

# INITIAL DISCOVERY FOR JOHN AND JANE SMITH

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## XYZ WEALTH STRATEGIES

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\* Registered Representative offering securities through ABC Securities LLC. Member FINRA/SIPC A Licensed Insurance Agency  
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\*Financial Advisor offering investment advisory services through ABC Investments. A Registered Investment Adviser.

XYZ Wealth Strategies is not owned or operated by ABC Life Insurance Company or it's affiliates.

# PRELIMINARY OBJECTIVES

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Create A Healthy Income

Build Economic Value Outside of Yourself

Maximize Your Impact To Heirs

# FAMILY INFORMATION

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## Primary Clients

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Name	Age	Relationship	Occupation
John Smith	Jun 18, 1968 - 48	Is Spouse of Jane Smith Is Parent of Elizabeth Smith Is Parent of Michael Smith	Sales Engineer
Jane Smith	Nov 12, 1975 - 41	Is Spouse of John Smith Is Parent of Elizabeth Smith Is Parent of Michael Smith Is Business Partner of Jim Lewis	Owner - Executive Services

# TRUSTS

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## Trusts - Inside

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Name	Grantor / Settlor	Beneficiaries - Primary	Beneficiaries - Secondary
The Smith Family Revocable Trust	<ul style="list-style-type: none"><li>• John Smith</li><li>• Jane Smith</li></ul>	<ul style="list-style-type: none"><li>• Jane Smith - 50%</li><li>• John Smith - 50%</li></ul>	-

## Trusts - Outside

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Name	Grantor / Settlor	Beneficiaries - Primary	Beneficiaries - Secondary
The Jane Smith 2015 Irrevocable Trust	<ul style="list-style-type: none"><li>• John Smith</li></ul>	<ul style="list-style-type: none"><li>• Jane Smith - 100%</li></ul>	<ul style="list-style-type: none"><li>• Elizabeth Smith - 50%</li><li>• Michael Smith - 50%</li></ul>
The John Smith 2015 Irrevocable Trust	<ul style="list-style-type: none"><li>• Jane Smith</li></ul>	<ul style="list-style-type: none"><li>• John Smith - 100%</li></ul>	<ul style="list-style-type: none"><li>• Elizabeth Smith - 50%</li><li>• Michael Smith - 50%</li></ul>

# ENTITIES

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Name	Ownership Type	Ownership	Buy / Sell	Income Tax Treatment
Executive Services	"S" Corporation	<ul style="list-style-type: none"><li>• Jim Lewis (50%)</li><li>• Jane Smith (50%)</li></ul>	-	Passes through to the Shareholder Level

# INITIAL DISCOVERY OUTLINE

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## Discussion Outline

- Review Meeting Objectives
  
- Review Current Balance Sheet
  
- Discuss Strategy for Creating Income and Building Economic Value
  - Currently
  - Long term
  - Unexpected Scenarios
  
- Discuss Strategy for Impacting Heirs
  - Currently
  - Long term
  - Unexpected Scenarios

## **Key Reference Points**

### ***Build a Healthy Income***

- Desired spendable income for John & Jane now and in the future.

#### ***Before Retirement***

\$250,000 Spendable Income

#### ***After Retirement (John, 65, Jane, 58)***

\$250,000 Spendable Income

- Current & future income streams for John & Jane

#### ***Current Income Streams***

Jane's Salary	\$175,000
John's Salary	\$150,000
Total	\$325,000

#### ***Future Income Streams***

Jane's Social Security	\$32,000
John's Social Security	\$28,000
Total	\$60,000

- Current savings and expenses.

***Estimated Savings***

\$75,000

***Estimated Expenses (Discuss Elasticity of Expenses)***

\$250,000

- Current income and liquidity available in the event of **John's** death.  
\$5,875,000 Before Taxes @ 5% = \$293,750 Annually Before Taxes
- Current income and liquidity available in the event of **Jane's** death.  
\$4,225,000 Before Taxes @ 5% = \$211,250 Annually Before Taxes



## **Key Reference Points**

### ***Build Value Outside Yourself***

- Discuss economic value and human capital
- Discuss liquid assets & growth
  - Liquidity of \$5,000,000 earning an assumed rate of 5% annually, could be used to provide a pretax income of \$250,000 annually dependent upon distribution strategy. Additional liquidity may be desired to offset potential income tax liability.
  - Based on a starting amount of \$875,000 growing at an assumed rate of 8% annually and adding \$75,000 annually from cash flow you would have liquid assets totaling \$5,000,000 in 16 years
    - For details see page titled
  - There are other variables that could impact your income stream such as increasing savings, decreasing expenses, semi-retirement, social security, sale of businesses, real estate and overall investment strategy.
  - Other factors such as tax volatility, interest rates, and behavioral and fundamental market dynamics should also be considered.
  - Examine current asset management and distribution strategy.

