FINANCIAL ATTITUDES

Retirement @ 65

You provided information about your attitudes and feelings relating to asset management and investments. The scale below reflects the information provided, with a score of "5" being most important and a "1" representing the least important.

Area of Concern	Importance
Maximum Investment Growth Potential	5
Protection from Inflation	4
Reducing Income Taxes	4
Liquidity (convert assets to cash)	2
Current Spendable Income	1

LIQUIDITY:
This does not appear to be an item of concern. You could consider investments that might take a longer period of time to mature and in turn might offer an opportunity for more attractive results.

GROWTH:
Maximum growth of your asset base appears to be an important goal. Emphasize assets that have potential for rapid increase in value in response to inflationary pressures or economic opportunities.

INCOME:
Current income should not be a significant factor in your selection of assets. Concentrate on the quality and potential of the asset regardless of whether the return is from growth or income.

TAXES:
When making selection of assets within each group, watch for programs that allow you to earn on a "tax free" or "tax deferred" basis in order to minimize your current income taxes.

INFLATION:
This can cause erosion of both your earning power and your capital base. Pay particular attention to investments that will respond positively in an inflationary environment.

RISK

In every aspect of life, we are faced with varying degrees of unknown outcomes. These uncertainties in life are sometimes referred to as areas of "risk". In particular, financial matters are commonly described as either "safe" or "risky" or somewhere in between the two extremes.

It is important to recognize that the term "Risk" can refer to more than simply the loss of your money. Some of the different types of risk are described below.

Loss of Principal:
If you have $10,000 invested in a stock, the stock declines in value to $5,000, and you sell the stock, then you have suffered a loss of principal. On the other hand, if you do NOT sell the stock while the value is down, and the stock recovers to $10,000 then you have not suffered a loss. Time and diversification are keys to mitigating this type of loss.

Loss of Purchasing Power:
If you own a $10,000 certificate of deposit earning 5% interest, you will receive $500 per year interest. Since the account is insured by the FDIC and the interest is guaranteed for a set time frame, this may seem like a "safe" investment. If we experience inflation at the rate of 3% per year, the purchasing power of the $500 income will be reduced after the first year to $485, and after 10 years to $372. The purchasing power of the $10,000 after 10 years will be reduced to $7,441. This loss is a permanent one with no chance for recovery unless our economy goes into a protracted deflationary cycle.

Tax Loss:
Using the same $10,000 as above, and assuming you are in the 28% tax bracket, the $500 interest would be reduced to $360 after taxes. After 10 years, the $500 interest after taxes and inflation would provide purchasing power of only $268.

Illiquidity:
If you place all or most of your financial assets into illiquid assets like real estate, mortgages or notes, small business interests or even tax deferred retirement accounts with severe early withdrawal penalties, then you may find that you no longer have control of your financial future. If your personal financial affairs take a turn for the worse due to a disability, loss of employment, death in the family or other unforseen event, and you cannot readily reposition your assets to meet your new needs, then you are exposed to the risk of not being in control of your financial well being.

Although there are other types of risk that could be considered, the above examples will illustrate that it is important to properly plan and balance your financial assets so that all possibilities are covered. As your financial plan is created, we take into consideration your levels of comfort with different types of assets and with consideration for your personal situation and goals.

TAX FAVORED INVESTING

Retirement @ 65

This illustration assumes that each account has an existing balance of $10,000. The illustration is used to compare the future accumulation and income potential of various types of investments.

