

Survivor Needs Analysis

For: Bart and Kristin Jones



Presented By: _____

[Licensed user's name appears here]

Preface

In the accompanying material, you will find an analysis of your financial goals for your family compared to the assets/benefits you have indicated are available to meet those goals.

The report is in four parts:

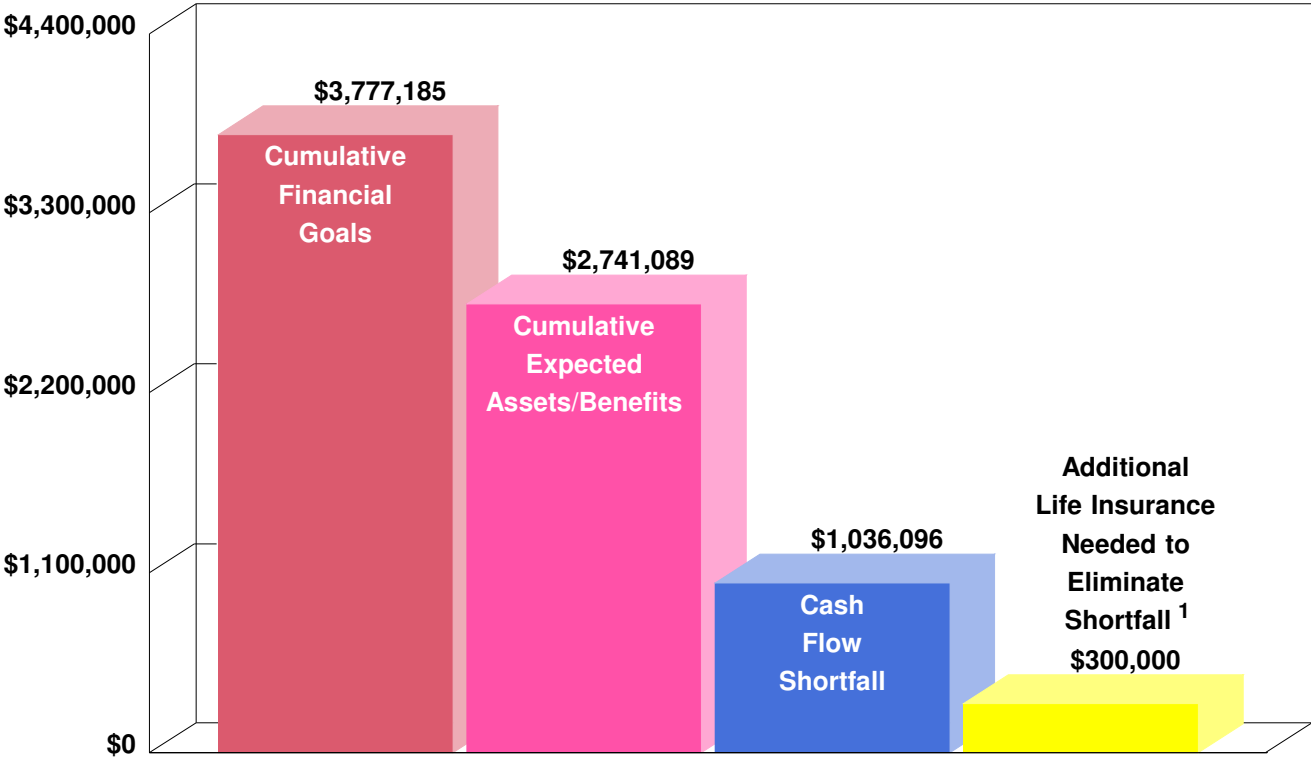
- 1. A summary of the analysis;
- 2. A review of financial goals;
- 3. A review of expected assets/benefits;
- 4. Survivor needs analysis calculations.

The precision of the analysis is dependent upon the accuracy of the financial data utilized, and you should be certain it is an accurate reflection of your

current economic expectations.

