



Financial Needs Analysis

Peter and Susan Franklin

**143 South Reed St.
Middletown, MO 64318**

A professional cover page that is
personalized for your client.

Presented by:
Ms. Michelle Lee Worden

4/24/2007

Client Objectives

This Analysis Addresses the Following Goals

Send kids to 4-year universities

Retire at 65 on 75% of their current household income

Review survivor needs

Review disability needs

Your client's area of concern.

Client objectives are dynamic
based on his or her needs.

Net Worth

Assets			
	Owner	ROR	Market Value
<i>Bank Accounts and Investments</i>			
Checking	Both	0.00%	\$3,650
Savings	Both	2.50%	11,000
Home Depot	Both	9.00%	7,000
Qualcomm	Both	9.00%	7,000
<i>Retirement Plans</i>			
Oppenheimer Capital Appreciation A	Peter	8.50%	20,000
Oppenheimer Discovery A	Peter	8.50%	42,000
Vanguard Balanced Index	Peter	8.50%	10,000
American Beacon Lg Cap Value Plan	Susan	6.00%	100,000
American Funds Grth Fund of Amer A	Susan	8.50%	75,000
<i>Assets for College</i>			
Education Funds		10.00%	19,500
<i>Residence</i>			
Mortgage	Both	--	480,000
<i>Personal Property</i>			
Peter's Car	Both	--	16,058
Susan's Car	Both	--	12,450
Total Assets			\$803,658

Liabilities			
	Owner	Interest Rate	Liability Value
<i>Residence</i>			
Mortgage	Both	6.75%	(347,707)
<i>Personal Property</i>			
Peter's Car	Both	N/A	(11,113)
<i>Credit Cards & Personal Loans</i>			
Credit Card Debt	Both	18.00%	(3,750)
Total Liabilities			(\$362,570)

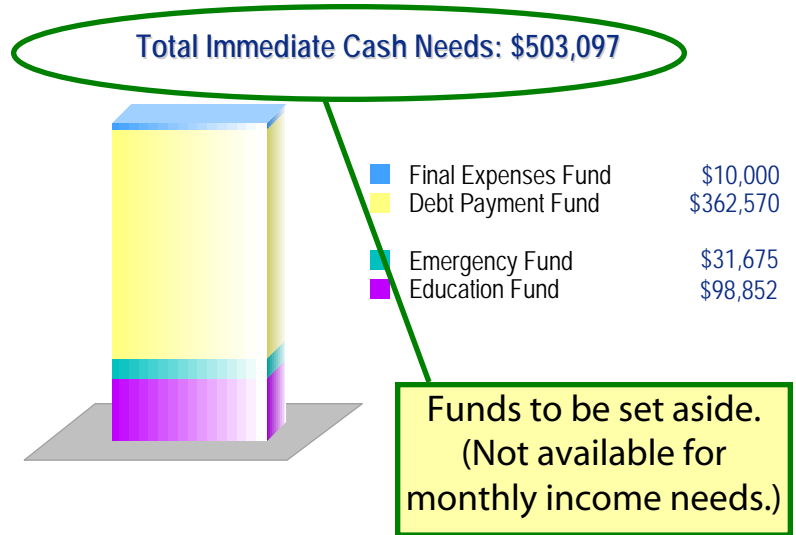
Net Worth	\$441,088
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Provides a good visual review of all your client's assets and liabilities.

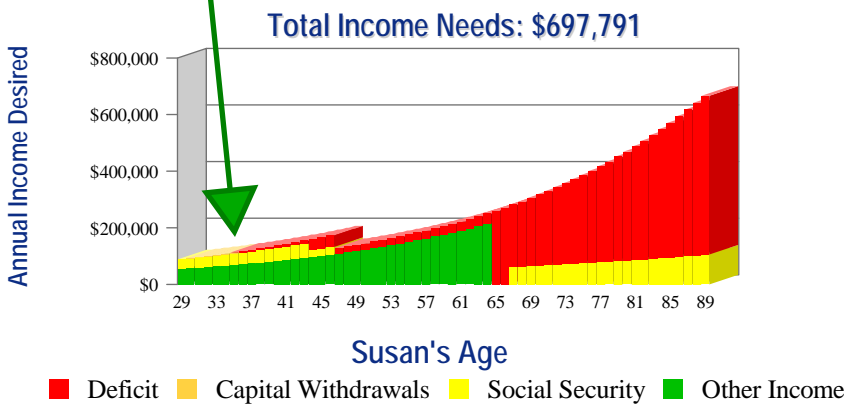
Financial Needs in the Event of Peter's Death

