



REPORT PREPARED FOR

# test test & Co-client test

by ANVAR I IZBAKIEV, MBA, CFP®, CPA, USTCP  
Serenity Wealth Advisors LLC

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Generated on 11/20/2021

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## Important Information

This report is intended to provide you with an analysis of your financial plan. It is based on the data and assumptions provided by you and your financial professional including but not limited to asset expected returns, volatility, and inflation assumptions. Detailed information regarding assumptions can be found on the disclosure page of this report.

The report shows comparisons of your current plan and a proposed plan. The proposed plan is a recommendation formulated by your financial professional. The report also shows comparisons of your current asset allocation and a proposed asset allocation. The proposed asset allocation is the recommendation formulated by your financial professional.

The report shows the Probability of Success of your plan using a Monte Carlo simulation calculated by running the projection 1,000 separate times. Some sequences of returns used in the Monte Carlo simulation will give you better results, and some will give you worse results. These multiple trials provide a range of possible results. RightCapital considers a trial to be "successful" if, at the end of your planning horizon, your invested assets are greater than zero. The percentage of trials that were successful is the Probability of Success of your plan, with all its underlying assumptions. Detailed disclosure regarding the calculations can be found on the disclosure page of this report.

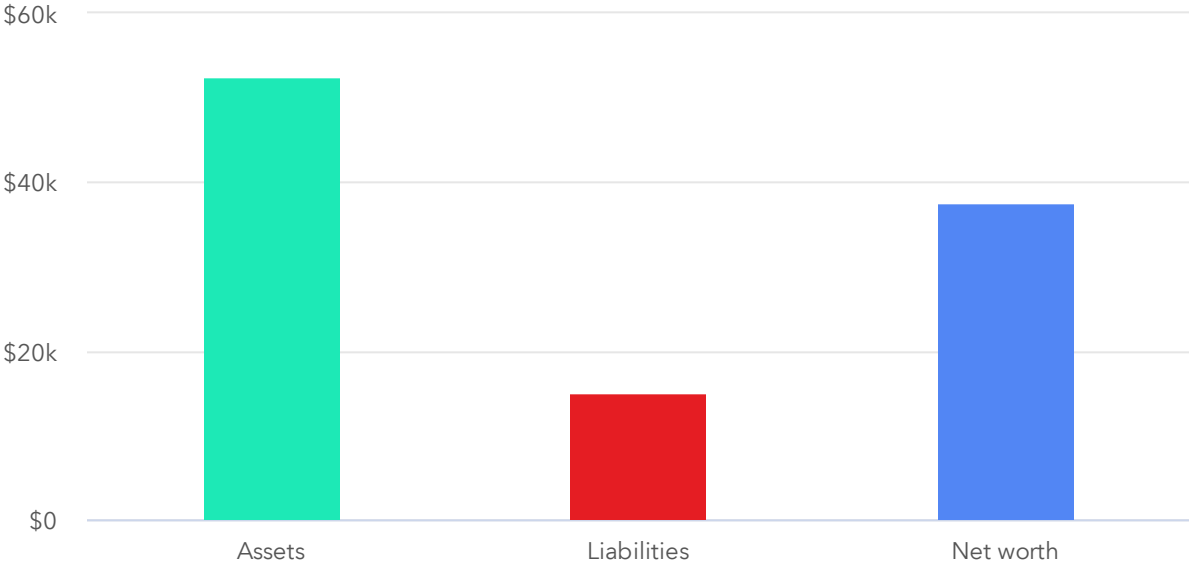
# Tasks

Due date	Assigned to	Task
2021-11-19	test test	Build Emergency Fund 4-6 mo living expenses
2021-11-19	test test	Increase Credit Card Payment by \$1000 to payoff sooner
2021-12-01	test test	Review Tax Returns and Tax Planning options IRA/ROTH
2021-12-19	test test	Increase 401K contribution to 20% for both Clients
2022-01-19	test test	Provide Insurance Documents for review
2022-02-19	test test	Open 529 College Savings Account

# Balance Sheet

Just like any well-run business, your personal balance sheet should always be in check. Your net worth is the difference between your assets and your liabilities. Assets are everything you own such as your home and investments, and liabilities are everything you owe such as the balance on your mortgage and other debt.

