





## Important Information

This brochure includes results for a Sample Retirement Lifestyle Plan, created using MoneyGuide financial planning software.

See the last pages of this brochure for Important Disclosure Information about MoneyGuide, including its limitations, assumptions and a glossary.

# Plan For Your Future Using a Retirement Lifestyle Plan

Start with your **goals**. You're unique. Your retirement goals are unique.

For a comfortable retirement you should be able to pay your basic living expenses without worrying about running out of money. For a truly satisfying retirement **lifestyle** you would also include sufficient money to pay for other purchases and activities that go beyond your basic needs.

**That's what makes retirement fun.**

A **Retirement Lifestyle Plan** helps you identify all your unique Goals, including the Needs you must have, the Wants you'd like to have, and even the Wishes you might dream about.

Needs	Wants	Wishes
10, 9, 8	7, 6, 5, 4	3, 2, 1

Most Common Goals	Other Goals
<ul style="list-style-type: none"> <li>• Retirement (Basic Living Expense)</li> <li>• Health Care</li> <li>• Car</li> <li>• College</li> <li>• Travel</li> <li>• Fun Money</li> </ul>	<ul style="list-style-type: none"> <li>• Celebration</li> <li>• Gift or Donation</li> <li>• Home Improvement</li> <li>• Insurance Policy Premium</li> <li>• Leave Bequest</li> <li>• Major Purchase</li> <li>• New Home</li> <li>• Other</li> <li>• Private School</li> <li>• Provide Care</li> <li>• Start Business</li> <li>• Wedding</li> </ul>

The example that follows shows a Retirement Lifestyle Plan for Ross and Kate, a 54-year-old couple with a three-year-old grandson, Jacob. Ross and Kate have identified six goals that will make their retirement satisfactory and enjoyable. Compare their list of goals to what you might want for your retirement. You could have fewer goals or many more. Then, review the results for Ross and Kate's Retirement Lifestyle Plan to see how it helped them feel more confident about their future.

# Lifestyle Goals for Ross and Kate

## Example Plan

Retirement Goals		Amount
<b>Needs</b>		
10	<b>Retirement - Age and Living Expense</b> Ross (2030) Kate (2030) Both Retired (2030-2057) Kate Alone Retired (2058-2059)	65 / 2030 65 / 2030 \$78,600 \$57,000
10	<b>Health Care</b> Both Retired (2030-2057) Kate Alone Retired (2058-2059)	\$13,700 \$8,057
8	<b>Ross's SUV</b> when Ross Retires Recurring every 4 years for a total of 6 times	\$30,000
<b>Wants</b>		
7	<b>Annual Travel Fund</b> at Retirement Recurring every year for a total of 20 times	\$15,000
5	<b>Kate's Prius</b> when Kate Retires Recurring every 7 years for a total of 2 times	\$25,000
<b>Wishes</b>		
2	<b>Gifts to son</b> in 2024 Recurring every year for a total of 15 times	\$10,000

After identifying their goals, information was gathered about the resources they will use to fund their goals (including current investments, savings, and retirement income); then Ross & Kate had a conversation with their financial advisor about their loss tolerance (they're fairly conservative).

Next, calculations were run to answer their question:

“How can we be certain we’ll reach all of our goals?”




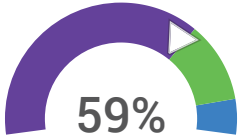
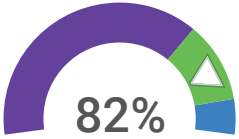


# The Answer...

Ross and Kate can't be certain. Unfortunately, because future returns are unpredictable, no one can be certain they'll reach their goals. But they can be more confident. Here's how:

First, the Probability of Success was calculated for Ross and Kate's Current Plan using a Monte Carlo Simulation. Because the Probability of Success for their Current Plan was too low, they worked together with their advisor to see what changes might improve their results.