### ***Build Value Outside Yourself***

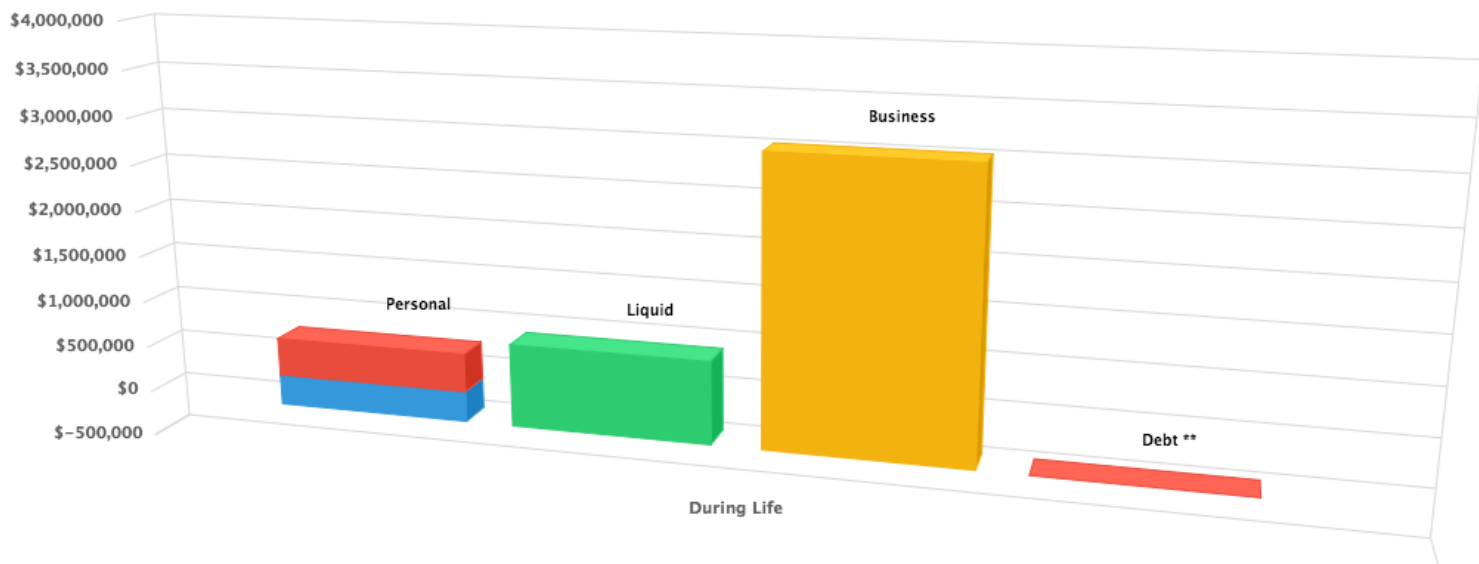
- Business Assets
  - Consider strategies to protect company liquidity
    - As funding is needed to buyout deceased partners
      - Family security could be dependent on successor management
      - Note payments could squeeze liquidity of surviving partners
    - To help absorb the loss of key partners
  - Buy/Sell valuation
  - Create value outside of the human capital of John and Jane Smith
    - Protect investment in key people
    - Formalized successor management

## **Key Reference Points**

### ***Balance inheritance to provide opportunities***

- Estate Taxes and Settlement Costs
  - Exemption amounts
  - IRD Tax
  - Reduce, freeze, maintain control
  - Charity vs. tax
- Balance inheritance distribution in a fair and equal manner among heirs.
  - Opportunity vs. lifestyle
- Protect the estate from predatory litigation/creditors, divorce and mismanagement.

# FINANCIAL SNAPSHOT (DURING LIFE)



## During Life

<b>Value</b>	\$720,000	\$875,000	\$3,000,000	-
<b>Debt</b>	\$395,000	\$0	\$0	\$2,000
<b>Total</b>	\$325,000	\$875,000	\$3,000,000	\$2,000

## Current Pre Tax / After Tax Allocation

\$875,000.00	100.00%	Total Liquidity
\$175,000.00	20.00%	Pre Tax
\$700,000.00	80.00%	After Tax

## Current Variable / Fixed Allocation

\$875,000.00	100.00%	Total Liquidity
\$700,000.00	80.00%	Variable
\$175,000.00	20.00%	Fixed

\* For details behind all values shown refer to the following Financial Snapshot Detail page  
 \*\* Represents all unsecured debt. Secured debt is represented against the asset column it is secured against.

## Income

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### During Life

#### Current Incomes

Jane's Salary	\$175,000
John's Salary	\$150,000
<b>Total</b>	<b>\$325,000</b>

#### Future Incomes

Jane's Social Security	\$32,000
John's Social Security	\$28,000
<b>Total</b>	<b>\$60,000</b>

\* For details behind all values shown refer to the following Financial Snapshot Detail page

## Financial Snapshot Detail - During Life

Personal Asset	John Smith	Jane Smith	Total
Automobiles	\$35,000	\$35,000	\$70,000
Personal Residence	\$325,000	\$325,000	\$650,000
Auto Loan (loan)	\$-10,000	\$-10,000	\$-20,000
Mortgage (loan)	\$-187,500	\$-187,500	\$-375,000
<b>Total</b>	<b>\$162,500</b>	<b>\$162,500</b>	<b>\$325,000</b>

