This Report has been prepared for:

John & June

Introduction

The purpose of this report is to provide an overview of your financial situation. This is done by analyzing the information provided by you in the Fastfa financial analysis input forms. Assuming that the forms were completed accurately, this report will supply you and your family with a guide for your future financial plans. Please note that because we do not provide any financial services outside of this analysis, we can provide an impartial estimate of your various financial needs and unbiased information about your financial options. Throughout this report we hope to offer advice on improving your financial situation although if our analysis forecasts serious financial problems, we suggest you consult a financial planner.

Another focus of this report will be retirement planning. This report will provide a savings goal for retirement based on when you want to retire and your retirement income goals. This information will be calculated assuming four different rates of return on investments 6%, 9%, 12% and a customized plan, which you have chosen. This will provide a basic guideline for your retirement savings as your rate of return on retirement savings should fall somewhere in this range. In addition to retirement savings, this report will also help you plan for any other financial goals you may have. These are all calculated assuming a 0% rate of return and may include anything from saving for college to saving for the vacation of your dreams.

Debt management is a major concern and therefore an important part of this analysis. This report will provide an estimate of your total debt verses time assuming you follow your current plan as well as tips and advice on getting out of debt sooner. We perform two calculations in order to provide an estimate of when you will be debt-free. In one calculation we assume that you continue paying off your debts at the same rate you have been. In the other calculation we assume that you apply 100% of your surplus income in order to get out of debt as soon as possible. Using these two calculations it should be possible to achieve a reasonable estimate of when your debt will be eliminated.

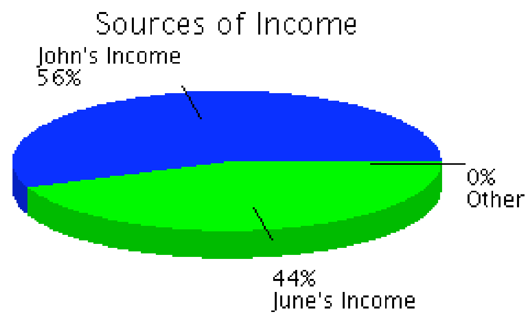
Finally we will cover your estate plan. This section of the report will allow you to determine how much life insurance is needed to protect your family in the event of your untimely death. As with other sections, advice will be provided to save you money on insurance. This information will include our advice on what type of insurance to buy as well as general information about insurance plans.

Your Present Cash Flow

Your Monthly Income Sources

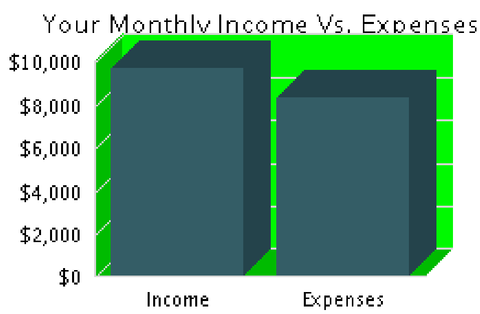
In this section we review where your money comes from. It is important to realize what you have to work with before you can develop an appropriate financial plan.

This graph shows a breakdown of your income sources before taxes.



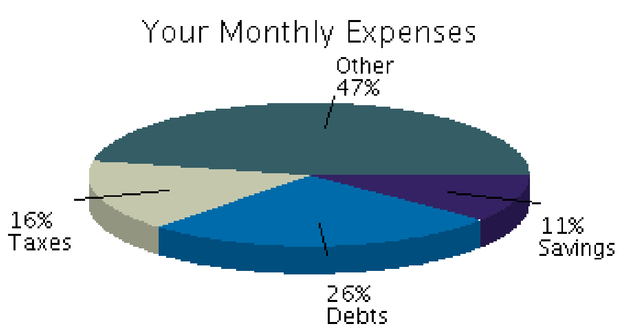
Your Monthly Expenses

The most important step in losing weight is examining what you eat and deciding which foods to cut out of your diet. Equivalently when developing a financial plan you should look at where your money is going and decide where you can use your income more effectively.



