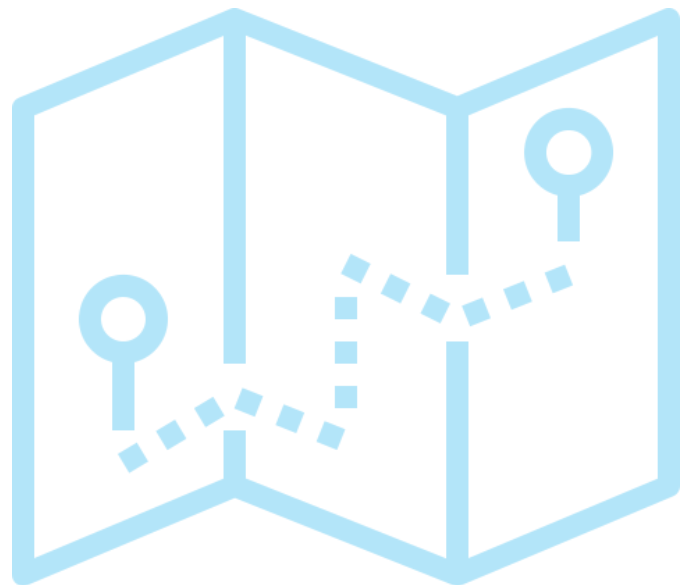

Your "Financial GPS" will provide you the answers to the 4 most important financial questions everyone needs to know

Prepared for Joe Sample



Assumptions

Your results are based on the following assumptions:

Ages

Joe Sample's Age: 50 Desired Retirement: 65 Life Expectancy: 100

Current Income Sources

- Income: \$100,000 from age 50 to 64 increasing 2% annually

Annual Savings

- 401(k): \$12,000 Tax Def., High Risk, Not Accessible
- Equity: \$5,000 Taxable, High Risk, Not Accessible

Accumulated Savings

- 401(k): \$380,000 Tax Def., High Risk, Not Accessible
- Equity: \$40,000 Taxable, High Risk, Not Accessible

Residential Property

- Home: \$350,000, appreciating 3% annually

Loans / Credit Balances

- Home Mortgage: \$250,000 @ 4% Interest, Paying \$1,500/Month

Rates

Inflation: 3% Taxes: 25%

Defined Benefits

- His SS: \$30,000 with 2% COLA, Ages 65 - 100, 85% Taxable

Future Expenses

- 20 Yr Term: \$900 with 0% Inflation, at Age 50 for 11 Year(s)

Current Lifestyle Consumption: \$44,000

Desired Retirement Lifestyle: \$44,000 PV with COLA

Introduction

Today we are all familiar with GPS technology, and we use this powerful information almost daily to help us when driving to an unfamiliar destination. Your "Financial GPS" will provide you with the answers to the four financial questions necessary to help you remove the uncertainty and pressure of your financial travel. Your report will provide you with the following answers using a GPS analogy.

Rate of return required to reach your final destination = The **speed** at which you must travel to arrive on time at your desired location. The higher the return required the less likely you will be able to stay on course.

Savings required to reach your desired location = The **cost of fuel** or the amount of money you need to set aside during your working years to cover the cost of the trip.

Work longer = The **estimated time of arrival** of when you can retire and live at your desired standard of living, adjusted for inflation until your life expectancy.

