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RETIREMENT PLANNING

JANUARY 23, 2015

PLEASE READ THIS DISCLOSURE CAREFULLY.

This information may help you analyze your financial needs. It is based on information and assumptions provided by you regarding your goals, expectations and financial situation. The calculations do not infer that the company assumes any fiduciary duties. The calculations provided should not be construed as financial, legal or tax advice. In addition, such information should not be relied upon as the only source of information. This information is supplied from sources we believe to be reliable but we cannot guarantee its accuracy. Hypothetical illustrations may provide historical or current performance information. Past performance does not guarantee nor indicate future results.



SOURCES OF RETIREMENT INCOME

Today, two traditional sources of retirement income - Social Security and company pension plans are figuring less and less in people's retirement planning. By some estimates these two sources will provide just 20 to 25 percent of what those in the middle-to-upper income group will need to live comfortably when they retire. The forecast is cloudy for Social Security. Some actuaries believe either the system is going broke and will be out of business before today's younger workers come close to retirement age, or Social Security will provide only a marginal contribution to the incomes of those other than the poorest retirees.



ROADBLOCKS TO RETIREMENT

Inflation: Inflation is constant, steady erosion of money's value. The amount of erosion varies - in some years the rate of inflation is higher than in others. But the effect of inflation never changes: the cost of living keeps going, so you need more money just to break even.

Taxes: Just as inflation can erode your savings, income taxes can have a dramatic effect on your total return, negating as much as a third of your earnings. Consider carefully your savings vehicles to minimize "tax-bite" and maximize earnings. Consult your tax advisor with any questions on taxation issues.

Procrastination: By far the most dangerous of retirement roadblocks is procrastination. Each year that saving is postponed you lose the advantages of compound growth in that year. In exchange for a higher standard of living now you may deteriorate your standard of living during retirement.



RETIREES MAY HAVE INADEQUATE SAVINGS

Having enough money for retirement can be one of the biggest financial concerns among Americans today. According to a recent survey by the Employee Benefit Research Institute, 70% of people polled said that future retirees will be financially "worse off" than current retirees. Almost the same number, 68 percent, think the percentage of elderly people living at or below the poverty line will increase in the future because of inadequate savings.

Some of this pessimism - particularly among younger people - comes from low expectations about the future of Social Security. Seventy-two percent of people think their benefits will be cut off or even eliminated altogether by the time they retire.

RETIREMENT PLANNING

Input And Assumptions

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PRESENTED BY: Richard Advisor—ChFC, CPA
January 23, 2015

RETIREMENT OBJECTIVES

		YOU	SPOUSE
After-Tax Income Desired	\$158,000	52	50
Average Tax Rate (Pre-Retirement)	33%	65	65
Average Tax Rate (Post-Retirement)	25%	\$75,000	\$83,000
Inflation Rate	2%	2%	2%
Future Legacy To Heirs	\$0	85	83
Adjust Legacy For Inflation?	No		
Before-Tax Return (Pre-Retirement)	8%		
Before-Tax Return (Post-Retirement)	6%		

SOCIAL SECURITY/PENSION

		YOU	SPOUSE
Include Social Security?	Yes	\$0	\$0
Social Security Inflation Rate	2%	\$0	\$0
Annual Pension Benefit		No	No
Lump Sum Pension Benefit		0	0
Adjust Pension For Inflation?		n/a	n/a
Pension Begin Age		n/a	n/a
Social Security Override Age		n/a	n/a
Social Security Override Amount		n/a	n/a

SAVINGS PLANS

	YOU	SPOUSE	INCREASE W/ PAY?
Annual Savings (Qualified Plans - Traditional)	\$8,500	\$8,500	Yes
Annual Savings (Qualified Plans - Roth)	\$5,500	\$0	No
Annual Savings (Non-Qualified Plans)	\$0	\$0	No

ADDITIONAL RETIREMENT RECEIPTS/EXPENSES

DESCRIPTION	AMOUNT	START AGE	END AGE	INCREASE	TYPE
Rental Property	\$18,000	65	85	0%	Receipt

