Asset Allocation Report

Joe and Jane Sample-Affluent
Ridgefield, Connecticut

PREPARED BY:
LINDA HAMILTON - HAMILTON FINANCIAL ADVISORS
MAY 20, 2010

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Client Information

Family Information

Client	
Name	**Joe Sample-Affluent**
Date of Birth	Oct 1 1960
Gender	Male
Address	123 Orchid Drive
	Ridgefield, Connecticut 12345
	United States
Citizenship	United States
Name	**Jane Sample-Affluent**
Date of Birth	Sep 15 1962
Gender	Female
Address	123 Orchid Drive
	Ridgefield, Connecticut 12345
	United States
Citizenship	United States

Dependents	
Name	**Julia Sample-Affluent**
Date of Birth	Jan 4 1995
Gender	Female
Address	123 Orchid Drive
	Ridgefield, Connecticut 12345
	United States
Dependent of	Joe and Jane
Name	**Mark Sample-Affluent**
Date of Birth	Apr 23 1996
Gender	Male
Address	123 Orchid Drive
	Ridgefield, Connecticut 12345
	United States
Dependent of	Joe and Jane

Professional Advisors

Type	Name	Business Phone #	Cell Phone #
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Asset Allocation Overview

What is Asset Allocation?

Asset allocation is the process of aligning your risk tolerances, financial objectives, and investment time horizon to your investment portfolio. Selecting different asset types (commonly known as asset classes) may reduce the risk of your overall investment portfolio.

The three most common asset types (classes) are as follows:

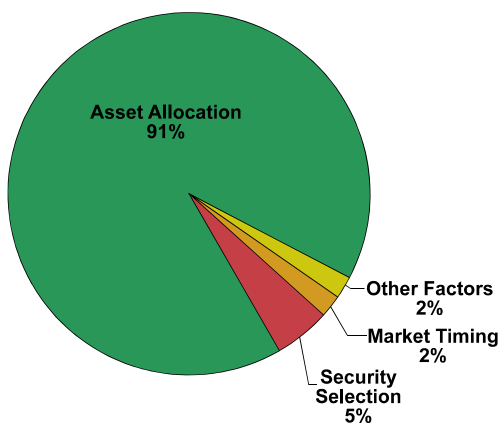
- Cash or short-term investments (savings accounts, money market accounts, etc.)
- Fixed Income investments (CDs, bonds, etc.)
- Equities (domestic and foreign stock, etc.)

Each of these three asset classes can be further subdivided. For example, equities may be broken down by size (small, medium or large capitalized companies), different sectors of the economy (technology, financial services, etc.) or be divided geographically (US, Europe, Asia, etc.).

The decision of how to allocate your investments depends on a number of factors including your investment objectives, time horizon, attitudes toward acceptable risk, desired return and tax bracket.

The basic premise of asset allocation is that by diversifying your investments over a number of different assets and asset classes, you can help reduce the risk of the entire portfolio while maintaining your desired long-term return rate expectations. Over the long term, an appropriate asset allocation (what to buy) is more important than when to buy. Generally, a decline in one asset class can be offset by an increase in another. Your choice of individual investments can also help reduce the risk of your portfolio. For example, if you diversify within each asset class and choose a number of stocks across different industries, your technology stock may be declining while your financial services stock may be rising. This strategy can also help reduce overall portfolio risk as opposed to investing all of your stocks in a single company or sector of the economy.

Studies have shown selection of a portfolio's asset allocation can be responsible for over 90% of a portfolio's performance with the remaining portion comprised of market timing, security selection, and other factors.



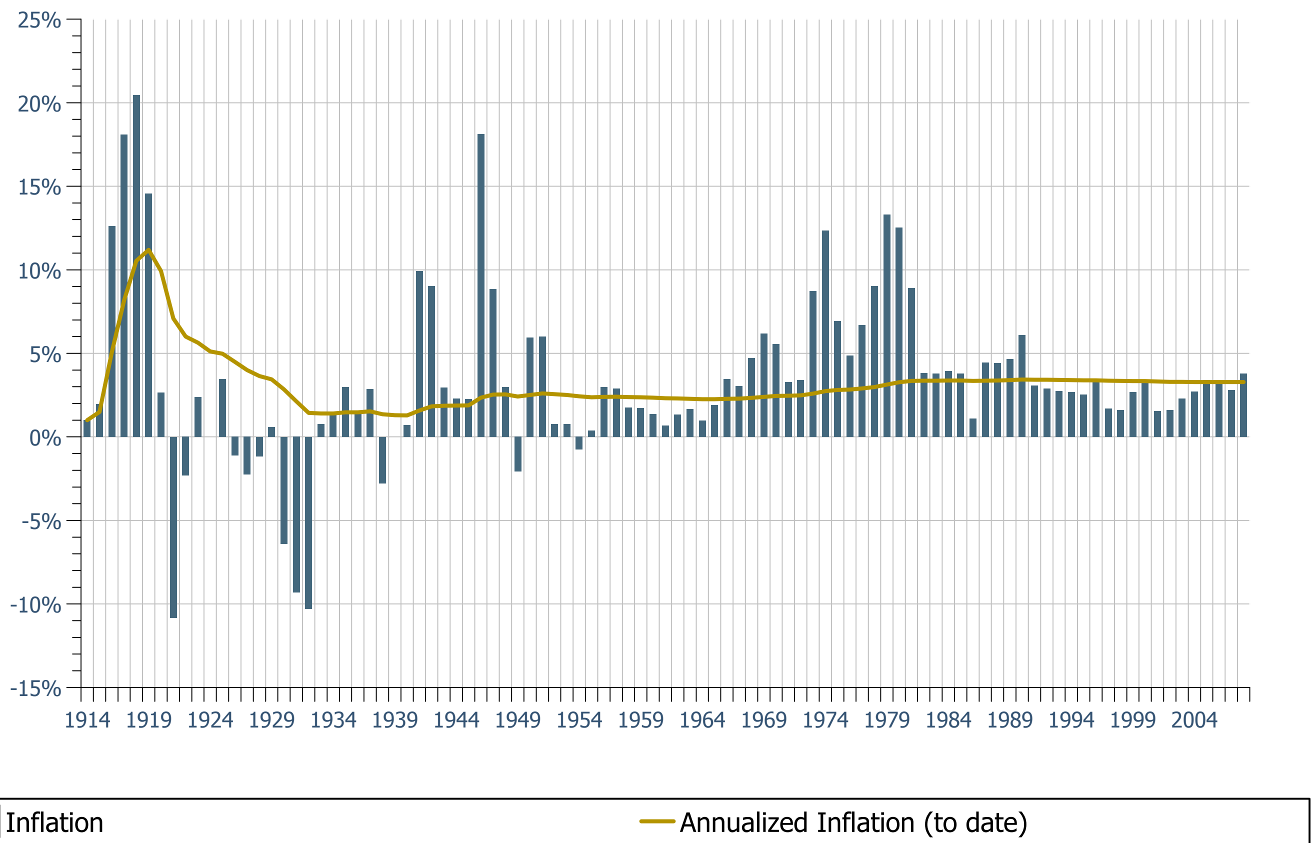
Source: Brinson, Hood and Beebower, "Determinants of Portfolio Performance," Financial Analyst Journal, May-June 1991.

