

Lifetime Earning Potential

Proposed Path

Everything you want in life is dependent on your ability to earn and income, and the decisions you make with that income. That's why you keep learning and growing professionally to maximize your earning possibilities!

There are a couple basic rules that we look at in helping our clients maximize the utility from their income

- 1) prevent interruptions in income from adversely impacting you and your family. Having an adequate emergency fund in the event of a job disruption and making sure you have appropriate disability and life coverages will insulate you and your family's financial security.
(See next page.)

Your ability to earn an income is often your most valuable asset and it's essential to securing your financial future goals.

Lifetime Earning Potential

Based on your current income, here's what you could earn by the time you retire.

Bill could earn \$2,747,420

\$110,000/yr

20yrs

Increased by 2.25% /yr

2021 - 2041

Mary could earn \$3,746,481

\$150,000/yr

20yrs

Increased by 2.25% /yr

2021 - 2041

Replacing an Income

If you stopped working today, here's the lump sum you'd have to invest to replace your possible lifetime earnings.

To replace Bill's income:

A lump sum of: \$1,642,247

With an annual 5.66% rate of return

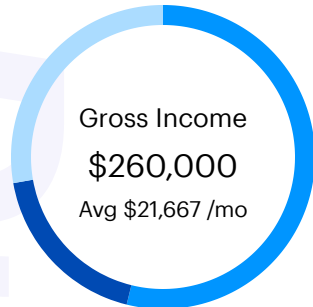
To replace Mary's income:

A lump sum of: \$2,239,428

With an annual 5.66% rate of return

Your 2021 Cash Flow Overview

Proposed Path



Mary's Gross Income \$150,000
Bill's Gross Income \$110,000

Includes \$70,572 taxes & withholdings.

We figure out your cash flow by subtracting your expenses and target savings from your current income. Based on those factors, here's how your 2021 budget should look.

Committed: Fixed Expenses

● \$102,000

Average: \$8,500 /mo

Your non-negotiable, most inflexible expenses that keep your life running.

Lifestyle Expenses \$84,000
House Loans \$18,000

Committed: Goal Funding

● \$34,858

Average: \$2,905 /mo

Your committed savings allocated for financial security, retirement, and other personal goals.

We've included your annual pre-paycheck retirement contributions of \$14,500.

Discretionary Spending

● \$52,570

Average: \$4,381 /mo

These remaining dollars have not been allocated to any specific purpose and are free to use for whatever you would like.

2) Having a philosophy of money to manage your current lifestyle in the context of the lifestyle you want to maintain when you decide to no longer work/retire. For most of our clients we find maintaining fixed expenses in the range of 50-60%, and then evenly splitting the remaining income between long-term goal funding and discretionary spending - balancing the lifestyle you desire today, and the lifestyle you want to have in the future.

