

UNDERSTANDING YOUR

Cash Flow Decisions



For John and Mary

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Important Notes

This analysis provides only broad, general guidelines, which may be helpful in shaping your thinking about your retirement needs. It can serve as a guide for discussions with your professional advisors.

Your Social Security benefits are based on the information you provided. Its purpose is to help you frame your thoughts and become better informed before filing. It shows strategies and age combinations that you might not have considered. This report is not intended to provide an exact analysis, but it will help you determine the filing method and age you want to start your benefits. This report reflects the provisions and restrictions included in the Bipartisan Budget Act of 2015.

Calculations contained in this analysis are estimates only, based on the information you provided, such as the value of your assets today, and the rate at which the assets appreciate. The actual values, rates of growth, and tax rates may be significantly different from those illustrated. These assumptions are only a "best guess."

A portion of your Social Security benefits may be taxable. Since other sources of retirement income can affect taxation of your benefits, proper income tax planning can only be done as part of a comprehensive retirement income plan. The actual income taxation of Social Security benefits will depend on the facts and circumstances at the time the benefits are received. Any illustration of the potential income taxation of Social Security benefits is an estimate.

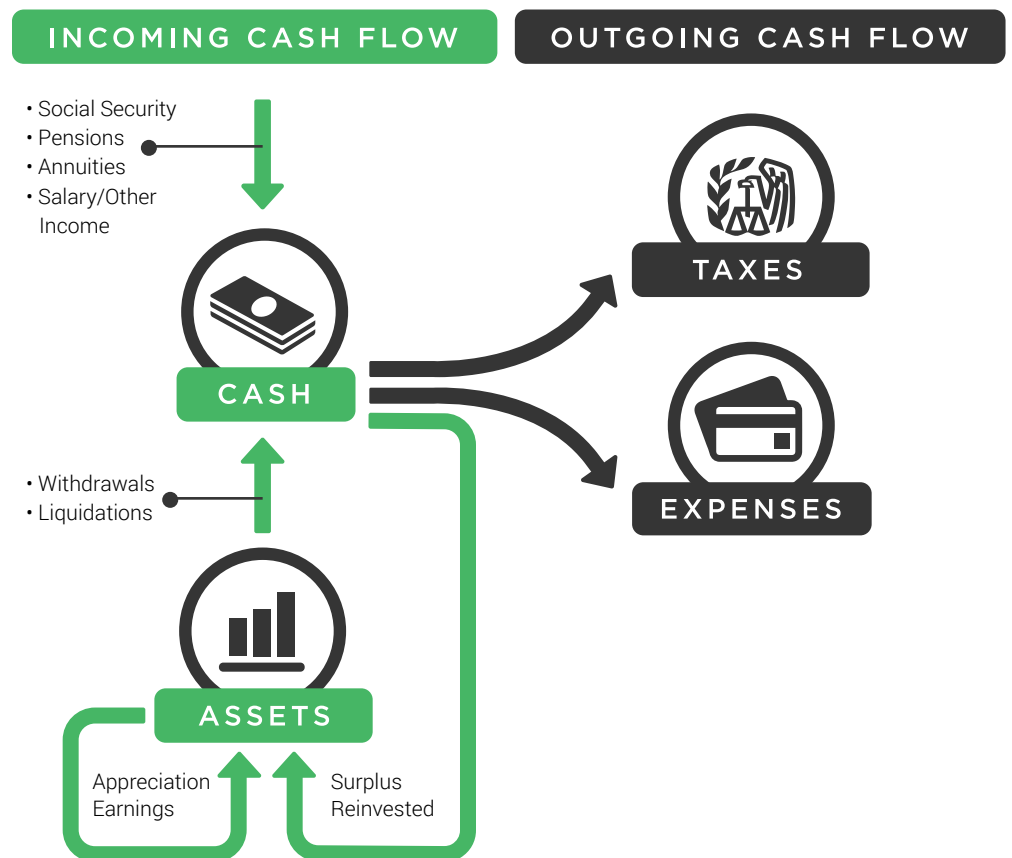
If you have questions not covered in this report, your Social Security Administration office and its website (www.ssa.gov) are excellent sources of additional information.

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

This tool and support materials are designed to provide general information on the subjects covered. It is not intended to provide specific legal or tax advice. You should discuss all strategies with your legal, tax, and financial advisors.

Cash Flow Decisions for Retirement

Cash flow describes how you use financial resources. It is a process that is always moving. All parts of cash flow affect each other. Social Security is often a major part of retirement income and you should select a benefit start age and filing method that gives you the best overall retirement income.



You receive income from both outside and inside sources. Outside sources include salary, pensions, annuities, Social Security, and other income. Inside sources include any withdrawals or liquidations of assets, and interest and dividends.

Some outgoing payments may be mandatory, such as taxes. Other payments include expenses that may be essential or discretionary. The balance, or surplus, is saved or is used to acquire additional assets. The assets grow through appreciation or reinvested earnings.

The following pages project how **all the parts** of your cash flow **determine your retirement lifestyle**.

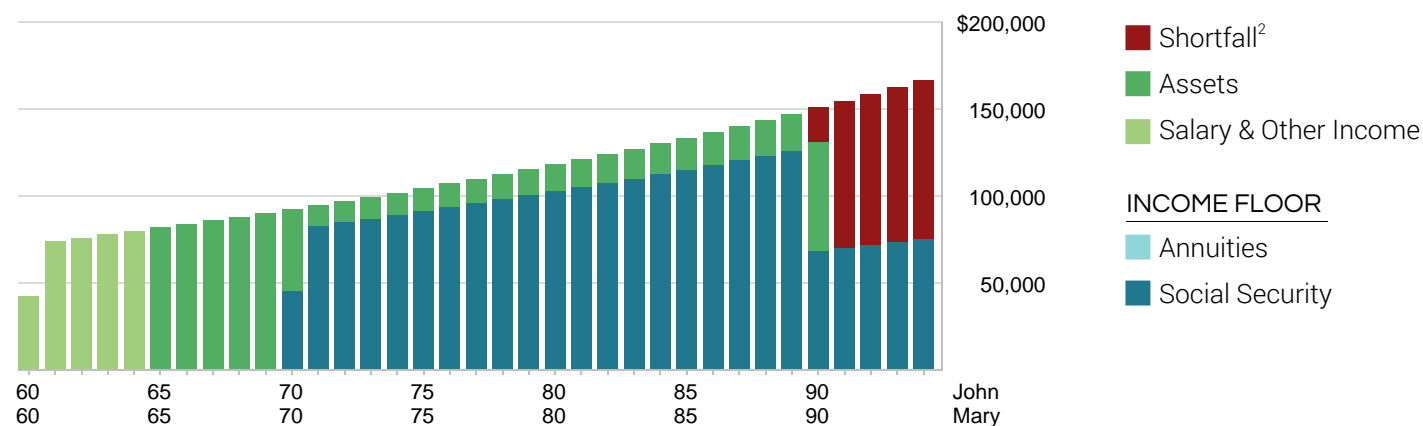
Current Cash Flow

Using Optimal Social Security Strategy

	JOHN	MARY	CASH FLOW RESULTS
Current Age	60	60	
Monthly benefit at FRA ¹	\$2,144	\$2,030	
Assume live to	90	95	
Start benefits at age	70	70	
Filing Method: File for Benefits			

\$140,727
Shortfall (NPV)

ANNUAL CASH FLOW



ADDITIONAL ITEMS TO CONSIDER

- i** Present value today of remaining needs is \$140,727.
- i** Life insurance death benefit to fund survivor needs is \$337,435.