Liquid Asset	John Smith	Jane Smith	Total
Checking/Savings	\$12,500	\$12,500	\$25,000
Jane's \$3.5M Whole Life Policy		\$150,000	\$150,000
John's \$5M Term Life Policy			\$0
John's 401(k)	\$175,000		\$175,000
XYZ Investments	\$262,500	\$262,500	\$525,000
<b>Total</b>	<b>\$450,000</b>	<b>\$425,000</b>	<b>\$875,000</b>

Business Asset	John Smith	Jane Smith	Total
Executive Services		\$3,000,000	\$3,000,000
<b>Total</b>	<b>\$0</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>

Unsecured Loans	John Smith	Jane Smith	Total
Credit Card		\$-2,000	\$-2,000
<b>Total</b>	<b>\$0</b>	<b>\$-2,000</b>	<b>\$-2,000</b>

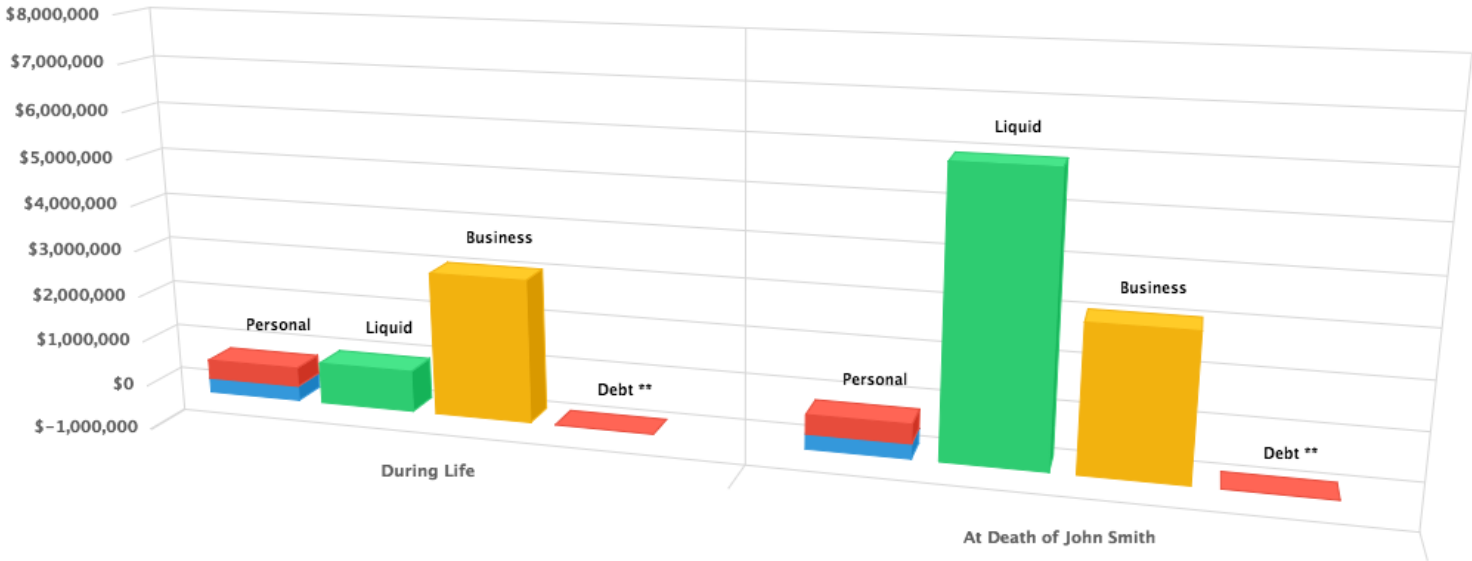
Totals Summary	John Smith	Jane Smith	Total
Personal Asset	\$162,500	\$162,500	\$325,000
Liquid Asset	\$450,000	\$425,000	\$875,000
Business Asset		\$3,000,000	\$3,000,000
Unsecured Loans		\$-2,000	\$-2,000
<b>Total</b>	<b>\$612,500</b>	<b>\$3,585,500</b>	<b>\$4,198,000</b>

\* All Insurance and annuity values reflect accumulated cash value

Liquid Asset Allocations	Pre Tax	After Tax	
Checking/Savings	\$0.00	\$25,000.00	<b>Fixed</b>
	\$0.00	\$0.00	<b>Variable</b>
Jane's \$3.5M Whole Life Policy	\$0.00	\$150,000.00	<b>Fixed</b>
	\$0.00	\$0.00	<b>Variable</b>
John's 401(k)	\$0.00	\$0.00	<b>Fixed</b>
	\$175,000.00	\$0.00	<b>Variable</b>
XYZ Investments	\$0.00	\$0.00	<b>Fixed</b>
	\$0.00	\$525,000.00	<b>Variable</b>
	\$175,000.00	\$700,000.00	
	\$875,000.00		

\* All Insurance and annuity values reflect accumulated cash value

# FINANCIAL SNAPSHOT (DURING LIFE & AT JOHN SMITH'S DEATH)



### During Life

<b>Value</b>	\$720,000	\$875,000	\$3,000,000	-
<b>Debt</b>	\$395,000	\$0	\$0	\$2,000
<b>Total</b>	\$325,000	\$875,000	\$3,000,000	\$2,000

### At Death of John Smith

<b>Value</b>	\$720,000	\$5,875,000	\$3,000,000	-
<b>Debt</b>	\$395,000	\$0	\$0	\$2,000
<b>Total</b>	\$325,000	\$5,875,000	\$3,000,000	\$2,000

\* For details behind all values shown refer to the following Financial Snapshot Detail page

\*\* Represents all unsecured debt. Secured debt is represented against the asset column it is secured against.