Higher risk and higher potential return?

Your overall comfort level with risk should be a major factor in choosing appropriate investments. It is important to consider that generally, achieving a higher rate of return requires accepting a higher level of risk. Higher risk investments are generally appropriate for clients with more aggressive risk profiles and longer investment time horizons. If your financial objective is many years away (retirement, for example) your investments may withstand the ups and downs of the market. If your goal is only a few years away (such as the purchase of a new car), your investment may decline during the period you wish to redeem the investments. Generally, as your financial goal approaches, you should reduce the risk of your investments by reallocating to a less aggressive asset mix.

Why should you consider inflation?

When planning for an accumulation goal, (retirement, education, or a major purchase) consider the effect of inflation on the eventual cost of the item. If inflation is not considered, savings may fall short of your goal. For example, an item that costs $1,000 today will cost $1,344 in 10 years, assuming a 3% inflation rate. The graph below shows actual inflation rates for the past 95 years and the average annual rate of inflation from 1914 to 2008 is 3.28%.



Inflation History data obtained from the U.S. Department of Labor. Inflation rates are based on the Consumer Price Index.

Risk Tolerance Analysis

Risk Tolerance Analysis results:

Portfolio	Investment Profile	Time Horizon
Entire Portfolio	Moderate	Very Long

Different investors have different risk tolerances. Much of the difference stems from time horizon. That is, someone with a short investment time horizon is less able to withstand losses. The remainder of the difference is attributable to the individual's appetite for risk. Volatility can be nerve-wracking for many people and they are more comfortable when they can avoid it. However, there is a definite relationship between risk and return. Investors need to recognize this risk/return trade-off. The following risk tolerance questionnaire has been designed to measure an individual's ability (time horizon) and willingness (risk tolerance) to accept uncertainties in their investment's performance. The total score recommends which of the five risk profiles is most appropriate for the investor.

1. When do you expect to begin withdrawing money from your investment account?

Portfolio	Less than 1 year	1 to 2 years	3 to 4 years	5 to 7 years	8 to 10 years	11 years or more
Entire Portfolio						X

2. Once you begin withdrawing money from your investment account, how long do you expect the withdrawals to last?

Portfolio	I plan to take a lump sum distribution	1 to 4 years	5 to 7 years	8 to 10 years	11 years or more
Entire Portfolio					X

3. Inflation, the rise in prices over time, can erode your investment return. Long-term investors should be aware that, if portfolio returns are less than the inflation rate, their ability to purchase goods and services in the future might actually **decline**. However, portfolios with long-term returns that significantly exceed inflation are associated with a higher degree of risk.

Which of the following portfolios is most consistent with your investment philosophy?

a) **Portfolio 1** will most likely exceed long-term inflation by a significant margin and has a high degree of risk.

b) **Portfolio 2** will most likely exceed long-term inflation by a moderate margin and has a high to moderate degree of risk.

c) **Portfolio 3** will most likely exceed long-term inflation by a small margin and has a moderate degree of risk.

d) **Portfolio 4** will most likely match long-term inflation and has a low degree of risk.

Portfolio	Option a	Option b	Option c	Option d
Entire Portfolio			X	

4. Portfolios with the highest average returns also tend to have the highest chance of short-term losses. The table below provides the average dollar return of four hypothetical investments of $100,000 and the possibility of losing money (ending value of less than $100,000) over a **one-year holding period.** Please select the portfolio with which you are most comfortable.

Probabilities After 1 Year		
	Possible Average Value at the End of One Year	Chance of Losing Money at the End of One Year
a. Portfolio A	$105,000	**24%**
b. Portfolio B	$107,000	**27%**
c. Portfolio C	$108,000	**29%**
d. Portfolio D	$110,000	**31%**

Portfolio	Option a	Option b	Option c	Option d
Entire Portfolio		X		

5. Investing involves a trade-off between risk and return. Historically, investors who have received high long-term average returns have experienced greater fluctuations in the value of their portfolio and more frequent short-term losses than investors in more conservative investments have. Considering the above, which statement best describes your investment goals?

a) **Protect the value of my account.** In order to minimize the chance for loss, I am willing to accept the lower long-term returns provided by conservative investments.

b) **Keep risk to a minimum** while trying to achieve slightly higher returns than the returns provided by investments that are more conservative.

c) **Balance** moderate levels of risk with moderate levels of returns.

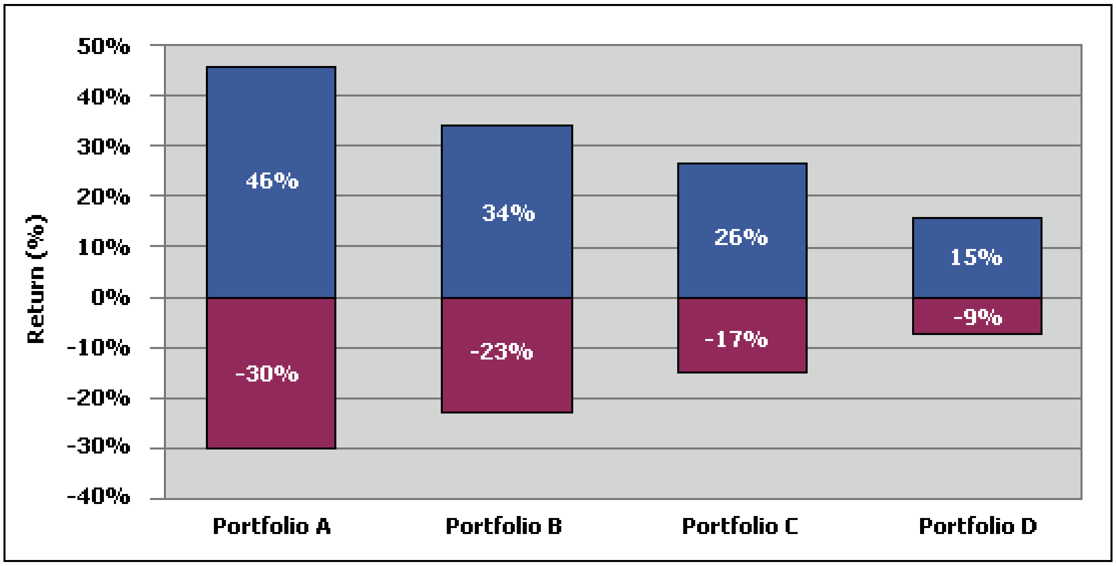
d) **Maximize long-term investment returns.** I am willing to accept large and sometimes dramatic fluctuations in the value of my investments.

