

The *Financial Needs Summary* report provides an analysis of the clients' current financial situation and goals along with the proposed plan. The analysis identifies if the clients can meet their goals, and the proposed plan contains the advisor's recommendations on how the financial objectives can be achieved.

NaviPlan

Financial Needs Summary

Joe and Jane Sample Client

Ridgefield, Connecticut

Prepared by: Linda Hamilton

Hamilton & Associates

July 16, 2009

A professional cover page
personalized for your clients.

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Disclaimer

Disclaimer information to address compliance requirements.

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

IMPORTANT: *The projections 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 a discussion of several specific limitations of the projections of financial models in general and of NaviPlan® specifically.

The Projections Contained in this Report are, in part, dependent on Personal Data that You Provide

The assumptions used in this financial plan are based on information provided and reviewed by you. Those 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 financial plan. Any inaccurate representation by you of any facts or assumptions used in this financial plan 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 financial plan, 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 financial plan 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 planning process.

Circular 230: Any income tax, estate tax or gift tax advice contained within this document was not intended or written to be used 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 projections made in this financial plan are hypothetical, do not reflect actual investment results, and are not guarantees of future results.

It is important to note that the broad categories that are used are not comprehensive and other investments that are not considered may have characteristics that are similar or superior to the categories that are used in **NaviPlan®**.

Important Terminology

Common terms are defined for reference when reading the report.

Current Plan

The Current Plan consists of information provided and reviewed by you and serves as the basis for some of the assumptions used in the Proposed Plan or Recommended Plan.

Assumed rate of return (current)

The dollar-weighted average rate of return of the assets in the Current Plan. A goal-based assumed rate of return (current) represents the dollar-weighted average rate of return of the assets linked to that particular goal.

Assumed rate of return (proposed)

The dollar-weighted average rate of return of the assets in the Proposed Plan based on the assumptions defined in the proposed/recommended scenarios. Based on the assumptions, the rate of return may or may not equal the proposed rate of return. A goal-based assumed rate of return (proposed) represents the dollar-weighted average rate of return of the assets linked to that particular goal based on the assumptions defined in the proposed/recommended scenario.

Proposed rate of return

The rate of return calculated based on your risk profile as determined by your answers to a risk tolerance questionnaire. Based on the assumptions defined in the proposed/recommended scenarios, this return may or may not equal the assumed rate of return (proposed).

Standard deviation

Standard deviation is a statistical measure of the volatility of an asset or account. It measures the degree to which the rate of return in any one year varies from the historical average rate of return for that investment; the greater the standard deviation, the riskier the investment.

Investment profile

The investment profile is the result of an analysis of an individual's investment objectives, time horizon, and risk tolerance in reference to investing.

Portfolio

The combination of assets a client owns and that are considered in this plan to fund the client's goal.

Time horizon

The length of time desired to achieve a financial goal. A longer time horizon usually allows an individual to withstand more volatility, whereas a shorter time horizon typically requires less volatility and more liquidity.

Asset mix

The combination of asset classes within an investment portfolio. It can also be a further division within an asset class of assets such as a mix of small, medium, and large company stock assets.

Current asset mix

The combination of asset classes assigned to the assets included in the current plan.

Financial Assumptions

In preparing projections we use actual figures where they are known, applicable assumptions based on historical data, and your evaluations of your future. Please keep in mind that these assumptions are subject to change over time. It is important for you to monitor and evaluate your assumptions periodically.

- **Inflation Rate:** America's inflation rate has ranged during the last three decades from a high of 13.3% in 1979 to a low of 1.4% in 1998. In preparing your financial plan, we have used **3.00%** annual inflation for all projections.
- **Social Security:** Joe will begin receiving Social Security benefits at age 62. Jane will also begin receiving Social Security benefits at age 62. Social Security benefits will continue as long as you live.

Assumed Rates of Return by Goal:

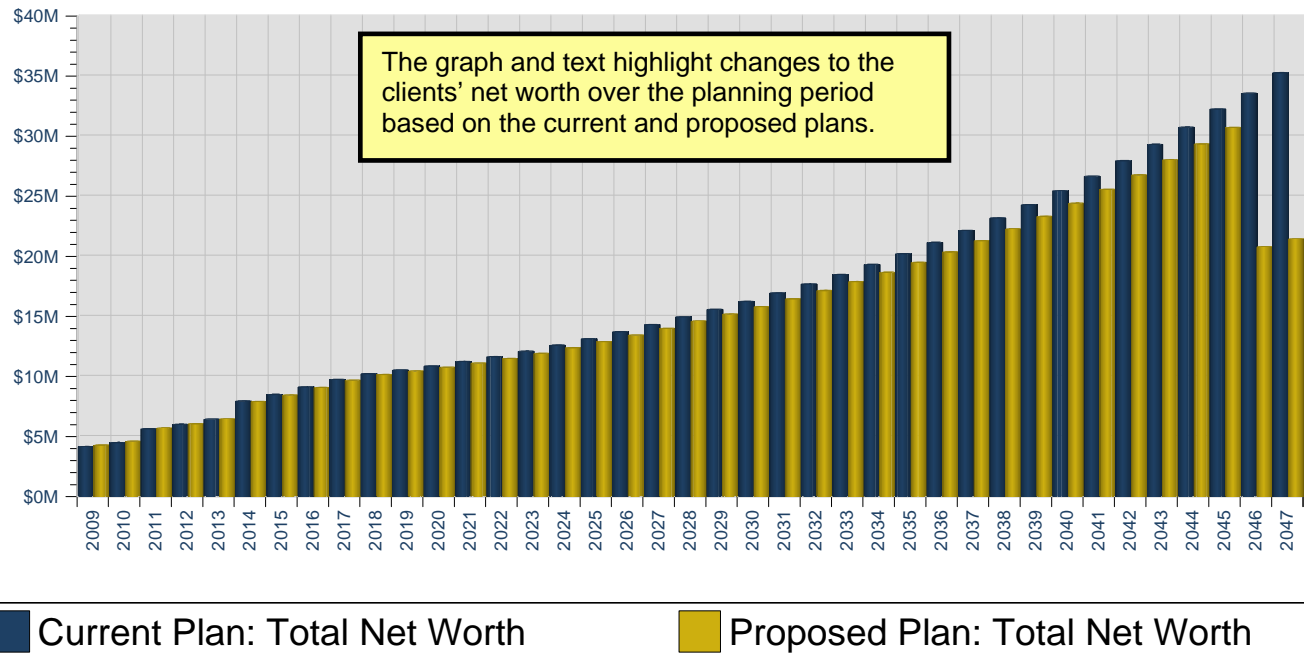
- **Retirement Goal:** The average assumed rate of return for assets linked to your retirement goal in your current plan is **9.76%**. The average assumed rate of return for assets linked to your retirement goal in your proposed plan is **8.81%**.
- **Education Goal:** Kathy's Education: The average assumed rate of return for assets linked to your education goal is **6.00%** in your current plan. The average assumed rate of return is **7.08%** in our proposed plan, which is based on the suggested asset mix for the education goal.
- **Education Goal:** Charles' Education: The average assumed rate of return for assets linked to your education goal is **6.00%** in your current plan. The average assumed rate of return is **8.81%** in our proposed plan, which is based on the suggested asset mix for the education goal.
- **Insurance Proceeds:** The average assumed rate of return on invested insurance proceeds in the event of either of your deaths is **7%** in your current plan. The average assumed rate of return on invested insurance proceeds in the event of either of your deaths is **7%** in your proposed plan.

In preparing the projections, we assume that tax rates will not change unless such changes have already been legislated. We have also assumed that the tax brackets and tax items such as the personal exemption and standard deduction will increase over time by the chosen inflation rate.

In addition to these assumptions listed here, it is important to view the Plan Analysis Synopsis page for a complete list of assumptions used in this report.

Net Worth

The following graph compares the net worth between your current plan and your proposed plan.



In your current plan, your net worth at retirement, in the year 2018, is **\$10,193,308**, and at the end of the plan, in the year 2047, it is **\$35,248,042**.

In your proposed plan, your net worth at retirement, in the year 2018, is **\$10,121,729**, and at the end of the plan, in the year 2047, it is **\$21,406,470**.

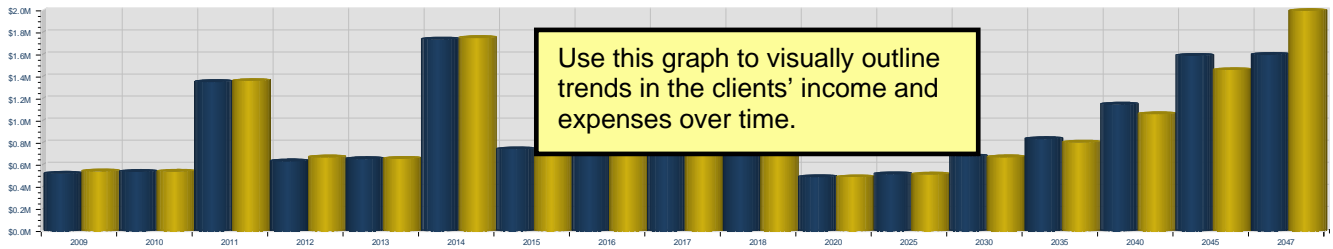
Consider the following:

There are several strategies that can be implemented immediately to potentially enhance your net worth. These include:

- Analyzing and implementing the proper asset allocation.
- Making effective use of your current income and channeling excess funds to appropriate savings plans.

