



Social Security **Optimization**[™]
Make Social Security the Cornerstone of your Retirement Plan

Social Security Optimization

Analysis

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Purpose

Social Security benefits are a crucial element in the overall retirement income plan of nearly all Americans. Traditionally, the analysis of when those benefits should be taken has been made with a very narrow focus in mind - achieving the maximum dollar amount of benefit based on assumptions related to anticipated mortality. Such analysis focuses purely on the gross dollar amount an applicant should expect to receive over the course of their projected lifetime and proposes a date certain for the filing of benefits that purports to provide the applicant with a maximum benefit. However, missing from this benefit evaluation is the most critical of all components of the retirement income puzzle - fortified annual income designed to fully sustain a client's income needs for the duration of their life and that of their spouse. The Social Security Optimization does just that, analyzes retirement income needs and formulates a plan to optimize retirement dollars to insure clients never face the single greatest threat to their retirement - the threat of running out of money.

Basic Facts About Social Security Benefits

Social Security benefits are based on the amount of credits earned by a worker throughout their employment history. As you work and pay Social Security taxes, you earn Social Security credits. To be eligible for benefits, you must be fully insured, meaning you have worked a minimum of 40 calendar credits, which equates to a minimum of 10 years of full-time employment. If you stop working before you have enough credits to qualify for benefits, the credits you have earned will remain on your record with Social Security and if you later return to work, the additional credits will be added to help reach the 40 credit minimum.

Widows and widowers, along with children of covered workers, may also be entitled to benefits based on the worker's record, even if they don't meet the definition of fully insured.

There are several categories of employees who are not covered by Social Security and they include: most federal employees hired before 1984, railroad employees with more than 10 years of service, and employees of some state and local governments that chose not to participate in the Social Security program.

Your actual benefit amount is based on your "average monthly wage" or "average indexed monthly earnings" for the highest 35 years of earnings. This is called the "Primary Insurance Amount".

Each year, Congress establishes an earnings ceiling subject to Social Security taxes. Income exceeding the ceiling is not accounted for in the calculation of the Primary Insurance Amount.

Only fully insured individuals are eligible for retirement benefits.

A fully insured worker retiring at age 66 is entitled to a lifetime monthly benefit equal to the primary insurance amount as defined above.

An individual may choose to begin taking retirement benefits as early as age 62. However, their benefits will be permanently reduced as a consequence of filing before their Full Retirement Age. This reduction can be as much as 25%.

When filing for Social Security benefits, timing is the most critical decision. As stated earlier, if you begin to receive benefits prior to Full Retirement Age, your benefit amount is reduced permanently and will also reduce the amount of spousal benefit and survivor benefits for which your family is eligible. Further, if you claim benefits prior to Full Retirement Age and continue working, you may lose some or all of your Social Security benefit as a result of the "earnings test".

There are a number of other factors that must be considered before deciding when to elect benefits including life expectancy, health status, ability to work, intent to work, monthly income goals and how concerned you are about longevity risk - the risk of running out of money - if you live longer than anticipated. If you are married, there are several other factors that must be taken into consideration, all of which are addressed in this report. The factors that affect this critical decision are complex and require careful analysis and consideration.

As stated, this process is one that should be discussed in depth with your financial advisor who will consider your Social Security election options in conjunction with your other sources of retirement income, as well as your retirement assets, in order to achieve the optimal strategy.

Key Definitions

Bridge capital: The amount of capital needed to meet the annual income goal from desired retirement age to the date social security benefits begin.

Cost of Living Adjustment (COLA): Potential annual increases applied to a PIA, the purpose of which is to ensure the purchasing power of Social Security benefits is not eroded by inflation. The COLA is based on the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) from the third quarter of the year prior to the third quarter of the then current year. If there is no increase, there can be no COLA. Historically, Social Security cost of living adjustments have been declared regularly and a recent Social Security Trustees report (<http://www.ssa.gov/oact/tr/2015/>) projects long term annual Cost of Living Adjustments will continue to be somewhere between 1.8% and 3.8% with the most likely average being 2.7% per year. As a result, we assume all Social Security benefits referenced will continue to increase at an average annual rate of 2.5% throughout the proposed retirees lifetime.

Covered Employment: Employment in a position where Social Security and Medicare tax are deducted from wages.

Delayed Retirement Credits (DRC): The increase in monthly Social Security benefits you may receive if you delay taking benefits beyond Full Retirement Age, up to age 70.

Desired Retirement Age (DRA): The age at which you plan to stop working, irrespective of whether or not you begin taking Social Security benefits.

Earnings Record: The history of your earnings for the years you have worked during your lifetime used by the Social Security Administration to calculate your Primary Insurance Amount.

Years of Coverage (YOC`s): Used for purposes of determining the WEP, one (1) YOC is earned for each calendar year that a worker`s earnings from covered employment surpass the Social Security Administration`s substantial earnings requirement. As the number of YOC`s increase, the benefit reduction as a result of the WEP will decrease. Once 30 YOC`s are achieved, the WEP reduction is eliminated.