ASSETS CONSUMED IN THIS ORDER

1. Savings
2. IRA's/401(k)'s
3. Investments
4. Roth IRA's

Assets are assumed to grow at 3% before taxes.

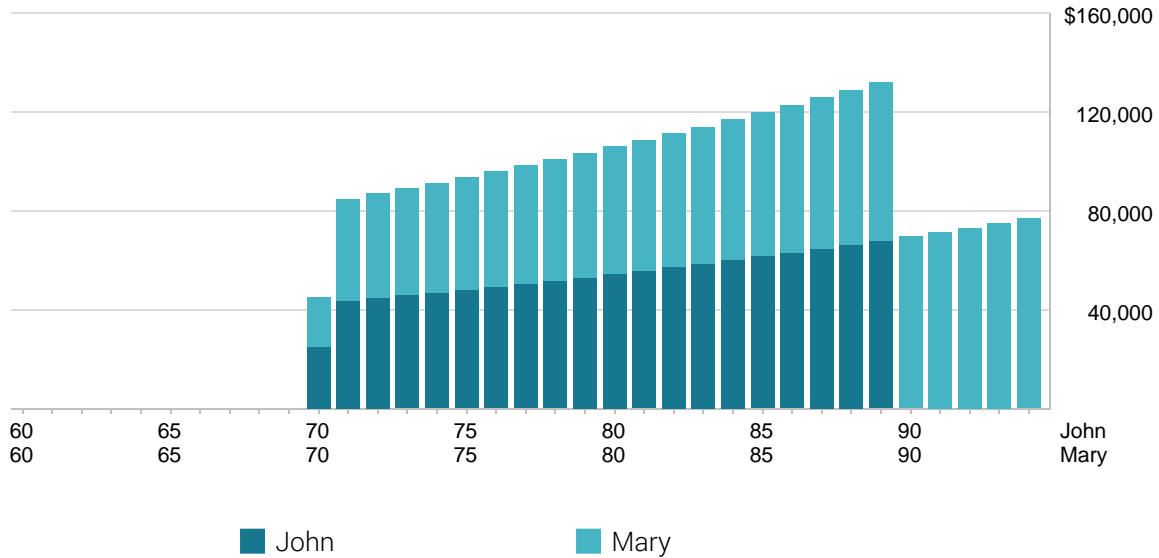
Retirement expenses at 100% of pre-retirement amount. Expenses at first death at 100% of retirement expenses. Assumed rate of return is 3%. Pre-retirement effective income tax rate is 25%. Post retirement effective income tax rate is 25%.

¹ Prior to full retirement age, earnings from continuing to work may result in reduced or withheld benefits. At full retirement age, an adjustment is made to restore any reduced or withheld benefits. After full retirement age, there is no benefit reduction for wages or self-employment earnings.

² Present value today of remaining needs is \$140,727. Life insurance death benefit of \$337,435 could fund survivor needs at first death.

	JOHN	MARY	FUTURE VALUE OF BENEFITS	
Current Age	60	60	<div>\$3,532,178</div> <div>File for Benefits</div>	
Monthly benefit at FRA ¹	\$2,144	\$2,030		
Assume live to	90	95		
Start benefits at age	70	70		

ANNUAL BENEFITS BY YEAR
Assumes 2.5% Cost of Living Adjustments



			NEW MONTHLY BENEFITS			REASON
DATE	AGE ²	CHANGE FOR	JOHN	MARY	TOTAL	
Jun 2026	70	John	\$3,549	\$3,361	\$6,910	Start own retirement benefits
Jul 2026	70	Mary	\$3,549	\$3,361	\$6,910	Start own retirement benefits
Jan 2046	90	Mary	\$0	\$5,816	\$5,816	Survivor benefits start

¹ Prior to full retirement age, earnings from continuing to work may result in reduced or withheld benefits. At full retirement age, an adjustment is made to restore any reduced or withheld benefits. After full retirement age, there is no benefit reduction for wages or self-employment earnings.

² Age at end of year illustrated.

Current Cash Flow

Ages	Annual Expenses	INCOME FLOOR			OTHER INCOME SOURCES		Shortfall
		Annuity	Pensions	Social Security	Salary & Other	Withdrawal from Assets	
60/60	\$42,000	\$0	\$0	\$0	\$42,000	\$0	\$0
61/61	73,800	0	0	0	73,800	0	0
62/62	75,645	0	0	0	75,645	0	0
63/63	77,536	0	0	0	77,536	0	0
64/64	79,475	0	0	0	79,475	0	0
65/65	81,461	0	0	0	0	81,461	0
66/66	83,498	0	0	0	0	83,498	0
67/67	85,585	0	0	0	0	85,585	0
68/68	87,725	0	0	0	0	87,725	0
69/69	89,918	0	0	0	0	89,918	0
70/70	92,166	0	0	45,009	0	47,157	0
71/71	94,470	0	0	82,830	0	11,640	0
72/72	96,832	0	0	84,827	0	12,005	0
73/73	99,253	0	0	86,887	0	12,366	0
74/74	101,734	0	0	89,032	0	12,702	0
75/75	104,277	0	0	91,234	0	13,044	0
76/76	106,884	0	0	93,518	0	13,367	0
77/77	109,557	0	0	95,899	0	13,657	0
78/78	112,295	0	0	98,155	0	14,141	0
79/79	115,103	0	0	100,407	0	14,696	0
80/80	117,980	0	0	102,723	0	15,257	0
81/81	120,930	0	0	105,094	0	15,836	0
82/82	123,953	0	0	107,528	0	16,425	0
83/83	127,052	0	0	110,016	0	17,036	0
84/84	130,228	0	0	112,569	0	17,659	0
85/85	133,484	0	0	115,186	0	18,298	0
86/86	136,821	0	0	117,867	0	18,954	0
87/87	140,242	0	0	120,623	0	19,618	0
88/88	143,748	0	0	123,444	0	20,304	0
89/89	147,341	0	0	126,329	0	21,012	0
90	151,025	0	0	68,477	0	62,614	19,934
91	154,800	0	0	70,042	0	0	84,758
92	158,670	0	0	71,640	0	0	87,030
93	162,637	0	0	73,271	0	0	89,367
94	166,703	0	0	74,955	0	0	91,749

Current Retirement Assets

Ages	Beginning of Year Balance	Contributions/ Reinvestment	Growth and Earnings	Withdrawals	End of Year Balance
60/60	700,000	13,003	12,250	0	725,253
61/61	725,253	20,490	21,660	0	767,403
62/62	767,403	18,645	22,769	0	808,816
63/63	808,816	16,754	23,865	0	849,436
64/64	849,436	14,815	24,949	0	889,201
65/65	889,201	0	26,019	81,461	833,759
66/66	833,759	0	24,953	108,582	750,129
67/67	750,129	0	22,504	114,114	658,519
68/68	658,519	0	19,756	116,967	561,308
69/69	561,308	0	16,839	119,891	458,257
70/70	458,257	0	13,748	75,629	396,376
71/71	396,376	0	11,891	19,823	388,444
72/72	388,444	0	11,653	20,685	379,412
73/73	379,412	0	11,382	21,577	369,217
74/74	369,217	0	11,076	22,463	357,830
75/75	357,830	0	10,735	23,403	345,162
76/76	345,162	0	10,355	24,363	331,154
77/77	331,154	0	9,935	22,094	318,995
78/78	318,995	0	9,570	22,182	306,384
79/79	306,384	0	9,192	23,052	292,523
80/80	292,523	0	8,776	23,932	277,366
81/81	277,366	0	8,321	24,841	260,847
82/82	260,847	0	7,825	25,765	242,907
83/83	242,907	0	7,287	26,722	223,472
84/84	223,472	0	6,704	27,701	202,475
85/85	202,475	0	6,074	28,703	179,847
86/86	179,847	0	5,395	29,732	155,511
87/87	155,511	0	4,665	30,774	129,402
88/88	129,402	0	3,882	31,849	101,436
89/89	101,436	0	3,043	32,960	71,518
90/90	71,518	0	2,146	73,664	0
91/91	0	0	0	0	0
92/92	0	0	0	0	0
93/93	0	0	0	0	0
94/94	0	0	0	0	0

