Adam and Rachel Conroy

FINANCIAL OVERVIEW
November 18, 2009

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Table of Contents

Observations

For Adam and Rachel Conroy

Life Insurance Analysis

Premature Client Death

In the event of Adam premature death, an additional $658,000 of death benefit would need to be purchased on Adamlife to cover your desired expenses.

Based upon Adam premature death, you can expect to incur $13,252,029 of total expenses over the 37 years following Adam premature death.

Adam currently has $1,000,000 of existing life insurance death benefit dedicated to funding expenses in the event of Adam premature death.

Disability Analysis

Client's Disability

In the event of Adam disability, you could expect to lose $350,000 of annual income which equals approximatly 100.0% of you current income.

Adam currently has $75,000 in annual disability coverage to replace any lost income in the event of a disability.

It is projected that in the event of a disability to Adam, there will be $75,000 of available net income. When comparing this to your total annual expenses of $135,000, you could expect a $60,000 shortfall.

Long Term Care Analysis

Client's Long Term Care

The annual cost of long term care today (semi private room in a nursing facility) is $60,000.

A new long-term care insurance policy with a Annually benefit of $50,000 would cost approximately $4,500 per year.

Adam currently has no long-term care insurance coverage.

Assuming the long term care event occurred at Adam age 80 and lasted for 4 years, the total cost for long term care would be $834,034.

The costs of long-term care may seriously deplete your capital resources reducing your ability to maintain your desired standard of living.

Spouse's Long Term Care

Assuming the long term care event occurred at Rachel age 80 and lasted for 7 years, the total cost for long term care would be $1,737,018.

The annual cost of long term care today (semi private room in a nursing facility) is $60,000.

A new long-term care insurance policy with a Annually benefit of $50,000 would cost approximately $5,000 per year.

The costs of long-term care may seriously deplete your capital resources reducing your ability to maintain your desired standard of living.

Rachel currently has no long-term care insurance coverage.

Business Insurance Analysis

You currently have no buy-sell plan in place.

Without a buy-sell plan, there is no guarantee that your heirs will be able to sell the business for its fair value in a timely manner.

Adam and his business partner should create a buy-sell plan that will benefit both partners' families.

Annuity Income Analysis

Your guaranteed retirement income is $36,492 and your guaranteed retirement income goal is $100,000. There is a shortfall of ($63,508).

You could reposition $977,046 out of $1,975,000 of investment assets in order to eliminate your guaranteed income shortfall.

Financial Statements Analysis

We have estimated your current net worth to be $4,330,000.

Your expected cash flow is positive from this year until your expected retirement year.

Considerations

For Adam and Rachel Conroy

Life Insurance Analysis

Premature Client Death

Consider obtaining additional insurance protection on Adam life to provide the desired level of income in the event of a premature death.

You should coordinate the purchase of any new insurance with your education planning and estate needs.

Disability Analysis

Client's Disability

Our analysis indicates that you may not have enough resources to accomplish your objectives in the event of Adam unexpected disability. You may want to consider increasing your disability income insurance coverage to help meet your needs.

Long Term Care Analysis

Client's Long Term Care

You should consider long term care insurance as a cost effective means of offsetting unexpected health care costs.

When reviewing a new long term care insurance policy, you should consider the following features: benefit period, waiting period and inflation protection.

Spouse's Long Term Care

You should consider long term care insurance as a cost effective means of offsetting unexpected health care costs.

When reviewing a new long term care insurance policy, you should consider the following features: benefit period, waiting period and inflation protection.

Business Insurance Analysis

Establish a value for your business and consider using a professional, certified appraiser for this task.

Review the appropriateness of a Buy Sell Agreement.

Ensure the adequate and cost effective funding for a Buy Sell Agreement.

Annuity Income Analysis

Consider how much guaranteed retirement income would make you comfortable.

Consider repositioning non-guaranteed income sources into a deferred variable annuity with a lifetime guaranteed minimum income benefit. Keep in mind such optional benefits are available at an additional cost.

Consider your tolerance for income volatility.

Life Insurance Analysis

Types of Life Insurance

Term Insurance

This type of Life Insurance provides coverage on the insured for a specified period of time (5, 10, or 20 years for example) as long as the premiums are paid and the policy is not canceled.

Annual Renewable Term
Provides a fixed amount of coverage for one year and allows the policy owner to renew the coverage each year, without evidence of insurability.

Level Term
Provides a fixed amount of coverage with premiums that are fixed over a certain period of time, often in 10 year increments.

Decreasing Term
Provides for coverage that decreases throughout the term of coverage, while the premiums remain level. Often times used for a short term decreasing liability like a mortgage.

Permanent Insurance*

Permanent Life Insurance provides coverage for the insured's entire life - as long as premiums are paid on time and the policy is not canceled - and generally allows for a build up of cash value. The most common types of Permanent Insurance are:

Whole Life
The oldest kind of permanent insurance, where premiums are fixed and guaranteed and remain level throughout policy's lifetime. Provided premiums are paid on time, this coverage also provides a guaranteed cash value and guaranteed death benefit. Guarantees are dependent upon the claims-paying ability of the issuing insurance company.

Universal Life
Universal Life allows the owner after the initial payment to pay flexible premiums. The owner may change the death benefit from time to time (increase in coverage may require evidence of insurability) and vary the amount and timing of premium payments subject to certain minimums and standards.

Variable Universal Life
A form of permanent coverage that combines premium and death benefit flexibility with allowing the policy owner to choose among different investment options. Values fluctuate based on market volatility. The extent to which this form of coverage is permanent is also dependent on the performance of the underlying investments. Variable life insurance policy holders are subject to investment risks, including the possible loss of principal.

Variable universal life insurance is sold by prospectus. Before purchasing a variable universal life insurance policy, investors should carefully consider the investment objectives, risks, charges and expenses of the variable universal life insurance policy and its underlying investment choices. For this and other information, obtain the prospectuses for the variable universal life insurance policy and its underlying investment choices from your registered representative. Please read the prospectuses carefully before investing or sending money.

A Feature Comparison of Term and Permanent Life Insurance

Feature	Term	*Permanent
Length of Coverage	Specific Period of time as long as premiums are paid.	Lifetime as long as premiums are paid
Premiums	• Determined by age and health • Typically lower than permanent coverage	• Determined by age and health • Initially higher than term coverage with portion to cash value
Cash Value	Not Available	Accumulates on a Tax Deferred Basis
Face Amount	Typically Level	Level and/or Flexible
Key Advantage	Provides the highest death benefit for lowest premium when need is temporary.	Provides lifetime protection combined with cash value accumulation.

Length of coverage is permanent for whole life as long as premiums are paid. This may not be true of variable life or variable universal life insurance.

Most insurance policies contain exclusions, limitations, reductions of benefits and terms for keeping them in force. Your representative can provide you with costs and complete details.

The Need for Life Insurance

Do you need life insurance? Keep in mind that life insurance isn't for the people who die, it is for the people who live. If you have one or more people in your life that depend upon you financially – such as a spouse, children or other loved ones – you likely have a need for life insurance.

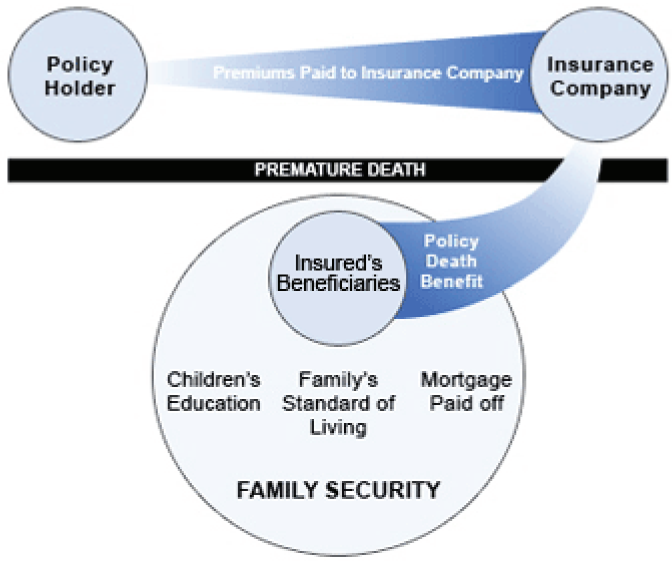
Ask yourself: when you die, will your family's financial security be protected?

Life insurance is used by most people to replace the income lost due to a premature death. Your ability to earn an income could be considered your family's biggest asset, and without it your family's standard of living and financial security could be lost. By supplying your loved ones with an income even after your death, you can help to ensure their financial future.

What can Life Insurance Protect?

Life insurance can guard against the need for your family to make drastic changes to their plans should the unexpected occur. Death benefits are almost always free from income tax and can help protect your ability to meet:

- Final expenses
- Day to day living expenses
- Education expenses for your children
- Outstanding liabilities like mortgages
- Family business continuity needs
- A legacy for your grandchildren
- A comfortable retirement for your spouse



Remember: Your financial needs today may not be the same as your needs tomorrow. Changes in your life such as marriage, the birth of a child, a new job, starting a business or getting a divorce necessitate a re-evaluation of your life insurance needs.

Premature Client Death

The Cost of a Premature Death

When a person dies prematurely, they leave behind many expenses with which their dependents must cope. Everyday living expenses, ongoing liabilities such as mortgage payments, and the funding of education for children are just a few examples of the expenses that may need to be covered. Life Insurance provides a safety net by which you can ensure that those you leave behind are able to meet their expenses and enjoy the standard of living that you would want.

The first step in determining what the right level of protection is for you and your family is to get an idea of the expenses that will need to be funded in the event of your premature death.

Total Future Living Expenses
$9,926,132

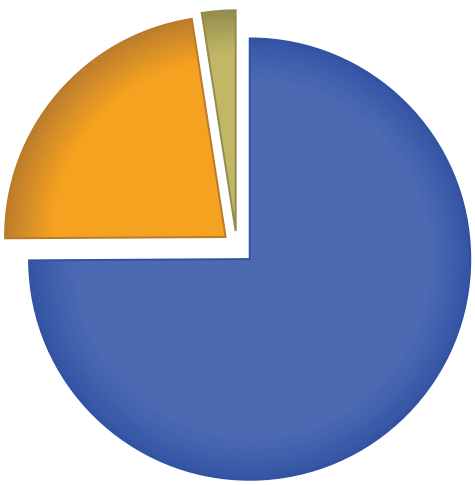
Total Liabilities & Education
$325,897

Desired Remainder
$3,000,000

Total Expenses
$13,252,029

What will your expenses be?

Based upon the anticipated expenses listed below, you can expect to incur **$13,252,029** of total expenses over the **37** years following **Adam**'s premature death in **2009**. The chart below shows the portion of the total cost associated with each type of expense.



Your Anticipated Expenses	
Living Expenses:	**$12,500** per month (**$150,000** per year)
Expenses Grow at:	**3.00%** per year
Fund Expenses Until:	Death of Spouse **2045**
Desired Remainder:	**$3,000,000**
Liabilities to Pay Off:	**$0**
Educations to Fund:	Patrick's Education

Living Expenses (74.90%)
Desired Remainder (22.64%)
Education Costs (2.46%)

Keep in Mind...

The cost of a premature death does not remain constant. As certain life events occur, it makes sense to review how these costs may change and whether you are properly protected. These life events may include purchasing a new home, the birth of a child, changing jobs, divorce or retirement.

Survivor Needs Details

Year	Age	Education Costs	Living Expenses @3.00%	Total Expenses	Income Applied Towards Needs	Capital Withdrawal to Meet Needs	Remaining Need (Deficit)
2009	54	$0	$150,000	$150,000	$0	$150,000	$0
2010	55	0	154,500	154,500	0	154,500	0
2011	56	0	159,135	159,135	0	159,135	0
2012	57	0	163,909	163,909	0	163,909	0
2013	58	0	168,826	168,826	0	168,826	0
2014	59	0	173,891	173,891	0	173,891	0
2015	60	0	179,108	179,108	0	179,108	0
2016	61	0	184,481	184,481	0	184,481	0
2017	62	0	190,016	190,016	0	190,016	0
2018	63	0	195,716	195,716	0	195,716	0
2019	64	0	201,587	201,587	0	201,587	0
2020	65	0	207,635	207,635	22,840	184,795	0
2021	66	0	213,864	213,864	23,525	190,339	0
2022	67	0	220,280	220,280	24,231	196,049	0
2023	68	0	226,888	226,888	24,958	201,930	0
2024	69	77,898	233,695	311,593	25,706	285,887	0
2025	70	80,235	240,706	320,941	26,478	294,463	0
2026	71	82,642	247,927	330,569	27,272	303,297	0
2027	72	85,122	255,365	340,487	28,090	312,397	0
2028	73	0	263,026	263,026	28,933	234,093	0
2029	74	0	270,917	270,917	29,800	241,117	0
2030	75	0	279,044	279,044	30,694	248,350	0
2031	76	0	287,416	287,416	31,615	255,801	0
2032	77	0	296,038	296,038	32,564	263,474	0
2033	78	0	304,919	304,919	33,541	271,378	0
2034	79	0	314,067	314,067	34,547	279,520	0
2035	80	0	323,489	323,489	35,584	262,025	25,880
2036	81	0	333,193	333,193	36,651	0	296,542
2037	82	0	343,189	343,189	37,750	0	305,439
2038	83	0	353,485	353,485	38,883	0	314,602
2039	84	0	364,089	364,089	40,050	0	324,039
2040	85	0	375,012	375,012	41,251	0	333,761
2041	86	0	386,262	386,262	42,489	0	343,773
2042	87	0	397,850	397,850	43,763	0	354,087
2043	88	0	409,786	409,786	45,076	0	364,710
2044	89	0	422,079	422,079	46,429	0	375,650
2045	90	0	434,742	434,742	47,821	0	386,921
				13,252,029	**880,541**	**5,946,084**	**3,425,404**

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Your Resources plus Additional Insurance

Your capital resources, insurance proceeds and continuing income sources can be used to offset the expenses that will occur after a premature death. But these resources may not be enough. Let's take a look at how your assets and income stack up against your projected expenses in the event that **Adam** dies prematurely in **2009**.

