

# Personal Financial Plan

For

## I. Am Prepared

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Prepared by

**Coombe, Bender & Co., LLC**

**6872 RT 209 P.O. Box 333**

**Wawarsing, NY 12489**

**845-647-4800**

Financial Overview, Observations and Recommendations

This presentation provides a general overview of some aspects of your personal financial position. It is designed to provide educational and / or general information and is not intended to provide specific legal, accounting, investment, tax or other professional advice. For specific advice on these aspects of your overall financial plan, consult with your professional advisors. Asset or portfolio earnings and / or returns shown, or used in the presentation, are not intended to predict nor guarantee the actual results of any investment products or particular investment style.

**IMPORTANT: The projections or other information generated by Money Tree's Silver regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Additionally, it is important to note that information in this report is based upon financial figures input on the date above; results provided may vary with subsequent uses and over time.**

## About Your Personal Financial Plan

We appreciate that you have questions and concerns as you work to attain and preserve financial security. Today's financial environment is complex and in many regards, uncertain. The decisions you make regarding work, spending, investment, and retirement, both now and in the future, will significantly affect your financial condition over the long term.

In an effort to aid you in learning, understanding, and formulating a personal basis for decision making, this 'Personal Financial Plan' is offered to help enhance your knowledge of various topics and communicate some of the intricacies of the financial world. The plan represents a framework to clarify and structure your financial matters.

This plan is based upon confidential information you provided regarding your present resources and objectives. While illustrations within this plan can be a valuable aid in the examination of your finances, it does not represent the culmination of your planning efforts. Financial planning is an ongoing process.

This hypothetical illustration of mathematical principles is custom made to model some potential situations and transitions you may face in your financial future. Hypothetical assumptions used in this illustration are specifically chosen to communicate and demonstrate your current financial position and highlight for discussion with your advisor the complex future interacting effects of combined incomes, expenses, savings, asset growth, taxes, retirement benefits, and insurance.

This document is not an advertisement or solicitation for any specific investment, investment strategy, or service. No recommendations or projections of specific investments or investment strategies are made or implied. Any illustrations of asset growth contained herein are strictly used to demonstrate mathematical concepts and relationships while presenting a balanced and complete picture of certain financial principles. Growth assumptions are applied to generalized accounts based upon differing tax treatment. Illustrations, charts and tables do not predict or project actual future investment performance, or imply that any past performance will recur.

This plan does not provide tax or legal advice, but may illustrate some tax rules or effects and mention potential legal options for educational purposes. Information contained herein is not a substitute for consultation with a competent legal professional or tax advisor and should only be used in conjunction with his or her advice.

The results shown in this illustration are not guarantees of, or projections of future performance. Results shown are for illustrative purposes only. This presentation contains forward-looking statements and there can be no guarantees that the views and opinions expressed will come to pass. Historical data shown represents past performance and does not imply or guarantee comparable future results. Information and statistical data contained herein have been obtained from sources believed to be reliable but in no way are guaranteed as to accuracy or completeness.

The Assumptions page contains information you provided that is used throughout the presentation. Please review the information for accuracy and notify your Financial Advisor promptly if discrepancies in the assumptions are present; discrepancies may materially alter the presentation.

Your actual future investment returns, tax levels and inflation are unknown. This illustration uses representative assumptions in a financial planning calculation model to generate a report for education and discussion purposes. Calculations and assumptions within this report may not reflect all potential fees, charges, and expenses that might be incurred over the time frame covered by these illustrations which, if included, would result in lower investment returns and less favorable illustration results. Do not rely upon the results of this report to predict actual future investment performance, market conditions, tax effects or inflation rates.

# Assumptions

**Client Information:**

Names :	I. Am Prepared
First Name 1	Bob
First Name 2	Wendy
Birthdate / Age 1	6/30/1945 62
Birthdate / Age 2	8/10/1947 60
Retirement Age 1	62
Retirement Age 2	60
Life Expectancy 1	86
Life Expectancy 2	90
Alternate life exp. 1	90
Alternate life exp. 2	
Risk Tolerance Level	Moderate
Life Insurance 1	\$250,000
Life Insurance 2	\$150,000
Term Insurance 1	
Term Insurance 2	
Insurance cash value 1	\$6,720
Insurance cash value 2	\$3,374

**Asset Allocations:**

Cash & Reserves	0.87%	15.00%
Income	26.05%	20.00%
Income & Growth	16.26%	20.00%
Growth	39.84%	30.00%
Aggressive Growth	0.00%	15.00%
Other	16.99%	0.00%

