



Wealthcare Profile 01/09/2020

Tuesday, January 14, 2020

P R E P A R E D F O R

Sarah Single



P R E P A R E D B Y

Alicia Advisor

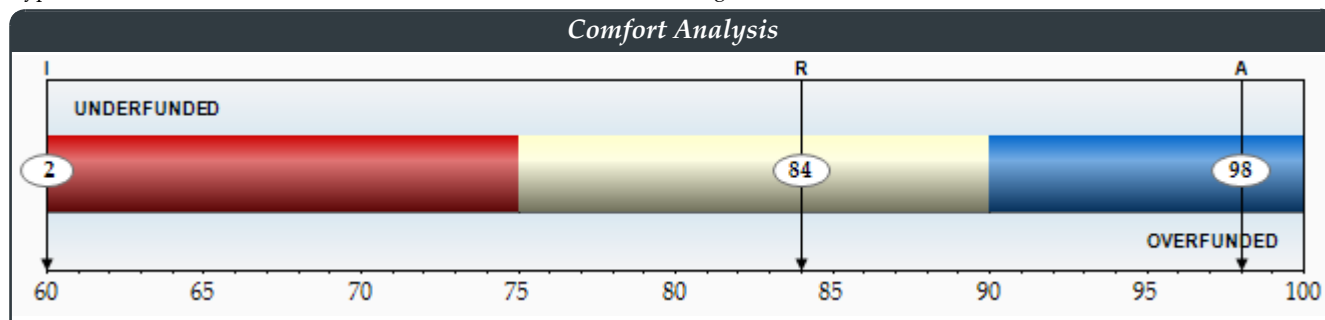
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Comfort Analysis

Important: The projections or other information generated by WCM regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.



	<u>NAME</u>	<u>SIMULATION METHOD</u>	<u>COMFORT LEVEL</u>	<u>STATUS</u>
I	<i>Ideal</i>	Monte Carlo	2%	UNCERTAIN (UNDERFUNDED)
R	<i>Recommended</i>	Monte Carlo	84%	COMFORT
A	<i>Acceptable</i>	Monte Carlo	98%	SACRIFICE (OVERFUNDED)

- SACRIFICE (OVERFUNDED) . Unnecessary sacrifice to lifestyle or undue investment risk.
- COMFORT. Sufficient confidence without undue sacrifice, changes to goals likely to be minor and manageable.
- UNCERTAIN (UNDERFUNDED) . Confidence is too low, changes to goals may be necessary now and into the future.

	<u>IDEAL</u>	<u>RECOMMENDED</u>	<u>ACCEPTABLE</u>
Retirement Age			
Sarah	65	67	70
Life Expectancy			
Sarah	95	95	95
Retirement Spending			
Sarah	\$70,000	\$56,000	\$50,000
Other Goals			
Medical Insurance (this year only)	\$15,000	\$15,000	\$15,000
Supplement Income after SSI	\$15,000	\$15,000	\$10,000
Education Goal	Yes	Some	Some
Target End Value			
Today's Dollars	\$250,000	\$0	\$0
Actual Dollars	\$883,246	\$0	\$0
Default Inflation Rate	2%	2%	2%
Investment Adjustment	-1.140%	-1.180%	-1.190%
Portfolio			
All Accounts	PASSIVE DOMESTIC CORE PG - CONSERVATIVE 30% EQUITIES	PASSIVE DOMESTIC CORE PG - BALANCED 50% EQUITIES	PASSIVE DOMESTIC CORE PG - GROWTH 80% EQUITIES
Median Return	5.86%	6.89%	8.14%
Risk			
Std. Deviation*	7.21%	10.06%	15.08%
Downside (95%-tile)**	-5.33%	-8.37%	-13.80%

*Standard deviation is a risk statistic used to measure the volatility of return observations around the portfolio's average return.
 **Downside represents the 1-year 95th percentile return. 95% of all 1-year returns simulated are better than this return and 5% are worse.

Priorities

Below, you will find a list of priorities outlined by you in our last meeting. Please take a moment to review your choices and note any changes.

