

The *Financial Needs Assessment* is a quick and effective report used to entice prospective clients to engage in a planning relationship or existing clients to enhance their current one.

The report summarizes the clients' **current** financial position and emphasizes the need for financial planning and further analysis.

Financial Needs Assessment

The logo for NaviPlan features the word "Navi" in a dark blue serif font, followed by a stylized white starburst graphic, and the word "Plan" in a bold, yellow sans-serif font.

Joe and Jane Sample-Affluent
Ridgefield, Connecticut

PREPARED BY:

LINDA HAMILTON - HAMILTON FINANCIAL ADVISORS
SEPTEMBER 21, 2011

The report offers a professional and personalized cover page which can also be branded to include your company's logo.

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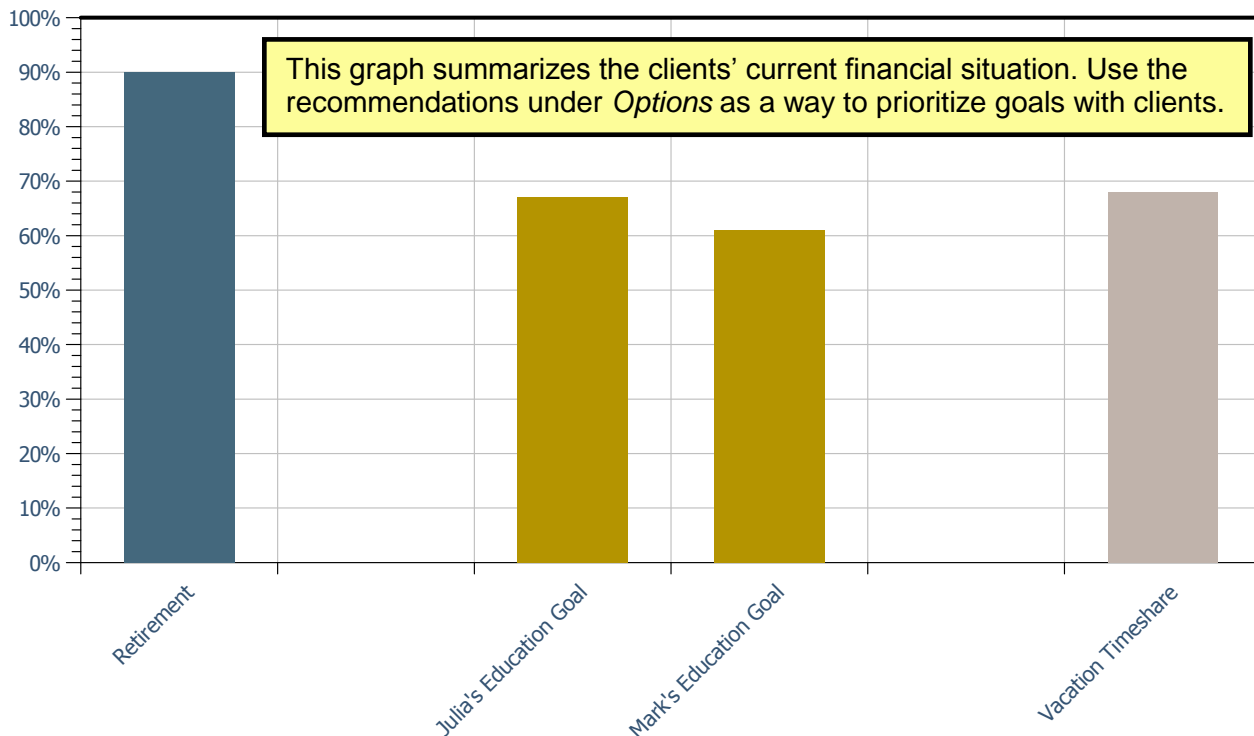
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Overview

The *Goal Achievement* graph illustrates the percentage of each goal that may be covered based on the projection of the current capital and savings for each goal.

Alternative strategies that may assist in goal achievement are listed in the tables following the *Goal Achievement* graph.



Retirement

Unfortunately, your current retirement strategies fall short of the desired retirement goal.

The following table provides alternative strategies that may assist you in achieving the desired retirement goal.

Options						
<u>Expect Retirement Expenses to Be Covered At (\$/year)</u>	OR	<u>Save an Additional</u>	OR	<u>Invest a Lump Sum Today Of</u>	OR	<u>Retire in the Year (at age)</u>
90% (\$207,000)		\$3,474/month		\$424,474		2027/2027 (65/63)
<div data-bbox="167 1654 641 1845" style="border: 1px solid black; padding: 5px;"> Use this value, along with the Average Monthly Surplus/Deficit amount on the Goal Attainability page, to present opportunities to help achieve the clients' goals. </div>		<div data-bbox="708 1654 1266 1845" style="border: 1px solid black; padding: 5px;"> Using this value to suggest to clients that they can meet their goal by investing a lump sum today allows you to open up a discussion on assets being managed elsewhere. </div>		<div data-bbox="1289 1654 1539 1822" style="border: 1px solid black; padding: 5px;"> Are the clients willing to delay retirement and work longer? </div>		

Important: The calculations or other information generated by NaviPlan® version 12.1 regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. These calculations are shown for illustrative purposes only because they utilize return data that may not include fees or operating expenses, and are not available for investment. If included, fees and other operating expenses would materially reduce these calculations. See the Disclaimers section for more information.

Education

Unfortunately, your current education strategies may not allow you to achieve any of the desired education goals.

The following table provides alternative strategies that may assist you in achieving the desired education goals.

