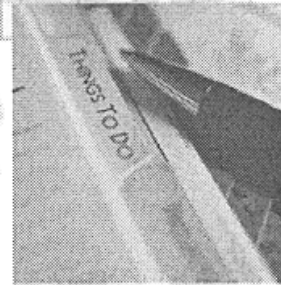


A Financial Profile



Joe & Susie Good

This financial analysis compares your investments and savings strategy with your financial priorities and concerns. It provides only a broad, general guideline which may be helpful in shaping your financial thinking about investment objectives and risk management. The reports and graphs are dependent upon the quality and accuracy of data furnished by you.

Calculations illustrating income tax concepts and deductions, and investment gains and losses are estimates only. Past performance is not indicative of future accomplishments. This material is for estimating purposes only and must be monitored periodically. Your attorney and accountant should be consulted regarding legal and tax implications. A current prospectus for each investment vehicle must be read carefully when considering any investment in securities.

Documents Needed

The following documents will be needed for the purpose of study and analysis to prepare a personal plan for you. It is understood that this material will be treated confidentially and returned when the planning process is completed, or earlier if requested.

Items Needed:

Most Recent Payroll Stub:

_____ Joe
_____ Susie

Income Tax Returns for the following years:

_____ Joe
_____ Susie

Personal Employment Benefit Statements:

_____ Global Pharmaceuticals
_____ Aero Technology

Company Benefit Plan Booklets (Group Benefits & Pension Plans):

_____ Global Pharmaceuticals
_____ Aero Technology

Wills:

_____ Joe
_____ Susie

Trust Arrangements:

_____ Joe
_____ Susie

Business Arrangements:

_____ Buy-Sell
_____ Deferred Compensation
_____ Stock Option/Bonus Plan

Insurance & Annuity Contracts:

_____ Life Insurance
_____ Health Insurance
_____ Hospital & Major Medical
_____ Disability Insurance
_____ Property & Casualty
_____ Long-Term Care Insurance

Review Checklist

Change In:	Has Occurred	Is Expected
1. Marital Status		
Marriage	_____	_____
Separation	_____	_____
Divorce	_____	_____
Remarriage	_____	_____
2. Number of Dependents		
Increase	_____	_____
Decrease	_____	_____
3. Health Status		
Client	_____	_____
Spouse	_____	_____
Dependent	_____	_____
4. Residence	_____	_____
5. Occupation		
Client	_____	_____
Spouse	_____	_____
Dependent	_____	_____
6. Family Financial Status		
Borrowing	_____	_____
Lending	_____	_____
Gifts greater than \$10,000 received	_____	_____
Gifts greater than \$10,000 made	_____	_____
Purchase of property	_____	_____
Sale of property	_____	_____
Investments	_____	_____
Inheritance	_____	_____
Deferred income	_____	_____
Pension plan	_____	_____
Tax-deferred annuity	_____	_____
Dependent's income	_____	_____
7. Sources of Income		
As employee	_____	_____
From self-employment	_____	_____
From investments	_____	_____
Inventions, patents, copyrights	_____	_____
Hobbies, avocations	_____	_____
Government bonds	_____	_____
8. Income Tax Status		
From single to joint or joint to single	_____	_____
Capital gains or losses	_____	_____
Substantial contributions	_____	_____
Unreimbursed casualty loss	_____	_____
Sick pay received	_____	_____
Unreimbursed medical expenses	_____	_____
Tax saving investments	_____	_____
Subject to A.M.T.	_____	_____

Change In:	Has Occurred	Is Expected
9. Property Ownership		
Purchase in joint ownership	_____	_____
Purchase, client owned	_____	_____
Purchase, spouse owned	_____	_____
Purchase, dependent owned	_____	_____
Transfer to joint ownership	_____	_____
Transfer to spouse	_____	_____
Transfer to dependent	_____	_____
Transfer to trustee	_____	_____
10. Liabilities		
Leases executed	_____	_____
Mortgage increase	_____	_____
Lawsuit against	_____	_____
Judgment against	_____	_____
Unsecured borrowing	_____	_____
Co-signing of notes	_____	_____
11. Business Ownership		
New business formation	_____	_____
Interest purchased	_____	_____
Sale of interest	_____	_____
Transfer of interest	_____	_____
Reorganization among owners	_____	_____
Liquidation	_____	_____
Termination or lapse	_____	_____
12. Legal Document Status		
Change in last Will	_____	_____
Change in Trust	_____	_____
Buy-Sell Agreement	_____	_____
Agreement to defer income	_____	_____
13. Insurance Status		
Life insurance	_____	_____
Health insurance	_____	_____
Group insurance	_____	_____
Other employer plan	_____	_____
Property insurance	_____	_____
Liability insurance	_____	_____
Long-Term Care insurance	_____	_____
14. Attitudes Toward Others		
In family	_____	_____
In business	_____	_____
In accepting professional advice	_____	_____
15. Other		
_____	_____	_____
_____	_____	_____

Client Objectives

**Client's Concern
(1 Low - 9 Highest)**

- 1. Current Cash Flow Analysis _____
- 2. Children's education _____
- 3. Income to spouse/children after death _____
- 4. Reduction of death taxes _____
- 5. Liquidity for death taxes _____
- 6. Estate planning _____
- 7. Avoid probate costs _____
- 8. Review current Wills/Trusts _____
- 9. Transfer of business interest _____
- 10. Review current business agreements _____
- 11. Review current life/disability coverage _____
- 12. Analyze fringe benefits _____
- 13. Financial independence at retirement _____
- 14. Review Long-Term Care needs _____
- 15. Discuss program of gifting _____
- 16. Other _____

Notes:

Planning Preferences

Long-Term Inflation Rate	3.50%
Default Asset/Savings Rate of Return	6.00%
Social Security- maximum growth rate	3.00%
Asset Allocation Model	1
Level or Inflating Monthly Savings	Inflating
Final Expenses	
Amount	\$5,000
and	
Percent of Total Assets or Gross Estate	2.00%
Retaining or Depleting capital	Depleting
Estate	
State death taxes @ 1st death	\$0
State death taxes @ 2nd death	\$0
Disability income	
Monthly goal = current income of	\$7,025 times 70%
Emergency Reserves	
Monthly income of	\$7,025 times 3
Survivor Needs	
Monthly income need as a percent of total income:	
With dependents	\$7,025 times 70%
Without dependents	\$7,025 times 50%
Financial Independence income	
Monthly goal = total income of	\$7,025 times 70%
Long-term Care	
Begin at age	70
Monthly costs	\$3,500
Insurance Company Name	Insurance Company
A.M Best Rating	
Standard & Poor's Rating	
Insurance Rate Table	Industry Average Whole Life Policy
Number of Years to Illustrate insurance premium	0
Include/Exclude Insurance Products	Include
Bank Name	Bank
Investment Company Name	Investment Company
Education Cost	
Education Cost	\$7,500
Education Cost Inflation Rate	6.00%

Fund Thru or Fund To
Fund at first death
Monthly savings continue until independence

Thru
Yes

The assumptions above are used in calculations throughout the program. These calculated values may be changed by the user based on information gathered from the client.

Personal Data

Personal

	<i>Sex</i>	<i>SSN</i>	<i>Birthdate</i>	<i>Social Security Benefits</i>
Joe B. Good	M	101-22-3344	12/15/59	100%
Susie A. Good	F	202-33-4455	12/16/59	100%

125 Marriott Ln.
Ria, GA 30339
Phone: (770) 612 9000 Ext 28 Fax: (770) 612 9082

Occupations

Joe

Job Title: Sales Representative

Classification:

Employer: Global Pharmaceuticals
180 Windyhill Pkwy.
Atlanta, GA 30339

Phone: (770) 255 6000 Ext 20
Fax:

Susie

Job Title: Accountant

Classification:

Employer: Aero Technology
120 Terrell Mill Rd.
Marietta, GA 30067

Phone: (770) 612 8000
Fax:

All Personal Input Data

Plan Date: 1/1/90
 Recall Date:

Personal Data

	<i>Sex</i>	<i>SSN</i>	<i>Birthdate</i>	<i>Social Security</i>
Joe B. Good	M	101-22-3344	12/15/59	100%
Susie A. Good	F	202-33-4455	12/16/59	100%

125 Marriott Ln.
 Ria, GA 30339
 Phone: (770) 612 9000 Ext 28 Fax: (770) 612 9082

Social Security benefit levels of 100% assumes that the worker earned the maximum earning base in years prior to the current year and that current earnings stay the same until Normal Retirement Age. Benefit levels of "Moderate" assumes that the worker has had approximately 6% pay raises each year through the current year and that current earnings stay the same until Normal Retirement Age.

College-Educational Goals

<i>\$ Needed Per Year</i>	<i># Yrs Until Needed</i>	<i># Yrs Needed</i>	<i>Existing Savings</i>	<i>Rate of Return</i>	<i>Current Monthly Savings</i>	<i>Other's* Assets</i>
-------------------------------	-------------------------------	-------------------------	-----------------------------	---------------------------	--	----------------------------

* Not included on balance sheet.

Concerns Profile

1) Inflation Hedge:	9
2) Tax Advantage:	5
3) Safety:	3
4) Liquidity:	1
5) Current Income:	1
6) Family Benefit:	5

Estimate of the long-term inflation rate - 3.50%

Occupations and Advisors

Occupations

Joe

Job Title: Sales Representative
 Employer: Global Pharmaceuticals
 180 Windyhill Pkwy.
 Atlanta, GA 30339

Phone: (770) 255 6000 Ext 20
 Fax:

Susie

Job Title: Accountant
 Employer: Aero Technology
 120 Terrell Mill Rd.
 Marietta, GA 30067

Phone: (770) 612 8000
 Fax:

Advisors

Financial Advisor

Sample
 First Global Financial Advisors, Inc.
 3350 Cumberland Circle
 Atlanta,
 Phone: Fax:

Cash Flow

<i>Receipts</i>	<i>Monthly</i>	<i>Annual</i>	<i>Non-Taxable Annual</i>
Salary-Joe	\$3,500	\$0	\$0
Salary-Susie	3,000	0	0
Self-Employment-Joe	0	0	
Self-Employment-Susie	0	0	
Interest & Dividends	500	300	1,200
Pensions & Alimony	0	0	0
Social Security	0	0	
Rental Property	0	0	
Other	0	0	0
<i>Total Receipts</i>	<u>\$7,000</u>	<u>\$300</u>	<u>\$1,200</u>

Expenses

Housing Total	\$1,600	\$0
Child Care	0	0
Transportation Total	300	0
Food and Beverages	400	0
Clothing	300	0
Furnishings	200	0
Personal Care and Cash	350	0
Medical/Dental/Drugs	100	0
Educ/Self-Improvement	50	0

Plus or minus adjustments	\$0
Plus AMT Preferences	0
Foreign Tax Credits	0

State Taxes

\$0 AND 6.00% of income

	<i>Legally Blind</i>	<i>Current participant in a qualified retirement plan?</i>
Joe	No	No
Susie	No	No

Assets

<i>Name</i>	<i>Type</i>	<i>Owner</i>	<i>Rate of Return</i>
Bonds/Income Funds	Bonds / Income Funds	Joint	6.00%
Tax Free Bond Funds	Tax Free Bond Funds	Joint	3.00%
Stocks / Growth Funds	Stocks / Growth Funds	Joint	1.00%

<i>Name</i>	<i>Value</i>	<i>Liability</i>	<i>Monthly Savings</i>	<i>Annual Incr.</i>	<i>Co. Match</i>
Bonds/Income Funds	\$80,000	\$0	\$0	0.00%	\$0
Tax Free Bond Funds	\$40,000	\$0	\$0	0.00%	\$0
Stocks / Growth Funds	\$30,000	\$0	\$0	0.00%	\$0

