Summary Report

Sample - Near Retirement

11/11/2022

Statistics

Tax-aware distribution planning can affect the long-term tax-efficiency of an income plan. The statistics below compare estimated tax outcomes of two different distribution strategies.**

Pro-Rata: Withdraw from investment accounts in proportion to each account's balance. For example, if in a given year account A is twice the size of account B, take twice as much from account A as from account B in that year.

Taxable, Tax-Deferred, Tax-Free* (Roth): Take any withdrawals needed to produce each year's income first from taxable accounts. If no taxable balances are available, withdraw from tax-deferred accounts. If no tax-deferred balances are available, withdraw from Roth accounts.

Average Tax Rate	Total Taxes	Total Net Income	Net Legacy
0.2%	-$34,907	$34,906	$336,342
Strategy 1	Strategy 1	Strategy 1	Strategy 1
21.5%	**$1,489,417**	**$3,421,523**	**$4,876,375**
Strategy 2	Strategy 2	Strategy 2	Strategy 2
21.3%	**$1,524,324**	**$3,386,617**	**$4,540,033**

* The term "Tax-Free" in this report refers exclusively to Roth accounts. Distributions from Roth accounts may be subject to tax and/or tax penalties if the owner is below age 59.5 and the account has been open for less than five years, or if funds deposited through a Roth conversion are withdrawn within five years. Contributions to Roth accounts that exceed certain limits may be subject to tax penalties. See the glossary for more information on distribution strategies and account types.

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Short Term Income Plan

Based on your inputs and chosen assumptions, your estimated balance at retirement is $2,876,329 (current balance: $2,840,000) and projected future retirement income is $15,973 per month ($12,821 after taxes). These amounts may change over time. The plan reported on here includes a plan for income adjustments. The Income Adjustment Plan below shows estimates of when this plan would call for a change in income once retirement has begun.

Proposed Income

At retirement (Jan 2023)

$15,973

$12,821 after taxes

Balance

Projected at retirement

$2,876,329

Current balance: $2,840,000

Income Adjustment Plan

$16,771 ($799 increase)

If portfolio reaches $3,020,146 (+5%)

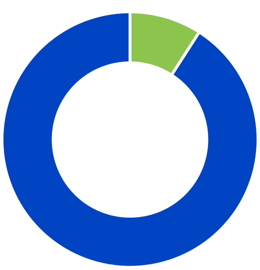
If your portfolio balance at retirement were at or above $3,020,146 (5% more than your projected balance at retirement), your plan would call for a $799 increase in retirement income to $16,771.

$15,174 ($799 decrease)

If portfolio reaches $2,022,797 (-29.7%)

If your portfolio balance at retirement were at or below $2,022,797 (29.7% less than your projected balance at retirement), your plan would call for a $799 decrease in retirement income to $15,174.

Income Analysis



	Source	Amount	%
	Other Income	$2,500	9.1%
	Social Security	$0	0%
	Portfolio Withdrawals	$24,967	90.9%

Based on your inputs and chosen plan parameters, the chart above shows how much of this plan's first (or current) month of income comes from portfolio withdrawals, Social Security, and other sources.

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

Long Term Income Outlook

In order to estimate the possible outcomes of a dynamic plan – one that adjusts and adapts to changing circumstances – we have simulated the experiences of hypothetical households that increased and decreased income according to the plan reported on here. The information below summarizes the results of these plan tests.

Lifetime Income Experience

This section reports on total simulated overall income, including income adjustments, compared to the income plan without adjustments.

90% Scenarios Above Plan

↑ Average: **41% above planned**

↑ Best case: **157% above planned**

90% of simulated scenarios had more total income over time than planned. On average, total lifetime income was 41% higher than planned. In the best case, total lifetime income was 157% higher than planned.

10% Scenarios Below Plan

↓ Average: **7% below planned**

↓ Worst case: **19% below planned**

10% of simulated scenarios had less total income over time than planned. On average, total lifetime income was 7% lower than planned. In the worst case, total lifetime income was 19% lower than planned.

Income Adjustments

Dynamic plans involve adjustments to income due to inflation and changes in other financial and economic circumstances. The results below report on the size and frequency of these adjustments in the plan tests.

Average Increase

5.7% every 1.5 years

Largest increase:	**41%**
90% of increases:	**5% - 11%**

On average, simulated scenarios had a 5.7% increase in income every 1.5 years. The largest single increase in any simulated scenario was 41%, but 90% of increases were between 5% and 11%.

Average Decrease*

-6.2% every 18.4 years

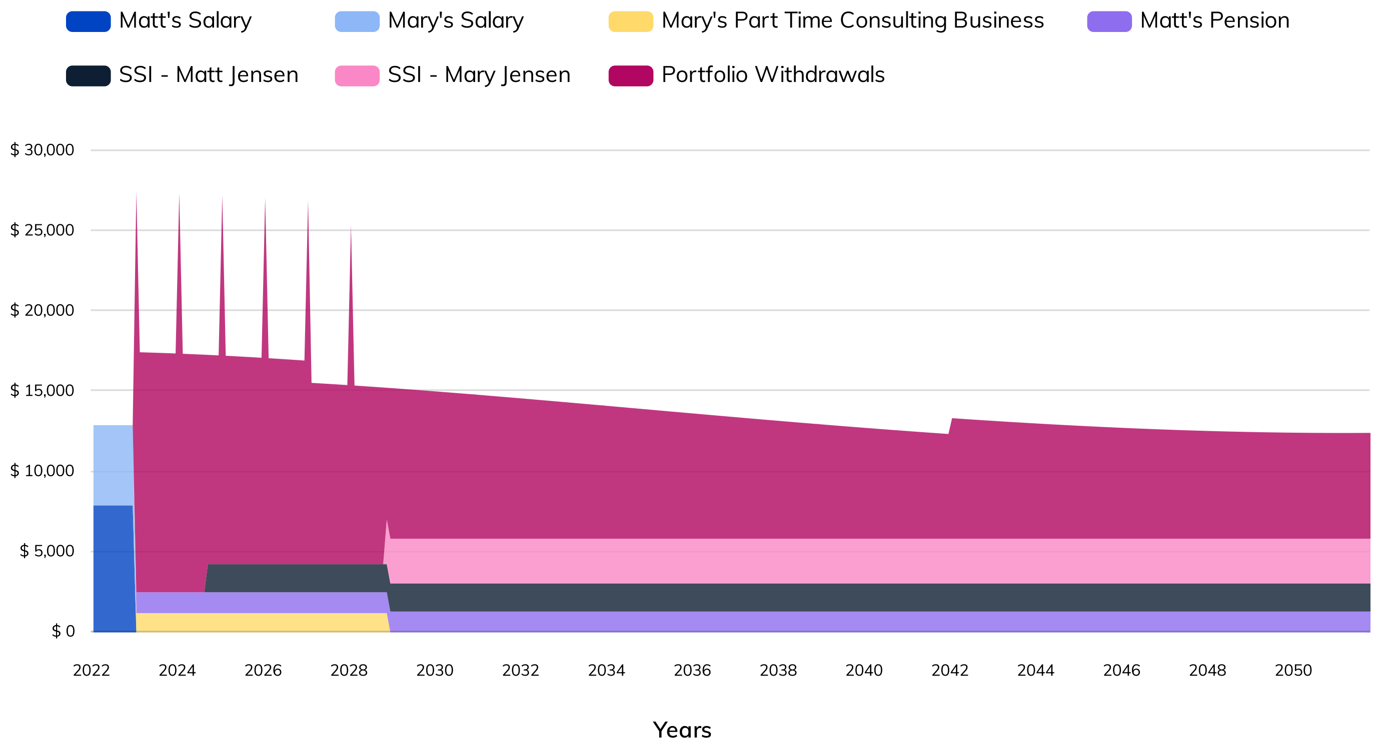
Largest decrease:	**16.5%**
90% of decreases:	**0.5% - 9.3%**

On average, simulated scenarios had a 6.2% decrease in income every 18.4 years. The largest single decrease in any simulated scenario was 16.5% but 90% of decreases were between 0.5% and 9.3%.*

* Note that reductions in income from an above-plan level to another above-plan level are not included in these statistics since they do not result in income below plan.

