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# Plan Assumptions

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## General

### Bill Sample

Date of birth	10/10/1943
Retirement age (date)	65 (10/2008)
Life expectancy	90

### Sally Sample

Date of birth	8/5/1946
Retirement age (date)	63 (8/2009)
Life expectancy	90

### Inflation & Taxes

Inflation	3.5%
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Tax rates	From: 10/2010 (Plan begins)
	Federal Income Tax: Automatically calculated using 'Married Filing Jointly' filing status
	State Tax: 7.0%
	Local Tax: 0.0%
	Capital Gains Tax: 15.0%
	From: 1/2011
	Capital Gains Tax: 15.0%

## Investment Accounts

### Sally's Revocable Trust

Owner	Sally
Current value	\$250,000

Cost basis	\$250,000
Type	Investment
Rate of return	5.7%

### Bill's Revocable Trust

Owner	Bill
Current value	\$2,000,000
Cost basis	\$1,000,000
Type	Investment
Rate of return	5.7%

### Bill's IRA

Owner	Bill
Current value	\$500,000
After-tax basis	\$0
Type	Traditional IRA
Rate of return	7.8%

### Checking and Savings

Owner	Joint
Current value	\$25,000
Cost basis	\$25,000
Type	Investment
Rate of return	2.0%

## Other Assets



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# Plan Assumptions

## Primary Residence

Owner	Joint
Current value	\$500,000
Purchase price	\$500,000
Appreciation rate	2.0%

## Mountain House

Owner	Sally
Current value	\$170,000
Purchase price	\$170,000
Appreciation rate	2.0%

## Furniture and Furnishings

Owner	Joint
Current value	\$50,000
Purchase price	\$50,000
Appreciation rate	0.0%

## Liabilities

### Mortgage

Owner	Joint
Original amount	\$289,855
Origination date	12/2009
Term	15 years
Monthly payment	\$2,219
Interest rate	4.000%

## Income

### Social Security

Recipient	Bill
Description	\$30,550 per year, increasing at 0.0% per year between now and start date of 10/2008 (Bill is 65), continuing through 10/2033 increasing at 2.0% per year

### Bill's Pension

Recipient	Bill
Description	\$30,000 per year, increasing at 0.0% per year between now and start date of 10/2008 (Bill retires), continuing through 10/2033 increasing at 3.5% per year

### Sally's Social Security

Recipient	Sally
Description	\$16,500 per year, increasing at 0.0% per year between now and start date of 8/2011 (Sally is 65), continuing through 8/2036 increasing at 2.0% per year

## Expenses

### Annual Living Expenses

Description	\$80,000 per year, increasing at 3.5% per year, continuing through 12/2036 (Plan ends)
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## Plan Assumptions

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### Charitable Gifts

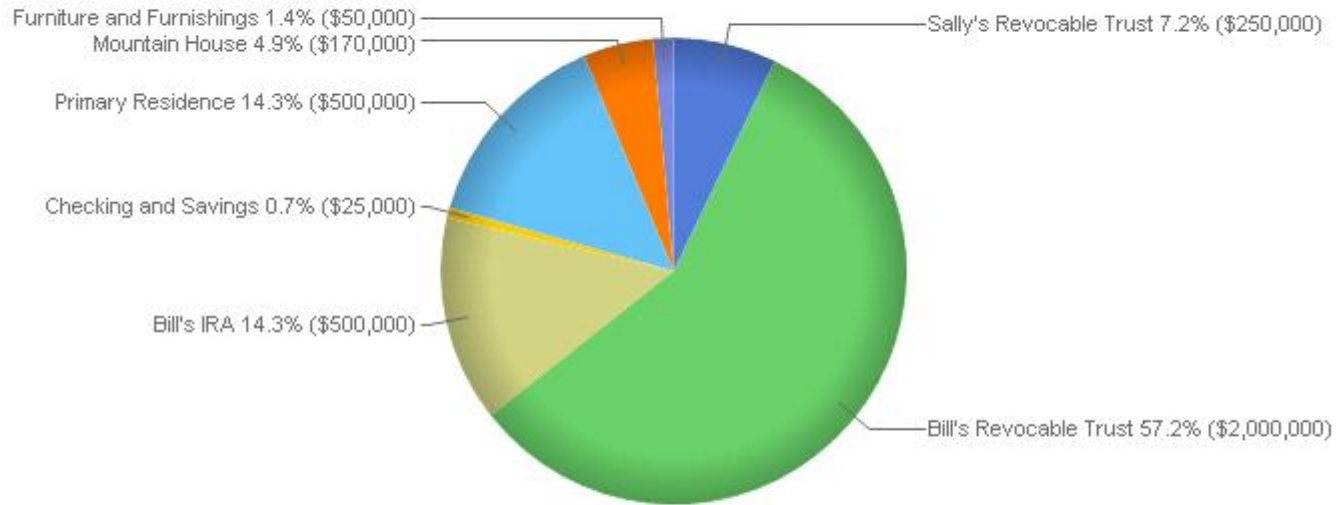
Description	\$10,000 per year, increasing at 3.5% per year, continuing through 12/2036 (Plan ends)
Tax-deductible?	Yes

