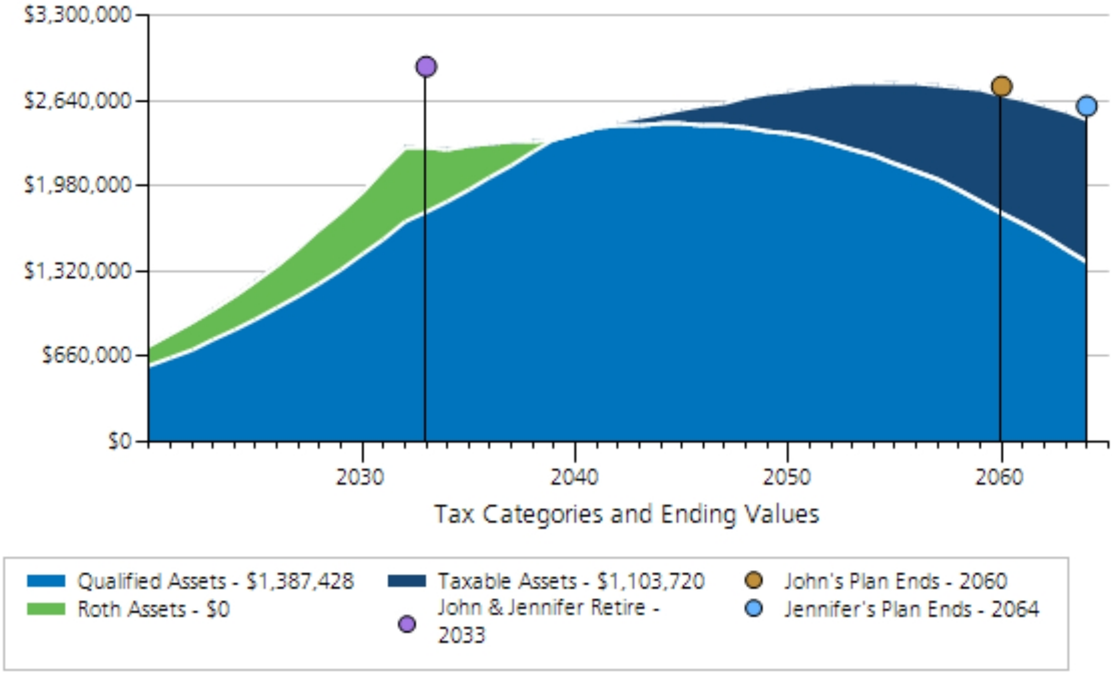
Worksheet Detail - Combined Details

Scenario : Greater Certainty using Average Return

These pages provide a picture of how your Investment Portfolio may hypothetically perform over the life of this Plan. The graph shows the effect on the value of your Investment Portfolio for each year. The chart shows the detailed activities that increase and decrease your Investment Portfolio value each year including the funds needed to pay for each of your Goals. Shortfalls that occur in a particular year are denoted with an 'X' under the Goal column.

Total Portfolio Value Graph



x - denotes shortfall

See Important Disclosure Information section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

Worksheet Detail - Combined Details

Scenario : Greater Certainty using Average Return

		Beginning Portfolio Value								Funds Used	
Event or Ages	Year	Earmarked	Fund All Goals	Additions To Assets	Other Additions	Post Retirement Income	Investment Earnings	Investment Return	Taxes	All Goals	Ending Portfolio Value
52/50	2020	0	664,736	37,820	0	0	43,594	6.21%	0	0	746,150
53/51	2021	0	746,150	38,356	0	0	48,679	6.21%	0	0	833,184
54/52	2022	0	833,184	38,904	0	0	54,113	6.21%	0	0	926,201
55/53	2023	0	926,201	39,464	0	0	59,920	6.21%	0	0	1,025,585
56/54	2024	0	1,025,585	40,037	0	0	66,122	6.21%	0	0	1,131,743
57/55	2025	0	1,131,743	40,623	0	0	72,745	6.21%	0	0	1,245,112
58/56	2026	0	1,245,112	41,222	0	0	79,817	6.21%	0	0	1,366,151
59/57	2027	0	1,366,151	41,835	0	0	87,365	6.21%	0	0	1,495,351
60/58	2028	0	1,495,351	42,461	0	0	95,421	6.21%	0	0	1,633,232
61/59	2029	0	1,633,232	43,101	0	0	104,017	6.21%	0	0	1,780,350
62/60	2030	0	1,780,350	43,756	0	0	113,186	6.21%	0	0	1,937,292
63/61	2031	0	1,937,292	44,426	0	0	122,966	6.21%	0	0	2,104,683
64/62	2032	0	2,104,683	45,110	0	0	133,395	6.21%	0	0	2,283,188
John & Jennifer Retire	2033	0	2,283,188	0	0	33,843	102,123	4.70%	0	142,342	2,276,812
66/64	2034	0	2,276,812	0	0	34,435	101,654	4.70%	0	146,545	2,266,357
67/65	2035	0	2,266,357	0	0	35,038	102,489	4.70%	0	118,911	2,284,974
68/66	2036	0	2,284,974	0	0	35,651	103,237	4.70%	0	122,219	2,301,643
69/67	2037	0	2,301,643	0	0	36,275	103,887	4.70%	0	125,683	2,316,122
70/68	2038	0	2,316,122	0	0	36,910	104,426	4.70%	0	129,310	2,328,147
71/69	2039	0	2,328,147	0	0	37,556	104,843	4.70%	0	133,094	2,337,452
72/70	2040	0	2,337,452	0	0	94,150	106,990	4.70%	16,241	137,036	2,385,314
73/71	2041	0	2,385,314	0	0	95,798	109,094	4.70%	16,856	141,126	2,432,223
74/72	2042	0	2,432,223	0	0	97,474	110,842	4.70%	24,300	145,368	2,470,871
75/73	2043	0	2,470,871	0	0	99,180	112,485	4.70%	25,629	149,763	2,507,144
76/74	2044	0	2,507,144	0	0	100,915	114,008	4.70%	27,016	154,315	2,540,736
77/75	2045	0	2,540,736	0	0	102,681	115,399	4.70%	28,405	159,033	2,571,379
78/76	2046	0	2,571,379	0	0	104,478	116,642	4.70%	29,906	163,919	2,598,674
79/77	2047	0	2,598,674	0	0	106,307	117,726	4.70%	31,294	168,984	2,622,428
80/78	2048	0	2,622,428	0	0	108,167	119,287	4.70%	33,015	160,246	2,656,621
81/79	2049	0	2,656,621	0	0	110,060	120,692	4.70%	34,671	165,371	2,687,332
82/80	2050	0	2,687,332	0	0	111,986	121,927	4.70%	36,369	170,685	2,714,192
83/81	2051	0	2,714,192	0	0	113,946	122,971	4.70%	38,107	176,195	2,736,807

x - denotes shortfall

See Important Disclosure Information section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

Worksheet Detail - Combined Details

Scenario : Greater Certainty using Average Return

		Beginning Portfolio Value								Funds Used	
Event or Ages	Year	Earmarked	Fund All Goals	Additions To Assets	Other Additions	Post Retirement Income	Investment Earnings	Investment Return	Taxes	All Goals	Ending Portfolio Value
84/82	2052	0	2,736,807	0	0	115,940	123,808	4.70%	39,882	181,905	2,754,768
85/83	2053	0	2,754,768	0	0	117,969	124,422	4.70%	41,586	187,837	2,767,736
86/84	2054	0	2,767,736	0	0	120,033	124,792	4.70%	43,305	194,001	2,775,256
87/85	2055	0	2,775,256	0	0	122,134	124,906	4.70%	44,826	200,417	2,777,054
88/86	2056	0	2,777,054	0	0	124,271	124,743	4.70%	46,318	207,087	2,772,662
89/87	2057	0	2,772,662	0	0	126,446	124,282	4.70%	47,771	213,991	2,761,628
90/88	2058	0	2,761,628	0	0	128,659	123,509	4.70%	49,021	221,122	2,743,652
91/89	2059	0	2,743,652	0	0	130,910	122,406	4.70%	50,190	228,445	2,718,334
John's Plan Ends	2060	0	2,718,334	0	0	133,201	120,968	4.70%	50,964	235,980	2,685,558
-/91	2061	0	2,685,558	0	0	80,523	119,293	4.70%	58,148	180,198	2,647,028
-/92	2062	0	2,647,028	0	0	81,933	117,293	4.70%	58,859	185,530	2,601,865
-/93	2063	0	2,601,865	0	0	83,366	114,981	4.70%	59,405	191,027	2,549,780
Jennifer's Plan Ends	2064	0	2,549,780	0	0	84,825	112,371	4.70%	59,179	196,650	2,491,148

x - denotes shortfall

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Worksheet Detail - Combined Details