This survivor needs analysis shows the impact Peter's death can have on your family. Funds need to be available for both Cash Needs and a family's continuing Income Needs. Peter and Susan, you need \$503,097 for your immediate cash needs. Cash Needs include:

- A Final Expenses fund for medical, legal, funeral, and other expenses
- A Debt Payment Fund to pay off your debts, including your mortgage
- An Emergency Reserve Fund for unexpected bills not readily payable from current income
- An Education Fund to provide for your children's education



The current funds are depleted by age 34.



After a death, income generally comes from four different sources:

- Social Security
- Savings and Investments
- Life Insurance Proceeds
- Survivor's Earnings

This survivor needs analysis assumes that 70% of total household income be available after the death of a wage earner while there are children at home and 50% thereafter.

Based on the above assumptions, this survivor needs analysis suggests that you may not meet your goals. Your current household income is \$126,700. If Peter were to die today, it is estimated that your assets would be sufficient to meet your family's Immediate Cash Needs. However, your family's Income Needs will only be 74% satisfied. To provide for your family's needs in the event of death you will need approximately \$690,738 of additional capital.

<i>Summary</i>	
Cash Needs:	\$503,097
Income Needs:	697,791
<i>Less Present Funds</i>	<i>510,150</i>
Additional Capital Needs	\$690,738

New life insurance required to meet both immediate and future needs.

Types of Life Insurance

Decreasing Term

Level premiums and decreasing death benefit. No cash accumulation. Frequently used for short-term decreasing financial liabilities, like a mortgage.

Annual Renewable Term

Increasing premiums with level death benefit. No cash accumulation. The strength of term is its low cost for large death benefits, particularly beneficial to younger families with limited resources and the need for maximum protection.

Level Term

Premiums stay level for stated term. Usually 5, 10, 15, or 20 years. Level death benefit. No cash value. Frequently used to cover short or intermediate-term obligations.

Cash Value - Ordinary Life or Whole Life

Premiums and death benefit are level. Cash accumulation. Provides for long-term needs, such as survivor income for a spouse or minor children. Other uses could include paying off debt and paying estate taxes.

Universal Life

Premiums and death benefit are flexible. The monthly cost of insurance and administrative charges are deducted, the balance of the premium goes to cash values. The benefits and uses are very similar to Whole Life. Cash values can increase based on current interest rates.

Variable Life

Premiums and death benefit may be flexible. Cash accumulation is directly affected by the performance of the separate accounts selected. Clients allocate their cash values among various types of investment options such as stock funds, bond funds, money market funds, etc. Cash values may increase or decrease depending on account performance.

Single Premium Life

A single premium paid up front. Level minimum death benefit. Cash accumulation. Provides long-term security. Different tax rules generally apply.

First To Die

May have flexible premiums and death benefits. Provides death benefits at the death of the first of two or more parties covered by the policy. Most often used in business insurance situations.

Survivorship Life

May have flexible premium with a level minimum death benefit. Most often used to pay death taxes and expenses due at second death.

Mutual funds and Variable Products are sold through registered representatives only and must be accompanied by a prospectus. Read the prospectus carefully prior to investing or sending money.

Helps explain why different types of life insurance are needed. Similar pages are available in College Funding and Retirement that help explain different options.

College Needs Analysis

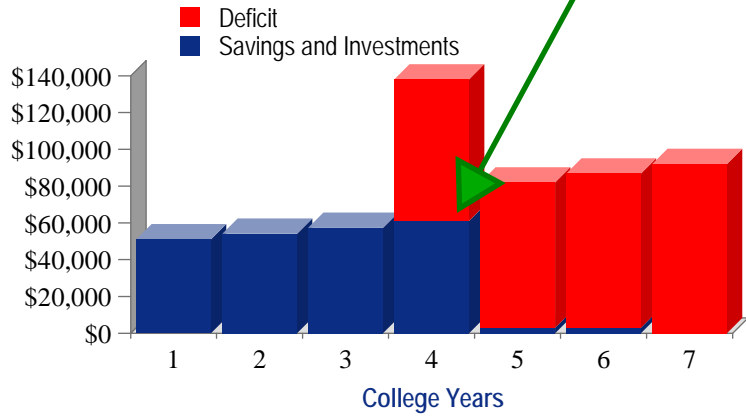
Will you have enough money when it is time to send your children to college? The earlier you begin setting money aside for college, the more likely you are to achieve your goals.