**Your net worth is \$37,500** as of 11/20/21



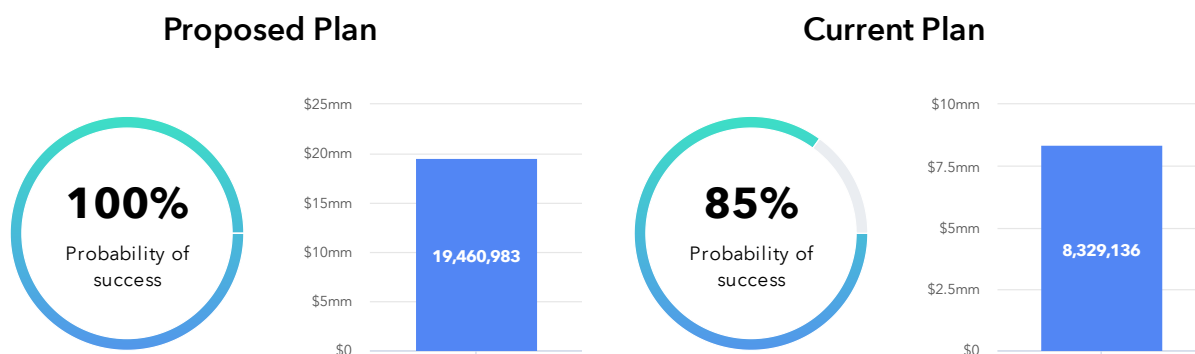
<b>Assets</b>		<b>Liabilities</b>	
Bank	\$2,500	Credit cards	\$15,000
Invested assets	\$50,000	Mortgages	\$0
Real estate assets	\$0	Home equities	\$0
Life insurance cash value	\$0	Student loans	\$0
Other assets	\$0	Other debts	\$0
<b>Total assets</b>	<b>\$52,500</b>	<b>Total liabilities</b>	<b>\$15,000</b>
		<b>Net Worth</b>	<b>\$37,500</b>

# Balance Sheet Details

Description	test	Co-client	Total
<b>Assets</b>			
<b>Cash</b>			
test's Bank Account	\$2,500		\$2,500
<b>Total Cash</b>	<b>\$2,500</b>	<b>\$0</b>	<b>\$2,500</b>
<b>Invested Assets</b>			
<b>Non-qualified</b>			
test's Investment Account	\$50,000		\$50,000
<b>Total Invested Assets</b>	<b>\$50,000</b>	<b>\$0</b>	<b>\$50,000</b>
<b>Total Assets</b>	<b>\$52,500</b>	<b>\$0</b>	<b>\$52,500</b>
<b>Liabilities</b>			
test's Card	\$15,000		\$15,000
<b>Total Liabilities</b>	<b>\$15,000</b>	<b>\$0</b>	<b>\$15,000</b>
<b>Net Worth</b>			
<b>Total Net Worth</b>	<b>\$37,500</b>	<b>\$0</b>	<b>\$37,500</b>

# Retirement Analysis

Use of a detailed retirement analysis tool is important to help determine whether you are on track for a successful retirement. Monte Carlo simulations, stress tests, and viewing specific scenarios can help you evaluate your retirement plans and see the impact of potential changes.



This section of the report displays the results of Monte Carlo simulations run on the current and proposed plans. The results are derived from 1000 simulations and the specified retirement cash flows. The chart of probability of success represents the overall likelihood of success in both the current and proposed plan.

**IMPORTANT:** The projections or other information generated by RightCapital regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results are based on return and volatility assumptions from a number of market indices shown in disclosure sections 5, 6 and 8.4. Fees and expenses are not included, and thus, are excluded, including, but not limited to, fund fees, account fees, product fees and advisor fees. Inclusion of those fees results in lower returns, which would affect the probability of achieving any particular outcome. Results may vary with each use and over time. The analysis must be reviewed in conjunction with assumptions, limitations and methodologies in the disclosure section. This report is not complete without the accompanying disclosure page.

# Retirement Analysis Action Items

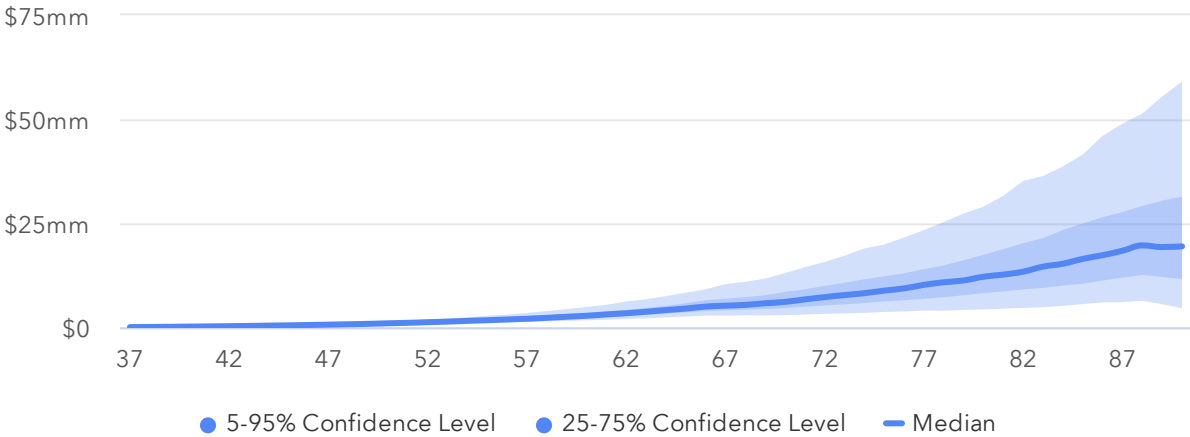
	Proposed	Current
<b>Financial goals</b>		
test's retirement age	67	67
test's retirement healthcare cost	\$ 5,716	\$ 5,716
test's LTC cost	\$ 50,000	\$ 53,768
test's LTC duration	2	2
test's planning horizon	90	90
Co-client's retirement age	67	67
Co-client's retirement healthcare cost	\$ 5,716	\$ 5,716
Co-client's LTC cost	\$ 50,000	\$ 53,768
Co-client's LTC duration	2	2
Co-client's planning horizon	90	90
Retirement Monthly Expense	\$ 4,000	\$ 5,000
Child's College Goal	\$ 26,820	\$ 26,820
<b>Income</b>		
test's Salary	\$ 100,000	\$ 100,000
Co-client's Salary	\$ 50,000	\$ 50,000
<b>Savings</b>		
test's 401(k)	20%	5%
Co-client's 401(k)	20%	10%
test's Taxable	\$ 0	\$ 0
<b>Expenses</b>		
Pre-retirement Living Expenses	\$ 5,000	\$ 5,000
<b>Strategies</b>		
Asset allocation	Growth	Current allocation
Annuity allocation	Current allocation	Current allocation
Social Security	Optimal strategy	Current strategy