<i>Name</i>	-----Available at-----			<i>Risk Reward</i>
	<i>Joe's Death</i>	<i>Susie's Death</i>	<i>Independence</i>	
Bonds/Income Funds	Yes	Yes	Yes	Low
Tax Free Bond Funds	Yes	Yes	Yes	Low
Stocks / Growth Funds	Yes	Yes	Yes	Medium

Insurance

Life Insurance

<i>Name</i>	<i>Insured</i>	<i>Owner</i>	<i>Beneficiary</i>	<i>Net Death Benefit</i>
American Life	Client	Client	Surviving Spouse	\$20,000
American Life	Spouse	Spouse	Surviving Spouse	\$20,000

<i>Name</i>	<i>Annual Premium</i>	<i>Net Cash Value</i>	<i>Cash Values At Independence</i>	<i>Insured's Age</i>
American Life	\$300	\$0	\$0	65
American Life	\$200	\$0	\$0	65

Disability Insurance

<i>Name</i>	<i>Insured</i>	<i>Type</i>	<i>Monthly Benefit</i>	<i>Annual Premium</i>
LTD	Client	Group	\$1,100	\$0
STD	Spouse	Group	\$900	\$0

<i>Name</i>	<i>Elimination Period-Mos.</i>	<i>Benefit Period-Yrs</i>	<i>COLA</i>
LTD	3	5	Yes
STD	6	5	Yes

Long-Term Care Insurance

<<NONE>>

Financial Priorities

Emergency Reserves - Liquid Reserve/Contingency Fund - \$21,075

Accumulation Goals

<i>Goal</i>	<i>Consumable Investment</i>	<i> ----Fund----- </i>			<i>Need Per year</i>	<i>Years Until Needed</i>	<i>Years Needed</i>
		<i>To Thru</i>	<i>At Death</i>				

Designated Savings

<i>Goal</i>	<i>Inflate Need</i>	<i>Current Amount</i>	<i>Monthly Savings</i>	<i>Rate of Return</i>
-------------	---------------------	-----------------------	------------------------	-----------------------

Disability

Include Soc Sec	<i>Joe</i>		<i>Susie</i>		<i>Joe's Earnings</i>
	<i>Beginning</i>	<i>Monthly Need*</i>	<i>No</i>	<i>No</i>	
			<i>Susie's Earnings</i>	<i>Monthly Need*</i>	
30 Days		\$4,918	\$3,000	\$4,918	\$3,500
90 Days		\$4,918	\$3,000	\$4,918	\$3,500
1 Year		\$4,918	\$3,000	\$4,918	\$3,500
2 Years		\$4,918	\$3,000	\$4,918	\$3,500
5 Years		\$4,918	\$3,000	\$4,918	\$3,500
Age 65		\$4,918	\$0	\$4,918	\$0

* Need increases annually by 3.50%

Financial Independence

	<i>Joe</i>	<i>Susie</i>
Financial Independence begins at age:	55	55
Social Security begins at age:	66	66
Income Needs:		
Joe's Age	Monthly Need*	
55	\$4,918	

* Need increases annually by 3.50%
Asset rate of return beginning at Independence 5.00%

Direct Income Sources - Financial Independence and Survivor Needs

<i>Source</i>	<i>Client Spouse</i>	<i>Amount</i>	<i>PV FV</i>	<i>Annual Change</i>	<i>Begin @ Age</i>	<i>End @ Age</i>
Social Security	Client	\$0	PV	3.00%	30	85
Social Security	Spouse	\$0	PV	3.00%	30	85
		-----Available at-----				
<i>Source</i>		<i>Joe's Death</i>	<i>Susie's Death</i>	<i>Independence</i>		
Social Security		Yes	Yes	Yes		
Social Security		Yes	Yes	Yes		

Survivor Needs

-----Susie Survives-----			-----Joe Survives-----		
<i>Susie's Age</i>	<i>Monthly Need*</i>	<i>Susie's Earnings</i>	<i>Joe's Age</i>	<i>Monthly Need*</i>	<i>Joe's Earnings</i>
30	\$3,513	\$3,000	30	\$3,513	\$3,500
55	\$3,513	\$0	55	\$3,513	\$0

* Need increases annually by 3.50%

Survivor Needs And Estate Analysis

	<i>Susie Survives</i>	<i>Joe Survives</i>
Pay Off Mortgage and Other Loans	\$0	\$0
Child Care	\$0	\$0
Charitable Bequests	\$0	\$0
Other Bequests	\$0	\$0
Asset rate of return	4.20%	4.20%

Estate Analysis

	<i>Joe</i>	<i>Susie</i>
Hypothetical age of death	35	80

Maximum amount to UCT at first death \$600,000

Family business exclusion - Joe \$0

Family business exclusion - Susie \$0

Asset rate of return until first death - 8.00%

Asset rate of return from first death until second death - 6.00%

Data Input & Planning Assumptions

Susie Survives

Personal Information

<i>Name</i>	<i>Birthdate</i>	<i>Soc Sec</i>
Joe	12/15/59	100%
Susie	12/16/59	100%

Susie's Income - Needs and Earnings

<i>Age</i>	<i>Need</i>	<i>Earnings</i>
30	\$3,513	\$3,000
55	\$3,513	\$0

Income needs increase @ 3.50% annually.

Education Costs/Accumulation

<i>Item</i>	<i>Amount/Yr</i>	<i># Yrs</i>
-------------	------------------	--------------

Note: Refer to the Education/Accumulation Goal Disclosure page for more details

Assumptions:

(1) Emergency reserves =	\$21,075
(2) Social Security rate increase	3.00%
(3) Final Expenses at Joe's death \$5,000 and 2.00% of total assets of \$150,000 =	\$8,000
(4) Capital is	Depleted
(5) Mortality Age Susie's	90

Life Insurance on Joe's Life

<i>Policy Description</i>	<i>Death Benefit</i>	<i>Beneficiary</i>
American Life	20,000	Surviving Spouse

Available Assets at Joe's death

<i>Asset Name</i>	<i>Value</i>	<i>Rate of Return</i>
Bonds/Income Funds	\$80,000	6.00%
Tax Free Bond Funds	\$40,000	3.00%
Stocks / Growth Funds	\$30,000	1.00%
<i>Totals</i>	<i>\$150,000</i>	<i>4.20% portfolio average</i>

Planning assumption: asset rate of return is 4.20%

Direct Sources of Income-available at Joe's death

<i>Source</i>	<i>C/S</i>	<i>PV</i>	<i>FV</i>	<i>\$</i>	<i>COLA</i>	<i>Start Age</i>	<i>End Age</i>
---------------	------------	-----------	-----------	-----------	-------------	------------------	----------------

Social Security Estimate

Susie

I-Inputs Used

Benefit Level: 100% Born: 1959
Income Level: \$36,000

II-Average Indexed Monthly Earnings (AIME)

Estimated AIMEs:

Retirement	\$5,925
Survivor	\$5,619
Disability	\$5,539

III-Primary Insurance Amount (PIA)

	Retirement	Survivor	Disability
	-----	----	-----
AIME =	\$5,925	\$5,619	\$5,539
90% of 1st 477 of AIME:	455	455	455
32% of AIME 478 thru \$2,875:	812	812	812
15% of AIME > \$2,875:	432	386	374
PIA =	<u>\$1,699</u>	<u>\$1,653</u>	<u>\$1,641</u>

IV-Maximum Family Benefit

1) Independence (Retirement) and Survivor's benefits:

	Retirement	Survivor
	-----	----
PIA =	\$1,699	\$1,653
150% of First 609 of PIA:	968	968
272% of PIA > \$609 thru \$880:	778	778
134% of PIA > \$880 thru \$1,147:	379	379
175% of PIA > \$1,147:	849	768
	<u>\$2,973</u>	<u>\$2,893</u>

2) Disability Benefits = the LESSER of:

85% of AIME: $.85 \times \$5,539 = \$4,708$

OR

150% of the PIA: $1.5 \times \$1,641 = \$2,462$

The lesser of which is \$2,462

Data Input & Planning Assumptions

Joe Survives

Personal Information

<i>Name</i>	<i>Birthdate</i>	<i>Soc Sec</i>
Joe	12/15/59	100%
Susie	12/16/59	100%

Joe's Income - Needs and Earnings

<i>Age</i>	<i>Need</i>	<i>Earnings</i>
30	\$3,513	\$3,500
55	\$3,513	\$0

Income needs increase @ 3.50% annually.

Education Costs/Accumulation

<i>Item</i>	<i>Amount/Yr</i>	<i># Yrs</i>
-------------	------------------	--------------

Note: Refer to the Education/Accumulation Goal Disclosure page for more details

Assumptions:

(1) Emergency reserves =	\$21,075
(2) Social Security rate increase	3.00%
(3) Final Expenses at Susie's death \$5,000 and 2.00% of total assets of \$150,000 =	\$8,000
(4) Capital is	Depleted
(5) Mortality Age Joe's	90

Life Insurance on Susie's Life

<i>Policy Description</i>	<i>Death Benefit</i>	<i>Beneficiary</i>
American Life	20,000	Surviving Spouse

Available Assets at Susie's death

<i>Asset Name</i>	<i>Value</i>	<i>Rate of Return</i>
Bonds/Income Funds	\$80,000	6.00%
Tax Free Bond Funds	\$40,000	3.00%
Stocks / Growth Funds	\$30,000	1.00%
<i>Totals</i>	<i>\$150,000</i>	<i>4.20% portfolio average</i>

Planning assumption: asset rate of return is 4.20%

Social Security Estimate

Joe

I-Inputs Used

Benefit Level: 100% Born: 1959
Income Level: \$42,000

II-Average Indexed Monthly Earnings (AIME)

Estimated AIMEs:

Retirement	\$5,925
Survivor	\$5,619
Disability	\$5,539

III-Primary Insurance Amount (PIA)

	Retirement	Survivor	Disability
	-----	-----	-----
AIME =	\$5,925	\$5,619	\$5,539
90% of 1st \$505 of AIME:	455	455	455
32% of AIME \$505 thru \$3,043:	812	812	812
15% of AIME > \$3,043:	432	386	374
PIA =	\$1,699	\$1,653	\$1,641

IV-Maximum Family Benefit

1) Independence (Retirement) and Survivor's benefits:

	Retirement	Survivor
	-----	-----
PIA =	\$1,699	\$1,653
150% of First \$645 of PIA:	968	968
272% of PIA > \$645 thru \$931:	778	778
134% of PIA > \$931 thru \$1,214:	379	379
175% of PIA > \$1,214:	849	768
	\$2,973	\$2,893

2) Disability Benefits = the LESSER of:

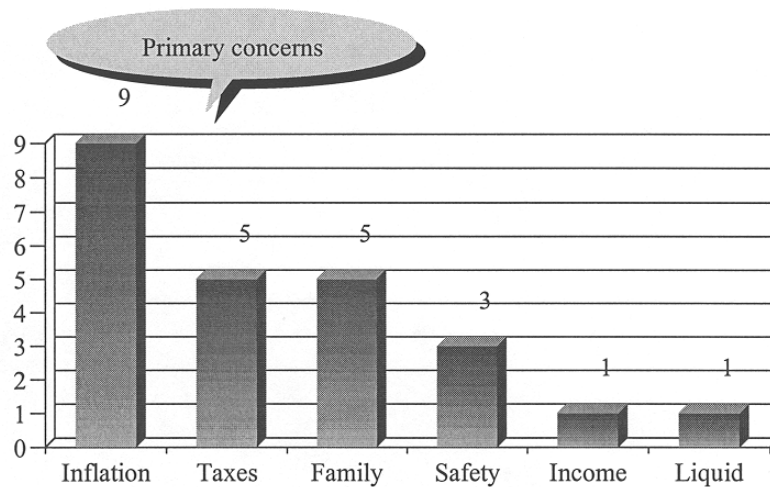
85% of AIME: $.85 \times \$5,539 = \$4,708$
OR
150% of the PIA: $1.5 \times \$1,641 = \$2,462$

