



# Financial Needs Analysis

**Peter and Susan Franklin**

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# Introduction

*When thinking about your future financial security, it is important to set goals, initiate action, and periodically review your progress.*

*Remember...a sound financial strategy can be more important than a lifetime of work!*

*This analysis uses the information you have shared about your current financial situation and your goals for the future.*

*The following pages analyze your needs:*

- *In the event of death*
- *For college funding*
- *For your retirement years*
- *In the event of a disability*

## Understanding your needs



*...can help reach your goals.*

### *Important Note...*

This illustration is based on the information you provided with regard to your financial needs and objectives. It is intended to provide only broad, general guidelines which may be helpful in assessing and making decisions about financial products (such as securities or insurance) and services available to you that may help meet those needs and objectives. This material may also contain general educational topics about investing and financial matters. It is most important that you understand that your actual experience will differ from this illustration. That is why you should reassess your situation with updated data and assumptions on a periodic basis.

This illustration estimates future asset values based on rates of return provided by you. It is not intended to be investment advice or a projection of future investment performance. No one can foresee the future and, it is not a projection of the potential return of any investment, nor is it a projection of future inflation rates or the state of the world or domestic economy. You should seek the guidance of a financial or investment professional before proceeding with an investment decision.

Although this illustration may contain income tax calculations and legal concepts, it does not constitute tax or legal advice. The application of some concepts may be considered practicing law and should, therefore, be handled by an attorney, while other concepts may require the guidance of a tax or accounting advisor.

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In creating the illustration certain assumptions were made with respect to investment returns, the economy, and your situation. The reports and graphics included are directly dependent on the quality and the accuracy of the data and assumptions (including rates of return) furnished by you.

Where future rates of return are assumed, these returns do not reflect the fees and charges associated with investments, which would reduce the results. You are encouraged to review and consider performance information, which you can request from your investment professional, for the mutual funds and other securities that may be referenced in this material when assuming any future rates of return. Keep in mind that past performance is not a guarantee of future results. A current prospectus must be read carefully when considering any investment in securities.

No liability is assumed resulting from the use of the information contained in this financial illustration. Responsibilities for financial decisions are assumed by you.

# Net Worth

<b>Assets</b>			
	<b>Owner</b>	<b>ROR</b>	<b>Market Value</b>
<i>Bank Accounts and Investments</i>			
Checking	Both	0.00%	\$3,650
Savings	Both	2.00%	8,000
Stocks	Both	8.50%	12,000
<i>Retirement Plans</i>			
Peter's 401(k)	Peter	8.00%	12,000
Susan's 401(k)	Susan	8.00%	6,200
<i>Assets for College</i>			
Education Funds		9.00%	14,400
<i>Residence</i>			
Mortgage	Both	--	390,000
<i>Personal Property</i>			
Peter's Car	Both	--	16,058
Susan's Car	Both	--	12,450
<b>Total Assets</b>			<b>\$474,758</b>

<b>Liabilities</b>			
	<b>Owner</b>	<b>Interest Rate</b>	<b>Liability Value</b>
<i>Residence</i>			
Mortgage	Both	6.75%	(269,520)
<i>Personal Property</i>			
Peter's Car	Both	N/A	(11,113)
<i>Credit Cards &amp; Personal Loans</i>			
Credit Card	Both	18.00%	(3,750)
<b>Total Liabilities</b>			<b>(\$284,383)</b>

<b>Net Worth</b>			<b>\$190,375</b>
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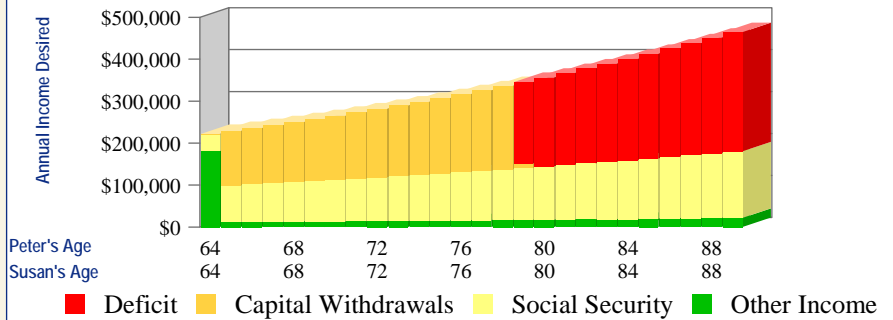
# Retirement Needs Analysis

Will you have enough money when you retire? The earlier you begin setting money aside, the more likely you are to achieve your retirement goals.

Retirement income generally comes from three different sources:

- Social Security
- Employer Sponsored Plans
- Savings and Investments

This retirement analysis suggests that you might not have enough money to retire. It is estimated that your assets will be **depleted** by age 79. At that time, your remaining income sources will be limited to Social Security and Other Income sources, providing only 41% of your income.



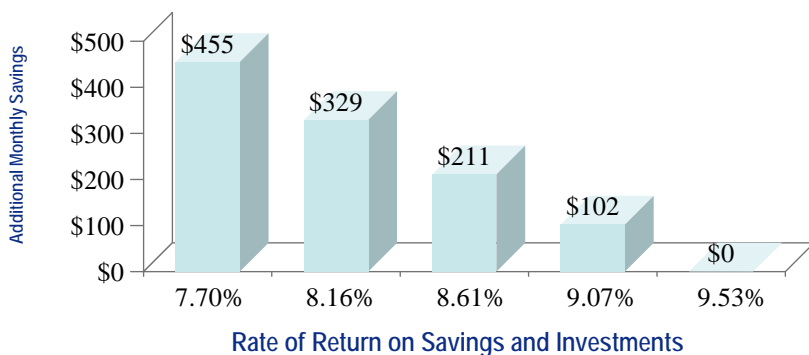
To provide for your desired retirement income, you will need additional capital at retirement age 64. In order to meet this need, you should consider:

- Saving more money
- Earning a higher return on your assets

If you are not able to accumulate this capital, you may need to consider:

- Postponing your retirement, or
- Reducing your standard of living

## Save More or Earn More



This chart shows various options in order for you to meet your objectives. Based on your current average rate of return of 7.70%, you would need to save an additional \$455 a month. Alternatively, if you could increase your average rate of return to 9.53%, your objectives would be met. It is important to understand that in order to achieve an increased rate of return, it is likely you will face increased risk.

