Comprehensive Financial Plan: Calvin and Ellen Scanlon

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March 9, 2016

Mr. and Mrs. Callahan
1234 Main St.
Baltimore, MD 21287

Dear Mr. and Mrs. Callahan,

We appreciate your careful consideration in trusting The University of Akron with your financial portfolio. Our knowledge and expertise is sure to help align you with your goals and build a solid foundation for the future.

Following this letter, we have included your financial plan. In it, you can expect a thorough evaluation of your current financial state as well as a plan of action to accomplish the goals you presented us with. These recommendations and solutions are what we believe to be the most favorable steps towards distributing funds, preserving wealth, and leaving a sheltered legacy.

Please take time to review amongst yourselves as well as conserving it in a safe location. In the near future, we will extend an invitation to meet and plan the next steps going forward. We greatly anticipate meeting with you soon.

Thank you.

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EXECUTIVE SUMMARY

Goals and Objectives

Retirement Planning:

1. Fully fund retirement as soon as possible but no later than David's age 65

Investment Planning:

2. Align current investments with personal risk tolerances

Insurance Planning:

3. Obtain adequate long term care coverage

Education Planning:

4. Help fund grandchildren's college education

SWOT Analysis

After a comprehensive review of your current financial situation, including your personal goals and objectives, we have created a SWOT analysis. The SWOT chart lays out your current situation and what your future could hold, by highlighting your strengths, weaknesses, areas of opportunity, and potential threats.

Our goals for you are to:

- Utilize your strengths
- Reduce your weaknesses
- Increase your opportunities
- And manage your threats

Strengths	**Weaknesses**
1. Limited liabilities	1. Insufficient long term care coverage
2. Multiple retirement income sources	2. Dated estate planning documents
3. Job security	3. Lack of emergency fund
4. Estate is below tax threshold	4. High interest rate on mortgage
Opportunities	**Threats**
1. Possibility to refinance mortgage	1. Medical expenses in retirement
2. Performance based bonus' at JHH[1]	2. Student loan co-signer liability
3. Term life insurance convertibility	3. Poor performing 403(b) investment options

[1] Johns Hopkins Hospital (JHH)

[2] According to The College Board, the average cost for tuition and room and board for a public, instate, four-year

Assumptions

Personal Information:

1. Your primary residence is located in Baltimore, Maryland based on your employment at Johns Hopkins Hospital

Taxes:

1. Your marginal state income tax rate is 5.25%
2. Your marginal federal income tax rate is 28%
3. Your retirement effective state income tax rate is 3.74%
4. Your retirement effective state income tax rate is 18.47%
5. Long-term capital gains are taxed at 15%

Cash Flows:

6. Your annual mortgage payment is $28,992.00
7. The 5.20% interest rate on your mortgage is fixed
8. Your annual auto loan payment is $8,928.00
9. You are not making payments on Allison's school loan
10. The average inflation rate is 3.22%
11. 2015 expenses reflect the reduction due to the kids being out of the house

Investments:

12. Investment income is reinvested
13. We expect to earn a 7.2530% rate of return on David's investments
14. We expect to earn a 5.3005% rate of return on Ellie's investments
14. Ellie is a moderately conservative investor
15. David is a moderately aggressive investor

Retirement Planning:

16. Your life expectancies are 95 years
17. The Social Security Wage Base does not increase after 2016
18. David will delay Social Security until age 70 with an annual benefit of $42,504
19. Ellie will collect Social Security at age 64 with an annual benefit of $18,996
20. The cost of living adjustment on Social Security benefits is 2%
21. Retirement income need is $100,700 in today's dollar

Education Planning:

22. The current cost of college tuition is $20,000[2]
23. Tuition is increasing by 5% annually

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[2] According to The College Board, the average cost for tuition and room and board for a public, instate, four-year university is nearly $20,000 for 2015-2016.

Insurance Planning:

25. Your current long-term disability coverage ends at age 65 or retirement
26. Johns Hopkins provided group term life insurance coverage increases with salary
27. Johns Hopkins provided term insurance coverage ends at retirement
28. Individual 30-year term policies coverage ceases at the end of 2024

Estate Planning:

29. You have made no taxable gifts this year
30. Current beneficiaries are as listed:

Asset	Primary Beneficiary
David's Rollover IRA	Ellie
David’s 403(b)	Ellie
Ellie’s 403(b)	David
Brokerage Account (JTWROS)	Surviving Spouse
David’s 529 Plan	Allison
Personal Residence (JTWROS)	Surviving Spouse
David’s Vehicle	Not Specified
Furniture and Household Items (JTWROS)	Surviving Spouse

31. You currently have no contingent beneficiaries assigned

CASH FLOW AND DEBT MANAGEMENT

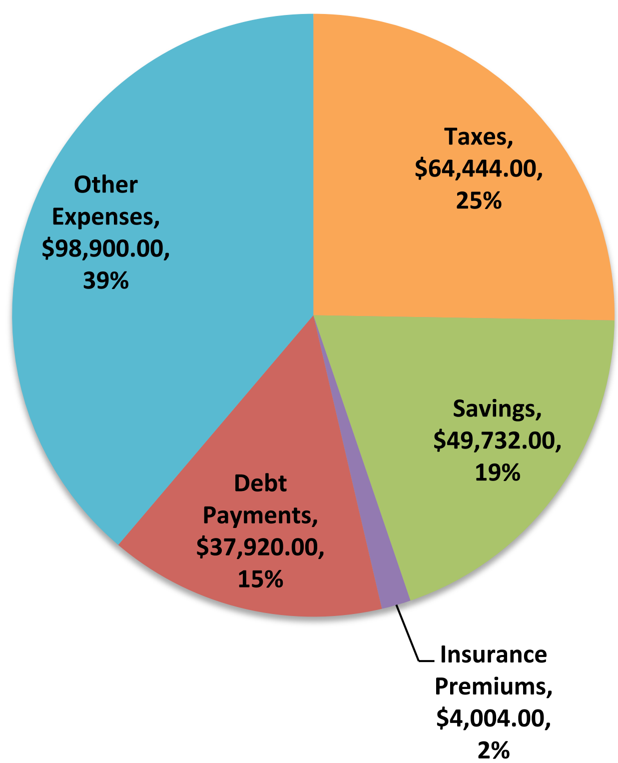
Current Cash Flow Analysis

Statement of Cash Flows 2015

INFLOWS	
Household Income	
David Salary	$147,000.00
David Bonus	$38,000.00
Ellie Salary	$60,000.00
Ellie Bonus	$10,000.00
Total Annual Income	**$255,000.00**
TOTAL CASH INFLOWS	**$255,000.00**

OUTFLOWS	
Taxes	
Federal	$39,528.00
FICA	$11,687.00
Medicare	$3,698.00
State	$9,531.00
Total Taxes	**$64,444.00**
Savings	
David 403(b)	$12,250.00
Ellie 403(b)	$8,750.00
Brokerage Account	$28,732.00
Total Savings	**$49,732.00**
Insurance Premiums	
Auto Insurance	$1,800.00
Term Life Insurance	$1,128.00
Long Term Disability Insurance	$1,076.00
Total Insurance Premiums	**$4,004.00**
Debt Payments	
Mortgage PITI	$28,992.00
Auto Payments	$8,928.00
Total Debt Payments	**$37,920.00**
Other Expenses	
Benefits	$6,600.00
Utilities	$17,250.00
Medical	$2,750.00
Food-Groceries	$11,394.00
Food-Restaurants	$11,928.00
Auto-Fuel and Repairs	$2,964.00
Clothing	$6,200.00
Entertainment	$5,500.00
Hobbies	$5,100.00
Travel	$14,164.00
Gifts	$8,350.00
Lifestyle	$6,700.00
Total Other Expenses	**$98,900.00**
TOTAL OUTFLOWS	**$255,000.00**

CASH FLOWS	
Total Inflow	$255,000.00
Less: Total Outflow	$255,000.00
CASH FLOWS	**$0.00**

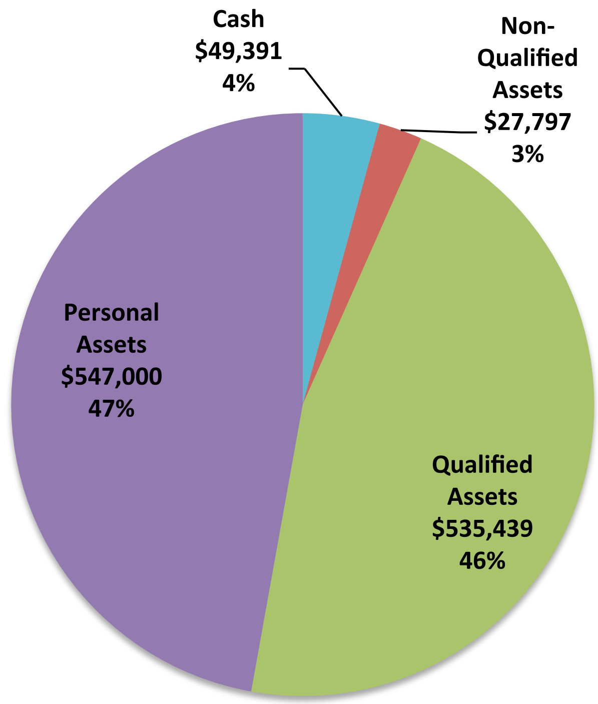


Statement of Financial Position 2015

ASSETS	
Cash	
Checking Account (JTWROS)	$31,526.00
Savings Account (JTWROS)	$17,865.00
Total Cash Equivalents	**$49,391.00**
Non-Qualified Assets	
Brokerage Account (JTWROS)	$27,797.00
Total Non-Qualified Assets	**$27,797.00**
Qualified Assets	
Rollover IRA (David)	$142,304.00
Johns Hopkins 403(b) David	$305,764.00
Johns Hopkins Matching Account	$23,247.00
Johns Hopkins 403(b) Ellie	$49,121.00
529 Plan	$15,003.00
Total Qualified Assets	**$535,439.00**
Personal Assets	
Personal Residence JTWROS	$475,000.00
Vehicle	$22,000.00
Furniture and Household Items	$50,000.00
Total Personal Assets	**$547,000.00**
TOTAL ASSETS	**$1,159,627.00**

LIABILITIES	
Liabilities	
Mortgage	$226,964.00
Auto Loan	$17,282.00
Student Loan	$78,000.00
Total Long Term Liabilities	**$322,246.00**
TOTAL LIABILITIES	**$322,246.00**

NET WORTH	
Total Assets	$1,159,627.00
Less: Total Liabilities	$322,246.00
TOTAL NET WORTH	**$837,381.00**

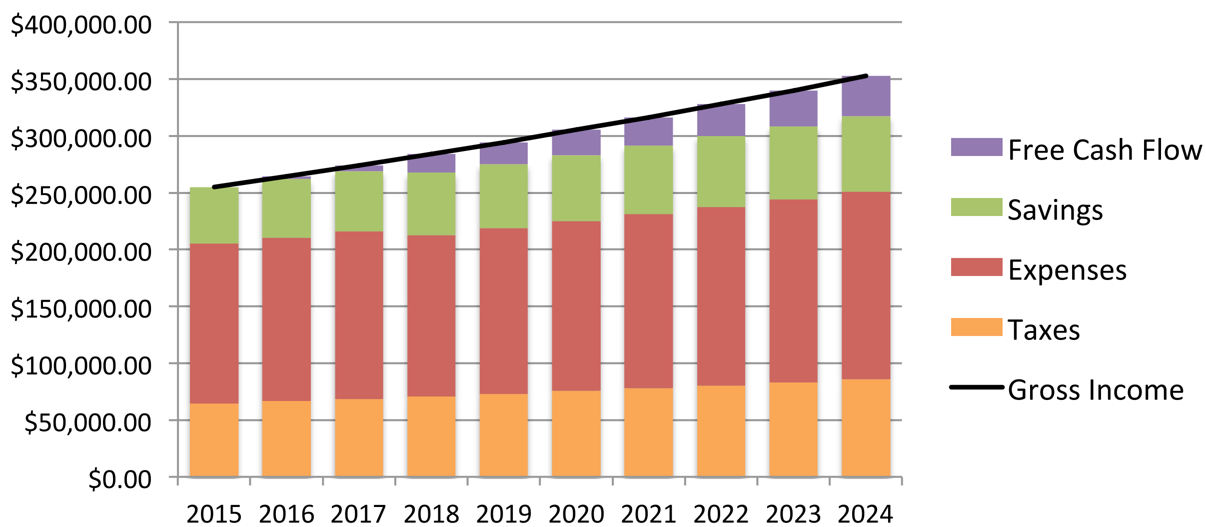


Upon reviewing your cash flow statement for the previous year, 2015, we can conclude that your annual cash inflow of $255,000 is sufficiently covering your annual cash outflow of $255,000. Your net cash flow is $0.

