

# Life Goals



*Larry Gold*  
*and*  
*Susan Gold*

Presented by:  
John Smith, CLU, CHFC  
For Evaluation Purposes Only  
215 Broad Street  
Charlotte, North Carolina 28262  
Phone: 704-927-5555  
Mobile Phone: 704-549-5555  
Fax: 704-549-6666  
Email: john.smith@aol.com

Financial Services Corp  
Branch Office  
10250 Red Rd  
Charlotte, North Carolina 28262

# Table of Contents

---

Important Notes	1
Defining Your Financial Goals	2
Confirmation of Facts	3
Summary of Your Financial Goals	5
Survivor Needs	7
Education Savings	21
Retirement Savings	26
Disability Needs	34
Long-Term Care Needs	45
Action Items	52

# Important Notes

---

This analysis provides only broad, general guidelines, which may be helpful in shaping your thinking about your financial needs. It can serve as a guide for discussions with your professional advisors. Each of the “life goals” illustrated in this analysis are calculated independently and are not intended to be a comprehensive financial plan.

Each scenario shown illustrates your current situation or an alternative strategy and its possible effects on the financial situation you provided. Inclusion of one or more of these strategies does not constitute a recommendation of that strategy over any other strategy.

Calculations contained in this analysis are estimates only based on the information you provided, such as the value of your assets today, and the rate at which the assets appreciate. The actual values, rates of growth, and tax rates may be significantly different from those illustrated. These assumptions are only a “best guess.” No guarantee can be made regarding values, as all rates are the hypothetical rates you provided. These computations are not a guarantee of future performance of any asset, including insurance or other financial products.

No legal or accounting advice is being rendered either by this report or through any other oral or written communications. Nothing contained in this report is intended to be used on any tax form or to support any tax deduction. Unless indicated, the tax aspect of the federal Generation-Skipping Transfer Tax (GSTT) is not reflected. The GSTT is similar to an additional level of estate tax on certain transfers to grandchildren, or individuals two or more generations removed from the transferor. State laws vary regarding the distribution of property, and individual circumstances are unique and subject to change. You should discuss all strategies, transfers, and assumptions with your legal and tax advisors.

To implement a strategy, it may be necessary to restructure the ownership of property, or change designated beneficiaries before specific will or trust provisions, prepared by the client’s counsel, become effective. The transfer of a life insurance policy may not result in its removal from the estate of the prior owner for three years.

Strategies may be proposed to support the purchase of various products such as insurance and other financial products. When this occurs, additional information about the specific product (including a prospectus, if required, or an insurer provided policy illustration) will be provided for your review.

**IMPORTANT:** The projections or other information generated by this investment analysis tool (Life Goals) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

**IRS CIRCULAR 230 NOTICE:** To ensure compliance with requirements imposed by the IRS, this notice is to inform you that any U. S. federal tax advice contained in this presentation is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed in this presentation.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Defining Your Financial Goals

There are many potential financial goals in your life. This presentation considers the information you have shared—your assets, your wishes, and your thoughts about the future—to determine your progress toward the following fundamental financial goals:



## Survivor Needs Goal

If something were to happen to you or your spouse, would your family have enough to live comfortably?



## Monthly Savings Goal for Education

Are you saving enough each year to ensure a quality education for your children?



## Monthly Savings Goal for Retirement

Will your current annual savings be enough for a financially secure retirement?



## Disability Income Needs Goal

If you or your spouse loses the ability to earn an income as a result of an accident or illness, how would you maintain your lifestyle?



## Long-Term Care Needs Goal

Would a long-term care event, like a nursing home stay or home health care, affect your retirement?

## Getting Started

1. Confirm your information to ensure an accurate presentation specific to your situation.
2. Analyze your current progress towards each of your goals.
3. Prioritize which goals require immediate action and consider solutions.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Confirmation of Facts

## Personal Information

Larry Gold, Male Born: Sep. 28, 1977

Susan Gold, Female Born: Jul. 18, 1979

- Larry and Susan are married.
- Include Social Security in analysis.

**Dependents:** Michael Born: Jan. 01, 2005

Karen Born: Jan. 01, 2007

## Earnings

Larry's Current Salary: \$95,000

Susan's Current Salary: \$72,000

## Assets

Total Assets: \$630,000

Total Monthly Savings: \$300

Average Growth Rate: 2.29%

Description	Owner	Current Amount	Monthly Savings	Growth Rate
All Other Assets	Larry/Susan	\$80,000	\$200	3.00%
Mutual Funds	Larry/Susan	\$50,000	\$100	4.00%
House	Larry/Susan	\$500,000	\$0	2.00%

## Debts

Total Mortgage Balance: \$350,000

Mortgage Details:

Description	Balance	Monthly Payment	Interest Rate
House - 1st mortg	\$350,000	\$2,500	4.50%

Total Other Debts: \$0

## Retirement Assets

Total Retirement Assets: \$112,000

Total Monthly Contributions: \$1,400

Growth Rate: 5.00%

Description	Owner	Current Amount	Monthly Savings	Company Match	Growth Rate
401(k)	Larry	\$100,000	\$1,000	\$300	5.00%
IRA	Susan	\$12,000	\$100	\$0	5.00%

## Survivor Goal

Survivor Income Needs: 100% of current household income while the children are at home.

Survivor Income Needs: 60% of current household income for remaining years.

Needs provided for 30 years.

Current Life Insurance Policies:

Description	Insured	Death Benefit	Premium
Larry Existing Life Insurance	Larry	\$200,000	\$500

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Confirmation of Facts

---

## Education Goal

**Michael:** Provide 100% of the total cost of **Clemson University** (\$29,394 in first year) for 4 years

**Karen:** Provide 100% of the total cost of **The University of North Carolina at Chapel Hill** (\$14,036 in first year) for 4 years

Current Savings Amount: \$12,000

Current Monthly Savings: \$300

Growth Rate: 5.00%

## Retirement Goal

Larry retires at 65, Susan retires at 65.

Larry starts Social Security benefits at 67, Susan starts Social Security benefits at 67.

Retirement Income Needs: 90% of current household income for life.

## Disability Income Goal

Replace 60% of Larry's salary.

Replace 60% of Susan's salary.

## Long-Term Care Goal

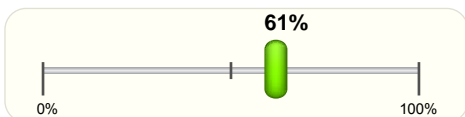
Estimated monthly long-term care expense: \$6,000 in today's dollars.

Expense begins at age 75 for 5 years.

# Summary of Your Financial Goals

Financial goals are best achieved through preparation that starts today. This presentation charts your current progress toward each of your financial goals and what is needed to achieve 100% of those goals.

## Larry's Survivor Needs Goal



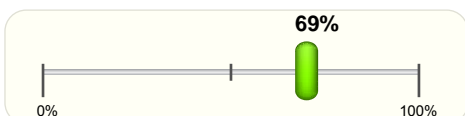
You currently have 61% of the amount needed to meet your goal.

**Additional Amount Needed to Meet 100% of Goal** \$604,148

**Goal:** Provide immediate cash and continuing income needs for your survivors in the event of your death today.

**Considers:** Total available assets of \$942,000

## Susan's Survivor Needs Goal



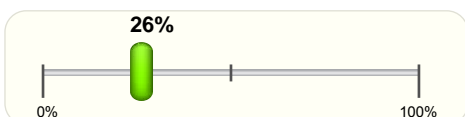
You currently have 69% of the amount needed to meet your goal.

**Additional Amount Needed to Meet 100% of Goal** \$326,174

**Goal:** Provide immediate cash and continuing income needs for your survivors in the event of your death today.

**Considers:** Total available assets of \$742,000

## Education Savings Goal



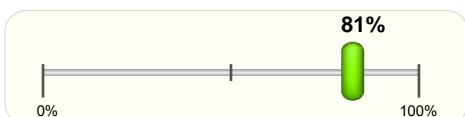
You are currently saving 26% of the monthly savings amount needed to meet your goal.

**Additional Monthly Savings Needed to Meet 100% of Goal** \$1,121

**Goal:** Provide funds needed to meet estimated expenses of education objectives.

**Considers:** Current balance of \$12,000 and monthly savings of \$300.00 assume a 5.00% rate of return

## Retirement Savings Goal



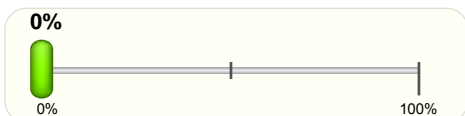
You are currently on track to satisfy 81% of your retirement goal.

**Additional Monthly Savings Needed to Meet 100% of Goal** \$2,676

**Goal:** Provide 90% of your current lifestyle, adjusted for inflation, for 27 years of retirement starting when Larry retires at age 65.

**Considers:** Existing retirement income. Assets and savings assume your average rate of return of 2.7%

## Larry's Disability Needs Goal



You currently have no funds available for this goal.

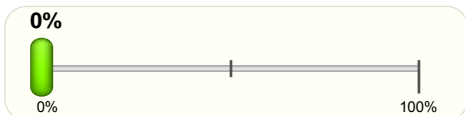
**Additional Disability Income Needed to Meet 100% of Goal** \$57,000

**Goal:** Provide 60% of current salary in the event you become disabled today.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Summary of Your Financial Goals

## Susan's Disability Needs Goal

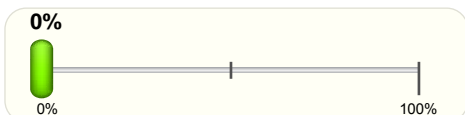


You currently have no funds available for this goal.

**Additional Disability Income Needed to Meet 100% of Goal** **\$43,200**

**Goal:** Provide 60% of current salary in the event you become disabled today.

## Larry's Long-Term Care Needs



You currently have no funds available for this goal.

**Additional Monthly Income Needed to Meet 100% of Goal** **\$20,159**

**Goal:** Provide for additional expenses attributed to a long-term care event at age 75.

## Susan's Long-Term Care Needs



You currently have no funds available for this goal.

**Additional Monthly Income Needed to Meet 100% of Goal** **\$21,387**

**Goal:** Provide for additional expenses attributed to a long-term care event at age 75.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Survivor Needs Goal

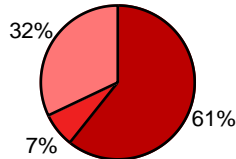
Assumes Larry Dies Today

## Objective

In the event of Larry's death today, provide funds for:

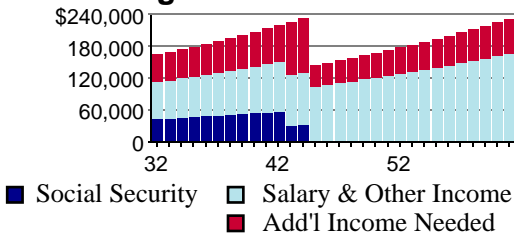
- **Immediate Cash Needs**—to fund final expenses, debts, or emergency funds
- **Continuing Income Needs**—to help support your family's ongoing lifestyle

### Immediate Cash Needs Due at Larry's Death



Present Debts	\$350,000
Emergency Fund	\$41,750
Education Needs <sup>1</sup>	\$184,793
<b>Total Immediate Cash Needs</b>	<b>\$576,543</b>

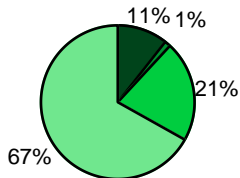
### Continuing Income Needs for Susan



Total Survivor Income Needed	\$3,081,897
Total Survivor Income Sources	\$2,112,292
<b>Total Continuing Income Needs</b>	<b>\$969,605</b>

**Total Survivor Needs \$1,546,148**

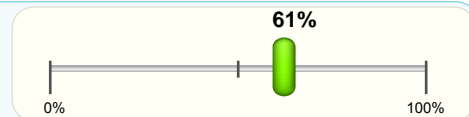
### Assets Available to Fund Survivor Needs



Larry's Retirement Assets	\$100,000
Susan's Retirement Assets	\$12,000
Larry's Life Insurance	\$200,000
Other Assets	\$630,000
<b>Total Available Assets</b>	<b>\$942,000</b>

**Remaining Survivor Needs<sup>2,3</sup> \$604,148**

Survivor Needs Goal Progress



<sup>1</sup> Considers Current College Savings of \$12,000 today

<sup>2</sup> Remaining Survivor Needs equals 'Total Survivor Needs' (Immediate Cash Needs + Continuing Income Needs) minus 'Assets Available to Fund Survivor Needs'.