Income Sources - Real

Household income may be derived from many different sources, including withdrawals from investment accounts and income received from non-portfolio sources like Social Security or pensions. Using your inputs and chosen inflation assumptions, the chart below shows how different income sources come together to produce income for the plan reported on here. Values are displayed in today's dollars.

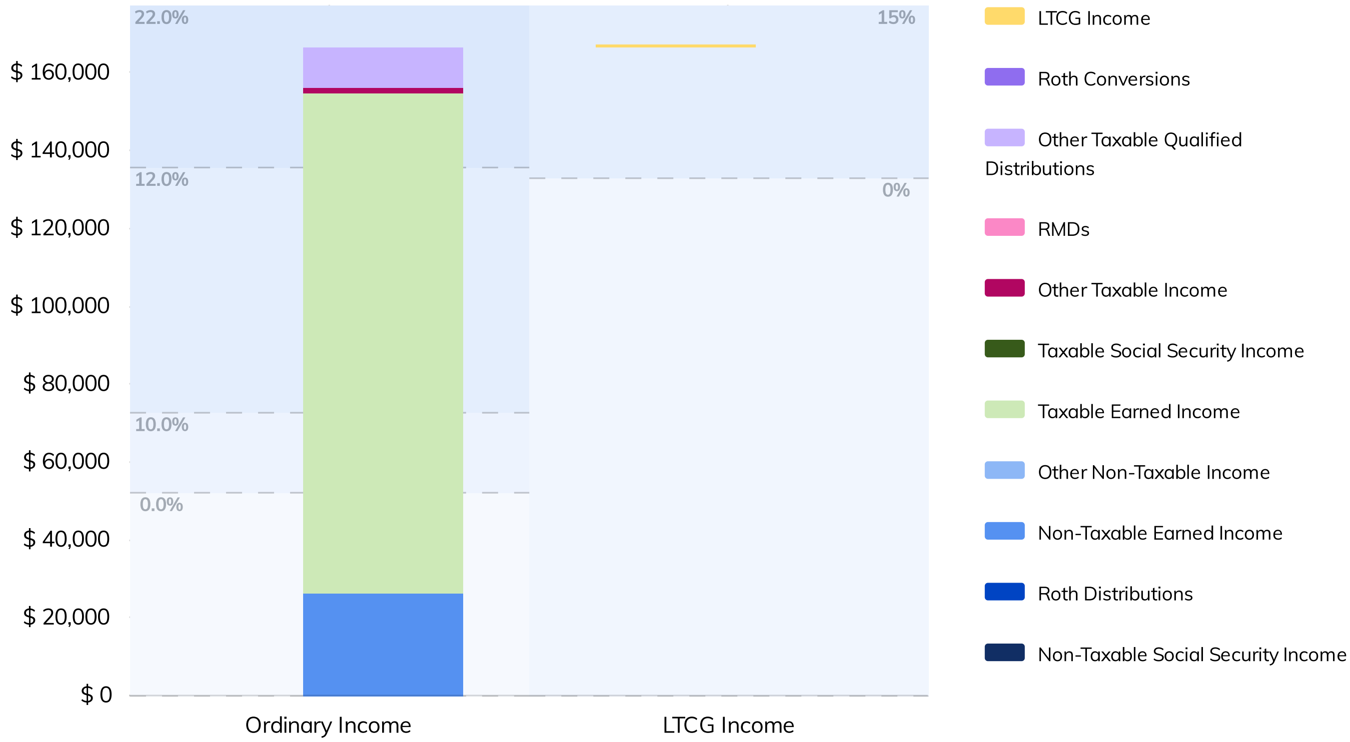


Year	Matt's Salary	Mary's Salary	Mary's Part Time Consulting Business	Matt's Pension	SSI - Matt Jensen	SSI - Mary Jensen	Portfolio Withdrawals	Gross Spending	Added to Portfolio
2022	$94,980	$60,000	$0	$0	$0	$0	$0	$154,980	$24,000
2023	$0	$0	$14,400	$15,600	$0	$0	$189,321	$219,321	$0
2024	$0	$0	$14,400	$15,600	$7,000	$0	$181,050	$218,050	$0
2025	$0	$0	$14,400	$15,600	$21,000	$0	$165,425	$216,425	$0
2026	$0	$0	$14,400	$15,600	$21,000	$0	$163,482	$214,482	$0
2027	$0	$0	$14,400	$15,600	$21,000	$0	$146,264	$197,263	$0
2028	$0	$0	$13,200	$15,600	$21,000	$5,574	$138,432	$193,805	$0
2029	$0	$0	$0	$15,600	$21,000	$33,444	$111,452	$181,498	$0

Year	Matt's Salary	Mary's Salary	Mary's Part Time Consulting Business	Matt's Pension	SSI - Matt Jensen	SSI - Mary Jensen	Portfolio Withdrawals	Gross Spending	Added to Portfolio
2030	$0	$0	$0	$15,600	$21,000	$33,444	$108,974	$179,016	$0
2031	$0	$0	$0	$15,600	$21,000	$33,444	$106,351	$176,394	$0
2032	$0	$0	$0	$15,600	$21,000	$33,444	$103,625	$173,669	$0
2033	$0	$0	$0	$15,600	$21,000	$33,444	$100,827	$170,873	$0
2034	$0	$0	$0	$15,600	$21,000	$33,444	$97,995	$168,039	$0
2035	$0	$0	$0	$15,600	$21,000	$33,444	$95,152	$165,197	$0
2036	$0	$0	$0	$15,600	$21,000	$33,444	$92,332	$162,376	$0
2037	$0	$0	$0	$15,600	$21,000	$33,444	$89,556	$159,601	$0
2038	$0	$0	$0	$15,600	$21,000	$33,444	$86,855	$156,899	$0
2039	$0	$0	$0	$15,600	$21,000	$33,444	$84,249	$154,291	$0
2040	$0	$0	$0	$15,600	$21,000	$33,444	$81,755	$151,800	$0
2041	$0	$0	$0	$15,600	$21,000	$33,444	$79,400	$149,445	$0
2042	$0	$0	$0	$15,600	$21,000	$33,444	$89,201	$159,245	$0
2043	$0	$0	$0	$15,600	$21,000	$33,444	$87,174	$157,218	$0
2044	$0	$0	$0	$15,600	$21,000	$33,444	$85,338	$155,380	$0
2045	$0	$0	$0	$15,600	$21,000	$33,444	$83,704	$153,749	$0
2046	$0	$0	$0	$15,600	$21,000	$33,444	$82,296	$152,339	$0
2047	$0	$0	$0	$15,600	$21,000	$33,444	$81,124	$151,166	$0
2048	$0	$0	$0	$15,600	$21,000	$33,444	$80,205	$150,248	$0
2049	$0	$0	$0	$15,600	$21,000	$33,444	$79,555	$149,600	$0
2050	$0	$0	$0	$15,600	$21,000	$33,444	$79,197	$149,240	$0

Income Details Chart - 2022

Income is treated in a variety of ways for tax purposes, depending on its source. The graph below shows estimates of how much income of each type will be received in the first (or current) year of this plan. This information is drawn from your inputs and chosen plan parameters, along with your tax, investment return, and inflation assumptions.



