

# Current Life Insurance Needs Analysis

John & Mary Sample

Lump Sum Needed Today to Pay Off Mortgage(s):	\$150,000
Lump Sum Needed for Cash Reserve After Everything Else is Paid For:	\$10,000
Lump Sum Immediate Cash Needs:	\$5,000
Lump Sum Needed for Burial/Funeral/Medical and Other Final Expenses:	\$25,000
Lump Sum Needed to Pay Off All Debts:	\$20,000
Lump Sum Needed to Cover Estate Taxes:	\$0
Lump Sum Amounts to Give Away to Others/Bequeaths/Charity:	\$0
Lump Sum Amount to Fund Runt's College & Other Expenses:	\$50,000
Lump Sum Amount to Fund Munchkin's College & Other Expenses:	\$45,000
Lump Sum Amount to Fund Rugrat's College & Other Expenses:	<u>\$40,000</u>
<b>Total Gross Lump Sum Needed:</b>	<b>\$345,000</b>
<b>Minus Lump Sums Currently Available:</b>	<b><u>\$200,225</u></b>
<b>Net Lump Sum Still Needed:</b>	<b>\$144,775</b>
<b>Lump Sum Needed Today to Replace Future &amp; John's Income:</b>	<b><u>\$639,543</u></b>
<b>Total Amount of Life Insurance Needed Today to Fund All Needs:</b>	<b><u>\$784,318</u></b>

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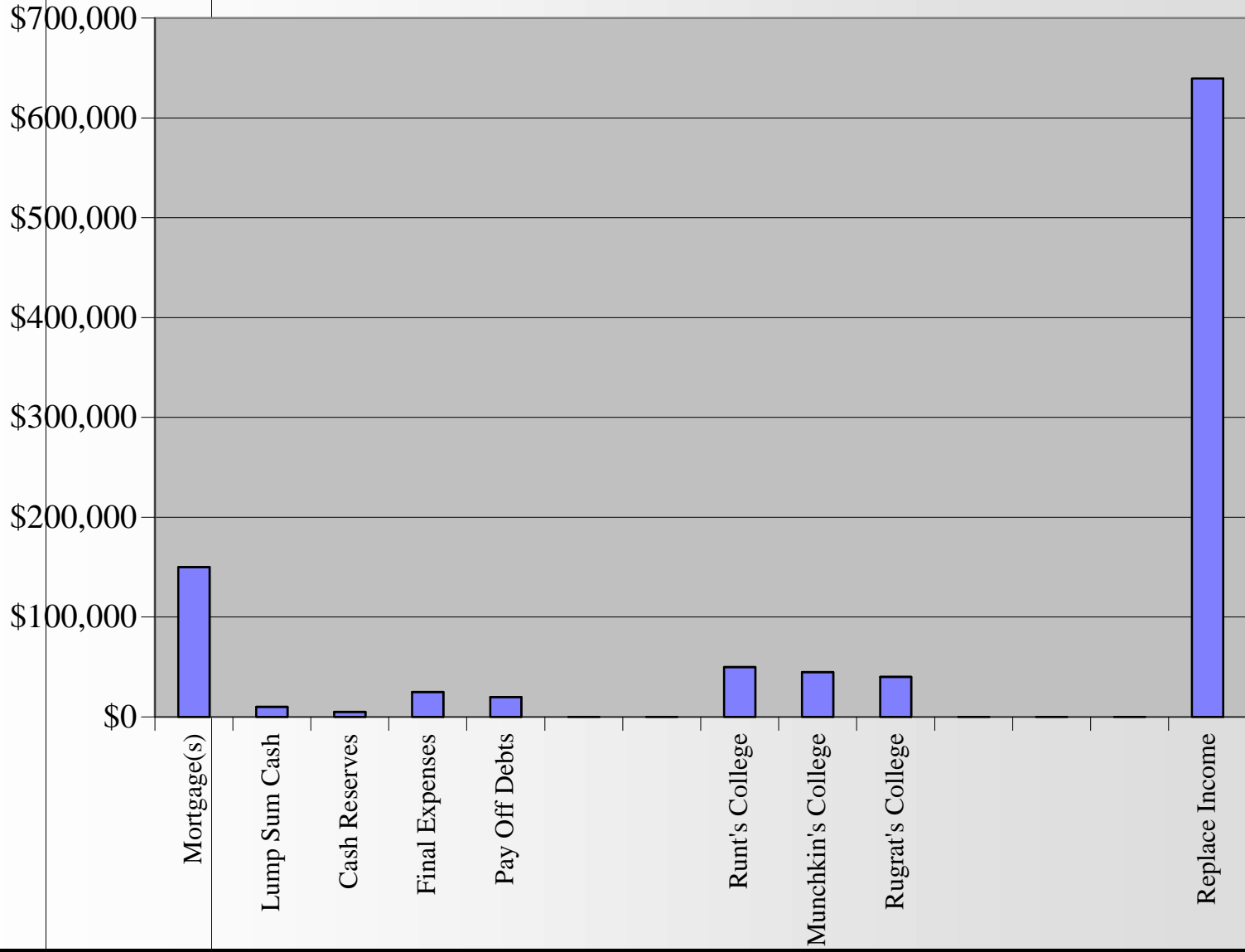
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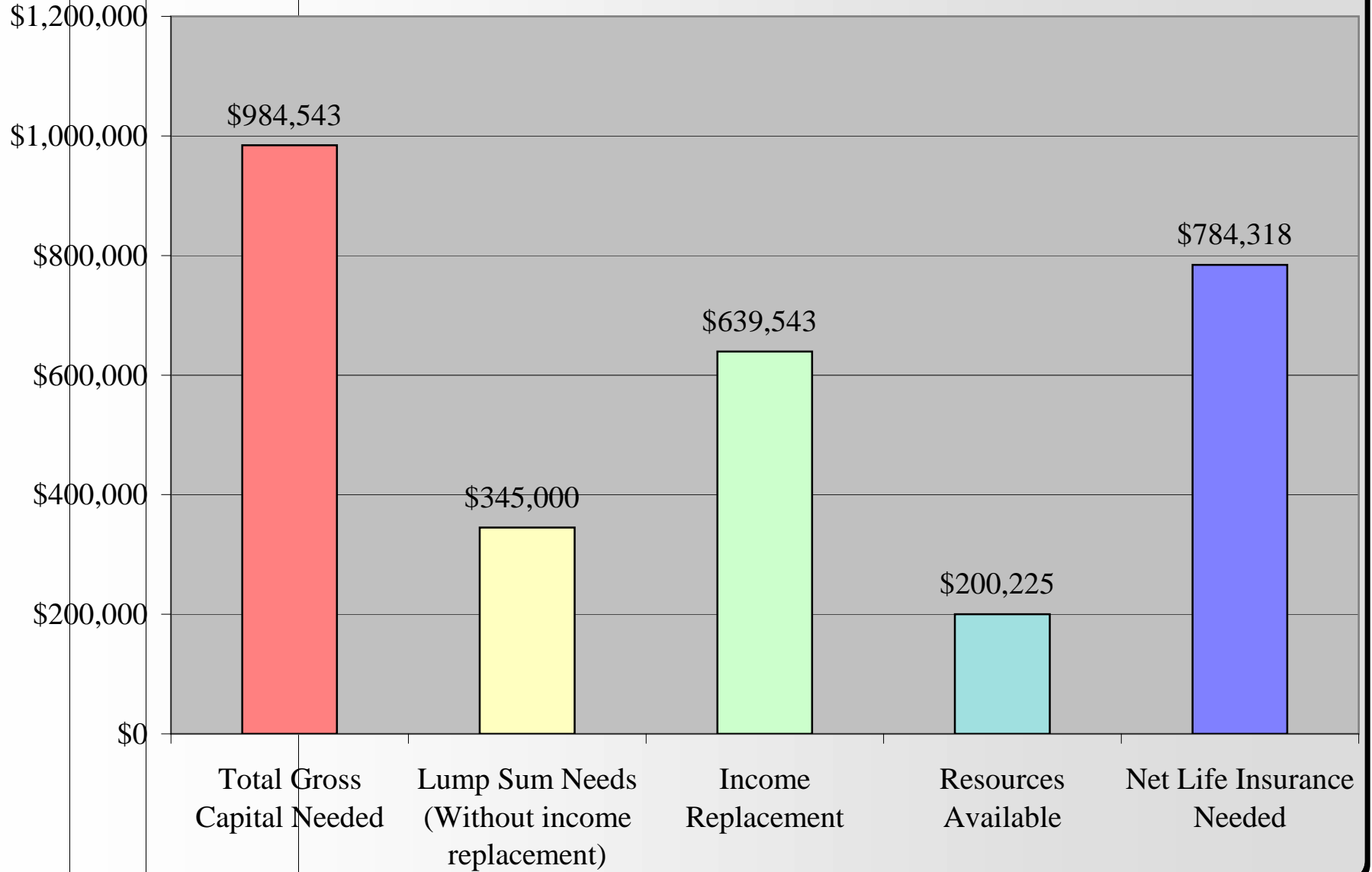
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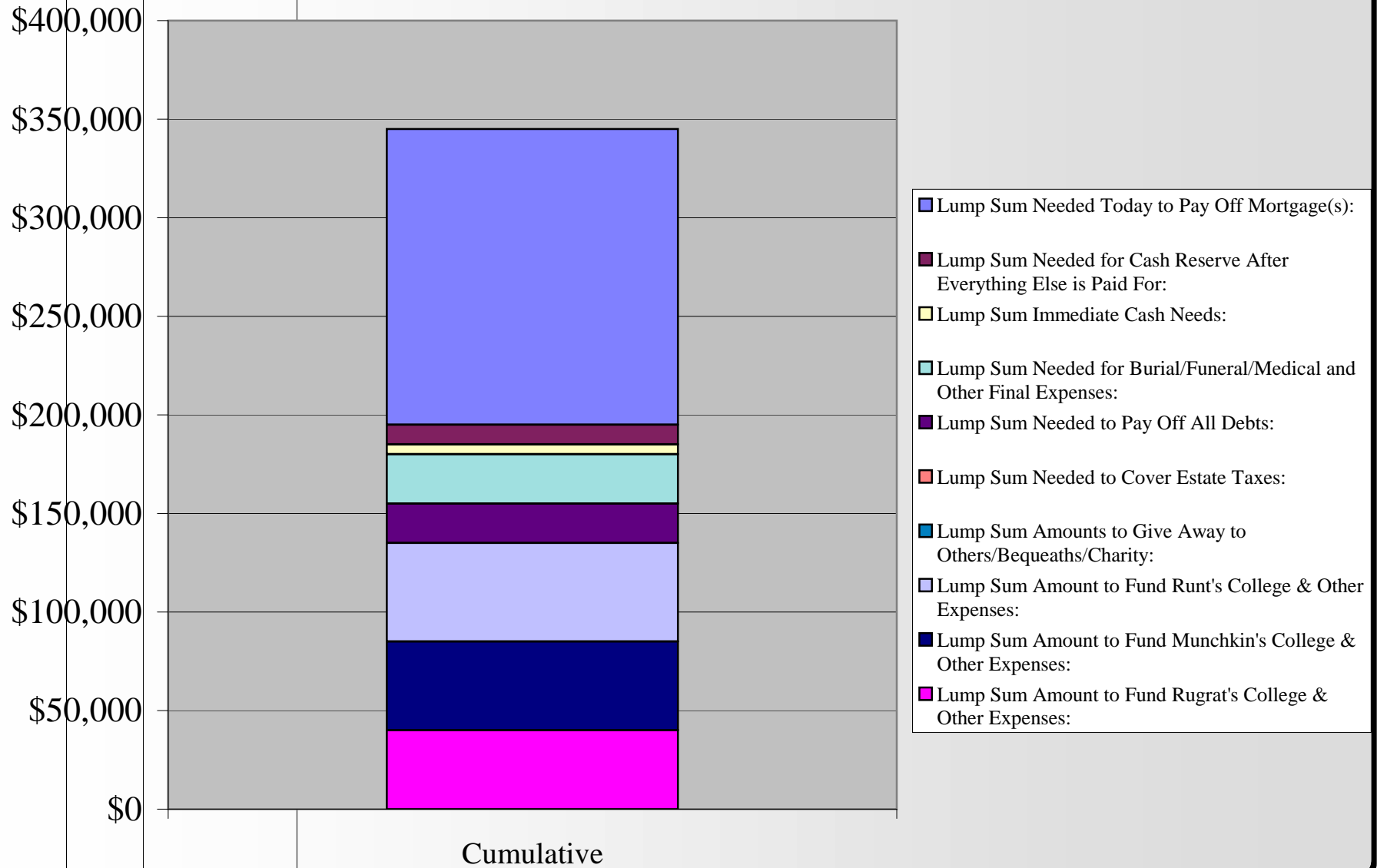
## Gross Needs to Fund With Life Insurance