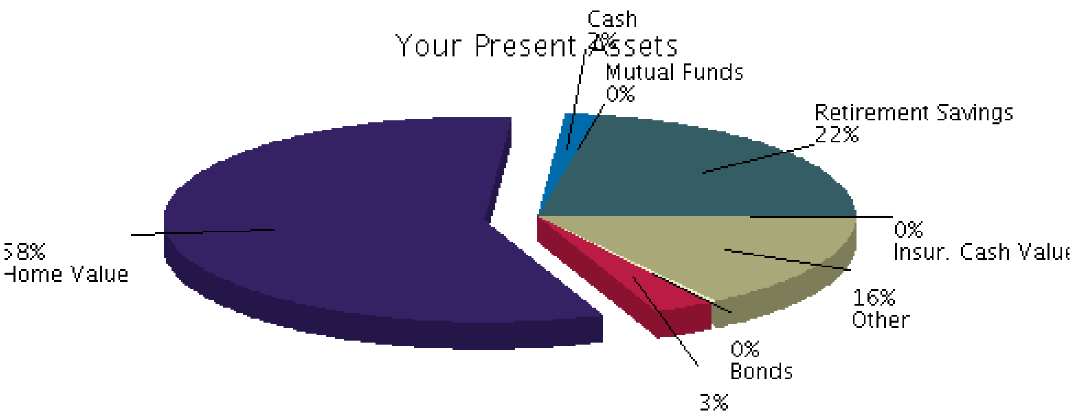
Here is a comparison between your total income and expenses. By looking at the difference between the columns you can see how much free money you have or if your expenses exceed your income.

In this graph we examine the general break down of where your money goes. Although some of these are unavoidable expenses, many can be reduced. Later we will provide you with some of the tools needed to reduce spending in some of these areas.



Your Net Worth

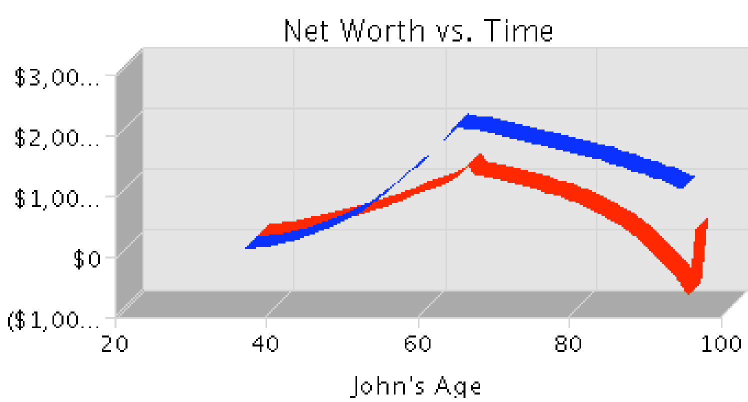
In this section we examine where your money is currently. Most if not all financial planners will tell you not to put all your eggs in one basket. It is wise to spread out your assets between several investments such as stocks, bonds, mutual funds, etc... This way the high rate of return in the stock market can be balanced by the safety of a savings bond. Also when considering where to place your assets you should consider the rate of return (ROR), risk and accessibility of your funds. The ROR you get on your investments is important because no matter what you do, inflation will increase at an average rate of 3% each year. That means that if your assets don't give you at least a 3% ROR, you will end up losing money. The "Rule of 72" can be used to determine how quickly your money is increasing, simply divide 72 by the ROR and you get how long it will take to double your money. For calculations involving your total assets we assume a ROR of 3% on assets and a 0% on savings. As the ROR on an investment increases so does the risk. This becomes important when choosing an investment plan, for example if you only have a few years till retirement you may not want to take a chance on losing your savings on a risky stock tip. The last thing to consider is accessibility. Typically there is a penalty for removing retirement savings early. You can get around this by having an emergency fund (usually 2 to 5 months income) available so you don't have to dip into any of your other savings.