<sup>3</sup> Total Available Assets appear to be sufficient to fund Immediate Cash Needs.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Survivor Needs Goal Details

Assumes Larry Dies Today

## Immediate Cash Needs Due at Larry's Death \$576,543

<b>Present Debts</b> —Pay off the existing debts listed below to protect the family from creditors	\$350,000
• House - 1st mortg	\$350,000
<b>Emergency Fund</b> —3 months household income to protect against a family emergency	\$41,750
<b>Education Needs</b> — A college fund to protect your children's future	\$184,793
• Michael: Providing \$29,394 a year starting at age 18 for 4 years would require \$132,373 today.	
• Karen: Providing \$14,036 a year starting at age 18 for 4 years would require \$64,420 today.	
• Considers Current College Savings of \$12,000 today	

## Continuing Income Needs for Susan \$969,605

Survivor Income Needed					
Period Based on Susan's Age	Current Household Income	Percent of Household Income	Annual Need Today	Annual Amount at Start of Period	Lump Sum Value Today
32 - 44	\$167,000	100%	\$167,000	\$167,000	\$1,939,417
45 - 61	\$167,000	60%	\$100,200	\$147,147	\$1,142,481
<b>Total Amount Needed Today to Fund Survivor Income Needs</b>					<b>\$3,081,897</b>

Survivor Income Sources			
Income Source <sup>1</sup>	Annual Amount when Income Source Begins	Annual Increase	Lump Sum Value Today
Employment	\$72,000	3%	\$1,657,100
Social Security <sup>2</sup>	\$42,102	3%	\$455,192
<b>Total Amount Today of All Survivor Income Sources</b>			<b>\$2,112,292</b>

## Assumptions & Notes

### Assumed Years of Death

- This presentation assumes Larry dies immediately.

### Income Needs Assumption

- Susan will require 100% of current household income while the children are at home. When the youngest child turns 18, Susan will require 60% of current household income.

### Interest Rate Assumptions

- Education costs are assumed to increase at a 6% annual inflation rate.
- All other living expenses are assumed to increase at a 3% annual inflation rate.
- All lump sum values in today's dollars are assumed to grow at 5% annually.

<sup>1</sup> See Confirmation of Facts for income details.

<sup>2</sup> See Assumptions & Notes section for details.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Survivor Needs Goal Details

Assumes Larry Dies Today

---

## Assumptions & Notes (Continued)

---

### Social Security Assumptions

- Larry and Susan's Social Security benefit amounts based on their current salaries. Social Security survivor benefit ends when youngest child turns 16, however children's benefits are paid until age 18. Social Security retirement benefit begins at Susan's age 67. No Social Security benefits will be paid if there are years after the youngest child turns 18, but before Susan's age 67.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Survivor Needs Goal Details

Assumes Larry Dies Today

Year	Susan's Age	Income			Assets			
		Annual Income Needed	Salary & Other Income	Estimated Social Security	Withdrawals From Assets	Annual Shortfall	Asset Balance	Cumulative Shortfall
1	32	\$167,000	\$72,000	\$42,102	\$52,898	\$0	\$328,187	\$0
2	33	172,010	74,160	43,365	54,485	0	287,387	0
3	34	177,170	76,385	44,666	56,119	0	242,831	0
4	35	182,485	78,676	46,006	57,803	0	194,280	0
5	36	187,960	81,037	47,386	59,537	0	141,480	0
6	37	193,599	83,468	48,808	61,323	0	84,164	0
7	38	199,407	85,972	50,272	63,163	0	22,051	0
8	39	205,389	88,551	51,780	22,051	43,007	0	43,007
9	40	211,551	91,207	53,334	0	67,010	0	110,016
10	41	217,897	93,944	54,934	0	69,020	0	179,036
11	42	224,434	96,762	56,582	0	71,090	0	250,127
12	43	231,167	99,665	29,140	0	102,363	0	352,489
13	44	238,102	102,655	30,014	0	105,434	0	457,923
14	45	147,147	105,734	0	0	41,413	0	499,336
15	46	151,561	108,906	0	0	42,655	0	541,991
16	47	156,108	112,174	0	0	43,935	0	585,925
17	48	160,792	115,539	0	0	45,253	0	631,178
18	49	165,615	119,005	0	0	46,610	0	677,788
19	50	170,584	122,575	0	0	48,009	0	725,797
20	51	175,701	126,252	0	0	49,449	0	775,246
21	52	180,972	130,040	0	0	50,932	0	826,178
22	53	186,402	133,941	0	0	52,460	0	878,639
23	54	191,994	137,959	0	0	54,034	0	932,673
24	55	197,753	142,098	0	0	55,655	0	988,328
25	56	203,686	146,361	0	0	57,325	0	1,045,653
26	57	209,797	150,752	0	0	59,045	0	1,104,697
27	58	216,090	155,275	0	0	60,816	0	1,165,513
28	59	222,573	159,933	0	0	62,640	0	1,228,153
29	60	229,250	164,731	0	0	64,520	0	1,292,673
30	61	236,128	169,673	0	0	66,455	0	1,359,128

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Survivor Needs Recommendation

Assumes Larry Dies Today

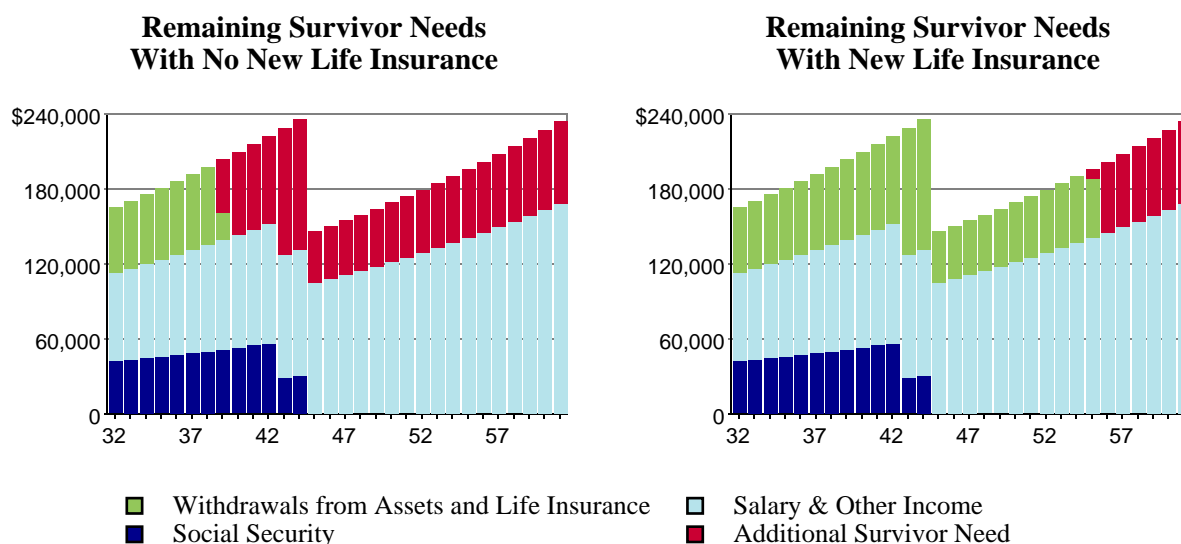
## Objective

In the event of your death today, provide funds for:

- **Immediate Cash Needs**—to fund final expenses, debts, or education expenses
- **Continuing Income Needs**—to help support your family’s ongoing lifestyle

**Proposed New Life Insurance**

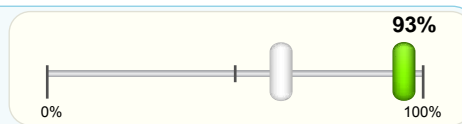
**\$500,000<sup>1</sup>**



## Summary of Survivor Needs

	<b>Remaining Survivor Needs</b>	<b>\$604,148</b>
<b>less</b>	<b>Proposed New Life Insurance Proceeds</b>	<b>\$500,000</b>
	<b>Survivor Needs Left Unfunded</b>	<b>\$104,148</b>

**Survivor Needs Goal Progress**



<sup>1</sup> Life insurance policy premiums are not illustrated in this presentation.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Survivor Needs Goal

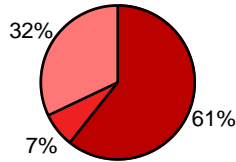
Assumes Susan Dies Today

## Objective

In the event of Susan's death today, provide funds for:

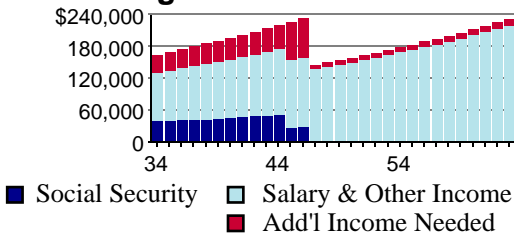
- **Immediate Cash Needs**—to fund final expenses, debts, or emergency funds
- **Continuing Income Needs**—to help support your family's ongoing lifestyle

### Immediate Cash Needs Due at Susan's Death



Present Debts	\$350,000
Emergency Fund	\$41,750
Education Needs <sup>1</sup>	\$184,793
<b>Total Immediate Cash Needs</b>	<b>\$576,543</b>

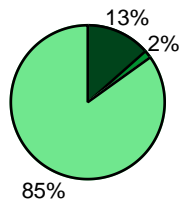
### Continuing Income Needs for Larry



Total Survivor Income Needed	\$3,081,897
Total Survivor Income Sources	\$2,590,266
<b>Total Continuing Income Needs</b>	<b>\$491,631</b>

**Total Survivor Needs \$1,068,174**

### Assets Available to Fund Survivor Needs



Larry's Retirement Assets	\$100,000
Susan's Retirement Assets	\$12,000
Susan's Life Insurance	\$0
Other Assets	\$630,000
<b>Total Available Assets</b>	<b>\$742,000</b>

**Remaining Survivor Needs<sup>2,3</sup> \$326,174**

### Survivor Needs Goal Progress



<sup>1</sup> Considers Current College Savings of \$12,000 today

<sup>2</sup> Remaining Survivor Needs equals 'Total Survivor Needs' (Immediate Cash Needs + Continuing Income Needs) minus 'Assets Available to Fund Survivor Needs'.

<sup>3</sup> Total Available Assets appear to be sufficient to fund Immediate Cash Needs.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Survivor Needs Goal Details

Assumes Susan Dies Today

## Immediate Cash Needs Due at Susan's Death \$576,543

<b>Present Debts</b> —Pay off the existing debts listed below to protect the family from creditors	\$350,000
• House - 1st mortg	\$350,000
<b>Emergency Fund</b> —3 months household income to protect against a family emergency	\$41,750
<b>Education Needs</b> — A college fund to protect your children's future	\$184,793
• Michael: Providing \$29,394 a year starting at age 18 for 4 years would require \$132,373 today.	
• Karen: Providing \$14,036 a year starting at age 18 for 4 years would require \$64,420 today.	
• Considers Current College Savings of \$12,000 today	

## Continuing Income Needs for Larry \$491,631

Survivor Income Needed					
Period Based on Larry's Age	Current Household Income	Percent of Household Income	Annual Need Today	Annual Amount at Start of Period	Lump Sum Value Today
34 - 46	\$167,000	100%	\$167,000	\$167,000	\$1,939,417
47 - 63	\$167,000	60%	\$100,200	\$147,147	\$1,142,481
<b>Total Amount Needed Today to Fund Survivor Income Needs</b>					<b>\$3,081,897</b>

### Survivor Income Sources

Income Source <sup>1</sup>	Annual Amount when Income Source Begins	Annual Increase	Lump Sum Value Today
Employment	\$95,000	3%	\$2,186,451
Social Security <sup>2</sup>	\$37,350	3%	\$403,815
<b>Total Amount Today of All Survivor Income Sources</b>			<b>\$2,590,266</b>

## Assumptions & Notes

### Assumed Years of Death

- This presentation assumes Susan dies immediately.

### Income Needs Assumption

- Larry will require 100% of current household income while the children are at home. When the youngest child turns 18, Larry will require 60% of current household income.

### Interest Rate Assumptions

- Education costs are assumed to increase at a 6% annual inflation rate.
- All other living expenses are assumed to increase at a 3% annual inflation rate.
- All lump sum values in today's dollars are assumed to grow at 5% annually.

