



REPORT PREPARED FOR

Johnny Wave & Jenny Wave

by James "Blake" Bowman, CFP®
Wave Wealth Planning, LLC

Generated on 06/27/2024

James "Blake" Bowman, CFP®

615-724-0058

blake@wavewealthplanning.com

Important Information

This report is intended to provide you with an analysis of your financial plan. It is based on the data and assumptions provided by you and your financial professional including but not limited to asset expected returns, volatility, and inflation assumptions. Detailed information regarding assumptions can be found on the disclosure page of this report.

The report shows comparisons of your current plan and a proposed plan. The proposed plan is a recommendation formulated by your financial professional. The report also shows comparisons of your current asset allocation and a proposed asset allocation. The proposed asset allocation is the recommendation formulated by your financial professional.

The report shows the Probability of Success of your plan using a Monte Carlo simulation calculated by running the projection 1,000 separate times. Some sequences of returns used in the Monte Carlo simulation will give you better results, and some will give you worse results. These multiple trials provide a range of possible results. RightCapital considers a trial to be "successful" if, at the end of your planning horizon, your invested assets are greater than zero. The percentage of trials that were successful is the Probability of Success of your plan, with all its underlying assumptions. Detailed disclosure regarding the calculations can be found on the disclosure page of this report.

Snapshot

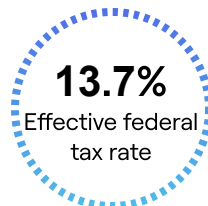
Key Focus Areas

- Maintain \$50,000 cash reserve for emergency fund
- Pay for Jake's college
- Be positioned to retire before age 60

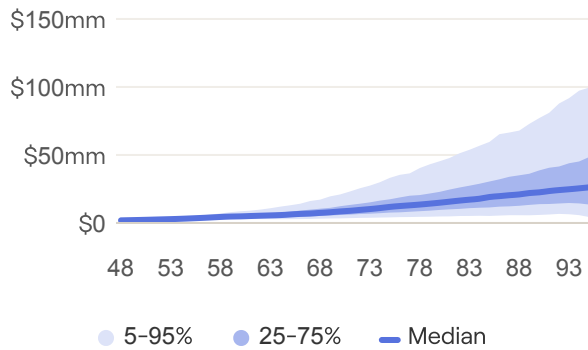
Targeted Savings

- Max out 401k plan
- Max out Backdoor Roth IRAs
- Max out Health Savings Account

Probability of success of Proposed plan



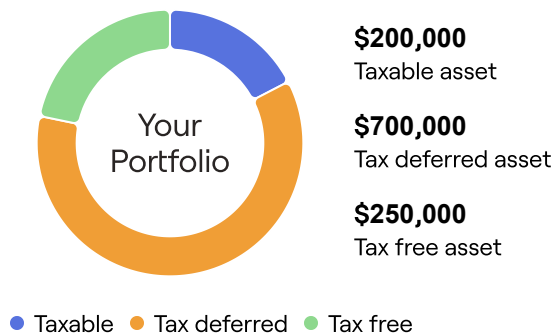
Asset simulation results of Proposed plan



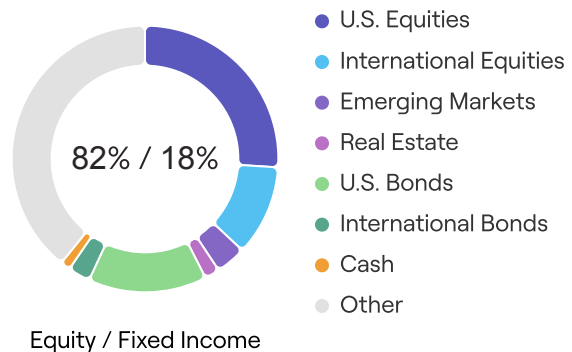
Balance Sheet

Bank	\$50,000
Invested assets	\$1,150,000
Real estate assets	\$500,000
Life insurance cash value	\$0
Other assets	\$0
Credit cards	\$0
Mortgages	\$350,000
Home equities	\$0
Student loans	\$0
Other debts	\$20,000
Net worth	\$1,330,000

Tax allocation summary



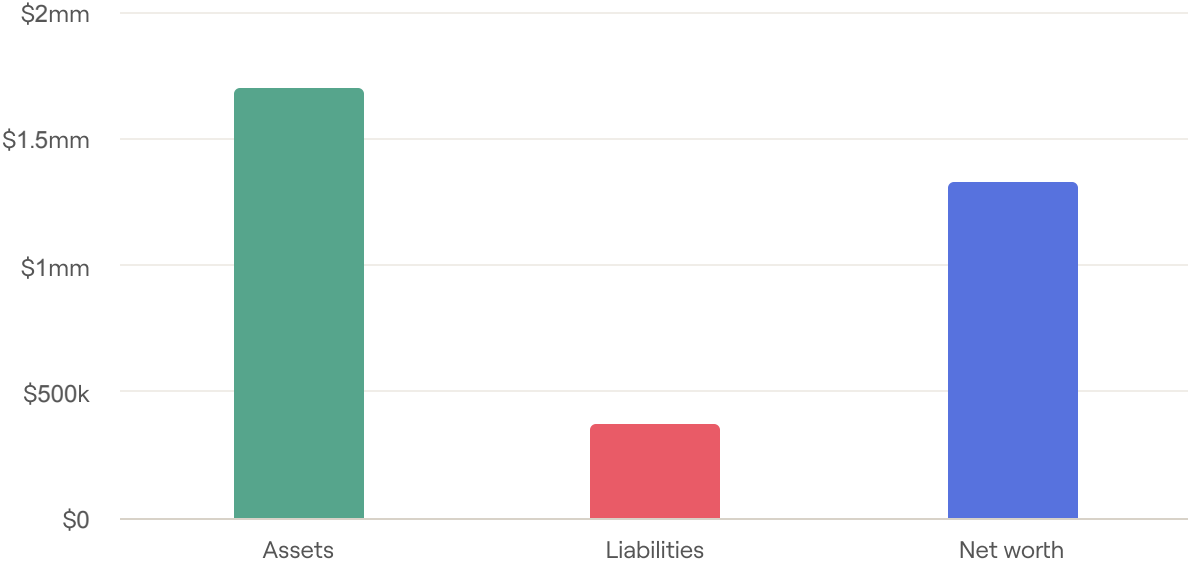
Current allocation



Balance Sheet

Just like any well-run business, your personal balance sheet should always be in check. Your net worth is the difference between your assets and your liabilities. Assets are everything you own such as your home and investments, and liabilities are everything you owe such as the balance on your mortgage and other debt.

Your net worth is \$1,330,000 as of 6/27/24



Assets	
Bank	\$50,000
Invested assets	\$1,150,000
Real estate assets	\$500,000
Life insurance cash value	\$0
Other assets	\$0
Total assets	\$1,700,000

Liabilities	
Credit cards	\$0
Mortgages	\$350,000
Home equities	\$0
Student loans	\$0
Other debts	\$20,000
Total liabilities	\$370,000
Net Worth	\$1,330,000