Cash Flow

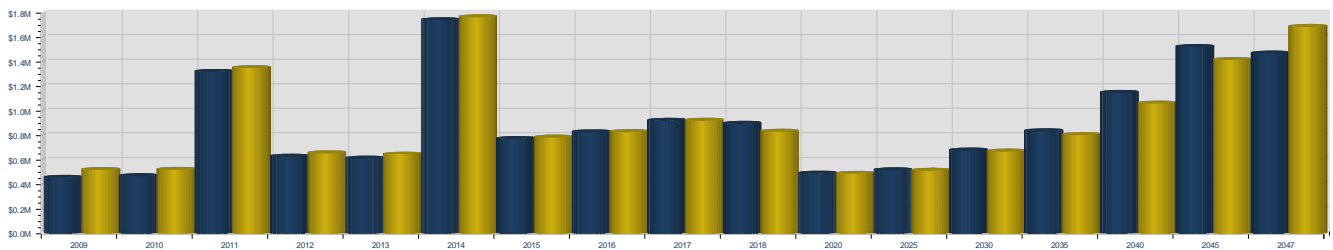
The following graph compares the total funds received between your current plan and your proposed plan.



■ Current: Total Inflows

■ Proposed: Total Inflows

The following graph compares the total expenses between your current plan and your proposed plan.



■ Current: Total Outflows

■ Proposed: Total Outflows

In your current plan, the analysis indicates that you will not experience any significant cash flow deficits throughout your lifetime.

In your proposed plan, the analysis indicates that you may experience cash flow deficits throughout your lifetime.

Even if your clients do not have a significant cash flow issue, a review of their cash flow may uncover both opportunities and problem areas that require further investigation.

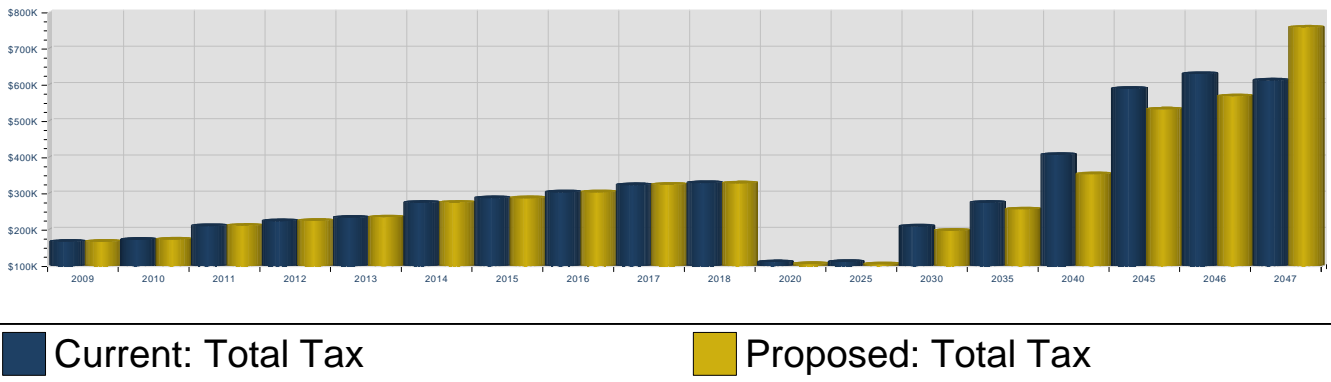
Consider the following:

There are a number of cash flow management techniques you can use, including the following:

- Make a list of all your current expenses. If you find this difficult, start with your checking account statement or other bill-paying system. Save receipts and/or keep a written record of your spending. The review of the receipts is often very enlightening at the end of the month.
- Determine which expenses are discretionary and which expenses are not. For example, your mortgage or rent payment are not discretionary, but the amount you spend on entertainment is discretionary.
- Prioritize your discretionary expenses, including savings. You and your family must decide which of the discretionary expenses can be adjusted.
- Consider paying yourself first! An automatic savings program that deducts your savings and investment contributions is an effective way to save. Saving what is left over at the end of the month or year is rarely as successful.

Income Tax

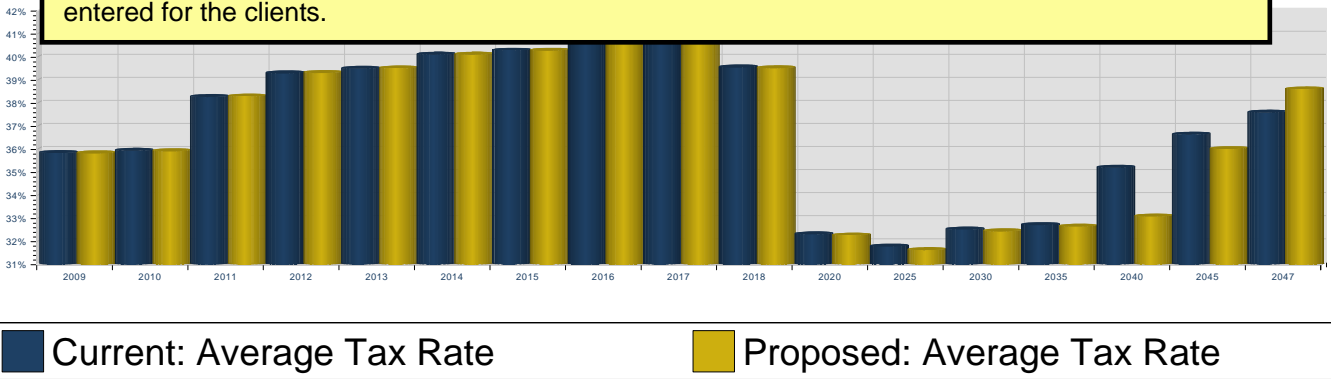
The following graph compares the total tax between your current plan and your proposed plan. Total tax represents all income tax payable on taxable income from all sources during the current year, as well as gift tax and estate tax, if applicable.



The following graph compares average tax rates between your current plan and your proposed plan. The average tax rate represents the total tax divided by the total taxable income. Taxes are projected on a year-by-year basis for the planning period and are represented in these two graphs to outline the total tax and the average tax rate situation.

Taxes are projected on a year-by-year basis for the planning period and are represented in these two graphs to outline the total tax and the average tax rate situation.

NaviPlan Extended uses bracketed tax rates to calculate the tax each and every year, similar to a Form 1040. Tax rates are automatically assigned based on the tax filing status and state of residence entered for the clients.



It appears that you **may incur Alternative Minimum Tax** at some point between now and 2047.

We should discuss potential tax savings strategies that might be available to you.

Consider the following:

- Invest in assets that create tax-free income, such as municipal bonds.
- Use qualified plans such as IRAs, Roth IRAs and 401(k) plans to defer taxes
- Consider non-qualified plans, such as deferred compensation, when available
- Charitable contributions, debt structure and asset transfers (college fund to children, for example) can also affect your income taxes

We should discuss w

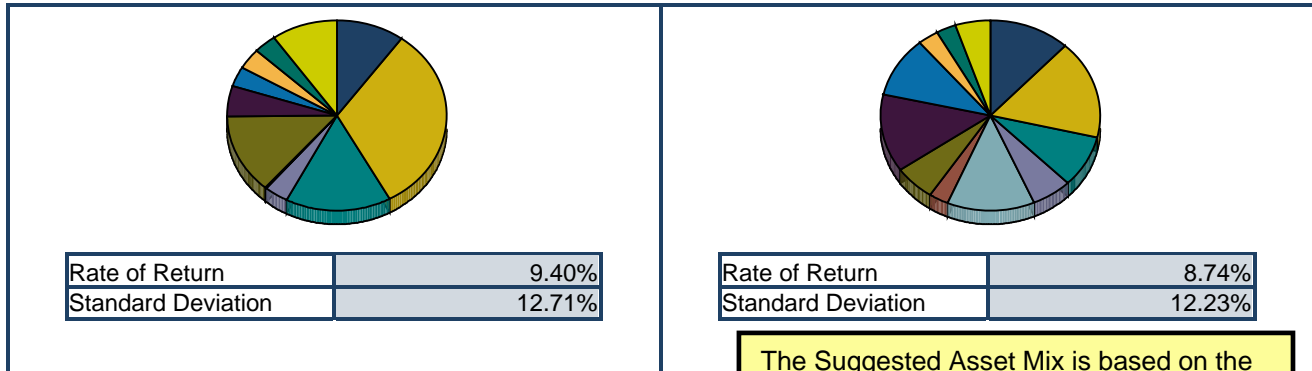
Informational notes such as these are included throughout the report. These clients may incur alternative minimum tax during the planning period. Discuss these tax implications with your clients. Further details can be found in NaviPlan's *Planning Assistant™* and in detailed income tax reports.

Asset Allocation

The following graphs illustrate the asset allocation for your current plan and your proposed plan.

Current Asset Mix

**Suggested Asset Mix
Moderate**



The table below provides a breakdown of the percentages and dollar amounts for the current and suggested portfolio. The Change column indicates the rebalancing needed to reach the suggested portfolio.

The Suggested Asset Mix is based on the clients' answers to the Ibbotson asset allocation questionnaire.

Asset Class	Current Asset Mix		Change		Suggested Asset Mix	
	(%)	(\$)	(%)	(\$)	(%)	(\$)
Large Cap Growth Equity	10.0	150,144	+1.9	+23,163	11.9	173,307
Large Cap Value Equity	32.0	482,185	-15.2	-235,763	16.8	246,421
Mid Cap Equity	15.6	235,077	-6.7	-105,097	8.9	129,980
Small Cap Equity	3.5	52,496	+2.4	+33,616	5.9	86,112
International Equity	0.1	1,810	+12.8	+186,661	12.9	188,472
Emerging Markets Equity	0.1	1,810	+2.8	+40,434	2.9	42,244
Long Term Bonds	13.5	203,941	-7.4	-114,038	6.1	89,903
Intermediate Term Bonds	5.2	77,666	+8.0	+115,138	13.2	192,804
Short Term Bonds	3.4	51,115	+6.9	+99,445	10.3	150,560
High Yield Bonds	3.5	52,885	-0.5	-8,475	3.0	44,410
International Bonds	3.4	51,115	-0.4	-7,247	3.0	43,868
Cash	9.7	146,094	-4.6	-71,897	5.1	74,197
Total	100.0	1,506,338	+0.0	-44,060	100.0	1,462,278

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Modifications required to the current portfolio to arrive at the asset mix of the suggested portfolio.

