

Personal Information:

Prepared by P. Charles Arnold, Jr. CPA 2/5/2003

Scenario name	Retirement @ 65	Phone	555-123-4567
Cover name	Allen & Betty Able	Phone 2	
Home addr.	1234 Fifth St.	e-mail	
City/State/Zip	Corvallis OR 97330	Fax	
		Married	

Allen		Betty	
Allen Able		Betty M Able	
Life expectancy	84	Birth date	3/5/1946
Alternate life exp		SS #	222-11-4444
Retirement age	65	Male	65
		Birth date	6/8/1948
		SS #	999-88-7777
		Female	

RetiredNow

Allen		Betty	
Employer	Walton Industries	KMart	
Duties / Title	General Manager	Supervisor	
Address	222 32nd St		
City, State, Zip	Philomath	Albany	
Phone	234-5678		
Footnote	Normal retirement at age 65		

Dependent Children	Social Security #	Birth Date	College start year	Number years college	Annual college cost	Funds now avail.	Monthly savings
Andy	222-33-4444	12/28/1987	2005	4	10,000	2,500	45
Bonnie	333-44-5555	6/13/1984	2002	4	10,000	4,000	100
		0					
		0					
		0					
		0					
		0					

Percent of college costs parents will pay	100	%
Earning rate on college funds (after tax)	6.00	%
Inflation rate for educational expenses	3.90	%
Deduct education expenses from retirement capital? (1 = yes)	1	

Asset Summary:

(used for retirement)	Total	Allen	Betty	Joint	Comm Prop	Trust/Oth	Monthly additions	Rate of return
Taxable	161,075	10,000	15,750	135,325				7.01
Tax free	25,000			25,000				5.70
Tax deferred	30,000	30,000						7.25
Equity & Other	130,394	27,919	11,475	90,999			261	7.30
Percent ownership:								
Taxable		6.21%	9.78%	84.01%				
Tax free				100.00%				
Tax deferred		100.00%						
Equity/other		21.41%	8.80%	69.79%				
Use Joint property to fund Unified Credit Trust?				No				

Default Asset Rates

	Before	After Ret
Taxable	6.00	6.00
TaxDeferred	6.00	6.00
TaxFree	5.75	5.75
Equity/Other	8.00	8.00
Retirement accounts	7.50	7.50
Roth IRA		

	Allen	Betty	Joint	CommProp	Trust/Oth	Apprec. rate
Residence	307,000					5.00
Personal property	15,000					
Jewelry, Furs		2,500				
Art, antiques						
Autos	12,000		9,600			(6.67)
RV's, boats						
Other personal assets						

Liabilities:	Payoff at death?	Account balance					Monthly payment	Annual rate %
		Allen	Betty	Joint	CommProp	Trust/Oth		
Residence mtg	1			72,000			940	8.37
Residence 2 mtg								
Investment loans								
Auto loans	2			4,300			205	7.45
RV & boat loans								
Credit cards	3			3,890			300	13.31
Personal loans								
Other liabilities								
Real estate loans								

* 0=no, 1= at either death, 2= at client death only, 3= at spouse death only.

Surplus cash flow allocation	Taxable	20		
	Tax free	20		
	Tax deferred	20	Annuity Deferred interest	
	Equity/other	40		

Income needed per month in Retirement:	Start age	Amount \$	Infl. rate	
Prior to retirement		3,285		
(Basic expenses only; in reports charity, medical, prop tax, insurance and debt payments are added.)	Period 1	65	3,866	3.57
	Period 2	70	3,661	3.58
	Period 3	84	4,400	3.00
	Period 4	199		3.00
Personal income needed when disabled / year		31,539		

Retirement Accounts: (defined contribution plans)	Allen	Betty
Profit sharing / Money purchase	32,000	
IRA accounts		
401(k) plans		27,300
Other (TSA, Keogh, SEP, etc.)		
Total	32,000	27,300
Rate of return on retirement plans	5.50	8.20
Roth IRA	9,754	
Rate of return of Roth IRA	7.50	
Roth monthly additions	292	
Use retirement accounts to fund Credit Shelter Trust?		No