### Travel Expenses

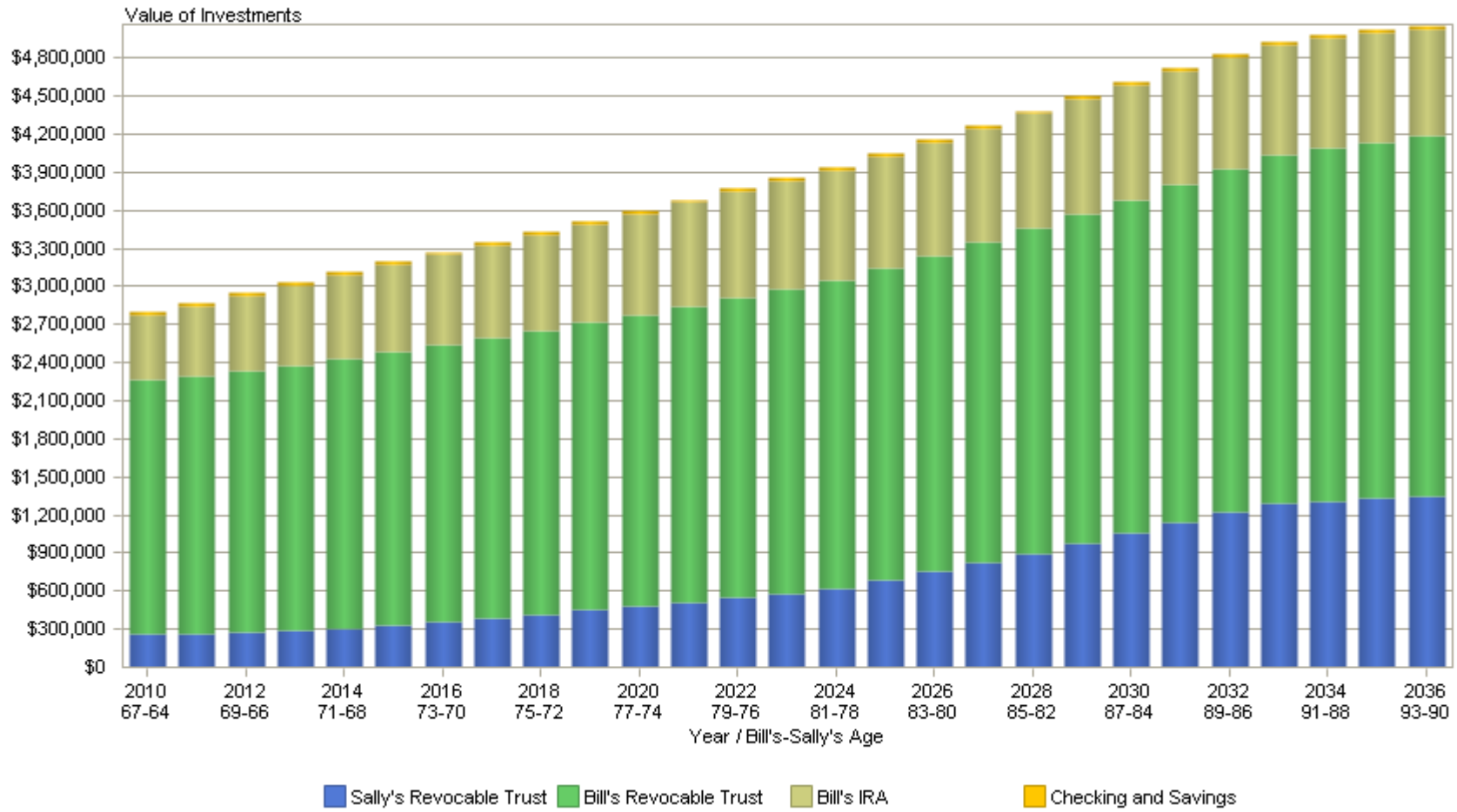
Description	\$10,000 per year, increasing at 3.5% per year, continuing through 12/2036 (Plan ends)
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# All Assets