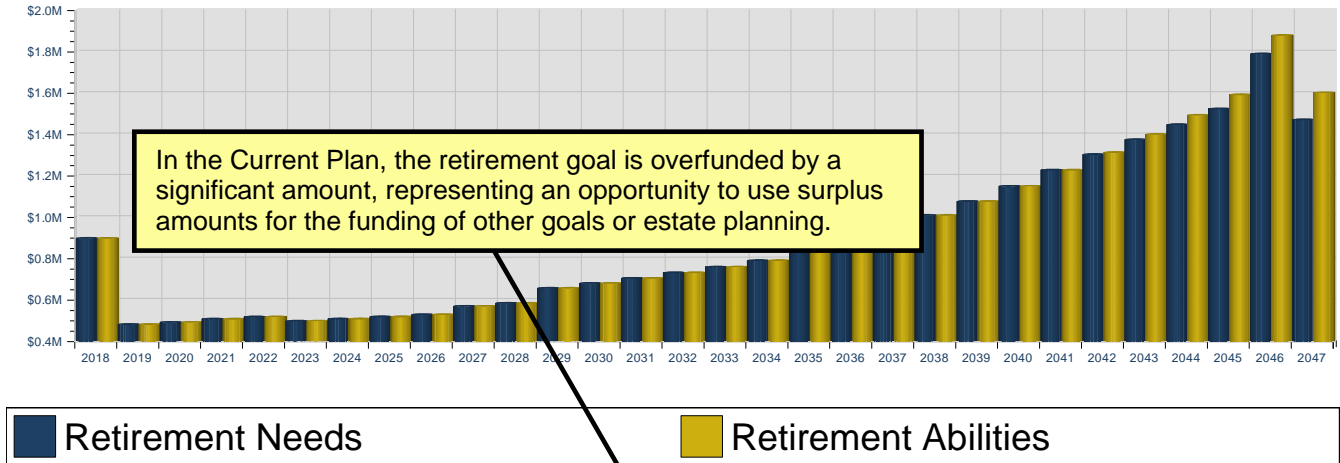
Consider the following:

- Your time horizon and tolerance for risk are key factors in determining your asset allocation for each objective.
- Asset allocation and return rate expectations affect the amount you need to save to meet your objectives.
- Managing your asset allocation also means avoiding unnecessary risk in the selection of your portfolios if you can comfortably meet your objectives with a lower risk portfolio.
- Monte Carlo simulations will further assist you in analyzing the risk/return trade-off.

Retirement

The following graphs provide an analysis of each of the years in your retirement situation. The top graph displays your current retirement needs vs. abilities without additional savings, assuming a rate of return of 9.76%. The bottom graph displays our proposed attainable retirement goal assuming a rate of return of 8.81%.

Current Plan



Retirement Income Needs ¹	Current Retirement Assets	Amount (Under)/Over Funded ²	Current Monthly Savings	Additional Monthly Savings ³
\$245,000	\$1,308,000	\$30,717,703	\$4,098	\$0

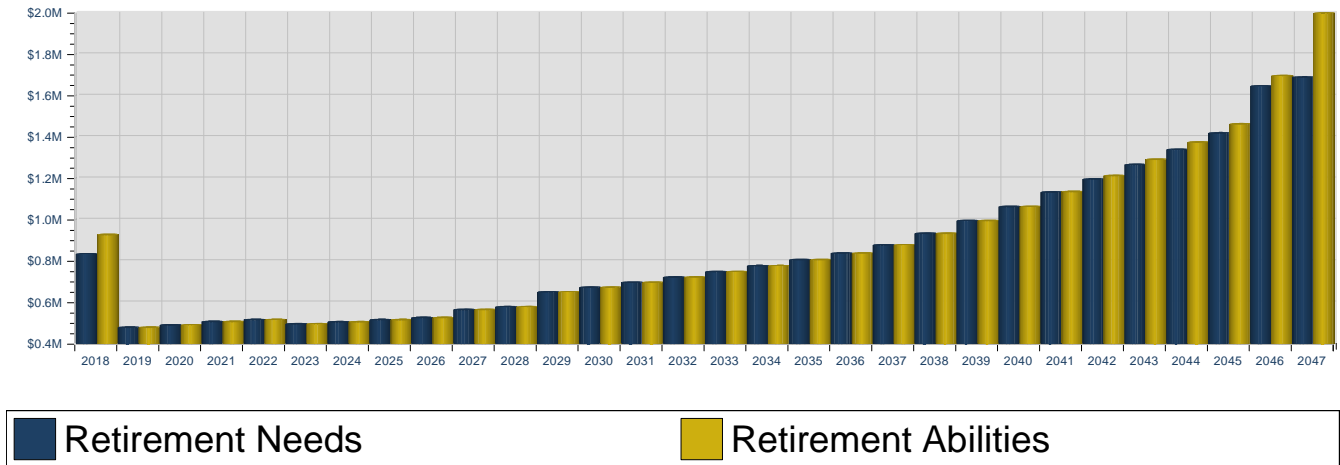
¹ Projected annual after tax needs (in today's dollars) in the first full year of retirement (January 1, 2019 - December 31, 2019).

² Amount represents the ending retirement surplus/deficit.

³ Estimated amount based on saving to the current asset mix for retirement goal with no auto-reallocation.

The average assumed rate of return for assets linked to your retirement goal in your current plan is **9.76%**

Proposed Plan



Retirement Income Needs ¹	Current Retirement Assets	Amount (Under)/Over Funded ²	Current Monthly Savings	Additional Monthly Savings ³
\$245,000	\$1,257,000	\$16,882,629	\$4,098	\$0

¹ Projected annual after tax needs (in today's dollars) in the first full year of retirement (January 1, 2019 - December 31, 2019).

² Amount represents the ending retirement surplus/deficit.

³ Estimated amount based on saving to the current asset mix for retirement goal with no auto-reallocation.

The average assumed rate of return for assets linked to your retirement goal in your proposed plan is **8.81%**.

Note that the Proposed Plan is using an average assumed rate of return of 8.81% for assets linked to the goal. This rate of return is based on the clients' answers to the Ibbotson asset allocation questionnaire.

Financial Objectives	Current	Proposed
Joe's Retirement Age/Year	62 / 2018	62 / 2018
Joe's Life Expectancy	90 / 2046	90 / 2046
Jane's Retirement Age/Year	60 / 2018	60 / 2018
Jane's Life Expectancy	90 / 2048	90 / 2048

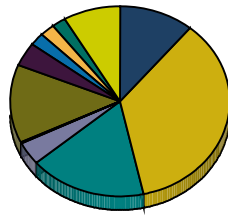
Consider the following:

- Determine changes to your planned spending in retirement. To simplify this task, begin with your expenses today.
- Develop an effective savings strategy that takes into consideration asset allocation and tax favorable retirement plans available to you, such as 401(k) plans.
- Prioritize your retirement objective to balance it with your other goals such as insurance needs, children's education, major purchase and current income needs.

Asset Allocation for Retirement

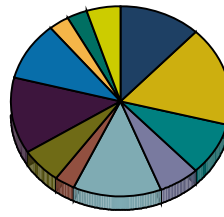
The following graphs illustrate the asset allocation for your current plan and your proposed plan.

Current Asset Mix



Rate of Return	9.76%
Standard Deviation	13.56%

**Suggested Asset Mix
Moderate**



The Suggested Asset Mix for the retirement goal is based on the clients' investor profile for this goal.

Rate of Return	8.81%
Standard Deviation	12.35%

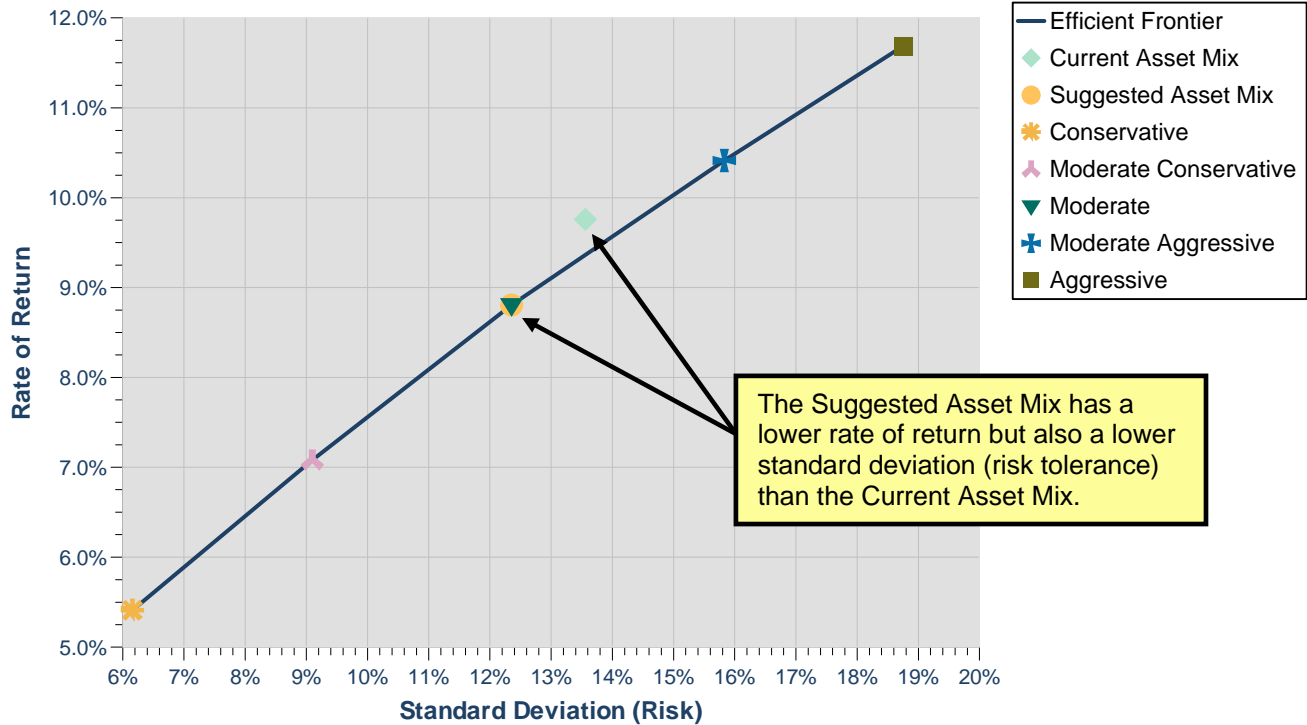
The table below provides a breakdown of the percentages and dollar values for each asset class in the current and suggested portfolio. The Change column indicates the rebalancing required to reach the suggested asset mix.