Annual Social Security Benefits

Assumes 2.5% Cost of Living Adjustment

Year	JOHN			MARY				TOTAL	
	Age ¹	Retirement	Spousal	Age ¹	Retirement	Spousal	Survivor	Annual Total	Future Value
2016	60	0	0	60	0	0	0	0	0
2017	61	0	0	61	0	0	0	0	0
2018	62	0	0	62	0	0	0	0	0
2019	63	0	0	63	0	0	0	0	0
2020	64	0	0	64	0	0	0	0	0
2021	65	0	0	65	0	0	0	0	0
2022	66	0	0	66	0	0	0	0	0
2023	67	0	0	67	0	0	0	0	0
2024	68	0	0	68	0	0	0	0	0
2025	69	0	0	69	0	0	0	0	0
2026	70	24,843	0	70	20,166	0	0	45,009	45,009
2027	71	43,656	0	71	41,340	0	0	84,996	131,355
2028	72	44,748	0	72	42,372	0	0	87,120	222,416
2029	73	45,864	0	73	43,428	0	0	89,292	318,380
2030	74	47,016	0	74	44,520	0	0	91,536	419,468
2031	75	48,192	0	75	45,624	0	0	93,816	525,868
2032	76	49,392	0	76	46,764	0	0	96,156	637,800
2033	77	50,628	0	77	47,940	0	0	98,568	755,502
2034	78	51,900	0	78	49,140	0	0	101,040	879,207
2035	79	53,196	0	79	50,364	0	0	103,560	1,009,143
2036	80	54,528	0	80	51,624	0	0	106,152	1,145,569
2037	81	55,884	0	81	52,920	0	0	108,804	1,288,741
2038	82	57,288	0	82	54,240	0	0	111,528	1,438,931
2039	83	58,716	0	83	55,596	0	0	114,312	1,596,411
2040	84	60,180	0	84	56,988	0	0	117,168	1,761,471
2041	85	61,692	0	85	58,404	0	0	120,096	1,934,411
2042	86	63,228	0	86	59,868	0	0	123,096	2,115,539
2043	87	64,812	0	87	61,368	0	0	126,180	2,305,186
2044	88	66,432	0	88	62,904	0	0	129,336	2,503,677
2045	89	68,088	0	89	64,476	0	0	132,564	2,711,352
2046				90	66,084	0	3,708	69,792	2,862,484
2047				91	67,740	0	3,804	71,544	3,019,903
2048				92	69,432	0	3,900	73,332	3,183,832
2049				93	71,160	0	3,996	75,156	3,354,503
2050				94	72,948	0	4,092	77,040	3,532,178

¹ Age at end of year illustrated.

Current Cash Flow Taxation

Ages	INCOME		TAXES				Social Security Subject to Taxes
	Social Security	Other Taxable	On Social Security	Ordinary Income	Capital Gains	Total Taxes	
60/60	0	81,667	0	26,664	0	26,664	0%
61/61	0	140,390	0	45,808	0	45,808	0%
62/62	0	141,014	0	45,963	0	45,963	0%
63/63	0	141,596	0	46,109	0	46,109	0%
64/64	0	142,134	0	46,244	0	46,244	0%
65/65	0	2,627	0	657	0	657	0%
66/66	0	100,576	0	25,144	0	25,144	0%
67/67	0	114,114	0	28,528	0	28,528	0%
68/68	0	116,967	0	29,242	0	29,242	0%
69/69	0	119,891	0	29,973	0	29,973	0%
70/70	45,009	75,629	9,564	18,907	0	28,472	85%
71/71	84,996	19,823	5,393	4,956	0	10,349	25%
72/72	87,120	20,685	5,802	5,171	0	10,973	27%
73/73	89,292	21,578	6,222	5,394	0	11,617	28%
74/74	91,536	22,463	6,649	5,616	0	12,265	29%
75/75	93,816	23,403	7,091	5,851	0	12,942	30%
76/76	96,156	24,362	7,543	6,091	0	13,634	31%
77/77	98,568	22,093	7,318	1,184	2,604	11,105	30%
78/78	101,040	22,182	7,599	0	3,327	10,926	30%
79/79	103,560	23,052	8,052	0	3,458	11,509	31%
80/80	106,152	23,932	8,514	0	3,590	12,104	32%
81/81	108,804	24,841	8,989	0	3,726	12,715	33%
82/82	111,528	25,765	9,475	0	3,865	13,339	34%
83/83	114,312	26,722	9,974	0	4,008	13,982	35%
84/84	117,168	27,701	10,485	0	4,155	14,641	36%
85/85	120,096	28,703	11,009	0	4,305	15,315	37%
86/86	123,096	29,732	11,547	0	4,460	16,007	38%
87/87	126,180	30,774	12,096	0	4,616	16,712	38%
88/88	129,336	31,849	12,660	0	4,777	17,437	39%
89/89	132,564	32,960	13,239	0	4,944	18,183	40%
90/90	69,792	73,664	14,831	0	11,050	25,880	85%
91/91	71,544	0	1,502	0	0	1,502	8%
92/92	73,332	0	1,692	0	0	1,692	9%
93/93	75,156	0	1,885	0	0	1,885	10%
94/94	77,040	0	2,086	0	0	2,086	11%

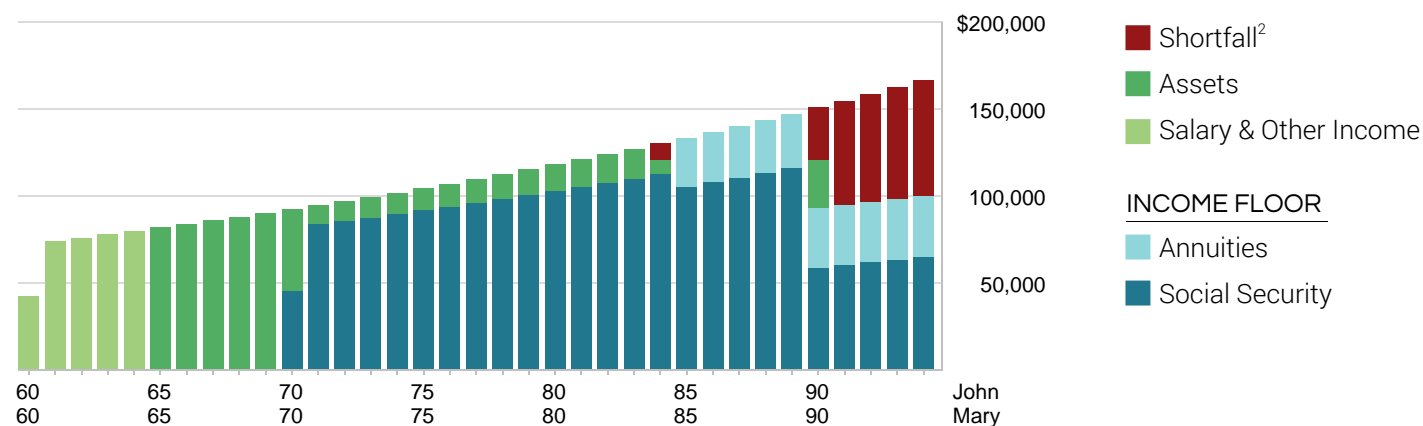
Proposed Cash Flow

Cash Flow Using Optimal Social Security Strategy

	JOHN	MARY	CASH FLOW RESULTS
Current Age	60	60	
Monthly benefit at FRA ¹	\$2,144	\$2,030	
Assume live to	90	95	
Start benefits at age	70	70	
Filing Method: File for Benefits			