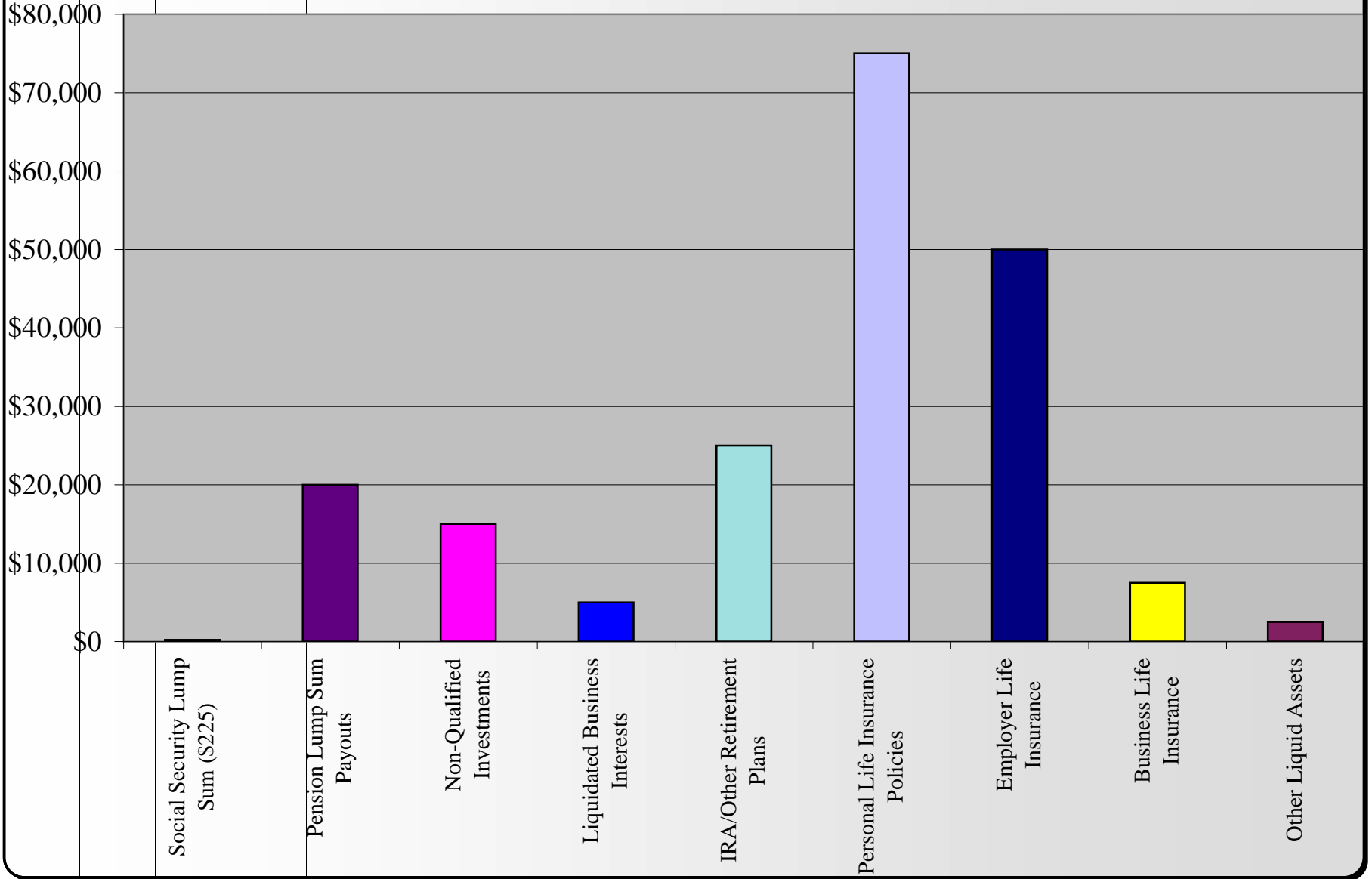
## Needs vs. Resources



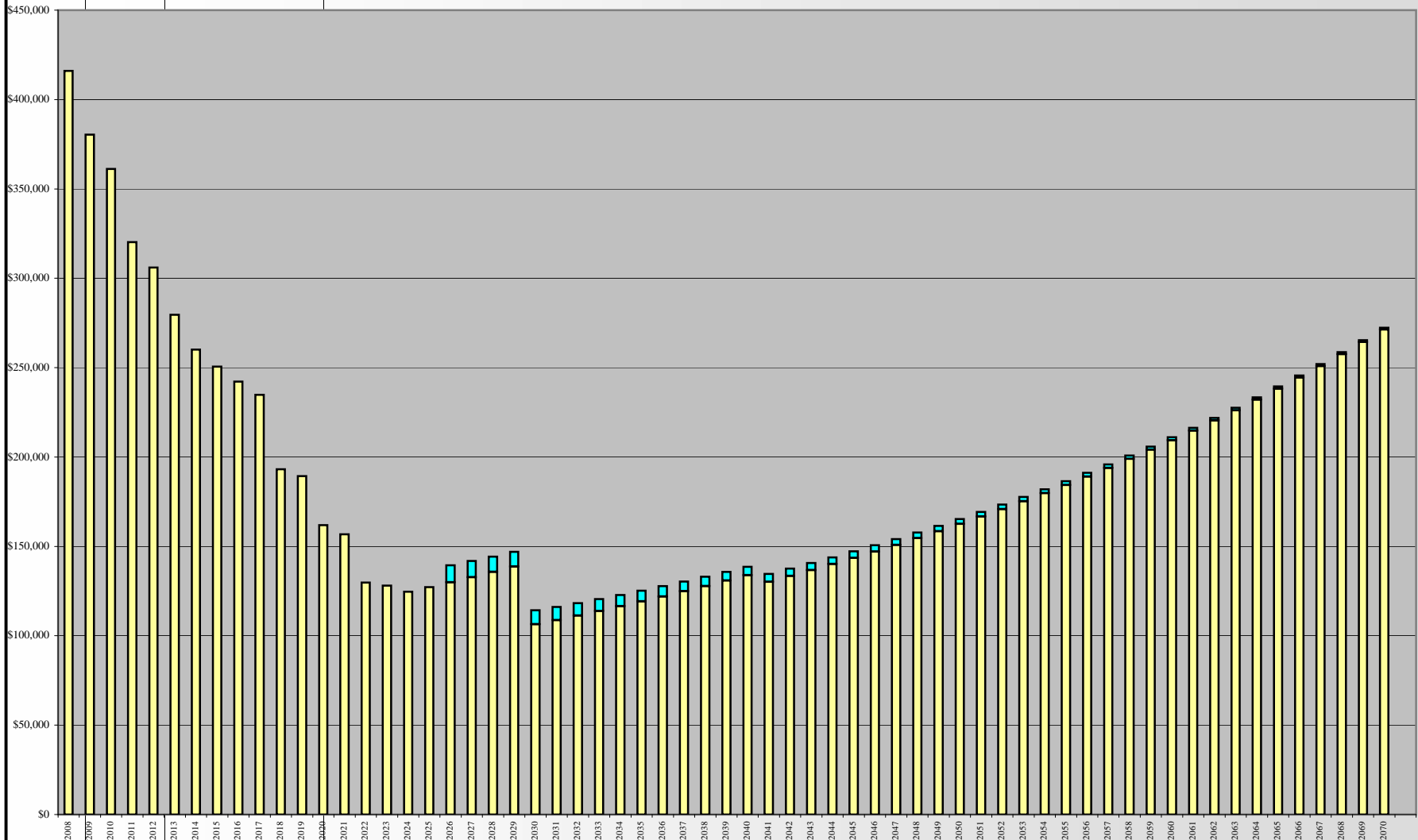
## Lump Sum Needs



## Resources Available



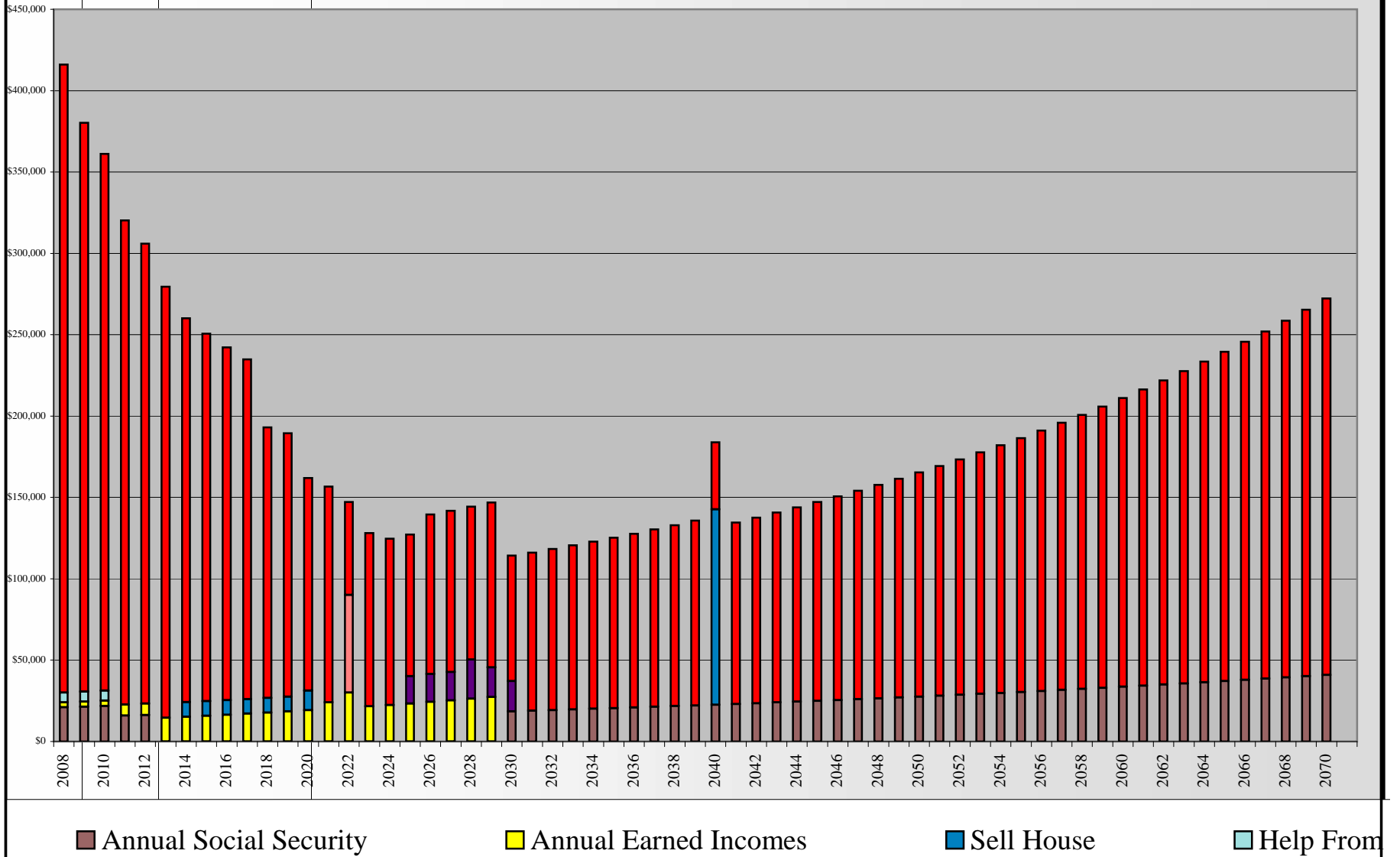
### Annual Expenses (Income Needs)



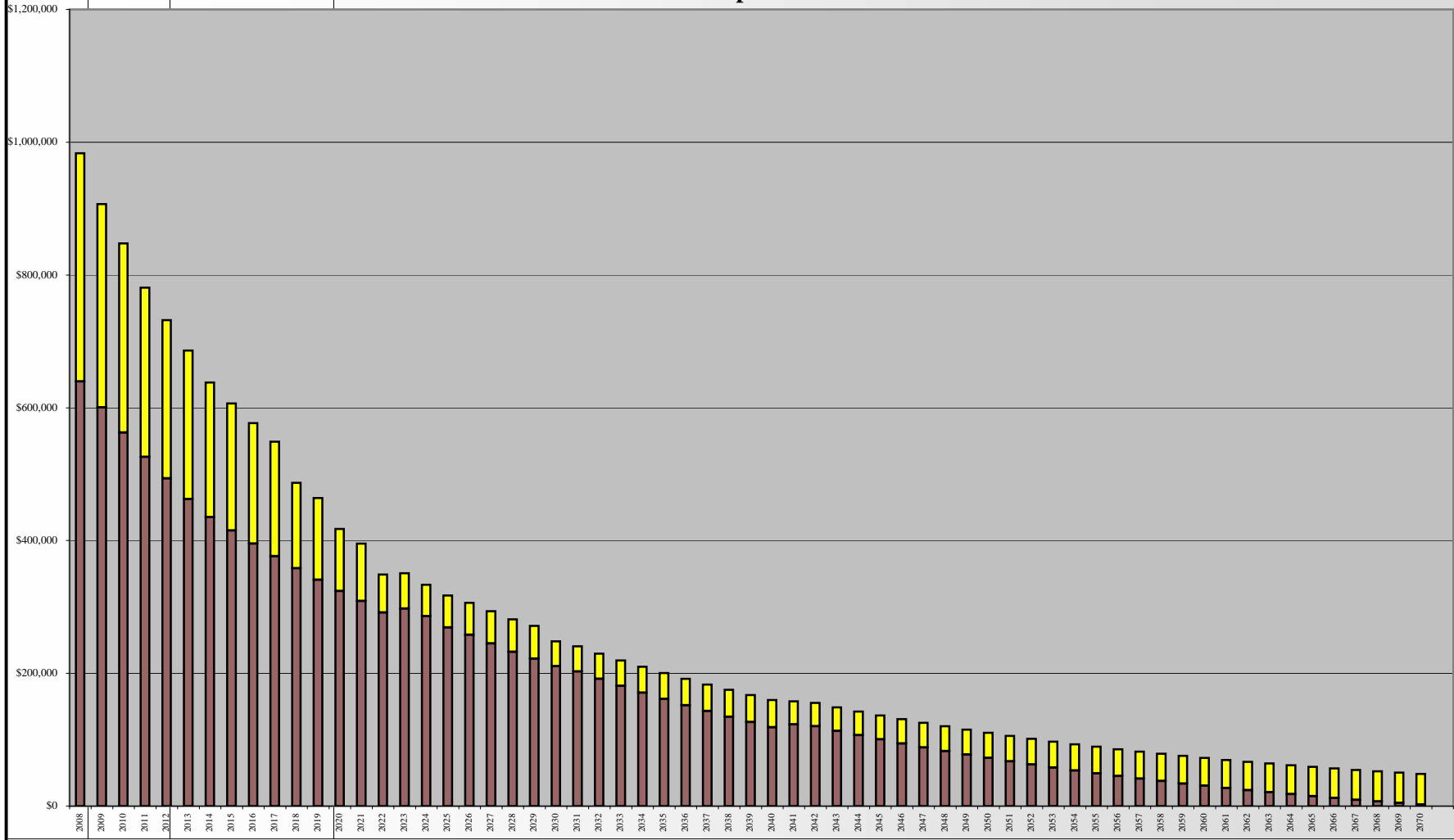
