

Retirement  
Wealth  
Advisors

# Current Investments

*Prepared For* John and Sue Smith

*Prepared By* Investment Advisor

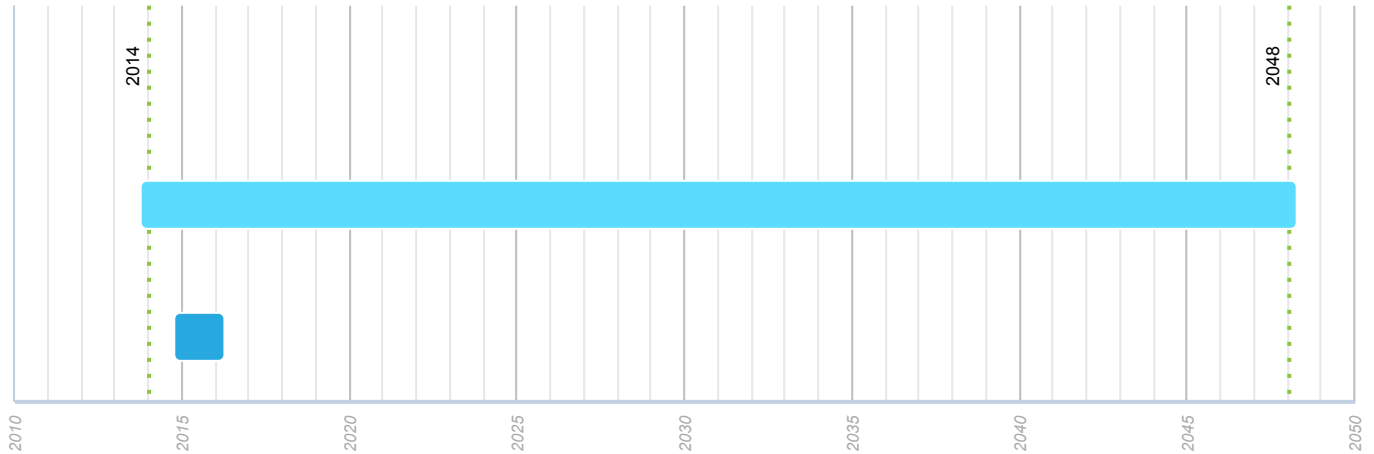
Apr 29, 2014



# Goals

Timeline	Date
John Smith's Birthday	06/01/1961
Sue Smith's Birthday	06/01/1963
Simulation Start	2014 (John Smith's age: 53)
Plan End Year	2048 (John Smith's age: 87)

\*Monte Carlo simulation begins in the current year and ends in the latest year of all the goals associated with this plan.



Retirement Goals	Start Year	End Year	Total Years	Annual Amount	Inflation Rate
● \$70,000	2014	2048	35	\$70,000	3.00%
● College Tuition	2015	2016	2	\$25,000	0.00%

\*Goals are stated on an after-tax, annual basis, in Today's Dollars.

