

Financial Needs Assessment



Joe and Jane Sample-Affluent
Ridgefield, Connecticut

PREPARED BY:
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MAY 20, 2010

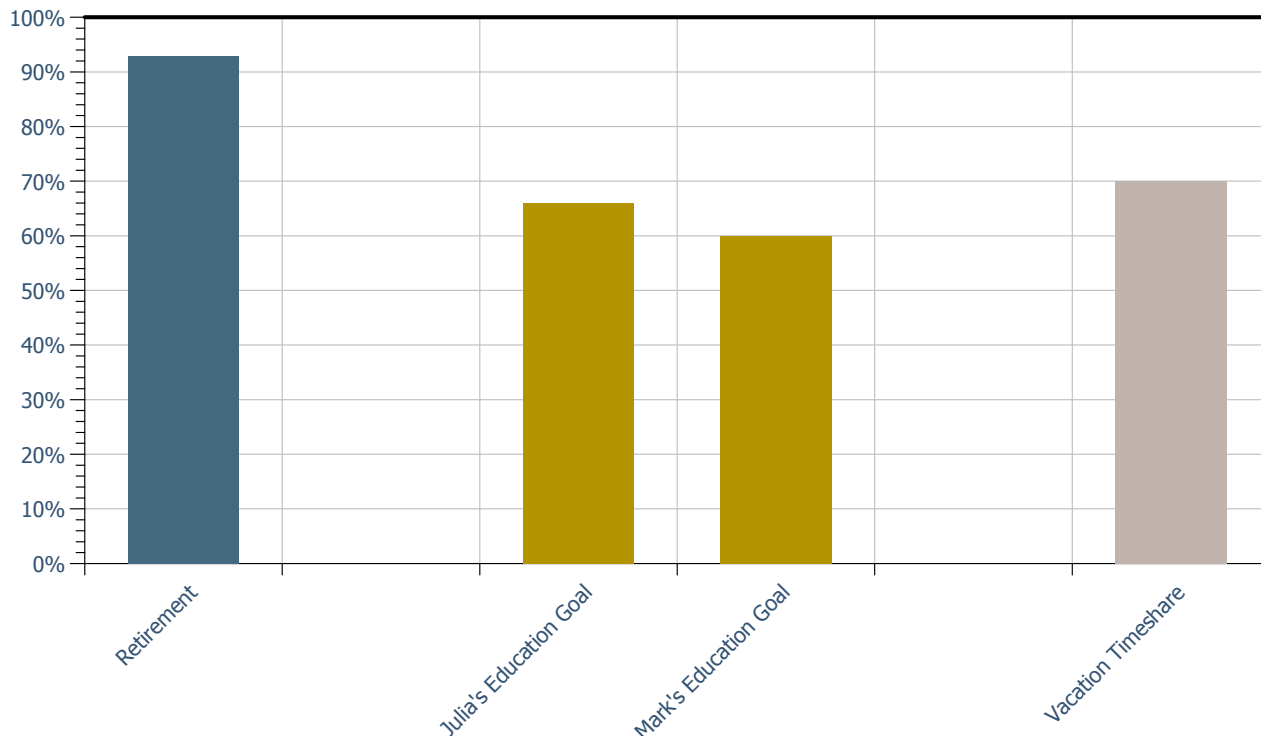
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Overview

The *Goal Achievement* graph illustrates the percentage of each goal that may be covered based on the projection of the current capital and savings for each goal.

Alternative strategies that may assist in goal achievement are listed in the tables following the *Goal Achievement* graph.



Retirement

Unfortunately, your current retirement strategies fall short of the desired retirement goal.

The following table provides alternative strategies that may assist you in achieving the desired retirement goal.

Options						
<u>Expect Retirement Expenses to Be Covered At (\$/year)</u>	OR	<u>Save an Additional</u>	OR	<u>Invest a Lump Sum Today Of</u>	OR	<u>Retire in the Year (at age)</u>
93% (\$213,900)		\$2,434/month		\$281,198		2024/2024 (64/62)

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.

Education

Unfortunately, your current education strategies may not allow you to achieve any of the desired education goals.

The following table provides alternative strategies that may assist you in achieving the desired education goals.

Options					
	<u>Expect to Support Education Costs At (\$/year)</u>	OR	<u>Save an Additional</u>	OR	<u>Invest a Lump Sum Today Of</u>
Julia's Education Goal	66% (\$26,435)		\$963/month		\$58,802
Mark's Education Goal	60% (\$24,244)		\$983/month		\$69,608

Major Purchase

Unfortunately, your current major purchase strategies may not allow you to achieve the desired major purchase goal.