■ Mary's Basic Annual Income Needs

■ Florida Condo

Sources of Income to Fully Fund All Needs

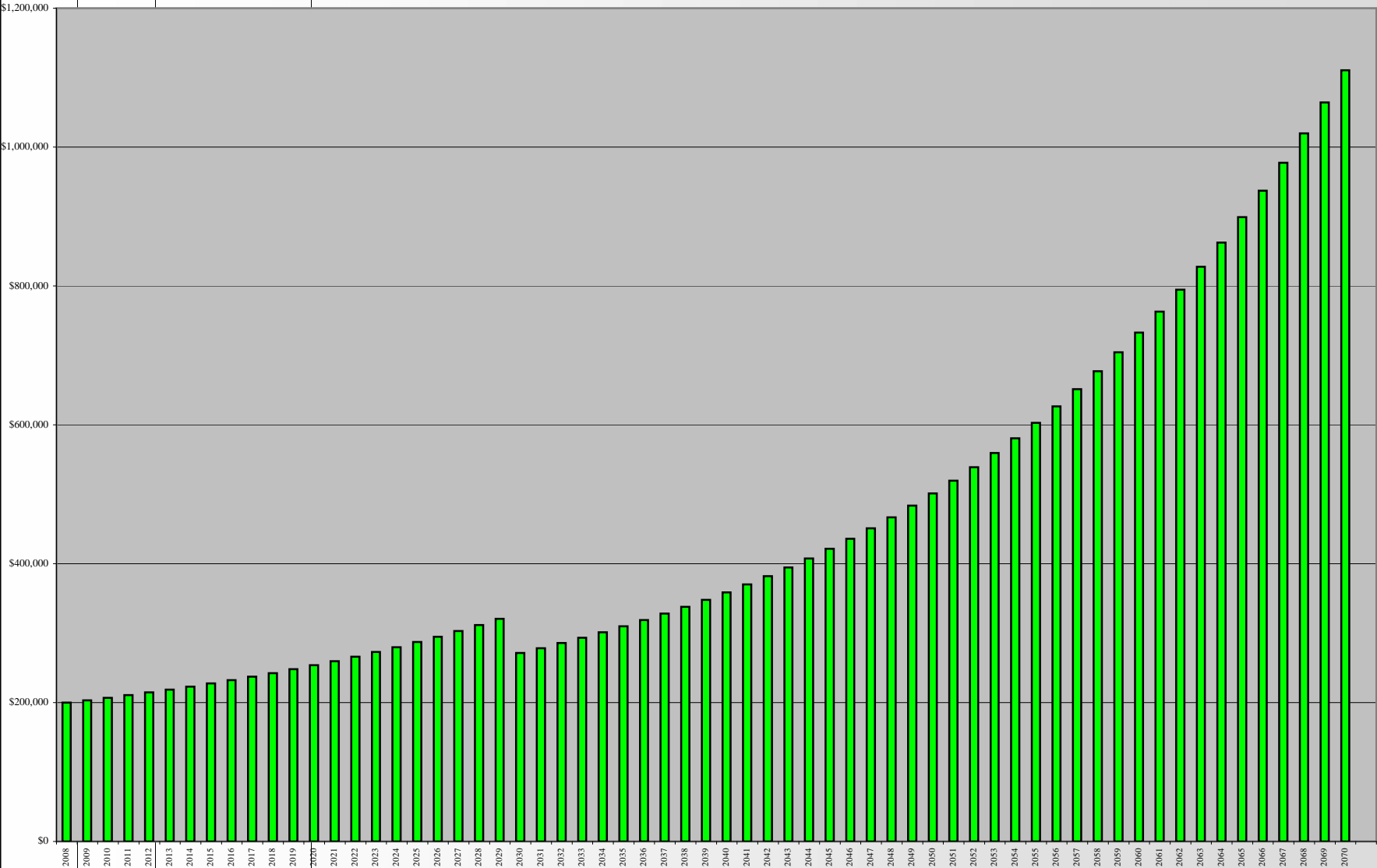


**Total Gross Annual Life Insurance Needs (Before subtracting funds available): Present Values of Lump Sum Plus Income Replacement Needs**