If these options are not attainable, work towards doing a little bit of both; saving more money and earning a higher rate of return.

Assumptions: Income increases at 3.00% annually. Rate of return during retirement is 7.00%. Social Security benefits increase at 2.50%.

# Retirement Needs Analysis Detail

<b>Income Objective</b>	<b>Current Household Income</b>	<b>Annual Need (Today's Dollars)</b>	<b>Annual Need (At Retirement)</b>	<b>Capital Value</b>
At Susan's Age 64	\$126,700	\$88,690	\$221,732	\$3,615,533
<b>Total Value of Income Objective</b>				<b>\$3,615,533</b>

<b>Income Sources</b>	<b>Payment In Today's Dollars</b>	<b>From</b>	<b>To</b>	<b>COLA</b>	<b>First Year's Payment</b>	<b>Capital Value</b>
Peter's Employment	\$72,500	64	65	3.00%	\$181,256	\$175,755
Peter's Social Security	21,808	65	90	2.50%	48,059	681,833
Susan's Social Security	17,956	64	90	2.50%	38,604	598,819
Pension	--	65	90	2.50%	12,000	170,248
<b>Total Income Sources</b>						<b>\$1,626,654</b>

<b>Capital Needed to Meet Objectives</b>	<b>\$1,988,879</b>
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<b>Capital Available</b>	<b>Market Value</b>	<b>Assumed Rate of Return</b>	<b>Total Annual Contribution</b>	<b>Assumed Savings Increase</b>	<b>Value At Retirement</b>
Peter's 401(k)	\$12,000	8.00%	\$3,600	3.00%	\$774,541
Susan's 401(k)	6,200	8.00%	1,800	3.00%	381,513
Checking	3,650	0.00%	0	0.00%	3,411
Savings	8,000	2.00%	0	0.00%	14,090
Stocks	12,000	8.50%	0	0.00%	152,598
<b>Total Capital Available</b>					<b>\$1,326,153</b>

<b>Additional Capital Needed to Meet Objectives</b>	<b>\$662,726</b>
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<b>Assumptions</b>	
Income Replacement at Retirement in the year 2040	70%
Inflation	3.00%
Rate of Return for Assets during Retirement	7.00%
Mortality assumed for Peter and Susan	90 / 90

## Your Retirement Timeline

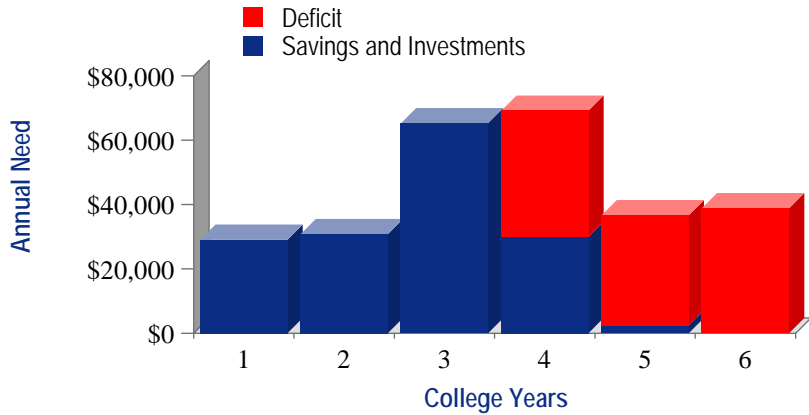
						<b>Beginning Balance:</b>	<b>\$1,326,153</b>
<i>Peter's Age</i>	<i>Susan's Age</i>	<i>Annual Income Desired</i>	<i>Social Security</i>	<i>Other Income</i>	<i>Interest And Dividends</i>	<i>Balance</i>	
64	64	\$221,732	\$38,604	\$181,256	\$92,760	\$1,417,041	
65	65	228,384	87,629	12,000	94,361	1,382,647	
66	66	235,236	89,820	12,300	91,790	1,341,322	
67	67	242,293	92,065	12,608	88,728	1,292,430	
68	68	249,561	94,367	12,923	85,131	1,235,289	
69	69	257,048	96,726	13,246	80,951	1,169,164	
70	70	264,760	99,144	13,577	76,136	1,093,261	
71	71	272,703	101,623	13,916	70,631	1,006,729	
72	72	280,884	104,163	14,264	64,375	908,648	
73	73	289,310	106,767	14,621	57,304	798,030	
74	74	297,989	109,437	14,986	49,349	673,812	
75	75	306,929	112,172	15,361	40,435	534,852	
76	76	316,137	114,977	15,745	30,482	379,918	
77	77	325,621	117,851	16,139	19,403	207,690	
78	78	335,390	120,797	16,542	7,107	16,747	
79	79	345,451	123,817	16,956	(6,508)	(194,440)	
80	80	355,815	126,913	17,380	(21,548)	(427,510)	
81	81	366,489	130,086	17,814	(38,128)	(684,228)	
82	82	377,484	133,338	18,259	(56,372)	(966,488)	
83	83	388,809	136,671	18,716	(76,413)	(1,276,322)	
84	84	400,473	140,088	19,184	(98,394)	(1,615,917)	
85	85	412,487	143,590	19,663	(122,467)	(1,987,617)	
86	86	424,862	147,180	20,155	(148,797)	(2,393,941)	
87	87	437,608	150,859	20,659	(177,561)	(2,837,591)	
88	88	450,736	154,631	21,175	(208,948)	(3,321,468)	
89	89	464,258	158,497	21,705	(243,162)	(3,848,686)	

