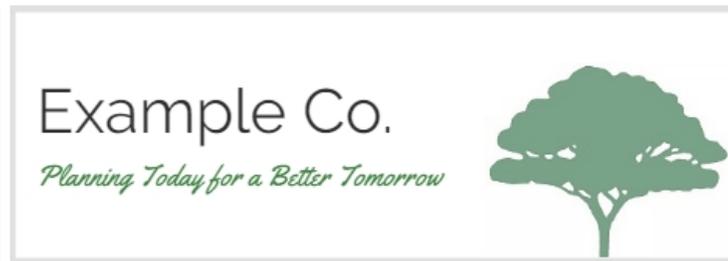


Jul 7, 2016

## Personal Financial Analysis

Allen & Betty Abbett

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Asset Advisors Example, LLC  
A Registered Investment Advisor  
2430 NW Professional Drive  
Corvallis, OR 97330  
877-421-9815  
[www.moneytree.com](http://www.moneytree.com)

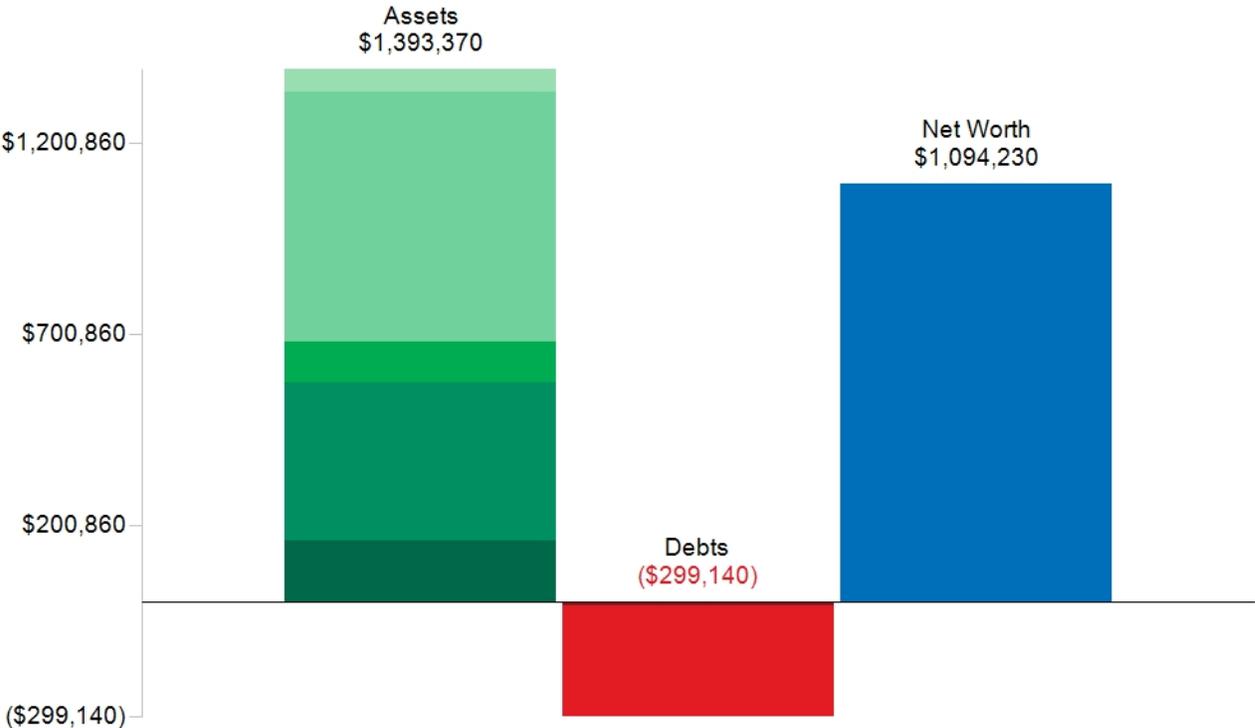
IMPORTANT: The illustrations or other information generated by this report regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

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## General

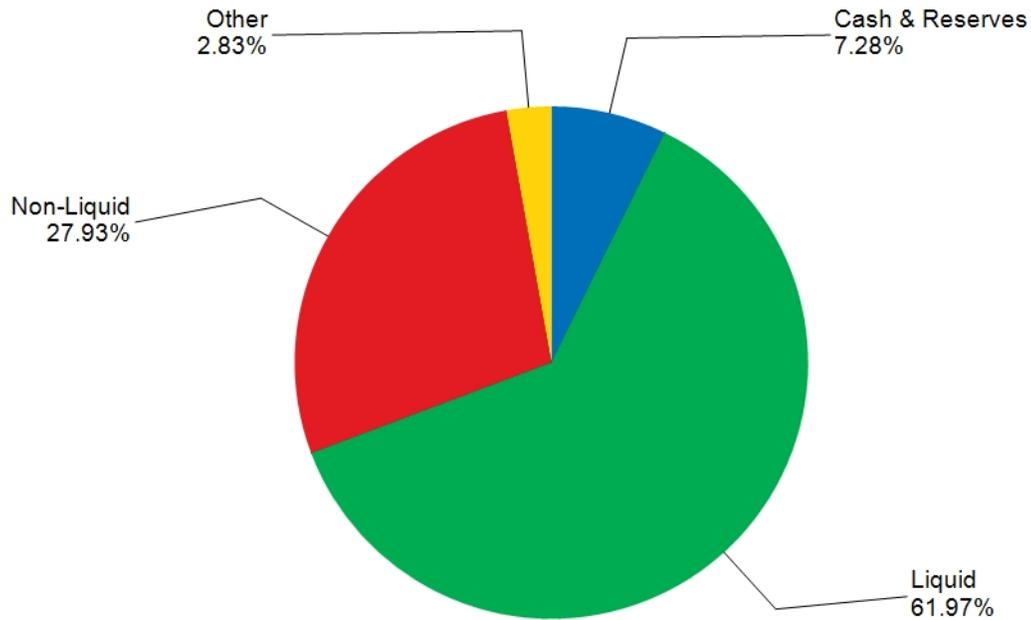
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A summary of the assumptions used in this analysis, description of the purpose of the reports and a listing of assets, insurance and other details. Includes net worth statement, cash flow report, liquidity and education funding if appropriate.



Net Worth is the amount of assets remaining if all debts were paid off immediately. Typically over time an individual's net worth starts negative and grows until retirement or a little after then starts to decline as assets are spent.

<b>Assets</b>	<b>\$1,393,370</b>
Personal Assets	61,080
Real Estate	652,750
Retirement Accounts	105,500
Investment Accounts	414,437
Savings Accounts	159,603
<b>Debts</b>	<b>(\$299,140)</b>
Real Estate	(290,000)
Other Liabilities	(9,140)
<b>Net Worth</b>	<b>\$1,094,230</b>



The above graph illustrates the liquidity level of your working assets, measuring the ability to convert working assets to cash if needed.

If you have too much of your money in "non-liquid" investments you may someday find yourself in a position where you need to have quick cash, but are unable to convert enough of your assets quickly.

	<u>Total Assets**</u>	<u>Working Assets*</u>
<span style="color: blue;">■</span> <b>Cash &amp; Reserves</b>	\$63,303	\$63,303
<span style="color: green;">■</span> <b>Liquid</b>	539,137	539,137
<span style="color: red;">■</span> <b>Non-Liquid</b>	763,830	242,950
<span style="color: yellow;">■</span> <b>Other</b>	24,600	24,600

A13

Your total liquidity level including your residence and personal property is 43%.

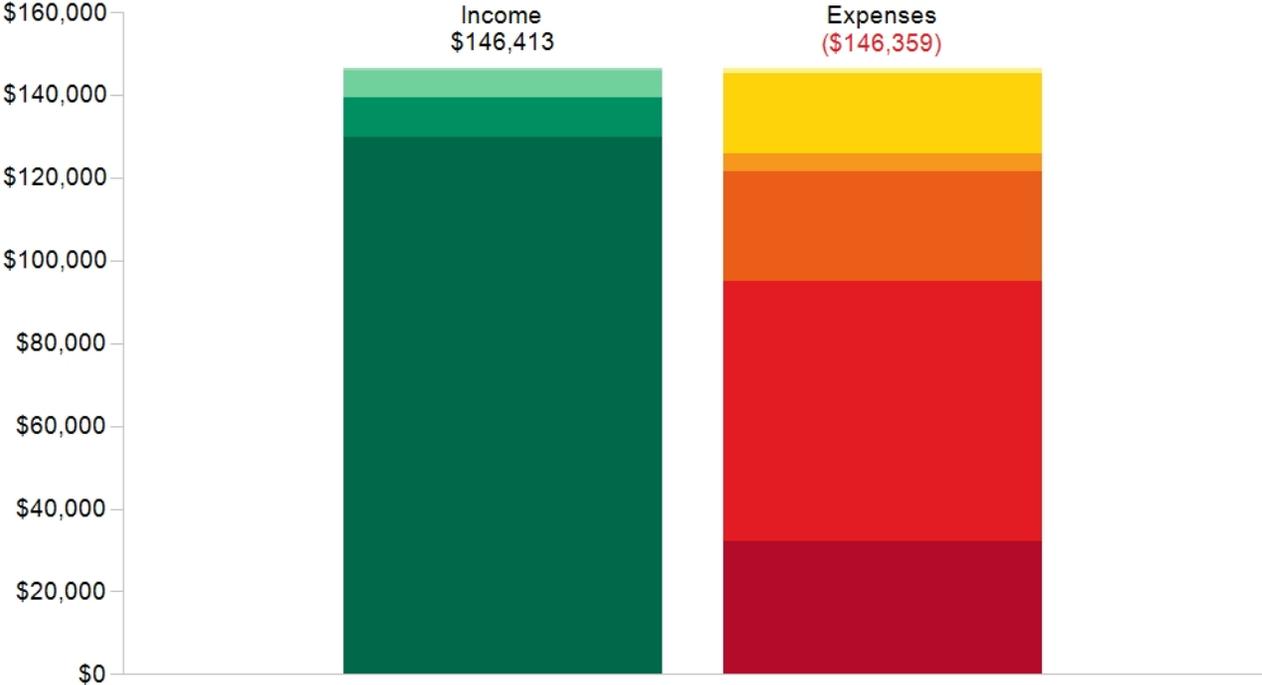
Your working asset liquidity ratio (cash and liquid assets divided by all working\* assets) is 69%

This level of working asset liquidity should be adequate except in severe cases.