\$112,215
Shortfall (NPV)

ANNUAL CASH FLOW



ADDITIONAL ITEMS TO CONSIDER

- i** Proposed uses Social Security strategy and order of asset use calculated to give best cash flow.
- i** Optimal Social Security is John age 70, Mary age 70; File for Benefits.
- i** Optimal order of asset use: Savings, IRAs/401Ks, Investments, Roth IRAs
- i** Annuity 1 was purchased using the following cash sources: John's IRA \$125,000
- i** Present value today of remaining needs is \$112,215.
- i** Life insurance death benefit to fund survivor needs is \$257,799.

See Confirmation of Facts page for proposed annuity details. Not valid without Confirmation of Facts page.

Retirement expenses at 100% of pre-retirement amount. Expenses at first death at 100% of retirement expenses. Assumed rate of return is 3%. Pre-retirement effective income tax rate is 25%. Post retirement effective income tax rate is 25%.

¹ Prior to full retirement age, earnings from continuing to work may result in reduced or withheld benefits. At full retirement age, an adjustment is made to restore any reduced or withheld benefits. After full retirement age, there is no benefit reduction for wages or self-employment earnings.

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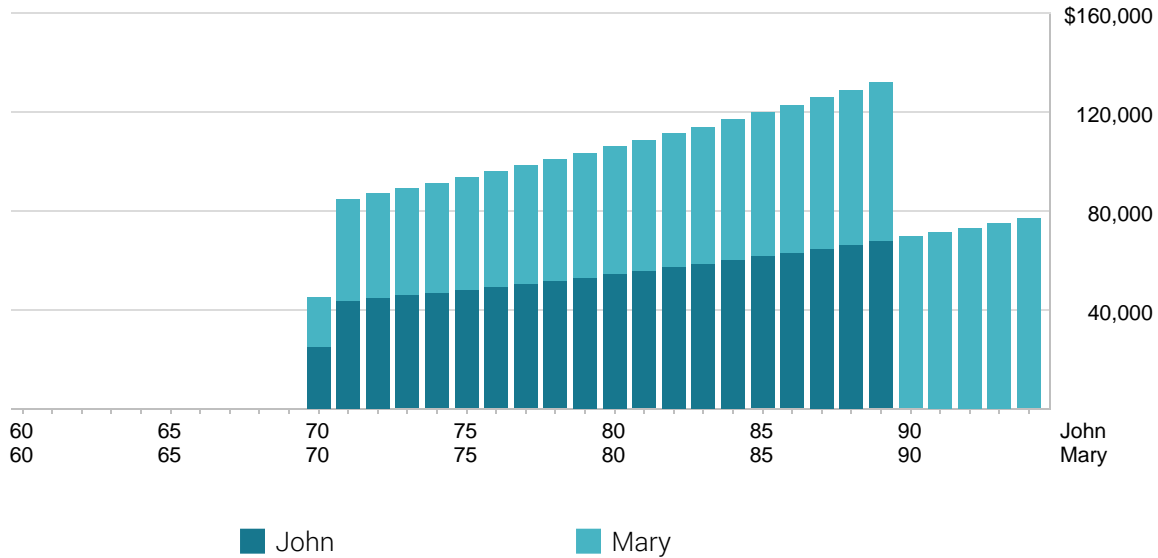
ASSETS CONSUMED IN THIS ORDER

1. Savings
2. IRA's/401(k)'s
3. Investments
4. Roth IRA's

Assets are assumed to grow at 3% before taxes.

	JOHN	MARY	FUTURE VALUE OF BENEFITS	
Current Age	60	60	<div>\$3,532,178</div> <div>File for Benefits</div>	
Monthly benefit at FRA ¹	\$2,144	\$2,030		
Assume live to	90	95		
Start benefits at age	70	70		

ANNUAL BENEFITS BY YEAR
Assumes 2.5% Cost of Living Adjustments



			NEW MONTHLY BENEFITS			REASON
DATE	AGE ²	CHANGE FOR	JOHN	MARY	TOTAL	
Jun 2026	70	John	\$3,549	\$3,361	\$6,910	Start own retirement benefits
Jul 2026	70	Mary	\$3,549	\$3,361	\$6,910	Start own retirement benefits
Jan 2046	90	Mary	\$0	\$5,816	\$5,816	Survivor benefits start

¹ Prior to full retirement age, earnings from continuing to work may result in reduced or withheld benefits. At full retirement age, an adjustment is made to restore any reduced or withheld benefits. After full retirement age, there is no benefit reduction for wages or self-employment earnings.

² Age at end of year illustrated.

Proposed Cash Flow

Ages	Annual Expenses	INCOME FLOOR			OTHER INCOME SOURCES		Shortfall
		Annuity	Pensions	Social Security	Salary & Other	Withdrawal from Assets	
60/60	\$42,000	\$0	\$0	\$0	\$42,000	\$0	\$0
61/61	73,800	0	0	0	73,800	0	0
62/62	75,645	0	0	0	75,645	0	0
63/63	77,536	0	0	0	77,536	0	0
64/64	79,475	0	0	0	79,475	0	0
65/65	81,461	0	0	0	0	81,461	0
66/66	83,498	0	0	0	0	83,498	0
67/67	85,585	0	0	0	0	85,585	0
68/68	87,725	0	0	0	0	87,725	0
69/69	89,918	0	0	0	0	89,918	0
70/70	92,166	0	0	45,009	0	47,157	0
71/71	94,470	0	0	83,684	0	10,786	0
72/72	96,832	0	0	85,675	0	11,157	0
73/73	99,253	0	0	87,655	0	11,598	0
74/74	101,734	0	0	89,660	0	12,074	0
75/75	104,277	0	0	91,698	0	12,579	0
76/76	106,884	0	0	93,789	0	13,095	0
77/77	109,557	0	0	95,945	0	13,611	0
78/78	112,295	0	0	98,155	0	14,141	0
79/79	115,103	0	0	100,407	0	14,696	0
80/80	117,980	0	0	102,723	0	15,257	0
81/81	120,930	0	0	105,094	0	15,836	0
82/82	123,953	0	0	107,528	0	16,425	0
83/83	127,052	0	0	110,016	0	17,036	0
84/84	130,228	0	0	112,569	0	7,937	9,722
85/85	133,484	28,121	0	105,363	0	0	0
86/86	136,821	28,818	0	108,003	0	0	0
87/87	140,242	29,521	0	110,721	0	0	0
88/88	143,748	30,241	0	113,507	0	0	0
89/89	147,341	30,980	0	116,361	0	0	0
90	151,025	34,668	0	58,482	0	27,614	30,261
91	154,800	34,668	0	60,220	0	0	59,913
92	158,670	34,668	0	61,818	0	0	62,185
93	162,637	34,668	0	63,448	0	0	64,521
94	166,703	34,668	0	65,132	0	0	66,903