Asset Class	Current Asset Mix		Change		Suggested Asset Mix	
	(%)	(\$)	(%)	(\$)	(%)	(\$)
Large Cap Growth Equity	11.0	150,144	+1.0	+6,960	12.0	157,104
Large Cap Value Equity	35.5	482,185	-18.5	-259,621	17.0	222,564
Mid Cap Equity	17.3	235,077	-8.3	-117,249	9.0	117,828
Small Cap Equity	3.9	52,496	+2.1	+26,056	6.0	78,552
International Equity	0.1	1,810	+12.9	+168,386	13.0	170,196
Emerging Markets Equity	0.1	1,810	+2.9	+37,466	3.0	39,276
Long Term Bonds	13.3	181,237	-7.3	-102,685	6.0	78,552
Intermediate Term Bonds	4.0	54,962	+9.0	+115,234	13.0	170,196
Short Term Bonds	2.1	28,411	+7.9	+102,509	10.0	130,920
High Yield Bonds	2.2	30,181	+0.8	+9,095	3.0	39,276
International Bonds	2.1	28,411	+0.9	+10,865	3.0	39,276
Cash	8.4	114,209	-3.4	-48,749	5.0	65,460
Total	100.0	1,360,933	+0.0	-51,733	100.0	1,309,200

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Efficient Frontier

Profile: Moderate
 Time Horizon: September 1, 2018 to December 31, 2048



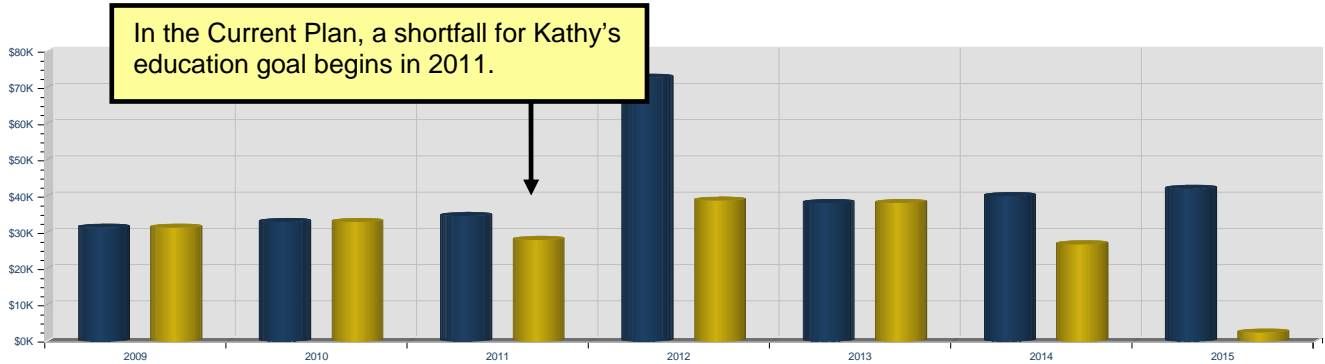
The table below provides the actual values for the points on the graph above.

	Return	Risk
Current Asset Mix	9.76%	13.56%
Suggested Asset Mix	8.81%	12.35%
Conservative	5.41%	6.16%
Moderate Conservative	7.08%	9.10%
Moderate	8.81%	12.35%
Moderate Aggressive	10.41%	15.83%
Aggressive	11.69%	18.75%

Education

The following graphs illustrate the relationship between your projected education needs and your ability to cover those needs, for your current plan and your proposed plan.

Current Plan



■ Education Needs

■ Education Abilities

Family Member	Start Date	Years	Average Educational Cost ¹	Education Assets	Amount (Under)/Over Funded	Current Monthly Savings	Additional Monthly Savings	Assumed ROR
Kathy	Jan 1 2009	4	\$32,366	\$83,000	(\$40,527)	\$200	\$1,187 ²	6.00%
Charles	Jan 1 2012	4	\$34,312	\$70,500	(\$52,974)	\$200	\$682 ²	6.00%
Total				\$153,500		\$400	\$1,869	6.00% ³

The education goals for the clients' two children are represented in the graph and table. Shortfalls exist for both of the education goals in the Current Plan.

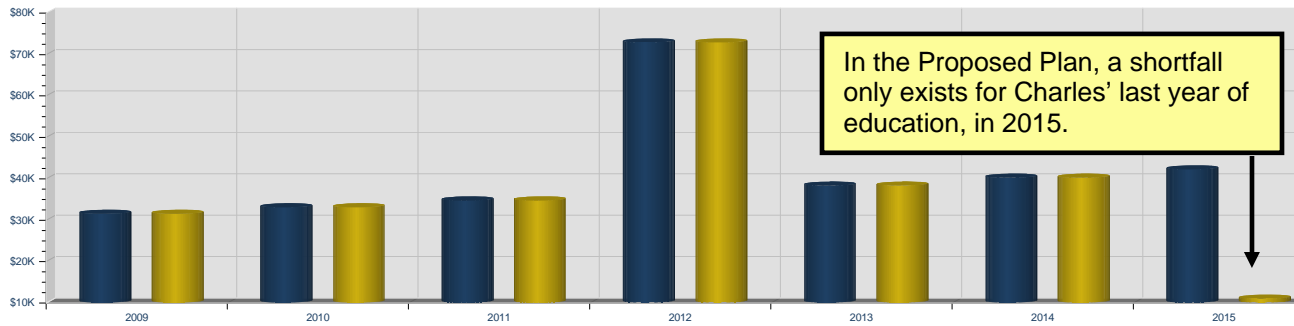
¹ The total of all the expenses (in today's dollars) in all years divided by the number of years this goal is active.

² Estimated amount based on saving to the current asset mix for education goal with no auto-reallocation.

³ Assumed average rate of return based on assets linked to all education goals.

The average assumed rate of return for assets linked to your education goal in your current plan is 6.00%.

Proposed Plan



Education Needs
 Education Abilities

Family Member	Start Date	Years	Average Educational Cost ¹	Education Assets	Amount (Under)/Over Funded	Current Monthly Savings	Additional Monthly Savings	Assumed ROR
Kathy	Jan 1 2009	4	\$32,366	\$83,000	\$14,343 ²	\$600	\$0 ³	7.08%
Charles	Jan 1 2012	4	\$34,312	\$70,500	(\$31,236) ²	\$325	\$373 ³	8.81%
Total				\$153,500		\$925	\$373	7.87%⁴

¹ The total of all the expenses (in today's dollars) in all years divided by the number of years this goal is active.

² Amount reflects reallocation to Suggested Asset Mix.

³ Estimated amount based on saving to the suggested asset mix for education goal with complete auto-reallocation.

⁴ Assumed average rate of return based on assets linked to all education goals.

The average assumed rate of return for assets linked to your education goal in your proposed plan is 8.07%.

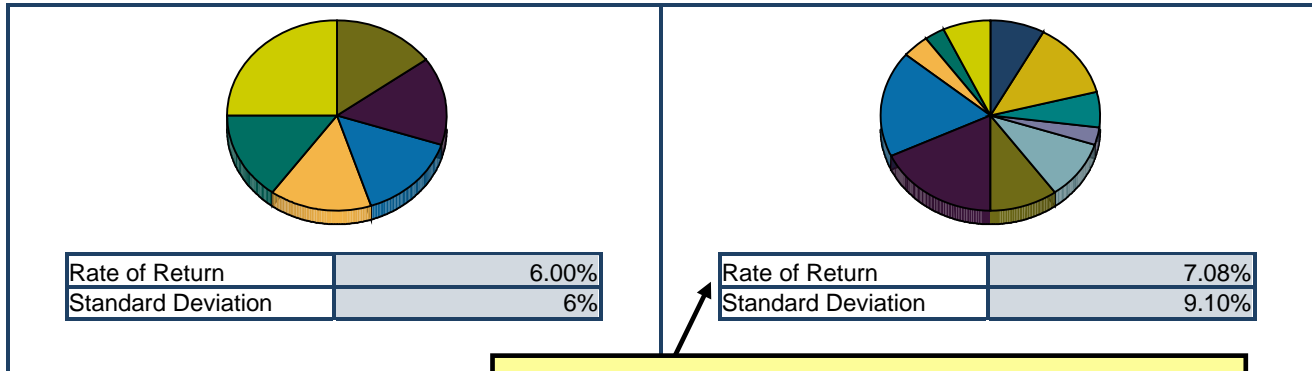
In the Proposed Plan, Kathy's education goal is fully funded (with a cushion of just over \$14,000) but Charles' education goal has a shortfall in 2015, which is his last year of schooling. As noted in the table, this shortfall can be eliminated with additional monthly savings of \$373 or additional capital of \$31,000. As well, any funds remaining after Kathy's education goal can be directed towards Charles' education goal to reduce the additional savings required.

Kathy's Education - Asset Allocation

The following graphs illustrate the asset allocation for your current plan and your proposed plan.

Current Asset Mix

**Suggested Asset Mix
Moderate**



The table below provides a breakdown of the current and suggested asset allocation requirements, the plan's Suggested Asset Mix for individual goals can be overridden.

