

# Net Worth

A personal net worth statement is a snapshot of an individual’s financial health, at one particular point in time. It is a summary of what is owned (assets), less what is owed to others (liabilities). The formula used is:  $\text{assets} - \text{liabilities} = \text{net worth}$ .

## Assets

Paul’s retirement plans	\$136,000
Sally’s retirement plans	76,500
Residence	250,000
Cash	500
Other Assets	6,000
	<hr/>
Total Assets	\$469,000

## Liabilities

Mortgage	250,000
Asset Debt	0
Other Debt	25,000
	<hr/>
Total Liabilities	275,000

## Net Worth

<b>Net Worth</b>	<b><u><u>\$194,000</u></u></b>
------------------	--------------------------------

## Net Worth



---

# Weighted Average Rate of Return/Net Worth

---

A personal net worth statement is a snapshot of an individual's financial health, at one particular point in time. It is a summary of what is owned, less what is owed.

<b>Assets</b>	<b>Market Value</b>	<b>Rate of Return</b>	<b>Weighted Average Rate of Return</b>
<b>Paul's retirement plans</b>			
My 401(k)	\$106,000	7.00%	
My IRA	30,000	5.00%	
<b>Total</b>	<b>136,000</b>		<b>6.56%</b>
<b>Sally's retirement plans</b>			
SEP	\$16,500	6.00%	
TSA	60,000	4.00%	
<b>Total</b>	<b>76,500</b>		<b>4.43%</b>
<b>Other Assets</b>			
Savings Account	\$6,000	6.00%	
Cash	500	1.00%	
Residence	250,000	7.00%	
<b>Total</b>	<b>256,500</b>		<b>6.96%</b>
<b>Total Assets</b>	<b>469,000</b>		<b>6.43%</b>

---

## Weighted Average Rate of Return/Net Worth

---

### Liabilities

---

Mortgage	250,000
Other Debt	25,000
<b>Total Liabilities</b>	<b>275,000</b>

### Net Worth

---

<b>Net Worth</b>	<b>194,000</b>
<b>Total Liabilities and Net Worth</b>	<b>\$469,000</b>

# Cash Flow

The basic purpose of a cash flow statement is to determine how your money is being spent. Ideally, a year's worth of data should be gathered, to even out the effect of seasonal variations. Paycheck stubs, check registers, cancelled checks, copies of paid bills and recent income tax returns are excellent sources of this information. If desired, you may want to keep a daily spending diary for a short period of time.

## Income

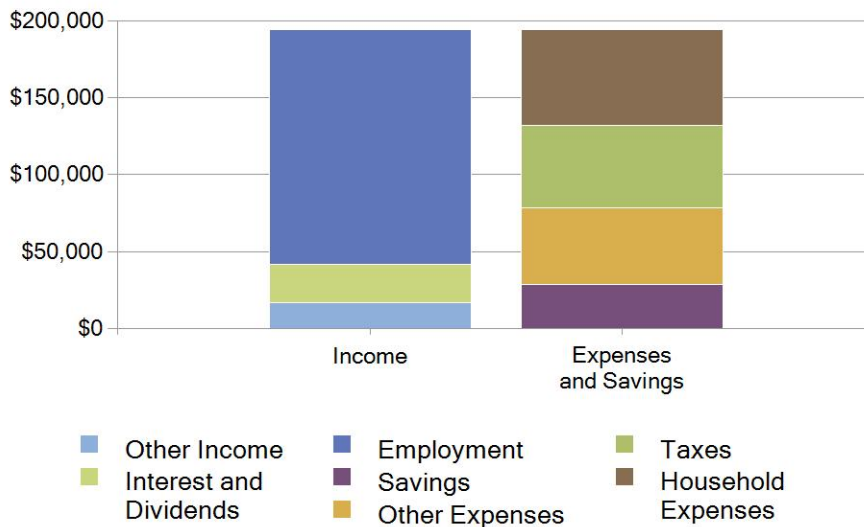
Employment	\$151,992	
Interest and dividends	25,000	
Other	17,000	
	<hr/>	
<b>Total Income</b>		<b>\$193,992</b>

## Expenses and Savings

Household expenses	61,908	
Taxes	53,484	
Other expenses	49,800	
Savings	28,800	
	<hr/>	
<b>Total Expenses and Savings</b>		<b>193,992</b>

\$0

## Cash Flow



---

# Cash Flow Detail

---

The basic purpose of a cash flow statement is to determine how your money is being spent. Ideally, a year's worth of data should be gathered, to even out the effect of seasonal variations. Paycheck stubs, check registers, cancelled checks, copies of paid bills and recent income tax returns are excellent sources of this information. If desired, you may want to keep a daily spending diary for a short period of time.

## Income

Employment	\$151,992	
Interest and dividends	25,000	
Other	17,000	
	<u>          </u>	
Total Income		\$193,992

## Expenses

Household		
Housing	37,908	
Food	14,400	
Clothing	3,600	
Utilities	6,000	
	<u>          </u>	
Total Household		61,908
Taxes		
Federal	40,800	
State	11,484	
Other	1,200	
	<u>          </u>	
Total Taxes		53,484
Other		
Insurance	12,000	
Medical	9,000	
Transportation	14,400	
Entertainment	6,000	
Education	0	
Debt repayment	2,400	
Personal	6,000	
Other	0	
	<u>          </u>	
Total Other Expenses		49,800

## Savings

Education	4,800	
Retirement	24,000	
Other	0	
	<u>          </u>	
Total Savings		<u>28,800</u>
		<u><u>          </u></u>
		<b>\$0</b>