Proposed Retirement Assets

Ages	Beginning of Year Balance	Contributions/ Reinvestment	Growth and Earnings	Withdrawals	End of Year Balance
60/60	700,000	13,003	10,063	0	598,065
61/61	598,065	20,490	17,844	0	636,399
62/62	636,399	18,645	18,839	0	673,883
63/63	673,883	16,754	19,817	0	710,454
64/64	710,454	14,815	20,780	0	746,050
65/65	746,050	0	21,725	81,461	686,313
66/66	686,313	0	20,529	108,582	598,261
67/67	598,261	0	17,948	114,114	502,095
68/68	502,095	0	15,063	116,967	400,191
69/69	400,191	0	12,006	119,891	292,306
70/70	292,306	0	8,769	69,977	231,098
71/71	231,098	0	6,933	16,714	221,318
72/72	221,318	0	6,640	17,441	210,517
73/73	210,517	0	6,315	18,193	198,639
74/74	198,639	0	5,959	18,939	185,659
75/75	185,659	0	5,570	19,732	171,497
76/76	171,497	0	5,145	20,541	156,101
77/77	156,101	0	4,683	21,351	139,433
78/78	139,433	0	4,183	22,182	121,435
79/79	121,435	0	3,643	23,052	102,026
80/80	102,026	0	3,061	23,932	81,154
81/81	81,154	0	2,435	24,841	58,748
82/82	58,748	0	1,762	25,765	34,746
83/83	34,746	0	1,042	26,722	9,066
84/84	9,066	0	272	9,338	0
85/85	0	6,547	0	0	6,547
86/86	6,547	5,850	147	0	12,544
87/87	12,544	5,147	282	0	17,974
88/88	17,974	4,427	404	0	22,805
89/89	22,805	3,688	513	0	27,006
90/90	27,006	0	607	27,614	0
91/91	0	0	0	0	0
92/92	0	0	0	0	0
93/93	0	0	0	0	0
94/94	0	0	0	0	0

Annual Social Security Benefits

Assumes 2.5% Cost of Living Adjustment

Year	JOHN			MARY				TOTAL	
	Age ¹	Retirement	Spousal	Age ¹	Retirement	Spousal	Survivor	Annual Total	Future Value
2016	60	0	0	60	0	0	0	0	0
2017	61	0	0	61	0	0	0	0	0
2018	62	0	0	62	0	0	0	0	0
2019	63	0	0	63	0	0	0	0	0
2020	64	0	0	64	0	0	0	0	0
2021	65	0	0	65	0	0	0	0	0
2022	66	0	0	66	0	0	0	0	0
2023	67	0	0	67	0	0	0	0	0
2024	68	0	0	68	0	0	0	0	0
2025	69	0	0	69	0	0	0	0	0
2026	70	24,843	0	70	20,166	0	0	45,009	45,009
2027	71	43,656	0	71	41,340	0	0	84,996	131,355
2028	72	44,748	0	72	42,372	0	0	87,120	222,416
2029	73	45,864	0	73	43,428	0	0	89,292	318,380
2030	74	47,016	0	74	44,520	0	0	91,536	419,468
2031	75	48,192	0	75	45,624	0	0	93,816	525,868
2032	76	49,392	0	76	46,764	0	0	96,156	637,800
2033	77	50,628	0	77	47,940	0	0	98,568	755,502
2034	78	51,900	0	78	49,140	0	0	101,040	879,207
2035	79	53,196	0	79	50,364	0	0	103,560	1,009,143
2036	80	54,528	0	80	51,624	0	0	106,152	1,145,569
2037	81	55,884	0	81	52,920	0	0	108,804	1,288,741
2038	82	57,288	0	82	54,240	0	0	111,528	1,438,931
2039	83	58,716	0	83	55,596	0	0	114,312	1,596,411
2040	84	60,180	0	84	56,988	0	0	117,168	1,761,471
2041	85	61,692	0	85	58,404	0	0	120,096	1,934,411
2042	86	63,228	0	86	59,868	0	0	123,096	2,115,539
2043	87	64,812	0	87	61,368	0	0	126,180	2,305,186
2044	88	66,432	0	88	62,904	0	0	129,336	2,503,677
2045	89	68,088	0	89	64,476	0	0	132,564	2,711,352
2046				90	66,084	0	3,708	69,792	2,862,484
2047				91	67,740	0	3,804	71,544	3,019,903
2048				92	69,432	0	3,900	73,332	3,183,832
2049				93	71,160	0	3,996	75,156	3,354,503
2050				94	72,948	0	4,092	77,040	3,532,178

¹ Age at end of year illustrated.

Proposed Cash Flow Taxation

Ages	INCOME		TAXES				Social Security Subject to Taxes
	Social Security	Other Taxable	On Social Security	Ordinary Income	Capital Gains	Total Taxes	
60/60	0	81,667	0	26,664	0	26,664	0%
61/61	0	140,390	0	45,808	0	45,808	0%
62/62	0	141,014	0	45,963	0	45,963	0%
63/63	0	141,596	0	46,109	0	46,109	0%
64/64	0	142,134	0	46,244	0	46,244	0%
65/65	0	2,627	0	657	0	657	0%
66/66	0	100,576	0	25,144	0	25,144	0%
67/67	0	114,114	0	28,528	0	28,528	0%
68/68	0	116,967	0	29,242	0	29,242	0%
69/69	0	119,891	0	29,973	0	29,973	0%
70/70	45,009	69,977	9,564	6,897	6,358	22,820	85%
71/71	84,996	16,714	4,732	0	2,507	7,239	22%
72/72	87,120	17,441	5,112	0	2,616	7,729	23%
73/73	89,292	18,193	5,503	0	2,729	8,232	25%
74/74	91,536	18,939	5,900	0	2,841	8,741	26%
75/75	93,816	19,732	6,311	0	2,960	9,271	27%
76/76	96,156	20,541	6,731	0	3,081	9,812	28%
77/77	98,568	21,351	7,160	0	3,203	10,362	29%
78/78	101,040	22,182	7,599	0	3,327	10,926	30%
79/79	103,560	23,052	8,052	0	3,458	11,509	31%
80/80	106,152	23,932	8,514	0	3,590	12,104	32%
81/81	108,804	24,841	8,989	0	3,726	12,715	33%
82/82	111,528	25,765	9,475	0	3,865	13,339	34%
83/83	114,312	26,722	9,974	0	4,008	13,982	35%
84/84	117,168	9,338	6,583	0	1,401	7,984	22%
85/85	120,096	46,224	14,733	11,556	0	26,289	49%
86/86	123,096	46,420	15,093	11,605	0	26,698	49%
87/87	126,180	46,600	15,459	11,650	0	27,109	49%
88/88	129,336	46,763	15,829	11,691	0	27,520	49%
89/89	132,564	46,908	16,203	11,727	0	27,930	49%
90/90	69,792	47,034	11,310	11,759	0	23,069	65%
91/91	71,544	46,224	11,324	11,556	0	22,880	63%
92/92	73,332	46,224	11,514	11,556	0	23,070	63%
93/93	75,156	46,224	11,708	11,556	0	23,264	62%
94/94	77,040	46,224	11,908	11,556	0	23,464	62%

Action Plan

For John starting benefits at age 70 and Mary starting benefits at age 70.