## Income

### During Life

#### Current Incomes

Jane's Salary	\$175,000
John's Salary	\$150,000
<b>Total</b>	<b>\$325,000</b>

#### Future Incomes

Jane's Social Security	\$32,000
John's Social Security	\$28,000
<b>Total</b>	<b>\$60,000</b>

### At Death of John Smith

#### Current Incomes

Liquidity @ 5% Assumed Rate	\$293,750
Jane's Salary	\$175,000
John's Salary	\$0
<b>Total</b>	<b>\$468,750</b>

#### Future Incomes

Jane's Social Security	\$32,000
John's Social Security	\$0
<b>Total</b>	<b>\$32,000</b>

\* For details behind all values shown refer to the following Financial Snapshot Detail page



## Financial Snapshot Detail - During Life

Personal Asset	John Smith	Jane Smith	Total
Automobiles	\$35,000	\$35,000	\$70,000
Personal Residence	\$325,000	\$325,000	\$650,000
Auto Loan (loan)	\$-10,000	\$-10,000	\$-20,000
Mortgage (loan)	\$-187,500	\$-187,500	\$-375,000
<b>Total</b>	<b>\$162,500</b>	<b>\$162,500</b>	<b>\$325,000</b>

Liquid Asset	John Smith	Jane Smith	Total
Checking/Savings	\$12,500	\$12,500	\$25,000
Jane's \$3.5M Whole Life Policy		\$150,000	\$150,000
John's \$5M Term Life Policy			\$0
John's 401(k)	\$175,000		\$175,000
XYZ Investments	\$262,500	\$262,500	\$525,000
<b>Total</b>	<b>\$450,000</b>	<b>\$425,000</b>	<b>\$875,000</b>

Business Asset	John Smith	Jane Smith	Total
Executive Services		\$3,000,000	\$3,000,000
<b>Total</b>	<b>\$0</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>

Unsecured Loans	John Smith	Jane Smith	Total
Credit Card		\$-2,000	\$-2,000
<b>Total</b>	<b>\$0</b>	<b>\$-2,000</b>	<b>\$-2,000</b>

Totals Summary	John Smith	Jane Smith	Total
Personal Asset	\$162,500	\$162,500	\$325,000
Liquid Asset	\$450,000	\$425,000	\$875,000
Business Asset		\$3,000,000	\$3,000,000
Unsecured Loans		\$-2,000	\$-2,000
<b>Total</b>	<b>\$612,500</b>	<b>\$3,585,500</b>	<b>\$4,198,000</b>

\* All Insurance and annuity values reflect accumulated cash value

Liquid Asset Allocations	Pre Tax	After Tax	
Checking/Savings	\$0.00	\$25,000.00	<b>Fixed</b>
	\$0.00	\$0.00	<b>Variable</b>
Jane's \$3.5M Whole Life Policy	\$0.00	\$150,000.00	<b>Fixed</b>
	\$0.00	\$0.00	<b>Variable</b>
John's 401(k)	\$0.00	\$0.00	<b>Fixed</b>
	\$175,000.00	\$0.00	<b>Variable</b>
XYZ Investments	\$0.00	\$0.00	<b>Fixed</b>
	\$0.00	\$525,000.00	<b>Variable</b>
	\$175,000.00	\$700,000.00	
	\$875,000.00		

\* All Insurance and annuity values reflect accumulated cash value

## Financial Snapshot Detail - At Death of John Smith

Personal Asset	John Smith	Jane Smith	Total
Automobiles	\$35,000	\$35,000	\$70,000
Personal Residence	\$325,000	\$325,000	\$650,000
Auto Loan (loan)	\$-10,000	\$-10,000	\$-20,000
Mortgage (loan)	\$-187,500	\$-187,500	\$-375,000
<b>Total</b>	<b>\$162,500</b>	<b>\$162,500</b>	<b>\$325,000</b>

Liquid Asset	John Smith	Jane Smith	Total
Checking/Savings	\$12,500	\$12,500	\$25,000
Jane's \$3.5M Whole Life Policy		\$150,000	\$150,000
John's \$5M Term Life Policy	\$5,000,000		\$5,000,000
John's 401(k)	\$175,000		\$175,000
XYZ Investments	\$262,500	\$262,500	\$525,000
<b>Total</b>	<b>\$5,450,000</b>	<b>\$425,000</b>	<b>\$5,875,000</b>