Non-Taxable Social Security: Social Security income that is not subject to income tax

Roth Distributions: Qualified distributions from Roth accounts

Non-Taxable Earned Income: Wage or self-employment income that is not subject to taxation

Other Non-Taxable Income: Return of investment principle, interest on certain municipal bonds, income subject to deductions, and other non-taxable income

Taxable Earned Income: Wage or self-employment income that is subject to taxation

Taxable Social Security: Social Security income that is subject to taxation

Other Taxable Income: Short-term capital gains, non-qualified dividends, interest, rental and royalty income, and other income subject to ordinary income tax

RMDs: Withdrawals from tax-qualified accounts that are required based on the age of the account owner

Roth Conversions: Funds moved from tax-deferred accounts to Roth accounts

Other Taxable Qualified Distributions: Other withdrawals from tax-deferred accounts such as traditional IRAs and 401(k)s

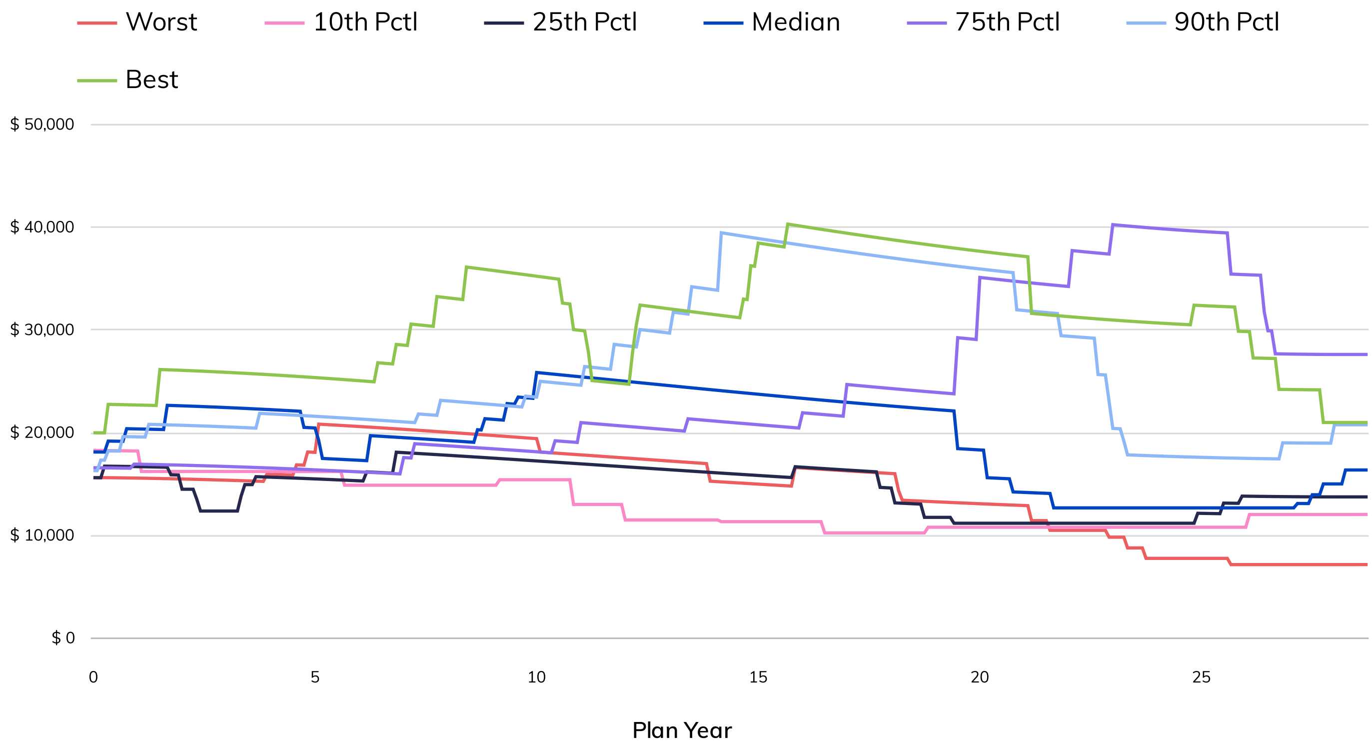
LTCG Income: Income from sale of investments held long-term, or from qualified dividends

*All figures and tax statistics shown here are estimates based on plan inputs. These estimates may differ from actual amounts realized over time. Please consult tax, legal and/or accounting advisors before engaging in any transaction.

Example Income Scenarios - Real

In order to estimate the possible outcomes of a dynamic plan – one that adjusts and adapts to changing circumstances – we have simulated the experiences of hypothetical households that increased and decreased income according to the plan reported on here. The information below summarizes the results of these plan tests.

The chart and table below show a range of simulated income experiences, stated in today's dollars. See Assumptions for information on assumed inflation rates. Each stair step in the chart indicates an increase or a decrease in income. These examples are hypothetical and do not report on the income of actual households.



	Worst	10th Pctl	25th Pctl	Median	75th Pctl	90th Pctl	Best
Average Income	$15,119	$13,226	$14,966	$20,003	$23,506	$26,462	$30,982
Highest Income	$20,927	$18,374	$18,194	$25,955	$40,347	$39,559	$40,402
Lowest Income	$7,251	$10,338	$11,279	$12,775	$16,082	$16,394	$20,075
First Year Below Essential Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Years Below Essential Income	0	0	0	0	0	0	0

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Estimated Actions

Investments can be held in accounts with distinct tax treatments:

Taxable: Non-qualified investment accounts where investment income is taxed in the year it is realized

Tax-Deferred: Retirement accounts such as traditional IRAs and 401(k)s

Tax-Free* (Roth): Roth retirement accounts such as Roth IRAs and Roth 401(k)s

The following are estimated withdrawals from and additions to different account types in the first (or current) year of the plan reported on here.**

Taxable Accounts	Tax-Deferred Accounts	Tax-Free* (Roth) Accounts
Withdrawals	Withdrawals	Withdrawals
$0	**$10,312**	**$0**
	Mary 's RMD: $0 Matt's RMD: $0	
Additions	Additions	Additions
$10,312	**$24,000**	**$0**

* The term "Tax-Free" in this report refers exclusively to Roth accounts. Distributions from Roth accounts may be subject to tax and/or tax penalties if the owner is below age 59.5 and the account has been open for less than five years, or if funds deposited through a Roth conversion are withdrawn within five years. Contributions to Roth accounts that exceed certain limits may be subject to tax penalties. See the glossary for more information on distribution strategies and account types.

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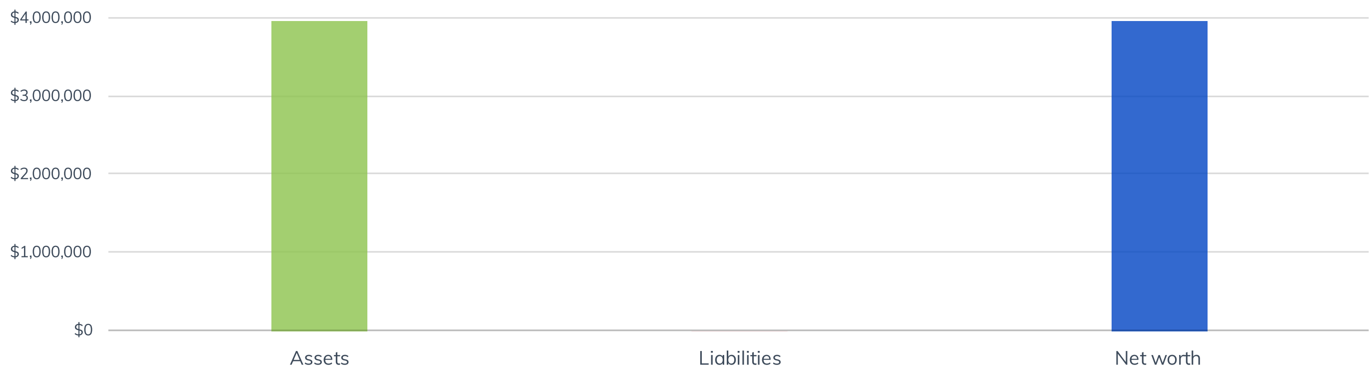
Balance Sheet

Net worth is the difference between assets and liabilities. Assets are things you own, such as a home, a business, or investment accounts. Liabilities are things you owe, such as the balance on a mortgage and other debt. The information below reflects your inputs.