	<b>Proposed</b>	<b>Current</b>
test test	Age 70	Age 65
Co-client test	Age 70	Age 65
Debt strategy	Debt proposal	Current payments
Student loan strategy	Current payments	Current payments
Distribution strategy	Current strategy	Current strategy
Education strategy	Current strategy	Current strategy
Income strategy	\$ 0	Select an account
AUM fees	0%	0%
Retirement Spending	Inflation Adjusted	Inflation Adjusted

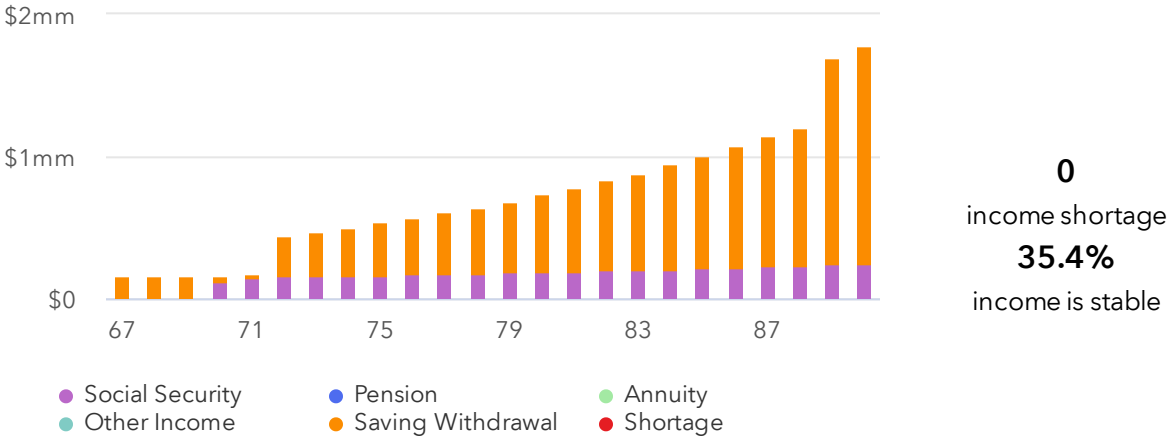


# Retirement Analysis Details - Proposed plan

## Asset simulation results



## Retirement income



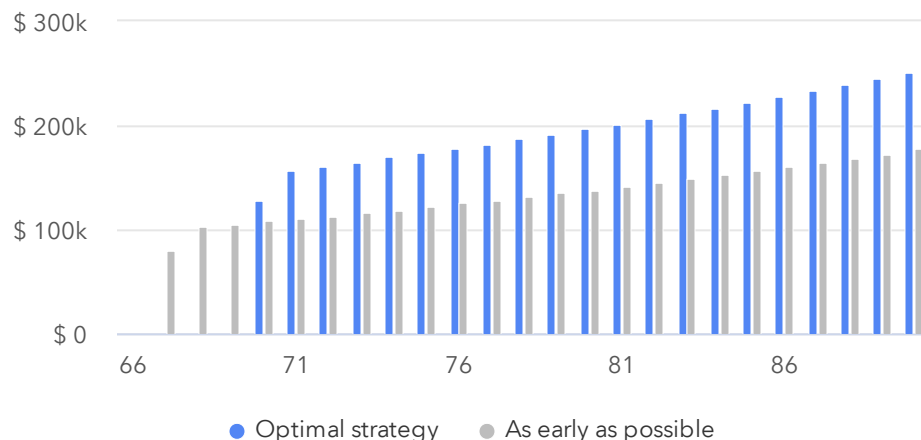
This section of the report displays the results of Monte Carlo simulations run on the current and proposed plans. The results are derived from 1000 simulations and the specified retirement cash flows. The chart of probability of success represents the overall likelihood of success in both the current and proposed plan.

