



# Mapping Your Financial Future

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# Introduction

*When planning for your future financial security, it is important to set goals, initiate action, and periodically review your progress.*

*Remember...a sound financial plan can be more important than a lifetime of work!*

*This analysis uses the information you have shared about your current financial situation and your goals for the future.*

*The following pages analyze your needs:*

- *In the event of death*
- *For college funding*
- *For your retirement years*
- *In the event of a disability*
- *For long-term care*

## A sound financial plan...

## ...can be more important than a lifetime of work.



### *Important Note...*

This financial analysis compares your investments and savings strategy with your financial priorities and concerns. It provides only a broad, general guideline, which may be helpful in shaping your financial thinking about investment objectives and risk tolerance. The reports and graphs are dependent upon the quality and accuracy of data furnished by you.

This analysis is for estimating purposes only and must be reviewed periodically. Past performance is not indicative of future results. Your attorney and accountant should be consulted regarding legal and tax implications. A current prospectus must be read carefully when considering any investment in securities.

No liability is assumed resulting from the use of the information contained in this analysis. Responsibility for financial decisions is assumed by you. It is important to revise your plans periodically in light of your experiences and changing goals.



**Liabilities**

Name	Amount	Monthly Payment	Final Payment Due	Interest Rate
Mortgage	\$2,400	\$0		0.00%
Home Equity loan	\$15,000	\$150		0.00%
Boat Loan	\$25,000	\$225		0.00%

**Needs In The Event Of Death**

Income Needs Objective	With children at home: 70.00%	No children at home: 50.00%
Provide Income for	Lifetime	
Fund Children's Education	Yes	

**Life Insurance Policies**

Name	Company	Insurance Benefit	Annual Premium	Type
John	Group Work	\$50,000	\$0	Group
John	Sample Insurance	\$100,000	\$0	Whole Life
Susan	Group Work	\$50,000	\$0	Group
Susan	Sample Insurance	\$100,000	\$0	Whole Life

**College Funding**

Child's Name	School	Annual Amount (in Today's Dollars)	Years Needed	Percent Want To Provide
Madison Sample	University of North Florida	\$8,569	4	100%
Delaney Sample	University of Florida	\$8,950	4	100%
Shane Sample	Florida State University	\$9,295	4	100%
Austin Sample	Florida Institute of Technology	\$27,500	4	100%

Total Funds Presently Available	Monthly Savings	Rate of Return
\$4,000	\$0	8.00%

**Retirement Needs**

Desired Retirement Age	John: 65	Susan: 65
Employer Offers Retirement Plans	Yes	Yes
Maximum amount being contributed	No	No
Percentage of pre-retirement income during retirement	100.00%	

**Long-Term Disability**

Annual Employment Income	\$75,000	\$35,000
Disability income replacement objective:	John - 60.00%	Susan - 60.00%

**Existing Insurance**

Insured	Company	Monthly Benefit	Group/Personal	Annual Premium	Waiting Period (Months)	Benefit Period
John	Work Short Term Disab	\$3,250	Group	\$0	1 month	6 months
Susan	Work Short Term Disab	\$1,750	Group	\$0	1 month	6 months

**Long-Term Care**

Estimated monthly long-term care costs:	\$5,500
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**Planning Assumptions Used In This Analysis**

<b>Rate of Return on Assets</b>	
During Retirement.....	6.00%
In the Event of Death.....	8.00%
For College Needs.....	8.00%
<b>Number of month's income to set aside for emergency reserves.....</b>	
	3
Long-term inflation rate.....	4.00%
Long-term inflation rate for College Costs.....	8.00%
Life expectancy age.....	100
Final Expenses.....	\$15,000

# College Costs - by Region

	Tuition and Fees		10 Year Change	Percentage Change
	1992-1993	2002-2003		
<b>National</b>				
Two-Year Public	\$1,410	\$1,735	\$325	23%
Two-Year Private	7,271	9,890	2,619	36%
Four-Year Public	2,949	4,081	1,132	38%
Four-Year Private	13,202	18,273	5,071	38%
<b>New England</b>				
Two-Year Public	2,357	2,643	286	12%
Two-Year Private	10,373	16,390	6,017	58%
Four-Year Public	4,588	5,484	896	20%
Four-Year Private	17,740	23,289	5,549	31%
<b>Middle States</b>				
Two-Year Public	2,300	2,886	586	25%
Two-Year Private	9,887	9,224	-663	-7%
Four-Year Public	3,898	5,202	1,304	33%
Four-Year Private	13,908	19,685	5,777	42%
<b>South</b>				
Two-Year Public	1,161	1,616	455	39%
Two-Year Private	6,547	9,567	3,020	46%
Four-Year Public	2,539	3,446	907	36%
Four-Year Private	11,312	15,753	4,441	39%
<b>Midwest</b>				
Two-Year Public	1,804	2,197	393	22%
Two-Year Private	7,138	8,978	1,840	26%
Four-Year Public	3,306	4,803	1,497	45%
Four-Year Private	12,668	17,225	4,557	36%
<b>Southwest</b>				
Two-Year Public	877	1,186	309	35%
Two-Year Private	4,492	6,369	1,877	42%
Four-Year Public	1,784	3,516	1,732	97%
Four-Year Private	9,448	14,310	4,862	51%
<b>West</b>				
Two-Year Public	778	967	189	24%
Two-Year Private	3,710	----	----	----
Four-Year Public	2,488	3,074	586	24%
Four-Year Private	12,952	17,124	4,172	32%