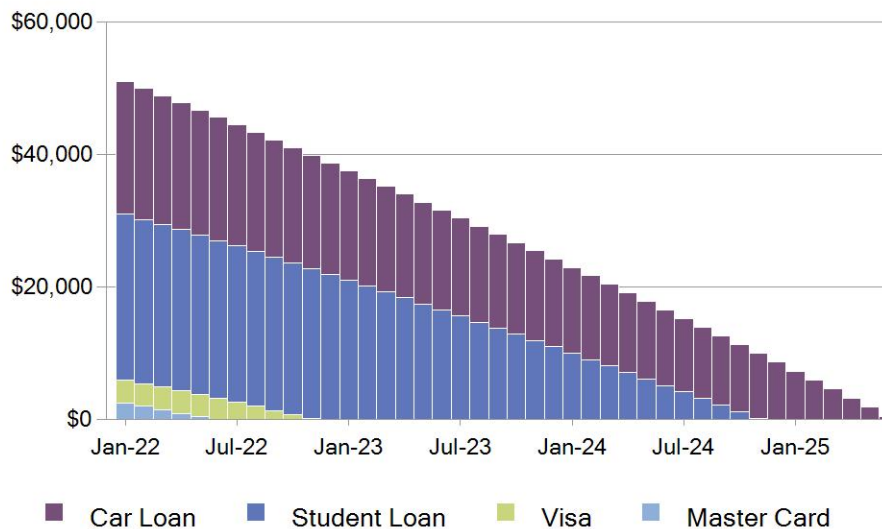
# Debt Balance Summary

Repayment strategy: Interest high to low

Additional monthly payment: \$500

Name of Debt	Balance	Payoff Date
Master Card	\$2,500	Jun-22
Visa	3,500	Dec-22
Student Loan	25,000	Dec-24
Car Loan	20,000	Jul-25
<b>Total</b>	<b>\$51,000</b>	
Total interest	\$5,878	
<b>Total payments</b>	<b>\$56,877</b>	

## Balances



Values shown in this presentation are hypothetical and not a promise of future performance.

# Debt Repayment Schedule Summary

## Assumptions:

Total payments: \$56,877

Total interest: \$5,878

Date	Master Card	Visa	Student Loan	Car Loan		Total
Feb-22	\$550	\$75	\$400	\$350	\$0	\$1,375
Mar-22	550	75	400	350	0	1,375
Apr-22	550	75	400	350	0	1,375
May-22	550	75	400	350	0	1,375
Jun-22	400	225	400	350	0	1,375
Jul-22	0	625	400	350	0	1,375
Aug-22	0	625	400	350	0	1,375
Sep-22	0	625	400	350	0	1,375
Oct-22	0	625	400	350	0	1,375
Nov-22	0	625	400	350	0	1,375
Dec-22	0	176	849	350	0	1,375
Jan-23	0	0	1,025	350	0	1,375
Feb-23	0	0	1,025	350	0	1,375
Mar-23	0	0	1,025	350	0	1,375
Apr-23	0	0	1,025	350	0	1,375
May-23	0	0	1,025	350	0	1,375
Jun-23	0	0	1,025	350	0	1,375
Jul-23	0	0	1,025	350	0	1,375
Aug-23	0	0	1,025	350	0	1,375

Values shown in this presentation are hypothetical and not a promise of future performance

## Debt Repayment Schedule Summary

Date	Master Card	Visa	Student Loan	Car Loan		Total
Sep-23	\$0	\$0	\$1,025	\$350	\$0	\$1,375
Oct-23	0	0	1,025	350	0	1,375
Nov-23	0	0	1,025	350	0	1,375
Dec-23	0	0	1,025	350	0	1,375
Jan-24	0	0	1,025	350	0	1,375
Feb-24	0	0	1,025	350	0	1,375
Mar-24	0	0	1,025	350	0	1,375
Apr-24	0	0	1,025	350	0	1,375
May-24	0	0	1,025	350	0	1,375
Jun-24	0	0	1,025	350	0	1,375
Jul-24	0	0	1,025	350	0	1,375
Aug-24	0	0	1,025	350	0	1,375
Sep-24	0	0	1,025	350	0	1,375
Oct-24	0	0	1,025	350	0	1,375
Nov-24	0	0	1,025	350	0	1,375
Dec-24	0	0	145	1,229	0	1,374
Jan-25	0	0	0	1,375	0	1,375
Feb-25	0	0	0	1,375	0	1,375
Mar-25	0	0	0	1,375	0	1,375

Values shown in this presentation are hypothetical and not a promise of future performance



---

## Debt Repayment Schedule Summary

---

Date	Master Card	Visa	Student Loan	Car Loan		Total
Apr-25	\$0	\$0	\$0	\$1,375	\$0	\$1,375
May-25	0	0	0	1,375	0	1,375
Jun-25	0	0	0	1,375	0	1,375
Jul-25	0	0	0	503	0	503

Values shown in this presentation are hypothetical and not a promise of future performance

# Survivor Needs Now and Future

## In the event of Paul's death

### Areas of Need

There are two areas of needs that arise in the event of a death: Immediate cash needs and income to support Sally and the children.

### Immediate Needs

This generally includes funds required immediately after death to establish an emergency reserve fund, pay final expenses, create a college fund, and repay outstanding debts. You would like to provide for the education of the children. The total amount required for these needs is \$499,479. You currently have assets and life insurance in the amount of \$718,000.

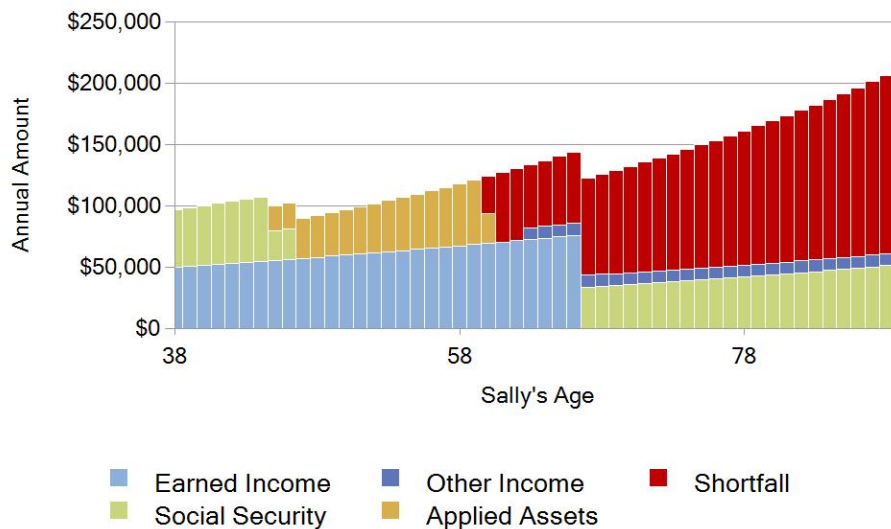
### Income Needs

Income needs change over time. This analysis assumes that monthly income needs will be: \$7,000 or 73.04% of today's total income until the children reach age 18. \$6,000 or 62.61% of today's total income after the children reach age 18. \$5,000 or 52.17% of today's total income during retirement.

### Results

According to the analysis, your immediate needs can be satisfied with your liquid assets. Your other assets of \$206,000 can be held until needed, which will allow you to liquidate them at an appropriate time. All assets will be depleted by Sally's age 60.