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# Value of Investments



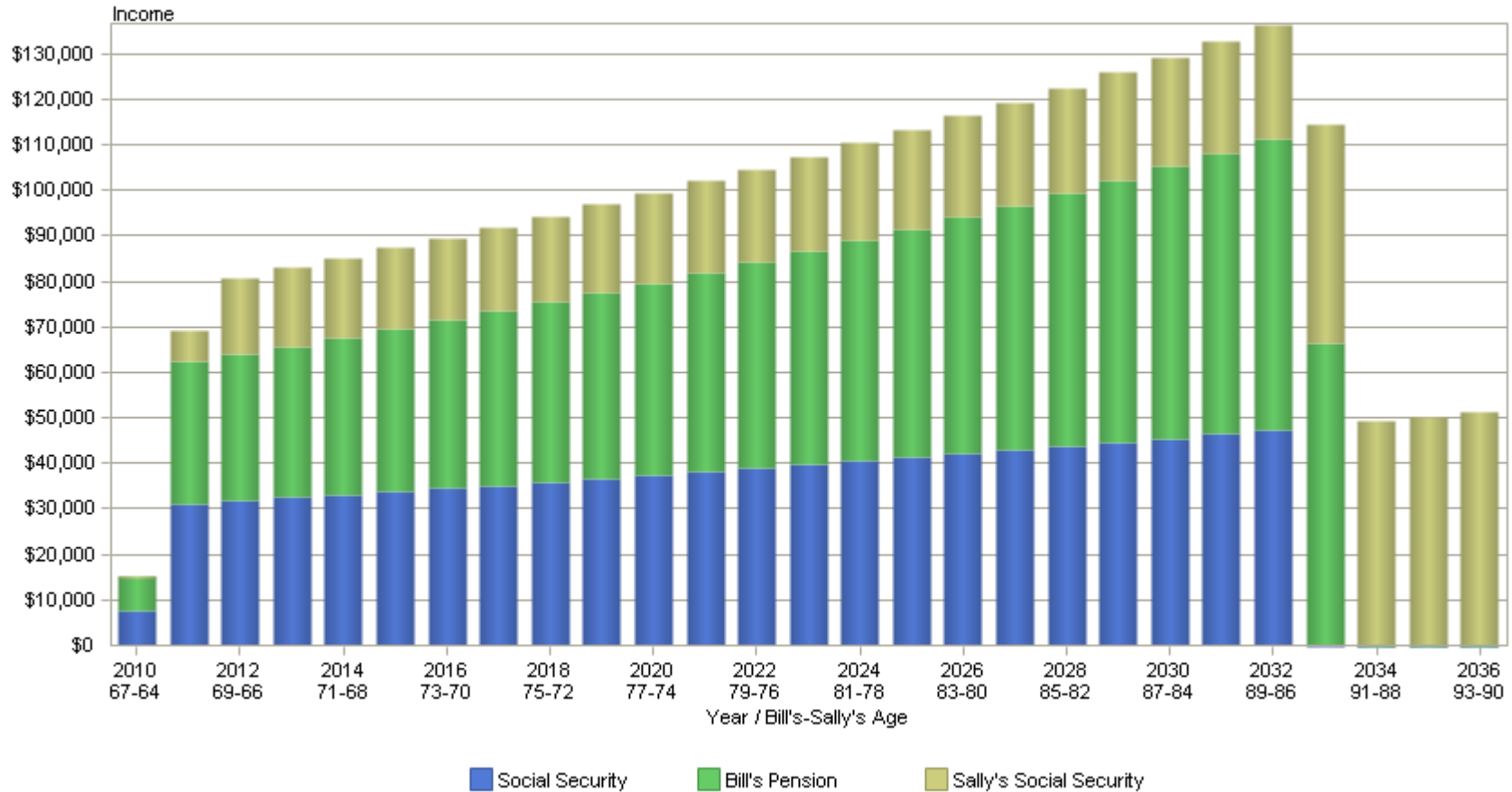
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## Statement of Net Worth

