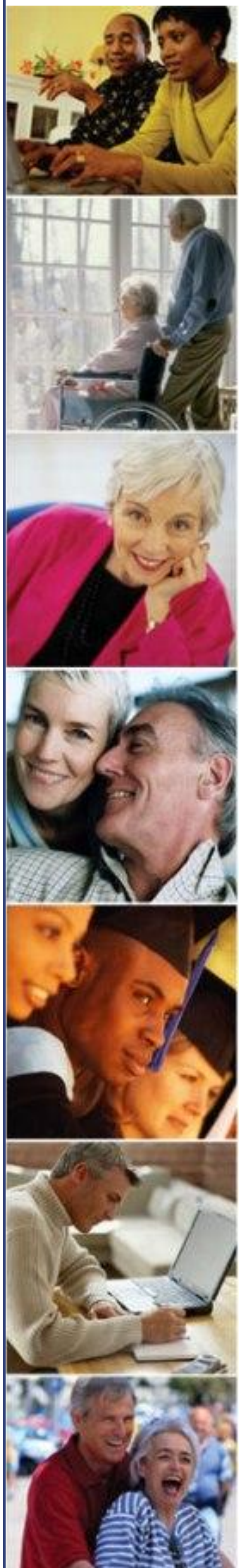

Retirement Readiness

Prepared for: **John and Sue Participant**

Prepared by:
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February 14, 2011

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Disclaimer

The following report is a diagnostic tool intended to review your current financial situation and suggest potential planning ideas and concepts that may be of benefit. The purpose of the report is to illustrate how accepted financial and estate planning principles may improve your current situation.

This report is based upon information and assumptions provided by you (the client). This report provides broad and general guidelines on the advantages of certain financial planning concepts and does not constitute a recommendation of any particular technique. We recommend that you review your plan annually, unless changes in your personal or financial circumstances require more frequent review.

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I/We have received and read this Disclaimer page and understand its contents and, therefore, the limitations of the report. Furthermore, I understand that none of the calculations and presentations of investment returns are guaranteed.

Client(s): ______________________________ ______________

John Participant Date

______________________________ ______________

Sue Participant Date

Advisor: ______________________________ ______________

Hayashi & Wayland Wealth Management, LLC Date

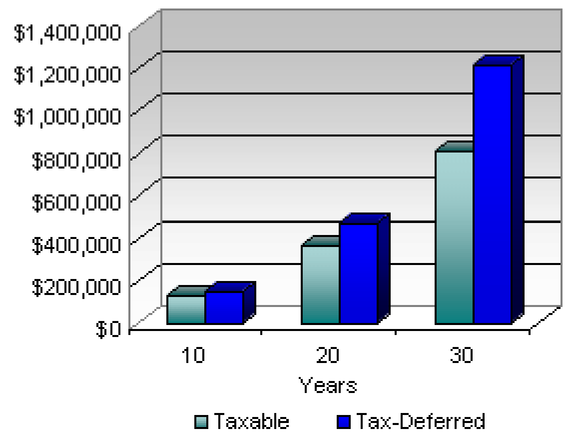
Retirement Analysis

The Power of Tax Deferred Growth

Why pay taxes now if you don't have to? Tax deferred vehicles allow you to make investments today and defer paying taxes on investment growth until the funds are withdrawn. Because it could be many years before you need to tap these funds, this allows for many years of potential investment growth. Contributions made on either a pre-tax or tax deductible basis reduce your current taxable income, potentially allowing you to invest more. As any growth is tax-deferred, your balance will increase more quickly than if you had placed your money in a taxable vehicle. This could result in more accumulation for you and your heirs. The following table and chart show the difference in taxable and tax-deferred growth for a person saving $9,000 per year over 30 years*:

	10 Years	20 Years	30 Years
Taxable Balance	$128,434	$366,708	$808,758
Tax Deferred Balance	$144,865	$472,402	$1,212,957
Difference	**$16,431**	**$105,694**	**$404,198**
Tax Deferred Balance After Taxes	$131,149	$399,301	$977,218