This graph shows how your assets are currently distributed.

Your net worth is defined as your total assets minus your total liabilities. Here it is calculated as your total retirement and non-retirement assets and savings minus your debts (all in today's dollars). We assume that your assets and savings increase at the rates of return you specified in the input form and that inflation continues at a continuous rate. Your budget surplus or deficit also plays a role in your networth. By either using your budget surplus to pay off your debts faster or putting it directly into your savings, you can control what happens to your net worth verses time. In the graph below we calculate both situations. In order to make the calculation continuous after your retirement we assume that the income from your current retirement savings plan will be sufficient to cover your future expenses.

This figure shows how your net worth (in today's dollars) will change until your life expectancy. The red line shows your networth verses time if you continue paying off your debts at the same rate you have been. The blue line represents your networth verses time if you use all of your budget surplus to pay off your debts faster.



Debt Situation

Home Mortgage #1
$150,500.00

Credit Card #1
$6,500.00

Other Debts/Loans #1
$20,000.00

Other Debts/Loans #2
$10,000.00

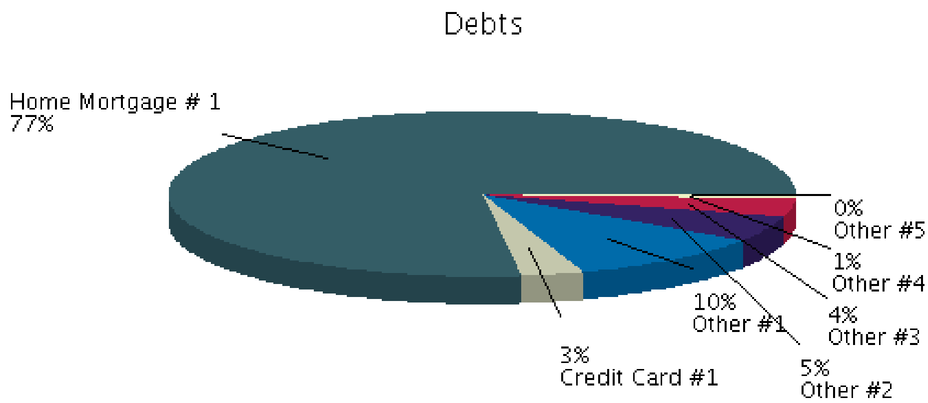
Other Debts/Loans #3
$7,000.00

Other Debts/Loans #4
$1,500.00

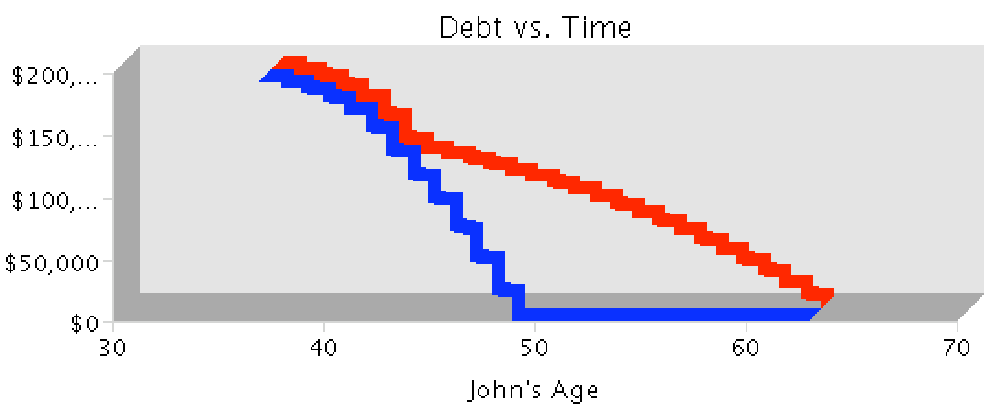
Other Debts/Loans #5
$0.00

Average Monthly Charges: $300.00

Average Interest Rate: 12.9%



Debt is the number one financial problem in this country. The easiest way to get into debt trouble is by overusing your credit cards. To get out of debt faster, transfer all your credit card debt to a single low interest credit card or take out a low interest loan then cancel all but one card. When paying off a credit card make sure you don't just make the minimum payment or paying it off could take forever. In order to stay out of credit card debt avoid impulse buying and use your debit card instead of your credit card for everyday purchases. When used properly credit cards can be a good thing. Many credit cards provide instant purchase protection against defective or damaged items, saving you the trouble of going through the legal system to get your money back. Also credit cards give you 30-60 days before they start charging interest on purchases, so as long as you pay your bill in full every month you don't have to pay interest. For mortgages and other loans, try to get your creditor to change your payment schedule from monthly to semi-monthly or bi-weekly. Semi-monthly means that you will be