<sup>1</sup> See Confirmation of Facts for income details.

<sup>2</sup> See Assumptions & Notes section for details.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Survivor Needs Goal Details

Assumes Susan Dies Today

---

## Assumptions & Notes (Continued)

---

### Social Security Assumptions

- Larry and Susan's Social Security benefit amounts based on their current salaries. Social Security survivor benefit ends when youngest child turns 16, however children's benefits are paid until age 18. Social Security retirement benefit begins at Larry's age 67. No Social Security benefits will be paid if there are years after the youngest child turns 18, but before Larry's age 67.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Survivor Needs Goal Details

Assumes Susan Dies Today

Year	Larry's Age	Income			Assets			
		Annual Income Needed	Salary & Other Income	Estimated Social Security	Withdrawals From Assets	Annual Shortfall	Asset Balance	Cumulative Shortfall
1	34	\$167,000	\$95,000	\$37,350	\$34,650	\$0	\$137,348	\$0
2	35	172,010	97,850	38,470	35,690	0	106,741	0
3	36	177,170	100,786	39,625	36,760	0	73,480	0
4	37	182,485	103,809	40,813	37,863	0	37,398	0
5	38	187,960	106,923	42,038	37,398	1,601	0	1,601
6	39	193,599	110,131	43,299	0	40,169	0	41,770
7	40	199,407	113,435	44,598	0	41,374	0	83,144
8	41	205,389	116,838	45,936	0	42,615	0	125,759
9	42	211,551	120,343	47,314	0	43,894	0	169,653
10	43	217,897	123,953	48,733	0	45,210	0	214,863
11	44	224,434	127,672	50,195	0	46,567	0	261,430
12	45	231,167	131,502	25,851	0	73,814	0	335,244
13	46	238,102	135,447	26,626	0	76,029	0	411,273
14	47	147,147	139,511	0	0	7,636	0	418,909
15	48	151,561	143,696	0	0	7,865	0	426,775
16	49	156,108	148,007	0	0	8,101	0	434,876
17	50	160,792	152,447	0	0	8,344	0	443,221
18	51	165,615	157,021	0	0	8,595	0	451,815
19	52	170,584	161,731	0	0	8,853	0	460,668
20	53	175,701	166,583	0	0	9,118	0	469,786
21	54	180,972	171,581	0	0	9,392	0	479,178
22	55	186,402	176,728	0	0	9,674	0	488,852
23	56	191,994	182,030	0	0	9,964	0	498,815
24	57	197,753	187,491	0	0	10,263	0	509,078
25	58	203,686	193,115	0	0	10,571	0	519,648
26	59	209,797	198,909	0	0	10,888	0	530,536
27	60	216,090	204,876	0	0	11,214	0	541,750
28	61	222,573	211,022	0	0	11,551	0	553,301
29	62	229,250	217,353	0	0	11,897	0	565,198
30	63	236,128	223,874	0	0	12,254	0	577,452

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Social Security Benefits



Social Security provides benefits when you die, become disabled, or retire. Most workers are covered by Social Security, exceptions include railroad employees, some state and local government employees, and federal workers hired prior to 1984. Benefits are based on earnings and the length of time employed. Spouses and children of eligible workers may also receive benefits based on the worker's record.

Qualifications differ for each kind of benefit, as does the size of the benefit payable. Monthly benefits increase each January based on changes in the cost of living during the preceding year. You and your employer each contribute 6.2% of earnings up to the maximum taxable amount for Social Security and 1.45% of all earnings for Medicare. Self-employed workers pay both employee and employer amounts.

Calculations of benefits are based on the Primary Insurance Amount (PIA) which is based on your Average Indexed Monthly Earnings (AIME) over your employment history. Both the PIA and the AIME are calculated by formulas published each year by the Social Security Administration. You may get an estimate of your benefits by filling out a Request for Earnings and Benefit Estimate Statement from the Social Security Administration. In return you receive a report which shows your earnings history, AIME and estimated retirement, disability and survivor benefits.

## Survivor Benefits

Family members of an eligible worker may receive monthly benefits based on the earnings record of the deceased individual. Benefits are paid to children under 18 and spouses who are retired, disabled or caring for children under 16. In addition, a one-time death benefit of \$255 is payable.

Monthly survivor benefits are limited to a Maximum Family Benefit, approximately 150%-188% of the calculated PIA. Each child's benefit is equal to 75% of the PIA; a spouse caring for a child under age 16 receives an equal benefit. If there are no children under age 16, the spouse can receive a monthly benefit if disabled and over age 50 or retired and age 60 or more. The benefit is adjusted if the spouse is less than the normal retirement age.

## Disability Benefits

If you become fully disabled, you and your family may qualify for disability benefits. To be eligible, you must be disabled for more than 6 months and unable to perform any meaningful employment. Benefits start after a five-month waiting period and continue as long as you are fully disabled. Family members of an eligible worker may also receive monthly benefits. Benefits are paid to children under 18 and spouses who are retired, disabled or caring for children under 16. The maximum family benefit is 150% of the disabled individual's benefit.

## Retirement Benefits

Retired workers who are age 62 or older receive retirement benefits based on earnings history. In addition, spouse is eligible for retirement benefits based on the workers record, if that benefit exceeds the spouse's own retirement benefit. Normal retirement age (NRA) is based on the year of birth. For persons born before 1938, NRA is age 65; NRA gradually increases to 67 for individuals born after 1960. If you retire before your normal retirement age, your benefits will be reduced by a percentage for each month prior to NRA. If you retire later than your normal retirement age, benefits will be increased by a percentage up to 8% of the PIA per year.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Types of Life Insurance Policies

---

Life insurance is an important part of your wealth management strategy. The main purpose of buying a life insurance policy is to protect your loved ones after your death. With appropriate life insurance coverage, your beneficiaries may not have to worry about expenses associated with your death, and you increase the possibility for them to maintain their lifestyle.

The market offers a wide variety of life insurance products designed to provide solutions for different needs. Given the different characteristics of each one of the policies available, it is very important for you to spend some time understanding the type of protection offered by each policy and their costs.

## The most widely used policy types are:

- **Term Life Insurance**—Term insurance is used to provide death benefit protection for a set period of time at an affordable premium.
- **Whole Life Insurance**—Whole life insurance policies provide permanent death benefit protection for a fixed premium and remain in force as long as premium payments are made. Whole life policies accumulate guaranteed cash values and often pay dividends as well. These policies are better suited for protecting your long-term goals.
- **Universal Life Insurance**—Universal Life policies are also known as “Flexible Premium” policies. These flexible policies have an adjustable benefit and accumulate account value. Universal life insurance is used to provide death benefit protection with flexibility to adjust to your future insurance needs.

In addition to the different types of insurance policies, there is also two different policy categories—Fixed and Variable.

- **Fixed policies**—offer a predetermined death benefit and rate of return on policy values that are guaranteed through the policy contract.
- **Variable policies**—are designed to provide death benefit protection but may NOT offer the guarantees that fixed policies do. The rate of return on your policy values, as well as the death benefit, may fluctuate up and down depending on your investment choices and performance. Variable policies are subject to market risk and therefore require the delivery of a prospectus.

Keep in mind that in order to obtain more detailed information on how a specific life insurance policy works, the premiums associated and any additional information, you must carefully review the policy details and prospectus.

# Life Insurance Uses

---

Life insurance is a fundamental tool designed to provide liquidity after your death. The proceeds generated from a life insurance policy can be used to pay for many of the expenses associated with your death, so that your heirs and your business partners (if applicable) are more equipped to handle financial burdens during that difficult time.

## Common Uses for Life Insurance

### Protect Your Family

- **Income Replacement**—Life insurance can replace your income in the event of your untimely death. Upon your death, your beneficiary would receive the death benefit proceeds and could help your surviving spouse and children maintain the lifestyle you created for them.
- **Education Funding**—In the event of your premature death, life insurance can help supplement your children's education funds through the death proceeds of the policy and provide for them at your death what you would have provided during your lifetime.

### Final Expenses

- **Funeral Expenses**— There are many costs associated with funerals. These costs may include but are not limited to cemetery plots, caskets, funeral home facilities, limousines, transportation, and grave markers. Through life insurance, you may be able to take care of these expenses before your death and avoid placing financial burdens on your family members.
- **Medical Expenses**—Illness or accidents often result in large medical bills that need to be paid after your death. Use life insurance to help protect your family from unnecessary financial strains.

### Debts

- **Mortgage Protection**—A mortgage is often the largest debt and largest monthly payment for the surviving heirs, but a necessary one. Most people are not willing to give up their home, but sometimes they are forced to for financial reasons. Insurance can help pay remaining mortgages.
- **Other Loans**—All individual loans must be settled at death, often using cash assets intended for other purposes. Life insurance can help provide cash to eliminate these debts at your death.
- **Consumer Debt**—The balances of all individual credit cards are due at the time of death and any jointly owned cards can no longer be used. Life insurance can help provide cash to eliminate these debts at your death.

### Charitable Contributions

- **Charitable Institutions**—Life insurance proceeds can be donated to a designated charity upon death. To some, this gives the lifetime satisfaction of knowing that you are helping others and allows you to enjoy potential tax benefits.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Life Insurance Uses

---

## Common Uses for Life Insurance

### Estate Expenses

- **Probate Fees**—Probate is the legal process of ensuring that all assets are transferred to the proper heirs and in accordance with all legal documents. Probate fees are the expenses required to handle the legal concerns associated with death, and they can be expensive. Life insurance can help offset these expenses and keep them from eroding away your estate and your heirs' inheritance.
- **Administrative Fees**—These are usually the fees for various professional services that may be required to settle the estate, such as legal and accounting services. Administrative fees are often combined with probate fees.

### Taxes

- **Property Taxes**—All property taxes must be paid for the year of death.
- **Income Taxes**—State and federal income taxes must be paid for a portion of the year in which death occurred. Also, income taxes are due on earnings from assets between death and the distribution of those assets.
- **Estate Taxes**—For larger estates, estate taxes are due in cash within nine months of death and can be as high as 55%. Unless Congress changes the present law, estate taxes are reduced each year through 2009, are not in effect in 2010, and return to the 2001 rates in 2011 and thereafter.

### Business

- **Protecting Business Interests**—Business partners or co-owners that are concerned about the continuation of their business in the event of their partner's premature death can use life insurance to help protect their interests in the business. Typically, each business partner or the business itself, purchases life insurance and upon death, the proceeds are used to buy the business and continue operation.

# Emergency Funds

Occasionally, unexpected and unplanned situations requiring cash may occur. Therefore, it is important that you are financially prepared for these small emergencies. Keep in mind that a small emergency can have a big effect on your cash flow. Therefore, it is important to get advice to put in place a strategy for the unexpected.

The goal of an Emergency Fund is to have enough cash reserves to cover an unexpected need. When the amount of cash reserves is not sufficient, assets must be sold or funds will need to be borrowed.

Emergency funds can often protect financial strategies put in place, and assist in reaching long-term financial objectives. Emergency funds should be kept in cash or any other form of liquid assets that can quickly provide the resources needed after a short-term financial crisis.

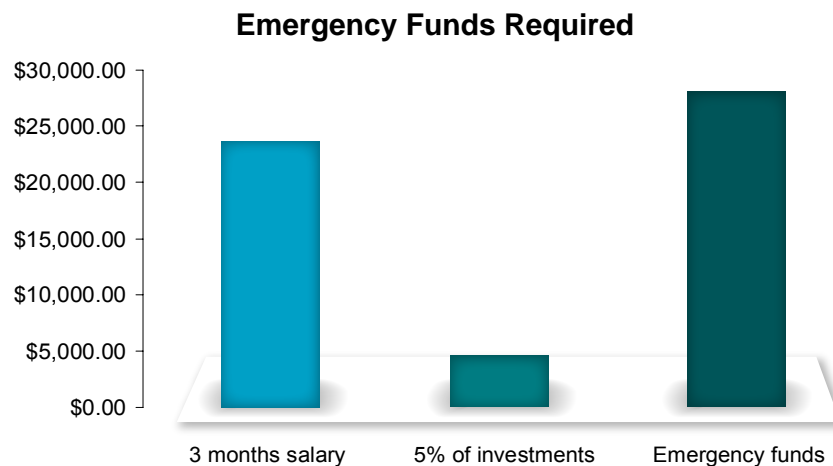
The standard recommendations by financial advisors are:

- **Married couples:** three months of combined salary PLUS 5% of total investments
- **Single individuals:** six months salary PLUS 5% of total investments.