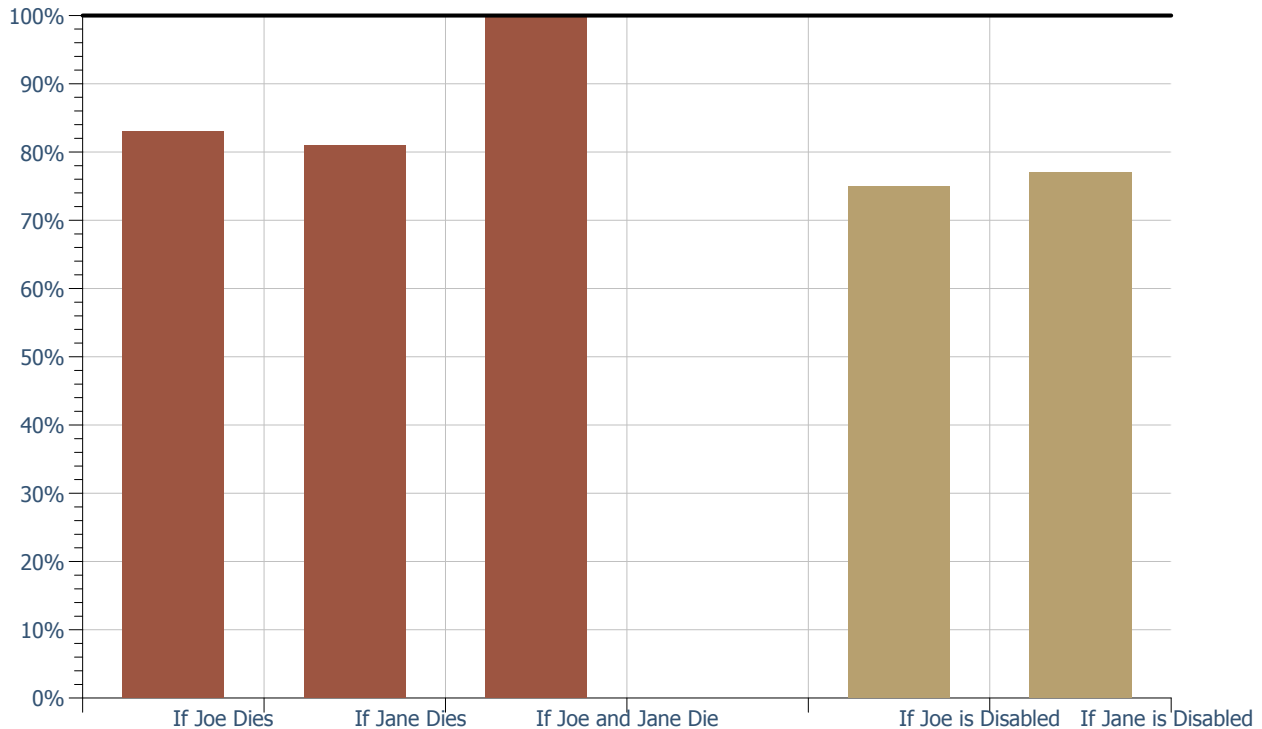
The following table provides alternative strategies that may assist you in achieving the desired major purchase goal.

Options							
	<u>Expect to Support Major Purchase Costs At (\$)</u>	OR	<u>Save an Additional</u>	OR	<u>Invest a Lump Sum Today Of</u>	OR	<u>Adjust Purchase Date To</u>
Vacation Timeshare (2018)	70% (\$61,600)		\$315/month		\$25,438		N/A*

*Sufficient capital to fund this major purchase goal will not be available before the death of the clients.

The *Goal Achievement* graph illustrates the percentage of each goal that may be covered based on the projection of the current capital and savings for each goal.

Alternative strategies that may assist in goal achievement are listed in the tables following the *Goal Achievement* graph.



Life Insurance

Your current life insurance coverage falls short of the necessary life insurance coverage for the Joe dies analysis and the Jane dies analysis. However, your current life insurance coverage provides the Joe and Jane die analysis with the necessary amount of life insurance coverage.

The following table provides alternative strategies that may assist you in achieving your life insurance goals.

Options		
	Expect to Cover Total Life Insurance Need At (\$)	OR Purchase Additional Life Insurance Of
If Joe Dies	83% (\$800,000)	\$759,862
If Jane Dies	81% (\$500,000)	\$784,926
If Joe and Jane Die	100%* (\$1,300,000)**	\$0

*The goal coverage percent is calculated based on the use of the net estate to cover needs.

**The dollar value shown equals the total amount of coverage available in the event both die.

Disability Insurance

Unfortunately, your current disability insurance coverage falls short of the necessary disability insurance coverage for Joe and Jane.

The following table provides alternative strategies that may assist you in achieving the disability insurance goals.

Options			
	<u>Expect to Cover Total Disability Insurance Need At (\$)</u>	OR	<u>Increase Disability Insurance By</u>
If Joe is Disabled	75% (\$10,000)		\$9,517/month
If Jane is Disabled	77% (\$10,000)		\$8,411/month

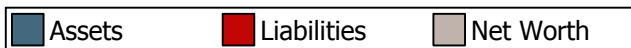
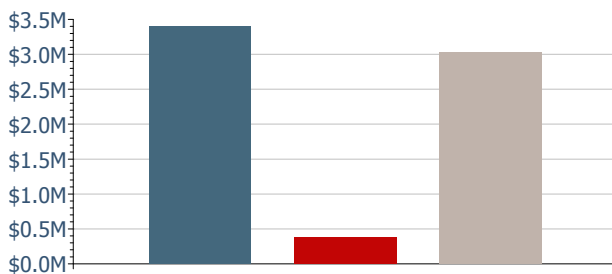
Current Financial Position

Analysis

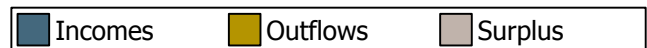
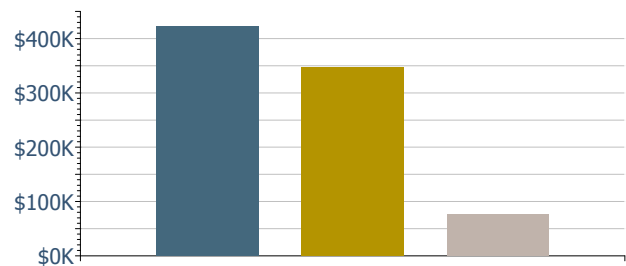
To determine your net worth we take the current value of all your assets, and then subtract the current value of all your liabilities. Based on the information you have provided, you currently have a **net worth of \$3,032,000**.