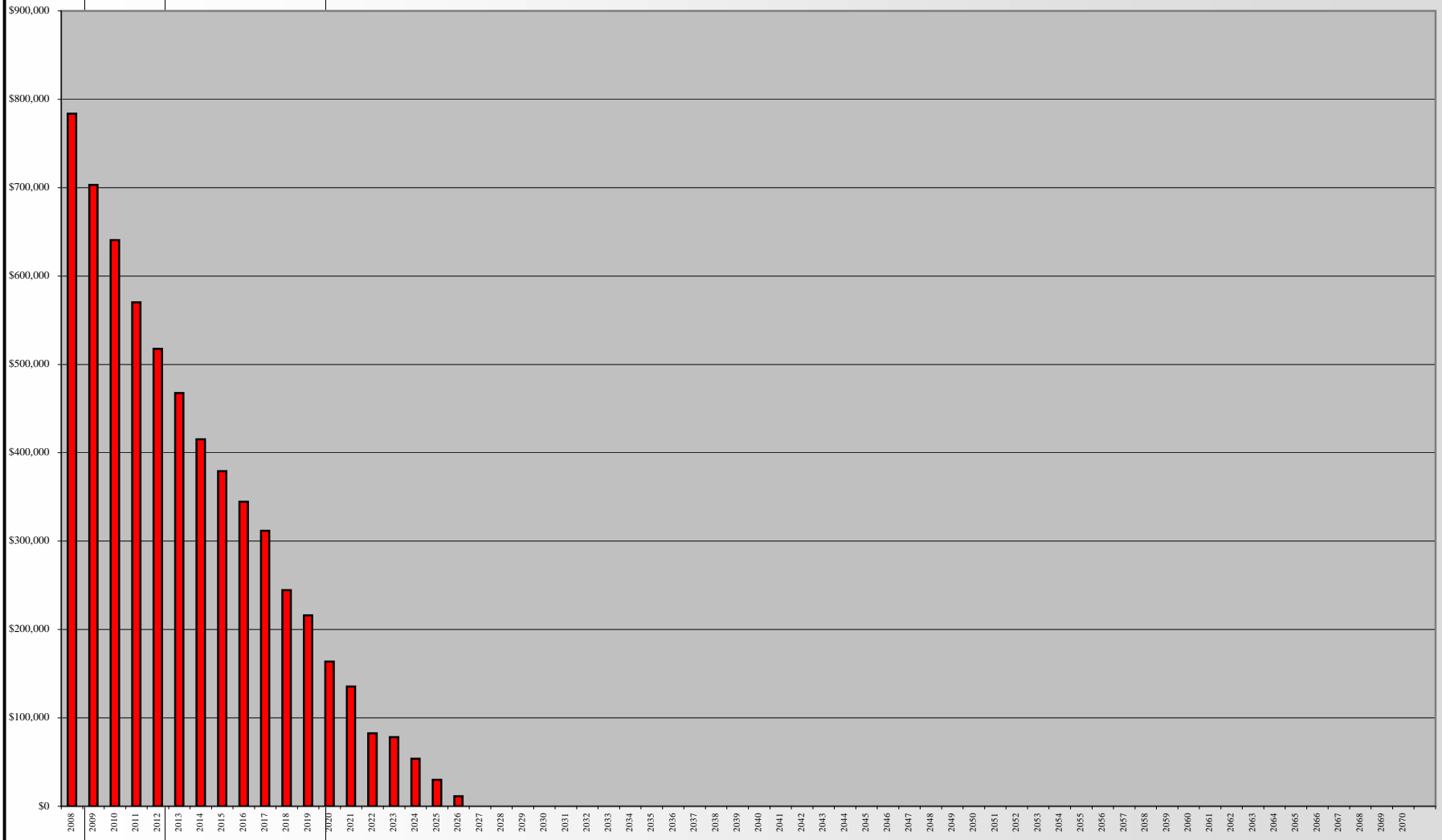


■ Present Value of Life Insurance Needed to Fund Income Replacement

# Annual Lump Sums Currently Available



### Annual Net Life Insurance Needs (Needs Minus Funds Available)



■ Total Net Amount

# Public College Funding Planner

## For John & Mary Sample

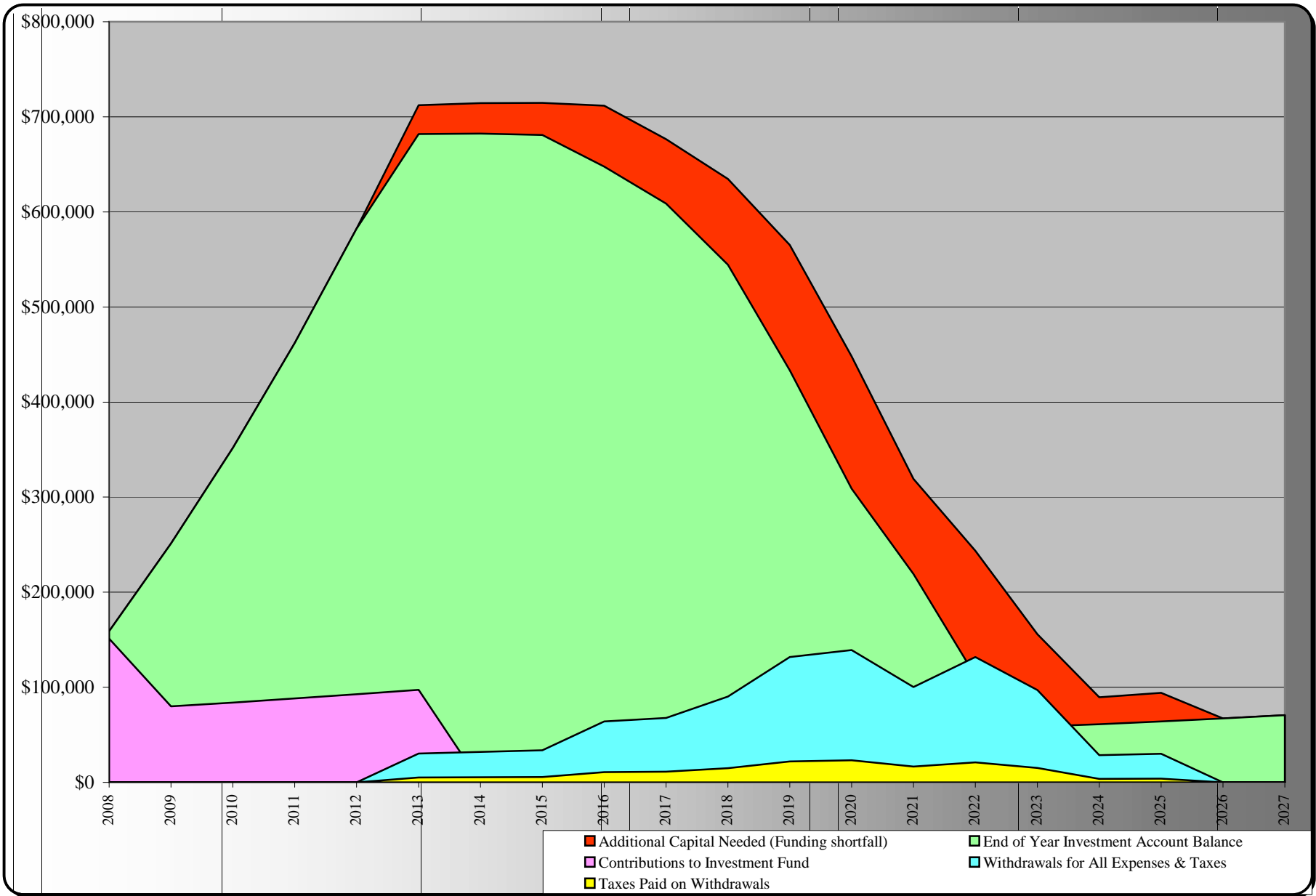
Runt's Current Age: 4  
 Rugrat's Current Age: 7  
 Munchkin's Current Age: 8  
 Joe's Current Age: 10  
 Sally Mea's Current Age: 13  
  
 Runt Enters College at Age: 18  
 Rugrat Enters College at Age: 18  
 Munchkin Enters College at Age: 18  
 Joe Enters College at Age: 18  
 Sally Mea Enters College at Age: 18  
  
 Number of Years Runt Will Attend College: 4  
 Number of Years Rugrat Will Attend College: 5  
 Number of Years Munchkin Will Attend College: 6  
 Number of Years Joe Will Attend College: 7  
 Number of Years Sally Mea Will Attend College: 8

	Amount Paid By Savings	Amount Paid Out of Pocket
Total Current Annual Costs (Including breaks):	\$121,800	
Present Value of College Education Without Inflation:	\$745,200	
Inflated Present Value of College Education (529 Plan):	\$818,357	
Inflated Present Value of College Education with Taxes:	\$977,176	
	\$71,790	\$50,010
	\$445,830	\$299,370
	\$509,704	\$308,653
	\$608,733	\$368,443