	Bill	Sally	Joint	Total
<b>Assets</b>				
Investment Accounts				
Sally's Revocable Trust		250,000		250,000
Bill's Revocable Trust	2,000,000			2,000,000
Checking and Savings			25,000	25,000
<b>Total Investment Accounts</b>	<b>2,000,000</b>	<b>250,000</b>	<b>25,000</b>	<b>2,275,000</b>
Retirement Accounts				
Bill's IRA	500,000			500,000
<b>Total Retirement Accounts</b>	<b>500,000</b>			<b>500,000</b>
Other Assets				
Primary Residence			500,000	500,000
Mountain House		170,000		170,000
Furniture and Furnishings			50,000	50,000
<b>Total Other Assets</b>		<b>170,000</b>	<b>550,000</b>	<b>720,000</b>
<b>Total Assets</b>	<b>2,500,000</b>	<b>420,000</b>	<b>575,000</b>	<b>3,495,000</b>
<b>Liabilities</b>				
Mortgage			287,625	287,625
<b>Total Liabilities</b>			<b>287,625</b>	<b>287,625</b>
<b>Net Worth</b>	<b>2,500,000</b>	<b>420,000</b>	<b>287,375</b>	<b>3,207,375</b>

# Income Over Time

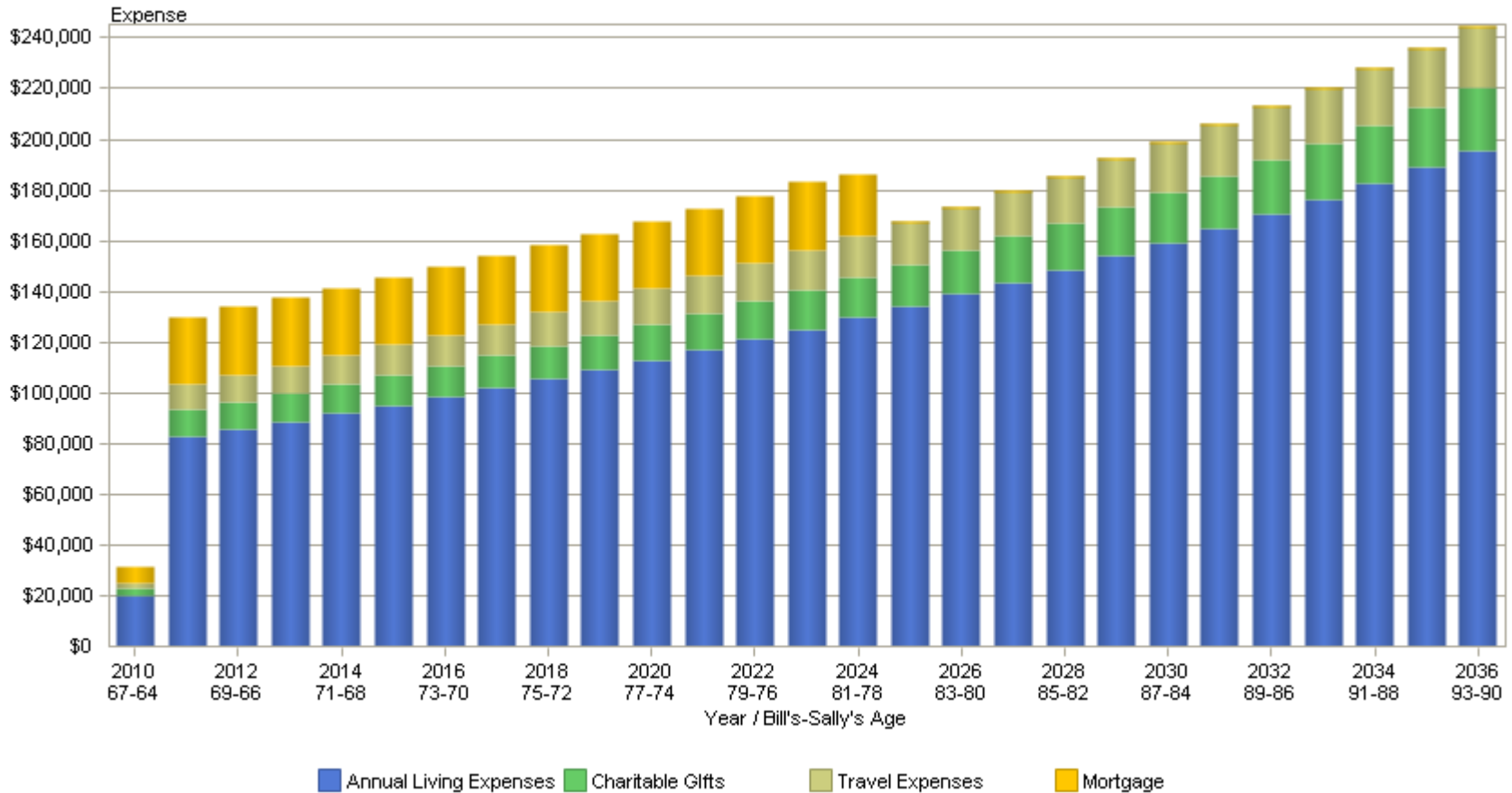
This chart shows your projected pre-tax income over the life of the plan.