Options			
	<u>Expect to Support Education Costs At (\$/year)</u>	OR <u>Save an Additional</u>	OR <u>Invest a Lump Sum Today Of</u>
Julia's Education Goal	67% (\$26,871)	\$862/month	\$56,108
Mark's Education Goal	61% (\$24,586)	\$896/month	\$66,977

Joe and Jane have a **cash flow surplus** in the current year (see page 8) that could be used to help meet their education goals.

Wake up call for clients! Do the clients have 529 funds at another institution?

Major Purchase

Unfortunately, your current major purchase strategies may not allow you to achieve the desired major purchase goal.

The following table provides alternative strategies that may assist you in achieving the desired major purchase goal.

Options				
	<u>Expect to Support Major Purchase Costs At (\$)</u>	OR <u>Save an Additional</u>	OR <u>Invest a Lump Sum Today Of</u>	OR <u>Adjust Purchase Date To</u>
Vacation Timeshare (2018)	68% (\$59,840)	\$418/month	\$27,699	N/A*

*Sufficient capital to fund this major purchase goal will not be available before the death of the clients.

Use the above table to bring to light any funding shortfalls and highlight strategies to achieve the clients' major purchase goal.

Present alternatives to your clients. Reconsider the goal amount to fund:

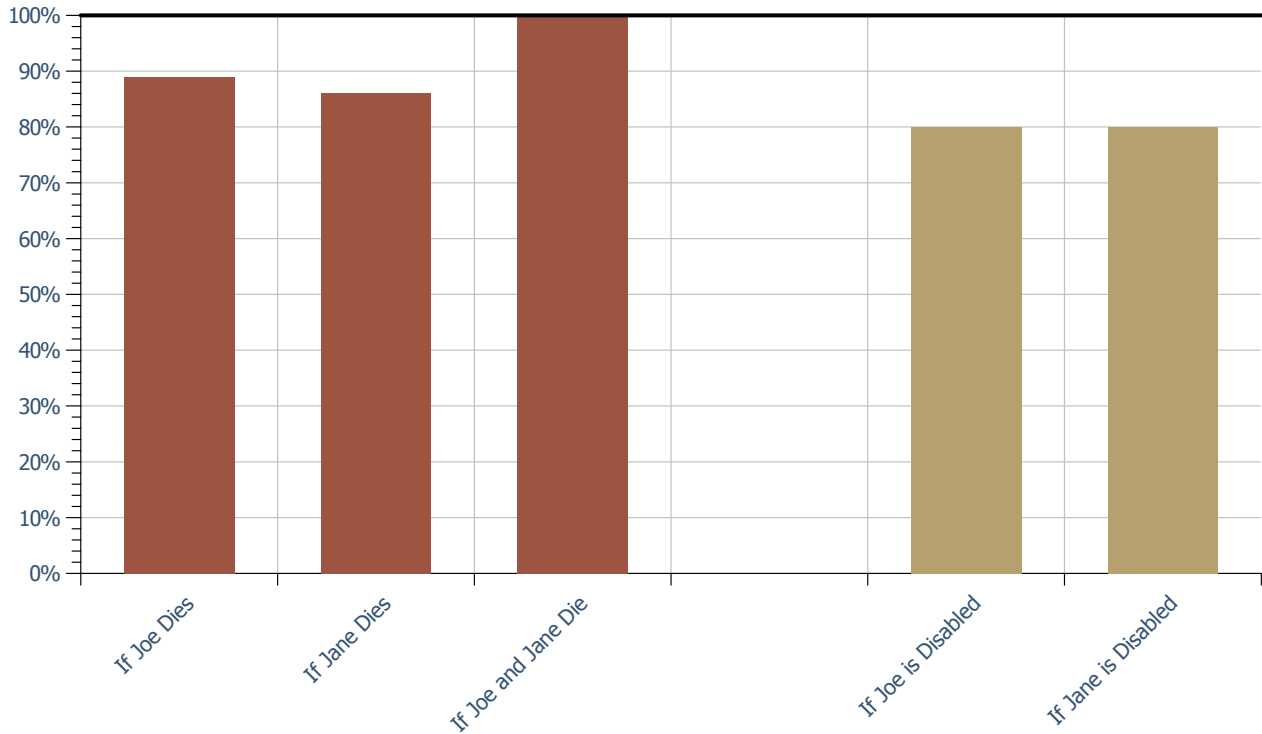
- Full
- Partial
- Finance a portion of the goal
- Reduce the goal
- Increase savings
- Contribute a lump sum

Refer to the Current Financial Position page, as these clients may be able to put aside additional funds towards their major purchase goal.

The *Goal Achievement* graph illustrates the percentage of each goal that may be covered based on the projection of the current capital and savings for each goal.

Alternative strategies that may assist in goal achievement are listed in the tables following the *Goal Achievement* graph.

This graph summarizes the clients' goal coverage in the event of death or disability.



Life Insurance

Your current life insurance coverage falls short of the necessary life insurance coverage for the Joe dies analysis. However, your current coverage provides the Joe and Jane die analysis with the necessary amount of life insurance coverage.

The following table provides alternative strategies that may assist you in achieving your life insurance goals.

Options		
	<u>Expect to Cover Total Life Insurance Need At (\$)</u>	<u>OR</u> <u>Purchase Additional Life Insurance Of</u>
If Joe Dies	89% (\$800,000)	\$478,570
If Joe and Jane Die	100%* (\$1,300,000)**	\$0

*The goal coverage percent is calculated based on the use of the net estate to cover needs.

**The dollar value shown equals the total amount of coverage available in the event both die.

The percentage indicates the needs that can be covered in the event of death(s) by existing resources including life insurance policies.