**Assumes 8.5% Rate of Return, 25% federal tax rate on the growth of the asset. The tax-deferred values exclude the 10% penalty that would potentially be assessed if the values were withdrawn prior to age 59 ½. Lower tax rates on capital gains and dividends would make the return on the taxable investment more favorable, reducing the difference in performance between the two types of accounts. Historically, higher rates of return have been accompanied by higher volatility. Please consider your personal investment horizon and income tax brackets, both current and anticipated when making an investment decision.*



Popular Tax Deferred Investment Vehicles

There are many tax-deferred investment vehicles available to you. The table below lists some of the most popular:

401(k) Accounts	A defined contribution plan offered by a corporation to its employees affording three main advantages. First, contributions come out of your paycheck before taxes, lowering your taxable income. Second, tax deferred growth and third, the potential for an employer match on your contribution. All withdrawals are subject to ordinary income taxes and may be subject to a 10% federal tax penalty if taken prior to 59 1/2.
403(b) Accounts	Also a defined contribution plan but made available to certain employees of certain non-profit and charitable organizations. Both a 401(k) and 403(b) have a maximum annual contribution in 2010 of $16,500, and individuals over age 50 can contribute an additional 'catch-up' contribution of $5,500. All withdrawals are subject to ordinary income taxes and may be subject to a 10% federal tax penalty if taken prior to 59 1/2. Withdrawals from 403(b) accounts are prohibited before the occurrence of certain events such as attaining age 59 1/2, severance from employment, disability or hardship.
Traditional Individual Retirement Account (IRA)	A Traditional IRA is a retirement investing tool for employed individuals and their non-working spouses that allows annual contributions up to a specified maximum amount. Tax deductions may be allowed on the contribution amount depending upon the individual's income and whether or not they participate in an employer-sponsored retirement plan. Any withdrawal of tax-deductible amounts is subject to ordinary income taxes, as well as a 10% federal tax penalty if taken before age 59 1/2.

Roth IRA	Similiar to a Traditional IRA, a Roth IRA allows individuals to contribute up to a specified maximum amount. Unlike a Traditional IRA, a Roth IRA cannot accept contributions if the owner has adjusted gross income over a certain amount. All contributions made to a Roth IRA are done on an after tax basis. However, if plan requirements are met, withdrawals of earnings are tax-free.
Annuities	An annuity is a contract, offered by an insurance company, between an investor the holder and an insurance company, designed to provide payments to the holder at specific intervals, usually after retirement. Annuities are tax-deferred, meaning that the earnings grow tax-deferred until withdrawal. Money distributed from the annuity will be taxed as ordinary income in the year the money is received. Money withdrawn prior to age 59 1/2 may be subject to a 10% federal tax penalty. Annuities provide no additional tax advantages when used to fund a qualified plan. *Annuities may have additional charges such as mortality and expense risk charges, annual administrative expenses, surrender charges, and fees associated with the subaccount such as the operating expenses of the investment portfolios.* *Variable annuities are long-term, tax-deferred investment vehicles designed for retirement purposes and contain both an investment and insurance component. Variable annuity contract holders are subject to investment risks, including the possible loss of principal invested. Investors should carefully consider the investment objectives, risks, charges and expenses of the variable annuity before investing. Variable annuities are sold only by prospectus, which contains more complete information about the investment company. Please request a prospectus from your financial representative and read it carefully before investing. Guarantees are based on the claims paying ability of the issuer. Withdrawals of taxable amounts made prior to age 59 ½ are subject to 10% federal penalty tax in addition to income tax and surrender charges. Gains from tax-deferred investments are taxable as ordinary income upon withdrawal. The investment returns and principal value of the available sub-account portfolios will fluctuate so that the value of an investor's unit, when redeemed, may be worth more or less than their original value.*

IRA Rollover

When you leave your employer for a new job, or to enter retirement, you must often decide what to do with any money you have in your employer-sponsored 401(k) or other retirement plan. Since funds in your retirement accounts are generally funded with pre-tax contributions, they will be subject to ordinary income tax upon distribution. Without proper planning, you could lose as much as **40%**[1] of this nest egg to taxes and penalties.