Asset Class	Current (%)	Current Value	Change (%)	Change Value	Suggested (%)	Suggested Value
Large Cap Growth Equity						
Large Cap Value Equity			+13.0	+7,040	13.0	7,040
Mid Cap Equity			+6.0	+3,249	6.0	3,249
Small Cap Equity			+3.0	+1,625	3.0	1,625
International Equity			+10.0	+5,415	10.0	5,415
Emerging Markets Equity						
Long Term Bonds	15.0	7,941	-5.0	-2,526	10.0	5,415
Intermediate Term Bonds	15.0	7,941	+3.0	+1,806	18.0	9,748
Short Term Bonds	15.0	7,941	+3.0	+1,806	18.0	9,748
High Yield Bonds	15.0	7,941	-11.0	-5,775	4.0	2,166
International Bonds	15.0	7,941	-12.0	-6,317	3.0	1,625
Cash	25.0	13,235	-18.0	-9,445	7.0	3,791
Total	100.0	52,942	+0.0	+1,212	100.0	54,154

Since different goals within the plan have different asset allocation requirements, the plan's Suggested Asset Mix for individual goals can be overridden.

For the education goals, the planning horizon is much shorter than the retirement goal, which is not scheduled to start for another 9 years.

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Monte Carlo Analysis

A Monte Carlo Analysis can be performed on any plan and can indicate how successful a plan may be when market performance deviates from the assumptions made in the plan. It is a "stress test" for a plan.

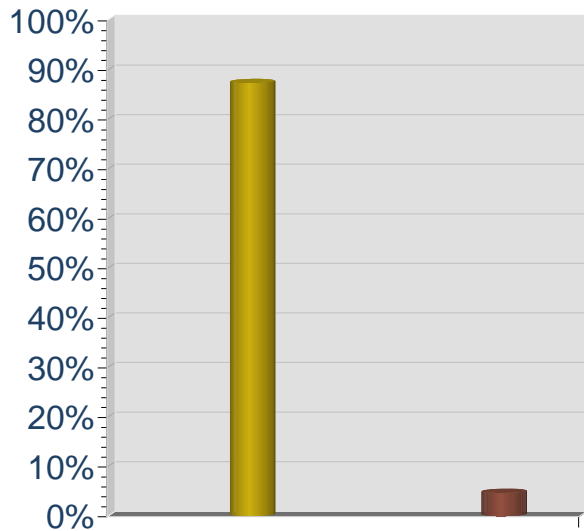
The following graphs and tables summarize the probability of the success of each of your goals, for your current plan and your proposed plan. In performing the Monte Carlo Analysis on your plans, we have projected 150 iterations of your plan.

The success of each goal is dependent upon whether there are sufficient assets designated to fund the particular objective. Your overall plan may be highly successful due to the fact that you have significant investments but your goal may have a low success rate if there are insufficient assets associated with the goal. The success of *All Goals* is the overall likelihood that every goal will be reached. If the success rate of any of the goals is less than satisfactory you may want to consider designating additional assets to the appropriate goal.

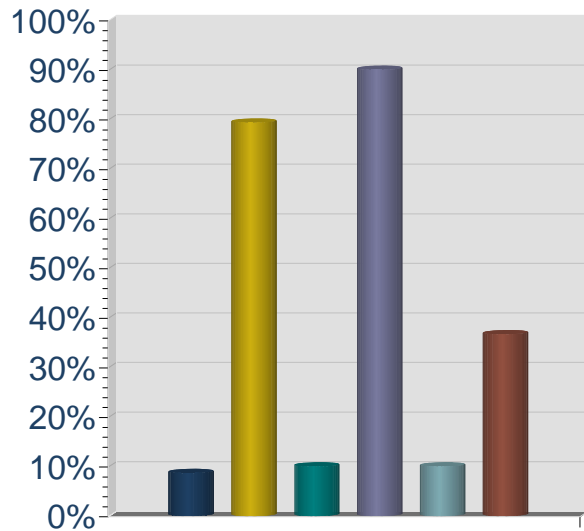
In addition to the success of each goal, the table below also illustrates the 90th, 50th and 10th percentile value of the assets associated with each goal. The 90th percentile illustrates the projection where 90% of the results are below this value. The 50th percentile is the median projection where half the projections fall above and half fall below this value. The 10th percentile illustrates the projection where 10% of the results are below this value.

The Proposed Plan illustrates an improvement in the probability of success for most of the goals.

Current Plan



Proposed Plan



All Goals - 0.00%	Kathy's Education - 0.00%
Retirement Goal - 87.33%	Charles' Education - 0.00%
All Education Goals - 0.00%	Family European Vacation - 4.67

All Goals - 8.67%	Kathy's Education - 90.00%
Retirement Goal - 79.33%	Charles' Education - 10.00%
All Education Goals - 10.00%	Family European Vacation - 36.6

Current Plan

Goal	Success Rate	10th Percentile	50th Percentile	90th Percentile
All Goals	0.00%			
Retirement Goal	87.33%	\$901,947	\$8,969,179	\$60,953,894
Kathy's Education	0.00%	\$92,185	\$95,367	\$98,252
Charles' Education	0.00%	\$95,062	\$104,119	\$113,834
Family European Vacation	4.67%	\$32,833	\$32,833	\$32,833

Percentage of the goal covered using available resources.

Proposed Plan

Goal	Success Rate	10th Percentile	50th Percentile	90th Percentile
All Goals	8.67%			
Retirement Goal	79.33%	(\$757,844)	\$6,244,951	\$28,603,867
Kathy's Education	90.00%	\$134,233	\$149,604	\$162,081
Charles' Education	10.00%	\$93,313	\$121,646	\$154,108
Family European Vacation	36.67%	\$32,174	\$52,863	\$74,064

Consider the following:

- Do your investments provide you with sufficient cash flow over the entire planning horizon?
- Do large holdings of non-income-producing real estate need to be liquidated at some point during your lifetime?
- Do you have adequate investments to cover shorter-term objectives such as children's education and major purchase and expense items?
- Is the level of risk for your investments appropriate? Could you satisfy your financial objectives with a lower level of risk?
- Comparing plans with two different risk profiles allows you and your advisor to analyze the relative success of the two plans.

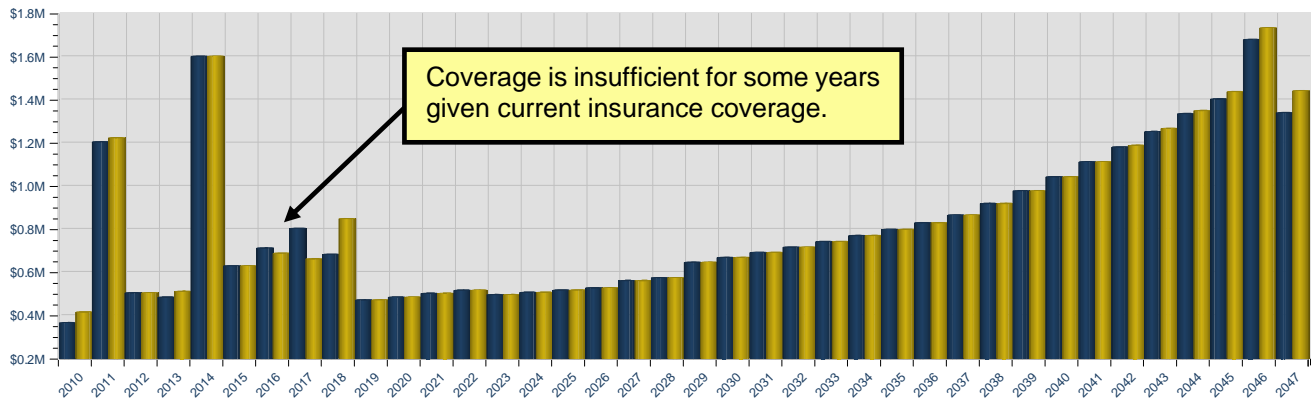
Disability Insurance - Joe

Joe currently has **\$102,000** of disability insurance coverage in your current plan, and **\$163,909** of disability insurance coverage in your proposed plan.

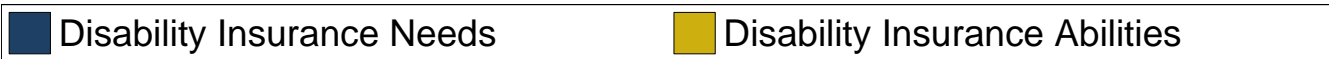
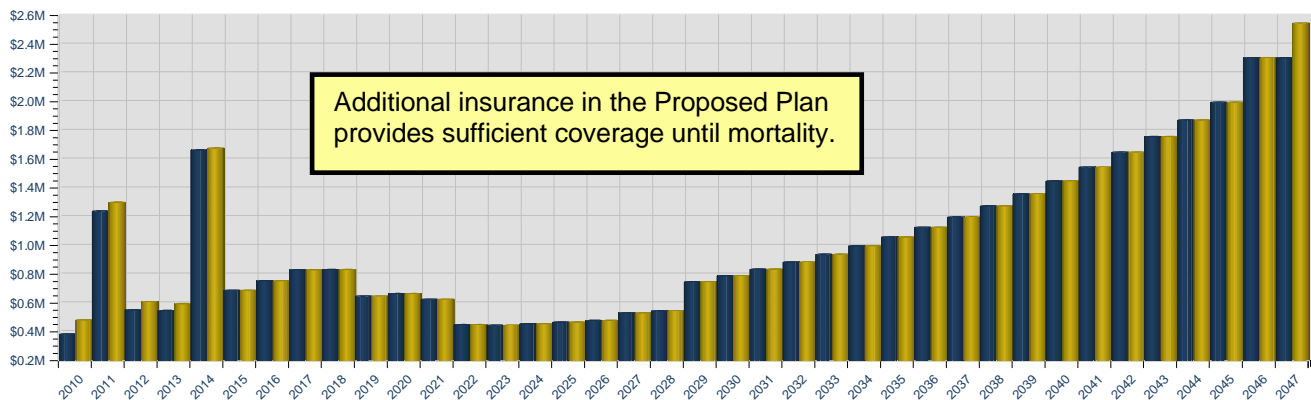
In your current plan, if Joe were to become disabled in 2010, it appears you will not be able to meet your goals. You should **consider purchasing some additional** disability insurance, to replace your existing monthly income. In your proposed plan, it appears you will still be able to meet your goals, and **do not need any additional** disability insurance.