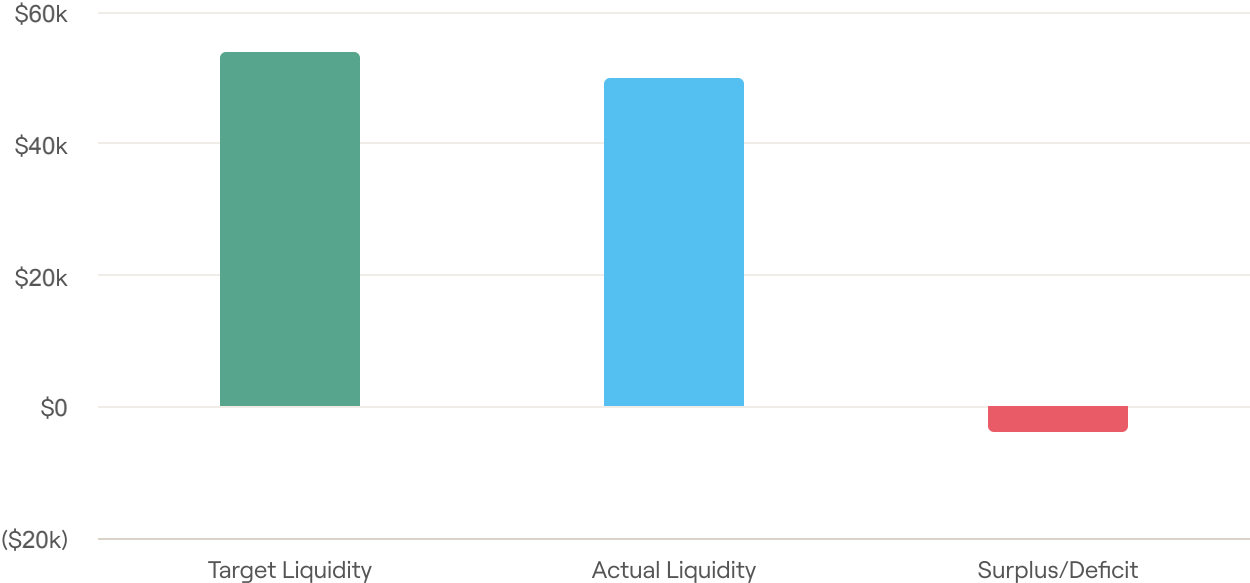
Balance Sheet Details

Description	Johnny	Jenny	Joint	Total
Assets				
Cash				
Cash Reserve			\$50,000	\$50,000
Total Cash	\$0	\$0	\$50,000	\$50,000
Invested Assets				
Non-qualified				
Joint Investment Account			\$200,000	\$200,000
Qualified				
401k	\$700,000			\$700,000
Roth IRA	\$250,000			\$250,000
Total Invested Assets	\$950,000	\$0	\$200,000	\$1,150,000
Real Estate Assets				
Primary Home			\$500,000	\$500,000
Total Real Estate Assets	\$0	\$0	\$500,000	\$500,000
Total Assets	\$950,000	\$0	\$750,000	\$1,700,000
Liabilities				
Home - Mortgage			\$350,000	\$350,000
Car - Loan			\$20,000	\$20,000
Total Liabilities	\$0	\$0	\$370,000	\$370,000
Net Worth				
Total Net Worth	\$950,000	\$0	\$380,000	\$1,330,000

Liquidity

If a job loss or other financial hardship arises, a liquid emergency fund can help pay bills without dipping into savings or using high interest credit or loans. Your emergency fund should include easily accessible funds like cash and money market funds.

Liquidity analysis



Covered expenses

Current monthly expenses	\$8,992
Proposed expense buffer	\$0
Total covered expenses	\$8,992

Liquidity target

Liquidity target 6 months of covered expenses, \$53,952

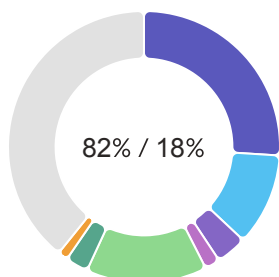
Liquidity Details

Current monthly expenses		Current liquidity	
Living expense	\$6,000	Cash Reserve	\$50,000
Housing	\$2,500		
Debt	\$400		
Health care	\$0		
Insurance premium	\$92		
Rental and vacation home	\$0		
Other expense	\$0		
Total monthly expenses	\$8,992	Total current liquidity	\$50,000

Asset Allocation

Current allocation

All accounts



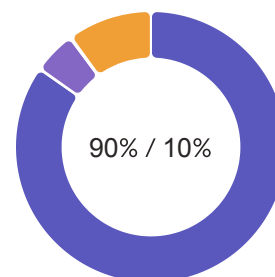
Equity / Fixed Income

Annual return: 9.4%
Standard deviation: 9.5%

26%	● U.S. Equities	84.7%
11%	● International Equities	0.1%
3.7%	● Emerging Markets	5%
1.8%	● Real Estate	0.2%
14.4%	● U.S. Bonds	0%
2.7%	● International Bonds	0%
1.2%	● Cash	10%
39.2%	● Other	0%

Target allocation

Focused Investing 90%



Equity / Fixed Income

Annual return: 9.7%
Standard deviation: 15.1%

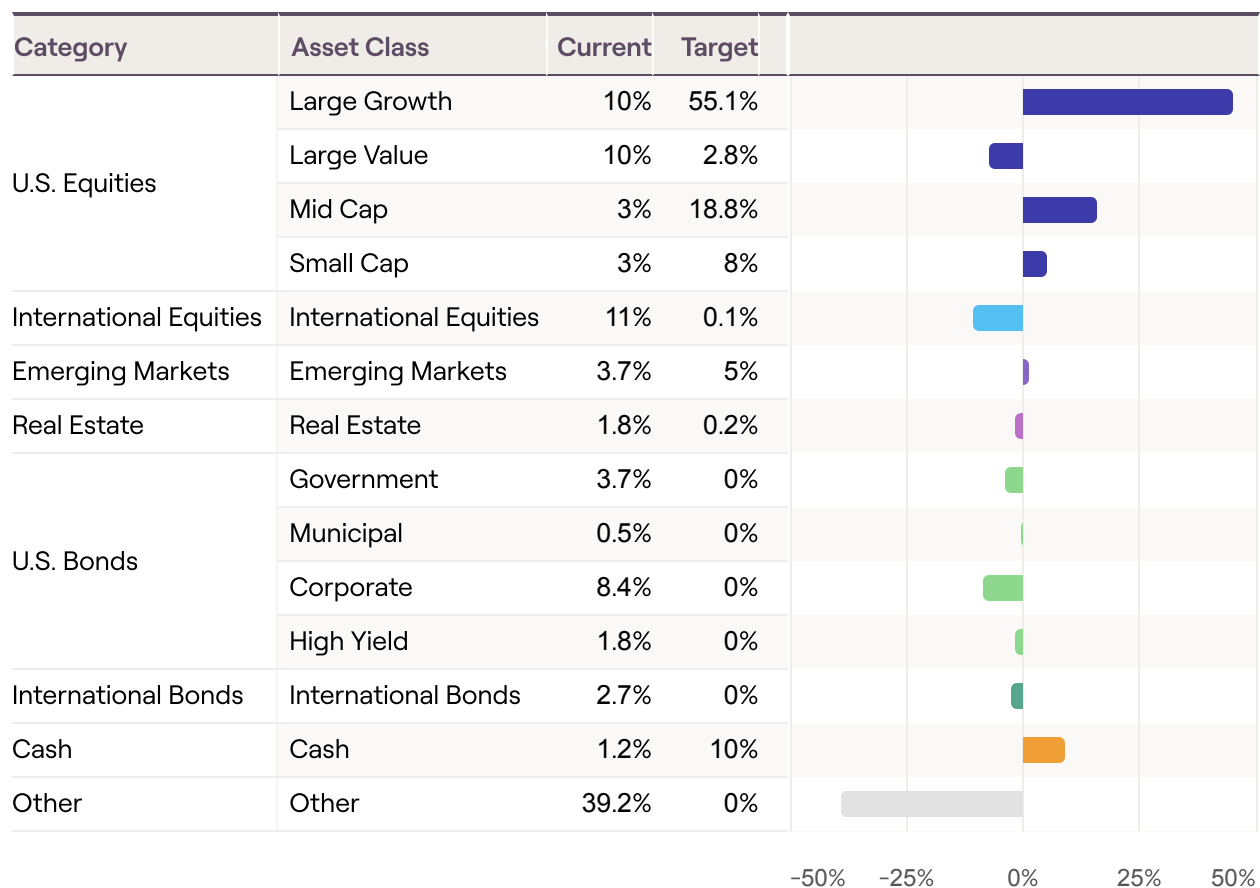
To balance back to your target portfolio:

U.S. Equities	Buy	\$675,050	U.S. Bonds	Sell	\$165,600
International Equities	Sell	\$125,350	International Bonds	Sell	\$31,050
Emerging Markets	Buy	\$14,950	Cash	Buy	\$101,200
Real Estate	Sell	\$18,400	Other	Sell	\$450,800

This page shows a need to increase or decrease the amounts currently represented in these asset classes of the current portfolio.

Returns presented are calculated using historical return data of indices, which serve as proxies for their respective asset classes. They are not returns of actual investments and do not include fees or operating expenses. These indices are unmanaged and the returns are shown for illustrative purposes. Please refer to sections 5 and 8.4 of the disclosure section for more information.

Asset Allocation Details



Please refer to sections 5 and 8.4 of the disclosure section for more information.

Tax Allocation

Tax deferred assets include 401(k)/403(b), IRAs and other tax deferred accounts. Tax free assets include Roth 401(k), Roth IRA, 529, HSA and other tax free accounts. The taxability of the accounts above are based on a variety of factors. Please consult a qualified tax professional to discuss your individual tax situation.