Portfolio	Statement a	Statement b	Statement c	Statement d
Entire Portfolio			X	

6. Historically, markets have experienced downturns, both short-term and prolonged, followed by market recoveries. Suppose you owned a well-diversified portfolio that fell by 20% (i.e. $1,000 initial investment would now be worth $800) over a short period, consistent with the overall market. Assuming you still have 10 years until you begin withdrawals, how would you react?

Portfolio	I would not change my portfolio	I would wait at least one year before changing to options that are more conservative	I would wait at least three months before changing to options that are more conservative	I would immediately change to options that are more conservative
Entire Portfolio		X		

7. The following graph shows the hypothetical results of four sample portfolios over a one-year holding period. The best potential and worst potential gains and losses are presented. Note that the portfolio with the best potential gain also has the largest potential loss. Which of these portfolios would you prefer to hold?



Portfolio	Portfolio A	Portfolio B	Portfolio C	Portfolio D
Entire Portfolio			X	

8. I am comfortable with investments that may frequently experience large declines in value if there is a potential for higher returns.

Portfolio	Agree	Disagree	Strongly disagree
Entire Portfolio	X		

Asset Class Details

The Asset Class Details table provides a breakdown of the assumptions used to create the total rate of return for each asset class in your analysis. It also provides the standard deviation for each individual asset class as a measure of risk.

Asset Class Details

Asset Class	Interest	Dividends	Capital Gains	Tax Free	Deferred Growth	Total	Standard Deviation
Large Cap Growth Equity	0.00%	2.44%	6.47%	0.00%	0.49%	9.40%	23.70%
Large Cap Value Equity	0.00%	3.43%	4.37%	0.00%	2.92%	10.72%	18.54%
Mid Cap Equity	0.00%	2.79%	7.30%	0.00%	1.00%	11.09%	23.71%
Small Cap Equity	0.00%	1.96%	10.54%	0.00%	1.58%	14.08%	28.87%
International Equity	0.00%	3.77%	4.69%	0.00%	1.92%	10.38%	24.82%
Emerging Markets Equity	0.00%	3.44%	8.41%	0.00%	2.37%	14.22%	34.82%
Long Term Bonds	4.58%	0.00%	0.00%	0.00%	0.00%	4.58%	11.87%
Intermediate Term Bonds	4.03%	0.00%	0.00%	0.00%	0.00%	4.03%	6.67%
Short Term Bonds	3.30%	0.00%	0.00%	0.00%	0.00%	3.30%	3.68%
High Yield Bonds	8.17%	0.00%	0.00%	0.00%	0.00%	8.17%	15.23%
International Bonds	4.25%	0.00%	0.00%	0.00%	0.00%	4.25%	10.86%
Cash	2.81%	0.00%	0.00%	0.00%	0.00%	2.81%	3.09%

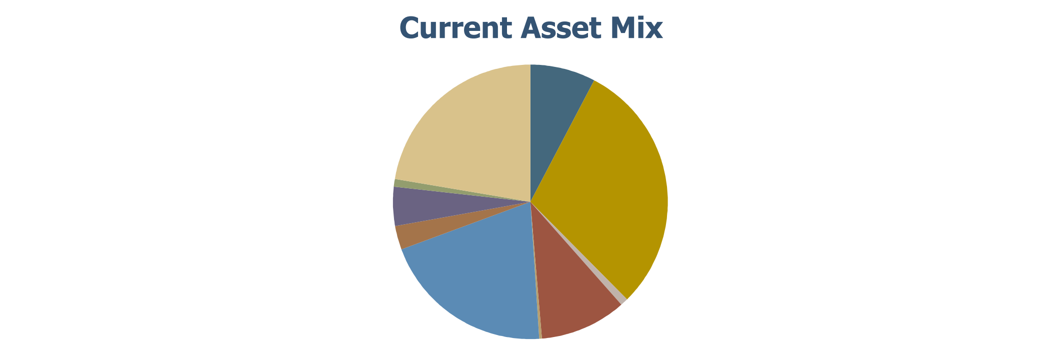
Account Details

The table below provides a list of the holdings for each account in the current portfolio.

Description	Value	% of Account	% of Portfolio
Joe's 401(k)			
Columbus Silver	$145,000	26.6%	8.4%
Vanguard Long-Term Treasury Investor	$200,000	36.7%	11.5%
American Century Capital Val Inv	$200,000	36.7%	11.5%
Account Total	**$545,000**		**31.5%**
Jane's 401(k)			
Microsoft	$75,000	13.0%	4.3%
Vanguard Windsor II Investor	$250,000	43.5%	14.4%
Accessor Income & Growth Allocation C	$250,000	43.5%	14.4%
Account Total	**$575,000**		**33.2%**
Ridgefield Bank Savings			
New Holding	$50,000	100.0%	2.9%
Account Total	**$50,000**		**2.9%**
Ridgefield Bank Checking			
New Holding	$25,000	100.0%	1.4%
Account Total	**$25,000**		**1.4%**
Julia's Education Plan			
New Holding	$102,000	100.0%	5.9%
Account Total	**$102,000**		**5.9%**
Mark's Education Plan			
New Holding	$92,000	100.0%	5.3%
Account Total	**$92,000**		**5.3%**
Vacation Timeshare			
New Holding	$28,000	100.0%	1.6%
Account Total	**$28,000**		**1.6%**
Jane's Brokerage Account			
American Funds Bond Fund of Amer A	$42,500	42.5%	2.5%
DFA US Large Cap Value III	$9,500	9.5%	0.5%
Pfizer	$48,000	48.0%	2.8%
Account Total	**$100,000**		**5.8%**
Joint Savings			
New Holding	$215,000	100.0%	12.4%
Account Total	**$215,000**		**12.4%**
Portfolio Total	**$1,732,000**		**100.0%**

Current Asset Mix

This pie graph illustrates your current asset allocation mix. The table below provides a breakdown of the percentages and dollar values for each asset class in the current portfolio.



