Can You Have the Retirement You Want?

IMPORTANT INFORMATION

This brochure includes results for a Sample Retirement Lifestyle Plan, created using MoneyGuidePro™ financial planning software.

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See the last pages of this Brochure for Important Disclosure Information about MoneyGuidePro, including its limitations, assumptions and a glossary.

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Yes? No? Maybe? How Do You Know?

It's time to find out by creating your personal
Retirement Lifestyle Plan.

# The Problem: Media, Friends, & Investment Statements

You are overloaded daily with information from friends, TV, and web sites. We are all inundated with news, around the clock, from more sources than we've ever had in our history! We can access real-time information from home, work, and on the road . . . from your laptop, smart phone, or tablet. You can access your investment statements 24/7. It's natural to become worried, discouraged or unsure when the information is inconsistent. It's easy to fear the worst and begin thinking you'll never be able to retire, or, if you do retire, you'll run out of money. So, what should you do?

Sell Stocks?   Retire Later?   Spend Less?   Fire Your Advisor?   Worry More?

Sample Statement

	Value
Last Year	$850,000
Now	$595,000
Change	-30%

Portfolio Value Example
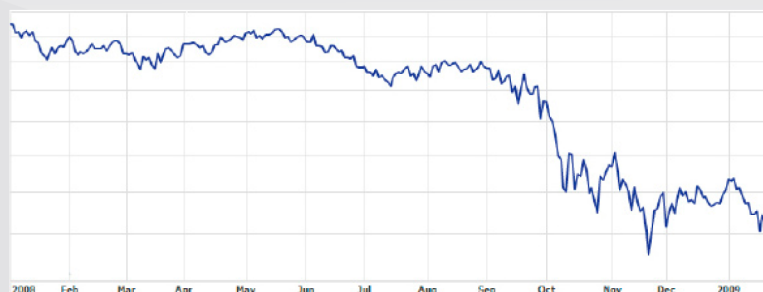
*For illustrative purposes only. Not representative of any specific investment.

When things are bad, everyone feels the need to . . . Do Something! But what?

The problem is, you don't have the information you need to decide what to do. You don't know when you can retire or how much money you can spend after you retire. That's because investment statements show only short-term results. They don't tell you how those results will affect your long-term financial success.

You can't make good long-term decisions based on short-term information.

Don't Be Misled Into Poor Decisions

Even worse than not knowing what to do, is doing the wrong thing. So here's what not to do.

- Don't let short-term losses and unreasonable fear mislead you into poor investment decisions.

- Don't make decisions that may feel good in the moment (e.g. dumping all your stocks), but hurt you in the long-run (e.g. running out of money).

To make smart investment decisions today, you need more than investment statements.

The important question isn't . . . .

How much money do I have right now?

That value will change constantly.

What you need to know is . . .

What should I do now to give me the best chance to attain my Goals in the future?

To answer this question, you need a Retirement Lifestyle Plan:
- **It can help you feel better today,**
- **It can restore your confidence in the future, and**
- **It will help you make better financial decisions.**

Let's see what a Retirement Lifestyle Plan looks like.

The Solution: A Retirement Lifestyle Plan

Start with your Goals. You're unique. Your retirement Goals are unique.

For a comfortable retirement, you certainly must be able to pay your basic living expenses, without worrying about running out of money. But a truly satisfying retirement lifestyle would also include sufficient money to pay for other purchases and activities that go beyond your basic needs. That's what makes retirement fun.

A Retirement Lifestyle Plan helps you identify all your unique Goals, including the **Needs** you must have, the **Wants** you'd like to have, and even the **Wishes** you might dream about.

Needs			Wants				Wishes		
10	9	8	7	6	5	4	3	2	1

The example that follows shows a Retirement Lifestyle Plan for John and Ann, a 57-year-old couple with a three-year-old grandson, Timmy. John and Ann have identified five Goals that will make their retirement satisfactory and enjoyable. Compare their list of Goals to what you might want for your retirement. You could have fewer Goals or many more. Then, review the results for John and Ann's Retirement Lifestyle Plan to see how it helped them feel more confident about their future.

