

## College Plan

*Using Historical Returns*

### John and Margaret Boomer



**Prepared by :**  
Sample Report

June 11, 2012

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# IMPORTANT DISCLOSURE INFORMATION

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

The return assumptions in MoneyGuidePro are not reflective of any specific product, and do not include any fees or expenses that may be incurred by investing in specific products. The actual returns of a specific product may be more or less than the returns used in MoneyGuidePro. It is not possible to directly invest in an index. Financial forecasts, rates of return, risk, inflation, and other assumptions may be used as the basis for illustrations. They should not be considered a guarantee of future performance or a guarantee of achieving overall financial objectives. Past performance is not a guarantee or a predictor of future results of either the indices or any particular investment.

MoneyGuidePro results may vary with each use and over time.

## MoneyGuidePro Assumptions and Limitations

### Information Provided by You

Information that you provided about your assets, financial goals, and personal situation are key assumptions for the calculations and projections in this Report. Please review the Report sections titled "Personal Information and Summary of Financial Goals", "Current Portfolio Allocation", and "Tax and Inflation Options" to verify the accuracy of these assumptions. If any of the assumptions are incorrect, you should notify your financial advisor. Even small changes in assumptions can have a substantial impact on the results shown in this Report. The information provided by you should be reviewed periodically and updated when either the information or your circumstances change.

All asset and net worth information included in this Report was provided by you or your designated agents, and is not a substitute for the information contained in the official account statements provided to you by custodians. The current asset data and values contained in those account statements should be used to update the asset information included in this Report, as necessary.

### Assumptions and Limitations

MoneyGuidePro offers several methods of calculating results, each of which provides one outcome from a wide range of possible outcomes. All results in this Report are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. All results use simplifying assumptions that do not completely or accurately reflect your specific circumstances. No Plan or Report has the ability to accurately predict the future. As investment returns, inflation, taxes, and other economic conditions vary from the MoneyGuidePro assumptions, your actual results will vary (perhaps significantly) from those presented in this Report.

All MoneyGuidePro calculations use asset class returns, not returns of actual investments. The average annual historical returns are calculated using the indices contained in this Report, which serve as proxies for their respective asset classes. The index data are for the period 1970 - 2011. The portfolio returns are calculated by weighting individual return assumptions for each asset class according to your portfolio allocation. The portfolio returns may have been modified by including adjustments to the total return and the inflation rate. The portfolio returns assume reinvestment of interest and dividends at net asset value without taxes, and also assume that the portfolio has been rebalanced to reflect the initial recommendation. No portfolio rebalancing costs, including taxes, if applicable, are deducted from the portfolio value. No portfolio allocation eliminates risk or guarantees investment results.

MoneyGuidePro does not provide recommendations for any products or securities.

# IMPORTANT DISCLOSURE INFORMATION

Asset Class	Historical Return Index
Cash & Cash Alternatives	Ibbotson U.S. Treasury Bills - Total Return (1926-2011)
Cash & Cash Alternatives (Tax-Free)	U.S. 30-Day Treasury Bill adjusted by Donoghue TF discount (1970-1981) Tax-Free Money Market Average (1982-2011)
Short Term Bonds	50% Ibbotson U.S. Treasury Bills and 50% Ibbotson Intermediate-Term Government Bonds (1970-1978) Merrill Lynch 1-3 Year Govt Bonds (1979-2011)
Short Term Bonds (Tax-Free)	50% Ibbotson U.S. T-Bill and 50% Ibbotson Intermediate-Term Government Bonds adjusted by Barclays Capital 3-year Muni discount (1970-1990) Barclays Capital 3-year Muni Bonds (1991-2011)
Intermediate Term Bonds	Ibbotson Intermediate-Term Government Bonds - Total Return (1926-2011)
Intermediate Term Bonds (Tax-Free)	Ibbotson Long-Term Government Bonds - Total Return adjusted by Barclays Capital 10-year Muni discount (1970-1979) Barclays Capital 10-year Muni Bonds (1980-2011)
Long Term Bonds	Ibbotson Long-Term Corporate Bonds - Total Return (1926-2011)
Long Term Bonds (Tax-Free)	Ibbotson Long-Term Government Bonds - Total Return adjusted by Barclays Capital Long Muni Bonds discount (1970-1980) Barclays Capital Long Muni Bonds (1981-2011)
Large Cap Value Stocks	S&P 500 Composite Total Return (1970-1994) S&P 500 / Citigroup Value (1995-2011)
Large Cap Growth Stocks	S&P 500 Composite Total Return (1970-1994) S&P 500 / Citigroup Growth (1995-2011)
Mid Cap Stocks	S&P 500 Composite Total Return (1970-1979) Russell Midcap (1980-2011)
Small Cap Stocks	Ibbotson Small Company Stocks - Total Return (1926-2011)
International Developed Stocks	MSCI EAFE Equity (1970-2011)
International Emerging Stocks	MSCI EAFE Equity (1970-1975) IFC Global Emerging Markets Index (1976-1987) MSCI EM (Emerging Markets) (1988-2011)

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# IMPORTANT DISCLOSURE INFORMATION

## Risks Inherent in Investing

Investing in fixed income securities involves interest rate risk, credit risk, and inflation risk. Interest rate risk is the possibility that bond prices will decrease because of an interest rate increase. When interest rates rise, bond prices and the values of fixed income securities fall. When interest rates fall, bond prices and the values of fixed income securities rise. Credit risk is the risk that a company will not be able to pay its debts, including the interest on its bonds. Inflation risk is the possibility that the interest paid on an investment in bonds will be lower than the inflation rate, decreasing purchasing power.