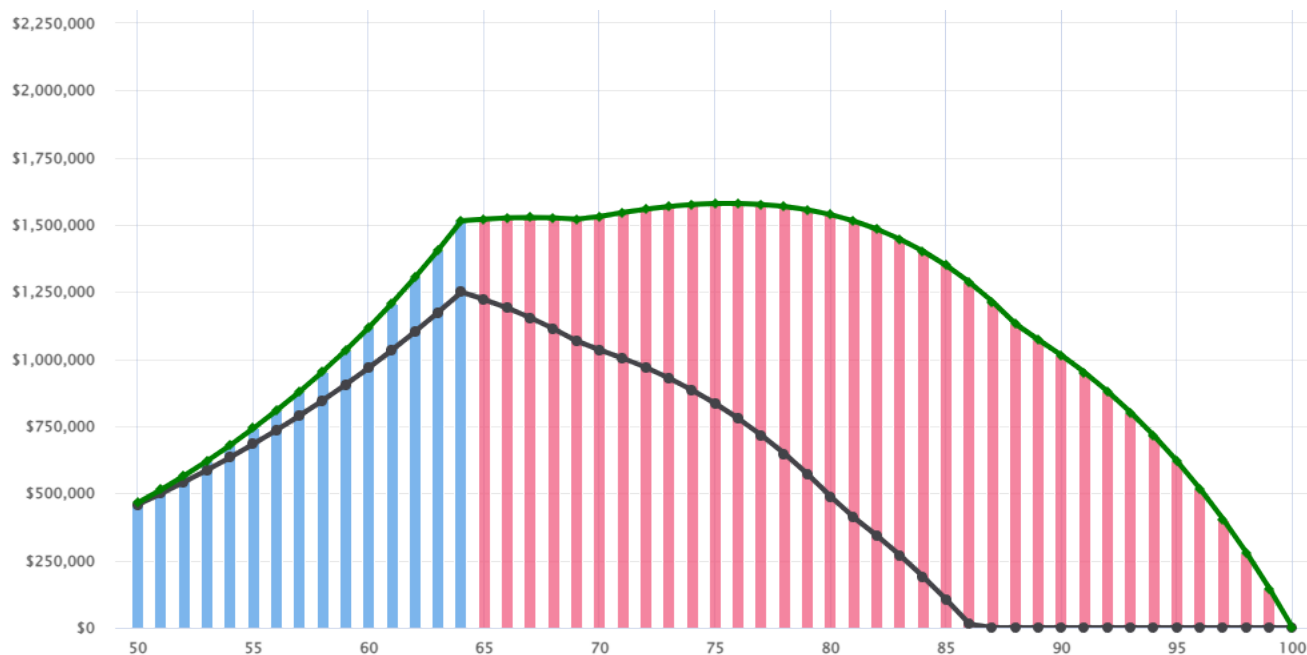
Spend less = **Reroute** option necessary should you run out of time to accomplish your desired standard of living.

Your Results

What rate of return (Speed of travel) do you have to earn on your savings and investment dollars to be able to retire at your current standard of living adjusted for inflation and have your money last through your life expectancy? The faster the speed the greater the chance for accidents and unexpected stops that can ruin your entire trip.

You would need to maintain a **6.63% average rate of return** across all your savings and investment accounts in order to retire at your desired retirement age of 65 and maintain the same lifestyle you enjoy today through your life expectancy.

An increased return of 1.63 percentage points requires **32.67% more risk** than the current growth rate assumptions you provided.



Understanding the graph illustrations: The blue bars represent your working/accumulation years, and the red bars represent your retirement/distribution years.

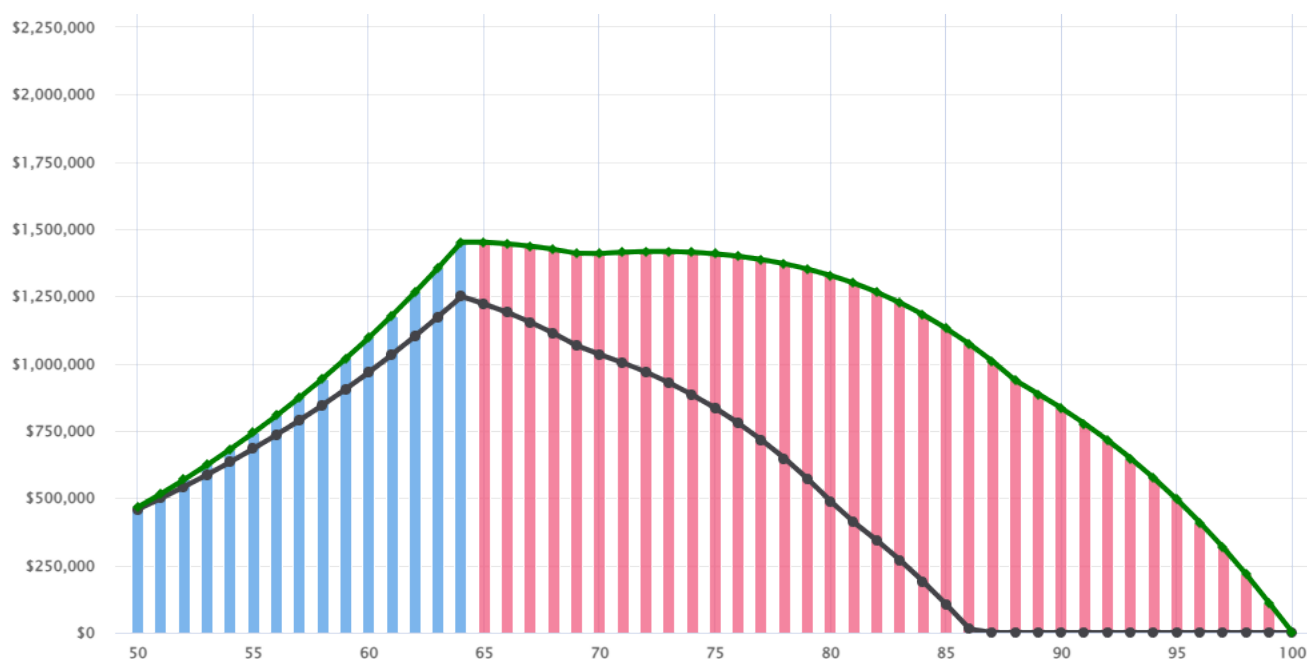
The black line represents the annual account balances generated from your present financial strategy.

