



# FINANCIAL REPORT

**PREPARED FOR**

**Ben & Betty**

**2018 Update - 2/6/2018**



## PREPARED BY

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## HOW TO READ THIS REPORT

The goal of this report is to help you understand your current financial situation and assist in the development of your long term financial strategies. It is designed to quickly give you important information for making financial decisions and achieving your retirement goals. The report is based on the information you provided and represents your situation at one point in time. As your situation changes, the suggestions may also change or need to be updated. The reports use color to help you easily view the parts that make up your financial picture. Income, assets, and positive cash flows are shown in green. Investment items are shown in blue. Expenses, liabilities, and negative cash flow items are shown in red.

### **Income & Expenses:**

This page of the report shows your income now and your estimated income at retirement. It also calculates your current expenses. It arrives at those expenses by taking your current income from all sources and subtracting the cost of taxes and the money you are regularly putting into savings. If money has not been saved, it must have been spent. It also divides the expenses into two types: 1. Expenses of limited duration such as mortgages and loans; 2. Expenses that continue for your lifetime such as food, utilities, gasoline, insurance, property taxes, travel, and entertainment, etc. This last category represents your current standard of living and, with adjustments for inflation, establishes the target amount you will need in retirement to maintain that standard of living.

### **Assets & Liabilities:**

This page is simply a snapshot of your current financial situation at the point in time the report was prepared. It subtracts your debts and liabilities from your assets to arrive at your net worth. If you sold everything you own tomorrow and paid off all of your debts, this is approximately how much money you would have. It also shows any regular contributions you are making to particular accounts.

### **Target Cash Flow Year-By-Year:**

These pages of the report project your expenses, adjusted for inflation over your lifetime. With five years shown on each page, this section of the report compares your income from all sources to your projected expenses in each of those years. The bottom line for each year shows if there is a cash flow surplus in green or a cash flow shortfall in red.

The last page in this section displays the cash flow surplus or shortfall over your entire life expectancy. If there are shortfalls in any years, the program calculates the amount you would have to invest in a growth investment as a lump sum today, or each year, or each month going forward to meet the projected expenses in the year they are needed. The program does not assume that all surpluses are captured to offset expenses. That is not realistic. It simply calculates the size of the cash flow shortfall, if there is one, and you can then look at the years where there are surpluses and decide how much of it you can capture and invest to meet the shortfalls.

## HOW TO READ THIS REPORT (cont.)

### Strategies For Addressing Shortfalls:

If the report shows there are shortfalls in the current or future years, don't panic. There are many ways to address shortfalls and the earlier you identify them, the easier they are to address:

1. Increase Savings and Investments - Look at the surpluses for each year and any increases in income you may receive and decide how much you can realistically save or invest.
2. Increase the Returns on your Investments - If most of your investments are in conservative accounts or investments, consider diversifying them to potentially increase returns.
3. Increase Income - Evaluate your current employment. If you do not feel you are earning what you should based on your education and experience, a change of careers or employers may enable you to increase your income. Taking some classes and getting a more advanced degree or professional designation could increase your income. Starting your own business may be an option.
4. Decrease Expenses - Review your expenses and decide if there are any places you can cut back or reduce spending.
5. Work Longer or Part Time - People are living longer and healthier lives. The old concept of totally retiring at age 60 or 65 may not be the most desirable approach for most people. You could work part time for an employer you really like. The shortfall line will tell you how much you would need to work in any given year. You have accumulated valuable experience and knowledge that employers may need in order to train replacements for the baby boom retirees.
6. Sell or Reposition Assets – Look at your assets and see if there are any that are generating low or no income that could be repositioned to create a larger income stream.
7. Any or All of the Above – It is often difficult to address a shortfall using just one of the strategies listed above. A combination of the strategies listed above is usually the most realistic approach.

### Probability of Meeting Income Needs:

In addition to the strategies for addressing cash flow shortfalls identified above, there is one additional strategy which is to withdraw both principal and income from your retirement accounts, as needed each year, to meet any shortfalls. To be conservative, Retirement in a Nutshell does not assume principal is used to address shortfalls. The buildup of principal in retirement accounts then becomes a back-up source of funds in later years if the other strategies fall short. Invading principal is a critical decision which should be discussed with your advisor before implementing this approach. If principal is invaded too early one could run out of both principal and income. The "Probability of Meeting Income Needs" chart uses probabilistic modeling (Monte Carlo) and statistical analysis of thousands of historical scenarios to determine the chances your assets will last through your retirement years if both principal and income are withdrawn as needed. It examines various withdrawal rates and portfolio allocations over a typical 25 year retirement period and displays the probability, as a percentage, that you will not run out of assets. It is intended to help you evaluate risk and the chances of success in meeting your retirement goals if you do decide to begin utilizing principal. Of course, there is no guarantee that actual future market returns will be consistent with this analysis.

**Ben & Betty**  
**Prepared by Robert A Young**
**INCOME & EXPENSES**
**2/6/2018**
**CURRENT ANNUAL INCOME**
**INCOME**
**EXPENSES**

Ben - Gross Income	(less employee pension/SS contributions)	\$84,420	
Betty - Gross Income	(less employee pension/SS contributions)	\$47,000	
Real Estate & Other Income		(\$1,180)	
Total Gross Income		\$130,240	

**CALCULATION OF CURRENT ANNUAL LIVING EXPENSES**

Gross Income		\$130,240	
Less Income Tax (24.36 % of gross income excluding retirement contributions)			\$25,300
Less Retirement and Savings Contributions			\$26,400
Less Living Expenses/Payments of Limited Duration			
House Payment (Excl. Insurance and Property Tax)			\$25,200
Equity Loan Payments			\$7,200
<b>Net Annual Living Expenses that Continue for Life</b>			<b>\$46,140</b>
<b>Net Monthly Living Expenses</b>			<b>\$3,845</b>