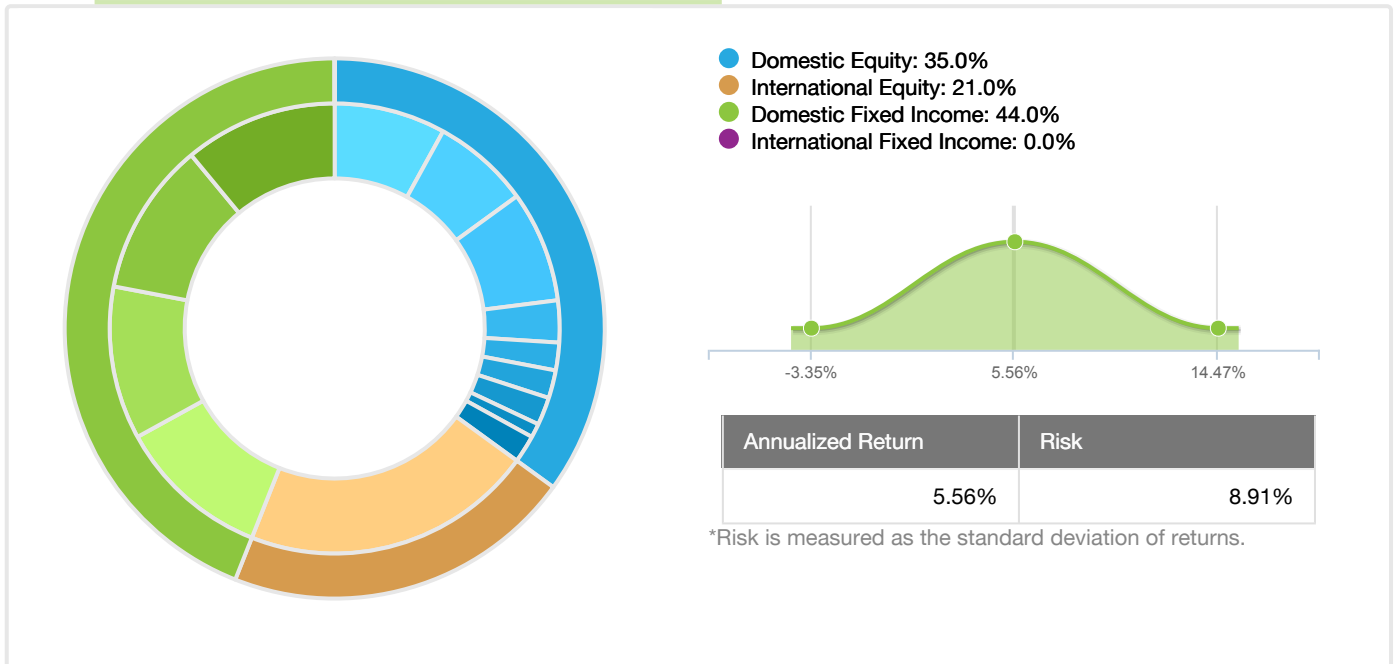
Goal Totals	Today's Dollars	Future Dollars
Retirement	\$2,500,000	\$4,282,346

\*Today's Dollars is the sum of the annual amounts, without inflation, over the specified time period.

\*Future Dollars is the sum of the annual amounts, adjusted for inflation, over the specified time period.

# Portfolio Allocations

## Default Allocation from 2014 to 2048

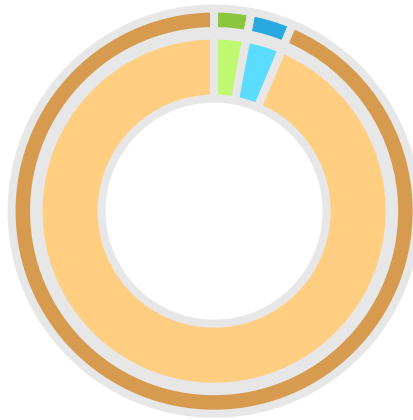


Domestic Equity	Percentage	Domestic Fixed Income	Percentage
US Large Blend	8.00%	US Short Gov	11.00%
US Large Value	7.00%	US Interm Gov	11.00%
US Large Growth	8.00%	US Short Corp	11.00%
US Midcap Blend	3.00%	US Interm Corp	11.00%
US Midcap Value	2.00%	<b>Total Domestic Fixed Income:</b>	<b>44.00%</b>
US Midcap Growth	2.00%		
US Small Cap Blend	2.00%		
US Small Cap Value	1.00%		
US Small Cap Growth	2.00%		
<b>Total Domestic Equity:</b>	<b>35.00%</b>		

International Equity	Percentage	International Fixed Income	Percentage
Intl Large Blend	21.00%	No international fixed income allocations.	
<b>Total International Equity:</b>	<b>21.00%</b>		