The green line represents a revised projection illustrating the interest rate average required of 6.63% across all savings and investment accounts until your age 65 to maintain your current standard of living until life expectancy.

How much do you need to save on an annual basis to be able to retire at a sustainable standard of living and have your money last through life expectancy?

At your current income level, you **need to be saving \$20,973** annually to solidify an income amount sustainable through your life expectancy, adjusted for inflation, which would require a decrease in your current lifestyle or an increase in your current income.

This is the principal amount necessary to support the cash flow required to enjoy a lifestyle of \$36,997 throughout your retirement years, adjusted for inflation that will last until your life expectancy.



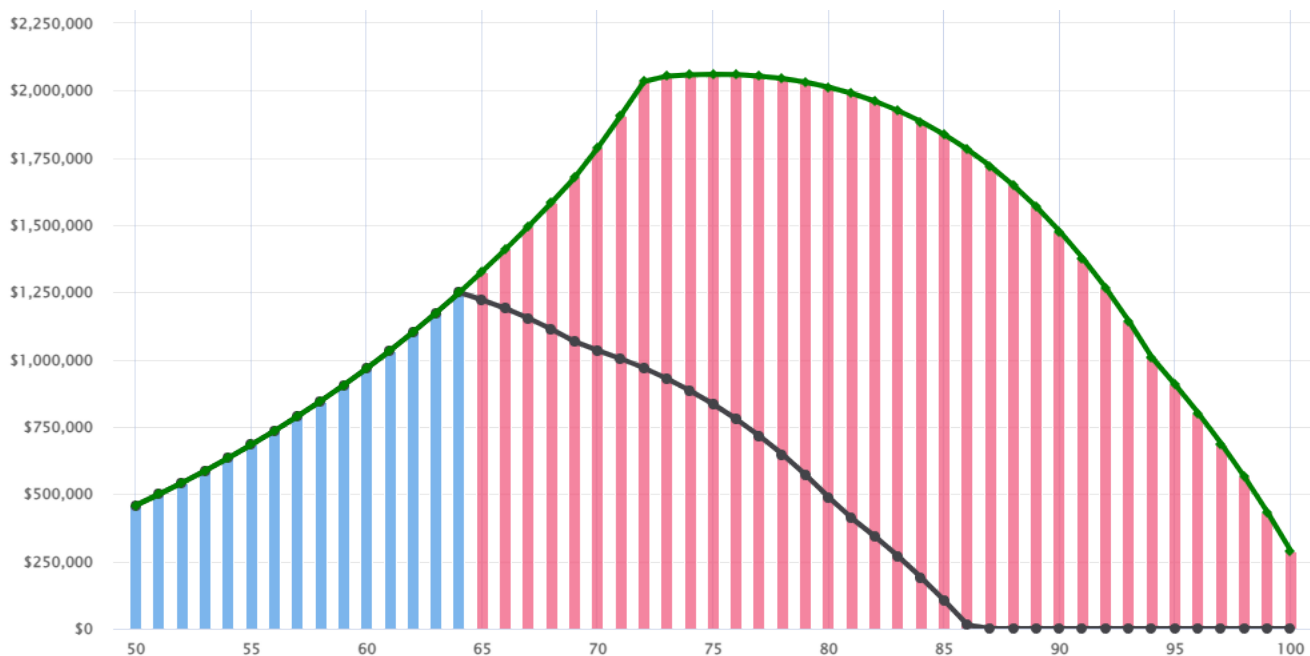
In this chart, the vertical bars represent the total account balance necessary each year in order to fund your lifestyle through life expectancy. The blue bars represent your working/accumulation years and the red bars represent your retirement/distribution years.