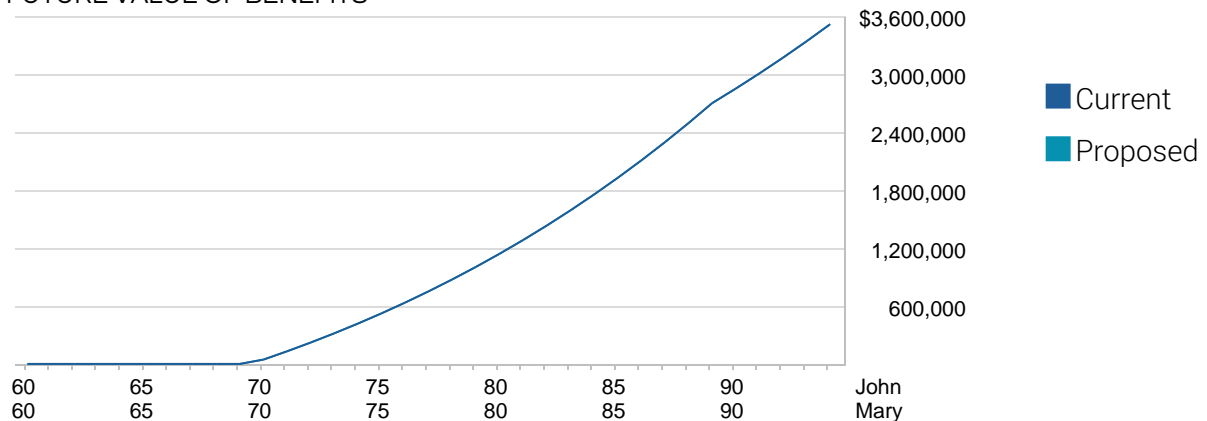
✓	WHEN	WHO	ACTION	NOTES
<input type="checkbox"/>	As soon as possible	John	Purchase annuity.	
<input type="checkbox"/>	June 2017	Gretchen Smith, John, Mary	Schedule annual review.	
<input type="checkbox"/>	February 2026	John	File for benefits.	Apply 3 months prior to date benefits would start. Application may be made any time during this month.
<input type="checkbox"/>	March 2026	Mary	File for benefits.	Apply 3 months prior to date benefits would start. Application may be made any time during this month.
<input type="checkbox"/>	At death of a spouse		When a spouse dies, the surviving spouse should notify the Social Security Administration of spouse's death.	Social Security provides a one-time payment of \$255 plus potential monthly survivors' benefits.

This schedule was prepared on June 14, 2016.

All items should be reviewed regularly and adjusted for any changes in Social Security rules, tax laws, or major life events of either John or Mary. A review with your financial advisors annually is recommended.

Social Security Break-Even Analysis

FUTURE VALUE OF BENEFITS



CURRENT						PROPOSED			
Year	Ages ¹	Annual Total	Cumulative Lifetime Benefits	Future Value of Benefits	Present Value of Benefits	Annual Total	Cumulative Lifetime Benefits	Future Value of Benefits	Present Value of Benefits
2016	60/60	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2017	61/61	0	0	0	0	0	0	0	0
2018	62/62	0	0	0	0	0	0	0	0
2019	63/63	0	0	0	0	0	0	0	0
2020	64/64	0	0	0	0	0	0	0	0
2021	65/65	0	0	0	0	0	0	0	0
2022	66/66	0	0	0	0	0	0	0	0
2023	67/67	0	0	0	0	0	0	0	0
2024	68/68	0	0	0	0	0	0	0	0
2025	69/69	0	0	0	0	0	0	0	0
2026	70/70	45,009	45,009	45,009	33,491	45,009	45,009	45,009	33,491
2027	71/71	84,996	130,005	131,355	94,894	84,996	130,005	131,355	94,894
2028	72/72	87,120	217,125	222,416	155,998	87,120	217,125	222,416	155,998
2029	73/73	89,292	306,417	318,380	216,802	89,292	306,417	318,380	216,802
2030	74/74	91,536	397,953	419,468	277,317	91,536	397,953	419,468	277,317
2031	75/75	93,816	491,769	525,868	337,535	93,816	491,769	525,868	337,535
2032	76/76	96,156	587,925	637,800	397,456	96,156	587,925	637,800	397,456
2033	77/77	98,568	686,493	755,502	457,091	98,568	686,493	755,502	457,091
2034	78/78	101,040	787,533	879,207	516,442	101,040	787,533	879,207	516,442
2035	79/79	103,560	891,093	1,009,143	575,501	103,560	891,093	1,009,143	575,501
2036	80/80	106,152	997,245	1,145,569	634,274	106,152	997,245	1,145,569	634,274
2037	81/81	108,804	1,106,049	1,288,741	692,762	108,804	1,106,049	1,288,741	692,762
2038	82/82	111,528	1,217,577	1,438,931	750,967	111,528	1,217,577	1,438,931	750,967
2039	83/83	114,312	1,331,889	1,596,411	808,888	114,312	1,331,889	1,596,411	808,888
2040	84/84	117,168	1,449,057	1,761,471	866,527	117,168	1,449,057	1,761,471	866,527
2041	85/85	120,096	1,569,153	1,934,411	923,885	120,096	1,569,153	1,934,411	923,885
2042	86/86	123,096	1,692,249	2,115,539	980,965	123,096	1,692,249	2,115,539	980,965
2043	87/87	126,180	1,818,429	2,305,186	1,037,769	126,180	1,818,429	2,305,186	1,037,769
2044	88/88	129,336	1,947,765	2,503,677	1,094,299	129,336	1,947,765	2,503,677	1,094,299
2045	89/89	132,564	2,080,329	2,711,352	1,150,552	132,564	2,080,329	2,711,352	1,150,552

¹ Age at end of year illustrated.

CURRENT						PROPOSED			
Year	Ages ¹	Annual Total	Cumulative Lifetime Benefits	Future Value of Benefits	Present Value of Benefits	Annual Total	Cumulative Lifetime Benefits	Future Value of Benefits	Present Value of Benefits
2046	90	69,792	2,150,121	2,862,484	1,179,306	69,792	2,150,121	2,862,484	1,179,306
2047	91	71,544	2,221,665	3,019,903	1,207,922	71,544	2,221,665	3,019,903	1,207,922
2048	92	73,332	2,294,997	3,183,832	1,236,400	73,332	2,294,997	3,183,832	1,236,400
2049	93	75,156	2,370,153	3,354,503	1,264,736	75,156	2,370,153	3,354,503	1,264,736
2050	94	77,040	2,447,193	3,532,178	1,292,936	77,040	2,447,193	3,532,178	1,292,936

Summary

START AGES		FILING METHOD	FUTURE VALUE
Current	John starts at 70, Mary starts at 70	File for Benefits	\$3,532,178
Proposed	John starts at 70, Mary starts at 70	File for Benefits	\$3,532,178

¹ Age at end of year illustrated.

Confirmation of Facts

PERSONAL INFORMATION

John	Mary
60	60
Male	Female
May 05, 1956	Jun. 06, 1956
John and Mary are married.	

EXPENSES

Total Monthly Expenses (including rent)	\$6,000
Percent expenses at first retirement	100%
Percent continued after first death	100%
Inflation rate	2.5%

SALARY

Name	Pre-Retirement			Post-Retirement		
	Salary	Annual Increase	Until Age	Salary	Annual Increase	Until Age
John	\$75,000	0%	65	\$0	0%	66
Mary	\$65,000	0%	65	\$0	0%	66

Effective tax rate	25%
Post retirement tax rate	25%

Income tax rate on capital gains assumed to be 15%.