**Current**

**Suggested**

**Rate Assumptions (Before & After Retirement):**

Taxable Returns	7.00%	7.00%
Tax-Deferred & Roth Returns	6.00%	6.00%
Tax-Free Returns	4.00%	4.00%
Return on Annuities	6.00%	6.00%
Effective Tax Rates	20.00%	15.00%
Cost Basis for Taxable Assets		100.00%
Cost Basis for Annuity Assets		100.00%
Additions Increase Rate: Taxable		3.00%
Additions Increase Rate: Tax-Def 1		3.00%
Additions Increase Rate: Tax-Def 2		3.00%

**Other Incomes After-tax**

**Pension & Social Security Data (Annual):**

Pension-Indv. 1	\$25,000
Pension start age	62
Pension rate (pre ret.)	0.00%
Pension rate (ret.)	0.50%
Pension survivor %	100%
Pension-Indv. 2	\$14,000
Pension start age	60
Pension rate (pre ret.)	0.00%
Pension rate (ret.)	0.50%
Pension survivor %	50%
Soc Sec 1 Start age	65
Soc Sec 1 Rate	2.00%
Earned income 1	\$50,000
Soc Sec 1 Amt. (if known)	\$14,000
Soc Sec 2 Start age	65
Soc Sec 2 Rate	2.00%
Earned income 2	\$30,000
Soc Sec 2 Amt. (if known)	\$10,000

Item	Start	Inc	Number	Amount per
Description	Year	Rate	of years	year

**Other Expenses After-tax:**

**Estimated Education Costs**

Total cost at 6% inf.

**Expenses & Inflation (Annual After-tax):**

Expenses, (pre ret.)	\$36,000
Expenses, Survivor (pre ret.)	\$32,000
Expenses at Retirement	\$36,000
Expenses, Survivor (ret.)	\$32,000
Inflation, (pre ret.)	3.00%
Inflation, Survivor (pre ret.)	3.00%
Inflation at Retirement	3.00%
Inflation, Survivor (ret.)	3.00%

Note: These assumptions are based upon information provided by you, combined with representative forward looking values intended to provide a reasonable financial illustration for education and discussion purposes. The investment returns, tax rates, benefit increase rates, inflation rates, and future expense values used in this report were selected based on your age, assets, income, goals and other information you provided. These assumptions do not presuppose or analyze any particular investments or investment strategy, or represent a guarantee of future results.

## Asset Worksheet

Description	Current Amount	Annual Additions	Addition Period	Asset Class	Account Taxation	Asset Type
NYS Deferred Comp	326,000			Inc./Gro.	Tax-Deferred (1)	Mutual Funds (Stock)
ENYFCU Savings	18,336			Cash	Taxable (J)	Passbook Savings
ExxonMobil Stock	18,500			Inc./Gro.	Taxable (J)	Stocks
Brokerage Account - TD Ameritr	844,291			Growth	Taxable (J)	Mutual Funds (Stock)
Parents Inherited Residence	360,000			Other	Taxable (1)	Real Estate
Rental properties - Net	552,000			Income	Taxable (1)	Real Estate
<b>Totals:</b>	<b>\$2,119,127</b>					

# Insurance Summary

Company Name		
Insured	Indv 1	Indv 2
Owner	Indv 1	Indv 2
Beneficiary	Indv 2	Indv 1
Type	Whole	Whole
Death Benefit	\$250,000	\$150,000
Annual Premium		
Total Premiums Paid		
Current Cash Values	6,720	3,374

## Insurance Included in Estate:

### Bob predeceases Wendy

	<u>Bob</u>	<u>Wendy</u>
Policy 1 -	\$250,000	\$0
Policy 2 -	0	150,000
	\$250,000	\$150,000

### Wendy predeceases Bob

	<u>Wendy</u>	<u>Bob</u>
Policy 1 -	\$0	\$250,000
Policy 2 -	150,000	0
	\$150,000	\$250,000

# Estate Planning

While a very complex topic, estate planning is a critical component of any well developed financial plan. To be effective, this planning needs to be carefully coordinated with the other areas of planning such as Insurance, Retirement, Investments, etc. The primary goal of this section is to highlight estate planning concepts, and help illustrate potential benefits of implementing basic estate planning techniques available today.