Earnings Test: The formula applied by the Social Security Administration which reduces the amount of benefit you will receive if you continue work and earn income above a set threshold while receiving benefits. This test does not apply after reaching Full Retirement Age as there is then no limit on earnings.

Full Retirement Age (FRA): The age at which you are eligible to receive your full monthly benefit as calculated by the Social Security Administration based on your birth year.

Income Gap: The difference between the income from guaranteed sources and the annual income goal.

Inflation: The overall general upward price movement of goods and services in an economy.

Inflation Risk: The risk that inflation will erode purchasing power.

Longevity Risk: The risk of running out of money in your lifetime.

Primary Insurance Amount (PIA): The basis for benefits that are paid to an individual by the Social Security Administration and reflects the amount of benefit you will receive at Full Retirement Age.

Spousal Benefits: Benefits paid to the spouse of an eligible worker.

Survivor Benefits: Benefits paid to the surviving spouse, minor or disabled children and/or dependent parents of a deceased eligible worker.

Windfall Elimination Provision (WEP): Applies only to workers whose employer who does not withhold Social Security taxes from your salary, such as a government agency or an employer in another country. Any retirement or disability pension you receive from that work can reduce your Social Security benefits.

SUMMARY OF DATA USED TO CREATE ANALYSIS

Client Information	Spouse 1	Spouse 2
Client Name	John Sample	Susan Sample
DOB (yyyy/mm/dd)	1955-09-01	1955-09-01
State	Maryland	
Current Age (CA)	66.04	66.04
Projected Annual Income Between CA and DRA	\$0	\$0
Current Social Security Benefits (Monthly), if any	No	No
If Yes, Age Benefits Began		
Benefit Amount		
If No, Primary Insurance Amount (PIA - Monthly)	\$ 2,650	\$ 2,000
Social Security Benefits (Monthly)	\$2,650	\$2,000
Windfall Elimination Provision (WEP) Adjusted PIA	\$2,650	\$2,000
Spousal benefit, if any (Monthly)	\$0	\$0
Full Retirement Age (FRA)	66, 2 Months	66, 2 Months
Desired Retirement Age (DRA)	66, 2 Months	66, 2 Months
Age you Intend to Take Social Security Benefits	66, 2 Months	66, 2 Months
Alternative Age to Take Social Security Benefits	70	70
Optimum Age to Take Social Security Benefits	70	70
Do You Intend to File a Restricted Application*	No	No
If Yes, at what age?		
Do you Have a Pension (Y/N)?		
Monthly Pension Amount		
Age Benefits Begin/Began		
Is it Public or Private		
If Public, Years of Credit (YOCs)		
WEP - Windfall Elimination Provision		
Guaranteed Income Amount (Monthly), if any	\$0	\$0
Age Benefits Begin/Began	66	66
Enter the Amount of Tax-Exempt Interest, if any	\$0	\$0
Age Benefits Begin/Began	66	66
Capital Available	\$400,000	\$400,000
Household Annual Retirement Income Goal	\$85,000	
Assumed Rate of Return on Excess Capital	5.00%	
Portfolio Construct	60/40	
Retirement Period	30	
Probability of Success	95%	

Marital/Tax Status	Married filing jointly
Optimized Intake Data	
Income Goal	\$85,000
Inflation Adj. Income Gap at Age all SSB Begin	\$13,291
Insurance Benefit Type	Deferred Annuity with Income Rider (DAIR)
Deferred Annuity with Income Rider (DAIR) Premium	\$181,531
Deferred Annuity with Income Rider (DAIR) Payout	\$13,291
Deferred Annuity with Income Rider (DAIR) Inflation Adj.	No
Deferred Annuity with Income Rider (DAIR) Account Type	Joint

*Note: Filer intends to file a restricted application for spousal benefits only while their own benefit continues to grow via delayed retirement credits. Filer's benefit amount will switch to their own benefit when they attain age 70. This filing option is only available in limited circumstances for applicants who were born on or before January 2, 1954.

PLAN ASSUMPTIONS

Current Plan	Spouse 1	Spouse 2
Primary Insurance Amount	\$31,800	\$24,000
Desired Retirement Age	66, 2 Months	66, 2 Months
Spousal benefit, if any	\$0	\$0
Age Social Security Benefits Will Begin	66, 2 Months	66, 2 Months
Benefit Amount at That Age	\$31,800	\$24,000
Annual Household Income Goal		\$85,000
Annual Household Social Security Benefits ¹		\$55,800
Pension Benefits		\$0
Other Guaranteed Income		\$0
Annual Income Gap ²		\$29,200
Safe Withdrawal Rate Selected ³		2.40
Capital Required to Close Gap ⁴		\$1,216,667
Bridge Capital Required ⁵		\$0
Total Capital Required to Complete Plan⁶		\$1,216,667

