***How Long* Will Your Money Last ?**

Lifetime Income Planning Choices

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Retirement Income Certified Professional™

Registered Investment Adviser

Please be advised that before any professional advice can be given responsibly, it is necessary to invest our time together and have a meaningful dialogue and share information that is relevant to determine which, if any, of the solutions outlined in this book are recommended for your situation!

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Retirement Income Certified Professional™

Assisting with Financial, Long Term Care, Retirement and Estate Planning Solutions since 1984

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Dave's Comments About "Retirement Income Planning"

<u>HOW LONG</u> *are we going to live ?*

<u>HOW MUCH</u> *money will we need to last that long ?*

Will we have enough money to last ?

*While none of us owns a **"Crystal Ball"** to predict our personal longevity, and frankly, few of us really want to know . . . it's becoming more and more clear to my profession that our clients are likely to **<u>LIVE LONGER</u>** than they assumed they would, before they decided to retire.*

If we are healthy and have enough income and savings, this extra longevity is often a positive. If we are not healthy, our healthcare will likely be more expensive than we assumed and deplete our resources quicker !

*Whether we are healthy or not, we will have to prepare for the inevitable **<u>INFLATION INCREASES</u>** of our living expenses. They will increase and compound with the extra years of our retirement.*

This book is about the planning choices that many of us will have to choose from. There are different solutions for different situations and this book will help us choose what works best for our own situation and goals.

A knowledgeable professional can be a positive asset and provide extra value, to help you wade through the noisy and expensive distractions.

This book is a good place for both of us to start. It will help you to better understand many of the problems and positive solutions available.

It will help us to introduce the work I do and share what I've learned over the past forty plus years, helping my clients to make life a little easier for themselves and their families.

We are here to help where we can. I invite you to call our office and we can set a time to discuss your questions and situation further.

It begins with a clear understanding of what we need and want . . .

Will I Outlive My Money ?

How Long Will My Money Last ?

How Can I Create More Retirement Income ?

What Are The Best Choices For My Social Security ?

Are My Savings and Investments Working For Me ?

Am I Missing Valuable Tax Opportunities ?

What Happens If I Need Expensive Long Term Care ?

Am I Missing Opportunities With My IRA(s) And Other Retirement Accounts ?

How Can I Reduce The Costs And Risks For My Investments ?

Does A Reverse Mortgage Make Sense For Me ?

Is My Life Insurance Still Needed ?

How Long Will We Live and Need To Plan For ?

Here are some important facts on page 8, you might want to consider.

*According to 2012 **"Mortality Tables"** from the American Academy of Actuaries . . .*

<u>HALF</u> OF ALL <u>MEN</u> IN OUR COUNTRY

WILL LIVE PAST THE AGE OF <u>89</u> !

AND <u>HALF</u> OF ALL <u>WOMEN</u> IN OUR COUNTRY

WILL LIVE PAST THE AGE OF <u>90</u> !

What about couples ?

<u>1 OUT OF 2 COUPLES</u> WHO ARE THE AGE OF 65 TODAY

WILL HAVE AT LEAST ONE SPOUSE LIVE TO THE <u>AGE OF 94</u> !

AND <u>1 OUT OF 4 COUPLES</u> WHO ARE THE AGE OF 65 TODAY

WILL HAVE AT LEAST ONE SPOUSE LIVE TO THE <u>AGE OF 98</u> !

*Current research also tells us . . . **<u>17 of every 100</u>** . . . or **<u>1 out of 6</u>** **"Baby-Boomers"** . . .*

*who are now turning the age of **<u>65</u>** in our country . . . **<u>WILL LIVE TO 100 !</u>***

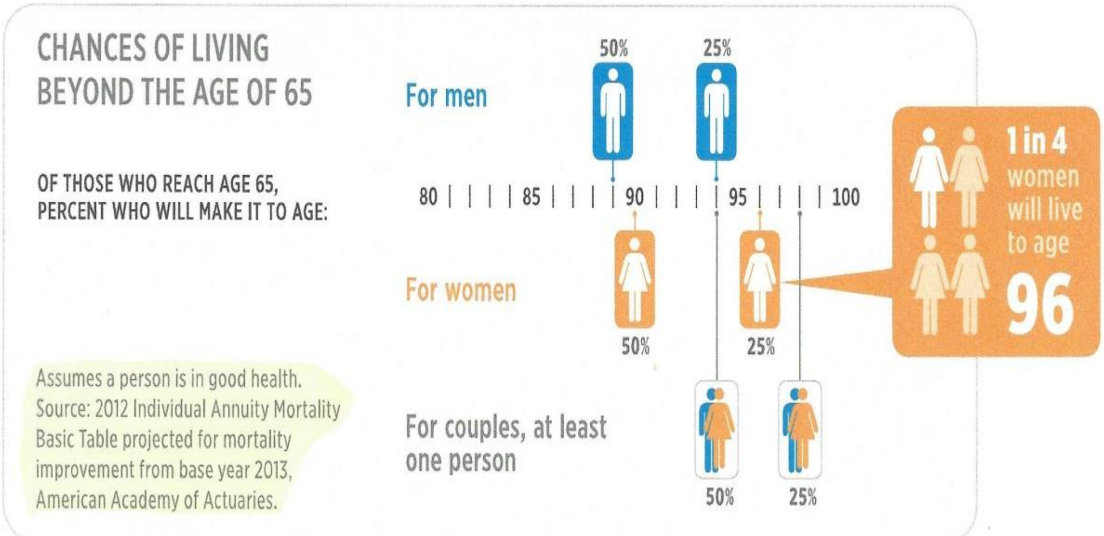
*As of 2014, there were **<u>72,197</u>** Americans the age of **<u>100 or older</u>**. And this was a **<u>44 % INCREASE</u>** since **<u>2000</u>**.*

But the experts are telling us by the year <u>2050</u> . . .

<u>THEY EXPECT ONE MILLION "CENTURIANS" IN OUR COUNTRY !</u>

How about you? Are you prepared to live 30+ years on your retirement dollars?

- At age 65, there's a **50%** chance of living beyond age 89 for males, age 90 for females, and for couples, at least one spouse may live to age 94.
- There's a **25%** chance of living beyond age 94 for males, age 96 for females and for couples at least one spouse may live to age 98.



Reducing the risk of running out of money

You can't predict how long you'll live. But you can reduce the risk of outliving your savings. Here are some steps you can take.

- **Review your family history.** It may be an indication of your own future – so prepare accordingly. Keep in mind that people now commonly live longer than their parents or grandparents.
- **Assess whether your retirement income is guaranteed for life.** This may include pension plan benefits or annuities. It's even better if the income adjusts with inflation to help you preserve purchasing power as you age.
- **Boost your retirement savings.** Saving for retirement is a key goal prior to retirement but it doesn't have to stop there. Dollars that went to fund college tuition or other expenses can be redirected to help lift savings during your "stretch run" to retirement.
- **Expect the unexpected.** The future rarely goes according to plan. Retirement can come earlier than expected, expenses can appear from nowhere and life can change in unanticipated ways. A bigger retirement savings cushion puts you in a better position to adapt to the unexpected.

Understanding Our Financial Planning Pyramid !

Page 10 illustrates a picture of my investment and planning philosophy. And here is where I often differ from your typical stockbroker.

I start at the bottom, the foundation of our ***"Financial Pyramid"****, helping our clients design . . .*

A <u>SOLID</u> and <u>SAFE</u> "STRUCTURED INCOME PLAN" . . .

<u>SOMETHING THEY CAN DEPEND UPON FOR MANY YEARS !</u>

In this example, we assume our client has ***<u>A MILLION DOLLARS</u>*** *. . . and we used* ***<u>30 %</u>*** *of this . . . or* ***<u>$ 300,000</u>*** *to help bridge the gap for their* ***"Income Needs"****.*

The second level of the ***"Financial Pyramid"*** *is to help our client . . .*

***<u>PRESERVE</u> AND <u>GROW</u> THEIR ESTATE
FOR THEIR "LATER YEARS" . . .***

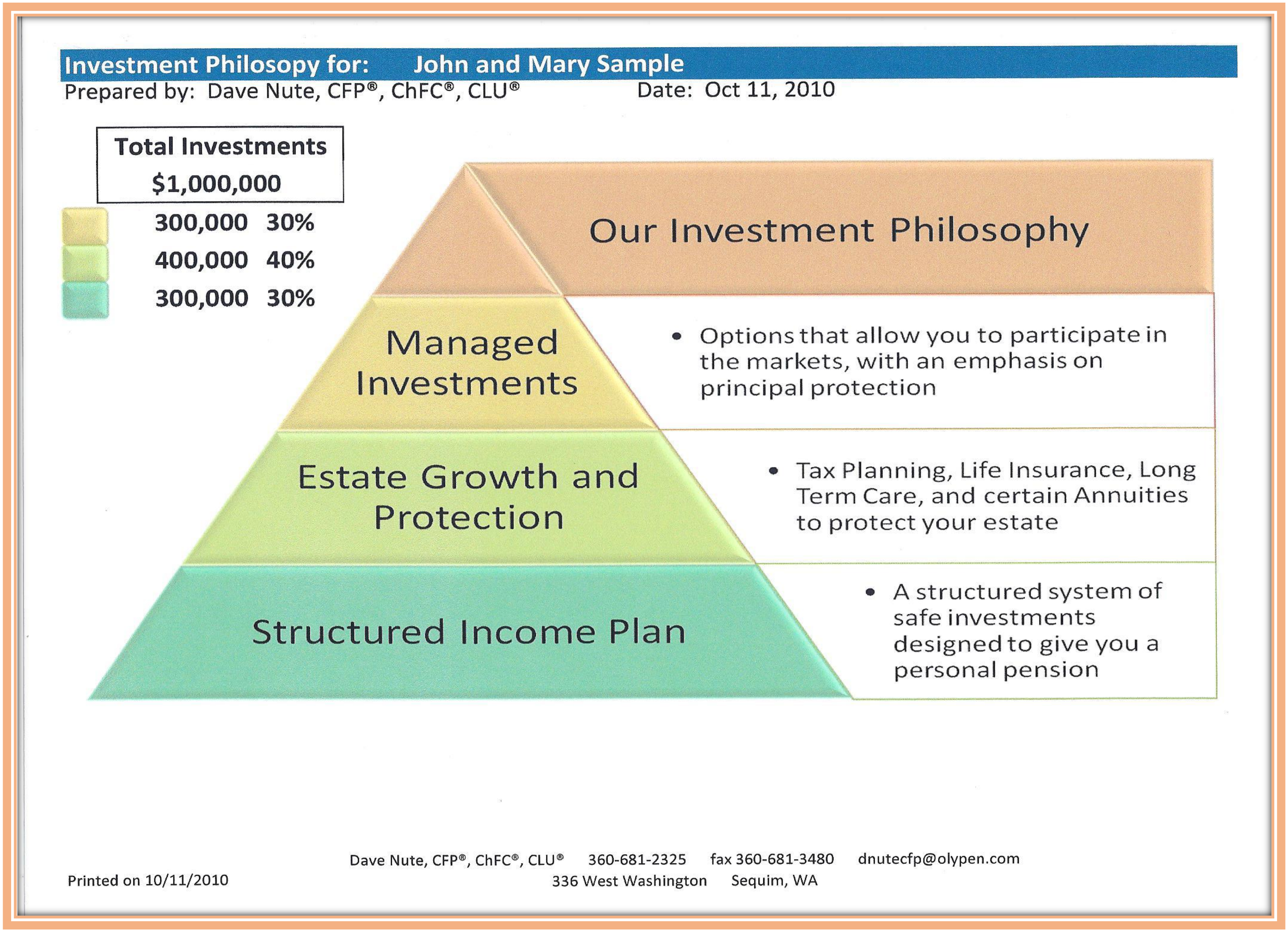
AND FOR THE BENEFIT OF THEIR LOVED ONES.

Out of these funds, we often want to plan ahead for the challenges of ***"Long Term Care"****, possibly other* ***"Estate Planning"*** *that is important to the Client and* ***"Estate Taxes"*** *for the larger estates over $ 2,193,000.*

***MOST OF US WANT TO PLAN <u>CONSERVATIVELY</u>
FOR THESE NEEDS AND OTHER GOALS.***

I've worked for over 40 years, assisting our clients to plan ahead for ***"Long Term Care"*** *and help them during their time of financial need to pay for this challenge.*

In addition to traditional Long Term Care Insurance, I offer special LTC Annuities and types of Life Insurance that offer ***<u>EXTRA</u>*** *Long Term Care Benefits ! I can also assist with* ***"Medicaid Spend-Down"*** *and helping to preserve additional assets and income for the spouse still at home.*


Investment Philosophy for: John and Mary Sample
Prepared by: Dave Nute, CFP®, ChFC®, CLU®
Date: Oct 11, 2010
Total Investments
$1,000,000
300,000 30%
400,000 40%
300,000 30%
Our Investment Philosophy
Managed Investments
• Options that allow you to participate in the markets, with an emphasis on principal protection
Estate Growth and Protection
• Tax Planning, Life Insurance, Long Term Care, and certain Annuities to protect your estate
Structured Income Plan
• A structured system of safe investments designed to give you a personal pension
Printed on 10/11/2010
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*We have also helped **<u>OVER 1,000</u>** of our clients with **<u>REVERSE MORTGAGES</u>** . . . helping them to access the other half of their net worth.*

*And then moving up our **"Financial Pyramid"** . . . if there is anything left over, we will often put the rest in **"Managed Investments"** . . . if our client is comfortable with the extra investment risks.*

*My company is a licensed **"Registered Investment Advisor"** and I believe we offer a responsible and high quality service for our clients that is competitive in price and results. (Our investment process is outlined later.)*

Some of our clients want this and many others . . .

DON'T <u>WANT</u> OR <u>NEED</u> "THE EXTRA RISKS"!

*I respectfully suggest that **"Financial Planning"** for our retirement years . .*

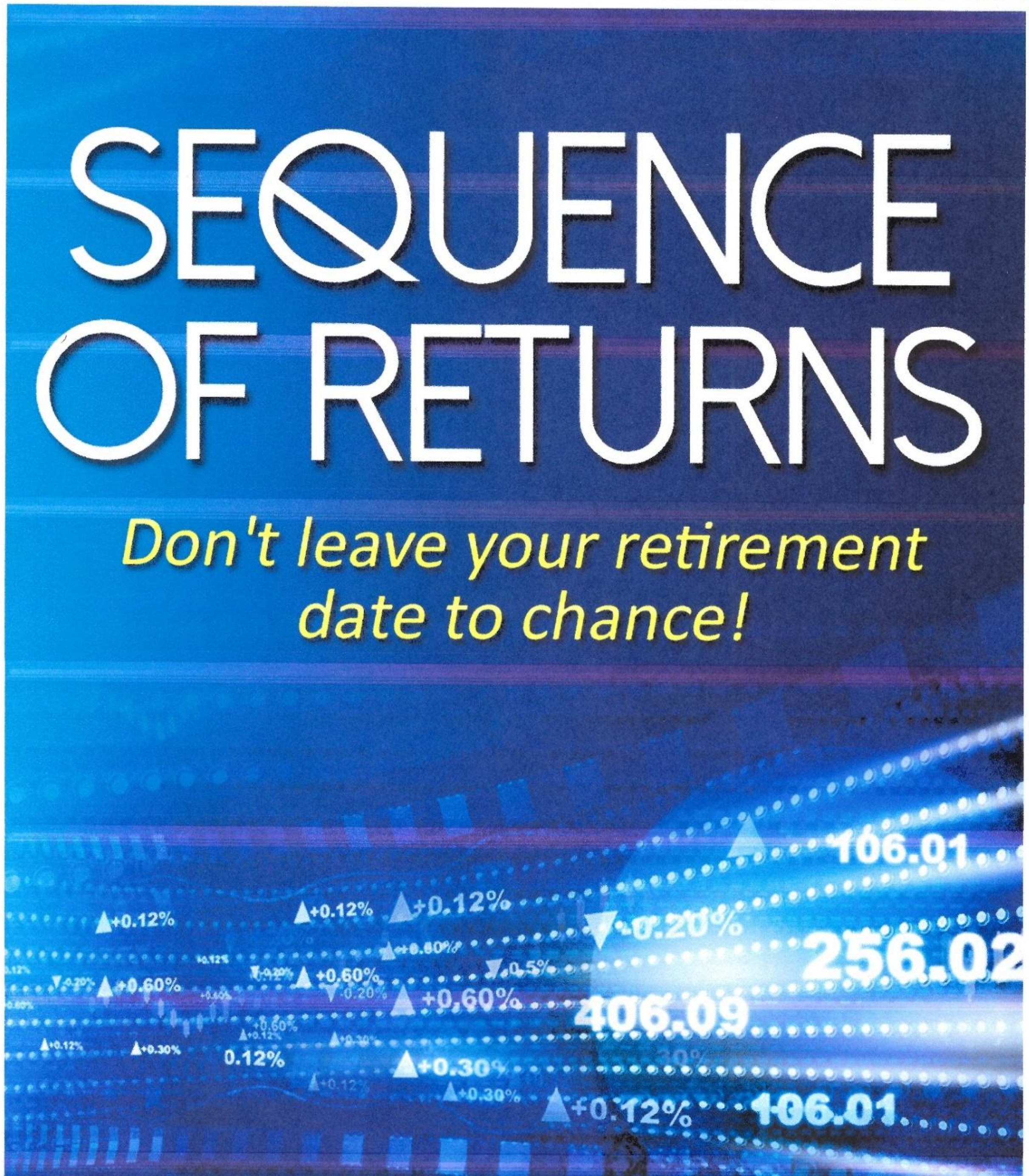
IS MORE ABOUT "PRESERVATION" AND "DISTRIBUTION"

AND NOT AS MUCH ABOUT "ACCUMULATION".

*As a **"Registered Investment Advisor"** . . . yes, I believe the stock market and other risks are appropriate for many of my clients . . .*

FOR THAT <u>TOP PART</u> OF THEIR "FINANCIAL PYRAMID".

*But I also believe it makes sense to be **<u>CONSERVATIVE</u>** for the part of our portfolio that we'll need to depend upon . . . to pay the bills, plan ahead for medical expenses, Long Term Care and other retirement and estate planning goals!*


SEQUENCE
OF RETURNS
Don't leave your retirement
date to chance!

SEQUENCE OF RETURNS

Don't leave your retirement date to chance!

If you have the majority of your nest egg in the market, the date you choose as your Retirement Date could have a devastating impact on your "golden years" depending on the date you select. Research has shown that it is imperative to the longevity of your retirement plan not to incur losses during the initial phase of retirement, also known as the "Critical Phase."

The following report illustrates the alarming effects and the importance of "Sequence Of Returns," the order in which losses/gains are sustained in an investment portfolio.

Consult with a retirement income specialist for strategies to avoid these and other retirement pitfalls.

SEQUENCE OF RETURNS RISK

Distribution Phase: $1,000,000 Beginning Balance

	Investor A			Investor B	
Age	Annual Return[1]	Portfolio Year-End Value[3]	Withdrawals	Annual Return[2]	Portfolio Year-End Value[3]
65	-9.03%	$844,700.00	($65,000.00)	13.48%	$1,069,800.00
66	-11.85%	$679,603.05	($65,000.00)	31.15%	$1,338,042.70
67	-21.97%	$465,294.26	($65,000.00)	15.89%	$1,485,657.69
68	28.36%	$532,251.71	($65,000.00)	2.10%	$1,451,856.50
69	10.74%	$524,415.55	($65,000.00)	14.82%	$1,602,021.63
70	4.83%	$484,744.82	($65,000.00)	25.94%	$1,952,586.04
71	15.61%	$495,413.48	($65,000.00)	-36.55%	$1,173,915.84
72	5.48%	$457,562.14	($65,000.00)	5.48%	$1,173,246.43
73	-36.55%	$225,323.18	($65,000.00)	15.61%	$1,291,390.20
74	25.94%	$218,772.01	($65,000.00)	4.83%	$1,288,764.34
75	14.82%	$186,194.02	($65,000.00)	10.74%	$1,362,177.64
76	2.10%	$125,104.10	($65,000.00)	28.36%	$1,683,491.21
77	15.89%	$79,983.14	($65,000.00)	-21.97%	$1,248,628.19
78	31.15%	$39,897.89	($65,000.00)	-11.85%	$1,035,665.75
79	13.48%	-$19,723.88	($65,000.00)	-9.03%	$877,145.13

5.93%	Arithmetic Average[4]	5.93%
4.14%	**Geometric Average[5]**	**4.14%**

[1] S&P 500 dividend reinvested returns from 2000 to 2014 (DOES NOT include deductions for investment fees) obtained from the Federal Reserve database in St. Louis (FRED) and reported by New York University - Source: http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/histretSP.html

[2] S&P 500 dividend reinvested returns from 2014 to 2000 (in reverse of [1])

[3] Year-end account value after gains/losses and withdrawals

[4] **Arithmetic Average:** The sum of a series of numbers divided by the count of that series of numbers. (Investopedia) This method is used frequently by portfolio mangers to advertise fund performance because it produces a higher reported return than Geometric Average but it is the incorrect method for evaluating investment returns because it does not account for actual changes in account values.

[5] **Geometric Average:** The average of a set of products, the calculation of which is commonly used to determine the performance results of an investment or portfolio. The geometric mean must be used when working with percentages (which are derived from values), whereas the standard arithmetic mean will work with the values themselves. (Investopedia) This is the correct method to use when calculating investment performance.

Disclosure: This illustration does not represent investing, tax, or legal advice.

The Often Overlooked "Sequence of Returns Risk" !

*Please study Page 14 and compare results for **"Investor A"** and **"Investor B"**.*

Both investors started at the same time with $ 1 million at their age of 65 and withdrew the same amount of $ 65,000, at the end of each year.

We assume this is for the same years from 2000 thru 2014.

And yes, both investors had the exact same portfolio based on the S & P 500.

And yet, "Investor A" runs out of his/her million at age 79 . . . and "Investor B" still has over $ 877,000 at his/her age of 79 !

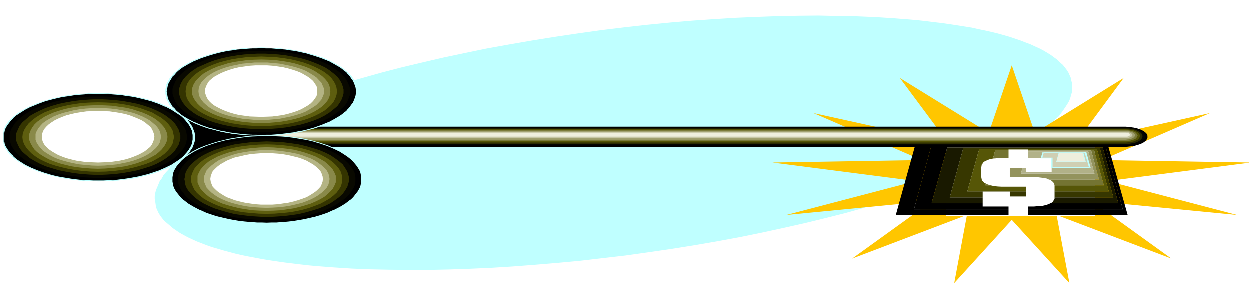
*So what is the **ONLY DIFFERENCE** ?*

***"Investor A"** gets slammed by the **"Sequence of Returns Risk"**, based on the **ACTUAL RETURNS . . . from each of the years 2000 thru 2014, in chronological order, as they actually occurred** (we all know the S & P 500, had some rough times in 2000 thru 2003 and again in 2008 !)*

*For **"Investor B"**, for illustration purposes, we assumed just one difference. We **REVERSED** each of the 14 years returns and we started in 2014, 2013, etc., thru 2000.*

"Investor A" started out his/her first three years with devastating losses ! *And it is for this one reason, he/she lost a large amount of compounded earnings of this lower amount of less than half of his/her original million !*

Yes, "Investor B", had exactly the same percentage losses but they were during his last three years . . . and he/she was able avoid the early losses and actually had over an EXTRA MILLION DOLLARS, compared to "Investor A", at the end of the first three years. He/she had the extra advantage of higher gains and earnings during this time and this carried thru to the end of his/her 14 years, even with losses !



Financial Decisions For Sally and Sam Sample

I'll share an example of a common situation and how I can help this couple.

I'm going to show . . .

HOW ONE COUPLE WILL LIKELY <u>LOSE THEIR LIFE'S SAVINGS . . .</u>

<u>BEFORE THEY ARE THE AGE OF 80</u> . . .

IF THEY MAKE THE COMMON MISTAKES . . .

THAT MILLIONS OF RETIREES OFTEN DO !

*Then I'm going to show you **"Step by Step"**. . .*

HOW WE CAN MAKE <u>THREE OR FOUR "KEY DECISIONS"</u>

EARLY IN OUR RETIREMENT PLANNING . . .

THAT WILL LIKELY PROVIDE ENOUGH FOR THEM

TO LIVE TO A VERY OLD AGE . . .

POSSIBLY EVEN TO THE AGE OF 100 . . .

<u>AND STILL HAVE SOME SAVINGS</u>

<u>AND MORE GUARANTEED INCOME !</u>

One comment, this is just one situation and of course we have different solutions for different situations.

But I meet with many of our clients who have a similar situation, like this couple we'll discuss . . . and if you stay with me and invest the time to understand this example, it may help you to secure your own later years !

I'll keep this as simple as I can. The names of our couple are Sam and Sally Sample.

Sally and Sam were born on the same day and they shared their 62nd birthday in December 2016 (when I wrote this).

Both retired the same month.

Like ***<u>MORE THAN 60 %</u>*** *of Retirees today, neither Sam nor Sally have a pension.*

Both started their Social Security on January 1st, 2017. Sam received ***<u>$ 1,500</u>*** *monthly and Sally will get* ***<u>$ 1,000</u>****.*

Not including their home, they owned about ***<u>$ 500,000</u>*** *in various savings and investment accounts when they retired.*

I understand that some of us enjoy extra pensions or have extra real estate, a business or other assets that Sam and Sally don't have.

But their ***<u>$ 500,000</u>*** *is* ***<u>MUCH HIGHER</u>*** *than the* ***"Averages"*** *!*

According to a recent study from the ***"Center For Retirement Research"*** *at Boston College . . .*

<u>ONLY 13 %</u> *of Baby Boomers own* ***"Investable Assets"*** *of* ***<u>$ 500,000</u>*** *or more . . .*

AND MORE THAN HALF . . . <u>HAVE LESS THAN $ 100,000 !</u>

For Sam and Sally, their spending is not unusual and it's not high.