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# Optimal Social Security Strategy

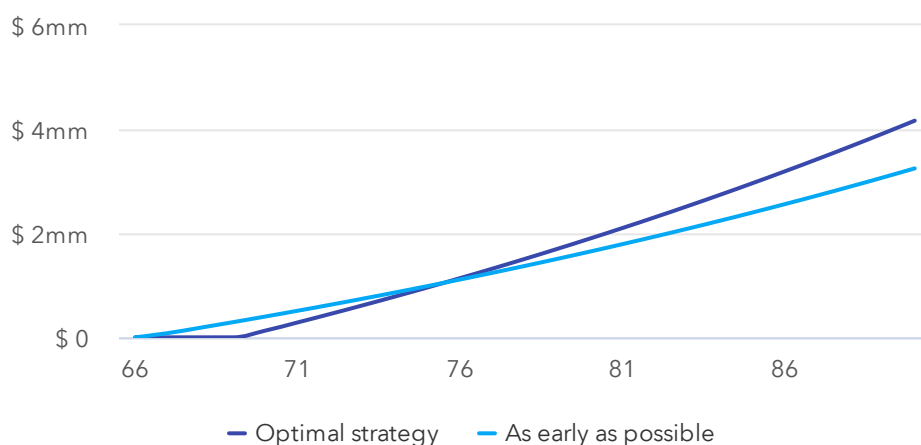
There are as many as 700 different Social Security filing strategies that can be tested in order to identify the optimal Social Security benefit for your specific retirement needs. Compare your optimal strategy to others to see the potential benefit of optimization.

## Annual cash flow comparison



**\$ 917,757 more**  
from the optimal  
Social Security filing  
strategy  
than As early as  
possible

## Cumulative cash flow comparison



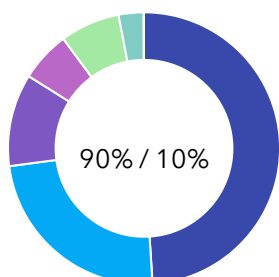
## To obtain maximum Social Security benefit

1. test applies own retirement/spousal benefit at age 70.
2. Co-client applies own retirement/spousal benefit at age 70.

# Asset Allocation

## Current allocation

All Accounts



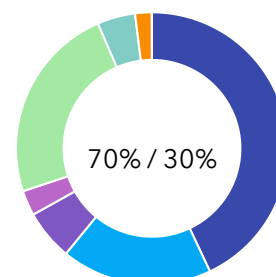
Equity / Fixed Income

Annual return: 9.5%  
Standard deviation: 14.8%

49%	● U.S. Equities	43%
23.9%	● International Equities	17.9%
11%	● Emerging Markets	6%
6%	● Real Estate	3%
7.1%	● U.S. Bonds	23.6%
3%	● International Bonds	4.5%
0%	● Cash	2%
0%	● Other	0%

## Target allocation

Growth



Equity / Fixed Income

Annual return: 8.5%  
Standard deviation: 11.7%

## To balance back to your target portfolio:

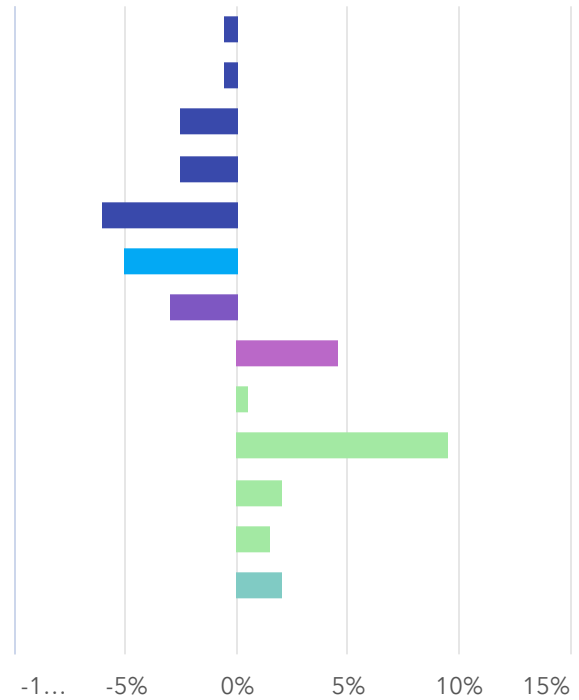
U.S. Equities	Sell	\$ 3,000
International Equities	Sell	\$ 3,000
Emerging Markets	Sell	\$ 2,500
Real Estate	Sell	\$ 1,500

U.S. Bonds	Buy	\$ 8,250
International Bonds	Buy	\$ 750
Cash	Buy	\$ 1,000
Other	Sell	\$ 0

This page shows a need to increase or decrease the amounts currently represented in these asset classes of the current portfolio.