# Portfolio Accounts

Total Value \$169,476



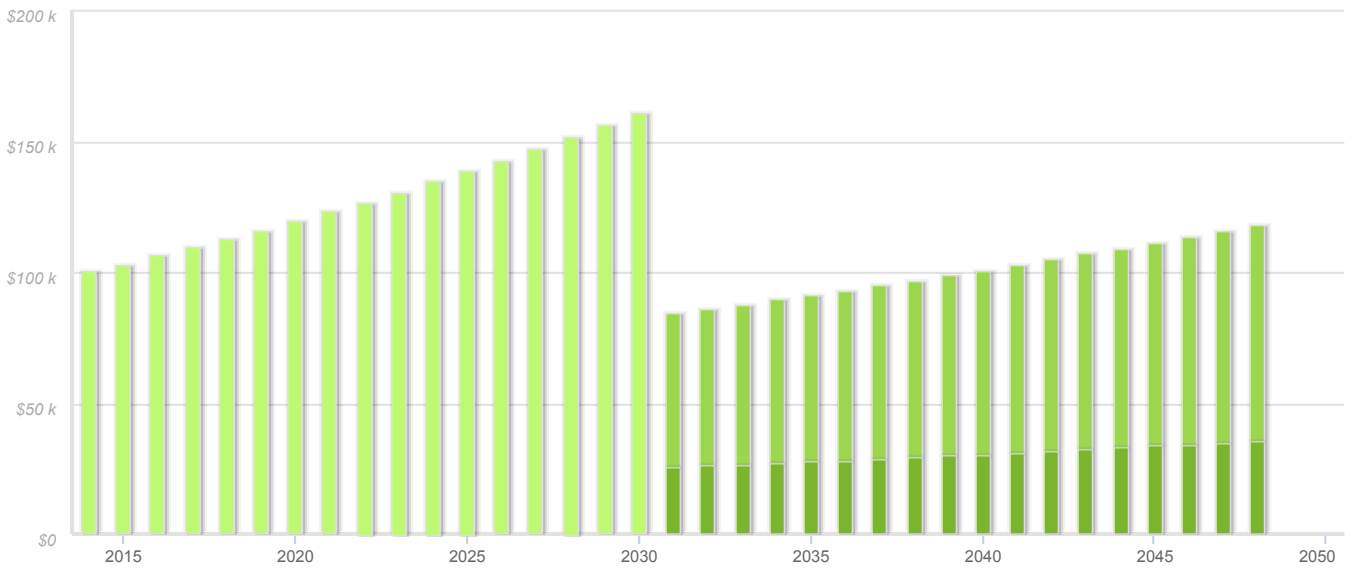
● Tax Deferred Accounts	Account Number	Cost Basis	Value
● IRA-John		\$0	\$5,000
<b>Total Tax Deferred:</b>		<b>\$0</b>	<b>\$5,000</b>

● Tax Free Accounts	Account Number	Cost Basis	Value
● Roth- Sue		\$0	\$5,735
<b>Total Tax Free:</b>		<b>\$0</b>	<b>\$5,735</b>

● Taxable Accounts	Account Number	Cost Basis	Value
● Joint Account		\$152,013	\$158,741
<b>Total Taxable:</b>		<b>\$152,013</b>	<b>\$158,741</b>

All Accounts		Cost Basis	Value
<b>Total:</b>		<b>\$152,013</b>	<b>\$169,476</b>

# Income



Social Security Income	Start Year	End Year	Total Years	Annual Amount	Inflation Rate
● Salary- John	2014	2030	17	\$100,000	3.00%
● Social Security John	2031	2048	18	\$42,000	2.00%
● Social Security Sue	2031	2048	18	\$18,180	2.00%

Income Totals	Today's Dollars	Future Dollars
Social Security	\$2,783,240	\$3,980,500

## Tax Rates

Income Tax	Start Year	End Year	Total Years	Tax Rate Percentage
Combined Federal and State Income Tax Rate	2014	2048	35	20.00%

