



Cash Flow Illustration

An Integrated Analysis of
LIFETIME CASH FLOWS & NET WORTH

AN ANALYSIS PREPARED EXCLUSIVELY FOR

Jack & Jill Flash

Monte Carlo Simulations

Net Worth Detail*Jack & Jill Flash*

Financial Assets	Jack	Jill	Joint	Total
Balanced Fund	0	0	100,000	100,000
Account #1	670,395	0	0	670,395
Account #2	0	430,000	0	430,000
Account #3	0	0	325,000	325,000
Cash & Investments	670,395	430,000	425,000	1,525,395
Jack's IRA	165,000	0	0	165,000
Jill's IRA	0	50,000	0	50,000
Jack's DC Plan	500,000	0	0	500,000
Jill's 401(k) Plan	0	200,000	0	200,000
Jill's Pension Plan	0	125,000	0	125,000
Jill's SERP	0	187,000	0	187,000
Jill's Rabbi Trust	0	325,000	0	325,000
Jack's FPDA	55,000	0	0	55,000
Jill's FPDA	0	55,000	0	55,000
Retirement Plans & Annuities	720,000	942,000	0	1,662,000
Financial Assets	1,390,395	1,372,000	425,000	3,187,395
Unmarketable Assets	Jack	Jill	Joint	Total
ShopRight, Inc.	2,000,000	0	0	2,000,000
MSN Enterprises	0	25,000	0	25,000
Rental Properties	0	0	1,525,000	1,525,000
Other Assets	0	0	405,000	405,000
Unmarketable Assets	2,000,000	25,000	1,930,000	3,955,000
Personal Assets	Jack	Jill	Joint	Total
25 Breezy Way	0	0	850,000	850,000
Vacation Homes	0	0	590,000	590,000
Personal Assets	0	0	1,440,000	1,440,000
Total Assets	3,390,395	1,397,000	3,795,000	8,582,395
Current Liabilities	Jack	Jill	Joint	Total
25 Breezy Way	0	0	641,778	641,778
423 Sun Circle	0	0	239,259	239,259
1615 Grove Lane	0	261,648	0	261,648
Total Liabilities	0	261,648	881,038	1,142,686
Net Worth	3,390,395	1,135,352	2,913,962	7,439,709





Cash Flow Illustration

A Series of Charts Illustrating
NET WORTH, ASSET VALUES & LIFETIME CASH FLOWS

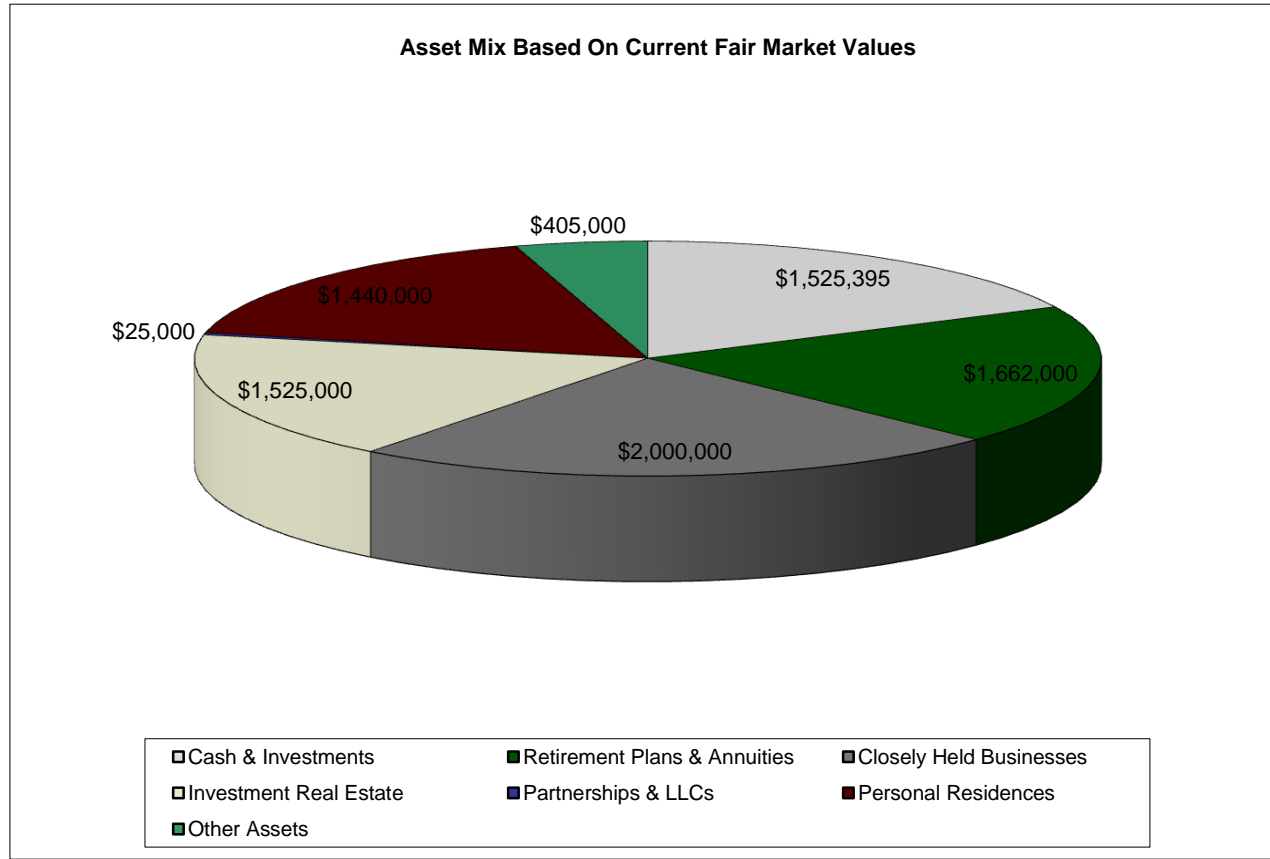
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Monte Carlo Simulations