Understanding your priorities is very important to the advice process. Please take a moment to review your acceptable compromises.						
		Acceptable Compromises				
		Take More Investment Risk	Save More	Retire Later	Reduce Size of Estate	Reduce Retirement Spending
G O A L	To reduce the investment risk in our portfolio, we would be willing to:	N/A		◆	◆	◆
	We would like to reduce our current savings and to achieve this we would prefer to:		N/A			
	To achieve our early retirement age, we would be willing to:			N/A		
	In order to achieve our larger estate goal, we would be willing to:				N/A	
	To achieve our higher spending target in retirement, we would prefer to:					N/A
	To meet our "Purchase New Home" goal, we would be willing to:					
	To meet our "Supplement Income after SSI" goal, we would be willing to:					
	To meet our "Medical Insurance (this year only)" goal, we would be willing to:					
	To meet our "Sam's Education" goal, we would be willing to:			◆		◆
	To meet our "Sophia's Education" goal, we would be willing to:			◆		◆

We understand that your goals and priorities may change. If you have any new goals or changes to your priorities since we last met, please explain below.

Your Current Notes:

We have evaluated your goals and priorities and developed a recommendation with sufficient confidence.

This recommendation anticipates \$55,000/year in annual retirement living expenses beginning at your retirement at age 67. We have modeled supplemental income of \$15,000 beginning when the children's Social Security benefits end through the year prior to your anticipated retirement. We have also included \$15,000 for health insurance this year only to provide coverage while you look for a job. We have also delayed the start of your savings until next year anticipating that you will find a job making \$40,000/yr and will save 5% of your salary along with a match to a 401K. We have included \$20,000/year for 4 years of education for both Sam and Sophia with the remainder of the cost of their education coming from loans and grants. We have added in goals for selling your current home and buying a new one of lesser value. While there is zero impact on the plan results, the downsizing of your home allows you to have a smaller mortgage payment and lower monthly bills. We did not include an estate goal in the recommendation knowing that you have a life insurance policy equal the amount of your ideal estate goal.

The recommendation is consistent with investment in the Passive Domestic Core Pure Gamma portfolio with 50% in equities.

As markets, your goals, and your priorities change, we will continue to monitor and update our recommendation to keep you confident in your future without exposing your lifestyle to unnecessary risk or sacrifice.

Updated as of: _____

Important: *If you have made adjustments to your current values above, please fax these changes to your advisor.*

Summary of Assumptions

Key Variables

	<u>IDEAL</u>	<u>RECOMMENDED</u>	<u>ACCEPTABLE</u>
Annual Income			
Sarah	\$40,000	\$40,000	\$40,000
Retirement Age			
Sarah	65	67	70
Life Expectancy			
Sarah	95	95	95
Length	46 years	46 years	46 years
Children	2	2	2
Target End Value	\$250,000	\$0	\$0

Contributions

	<u>IDEAL</u>	<u>RECOMMENDED</u>	<u>ACCEPTABLE</u>
Tax Deferred			
<i>51 to Ret -1</i>			
401K	3% Income	5% Income	10% Income
401K Match	3% Income	3% Income	3% Income

Withdrawals

	<u>OWNER</u>	<u>IDEAL</u>	<u>RECOMMENDED</u>	<u>ACCEPTABLE</u>
<i>50 to 50</i>				
Medical Insurance (this year only)	SARAH	\$15,000	\$15,000	\$15,000
<i>54 to 64</i>				
Supplement Income after SSI	SARAH	\$15,000		
<i>54 to 66</i>				
Supplement Income after SSI	SARAH		\$15,000	
<i>54 to 69</i>				
Supplement Income after SSI	SARAH			\$10,000

Retirement Income

	<u>IDEAL</u>	<u>RECOMMENDED</u>	<u>ACCEPTABLE</u>
<i>Ret. to End</i>			
Retirement Spending	\$70,000	\$56,000	\$50,000

Social Security Income

None

Other Retirement Income

	<u>IDEAL</u>	<u>RECOMMENDED</u>	<u>ACCEPTABLE</u>
<i>Ret. to End</i>			
Spousal SSI Benefits	\$27,383	\$31,596	\$31,596
<i>Now</i>			
Life Insurance Proceeds	\$300,000	\$300,000	\$300,000
<i>Now to 51</i>			
SSI Benefits for Sam	\$23,688	\$23,688	\$23,688