We have also evaluated your current cash flow position. We determine your cash flow surplus or deficit by adding together all your cash inflows, and then subtracting all your cash outflows, which include lifestyle expenses, savings, and taxes. Based on the information you have provided, you currently have a **cash flow surplus of \$75,663** in 2010.

Net Worth



Cash Flow



Net Worth

Qualified Assets	\$1,120,000
Non-Qualified Assets	\$537,000
Lifestyle Assets	\$1,750,000
Liabilities	(\$375,000)
Net Worth	\$3,032,000

Consider the Following

Review your current expenses to determine which items are discretionary. Decide on the sacrifices you are currently willing to make to achieve your financial goals.

Cash Flow

Income	\$422,276
Lifestyle Expenses	\$147,229
Medical Expenses	\$0
Savings	\$55,456
Taxes	\$143,928
Surplus	\$75,663

Retirement

Objective(s)

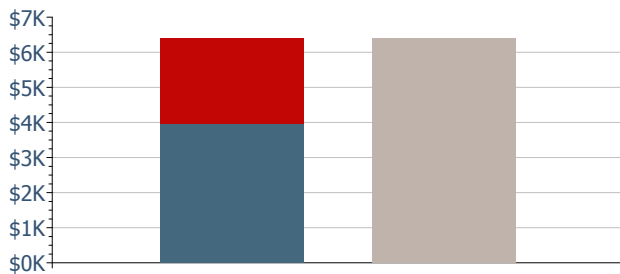
Joe plans to retire in the year 2022 at age 62. Jane plans to retire in the year 2022 at age 60. Your retirement income goal in the year 2022 is \$230,000, in today's dollars.

Analysis

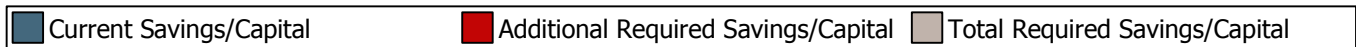
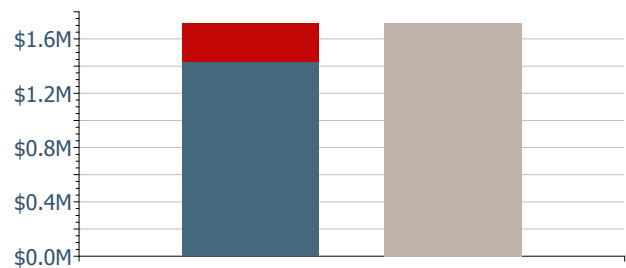
Based on our assessment, you may not have sufficient savings strategies in place, or sufficient capital allocated, to meet your retirement goal.

Based on your current assumptions, to meet your retirement goal you would need to save an **additional \$2,434 per month** or allocate an **additional \$281,198 today**.

Monthly Savings for Retirement



Capital for Retirement



Current Savings	\$3,950/month
Assets Currently Allocated	\$1,435,000
Rate of Return	6.85%
Additional Savings Required	\$2,434/month
or	
Additional Capital Required	\$281,198

These calculations are based on the return rate assigned to your current portfolio.

Consider the Following

- The additional required monthly savings amount is based on savings to non-qualified assets.
- Maximize contributions to tax-advantaged qualified retirement plans such as IRAs, Roth IRAs, and 401(k) plans.
- If you have not already done so, begin investing on a regular basis.

Attainable Retirement

Objective(s)

Joe plans to retire in the year 2022 at age 62. Jane plans to retire in the year 2022 at age 60.

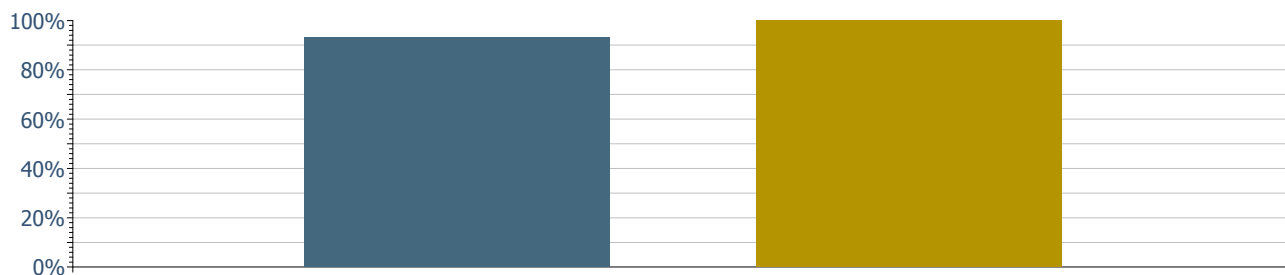
Analysis

Based on our assessment, it appears Joe may not be able to retire until the year 2024, at age 64, and Jane may not be able to retire until the year 2024, at age 62.