Total Assets	Total Liabilities	Net Worth
$3,970,000	$0	$3,970,000



Investment Accounts	**$2,840,000**
Joint Account - Mary and Matt	$525,000
Mary's 401k - Mary	$615,000
Matt's IRA - Matt	$1,525,000
Matt's Inherited IRA - Matt	$90,000
Mary's Roth - Mary	$85,000

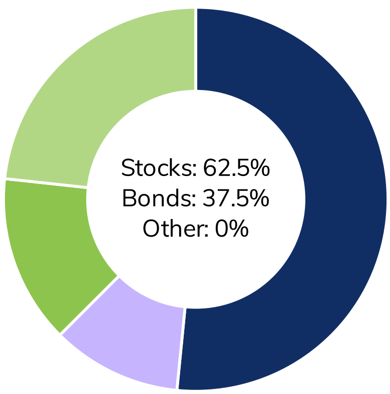
Life Insurance	**$400,000**
Matt's VUL - Matt	$400,000

Banking Accounts	**$30,000**
Savings Account - Mary	$30,000

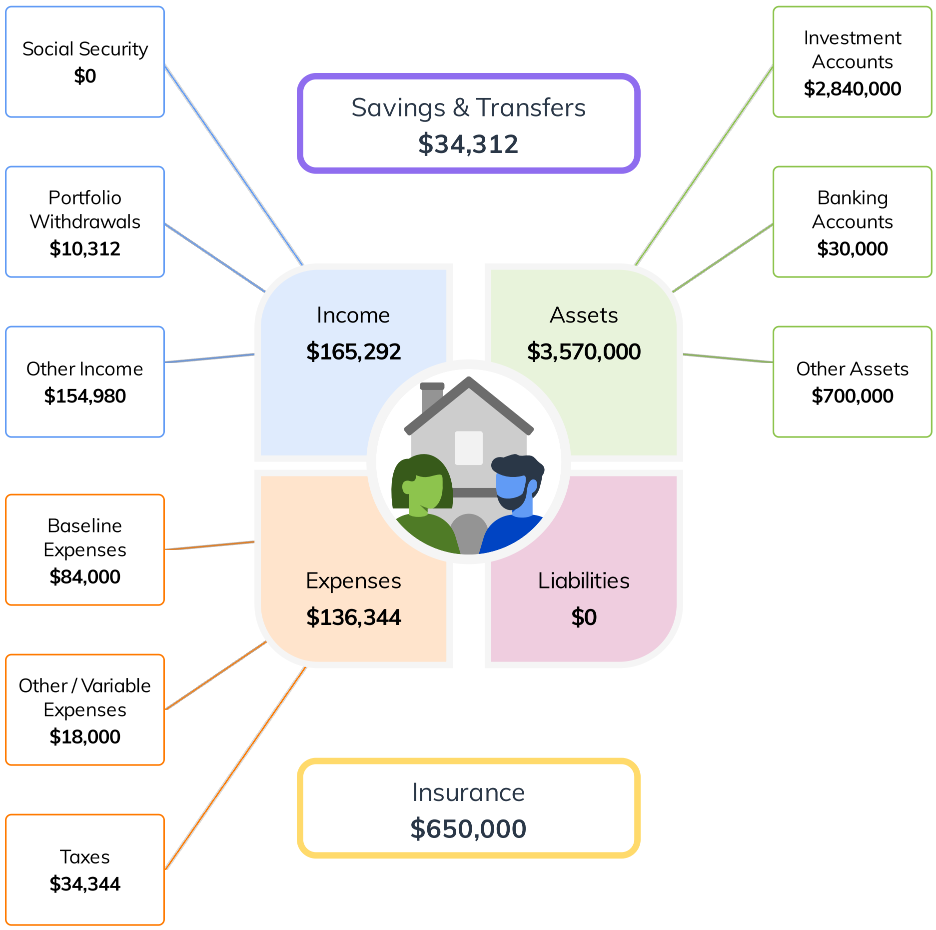
Other Assets	$700,000
Matt's VUL - Matt	$150,000
123 Main St - Mary	$550,000

Asset Allocation

The following specifies the target asset allocation of the plan reported on here, based on your inputs. This asset allocation summary is not a report of your current investment allocation or a substitute for the information contained in the official account statements provided by custodian(s).



	Asset Class	Balance	%
	US All Cap	$1,464,500	51.6%
	International	$310,500	10.9%
	Long-Term US Govt	$403,750	14.2%
	Intermediate-Term US Govt	$661,250	23.3%


Social Security
$0
Portfolio Withdrawals
$10,312
Other Income
$154,980
Savings & Transfers
$34,312
Investment Accounts
$2,840,000
Banking Accounts
$30,000
Other Assets
$700,000
Income
$165,292
Assets
$3,570,000
Expenses
$136,344
Liabilities
$0
Baseline Expenses
$84,000
Other / Variable Expenses
$18,000
Taxes
$34,344
Insurance
$650,000

Income	$165,292

Social Security	$0	SSI - Mary Jensen	$0
		SSI - Matt Jensen	$0
Other Income	$154,980	Mary's Part Time Consulting Busines	$0
		Matt's Salary	$94,980
		Mary's Salary	$60,000
		Matt's Pension	$0
Portfolio Withdrawals	$10,312	From Joint Account	$0
		From Mary's Roth	$0
		From Mary's 401k	$0
		From Matt's IRA	$0
		From Matt's Inherited IRA	$10,312

Expenses	$136,344

Baseline Expenses	$84,000	Food and Beverage	$25,200
		Insurance	$9,000
		Medical	$9,600
		Entertainment	$19,200
		Charitable Giving	$6,000
		Travel	$15,000
Other / Variable Expenses	$18,000	Football Season Tickets	$0
		Long Term Care	$0
		Mortgage Payment	$18,000

Taxes	$34,344
FICA Tax	$11,856
Ordinary Tax	$16,406
LTCG Tax	$111
NII Tax	$0
Medicare IRMAA	$0
State Tax	$5,971

Assets **$3,570,000**

Investment Accounts	$2,840,000
Joint Account	$525,000
Mary's Roth	$85,000
Mary's 401k	$615,000
Matt's IRA	$1,525,000
Matt's Inherited IRA	$90,000
Banking Accounts	$30,000
Savings Account	$30,000
Other Assets	$700,000
123 Main St	$550,000
Matt's VUL	$150,000

Insurances **$650,000**

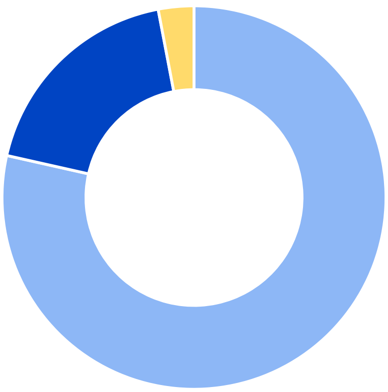
Joint Term Life	$250,000
Matt's VUL	$400,000

Savings **$34,312**

Acct Contributions	$24,000
Reinvested Withdrawals	$10,312

Tax Allocation

Understanding the tax status of the accounts that make up your portfolio can help you make better decisions. Different types of investment accounts are taxed differently. Taxable Accounts can result in taxable income every year, whether or not you make withdrawals from the account. Tax-Free* (Roth) Accounts, like Roth IRAs and Roth 401(k)s, do not produce taxable income except in special circumstances. Tax-Deferred Accounts, like Traditional IRAs, 401(k)s and 403(b)s, do not produce taxable income unless a distribution is taken. The information below reflects your inputs regarding your investment accounts and their tax status for the plan reported on here.** This report is not a substitute for information contained in the official account statements provided by custodian(s).