making 24 payments a year and bi-weekly means that you will be 26 payments a year, more payments mean you get out of debt faster. By making more payments there is less time to accumulate interest on your debt. If you cannot make the minimum payments on your debts it is better to make prompt, partial payments and attach a letter of explanation than to skip payments. Creditors are more concerned about hard-core deadbeats than honest people who can not afford the payments.



The plot above shows how your debt will change over time depending on whether or not you use your budget surplus to accelerate your debt payments. The red line shows your debt verses time if you continue paying of your debts at the same rate you have been. The blue line represents your debt verses time if you use your entire budget surplus to pay off your debts faster. Using these two curves you can estimate when your debt will be paid off. In both calculations, any deficit in your budget will add to your debt.

Top of Page

Your Retirement Situation

Do not forget that retirement is a luxury not a right. There are few jobs where you can be fired or laid off because you are 65 or 70. If you have a pension plan at work your employer can get a tax deduction for any contributions they make to the plan, so it may be to your employer's benefit to set up a plan. Also keep in mind that the simplest rule of taxes is that, you don't have to pay taxes on money that you are not using. This means that within certain limits you can put money into a retirement plan and not pay taxes on it until you get that money back during retirement. During retirement you may be taxed at a lower rate (typically 15-20%) so you get an extra benefit.

Please note, all dollar amounts are in today's dollars accept for the amounts in the sections "How much money do you need to retire? " and "How much money will you have when you retire?". The amounts in these sections have been adjusted for inflation.

Future Income Based on Current Retirement Savings:

Retirement Savings Plan	Income Before Taxes	Income after Taxes
Monthly Retirement Income Goal	$6,000.00	$5,055.83
Flat 6% rate of return	$1,799.91	$1,590.76
Flat 9% rate of return	$4,982.35	$4,292.60
Flat 12% rate of return	$13,537.56	$10,602.75
Your Plan	$3,869.97	$3,350.31

Your Current Situation:

Current Income (monthly): $9,672.00
Total Monthly Social Security benefits: $0.00
Total Annual Pension benefits: $0.00
Years till retirement: 28
Length of retirement: 30
Total saved for retirement: $71,000.00
Total monthly retirement savings: $380.00
Inflation Rate: 3%
Annual Cost of Living Adjustment: 3%

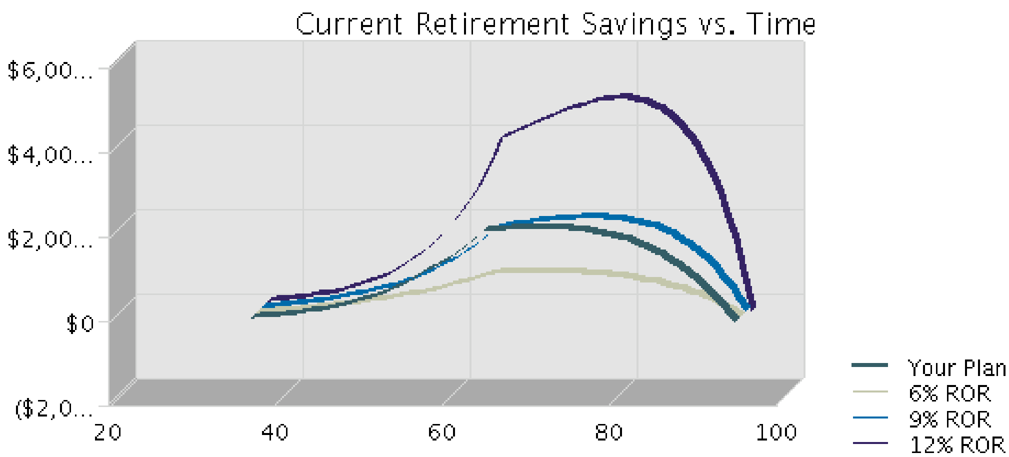
How much money do you need to retire?