- **We recommend maintaining a positive net cash flow. Carrying negative net cash flows may lead to high interest debt or asset depletion, inhibiting your retirement plans. Therefore, to ensure your financial goals are met we advise maintaining your good habit of having positive cash flows each year.**

Projected Cash Flow Analysis

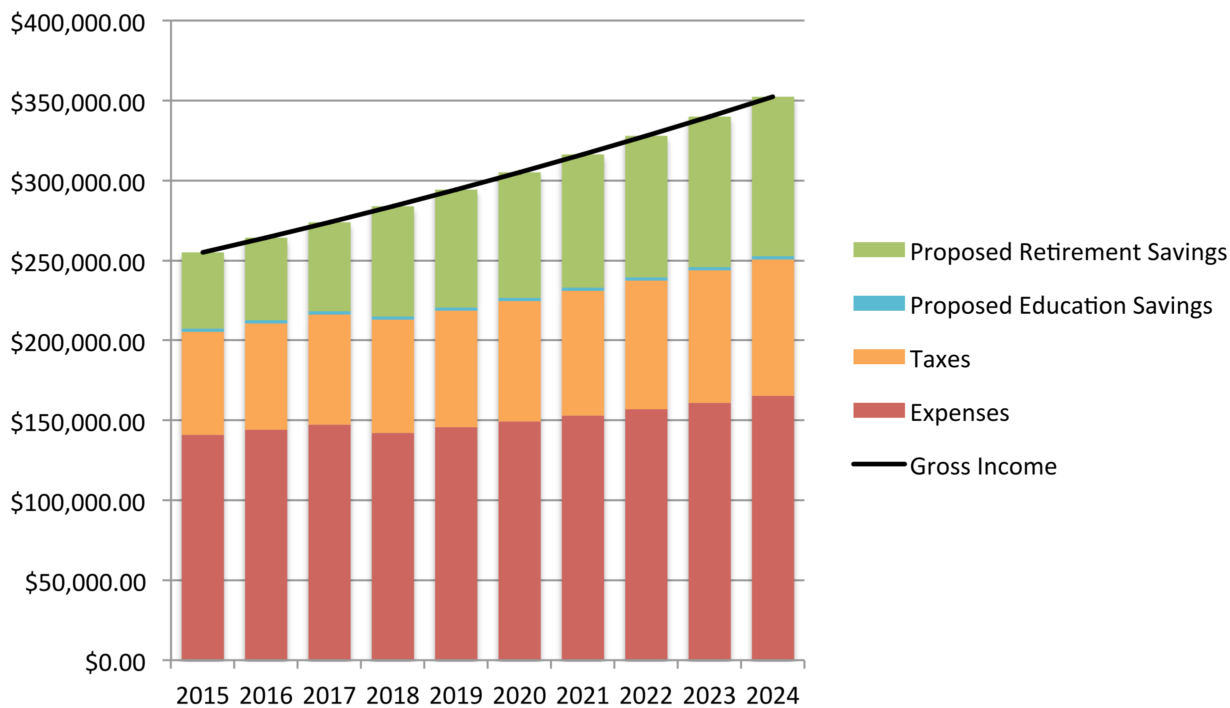
Pre-Retirement Cash Flows							
Year	David Age	Ellie Age	Total Taxes	Total Expenses	Total Savings	Gross Income	Free Cash Flow
2015	55	54	$64,444.00	$140,824.00	$49,732.00	$255,000.00	$0.00
2016	56	55	$66,519.10	$144,066.54	$51,383.10	$264,344.40	$2,375.66
2017	57	56	$68,661.01	$147,413.49	$53,089.02	$274,031.33	$4,867.80
2018	58	57	$70,871.90	$141,940.21	$54,851.58	$284,073.32	$16,409.64
2019	59	58	$73,153.97	$145,506.17	$56,672.65	$294,483.42	$19,150.62
2020	60	59	$75,509.53	$149,186.96	$58,554.18	$305,275.10	$22,024.43
2021	61	60	$77,940.94	$152,986.27	$60,498.18	$316,462.37	$25,036.99
2022	62	61	$80,450.63	$156,907.92	$62,506.72	$328,059.73	$28,194.46
2023	63	62	$83,041.14	$160,955.84	$64,581.94	$340,082.21	$31,503.29
2024	64	63	$85,715.07	$165,134.11	$66,726.06	$352,545.41	$34,970.17



The table and graph above show your projected pre-retirement cash flows. Gross income reflects the historical average growth of your income since 1991. David's income has been growing at an average rate of 3.62% and Ellie's at 3.76%. Taxes, expenses, and savings are shown increasing with inflation. However, the following expenses are earmarked as "fixed expenses" and are not projected to increase: mortgage payments, auto payments, auto insurance premiums, term life insurance premiums, and long-term disability insurance premiums. Free cash flow is gross income minus taxes, expenses, and savings.

- **We recommend allocating your free cash flow toward your retirement savings and our proposed savings for Brandon's education according to page 23. The table and graph on the next page show your projected cash flows reflecting our proposal.**

Proposed Pre-Retirement Cash Flows							
Year	David Age	Ellie Age	Total Taxes	Total Expenses	Proposed Education Savings	Proposed Retirement Savings	Gross Income
2015	55	54	$64,444.00	$140,824.00	$1,998.00	$47,734.00	$255,000.00
2016	56	55	$66,519.10	$144,066.54	$1,998.00	$51,760.77	$264,344.40
2017	57	56	$68,661.01	$147,413.49	$1,998.00	$55,958.82	$274,031.33
2018	58	57	$70,871.90	$141,940.21	$1,998.00	$69,263.22	$284,073.32
2019	59	58	$73,153.97	$145,506.17	$1,998.00	$73,825.27	$294,483.42
2020	60	59	$75,509.53	$149,186.96	$1,998.00	$78,580.61	$305,275.10
2021	61	60	$77,940.94	$152,986.27	$1,998.00	$83,537.17	$316,462.37
2022	62	61	$80,450.63	$156,907.92	$1,998.00	$88,703.18	$328,059.73
2023	63	62	$83,041.14	$160,955.84	$1,998.00	$94,087.23	$340,082.21
2024	64	63	$85,715.07	$165,134.11	$1,998.00	$99,698.23	$352,545.41



Debt Management Analysis

Mortgage Liability

Current Balance	Annual PITI Payment	Fixed Interest Rate	Years Remaining
$226,964.00	$28,992.00	5.20%	10.311

The only mortgage liability you currently have is on your personal residence. According to the statement of financial position you have provided us the remaining balance is $226,964 with a fixed interest rate of 5.20% and your annual PITI (principle, interest, taxes, and insurance) is $28,992. Based on these numbers we are assuming you have 10 years and 4 months left until your mortgage is paid off. The housing expense ratio compares your annual PITI payment to your gross income. We typically recommend housing expense ratios do not exceed 28%. Your current ratio is 11.37%; therefore you are significantly below the industry standard.

Current 10 year fixed interest rates fall around 2.83%[3], compared to your current rate of 5.20%. Based on this significant difference, we advise taking advantage of the lower rate and refinancing your mortgage. Below are two refinancing scenarios.

Option 1:

Current Balance	Annual PITI Payment	Fixed Interest Rate	Years Remaining
$226,964.00	$28,992.00	2.83%	8.974

If you want to keep years remaining consistent with your current plan, your annual PITI payments would be reduced to $25,687.08 increasing your free cash flow by $3,304.92 a year. By taking advantage of option 1, you have the potential to save a total of $34,077.24 in interest.

Option 2:

Current Balance	Annual PITI Payment	Fixed Interest Rate	Years Remaining
$226,964.00	$25,687.08	2.83%	10.311

Another option would be to continue with your current annual PITI payment of $28,992 and pay off your mortgage 1 year and 4 months earlier. By taking advantage of option 2, you have the potential to save a total of $38,754.33 in interest.

- ❖ **We recommend choosing option one in order to strategically match the time horizon with retirement goal date. The rest of our proposals and projections currently reflect implementing option one. However, should you choose to go with option two, your plan can be adjusted accordingly.**

[3] This rate is based on quotes ran on April 13, 2016. Actual rates might be higher or lower than this estimate.

Emergency Fund

You currently do not have assets earmarked toward an emergency fund. The purpose of this fund is to ensure financial security should anything detrimental happen to your cash inflows or you incur a large unexpected expense. An emergency fund should typically cover three to six months of necessary living expenses.

- **The current balance of your checking account is $31,526, and your savings account is $17,865. We recommend reallocating $16,452 from your checking account to your savings account and specifically earmarking 100% of your savings account as an emergency fund. This will sufficiently fund three months of your necessary living expenses. The chart below illustrates all of your current expenses we deem necessary, and shows annual expenses, six months, and three months.**

Emergency Fund Calculation	
Federal Taxes	$39,528.00
State Taxes	$9,531.00
Auto Insurance	$1,800.00
Term Life Insurance	$1,128.00
Long Term Disability Insurance	$1,076.00
Mortgage PITI	$28,992.00
Auto Payments	$8,928.00
Utilities	$17,250.00
Medical	$2,750.00
Food-Groceries	$11,394.00
Food-Restaurants	$11,928.00
Auto-Fuel and Repairs	$2,964.00
Total Annual Fixed Expenses	**$137,269.00**
Six Months of Expenses	**$68,634.50**
Three Months of Expenses	**$34,317.25**

RETIREMENT INCOME PLANNING

Retirement Income Analysis

You have mentioned that your expenses have been reduced due to both of your children being out of the house now. Therefore, we based your retirement income need off of your current expenses.

It is very common for your lifestyle to change throughout retirement. During the first phase of your retirement we expect you to maintain a similar lifestyle to your current one, and we expect expenses to remain constant as well. During the second phase of retirement, our clients tend to slow down and reduce their activity. Typically, expenses are significantly reduced during this period as well. During the last phase of retirement, and the remainder of life, our clients tend to reduce activity and expenses even more as their lifestyle changes again.

To reflect this trend in your financial plan, the first 10 years of your retirement show income need to cover 100% of current expense, minus your mortgage and auto payments that will be paid off before entering retirement, and your term life insurance and long term disability insurance that will end at retirement as well. During the next 10 years, we show a reduction in expenses of 15%, and for the remainder of your life expectancy, we show a reduction in expenses of 30%. We have kept these percentages modest in order to avoid under estimating needed income.

Our distribution recommendations are based on your income need and current goal of retiring at David's age 65, at the beginning of 2025. In order to get the most out of your retirement benefits and leave the largest amount to your heirs, we have the following recommendations:

- ❖ **Elect to receive David's employer matching account as a single lump sum and immediately rolling it over to an IRA on January 1, 2025; age 65**
- ❖ **Apply, in writing, for David's pension benefits to begin on January 1, 2025; age 65**
- ❖ **Apply, in writing, for Ellie's pension benefits to begin on January 1, 2025; age 64**
- ❖ **Apply for David's Social Security benefits to begin on January 1, 2030; age 70**
- ❖ **Apply for Ellie's Social Security benefits to begin on January 1, 2025; age 64**

Your retirement income will be coming from three main buckets: guaranteed income, qualified assets, and non-qualified assets. Guaranteed income consists of Social Security and pension income. Your qualified assets consist of Ellie's 403(b) account, David's 403(b) account, and David's IRA. Non-qualified assets consist of your joint brokerage account. The guaranteed income table shows all benefit amounts according to the age we recommend electing them at. Qualified and non-qualified assets are shown as their projected balance at retirement age, David age 65. David's balances grow at a rate of 7.2530% according to the recommended allocation on page 21, and Ellie's grow at a rate of 5.3005% according to the recommended allocation on page 20. The illustration on the next page details the buckets and their values.