Tax Type	Balance	%
Tax Deferred	$2,230,000	79%
Taxable	$525,000	18%
Tax Free* (Roth)	$85,000	3%

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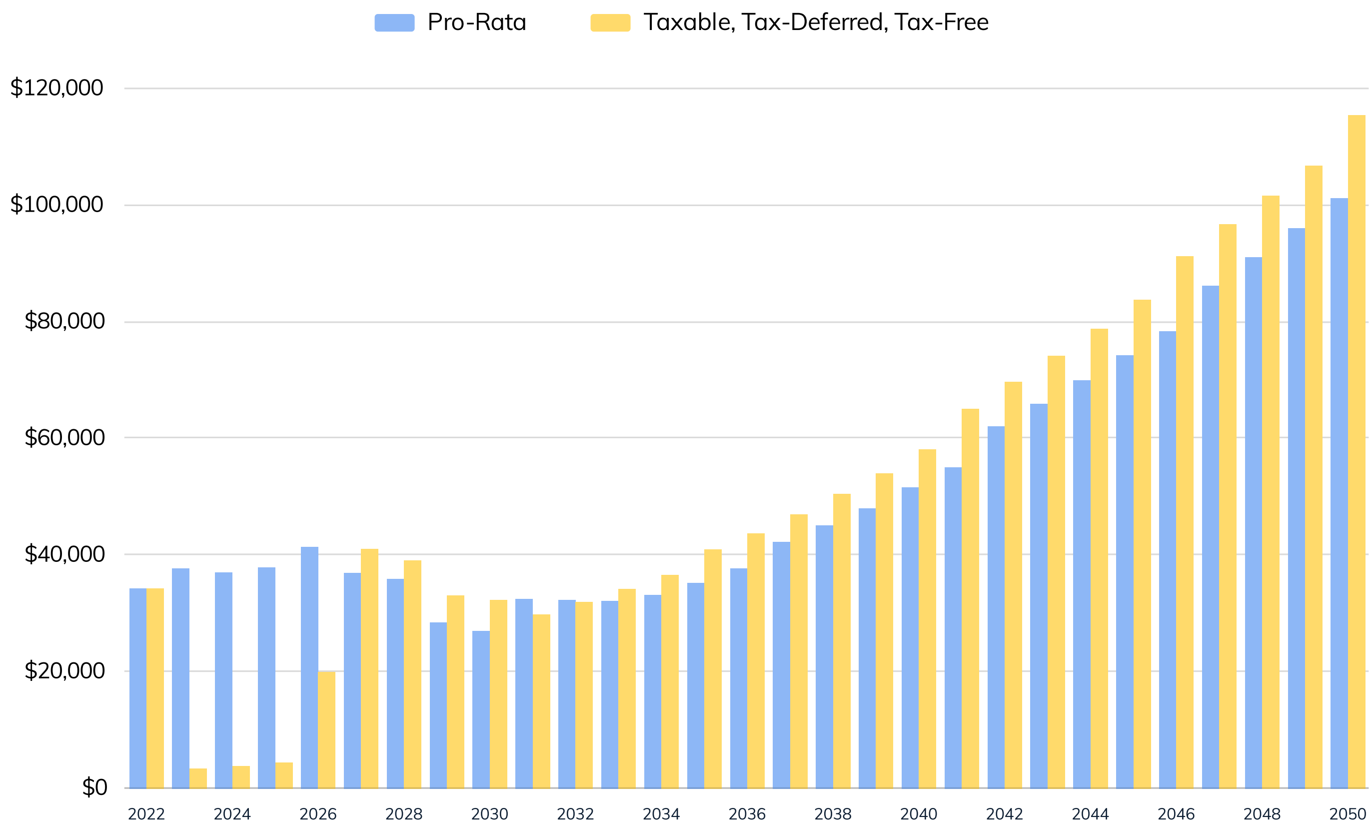
Tax Strategy Comparison - Total Taxes Chart

Tax-aware distribution planning can affect the long-term tax-efficiency of an income plan. The statistics below compare estimated tax outcomes of two different distribution strategies.**

Pro-Rata: Withdraw from investment accounts in proportion to each account's balance. For example, if in a given year account A is twice the size of account B, take twice as much from account A as from account B in that year.

Taxable, Tax-Deferred, Tax-Free* (Roth): Take any withdrawals needed to produce each year's income first from taxable accounts. If no taxable balances are available, withdraw from tax-deferred accounts. If no tax-deferred balances are available, withdraw from Roth accounts.



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Projected Tax Allocation Chart

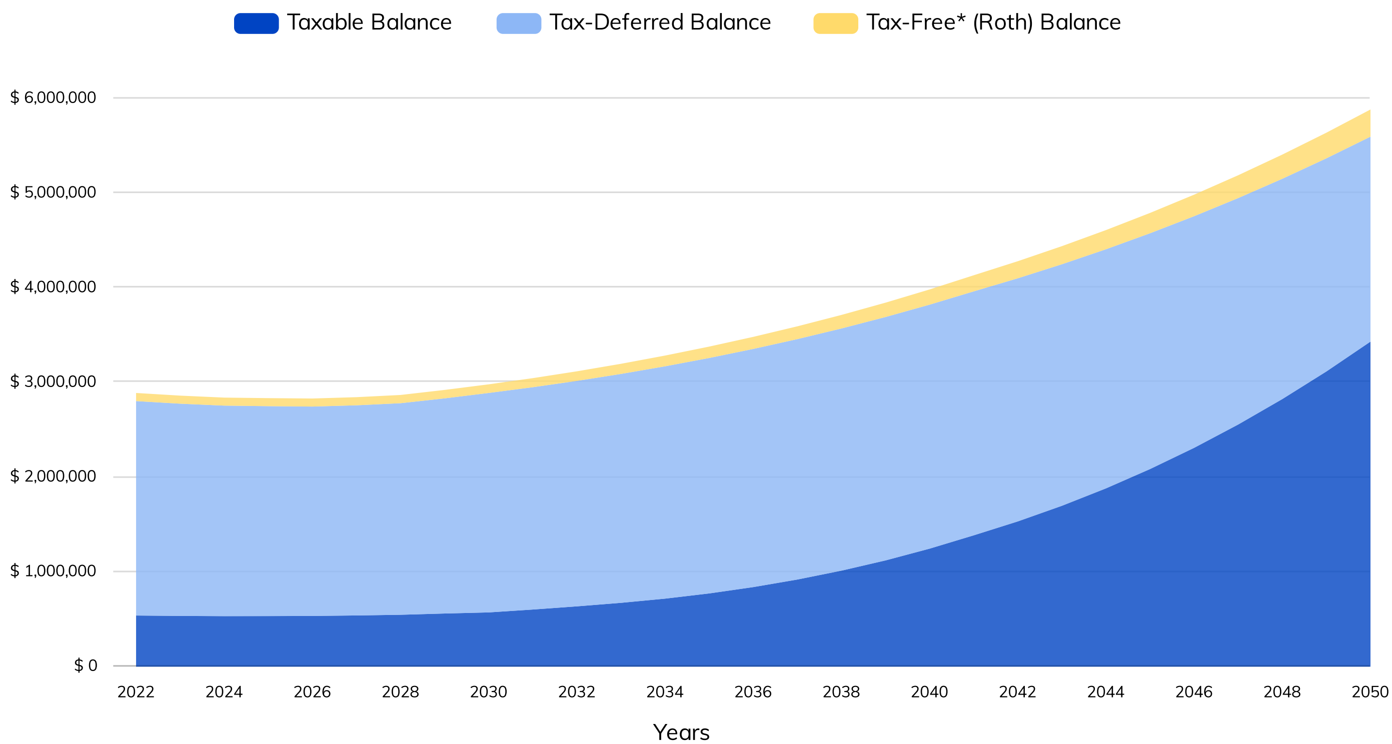
Investments can be held in accounts with distinct tax treatments:

Taxable: Non-qualified investment accounts where investment income is taxed in the year it is realized

Tax-Deferred: Retirement accounts such as traditional IRAs and 401(k)s

Tax-Free* (Roth): Roth retirement accounts such as Roth IRAs and Roth 401(k)s

Tax-aware distribution planning can involve preferentially withdrawing funds from one type of account or moving money from one account type to another (e.g., a Roth conversion). Over time, this can change the proportion of the portfolio that is held in accounts with each tax treatment. The graph below shows a projection of how tax allocation could change over time when following your planned withdrawal strategy.**



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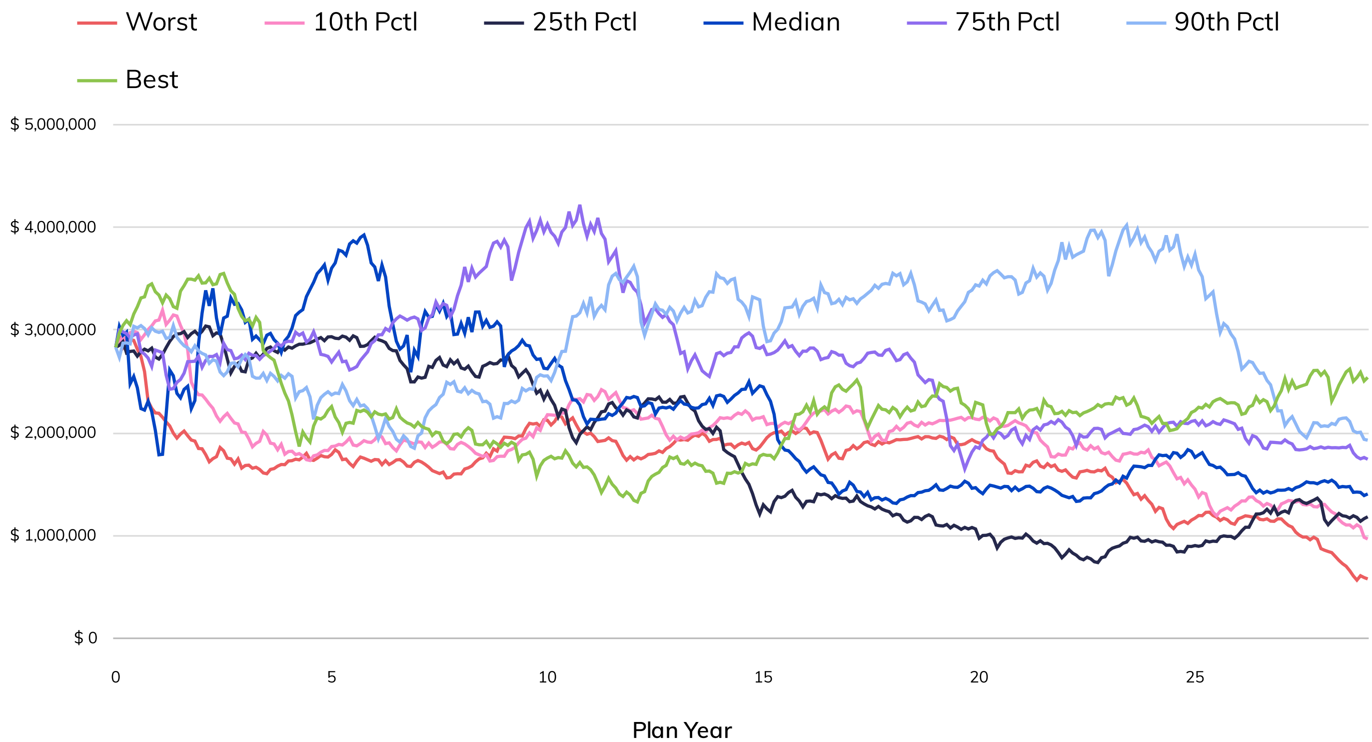
Example Legacy Scenarios - Real

A dynamic retirement plan continually reassesses the balance between income and legacy goals. In order to illustrate this balance, we have simulated the experience of hypothetical households that increased or decreased income according to the plan reported on here. The information below summarizes the results of these plan tests.

The chart and table below report on a range of final portfolio balances from this simulation, stated in today's dollars. See Assumptions for information on assumed inflation rates. These examples are hypothetical and do not report on the portfolio balances of actual households.



	Worst	10th Pctl	25th Pctl	Median	75th Pctl	90th Pctl	Best
Legacy Amount	$585,860	$974,586	$1,190,861	$1,413,177	$1,750,887	$1,936,523	$2,547,659
First Point Below Legacy Goal	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Time Below Legacy Goal	0	0	0	0	0	0	0

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Inputs

The calculations for the plan reported on here were produced using the following user inputs. Amounts are in today's dollars unless otherwise specified.

Household Information

Client 1: **Mary Jensen, born Nov 1958; Plans to retire in January 2023**
Client 2: **Matt Jensen, born Jan 1958; Plans to retire in January 2023**
State of residence: **California**

Investment Portfolio

Your inputs included an investment portfolio with a balance of **$2,840,000** and the following overall asset allocation.

Asset Allocation

	Asset	Balance	%
	US All Cap	$1,464,500	51.6%
	International	$310,500	10.9%
	Long-Term US Govt	$403,750	14.2%
	Intermediate-Term US Govt	$661,250	23.3%

According to your inputs, this portfolio is made up of the following accounts.

Name	Type	Balance
Mary's Roth	Roth IRA	$85,000
Mary's 401k	Traditional 401(k)	$615,000
Matt's IRA	Traditional IRA	$1,525,000
Joint Account	Taxable	$525,000
Matt's Inherited IRA	Inherited Retirement Acct	$90,000

Cash Flows

Account Contributions

Target Account	Amount	Frequency	Begin	End
Matt's IRA	$500	Every 1 month	Jan 2022	Dec 2022
Mary's 401k	$1,500	Every 1 month	Jan 2022	Dec 2022

Social Security

Recipient	Begin Date	Monthly Benefit
Mary	Oct 2028	$2,787
Matt	Aug 2024	$1,750

Other Income

Name	Amount	Frequency	Begin	End
Mary's Part Time Consulting Business	$1,200	Every 1 month	Jan 2023	Nov 2028
Matt's Salary	$7,915	Every 1 month	Jan 2022	Dec 2022
Mary's Salary	$5,000	Every 1 month	Jan 2022	Dec 2022
Matt's Pension	$1,300	Every 1 month	Jan 2023	Matt's death

Expenses

Baseline Expenses

Name	Amount	% Essential	Frequency
Food and Beverage	$2,100	75%	Every 1 month
Insurance	$750	100%	Every 1 month
Medical	$800	100%	Every 1 month
Entertainment	$1,600	50%	Every 1 month
Charitable Giving	$500	0%	Every 1 month
Travel	$1,250	60%	Every 1 month

Other/Variable Expenses

Name	Amount	Frequency	Begin	End
Football Season Tickets	$10,000	Every 1 year	Dec 2022	Jan 2028
Long Term Care	$1,000	Every 1 month	Jan 2042	Second spouse's death
Mortgage Payment	$1,500	Every 1 month	Jan 2022	Jan 2027

Retirement

Planning for retirement income involves making choices regarding the trade-offs between legacy goals, income level (standard of living), and income risk. The following user inputs regarding retirement income and legacy were used in the plan reported on here. See the Glossary for more information on these terms.