Scenario : Greater Certainty using Average Return

Event or Ages	Year	Funds Used: Retirement	Funds Used: Health Care	Funds Used: Primary Mortgage	Funds Used: Travel	Ending Portfolio Value
52/50	2020	0	0	0	0	746,150
53/51	2021	0	0	0	0	833,184
54/52	2022	0	0	0	0	926,201
55/53	2023	0	0	0	0	1,025,585
56/54	2024	0	0	0	0	1,131,743
57/55	2025	0	0	0	0	1,245,112
58/56	2026	0	0	0	0	1,366,151
59/57	2027	0	0	0	0	1,495,351
60/58	2028	0	0	0	0	1,633,232
61/59	2029	0	0	0	0	1,780,350
62/60	2030	0	0	0	0	1,937,292
63/61	2031	0	0	0	0	2,104,683
64/62	2032	0	0	0	0	2,283,188
John & Jennifer Retire	2033	89,474	29,628	13,224	10,016	2,276,812
66/64	2034	91,487	31,592	13,224	10,241	2,266,357
67/65	2035	93,546	14,893	0	10,472	2,284,974
68/66	2036	95,651	15,861	0	10,707	2,301,643
69/67	2037	97,803	16,932	0	10,948	2,316,122
70/68	2038	100,003	18,113	0	11,194	2,328,147
71/69	2039	102,253	19,395	0	11,446	2,337,452
72/70	2040	104,554	20,779	0	11,704	2,385,314
73/71	2041	106,907	22,253	0	11,967	2,432,223
74/72	2042	109,312	23,820	0	12,236	2,470,871
75/73	2043	111,772	25,479	0	12,512	2,507,144
76/74	2044	114,286	27,236	0	12,793	2,540,736
77/75	2045	116,858	29,094	0	13,081	2,571,379
78/76	2046	119,487	31,057	0	13,375	2,598,674
79/77	2047	122,176	33,132	0	13,676	2,622,428
80/78	2048	124,925	35,322	0	0	2,656,621
81/79	2049	127,735	37,635	0	0	2,687,332
82/80	2050	130,609	40,075	0	0	2,714,192

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Worksheet Detail - Combined Details

Scenario : Greater Certainty using Average Return

		Funds Used				
Event or Ages	Year	Retirement	Health Care	Primary Mortgage	Travel	Ending Portfolio Value
83/81	2051	133,548	42,647	0	0	2,736,807
84/82	2052	136,553	45,352	0	0	2,754,768
85/83	2053	139,625	48,212	0	0	2,767,736
86/84	2054	142,767	51,234	0	0	2,775,256
87/85	2055	145,979	54,438	0	0	2,777,054
88/86	2056	149,264	57,823	0	0	2,772,662
89/87	2057	152,622	61,369	0	0	2,761,628
90/88	2058	156,056	65,066	0	0	2,743,652
91/89	2059	159,567	68,878	0	0	2,718,334
John's Plan Ends	2060	163,158	72,822	0	0	2,685,558
-/91	2061	141,929	38,269	0	0	2,647,028
-/92	2062	145,122	40,407	0	0	2,601,865
-/93	2063	148,388	42,639	0	0	2,549,780
Jennifer's Plan Ends	2064	151,726	44,924	0	0	2,491,148

x - denotes shortfall

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Worksheet Detail - Combined Details

Notes

- Calculations are based on a "Rolling Year" rather than a Calendar Year. The current date begins the 365-day "Rolling Year".
- Additions and withdrawals occur at the beginning of the year.
- Other Additions come from items entered in the Other Assets section and any applicable proceeds from insurance policies.
- Stock Options and Restricted Stock values are after-tax.
- Strategy Income is based on the particulars of the Goal Strategies selected. Strategy Income from immediate annuities, 72(t) distributions, and variable annuities with a guaranteed minimum withdrawal benefit (GMWB) is pre-tax. Strategy Income from Net Unrealized Appreciation (NUA) is after-tax.
- Post Retirement Income includes the following: Social Security, pension, annuity, rental property, royalty, alimony, part-time employment, trust, and any other retirement income as entered in the Plan.
- When married, if either Social Security Program Estimate or Use a Better Estimate of Annual Benefits is selected for a participant, the program will default to the greater of the selected benefit or the age adjusted spousal benefit, which is based on the other participant's benefit.
- Investment Earnings are calculated on all assets after any withdrawals for 'Goal Expense', 'Taxes on Withdrawals' and 'Tax Penalties' are subtracted.
- The taxes column is a sum of (1) taxes on retirement income, (2) taxes on strategy income, (3) taxes on withdrawals from qualified assets for Required Minimum Distributions, (4) taxes on withdrawals from taxable assets' untaxed gain used to fund Goals in that year, (5) taxes on withdrawals from tax-deferred or qualified assets used to fund Goals in that year, and (6) taxes on the investment earnings of taxable assets. Tax rates used are detailed in the Tax and Inflation Options page. (Please note, the Taxes column does not include any taxes owed from the exercise of Stock Options or the vesting of Restricted Stock.)
- Tax Penalties can occur when Qualified and Tax-Deferred Assets are used prior to age 59½. If there is a value in this column, it illustrates that you are using your assets in this Plan in a manner that may incur tax penalties. Generally, it is better to avoid tax penalties whenever possible.
- These calculations do not incorporate penalties associated with use of 529 Plan withdrawals for non-qualified expenses.
- Funds for each Goal Expense are first used from Earmarked Assets. If sufficient funds are not available from Earmarked Assets, Fund All Goals Assets will be used to fund the remaining portion of the Goal Expense, if available in that year.
- All funds needed for a Goal must be available in the year the Goal occurs. Funds from Earmarked Assets that become available after the Goal year(s) have passed are not included in the funding of that Goal, and accumulate until the end of the Plan.
- When married, ownership of qualified assets is assumed to roll over to the surviving co-client at the death of the original owner. It is also assumed the surviving co-client inherits all assets of the original owner.

x - denotes shortfall

See Important Disclosure Information section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

IMPORTANT DISCLOSURE INFORMATION

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

The return assumptions in MoneyGuideElite are not reflective of any specific product, and do not include any fees or expenses that may be incurred by investing in specific products. The actual returns of a specific product may be more or less than the returns used in MoneyGuideElite. It is not possible to directly invest in an index. Financial forecasts, rates of return, risk, inflation, and other assumptions may be used as the basis for illustrations. They should not be considered a guarantee of future performance or a guarantee of achieving overall financial objectives. Past performance is not a guarantee or a predictor of future results of either the indices or any particular investment.

MoneyGuideElite results may vary with each use and over time.

MoneyGuideElite Assumptions and Limitations

Information Provided by You

Information that you provided about your assets, financial goals, and personal situation are key assumptions for the calculations and projections in this Report. Please review the Report sections titled "Personal Information and Summary of Financial Goals", "Current Portfolio Allocation", and "Tax and Inflation Options" to verify the accuracy of these assumptions. If any of the assumptions are incorrect, you should notify your Financial Advisor. Even small changes in assumptions can have a substantial impact on the results shown in this Report. The information provided by you should be reviewed periodically and updated when either the information or your circumstances change.

All asset and net worth information included in this Report was provided by you or your designated agents, and is not a substitute for the information contained in the official account statements provided to you by custodians. The current asset data and values contained in those account statements should be used to update the asset information included in this Report, as necessary.

Assumptions and Limitations

MoneyGuideElite offers several methods of calculating results, each of which provides one outcome from a wide range of possible outcomes. All results in this Report are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. All results use simplifying assumptions that do not completely or accurately reflect your specific circumstances. No Plan or Report has the ability to accurately predict the future. As investment returns, inflation, taxes, and other economic conditions vary from the MoneyGuideElite assumptions, your actual results will vary (perhaps significantly) from those presented in this Report.