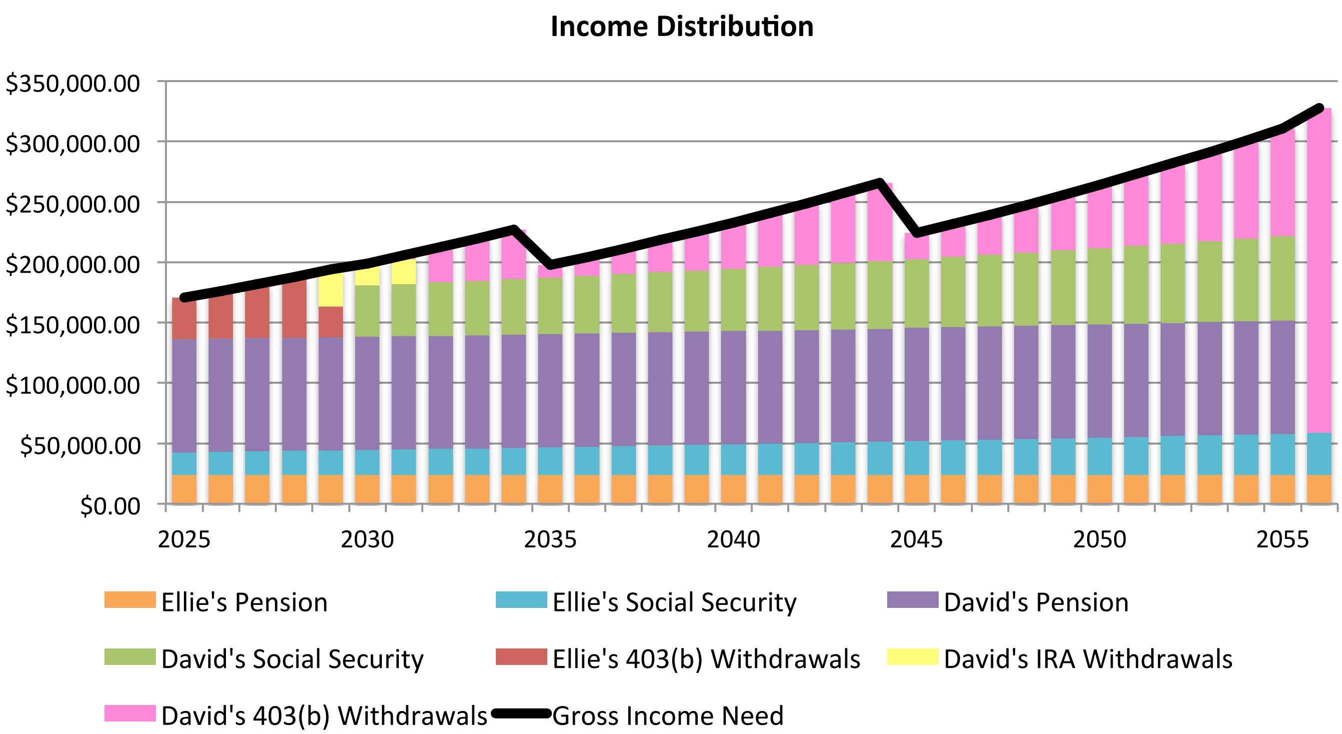
Guaranteed Income			
David's Social Security	Ellie's Social Security	David's Pension Income	Ellie's Pension Income
$42,504.00 Annually	**$18,996.00 Annually**	**$93,753.62 Annually**	**$23,600.41 Annually**

Qualified Assets		
David's 403(b) Account	Ellie's 403(b) Account	David's Rollover IRA
$722,493.50	**$175,872.96**	**$49,469.57**

Non-Qualified Assets
Joint Brokerage Account
$625,481.30

The graph below illustrates all retirement income distributions. Once guaranteed income is applied for, it will remain constant throughout retirement. In order to meet your gross income need, we recommend supplementing your guaranteed income with qualified account withdrawals. Qualified accounts have required minimum distributions once the owner reaches age 70 ½ whereas your brokerage account has no withdrawal requirements. Also, when a qualified account is transferred at death, the beneficiary will be required to take distributions at an accelerated rate. According to our projections, we do not see a need to pull any income from your joint brokerage account.

- **Therefore we recommend first pulling supplemental income from Ellie's 403(b) until depletion, and then David's rollover IRA until depletion. This way, by age 70 ½ only David's 403(b) will require minimum distributions.**



As shown in the graph on the previous page, a large portion of your retirement income is coming from the guaranteed income bucket. Therefore, we do not recommend utilizing an annuity for retirement income. Annuities can be a good investment and protect against out living your assets. However, they significantly decrease liquidity. We have projected your net worth at life expectancy to be over $9,700,000.

- **With this number so high, we do not feel that outliving your assets is a large threat right now especially considering your high percentage of guaranteed income coming from your pensions and Social Security.**

INVESTMENT PLANNING

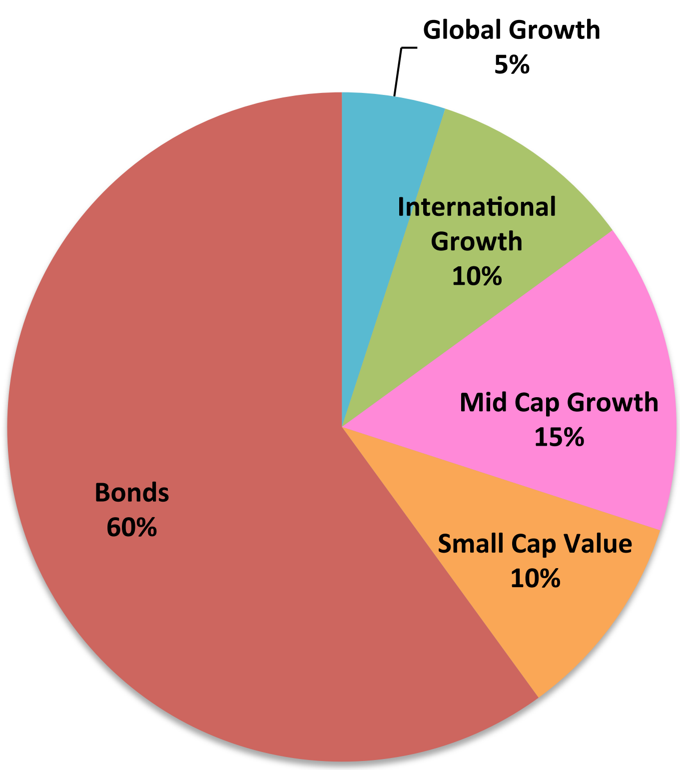
403(b) Portfolio Allocation Analysis

While planning for retirement, it is important to position your investments to both preserve and grow you assets. One investment strategy we highly recommend for your portfolio is diversifying your investments. This helps to achieve a desired rate of return while minimizing the risk of one specific stock, sector, or industry.

Ellie has identified as a moderately conservative investor while David has identified as a moderately aggressive one. We believe with properly diversified asset allocation, your return will suit both tolerances while improving your overall financial situation.

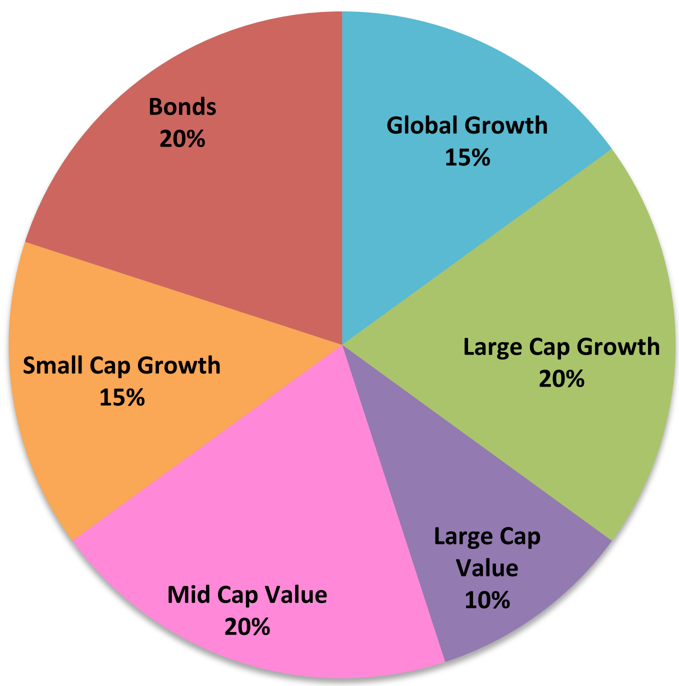
- **For Ellie, we recommend a 40% Stock / 60% Bond structured allocation. Bonds are generally less risky than stocks, so your portfolio will be weighted heavier in bonds. The 40% stock lies within International, Small Cap, and Mid Cap funds, which aid in diversification and long-term growth. The table and chart below illustrate our recommended allocation for Ellie's 403(b) account.**

Name	Amount	10-Year Return	Total Allocation
AM Fds EuroPacific Growth A (AEPGX)	$4,912.10	3.34%	10%
Vnguard Bd Index Total Bd Mkt Indx Instl (VBTIX)	$17,192.35	4.93%	35%
Mg Stnly Inst Mid Cap Growth I (MPEGX)	$7,368.15	5.52%	15%
Allnzgi NFJ Small Cap Value ADM (PVADX)	$4,912.10	6.62%	10%
PIMCO Total Return Inst. (PTTRX)	$12,280.25	6.05%	25%
Oppenheimer Global Y (OGLYX)	$2,456.05	4.77%	5%
Total	**$49,121**	**5.30%**	**100%**



- Below is a total asset breakdown of David's recommended portfolio allocation. We recommend an 80% Stock, 20% Bond allocation for you. This smaller allocation to Bond funds will allow greater investment to the more aggressive stock funds.
- We also recommend rolling over David's employer matching account into an IRA at age 65 and investing it into the same allocation as his 403(b)

Name	Amount	10-Year Return	Total Allocation
Oppenheimer Global Y (OGLYX)	$45,864.60	4.77%	15%
PIMCO Total Return Inst. (PTTRX)	$61,152.80	6.05%	20%
Jhn Hnk Discipled Value Mid Cap (JVMTX)	$61,152.80	10.19%	20%
Prudntl Jennison Small Company Fund, Z (PSCZX)	$45,864.60	6.67%	15%
Mainsty Large Cap Growth Fund Class R1 (MLRRX)	$61,152.80	7.90%	20%
Vnguard Institutional Index (VINIX)	$30,576.40	7.09%	10%
Total	**$305,764**	**7.25%**	**100%**



EDUCATION PLANNING

Education Funding Analysis

For college education savings we recommend using 529 Plans as savings vehicles. Some possible benefits of a 529 plan are tax-deferred savings and tax-free withdrawals for education, thus utilizing all funds and fund growth for education. A possible downside to utilization of a 529 plan is that you risk paying income tax and a 10% penalty if the funds are used for a purpose other than qualified education expenses.

Possible alternatives to a 529 are UGMA or UTMA accounts. These are custodial accounts set up on the behalf of minors. All the assets in these accounts are typically turned over to the beneficiary's control at the age of 18 to 21 (depending on state) and the minor can then use the funds in any way they choose. The minor has ultimate ownership of these accounts so the accounts are able to utilize their tax status (i.e. they are not tax-deferred).

David is currently the owner of a 529 plan valued at $15,003 with your daughter, Allison, as the designated beneficiary. Both Michael and Allison are out of college, and we understand that one of your goals is to help fund your current and future grandchildren's college education. You currently have one grandchild: Brandon, age 1. Below is a chart listing relevant assumptions.