Most Common Goals		Other Goals		
Car	College	Wedding	New Home	Celebration
Travel	Home Improvement	Major Purchase	Start Business	Provide Care
Health Care	Gift or Donation	Leave Bequest	Private School	

Lifestyle Goals for John and Ann

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Example Plan

Retirement Goals	Amount
■ Needs	
10 **Retirement - Age and Living Expense** John Ann Both Retired (2020-2045) Ann Alone Retired (2046-2048)	65 / 2020 65 / 2020 $81,600 $57,000
8 **John's SUV** when John Retires Recurring every 4 years for a total of 7 times	$30,000
● Wants	
7 **Annual Travel Fund** at Retirement Recurring every year for a total of 20 times	$15,000
5 **Ann's Prius** when Ann Retires Recurring every 7 years for a total of 2 times	$25,000
▲ Wishes	
2 **Gifts to Timmy** in 2013 Recurring every year for a total of 15 times	$10,000

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After identifying all their Goals, we gathered information about the resources they will use to fund their Goals (including current investments, savings, and retirement income) and then had a conversation with John and Ann about their loss tolerance (they're fairly conservative). Next, we crunched the numbers to answer their question:

"How can we be certain we'll reach all of our Goals?"

And the Answer is….

John and Ann can't be certain. Unfortunately, because future returns are unpredictable, no one can be certain they'll reach their Goals. But they can be more confident. Here's how:

First, we calculated the Probability of Success for John and Ann's Current Plan using a Monte Carlo Simulation. Because the Probability of Success for their Current Plan was too low, we worked together to see what changes might improve their results.

Example Result Summary for John and Ann

Results	Current Scenario	Recommended Scenario	
Likelihood of Funding All Goals ■ Confidence Zone (70% - 85%)	Probability of Success: **66%** **Below Confidence Zone***	Probability of Success: **76%** **In Confidence Zone***	

	Current Scenario	Recommended	Changes in Value
Retirement			
John	65 in 2020	65 in 2020	
Ann	65 in 2020	65 in 2020	
Goals			
Total Spending for Life of Plan	$3,002,600	$2,890,100	Decreased 4%
Savings			
Total Savings This Year	$29,000	$29,000	
Investments			
Portfolio Value	$970,000	$970,000	
Allocation Before Retirement	Current	Balanced II	16% Less Stock
Allocation During Retirement	Current	Balanced II	16% Less Stock
Inflation	3.00%	3.00%	

*The Confidence Zone is the range of probabilities that you and your advisor select as your target range for the Probability of Success result in your Plan.

What Is A Monte Carlo Simulation?

We simulate thousands of Trials using different return sequences. Each Trial represents one possible outcome for the plan.

The Probability of Success equals the percentage of Trials (e.g., 76%) that funded all the Goals.

You Need to Be In Your Confidence Zone!

With these changes, John and Ann's Recommended Plan has a Probability of Success (76%) that is in their Confidence Zone (a target range of probabilities).

When you're in the Zone, you can be <u>confident</u> (but still <u>not certain</u>) you'll have enough money to fund your future Goals without sacrificing more than is necessary today.

These ARE challenging times.

While you certainly can't ignore today's challenges, you also don't want to overreact to them. Your current well-being and your long-term enjoyment during retirement are dependent on your ability to make well-considered financial decisions during good markets and bad.

As illustrated in the previous sample, a Retirement Lifestyle Plan helped John and Ann feel more confident about their future.

Here's what you're likely to discover if you create your own Retirement Lifestyle Plan: you might not be as well-off as you'd like but, you're usually better-off than you feared. And, with some good planning, you can be **OK**.