All MoneyGuideElite calculations use asset class returns, not returns of actual investments. The projected return assumptions used in this Report are estimates based on average annual returns for each asset class. The portfolio returns are calculated by weighting individual return assumptions for each asset class according to your portfolio allocation. The portfolio returns may have been modified by including adjustments to the total return and the inflation rate. The portfolio returns assume reinvestment of interest and dividends at net asset value without taxes, and also assume that the portfolio has been rebalanced to reflect the initial recommendation. No portfolio rebalancing costs, including taxes, if applicable, are deducted from the portfolio value. No portfolio allocation eliminates risk or guarantees investment results.

MoneyGuideElite does not provide recommendations for any products or securities.

IMPORTANT DISCLOSURE INFORMATION

Asset Class Name	Projected Return Assumption	Projected Standard Deviation
Cash & Cash Alternatives	2.25%	1.50%
Cash & Cash Alternatives (Tax-Free)	1.65%	1.50%
Short Term Bonds	3.05%	2.00%
Short Term Bonds (Tax-Free)	2.25%	2.00%
Intermediate Term Bonds	3.05%	3.50%
Intermediate Term Bonds (Tax-Free)	2.35%	3.50%
Long Term Bonds	3.30%	11.00%
Long Term Bonds (Tax-Free)	2.25%	11.00%
Large Cap Value Stocks	6.65%	16.00%
Large Cap Growth Stocks	6.45%	16.00%
Mid Cap Stocks	7.10%	16.00%
Small Cap Stocks	7.25%	20.00%
International Developed Stocks	7.25%	19.00%
International Emerging Stocks	8.50%	24.00%
REITs	6.20%	20.00%
Commodities	4.25%	20.00%
Fixed Index	3.68%	0.51%
3% Fixed	3.00%	0.00%

IMPORTANT DISCLOSURE INFORMATION

Risks Inherent in Investing

Investing in fixed income securities involves interest rate risk, credit risk, and inflation risk. Interest rate risk is the possibility that bond prices will decrease because of an interest rate increase. When interest rates rise, bond prices and the values of fixed income securities fall. When interest rates fall, bond prices and the values of fixed income securities rise. Credit risk is the risk that a company will not be able to pay its debts, including the interest on its bonds. Inflation risk is the possibility that the interest paid on an investment in bonds will be lower than the inflation rate, decreasing purchasing power.

Cash alternatives typically include money market securities and U.S. treasury bills. Investing in such cash alternatives involves inflation risk. In addition, investments in money market securities may involve credit risk and a risk of principal loss. Because money market securities are neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency, there is no guarantee the value of your investment will be maintained at $1.00 per share, and your shares, when sold, may be worth more or less than what you originally paid for them. U.S. Treasury bills are subject to market risk if sold prior to maturity. Market risk is the possibility that the value, when sold, might be less than the purchase price.

Investing in stock securities involves volatility risk, market risk, business risk, and industry risk. The prices of most stocks fluctuate. Volatility risk is the chance that the value of a stock will fall. Market risk is chance that the prices of all stocks will fall due to conditions in the economic environment. Business risk is the chance that a specific company's stock will fall because of issues affecting it. Industry risk is the chance that a set of factors particular to an industry group will adversely affect stock prices within the industry. (See "Asset Class – Stocks" in the Glossary section of this Important Disclosure Information for a summary of the relative potential volatility of different types of stocks.)

International investing involves additional risks including, but not limited to, changes in currency exchange rates, differences in accounting and taxation policies, and political or economic instabilities that can increase or decrease returns.

Report Is a Snapshot and Does Not Provide Legal, Tax, or Accounting Advice

This Report provides a snapshot of your current financial position and can help you to focus on your financial resources and goals, and to create a plan of action. Because the results are calculated over many years, small changes can create large differences in future results. You should use this Report to help you focus on the factors that are most important to you. This Report does not provide legal, tax, or accounting advice. Before making decisions with legal, tax, or accounting ramifications, you should consult appropriate professionals for advice that is specific to your situation.

MoneyGuideElite Methodology

MoneyGuideElite offers several methods of calculating results, each of which provides one outcome from a wide range of possible outcomes. The methods used are: "Average Returns," "Historical Test," "Bad Timing," "Class Sensitivity," and "Monte Carlo Simulations." When using historical returns, the methodologies available are Average Returns, Historical Test, Bad Timing, and Monte Carlo Simulations. When using projected returns, the methodologies available are Average Returns, Bad Timing, Class Sensitivity, and Monte Carlo Simulations.

Results Using Average Returns

The Results Using Average Returns are calculated using one average return for your pre-retirement period and one average return for your post-retirement period. Average Returns are a simplifying assumption. In the real world, investment returns can (and often do) vary widely from year to year and vary widely from a long-term average return.

Results Using Historical Test

The Results Using Historical Test are calculated by using the actual historical returns and inflation rates, in sequence, from a starting year to the present, and assumes that you would receive those returns and inflation rates, in sequence, from this year through the end of your Plan. If the historical sequence is shorter than your Plan, the average return for the historical period is used for the balance of the Plan. The historical returns used are those of the broad-based asset class indices listed in this Important Disclosure Information.

Results with Bad Timing

Results with Bad Timing are calculated by using low returns in one or two years, and average returns for all remaining years of the Plan. For most Plans, the worst time for low returns is when you begin taking substantial withdrawals from your portfolio. The Results with Bad Timing assume that you earn a low return in the year(s) you select and then an Adjusted Average Return in all other years. This Adjusted Average Return is calculated so that the average return of the Results with Bad Timing is equal to the return(s) used in calculating the Results Using Average Returns. This allows you to compare two results with the same overall average return, where one (the Results with Bad Timing) has low returns in one or two years.

IMPORTANT DISCLOSURE INFORMATION

When using historical returns, the default for one year of low returns is the lowest annual return in the historical period you are using, and the default for two years of low returns is the lowest two-year sequence of returns in the historical period. When using projected returns, the default for the first year of low returns is two standard deviations less than the average return, and the default for the second year is one standard deviation less than the average return.

Results Using Class Sensitivity

The Results Using Class Sensitivity are calculated by using different return assumptions for one or more asset classes during the years you select. These results show how your Plan would be affected if the annual returns for one or more asset classes were different than the average returns for a specified period in your Plan.

Results Using Monte Carlo Simulations

Monte Carlo simulations are used to show how variations in rates of return each year can affect your results. A Monte Carlo simulation calculates the results of your Plan by running it many times, each time using a different sequence of returns. Some sequences of returns will give you better results, and some will give you worse results. These multiple trials provide a range of possible results, some successful (you would have met all your goals) and some unsuccessful (you would not have met all your goals). The percentage of trials that were successful is the probability that your Plan, with all its underlying assumptions, could be successful. In MoneyGuideElite, this is the Probability of Success. Analogously, the percentage of trials that were unsuccessful is the Probability of Failure. The Results Using Monte Carlo Simulations indicate the likelihood that an event may occur as well as the likelihood that it may not occur. In analyzing this information, please note that the analysis does not take into account actual market conditions, which may severely affect the outcome of your goals over the long-term.

MoneyGuideElite Presentation of Results

The Results Using Average Returns, Historical Test, Bad Timing, and Class Sensitivity display the results using an "Estimated % of Goal Funded" and a "Safety Margin."

Estimated % of Goal Funded

For each Goal, the "Estimated % of Goal Funded" is the sum of the assets used to fund the Goal divided by the sum of the Goal's expenses. All values are in current dollars. A result of 100% or more does not guarantee that you will reach a Goal, nor does a result under 100% guarantee that you will not. Rather, this information is meant to identify possible shortfalls in this Plan, and is not a guarantee that a certain percentage of your Goals will be funded. The percentage reflects a projection of the total cost of the Goal that was actually funded based upon all the assumptions that are included in this Plan, and assumes that you execute all aspects of the Plan as you have indicated.

Safety Margin

The Safety Margin is the estimated value of your assets at the end of this Plan, based on all the assumptions included in this Report. Only you can determine if that Safety Margin is sufficient for your needs.

Bear Market Loss and Bear Market Test

The Bear Market Loss shows how a portfolio would have been impacted during the worst bear market since the Great Depression. Depending on the composition of the portfolio, the worst bear market is either the "Great Recession" or the "Bond Bear Market."