Additional Insurance
$658,000
Years Funded
37
Unfunded Years
0
Assets Remaining in Estate
$3,011,407

Rachel will have the following sources of income to help cover expenses until **2045**:

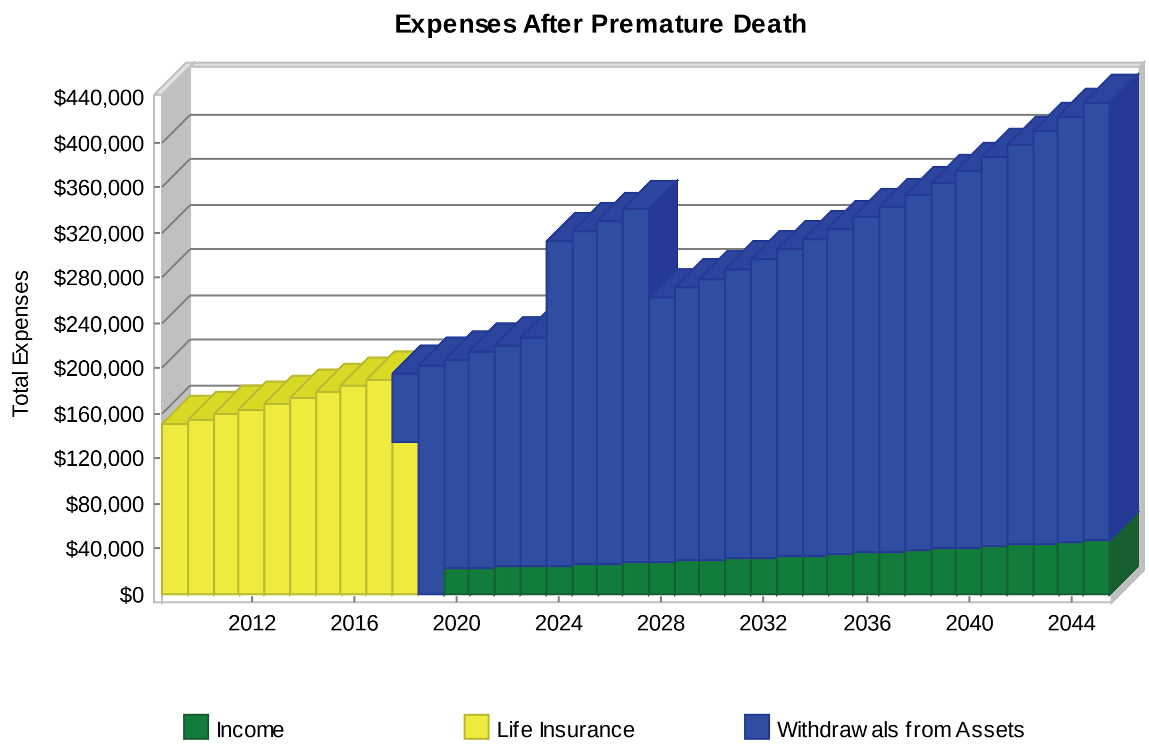
- Rachel's Social Security **$22,000**/yr 2020-2045

You currently have **$1,975,000** of available capital resources and **$1,000,000** in existing life insurance coverage. Together, these assets provide a total of **$2,975,000** to offset your projected expenses. With additional life insurance benefits of **$658,000** you will be able to fully offset your projected expenses.

For purposes of this analysis, we'll assume that capital resources and insurance proceeds will grow at **7.00%** and withdrawals from capital resources will be taxed at a rate of **20.0%**. Income will be indexed at **3.00%** and will be subject to a **25.0%** income tax.

How will you cover your expenses?

The chart below illustrates how your income, capital resources and insurance benefits would stack up againt your projected expenses. Each column represents the total expenses in a given year, and the colors in each column indicate the resources used to meet those expenses.



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Survivor Needs plus Insurance Details

Year	Age	Education Costs	Living Expenses @3.00%	Total Expenses	Income Applied Towards Needs	Capital Withdrawal to Meet Needs
2009	54	$0	$150,000	$150,000	$0	$150,000
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Disability Analysis

Disability Income Insurance Terminology

As with other types of insurance products, there is no 'standard' Disability Income Insurance policy. Insurance providers often times will offer multiple policy options in an effort to help clients find the coverage and premium levels most appropriate for them. When reviewing a Disability Income Insurance policy you may be faced with many terms that are important in defining the policy, but which may appear confusing. Here is a list of the most common terms you may encounter:

Any Occupation

This policy provision indicates that the insured will be considered disabled if and only if unable to perform the duties of any occupation for which he or she is qualified by education, training, or experience.

Own Occupation

A policy containing this provision will consider the insured disabled if the insured is unable to perform the duties of the insured's current occupation and the insured is not working at any other occupation.

Elimination Period

This is the amount of time at the beginning of a disability claim for which no disability benefits are paid. The longer your elimination period the less expensive your policy premiums should be. Typical choices available are 30, 60, 90, 180, 365, 720 day elimination periods. The most popular elimination period is 90 days.

Benefit Period

A benefit period is the period of time you are eligible to collect benefits while disabled. Typical choices available are 2 years, 5 years, to age 65, Social Security Retirement Age, or lifetime. The most popular benefit period is to age 65.

Cost of Living Adjustment

Often referred to as a COLA rider on a policy, this optional rider (may have additional cost) adjusts your benefit to help keep pace with inflation for claims lasting longer than 1 year.

Guaranteed Renewable

This refers to a provision that guarantees an insurance policy will continue in force as long as insurance premiums are paid on time. An insurance company can typically only cancel a guaranteed renewable policy for non-payment of premium. However, premiums can be increased for all policyholders within a particular group.

Non-cancelable

A policy which cannot be cancelled or altered by the insurance company and whose premiums will not increase as long as the insured continues to pay premiums on time.

Riders

A rider amends a policy by adding additional provisions to it. Riders may be available at an additional cost.

Most insurance policies contain exclusions, limitations, reductions of benefits and terms for keeping them in force. Your representative can provide you with costs and complete details.

Disability Income Insurance FAQs

What are the odds of actually becoming Disabled?

The odds are that one in 3 working Americans will become disabled for 90 days or more before age 65.[1]

What is Disability Income Insurance?

Disability income insurance helps protect a portion of income when you are unable to work due to a disability. This coverage provides benefits that can be used to help pay living expenses when you are unable to work.

How much income will my policy protect?

Disability coverage provides a monthly benefit that is typically a percentage of the insured's pre-disability gross earnings. Often times, you can also purchase a cost of living adjustment rider that will increase the benefit each year based upon a specific amount set forth in the policy.

How long does Disability Income Insurance Coverage last?

The benefit period for a disability income policy can last as little as 1 year or as long as the insured's lifetime.

When would I receive my first monthly benefit?

There is a waiting period between the time you become disabled and the time you begin to receive benefit payments. Waiting periods can range anywhere from one week to two years. Typically, the longer the waiting period the lower the premium will be. In determining the waiting period, you should consider the amount of personal savings that would be exhausted between the onset of the disability and end of the waiting period.

What is the definition of Disability?

Disability income insurance policies can be purchased with one of two different definitions for disability, or the policy may contain both definitions. You will qualify for benefits on a policy with an "Own Occupation" definiton if you are not able to perform the main duties of your own specific occupation and you are not working at any other occupation. On a policy with an "Any Occupation" defintion of disability, you will qualify for benefits if you are unable to perform the duties of any job for which your education, training and experience qualify you.

Won't Social Security provide income replacement if I become disabled?

The definition of disability by the Social Security Administration is different. To be eligible for benefits under the Social Security Administration's defintion of disability, a person must be unable to do any kind of substantial gainful employment because of a physical or mental impairment, which is expected to either last at least 12 months or result in your death. Effective January 2008, the Social Security Income payment for an eligible individual who is disabled is $637 per month and $956 per month for an eligible couple[2]. In most circumstances this does not allow you to cover your living expenses.

[1] National Association of Insurance Commissioners Individual Disability Table A, 1985
[2] www.ssa.gov/legislation/2008factsheet.pdf

Client's Disability

Your Income Replacement Objective

Disability Income Insurance can help protect you against the loss of income by providing a benefit that helps replace a portion of your income in the event of sickness or a disability. The key component of any Disability Income Insurance Analysis is to define your *Income Replacement Objective*. The *Income Replacement Objective* is the percentage of your current earned income that you could expect to have replaced through disability income insurance benefits. Typically, between 60% and 80% of the lost income is covered.

Now let's take a look at how well you are currently protected against a disability occurring to **Adam**.

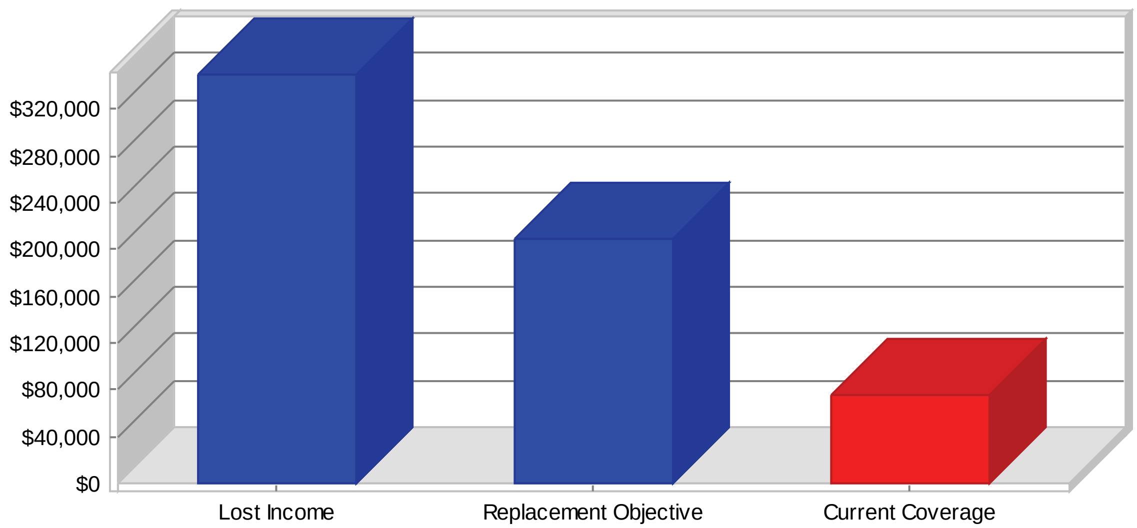
For this analysis we'll target an Income Replacement Objective of **60%** of your current gross earned income, or **$210,000** per year. Your existing disability insurance will provide a gross annual benefit of **$75,000**.

Adam's Lost Income
$350,000
Income Replacement Objective
$210,000
Existing Net Coverage
$75,000
Annual Shortfall
$135,000

How Much of Your Income Will be Replaced?

The chart below compares the income you will lose, your income replacement objective and your current disability coverage. It shows that your current disability coverage does not meet your desired level of replacement income.