On-going Access to Your Plan

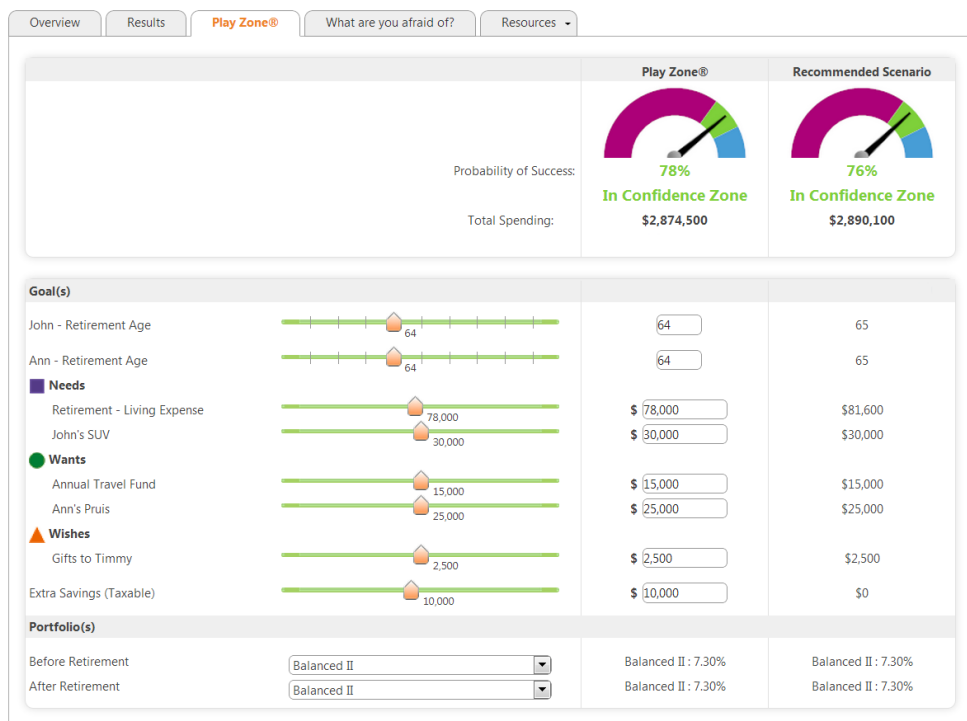A Financial Plan is a living document so continue to update your plan annually, or as your life changes. You can view your plan within My Snapshot, accessible from your SMART Portal.

My Snapshot includes:
- Overview of your Recommended Plan
- Results and Recommended Changes
- PlayZone® (see next page)
- What Are You Afraid Of? (see next page)
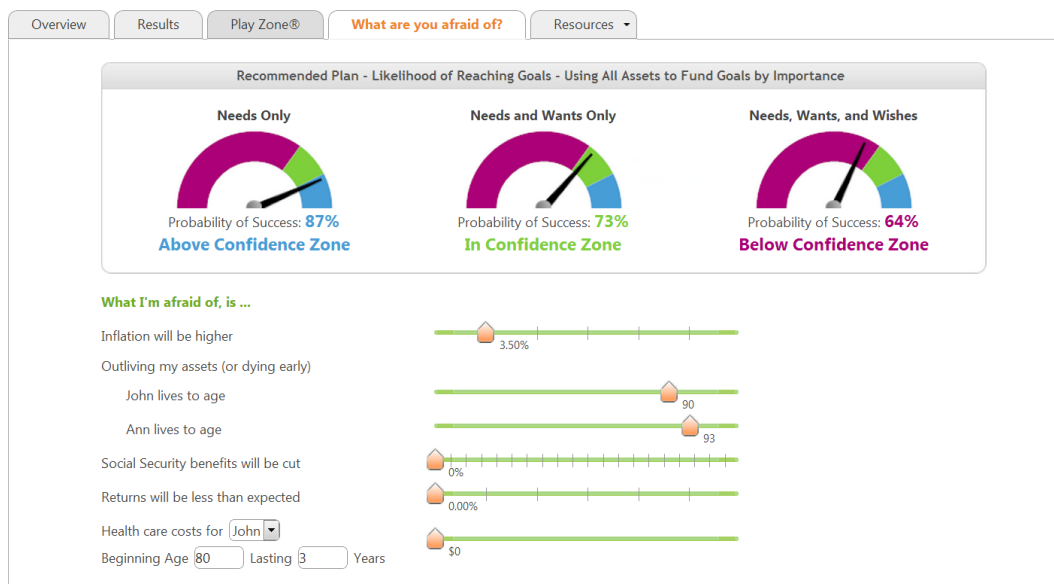- Resources - Your Net Worth, Retirement Income and Asset Allocation
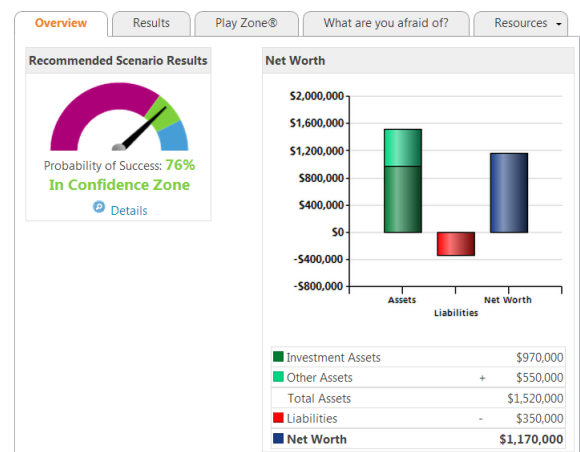
PlayZone®