**FUTURE ANNUAL INCOME**
**Age**

Ben			
Retirement Plan/Pension (monthly)			\$0
Social Security (monthly)	65	\$1,500 x COLA (2.00 %)	\$1,869
Betty			
Retirement Plan/Pension (monthly)			\$3,333
Social Security (monthly)	65	\$0 x COLA (0.00 %)	\$0

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**CURRENT ASSETS & LIABILITIES**

**2/6/2018**

ASSETS		ASSET TYPE	CURRENT MARKET VALUE	MONTHLY ADDITIONS
	Checking	Bank Checking	\$4,000	
	Residence	Residence	\$350,000	
	Savings	Savings	\$22,000	
	Cabin	Vacation Home	\$150,000	
<b>INVESTMENTS</b>		<b>INVESTMENT TYPE</b>		
	Oak St. Rental	Real Estate	\$400,000	
<b>Ben</b>	Ben's 401k	Tax Deferred - Qualified - 1	\$150,000	\$1,700
<b>Betty</b>	Betty 457	Tax Deferred - Qualified - 2	\$60,000	\$500
	Betty's IRA	Tax Deferred - Qualified - 3	\$33,000	
<b>LIABILITIES</b>		<b>LIABILITY TYPE</b>		
	Residence Loan	Residence Loan	\$170,000	
	Equity Loan	Equity Line	\$26,000	
	Rental Real Estate	Oak St. Rental	\$150,000	
	Total Monthly Additions			\$2,200
<b>NET WORTH</b>			<b>\$823,000</b>	

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**CASH FLOW ASSUMPTIONS**
**2/6/2018**

Asset Category	Asset Owner	Value	Annual Additions	Employer Contrib.	Assumed Growth Rate *	Assumed W/D %/Amt
Tax Deferred - Qualified - 1	Ben	\$150,000	\$20,400	\$0	6%	4.00 %
Tax Deferred - Qualified - 2	Betty	\$60,000	\$6,000	\$0	6%	4.00 %
Tax Deferred - Qualified - 3	Betty	\$33,000	\$0	\$0	6%	4.00 %
Oak St. Rental		\$400,000			3%	-0.30 %
Income Taxes as a % of Net Income			24.36 %			
Inflation Rate			3.00 %			
Years Until Retirement		Ben:	11			
		Betty:	13			

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**HYPOTHETICAL CASH FLOW**
**2/6/2018**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Age - Ben / Betty</b>	<b>54 / 52</b>	<b>55 / 53</b>	<b>56 / 54</b>	<b>57 / 55</b>	<b>58 / 56</b>
Ben Salary - Ben	\$84,420	\$86,108	\$87,831	\$89,587	\$91,379
Betty Salary - Betty	\$47,000	\$47,940	\$48,899	\$49,877	\$50,874
Betty Pension - Betty					
Social Security - Ben					
<b>Total Non-Investment Income</b>	<b>\$131,420</b>	<b>\$134,048</b>	<b>\$136,729</b>	<b>\$139,464</b>	<b>\$142,253</b>
Oak St. Rental	\$400,000	\$412,000	\$424,360	\$437,091	\$450,204
Income	(\$1,180)	(\$760)	(\$327)	\$118	\$577
<b>Investment Assets - Ben</b>					
Tax Deferred - Qualified - 1	\$150,000	\$179,400	\$211,176	\$245,489	\$282,510
Income					
<b>Investment Assets - Betty</b>					
Tax Deferred - Qualified - 2	\$60,000	\$69,600	\$79,956	\$91,119	\$103,142
Income					
Tax Deferred - Qualified - 3	\$33,000	\$34,980	\$37,079	\$39,304	\$41,662
Income					
Total Investment Values	\$243,000	\$283,980	\$328,211	\$375,911	\$427,314
Total Investment Income	(\$1,180)	(\$760)	(\$327)	\$118	\$577
<b>TOTAL INCOME</b>	<b>\$130,240</b>	<b>\$133,288</b>	<b>\$136,402</b>	<b>\$139,582</b>	<b>\$142,830</b>
Investment Contributions - Ben	\$20,400	\$21,012	\$21,642	\$22,292	\$22,960
Investment Contributions - Betty	\$6,000	\$6,180	\$6,365	\$6,556	\$6,753
Income Taxes	\$25,300	\$25,850	\$26,410	\$26,980	\$27,560
<b>NET INCOME</b>	<b>\$78,540</b>	<b>\$80,247</b>	<b>\$81,985</b>	<b>\$83,754</b>	<b>\$85,557</b>
Residence Loan	\$25,200	\$25,200	\$25,200	\$25,200	\$25,200
Equity Line	\$7,200	\$7,200			
<b>Annual Living Expenses</b>	<b>\$46,140</b>	<b>\$47,524</b>	<b>\$48,950</b>	<b>\$50,418</b>	<b>\$51,931</b>
<b>TOTAL EXPENSES</b>	<b>\$78,540</b>	<b>\$79,924</b>	<b>\$74,150</b>	<b>\$75,618</b>	<b>\$77,131</b>
<b>NET CASH FLOW</b>	<b>\$0</b>	<b>\$322</b>	<b>\$7,835</b>	<b>\$8,136</b>	<b>\$8,426</b>

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**HYPOTHETICAL CASH FLOW**
**2/6/2018**