Rate of Return	7.22%
Standard Deviation	10.55%

	Current Asset Mix	
Asset Class	**(%)**	**($)**
Large Cap Growth Equity	7.7	134,000
Large Cap Value Equity	29.9	518,720
Mid Cap Equity	0.9	14,780
International Equity	10.2	177,500
Emerging Markets Equity	0.3	5,000
Long Term Bonds	20.4	353,800
Intermediate Term Bonds	2.8	48,000
High Yield Bonds	4.6	79,500
International Bonds	0.9	14,975
Cash	22.3	385,725
Total	**100.0**	**1,732,000**

Note: The reallocation table above does not reflect the tax effects that may occur when reallocating your assets; these tax effects are accounted for at the end of the year.

Current Portfolio Breakdown

The table below provides a breakdown of the percentages and dollar values for each asset class in the current portfolio.

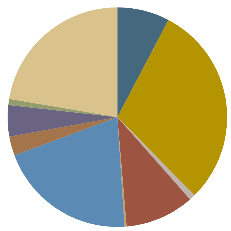
Asset Class	Holding	Type	% of Asset Class	% of Portfolio	Asset Value
Large Cap Growth Equity					
	New Holding	Non-Qualified	4.2%	0.3%	$5,600
	Accessor Income & Growth Allocation C	401(k)	22.4%	1.7%	$30,000
	American Century Capital Val Inv	401(k)	3.0%	0.2%	$4,000
	Microsoft	401(k)	56.0%	4.3%	$75,000
	New Holding	529 Plan	7.6%	0.6%	$10,200
	New Holding	529 Plan	6.9%	0.5%	$9,200
Total Large Cap Growth Equity				**7.7%**	**$134,000**
Large Cap Value Equity					
	DFA US Large Cap Value III	Non-Qualified	1.4%	0.4%	$7,220
	New Holding	Non-Qualified	1.1%	0.3%	$5,600
	Pfizer	Non-Qualified	9.3%	2.8%	$48,000
	Accessor Income & Growth Allocation C	401(k)	2.9%	0.9%	$15,000
	American Century Capital Val Inv	401(k)	35.9%	10.7%	$186,000
	New Holding	529 Plan	2.0%	0.6%	$10,200
	New Holding	529 Plan	1.8%	0.5%	$9,200
	Vanguard Windsor II Investor	401(k)	45.8%	13.7%	$237,500
Total Large Cap Value Equity				**29.9%**	**$518,720**
Mid Cap Equity					
	DFA US Large Cap Value III	Non-Qualified	15.4%	0.1%	$2,280
	Accessor Income & Growth Allocation C	401(k)	84.6%	0.7%	$12,500
Total Mid Cap Equity				**0.9%**	**$14,780**
International Equity					
	Accessor Income & Growth Allocation C	401(k)	18.3%	1.9%	$32,500
	Columbus Silver	401(k)	81.7%	8.4%	$145,000
Total International Equity				**10.2%**	**$177,500**
Emerging Markets Equity					
	Accessor Income & Growth Allocation C	401(k)	100.0%	0.3%	$5,000
Long Term Bonds					
	American Funds Bond Fund of Amer A	Non-Qualified	1.4%	0.3%	$5,100
	New Holding	Non-Qualified	30.4%	6.2%	$107,500
	Accessor Income & Growth Allocation C	401(k)	2.8%	0.6%	$10,000
	American Century Capital Val Inv	401(k)	1.7%	0.3%	$6,000
	New Holding	529 Plan	8.6%	1.8%	$30,600
	New Holding	529 Plan	7.8%	1.6%	$27,600

Asset Class	Holding	Type	% of Asset Class	% of Portfolio	Asset Value
Large Cap Growth Equity					
	Vanguard Long-Term Treasury Investor	401(k)	45.8%	9.4%	$162,000
	Vanguard Windsor II Investor	401(k)	1.4%	0.3%	$5,000
Total Long Term Bonds				**20.4%**	**$353,800**
Intermediate Term Bonds					
	American Funds Bond Fund of Amer A	Non-Qualified	14.2%	0.4%	$6,800
	New Holding	Non-Qualified	23.3%	0.6%	$11,200
	Vanguard Long-Term Treasury Investor	401(k)	62.5%	1.7%	$30,000
Total Intermediate Term Bonds				**2.8%**	**$48,000**
High Yield Bonds					
	American Funds Bond Fund of Amer A	Non-Qualified	19.2%	0.9%	$15,300
	New Holding	529 Plan	38.5%	1.8%	$30,600
	New Holding	529 Plan	34.7%	1.6%	$27,600
	Vanguard Long-Term Treasury Investor	401(k)	7.5%	0.3%	$6,000
Total High Yield Bonds				**4.6%**	**$79,500**
International Bonds					
	American Funds Bond Fund of Amer A	Non-Qualified	19.9%	0.2%	$2,975
	Accessor Income & Growth Allocation C	401(k)	66.8%	0.6%	$10,000
	Vanguard Long-Term Treasury Investor	401(k)	13.4%	0.1%	$2,000
Total International Bonds				**0.9%**	**$14,975**
Cash					
	American Funds Bond Fund of Amer A	Non-Qualified	3.2%	0.7%	$12,325
	New Holding	Non-Qualified	13.0%	2.9%	$50,000
	New Holding	Non-Qualified	6.5%	1.4%	$25,000
	New Holding	Non-Qualified	1.5%	0.3%	$5,600
	New Holding	Non-Qualified	27.9%	6.2%	$107,500
	Accessor Income & Growth Allocation C	401(k)	35.0%	7.8%	$135,000
	American Century Capital Val Inv	401(k)	1.0%	0.2%	$4,000
	New Holding	529 Plan	5.3%	1.2%	$20,400
	New Holding	529 Plan	4.8%	1.1%	$18,400
	Vanguard Windsor II Investor	401(k)	1.9%	0.4%	$7,500
Total Cash				**22.3%**	**$385,725**
Total Portfolio				**100.0%**	**$1,732,000**

Asset Allocation for Entire Portfolio

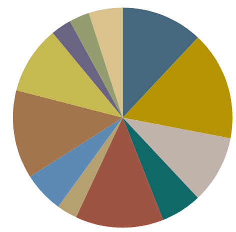
These pie graphs illustrate your current asset mix and suggested asset mix for your entire portfolio.