# Asset Allocation Details

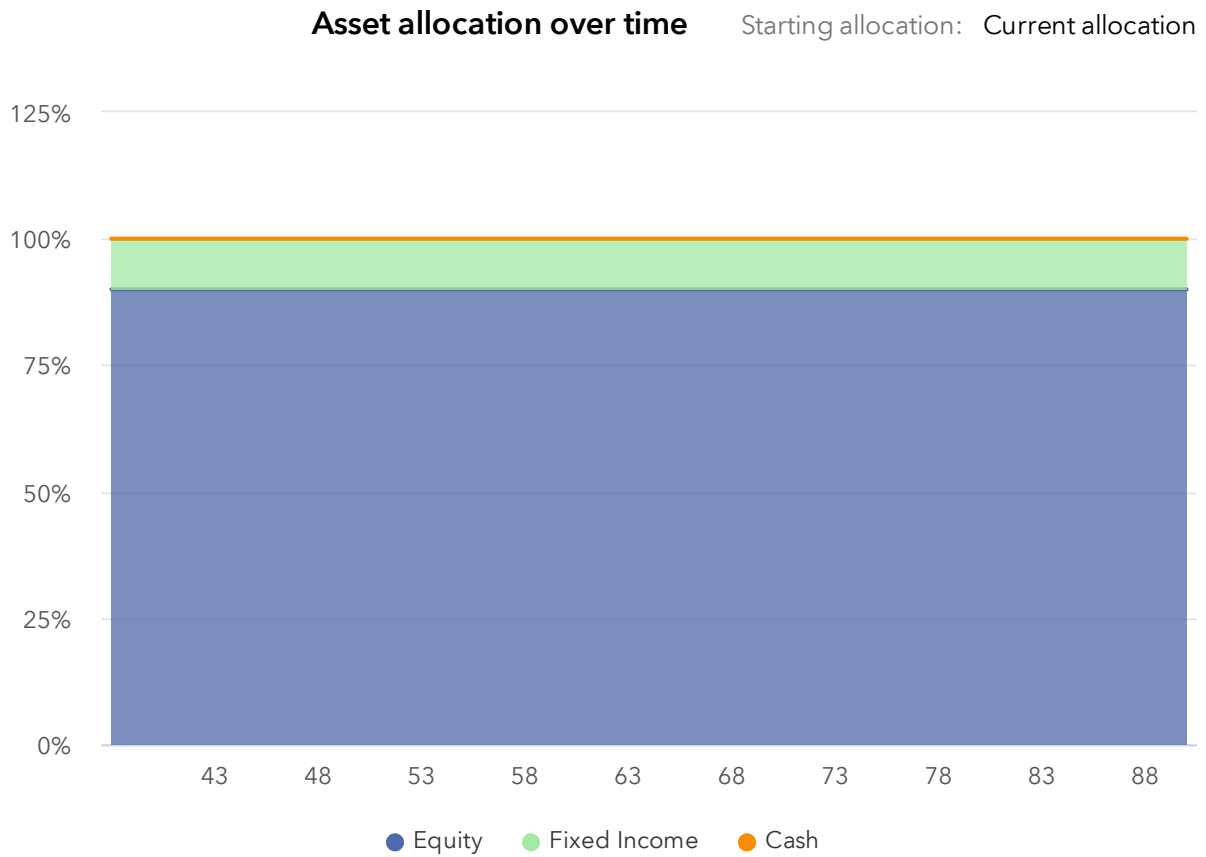
	Current	Target
Large Growth	17%	16.5%
Large Value	17%	16.5%
Mid Cap	7.5%	5%
Small Cap	7.5%	5%
International Equities	23.9%	17.9%
Emerging Markets	11%	6%
Real Estate	6%	3%
Government	1.5%	6%
Municipal	0.3%	0.8%
Corporate	4.3%	13.8%
High Yield	1%	3%
International Bonds	3%	4.5%
Cash	0%	2%
Other	0%	0%



Please refer to sections 5 and 8.4 of the disclosure section for more information.

# Allocation Path

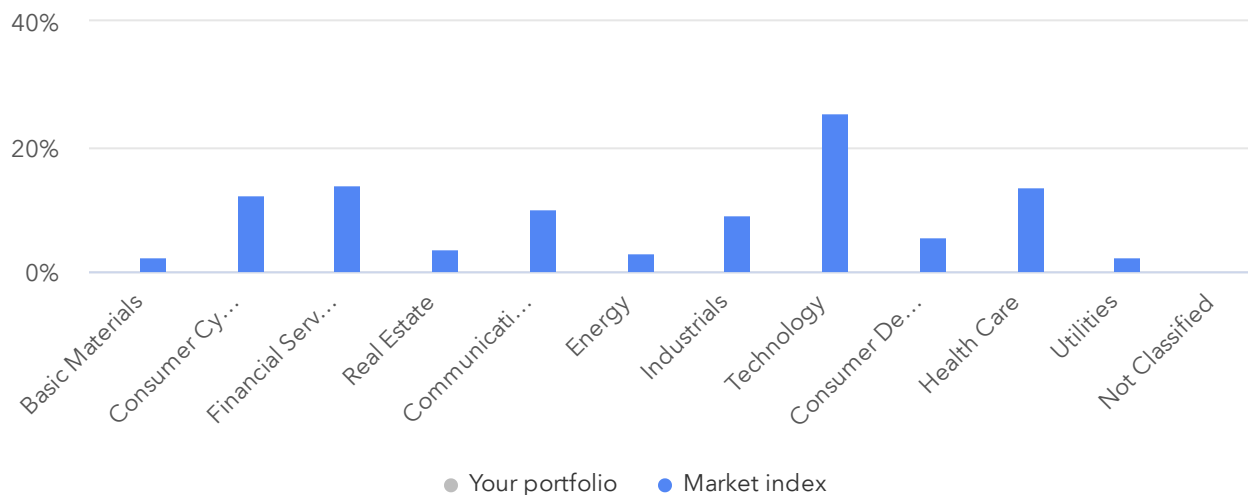
The allocation path chart can illustrate how your portfolio's asset allocation may change over time.