- Longevity Settings:
  - Plan for 45th percentile longevity*
  - Joint Plan Length:* 28.6 years
- Income Settings:
  - Target an income with an estimated **20%** chance of future reduction
  - Increase income if the estimated chance that a future reduction will be needed reaches **10%**
  - Decrease income if the estimated chance that a future reduction will be needed reaches **75%**
- Desired monthly income: **$7,000**
- Essential monthly income: **$4,675**
- Income Path: **Age-Based**
- Minimum Income Change: **5%**
- Legacy Goal: **$500,000, adjusted for inflation.**
- Analysis Method: **Historical**

* Longevity percentiles and plan lengths are calculated from Society of Actuaries (SOA) RP-2014 mortality tables with MP-2017 improvement scales.

Taxes

Distribution Strategy:[†] **Pro-Rata**
Local Tax Rate: **0%**

[†] When used in this report, the term "Tax-Free" refers exclusively to Roth accounts. Distributions from Roth accounts may be subject to tax and/or tax penalties if the owner is below age 59.5 and the account has been open for less than five years, or if funds deposited through a Roth conversion are withdrawn within five years. Contributions to Roth accounts that exceed certain limits may be subject to tax penalties. See the glossary for more information on distribution strategies and account types.

Fees & Expenses

The plan reported on here reflects the following inputs regarding fees and expenses. All values are annual.

Fee on investment assets: **0.0%**
Flat fee: **$0**

Fees and expenses applied to individual asset classes:

Asset Class	Fee	Asset Class	Fee
US All Cap Stock	0.0%	US LT Gov't Bonds	0.0%
US Lg Cap Stock	0.0%	US IT Gov't Bonds	0.0%
US Lg Cap Gr Stock	0.0%	US Corp Bonds	0.0%
US Lg Cap Val Stock	0.0%	US HY Bonds	0.0%
US Sm Cap Stock	0.0%	US REITs	0.0%
US Sm Cap Gr Stock	0.0%	Cash Equivalents	0.0%
US Sm Cap Val Stock	0.0%		
Int'l Dev Stock	0.0%		
Emerging Mkts Stock	0.0%		

Assumptions

Investment Return & Inflation Assumptions

This report may include results Monte Carlo or historical simulations. IMPORTANT: The projections or other information generated by Income Lab regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Assumed arithmetic mean inflation-adjusted returns and standard deviations for Traditional and Regime-Based (Near-Term and Long-Term) Monte Carlo analyses are shown in the table below. These assumptions are used to produce 1000 scenarios for analysis. Historical simulations are based on the past performance of asset-class and inflation indices. Average returns and standard deviations for these indices over the 30 years from 1992 to 2021 (inclusive) are shown below. Indices are not available for direct investment.

The plan reported on here uses the Historical analysis method.

					Monte Carlo					
		Historical (1992-2021)			Traditional		Near-term (Regime-Based)		Long-term (Regime-Based)	
	Asset Class	Index	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
Stocks	US All Cap Stock	WILSHIRE 5000	9.17%	14.72%	7.81%	15.69%	7.03%	18.32%	8.45%	18.31%
	US Lg Cap Stock	S&P 500	9.19%	14.40%	7.53%	15.33%	7.18%	19.16%	8.47%	18.60%
	US Lg Cap Gr Stock	RUSSELL 1000 GR	9.71%	16.36%	7.12%	17.31%	6.64%	19.54%	7.94%	19.40%
	US Lg Cap Val Stock	RUSSELL 1000 VAL	8.81%	14.50%	7.62%	14.92%	7.37%	19.06%	8.72%	18.33%
	US Sm Cap Stock	RUSSELL 2000	9.48%	19.05%	9.04%	20.80%	8.35%	19.74%	9.44%	20.35%
	US Sm Cap Gr Stock	RUSSELL 2000 GR	8.62%	21.76%	7.82%	22.50%	7.85%	20.10%	8.62%	21.37%
	US Sm Cap Val Stock	RUSSELL 2000 VAL	10.17%	17.62%	10.52%	18.76%	8.95%	19.33%	10.44%	19.15%
	Int'l Dev Stock	MSCI EAFE	5.00%	16.03%	6.19%	16.89%	3.39%	8.48%	5.18%	11.17%
	Emerging Mkts Stock	MSCI EM MKTS	7.66%	21.77%	8.91%	22.16%	6.04%	11.12%	7.88%	14.66%
Bonds	US LT Gov't Bonds	SBBI US GOV'T LT	5.28%	10.18%	3.60%	10.78%	0.46%	6.77%	2.17%	7.63%
	US IT Gov't Bonds	SBBI US GOV'T IT	2.39%	4.19%	2.38%	5.25%	0.81%	4.81%	1.96%	4.73%
	US Corp Bonds	SBBI US CORP	5.44%	9.03%	4.16%	9.64%	0.91%	6.47%	2.50%	6.82%
	US HY Bonds	SBBI US HY	5.65%	8.38%	4.62%	9.06%	2.09%	10.42%	3.49%	10.09%
Other	US REITs	NAREIT US COMP	9.95%	17.81%	6.43%	17.65%	10.06%	27.74%	10.38%	25.93%
	Cash Equivalents	SBBI US 30 DAY	-0.10%	1.05%	0.39%	1.13%	0.76%	3.14%	0.74%	2.42%
	Inflation	CPI-U	2.40%	0.93%	2.52%	0.99%	3.27%	3.18%	3.25%	2.45%

Tax Assumptions

Tax estimates included in this report reflect the tax rates from the most recently completed calendar year when the report was generated, along with information you provided about your investments and cash flows. All tax calculations assume that current tax brackets will be adjusted for future inflation. See above for information on inflation assumptions.

The table below shows assumptions regarding the make-up of each asset class's annual return. See the Glossary for more information on these categories.

Asset Class	LTCG	STCG	Qualified Dividends	Ordinary Dividends	Taxable Interest	Tax-Exempt Interest	Deferred Growth
US All Cap Stock	15%	0%	10%	0%	0%	0%	75%
US Lg Cap Stock	15%	0%	12%	0%	0%	0%	73%
US Lg Cap Gr Stock	25%	0%	7%	0%	0%	0%	68%
US Lg Cap Val Stock	20%	0%	11%	0%	0%	0%	69%
US Sm Cap Stock	10%	0%	5%	0%	0%	0%	85%
US Sm Cap Gr Stock	8%	0%	2%	0%	0%	0%	90%
US Sm Cap Val Stock	15%	0%	5%	0%	0%	0%	80%
Int'l Dev Stock	15%	0%	5%	5%	0%	0%	75%
Emerging Mkts Stock	15%	0%	0%	10%	0%	0%	75%
US LT Gov't Bonds	0%	0%	0%	0%	63%	0%	37%
US IT Gov't Bonds	0%	0%	0%	0%	72%	0%	28%
US Corp Bonds	0%	0%	0%	0%	72%	0%	28%
US HY Bonds	0%	0%	0%	0%	70%	0%	30%
US REITs	8%	0%	0%	16%	0%	0%	76%
Cash Equivalents	0%	0%	0%	0%	100%	0%	0%

Actual future tax rates and asset class behavior may differ from these assumptions. All tax calculations are based on estimates and should not be relied upon for tax and legal purposes. Please consult a tax advisor before taking tax-related actions.

Tax estimates are performed on calendar-year data, as entered by the software user. Withdrawals are applied at the beginning of the year and additions are applied at the end of the year. Required minimum distributions and planned distributions from non-qualified deferred compensation plans and inherited tax-deferred and inherited Roth accounts are applied before any other distributions are calculated and applied. No distributions are taken from accounts subject to pre-59.5 or pre-55 penalties unless no other assets are available to fund planned income. Your actual future withdrawal choices may differ from these assumptions.