\$200,000
Taxable asset

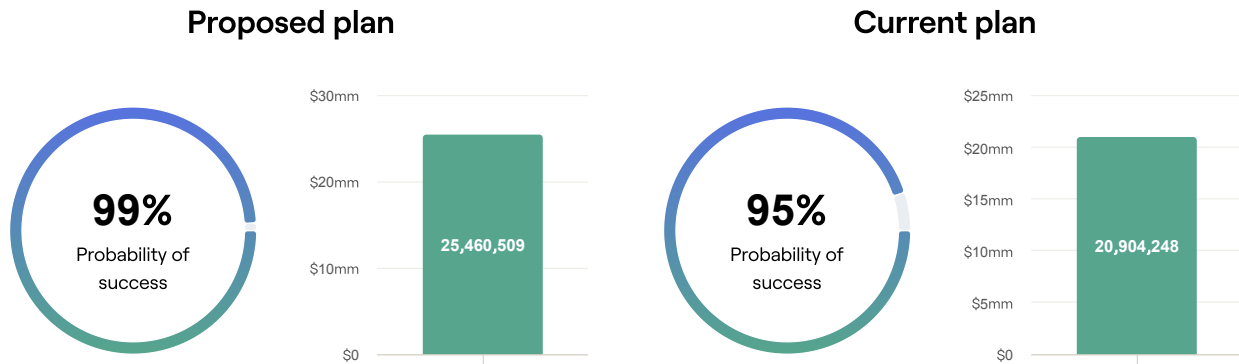
\$700,000
Tax deferred asset

\$250,000
Tax free asset

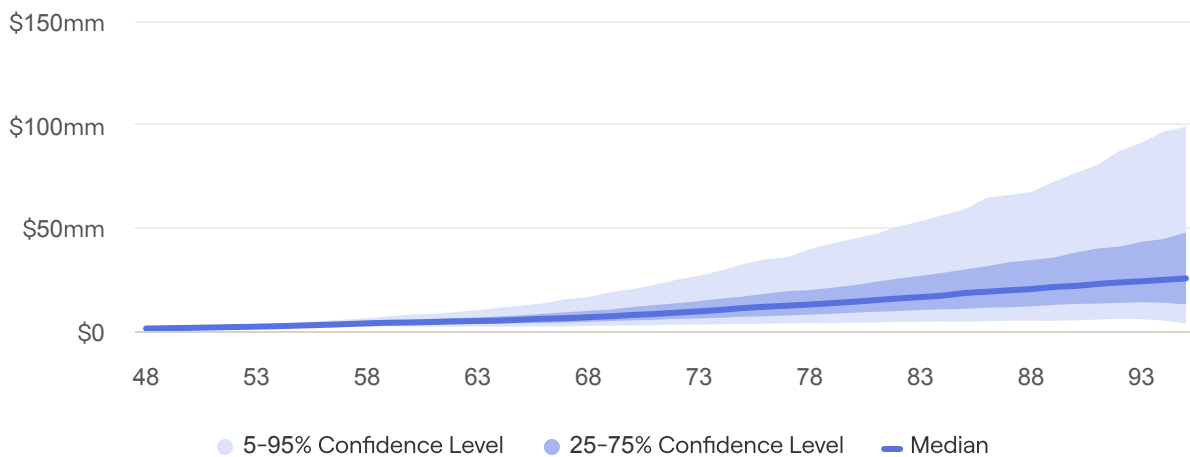
- Taxable ● Tax deferred
- Tax free

Monte Carlo Analysis

Use of a detailed retirement analysis tool is important to help determine whether you are on track for a successful retirement. Monte Carlo simulations, stress tests, and viewing specific scenarios can help you evaluate your retirement plans and see the impact of potential changes.



Asset simulation results - Proposed plan



This section of the report displays the results of Monte Carlo simulations run on the current and proposed plans. The results are derived from 1000 simulations and the specified retirement cash flows. The chart of probability of success represents the overall likelihood of success in both the current and proposed plan.

IMPORTANT: The projections or other information generated by RightCapital regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results are based on return and volatility assumptions from a number of market indices shown in disclosure sections 5, 6 and 8.4. Fees and expenses are not included, and thus, are excluded, including, but not limited to, fund fees, account fees, product fees and advisor fees. Inclusion of those fees results in lower returns, which would affect the probability of achieving any particular outcome. Results may vary with each use and over time. The analysis must be reviewed in conjunction with assumptions, limitations and methodologies in the disclosure section. This report is not complete without the accompanying disclosure page.

Retirement Analysis Action Items

	Proposed	Current
Financial goals		
Johnny's retirement age	60	60
Jenny's retirement age	60	60
Retirement Monthly Expense	\$6,000	\$6,000
Savings		
Johnny's 401(k)	15%	3%
Jenny's 401(k)	15%	3%
Joint Taxable	\$18,000	\$0
Expenses		
Pre-retirement Living Expenses	\$6,000	\$6,000
Strategies		
Asset allocation	Current allocation	Current allocation
Social Security	Current strategy	Current strategy
Johnny Wave	Age 65	Age 65
Jenny Wave	Age 65	Age 65
Debt strategy	Current payments	Current payments
Student loan strategy	Current payments	Current payments
Distribution strategy	Current strategy	Current strategy
Education strategy	Current strategy	Current strategy
Income strategy	\$0	Select an account
Retirement Spending	Floor and Ceiling	Inflation Adjusted

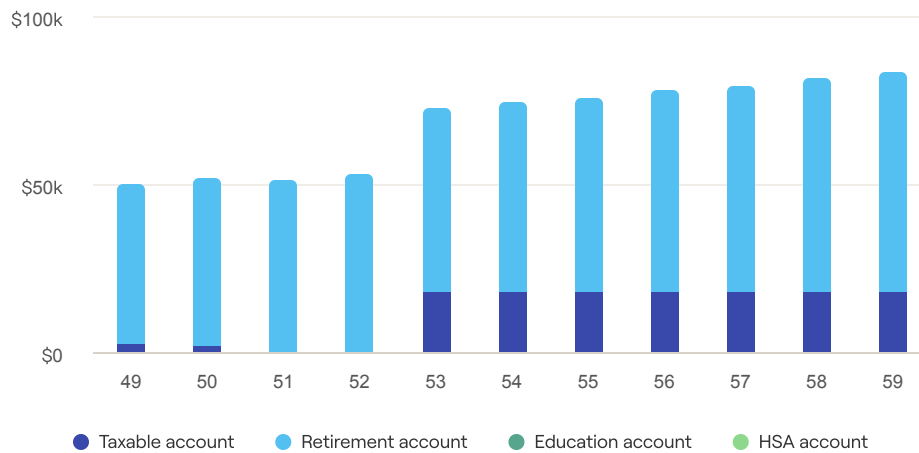
Saving Analysis – Proposed plan

Current year savings of Proposed plan



Total annual savings of
\$50,103
 Savings rate of
22.3%
 with total income of
 \$225,000

Savings over time of Proposed plan

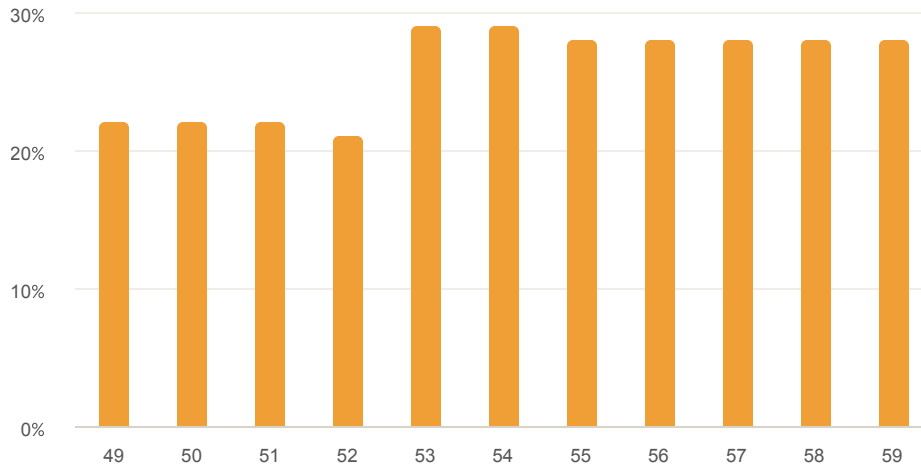


Total savings of
\$750,873
 Average savings rate of
26.0%
 with total income of
 \$2,881,754

IMPORTANT: The projections or other information generated by RightCapital regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results are based on return and volatility assumptions from a number of market indices shown in disclosure sections 5, 6 and 8.4. Fees and expenses are not included, and thus, are excluded, including, but not limited to, fund fees, account fees, product fees and advisor fees. Inclusion of those fees results in lower returns, which would affect the probability of achieving any particular outcome. Results may vary with each use and over time. The analysis must be reviewed in conjunction with assumptions, limitations and methodologies in the disclosure section. This report is not complete without the accompanying disclosure page.