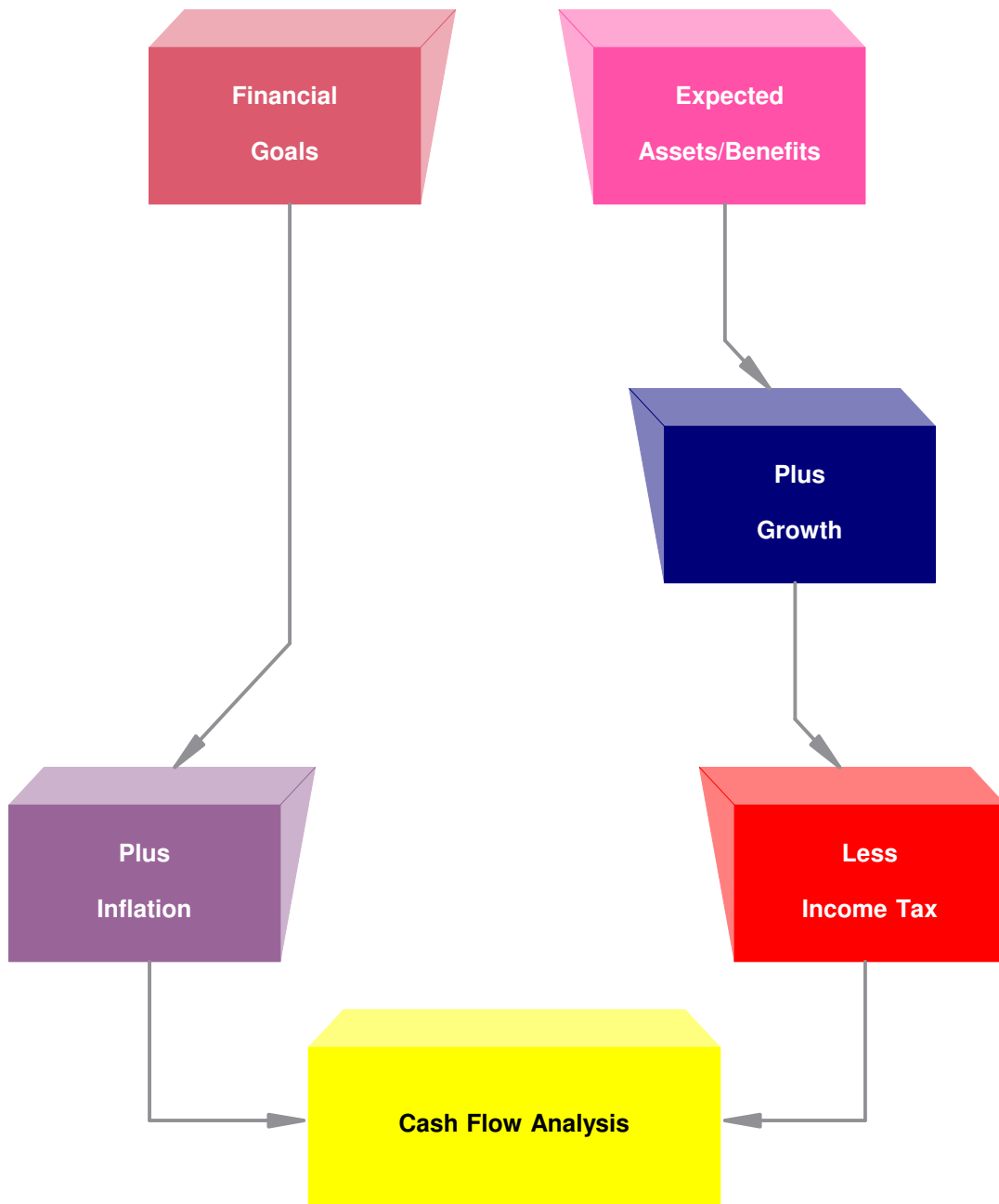
It is important to understand that what is presented is a current "snapshot" of your financial picture, and some of the premises and conditions on which the calculations are based may change.

You should arrange for an annual review to evaluate the consequences of any changes to the assumptions as this will assure that you have timely access to this critically important planning information.



¹ Life insurance needed is a function of cash flow shortfall adjusted for time/use of money.