PlayZone® allows you to quickly see the result of retiring earlier, adjusting Goal amounts, saving more, or investing differently.

			Play Zone®	Recommended Scenario
		Probability of Success:	78% In Confidence Zone	76% In Confidence Zone
		Total Spending:	$2,874,500	$2,890,100

Goal(s)

John - Retirement Age	64	64	65
Ann - Retirement Age	64	64	65
Needs			
Retirement - Living Expense	78,000	$ 78,000	$81,600
John's SUV	30,000	$ 30,000	$30,000
Wants			
Annual Travel Fund	15,000	$ 15,000	$15,000
Ann's Pruis	25,000	$ 25,000	$25,000
Wishes			
Gifts to Timmy	2,500	$ 2,500	$2,500
Extra Savings (Taxable)	10,000	$ 10,000	$0

Portfolio(s)

Before Retirement	Balanced II	Balanced II : 7.30%	Balanced II : 7.30%
After Retirement	Balanced II	Balanced II : 7.30%	Balanced II : 7.30%

Address Your Fears

After reading an article on rising inflation, health care costs or interest rates, use "What Are You Afraid Of?" to quickly see how these factors might affect your plan. Use the sliders to see how these "unpredictables" might affect your plan's Needs, Wants and Wishes. When you're done, contact your advisor to discuss the results.

Recommended Plan - Likelihood of Reaching Goals - Using All Assets to Fund Goals by Importance

Needs Only	Needs and Wants Only	Needs, Wants, and Wishes
Probability of Success: 87% Above Confidence Zone	Probability of Success: 73% In Confidence Zone	Probability of Success: 64% Below Confidence Zone

What I'm afraid of, is ...

Inflation will be higher	3.50%
Outliving my assets (or dying early)	
John lives to age	90
Ann lives to age	93
Social Security benefits will be cut	0%
Returns will be less than expected	0.00%
Health care costs for John	$0
Beginning Age 80 Lasting 3 Years	

Six Easy Steps to Your Retirement Lifestyle Plan

1. Identify all your unique Goals and select the Importance of each.

2. Identify the resources that will help fund your Goals.
   - Income Sources
   - Investment Assets
   - Savings
   - Other Assets

3. Determine the balance of Risk and Return that is right for you.

4. Create your personal Retirement Lifestyle Plan.

5. Review and discuss your Plan results.
   - See how you're doing now
   - Determine how to get into your **Confidence Zone**

6. Implement your Action Items.
   - Establish the proper savings strategy
   - Implement an appropriate Asset Allocation strategy for your Investment Portfolio

Plan Long-term

The true power of your Retirement Lifestyle Plan doesn't come from doing it once and forgetting it. Planning is an ongoing process. Your plan must be reviewed and updated at least once a year, and more often if you have significant changes in your Goals. Updating your plan regularly is the best way to put current events in perspective, decide what changes are appropriate, and strengthen your confidence in the future.

Enjoy life today - without giving up your Retirement Dreams.

IMPORTANT DISCLOSURE INFORMATION ABOUT MONEYGUIDEPRO

IMPORTANT: The projections or other information generated by MoneyGuidePro regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results.

The return assumptions in MoneyGuidePro are not reflective of any specific product, and do not include any fees or expenses that may be incurred by investing in specific products. The actual returns of a specific product may be more or less than the returns used in MoneyGuidePro. It is not possible to directly invest in an index. Financial forecasts, rates of return, risk, inflation, and other assumptions may be used as the basis for illustrations. They should not be considered a guarantee of future performance or a guarantee of achieving overall financial objectives. Past performance is not a guarantee or a predictor of future results of either the indices or any particular investment.

