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# RETIREMENT PLANNING

**AUGUST 08, 2017**

**PLEASE READ THIS DISCLOSURE CAREFULLY.**

This information may help you analyze your financial planning needs. It is based on information and assumptions provided by you regarding your goals, expectations and financial situation. This service shall not infer that company assumes any fiduciary duties. In addition, such service should not be relied upon as the only source of information. This information is supplied from sources we believe to be reliable but we can not guarantee its accuracy. Hypothetical illustrations may provide historical or current performance information. Past performance does not guarantee nor indicate future results.



## SOURCES OF RETIREMENT INCOME

Today, two traditional sources of retirement income - Social Security and company pension plans are figuring less and less in people's retirement planning. By some estimates\* these two sources will provide just 20 to 25 percent of what those in the middle-to-upper income group will need to live comfortably when they retire. The forecast is cloudy for Social Security. Some actuaries believe either the system is going broke and will be out of business before today's younger workers come close to retirement age, or Social Security will provide only a marginal contribution to the incomes of those other than the poorest retirees.

\*Sources: EBRI Notes September 2004 Vol. 25, No. 9; Aon Consulting's 2008 Replacement Ratio Study



## ROADBLOCKS TO RETIREMENT

**Inflation:** Inflation is constant, steady erosion of money's value. The amount of erosion varies - in some years the rate of inflation is higher than in others. But the effect of inflation never changes: the cost of living keeps going, so you may need more money just to break even.

**Taxes:** Just as inflation can erode your savings, income taxes can have a dramatic effect on your total return, negating as much as a third of your earnings. Consider carefully your savings vehicles to minimize "tax-bite" and maximize earnings. Consult your tax advisor with any questions on taxation issues.

**Procrastination:** By far the most dangerous of retirement roadblocks is procrastination. Each year that saving is postponed you lose the advantages of compound growth in that year. In exchange for a higher standard of living now you may deteriorate your standard of living during retirement.



## RETIREES MAY HAVE INADEQUATE SAVINGS

Having enough money for retirement can be one of the biggest financial concerns among Americans today. According to a recent survey by the Employee Benefit Research Institute, 70% of people polled said that future retirees will be financially "worse off" than current retirees. Almost the same number, 68 percent, think the percentage of elderly people living at or below the poverty line will increase in the future because of inadequate savings.

Some of this pessimism - particularly among younger people - comes from low expectations about the future of Social Security. Seventy-two percent of people think their benefits will be cut off or even eliminated altogether by the time they retire.

# RETIREMENT PLANNING

## Input And Assumptions

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### RETIREMENT OBJECTIVES

		YOU	SPOUSE
After-Tax Income Desired	\$42,188	37	n/a
Average Tax Rate (Pre-Retirement)	30%	65	n/a
Average Tax Rate (Post-Retirement)	25%	\$75,000	n/a
Inflation Rate	3%	2%	n/a
Future Legacy To Heirs	\$0	95	n/a
Adjust Legacy For Inflation?	Yes		
Before-Tax Return (Pre-Retirement)	5%		
Before-Tax Return (Post-Retirement)	5%		

### SOCIAL SECURITY/PENSION

		YOU	SPOUSE
Include Social Security?	Yes	\$0	n/a
Social Security Inflation Rate	1.5%	\$0	n/a
Annual Pension Benefit		No	n/a
Lump Sum Pension Benefit		0	n/a
Adjust Pension For Inflation?		n/a	n/a
Pension Begin Age		n/a	n/a
Social Security Override Age		n/a	n/a
Social Security Override Amount		n/a	n/a

### SAVINGS PLANS

	YOU	SPOUSE	INCREASE W/ PAY?
Annual Savings (Qualified Plans - Traditional)	\$7,500	n/a	Yes
Annual Savings (Qualified Plans - Roth)	\$2,500	n/a	Yes
Annual Savings (Non-Qualified Plans)	\$2,000	n/a	No