Current Asset Mix



Rate of Return	7.22%
Standard Deviation	10.55%

Suggested Asset Mix
Moderate



Rate of Return	8.21%
Standard Deviation	13.30%

The table below provides a breakdown of the percentages and dollar values for each asset class in the current and suggested asset mix. The *Change* column indicates the rebalancing required to reach the suggested asset mix.

	Current Asset Mix		Change		Suggested Asset Mix	
Asset Class	(%)	($)	(%)	($)	(%)	($)
Large Cap Growth Equity	7.7	134,000	**+4.3**	**+73,840**	12.0	207,840
Large Cap Value Equity	29.9	518,720	**-13.9**	**-241,600**	16.0	277,120
Mid Cap Equity	0.9	14,780	**+9.1**	**+158,420**	10.0	173,200
Small Cap Equity			**+6.0**	**+103,920**	6.0	103,920
International Equity	10.2	177,500	**+2.8**	**+47,660**	13.0	225,160
Emerging Markets Equity	0.3	5,000	**+2.7**	**+46,960**	3.0	51,960
Long Term Bonds	20.4	353,800	**-14.4**	**-249,880**	6.0	103,920
Intermediate Term Bonds	2.8	48,000	**+10.2**	**+177,160**	13.0	225,160
Short Term Bonds			**+10.0**	**+173,200**	10.0	173,200
High Yield Bonds	4.6	79,500	**-1.6**	**-27,540**	3.0	51,960
International Bonds	0.9	14,975	**+2.1**	**+36,985**	3.0	51,960
Cash	22.3	385,725	**-17.3**	**-299,125**	5.0	86,600
Total	**100.0**	**1,732,000**	**+0.0**	**+0**	**100.0**	**1,732,000**

Note: The reallocation table above does not reflect the tax effects that may occur when reallocating your assets; these tax effects are accounted for at the end of the year.

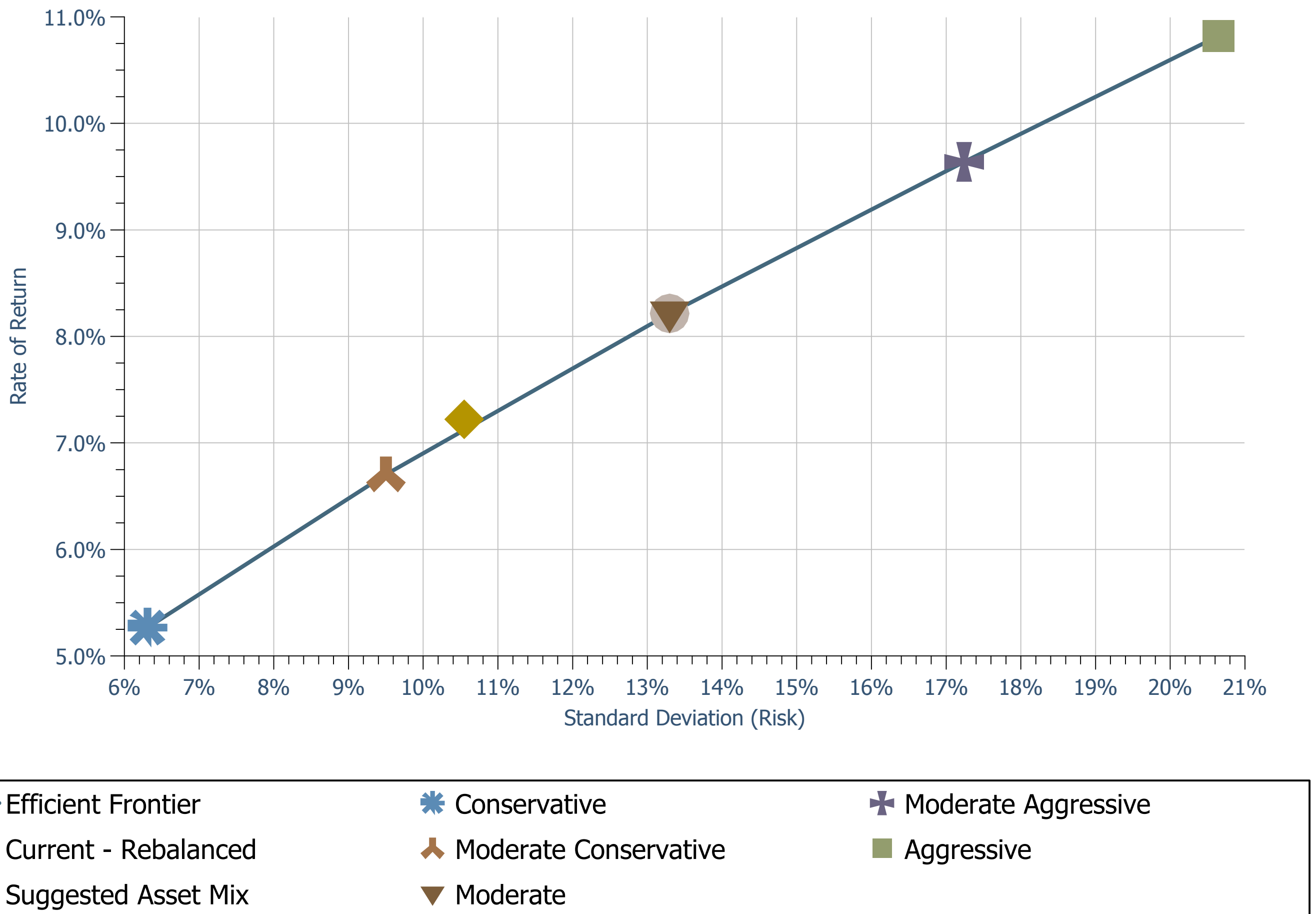
Consider the following:

- Discuss the potential tax consequences of re-allocating your current investment portfolio with your tax advisor.
- Review your portfolio at least once a year or as your financial circumstances change.
- Make sure your portfolio is properly diversified to help reduce portfolio volatility.
- Determine if your investments within each asset class have been achieving acceptable performance relative to appropriate benchmarks.
- Income identified as tax-free may still be subject to the Alternative Minimum Tax (AMT).