Flow Chart



Summary

	<u>First Year</u>	<u>Total for All Years</u>
Financial Goals		
For Final Expenses	20,000	20,000
For Mortgages	307,774	307,774
For an Emergency Fund	100,000	100,000
For Education	0	242,880
For Family Income	41,200	3,106,531
Total Financial Goals	<u>\$468,974</u>	<u>\$3,777,185</u>
Expected Assets/Benefits		
Liquid Assets*	740,000	740,000
Social Security - Adj. for Cost of Living @ 3.00%	39,358	1,049,585
Kristin's After Tax Earned Income	18,020	662,874
After Tax Income from Kristin's 401(k)	0	288,630
Total Expected Assets/Benefits	<u>\$797,378</u>	<u>\$2,741,089</u>

*Cash and cash equivalents of \$240,000 plus proceeds of current life insurance of \$500,000.

Conclusion and Recommendation

We have compared the year-by-year relationship between your financial goals and expected assets/benefits.

Based on your assumptions, your expected assets/benefits are not sufficient to meet all of your financial goals. For you to eliminate this shortfall, you should secure additional life insurance in the amount of \$300,000.

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Desired Financial Goals

Year Following Death	(1) Immediate Cash Needs*	(2) For Education	(3) For Family Income	(4) Financial Goals Desired
1	427,774	0	41,200	468,974
2	0	0	42,436	42,436
3	0	0	43,709	43,709
4	0	0	45,020	45,020
5	0	0	46,371	46,371
6	0	26,802	47,762	74,564
7	0	28,142	49,195	77,337
8	0	59,098	50,671	109,769
9	0	62,053	52,191	114,244
10	0	32,578	53,757	86,335
11	0	34,207	55,369	89,576
12	0	0	57,030	57,030
13	0	0	58,741	58,741
14	0	0	60,504	60,504
15	0	0	62,319	62,319
16	0	0	64,188	64,188
17	0	0	66,114	66,114
18	0	0	68,097	68,097
19	0	0	70,140	70,140
20	0	0	72,244	72,244
21	0	0	74,412	74,412
22	0	0	76,644	76,644
23	0	0	78,943	78,943
24	0	0	81,312	81,312
25	0	0	83,751	83,751
26	0	0	86,264	86,264
27	0	0	88,852	88,852
28	0	0	91,517	91,517
29	0	0	94,263	94,263
30	0	0	97,091	97,091
	427,774	242,880	1,960,107	2,630,761

*Immediate Cash Needs include:
 \$20,000 for Final Expenses
 \$307,774 for Mortgages
 \$100,000 for an Emergency Fund

Column (2) includes a cost of living adjustment of 5.00%.
 Column (3) includes a cost of living adjustment of 3.00%.

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Desired Financial Goals

Year Following Death	(1) Immediate Cash Needs*	(2) For Education	(3) For Family Income	(4) Financial Goals Desired
31	0	0	100,003	100,003
32	0	0	103,003	103,003
33	0	0	106,093	106,093
34	0	0	109,276	109,276
35	0	0	112,555	112,555
36	0	0	115,931	115,931
37	0	0	119,409	119,409
38	0	0	122,991	122,991
39	0	0	126,681	126,681
40	0	0	130,482	130,482
	427,774	242,880	3,106,531	3,777,185

*Immediate Cash Needs include:
 \$20,000 for Final Expenses
 \$307,774 for Mortgages
 \$100,000 for an Emergency Fund

Column (2) includes a cost of living adjustment of 5.00%.
 Column (3) includes a cost of living adjustment of 3.00%.