Clearly identifies the additional life insurance needed.

Disability Insurance

Unfortunately, your current disability insurance coverage falls short of the necessary disability insurance coverage for Joe and Jane.

The following table provides alternative strategies that may assist you in achieving the disability insurance goals.

Options

	<u>Expect to Cover Total Disability Insurance Need At (\$)</u>	OR	<u>Increase Disability Insurance By</u>
If Joe is Disabled	80% (\$10,000)		\$6,772/month
			
	<div data-bbox="300 550 862 709" style="border: 1px solid black; padding: 5px; background-color: #ffffcc;">The percentage indicates the needs in the event of disability that can be covered by existing disability resources including disability insurance policies.</div>		<div data-bbox="1015 550 1461 651" style="border: 1px solid black; padding: 5px; background-color: #ffffcc;">Clearly identifies the additional disability insurance needed.</div>

Current Financial Position

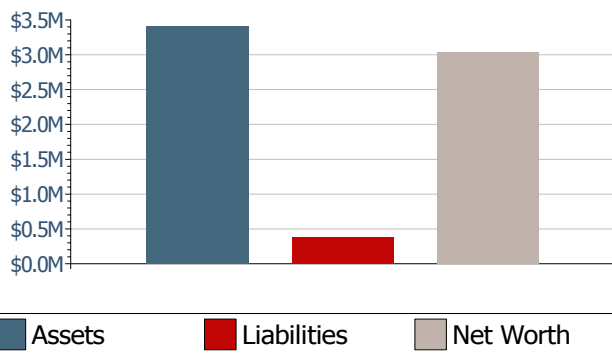
Use the text items in bold and the color graphs to draw attention to opportunities or concerns in the clients' current financial position. Highlight key components of planning, such as net worth and surplus cash usage. Move clients to action!

Analysis

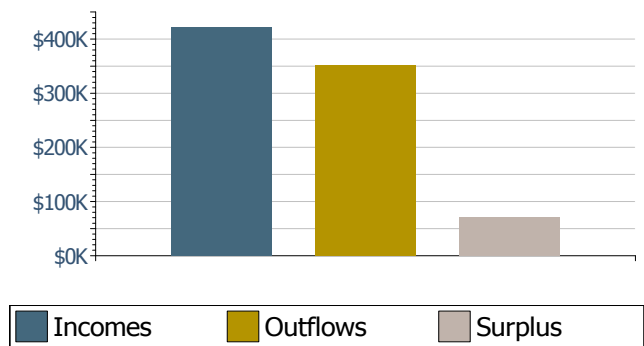
To determine your net worth we take the current value of all your assets, and then subtract the current value of all your liabilities. Based on the information you have provided, you currently have a **net worth of \$3,032,000**.

We have also evaluated your current cash flow position. We determine your cash flow surplus or deficit by adding together all your cash inflows, and then subtracting all your cash outflows, which include lifestyle expenses, savings, and taxes. Based on the information you have provided, you currently have a **cash flow surplus of \$70,581** in 2012.

Net Worth



Cash Flow



Net Worth

Qualified Assets	\$1,120,000
Non-Qualified Assets	\$537,000
Lifestyle Assets	\$1,750,000
Liabilities	(\$375,000)
Net Worth	\$3,032,000

Consider the Following

- Review your current expenses to determine which items are discretionary.
- Decide on the sacrifices you are currently willing to make to achieve your financial goals.

Cash Flow

Income	\$422,545
Lifestyle Expenses	\$136,380
Medical Expenses	\$0
Savings	\$65,339
Taxes	\$150,244
Surplus	\$70,581

This table indicates the clients' current year net worth and cash flow position and is based primarily on data entered on the *Financial Picture, Retirement, Education, and Major Purchase* pages.

Retirement

Joe and Jane plan to retire in 2024.

Objective(s)

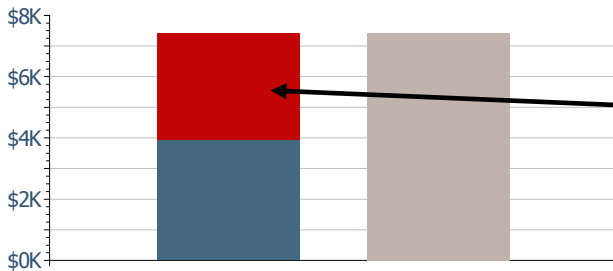
Joe plans to retire in the year 2024 at age 62. Jane plans to retire in the year 2024 at age 60. Your retirement income goal in the year 2024 is \$230,000, in today's dollars.

Analysis

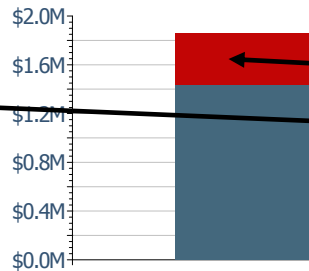
Based on our assessment, you may not have sufficient savings strategies in place, or sufficient capital allocated, to meet your retirement goal.

Based on your current assumptions, to meet your retirement goal you would need to save an **additional \$3,474 per month** or allocate an **additional \$424,474 today**.

Monthly Savings for Retirement



Capital for Retirement



The red bar reflects the retirement needs of Joe and Jane that will go unmet without additional monthly savings of **\$3,474**, lump sum savings of **\$424,474**, or allocating more accounts to the goal.

■ Current Savings/Capital
 ■ Additional Required Savings/Capital
 ■ Total Required Savings/Capital

Current Savings	\$3,950/month
Assets Currently Allocated	\$1,435,000
Rate of Return	6.85%
Additional Savings Required	\$3,474/month
or	
Additional Capital Required	\$424,474

These calculations are based on the return rate assigned to your current asset mix.