Your Coverage vs. Your Objective

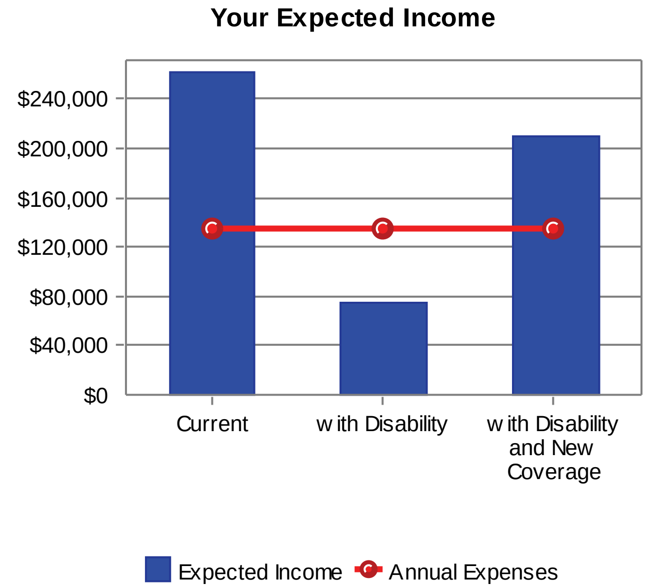


Note: The definition of disability under Social Security is different than other programs. Social Security pays only for total disability. No benefits are payable for partial disability or for short-term disability. Because of this different definition, we do not assume any social security benefits in this analysis. Source: www.socialsecurity.gov. Also, the defintion of disability is based on the policy purchased.

The Benefit of Disability Income Insurance

In the event that **Adam** suffers a disability which eliminates the ability to earn an income, your expected remaining income sources - including existing disability coverage - will fall **$60,000** short of your anticipated expenses of **$135,000** per year.

Additional long term disability insurance coverage in the amount of **$135,000** will meet your income replacement objective and increase your net income to **$210,000**, reducing your annual shortfall to **$0**.



By the Numbers

The table below breaks out the income and expenses you have today, and those you expect in the event of a disability to **Adam**. You can see in the bottom line that the annual shortfall or surplus is improved by the income benefits provided by disability insurance.

	No Disability	Disability Occurs with Current Coverage	Disability Occurs with New Coverage
Annual Expenses	$135,000	$135,000	$135,000
Adam's Net Income	$262,500	$0	$0
Other Net Income	$0	$0	$0
Net Disability Insurance Benefits	$0	$75,000	$210,000
Annual shortfall	**$0** **shortfall**	**$60,000** **shortfall**	**$0** **shortfall**

Note: The definition of disability under Social Security is different than other programs. Social Security pays only for total disability. No benefits are payable for partial disability or for short-term disability. Because of this different definition, we do not assume any social security benefits in this analysis. Source: www.socialsecurity.gov. Also, the defintion of disability is based on the policy purchased.

Long Term Care Analysis

LTC Terminology

Long Term Care involves a wide array of services to individuals with a chronic illness, degenerative condition (e.g. Parkinson's, stroke, etc.), disability or cognitive disorder (e.g. Alzheimer's). If you are at least 50 years old and have assets to protect, Long Term Care Insurance may provide protection against the unexpected depletion of those assets.

Long Term Care Insurance can typically cover a broad range of services including nursing home care, assisted living facilities and adult day care. The following summarizes some of the key terms and concepts involved in preparing for the potential need for Long Term Care:

Activities of Daily Living (ADLs)

Activities that people do independently everyday-eating, bathing, dressing, moving around (mobility), transferring (from chair to bed), using the toilet, and maintaining bladder and bowel continence. These are commonly used to measure an individual's ability to function.

Nursing Home - Levels of Care

Insurance companies' definitions may differ; therefore, consult your policy for more information. The following are general definitions of the various levels of care.

- Skilled Nursing Care is for persons who need intensive care, 24 hours a day, with supervision and treatment by a nurse under the direction of a doctor.
- Intermediate Care is suitable for individuals who do not require around the clock nursing care, but are still not able to live on their own.
- Custodial Care is suitable for individuals who do not need skilled nursing care, but require supervision for some of the activities of daily living (ADLs).

Daily Benefit Amount

A specified maximum daily dollar amount payable on a covered period of long-term care services. Policies typically allow for the choice in $10 or $25 increments. An individual's choice should take into consideration the local costs of long-term care services and any amounts that could come out of pocket to pay for such services without depleting savings.

Inflation Protection

This policy provision increases the daily benefit amount on an annual basis, to protect against the effects of inflation. This can be an important provision to consider, as many long term care insurance policies are purchased looking towards potential future events. For example, a nursing home that charges $130/day today could charge $260/day in 14 years based upon 5% annual increases to those costs.

Elimination Period

A specified time period in which covered long-term care services are received but no benefits are payable. With respect to this policy provision, you would generally select the longest period that you could sustain payment of the costs of long-term care services using available expendable assets in order to reduce your policy premiums.

Guaranteed renewable

This refers to a provision that guarantees that an insurance policy will continue in force as long as insurance premiums are paid on time. An insurance company can typically only cancel a guaranteed renewable policy for non-payment of premium. However, premiums can be increased for all policyholders within a particular class.

Non-cancelable policy

A policy which cannot be cancelled or altered by the insurance company and whose premiums will not increase as long as the insured continues to pay premiums on time.

Riders

A rider amends a policy by adding additional provisions to it. Riders may be available at an additional cost.

Most insurance policies contain exclusions, limitations, reductions of benefits and terms for keeping them in force. Your representative can provide you with costs and complete details.

LTC Frequently Asked Questions

What is Long Term Care?

It is the care required for someone who can no longer perform a certain number of "activities of daily living" (ADL), such as eating, bathing, toileting, dressing, moving between a chair and a bed, and remaining continent. Generally, insurance companies will use a certain number of ADLs or a cognitive impairment (e.g. Alzheimer's) to determine when a person is eligible for benefits under their long term care insurance policy.

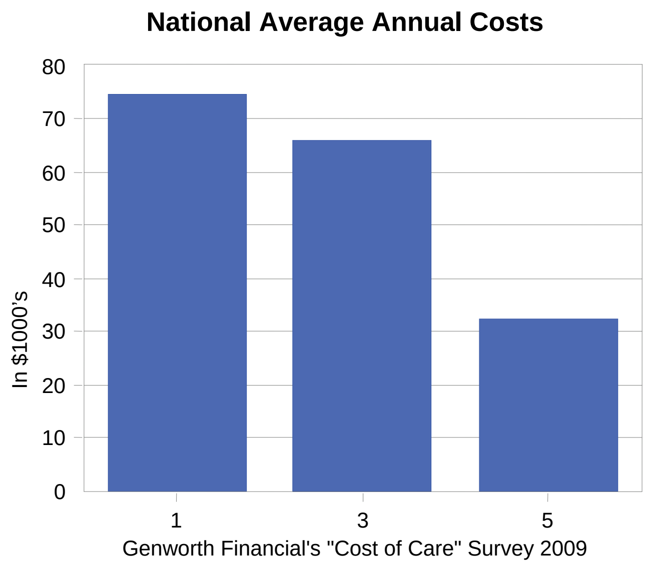
Will the government pay for my Long Term Care needs?

Generally, Medicare doesn't pay for long term care. Medicare pays only for medically necessary skilled nursing facilities or home health care, and even those services will be provided only if certain conditions are met and for a short period of time. Medicaid is a Federal program administered by the states that pays for certain health services and nursing home care for people with low incomes and limited assets.

What does Long Term Care cost?

According to the Genworth Financial Cost of Care Survey 2007:

- The average annual national cost for a private room in a nursing home is nearly $75,000 (see chart column 1), and a semi-private room is in excess of $65,000 (column 3).
- A one bedroom unit in an assisted living facility has an average annual cost in excess of $32,000 representing a 1% increase from previous year (column 5).
- The average hourly rate for a home health aide worker was in excess of $32, representing a 10.6% increase from previous year.



What is Long Term Care Insurance?

Long Term Care Insurance is coverage designed to pay for personal care needs and other long-term care services for individuals who are limited in their activities of daily living (ADL) or are cognitively impaired. These types of policies can pay benefits for long-term care services provided in a nursing home, an assisted living facility, or even your own home.

What does Long Term Care Insurance cover?

Many policies generally cover skilled, intermediate, and custodial care in state-licensed nursing homes as well as home care, assisted living, and adult day care services. All policies have conditions, limitations, and exclusions that differ from contract to contract. These policies may pay a fixed dollar amount for each day you receive long-term care services or they may cover actual charges up to a maximum daily benefit.

Client's Long Term Care

The Cost of Long Term Care

Long Term Care (LTC) can result in significant expenses for a number of years, potentially draining your savings and having a financial impact that could undermine your plans for retirement. The chart below illustrates the significant cost that a typical long term care event can present.

In this example, Adam has a health event that results in a need for LTC at age **80** and lasts for a period of **4** years. The cost of Adam's care, in today's dollars, is assumed to be **$5,000** Monthly - in addition to normal living expenses - and assumed to grow at a rate of **5.00%** each year.

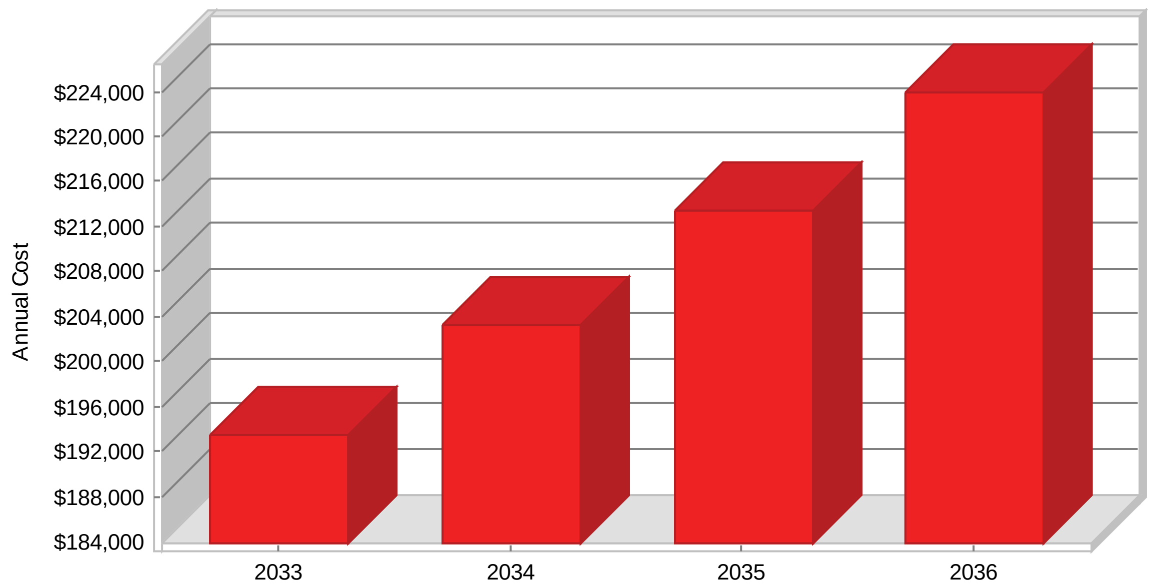
Monthly Cost of LTC Today
$5,000

Annual Cost of LTC at Age 80 (2033)
$193,506

Total 4-year Cost of LTC (2033 - 2036)
$834,034

What will it cost each year?

Each bar in the chart below represents the annual cost you can expect to pay for Long Term Care each year. Starting at **$60,000** today and increasing at a rate of **5.00%** the annual cost would grow to **$224,007** in the last year of your need.



Keep in Mind...

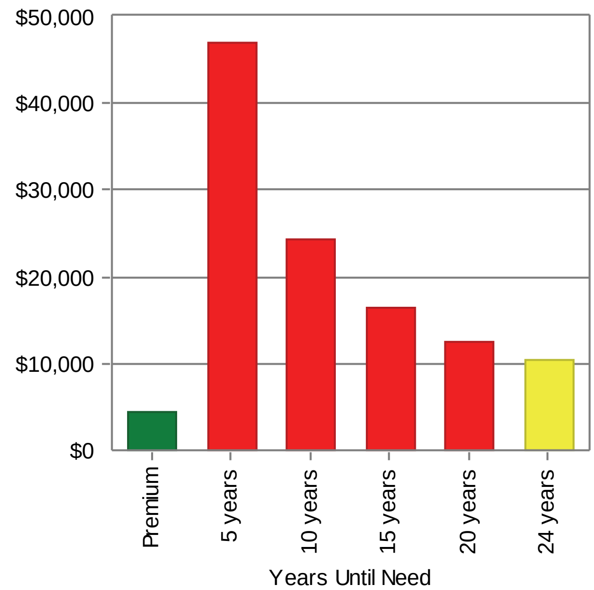
According to the U.S. Census Bureau, the 80+ segment represents the fastest growing segment of the population. With more of the population living longer, there will be more individuals incurring long term care costs. Families need to understand and plan for these costs without expecting them to be covered by government programs or entitlements.

The Cost Benefit of LTC Insurance

It may be hard to pay long-term care insurance premiums, when long term care may not be necessary for many years, but when you compare those premiums with the cost of self-insuring against a potential need for LTC, the potential value of Long Term Care Insurance becomes apparent.