### Income Needs and Sources



**In order to provide for all needs today, you would need an additional amount of \$439,000 today.**

Values shown in this presentation are hypothetical and not a promise of future performance.

# Survivor's Immediate Needs

In the event of Paul's death

## Immediate Needs

This generally includes funds required immediately after death to establish an emergency reserve fund, pay final expenses, create a college fund, and repay outstanding debts.

## Capital Needed Immediately

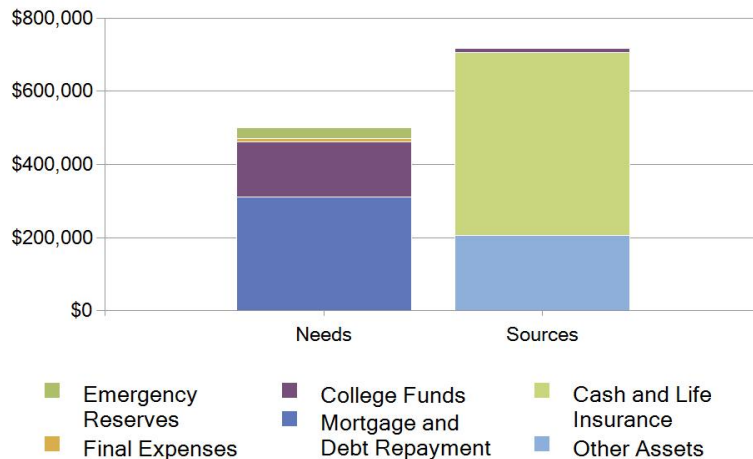
Emergency reserves		\$28,750
Final expenses		10,000
College fund		150,729
Debt repayment		
Mortgage	\$205,000	
Other debts	105,000	
Total debt repayment		310,000
<b>Total immediate capital need</b>		<b>499,479</b>

## Capital Available

Cash	0	
Life insurance proceeds	500,000	
Existing college funds	12,000	
<b>Total liquid capital</b>		<b>512,000</b>

Amount needed from other assets	0
Other available assets	206,000
Additional assets required for immediate needs	0
<b>Assets available to support income needs</b>	<b>\$218,521</b>

## Funds Required Immediately Upon Death



**The immediate cash needs can be satisfied with liquid assets.**

Values shown in this presentation are hypothetical and not a promise of future performance.

# Survivor Needs Timeline

## Assumptions:

Deceased Individual: Paul  
 Surviving Individual: Sally  
 Rate of Return: 5.00%  
 Rate of Inflation: 2.50%

## Analysis Results:

Total of Annual Shortfalls: \$2,925,512  
 Additional Capital Required: \$439,000

Age	Need	Sources				Asset Balance	Annual Shortfall
		Earned Income	Social Security	Other Income	Earnings from Assets		
<b>Beginning Balance</b>						<b>\$218,521</b>	
38	\$84,000	\$50,000	\$46,947	\$0	\$11,536	\$243,004	\$0
39	86,100	50,750	47,829	0	12,776	268,258	0
40	88,253	51,511	48,730	0	14,054	294,301	0
41	90,459	52,284	49,651	0	15,373	321,150	0
42	92,720	53,068	50,592	0	16,731	348,821	0
43	95,038	53,864	51,554	0	18,132	377,333	0
44	97,414	54,672	52,538	0	19,574	406,703	0
45	99,850	55,492	24,056	0	20,249	406,651	0
46	102,346	56,325	24,537	0	20,214	405,382	0
47	89,918	57,169	0	0	19,839	392,473	0
48	92,166	58,027	0	0	19,141	377,474	0
49	94,470	58,897	0	0	18,334	360,236	0
50	96,832	59,781	0	0	17,411	340,596	0
51	99,253	60,678	0	0	16,365	318,385	0
52	101,734	61,588	0	0	15,185	293,424	0
53	104,277	62,512	0	0	13,864	265,522	0
54	106,884	63,449	0	0	12,390	234,477	0
55	109,557	64,401	0	0	10,754	200,076	0
56	112,295	65,367	0	0	8,946	162,093	0
57	115,103	66,348	0	0	6,952	120,290	0

Values shown in this presentation are hypothetical and not a promise of future performance.

## Survivor Needs Timeline

Age	Need	Sources				Asset Balance	Annual Shortfall
		Earned Income	Social Security	Other Income	Earnings from Assets		
58	\$117,980	\$67,343	\$0	\$0	\$4,762	\$74,414	\$0
59	120,930	68,353	0	0	2,361	24,198	0
60	123,953	69,378	0	0	0	0	30,377
61	127,052	70,419	0	0	0	0	56,633
62	130,228	71,475	0	0	0	0	58,753
63	133,484	72,547	0	9,600	0	0	51,337
64	136,821	73,635	0	9,600	0	0	53,586
65	140,242	74,740	0	9,600	0	0	55,902
66	143,748	75,861	0	9,600	0	0	58,287
67	122,784	0	33,762	9,600	0	0	79,423
68	125,854	0	34,437	9,600	0	0	81,817
69	129,000	0	35,126	9,600	0	0	84,275
70	132,225	0	35,828	9,600	0	0	86,797
71	135,531	0	36,545	9,600	0	0	89,386
72	138,919	0	37,276	9,600	0	0	92,044
73	142,392	0	38,021	9,600	0	0	94,771
74	145,952	0	38,782	9,600	0	0	97,571
75	149,601	0	39,557	9,600	0	0	100,444
76	153,341	0	40,348	9,600	0	0	103,393
77	157,174	0	41,155	9,600	0	0	106,419
78	161,104	0	41,978	9,600	0	0	109,525
79	165,131	0	42,818	9,600	0	0	112,713
80	169,260	0	43,674	9,600	0	0	115,985
81	173,491	0	44,548	9,600	0	0	119,343
82	177,828	0	45,439	9,600	0	0	122,790
83	182,274	0	46,348	9,600	0	0	126,327

Values shown in this presentation are hypothetical and not a promise of future performance.

## Survivor Needs Timeline

Age	Need	Sources				Asset Balance	Annual Shortfall
		Earned Income	Social Security	Other Income	Earnings from Assets		
84	\$186,831	\$0	\$47,274	\$9,600	\$0	\$0	\$129,957
85	191,502	0	48,220	9,600	0	0	133,682
86	196,289	0	49,184	9,600	0	0	137,505
87	201,197	0	50,168	9,600	0	0	141,429
88	206,227	0	51,171	9,600	0	0	145,455
89	211,382	0	52,195	9,600	0	0	149,587

Values shown in this presentation are hypothetical and not a promise of future performance.