Consider the Following

- The additional required monthly savings amount is based on savings to non-qualified assets.
- Maximize contributions to tax-advantaged qualified retirement plans such as IRAs, Roth IRAs, and 401(k) plans.
- If you have not already done so, begin investing on a regular basis.

Using this value to suggest to clients that they can meet their goal by investing a lump sum today allows you to open up a discussion on assets being managed elsewhere.

Joe and Jane could meet this additional savings need because they have an average monthly surplus of **\$6,331** (see Goal Attainability on page 17).

Attainable Retirement

This page summarizes what the clients can achieve without increasing savings. Are the clients' retirement expenses realistic?

Objective(s)

Joe plans to retire in the year 2024 at age 62. Jane plans to retire in the year 2024 at age 60.

Without any changes to Joe and Jane's retirement objectives, Joe could retire at age 65 and Jane at age 63.

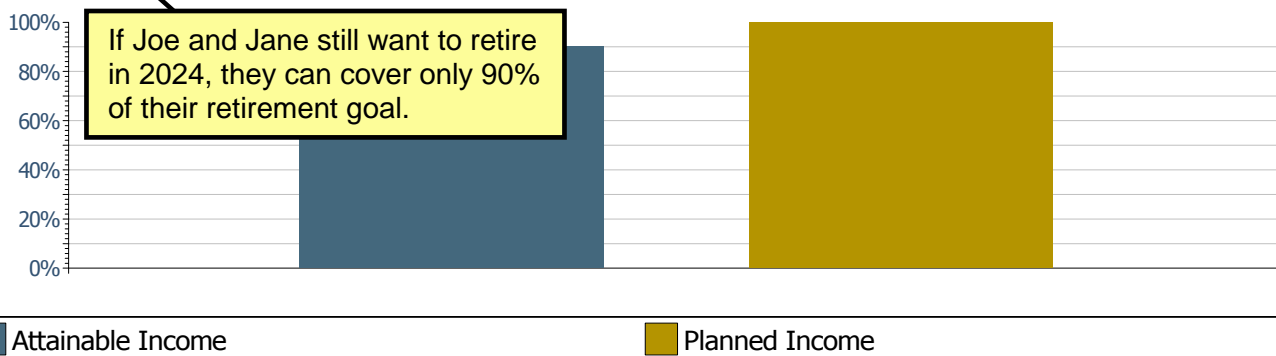
Analysis

Based on our assessment, it appears Joe may not be able to retire until the year 2027, at age 65, and Jane may not be able to retire until the year 2027, at age 63.

If Joe was to retire in the year 2024, at age 62 and Jane was to retire in the year 2024, at age 60, it appears your current savings strategies and retirement capital may provide you with the ability to cover 90% of your planned retirement expenses.

Attainable Retirement Expenses

Retire At 62/60



Attainable Retirement Age

	Retirement Goal	Attainable Retirement
Joe	62 (2024)	65 (2027)
Jane	60 (2024)	63 (2027)

Attainable Retirement Expenses

Retirement Age	% of Retirement Expenses*
62/60	90%

*This value indicates the percentage of your stated annual retirement needs that can be funded by your available retirement resources throughout your entire retirement time period.

Consider the Following

- If the amount of required savings is unmanageable, we should review your goals to find a solution.
- If your savings exceed your need, you may be able to spend more in retirement.

If the clients' resources do not allow for any additional savings, they may want to re-evaluate their retirement objectives (e.g., less travel, downsize their home) in order to be able to retire in 2024.

Mark's Education Goal

Objective(s)

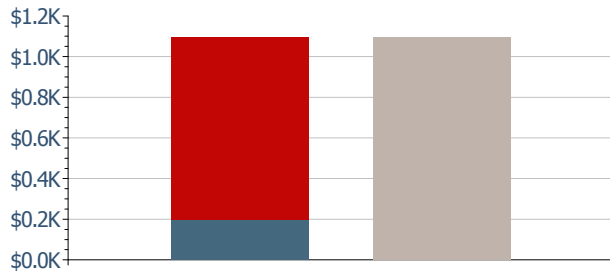
You want to accumulate sufficient assets to fund Mark's education goals for 4 years at a total cost of \$40,000 per year, in today's dollars, beginning in the year 2016.

Analysis

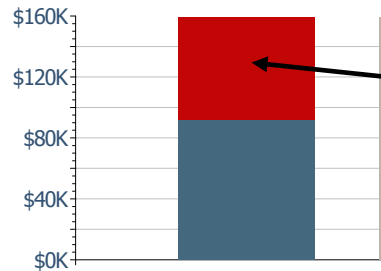
Based on our assessment you currently may not have sufficient savings strategies in place, or sufficient capital allocated to meet your goal.

Based on your assumptions, to meet your goal you would need to save an **additional \$896 per month** or allocate an **additional \$66,977 today**.

Monthly Savings



Capital Allocated



The red bar shows that without allocating additional accounts or increasing savings (\$896 per month or \$66,977 as a lump sum), Joe and Jane's goal of providing Mark with a four year college education will have to be reduced.

■ Current Savings/Capital ■ Additional Required Savings/Capital ■ Total Required Savings/Capital

Current Savings	\$200/month
Assets Currently Allocated	\$92,000
Rate of Return	6.00%
Additional Savings Required	\$896/month
or	
Additional Capital Required	\$66,977

These calculations are based on the return rate assigned to your current asset mix.