## Estate Tax

Minimizing estate tax exposure is generally a primary goal of most clients. History is full of examples of estates decimated by unnecessary estate taxes and expenses. We will provide you with an analysis of your current situation and illustrate suggestions to minimize your current and future estate tax exposure. Some of the basic planning techniques we will consider are the use of:

- Unlimited Marital Deduction
- Maximizing use of Applicable Exclusion Amount
- Unlimited Charitable Deductions
- Annual Gift Exclusion
- Revocable Living Trusts
- Irrevocable Life Insurance Trusts

## Other Financial Goals

Other financial goals to consider in your planning are:

- Estate liquidity
- Managing probate, administrative and other expenses
- Minimizing Income Tax

## Non-Financial Goals

The non-financial aspects of estate planning are just as important as the various financial goals described above. They will often be of a very personal nature and should be customized to fit into your overall plan. Generally, this can be accomplished by discussing these goals noted above. We will be able to point out only general concepts in this report. However, some of the non-financial goals for you to consider are:

- Caring for dependents or minor children
- Distribution of property to heirs
- Maintaining control over assets
- Lifetime planning issues such as incapacity and health care powers

## Summary

Protecting your estate requires careful planning. The diverse skills required to coordinate a plan might require a team approach consisting of your financial planner, attorney, insurance specialist, accountant, and investment advisor. The illustrations provided here are intended as tools to help you and your team make informed decisions. In addition, your situation will most likely change with time. Therefore, you will need to monitor your estate planning situation periodically and make amendments as required.

***This report is a hypothetical illustration and does not constitute legal or tax advice. You should always obtain legal counsel and professional tax advice before taking action affecting your estate planning.***

## Estate Net Worth Statement

### ASSETS

	<u>Bob</u>	<u>Wendy</u>	<u>Joint/ Community</u>	<u>Total</u>
<b>Savings and Investments</b>				
Passbook & credit union savings			\$18,336	\$18,336
Stock mutual funds			844,291	844,291
Real estate	912,000			912,000
Common stocks			18,500	18,500
	\$912,000	\$0	\$881,127	\$1,793,127
<b>Retirement Accounts</b>				
Qualified Plans - Bob	\$326,000			\$326,000
	\$326,000	\$0	\$0	\$326,000
<b>Other Assets</b>				
Residence			\$245,000	\$245,000
Personal Property			43,000	43,000
Autos			20,000	20,000
Life Insurance Cash Values	6,720	3,374		10,094
	\$6,720	\$3,374	\$308,000	\$318,094
<b>TOTAL ASSETS</b>	<b>\$1,244,720</b>	<b>\$3,374</b>	<b>\$1,189,127</b>	<b>\$2,437,221</b>
<b><u>LIABILITIES</u></b>				
Residence Mortgage			\$20,000	\$20,000
Credit Card Debt			5,000	5,000
Auto Loans			8,000	8,000
<b>TOTAL LIABILITIES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$33,000</b>	<b>\$33,000</b>
<b>NET WORTH</b>	<b>\$1,244,720</b>	<b>\$3,374</b>	<b>\$1,156,127</b>	<b>\$2,404,221</b>
<b><u>ADJUSTMENTS</u></b>				
Life insurance in estate	\$250,000	\$150,000		
Life insurance cash values	(6,720)	(3,374)		
Estate share of joint property	578,064	578,064		
<b>ESTATE NET WORTH</b>	<b>\$2,066,064</b>	<b>\$728,064</b>		

## Your Current Situation

The recommendations in this report are based on information that you provided. Before reviewing the estate plan or implementing any of the recommendations that follow, please verify the following data and assumptions.

### Basic Data

	Bob	Wendy
Age	62	60
Age at Death for this Illustration	62	60

### General Assumptions

Administrative & probate expenses as a percentage of estate assets:	2.00%
Estimated final expenses	\$7,500

### Existing Estate Planning

Will	<b>Yes</b>	<b>Yes</b>
Revocable Living Trust	No	No
Marital Trust Provisions	No	No
Credit Shelter Trust Provisions	No	No
QTIP Trust Provisions	No	No
Generation Skip Trust Provisions	No	No
Irrevocable Life Insurance Trust	No	No
Durable General Power of Attorney	<b>Yes</b>	<b>Yes</b>
Durable Health Care Power of Attorney	<b>Yes</b>	<b>Yes</b>
Living Will	<b>Yes</b>	<b>Yes</b>
Existing percentage of Estate in Living Trust	0%	0%