# Education Funding Summary

With education costs increasing at a rate that exceeds the general inflation rate, it is important to prepare as early as possible.

**Objective: Your goal is to meet the following education funding needs.**

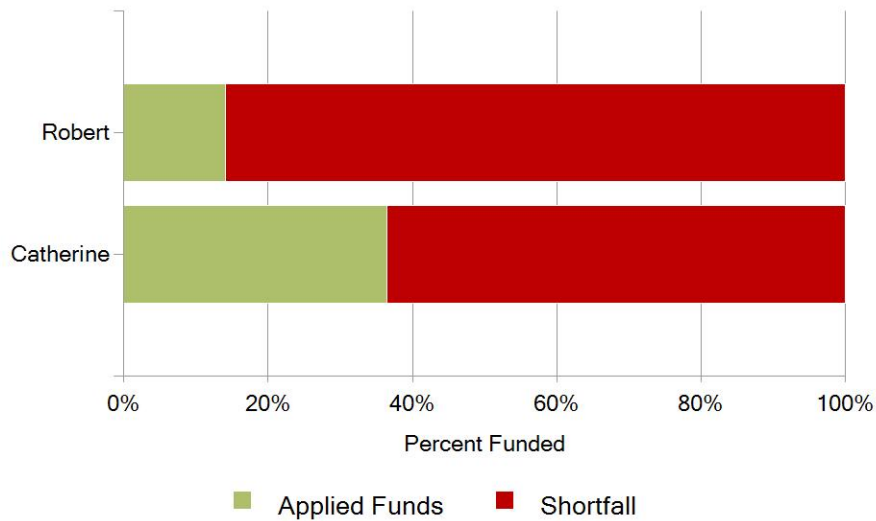
Name	Student Age Today	Student Begin Age	Current Annual Cost	Current Funding Balance	Current Monthly Savings
Robert	11	18	\$32,390	\$10,000	\$200
Catherine	9	18	\$3,210	\$2,000	\$200

For Robert, you will need additional monthly savings of \$1,235.

For Catherine, you will need additional monthly savings of \$345.

Assumes college inflation of 4.00% and rate of return on assets of 6.00%.

## Current Funding Program



Values shown in this presentation are hypothetical and not a promise of future performance.

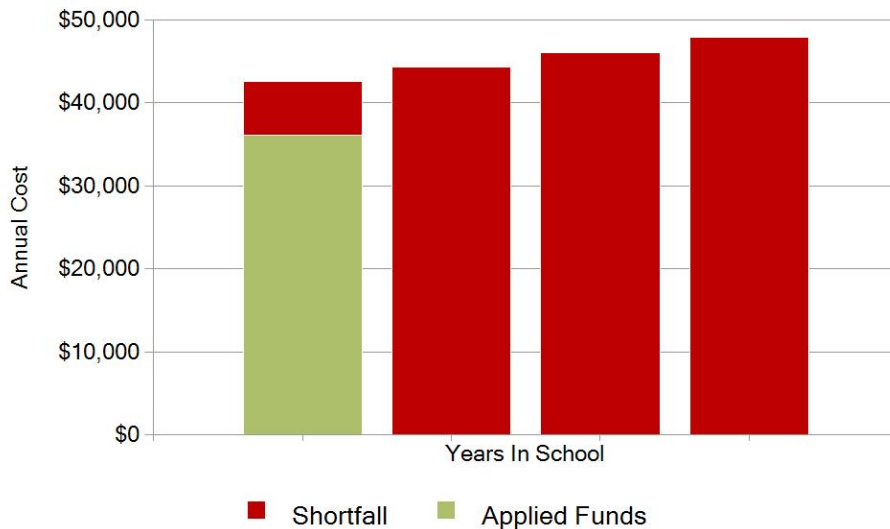
# Education Funding Analysis

For Robert

You currently have \$10,000 saved and you are contributing \$200 each month. This could be worth \$36,123 when school begins.

Start Age	Number of Years	School Name	Percent to Fund	First Year Amount
18	4	University of California: Los Angeles	100%	\$32,390

## Current Funding Program



**Your current plan does not provide for a full year of school.  
To reach your goal you must set aside an amount of \$84,992.  
or you must increase your monthly savings by \$1,235**

Values shown in this presentation are hypothetical and not a promise of future performance. Assumes education inflation rate of 4.00% and a rate of return on assets of 6.00%. Source: One or more of the objectives above is from the Annual Survey of Colleges 2017.



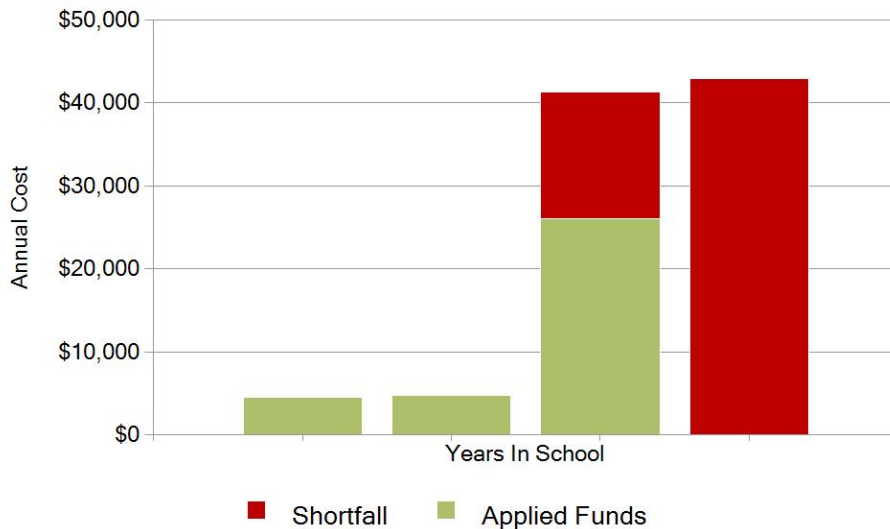
# Education Funding Analysis

For Catherine

You currently have \$2,000 saved and you are contributing \$200 each month. This could be worth \$32,118 when school begins.