The lesser of which is \$2,462

Summary Information

<i>Priorities</i>	<i>Need</i>	<i>Plan \$</i>	<i>Solution(s)</i>
1) Emergency Reserves	\$21,075	\$0	\$21,075
2) Accumulation	\$0	\$0	\$0
Education	0	0	0
<i>Totals</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0 Single Sum</i> <i>\$0 Monthly Savings</i>
3) Financial Independence			
Capital at Joe's Age 55	\$2,465,703	\$465,573	11.85% Yield \$2,492 Monthly Savings
4) Disability			
Joe's In 30 Days	\$4,918	\$3,000	\$1,918 Insurance
Susie's In 30 Days	\$4,918	\$3,500	\$1,418 Insurance
5) Long-Term Care			
Joe	\$3,500	\$0	\$3,500 Insurance
Susie	\$3,500	\$0	\$3,500 Insurance
6) Survivor Needs			
Susie Survives	\$1,261,762	\$170,000	\$1,091,762 New Insurance
Joe Survives	\$1,125,832	\$170,000	\$955,832 New Insurance
7) Estate Costs (Simple Will)			
Joe's death in 1995		\$7,604	\$90 Premium
Susie's death in 2040		\$1,023,992	\$10,321 Premium

Financial Concerns



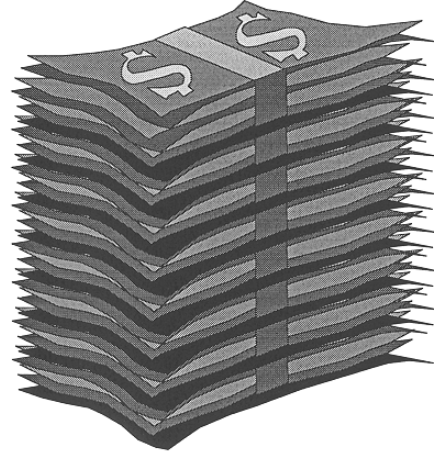
Your Six Financial Concerns

- **Inflation Hedge:** How important is it for you to own assets that seek to maintain their purchasing power by keeping pace with inflation?
- **Tax Advantage:** How concerned are you about getting all the tax relief to which you are legally entitled, that is both suitable and logical for you?
- **Safety:** How concerned are you about having guaranteed savings; that you will not lose any of the money you set aside?
- **Liquidity:** Do you feel a need for assets that can be quickly converted to cash, in the event of an accident; illness; disability; death in the family; or unexpected expenses?
- **Current Income:** Are you concerned about receiving maximum current income from investment assets, rather than growth of value? A high score indicates a strong interest in current income.
- **Family Benefit:** In the event of your death, what is your concern that your investment portfolio not cause expense, loss of capital, or decisions not in the best interests of your surviving spouse and children; or that would be difficult for your survivors to supervise or use?

A. Wealth of Income

Monthly Income	\$6,500
Annual Increase	0.00%

\$1,950,000



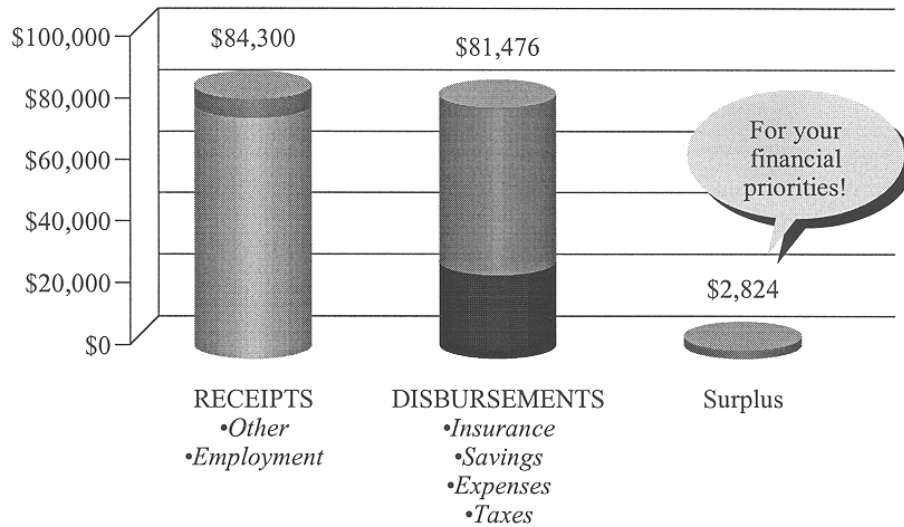
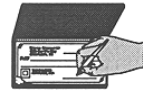
From age 30 to age 55, you will have earned a wealth of income.

You could literally earn a wealth of income during your remaining working lifetime. So, the question you should address is not, "Will you be able to earn a large sum of money?" It should be, "How much do you plan on keeping?"

Cash Flow

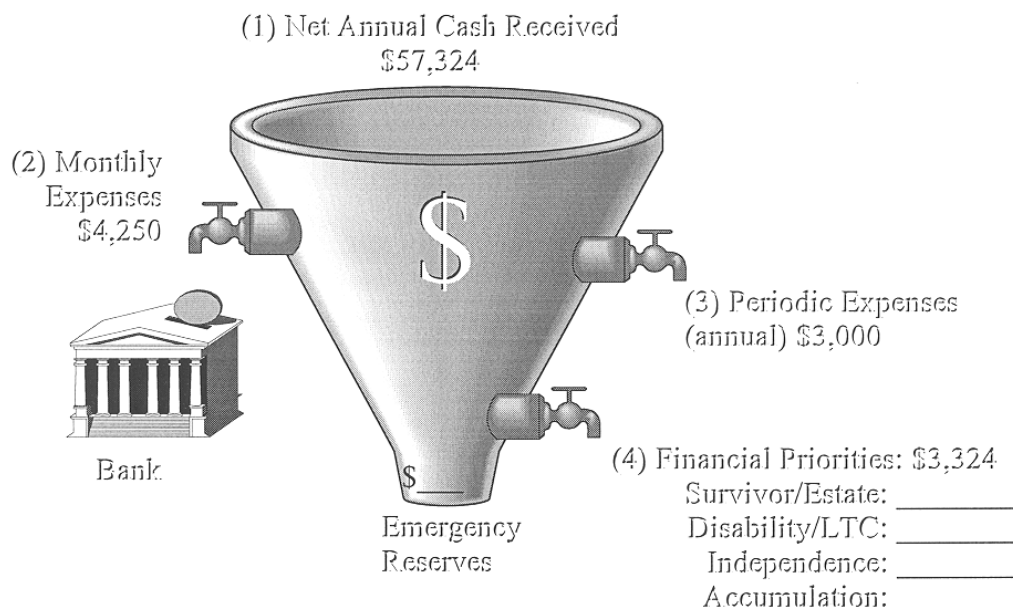
	<i>Annual</i>	<i>Monthly Average</i>	<i>% of Total Receipts</i>
Receipts			
Employment - Joe	\$42,000	\$3,500	49.82%
Employment - Susie	36,000	3,000	42.70%
Other Income	6,300	525	7.47%
<i>Total Receipts</i>	<i>84,300</i>	<i>7,025</i>	<i>100.00%</i>
Disbursements			
Insurance			
American Life	300	25	0.36%
American Life	200	17	0.24%
<i>Total Insurance</i>	<i>500</i>	<i>42</i>	<i>0.59%</i>
Savings			
<i>Total Savings</i>	<i>0</i>	<i>0</i>	<i>0.00%</i>
Expenses			
Housing	19,200	1,600	22.78%
Transportation	3,600	300	4.27%
Food and Beverages	4,800	400	5.69%
Clothing	3,600	300	4.27%
Furnishings	2,400	200	2.85%
Personal Care	4,200	350	4.98%
Medical/Dental	1,200	100	1.42%
Education	600	50	0.71%
Installment Payments	6,600	550	7.83%
Entertainment	2,400	200	2.85%
Vacation	3,000	250	3.56%
Charitable Contributions	2,400	200	2.85%
<i>Total Expenses</i>	<i>54,000</i>	<i>4,500</i>	<i>64.06%</i>
Taxes			
Federal	16,800	1,400	19.93%
State	4,200	350	4.98%
OASDI/Medicare	5,976	498	7.09%
<i>Total Taxes</i>	<i>26,976</i>	<i>2,248</i>	<i>32.00%</i>
<i>Total Disbursements</i>	<i>81,476</i>	<i>6,790</i>	<i>96.65%</i>
Surplus	<u>\$2,824</u>	<u>\$235</u>	<u>3.35%</u>

Cash Flow



	Annual Cash Flow	% of Total Receipts
Receipts:		
Employment Income	\$78,000	92.53%
Interest and Dividends	6,300	7.47%
Total Receipts	84,300	100.00%
Disbursements:		
Insurance	500	0.59%
Savings/Retirement Plans	0	0.00%
Living Expenses	54,000	64.06%
Taxes	26,976	32.00%
Total Disbursements	81,476	96.65%
Surplus	\$2,824	3.35%
<i>Additional Savings Goal</i>	<i>\$0</i>	<i>0.00%</i>

Cash Management



A system is necessary to monitor and direct cash flow. First, separate monthly expenses from those funds allocated for future periodic expenses or investments.

- (1) Deposit income to the master interest-bearing account.
- (2) Distributions - A single sum each month is deposited into a separate checking account to handle the monthly recurring expenses. By placing funds for these expenses in a separate account, it is clear when the budget has been exceeded.
- (3) Next, pay periodic expenses, such as taxes, general insurance premiums, and vacations, directly from the master account.
- (4) Finally, allocations to your five financial priorities are made from the master account. Emergency reserves may be left in the master account to accumulate, or directed to another liquid cash reserve investment.