	<u>IDEAL</u>	<u>RECOMMENDED</u>	<u>ACCEPTABLE</u>
<i>Now to 53</i>			
SSI Benefits for Sophia	\$23,688	\$23,688	\$23,688

Education

	<u>IDEAL</u>	<u>RECOMMENDED</u>	<u>ACCEPTABLE</u>
Sam			
<i>18 to 21</i>			
Sam's Education	\$35,000	\$20,000	\$12,500
Sophia			
<i>18 to 21</i>			
Sophia's Education	\$35,000	\$20,000	\$12,500

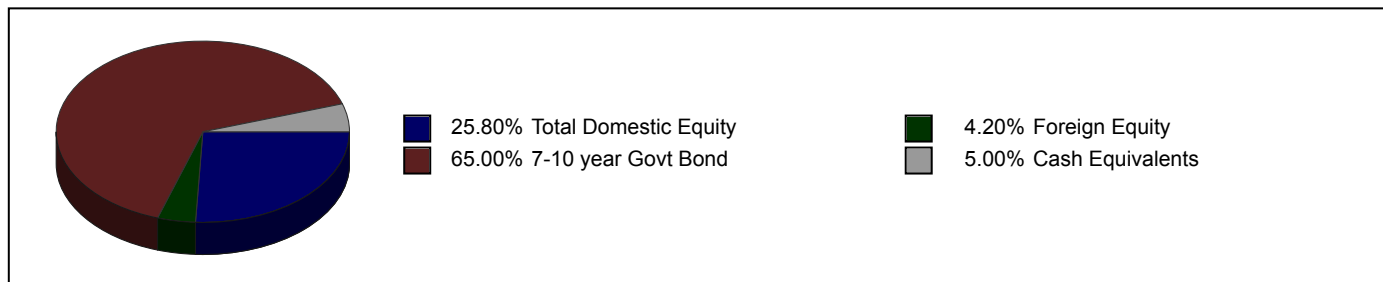
Tax Assumptions †

	<u>IDEAL</u>	<u>RECOMMENDED</u>	<u>ACCEPTABLE</u>
Filing State (pre-retirement)	VA	VA	VA
Filing State (post-retirement)	VA	VA	VA
Filing Status	Head of Household	Head of Household	Head of Household
Tax Method	Dynamic	Dynamic	Dynamic
Turnover Rate	20.00%	20.00%	20.00%
% Long-term Cap. Gains	80.00%	80.00%	80.00%
Federal Income Tax	0.00 - 37.00%	0.00 - 37.00%	0.00 - 37.00%
Federal Cap. Gains Tax	0.00 - 20.00%	0.00 - 20.00%	0.00 - 20.00%
Invest. Income Medicare Tax	0.00 - 3.80%	0.00 - 3.80%	0.00 - 3.80%
State Income Tax	0.00 - 5.75%	0.00 - 5.75%	0.00 - 5.75%
State Cap. Gains Tax	0.00 - 5.75%	0.00 - 5.75%	0.00 - 5.75%
Local Tax	0.00%	0.00%	0.00%

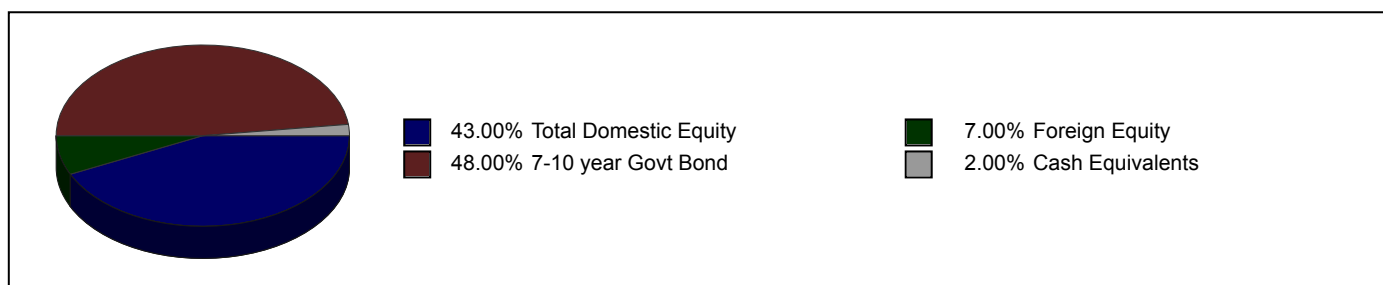
† Definitions of terms such as Federal Income Tax, Federal Cap. Gains Tax and the like are included in Appendix II.