<b>Age - Ben / Betty</b>	<b>2023 59 / 57</b>	<b>2024 60 / 58</b>	<b>2025 61 / 59</b>	<b>2026 62 / 60</b>	<b>2027 63 / 61</b>
Ben Salary - Ben	\$93,207	\$95,071	\$96,972	\$98,911	\$100,890
Betty Salary - Betty	\$51,892	\$52,930	\$53,988	\$55,068	\$56,169
Betty Pension - Betty					
Social Security - Ben					
<b>Total Non-Investment Income</b>	<b>\$145,098</b>	<b>\$148,000</b>	<b>\$150,960</b>	<b>\$153,979</b>	<b>\$157,059</b>
Oak St. Rental	\$463,710	\$477,621	\$491,950	\$506,708	\$521,909
Income	\$1,050	\$1,537	\$2,038	\$2,555	\$3,087
<b>Investment Assets - Ben</b>					
Tax Deferred - Qualified - 1	\$322,421	\$365,415	\$411,699	\$461,490	\$515,022
Income					
<b>Investment Assets - Betty</b>					
Tax Deferred - Qualified - 2	\$116,084	\$130,005	\$144,969	\$161,046	\$178,310
Income					
Tax Deferred - Qualified - 3	\$44,161	\$46,811	\$49,620	\$52,597	\$55,753
Income					
Total Investment Values	\$482,666	\$542,231	\$606,288	\$675,134	\$749,084
Total Investment Income	\$1,050	\$1,537	\$2,038	\$2,555	\$3,087
<b>TOTAL INCOME</b>	<b>\$146,148</b>	<b>\$149,537</b>	<b>\$152,999</b>	<b>\$156,534</b>	<b>\$160,146</b>
Investment Contributions - Ben	\$23,649	\$24,359	\$25,089	\$25,842	\$26,617
Investment Contributions - Betty	\$6,956	\$7,164	\$7,379	\$7,601	\$7,829
Income Taxes	\$28,151	\$28,753	\$29,366	\$29,991	\$30,626
<b>NET INCOME</b>	<b>\$87,392</b>	<b>\$89,261</b>	<b>\$91,163</b>	<b>\$93,101</b>	<b>\$95,074</b>
Residence Loan	\$25,200	\$25,200	\$25,200	\$25,200	\$25,200
Equity Line					
<b>Annual Living Expenses</b>	<b>\$53,489</b>	<b>\$55,094</b>	<b>\$56,746</b>	<b>\$58,449</b>	<b>\$60,202</b>
<b>TOTAL EXPENSES</b>	<b>\$78,689</b>	<b>\$80,294</b>	<b>\$81,946</b>	<b>\$83,649</b>	<b>\$85,402</b>
<b>NET CASH FLOW</b>	<b>\$8,703</b>	<b>\$8,967</b>	<b>\$9,217</b>	<b>\$9,452</b>	<b>\$9,672</b>

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**HYPOTHETICAL CASH FLOW**
**2/6/2018**

	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>
<b>Age - Ben / Betty</b>	<b>64 / 62</b>	<b>65 / 63</b>	<b>66 / 64</b>	<b>67 / 65</b>	<b>68 / 66</b>
Ben Salary - Ben	\$102,908				
Betty Salary - Betty	\$57,293	\$58,439	\$59,607		
Betty Pension - Betty				\$40,000	\$40,800
Social Security - Ben		\$22,425	\$22,874	\$23,331	\$23,798
<b>Total Non-Investment Income</b>	\$160,200	\$80,864	\$82,481	\$63,331	\$64,598
Oak St. Rental	\$537,567	\$553,694	\$570,304	\$587,413	\$605,036
Income	\$3,635	\$4,199	\$4,781	\$5,379	\$5,996
<b>Investment Assets - Ben</b>					
Tax Deferred - Qualified - 1	\$572,540	\$634,309	\$645,473	\$656,833	\$668,393
Income		\$25,372	\$25,819	\$26,273	\$26,736
<b>Investment Assets - Betty</b>					
Tax Deferred - Qualified - 2	\$196,837	\$216,711	\$238,019	\$260,855	\$265,446
Income				\$10,434	\$10,618
Tax Deferred - Qualified - 3	\$59,098	\$62,644	\$66,402	\$70,387	\$71,625
Income				\$2,815	\$2,865
Total Investment Values	\$828,476	\$913,663	\$949,894	\$988,074	\$1,005,464
Total Investment Income	\$3,635	\$29,572	\$30,600	\$44,902	\$46,215
<b>TOTAL INCOME</b>	<b>\$163,835</b>	<b>\$110,435</b>	<b>\$113,081</b>	<b>\$108,234</b>	<b>\$110,813</b>
Investment Contributions - Ben	\$27,416				
Investment Contributions - Betty	\$8,063	\$8,305	\$8,555		
Income Taxes	\$31,273	\$24,883	\$25,467	\$26,370	\$26,999
<b>NET INCOME</b>	<b>\$97,083</b>	<b>\$77,247</b>	<b>\$79,059</b>	<b>\$81,863</b>	<b>\$83,814</b>
Residence Loan	\$25,200	\$25,200	\$25,200	\$25,200	\$25,200
Equity Line					
<b>Annual Living Expenses</b>	<b>\$62,008</b>	<b>\$63,869</b>	<b>\$65,785</b>	<b>\$67,758</b>	<b>\$69,791</b>
<b>TOTAL EXPENSES</b>	<b>\$87,208</b>	<b>\$89,069</b>	<b>\$90,985</b>	<b>\$92,958</b>	<b>\$94,991</b>
<b>NET CASH FLOW</b>	<b>\$9,874</b>	<b>(\$11,822)</b>	<b>(\$11,926)</b>	<b>(\$11,095)</b>	<b>(\$11,177)</b>

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**HYPOTHETICAL CASH FLOW**
**2/6/2018**