The Great Recession, from November 2007 through February 2009, was the worst bear market for stocks since the Great Depression. In MoneyGuideElite, the Great Recession Return is the rate of return, during the Great Recession, for a portfolio comprised of cash, bonds, stocks, alternatives, and other classes, with an asset mix equivalent to the portfolio referenced.

The Bond Bear Market, from July 1979 through February 1980, was the worst bear market for bonds since the Great Depression. In MoneyGuideElite, the Bond Bear Market Return is the rate of return, for the Bond Bear Market period, for a portfolio comprised of cash, bonds, stocks, alternatives, and other classes, with an asset mix equivalent to the portfolio referenced.

The Bear Market Loss shows: 1) either the Great Recession Return or the Bond Bear Market Return, whichever is lower, and 2) the potential loss, if you had been invested in this cash-bond-stock-alternative-other portfolio during the period with the lower return. In general, most portfolios with a stock allocation of 20% or more have a lower Great Recession Return, and most portfolios with a combined cash and bond allocation of 80% or more have a lower Bond Bear Market Return.

IMPORTANT DISCLOSURE INFORMATION

The Bear Market Test, included in the Stress Tests, examines the impact on your Plan results if an identical Great Recession or Bond Bear Market, whichever would be worse, occurred this year. The Bear Market Test shows the likelihood that you could fund your Needs, Wants and Wishes after experiencing such an event.

Regardless of whether you are using Historical or Projected returns in your Plan, the Bear Market Loss and Bear Market Test use returns calculated from historical indices where all assets classes included in the referenced portfolio are rolled-up using only the groups below. If you are using Historical returns in your Plan, the indices in the Bear Market Loss and the Bear Market Test may be different from indices used in other calculations. The following indexes are used to calculate the return during the Great Recession and the Bond Bear Market:

Asset Class	Index	Great Recession Return 11/2007 – 02/2009	Bond Bear Market Return 07/1979 – 02/1980
Cash	Ibbotson U.S. 30-day Treasury Bills	2.31%	7.08%
Bond	Ibbotson Intermediate-Term Government Bonds – Total Return	15.61%	-8.89%
Stock	S&P 500 – Total Return	-50.95%	14.61%
Alternative	HFRI FOF: Diversified S&P GSCI Commodity - Total Return	-19.87% N/A	N/A 23.21%
Fixed Index	Fixed Index	0%	0%
3% Fixed	3% Fixed	0%	0%

Notes

- HFRI FOF: Diversified stands for Hedge Fund Research Indices Fund of Funds
- S&P GSCI was formerly the Goldman Sachs Commodity Index

Because the Bear Market Loss and Bear Market Test use the returns from asset class indices rather than the returns of actual investments, they do not represent the performance for any specific portfolio, and are not a guarantee of minimum or maximum levels of losses or gains for any portfolio. The actual performance of your portfolio may differ substantially from those shown in the Great Recession Return, the Bond Bear Market Return, the Bear Market Loss, and the Bear Market Test.

MoneyGuideElite Risk Assessment

The MoneyGuideElite Risk Assessment highlights some – but not all – of the trade-offs you might consider when deciding how to invest your money. This approach does not provide a comprehensive, psychometrically-based, or scientifically-validated profile of your risk tolerance, loss tolerance, or risk capacity, and is provided for informational purposes only.

Based on your specific circumstances, you must decide the appropriate balance between potential risks and potential returns. MoneyGuideElite does not and cannot adequately understand or assess the appropriate risk/return balance for you. MoneyGuideElite requires you to select a risk score. Once selected, three important pieces of information are available to help you determine the appropriateness of your score: an appropriate portfolio for your score, the impact of a Bear Market Loss (either the Great Recession or the Bond Bear Market, whichever is lower) on this portfolio, and a compare button to show how your score compares to the risk score of others in your age group.

MoneyGuideElite uses your risk score to select a risk-based portfolio on the Portfolio Table page. This risk-based portfolio selection is provided for informational purposes only, and you should consider it to be a starting point for conversations with your Advisor. It is your responsibility to select the Target Portfolio you want MoneyGuideElite to use. The selection of your Target Portfolio, and other investment decisions, should be made by you, after discussions with your Advisor and, if needed, other financial and/or legal professionals.

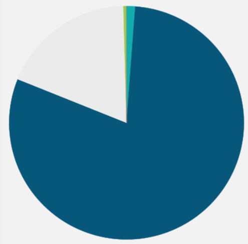
Section 4

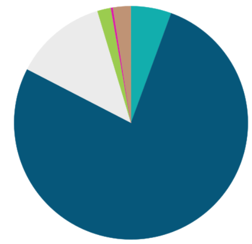
Current vs. Proposed

Prepared for John & Jennifer Sample by Penobscot Financial Advisors
September 10, 2020

For more information,
contact 207-990-1901 or visit www.penobscotfa.com

Asset Allocation

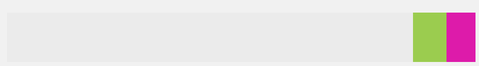


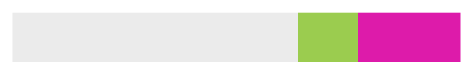


	Portfolio A	Portfolio B
Cash	1.18%	5.59%
Stock	79.93%	77.02%
Bond	18.48%	12.76%
Convertible	0.34%	1.87%
Preferred	0.01%	0.29%
Other	0.06%	2.48%

Geographic Exposure

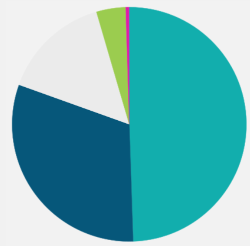
Market Classification	**Portfolio A**	**Portfolio B**
% Developed Mkts	95.65%	84.61%
% Emerging Mkts	4.35%	15.39%

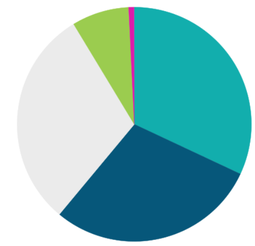




Region	**Portfolio A**	**Portfolio B**
Americas	86.52%	63.63%
Greater Europe	7.29%	13.47%
Greater Asia	6.19%	22.89%

Market Capitalization

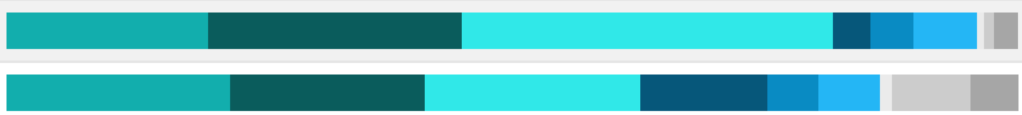




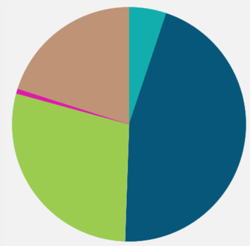
	Portfolio A	Portfolio B
Giant	49.48%	31.97%
Large	31.00%	29.07%
Med	14.99%	30.30%
Small	4.04%	7.88%
Micro	0.48%	0.77%

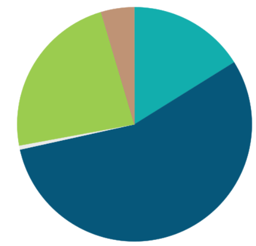
Stock Style Exposure

Style	Lg Cap Value	Lg Cap Blend	Lg Cap Growth	Mid Cap Value	Mid Cap Blend	Mid Cap Growth	Sm Cap Value	Sm Cap Blend	Sm Cap Growth
Portfolio A	19.88%	25.11%	36.65%	3.76%	4.21%	6.28%	0.71%	1.04%	2.35%
Portfolio B	22.11%	19.23%	21.25%	12.55%	5.07%	6.09%	1.20%	7.79%	4.72%



Bond Sector Exposure





	Portfolio A	Portfolio B
Cash	5.15%	16.12%
Corporate	45.41%	55.42%
Derivative	0.03%	0.55%
Government	28.65%	23.32%
Municipal	0.67%	0.02%
Securitized	20.08%	4.58%