\* Excluding residence and personal assets. Includes retirement accounts and rental real estate.

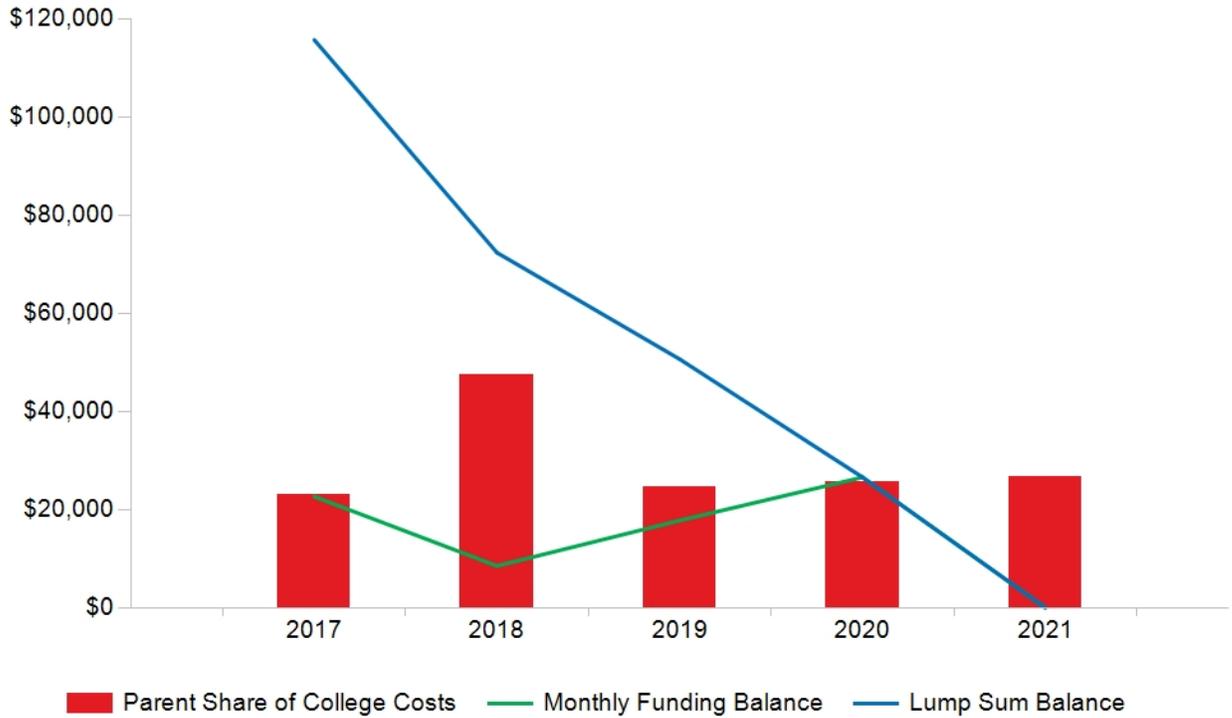
\*\* Includes residence and personal assets in non-liquid category.

# Cash Flow



	<u>Monthly</u>	<u>Annual</u>
<b>Income</b>	<b>\$12,202</b>	<b>\$146,413</b>
Account Distributions	40	475
Other Income	552	6,628
Retirement Income		
Investment Income	776	9,310
Employment Income	10,834	130,000
<b>Expenses</b>	<b>(\$12,198)</b>	<b>(\$146,359)</b>
Loan Payments	(100)	(1,200)
Mortgage Payments	(1,600)	(19,200)
Insurance Premiums	(372)	(4,460)
Savings and Investments	(2,197)	(26,358)
Living Expenses	(5,254)	(63,040)
Taxes	(2,675)	(32,101)
<b>Income Surplus</b>	<b>\$4</b>	<b>\$54</b>

# Education Funding



The "Parents Share" bars indicate the parents share of the needed annual expenditures for the years when each child is in school. The "Balance" line indicates the cumulative account value of monthly deposits to the education fund. The "Lump Sum" line represents the initial deposit of a single lump sum to an education fund and the projected growth or consumption of the account.

### Funding education costs with a lump sum investment now:

— Lump sum needed today to fund future costs	\$146,691
Funds now available for college expenses.	\$32,300
<b>Additional lump sum needed now</b>	<b>\$114,391</b>

A21

### Monthly funding with level payments through the last year of college:

— Total level monthly payments to fund costs	\$2,204
Current deposits	\$200
<b>Additional deposits needed</b>	<b>\$2,004</b>