Monthly additions:	Allen	Betty	Deduction
IRA account additions			
401(k) additions		200	2,400
Company contributions	150	130	
Alternate age to stop additions	65	65	
Increase rate for amount of additions	3.90	3.90	

Retirement Income Sources (Defined benefit plans)	Allen		Betty	
Pension plan or other income/mo (expected in todays \$)	550			
Starting at age	65	65	65	65
Increase rate before retirement				
Increase rate after retirement	2.00			
Age when income will stop (default = life expectancy)				
Percent available to surviving spouse during retirement	50		50	
\$ Amount payable to survivor if death occurs now	200			

Retirement Social Security benefits:	Allen	Betty
Age to start retirement SS benefits	65	65
Percent of computed SS benefit to show in today's dollars	100	100
Actual amount of expected benefits in today's dollars		
Social Security benefit increase rate	2.00	

Monthly Survivor Social Security benefits (override calculated amount)

	Allen	Betty
Actual / estimated survivor benefit with 2 or more children		
" " " with 1 child at home		
Actual /estimated survivors benefit in retirement		
Age to start survivor social security benefits	65	65

	Allen	Betty
Wages exempt from FICA tax?		
Not qualified to receive SS benefits?		
Client or spouse QP participant?		
Diversify retirement account assets? (0=no,1=yes)	-1	

Income data:

(annual amounts)	Income tax data		Amount to use for:	
	Present	Increase rate	Cash Flow	Disability
Client salary & wages	70,000		70,000	70,000
Spouse salary & wages	35,000		35,000	35,000
Interest & dividends	14,235		4,750	4,750
Client self employment	1,000		1,000	1,000
Spouse self employment			1,000	1,000
Sched D capital gain (loss)				
Sched E passive gain (loss)				
Other non-taxable income				
Other non-taxable income				
Pension income				
Social sec income client				
Social sec income spouse				

Incr (decr) fed income	
Other fed tax or (credit)	

Investment interest	
AMT (preference) items	

Incr (decr) state income	
Other state tax or (credit)	

State tax Item Ded override	
Continue spouse income after retirement	No

Itemized Deductions:	% of gross income	and/or	Annual	
			\$ amount	Increase rate
Charitable contributions			750	3.00
Misc itemized deductions			4,200	3.00
Other tax (not property)				
Property tax (% of residence value)			2,200	2.75
Medical expense				
Doctor				
Dentist/Orthodontist				
Eye exam/Glasses				
Medicine/Drugs				

Tax filing status	Joint
Number of exemptions	4
Number over 65 or blind	

Optional Tax Rates

	Ordinary	Cap Gain
Effective tax rate before retirement		20.00
Effective tax rate after retirement		15.00

Capital gain holding period (1=12 mo to	2	1=12 months to 5 years, 2 = over 5 years.
---	---	---

Insurance information:	Allen		Betty	
	Short term	Long term	Short term	Long term
Disability insurance monthly benefit	2,500	3,500	500	800
Company disability benefits per month		500		
% of company disability benefits taxable (0-100)		100		
Do you have LTC insurance				

	Allen		Betty		Not subject to Estate tax	
	Allen	Betty	Allen	Betty	Allen	Betty
Term or company group death benefit		75,000	50,000	5,000		
Personal permanent life coverage death benefit	60,000		100,000			
Cash value now (traditional CV policies)	1,175					
Cash value at retirement age	87,500					
Insurance policy loans outstanding						
Suppress insurance benefits on Retirement report?						
Include cash values in asset allocation?	No					
Use life insurance to fund Unified Credit Trust?	No					
Use immediate cash needs for minimum life insurance needed?	No					

Insurance premiums (annual):	Allen	Betty	Proposed LTC data	
Life insurance premiums - term		375	Premium	
Life ins premiums - permanent	650		Benefit/day	
Auto insurance premiums	200	200	Pay to age	
Disability insurance premiums	450		LTC per mo	
Home owners & other ins premiums	385		Number Mo	
Medical insurance premiums				
Long Term Care premium				

SURVIVOR available / needed*: (today's \$)	Allen	Betty	Allen	Betty
Income per month - with child at home	4,733	2,333	2,957	2,957
Income after children are grown	4,733	2,333	2,957	2,957
Income during retirement years			2,957	2,957

* In reports, insurance, debts and itemized deduction items are added.