You currently have \$19,500 set aside and you are saving \$250 a month at 10.00% for college expenses.

This college needs analysis suggests that you may not meet your goals. In order to fully fund your children's college expenses, you will need to begin saving an additional \$476 a month.

Your client's current financial situation.

Current savings are depleted.



Projected College Costs

Jennifer	\$338,076
Daniel	222,995
Total	\$561,071

Total College Cost in Today's Dollars



Monthly savings alternative

Begin saving an additional \$476 per month for the next 21 years.

The Bottom Line:
Amount of additional savings needed to fund all college expenses.

Why should you begin preparing for college needs now?

If you wait until it's time for college to begin, you lose the advantage of spreading the costs over many years.

If you have to borrow money to pay for college, the amount of the loan and interest will have to be repaid.

If you start now, the interest earned on your savings will reduce the total amount that you need to save.

Retirement Needs Analysis

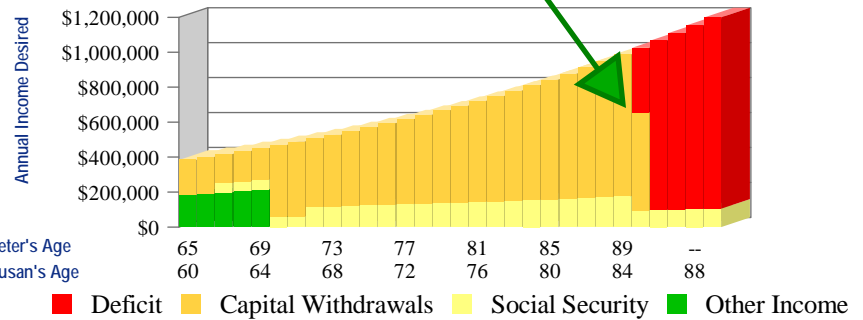
Your client runs out of the retirement money at age 90. "Let's get the red out."

Will you have enough money when you retire? The earlier you begin setting money aside, the more likely you are to achieve your retirement goals.

Retirement income generally comes from three different sources:

- Social Security
- Employer Sponsored Plans
- Savings and Investments

This retirement analysis suggests that you might not have enough money to retire. It is estimated that your assets will be **depleted** by age 90. At that time, your remaining income sources will be limited to Social Security and only provide 9% of your income.



To provide for your desired retirement income, you will need additional capital at retirement age 65. In order to meet this need, you should consider:

- Saving more money
- Earning a higher return on your assets

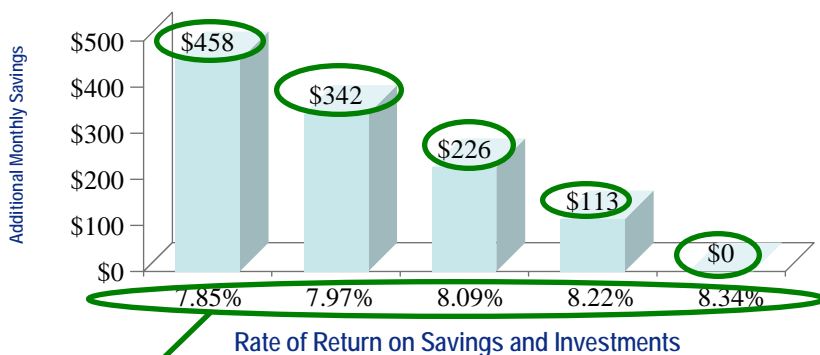
If you are not able to accumulate this capital, you may need to consider:

- Postponing your retirement, or
- Reducing your standard of living

Summary of the Retirement Analysis.

Options to satisfy retirement needs.