# College Needs Analysis

*Will you have enough money when it is time to send your children to college? The earlier you begin setting money aside for college, the more likely you are to achieve your goals.*

*You currently have \$14,400 set aside and you are saving \$200 a month at 9.00% for college expenses.*

*This college needs analysis suggests that you may not meet your goals. In order to fully fund your children's college expenses, you will need to begin saving an additional \$192 a month.*



### Projected College Costs

Jennifer	\$142,536
Daniel	126,857
<b>Total</b>	<b>\$269,393</b>

### Total College Cost in Today's Dollars



#### Monthly savings alternative

Begin saving an additional \$192 per month for the next 20 years.

#### Why should you begin preparing for college needs now?

*If you wait until it's time for college to begin, you lose the advantage of spreading the costs over many years.*

*If you have to borrow money to pay for college, the amount of the loan and interest will have to be repaid.*

*If you start now, the interest earned on your savings will reduce the total amount that you need to save.*

# College Needs Analysis Detail

<b>Goal Summary</b>							
Name/ School	Age	Annual Need (today's Dollars)	Years Until Needed	Number Years Needed	Present Value of Total Cost	Percentage To Be Funded	Present Value of Total Cost To Be Funded
<b>Jennifer</b> Missouri State University	1	\$12,100	17	4	\$28,895	100%	\$28,895
<b>Daniel</b> Missouri State University	3	12,100	15	4	30,554	100%	30,554
<b>Present Value of Total Need</b>							<b>\$59,449</b>

<b>Savings Summary</b>	
Current Savings	\$14,400
Monthly Savings \$200 per month for 20 years at 9.00% grows to \$128,691 In today's dollars that is:	\$22,962
<b>Present Value of Savings</b>	<b>\$37,362</b>

<b>Single Sum Needed Today to Fund Shortage</b>	<b>\$22,087</b>
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<b>Additional Monthly Savings Required</b>	
Starting Age	Amount Needed
<b>Peter's age 33 for 20 years</b>	<b>\$192</b>

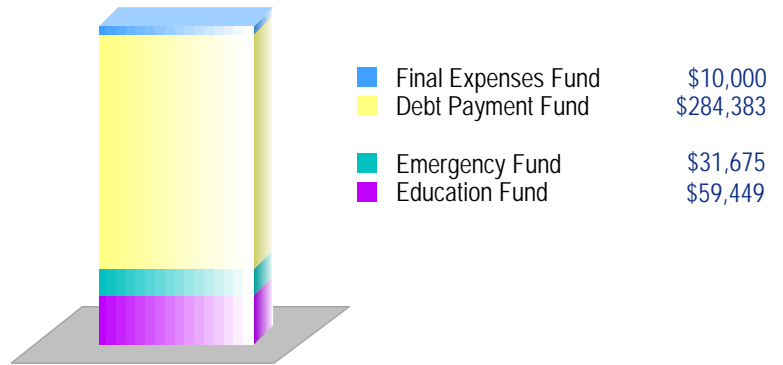
<b>Assumptions</b>	
College Cost Inflation Rate	6.00%
Average Rate of Return	9.00%
This analysis assumes that savings will continue until the start of the last year of college.	

# Financial Needs in the Event of Peter's Death

This survivor needs analysis shows the impact Peter's death can have on your family. Funds need to be available for both Cash Needs and a family's continuing Income Needs. Peter and Susan, you need \$385,507 for your immediate cash needs. Cash Needs include:

- A Final Expenses fund for medical, legal, funeral, and other expenses
- A Debt Payment Fund to pay off your debts, including your mortgage
- An Emergency Reserve Fund for unexpected bills not readily payable from current income
- An Education Fund to provide for your children's education

## Total Immediate Cash Needs: \$385,507



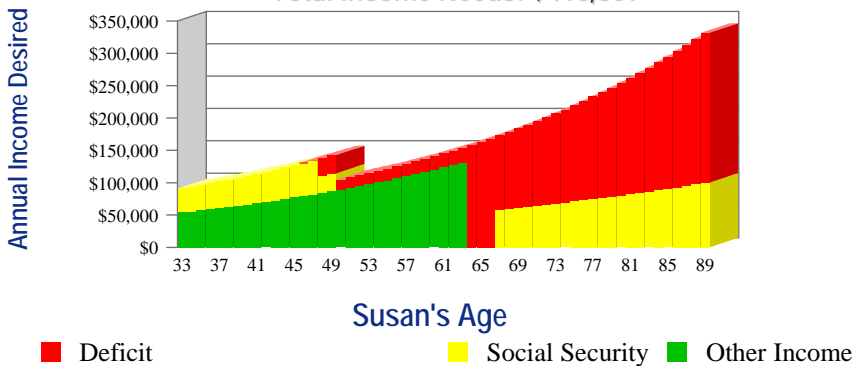
After a death, income generally comes from four different sources:

- Social Security
- Savings and Investments
- Life Insurance Proceeds
- Survivor's Earnings

This survivor needs analysis assumes that 70% of total household income be available after the death of a wage earner while there are children at home and 50% thereafter.

Based on the above assumptions, this survivor needs analysis suggests that you may not meet all of your goals. Your current household income is \$126,700. If Peter were to die today, it is estimated that your assets would be insufficient to meet your family's Immediate Cash Needs. Additionally, your family's Income Needs will only be 80% satisfied. To provide for your family's needs in the event of death you will need approximately \$530,816 of additional capital.