Current Asset Mix

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The chart above illustrates the current asset mix.





Cash Flow Illustration

VARIABLE INVESTMENT RATE SIMULATIONS

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Monte Carlo Simulations

Monte Carlo Simulation Overview

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Traditional financial planning models use rate of return assumptions that do not vary with time. These assumptions often reflect average historical rates of return earned by particular asset classes or combinations thereof over an extended period. Returns have historically fluctuated from year to year in an unpredictable fashion, and future rates of return cannot be guaranteed or even predicted with certainty.

Since rates of return are inherently uncertain, utilizing unvarying return assumptions in a financial model would imply a level of certainty with respect to achieving certain outcomes that does not exist. Nevertheless, this is the basic approach used by traditional financial planning models: to project cash flows and investment capital under a defined set of conditions, where the value of all variables (including the assumed annual rate of return) is set and unchanging so that a single outcome is achieved at the end of the projection period (e.g., life expectancy). This type of projection is usually called "deterministic." A different type of projection, called "stochastic," produces a **range of results**, rather than a single result, by varying one or more of the dependent variables in the equation. One type of stochastic projection is Monte Carlo simulation (MCS).

MCS projects cash flows and investment capital multiple times—each under a different set of conditions—to yield a range of possible outcomes. Monte Carlo analysis is, therefore, able to incorporate uncertainty into the planning process by demonstrating how different assumptions about the future can impact the likelihood of your meeting or exceeding clearly defined financial planning goals. It is then up to you and your advisor to evaluate the reasonableness of these assumptions, and to modify your proposed financial plan accordingly.

The report that follows illustrates a type of MCS that relies on variable rates of return, which fluctuate from year to year in a random fashion.* The software tool used to produce this Monte Carlo analysis applies these variable rates to selected assets (or combinations thereof) over time, and records the total investment capital at the end of the defined projection period for each iteration or trial. The results of the individual trials are then analyzed, summarized and plotted graphically. A trial whose ending investment capital equals or exceeds your target is considered a success. Conversely, a trial whose ending investment capital falls below your target is considered unsuccessful. A success rate can then be computed simply as the number of successful trials divided by the total number of trials.

Note that the results of any individual trial may not be significant. However, by evaluating the results of all trials together against benchmarks you set, you and your advisor may gain valuable insights into the merits of your proposed financial plan. For instance, if a series of MCS trials yields a success rate that is less than acceptable (e.g., a success rate of only 60% where you consider a minimum success rate of 80% to be acceptable), you might consider adopting a different asset allocation design, reducing your post-retirement cash flow needs or delaying your retirement to name just a few examples.

IMPORTANT: *The projections or other information generated by this financial plan regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results herein may vary with each use of the software tool used to generate the MCS analysis that follows and over time.*

* Despite the randomness of the return rate series, its basic character is determined by the average rate expected to be earned in the future over an extended period along with an expected range of deviations (i.e., standard deviation) from that average in a given year. In a normally distributed series (i.e., a bell-shaped curve), returns that deviate from the average by one standard deviation are expected to occur approximately 67% of the time, while returns that deviate from the average by two standard deviations are expected to occur approximately 95% of the time. This means that variable return series with larger standard deviations will normally produce greater year-over-year fluctuations in projected cash flows and investment capital than series with smaller standard deviations.