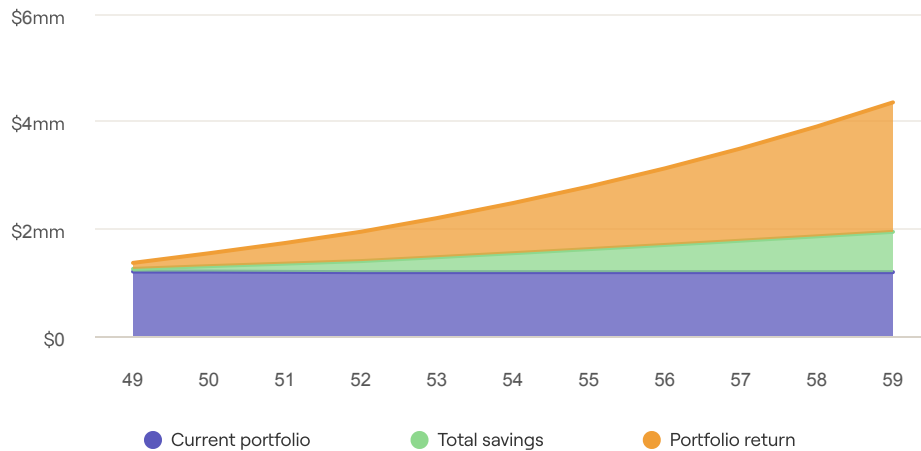
Saving Analysis – Proposed plan

Savings rate of Proposed plan



Total savings of
\$750,873
 Average savings rate of
26.0%
 with total income of
 \$2,881,754

Total savings and returns of Proposed plan

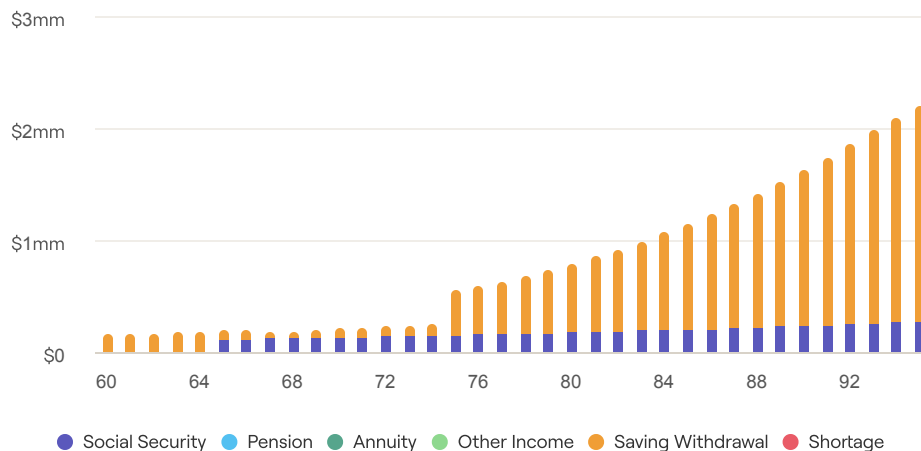


Total invested asset
\$4,353,615
 at retirement
\$750,873 total savings
\$2,412,791 portfolio return

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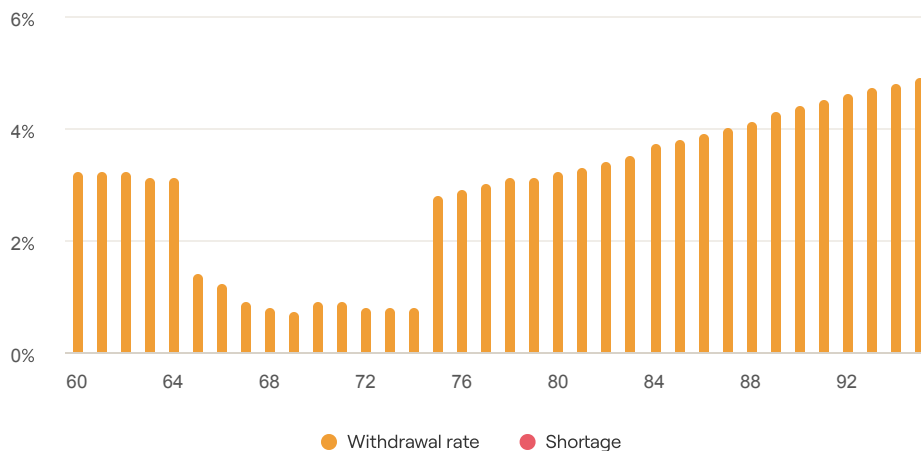
Retirement Analysis Details – Proposed plan

Income sources of Proposed plan



\$0
income shortage
31.2%
income is stable

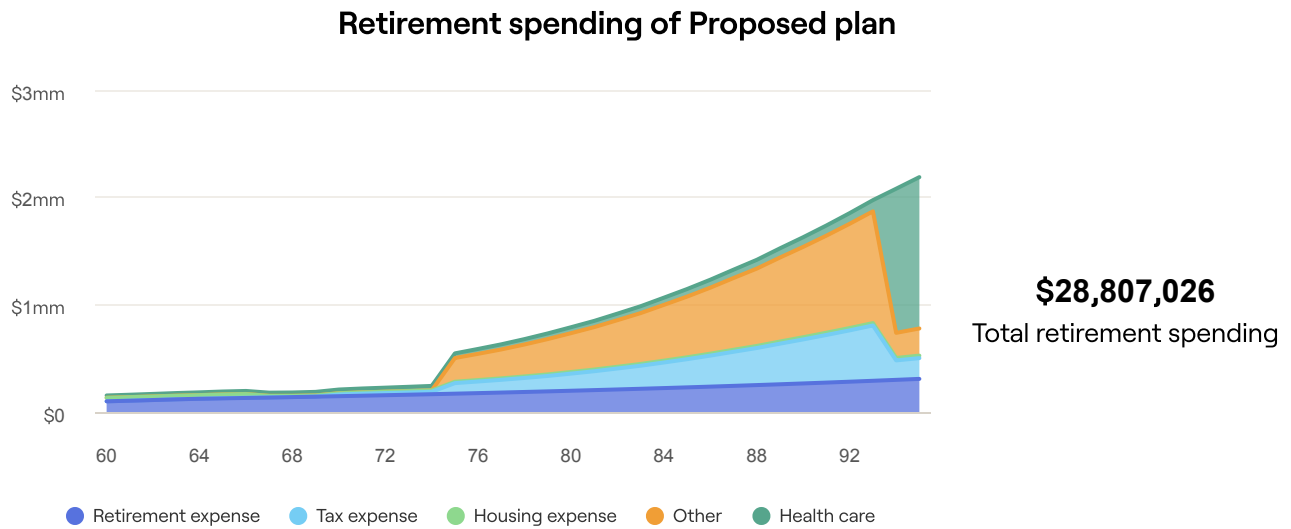
Withdrawal rate of Proposed plan



\$0
income shortage
31.2%
income is stable

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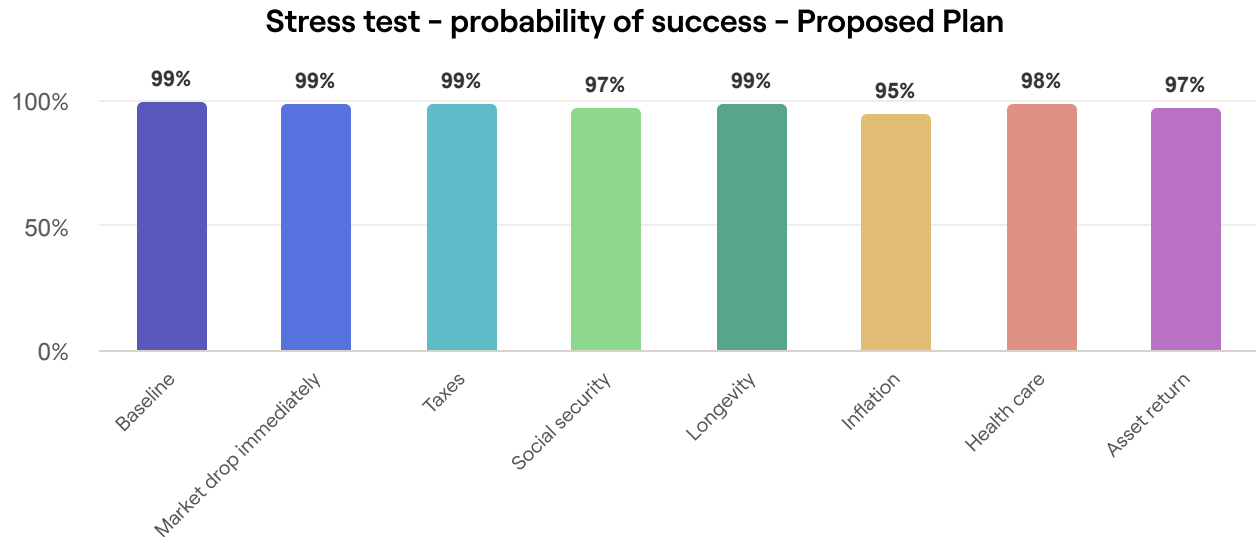
Retirement Analysis Details – Proposed plan