Start Age	Number of Years	School Name	Percent to Fund	First Year Amount
18	2	Saddleback College	100%	\$3,210
20	2	California State University: Fullerton	100%	\$26,830

## Current Funding Program



**Your current plan provides for 2 full years of school.  
To reach your goal you must set aside an amount of \$28,865.  
or you must increase your monthly savings by \$345**

Values shown in this presentation are hypothetical and not a promise of future performance. Assumes education inflation rate of 4.00% and a rate of return on assets of 6.00%. Source: One or more of the objectives above is from the Annual Survey of Colleges 2017.

# Retirement Analysis

## Income Goals

You have indicated that you would like to have the following monthly retirement income:<sup>1</sup> At Paul's age 67 and Sally's age 65 - 93.91% of current income, or \$9,000. At Paul's age 77 and Sally's age 75 - 73.04% of current income, or \$7,000. At Paul's age 82 and Sally's age 80 - 62.61% of current income, or \$6,000.

## Income Sources

To support your retirement goals you have the following monthly sources:

### Earned Income

Sally's employment income from age 65 until age 67

### Social Security

Social Security benefits at Paul's age 67 - \$2,704

Social Security benefits at Sally's age 67 - \$2,272

### Other Income

Rental Income beginning at Paul's age 67 - \$500

## Assets Available at Retirement

### Applied Assets

Paul retirement assets - \$860,051

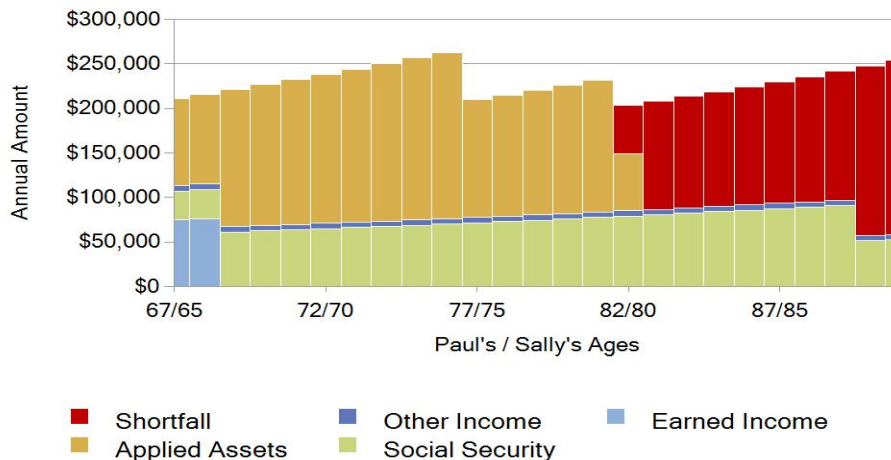
Sally retirement assets - \$670,667

Other assets - \$72,444

## Results

According to the analysis: Your funds will be depleted at Paul's age 82. Your current savings of \$550 will need to be increased by \$719 with the additional monthly savings earning a rate of return of 5.00%.

## Retirement Cash Flows



**An additional \$493,232 will be required at retirement to meet your goals.**

Values shown in this presentation are hypothetical and not a promise of future performance.

<sup>1</sup> Monthly amounts shown are in today's dollars.

# Capital Available for Retirement

## Current Assets

You have indicated that you currently own the following assets that will be used to support your retirement needs:

Paul's retirement plan current value of \$91,000 assuming a rate of return of 6.00%

Sally's retirement plan current value of \$80,000 assuming a rate of return of 6.00%

Other assets current value of \$35,000 assuming a rate of return of 1.50%

## Monthly Savings

You are currently, and plan to continue, contributing to the following assets:<sup>1</sup>

Paul's retirement plan - \$300 with a company contribution of \$150

Sally's retirement plan - \$200 with a company contribution of \$100

Other assets - \$50

Paul's contributions increasing at 1.00% per year; Sally's at 1.00% per year

## Available Assets

You will have accumulated the following at Paul's age 67:

Paul's retirement assets - \$860,051

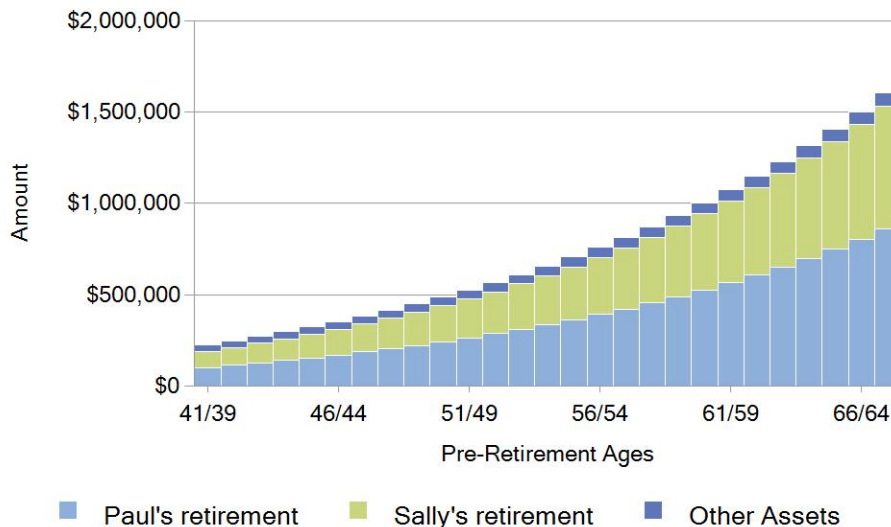
Sally's retirement assets - \$670,667

Other assets - \$72,444

## Analysis

You will have accumulated \$1,603,163 by Paul's age 67, Sally's age 65.

### Asset Growth



**An additional \$493,232 will be required at retirement to meet your goals.**

Values shown in this presentation are hypothetical and not a promise of future performance.

<sup>1</sup> Monthly amounts shown are in today's dollars.