The example below for married couples, illustrates an annual income of \$96,000 and investments that total \$80,000. In this example, you will need approximately \$24,000 (3 months of \$96,000 annually) to cover the salary portion and \$4,000 (5% of \$80,000) to cover the investments portion, totaling \$28,000 for emergency funds.

## Emergency Funds

Annual salary	\$96,000
Investments	\$80,000
Emergency funds needed	\$28,000



Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Education Savings Goal

## Objective

**Michael:** Provide 100% of the total cost of **Clemson University** (\$29,394 in first year) for 4 years

**Karen:** Provide 100% of the total cost of **The University of North Carolina at Chapel Hill** (\$14,036 in first year) for 4 years

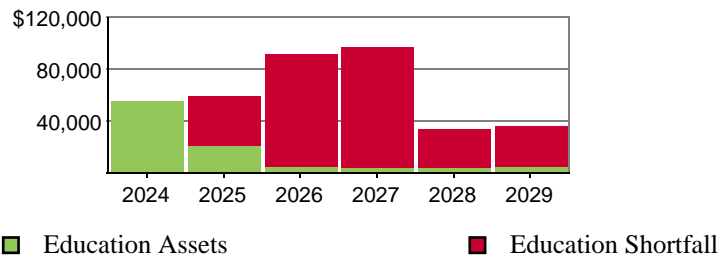
Name	Annual Amount	Funding Goal	Annual Funding Amount	Current Age	Start at Age	Number of Years	Funds Needed Today
Michael	\$29,394	100%	\$29,394	7	18	4	\$132,373
Karen	\$14,036	100%	\$14,036	5	18	4	\$64,420

## Your Current Education Savings

Current Amount: \$12,000 assuming a 5.00% rate of return

Monthly Contributions: \$300.00

### Education Funding Details



	<b>Total Value Today of Education Funding Needs</b>	<b>\$196,793</b>
<b>less</b>	<b>Total Value Today of Current Education Savings</b>	<b>\$51,016</b>
	<b>Additional Education Funds Needed Today</b>	<b>\$145,777</b>
	<b>Additional Monthly Education Savings Required</b>	<b>\$1,121</b>

### An Alternative Savings Strategy

Consider thinking of your savings requirement as a percentage of your current salary. This may allow you to have a more affordable savings requirement today, but still achieve your long-term education savings goal since your monthly savings amount will increase as your salary increases.

<b>Monthly Savings Required (as a Percent of Salary)</b>	<b>6.28%</b>
<b>This Year's Additional Monthly Savings Amount</b>	<b>\$874</b>

### Education Savings Goal Progress



Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Education Savings Goal Details

Year	Income		Assets			
	Annual Education Cost	Amount Paid from Other Sources	Withdrawals from Education Assets	Shortfall	Education Asset Balance	Cumulative Shortfall
1	\$0	\$0	\$0	\$0	\$16,200	\$0
2	0	0	0	0	20,610	0
3	0	0	0	0	25,240	0
4	0	0	0	0	30,103	0
5	0	0	0	0	35,208	0
6	0	0	0	0	40,568	0
7	0	0	0	0	46,196	0
8	0	0	0	0	52,106	0
9	0	0	0	0	58,312	0
10	0	0	0	0	64,827	0
11	0	0	0	0	71,669	0
12	55,799	0	55,799	0	20,263	0
13	59,147	0	20,263	38,883	3,600	38,883
14	92,633	0	3,600	89,033	3,600	127,916
15	98,191	0	3,600	94,591	3,600	222,507
16	33,638	0	3,600	30,038	3,600	252,545
17	35,656	0	3,600	32,056	0	284,602

## Assumptions & Notes

- Education costs inflation rate: 6%
- Education savings rate of return: 5.00%
- Current and additional savings begin today and continue until the start of the last dependent's final year of education.
- All interest rates compounded annually with all monthly contributions for the year added at the end of the year.
- Percent of Salary based on total household income of \$167,000 this year and a 3% annual inflation rate. This Year's Additional Monthly Savings Amount assumes future year contribution amounts will increase at 3%.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Benefits of 529 Plans

---

529 Plans, described under IRC Section 529, are operated by individual states and, thus, may differ from state to state. Contributions to a 529 Plan, which can be made as a lump sum or through monthly savings, are not tax deductible for federal tax purposes. One of the main benefits of 529 plans is your account grows tax-deferred and distributions used for the beneficiary's college costs are tax-free (federally).

## Contributions

- Can be lump sum or monthly savings
- May be made by any person who is the account owner, limited to what 5 years of undergraduate schooling would cost
- Contributions are NOT tax deductible for federal tax purposes
- Are considered a completed gift to the beneficiary
- 529 plans may have high contribution limits (as high as \$250,000 for some plans)

## Tax Advantages

- People of all income levels are eligible to contribute to a 529
- Most state savings plans are open to residents of any state
- You can generally open a 529 account after your child reaches age 18
- Plan contributions grow income tax-deferred
- Your account grows tax-deferred and distributions used for the beneficiary's college costs are tax-free (federally)
- The beneficiary of the account may be changed to another member of the family and you may roll one state's plan to another's
- The account owner (parent) has full control over the account withdrawals, however penalties may be assessed if the monies aren't used for education

## Benefits of 529 Plans for Estate Planning

- Plan contributions qualify for the \$12,000 (\$24,000 for joint gifts) annual gift tax exclusion (2007 figures), and a special election lets you contribute up to \$60,000 (\$120,000 for joint gifts) in a single year and avoid gift tax by treating the amount as a gift over five years
- Plan contributions aren't considered part of your estate for federal tax purposes, yet you still retain control of the account during your lifetime as the account owner
- You can change the beneficiary without penalty if certain conditions are met
- A 529 account owned by someone other than the parent (like a grandparent) is not considered an asset of the parent for financial aid purposes

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Education Funding Options

---

You should consider several important issues when saving for your child's education. Ownership and control of the assets used to fund education is often an important and justifiable concern for parents. In addition, Congress has enacted laws pertaining to the accumulation of assets in a child's name. Because your situation or economic conditions may change in the future, it is important to review your education funding plan periodically.

## **Qualified State Tuition Programs (Section 529 Plans)**

Section 529 Plans are described under IRC Section 529. These plans are operated by individual states and therefore may differ from state to state. Contributions to a 529 Plan can be made as a lump sum or through monthly savings. Contributions are not tax deductible for federal tax purposes. One of the main benefits of a 529 Plan is your account grows tax-deferred and distributions used for the beneficiary's college costs are tax-free (federally).

## **Coverdell Education Savings Accounts (formerly, Education IRAs)**

Also known as Education IRAs, Coverdell Education Savings Plans may be set up for each of your children. You may contribute a maximum of \$2,000 per year for each child until the child's 18th birthday. While contributions to an Education IRA do not provide a tax deduction, earnings on the funds will grow tax-free as long as the distribution is for qualified education expenses. Qualified education expenses include tuition, fees, books, supplies, equipment, and room and board. If a Coverdell ESA is not used for the child, the funds may be rolled over to another beneficiary. If funds are not used for qualified expenses, distributions are taxable and subject to a 10% penalty tax.

## **Personal Savings**

If you have savings and/or investments from which you may draw, you might consider using these funds to pay your child's private school or college tuition expenses when they become due. The disadvantage of using your savings to pay educational costs is that the more you deplete your funds, the less money you will have available for emergencies or other lifetime goals.

## **Uniform Gift to Minors Act (UGMA) and Uniform Transfer to Minors Act (UTMA)**

A Uniform Gifts to Minors Act (UGMA)/Uniform Transfers to Minors Act (UTMA) is an account established at a financial institution for the benefit of a minor child. UGMA/UTMA accounts are managed by the child's parent or by another designated custodian. Any money placed in a custodial account is gifted irrevocably to the child. While the child is a minor, the money is controlled by the custodian and can be used only for the benefit of the child.

## **Education Loans**

Education loans can be a big help in paying for college. Education loans offer a low interest rate and a generous repayment period. Of course, loans must be repaid, usually with interest. However, some education loans have provisions for cancellation if the borrower performs a program-related service. The interest paid on qualified education loans after 2001 is completely tax deductible for single taxpayers with incomes less than \$50,000 (\$100,000 for joint tax returns), and there is a phase-out provision allowing partial deductions for incomes up to \$65,000 for single filers (\$130,000 for joint filers).

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Education Funding Options

---

## **U.S. Savings bonds "Education Bond Program"**

Series EE bonds issued January 1990 and later, along with all Series I Bonds, are eligible for the education bond program. Under the education bond program, interest earned by those bonds can be completely or partially excluded from federal income taxes if the bonds owner uses the bond to pay for qualified higher education expenses in the same calendar year the bonds are redeemed. To qualify, bondholders must be at least 24 years old at the moment of purchasing the bond. If the bond is going to be used for children's education, the parents must purchase the bond and name the children as beneficiary. Also, bondholders can use their bonds to pay for their own education.

## **Cash Value Life Insurance**

Some life insurance policies such as whole life and universal life offer an investment component that earns interest, creating an asset (cash value). Policy holders can use the policy cash value or borrow against it to pay for education expenses. In most cases withdrawals may produce penalty fees, and loans will require repayment with interest or a reduction in the face value of the policy. If the insured dies before the need for education expenses, the proceeds from the policy can be saved and used in the future when college expenses begin.

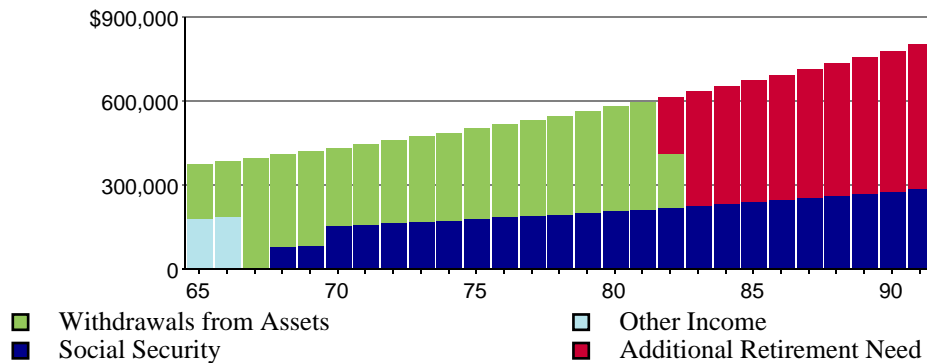
Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Retirement Savings Goal

## Objective

- Larry retires at age 65, Susan retires at age 65
- Retirement lasts for 27 years
- Provide retirement lifestyle (90% of \$167,000 current household income, adjusted for inflation)

## Retirement Results



### Shortfall Occurs at Larry's Age 82

**Total Value of Shortfall at Retirement**

**\$1,525,990**

### Additional Monthly Savings Required Until Retirement

assuming your average rate of return of <b>2.7%</b>	<b>\$2,676 per month</b>
...assuming 4%	\$2,143 per month
...assuming 6%	\$1,500 per month
...assuming 8%	\$1,031 per month

### An Alternative Savings Strategy

Consider thinking of your savings requirement as a percentage of your current salary. This may allow you to have a more affordable savings requirement today, but still achieve your long-term retirement savings goal since your monthly savings amount will increase as your salary increases.