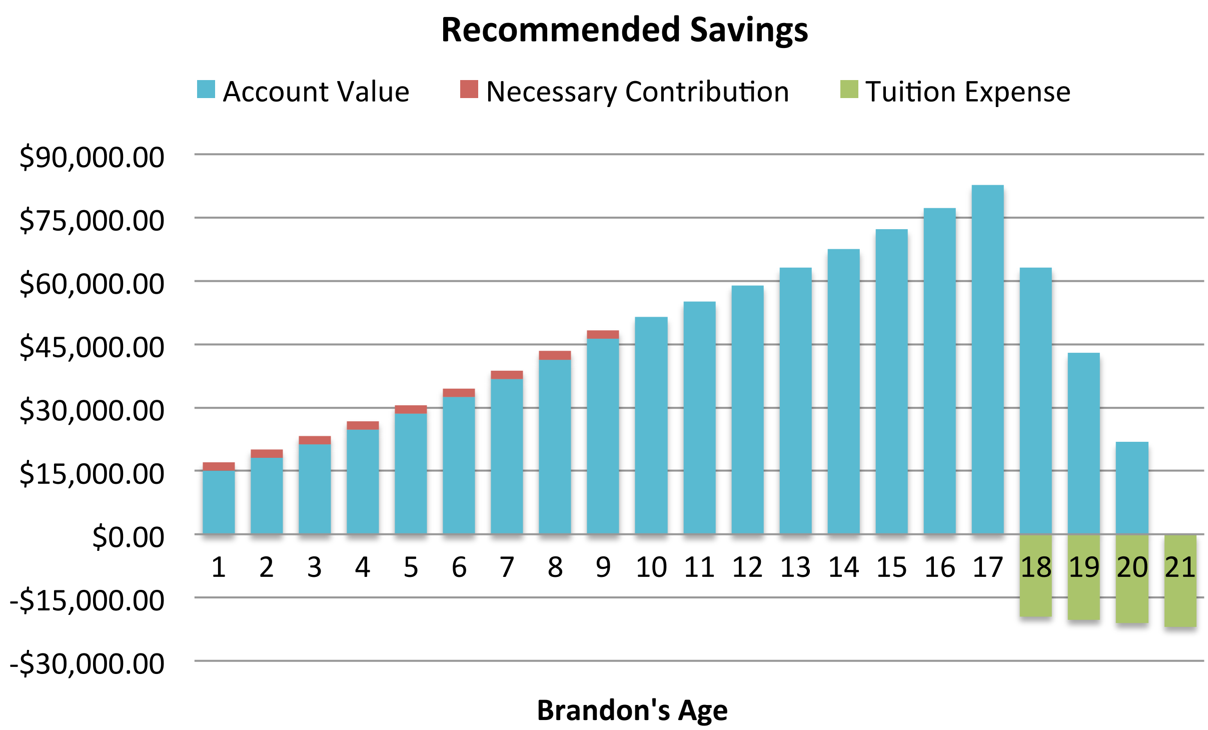
Annual Tuition Rate of Inflation	4.00%
Rate of Return on Investments	7.00%
Grandchild's Age at Start of College	18 years old
Duration of College	4 years
Annual Cost	$20,000.00
Funding Goal	50.00%

The average annual tuition inflation is about 3.4%. To be conservative this breakdown assumes the annual tuition rate of inflation is 4.0%. The average annual cost of tuition and room and board for a public, four-year university is around $20,000. Based on your wishes to help fund their expenses, the calculation is based on funding 50%, or $10,000/year of college expenses. Should you decide to fund more or less of their education, the numbers can be adjusted accordingly.

- Based on your goal to partially fund Brandon's education, we advise changing the beneficiary of David's current 529 plan from Allison to Brandon, allowing the $15,003 balance to be used toward his education. 529 Plans are utilized for qualifying education expenses, which does not include student loans. Therefore Allison is no longer able to utilize the funds.

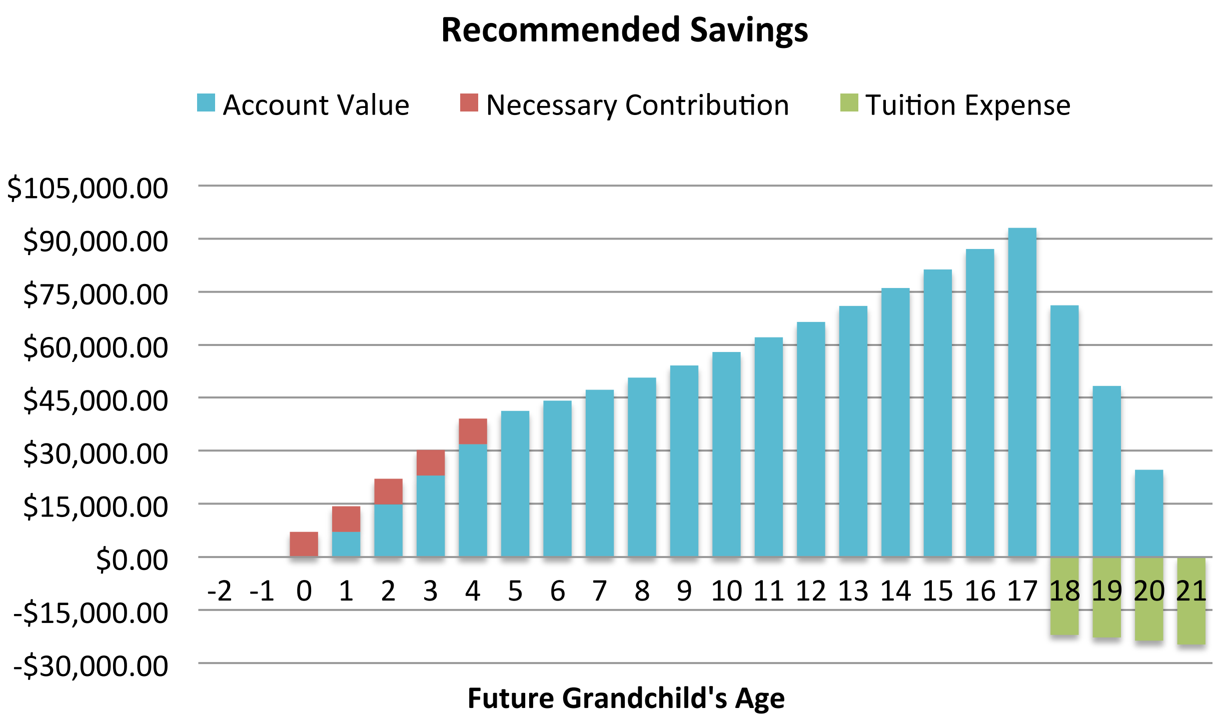
- The chart below illustrates savings and account growth over the next 21 years. Based on the starting balance of $15,003 and a goal of $10,000/year for 4 years, we advise contributing $1,998 annually for the next 9 years, ceasing at David's age 65.

- This recommendation is reflected in your pre-retirement cash flows on page 12 of this document.



- **We have also calculated funding for a future grandchild, assuming they are born 2 years from now. The chart below illustrates contributions and account growth over the next 23 years. Based on a starting balance of zero, and contributions beginning at the birth of the grandchild, we recommend contribution $7,184 annually for 5 years, ceasing at David's age 65.**

Funding begins in 2 years because 529 plans, UGMA's and UTMA's require a living beneficiary, therefore we are unable to utilize the benefits of a 529 plan, UGMA, or UTMA until the grandchild is born.



One alternative approach is to overfund David's current 529 account. With this strategy, upon Brandon's completion of college the beneficiary could be changed to another grandchild. A possible shortfall to this method is the inability to pay for multiple grandchildren at one time because each 529 plan only allows one beneficiary.

The last option would be to begin saving money in a traditional savings account today, and when another grandchild is born, you can use the cash savings to fund the a new 529 plan. This strategy will reduce your annual recommended contribution shown in the previous chart.

RISK MANAGEMENT AND INSURANCE PLANNING

Insurance Analysis

Insurance is set in place to avoid, reduce, retain, or transfer the risk you and your assets face each day, to minimize the impact or loss. In evaluation of your financial situation, there is a solid foundation of preventative measures in insurance with areas we are certainly able to improve in. You have smaller amounts of debt and liability, so the primary goal of your insurance will be to protect against risk in the event of an accident, and to safeguard the wealth you have worked hard to accumulate.

Our evaluation of your financial situation shows us three major needs;

1. Protection for Long-Term Care expenses
2. Paying all estate, liability and settlement costs
3. Providing survivor income

Life Insurance

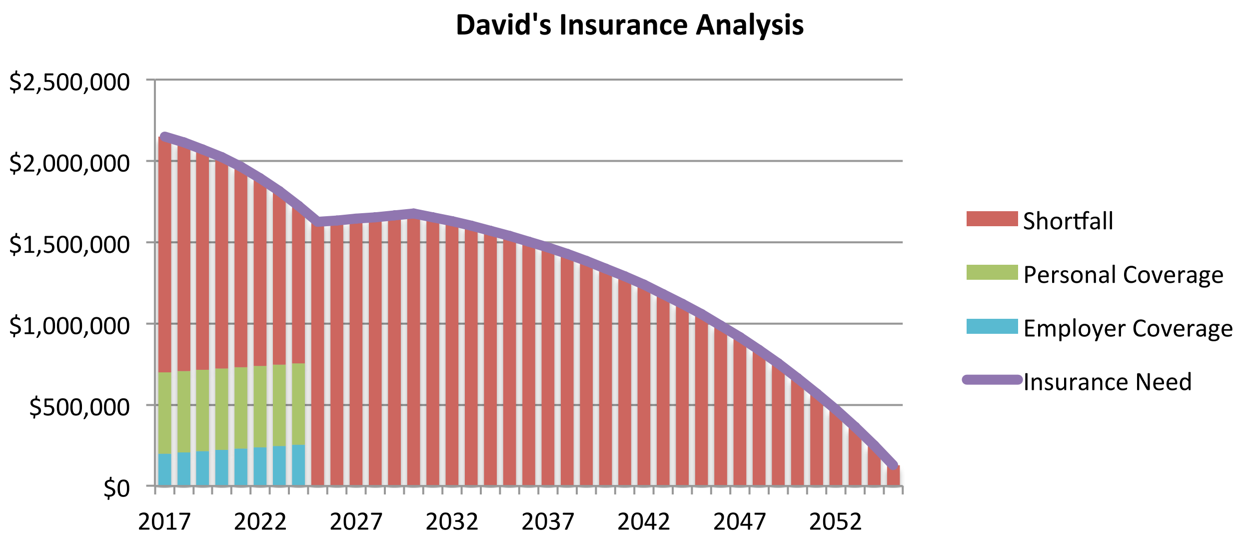
Life insurance coverage can cover the need to pay estate tax, liabilities, and settlement costs, as well as provides income to a surviving spouse or dependents.

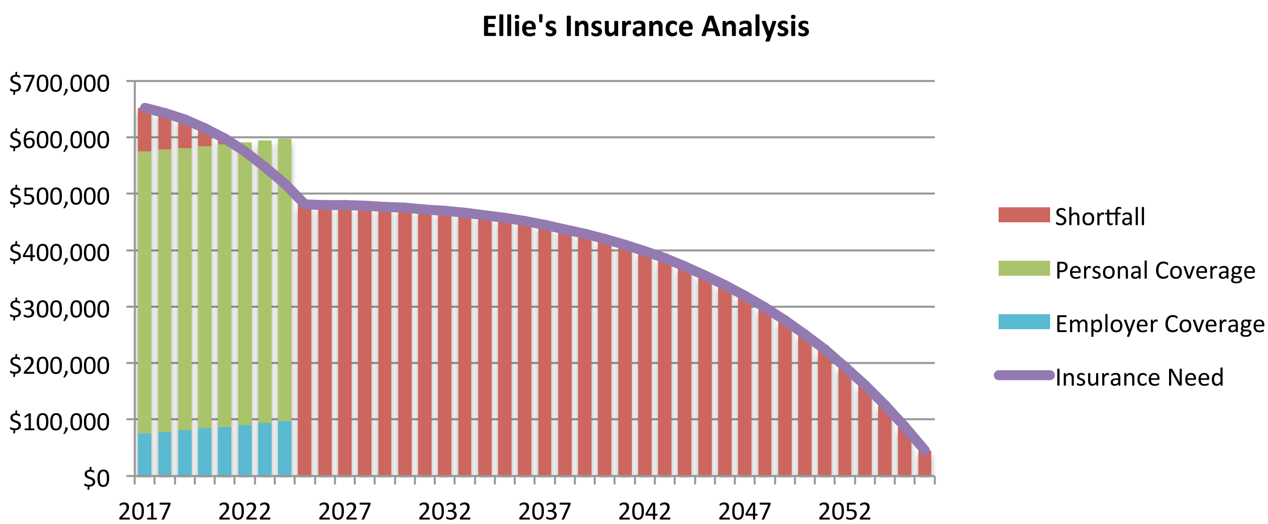
Your current life insurance coverage is the following:

Company Provided Life Insurance			
Insured	**Policy Type**	**Face Value**	**Notes**
David	Term	$185,000.00	Equal to Salary
Ellie	Term	$70,000.00	Equal to Salary

Personal Life Insurance Coverage			
Insured	**Policy Type**	**Face Value**	**Remaining Duration**
David	30 Year Term	$500,000.00	9 Years
Ellie	31 Year Term	$500,000.00	9 Years

To calculate life insurance need, we used the Human Life Value approach. The need for insurance comes from the present value of your future income. The graphs on the following page illustrate both David and Ellie’s need for insurance through life expectancy.





As represented in the graphs above, David 's coverage currently has a large shortfall of roughly $1,000,000. Ellie has a much smaller shortfall of less than $100,000.