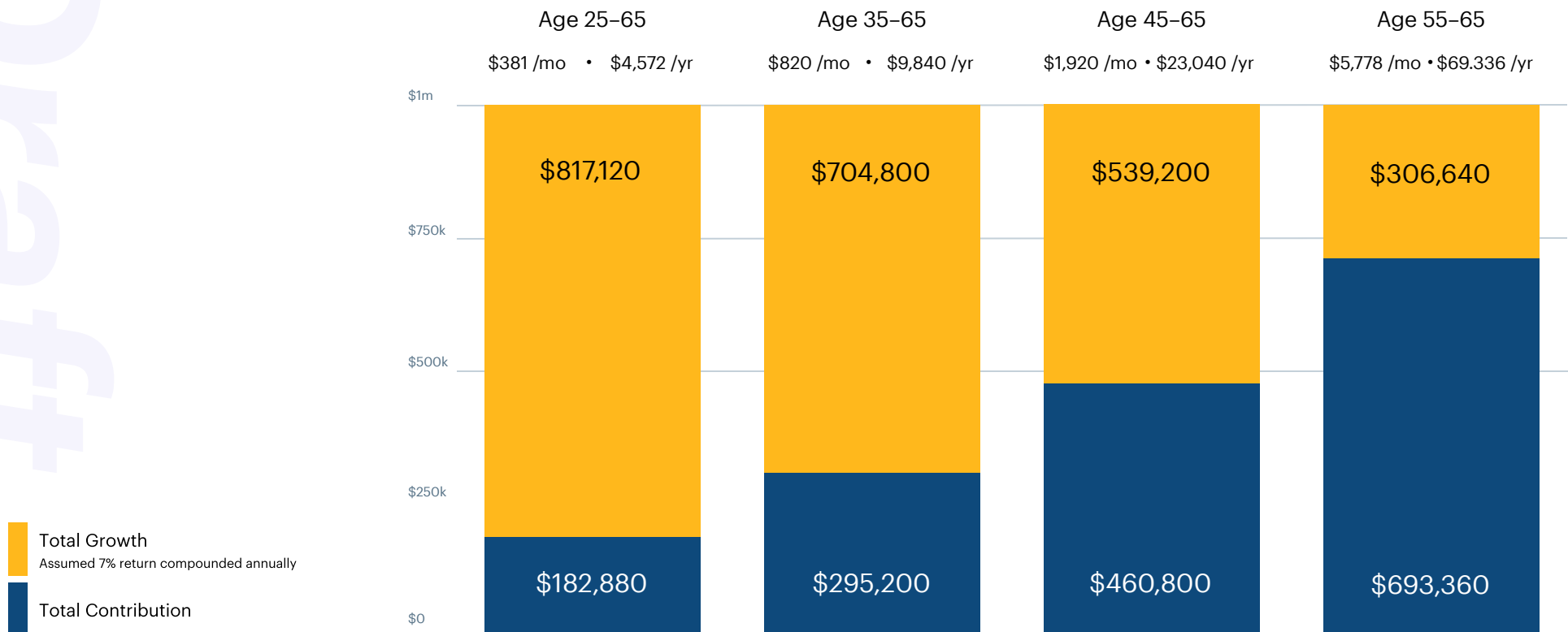
This is an interesting area, because most people always feel tension between their goal and discretionary dollars...lean into it, it's totally natural! I always ask people to take some time and picture themselves in their retirement years - visualize it, what are you doing, what makes you happy, why do you feel secure? Now, write down advice you'd give your kids or someone else you care about who is at your current stage of life...what advice would you give them to have the outcome you're experiencing? THAT advice is what we should be focused on today.

The Importance of Investing Early

No matter your goals, it's always best to start saving as early as possible—letting compound interest work in your favor.

With compounding returns, your initial investment will be earning money as well as the prior earnings kept in the account.