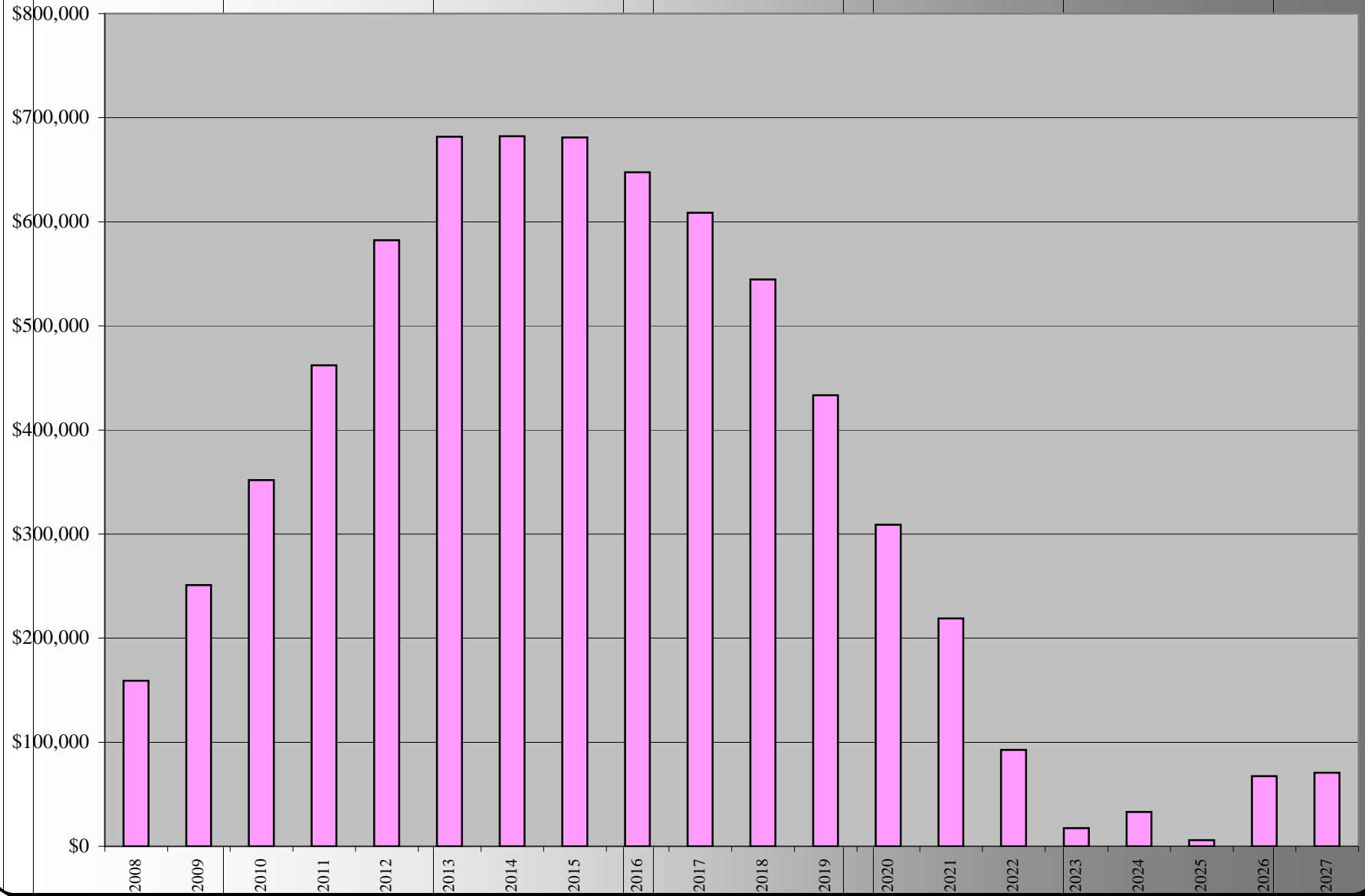
Initial Lump Sum Investment (amount saved now): \$75,000  
 Total Combined Monthly Contributions: \$6,350  
  
**Lump Sum Needed Now To Fund Deficits (Non-529 Plan): \$55,544**  
**Lump Sum Needed Now To Fund Deficits (529 Plan): \$45,735**  
 - or -  
**Monthly Payments Needed to Fund Deficits (Non-529 Plan): \$562**  
**Monthly Payments Needed to Fund Deficits (529 Plan): \$461**  
  
 Average Probability of Success for All Students: 22.1%  
 Minimum Average Rate of Return Needed: 6.0%

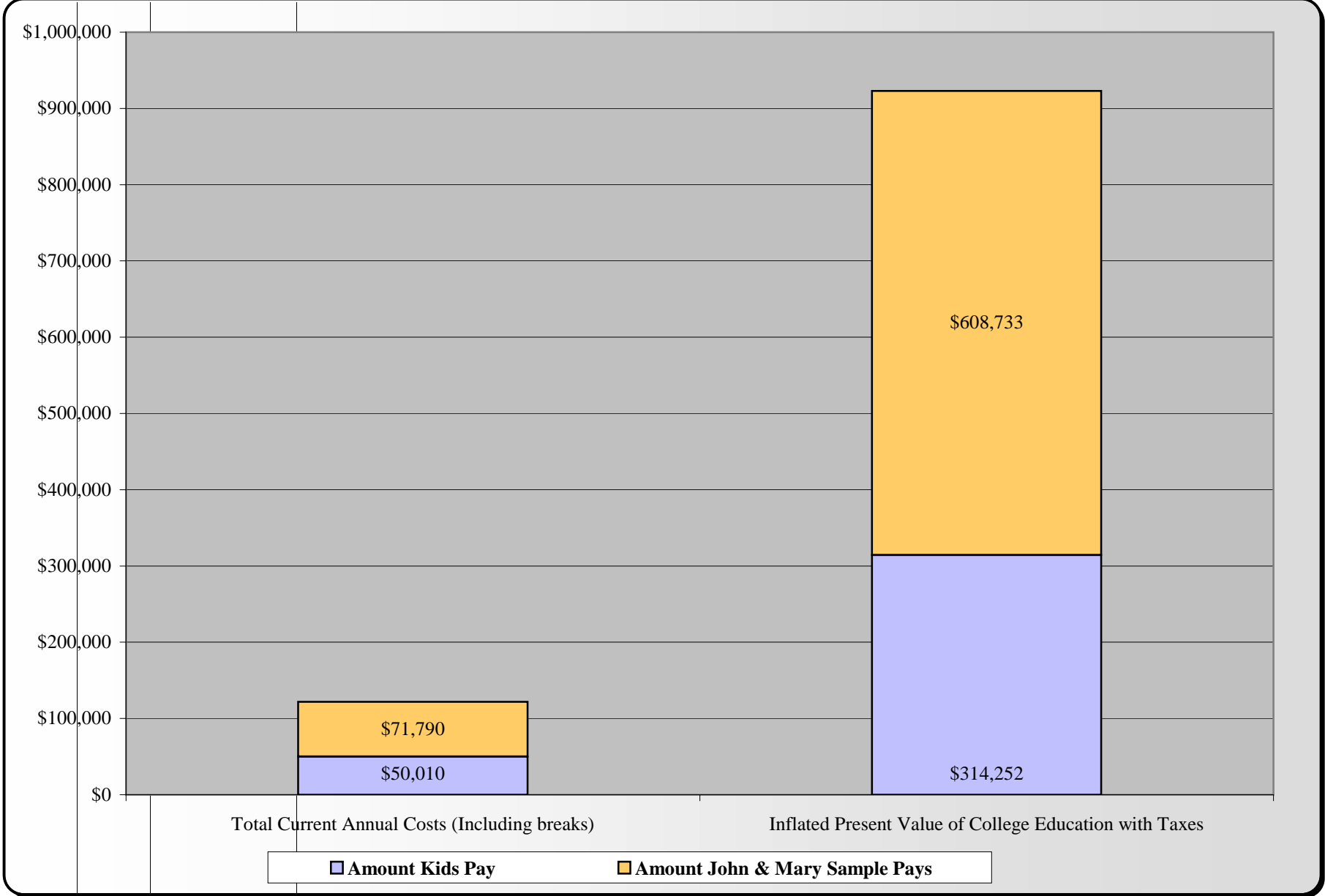
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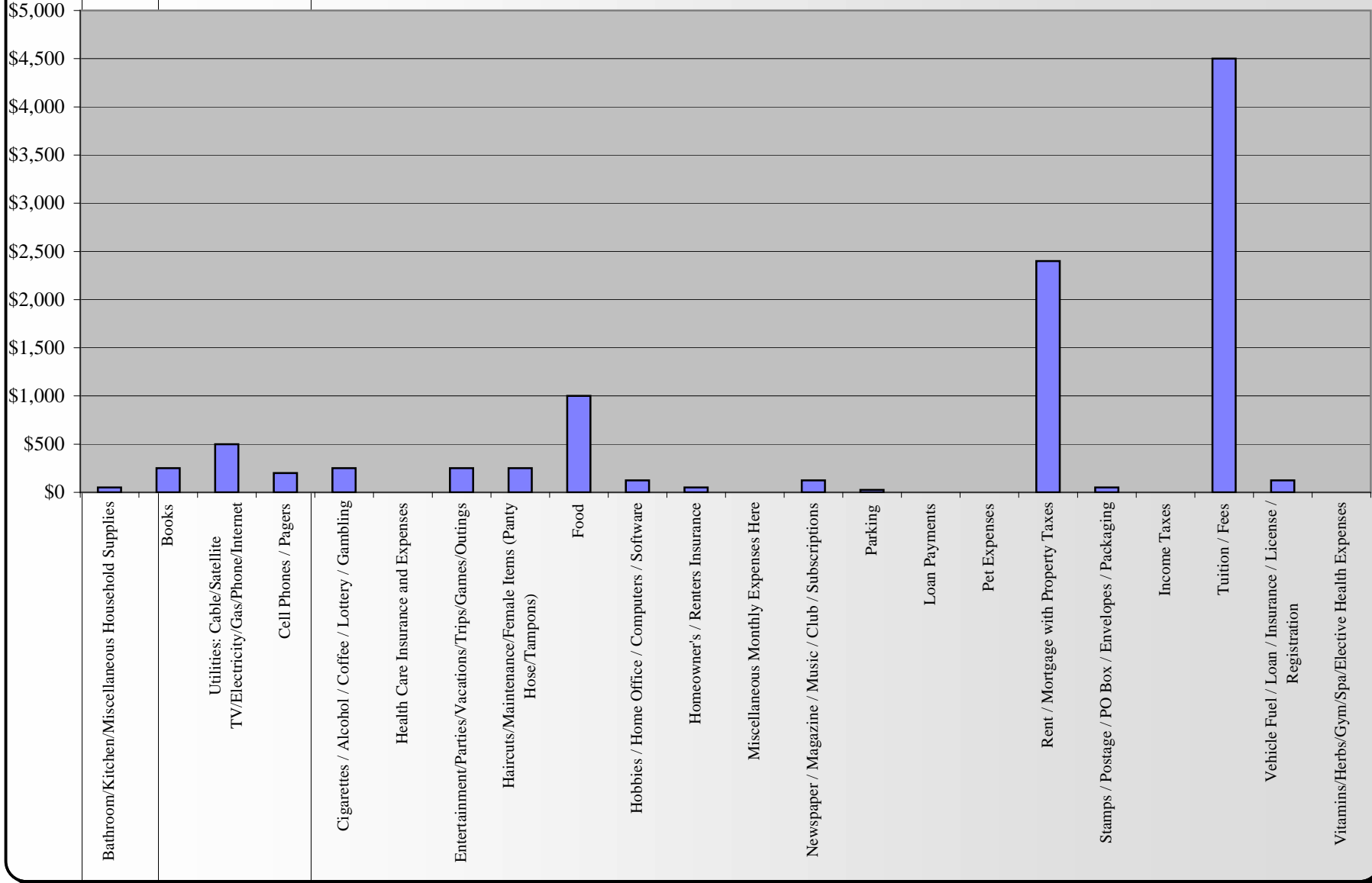