They only spend about ***<u>$ 3,500 A MONTH</u>*** *for everything else . . .*

<u>PLUS $ 1,500 A MONTH FOR THEIR MORTGAGE.</u>

Sally and Sam are just planning for their own needs. If the last one of them ***"Spends Their Last Dollar On Their Last Day"****, that would be fine with them.*

*So the **"Big Question"** . . . just like for each of us is . . .*

<u>DO THEY HAVE "ENOUGH" ?</u>

Let's also assume that life will be good to both of them.

*We'll assume they are one of the **<u>FORTUNATE</u>** . . .*

<u>ONE OUT OF THREE COUPLES</u> WHO NEVER HAS

TO WORRY ABOUT LONG TERM CARE !

Another way of saying what I just said . . .

IS THAT <u>TWO OUT THREE COUPLES</u> WILL NEED

TO PAY <u>EXTRA</u> FOR LONG TERM CARE !

Going back to Sally and Sam, we'll assume their group insurance, or Medicare Supplement and Medicare, will pay for the rest of their health care expenses.

(I understand this rarely happens.)

AND WE'LL ALSO ASSUME <u>THEY NEVER HAVE</u> ANY "EXTRA COSTS" FOR ANYTHING ELSE FOR THE REST OF THEIR LIVES !

Just so we understand each other . . .

<u>IT IS RARELY THIS SIMPLE . . . IS IT ?</u>

*I suggest we always **"Plan For The <u>WORST</u>"** . . . and then enjoy our lives and hope for the **<u>BEST</u>** !*

One thing I like about my job is I get to work and play on my computers with a lot of great software !

*My favorite game is what I call the **"What If Game"** !*

It's all about money, one of my favorite subjects !

And the questions are . . .

IF WE DO "THIS" . . . OR IF WE DO "THAT" . . .

<u>WILL WE HAVE "ENOUGH MONEY" ?</u>

On page 20, you can see I've included all of the numbers I've already given you for Sam and Sally.

*In addition, I've assumed a **"3 % Annual Inflation Rate"** for their expenses . . .*

DON'T BELIEVE THE "MEDIA" OR THE "GOVERNMENT" !

<u>INFLATION IS STILL OUT THERE . . .</u>

ESPECIALLY FOR FOOD, HEALTH CARE AND HOUSING !

*I've assumed Sally and Sam earn **<u>4 %</u>** from all of their **<u>$ 500,000</u>** of savings and whatever is left after expenses every year.*

Plus, my software computes any income taxes.

*Of course, none of us own a **"Crystal Ball"** . . . but I believe this is a responsible place to begin our planning.*

Assuming all of this does happen . . .

*and there are **<u>NO EXTRA EXPENSES</u>** for Long Term Care . . .*

and other healthcare . . .

***<u>NO LOSSES</u>** in the stock market or lawsuits . . .*

*and they remained disciplined and **<u>ALWAYS</u>** stick to their budget . . .*

here's the problem, illustrated on page 20.

Original Plan - 4 %, Soc Sec @ 62, $ 1,500 Mortgage

Year	Sam Age	Sally Age	Pension Income	Social Security Income	Monthly Cash Flows	Annual Cash Flows	Net Monthly Income	Net Monthly Expenses	Net Monthly Cash Flow		Annuity Account Value	Retirement Funds
											$0	$500,000
2016	62	62	$0	$2,500	$0	$0	$2,500	$5,096	-$2,596	5.89%	$0	* $489,130
2017	63	63	$0	$2,550	$0	$0	$2,550	$5,204	-$2,654	6.15%	$0	$477,123
2018	64	64	$0	$2,601	$0	$0	$2,601	$5,315	-$2,714	6.45%	$0	$463,911
2019	65	65	$0	$2,653	$0	$0	$2,653	$5,430	-$2,777	6.78%	$0	$449,413
2020	66	66	$0	$2,706	$0	$0	$2,706	$5,547	-$2,841	7.17%	$0	$433,548
2021	67	67	$0	$2,760	$0	$0	$2,760	$5,669	-$2,909	7.60%	$0	$416,231
2022	68	68	$0	$2,815	$0	$0	$2,815	$5,794	-$2,979	8.11%	$0	$397,370
2023	69	69	$0	$2,872	$0	$0	$2,872	$5,923	-$3,051	8.70%	$0	$376,880
2024	70	70	$0	$2,929	$0	$0	$2,929	$6,055	-$3,126	10.24%	$0	$351,249
2025	71	71	$0	$2,988	$0	$0	$2,988	$6,192	-$3,204	12.00%	$0	$320,773
2026	72	72	$0	$3,047	$0	$0	$3,047	$6,333	-$3,286	13.75%	$0	$286,990
2027	73	73	$0	$3,108	$0	$0	$3,108	$6,478	-$3,370	15.94%	$0	$250,103
2028	74	74	$0	$3,170	$0	$0	$3,170	$6,627	-$3,457	18.93%	$0	$210,030
2029	75	75	$0	$3,234	$0	$0	$3,234	$6,781	-$3,547	23.33%	$0	$166,616
2030	76	76	$0	$3,298	$0	$0	$3,298	$6,939	-$3,641	29.64%	$0	$121,116
2031	77	77	$0	$3,365	$0	$0	$3,365	$7,103	-$3,738	41.82%	$0	$72,591
2032	78	78	$0	$3,432	$0	$0	$3,432	$7,271	-$3,839	72.44%	$0	$20,454
2033	79	79	$0	$3,500	$0	$0	$3,500	$7,444	-$3,944	100.00%	$0	$0
2034	80	80	$0	$3,570	$0	$0	$3,570	$7,622	-$4,052	0.00%	$0	$0
2035	81	81	$0	$3,642	$0	$0	$3,642	$7,806	-$4,164	0.00%	$0	$0
2036	82	82	$0	$3,715	$0	$0	$3,715	$7,995	-$4,280	0.00%	$0	$0
2037	83	83	$0	$3,789	$0	$0	$3,789	$8,190	-$4,401	0.00%	$0	$0
2038	84	84	$0	$3,865	$0	$0	$3,865	$8,391	-$4,526	0.00%	$0	$0
2039	85	85	$0	$3,942	$0	$0	$3,942	$8,597	-$4,655	0.00%	$0	$0
2040	86	86	$0	$4,021	$0	$0	$4,021	$8,810	-$4,789	0.00%	$0	$0
2041	87	87	$0	$4,102	$0	$0	$4,102	$9,029	-$4,927	0.00%	$0	$0
2042	88	88	$0	$4,183	$0	$0	$4,183	$9,255	-$5,072	0.00%	$0	$0
2043	89	89	$0	$4,267	$0	$0	$4,267	$9,488	-$5,221	0.00%	$0	$0
2044	90	90	$0	$4,353	$0	$0	$4,353	$9,728	-$5,375	0.00%	$0	$0
2045	91	91	$0	$4,440	$0	$0	$4,440	$8,475	-$4,035	0.00%	$0	$0

A summary of Sam and Sally's retirement savings is in the column on the far right. Please review this.

*At their age of **78** . . . we see they still have **$ 20,454**.*

*But when they are **79** . . . the **"Red Line"** shows us when their savings **RUNS OUT !***

*You can see, I've highlighted in **YELLOW**, in the two columns closer to the middle . . . at their age of **80**, their **"Projected After-Tax Income"** for both of them . . .*

IS LESS THAN $ 3,600 A MONTH !

All they have left is their Social Security.

*And yet, in the next column to the right, assuming **3 %** **"Annual Inflation"** . . .*

THEIR "CURRENT EXPENSES" HAVE BEEN INFLATED

TO OVER $ 7,600 A MONTH !

WHEN THEIR SAVINGS IS GONE . . .

THEY CAN ONLY AFFORD ABOUT HALF

OF WHAT THEY ARE SPENDING NOW !

And all of this is based on the optimistic . . .

AND LIKELY UNREALISTIC ASSUMPTION . . .

THAT NOTHING SERIOUS WILL GO WRONG !

If something unexpected does go wrong . . .

SAM AND SALLY WILL BE "BROKE" EVEN SOONER !

So obviously, Sam and Sally need to make ***NEW CHOICES*** *and* ***BETTER DECISIONS****.*

WHAT SHOULD THEY DO ?

Should they try and get their old jobs back ?

Should one or both get a part-time job ?

Should they cut-back their expenses ?

Should they take more risks with their savings to earn more ?

OR MAYBE, THEY CAN MOVE IN WITH THE "KIDS" LATER ?

More income or less expenses will need to come from somewhere !

That's the way it works and most of us understand this !

Summary Of What We Did For Sam and Sally

I'll summarize what we did for Sally and Sam.

*We decided they would need more income, so we started Sally's Social Security Benefits, the **LOWER** of the two, at her age of 62.*

*To help them avoid spending their savings **TOO QUICKLY** . . . we needed to **ELIMINATE** their $ 1,500 monthly mortgage payment . . . and we did this with a Reverse Mortgage. (This also helped to offset the need to start Sam's Social Security benefit early, to create more income for later.)*

You could argue, they have $ 500,000 of savings and they don't need a Reverse Mortgage yet . . .

but if they waited too long, they would run out of Savings early, when they postponed Sam's Social Security, until he reached his age of 70.

*I'll come back to this again later in this book . . . but a **PRIORITY**, to help our clients create more Social Security Benefits for both spouses, is to **INCREASE** the **HIGHER** of the two spousal benefits if we can afford to !*

Not only are these important decisions in themselves . . .

BUT THE TIMING OF EACH DECISION . . . IS OFTEN CRITICAL

TO THE SUCCESS OF THE OTHER DECISIONS.

*We also decided to reposition **$ 200,000** of their savings to a **"Fixed Indexed Annuity"** with the **"Lifetime Guaranteed Income Rider"**. This will **INCREASE** their **"Guaranteed Income"** for their later years. On page 24, we illustrate the new income from the **"Income Rider"**.*

*This will provide them an **EXTRA $ 1,613 MONTHLY**, starting at their age of 72, illustrated in the 6th column from the left. This will continue for **BOTH** lifetimes for Sam and Sally, unless they want to withdraw their remaining cash surrender value earlier, anytime they wish.*

(We can have the lifetime income or the remaining cash, but not both.)

Creating <u>MORE INCOME</u> For A Lifetime !

Retirement

The Retirement Summary shows your projected monthly income in comparison to your projected monthly expenses. The net monthly cash flow column represents either the projected surplus or deficit you have each month. The annuity account values show any balances of income benefit paying annuities and the retirement funds column to the far right contains your total retirement funds. This summary starts on your date of retirement and continues until age 100. You may or may not see a red and/or yellow line. Please note that the yellow line represents the point where your retirement funds drop below the desired minimum retirement account balance. The red line pin points where your retirement funds have been exhausted.

Year	Sam Age	Sally Age	Pension Income	Social Security Income	Monthly Cash Flows	Annual Cash Flows	Net Monthly Income	Net Monthly Expenses	Net Monthly Cash Flow	%	Annuity Account Value	Retirement Funds
											$210,000	$300,000
2016	62	62	$0	$1,000	$0	$0	$1,000	$3,596	-$2,596	6.69%	$211,402	* $279,941
2017	63	63	$0	$1,020	$0	$0	$1,020	$3,704	-$2,684	7.47%	$217,925	$259,043
2018	64	64	$0	$1,040	$0	$0	$1,040	$3,815	-$2,775	8.82%	$224,649	$236,198
2019	65	65	$0	$1,061	$0	$0	$1,061	$3,930	-$2,869	10.55%	$231,580	$211,295
2020	66	66	$0	$1,082	$0	$0	$1,082	$4,047	-$2,965	12.82%	$238,725	$184,208
2021	67	67	$0	$1,104	$0	$0	$1,104	$4,169	-$3,065	15.96%	$246,091	$154,819
2022	68	68	$0	$1,126	$0	$0	$1,126	$4,294	-$3,168	20.56%	$253,684	$122,990
2023	69	69	$0	$1,149	$0	$0	$1,149	$4,423	-$3,274	27.98%	$261,511	$88,587
2024	70	70	$0	$4,264	$0	$0	$4,264	$4,555	-$291	0.00%	$260,036	$92,746
2025	71	71	$0	$4,349	$0	$0	$4,349	$4,692	-$343	0.00%	$258,247	$102,627
2026	72	72	$0	$4,436	$1,613	$0	$6,049	$4,833	$1,216	0.00%	$256,111	$112,837
2027	73	73	$0	$4,524	$1,613	$0	$6,080	$4,978	$1,102	0.00%	$244,374	$131,732
2028	74	74	$0	$4,615	$1,613	$0	$6,167	$5,127	$1,040	0.00%	$232,275	$149,732
2029	75	75	$0	$4,708	$1,613	$0	$6,256	$5,281	$975	0.00%	$219,803	$167,528
2030	76	76	$0	$4,801	$1,613	$0	$6,345	$5,439	$906	0.00%	$206,946	$184,995
2031	77	77	$0	$4,898	$1,613	$0	$6,438	$5,603	$835	0.00%	$193,692	$202,068
2032	78	78	$0	$4,996	$1,613	$0	$6,532	$5,771	$761	0.00%	$180,030	$218,692
2033	79	79	$0	$5,095	$1,613	$0	$6,627	$5,944	$683	0.00%	$165,945	$234,791
2034	80	80	$0	$5,197	$1,613	$0	$6,724	$6,122	$602	0.00%	$151,427	$250,330
2035	81	81	$0	$5,302	$1,613	$0	$6,825	$6,306	$519	0.00%	$136,460	$265,258
2036	82	82	$0	$5,407	$1,613	$0	$6,925	$6,495	$430	0.00%	$121,032	$279,487
2037	83	83	$0	$5,516	$1,613	$0	$7,030	$6,690	$340	0.00%	$105,127	$292,972
2038	84	84	$0	$5,626	$1,613	$0	$7,135	$6,891	$244	0.00%	$88,732	$305,628
2039	85	85	$0	$5,738	$1,613	$0	$7,242	$7,097	$145	0.00%	$71,831	$317,378
2040	86	86	$0	$5,853	$1,613	$0	$7,353	$7,310	$43	0.00%	$54,408	$328,164
2041	87	87	$0	$5,971	$1,613	$0	$7,465	$7,529	-$63	0.00%	$36,448	$337,913
2042	88	88	$0	$6,089	$1,613	$0	$7,578	$7,755	-$176	0.00%	$17,934	$346,509
2043	89	89	$0	$6,211	$1,613	$0	$7,695	$7,988	-$292	0.00%	$0	$353,878
2044	90	90	$0	$6,336	$1,613	$0	$7,815	$8,228	-$412	0.00%	$0	$359,843
2045	91	91	$0	$6,462	$1,613	$0	$7,936	$8,475	-$538	0.00%	$0	$363,923
2046	92	92	$0	$6,591	$1,613	$0	$8,059	$8,729	-$669	0.00%	$0	$365,877
2047	93	93	$0	$6,724	$1,613	$0	$8,186	$8,991	-$804	0.10%	$0	$365,519
2048	94	94	$0	$6,858	$1,613	$0	$8,314	$9,260	-$945	0.80%	$0	$362,630
2049	95	95	$0	$6,995	$1,613	$0	$8,443	$9,538	-$1,094	1.56%	$0	$356,988
2050	96	96	$0	$7,135	$1,613	$0	$8,574	$9,824	-$1,249	1.77%	$0	$350,692
2051	97	97	$0	$7,278	$1,613	$0	$8,707	$10,119	-$1,411	1.54%	$0	$345,314
2052	98	98	$0	$7,423	$1,613	$0	$8,843	$10,423	-$1,579	2.19%	$0	$337,762
2053	99	99	$0	$7,572	$1,613	$0	$8,983	$10,735	-$1,751	2.92%	$0	$327,904
2054	100	100	$0	$7,723	$1,613	$0	$9,124	$11,057	-$1,932	3.76%	$0	$315,585

By doing all of this, based on the same assumptions we have used before . . .

SAM AND SALLY WILL NOW HAVE OVER $ 315,000 IN SAVINGS AT THEIR AGE OF 100 !

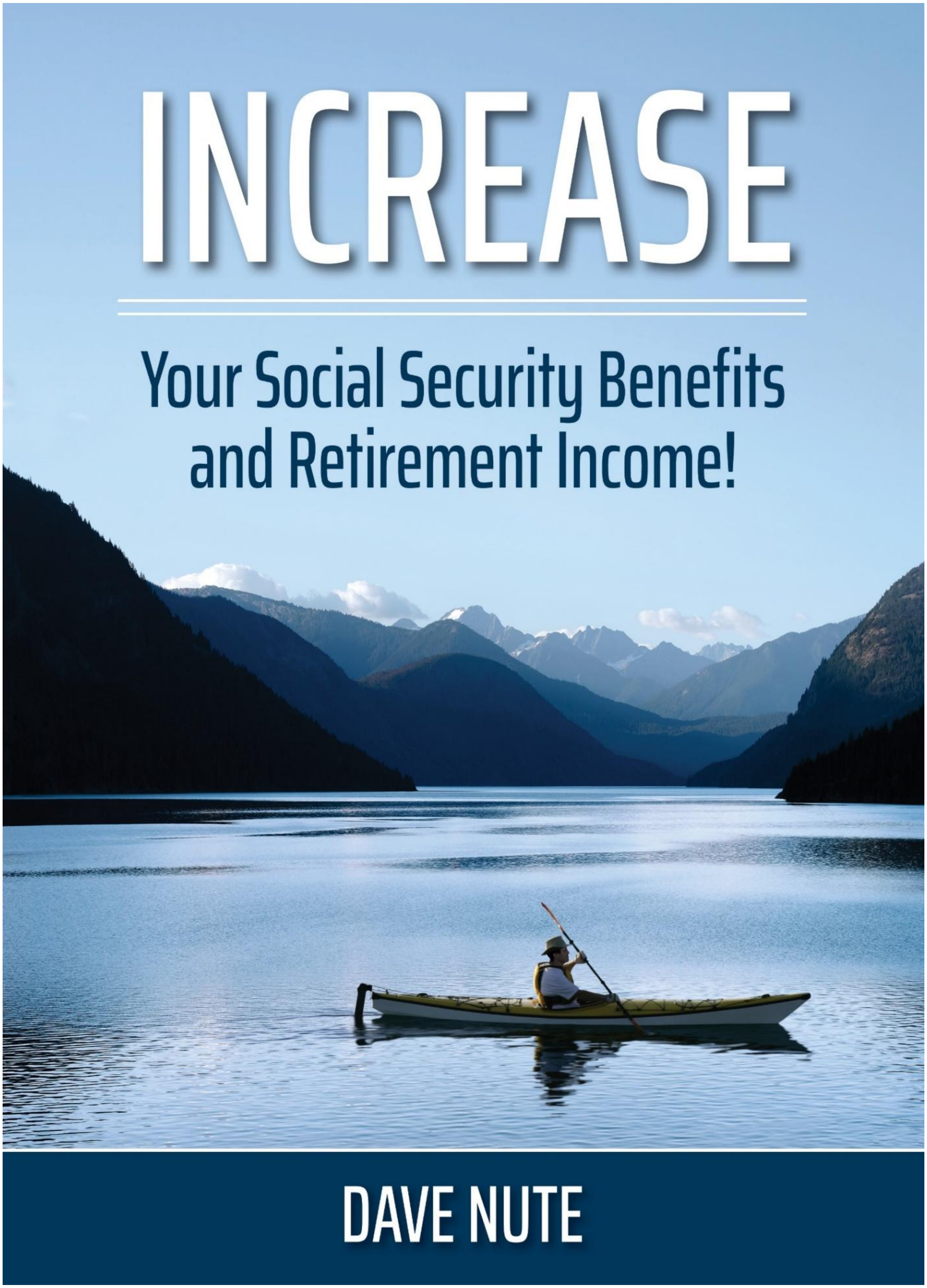
*They will also have **OVER $ 9,000** of **"Guaranteed Lifetime Monthly Income"** from Social Security and the insured **"Income Rider"** !*

*Remember, they were going to **RUN OUT** of Savings at their age of **ONLY 79** . . .*

ALONG WITH 60 % LESS INCOME !

*This is what **"Retirement Income Planning"** is all about.*

This is how myself and other income planning professionals will pay for ourselves, many times over, for the ultimate benefit of our client(s) !


INCREASE
Your Social Security Benefits
and Retirement Income!
DAVE NUTE

Let's Review Our Social Security Choices !

Here's our challenge. There are many different situations for each of us.

There are ***<u>OVER 2,700 RULES</u>*** *and over* ***<u>100,000 CLARIFICATIONS</u>*** *of these rules that regulate our Social Security Benefits !*

We have ***"Singles"*** *. . . the* ***"Disabled"*** *. . .* ***"Married Couples"*** *. . .* ***"Divorced Spouses"*** *. . . and* ***"Widows and Widowers"*** *for starters.*

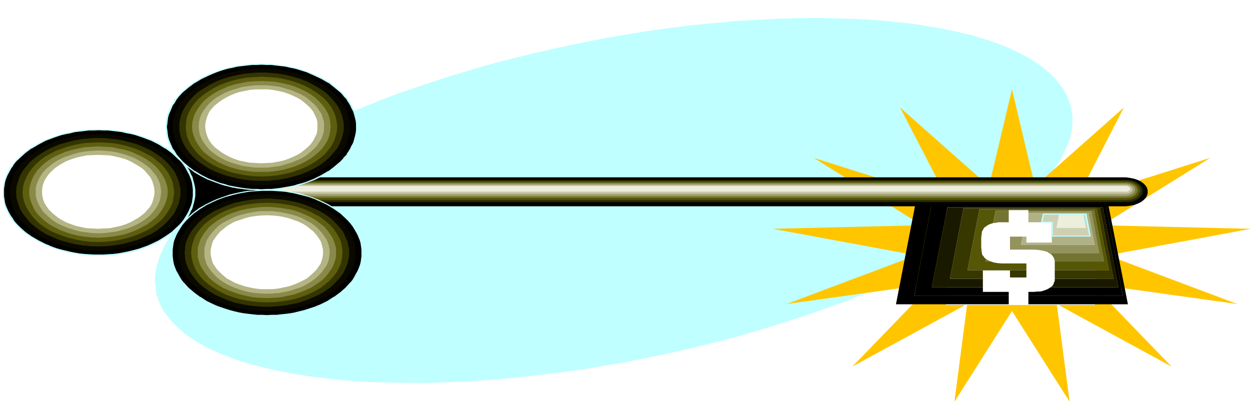
Some of us have special types of ***"Federal"*** *and some have* ***"State Employee Benefits"*** *that have* ***<u>EXTRA RULES</u>*** *and require extra Social Security planning.*

Each of us has ***"Different Needs"*** *. . .* ***"Health Histories"*** *. . . and* ***"Life Expectancies"****.*

Also, we each have ***"Different Amounts"*** *and* ***"Different Financial Assets"*** *and* ***"Various Sources of Income"****.*

So to make a ***"Long Story Shorter"*** *. . .*

I'VE LEARNED <u>IT WORKS BEST</u> TO HELP OUR CLIENTS "ONE ON ONE" AT OUR OFFICES WHERE I HAVE MY LIBRARY AND SOFTWARE TO HELP EACH OF US MAKE OUR <u>BEST CHOICES !</u>



*Making your personal decisions about your Social Security Benefit choices is **NOT** just an isolated decision in itself !*

Like a leg under a table, it's only one part of the table.

*We need to focus on the **"Table"**, the **"Bigger Picture"**.*

*I illustrated in my book . . . that when planning for individuals, our **"Breakeven Point"**, regardless of when we start our **"Own Benefit"**, is if we live until about the age of **80**.*

BUT IF WE ARE MARRIED . . . THE "PROBABILITY"

THAT AT LEAST ONE SPOUSE WILL LIVE PAST

THE AGE OF "80" IS ABOUT "85 %" !

This is over eight out of every ten couples.

So do we start our benefits early or do we wait ?

*Men, if we have the **"Highest Benefit"** (and Ladies, I understand there are exceptions), do we start early or do we wait to file ?*

*Remember, the **"Surviving Spouse"** gets the **HIGHER** of either their own benefit, or their deceased spouse's benefit.*

SO MEN, IT IS OFTEN IMPORTANT FOR OUR WIVES

THAT WE WAIT AND INCREASE OUR BENEFITS !

*In addition, the **"Surviving Spouse"** will often lose all, or a large part of, the decedent's pension benefits.*

Coupled with the loss of pension benefits and the lower of the couple's two Social Security benefits, many survivors will have new problems complicated by a lower income, to endure over their own remaining lifetimes.

Our software will illustrate this for us and this helps our clients to make changes now, that will lessen the Survivor's income challenges later.

Do You Want To Create A "Private Pension" To <u>Safely Increase</u> Your Lifetime Income ?

Let me ask you a question.

*For the part of your savings that you will need to rely on . . . to prepare ahead for your **"Future Retirement Income"** . . .*

<u>HOW MUCH</u> ARE YOU EARNING WITH YOUR "SAFE MONEY" ?

It's likely much less today than in past years.

There are safe, insured and guaranteed options . . .

THAT WILL HELP MANY OF US TO <u>SAFELY INCREASE</u> OUR <u>GUARANTEED LIFETIME INCOME !</u>

We've had many new choices in recent years.

*Frankly, it's becoming increasingly difficult to compare these . . . because yes, they are complex and just like a snow-flake . . . **<u>NO TWO ARE ALIKE !</u>***

*This is when a professional can create **<u>EXTRA VALUE</u>** and help you make your **<u>BEST CHOICE</u>** for your needs and goals.*

*These are called **"Guaranteed Lifetime Income Riders"** . . . and they can be added to several different **"Fixed"** and **"Fixed-Indexed Annuities"** that are now offered by quality insurance companies.*

*You may have also seen similar benefits offered by some of the **"Variable Annuities"** . . . but the **"Fixed Choices"** I offer, **<u>DO NOT HAVE</u>** the **<u>EXTRA</u>** investment costs and market risks !*

*And for this reason, **"Riders on Fixed and Fixed Indexed Annuities"** will typically offer **<u>HIGHER</u>** income benefits than the more costly market-risk **"Variable Annuity Options"** can offer !*

Let's assume this is money you will need to help provide your ***"Future Retirement Income"****.*

If you're only earning a low amount for the ***"Safe Money"*** *that averages about* ***<u>HALF</u>*** *of your* ***"Employer's Retirement Account"*** *. . .*

WOULDN'T IT MAKE <u>MORE SENSE</u> TO TRANSFER THIS "TAX-FREE" TO A "FIXED-INDEXED ANNUITY" WITH A "<u>GUARANTEED</u> LIFETIME INCOME RIDER" ?