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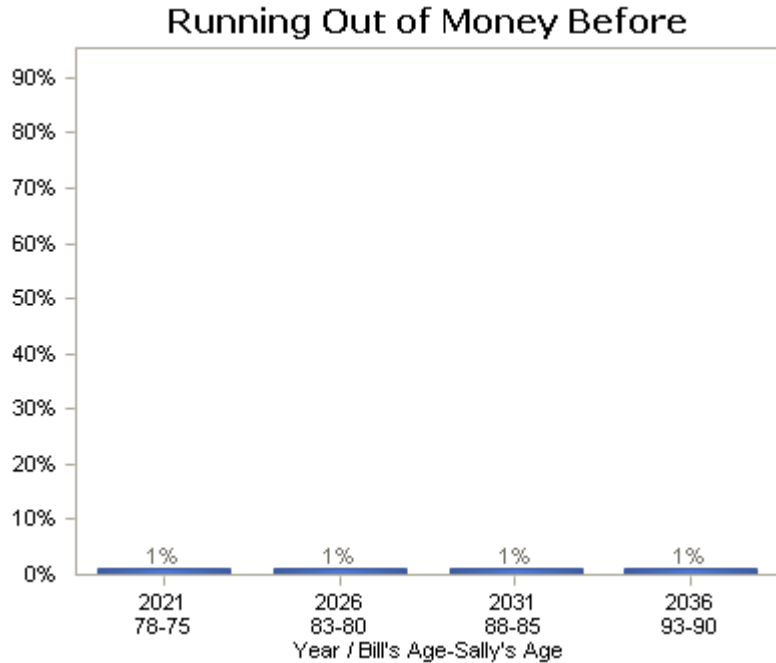
# Expense Over Time

This chart shows your projected expenses over the life of the plan. Some expenses such as taxes and asset management fees are not included.

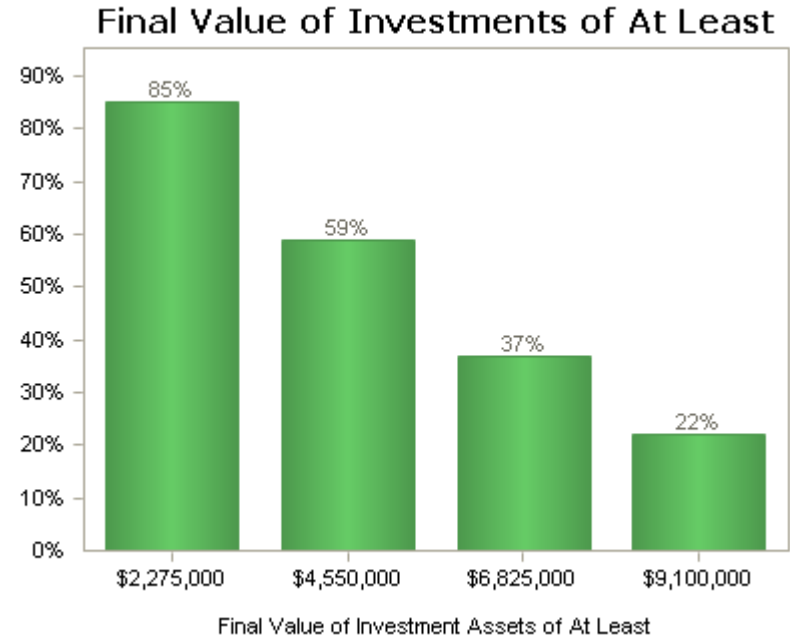


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# Monte Carlo Probability



This chart indicates the probability of running out of investment assets by the year (and age) indicated below each of the four bars. As you can see, the longer the plan goes, the higher the chance of depleting investment assets.