Variable Investment Rates Summary

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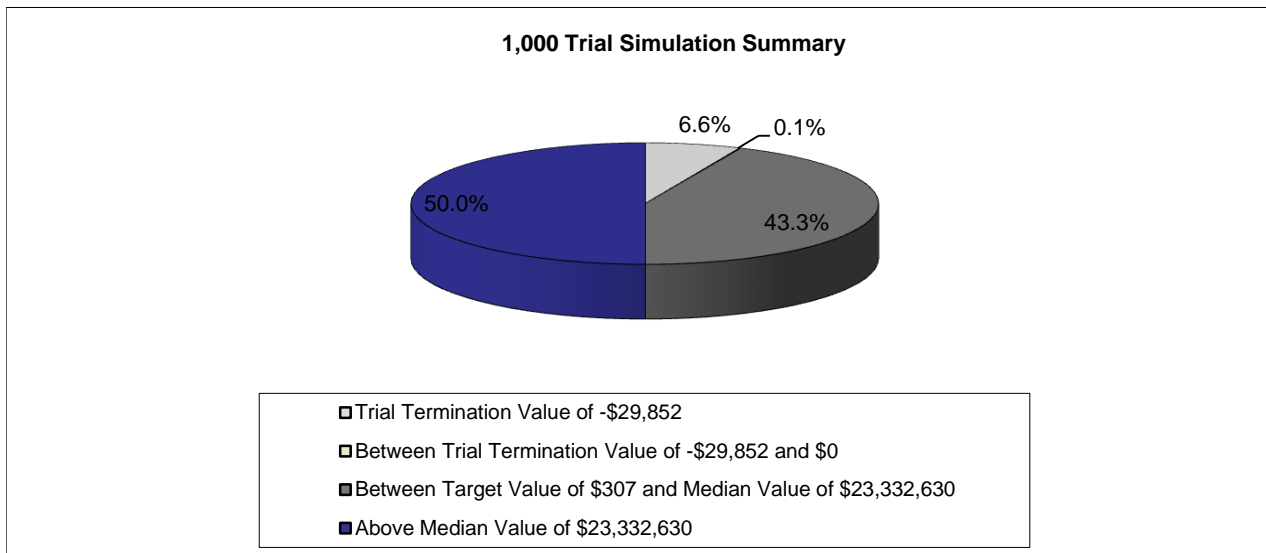
Investment Capital in 2051

Average portfolio growth rate for period 1	4.0%
Standard deviation for period 1	10.9%
Average portfolio growth rate for period 2	4.9%
Standard deviation for period 2	11.4%
Year of change	2022
Median investment capital: 1,000 trials	23,332,630
Target investment capital	307

Analysis of 1,000 Simulations Run Through 2051

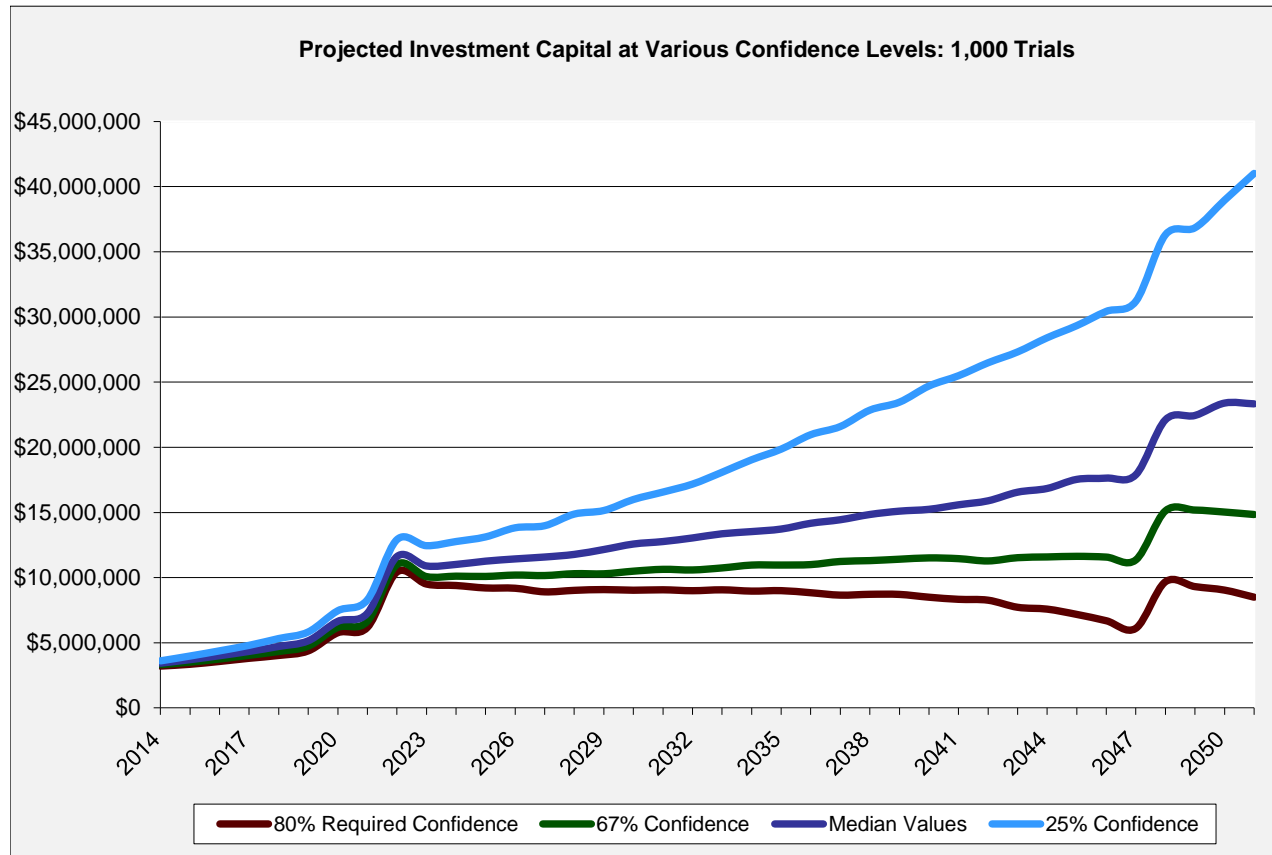
Trial termination value of -\$29,852	66
Between trial termination value of -\$29,852 and \$0	1
Between \$0 and target value of \$307	0
Between target value of \$307 and median value of \$23,332,630	433
Above median value of \$23,332,630	500
Success rate	93.3%

NOTE: A successful trial is one where projected investment capital equals or exceeds target investment capital.