IMPORTANT: The projections or other information generated by RightCapital regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results are based on return and volatility assumptions from a number of market indices shown in disclosure sections 5, 6 and 8.4. Fees and expenses are not included, and thus, are excluded, including, but not limited to, fund fees, account fees, product fees and advisor fees. Inclusion of those fees results in lower returns, which would affect the probability of achieving any particular outcome. Results may vary with each use and over time. The analysis must be reviewed in conjunction with assumptions, limitations and methodologies in the disclosure section. This report is not complete without the accompanying disclosure page.

Stress Test

Even the best retirement plans will be exposed to various risks. These risks can include market volatility, taxation, low Social Security payments, longevity, inflation, and short and long-term health care expenses. It is important to both anticipate and plan for such risks. Doing so can substantially increase your probability of success.



Stress Test results are based on the following assumptions:

Equity markets drop immediately by	20%	Tax expense will be higher by	20%
Social Security will be reduced by	20%	You (and the co-client) will live	5 yrs. longer
Inflation will be higher by	1%	Health care cost will be higher by	20%
Asset return will be lower by	1%		

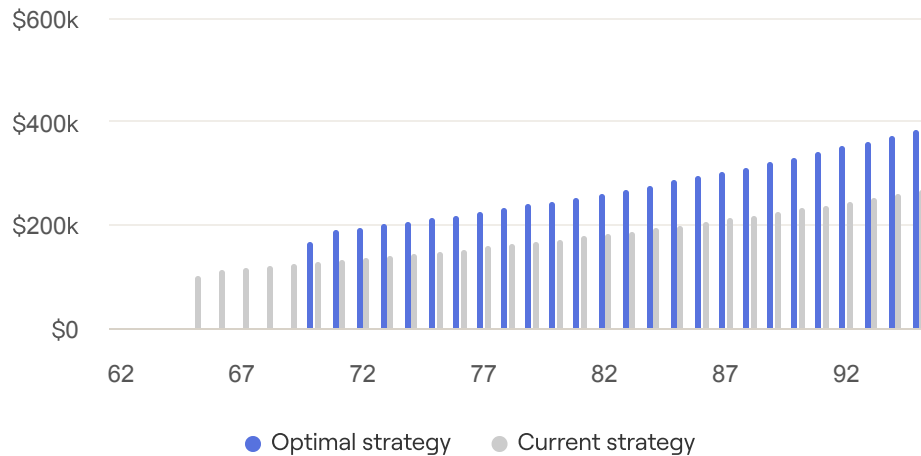
This section of the report displays the results of Monte Carlo simulations run on various stressed tests. The results are derived from 1000 simulations and the specified retirement cash flows. The probability of success represents the overall likelihood of success in various stress tests.

IMPORTANT: The projections or other information generated by RightCapital regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results are based on return and volatility assumptions from a number of market indices shown in disclosure sections 5, 6 and 8.4. Fees and expenses are not included, and thus, are excluded, including, but not limited to, fund fees, account fees, product fees and advisor fees. Inclusion of those fees results in lower returns, which would affect the probability of achieving any particular outcome. Results may vary with each use and over time. The analysis must be reviewed in conjunction with assumptions, limitations and methodologies in the disclosure section. This report is not complete without the accompanying disclosure page.

Optimal Social Security Strategy

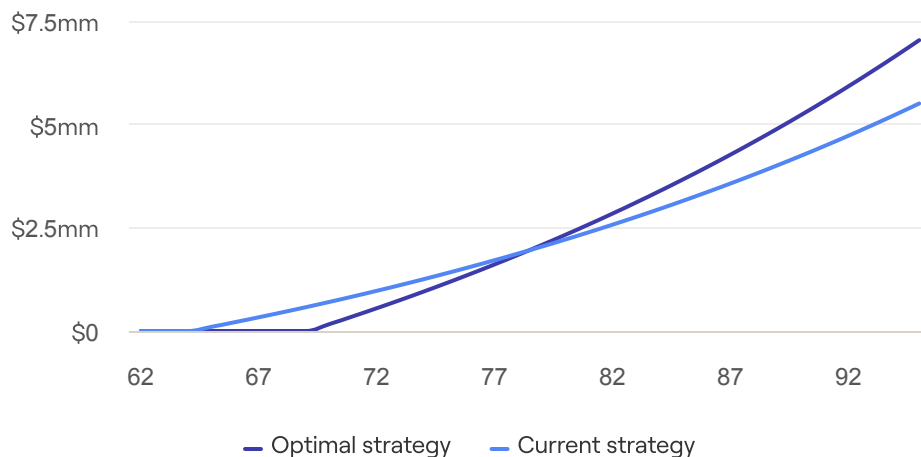
There are as many as 700 different Social Security filing strategies that can be tested in order to identify the optimal Social Security benefit for your specific retirement needs. Compare your optimal strategy to others to see the potential benefit of optimization.

Annual cash flow comparison



\$1,531,401 more
from the Optimal
Social Security filing
strategy
than Current strategy

Cumulative cash flow comparison



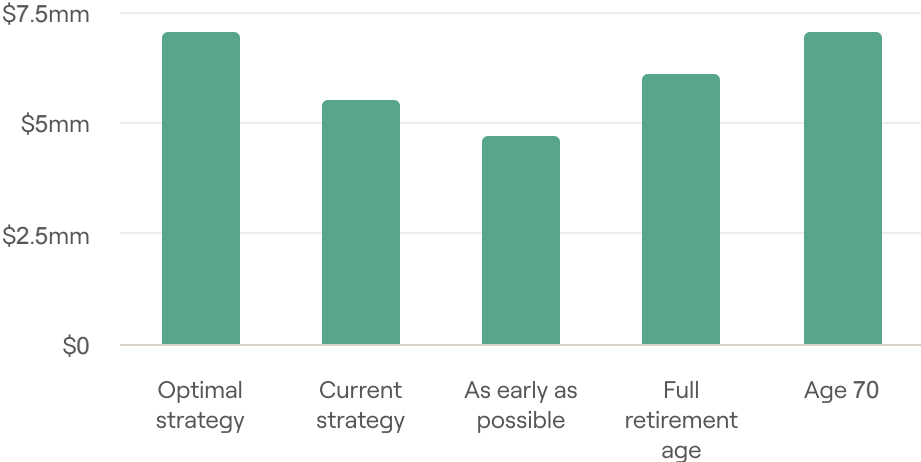
Age 79
break-even point
between the Optimal
Social Security filing
strategy and Current
strategy

To obtain maximum Social Security benefit

1. Johnny applies own retirement/spousal benefit at age 70.
2. Jenny applies own retirement/spousal benefit at age 70.

Optimal Social Security Strategy

Summary of all strategies



\$7,035,663
of total income from
the Optimal Social
Security filing
strategy

Medicare Coverage

It is important to select the Medicare options that meet your needs and enroll in Medicare on time. Delayed enrollment can result in penalties and coverage gaps.

Your Medicare Considerations



Location Consideration I spend most of my time at home and visit in-network Dr. in my area

✔ Flexibility on doctor choices



Health Consideration I'm healthy and can work with deductible/copay/coinsurance for lower premiums

✔ Deductible/copay



Risk Consideration I prefer more predictable cost with an out of pocket limit

✘ No out of pocket limit

Proposed Medicare Choices

Original Medicare Part A, B, D covers Hospital insurance, Medical insurance and prescription drugs. Dental and vision is NOT included. Original Medicare enables you to see Dr. in any location in U.S. Original Medicare has less predictable costs with deductibles, copays, and no out of pocket limit.