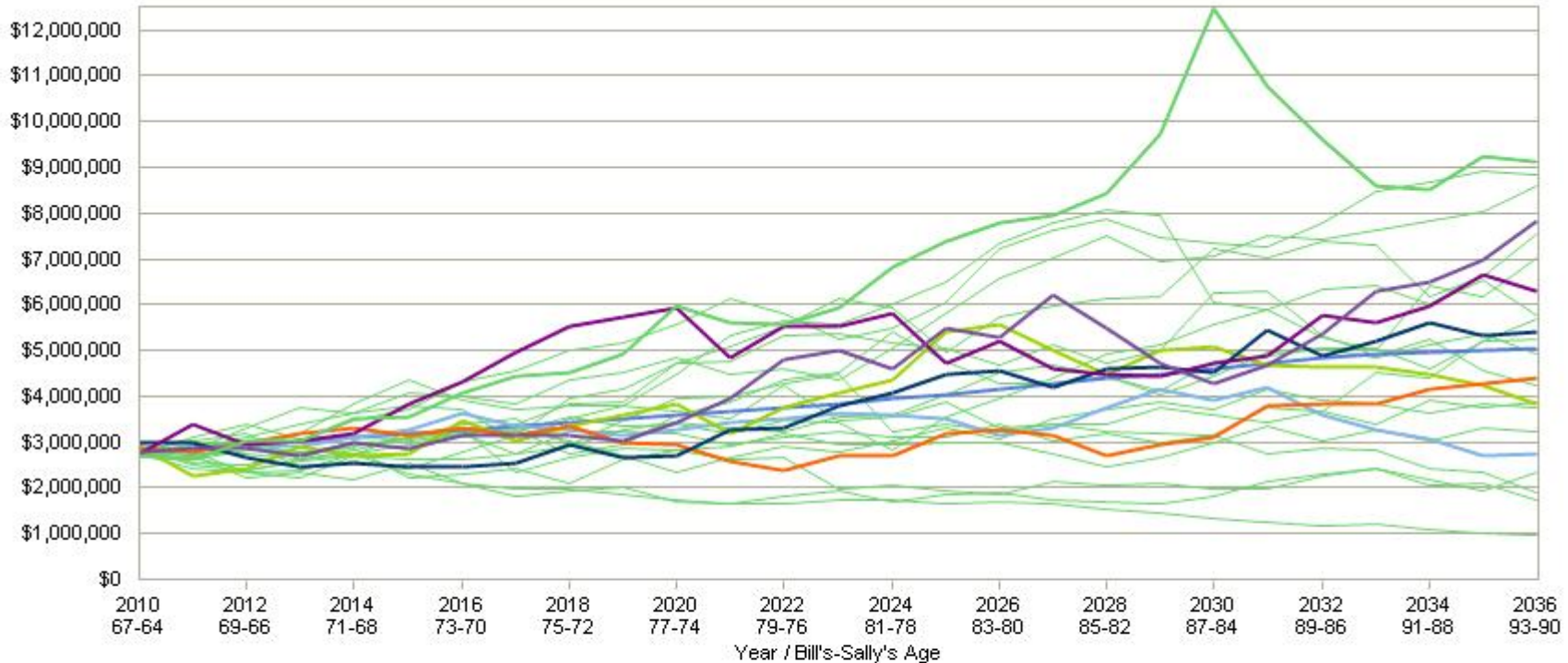


This chart indicates the chance of meeting all projected expenses and having investment assets worth at least as much as the dollar amount associated with each of the four bars. As you might expect, the higher the dollar amount, the lower the probability.

**IMPORTANT:** The projections or other information generated by the Cheshire Wealth Manager regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual

# Monte Carlo Analysis - Value of Investments

Chance of meeting goals 99%



IMPORTANT: The projections or other information generated by the Cheshire Wealth Manager regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Probabilities based on running 100 Monte Carlo trials. While this diagram depicts a wide range of possible outcomes, there is no assurance that your actual investment plan will fall within this range.

Original 80% 70% 60% 50% 40% 30% 20%



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