Other survivor income:	Allen	Betty
Monthly amount expected		250
Percent annual increase before income starts		2.00
Age when income will start		60
Percent annual increases while income received (COLA)		
Age when income will stop		80

Immediate survivor needs	Allen	Betty
Final expenses (burial, medical, etc.)	15,000	15,000
Emergency funds, reserves	20,000	20,000
Other survivor cash needed (charitable, gifts, etc.)		
Include other survivor cash on Estate Report?		

Capital Consumption / Retention Option (survivor & retire):	Allen	Betty
Amount of capital to be retained at life expectancy		

Attitude about investing and money management	4
--	---

(Conservative <- 1 2 3 4 5 -> Aggressive)

Financial objectives:

Reducing income taxes	4
Protection from inflation	4
Maximum investment growth potential	5
Current spendable income from assets	1
Liquidity (convert assets to cash)	2

(Not concerned <- 1 2 3 4 5 -> Very concerned)

Asset Allocation by Class:

Classes	Present mix	Proposed
Reserves	0.50	
Income	42.07	
Growth and income	3.75	
Growth	46.19	
Aggressive Growth	7.49	
Misc		

Other financial goals (description):	Year needed	Amount needed	Increase rate
Retirement trip	2,007	15,000	6.00
Sail boat	2,010	20,000	4.00

Anticipated rate of return on funds accumulated for goals	8.00
Include Financial Goals in Retirement Capital projection?	

AUDIT TRAIL

The financial plan includes coverage of a number of issues important to your financial future. Since many of the topics are complex, some of the details for a particular topic are derived from support pages that provide additional information.

The reports are grouped as follows:

Main Reports

Section Contents

- A General reports, Net Worth, Cash Flow, Summary, Liquidity, Education, etc.
- B Asset Pyramid, Asset allocation, etc.
- C Retirement Needs and Projection, Asset Projection, Monte Carlo
- D Income Taxes
- E Estate Taxes
- F Survivor Needs, Life Insurance, Disability,

Appendix reports

- G Retirement projections and details, Pensions, Income & Expenses
- H Asset accounts
- I Estate details and projections
- J Life insurance and survivor needs projections
- K Loan amortizations

Using the Audit Trail feature:

If the audit trail feature is turned on, then each report page will have a letter and number in the top right corner. For example A2, C5, etc.

On many pages, there are values that originate on another page, either in the Main section or the Appendix section of the report. The source of the information will be identified by a letter / number memo referring to the page where the value originated. This memo will be in small italic type either near the right margin of the page or at the bottom of the column of numbers.

Examples:

Personal Financial Plan Summary: (A3)

The Retirement Section shows numbers for the Basic Living Expenses, Total Spendable income needed, etc. The references at the right of these numbers is C2. That means you may look on report page C2 - "Retirement Needs Analysis" to find the source of the amounts and more details about how the numbers were derived.

Retirement Needs Analysis: (C2)

When you look at this report page, you will find additional audit memos. This means that you may need to look at several pages to get the final answer you are looking for. For example, the references on page C2 (Retirement Needs Analysis) lead you to the Appendix section, pages G1, G2 and G4 for additional information.

Retirement Capital Analysis: (C3)

This is a columnar projection report. The Audit Trail memos at the bottom of each column will lead you a more detailed source of the numbers shown. For example, the "Annual Expenses" column memo leads you to the Appendix Section, page "G1 - Income Needed". This page shows the amount of income needed to pay for mortgage and loans, insurance premiums, personal expenses and itemized deduction expenses. It also shows the expected amount of Social Security benefits and funds received from qualified plan minimum distributions. Audit trail memos on this page refer you to additional sources of data.