Capital Gains Tax	Start Year	End Year	Total Years	Tax Rate Percentage
Combined Federal and State Capital Gains Tax Rate	2014	2048	35	15.00%

# Plan Analysis

## Benchmark Analysis



# 21%

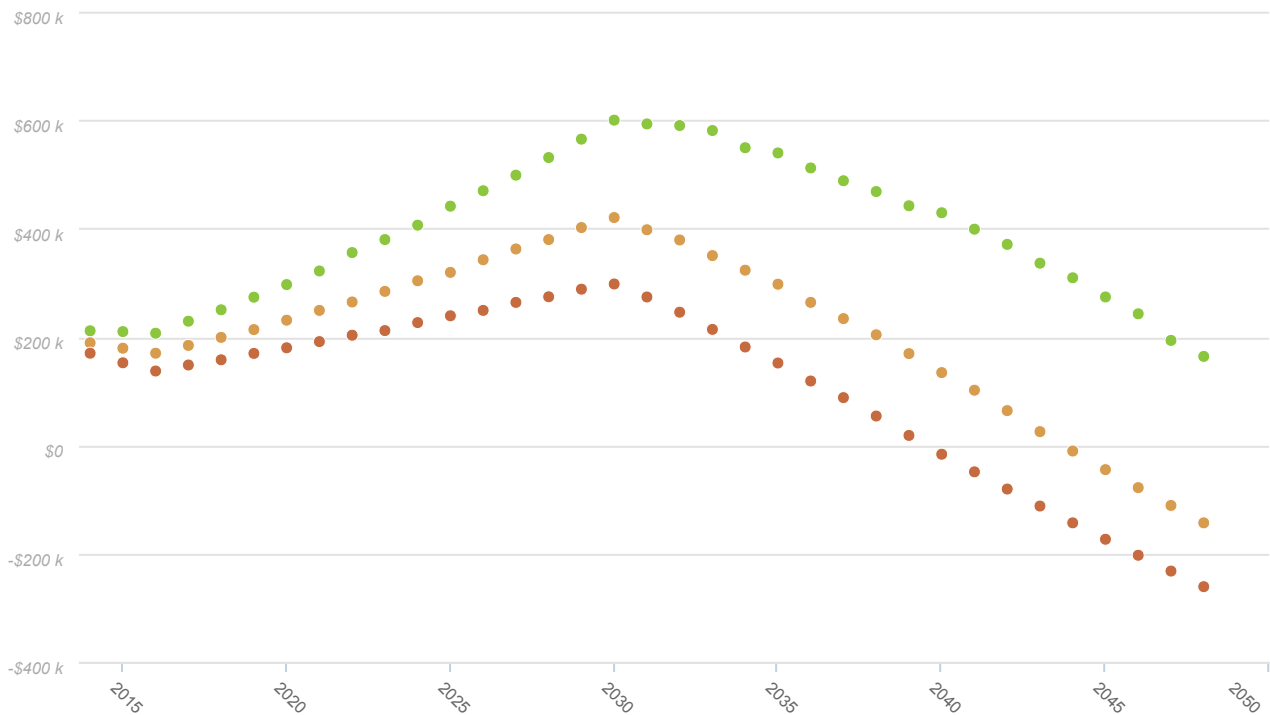
You have a 21% probability of attaining your outlined goals. This means that of the 1000 simulations run, approximately 210 were able to meet all of their goals.

The analysis has returned an **uncertain probability**. An uncertain probability is a result below 75%. We feel that the assumptions of this analysis provide a low probability of success. An uncertain probability indicates that you may be in danger of exhausting your portfolio prior to the end of this plan. Actions to increase the probability to likely levels may include increasing your savings, decreasing your estate objectives, decreasing your spending, or increasing your investment risk. This analysis is sensitive to changes in the underlying assumptions. As such, you should review your *Personal Benchmark Analysis®* on a periodic basis.