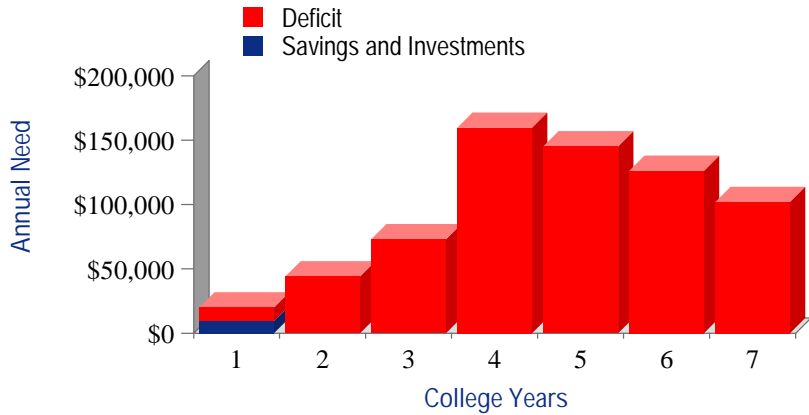
All data are enrollment-weighted averages, intended to reflect the average costs that students face in various types of institutions. Dashes indicate that the sample was too small to provide meaningful information.

Source: The College Board, Trends in College Pricing copyright© 2002 by College Entrance Examination Board. All rights reserved.

# College Funding



## College Funding



*Will you have enough money when it is time to send your children to college? The earlier you begin setting money aside, the more likely you are to achieve your goals.*

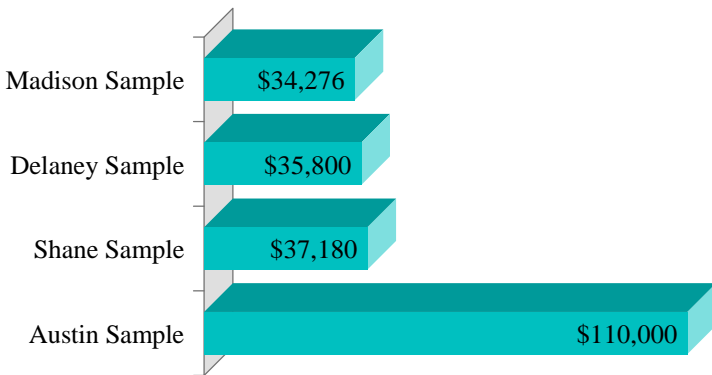
*You currently have \$4,000 set aside and you are saving \$0 a month at 8.00% for college expenses.*

*This analysis suggests that your current plan may not meet your goals. In order to fully fund your children's college expenses, you will need to begin saving an additional \$1,868 a month.*

## Projected College Costs

Madison Sample	\$90,031
Delaney Sample	101,557
Shane Sample	113,910
Austin Sample	363,971
<b>Total</b>	<b>\$669,469</b>

## Total College Cost in Today's Dollars



### Monthly savings alternative

Begin saving an additional \$1,868 per month for the next 17 years.

### Why should you begin planning for education needs now?

*If you wait until it's time for college to begin, you lose the advantage of spreading the costs over many years.*

*If you have to borrow money to pay for college, the amount of the loan and interest will have to be repaid.*

*If you start now, the interest earned on your savings will reduce the total amount that you need to save.*

# College Funding Detail

## Assumptions

College Cost Inflation Rate	8.00%
Average Rate of Return	8.00%
This analysis assumes that savings will continue until the start of the last year of college.	