Depending upon your unique situation, you may have four different options to consider:

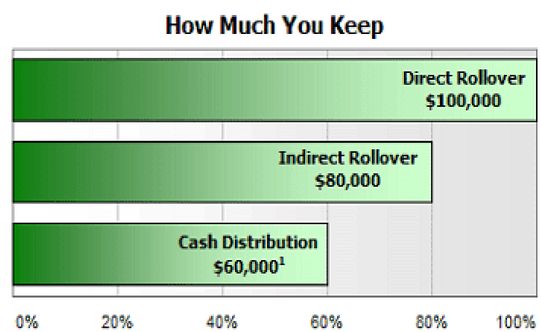
- Leave funds in your old employer's plan (if allowed by employer)
- Roll the money into your new employer's plan (if available; may be subject to waiting period)
- Withdraw your funds with a **cash distribution**
- **Roll** your funds into another Individual Retirement Account (IRA) or Individual Retirement Annuity

Three ways of taking a $100,000 plan distribution

Direct Rollover to an IRA
Keep 100% of value of your savings building for the future.

Indirect Rollover
20% mandatory federal tax withholding by your employer, and burden shifts to you to come up with an equal amount of funds to complete a full rollover within 60 days.

Cash Distribution
Have the check made out to you and keep the cash. Distribution is treated as taxable income and may be subject to early withdrawal penalty of an additional 10%. 20% withholding applies.



[1]Assumes 30% federal tax bracket and additional 10% penalty due to withdrawals made prior to age 59½

The Benefits of a Direct Rollover

Reduced Taxation
With a direct rollover, you avoid the 20% mandatory withholding imposed on cash distributions including indirect rollovers and there is no immediate federal income tax levied. This results in the entire balance continuing to grow tax deferred until you begin to make withdrawals from your account. Additionally, since the rollover is not considered a taxable distribution, the 10% penalty for early withdrawals (prior to age 59½) is also avoided.

Increased Investment Choices
Many employer sponsored plans are limited in the number and types of options available for investment. In an IRA, you can choose from among a range of investment options such as stocks, bonds, mutual funds, money market accounts, fixed interest options or annuities.

Consolidation
The more accounts you have, the more difficult it is to keep track of everything. Consolidating into a single IRA can make tracking balances and monitoring withdrawals easier, while cutting down on paper-work.

Important Notes

Differences in Investments
When considering rolling over your investment funds, be aware of differences in features, fees and charges, and surrender charges between different investments. These fees and charges have not been included in the discussion above. Had fees and charges been deducted, the values reflected would have been lower.

Steps Toward Achieving Your Retirement

Step 1 - Determine Your Cost of Retirement

Achieving your retirement goals will not happen automatically. The first step to consider as retirement approaches is to determine your cost of retirement. Your cost of retirement will be affected by many factors. Three of the most significant are:

- **Your monthly retirement living expenses**
  A common rule of thumb is somewhere between 70% and 100% of your annual earned income prior to retirement.
- **Your retirement age**
  This is the age at which you plan to stop working full time and start accessing your retirement portfolio assets.
- **Your life expectancy**
  This will define how many years your retirement costs will continue to be incurred.

Step 2 - Apply Your Income Sources

Once your cost of retirement assumptions have been defined, you can start to look at the income sources that will be available to you in retirement to help offset your retirement costs. Income sources may include among other things:

- Social Security
- Pensions
- Immediate annuity payments

Step 3 - Withdraw from Your Portfolio Assets

Once your available income sources have been applied to your costs of retirement, you can take withdrawals against your portfolio assets to make up the difference. Portfolio assets commonly include:

- Brokerage accounts
- Money Market accounts
- 401(k)s, 403(b)s, and other employer-sponsored retirement accounts
- IRAs
- Annuities

Step 4 - If Necessary, Consider Changes

If you determine that you are not on track to achieve your retirement objectives, you will need to consider making some changes. These changes may include:

- Saving more before you retire
- Redefining your retirement age
- Considering part time employment during retirement
- Spending less during retirement
- Combination of above

The Cost of Your Retirement

Thinking about retirement is often difficult. It is hard to be concerned about what will happen 20 to 30 years in the future, while you are stretching your resources to meet your needs today. It is however, critical to think about how you will support yourself (and your spouse) during retirement. With people living longer, you may wind up spending as much as a third of your life in retirement. The first step is often looking at what your cost of retirement may be.