### Previous Gifting Detail

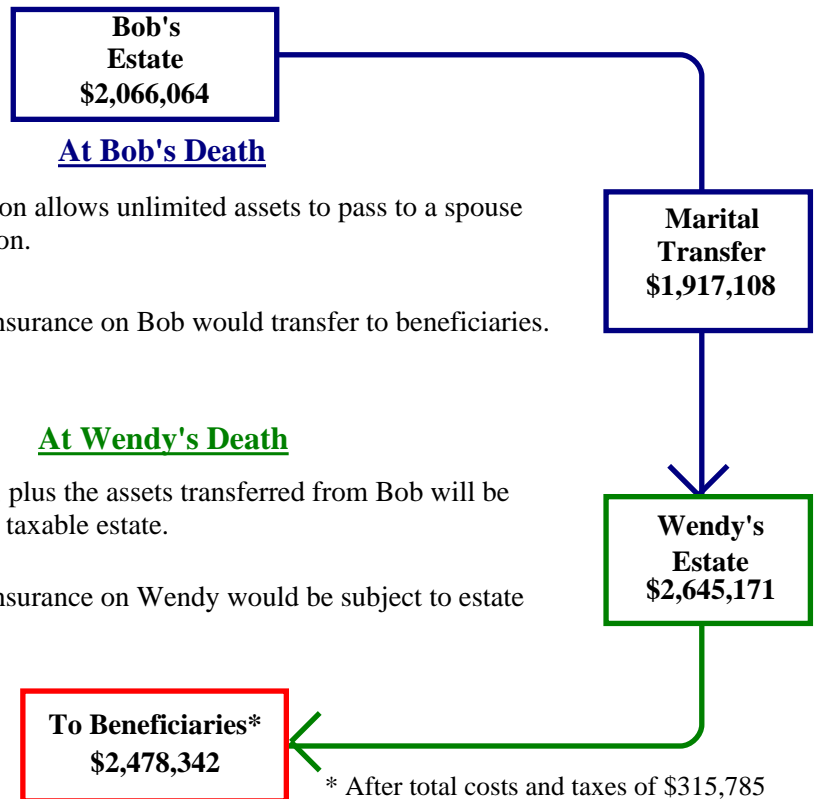
Previous Taxable Gifts	\$0	\$0
Previous Gift Taxes Paid	\$0	\$0

### Current Estate Summary

Bob's gross estate consists of \$2,066,064 and Wendy's consists of \$728,064.  
 Potential federal estate taxes currently range from \$205,901 to \$217,945.  
 Administrative, probate, and final expenses could total from \$83,118 to \$109,885.  
 Additional planning could save up to \$291,077 in estate taxes and other costs.

# Current Situation - Flowchart

## Bob Predeceases Wendy



The Marital Deduction allows unlimited assets to pass to a spouse without estate taxation.

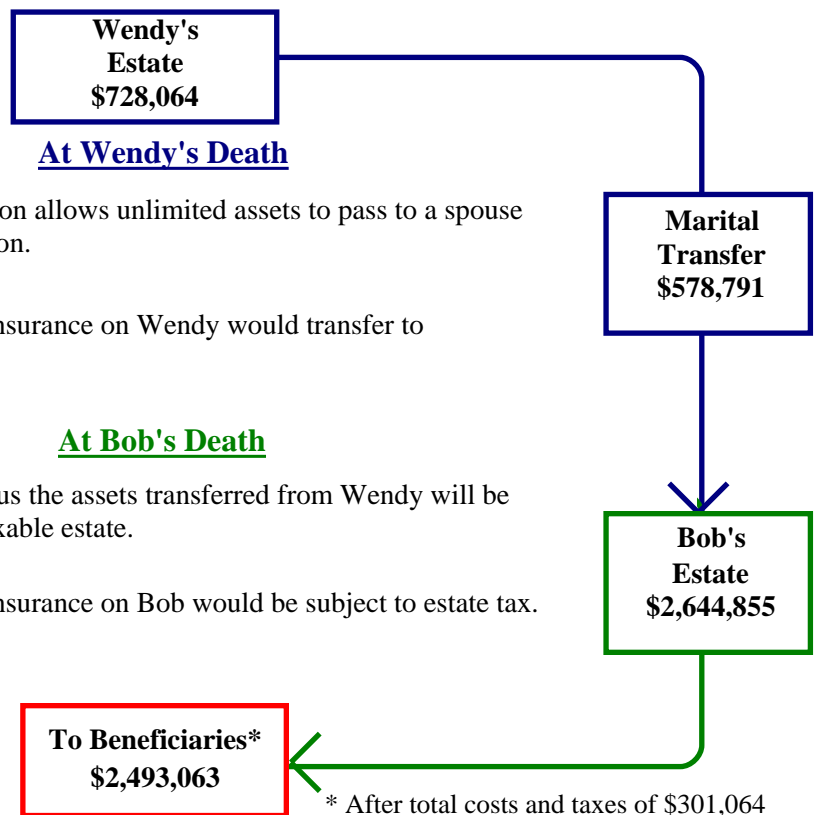
Proceeds from life insurance on Bob would transfer to beneficiaries.

### At Wendy's Death

Wendy's own assets, plus the assets transferred from Bob will be included in Wendy's taxable estate.

Proceeds from life insurance on Wendy would be subject to estate tax.

## Wendy Predeceases Bob



The Marital Deduction allows unlimited assets to pass to a spouse without estate taxation.

Proceeds from life insurance on Wendy would transfer to beneficiaries.

### At Bob's Death

Bob's own assets, plus the assets transferred from Wendy will be included in Bob's taxable estate.

Proceeds from life insurance on Bob would be subject to estate tax.