Cash alternatives typically include money market securities and U.S. treasury bills. Investing in such cash alternatives involves inflation risk. In addition, investments in money market securities may involve credit risk and a risk of principal loss. Because money market securities are neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency, there is no guarantee the value of your investment will be maintained at \$1.00 per share. U.S. Treasury bills are subject to market risk if sold prior to maturity. Market risk is the possibility that the value, when sold, might be less than the purchase price.

Investing in stock securities involves volatility risk, market risk, business risk, and industry risk. The prices of most stocks fluctuate. Volatility risk is the chance that the value of a stock will fall. Market risk is the chance that the prices of all stocks will fall due to conditions in the economic environment. Business risk is the chance that a specific company's stock will fall because of issues affecting it. Industry risk is the chance that a set of factors particular to an industry group will adversely affect stock prices within the industry. (See "Asset Class – Stocks" in the Glossary section of this Important Disclosure Information for a summary of the relative potential volatility of different types of stocks.)

International investing involves additional risks including, but not limited to, changes in currency exchange rates, differences in accounting and taxation policies, and political or economic instabilities that can increase or decrease returns.

## Report Is a Snapshot and Does Not Provide Legal, Tax, or Accounting Advice

This Report provides a snapshot of your current financial position and can help you to focus on your financial resources and goals, and to create a plan of action. Because the results are calculated over many years, small changes can create large differences in future results. You should use this Report to help you focus on the factors that are most important to you. This Report does not provide legal, tax, or accounting advice. Before making decisions with legal, tax, or accounting ramifications, you should consult appropriate professionals for advice that is specific to your situation.

## MoneyGuidePro Methodology

MoneyGuidePro offers several methods of calculating results, each of which provides one outcome from a wide range of possible outcomes. The methods used are: "Average Returns," "Historical Test," "Historical Rolling Periods," "Bad Timing," "Class Sensitivity," and "Monte Carlo Simulations." When using historical returns, the methodologies available are Average Returns, Historical Test, Historical Rolling Periods, Bad Timing, and Monte Carlo Simulations. When using projected returns, the methodologies available are Average Returns, Bad Timing, Class Sensitivity, and Monte Carlo Simulations.

## Results Using Average Returns

The Results Using Average Returns are calculated using one average return for your pre-retirement period and one average return for your post-retirement period. Average Returns are a simplifying assumption. In the real world, investment returns can (and often do) vary widely from year to year and vary widely from a long-term average return.

## Results Using Historical Test

The Results Using Historical Test are calculated by using the actual historical returns and inflation rates, in sequence, from a starting year to the present, and assumes that you would receive those returns and inflation rates, in sequence, from this year through the end of your Plan. If the historical sequence is shorter than your Plan, the average return for the historical period is used for the balance of the Plan. The historical returns used are those of the broad-based asset class indices listed in this Important Disclosure Information.

## Results Using Historical Rolling Periods

The Results Using Historical Rolling Periods is a series of Historical Tests, each of which uses the actual historical returns and inflation rates, in sequence, from a starting year to an ending year, and assumes that you would receive those returns and inflation rates, in sequence, from this year through the end of your Plan. If the historical sequence is shorter than your Plan, the average return for the historical period is used for the balance of the Plan.

Indices in Results Using Historical Rolling Periods may be different from indices used in other MoneyGuidePro calculations. Rolling Period Results are calculated using only three asset classes -- Cash, Bonds, and Stocks. The indices used as proxies for these asset classes when calculating Results Using Historical Rolling Periods are:

- Cash - Ibbotson U.S. 30-day Treasury Bills (1926-2011)
- Bonds - Ibbotson Intermediate-Term Government Bonds - Total Return (1926-2011)
- Stocks - Ibbotson Large Company Stocks - Total Return (1926-2011)

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# IMPORTANT DISCLOSURE INFORMATION

## Results with Bad Timing

Results with Bad Timing are calculated by using low returns in one or two years, and average returns for all remaining years of the Plan. For most Plans, the worst time for low returns is when you begin taking substantial withdrawals from your portfolio. The Results with Bad Timing assume that you earn a low return in the year(s) you select and then an Adjusted Average Return in all other years. This Adjusted Average Return is calculated so that the average return of the Results with Bad Timing is equal to the return(s) used in calculating the Results Using Average Returns. This allows you to compare two results with the same overall average return, where one (the Results with Bad Timing) has low returns in one or two years.

When using historical returns, the default for one year of low returns is the lowest annual return in the historical period you are using, and the default for two years of low returns is the lowest two-year sequence of returns in the historical period. When using projected returns, the default for the first year of low returns is two standard deviations less than the average return, and the default for the second year is one standard deviation less than the average return.

## Results Using Class Sensitivity

The Results Using Class Sensitivity are calculated by using different return assumptions for one or more asset classes during the years you select. These results show how your Plan would be affected if the annual returns for one or more asset classes were different than the average returns for a specified period in your Plan.

## Results Using Monte Carlo Simulations

Monte Carlo simulations are used to show how variations in rates of return each year can affect your results. A Monte Carlo simulation calculates the results of your Plan by running it many times, each time using a different sequence of returns. 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, some successful (you would have met all your goals) and some unsuccessful (you would not have met all your goals). The percentage of trials that were successful is the probability that your Plan, with all its underlying assumptions, could be successful. In MoneyGuidePro, this is the Probability of Success. Analogously, the percentage of trials that were unsuccessful is the Probability of Failure. The Results Using Monte Carlo Simulations indicate the likelihood that an event may occur as well as the likelihood that it may not occur. In analyzing this information, please note that the analysis does not take into account actual market conditions, which may severely affect the outcome of your goals over the long-term.