WHY NOT POSITION YOUR ACCOUNTS AS SOON AS YOU CAN . . .

TO <u>SAFELY EARN THE GUARANTEED 6 OR 7 %</u> THROUGHOUT THE "ACCUMULATION PERIOD" . . .

AND ENJOY "HIGHER GUARANTEED LIFETIME INCOME" <u>EVERY YEAR FOR THE REST OF YOUR LIFE !</u>

WITH THESE "NEW RIDERS" YOU WILL STILL HAVE ACCESS TO YOUR CASH IF SOMETHING COMES UP !

<u>YOU DO NOT HAVE TO "ANNUITIZE" !</u>

WITH THESE "NEW RIDERS", YOU CAN OFTEN PRESERVE ANY "ACCOUNT VALUE" . . .

THAT YOU MAY NEED FOR YOURSELF (IF SOMETHING COMES UP)

OR FOR YOUR FAMILY !

How <u>SAFE</u> Are "Fixed-Indexed Annuities" ?

Yes, we always need to be careful with all of our financial decisions. I appreciate your need to proceed with care and due diligence !

Unfortunately, many of us become paralyzed from the complexity of most everything today.

Misconceptions and poor decisions are often made by many of us . . . because we may rely on the wrong sources, do not keep up-to-date or we simply stop learning.

I think it's safe to say that we are all guilty of this in one way or another, especially in the areas we don't like or haven't prepared ourselves for (like the Surviving Spouse who has to step in to manage the complexity of their finances, previously taken care of by the other Spouse).

Here are our choices . . . do not do anything and live with the results, do our homework and learn what we need to make better decisions, or find a ***"Trusted Advisor"*** *who can help us (or both of the last two).*

With any type of financial account, the ***<u>PRIMARY GOAL</u>*** *is to match the account you are considering with your needs or goals . . . and is it a competitive choice and will it be there when you need or want it ?*

Is a ***"Fixed or Fixed-Indexed Annuity"*** *a* ***<u>SAFE CHOICE</u>*** *?*

Will your premium, earnings and extra ***"Guaranteed Benefits"*** *be there as promised when you need them ?*

<u>HERE'S A FACT</u> . . . NO ONE HAS LOST A "PENNY"

IN THESE "FIXED TYPES OF ANNUITIES"

FOR <u>OVER 40 YEARS</u> IN WASHINGTON !

This assumes ***<u>THREE</u>*** *things.*

<u>First</u> *. . . you bought your annuity from a* ***"Washington Approved Insurance Company".*** *As a Washington licensed insurance agent, that is the only kind of annuity that any licensed agent is allowed to offer !*

Second *. . . the owner is required to be a resident of Washington to have this protection (If you later move to another state, your new state limits may be different.)*

And ***Third*** *. . . the amount of the* ***"Fixed or Fixed-Indexed Annuity"*** *is the amount of* ***$ 500,000,*** *or less, at the time of claim.*

Yes, any extra amount above ***$ 500,000*** *could be* ***AT RISK*** *if your insurance company becomes insolvent and can't pay their obligations.*

To avoid this risk, we simply plan ahead and ***SAFELY DIVERSIFY*** *our money among different well-managed insurance companies . . . just like we do with our bank accounts and investments.*

For information about ***THE GUARANTEES*** *in other states, just go on the internet to . . .*

www.NOLHGA.com .

Or for Washington State, you can go online and study the details of ***THESE GUARANTEES*** *at . . .*

www.WALIFEGA.org .

Of course, we all want to be prudent and make quality decisions.

Earlier, I shared my investment planning approach of utilizing the ***"Financial Pyramid"****.*

Our needs and wants are a ***MATTER OF PRIORITIES****.*

And to repeat what I stated earlier . . . the ***"Fixed and Fixed-Indexed Annuities"*** *. . .*

ARE A COMPETITIVE AND SAFE CHOICE FOR THE FOUNDATION OF OUR "FINANCIAL PYRAMID" . . .

WHICH IS "LIFETIME INCOME PLANNING" !

Income Planning For A Long Life !

Please read Page 34. Here's an interesting article that was published in Forbes, Investment Advisor and other financial press.

*Dr. Roger Ibbotson founded **"Ibbotson & Associates"** over 40 years ago. They provided financial data and Asset Allocation services to the mutual funds, insurance companies and others in finance.*

*He sold his company to **"Morningstar"** a few years ago. Dr. Ibbotson is also on the Board of Directors for Dimensional Funds, a highly respected $ 600 billion mutual fund family.*

*And he is also, a highly regarded **"Professor Emeritus"** for the Department of Finance at Yale University. And the list goes on.*

*Here is what he recently said about **"Fixed Indexed Annuities"**. For investors approaching retirement, these investors usually increase their bond holdings to **<u>REDUCE RISK</u>** in their portfolios.*

But doing so in the current low yield environment . . .

<u>MEANS RISKING NOT HAVING ENOUGH INCOME IN RETIREMENT . . .</u>

<u>WITH REDUCED PROSPECTS FOR CAPITAL APPRECIATION.</u>

*Fixed Indexed Annuities can offset these shortcomings. In addition, they can provide us earnings that grow on a tax-deferred basis. They **<u>GUARANTEE</u>** a set interest rate and provide exposure to stock market returns which tend to be **<u>HIGHER</u>** than bond market returns.*

<u>THE DOWNSIDE PROTECTION IS VERY POWERFUL</u>

<u>AND ATTRACTIVE TO MANY INDIVIDUALS</u>

<u>PLANNING FOR THEIR RETIREMENT !</u>

*Dr. Roger Ibbotson concluded that Fixed Indexed Annuities have many attractive features for principal protection, accumulation and as a potential source of **"Guaranteed Lifetime Insured Income"** in retirement.*

Conclusions

By Bernice Napach & Melanie Waddell

Fixed Indexed Annuities vs. Bonds; Reverse Mortgages as Next 'Hot Topic'

Ibbotson research looks at the effects of substituting FIAs for all or part of a long-term bond allocation

PHOTO: PETER FOLEY/BLOOMBERG

Roger Ibbotson, best known as the founder of Ibbotson Associates, an asset-allocation research firm, has published new research championing fixed indexed annuities as an alternative to bonds for investors approaching retirement. Those investors usually increase their bond holdings to reduce risk in their portfolios, but doing so in the current low-yield environment means risking not having enough income in retirement along with reduced prospects for capital appreciation.

Fixed indexed annuities can offset those shortcomings: In addition to earnings that grow on a tax-deferred basis, they guarantee a set interest rate and provide exposure to stock market returns, which tend to be higher than bond market returns, according to Ibbotson's white paper.

Their performance is linked to the performance of a stock market index, which is often but not always the S&P 500 – Nationwide's New Heights Fixed Indexed Annuities offers the option of linking to an index from Zebra Capital Management, founded by Ibbotson, its chairman and chief investment officer – but the gains are limited because the insurance company bears the risk, and losses are not a factor.

For example, an FIA linked to the S&P 500 would collect just 6% of a 10% gain over three years but would not lose money if the S&P 500 lost 10% during that time period. "The downside protection is very powerful and attractive to many individuals planning for retirement," Ibbotson explained in his report.

He simulated the performance of $1 invested in an uncapped large-cap equity index FIA compared to the performance of long-term government bonds over the period from 1927 through 2016, net of expenses. He assumed annual expenses of 10 basis points for a passive stock portfolio and 10 basis points for a passive bond portfolio.

The hypothetical maximum annualized return for the FIA was 5.81% compared with 9.92% for large-cap stocks and 5.32% for long-term government bonds. The maximum annualized return for a three-year holding period of the FIA was 27.56% versus 30.76% for large cap stocks and 23.3% for long-term government bonds. The minimum annualized three-year return of the FIA was zero compared with a 27% loss for large-cap stocks and 2.32% loss for long-term government bonds.

Ibbotson also compared the performance of a 60/40 stock/bond portfolio to that of portfolios with 60% stocks, 20% bonds and 20% FIAs – and 60% stocks 40% FIAs – over the same 1927-2016 period. The average return of the 60/40 stocks/FIA portfolio was 8.77% versus 8.66% for the 60/20/20 stocks/bonds/FIA portfolio and 8.55% for the 60/40 stock/bond portfolio.

DOUBLE *Your Income In Ten Years –* ***GUARANTEED !***

How would you like to ***DOUBLE*** *your annual lifetime* ***GUARANTEED*** *income after just ten years ?*

Let me ask this a different way . . .

"WHY NOT" . . . DOUBLE YOUR "GUARANTEED LIFETIME INCOME", IF YOU CAN, SAFELY ?

I asked a man this question. He said ***"Dave, that's a "No-Brainer"*** *!*

I'm inclined to agree . . . ***especially if you'll need more income later, like Sally and Sam Sample !***

Remember, we assumed earlier, that Sally and Sam would get a ***4 %*** *annual return on their savings.*

But as we saw, this ***WAS NOT ENOUGH*** *to sustain a* ***"Lifetime Income"*** *high enough, to offset their expenses after inflation over the years.*

And this is a problem many of us share.

The experts are telling us . . .

4 OUT OF 5 OF US ARE NOT CONFIDENT

that we'll have ***ENOUGH*** *to live* ***"Comfortably"*** *in the years ahead.*

Like we saw for Sally and Sam . . . once the ***"Savings is Gone"*** *. . .*

THERE IS NOTHING LEFT

to produce the income we'll need to enjoy, or even survive, the extra years that medical science will create for many of us !

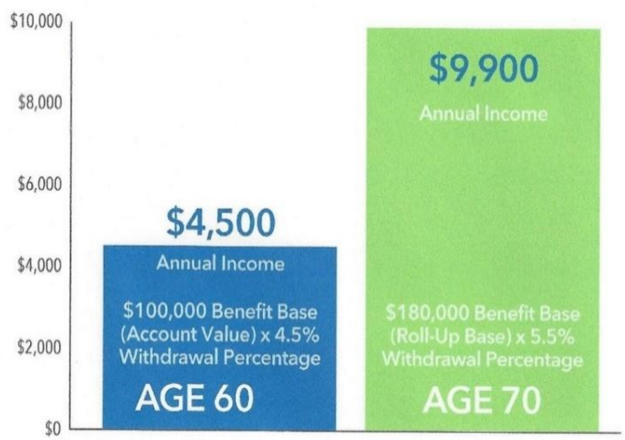
Lafayette Life Insurance Company
A member of Western & Southern Financial Group

GUARANTEED LIFETIME WITHDRAWAL BENEFIT | ANNUITIES

Product SOLUTIONS

Lafayette Life's Marquis SP single premium fixed indexed annuity creates the opportunity to do just that with the Lifetime Payout Amount (LPA) provided by its Guaranteed Lifetime Withdrawal Benefit (GLWB). This optional benefit is available at issue for an added annual cost of 0.95% (1.50% maximum with prior notice) of the benefit base. Here's how it can work:

Double Your LPA in a Decade by Delaying Withdrawals



EXAMPLE:

Individual Benefit

- Initial Premium: $100,000
- Issue Age: 60
- Index Years Before Withdrawal: 10
- Roll-Ups: 10 @ 8% (ages 61-70)

After 10 index years the annual LPA is more than double for payouts starting at age 70 and older. Example assumes no account value growth, no voluntary reductions and withdrawal of only the annual LPA after 10 index years.

For illustration purposes only.
See side 2 for terms and details.

If you could set aside money for retirement and know the annual income amount available from it would be 100% greater by delaying 10 full years to take it, would you do so? Talk to your financial representative for more information.

Continued >

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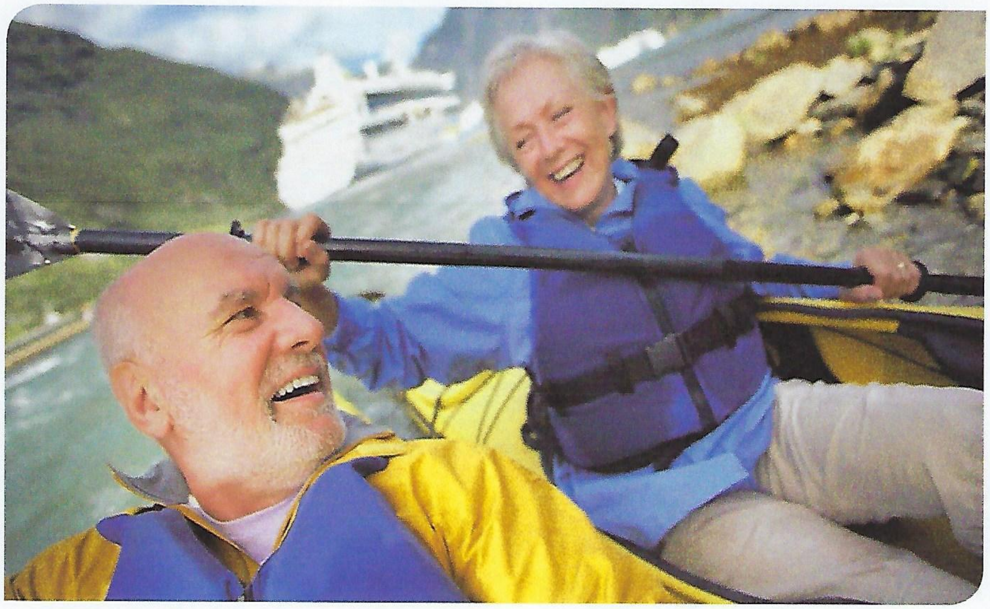


PROTECTION FOR THE PATH AHEAD (continued)

HOW DOES MY ROLL-UP BASE WORK?

A **roll-up base** is one factor used to determine your benefit base for the first 10 index years. Its initial value is your contract's account value on its sweep date. Annually then, after each of the first 10 index years — provided you take no voluntary reductions during that index year — a roll-up amount is added to your roll-up base. The roll-up amount is calculated as follows:

(Premium — Voluntary Reductions and Withdrawal Charges) x Roll-Up Percentage = Roll-Up Amount

Key Term: Roll-Up

An automatic, age-based increase to the roll-up base for each index year of the first 10 when you take no voluntary reductions. The roll-up base is used to calculate the benefit base.

Your roll-up percentage is based on your age (again, you being the sole covered person). For a spousal benefit, the roll-up percentage is based on the age of the younger covered person. The roll-up percentage varies with the (younger) covered person's age at the time the roll-up amount is added, as follows:

(Younger) Covered Person's Attained Age	Roll-Up Percentage
45-60	7%
61-74	8%
75-90	9%

For example, if your first five rollups come at ages 56 to 60 and your last five at ages 61 to 65, the first five will be 7% rollups and the last five will be 8% rollups.

In such a scenario, assuming a $100,000 premium and no voluntary reductions, the first five rollups to the roll-up base would be $7,000 each. The last five would be $8,000 each. After 10 years, the roll-up base, which began at $100,000, would be $175,000.

Keep in mind that, during those first 10 index years, for any index year that a voluntary reduction is taken, no roll-up amount is added. And any time a nonguaranteed voluntary reduction occurs over the life of the benefit, the roll-up base will be reduced by the **adjusted nonguaranteed voluntary reduction** amount (the ***adjusted*** amount being the greater of either a proportional or a dollar-for-dollar reduction; see Important Information for details).

MORE ABOUT THE ROLL-UP BASE

- Nonguaranteed withdrawals reduce future LPA withdrawals or may terminate the benefit (if they deplete your account value) and may incur withdrawal charges.
- Your roll-up base itself is not available for withdrawal and not payable as a death benefit.

WHAT DETERMINES MY WITHDRAWAL PERCENTAGE?

Your withdrawal percentage is based on your age (you being the sole covered person) at the time of your first withdrawal (or other voluntary reduction).

For a spousal benefit, the withdrawal percentage is based on the age of the ***younger*** covered person at that time.

Before age 60, there is no withdrawal percentage. At age 90 and older, the withdrawal percentage is 7.5%.

Otherwise, from ages 60 to 89, the withdrawal percentage varies with the (younger) covered person's age **at the first LPA withdrawal** (or other voluntary reduction), as follows:

[Covered Person's Age/10]% — 1.5%
= Withdrawal Percentage

Your withdrawal percentage locks in when you make your first voluntary reduction after your LPA eligibility date. (The lone exception would be if you declined an increase in the benefit's annual charge. More on that ahead.)

LATER IS GREATER

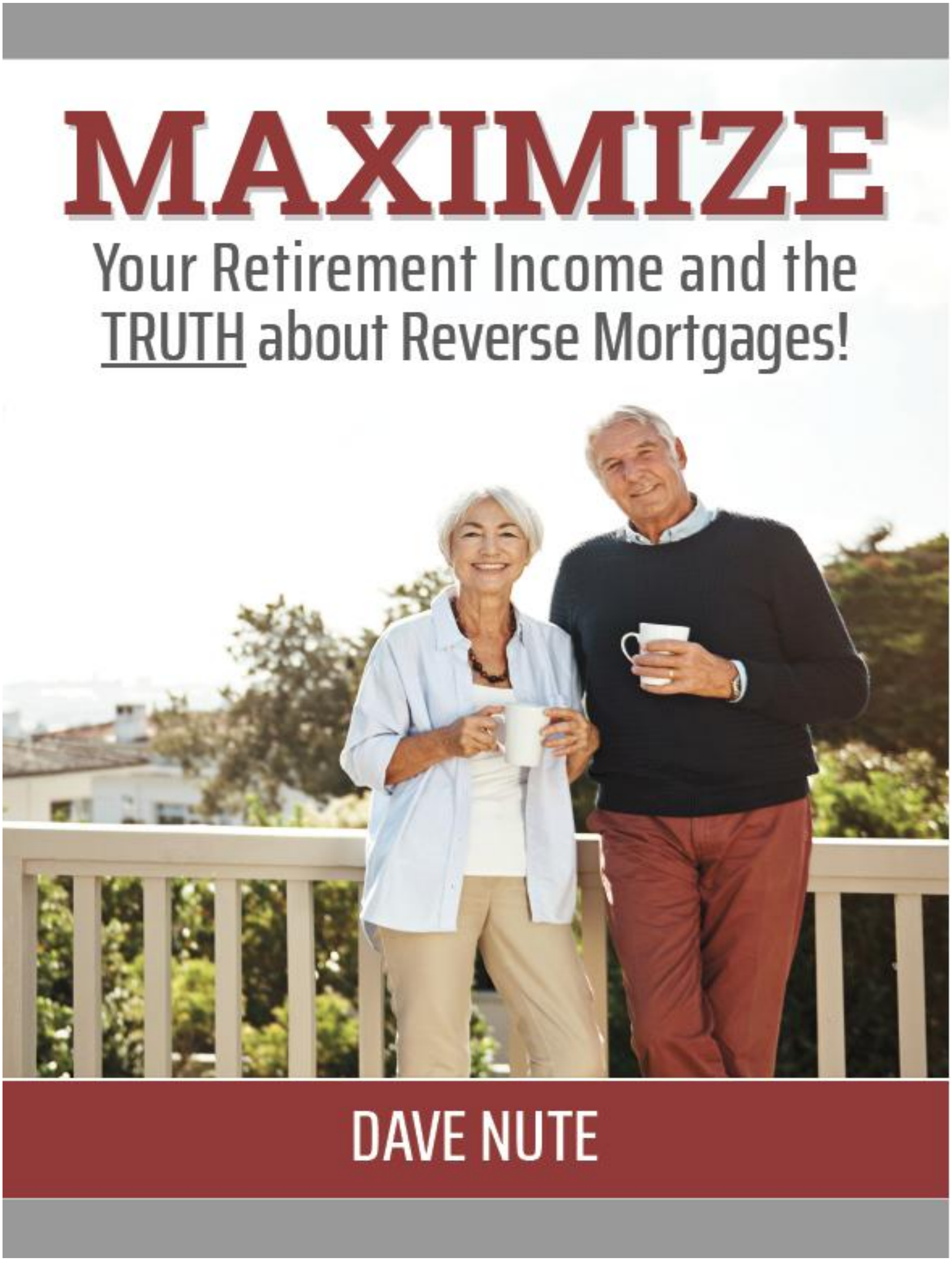
The withdrawal percentage increases with age (up to 90). While not the sole factor to weigh, it does merit consideration.

Covered Person's Age at First Withdrawal	Withdrawal Percentage
60	**4.5%**
61	4.6%
62	4.7%
63	4.8%
64	4.9%
65	**5.0%**
66	5.1%
67	5.2%
68	5.3%
69	5.4%
70	**5.5%**
71	5.6%
72	5.7%
73	5.8%
74	5.9%
75	**6.0%**
76	6.1%
77	6.2%
78	6.3%
79	6.4%
80	**6.5%**
81	6.6%
82	6.7%
83	6.8%
84	6.9%
85	**7.0%**
86	7.1%
87	7.2%
88	7.3%
89	7.4%
90+	**7.5%**

*Lifetime Monthly Retirement Income – Single Life**

Income Now ***<u>Age Now</u>***	***<u>$ 100k</u>***	***<u>$ 200k</u>***	***<u>$ 300k</u>***	***<u>$ 400k</u>***	***<u>$ 500k</u>***
Age 60 -	*$ 375*	*$ 750*	*$ 1,125*	*$ 1,500*	*$ 1,875*
65 -	*416*	*832*	*1,248*	*1,664*	*2,080*
70 -	*458*	*916*	*1,374*	*1,832*	*2,290*
75 -	*500*	*1,000*	*1,500*	*2,000*	*2,500*
80 -	*541*	*1,082*	*1,623*	*2,164*	*2,705*
Income in 5 years - ***<u>Age Now</u>***					
Age 60 -	*$ 579*	*$ 1,158*	*$ 1,737*	*$ 2,316*	*$ 2,895*
65 -	*641*	*1,282*	*1.923*	*2,564*	*3,205*
70 -	*705*	*1,410*	*2,115*	*2,820*	*3,525*
75 -	*785*	*1,570*	*2,355*	*3,140*	*3,925*
80 -	*845*	*1,690*	*2,535*	*3,380*	*4,225*
Income in 10 years - ***<u>Age Now</u>***					
Age 60 -	*$ 820*	*$ 1,640*	*$ 2,460*	*$ 3,280*	*$ 4,100*
65 -	*905*	*1,810*	*2,715*	*3,620*	*4,525*
70 -	*1,002*	*2,004*	*3,006*	*4,008*	*5,010*
75 -	*1,108*	*2,216*	*3,324*	*4,432*	*5,540*

***** <u>Joint Lifetime Income for a Married Couple</u> = same as above, except based on age of younger spouse, when income is started, less 10 %. Lafayette Life Marquis SP Fixed Indexed Annuity & Lifetime Inc Rider.***


MAXIMIZE
Your Retirement Income and the
TRUTH about Reverse Mortgages!
DAVE NUTE

Unlock Your Home Equity For Other Needs

Let's explore another solution . . . the Reverse Mortgage.

WHAT IF WE COULD ALSO <u>ELIMINATE</u> SAM & SALLY SAMPLE'S $ 1,500 MONTHLY MORTGAGE PAYMENT ?

*The **"Average Retiree"** . . .*

<u>HAS ALMOST HALF OF THEIR NET WORTH,</u>
<u>BURIED IN THE "DEAD EQUITY" OF THEIR HOME !</u>

And while all of us want the security of a solid roof over our heads and a comfortable place to live . . .

THIS "DEAD EQUITY" IS <u>NOT PROVIDING US A PENNY</u> WE CAN USE FOR OTHER CASH OR INCOME NEEDS !

Here's an interesting study Ameriprise Financial published.

*They found that **<u>47 %</u>** of **"Baby Boomers"** expect to use their homes' equity, to help them finance their retirement !*

For many of us, when we need more cash or income . . .

OUR HOME IS "WHERE OUR MONEY IS" !

*And our **"Dead Equity" . . .***

SITTING UNPRODUCTIVELY IN OUR HOME

<u>CAN BE VERY EXPENSIVE . . .</u>

CREATING "LOST OPPORTUNITIES" IN OTHER WAYS !

Facts About "Boomers" And Older Retirees

- *For the **"Average American"** over the age of 65 . . .*

  <u>THEIR HOME REPRESENTS 49.6 % OF THEIR TOTAL NET WORTH . . .</u>

  <u>AND IT'S RARELY PRODUCING ANY INCOME . . .</u>

  <u>IT'S "DEAD EQUITY" !</u>

- *The **"Average 65 Year Old"** will have their income **<u>DROP</u>** . . .*

  <u>28 % BY THE TIME THEY REACH 70 !</u>

  <u>35 % BY THE TIME THEY REACH AGE 75 !</u>

- ***<u>66 %</u>** of Baby Boomers don't think they'll have enough money to get through their retirement !*

- *For couples the age of 65 . . . 1 out of 4 will have at least one spouse live to the age of 97 . . .*

  <u>WE NEED TO PLAN AHEAD NOW TO PAY FOR THIS !</u>

- *For couples the age of 65 . . . 7 out of 10 will have at least one spouse need Long Term Care . . .*

  <u>WE NEED TO PLAN AHEAD NOW TO PAY FOR THIS !</u>

- *The National Council For Aging determined . . . of the 28 million American households the age of 62 and over . . .*

  <u>OVER 13 MILLION . . . OR 48 % OF US . . . ARE GOOD CANDIDATES FOR A REVERSE MORTGAGE LOAN !</u>

THE REVERSE MORTGAGE LOAN

HELPS US TO CREATE <u>MORE</u> OPTIONS !

ROBERT C. MERTON

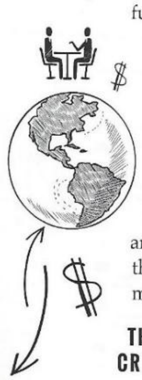
has been called a groundbreaking economist, an options guru and one of the finest minds in finance. For those in tune to the finance world, Merton is as high-profile as it gets.