Save More or Earn More



"Get the red out" by using these options to accomplish your retirement funding goals.

This chart shows various options in order for you to meet your objectives. Based on your current average rate of return of 7.85%, you would need to save an additional \$458 a month. Alternatively, if you could increase your average rate of return to 8.34%, your objectives would be met. It is important to understand that in order to achieve an increased rate of return, it is likely you will face increased risk.

If these options are not attainable, work towards doing a little bit of both; saving more money and earning a higher rate of return.

Assumptions: Income increases at 4.00% annually. Rate of return during retirement is 7.00%. Social Security benefits increase at 2.50%.

Retirement Needs Analysis Detail

Income Objective				
	Current Household Income	Annual Need (Today's Dollars)	Annual Need (At Retirement)	Capital Value
At Peter's Age 65	\$126,700	\$114,030	\$384,638	\$7,634,567
Total Value of Income Objective				\$7,634,567

1. This is the amount your client needs for retirement.

Income Sources						
Income Sources	Payment In Today's Dollars				First Year's Payment	Capital Value
		From	To	COLA		
Susan's Employment	\$54,200	60	65	4.00%	\$182,824	\$838,046
Peter's Social Security	23,906	67	90	2.50%	54,001	682,670
Susan's Social Security	21,227	67	90	2.50%	54,249	497,744
Total Income Sources						\$2,018,460

2. Subtract the amount of your client's income sources.

Capital Needed to Meet Objectives		\$5,616,107
		3. The amount of capital your client needs.

Capital Available						
Account Name/ Asset Name	Market Value	Assumed Rate of Return	Total Annual Contribution	Assumed Savings Increase	Value At Retirement	
<i>Peter's 401(k)</i>						
Oppenheimer Capital Appreciation A	\$20,000	8.50%	\$1,800	3.00%	\$594,357	
Oppenheimer Discovery A	42,000	8.50%	5,400	3.00%	1,557,339	
<i>Susan's 401(k)</i>						
American Funds Grth Fund of Amer A	75,000	8.50%	1,800	3.00%	1,397,665	
<i>Brokerage Account</i>						
Home Depot	7,000	9.00%	600	0.00%	195,295	
Qualcomm	7,000	9.00%	600	0.00%	195,295	
<i>Bank Account</i>						
Checking	3,650	0.00%	0	0.00%	3,650	
Savings	11,000	2.50%	600	0.00%	51,623	
<i>Peter's IRA</i>						
American Beacon Lg Cap Value Plan	100,000	6.00%	0	0.00%	580,888	
Vanguard Balanced Index	10,000	8.50%	1,200	3.00%	354,436	
Total Capital Available						\$4,930,547

4. Subtract your client's available capital.

Continued...

Additional Capital Needed to Meet Objectives **\$685,560**

Assumptions	
Income Replacement at Retirement in the year 2038	90%
Inflation	4.00%
Rate of Return for Assets during Retirement	7.00%
Mortality assumed for Peter and Susan	90 / 90

5. Therefore, the additional capital your client needs by retirement is ...

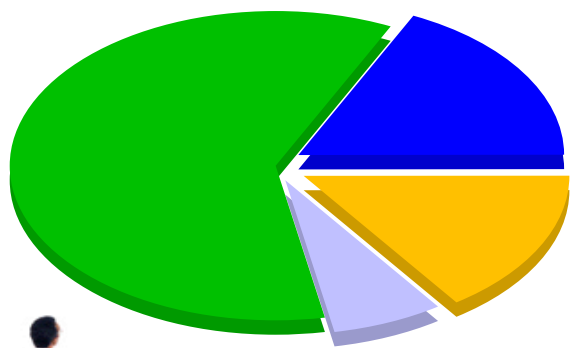


Retirement Statistics

According to recent government statistics, incomes for people age 65 and older are:

**"Don't Fail to Plan...
Plan to Succeed."**

66%
have annual incomes
under \$30,000



14%
have annual incomes
between \$30,000 and
\$45,000

11%
have annual incomes
between \$45,000 and
\$75,000

9%
have annual incomes
over \$75,000



**Use the statistics to help your
clients understand how to properly
plan and not to procrastinate.**

Most people are very concerned about their prospect for retirement. Over 70% believe they won't have enough money at retirement. Of those between the ages of 30 and 54, almost 80% feel this way.