The black line represents the annual account balances generated from your present financial strategy.

The green line represents a revised projection where you immediately increase your annual contribution to \$20,973 and inflate the contribution by 3% each year until age 65.

Travel time estimate = Years of work necessary to have enough money accumulated by your desired retirement age to begin withdrawals and enjoy the same standard of living you enjoy today, adjusted for inflation, and last until your life expectancy.

Based on the assumptions you provided, you would need to **work until your age 73**, requiring you to work an **additional 8 years** longer than your planned retirement age of 65 to accumulate the amount of money necessary to retire with a lifestyle equal to what you enjoy today through age 100. This reduces the opportunity to enjoy your retirement lifestyle to only 27 years before reaching your projected life expectancy.



Understanding the graph illustrations: In this chart, the vertical bars represent the total account balance necessary each year in order to fund your lifestyle through life expectancy. The blue bars represent your working/accumulation years and the red bars represent your retirement/distribution years.

The black line represents the annual account balances generated from your present financial strategy.

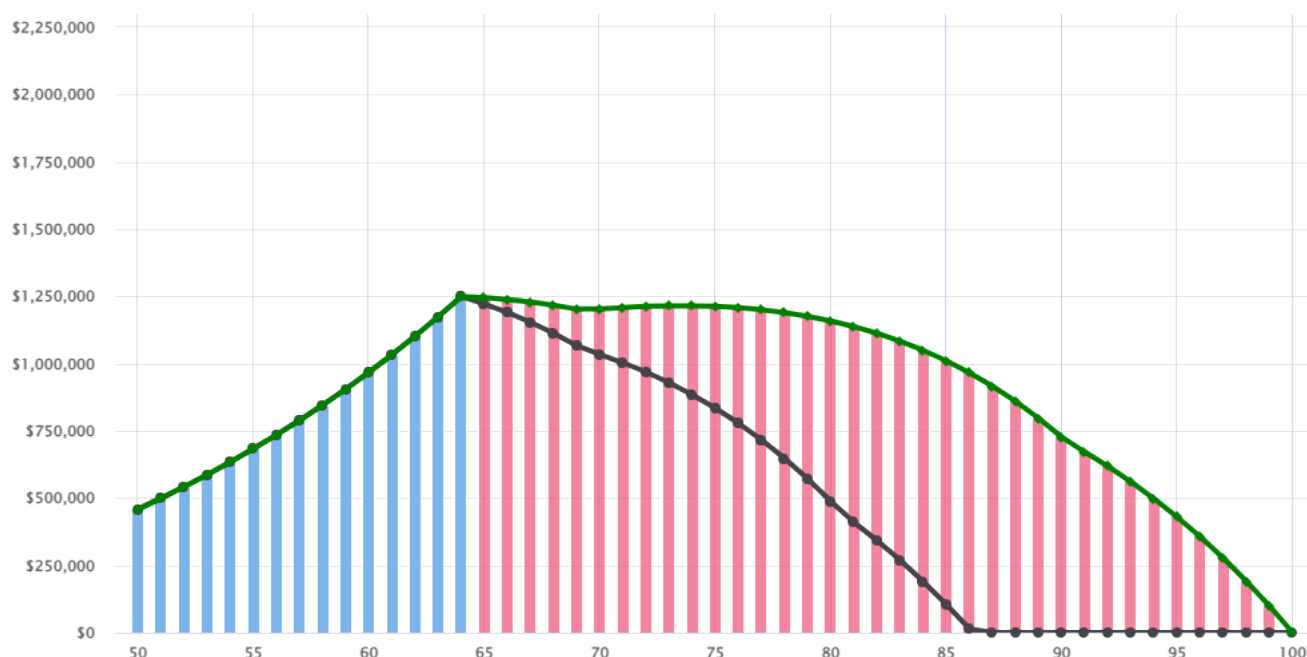
The green line represents a revised projection where you continue your present financial plan but work until age 73 before retiring.