# Current Situation - Estimate

## Bob Predeceases Wendy

Estate	Bob's Death	Wendy's Death
Separate property	\$912,000	\$0
50% of jointly owned & community property	594,564	594,564
Retirement Accounts	326,000	0
Life Insurance	250,000	150,000
Debt	(16,500)	(16,500)
Marital Transfer	0	1,917,108
	\$2,066,064	\$2,645,171
 <b>Deductions and Expenses</b>		
Charitable deductions	(\$99,804)	(\$126,881)
Marital Transfer	(1,917,108)	0
Administrative, Probate and Final Expenses	(49,151)	(60,733)
	(\$2,066,063)	(\$187,614)
<b>Federal Taxable Estate</b>	\$0	\$2,457,557
 <b>Federal Estate Tax</b>		
Federal Estate Tax	\$0	(\$986,701)
Applicable Credit Amount	0	780,800
<b>Federal Estate Tax</b>	\$0	(\$205,901)

## Wendy Predeceases Bob

Estate	Wendy's Death	Bob's Death
Separate property	\$0	\$912,000
50% of jointly owned & community property	594,564	594,564
Retirement Accounts	0	326,000
Life Insurance	150,000	250,000
Debt	(16,500)	(16,500)
Marital Transfer	0	578,791
	\$728,064	\$2,644,855
 <b>Deductions and Expenses</b>		
Charitable deductions	(\$126,881)	(\$99,804)
Marital Transfer	(578,791)	0
Administrative, Probate and Final Expenses	(22,391)	(60,727)
	(\$728,064)	(\$160,531)
<b>Federal Taxable Estate</b>	\$0	\$2,484,323
 <b>Federal Estate Tax</b>		
Federal Estate Tax	\$0	(\$998,745)
Applicable Credit Amount	0	780,800
<b>Federal Estate Tax</b>	\$0	(\$217,945)

# Your Alternate Estate Planning Structure

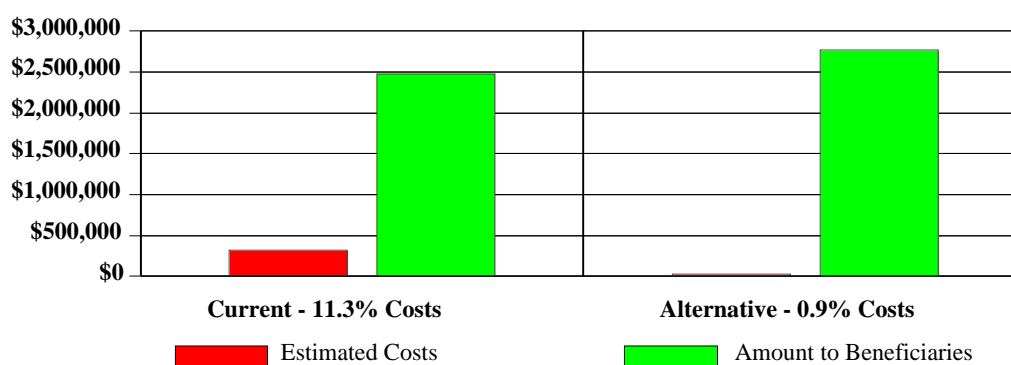
## Summary of Alternative Estate Results

This report reviews and compares the cumulative impact of the suggested estate planning alternatives upon your estate. The Suggested Alternative Flowchart diagram which follows this page illustrates how the improved estate structure reduces the amount of your estate exposed to estate taxes. In your specific case, you may be able to reduce your estate costs and taxes by up to 92%. These savings directly translate into additional assets available for beneficiaries.

Currently, your combined total estate is estimated to be \$2,794,127. Using estimated estate settlement costs of \$315,785, you would pass approximately \$2,478,342 to your beneficiaries.

With proper implementation of suggested alternative estate structures, your current estimated estate settlement costs may be reduced to approximately \$24,709. This would allow you to save \$291,077 in taxes and expenses, transferring \$2,769,418 to your beneficiaries.

### Impact of Planning upon Estate Costs



## Alternative Wills and Trusts

By implementing suggested alternative estate strategies, you may significantly increase the assets passing to your beneficiaries at death and reduce your estimated estate settlement costs.