If Joe was to retire in the year 2022, at age 62 and Jane was to retire in the year 2022, at age 60, it appears your current savings strategies and retirement capital may provide you with the ability to cover 93% of your planned retirement expenses.

Attainable Retirement Expenses

Retire At 62/60



Attainable Retirement Age

	Retirement Goal	Attainable Retirement
Joe	62 (2022)	64 (2024)
Jane	60 (2022)	62 (2024)

Consider the Following

- If the amount of required savings is unmanageable, we should review your goals to find a solution.
- If your savings exceed your need, you may be able to spend more in retirement.

Attainable Retirement Expenses

Retirement Age	% of Retirement Expenses*
62/60	93%

*This value indicates the percentage of your stated annual retirement needs that can be funded by your available retirement resources throughout your entire retirement time period.

Julia's Education Goal

Objective(s)

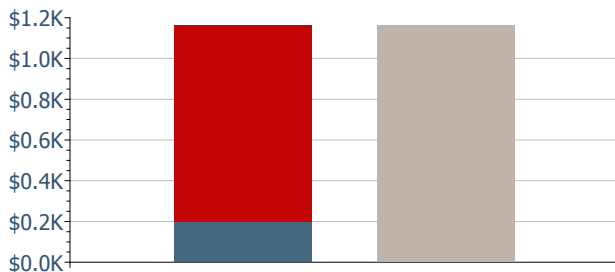
You want to accumulate sufficient assets to fund Julia's education goals for 4 years at a total cost of \$40,000 per year, in today's dollars, beginning in the year 2013.

Analysis

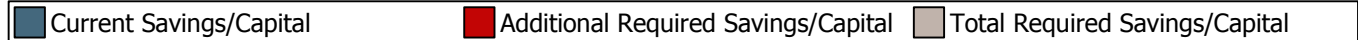
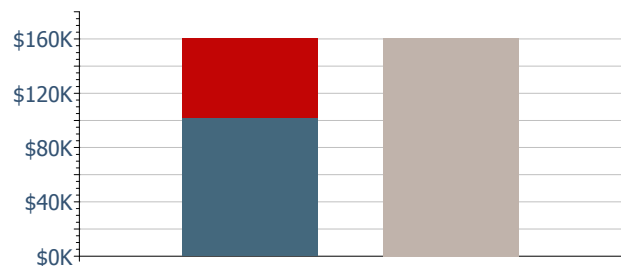
Based on our assessment you currently may not have sufficient savings strategies in place, or sufficient capital allocated to meet your goal.

Based on your assumptions, to meet your goal you would need to save an **additional \$963 per month** or allocate an **additional \$58,802 today**.

Monthly Savings



Capital Allocated



Current Savings	\$200/month
Assets Currently Allocated	\$102,000
Rate of Return	6.00%
Additional Savings Required	\$963/month
or	
Additional Capital Required	\$58,802

These calculations are based on the return rate assigned to your current portfolio.

Consider the Following

- Determine realistic values for tuition and related college expenses. Factor in the effects of inflation. College costs have historically increased at a significantly higher rate than inflation.
- Invest regularly for your family member's education, starting as early as possible.
- Where possible, take advantage of educational savings vehicles such as Coverdell ESAs, 529 plans, UTMA accounts and UGMA accounts.

Mark's Education Goal

Objective(s)

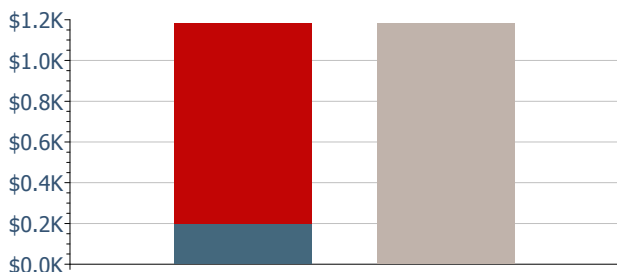
You want to accumulate sufficient assets to fund Mark's education goals for 4 years at a total cost of \$40,000 per year, in today's dollars, beginning in the year 2014.

Analysis

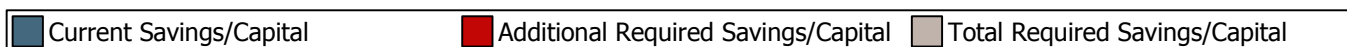
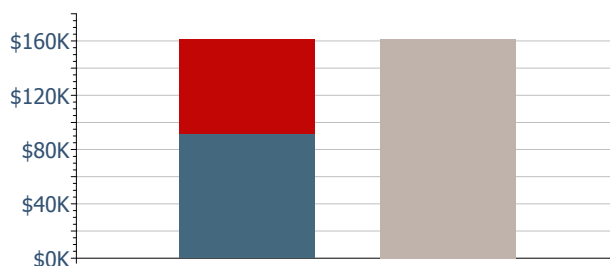
Based on our assessment you currently may not have sufficient savings strategies in place, or sufficient capital allocated to meet your goal.

Based on your assumptions, to meet your goal you would need to save an **additional \$983 per month** or allocate an **additional \$69,608 today**.