MoneyGuidePro uses a specialized methodology called Beyond Monte Carlo™, a statistical analysis technique that provides results that are as accurate as traditional Monte Carlo simulations with 10,000 trials, but with fewer iterations and greater consistency. Beyond Monte Carlo™ is based on Sensitivity Simulations, which re-runs the Plan only 50 to 100 times using small changes in the return. This allows a sensitivity of the results to be calculated, which, when analyzed with the mean return and standard deviation of the portfolio, allows the Probability of Success for your Plan to be directly calculated.

## MoneyGuidePro Presentation of Results

The Results Using Average Returns, Historical Test, Historical Rolling Periods, Bad Timing, and Class Sensitivity display the results using an "Estimated % of Goal Funded" and a "Safety Margin."

## Estimated % of Goal Funded

For each Goal, the "Estimated % of Goal Funded" is the sum of the assets used to fund the Goal divided by the sum of the Goal's expenses. All values are in current dollars. A result of 100% or more does not guarantee that you will reach a Goal, nor does a result under 100% guarantee that you will not. Rather, this information is meant to identify possible shortfalls in this Plan, and is not a guarantee that a certain percentage of your Goals will be funded. The percentage reflects a projection of the total cost of the Goal that was actually funded based upon all the assumptions that are included in this Plan, and assumes that you execute all aspects of the Plan as you have indicated.

## Safety Margin

The Safety Margin is the estimated value of your assets at the end of this Plan, based on all the assumptions included in this Report. Only you can determine if that Safety Margin is sufficient for your needs.

## Bear Market Loss and Bear Market Test

The Bear Market Loss shows how a portfolio would have been impacted during the worst bear market since the Great Depression. Depending on the composition of the portfolio, the worst bear market is either the "Great Recession" or the "Bond Bear Market."

The Great Recession, from November 2007 through February 2009, was the worst bear market for stocks since the Great Depression. In MoneyGuidePro, the Great Recession Return is the rate of return, during the Great Recession, for a portfolio comprised of cash, bonds, and stocks, with an asset mix equivalent to the portfolio referenced.

# IMPORTANT DISCLOSURE INFORMATION

The Bond Bear Market, from July 1979 through February 1980, was the worst bear market for bonds since the Great Depression. In MoneyGuidePro, the Bond Bear Market Return is the rate of return, for the Bond Bear Market period, for a portfolio comprised of cash, bonds, and stocks, with an asset mix equivalent to the portfolio referenced.

The Bear Market Loss shows: 1) either the Great Recession Return or the Bond Bear Market Return, whichever is lower, and 2) the potential loss, if you had been invested in this cash-bond-stock portfolio during the period with the lower return. In general, most portfolios with a stock allocation of 20% or more have a lower Great Recession Return, and most portfolios with a combined cash and bond allocation of 80% or more have a lower Bond Bear Market Return.

The Bear Market Test, included in the Stress Tests, examines the impact on your Plan results if an identical Great Recession or Bond Bear Market, whichever would be worse, occurred this year. The Bear Market Test shows the likelihood that you could fund your Needs, Wants and Wishes after experiencing such an event.

Regardless of whether you are using historical or projected returns for all other MoneyGuidePro results, the Bear Market Loss and Bear Market Test use returns calculated from historical indices. If you are using historical returns, the indices in the Bear Market Loss and the Bear Market Test may be different from indices used in other calculations. These results are calculated using only three asset classes – Cash, Bonds, and Stocks. Alternative asset classes (e.g., real estate, commodities), if applicable, are included in the Stocks asset class. The indices and the resulting returns for the Great Recession and the Bond Bear Market are:

Asset Class	Index	Great Recession Return 11/2007 – 02/2009	Bond Bear Market Return 07/1979 – 02/1980
Cash	Ibbotson U.S. 30-day Treasury Bills	1.97%	7.08%
Bonds	Ibbotson Intermediate-Term Government Bonds – Total Return	10.90%	-8.89%
Stocks	Ibbotson Large Company Stocks – Total Return	-48.81%	14.61%

## MoneyGuidePro Risk Assessment

The MoneyGuidePro Risk Assessment highlights some – but not all – of the trade-offs you might consider when deciding how to invest your money. This approach does not provide a comprehensive, psychometrically-based, or scientifically-validated profile of your risk tolerance, loss tolerance, or risk capacity, and is provided for informational purposes only.

Based on your specific circumstances, you must decide the appropriate balance between potential risks and potential returns. MoneyGuidePro does not and cannot adequately understand or assess the appropriate risk/return balance for you. MoneyGuidePro requires you to select a risk score. Once selected, three important pieces of information are available to help you determine the appropriateness of your score: a cash-bond-stock portfolio, the impact of a Bear Market Loss (either the Great Recession or the Bond Bear Market, whichever is lower) on this portfolio, and a graph showing how your score compares to the risk score of others in your age group.

MoneyGuidePro uses your risk score to select a risk-based portfolio on the Target Band page. This risk-based portfolio selection is provided for informational purposes only, and you should consider it to be a starting point for conversations with your advisor. It is your responsibility to select the Target Portfolio you want MoneyGuidePro to use. The selection of your Target Portfolio, and other investment decisions, should be made by you, after discussions with your advisor and, if needed, other financial and/or legal professionals.

## Glossary

### Asset Allocation

Asset Allocation is the process of determining what portions of your portfolio holdings are to be invested in the various asset classes.

### Asset Class

Asset Class is a standard term that broadly defines a category of investments. The three basic asset classes are Cash, Bonds, and Stocks. Bonds and Stocks are often further subdivided into more narrowly defined classes. Some of the most common asset classes are defined below.