MoneyGuidePro results may vary with each use and over time.

MoneyGuidePro Assumptions and Limitations
Information Provided by You
Information that you provided about your assets, financial goals, and personal situation are key assumptions for the calculations and projections in this Report. Please review the Report sections titled "Personal Information and Summary of Financial Goals", "Current Portfolio Allocation", and "Tax and Inflation Options" to verify the accuracy of these assumptions. If any of the assumptions are incorrect, you should notify your financial advisor. Even small changes in assumptions can have a substantial impact on the results shown in this Report. The information provided by you should be reviewed periodically and updated when either the information or your circumstances change.

All asset and net worth information included in this Report was provided by you or your designated agents, and is not a substitute for the information contained in the official account statements provided to you by custodians. The current asset data and values contained in those account statements should be used to update the asset information included in this Report, as necessary.

Assumptions and Limitations
MoneyGuidePro offers several methods of calculating results, each of which provides one outcome from a wide range of possible outcomes. All results in this Report are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. All results use simplifying assumptions that do not completely or accurately reflect your specific circumstances. No Plan or Report has the ability to accurately predict the future. As investment returns, inflation, taxes, and other economic conditions vary from the MoneyGuidePro assumptions, your actual results will vary (perhaps significantly) from those presented in this Report.

All MoneyGuidePro calculations use asset class returns, not returns of actual investments. The projected return assumptions used in this Report are estimates based on average annual returns for each asset class. The portfolio returns are calculated by weighting individual return assumptions for each asset class according to your portfolio allocation. The portfolio returns may have

been modified by including adjustments to the total return and the inflation rate. The portfolio returns assume reinvestment of interest and dividends at net asset value without taxes, and also assume that the portfolio has been rebalanced to reflect the initial recommendation. No portfolio rebalancing costs, including taxes, if applicable, are deducted from the portfolio value. No portfolio allocation eliminates risk or guarantees investment results.

MoneyGuidePro does not provide recommendations for any products or securities.

Risks Inherent in Investing
Investing in fixed income securities involves interest rate risk, credit risk, and inflation risk. Interest rate risk is the possibility that bond prices will decrease because of an interest rate increase. When interest rates rise, bond prices and the values of fixed income securities fall. When interest rates fall, bond prices and the values of fixed income securities rise. Credit risk is the risk that a company will not be able to pay its debts, including the interest on its bonds. Inflation risk is the possibility that the interest paid on an investment in bonds will be lower than the inflation rate, decreasing purchasing power.

Cash alternatives typically include money market securities and U.S. treasury bills. Investing in such cash alternatives involves inflation risk. In addition, investments in money market securities may involve credit risk and a risk of principal loss. Because money market securities are neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency, there is no guarantee the value of your investment will be maintained at $1.00 per share. U.S. Treasury bills are subject to market risk if sold prior to maturity. Market risk is the possibility that the value, when sold, might be less than the purchase price.

Investing in stock securities involves volatility risk, market risk, business risk, and industry risk. The prices of most stocks fluctuate. Volatility risk is the chance that the value of a stock will fall. Market risk is chance that the prices of all stocks will fall due to conditions in the economic environment. Business risk is the chance that a specific company's stock will fall because of issues affecting it. Industry risk is the chance that a set of factors particular to an industry group will adversely affect stock prices within the industry. (See "Asset Class – Stocks" in the Glossary section of this Important Disclosure Information for a summary of the relative potential volatility of different types of stocks.)

International investing involves additional risks including, but not limited to, changes in currency exchange rates, differences in accounting and taxation policies, and political or economic instabilities that can increase or decrease returns.

Report Is a Snapshot and Does Not Provide Legal, Tax, or Accounting Advice
This Report provides a snapshot of your current financial position and can help you to focus on your financial resources and goals, and to create a plan of action. Because the results are calculated over many years, small changes can create large differences in

future results. You should use this Report to help you focus on the factors that are most important to you. This Report does not provide legal, tax, or accounting advice. Before making decisions with legal, tax, or accounting ramifications, you should consult appropriate professionals for advice that is specific to your situation.