### ADDITIONAL RETIREMENT RECEIPTS/EXPENSES

DESCRIPTION	AMOUNT	START AGE	END AGE	INCREASE	TYPE	TAXABLE
	\$0	0	0	5%	Receipt	Yes

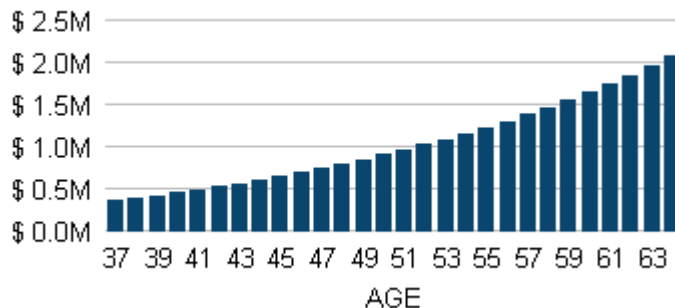
### ASSETS

DESCRIPTION	AMOUNT	OWNERSHIP	TYPE	DESCRIPTION	AMOUNT	OWNERSHIP	TYPE
401K	\$250,000	Client	Traditional Qualified Plan	Roth IRA	\$25,000	Client	Roth Qualified Plan
Taxable Brokera	\$50,000	Client	Taxable Investment				



### ASSET ACCUMULATION

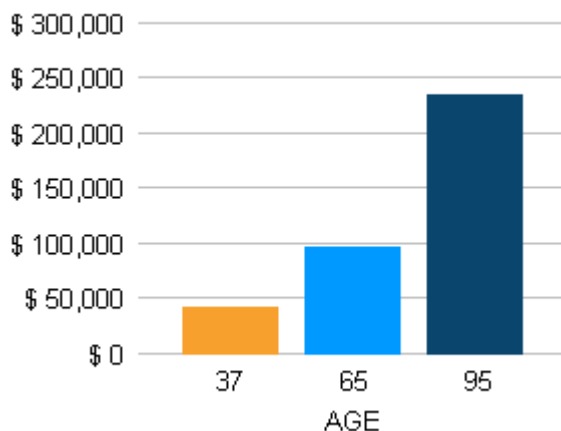
With regular contributions to a savings plan(s) and the effects of compounding interest, your retirement assets can accumulate to \$2,067,552 by the time you are ready to retire!



### GROWING RETIREMENT INCOME NEEDS

Unfortunately, just as your assets grow over time so do your retirement income needs. It may surprise you how much inflation can impact your retirement income needs.

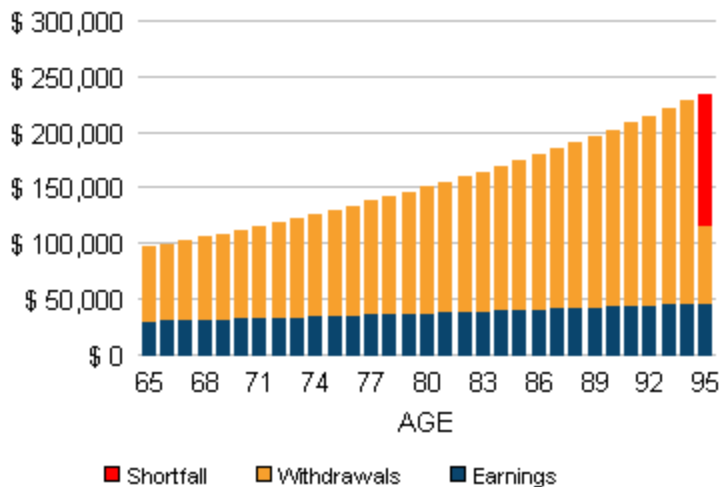
TODAY:	<b>\$42,188</b>
RETIREMENT:	<b>\$96,522</b>
END OF RETIREMENT:	<b>\$234,284</b>