It would cost you about **$4,500** per year in LTC Insurance premiums to receive around **$50,000** Annually in LTC benefits .

To be able to provide this same level of funding on your own, you would need to save much more than **$4,500** each year from now until the onset of the Long Term Care need. The chart at the right shows the amount you would need to save *each year* in order to provide a comparable benefit at various periods in the future, assuming **5.00%** Cost of Living Adjustment on insurance benefits and **8.00%** rate of return on your personal savings.



By the Numbers

The table below further illustrates the difference in cost between LTC Insurance and self-insurance. The annual savings and/or rate of return requirements could make self insuring against a future LTC event cost-prohibitive.

Years Until Need	**5 years**	**10 years**	**15 years**	**20 years**	**24 years**
Age	61	66	71	76	80
Annual Benefit	$63,814	$81,445	$103,946	$132,665	$161,255
Total Benefit	$275,047	$351,037	$448,022	$571,802	$695,030
To provide yourself with the same total benefit in each of these time periods, you would need annual savings in the following amounts (assuming a rate of return on your savings of **8.00%**).					
Savings Needed	$46,884	$24,232	$16,500	$12,495	$10,410
To provide the same total benefit using only the **$4,500** per year that you would have spent on premiums, your savings would need to grow at the following rates:					
Rate Needed	146.2% $275,342	42.3% $351,547	23.8% $446,077	16.8% $571,295	13.8% $693,091

Spouse's Long Term Care

The Cost of Long Term Care

Long Term Care (LTC) can result in significant expenses for a number of years, potentially draining your savings and having a financial impact that could undermine your plans for retirement. The chart below illustrates the significant cost that a typical long term care event can present.

In this example, Rachel has a health event that results in a need for LTC at age **80** and lasts for a period of **7** years. The cost of Rachel's care, in today's dollars, is assumed to be **$5,000** Monthly - in addition to normal living expenses - and assumed to grow at a rate of **5.00%** each year.

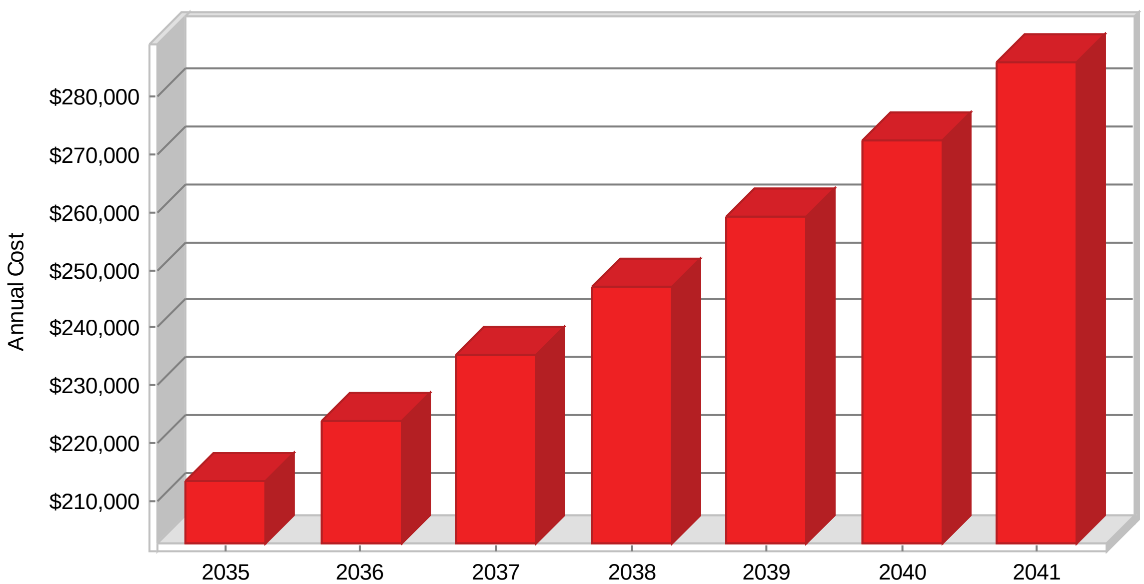
Monthly Cost of LTC Today
$5,000

Annual Cost of LTC at Age 80 (2035)
$213,340

Total 7-year Cost of LTC (2035 - 2041)
$1,737,018

What will it cost each year?

Each bar in the chart below represents the annual cost you can expect to pay for Long Term Care each year. Starting at **$60,000** today and increasing at a rate of **5.00%** the annual cost would grow to **$285,896** in the last year of your need.



Keep in Mind...

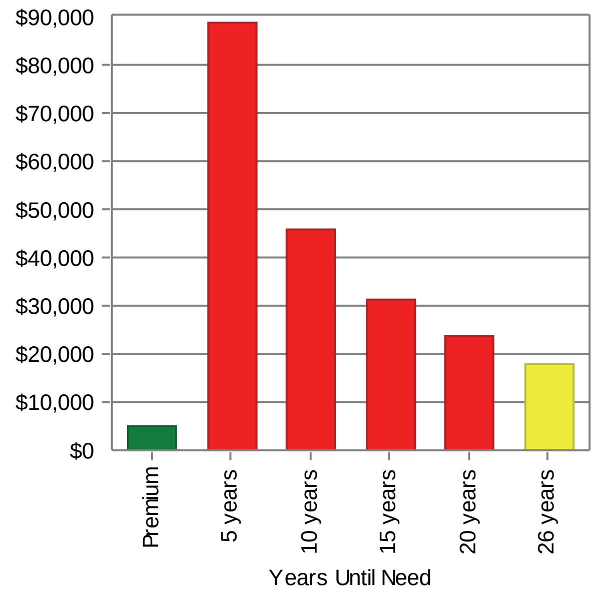
According to the U.S. Census Bureau, the 80+ segment represents the fastest growing segment of the population. With more of the population living longer, there will be more individuals incurring long term care costs. Families need to understand and plan for these costs without expecting them to be covered by government programs or entitlements.

The Cost Benefit of LTC Insurance

It may be hard to pay long-term care insurance premiums, when long term care may not be necessary for many years, but when you compare those premiums with the cost of self-insuring against a potential need for LTC, the potential value of Long Term Care Insurance becomes apparent.

It would cost you about **$5,000** per year in LTC Insurance premiums to receive around **$50,000** Annually in LTC benefits .

To be able to provide this same level of funding on your own, you would need to save much more than **$5,000** each year from now until the onset of the Long Term Care need. The chart at the right shows the amount you would need to save *each year* in order to provide a comparable benefit at various periods in the future, assuming **5.00%** Cost of Living Adjustment on insurance benefits and **8.00%** rate of return on your personal savings.



By the Numbers

The table below further illustrates the difference in cost between LTC Insurance and self-insurance. The annual savings and/or rate of return requirements could make self insuring against a future LTC event cost-prohibitive.

Years Until Need	5 years	10 years	15 years	20 years	26 years
Age	59	64	69	74	80
Annual Benefit	$63,814	$81,445	$103,946	$132,665	$177,784
Total Benefit	$519,575	$663,124	$846,333	$1,080,159	$1,447,516
To provide yourself with the same total benefit in each of these time periods, you would need annual savings in the following amounts (assuming a rate of return on your savings of **8.00%**).					
Savings Needed	$88,565	$45,775	$31,170	$23,604	$18,104
To provide the same total benefit using only the **$5,000** per year that you would have spent on premiums, your savings would need to grow at the following rates:					
Rate Needed	187.4% $520,489	53.4% $666,234	30.2% $850,671	21.2% $1,079,690	16.0% $1,450,432

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Business Insurance Analysis

Cross Purchase Agreement

In a cross purchase agreement, owners of a business agree to collectively purchase the interest of any owner who happens to die. Utilizing life insurance policies on each other to fund the buyout, each owner of the business purchases a life insurance contract on the lives of all the other owners. At the death of any owner, the surviving owners receive the policy proceeds and then purchase a pro rata share of the deceased owner's business interest from their estate. The result is that the non-liquid business interest of the deceased owner has been converted to cash for his/her heirs and the surviving owners now own 100 percent of the business.

The table below will list some of the advantages and disadvantages of an cross purchase agreement funded with life insurance.

Advantages

- The surviving partners/owners typically receive their life insurance proceeds income tax-free.
- Typically the contract cash values are not subject to the creditors of the business, since the contracts are owned personally.
- The sale of a deceased owners interest by the estate will usually be treated as a sale of a capital asset and therefore be given capital gains treatment.
- Traditionally in a corporate cross purchase agreement, the surviving owners will receive a basis increase for the purchase of the stock.

Disadvantages

- A cross purchase buy-sell agreement can become complex if you have a business with more than 2 or 3 owners, since each owner owns a policy on each of the other owners. A “trusted” buy-sell may eliminate this problem.
- The business cannot list the policies as assets of the company. Since the policies are individually owned, the business cannot book them as assets.
- Each business owner must generally use personal resources to purchase the insurance policies. Additionally, the premium payments are not deductible by the owner. The business, however, could fund the premiums as an additional benefit plan.
- The timing of a business owners death could result in inequality of total benefits received by the shareholders.
- There is the potential for disproportional premium payments among owners who are of different ages and health profiles.

Funding Buy-Sell Agreements

Whether you pass control of a business to a new generation, to a co-owner, or to a key employee, an effective succession plan can ensure a smooth transfer of your business interest at death. A corporate buy-sell agreement should be funded by a method that will facilitate a worry-free transfer of a deceased partner's business interest to the surviving owner(s). When determining the appropriate funding method, you should look for the following characteristics:

- Relative low cost
- Easy to understand
- Easy to put in place and administer
- No adverse impact to the working capital or credit position of the business

Although the majority of buy-sell agreements are funded with life insurance, there are other methods that could be used to provide the liquidity to acquire a business interest. The most common alternatives in funding a buy-sell agreement are:

Sinking Fund
Dollars are earmarked and accumulated over time to purchase a business interest. When using business assets to create the sinking fund, you could run the risk of straining the company's working capital. The primary task with this method is that a premature death will leave surviving owners with insufficient cash to buy out the deceased owner's interest.

Borrowing
The business receives the needed funds from a bank or other lender and the seller is paid in full at the time of the deceased partner's death. The business repays the lender over time. This method requires the business to generate sufficient cash flows to make the required payments on the borrowed funds. The question may be, will the bank lend money to the business if the deceased owner was responsible for generating much of the company's revenue?

Installment Payments
An installment sale is often thought to be a feasible way to purchase a deceased owner's interest. This is similar to the borrowing approach, except that the seller finances the purchase. This places the seller in a precarious and less secure position. The seller will have to determine whether he/she is willing to be dependent upon the business without a hand in its management. A seller allowing the business to defer payments will expectedly insist on security for the unpaid amounts. While corporate assets can secure the unpaid balance, it may hinder the company's ability to borrow money or raise capital.

Life Insurance
Funding your buy-sell agreement with life insurance may be the most economical vehicle for ensuring that the necessary funds are available to purchase a deceased owner's interest. With life insurance as your funding vehicle, you can prepay the cost of the buyout with the proceeds coming to the business owner untaxed and on time. In summary, the following reasons are why life insurance is often considered the most effective option for funding your buy-sell agreement:

- Death proceeds guaranteed by premium payments
- Death proceeds are generally income tax free
- Cash values could be used for buyout at retirement or disability
- Discounted dollars often provides the most economical option
- Credit position of the business may be strengthened

Your Business Interest

Many business owners have achieved success by working hard, taking risks and juggling a host of financial hurdles. Often times, a business owner's personal wealth is significantly tied to their business interests. This analysis will look at business entities where **Adam Conroy** has an ownership stake.

There is no such thing as an exact business valuation methodology. The more opinions you solicit, the more suggested methods you will receive. **We recommend that all business owners use a professional appraiser to suggest the most appropriate method for their unique situation.**

For this hypothetical analysis, we are going to look at **CB Consulting**, where the *assumed* value for the business today is **$3,250,000**.

Total Business Value
Current Business Value
$3,250,000

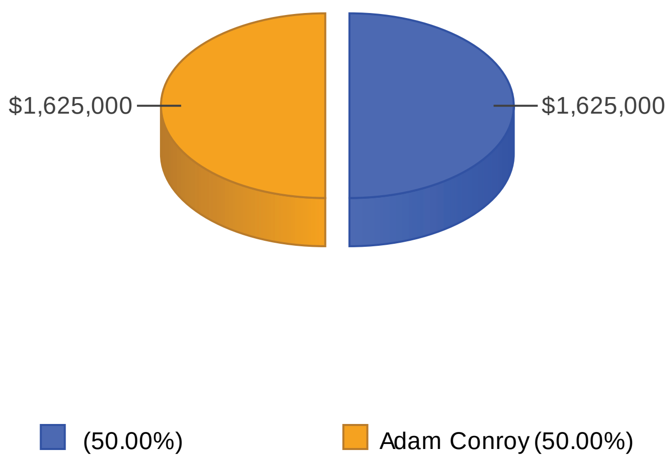
Adam Conroy's Business Interest
Current Interest Value
$1,625,000

This analysis **will not** look at the impact of future growth on the assumed business value.