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Expected Assets/Benefits

Year Following Death	(1) Liquid Assets**	(2) Tax Income from Social Security	(3) Kristin's After Tax Earned Income	(4) Tax Income from Kristin's 401(k)	(5) Expected Assets and Benefits
1	740,000	39,358	18,020	0	797,378
2	0	40,268	19,101	0	59,369
3	0	41,476	20,247	0	61,723
4	0	42,721	21,462	0	64,183
5	0	44,002	22,750	0	66,752
6	0	20,719	24,115	0	44,834
7	0	21,341	25,562	0	46,903
8	0	0	27,095	0	27,095
9	0	0	28,721	0	28,721
10	0	0	30,444	0	30,444
11	0	0	32,271	0	32,271
12	0	0	34,207	0	34,207
13	0	0	36,260	0	36,260
14	0	0	38,435	0	38,435
15	0	0	40,741	0	40,741
16	0	0	43,186	0	43,186
17	0	0	45,777	0	45,777
18	0	0	48,524	0	48,524
19	0	0	51,435	0	51,435
20	0	0	54,521	0	54,521
21	0	0	0	14,490	14,490
22	0	0	0	14,490	14,490
23	0	0	0	14,490	14,490
24	0	36,748	0	14,490	51,238
25	0	37,851	0	14,490	52,341
26	0	38,986	0	14,490	53,476
27	0	40,156	0	14,490	54,646
28	0	41,360	0	14,490	55,850
29	0	42,601	0	14,490	57,091
30	0	43,879	0	14,490	58,369
	740,000	531,466	662,874	144,900	2,079,240

*Cash and cash equivalents of \$240,000 plus proceeds of current life insurance of \$500,000.

Column (2) includes a cost of living adjustment of 3.00%.
 Column (3) includes a cost of living adjustment of 6.00%.

Survivor Needs Analysis

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Expected Assets/Benefits

Year Following Death	(1) Liquid Assets**	(2) After Tax Income from Social Security	(3) Kristin's After Tax Earned Income	(4) After Tax Income from Kristin's 401(k)	(5) Expected Assets and Benefits
31	0	45,196	0	14,490	59,686
32	0	46,552	0	14,490	61,042
33	0	47,948	0	14,490	62,438
34	0	49,387	0	14,490	63,877
35	0	50,868	0	14,490	65,358
36	0	52,394	0	14,490	66,884
37	0	53,966	0	14,490	68,456
38	0	55,585	0	14,490	70,075
39	0	57,253	0	14,490	71,743
40	0	58,970	0	13,320	72,290
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	740,000	1,049,585	662,874	288,630	2,741,089

*Cash and cash equivalents of \$240,000 plus proceeds of current life insurance of \$500,000.

Column (2) includes a cost of living adjustment of 3.00%.
 Column (3) includes a cost of living adjustment of 6.00%.

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Asset Analysis

Survivor's Assumed Tax Bracket 28.00% Survivor's Assumed Asset Interest Rate 5.00% Total Cash Flow Required 1,036,096 Additional Asset Required **300,000**

Year Following Death	Cash Flow Analysis			Asset Activity Required		
	(1) Financial Goals Desired	(2) Expected Assets and Benefits	(3) Annual Cash Flow Required	(4) Beginning of Year Balance in Additional Asset*	(5) Balance in Additional Asset to Accrue (4) - (3)	(6) Year End After Tax Accrual Value of Add'l Asset
1	468,974	797,378	-328,404	300,000	628,404	651,027
2	42,436	59,369	-16,933	651,027	667,960	692,007
3	43,709	61,723	-18,014	692,007	710,021	735,581
4	45,020	64,183	-19,163	735,581	754,744	781,915
5	46,371	66,752	-20,381	781,915	802,296	831,179
6	74,564	44,834	29,730	831,179	801,449	830,301
7	77,337	46,903	30,434	830,301	799,867	828,662
8	109,769	27,095	82,674	828,662	745,988	772,844
9	114,244	28,721	85,523	772,844	687,321	712,064
10	86,335	30,444	55,891	712,064	656,173	679,796
11	89,576	32,271	57,305	679,796	622,491	644,900
12	57,030	34,207	22,823	644,900	622,077	644,472
13	58,741	36,260	22,481	644,472	621,991	644,383
14	60,504	38,435	22,069	644,383	622,314	644,717
15	62,319	40,741	21,578	644,717	623,139	645,572
16	64,188	43,186	21,002	645,572	624,570	647,054
17	66,114	45,777	20,337	647,054	626,717	649,279
18	68,097	48,524	19,573	649,279	629,706	652,376
19	70,140	51,435	18,705	652,376	633,671	656,483
20	72,244	54,521	17,723	656,483	638,760	661,755
21	74,412	14,490	59,922	661,755	601,833	623,499
22	76,644	14,490	62,154	623,499	561,345	581,554
23	78,943	14,490	64,453	581,554	517,101	535,716
24	81,312	51,238	30,074	535,716	505,642	523,845
25	83,751	52,341	31,410	523,845	492,435	510,163
26	86,264	53,476	32,788	510,163	477,375	494,561
27	88,852	54,646	34,206	494,561	460,355	476,927
28	91,517	55,850	35,667	476,927	441,260	457,146
29	94,263	57,091	37,172	457,146	419,974	435,093
30	97,091	58,369	38,722	435,093	396,371	410,640
	2,630,761	2,079,240	551,521			