Consider the Following

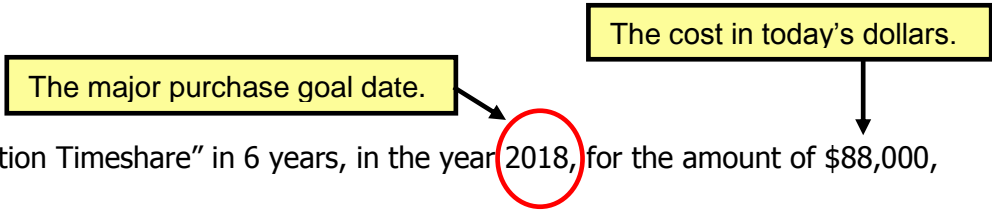
- Determine realistic values for tuition and related college expenses. Factor in the effects of inflation. College costs have historically increased at a significantly higher rate than inflation.
- Invest regularly for your family member's education, starting as early as possible.
- Where possible, take advantage of educational savings vehicles such as Coverdell ESAs, 529 plans, UTMA accounts and UGMA accounts.

Use this informational text to let the clients know about tax-advantageous methods to help achieve the education goal.

Vacation Timeshare

Objective(s)

You want to purchase a "Vacation Timeshare" in 6 years, in the year **2018**, for the amount of \$88,000, in today's dollars.

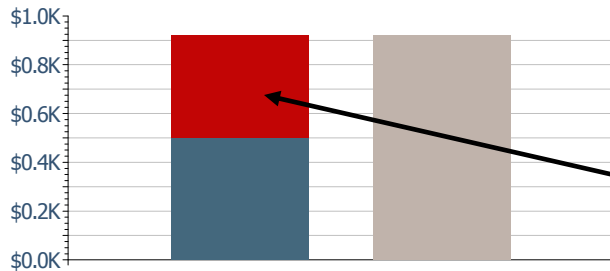


Analysis

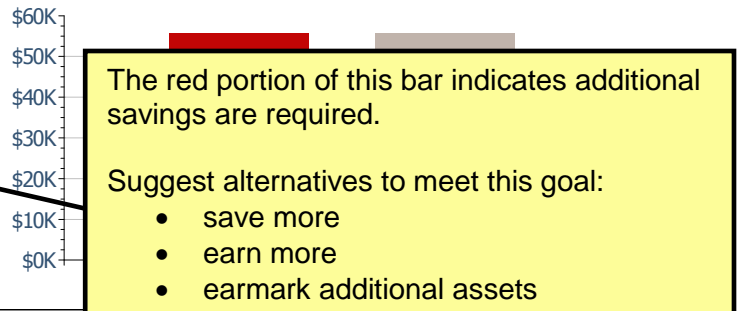
Based on our assessment, it appears you may not have sufficient savings strategies in place, or sufficient capital allocated to meet your goal.

Based on your assumptions, to meet your goal you need to save an **additional \$418 per month** or allocate an **additional \$27,699 today**.

Monthly Savings



Capital Allocated



■ Current Savings/Capital ■ Additional Required Savings/Capital ■ Total Required Savings/Capital

Current Savings	\$500/month
Assets Currently Allocated	\$28,000
Rate of Return	5.00%
Additional Savings Required	\$418/month
or	
Additional Capital Required	\$27,699

These calculations are based on the return rate assigned to your current asset mix.

Do the clients have any maturing fixed income investments that can be used to fund their vacation timeshare purchase?

Consider the Following

- Prioritize the financial goals for your family and give them realistic timelines.
- Determine your investment strategy for each goal based on your time horizon and risk tolerance.
- Start saving as early as possible.

Disability Insurance – Joe

Objective(s)

Disability insurance allows you to ensure there is sufficient income replacement to maintain your desired lifestyle, should Joe become disabled.

Analysis

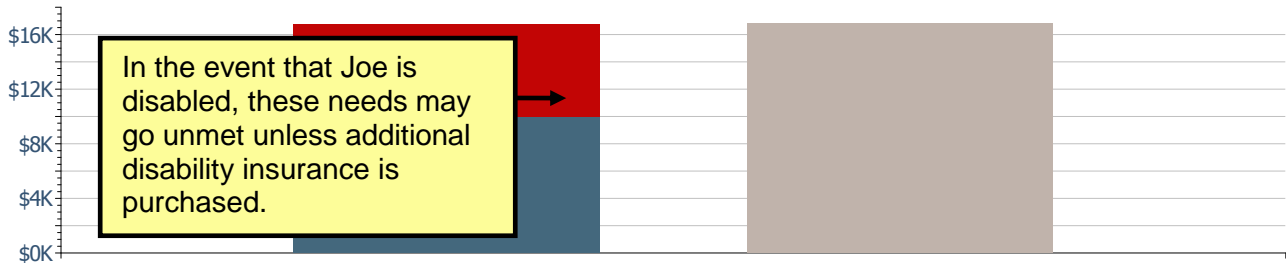
Based on our assessment from now until you retire in the year 2024, you may experience deficits that average \$6,772 per month, with the largest annual deficit being \$213,912.

Increasing your coverage by \$6,772 per month can help eliminate these deficits.

Depending on the circumstances, you may or may not be able to purchase this amount of disability insurance.

If Joe Becomes Disabled

The average monthly deficit if Joe is disabled.



■ Current Monthly Insurance ■ Average Monthly Deficit ■ Approximate Insurance Required

If Joe Becomes Disabled

Current Monthly Disability Insurance	\$10,000
Average Monthly Deficit	\$6,772
Approximate Monthly Disability Insurance Required*	\$16,772

*The recommended amount of disability insurance coverage is calculated based on long-term disability insurance coverage. You may or may not be able to purchase this amount of disability insurance.