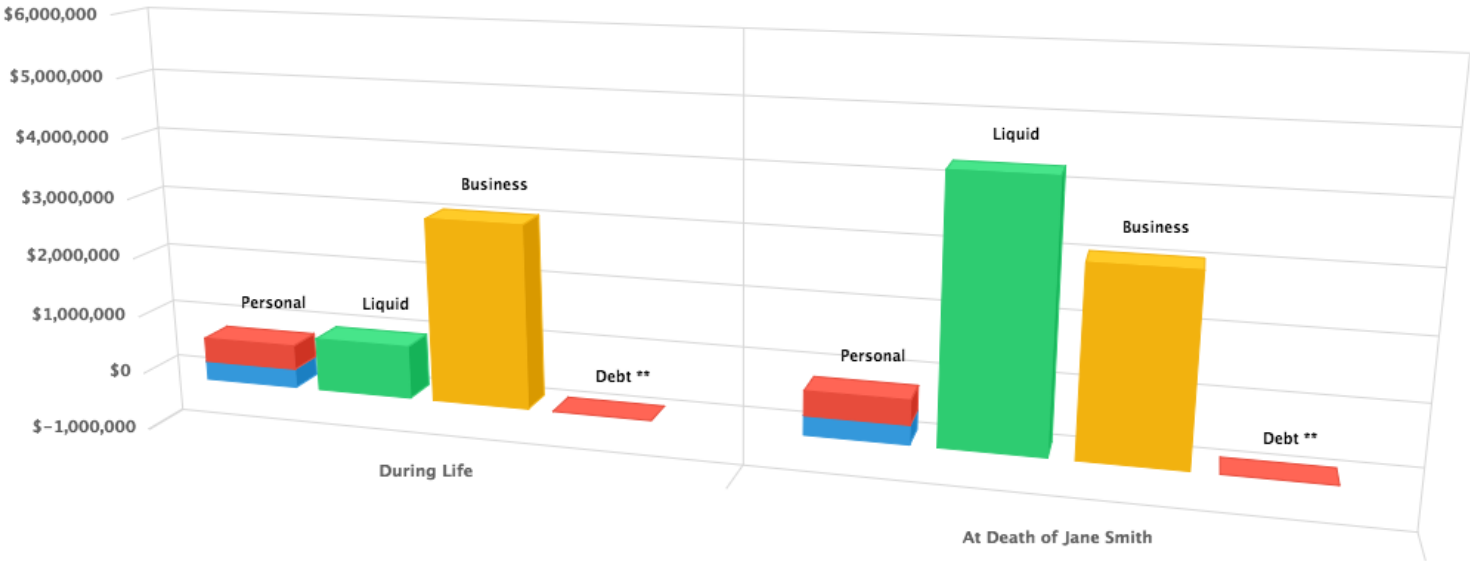
Business Asset	John Smith	Jane Smith	Total
Executive Services		\$3,000,000	\$3,000,000
<b>Total</b>	<b>\$0</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>

Unsecured Loans	John Smith	Jane Smith	Total
Credit Card		\$-2,000	\$-2,000
<b>Total</b>	<b>\$0</b>	<b>\$-2,000</b>	<b>\$-2,000</b>

Totals Summary	John Smith	Jane Smith	Total
Personal Asset	\$162,500	\$162,500	\$325,000
Liquid Asset	\$5,450,000	\$425,000	\$5,875,000
Business Asset		\$3,000,000	\$3,000,000
Unsecured Loans		\$-2,000	\$-2,000
<b>Total</b>	<b>\$5,612,500</b>	<b>\$3,585,500</b>	<b>\$9,198,000</b>

\* Insurance and annuity values reflect death benefit for John Smith. All other Insurance and annuity values reflect accumulated cash value.

# FINANCIAL SNAPSHOT (DURING LIFE & AT JANE SMITH'S DEATH)



### During Life

<b>Value</b>	\$720,000	\$875,000	\$3,000,000	-
<b>Debt</b>	\$395,000	\$0	\$0	\$2,000
<b>Total</b>	\$325,000	\$875,000	\$3,000,000	\$2,000

### At Death of Jane Smith

<b>Value</b>	\$720,000	\$4,225,000	\$3,000,000	-
<b>Debt</b>	\$395,000	\$0	\$0	\$2,000
<b>Total</b>	\$325,000	\$4,225,000	\$3,000,000	\$2,000

\* For details behind all values shown refer to the following Financial Snapshot Detail page

\*\* Represents all unsecured debt. Secured debt is represented against the asset column it is secured against.

# Income

## During Life

### Current Incomes

Jane's Salary	\$175,000
John's Salary	\$150,000
<b>Total</b>	<b>\$325,000</b>

### Future Incomes

Jane's Social Security	\$32,000
John's Social Security	\$28,000
<b>Total</b>	<b>\$60,000</b>

## At Death of Jane Smith

### Current Incomes

Liquidity @ 5% Assumed Rate	\$211,250
Jane's Salary	\$0
John's Salary	\$150,000
<b>Total</b>	<b>\$361,250</b>

### Future Incomes

Jane's Social Security	\$32,000
John's Social Security	\$0
<b>Total</b>	<b>\$32,000</b>

\* For details behind all values shown refer to the following Financial Snapshot Detail page

## Financial Snapshot Detail - During Life

Personal Asset	John Smith	Jane Smith	Total
Automobiles	\$35,000	\$35,000	\$70,000
Personal Residence	\$325,000	\$325,000	\$650,000
Auto Loan (loan)	\$-10,000	\$-10,000	\$-20,000
Mortgage (loan)	\$-187,500	\$-187,500	\$-375,000
<b>Total</b>	<b>\$162,500</b>	<b>\$162,500</b>	<b>\$325,000</b>