## Total Income Needs: \$416,559



<i>Summary</i>	
Cash Needs:	\$385,507
Income Needs:	416,559
<i>Less Present Funds</i>	<i>271,250</i>
<b>Additional Capital Needs</b>	<b>\$530,816</b>

# Survivor Needs Analysis Detail

## In the Event of Peter's Death

### Assumptions

Income Replacement % of Total Household Income with Dependents	70%
Income Replacement % of Total Household Income without Dependents	50%
Inflation	3.00%
Survivor Rate of Return	6.00%
Susan's Mortality	90

### Income Objective

Susan's Age	Income Need %	Annual Need (Today's Dollars)	Annual Need (Future Dollars)	Capital Value
33	70%	\$88,690	\$88,690	\$1,178,485
50	50%	63,350	104,708	913,602

**Total Capital Needed to Provide Income Objective** **\$2,092,087**

### Income Sources

Susan's Income Sources	Payment In Today's Dollars	From	To	COLA	First Year's Payment	Capital Value
Employment	\$54,200	33	64	3.00%	\$54,200	\$1,099,055
Social Security	36,658	33	90	2.50%	36,658	576,473

**Total Income Sources** **\$1,675,528**

### Capital Needed to Meet Income Goals

**\$416,559**

### Immediate Cash Needs

<i>Final Expenses</i>	\$10,000
<i>Debt Payment Fund</i>	\$284,383
Mortgage	269,520
Peter's Car	11,113
Credit Card	3,750
<i>Emergency Reserve Fund</i>	\$31,675
<i>Education Fund</i>	\$59,449
Jennifer: Lump Sum needed today	\$28,895
\$12,100 needed for 4 years starting in 17 years.	
Daniel: Lump Sum needed today	\$30,554
\$12,100 needed for 4 years starting in 15 years.	

**Total Immediate Cash Needs** **\$385,507**

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<b>Total Capital Needed to Meet Objectives</b>	<b>\$802,066</b>
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**Capital Available****Account Name/****Asset Name****Market Value**

Education Funds

\$14,400

Checking

3,650

Savings

8,000

Stocks

12,000

Peter's 401(k)

12,000

Susan's 401(k)

6,200

Life Insurance

215,000

**Total Capital Available****\$271,250**

<b>Additional Capital Needed to Meet Objectives</b>	<b>\$530,816</b>
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## Survivor Needs Analysis Timeline in the Event of Peter's Death

					<b>Beginning Balance:</b>	<b>(\$114,257)</b>
<i>Susan's Age</i>	<i>Annual Income Desired</i>	<i>Social Security</i>	<i>Other Income</i>	<i>Interest And Dividends</i>		
33	\$88,690	\$36,658	\$54,200	(\$6,786)	(\$118,875)	
34	91,351	37,574	55,826	(7,066)	(123,892)	
35	94,091	38,514	57,501	(7,372)	(129,340)	
36	96,914	39,476	59,226	(7,703)	(135,255)	
37	99,821	40,463	61,003	(8,062)	(141,672)	
38	102,816	41,475	62,833	(8,452)	(148,633)	
39	105,900	42,512	64,718	(8,875)	(156,179)	
40	109,078	43,575	66,659	(9,334)	(164,357)	
41	112,350	44,664	68,659	(9,830)	(173,214)	
42	115,720	45,781	70,719	(10,368)	(182,803)	
43	119,192	46,925	72,840	(10,950)	(193,179)	
44	122,768	48,098	75,025	(11,579)	(204,402)	
45	126,451	49,301	77,276	(12,260)	(216,536)	
46	130,244	50,533	79,595	(12,996)	(229,649)	
47	134,152	51,796	81,982	(13,791)	(243,812)	
48	138,176	26,546	84,442	(15,505)	(286,505)	
49	142,321	27,209	86,975	(18,097)	(332,739)	
50	104,708	0	89,584	(20,451)	(368,314)	
51	107,849	0	92,272	(22,601)	(406,492)	
52	111,085	0	95,040	(24,906)	(447,443)	
53	114,417	0	97,891	(27,379)	(491,348)	
54	117,850	0	100,828	(30,029)	(538,399)	
55	121,385	0	103,853	(32,869)	(588,800)	
56	125,027	0	106,968	(35,910)	(642,768)	
57	128,778	0	110,177	(39,165)	(700,533)	
58	132,641	0	113,483	(42,649)	(762,340)	
59	136,620	0	116,887	(46,376)	(828,449)	
60	140,719	0	120,394	(50,362)	(899,135)	
61	144,940	0	124,006	(54,622)	(974,692)	
62	149,288	0	127,726	(59,176)	(1,055,431)	
63	153,767	0	131,558	(64,041)	(1,141,681)	
64	158,380	0	0	(73,602)	(1,373,664)	
65	163,131	0	0	(87,674)	(1,624,470)	
66	168,025	0	0	(102,880)	(1,895,376)	
67	173,066	58,260	0	(117,421)	(2,127,602)	
68	178,258	59,717	0	(131,474)	(2,377,618)	
69	183,606	61,210	0	(146,600)	(2,646,613)	
70	189,114	62,740	0	(162,867)	(2,935,855)	
71	194,788	64,309	0	(180,354)	(3,246,688)	