Your current interest in **CB Consulting** is **50.00%**, which represents **$1,625,000** of its assumed current value. This table defines the current ownership structure of the business:

Business Partner	Ownership Interest	Current Value
Kevin Boyd	50.00%	$1,625,000
Adam Conroy	50.00%	$1,625,000
Total Business Interest	100.00%	$3,250,000

Current Interest



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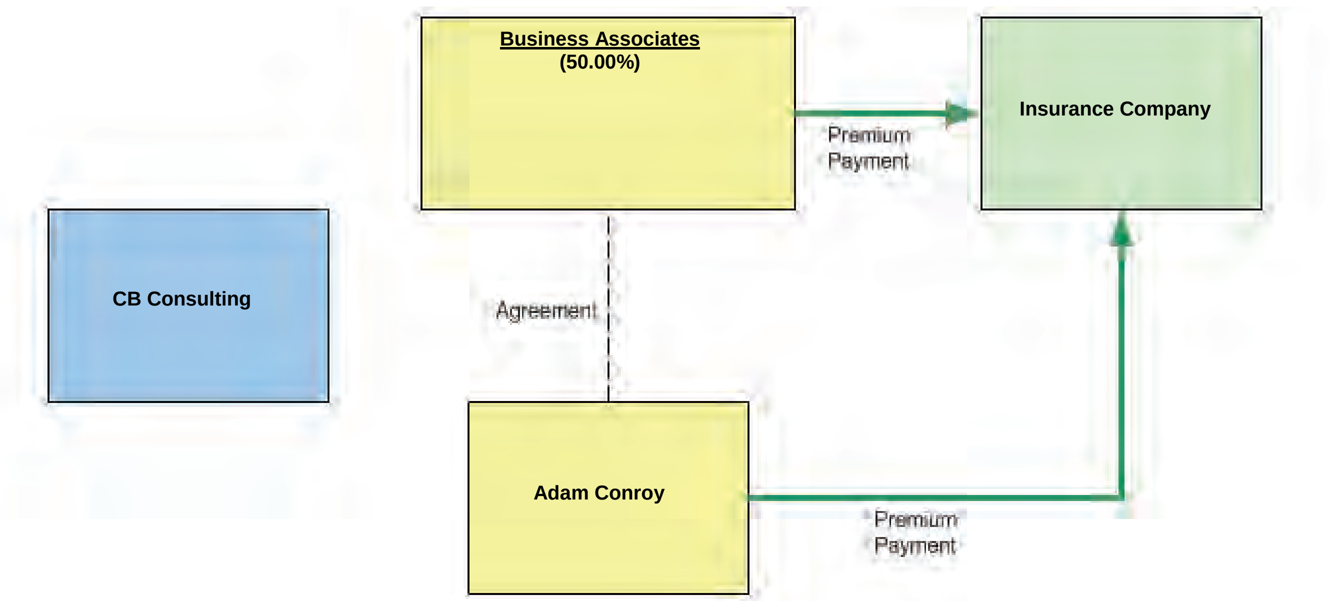
Cross Purchase Agreement Diagram

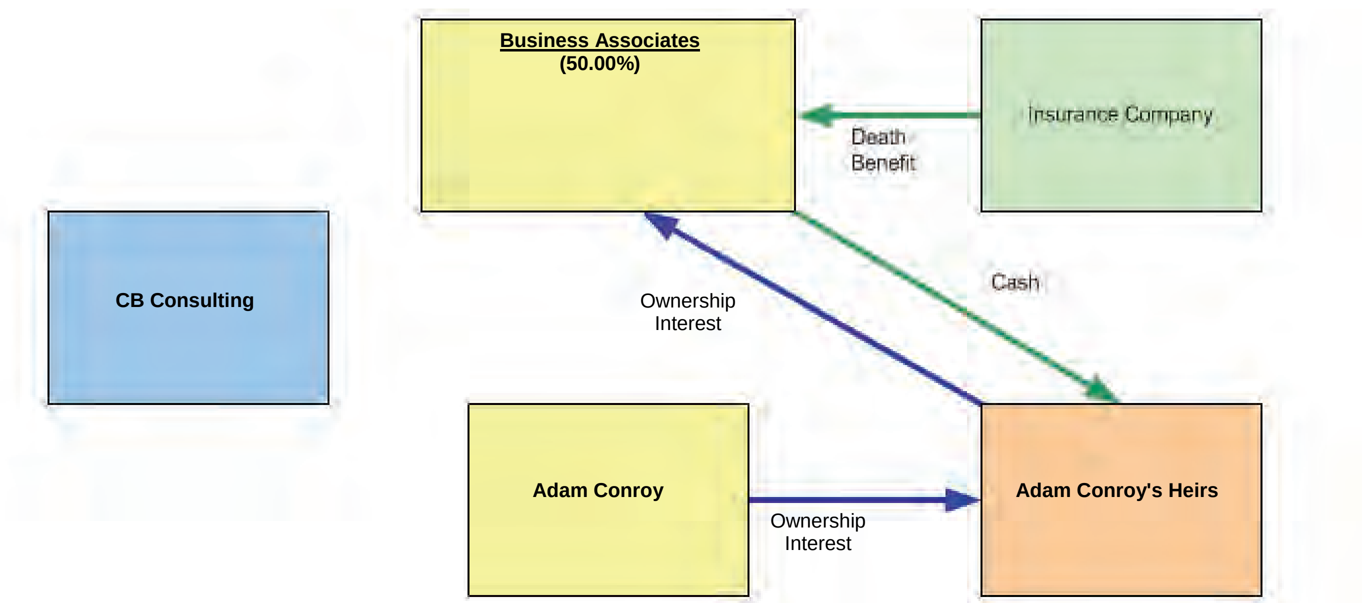
In a cross purchase agreement, owners of a business agree to collectively purchase the interest of any owner who dies. Utilizing life insurance policies on each other to fund the buyout, each owner of the business purchases a life insurance contract on the lives of all the other owners. At the death of any owner, the surviving owners receive the policy proceeds and then purchase a pro rata share of the deceased owner's business interest from their estate. The result is that the non-liquid business interest of the deceased owner has been converted to cash for his/her heirs and the surviving owners now own 100 percent of the business.

In the diagram below, we see how such an agreement would be structured for **CB Consulting**. The diagram shows how this agreement functions in relation to **Adam Conroy**, both prior to and after death.

Cross Purchase Agreement Diagram



Cross Purchase Agreement Diagram



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Buy Sell Agreement

When life insurance is used as the funding vehicle for a buy-sell agreement, the number of policies and the amounts of each policy will differ based upon whether you are using a Cross Purchase or an Entity Purchase agreement. This report outlines the specific details for each hypothetical policy for **a Cross Purchase** agreement.

Buy Sell Agreement

Insured	Policy Owner/Beneficiary	Today
Kevin Boyd	Adam Conroy	$1,625,000
Total		**$1,625,000**

Insured	Policy Owner/Beneficiary	Today
Adam Conroy	Kevin Boyd	$1,625,000
Total		**$1,625,000**

Annuity Income Analysis

Trends Impacting Retirement

Trends Impacting Retirement

In 2008, the first of the "Baby Boomer" generation will be turning 62. The "Boomers" who are retiring or considering retiring will have to ask themselves several questions. At what age should I retire? What is the trade off if I postpone retirement? How much should I withdraw from my nest-egg each year? What are reasonable growth rate and inflation assumptions?

A successful transition from accumulating assets, to spending down those assets in retirement, requires answering these questions. But it also requires an understanding of certain trends when answering them. These trends, when not considered, can dramatically impact your retirement savings and how long those savings will last.

Decline in Traditional Pension Plans:

Employees covered by defined benefit pension plans, have been steadily declining over the years. This impacts retirement in a couple of different ways. First, social security and pensions are the primary sources of guaranteed income throughout retirement. With the decline in private sector pension plans, many retirees will be relying on social security as their only guaranteed income throughout retirement.

Second, this decrease in traditional pensions has been offset with defined contribution plans such as 401(k)'s. The big difference is that these defined contribution plans shift the investment responsibility from the employer to the employee. With this added responsibility, comes the risk associated with picking your own investments and shouldering the burden of your own retirement security.

Increased Life Expectancy:

With advances in health related sciences, life expectancy has significantly increased in the last 50 years. This means that retirees have a much greater likelihood of living well into their 80's and even 90's, resulting in potentially 30 plus years in retirement. This "longevity" risk requires retirees to consider 2 things as they plan for sustainable retirement income:

- What is a reasonable withdrawal rate, considering I may live to be 90 or older? The higher the percentage, the greater the likelihood that you will run out of money.
- Should you convert some of your nest-egg to guaranteed lifetime income products? This locks in a certain level of income, no matter how long you or your spouse lives.

While there is no right or wrong answer to these longevity risk questions, one thing is certain, going through the exercise increases your ability to make informed decisions.

Rising Health Care Costs:

The financial realities of current retirees can be dramatically impacted by the state of their own health. Increased life expectancy and the steady reduction in the level of health related benefits provided by private employers, is resulting in increased funding needs for retirement. The following areas should be given specific consideration:

- Expected out of pocket health care costs to supplement Medicare—This cost may be even more acute for early retirees in the years prior Medicare availability.
- Insurance premiums for long term care insurance coverage—The lack of coverage may inflict serious damage to retirement savings should a prolonged nursing home stay be necessary.

These types of costs should therefore seriously be considered, as basic and essential expenses, when looking to secure guaranteed lifetime income.

Retirement Expenses and Guaranteed Income

Just as in your working life, you will have both expenses and income during your retirement. The first step in doing any analysis of new sources of retirement income is determining what the additional income need will be during retirement.

Annual Retirement Expenses	**$115,000**
Retirement Expenses to Cover	**$100,000**
Annual Guaranteed Income	**$36,492**
Guaranteed Income Shortfall	**($63,508)**

Retirement Expenses

During retirement, you can expect to have both basic and discretionary expenses. Basic expenses are just that; expenses required for day to day living. If necessary, you can forego discretionary expenses. For this analysis, you can expect basic expenses to be **$100,000** per year and discretionary expenses to be **$15,000** per year. You may wish to cover all of this, part of this, or have enough income to cover it with some buffer. For this analysis, **100.00%** of the basic expenses and **0.00%** of the discretionary expenses will be covered. This amounts to a total of **$100,000**.

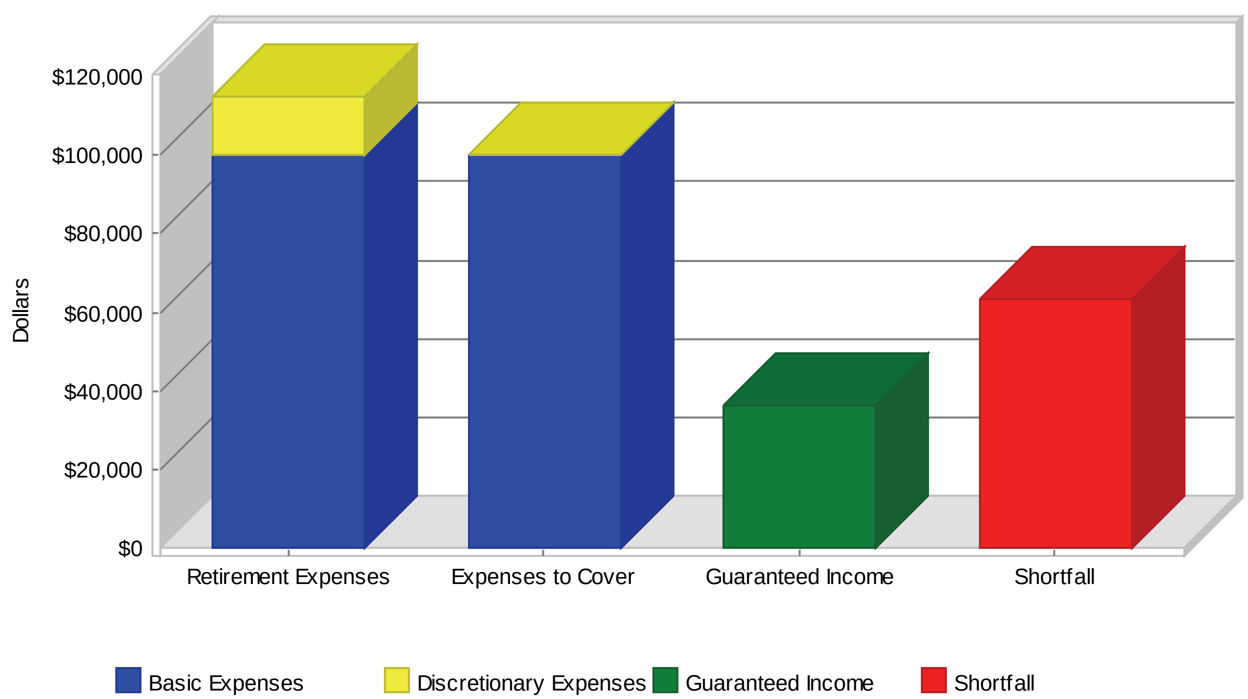
Guaranteed Retirement Income

Most people will have some form of guaranteed retirement income available to them. Guaranteed retirement income includes sources such as Social Security, pensions, and existing annuities (subject to the claims paying abilities of the issuer). For this analysis, you expect to retire in 2018 and your guaranteed retirement income to include the following:

- Adam's Social Security **$27,036**/yr 2018-2045
- Rachel's Social Security **$9,456**/yr 2020-2045

Looking at the above, we can see that there are **$100,000** in annual expenses you wish to cover with guaranteed income during retirement. You expect to receive **$36,492** annually in guaranteed retirement income. This means that you can expect to have a **shortfall** of **$63,508** in guaranteed income during retirement.