Results Using Monte Carlo Simulations

Monte Carlo simulations are used to show how variations in rates of return each year can affect your results. A Monte Carlo simulation calculates the results of your Plan by running it many times, each time using a different sequence of returns. Some sequences of returns will give you better results, and some will give you worse results. These multiple trials provide a range of possible results, some successful (you would have met all your goals) and some unsuccessful (you would not have met all your goals). The percentage of trials that were successful is the probability that your Plan, with all its underlying assumptions, could be successful. In MoneyGuidePro, this is the Probability of Success. Analogously, the percentage of trials that were unsuccessful is the Probability of Failure. The Results Using Monte Carlo Simulations indicate the likelihood that an event may occur as well as the likelihood that it may not occur. In analyzing this information, please note that the analysis does not take into account actual market conditions, which may severely affect the outcome of your goals over the long-term.

MoneyGuidePro uses a specialized methodology called Beyond Monte Carlo™, a statistical analysis technique that provides results that are as accurate as traditional Monte Carlo simulations with 10,000 trials, but with fewer iterations and greater consistency. Beyond Monte Carlo™ is based on Sensitivity Simulations, which re-runs the Plan only 50 to 100 times using small changes in the return. This allows a sensitivity of the results to be calculated, which, when analyzed with the mean return and standard deviation of the portfolio, allows the Probability of Success for your Plan to be directly calculated.

Glossary

Asset Allocation
Asset Allocation is the process of determining what portions of your portfolio holdings are to be invested in the various asset classes.

Asset Class
Asset Class is a standard term that broadly defines a category of investments. The three basic asset classes are Cash, Bonds, and Stocks. Bonds and Stocks are often further subdivided into more narrowly defined classes. Some of the most common asset classes are defined below.

Cash and Cash Alternatives
Cash typically includes bank accounts or certificates of deposit, which are insured by the Federal Deposit Insurance Corporation up to a limit per account. Cash Alternatives typically include money market securities, U.S. treasury bills, and other investments that are readily convertible to cash, have a stable market value, and a very short-term maturity. U.S. Treasury bills are backed by the full faith and credit of the U.S. Government and, when held to maturity, provide safety of principal. (See the "Risks Inherent

in Investing" section in this Important Disclosure Information for a summary of the risks associated with investing in cash alternatives.)

Bonds
Bonds are either domestic (U.S.) or global debt securities issued by either private corporations or governments. (See the "Risks Inherent in Investing" section in this Important Disclosure Information for a summary of the risks associated with investing in bonds. Bonds are also called "fixed income securities.")

Domestic government bonds are backed by the full faith and credit of the U.S. Government and have superior liquidity and, when held to maturity, safety of principal. Domestic corporate bonds carry the credit risk of their issuers and thus usually offer additional yield. Domestic government and corporate bonds can be sub-divided based upon their term to maturity. Short-term bonds have an approximate term to maturity of 1 to 5 years; intermediate-term bonds have an approximate term to maturity of 5 to 10 years; and, long-term bonds have an approximate term to maturity greater than 10 years.

Stocks
Stocks are equity securities of domestic and foreign corporations. (See the "Risks Inherent in Investing" section in this Important Disclosure Information for a summary of the risks associated with investing in stocks.)

Domestic stocks are equity securities of U.S. corporations. Domestic stocks are often sub-divided based upon the market capitalization of the company (the market value of the company's stock). "Large cap" stocks are from larger companies, "mid cap" from the middle range of companies, and "small cap" from smaller, perhaps newer, companies. Generally, small cap stocks experience greater market volatility than stocks of companies with larger capitalization. Small cap stocks are generally those from companies whose capitalization is less than $500 million, mid cap stocks those between $500 million and $5 billion, and large cap over $5 billion.

Large cap, mid cap and small cap may be further sub-divided into "growth" and "value" categories. Growth companies are those with an orientation towards growth, often characterized by commonly used metrics such as higher price-to-book and rice-to-earnings ratios. Analogously, value companies are those with an orientation towards value, often characterized by commonly used metrics such as lower price-to-book and price-to-earnings ratios.

International stocks are equity securities from foreign corporations. International stocks are often sub-divided into those from "developed" countries and those from "emerging markets." The emerging markets are in less developed countries with emerging economies that may be characterized by lower income per capita, less developed infrastructure and nascent capital markets. These "emerging markets" usually are less economically and politically stable than the "developed markets." Investing in international stocks involves special risks, among which include foreign exchange volatility and risks of investing under different tax, regulatory and accounting standards.