A sought-after speaker on the investor circuit, Merton caught the attention of the crowd at an asset management conference in St. Louis last fall when he commented on the value of reverse mortgages. "Americans have wrongly steered clear of reverse mortgages," he said. "This is going to become one of the key means of funding retirement in the future."

Merton's advocacy of reverse mortgages coincides with support from other leading academics and financial experts. It just might signal the beginnings of a shift in public opinion. Certainly, support from someone as influential as Robert Merton is a tremendous boost for reverse mortgages, one that might help elevate the product in the financial community, in the press and in the public eye.

WHO IS ROBERT MERTON?

Robert Cox Merton is a longtime student of economics. He holds a B.S. in engineering mathematics from Columbia University, an M.S. in applied mathematics from the California Institute of Technology and a Ph.D. in economics from MIT, in addition to honorary degrees from 13 universities. (Merton's father, a prominent sociologist, was also a noted academic, known for pioneering the focus group and coining the terms "role model" and "self-fulfilling prophecy.")



In 1997, Merton was awarded the Nobel Prize in Economics for his work in developing a new method to determine the value of derivatives. His options-pricing method, the Black-Scholes model, has been labeled one of the most revolutionary concepts in modern finance.

Nowadays, Merton sits on the faculty at MIT's Sloan School of Management, serves as a professor emeritus at Harvard University, and is a resident scientist at global asset management firm Dimensional Fund Advisors. His current research includes a focus on lifecycle investing and retirement funding solutions, a topic that has led him to assess the benefits of home equity conversion. His work takes him around the world, where he speaks before groups of riveted followers and sometimes extols the reasons why reverse mortgages have such value.

THE GLOBAL RETIREMENT CRISIS

According to Merton, home equity conversion stands to play a key role in solving the retirement crisis—a problem that plagues countries around the world, not just the U.S.

The global financial crisis that exploded in 2007/2008 depleted savings for many and volatile markets prevented a significant rebound. Add to this a dramatic increase in the 65-plus population and increasing life expectancies around the world, and it's clear that the world economy is experiencing pressure like never before. Faced with an aging population, government benefits and pension plans in many countries are stifled as resources once earmarked for retirement funds are being funneled toward health care and other services to accommodate aging.

"The world is getting older," Merton says. "With our baby boomers in the U.S., we are an older society. China is aging even faster than the U.S., and Korea faster than China. Increasing demographics is putting pressure on funding."

This means that the traditional three-legged stool of retirement funding—government benefits, employer pensions and personal savings—is getting awfully wobbly. It appears that now, the responsibility to fund retirement has mostly shifted to the individual.

RETHINKING RETIREMENT

But the picture is not entirely bleak, as Merton points out. "There is good news, and I underscore, it is very good news: Future generations are going to live longer. This is great. But, as with many good things, there comes another challenge, which is simply how to fund those extra years."

If you live 10 years longer than your parents, but still want to retire around 65 as they did, you now have to save enough to support 20 years of retirement, Merton points out. "The only way you can do that is to save 33 percent of your income."

If saving more during your working years proves impossible, the alternative is to alter your lifestyle in retirement. »

GOING TO THE SOURCE

"The world is getting older. With our baby boomers in the U.S., we are an older society. China is aging even faster than the U.S., and Korea faster than China. Increasing demographics is putting pressure on funding."

"If you want to work the same number of years your parents did, fine, but you'll have to accept a lower standard of living," he says. "If you want to have the same standard of living as your parents, you can have 12 years of retirement—they only had 10—but you have to work 48 years, not 40."

Basically, Merton says it boils down to this: "You either have to work longer or accept a lower standard of living. What you can't do is work the same number of years as your parents, live longer and enjoy the same standard of living. That's not feasible."

FINDING A SOLUTION

For those who can't work longer or save more, Merton draws attention to another solution.

"There is one more thing we can do to try to address the challenge, and that is to take the assets people have and get more benefits from those assets. Now, I don't mean get higher returns; we're already trying to get the highest returns on our investments that we can for the level of risk, we can't just dial up the return... So how do we get more from the assets? Well, we use them differently and we develop tools that are efficient for doing that."

One specific asset that needs to be tapped, says Merton, is the house.

"There's no magic potion here. For working middle-class people, the biggest asset they have is not their retirement pension, it's their house. And it's typically the only major asset they have, but it is big. I'm talking about the house they want to live in in retirement."

Merton says we need to start thinking about the house differently, viewing it as an asset rather than treating it as part of our legacy.

"The house is like an annuity: It provides the housing you need for as many years as you need it," he says, adding that the idea of leaving the house as a bequest is flawed. "In our society, and even in Asian societies that are transforming from agrarian to industrial, the children don't move into the house. No matter how precious the house is, how sacred, in any culture, in the end when you don't need it anymore, it's going to get sold, and that makes it a financial asset. So it's an annuity while the retiree needs it, and then it becomes just a financial asset."

> **"The house is like an annuity: It provides the housing you need for as many years as you need it."**

OVERCOMING OBSTACLES

While Merton praises the concept of a reverse mortgage, he takes issue with the name itself, which he says has hindered the product's acceptance.

"I hate the name. First of all, it's misleading because saying it's a mortgage makes it sound like it's a loan. But with reverse mortgages, you don't pay anything as long as you stay in the house. So it's a very different animal. It also sounds like you're leveraging your house."

Merton points out that other countries with similar equity conversion programs have much better names. "In England they call it equity release, that's a little more neutral. I like the Korean name; they call it a home pension. It's more descriptive. The house itself provides you a pension, and the home pension allows you to take some of the value from the house to provide you additional pension. It doesn't say anything about a mortgage or imply that you may owe money."

Merton admits that confusion about the product is problematic, and says the HECM program as it currently stands may need some tweaking to help the product reach its full potential.

"We also have to educate people as to the proper use of them and in general make them much more efficient," he says.

"You hear some people say reverse mortgages are bad, but I think what they may mean is the way that they are currently being produced and sold, and the cost associated with them, is not a good example of the product," he says. "I think that's what they mean, but people hear it as, 'Reverse mortgages are not a good idea and we should ban them.' I say that a reverse mortgage is a good idea, but maybe we need to fix the design a bit. Let's fix it if we need to, but don't get rid of it."

Merton says making product improvements, which have already taken place with recent changes from HUD, is a large but feasible undertaking.

"It's going to require a lot of hard work and innovation, which we know how to do. It's a simple engineering problem," he says, adding that he doesn't believe a government-sponsored program is the right way to go.

"There's going to be a need to find wide-based funding sources, and I don't believe government is the answer. HECMs are about the only reverse mortgages out there, and it's a government plan, but government balance sheets just aren't big enough," he says. "We have to find very efficient ways to provide the funds for the reverse mortgages, but we can do it."

GLOBAL ACCEPTANCE

Merton predicts that home equity conversion—whether it's called a home pension, an equity release or a reverse mortgage—is going to be a crucial part of solving the retirement income problem.

"I believe it is going to be essential for a good retirement around the world. In Asia, they are paying a lot of attention to it, they are working on it. There is a lot of interest in developing it in many countries. Even in Colombia and Latin America, where they don't have a reverse mortgage, they are very interested in finding out about it."

"Sooner or later, to have a decent retirement, a number of people are going to have to tap into this. It's not a matter of choice. This is going to be an essential part of the foundation for funding retirement around the world."

This is something many of us need to consider early in our retirement. (A Borrower may qualify for a Reverse Mortgage at the age of 62.)

I understand this is not traditional thinking and I also understand this ***IS NOT*** *the best choice for some of you.*

But it makes perfect sense for many of us and in my opinion, it was necessary for Sam and Sally Sample to start this early, to have more of the income and savings they obviously needed later.

I've written another book called ***"MAXIMIZE Your Retirement Income and The TRUTH About HECM Reverse Mortgage Loans"****.*

It's a solid ***130 pages****, illustrating the federal HECM program and high quality ideas that will help many of us to preserve and enhance what we own.*

The HECM Reverse Mortgage is endorsed by many of the leading professors, economists and other Retirement Income Professionals. I've shared many of their studies and comments in my book.

In my opinion, my book is a ***MUST READ*** *for anyone who is serious and has concerns about their own future retirement income and also preserving their family's legacy the best they can.*

I've been helping our clients with Reverse Mortgages since ***2005****. I started doing this because I saw* ***THE NEED*** *for people like Sally and Sam Sample and hundreds of others.*

If you want a quote and more details, please call my office – 1-800-562-9514 - or go to my website at www.NorthwestReverseMortgage.com and order your FREE COPY of my book. It will be mailed promptly.

I also have excellent software that will illustrate the positive advantages we can create with this for the rest of your Retirement Income Planning.

The Reverse Mortgage is often like the "Extra Leg" under a chair or table . . . that helps us to withstand the HEAVIER financial challenges of retirement !

Dave's Comments About Long Term Care

__70 %__ of us will need Long Term Care during the rest of our lifetime and 1 out of 4 of us, will need Long Term Care for two years and more.

BUT ONLY __20 %__ OF US BELIEVE

WE'LL PERSONALLY NEED IT . . .

__AND THIS IS OUR FIRST PROBLEM !__

The challenge of planning ahead for Long Term Care is one of the most difficult and expensive unknown costs for each of us. My book will help us to understand the various planning choices we may have for Long Term Care.

There are different solutions for different situations and it's often wise to implement a __COMBINATION__ of these choices, working with what we have available, to help minimize the extra stress and costs for our family caregivers and help provide us with our most preferable and effective care.

*Many insurance agents, other financial planners and attorneys will typically only have one point of view and only one option to offer. All too often, they are **"peddling a product or a limited service"**.*

This may not be your personal __BEST CHOICE__. A knowledgeable professional can be a positive asset and provide extra value, to help you wade through the noise and distractions.

This book is a good place for both of us to start.

It will help us to introduce the work I do and share what I've learned over the past forty plus years, helping others to make life a little easier for their families and themselves, when life takes a turn and they need to pay for their Long Term Care assistance.

Yes, this eventually happens to about __70 %__ of us.

I invite you to feel free to call our office and we can set a time to discuss your questions, your situation and your solutions further.

Our Need For Long Term Care Assistance

I've been assisting my clients with Long Term Care planning since 1984 and I've been a part of many claims for this over three decades.

THIS IS A DIFFICULT SUBJECT FOR ALL OF US.

BUT IT'S IMPORTANT !

HERE ARE THE FACTS.

Ladies, if you are fortunate enough to live to the age of 65 . . . about ***79 %*** *of you will need some type of Long Term Care assistance, at some point during the rest of your lifetime !*

This is about eight out of ten or ***FOUR OUT OF EVERY FIVE WOMEN****.*

Men, if we live to the age of 65 . . . about ***58 %*** *of us will need Long Term Care . . . about* ***THREE OUT OF EVERY FIVE MEN****.*

On average, this is going to happen to about ***70 %*** *of us who have reached the age of 65 ! (****26 %*** *of us will need care for two years and more !)*

And for Couples, there's about a ***45 %*** *chance that* ***BOTH SPOUSES*** *will need long term care.*

Ladies, if you need care . . . you're going to need assistance for an average of about ***3.7 YEARS !***

Men, for those of us who need care . . . we'll need it for an average of about ***2.2 YEARS****.*

But speaking as a Financial Planner . . .

BE CAREFUL !

IT'S ALWAYS RISKY . . . TO PLAN AROUND THE "AVERAGES" !

WHAT IF YOU NEED MORE CARE THAN THE "AVERAGE" ?

Who Will Pay For Our Lack Of Planning ?

*So how are you going to pay for this ? Someone always pays a price for our Long Term Care needs and most of the time it's **OUR LOVED ONES**.*

*About **80 %** of us who need Long Term Care, will receive the care we need in our homes and this care is mostly provided by our family caregivers who rarely get paid for their efforts.*

*With extra planning, we can often protect other options for our families. As I stated earlier, about **70 %** of us will need some type of Long Term Care assistance during our lifetimes.*

I want to make a point.

Do you have homeowner's insurance ?

Do you have auto insurance ?

Most of us do. Here's my message.

*The probability of losing our home to a fire is only about **ONE OUT OF 1,200 !***

*And the chance of having a serious car accident is only about **ONE IN 240 !***

Of course these can be expensive claims and it's smart to have insurance for both !

*But Long Term Care is also **EXPENSIVE !***

*And yet **80 %** of us, on average, don't even believe this will happen to them . . . which is the **FIRST STEP** that motivates us to plan ahead !*

*In my book, **"Long Term Care Solutions !"**, pictured on page 45, I share other valuable ways, I can help my clients to prepare ahead for their Long Term Care needs. For your free copy, I invite you to call our office and order this – 1-800-562-9514.*

Long Term Care Solutions !

How Will You Pay For The Devastating Costs Of Long Term Care . . . That Will Ultimately Hurt Most Of Us At The Worst Time Of Our Lives ?

Dave Nute

RICP®, ChFC®, CLU®,

Retirement Income Certified Professional™

1-800-562-9514

The Fixed Annuity Long Term Care Solution !

*I have **TWO** companies who offer similar choices . . . and I'll illustrate this example called **"AnnuiCare"**.*

***"AnnuiCare 10"** is a **"Fixed Annuity"** and it pays us a guaranteed **"2.90 % Interest Rate"** (as of 7/13/2023).*

*Nothing fancy, but **2.90 %** is competitive today for conservative money.*

*Out of this, we take a **"Tax-Free Deduction"** to pay for a **"Long Term Care Rider"** that **TRIPLES** our annuity, if we need Long Term Care.*

*Let's use an example of **$ 100,000**. This is a common amount we might want to use for each spouse when we can afford it.*

*You can see at the bottom of page 47 . . . we can deposit as high as **$ 300,000** for each spouse . . . or a **MINIMUM** of **$ 36,500** . . .*

*or **$ 50,000** if you want to use your **IRA** to fund this.*

*A single premium of **$ 100,000** will create a **"Pot of Benefits"** of **$ 300,000** that will be available to you for your Long Term Care needs.*

So let me ask you a question.

*If you need Long Term Care, would you rather have the **$ 100,000** from what you have now . . .*

*or would you rather have **$ 300,000** of benefits available to you from that same **$ 100,000** ?*

*That's an **"Easy One"** . . . isn't it ?*

*Of this **$ 300,000**, we have **"Two Pots"** of money.*

*We have our **$ 100,000** of **"Premium"** and the **$ 200,000** created by the **"Long Term Care Rider"**.*

*To help minimize your premium costs for the **"Long Term Care Rider"**, you will **"Spend Down"** **<u>YOUR $ 100,000 FIRST</u>** (or your Accumulated Value with interest) for your Long Term Care costs . . .*

*over the **<u>FIRST TWO YEARS . . . OR LONGER</u>** if you don't need care every day.*

*And then the **<u>OTHER $ 200,000</u>** from the LTC Rider, will start after this and be paid out over the next **<u>FOUR YEARS . . .</u>***

***<u>OR LONGER</u>** if you don't need care every day . . . at the same daily benefit.*

*This includes care and **"Homemaker Services"** in your home, Assisted Living, Adult Day Care and Nursing Home, if and when you need it.*

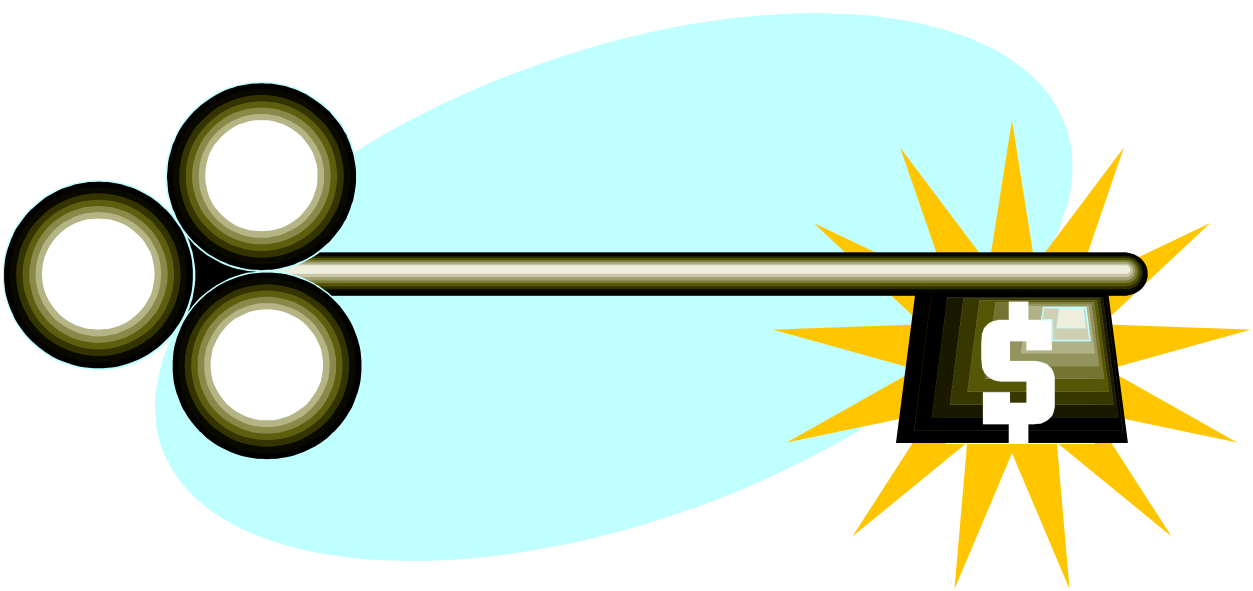
*It's like buying quality Long Term Care Insurance . . . with a **"Two Year Deductible"** and lower insurance costs !*

*This makes **<u>A LOT OF SENSE</u>** for many of us . . .*

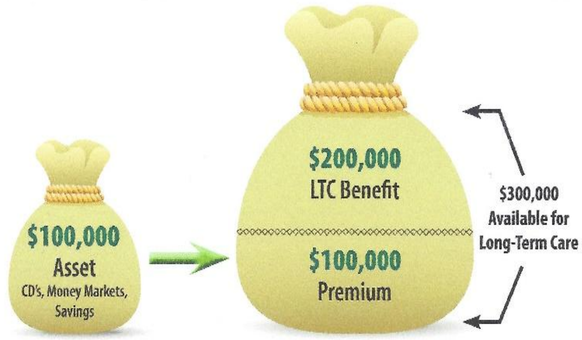
<u>ESPECIALLY THE 90 % OF US . . . WHO HAVE ALREADY ELECTED</u>

<u>TO "SELF-INSURE" OUR "LONG TERM CARE RISK" !</u>

<u>Pages 52 thru 55</u>** will fill in the details**.



AnnuiCare®
THE ORIGINAL ANNUITY COMBO PRODUCT



AnnuiCare® provides up to three (3) times the annuity Accumulation Value (AV) for qualified long-term care expenses.

GUARANTY INCOME LIFE INSURANCE COMPANY – *A leader in long-term care insurance since 1999!*

- Underwriting Experience
- High Issue Rates
- Policyowner Satisfaction
- Decision Usually Within Three Business Days of Interview
- Producer Satisfaction
- NO LTC RATE INCREASES

ANNUICARE® ALLOWS YOUR CLIENTS TO MAINTAIN:

- Home Ownership
- Choices and Options
- Financial Independence
- Lifestyle of the Healthy Spouse

THE ANNUICARE® ADVANTAGE

If the AnnuiCare® policy is not needed for LTC expenses, the Cash Value is available for surrender, or the full Accumulation Value will be paid to the Owner's beneficiary.

AnnuiCare®
AT A GLANCE

- **Minimum Amount:** $36,500 – Non-qualified funds
  $50,000 – Qualified funds*
- **Maximum Amount:** $300,000
- **Maximum Issue Age for AnnuiCare® 10, AnnuiCare® 8 and AnnuiCare® 6 –** Age 79
  (Funds must be received in our office prior to 80th birthday.)
- **Maximum Issue Age for AnnuiCare® 7, AnnuiCare® 5 and AnnuiCare® 4 –** Age 85
  (Funds must be received in our office prior to 86th birthday.)

**Minimum issue age > 59 1/2*

Reasons for Long-Term Care Protection

The average Long-Term Care expense in the United States in 2008 was over $68,000 per year.[1]

Long-Term Care Protection Can Help You:

- *Maintain your choices and options.*
- *Avoid the possibility of depleting your life savings.*

AnnuiCare® Advantages

AnnuiCare® is a guaranteed tax-deferred annuity that also provides Tax Qualified Long-Term Care coverage. The Long-Term Care coverage is equal to three times the value of your annuity at a fraction of the cost[1] of traditional Long-Term Care insurance. The Long-Term Care premiums are conveniently paid from the annuity's value so there are no large, out-of-pocket premiums.

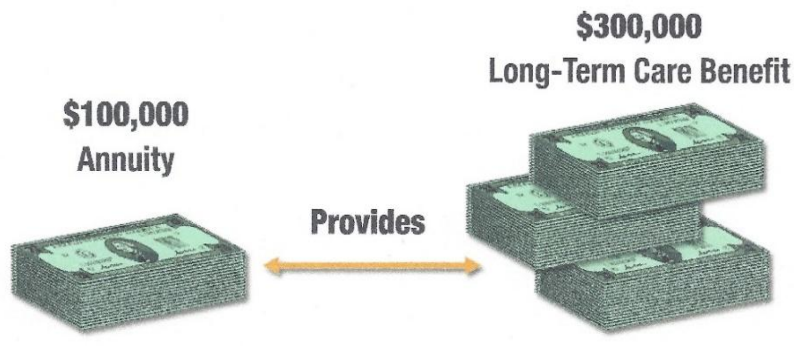
- **MONEY BACK** - *AnnuiCare® provides Long-Term Care benefits if you need them, or your annuity value, including net interest, if you don't.*
- **SAFETY** - *Your AnnuiCare® value is free from market risk.*
- **LIQUIDITY** - *Your annuity interest can be accessed easily with no withdrawal charges.*
- **LONG-TERM CARE BENEFIT** - *AnnuiCare® will reimburse up to three times your annuity value for Long-Term Care benefits for six years or longer.*
- **WAITING PERIOD** - *Claims may be filed beginning day one, and benefits may begin as soon as the 90-day Deductible Period is met.*
- **TAX-DEFERRED GROWTH** - *Interest earned in your annuity accumulates tax deferred.*
- **PRE-EXISTING CONDITIONS ARE COVERED** - *We will not deny benefits for pre-existing conditions.*
- **DEATH BENEFIT** - *The full value of your annuity will be paid directly to your beneficiaries, bypassing probate.[2]*

WITHDRAWALS FOR LONG-TERM CARE PREMIUMS AND BENEFITS ARE TAX FREE.[2]

The AnnuiCare® Concept

Combines the safety and tax advantages of an annuity with the benefits of Long-Term Care insurance. AnnuiCare® provides three times the annuity value for Tax Qualified Long-Term Care expenses.

3 FOR 1 LONG-TERM CARE BENEFITS WITH NO OUT-OF-POCKET PREMIUMS



How AnnuiCare® Works

1. You establish a guaranteed tax-deferred annuity.
2. A portion of your annuity value is used to pay for the Long-Term Care rider.
   There are no out-of-pocket premiums.
3. Benefits begin after a 90-day Deductible Period if you are certified by a Licensed Health Care Practitioner as:
   - ✓ *Being unable to perform two of the six Activities of Daily Living: bathing, continence, dressing, eating, toileting and transferring;* ***or***
   - ✓ *Having a cognitive impairment requiring substantial supervision, such as Alzheimer's Disease.*
4. Your Long-Term Care expenses will be reimbursed up to the Daily Maximum benefit. These reimbursements will be paid from your annuity value, penalty free, for at least the first two years. Thereafter, for no less than four years, benefits will be reimbursed from the AnnuiCare® rider, providing six years or more of Long-Term Care benefits.
5. Your AnnuiCare® policy will reimburse Long-Term Care expenses up to 100% of your Daily Maximum benefit for:
   - ✓ *Home Health Care*[3]
   - ✓ *Nursing Home Care*
   - ✓ *Homemaker Services*
   - ✓ *Assisted Living Facility Care*
   - ✓ *Personal Care Services*
   - ✓ *Hospice Services*
   - ✓ *Alternative Care Services*
   - ✓ *Respite Care*
   - ✓ *Adult Day Care (50% of Daily Maximum)*

THE LONG-TERM CARE BENEFIT IS DETERMINED BY YOUR ANNUITY VALUE.

The daily average cost of care in your area should determine the annuity amount you choose.

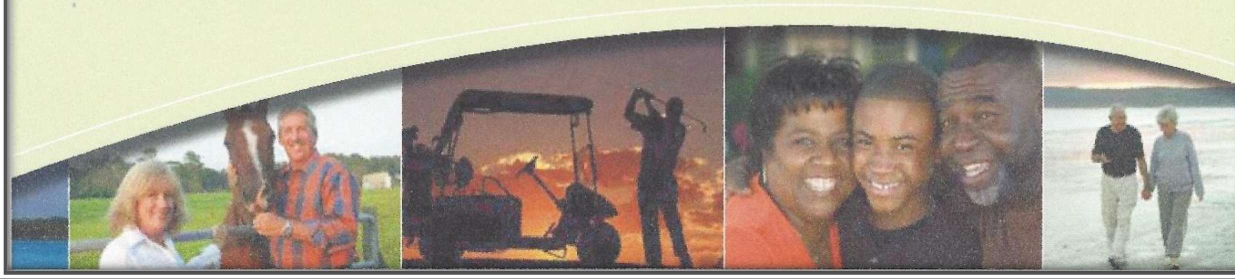
Initial Annuity Value	Total Long-Term Care Benefit	Daily Maximum Benefit
$50,000	$150,000	$68.49
$100,000	$300,000	$136.99
$150,000	$450,000	$205.48

AS YOUR ANNUITY VALUE GROWS, YOUR LONG-TERM CARE BENEFIT ALSO GROWS.

Below is an example of a 65 year old who purchases a $100,000 AnnuiCare® plan. The chart illustrates how the annuity value will grow based on the net interest credited. As the annuity value grows, the Daily Maximum benefit grows at the same rate. This helps you meet the rising cost of Long-Term Care expenses.