# Retirement Timeline

## Assumptions:

Retirement Rate of Return: 5.00%  
 Rate of Inflation: 2.50%

## Analysis Results:

Total of Annual Shortfalls: \$1,370,340  
 Additional Capital Required: \$493,232

Ages	Need	Sources				Asset Balance	Annual Shortfall
		Earned Income	Social Security	Other Income	Earnings from Assets		
<b>Beginning Balance</b>						<b>\$1,603,163</b>	
67/65	\$210,362	\$74,740	\$32,451	\$6,000	\$79,348	\$1,585,339	\$0
68/66	215,621	75,861	33,100	6,000	78,341	1,563,019	0
69/67	221,012	0	61,024	6,000	75,732	1,484,763	0
70/68	226,537	0	62,244	6,000	71,610	1,398,080	0
71/69	232,201	0	63,489	6,000	67,054	1,302,422	0
72/70	238,006	0	64,759	6,000	62,035	1,197,210	0
73/71	243,956	0	66,054	6,000	56,524	1,081,832	0
74/72	250,055	0	67,375	6,000	50,490	955,642	0
75/73	256,306	0	68,723	6,000	43,899	817,957	0
76/74	262,714	0	70,097	6,000	36,716	668,056	0
77/75	209,441	0	71,499	6,000	30,550	566,664	0
78/76	214,677	0	72,929	6,000	25,258	456,174	0
79/77	220,044	0	74,388	6,000	19,498	336,016	0
80/78	225,545	0	75,875	6,000	13,240	205,586	0
81/79	231,184	0	77,393	6,000	6,454	64,248	0
82/80	203,112	0	78,941	6,000	37	0	53,886
83/81	208,189	0	80,519	6,000	0	0	121,670
84/82	213,394	0	82,130	6,000	0	0	125,264
85/83	218,729	0	83,772	6,000	0	0	128,957

Values shown in this presentation are hypothetical and not a promise of future performance

## Retirement Timeline

Ages	Need	Sources				Asset Balance	Annual Shortfall
		Earned Income	Social Security	Other Income	Earnings from Assets		
86/84	\$224,197	\$0	\$85,448	\$6,000	\$0	\$0	\$132,749
87/85	229,802	0	87,157	6,000	0	0	136,645
88/86	235,547	0	88,900	6,000	0	0	140,647
89/87	241,436	0	90,678	6,000	0	0	144,758
/88	247,472	0	51,171	6,000	0	0	190,300
/89	253,659	0	52,195	6,000	0	0	195,464

Values shown in this presentation are hypothetical and not a promise of future performance

# Alternatives to Achieving Retirement Goals

There are several alternatives available which will provide a better chance of meeting your goals.

## You Can Save More Until Retirement

Your current savings of \$550 will need to be increased by \$719 with the additional monthly savings earning a rate of return of 5.00%.

## You Can Earn More on Your Assets Until Retirement

The rate of return on your existing savings of 1.50% will need to be increased to 9.79%.

## You Can Spend Less During Retirement

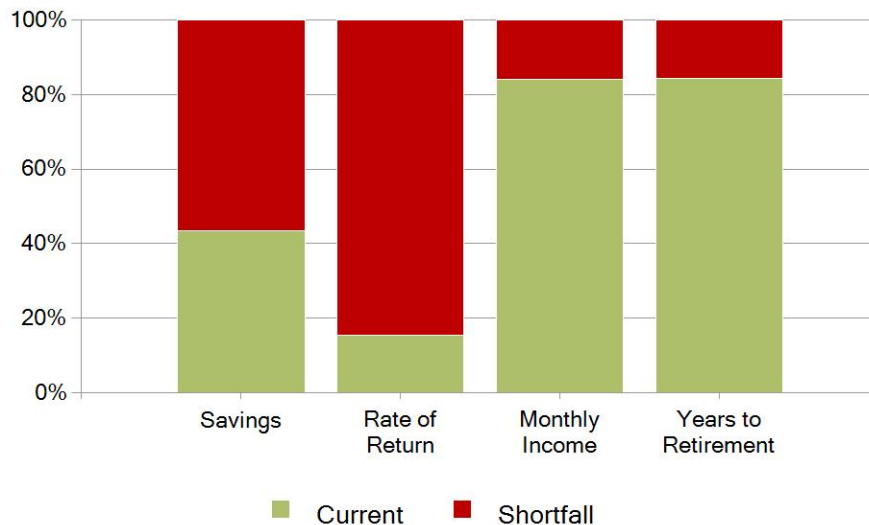
Your desired retirement spending goals will need to be reduced by 16.00% resulting in \$7,560 per month during the first year of retirement.

## You Can Retire Later

You can satisfy your spending goals if retirement is postponed until Paul's age 72 and Sally's age 72.

Each of these alternatives may not be possible to implement fully. Therefore, you might consider taking some steps in several different areas. Investments with the potential for a higher rate of return also have increased risk of losing principal, and may have increased short-term volatility.

## Alternatives to Achieving Retirement Goals

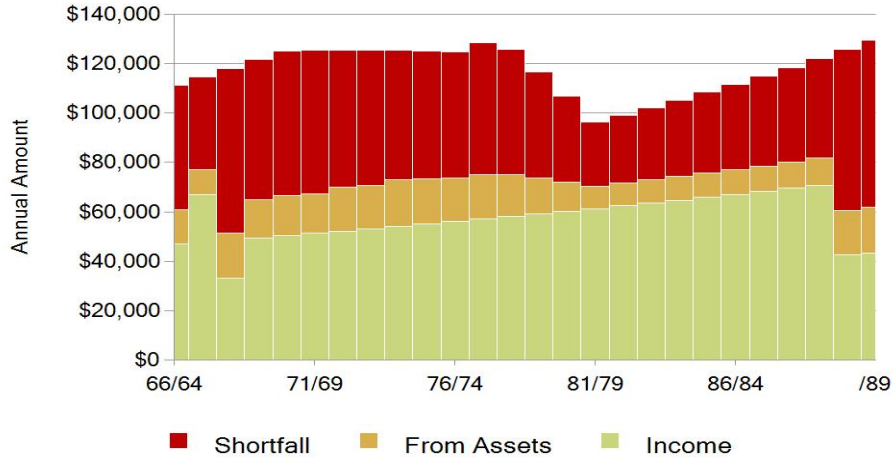


Values shown in this presentation are hypothetical and not a promise of future performance.

# Total Needs Spending

You estimated your essential spending to be \$7,000 in today's dollars, which will be \$7,210 when you retire in 1 years. In addition, you would like to spend an additional \$2,000 in today's dollars, which is \$2,060 at retirement.

The chart below illustrates how much of your total spending can be satisfied with secure income and by liquidating your capital.



**On average, 61% of your total needs and desires can be satisfied with both income and by liquidating assets.**

Values shown in this presentation are hypothetical and not a promise of future performance.