### IMPORTANCE OF PLANNING

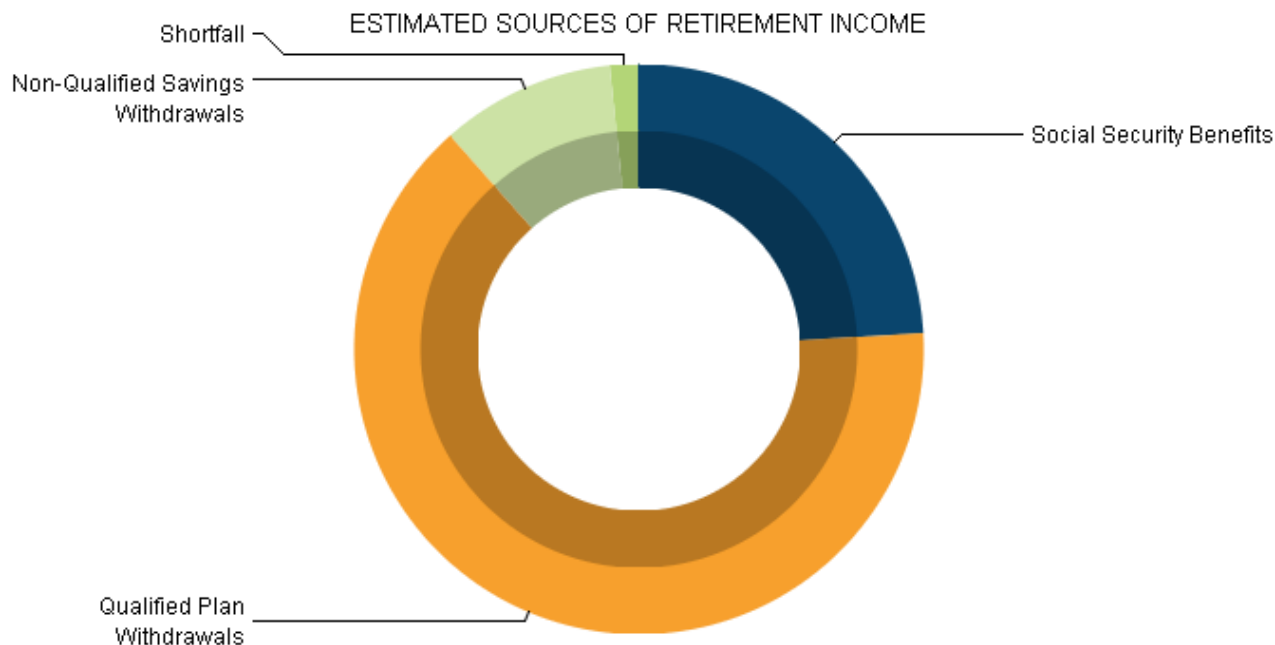
Careful planning can help you realize your financial goals and help you maintain the same standard of living you are accustomed to during your retirement years.

On the other hand, lack of planning may prevent you from achieving your retirement goals. You may have to 'tighten your belt' in later years of retirement as your retirement income needs exceed your retirement income and you are forced to make withdrawals from your retirement funds.



These projections are hypothetical. This information is meant to provide you with a general idea about your retirement income needs. The results given are for illustrative purposes only and do not represent the actual performance of any current or future investment. Rates of return will vary over time, especially for long-term investments.

### RESULTS AND RECOMMENDATIONS



Based on your current assumptions it appears that your annual after-tax retirement objective of \$42,188 per year (in today's dollars) would not likely be met. The sooner you take action to address your shortfall the easier it will be to adjust your finances and/or expectations.

### POTENTIAL SOLUTIONS

To meet your after-tax retirement objective of \$42,188, consider the following potential solutions:

- Reduce your income expectations.
- Seek to improve your expected returns.
- Consider postponing your retirement.

You may choose to meet your objective by increasing the amount you choose to save each month. To meet your objective you could save an additional \$40 monthly in a qualified, tax-advantaged investment. This savings level would generate a tax savings of \$12 resulting in a net, out-of-pocket cost of \$28. Or you could save an additional \$55 monthly in a non-qualified, taxable investment. \*



#### INCOME SUMMARY (TODAY'S \$)

First Year Goal Desired	<b>\$42,188</b>
Current Plans Provide	<b>\$41,496</b>
Average Annual Shortfall	<b>\$691</b>
Goal Income Replaced	<b>98%</b>
Gross Income Replaced	<b>55%</b>

\* Qualified investment assumes new savings are invested at 5%. Non-qualified investment assumes new savings are invested at 3.5% after taxes. Assumed marginal tax rate of 30% before retirement, and 25% during retirement. Annual contributions are assumed to increase with inflation at 2%.