# Equity Sector and Style

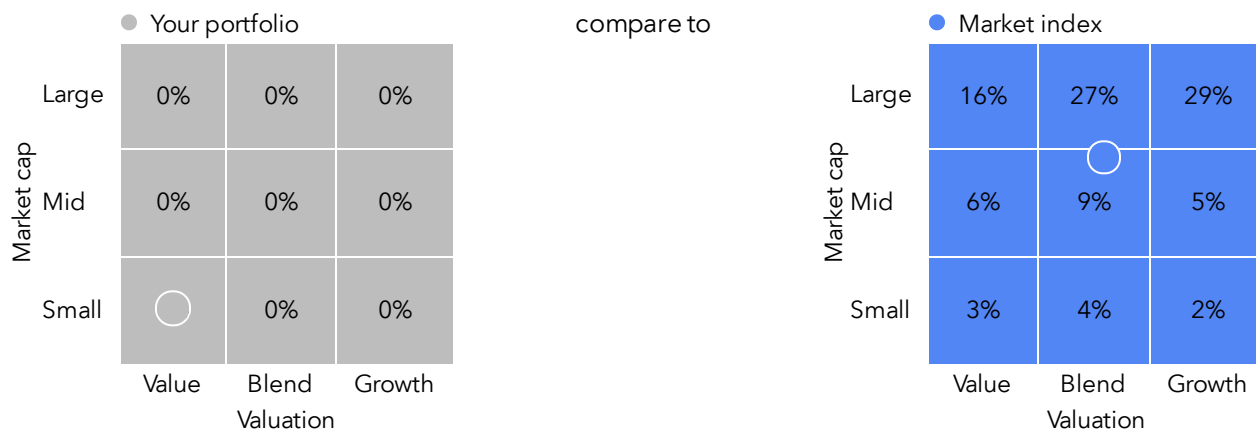
Equity investments can be categorized by sector. They are also each assigned a style based on their market cap and valuation. It is important to construct a well-diversified equity portfolio that balances risk with return, while meeting your specific financial goals. Sector and Style data is provided by Morningstar.

## Equity sector comparison



Amongst the equity sector, you are most **overweight in Not Classified** and **underweight Technology**.

## Equity style comparison



Amongst the equity styles, you are most **overweight in Small Growth** and most **underweight in Large Growth**.

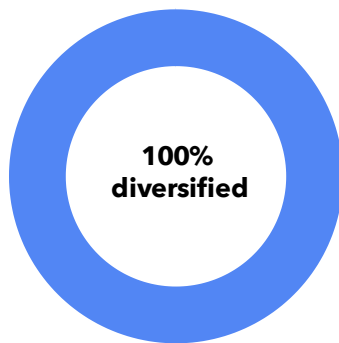
\* Broad market index refers to the Vanguard Total Stock Market Index.

These broad investment categories are not specific securities, funds, or investment products. The assumed rates of return of these broad categories are based on the return of indices. Please refer to section 8.4 of the disclosure section for more information.

# Concentrated Position

A portfolio that is too heavy in just one security poses a substantial downside risk. This is often defined as "putting all your eggs in one basket." Your concentration position is identified as individual stocks that exceed 5% of the entire portfolio.

## Diversification



- Concentrated position
- Other

**Great job! Your portfolio is not overly concentrated in any one equity or equities.**

The transaction cost of liquidation is not included in the analysis. The liquidation will also result in the loss of future earnings.

# Tax Allocation

Tax deferred assets include 401(k)/403(b), IRAs and other tax deferred accounts. Tax free assets include Roth 401(k), Roth IRA, 529, HSA and other tax free accounts. The taxability of the accounts above are based on a variety of factors. Please consult a qualified tax professional to discuss your individual tax situation.