Cash Management

1. Net Annual Cash Received

Monthly Receipts	7,000	
Monthly Receipts X 12	84,000	
Annual Receipts	300	
<i>Less</i>		
Monthly Tax Withholdings	2,248	
Monthly Tax Withholdings X 12	<u>26,976</u>	
<i>Net Annual Cash Received</i>		<i>\$57,324</i>

2. Monthly Expenses

Housing Total	\$1,600	
Transportation Total	300	
Food and Beverages	400	
Clothing	300	
Furnishings	200	
Personal Care and Cash	350	
Medical/Dental/Drugs	100	
Educ/Self-Improvement	50	
Installment Payments	550	
Entertainment Total	200	
Charitable Contributions	<u>200</u>	
<i>Total Monthly Expenses</i>	<i>\$4,250</i>	<i>X 12 (51,000)</i>

3. Periodic Expenses (annual)

Vacations and Holidays	<u>3,000</u>	
<i>Total Periodic Expenses</i>		<i>(3,000)</i>

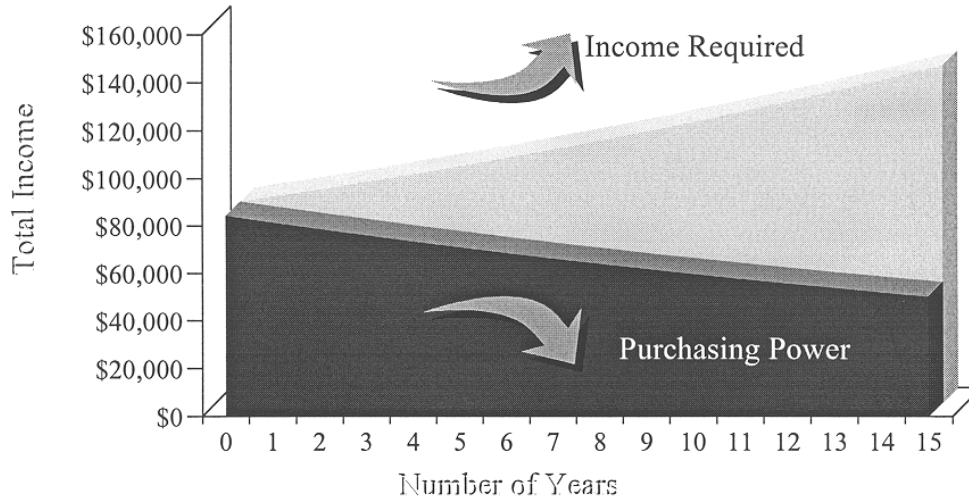
4. Financial Priorities equals 1 - 2 - 3

\$3,324

Net Worth

Asset Name	Owner	Rate of Return	Market Value	Liability	Net Worth
<hr/>					
<i>Tax Free Bond Funds</i>					
Tax Free Bond Funds	Joint	3.00%	\$40,000	\$0	\$40,000
<hr/>					
<i>Bonds/Income Funds</i>					
Bonds/Income Funds	Joint	6.00%	\$80,000	\$0	\$80,000
<hr/>					
<i>Stocks/Growth Funds</i>					
Stocks / Growth Funds	Joint	1.00%	\$30,000	\$0	\$30,000
<hr/>					
<i>Totals</i>			<i>\$150,000</i>	<i>\$0</i>	<i>\$150,000</i>

Impact of Inflation.



Assuming: Inflation 3.50%

Income Required

Over time your income must increase to provide the same purchasing power. For your example, the impact of inflation illustrates that your annual income of \$84,300 would have to increase to \$141,232 by the end of the fifteenth year to have the same purchasing power as today.

Purchasing Power

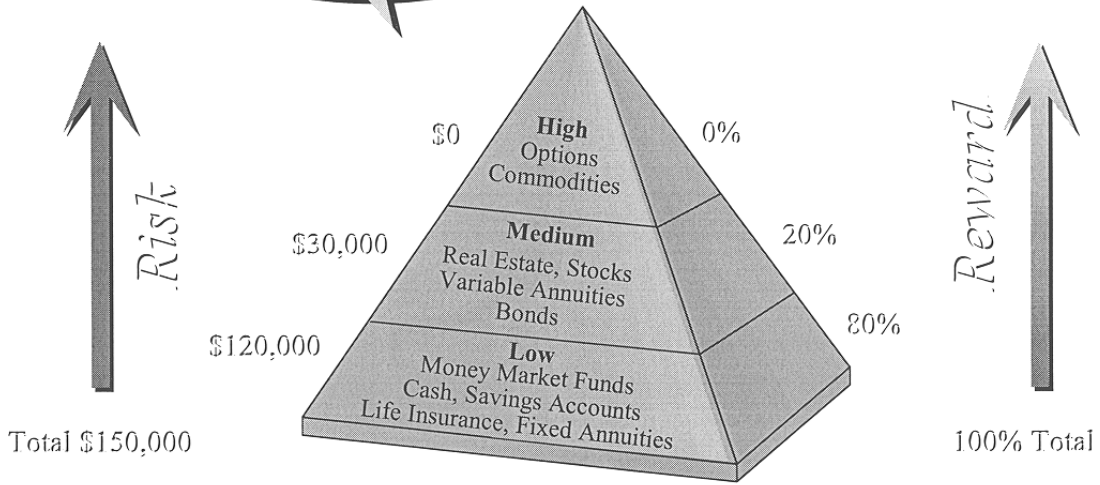
If it remains level, today's annual income of \$84,300 will lose its purchasing power to 3.50% inflation. By the end of the fifteenth year, that income would be worth only \$50,318.

This is a hypothetical illustration only and is not indicative of any particular investment or performance.

Investment Pyramid



Satisfied with your diversification?



Asset Type	Low	Medium	High
Cash	\$0	\$0	\$0
Investments	120,000	30,000	0
Life Insurance Cash Value	0	0	0
Retirement	0	0	0
Business	0	0	0
Residence	0	0	0
Personal	0	0	0
Other	0	0	0
Totals	\$120,000	\$30,000	\$0

Diversification does not eliminate investment risk.

Joe & Susie Good
Asset Management

Starting Balance \$150,000 School Expense \$10,000
 Monthly Savings \$0

Asset Class	Bond Fund	Tax Free	Lg. C. Gro.	Totals	Returns
Asset Allocation Initial	53%	27%	20%	100%	
10 Yr. Avg. Return	7.64%	6.66%	15.85%		9.02%
Start	\$80,000	\$40,000	\$30,000	\$150,000	
School Exp.	0	0	0	0	
Yr. 1 Balance	86,112	43,400	33,900	163,412	10.60%
School Exp.	0	0	0	0	
Yr. 2 Balance	92,140	47,089	38,307	177,536	10.63%
School Exp.	0	0	0	0	
Yr. 3 Balance	98,590	51,092	43,287	192,968	10.67%
School Exp.	0	0	0	0	
Yr. 4 Balance	105,491	55,434	48,914	209,839	10.70%
Yr. 5 Balance	112,875	60,146	55,273	228,295	10.74%
Yr. 6 Balance	120,777	65,259	62,459	248,494	10.77%
Yr. 7 Balance	129,231	70,806	70,578	270,615	10.80%
Yr. 8 Balance	138,277	76,824	79,753	294,855	10.83%
Yr. 9 Balance	147,956	83,354	90,121	321,432	10.87%
Yr. 10 Balance	158,313	90,439	101,837	350,590	10.90%
Asset Allocation Final	15%	8%	9%		
Effective Avg. Returns	7.06%	8.50%	13.00%		8.86%

Joe & Susie Good Asset Management

Starting Balance	\$150,000	School Expense/Yr	\$10,000						Totals	Returns
Asset Class	Emer. Mkts	Foreign Eq.	Lg. C. Gro.	Mid. C. Gro.	Sm. C. Gro.	Gro. & Inc.				
Asset Allocation	10%	20%	20%	20%	20%	10%				
10 Yr. Avg. Return	7.13%	8.46%	15.85%	13.63%	13.96%	13.13%			100%	12.41%
Start	\$15,000	\$30,000	\$30,000	\$30,000	\$30,000	\$15,000	\$150,000			
School Exp.	(1,000)	(2,000)	(2,000)	(2,000)	(2,000)	(1,000)	(10,000)			
Yr. 1 Balance	15,034	30,453	32,597	31,953	32,048	15,904	157,989			5.33%
School Exp.	(952)	(1,928)	(2,063)	(2,022)	(2,029)	(1,007)	(10,000)			
Yr. 2 Balance	15,120	31,021	35,536	34,148	34,352	16,919	167,096			5.76%
School Exp.	(905)	(1,856)	(2,127)	(2,044)	(2,056)	(1,013)	(10,000)			
Yr. 3 Balance	15,261	31,710	38,874	36,619	36,948	18,062	177,474			6.21%
School Exp.	(860)	(1,787)	(2,190)	(2,063)	(2,082)	(1,018)	(10,000)			
Yr. 4 Balance	15,459	32,530	42,671	39,406	39,879	19,349	189,294			6.66%
Yr. 5 Balance	16,561	35,282	49,434	44,777	45,446	21,889	213,391			12.73%
Yr. 6 Balance	17,742	38,267	57,270	50,880	51,791	24,763	240,713			12.80%
Yr. 7 Balance	19,007	41,505	66,347	57,815	59,021	28,015	271,709			12.88%
Yr. 8 Balance	20,362	45,016	76,863	65,696	67,260	31,693	306,890			12.95%
Yr. 9 Balance	21,814	48,824	89,046	74,650	76,650	35,854	346,838			13.02%
Yr. 10 Balance	23,369	52,955	103,160	84,825	87,350	40,562	392,220			13.08%
Asset Allocation Final	6%	14%	26%	22%	22%	10%				
Effective Avg. Returns	4.53%	5.85%	13.15%	10.95%	11.28%	10.46%				10.09%



I

Income
Taxes

Income Taxes

Income Tax Analysis 1999 Married filing jointly

Income Items And Adjustments

Salary	\$78,000
Self-Employment	0
Interest/Dividends	5,100
Pensions, Alimony	0
Social Security (taxable)	0
Rental Property	0
Other Taxable Receipts	0
Depreciation	0
Other Income Adjustments	0
1/2 Self-Employment Tax	0
Net Capital Gains	0
TSA, 401-K Plans	0
KEOGH (HR-10)	0
IRA (Deductible Amount)	0

<i>Adjusted Gross Income</i>	83,100
------------------------------	--------

I. Federal Income Tax Calculation

1. Total Itemized Deductions	\$17,400
2. Standard Deduction	7,200
Greater of line 1 or 2	\$17,400
3. Exemptions (2)	5,500

<i>Total Reductions To Income</i>	22,900
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Federal Taxable Income	\$60,200
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Regular Federal Income Tax	\$11,260
Alternative Minimum Tax	\$3,952

Higher of Regular Tax or AMT	\$11,260
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(-) Federal Tax Credits	0
Other taxes	\$0

Approximate Federal Income Tax	\$11,260
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Income Taxes

II. Social Tax Calculations

Social Security Tax (6.20% times maximum of \$72,600)	4,836
Medicare (1.45% times all wages)	1,131
Self-Employment Tax (based on 92.35% of earnings)	0
Social Security (12.4% times maximum of \$72,600)	0
Medicare (2.90% times 92.35% of all earnings)	0

III. State Income Tax Calculations

\$0 Plus 6.00 % of Federal Taxable Income	<u>3,612</u>
<i>Total Tax Liability (I+II+III)</i>	<u><u>\$20,839</u></u>

Annual Federal & State Tax Withholdings & Estimates

Federal	\$16,800	
State	4,200	
OASDI	5,976	
Medicare	0	
Self-Employment	0	
<i>Total Withholdings</i>		<u>26,976</u>
<i>Tax Due Or (Refund)</i>		<u><u>(\$6,137)</u></u>

Average Tax Rate:

Federal Income Tax	\$11,260
State Income Tax	<u>3,612</u>
Total	<u>14,872</u>
Divided by Total Receipts	84,300
Equals Average Tax Rate	<u><u>17.64%</u></u>

Consult your tax advisor.