### Cash and Cash Alternatives

Cash typically includes bank accounts or certificates of deposit, which are insured by the Federal Deposit Insurance Corporation up to a limit per account. Cash Alternatives typically include money market securities, U.S. treasury bills, and other investments that are readily convertible to cash, have a stable market value, and a very short-term maturity. U.S. Treasury bills are backed by the full faith and credit of the U.S. Government and, when held to maturity, provide safety of principal. (See the “Risks Inherent in Investing” section in this Important Disclosure Information for a summary of the risks associated with investing in cash alternatives.)

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# IMPORTANT DISCLOSURE INFORMATION

## **Bonds**

Bonds are either domestic (U.S.) or global debt securities issued by either private corporations or governments. (See the "Risks Inherent in Investing" section in this Important Disclosure Information for a summary of the risks associated with investing in bonds. Bonds are also called "fixed income securities.")

Domestic government bonds are backed by the full faith and credit of the U.S. Government and have superior liquidity and, when held to maturity, safety of principal. Domestic corporate bonds carry the credit risk of their issuers and thus usually offer additional yield. Domestic government and corporate bonds can be sub-divided based upon their term to maturity. Short-term bonds have an approximate term to maturity of 1 to 5 years; intermediate-term bonds have an approximate term to maturity of 5 to 10 years; and, long-term bonds have an approximate term to maturity greater than 10 years.

## **Stocks**

Stocks are equity securities of domestic and foreign corporations. (See the "Risks Inherent in Investing" section in this Important Disclosure Information for a summary of the risks associated with investing in stocks.)

Domestic stocks are equity securities of U.S. corporations. Domestic stocks are often sub-divided based upon the market capitalization of the company (the market value of the company's stock). "Large cap" stocks are from larger companies, "mid cap" from the middle range of companies, and "small cap" from smaller, perhaps newer, companies. Generally, small cap stocks experience greater market volatility than stocks of companies with larger capitalization. Small cap stocks are generally those from companies whose capitalization is less than \$500 million, mid cap stocks those between \$500 million and \$5 billion, and large cap over \$5 billion.

Large cap, mid cap and small cap may be further sub-divided into "growth" and "value" categories. Growth companies are those with an orientation towards growth, often characterized by commonly used metrics such as higher price-to-book and price-to-earnings ratios. Analogously, value companies are those with an orientation towards value, often characterized by commonly used metrics such as lower price-to-book and price-to-earnings ratios.

International stocks are equity securities from foreign corporations. International stocks are often sub-divided into those from "developed" countries and those from "emerging markets." The emerging markets are in less developed countries with emerging economies that may be characterized by lower income per capita, less developed infrastructure and nascent capital markets. These "emerging markets" usually are less economically and politically stable than the "developed markets." Investing in international stocks involves special risks, among which include foreign exchange volatility and risks of investing under different tax, regulatory and accounting standards.

## **Asset Mix**

Asset Mix is the combination of asset classes within a portfolio, and is usually expressed as a percentage for each asset class.

## **Bear Market Loss**

The Bear Market Loss shows how a portfolio would have been impacted during the Great Recession (November 2007 through February 2009) or the Bond Bear Market (July 1979 through February 1980). The Bear Market Loss shows: 1) either the Great Recession Return or the Bond Bear Market Return, whichever is lower, and 2) the potential loss, if you had been invested in this cash-bond-stock portfolio during the period with the lower return. See Bear Market Test, Great Recession Return, and Bond Bear Market Return.

## **Bear Market Test**

The Bear Market Test, included in the Stress Tests, examines the impact on your Plan results if a Bear Market Loss occurred this year. The Bear Market Test shows the likelihood that you could fund your Needs, Wants and Wishes after experiencing such an event. See Bear Market Loss.

## **Bond Bear Market Return**

The Bond Bear Market Return is the rate of return for a cash-bond-stock portfolio during the Bond Bear Market (July 1979 through February 1980), the worst bear market for bonds since the Great Depression. MoneyGuidePro shows a Bond Bear Market Return for your Current, Risk-based, and Target Portfolios, calculated using historical returns of three broad-based asset class indices. See Great Recession Return.

## **Cash Receipt Schedule**

A Cash Receipt Schedule consists of one or more years of future after-tax amounts received from the anticipated sale of an Other Asset, exercising of Stock Options grants, or proceeds from Restricted Stock grants.

## **Concentrated Position**

A Concentrated Position is when your portfolio contains a significant amount (as a percentage of the total portfolio value) in individual stock or bonds. Concentrated Positions have the potential to increase the risk of your portfolio.

## **Confidence Zone**

See Monte Carlo Confidence Zone.

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# IMPORTANT DISCLOSURE INFORMATION

## Current Dollars

The Results of MoneyGuidePro calculations are in Future Dollars. To help you compare dollar amounts in different years, we also express the Results in Current Dollars, calculated by discounting the Future Dollars by the sequence of inflation rates used in the Plan.

## Current Portfolio

Your Current Portfolio is comprised of all the investment assets you currently own (or a subset of your assets, based on the information you provided for this Plan), categorized by Asset Class and Asset Mix.

## Expense Adjustments

When using historical returns, some users of MoneyGuidePro include Expense Adjustments. These adjustments (which are specified by the user) reduce the return of the affected Asset Classes and are commonly used to account for transaction costs or other types of fees associated with investing. If Expense Adjustments have been used in this Report, they will be listed beside the historical indices at the beginning of this Report.

## Fund All Goals

Fund All Goals is one of two ways for your assets and retirement income to be used to fund your goals. The other is Earmark, which means that an asset or retirement income is assigned to one or more goals, and will be used only for those goals. Fund All Goals means that the asset or income is not earmarked to fund specific goals, and can be used to fund any goal, as needed in the calculations.