Estimated Social Security Benefit Spouse 1			Estimated Social Security Benefit Spouse 2		
	Spouse 1			Spouse 2	
FRA	Monthly	Annual	FRA	Monthly	Annual
62	\$1,965	\$23,585	62	\$1,483	\$17,800
63	\$2,098	\$25,175	63	\$1,583	\$19,000
64	\$2,267	\$27,207	64	\$1,711	\$20,534
65	\$2,444	\$29,327	65	\$1,844	\$22,134
66, 2 Months	\$2,650	\$31,800	66, 2 Months	\$2,000	\$24,000
67	\$2,826	\$33,918	67	\$2,133	\$25,598
68	\$3,038	\$36,462	68	\$2,293	\$27,518
69	\$3,250	\$39,006	69	\$2,453	\$29,438
70	\$3,462	\$41,550	70	\$2,613	\$31,358

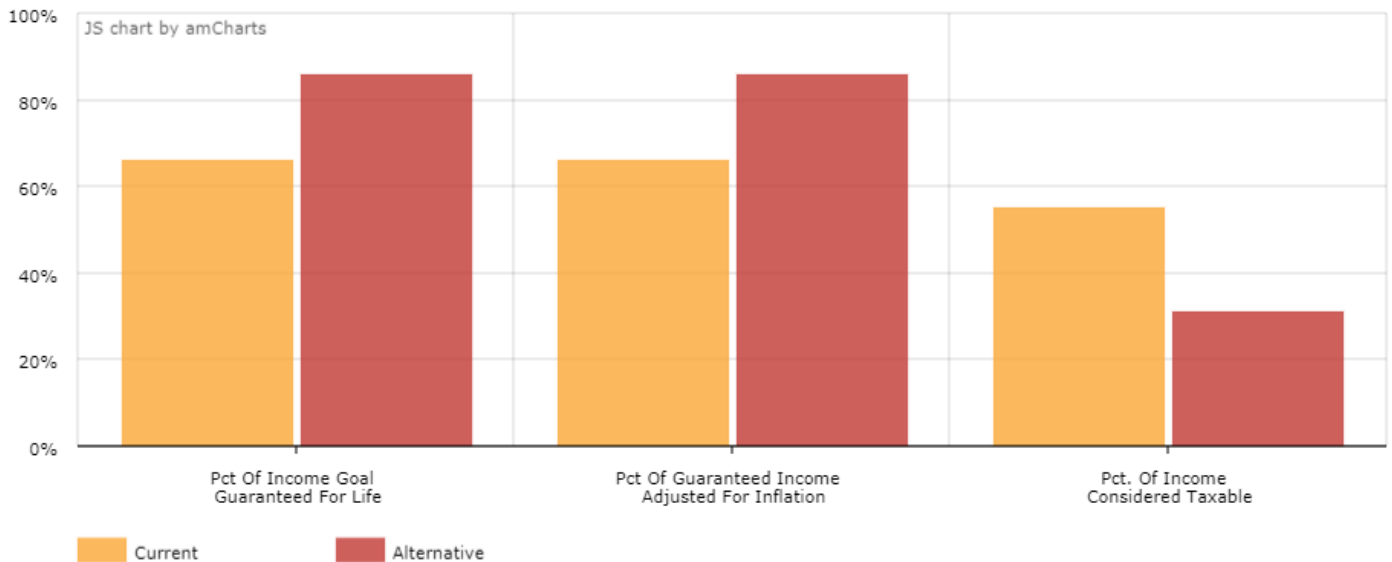
Alternative Plan	Spouse 1	Spouse 2
Primary Insurance Amount	\$31,800	\$24,000
Desired Retirement Age	66, 2 Months	66, 2 Months
Spousal benefit, if any	\$0	\$0
Age Social Security Benefits Will Begin	70	70
Benefit Amount at That Age	\$41,550	\$31,358
Annual Household Income Goal		\$85,000
Annual Household Social Security Benefits ¹		\$72,908
Pension Benefits		\$0
Other Guaranteed Income		\$0
Annual Income Gap ²		\$13,291
Safe Withdrawal Rate Selected ³		2.71
Capital Required to Close Gap ⁴		\$491,050
Bridge Capital Required ⁵		\$337,403
Less Spousal Benefits Received from Restricted App		\$0
Total Capital Required to Complete Plan⁶		\$828,453

Estimated Social Security Benefit Spouse 1			Estimated Social Security Benefit Spouse 2		
	Spouse 1			Spouse 2	
FRA	Monthly	Annual	FRA	Monthly	Annual
62	\$1,965	\$23,585	62	\$1,483	\$17,800
63	\$2,098	\$25,175	63	\$1,583	\$19,000
64	\$2,267	\$27,207	64	\$1,711	\$20,534
65	\$2,444	\$29,327	65	\$1,844	\$22,134
66, 2 Months	\$2,650	\$31,800	66, 2 Months	\$2,000	\$24,000
67	\$2,826	\$33,918	67	\$2,133	\$25,598
68	\$3,038	\$36,462	68	\$2,293	\$27,518
69	\$3,250	\$39,006	69	\$2,453	\$29,438
70	\$3,462	\$41,550	70	\$2,613	\$31,358