The following graphs illustrate your income needs and your ability to meet those needs throughout your lifetime, if Joe were to become disabled next year.

Current Plan



Proposed Plan



The following table highlights your financial situation in the event of Joe's disability. For purposes of this analysis, we assume that disability occurs on January 1st, 2010.

Analysis Items	Current Plan	Proposed Plan
Current Employment Income	\$18,212 per Month	\$18,212 per Month
Existing Insurance Coverage	\$8,500 per Month	\$13,659 per Month
Average Annual Deficit (Pre-Retirement)	\$40,837	\$11,545
Largest Annual Deficit (Pre-Retirement)	\$141,215	\$44,605
Average Annual Deficit (Retirement)	\$0	\$6,884
Largest Annual Deficit (Retirement)	\$141,215	\$77,979
Net Worth in 2047	\$35,248,042	\$21,406,470
Net Worth in 2047 if Joe is Disabled	\$33,038,344	\$26,917,173

The *Average Annual Deficit* provides a base estimate in determining replacement income needed throughout your lifetime. The average only takes into consideration years when you are projected to experience cash flow deficits. Years with surplus cash flows are ignored in calculating the average. The *Largest Annual Deficit* identifies the largest deficit amount.

Existing Insurance Coverage reflects only Long-Term and Individual Disability policies, and does not take into account any waiting periods that these policies may be subject to. Depending on the circumstances, you may or may not be able to purchase sufficient disability insurance to eliminate all of your deficits. We should further discuss your disability income needs to clarify these issues.

Consider the following:

- Ask yourself what expenses would change if either of you became disabled.
- Review your group coverage at work. You may not want to rely on just group policies in the event that you change jobs or your employer changes to another insurer where you may no longer be eligible. The coverage may also be inadequate.
- 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 the changes in your income and expense needs.

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

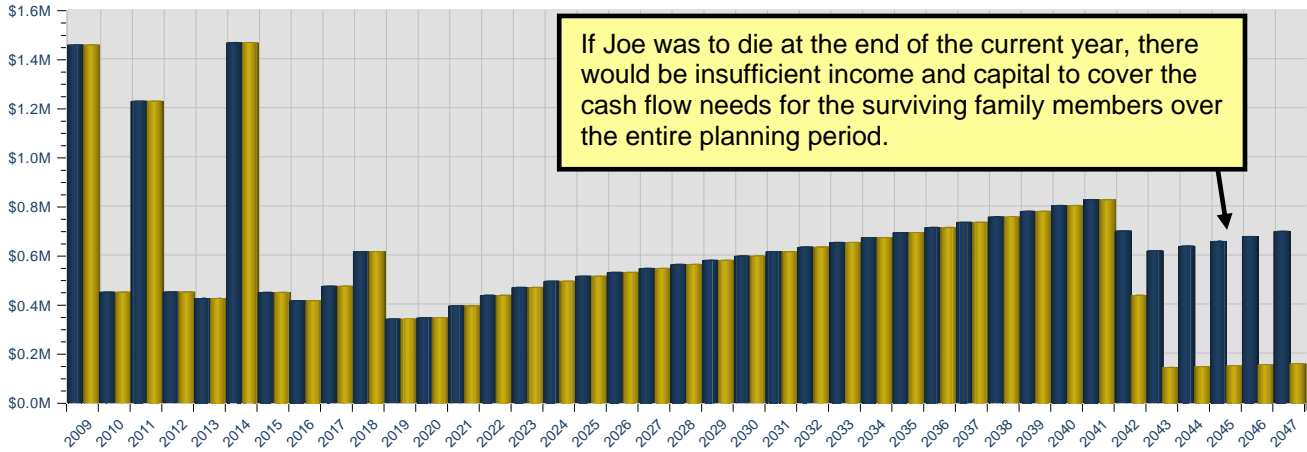
Life Insurance - Joe

Joe currently has **\$800,000** of life insurance coverage.

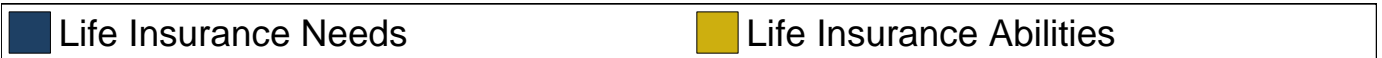
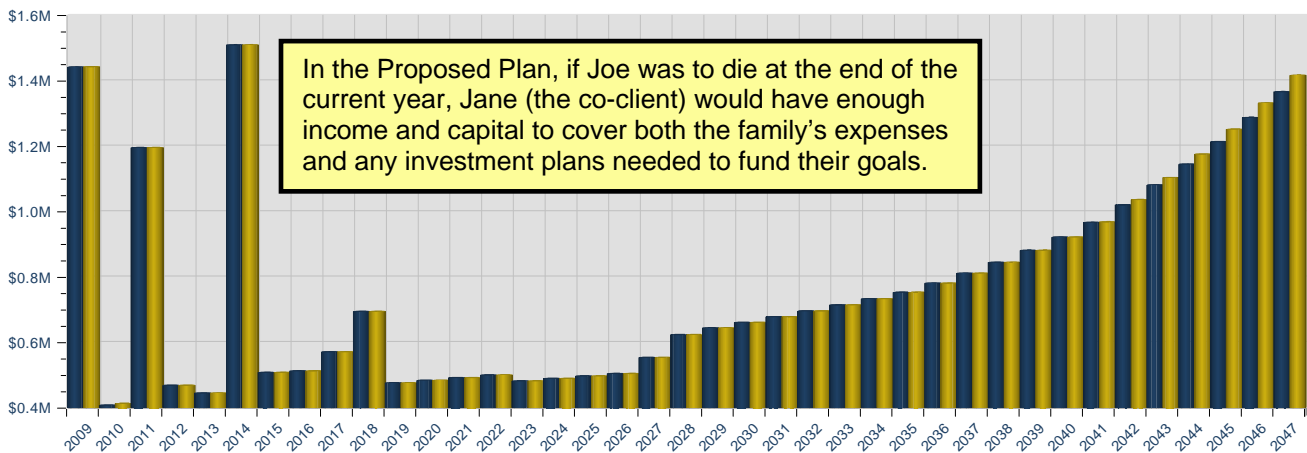
In the event of Joe's death this year, it appears you would need an **additional \$200,000** of life insurance in order to meet your family's needs, in your current plan. It appears you **do not need any additional** life insurance in order to meet your family's needs, in your proposed plan.

The following graphs illustrate your income needs and your ability to meet those needs throughout your lifetime, if Joe should happen to die this year.

Current Plan



Proposed Plan



The following table highlights your financial situation as of January 1, 2010, in the event of Joe's death. For purposes of this analysis, we assume that death occurs on December 31st, 2009.

Cash flow items	Current Plan	Proposed Plan
Available Assets	\$1,999,981	\$1,770,028
Existing Life Insurance Coverage	\$800,000	\$800,000
Total Insurance Required ¹	\$1,000,000	\$800,000
Recommended Additional Life Insurance Coverage²	\$200,000	\$0
Remaining Assets at Last Death	\$757,661	\$15,860,806

¹ Represents the total amount of life insurance coverage that is required to meet your financial goals, should one of you die this year.

² The recommended additional coverage includes any under-funded financial goal such as education and retirement.

Additional life insurance needed in the Current Plan.

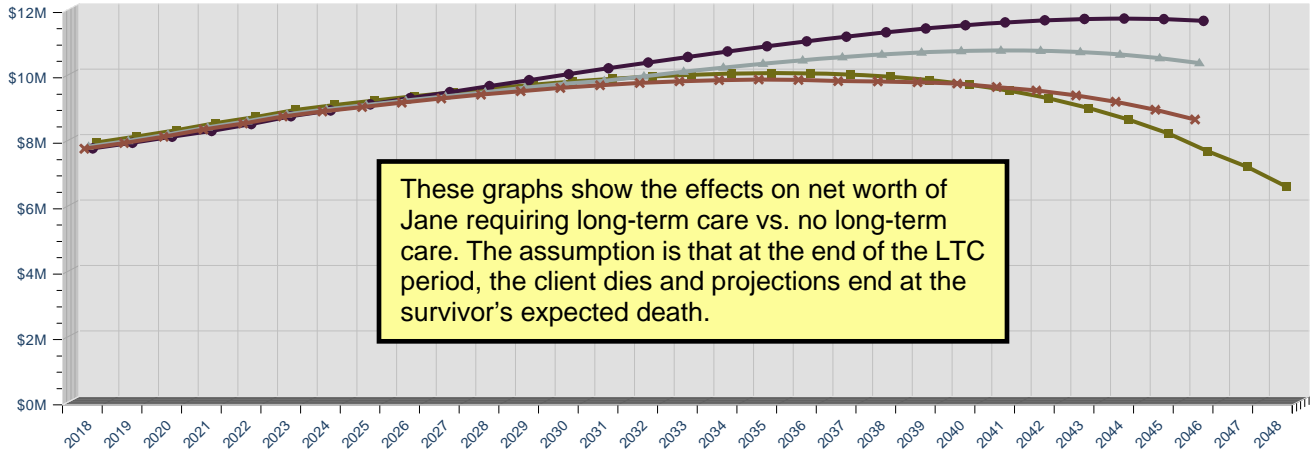
Consider the following:

- Ask yourself what expenses would change if either of you died tomorrow.
- Review your group coverage at work. You may not want to rely on just group policies in the event that you change jobs or your employer changes to another insurer where you may no longer be eligible. The coverage may also be inadequate.
- Review the 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.

Long-Term Care Insurance - Jane

The following graphs compare your net worth assuming no long-term care (LTC) is required, with your net worth assuming Jane requires long-term care at ages 60, 70, or 80.