Stock Sector Exposure

	Portfolio A	Portfolio B
Cyclical	26.38%	28.47%
Basic Materials	2.28%	0.99%
Consumer Cyclical	11.21%	13.48%
Financial Services	10.89%	7.18%
Real Estate	2.00%	6.81%
Sensitive	42.42%	41.22%
Comm. Services	11.48%	11.93%
Energy	1.77%	1.06%
Industrials	5.62%	12.77%
Technology	23.56%	15.46%
Defensive	31.21%	30.31%
Consumer Defensive	5.00%	6.60%
HealthCare	24.30%	19.64%
Utilities	1.90%	4.07%

Bond Maturity Exposure

	Portfolio A	Portfolio B
Short Term	**1.59%**	**20.17%**
1 to 7 Days	0.00%	0.00%
8 to 30 Days	0.00%	0.00%
31 to 90 Days	0.00%	6.78%
91 to 182 Days	0.34%	8.95%
183 to 264 Days	1.24%	4.43%
Intermediate	**67.23%**	**75.43%**
1 to 3 Years	7.60%	19.70%
3 to 5 Years	18.81%	25.54%
5 to 7 Years	24.31%	16.52%
7 to 10 Years	16.52%	13.67%
Long Term	**31.18%**	**4.41%**
10 to 15 Years	7.34%	1.39%
15 to 20 Years	5.20%	0.21%
20 to 30 Years	15.21%	2.09%
Over 30 Years	3.44%	0.72%

Section 5

What Does Monte Carlo Have to do with Your Retirement?

August 3, 2018 | PFA Ponderings

Monte Carlo, a ward in the Principality of Monaco, sits on the French Riviera. It occupies a mere quarter square mile, and from its perch on the coastal foothills of the Alps, it overlooks the stunning blue of the Mediterranean. The weather is temperate, only occasionally venturing above the 70s or below the 50s.

We all have an image of Monte Carlo in mind: Formula 1 Grand Prix, the Casino, the "extravagant display and reckless dispersion of wealth", to quote Encyclopedia Britannica. Boasting some of the highest per-capita income and per-square-foot property values in the world, Monte Carlo is truly a playground for the rich.*

As such, many clients look at me askance when I bring up Monte Carlo as part of their retirement plan.

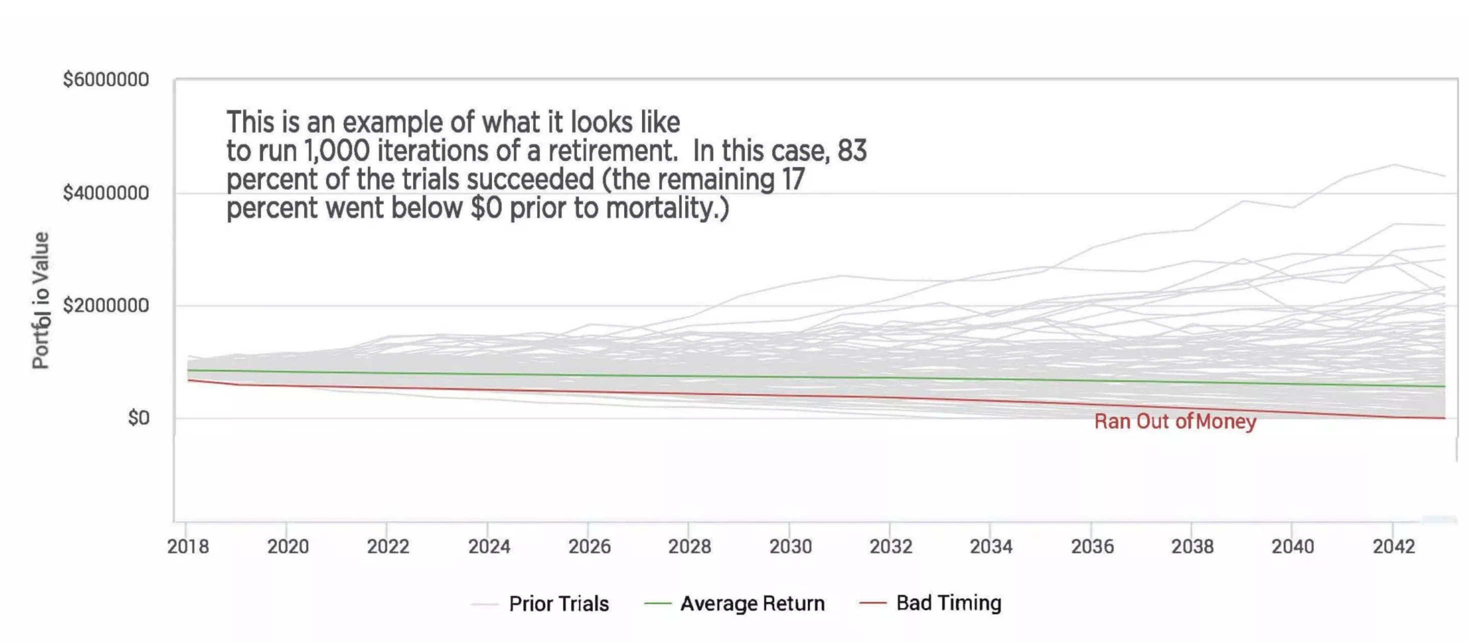
But before we get to that, let me bring you back about 20 years so that we can examine how most of the industry approached retirement planning: First, there was a general rule of thumb that said retirement would require 70 percent of pre-retirement income in order to be successful. Then, there would be an assumption made as to the rate of return on assets, and a projection about the resulting size of the asset base based upon the pre-determined retirement age. An adjustment for the rate of return in retirement would be made, and other variables, including the date(s) of death of each client and the rate of inflation. The objective of the plan was simple: to have money left at the 'end' of the plan. Money at the end was success – and running out before was failure.

That all sounds like a straightforward approach to planning for retirement, but only one thing was bothersome: EACH of those assumptions (rate of return, inflation, mortality age) was almost certain to be WRONG. It's impossible to determine with exactitude how long someone will live, what they'll get as a rate of return, and what inflation will be over a period of 20 to 40 years. Even if we assume everything correctly, given an average rate of return, the sequence of those returns can also lead to wide variances in the outcomes.

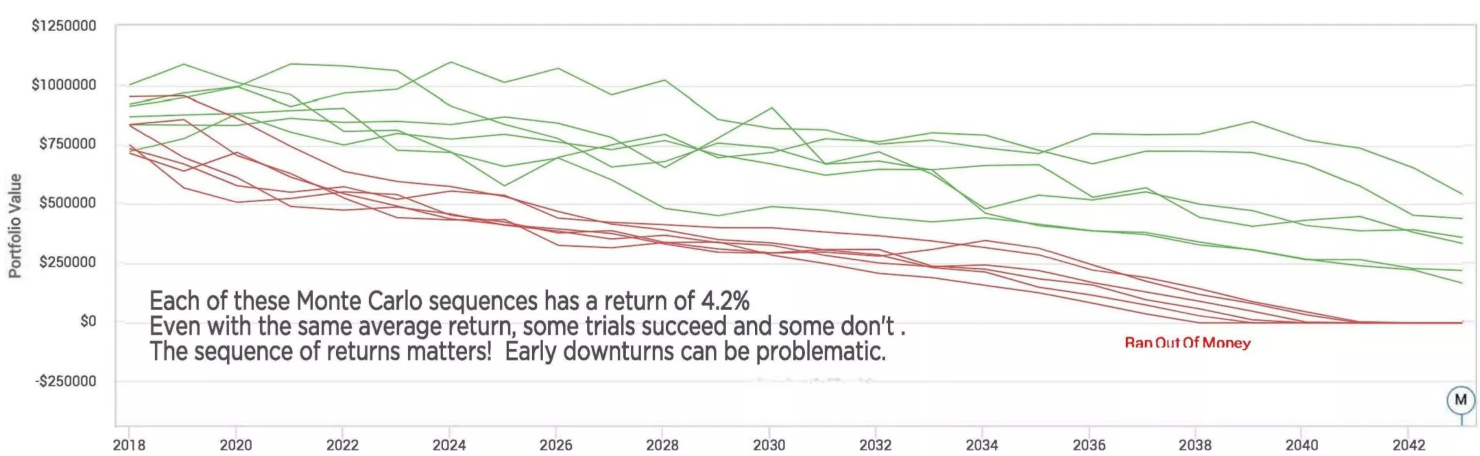
Given the fact that people were making long-term plans on such faulty assumptions, something had to be done. The solution: Monte Carlo simulation.