Monthly Savings



Capital Allocated



Current Savings	\$200/month
Assets Currently Allocated	\$92,000
Rate of Return	6.00%
Additional Savings Required	\$983/month
or	
Additional Capital Required	\$69,608

These calculations are based on the return rate assigned to your current portfolio.

Consider the Following

- Determine realistic values for tuition and related college expenses. Factor in the effects of inflation. College costs have historically increased at a significantly higher rate than inflation.
- Invest regularly for your family member's education, starting as early as possible.
- Where possible, take advantage of educational savings vehicles such as Coverdell ESAs, 529 plans, UTMA accounts and UGMA accounts.

Vacation Timeshare

Objective(s)

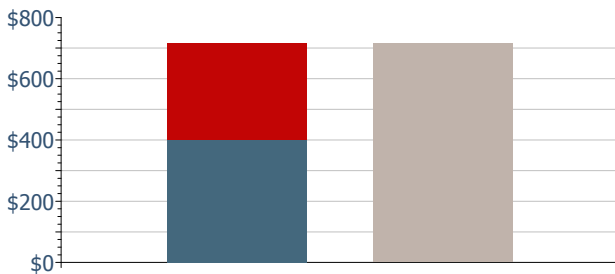
You want to purchase a "Vacation Timeshare" in 8 years, in the year 2018, for the amount of \$88,000, in today's dollars.

Analysis

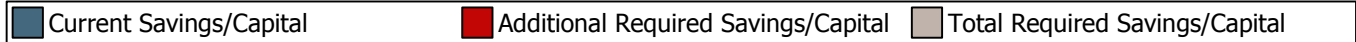
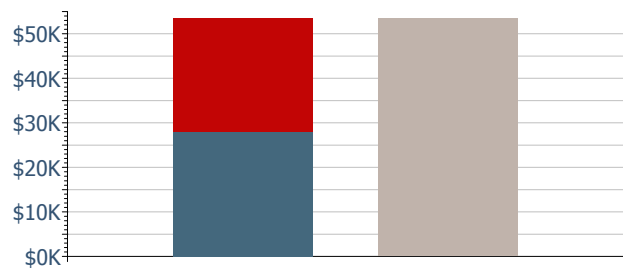
Based on our assessment, it appears you may not have sufficient savings strategies in place, or sufficient capital allocated to meet your goal.

Based on your assumptions, to meet your goal you need to save an **additional \$315 per month** or allocate an **additional \$25,438 today**.

Monthly Savings



Capital Allocated



Current Savings	\$400/month
Assets Currently Allocated	\$28,000
Rate of Return	6.00%
Additional Savings Required	\$315/month
or	
Additional Capital Required	\$25,438

Consider the Following

- Prioritize the financial goals for your family and give them realistic timelines.
- Determine your investment strategy for each goal based on your time horizon and risk tolerance.
- Start saving as early as possible.

These calculations are based on the return rate assigned to your current portfolio.

Disability Insurance – Joe

Objective(s)

Disability insurance allows you to ensure there is sufficient income replacement to maintain your desired lifestyle, should Joe become disabled.

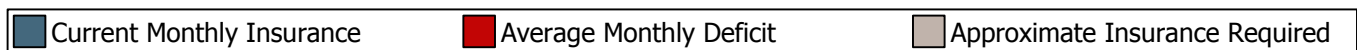
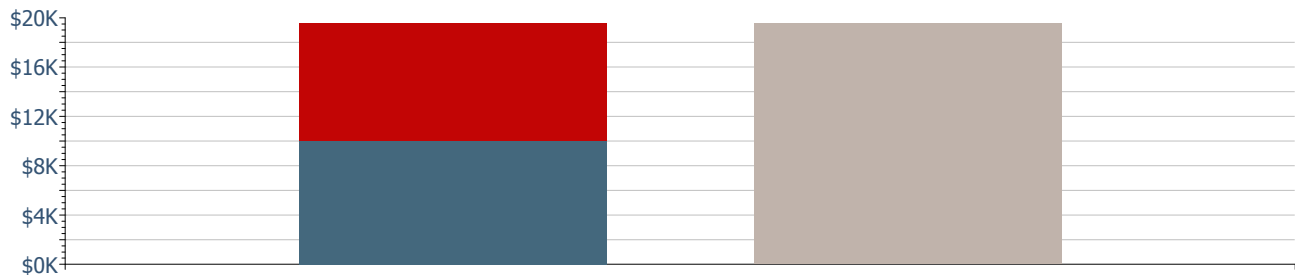
Analysis

Based on our assessment from now until you retire in the year 2022, you may experience deficits that average \$9,517 per month, with the largest annual deficit being \$242,305.

Increasing your coverage by \$9,517 per month can help eliminate these deficits.

Depending on the circumstances, you may or may not be able to purchase this amount of disability insurance.

If Joe Becomes Disabled



If Joe Becomes Disabled

Current Monthly Disability Insurance	\$10,000
Average Monthly Deficit	\$9,517
Approximate Monthly Disability Insurance Required*	\$19,517

*The recommended amount of disability insurance coverage is calculated based on long-term disability insurance coverage. You may or may not be able to purchase this amount of disability insurance.

These calculations are based on the return rate assigned to your current portfolio.

Consider the Following

- You may not want to rely solely on group policies at work. If you change jobs or your employer switches to another insurer, you may no longer be eligible for group benefits.
- Review your existing policy's monthly disability benefit, definition of disability, waiting period, and duration of benefits.
- Review the coverage periodically and adjust it according to changes in your income and expenses.