	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>
<b>Age - Ben / Betty</b>	<b>69 / 67</b>	<b>70 / 68</b>	<b>71 / 69</b>	<b>72 / 70</b>	<b>73 / 71</b>
Ben Salary - Ben					
Betty Salary - Betty					
Betty Pension - Betty	\$41,616	\$42,448	\$43,297	\$44,163	\$45,046
Social Security - Ben	\$24,274	\$24,759	\$25,255	\$25,760	\$26,275
<b>Total Non-Investment Income</b>	<b>\$65,890</b>	<b>\$67,208</b>	<b>\$68,552</b>	<b>\$69,923</b>	<b>\$71,321</b>
Oak St. Rental	\$623,187	\$641,883	\$661,139	\$680,973	\$701,402
Income	\$6,632	\$7,286	\$7,960	\$8,654	\$9,369
<b>Investment Assets - Ben</b>					
Tax Deferred - Qualified - 1	\$680,157	\$692,128	\$704,309	\$716,705	\$729,319
Income	\$27,206	\$27,685	\$28,172	\$28,668	\$29,173
<b>Investment Assets - Betty</b>					
Tax Deferred - Qualified - 2	\$270,117	\$274,872	\$279,709	\$284,632	\$289,642
Income	\$10,805	\$10,995	\$11,188	\$11,385	\$11,586
Tax Deferred - Qualified - 3	\$72,886	\$74,169	\$75,474	\$76,803	\$78,154
Income	\$2,915	\$2,967	\$3,019	\$3,072	\$3,126
Total Investment Values	\$1,023,160	\$1,041,168	\$1,059,493	\$1,078,140	\$1,097,115
Total Investment Income	\$47,558	\$48,933	\$50,340	\$51,780	\$53,254
<b>TOTAL INCOME</b>	<b>\$113,448</b>	<b>\$116,140</b>	<b>\$118,891</b>	<b>\$121,702</b>	<b>\$124,575</b>
Investment Contributions - Ben					
Investment Contributions - Betty					
Income Taxes	\$27,641	\$28,297	\$28,967	\$29,652	\$30,352
<b>NET INCOME</b>	<b>\$85,807</b>	<b>\$87,843</b>	<b>\$89,924</b>	<b>\$92,050</b>	<b>\$94,223</b>
Residence Loan	\$25,200				
Equity Line					
<b>Annual Living Expenses</b>	<b>\$71,885</b>	<b>\$74,041</b>	<b>\$76,262</b>	<b>\$78,550</b>	<b>\$80,907</b>
<b>TOTAL EXPENSES</b>	<b>\$97,085</b>	<b>\$74,041</b>	<b>\$76,262</b>	<b>\$78,550</b>	<b>\$80,907</b>
<b>NET CASH FLOW</b>	<b>(\$11,278)</b>	<b>\$13,802</b>	<b>\$13,662</b>	<b>\$13,500</b>	<b>\$13,316</b>

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**HYPOTHETICAL CASH FLOW**
**2/6/2018**

<b>Age - Ben / Betty</b>	<b>2038</b> <b>74 / 72</b>	<b>2039</b> <b>75 / 73</b>	<b>2040</b> <b>76 / 74</b>	<b>2041</b> <b>77 / 75</b>	<b>2042</b> <b>78 / 76</b>
Ben Salary - Ben					
Betty Salary - Betty					
Betty Pension - Betty	\$45,947	\$46,866	\$47,804	\$48,760	\$49,735
Social Security - Ben	\$26,800	\$27,336	\$27,883	\$28,441	\$29,009
<b>Total Non-Investment Income</b>	<b>\$72,748</b>	<b>\$74,203</b>	<b>\$75,687</b>	<b>\$77,200</b>	<b>\$78,744</b>
Oak St. Rental	\$722,444	\$744,118	\$766,441	\$789,435	\$813,118
Income	\$10,106	\$26,044	\$26,825	\$27,630	\$28,459
<b>Investment Assets - Ben</b>					
Tax Deferred - Qualified - 1	\$742,155	\$755,217	\$768,509	\$782,034	\$795,798
Income	\$29,686	\$30,209	\$30,740	\$31,281	\$31,832
<b>Investment Assets - Betty</b>					
Tax Deferred - Qualified - 2	\$294,739	\$299,927	\$305,206	\$310,577	\$316,043
Income	\$11,790	\$11,997	\$12,208	\$12,423	\$12,642
Tax Deferred - Qualified - 3	\$79,530	\$80,930	\$82,354	\$83,803	\$85,278
Income	\$3,181	\$3,237	\$3,294	\$3,352	\$3,411
Total Investment Values	\$1,116,424	\$1,136,073	\$1,156,068	\$1,176,415	\$1,197,120
Total Investment Income	\$54,763	\$71,487	\$73,068	\$74,687	\$76,344
<b>TOTAL INCOME</b>	<b>\$127,510</b>	<b>\$145,690</b>	<b>\$148,755</b>	<b>\$151,887</b>	<b>\$155,088</b>
Investment Contributions - Ben					
Investment Contributions - Betty					
Income Taxes	\$31,067	\$35,496	\$36,243	\$37,006	\$37,786
<b>NET INCOME</b>	<b>\$96,443</b>	<b>\$110,193</b>	<b>\$112,512</b>	<b>\$114,881</b>	<b>\$117,302</b>
Residence Loan					
Equity Line					
<b>Annual Living Expenses</b>	<b>\$83,334</b>	<b>\$85,834</b>	<b>\$88,409</b>	<b>\$91,061</b>	<b>\$93,793</b>
<b>TOTAL EXPENSES</b>	<b>\$83,334</b>	<b>\$85,834</b>	<b>\$88,409</b>	<b>\$91,061</b>	<b>\$93,793</b>
<b>NET CASH FLOW</b>	<b>\$13,109</b>	<b>\$24,359</b>	<b>\$24,103</b>	<b>\$23,820</b>	<b>\$23,509</b>

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**HYPOTHETICAL CASH FLOW**
**2/6/2018**