Variable Investment Rates Illustration

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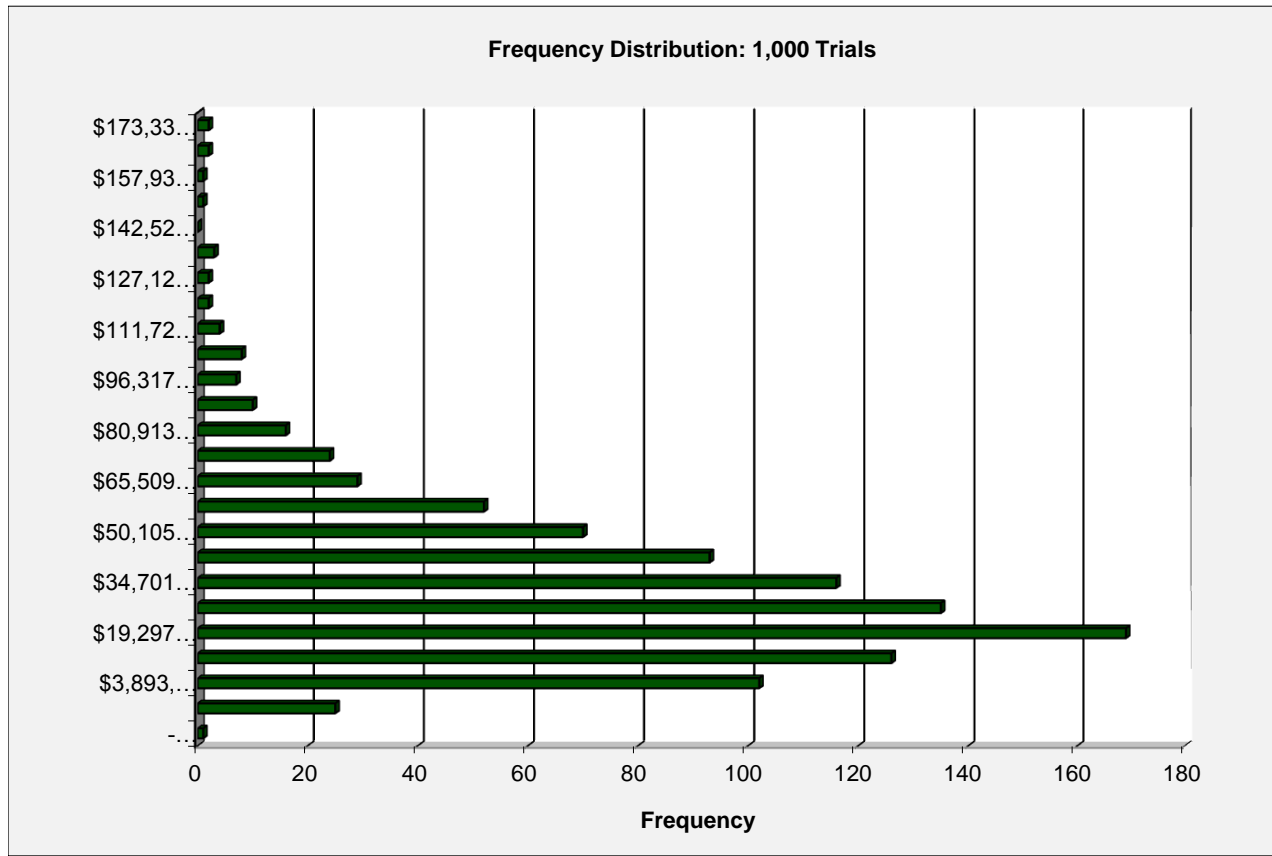


The chart above shows projected investment capital over the planning horizon using variable investment returns. Each year a return is randomly generated on the basis of the investment portfolio's average return for the portfolio's combined asset classes. A normal distribution model is used and the range of returns is determined by the standard deviations associated with the different asset classes. Each line in the chart represents the probability that investment capital will exceed the amount shown on the graph at the end of each year. Values and results are not guaranteed.