Tax Calculation per Schedule D Form 1040

Line Number

7.	Net Short-Term Gain/Loss*	0
15.	28% Rate Gain/Loss*	0
16.	Net Long-Term Gain/Loss*	0
17.	Combine line 7 and line 16	0
18.	If line 17 is loss	0

Part IV Tax Computation Using Maximum Capital Gains Rates

19.	Taxable income from form 1040, line 39	60,200
20.	Smaller of line 16 or line 17	0
21.	Line 4e, Form 4952*	0
22.	Line 20 minus line 21 not less than 0	0
23.	Line 7 plus line 15 not less than 0	0
24.	Smaller of line 15 or line 23 not less than 0	0
25.	Unrecaptured 1250 gain*	0
26.	Line 24 plus line 25	0
27.	Line 22 minus line 26 not less than 0	0
28.	Line 19 minus line 27 not less than 0	60,200
29.	Smaller of line 19 or Capital Gain Threshold	43,050
30.	Smaller of line 28 or line 29	43,050
31.	Line 19 minus line 22 not less than 0	60,200
32.	Larger of line 30 or line 31	60,200
33.	Tax on line 32	11,260
34.	Amount from line 29	43,050
35.	Amount from line 28	60,200
36.	Line 34 minus line 35 not less than 0	0
37.	Line 36 times 10%	0
38.	Smaller of line 19 or line 27	0
39.	Amount from line 36	0
40.	Line 38 minus line 39 not less than 0	0
41.	Line 40 times 20%	0
42.	Smaller of line 22 or line 25	0
43.	Line 22 plus line 32	60,200
44.	Amount from line 19	60,200
45.	Line 43 minus line 44 not less than 0	0
46.	Line 42 minus line 45 not less than 0	0
47.	Line 46 times 25%	0
48.	Amount from line 19	60,200
49.	Add line 32, line 36, line 40, and line 46	60,200
50.	Line 48 minus line 49	0
51.	Line 50 times 28%	0
52.	Add line 33, line 37, line 41, line 47, and line 51	11,260
53.	Tax on line 19	11,260
54.	TAX: Smaller of line 52 or line 53	11,260

* Indicates input items

Computation Using Capital Gains Rates - Alternative Minimum Tax Form 6251 Part IV

Line Number

29	Net AMT Income	15,200
30	Schedule D line 27	0
31	Schedule D line 25	0
32	Line 30 + line 31	0
33	Schedule D line 22	0
34	Smaller of line 32 or line 33	0
35	Line 29 minus line 34, not less than zero	15,200
36	26% Tier and 28% Tier	3,952
37	Schedule D line 36	0
38	Smallest of line 29, line 30, or line 37	0
39	Line 38 times 10%	0
40	Smaller of line 29 or line 30	0
41	Amount from line 38	0
42	Line 40 minus line 41, not less than zero	0
43	Line 42 times 20%	0
44	Amount from line 29	15,200
45	Add lines 35, 38, and 42	15,200
46	Line 44 minus line 45	0
47	Line 46 times 25%	0
48	Add lines 36, 39, 43, and 47	3,952
49	26% Tier and 28% Tier for line 29	3,952
50	Smaller Of line 48 or line 49	3,952

Independence Capital Required

I-Income Need

Joe's current age: 30

To calculate the income needed at the beginning of each of the three time periods, simply inflate the need until the income is to start:

1) Time Period 1...starts at Joe's age 55, for 35 years.

a) Present Value of Income Goal:	\$4,918
b) Years to Independence:	25
c) Long-Term Inflation Rate:	3.50%
d) Future Value at Independence Age:	\$11,621

II-Total Capital Required at Joe's age 55

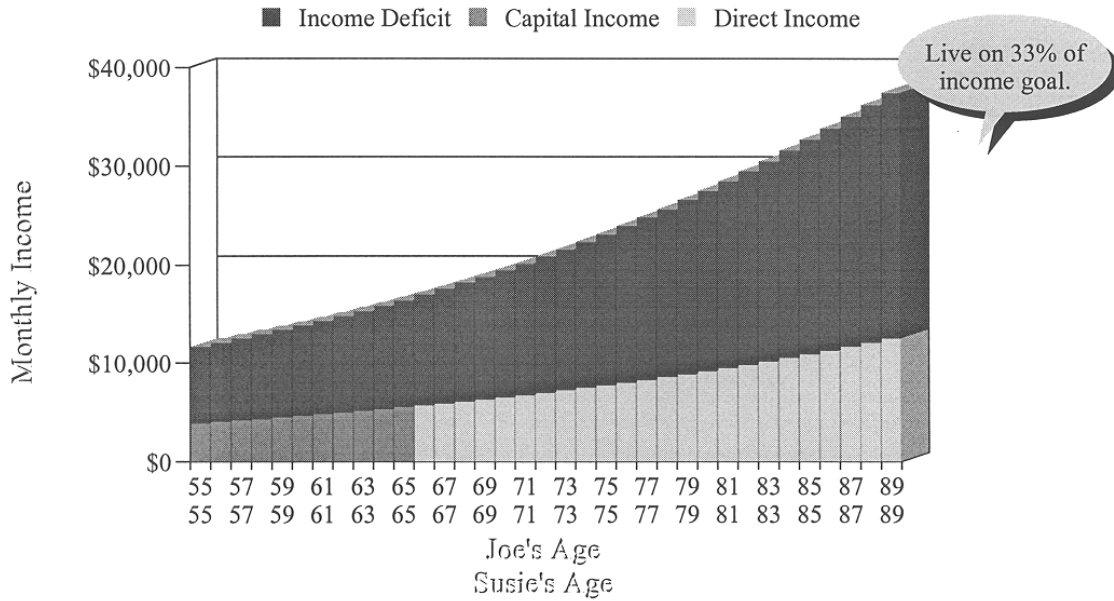
If your clients had to fund Independence entirely from their own capital, how much money would need to be invested? The calculation that answers this question assumes that the income need increases annually at the long-term inflation rate, 3.50%; and that the Investment Rate of Return, 5.00%, is a weighted portfolio average (or your estimate); and that all capital at the beginning of independence age is *Depleted* by the end of the estimated last year of independence, which you have assumed to be at Joe's age 90.

At Independence Age Total Capital Required

Time Period 1:	\$3,777,261
<i>Total:</i>	<u>\$3,777,261</u>

1) Time Period 1 - starts at Joe's age 55	
a) Beginning Monthly Payment	\$11,621
b) Monthly Investment Rate	0.4074%
c) Number of Months	12
d) Present Value of one year's payments at Joe's age 55	\$136,385
e) Annual Real Rate of Return	1.4493%
f) Number of Years	35
g) Capital Needed at Independence	\$3,777,261

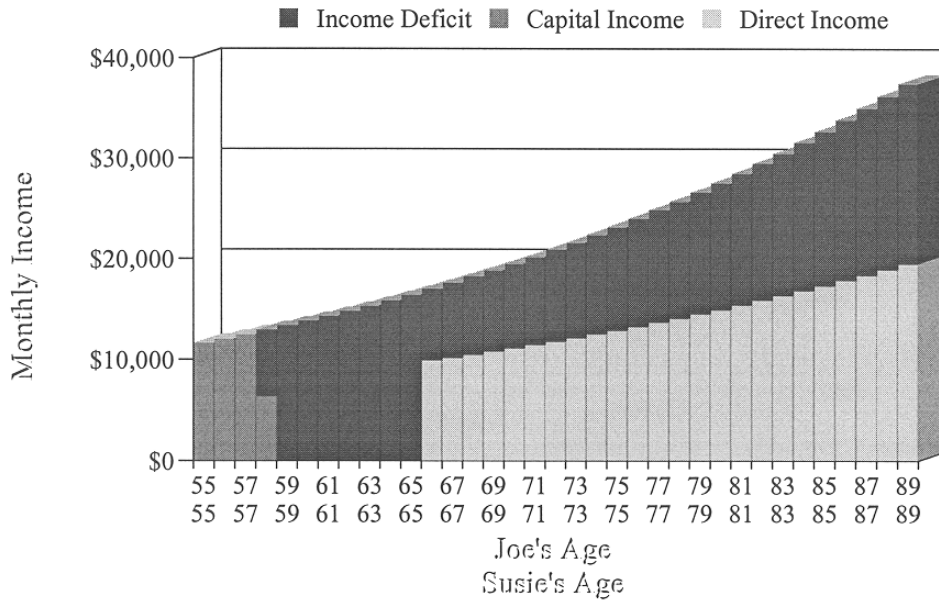
Financial Independence Income Analysis



Joe's Age	Income Desired Today's \$	Income Desired Future \$	Income Available
55	\$4,918	\$11,621	\$3,872

The Direct Income and Capital Income during Independence will provide for 33.31% of your required need during Independence.

Financial Independence Capital Analysis



Assuming: 5.00% asset rate of return at independence; Joe's mortality age 90, Susie's mortality age 90

Objective: Initial monthly income beginning at Joe's age 55:

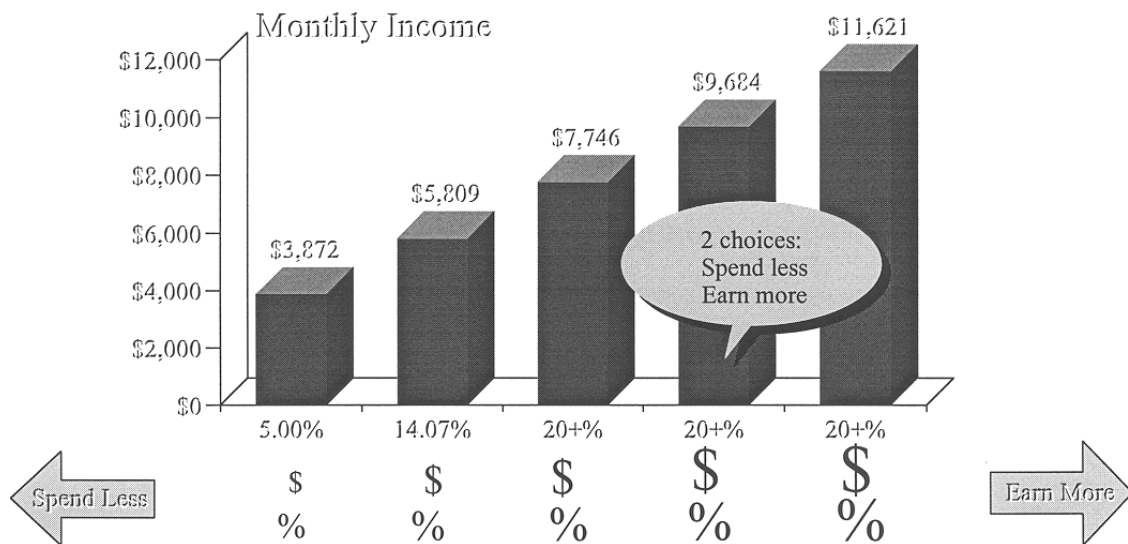
Present value	\$4,918
Future Value inflated at 3.50%	11,621

Total capital required to fund financial independence objective:	3,777,261
Direct Income Sources Available (Capital Value)	1,311,555
<i>Additional Capital Needed for Income Objectives</i>	2,465,706

Capital Available at Joe's age 55

Assets and Savings	465,573
<i>Total Capital Available to meet needs</i>	465,573
Deficit	\$2,000,130

Spend Less—Earn More



The current rate of return projection will not support your independence income goal of \$11,621.

There are two options available, you may either spend less at the current estimated rate of return, or earn a higher rate of return . . . or a combination of the two. This chart demonstrates that relationship.