<b>Age - Ben / Betty</b>	<b>2043 79 / 77</b>	<b>2044 80 / 78</b>	<b>2045 81 / 79</b>	<b>2046 82 / 80</b>	<b>2047 83 / 81</b>
Ben Salary - Ben					
Betty Salary - Betty					
Betty Pension - Betty	\$50,730	\$51,744	\$52,779	\$53,835	\$54,911
Social Security - Ben	\$29,590	\$30,181	\$30,785	\$31,401	\$32,029
<b>Total Non-Investment Income</b>	<b>\$80,319</b>	<b>\$81,926</b>	<b>\$83,564</b>	<b>\$85,236</b>	<b>\$86,940</b>
Oak St. Rental	\$837,511	\$862,637	\$888,516	\$915,171	\$942,626
Income	\$29,313	\$30,192	\$31,098	\$32,031	\$32,992
<b>Investment Assets - Ben</b>					
Tax Deferred - Qualified - 1	\$809,804	\$824,057	\$838,560	\$853,319	\$868,337
Income	\$32,392	\$32,962	\$33,542	\$34,133	\$34,733
<b>Investment Assets - Betty</b>					
Tax Deferred - Qualified - 2	\$321,606	\$327,266	\$333,026	\$338,887	\$344,851
Income	\$12,864	\$13,091	\$13,321	\$13,555	\$13,794
Tax Deferred - Qualified - 3	\$86,779	\$88,306	\$89,861	\$91,442	\$93,052
Income	\$3,471	\$3,532	\$3,594	\$3,658	\$3,722
Total Investment Values	\$1,218,189	\$1,239,629	\$1,261,447	\$1,283,648	\$1,306,240
Total Investment Income	\$78,040	\$79,777	\$81,556	\$83,377	\$85,242
<b>TOTAL INCOME</b>	<b>\$158,360</b>	<b>\$161,703</b>	<b>\$165,120</b>	<b>\$168,612</b>	<b>\$172,182</b>
Investment Contributions - Ben					
Investment Contributions - Betty					
Income Taxes	\$38,583	\$39,398	\$40,231	\$41,081	\$41,951
<b>NET INCOME</b>	<b>\$119,776</b>	<b>\$122,305</b>	<b>\$124,890</b>	<b>\$127,531</b>	<b>\$130,231</b>
Residence Loan					
Equity Line					
<b>Annual Living Expenses</b>	<b>\$96,607</b>	<b>\$99,505</b>	<b>\$102,490</b>	<b>\$105,565</b>	<b>\$108,732</b>
<b>TOTAL EXPENSES</b>	<b>\$96,607</b>	<b>\$99,505</b>	<b>\$102,490</b>	<b>\$105,565</b>	<b>\$108,732</b>
<b>NET CASH FLOW</b>	<b>\$23,169</b>	<b>\$22,800</b>	<b>\$22,399</b>	<b>\$21,966</b>	<b>\$21,499</b>

\* Hypothetical growth is for illustration purposes only. There is no assurance that these results will be achieved. Actual results will vary.

**Ben & Betty**  
**Prepared by Robert A Young**
**HYPOTHETICAL CASH FLOW**
**2/6/2018**

<b>Age - Ben / Betty</b>	<b>2048 84 / 82</b>	<b>2049 85 / 83</b>	<b>2050 86 / 84</b>	<b>2051 87 / 85</b>	<b>2052 88 / 86</b>
Ben Salary - Ben					
Betty Salary - Betty					
Betty Pension - Betty	\$56,010	\$57,130	\$58,272	\$59,438	\$60,627
Social Security - Ben	\$32,669	\$33,323	\$33,989	\$34,669	\$35,362
<b>Total Non-Investment Income</b>	<b>\$88,679</b>	<b>\$90,453</b>	<b>\$92,262</b>	<b>\$94,107</b>	<b>\$95,989</b>
Oak St. Rental	\$970,905	\$1,000,032	\$1,030,033	\$1,060,934	\$1,092,762
Income	\$33,982	\$35,001	\$36,051	\$37,133	\$38,247
<b>Investment Assets - Ben</b>					
Tax Deferred - Qualified - 1	\$883,620	\$899,172	\$914,997	\$931,101	\$947,489
Income	\$35,345	\$35,967	\$36,600	\$37,244	\$37,900
<b>Investment Assets - Betty</b>					
Tax Deferred - Qualified - 2	\$350,921	\$357,097	\$363,382	\$369,777	\$376,286
Income	\$14,037	\$14,284	\$14,535	\$14,791	\$15,051
Tax Deferred - Qualified - 3	\$94,689	\$96,356	\$98,052	\$99,777	\$101,533
Income	\$3,788	\$3,854	\$3,922	\$3,991	\$4,061
Total Investment Values	\$1,329,230	\$1,352,625	\$1,376,431	\$1,400,656	\$1,425,308
Total Investment Income	\$87,151	\$89,106	\$91,108	\$93,159	\$95,259
<b>TOTAL INCOME</b>	<b>\$175,830</b>	<b>\$179,559</b>	<b>\$183,370</b>	<b>\$187,266</b>	<b>\$191,248</b>
Investment Contributions - Ben					
Investment Contributions - Betty					
Income Taxes	\$42,840	\$43,748	\$44,677	\$45,626	\$46,596
<b>NET INCOME</b>	<b>\$132,990</b>	<b>\$135,810</b>	<b>\$138,693</b>	<b>\$141,640</b>	<b>\$144,652</b>
Residence Loan					
Equity Line					
<b>Annual Living Expenses</b>	<b>\$111,994</b>	<b>\$115,354</b>	<b>\$118,814</b>	<b>\$122,379</b>	<b>\$126,050</b>
<b>TOTAL EXPENSES</b>	<b>\$111,994</b>	<b>\$115,354</b>	<b>\$118,814</b>	<b>\$122,379</b>	<b>\$126,050</b>
<b>NET CASH FLOW</b>	<b>\$20,996</b>	<b>\$20,457</b>	<b>\$19,879</b>	<b>\$19,261</b>	<b>\$18,601</b>

\* Hypothetical growth is for illustration purposes only. There is no assurance that these results will be achieved. Actual results will vary.