Assumed Rate of Return	Monthly Savings (as a Percent of Salary)	This Year's Additional Monthly Savings Amount
<b>2.7%</b>	<b>12.36%</b>	<b>\$1,720</b>
4%	10.06%	\$1,401
6%	7.21%	\$1,003
8%	5.06%	\$704

### Retirement Savings Goal Progress



Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Retirement Savings Goal Details

## Amount Needed to Fund Retirement Lifestyle at Retirement **\$7,990,262**

Retirement Period Based on Larry's Age	Household Income Today	% of Household Income Needed During Retirement	Annual Need Starting at Retirement	Lump Sum Needed at Retirement
65 - 92	\$167,000	90%	\$375,762	\$7,990,262

## Less the Value of Retirement Income Sources at Retirement **\$2,666,314**

Retirement Income Sources					
Income Source During Retirement	Income Recipient	Annual Increase	Age When Income Received	Annual Amount When Income Source Begins	Lump Sum Value at Retirement of Income Source
Social Security <sup>1</sup>	Larry	3%	67	\$0	\$2,309,731
	Susan	3%	67		
Salary	Susan	3%	32	\$72,000	\$356,583

## Total Value of Assets Needed at Retirement **\$5,323,948**

## Less the Value of Existing Retirement Assets at Retirement **\$3,797,958**

Retirement Plan	Current Value	Monthly Contributions	Rate of Return	Value at Retirement
Larry	\$100,000	\$1,300	5.00%	\$2,043,412
Susan	\$12,000	\$100	5.00%	\$176,734
<b>Total Value of Retirement Plans at Retirement</b>				<b>\$2,220,146</b>
	Current Value	Monthly Savings	Rate of Return	Value at Retirement
Other Assets	\$630,000	\$300	2.29%	\$1,577,812
<b>Total Value of Other Assets at Retirement</b>				<b>\$1,577,812</b>

## Retirement Asset Shortfall at Retirement **\$1,525,990**

### Assumptions & Notes

#### Years Illustrated

- This presentation continues until Susan reaches age 90.

#### Income Needs Assumption

- Larry and Susan require 90% of current household income during retirement.

<sup>1</sup> See Assumptions & Notes section for details.

# Retirement Savings Goal Details

---

## Assumptions & Notes (Continued)

---

### Interest Rate Assumptions

- All income needs are assumed to increase at a 3% annual general inflation rate.
- Income sources and asset balances increase annually based on the rate listed on the Confirmation of Facts page.
- All lump sum values at retirement are assumed to grow at 5% annually.
- All interest rates compounded annually with all monthly contributions for the year added at the end of the year.
- Percent of Salary based on total household income of \$167,000 this year and a 3% annual inflation rate. This Year's Inflation Adjusted Monthly Savings Amount assumes future year contribution amounts will increase at 3%.

### Social Security Assumptions

- Larry's and Susan's Social Security benefit amounts based on their current salaries and their age when the benefit begins.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Retirement Savings Goal Details

Year	Larry/ Susan's Ages		Income			Assets			
			Annual Income Needed	Salary & Other Income	Estimated Social Security	Withdrawals From Assets	Annual Shortfall	Asset Balance	Cumulative Shortfall
1	34	32	\$150,300	\$167,000	\$0	\$0	\$0	\$742,000	\$0
2	35	33	154,809	172,010	0	0	0	782,400	0
3	36	34	159,453	177,170	0	0	0	825,004	0
4	37	35	164,237	182,485	0	0	0	869,929	0
5	38	36	169,164	187,960	0	0	0	917,296	0
6	39	37	174,239	193,599	0	0	0	967,236	0
7	40	38	179,466	199,407	0	0	0	1,019,884	0
8	41	39	184,850	205,389	0	0	0	1,075,382	0
9	42	40	190,396	211,551	0	0	0	1,133,880	0
10	43	41	196,107	217,897	0	0	0	1,195,536	0
11	44	42	201,991	224,434	0	0	0	1,260,515	0
12	45	43	208,050	231,167	0	0	0	1,328,991	0
13	46	44	214,292	238,102	0	0	0	1,401,148	0
14	47	45	220,721	245,245	0	0	0	1,477,178	0
15	48	46	227,342	252,602	0	0	0	1,557,283	0
16	49	47	234,163	260,181	0	0	0	1,641,676	0
17	50	48	241,187	267,986	0	0	0	1,730,581	0
18	51	49	248,423	276,026	0	0	0	1,824,231	0
19	52	50	255,876	284,306	0	0	0	1,922,875	0
20	53	51	263,552	292,836	0	0	0	2,026,772	0
21	54	52	271,459	301,621	0	0	0	2,136,194	0
22	55	53	279,602	310,669	0	0	0	2,251,429	0
23	56	54	287,990	319,989	0	0	0	2,372,777	0
24	57	55	296,630	329,589	0	0	0	2,500,555	0
25	58	56	305,529	339,477	0	0	0	2,635,095	0
26	59	57	314,695	349,661	0	0	0	2,776,748	0
27	60	58	324,136	360,151	0	0	0	2,925,881	0
28	61	59	333,860	370,955	0	0	0	3,082,879	0
29	62	60	343,876	382,084	0	0	0	3,248,149	0
30	63	61	354,192	393,546	0	0	0	3,422,116	0
31	64	62	364,818	405,353	0	0	0	3,605,229	0
32	65	63	375,762	180,006	0	195,756	0	3,782,312	0
33	66	64	387,035	185,406	0	201,629	0	3,759,717	0
34	67	65	398,646	0	0	398,646	0	3,529,125	0
35	68	66	410,605	0	76,679	333,926	0	3,354,959	0
36	69	67	422,924	0	78,979	343,944	0	3,161,565	0
37	70	68	435,611	0	153,516	282,095	0	3,023,444	0
38	71	69	448,680	0	158,121	290,558	0	2,869,530	0
39	72	70	462,140	0	162,865	299,275	0	2,698,768	0
40	73	71	476,004	0	167,751	308,253	0	2,510,040	0

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Retirement Savings Goal Details

Year	Larry/ Susan's Ages		Income			Assets			
			Annual Income Needed	Salary & Other Income	Estimated Social Security	Withdrawals From Assets	Annual Shortfall	Asset Balance	Cumulative Shortfall
41	74	72	490,284	0	172,784	317,501	0	2,302,167	0
42	75	73	504,993	0	177,967	327,026	0	2,073,898	0
43	76	74	520,143	0	183,306	336,836	0	1,823,915	0
44	77	75	535,747	0	188,805	346,942	0	1,550,822	0
45	78	76	551,819	0	194,469	357,350	0	1,253,146	0
46	79	77	568,374	0	200,304	368,070	0	929,329	0
47	80	78	585,425	0	206,313	379,112	0	577,727	0
48	81	79	602,988	0	212,502	390,486	0	196,604	0
49	82	80	621,077	0	218,877	196,604	205,597	0	205,597
50	83	81	639,710	0	225,443	0	414,266	0	619,863
51	84	82	658,901	0	232,207	0	426,694	0	1,046,557
52	85	83	678,668	0	239,173	0	439,495	0	1,486,052
53	86	84	699,028	0	246,348	0	452,680	0	1,938,732
54	87	85	719,999	0	253,739	0	466,260	0	2,404,993
55	88	86	741,599	0	261,351	0	480,248	0	2,885,241
56	89	87	763,847	0	269,191	0	494,656	0	3,379,897
57	90	88	786,762	0	277,267	0	509,495	0	3,889,392
58	91	89	810,365	0	285,585	0	524,780	0	4,414,172

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Procrastination

The major mistake people make in preparing for retirement is procrastination—not putting their strategy into effect. Getting started often is the hardest step of any strategy.

Time can help you reach your retirement objectives. The younger you start funding your retirement, the smaller the amount of money you have to set aside each month to reach your financial retirement goals. Your sacrifices today may be worth a fortune in the future.

## At any age it's easy to find an excuse not to save for retirement...



Age 25  
"We're just getting started. We'll save more when we're making more income."



Age 40  
"We've got house payments, car payments, and the kids—we just don't have anything left to save."



Age 50  
"As soon as the kids are out of school, we'll be able to save for retirement."



Age 60  
"Our expenses are so high and the amount we need to save is just more than we can afford."

**The best age to start your retirement savings is NOW!**

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

Presented by: John Smith, CLU, CHFC  
For Evaluation Purposes Only

March 12, 2012  
31 of 53

# Power of Compounding

---

Time is a fundamental factor in any investment. The earlier you start to invest and the longer you hold onto your investment, the more your investment can grow in value. This is possible due to compounding. Compounding makes time work in your favor!

Starting your savings and investments as soon as possible is very important. Even the month you start to make savings contributions can make a big difference. For example, by starting your contributions in January instead of December of the same year, you can increase your financial gains substantially. This is possible, given the compounding interest generated by starting earlier.

Compounding takes place when you reinvest your earnings such as interest or dividends. This means that your investment base gets larger because your investment earnings are added to your principal; therefore, the forming larger base has the potential to grow at a faster pace.

## **Importance of time and lessons of compounding**

- The sooner you begin to invest, the less you need to contribute each month to reach your financial goals.
- The earlier you start, the greater the financial risk you can afford.
- The longer you hold your investments, the better chance you have of riding out any downturns in the market.

## **Opportunities to accumulate**

There are many instruments in the market that can help you take advantage of compounding.

- Contribute to an employer sponsored, tax-deferred retirement plan.
- Open a Roth IRA or IRA account.
- Set up an investment account with a brokerage firm, mutual fund, or bank.
- Set up a life insurance policy that offers cash value.

# Power of Compounding

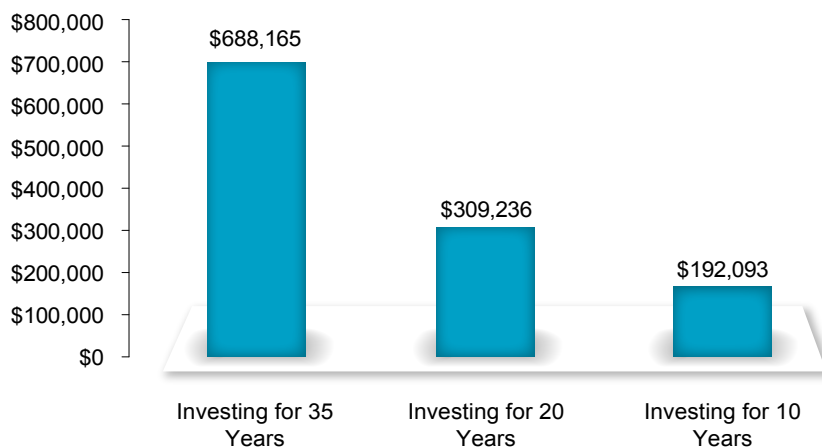
**Option A:** You start investing \$300 a month at age 30 in a tax deferred retirement plan that earns 8%. After 35 years, you will have accumulated \$688,165.

**Option B:** You start investing \$525 a month at age 45 in a tax deferred retirement plan that earns 8%. After 20 years you will have accumulated \$309,236.

**Option C:** You start investing \$1,050 a month at age 55 in a tax deferred retirement plan that earn 8%. After 10 years you will have accumulated \$192,093.

## Power of Compounding

	Option A	Option B	Option C
Total investment	\$126,000	\$126,000	\$126,000
Interest rate	8%	8%	8%
Number of years	35	20	10
Contribution per month	\$300	\$525	\$1,050
Your retirement account	\$688,165	\$309,236	\$192,093



In either case at age 65, you will have invested a total of \$126,000, but your investment would have grown to \$688,165 by starting at age 30. If you would have started at age 45 or 55 your investments would have only grown to \$309,236 and \$192,093 respectively.

- By starting 15 years earlier and taking advantage of compounding, you can accumulate \$378,929 more, while still investing the same amount.
- By starting 25 years earlier and taking advantage of compounding, you can accumulate \$496,071 more, while still investing the same amount.

The different final outputs on investment that have the same interest rate and the same amount invested are explained by the extra years of compounding.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Disability Needs Goal

Assumes Larry Becomes Disabled Today

## Objective

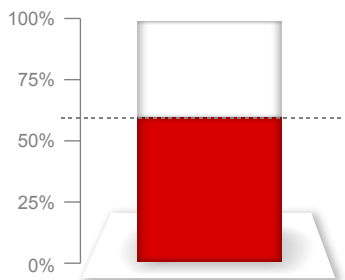
- Provide for 60% of your current salary (\$95,000) if you become disabled today.