SOCIAL SECURITY

	John	Mary
Monthly benefit at full retirement age	\$2,144	\$2,030
Full retirement age	66 and 4 months	66 and 4 months
If benefits start at 66	FRA	FRA
Social Security cost of living adjustment	2.5%	

PROPOSED ANNUITIES

Owner	Description	Monthly Income	Annual Increase	Starting at Age	Percent After Death	Continue Until Age	Type	Cost
John	Annuity 1	\$3,852	0%	85	100%	Lifetime	Qualified	\$125,000

SAVINGS ASSETS

Description	John		Mary	
	Current Balance	Monthly Contribution	Current Balance	Monthly Contribution
IRA	\$500,000	\$0	\$0	\$0

INVESTMENTS

Name	Current Balance	Current Basis	Monthly Contributions
John	\$200,000	\$0	\$0

Mitigating Risks to Your Plan



LONGEVITY RISK

We all want to live as long as possible, however, the longer you live will increase your exposure to many retirement risks. The risk many fear is running out of money.

Living longer increases the likelihood of spending down assets, additional medical expenses, or may require long-term care. You could outlive income sources that pay for a specific period.



MITIGATION IDEAS

- ☐ Use some investments to purchase income annuities, creating lifetime income streams.
- ☐ Consider planning that extends beyond average life expectancy. One in four retirees will live past age 90 and one in ten will live past age 95.
- ☐ Consider using a small portion of savings to acquire longevity annuity that provides large monthly incomes starting at older ages, typically age 85 and up.
- ☐ Convert home equity to a reverse mortgage that provides specified monthly payments as long as last borrower remains in the home.



HEALTH CARE RISK

Aging is often accompanied by health related problems and costs. Medical costs have been increasing faster than CPI according to EBRI. Health related problems may lead to a need for long-term care. 70% of people age 65 and over will need long-term care at some point. The average length of care is 2.2 years for men and 3.7 years for women, with an average annual cost in the US of \$85,000, although costs vary based on location.¹



MITIGATION IDEAS

- ☐ Reduce likelihood of health problems through diet, exercise and lifestyle.
- ☐ Rely on Medicaid and government programs for the costs of health needs.
- ☐ Buy a Medicare supplement that provides coverages for the “gaps” between health costs and Medicare payments.
- ☐ Depend on family members to supplement costs and care needed.
- ☐ Secure long-term care policy if available.
- ☐ Hybrid policies combine long-term care benefits with a life insurance policy or an annuity.

¹ www.longtermcare.gov



MARKET RISK

Due to market fluctuations, investments may perform worse than expected. Since risks and returns vary inversely, some risk may be necessary to achieve a desired return.

Other investments are subject to interest rate risks, such as bonds and certificates of deposits. Changes in interest rates may result in lower returns or undesirable options for reinvesting at maturity.



MITIGATION IDEAS

- ☐ Diversification can help limit the effects of market fluctuations. A typical investment mix is 40% equity, 50% bonds, and 10% cash.
- ☐ Review investments annually and shift more investments to income producing assets as you age.
- ☐ Shifting some assets to fixed income provides an income floor of more predictable income.
- ☐ Consider “bucket method” of investing—buckets of investments using time horizons: the sooner it is to be used the lower the risk; the later it will be used, the greater the risk.



INFLATION RISK





Retirees often depend on fixed income sources that do not vary. Inflation reduces each dollar's purchasing power. A couple retiring on \$5,000 monthly income in 1990 would need \$8,979 monthly income to have the same purchasing power today. Consumer Price Index has increased at an average rate of 3% since 1913.¹



MITIGATION IDEAS

- ☐ Do not rely on just fixed income investments that provide no inflation-adjusted incomes.
- ☐ Planning must assume income needs will increase for inflation.
- ☐ Review and adjust expenses annually to reflect inflation.
- ☐ Social Security benefits are inflation-adjusted income. Delaying Social Security benefits may result in a larger benefit.

¹ www.bls.gov

 WORK RELATED RISK	 MITIGATION IDEAS
<p>Retirement plans may be greatly altered if retirement employment plans are disrupted. Forced retirement resulted in 47% of workers retiring earlier than they had planned according to EBRI. Reemployment risk is planning to work full-time or part-time in retirement and being unable to find work. Working longer may not be an option due to the job market, poor health, or caregiving responsibilities. In 2013, 69% of retirees were expecting to work but only 25% actually worked.¹</p>	<ul style="list-style-type: none"><input type="checkbox"/> Plan for the unexpected—consider needs if employment ends prematurely.<input type="checkbox"/> Prior to retirement, you should acquire skills needed for possible part-time work in retirement.<input type="checkbox"/> Consider diet, exercise, and lifestyle habits while still working, to avoid health problems which may limit your ability to work as long as you prefer.<input type="checkbox"/> Retirement planning is not just about money. You should consider the social aspects of working longer and the personal rewards it provides.
 PUBLIC POLICY RISK	 MITIGATION IDEAS
<p>You have little or no control over many public policies that can affect your retirement.</p> <p>Changes in tax laws, Social Security benefits, or Medicare benefits are examples of risks you should consider in your planning.</p>	<ul style="list-style-type: none"><input type="checkbox"/> Although you cannot control the tax laws, you can make your retirement assets and income less sensitive to taxes.<input type="checkbox"/> A Roth IRA can minimize the tax effects of its monthly income during retirement.<input type="checkbox"/> Be sure to consider required minimum distributions for retirement plans and IRAs to coordinate them with other income to minimize taxation.<input type="checkbox"/> Review any changes in government programs with your financial advisors to make appropriate adjustments.<input type="checkbox"/> Planning that is flexible and reviewed regularly is the best preparation for changes you cannot control.

¹ Employee Benefits Research Institute



LOSS OF SPOUSE RISK

Loss of a spouse often results in unexpected reductions in various income items and results in added expenses such as caregiving.



MITIGATION IDEAS

- ☐ Life insurance transfers the risk at either spouse's death, regardless of its unpredictable occurrence, to a life insurance company.
- ☐ An annuity with joint and survivor income can reduce the loss of income at a spouse's death.
- ☐ Review many scenarios to determine the probable loss of income at a spouse's death, regardless of which spouse dies first.

Definitions and Additional Information

Full retirement age

Full retirement age (FRA) is the age at which a person may first become entitled to full or unreduced retirement benefits. If your birthday is on January 1, the previous year's FRA will determine your full retirement age.

YEAR OF BIRTH	FULL RETIREMENT AGE
1943 through 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

Reductions for retirement before full retirement age

You may start Social Security retirement benefits as early as age 62; however, each month prior to FRA will result in a reduction in your benefits. This reduction ranges from 25% for those with a FRA of 66 to 30% for FRA of 67. The formula is 5/9 of 1% per month up to 36 months, plus 5/12 of 1% per month exceeding 36.

Delayed retirement credits for retirement after full retirement age

If you choose to delay starting benefits, you will receive an increase in your benefit amount of 8% per year up to age 70. After age 70 there are no further credits for delaying benefits. The credit is 2/3 of 1% for each month beyond FRA.

Monthly benefit at full retirement age

You can find your monthly benefit at full retirement age on your annual Social Security statement or from the on-line statement. The amount used in this report is the monthly value in today's dollars. This report automatically applies cost of living adjustments for you. This monthly benefit amount is also known as Primary Insurance Amount or PIA.