Reroute = Final destination change necessary to keep from exhausting accumulated assets before life expectancy.

If you don't do anything different than you are doing today, how much will you have to reduce your standard of living at retirement for your money to last to your life expectancy?

If you continue on your current path, you will only be able to spend \$51,982 at your retirement age of 65 to avoid running out of money before your life expectancy.

This is a **24.17% lifestyle reduction** and is equivalent to living on \$33,365 in today's dollars due to the effects of your inflation assumption of 3%.



Understanding the graph illustrations: In this chart, the vertical bars represent the total account balance necessary each year in order to fund your lifestyle through life expectancy. The blue bars represent your working/accumulation years and the red bars represent your retirement/distribution years.

The black line represents the annual account balances generated from your present financial strategy.

The green line represents a revised projection where you continue your present financial plan but retire on a reduced annual lifestyle equivalent to \$33,365 in today's dollars.

Summary

Our desire is for this report to give you an idea of where you are today with your current financial strategy and what it will take for you to achieve your desired future lifestyle goal. While solving any shortfall by focusing on only one of the four options may be possible, your goal may be more easily achieved through smaller changes in a combination of several of the categories mentioned.

In most situations, addressing only rate of return will most likely not be a realistic or prudent sole solution to the problem. Working longer may or may not be a possibility or desirable option depending on your chosen profession, your ability to work or future financial market environments. Many are of the assumption that when they retire, they will have fewer expenses and be able to live on less income. While this can happen, it is generally not the case. Unfortunately, current lifestyle costs are often replaced by other expenses like health costs, taxes and inflation. Saving more now requires one to reduce current lifestyle today to secure a better future which is often difficult to do. However, saving more today should always be on the top of your list of options, but may not be currently possible. The longer you put off this option, the greater the future annual savings requirement will become and the longer you may have to work to reach your desired destination. Thankfully, having the capacity to save more is not entirely dependent on reducing your current standard of living today.

Becoming more efficient should be your first plan of attack to the problem rather than taking on more risk. You should focus first on things you can control. There are basically five areas where a great deal of money is lost unknowingly and unnecessarily. The first is how you pay for your housing. The second is taxes, third is how you fund and spend your retirement plan contributions and distributions, fourth is education costs for you and your children, especially college costs. Fifth is how you pay for major capital purchases which is anything you can't pay for in full with your monthly cash flow.

This focus makes the most sense before considering options that require taking on more risk. **It is this focus that makes us unique.** Helping clients become as efficient as possible before taking on additional risk simply makes good economic sense. There is often more opportunity in avoiding the losses than in trying to pick investment winners. I look forward to reviewing the information you received in your Financial GPS report and discussing opportunities to help you achieve your future lifestyle requirements while at the same time helping to make the journey along the way a pleasant one.

Disclosure

These calculators are provided as a means to illustrate financial principles. They should not be construed as a solicitation of any insurance, investment, or other financial product. Nor should they be considered financial advice. For advice concerning your own situation, please consult with a financial professional who is appropriately licensed to transact business and provide advice for the financial product being illustrated.

The information contained in this tool is not intended as tax or legal advice, and it may not be relied on for the purposes of avoiding any federal tax penalties. You are encouraged to seek tax or legal advice from an independent professional tax or legal advisor.

The projections or other information generated by the calculator regarding the likelihood of various outcomes are hypothetical in nature, and are not guarantees of future results. Investment rates of return can not be guaranteed. This report is calculated using information supplied by you. If any of this information is inaccurate, it would create inaccuracies in the report.

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