## Example Result Summary for Ross and Kate

Results	Current Scenario	Recommended Scenario
Likelihood of Funding All Goals  Confidence Zone (70% - 90%)	 <b>59%</b> Probability of Success Below Confidence Zone	 <b>82%</b> Probability of Success In Confidence Zone

	Current Scenario	Recommended Scenario	Changes in Value
<b>Retirement</b>			
Ross	65 in 2030	65 in 2030	
Kate	65 in 2030	65 in 2030	
<b>Goals</b>			
Total Spending for Life of Plan	\$3,002,600	\$2,890,100	Decreased 4%
<b>Savings</b>			
Total Savings This Year	\$29,000	\$29,000	
<b>Investments</b>			
Portfolio Value	\$970,000	970,000	
Allocation Before Retirement	Current	Balanced II	16% Less Stock
Allocation Before Retirement	Current	Balanced II	16% Less Stock
Inflation	3.00%	3.00%	

\* The Confidence Zone is the range of probabilities that you and your advisor select as your target range for the Probability of Success result in your Plan.

### What Is A Monte Carlo Simulation?

Simulates thousands of trials using different return sequences. Each trial represents one possible outcome for the plan. The Probability of Success equals the percentage of trials (e.g., 71%) that funded all the goals.

## Your Confidence Zone!

With these changes, Ross and Kate's Recommended Plan has a Probability of Success (82%) that is in their Confidence Zone.

When you're in the Zone, you can be confident you're on track toward having enough money to fund your future goals without sacrificing more than is necessary today.

## These ARE challenging times

While you certainly can't ignore today's challenges, you also don't want to overreact to them. Your current well-being and your long-term enjoyment during retirement are dependent on your ability to make well-considered financial decisions during good markets and bad.

As illustrated in the previous sample, a Retirement Lifestyle Plan helped Ross and Kate feel more confident about their future.


Here's what you're likely to discover if you create your own Retirement Lifestyle Plan: you might not be as well-off as you'd like, but you're usually better-off than you feared. And, with some good planning, **you can be OK.**

## Review your plan regularly

Your Retirement Lifestyle Plan is a living document so continue to update your plan annually, or as your life changes. You can view your plan within My Snapshot, accessible from your Client Portal.



### Recommended Scenario Result



**82%**  
Probability of Success  
In Confidence Zone

[Explore](#)

[Play Zone®](#)

[What Are You Afraid Of?](#)

[Compare to Current](#)

### Ross & Kate's Goals

[Timeline](#) [Show Detail](#)

#### Needs

- Retirement - Basic Living Expense
- Health Care
- Ross' Tahoe


#### Wants

- Cruises
- Kate's Lexus
- Discretionary Spending

#### Wishes

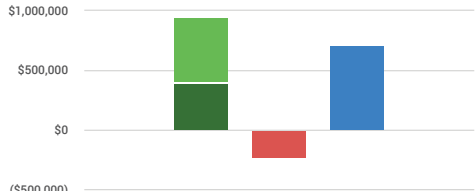
- Gifts to Jacob
- Kitchen Reno

### Current Portfolio



[Compare to Recommended](#)