**Ben & Betty**  
Prepared by Robert A Young

**HYPOTHETICAL CASH FLOW**

**2/6/2018**

<b>Age - Ben / Betty</b>	<b>2053 89 / 87</b>	<b>2054 90 / 88</b>	<b>2055 91 / 89</b>	<b>2056 92 / 90</b>
Ben Salary - Ben				
Betty Salary - Betty				
Betty Pension - Betty	\$61,839	\$63,076	\$64,337	\$65,624
Social Security - Ben	\$36,070	\$36,791	\$37,527	\$38,277
<b>Total Non-Investment Income</b>	<b>\$97,909</b>	<b>\$99,867</b>	<b>\$101,864</b>	<b>\$103,902</b>
Oak St. Rental	\$1,125,545	\$1,159,311	\$1,194,091	\$1,229,913
Income	\$39,394	\$40,576	\$41,793	\$43,047
<b>Investment Assets - Ben</b>				
Tax Deferred - Qualified - 1	\$964,164	\$981,134	\$998,402	\$1,015,973
Income	\$38,567	\$39,245	\$39,936	\$40,639
<b>Investment Assets - Betty</b>				
Tax Deferred - Qualified - 2	\$382,908	\$389,647	\$396,505	\$403,484
Income	\$15,316	\$15,586	\$15,860	\$16,139
Tax Deferred - Qualified - 3	\$103,320	\$105,139	\$106,989	\$108,872
Income	\$4,133	\$4,206	\$4,280	\$4,355
Total Investment Values	\$1,450,393	\$1,475,920	\$1,501,896	\$1,528,330
Total Investment Income	\$97,410	\$99,613	\$101,869	\$104,180
<b>TOTAL INCOME</b>	<b>\$195,319</b>	<b>\$199,480</b>	<b>\$203,733</b>	<b>\$208,082</b>
Investment Contributions - Ben				
Investment Contributions - Betty				
Income Taxes	\$47,588	\$48,602	\$49,638	\$50,698
<b>NET INCOME</b>	<b>\$147,730</b>	<b>\$150,878</b>	<b>\$154,095</b>	<b>\$157,384</b>
Residence Loan				
Equity Line				
<b>Annual Living Expenses</b>	<b>\$129,832</b>	<b>\$133,727</b>	<b>\$137,738</b>	<b>\$141,871</b>
<b>TOTAL EXPENSES</b>	<b>\$129,832</b>	<b>\$133,727</b>	<b>\$137,738</b>	<b>\$141,871</b>
<b>NET CASH FLOW</b>	<b>\$17,899</b>	<b>\$17,151</b>	<b>\$16,357</b>	<b>\$15,513</b>

\* Hypothetical growth is for illustration purposes only. There is no assurance that these results will be achieved. Actual results will vary.

**HYPOTHETICAL CASH FLOW IN A NUTSHELL**

Year/Ages	Non-Investment Income	Investment Income	Contributions /Taxes	Total Expenses	Surplus/ Shortfall	Investment Values
2018 - 54/52	\$131,420	\$1,180	\$51,700	\$78,540	\$0	\$243,000
2019 - 55/53	\$134,048	\$760	\$53,042	\$79,924	\$322	\$283,980
2020 - 56/54	\$136,729	\$327	\$54,417	\$74,150	\$7,835	\$328,211
2021 - 57/55	\$139,464	\$118	\$55,828	\$75,618	\$8,136	\$375,911
2022 - 58/56	\$142,253	\$577	\$57,274	\$77,131	\$8,426	\$427,314
2023 - 59/57	\$145,098	\$1,050	\$58,756	\$78,689	\$8,703	\$482,666
2024 - 60/58	\$148,000	\$1,537	\$60,276	\$80,294	\$8,967	\$542,231
2025 - 61/59	\$150,960	\$2,038	\$61,835	\$81,946	\$9,217	\$606,288
2026 - 62/60	\$153,979	\$2,555	\$63,433	\$83,649	\$9,452	\$675,134
2027 - 63/61	\$157,059	\$3,087	\$65,072	\$85,402	\$9,672	\$749,084
2028 - 64/62	\$160,200	\$3,635	\$66,752	\$87,208	\$9,874	\$828,476
2029 - 65/63	\$80,864	\$29,572	\$33,189	\$89,069	\$11,822	\$913,663
2030 - 66/64	\$82,481	\$30,600	\$34,022	\$90,985	\$11,926	\$949,894
2031 - 67/65	\$63,331	\$44,902	\$26,370	\$92,958	\$11,095	\$988,074
2032 - 68/66	\$64,598	\$46,215	\$26,999	\$94,991	\$11,177	\$1,005,464
2033 - 69/67	\$65,890	\$47,558	\$27,641	\$97,085	\$11,278	\$1,023,160
2034 - 70/68	\$67,208	\$48,933	\$28,297	\$74,041	\$13,802	\$1,041,168
2035 - 71/69	\$68,552	\$50,340	\$28,967	\$76,262	\$13,662	\$1,059,493
2036 - 72/70	\$69,923	\$51,780	\$29,652	\$78,550	\$13,500	\$1,078,140
2037 - 73/71	\$71,321	\$53,254	\$30,352	\$80,907	\$13,316	\$1,097,115
2038 - 74/72	\$72,748	\$54,763	\$31,067	\$83,334	\$13,109	\$1,116,424
2039 - 75/73	\$74,203	\$71,487	\$35,496	\$85,834	\$24,359	\$1,136,073
2040 - 76/74	\$75,687	\$73,068	\$36,243	\$88,409	\$24,103	\$1,156,068
2041 - 77/75	\$77,200	\$74,687	\$37,006	\$91,061	\$23,820	\$1,176,415
2042 - 78/76	\$78,744	\$76,344	\$37,786	\$93,793	\$23,509	\$1,197,120
2043 - 79/77	\$80,319	\$78,040	\$38,583	\$96,607	\$23,169	\$1,218,189
2044 - 80/78	\$81,926	\$79,777	\$39,398	\$99,505	\$22,800	\$1,239,629
2045 - 81/79	\$83,564	\$81,556	\$40,231	\$102,490	\$22,399	\$1,261,447
2046 - 82/80	\$85,236	\$83,377	\$41,081	\$105,565	\$21,966	\$1,283,648
2047 - 83/81	\$86,940	\$85,242	\$41,951	\$108,732	\$21,499	\$1,306,240
2048 - 84/82	\$88,679	\$87,151	\$42,840	\$111,994	\$20,996	\$1,329,230
2049 - 85/83	\$90,453	\$89,106	\$43,748	\$115,354	\$20,457	\$1,352,625
2050 - 86/84	\$92,262	\$91,108	\$44,677	\$118,814	\$19,879	\$1,376,431
2051 - 87/85	\$94,107	\$93,159	\$45,626	\$122,379	\$19,261	\$1,400,656
2052 - 88/86	\$95,989	\$95,259	\$46,596	\$126,050	\$18,601	\$1,425,308
2053 - 89/87	\$97,909	\$97,410	\$47,588	\$129,832	\$17,899	\$1,450,393
2054 - 90/88	\$99,867	\$99,613	\$48,602	\$133,727	\$17,151	\$1,475,920
2055 - 91/89	\$101,864	\$101,869	\$49,638	\$137,738	\$16,357	\$1,501,896
2056 - 92/90	\$103,902	\$104,180	\$50,698	\$141,871	\$15,513	\$1,528,330