Frequency Distribution for Variable Investment Rates (Net of Debt)

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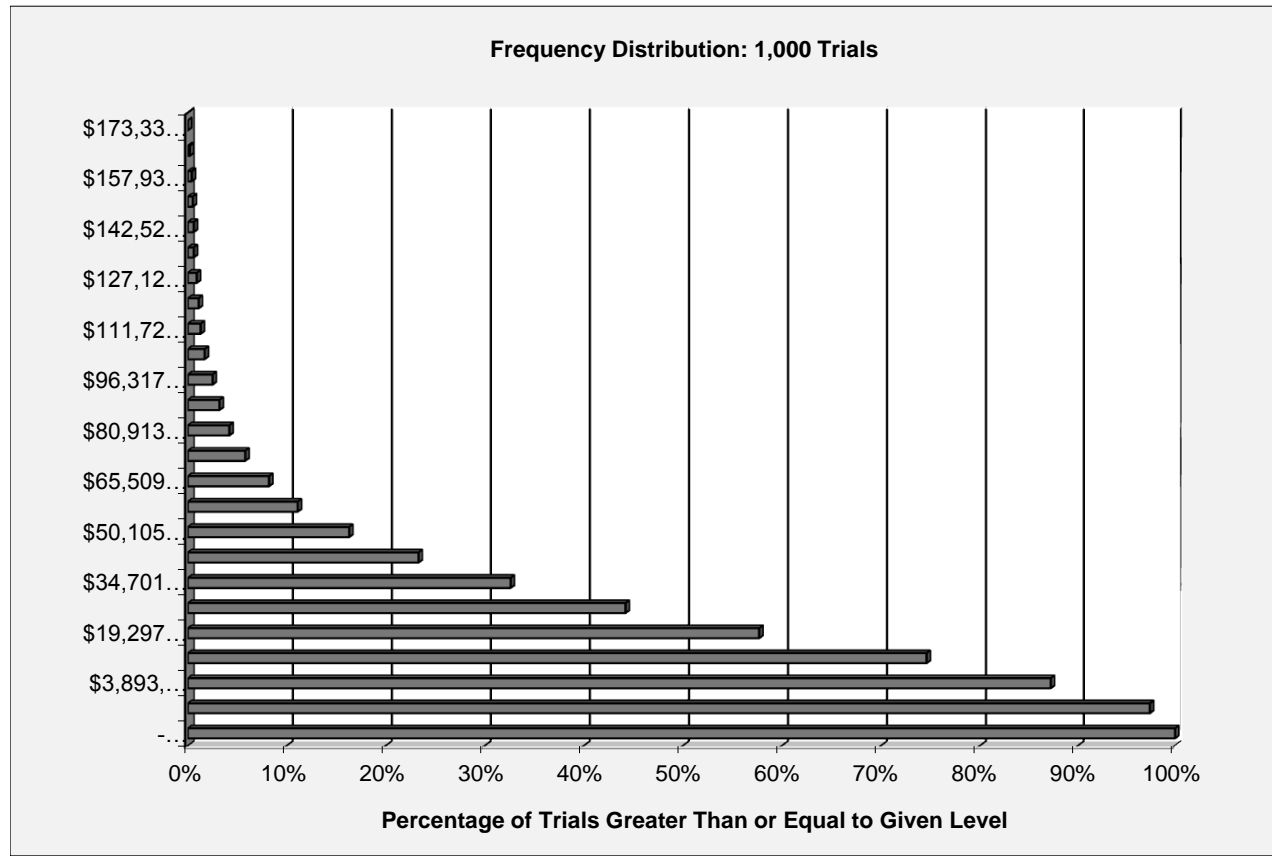


The chart above shows the frequency with which the combined ending value of investment portfolios (net of borrowing to fund cash flow deficits) falls within a given range of values shown on the vertical axis.



Percentage of Trials Producing a Given Ending Value (Net of Debt)