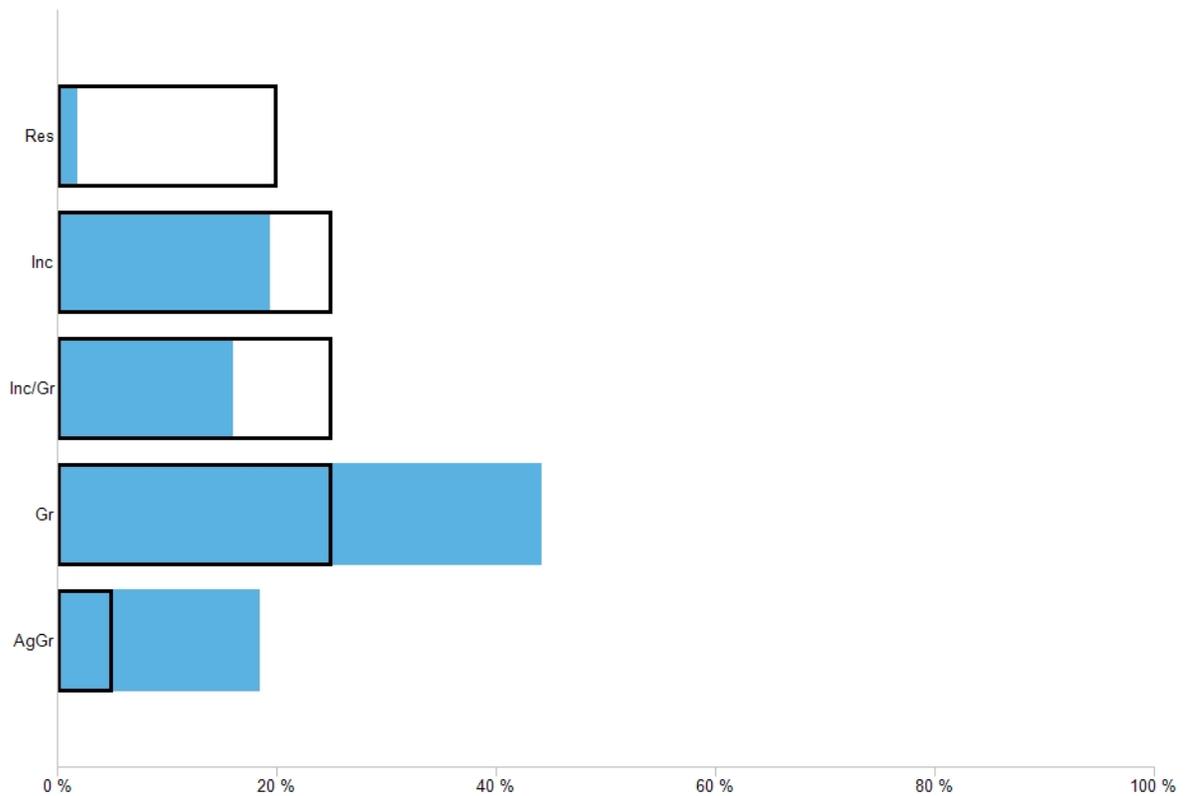
A21

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# Investment

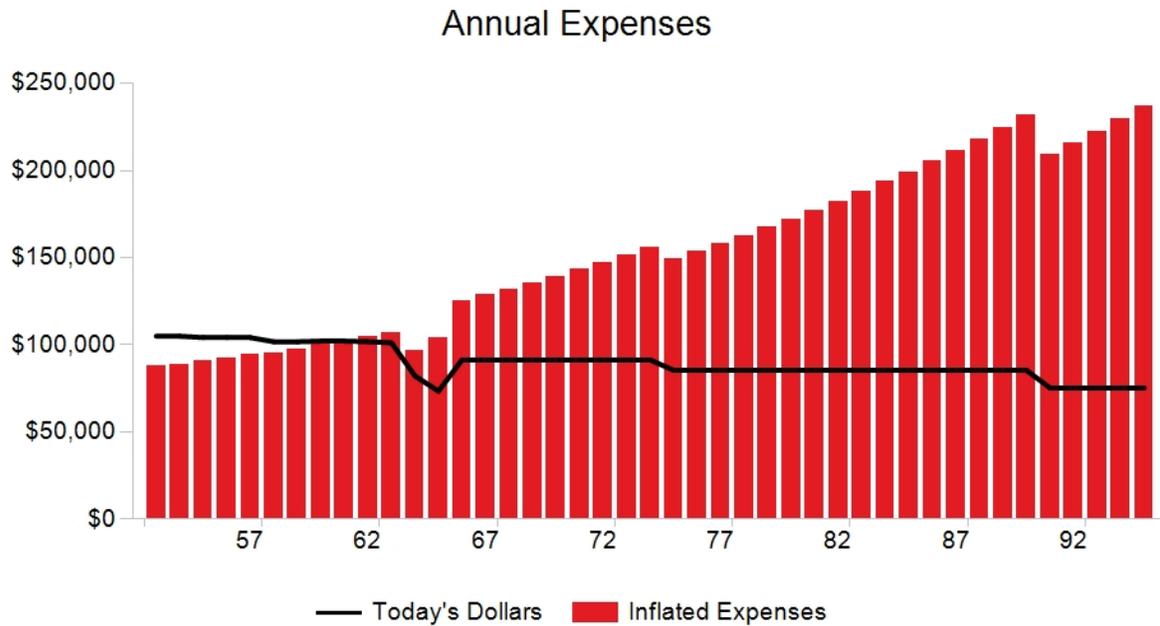
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A discussion of various considerations of your savings and investment status, potential risks, liquidity, financial attitudes and asset allocation.

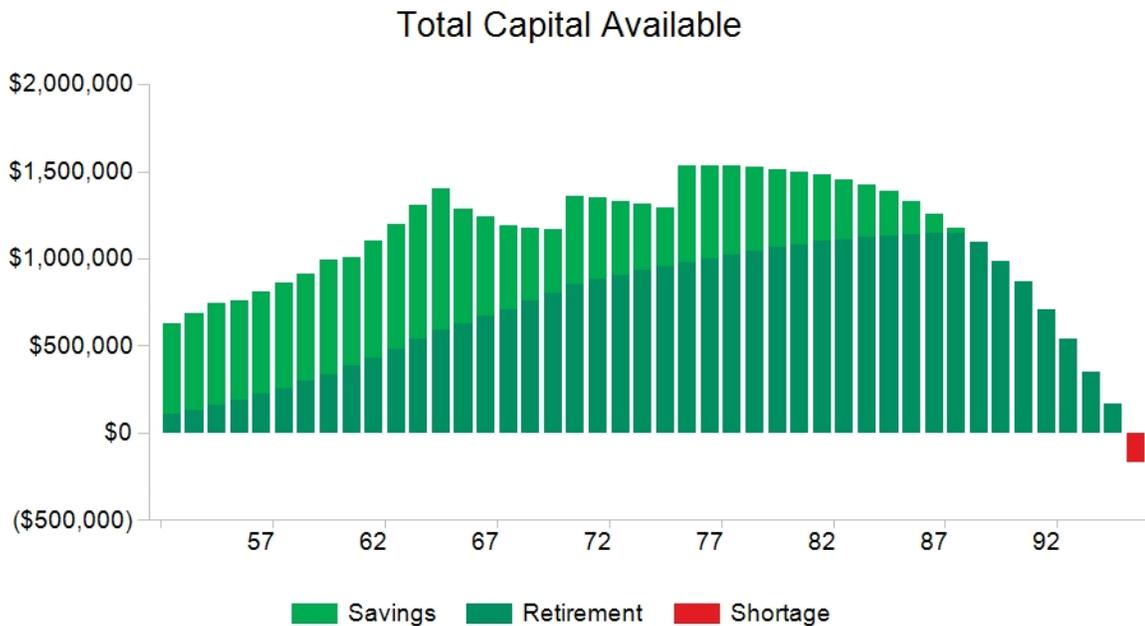


<u>Asset Class</u>	<span style="color: blue;">■</span> <u>Current</u>	<span style="border: 1px solid black; display: inline-block; width: 10px; height: 10px;"></span> <u>Recommen</u>	<u>Difference</u>
Reserves	1.82%	20.00%	(18.18 %)
Income	19.45%	25.00%	(5.55 %)
Growth and income	16.09%	25.00%	(8.91 %)
Growth	44.18%	25.00%	19.18%
Aggressive Growth	18.46%	5.00%	13.46%

*Asset Allocation does not guarantee a profit or protect against loss in declining markets.*



The amount of monthly income needed for retirement can increase dramatically when inflation is considered. The above graph illustrates the impact of inflation on your desired income by showing annual expenses in today's dollars as well as the same items adjusted for inflation.\*



If you have not accumulated enough capital to last through your lifetime, you could then find yourself dependent on others during the years when you most desire your financial independence. The graph above illustrates the amount of your capital available each year, or the amount of cumulative income shortage when your capital runs out.

*\*Annual expenses include basic living expenses, mortgage and debt payments, insurance premiums, itemized deductions, savings and investment deposits.*

# Monte Carlo Retirement Simulation

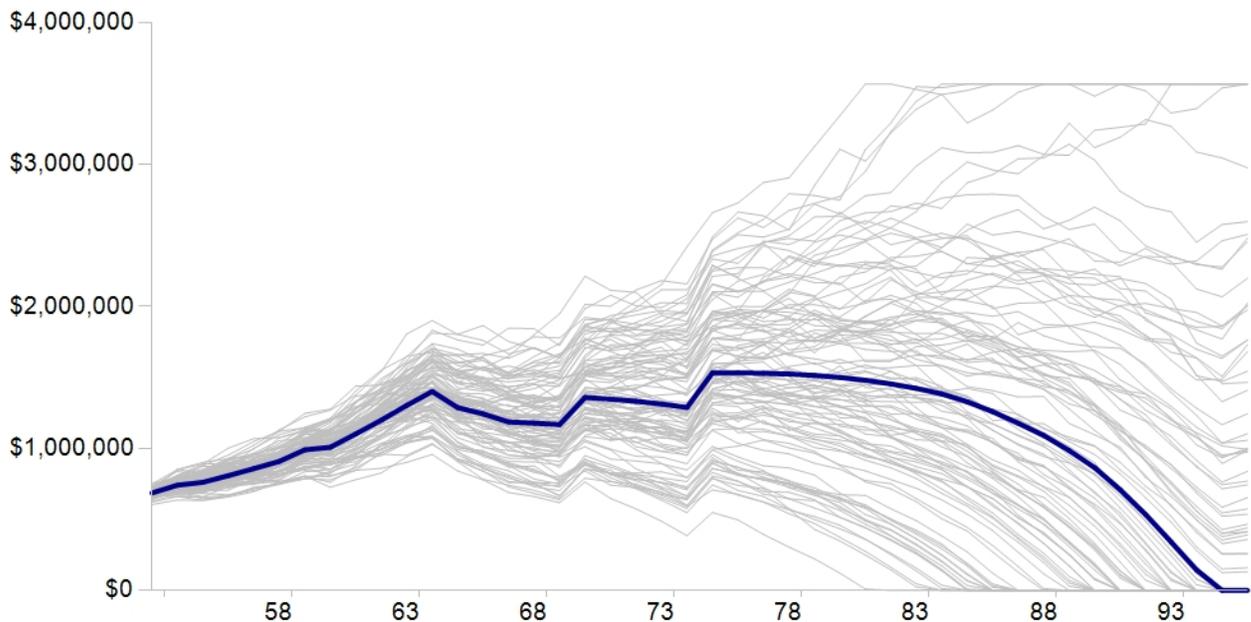
Monte Carlo Simulations illustrate possible variations in growth and/or depletion of retirement capital under unpredictable future conditions. Simulation introduces uncertainty by fluctuating annual rates of return on assets. The graph and related calculations do not presuppose or analyze any particular investment or investment strategy. This long-term hypothetical model is used to help show potential effects of market volatility and possible effects on your financial future. This is not a projection, but an illustration of uncertainty.

The simulations begin in the current year and model potential asset level changes over time. Included are all capital assets, both tax advantaged and taxable, all expenses, including education funding if applicable, pension benefits and Social Security benefits. Observing results from these large number of simulations may offer insight into the shape, trends and potential range of future retirement plan outcomes under volatile market conditions.

### Results from 10,000 Monte Carlo Simulations:

Original Retirement Capital estimate	\$0	<b>Percentage of results above zero*</b>	44%
Minimum (worst case) result	\$0	Percentage with \$ remaining at Allen's age 90	78%
Average Monte Carlo result	\$720,653	Percentage with \$ remaining at Allen's age 85	97%
Maximum Monte Carlo result	\$10,789,506	Percentage with \$ remaining at Allen's age 80	100%

*\*Percent of times money is remaining at 95*



*The bold line is the estimated retirement capital value over time using fixed rates.  
 Current rate of return is 6.49% in the original estimate and varies from 5.25% to 7.34%, with portfolio changes.  
 This simulation used a 4.25% standard deviation to create ten thousand sets of normally distributed random rates of return based on the annual rates of return in the original estimate (95% of the rates fall between -3.25% and 15.84%).  
 A standard deviation rate of 2.00% was applied to the inflation rate used on personal expenses.*

The original capital estimate indicated a possibility of having \$0 in assets remaining at last life expectancy. Monte Carlo simulation, using 10,000 trials of the same assets, income and expenses, resulted in a 44% probability of having funds remaining at last life expectancy, and an average amount of \$720,653 remaining.