ASSETS

DESCRIPTION	AMOUNT	OWNERSHIP	TYPE	DESCRIPTION	AMOUNT	OWNERSHIP	TYPE
John's 401k	\$123,000	Client	Traditional Qualified Plan	Mary's 401k	\$189,000	Client	Traditional Qualified Plan
John's Roth	\$18,650	Client	Roth Qualified Plan	Savings	\$35,000	Joint Tenancy	Taxable Investment

RETIREMENT PLANNING

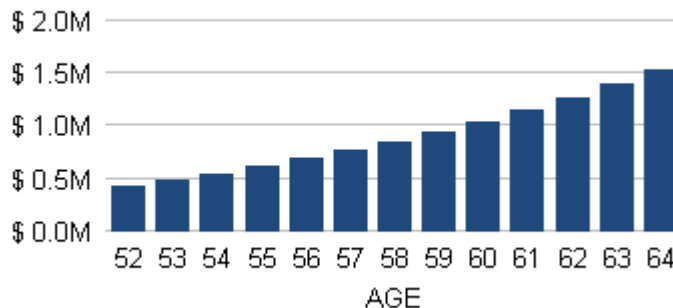
Needs And Resources

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ASSET ACCUMULATION

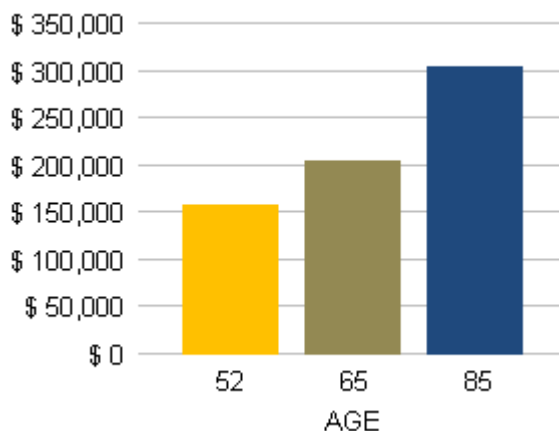
With regular contributions to a savings plan(s) and the effects of compounding interest, your retirement assets can accumulate to \$1,532,287 by the time you are ready to retire!



GROWING RETIREMENT INCOME NEEDS

Unfortunately, just as your assets grow over time so do your retirement income needs. It may surprise you how much inflation can impact your retirement income needs.

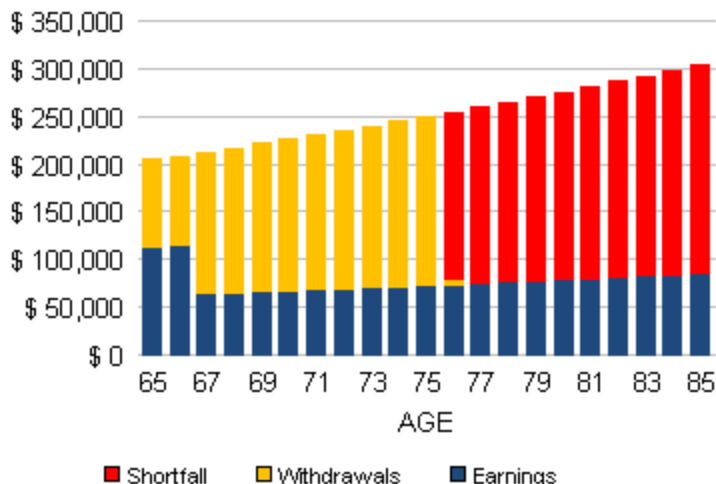
TODAY:	\$158,000
RETIREMENT:	\$204,390
END OF RETIREMENT:	\$303,713



IMPORTANCE OF PLANNING

Careful planning can help you realize your financial goals and help you maintain the same standard of living you are accustomed to during your retirement years.