Liquid Asset	John Smith	Jane Smith	Total
Checking/Savings	\$12,500	\$12,500	\$25,000
Jane's \$3.5M Whole Life Policy		\$150,000	\$150,000
John's \$5M Term Life Policy			\$0
John's 401(k)	\$175,000		\$175,000
XYZ Investments	\$262,500	\$262,500	\$525,000
<b>Total</b>	<b>\$450,000</b>	<b>\$425,000</b>	<b>\$875,000</b>

Business Asset	John Smith	Jane Smith	Total
Executive Services		\$3,000,000	\$3,000,000
<b>Total</b>	<b>\$0</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>

Unsecured Loans	John Smith	Jane Smith	Total
Credit Card		\$-2,000	\$-2,000
<b>Total</b>	<b>\$0</b>	<b>\$-2,000</b>	<b>\$-2,000</b>

Totals Summary	John Smith	Jane Smith	Total
Personal Asset	\$162,500	\$162,500	\$325,000
Liquid Asset	\$450,000	\$425,000	\$875,000
Business Asset		\$3,000,000	\$3,000,000
Unsecured Loans		\$-2,000	\$-2,000
<b>Total</b>	<b>\$612,500</b>	<b>\$3,585,500</b>	<b>\$4,198,000</b>

\* All Insurance and annuity values reflect accumulated cash value

Liquid Asset Allocations	Pre Tax	After Tax	
Checking/Savings	\$0.00	\$25,000.00	<b>Fixed</b>
	\$0.00	\$0.00	<b>Variable</b>
Jane's \$3.5M Whole Life Policy	\$0.00	\$150,000.00	<b>Fixed</b>
	\$0.00	\$0.00	<b>Variable</b>
John's 401(k)	\$0.00	\$0.00	<b>Fixed</b>
	\$175,000.00	\$0.00	<b>Variable</b>
XYZ Investments	\$0.00	\$0.00	<b>Fixed</b>
	\$0.00	\$525,000.00	<b>Variable</b>
	\$175,000.00	\$700,000.00	
	\$875,000.00		

\* All Insurance and annuity values reflect accumulated cash value

## Financial Snapshot Detail - At Death of Jane Smith

Personal Asset	John Smith	Jane Smith	Total
Automobiles	\$35,000	\$35,000	\$70,000
Personal Residence	\$325,000	\$325,000	\$650,000
Auto Loan (loan)	\$-10,000	\$-10,000	\$-20,000
Mortgage (loan)	\$-187,500	\$-187,500	\$-375,000
<b>Total</b>	<b>\$162,500</b>	<b>\$162,500</b>	<b>\$325,000</b>

Liquid Asset	John Smith	Jane Smith	Total
Checking/Savings	\$12,500	\$12,500	\$25,000
Jane's \$3.5M Whole Life Policy		\$3,500,000	\$3,500,000
John's \$5M Term Life Policy			\$0
John's 401(k)	\$175,000		\$175,000
XYZ Investments	\$262,500	\$262,500	\$525,000
<b>Total</b>	<b>\$450,000</b>	<b>\$3,775,000</b>	<b>\$4,225,000</b>

Business Asset	John Smith	Jane Smith	Total
Executive Services		\$3,000,000	\$3,000,000
<b>Total</b>	<b>\$0</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>

Unsecured Loans	John Smith	Jane Smith	Total
Credit Card		\$-2,000	\$-2,000
<b>Total</b>	<b>\$0</b>	<b>\$-2,000</b>	<b>\$-2,000</b>

Totals Summary	John Smith	Jane Smith	Total
Personal Asset	\$162,500	\$162,500	\$325,000
Liquid Asset	\$450,000	\$3,775,000	\$4,225,000
Business Asset		\$3,000,000	\$3,000,000
Unsecured Loans		\$-2,000	\$-2,000
<b>Total</b>	<b>\$612,500</b>	<b>\$6,935,500</b>	<b>\$7,548,000</b>