## Future Dollars

Future Dollars are inflated dollars. The Results of MoneyGuidePro calculations are in Future Dollars. To help you compare dollar amounts in different years, we discount the Future Dollar amounts by the inflation rates used in the calculations and display the Results in the equivalent Current Dollars.

## Great Recession Return

The Great Recession Return is the rate of return for a cash-bond-stock portfolio during the Great Recession (November 2007 through February 2009), the worst bear market for stocks since the Great Depression. MoneyGuidePro shows a Great Recession Return for your Current, Risk-based, and Target Portfolios, calculated using historical returns of three broad-based asset class indices. See Bond Bear Market Return.

## Inflation Rate

Inflation is the percentage increase in the cost of goods and services for a specified time period. A historical measure of inflation is the Consumer Price Index (CPI). In MoneyGuidePro, the Inflation Rate is selected by your advisor, and can be adjusted in different scenarios.

## Liquidity

Liquidity is the ease with which an investment can be converted into cash.

## Monte Carlo Confidence Zone

The Monte Carlo Confidence Zone is the range of probabilities that you (and/or your advisor) have selected as your target range for the Monte Carlo Probability of Success in your Plan. The Confidence Zone reflects the Monte Carlo Probabilities of Success with which you would be comfortable, based upon your Plan, your specific time horizon, risk profile, and other factors unique to you.

## Monte Carlo Probability of Success / Probability of Failure

The Monte Carlo Probability of Success is the percentage of trials of your Plan that were successful. If a Monte Carlo simulation runs your Plan 10,000 times, and if 6,000 of those runs are successful (i.e., all your goals are funded and you have at least \$1 of Safety Margin), then the Probability of Success for that Plan, with all its underlying assumptions, would be 60%, and the Probability of Failure would be 40%.

## Monte Carlo Simulations

Monte Carlo simulations are used to show how variations in rates of return each year can affect your results. A Monte Carlo simulation calculates the results of your Plan by running it many times, each time using a different sequence of returns. 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, some successful (you would have met all your goals) and some unsuccessful (you would not have met all your goals).

## Needs / Wants / Wishes

In MoneyGuidePro, you choose an importance level from 10 to 1 (where 10 is the highest) for each of your financial goals. Then, the importance levels are divided into three groups: Needs, Wants, and Wishes. Needs are the goals that you consider necessary for your lifestyle, and are the goals that you must fulfill. Wants are the goals that you would really like to fulfill, but could live without. Wishes are the "dream goals" that you would like to fund, although you won't be too dissatisfied if you can't fund them. In MoneyGuidePro, Needs are your most important goals, then Wants, then Wishes.

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# IMPORTANT DISCLOSURE INFORMATION

## Portfolio Set

A Portfolio Set is a group of portfolios that provides a range of risk and return strategies for different investors.

## Portfolio Total Return

A Portfolio Total Return is determined by weighting the return assumption for each Asset Class according to the Asset Mix. Also see "Expense Adjustments."

## Probability of Success / Probability of Failure

See Monte Carlo Probability of Success / Probability of Failure.

## Real Return

The Real Return is the Total Return of your portfolio minus the Inflation Rate.

## Recommended Scenario

The Recommended Scenario is the scenario selected by your advisor to be shown on the Results page, in Play Zone, and in the Presentation.

## Retirement Start Date

For married couples, retirement in MoneyGuidePro begins when both the client and spouse are retired. For single, divorced, or widowed clients, retirement begins when the client retires.

## Risk

Risk is the chance that the actual return of an investment, asset class, or portfolio will be different from its expected or average return.

## Risk-based Portfolio

The risk-based portfolio is the Model Portfolio associated with the risk score you selected.

## Safety Margin

The Safety Margin is the hypothetical portfolio value at the end of the Plan. A Safety Margin of zero indicates the portfolio was depleted before the Plan ended.

## Standard Deviation

Standard Deviation is a statistical measure of the volatility of an investment, an asset class, or a portfolio. It measures the degree by which an actual return might vary from the average return, or mean. Typically, the higher the standard deviation, the higher the potential risk of the investment, asset class, or portfolio.

## Star Track

Star Track provides a summary of your Plan results over time, using a bar graph. Each bar shows the Monte Carlo Probability of Success for your Recommended Scenario, on the date specified, compared to the Monte Carlo Probability of Success for a scenario using all Target values.

## Target Goal Amount

The Target Goal Amount is the amount you would expect to spend, or the amount you would like to spend, for each financial goal.

## Target Portfolio

Target Portfolio is the portfolio you have selected based upon your financial goals and your risk tolerance.

## Target Retirement Age

Target Retirement Age is the age at which you would like to retire.

## Target Savings Amount

In the Resources section of MoneyGuidePro, you enter the current annual additions being made to your investment assets. The total of these additions is your Target Savings Amount.

## Time Horizon

Time Horizon is the period from now until the time the assets in this portfolio will begin to be used.

## Total Return

Total Return is an assumed, hypothetical growth rate for a specified time period. The Total Return is either (1) the Portfolio Total Return or (2) as entered by you or your advisor. Also see "Real Return."

## Wants

See "Needs / Wants / Wishes".

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# IMPORTANT DISCLOSURE INFORMATION

## **Willingness**

In MoneyGuidePro, in addition to specifying Target Goal Amounts, a Target Savings Amount, and Target Retirement Ages, you also specify a Willingness to adjust these Target values. The Willingness choices are Very Willing, Somewhat Willing, Slightly Willing, and Not at All.

## **Wishes**

See "Needs / Wants / Wishes".

## **Worst One-Year Loss**

The Worst One-Year Loss is the lowest annual return that a portfolio with the specified asset mix and asset class indices would have received during the historical period specified.