End of Contract Year	Annuity Value[4]	Daily Maximum Benefit
1	$102,113	$139.88
5	$110,680	$151.62
10	$122,408	$167.68
20	$149,721	$205.10

[1] *U.S. Department of Health and Human Services – National Clearinghouse for Long-Term Care Information – www.longtermcare.gov.*
[2] *Effective 1/1/2010, all benefit payments are tax free, and LTC premiums are paid with pre-tax dollars from your annuity. The premiums will reduce your cost basis which may result in additional taxes if you surrender your AnnuiCare® policy. GILICO does not give tax advice. Please consult your tax advisor for additional information.*
[3] *Includes Adult Foster Care in Oregon.*
[4] *This illustration assumes no withdrawals or additions, an interest rate of 3%, and current long-term care monthly premium deductions.*



What happens to my annuity if I never need Long-Term Care benefits?

Your annuity will continue to earn tax-deferred interest. You may choose to receive your annuity value in a lump sum, periodic payments including a lifetime income, or it will be paid to your beneficiaries. **The Annuity Value will pass on to the beneficiaries as a death benefit, if not needed.**

How is AnnuiCare® different from other Long-Term Care insurance?

AnnuiCare® combines the savings feature of a tax-deferred annuity with the protection of a traditional Long-Term Care policy. The dollars you put aside for Long-Term Care are spent only if you need them, but not lost if you never use them.

Does AnnuiCare® pay for the same Long-Term Care services as a traditional Long-Term Care policy?

Yes, it does! AnnuiCare® is Tax Qualified Long-Term Care insurance.

How does the cost of AnnuiCare®'s LTC riders compare to traditional LTC insurance plans?

The LTC premiums deducted from your annuity are generally about one-third of the out-of-pocket premium you would pay for a traditional plan with substantially similar benefits. This savings is available to you because your annuity value is used first for LTC benefits. *(Cost estimate is based on examples by age provided at U.S. Department of Health and Human Services - National Clearinghouse for Long-Term Care Information - www.longtermcare.gov.)*

How do I qualify for AnnuiCare®?

AnnuiCare® has a simplified underwriting process. After completing the application, ages 69 and younger will have a telephone interview with a registered nurse. If you are age 70 or older, the interview will be conducted in person at your convenience. No physical exam or lab work is needed. Underwriting is usually completed within three business days of your interview.

Can I buy AnnuiCare® with qualified money?

You can buy AnnuiCare® with a qualified account such as an IRA. The qualified account is transferred into AnnuiCare®. Then over a five year period, the funds are distributed into the non-qualified annuity portion of the AnnuiCare® policy. You will receive a 1099 and will be taxed on the portion that is transferred each year, allowing you to spread the income tax over a five year period.

How does the Pension Protection Act of 2006 affect AnnuiCare®?

Effective January 1, 2010, annuity value withdrawn to pay Tax Qualified Long-Term Care premiums is not taxed. All AnnuiCare® policies receive this tax benefit.
That means: **Tax Free Premiums and Tax Free Long-Term Care Benefits.**

How do I qualify to receive Long-Term Care benefits from my AnnuiCare® policy?

If you are unable to perform at least two of six Activities of Daily Living or have cognitive impairment requiring substantial supervision, you will qualify to receive benefits after a one time 90-day Deductible Period. **AnnuiCare® has no waiting periods.**

How long must the policy be in force before Long-Term Care benefits can be accessed?

AnnuiCare® is unique because it has no long waiting periods. **Claims may be filed beginning day one, and benefits may begin as soon as the 90-day Deductible Period is met.**

Be sure to ask your agent for a personalized AnnuiCare® illustration.

GUARANTY
Income Life Insurance Company

929 Government Street
Baton Rouge, LA 70802
800.535.8110 / 225.383.0355
Fax: 225.343.1747
e-mail: sales@gilico.com
www.gilico.com

Create New <u>TAX-FREE</u> Advantages !

Shirley was a 76 year-young widow when we did this.

.

She owned a tax-deferred annuity her husband had purchased about 15 years ago and it had grown to $ 180,000 . . . and about half of this, or $ 90,000, was tax-deferred interest that will be taxable when it's withdrawn.

She shared with me that she did not own any other Long Term Care Insurance and her potential LTC needs and costs were a concern for her.

*During our Lifetime Income Assessment, I showed Shirley how she could do a **"Section 1035 Tax-Free Exchange"** and transfer her older tax-deferred annuity, tax-and cost-free to AnnuiCare®. (Yes, there were some health questions and medical/financial underwriting for her to qualify.)*

AnnuiCare® offered Shirley two additional valuable advantages.

*First, as you saw in previous pages, **<u>for every dollar Shirley owned in her AnnuiCare® policy, it would pay up to THREE DOLLARS in Long Term Care Benefits, if and when she needed Long Term Care services in her home, assisted living, a nursing home, or other LTC.</u>***

*So with the $ 180,000 we transferred from her original policy tax-free, **<u>Shirley will increase her Long Term Care Benefits to $ 540,000 with Annuicare® !</u>** (This grows as her policy earns daily guaranteed interest.)*

*The second advantage, are the **<u>NEW TAX BENEFITS</u>** she will create. AnnuiCare® qualified under the Federal Pension Protection Act of 2006 that became effective on January 1, 2010.*

Under this federal tax law . . .

ANY ANNUITY VALUE WITHDRAWN TO PAY TAX-QUALIFIED LONG TERM CARE PREMIUMS <u>IS NOT TAXED !</u>

FURTHER, ANY BENEFITS PAID FROM THIS QUALIFIED POLICY TO PAY LONG TERM CARE EXPENSES FOR THE POLICYOWNER, <u>WILL ALSO NOT BE TAXED !</u>

*This also includes any of Shirley's original $ 90,000 of tax-deferred interest in her original policy. When this was included in her original annuity, her tax-deferred interest was **NOT COVERED** under this newer federal law and it would have been taxable income when it's withdrawn.*

*When we repositioned this - TAX-FREE - to AnnuiCare®, any Long Term Care benefits paid for Shirley's care, will be **INCOME TAX-FREE** because Annuicare® **DOES QUALIFY** under this federal tax law.*

***QUESTION:* Do you own any older "Non-Qualified" tax-deferred annuities that could offer you this opportunity, to create additional tax and LTC benefits like we did for Shirley ?**

*(**"Non-Qualified"** means the annuity is not held in an IRA or 403b.)*

*How would this work if your annuity is **"Qualified"** . . . or held in an IRA, 403b, or other retirement account ?*

This is answered on page 55, at the top of the right column. Yes, we can own our Annuicare® annuity in an IRA. We can transfer cash from any of our IRA(s), 403b(s) or other retirement accounts, with an IRA Transfer or Direct Rollover, from the original custodian to the new custodian.

So if this money is invested in securities, we sell what we want, convert the proceeds to cash inside the account and then transfer this directly to a new IRA at the insurance company and fund this with an Annuicare® policy.

*Nothing is taxable at the time of this transfer. However, the insurance company will distribute 20 % of the total Accumulated Value at the end of each of the next five years to a second Annuicare® policy, which is **"Non-Qualified"**. Each of these 20 % distributions will be taxable when they occur.*

If you are required to take Required Minimum Distributions for any of these years, your distribution will count towards your RMD requirement.

*I suggest this can be a big part of what we need to plan ahead for our Long Term Care needs. **I have many clients who have used this together with a Reverse Mortgage, which also offers us a TAX-FREE benefit of more cash or income.***

More and more, planning ahead for our future Long Term Care is less and less about ***"Planning for the Nursing Home"*** *! Of all insurance claims, about* ***HALF*** *are for home care. About* ***19 %*** *are for assisted living and only* ***31 %*** *ever get to a nursing home.*

I understand there is not one of us who wants to think a lot about this, especially when we are younger and healthy ! And studies have shown us that only about ***20 %*** *of us, even believe we'll need Long Term Care ! (It's always someone else, isn't it ?)*

Because you are now reading this book, I'm going to assume you are more aware of this problem and this higher awareness creates more concern and motivation to plan ahead !

PLANNING AHEAD FOR LONG TERM CARE

HELPS US RETAIN OUR "INDEPENDENCE".

IT HELPS US TO RETAIN OUR "DIGNITY".

AND IT HELPS TO PROVIDE THE CARE WE'LL

NEED IN THE MOST PREFERABLE SETTING !

LONG TERM CARE PLANNING

WILL HELP MANY OF US

TO STAY OUT OF THE NURSING HOMES

THAT NONE OF US WANT TO EVER NEED !

On page 59, I've written another book called ***"Owning and Inheriting IRA(s) and Other Retirement Accounts"****. The tax laws are demanding but they also offer additional opportunities to help us lower taxes and help us to increase tax advantaged growth. I invite you to call our office, to get your FREE COPY.*

Owning and Inheriting IRA(s) and Other Retirement Accounts !

What Owners and Beneficiaries Need To Know ***<u>BEFORE</u>*** *Either Makes Expensive Mistakes !*

Dave Nute RICP®, ChFC®, CLU®

Retirement Income Certified Professional™

Registered Investment Advisor

I am responsible for this book . . . but I credit much of our content to Ed Slott and his company. The Wall Street Journal has named Ed Slott . . .

<u>AS THE "BEST SOURCE" . . . FOR "IRA ADVICE" !</u>

Ed is a past Chairman of the Estate Planning Committee for the New York State Society of CPAs. And he's a long-time Editor of the IRA Planning Section of the CPA Journal.

I've attended his workshops and I've read and learned from his books, daily emails and articles for more than 20 years. In 2018, I qualified to be a member of his **<u>Elite IRA Advisor Group</u>**SM**<u>.</u>**

To get in this group, I had to pass a series of seven challenging exams. I had to pass their audit of my licensing and other business history. There are about 400 members across the country, including CPAs and attorneys.

As I write this in February 2020, I've invested a lot of my time since 1990, to understand this subject and the related concerns and opportunities my clients share.

<u>Frankly, the more I learn, the more concerned I become, that MOST Owners and their Beneficiaries, WILL NOT understand what is needed . . . to avoid expensive tax and financial mistakes with their IRAs and other retirement accounts.</u>

I do not intend any disrespect to anyone . . . but a very high majority of Owners and their Beneficiaries will make expensive and irreversible mistakes with these accounts.

<u>Only a small MINORITY of Owners and Beneficiaries will be able to avoid most of these mistakes and go on to create the ADDITIONAL WEALTH for their loved ones, that these tax-advantaged accounts can potentially offer them.</u>

If any of this is important to you and yours, I encourage you to learn as much as you can about this. I sincerely believe this book will get you started in the right direction. ***<u>I believe it will help you to recognize many of the expensive mistakes to avoid, as well as learn the more profitable opportunities you can create !</u>***

At the same time, I sincerely believe THIS IS NOT a do-it-yourself project, especially, if you have been successful in accumulating a larger amount !

In order to avoid all of the probable mistakes for many of us and further take advantage of the tax and investment opportunities . . .

NOT ONLY DO WE NEED TO LEARN AND AVOID MISTAKES . . .

BUT WE ALSO NEED TO INSURE OUR SURVIVING SPOUSES . . .

AND OTHER NON-SPOUSE BENEFICIARIES . . .

WILL ALSO NEED ACCESS TO THE REQUIRED DETAILS AND DO THEIR OWN HOMEWORK, TO AVOID THEIR OWN MISTAKES LATER.

The odds are against this without ongoing professional help are high, aren't they ?

If this is important to you and yours, please invest the time to read and understand this book. Write down your questions and when you're ready, let's schedule a time to answer your questions and help you and your loved ones to avoid the many hidden and destructive tax landmines ahead of you, that will likely ***E-X-P-L-O-D-E*** *without a knowledgeable guide.*

How Do You Want To Be Remembered ?

Do you remember the 1986 World Series, a baseball classic between the Boston Red Sox and the New York Mets ?

What do you remember about Bill Buckner, Boston's first baseman at that time ? Mr. Buckner had a very successful major league career over 22 seasons. At the time, only 25 players in the history of baseball played in more games than he did.

He had over 2,700 hits in his career, he won the batting title in 1980 and was in the All Star game the next season. He had more hits than 70 % of the players in the Baseball Hall of Fame, including superstars Mickey Mantle, Reggie Jackson, Ernie Banks, Johnny Bench and even the legendary Ted Williams ! Bill Buckner also had 500 more hits than Joe DiMaggio !

Bill Buckner was also an exceptional fielder over his 22 years. The season before, in 1985, he set the Major League record for assists by a first baseman. His record stood for almost 25 years !

Unfortunately, Bill Buckner made one glaring and ill-timed mistake, *in the bottom of the tenth inning, of the sixth game, of this 1986 World Series. The Boston Red Sox had taken the lead with two runs in the top of the tenth inning and if they won the game, they would win the 1986 World Series !*

In the bottom of the tenth inning, the New York Mets came back with three singles and tied the game after a wild pitch. Mookie Wilson fouled off several pitches before hitting a slow roller to Buckner at first base. Aware of Wilson's speed, Buckner rushed the play. As a result, the ball rolled to the left side of his glove, through his legs and into right field ! Mookie Wilson was safe on first base !

Had Buckner put out Wilson, the game would have continued to the 11th inning. But the error also allowed Ray Knight to score the winning run from 2nd base. The New York Mets also went on win Game 7, to win the 1986 World Series !

Bill Buckner came back to play for Boston in 1987 but in the minds of Boston fans, he became the scapegoat of the Red Sox. He was heckled and booed by his home fans and even received death threats. The media was merciless and he was released mid-season on July 23, 1987.

Bill Buckner was one of the greatest players in the history of baseball. But he is largely remembered as the player who blew Boston's World Series !

We see many IRA Owners who have lived a very successful life and created a large amount in their IRA(s) and other retirement accounts. And yet all-too-many will blow the game in their later innings ! (You can learn how to avoid this in the rest of my book.)

Before we continue in other directions, let's explore another example about this.

Are you a mountain climber or do you know someone who has done this ?

*My son-in-law loves the outdoors and he has climbed Mount Adams. I asked him a question about what was more important to him. **<u>Was it more important for him to climb to the top . . . or was it more important for him to get back down safely ?</u>***

He thought about this for a moment. It was important to him and he was proud he had reached the top. But he also knew, of the two choices, it was more important to get down safely and get on with his life, reach his other goals and climb other mountains.

<u>It takes different skills to climb down the mountain than to climb up the mountain.</u> *It's often harder and even more dangerous to get down. Our own weight and gravity, combined with loose rocks, etc., will often make this riskier and more challenging.*

And this is also true about our career years and retirement, as we climb down our personal financial mountain, keeping what we have accumulated over the years and minimizing the tax traps and investment risks, the risk of bad advice or outright fraud.

We have new risks and challenges of insuring our own lifetime needs and then we also want to preserve, distribute and enhance what we have left for our loved ones.

I have many clients who were brilliant in their careers ! But as they get older and have accumulated a sizeable amount, there are new challenges. There are now new government programs, new tax rules and other new retirement challenges to deal with. For many, graduating to retirement is like learning a foreign language and way of life !

The questions and the un-ending new rules are more complex than in earlier and simpler times ! One mistake can be very expensive . . . especially when we are climbing down the mountain (i.e. spending and distributing what we accumulated earlier) !

After we die, our loved ones are often left to figure out, sort out and clean up what we leave behind. And here's the problem . . .

<u>THEY DON'T KNOW WHAT THEY DON'T KNOW !</u>

It's my goal, that this book will help both Owners and Beneficiaries to learn the important questions they'll need to ask, to help them make their best decisions and to avoid the expensive and irreversible decisions ahead of them.

We also need to understand when we need to hire a guide, someone who has gone down the mountain many times before and knows where to find the best answers.

HOW DO YOU WANT TO BE REMEMBERED ?

The Financial Planning Process

The following pages will explain and illustrate, how we will mutually, identify what, if anything, we may want or need to do.

We need to identify what is important to you, your beneficiaries, income, expenses, assets and liabilities.

<u>I emphasize that accuracy is important. Any discrepancies will compound and magnify the actual differences over future decades.</u>

Some of the biggest errors I often see, are what we put down for our ***<u>expenses</u>****.*

For many of us, it's not always a priority to monitor our expenses exactly and if we want something unplanned, we'll often spend the money for a variety of reasons and not think twice about it.

I'll give an example, of why it's important to be as accurate as we can, when we are making our long-term, lifetime projections and plans.

If we understate our expenses by \$ 10,000 a year, for 20 years, at a compounded rate of 4 % annually, our projections will be short ***<u>\$ 297,780 !</u>***

One way to estimate our expenses, is to take our total income and then add or subtract any amount we took from, or added to savings, and do this over two or three years and adjust for any unusual large amounts.

Another way is to go thru the checkbooks and credit card statements for two or three years and add up all of the expenses.

If you further segregate each of your expense categories, we'll be better able to forecast any inflation adjustments more precisely. A little extra work as we go thru this process, will often help us to make our best long-term decisions and minimize surprises later.

On pages 65 thru 68, is sample worksheet I use.

Seminar ______________ *1st* __________ *2nd* __________ *3rd* __________ *4th* __________ *5th* __________

Retirement Analyzer Organizer

	Individual 1	***Individual 2***	***Notes***
Name			
Birthdate			
Veteran (Y/N)			
Branch			
Street Address			
City, Zip			
Mailing Address			
City, Zip			
Phone 1			
Phone 2			
Email			
Employer			
Occupation			
Gross Salary			
Retirement Date			

Tax Filing Status ____ ***Date of Marriage*** ________ ***Marital Status:*** *Single Married Divorced Widow(er)*

Financial Concerns and Goals

____

____

____

Reserve Amount Minimum *(Minimum Savings always) $__________________*

Savings and Investments – Non-Retirement Accounts

Owner	Custodian	Account Type	Tax Status	Current Balance	Maturity Date	Spendable or Protected	Notes

IRAs and Other Retirement Accounts

Owner	Custodian	Account Type	Tax Status	Current Balance	Maturity Date	Spendable or Protected	Notes

Real Estate *Residence (Own or Rent) __________*

Creditor-Mortgage	Mortgage Balance	Expected Payoff Date	Monthly Mortgage Payment	Monthly Homeowners Insurance	Monthly Property Taxes	Other Liens or Mortgages	Notes

Other Assets

____

____

Pension Benefits

Owner	Start Date	Lifetime or End Age	Gross Monthly Benefit	Projected COLA	Percentage To Survivor	Notes

Social Security Benefits

Owner	Strategy	Start Date	Life or End Age	(Before Part B) Gross Monthly Benefit	Projected COLA	Notes

Other Income

Owner	Source	Start Date	Life or End Age	Monthly Income	Notes

Family and Beneficiaries

Name	Relationship	Date of Birth	Notes

Pension Benefits

Owner	Start Date	Lifetime or End Age	Gross Monthly Benefit	Projected COLA	Percentage To Survivor	Notes

Social Security Benefits

Owner	Strategy	Start Date	Life or End Age	(Before Part B) Gross Monthly Benefit	Projected COLA	Notes

Other Income

Owner	Source	Start Date	Life or End Age	Monthly Income	Notes

Family and Beneficiaries

Name	Relationship	Date of Birth	Notes

How Much Financial Risk Can You Tolerate ?

As I write this in early April of 2020, we are several weeks into the COVID-19 virus pandemic. It's now been over 15 years, since the most recent market crash in 2008. And it's now been over 14 years, when we've enjoyed record, continuous, market increases for our investments.

All-too-many investors have become over-confident with this long period of investment gains. Many have forgotten the gut-wrenching anxiety, mental torture and sleepless nights, a volatile investment market creates.

We share a lot of serious unknowns today, when just a few weeks ago we didn't give the problems of this pandemic a second thought. Now we are concerned about our personal risks of getting the COVID-19 virus, we are concerned about the financial losses to our wages and business income. We are concerned with the catastrophic spending from all levels of government and how much longer all of this will last . . . etc., etc.

The recent stock and bond markets have reacted violently ! Equities have set new levels of rapid record losses - and daily and weekly gains. Bonds are now at historic low yields and many bondholders ***will be destroyed*** *when rates increase, if they aren't more careful.*

Many investors now own more investment risk than they are comfortable with . . . especially those who rely on their investments for their income.

This is why I emphasize the importance of our ***"Financial Pyramid'*** *we looked at earlier. Most of my clients enjoy an income that takes care of their needs, so they don't react to the negative investment markets as much.*

The following five pages, illustrate a ***"Risk Tolerance Questionaire"*** *I have confidence in. We'll use this to help us identify what levels of risk you are mentally and emotionally comfortable with, your needs for liquidity and your investment time horizon (when will you need to spend this money ?).*

There are no "Right" or "Wrong" answers*. Our purpose is to help us define what portfolio risk you can commit to and stay with in the years ahead, so you will minimize your emotional reactions to future volatile markets.*

ASSETMARK.

Risk Tolerance Questionnaire

CREATIVE
Retirement Planning, Inc.

Define and prioritize your goals, establish your investment time horizon and understand your ability to accept risk and loss

INVESTING
EVOLVED

PART 1: TELL US ABOUT YOUR INVESTMENT GOALS

1. Which of the following best describes your primary investment goal?

a. ☐ My goal is preserving the real (inflation-protected) value of my investment. I am not concerned with out-performing the market.

b. ☐ My goal is generating current income. I am not concerned with growing the value of my investment.

c. ☐ My goal is a combination of generating current income and growing the value of my investment.

d. ☐ My goal is growing the value of my investment, and I am willing to tolerate sizeable losses in some years.

2. What is the time horizon for your investment?

a. ☐ 1 – 3 years: These investments need to remain very liquid.

b. ☐ 3 – 5 years: I can only tolerate a small amount of volatility.

c. ☐ 5 – 10 years: I can tolerate a moderate amount of volatility.

d. ☐ Over 10 years: These assets are invested for the long term and I can tolerate short-term fluctuations in value.

3. The assets considered for investment are what percentage of your total investable assets?

a. ☐ More than 75%

b. ☐ 50% – 75%

c. ☐ 25% – 50%

d. ☐ Less than 25%

For financial advisor use with clients.

PART 1: TELL US ABOUT YOUR INVESTMENT GOALS

4. Please choose the phrase that best describes the degree to which you will rely on these assets.

a. ☐ These investments are critical to my current and future financial well being; I have few other assets or sources of current and future income.

b. ☐ While these assets are a significant portion of my wealth, I have other assets and additional sources of current and future income.

c. ☐ While these investments are an important portion of my wealth, I have considerable additional assets and other significant sources of current and future income.

d. ☐ This investment is fairly small in relation to my overall wealth and my other sources of current and future income.

5. How likely is it that you will need to withdraw a significant portion of these assets prior to your planned time horizon to pay for a home, education or for some other purpose?

a. ☐ I will definitely be withdrawing assets.

b. ☐ There is a strong chance.

c. ☐ It is possible, but not likely.

d. ☐ There is little to no chance.

6. If you do expect to withdraw a significant portion of your account, when is it likely to be?

a. ☐ Immediately or very soon.

b. ☐ Within 5 years.

c. ☐ Within 5 – 10 years.

d. ☐ More than 10 years from now.

7. Assume your investment time horizon is more than ten years. During the second year of investment, your portfolio declines to less than its initial value. Where would you place your reaction along the following scale?

a ☐ Extremely concerned	b ☐ Very concerned	c ☐ Somewhat concerned	d ☐ Concerned	e ☐ Not very concerned	f ☐ Not concerned

I never want to see the value of my investments decline.

I would be disappointed by this kind of loss, but I need a balanced, diversified portfolio to reach my long-term goals.

I don't pay any attention to short-term fluctuations in market value because I am investing for growth and I will not need my money until the end of my investment time horizon.

PART 1: TELL US ABOUT YOUR INVESTMENT GOALS

8. Below are the ranges of returns for rolling 12-month and 36-month periods for six hypothetical portfolios in which $100,000 was invested.* Each bar displays the highest and lowest returns for the time period it represents. Considering the range of returns and the downside risk associated with each portfolio, which do you feel would be the most appropriate for you?

a. ☐ b. ☐ c. ☐ d. ☐ e. ☐ f. ☐

*The returns are rolling 12-month and 36-month averages from January 1, 1990 through December 31, 2017 for six hypothetical multi-asset class portfolios along the risk-return spectrum ranging from conservative to maximum growth. These returns do not reflect the performance of actual investment accounts, and are presented for illustrative purposes only. Past performance is not indicative of future results.

9. If you made a long-term investment of $100,000, how much loss in a single year would you withstand before selling?

a. ☐ 5%, or $5,000 on a $100,000 investment

b. ☐ 10%, or $10,000 on a $100,000 investment

c. ☐ 20%, or $20,000 on a $100,000 investment

d. ☐ I would not sell my investments based on a single-year loss

10. Suppose that your portfolio lost a significant amount of value over a two- to three-year period. What action would you take?

a. ☐ Move my investments to a very conservative portfolio to avoid losing more money.

b. ☐ Move some of my assets to more conservative investments.

c. ☐ Maintain my present disciplined, long-term strategy.

d. ☐ Develop a more aggressive strategy to recover my losses.

PART 2: TELL US ABOUT YOUR MAXIMUM LOSS THRESHOLD

1. While it's very important to understand how you feel about the typical ups and downs of the markets (average volatility), it's also important to understand how you feel about large declines. Behavioral research shows that large declines historically have caused many investors to lose confidence and not only leave the market at the worst possible times, but also wait too long to return to investing. Since it is impossible to perfectly time the market, our shared goal is to help you stay the course and, over the long term, grow your wealth. A clear understanding of your "maximum loss threshold" will help you stay the course when markets decline sharply.

   a. How much could your investable assets decline, with no relief in sight, before you felt compelled to exit the market completely? $ ____________________

   b. How much do you have in total investable assets? $ ____________________

PART 3: SCORE CARD

In this section, we rely on the answers that were provided to suggest a risk profile that fits your client's particular needs. Each answer to questions 1 through 10 has some number of points associated with it. Simply circle the values for each answer in the table below, then add them up to arrive at the total score.

Questions	Answers						Score
1	a. 8	b. 20	c. 35	d. 45			
2	a. 8	b. 20	c. 35	d. 45			
3	a. 8	b. 20	c. 35	d. 45			
4	a. 8	b. 20	c. 35	d. 45			
5	a. -10	b. -5	c. -2.5	d. 0			
6	a. -10	b. -5	c. -2.5	d. 0			
7	a. 10	b. 20	c. 30	d. 40	e. 50	f. 60	
8	a. 10	b. 20	c. 30	d. 40	e. 50	f. 60	
9	a. -10	b. -5	c. -2.5	d. 0			
10	a. -10	b. -5	c. 0	d. 5			
Total							

Use the computed score to find your client's suggested risk profile in the table below.