Depending on the master contract of your company's group insurance plan, you may be able to continue your insurance with the same carrier after you retire. The converted premium will be based on your current age and no medical exam is required. This advantage will keep your premium prices low, and will not increase due to health issues. You typically have a month to apply for the conversion and there will be no supplemental coverage such as disability offered.

David can take advantage of the conversion privilege and maintain the company term policy face value or increase it to $500,000 to replace your current Term coverage, which will lapse in 9 years at the end of 2024. The danger of issuing a term policy at your retirement age of 65 is the cost of coverage will be fairly high and the benefit period will often be limited to 20 years around your life expectancy.

A second option would be for David to apply for a Guaranteed Universal Life policy with a face amount of $1,000,000 guaranteed for life (or age 121). This will ensure a benefit payout no matter your age at death for both the surviving spouse and/or beneficiaries.

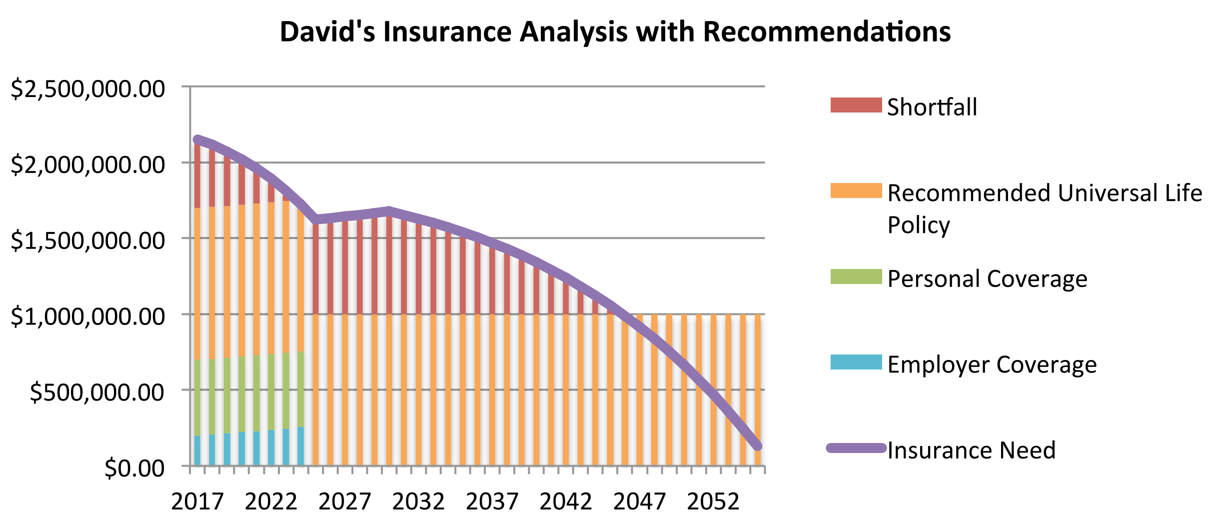
There is also the option to self-insure with your assets. Most of your qualified assets are going to be used for retirement income, however there is the option to self –insure with your assets inside the brokerage account.

- **We advise you both maintain the company sponsored group insurance while employed. Group insurance is the cheapest way to obtain coverage and will be most effective until you retire. Upon retirement personal coverage will mitigate risk and provide support**

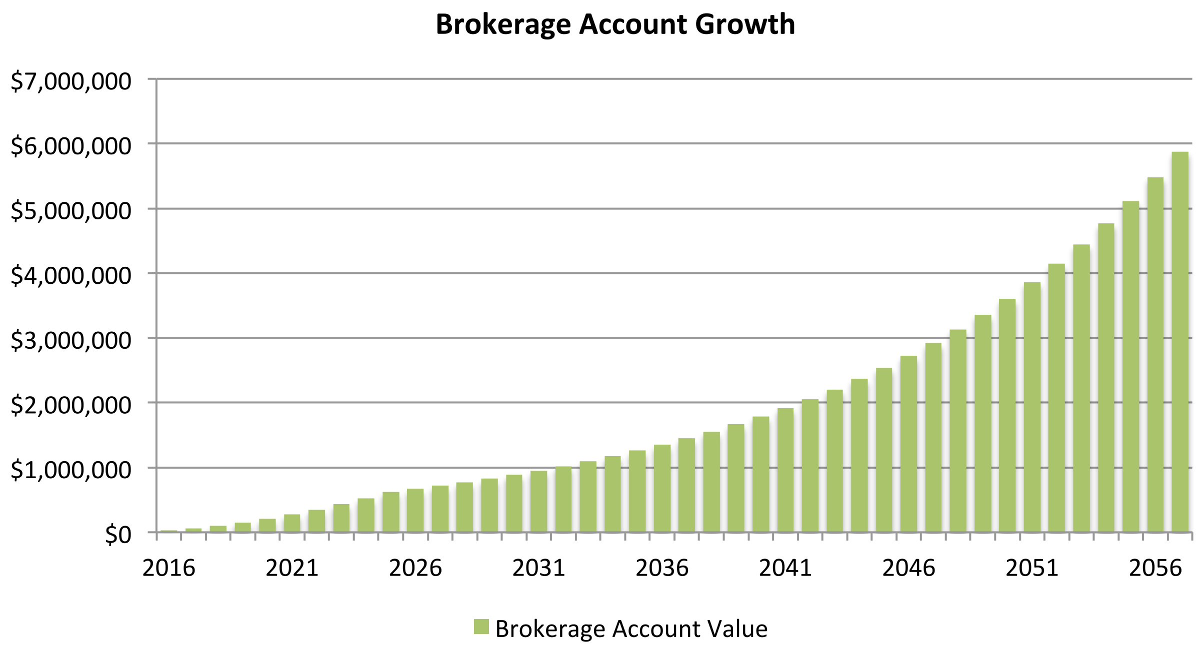
- **We also recommend David applies for a $1,000,000 Guaranteed Universal Life policy as soon as possible to lock in his insurability and cover the majority of his shortfall.**

- **Lastly, we recommend self-insuring Ellie's shortfall during retirement, and self-insuring David's remaining shortfall during retirement.**

The graph below illustrates David's insurance analysis incorporating our recommendation of the Guaranteed Universal Life policy. Notice that his shortfall is much less significant. His current shortfall would be less than $500,000 and decreasing until retirement. During retirement his shortfall begins at about $600,000 and continues the decreasing trend until age 86 where there is no shortfall and the recommended policy covers 100% of risk, eliminating the need for self insurance.



The graph below illustrates your brokerage account growing over time, which can be used to self-insure both of you seeing as it is not currently used for retirement distribution. If you would prefer to not self-insure at all, another option would be a larger whole life policy that will cover your shortfall for the remainder of your life expectancy. The downfall with a larger policy is higher premiums, and during your later years of retirement you will be significantly over insured.



Disability Insurance

Both of you currently have company provided disability insurance that covers you through retirement.

Insured	Benefit Amount	Benefit Period	Annual Premium	Notes
David	$8,000/month	To Age 65	$754	Company-Provided
Ellie	$8,000/month	To Age 65	$312	Company Provided

- **This coverage is sufficient and will last through retirement, so we do not see a need for additional coverage.**

Health and Medical Insurance

We assume your employer pays for health insurance during the timeframe you are employed, and the $2,750 of Medical Expenses consists of miscellaneous expenses such as doctor's appointments, prescriptions, and check-ups. At the time of your retirement, you will be eligible for Medicare, which will cover all "medically necessary" expenses such as doctors' services and administered medicines.

- **At this time, we do not see a need for additional health insurance coverage during retirement.**

Long-Term Care Insurance

One of your primary goals was to acquire Long-Term Care coverage because of your parents' history. A LTC policy will provide a benefit when one cannot perform at least 2 key activities of daily living (eating, dressing, bathing, transferring, toileting, and continence), or is impaired by a form of dementia. Currently, the cost of care in the state of Maryland[4] is as follows;

-Semi-Private Nursing home room - $8,448 monthly or $101,376 annually
-Private Nursing home room - $9,186 monthly or $110,232 annually

Within the realm of LTC insurance, you are presented with a few different options to cover assisted living and home health care costs.

1. A **Hybrid LTC policy** typically has a benefit period between 4 and 6 years and increases with inflation. A hybrid policy will also offer a death benefit and a cash surrender value for extra protection or unexpected financial need. Hybrid policies are LTC focused and will concentrate the funds towards the benefit payout.
    -If each of you were to implement such a policy, you can expect to pay a large up-front lump sum amount anywhere between $50,000 and $100,000. This will ensure an increasing monthly LTC benefit with inflation that guarantees anywhere from $8,000 - $12,500 depending on the lump sum payment.

2. A **Life Insurance policy with LTC Rider** offers leverage on premium dollars towards a death benefit with the benefit of Long-Term Care protection. The rider adds slightly to the policy, but will grow cash value and pull LTC benefits from the death benefit if a claim were to occur. Life with Rider options are death benefit focused and will concentrate funds towards the face amount and cash surrender value. These riders can distribute LTC benefits at 2% or 4% of your death benefit.

[4] Nursing home care in the state of Maryland costs are according to the Genworth Cost of Care Survey in 2016

- **We recommend adding a Long-Term Care rider to the previously recommended Guaranteed Universal Life policy to pay for any claims that may occur. The rider will provide a 4% LTC benefit of $40,000 when a claim is filed.**
- **Should you choose to implement the Guaranteed Universal Life policy with the LTC rider, we will calculate actual premium amounts and adjust your retirement income distribution accordingly.**

Auto Insurance Coverage

Since Maryland is a "fault" state for auto accidents, you will need proper liability coverage. We assume you have liability limits of 100/300/100 or $100,000 per person and $300,000 per accident, and $100,000 for total property damage. Your risk of an accident is significantly decreased because of your shared place of employment, and the fact you have one car. Currently, you are paying $1,800, which is the average cost of auto coverage in Maryland[5] and your car is worth the $17,282 loan you are paying on it. These liability limits will cover any potential losses on your end while providing a nice hedge for any serious accidents.

Homeowners Insurance

For your home in Maryland, we are assuming you have an HO-3 homeowner's policy. HO-3 policies are open-peril which cover basically everything that cause harm to your home. This offers you $245,000 which is the industry standard of 80% of the original value of your home and mortgage. You are able to increase this coverage to 100% of the value of your home but please keep in mind it will be much pricier.

- **We recommend maintaining the 80% coverage at the industry standard, which keeps liability low and keeps your expenses in check.**

Umbrella Insurance Coverage

An Umbrella policy covers liability claims beyond your existing coverage. To qualify, most insurers require $250,000 of liability on your auto policy and $300,000 of liability on your homeowner's policy for an extra $1,000,000 in coverage. Currently your homeowner's coverage of $245,000 does not qualify for an umbrella policy, but if you were to increase your coverage to 100% of the value of your home as discussed earlier, you would qualify for an umbrella policy.

- **We recommend maintaining your 80% homeowner's coverage value and implementing a $1,000,000 GUL to cover in the case of an accident.**

[5] Average 100/300/100 Liability Limits cost for state of Maryland are according to valuepenguin.com

ESTATE PLANNING

Estate Planning Analysis

<u>Beneficiaries</u>
Your current beneficiaries are as listed:

Asset	Primary Beneficiary/TOD
David's Rollover IRA	Ellie
David’s 403(b)	Ellie
Ellie’s 403(b)	David
Brokerage Account (JTWROS)	Surviving Spouse
David’s 529 Plan	Allison
Personal Residence (JTWROS)	Surviving Spouse
David’s Vehicle	Not Specified
Furniture and Household Items (JTWROS)	Surviving Spouse

Due to the complexity of estate distribution, it is essential to have a well-formulated plan for the assets included in your estate in order for them to transfer according to your wishes. It was not specified that any of your assets have a contingent beneficiary designated. If the primary beneficiary is no longer living, the asset in question will go through the probate process, which can be costly and time consuming, instead of passing to a contingent beneficiary.

- ❖ **In order to minimize the chance of your assets going through probate, we advise assigning a contingent beneficiary for all assets. The contingent beneficiary will receive the assets in the event that the primary beneficiary passes away before or at the same time as the owner. Considering Allison is out of school, we also recommend changing the beneficiary of David’s 529 plan to your grandson, Brandon, in order to fund his education as you wish. Lastly, we advise naming a transfer on death (TOD) beneficiary on your vehicle. This will avoid probate. We want your assets to transfer according to your wishes; therefore you will want to make a thoughtful decision when titling a beneficiary and contingent beneficiary.**

<u>Essential Estate Planning Documents</u>
Both of you currently have simple wills that you did after the purchase of your home 7 years ago. A durable power of attorney for health care, living will, and side letter of instruction is not indicated for either of you.