## Wealth Over Time

The Wealth Over Time graph illustrates simulated ending portfolio values in Today's Dollars, for specific percentiles throughout the plan. Each ending portfolio value shown in this graph is discounted by 3% per year to arrive at a present value. In each year of the plan, the Monte Carlo engine calculates 1000 different ending portfolio values using the inputs and assumptions outlined in this plan. Those 1000 values, for each year, are listed in a rank order, from lowest to highest value. It is the 100th (10th percentile), 500th (50th percentile), and 900th (90th percentile) ending portfolio value, for each year, that is displayed in this graph. As such, the graph helps to show the range of ending portfolio results that are possible at any given year in the plan.

Portfolio Values • 90th Percentile (optimistic) • 50th Percentile (median) • 10th Percentile (pessimistic)



## Cumulative Wealth Summary

90th Percentile  
\$163,935

50th Percentile  
-\$143,551

10th Percentile  
-\$261,076

### Cumulative Wealth Summary Explanation

The above three values illustrate the cumulative values for three different percentiles, in today's dollars. The cumulative value is the simulated ending portfolio value in the last year of the plan, which is then discounted by 3% inflation to provide an estimate of today's purchasing power. 1,000 simulations have been run for this analysis and the percentiles represent the rank order cumulative values of these simulations. For example, at the **optimistic (90th) percentile 900 (90%)** of the 1,000 simulations returned a result below this value. 100 returned a result higher than this value.

The **optimistic (90th) percentile** represents consistently better than expected investment returns. The **pessimistic (10th) percentile** represents consistently worse than expected investment returns. The **median** should be understood as the mid point at which half of the simulations ended in a cumulative value higher than this value, and half resulted in a cumulative value lower than this value.

## Shortfall Analysis

Median Age at Shortfall

82

Median Shortfall Amount

\$173,538

The shortfall analysis shows the median age and the median ending portfolio value (discounted to today's dollars) of all the simulations that were not successful. Across 1000 simulations, **786 simulations (78.6%)** had a shortfall where the plan's goals were not met. The median age when the shortfalls occurred in this plan is **82 years old**, and the median shortfall amount is **\$173,537.96**. The ending portfolio value is discounted at **3%** each year to arrive at the simulation's shortfall amount.