# Essential Needs

## Capital Use

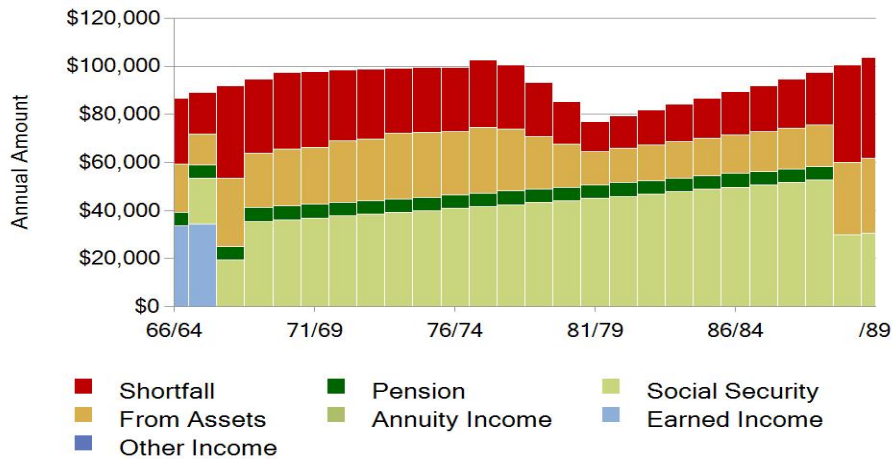
You estimated your essential spending to be \$7,000 in today's dollars, which will be \$7,210 when you retire in 1 years.

In addition to your secure income sources of:

- Earnings
- Social Security benefits
- Pension Income

You have the following capital available at the start of retirement:

Tax-Deferred plans of	\$350,037
Taxable savings of	52,558
Tax-Free savings of	25,760
Other savings of	11,307
	<hr/>
	\$439,662



**On average, 73% of your essential needs can be satisfied with both income and by liquidating assets.**

Values shown in this presentation are hypothetical and not a promise of future performance.



# Essential Needs and Secure Income

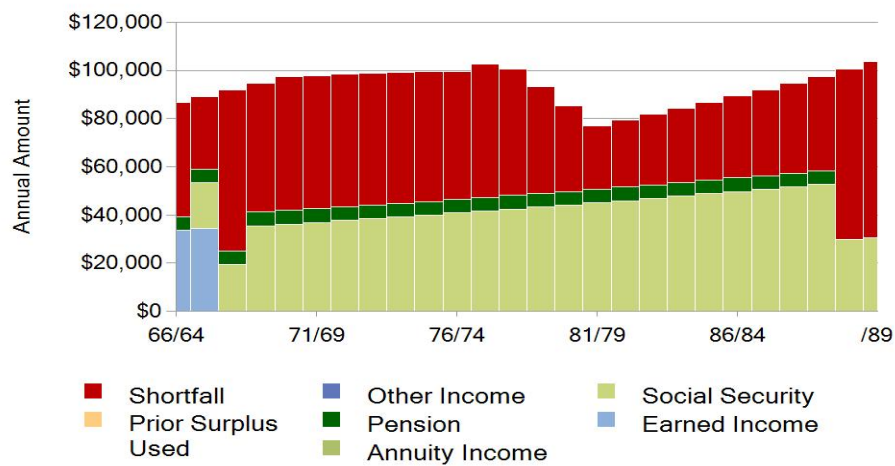
You estimated your essential spending to be \$7,000 in today's dollars, which will be \$7,210 when you retire in 1 years.

The chart below illustrates how much of your essential needs can be satisfied with secure income. Essential needs include housing, food, clothing and medical costs and other needs. Secure income is that which is guaranteed such as earnings, pension income, social security and annuity income.

This chart does not consider withdrawals from retirement plans or other investments.

To satisfy your essential needs you have the following secure income sources:

- Earnings
- Social Security benefits
- Pension Income



**On average, 50% of your essential needs are satisfied with secure income.**

Values shown in this presentation are hypothetical and not a promise of future performance.

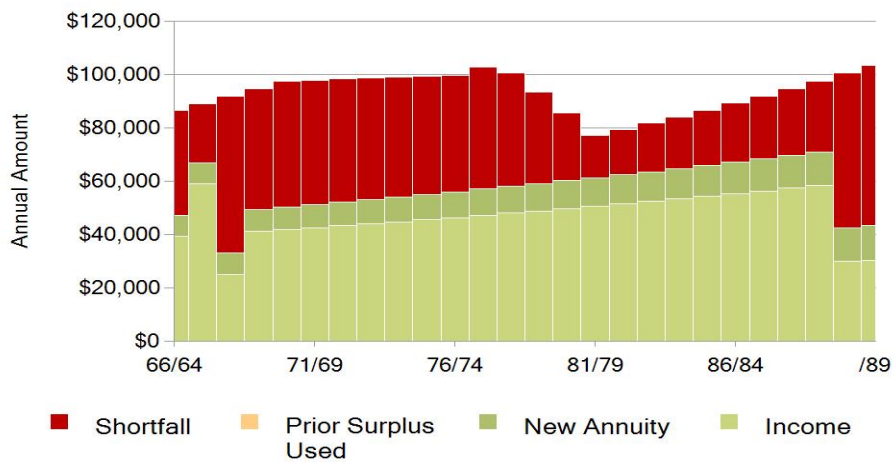
# Essential Needs and Secure Income

## With a new annuity

This analysis shows that 50% of your essential needs are satisfied with secure income. The purchase of an annuity can increase this to 61%.

By using approximately \$109,916 of your capital you should be able to add \$658 to your secure monthly income, which includes:

- Earnings
- Social Security benefits
- Pension Income



**With the additional annuity, on average, 61% of your essential needs can be satisfied with secure income.**

Values shown in this presentation are hypothetical and not a promise of future performance.

# Essential Needs

## Capital Use with new annuity

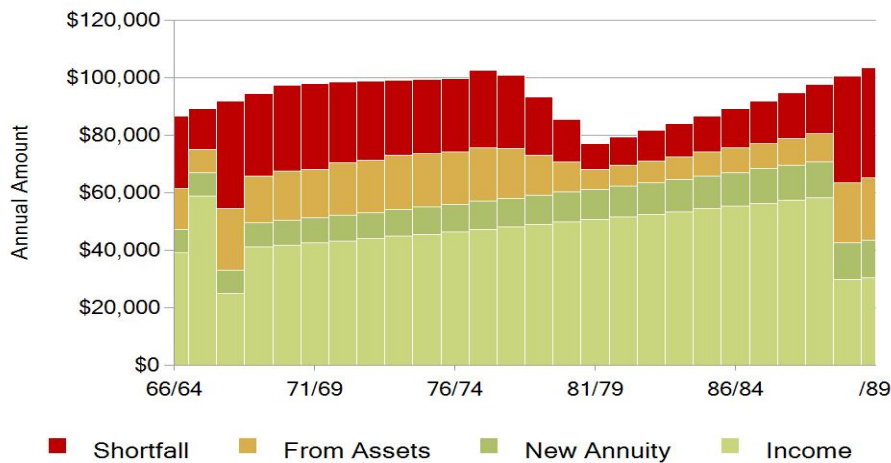
Maintaining a sustainable retirement lifestyle is about balance. First, you have to balance your required spending with secure income. Housing, food and other necessities need to be as secure as possible.