RISK PROFILE	SCORE	RISK PROFILE	SCORE
Less than 113 points	**Risk Profile 1**	Between 163 & 182 points	**Risk Profile 4**
Between 113 & 142 points	**Risk Profile 2**	Between 183 & 212 points	**Risk Profile 5**
Between 143 & 162 points	**Risk Profile 3**	213 or more points	**Risk Profile 6**

How Do We Decide The Right Portfolio For Us ?

Like other investment professionals, I invest a lot of my time and hundreds of dollars a month, to have access to software and other tools that help me to answer these questions for my clients and others I meet with.

First, I take your answers from the ***"Retirement Strategy Analysis"*** *and I input this into* ***"Retirement Analyzer"****, my financial planning software, to run your numbers and study your overall financial situation, so we can help prioritize your needs and goals.*

I also invest my time, to be associated with companies that contribute additional value for my clients and myself.

For example, on page 76, another Registered Investment Advisor I work with, AssetMark, provides me with their analysis of various investment companies' portfolios and how each of these are categorized, which investments and allocations are made for each category and which portfolios are candidates, to match up with my Investor's personal ***"Risk Tolerance"****.*

In the illustration on page 76, they provide me with six different portfolios, which all utilize the same fifteen mutual funds, offered by Dimensional Funds Advisors, a company I respect highly and recommend often (for various reasons I'll describe a little later). AssetMark has different allocations for the fifteen various equity and bond funds they like and have identified these for us in ***<u>SIX DIFFERENT "RISK GROUP PROFILES"</u>****.*

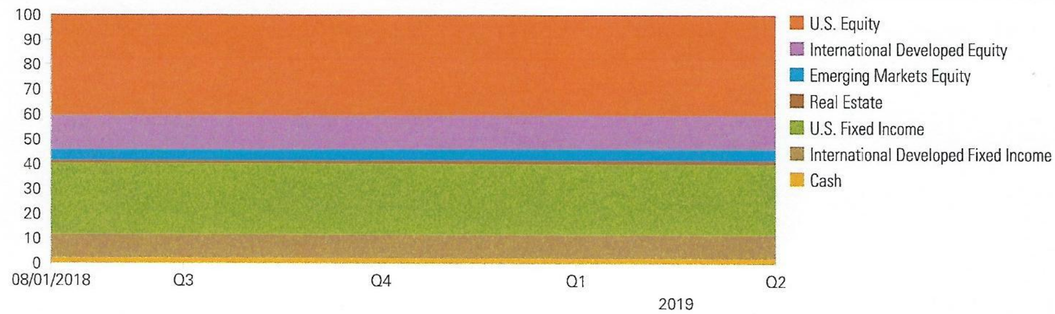
AssetMark has also done this for other investment companies we may want to use, if this is what my client wants for various reasons.

If we look back to page 74, the last page of our ***"Risk Tolerance Questionaire"****, here's where we summarized your answers from the first four pages and identified your personal Risk Profile, also one thru six.*

<u>It's really quite simple from here, when we have the right tools to work with. If you're a "Risk Level 2", I'll take the "DFA Risk Level 2 Portfolio" and compare it to the portfolio you currently have and we run a "Side by Side Comparison", using the Morningstar Advisor Workstation software, that's illustrated on pages 77 thru page 83.</u>

DFA Risk-Based Portfolio Allocations

Historical Asset Allocation[1] (%) - Profile 3



Current Allocation (%)

Asset Allocation	Profile 1	Profile 2	Profile 3	Profile 4	Profile 5	Profile 6
Equity	**20.1**	**35.1**	**60.1**	**75.1**	**85.0**	**98.1**
U.S. Equity	13.5	23.6	40.4	50.5	57.3	66.0
International Developed Equity	4.5	7.9	13.5	16.9	19.1	22.1
Emerging Markets Equity	1.6	2.7	4.6	5.7	6.4	7.5
Real Estate	0.5	0.9	1.6	2.0	2.2	2.5
Fixed Income	**78.0**	**63.0**	**38.0**	**23.0**	**13.0**	**0.0**
U.S. Fixed Income	58.5	47.2	28.5	17.2	9.7	0.0
International Developed Fixed Income	19.5	15.8	9.5	5.8	3.3	0.0
Emerging Markets Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0
Opportunistic Fixed Income	0.0	0.0	0.0	0.0	0.0	0.0
Alternative Investments	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Commodities	0.0	0.0	0.0	0.0	0.0	0.0
Currencies	0.0	0.0	0.0	0.0	0.0	0.0
Liquid Hedge Strategies	0.0	0.0	0.0	0.0	0.0	0.0
Cash	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**

Fund Allocation	Ticker	Profile 1	Profile 2	Profile 3	Profile 4	Profile 5	Profile 6
DFA US Core Equity 1 I	DFEOX	6.7	11.8	20.2	25.3	28.6	33.0
DFA US Large Company I	DFUSX	2.0	3.5	6.1	7.6	8.6	9.9
DFA US Targeted Value I	DFFVX	0.7	1.2	2.0	2.5	2.9	3.3
DFA US Core Equity 2 I	DFQTX	4.1	7.1	12.1	15.1	17.2	19.8
DFA International Core Equity I	DFIEX	4.0	7.1	12.1	15.2	17.2	19.8
DFA Emerging Markets Core Equity I	DFCEX	1.4	2.4	4.1	5.1	5.8	6.7
DFA Real Estate Securities I	DFREX	0.5	0.9	1.6	2.0	2.2	2.5
DFA Short-Duration Real Return Instl	DFAIX	3.9	3.1	1.9	0.0	0.0	0.0
DFA Investment Grade I	DFAPX	35.1	28.4	17.1	11.2	6.3	0.0
DFA Short-Term Extended Quality I	DFEQX	15.6	12.6	7.6	4.9	2.8	0.0
DFA Targeted Credit Institutional	DTCPX	3.9	3.1	1.9	1.1	0.6	0.0
DFA Five-Year Global Fixed-Income I	DFGBX	7.8	6.3	3.8	2.3	1.3	0.0
DFA World ex US Government Fxd Inc I	DWFIX	11.7	9.5	5.7	3.5	2.0	0.0
DFA World ex US Targeted Val Instl	DWUSX	0.6	1.0	1.8	2.2	2.5	3.0
Cash & Cash Alternatives		2.0	2.0	2.0	2.0	2.0	2.0

[1] The chart reflects the historical asset allocation since inception of the profile shown.

Portfolio Comparison Report

DFA Risk Level 2

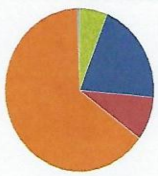
Benchmark:Custom

Rocket Boss Portfolio

Benchmark:Custom

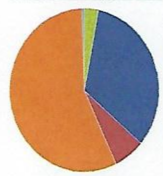
The following pages take a detailed look at the differences in the stock and bond exposures between investments in the selected portfolios. This report uses the benchmark shown as a point of comparison between the portfolios in the Stock Sector Analysis, Regional Exposure, Historical Returns and Portfolio Statistics sections.

Asset Mix Comparison — DFA Risk Level 2



Asset Allocation	Portfolio Net %	Bmark Net %
Cash	5.99	1.06
US Stocks	20.35	20.37
Non-US Stocks	8.67	8.81
Bonds	64.49	47.39
Other/Not Clsfd	**0.50**	**22.36**

Asset Mix Comparison — Rocket Boss Portfolio



Asset Allocation	Portfolio Net %	Bmark Net %
Cash	2.95	0.79
US Stocks	33.31	36.46
Non-US Stocks	6.75	4.88
Bonds	56.45	17.97
Other/Not Clsfd	**0.54**	**39.90**

The Asset Mix graph and table show how assets in each portfolio are allocated among asset classes.

Morningstar® Style Box™ Analysis — DFA Risk Level 2

Equity Style

	Value	Blend	Growth
Large	21	21	15
Mid	10	9	7
Small	7	6	4

0-10 10-25 25-50 >50

Fixed-Income Style

	Ltd	Mod	Ext
High	6	0	9
Med	25	57	0
Low	3	0	0

0-10 10-25 25-50 >50

Morningstar® Style Box™ Analysis — Rocket Boss Portfolio

Equity Style

	Value	Blend	Growth
Large	15	12	22
Mid	5	9	22
Small	3	6	6

0-10 10-25 25-50 >50

Fixed-Income Style

	Ltd	Mod	Ext
High	0	0	0
Med	35	0	0
Low	32	33	0

0-10 10-25 25-50 >50

The Equity Style box shows how the investments are classified in terms of the size of the companies (large, medium, and small) and their style characteristics (value, core, and growth). The Fixed-Income Style box shows how bond holdings are classified in terms of their credit quality (high, medium, and low) and interest rate sensitivity (limited, moderate, and extended). Note the percentages may not add up to 100% as some securities may not be classified.

Sector Weightings — DFA Risk Level 2

	Stock %	Bmark %
Cyclical	**37.72**	**35.35**
Basic Materials	5.24	3.62
Consumer Cyclical	11.89	9.95
Financial Services	16.40	15.25
Real Estate	4.19	6.53
Sensitive	**42.46**	**40.46**
Communication Services	7.80	9.68
Energy	4.54	3.27
Industrials	13.50	9.30
Technology	16.62	18.21
Defensive	**19.82**	**24.19**
Consumer Defensive	6.73	7.88
Healthcare	10.25	12.86
Utilities	2.84	3.45
Not Classified	**0.00**	**0.00**

Sector Weightings — Rocket Boss Portfolio

	Stock %	Bmark %
Cyclical	**35.44**	**30.05**
Basic Materials	3.32	2.62
Consumer Cyclical	10.16	10.22
Financial Services	17.14	12.38
Real Estate	4.82	4.83
Sensitive	**39.05**	**44.04**
Communication Services	6.74	7.11
Energy	2.67	2.30
Industrials	10.01	12.99
Technology	19.63	21.64
Defensive	**25.51**	**25.91**
Consumer Defensive	5.39	7.93
Healthcare	18.52	14.96
Utilities	1.60	3.02
Not Classified	**0.00**	**0.00**

Drilling down past the fund level, the Sector Analysis summarizes the stock allocation of the investments across 11 sectors.

Portfolio Comparison Report

DFA Risk Level 2

Benchmark:Custom

Regional Exposure

% of Assets	Stock %	Bmark %
Greater Europe	**13.56**	**11.80**
United Kingdom	3.58	2.70
Europe-Developed	9.04	7.41
Europe-Emerging	0.31	0.61
Africa/Middle East	0.63	1.08
Americas	**73.01**	**72.27**
North America	71.93	71.25
Latin America	1.08	1.02
Greater Asia	**13.43**	**15.94**
Japan	5.09	4.19
Australasia	1.47	0.99
Asia-Developed	3.27	3.88
Asia-Emerging	3.60	6.88
Not Classified	**0.00**	**0.00**

Rocket Boss Portfolio

Benchmark:Custom

Regional Exposure

% of Assets	Stock %	Bmark %
Greater Europe	**9.08**	**5.45**
United Kingdom	3.48	1.08
Europe-Developed	5.30	3.95
Europe-Emerging	0.00	0.13
Africa/Middle East	0.30	0.29
Americas	**84.26**	**89.18**
North America	83.79	88.91
Latin America	0.47	0.27
Greater Asia	**6.66**	**5.37**
Japan	1.70	1.83
Australasia	1.00	0.44
Asia-Developed	1.79	1.10
Asia-Emerging	2.17	2.00
Not Classified	**0.00**	**0.00**

Investing overseas can provide valuable diversification. The Regional Exposure table helps you review the general location of the geographical distribution of stocks in each portfolio.

DFA Risk Level 2 — Trailing Returns* 03-31-2020

	3 Mo %	1 Yr %	3 Yr %	5 Yr %	10 Yr %
Pre-Tax Port Ret	-7.65	-1.19	2.57	2.83	5.07
Benchmark Return	-5.15	1.72	3.78	3.43	4.73
+/- Bmark Ret	-2.50	-2.91	-1.21	-0.60	0.34

Rocket Boss Portfolio — Trailing Returns* 03-31-2020

	3 Mo %	1 Yr %	3 Yr %	5 Yr %	10 Yr %
Pre-Tax Port Ret	-14.37	-7.01	2.14	2.66	*5.54*
Benchmark Return	-11.50	-3.93	2.92	3.51	*6.07*
+/- Bmark Ret	-2.87	-3.08	-0.78	-0.85	*-0.53*

The Trailing Returns table shows the trailing returns of the portfolios over the periods shown. For comparison purposes, the return relative to the benchmark is shown as well.

DFA Risk Level 2 — Risk and Return Statistics*

	3 Yr		5 Yr		10 Yr	
	Portfolio	Bmark	Portfolio	Bmark	Portfolio	Bmark
Standard Deviation	5.56	4.60	4.91	4.26	5.72	4.13
Mean	2.57	3.78	2.83	3.43	5.07	4.73
Sharpe Ratio	0.17	0.46	0.36	0.55	0.80	1.01

Rocket Boss Portfolio — Risk and Return Statistics*

	3 Yr		5 Yr		10 Yr	
	Portfolio	Bmark	Portfolio	Bmark	Portfolio	Bmark
Standard Deviation	9.95	8.25	8.62	7.35	*7.86*	7.13
Mean	2.14	2.92	2.66	3.51	*5.54*	6.07
Sharpe Ratio	0.09	0.18	0.22	0.35	*0.66*	0.80

The Risk and Return Statistics table shows the pre-tax return, standard deviation, and Sharpe ratio of each portfolio.

DFA Risk Level 2 — Modern Portfolio Theory Statistics*

	3 Yr Portfolio	5 Yr Portfolio	10 Yr Portfolio
Alpha	-1.52	-0.87	-0.87
Beta	1.19	1.14	1.31
R-Squared	97.30	96.79	89.80

Rocket Boss Portfolio — Modern Portfolio Theory Statistics*

	3 Yr Portfolio	5 Yr Portfolio	10 Yr Portfolio
Alpha	-0.88	-1.12	*-0.93*
Beta	1.19	1.16	*1.09*
R-Squared	98.13	97.24	*97.34*

The MPT Statistics table shows investment statistics for each portfolio.

Portfolio-Level Performance Disclosure

The portfolio-level performance shown is hypothetical and for illustrative purposes only. Investor returns will differ from the results shown. The performance data reflects monthly portfolio rebalancing.

**Full return history is not available for all securities. Please see Return Participation disclosure.*

Portfolio Comparison Report

DFA Risk Level 2

Benchmark:Custom

Portfolio Holdings

Holdings	Type	Allocation %
DFA Investment Grade I (USD)	MF	31.73
DFA Short-Term Extended Quality I (USD)	MF	13.69
DFA World ex US Government Fxd Inc I (USD)	MF	10.15
DFA US Core Equity 1 I (USD)	MF	9.95
DFA Five-Year Global Fixed-Income I (USD)	MF	6.84
DFA US Core Equity 2 I (USD)	MF	5.87
DFA International Core Equity I (USD)	MF	5.85
DFA Targeted Credit Institutional (USD)	MF	3.26
DFA Short-Duration Real Return Instl (USD)	MF	3.25
DFA US Large Company I (USD)	MF	3.16
DFA Emerging Markets Core Equity I (USD)	MF	2.03
Payden/Kravitz Cash Balance Plan Retire (USD)	MF	1.87
DFA US Targeted Value I (USD)	MF	0.81
DFA World ex US Targeted Val Instl (USD)	MF	0.76
DFA Real Estate Securities I (USD)	MF	0.76
		100.00

Rocket Boss Portfolio

Benchmark:Custom

Portfolio Holdings

Holdings	Type	Allocation %
Calvert Short Duration Income A (USD)	MF	21.02
BMO Strategic Income Y (USD)	MF	18.89
Virtus Seix High Income I (USD)	MF	18.74
Goldman Sachs Small/Mid Cap Growth Instl (USD)	MF	10.22
BlackRock Equity Dividend Inv A (USD)	MF	7.27
Touchstone Sands Capital Select Growth Y (USD)	MF	6.16
Baron Growth Retail (USD)	MF	4.98
Aberdeen International Equity A (USD)	MF	4.48
Huber Capital Small Cap Value Instl (USD)	MF	4.25
Carillon Eagle Growth & Income A (USD)	MF	3.98
		100.00

The Holdings table shows the current holdings in each portfolio.

Illustration Returns

DFA Risk Level 2

Total 25 holdings as of 03-31-2020	Symbol	Type	Holdings Date	% of Assets	Holding Value $	7-day Yield	1 Yr Ret %	3 Yr Ret %	5 Yr Ret %	10 Yr Ret %
DFA Investment Grade I (USD)	DFAPX	MF	02-2020	31.73	28,625	—	8.47	4.70	3.38	—
DFA Short-Term Extended Quality I (USD)	DFEQX	MF	02-2020	13.69	12,346	—	1.78	2.00	1.78	2.20
DFA World ex US Government Fxd Inc I (USD)	DWFIX	MF	02-2020	10.15	9,158	—	6.11	5.50	4.01	—
DFA US Core Equity 1 I (USD)	DFEOX	MF	02-2020	9.95	8,979	—	-13.46	1.44	3.99	9.34
DFA Five-Year Global Fixed-Income I (USD)	DFGBX	MF	02-2020	6.84	6,174	—	2.49	2.36	1.94	2.62
DFA US Core Equity 2 I (USD)	DFQTX	MF	02-2020	5.87	5,296	—	-15.08	-0.19	2.76	8.65
DFA International Core Equity I (USD)	DFIEX	MF	02-2020	5.85	5,279	—	-20.00	-4.68	-1.22	2.39
DFA Targeted Credit Institutional (USD)	DTCPX	MF	02-2020	3.26	2,945	—	-0.15	1.74	—	—
DFA Short-Duration Real Return Instl (USD)	DFAIX	MF	02-2020	3.25	2,931	—	-0.80	0.83	1.37	—
DFA US Large Company I (USD)	DFUSX	MF	02-2020	3.16	2,850	—	-7.03	5.04	6.67	10.45
DFA Emerging Markets Core Equity I (USD)	DFCEX	MF	02-2020	2.03	1,827	—	-23.40	-5.39	-2.01	0.12
Payden/Kravitz Cash Balance Plan Retire (USD)	PKCRX	MF	02-2020	1.87	1,691	—	-10.05	-1.92	-0.70	0.46
DFA US Targeted Value I (USD)	DFFVX	MF	02-2020	0.81	733	—	-34.13	-12.06	-4.73	4.47
DFA World ex US Targeted Val Instl (USD)	DWUSX	MF	02-2020	0.76	685	—	-28.36	-9.87	-3.24	—
DFA Real Estate Securities I (USD)	DFREX	MF	02-2020	0.76	684	—	-15.79	0.09	1.54	8.44

Rocket Boss Portfolio

Total 25 holdings as of 03-31-2020	Symbol	Type	Holdings Date	% of Assets	Holding Value $	7-day Yield	1 Yr Ret %	3 Yr Ret %	5 Yr Ret %	10 Yr Ret %
Calvert Short Duration Income A (USD)	CSDAX	MF	02-2020	21.02	17,556	—	-1.20	1.01	1.24	1.79

Rocket Boss Portfolio

Total 25 holdings as of 03-31-2020	Symbol	Type	Holdings Date	% of Assets	Holding Value $	7-day Yield	1 Yr Ret %	3 Yr Ret %	5 Yr Ret %	10 Yr Ret %
BMO Strategic Income Y (USD)	MRGIX	MF	02-2020	18.89	15,777	—	-5.58	0.24	1.08	2.31
Virtus Seix High Income I (USD)	STHTX	MF	02-2020	18.74	15,658	—	-10.18	-0.56	1.54	4.67
Goldman Sachs Small/Mid Cap Growth Instl (USD)	GSMYX	MF	12-2019	10.22	8,542	—	-5.00	7.75	5.57	10.72
BlackRock Equity Dividend Inv A (USD)	MDDVX	MF	02-2020	7.27	6,076	—	-12.71	0.19	3.90	7.69
Touchstone Sands Capital Select Growth Y (USD)	CFSIX	MF	12-2019	6.16	5,148	—	-1.34	14.41	9.20	13.76
Baron Growth Retail (USD)	BGRFX	MF	12-2019	4.98	4,158	—	-10.51	6.74	5.40	10.43
Aberdeen International Equity A (USD)	GIGAX	MF	02-2020	4.48	3,745	—	-9.32	-0.72	-0.82	2.23
Huber Capital Small Cap Value Instl (USD)	HUSEX	MF	12-2019	4.25	3,554	—	-23.83	-7.59	-4.41	*4.23*
Carillon Eagle Growth & Income A (USD)	HRCVX	MF	12-2019	3.98	3,324	—	-12.72	2.49	4.42	8.00

Return Participation 03-31-2020

This portfolio report includes securities for which return data is not available for the entire history represented. When return is not available for a security, the remaining securities returns are reweighted to maintain consistent proportions for the securities that do have returns. The reweighting impacts trailing return data, as well as statistics that are calculated using return, including standard deviation, mean, Sharpe ratio, alpha, beta and R-squared. The following securities do not have 120 months of return data reflected in the report.

DFA Risk Level 2

Security	Start Date
DFA Investment Grade I (USD, DFAPX)	04-30-2011
DFA Short-Duration Real Return Instl (USD, DFAIX)	12-31-2013
DFA Targeted Credit Institutional (USD, DTCPX)	06-30-2015
DFA World ex US Government Fxd Inc I (USD, DWFIX)	01-31-2012
DFA World ex US Targeted Val Instl (USD, DWUSX)	12-31-2012

Standardized and Tax Adjusted Returns Disclosure Statement

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end please visit http://advisor.morningstar.com/familyinfo.asp.

Standardized Returns assume reinvestment of dividends and capital gains. They depict performance without adjusting for the effects of taxation, but are adjusted to reflect sales charges and ongoing fund expenses.

If adjusted for taxation, the performance quoted would be significantly reduced. For variable annuities, additional expenses will be taken into account, including M&E risk charges, fund-level expenses such as management fees and operating fees, contract-level administration fees, and charges such as surrender, contract, and sales charges. The maximum redemption fee is the maximum amount a fund may charge if redeemed in a specific time period after the fund's purchase.

After-tax returns are calculated using the highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or an IRA. After-tax returns exclude the effects of either the alternative minimum tax or phase-out of certain tax credits. Any taxes due are as of the time the distributions are made, and the taxable amount and tax character of each distribution are as specified by the fund on the dividend declaration date. Due to foreign tax credits or realized capital losses, after-tax returns may be greater than before-tax returns. After-tax returns for exchange-traded funds are based on net asset value.