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# RETIREMENT PLANNING

## Details of Accumulation Phase

PREPARED FOR: Jane Smith  
PRESENTED BY: Team NWCM  
August 08, 2017

### DETAILS OF PRE-RETIREMENT ACCUMULATION PHASE

Year	Your Age	Spouse Age	Investment Assets Beginning Balance	Annual Investment Savings	Investment Interest @ 3.5%	Qualified Retirement Assets Beginning Balance	Qualified Annual Retirement Savings	Qualified Retirement Interest @ 5%	Total Ending Balance
1	37	n/a	50,000	2,000	1,820	275,000	10,000	14,250	353,070
2	38	n/a	53,820	2,000	1,954	299,250	10,200	15,472	382,696
3	39	n/a	57,774	2,000	2,092	324,922	10,404	16,766	413,959
4	40	n/a	61,866	2,000	2,235	352,093	10,612	18,135	446,941
5	41	n/a	66,101	2,000	2,384	380,840	10,824	19,583	481,732
6	42	n/a	70,485	2,000	2,537	411,248	11,041	21,114	518,425
7	43	n/a	75,022	2,000	2,696	443,403	11,262	22,733	557,115
8	44	n/a	79,717	2,000	2,860	477,398	11,487	24,444	597,906
9	45	n/a	84,577	2,000	3,030	513,329	11,717	26,252	640,905
10	46	n/a	89,608	2,000	3,206	551,298	11,951	28,162	686,225
11	47	n/a	94,814	2,000	3,388	591,411	12,190	30,180	733,984
12	48	n/a	100,202	2,000	3,577	633,781	12,434	32,311	784,305
13	49	n/a	105,779	2,000	3,772	678,526	12,682	34,560	837,320
14	50	n/a	111,552	2,000	3,974	725,768	12,936	36,935	893,166
15	51	n/a	117,526	2,000	4,183	775,640	13,195	39,442	951,986
16	52	n/a	123,710	2,000	4,400	828,276	13,459	42,087	1,013,931
17	53	n/a	130,109	2,000	4,624	883,822	13,728	44,877	1,079,160
18	54	n/a	136,733	2,000	4,856	942,427	14,002	47,821	1,147,840
19	55	n/a	143,589	2,000	5,096	1,004,251	14,282	50,927	1,220,144
20	56	n/a	150,684	2,000	5,344	1,069,460	14,568	54,201	1,296,258
21	57	n/a	158,028	2,000	5,601	1,138,229	14,859	57,654	1,376,373
22	58	n/a	165,629	2,000	5,867	1,210,743	15,157	61,295	1,460,691
23	59	n/a	173,496	2,000	6,142	1,287,195	15,460	65,133	1,549,426
24	60	n/a	181,639	2,000	6,427	1,367,788	15,769	69,178	1,642,801
25	61	n/a	190,066	2,000	6,722	1,452,734	16,084	73,441	1,741,048
26	62	n/a	198,788	2,000	7,028	1,542,260	16,406	77,933	1,844,415
27	63	n/a	207,816	2,000	7,344	1,636,599	16,734	82,667	1,953,160
28	64	n/a	217,160	2,000	7,671	1,736,000	17,069	87,653	2,067,552

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# RETIREMENT PLANNING

## Summary of Distribution Phase

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PRESENTED BY: Team NWCM  
August 08, 2017

### SUMMARY OF POST-RETIREMENT DISTRIBUTION PHASE

Year	Your Age	Spouse Age	Social Security	Annual Pension Payments	Wages & Other Income Less Expenses	Total After-Tax Income @ 25%	Retirement Income Needs	After-Tax Withdrawal Investments	After-Tax Withdrawal Qualified/Roth	Total Retirement Savings Balance	Annual Shortfall
29	65	n/a	37,206	0	0	29,300	96,522	67,222	0	2,098,352	0
30	66	n/a	37,764	0	0	29,739	99,418	69,678	0	2,128,908	0
31	67	n/a	38,330	0	0	30,185	102,400	72,215	0	2,159,186	0
32	68	n/a	38,905	0	0	30,638	105,472	28,320	46,514	2,172,290	0
33	69	n/a	39,489	0	0	31,098	108,636	0	77,539	2,172,350	0
34	70	n/a	40,081	0	0	31,564	111,895	0	80,331	2,168,504	0
35	71	n/a	40,683	0	0	32,037	115,252	0	83,215	2,160,428	0
36	72	n/a	41,293	0	0	32,518	118,710	0	86,192	2,147,781	0
37	73	n/a	41,912	0	0	33,006	122,271	0	89,265	2,130,199	0
38	74	n/a	42,541	0	0	33,501	125,939	0	92,438	2,107,295	0
39	75	n/a	43,179	0	0	34,003	129,717	0	95,714	2,078,660	0
40	76	n/a	43,827	0	0	34,513	133,609	0	99,095	2,043,859	0
41	77	n/a	44,484	0	0	35,031	137,617	0	102,586	2,002,432	0
42	78	n/a	45,151	0	0	35,557	141,746	0	106,189	1,953,889	0
43	79	n/a	45,829	0	0	36,090	145,998	0	109,908	1,897,712	0
44	80	n/a	46,516	0	0	36,631	150,378	0	113,747	1,833,352	0
45	81	n/a	47,214	0	0	37,181	154,889	0	117,709	1,760,228	0
46	82	n/a	47,922	0	0	37,739	159,536	0	121,798	1,677,723	0
47	83	n/a	48,641	0	0	38,305	164,322	0	126,018	1,585,184	0
48	84	n/a	49,370	0	0	38,879	169,252	0	130,373	1,481,922	0
49	85	n/a	50,111	0	0	39,462	174,329	0	134,867	1,367,204	0
50	86	n/a	50,863	0	0	40,054	179,559	0	139,505	1,240,257	0
51	87	n/a	51,626	0	0	40,655	184,946	0	144,291	1,100,263	0
52	88	n/a	52,400	0	0	41,265	190,494	0	149,229	946,354	0
53	89	n/a	53,186	0	0	41,884	196,209	0	154,325	827,601	0
54	90	n/a	53,984	0	0	42,512	202,096	0	159,583	701,419	0
55	91	n/a	54,793	0	0	43,150	208,158	0	165,009	563,231	0
56	92	n/a	55,615	0	0	43,797	214,403	0	170,606	412,256	0
57	93	n/a	56,450	0	0	44,454	220,835	0	176,381	247,669	0
58	94	n/a	57,296	0	0	45,121	227,460	0	182,339	68,596	0
59	95	n/a	58,156	0	0	45,798	234,284	0	68,596	0	-119,891