## Tax allocation summary



- Taxable
- Tax deferred
- Tax free

**\$ 50,000**

Taxable asset

**\$ 0**

Tax deferred asset

**\$ 0**

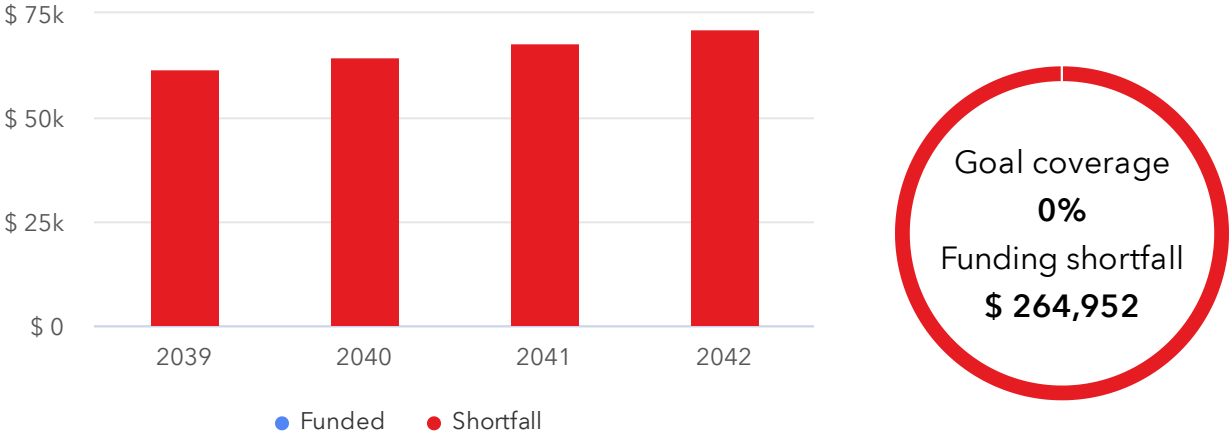
Tax free asset



# College Funding Analysis for Child

The cost of college education has risen substantially over the years. Projecting the future cost of education, as well as your current funding level, will help you in determining the proper course of action based on your goals, the type of funding you are using, and your time horizon.

## Child's projected college cost is \$ 264,952



## To achieve desired college funding level

<b>Child's College Goal</b>	
Annual college cost	\$ 26,820
Scholarship/other	\$ 0
Student borrowing	\$ 0
Annual net cost	\$ 26,820
<b>Current 529 balance</b>	
529 balance	\$ 0
<b>Annual 529 savings</b>	
Lump sum saving	\$ 0
Additional annual 529 saving	\$ 0
<b>Strategy</b>	
529 asset allocation	Current
Funding sources	529 only

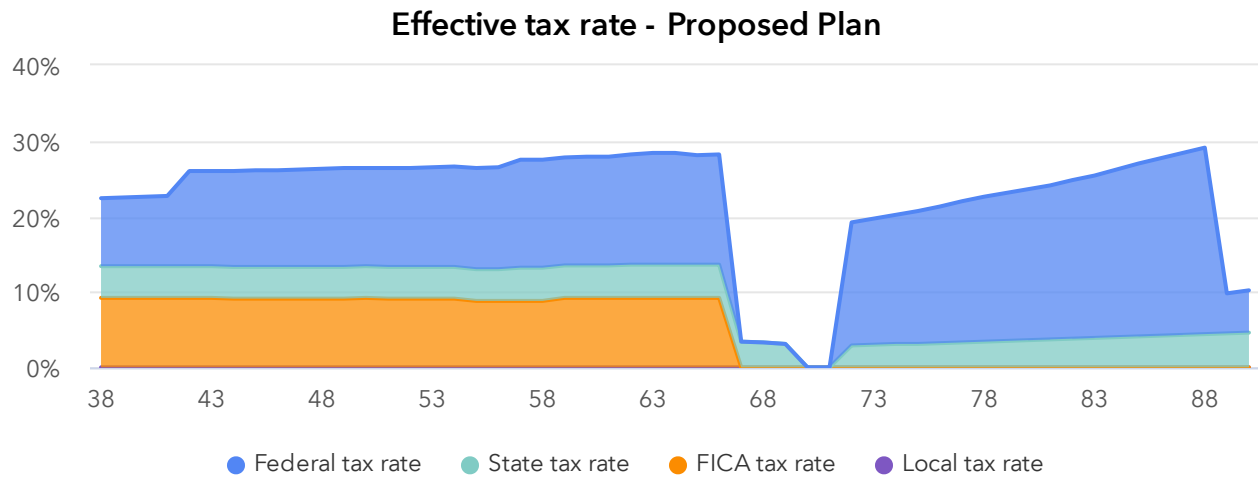
# College Funding Details

## College cost and funding summary for Child

Year	Age	College cost	Grants/scholarship	Student borrowing	Net cost	529 funding	Other funding	Total funding	Shortfall
2022	1	0	0	0	0	0	0	0	0
2023	2	0	0	0	0	0	0	0	0
2024	3	0	0	0	0	0	0	0	0
2025	4	0	0	0	0	0	0	0	0
2026	5	0	0	0	0	0	0	0	0
2027	6	0	0	0	0	0	0	0	0
2028	7	0	0	0	0	0	0	0	0
2029	8	0	0	0	0	0	0	0	0
2030	9	0	0	0	0	0	0	0	0
2031	10	0	0	0	0	0	0	0	0
2032	11	0	0	0	0	0	0	0	0
2033	12	0	0	0	0	0	0	0	0
2034	13	0	0	0	0	0	0	0	0
2035	14	0	0	0	0	0	0	0	0
2036	15	0	0	0	0	0	0	0	0
2037	16	0	0	0	0	0	0	0	0
2038	17	0	0	0	0	0	0	0	0
2039	18	61,472	0	0	61,472	0	0	0	61,472
2040	19	64,546	0	0	64,546	0	0	0	64,546
2041	20	67,773	0	0	67,773	0	0	0	67,773
2042	21	71,161	0	0	71,161	0	0	0	71,161