Glossary

<u>Assets Classes:</u> Groupings of investments that exhibit similar characteristics

- **Stocks:** Shares of equity, or ownership, in a company
  - **Large Cap:** Companies with the highest total market value in the overall market, typically $10 billion or more.
  - **Mid Cap:** Companies with market values in the middle of the overall market, typically between $2 billion and $10 billion.
  - **Small Cap:** Companies with market values that are at the low end of the overall market, typically below $2 billion.
  - **Growth:** Stock in a company that is expected to grow at a rate that is faster than the overall economy. These companies do not typically focus on payment of dividends.
  - **Value:** Stock whose price appears low relative to the company's financial performance.
  - **International Developed Markets:** Markets in countries with the most advanced economies and capital markets. These countries typically have high income, openness to foreign ownership, ease of capital movement, and efficiency of market institutions.
  - **Emerging Markets:** Markets in countries that have some characteristics of a developed market, but do not fully meet those standards.

- **Bonds:** Debt securities, which typically pay a fixed or variable interest rate to the holder.
  - **Government:** Debt issued by governments or governmental agencies.
  - **Corporate:** Debt issued by companies with investment grade credit ratings.
  - **High Yield:** Corporate debt whose credit rating is below investment grade.
  - **Long Term:** Debt that is due to mature in greater than 10 years.
  - **Intermediate Term:** Debt that is due to mature in 2-10 years.
  - **Short Term:** Debt that is due to mature in less than 2 years.

- **Other**
  - **Real Estate Investment Trusts (REITs):** Stock in a company that owns, operates, or finances income-generating real estate.
  - **Cash Equivalents:** assets that are cash or can be converted into cash very quickly, including debt securities with maturities of less than 90 days.

<u>Distribution Strategy:</u> A plan for how to order distributions from investment accounts to fund retirement spending needs.

- **Pro-Rata:** Taking withdrawals from investment accounts according to each account's size in comparison to the overall portfolio. Larger accounts see larger withdrawals and smaller accounts see smaller withdrawals.
- **Tax-Ordered:** Ordering portfolio withdrawals according to the tax status of accounts. This approach first withdraws funds from accounts with one tax status until funds with that tax status are exhausted before moving on to accounts with the next tax status.
- **Bracket Management X%:** Take portfolio withdrawals first from taxable accounts. When taxable balances are exhausted, take from tax-deferred accounts. Finally, take from tax-free accounts. (See below for important information on tax-free (Roth) accounts.) In any given year, if there is space remaining in or below the targeted X% tax bracket after all planned income has been accounted for, fill the target X% tax bracket via Roth conversions.

<u>Income Path:</u> The way in which you plan for income and spending needs to change over time.

- **Age-Based:** A “retirement smile” path where planned income will rise or stay the same early in retirement, decrease (in inflation-adjusted terms) as retirement proceeds, and then increase again toward the end of the plan. This pattern matches research findings on how age and discretionary income affect retirees' spending over time.
- **Flat:** Planned income that remains the same, in inflation-adjusted terms, throughout the plan.
- **Custom:** A “retirement smile” pattern with customized parameters for when changes in income begin, the size of these changes, and the timing and size of any planned end-of-life income increases.

Income Settings: Your attitude toward the trade-off between income level and the estimated chance that an unplanned reduction in income will be needed in the future.

Income Types:

- **Capital Gains:** Income produced from the sale of something for an amount that is higher than the purchase price.
  - **Long-Term (LTCG):** Capital gains from something held for more than a year. Typically taxed at preferential rates.
  - **Short-Term (STCG):** Capital gains from something held for a year or less. Typically taxed as ordinary income.

- **Deferred Growth:** Growth in the price of securities that is not taxed in a given year because the security has not been sold.

- **Dividends:** A distribution of cash or stock to a class of shareholders in a company.
  - **Ordinary:** Dividends taxed as ordinary income.
  - **Qualified:** Dividends taxed as long-term capital gains.

- **Interest:** Amounts paid to bondholders or holders of bank accounts.
  - **Taxable:** Interest that is taxable as ordinary income.
  - **Tax-Exempt:** Interest, typically from municipal bonds, that is not subject to Federal income tax.

Index: A set of securities or other methodology for tracking the performance of a particular asset class or market sector. Indices are not available for direct investment but instead serve as a proxy measurement for investment returns.

Inflation: Change in prices and purchasing power over time.

- **Future Dollars:** Values expressed in terms of projected future values, including the effect of inflation into the future. These values can be thought of as reflecting projected future prices.
- **Today's Dollars:** Values expressed in terms of the purchasing power of a dollar today. These values can be thought of as values converted to today's prices to undo the effects of future inflation.

Legacy Goal: The amount of investment assets that you would like to have at the end of the plan horizon.

Longevity Setting: Your attitude toward longevity risk, which is the estimated chance of living beyond the plan horizon.

Minimum Income Change: It can be both administratively onerous and impractical to make small and frequent adjustments to income. The minimum income change setting allows you to specify how large a potential income adjustment would need to be before you would effect such a change.

Risk: The chances that an outcome will differ from the expected outcome, especially if that difference would result in a loss. Planning for retirement income involves making choices regarding the trade-offs between legacy goals, income level (which determines to a large extent a household's standard of living), and income, investment, and longevity risk.

- **Investment:** The chances of loss or fluctuation in the price or value of investments.
- **Longevity:** The chances of living longer than planned.
- **Income:** The chances that planned-for income will not be achievable and that an unplanned reduction in income will be needed in the future.

Simulation: The exploration of hundreds or thousands of possible scenarios and their possible effect on a plan's outcome. The results of simulation analysis will vary depending on assumptions and inputs and may vary with each use and over time.

- **Monte Carlo Simulation:** A method of analysis that is used to explore possible outcomes when certain variables, like investment returns and inflation, are uncertain. For financial analysis, this involves producing many (e.g., 1000) randomized sequences of investment returns and inflation, based on assumed average rates and standard deviations, and exploring how these hypothetical scenarios would affect the outcomes of a plan. Monte Carlo simulation may produce scenarios and statistical distributions worse than or better than those that have occurred historically.

- **Historical Simulation:** A method of analysis that is used to explore possible outcomes when certain variables, like investment returns and inflation, are uncertain. For financial analysis, this typically involves examining how sequences of returns and inflation rates that have occurred historically would affect the outcomes of a plan. Past performance is not a guarantee of future results.

Expenses

- **Essential:** Expenses that you consider necessary for basic life needs. Such expenses typically have low flexibility.
- **Discretionary:** Expenses that go beyond what you consider necessary for basic life needs. Such expenses are typically more flexible.

Tax Status: The tax treatment of income realized within an investment account or of withdrawals taken from that account.

- **Taxable:** An account whose interest, dividends, realized capital gains, and other taxable income are taxed in the year in which they are realized.
- **Tax-Deferred:** An account (e.g., a Traditional IRA or 401(k)) in which investment gains, interest, and dividends are not taxed when realized. These accounts are usually funded with pre-tax dollars and withdrawals from these accounts are taxable as ordinary income, except in the (somewhat rare) case of withdrawal of cost basis. These accounts are typically subject to tax rules and penalties regarding contribution limits, restrictions on withdrawals before age 59.5 (or, in some situations, age 55), and required distributions after age 70.5 or 72.
- **Tax-Free (Roth):** A Roth account funded with after-tax dollars that, with important exceptions, is not subject to taxation on distributions or on interest, dividends, or realized capital gains. Distributions from Roth accounts may be subject to tax and/or tax penalties if the owner is below age 59.5 and the account has been open for less than five years, or if funds deposited through a Roth conversion are withdrawn within five years. Contributions to Roth accounts that exceed certain limits may be subject to tax penalties.

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