A durable power of attorney for health care, or DPA for health care, will be able to act on your behalf and make decisions with regards to your health care and medical attention, should you become incapacitated. A living will declares your wishes with regards to life-support and medical treatment under the circumstances that you become incompetent or unconscious. A side letter of instruction is not a legally binding document but can be very helpful in the case of a death. It lets surviving parties know important information that they may have been unaware of during your life such as; account passwords, safe locations and combinations, professional contacts, etc.

- **We believe that a statutory will, DPA for health care, living will, and side letter of instruction are a vital part of any financial plan. We recommend reviewing your simple wills regularly with an attorney to ensure that they still meet all of your desires. We also advise that both of you, David and Ellie, appoint a durable power of attorney for health care, create a living will, and write a side letter of instruction with an estate planning attorney.**

Estate Tax

The current lifetime estate tax exemption is $5,450,000. Given the unlimited marital contribution, which allows for the first-to-die spouse to transfer everything to the surviving spouse without a tax, you essentially have an exemption of $10,900,000.

- **You current net worth of $837,381 is comfortably below the threshold. It is unlikely either of you will ever meet the threshold.**

Gift Splitting

The current gift tax exclusion is $14,000. This means that you have the ability to gift $14,000 per person, per year without paying any gift tax. Any amount gifted over $14,000 will be taxed at 40%. Electing to split gifts allow one spouse to gift $28,000 per person per year, utilizing their spouses $14,000. Gifting an amount greater than this will deplete your estate threshold dollar for dollar, and then incur a tax. It is important to note that if you elect to gift split any gifts within the year, you must split ALL gifts for the entire year.

- **Combined, you are currently only gifting $8,350 per year, which is below the annual $14,000 per year per person. However, gift splitting can be a very useful tool during retirement when you would like to gift a large amount of assets without incurring gift tax. As stated, one of your goals is to fund your grandchildren's education. You will want to elect to gift split should your contributions per child exceed $14,000 per year. Anytime you are gifting more than $14,000 to one person, we recommend taking advantage of the tax savings by electing to gift split.**

****Special note in regards to planning your estate:**

As your financial planner, we are not competent or authorized to practice law. Therefore, we recommend meeting with an attorney that specializes in estate planning to get your estate in order by drafting legal documents for you that implement our recommendations. It is important to utilize a professional due to the nature of complexity and legality that is associated with estate planning. We would be more than happy to introduce you to a local estate planning attorney that we affiliate ourselves with upon your request.

NEXT STEPS

Next Steps Checklist

Cash Flow Management

- ☐ Analyze mortgage refinancing options
- ☐ Earmark cash savings to an emergency fund

Retirement Income Planning

- ☐ Elect for Social Security benefits and pension benefits at specified ages
- ☐ Ensure RMD's are taken every year beginning at age 70½
- ☐ Distribute qualified account funds as needed/planned

Investment Planning

- ☐ Reallocate retirement assets
- ☐ Rollover David's Employer Matching Account

Education Planning

- ☐ Change beneficiary to Brandon on David's 529 plan
- ☐ Contribute to Brandon's 529 according to your wishes

Risk Management and Insurance Planning

- ☐ Apply for Guaranteed Universal Life Policy with LTC Rider

Estate Planning

- ☐ Meet with estate planning attorney
- ☐ Update current statutory wills
- ☐ Create living wills
- ☐ Appoint DPA's for health care
- ☐ Update all beneficiary information and assign contingent beneficiaries

Closing Summary

After a comprehensive review of your current financial information, we have identified strengths you are able to build on as well as areas that have potential to fulfill your wishes.

Your financial standing is secure, with proper 403(b) and pension benefits that provide a firm foundation to build off of. Your risk tolerances allow for suitable investment returns to supplement the pension and savings in paying retirement expenses. Within your plan, you will have the protection of long term care benefits as well as an opportunity to fund a portion of your grandchildren's college education. The greatest part is you are able to achieve these objectives while retiring at your anticipated retirement age.

Many things have changed in 7 years since your will's have been in place. With an update to your living will and estate planning structure, you will more effectively transfer your wealth and legacy to the appropriate beneficiaries.

It is with full certainty we come by your side to discern and direct you at this important stage to fulfill your financial goals.

APPENDIX

Tax Calculations

Retirement Effective Tax Rate Calculations:

Net Income Need to Cover Expenses in Today's Dollars	**$100,700.00**
Gross Income Need in Today's Dollars	**$129,500.00**

2016 Tax Brackets for Married Filing Jointly					
Tax Rate	Gross Income Range			Taxable Income	Taxes Due
10.0%	$0.00	-	$18,550.00	$18,550.00	$1,855.00
15.0%	$18,551.00	-	$75,300.00	$56,750.00	$8,512.50
25.0%	$75,301.00	-	$151,900.00	$54,200.00	$13,550.00
28.0%	$151,901.00	-	$231,450.00		
33.0%	$231,451.00	-	$413,350.00		
35.0%	$413,351.00	-	$466,950.00		
39.6%	$466,951.00	+			
				Total Taxes Due	**$23,917.50**

Tax Bracket Information is according to the Tax Foundation at http://taxfoundation.org/article/2016-tax-brackets

Effective Federal Income Tax Rate = sum of taxes due / gross income = $23,917.50 / $129,500
Effective Federal Income Tax Rate = 18.47%

We made the assumption that the pre-retirement Effective State Income Tax Rate will be applicable during retirement.

Effective State Income Tax Rate = state income tax paid in 2015 / gross income in 2015
Effective State Income Tax Rate = $9,531 / $255,000 = 3.74%

Investment Account Growth Calculations

The table below shows the brokerage accounts growing at 7.253% with contributions through 2024 and no withdrawals necessary. The value at life expectancy is highlighted in green.

		Brokerage JTWROS		
Year	Age	WD	Beginning Balance	Ending Balance
2015	55	$0.00	$0.00	$27,797.00
2016	56	$0.00	$27,797.00	$60,920.78
2017	57	$0.00	$60,920.78	$98,939.17
2018	58	$0.00	$98,939.17	$151,256.86
2019	59	$0.00	$151,256.86	$210,110.15
2020	60	$0.00	$210,110.15	$276,105.87
2021	61	$0.00	$276,105.87	$349,900.81
2022	62	$0.00	$349,900.81	$432,205.58
2023	63	$0.00	$432,205.58	$523,788.73
2024	64	$0.00	$523,788.73	$625,481.30
2025	65	$0.00	$625,481.30	$670,847.46
2026	66	$0.00	$670,847.46	$719,504.02
2027	67	$0.00	$719,504.02	$771,689.65
2028	68	$0.00	$771,689.65	$827,660.30
2029	69	$0.00	$827,660.30	$887,690.50
2030	70	$0.00	$887,690.50	$952,074.69
2031	71	$0.00	$952,074.69	$1,021,128.67
2032	72	$0.00	$1,021,128.67	$1,095,191.13
2033	73	$0.00	$1,095,191.13	$1,174,625.35
2034	74	$0.00	$1,174,625.35	$1,259,820.92
2035	75	$0.00	$1,259,820.92	$1,351,195.73
2036	76	$0.00	$1,351,195.73	$1,449,197.96
2037	77	$0.00	$1,449,197.96	$1,554,308.29
2038	78	$0.00	$1,554,308.29	$1,667,042.27
2039	79	$0.00	$1,667,042.27	$1,787,952.84
2040	80	$0.00	$1,787,952.84	$1,917,633.06
2041	81	$0.00	$1,917,633.06	$2,056,718.99
2042	82	$0.00	$2,056,718.99	$2,205,892.82
2043	83	$0.00	$2,205,892.82	$2,365,886.22
2044	84	$0.00	$2,365,886.22	$2,537,483.95
2045	85	$0.00	$2,537,483.95	$2,721,527.66
2046	86	$0.00	$2,721,527.66	$2,918,920.06
2047	87	$0.00	$2,918,920.06	$3,130,629.34
2048	88	$0.00	$3,130,629.34	$3,357,693.88
2049	89	$0.00	$3,357,693.88	$3,601,227.42
2050	90	$0.00	$3,601,227.42	$3,862,424.44
2051	91	$0.00	$3,862,424.44	$4,142,566.09
2052	92	$0.00	$4,142,566.09	$4,443,026.41
2053	93	$0.00	$4,443,026.41	$4,765,279.11
2054	94	$0.00	$4,765,279.11	$5,110,904.81
2055	95	$0.00	$5,110,904.81	**$5,481,598.73**
2056		$1.00	$5,481,598.73	**$5,879,178.02**

The table below shows David's 403(b) growing at 7.253% with contributions through 2024. Retirement income withdrawals are highlighted in blue and value at life expectancy in green.

		403(b) David		
Year	Age	WD	Beginning Balance	Ending Balance
2015	55	$0.00	$0.00	$305,764.00
2016	56	$0.00	$305,764.00	$340,191.06
2017	57	$0.00	$340,191.06	$377,115.12
2018	58	$0.00	$377,115.12	$416,717.28
2019	59	$0.00	$416,717.28	$459,191.78
2020	60	$0.00	$459,191.78	$504,746.96
2021	61	$0.00	$504,746.96	$553,606.26
2022	62	$0.00	$553,606.26	$606,009.32
2023	63	$0.00	$606,009.32	$662,213.18
2024	64	$0.00	$662,213.18	$722,493.50
2025	65	$0.00	$722,493.50	$774,895.96
2026	66	$0.00	$774,895.96	$831,099.16
2027	67	$0.00	$831,099.16	$891,378.78
2028	68	$0.00	$891,378.78	$956,030.49
2029	69	$0.00	$956,030.49	$1,025,371.38
2030	70	$0.00	$1,025,371.38	$1,099,741.56
2031	71	$2,964.51	$1,099,741.56	$1,176,326.29
2032	72	$29,010.92	$1,176,326.29	$1,230,530.16
2033	73	$34,777.33	$1,230,530.16	$1,282,480.78
2034	74	$40,746.22	$1,282,480.78	$1,331,797.58
2035	75	$10,326.56	$1,331,797.58	$1,417,317.31
2036	76	$15,542.76	$1,417,317.31	$1,503,445.26
2037	77	$20,944.75	$1,503,445.26	$1,590,026.26
2038	78	$26,538.88	$1,590,026.26	$1,676,887.13
2039	79	$32,331.69	$1,676,887.13	$1,763,835.05
2040	80	$38,329.95	$1,763,835.05	$1,850,655.98
2041	81	$44,540.66	$1,850,655.98	$1,937,112.86
2042	82	$50,971.04	$1,937,112.86	$2,022,943.69
2043	83	$57,628.57	$2,022,943.69	$2,107,859.43
2044	84	$64,520.95	$2,107,859.43	$2,191,541.82
2045	85	$21,410.96	$2,191,541.82	$2,327,530.45
2046	86	$27,179.34	$2,327,530.45	$2,467,195.57
2047	87	$33,155.20	$2,467,195.57	$2,610,581.32
2048	88	$39,345.65	$2,610,581.32	$2,757,727.39
2049	89	$45,758.06	$2,757,727.39	$2,908,668.47
2050	90	$52,400.01	$2,908,668.47	$3,063,433.62
2051	91	$59,279.36	$3,063,433.62	$3,222,045.57
2052	92	$66,404.22	$3,222,045.57	$3,384,520.01
2053	93	$73,782.99	$3,384,520.01	$3,550,864.77
2054	94	$81,424.33	$3,550,864.77	$3,721,078.96
2055	95	$89,337.18	$3,721,078.96	**$3,895,152.01**
2056		$268,768.28	$3,895,152.01	**$3,889,405.34**

The table below shows David's employer matching account being rolled over to an IRA at retirement, growing at 7.253%, and retirement income distributions highlighted in blue.