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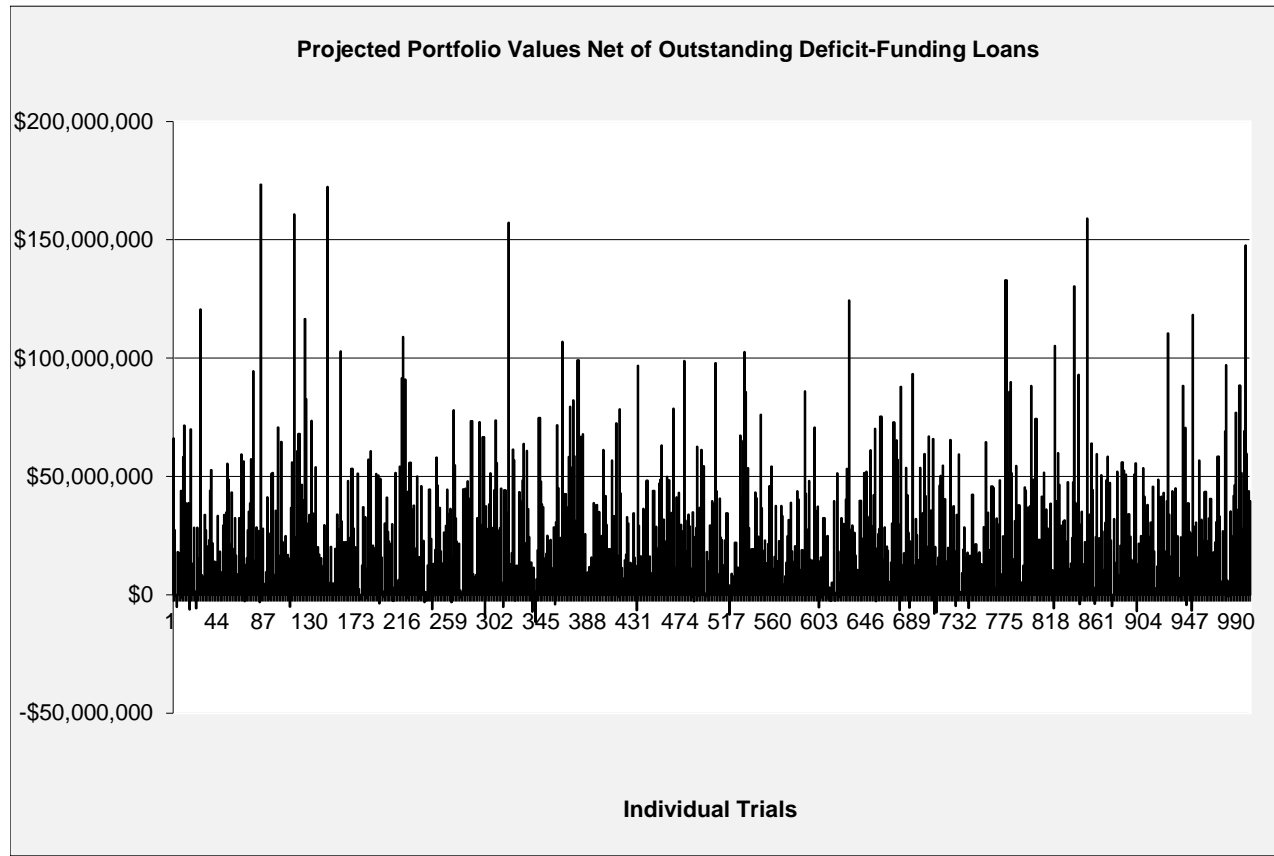


The chart above shows the cumulative percentage of trials in which the combined ending value of investment portfolios (net of borrowing to fund cash flow deficits) falls within a given range of values shown on the vertical axis.



Monte Carlo Simulation Trials

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Each column in the chart above represents net ending aggregate portfolio values in a variable return simulation. To the extent that cash needs exceed available portfolio values, shortfalls are made up through borrowing.





Cash Flow Illustration

Supporting Schedules for
ASSUMPTIONS

AN ANALYSIS PREPARED EXCLUSIVELY FOR

Jack & Jill Flash

Monte Carlo Simulations

General Assumptions*Jack & Jill Flash*

Personal	Jack	Jill
Age	55.0	52.0
Life expectancy	90	90
Year of death	2048	2051
Retirement age	62	60
Planning Illustration		
Analysis date		01-Jan-2014
Scenario on which illustrations are based		Retirement
Balanced Fund		
Fair market value		100,000
Income rate		4.5%
Taxable income percentage		100.0%
Growth rate		Variable
After-tax total return		Variable
Life Insurance		
	Jack	Jill
Death benefit	750,000	50,000
Growth rate	5.0%	0.0%
Nonlinear change in coverage	0.0%	0.0%
Year of nonlinear change	2022	2023
Tax Rates		
	Fed or State	Combined
Investment income	25.0%	28.0%
Other income	39.6%	42.6%
Capital gains	20.0%	23.0%
State	5.0%	
Key Non-Investment/Nontax Rates		
Inflation rate - general		3.0%
Inflation rate - estate, gift & GST		2.0%
Computed present value discount rate		7.01%
Interest rate on cash flow deficit-funding loan		6.00%



Investment Portfolio Assumptions

Jack & Jill Flash

Part 1 of 2

Description	Account #1	Account #2	Account #3	Jack's IRA	Jill's IRA	Jack's DC Plan
Fair market value	670,395	430,000	325,000	165,000	50,000	500,000
Type	Investments	Investments	Investments	Traditional IRA	Traditional IRA	Qualified plan
Owner	Client	Spouse	JTWROS	Client	Spouse	Client
Investment Returns	Account #1	Account #2	Account #3	Jack's IRA	Jill's IRA	Jack's DC Plan
Income rate	5.0%	5.0%	5.0%	5.0%	5.9%	5.0%
Taxable income percentage	100.0%	100.0%	100.0%	0.0%	0.0%	0.0%
Growth rate	Variable	Variable	Variable	Variable	0.0%	Variable
Contributions	Account #1	Account #2	Account #3	Jack's IRA	Jill's IRA	Jack's DC Plan
Limitation	NA	NA	NA	NA	NA	IRC 415
Contribution	0	0	0	0	0	Max
Growth rate	NA	NA	NA	NA	NA	NA
Start year	NA	NA	NA	NA	NA	2014
End year	NA	NA	NA	NA	NA	2021
Outside source percentage	NA	NA	NA	NA	NA	100.0%
Matching contribution percentage	NA	NA	NA	NA	NA	0.0%
Distributions	Account #1	Account #2	Account #3	Jack's IRA	Jill's IRA	Jack's DC Plan
As a percentage of fair market value	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amount	0	0	0	0	0	0
Growth rate	NA	NA	NA	NA	NA	NA
Is percentage or amount annual or total	NA	NA	NA	NA	NA	NA
Start year	NA	NA	NA	NA	NA	NA
End year	NA	NA	NA	NA	NA	NA
Offset discretionary distributions with RMDs	NA	NA	NA	NA	NA	NA
Taxable distribution percentage	10.0%	10.0%	10.0%	100.0%	100.0%	100.0%