	Taxable	Tax Deferred	Tax Free	Tax Ded.	Capital Gains
Initial account balance	$10,000	$10,000	$10,000	$10,000	$10,000
Annual deposit available	1,000	1,000	1,000	1,000	1,000
Less taxes at 33.57%*	(336)	(336)	(336)		(336)
Net deposits	$664	$664	$664	$1,000	$664
Annual interest rate	4.50%	8.00%	8.00%	8.00%	8.00%
Net interest after tax*	2.99%	8.00%	8.00%	8.00%	6.80%

Age	Taxable account	Tax Deferred	Tax Free	Tax Deductible	Capital Gains
57	10,000	10,000	10,000	10,000	10,000
58	10,983	11,517	11,517	11,880	11,389
59	11,996	13,156	13,156	13,910	12,873
60	13,038	14,926	14,926	16,103	14,458
61	14,112	16,838	16,838	18,471	16,151
62	15,218	18,902	18,902	21,029	17,959
63	16,357	21,132	21,132	23,792	19,889
64	17,530	23,540	23,540	26,775	21,951
65	18,739	26,140	26,140	29,997	24,153
66	19,983	28,949	28,949	33,477	26,505
67	21,265	31,983	31,983	37,235	29,017
68	22,584	35,259	35,259	41,294	31,700
69	23,944	38,797	38,797	45,677	34,565
70	25,344	42,618	42,618	50,411	37,625
71	26,785	46,745	46,745	55,524	40,893
72	28,270	51,202	51,202	61,046	44,383
73	29,799	56,015	56,015	67,010	48,110
74	31,374	61,214	61,214	73,450	52,091
75	32,996	66,829	66,829	80,406	56,343
76	34,667	72,892	72,892	87,919	60,884
77	36,387	79,441	79,441	96,032	65,733
Average monthly income**	$222	$649	$649	$785	$537
Less average tax at 33.57%*	(27)	(187)		(264)	(42)
Spendable income	**$196**	**$462**	**$649**	**$521**	**$495**

TAXABLE = Bank savings, CDs, corporate or govt. bonds, or other accounts where earnings are fully taxed each year.

TAX DEFERRED = Annuities or US Savings Bonds where interest accumulates without tax and is then taxed when drawn out of the account.

TAX FREE = Muncipal bonds or funds and Roth IRA where all interest is always tax free.

TAX DEDUCTIBLE = Regular IRAs, 401(k), 403(b), etc. where deposits are deductible, tax on interest is deferred, then all withdrawals are fully taxed.

CAPITAL GAINS = Stocks, mutual funds, real estate or other investments qualified for capital gain treatment.

** Capital gains column uses tax rate of 20% during accumulation and 15% during payout.*

*** Assuming entire balance is paid in level annual distributions over a life expectancy period of 21.2 years*

ASSET SUMMARY

Retirement @ 65

This view looks at your assets by the way they are treated for income taxes (th
retirement projection uses this grouping for projecting future values

Assets by TYPE:	Account value	Percent of total	Weighted average* rate of return
Taxable	$161,075	36.98%	7.01%
Tax Deferred	30,000	6.89%	7.25%
Tax Free	25,000	5.74%	5.70%
Equities	97,829	22.46%	7.71%
Other	52,565	12.07%	6.38%
Retirement accounts	59,300	13.62%	6.74%
Roth IRA	9,754	2.24%	7.50%
	$435,522	100.00%	7.01%

This view is focused on the asset classes. It should be used to help you determine if
your assets are positioned in concert with your own goals

Assets by CLASS:	Savings & Investments	Retirement accounts	Percent of total
Reserves	$2,200		0.51%
Income	183,875		42.22%
Growth and income	16,369		3.76%
Growth	131,265	69,054	45.99%
Aggressive Growth	32,760		7.52%
Misc			
	$366,469	$69,054	100.00%

This view is concerned with the amount of liquid funds available. Refer to th
Liquidity report for a more graphic illustration

Assets by LIQUIDITY:	Savings & Investments	Retirement accounts	Percent of total
Cash & Reserves	$25,825	$32,000	13.28%
Liquid	192,279	37,054	52.66%
Non-Liquid	123,800		28.43%
Other	24,565		5.64%
	$366,469	$69,054	100.00%

Note: Assets listed include only "working" assets, not residence and personal property assets or insurance cash values.

** Weighted average rate excludes assets which were not intended to be used for retirement.*

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ASSET ALLOCATION

Retirement @ 65

As you manage your portfolio of savings and investment assets, it is important that you consider how tl charactistics of each asset matches your overall level of risk tolerance and your current financial goals. The chart below illustrates a suggested percentage of assets for various risk tolerance levels.