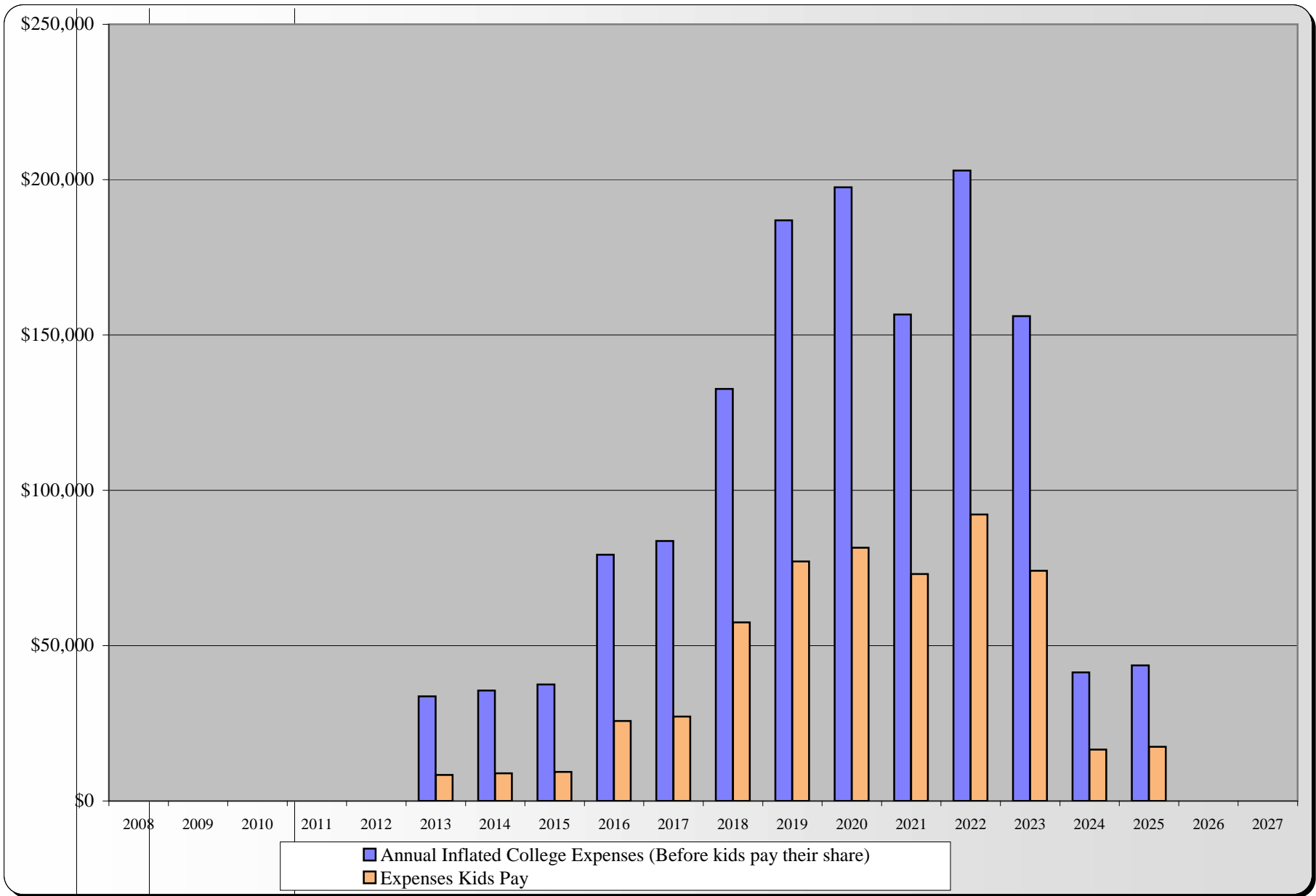
### End Of Year Investment Fund Balance



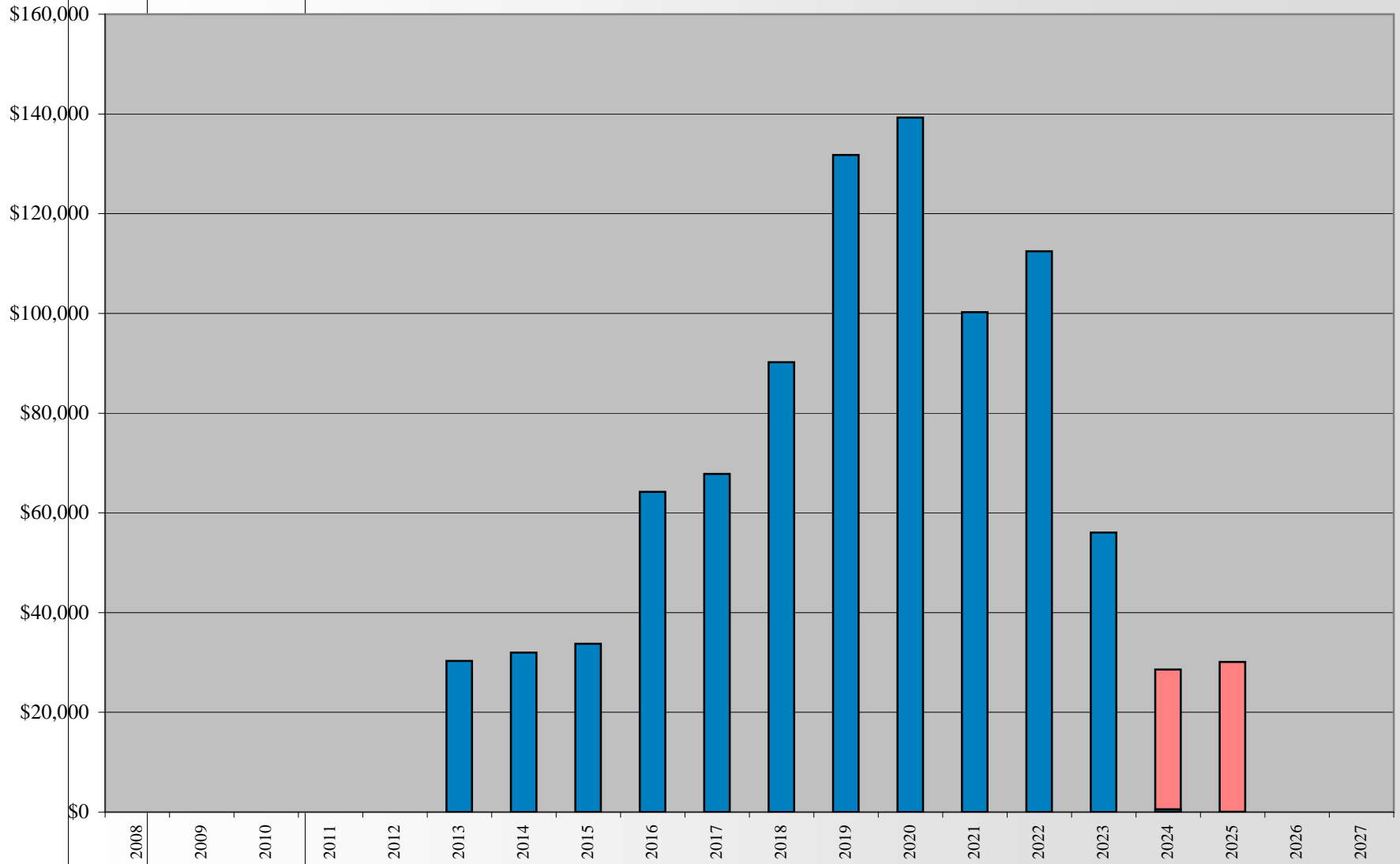


**Public School Monthly Expense Breakdown (In current dollars)**





**Public School Income Need vs. Income Available**



■ Income Available

■ Annual Cash Flow Deficits

## Annual Public College Expenses

Year #		Runt	Rugrat	Munchkin	Joe	Sally Mea	Annual Totals
2008	1	\$0	\$0	\$0	\$0	\$0	\$0
2009	2	\$0	\$0	\$0	\$0	\$0	\$0
2010	3	\$0	\$0	\$0	\$0	\$0	\$0
2011	4	\$0	\$0	\$0	\$0	\$0	\$0
2012	5	\$0	\$0	\$0	\$0	\$0	\$0
2013	6	\$0	\$0	\$0	\$0	\$30,310	\$30,310
2014	7	\$0	\$0	\$0	\$0	\$31,991	\$31,991
2015	8	\$0	\$0	\$0	\$0	\$33,774	\$33,774
2016	9	\$0	\$0	\$0	\$28,532	\$35,664	\$64,196
2017	10	\$0	\$0	\$0	\$30,135	\$37,669	\$67,804
2018	11	\$0	\$0	\$18,571	\$31,836	\$39,795	\$90,203
2019	12	\$0	\$36,444	\$19,624	\$33,641	\$42,051	\$131,760
2020	13	\$0	\$38,519	\$20,741	\$35,556	\$44,445	\$139,260
2021	14	\$0	\$40,720	\$21,926	\$37,588	\$0	\$100,234
2022	15	\$25,774	\$43,056	\$23,184	\$39,744	\$0	\$131,758
2023	16	\$27,138	\$45,536	\$24,520	\$0	\$0	\$97,194
2024	17	\$28,582	\$0	\$0	\$0	\$0	\$28,582
2025	18	\$30,110	\$0	\$0	\$0	\$0	\$30,110
2026	19	\$0	\$0	\$0	\$0	\$0	\$0
2027	20	\$0	\$0	\$0	\$0	\$0	\$0
2028	21	\$0	\$0	\$0	\$0	\$0	\$0
2029	22	\$0	\$0	\$0	\$0	\$0	\$0
2030	23	\$0	\$0	\$0	\$0	\$0	\$0
2031	24	\$0	\$0	\$0	\$0	\$0	\$0
2032	25	\$0	\$0	\$0	\$0	\$0	\$0
2033	26	\$0	\$0	\$0	\$0	\$0	\$0
2034	27	\$0	\$0	\$0	\$0	\$0	\$0
2035	28	\$0	\$0	\$0	\$0	\$0	\$0
2036	29	\$0	\$0	\$0	\$0	\$0	\$0
2037	30	\$0	\$0	\$0	\$0	\$0	\$0
<b>Totals:</b>		<b>\$111,604</b>	<b>\$204,275</b>	<b>\$128,566</b>	<b>\$237,031</b>	<b>\$295,700</b>	<b>\$977,176</b>