Money Market Fund Disclosures

If money market fund(s) are included in the Standardized Returns table below, each money market fund's name will be followed by a superscripted letter that links it to the applicable disclosure below:

Institutional Money Market Funds (designated by an "S"):

You could lose money by investing in the fund. Because the share price of the fund will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. The fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Government Money Market Funds that have chosen to rely on the ability to impose liquidity fees and suspend redemptions (designated by an "L") and

Retail Money Market Funds (designated by an "L"):

You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. The fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Government Money Market Funds that have chosen not to rely on the ability to impose liquidity fees and suspend redemptions (designated by an "N"):

You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Annualized returns 03-31-2020

Standardized Returns (%)	7-day Yield Subsidized *as of date*	7-day Yield Unsubsidized *as of date*	1Yr	5Yr	10Yr	Since Inception	Inception Date	**Max Front Load %**	**Max Back Load %**	**Net Exp Ratio %**	**Gross Exp Ratio %**	**Max Redemption %**
Aberdeen International Equity A	—	—	-14.53	-1.98	1.63	2.43	08-30-2000	**5.75**	**NA**	**1.52**	**1.52**	**NA**
Baron Growth Retail	—	—	-10.51	5.40	10.43	12.07	12-30-1994	**NA**	**NA**	**1.29**	**1.29**	**NA**
BlackRock Equity Dividend Inv A	—	—	-17.30	2.79	7.11	8.58	10-21-1994	**5.25**	**NA**	**0.97**	**0.97**	**NA**
BMO Strategic Income Y	—	—	-5.58	1.08	2.31	4.42	12-14-1992	**NA**	**NA**	**0.80**[1]	**0.96**	**NA**
Calvert Short Duration Income A	—	—	-3.91	0.68	1.51	3.53	01-31-2002	**2.75**	**NA**	**0.76**[2]	**0.79**	**NA**
Carillon Eagle Growth & Income A	—	—	-16.87	3.41	7.48	7.51	12-15-1986	**4.75**	**NA**	**0.97**	**0.97**	**NA**
DFA Emerging Markets Core Equity I	—	—	-23.40	-2.01	0.12	5.09	04-05-2005	**NA**	**NA**	**0.48**	**0.48**	**NA**

Annualized returns 03-31-2020

Standardized Returns (%)	7-day Yield Subsidized *as of date*	7-day Yield Unsubsidized *as of date*	1Yr	5Yr	10Yr	Since Inception	Inception Date	Max Front Load %	Max Back Load %	Net Exp Ratio %	Gross Exp Ratio %	Max Redemption %
DFA Five-Year Global Fixed-Income I	—	—	2.49	1.94	2.62	5.04	11-06-1990	NA	NA	0.26	0.26	NA
DFA International Core Equity I	—	—	-20.00	-1.22	2.39	2.78	09-15-2005	NA	NA	0.28	0.28	NA
DFA Investment Grade I	—	—	8.47	3.38	—	3.97	03-07-2011	NA	NA	0.22	0.22	NA
DFA Real Estate Securities I	—	—	-15.79	1.54	8.44	9.03	01-05-1993	NA	NA	0.18[3]	0.20	NA
DFA Short-Duration Real Return Instl	—	—	-0.80	1.37	—	0.92	11-05-2013	NA	NA	0.22	0.22	NA
DFA Short-Term Extended Quality I	—	—	1.78	1.78	2.20	2.83	03-04-2009	NA	NA	0.22	0.22	NA
DFA Targeted Credit Institutional	—	—	-0.15	—	—	1.74	05-20-2015	NA	NA	0.20[4]	0.23	NA
DFA US Core Equity 1 I	—	—	-13.46	3.99	9.34	6.86	09-15-2005	NA	NA	0.17	0.17	NA
DFA US Core Equity 2 I	—	—	-15.08	2.76	8.65	6.32	09-15-2005	NA	NA	0.20	0.20	NA
DFA US Large Company I	—	—	-7.03	6.67	10.45	5.46	09-23-1999	NA	NA	0.08	0.08	NA
DFA US Targeted Value I	—	—	-34.13	-4.73	4.47	7.88	02-23-2000	NA	NA	0.36	0.36	NA
DFA World ex US Government Fxd Inc I	—	—	6.11	4.01	—	4.82	12-06-2011	NA	NA	0.20[5]	0.21	NA
DFA World ex US Targeted Val Instl	—	—	-28.36	-3.24	—	1.02	11-01-2012	NA	NA	0.66	0.66	NA
Goldman Sachs Small/Mid Cap Growth Instl	—	—	-5.00	5.57	10.72	9.85	06-30-2005	NA	NA	0.94	0.94	NA
Huber Capital Small Cap Value Instl	—	—	-23.83	-4.41	—	3.37	10-25-2011	NA	NA	1.35[6]	1.54	1.00
Payden/Kravitz Cash Balance Plan Retire	—	—	-10.05	-0.70	0.46	0.69	04-06-2009	NA	NA	1.75[7]	1.94	NA
Touchstone Sands Capital Select Growth Y	—	—	-1.34	9.20	13.76	10.13	08-27-2004	NA	NA	1.19	1.19	NA
Virtus Seix High Income I	—	—	-10.18	1.54	4.67	6.65	10-03-2001	NA	NA	0.68[8]	0.88	NA
BBgBarc Global Aggregate TR Hdg USD			**6.59**	**3.49**	**4.06**	**—**	**12-31-1998**					
BBgBarc US Agg Bond TR USD			**8.93**	**3.36**	**3.88**	**—**	**01-03-1980**					
BBgBarc US Govt/Credit 1-3 Yr TR USD			**4.53**	**1.90**	**1.62**	**—**	**01-30-1976**					
BBgBarc US Universal TR USD			**7.15**	**3.35**	**4.05**	**—**	**12-31-1998**					
ICE BofA US High Yield TR USD			**-7.45**	**2.67**	**5.50**	**—**	**08-29-1986**					
MSCI ACWI Ex USA Growth NR USD			**-7.31**	**2.10**	**3.91**	**—**	**01-01-2001**					
MSCI ACWI Ex USA NR USD			**-15.57**	**-0.64**	**2.05**	**—**	**01-01-2001**					
MSCI EAFE NR USD			**-14.38**	**-0.62**	**2.72**	**—**	**03-31-1986**					
MSCI EM NR USD			**-17.69**	**-0.37**	**0.68**	**—**	**12-29-2000**					
MSCI World Ex USA SMID NR USD			**-18.03**	**-0.08**	**3.56**	**—**	**06-05-2007**					
Russell 1000 Growth TR USD			**0.91**	**10.36**	**12.97**	**—**	**12-31-1978**					
Russell 1000 TR USD			**-8.03**	**6.22**	**10.39**	**—**	**12-31-1978**					
Russell 1000 Value TR USD			**-17.17**	**1.90**	**7.67**	**—**	**12-31-1978**					
Russell 2000 Value TR USD			**-29.64**	**-2.42**	**4.79**	**—**	**12-31-1978**					
Russell Mid Cap Growth TR USD			**-9.45**	**5.61**	**10.89**	**—**	**12-31-1985**					
S&P 500 TR USD			**-6.98**	**6.73**	**10.53**	**—**	**09-11-1989**					
S&P United States REIT TR USD			**-21.42**	**-0.61**	**7.31**	**—**	**12-31-1992**					
USTREAS T-Bill Auction Ave 3 Mon			**1.82**	**1.16**	**0.62**	**—**	**02-28-1941**					

1. Contractual waiver; Expires 12-31-2020
2. Contractual waiver; Expires 01-31-2021
3. Contractual waiver; Expires 02-28-2021
4. Contractual waiver; Expires 02-28-2021
5. Contractual waiver; Expires 02-28-2021
6. Contractual waiver; Expires 02-27-2021
7. Contractual waiver that may expire at any time
8. Contractual waiver; Expires 04-30-2020

Return after Tax (%)	On Distribution					On Distribution and Sales of Shares			
	1Yr	5Yr	10Yr	Since Inception	Inception Date	1Yr	5Yr	10Yr	Since Inception
Aberdeen International Equity A	-14.86	-2.59	0.86	1.86	08-30-2000	-8.56	-1.75	0.94	1.71
Baron Growth Retail	-11.27	3.35	8.97	11.14	12-30-1994	-5.40	4.06	8.47	10.64
BlackRock Equity Dividend Inv A	-20.03	-0.45	4.92	6.48	10-21-1994	-8.05	2.02	5.46	6.55
BMO Strategic Income Y	-7.28	-0.48	0.79	2.46	12-14-1992	-3.20	0.18	1.20	2.61
Calvert Short Duration Income A	-4.94	-0.27	0.56	2.22	01-31-2002	-2.30	0.11	0.78	2.25
Carillon Eagle Growth & Income A	-18.09	1.91	6.15	5.89	12-15-1986	-9.33	2.46	5.74	5.73
DFA Emerging Markets Core Equity I	-24.23	-2.75	-0.58	4.38	04-05-2005	-13.72	-1.66	-0.07	3.93
DFA Five-Year Global Fixed-Income I	1.55	0.90	1.55	3.30	11-06-1990	1.47	1.04	1.64	3.27
DFA International Core Equity I	-20.99	-2.09	1.47	1.86	09-15-2005	-11.68	-1.05	1.64	1.93

Annualized returns 03-31-2020

Return after Tax (%)	On Distribution					On Distribution and Sales of Shares			
	1Yr	5Yr	10Yr	Since Inception	Inception Date	1Yr	5Yr	10Yr	Since Inception
DFA Investment Grade I	7.30	2.34	—	2.96	03-07-2011	5.00	2.12	—	2.64
DFA Real Estate Securities I	-16.58	0.18	7.13	7.32	01-05-1993	-9.23	0.65	6.25	6.85
DFA Short-Duration Real Return Instl	-1.80	0.56	—	0.22	11-05-2013	-0.45	0.69	—	0.39
DFA Short-Term Extended Quality I	0.82	0.88	1.36	1.97	03-04-2009	1.06	0.97	1.35	1.85
DFA Targeted Credit Institutional	-1.41	—	—	0.71	05-20-2015	-0.07	—	—	0.89
DFA US Core Equity 1 I	-14.38	3.26	8.66	6.21	09-15-2005	-7.55	3.01	7.50	5.43
DFA US Core Equity 2 I	-16.05	1.93	7.99	5.74	09-15-2005	-8.39	2.09	7.02	5.09
DFA US Large Company I	-7.90	5.90	9.71	4.79	09-23-1999	-4.00	5.06	8.39	4.21
DFA US Targeted Value I	-34.94	-5.97	3.31	6.35	02-23-2000	-19.53	-3.27	3.75	6.41
DFA World ex US Government Fxd Inc I	4.49	2.21	—	3.06	12-06-2011	3.76	2.27	—	2.94
DFA World ex US Targeted Val Instl	-29.23	-4.16	—	0.03	11-01-2012	-16.43	-2.43	—	0.67
Goldman Sachs Small/Mid Cap Growth Instl	-7.87	3.10	8.84	8.45	06-30-2005	-0.20	4.27	8.63	8.13
Huber Capital Small Cap Value Instl	-23.90	-4.68	—	3.18	10-25-2011	-14.09	-3.32	—	2.61
Payden/Kravitz Cash Balance Plan Retire	-11.30	-1.77	-0.46	-0.18	04-06-2009	-5.85	-0.95	0.00	0.19
Touchstone Sands Capital Select Growth Y	-5.07	5.02	11.41	8.66	08-27-2004	2.15	6.70	11.22	8.44
Virtus Seix High Income I	-12.09	-0.96	1.86	3.54	10-03-2001	-5.89	0.13	2.47	3.92

Investing With Dimensional Funds Advisors

Are you familiar with Dimensional Funds Advisors ?

Most retail investors are not familiar with DFA, even though they currently have about $ 600 billion under management after forty years.

The retail investor can't just call them up or go to their website and set up an account. DFA knows that working directly with retail customers is too expensive and they drain the profits from their other investors.

So you can only invest with DFA, by working with a Registered Investment Advisor, like my company, who is approved, contracted and has access to DFA funds. Only a small percent of RIAs are approved by DFA.

And frankly, it's only because I work together with AssetMark, one of the largest and most successful Registered Investment Advisors in the country, that I'm allowed to offer DFA's funds and portfolios. AssetMark has about $ 60 billion under management as I write this (April 2020).

One of the best ways to understand the advantages of owning DFA funds, is to get a free copy of a book I've put together. This is illustrated on page 86, "Pursuing A Better Investment Experience".

This is a 106 page collection of DFA articles, available to me and other DFA Advisors on DFA's advisor website. They allow us to share these with our clients and others we want to work with. It's a great education in itself !

As with the other books I've written, if you want a FREE COPY, just call our office.

From its beginning, DFA has had a direct working relationship with leaders from higher education. If you look at pages 89 and 90 . . .

DFA has four "Nobel Prize Winners" in finance or economics who govern on their parent company and their Dimensional Funds Advisors' Board of Directors.

Everyone on both boards are leading professors across the country, except for Mr. Booth and his two Co-CEOs, Dave Butler and Gerard O'Reilly.

*These deep relationships have positioned DFA to have access to an exceptionally high percentage of the **"Best and Brightest"** graduate students who strengthen their research and other goals of the company.*

*In late 2008, the University of Chicago renamed their graduate school, the **"University of Chicago Booth School of Business"**, after DFA's founder, Mr. David Booth, gave them a record breaking gift at the time of $ 300 million (even during that epic market crash !). See page 91.*

We can see positive results from this on pages 92 thru 93.

On page 92, we can see the successful 16 year history comparison between DFA, Vanguard and iShares ETFs, for the period from 2002 thru 2018, for 20 of DFA's various risk-based portfolios.

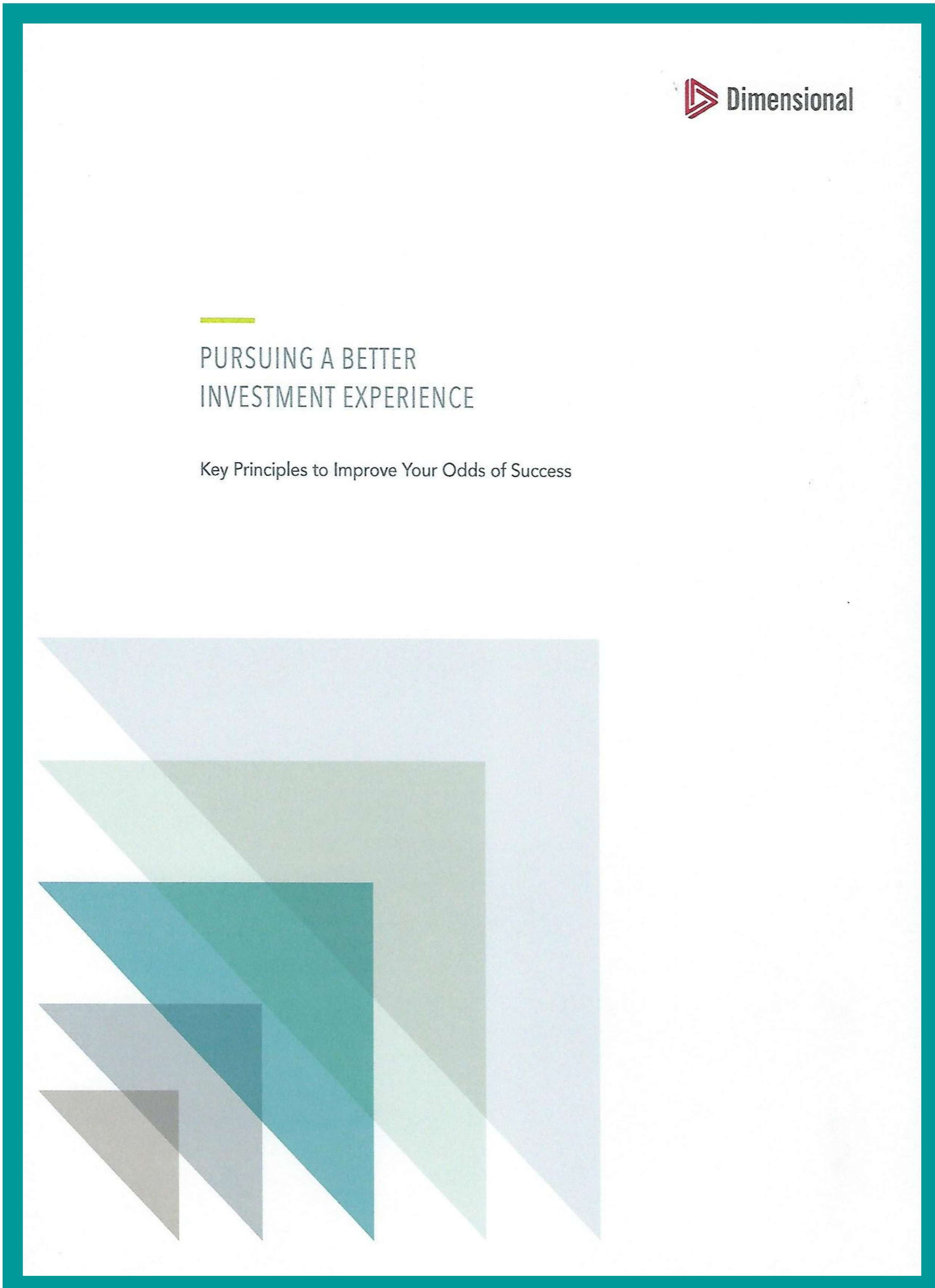
<u>On page 94, we see where DFA has beaten 85 % of their benchmark portfolios, versus only 17 % for the rest of the mutual fund industry, for the 20 year period ending 12/31/2018 !</u>

<u>And on page 94, they illustrate the "Annualized Average Annual Return" for each of the investment categories, compared to the Benchmark's "Annualized Average Return" since the first full month, DFA started each of these, in 1982 thru 1998 !</u>

I sincerely believe that DFA offers my clients a well-researched and highly disciplined, successful and price competitive investment experience, in comparison to much of the rest of the mutual fund industry.

With the recent challenges of the COVID-19 virus, I believe the extra value of what DFA offers us, will make a positive long-term difference.

I invite you to schedule a time to meet with me about this and compare.


Dimensional

PURSUING A BETTER
INVESTMENT EXPERIENCE

Key Principles to Improve Your Odds of Success

Dimensional

AN INTRODUCTION TO

Dimensional Fund Advisors

Dimensional Fund Advisors is a leading global investment firm that has been translating academic research into practical investment solutions since 1981. Guided by a strong belief in markets, we work to implement compelling ideas in finance for the benefit of clients. An enduring philosophy, strong client commitment, and a strong connection with the academic community underpin our approach.

INVESTMENT PHILOSOPHY AND PROCESS

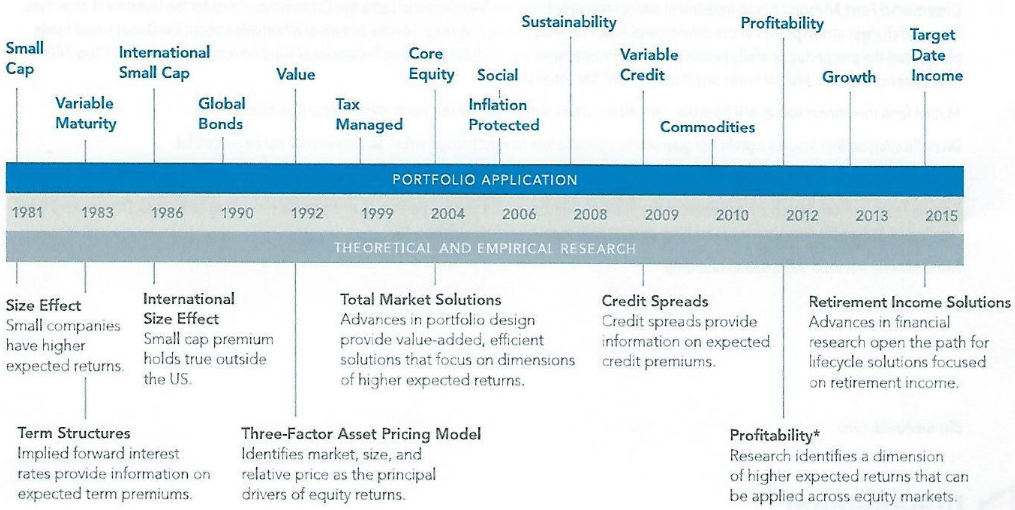
Our investment philosophy has been shaped by decades of research. We believe that security prices reflect all publicly available information as intense competition among market participants drives prices toward fair value.

We use the information in market prices, combined with fundamental data, to systematically identify differences in expected returns among securities.

We seek to add value by building portfolios that target higher expected returns in a cost-effective manner. Through a dynamic investment process that integrates research, portfolio design, portfolio management, and trading, we manage the tradeoffs that matter for performance—balancing competing premiums, diversification, and costs. This approach is applied consistently across a full suite of global and regional equity and fixed income strategies, allowing us to help meet the diverse needs of investors worldwide.

RESEARCH APPLIED

Since 1981, Dimensional has incorporated rigorous theoretical and empirical research on the capital markets into the design, management, and trading of our clients' portfolios.



Dimensional's portfolio management and trading desks are located across the US, Europe, and Asia Pacific, enabling us to cover global markets and manage strategies on a continual basis. Our global investment team applies the same philosophy, process, and systems across offices and regions.

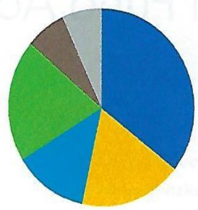
RESEARCH-BASED SOLUTIONS

Dimensional has forged deep working relationships with leading financial economists—including Eugene Fama, Kenneth French, and Robert Merton—who work closely with our Portfolio Management, Trading, and Research teams, in addition to serving on our Investment Research Committee. The opportunity for vigorous exchange between our internal researchers and these lauded academics has allowed us to bring the ideas of financial science to life for investors.

A strong belief in markets frees us to think and act differently about investing. The longevity of our client relationships—many dating back decades—demonstrates our commitment to client service and the stability of our organization. By evolving with advances in financial science, Dimensional has delivered long-term results for investors.

DIMENSIONAL INVESTMENT STRATEGIES

Global assets under management (in US billions)
$579 billion as of September 30, 2019



ABOUT DIMENSIONAL

- Founded in 1981
- Thirteen offices in nine countries; portfolio management and trading on four continents
- More than 1,400 employees
- Investment management is our primary business

*Profitability is a company's operating income before depreciation and amortization minus interest expense scaled by book equity.

"Dimensional" refers to the Dimensional separate but affiliated entities generally, rather than to one particular entity. These entities are Dimensional Fund Advisors LP, Dimensional Fund Advisors Ltd., DFA Australia Limited, Dimensional Fund Advisors Canada ULC, Dimensional Fund Advisors Pte. Ltd., Dimensional Ireland Limited, Dimensional Japan Ltd., and Dimensional Hong Kong Limited. Dimensional Hong Kong Limited is licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities) regulated activities only and does not provide asset management services.

Dimensional Fund Advisors LP is an investment advisor registered with the Securities and Exchange Commission. Consider the investment objectives, risks, and charges and expenses of the Dimensional funds carefully before investing. For this and other information about the Dimensional funds, please read the prospectus carefully before investing. Prospectuses are available by calling Dimensional Fund Advisors collect at (512) 306-7400 or at dimensional.com. Mutual funds distributed by DFA Securities LLC.

Mutual fund investment values will fluctuate, and shares, when redeemed, may be worth more or less than original cost.

Diversification neither assures a profit nor guarantees against a loss in a declining market. Strategies may not be successful.

Past performance is no guarantee of future results.

Eugene Fama and Ken French are members of the Board of Directors of the general partner of, and provide consulting services to, Dimensional Fund Advisors LP. Robert Merton provides consulting services to Dimensional Fund Advisors LP.

Numbers may not total 100% due to rounding.

dimensional.com

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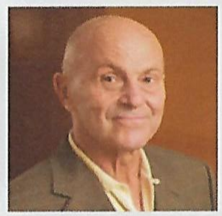
MKT-4219 10/19 1172590

BOARD OF DIRECTORS

Dimensional Directors

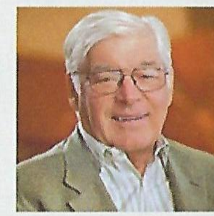
Dimensional Directors refers to the Board of Directors of the general partner of Dimensional Fund Advisors LP.

DAVID BOOTH
Founder and Executive Chairman



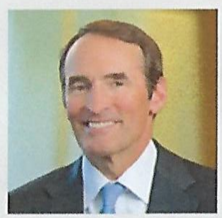
EUGENE FAMA
Nobel laureate, Dimensional Director, and Consultant

KENNETH FRENCH
Dimensional Director, Consultant, and Co-Chair of the Investment Research Committee



JOHN "MAC" MCQUOWN
Dimensional Director

GERARD K. O'REILLY
Co-Chief Executive Officer, Chief Investment Officer, and Dimensional Director

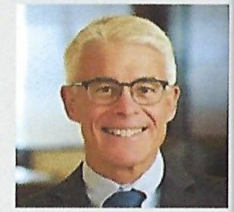


DAVE BUTLER
Co-Chief Executive Officer, and Dimensional Director

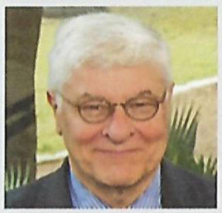
DAVID BOOTH
Founder and Executive Chairman

GEORGE M. CONSTANTINIDES
Independent Director and Leo Melamed Professor of Finance, University of Chicago

DOUGLAS W. DIAMOND
Independent Director and Merton H. Miller Distinguished Service Professor of Finance, University of Chicago



DARRELL DUFFIE
Independent Director and Dean Witter Distinguished Professor of Finance, Stanford University Graduate School of Business



ROGER G. IBBOTSON
Independent Director and Professor in the Practice of Finance, Yale University

EDWARD P. LAZEAR
Independent Director and Davies Family Professor of Economics, Graduate School of Business, Stanford University, and Morris Arnold and Nona Jean Cox Senior Fellow, Hoover Institution

MYRON S. SCHOLES
Nobel laureate, Independent Director, and Frank E. Buck Professor Emeritus of Finance and Law, Stanford University

ABBIE J. SMITH
Independent Director and Boris and Irene Stern Professor of Accounting, University of Chicago

INGRID M. WERNER
Independent Director and Martin and Andrew Murrer Professor of Finance, The Ohio State University

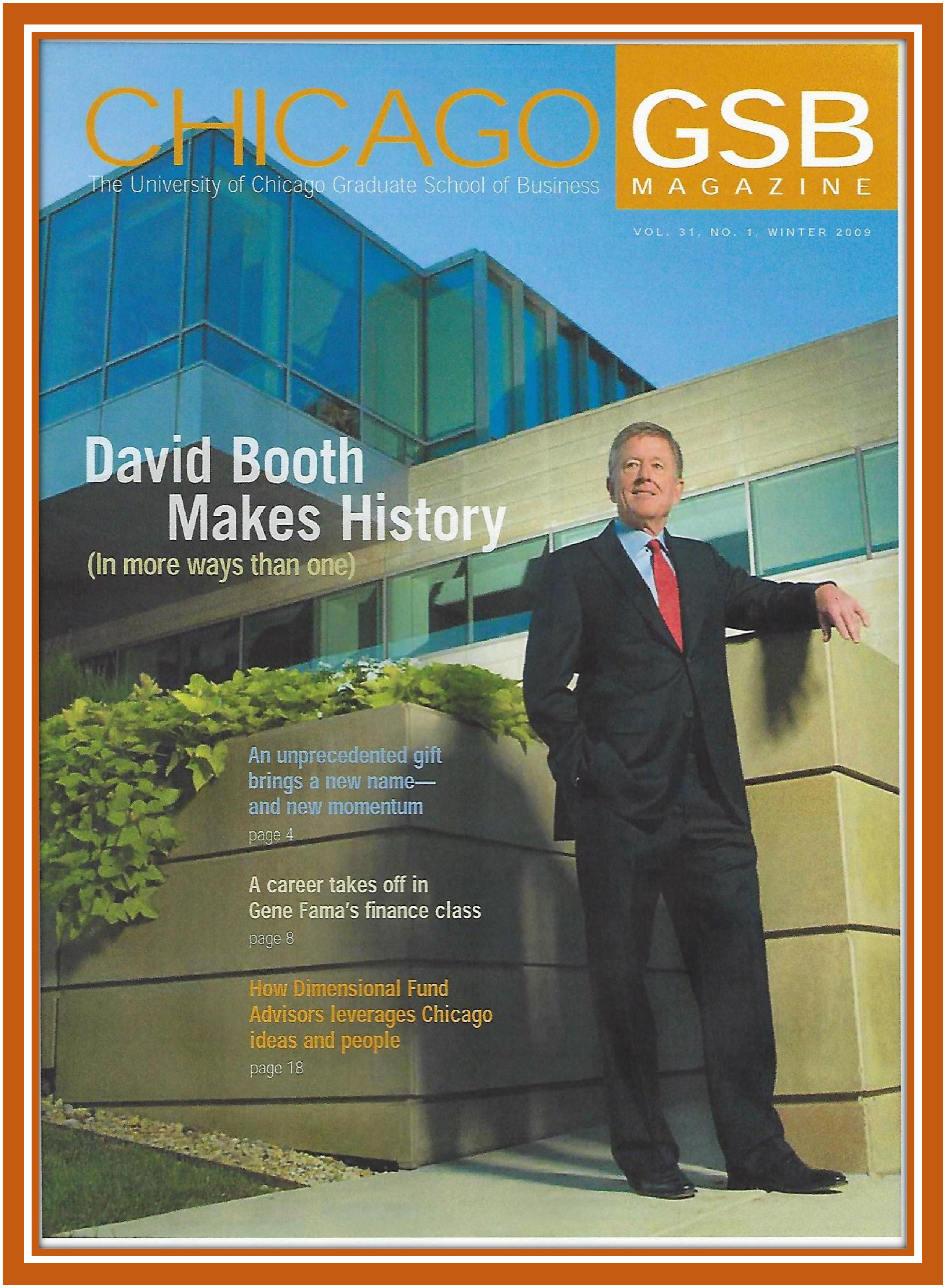

CHICAGO GSB
The University of Chicago Graduate School of Business
MAGAZINE
VOL. 31, NO. 1, WINTER 2009
David Booth
Makes History
(In more ways than one)
An unprecedented gift brings a new name—and new momentum
page 4
A career takes off in Gene Fama's finance class
page 8
How Dimensional Fund Advisors leverages Chicago ideas and people
page 18