Medicare Coverage

It is important to select the Medicare options that meet your needs and enroll in Medicare on time. Delayed enrollment can result in penalties and coverage gaps.

Coverage Analysis

Description	Coverage
Hospital Insurance	✔ Covered in Medicare Part A
Medical insurance	✔ Covered in Medicare Part B
Prescription drug	✔ Covered in Medicare Part D
Dental, vision and hearing	✘ Not covered
Long term Care	✘ Not covered

Proposed option
**Original Medicare, Part A,
B, D**

Medicare Enrollment

It is important to select the Medicare options that meet your needs and enroll in Medicare on time. Delayed enrollment can result in penalties and coverage gaps.

Johnny Wave

Social Security at 65 I will have received retirement benefits by age 65

Group Plan Coverage at 65 I have group coverage from me/spouse. Plan covers more than 20 employees

Jenny Wave

Social Security at 65 I will have received retirement benefits by age 65

Group Plan Coverage at 65 I have group coverage from me/spouse. Plan covers more than 20 employees

Your Enrollment Period

Johnny should talk to the group benefit administrator and ask about signing up for Medicare 3 months before Johnny's 65th birthday. Johnny will be auto enrolled in Part A and B. Johnny can consider declining Part A, B coverage, delaying Medicare enrollment, and continuing to use Group plan coverage. Johnny needs to enroll in Medicare when Johnny loses Group plan coverage.

Jenny should talk to the group benefit administrator and ask about signing up for Medicare 3 months before Jenny's 65th birthday. Jenny will be auto enrolled in Part A and B. Jenny can consider declining Part A, B coverage, delaying Medicare enrollment, and continuing to use Group plan coverage. Jenny needs to enroll in Medicare when Jenny loses Group plan coverage.

Start Enrollment

To enroll in Medicare part A and B: www.ssa.gov

To enroll in MediGap, Medicare Advantage and Medicare Part D, you need to compare plans from private insurance companies. Start at www.medicare.gov

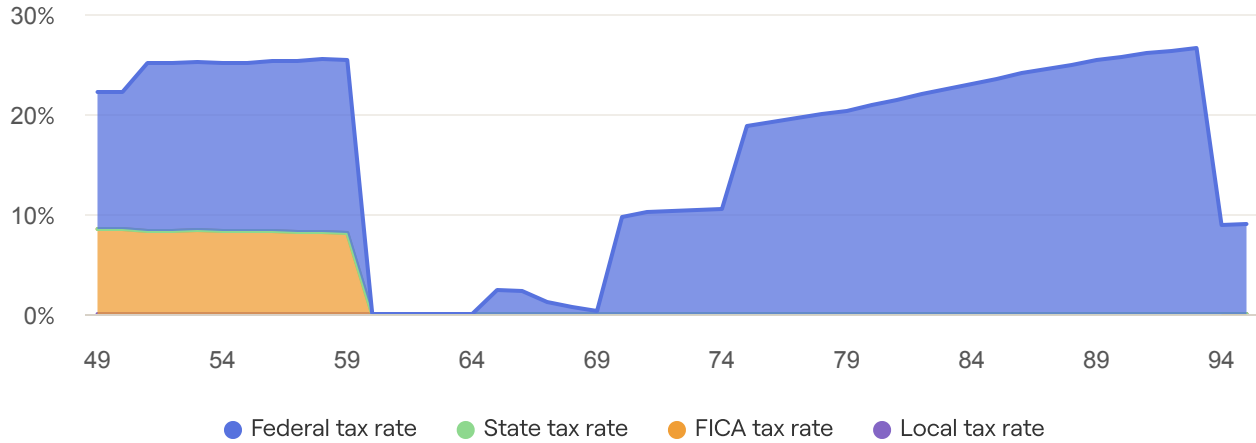
Medicare Tips

Scenario	Tip
I'm turning 65	Medicare enrollment is NOT automatic
I have group retiree benefit or COBRA	You still need Medicare
I missed my enrollment period	You have a LIFETIME penalty of higher premiums. You are likely to have months of a coverage gap
I enrolled in Medicare	You cannot contribute to an HSA
I enrolled in Medicare Advantage	You don't need a MediGap policy
What's my total health care cost?	Varying by plan, premium plus out of pocket expenses range from \$5,000 to \$8,000 per year.

Tax Estimate

Taxes can have a significant impact on your future and are an important factor in financial planning. Estimated taxes below are based on your inputs and your proposed retirement plan, using current tax rates and methodologies.

Effective tax rate - Proposed Plan



Estate Checklist

To protect and control the financial future of your family and loved ones, keep track of your progress on creating important estate checklist documents.

Important estate checklist tasks

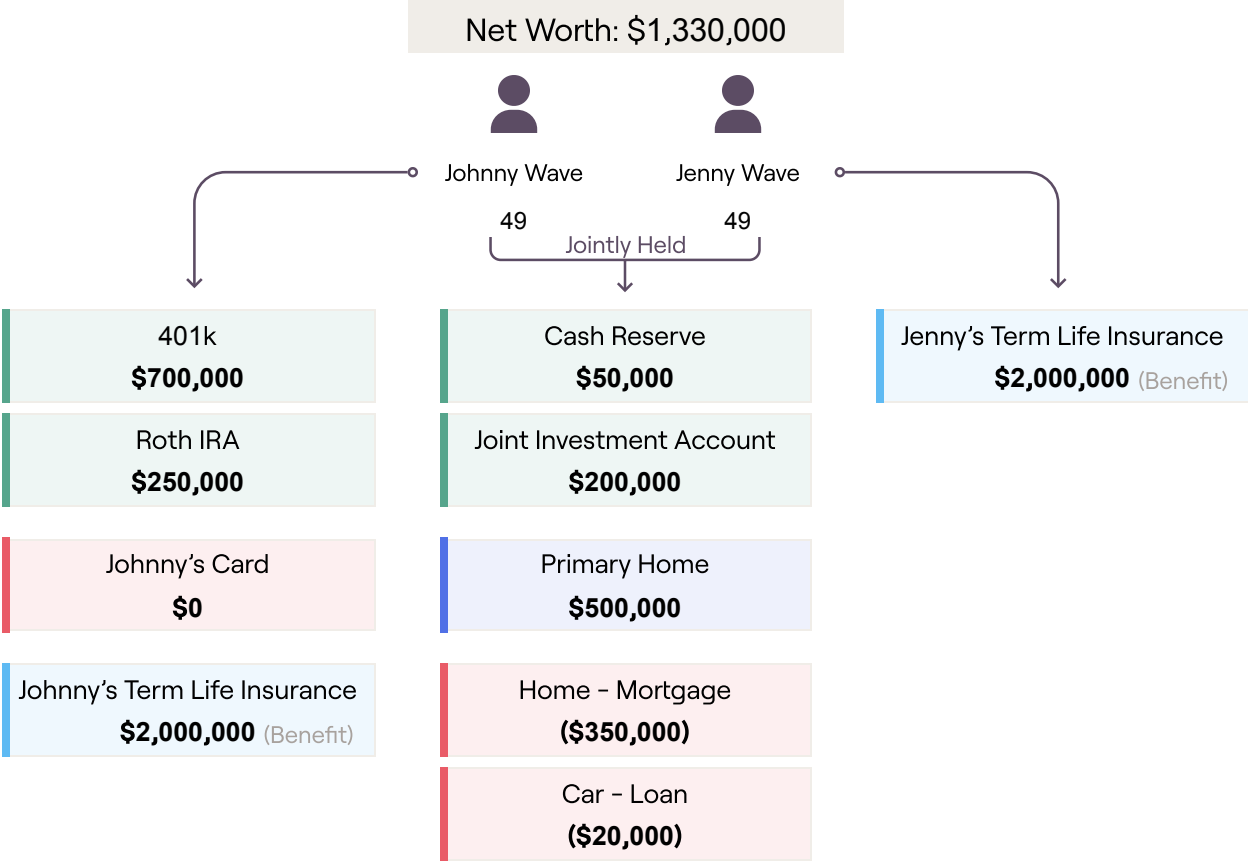
	Johnny	Jenny
Will		
Document created		
Power of Attorney		
Document created		
Living Will		
Document created		
Health Care Proxy		
Document created		
Beneficiary Designations		
Created and reviewed		
Living Trust		
Document created		