# Cash Flow

Year	Beginning Portfolio Value	Total Net Income	Total Net Goals	Excess Income + Contributions (after satisfying goals)	Gross Taxable Distributions	Gross Tax-Deferred Distributions	Tax-Exempt Distributions	Total Gross Distributions	Total Capital Gains Taxes	Total Income Taxes	Simulated Net Return	Ending Portfolio Value (Future Dollars)
2014	\$169,476	\$80,000	\$70,000	\$10,000	\$0	\$0	\$0	\$0	\$0	\$20,000	13.94%	\$204,487
2015	\$204,487	\$82,400	\$97,100	\$0	\$15,055	\$0	\$0	\$15,055	\$355	\$20,600	8.60%	\$205,727
2016	\$205,727	\$84,872	\$99,263	\$0	\$14,891	\$0	\$0	\$14,891	\$500	\$21,218	2.01%	\$194,675
2017	\$194,675	\$87,418	\$76,491	\$10,927	\$0	\$0	\$0	\$0	\$0	\$21,855	(5.86%)	\$193,550
2018	\$193,550	\$90,041	\$78,786	\$11,255	\$0	\$0	\$0	\$0	\$0	\$22,510	0.72%	\$206,277
2019	\$206,277	\$92,742	\$81,149	\$11,593	\$0	\$0	\$0	\$0	\$0	\$23,185	14.78%	\$250,073
2020	\$250,073	\$95,524	\$83,584	\$11,941	\$0	\$0	\$0	\$0	\$0	\$23,881	17.22%	\$307,143
2021	\$307,143	\$98,390	\$86,091	\$12,299	\$0	\$0	\$0	\$0	\$0	\$24,597	13.67%	\$363,105
2022	\$363,105	\$101,342	\$88,674	\$12,668	\$0	\$0	\$0	\$0	\$0	\$25,335	7.37%	\$403,466
2023	\$403,466	\$104,382	\$91,334	\$13,048	\$0	\$0	\$0	\$0	\$0	\$26,095	8.22%	\$450,768
2024	\$450,768	\$107,513	\$94,074	\$13,439	\$0	\$0	\$0	\$0	\$0	\$26,878	6.12%	\$492,636
2025	\$492,636	\$110,739	\$96,896	\$13,842	\$0	\$0	\$0	\$0	\$0	\$27,685	10.82%	\$561,264
2026	\$561,264	\$114,061	\$99,803	\$14,258	\$0	\$0	\$0	\$0	\$0	\$28,515	2.63%	\$590,636
2027	\$590,636	\$117,483	\$102,797	\$14,685	\$0	\$0	\$0	\$0	\$0	\$29,371	1.34%	\$613,409
2028	\$613,409	\$121,007	\$105,881	\$15,126	\$0	\$0	\$0	\$0	\$0	\$30,252	5.36%	\$662,241
2029	\$662,241	\$124,637	\$109,058	\$15,580	\$0	\$0	\$0	\$0	\$0	\$31,159	12.09%	\$759,758
2030	\$759,758	\$128,377	\$112,329	\$16,047	\$0	\$0	\$0	\$0	\$0	\$32,094	(15.48%)	\$655,693
2031	\$655,693	\$67,413	\$115,699	\$0	\$52,059	\$0	\$0	\$52,059	\$3,773	\$16,853	(0.34%)	\$601,605
2032	\$601,605	\$68,761	\$119,170	\$0	\$53,911	\$488	\$0	\$54,400	\$3,893	\$17,288	6.28%	\$581,573

Year	Beginning Portfolio Value	Total Net Income	Total Net Goals	Excess Income + Contributions (after satisfying goals)	Gross Taxable Distributions	Gross Tax-Deferred Distributions	Tax-Exempt Distributions	Total Gross Distributions	Total Capital Gains Taxes	Total Income Taxes	Simulated Net Return	Ending Portfolio Value (Future Dollars)
2033	\$581,573	\$70,137	\$122,745	\$0	\$56,538	\$517	\$0	\$57,055	\$4,343	\$17,638	(0.51%)	\$521,847
2034	\$521,847	\$71,539	\$126,428	\$0	\$58,987	\$512	\$0	\$59,500	\$4,509	\$17,987	6.78%	\$493,679
2035	\$493,679	\$72,970	\$130,221	\$0	\$61,829	\$545	\$0	\$62,374	\$5,015	\$18,351	12.76%	\$486,322
2036	\$486,322	\$74,430	\$134,127	\$0	\$64,986	\$611	\$0	\$65,597	\$5,777	\$18,730	10.16%	\$463,461
2037	\$463,461	\$75,918	\$138,151	\$0	\$68,138	\$670	\$0	\$68,808	\$6,441	\$19,114	(4.01%)	\$378,811
2038	\$378,811	\$77,437	\$142,296	\$0	\$70,886	\$637	\$0	\$71,523	\$6,537	\$19,487	20.98%	\$371,770
2039	\$371,770	\$78,985	\$146,564	\$0	\$74,591	\$767	\$0	\$75,358	\$7,626	\$19,900	11.72%	\$331,147
2040	\$331,146	\$80,565	\$150,961	\$0	\$78,093	\$849	\$0	\$78,941	\$8,375	\$20,311	14.57%	\$288,947
2041	\$288,947	\$82,176	\$155,490	\$0	\$81,757	\$962	\$0	\$82,719	\$9,213	\$20,736	12.20%	\$231,381
2042	\$231,381	\$83,820	\$160,155	\$0	\$85,458	\$1,067	\$0	\$86,525	\$9,976	\$21,168	6.81%	\$154,724
2043	\$154,724	\$85,496	\$164,960	\$0	\$89,160	\$1,126	\$0	\$90,286	\$10,598	\$21,599	(6.13%)	\$60,490
2044	\$60,490	\$87,206	\$169,908	\$0	\$8,665	\$17,024	\$61,431	\$87,119	\$1,012	\$25,206	0.00%	(\$26,629)
2045	(\$26,629)	\$88,950	\$175,006	\$0	\$0	\$0	\$86,055	\$86,055	\$0	\$22,238	0.00%	(\$112,684)
2046	(\$112,684)	\$90,729	\$180,256	\$0	\$0	\$0	\$89,526	\$89,526	\$0	\$22,682	0.00%	(\$202,211)
2047	(\$202,211)	\$92,544	\$185,663	\$0	\$0	\$0	\$93,120	\$93,120	\$0	\$23,136	0.00%	(\$295,330)
2048	(\$295,330)	\$94,395	\$191,233	\$0	\$0	\$0	\$96,839	\$96,839	\$0	\$23,599	0.00%	(\$392,169)