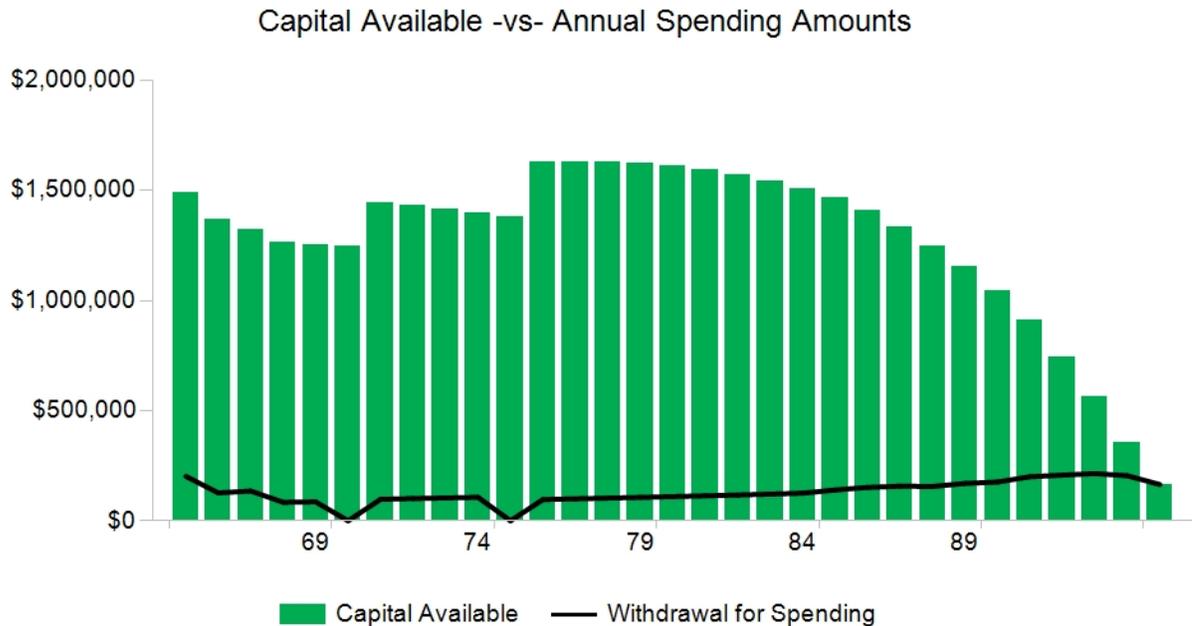
**The Monte Carlo illustration above points out the uncertainty of future retirement capital outcomes. It is important that you return regularly for a review of your goals and financial condition, in order to assure that appropriate periodic adjustments are made to your financial affairs.**

**IMPORTANT:** The projections or other information generated in this report regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment products or results and are not guarantees of future results. Results may vary with each report and over time. Results of this simulation are neither guarantees nor projections of future results. Information is for illustrative purposes only. Do not rely on this report to predict actual performance of any investment or investment strategy.

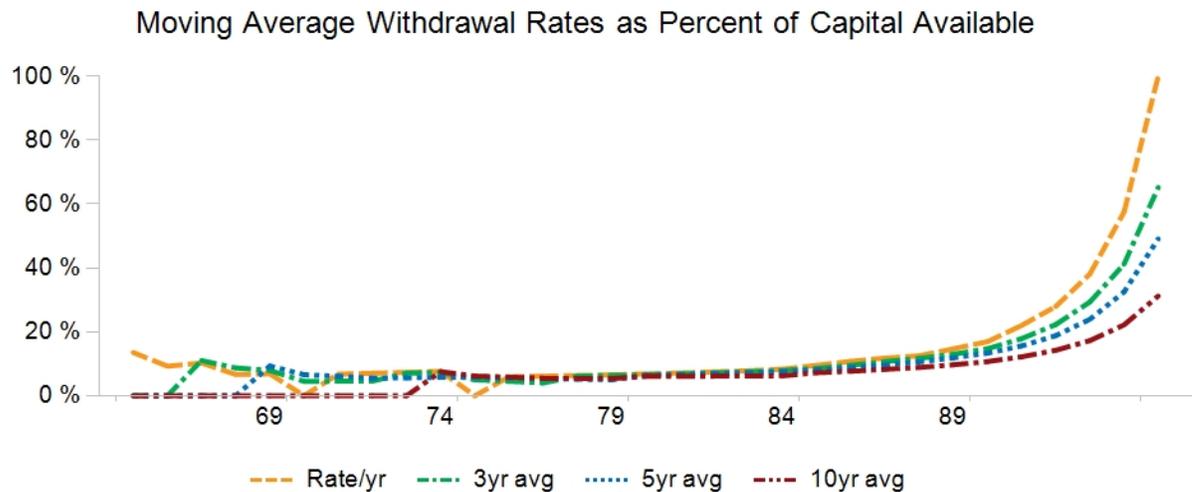
# Withdrawal Rates Analysis

It is important to ensure that income is available when you need it. If some of the income requirements are to be met from the capital you have accumulated, then monitoring the rate at which you are spending capital is critical.

The bar graph, indicated on the left scale, measures your capital values available at each year. The line represents the dollar amounts withdrawn from your assets to meet spending requirements.



The following graph measures your spending as a percent of capital each year. It uses a "moving average" method to smooth the lines into an average withdrawal rate over one, three, five and ten year periods.



**Withdrawal Rate Averages**

	<u>High</u>	<u>Low*</u>	<u>Average</u>
<span style="color: orange;">- - -</span> Annual range (rate for each year)	100.00%	0.00%	14.82%
<span style="color: green;">- - -</span> Three year average range	65.20%	4.02%	12.47%
<span style="color: blue;">. . .</span> Five year average range	49.11%	4.99%	11.20%
<span style="color: red;">- . - .</span> Ten year average range	31.22%	5.37%	9.81%

*\*Years when there is a positive cash flow and no withdrawals are required results in a 0% withdrawal rate.*

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## Income Tax

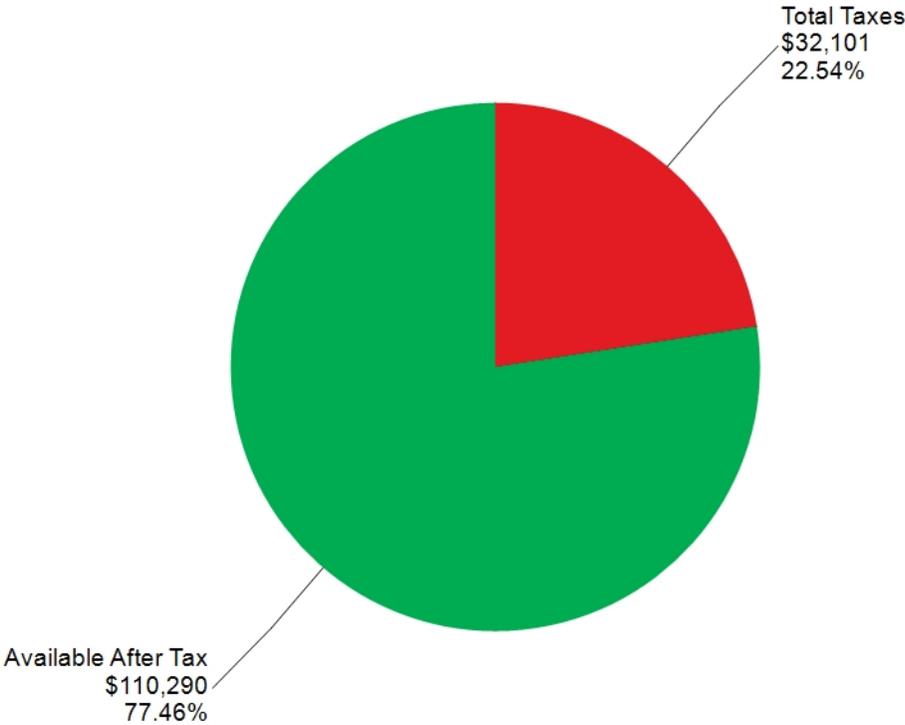
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Analysis of your taxable income sources, exemptions, deductions and Federal and State taxes due.

The analysis includes phaseouts of itemized deductions and exemptions, where required, special dividend and capital gain rates, AMT and other items affecting your income tax and financial results.

These reports are estimates only and should not be relied on for preparation of your income tax return.

Income taxes can consume a substantial portion of your income. One of your objectives should be to control the amount of taxes you must pay through careful management of your income and investment portfolio. The tax calculations are based on the 2016 tax tables.