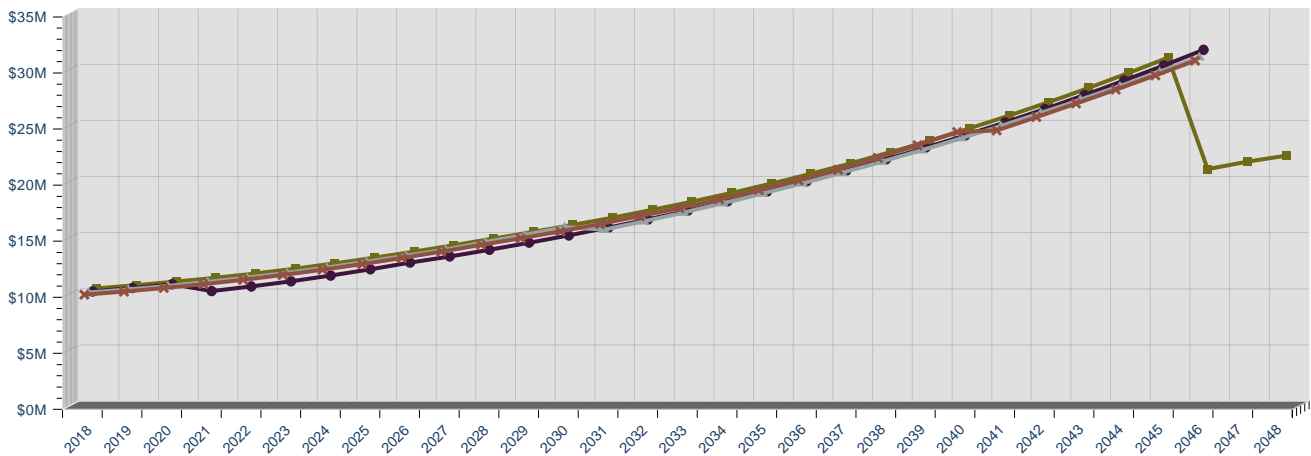
Current Plan



These graphs show the effects on net worth of Jane requiring long-term care vs. no long-term care. The assumption is that at the end of the LTC period, the client dies and projections end at the survivor's expected death.

- Never Require LTC
- Require LTC age 60-63
- ▲ Require LTC age 70-73
- ✖ Require LTC age 80-83

Proposed Plan



- Never Require LTC
- Require LTC age 60-63
- ▲ Require LTC age 70-73
- ✖ Require LTC age 80-83

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	Current Plan	Proposed Plan
LTC Ages	60, 70, and 80	60, 70, and 80
LTC Duration	4	4
Existing LTC Benefits	\$100 per day	\$150 per day
LTC Expenses	\$150 per day	\$150 per day
LTC Benefit Shortfall	\$50 per day	\$0

Additional LTC coverage required in the Current Plan.

Consider the following:

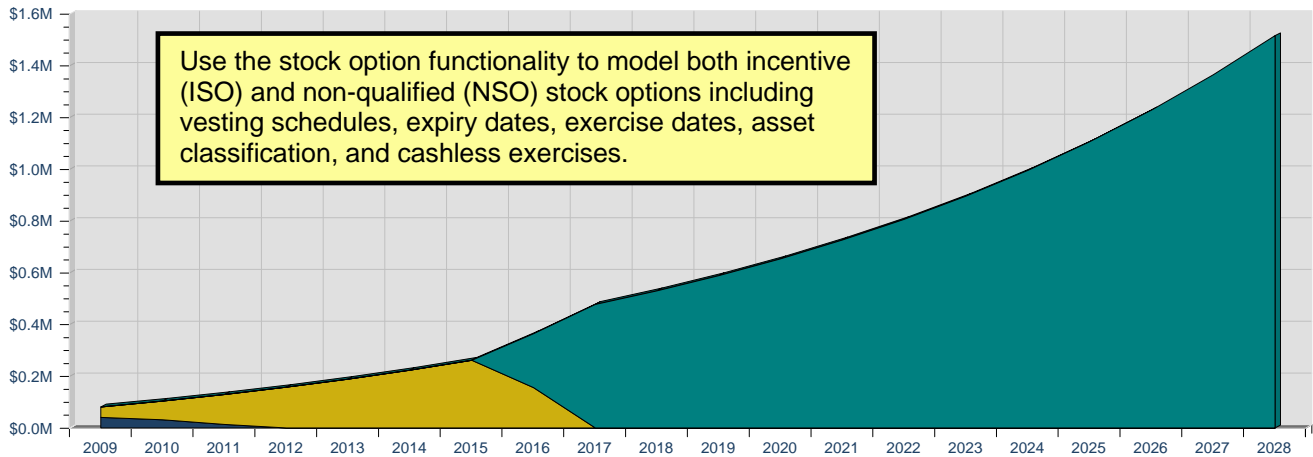
- Review your family health history to help determine the likelihood of requiring long-term care.
- Review your existing long-term care insurance coverage to determine whether it will meet your needs.
- Consider the importance of maintaining your net worth in order to accomplish your post-mortem estate planning wishes.
- Make an assessment of your long-term care options within the family and within your community and the costs of each.

Review important considerations and strategies to maintain net worth should long-term care be required.

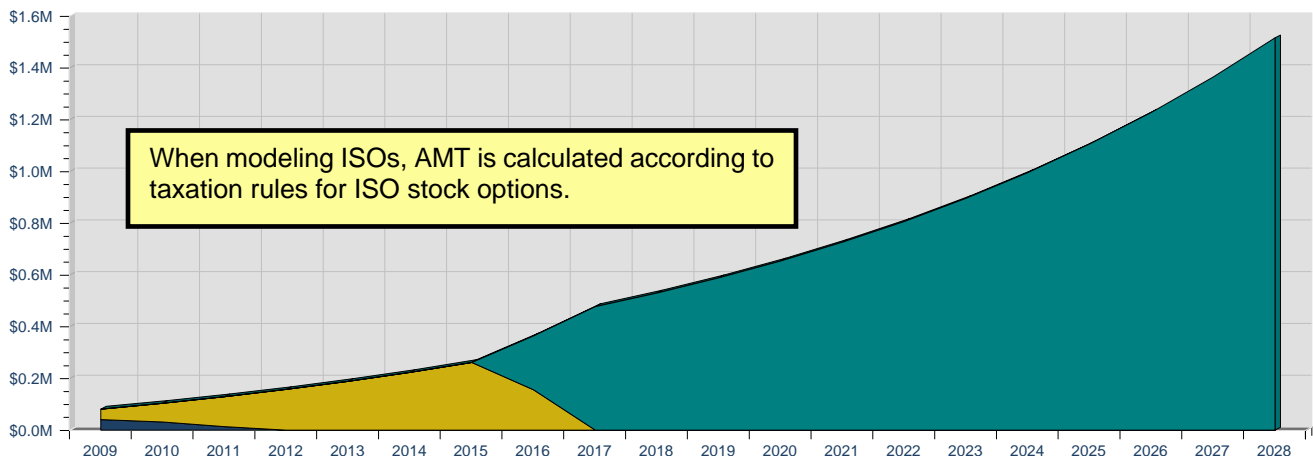
Stock Option Planning

The following graphs illustrate the progression of your stock options from granting, to vesting, to exercise, for your current plan and your proposed plan.

Current Plan



Proposed Plan



Stock Options Granted not Vested
 Stock Options Vested not Exercised
 Stock Options Exercised

Asset Name	Grant Date	Options Granted	Strike Price	Current Unit Value	Dividend	Growth Rate
2006 ABC Stock Options (Joe/ISO)	Jan 1 2006	5,000	\$12.00	\$18.00	\$0.26	11.1%
2007 ABC Stock Options (Joe/ISO)	Jan 1 2007	5,000	\$13.00	\$19.00	\$0.28	11.1%

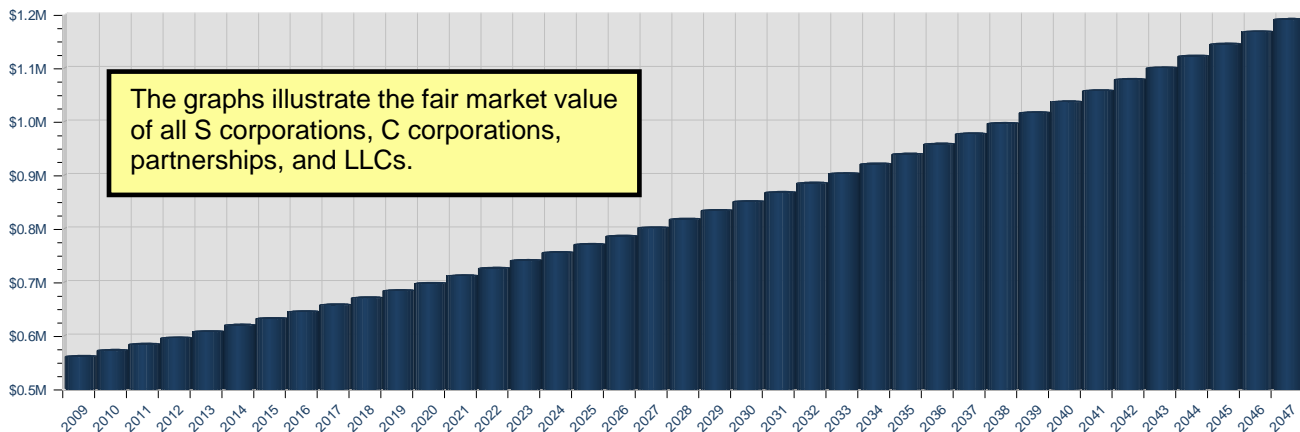
A number of additional reports and graphs can be used to illustrate the implications of various stock option strategies.