### Your current estate documents:

- A Will for each spouse
- Durable General Powers of Attorney
- Durable Health Care Powers of Attorney
- Living Wills

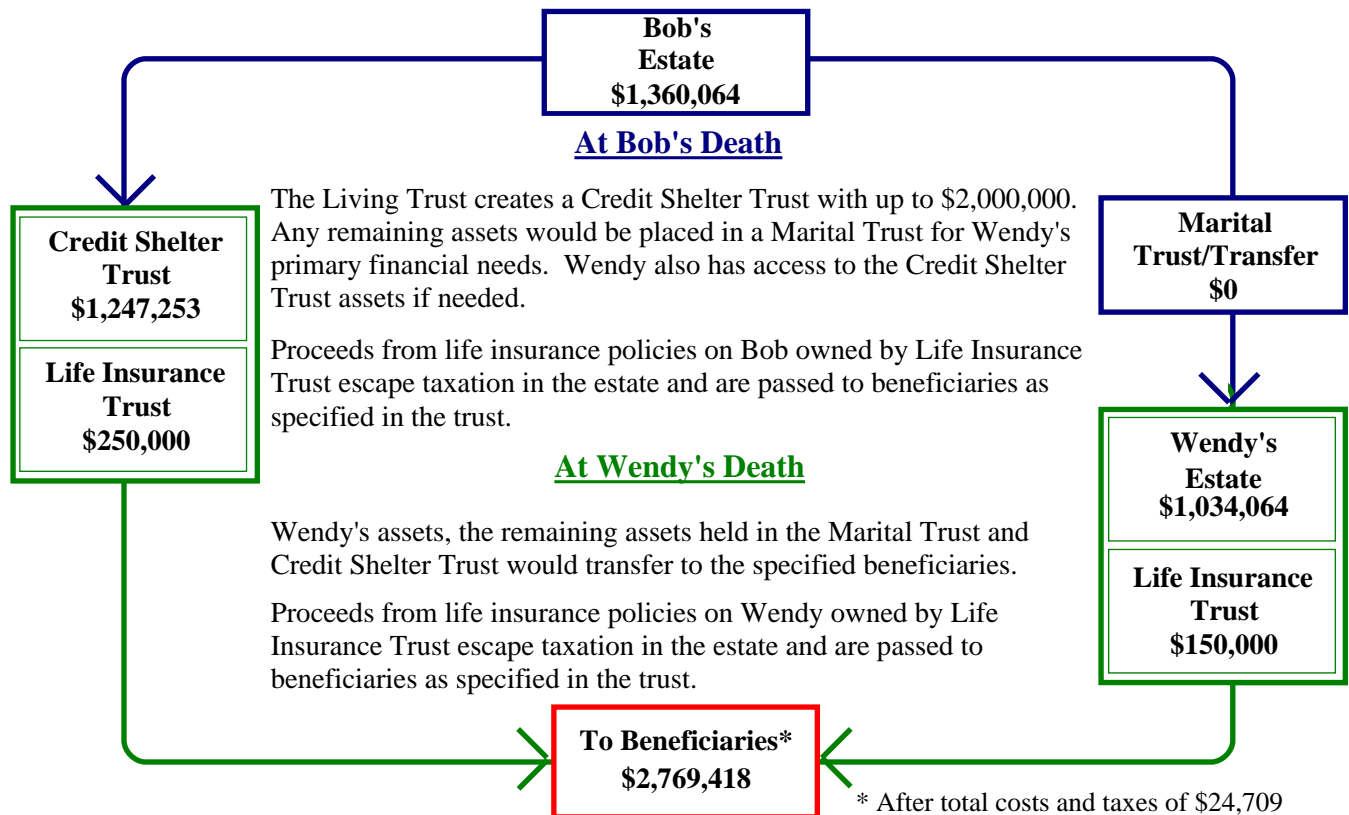
### Suggested additional/alternative estate documents:

- A revised Will for each spouse if necessary
- Revised asset ownership to balance property if necessary
- A Revocable Living Trust for each spouse
- Fund the Revocable Living Trusts
- Marital Trust provisions
- Credit Shelter Trust provisions
- Irrevocable Life Insurance Trusts\*