THE POWER OF SOCIAL SECURITY PLANNING

Income Analysis	Current Plan	Alternative Plan
Annual Household Income Goal	\$85,000	\$85,000
Annual Household Social Security Benefits ¹	\$55,800	\$72,908
Pension Benefits	\$0	\$0
Other Guaranteed Income	\$0	\$0
Annual Income Gap²	\$29,200	\$13,291
Capital Requirements		
Capital Required to Close Gap ⁴	\$1,216,667	\$491,050
Bridge Capital Required ⁵	\$0	\$337,403
Less Spousal Benefits Received from Restricted App	\$0	\$0
Total Capital Required To Complete Plan⁶	\$1,216,667	\$828,453
Tax Analysis		
Total Household Social Security Benefits	\$55,800	\$72,908
Taxable Social Security Benefits	\$17,135	\$13,957
Other Fully Taxable Income	\$29,200	\$13,291
Total Taxable Income	\$46,335	\$27,248
Results		
% of Income Goal Guaranteed for Life ⁷	66%	86%
% of Guaranteed Income Adjusted for Inflation ⁸	66%	86%
% of Income Considered Taxable ⁹	55%	31%
Guaranteed Survivor Benefit¹⁰	\$31,800	\$41,550

Benefits of SS Planning



OPTIMIZED PLAN ASSUMPTIONS

Client Information	Spouse 1	Spouse 2
Primary Insurance Amount	\$31,800	\$24,000
Desired Retirement Age	66, 2 Months	66, 2 Months
Spousal Benefit, if any	\$0	\$0
Recommended Age to Take Social Security Benefits	70	70
Benefit Amount at That Age	\$41,550	\$31,358

Annual Household Income Goal	\$85,000
Annual Household Social Security Benefits	\$72,908
Pension Benefits	\$0
Other Guaranteed Income	\$0
Annual Income Gap	\$13,291
Deferred Annuity with Income Rider (DAIR)	\$181,531
Premium Required to Close Gap ¹¹	
Bridge Capital Required	\$337,403
Less Spousal Benefits Received from Restricted App	\$0
Total Capital Required to Complete Plan⁶	\$518,934

Product Information	
Company Name	
Product Name	
Company Rating	
Insurance Benefit Type	Deferred Annuity with Income Rider (DAIR)
Deferred Annuity with Income Rider (DAIR) Premium	\$181,531
Deferred Annuity with Income Rider (DAIR) Payout ¹²	\$13,291
Deferred Annuity with Income Rider (DAIR) Inflation Adjusted (Y/N?)	No
Deferred Annuity with Income Rider (DAIR) Account Type	Joint

Estimated Social Security Benefit Spouse 1			Estimated Social Security Benefit Spouse 2		
FRA	Spouse 1 Monthly	Spouse 1 Annual	FRA	Spouse 2 Monthly	Spouse 2 Annual
62	\$1,965	\$23,585	62	\$1,483	\$17,800
63	\$2,098	\$25,175	63	\$1,583	\$19,000
64	\$2,267	\$27,207	64	\$1,711	\$20,534
65	\$2,444	\$29,327	65	\$1,844	\$22,134
66, 2 Months	\$2,650	\$31,800	66, 2 Months	\$2,000	\$24,000
67	\$2,826	\$33,918	67	\$2,133	\$25,598
68	\$3,038	\$36,462	68	\$2,293	\$27,518
69	\$3,250	\$39,006	69	\$2,453	\$29,438
70	\$3,462	\$41,550	70	\$2,613	\$31,358