Disability Insurance – Jane

Objective(s)

Disability insurance allows you to ensure there is sufficient income replacement to maintain your desired lifestyle, should Jane become disabled.

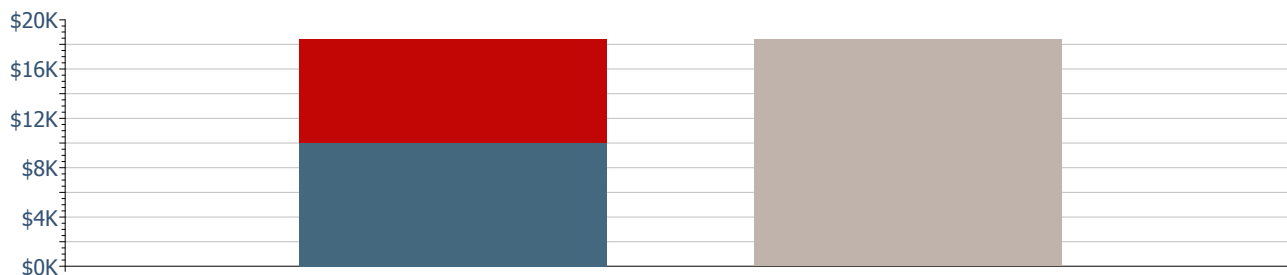
Analysis

Based on our assessment from now until you retire in the year 2022, you may experience deficits that average \$8,411 per month, with the largest annual deficit being \$227,546.

Increasing your coverage by \$8,411 per month can help eliminate these deficits.

Depending on the circumstances, you may or may not be able to purchase this amount of disability insurance.

If Jane Becomes Disabled



Current Monthly Insurance	Average Monthly Deficit	Approximate Insurance Required
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If Jane Becomes Disabled

Current Monthly Disability Insurance	\$10,000
Average Monthly Deficit	\$8,411
Approximate Monthly Disability Insurance Required*	\$18,411

*The recommended amount of disability insurance coverage is calculated based on long-term disability insurance coverage. You may or may not be able to purchase this amount of disability insurance.

These calculations are based on the return rate assigned to your current portfolio.

Consider the Following

- You may not want to rely solely on group policies at work. If you change jobs or your employer switches to another insurer, you may no longer be eligible for group benefits.
- Review your existing policy's monthly disability benefit, definition of disability, waiting period, and duration of benefits.
- Review the coverage periodically and adjust it according to changes in your income and expenses.

Life Insurance – Joe

Objective(s)

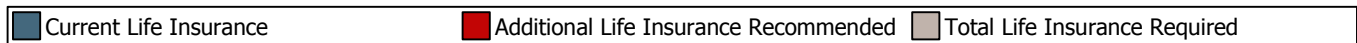
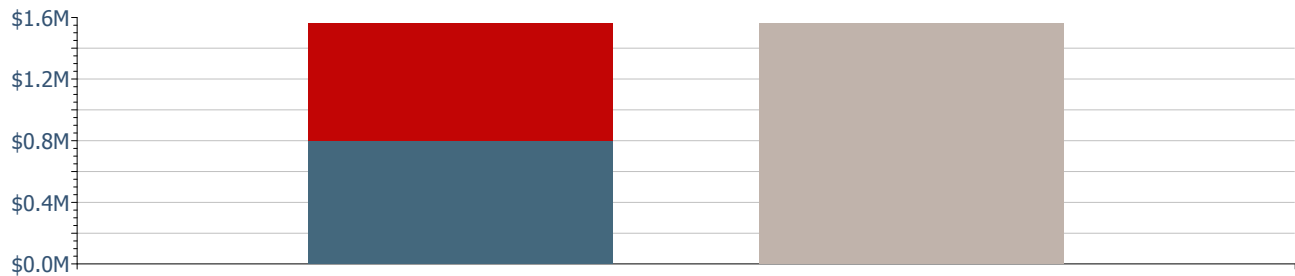
In the event of Joe's death, you want to ensure that Jane has enough income and capital to cover the family's expenses, and to fund your education and major purchase goals.

Analysis

Based on our assessment, you currently may not have sufficient life insurance to meet Jane's ongoing needs.

Increasing your **life insurance coverage by \$759,862** can help reduce this shortfall.

If Joe Dies



If Joe Dies

Total Coverage Needed	\$1,559,862
Current Life Insurance Owned	\$800,000
Additional Life Insurance Required	\$759,862

These calculations are based on the return rate assigned to your current portfolio.

Consider the Following

- You may not want to rely solely on group policies at work. If you change jobs or your employer switches to another insurer, you may no longer be eligible for group benefits.
- Review your coverage periodically to ensure it continues to meet your family's changing needs.
- It is also important to consider continued savings to fund other financial goals.