# Personal Information and Summary of Financial Goals

John and Margaret Boomer

Needs		
<b>9</b>	<b>College - Emily's College</b>	
	4 years starting in 2025 Attending College - Public In-State (4 years) Other Funding Sources - \$1,000 per year	\$20,339

## Personal Information

### John

Male - born 03/06/1950, age 62  
Employed - \$70,000

### Margaret

Female - born 08/16/1952, age 59  
Employed - \$65,000

Married, US Citizens living in VA

- This section lists the Personal and Financial Goal information you provided, which will be used to create your Report. It is important that it is accurate and complete.

Participant Name	Date of Birth	Age	Relationship
Emily	06/01/2007	5	Grandchild

See Important Disclosures section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

# Current Portfolio Allocation

This page shows how your Investment Assets are currently allocated among the different Asset Classes. It includes only those Assets you have identified to fund Goals in this Plan.



**Total Stock  
64%**

## Historical Assumptions (1970 to 2011)

Total Return	9.64%
Base Inflation Rate	4.35%
Real Return	5.29%
Worst One-Year Loss (or Lowest Gain)	-21.33%
Standard Deviation	11.92%

## Bear Market Returns

Great Recession November 2007 thru February 2009	-27%
Bond Bear Market July 1979 thru February 1980	7%

Asset Class	Rate of Return	Investment Portfolio	
		Value	% of Total Assets
Cash & Cash Alternatives	5.43%	\$150	3%
Short Term Bonds	6.93%	\$100	2%
Intermediate Term Bonds	8.05%	\$650	13%
Long Term Bonds	9.08%	\$900	18%
Large Cap Value Stocks	9.15%	\$600	12%
Large Cap Growth Stocks	9.24%	\$650	13%
Mid Cap Stocks	10.88%	\$850	17%
Small Cap Stocks	12.14%	\$800	16%
International Developed Stocks	9.47%	\$300	6%
<b>Total :</b>		<b>\$5,000</b>	<b>100%</b>

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# Current Portfolio Allocation

Tax-Free Rates of Return	
Cash & Cash Alternatives	3.56%
Short Term Bonds	6.28%
Intermediate Term Bonds	6.81%
Long Term Bonds	7.63%

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# Worksheet Detail - Goal Details

## Details of "College - Emily's College" for Current Scenario using using Average Returns

Goal	Amount	Estimated % of Goal Funded
<b>College - Emily's College</b>		
4 years starting in 2025	\$20,339	29%
Attending College - Public In-State (4 years)		
Other Funding Sources - \$1,000 per year		



### You have a Shortfall.

The total shortfall for all years in which you did not have enough money to cover the expenses is \$138,352 in future dollars, or \$57,602 in current dollars.



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# Worksheet Detail - Goal Details

## Details of "College - Emily's College" for Current Scenario using using Average Returns

Year	Earmarked Assets Only					Goal Expense				Use Earmarked Asts		Use Fund All Goals Asts		Tax Penalty	Shortfall
	Value of Earmarked Assets	Additions To Assets	Other Additions	Investment Earnings	Tax on Earnings	Total Expense	Less Other Funding	Less Others' Assets	Equals Net Expense	For Goal Expense	For Tax on Withdrawal	For Goal Expense	For Tax on Withdrawal		
2012	5,000	1,000	0	578	0	0	0	0	0	0	0	0	0	0	0
2013	6,578	1,000	0	731	0	0	0	0	0	0	0	0	0	0	0
2014	8,309	1,000	0	897	0	0	0	0	0	0	0	0	0	0	0
2015	10,206	1,000	0	1,080	0	0	0	0	0	0	0	0	0	0	0
2016	12,287	1,000	0	1,281	0	0	0	0	0	0	0	0	0	0	0
2017	14,567	1,000	0	1,501	0	0	0	0	0	0	0	0	0	0	0
2018	17,068	1,000	0	1,742	0	0	0	0	0	0	0	0	0	0	0
2019	19,810	1,000	0	2,006	0	0	0	0	0	0	0	0	0	0	0
2020	22,816	1,000	0	2,296	0	0	0	0	0	0	0	0	0	0	0
2021	26,112	1,000	0	2,614	0	0	0	0	0	0	0	0	0	0	0
2022	29,725	1,000	0	2,962	0	0	0	0	0	0	0	0	0	0	0
2023	33,687	1,000	0	3,344	0	0	0	0	0	0	0	0	0	0	0
2024	38,031	1,000	0	3,763	0	0	0	0	0	0	0	0	0	0	0
2025	42,794	1,000	0	207	0	43,382	1,739	0	41,642	41,642	0	0	0	0	0
2026	2,359	0	0	0	0	45,985	1,815	0	44,169	2,359	0	0	0	0	41,810
2027	0	0	0	0	0	48,744	1,894	0	46,850	0	0	0	0	0	46,850
2028	0	0	0	0	0	51,668	1,976	0	49,692	0	0	0	0	0	49,692

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# Worksheet Detail - Goal Details