## Goal Summary

Name/ School	Age	Annual Need (today's Dollars)	Years Until Needed	Number Years Needed	Present Value of Total Cost	Percentage To Be Funded	Present Value of Total Cost To Be Funded
<b>Madison Sample</b> University of North Florida	7	\$8,569	11	4	\$34,276	100%	\$34,276
<b>Delaney Sample</b> University of Florida	6	8,950	12	4	35,800	100%	35,800
<b>Shane Sample</b> Florida State University	5	9,295	13	4	37,180	100%	37,180
<b>Austin Sample</b> Florida Institute of Technology	4	27,500	14	4	110,000	100%	110,000

## Present Value of Total Need

**\$217,256**

## Savings Summary

Current Savings	\$4,000
Monthly Savings	
\$0 per month for 17 years at 8.00% grows to \$0	
In today's dollars that is:	\$0

## Present Value of Savings

**\$4,000**

## Single Sum Needed Today to Fund Shortage

**\$213,256**

## Additional Monthly Savings Required

Starting Age	Amount Needed
<b>John's age 41 for 17 years</b>	<b>\$1,868</b>

# College Funding Techniques

**Qualified State Tuition Programs (Section 529 Plans)** - Section 529 Plans are authorized under Internal Revenue Code Section 529 and are sponsored by the individual states. These programs allow parents, grandparents and non-relatives to contribute money to an account of which the child is the beneficiary. There are two types of plans: a prepaid tuition plan and a savings plan. Prepaid tuition plans guarantee that the investment will at least keep pace with increases in college tuition. Restrictions may apply regarding who may contribute to the prepaid plan and which schools are eligible. Private colleges and universities may establish prepaid plans beginning in 2002. Savings plans are managed investment funds that can be more flexible. Income inside these plans is not currently taxable. Funds withdrawn to pay for qualified education expenses are also free from federal income tax.\* The child may attend almost any accredited college, university, or trade school regardless of location. These plans, having no income restrictions, are available to almost anyone. Unlike UGMAs and UTMAs (discussed below), the donor retains control over the funds. Tax-free rollovers from one plan to another are allowed for the benefit of the same beneficiary once per year. Because contributions are considered completed gifts, the plans offer estate planning advantages. Some plans offer preferential state tax treatment. Funds may be transferred, if necessary, to a family member of the beneficiary without penalty. Withdrawals without penalty are also allowed for scholarship, death, and disability.

**Coverdell Education Savings Accounts (formerly Education IRAs)** - Taxpayers may deposit up to \$2,000 per year into a Coverdell Education Savings Account (ESA) for a child under age 18. Parents, grandparents, other family members, friends, and children themselves may contribute to the Coverdell ESA, provided that the total contributions during the taxable year do not exceed the \$2,000 limit. Amounts deposited into the account grow tax-free until distributed, and the child will not owe tax on any withdrawal from the account if the child's qualified higher education expenses at an eligible educational institution for the year equal or exceed the amount of withdrawal. Eligible expenses also include elementary and secondary school (K-12) costs and the cost of computer equipment, internet services, and software. If the child does not need the money for post-secondary education, the account balance can be rolled over to the Coverdell ESA of certain family members who can use it for their education expenses. Amounts withdrawn from a Coverdell ESA that exceed the child's qualified education expenses in a taxable year are generally subject to income tax and to an additional tax of 10%.

**Uniform Gift to Minors Act (UGMA) and Uniform Transfer to Minors Act (UTMA)** - A donor may make an outright gift to a custodial account for the benefit of a minor child. The parent or custodian may retain responsibility of management of the assets in the account subject to the terms of the act. The normal rule regarding the annual \$11,000 limit for gift tax exclusion applies. The donor may choose to contribute from a number of assets, such as stocks, bonds, mutual funds or real estate. The funds may be used for any purpose, including education. One possible problem with the UGMA and UTMA is that upon reaching a certain age, specified by each state's laws, the child has full discretionary control over the accumulated assets.

**Cash Value Life Insurance** - Parents, grandparents, or other family members may gift premiums, and the cash value build-up inside the policy is tax deferred during the accumulation period. When the time for college arrives, the needed cash may be withdrawn from the policy (generally on a tax-free basis up to the amount of the premiums paid), or the cash values can be borrowed from the policy. In most cases, loans or withdrawals will reduce the policy's cash value and death benefit. If the policy is surrendered or lapses, taxes may be due. If the insured dies before the child goes to school, then the life insurance proceeds can be used to fund education expenses.

**U.S. Savings Bonds** Interest earned by U.S. Series EE Savings Bonds is free from state income taxes. All or some of the interest may also be free from federal income taxes if the bonds are used for qualified higher education expenses. The exclusion from federal tax is subject to an income phaseout. The bonds must be registered in the parent's name and redeemed in the same year as the eligible tuition and fees are paid.

Consult with your legal or tax advisor to determine your eligibility to use a specific strategy, and adverse tax consequences of a particular strategy, and whether a particular strategy would be beneficial for you.

\*Tax-free withdrawals are scheduled to end December 31, 2010 with the sunset of the Economic Growth and Tax Relief Reconciliation Act of 2001.