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# RETIREMENT PLANNING

## Details of Distribution Phase

PREPARED FOR: Jane Smith

PRESENTED BY: Team NWCM

August 08, 2017

### DETAILS OF RETIREMENT SAVINGS BALANCE

Year	Your Age	Spouse Age	After-Tax Withdrawal Investments	Ending Balance Investments	After-Tax Withdrawal Qualified	Ending Balance Qualified	After-Tax Withdrawal Roth	Ending Balance Roth	Total Retirement Savings Balance
29	65	n/a	67,222	165,593	0	1,629,650	0	303,109	2,098,352
30	66	n/a	69,678	99,511	0	1,711,132	0	318,264	2,128,908
31	67	n/a	72,215	28,320	0	1,796,689	0	334,177	2,159,186
32	68	n/a	28,320	0	46,514	1,821,404	0	350,886	2,172,290
33	69	n/a	0	0	77,539	1,803,920	0	368,430	2,172,350
34	70	n/a	0	0	80,331	1,781,652	0	386,852	2,168,504
35	71	n/a	0	0	83,215	1,754,234	0	406,195	2,160,428
36	72	n/a	0	0	86,192	1,721,277	0	426,504	2,147,781
37	73	n/a	0	0	89,265	1,682,369	0	447,830	2,130,199
38	74	n/a	0	0	92,438	1,637,074	0	470,221	2,107,295
39	75	n/a	0	0	95,714	1,584,928	0	493,732	2,078,660
40	76	n/a	0	0	99,095	1,525,441	0	518,419	2,043,859
41	77	n/a	0	0	102,586	1,458,092	0	544,340	2,002,432
42	78	n/a	0	0	106,189	1,382,332	0	571,557	1,953,889
43	79	n/a	0	0	109,908	1,297,578	0	600,134	1,897,712
44	80	n/a	0	0	113,747	1,203,211	0	630,141	1,833,352
45	81	n/a	0	0	117,709	1,098,580	0	661,648	1,760,228
46	82	n/a	0	0	121,798	982,992	0	694,731	1,677,723
47	83	n/a	0	0	126,018	855,717	0	729,467	1,585,184
48	84	n/a	0	0	130,373	715,981	0	765,940	1,481,922
49	85	n/a	0	0	134,867	562,966	0	804,238	1,367,204
50	86	n/a	0	0	139,505	395,808	0	844,449	1,240,257
51	87	n/a	0	0	144,291	213,591	0	886,672	1,100,263
52	88	n/a	0	0	149,229	15,349	0	931,005	946,354
53	89	n/a	0	0	11,512	0	142,814	827,601	827,601
54	90	n/a	0	0	0	0	159,583	701,419	701,419
55	91	n/a	0	0	0	0	165,009	563,231	563,231
56	92	n/a	0	0	0	0	170,606	412,256	412,256
57	93	n/a	0	0	0	0	176,381	247,669	247,669
58	94	n/a	0	0	0	0	182,339	68,596	68,596
59	95	n/a	0	0	0	0	68,596	0	0

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