Life Insurance – Jane

Objective(s)

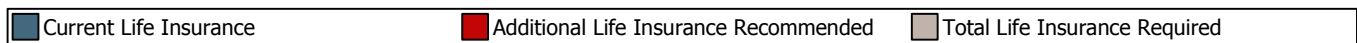
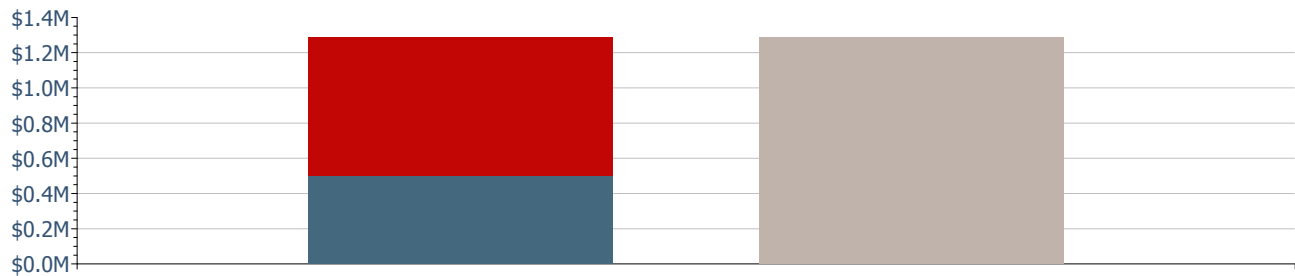
In the event of Jane's death, you want to ensure that Joe has enough income and capital to cover the family's expenses, and to fund your education and major purchase goals.

Analysis

Based on our assessment, you currently may not have sufficient life insurance to meet Joe's ongoing needs.

Increasing your **life insurance coverage by \$784,926** can help reduce this shortfall.

If Jane Dies



If Jane Dies

Total Coverage Needed	\$1,284,926
Current Life Insurance Owned	\$500,000
Additional Life Insurance Required	\$784,926

These calculations are based on the return rate assigned to your current portfolio.

Consider the Following

- You may not want to rely solely on group policies at work. If you change jobs or your employer switches to another insurer, you may no longer be eligible for group benefits.
- Review your coverage periodically to ensure it continues to meet your family's changing needs.
- It is also important to consider continued savings to fund other financial goals.

Life Insurance – Joe and Jane

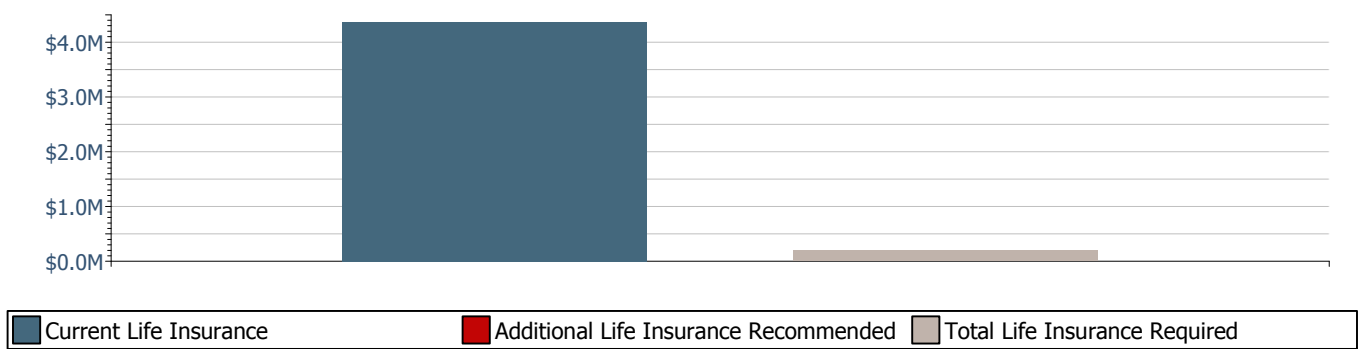
Objective(s)

In the event of Joe's and Jane's deaths, you want to ensure that your dependents have enough income and capital to cover lifestyle needs and education goals.

Analysis

Based on our assessment, you currently have sufficient capital and life insurance to meet your estate objectives.

If Joe and Jane Die



If Joe and Jane Die

Required Net Estate	\$200,000
Current Net Estate	\$4,367,462
Additional Life Insurance Required	\$0

These calculations are based on the return rate assigned to your current portfolio.

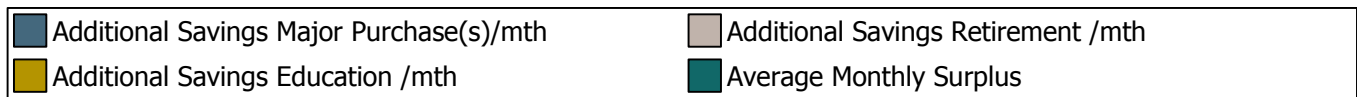
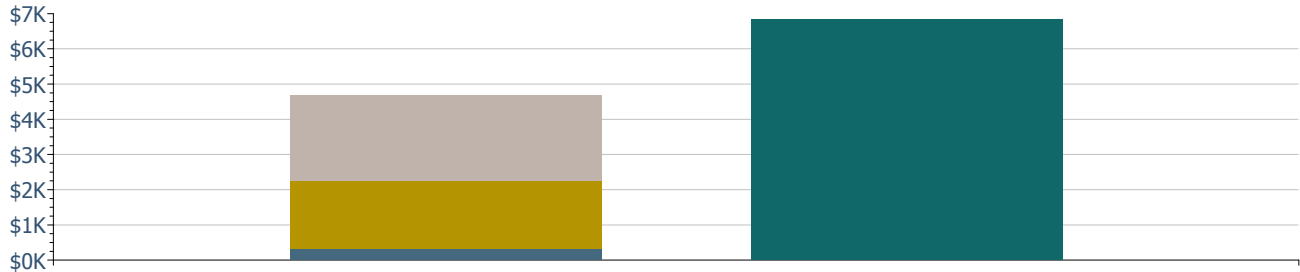
Consider the Following

- You may not want to rely solely on group policies at work. If you change jobs or your employer switches to another insurer, you may no longer be eligible for group benefits.
- Review your coverage periodically to ensure it continues to meet your family's changing needs.
- It is also important to consider continued savings to fund other financial goals.