This table shows escrow calculations (columns 4, 5, 6) necessary to generate the cash flow shown in column (3).

Calculation formulas are:

Column (5) = column (4) minus column (3)

Column (6) = column (5) plus after tax interest credit

The above calculations are based on financial data and assumptions furnished by the client.

*The source of the beginning balance shown in this column is either the allocation of other assets made available or the assumed proceeds of the recommended additional life insurance.

30 Year Residual Value Summary

Column (6) residual value **\$410,640**

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Asset Analysis

Survivor's Assumed Tax Bracket 28.00% Survivor's Assumed Asset Interest Rate 5.00% Total Cash Flow Required 1,036,096 Additional Asset Required **300,000**

Year Following Death	Cash Flow Analysis			Asset Activity Required		
	(1) Financial Goals Desired	(2) Expected Assets and Benefits	(3) Annual Cash Flow Required	(4) Beginning of Year Balance in Additional Asset*	(5) Balance in Additional Asset to Accrue (4) - (3)	(6) Year End After Tax Accrual Value of Add'l Asset
31	100,003	59,686	40,317	410,640	370,323	383,655
32	103,003	61,042	41,961	383,655	341,694	353,995
33	106,093	62,438	43,655	353,995	310,340	321,512
34	109,276	63,877	45,399	321,512	276,113	286,053
35	112,555	65,358	47,197	286,053	238,856	247,455
36	115,931	66,884	49,047	247,455	198,408	205,550
37	119,409	68,456	50,953	205,550	154,597	160,163
38	122,991	70,075	52,916	160,163	107,247	111,108
39	126,681	71,743	54,938	111,108	56,170	58,192
40	130,482	72,290	58,192	58,192	0	0
	3,777,185	2,741,089	1,036,096			

This table shows escrow calculations (columns 4, 5, 6) necessary to generate the cash flow shown in column (3).

Calculation formulas are:

Column (5) = column (4) minus column (3)

Column (6) = column (5) plus after tax interest credit

The above calculations are based on financial data and assumptions furnished by the client.

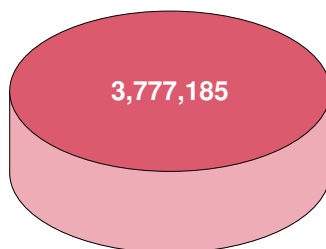
*The source of the beginning balance shown in this column is either the allocation of other assets made available or the assumed proceeds of the recommended additional life insurance.