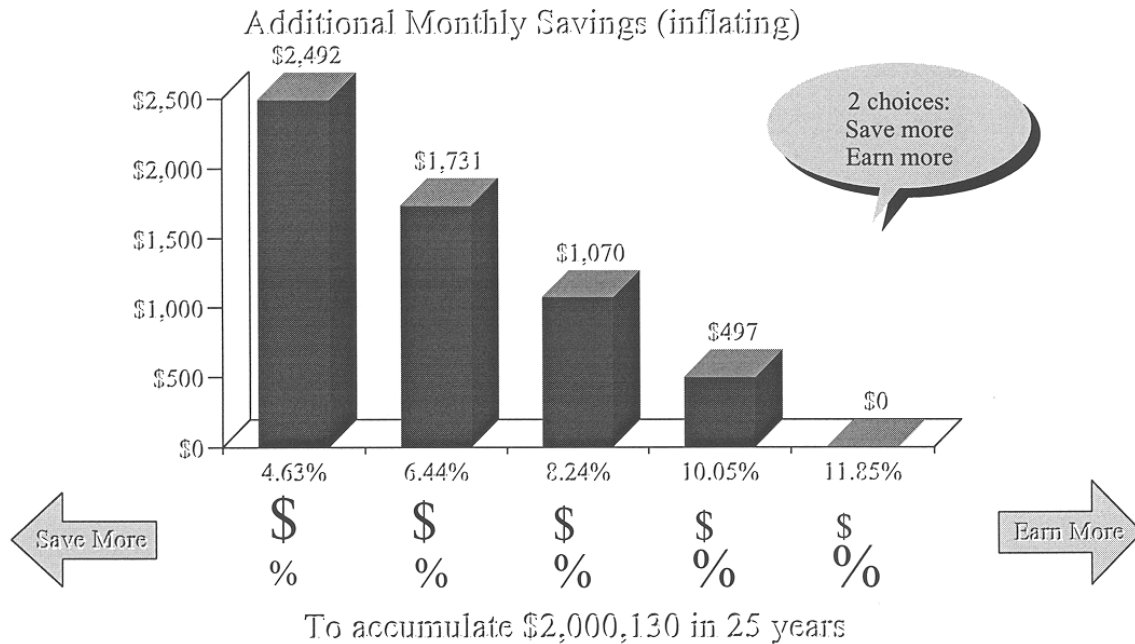
The current 5.00% rate of return will provide monthly income of \$3,872 as shown on the left. Moving to the right you can see the rates of return required for each of the illustrated income amounts.

The right side shows the 20+% rate of return required to achieve your income goal of \$11,621.

Can you modify your investment portfolio to achieve this higher rate of return during independence? If not, look for a compromise, decreasing your monthly income goal and increasing rate of return.

Assumes monthly income inflates annually at 3.50%.

Save More—Earn More



To achieve your desired financial independence goals, additional capital may be required at age 55. To obtain this additional capital, you may either save more money at the current portfolio rate of return, or earn a higher rate of return on the portfolio ... or a combination of the two. This chart demonstrates that relationship.

Beginning at the lower left corner of the chart is the rate, 4.63%. This represents the projected portfolio rate of return of your existing assets and savings from now until age 55. If this rate is used as the basis for any additional savings, an additional monthly savings amount of \$2,492 (Inflating) is required to achieve financial independence.

Alternatively, look to the far right rate of 11.85%. This is the rate of return required from all current investments and savings to achieve your financial independence goal, if no additional dollars are allocated for monthly savings. Can you modify your investment portfolio to achieve this high rate compounded each year from now to the commencement of financial independence? If not, look for a compromise, a combination of increasing both your monthly savings and the rate of return on all portfolio assets.

Assumes monthly savings inflate annually at 3.50%

Independence Timeline

		--MONTHLY DIRECT INCOME--				-----CAPITAL-----	
<i>Client Age</i>	<i>Spouse Age</i>	<i>Income Desired \$4,918 @ 3.50%</i>	<i>Social Security @ 3.00%</i>	<i>Earnings & Other</i>	<i>Income Surplus/ (Shortage)</i>	<i>Annual Capital Income @ 5.00%</i>	<i>Year End Capital Balance</i>
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>
BEGINNING CAPITAL BALANCE:							\$465,573
55	55	11,621	0	0	(11,621)	23,279	345,648
56	56	12,028	0	0	(12,028)	17,282	214,715
57	57	12,449	0	0	(12,449)	10,736	72,047
58	58	12,885	0	0	(12,885)	3,602	(83,123)
59	59	13,336	0	0	(13,336)	(4,156)	(251,609)
60	60	13,802	0	0	(13,802)	(12,580)	(434,270)
61	61	14,285	0	0	(14,285)	(21,714)	(632,018)
62	62	14,785	0	0	(14,785)	(31,601)	(845,814)
63	63	15,303	0	0	(15,303)	(42,291)	(1,076,676)
64	64	15,839	0	0	(15,839)	(53,834)	(1,325,682)
65	65	16,393	0	0	(16,393)	(66,284)	(1,593,969)
66	66	16,967	9,848	0	(7,119)	(79,698)	(1,761,386)
67	67	17,560	10,144	0	(7,417)	(88,069)	(1,940,852)
68	68	18,175	10,448	0	(7,727)	(97,043)	(2,133,114)
69	69	18,811	10,761	0	(8,050)	(106,656)	(2,338,966)
70	70	19,470	11,084	0	(8,386)	(116,948)	(2,559,245)
71	71	20,151	11,417	0	(8,734)	(127,962)	(2,794,838)
72	72	20,856	11,759	0	(9,097)	(139,742)	(3,046,680)
73	73	21,586	12,112	0	(9,474)	(152,334)	(3,315,763)
74	74	22,342	12,475	0	(9,867)	(165,788)	(3,603,133)
75	75	23,124	12,850	0	(10,274)	(180,157)	(3,909,895)
76	76	23,933	13,235	0	(10,698)	(195,495)	(4,237,218)
77	77	24,771	13,632	0	(11,139)	(211,861)	(4,586,337)
78	78	25,638	14,041	0	(11,597)	(229,317)	(4,958,555)
79	79	26,535	14,462	0	(12,073)	(247,928)	(5,355,251)
80	80	27,464	14,896	0	(12,568)	(267,763)	(5,777,880)
81	81	28,425	15,343	0	(13,082)	(288,894)	(6,227,979)
82	82	29,420	15,803	0	(13,617)	(311,399)	(6,707,170)
83	83	30,450	16,277	0	(14,172)	(335,358)	(7,217,167)
84	84	31,515	16,766	0	(14,750)	(360,858)	(7,759,779)
85	85	32,618	17,269	0	(15,350)	(387,989)	(8,336,916)
86	86	33,760	17,787	0	(15,973)	(416,846)	(8,950,594)
87	87	34,942	18,320	0	(16,621)	(447,530)	(9,602,941)
88	88	36,165	18,870	0	(17,295)	(480,147)	(10,296,203)
89	89	37,430	19,436	0	(17,994)	(514,810)	(11,032,749)

- 1 *Client's Age*-The client's age from the beginning of Financial Independence to age at second death.
- 2 *Spouse's Age*-The spouse's age from the beginning of Financial Independence to assumed mortality.
- 3 *Income Desired*-The value of the income desired projected at a 3.50% inflation rate
- 4 *Social Security*-The estimated Social Security retirement benefits for the client and spouse, projected at the lower of the independence inflation rate, or the maximum Social Security growth rate.
- 5 *Earnings & Other*-Earned income, other income, and any employer retirement plan benefits available during Financial Independence.
- 6 *Income Surplus/(Shortage)*-Columns 4+5-3 = 6.
- 7 *Annual Capital Income*-The annual interest earned on the capital balance at the independence portfolio rate of return, 5.00%.
- 8 *Year End Capital Balance (Deficit)*-The capital balance (deficit) remaining at the end of each year.

Financial Independence Summary

Objective: Monthly income beginning at Joe's age 55

<i>Age</i>	<i>Today's \$</i>	<i>Initial Need*</i>	<i>Capital Value</i>
55	\$4,918	\$11,621	<u>\$3,777,261</u>

A) Total Amount Needed 3,777,261

<i>Direct Income Sources:</i>	<i>Initial Monthly Payment</i>	<i>Capital Value</i>
1) Client Social Security	4,924	655,778
2) Spouse Social Security	4,924	<u>655,778</u>

B) Total Direct Income Sources 1,311,555

C) *Capital needed to meet objective (A-B)* 2,465,706

Capital Available at Independence:
Assets & savings 465,573

D) Total capital available at independence 465,573

Additional capital required at independence (C-D) \$2,000,133

Funds required to maintain a positive

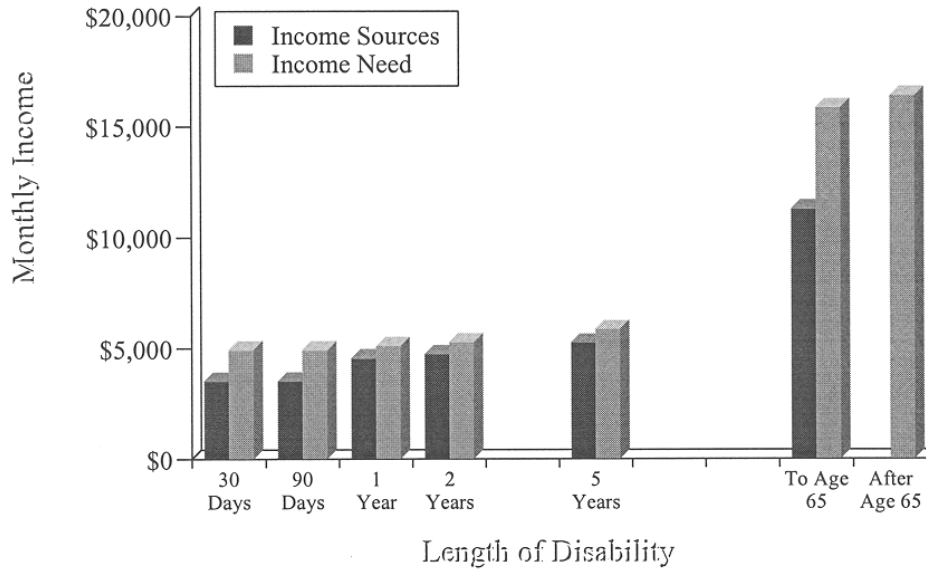
Capital surplus available at independence (\$2,000,130)

*Need inflates at 3.50% annually.

Disability Income



Susie Good



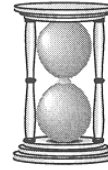
|---Estimated Monthly Income Sources---

	<i>Monthly Pre-Tax Income Need*</i>	<i>Spouse Pre-Tax Earnings**</i>	<i>Group Insurance & Soc Sec</i>	<i>Personal Disability Insurance</i>	<i>Income Surplus/ (Shortage)</i>
After 30 Day	4,918	3,500	0	0	(1,417)
After 90 Day	4,918	3,500	0	0	(1,417)
After 1 Yr.	5,090	3,623	932	0	(536)
After 2 Yrs	5,268	3,749	964	0	(554)
After 5 Yrs	5,840	4,157	1,069	0	(615)
To 65	15,839	11,273	0	0	(4,566)
Age 65+	16,393	0	0	0	(16,393)

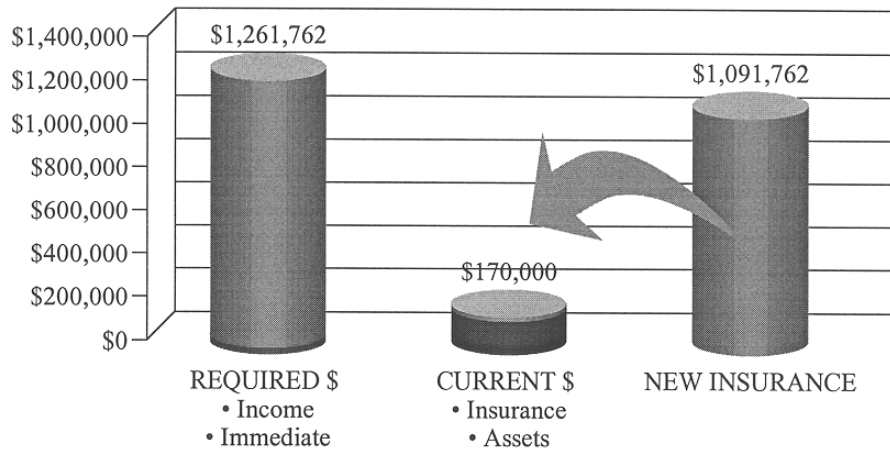
* *Monthly Pre-Tax Income Need* increases at the assumed rate of inflation of 3.50%.