Efficient Frontier Analysis

The efficient frontier refers to all of the investment portfolios that provide the highest return for a given amount of risk (measured by standard deviation) and is shown in the graph below by a green line. A light blue diamond denotes your current portfolio. If the efficient frontier line is above your portfolio, you may be able to obtain a better rate of return for the level of risk you are willing to accept. The yellow circle denotes our proposed portfolio.

Alternative model portfolios are also plotted on this graph. These additional points on the graph illustrate the risk and return associated with the other portfolios. Remember, only those portfolios along the efficient frontier line provide you with the greatest potential return for a given level of risk.



The table below provides the actual values for the points on the graph above.

	Return	Risk
Current Asset Mix	7.22%	10.55%
Suggested Asset Mix	8.21%	13.30%
Conservative	5.27%	6.31%
Moderate Conservative	6.70%	9.50%
Moderate	8.21%	13.30%
Moderate Aggressive	9.64%	17.24%
Aggressive	10.82%	20.65%

Important: The calculations or other information generated by NaviPlan® version 12.0 regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. These calculations are shown for illustrative purposes only because they utilize return data that may not include fees or operating expenses, and are not available for investment. If included, fees and other operating expenses would materially reduce these calculations. See the Disclaimers section for more information.

Asset Allocation Considerations

Asset Reallocation

While the proposed allocation may be subject to more or less risk, it may also generate a higher or lower rate of return as compared to your current portfolio. The proposed allocation serves as a beginning for your discussions with your advisor.

It is important to note that reallocating non-qualified investments may trigger an additional tax liability. Please review the Income Tax Summary for more information.

Future Contributions

Consider allocating future contributions to those asset classes currently under-weighted. Once your portfolio reaches your desired allocation, you can align your contributions to match the proposed allocation.

Rebalancing

Market activity may cause one asset class to become a greater percentage of the portfolio. Periodic rebalancing helps ensure that your portfolio continues to reflect your desired target asset allocation. Rebalancing ensures that you do not end up overexposed in one type of investment or asset class.

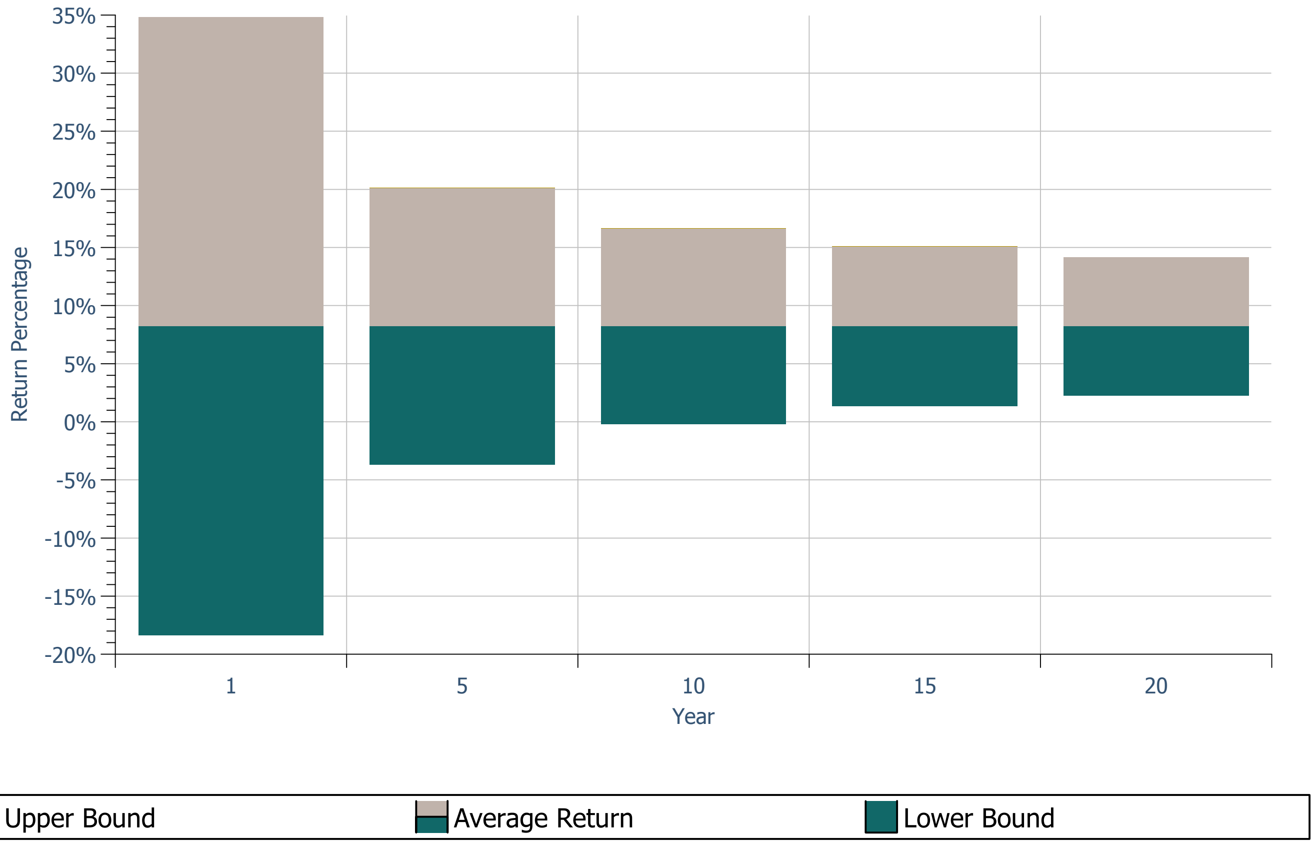
Rebalancing should be done at regular intervals far enough apart to avoid adjustments based on short-term fluctuations. Reviews should be done frequently enough to keep on track, usually annually. The portfolio should be examined if the allocation deviates over five percent from the original proposed allocation.

Mortality and Expense (M&E) Fees

The rates of return have not been adjusted to included mortality and expense fees attributable to variable annuities. These fees, and their effects on asset growth, are accounted for as a monthly expense of the annuity contract and can be observed in applicable Net Worth reports.