One of the factors in their uncertainty is Social Security. In the mid-1970s, two-thirds of those surveyed said they were confident that Social Security benefits would be there for them at retirement. In the 1980s this was completely reversed. Two-thirds said they were not confident that Social Security would be there at retirement, and if it were, it would not be adequate to provide a reasonable standard of living.

There does, however, seem to be agreement that being financially independent at retirement requires putting money aside while you're working and earning income...even if it means making some short-term sacrifices along the way.

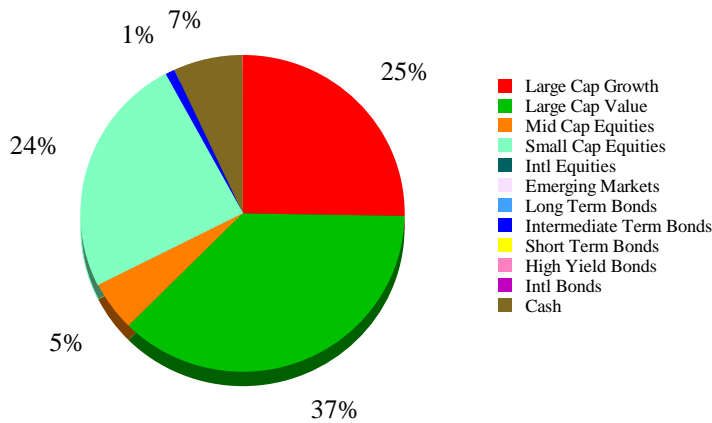
Source: Social Security Administration, The Office of Policy, Income of the Population 55 or older 2004, table 3.1; released May 2006.

Asset Allocation: Current vs. Recommended

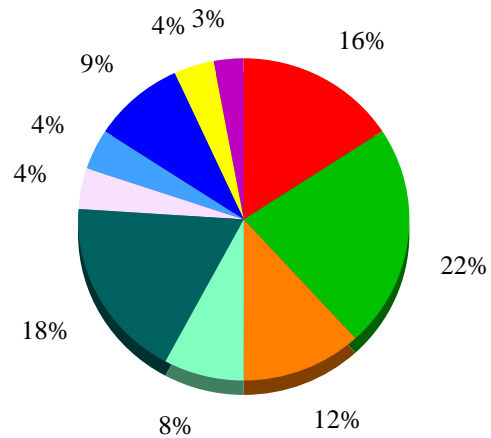
Based on your tolerance for risk and the timeframe in which you need to use the invested funds, you are considered a Moderate Aggressive Investor.

This type of investor is willing to accept more risk than the moderate investor, but is probably not willing to accept the short-term risk associated with achieving a long-term return dramatically above the inflation rate.

Your Current Portfolio



Med-to-High Risk/Return Portfolio



To modify your portfolio to better match your risk tolerance you should make the following changes to your holdings:

Large Cap Growth	(\$24,346)
Large Cap Value	(\$40,357)
Mid Cap Equities	\$18,678
Small Cap Equities	(\$44,048)
Intl Equities	\$48,267
Emerging Markets	\$10,926
Long Term Bonds	\$10,226
Intermediate Term Bonds	\$23,009
Short Term Bonds	\$11,026
Intl Bonds	\$7,270
Cash	(\$20,650)

The recommended changes to your portfolio outlined here will bring your asset allocation closer inline with your risk tolerance. This recommendation does not take into consideration the cost of changing your holdings. These costs include taxes and commissions.

This allocation is not a promise of future performance and a prospectus should be carefully read before making any investment decisions.

Action needed to match holdings with risk tolerance.

All investments contain some form and degree of risk that investors should carefully consider prior to investing. Upon redemption, the principal value of investments in stocks and bonds may be worth more or less than when purchased. Small company stocks may be subject to a higher degree of market and liquidity risk than the stocks of larger companies. Investments in foreign stocks are subject to additional risks (e.g., foreign taxation, economic and political risks) and these risks can be accentuated in emerging markets. Bond prices will drop as interest rates rise. High yield bonds are more susceptible to certain risks (e.g., credit risk, default risk) and are more volatile than investment grade bonds.