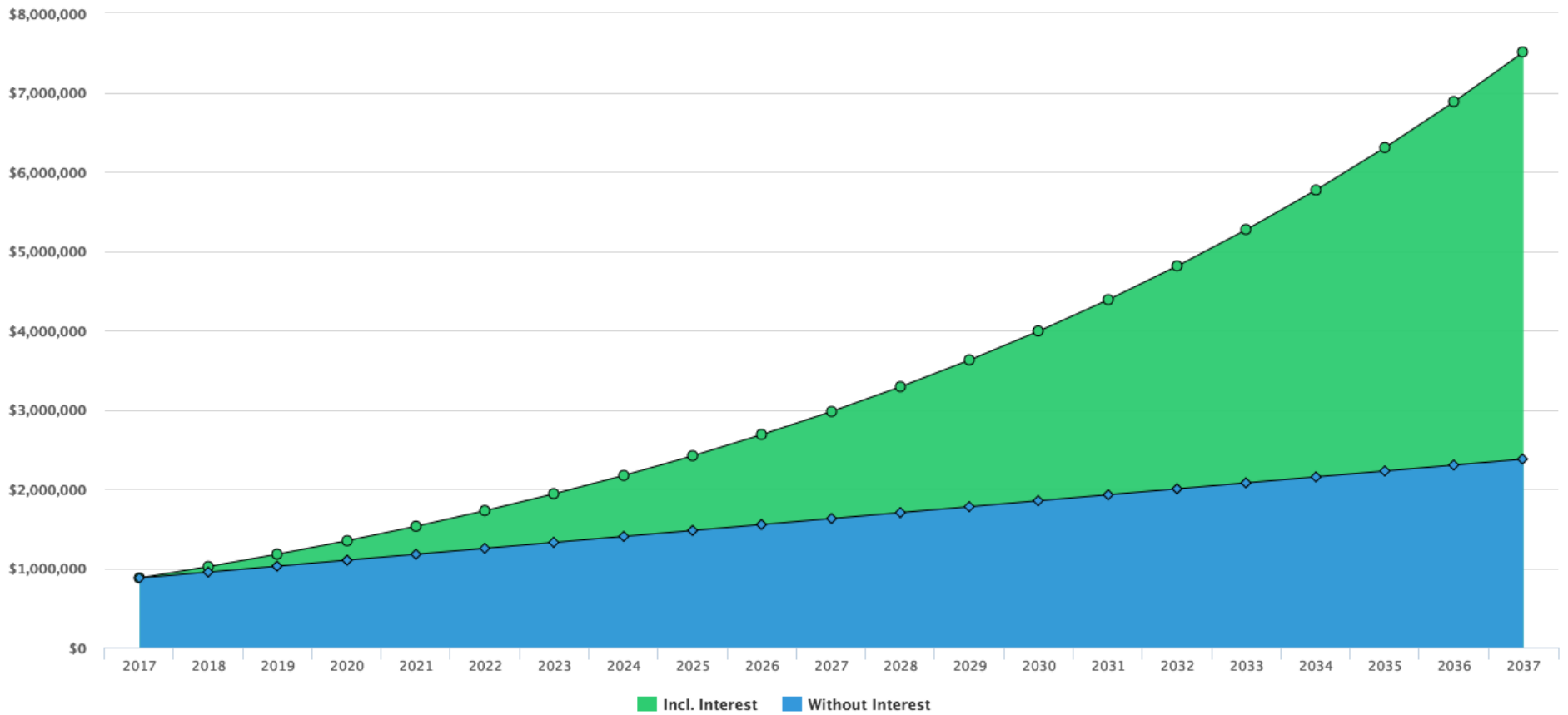
\* Insurance and annuity values reflect death benefit for Jane Smith. All other Insurance and annuity values reflect accumulated cash value.



# HYPOTHETICAL GROWTH CHART #1

Balance at Start of Year: \$875,000

#	Year	Amounts Added	Amounts Withdrawn	Annual Rate of Return	Income Earned	Ending Balance With Interest	Ending Balance Without Interest
1	2017	\$75,000.00	\$0	8%	\$70,000.00	\$1,020,000.00	\$950,000.00
2	2018	\$75,000.00	\$0	8%	\$81,600.00	\$1,176,600.00	\$1,025,000.00
3	2019	\$75,000.00	\$0	8%	\$94,128.00	\$1,345,728.00	\$1,100,000.00
4	2020	\$75,000.00	\$0	8%	\$107,658.24	\$1,528,386.24	\$1,175,000.00
5	2021	\$75,000.00	\$0	8%	\$122,270.90	\$1,725,657.14	\$1,250,000.00
6	2022	\$75,000.00	\$0	8%	\$138,052.57	\$1,938,709.71	\$1,325,000.00
7	2023	\$75,000.00	\$0	8%	\$155,096.78	\$2,168,806.49	\$1,400,000.00
8	2024	\$75,000.00	\$0	8%	\$173,504.52	\$2,417,311.01	\$1,475,000.00
9	2025	\$75,000.00	\$0	8%	\$193,384.88	\$2,685,695.89	\$1,550,000.00
10	2026	\$75,000.00	\$0	8%	\$214,855.67	\$2,975,551.56	\$1,625,000.00
11	2027	\$75,000.00	\$0	8%	\$238,044.12	\$3,288,595.68	\$1,700,000.00
12	2028	\$75,000.00	\$0	8%	\$263,087.65	\$3,626,683.34	\$1,775,000.00
13	2029	\$75,000.00	\$0	8%	\$290,134.67	\$3,991,818.00	\$1,850,000.00
14	2030	\$75,000.00	\$0	8%	\$319,345.44	\$4,386,163.44	\$1,925,000.00
15	2031	\$75,000.00	\$0	8%	\$350,893.08	\$4,812,056.52	\$2,000,000.00
16	2032	\$75,000.00	\$0	8%	\$384,964.52	\$5,272,021.04	\$2,075,000.00
17	2033	\$75,000.00	\$0	8%	\$421,761.68	\$5,768,782.72	\$2,150,000.00
18	2034	\$75,000.00	\$0	8%	\$461,502.62	\$6,305,285.34	\$2,225,000.00
19	2035	\$75,000.00	\$0	8%	\$504,422.83	\$6,884,708.17	\$2,300,000.00
20	2036	\$75,000.00	\$0	8%	\$550,776.65	\$7,510,484.82	\$2,375,000.00



\* The illustrated chart represents the calculations on the preceding page. These calculations and chart are meant for educational purposes only and not meant to be an indication of future investment performance. Additional considerations such as taxes, inflation, real time fluctuations of return are not represented.