\* Hypothetical growth is for illustration purposes only. There is no assurance that these results will be achieved. Actual results will vary.

**Contributions Needed to Meet  
Cash Flow (Shortfall)  
Before Retirement \***

Lump Sum - One Time:	\$12,154
or Annual Contributions:	\$1,412
or Monthly Contributions:	\$120

**Contributions Needed to Meet  
Cash Flow (Shortfall)  
After Retirement \***

Lump Sum - One Time:	\$14,851
or Annual Contributions:	\$1,583
or Monthly Contributions:	\$134

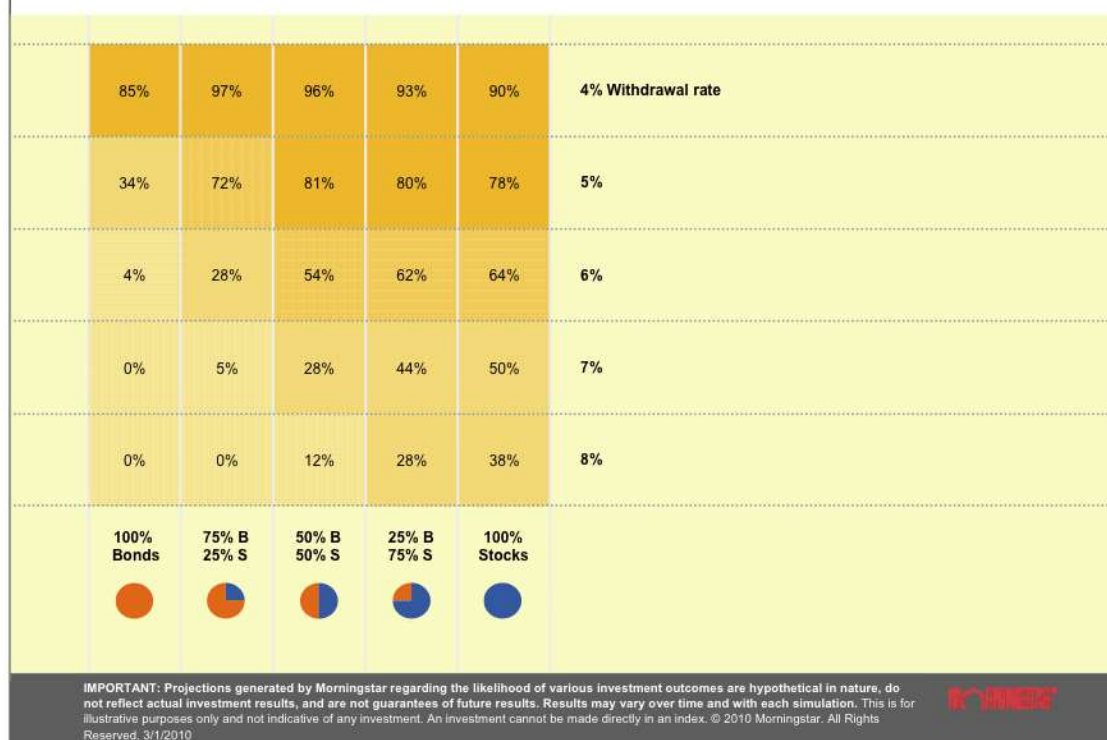
\* Using a 6% hypothetical growth rate

\*\* Hypothetical growth is for illustration purposes only. There is no assurance that these results will be achieved. Actual results will vary.



## Probability of Meeting Income Needs

Various withdrawal rates and portfolio allocations over a 25-year retirement



### Probability of Meeting Income Needs

There are a number of factors that can impact whether a portfolio will last through retirement.

The table shows how the amount of withdrawal and various portfolio allocations can affect the chance of meeting income needs over a 25-year retirement. It is assumed that a person retires at year zero and withdraws an inflation-adjusted percentage of the initial portfolio wealth each year beginning in year 1. Annual investment expenses were assumed to be 0.88% for stock mutual funds and 0.74% for bond mutual funds.

A high probability indicates that an investor is more likely to meet income needs in retirement, while a low probability indicates that an investor is less likely to do so and may face shortfall. The chance of a portfolio running out over a long retirement is less likely as the amount withdrawn decreases and as equities are added. Keep in mind that returns and principal invested in stocks are not guaranteed and they have been more volatile (risky) than bonds.