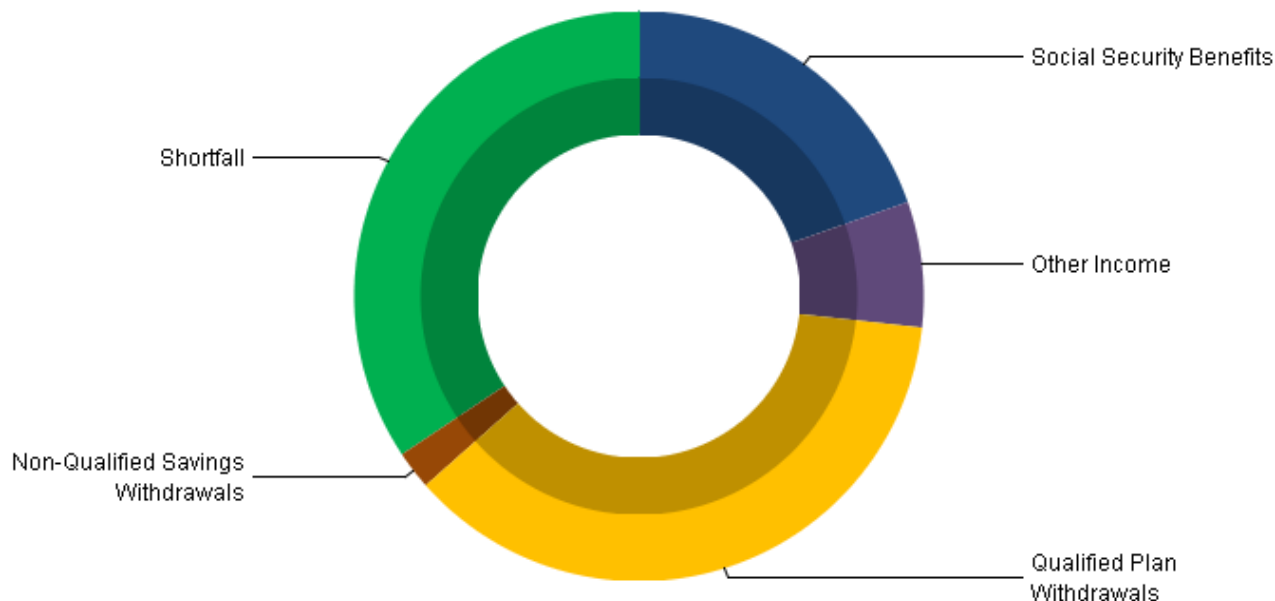
On the other hand, lack of planning may prevent you from achieving your retirement goals. You may have to 'tighten your belt' in later years of retirement as your retirement income needs exceed your retirement income and you are forced to make withdrawals from your retirement funds.



These projections are hypothetical. This information is meant to provide you with a general idea about your retirement income needs. The results given are for illustrative purposes only and do not represent the actual performance of any current or future investment. Rates of return will vary over time, especially for long-term investments.

RESULTS AND RECOMMENDATIONS

ESTIMATED SOURCES OF RETIREMENT INCOME



Based on your current assumptions it appears that your annual retirement income objective of \$158,000 per year (in today's dollars) would not likely be met. The sooner you take action to address your shortfall the easier it will be to adjust your finances and/or expectations.

POTENTIAL SOLUTIONS

Your retirement objective of \$158,000 will not likely be met on your current course. Consider the following potential solutions:

- Reduce your income expectations.
- Seek to improve your expected returns.
- Consider postponing your retirement.

You may choose to meet your objective by increasing the amount you choose to save each month. To meet your objective you could save an additional \$3,461 monthly in a qualified, tax-advantaged investment. This savings level would generate a tax savings of \$1,142 resulting in a net, out-of-pocket cost of \$2,319. Or you could save an additional \$3,937 monthly in a non-qualified, taxable investment. *



SUMMARY (AVERAGES)

Income Desired:	\$158,000
Current Plans Provide:	\$103,724
Annual Shortfall:	\$54,276
Income Replacement Ratio:	65%

* Qualified investment assumes new savings are invested at 8%. Non-qualified investment assumes new savings are invested at 5.4% after taxes. Assumed marginal tax rate of 33% before retirement, and 25% during retirement. Annual contributions are assumed to increase with inflation at 0%.