So, what level of expenses can you expect in retirement? Let's assume that you retire at age **66** (2022), have retirement living expenses of **$5,000** per month (or **$60,000** each year) and that those expenses grow at **3.00%** each year from now until you are age **90** (2046). Over the **25** years of your retirement, your living expenses would total **$3,028,089**.

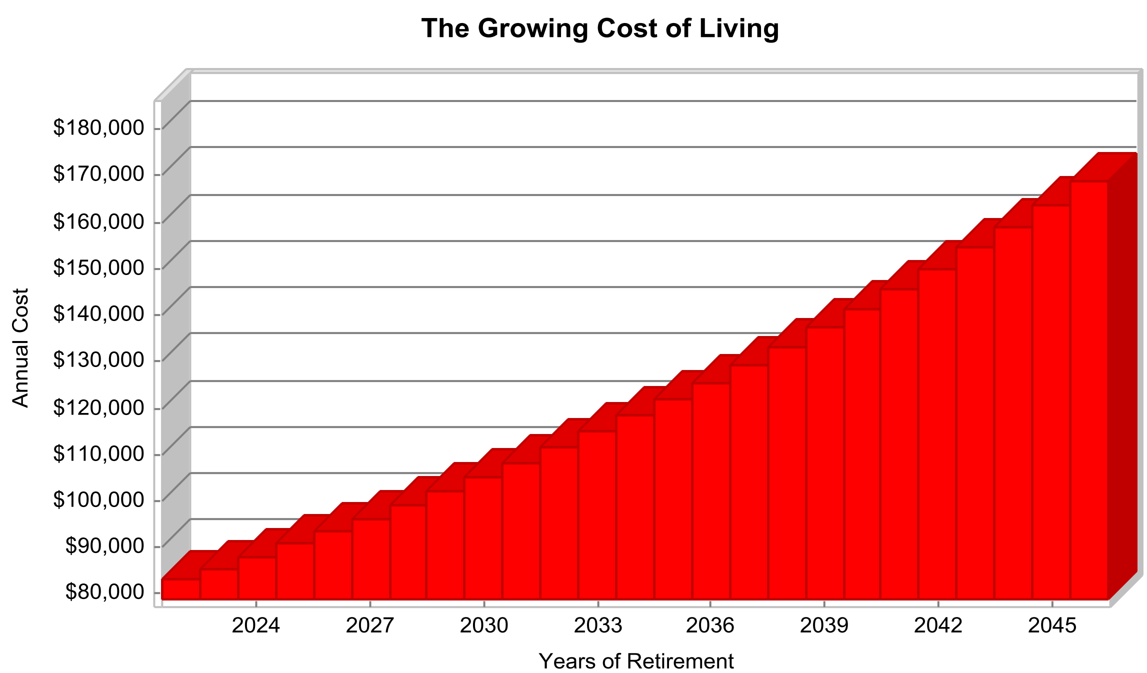
Retirement lasts from
2022 - 2046
(25 years)

Total Living Expenses
$3,028,089

Total Cost of Retirement
$3,028,089

How high will your expenses grow?

The chart below illustrates the mounting costs of your retirement, showing that you can expect an annual living expense of **$60,000** today to grow to **$83,054** in your first year of retirement (2022) and to **$168,832** in your last year (2046).



Keep in Mind...

It does not necessarily cost less to live during retirement. While for some it may be true that they will need less money in retirement, it is not always the case. Health care costs, entertainment and travel expenses are examples of living expenses that can be expected to go up, not down, during your retirement years.

Your Retirement Income

Although you may no longer be employed full-time during your retirement years, that doesn't mean your income will disappear entirely. Income sources like pension plans, annuities, social security or part-time employment can help offset your retirement living expenses.

During retirement, your income will come from the following sources:

John's Social Security	**$21,600**/yr	2022-2046
Sue's Social Security	**$18,000**/yr	2022-2046
John's Salary	**$60,000**/yr	2022-2022
Sue's Salary	**$60,000**/yr	2022-2022

For this analysis, your retirement income will be indexed at an annual rate of 3.00% and be subject to an income tax rate of 25.0%.