THE POWER OF SOCIAL SECURITY OPTIMIZATION

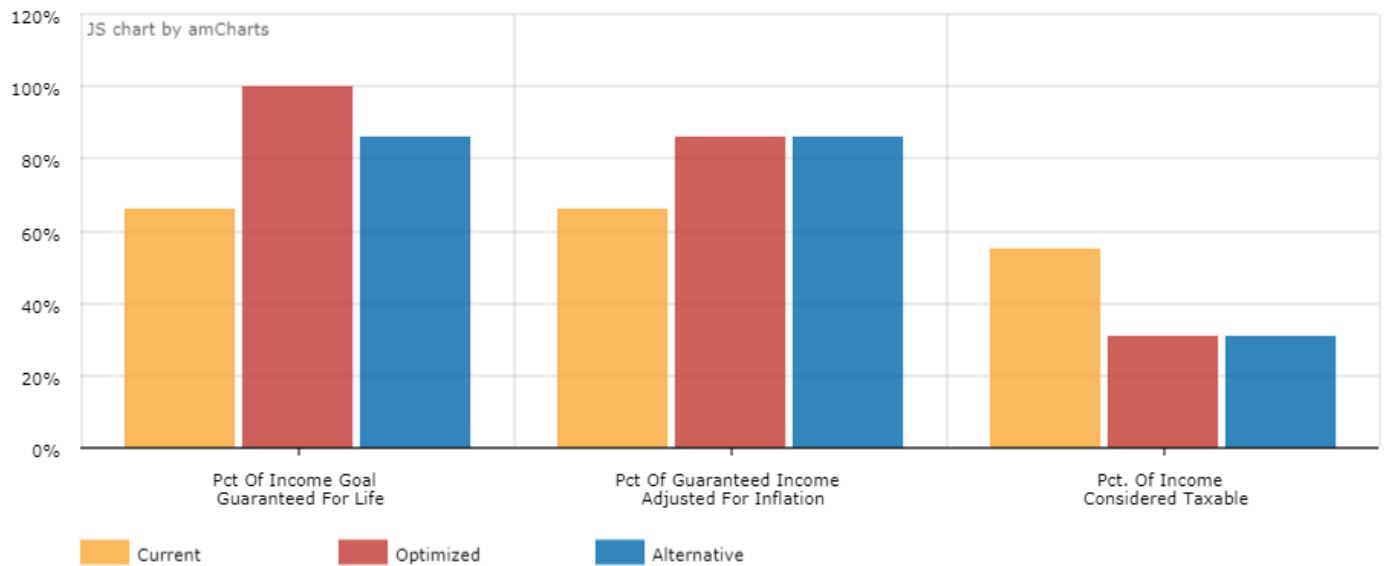
Results	Optimization	Alternative Plan
% of Income Goal Guaranteed for Life	100%	86%
% of Guaranteed Income Adjusted for Inflation	86%	86%
% of Income Considered Taxable	31%	31%
Guaranteed Survivor Benefit	\$54,841	\$41,550
Income Analysis		
Annual Household Income Goal	\$85,000	\$85,000
Annual Household Social Security Benefits	\$72,908	\$72,908
Pension Benefits	\$0	\$0
Other Guaranteed Income	\$0	\$0
Annual Income Gap	\$13,291	\$13,291
Capital Requirements		
Capital Required to Close Gap	\$181,531	\$491,050
Bridge Capital Required	\$337,403	\$337,403
Less Spousal Benefits Received from Restricted App	\$0	\$0
Total Capital Required To Complete Plan*	\$518,934	\$828,453

*Optimized Plan Utilizes a Deferred Annuity with Income Rider (DAIR)

Tax Analysis		
Total Social Security Benefits	\$72,908	\$72,908
Taxable Social Security Benefits	\$13,957	\$13,957
Other Fully Taxable Income	\$13,291	\$13,291
Total Taxable Income	\$27,248	\$27,248

* For the purposes of estimating total taxable income, we make an assumption that all Social Security benefits are inflation adjusted annually by 2.5% until the end of the bridge period.