## Details of "College - Emily's College" for Current Scenario using using Average Returns

### Notes

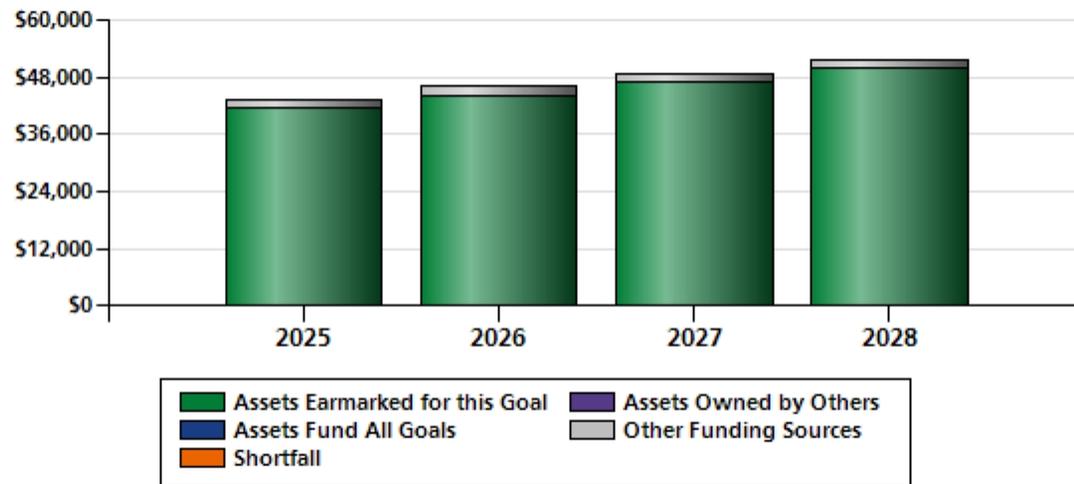
- Funds for each Goal Expense are used first from Earmarked Assets. If sufficient funds are not available from Earmarked Assets, Fund All Goals Assets will be used to fund the remaining portion of the Goal Expense, if available in that year.
- There are values in the columns 'Additions to Assets' and 'Other Additions' if there are assets earmarked for this Goal. Additions and withdrawals occur at the beginning of the year.
- There are values in the 'Investment Earnings' and 'Tax on Earnings' columns if there are assets assigned to this Goal. Investment Earnings are calculated on all assets after any withdrawals for 'Goal Expenses', 'Taxes on Withdrawals', and 'Tax Penalties' are subtracted.
- Taxes are calculated on the Investment Earnings of taxable assets, retirement income, and strategy income assigned to this Goal. Tax rates used are detailed in the Tax and Inflation Options page.
- Tax Penalties can occur when Qualified and Tax-Deferred Assets are used prior to age 59½. If there is a value in this column, it illustrates that you are using your assets in this Plan in a manner that may incur tax penalties. Generally, it is better to avoid tax penalties whenever possible.
- Other Additions come from items entered in the Other Assets section as well as any stock option or restricted stock proceeds, retirement income or strategy income assigned to this goal.
- These calculations do not incorporate penalties associated with use of 529 Plan withdrawals for non-qualified expenses.
- Other Funding includes funds coming from other sources such as scholarships, student loans, college employment or gifts that will help fund an educational goal.
- Others' Assets include Assets not owned by you that will be used to fund an educational goal. Rates of return associated with these assets are detailed on the Information Summary pages and may or may not be consistent with other rates of return defined in this Analysis or consistent with your own risk and return parameters.
- Ownership of Qualified Assets is assumed to roll over to the surviving spouse at the death of the original owner. It is also assumed the surviving spouse inherits all assets of the original owner.
- The 'For Tax on Withdrawals' column represents any taxes from taxable assets' untaxed gain used to fund goals in that year as well as any taxes on withdrawals from tax-deferred or qualified assets to fund goals in that year.
- Taxes due on Required Minimum Distributions are included in the calculations but are not illustrated separately.

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# Worksheet Detail - Goal Details

## Details of "College - Emily's College" for What if 1 using using Average Returns

Goal	Amount	Estimated % of Goal Funded
<b>College - Emily's College</b> 4 years starting in 2025 Other Funding Sources - \$1,000 per year	\$20,339	100% 



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# Worksheet Detail - Goal Details

## Details of "College - Emily's College" for What if 1 using using Average Returns

Year	Earmarked Assets Only					Goal Expense				Use Earmarked Asts		Use Fund All Goals Asts		Tax Penalty	Shortfall
	Value of Earmarked Assets	Additions To Assets	Other Additions	Investment Earnings	Tax on Earnings	Total Expense	Less Other Funding	Less Others' Assets	Equals Net Expense	For Goal Expense	For Tax on Withdrawal	For Goal Expense	For Tax on Withdrawal		
2012	5,000	5,912	0	914	0	0	0	0	0	0	0	0	0	0	0
2013	11,826	5,912	0	1,486	0	0	0	0	0	0	0	0	0	0	0
2014	19,225	5,912	0	2,106	0	0	0	0	0	0	0	0	0	0	0
2015	27,243	5,912	0	2,778	0	0	0	0	0	0	0	0	0	0	0
2016	35,934	5,912	0	3,507	0	0	0	0	0	0	0	0	0	0	0
2017	45,352	5,912	0	4,296	0	0	0	0	0	0	0	0	0	0	0
2018	55,560	5,912	0	5,151	0	0	0	0	0	0	0	0	0	0	0
2019	66,624	5,912	0	6,079	0	0	0	0	0	0	0	0	0	0	0
2020	78,614	5,912	0	7,083	0	0	0	0	0	0	0	0	0	0	0
2021	91,610	5,912	0	8,172	0	0	0	0	0	0	0	0	0	0	0
2022	105,694	5,912	0	9,353	0	0	0	0	0	0	0	0	0	0	0
2023	120,959	5,912	0	10,632	0	0	0	0	0	0	0	0	0	0	0
2024	137,502	5,912	0	12,018	0	0	0	0	0	0	0	0	0	0	0
2025	155,432	5,912	0	10,031	0	43,382	1,739	0	41,642	41,642	0	0	0	0	0
2026	129,733	0	0	7,170	0	45,985	1,815	0	44,169	44,169	0	0	0	0	0
2027	92,734	0	0	3,845	0	48,744	1,894	0	46,850	46,850	0	0	0	0	0
2028	49,730	0	0	3	0	51,668	1,976	0	49,692	49,692	0	0	0	0	0

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# Worksheet Detail - Goal Details

## Details of "College - Emily's College" for What if 1 using using Average Returns

### Notes

- Funds for each Goal Expense are used first from Earmarked Assets. If sufficient funds are not available from Earmarked Assets, Fund All Goals Assets will be used to fund the remaining portion of the Goal Expense, if available in that year.
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- Taxes due on Required Minimum Distributions are included in the calculations but are not illustrated separately.