To Accumulate \$1 Million by Age 65

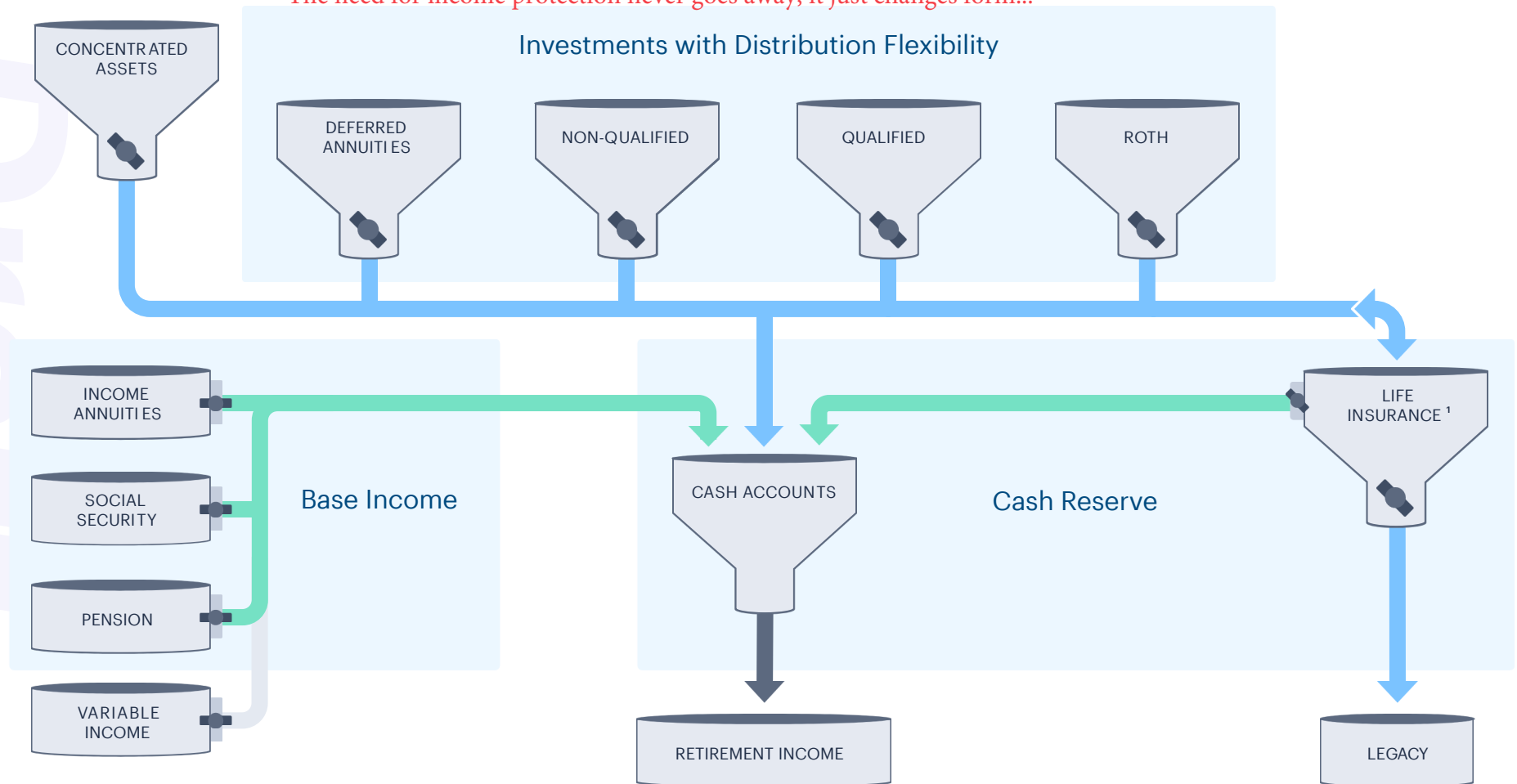


There are only four items that will materially impact your long-term accumulation: The amount you contribute; the ROR on your contributions; taxation of the assets; and your time to goal. Ask them to put them in order of most in your control to least in your control. Let's start with what is most in your control the amount contributed, and time to goal (start today), and influence the rest with smart asset allocation and asset location.

Retirement Planning Strategy

Today, you're using your income to generate assets. The only purpose of those assets will be to generate income for you in the future. Asset LOCATION will be very important to you later in life...today, it's important to have a strategy on how to begin filling the different buckets - over time - so you're well positioned when that time comes - the insurance critical to protect your earned income today (Life and DI), will be essential in maximizing your investment income in retirement (Life and LTC)!

The need for income protection never goes away, it just changes form...



1. The primary purpose for life insurance is to provide a death benefit. Using accumulated value to supplement your retirement income may reduce death benefits and may affect other aspects of your plan.

Asset Class Annual Performance

There's no way to predict how a single asset class will perform year over year. Diversifying investments can help create more consistent returns.

The less you want to contribute, the more return you need and, as you can see, the more return you require, the more risk you must take!