Allocation Summary (Detail)

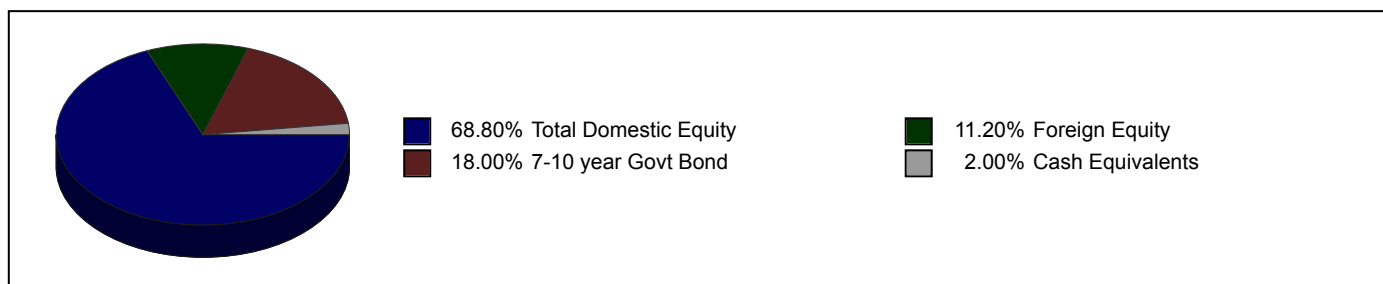
Age: Now Name: *Passive Domestic Core PG - Conservative* Tax Status: All Accounts *Risk: 7.43% *Downside: -5.40% **Return: 6.12%



Age: Now Name: *Passive Domestic Core PG - Balanced* Tax Status: All Accounts *Risk: 10.13% *Downside: -8.22% **Return: 7.13%



Age: Now Name: *Passive Domestic Core PG - Growth* Tax Status: All Accounts *Risk: 15.10% *Downside: -13.57% **Return: 8.38%



* Risk is based on the standard deviation of individual asset classes and the correlations between them.

** Return is an estimated geometric median based on a weighted arithmetic mean and standard deviation.

International investing involves additional risks such as foreign currency fluctuations, differing financial accounting standards, and possible political and economic instability. Mid and Small cap investing generally involves greater risk and volatility. In a rising interest rate environment, the value of fixed-income securities typically declines.

Hedge funds and other alternative investments may involve additional risks, may not be suitable for all investors, may involve complex tax structures and delays in tax reporting, are not subject to the same level of regulation as mutual funds and often charge high fees.

Standard deviation is a risk statistic used to measure the amount of volatility of the return observations around the portfolio's average return.

Past performance is not an indication of future results.

See Appendix I - Table of Asset Classes, Indexes and Definitions.

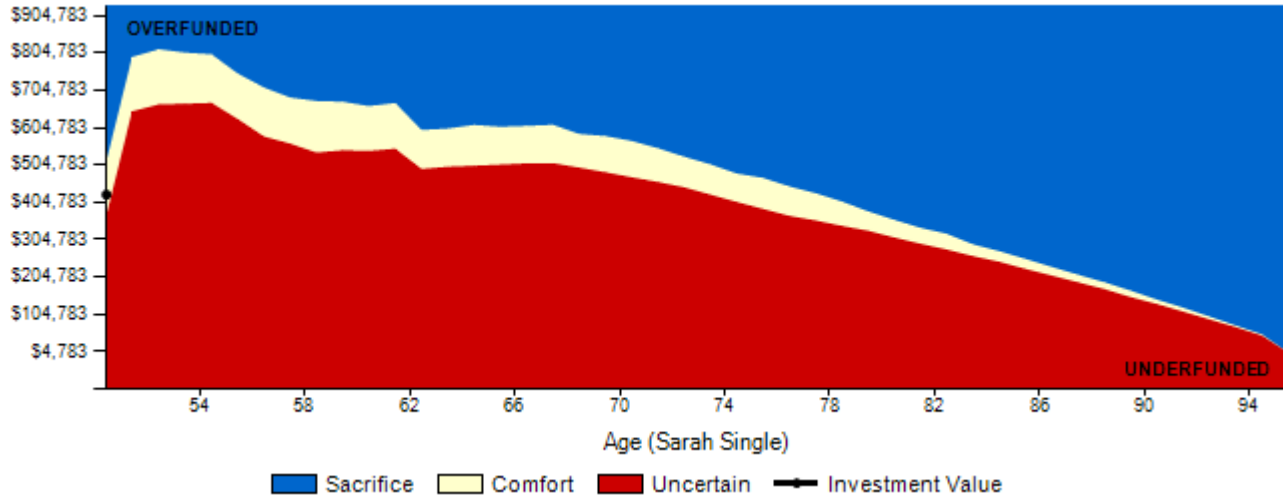
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Wealthcare Recommendation Summary