At your age 57 we have prepared this plan for a Aggressive investor.

	Typical percent of assets allocated for various risk levels					Your custom allocation
Asset Class	Very Conservative	Conservative	Moderate	Aggressive	Very Aggressive	
Reserves	20	20	15	5	5	5%
Income	30	25	20	10	10	10%
Growth and income	40	25	20	20	15	20%
Growth	10	25	30	35	25	35%
Aggressive Growth		5	15	30	45	30%
Misc						
						100%

The allocation percentages illustrated above are only suggestions for your consideration, and are not intend to be a permanent allocation. As time passes and your goals change, it will be important that you review you portfolio to assure that the current mix of your assets is appropriate for your goals and for current economi and market conditions

ASSET REPOSITIONING

Financial planning has sometimes been defined as:

Repositioning assets and redirecting income in order to most efficiently accomplish financial objectives.

Achieving financial goals involves the use of many techniques, financial concepts and tools. Perhaps one of the most important is proper use of savings, investments and retirement accounts. During your financial life, you will accumulate funds from various sources including savings from your surplus income, inheritances, gifts, and company contributions to retirement accounts, etc.

Since savings and investment accounts are acquired over a broad time frame, it is not unusual to find that the funds have been put into savings or investment accounts with inadequate thought as to how the various accounts relate to each other, or how they fit with your own long term goals for financial success.

One objective of any financial plan is to determine the proper mix of asset types, classes, or groups. In order to achieve the desired results for your financial plan, it may be prudent to consider repositioning assets from an existing account to other accounts that more appropriately match your goals and comfort level.

As a result of our analysis of your financial goals and the resources available to achieve those goals, it may be determined that repositioning some of your assets would enhance your present or future success. Any recommendations relating to repositioning will take into consideration:

- Your investment time horizon (time left to accumulate or use investments.)
- Your risk tolerance level.
- Your experience and training in investment management.
- The amount of time or interest you have for investment analysis or research.
- The amount of funds available relative to the amount required to acheive your goals.

Once a portfolio mix has been designed and assets repositioned to accomplish your goals, you should plan for regular reviews of your accounts. At that time we will reevaluate your circumstances, economic and financial conditions, and determine whether any changes are in order to bring your asset mix back into proper balance.

ALLOCATION WORKSHEET

Retirement @ 65

The following worksheet compares your present assets to the percentages suggested for your particular goals and risk tolerance level. If the amount in a class is too large or small, then the amount you might consider moving into or out of a category is shown in the "Amount To Move" colum

Asset Class	Present Amount	Present Percent	Suggested Amount	Suggested Percent	Amount to move in (out)
Reserves	$2,200	0.51%	$21,776	5.00%	$19,576
Income	183,875	42.22%	43,552	10.00%	(140,323)
Growth and income	16,369	3.76%	87,104	20.00%	70,735
Growth	200,318	45.99%	152,433	35.00%	(47,885)
Aggressive Growth	32,760	7.52%	130,657	30.00%	97,897
Misc					
TOTAL*	$435,522		$435,522		

It will be important to re-evaluate your asset mix on a regular basis and determine which assets should be further increased or decreased. As you make changes to your portfolio you should carefully review your current lifestyle needs and goals

Please recognize that the asset mix suggested above is not intended as a guarantee or assurance of future results. The suggested asset classes and their percentages do not represent an offer to sell or a solicitation of a purchase of any particular security, but are provided only as an illustration of a possible portfolio mix based on your stated goals and risk level.

** The asset category amounts shown do not include your residence and personal property.*

Normal retirement at age 65

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ASSET ALLOCATION

Retirement @ 65

The following graph is provided to help you more easily visualize your present and suggested asset allocation. This suggested mix is intended only for the current period, and you are encouraged to return regularly to review your personal goals and resources, the financial envrionment and to determine whether changes to the suggested mix is appropriate. The percentages shown on the label area indicate the "Present / Suggested" percent for each asset class.