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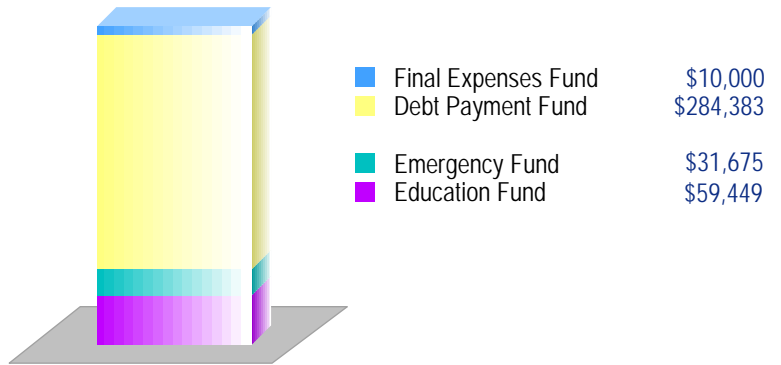
72	200,631	65,916	0	(199,141)	(3,580,543)
73	206,650	67,564	0	(219,313)	(3,938,941)
74	212,850	69,253	0	(240,962)	(4,323,499)
75	219,235	70,985	0	(264,185)	(4,735,935)
76	225,812	72,759	0	(289,086)	(5,178,074)
77	232,587	74,578	0	(315,774)	(5,651,856)
78	239,564	76,443	0	(344,366)	(6,159,343)
79	246,751	78,354	0	(374,985)	(6,702,725)
80	254,154	80,313	0	(407,763)	(7,284,329)
81	261,778	82,320	0	(442,840)	(7,906,627)
82	269,632	84,378	0	(480,365)	(8,572,245)
83	277,720	86,488	0	(520,494)	(9,283,972)
84	286,052	88,650	0	(563,397)	(10,044,770)
85	294,634	90,866	0	(609,250)	(10,857,787)
86	303,473	93,138	0	(658,242)	(11,726,364)
87	312,577	95,467	0	(710,575)	(12,654,050)
88	321,954	97,853	0	(766,461)	(13,644,612)
89	331,613	100,299	0	(826,127)	(14,702,053)

# Financial Needs in the Event of Susan's Death

This survivor needs analysis shows the impact Susan's death can have on your family. Funds need to be available for both Cash Needs and a family's continuing Income Needs. Peter and Susan, you need \$385,507 for your immediate cash needs. Cash Needs include:

- A Final Expenses fund for medical, legal, funeral, and other expenses
- A Debt Payment Fund to pay off your debts, including your mortgage
- An Emergency Reserve Fund for unexpected bills not readily payable from current income
- An Education Fund to provide for your children's education

## Total Immediate Cash Needs: \$385,507



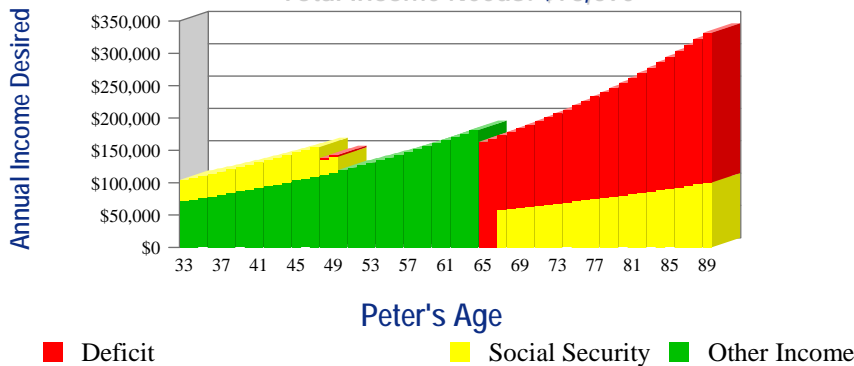
After a death, income generally comes from four different sources:

- Social Security
- Savings and Investments
- Life Insurance Proceeds
- Survivor's Earnings

This survivor needs analysis assumes that 70% of total household income be available after the death of a wage earner while there are children at home and 50% thereafter.

Based on the above assumptions, this survivor needs analysis suggests that you may not meet all of your goals. Your current household income is \$126,700. If Susan were to die today, it is estimated that your assets would be insufficient to meet your family's Immediate Cash Needs. Additionally, your family's Income Needs will only be 96% satisfied. To provide for your family's needs in the event of death you will need approximately \$342,947 of additional capital.

## Total Income Needs: \$73,690



<i>Summary</i>	
Cash Needs:	\$385,507
Income Needs:	73,690
<i>Less Present Funds</i>	<i>116,250</i>
<b>Additional Capital Needs</b>	<b>\$342,947</b>

# Survivor Needs Analysis Detail

## In the Event of Susan's Death

<b>Assumptions</b>	
Income Replacement % of Total Household Income with Dependents	70%
Income Replacement % of Total Household Income without Dependents	50%
Inflation	3.00%
Survivor Rate of Return	6.00%
Peter's Mortality	90

<b>Income Objective</b>					
Peter's Age	Income Need %	Annual Need (Today's Dollars)	Annual Need (Future Dollars)	Capital Value	
33	70%	\$88,690	\$88,690	\$1,178,485	
50	50%	63,350	104,708	913,602	
<b>Total Capital Needed to Provide Income Objective</b>				<b>\$2,092,087</b>	

<b>Income Sources</b>						
Peter's Income Sources	Payment In Today's Dollars	From	To	COLA	First Year's Payment	Capital Value
Employment	\$72,500	33	65	3.00%	\$72,500	\$1,499,130
Social Security	31,987	33	90	2.50%	31,987	519,267
<b>Total Income Sources</b>						<b>\$2,018,397</b>

<b>Capital Needed to Meet Income Goals</b>	<b>\$73,690</b>
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<b>Immediate Cash Needs</b>	
<i>Final Expenses</i>	\$10,000
<i>Debt Payment Fund</i>	\$284,383
Mortgage	269,520
Peter's Car	11,113
Credit Card	3,750
<i>Emergency Reserve Fund</i>	\$31,675
<i>Education Fund</i>	\$59,449
Jennifer: Lump Sum needed today	\$28,895
\$12,100 needed for 4 years starting in 17 years.	
Daniel: Lump Sum needed today	\$30,554
\$12,100 needed for 4 years starting in 15 years.	
<b>Total Immediate Cash Needs</b>	<b>\$385,507</b>

Continued...