The image was created using Monte Carlo parametric simulation that estimates the range of possible outcomes based on a set of assumptions including arithmetic mean (return), standard deviation (risk), and correlation for a set of asset classes. The inputs used are historical 1926–2009 figures. The risk and return of each asset class, cross-correlation, and annual average inflation over this time period follow. Stocks: risk 20.5%, return 11.8%; Bonds: risk 5.7%, return 5.5%; Correlation –0.01; Inflation: return 3.1%. Other investments not considered may have characteristics similar or superior to those being analyzed. The simulation is run 5,000 times, to give 5,000 possible 25-year scenarios. A limitation of this simulation model is that it assumes a constant inflation-adjusted rate of withdrawal, which may not be representative of actual retirement income needs. This type of simulation also assumes that the distribution of returns is normal. Should actual returns not follow this pattern, results may vary.

Government bonds are guaranteed by the full faith and credit of the United States government as to the timely payment of principal and interest, while returns and principal invested in stocks are not guaranteed.

#### About the data

Stocks in this example are represented by the Standard & Poor's 500®, which is an unmanaged group of securities and considered to be representative of the stock market in general. Bonds are represented by the five-year U.S. government bond, inflation by the Consumer Price Index and mutual fund expenses from Morningstar. An investment cannot be made directly in an index. The data assumes reinvestment of income and does not account for taxes.

**Ben & Betty**  
Prepared by Robert A Young

**OPTIONS FOR THE NEXT GENERATION**

**2/6/2018**

	<b>2057</b>	<b>2062</b>	<b>2072</b>	<b>2082</b>	<b>2092</b>
<b>Option 1:</b>					
Lump Sum	\$1,528,330				
Taxes 40%	\$611,332				
Net Lump Sum Invested at 8% Taxable (6% After Taxes) *	\$916,998	\$949,545	\$1,018,147	\$1,091,704	\$1,170,576
Annual W/D of 5%/Yr.	\$45,850	\$47,477	\$50,907	\$54,585	\$58,529
<b>Total Withdrawals</b>					<b>\$3,061,663</b>
<b>Option 2:</b>					
Lump Sum	\$1,528,330				
Withdrawal of 25%	\$382,082				
Taxes 40%	\$152,833				
Net after Tax	\$229,249				
Balance Invested at 8% Tax Deferred *	\$1,146,247	\$1,454,305	\$2,158,568	\$2,541,919	\$914,636
Annual W/D using remaining Life Exp.	\$32,750	\$45,447	\$98,117	\$211,827	\$457,318
<b>Total Withdrawals</b>					<b>\$6,250,132</b>
<b>Option 3:</b>					
Withdrawals over Lifetime of 35 Years	\$1,528,330				
Balance Invested at 8% Tax Deferred *	\$1,528,330	\$1,939,073	\$2,878,090	\$3,389,226	\$1,219,514
Annual W/D using remaining Life Exp.	\$43,667	\$60,596	\$130,822	\$282,435	\$609,757
<b>Total Withdrawals</b>					<b>\$8,333,509</b>

**This report is only intended to illustrate the power of a beneficiary "stretching" the withdrawals from your tax deferred accounts over their life expectancy rather than taking a lump sum up front and paying a large portion to the government off the top. The difference in total withdrawals over a 35 year life expectancy of the beneficiary is dramatic.**

Multi-generational withdrawal strategy may not be appropriate for investors who will rely upon investments for retirement income. Furthermore, changes in tax rates may make the scenario portrayed less favorable.

\* Hypothetical growth is for illustration purposes only. There is no assurance that these results will be achieved. Actual results will vary.

## Disclosures

This statement has been prepared by Robert Young for informational purposes only and does not replace the statement(s) you should receive directly from your investment sponsor(s).

The goal of this cash flow analysis is to assist in the development of your current and long-term financial strategy. These strategies are presented to assist you with important decisions regarding savings to meet intended retirement goals. Cash flow needs are based on the information you provided, which represents your situation at one point in time. As your situation changes, suggestions may change.

The program is meant to provide representatives and their clients with a quick, yet detailed report of the client's current financial situation and hypothetical cash flow up until whatever age that is desired to be displayed. It is not meant to provide specific investment recommendations or advice.

This report is not intended to provide legal or tax advice. For legal and tax matters, it is important that you consult with your legal and tax advisors regarding the affect on your personal situation.

Hypothetical returns are for illustrative purposes only based on assumed growth rates for assets over the time period referenced. Assumed growth rates should not be considered indicative of future results. The assumed growth cannot be predicted nor is it guaranteed.

This hypothetical illustration of mathematical principles is designed to model and evaluate alternative strategies for addressing your future cash flow needs.

Note that the amounts are not intended to be exact. These are assumed figures and should only be used as guidelines and not as guaranteed projections. Projections throughout the report are intended to help you determine amounts you need to save to meet your various financial needs, but they are not a projection of the expected return of any specific assets that you own or purchase. Tax rates and rates of return are used for illustrative purposes only and do not represent a guarantee of actual federal tax rates or the performance of any specific investment. These calculations reflect federal and state income tax only and do not consider the effect of alternative minimum tax.

This report has been prepared from data believed to be reliable but no representation is being made as to its accuracy or completeness. The figures presented should not be relied upon for tax purposes.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors.

Selling bonds prior to maturity may make the actual yield differ from their advertised yield and may involve a loss or gain. Bond values will decline as interest rates rise and are subject to availability and change in price.

Investing in real estate/REITS involves special risks such as potential illiquidity and may not be suitable for all investors. There is no assurance that the investment objectives of this program will be attained.

Past performance is no guarantee of future results. The market for all securities is subject to fluctuation such that upon sale an investor may lose principal.

**CD's are FDIC Insured and offer a fixed rate of return if held to maturity.**