### Net Worth: \$710,000

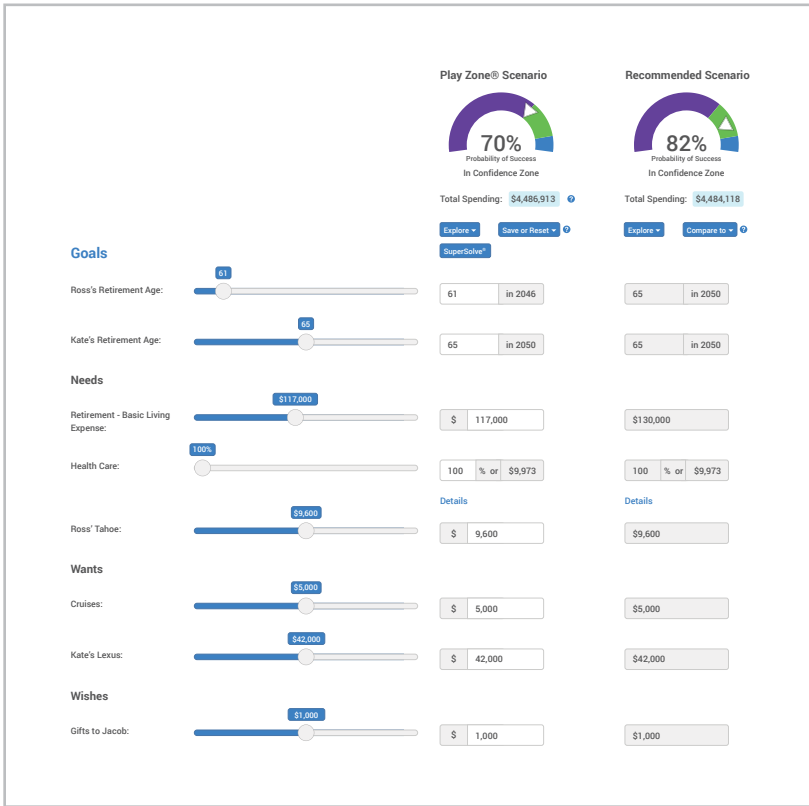


<a href="#">Show Category Details</a>	
Investment Assets	\$545,000
Other Assets	\$395,000
Total Assets	\$940,000
Liabilities	(\$230,000)
Net Worth	\$710,000

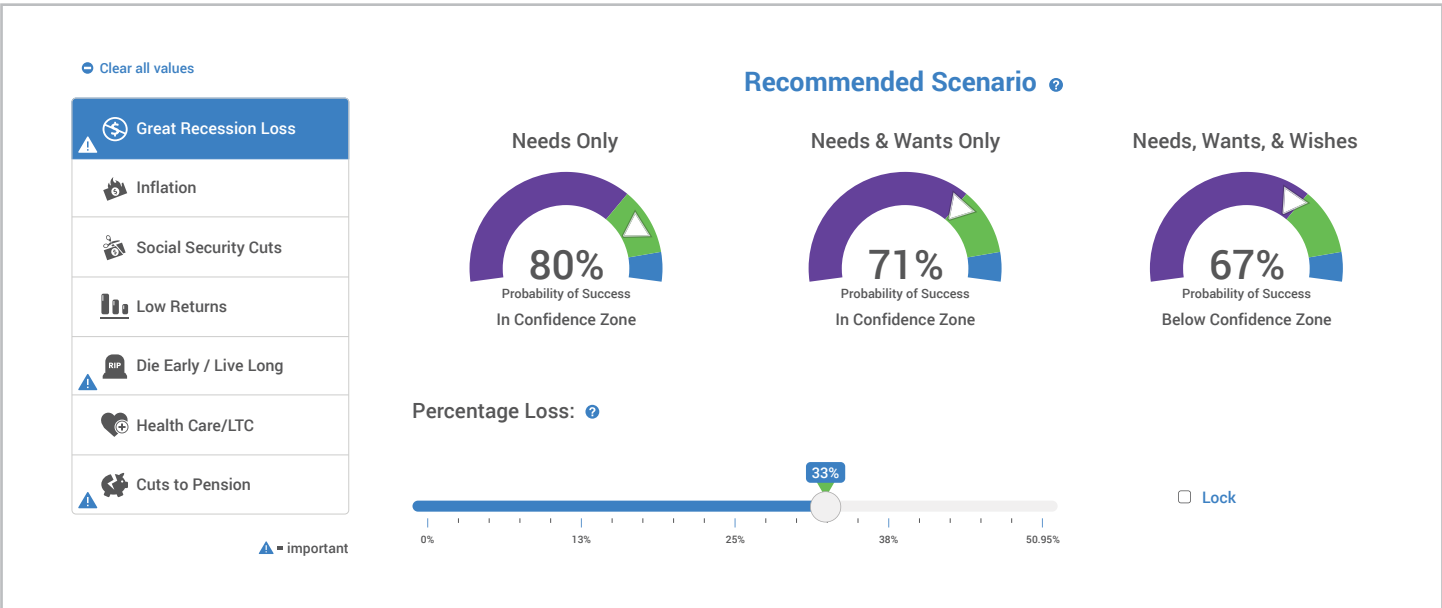
[Details](#)