Total Cost of Retirement
$3,028,089

Total Net Retirement Income
$1,498,899

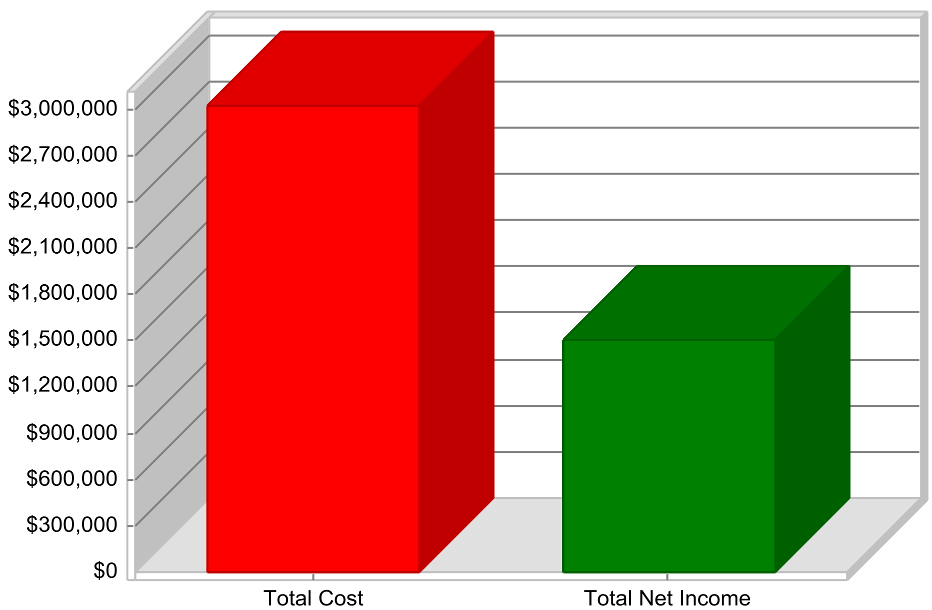
Funding Gap
$1,529,190

Percent Funded by Income
49%

Will your income be enough?

The chart below compares your total retirement expenses to the total net income you expect to receive during the **25** years of your retirement. Based on the income assumptions above, your retirement income alone will not be enough to fully offset your retirement expenses.

Expenses vs. Income



Keep in Mind...

According to an October 2008 update of AARP's report "Staying Ahead of the Curve 2007", 70% of older workers (ages 45-75) intend to keep working during their retirement years.

Building a Nest Egg

Often, the primary resource you have for offsetting the cost of retirement is the value of your accumulated capital resources. These resources are assumed to grow over time through regular savings and growth, resulting in a "nest egg" that may partially or completely offset your cost of retirement. With a total retirement cost of **$3,028,089**, you would need to amass total capital resources of **$2,219,315** by the time you retire in **2022** (assuming a rate of return on assets of **5.00%** prior to retirement and **5.00%** during retirement and **25.0%** tax on any withdrawals).

Total Cost of Retirement
$3,028,089

Nest Egg Needed at Retirement
$2,219,315

Nest Egg Available
$777,625

Percent of Needed Nest Egg
35%

To get an idea of the size of the nest egg that you would need to accumulate before you retire, we'll take a look at your existing resources and your planned savings.