Statisticians and researchers routinely use what they call "multivariate analysis" to study things that vary over time. Monte Carlo simulation is one such tool. The name comes from its applicability in determining odds for games of chance. If I have a $1.00 chip and place it on the roulette table, say on the red box, it's hard to predict with any certainty how much money I'll walk away with. It's either going to come out a win or a loss of that dollar. But if I came to the casino with 1,000 $1 chips, and I played the game 1,000 times, I'd be able to predict fairly accurately how much money I'd win (actually, LOSE) over those 1,000 plays.

This comes in really handy in analyzing someone's retirement. Using a Monte Carlo simulator, we can have the software come up with a random rate of return** for year one, another one for year two, and so on over the course of a lifetime. We can then go back to year one and run another simulation for another lifetime. We can repeat these trials thousands or millions of times. Once we're done, we can analyze how many successes we have vs. how many failures occur. With that information, we can come up with a probability of success.



We aren't shooting for a 100 percent probability of success in these long-term models. Actually, we're usually happy with about 70-90 percent probability. As long as we continue to analyze this probability level each year, short-term changes in the market are unlikely to significantly change our expectations for someone's retirement success. Below 70 percent probability can lead to more significant need to change retirement spending levels if things don't go as planned. Above 90 percent is an unreasonably low utilization of retirement assets, and usually leaves a more substantial estate, which isn't the objective of many retirees.



By actually embracing the uncertainty around so many of these retirement planning variables, we can much more reliably plan for long-term goals like retirement. Done well, there might be enough to actually include a nice vacation in the south of France in the plan!

*This is what I've read, anyway, never having been to Monte Carlo. I missed my one chance to visit when an insurance company with which I was associated canceled a 'top producers' trip there in 2000, amidst, well, a market crash. Apparently, they decided such a lavish trip wouldn't play well with their policyholders and the shareholding public. Really? They thought it would be okay *without* a market crash? How times have changed…

** These numbers aren't *completely* random. They're influenced by the variability in returns of specific types of investments. For example, someone holding a bank account won't see big swings in their returns, but someone owning a stock may realize huge differences year over year.

PENOBSCOT
FINANCIAL ADVISORS

Don’t Short-Change Diversification

January 18, 2019 | PFA Ponderings

When we talk about diversification, the general rule is ‘not wanting all your eggs in one basket.’ Obviously, it’s important that we not be in a position to lose the whole enchilada if a company goes out of business.

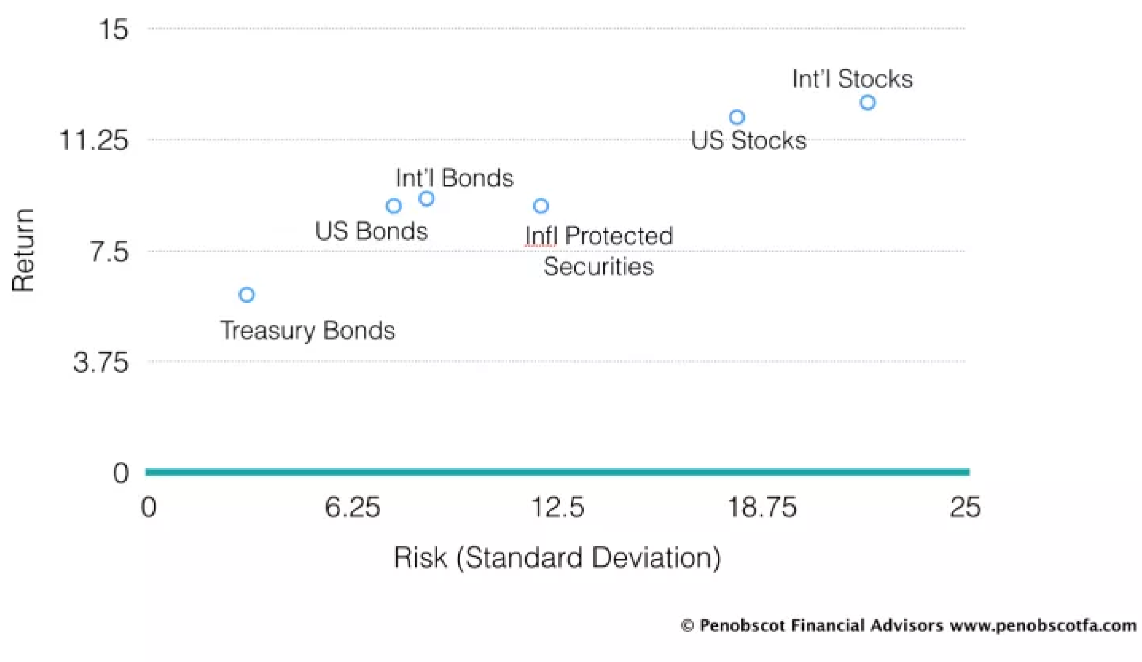
But actually, diversification plays more of a role than simply protecting us from disaster. Diversification is a tool that, used properly, can improve outcomes and increase the probability that we meet our goals.

We can take a portfolio with one risky asset, say an S&P 500 fund. We can add a MORE risky asset. Maybe a fund made up of stocks of small Taiwanese companies. How does that impact our original portfolio, formerly made up of just US stocks? The answer is that, in the majority of cases, the portfolio’s risk actually goes DOWN!

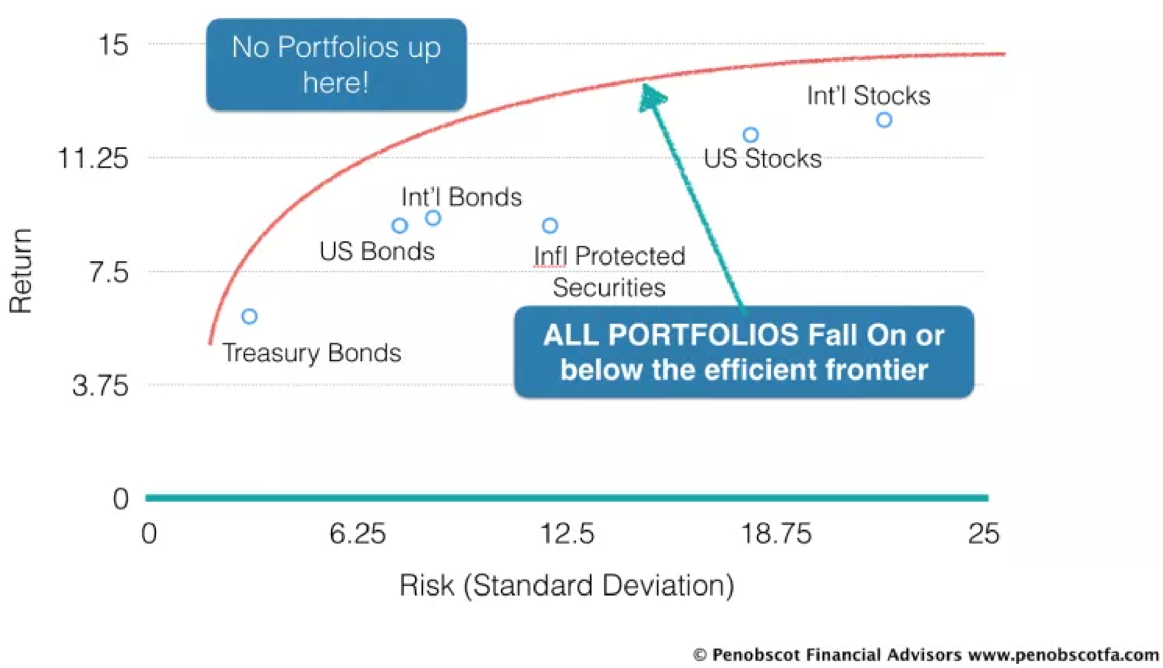
The quant geeks describe this effect as follows: TWO time series (of portfolio returns) added together will have a lower standard deviation (level of volatility) than either of the individual time series IF the two portfolios are not perfectly correlated.

Put another way, the less similar the different investments in a portfolio are, the lower the likely volatility of the portfolio (and the higher the similarity, the higher the likely volatility).