Spousal and family benefits

If you are receiving Social Security retirement benefits, your spouse and children may also qualify to receive benefits on your record. Your spouse or child may receive a monthly payment of up to one-half of your full retirement benefit amount, subject to a family maximum of approximately 150-180% of your full retirement payment. These payments will not reduce your retirement benefit. If there is more than one beneficiary, the payments are prorated among your family members eligible for benefits. However, if you suspend your benefits, all benefits based on your earnings will also be suspended. Individuals age 62 or younger in 2016 do not have this option.

Survivor benefits

Social Security provides survivor benefits for your family. If you die and your children are under 18, they are eligible for survivor benefits. In addition, your spouse qualifies for survivor benefits if age 60 or greater or caring for your children under age 16. Your spouse's survivor benefits when not caring for children under 16 will be reduced if benefits start prior to full retirement age.

Family benefits

This report does not consider survivor or retirement payments available for children, which may increase the total benefits your family may receive.

Disability benefits

This report does not consider disability payments that you or your family may be eligible to receive.

Pensions based on earnings not covered by Social Security

If you receive a pension for work not covered by Social Security, your monthly retirement or survivors' benefit may be reduced.

Government Pension Offset (GPO)

This provision affects only individuals who have earned a pension from work not covered by Social Security. Two-thirds of the monthly non-covered pension amount may reduce any spousal benefits you are otherwise entitled. GPO does not reduce any benefits based on your work record covered by Social Security.

Windfall Elimination Provision (WEP)

Your Social Security benefits may be reduced if you are entitled to a monthly pension from work not covered by Social Security and also qualify for Social Security retirement benefits. The years and earnings covered by Social Security determine the reduction, if any.

Each year worked up to starting retirement may affect benefits. The Social Security Administration does not include this reduction on your annual statement. It is calculated when you file for benefits. For 2016, this reduction is limited to the lesser of \$428 or one-half of your non-covered monthly pension.

Marital status

Married: Currently married under federal definition of marriage. Applicable spousal benefits and survivor benefits have been included.

Widowed: Currently not married under federal definition of marriage. Survivor benefits have been considered throughout the tool.

Divorced: If you were married for at least 10 years before divorce. You may receive spousal benefits based on an ex-spouse's benefit. It does not have to be the most recent ex-spouse, but your marriage must have lasted ten years. Claiming this benefit will in no way affect your ex-spouse's benefits. Anyone younger than age 62 in 2015 will be deemed to file for both their benefits and any spousal benefits at the same time and receive the higher of the two amounts. They will no longer be able to claim spousal benefits only.

Single: Currently not married under federal definition of marriage (or were married for less than 10 years before divorce). Benefits will only consider your earning record.

File for benefits

You file for all eligible benefits. You must file for all benefits to which you may be eligible, including your own benefit as well as any spousal benefit if one exists. Benefits will be reduced for each month prior to FRA.

File and suspend

Once you have reached FRA, you file your application for benefits and immediately suspend payments until a later date. This allows you to delay benefits up to age 70 to earn delayed retirement credits to increase monthly payments. If you suspend after May 2016, any benefits based on your earnings will also be suspended.

File a restricted application

For individuals age 62 or older in 2015, once you have reached FRA, you file a restricted application for survivor or spousal benefits. This allows you to begin spousal or survivor benefits while earning delayed retirement credits. Your spouse must have filed for benefits for you to receive spousal benefits. You apply for your own benefits at a later date and receive increased monthly payments.

Options to change your selection

Within 12 months of starting benefits if you change your mind, you may withdraw your claim and reapply. If approved, you must repay all benefits paid. This is only allowed once.

If you are already receiving benefits, you may suspend current or future payments up to age 70. The suspended payments will automatically resume at age 70, unless you request them sooner.

Voluntary Reinstatement of Benefits

Due to the 2015 Budget Bill Act, retroactive (lump sum) benefits are no longer payable. Reinstating a suspended benefit will only pay an adjusted monthly benefit (including delayed retirement credits).

Precaution if benefits are suspended

If you are enrolled in Medicare Part B, premiums cannot be deducted from suspended payments. You will need to pay them directly or have them automatically paid by your bank.

Cost of living adjustment

Historically prices have risen over time. Social Security Administration reviews the cost of living each year and adjusts benefits accordingly. The 30-year average annual adjustment is 2.5%.

Social Security Administration determines if a cost of living adjustment is made, and if so, how much. Typically, benefits have increased by 2.5% to 3.0% in the past. Using 0% will show basic benefits without any adjustments for inflation. More information can be found at www.socialsecurity.gov/cola.

Break-even

Break-even is the age when total Social Security income from two different filing strategies is the same. Break-even analysis is one way to decide which of two strategies maybe be the best choice for an individual or a couple. In addition, rate of return, income tax rates and cost of living increases may affect the break-even age.

What if you work during retirement?

You may work while receiving Social Security benefits and working may mean higher future benefits. However, while working your benefits may be reduced until you reach full retirement age. After full retirement age, the Social Security Administration will recalculate your benefits considering months when benefits were reduced or withheld due to excess earnings. Any year when earnings are higher than a prior year in your earnings record, the higher year will be used to recalculate your PIA and your payment amount.

The excess earnings limit in 2016 is \$15,720. A formula determines the amount benefits will be reduced based on your age. If you are under full retirement age for the entire year, benefits will be reduced \$1 for every \$2 earned above the limit. In the year you attain full retirement age, the deduction will be \$1 for every \$3 over \$41,800 (2016). Starting with the month you reach full retirement age, there is no longer a reduction in benefits or a limit to the amount you may earn.

If Social Security Administration is notified in advance of your anticipated monthly earnings, they will adjust your payments accordingly. If Social Security Administration learns of the excess earnings later, they withhold all future payments until excess benefits are recovered.

Modified adjusted gross income

Modified adjusted gross income (MAGI) is generally defined as all of your taxable income, plus certain net foreign income, minus allowed deductions. MAGI may include income such as taxable pensions, wages, interest, dividends, and other taxable income plus tax-exempt interest income (such as interest on municipal bonds) and any exclusion from income, such as interest from US savings bonds. See Internal Revenue Code 86b(2) or Internal Revenue Service Publication 915 for more information.

Be sure to consider your retirement plan distributions. All distributions from IRAs and employer plans will be included in MAGI. Roth IRA distributions will not be included.

Effective tax rate

The effective income tax rate is the average rate at which income is taxed. It takes into account the deductions and credits used to compute income taxes. It is total income taxes divided by total income, and is less than the "tax bracket" or marginal rate.

How are Social Security benefits taxed?

About one out of three people who get Social Security have to pay income taxes on their benefits. Combined income is the sum of your modified adjusted gross income plus nontaxable interest plus half of your Social Security benefits.

- If you are married and file a joint return, up to 50% of your benefits may be taxable if you and your spouse have a combined income that is between \$32,000 and \$44,000. If your combined income is more than \$44,000, up to 85% of your Social Security benefits is subject to income tax.
- If you are married and file a separate return, you will most likely pay taxes on your benefits.
- If you are single and your combined income is between \$25,000 and \$34,000, you may have to pay taxes on up to 50% of your Social Security benefits. If your combined income is more than \$34,000, up to 85% of your Social Security benefits is subject to income tax.
- No more than 85% of your total benefits is taxable¹

For more information

Your Social Security Administration office is an excellent source for questions about your benefits. The website (www.ssa.gov) is extremely helpful. This report should help you frame your thoughts before filing. It shows strategies that you may not have considered. It eliminates guessing or rules-of-thumb by calculating almost all possible combinations and illustrating the largest benefit.

¹ ssa.gov Retirement Benefits booklet January 2015

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