## Your Disability Statistics

Larry, before your age 65, a long-term disability is **2.81 times more likely** to occur than death!<sup>1</sup>

Assuming your salary increases at...	Cost of Disability (in Terms of Lost Salary)				
	2 Year	3 Year	5 Year	15 Year	To Age 67
0%	\$190,000	\$285,000	\$475,000	\$1,425,000	\$3,135,000
2%	\$191,900	\$290,700	\$494,380	\$1,642,835	\$4,380,640
4%	\$193,800	\$296,590	\$514,520	\$1,902,280	\$6,289,950

## If You Become Disabled Today



□ Current Annual Salary	\$95,000
Percent of Salary Needed During Disability	60%
<b>Annual Income Needed</b>	<b>\$57,000</b>
less □ Annual Disability Income Benefit	\$0
<b>Additional Annual Income Needed</b>	<b>\$57,000</b>

## Not Everyone Qualifies for Social Security Disability Benefits

Just being eligible for Social Security benefits is not enough. In order to qualify for Social Security disability benefits, you must NOT be able to perform ANY substantial employment. If you qualify, benefits begin after a full five-month waiting period and continue as long as you remain disabled. **You should carefully consider the likelihood of receiving Social Security disability benefits when determining your disability needs.**

### Additional Annual Income Needed

**\$14,892**

(Assuming potential annual Social Security Disability Benefits of \$42,108)

### Disability Needs Goal Progress



<sup>1</sup> Based on a disability expected to last more than 2 years following a 60 day elimination period (see "Assumptions & Notes" section).

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Disability Needs Goal Details

Assumes Larry Becomes Disabled Today

## Your First Year of Disability

Beginning of Month	Monthly Income Need	Monthly Disability Policy Benefit	Potential Social Security Benefit	Additional Income Needed
1	\$4,750	\$0	\$0	\$4,750
2	4,750	0	0	4,750
3	4,750	0	0	4,750
4	4,750	0	0	4,750
5	4,750	0	0	4,750
6	4,750	0	3,508	1,242
7	4,750	0	3,508	1,242
8	4,750	0	3,508	1,242
9	4,750	0	3,508	1,242
10	4,750	0	3,508	1,242
11	4,750	0	3,508	1,242
12	4,750	0	3,508	1,242
<b>Additional Income Needs in Year 1 (With Social Security)</b>				<b>\$32,440</b>
<b>Additional Income Needs in Year 1 (With NO Social Security)</b>				<b>\$57,000</b>

## Assumptions & Notes

### Assumed Disability

- This presentation assumes Larry becomes disabled immediately.

### Income Needs Assumption

- Larry will require 60% of current household income during disability.

### Disability versus Death Probability

- The probabilities of dying before age 65 are based on the 1990-1995 U.S. Basic Male and Female Tables (Age Nearest Birthday) developed by the Society of Actuaries. The probabilities of becoming disabled before age 65 are based on the 1985 Commissioner's Individual Disability A Tables for occupation class 1 (white collar) and a 60-day elimination period. Disability is assumed to last at least two years or longer.

### Social Security Assumptions

- Larry's Social Security benefit amount is based on his current salary.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Disability Needs Goal Details

Assumes Larry Becomes Disabled Today

Year	Larry's Age	Income			Shortfall		
		Annual Income Needed	Estimated Social Security	Disability Policy Benefit	Annual Shortfall	Annual Shortfall No SS	Shortfall (% of Salary)
1	34	\$57,000	\$24,560	\$0	\$32,440	\$57,000	60
2	35	58,710	43,365	0	15,345	58,710	60
3	36	60,471	44,666	0	15,805	60,471	60
4	37	62,285	46,006	0	16,279	62,285	60
5	38	64,154	47,386	0	16,768	64,154	60
6	39	66,079	48,808	0	17,271	66,079	60
7	40	68,061	50,272	0	17,789	68,061	60
8	41	70,103	51,780	0	18,323	70,103	60
9	42	72,206	53,334	0	18,872	72,206	60
10	43	74,372	54,934	0	19,439	74,372	60
11	44	76,603	56,582	0	20,022	76,603	60
12	45	78,901	58,279	0	20,622	78,901	60
13	46	81,268	60,027	0	21,241	81,268	60
14	47	83,706	61,819	0	21,887	83,706	60
15	48	86,218	63,655	0	22,563	86,218	60
16	49	88,804	65,532	0	23,272	88,804	60
17	50	91,468	67,451	0	24,017	91,468	60
18	51	94,212	69,412	0	24,800	94,212	60
19	52	97,039	71,415	0	25,624	97,039	60
20	53	99,950	73,460	0	26,490	99,950	60
21	54	102,948	75,547	0	27,401	102,948	60
22	55	106,037	77,676	0	28,361	106,037	60
23	56	109,218	79,847	0	29,371	109,218	60
24	57	112,494	82,060	0	30,434	112,494	60
25	58	115,869	84,315	0	31,554	115,869	60
26	59	119,345	86,612	0	32,733	119,345	60
27	60	122,926	88,951	0	34,000	122,926	60
28	61	126,613	91,332	0	35,381	126,613	60
29	62	130,412	93,755	0	36,857	130,412	60
30	63	134,324	96,220	0	38,404	134,324	60
31	64	138,354	98,727	0	40,000	138,354	60
32	65	142,505	101,276	0	41,629	142,505	60
33	66	146,780	103,867	0	43,293	146,780	60

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Disability Needs Recommendation

Assumes Larry Becomes Disabled Today

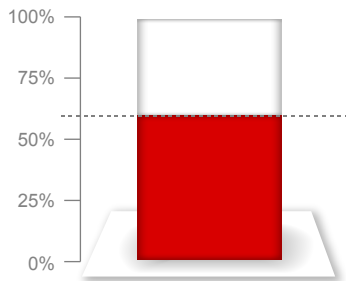
## Objective

- Provide for 60% of your current salary (\$95,000) if you become disabled today.

### Proposed New Disability Policies

Description	Type	Monthly Premium	Monthly Benefit	Elimination Period	Benefit Period	COLA
Proposed Disability Policy	Individual	\$75.00	\$3,500	90 Days	Age 65	0%

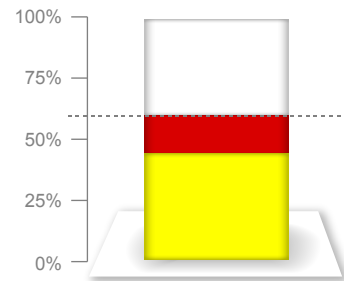
**Annual Disability Income With No New Disability Insurance**



■ Disability Income

■ Shortfall

**Annual Disability Income With New Disability Insurance**

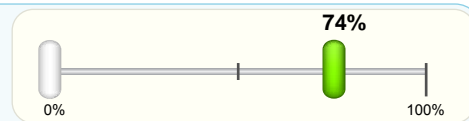


□ Current Salary

## Summary of Disability Income Needs

	<b>Additional Annual Income Needed</b>	<b>\$0</b>
<b>less</b>	<b>Proposed New Annual Disability Income</b>	<b>\$42,000</b>
	<b>Annual Disability Income Needs Left Unfunded</b>	<b>\$15,000</b>

### Disability Needs Goal Progress



Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Disability Needs Goal

Assumes Susan Becomes Disabled Today

## Objective

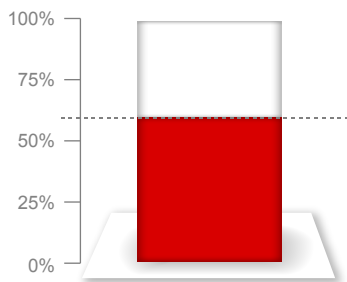
- Provide for 60% of your current salary (\$72,000) if you become disabled today.

## Your Disability Statistics

Susan, before your age 65, a long-term disability is **5.49 times more likely** to occur than death!<sup>1</sup>

Assuming your salary increases at...	Cost of Disability (in Terms of Lost Salary)				
	2 Year	3 Year	5 Year	15 Year	To Age 67
0%	\$144,000	\$216,000	\$360,000	\$1,080,000	\$2,520,000
2%	\$145,440	\$220,320	\$374,688	\$1,245,096	\$3,599,568
4%	\$146,880	\$224,784	\$389,952	\$1,441,728	\$5,302,944

## If You Become Disabled Today



□ Current Annual Salary	\$72,000
Percent of Salary Needed During Disability	60%
<b>Annual Income Needed</b>	<b>\$43,200</b>
less □ Annual Disability Income Benefit	\$0
<b>■ Additional Annual Income Needed</b>	<b>\$43,200</b>

## Not Everyone Qualifies for Social Security Disability Benefits

Just being eligible for Social Security benefits is not enough. In order to qualify for Social Security disability benefits, you must NOT be able to perform ANY substantial employment. If you qualify, benefits begin after a full five-month waiting period and continue as long as you remain disabled. **You should carefully consider the likelihood of receiving Social Security disability benefits when determining your disability needs.**

### Additional Annual Income Needed

**\$0**

(Assuming potential annual Social Security Disability Benefits of \$49,128)

### Disability Needs Goal Progress



<sup>1</sup> Based on a disability expected to last more than 2 years following a 60 day elimination period (see "Assumptions & Notes" section).

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Disability Needs Goal Details

Assumes Susan Becomes Disabled Today

## Your First Year of Disability

Beginning of Month	Monthly Income Need	Monthly Disability Policy Benefit	Potential Social Security Benefit	Additional Income Needed
1	\$3,600	\$0	\$0	\$3,600
2	3,600	0	0	3,600
3	3,600	0	0	3,600
4	3,600	0	0	3,600
5	3,600	0	0	3,600
6	3,600	0	4,094	0
7	3,600	0	4,094	0
8	3,600	0	4,094	0
9	3,600	0	4,094	0
10	3,600	0	4,094	0
11	3,600	0	4,094	0
12	3,600	0	4,094	0
<b>Additional Income Needs in Year 1 (With Social Security)</b>				<b>\$14,543</b>
<b>Additional Income Needs in Year 1 (With NO Social Security)</b>				<b>\$43,200</b>

## Assumptions & Notes

### Assumed Disability

- This presentation assumes Susan becomes disabled immediately.

### Income Needs Assumption

- Susan will require 60% of current household income during disability.

### Disability versus Death Probability

- The probabilities of dying before age 65 are based on the 1990-1995 U.S. Basic Male and Female Tables (Age Nearest Birthday) developed by the Society of Actuaries. The probabilities of becoming disabled before age 65 are based on the 1985 Commissioner's Individual Disability A Tables for occupation class 1 (white collar) and a 60-day elimination period. Disability is assumed to last at least two years or longer.

### Social Security Assumptions

- Susan's Social Security benefit amount is based on her current salary.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Disability Needs Goal Details

Assumes Susan Becomes Disabled Today

Year	Susan's Age	Income			Shortfall		
		Annual Income Needed	Estimated Social Security	Disability Policy Benefit	Annual Shortfall	Annual Shortfall No SS	Shortfall (% of Salary)
1	32	\$43,200	\$28,657	\$0	\$14,543	\$43,200	60
2	33	44,496	50,601	0	0	44,496	60
3	34	45,831	52,119	0	0	45,831	60
4	35	47,206	53,682	0	0	47,206	60
5	36	48,622	55,293	0	0	48,622	60
6	37	50,081	56,951	0	0	50,081	60
7	38	51,583	58,660	0	0	51,583	60
8	39	53,131	60,420	0	0	53,131	60
9	40	54,724	62,232	0	0	54,724	60
10	41	56,366	64,099	0	0	56,366	60
11	42	58,057	66,022	0	0	58,057	60
12	43	59,799	51,701	0	8,098	59,799	60
13	44	61,593	53,252	0	8,341	61,593	60
14	45	63,441	36,566	0	26,874	63,441	60
15	46	65,344	37,663	0	27,680	65,344	60
16	47	67,304	38,793	0	28,511	67,304	60
17	48	69,323	39,957	0	29,366	69,323	60
18	49	71,403	41,156	0	30,247	71,403	60
19	50	73,545	42,391	0	31,155	73,545	60
20	51	75,751	43,662	0	32,089	75,751	60
21	52	78,024	44,972	0	33,052	78,024	60
22	53	80,365	46,321	0	34,043	80,365	60
23	54	82,776	47,711	0	35,065	82,776	60
24	55	85,259	49,142	0	36,117	85,259	60
25	56	87,817	50,617	0	37,200	87,817	60
26	57	90,451	52,135	0	38,316	90,451	60
27	58	93,165	53,699	0	39,466	93,165	60
28	59	95,960	55,310	0	40,650	95,960	60
29	60	98,838	56,969	0	41,869	98,838	60
30	61	101,804	58,678	0	43,125	101,804	60
31	62	104,858	60,439	0	44,419	104,858	60
32	63	108,003	62,252	0	45,751	108,003	60
33	64	111,244	64,120	0	47,124	111,244	60
34	65	114,581	66,043	0	48,538	114,581	60
35	66	118,018	144,704	0	0	118,018	60

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Disability Income Insurance

---

Disability income insurance protects working adults from the possibility of income loss when they are out of work for an extended period due to an illness or injury.