These calculations are based on the return rate assigned to your current asset mix.

The monthly disability insurance required.

Consider the Following

- You may not want to rely solely on group policies at work. If you change jobs or your employer switches to another insurer, you may no longer be eligible for group benefits.
- Review your existing policy's monthly disability benefit, definition of disability, waiting period, and duration of benefits.
- Review the coverage periodically and adjust it according to changes in your income and expenses.

Talk to the clients about the different types of disability policies and their benefits.

Life Insurance – Joe

For a list of assumptions used to analyze the survivorship period, see the Assumptions page at the end of this client report.

Objective(s)

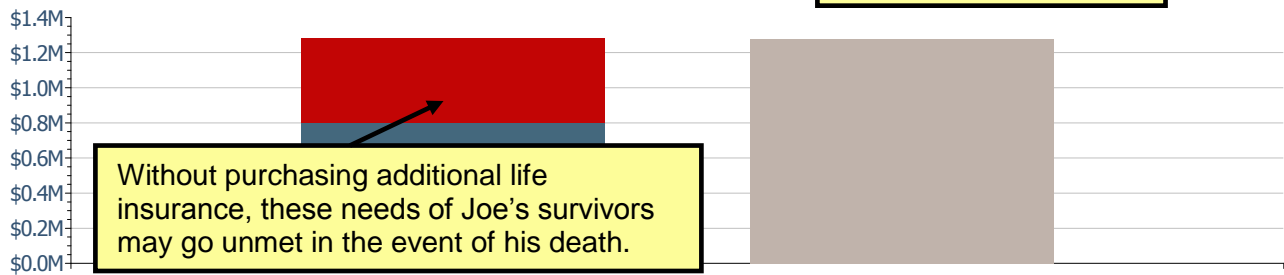
In the event of Joe's death, you want to ensure that Jane has enough income and capital to cover the family's expenses, and to fund your education and major purchase goals.

Analysis

Based on our assessment, you currently may not have sufficient life insurance to meet Jane's ongoing needs.

Increasing your **life insurance coverage by \$478,570** can help reduce this shortfall.

If Joe Dies



■ Current Life Insurance ■ Additional Life Insurance Recommended ■ Total Life Insurance Required

If Joe Dies

Total Coverage Needed	\$1,278,570
Current Life Insurance Owned	\$800,000
Additional Life Insurance Required	\$478,570

These calculations are based on the return rate assigned to your current asset mix.

Joe and Jane may have hidden assets or income streams that might lower this insurance need. This could lead to an estate planning discussion and a transfer of assets to your firm.

Consider the Following

- You may not want to rely solely on group policies at work. If you change jobs or your employer switches to another insurer, you may no longer be eligible for group benefits.
- Review your coverage periodically to ensure it continues to meet your family's changing needs.
- It is also important to consider continued savings to fund other financial goals.

Life Insurance – Joe and Jane

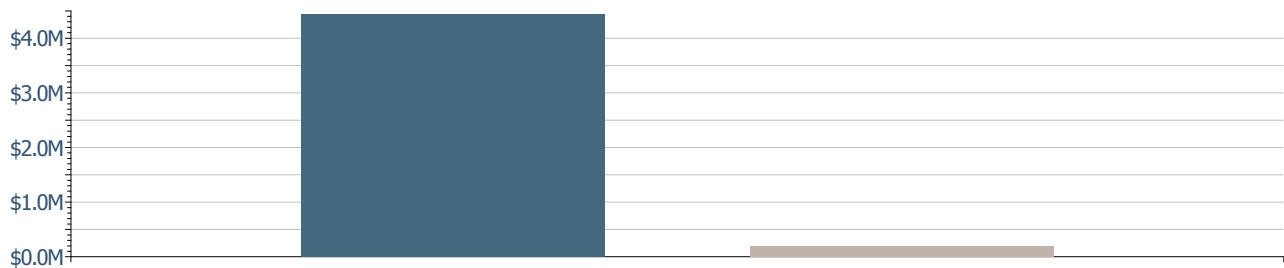
Objective(s)

In the event of Joe's and Jane's deaths, you want to ensure that your dependents have enough income and capital to cover lifestyle needs and education goals.

Analysis

Based on our assessment, you currently have sufficient capital and life insurance to meet your estate objectives.

If Joe and Jane Die



■ Current Life Insurance ■ Additional Life Insurance Recommended ■ Total Life Insurance Required

If Joe and Jane Die

Required Net Estate	\$200,000
Current Net Estate	\$4,436,647
Additional Life Insurance Required	\$0

These calculations are based on the return rate assigned to your current asset mix.

The recommended additional life insurance coverage if both Joe and Jane were to die.

Reviewing Joe's and Jane's insurance coverage annually helps ensure that their coverage meets their family's changing needs.

Consider the Following

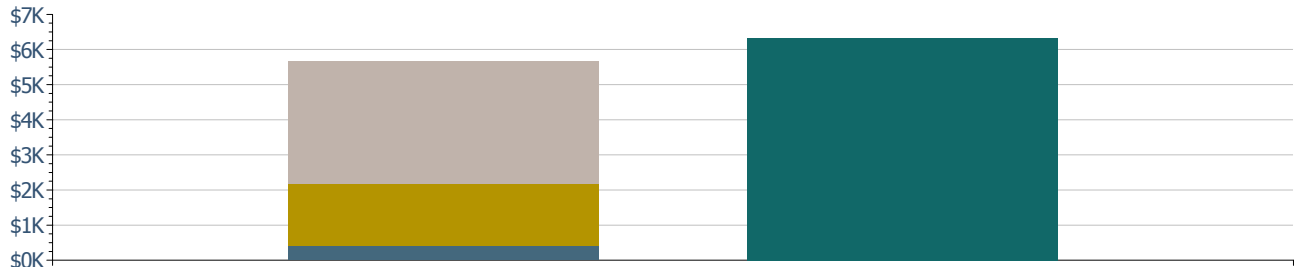
- You may not want to rely solely on group policies at work. If you change jobs or your employer switches to another insurer, you may no longer be eligible for group benefits.
- Review your coverage periodically to ensure it continues to meet your family's changing needs.
- It is also important to consider continued savings to fund other financial goals.