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DETAILS OF PRE-RETIREMENT ACCUMULATION PHASE

Year	Your Age	Spouse Age	Investment Assets Beginning Balance	Annual Investment Savings	Investment Interest @ 5.4%	Qualified Retirement Assets Beginning Balance	Qualified Annual Retirement Savings	Qualified Retirement Interest @ 8%	Total Ending Balance
1	52	50	35,000	0	1,876	330,650	22,500	28,252	418,278
2	53	51	36,876	0	1,977	381,402	22,840	32,339	475,434
3	54	52	38,853	0	2,082	436,581	23,187	36,781	537,485
4	55	53	40,935	0	2,194	496,550	23,541	41,607	604,827
5	56	54	43,129	0	2,312	561,697	23,901	46,848	677,887
6	57	55	45,441	0	2,436	632,447	24,269	52,537	757,130
7	58	56	47,877	0	2,566	709,253	24,645	58,712	843,053
8	59	57	50,443	0	2,704	792,610	25,028	65,411	936,195
9	60	58	53,146	0	2,849	883,049	25,418	72,677	1,037,139
10	61	59	55,995	0	3,001	981,144	25,817	80,557	1,146,514
11	62	60	58,996	0	3,162	1,087,517	26,223	89,099	1,264,998
12	63	61	62,159	0	3,332	1,202,840	26,637	98,358	1,393,325
13	64	62	65,490	0	3,510	1,327,835	27,060	108,392	1,532,287

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DETAILS OF POST-RETIREMENT DISTRIBUTION PHASE

Year	Your Age	Spouse Age	Social Security	Annual Pension Payments	Wages & Other Income Less Expenses	Total After Tax Income @ 25%	Retirement Income Needs	After-Tax Withdrawal Investments	After-Tax Withdrawal Qualified	Retirement Savings Balance	Annual Shortfall
14	65	63	32,790	0	125,369	111,602	204,390	69,001	23,787	1,529,121	0
15	66	64	33,446	0	127,517	113,564	208,478	0	94,913	1,498,612	0
16	67	65	62,340	0	18,000	62,593	212,647	0	150,054	1,376,452	0
17	68	66	63,587	0	18,000	63,575	216,900	0	153,325	1,242,340	0
18	69	67	64,859	0	18,000	64,576	221,238	0	156,662	1,095,465	0
19	70	68	66,156	0	18,000	65,598	225,663	0	160,065	934,968	0
20	71	69	67,479	0	18,000	66,640	230,176	0	163,536	759,935	0
21	72	70	68,829	0	18,000	67,703	234,780	0	167,077	569,396	0
22	73	71	70,205	0	18,000	68,787	239,475	0	170,688	362,320	0
23	74	72	71,610	0	18,000	69,893	244,265	0	174,372	183,083	0
24	75	73	73,042	0	18,000	71,020	249,150	0	178,130	5,250	0
25	76	74	74,503	0	18,000	72,171	254,133	0	5,250	0	-176,712
26	77	75	75,993	0	18,000	73,344	259,216	0	0	0	-185,872
27	78	76	77,513	0	18,000	74,541	264,400	0	0	0	-189,859
28	79	77	79,063	0	18,000	75,762	269,688	0	0	0	-193,926
29	80	78	80,644	0	18,000	77,007	275,082	0	0	0	-198,075
30	81	79	82,257	0	18,000	78,277	280,583	0	0	0	-202,306
31	82	80	83,902	0	18,000	79,573	286,195	0	0	0	-206,622
32	83	81	85,580	0	18,000	80,894	291,919	0	0	0	-211,025
33	84	82	87,292	0	18,000	82,242	297,757	0	0	0	-215,515
34	85	83	89,038	0	18,000	83,617	303,713	0	0	0	-220,095

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