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Financial Needs in the Event of Peter's Disability

Disability is something most people don't like to think about. But the chances of your becoming disabled are probably greater than you realize. Studies show that a 20-year-old worker has a 3-in-10 chance of becoming disabled before reaching retirement age.¹ In fact, the Census Bureau reports there are currently over twenty-one million people of working age who are disabled.²

This disability needs analysis shows the impact a disability can have on your financial situation.

Your current annual income is \$72,500 and your current long-term disability coverage provides \$15,000 per year. Your disability goal is to provide 70% of your current income, or \$50,750.

Without additional coverage you may need to deplete your savings and investments to meet your ongoing living expenses.

About Disability Income Insurance...

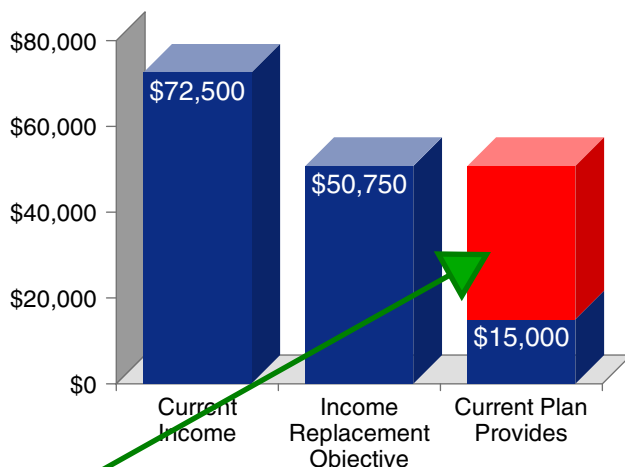
When purchasing disability income protection, there are a number of options to consider:



- Protection against inflation for future Benefits paid, referred to as Cost of Living Adjustment (COLA).
- Non-cancelable, guaranteed renewable provisions.
- Various waiting periods are available. The longer the waiting period, the lower the premium.
- Policies offer varying benefit periods. The longer the period covered by the policy, the higher the premium.
- Some Policies provide "Own Occupation" coverage and will pay benefits if the insured is unable to work in their specialized field.

Help your client understand the limitations of Social Security benefits. Explore disability options.

Disability Income



"Key-in on the red." This is the income shortfall based on your client's current plan.

A word about Social Security¹...

It's important that you understand how Social Security defines "disability." That's because other programs have different definitions for disability. Some programs pay for partial disability or for short-term disability. Social Security does **not**.

The Social Security Administration uses the strict definition of disability. Disability under Social Security is based on your inability to work. You will be considered disabled if you cannot do work you did before, and the SSA decides that you cannot adjust to other work because of your medical condition. Your disability also must last or be expected to last for at least a year or to result in death.

For these reasons, this analysis does not include any potential benefits from Social Security.

¹Source: SSA Publication No. 05-10029, September 2004.

²Source: U.S. Census Bureau, Disability Status 2000, Employment disability age 16-64.

Disability - Sources of Income

Your client might think these are solutions to provide for disability.
Here are the reasons why they are not!

Savings

If you save 10% annually, one year of disability could wipe out 10 years of savings.

Family, Friends and Charity

Do you want to depend on them?



Other Household Income

Is it enough to cover all of your expenses?

Sell Investments

Will you get a fair price?

Loan

Without an income, will anyone lend you money?

Social Security

Will you qualify?*

When disability occurs, most options, except insured income replacement, may be inadequate or quickly exhausted.

Disability is difficult enough - disability without income is even worse. Disability income insurance is a sound long-term solution to a long-term disability.

*You may be eligible for Social Security benefits after you have been disabled for five months and if the disability is expected to last 12 months or result in death.

Long-Term Needs Analysis

This page is full of facts and figures that show the rising costs for long-term care needs.



Did you know...

Long-term care expenses may have a significant impact on a financial situation.