## My Snapshot includes:

- Overview of your Recommended Plan
- Results and Recommended Changes
- PlayZone® (see next page)
- What Are You Afraid Of? (see next page)
- Resources - Your Net Worth, Retirement Income and Asset Allocation




**PlayZone®**  
 PlayZone® allows you to quickly see the result of retiring earlier, adjusting goal amounts, saving more, or investing differently.



## Address Your Fears

After reading an article on rising inflation, health care costs or interest rates, use "What Are You Afraid Of?" to stress test your plan against unpredictable events that are out of your control and quickly see the impact they may have on achieving your Needs, Wants, and Wishes. When you're done, contact your advisor to discuss the results.

# 6 Easy Steps to Completing Your Retirement Lifestyle Plan:

-  **Goals**  
Identify all your unique Goals and select the Importance of each.
-  **Resources**  
Identify the resources that will help fund your Goals
  - Income Sources
  - Savings
  - Investment Assets
  - Other Assets
-  **Risk and Return**  
Determine the balance of Risk and Return that is right for you.
-  **Review and Discuss**  
Review and discuss your Plan results.
  - See how you're doing now
  - Determine how to get into your **Confidence Zone**
-  **Plan**  
Create your personal Retirement Lifestyle Plan.
-  **Implement**
  - Establish the proper savings strategy
  - Implement an appropriate Asset Allocation strategy for your Investment Portfolio



# Enjoy life today - without giving up your Retirement Dreams

The true power of your Retirement Lifestyle Plan doesn't come from doing it once and forgetting it. Planning is an ongoing process. Updating your plan regularly is the best way to put current events in perspective, decide what changes are appropriate, and strengthen your confidence in the future

# Disclosure Information About MoneyGuide

**IMPORTANT:** The projections or other information generated by MoneyGuide financial planning software regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results.

The return assumptions in MoneyGuide are not reflective of any specific product, and do not include any fees or expenses that may be incurred by investing in specific products. The actual returns of a specific product may be more or less than the returns used in MoneyGuide. It is not possible to directly invest in an index. Financial forecasts, rates of return, risk, inflation, and other assumptions may be used as the basis for illustrations. They should not be considered a guarantee of future performance or a guarantee of achieving overall financial objectives. Past performance is not a guarantee or a predictor of future results of either the indices or any particular investment.

MoneyGuide results may vary with each use and over time.

## **MoneyGuide Assumptions and Limitations Information Provided by You**

Information that you provided about your assets, financial goals, and personal situation are key assumptions for the calculations and projections in this Report. Please review the Report sections titled "Personal Information and Summary of Financial Goals",

"Current Portfolio Allocation", and "Tax and Inflation Options" to verify the accuracy of these assumptions. If any of the assumptions are incorrect, you should notify your financial advisor. Even small changes in assumptions can have a substantial impact on the results shown in this Report. The information provided by you should be reviewed periodically and updated when either the information or your circumstances change.

All asset and net worth information included in this Report was provided by you or your designated agents, and is not a substitute for the information contained in the official account statements provided to you by custodians. The current asset data and values contained in those account statements should be used to update the asset information included in this Report, as necessary.

## **Assumptions and Limitations**

MoneyGuide offers several methods of calculating results, each of which provides one outcome from a wide range of possible outcomes. All results in this Report are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. All results use simplifying assumptions that do not completely or accurately reflect your specific circumstances. No Plan or Report has the ability to accurately predict the future. As investment returns, inflation, taxes, and other economic conditions vary from the MoneyGuide assumptions, your actual results will vary (perhaps significantly) from those presented in this Report.

