

Action Plan*

As a result of the preceding analysis, it is apparent that several steps could be taken to maximize your financial potential, as follows:

- 1) Open a money market fund for maintaining liquid reserves with check-writing convenience.
- 2) Revise your insurance program to provide needed security and more efficient use of funds:
 - Apply for new life insurance
 - Purchase disability income insurance
 - Assign ownership of life insurance to spouse
 - Use an irrevocable trust to own life policies
 - Cancel old policy when new insurance is issued
- 3) Attain a better diversified investment portfolio by acquiring:
 - Adding mid and small cap mutual funds
 - Foreign mutual funds
 - Real Estate Investment Trust
 - Growth Mutual Fund Account
 - Utilities Mutual Fund Account
 - Managed Commodities Fund
 - Gold or Silver Coins or Bullion
 - Guaranteed Annuity Savings Plan
 - Variable Annuity Contract
- 4) Reduce current income taxes through:
 - Minimize interest bearing accounts
 - Utilize tax benefits of insurance company, annuity
 - Maximize deposits to IRA/Keogh or TSA plans
 - Invest in partnership with current tax deduction
 - Invest in assets qualified for capital gains
 - Establish a plan for charitable gifting
 - Defer receipt of income to lower tax years
- 5) Consult with your attorney regarding:
 - Completing funding of your revocable living trust
 - Preparation of financial and health powers of attorney
 - Preparation of a living will
 - Review of your present wills
 - Preparation of new wills
 - An A/B Trust to minimize estate taxes and expenses
 - Evaluating ownership of present assets
 - Use of the lifetime Marital Gift Tax Exclusion
 - Gifting some of your estate to your heirs
 - Charitable gifts and annuities
 - Freezing estate growth
- 6) Consider for your business needs:
 - Incorporating your business
 - Establishing a qualified retirement plan
 - Revising your present retirement plan
 - Reviewing your Buy/Sell Agreement
 - Establishing a Buy/Sell Agreement
 - Funding methods for your Buy/Sell Agreement
 - Tax deductible group life insurance plan
 - Section 303 Stock Redemption program
 - Key person life insurance
 - Salary continuation insurance program
 - Deferred compensation program

* This Action Plan is an example only and lists various types of recommendations that might be made without specific elaboration.

PERSONAL FINANCIAL PLAN SUMMARY

Retirement @ 65

There are several areas of your financial affairs that can be compared to the goals you have set and to their probable achievement. The following areas will give you a brief overview of the progress you have made toward your goals or alert you to areas that may need attention.

RETIREMENT:	Income needed and available	
Annual basic living expenses needed adjusted for inflation *	\$90,381	
Total amount of spendable income needed through life expectancy	\$4,139,889	
Total income expected from Social Security, pensions, etc.	(\$1,694,841)	
Additional income requirements to be satisfied by savings, investments	\$2,445,048	C2
Estimated value of working assets at retirement age 65	\$871,661	C3
Your working assets may last only until you reach age 93.		
<i>*Includes basic living expenses, debt payments, insurance premiums and itemized deductions.</i>		

SURVIVOR (Insurance):			
Person to be insured	<u>Allen</u>	<u>Betty</u>	
Insurance needed if death occurs now*	\$321,554	(\$4,532)	F3,F5
Maximum insurance needed if death occurs in the future	\$421,061		
<i>* A number in parenthesis indicates there is a surplus of capital in this case.</i>			
Present Insurance Coverage	\$60,000	\$75,000	

DISABILITY:			
In the event of long term disability, funds will be required to pay for living expenses, debts and insurance premiums.			
Person disabled	<u>Allen</u>	<u>Betty</u>	
Monthly income needed	\$4,820	\$4,857	F8
Monthly income available (long term)	6,282	5,308	
Percent available - vs - needed	130.34%	109.28%	

INCOME TAXES:		
Your estimated gross income this year	\$120,235	D1
Your estimated taxable income this year	\$85,970	
Total income and social security taxes	\$33,665	
Marginal tax rate (highest Federal & State tax rate)	33.57%	

ESTATE COSTS:		
First death estimated estate expenses and debts now	\$70,666	E2
Second death taxes & expenses after 10 years (adjusted for estate growth.)	\$131,461	E5
Estate settlement costs as percent of future estate values (assuming second death in 10 years)	12.74%	

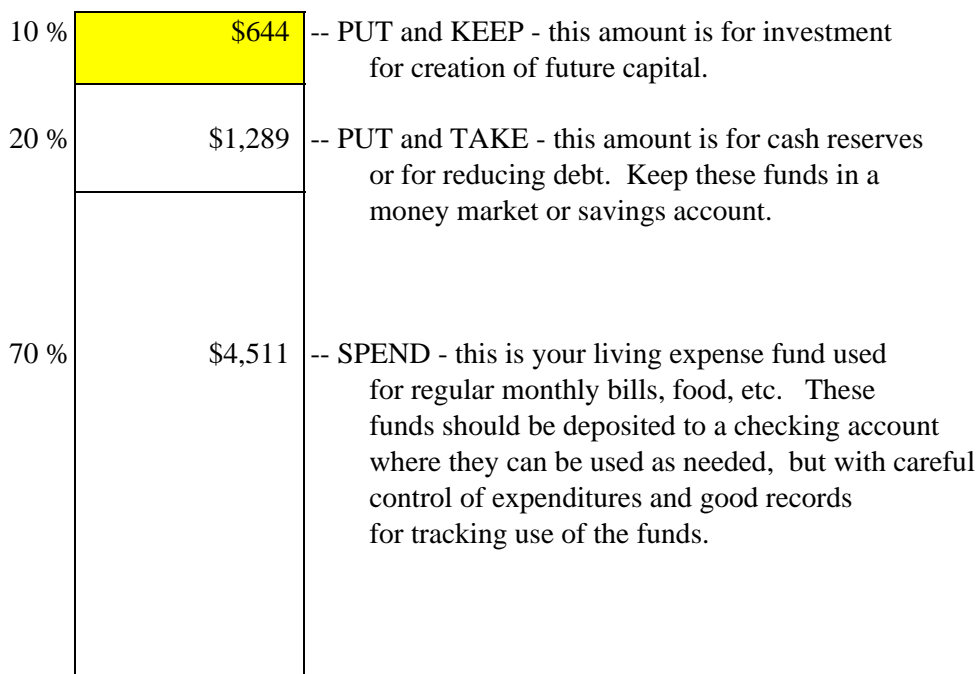
INCOME MANAGEMENT

Retirement @ 65

The 10/20/70 Income Management Plan explained below will help you establish a system for current income management and for accumulation of capital for future financial independence.

	\$9,313	Gross income available per month.	
	(2,805)	Less Income Tax and FICA.	
	(63)	Less charitable contributions.	<i>DI</i>
	\$6,445	Amount left for the 10/20/70 plan.	

DISTRIBUTION OF FUNDS FOR 10/20/70 PROGRAM



The effectiveness of this plan can be enhanced by using automatic checking deposit and withdrawal programs where possible.

Check at your place of employment to see if you can have your paycheck automatically deposited to your checking account.

See if your bank will automatically transfer the 20% PUT and TAKE amount into a savings or money market account.

Consider investment programs like mutual funds or annuities which have automatic bank-draft plans for the 10% investment program each month.

This plan and the percents indicated above are general guidelines and may need to be adjusted fit your particular situation.