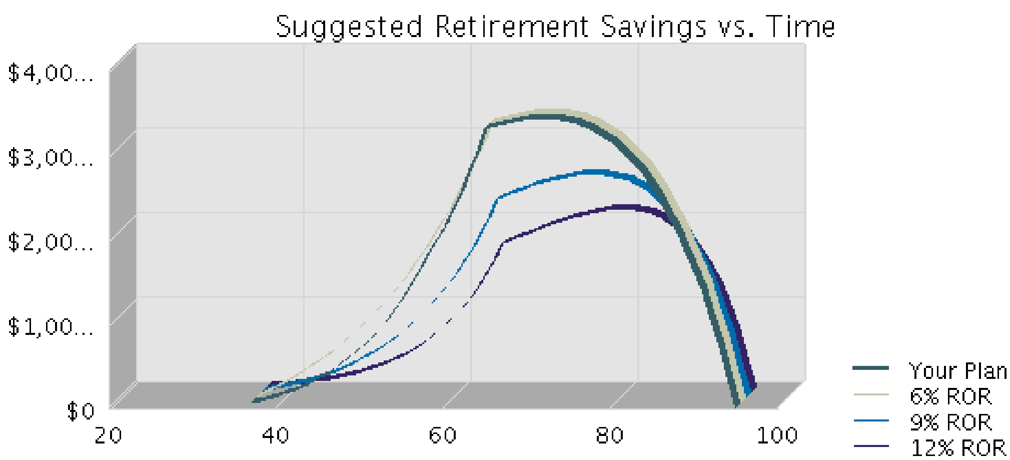
Savings Plan	total needed at the start of retirement	total accumulated before retirement
Flat 6% rate of return	$3,312,686.88	$991,746.19
Flat 9% rate of return	$2,336,790.44	$1,937,525.89
Flat 12% rate of return	$1,746,243.24	$3,935,749.85
Your Plan	$3,312,685.65	$2,132,343.18

How much more should you be saving monthly for Retirement?

Savings Plan	additional savings required	surplus savings	total suggested savings
Flat 6% rate of return	$2,657.32	$0.00	$3,037.32
Flat 9% rate of return	$261.77	$0.00	$641.77
Flat 12% rate of return	$0.00	$793.47	$0.00
Your Plan: Total	$874.57	$0.00	$1,254.57
Your Plan: John	$809.69	$0.00	$1,189.69
Your Plan: June	$64.88	$0.00	$64.88
Your Plan: Other	$0.00	$0.00	$0.00