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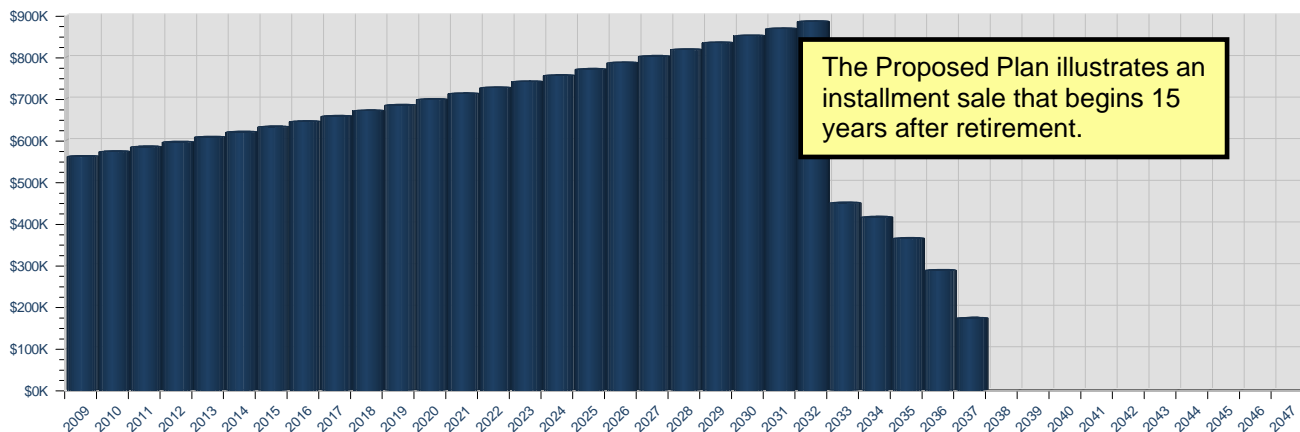
Business Planning

The following graphs illustrate the fair market value growth of your business assets during your lifetime, for your current plan and your proposed plan.

Current Plan



Proposed Plan



Business Assets

At your retirement, in the year 2018, your business assets comprise 9% of your total assets in your current plan and 7% of your total assets in your proposed plan. A high percentage may indicate the need to develop an appropriate succession plan to ensure you will have sufficient access to income during your retirement years.

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Consider the following:

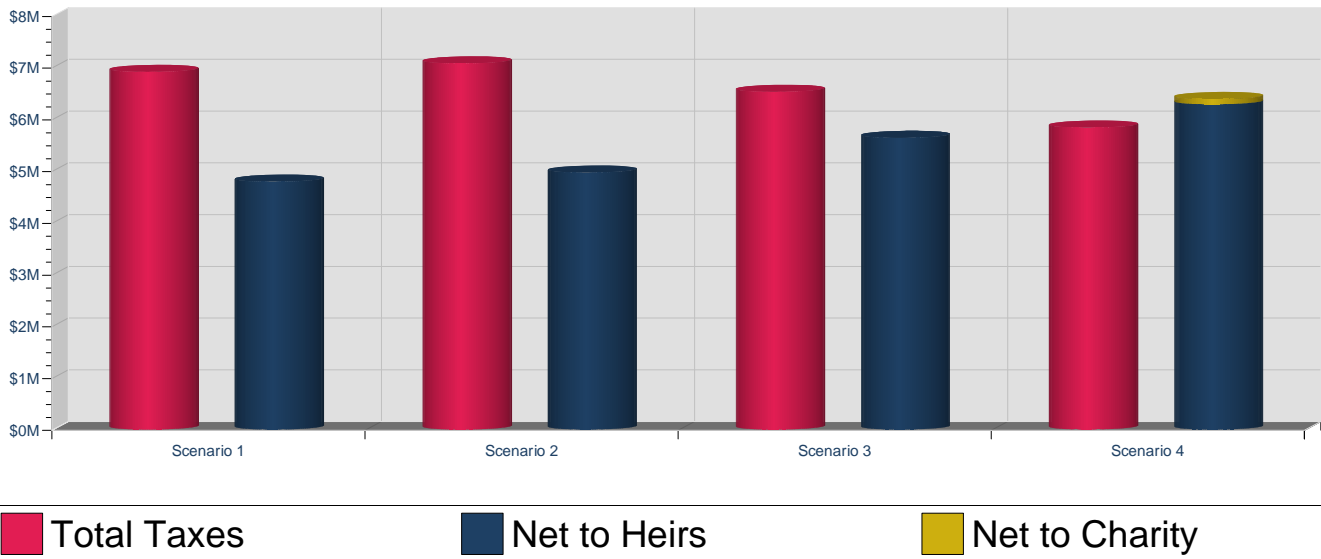
- Without proper estate planning, your estate may have liquidity issues and your heirs may have difficulties paying the estate tax when your business forms a large part of your estate.
- You should consider the following options when developing a succession plan: Employee Stock Ownership Plans (ESOPs), buy-sell agreements, or transferring ownership to the next generation.
- Once in place, succession plans should be reviewed and modified on an ongoing basis.
- Consider whether or not key person insurance or business overhead insurance policies are beneficial to your business.
- There are various options for compensating key employees of your business, such as deferred compensation plans, ESOPs and Stock Option plans.

Educational text to encourage discussions around owning a business, employee plans, and succession planning with a family limited partnership.

Estate Planning

Easily illustrate recommended scenarios that include lower taxes and greater amounts being distributed to heirs and charities.

The following graph and tables provide a comparison of the distribution of your estate throughout your lifetime and at death. They compare and illustrate the differences in the results achieved by your existing estate scenario in your current plan and your proposed plan, and two alternative scenarios in your proposed plan.



Scenario	Description	Total Taxes	Net to Heirs	Net to Charity	Total to Heirs and Charity
1	*Existing Estate Scenario(Current Plan)	\$6,911,165	\$4,790,220	\$0	\$4,790,220
2	Existing Estate Scenario	\$7,075,181	\$4,965,984	\$0	\$4,965,984
3	A/B Living Trust	\$6,526,378	\$5,637,332	\$0	\$5,637,332
4	*A/B, Living, Gifting, Bequest, ILIT	\$5,834,829	\$6,286,685	\$100,000	\$6,386,685
* = Recommended Scenario					

Life expectancy assumptions: Joe dies at age 60 in 2016; Jane dies at age 63 in 2021.

Beneficiary	Existing Estate Scenario(Current Plan)	Existing Estate Scenario	A/B Living Trust	A/B, Living, Gifting, Bequest, ILIT
Charles	14,400	24,668	939,635	1,512,453
Kathy	7,200	22,858	937,825	1,510,643
Cancer Society - Local Charity				100,000
Joe's Net Estate				
Jane's Net Estate	4,768,620	4,918,457	3,759,873	3,263,589
Total	4,790,220	4,965,984	5,637,332	6,386,685

For each scenario, the table above lists the amounts that will be distributed to beneficiaries – heirs and charities.

NaviPlan Extended contains an extensive library of reports and graphs to illustrate the effects of estate planning strategies on the clients' plan.

Conclusion

Now that you have a detailed report on both your current and proposed analysis, where do you go from here? Our recommendations are as follows:

1. **Review this document** and ensure you understand the information contained in the report. Be sure to ask us questions on areas that need clarification.
2. **Implement the Plan.** We will discuss a schedule to implement the action plan items we agreed upon. We need to establish a reliable follow up method for those strategies that start at a future date. Make sure it is clear who will be responsible for implementing the task. Which items are you responsible for initiating? Which actions are the responsibilities of your other professional advisors – attorney, accountant, etc.? A checklist for these tasks is useful.
3. **Review your plan** on a regular basis, generally once a year. In addition, review it whenever a major change occurs in your family (e.g. changes in employment, birth of a child, new income or expenses, etc.). You may need to adjust your plan in light of any of these new circumstances.

One final thought!

Remember to maintain a long-term focus with your plan. Do not expect to anticipate every curve in the road but be prepared to adjust your plan when necessary. Your financial plan is not a single event but a journey that may cover ten, twenty, thirty years or longer.

Prepare next steps and set up next meeting.

Appendix: Plan Data Summary

The Current Plan is based on these assumptions. Ensure the data is accurate.

This report provides a summary of the data that was entered in creating your current plan.

General Information

Detail	Joe	Jane
Birth Date	Oct 1 1956	Sep 15 1958
Proposed Retirement Date	Oct 2018	Sep 2018
Life Expectancy	Dec 2046	Dec 2048

Tax Options

The option “**As legislated**” was selected. In 2011, the calculations outlined will revert to the tax laws used in 2001, except where extended by the Pension Protection Act of 2006.

Assumptions

Detail	
Return on Excess Cash Flow:	0.00%
Interest rate applied to Deficits:	0.00%
Inflation Rate	3.00%
Tax Filing Status-Joe	Married Filing Jointly
Tax Filing Status-Jane	Married Filing Jointly

Estate Assumptions

Detail	Joe	Jane
Life Expectancy	2016	2021
Simultaneous Death	2009 ¹	2009
State Death Tax	Max. Fed. Credit	Max. Fed. Credit
Inheritance Tax	0.00%	0.00%
Probate Fee	1.00%	1.00%
Administration Fee	1.00%	1.00%

¹ Joe dies first

Dependents

Name	Birth Date	Age as of Plan Date	Dependent of (for tax)	Dependent of (for Social Security)
Charles	Jan 5 1994	15	Joe and Jane	Joe and Jane
Kathy	Apr 23 1991	18	Joe and Jane	Joe and Jane

Professional Advisors

Type	Name	Business Phone #	Cell Phone #
Advisor	Linda Hamilton		

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Delivery Acknowledgement

We, Joe and Jane Sample Client, have reviewed and accept the information contained within this plan and understand the assumptions associated with it. We believe that all information provided by us is complete and accurate to the best of our knowledge. We recognize that performance is not guaranteed and that all future projections are included simply as a tool for decision-making and do not represent a forecast of our financial future. This plan should be reviewed periodically to ensure that decisions made continue to be appropriate, particularly if there are changes in family circumstances, such as an inheritance, birth of a child, death of a family member, or material change in incomes or expenses.

Joe Sample Client

Client signatures acknowledge the review and acceptance of the information contained in this proposal.

Jane Sample Client

Date:

Please Note...

This plan has been prepared based on the information provided. There has been no attempt to verify the accuracy or completeness of this information. As the future cannot be forecast with certainty, actual results will vary from these projections. It is possible that these variations may be material. The degree of uncertainty normally increases with the length of the future period covered.