Blueprint - Net Worth

- Bank & Investments
- Stock plan & Properties & Other assets
- Card & Loans
- Insurance



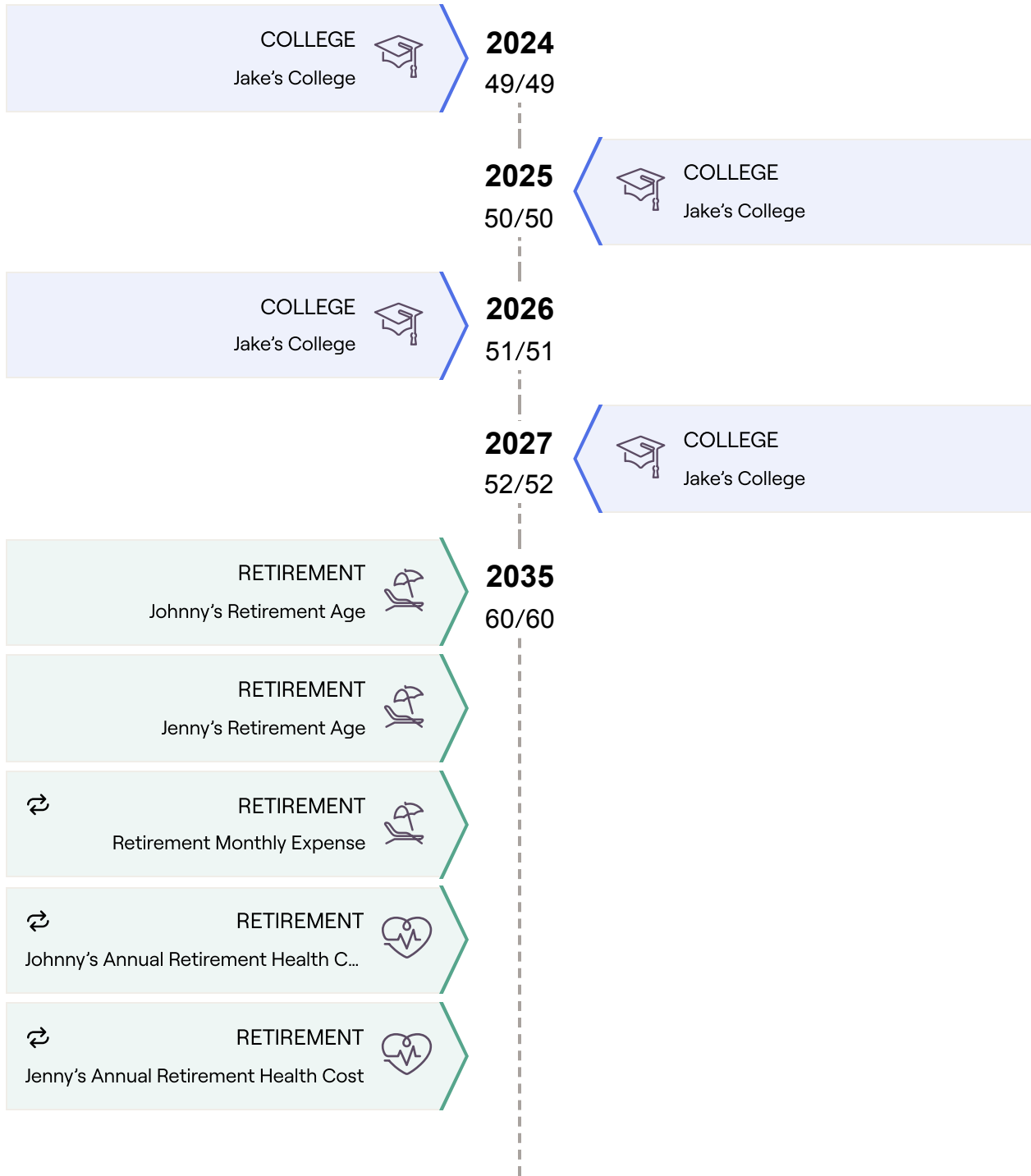
Jake - 18



Blueprint - Goals

- Retirement
- Education
- Asset Purchase
- Other

Goals



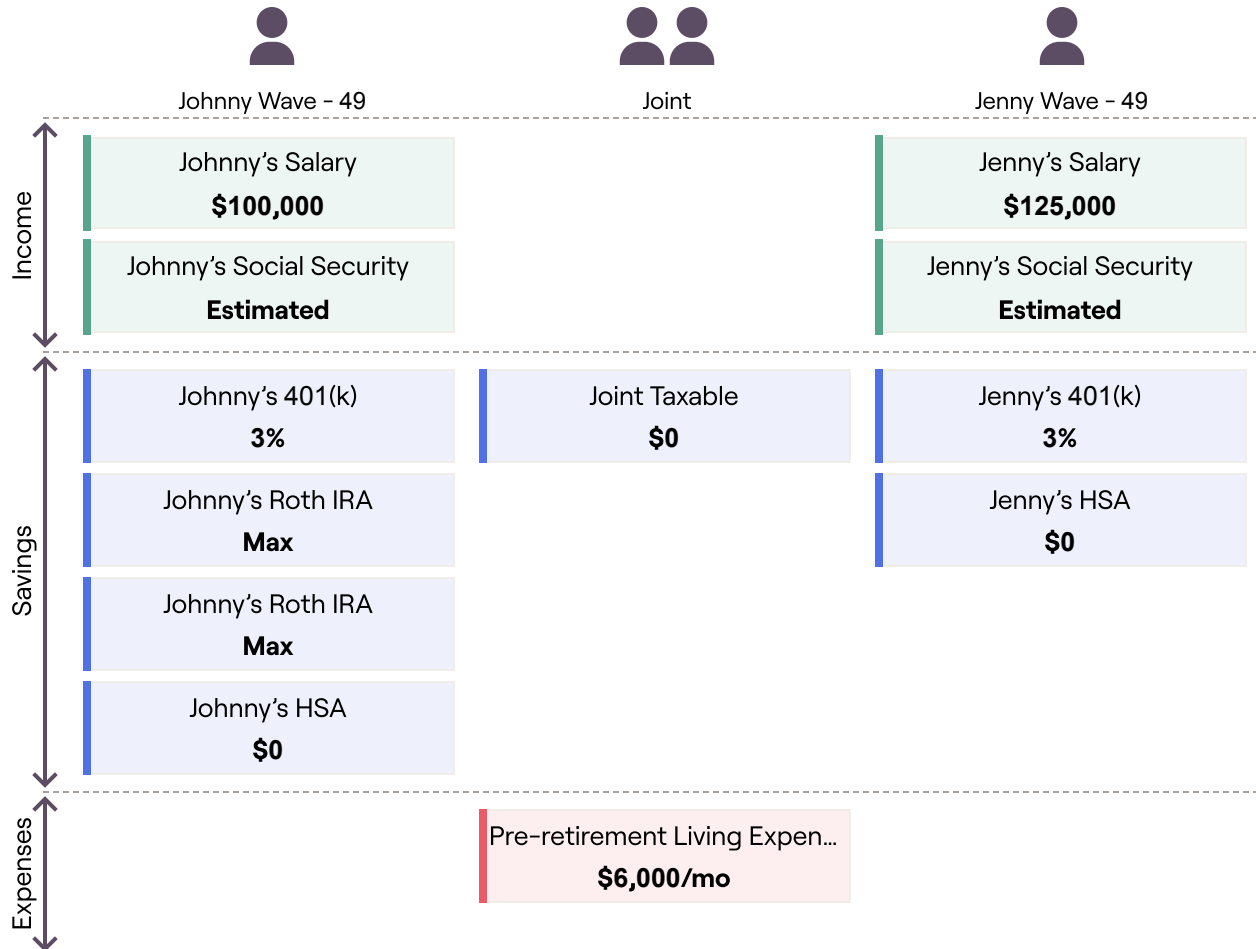
Blueprint - Goals

	RETIREMENT Johnny's Annual Retirement LTC Cost		2069 94/94
	RETIREMENT Jenny's Annual Retirement LTC Cost		