This has some interesting implications for portfolio managers and individual investors alike. Looking at the chart below, we can see that individual portfolios of various investment types have a wide range of risk/ return characteristics. Treasury bills have low levels of both risk and return. US stocks run with higher levels of both risk (volatility) and return. Non-US stocks, a little higher return, and higher volatility still.

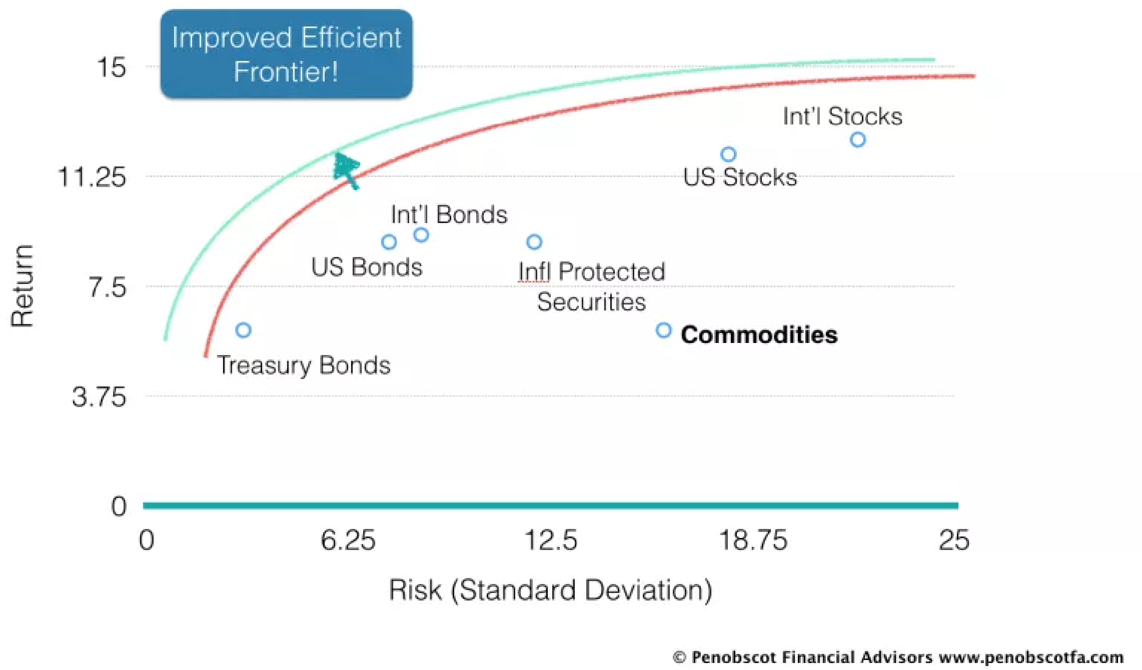


By combining different types of investments together, we can usually either increase potential return or decrease volatility – and often we can do both! But there is a LIMIT to the amount of return we can expect for any level of risk we take on. That limit is called the 'Efficient Frontier', and it's the red line on the chart below.



Since we theoretically can't invest above the efficient frontier, how can we have better outcomes from investing? One way is to add additional "Asset Classes" (categories of investments). If the asset class that gets added to the portfolio has a low enough correlation to the rest of the portfolio, the addition of the asset class will actually MOVE that efficient frontier up and to the left!

An example of this phenomenon that has been studied heavily is adding commodities to a portfolio made up solely of large US company stock. Commodities historically return less than US stocks, but their prices are still relatively volatile. The secret, though, is that price movements of commodities tend to exhibit nearly zero correlation with those of stocks. As a result, returns of portfolios of these types of stocks actually IMPROVE when we add commodities to the picture.



How can this be? Simply put, it comes down to the idea that, when comparing two portfolios with the same (arithmetic) average returns, the portfolio with lower volatility will return more, over time, than a portfolio with higher volatility. For a little more of a look into how that actually works, check out this blog post.

Diversification works. Market timing, chasing returns, Microsoft Vista… they *don't* seem to work. Give diversification the respect it deserves, and it will serve you in the long run.

PENOBSCOT
FINANCIAL ADVISORS

A Tale of Tax Efficient Investing

July 13, 2018 | PFA Ponderings

This is the story of two friends. Let's call them "Hannah" and "Julie." Hannah and Julie are like peas in a pod. They listen to the same kind of music, they dress alike, they even invest alike. As a matter of fact, they have the same exact investment portfolio. Both of them have 100 shares of XYZ stock, and both of them have 10 bonds issued by ABC company.

Both Hannah and Julie bought the investments at the exact same time and at the exact same price. Both portfolios have increased substantially and both are worth a tidy sum today. But here's the thing. Later this year, when they sell their investment portfolios, Julie ends up with a significantly larger amount of money after taxes than Hannah does. This is despite the fact that Julie and Hannah are both (as you may expect) at the same exact tax bracket.

So how did Julie manage to beat Hannah? Before we get to the specifics, let's review two things: the 'magic' of tax deferral, and a wonderful thing known as capital gains taxation.

THE MAGIC OF TAX DEFERRAL

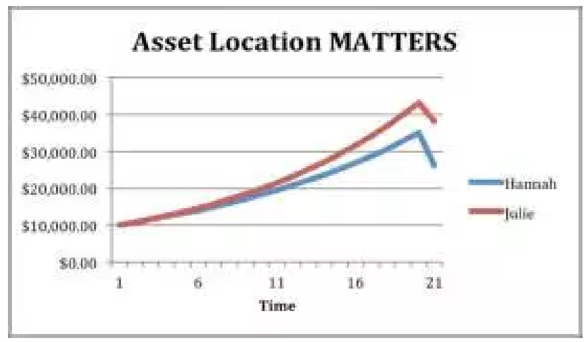
Generally, deferring taxes is a good thing. Let's say I have an investment that returns $1,000 per year. If I am in the 25% tax bracket, and have to pay taxes each year that thousand dollars, I'll be left owing $250 per year in taxes. If I hold this investment in a tax deferred account, I get to hold onto that $250, and it continues to earn interest for me. If I'm not in a tax-deferred account, the interest that $250 is gone, since I had to use it to pay taxes. So, tax deferral, which can be obtained in a lot of ways, like through employer retirement plans and IRAs, can be helpful, especially with investments that pay a lot of interest.

THE WONDER OF CAPITAL GAINS TAXATION

Capital gains taxation is another effective tool for minimizing taxes. If I own an investment, hold it for a certain period of time and sell it for a profit, the growth of that investment is considered taxable income. But it's not taxed at my normal income tax rate. Rather, the gain is taxed at special capital gains tax rates, which are significantly lower than income tax rates. And as an investment appreciates in value while I hold it, generally no taxes are due until the investment is sold.

So what happened with Hannah is that she held her bond in a TAXABLE account. As a result, her bond interest payments were not deferred, and she had to pay taxes instead of letting the tax money grow deferred. Hannah also had an IRA, and that's where she held her stock. The stock appreciated in value just like Julie's did, but when she sold it, she did not get a chance to benefit from capital gains tax treatment. This is because a tax-deferred account, while it defers taxes, always ends up getting taxed at the income tax rate – NOT the capital gains tax rate.

Julie also had a taxable account and an IRA. But what she did was the exact opposite of Hannah. She held the income-producing bond in a tax-deferred account, and held the stock and her taxable account. As such, she was able to take full advantage of both the tax deferral of the income, and the capital gains tax treatment of the growth of the stock. If we assume a 5% bond interest rate, an 8%stock growth rate, and 25% income tax bracket for both, Julie's after-tax returns work out to an annualized rate of more than 2% higher than Hannah's!



In fact, if Julie decided not to sell the stock, and instead left it as a bequest for her kids, they would inherit the stock completely tax-free. This is because capital gains assets are assigned what is called a 'step up' in cost basis at death. Hannah's kids, however, would have to pay income taxes on the amount that they received from the stock. Because it was held in a tax-deferred plan, no increase in cost basis applies.

In the industry, we refer to this as "**asset location**." In reality, it's often difficult to hold each investment in the most tax-efficient type of account. All investments will be held in a tax-deferred retirement plan if that's the only account with money. And at the end of the day, asset ALLOCATION is more important than asset LOCATION. However, for those investors with multiple types of investment accounts, the location of those assets makes enough difference that it can't be ignored.