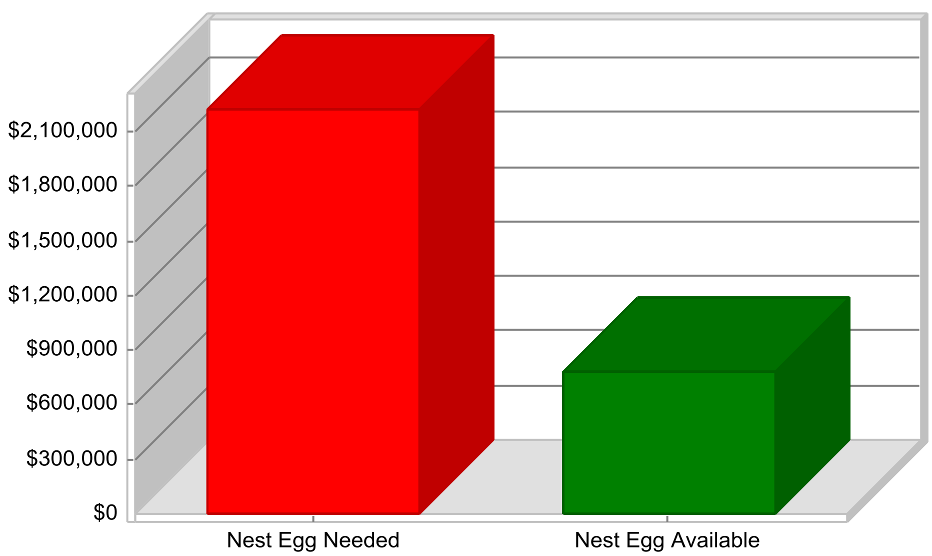
You currently have **$150,000** in qualified savings and **$200,000** in non-qualified savings. These savings are assumed to grow at an annual rate of **5.00%** before retirement and at an annual rate of **5.00%** after retirement. When withdrawals are made, those withdrawals will be taxed at a rate of **25.0%**.

From now until retirement you plan to save **$750** each month in qualified funds and **$0** in non-qualified funds. In addition, your employer(s) make monthly contributions to your qualified assets in the amount of **$250**. These contributions will increase each year by **0.00%**.

Will your nest egg be enough?

The chart below illustrates the difference between the nest egg you'd need at retirement in order to fully offset your expenses and the nest egg you are likely to accumulate. You can see that your assets alone are not likely to be sufficient to fund your entire retirement.

Comparing Nest Eggs



The Big Picture

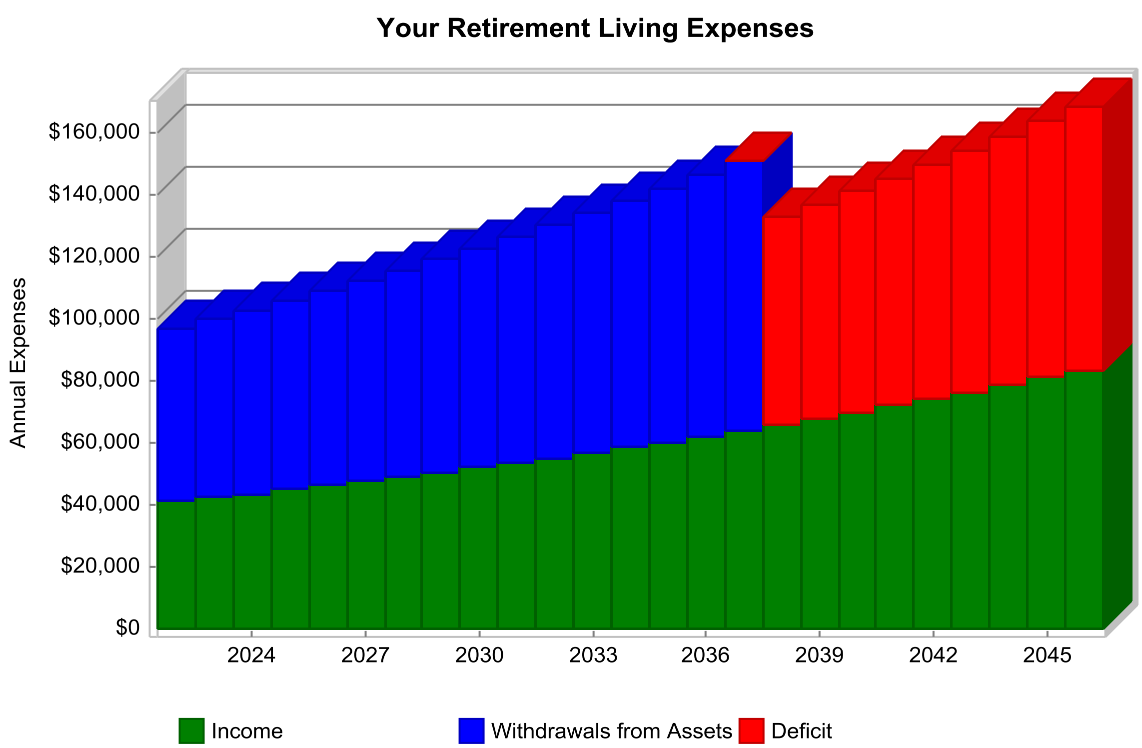
There are two main resources at your disposal with which you can offset the costs of retirement: income and your capital resources. You accumulate capital throughout your pre-retirement years through savings and growth. Additionally, various outside sources may provide you with a steady income during retirement. By comparing the combination of these resources with your expected retirement expenses, you can get a picture of how successful you will be in financing your retirement.