Goal Attainability

Analysis

Based on our assessment, it appears you currently have sufficient cash flow resources to meet the additional savings requirements for your goals.



Additional Savings for Goals:

Retirement	\$2,434/month
Education:	
"Julia's Education Goal"	\$963/month
"Mark's Education Goal"	\$983/month
Major Purchase:	
"Vacation Timeshare"	\$315/month
Average Monthly Surplus/Deficit*	\$6,820

Consider the Following

- It is important to balance future goals with current lifestyle needs.
- Assess the priority of future goals based on available cash flow.

*Represents your average surplus/deficit over the next 5 years.

These calculations do not take into consideration potential premium increases for additional life insurance, disability insurance and long-term care insurance.

These calculations are based on the return rate assigned to your current portfolio.

Conclusion

Now that you have an overview of your current financial situation, 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.
- **Assess the original objectives** – Are they realistic? Can you afford to implement all of your objectives? What are your priorities? If you are unable to fund all of your objectives, consider alternative goal dates, revised goal amounts, and alternative investment strategies. We will work together in the process.
- **Review various strategies** – This will help you to achieve your goals and determine a time frame for these strategies.
- **Decide on a course of action** – Together, we will evaluate the alternative that is consistent with your objectives and your financial ability.

Assumptions

In performing this assessment, we have made the following assumptions:

Tax Status

A married filing jointly tax filing status was applied to your assessment.

Lifestyle Assets Growth Rate

A 2% growth rate was applied to lifestyle assets.

Lifestyle assets are jointly owned.

Lifestyle assets were purchased on Dec. 31 of the year prior to the assessment year.

Incomes and Expenses

An inflation rate of 3% was applied to pre-retirement incomes and expenses.

Pre-retirement incomes are salaries that commence on Jan. 1 of the assessment year and end on retirement.

Social Security

All Social Security benefits are indexed to the inflation rate.

Social Security retirement benefits start at retirement.

Social Security survivor benefits are applicable.

Social Security disability benefits were not included in this assessment.

Liabilities

Your assessment assumed an interest rate of 7% on mortgages, 8% on car loans and personal loans, and 12% on all other loans.

All liabilities are jointly owned.

All liabilities assume monthly compounding. Amortization is automatically calculated based on the values entered, using a principal and interest loan payment schedule.

Upon death all liabilities were transferred to the survivor.

Retirement Goal

An annual inflation rate of 3.00% has been applied to the "Retirement goal expense".

Pension Details

Pension income starts at retirement and ends at death for all pensions entered into the assessment.

Pension income is paid annually and indexed to 3%.

Qualified Assets

Qualified accounts were assumed to be 401(k) plans.

Savings Strategies

Saving strategies for the retirement goal began Jan. 1 of 2010 and end on Dec. 31 of the year prior to retirement.

Saving strategies for education goals began on Jan. 1 of 2010 and end on Dec. 31 of the last year of the education goals.

Savings strategies for major purchase goals began on Jan. 1 of 2010 and cease at the end of the month prior to the major purchase.

Education Goals

Education goals were funded by jointly owned non-qualified accounts.

An annual inflation rate of 5.00% has been applied to "Julia's Education Goal".

An annual inflation rate of 5.00% has been applied to "Mark's Education Goal".

Major Purchase Goal

The major purchase goal was funded by jointly owned non-qualified accounts.

An annual inflation rate of 3.00% has been applied to the "Vacation Timeshare" goal.

Life Insurance Needs

In the event of Joe or Jane's death, we assume that 100% of your goals will continue.

In the event of Joe and Jane's death, we assume that 100% of your education goals will continue.

The life insurance policy type was assumed to be a 10-year term policy which does not lapse.

The insured owns the policy and pays the premium.

The beneficiary was assumed to be the non-insured client.

The goal-and-expense analysis method was used.

An expense coverage of 85% was applied to your lifestyle expenses.

The return on life insurance proceeds, surpluses, and liquidations was 6.00%.

Cash flow surpluses were assumed to be saved.

Outstanding liabilities are funded at death for purposes of the life insurance assessment.

All major purchase goals were covered.

Disability Insurance Needs

In the event of Joe or Jane's disability, we assume that 100% of your stated expenses, liabilities, and goals will continue.

In the event of Joe or Jane's disability, we assume that there is a two week waiting period before receipt of your short-term disability benefits and a three month waiting period before receipt of your long-term disability benefits.

The coverage is a group LTD policy.

The benefit type is a flat dollar amount.

Benefits are not taxable.

The insured member owns the policy and pays the premium.

Benefits will be offset by Social Security.

The return on disability insurance surpluses and liquidations was 6.00%

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 calculations contained in the report utilize the information that you have provided and reviewed including, but not limited to, your age, 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 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.