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The humble, inadequately appreciated, Health Savings Account

October 1, 2018 | PFA Ponderings

Fifteen years after they were rolled out, Health Savings Accounts (HSAs) remain one of the least understood tax-advantaged savings vehicles in existence. They came into being as part of the 2003 Medicare Prescription Drug, Improvement and Modernization Act, signed into law by President George W. Bush. These plans allow certain people to save money through tax-deductible contributions. Estimates are that over 23 million of these accounts exist in 2018.

Participation in an HSA requires a few things. First of all, an employer must offer it (although this has become more and more the norm over the past 10 years.) Beyond that, a participant in an HSA must:

1. Be a participant in a High Deductible Health Plan (HDHP). This is currently defined as a plan with a deductible of at least $1,350 for an individual or $2,700 for a family.
2. For the most part, not have health insurance outside of the HDHP. Some exceptions apply.
3. Not be a Medicare participant.
4. Not be eligible to be claimed as a dependent on someone else's return.

The amount that can be contributed to an HSA annually is $3,450 for an individual and $6,900 for a family. Both of these numbers can be increased by $1,000 if the participant is over the age of 55.

Examples of qualified medical expenses include:

- Health insurance coinsurance and deductibles
- Most medical and dental expenses
- Vision care
- Prescription drugs and insulin
- Medicare premiums
- A portion of the premiums for a tax-qualified long-term care policy

HSAs are limited by some common misconceptions. One of the most frequent is the idea that the assets deferred into an HSA need to be spent during the year of contribution, lest they be forfeited. This is simply a case of mistaking an HSA with an FSA (flexible spending account). The latter has been around longer, still exists, and does contain a 'use-it-or-lose-it' requirement. But, HSAs don't have any such provision. You can contribute to an HSA each year, not spend assets and just continue to watch them grow. They won't be forfeited! A growing number of HSAs have not only a savings component, but also allow for investment in securities, just like IRAs. To sweeten the pot, more employers are making HSA contributions for their employees, although interestingly, this growth has occurred mostly in smaller employer plans.

A second misconception is that the assets in an HSA must be used for qualifying medical expenses. While the use of the assets can impact the taxation (and potential penalties) of the distribution, how a person uses their assets is entirely up to them. Distributions at any age are tax-free, provided they're used for qualifying healthcare expenses. Distributions for any other reason are taxable – and taxable distributions prior to age 65 are subject to an additional 20% tax.

That is where these accounts are really special! There really aren't many opportunities to both deduct contributions to an investment AND take them out later, tax-free! Traditional IRAs may have deductible contributions – but they are taxed on distribution. And Roth IRA distributions may qualify for tax-free treatment, but you don't get to deduct them on the way in. HSAs really have a component of having your cake and eating it, too!

Prudent planning for retirement, as a result, can very well include HSAs as part of the strategy. According to Fidelity an average couple both aged 65 will spend on average $275,000 on medical costs in retirement. This is up from $260,000 in 2016, $245,000 in 2015, $220,000 in 2014 and from $190,000 from their 2005 survey. Obviously, being able to deduct contributions to an HSA and paying those costs with tax-free distributions is a lot better than using other retirement plan assets.

Even if the HSA balances aren't used for medical expenses in retirement, they still get tax-deferred growth until they're taken out, putting them at least on equal footing with most any other retirement savings vehicle. AND – even in those situations where no allowance is made for qualified withdrawals, they still beat other tax-deferred retirement accounts, because they aren't subject to Required Minimum Distributions, and are able to exploit tax-deferred growth for longer periods. When an account owner dies, a spouse can inherit the HSA without immediate taxation, and a non-spouse beneficiary can inherit the assets after taxation (but without penalty).

HSAs aren't completely without controversy. Some argue – and I agree – that more emphasis should be put on making good preventative healthcare affordable to all, particularly those ill-equipped to afford it. The benefits of HSAs, given their lack of income restrictions, are largely afforded to higher income earners. But, they're here – seemingly to stay – and prudent retirement investors should certainly use them accordingly!

PENOBSCOT
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Wicked Simple Estate Planning

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Out of the main financial planning areas recognized by the CFP board, which include Cash Planning, Risk Management, Investment Planning, Tax Planning, Retirement Planning and Estate Planning, it's Estate Planning that seems to be the most daunting. I've sat with estate planning attorneys who don't have their own will, and talked with financial advisors who feel that this is the area they're least comfortable with.

It may be that this perception arises from a wide swath of estate planning tools and techniques that arose in the 80s and 90s, most of them aiming to avoid estate taxation. For quite some time, estates above $600,000 were subject to federal estate taxes and attorneys and insurance companies spent a lot of time manufacturing products and strategies to help people pass on wealth outside of that taxation.

Starting in 2018, estates beneath $11.2 Million (or $22.4 Million for a married couple) essentially aren't subject to federal estate taxation. Some states do levy state 'death taxes' at much lower levels, but many, including Maine tie their state exemptions to the federal level. This may change, but for now, estate taxation and all of the exotic schemes to avoid it, don't need to be on the list of most people's estate planning concerns.

Another potential cause of 'Estate Angst' may well come from the probate process. For most people who act as executor or personal representative, probate is new, seemingly complex, and often undertaken at a time of stress with the recent death of a loved one. Probate is an orderly process intended to disburse estate proceeds fairly, but at the end of the day it is also time consuming, public and in some areas, expensive. Avoiding probate is often one of the focuses of modern estate planning. Fortunately, there are estate-planning techniques that are astonishingly simple and that also keep assets out of probate.

PLANNING BY THE BOX

When you enroll in your employer's retirement plan, start an IRA, or take out a life insurance policy, among other things, you fill in a 'box' asking you for your beneficiary information. Whether you know it or not, you're doing some serious estate planning when you complete this box. Assets pass at death exactly as you specify in that box, and whether you've prepared a will or not doesn't matter at all – because since you've designated a beneficiary, these assets do NOT go through probate (and a will is just a list of instructions to the probate court!) Beyond the simplicity this causes, you are executing on some significant tax planning strategies by filling in that box as well. Tax-deferred retirement plans create tax obligations for people who inherit them, but 'designated beneficiaries' are given more options on how to handle those tax obligations. Spousal beneficiaries may owe no taxes at all, and non-spousal beneficiaries may be able to spread taxation over a much longer period of time as a result of special treatment afforded to 'designated beneficiaries.' This can result in huge tax savings relative to if someone inherited these assets from the estate. So pat yourself on the back – by filling in the beneficiary box, you are already an estate-planning Ninja!

There are often ways of getting that beneficiary box filled in, even outside the normal retirement plan-insurance policy arena. Many non-retirement accounts (savings and checking accounts, mutual fund or brokerage accounts) can also be set up with beneficiary designations. This is accomplished by changing the registration of the account to a "TOD" (transfer on death) or "POD" (payable on death) registration. Just ask your bank, broker or advisor.

Keep in mind that since these beneficiary transfers move assets out of the estate before the Probate court, it's important that they are reviewed and kept up-to-date. Designations made in your will do not impact these assets at all, because the will doesn't come into play until the probate step.

PLANNING WITH OWNERSHIP

Lastly, how you own an asset can also be powerful when it comes to estate planning. If you own an asset, say an account or a house, along with someone else, the way that asset is titled can also help with probate avoidance, at least temporarily. By titling the asset as "Joint Tenants with Rights of Survivorship", or JTWROS, you share ownership in an asset with someone else. At your death, your share of the ownership goes to the other owner. No probate. No hassle. Very powerful estate planning that's as easy as falling off a log. It's important to point out that this is very different from titling an asset as "Tenants In Common," or TIC. With the TIC ownership structure, if you die, your portion of ownership remains a part of your estate instead of automatically going to the other owner. While this may be an appropriate ownership structure depending upon the situation, it's not really an estate planning tool.

Sure, there are likely to be assets that have neither beneficiary designations nor JTWROS ownership, and at your death these will likely need to be probated… so having a will is still important, along with other things like a healthcare agent appointment and a living will. And, if you have special circumstances or want to control assets after you're gone, other, more esoteric, tools might be appropriate. But for most people, their retirement plan assets, life insurance and their residence are the largest part of the estate, and paying close attention to the simple tools of "Planning by the Box" and "Planning with Ownership" puts you well down the road of having a proper estate plan.

Well done!