# Private College Funding Planner

## For John & Mary Sample

Runt's Current Age:	4
Rugrat's Current Age:	7
Munchkin's Current Age:	8
Joe's Current Age:	10
Sally Mea's Current Age:	13
Runt Enters College at Age:	18
Rugrat Enters College at Age:	18
Munchkin Enters College at Age:	18
Joe Enters College at Age:	18
Sally Mea Enters College at Age:	18
Number of Years Runt Will Attend College:	4
Number of Years Rugrat Will Attend College:	5
Number of Years Munchkin Will Attend College:	6
Number of Years Joe Will Attend College:	7
Number of Years Sally Mea Will Attend College:	8

	Amount Paid By Savings	Amount Paid Out of Pocket
Total Current Annual Costs (Including breaks):	\$195,660	
Present Value of College Education Without Inflation:	\$1,203,240	\$649,989
Inflated Present Value of College Education (529 Plan):	\$1,243,531	\$676,140
Inflated Present Value of College Education with Taxes:	\$1,485,924	\$808,212

Initial Lump Sum Investment (amount saved now):	\$75,000
Total Combined Monthly Contributions:	\$6,350
<b>Lump Sum Needed Now To Fund Deficits (Non-529 Plan):</b>	<b>\$319,468</b>
<b>Lump Sum Needed Now To Fund Deficits (529 Plan):</b>	<b>\$257,660</b>
	- or -
<b>Monthly Payments Needed to Fund Deficits (Non-529 Plan):</b>	<b>\$4,164</b>
<b>Monthly Payments Needed to Fund Deficits (529 Plan):</b>	<b>\$3,349</b>
Average Probability of Success for All Students:	4.5%
Minimum Average Rate of Return Needed:	8.8%

# - *CONFIDENTIAL REPORT* -

## TO DO LIST: FINANCIAL PLAN IMPLEMENTATION

Here is a list of tasks the two of you have agreed to complete. Please write in the date completed in the last column as progress is made.

Detailed sources and application of funds can be seen on the proposed section of the investment asset allocation report.

Who Needs to Do the Activity	When the Activity Needs to be Done	Description of the Activity	When the Activity was Completed
<input type="checkbox"/> John <input type="checkbox"/> Mary <input checked="" type="checkbox"/> Both	9/1/07	Increase homeowners insurance to \$500,000, auto liability to \$100/300/50, and buy a \$2M Umbrella liability policy.	
<input type="checkbox"/> John <input type="checkbox"/> Mary <input checked="" type="checkbox"/> Both	9/1/07	Increase payroll withholding exemptions to four each.	
<input type="checkbox"/> John <input type="checkbox"/> Mary <input checked="" type="checkbox"/> Both	11/1/07	Update wills, death/funeral instructions, and trusts. Use the document organizer provided.	
<input checked="" type="checkbox"/> John <input type="checkbox"/> Mary <input type="checkbox"/> Both	10/1/07	Sell all individual stocks and let us create an optimized asset allocation investment portfolio.	
<input checked="" type="checkbox"/> John <input type="checkbox"/> Mary <input type="checkbox"/> Both	9/1/07	Reallocate current 401(k) investment options as shown in the asset allocation report. Direct all future contributions into the new funds as we discussed.	
<input type="checkbox"/> John <input checked="" type="checkbox"/> Mary <input type="checkbox"/> Both	10/1/07	Liquidate all bank CDs and Credit Union Savings accounts and let us create an optimized asset allocation investment portfolio.	
<input type="checkbox"/> John <input checked="" type="checkbox"/> Mary <input type="checkbox"/> Both	11/1/07	Open a rollover IRA with us via Pershing: Then close the Merrill Lynch account, Fidelity, and Vanguard accounts and transfer the money over to our asset allocation account. Start by completing the forms titled "ACAT."	
<input checked="" type="checkbox"/> John <input type="checkbox"/> Mary <input type="checkbox"/> Both	10/1/07	Sell the individual bonds and buy a bond mutual fund in your new personal investment portfolio account with us.	
<input checked="" type="checkbox"/> John <input type="checkbox"/> Mary <input type="checkbox"/> Both	9/1/07	Purchase \$1,000 per month in additional disability insurance benefit through your employer.	
<input checked="" type="checkbox"/> John <input type="checkbox"/> Mary <input type="checkbox"/> Both	9/1/07	Purchase \$1,000 per month in additional disability insurance benefit through Guardian insurance, by completing the form we gave you, and returning them to our office. A bill will be sent in the mail after the premium is calculated.	
<input type="checkbox"/> John <input checked="" type="checkbox"/> Mary <input type="checkbox"/> Both	9/1/07	Purchase \$1,000 per month in additional disability insurance benefit through Guardian insurance, by completing the form we gave you, and returning them to our office. A bill will be sent in the mail after the premium is calculated.	
<input type="checkbox"/> John <input checked="" type="checkbox"/> Mary <input type="checkbox"/> Both	9/1/07	Complete the appraisal of your antiques, silver and jewelry so the appropriate insurance can be added to your homeowner's policy. The names, addresses and phone numbers of three qualified appraisers are attached and marked <i>Appraisals</i> .	
<input type="checkbox"/> John <input type="checkbox"/> Mary <input checked="" type="checkbox"/> Both	8/15/07	Find time to test drive the Suburban to be sure she feels comfortable with the size and handling of the vehicle before the order is placed.	
<input type="checkbox"/> John <input type="checkbox"/> Mary <input checked="" type="checkbox"/> Both	9/1/07	Purchase an additional \$325,000 of 5-year Level Term Life Insurance by completing the forms we gave you and returning them to our office. A bill will be sent in the mail after the premium is calculated.	
<input type="checkbox"/> John <input type="checkbox"/> Mary <input checked="" type="checkbox"/> Both	12/1/07	Increase monthly payments to the children's college funds by \$500 per month each. We will set up a new account for each child once the paperwork is returned with the first month's monthly contribution.	
<input checked="" type="checkbox"/> John <input type="checkbox"/> Mary <input type="checkbox"/> Both	9/1/07	Use all cash flow surpluses to pay off all credit cards and student loans. When paid off, direct surpluses to the money market fund of your personal investment accounts until it reaches your desired personal emergency cash reserve of \$25,000	

# INVESTMENT PORTFOLIO BENCHMARKS NEWSLETTER

## REAL WORLD PERSONAL FINANCIAL SOFTWARE

2130 9<sup>th</sup> St. W #166 Whitefish, MT 59912-4416

(406) 257-1182

Micheal Fulford , CFA

[toolssupport@earthlink.net](mailto:toolssupport@earthlink.net)

<http://www.toolsformoney.com/>

October 25, 1999

Dear Client:

Here is your quarterly performance review.

Interest rates continued to climb in the third quarter. This brought the value of your bond funds down a little further. International bonds, still in the doghouse, are roughly unchanged from last quarter. Real estate also continued to lose ground due to higher interest rates.

The big news was the decline in U.S. stocks. Most of the major indices were only up in the single digits at quarter end. Most of this was also from the continued climb in interest rates.

Tangibles, and other commodities as measured by the Goldman Sachs Commodity Index (described below), more than doubled their year-to-date gains in the third quarter. This index is one of the main gauges of inflation. This is "negative covariance" in action. When an asset class goes up when U.S. stocks go down, that asset class is said to have negative covariance with U.S. stocks. This is why this asset class is a good portfolio diversifier.

Before you get too worried about rising interest rates and the return of higher inflation, keep in mind where we came from. In our opinion, both inflation and interest rates went from very low, to just low, in 1999. Said differently, we still think inflation and interest rates are relatively low even after the recent increases. In 1998 the Fed kept rates very low to help alleviate various overseas financial crises. Many commodity prices fell in 1998 as a result, which was a rare event. We feel this process is now reversing, and interest rates could always go higher. The economy will probably remain in good shape even if interest rates went a little higher. So there is still risk in the markets - by some measures U.S. stocks are still very high considering the unprecedented run-up over the last four years.

Because nobody knows which asset classes will do well or get hammered in the future, we're just sticking to the course. Early next year we plan to replenish everyone's international stock mutual fund position to where it was before the August sell-off. Other than that - steady as she goes!

This letter explains how we make apples-to-apples comparisons with mutual funds, and four other things about how we manage your money:

- The purpose of some of the asset classes we use.
- How each asset class has an appropriate benchmark index associated with it. There is an explanation of the 14 benchmark indexes we use at the end of this letter.
- How the individual benchmarks performed in the first three quarters of 1999.

- Asset allocation using three common types of “model portfolios,” and how these models performed in the first three quarters of 1999 using benchmark indexes.

As most of you know, we don't practice much market timing or security selection. We focus mostly on the art and science of asset allocation. The little security selection we practice is in choosing mutual funds that we feel best represent a particular asset class.

Asset allocation is just investment jargon that boils down to dividing your money between different asset classes. We use eight distinct asset classes in the reports we send to you. But when it comes to actually investing your money, we use around 14 asset classes. These 14 compress into eight because some asset classes fit into one asset class in our reports.

For example, the “any kind of stock other than large cap U.S. growth or value stocks” asset class has at least four types of U.S. equity securities inside of it:

- U.S. small cap stocks.
- Mutual funds that specialize in small sectors of the market.
- Other tangible funds/assets, like real estate and limited partnerships.
- Miscellaneous diversifying agents like inflation hedges.

The “any kind of bond other than regular corporate, treasury, or municipal bond” asset class normally has around three types of fixed income mutual funds inside of it:

- High-yield U.S. corporate bonds.
- International bonds.
- Money market mutual funds comprised of various non-U.S. dollar money market instruments.

### **GENERIC PURPOSES OF ASSET CLASSES**

An asset class is investment jargon that distinguishes one kind of investment from another. Here is an analogy: Look at investments as fruit. There are many kinds of fruit. Some are completely different, and some are very similar - like lemons and limes. Next, look at stocks as apples. There are many kind of apples (Macintosh, Granny Smith, Pippin, etc.), just as there are many kinds of stocks (growth, value, small, large, etc.).

Now imagine it is your job to look at all of the Macintosh apples from all of the Macintosh farmers grown in one season. When you look at each apple, you put the pertinent data into a computer. From this data the computer can determine what the average apple looks like, how much it weighs, how big it is, etc. Using this hypothetical average apple, you can pick up any Macintosh, and make a proper comparison to tell if it's “good” or not. This is one of the points we'd like to get across - look at this hypothetical average Macintosh apple as the benchmark index for the Macintosh apple asset class. Then look at the individual Macintosh you're evaluating as the mutual fund used to represent this asset class. This is how mutual funds are properly evaluated, apples-to-apples!