**Total Capital Needed to Meet Objectives****\$459,197****Capital Available****Account Name/****Asset Name****Market Value**

Education Funds

\$14,400

Checking

3,650

Savings

8,000

Stocks

12,000

Peter's 401(k)

12,000

Susan's 401(k)

6,200

Life Insurance

60,000

**Total Capital Available****\$116,250****Additional Capital Needed to Meet Objectives****\$342,947**

## Survivor Needs Analysis Timeline in the Event of Susan's Death

					<b>Beginning Balance:</b>	<b>(\$269,257)</b>
<i>Peter's Age</i>	<i>Annual Income Desired</i>	<i>Social Security</i>	<i>Other Income</i>	<i>Interest And Dividends</i>		
33	\$88,690	\$31,987	\$72,500	(\$15,647)	(\$269,106)	
34	91,351	32,787	74,675	(15,627)	(268,623)	
35	94,091	33,606	76,915	(15,588)	(267,780)	
36	96,914	34,447	79,223	(15,527)	(266,552)	
37	99,821	35,308	81,599	(15,443)	(264,909)	
38	102,816	36,190	84,047	(15,333)	(262,821)	
39	105,900	37,095	86,569	(15,197)	(260,255)	
40	109,078	38,023	89,166	(15,032)	(257,176)	
41	112,350	38,973	91,841	(14,836)	(253,547)	
42	115,720	39,947	94,596	(14,607)	(249,331)	
43	119,192	40,946	97,434	(14,342)	(244,484)	
44	122,768	41,970	100,357	(14,039)	(238,964)	
45	126,451	43,019	103,368	(13,696)	(232,724)	
46	130,244	44,095	106,469	(13,309)	(225,714)	
47	134,152	45,197	109,663	(12,876)	(217,882)	
48	138,176	23,163	112,953	(13,139)	(233,081)	
49	142,321	23,742	116,341	(14,057)	(249,376)	
50	104,708	0	119,831	(14,475)	(248,727)	
51	107,849	0	123,426	(14,422)	(247,572)	
52	111,085	0	127,129	(14,338)	(245,865)	
53	114,417	0	130,943	(14,220)	(243,559)	
54	117,850	0	134,871	(14,065)	(240,602)	
55	121,385	0	138,917	(13,871)	(236,941)	
56	125,027	0	143,085	(13,635)	(232,518)	
57	128,778	0	147,378	(13,352)	(227,270)	
58	132,641	0	151,799	(13,019)	(221,131)	
59	136,620	0	156,353	(12,632)	(214,030)	
60	140,719	0	161,043	(12,187)	(205,892)	
61	144,940	0	165,875	(11,679)	(196,637)	
62	149,288	0	170,851	(11,104)	(186,178)	
63	153,767	0	175,977	(10,455)	(174,424)	
64	158,380	0	181,256	(9,729)	(161,277)	
65	163,131	0	0	(14,931)	(339,339)	
66	168,025	0	0	(25,773)	(533,137)	
67	173,066	58,260	0	(35,686)	(683,629)	
68	178,258	59,717	0	(44,836)	(847,007)	
69	183,606	61,210	0	(54,763)	(1,024,166)	
70	189,114	62,740	0	(65,521)	(1,216,060)	
71	194,788	64,309	0	(77,166)	(1,423,706)	

Continued...

72	200,631	65,916	0	(89,762)	(1,648,182)
73	206,650	67,564	0	(103,371)	(1,890,639)
74	212,850	69,253	0	(118,064)	(2,152,299)
75	219,235	70,985	0	(133,913)	(2,434,462)
76	225,812	72,759	0	(150,998)	(2,738,513)
77	232,587	74,578	0	(169,400)	(3,065,921)
78	239,564	76,443	0	(189,210)	(3,418,252)
79	246,751	78,354	0	(210,519)	(3,797,169)
80	254,154	80,313	0	(233,430)	(4,204,439)
81	261,778	82,320	0	(258,047)	(4,641,944)
82	269,632	84,378	0	(284,484)	(5,111,681)
83	277,720	86,488	0	(312,861)	(5,615,774)
84	286,052	88,650	0	(343,305)	(6,156,481)
85	294,634	90,866	0	(375,952)	(6,736,200)
86	303,473	93,138	0	(410,947)	(7,357,482)
87	312,577	95,467	0	(448,442)	(8,023,034)
88	321,954	97,853	0	(488,601)	(8,735,736)
89	331,613	100,299	0	(531,595)	(9,498,644)

# Financial Needs in the Event of Peter's Disability

Disability is something most people don't like to think about. But the chances of your becoming disabled are probably greater than you realize. Studies show that a 20-year-old worker has a 3-in-10 chance of becoming disabled before reaching retirement age.<sup>1</sup> In fact, the Census Bureau reports there are currently over twenty-one million people of working age who are disabled.<sup>2</sup>

This disability needs analysis shows the impact a disability can have on your financial situation.

Your current annual income is \$72,500 and your current long-term disability coverage provides \$15,000 per year. Your disability goal is to provide 70% of your current income, or \$50,750.

Without additional coverage you may need to deplete your savings and investments to meet your ongoing living expenses.

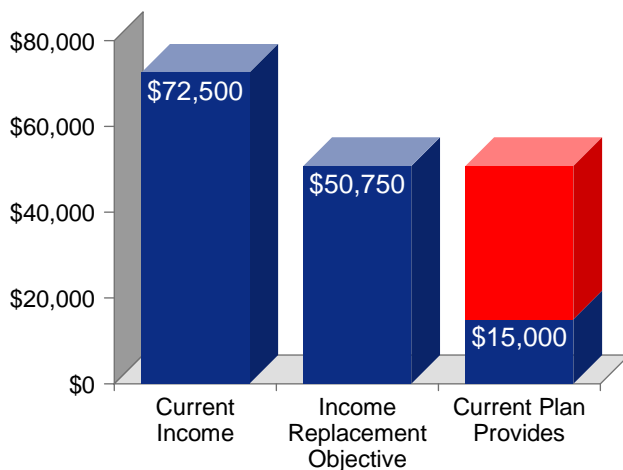
## About Disability Income Insurance...