A study by the U.S. Department of Health and Human Services indicates that people age 65 face at least a 40 percent lifetime risk of entering a nursing home. About 10 percent will stay there five years or longer.¹

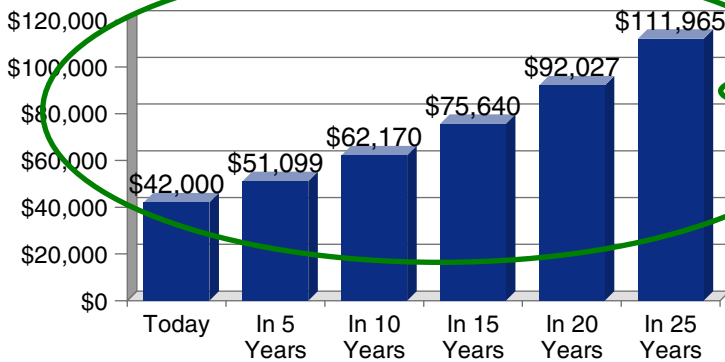
Peter, it appears that you have sufficient coverage to meet your initial long-term care needs.

Susan, since you do not have any long-term care coverage, you may need to deplete your savings and investments in order to meet long-term care expenses.

- About 19 percent of Americans aged 65 and older experience some degree of chronic physical impairment. By the year 2020, 12 million older Americans will need long-term care.¹
- The U.S. Government Accountability Office estimates that 40 percent of the 13 million people receiving long-term care services are between the ages of 18 and 64.¹
- One year in a nursing home can average more than \$50,000. In some regions, it can easily cost twice that amount.¹
- Disability income insurance will not cover most long-term care expenses.
- People will need to spend almost all of their assets in order to qualify for Medicaid benefits.

How will your client pay for these needs?

Projected Annual Nursing Home Costs*



* Assumes 4% annual increases in nursing home care costs.

About Medicare...

Medicare pays only about 12% for short-term skilled nursing home care following hospitalization. Medicare also pays for some skilled at-home care, but only for short-term unstable medical conditions and not for the ongoing assistance that many elderly, ill, or injured people need.¹

About Medicaid...

The federal program that provides health care coverage to lower-income Americans - pays almost half of all nursing home costs. Medicaid pays benefits either immediately, for people meeting federal poverty guidelines, or after nursing home residents exhaust their savings and become eligible. Turning to Medicaid once meant impoverishing the spouse who remained at home as well as the spouse confined to a nursing home. However, the law permits the at-home spouse to retain specified levels of assets and income.¹ For 2007, the Medicaid maximum resource allowance for married patients is \$101,640²

Any gifts of assets must occur at least 36 months prior to applying for Medicaid in order to meet the asset guidelines.

Don't count on Medicaid!

¹ A Guide to Long-Term Care Insurance © Revised edition, 2003, 2004 America's Health Insurance Plans.

² Centers for Medicare & Medicaid Services, 2007 Medicaid Eligibility Policy.

Personal Information Summary

This financial needs analysis report is based on the information and assumptions you provided.

Personal Data

Name	Date of Birth	Contributing to Social Security	Annual Employment Income
Peter A. Franklin	4/22/1973	Yes	\$72,500
Susan L. Franklin	3/1/1978	Yes	\$54,200

Married: Yes

Address
143 South Reed St.
Middletown, MO 64318

Phone:

E-Mail

These pages provide a recap of the information used to compute the analysis. Use these figures to validate the data generated by this report.

This can also facilitate an annual review.

"Has anything changed since we last met?"

Children

Name	Date of Birth
Jennifer	7/29/2006
Daniel	12/12/2003

Asset Allocation

Time Horizon	Risk Tolerance
Question 1: f. 11 years or more	Question 3: b. Portfolio 2
Question 2: e. 11 years or more	Question 4: c. Portfolio C
	Question 5: b. Keep risk to a minimum
	Question 6: a. Would not change portfolio
	Question 7: b. Portfolio B
Suggested Portfolio: Med-to-High Risk/Return	Question 8: b. Disagree

Bank Accounts and Investments

Owner	Account Name	Asset Name	Ticker	Amount	Rate of Return	Monthly Savings	Savings Increase	Asset Class	
Both	Bank Account	Checking		\$3,650	0.00%	\$0	0.00%	Cash	
Both	Bank Account	Savings		\$11,000	2.50%	\$50	0.00%	Cash	
Both	Brokerage Account	Home Depot	HD	\$7,000	9.00%	\$50	0.00%	Large Cap Growth	
Both	Brokerage Account	Qualcomm	QCOM	\$7,000	9.00%	\$50	0.00%	Large Cap Growth	
Total.....		\$28,650							
Monthly Savings.....		\$150							
Average Rate of Return.....		5.36%							