		403(b) Matching David / Rollover IRA		
Year	Age	WD	Beginning Balance	Ending Balance
2015	55	$0.00	$0.00	$23,247.00
2016	56	$0.00	$23,247.00	$25,281.81
2017	57	$0.00	$25,281.81	$27,494.73
2018	58	$0.00	$27,494.73	$29,901.34
2019	59	$0.00	$29,901.34	$32,518.60
2020	60	$0.00	$32,518.60	$35,364.96
2021	61	$0.00	$35,364.96	$38,460.45
2022	62	$0.00	$38,460.45	$41,826.90
2023	63	$0.00	$41,826.90	$45,488.00
2024	64	**IRA ROLLOVER**	$45,488.00	$49,469.57
2025	65	$0.00	$49,469.57	$53,057.60
2026	66	$0.00	$53,057.60	$56,905.86
2027	67	$0.00	$56,905.86	$61,033.25
2028	68	$0.00	$61,033.25	$65,459.99
2029	69	$30,821.90	$65,459.99	$37,150.39
2030	70	$18,059.22	$37,150.39	$20,475.85
2031	71	$20,475.85	$20,475.85	$0.00
2032	72	$0.00	$0.00	$0.00
2033	73	$0.00	$0.00	$0.00
2034	74	$0.00	$0.00	$0.00
2035	75	$0.00	$0.00	$0.00
2036	76	$0.00	$0.00	$0.00
2037	77	$0.00	$0.00	$0.00
2038	78	$0.00	$0.00	$0.00
2039	79	$0.00	$0.00	$0.00
2040	80	$0.00	$0.00	$0.00
2041	81	$0.00	$0.00	$0.00
2042	82	$0.00	$0.00	$0.00
2043	83	$0.00	$0.00	$0.00
2044	84	$0.00	$0.00	$0.00
2045	85	$0.00	$0.00	$0.00
2046	86	$0.00	$0.00	$0.00
2047	87	$0.00	$0.00	$0.00
2048	88	$0.00	$0.00	$0.00
2049	89	$0.00	$0.00	$0.00
2050	90	$0.00	$0.00	$0.00
2051	91	$0.00	$0.00	$0.00
2052	92	$0.00	$0.00	$0.00
2053	93	$0.00	$0.00	$0.00
2054	94	$0.00	$0.00	$0.00
2055	95	$0.00	$0.00	$0.00
2056		$0.00	$0.00	$0.00

The table below shoes Ellie's 403(b) account growing at 5.3005% with contributions continuing until 2024. Retirement income distributions are shown highlighted in blue.

		403(b) Ellie		
Year	Age	WD	Beginning Balance	Ending Balance
2015	55	$0.00	$0.00	$49,121.00
2016	56	$0.00	$49,121.00	$60,474.66
2017	57	$0.00	$60,474.66	$72,430.12
2018	58	$0.00	$72,430.12	$85,019.28
2019	59	$0.00	$85,019.28	$98,275.72
2020	60	$0.00	$98,275.72	$112,234.83
2021	61	$0.00	$112,234.83	$126,933.83
2022	62	$0.00	$126,933.83	$142,411.96
2023	63	$0.00	$142,411.96	$158,710.51
2024	64	$0.00	$158,710.51	$175,872.96
2025	65	$34,286.62	$175,872.96	$149,090.42
2026	66	$39,256.06	$149,090.42	$115,655.58
2027	67	$44,758.66	$115,655.58	$74,654.45
2028	68	$50,443.38	$74,654.45	$25,494.27
2029	69	$25,494.27	$25,494.27	$0.00
2030	70	$0.00	$0.00	$0.00
2031	71	$0.00	$0.00	$0.00
2032	72	$0.00	$0.00	$0.00
2033	73	$0.00	$0.00	$0.00
2034	74	$0.00	$0.00	$0.00
2035	75	$0.00	$0.00	$0.00
2036	76	$0.00	$0.00	$0.00
2037	77	$0.00	$0.00	$0.00
2038	78	$0.00	$0.00	$0.00
2039	79	$0.00	$0.00	$0.00
2040	80	$0.00	$0.00	$0.00
2041	81	$0.00	$0.00	$0.00
2042	82	$0.00	$0.00	$0.00
2043	83	$0.00	$0.00	$0.00
2044	84	$0.00	$0.00	$0.00
2045	85	$0.00	$0.00	$0.00
2046	86	$0.00	$0.00	$0.00
2047	87	$0.00	$0.00	$0.00
2048	88	$0.00	$0.00	$0.00
2049	89	$0.00	$0.00	$0.00
2050	90	$0.00	$0.00	$0.00
2051	91	$0.00	$0.00	$0.00
2052	92	$0.00	$0.00	$0.00
2053	93	$0.00	$0.00	$0.00
2054	94	$0.00	$0.00	$0.00
2055	95	$0.00	$0.00	$0.00
2056		$1.00	$0.00	$0.00

Projected net worth at life expectancy is the sum of the brokerage account value and David's 403(b) account totaling: $9,678,583.25

Retirement Options Calculations

Option 1: Retire at 65

Year	Age	Pension & SS
2022	62	$0.00
2023	63	$0.00
2024	64	$0.00
2025	65	$136,350.02
2026	66	$136,350.02
2027	67	$136,350.02
2028	68	$136,350.02
2029	69	$136,350.02
2030	70	$178,854.02
2031	71	$178,854.02
2032	72	$178,854.02
2033	73	$178,854.02
2034	74	$178,854.02
2035	75	$178,854.02
2036	76	$178,854.02
2037	77	$178,854.02
2038	78	$178,854.02
2039	79	$178,854.02
2040	80	$178,854.02
2041	81	$178,854.02
2042	82	$178,854.02
2043	83	$178,854.02
2044	84	$178,854.02
2045	85	$178,854.02
2046	86	$178,854.02
2047	87	$178,854.02
2048	88	$178,854.02
2049	89	$178,854.02
2050	90	$178,854.02
2051	91	$178,854.02
2052	92	$178,854.02
2053	93	$178,854.02
2054	94	$178,854.02
2055	95	$178,854.02
Total Income		**$5,331,954.65**

Option 2: Retire at 62

Year	Age	Pension & SS
2022	62	$78,035.46
2023	63	$78,035.46
2024	64	$78,035.46
2025	65	$78,035.46
2026	66	$78,035.46
2027	67	$78,035.46
2028	68	$78,035.46
2029	69	$78,035.46
2030	70	$120,539.46
2031	71	$120,539.46
2032	72	$120,539.46
2033	73	$120,539.46
2034	74	$120,539.46
2035	75	$120,539.46
2036	76	$120,539.46
2037	77	$120,539.46
2038	78	$120,539.46
2039	79	$120,539.46
2040	80	$120,539.46
2041	81	$120,539.46
2042	82	$120,539.46
2043	83	$120,539.46
2044	84	$120,539.46
2045	85	$120,539.46
2046	86	$120,539.46
2047	87	$120,539.46
2048	88	$120,539.46
2049	89	$120,539.46
2050	90	$120,539.46
2051	91	$120,539.46
2052	92	$120,539.46
2053	93	$120,539.46
2054	94	$120,539.46
2055	95	$120,539.46
		$3,758,309.57

The table above shows the significant difference between total income while retiring at David's age 62 and age 65. By waiting until age 65, your income will increase by over $1,500,000. Due to this large difference and all your other goals, the comprehensive plan recommends you wait until 2025, age 65.

Retirement Income Calculations

The table below shows how gross retirement income is calculated. (Gross Guaranteed Income + Gross Qualified Account Withdrawals) – Personal Exemptions – Standard Deductions – Elderly Deduction = Taxable Retirement Income.

Guaranteed Income	Qualified Account WD's	Gross Income	Personal Exemptions	Standard Deductions	Elderly Deduction	Taxable Income
$136,350.02	$34,286.62	$170,636.64	$8,100.00	$12,600.00	$1,250.00	$145,837.24
$136,729.94	$39,256.06	$175,986.00	$8,100.00	$12,600.00	$2,500.00	$149,879.61
$137,117.46	$44,758.66	$181,876.12	$8,100.00	$12,600.00	$2,500.00	$155,711.60
$137,512.73	$50,443.38	$187,956.10	$8,100.00	$12,600.00	$2,500.00	$161,732.30
$137,915.90	$56,316.17	$194,232.07	$8,100.00	$12,600.00	$2,500.00	$167,947.79
$180,831.14	$18,059.22	$198,890.36	$8,100.00	$12,600.00	$2,500.00	$166,168.80
$182,100.68	$23,440.36	$205,541.04	$8,100.00	$12,600.00	$2,500.00	$172,629.04
$183,395.62	$29,010.92	$212,406.54	$8,100.00	$12,600.00	$2,500.00	$179,300.30
$184,716.45	$34,777.33	$219,493.77	$8,100.00	$12,600.00	$2,500.00	$186,189.41
$186,063.70	$40,746.22	$226,809.91	$8,100.00	$12,600.00	$2,500.00	$193,303.46
$187,437.89	$10,326.56	$197,764.45	$8,100.00	$12,600.00	$2,500.00	$164,051.87
$188,839.57	$15,542.76	$204,382.33	$8,100.00	$12,600.00	$2,500.00	$170,459.49
$190,269.28	$20,944.75	$211,214.03	$8,100.00	$12,600.00	$2,500.00	$177,076.74
$191,727.58	$26,538.88	$218,266.46	$8,100.00	$12,600.00	$2,500.00	$183,910.43
$193,215.05	$32,331.69	$225,546.74	$8,100.00	$12,600.00	$2,500.00	$190,967.59
$194,732.27	$38,329.95	$233,062.23	$8,100.00	$12,600.00	$2,500.00	$198,255.49
$196,279.84	$44,540.66	$240,820.50	$8,100.00	$12,600.00	$2,500.00	$205,781.63
$197,858.36	$50,971.04	$248,829.40	$8,100.00	$12,600.00	$2,500.00	$213,553.75
$199,468.44	$57,628.57	$257,097.01	$8,100.00	$12,600.00	$2,500.00	$221,579.85
$201,110.73	$64,520.95	$265,631.68	$8,100.00	$12,600.00	$2,500.00	$229,868.17
$202,785.87	$21,410.96	$224,196.83	$8,100.00	$12,600.00	$2,500.00	$188,182.05
$204,494.50	$27,179.34	$231,673.84	$8,100.00	$12,600.00	$2,500.00	$195,402.77
$206,237.31	$33,155.20	$239,392.51	$8,100.00	$12,600.00	$2,500.00	$202,860.02
$208,014.98	$39,345.65	$247,360.63	$8,100.00	$12,600.00	$2,500.00	$210,561.49
$209,828.20	$45,758.06	$255,586.25	$8,100.00	$12,600.00	$2,500.00	$218,515.13
$211,677.68	$52,400.01	$264,077.69	$8,100.00	$12,600.00	$2,500.00	$226,729.14
$213,564.15	$59,279.36	$272,843.51	$8,100.00	$12,600.00	$2,500.00	$235,211.99
$215,488.36	$66,404.22	$281,892.58	$8,100.00	$12,600.00	$2,500.00	$243,972.43
$217,451.04	$73,782.99	$291,234.04	$8,100.00	$12,600.00	$2,500.00	$253,019.48
$219,452.98	$81,424.33	$300,877.31	$8,100.00	$12,600.00	$2,500.00	$262,362.47
$221,494.96	$89,337.18	$310,832.14	$8,100.00	$12,600.00	$2,500.00	$272,011.00
$58,697.20	$268,768.28	$327,465.48	$4,050.00	$6,300.00	$1,250.00	$310,600.96

The table below shows how net income was calculated for retirement, and how it covers expenses 100%. Net income = Taxable income - Federal tax - State Tax

Taxable Income	Fed Tax	State Tax	Net Income	Expenses
$145,837.24	$26,934.84	$5,450.88	$138,250.92	$138,250.92
$149,879.61	$27,681.43	$5,601.97	$142,702.60	$142,702.60
$155,711.60	$28,758.55	$5,819.95	$147,297.62	$147,297.62
$161,732.30	$29,870.52	$6,044.98	$152,040.60	$152,040.60
$167,947.79	$31,018.47	$6,277.30	$156,936.31	$156,936.31
$166,168.80	$30,689.90	$6,210.80	$161,989.66	$161,989.66
$172,629.04	$31,883.05	$6,452.26	$167,205.73	$167,205.73
$179,300.30	$33,115.17	$6,701.61	$172,589.75	$172,589.75
$186,189.41	$34,387.53	$6,959.10	$178,147.14	$178,147.14
$193,303.46	$35,701.43	$7,225.00	$183,883.48	$183,883.48
$164,051.87	$30,298.92	$6,131.68	$161,333.85	$161,333.85
$170,459.49	$31,482.35	$6,371.17	$166,528.80	$166,528.80
$177,076.74	$32,704.50	$6,618.50	$171,891.02	$171,891.02
$183,910.43	$33,966.62	$6,873.92	$177,425.92	$177,425.92
$190,967.59	$35,270.02	$7,137.69	$183,139.03	$183,139.03
$198,255.49	$36,616.03	$7,410.09	$189,036.11	$189,036.11
$205,781.63	$38,006.04	$7,691.39	$195,123.07	$195,123.07
$213,553.75	$39,441.48	$7,981.89	$201,406.03	$201,406.03
$221,579.85	$40,923.83	$8,281.87	$207,891.31	$207,891.31
$229,868.17	$42,454.61	$8,591.66	$214,585.41	$214,585.41
$188,182.05	$34,755.55	$7,033.58	$182,407.69	$182,407.69
$195,402.77	$36,089.16	$7,303.47	$188,281.22	$188,281.22
$202,860.02	$37,466.44	$7,582.19	$194,343.88	$194,343.88
$210,561.49	$38,888.84	$7,870.05	$200,601.75	$200,601.75
$218,515.13	$40,357.80	$8,167.32	$207,061.13	$207,061.13
$226,729.14	$41,874.86	$8,474.33	$213,728.49	$213,728.49
$235,211.99	$43,441.57	$8,791.39	$220,610.55	$220,610.55
$243,972.43	$45,059.54	$9,118.83	$227,714.21	$227,714.21
$253,019.48	$46,730.45	$9,456.98	$235,046.61	$235,046.61
$262,362.47	$48,456.02	$9,806.18	$242,615.11	$242,615.11
$272,011.00	$50,238.02	$10,166.81	$250,427.32	$250,427.32
$310,600.96	$57,365.24	$11,609.17	$258,491.08	$258,491.08

Life Insurance Calculations

The table below shows how David's life insurance need and shortfall was calculated. These numbers are reflected in the graph on page 28.