Investment Portfolio Assumptions

Jack & Jill Flash

Part 2 of 2

Description	Jill's 401(k)	Jill's Pension	Jill's Rabbi		Portfolio 11	Portfolio 12
	Plan	Plan	Jill's SERP	Trust		
Fair market value	200,000	125,000	187,000	325,000	0	0
Type	Qualified plan	Qualified plan	Deferred comp	Deferred comp	NA	NA
Owner	Spouse	Spouse	Spouse	Spouse	NA	NA
Investment Returns	Jill's 401(k)	Jill's Pension	Jill's Rabbi		Portfolio 11	Portfolio 12
	Plan	Plan	Jill's SERP	Trust		
Income rate	5.0%	5.9%	5.9%	5.0%	NA	NA
Taxable income percentage	0.0%	0.0%	0.0%	0.0%	NA	NA
Growth rate	Variable	0.0%	0.0%	Variable	NA	NA
Contributions	Jill's 401(k)	Jill's Pension	Jill's Rabbi		Portfolio 11	Portfolio 12
	Plan	Plan	Jill's SERP	Trust		
Limitation	401(k)	NA	NA	NA	NA	NA
Contribution	Max	0	0	0	0	0
Growth rate	NA	NA	NA	NA	NA	NA
Start year	2014	NA	NA	NA	NA	NA
End year	2022	NA	NA	NA	NA	NA
Outside source percentage	0.0%	NA	NA	NA	NA	NA
Matching contribution percentage	25.0%	NA	NA	NA	NA	NA
Distributions	Jill's 401(k)	Jill's Pension	Jill's Rabbi		Portfolio 11	Portfolio 12
	Plan	Plan	Jill's SERP	Trust		
As a percentage of fair market value	0.0%	100.0%	100.0%	100.0%	NA	NA
Amount	0	0	0	0	NA	NA
Growth rate	NA	0.0%	0.0%	0.0%	NA	NA
Is percentage or amount annual or total	NA	Total - level	Total - level	Total - level	NA	NA
Start year	NA	2023	2023	2023	NA	NA
End year	NA	2051	2032	2032	NA	NA
Offset discretionary distributions with RMDs	NA	NA	NA	NA	NA	NA
Taxable distribution percentage	100.0%	100.0%	100.0%	100.0%	NA	NA



Tax-Deferred Annuity Assumptions

Jack & Jill Flash

Description	Jack's FPDA	Jill's FPDA
Current cash value	55,000	55,000
Investment in the contract	45,000	45,000
Primary annuitant	Jack	Jill
Annuity Premiums		
Amount	5,000	5,000
Growth rate	0.0%	0.0%
Start year event	2014	2014
End year event	2021	2022
Investment Returns		
Income rate	5.0%	5.0%
Growth rate	4.0%	4.0%
Mortality & expense contract charge	1.00%	1.00%
Inside build-up	8.0%	8.0%
Contract Terms		
Percentage of contract annuitized	50.0%	50.0%
Amount used to fund a single-premium fixed annuity	97,272	126,065
Investment in the annuitized portion of contract	42,500	45,000
Age when annuity starts	65	65
Annuity rate per \$thousand of premium	100	100
Annuity payment growth rate	0.0%	0.0%
Survivor benefit percentage	50.0%	50.0%
First-year annuity payment	9,727	12,606
Expected return multiple	Tables VI and VIA	Tables VI and VIA
Expected return	220,806	249,608
Exclusion ratio: investment in contract recovered ratably	19.2%	18.0%



Tax-Deferred Annuity Assumptions

Jack & Jill Flash

Calculation of Expected Return with Fixed Annuity	Jack's FPDA	Jill's FPDA
J&S expected return multiple from Table VI	28.3	25.0
Portion of expected return	137,639	157,581
J&S expected return multiple from Table VIA	17.1	14.6
Difference between annuity payments before & after death	4,864	6,303
Portion of expected return	83,167	92,027
Expected return	220,806	249,608

Calculation of Excludable Amounts with Increasing Annuity	Jack's FPDA	Jill's FPDA
J&S expected return multiple from Table VI	NA	NA
Units paid as a J&S annuity	NA	NA
J&S units anticipated	NA	NA
Single life multiple from Table V	NA	NA
Effective single life annuity units	NA	NA
Single life units anticipated	NA	NA
Total units anticipated	NA	NA
Portion of investment in contract allocable to unit payments	NA	NA
Units payable to primary annuitant during his or her life	NA	NA
Investment in contract allocable annually during primary annuitant's life	NA	NA
Investment in contract allocable annually during survivor period	NA	NA