All MoneyGuide calculations use asset class returns, not returns of actual investments. The projected return assumptions used in this Report are estimates based on average annual returns for each asset class. The portfolio returns are calculated by weighting individual return assumptions for each asset class according to your portfolio allocation. The portfolio returns may have been modified by including adjustments to the total return and the inflation rate. The portfolio returns assume reinvestment of interest and dividends at net asset value without taxes, and also assume that the portfolio has been rebalanced to reflect the initial recommendation. No portfolio re-balancing costs, including taxes, if applicable, are deducted from the portfolio value. No portfolio allocation eliminates risk or guarantees investment results.

MoneyGuide does not provide recommendations for any products or securities.

# Glossary

## Asset Allocation

Asset Allocation is the process of determining what portions of your portfolio holdings are to be invested in the various asset classes.

## Asset Class

Asset Class is a standard term that broadly defines a category of investments. The three basic asset classes are Cash, Bonds, and Stocks. Bonds and Stocks are often further subdivided into more narrowly defined classes. Some of the most common asset classes are defined below.

## Cash and Cash Alternatives

Cash typically includes bank accounts or certificates of deposit, which are insured by the Federal Deposit Insurance Corporation up to a limit per account. Cash Alternatives typically include money market securities, U.S. treasury bills, and other investments that are readily convertible to cash, have a stable market value, and a very short-term maturity. U.S. Treasury bills are backed by the full faith and credit of the U.S. Government and, when held to maturity, provide safety of principal. (See the "Risks Inherent in Investing" section in this Important Disclosure Information for a summary of the risks associated with investing in cash alternatives.)

## Bonds

Bonds are either domestic (U.S.) or global debt securities issued by either private corporations or governments. (See the "Risks Inherent in Investing" section in this Important Disclosure Information for a summary of the risks associated with investing in bonds. Bonds are also called "fixed income securities.")

Domestic government bonds are backed by the full faith and credit of the U.S. Government and have superior liquidity and, when held to maturity, safety of principal. Domestic corporate bonds carry the credit risk of their issuers and thus usually offer additional yield. Domestic government and corporate bonds can be sub-divided based upon their term to maturity. Short-term bonds have an approximate term to maturity of 1 to 5 years; intermediate-term bonds have an approximate term to maturity of 5 to 10 years; and, long-term bonds have an approximate term to maturity greater than 10 years.

## Stocks

Stocks are equity securities of domestic and foreign corporations. (See the "Risks Inherent in Investing" section in this Important Disclosure Information for a summary of the risks associated with investing in stocks.)

Domestic stocks are equity securities of U.S. corporations. Domestic stocks are often sub-divided based upon the market capitalization of the company (the market value of the company's stock). "Large cap" stocks are from larger companies, "mid cap" from the middle range of companies, and "small cap" from smaller, perhaps newer, companies. Generally, small cap stocks experience greater market volatility than stocks of companies with larger capitalization. Small cap stocks are generally those from companies whose capitalization is less than \$500 million, mid cap stocks those between \$500 million and \$5 billion, and large cap over \$5 billion.

Large cap, mid cap and small cap may be further sub-divided into "growth" and "value" categories. Growth companies are those with an orientation towards growth, often characterized by commonly used metrics such as higher price-to-book and price-to-earnings ratios. Analogously, value companies are those with an orientation towards value, often characterized by commonly used metrics such as lower price-to-book and price-to-earnings ratios.

International stocks are equity securities from foreign corporations. International stocks are often sub-divided into those from "developed" countries and those from "emerging markets." The emerging markets are in less developed countries with emerging economies that may be characterized by lower income per capita, less developed infrastructure and nascent capital markets. These "emerging markets" usually are less economically and politically stable than the "developed markets." Investing in international stocks involves special risks, among which include foreign exchange volatility and risks of investing under different tax, regulatory and accounting standards.

## Asset Mix

Asset Mix is the combination of asset classes within a portfolio, and is usually expressed as a percentage for each asset class.