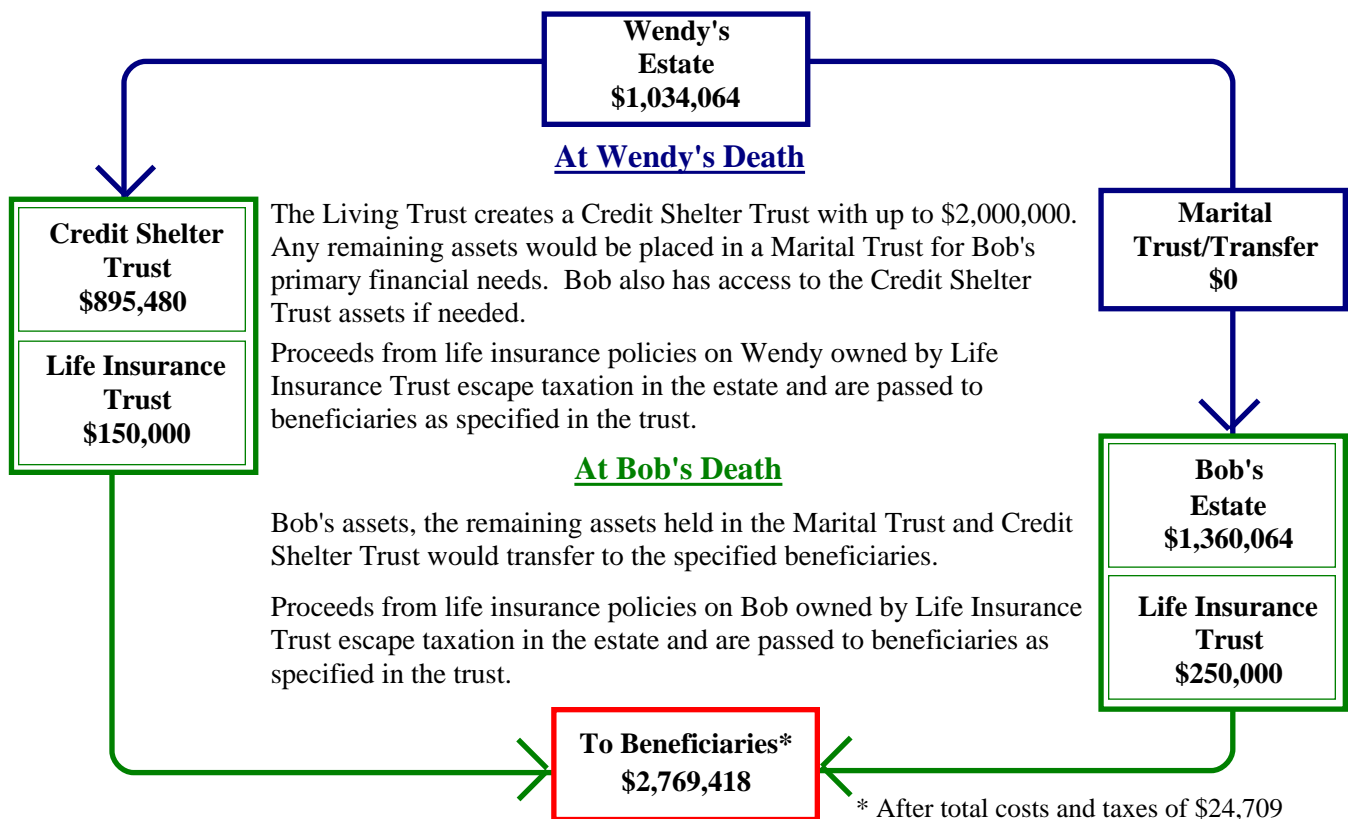
\* Please note that Irrevocable Life Insurance Trusts may not be needed in all cases. Please consult your attorney.

# Alternative Situation - Flowchart

## Bob Predeceases Wendy



## Wendy Predeceases Bob



## Alternative Situation - Estimate

### Bob Predeceases Wendy

Estate	Bob's Death	Wendy's Death
Separate property (assets balanced)	\$1,050,564	\$1,050,564
Retirement Accounts	326,000	0
Life Insurance	0	0
Debt	(16,500)	(16,500)
Marital Transfer	0	0
	\$1,360,064	\$1,034,064
<b>Deductions and Expenses</b>		
Charitable deductions	(\$99,804)	(\$126,881)
Marital Transfer	0	0
Administrative, Probate and Final Expenses	(13,006)	(11,702)
	(\$112,811)	(\$138,583)
<b>Federal Taxable Estate</b>	\$1,247,253	\$895,480
<b>Federal Estate Tax</b>		
Federal Estate Tax	(\$447,174)	(\$305,037)
Applicable Credit Amount	447,174	305,037
<b>Federal Estate Tax</b>	\$0	\$0

### Wendy Predeceases Bob

Estate	Wendy's Death	Bob's Death
Separate property (assets balanced)	\$1,050,564	\$1,050,564
Retirement Accounts	0	326,000
Life Insurance	0	0
Debt	(16,500)	(16,500)
Marital Transfer	0	0
	\$1,034,064	\$1,360,064
<b>Deductions and Expenses</b>		
Charitable deductions	(\$126,881)	(\$99,804)
Marital Transfer	0	0
Administrative, Probate and Final Expenses	(11,702)	(13,006)
	(\$138,583)	(\$112,811)
<b>Federal Taxable Estate</b>	\$895,480	\$1,247,253
<b>Federal Estate Tax</b>		
Federal Estate Tax	(\$305,037)	(\$447,174)
Applicable Credit Amount	305,037	447,174
<b>Federal Estate Tax</b>	\$0	\$0