** *Spouse Pre-Tax Earnings* increase at the assumed inflation rate of 3.50%.

Survivor Needs



Susie Survives



Assuming: 4.20% asset rate of return

Objective: Initial monthly income beginning at Susie's
Age 30 \$3,513

Amount Required in Today's Dollars (Present Value)

Capital Needed to Fund Income Objective	\$2,048,269
Less: Direct Income Sources	(815,582)
	<u>1,232,687</u>
Plus: Immediate Cash Needs	<u>29,075</u>

Total Amount Required to Fund Survivor Needs **1,261,762**

Less: Current Capital Available

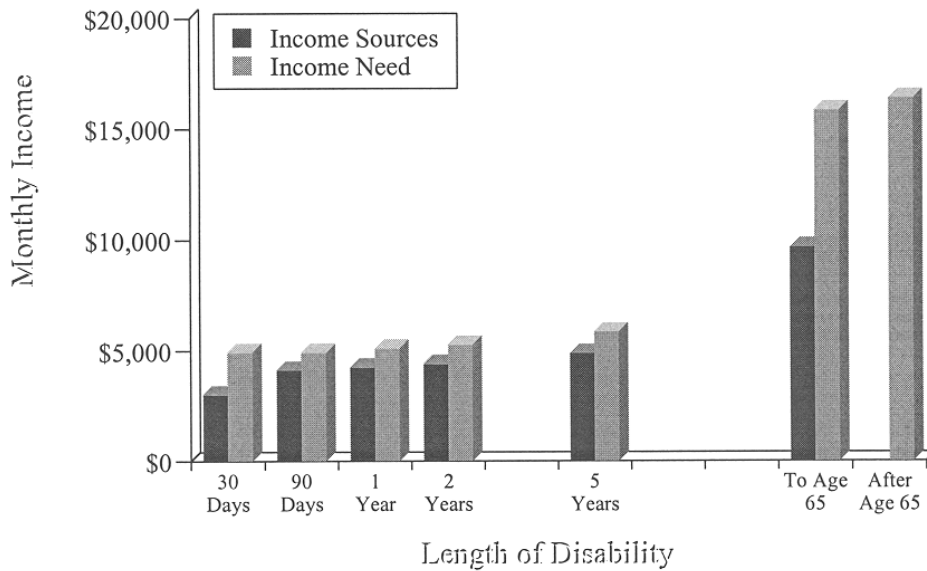
Assets	150,000	
Insurance	20,000	
		<u>170,000</u>

Total Additional Capital Required to Fund Survivor Needs **\$1,091,762**

Disability Income



Joe Good



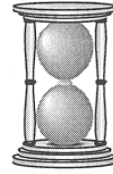
---Estimated Monthly Income Sources---

	<i>Monthly Pre-Tax Income Need*</i>	<i>Spouse Pre-Tax Earnings**</i>	<i>Group Insurance & Soc Sec</i>	<i>Personal Disability Insurance</i>	<i>Income Surplus/ (Shortage)</i>
After 30 Day	4,918	3,000	0	0	(1,917)
After 90 Day	4,918	3,000	1,100	0	(817)
After 1 Yr.	5,090	3,105	1,139	0	(846)
After 2 Yrs	5,268	3,214	1,178	0	(876)
After 5 Yrs	5,840	3,563	1,306	0	(971)
To 65	15,839	9,663	0	0	(6,176)
Age 65+	16,393	0	0	0	(16,393)

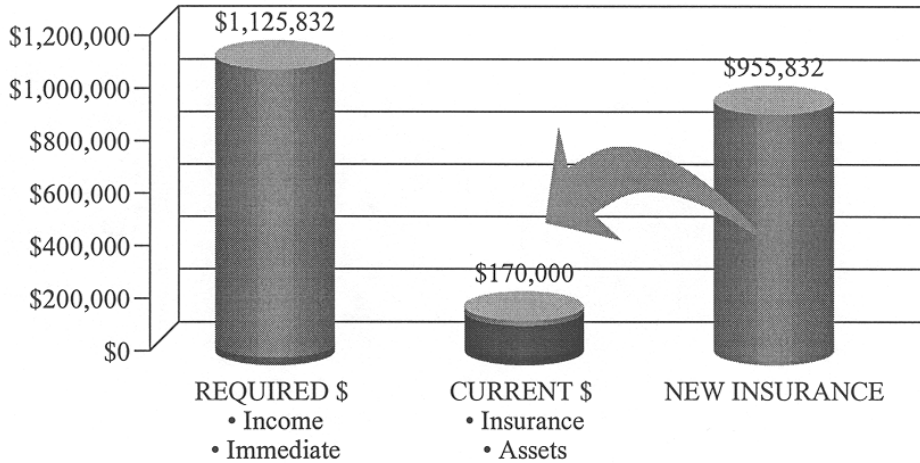
* *Monthly Pre-Tax Income Need* increases at the assumed rate of inflation of 3.50%.

** *Spouse Pre-Tax Earnings* increase at the assumed inflation rate of 3.50%.

Survivor Needs



Joe Survives



Assuming: 4.20% asset rate of return

Objective: Initial monthly income beginning at Joe's

Age 30 \$3,513

Amount Required in Today's Dollars (Present Value)

Capital Needed to Fund Income Objective	\$2,048,269
Less: Direct Income Sources	(951,513)
	1,096,757
Plus: Immediate Cash Needs	29,075
	1,125,832

Total Amount Required to Fund Survivor Needs **1,125,832**

Less: Current Capital Available

Assets	150,000	
Insurance	20,000	
		170,000

Total Additional Capital Required to Fund Survivor Needs **\$955.832**

Survivor Needs

Timeline

Susie Survives

<i>Susie's Age (1)</i>	-----Monthly Direct Income-----				-----Capital-----	
	<i>Income Desired \$3,513 @ 3.50% (2)</i>	<i>Social Security @ 3.00% (3)</i>	<i>Earnings & Other (4)</i>	<i>Income Surplus/ (Shortage) (5)</i>	<i>Annual Capital Income @ 4.20% (6)</i>	<i>Year End Capital Balance (7)</i>
						BEGINNING CAPITAL BALANCE: \$140,925
30	3,513	0	3,000	(512)	5,919	140,555
31	3,635	0	3,105	(530)	5,903	139,949
32	3,763	0	3,214	(549)	5,878	139,090
33	3,894	0	3,326	(568)	5,842	137,959
34	4,031	0	3,443	(588)	5,794	136,536
35	4,172	0	3,563	(609)	5,735	134,801
36	4,318	0	3,688	(630)	5,662	132,732
37	4,469	0	3,817	(652)	5,575	130,306
38	4,625	0	3,950	(675)	5,473	127,497
39	4,787	0	4,089	(698)	5,355	124,281
40	4,955	0	4,232	(723)	5,220	120,629
41	5,128	0	4,380	(748)	5,066	116,514
42	5,308	0	4,533	(774)	4,894	111,904
43	5,493	0	4,692	(802)	4,700	106,768
44	5,686	0	4,856	(830)	4,484	101,073
45	5,885	0	5,026	(859)	4,245	94,781
46	6,091	0	5,202	(889)	3,981	87,857
47	6,304	0	5,384	(920)	3,690	80,260
48	6,524	0	5,572	(952)	3,371	71,949
49	6,753	0	5,768	(985)	3,022	62,881
50	6,989	0	5,969	(1,020)	2,641	53,008
51	7,234	0	6,178	(1,055)	2,226	42,282
52	7,487	0	6,395	(1,092)	1,776	30,653
53	7,749	0	6,618	(1,131)	1,287	18,066
54	8,020	0	6,850	(1,170)	759	4,465
55	8,301	0	0	(8,301)	188	(97,210)
56	8,591	0	0	(8,591)	(4,083)	(206,721)
57	8,892	0	0	(8,892)	(8,682)	(324,521)
58	9,203	0	0	(9,203)	(13,630)	(451,088)
59	9,525	0	0	(9,525)	(18,946)	(586,923)
60	9,859	0	0	(9,859)	(24,651)	(732,554)
61	10,204	0	0	(10,204)	(30,767)	(888,537)
62	10,561	0	0	(10,561)	(37,319)	(1,055,453)
63	10,931	0	0	(10,931)	(44,329)	(1,233,916)
64	11,313	0	0	(11,313)	(51,824)	(1,424,568)
65	11,709	0	0	(11,709)	(59,832)	(1,628,088)

65	11,709	0	0	(11,709)	(35,736)	(1,030,289)
66	12,119	0	0	(12,119)	(43,272)	(1,222,278)
67	12,543	0	0	(12,543)	(51,336)	(1,427,535)
68	12,982	0	0	(12,982)	(59,956)	(1,646,800)
69	13,437	0	0	(13,437)	(69,166)	(1,880,850)
70	13,907	0	0	(13,907)	(78,996)	(2,130,501)
71	14,394	0	0	(14,394)	(89,481)	(2,396,610)
72	14,897	0	0	(14,897)	(100,658)	(2,680,078)
73	15,419	0	0	(15,419)	(112,563)	(2,981,849)
74	15,958	0	0	(15,958)	(125,238)	(3,302,918)
75	16,517	0	0	(16,517)	(138,723)	(3,644,325)
76	17,095	0	0	(17,095)	(153,062)	(4,007,166)
77	17,693	0	0	(17,693)	(168,301)	(4,392,588)
78	18,313	0	0	(18,313)	(184,489)	(4,801,797)
79	18,954	0	0	(18,954)	(201,675)	(5,236,058)
80	19,617	0	0	(19,617)	(219,914)	(5,696,698)
81	20,304	0	0	(20,304)	(239,261)	(6,185,111)
82	21,014	0	0	(21,014)	(259,775)	(6,702,758)
83	21,750	0	0	(21,750)	(281,516)	(7,251,171)
84	22,511	0	0	(22,511)	(304,549)	(7,831,959)
85	23,299	0	0	(23,299)	(328,942)	(8,446,808)
86	24,114	0	0	(24,114)	(354,766)	(9,097,488)
87	24,958	0	0	(24,958)	(382,094)	(9,785,853)
88	25,832	0	0	(25,832)	(411,006)	(10,513,849)
89	26,736	0	0	(26,736)	(441,582)	(11,283,516)

- (1) *Joe's age*-The survivor's age in each year.
- (2) *Income desired*-The value of the income desired, projected at a 3.50% inflation rate.
- (3) *Social Security*-The estimated Social Security survivor's benefits projected at the lower of the long-term inflation rate, or the maximum Social Security growth rate.
- (4) *Earnings & other*-Earned income, other income, and any employer retirement plan benefits available at death.
- (5) *Income Surplus/(Shortage)* -Columns (3) + (4) - (2) = 5.
- (6) *Annual capital income*-The annual interest earned on the capital balance at the portfolio rate of return, 4.20%.
- (7) *Year End Capital balance*-The capital balance (deficit) remaining at the end of each year.