Imagine now that you are a Macintosh apple farmer. A grocer came to you wanting to put your apples in his store. You wouldn't give him a Granny Smith apple to sample, even though it is an apple, because it's not going to tell what a Macintosh tastes like. You want to sell your apples, so you would want to give the grocer a really good Macintosh apple so he would know why it's different from other kinds of apples. This is how

the grocer can make informed decisions. Hopefully he will like Macintosh apples as a type of apple first, and then after shopping around, choose you as a supplier of Macintosh apples. By knowing what the differences are between apples, the grocer can choose the right kind of apples for his store first, and then shop around for the best farmer of that kind of apple. This is what we're doing when we pick investments for you. First we pick the asset classes to use (Macintosh apples vs. oranges), and then we pick the mutual funds (which farmer) to represent the asset classes.

Separate asset classes are distinct from one another for several reasons, just like apples taste different than oranges. The biggest distinction is that each asset class reacts differently from others in response to changes in the economy. One year, large cap value stocks may perform the best, and the next, small cap stocks. Over the last few years, large cap growth stocks have been in favor, while small cap stocks, international bonds, and real estate have been in the doghouse. Things could change any day, and the exact opposite could happen. Nobody can predict any of these changes, so that's why we feel you should hold a balanced mix that we determine is right for you of each important asset class. Then just sit tight until something in your life changes that warrants a change in the type, or mix, of asset classes.

It's also important to keep in mind as you look at your report, that the primary role of all types of bond mutual funds is not to appreciate (go up, increasing the price per share), but rather to produce income (interest paid out to you as dividends). Because dividends are not reinvested back into the mutual funds, you may notice that bond funds don't grow like stock funds. Interest and dividends from the fund go into your cash/money market account. Bond funds produce mostly dividends for their total return, so this is why the dollar value of your bond funds doesn't "grow."

The purpose of the mutual funds in all of the other asset classes is to "go up." The goal is to increase the value per share, and to provide various diversification benefits.

### **ASSET CLASSES AND APPROPRIATE BENCHMARK INDEXES**

Most every asset class has an appropriate benchmark index associated with it. This is how true "apples-to-apples" comparisons are made. One wouldn't want to determine how Boeing stock has done by using an international bond index as a reference point, because these two things have little to do with each other. A more subtle, and often overlooked, point is that Boeing should not be compared to an index of large cap growth stocks either. This is because Boeing is a large cap value stock. In the last few years Boeing, like most other large cap value stocks, has underperformed compared to the large cap growth index. But it has tracked well when properly compared with the large cap value stock index.

In the last three pages with charts, you can see what the proper benchmark indexes are for the 14 asset classes we use. You can also see what the total rate of return has been for each of these benchmarks in the first three quarters. And lastly, you can see what the first three quarter's total return on the three model portfolios would have been if these models were funded by these benchmark indexes.

### **ASSET ALLOCATION USING THREE "MODEL PORTFOLIOS"**

Please refer to the first graphic page titled *Moderate Model Using Benchmark Indexes - Q3 '99 YTD Total Return*. This is an asset allocation representing what we feel our average client holds that has a moderate risk tolerance. This model assumes that this exact mix of indexes was held at the beginning of the year, and no changes were made. This is a standard of comparison for a portfolio held by someone with a moderate risk tolerance.

There are also two other models: one for a conservative risk tolerance investor, and one for an aggressive risk tolerance investor. Again, these are all just hypothetical averages to show how an average conservative

and aggressive investor would have done if they held these mixes of indexes since 1/1/99. If you are not sure which of the three risk categories you fall into (by scoring your fact finder), give us a call.

The purpose of these models is to show you how the indexes that represent the 14 asset classes we use have performed in the first three quarters - both on an individual asset class basis and on a total portfolio basis. The models basically show how our investment strategy would have worked in the first three quarters for the average client, using the benchmark indexes instead of actual mutual funds. Although this method of averaging everything isn't a perfect way to evaluate how your portfolio is performing, it uses proper investment portfolio management techniques, is better than just comparing a portfolio made up of many asset classes to the S&P 500 index, and is more meaningful than comparing against the inflation indexes shown in your quarterly report. We will continue to provide both methods (the benchmark indices/models and the inflation benchmark shown in your report) in the future.

### THE BOTTOM LINE

As you can see, the asset classes that have been doing well over the first three quarters are tech stocks, large cap growth stocks, international stocks, and inflation hedges. This explains why the NASDAQ and the DJIA have been doing so well while the rest of the market hasn't.

Now that you understand the basics of benchmarks and model portfolios, let's get to the bottom line. Compare the *Year To Date* total return in your quarterly report to the benchmark model portfolios. Since the market was down this time last year too, it's also informative to look at the *Last 12 Months* number.

Best personal regards,

Joe Blow  
Chartered Financial Consultant

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Here is an explanation, written by Chase Global Data & Research, of each of the 14-benchmark indexes we used in this report:

Taxable Money Fund Average: An average based on the 30-day compound yield of all taxable money market funds as reported by IBC Donoghue. The securities represented in this average could, under extreme circumstances, experience loss of invested principal, and are subject to slight investment risk. The FDIC does not insure the money market funds.

Lipper Short Investment Grade Index: An arithmetic average of all funds, including reinvested dividends, existing for the month that invests about 65% of assets in investment-grade debt issues (rated in the top four grades) with dollar-weighted average maturities of five years or less. The funds represented in this average may experience loss of principal, and are subject to investment risk.

Lehman Intermediate Government/Corporate Bond Index: A total return index composed of the Lehman Brothers Government Bond and Corporate Bond Index. The average maturity for all bonds in this index is between one and ten years. The Government Bond Index includes all public organizations of the U.S. Treasury except flower bonds and foreign-targeted issues, all publicly issued debt of the U.S. Government agencies and quasi-federal corporations, and corporate debt guaranteed by the U.S. government. The Corporate Bond Index includes all publicly issued, fixed-rate, non-convertible, investment-grade, dollar-denominated, SEC-registered corporate debt. Returns are weighted by market value including accrued interest. The bonds represented in this index are subject to investment risk in loss of principal if sold prior to maturity, and also to default.

Salomon 7-10 Year Corporate Bond Index: A total return index including all corporate issues having a maturity criterion of 7-10 years, a minimum rating of BBB-/Baa3 by either S&P or Moody's, and a minimum outstanding of \$100 million. The bonds represented in this index are subject to investment risk in loss of principal if sold prior to maturity, and also to default.

Lipper High Yield Bond Fund Index: An equally-weighted taxable fixed-income performance index, including reinvested dividends and capital gains, of the 30 largest high-yield bond funds (a fund which at high [relative] current yield from fixed-income securities with no quality or maturity restrictions, tending to invest in lower-grade debt issues), with approximately 80% to the assets of the entire investment objective represented. The funds represented in this index may experience loss of invested principal, and are subject to investment risk.

Salomon World Bond Index ex USA: A total return market capitalization index, weighted, unhedged, and calculated in U.S. dollars, that tracks the performance of the 13 Government bond markets of Australia, Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, the Netherlands, Spain, Sweden, and the United Kingdom. The minimum maturity for included bonds is one year. The securities represented in this index may experience loss of invested principal and/or default, and are subject to investment risk. In exchange for greater growth potential, investments in foreign securities can have added risks. These include changes in currency rates, economic and monetary policy, differences in auditing standards, and risks related to political and economic developments.

Eurodollar Deposits - 90 Day: An average compiled by the Federal Reserve of weekly returns of 3-month Eurodollar deposits (U.S. dollars held on deposit and loaned by foreign banks). The principal and interest on this investment are guaranteed upon maturity by issuing banks.

Russell 1000 Value Index: An index, including reinvested dividends, containing those securities in the Russell 1000 Index with a less-than-average growth orientation. The companies represented in this index generally have low price-to-book and price-earnings ratios, higher dividend yields, and lower forecasted growth values. The stocks represented in this index may experience loss of invested principal, and are subject to investment risk.

Russell 1000 Growth Index: An index, including reinvested dividends, containing those securities in the Russell 1000 Index with greater-than-average growth orientation. The companies represented in this index generally have higher price-to-book and price-earnings ratios, lower dividend yields, and higher forecasted growth values. The stocks represented in this index may experience loss of invested principal, and are subject to investment risk.

Russell 2000 Index: An index, including reinvested dividends, consisting of the 2000 smallest securities in the Russell 3000 Index. Representing approximately 11% of the Russell 3000 total market capitalization, this is a widely regarded small cap index. The stocks represented in this index may experience loss of invested principal, and are subject to investment risk.

Lipper Science & Technology Fund Index: An equally-weighted performance index, including reinvested dividends and capital gains, of the 10 largest science and technology funds (a fund that invests 65% of its equity portfolio in science and technology stocks), with approximately 75% of the assets of the entire investment objective represented. The funds represented in this index may experience loss of invested principal and are subject to investment risk.

Morgan Stanley EAFE Index: A total return index, reported in U.S. dollars, based on share prices and reinvested gross dividends, of approximately 1100 companies (only those securities deemed sufficiently liquid for trading by investors) from the following 20 countries: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. The funds represented in this index may experience loss of invested principal, and are subject to investment risk. In exchange for greater growth potential, investments in foreign securities can have added risks. These include changes in currency rates, economic and monetary policy, differences in auditing standards, and risks related to political and economic developments.

Real Estate Investment Trusts - All: An index comprised of all publicly traded, tax-qualified Real Estate Investment Trust securities (REITs). The value of shares of REITs is reflected by property values, rent trends, market perceptions about real estate, and the fluctuating levels of interest rates. Due to market fluctuation, real estate investments and mortgages may experience loss of invested principal, are subject to investment risk, and are considered illiquid.

Goldman Sachs Commodity Index: A world-production weighted total-return index, including reinvested dividends, measuring investor returns from a fully-collateralized commodity futures investment. Due to market fluctuation, the commodities represented by this index may experience loss of invested principal, and are subject to investment risk.

## Thanks again for the opportunity to be of service!

As we talked about, we are compensated in two ways. If you feel our services have been of value, then we'd really appreciate sharing some of the same ideas and strategies with your friends, family, and coworkers,

We'll let them know it's just an introduction and not any kind of a recommendation. And of course, our conversation will be strictly confidential, informative and free.

Name:	Occupation:	Approx ages:	Marital Status	# of children	
Phone:	Spouse's Occupation:				
Please circle all that apply: Family New to the area		Coworker    Newlywed Recent promotion	Friend	New baby	New Home

Name:	Occupation:	Approx ages:	Marital Status	# of children	
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