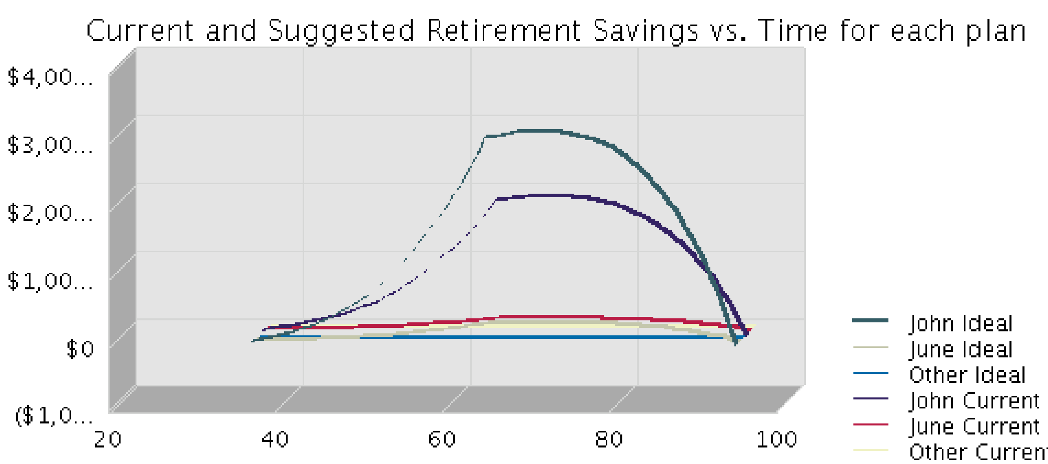
This chart shows your total retirement savings vs. time assuming you continue to save money at your current rate. This amount is calculated assuming 6%, 9% & 12% ROR on retirement savings as well as your plan.





This chart shows your total retirement savings vs. time needed to achieve your goal retirement income. Again this amount is calculated using 6%, 9% & 12% ROR on investments as well as your plan.

This chart shows each of your retirement savings accounts vs. time for both your current and ideal Plans.



Your other goals

(all assume a 0% rate of return on savings)

These other goals are similar to retirement because they are not absolute necessities, although planning for these goals can improve your future. The emergency fund is a good idea as mentioned in the debt section. When it comes to college savings keep in mind that because of financial aid in the form of scholarships, grants and loans you may not have to pay the full amount yourself. For any other goals just remember to stay flexible.

Emergency Fund

Goal Amount	Currently Saving	Suggested Savings	To Achieve Goal in
$20,000.00	$25.00 per month	$139.34 per month	60 months

College Savings

Assuming the cost of college continues to increase at 6% per year:

Child's Name	Goal Amount	Currently Saving	Suggested Savings	To Achieve Goal in
Jay	$159,667.04	$200.00 per month	$735.60 per month	18 years
Lisa	$125,673.67	$200.00 per month	$744.42 per month	14 years

Other goals

Goal Name	Goal Amount	Currently Saving	Suggested Savings	To Achieve Goal in
Jet Ski	$6,000.00	$100.00 per month	$98.36 per month	5 years

Top of Page

Monthly Budget

Here we provide a summary of everywhere your money is going. This section is meant to be a tool for you to see where you can reduce your expenses.

Family:

Groceries: $300.00
Clothing: $200.00
Laundry: $25.00
Child Care: $400.00
Education: $250.00
Legal: $17.00
Other: $80.00

Insurance Payments:

Independent Life: $40.00
Group Life: $25.00
Auto: $50.00
Home: $170.00
Health: $245.00
Other: $13.00

Giving:

Charity: $0.00
Non-Charity: $300.00

Savings:

Retirement: $380.00
Education: $400.00
Other Savings: $125.00
Additional Suggested Savings: $2,067.30

Living Expenses:

Rent: $0.00
Phone: $200.00
Utilities: $310.00
Maintenance: $100.00
Medical: $50.00
Other: $50.00

Transportation:

Gas: $300.00
Maintenance: $50.00
Other: $0.00

Leisure:

Vacations: $100.00
Hobbies: $250.00
Entertainment: $350.00
Other: $0.00

Debt Payments:

Mortgages: $880.00
Credit Cards: $300.00
Other Debts: $985.00

Taxes:

Income: $943.00
Property: $418.00
Other: $0.00

Estate Plan

The main purpose of insurance is to protect your family in case you die or lose your ability to earn an income. As long as you have debts and dependents you need life insurance (and possibly disability insurance). As you pay off your debts and increase your net worth, life and disability insurance become less important. Most financial planners will tell you to simply buy term life insurance (which is pure insurance coverage with no cash value) and invest the money you save by not buying a whole life policy. If you sign up for a term policy while you are young and healthy you can get a really cheap rate. The problem with term life insurance is that once the term is over you may have to buy a new policy at a higher rate because you no longer qualify for the cheaper rate given to younger people. If you feel you will still need life insurance past age 65 this could become very expensive (if you can even find a term policy to cover you past age 65). Because of this, a good strategy may be to get a term policy until you are 40 or 45. Then if you are likely to continue working and paying off debts past age 65 you should consider making the switch to a whole-life policy while the rates are still reasonable. In a whole-life policy, once you finish paying off the policy you own it for the rest of your life. The disadvantage of a whole-life policy is that you are also paying money into a cash value that does not typically pay enough interest to keep up with inflation. Term policies are much cheaper and provide the coverage you need, until you turn 65. Whole-life policies are expensive but you don't have to worry about the policy running out at a certain age.

Another type of insurance to consider is disability insurance. Disability insurance is usually purchased by your employer and tends to cover about 60% of your income in the event that you become unable to work. It is to your advantage to contact your employer regarding a disability insurance policy if you do not already have one.

John

At the present time you need $688,979.86 worth of insurance to protect your family.

You currently have $348,000.00.

We suggest you purchase some additional life insurance.

June

At the present time your spouse needs a total of $688,979.86 worth of life insurance.

June currently has $140,000.00.

We suggest you purchase additional life insurance.

Summary

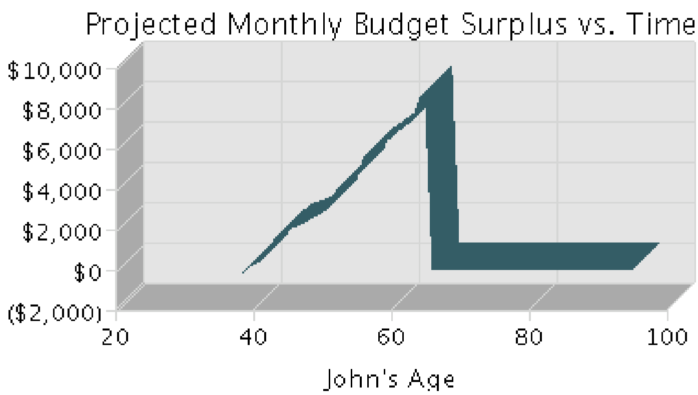
This section provides a final summary of your financial situation. Here the only numbers that are important are your financial surplus or shortfall. We calculate this assuming that you follow the customized financial plan options you entered earlier. Keep in mind that if there is a shortfall, then now is the time to make some changes to your financial situation. If you noticed any *serious* problems in your financial situation, we suggest you contact a financial planner who can meet with you on a more personal level. If you have a surplus then congratulations, you are on the right track. We suggest that you enjoy what you have worked so hard for. If you have a deficit, you may need to lower your expenses or change some of your financial goals until you have paid off some of your debts. In this calculation a budget deficit will actually increase your debt so it is important that you entered all of your monthly expenses into the input form so you get an accurate calculation.

Your total income **$9,672.00** - Your total expenses **$8,306.00** - Additional amount needed for suggested savings **$2,067.30** = **-$701.30**

You have a shortfall of **$701.30**

Your debt should be eliminated sometime between age 49 and age 63 depending on how much of your surplus income you use to pay off your debts. Note: we assume that all your debts (except possibly your mortgage) will be paid off before your retirement begins.

This figure shows how your surplus or shortfall (in today's dollars) will change until your life expectancy.



Insurance need of John

Your insurance need **$688,979.86** - Your present insurance **$348,000.00** = **$340,979.86**

You need an additional **$340,979.86** in life insurance

Insurance need of June

Your insurance need **$688,979.86** - Your present insurance **$140,000.00** = **$548,979.86**

You need an additional **$548,979.86** in life insurance

Input Forms 1 | 2 | 3 | 4 | 5 | 6 | 7

Find Financial Services

Top of Page