**Estimated income and taxes for the current year:**

<b>Gross income</b>	\$142,391
Adjustments	(9,286)
<b>Adjusted Gross Income</b>	<b>\$133,105</b>
Itemized or Standard deductions	(30,256)
Personal exemptions	(16,000)
<b>Taxable income</b>	<b>\$86,849</b>
Federal Income Tax	12,662
FICA (social security) tax	10,463
Other tax or credits	8,976
<b>Total Tax</b>	<b>\$32,101</b>

**Tax Rates:**

**Marginal tax rate = 31.75%**  
(Combined Federal and State tax rates)

**Effective tax rate = 24.12%**  
(Taxes divided by Adjusted Gross Income)

D3

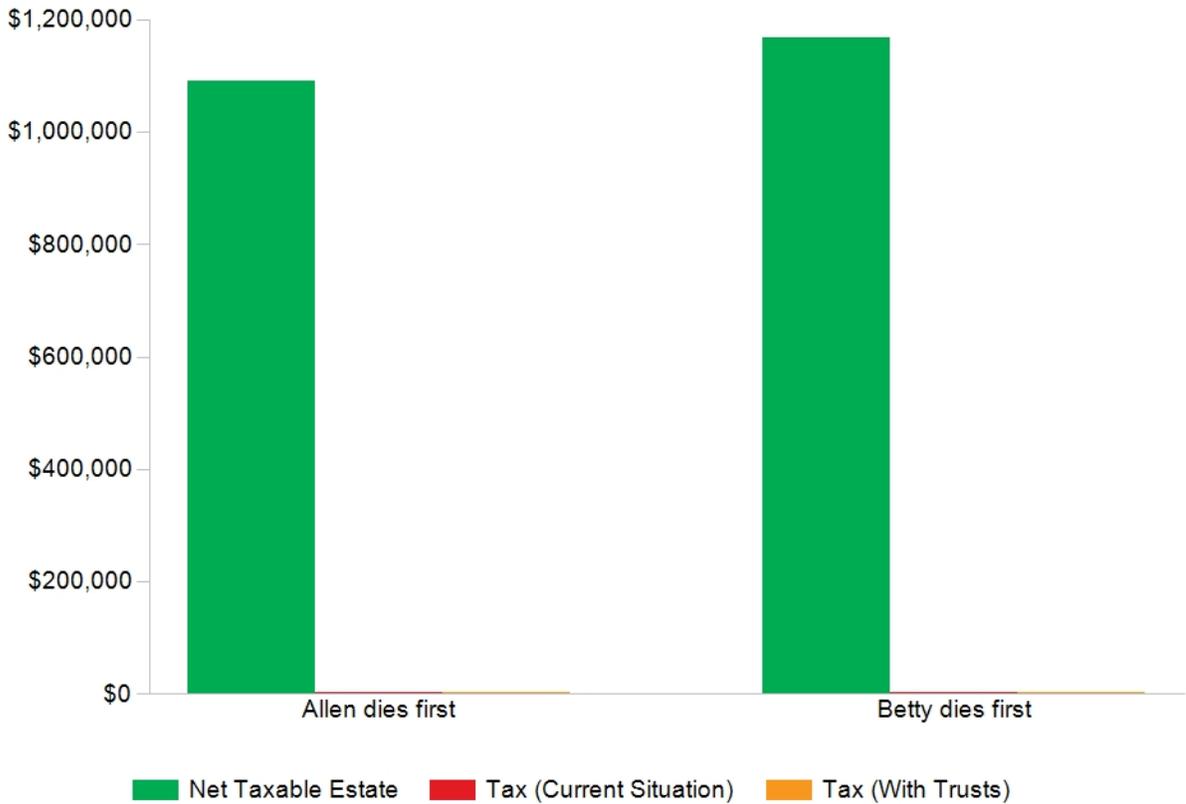
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## Estate

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This section evaluates your financial estate with an illustration of potential estate taxes and settlement costs. It highlights the potential savings that might be realized through use of certain trust and estate planning tools.

You may want to consult with an estate planning attorney for a more detailed analysis of the options available and for additional evaluation of other techniques that might be of benefit.



	<u>Allen dies first</u>		<u>Betty dies first</u>		
All assets including life insurance		\$1,992,090		\$1,992,090	
Debts and expenses		(895,970)		(823,955)	
Less					
Less bequests to other than spouse		(5,750)			
Net estate		<u>\$1,090,370</u>		<u>\$1,168,135</u>	
		Current Situation	With Trusts	Current Situation	With Trusts
Estate tax		\$0	\$0	\$0	\$0
To heirs		<u>1,072,470</u>	<u>1,333,135</u>	<u>1,150,235</u>	<u>1,294,135</u>
<b>Gain using trust</b>		<b>\$266,664</b>		<b>\$143,900</b>	

# Future Estate Costs Graph

Deaths in same year - Allen dies first.

## ATRA 2012

In January 2013, The American Taxpayer Relief Act of 2012 was signed into law. On the eve of the EGTRRA sunseting Congress passed ATRA to extend income tax cuts for certain taxpayers and permanently establish estate tax law. This law continues the Unified Credit, and ties the credit for Gift, Estate, and Generation Skipping Transfers to an annual index which allows a total of \$5,450,000 to be transferred before being taxed at 40%. While this law does not have a sunset provision, it is important to remember that it can be changed by an act of Congress in the future.

## An Estimate of Your Estate Tax Exposure Using Suggested Planning

We have taken information provided about your current estate net worth to estimate your estate tax exposure under the new law over the next several years. We make some general assumptions regarding the growth of assets. Also, as previously suggested in this analysis, we assume that each individual has funded a credit shelter trust utilizing the applicable exclusion amounts available to them (currently \$5,450,000 per person in 2016). We also assume that any life insurance benefits are kept out of the taxable estate. The graph below shows your estimated taxable estate and estate tax exposure at each year end.



Age	Retirement Capital*	Debts & Expenses	Net Taxable Estate	Exclusion Amount	Estimated Estate Tax
53	\$1,992,090	(\$895,970)	\$1,096,120	\$10,900,000	
54	2,052,415	(414,052)	1,638,363	11,227,000	
55	2,109,767	(403,962)	1,705,805	11,563,810	
56	2,132,495	(391,331)	1,741,164	11,910,724	
57	2,182,114	(379,211)	1,802,904	12,268,046	
58	2,234,426	(366,473)	1,867,953	12,636,087	
59	2,288,326	(353,000)	1,935,325	13,015,170	
60	2,373,030	(340,642)	2,032,389	13,405,625	
61	2,394,265	(323,231)	2,071,034	13,807,794	
62	2,241,543	(299,754)	1,941,789	14,222,028	

# Future Estate Costs Graph

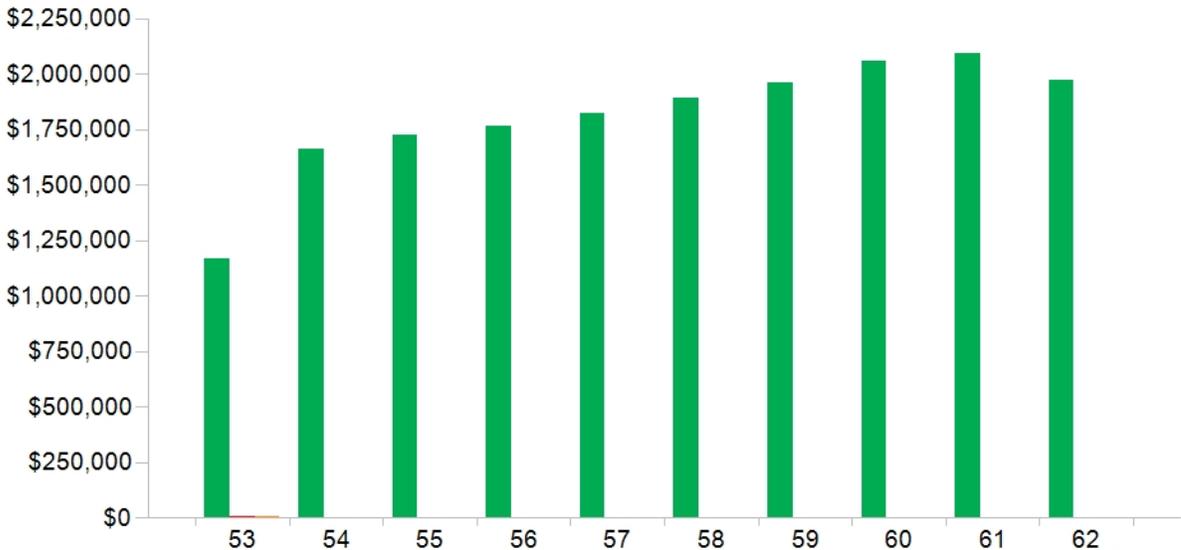
Deaths in same year - Betty dies first.

## ATRA 2012

In January 2013, The American Taxpayer Relief Act of 2012 was signed into law. On the eve of the EGTRRA sunseting Congress passed ATRA to extend income tax cuts for certain taxpayers and permanently establish estate tax law. This law continues the Unified Credit, and ties the credit for Gift, Estate, and Generation Skipping Transfers to an annual index which allows a total of \$5,450,000 to be transferred before being taxed at 40%. While this law does not have a sunset provision, it is important to remember that it can be changed by an act of Congress in the future.