40 Year Residual Value Summary

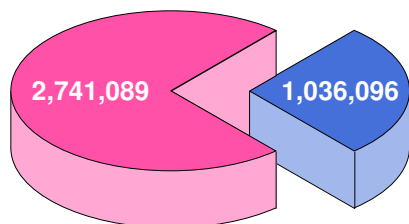
Column (6) residual value \$0

A Look at Year 40

Cumulative Financial Goals

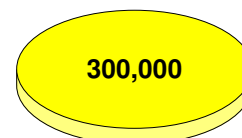


Cumulative Expected Assets/Benefits



Cash Flow Shortfall

Life Insurance Needed to Eliminate Shortfall¹



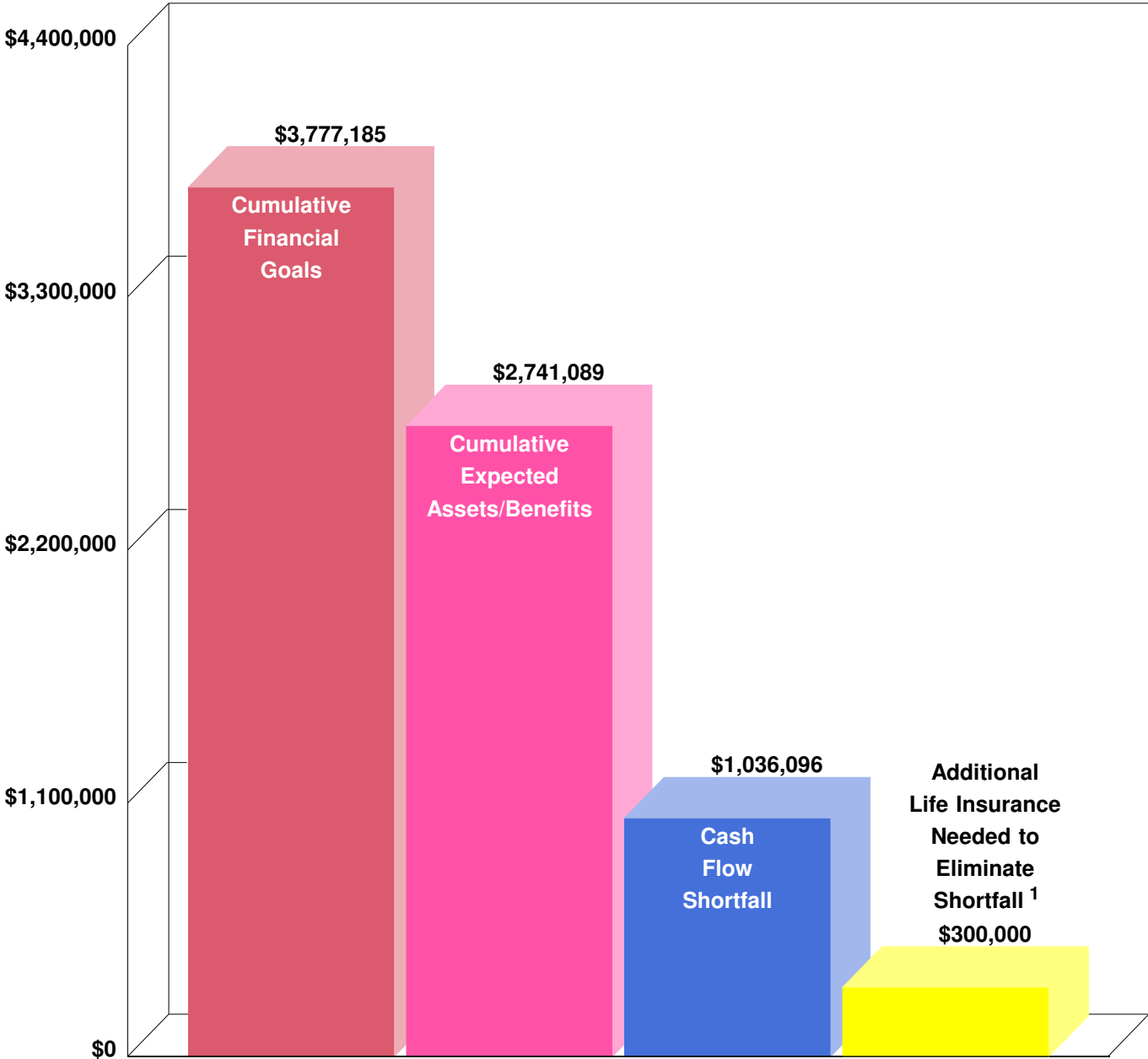
¹ Life insurance needed is a function of cash flow shortfall adjusted for time/use of money.

Survivor Needs Analysis

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Year 40



¹ Life insurance needed is a function of cash flow shortfall adjusted for time/use of money.