You estimated your essential spending to be \$7,000 in today's dollars, which will be \$7,210 when you retire in 1 years. Below is the comparison of your essential needs with your secure income. The secure income does not include any withdrawals from retirement plans or other investments.

By using approximately \$109,916 of your capital you should be able to add \$658 to your secure monthly income.

You would have the following capital available at the start of retirement:

Tax-Deferred plans of	\$226,043
Taxable savings of	33,940
Tax-Free savings of	25,760
Other savings of	11,307
	<hr/>
	\$297,051



**On average, 73% of your essential needs can be satisfied with current estimated income, a new annuity and by liquidating assets.**

Values shown in this presentation are hypothetical and not a promise of future performance.

---

# Business Continuation Needs

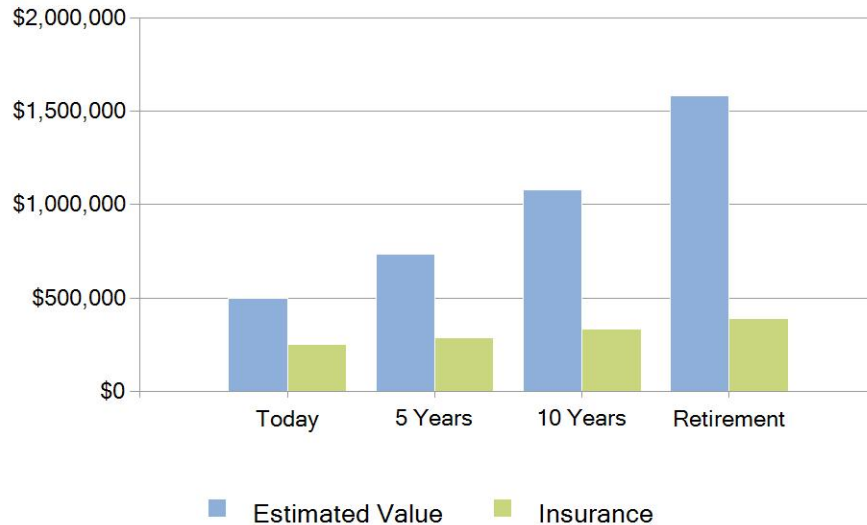
---

## In the event of the death of: John

The value of your business may increase over time. An annual review is an important step in verifying that your business documents and financial assets are up to date. This includes reviewing your analysis of the business needs in the event of the death of a business partner. It is vital to make sure that the funding mechanism keeps pace with the value of your business. If funds are not available to buy out the heirs of a deceased partner, it may put a severe strain on an otherwise healthy business, causing it to ultimately collapse.

	Today	5	10	Retirement
<b>Estimated Value<sup>1</sup></b>	\$498,750	\$732,827	\$1,076,764	\$1,582,119
<b>Insurance</b>	250,000	289,819	335,979	389,492
<b>Shortfall</b>	248,750	443,009	740,785	1,192,627

### John's Ownership of Brine Consulting



---

<sup>1</sup> These figures are approximations only. For additional information contact your business valuation consultant.

# Ways to Pay for Business Continuation

For: Brine Consulting

In the event of the death of: John

## Assumptions:

Year to illustrate: 10

Available life insurance: \$335,979

Estimated business value: \$1,076,764

Additional funds needed: \$740,785

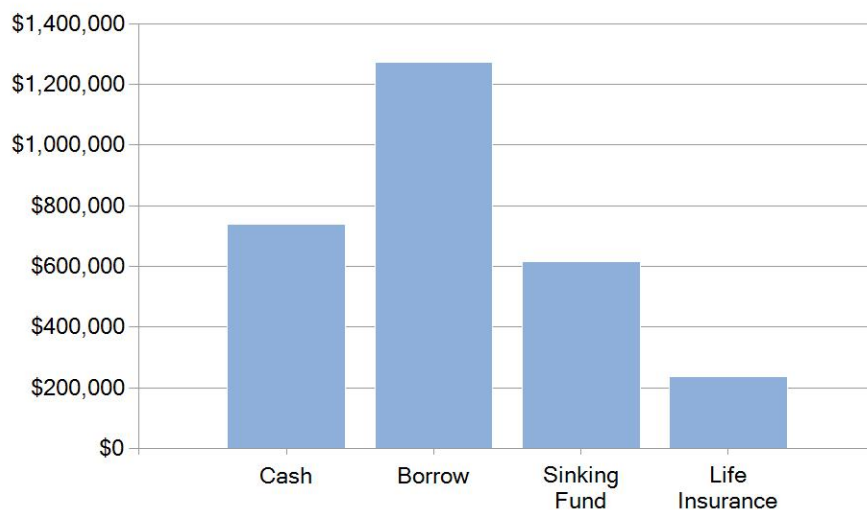
This analysis illustrates several ways to provide for business continuation in the event of an owner's death.

Whether the surviving owners or the business entity purchase the deceased owner's equity, there is a need for immediate cash. If funds are not available to buy out the heirs of a deceased owner, there may be a time-consuming legal battle that may create a strain on an otherwise healthy business, causing a risk of insolvency.

## Funding Options

Funding Method	Total Dollars	Cost per Dollar
Cash	\$740,785	\$1.00
Loan <sup>1</sup>	1,274,278	1.72
Sinking Fund <sup>2</sup>	617,007	0.83
Life Insurance <sup>3</sup>	237,124	0.32

## Total Cost



Values shown in this presentation are hypothetical and not a promise of future performance.

<sup>1</sup> Assumes an interest rate of 8.00% and a term of 15 years.

<sup>2</sup> Assumes a rate of return of 4.00% and 10 years to fund. A "sinking fund" is an account in which money is accumulated over time to pay off a debt or pay for a specific purchase. The sinking fund is not based on any particular investment and does not include fees or expenses associated with investing or other products that may be used in this scenario.

<sup>3</sup> The life insurance portion is not specific to any particular product. For more information regarding a life insurance strategy, refer to a complete basic illustration provided by the life insurance carrier.