results shown in Today's Dollars

Important: The projections or other information generated by WCM regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

Comfort Zone® (long term)



Recommended Goal Package (Recommended)

Retirement Age	
Sarah	67
Life Expectancy	
Sarah	95
Retirement Spending	
Sarah	\$56,000
Other Goals	
Medical Insurance (this year only) ⁵⁰⁻⁵⁰	\$15,000
Supplement Income after SSI ⁵⁴⁻⁶⁶	\$15,000
Education Goal	Some
Target End Value	
Today's Dollars	\$0
Actual Dollars	\$0
Default Inflation Rate	2%
Investment Adjustment	-1.180%
Portfolio	
All Accounts	PASSIVE DOMESTIC CORE PG - BALANCED 50% EQUITIES

Chance of Falling Outside of the Comfort Zone®

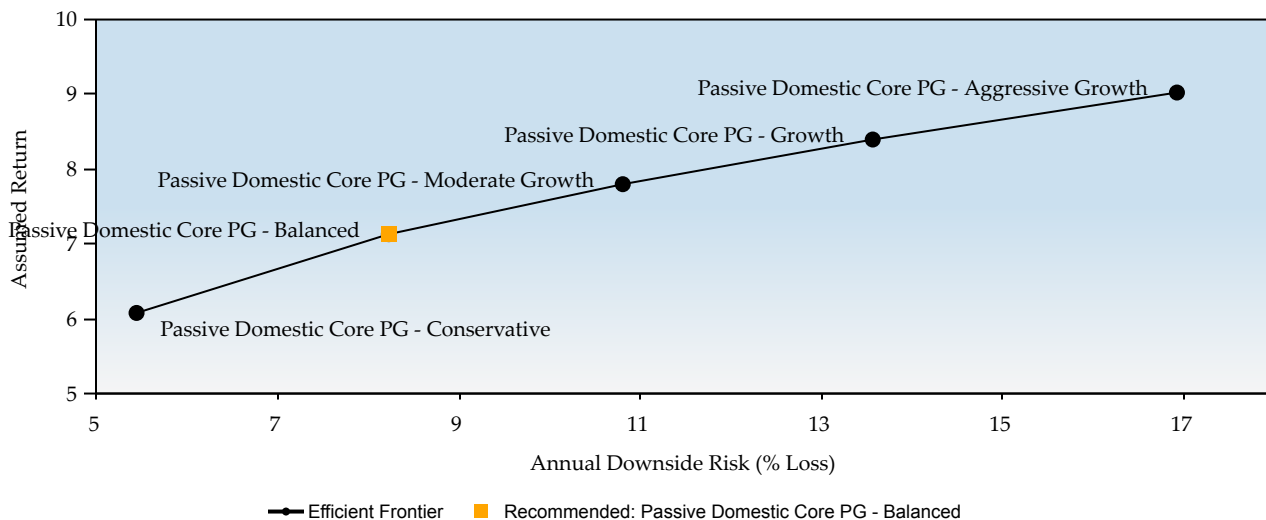
	<u>1 YEAR</u>	<u>3 YEARS</u>	<u>5 YEARS</u>
Sacrifice (Overfunded above)			
Amount	\$791,878	\$802,702	\$746,708
Chance	4.5%	34.6%	46.7%
Uncertain (Underfunded below)			
Amount	\$646,387	\$665,848	\$624,702
Chance	2.6%	18.4%	20.4%
Outside			
Chance	7.1%	53.0%	67.1%

See Common Terms and Definitions in Appendix II at the end of this report for more information about the Wealthcare Analysis.