## An Estimate of Your Estate Tax Exposure Using Suggested Planning

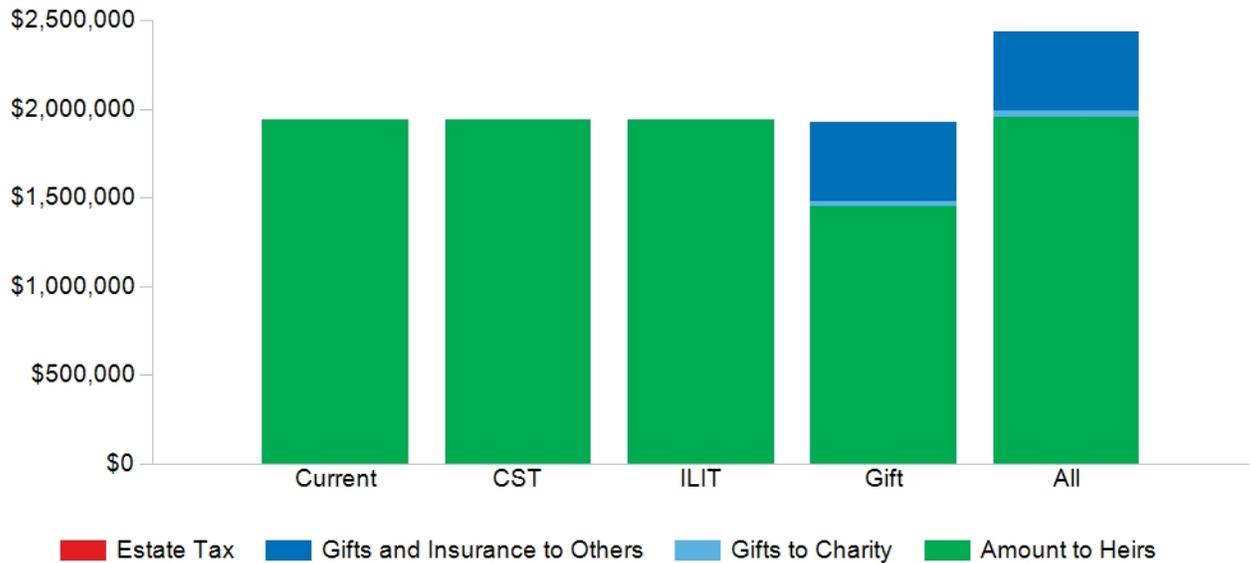
We have taken information provided about your current estate net worth to estimate your estate tax exposure under the new law over the next several years. We make some general assumptions regarding the growth of assets. Also, as previously suggested in this analysis, we assume that each individual has funded a credit shelter trust utilizing the applicable exclusion amounts available to them (currently \$5,450,000 per person in 2016). We also assume that any life insurance benefits are kept out of the taxable estate. The graph below shows your estimated taxable estate and estate tax exposure at each year end.



Age	Retirement Capital*	Debts & Expenses	Net Taxable Estate	Exclusion Amount	Estimated Estate Tax
53	\$1,992,090	(\$823,955)	\$1,168,135	\$10,900,000	
54	2,052,415	(391,910)	1,660,505	11,227,000	
55	2,109,767	(381,267)	1,728,500	11,563,810	
56	2,132,495	(368,029)	1,764,467	11,910,724	
57	2,182,114	(355,760)	1,826,354	12,268,046	
58	2,234,426	(342,876)	1,891,550	12,636,087	
59	2,288,326	(329,285)	1,959,041	13,015,170	
60	2,373,030	(316,226)	2,056,804	13,405,625	
61	2,394,265	(299,507)	2,094,758	13,807,794	
62	2,241,543	(268,016)	1,973,527	14,222,028	

Various estate planning options illustrated result in different amounts received by the heirs, the IRS and, if elected, amounts gifted to charities, heirs or others. The amounts shown are estimates only and are subject to future change by Congress.

## Estate Distribution Comparisons



<b>Estate Planning Results</b>	<b>Current Planning</b>	<b>Credit Shelter Trust</b>	<b>Life Insurance Trust</b>	<b>Gifts to Charity, Heirs, other</b>	<b>All Options</b>
Assets and insurance paid to heirs	\$2,072,562	\$1,542,571	\$1,913,169	\$816,494	\$1,166,831
Credit Shelter Trust to heirs		529,991			
Gifts to Heirs				288,000	288,000
Life Insurance Trust & not in estate			159,393		159,393
Gifts to Charity				30,000	30,000
Gifts and Insurance to Others				446,053	446,053
<b>Total to Heirs</b>	<b>\$1,939,681</b>	<b>\$1,939,681</b>	<b>\$1,939,681</b>	<b>\$1,447,666</b>	<b>\$1,957,396</b>

### Total to all Beneficiaries

### Planning Gain

Implementation of estate planning options as illustrated above should be based on careful consideration with your financial and legal advisors. The amounts and results shown are estimates only and actual results may differ substantially. No investment products or systems are represented in this illustration. Future Estate balances are hypothetical and are used for illustration purposes only.

\*Columns do not total 100% due to asset increase or reduction with deaths occurring at different ages.

\*\*Assumes estate taxes after the year 2016 continue with indexing.

Note: For source of numbers for Current and All Options refer to Estate Planning Options report.

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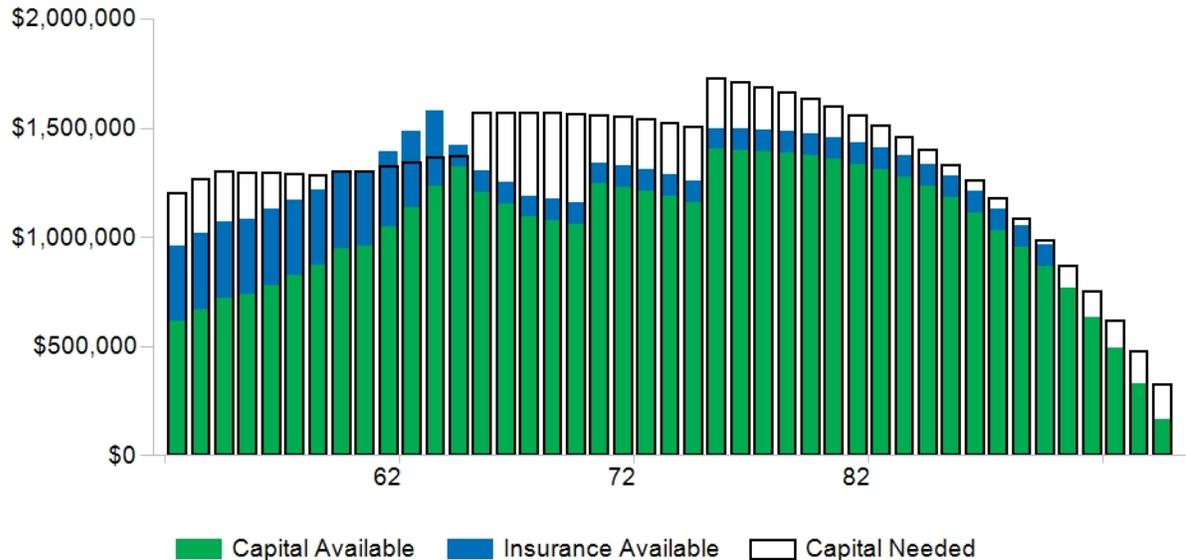
## Insurance

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An important consideration for your financial security is your need for funds in the event of premature death, or estate liquidity. This section provides details regarding the need for insurance protection for a death occurring now or in the future.

Also included in this section is a discussion of disability income replacement, property and casualty and long term care needs insurance.

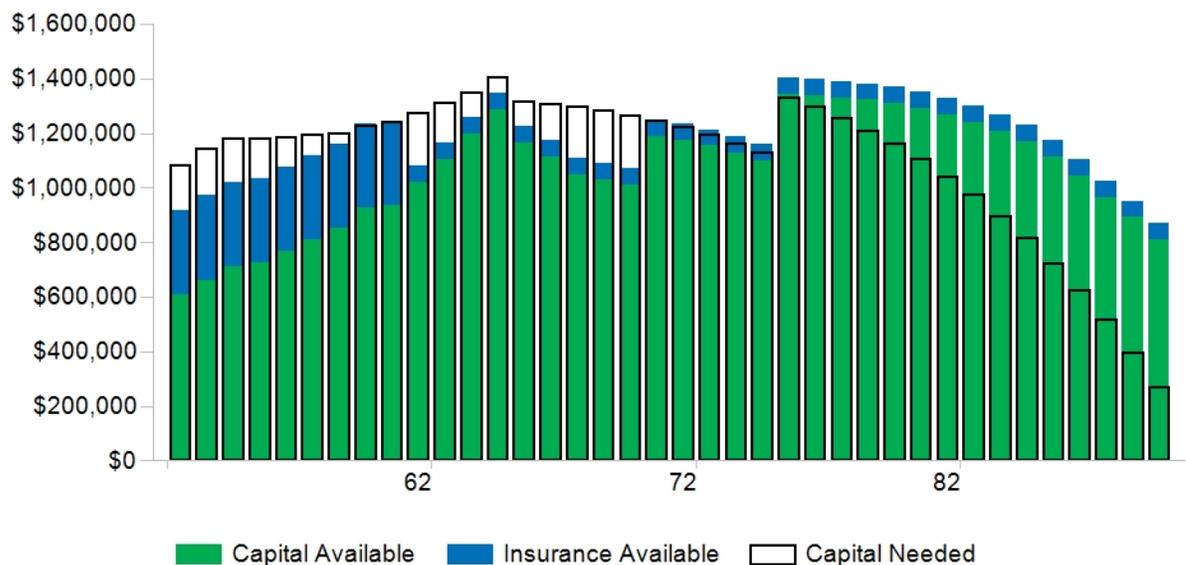
Insurance Need for Allen - Betty Survives