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Compounded Return ¹	Risk ²	High
Int'l Emerging 78.5%	Real Estate 28.1%	Real Estate 9.4%	Int'l Emerging 18.2%	U.S. Small Cap 41.3%	Real Estate 32.0%	Real Estate 4.5%	U.S. Small Cap 26.6%	Int'l Emerging 37.3%	Cash Alt. 1.9%	U.S. Large Cap 31.5%	U.S. Large Cap 18.4%	Real Estate 45.9%	Commodities 16.1%	U.S. Large Cap 26.3%	U.S. Large Cap 14.0%	Real Estate 21.5%	
U.S. Mid Cap 37.4%	U.S. Mid Cap 26.6%	Fixed Income 7.8%	U.S. Mid Cap 17.9%	U.S. Mid Cap 33.5%	U.S. Large Cap 13.7%	U.S. Large Cap 1.4%	U.S. Mid Cap 20.7%	Int'l Developed 25.0%	Fixed Income 0.01%	U.S. Mid Cap 26.2%	Int'l Emerging 18.3%	U.S. Large Cap 28.7%	Cash Alt. 1.5%	Int'l Developed 18.2%	U.S. Mid Cap 13.3%	U.S. Small Cap 20.3%	
Int'l Developed 31.8%	U.S. Small Cap 26.3%	U.S. Large Cap 2.1%	Int'l Developed 17.3%	U.S. Large Cap 32.4%	U.S. Mid Cap 9.8%	Fixed Income 0.6%	U.S. Large Cap 12.0%	U.S. Large Cap 21.8%	Real Estate -4.2%	Real Estate 23.1%	U.S. Mid Cap 13.7%	Commodities 27.1%	Fixed Income -13.0%	U.S. Mid Cap 16.4%	U.S. Small Cap 12.7%	Int'l Emerging 19.2%	
Real Estate 28.5%	Int'l Emerging 18.9%	U.S. Small Cap 1.0%	Real Estate 17.1%	Int'l Developed 22.8%	Fixed Income 6.0%	Cash Alt. 0.03%	Commodities 11.8%	U.S. Mid Cap 16.2%	U.S. Large Cap -4.4%	U.S. Small Cap 22.8%	U.S. Small Cap 11.3%	U.S. Small Cap 26.8%	U.S. Mid Cap -13.1%	U.S. Small Cap 16.1%	Real Estate 10.0%	U.S. Mid Cap 18.3%	
U.S. Large Cap 26.5%	Commodities 16.8%	Diversif'd Portfolio 0.6%	U.S. Small Cap 16.3%	Diversif'd Portfolio 11.4%	U.S. Small Cap 5.8%	Int'l Developed -0.8%	Int'l Emerging 11.2%	U.S. Small Cap 13.2%	Diversif'd Portfolio -5.1%	Int'l Developed 22.0%	Diversif'd Portfolio 10.6%	U.S. Mid Cap 24.8%	Diversif'd Portfolio -13.5%	Real Estate 14.0%	Diversif'd Portfolio 7.5%	Int'l Developed 16.9%	
U.S. Small Cap 25.6%	U.S. Large Cap 15.1%	Cash Alt. 0.1%	U.S. Large Cap 16.0%	Real Estate 1.2%	Diversif'd Portfolio 5.6%	Diversif'd Portfolio -1.6%	Diversif'd Portfolio 7.6%	Diversif'd Portfolio 13.1%	U.S. Small Cap -8.5%	Int'l Emerging 18.4%	Int'l Developed 7.8%	Diversif'd Portfolio 12.2%	Int'l Developed -14.5%	Diversif'd Portfolio 12.7%	Int'l Developed 6.9%	U.S. Large Cap 15.4%	
Diversif'd Portfolio 22.2%	Diversif'd Portfolio 12.9%	U.S. Mid Cap -1.7%	Diversif'd Portfolio 11.0%	Cash Alt. 0.1%	Cash Alt. 0.03%	U.S. Small Cap -2.0%	Real Estate 6.7%	Real Estate 3.8%	U.S. Mid Cap -11.1%	Diversif'd Portfolio 18.1%	Fixed Income 7.5%	Int'l Developed 11.3%	U.S. Small Cap -16.1%	Int'l Emerging 9.8%	Int'l Emerging 6.5%	Commodities 14.9%	
Commodities 18.9%	Int'l Developed 7.8%	Int'l Developed -12.1%	Fixed Income 4.2%	Fixed Income -2.0%	Int'l Emerging -2.2%	U.S. Mid Cap -2.2%	Fixed Income 2.7%	Fixed Income 3.5%	Commodities -11.3%	Fixed Income 8.7%	Cash Alt. 0.6%	Cash Alt. 0.1%	U.S. Large Cap -18.1%	Fixed Income 5.5%	Fixed Income 2.7%	Diversif'd Portfolio 9.8%	
Fixed Income 5.9%	Fixed Income 6.5%	Commodities -13.3%	Cash Alt. 0.1%	Int'l Emerging -2.6%	Int'l Developed -4.9%	Int'l Emerging -14.9%	Int'l Developed 1.0%	Commodities 1.7%	Int'l Developed -13.8%	Commodities 7.7%	Commodities -3.1%	Fixed Income -1.5%	Int'l Emerging -20.1%	Cash Alt. 5.3%	Cash Alt. 0.9%	Fixed Income 4.2%	
Cash Alt. 0.2%	Cash Alt. 0.1%	Int'l Emerging -18.4%	Commodities -1.1%	Commodities -9.5%	Commodities -17.0%	Commodities -24.7%	Cash Alt. 0.3%	Cash Alt. 0.8%	Int'l Emerging -14.6%	Cash Alt. 2.3%	Real Estate -11.2%	Int'l Emerging -2.5%	Real Estate -26.0%	Commodities -7.9%	Commodities -0.2%	Cash Alt. 0.4%	
																	Low

1. Compounded returns are measured by the geometric mean of a given portfolio, which takes into account the sequence of returns over a given period of time and more accurately shows the portfolio's performance over that period of time, as compared to a simple average. 2. Risk is represented by Standard Deviation, which is the measure of total volatility in a portfolio. It shows how widely a portfolio's returns have varied around the average over a period of time. Standard deviations on this chart were calculated using monthly returns.

Source: 2024 Morningstar. This chart is for illustrative purposes only and not indicative of any investment. The data assumes reinvestment of all income and does not account for taxes or transaction costs. This chart is based upon past index performance and is not indicative of future results. Indexes are unmanaged and cannot be invested in directly. Diversification does not guarantee a profit or protect against a loss. Note that the diversified portfolio's assets were rebalanced monthly in order to maintain the designated allocations throughout the period.