# Estate Tax Estimate

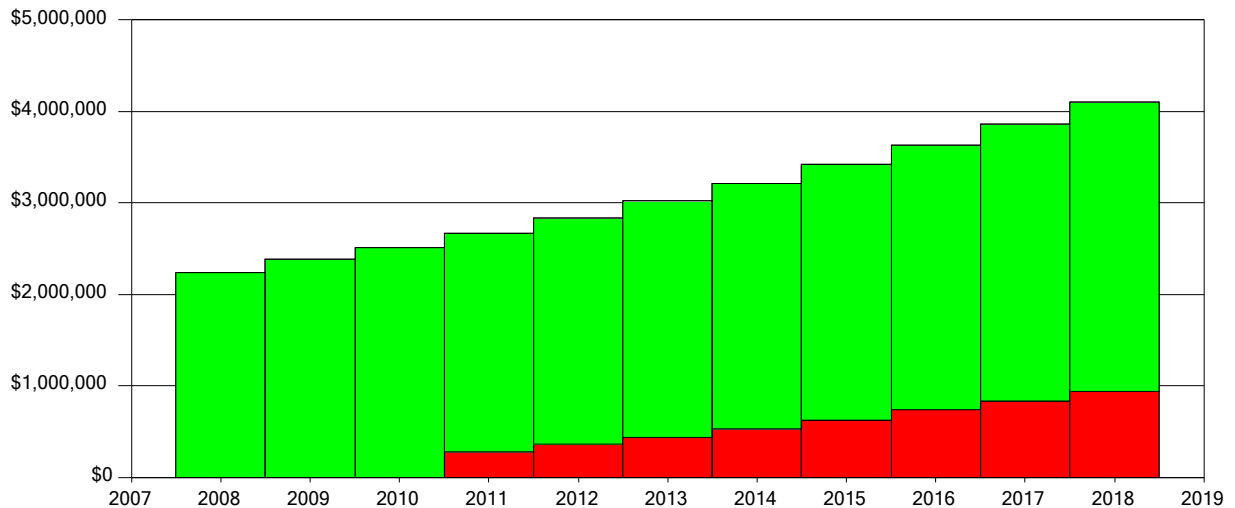
## EGTRRA 2001

In June 2001, The Economic Growth and Tax Relief Reconciliation Act of 2001 was signed into law. One feature of the new law is to completely phase out estate taxes by 2010. This will be done by increasing estate tax exemptions and decreasing estate tax rates each year. In 2010, inherited property will no longer receive a step-up in basis as is done now, exposing those assets to potentially large capital gains when sold. In addition, Gift Tax rules have been changed. Congress must decide by 2011 if these changes will be permanent or revert back to previous law. We have shown your estate tax exposure in 2011 in terms of the previous law.

## An Estimate of Your Estate Tax Exposure Using Suggested Planning

We have taken information provided about your current estate net worth to estimate your estate tax exposure under the new law over the next several years. We make some general assumptions regarding the growth of assets. Also, as previously suggested in this analysis, we assume that each individual has funded a credit shelter trust utilizing the applicable exclusion amounts available to them (currently \$2,000,000 per person in 2007). We also assume that any life insurance benefits are kept out of the taxable estate. The graph below shows your estimated estate tax exposure (red) and your estate remainder after taxes (green) at each year end. Keep in mind that the status of estate tax law is uncertain beyond year 2010.

**Estimated Estate Growth vs. Federal Estate Tax**



Year End	Retirement Capital	Other Assets	Debts & Expenses	Adjustments *	Estate Tax Base	Exclusion Amounts	Estimated Estate Tax
2008	\$2,242,443	\$308,000	(\$59,501)	(\$250,110)	\$2,240,832	\$4,000,000	\$0
2009	2,372,163	317,240	(58,692)	(250,110)	2,380,602	7,000,000	0
2010	2,508,639	326,757	(69,698)	(256,891)	2,508,807	0	0
2011	2,665,587	336,560	(66,983)	(264,016)	2,671,147	2,000,000	(283,355)
2012	2,831,110	346,657	(68,337)	(272,152)	2,837,277	2,000,000	(357,919)
2013	3,015,608	357,056	(69,839)	(280,721)	3,022,104	2,000,000	(440,668)
2014	3,210,459	367,768	(71,424)	(290,230)	3,216,574	2,000,000	(527,945)
2015	3,416,250	378,801	(73,095)	(300,258)	3,421,698	2,000,000	(620,004)
2016	3,630,672	390,165	(74,833)	(310,837)	3,635,167	2,000,000	(735,878)
2017	3,856,965	401,870	(76,666)	(321,830)	3,860,339	2,000,000	(836,939)
2018	4,095,793	413,926	(78,598)	(333,416)	4,097,705	2,000,000	(943,472)

\*Adjustments include charitable deductions or previous taxable gifts that have been included in your estate plan analysis.