Disability income insurance has three primary provisions. The provisions determine the amount of benefits payable, when benefits are paid (monthly or weekly basis), and the elimination period and maximum benefit period.

In order to be eligible for disability benefits, the insured must be under a physician's care and the disability must be a result of a cause stated in the policy. There are two primary benefits recognized: total disability and partial disability.

Additional coverage options are often offered with disability income insurance, most of which are optional and at additional costs. These additional coverage options are as follows:

- **Social Security Rider**—This coverage may also be known as short-term monthly indemnity. The purpose of this coverage is to provide additional monthly payments during the first few months of total disability while the insured applies for Social Security benefits. Typically, this payment is limited for the first six months but may vary by policy.
- **Social Insurance Substitute (SIS)**—This coverage provides you with additional disability benefits during periods that you are not receiving funds from government social insurance programs, such as social security disability, retirement or workers compensation.
- **Future Increase Option (FIO)**—This option is designed to protect your future earnings. The disability policy by itself protects your earnings at the time you acquire the policy but will not grow your monthly benefit by itself. The FIO rider preserves your insurability and guarantees that you will be able to increase your monthly benefit in the future. Typically, the only documentation required at the time of increase is proof of income as the same income guidelines will apply.
- **Return-of-Premium Option**—With this option, the insured has the right to receive a percentage of the total premium after a specified period of time if they do not become disabled (normally 5 to 10 years).
- **Cost-of-Living Adjustment Rider (COLA)**—This provision allows for an increase of benefit payments based on the effects of inflation during a lengthy period of disability.

## Could a Disability Affect Your Retirement?

Although traditional disability policies are focused on replacing income while a person is unable to work, careful advice must consider how a disability could affect your retirement lifestyle. Without adequate disability coverage, you may be forced to use savings otherwise earmarked for retirement. So even though the disability does not create cash flow shortfalls during the disability, the use of retirement assets could be catastrophic to your retirement plans. For this reason, when considering disability coverage, it is important to consider the disability's effects on retirement.

# What If You Become Disabled?

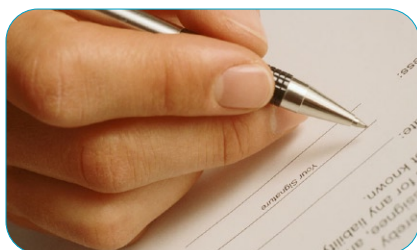
Disability income insurance may help protect you and your family from the possibility of income loss in the event that you are out of work for an extended period due to an illness or injury.

The negative physical and psychological effects of a disability are exacerbated by the fact that without adequate protection you will need to find a way to replace your income.

If disability occurs, your income decreases, and normally your expenses often increase as a result of treatment and recuperation costs. This scenario can jeopardize your family's future and your ability to keep the wealth that you accumulated over the years. If you do not have disability protection, you will need to replace the lost income and cover the extra expenses from other sources besides your salary. Usually these sources don't generate an optimal solution:

- **Savings**—Normally a disability produces expenses such as medical bills and therapy costs. With these additional expenses and the need to replace your lost income, it is likely that your savings could be exhausted very quickly.
- **Social Security**—You may be eligible for Social Security benefits<sup>1</sup> if you comply with the Social Security requirements. You have to make sure that you qualify.
- **Loans**—You can get loans to replace your income, however it is very unlikely that anyone will lend you money with a low interest rate or without compromising your assets if you do not have expected income.
- **Other Household Income**—The income from other family members can help, however it is not likely to be enough to maintain your lifestyle and keep your financial strategies in place.

**The best option to protect yourself and your family against disability is a disability insurance policy.**



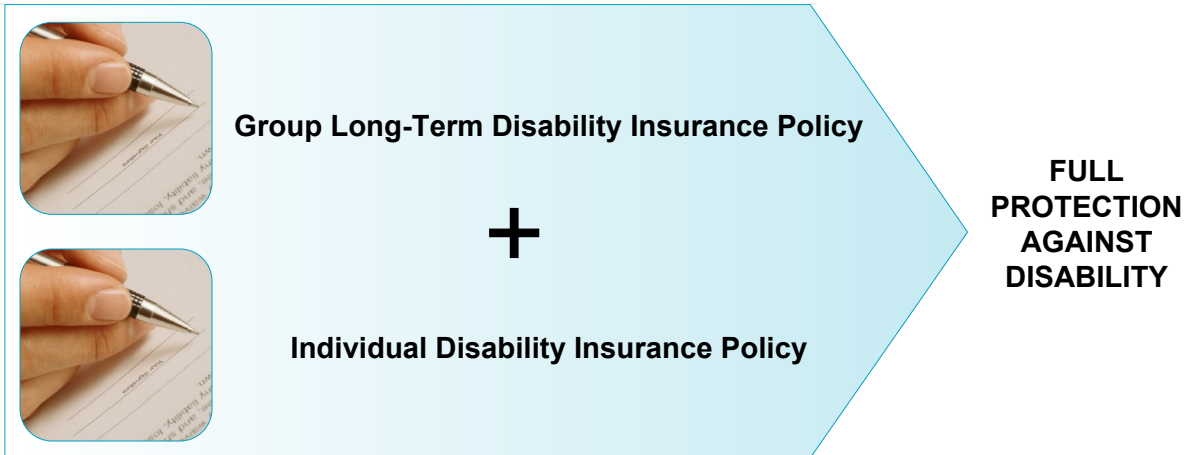
**Disability insurance can provide income when you need it the most!**

<sup>1</sup> To be considered eligible for Social Security disability benefits, you must be unable to perform the work you did before becoming disabled, and a Social Security office must decide that you cannot adjust to other work because of your medical condition. Also, your disability must last or be expected to last for at least one year or be expected to result in death.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Full Protection Against Disability

Many companies offer group long-term disability insurance as part of their employee group benefits. This is an important protection; however the benefits from this policy are usually a partial percentage of salary and are taxable as income.



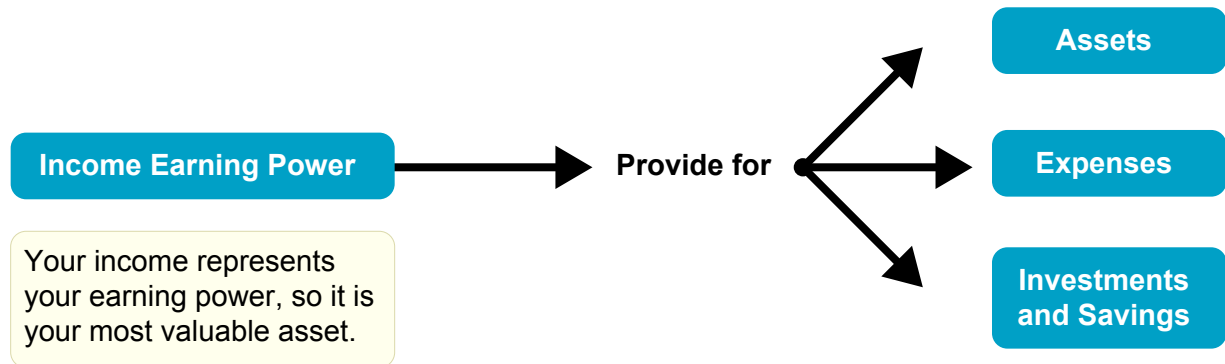
If you are an employee and have disability coverage through your company, you need to review the policy coverage and the benefits. Normally, group long-term disability insurance doesn't provide sufficient coverage to maintain your standard of living and pay for the extra expenses associated with disability. In the event the amount generated by the group policy is not sufficient, you should consider purchasing an individual disability insurance policy to be fully protected.

**An individual disability policy may help supplement the group disability policy provided at work.**

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Have You Insured Your Most Valuable Asset?

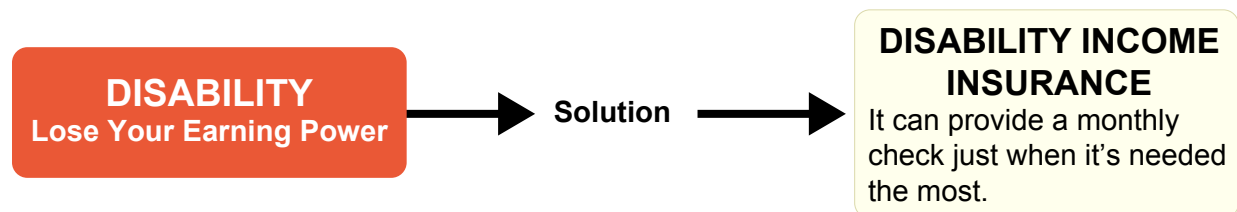
Most people insure their homes, their cars, and even their lives. However, they have a tendency to leave potentially their greatest asset uncovered—their income.



If you think about it, most of your valuable possessions are purchased with the income that you generate from work. So it makes sense to be protected against the risk of losing your earning power.

If you multiply your annual income adjusted by the number of years until you retire, you will earn a fortune!

If anything happens to your assets, you may be able to replace them, even if they are not insured, as long as you have your income. However, if you lose your ability to generate income due to disability, the only optimal solution would be to have some form of disability income insurance protection.



Think of your income as an asset. One that is valuable and one that should be considered as important as the other items you normally insure, such as your car or your house.

**Take the appropriate steps to protect your income as well!**

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Long-Term Care Needs Goal

Assumes Larry Has a LTC Need at Age 75

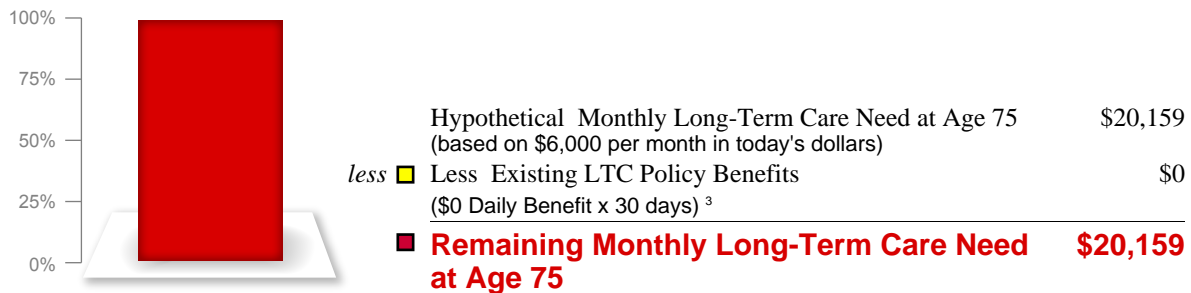
## Objective

- Consider effects of a hypothetical long-term care need at age 75 for 5 years
- Assume monthly need (in today's dollars) of \$6,000 and a 3% inflation rate

## National Long-Term Care Statistics

Who will need Long-Term Care <sup>1</sup> ?	 40% of people 65+	 90% of people 80+
<b>\$62,532</b>	Average cost, semi-private room in a nursing home annually <sup>2</sup>	
<b>8.2%</b>	Average inflation rate, long-term care costs annually	

## Monthly Long-Term Care Needs



## Funding a Long-Term Care Need for 5 Years

These are the amounts needed to fund your hypothetical Long-Term Care need for 5 years, starting at age 75. These amounts are in addition to what you need for retirement.

<b>Lump Sum Needed at Age 75</b>	<b>\$1,216,760</b>
<b>Annual Savings Needed Until Age 75</b> (Assumes a 2.70% rate of return)	<b>\$16,600</b>

## Long-Term Care Needs Goal Progress



<sup>1</sup> Journal of Financial Service Professionals, January 2001 & 1996 National Nursing Home Study by AARP.

<sup>2</sup> "The MetLife Market Survey of Nursing Home and Home Care Costs," The MetLife Mature Market Institute, September 2006.

<sup>3</sup> Long-Term Care policy Daily Benefit is not adjusted for a COLA benefit.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Long-Term Care Details

Assumes Larry Has a LTC Need at Age 75

## Your Long-Term Care Need Details

Year	Larry/ Susan's Ages		Income		Shortfall	
			Annual Long-Term Care Need	Long-Term Care Policy Benefit	Annual Shortfall	Cumulative Shortfall
42	75	73	\$241,913	\$0	\$241,913	\$241,913
43	76	74	249,170	0	249,170	491,083
44	77	75	256,645	0	256,645	747,728
45	78	76	264,345	0	264,345	1,012,073
46	79	77	272,275	0	272,275	1,284,347

## Assumptions & Notes

### Long-Term Care Need Assumptions

- Monthly Long-Term Care Need (in today's dollars) of \$6,000 with a 3% inflation rate. Long-Term Care need will begin at age 75 and continue for 5 years.