Retirement Funds

Owner	Account Name	Asset Name	Ticker	Amount	Rate of Return	Monthly Savings	Savings Increase	Company Match	Asset Class
Peter	Peter's 401(k)	Oppenheimer Capital Appreciation A	OPTFX	\$20,000	8.50%	\$100	3.00%	\$50	<Mixed>
Peter	Peter's 401(k)	Oppenheimer Discovery A	OPOCX	\$42,000	8.50%	\$300	3.00%	\$150	Small Cap Equities
Peter	Peter's IRA	Vanguard Balanced Index	VBINX	\$10,000	8.50%	\$100	3.00%	\$0	<Mixed>
Susan	Peter's IRA	American Beacon Lg Cap Value Plan	AAGPX	\$100,000	6.00%	\$0	0.00%	\$0	<Mixed>
Susan	Susan's 401(k)	American Funds Grth Fund of Amer A	AGTHX	\$75,000	8.50%	\$150	3.00%	\$0	<Mixed>

Continued...

Total.....	\$247,000
Monthly Savings.....	\$650
Average Rate of Return.....	7.49%

Assets and Liabilities

Type	Name	Market Value	Current Liability	Monthly Payment	Interest Rate
Residence	Mortgage	\$480,000	\$347,707	\$2,492	6.75%
Personal Property	Peter's Car	\$16,058	\$11,113	\$0	0.00%
Personal Property	Susan's Car	\$12,450	\$0	\$0	0.00%
Credit Cards & Personal Loans	Credit Card Debt	\$0	\$3,750	\$102	18.00%

Needs In The Event Of Death

Income Needs Objective	With children at home: 70.00%	No children at home: 50.00%
Provide Income for	Lifetime	
Fund Children's Education	Yes	

Life Insurance Policies

Name	Company	Insurance Benefit	Annual Premium	Type
Peter	Group Insurance	\$90,000	\$0	Group
Peter	Nationwide	\$125,000	\$1,200	Universal Life
Susan	Group Insurance	\$60,000	\$0	Group

College Funding

Child's Name	School	Annual Amount (in Today's Dollars)	Years Needed	Percent Want To Provide
Jennifer	Ohio State University: Columbus Campus	\$27,075	4	100%
Daniel	University of Tennessee: Knoxville	\$21,270	4	100%

Total Funds Presently Available	Monthly Savings	Rate of Return
\$19,500	\$250	10.00%

Retirement Needs

	Peter	Susan
Desired Retirement Age	65	65
Social Security Retirement Benefits Begin Age	67	67
Employer Offers Retirement Plans	Yes	Yes
Maximum amount being contributed	No	No
Percentage of pre-retirement income during retirement	90.00%	

Long-Term Disability

Annual Employment Income	\$72,500	\$54,200
Disability income replacement objective:	Peter - 70.00%	Susan - 60.00%

Existing Insurance

Insured	Company	Monthly Benefit	Group/Personal	Annual Premium	Waiting Period (Months)	Benefit Period
Peter	Long-Term Disability Coverage	\$1,250	Group	\$0	3 months	To age 65

Long-Term Care

Estimated monthly long-term care costs:	\$3,500
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Existing Insurance

Insured	Company	Daily Benefit	Annual Premium	Elimination Period (Days)	Benefit Period (Years)
Peter	ABC	\$250	\$1,500	60	5

Continued...

Assumptions Used In This Analysis

<i>Rate of Return on Assets</i>	
<i>During Retirement.....</i>	7.00%
<i>In the Event of Death.....</i>	6.00%
<i>For College Needs.....</i>	10.00%
<i>Number of month's income to set aside for</i>	
<i>emergency reserves.....</i>	3
<i>Long-term inflation rate.....</i>	4.00%
<i>Social Security inflation rate.....</i>	2.50%
<i>Long-term inflation rate for College Costs.....</i>	6.00%
<i>Life expectancy age.....</i>	90
<i>Final Expenses.....</i>	\$10,000