With a Total Retirement Cost of **$3,028,089** and Total Net Retirement Income Sources of **$1,498,899**, you will have a Remaining Need of **$1,529,190**. Your projected nest egg of **$777,625** will allow for Total Capital Withdrawals of **$845,410** (after taxes). Together, your income and assets will cover **77%** of your total retirement costs, leaving a shortfall of **$683,780**.

Total Cost of Retirement **$3,028,089**
Total Retirement Income Sources **$1,498,899**
Total Capital Withdrawals **$845,410**
Shortfall **$683,780**
Unfunded Years **10**

Will you make it?

The chart below illustrates how your income sources and capital resources would be used to fund the annual expenses of your retirement. Years in which a shortfall exists (i.e. when you don't have enough funds to cover your living expenses), show a deficit value in red. Based on the assumptions made in this analysis, your current savings and expected income will not be enough to support you through your retirement.



Options for Meeting Your Retirement Needs

Based upon the assumptions utilized in this analysis, your current retirement goals are not projected to be achieved. What's important is that you are taking a look at your retirement now, before it's too late. There are several options which may - by themselves or in combination with each other - allow you to achieve your retirement goals, they include:

Save More Before You Retire

Take a look at your current expenses. Are there any which can be reduced or eliminated? By reducing your expenses now, you can save more of your income, which will in turn allow your savings to grow at a faster pace.

*To cover your funding shortfall solely by saving more before you retire (through personal or employer contributions), you would need to save an additional **$1,917** - for a total of **$2,917 per month** - and continue saving at that level until you retire. This solution assumes that your accumulated funds will grow at a rate of **5.00%** each year prior to retirement and **5.00%** after retirement.*

Increase Monthly Savings by
$1,917
(to **$2,917** per month)

Total Cost of Retirement
$3,028,089

Total Retirement Funding
$3,028,480

Percent Funded
100%

Spend Less During Retirement

If you can't increase your nest egg sufficiently to completely fund your shortfall, you should consider reducing your monthly retirement living expenses. When combined with other funding options, you may be able to live more efficiently without significantly impacting your retirement lifestyle.

*To make up your funding shortfall solely by reducing your expenses, you would need to reduce your monthly living expenses by **$773**, to **$4,227** per month. This solution assumes that your expenses will grow at a rate of **3.00%** each year.*

Reduce Monthly Expenses by
$773
(to **$4,227** per month)

Total Cost of Retirement
$2,559,944

Total Retirement Funding
$2,560,082

Percent Funded
100%

Retire Later

One additional option is to examine delaying your retirement. By delaying the year in which you retire, you increase the size of your nest egg and reduce your overall cost of retirement at the same time.

*You may be able to cover your funding shortfall by delaying your retirement by **6** years, until age **72**. This assumes you continue your savings, at the previously defined levels, up to this new retirement age.*

Delay Retirement
6 years
(until **age 72**)