Benefits of SS Planning



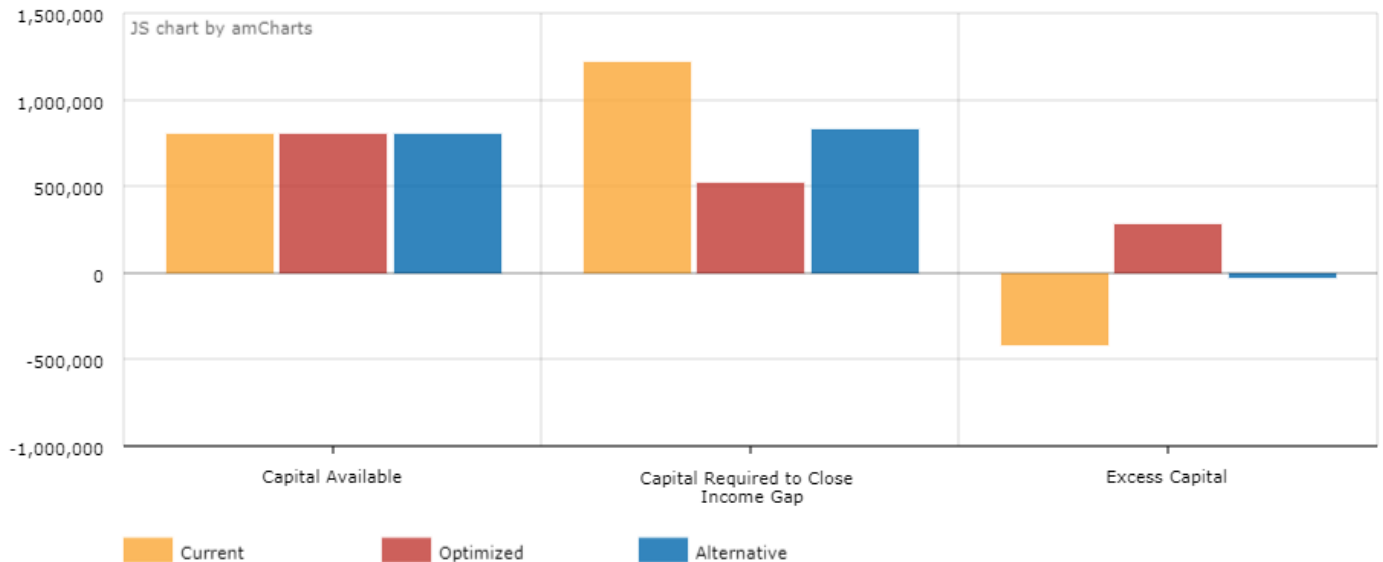
COMPARISON

Results	Current Plan	SS Optimization	Alternative Plan
% of Income Goal Guaranteed for Life	66%	100%	86%
% of Guaranteed Income Adjusted for Inflation	66%	86%	86%
% of Income Considered Taxable	55%	31%	31%
Guaranteed Survivor Benefit	\$31,800	\$54,841	\$41,550
Income Analysis			
Annual Income Goal	\$85,000	\$85,000	\$85,000
Annual Household Social Security Benefits	\$55,800	\$72,908	\$72,908
Pension Benefits	\$0	\$0	\$0
Other Guaranteed Income	\$0	\$0	\$0
Annual Income Gap	\$29,200	\$13,291*	\$13,291*
Plan Capital Requirement¹³			
Capital Available	\$800,000	\$800,000	\$800,000
Total Capital Required To Complete Plan	\$1,216,667	\$518,934	\$828,453
Excess Capital	\$-416,667	\$281,066	\$-28,453
Future Value of Excess Capital **			
Year 10	\$0	\$457,827	\$0
Year 20	\$0	\$745,752	\$0
Year 30	\$0	\$1,214,752	\$0

* Inflation Adjusted

** Based on assumed annual rate of return of 5.00%

Plan Capital Requirements (000)



RETIREMENT INCOME PLAN SUMMARY

Social Security filing strategy	Current	Alternative	
Age Spouse One Files for Benefits	66, 2 Months	70	
Age Spouse Two Files for Benefits	66, 2 Months	70	
Income Analysis	Current	Alternative	Impact
Annual Income Goal	\$85,000	\$85,000	\$0
Guaranteed Annual Household Income	\$55,800	\$72,908	\$17,108
Additional Household Income Required	\$29,200	\$13,291	\$-15,909
Guaranteed Survivor Income	\$31,800	\$41,550	\$9,750
Tax Analysis	Current	Alternative	Impact
Total Household Social Security Income	\$55,800	\$72,908	\$17,108
Taxable Social Security Income	\$17,135	\$13,957	\$-3,178
Additional Fully Taxable Income	\$29,200	\$13,291	\$-15,909
Total Taxable Income	\$46,335	\$27,248	\$-19,087
Capital Analysis	Current	Alternative	Impact
Capital Available	\$800,000	\$800,000	-
Capital Required to Complete Plan	\$1,216,667	\$828,453	\$-388,214
Capital Excess or Deficiency	\$-416,667	\$-28,453	\$388,214

COST OF INCOME

When comparing and contrasting income solutions, we seek to synthesize all variables into a simple but effective quantitative comparison. We accomplish this objective by first aggregating the inflation adjusted income* the plan is designed to provide once the plan culminates. For the purposes of our analysis, we assume the plan culminates once all participants have begun receiving Social Security benefits. At that time, a permanent “income gap” is established and an aggregated amount of income is calculated. To be clear, the permanent “income gap” is the amount of income needed once all guaranteed sources of income have been deducted from a plan’s income goal. The “income gap” is the portion of the plan income a retiree’s retirement savings will need to provide. The “aggregated amount of income” is the sum of the “income gap” inflated by 2.5% for the duration of the retirement income plan.

To complete the “cost of income” analysis, we divide the “aggregated income” by the amount of capital required to close the “income gap” using a safe withdrawal rate or annuity premium. The cost of income is impacted by a number of variables including a plan’s probability of success. Plans utilizing an annuity have a 100% probability of success while plans designed using a safe withdrawal rate may vary from as little as a 50% probability of success to a maximum of 99%. When comparing and contrasting the “cost of income” analysis be sure to review the plans chosen probability of success on page five. Plans whose funding requirements are linked directly to a safe withdrawal rate assume that the retiree is the only funding source of the plan and, as a result, require a capital to income ratio consistent with a “self -insurance” model. Conversely, a plan funded with an annuity leverages the strength in numbers only afforded to an insurance solution and results in a significantly lower capital to income ratio. Like with any insurance model, the insurer only needs to create a large enough pool to protect the income for those in the pool who are longevity outliers and live far beyond the traditional mortality models.

	Current Plan	SS Optimization	Alternative Plan
Amount of Income			
Annual Income Gap	\$29,200	\$13,291	\$13,291
Time Period in which Income is Required	30.00	26.17	26.17
Aggregate Income Plan Provides During Time Period	\$1,281,959	\$482,885	\$482,885
Cost of Income			
Capital Required to Close Annual Income Gap	\$1,216,667	\$181,531	\$491,050
Amount of Plan Income Attributable to Inflation*	-	\$135,057	-
Total Amount of Income plan is Required to Provide	\$1,281,959	\$482,885	\$482,885
Capital Plan Requires per Dollar of Income Need	0.95	0.66	1.02

*If zero, the annuity chosen provides an automatic inflation adjustment. If more than zero, the amount equals the additional capital required to gross up the annual income by 2.5% per year to account for the necessary inflation adjustment.