## **Current Portfolio**

Your Current Portfolio is comprised of all the investment assets you currently own (or a subset of your assets, based on the information you provided for this Plan), categorized by Asset Class and Asset Mix.

## **Inflation Rate**

Inflation is the percentage increase in the cost of goods and services for a specified time period. A historical measure of inflation is the Consumer Price Index (CPI). In MoneyGuide, the Inflation Rate is selected by your advisor, and can be adjusted in different scenarios.

## **Liquidity**

Liquidity is the ease with which an investment can be converted into cash.

## **Monte Carlo Confidence Zone**

The Monte Carlo Confidence Zone is the range of probabilities that you (and/or your advisor) have selected as your target range for the Monte Carlo Probability of Success in your Plan. The Confidence Zone reflects the Monte Carlo Probabilities of Success with which you would be comfortable, based upon your Plan, your specific time horizon, risk profile, and other factors unique to you.

## **Monte Carlo Probability of Success / Probability of Failure**

The Monte Carlo Probability of Success is the percentage of trials of your Plan that were successful. If a Monte Carlo simulation runs your Plan 10,000 times, and if 6,000 of those runs are successful (i.e., all your goals are funded and you have at least \$1 of Safety Margin), then the Probability of Success for that Plan, with all its underlying assumptions, would be 60%, and the Probability of Failure would be 40%.

## **Monte Carlo Simulations**

Monte Carlo simulations are used to show how variations in rates of return each year can affect your results. A Monte Carlo simulation calculates the results of your Plan by running it many times, each time using a different sequence of returns. Some sequences of returns will give you better results, and some will give you worse results. These multiple trials provide a range of possible results, some successful (you would have met all your goals) and some unsuccessful (you would not have met all your goals).

## **Needs / Wants / Wishes**

In MoneyGuide, you choose an importance level from 10 to 1 (where 10 is the highest) for each of your financial goals. Then, the importance levels are divided into three groups: Needs, Wants, and Wishes. Needs are the goals that you consider necessary for your lifestyle, and are the goals that you must fulfill. Wants are the goals that you would really like to fulfill, but could live with-out. Wishes are the "dream goals" that you would like to fund, although you won't be too dissatisfied if you can't fund them. In MoneyGuide, Needs are your most important goals, then Wants, then Wishes.

## **PlayZone®**

An interactive MoneyGuide feature that allows you to adjust your retirement age, Goal expense amounts, annual savings, and/or Target Portfolio and immediately see the results of the changes.

## **Portfolio Total Return**

A Portfolio Total Return is determined by weighting the return assumption for each Asset Class according to the Asset Mix.

## **Real Return**

The Real Return is the Total Return of your portfolio minus the Inflation Rate.

## **Recommended Scenario**

The Recommended Scenario is the scenario selected by your advisor to be shown on the results page, in Play Zone, and in the Presentation.

## **Retirement Start Date**

For married couples, retirement in MoneyGuide begins when both the client and spouse are retired. For single, divorced, or widowed clients, retirement begins when the client retires.

## **Risk**

Risk is the chance that the actual return of an investment, asset class, or portfolio will be different from its expected or average return.

## **Target Goal Amount**

The Target Goal Amount is the amount you would expect to spend, or the amount you would like to spend, for each financial goal.

**Target Retirement Age**

Target Retirement Age is the age at which you would like to retire.

**Target Savings Amount**

In the Resources section of MoneyGuide, you enter the current annual additions being made to your investment assets. The total of these additions is your Target Savings Amount.

**Time Horizon**

Time Horizon is the period from now until the time the assets in this portfolio will begin to be used.

**Total Return**

Total Return is an assumed, hypothetical growth rate for a specified time period. The Total Return is either (1) the Portfolio Total Return or (2) as entered by you or your advisor. Also see "Real Return."

**Willingness**

In MoneyGuide, in addition to specifying Target Goal Amounts, a Target Savings Amount, and Target Retirement Ages, you also specify a Willingness to adjust these Target values. The Willingness choices are Very Willing, Somewhat Willing, Slightly Willing, and Not at All.



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