Asset Mix
Asset Mix is the combination of asset classes within a portfolio, and is usually expressed as a percentage for each asset class.

Current Portfolio
Your Current Portfolio is comprised of all the investment assets you currently own (or a subset of your assets, based on the information you provided for this Plan), categorized by Asset Class and Asset Mix.

Inflation Rate
Inflation is the percentage increase in the cost of goods and services for a specified time period. A historical measure of inflation is the Consumer Price Index (CPI). In MoneyGuidePro, the Inflation Rate is selected by your advisor, and can be adjusted in different scenarios.

Liquidity
Liquidity is the ease with which an investment can be converted into cash.

Monte Carlo Confidence Zone
The Monte Carlo Confidence Zone is the range of probabilities that you (and/or your advisor) have selected as your target range for the Monte Carlo Probability of Success in your Plan. The Confidence Zone reflects the Monte Carlo Probabilities of Success with which you would be comfortable, based upon your Plan, your specific time horizon, risk profile, and other factors unique to you.

Monte Carlo Probability of Success / Probability of Failure
The Monte Carlo Probability of Success is the percentage of trials of your Plan that were successful. If a Monte Carlo simulation runs your Plan 10,000 times, and if 6,000 of those runs are successful (i.e., all your goals are funded and you have at least $1 of Safety Margin), then the Probability of Success for that Plan, with all its underlying assumptions, would be 60%, and the Probability of Failure would be 40%.

Monte Carlo Simulations
Monte Carlo simulations are used to show how variations in rates of return each year can affect your results. A Monte Carlo simulation calculates the results of your Plan by running it many times, each time using a different sequence of returns. Some sequences of returns will give you better results, and some will give you worse results. These multiple trials provide a range of possible results, some successful (you would have met all your goals) and some unsuccessful (you would not have met all your goals).

Needs / Wants / Wishes
In MoneyGuidePro, you choose an importance level from 10 to 1 (where 10 is the highest) for each of your financial goals. Then, the importance levels are divided into three groups: Needs, Wants, and Wishes. Needs are the goals that you consider necessary for your lifestyle, and are the goals that you must fulfill. Wants are the goals that you would really like to fulfill, but could live without. Wishes are the "dream goals" that you would like to fund, although you won't be too dissatisfied if you can't fund them. In MoneyGuidePro, Needs are your most important goals, then Wants, then Wishes.

PlayZone®
An interactive MoneyGuidePro feature that allows you to adjust your retirement age, Gaol expense amounts, annual savings, and/or Target Portfolio and immediately see the results of the changes.

Portfolio Total Return
A Portfolio Total Return is determined by weighting the return assumption for each Asset Class according to the Asset Mix.

Real Return
The Real Return is the Total Return of your portfolio minus the Inflation Rate.

Recommended Scenario
The Recommended Scenario is the scenario selected by your advisor to be shown on the results page, in Play Zone, and in the Presentation.

Retirement Start Date
For married couples, retirement in MoneyGuidePro begins when both the client and spouse are retired. For single, divorced, or widowed clients, retirement begins when the client retires.

Risk
Risk is the chance that the actual return of an investment, asset class, or portfolio will be different from its expected or average return.

Target Goal Amount
The Target Goal Amount is the amount you would expect to spend, or the amount you would like to spend, for each financial goal.

Target Retirement Age
Target Retirement Age is the age at which you would like to retire.

Target Savings Amount
In the Resources section of MoneyGuidePro, you enter the current annual additions being made to your investment assets. The total of these additions is your Target Savings Amount.

Time Horizon
Time Horizon is the period from now until the time the assets in this portfolio will begin to be used.

Total Return
Total Return is an assumed, hypothetical growth rate for a specified time period. The Total Return is either (1) the Portfolio Total Return or (2) as entered by you or your advisor. Also see "Real Return."

Willingness
In MoneyGuidePro, in addition to specifying Target Goal Amounts, a Target Savings Amount, and Target Retirement Ages, you also specify a Willingness to adjust these Target values. The Willingness choices are Very Willing, Somewhat Willing, Slightly Willing, and Not at All.