Unmarketable & Personal Property Assumptions

Jack & Jill Flash

Description	MSN		Rental		Vacation	
	ShopRight, Inc.	Enterprises	Properties	25 Breezy Way	Homes	Other Assets
Fair market value	2,000,000	25,000	1,525,000	850,000	590,000	405,000
Type	S corp	LLC	Real estate	Residence	Residence	Other
Owner	Client	Spouse	TIC	JTWROS	JTWROS	JTWROS
Investment Returns	MSN		Rental		Vacation	
	ShopRight, Inc.	Enterprises	Properties	25 Breezy Way	Homes	Other Assets
Income rate	5.0%	0.0%	5.0%	0.0%	0.0%	0.0%
Taxable income percentage	100.0%	NA	75.0%	NA	NA	NA
Growth rate	7.0%	0.0%	4.0%	3.0%	6.0%	-10.0%
Additions	MSN		Rental		Vacation	
	ShopRight, Inc.	Enterprises	Properties	25 Breezy Way	Homes	Other Assets
Amount	0	0	0	425,000	0	0
Growth rate	NA	NA	NA	3.0%	NA	NA
Start year	NA	NA	NA	2023	NA	NA
End year	NA	NA	NA	2023	NA	NA
Outside source percentage	NA	NA	NA	0.0%	NA	NA
Dispositions	MSN		Rental		Vacation	
	ShopRight, Inc.	Enterprises	Properties	25 Breezy Way	Homes	Other Assets
As a percentage of fair market value	100.0%	100.0%	66.7%	100.0%	0.0%	40.0%
Amount	0	0	0	0	0	0
Growth rate	0.0%	0.0%	0.0%	0.0%	NA	0.0%
Is percentage or amount annual or total	Annual	Annual	Annual	Annual	NA	Annual
Start year	2022	2014	2022	2020	NA	2023
End year	2022	2014	2022	2020	NA	2023
Recognized gain percentage	100.0%	100.0%	100.0%	20.0%	NA	100.0%



Sources of Income Assumptions

Jack & Jill Flash

Income Description	Income Category	Income Recipient	Annual Income	Income Growth	Start Year	End Year	Taxable Income %	FICA Status	Survivor Income %
Jack's Salary	Salary	Client	200,000	5%	2014	2021	100.0%	NA	0.0%
Jill's Salary	Salary	Spouse	150,000	10%	2014	2022	100.0%	NA	0.0%
Jill's Bonus	Bonus	Spouse	15,000	10%	2014	2022	100.0%	NA	0.0%
Jack's Director Fees	Director fees	Client	25,000	Inflation	2014	2021	100.0%	Client SE inc	0.0%
Jack's Social Security	Social Security	Client	28,800	Inflation - 1%	2026	2048	85.0%	NA	37.5%
Jill's Social Security	Social Security	Spouse	18,000	Inflation - 1%	2029	2051	85.0%	NA	0.0%



Expense & Debt Assumptions

Jack & Jill Flash

Expense Description	Expense Category	Annual Expense	Expense Growth	Start Year	End Year	Percentage Deductible
Household	Living expense	120,000	Inflation	2014	2051	0.0%
Food & Clothing	Living expense	60,000	Inflation	2014	2051	0.0%
Travel & Entertainment 1	Living expense	35,000	Inflation	2014	2051	0.0%
Travel & Entertainment 2	Living expense	15,000	Inflation	2014	2051	0.0%
Medical Expenses	Medical expense	5,000	Inflation	2014	2051	0.0%
Real Estate Taxes	Real estate tax	20,000	Inflation	2014	2051	100.0%
Auto Taxes	Personal prop tax	1,500	Inflation	2014	2051	100.0%
Various Charities	Charitable gifts	20,000	Inflation	2014	2051	100.0%
Tax Consulting & Prep	Other	5,000	Inflation	2014	2051	0.0%
LTC Insurance Premiums	Other	5,000	Inflation	2014	2051	0.0%
Disability Premiums	Other	2,000	Inflation	2014	2021	0.0%
Jeff's Education	Education costs	15,000	Inflation x 2	2024	2029	0.0%
Jenny's Education	Education costs	10,000	Inflation x 2	2023	2026	0.0%
Billy's Education	Education costs	8,000	Inflation x 2	2014	2029	0.0%
Joe's Education	Education costs	20,000	Inflation x 2	2014	2018	0.0%
Other Gifts	Other gifts	56,000	Inflation	2014	2051	0.0%

Debt Description	Original Loan Balance	Borrowing Year	Remaining Term	Amortization Term	Amortization Method	Interest Rate	Percentage Deductible	Payoff Year
25 Breezy Way	650,000	Existing debt	29	30	Declining balance	6.00%	100.0%	2023
423 Sun Circle	250,000	Existing debt	14	15	Declining balance	6.00%	100.0%	2027
1615 Grove Lane	265,000	Existing debt	29	30	Declining balance	6.00%	100.0%	2042