### Annual Savings Assumptions

- The annual savings assumed rate of return (2.70%) is the average rate of return of all existing assets.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Long-Term Care Needs Goal

Assumes Susan Has a LTC Need at Age 75

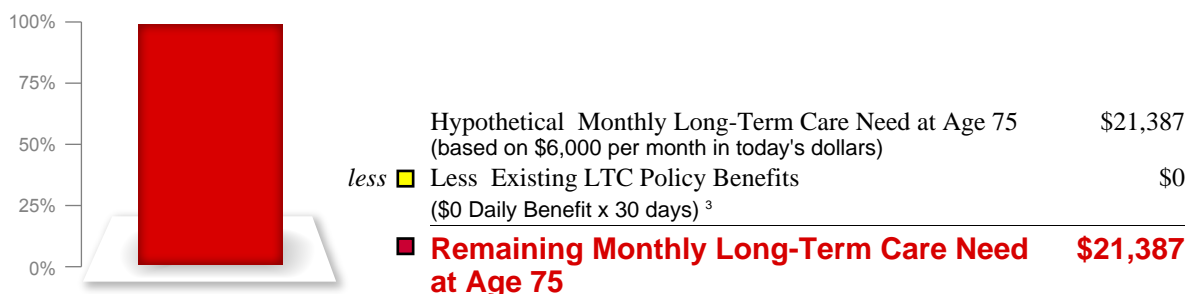
## Objective

- Consider effects of a hypothetical long-term care need at age 75 for 5 years
- Assume monthly need (in today's dollars) of \$6,000 and a 3% inflation rate

## National Long-Term Care Statistics

Who will need Long-Term Care <sup>1</sup> ?	 40% of people 65+	 90% of people 80+
<b>\$62,532</b>	Average cost, semi-private room in a nursing home annually <sup>2</sup>	
<b>8.2%</b>	Average inflation rate, long-term care costs annually	

## Monthly Long-Term Care Needs

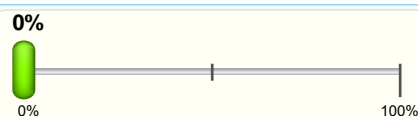


## Funding a Long-Term Care Need for 5 Years

These are the amounts needed to fund your hypothetical Long-Term Care need for 5 years, starting at age 75. These amounts are in addition to what you need for retirement.

<b>Lump Sum Needed at Age 75</b>	<b>\$1,290,860</b>
<b>Annual Savings Needed Until Age 75</b> (Assumes a 2.70% rate of return)	<b>\$16,272</b>

## Long-Term Care Needs Goal Progress



<sup>1</sup> Journal of Financial Service Professionals, January 2001 & 1996 National Nursing Home Study by AARP.

<sup>2</sup> "The MetLife Market Survey of Nursing Home and Home Care Costs," The MetLife Mature Market Institute, September 2006.

<sup>3</sup> Long-Term Care policy Daily Benefit is not adjusted for a COLA benefit.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Long-Term Care Details

Assumes Susan Has a LTC Need at Age 75

## Your Long-Term Care Need Details

Year	Larry/ Susan's Ages		Income		Shortfall	
			Annual Long-Term Care Need	Long-Term Care Policy Benefit	Annual Shortfall	Cumulative Shortfall
44	77	75	\$256,645	\$0	\$256,645	\$256,645
45	78	76	264,345	0	264,345	520,990
46	79	77	272,275	0	272,275	793,265
47	80	78	280,443	0	280,443	1,073,708
48	81	79	288,856	0	288,856	1,362,564

## Assumptions & Notes

### Long-Term Care Need Assumptions

- Monthly Long-Term Care Need (in today's dollars) of \$6,000 with a 3% inflation rate. Long-Term Care need will begin at age 75 and continue for 5 years.

### Annual Savings Assumptions

- The annual savings assumed rate of return (2.70%) is the average rate of return of all existing assets.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Medicare

---

Medicare is a government sponsored health insurance program designed to provide health care for individuals age 65 or older. There are two primary types of Medicare: Medicare Part A and Medicare Part B.

## Medicare Part A

Medicare Part A benefits are provided automatically to persons eligible for Social Security retirement benefits when they reach age 65. Medicare Part A pays benefits for hospitalization, skilled nursing facilities, home health care services, hospice care and blood. Deductibles, co-payments and coinsurance apply to most of these services.

Hospitalization requires an initial deductible from the beneficiary for the first 60 days of hospitalization and Medicare covers 100% of the cost once this is paid. The 61st to the 90th day of hospitalization requires the beneficiary to pay a co-payment for each day of hospitalization. After the 90th day, the beneficiary is responsible for all expenses. There is an exception that allows the beneficiary a lifetime benefit of up to 60 additional days after the first 60 days has been exhausted.

Note: This can be used at separate periods but once the total 60 days has been used, the benefit ends.

Medicare pays limited benefits for services rendered in an approved skilled nursing facility for up to 100 days per occurrence. Solely custodial care is not covered. The first three days must be spent in a hospital and Medicare will then pay all allowed costs for the first 20 days of the nursing home stay and day 21 through 100 the beneficiary pays a co-payment.

Home health care services such as part-time skilled nursing care, physical therapy, etc. are provided up to 21 days per occurrence of illness. Hospice benefits for terminally ill patients are paid for a limit of 210 days.

Inpatient psychiatric hospital care costs can be covered for 190 days in a lifetime. All blood is covered after a deductible is paid for the first three pints per year.

## Medicare Part B

Medicare Part B is a supplementary medical insurance and is offered as a voluntary program of which beneficiaries must pay a portion of the premium. Part B provides benefits for physician services, surgical procedures, hospital outpatient services and medical supplies. The beneficiary is required to pay a calendar year deductible and a 20% coinsurance. It does not cover prescription drugs, which are offered to beneficiaries under Medicare Part D.

## Medicare Part D

Medicare Part D is prescription drug coverage that covers both brand name and generic prescription medications and effective January 1, 2006 is available to any person eligible to receive Medicare benefits. The eligible beneficiary may not be able to have both Medicare Part D and an employer sponsored prescription drug plan, therefore, the employee may have to make a choice of whether or not to accept Medicare Part D or keep the employer sponsored prescription drug plan. For specific information regarding your employer sponsored plan, contact your employee benefits department and ask what arrangements they have made with Medicare.

# What if You Need Long-Term Care?

Preparing for long-term care means thinking ahead and being prepared for the consequences of needing long-term care. While almost all people face long-term care at some point in their lives, few adequately consider its financial burden.

## Odds of Needing Long-Term Care

The possibility of needing long-term care is one of the greatest threats to your personal well-being, financial goals and financial security.



**Forty percent of people 65 and older will require some long-term care.**  
*Journal of Financial Service Professionals, January 2001*



**Ninety percent of people 80 and older will require some long-term care.**  
*1996 National Nursing Home Study by AARP*

**As people live longer, these odds are likely to increase.**

## What Will Long-Term Care Cost?

- **Cost Today**—In 2006, the average annual cost for a nursing home stay in the US was \$62,532.<sup>1</sup>
- **Rapidly Increasing Costs**—Historically, the cost of long-term care has doubled in the past 9 years.<sup>2</sup>

## Paying for Long-Term Care

- **Medicare and Medicaid**  
These government benefits are occasionally available after you have depleted your assets.
- **Use Retirement Savings**  
Will you risk your life-long savings? Will you run out of money?
- **Depend on Family**  
What will be the total impact on your family?
- **Long-Term Care Insurance**  
Insurance is available to protect you and your family, but it must be obtained before incurring the long-term care expense.

<sup>1</sup> "The MetLife Market Survey of Nursing Home and Home Care Costs," The MetLife Mature Market Institute, September 2006.

<sup>2</sup> Annual national rate of 8.2%. Source: US Consumer Index for Nursing Home Costs, 1978-2001.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Long-Term Care Costs, By State

Long-term care expenses vary by state. Rather than receiving long-term care in your state of residence, you may choose to move to a different state so that you're closer to relatives. The average U.S. long-term care cost for 2006 was \$62,532.<sup>1</sup>

## Average Long-Term Care Costs for 2002 by State

State	Average Cost	State	Average Cost
Alabama	\$57,772	Montana	\$53,957
Alaska	197,842	Nebraska	38,696
Arizona	53,412	Nevada	57,227
Arkansas	34,881	New Hampshire	61,587
California	51,232	New Jersey	58,317
Colorado	53,957	New Mexico	50,687
Connecticut	71,398	New York	91,018
Delaware	53,412	North Carolina	52,322
District of Columbia	109,549	North Dakota	51,777
Florida	51,777	Ohio	58,862
Georgia	46,872	Oklahoma	39,786
Hawaii	82,298	Oregon	49,052
Idaho	51,777	Pennsylvania	58,317
Illinois	47,962	Rhode Island	77,938
Indiana	47,417	South Carolina	46,327
Iowa	38,151	South Dakota	49,597
Kansas	43,057	Tennessee	41,422
Kentucky	51,777	Texas	41,422
Louisiana	35,971	Utah	44,147
Maine	61,042	Vermont	59,407
Maryland	58,317	Virginia	43,057
Massachusetts	59,952	Washington	62,677
Michigan	58,862	West Virginia	53,412
Minnesota	63,222	Wisconsin	50,142
Mississippi	43,602	Wyoming	51,232
Missouri	45,782		

The figures shown in the table above are prepared by Milliman, USA, and are based on *Milliman's Long-Term Care Guidelines*.

<sup>1</sup> "The MetLife Market Survey of Nursing Home and Home Care Costs," The MetLife Mature Market Institute, September 2006.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

# Action Items

---

Procrastination and inaction are two of the biggest reasons why goals are never achieved. Start achieving your goals today! And don't forget to review your progress each year.

## Achieve Your Survivor Needs Goals

### 1. **Get a Complete Illustration or Sales Information**

Before purchasing any new insurance or making any other investment, review a complete, company-provided illustration, prospectus, or other sales materials.

### 2. **It's Not All About Money!**

Your survivors need to know your wishes and thoughts for their future. An easy to understand document stating your wishes should accompany any legal documents you keep safe for your loved ones. In fact, a copy of this presentation may serve this purpose when stored with your important papers.

### 3. **Review Your Will**

At your death, will your remaining property be distributed according to your desired plans? If you don't have a will, the state will make many of these decisions for you. Will your executor still be able to serve? Have you named the trustees and/or guardians to look after your dependents and their assets? Is your will consistent with your other plans, especially your estate planning?

## Achieve Your Education Goals

### 1. **Choose Funding Option**

Determine which education funding option(s) are appropriate for you based on the available tax incentives and the flexibility of each option.

### 2. **Start Saving Now**

Set up a systematic savings program to ensure your education funding goals are achieved.

### 3. **Determine Your Investments**

Work with your advisor to determine the most suitable investment options for you based on your feelings regarding potential investment risk and returns.

## Achieve Your Retirement Goals

### 1. **Choose Funding Option**

Determine which retirement funding option(s) are appropriate for you based on the available tax incentives and the flexibility of each option.

### 2. **Start Saving Now**

Set up a systematic savings program to ensure your retirement funding goals are achieved.

### 3. **Determine Your Investments**

Work with your advisor to determine the most suitable investment options for you based on your feelings regarding potential investment risk and returns.

## Achieve Your Disability Needs Goals

### 1. **Consider Your Options**

Review all current government or employer funded disability income sources for potential benefits, problems and tax implications.

### 2. **Get a Complete Illustration or Sales Information**

Before purchasing any new insurance or making any other investment, review a complete, company-provided illustration, prospectus, or other sales materials.

Evaluation Standard Footnote: You may supply one customized footnote that will appear on all printed analysis presentation pages for each product. (Allowance: Up to 2 full lines of static text in 9 pt. Arial font)

## **Achieve Your Long-Term Care Needs Goals**

### **1. Consider Your Options**

Review all current government or employer funded disability income sources for potential benefits, problems and tax implications.

### **2. Get a Complete Illustration or Sales Information**

Before purchasing any new insurance or making any other investment, review a complete, company-provided illustration, prospectus, or other sales materials.