Blueprint – Income, Savings, Expenses

- Income
- Savings
- Expenses

Income, Savings, Expenses



Profile Notes

Disclosure

1. **No Warranties.** RightCapital makes no warranties, expressed or implied, as to accuracy, completeness, or results obtained from any information on www.rightcapital.com (the “Platform”). The Platform uses simplified assumptions derived and/or obtained from historical data that are used to create assumptions about potential investment returns.
2. **Advice.** RIGHTCAPITAL DOES NOT PROVIDE LEGAL, TAX, ACCOUNTING, INVESTMENT OR FINANCIAL ADVICE. RIGHTCAPITAL DOES NOT PROVIDE RECOMMENDATIONS FOR ANY PRODUCTS OR SECURITIES. Your financial professional may not provide tax or legal advice. The appropriate professionals should be consulted on all legal and accounting matters prior to or in conjunction with implementation of any strategy. Use prospectus for any discussions about securities.
3. **Data** provided by you or your financial professional for your assets, liabilities, goals, accounts, and other assumptions are key inputs for the calculations at RightCapital. The information should be reviewed periodically and updated whenever there is a change in information or circumstances.
4. **Monte Carlo Simulation methodology.** RightCapital generated Monte Carlo simulations calculating the results of your plan by running the projection 1000 times. Some sequences of returns will give you better results, and some will give you worse results. These multiple trials provide a range of possible results. RightCapital considers a trial to be “successful” if at the end of the planning horizon your invested assets are greater than zero. The percentage of trials that were successful is the Probability of Success of your plan, with all its underlying assumptions.
5. **Asset classes used in Monte Carlo simulation** RightCapital uses only a few asset classes. The default return and volatility assumptions of the asset classes are estimated based on the historical return data of indices, which serve as proxies for their respective asset classes. They are not returns of actual investments. The historical return data used to derive returns for all asset classes are:

Large Growth, Large Value and Other: S&P 500 Total Return Index - 12/1973 – 12/2023
Mid Cap: Russell Midcap Index - 12/1995 – 12/2023
Small Cap: Russell 2000 Index - 12/1980 – 12/2023
International Equities: MSCI EAFE Index - 12/1973 – 12/2023
Emerging Markets: MSCI Emerging Market Index - 12/1987 – 12/2023
Real Estate: MSCI US REIT Index - 12/2009 – 12/2023
Government: 10 Year Treasury Bond - 12/1999 – 12/2023
Municipal: Bloomberg Municipal Bond Index - 12/1999 – 12/2023
Corporate and International Bonds: Bloomberg US Aggregate Bond Index - 12/1999 – 12/2023
High Yield: ICE BofA US High Yield Index - 12/1999 – 12/2023
Cash: 3 Month Treasury Bill - 12/1999 – 12/2023

Note: The S&P500 Total Return Index is made up of both large cap growth and large cap value stocks. This index return and volatility data is used for both large cap growth and large cap value asset classes in the RightCapital system as it is an appropriate benchmark for both. RightCapital uses the S&P500 total return index as the best proxy for any unclassified assets labeled as ‘Other’

6. Return and volatility assumptions used in Monte Carlo simulations

Asset Class	Total Return	Volatility
Large Growth	10.51%	16.1%
Large Value	10.51%	16.1%
Mid Cap	10.6%	16.1%
Small Cap	10.73%	21.9%
International Equities	8.77%	18.5%
Emerging Markets	10.62%	27.1%

Asset Class	Total Return	Volatility
Real Estate	11.93%	16.3%
Government	5.19%	5.1%
Municipal	5.04%	3.95%
Corporate	5.03%	5.1%
High Yield	7.01%	5.1%
International Bonds	5.3%	5.1%

Asset Class	Total Return	Volatility
Cash	1.59%	1.9%
Other	10.51%	16.1%

7. **Tax and Inflation assumptions used in Monte Carlo simulations** Starting federal and state standard deductions, exemptions and the tax brackets used in projections are as of 2024. The following inflation assumptions are used in the projection: General inflation 3%; Education inflation 5%; Tax inflation 3%; Social Security inflation 3%; Health inflation: 5%

8. Assumption and calculation limitations of Monte Carlo Simulations

8.1 **Your resources and goals may be different from the estimates that you provided:** The report is intended to help you in making decisions on your financial future based, in part, on information that you have provided and reviewed including, but not limited to, your age, income, assets, liabilities, anticipated expenses and retirement age. Some of this information may change in unanticipated ways in the future and those changes may make this RightCapital projection less useful.

8.2 **Inherent limitations in RightCapital financial model results:** Investment outcomes in the real world are the results of a near infinite set of variables, few of which can be accurately anticipated. Any financial model, such as RightCapital, 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 report are hypothetical, do not reflect actual investment results, and are not guarantees of future results.

8.3 **Results may vary with each use and over time:** The results presented in this report 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 report. As investment returns, inflation, taxes, and other economic conditions vary from the assumptions, your actual results will vary from those presented in RightCapital. Small changes in these inputs and assumptions may have a significant impact on the results.

8.4 RightCapital considers investments in only a few Broad Investment Categories: RightCapital utilizes U.S. Large Growth, U.S. Large Value, U.S. Mid Cap, U.S. Small Cap, Real Estate, International Equities, Emerging Markets Equity, U.S. Government, U.S. Corporate, U.S. High Yield, International Bonds and Cash. These broad investment categories are not specific securities, funds, 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 purpose. 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 RightCapital.

8.4.1 Investment Risk: Clients and prospective clients should be prepared to bear investment loss including loss of original principal. Clients should assess their tolerance for risk with their financial professional and update when a change in financial status occurs. Investments are subject to many risks depending on the asset class, including but not limited to: Large Growth, Large Value, Mid Cap, Small Cap, Real Estate: Either the stock market as a whole, or the value of an individual company, may go down resulting in a decrease in the value of client investments. Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer. Small cap stocks may be subject to risks such as but not limited to volatility, lack of available information and liquidity due to low trading volume. International Equities, Emerging Markets: Foreign investments may carry risks associated with investing outside the United States, such as currency fluctuation, economic or financial instability, lack of timely or reliable financial information or unfavorable political or legal developments. Those risks are increased for investments in emerging markets. Foreign securities can be more volatile than domestic (U.S.) securities. Government, Municipal, Corporate, High Yield, International Bonds: Investments in fixed income are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications and other factors. Investing in securities involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk.

8.5 Insurance, Annuities and other related calculations. RightCapital may include Life insurance, annuity or other products in the calculation. The return or returns of any such life insurance product, annuity or other product, as may be included in the calculation, are hypothetical and shall not be used as proxy, replacement for nor construed as actual performance of the product or to predict or project investment results of those products. Product fees, expenses and detailed features may not be completely included and modeled in the calculation. This report should not be construed as an insurance policy application or pre-qualification.

8.6 Fees and expenses: The portfolio returns assume that the portfolio is rebalanced on an annual basis to reflect the target allocation. No portfolio rebalancing costs are deducted from the

portfolio value. Fees and expenses are not included, and thus, are excluded, including, but not limited to, fund fees, account fees, product fees and advisor fee. Inclusion of those fees results in lower returns, which would affect the probability of achieving any particular outcome.

- 8.7 Taxes:** RightCapital includes limited accounting for taxes. RightCapital calculates taxes based on your input. RightCapital estimates federal, state and local taxes based on current laws with simplified deduction, exemption, and tax bracket parameters of the current year. In the projection, tax parameters are adjusted by an inflation assumption provided by you or your financial professional. Future tax laws may be significantly different than current tax laws and may result in higher or lower taxes due than what are reflected within this report. Roth IRA distribution are tax free if made 5 years after the initial contribution to the plan and you are over 59 1/2. Before investing in a 529 plan, consider whether your state offers a 529 plan that provides residents with favorable state tax benefits. RightCapital includes limited accounting for Federal Estate Tax with simplified deduction, exemption, and tax bracket parameters of the current year. RightCapital does not include any State Estate tax.
- 8.8 Current Dollars and Future Dollars:** The results of RightCapital calculations are in future dollars. To help you compare dollar amounts in different years, results can also be expressed in current dollars by discounting the future dollars by the inflation rate you or your financial professional provides.
- 8.9 Current allocation and target allocation:** Current allocation is the allocation based on the current portfolio holdings entered in the system as well as asset classification data from Morningstar. The target allocation is the allocation recommended by your financial professional.
- 8.10 Current plan and proposed plan:** Current plan is the plan based on the information you and your financial professional input in the profile section. Proposed plan is the plan recommended by your financial professional, with the plan details as shown in the retirement analysis section.
- 9. Liquidation of holdings:** this report may include liquidation of holdings, recommended by your financial professional. The transaction cost of liquidation is not included in the analysis. The liquidation will also result in the loss of future earnings.