Retirement Expenses vs. Guaranteed Income



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Creating Guaranteed Income

Variable annuities are long-term, tax-deferred investment vechicles designed for retirement purposes and contain both an investment and insurance component. They are sold only by prospectus. Guarantees are based on claims paying ability of the issuer. Withdrawals made prior to age 59 1/2 are subject to 10% IRS penalty tax and surrender charges may apply. Gains from tax-deferred investments are taxable as ordinary income upon withdrawal. The investment returns and principal value of the available sub-account portfolios will fluctuate so that the value of an investor’s unit, when redeemed, may be worth more of less than their original value.

An annuity can be used to guarantee income for one's lifetime. Funds, which may consist of both qualified and non-qualified assets, could be repositioned into an annuity. Many annuities have guaranteed minimum withdrawal benefits which can guarantee income for life. There is no end to the payments prior to death, no matter how long the owner lives or how the financial markets perform. This removes the risk of completely depleting your funds while still alive, at some additional cost.

Non-Guaranteed Sources of Income
$1,975,000

Assets to be Repositioned
$977,046

Remaining Non-Guaranteed Sources of Income
$997,954

Guaranteed Income Shortfall
$0

Retirement Assets

The first step in performing this analysis is to determine the amount of assets that are available to reposition into such an annuity. Because they are subject to market risk, common assets such as 401(k) plans, IRAs, and brokerage accounts are considered non-guaranteed sources of income. For this analysis, you currently have **$1,975,000** of non-guaranteed sources of income.

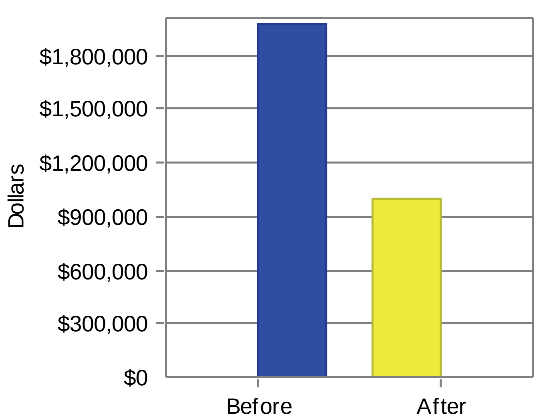
Annuity Repositioning

By comparing your retirement expenses to your guaranteed retirement income, we see that you have a shortfall of **$63,508**. For the annuity, we assume a guaranteed minimum withdrawal rate of **5.00%**, and expect to start withdrawal **in 6 years**. We also assume a benefit base guaranteed growth rate of **5.00%** Using these figures, we estimate that you would need to reposition **$977,046** to an annuity to make up the shortfall.

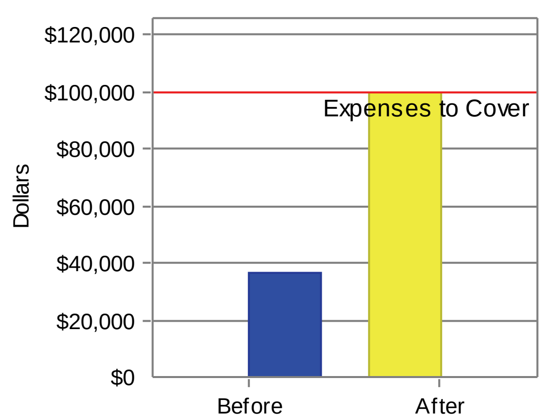
The following shows your situation before and after repositioning:

	Before Reposition	After Reposition
Non-Guaranteed Sources of Income	$1,975,000	$997,954
Annual Retirement Expenses	$115,000	$115,000
Retirement Expenses to Cover	$100,000	$100,000
Guaranteed Income	$36,492	$36,492
New Guaranteed Annuity Income	$0	$63,508
Guaranteed Retirement Income Shortfall	**$63,508**	**$0**

Non-Guaranteed Sources of Income



Guaranteed Income



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Annuity Repositioning Process

Before Reposition

Guaranteed ($)	
Expenses to cover through Guaranteed Income	**$100,000**
Expected Guaranteed Income	
Adam's Social Security	$27,036
Rachel's Social Security	$9,456
Total Expected Guaranteed Income	**$36,492**
Guaranteed Income Annual Shortfall	**$63,508**

Non-Guaranteed ($)	
Investment Assets	
Qualified Assets	$1,085,000
Non-Qualified Assets	$890,000
Total Non-Guaranteed Sources of Income	**$1,975,000**

Guaranteed Income from Repositioning **$63,508**

Annuity Income

Assets Repositioned to Guaranteed Income $977,046

After Reposition

Guaranteed Income ($)	
Expenses to cover through Guaranteed Income	**$100,000**
Previous Guaranteed Income	**$36,492**
New Guaranteed Income	**$63,508**
Total Guaranteed Income	**$100,000**
Shortfall	**$0**
Desired Annual Expenses Covered with Guaranteed Income	**100.00%**

Investment Assets ($)	
Total Non-Guaranteed Sources of Income	**$997,954**
Guaranteed Source of Income	**$977,046**
Total Invested Assets	**$1,975,000**

Asset Allocation Analysis

Asset Allocation Terminology

Asset Allocation
Asset allocation is the process of determining how to spread an investment between categories of financial assets. Asset allocation is generally driven by the desire to optimize the risk-return trade-off according to an investor's time horizon and risk tolerance. Asset allocation does not assure a profit and does not protect against loss in a declining market.

Asset Classes
Asset classes are broad investment categories offering different levels of risk and return. Asset class typically refers to highly distinct types of investments. The major categories are generally agreed to be stocks, bonds, cash, real estate, and commodities. These broad categories are often times further divided into sub-types. For example, stocks are oftentimes further defined by whether the issuer is domestic or international, whether they have growth or value characteristics and/or their market capitalization. Bonds are often defined by whether the issuer is a municipality, corporation or government, and are also based upon their maturity length; short, intermediate and long.

Diversification
Diversification is designed to help reduce exposure to risk by investing in assets with different characteristics. The assets are unlikely to all move in the same direction because they react to market conditions in different ways. The goal of diversification is to reduce the risk in a portfolio. Risk is limited by the fact that not all asset classes or industries or individual companies move up and down in value at the same time or at the same rate. There is no guarantee that a diversified potfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not ensure against market risk.

Risk Tolerance
Risk tolerance is the level of risk you are willing to take on to achieve an investment goal. The higher your risk tolerance, the more risk you are willing to take on. Higher risk investments often have the potential for greater reward, but also a higher potential for greater loss. Risk tolerance may be assessed through the scoring of a risk tolerance questionnaire.

Time Horizon
Time horizon refers to the period of time a sum of money is expected to be invested. Your investment time horizon depends upon when and how much money will be needed. In general, the shorter the investment time horizon, the less risk an investor should be willing to accept. Time horizons are often times stated as short term (1-3 years), medium term (3-5 years), and long term (10+ years).

Portfolio Rebalancing
Portfolio rebalancing is the process of making adjustments to counteract the fact that different assets perform differently over time. These adjustments are made to correct the asset allocation drift that results from performance differences in your asset selections. In general, you should consider rebalancing your portfolio at least once a year.

Correlation
Correlation is the technical term for comparing how different assets perform, relative to each other, during varying market cycles. Analysts measure this on a scale ranging from 1.0 (meaning the two assets move precisely in tandem with each other) to -1.0 (meaning they move in opposite directions).

Asset Allocation Process

Step 1:---Define your Goals and Time Horizon

The first step in the asset allocation process is to define your goals and the corresponding time horizon for those goals. Typical investment goals include:

- Funding your retirement
- Funding the educational needs of children and grandchildren
- Funding goals like a vacation home or wedding
- Creating an inheritance or other legacy fund

Generally accepted time horizons are:

- 1 to 3 years -- Immediate
- 3 to 5 years -- Short Term
- 5 to 10 years -- Intermediate Term
- Over 10 years -- Long Term

Step 2:---Assess your risk tolerance

Assessing your risk tolerance generally involves completing a risk tolerance questionnaire. There are many factors that are examined when assessing an investor's risk tolerance. These may include:

- Time horizon
- Financial resources
- Pursuit of multiple goals
- Investment experience
- Liabilities or obligations of the investor
- Personality

Step 3:---Identify Target Asset Allocation Model for Implementation

Often the net result of a risk tolerance questionnaire is a recommended allocation for you to implement. This recommended allocation may be represented as a model portfolio. Here are some examples of suggested model portfolios that are based upon an investor's risk tolerance:

- Income
- Income and Growth
- Growth and Income
- Growth
- Aggressive Growth

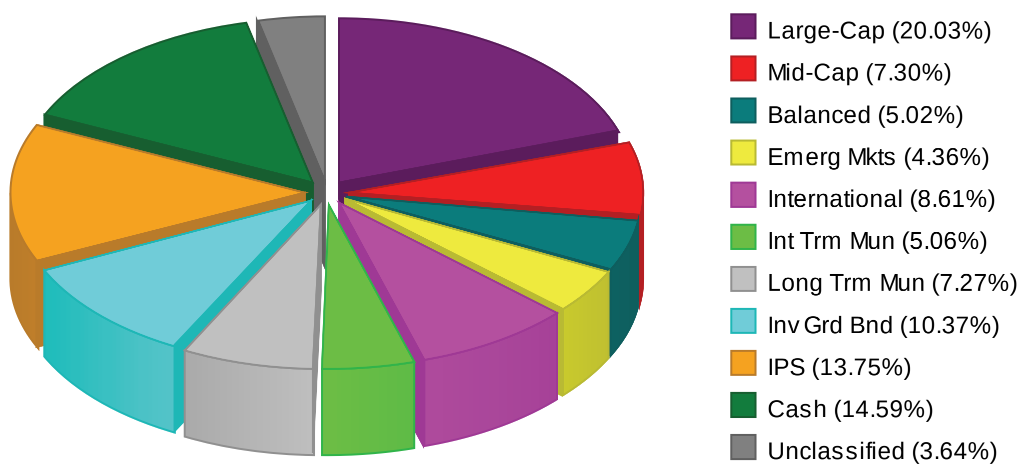
Step 4:---Review and Rebalance Regularly

No one should expect their investments to run on autopilot and monitor themselves. That is why the most important step in the asset allocation process may be making sure you continue to monitor your allocation. Different assets perform differently over time. This may result in the need to rebalance your portfolio on a regular basis. Additionally, changes in your life, like marriage, divorce, a new child, serious illness or injury, may change your tolerance for risk and therefore a change to your asset allocation.

Current Asset Allocation

Asset Allocation is a term used to define how an investor distributes their investments across multiple classes of assets, such as stocks, bonds, real estate and cash. Generally, the asset allocation that best suits your needs is determined with the help of a professional financial advisor. The table and chart below, defines your allocation today, based upon the data you provided.

All Investments Assets
Current Allocation
(9.47% blended rate)



Asset Class	Market Value	% of Portfolio
Large-Cap	$413,300.00	20.03%
Mid-Cap	$150,650.00	7.30%
Balanced	$103,475.00	5.02%
Emerging Markets	$89,850.00	4.36%
International	$177,600.00	8.61%
Intermediate Term Municipal	$104,425.00	5.06%
Long Term Municipal	$150,000.00	7.27%
Investment Grade Bonds	$214,000.00	10.37%
Inflation Protected Securities	$283,650.00	13.75%
Cash & Money Market Funds	$301,050.00	14.59%
Unclassified	$75,000.00	3.64%
Total	$2,063,000.00	100.00%

The Blended Rate is the weighted average of the market index rates of returns that underlie each asset class of a given model portfolio.