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Annual average returns and annual standard deviation per asset class are calculated from the inception date of each asset class's respective index proxy. A matrix of proxy indices with its annual average return since inception, annual standard deviation since inception, and the index inception date is listed on Appendix A. Some asset classes exhibit more volatility than others, which can lead to higher standard deviations. It is assumed that equity index returns are gross of dividends, unless noted. Average dividend yields per asset class are obtained where possible and assessed income taxes based upon the percentage of exposure to that asset class and the tax assumptions used in this presentation. This estimated average dividend income tax liability is deducted from the simulated expected returns used in the statistical analysis. The expected returns used in the Monte Carlo statistical analysis are also net of fees and portfolio expenses. Both fees and portfolio expenses are inputs entered by the user, and inStream cannot guarantee the inclusion of, or accuracy of the fees, or portfolio expenses used in any plan.

The purpose of the wealth over time graph is to illustrate the volatile range of possible ending portfolio values at any given year within the duration of a plan. It is possible to experience ending portfolio values outside of the range displayed in this graph. The wealth over time graph does not display simulated paths of the plan; rather, it displays specific simulated percentiles of ending portfolio values, year-over-year. It is not possible to predict the plan's probability of success based upon the data displayed in this graph.

The cash flow report follows a single simulated path that ends at the 50<sup>th</sup> percentile cumulative wealth value. The cash flow report is for illustrative purposes only, and is a sample of the underlying logic used to simulate the plan's probability of success. Using a single simulated path is not adequate to calculate a plan's probability of success. The 50<sup>th</sup> percentile cumulative wealth value may be understood as the middle point where half of the plan's simulated cumulative wealth values ended lower than the 50<sup>th</sup> percentile cumulative wealth value, and the other half ended higher than the 50<sup>th</sup> percentile cumulative wealth value. The expected returns displayed in the cash flow report are shown net of fees, portfolio expenses, and estimated dividend tax liability. The simulated net returns are only applied to the accounts within a tax category that is not overdrawn (i.e., the aggregate value of the accounts in the tax category is positive).

It is assumed that the portfolio is rebalanced annually to the allocation model selected for the given time period, so as not to drift excessively from the allocation. Many of the variables used in the calculation of the *Personal Benchmark Analysis*® are set by the licensed user. The variables used (such as cash flow assumptions, time periods, inflation rates, tax rates, and others) may greatly impact the results of the *Personal Benchmark Analysis*®. Results presented in the *Personal Benchmark Analysis*® have not been examined, endorsed, or validated, in any way, by inStream Solutions, LLC., and inStream Solutions, LLC. cannot be held liable for any *Personal Benchmark Analysis*® or any other report that is deemed misleading or misrepresentative, and that is generated by a user through inStream Solutions, LLC.'s software application(s).

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