REPORT DISCLOSURES

1. Social Security Optimization is NOT a government agency, nor is it in any way affiliated with the Social Security Administration.
2. This report is for informational purposes only and has not been approved or endorsed by the Social Security Administration or any other governmental agency.
3. This report is not intended to replace the advice of tax, legal or financial planning professionals. It is an assessment tool, designed solely for the purpose of providing consumers with a summary of the options that may be available to them based on current law, statute, regulation and tax code. It is in no way intended to be tax, legal or investment advice. The dollar amounts represented herein are not guarantees but based on the information currently available.
4. Future changes, if any, to Social Security regulations or rules cannot be anticipated. Substantial effort however has been taken to insure the accuracy of all calculations contained herein and relies on the data provided. Benefits received may differ from the exact amount received at the time of application given that this report is based on current law and intended for hypothetical purposes only.
5. There are particular elements of the Social Security retirement system that are not accounted for in this report including, but not limited to:
 - a. Any period of disability which effects the Primary Insurance Amount;
 - b. The annual Earnings Test which applies whenever someone under Full Retirement Age begins taking benefits and continues working at the same time;
 - c. The availability for the addition of children's benefits, dependent benefits or caregiver benefits, if applicable;
 - d. Some earnings under the Railroad Retirement system or earnings from service in the Armed Forces, the receipt of which may require an adjustment of the amounts reflected;
 - e. Widow(er)s benefits elected prior to age Full Retirement Age (FRA);
6. This report, as with all projection models, utilizes particular assumptions. The assumptions that have or may have been used to prepare this data include, but are not limited to:
 - a. Annual benefit cost-of-living adjustments
 - b. Safe withdrawal rates
 - c. Income tax code as of 2018
 - d. Rates of return on excess capital between 1% and 5%These assumptions can be found on the assumptions summary page for each scenario presented.
7. Assumptions and Disclaimer: This plan incorporates information shared by you, the client, with respect to your income, expenses and asset holdings. The plan recommendations are based on your current situation, your resources, and your goals. In addition, they are based on our current expectations of the behavior of the accounts and products we are representing. This is a hypothetical example only and is not intended to predict the actual performance of any specific product. The returns have been illustrated to continue unchanged for all years shown but this is not likely to occur and actual results may be more or less favorable. All investments have risks associated with them and future loss is possible. For assets allocated to insurance/annuity contracts, the guarantees of the contract are subject to the claims paying ability of the issuing carrier. Annuity distributions may be subject to withdrawal charges, premium bonus recapture charges and market value adjustments (if applicable) and may result in a loss of principal. Withdrawals from an annuity prior to age 59 and a half may be subject to a 10% Federal Tax Penalty. All withdrawals made from annuities with pre-tax contributions are taxed as ordinary income. All withdrawals from an annuity purchased with non-qualified monies are taxable as ordinary income only to the extent there is a gain in the policy. Insurance company product recommendations must be

accompanied by approved illustrations and/or brochures. Other investment recommendations must be accompanied by an approved prospectus. The income portion of this analysis does not take into account any taxes unless otherwise noted. All Income projections are hypothetical and should not be considered indicative of actual income. The tax calculations and tax projections shown in this report are approximate and not intended to be accurate. A tax professional should be consulted before making any decisions.

If any values within the plan presentation are derived from an annuity illustration, and if those values are not guaranteed, the National Association of Insurance Commissioners has specifically required that the consumer be given an illustration from their financial representative disclosing all aspects of how that product works and what the minimum guarantees are. This document does not generate the required illustration and that must be furnished separately. If any values within the plan presentation are derived from an annuity income rider using non-guaranteed assumptions, your financial representative must provide a report showing the minimum guaranteed values that would be provided by the rider. This document does not generate this report.

The information contained in this report is not guaranteed to be accurate, complete or timely. Neither your advisor nor anyone who helped your advisor create or populate this report, including, but not limited to, any software or information provider, shall be liable for any damages or losses related to your use of the information contained in it. If any values within the plan presentation are derived from an annuity illustration, and if those values are not guaranteed, the National Association of Insurance Commissioners has specifically required that the consumer be given an illustration from their financial representative disclosing all aspects of how that product works and what the minimum guarantees are. This document does not generate the required illustration and that must be furnished separately. If any values within the plan presentation are derived from an annuity income rider using non-guaranteed assumptions, your financial representative must provide a report showing the minimum guaranteed values that would be provided by the rider.

8. The financial representative that provided this report is licensed by Social Security Optimization to provide this service. However, they are not agents of Trusted Resource, LLC, owner of Social Security Optimization and they, their agency, and any financial product or financial services companies they represent are independent of Social Security Optimization and Trusted Resource, LLC.
9. Individuals born on or before January 1, 1954 have preserved the right to successfully file a Restricted Application for "spousal benefits" ONLY so long as they have attained "Full Retirement Age" and (1) their spouse filed for and suspended benefits from their own earning record, on or before April 29, 2016 or (2) their spouse has filed for and is receiving their own retirement income benefit at the time the Restricted Application is filed.
10. Inflation: While not reflected in the Social Security, pension or "other guaranteed income" values, the income gap analysis and taxation analysis assume a 2.5% annually inflation adjustment beginning at the time of the initial spouse's retirement. Income goal values, Social Security and, where applicable, pensions and other guaranteed income are inflated by 2.5% annually until the end of the bridge period. As a result, each scenario's stated income gap and plan taxability are fully inflated when calculated.
11. Capital requirements may be understated as the research assumes an average overall cost for asset management of 1%. Forbes research indicates the average cost for an actively managed portfolio to be 2.1%. As a result, if utilizing an actively managed portfolio, safe withdrawal rate assumptions should be reduced by 100 basis points. As an example, a 60/40 equity to fixed income portfolio with a 90% probability of success over a 30 year time horizon suggests a safe withdrawal rate of 2.7%. Utilizing an actively managed portfolio would reduce the safe withdrawal rate 100 basis points to 1.7%. This is significant as illustrated by the following figures; an income gap of \$25,000 divided by a safe withdrawal

