

Recommendation Highlights

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IMPORTANT NOTE

This document contains selected recommendations from your Financial Plan. Please refer to your complete plan for the full analysis and all the actions you can take to build and conserve wealth more efficiently.



Recommendation Highlights

Your Financial Position

We have calculated your financial position in two ways: 1) by age and 2) by wealth. If you are on track, the two positions will match and will be colored green. If your wealth is ahead of your age, you will have “two” positions and your wealth position will be coded green. If your wealth position is behind, it will be colored yellow or red depending on how far it is behind.

The Life Cycle on the following page will help you visualize your financial position:







	Your Wealth Position					Your Age Position				
Stage	Toddler	Childhood	Teenage Years	Building The Foundation	Early Accumulation	Rapid Accumulation	Financial Independence	Conservation	Distribution	Sunset
Transition Point	Money is to eat	Receives allowance	Earn own money	Becomes self-supporting	Net worth more than annual income	Investment earnings exceed savings	Investment earnings = 50% or more of living costs	Live off investment earnings + retirement pension	Have more than you can spend in a life time	Less than 12 months to live
Net Worth	n/a	n/a	n/a	Less than annual income	1 – 3x annual income	3 – 7x annual income	n/a	n/a	n/a	n/a
Investment Portfolio	n/a	n/a	n/a	n/a	n/a	n/a	7 - 10x annual living expenses	10 - 15x annual living expenses	More than 15x annual living expenses	n/a
Strategy	Concept: Don't eat money	Concepts: Accumulation, Convertibility, Relative value	Concepts: Budgeting, Earned income, Money makes money	Five fundamentals of fiscal fitness	Diversify into stocks and bonds	Focus risk and optimize tax efficiency	Start doing what you really like to do, Start business, Semi-retire, etc., Supplement earnings with investment income	Consolidation, Lower risk investments	Start giving money away - kids, charities, etc.,	Distribute assets, Reduce estate taxes, Viatical strategies
Typical Asset Allocation	n/a	n/a	n/a	75% Interest earning 	50% Interest earning 	40% Interest earning 	50% Interest earning 	60% Interest earning 	75% Interest earning 	n/a
Typical Age	0 - 5	6 - 12	13 - 19	20 - 29	30 - 39	40 - 54	55 - 69	70 - 84	85+	

Your Wealth Position is 1 stage behind your Age Position

Your Age Position

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Selected Financial Indicators

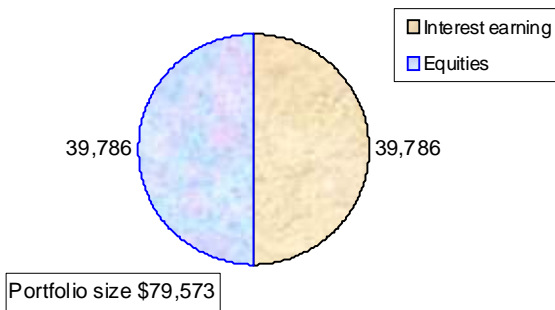
Financial Indicator	Score	Target	Use
Savings ratio	3% 	10 - 20%	Measures whether you are living within your means and how well you are balancing future against current needs.
Ready cash	3% 	10%	Measures your ability to fund variable short term cash flow need.
Emergency reserves	4% 	20%	Measures your ability to survive catastrophic events.
Pension Funding ratio	8% 	80 - 100%	Measures your utilization of qualified tax shelters.
Real estate leverage	4.0X 	2X -5X	Measures if you make money on your home and your protection against inflation.
Bad Debt ratio	0% 	0 - 10%	Measures the debt that destroys wealth vs. builds wealth.

Key Recommendations

Investment Advice

- Implement an asset allocation strategy of 50% Interest Earning (cash and bonds) and 50% Equities for your investment portfolio (excluding any lump sum value of pensions).

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- Select the following investment options or their equivalents:

Asset Classes / Categories	Select among these funds	%	Amount
Interest Earning	SHY, VMMXX, VFSTX, Bank CDs	50.0%	\$39,786
US Equities	DFEOX, DFQTX, VTSMX, VTI, FSTMX, IWW	25.0%	\$19,893
Int'l Equities	DFIEX, VGTSX, VEU, FIENX, FSIIX, ACWX	25.0%	\$19,893
TOTAL		100.0%	\$79,573

Note: The letter combinations in this table are fund symbols. Each symbol represents a specific fund that you can search and purchase with any online broker, or through your bank.

Risk Management (Ready Cash / Emergency Reserves)

- Try to maintain a balance of 10% of your projected retirement income or \$11,497 in your checking or savings accounts as cash reserves.
- Build or maintain an emergency fund of \$22,993 inside your 401k.

Tax Planning (Savings Ratio / Pension Funding Ratio)

- As a general rule, maximize your contributions to your Qualified Retirement Plans (QRP) and/or Individual Retirement Accounts (IRA) up to 20% of your household income which is \$23,000.
- John should contribute to her 401k plan a minimum pre-tax amount of 10% of her annual income or \$5,177.
- Sue should contribute to his Simple 401k plan a minimum pre-tax amount of 10% of his annual income or \$6,320.