Total Cost of Retirement
$2,490,862

Total Retirement Funding
$2,629,287

Percent Funded
105%

Retirement Income Details

Year	Age	John's SS Income	Sue's SS Income	Total Income	Income Taxes @25.0%	Net Income
2022	66/66	$29,899	$24,916	$54,815	$13,704	$41,111
2023	67/67	30,796	25,664	56,460	14,115	42,345
2024	68/68	31,720	26,434	58,154	14,539	43,615
2025	69/69	32,672	27,227	59,899	14,975	44,924
2026	70/70	33,652	28,043	61,695	15,424	46,271
2027	71/71	34,662	28,885	63,547	15,887	47,660
2028	72/72	35,702	29,751	65,453	16,363	49,090
2029	73/73	36,773	30,644	67,417	16,854	50,563
2030	74/74	37,876	31,563	69,439	17,360	52,079
2031	75/75	39,012	32,510	71,522	17,881	53,641
2032	76/76	40,182	33,485	73,667	18,417	55,250
2033	77/77	41,388	34,490	75,878	18,970	56,908
2034	78/78	42,629	35,525	78,154	19,539	58,615
2035	79/79	43,908	36,590	80,498	20,125	60,373
2036	80/80	45,226	37,688	82,914	20,729	62,185
2037	81/81	46,582	38,819	85,401	21,350	64,051
2038	82/82	47,980	39,983	87,963	21,991	65,972
2039	83/83	49,419	41,183	90,602	22,651	67,951
2040	84/84	50,902	42,418	93,320	23,330	69,990
2041	85/85	52,429	43,691	96,120	24,030	72,090
2042	86/86	54,002	45,001	99,003	24,751	74,252
2043	87/87	55,622	46,351	101,973	25,493	76,480
2044	88/88	57,290	47,742	105,032	26,258	78,774
2045	89/89	59,009	49,174	108,183	27,046	81,137
2046	90/90	60,779	50,650	111,429	27,857	83,572
				1,998,538	**499,639**	**1,498,899**

Analysis Result Summary

This report summarizes the results of the analyses for John and Sue Participant. It provides the information that is the basis for the "takeaway" message. All of the details concerning the process of how these results were arrived at are contained in the specific chapters for each selected analysis.

Family Information

Client: John and Sue Participant
Address: *Not Available*

Client: John Participant	Spouse: Sue Participant
Date of Birth: 1/1/1956	Date of Birth: 1/1/1956
Current Age: 55	Current Age: 55

Analysis Performed

- Retirement Analysis

Result Summary

Total Cost of Retirement
$3,028,089

Total Retirement Income Sources
$1,498,899

Total Capital Withdrawals
$845,410

Shortfall
$683,780

Unfunded Years
10

Percent Funded by Income
49%

This retirement analysis looks at the projected cost of your retirement, and compares that to your expected income sources, and the capital resources you may be accumulating for retirement. Based upon your assumptions for retirement age and duration, the analysis determines whether or not you are projected to have enough resources to cover your assumed cost of retirement.

Based upon the assumptions utilized in this analysis, your current retirement goal is projected to have a shortfall. This projected shortfall is estimated to result in 10 unfunded years in retirement. Changes to your retirement goal assumptions may be necessary. There are several options which may - by themselves or in combination with each other - allow you to achieve your retirement goals, they include:

- Increase Monthly Savings by **$1,917** (to **$2,917** per month)
- Reduce Monthly Expenses by **$773** (to **$4,227** per month)
- Delay Retirement **6 years** (until **age 72**)

Information Summary

The following financial information and assumptions were used in the preparation of this analysis.

Family Information

Client: John and Sue Participant
Address: *Not Available*

Client: John Participant	Spouse: Sue Participant
Date of Birth: 1/1/1956	Date of Birth: 1/1/1956
Current Age: 55	Current Age: 55

Retirement Analysis

Basic Assumptions

Analysis for: John Participant	
Date of Birth: 1/1/1956	Retirement Begins at Age: 66 (2022)
Current Age: 55	Retirement Ends at Age: 90 (2046)

Financial Assumptions

Assets Grow at: 5.00%	Withdrawals are Taxed at: 25.0%
Income is Indexed at: 3.00%	Income is Taxed at: 25.0%
Expenses Grow at: 3.00%	Retirement Living Expenses: $5,000/month ($60,000/yr)
Savings Increase by: 0.00%	

Assets & Savings

Qualified Assets	Current Value
Miscellaneous Assets	$150,000
Total	$150,000

Non-Qualified Assets	Current Value
Miscellaneous Assets	$200,000
Total	$200,000

Annual Pre-Retirement Savings	
Qualified Savings	$9,000
Qualified Employer Contributions	$3,000
Non-Qualified Savings	$0
Total:	$12,000

Income Sources

	From	Until	Annual Amount
John's Social Security	2022	2046	$21,600
Sue's Social Security	2022	2046	$18,000
John's Salary	2022	2022	$60,000
Sue's Salary	2022	2022	$60,000