Range of Returns

The following graph illustrates the potential range of returns on investments in your proposed investment portfolio. There is a 90% chance your returns over each time period will fall within the given range. Assuming the returns are normally distributed, there is a 5% chance you could outperform the highest return shown here, as well as a 5% chance you could underperform the lowest return shown here. The longer the time period of measurement, the narrower the range of returns. These results assume a buy-and-hold approach to the portfolio over each of the time periods illustrated.



	1 Year	5 Years	10 Years	15 Years	20 Years
5th Percentile*	34.81%	20.11%	16.63%	15.08%	14.16%
Average Return	8.21%	8.21%	8.21%	8.21%	8.21%
95th Percentile**	-18.38%	-3.68%	-0.20%	1.35%	2.27%

* You have a 5% chance of earning a higher return than what is shown over the applicable time period.
** You have a 5% chance of earning a lower return than what is shown over the applicable time period.

Important: The calculations or other information generated by NaviPlan® version 12.0 regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. These calculations are shown for illustrative purposes only because they utilize return data that may not include fees or operating expenses, and are not available for investment. If included, fees and other operating expenses would materially reduce these calculations. See the Disclaimers section for more information.

Conclusion

Now that you have an overview of your current asset allocation, where do you go from here? Our recommendations are as follows:

- **Review this document** – Ensure you understand the information contained in the report. Be sure to ask us questions on areas that need clarification.
- **Decide on a course of action** – Together, we will evaluate the asset reallocation strategy so that it is consistent with your objectives and your financial ability.

Just as with any strategy or analysis, you must be diligent about updating the plan. Working with your advisor, you should review your current asset allocation regularly - annually at a minimum, or whenever changes in your financial situation warrant a review.

Important Terminology

Rate of return (current asset mix)

The dollar-weighted average rate of return of the assets in the current asset mix.

Rate of return (suggested asset mix)

The rate of return that is calculated based on the investment profile as determined by answers to a risk tolerance questionnaire.

Standard deviation

Standard deviation is a statistical measure of the volatility of an asset or account. It measures the degree to which the rate of return in any one year varies from the historical average rate of return for that investment; the greater the standard deviation, the riskier the investment.

Investment profile

The investment profile is the result of an analysis of an individual's investment objectives, time horizon, and risk tolerance in reference to investing.

Portfolio

The combination of assets a client owns.

Time horizon

The length of time desired to achieve a financial goal. A longer time horizon usually allows an individual to withstand more volatility, whereas a shorter time horizon typically requires less volatility and more liquidity.

Asset mix

The combination of asset classes within an investment portfolio. It can also be a further division within an asset class of assets such as a mix of small, medium, and large company stock assets.

Current asset mix

The combination of asset classes assigned to the assets included in the current plan.

Suggested asset mix

The asset mix that is derived based on the investment profile as determined by answers to a risk tolerance questionnaire.

Entire portfolio

The entire portfolio for the current plan represents the asset mix of all accounts in the plan. The entire portfolio for the proposed plan is the combined suggested and assumed asset mixes.

Uniform Transfer to Minors Act (UTMA) and Uniform Gift to Minors Act (UGMA)

UTMA and UGMA are custodial accounts, owned by a minor with an adult designated as the custodian. The accounts are normally used to save for the child's education. Once the transfer to the account occurs, the account is the legal property of the child and can only be used for the child's benefit. When the child reaches the age of majority, control of the account transfers to the child and the child can use the proceeds as he or she wishes. The UTMA considers the age of majority to be 21 although it is 18 in some states.

Asset class

A category of investments grouped according to common characteristics such as relative liquidity, income characteristics, tax status, and growth characteristics.

Large Cap Growth Equity

Domestic U.S. equity stocks representing securities with a greater-than-average growth orientation, which tend to exhibit higher price-to-book and price-earnings ratios, lower dividend yields, and higher forecasted growth values.

Large Cap Value Equity

Domestic U.S. equity stocks representing securities with a less-than-average growth orientation, which generally have lower price-to-book and price-earnings ratios, higher dividend yields, and lower forecasted growth values.

Mid Cap Equity

Domestic U.S. equity stocks representing the Russell Mid Cap Index, which consists of the smallest 800 companies in the Russell 1000 index as ranked by total market capitalization.

Small Cap Equity

Domestic U.S. equity stocks representing the Russell 2000 Index, which is a small-cap index consisting of the smallest 2,000 companies in the Russell 3000 Index.

International Equity

Stocks representing the MSCI EAFE (Europe, Australasia, Far East) Index, which is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada.

Emerging Markets Equity

Equities representing the MSCI Emerging Markets Index, which is a free float-adjusted market capitalization index designed to measure equity market performance in the global emerging markets.

Long-Term Bonds

Bonds where the total returns are calculated for each year on a single bond issued by the U.S. Government with a term of approximately 20 years, and a reasonably current coupon with returns that did not reflect potential tax benefits, impaired negotiability, or special redemption or call privileges.

Intermediate-Term Bonds

These bonds represent one-bond portfolios used to construct the intermediate-term index. The bond chosen each year is the shortest non-callable bond with a maturity of not less than five years, and it is "held" for the calendar year.

Short-Term Bonds – U.S. 1-Year Government Bonds

Bonds represent yields on Treasury securities at "constant maturity" and are interpolated by the U.S. Treasury from the daily yield curve. This curve relates the yield on a security to its time to maturity, and is based on the closing market bid yields on actively traded Treasury securities in the over-the-counter market.

High-Yield Bonds

Bonds representing the universe of fixed rate, noninvestment grade debt.

International Bonds

Bonds reflecting the returns provided by investment in international (non-U.S.) fixed income securities.

Cash

Cash reflects the returns provided by short-term fixed income instruments. The index is based on the U.S. 3-month Treasury bills.

Disclaimer

IMPORTANT: Please read this section carefully. It contains an explanation of some of the limitations of this report.

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

Below is an outline of several specific limitations of the calculations of financial models in general and of NaviPlan specifically.

The Calculations Contained in This Report Depend in Part, on Personal Data That You Provide

The assumptions used in this assessment are based on information provided and reviewed by you. These assumptions must be reconsidered on a frequent basis to ensure the results are adjusted accordingly. The smallest of changes in assumptions can have a dramatic impact on the outcome of this assessment. Any inaccurate representation by you of any facts or assumptions used in this assessment invalidates the results.