Goal Attainability

The Goal Attainability page is an ideal place to wrap up the discussion. This page can lead to additional planning opportunities, or perhaps a revision of the clients' objectives.

Analysis

Based on our assessment, it appears you currently have sufficient cash flow resources to meet the additional savings requirements for your goals.



■ Additional Savings Major Purchase(s)/mth	■ Additional Savings Retirement /mth
■ Additional Savings Education /mth	■ Average Monthly Surplus

Additional Savings for Goals:	
Retirement	\$3,474/month
Education:	
“Julia's Education Goal”	\$862/month
“Mark's Education Goal”	\$896/month
Major Purchase:	
“Vacation Timeshare”	\$418/month
Average Monthly Surplus/Deficit*	\$6,331

*Represents your average surplus/deficit over the next 5 years.

These calculations do not take into consideration potential premium increases for additional life insurance, disability insurance and long-term care insurance.

These calculations are based on the return rate assigned to your current asset mix.

Consider the Following

- It is important to balance future goals with current lifestyle needs.
- Assess the priority of future goals based on available cash flow.

A summary of the additional savings needed to achieve the clients' goals.

The table and graphs above can be used to address clients' concerns about the affordability of the monthly savings needed to meet their goals by showing both the monthly savings required for each goal as well as their average monthly surplus/deficit amount. In the case of Joe and Jane, their average monthly surplus of **\$6,331** is more than enough to implement the monthly savings required for all goals.

In plans where the average monthly surplus is less than the amount required to meet the goals or the clients have an average monthly deficit, the table can be used to open up a discussion regarding cash flow planning which could be addressed in a higher level plan.

Conclusion

Now that you have an overview of your current financial situation, where do you go from here? Our recommendations are as follows:

- **Review this document** – Ensure you understand the information contained in the report. Be sure to ask us questions on areas that need clarification.
- **Assess the original objectives** – Are they realistic? Can you afford to implement all of your objectives? What are your priorities? If you are unable to fund all of your objectives, consider alternative goal dates, revised goal amounts, and alternative investment strategies. We will work together in the process.
- **Review various strategies** – This will help you to achieve your goals and determine a time frame for these strategies.
- **Decide on a course of action** – Together, we will evaluate the alternative that is consistent with your objectives and your financial ability.

Prepare next steps and set up next meeting.

Assumptions

This page summarizes the assumptions used in this report. Default variables used in the Financial Assessment can be modified in higher levels of planning.

In performing this assessment, we have made the following assumptions:

Tax Status

A married filing jointly tax filing status was applied to your assessment.

Lifestyle Assets Growth Rate

A 2% growth rate was applied to lifestyle assets.

Lifestyle assets are jointly owned.

Lifestyle assets were purchased on Dec. 31 of the year prior to the assessment year.

The growth rate for lifestyle assets.

Incomes and Expenses

An inflation rate of 3% was applied to pre-retirement incomes and expenses.

Pre-retirement incomes are salaries that commence on Jan. 1 of the assessment year and end on retirement.

A 3% inflation rate was used.

Social Security

All Social Security benefits are indexed to the inflation rate.

Social Security retirement benefits start at retirement.

Social Security survivor benefits are applicable.

Social Security disability benefits were not included in this assessment.

Liabilities

All liabilities are jointly owned.

All liabilities assume monthly compounding. Amortization is automatically calculated based on the values entered, using a principal and interest loan payment schedule.

Upon death all liabilities were transferred to the survivor.

Retirement Goal

An annual inflation rate of 3.00% has been applied to the "Retirement goal expense".

Pension Details

Pension income starts at retirement and ends at death for all pensions entered into the assessment.

Pension income is paid annually and indexed to 3%.

Qualified Assets

Qualified accounts were assumed to be 401(k) plans.

The qualified asset type assumed. Additional qualified plan types are available in higher levels, including IRA, Roth, SARSEP, and Keogh.

Savings Strategies

Saving strategies for the retirement goal began Jan. 1 of 2012 and end on Dec. 31 of the year prior to retirement.

Saving strategies for education goals began on Jan. 1 of 2012 and end on Dec. 31 of the last year of the education goals.

Savings strategies for major purchase goal began on Jan. 1 of 2012 and cease at the end of the month prior to the major purchase.

The asset type assumed for education goals.

Education Goals

The education goals were funded by jointly owned non-qualified accounts.

An annual inflation rate of 5.00% has been applied to "Julia's Education Goal".

An annual inflation rate of 5.00% has been applied to "Mark's Education Goal".

Major Purchase Goal

The major purchase goal was funded by jointly owned non-qualified accounts.

An annual inflation rate of 3.00% has been applied to the "Vacation Timeshare" goal.

Life Insurance Needs

In the event of Joe's death, we assume that 100% of your goals will continue.

In the event of Joe and Jane's death, we assume that 100% of your education goals will continue.

The life insurance policy type was assumed to be a 10-year term policy which does not lapse.