All investments involve risks that you will lose value including the amount of your initial investment. Investments that offer the potential for higher rates of return generally involve greater risk of loss. Note: reinvestment transactions that involve selling existing investments may involve transaction costs associated with the sale of those assets as well as transaction costs associated with the purchase of new investments.

***International investing**: There are special risks associated with international investing, such as political changes and currency fluctuations. These risks are heightened in emerging markets.*

***Small/Mid-Capitalization investing**: Investments in companies with small or mid-market capitalization ("small/mid-caps") may be subject to special risks given their characteristic narrow markets, limited financial resources, and less liquid stocks, all of which may cause price volatility.*

***High-Yield investing**: Investments in high yielding debt securities are generally subject to greater market fluctuations and risk of loss of income and principal, than are investments in lower yielding debt securities.*

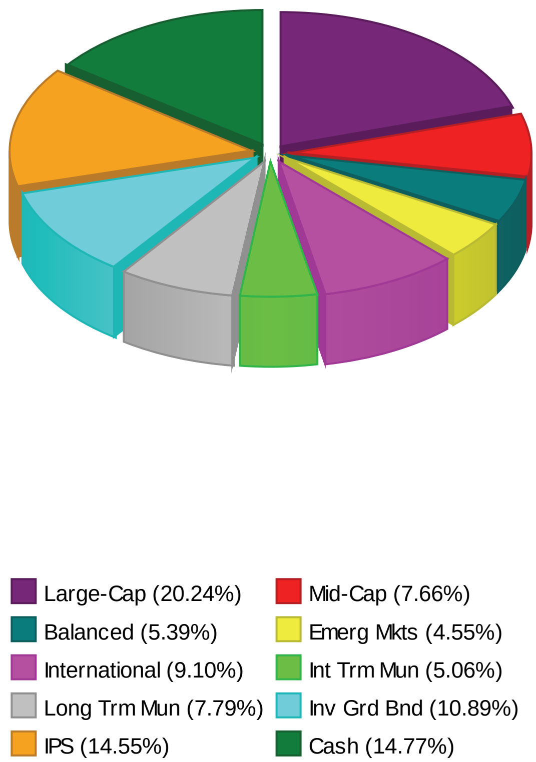
***Inflation Protected Bond investing**: Interest rate increases can cause the price of a debt security to decrease. Increases in real interest rates can cause the price of inflation-protected debt securities to decrease. Interest payments on inflation-protected debt securities can be unpredictable.*

***Interest Rate Risk**: This risk refers to the risk that bond prices decline as interest rates rise. Interest rates and bond prices tend to move in opposite directions. Long-term bonds tend to be more sensitive to interest rate changes and therefore may be more volatile.*

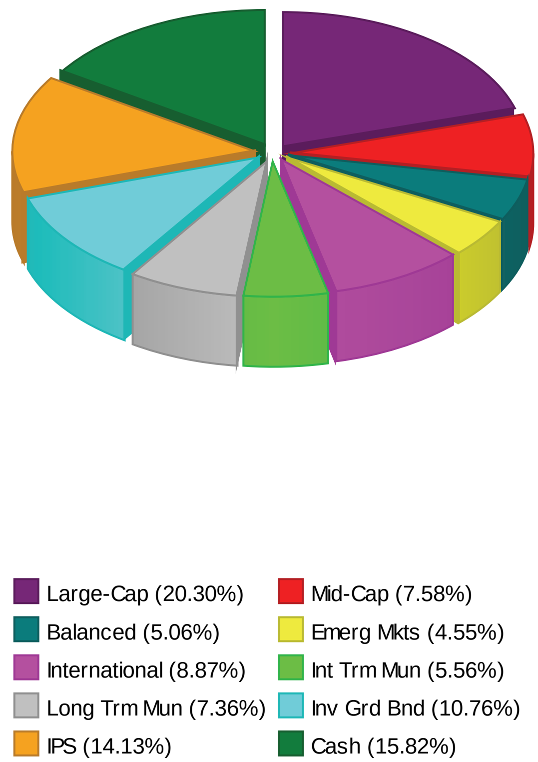
Qualified vs. Non-Qualified Allocation

When making investment choices, it may be important to understand your allocation in your Qualified accounts and your allocation in your Non-Qualified accounts. The taxation differences between these types of accounts may influence your investment objectives. The table and chart below, compares your allocation in Qualified accounts and Non-Qualified accounts.

Qualified Retirement Assets
Current Allocation
(9.71% blended rate)



Non-Qualified Assets
Current Allocation
(9.64% blended rate)



Asset Class	Market Value	% of Portfolio
Large-Cap	$219,600.00	20.24%
Mid-Cap	$83,150.00	7.66%
Balanced	$58,475.00	5.39%
Emerging Markets	$49,350.00	4.55%
International	$98,700.00	9.10%
Intermediate Term Municipal	$54,925.00	5.06%
Long Term Municipal	$84,500.00	7.79%
Investment Grade Bonds	$118,200.00	10.89%
Inflation Protected Securities	$157,850.00	14.55%
Cash & Money Market Funds	$160,250.00	14.77%
Total	$1,085,000.00	100.00%

Asset Class	Market Value	% of Portfolio
Large-Cap	$180,700.00	20.30%
Mid-Cap	$67,500.00	7.58%
Balanced	$45,000.00	5.06%
Emerging Markets	$40,500.00	4.55%
International	$78,900.00	8.87%
Intermediate Term Municipal	$49,500.00	5.56%
Long Term Municipal	$65,500.00	7.36%
Investment Grade Bonds	$95,800.00	10.76%
Inflation Protected Securities	$125,800.00	14.13%
Cash & Money Market Funds	$140,800.00	15.82%
Total	$890,000.00	100.00%

The Blended Rate is the weighted average of the market index rates of returns that underlie each asset class of a given model portfolio.

All investments involve risks that you will lose value including the amount of your initial investment. Investments that offer the potential for higher rates of return generally involve greater risk of loss. Note: reinvestment transactions that involve selling existing investments may involve transaction costs associated with the sale of those assets as well as transaction costs associated with the purchase of new investments.

***International investing**: There are special risks associated with international investing, such as political changes and currency fluctuations. These risks are heightened in emerging markets.*

***Small/Mid-Capitalization investing**: Investments in companies with small or mid-market capitalization ("small/mid-caps") may be subject to special risks given their characteristic narrow markets, limited financial resources, and less liquid stocks, all of which may cause price volatility.*

***High-Yield investing**: Investments in high yielding debt securities are generally subject to greater market fluctuations and risk of loss of income and principal, than are investments in lower yielding debt securities.*

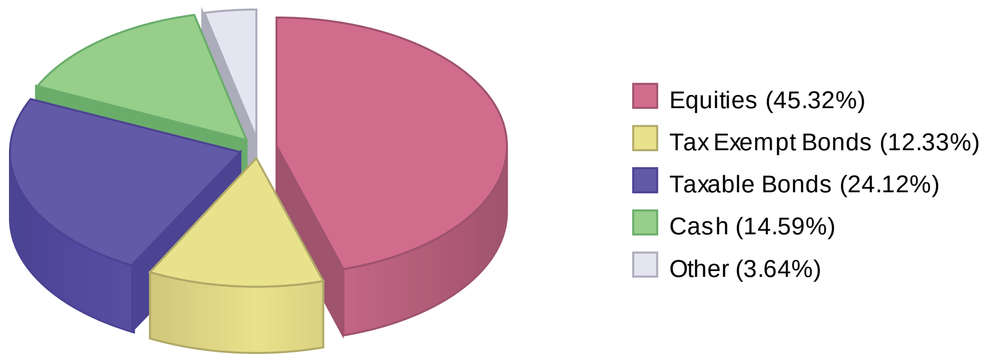
***Inflation Protected Bond investing**: Interest rate increases can cause the price of a debt security to decrease. Increases in real interest rates can cause the price of inflation-protected debt securities to decrease. Interest payments on inflation-protected debt securities can be unpredictable.*

***Interest Rate Risk**: This risk refers to the risk that bond prices decline as interest rates rise. Interest rates and bond prices tend to move in opposite directions. Long-term bonds tend to be more sensitive to interest rate changes and therefore may be more volatile.*

Your Asset Types

The multiple asset classes that define your asset allocation, can be grouped into 5 asset types; Equities, Tax-exempt bonds, Taxable bonds, Cash and Other. These higher level asset type categories, contain multiple asset classes within each. The table and chart below, defines how you are allocated across these asset types.

Asset Allocation by Asset Type



Asset Type/Class	Market Value	% of Portfolio
Equities		
Large-Cap	$413,300.00	20.03%
Mid-Cap	$150,650.00	7.30%
Balanced	$103,475.00	5.02%
Emerging Markets	$89,850.00	4.36%
International	$177,600.00	8.61%
Total	$934,875.00	45.32%
Tax Exempt Bonds		
Intermediate Term Municipal	$104,425.00	5.06%
Long Term Municipal	$150,000.00	7.27%
Total	$254,425.00	12.33%
Taxable Bonds		
Investment Grade Bonds	$214,000.00	10.37%
Inflation Protected Securities	$283,650.00	13.75%
Total	$497,650.00	24.12%
Cash		
Cash & Money Market Funds	$301,050.00	14.59%
Total	$301,050.00	14.59%
Other		
Unclassified	$75,000.00	3.64%
Total	$75,000.00	3.64%
Total	$2,063,000.00	100.00%

Risk Tolerance Questionnaire

Risk tolerance can be defined as the extent to which an individual chooses to risk experiencing a less-favorable outcome in the pursuit of a more-favorable outcome. A person's risk tolerance is often times assessed by answering a series of questions in a questionnaire. The main objective of this type of questionnaire is to determine an investor's time horizon and to quantify the investor's risk tolerance to volatility in their expected returns. This report summarizes your answers to this type of risk tolerance questionnaire.

1. If you own a home, do you have more than 30% equity?
   Yes

2. Which of the following best describes your current employment situation?
   Full-Time

3. From an original investment of $15,000, your portfolio now worth $25,000 suddenly declines $3,750 or 15%, which best describes your response?
   I would take no action

4. Your portfolio, from previous question, now worth $21,250 suddenly declines another $2,125 or 10%, which best describes your response?
   I would be somewhat concerned

5. Have you invested in Equities?
   Yes

6. Have you invested in Fixed Incomes?
   Yes

7. Have you invested in Mutual Funds?
   Yes

8. Have you invested in Options, Futures or Derivatives?
   No

9. How would you describe your level of investment knowledge?
   Good

10. How much investment experience do you have?
    Extensive (> 5 years)

11. Do you have current income needs from this investment?
    No

12. When will you begin to use the money from your goal?
    Five to ten years

Financial Statements Analysis

Net Worth Statement

In order to determine your current financial position, it is good to prepare a net worth estimation at least once per year. This report outlines the difference between the total value of your assets (which includes things like; your home, investments, savings accounts) and your liabilities (mortgages, credit cards, etc.). Net Worth equals Assets minus Liabilities.

Total Assets
$4,375,000

Total Liabilities
($45,000)

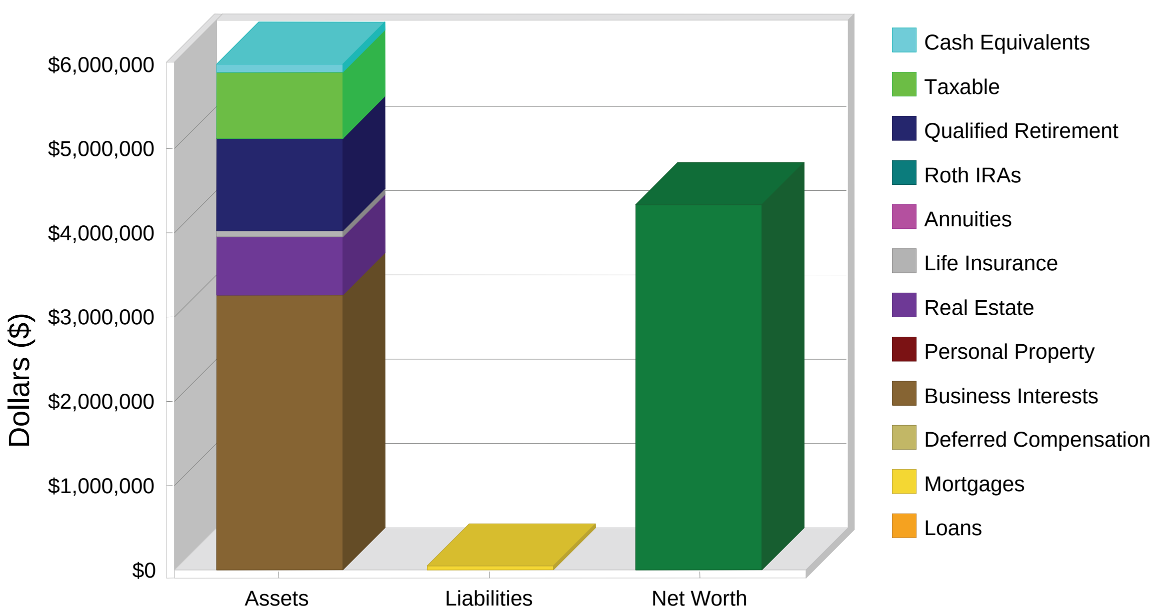
Total Net Worth
$4,330,000

Assets	**Adam**	**Rachel**	**Joint/ROS**	**Total**
Portfolio Assets				
Cash Equivalents	--	--	$100,000	$100,000
Taxable Investments	--	--	$790,000	$790,000
Qualified Retirement	$845,000	$240,000	--	$1,085,000
Life Insurance	$75,000	--	--	$75,000
Property & Business				
Real Estate	--	--	$700,000	$700,000
Business Interests	$1,625,000	--	--	$1,625,000
Total Assets	$2,545,000	$240,000	$1,590,000	$4,375,000

Liabilities	**Adam**	**Rachel**	**Joint/ROS**	**Total**
Mortgages	--	--	($45,000)	($45,000)
Total Liabilities	$0	$0	($45,000)	($45,000)

Total Net Worth	**$2,545,000**	**$240,000**	**$1,545,000**	**$4,330,000**

Net Worth



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Your Current Cash Flow

Businesses will often times create a Sources and Uses of Cash statement to evaluate their income and expense decisions and to monitor profitability. Similarly, a personal cash flow statement can help you evaluate your personal income and expense flows and see if your are running “in the red” or “in the black”.