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# Results

Results	Current Scenario	Recommended Scenario
	<b>Average Return</b>	<b>Average Return</b>
<b>Estimated % of Goals Funded</b>	29%	100%
<b>Safety Margin (Value at End of Plan)</b>		
Current dollars (in thousands) :	\$0	\$20
Future dollars (in thousands) :	\$0	\$41

Results	Current Scenario	What if 1	Change In Value
 <b>Goals</b>			
<b>Needs</b>			
9 College - Emily's College	\$20,339	\$20,339	
Years of School	4	4	
Start Year	2025	2025	
<b>Total Spending for Life of Plan</b>	<b>\$81,356</b>	<b>\$81,356</b>	
 <b>Savings</b>			
529 Plan	\$1,000	\$5,912	Increased \$4,912
<b>Total Savings This Year</b>	<b>\$1,000</b>	<b>\$5,912</b>	<b>Increased \$4,912</b>

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# Results

Results	Current Scenario	What if 1	Change In Value
 Investments			
<b>Portfolio Value</b>	<b>\$5,000</b>	<b>\$5,000</b>	
<b>Allocation</b>	<b>Current</b>	<b>Balanced I</b>	<b>19% Less Stock</b>
Percentage Stock	64%	45%	
Total Return	9.64%	8.38%	
Worst One-Year Return since 1970	-21.33%	-12.25%	
Standard Deviation	11.92%	8.19%	
Great Recession Return 11/07 - 2/09	-27%	-15%	
Bond Bear Market Return 7/79 - 2/80	7%	3%	
<b>Inflation</b>	<b>4.35%</b>	<b>4.35%</b>	

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# Worksheet Detail - Action Plan

## Action Items for What if 1

It's time to take Action! These are the Action Items that need to be considered.

### Future Expectations :



#### Goals

##### Your lifestyle Goal amounts

College - Emily's College

\$20,339 starting in 2025 for 4 years - the goal expense is equal to your target amount. The target amount is based on attending Public In-State (4 years).

In addition, the following adjustment(s) are applied to this goal:

Other Funding Sources - \$1,000 per year

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# Worksheet Detail - Action Plan

## Action Items for What if 1

It's time to take Action! These are the Action Items that need to be considered.

### Actions to Take Now :

#### Savings

**Your total annual savings is \$5,912 This reflects an increase of \$4,912 in your current savings of \$1,000 per year.**

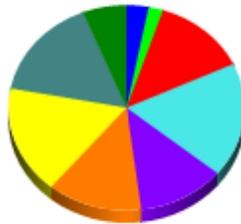
John - Consider increasing 529 Plan additions to 529 Savings Plan from \$1,000 to \$5,912

#### Investments

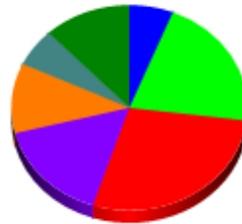
**Your Portfolio should be re-allocated**

Investment Portfolio Asset Allocation

Current



Balanced I



#### Changes Required to match Balanced I

Asset Class	Increase By	Decrease By
Cash & Cash Alternatives	\$150	
Short Term Bonds	\$950	
Intermediate Term Bonds	\$750	
Long Term Bonds		-\$900
Large Cap Value Stocks	\$200	
Large Cap Growth Stocks		-\$100
Mid Cap Stocks		-\$850
Small Cap Stocks		-\$500
International Developed Stocks	\$300	
<b>Total :</b>	<b>\$2,350</b>	<b>-\$2,350</b>

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# Worksheet Detail - Allocation Comparison

## Scenario: What if 1

These charts compare your Current Portfolio with the Target Portfolio you selected and show the investment changes you should consider.

**Current Portfolio**



**Target Portfolio  
Balanced I**



Historical Assumptions (1970 to 2011)		
9.64%	Total Return	8.38%
4.35%	Base Inflation Rate	4.35%
5.29%	Real Return	4.03%
-21.33%	Worst One-Year Loss (or Lowest Gain)	-12.25%
11.92%	Standard Deviation	8.19%
Bear Market Returns		
-27%	Great Recession	-15%
7%	Bond Bear Market	3%

**Portfolio Comparison with Changes Required to Rebalance Investment Portfolio**

Current Amount	% of Total	Asset Class	% of Total	Target Amount	Increase / (Decrease)
\$150	3%	Cash & Cash Alternatives	6%	\$300	\$150
\$100	2%	Short Term Bonds	21%	\$1,050	\$950
\$650	13%	Intermediate Term Bonds	28%	\$1,400	\$750
\$900	18%	Long Term Bonds	0%	\$0	-\$900
\$600	12%	Large Cap Value Stocks	16%	\$800	\$200
\$650	13%	Large Cap Growth Stocks	11%	\$550	-\$100
\$850	17%	Mid Cap Stocks	0%	\$0	-\$850
\$800	16%	Small Cap Stocks	6%	\$300	-\$500
\$300	6%	International Developed Stocks	12%	\$600	\$300
<b>\$5,000</b>				<b>\$5,000</b>	

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