Median Return	6.89%
Risk	
Std. Deviation*	10.06%
Downside (95%-tile)**	-8.37%
*Standard deviation is a risk statistic used to measure the volatility of return observations around the portfolio's average return.	
**Downside represents the 1-year 95th percentile return. 95% of all 1-year returns simulated are better than this return and 5% are worse.	

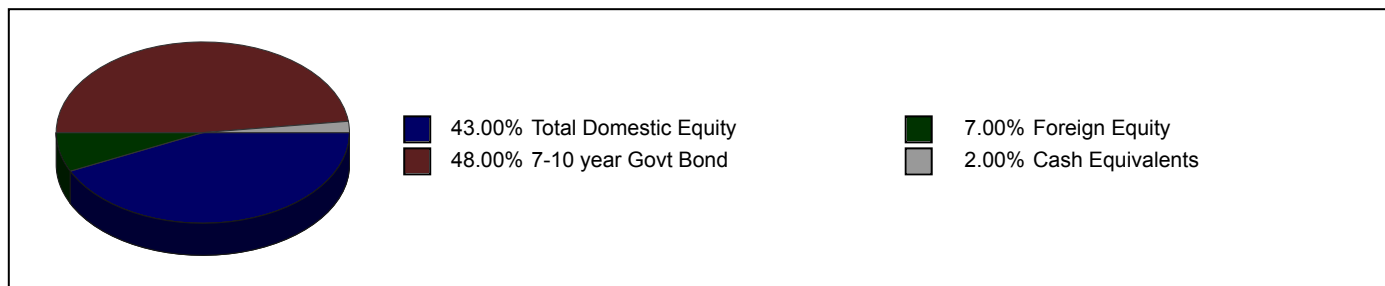
Wealthcare Allocation Summary (Detail)

Risk vs Return Chart



Annual Downside Risk represents the 1-year 95th percentile return.
95% of all 1-year returns simulated are better than this return and 5% are worse.

Age: Now Name: *Passive Domestic Core PG - Balanced* Tax Status: All Accounts *Risk: 10.13% *Downside: -8.22% **Return: 7.13%



* Risk is based on the standard deviation of individual asset classes and the correlations between them.
 ** Return is an estimated geometric median based on a weighted arithmetic mean and standard deviation.
 International investing involves additional risks such as foreign currency fluctuations, differing financial accounting standards, and possible political and economic instability. Mid and Small cap investing generally involves greater risk and volatility. In a rising interest rate environment, the value of fixed-income securities typically declines.
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Detailed Holdings Comparison

	<u>ACCOUNT NUMBER</u>	<u>IDEAL</u>	<u>RECOMMENDED</u>	<u>ACCEPTABLE</u>
Investment Assets		\$424,855	\$424,855	\$424,855
<i>Taxable</i>		\$62,188	\$62,188	\$62,188
Brokerage		\$62,188	\$62,188	\$62,188
<i>Tax Deferred</i>		\$247,000	\$247,000	\$247,000
IRA Rollover		\$247,000	\$247,000	\$247,000
<i>Tax Exempt</i>		\$115,667	\$115,667	\$115,667
Roth IRA		\$60,333	\$60,333	\$60,333
Sam's 529		\$26,167	\$26,167	\$26,167
Sophia's 529		\$29,167	\$29,167	\$29,167
Non Investment Assets		\$405,000	\$405,000	\$405,000
Home		\$400,000	\$400,000	\$400,000
Savings/Checking		\$5,000	\$5,000	\$5,000
Liabilities		(\$205,000)	(\$205,000)	(\$205,000)
Credit Card		(\$5,000)	(\$5,000)	(\$5,000)
Mortgage		(\$200,000)	(\$200,000)	(\$200,000)
Net Worth		\$624,855	\$624,855	\$624,855

Holdings by Tax Status