The insured owns the policy and pays the premium.

The beneficiary was assumed to be the non-insured client.

The goal-and-expense analysis method was used.

An expense coverage of 85% was applied to your lifestyle expenses.

The return on life insurance proceeds, surpluses, and liquidations was 6.00%.

Cash flow surpluses were assumed to be saved.

Outstanding liabilities are funded at death for purposes of the life insurance assessment.

All major purchase goals were covered.

Disability Insurance Needs

In the event of Joe's disability, we assume that 100% of your stated expenses, liabilities, and goals will continue.

In the event of Joe's disability, we assume that there is a two week waiting period before receipt of your short-term disability benefits and a three month waiting period before receipt of your long-term disability benefits.

The coverage is a group LTD policy.

The benefit type is a flat dollar amount.

Benefits are not taxable.

The insured member owns the policy and pays the premium.

Benefits will be offset by Social Security.

The return on disability insurance surpluses and liquidations was 6.00%

Disclaimer

To satisfy compliance needs, the report includes standard disclaimer information which can be customized to meet an organization's needs.

IMPORTANT: Please read this section carefully. It contains an explanation of some of the limitations of this report.

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

Below is an outline of several specific limitations of the calculations of financial models in general and of NaviPlan specifically.

The Calculations Contained in This Report Depend in Part, on Personal Data That You Provide

The assumptions used in this assessment are based on information provided and reviewed by you. These assumptions must be reconsidered on a frequent basis to ensure the results are adjusted accordingly. The smallest of changes in assumptions can have a dramatic impact on the outcome of this assessment. Any inaccurate representation by you of any facts or assumptions used in this assessment invalidates the results.

This Report is Not a Comprehensive Financial Report and Does Not Include, Among Other Things, a Review of Your Insurance Policies

We have made no attempt to review your property and liability insurance policies (auto and homeowners, for example). We strongly recommend that in conjunction with this assessment, you consult with your property and liability agent to review your current coverage to ensure it continues to be appropriate. In doing so, you may wish to review the dollar amount of your coverage, the deductibles, the liability coverage (including an umbrella policy), and the premium amounts.

NaviPlan Does Not Constitute Legal, Accounting, or Tax Advice

This assessment does not constitute advice in the areas of legal, accounting or tax. It is your responsibility to consult with the appropriate professionals in those areas either independently or in conjunction with this assessment process.

Circular 230: Any income tax, estate tax or gift tax advice contained within this document was not intended or written to be used for, and cannot be used for, the purpose of avoiding penalties that may be imposed.

Discussion of the Limits of Financial Modeling

Inherent Limitations in Financial Model Results

Investment outcomes in the real world are the result of a near infinite set of variables, few of which can be accurately anticipated. Any financial model, such as NaviPlan, can only consider a small subset of the factors that may affect investment outcomes and the ability to accurately anticipate those few factors is limited. For these reasons, investors should understand that the calculations made in this assessment are hypothetical, do not reflect actual investment results, and are not guarantees of future results.

Results May Vary With Each Use and Over Time

The results presented in this assessment are not predictions of actual results. Actual results may vary to a material degree due to external factors beyond the scope and control of this assessment. Historical data may have been used to produce future assumptions used in the assessment, such as rates of return. Utilizing historical data has limitations as past performance is not a guarantee or predictor of future performance.

Outline of the Limitations of NaviPlan and Financial Modeling

Your Future Resources and Needs May Be Different From the Estimates That You Provide

This assessment is intended to help you in making decisions on your financial future based, in part, on information that you have provided and reviewed.

The calculations contained in the report utilize the information that you have provided and reviewed including, but not limited to, your age, income, assets, liabilities, anticipated expenses, and likely retirement age. Some of this information may change in unanticipated ways in the future and those changes may make NaviPlan less useful.

NaviPlan Calculations Include Limited Accounting for Taxes

The federal and state income tax laws are extremely complex and subject to continuous change. NaviPlan has limited capability to model any individual's tax liability, and future tax laws may be significantly different from current tax laws. Any changes in tax law may affect returns for any given investment and make the calculations produced by NaviPlan less useful. The calculations contain limited support for the tax impact on transfers of money or redemptions of funds.

NaviPlan Calculations Do Not Include Fees and Expenses

The calculations utilize return data that do not include fees or operating expenses. If included, fees and other operating expenses would materially reduce these calculations. Recommendations included in the calculations to redeem funds from certain investments or transfer money to others do not account for fees and charges that may be incurred.

NaviPlan Calculations May Include Variable Products

Variable life insurance policies or deferred variable annuities are inherently risky and may be included in the calculations. The return rate assumptions used throughout this analysis do not relate to the underlying product illustrated. These returns should not be used as a proxy for actual performance as they may exaggerate the performance potential of the underlying investment accounts (subaccounts). Any calculations incorporating variable products are hypothetical and intended to show how the performance of the underlying subaccounts could affect the value and death benefit of the variable products; these calculations are not intended to predict or project investment results.

The rates of return have not been adjusted to include mortality and expense fees attributable to variable annuities. These fees, and their effects on asset growth, are accounted for as a monthly expense of the annuity contract and can be observed in applicable net worth reports.

If a variable annuity included in this analysis contains a guaranteed minimum withdrawal rider, it is important to understand that if the contract value is greater than the guaranteed minimum withdrawal benefit once withdrawals begin, as an investor you will have paid for the rider and not actually used it.

Income taxes during the annuitization phase are accounted for in the calculations. See the section titled NaviPlan Calculations Include Limited Accounting for Taxes in this Disclaimer for further information on the tax methodology used.