When purchasing disability income protection, there are a number of options to consider:

- Protection against inflation for future Benefits paid, referred to as Cost of Living Adjustment (COLA).
- Non-cancelable, guaranteed renewable provisions.
- Various waiting periods are available. The longer the waiting period, the lower the premium.
- Policies offer varying benefit periods. The longer the period covered by the policy, the higher the premium.
- Some Policies provide "Own Occupation" coverage and will pay benefits if the insured is unable to work in their specialized field.

## Disability Income



## A word about Social Security<sup>1</sup>...

It's important that you understand how Social Security defines "disability." That's because other programs have different definitions for disability. Some programs pay for partial disability or for short-term disability. Social Security does **not**.

The Social Security Administration uses the strict definition of disability. Disability under Social Security is based on your inability to work. You will be considered disabled if you cannot do work you did before, and the SSA decides that you cannot adjust to other work because of your medical condition. Your disability also must last or be expected to last for at least a year or to result in death.

For these reasons, this analysis does not include any potential benefits from Social Security.

<sup>1</sup>Source: SSA Publication No. 05-10029, November 2008.

<sup>2</sup>Source: U.S. Census Bureau, Disability Status 2000, Employment disability age 16-64.

# Disability Needs Analysis Detail

## In the event of Peter's Disability

<b>In the first year following a disability</b>				
<b>After</b>	<b>Salary to Replace</b>	<b>Desired Replacement</b>	<b>Existing Insurance</b>	<b>(Shortage)/ Surplus</b>
1 Month	\$72,500	\$50,750	\$0	(\$50,750)
2 Months	\$72,500	\$50,750	\$0	(\$50,750)
3 Months	\$72,500	\$50,750	\$15,000	(\$35,750)
6 Months	\$72,500	\$50,750	\$15,000	(\$35,750)

<b>In the years following a disability</b>					
	<b>Peter's Age</b>	<b>Salary to Replace</b>	<b>Desired Replacement</b>	<b>Existing Insurance</b>	<b>(Shortage)/ Surplus</b>
1 Year	34	\$74,675	\$52,273	\$15,450	(\$36,823)
2 Years	35	\$76,915	\$53,841	\$15,914	(\$37,927)
5 Years	38	\$84,047	\$58,833	\$17,389	(\$41,444)
10 Years	43	\$97,434	\$68,204	\$20,159	(\$48,045)
Age 64		\$181,256	\$126,879	\$37,501	(\$89,378)
Age 65		\$186,693	\$130,685	\$0	(\$130,685)

<b>Disability Policies</b>					
<b>Policy Name</b>	<b>Monthly Benefit</b>	<b>Type</b>	<b>Waiting Period</b>	<b>Benefit Period</b>	<b>COLA</b>
Long-Term Disability Coverage	\$1,250	Group	3 months	To age 65	3.00%

<b>Assumptions</b>	
Income Replacement % of Peter's Income	70%
Inflation	3.00%

# Financial Needs in the Event of Susan's Disability

Disability is something most people don't like to think about. But the chances of your becoming disabled are probably greater than you realize. Studies show that a 20-year-old worker has a 3-in-10 chance of becoming disabled before reaching retirement age.<sup>1</sup> In fact, the Census Bureau reports there are currently over twenty-one million people of working age who are disabled.<sup>2</sup>

This disability needs analysis shows the impact a disability can have on your financial situation.

Your current annual income is \$54,200 and your current long-term disability coverage provides \$0 per year. Your disability goal is to provide 60% of your current income, or \$32,520.

Without additional coverage you may need to deplete your savings and investments to meet your ongoing living expenses.

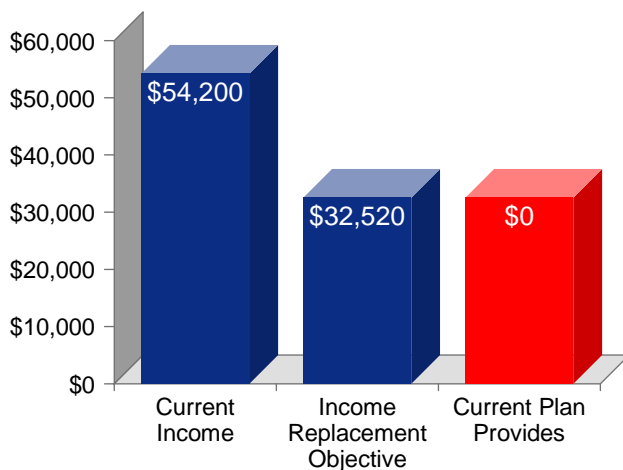
## About Disability Income Insurance...



When purchasing disability income protection, there are a number of options to consider:

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- Some Policies provide "Own Occupation" coverage and will pay benefits if the insured is unable to work in their specialized field.

## Disability Income



## A word about Social Security<sup>1</sup>...

It's important that you understand how Social Security defines "disability." That's because other programs have different definitions for disability. Some programs pay for partial disability or for short-term disability. Social Security does **not**.

The Social Security Administration uses the strict definition of disability. Disability under Social Security is based on your inability to work. You will be considered disabled if you cannot do work you did before, and the SSA decides that you cannot adjust to other work because of your medical condition. Your disability also must last or be expected to last for at least a year or to result in death.

For these reasons, this analysis does not include any potential benefits from Social Security.

<sup>1</sup>Source: SSA Publication No. 05-10029, November 2008.

<sup>2</sup>Source: U.S. Census Bureau, Disability Status 2000, Employment disability age 16-64.