Survivor Needs

Timeline

Joe Survives

Joe's Age (1)	-----Monthly Direct Income-----				-----Capital-----	
	<i>Income Desired</i> \$3,513 3.50% (2)	<i>Social Security</i> 3.00% (3)	<i>Earnings & Other</i> (4)	<i>Income Surplus/ (Shortage)</i> (5)	<i>Annual Capital Income</i> 4.20% (6)	<i>Year End Capital Balance</i> (7)
	BEGINNING CAPITAL BALANCE:					\$140,925
30	3,513	0	3,500	(12)	5,919	146,690
31	3,635	0	3,623	(13)	6,161	152,693
32	3,763	0	3,749	(13)	6,413	158,941
33	3,894	0	3,881	(14)	6,676	165,447
34	4,031	0	4,016	(14)	6,949	172,220
35	4,172	0	4,157	(15)	7,233	179,271
36	4,318	0	4,302	(15)	7,529	186,612
37	4,469	0	4,453	(16)	7,838	194,254
38	4,625	0	4,609	(16)	8,159	202,211
39	4,787	0	4,770	(17)	8,493	210,495
40	4,955	0	4,937	(18)	8,841	219,119
41	5,128	0	5,110	(18)	9,203	228,098
42	5,308	0	5,289	(19)	9,580	237,446
43	5,493	0	5,474	(20)	9,973	247,179
44	5,686	0	5,665	(20)	10,382	257,312
45	5,885	0	5,864	(21)	10,807	267,863
46	6,091	0	6,069	(22)	11,250	278,847
47	6,304	0	6,281	(22)	11,712	290,283
48	6,524	0	6,501	(23)	12,192	302,190
49	6,753	0	6,729	(24)	12,692	314,587
50	6,989	0	6,964	(25)	13,213	327,495
51	7,234	0	7,208	(26)	13,755	340,933
52	7,487	0	7,460	(27)	14,319	354,926
53	7,749	0	7,721	(28)	14,907	369,494
54	8,020	0	7,992	(29)	15,519	384,663
55	8,301	0	0	(8,301)	16,156	298,956
56	8,591	0	0	(8,591)	12,556	206,084
57	8,892	0	0	(8,892)	8,656	105,622
58	9,203	0	0	(9,203)	4,436	(2,879)
59	9,525	0	0	(9,525)	(121)	(119,889)
60	9,859	0	0	(9,859)	(5,035)	(245,905)
61	10,204	0	0	(10,204)	(10,328)	(381,449)
62	10,561	0	0	(10,561)	(16,021)	(527,067)
63	10,931	0	0	(10,931)	(22,137)	(683,337)
64	11,313	0	0	(11,313)	(28,700)	(850,866)

66	12,119	0	0	(12,119)	(68,380)	(1,845,184)
67	12,543	0	0	(12,543)	(77,498)	(2,076,603)
68	12,982	0	0	(12,982)	(87,217)	(2,323,128)
69	13,437	0	0	(13,437)	(97,571)	(2,585,584)
70	13,907	0	0	(13,907)	(108,595)	(2,864,834)
71	14,394	0	0	(14,394)	(120,323)	(3,161,785)
72	14,897	0	0	(14,897)	(132,795)	(3,477,390)
73	15,419	0	0	(15,419)	(146,050)	(3,812,649)
74	15,958	0	0	(15,958)	(160,131)	(4,168,612)
75	16,517	0	0	(16,517)	(175,082)	(4,546,378)
76	17,095	0	0	(17,095)	(190,948)	(4,947,105)
77	17,693	0	0	(17,693)	(207,778)	(5,372,005)
78	18,313	0	0	(18,313)	(225,624)	(5,822,349)
79	18,954	0	0	(18,954)	(244,539)	(6,299,474)
80	19,617	0	0	(19,617)	(264,578)	(6,804,778)
81	20,304	0	0	(20,304)	(285,801)	(7,339,730)
82	21,014	0	0	(21,014)	(308,269)	(7,905,870)
83	21,750	0	0	(21,750)	(332,047)	(8,504,814)
84	22,511	0	0	(22,511)	(357,202)	(9,138,255)
85	23,299	0	0	(23,299)	(383,807)	(9,807,969)
86	24,114	0	0	(24,114)	(411,935)	(10,515,817)
87	24,958	0	0	(24,958)	(441,664)	(11,263,752)
88	25,832	0	0	(25,832)	(473,078)	(12,053,820)
89	26,736	0	0	(26,736)	(506,260)	(12,888,165)

- (1) *Susie's age*-The survivor's age in each year.
- (2) *Income desired*-The value of the income desired, projected at a 3.50% inflation rate.
- (3) *Social Security*-The estimated Social Security survivor's benefits projected at the lower of the long-term inflation rate, or the maximum Social Security growth rate.
- (4) *Earnings & other*-Earned income, other income, and any employer retirement plan benefits available at death.
- (5) *Income Surplus/(Shortage)*-Columns (3) + (4) - (2) = (5).
- (6) *Annual capital income*-The annual interest earned on the capital balance at the portfolio rate of return, 4.20%.
- (7) *Year End Capital balance*-The capital balance (deficit) remaining at the end of each year.

Simple Will

From Joe's Death In 1995

A) Separately Owned Assets

Present value of assets	\$0
Years carried forward	5
Compounded at a rate of	8.00%
Value at death	<u>0</u>

B) 1/2 Of Joint And Community Assets

Present value of joint assets	75,000
Present value of community assets	<u>0</u>
<i>Total Joint and Community Assets</i>	<u>75,000</u>
Years carried forward	5
Compounded at a rate of	8.00%
Value at death	<u>110,200</u>

C) Life Insurance Death Benefits On Joe's Life

Owned by Joe	20,000
1/2 joint & community policies	<u>0</u>
<i>Total death benefits</i>	<u>20,000</u>

D) Life Insurance Cash Values On Others Lives

Policies owned by Joe	0
1/2 joint & community policies	<u>0</u>
<i>Total cash values</i>	<u>0</u>
Years carried forward	5
Compounded at a rate of	8.00%
Value at death	<u>0</u>
<i>Total Gross Estate of Joe</i>	<u><u>\$130,200</u></u>

Current portfolio rate of return 4.20%

Simple Will

From Joe's Death In 1995

Gross Estate of Joe		\$130,200
LESS		
Administrative Expenses		
Gross Estate	130,200	
(x)	<u>2.00%</u>	
(=)	2,604	
(+)	<u>5,000</u>	
(-) Administrative expenses (=)		<u>7,604</u>
(-) Liabilities		0
(-) Charitable bequests		0
(-) Marital deduction		122,595
(=) <i>Taxable Estate</i>		<u><u>\$1</u></u>

Disposition of Taxable Estate

Federal Estate Tax		
Amount from table		0
(+) 18.00% of estate over	0	<u>0</u>
(=) Tentative Federal Estate Tax		0
(-) Unified Credit		192,800
(-) State Death Tax		
Taxable estate		1
Less		<u>60,000</u>
Adjusted taxable estate		0
Credit from table		0
Plus 0.00% of amount over	0	<u>0</u>
Maximum allowable state credit		0
(=) Federal Estate Tax		0
(+) State death tax		0
(+) Other bequests		0
(+) Death benefits payable to others (non-spouse)		<u>0</u>
(=) <i>Taxable Estate</i>		<u><u>\$0</u></u>

Simple Will

From Susie's death in 2040

A) Assets From Joe's Estate (Marital Deduction Amount)

Value at death of Joe	\$122,595
Cash values on life of Susie	0
Years carried forward	45
Compounded at a rate of	6.00%
Value at death	<u>1,687,472</u>

B) Separately owned assets

Present value of assets	0
Years carried forward	50
Compounded at a rate of	6.00%
Value at death	<u>0</u>

C) 1/2 Of Joint and Community Assets

Present value of joint assets	75,000
Present value of community assets	<u>0</u>
<i>Total Joint and Community Assets</i>	<i>75,000</i>
Years carried forward	50
Compounded at a rate of	6.00%
Value at death	<u>1,381,512</u>

D) Life Insurance Death Benefits on Susie's Life Owned by Susie

20,000

E) Life Insurance Cash Values on Others Lives

Policies owned by Susie	0
Years carried forward	50
Compounded at a rate of	6.00%
Value at death	<u>0</u>

F) Proceeds From Life Policy on Joe Owned by Susie

Death benefits	0
Years carried forward	45
Compounded at a rate of	6.00%
Value at death	<u>0</u>
<i>Total Gross Estate Of Susie</i>	<u><u>\$3,088,984</u></u>

Simple Will

From Susie's death in 2040

Gross Estate of Susie \$3,088,984

LESS

Administrative Expenses

Gross Estate	3,088,984		
(x)	2.00%		
(=)	61,780		
(+)	5,000		

(-) Administrative expenses (=)	66,780
(-) Liabilities	0
(=) Adjusted Gross Estate	3,022,204
(-) Charitable bequests	0
(=) <i>Taxable Estate</i>	<u>\$3,022,204</u>

Disposition of Taxable Estate

Federal Estate Tax

Amount from table	1,290,800
(+) 55.00% of amount over 3,000,000	12,212
(=) Tentative Federal Estate Tax	1,303,012

(-) Unified Credit 345,800

(-) State Death Tax	
Taxable estate	3,022,204
Less	60,000
Adjusted taxable estate	2,962,204

Credit from table	146,800
Plus 8.80% of amount over 2,540,000	37,154
Maximum allowable state credit	183,954

(=) Federal Estate Tax	773,258
(+) State death tax	183,954
(+) Other bequests	0
(+) Death benefits payable to others (non-spouse)	0
(+) Amount to heirs	2,064,992
(-) Family business exclusion	0

(=) *Taxable Estate* \$3,022,205

Simple Will

From Susie's death in 2040

Total Amount to Heirs

Amount from Estate	\$2,064,992
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Proceeds From Irrevocable Life Insurance Trust(s)

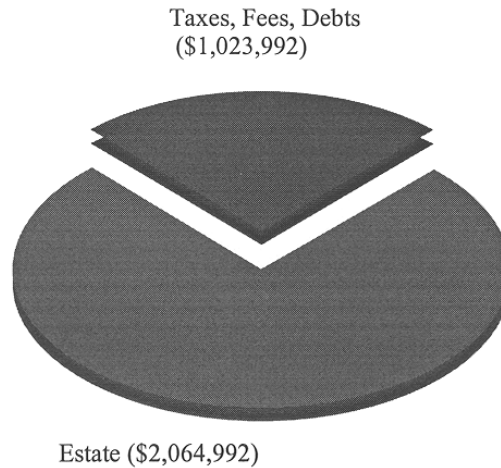
Life trust on Joe	0
Years carried forward	45
Compounded at a rate of	8.00%
Value at death of Susie	0
Life trust on Susie	<u>0</u>

<i>Total value at death</i>	<u>0</u>
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<i>Grand Total To Heirs</i>	<u><u>\$2,064,992</u></u>
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Simple Will.

Susie's Estate Value = \$3,088,984 in 2040



Estate Shrinkage \$1,031,596 (33%)

8.00% rate of return until Joe's death and 6.00% until Susie's death
Taxes are based on the 1999 Federal Estate Tax Tables

At Joe's death in 1995

Gross estate	\$130,200
<i>Less:</i>	
Taxes	0
Fees	7,604
Debts	0
To Other	0
<i>Net to Susie</i>	<u><u>\$122,595</u></u>

At Susie's death in 2040

Gross estate	\$3,088,984
<i>Less:</i>	
Taxes	957,212
Fees	66,780
Debts	0
To Other	0
Net to Heirs	<u><u>2,064,992</u></u>
Insurance Trust	0
Total to Heirs	<u><u>\$2,064,992</u></u>

Assuming: Fees are \$5,000 plus 2.00% of gross estate.
"Other" includes both charitable and noncharitable contributions, and death benefits