# SPENDING POWER

## Spending Power of \$250,000.00

HYPOTHETICAL INFLATION %	10 YEARS	20 YEARS	30 YEARS	40 YEARS
0%	\$250,000.00	\$250,000.00	\$250,000.00	\$250,000.00
1%	\$226,321.74	\$204,886.12	\$185,480.73	\$167,913.28
2%	\$205,087.07	\$168,242.83	\$138,017.72	\$113,222.60
3%	\$186,023.48	\$138,418.94	\$102,996.69	\$76,639.21
4%	\$168,891.04	\$114,096.74	\$77,079.67	\$52,072.26
5%	\$153,478.31	\$94,222.37	\$57,844.36	\$35,511.42
6%	\$139,598.69	\$77,951.18	\$43,527.53	\$24,305.55
7%	\$127,087.32	\$64,604.75	\$32,841.78	\$16,695.10
8%	\$115,798.37	\$53,637.05	\$24,844.33	\$11,507.73
9%	\$105,602.70	\$44,607.72	\$18,842.78	\$7,959.40
10%	\$96,385.82	\$37,160.91	\$14,327.14	\$5,523.73

## Spending Equivalent of \$250,000.00

HYPOTHETICAL INFLATION %	10 YEARS	20 YEARS	30 YEARS	40 YEARS
0%	\$250,000.00	\$250,000.00	\$250,000.00	\$250,000.00
1%	\$273,678.26	\$295,113.88	\$314,519.27	\$332,086.72
2%	\$294,912.93	\$331,757.17	\$361,982.28	\$386,777.40
3%	\$313,976.52	\$361,581.06	\$397,003.31	\$423,360.79
4%	\$331,108.96	\$385,903.26	\$422,920.33	\$447,927.74
5%	\$346,521.69	\$405,777.63	\$442,155.64	\$464,488.58
6%	\$360,401.31	\$422,048.82	\$456,472.47	\$475,694.45
7%	\$372,912.68	\$435,395.25	\$467,158.22	\$483,304.90
8%	\$384,201.63	\$446,362.95	\$475,155.67	\$488,492.27
9%	\$394,397.30	\$455,392.28	\$481,157.22	\$492,040.60
10%	\$403,614.18	\$462,839.09	\$485,672.86	\$494,476.27

# APPENDIX

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## Appendix

# INITIAL DISCOVERY ASSUMPTIONS & IMPORTANT DISCLOSURES

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ABC Life Insurance Company, its agent, employees or affiliates as well as any other company, its employees and principals that may be referenced, may not give legal, tax or accounting advice. We must necessarily insist that everyone seek and rely upon the advice of his or her own professional advisors and that such advisors must form their own opinions on these matters based upon their independent knowledge and research.

This report provides a general overview of some aspects of your personal financial situation. It is not a financial plan and it may not be used as a substitute for a financial plan. This report does not attempt to address all financial issues that may impact you, but it is limited to the areas included in the report. The data is based on information and assumptions that you have provided. You are solely responsible for the accuracy and completeness of the information that you have provided. The accuracy and completeness may affect the results of any recommendations or suggested strategies contained in the report

Assumed rates of return, rate of inflation, and other variables used for projections unless otherwise noted are hypothetical and should not be interpreted as a guarantee of future returns or results. There can not be assurances that any investments or estate conservation strategy will be successful. Your actual results will vary over time based upon your individual specific situation.

Any tax aspects presented are for illustrative purposes only and are intended to provide general information and not specific tax advice. The information is based on current general tax law and assumed average tax rates. Any income tax estimates are made for the current year only and do not consider the possible effect of the Alternative Minimum Tax.

Any results depicting the disposition of property at death and proposed alternatives are general in nature and do not attempt to examine all potential estate conservation techniques.

The information provided in this report is not intended to constitute legal or tax advice. Please consult with your tax or legal professional before enacting any of the strategies represented in this report.

Please remember that when reading this report and its scenarios, the higher the potential rate of return, the higher the degree of risk to your principal.

Factors such as tax volatility, interest rates, and behavioral and fundamental market dynamics should be incorporated into overall strategy.

Liquid Assets = "Although proceeds from these assets are easily available and therefore considered relatively liquid, there are consequences that would apply depending on individual circumstances at the time of withdrawal, such as tax penalty and income tax due, which would need to be considered."

Life Insurance Cash Value = "Life insurance accumulated cash value may be accessed through loans and partial surrenders, which if not paid back would decrease the ultimate death benefit. Loans are subject to interest."

Lifetime Income Annuity IRA = "Lifetime income annuity cash value is equal to the amount of the premium recommended to meet your discretionary goals. This is not a cash value or a surrender value."

In the context of this document the following terms are intended to refer to the corresponding definitions:

Human Capital - the stock of a persons competences and character embodied in the ability to produce economic value. In essence their ability to trade time for money.

Liquidity - Assets that can be quickly traded for, or converted to cash.