Current Employer Coverage	Personal Coverage	Guaranteed Income	Need (NPV of Income)	Shortfall
$198,663.05	$500,000.00	$148,886.24	$2,149,330.81	$1,450,667.76
$205,868.45	$500,000.00	$154,507.46	$2,114,369.85	$1,408,501.40
$213,335.18	$500,000.00	$160,339.61	$2,071,934.57	$1,358,599.39
$221,072.72	$500,000.00	$166,390.58	$2,021,417.85	$1,300,345.12
$229,090.91	$500,000.00	$172,668.53	$1,962,172.52	$1,233,081.61
$237,399.90	$500,000.00	$179,181.93	$1,893,508.95	$1,156,109.04
$246,010.26	$500,000.00	$185,939.57	$1,814,692.46	$1,068,682.20
$254,932.91	$500,000.00	$192,950.56	$1,724,940.66	$970,007.75
$0.00	$0.00	$76,438.16	$1,623,420.58	$1,623,420.58
$0.00	$0.00	$76,438.16	$1,633,031.83	$1,633,031.83
$0.00	$0.00	$76,438.16	$1,643,152.53	$1,643,152.53
$0.00	$0.00	$76,438.16	$1,653,809.67	$1,653,809.67
$0.00	$0.00	$76,438.16	$1,665,031.70	$1,665,031.70
$0.00	$0.00	$112,269.56	$1,676,848.55	$1,676,848.55
$0.00	$0.00	$112,986.19	$1,653,460.34	$1,653,460.34
$0.00	$0.00	$113,717.15	$1,628,115.82	$1,628,115.82
$0.00	$0.00	$114,462.73	$1,600,696.95	$1,600,696.95
$0.00	$0.00	$115,223.22	$1,571,079.16	$1,571,079.16
$0.00	$0.00	$115,998.92	$1,539,130.99	$1,539,130.99
$0.00	$0.00	$116,790.14	$1,504,713.71	$1,504,713.71
$0.00	$0.00	$117,597.18	$1,467,680.92	$1,467,680.92
$0.00	$0.00	$118,420.36	$1,427,878.17	$1,427,878.17
$0.00	$0.00	$119,260.00	$1,385,142.50	$1,385,142.50
$0.00	$0.00	$120,116.44	$1,339,301.97	$1,339,301.97
$0.00	$0.00	$120,990.00	$1,290,175.24	$1,290,175.24
$0.00	$0.00	$121,881.04	$1,237,570.97	$1,237,570.97
$0.00	$0.00	$122,789.90	$1,181,287.38	$1,181,287.38
$0.00	$0.00	$123,716.93	$1,121,111.62	$1,121,111.62
$0.00	$0.00	$124,662.51	$1,056,819.20	$1,056,819.20
$0.00	$0.00	$125,627.00	$988,173.40	$988,173.40
$0.00	$0.00	$126,610.77	$914,924.53	$914,924.53
$0.00	$0.00	$127,614.23	$836,809.33	$836,809.33
$0.00	$0.00	$128,637.75	$753,550.18	$753,550.18
$0.00	$0.00	$129,681.74	$664,854.36	$664,854.36
$0.00	$0.00	$130,746.61	$570,413.23	$570,413.23
$0.00	$0.00	$131,832.78	$469,901.37	$469,901.37
$0.00	$0.00	$132,940.67	$362,975.72	$362,975.72
$0.00	$0.00	$134,070.72	$249,274.57	$249,274.57
$0.00	$0.00	$135,223.37	$128,416.65	$128,416.65

The table below shows how Ellie’s life insurance need and shortfall was calculated. These numbers are reflected in the graph on page 28.

Current Employer Coverage	Personal Coverage	Guaranteed Income	Need (NPV of Income)	Shortfall
$75,368.27	$500,000.00	$56,484.08	$652,710.06	$77,341.79
$78,204.88	$500,000.00	$58,693.97	$643,567.05	$65,362.17
$81,148.24	$500,000.00	$60,989.83	$631,551.00	$50,402.76
$84,202.38	$500,000.00	$63,375.00	$616,367.55	$32,165.17
$87,371.47	$500,000.00	$65,852.91	$597,697.70	$10,326.23
$90,659.83	$500,000.00	$68,427.17	$575,195.80	$0.00
$94,071.95	$500,000.00	$71,101.50	$548,487.59	$0.00
$97,612.50	$500,000.00	$73,879.78	$517,167.89	$0.00
$0.00	$0.00	$35,255.49	$480,798.30	$480,798.30
$0.00	$0.00	$35,575.76	$480,415.11	$480,415.11
$0.00	$0.00	$35,902.45	$479,683.86	$479,683.86
$0.00	$0.00	$36,235.66	$478,572.88	$478,572.88
$0.00	$0.00	$36,575.54	$477,048.11	$477,048.11
$0.00	$0.00	$36,922.22	$475,072.87	$475,072.87
$0.00	$0.00	$37,275.83	$472,607.68	$472,607.68
$0.00	$0.00	$37,636.52	$469,610.08	$469,610.08
$0.00	$0.00	$38,004.42	$466,034.38	$466,034.38
$0.00	$0.00	$38,379.67	$461,831.44	$461,831.44
$0.00	$0.00	$38,762.43	$456,948.40	$456,948.40
$0.00	$0.00	$39,152.85	$451,328.43	$451,328.43
$0.00	$0.00	$39,551.07	$444,910.43	$444,910.43
$0.00	$0.00	$39,957.26	$437,628.71	$437,628.71
$0.00	$0.00	$40,371.58	$429,412.66	$429,412.66
$0.00	$0.00	$40,794.18	$420,186.38	$420,186.38
$0.00	$0.00	$41,225.23	$409,868.32	$409,868.32
$0.00	$0.00	$41,664.90	$398,370.84	$398,370.84
$0.00	$0.00	$42,113.36	$385,599.78	$385,599.78
$0.00	$0.00	$42,570.80	$371,453.97	$371,453.97
$0.00	$0.00	$43,037.38	$355,824.73	$355,824.73
$0.00	$0.00	$43,513.30	$338,595.31	$338,595.31
$0.00	$0.00	$43,998.73	$319,640.33	$319,640.33
$0.00	$0.00	$44,493.87	$298,825.11	$298,825.11
$0.00	$0.00	$44,998.92	$276,005.02	$276,005.02
$0.00	$0.00	$45,514.07	$251,024.75	$251,024.75
$0.00	$0.00	$46,039.51	$223,717.51	$223,717.51
$0.00	$0.00	$46,575.47	$193,904.22	$193,904.22
$0.00	$0.00	$47,122.15	$161,392.62	$161,392.62
$0.00	$0.00	$47,679.76	$125,976.28	$125,976.28
$0.00	$0.00	$48,248.52	$87,433.58	$87,433.58
$0.00	$0.00	$48,828.66	$45,526.62	$45,526.62

The table below shows how David's insurance analysis with our recommended universal whole life policy was calculated. The numbers are reflected in the graph on page 29.

Current Employer Coverage	Personal Coverage	Universal Whole Life Recommendation	Guaranteed Income	Need (NPV of Income)	Shortfall
$198,663.05	$500,000.00	$1,000,000.00	$148,886.24	$2,149,330.81	$450,667.76
$205,868.45	$500,000.00	$1,000,000.00	$154,507.46	$2,114,369.85	$408,501.40
$213,335.18	$500,000.00	$1,000,000.00	$160,339.61	$2,071,934.57	$358,599.39
$221,072.72	$500,000.00	$1,000,000.00	$166,390.58	$2,021,417.85	$300,345.12
$229,090.91	$500,000.00	$1,000,000.00	$172,668.53	$1,962,172.52	$233,081.61
$237,399.90	$500,000.00	$1,000,000.00	$179,181.93	$1,893,508.95	$156,109.04
$246,010.26	$500,000.00	$1,000,000.00	$185,939.57	$1,814,692.46	$68,682.20
$254,932.91	$500,000.00	$1,000,000.00	$192,950.56	$1,724,940.66	$0.00
$0.00	$0.00	$1,000,000.00	$76,438.16	$1,623,420.58	$623,420.58
$0.00	$0.00	$1,000,000.00	$76,438.16	$1,633,031.83	$633,031.83
$0.00	$0.00	$1,000,000.00	$76,438.16	$1,643,152.53	$643,152.53
$0.00	$0.00	$1,000,000.00	$76,438.16	$1,653,809.67	$653,809.67
$0.00	$0.00	$1,000,000.00	$76,438.16	$1,665,031.70	$665,031.70
$0.00	$0.00	$1,000,000.00	$112,269.56	$1,676,848.55	$676,848.55
$0.00	$0.00	$1,000,000.00	$112,986.19	$1,653,460.34	$653,460.34
$0.00	$0.00	$1,000,000.00	$113,717.15	$1,628,115.82	$628,115.82
$0.00	$0.00	$1,000,000.00	$114,462.73	$1,600,696.95	$600,696.95
$0.00	$0.00	$1,000,000.00	$115,223.22	$1,571,079.16	$571,079.16
$0.00	$0.00	$1,000,000.00	$115,998.92	$1,539,130.99	$539,130.99
$0.00	$0.00	$1,000,000.00	$116,790.14	$1,504,713.71	$504,713.71
$0.00	$0.00	$1,000,000.00	$117,597.18	$1,467,680.92	$467,680.92
$0.00	$0.00	$1,000,000.00	$118,420.36	$1,427,878.17	$427,878.17
$0.00	$0.00	$1,000,000.00	$119,260.00	$1,385,142.50	$385,142.50
$0.00	$0.00	$1,000,000.00	$120,116.44	$1,339,301.97	$339,301.97
$0.00	$0.00	$1,000,000.00	$120,990.00	$1,290,175.24	$290,175.24
$0.00	$0.00	$1,000,000.00	$121,881.04	$1,237,570.97	$237,570.97
$0.00	$0.00	$1,000,000.00	$122,789.90	$1,181,287.38	$181,287.38
$0.00	$0.00	$1,000,000.00	$123,716.93	$1,121,111.62	$121,111.62
$0.00	$0.00	$1,000,000.00	$124,662.51	$1,056,819.20	$56,819.20
$0.00	$0.00	$1,000,000.00	$125,627.00	$988,173.40	$0.00
$0.00	$0.00	$1,000,000.00	$126,610.77	$914,924.53	$0.00
$0.00	$0.00	$1,000,000.00	$127,614.23	$836,809.33	$0.00
$0.00	$0.00	$1,000,000.00	$128,637.75	$753,550.18	$0.00
$0.00	$0.00	$1,000,000.00	$129,681.74	$664,854.36	$0.00
$0.00	$0.00	$1,000,000.00	$130,746.61	$570,413.23	$0.00
$0.00	$0.00	$1,000,000.00	$131,832.78	$469,901.37	$0.00
$0.00	$0.00	$1,000,000.00	$132,940.67	$362,975.72	$0.00
$0.00	$0.00	$1,000,000.00	$134,070.72	$249,274.57	$0.00
$0.00	$0.00	$1,000,000.00	$135,223.37	$128,416.65	$0.00