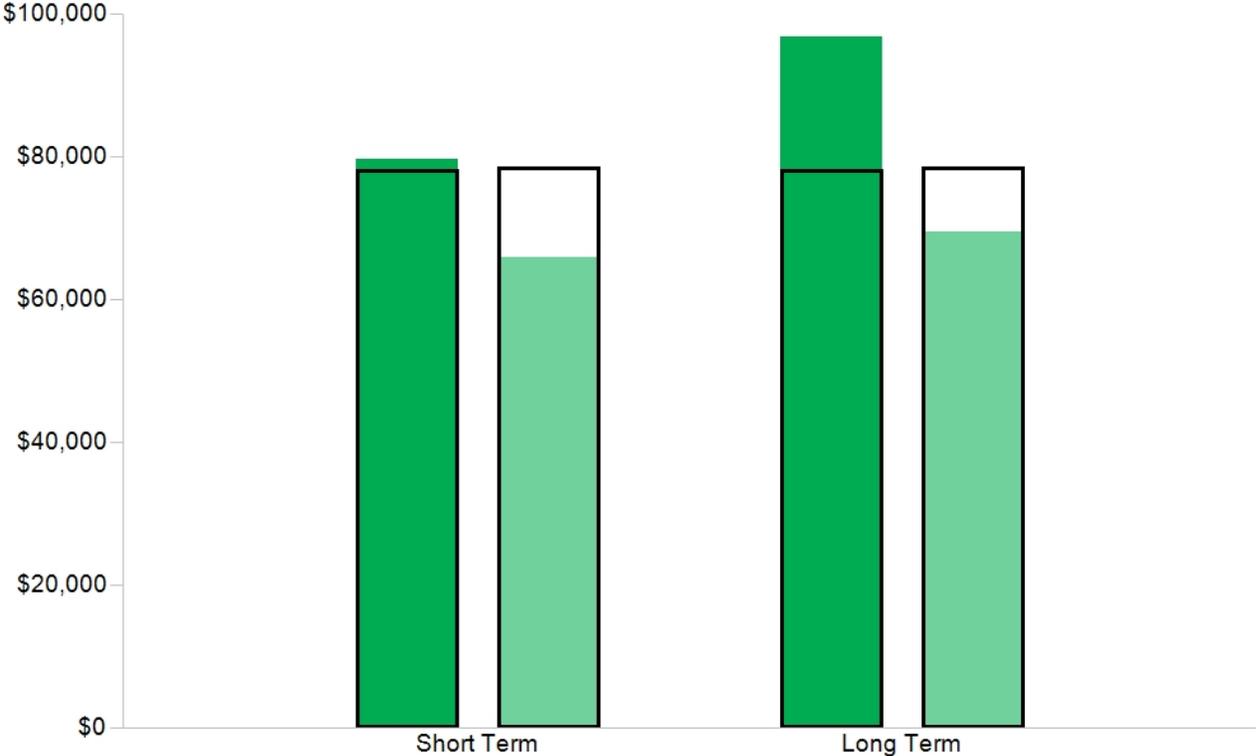
The shaded area of the graph shows the amount of capital available at a given age. The outlined area represents the amount of funds needed to provide capital for immediate cash needs and income for the survivor. If at any time the outline extends above the shaded area, the difference indicates an amount of additional capital needed in the form of insurance.

The graph is interpreted to show the amount of insurance needed if death occurs at a selected age. For example, if no shortage is shown now, then the amount of capital available now will be adequate through life expectancy. If a shortage is indicated 10 years from now, then additional insurance will be required only if death occurs at that age.

Insurance Need for Betty - Allen Survives



# Disability Income Insurance



A short term or long term disability due to illness or injury can devastate your financial plans. At a time when you can no longer work for a living, your expenses may actually increase while your income decreases, forcing you to deplete funds that were accumulating for your financial independence in your retirement years.

Careful planning should be made to assure that you will have adequate income in the event of disability due to serious illness or accident.

	Allen disabled		Betty disabled	
	Short term	Long term	Short term	Long term
Income Needed	\$78,142	\$78,142	\$78,592	\$78,592
Amount Available	79,553	96,653	65,795	69,395
Additional Needed	N/A	N/A	\$12,797	\$9,197

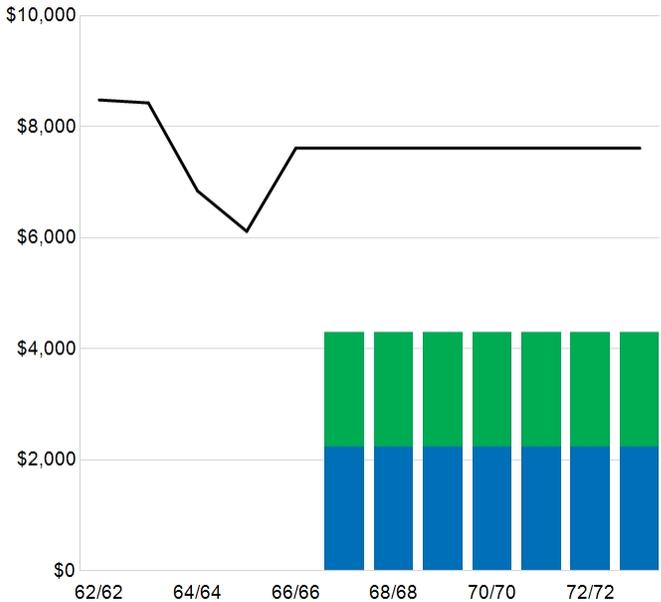
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## Appendix

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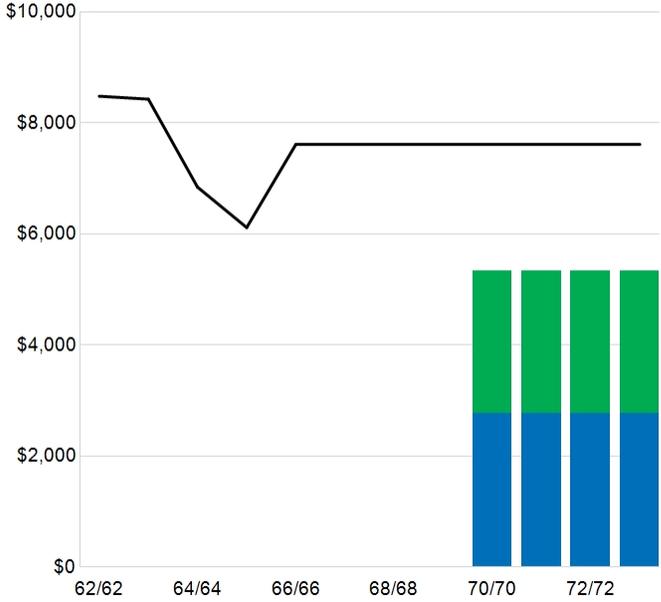
The appendix section provides more detailed information about the various parts of this report. It can be used along with the Audit Trail notations to illustrate the source of the numbers used in many of the other reports.

# Social Security Comparison



## Current Claiming Strategy

- Betty's benefit at age 64: \$0 per month
- Allen's benefit at age 65: \$0 per month
- Allen's benefit at age 67: \$2,232 per month
- Betty's benefit at age 67: \$2,066 per month
- Betty claims survivor benefits at 91: \$2,232 per month
- Monthly Expenses