# *Disability Needs Analysis Detail*

## *In the event of Susan's Disability*

<b>In the first year following a disability</b>				
<b>After</b>	<b>Salary to Replace</b>	<b>Desired Replacement</b>	<b>Existing Insurance</b>	<b>(Shortage)/ Surplus</b>
1 Month	\$54,200	\$32,520	\$0	(\$32,520)
2 Months	\$54,200	\$32,520	\$0	(\$32,520)
3 Months	\$54,200	\$32,520	\$0	(\$32,520)
6 Months	\$54,200	\$32,520	\$0	(\$32,520)

<b>In the years following a disability</b>					
	<b>Susan's Age</b>	<b>Salary to Replace</b>	<b>Desired Replacement</b>	<b>Existing Insurance</b>	<b>(Shortage)/ Surplus</b>
1 Year	34	\$55,826	\$33,496	\$0	(\$33,496)
2 Years	35	\$57,501	\$34,500	\$0	(\$34,500)
5 Years	38	\$62,833	\$37,700	\$0	(\$37,700)
10 Years	43	\$72,840	\$43,704	\$0	(\$43,704)
Age 64		\$135,504	\$81,303	\$0	(\$81,303)
Age 65		\$139,569	\$83,742	\$0	(\$83,742)

<b>Disability Policies</b>					
<b>Policy Name</b>	<b>Monthly Benefit</b>	<b>Type</b>	<b>Waiting Period</b>	<b>Benefit Period</b>	<b>COLA</b>
No policies are listed.					

<b>Assumptions</b>	
Income Replacement % of Susan's Income	60%
Inflation	3.00%

# Personal Information Summary

This financial needs analysis report is based on the information and assumptions you provided.

## Personal Data

Name	Date of Birth	Contributing to Social Security	Annual Employment Income
Peter A. Franklin	4/22/1975	Yes	\$72,500
Susan L. Franklin	3/1/1976	Yes	\$54,200

Married: Yes

### Address

143 South Reed St.  
Middletown, MO 64318

Phone: (818) 555-4875

E-Mail psfranklin@aol.com

## Children

Name	Date of Birth
Jennifer	7/29/2007
Daniel	12/12/2005

## Bank Accounts and Investments

Owner	Account Name	Asset Name	Ticker	Amount	Rate of Return	Monthly Savings	Savings Increase	Asset Class	
Both		Checking		\$3,650	0.00%	\$0	0.00%	Unclassified	
Both		Savings		\$8,000	2.00%	\$0	0.00%	Unclassified	
Both		Stocks		\$12,000	8.50%	\$0	0.00%	Unclassified	
Total.....		\$23,650							
Monthly Savings.....		\$0							
Average Rate of Return.....		4.99%							

## Retirement Funds

Owner	Account Name	Asset Name	Ticker	Amount	Rate of Return	Monthly Savings	Savings Increase	Company Match	Asset Class
Peter		Peter's 401(k)		\$12,000	8.00%	\$200	3.00%	\$100	Unclassified
Susan		Susan's 401(k)		\$6,200	8.00%	\$150	3.00%	\$0	Unclassified
Total.....		\$18,200							
Monthly Savings.....		\$350							
Average Rate of Return.....		8.00%							

## Assets and Liabilities

Type	Name	Market Value	Current Liability	Monthly Payment	Interest Rate
Residence	Mortgage	\$390,000	\$269,520	\$1,816	6.75%
Personal Property	Peter's Car	\$16,058	\$11,113	\$0	0.00%
Personal Property	Susan's Car	\$12,450	\$0	\$0	0.00%
Credit Cards & Personal Loans	Credit Card	\$0	\$3,750	\$102	18.00%

Continued...

**Other Income Sources**

Name	Description	Amount	Monthly/ Lump Sum	Begins at Age	Ends at Age	Annual Increase	Today's Value/ Future Value	Available for Survivors
Susan	Pension	\$1,000	Monthly	65	90	2.50%	Future	No

**Needs In The Event Of Death**

Income Needs Objective	With children at home: 70.00%	No children at home: 50.00%
Provide Income for	Lifetime	
Fund Children's Education	Yes	

**Life Insurance Policies**

Name	Company	Insurance Benefit	Annual Premium	Type
Peter	Group Insurance	\$90,000	\$0	Group
Peter	Nationwide	\$125,000	\$1,200	Universal Life
Susan	Group Insurance	\$60,000	\$0	Group

**College Funding**

Child's Name	School	Annual Amount (in Today's Dollars)	Years Needed	Percent Want To Provide
Jennifer	Missouri State University	\$12,100	4	100%
Daniel	Missouri State University	\$12,100	4	100%

Total Funds Presently Available	Monthly Savings	Rate of Return
\$14,400	\$200	9.00%

**Retirement Needs**

	Peter	Susan
Desired Retirement Age	65	64
Social Security Retirement Benefits Begin Age	65	64
Employer Offers Retirement Plans	Yes	Yes
Maximum amount being contributed	No	No
Percentage of pre-retirement income during retirement	70.00%	

**Long-Term Disability**

Annual Employment Income	\$72,500	\$54,200
Disability income replacement objective:	Peter - 70.00%	Susan - 60.00%

*Existing Insurance*

Insured	Company	Monthly Benefit	Group/ Personal	Annual Premium	Waiting Period (Months)	Benefit Period
Peter	Long-Term Disability Coverage	\$1,250	Group	\$0	3 months	To age 65

**Assumptions Used In This Analysis**

<i>Rate of Return on Assets</i>	
During Retirement.....	7.00%
In the Event of Death.....	6.00%
For College Needs.....	9.00%
<i>Number of month's income to set aside for emergency reserves.....</i>	
	3
Long-term inflation rate.....	3.00%
Social Security inflation rate.....	2.50%
Long-term inflation rate for College Costs.....	6.00%
Life expectancy age.....	90
Final Expenses.....	\$10,000