This Report is Not a Comprehensive Financial Report and Does Not Include, Among Other Things, a Review of Your Insurance Policies

We have made no attempt to review your property and liability insurance policies (auto and homeowners, for example). We strongly recommend that in conjunction with this assessment, you consult with your property and liability agent to review your current coverage to ensure it continues to be appropriate. In doing so, you may wish to review the dollar amount of your coverage, the deductibles, the liability coverage (including an umbrella policy), and the premium amounts.

NaviPlan Does Not Constitute Legal, Accounting, or Tax Advice

This assessment does not constitute advice in the areas of legal, accounting or tax. It is your responsibility to consult with the appropriate professionals in those areas either independently or in conjunction with this assessment process.

Circular 230: Any income tax, estate tax or gift tax advice contained within this document was not intended or written to be used for, and cannot be used for, the purpose of avoiding penalties that may be imposed.

Discussion of the Limits of Financial Modeling

Inherent Limitations in Financial Model Results

Investment outcomes in the real world are the result of a near infinite set of variables, few of which can be accurately anticipated. Any financial model, such as NaviPlan, can only consider a small subset of the factors that may affect investment outcomes and the ability to accurately anticipate those few factors is limited. For these reasons, investors should understand that the calculations made in this assessment are hypothetical, do not reflect actual investment results, and are not guarantees of future results.

Results May Vary With Each Use and Over Time

The results presented in this assessment are not predictions of actual results. Actual results may vary to a material degree due to external factors beyond the scope and control of this assessment. Historical data may have been used to produce future assumptions used in the assessment, such as rates of return. Utilizing historical data has limitations as past performance is not a guarantee or predictor of future performance.

Outline of the Limitations of NaviPlan and Financial Modeling

Your Future Resources and Needs May Be Different From the Estimates That You Provide

This assessment is intended to help you in making decisions on your financial future based, in part, on information that you have provided and reviewed. The proposed asset allocation presented in this assessment is based, in part, on your answers to a risk tolerance questionnaire and may represent a more aggressive—and therefore more risky—investment strategy than your current asset allocation mix.

The calculations contained in the report utilize the information that you have provided and reviewed including, but not limited to, your age, tolerance for investment risk, income, assets, liabilities, anticipated expenses, and likely retirement age. Some of this information may change in unanticipated ways in the future and those changes may make NaviPlan less useful.

NaviPlan Considers Investment in Only a Few Broad Investment Categories

NaviPlan utilizes this information to estimate your future needs and financial resources and to identify an allocation of your current and future resources, given your tolerance for investment risk, to a few broad investment categories: large-cap equity, mid-cap equity, small-cap equity, international equity, emerging equity, bonds, and cash.

In general, NaviPlan favors the investment categories that have higher historical and expected returns. The extent of the recommended allocation to these favored investment categories is limited by the investor's disclosed tolerance for risk. In general, higher returns are associated with higher risk.

These broad investment categories are not specific securities, funds, or investment products and NaviPlan is not an offer or solicitation to purchase any securities or investment products. The assumed rates of return of these broad categories are based on the returns of indices. These indices do not include fees or operating expenses and are not available for investment. These indices are unmanaged and the returns are shown for illustrative purposes only.

It is important to note that the broad categories that are used are not comprehensive and other investments that are not considered may have characteristics that are similar or superior to the categories that are used in NaviPlan.

NaviPlan Calculates Investment Returns Far Into the Future Using Ibbotson Data

For all asset class forecasts, Ibbotson uses the building block approach to generate expected return estimates. The building block approach uses current market statistics as its foundation and adds historical performance relationships to build expected return forecasts. This approach separates the expected return of each asset class into three components: the real risk-free rate, expected inflation, and risk premia. The real risk-free rate is the return that can be earned without incurring any default or inflation risk. Expected inflation is the additional reward demanded to compensate investors for future price increases, and risk premia measures the additional reward demanded for accepting uncertainty associated with investing in a given asset class. Any calculation of future returns of any asset category, including any calculation using historical returns as a guide, has severe limitations. Changes in market conditions or economic conditions can cause investment returns in the future to be very different from returns in the past. Returns realized in the future can, in fact, be much lower, or even negative, for all or some of these asset categories and, if so, the calculations in NaviPlan will be less useful.

Any assets, including the broad asset categories considered in NaviPlan, that offer potential profits also entail the possibility of losses.

Furthermore, it is significant that the historical data for these investment categories does not reflect investment fees or expenses that an investor would pay when investing in securities or investment products. The fees and expenses would significantly reduce net investment returns and a calculation taking account of fees and expenses would result in lower expected asset values in the future.

NaviPlan Calculations Include Limited Accounting for Taxes

The federal and state income tax laws are extremely complex and subject to continuous change. NaviPlan has limited capability to model any individual's tax liability, and future tax laws may be significantly different from current tax laws. Any changes in tax law may affect returns for any given investment and make the calculations produced by NaviPlan less useful. The calculations contain limited support for the tax impact on transfers of money or redemptions of funds.

NaviPlan Calculations Do Not Include Fees and Expenses

The calculations utilize return data that do not include fees or operating expenses. If included, fees and other operating expenses would materially reduce these calculations. Recommendations included in the calculations to redeem funds from certain investments or transfer money to others do not account for fees and charges that may be incurred.

NaviPlan Calculations May Include Variable Products

Variable life insurance policies or deferred variable annuities are inherently risky and may be included in the calculations. The return rate assumptions used throughout this analysis do not relate to the underlying product illustrated. These returns should not be used as a proxy for actual performance as they may exaggerate the performance potential of the underlying investment accounts (subaccounts). Any calculations incorporating variable products are hypothetical and intended to show how the performance of the underlying subaccounts could affect the value and death benefit of the variable products; these calculations are not intended to predict or project investment results.

The rates of return have not been adjusted to include mortality and expense fees attributable to variable annuities. These fees, and their effects on asset growth, are accounted for as a monthly expense of the annuity contract and can be observed in applicable net worth reports.

If a variable annuity included in this analysis contains a guaranteed minimum withdrawal rider, it is important to understand that if the contract value is greater than the guaranteed minimum withdrawal benefit once withdrawals begin, as an investor you will have paid for the rider and not actually used it.

Income taxes during the annuitization phase are accounted for in the calculations. See the section titled NaviPlan Calculations Include Limited Accounting for Taxes in this Disclaimer for further information on the tax methodology used.