Figure 11-3

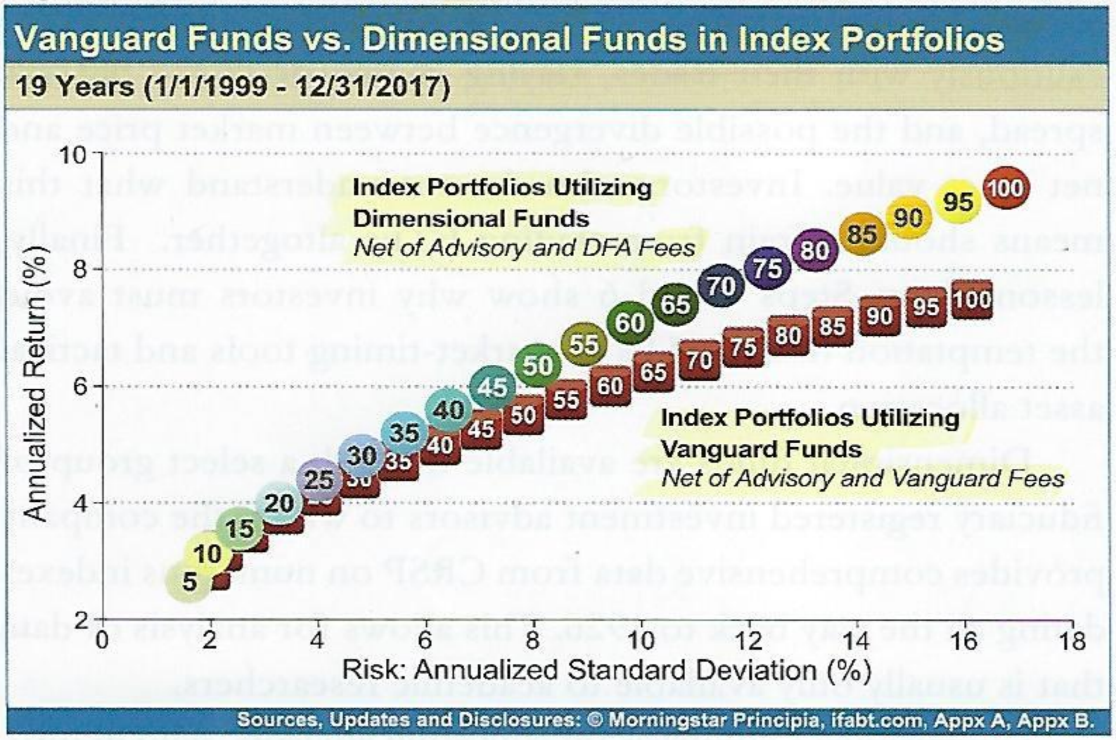
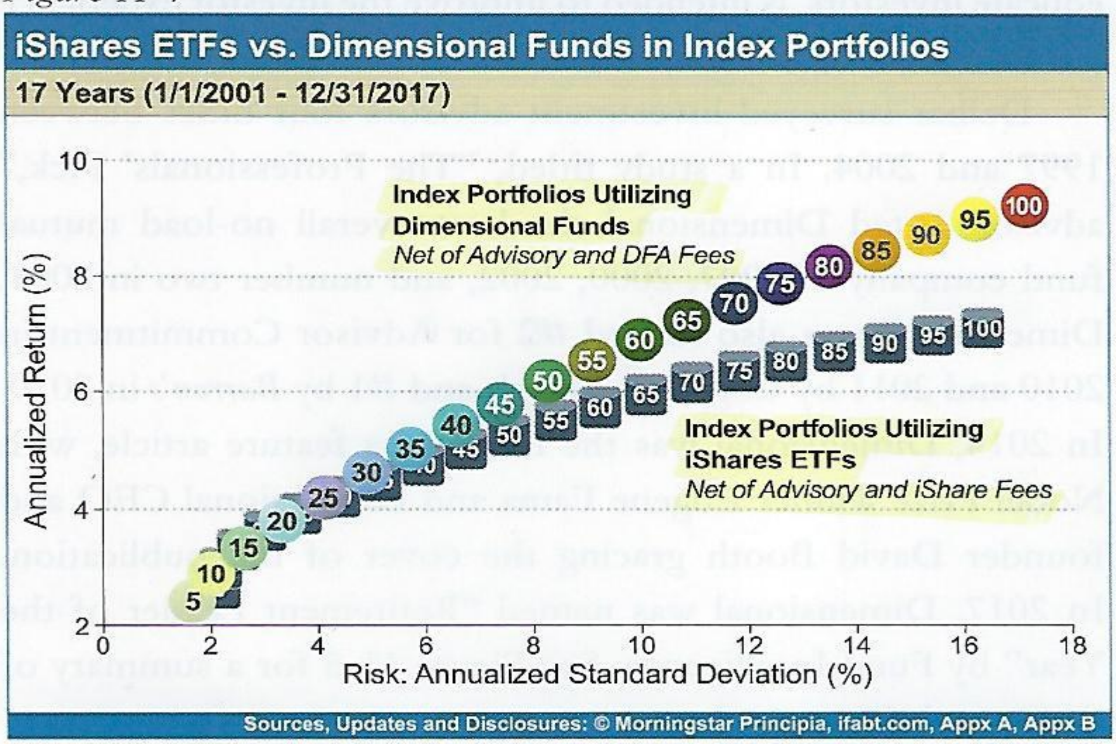
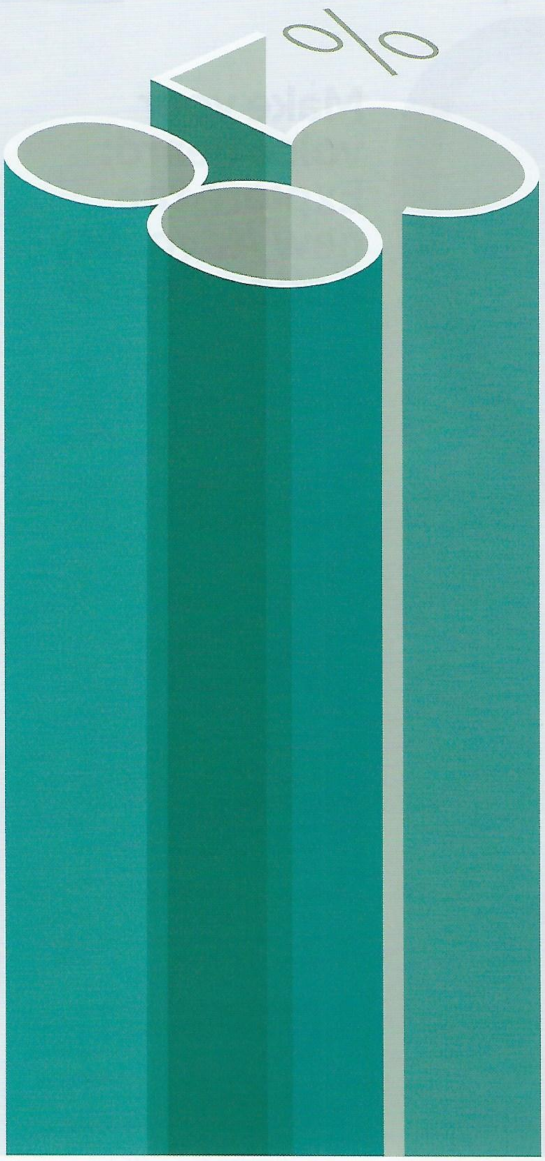


Figure 11-4





Dimensional

Our Track Record

We have a long history managing time-tested investment strategies for clients

First full month[1] through 6/30/2019	Fund (%)	Benchmark (%)
	ANNUALIZED RETURN	
US EQUITY		
US Micro Cap, since 1/82	11.63	10.25
US Small Cap, since 4/92	10.29	9.27
US Large Cap Value, since 3/93	9.92	9.53
US Small Cap Value, since 4/93	11.02	9.76
DEVELOPED ex US EQUITY		
International Small Company, since 10/96	6.71	6.03
International Small Cap Value, since 1/95	6.94	5.81
International Value, since 3/94	5.92	4.95
EMERGING MARKETS EQUITY		
Emerging Markets Small Cap, since 4/98	10.51	6.73
Emerging Markets Value, since 5/98	9.95	6.81
Emerging Markets, since 5/94	6.74	5.57
FIXED INCOME		
One-Year Fixed, since 8/83	4.52	4.16
Intermediate Government, since 11/90	6.02	5.58
Five-Year Global, since 12/90	5.14	4.53

By evolving with advances in financial science, Dimensional has delivered long-term results for investors.

1. Returns are annualized from the first full month and reflect compound returns and assume reinvestment of dividends and other earnings. Benchmark information available in the appendix.

Returns in USD. Portfolios shown are a representative sample of product offerings considered to be early examples and flagship strategies with more than 15 years of performance. Performance for the portfolios is reported net of all advisory fees and includes reinvestment of dividends and other earnings. Performance data shown represents past performance and is no guarantee of future results. Current performance may be higher or lower than the performance shown. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. To obtain the most current month-end performance data, visit us.dimensional.com.

Life Insurance Is <u>The Single Biggest</u> <u>Benefit</u> In The Tax Code!

New York CPA Ed Slott states . . .

"Life Insurance is not only the single biggest benefit in the tax code . . . but it's also the most cost-effective way to protect a large IRA". *(read page 97.)*

He goes on to say . . .

"Life Insurance can also <u>ELIMINATE</u> both tax risk and investment risk - the payment is <u>GUARANTEED</u>."

Life Insurance is <u>MORE FLEXIBLE</u> in any planning situation – no taxes or distribution rules to worry about.

Again, Ed continues . . .

If the <u>ONLY MONEY</u> available to pay the Life Insurance premiums is in the IRA . . . then you should <u>WITHDRAW FROM THE IRA</u> to make those premium payments.

After age 70 ½, or now age 73 (in 2023) for others, ***"Mandatory Withdrawals"*** *(RMDs) must begin from the Traditional IRAs and other retirement accounts anyway. The Beneficiary(s) must also begin the year, after the Owner's death, for their RMDs.*

Since the RMD will have to be withdrawn, they can easily be leveraged, using the RMD amount that's left, after paying taxes out of this, to pay for the Life Insurance premiums.

You can also withdraw more than the RMD minimum, or start this earlier and do the same. I'll illustrate an example of one client's choice on pages 98-100.

In this example, the Owner is the age of 65 and their Traditional IRA is the amount of $ 500,000. At the time they did this, their RMD was required to start at age 70 ½ and it would be about $ 16,000 a year, for a few years.

My clients had their own income and other needs planned already, with other resources they owned. So they decided, at the Owner's age of 65, to start withdrawing $ 25,000 from his Traditional IRA every year, to create more options for his wife and family, assuming he died first.

At the time, they were in the 25 % tax bracket, so they paid the $ 6,250 tax out of this every year and used only the remaining $ 18,750 for their premium, to buy new Life Insurance.

<u>There were no extra out-of-pocket expenses needed beyond this.</u>

*On page 99, we saw where the Owner qualified for **<u>$ 1,190,822</u>** of Life Insurance benefits for this $ 18,750 annual premium. (Of course, this amount could vary for each of us, depending on our own age, medical and other underwriting. There are also different types of life insurance and costs for different goals.)*

<u>So now the Beneficiaries, the Owner's wife and family, will have total benefits of BOTH the income-tax-free life insurance of $ 1,190,000 PLUS the remaining amount of his Traditional IRA.</u>

Remember, all of the remaining part of his IRA will be taxable income.

***<u>THE BIG QUESTION</u>** . . . what makes more sense for your family ?*

Just the $ 500,000 (or so) from the Traditional IRA that will be all taxable income, with a lot of extra distribution and other tax rules and unknown tax landmines, likely funded with volatile investments ?

*Or this same $ 500,000 (or so) . . . **<u>PLUS</u>** . . . the additional **<u>$ 1,190,000</u>** of **<u>GUARANTEED TAX-FREE</u>** Life Insurance, without all of the extra distribution and tax rules to complicate life for your family ?*

*We can also use this same idea, to fund a Life Insurance policy with extra Long-Term Care benefits for both the husband and his wife. **<u>This is often the smartest way to plan ahead for your Long Term Care needs !</u>***

Use of Life Insurance to Protect IRA Values

The tax exemption for life insurance is the single biggest benefit in the tax code

"Life insurance is not only the single biggest benefit in the tax code, but it is also the most cost effective way to protect a large IRA." -Ed Slott, CPA.

If the only money available to pay the life insurance premiums is in the IRA, then you should withdraw from the IRA to make those premium payments. After age 70½, mandatory withdrawals from the IRA must begin anyway. Since the money will have to be withdrawn, it may as well be leveraged by using the money (what's left after paying the income tax) to pay the life insurance premiums.

Life insurance can eliminate both tax risk and investment risk – the payment is guaranteed.

Distributions will not trigger stealth taxes. Better for tax bracket management – tax-free distributions won't bump up to a higher tax bracket. ***Long-Term Care riders*** *– HUGE lifetime benefit. Children get less, but it's better than relying on them to pay your nursing home bills. Use life insurance to replace stock market losses.*

Limit Taxable IRA Withdrawals. Life insurance can be used to provide tax-free money for beneficiaries so that they do not have to withdraw amounts in excess of their required distributions on inherited IRAs. This will keep their income taxes lower, since the excess IRA distributions would have been taxable.

Also, this allows them to stick with the stretch IRA schedule instead of depleting the IRA before its time. This also can allow inherited Roth IRAs to last longer and continue to grow tax free for beneficiaries.

Surviving Spouse Roth Conversions Life insurance can be used by a surviving spouse to convert an IRA to a Roth IRA Life insurance can be used to fund a trust (as opposed to an IRA which has RMDs and taxes) Life insurance is more flexible in any planning situation. There are no taxes or distribution rules to worry about.

Life insurance is more flexible in any planning situation – no taxes or distribution rules to worry about. Can simulate the stretch IRA, without the complex tax issues. Life insurance can be set up to be excluded from the estate. Life insurance solves family money problems.

Appendix B

A Hypothetical Example (Legacy Optimizer Strategy)
IRA Withdrawals to Fund a Life Insurance Policy

Year	Age Beg.	Age End	Beginning of Year IRA Value	Projected IRA growth at 3%	Required Minimum Distribution	Gross IRA Withdrawal	Less Taxes to IRA Owner @ 25%	Net IRA Withdrawal	Annual Life Insurance Premiums*	Net Reinvested	Ending IRA Account Value
2014	65	66	$500,000	$14,250	$0	$25,000	$6,250	$18,750	$18,750	$0	$489,250
2015	66	67	$489,250	$13,928	$0	$25,000	$6,250	$18,750	$18,750	$0	$478,178
2016	67	68	$478,178	$13,595	$0	$25,000	$6,250	$18,750	$18,750	$0	$466,773
2017	68	69	$466,773	$13,253	$0	$25,000	$6,250	$18,750	$18,750	$0	$455,026
2018	69	70	$455,026	$12,901	$0	$25,000	$6,250	$18,750	$18,750	$0	$442,927
2019	70	71	$442,927	$12,538	$16,165	$25,000	$6,250	$18,750	$18,750	$0	$430,465
2020	71	72	$430,465	$12,164	$16,244	$25,000	$6,250	$18,750	$18,750	$0	$417,629
2021	72	73	$417,629	$11,779	$16,314	$25,000	$6,250	$18,750	$18,750	$0	$404,407
2022	73	74	$404,407	$11,382	$16,373	$25,000	$6,250	$18,750	$18,750	$0	$390,790
2023	74	75	$390,790	$10,974	$16,420	$25,000	$6,250	$18,750	$18,750	$0	$376,763
2024	75	76	$376,763	$10,553	$16,453	$25,000	$6,250	$18,750	$18,750	$0	$362,316
2025	76	77	$362,316	$10,119	$16,469	$25,000	$6,250	$18,750	$18,750	$0	$347,436
2026	77	78	$347,436	$9,673	$16,388	$25,000	$6,250	$18,750	$18,750	$0	$332,109
2027	78	79	$332,109	$9,213	$16,360	$25,000	$6,250	$18,750	$18,750	$0	$316,322
2028	79	80	$316,322	$8,740	$16,222	$25,000	$6,250	$18,750	$18,750	$0	$300,062
2029	80	81	$300,062	$8,252	$16,046	$25,000	$6,250	$18,750	$18,750	$0	$283,314
2030	81	82	$283,314	$7,749	$15,828	$25,000	$6,250	$18,750	$18,750	$0	$266,063
2031	82	83	$266,063	$7,232	$15,559	$25,000	$6,250	$18,750	$18,750	$0	$248,295
2032	83	84	$248,295	$6,699	$15,233	$25,000	$6,250	$18,750	$18,750	$0	$229,994
2033	84	85	$229,994	$6,150	$14,838	$25,000	$6,250	$18,750	$18,750	$0	$211,143

This hypothetical example is for illustrative purposes only, and should not be deemed a representation of past or future results, and is no guarantee of return or future performance. This example assumes the non-guaranteed growth rate shown above will continue in all years. This is not likely, and actual results may be more or less favorable.

**The annual life insurance premium is equal to the net after-tax amount of the IRA withdrawal. The life insurance premium shown is not guaranteed. Actual premiums will be based on the policy selected, the amount of coverage, age, gender and underwriting classification. This example assumes that the withdrawal from your IRA is not subject to a surrender charge. If the IRA is an annuity, surrender of and/or withdrawals from the annuity contract may be subject to surrender charges, market value adjustments and/or taxation as ordinary income and if taken prior to age 59 ½ may be subject to a 10% IRS penalty tax.*

This supplemental report is not complete without all pages and is not valid unless accompanied by a complete illustration from the insurance carrier.

This material is designed to provide general information on the subjects covered. Pursuant to IRS Circular 230, it is not intended to provide specific legal or tax advice and cannot be used to avoid tax penalties or to promote, market or recommend any tax plan or arrangement. You are encouraged to consult your personal tax advisor or attorney.

Prepared For:
Mr. and Mrs. Smith

THE **LEGACY OPTIMIZER STRATEGY**

Prepared On:
8/15/2014

A Hypothetical Example (Legacy Optimizer Strategy) **Appendix B1**

Projected After-Tax IRA Value + Life Insurance Death Benefit

Year	Age Beg	Age End	Life Insurance Death Benefit*	End of Year IRA Value	Less Tax on IRA to Beneficiaries at 35%	Net IRA Value to Beneficiaries	RMDs Reinvested	Total Value to Beneficiaries**
2014	65	66	$1,190,822	$489,250	$171,238	$318,013	$0	$1,508,835
2015	66	67	$1,190,822	$478,178	$167,362	$310,815	$0	$1,501,637
2016	67	68	$1,190,822	$466,773	$163,370	$303,402	$0	$1,494,224
2017	68	69	$1,190,822	$455,026	$159,259	$295,767	$0	$1,486,589
2018	69	70	$1,190,822	$442,927	$155,024	$287,902	$0	$1,478,724
2019	70	71	$1,190,822	$430,465	$150,663	$279,802	$0	$1,470,624
2020	71	72	$1,190,822	$417,629	$146,170	$271,459	$0	$1,462,281
2021	72	73	$1,190,822	$404,407	$141,543	$262,865	$0	$1,453,687
2022	73	74	$1,190,822	$390,790	$136,776	$254,013	$0	$1,444,835
2023	74	75	$1,190,822	$376,763	$131,867	$244,896	$0	$1,435,718
2024	75	76	$1,190,822	$362,316	$126,811	$235,506	$0	$1,426,328
2025	76	77	$1,190,822	$347,436	$121,602	$225,833	$0	$1,416,655
2026	77	78	$1,190,822	$332,109	$116,238	$215,871	$0	$1,406,693
2027	78	79	$1,190,822	$316,322	$110,713	$205,609	$0	$1,396,431
2028	79	80	$1,190,822	$300,062	$105,022	$195,040	$0	$1,385,862
2029	80	81	$1,190,822	$283,314	$99,160	$184,154	$0	$1,374,976
2030	81	82	$1,190,822	$266,063	$93,122	$172,941	$0	$1,363,763
2031	82	83	$1,190,822	$248,295	$86,903	$161,392	$0	$1,352,214
2032	83	84	$1,190,822	$229,994	$80,498	$149,496	$0	$1,340,318
2033	84	85	$1,190,822	$211,143	$73,900	$137,243	$0	$1,328,065

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** The Life Insurance Death Benefit shown is for illustrative purposes only. Your actual death benefit would be based on the policy selected, the amount of coverage, age, gender and undewriting classification. Product features, limitations and availability vary by state and the issuing company. Life insurance guarantees are backed by the financial strength and claims-paying ability of the issuing insurance company.*

***The Total Value to Beneficiaries is equal to the sum of the Net IRA Value to Beneficiaries and the Life Insurance Death Benefit. The Net IRA Value to Beneficiaries assumes a 35% combined federal and state income tax due at the time of death. Additional taxes may apply.*

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Prepared For:
Mr. and Mrs. Smith

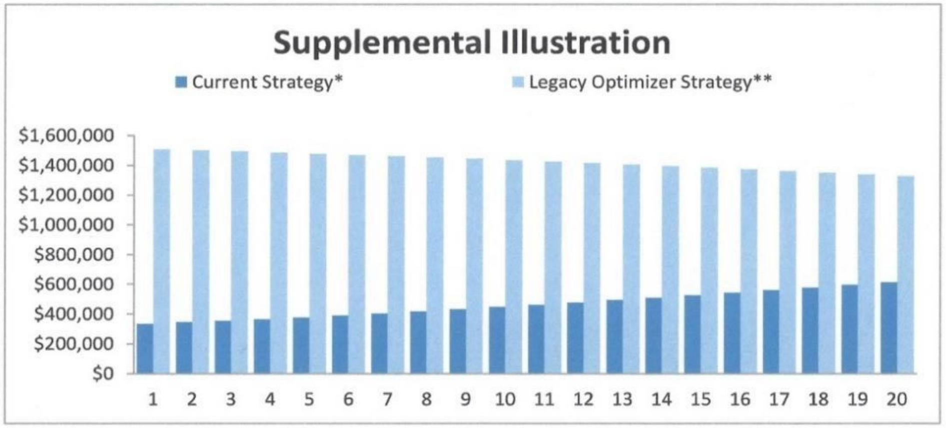
THE **LEGACY OPTIMIZER STRATEGY**

Prepared On:
8/15/2014

A Hypothetical Comparison

Current Strategy vs. Legacy Optimizer Strategy

Assuming a 65 year old client with RMDs starting at age 70.5, a hypothetical growth rate of 3%, and an effective tax rate of 25%.



Projected After-Tax Value in:

	10 years	20 years
Current Strategy	$446,960	$614,039
Legacy Optimizer Strategy**	$1,435,718	$1,328,065
Potential Increase to Beneficiaries	221%	116%

This hypothetical example is for illustrative purposes only, and should not be deemed a representation of past or future results, and is no guarantee of return or future performance. This example assumes the non-guaranteed growth rate shown above will continue in all years. This is not likely, and actual results may be more or less favorable. Please review Appendices A and B for additional details.

Product features, limitations and availability vary by state and the issuing company. Life insurance guarantees are backed by the financial strength and claims-paying ability of the issuing insurance company.

** Current strategy assumes a 25% combined federal and state income tax due at the time of death. Additional taxes may apply.*

*** The Legacy Optimizer Strategy is equal to the sum of the Projected After-Tax IRA Value and the Life Insurance Death Benefit.*

This supplemental report is not complete without all pages and is not valid unless accompanied by a complete illustration from the insurance carrier.

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Prepared For:
Mr. and Mrs. Smith

THE **LEGACY OPTIMIZER STRATEGY**

Prepared On:
8/15/2014

Your "Income For Life Assessment"

Thank you for reading this. I've shared some ideas that are important to many of us and I hope at least part of this has been relevant and helpful for your own concerns.

It's been a fascinating career. I'm now in my 40h year of Financial Planning and related areas. I've had the opportunity to see thousands of different situations and I've met with some very pleasant, fascinating and smart people, either in retirement or preparing for retirement.

This book is only an introduction. If you want to learn more about any single area, I've written additional books on almost every subject. I'm happy to mail a FREE COPY of your choice, one at a time please. Just call our office or go to our two websites and tell us what you want.

*Our company websites are www.CreativeRetirementPlanning.com and www.NorthwestReverseMortgage.com . You may also download a copy of our **"Firm Brochure"**, that provides full disclosure of the Registered Investment Advisor part of our company - all fees, services, etc.*

*The COVID-19 virus is a startling **"Wake-Up Call"** for many investors.* ***Many learned, they don't want to own as much risk as they do.***

*This is especially true for those of us, who have a lot of our income, dependent on our underlying investments. As I stated earlier, many of our clients have approached their retirement planning, applying the wisdom of our **"Financial Pyramid"**, illustrated and discussed on pages 9 thru 10.*

The SECURITY of a Lifetime Guaranteed Income is much like owning a well-funded pension (many pensions today are not well-funded !). The fact that more than two out of three retirees do not have any pension, makes this an important concern for most of us.

I encourage you to review our story about Sally and Sam Sample, illustrated and discussed on pages 16 thru 25. My point, is there are solutions for many of us, that can make a critical difference for our later years.

I'm here to help where I can and I invite your call to discuss this further.

Creative Retirement Planning, Inc.

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Dave Nute

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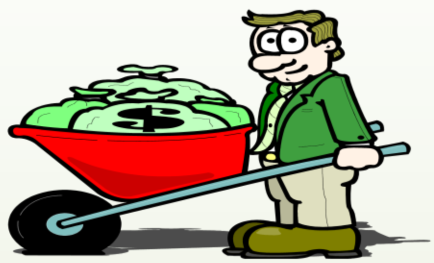

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