If your income is greater than your expenses, you will have additional money to put into a dedicated fund for use in achieving your goals. However, if expenses exceed your income, you may need to look at ways to change this result. We have already gathered your income flows and expected expense flows and have listed them in the table below:

Total Income
$350,000
Total Expenses
($310,288)
Net Cash Flow
$39,712

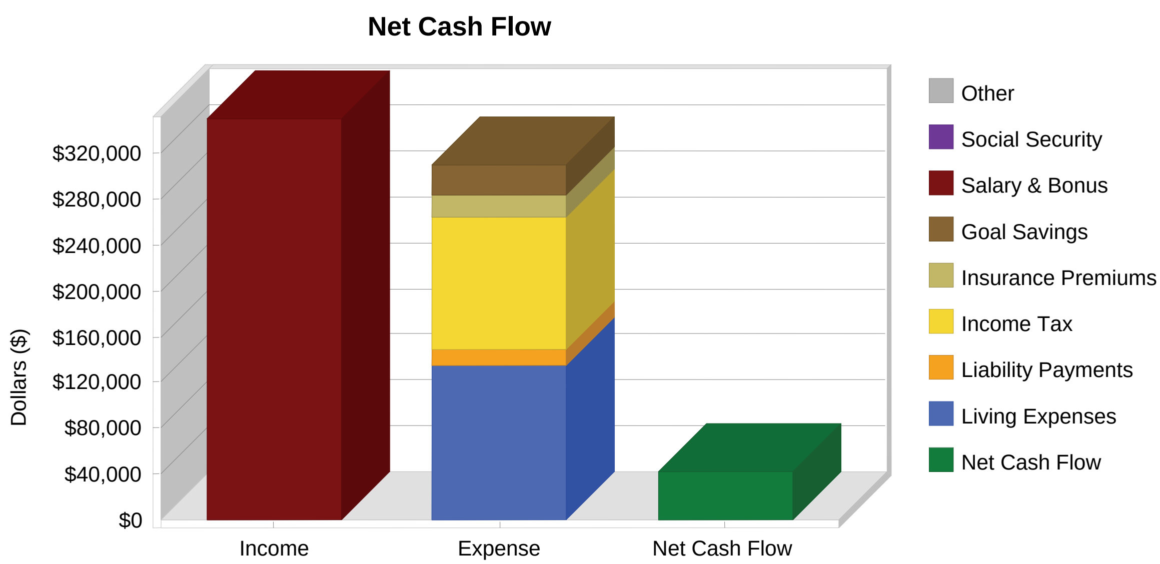
Income	**Total**
Salary and Bonus	$350,000
Total Income	$350,000

Expenses	**Total**
Living Expenses	($135,000)
Liability Payments	($14,388)
Insurance Premiums	($18,000)
Income Taxes	($115,500)
Goal Savings	($27,400)
Total Expenses	($310,288)

Net Cash Flow	**$39,712**

How does your net cash flow stackup?

We have taken a look at all your current income sources, and we have estimated your total income to be **$350,000**. We have also accumulated all of your current expense flows, and have estimated your total expenses to be **($310,288)**. This results in a **positive** net cash flow of **$39,712** for the current year. The chart below summarizes this information.



Net Worth Details

Assets	Adam	Rachel	Joint/ROS	Total
Portfolio Assets				
Cash Equivalents				
Money Market	--	--	$100,000	$100,000
Taxable Investments				
Brokerage Account	--	--	$450,000	$450,000
Rachel's Money from Inheritance	--	--	$340,000	$340,000
Qualified Retirement				
Adam's SEP	$845,000	--	--	$845,000
Rachel's IRA	--	$240,000	--	$240,000
Life Insurance				
Life Insurance on Adam	$75,000	--	--	$75,000
Total Portfolio Assets	$920,000	$240,000	$890,000	$2,050,000
Property Assets				
Real Estate				
Home	--	--	$700,000	$700,000
Total Property Assets	$0	$0	$700,000	$700,000
Business Assets				
CB Consulting	$1,625,000	--	--	$1,625,000
Total Business Assets	$1,625,000	$0	$0	$1,625,000
TOTAL ASSETS	$2,545,000	$240,000	$1,590,000	$4,375,000

LIABILITIES	Adam	Rachel	Joint/ROS	Total
Mortgages				
Home Mortgage	--	--	($45,000)	($45,000)
TOTAL LIABILITIES	$0	$0	($45,000)	($45,000)

TOTAL NET WORTH	$2,545,000	$240,000	$1,545,000	$4,330,000

TOTAL NET WORTH: $4,330,000

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Information Summary

The following financial information and assumptions were used in the preparation of this analysis.

Family Information

Client: Adam and Rachel Conroy
Address: *Not Available*

Client: Adam Conroy
Date of Birth: 4/21/1953
Current Age: 56

Spouse: Rachel Conroy
Date of Birth: 12/1/1955
Current Age: 53

Children	Gender	Age	Date of Birth
Madeline Conroy-Bard	Female	31	3/19/1978
Tim Conroy	Male	25	3/19/1984

Grandchildren	Gender	Age	Date of Birth
Patrick Bard	Male	4	4/19/2005

Information Summary

Basic Assumptions

Analysis for: Adam Conroy
Date of Birth: 4/21/1953
Current Age: 56

Premature Death Occurs in: 2009
Analysis Ends in: 2045

Financial Assumptions

Assets Grow at: 7.00%
Income is Indexed at: 3.00%
Expenses Grow at: 3.00%

Withdrawals are Taxed at: 20.0%
Income is Taxed at: 25.0%
Survivor's Living Expenses: $12,500/month ($150,000/yr)

Existing Life Insurance

Policy Name	Type	Insured	Death Benefit
Life Insurance on Adam	Whole Life	Adam Conroy	$1,000,000
Total			$1,000,000

Assets

Asset	Current Value
Adam's SEP (Qualified Retirement - SEP)	$845,000
Brokerage Account (Taxable Investment)	$450,000
Money Market (Cash Equivalent - Cash)	$100,000
Rachel's IRA (Qualified Retirement - IRA)	$240,000
Rachel's Money from Inheritance (Taxable Investment)	$340,000
Total	$1,975,000

Income Sources

	From	Until	Annual Amount
Rachel's Social Security	2020	2045	$22,000

Information Summary

Basic Assumptions
Analysis for: Adam Conroy
Date of Birth: 4/21/1953
Current Age: 56

Financial Assumptions
Living Expenses: $11,250/month ($135,000/year)
Disability Expenses: $0/month ($0/yr)
Income Tax Rate: 25.0%

Existing Disability Insurance

Policy Name	Insured	Annual Benefit	Taxable	Net Benefit
Adam's DI Policy	Adam	$75,000	No	$75,000
Total				$75,000

Income Sources

	Gross Amount	Net Amount
Adam's Salary	$350,000	$262,500
Total	$350,000	$262,500

Information Summary

Basic Assumptions
Analysis for: Adam Conroy
Date of Birth: 4/21/1953
Current Age: 56

LTC Occurs at Age: 80 (2033)
LTC Ends at Age: 83 (2036)

Financial Assumptions
Expenses Grow at: 5.00%

Existing Long Term Care Insurance
None

Information Summary

Basic Assumptions
Analysis for: Rachel Conroy
Date of Birth: 12/1/1955
Current Age: 53

LTC Occurs at Age: 80 (2035)
LTC Ends at Age: 86 (2041)

Financial Assumptions
Expenses Grow at: 5.00%

Existing Long Term Care Insurance
None

Information Summary

Basic Assumptions

Analysis For: Adam Conroy
Business Name: CB Consulting
Business Value: $3,250,000

Business Ownership

Business Partner	Ownership Interest	Current Value
Business Associates	50.00%	$1,625,000
Adam Conroy	50.00%	$1,625,000
Total Business Interest	100.00%	$3,250,000

Current Buyout Insurance

No buyout insurance policies are currently specified.

Information Summary

Basic Assumptions

Analysis for: Adam and Rachel Conroy

Retirement Expenses and Guaranteed Income

Basic Retirement Expenses	
Total Basic Expenses	$100,000
Percent to Cover	100.00%
Basic Expenses to Cover	$100,000
Discretionary Retirement Expenses	
Total Discretionary Expenses	$15,000
Percent to Cover	0.00%
Discretionary Expenses to Cover	$0
Guaranteed Retirement Income	
Adam's Social Security	$27,036
Rachel's Social Security	$9,456
Other Guaranteed Income	$0
Total Retirement Income:	$36,492

Annuity Repositioning

Investable Assets Available for Repositioning	
Adam's SEP	$845,000
Brokerage Account	$450,000
Money Market	$100,000
Rachel's IRA	$240,000
Rachel's Money from Inheritance	$340,000
Total Non-Guaranteed Sources of Income:	$1,975,000
Assumed Withdrawal Rate	5.00%
Withdrawal Starts	in 6 years

Information Summary

Risk Tolerance Questionnaire

1. If you own a home, do you have more than 30% equity?

   Yes

2. Which of the following best describes your current employment situation?

   Full-Time

3. From an original investment of $15,000, your portfolio now worth $25,000 suddenly declines $3,750 or 15%, which best describes your response?

   I would take no action

4. Your portfolio, from previous question, now worth $21,250 suddenly declines another $2,125 or 10%, which best describes your response?

   I would be somewhat concerned

5. Have you invested in Equities?

   Yes

6. Have you invested in Fixed Incomes?

   Yes

7. Have you invested in Mutual Funds?

   Yes

8. Have you invested in Options, Futures or Derivatives?

   No

9. How would you describe your level of investment knowledge?

   Good

10. How much investment experience do you have?

    Extensive (> 5 years)

11. Do you have current income needs from this investment?

    No

12. When will you begin to use the money from your goal?

    Five to ten years

Assets

Asset	Type	Current Value
Adam's SEP	Qualified Retirement	$845,000
Brokerage Account	Taxable Investment	$450,000
Life Insurance on Adam	Life Insurance	$75,000
Money Market	Cash Equivalent	$100,000
Patrick's 529 Plan	529 Plan	$13,000
Rachel's IRA	Qualified Retirement	$240,000
Rachel's Money from Inheritance	Taxable Investment	$340,000
Total:		$2,063,000

Information Summary

Basic Assumptions

Analysis for: Adam and Rachel Conroy
Current Year: 2009

Current Income Sources

Income Source	Annual Amount
Adam's Salary	$350,000
Total Income	$350,000

Current Expenses

Expense	Annual Amount
Living Expenses	$135,000
Liability Expenses **not included** in Living Expenses	
Home Mortgage ($45,000)	$14,388
Insurance Premiums **not included** in Living Expenses	
Adam's DI Policy	$6,000
Life Insurance on Adam	$12,000
Tax Payments (33.0% of $350,000)	$115,500
Savings Toward Goals	
Patrick's Education	$2,400
Total Expenses	$310,288

Emergency Reserve Assumptions

Months of Emergency Reserves: 3 months
Amount of Living Expenses: $20,875 per month
Percent of Expenses to Fund: 80.0%
Total Expenses to Fund: $50,100
Cash Currently Available: $100,000