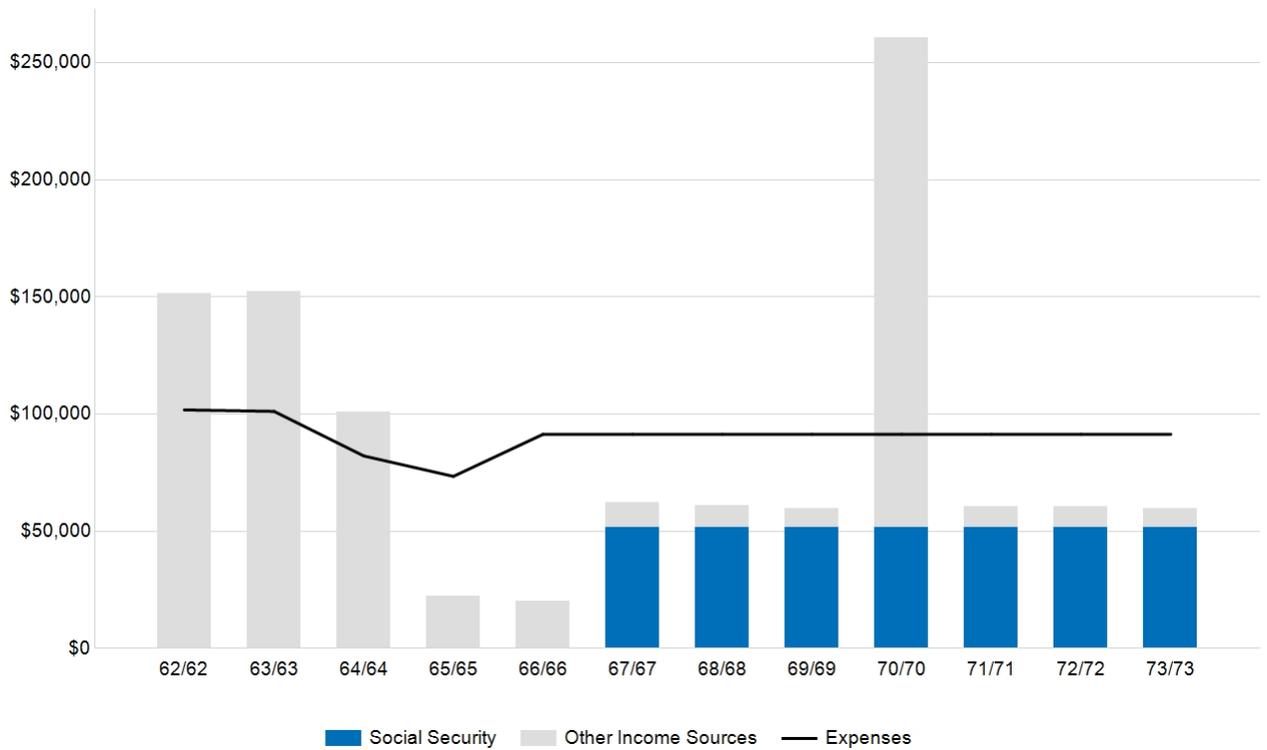
## Optimal Claiming Strategy

- Allen files for delayed retirement benefits at 70: \$2,767 per month
- Betty files for delayed retirement benefits at 70: \$2,562 per month
- Betty claims survivor benefits at 91: \$2,767 per month
- Monthly Expenses

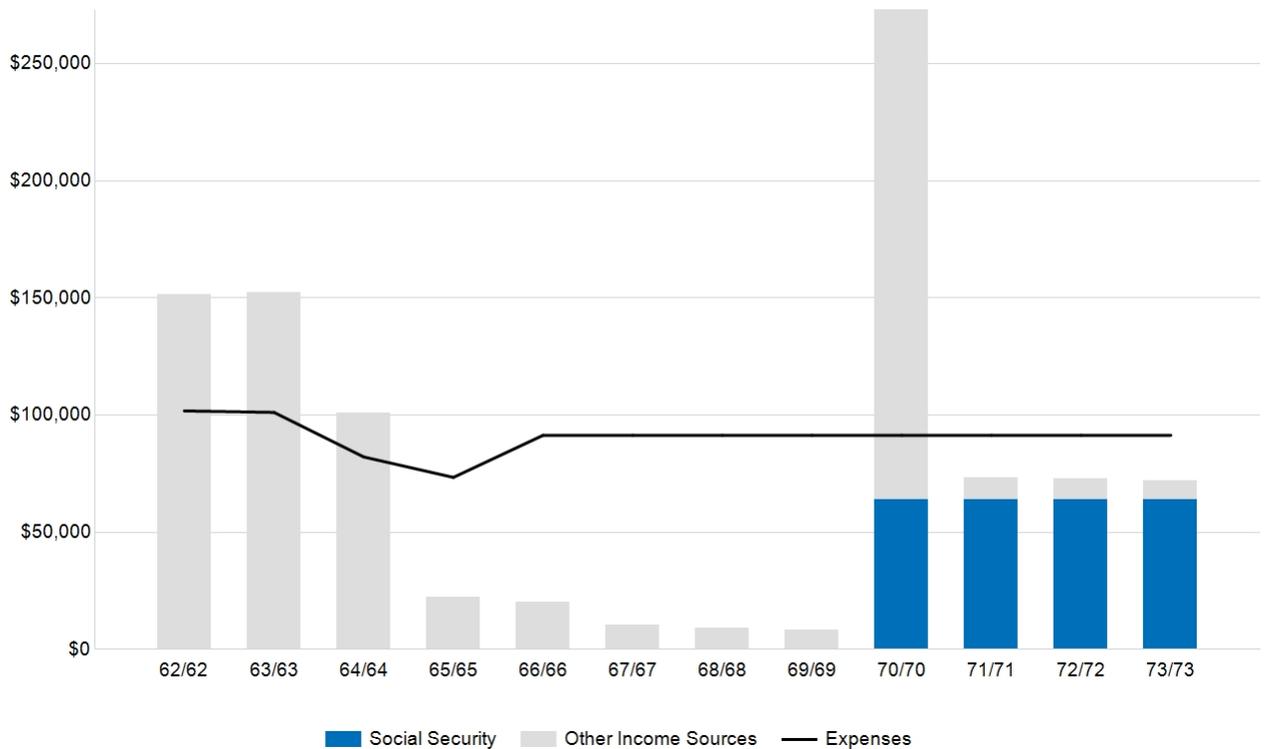
\*All amounts on this page are in today's dollars and show gross monthly benefits.

# Social Security Income Comparison

### Current Strategy



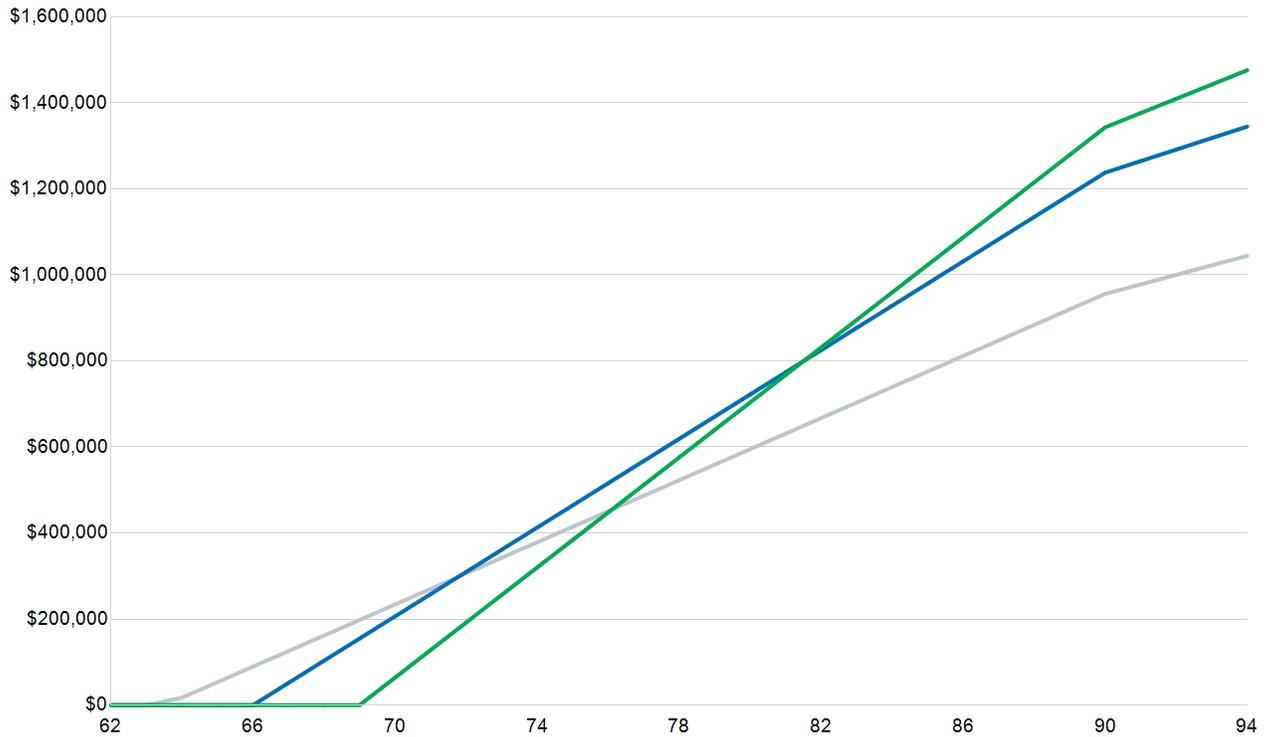
### Optimal Strategy



\*All amounts on this page are in today's dollars and show gross monthly benefits.

# Social Security Breakeven Point

Total Income Received



Age	Year	File at 62/62	Current Strategy	Optimal Strategy
62	62	2025		
63	63	2026		
64	64	2027		
65	65	2028		
66	66	2029		
67	67	2030	51,572	
68	68	2031	103,145	
69	69	2032	154,717	
70	70	2033	206,290	63,950
71	71	2034	257,862	127,900
72	72	2035	309,434	191,849
73	73	2036	361,007	255,799
74	74	2037	412,579	319,749
75	75	2038	464,152	383,699
76	76	2039	515,724	447,648
77	77	2040	567,296	511,598
78	78	2041	618,869	575,548
79	79	2042	670,441	639,498
80	80	2043	722,014	703,448
81	81	2044	773,586	767,397
82	82	2045	825,158	831,347
83	83	2046	876,731	895,297
84	84	2047	928,303	959,247
85	85	2048	979,876	1,023,196
86	86	2049	1,031,448	1,087,146
87	87	2050	1,083,020	1,151,096
88	88	2051	1,134,593	1,215,046
89	89	2052	1,186,165	1,278,996
90	90	2053	1,237,738	1,342,945

\*All amounts on this page are in today's dollars and show gross monthly benefits.