rate of .027 (2.7%) means one would need \$925,926 in order for the plan to succeed. Conversely, because of the added cost associated with an actively managed portfolio, the safe withdrawal rate would need to be reduced to .017 (1.7%). In this case, the amount of capital required to close the \$25,000 gap would be \$1,470,588, a 58.8% increase in the amount of capital required for the plan to succeed.

12. ANNUITIES ARE PRODUCTS OF THE INSURANCE INDUSTRY AND NOT GUARANTEED BY ANY BANK NOR INSURED BY FDIC OR NCUA/NCUSIF, MAY LOSE VALUE, NO BANK/CREDIT UNION GUARANTEE, NOT A DEPOSIT, NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY, MAY ONLY BE OFFERED BY A LICENSED ISURANCE AGENT.

ENDNOTES

Retirement Period (years)		15	20	25	30	35	40
20% Equity Allocation							
Probability of success (%)	99	5.0	3.6	2.8	2.2	1.9	1.6
	95	5.4	4.0	3.1	2.6	2.2	1.9
	90	5.7	4.2	3.3	2.7	2.3	2.1
	80	6.0	4.4	3.5	3.0	2.6	2.3
	50	6.6	5.0	4.1	3.4	3.0	2.7
40% Equity Allocation							
Probability of success (%)	99	4.6	3.3	2.5	2.1	1.8	1.6
	95	5.2	3.9	3.1	2.6	2.2	2.0
	90	5.6	4.2	3.4	2.8	2.5	2.2
	80	6.1	4.6	3.7	3.2	2.8	2.5
	50	7.0	5.5	4.5	3.9	3.5	3.2
60% Equity Allocation							
Probability of success (%)	99	3.9	2.8	2.2	1.9	1.5	1.3
	95	4.9	3.6	2.8	2.4	2.0	1.8
	90	5.4	4.0	3.2	2.7	2.4	2.2
	80	6.1	4.6	3.8	3.2	2.9	2.6
	50	7.4	5.9	4.9	4.3	3.9	3.6
80% Equity Allocation							
Probability of success (%)	99	3.4	2.3	1.8	1.4	1.2	1.1
	95	4.4	3.2	2.6	2.1	1.8	1.6
	90	5.1	3.8	3.0	2.6	2.2	2.0
	80	5.8	4.6	3.7	3.2	2.8	2.6
	50	7.8	6.2	5.3	4.6	4.2	3.9

1. Total projected value of annual benefits to be received based on the age indicated in a given scenario.
2. Annual income gap represents the difference, if any, between the annual income goal, Social Security and other guaranteed sources of income. All income gap calculations are inflated by 2.5% per year.
3. The safe withdrawal rates used in this analysis were selected by the applicant using the chart above.
4. The amount of capital required to meet the annual income goal over the life of the plan, calculated by dividing the income gap by the chosen safe withdrawal rate.
5. Bridge capital is the amount of money needed to fund the income goal until all Social Security benefits begin.
6. The amount of capital required to close the income gap as defined at #4 above plus bridge capital as defined at #5 above.
7. Represents the percentage of the annual income goal that is guaranteed for life. Remember guarantees are based on the claims paying abilities of the Social Security Administration, pension providers and

any issuing insurance carrier.

8. Represents the percentage of all income that is automatically and annually adjusted for inflation. For Social Security purposes the adjustments are based upon the Consumer Price Index for Urban Wage Earners or CPI-W.
9. Represents the percentage of the overall income, Social Security and other sources, that will be considered taxable. This is an estimate all tax estimates should be verified by a tax professional.
10. Value of the survivor income assumes applicant were to pass away at the time Social Security benefits were scheduled to begin in each scenario. Actual survivor benefits may vary depending upon the age applicants commence benefits and/or if the surviving spouse is actively receiving a pension benefit from uncovered employment. Consult with a qualified advisor if you have any questions.
11. The annuity premium required to close the scenarios projected income gap.
12. The estimated Lifetime annual income benefit value the annuity will provide.
13. Demonstrates the capital required to build a successful retirement income plan utilizing the various scenarios explored in this report. The capital requirement is predicated on closing any remaining income gap for life once the plan in question culminates. Specifically, the analysis takes the remaining income gap and divides it by the initial safe withdrawal rate selected by the applicant and listed on the corresponding output/assumption pages.