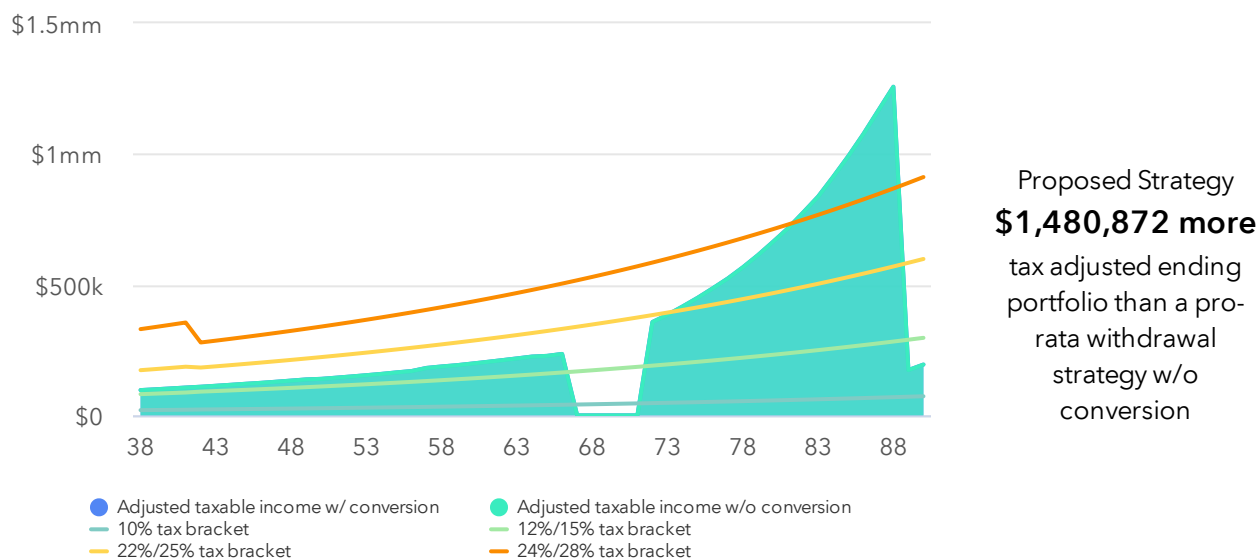
# Tax Estimate

Taxes can have a significant impact on your future and are an important factor in financial planning. Estimated taxes below are based on your inputs and your proposed retirement plan, using current tax rates and methodologies.



# Distribution and Conversion

## Ordinary income tax bracket - Proposed Plan



## Proposed distribution strategy

Proposed withdrawal strategy: Standard - taxable, tax deferred, tax free

Roth IRA conversion: No conversions

Estimated terminal tax rate: 15%

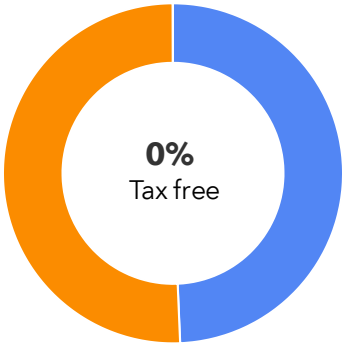
Conversion refers to a process converting assets in a Traditional IRA or 401k account to a Roth IRA account. It is important to evaluate whether a conversion is appropriate for your specific financial circumstances and evaluate any consequences and tax implications of this strategy. Tax Cuts and Jobs Act repeals the rules permitting recharacterizations of Roth conversions, effective starting in 2018.

# Distribution and Conversion

## Comparison to strategy w/o conversion

Tax adjusted ending wealth

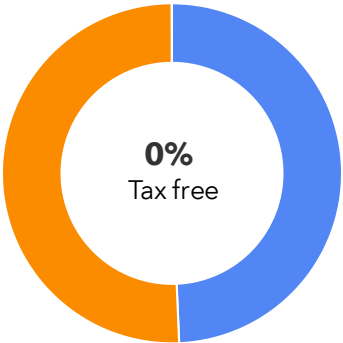
### Proposed strategy



● Taxable ● Tax deferred ● Tax free

**\$22,553,119 ending portfolio value**

### Standard withdrawal w/o conversion



● Taxable ● Tax deferred ● Tax free

**\$22,553,119 ending portfolio value**

# Distribution and Conversion Details

Year	Age	Conversion amount	Withdrawal from taxable account	Withdrawal from tax deferred account	Withdrawal from tax free account	Taxable account balance	Tax deferred account balance	Tax free account balance
2022	38/38	0	0	0	0	56,946	34,000	0
2023	39/39	0	0	0	0	61,768	71,814	0
2024	40/40	0	0	0	0	66,998	113,778	0
2025	41/41	0	0	0	0	72,672	160,258	0
2026	42/42	0	0	0	0	78,826	211,648	0
2027	43/43	0	0	0	0	85,500	268,380	0
2028	44/44	0	0	0	0	92,741	330,920	0
2029	45/45	0	0	0	0	100,594	399,775	0
2030	46/46	0	0	0	0	109,112	475,996	0
2031	47/47	0	0	0	0	118,352	559,723	0
2032	48/48	0	0	0	0	128,374	651,607	0
2033	49/49	0	0	0	0	139,244	752,356	0
2034	50/50	0	0	0	0	151,036	865,254	0
2035	51/51	0	0	0	0	163,825	989,188	0
2036	52/52	0	0	0	0	177,698	1,125,137	0
2037	53/53	0	0	0	0	192,745	1,274,163	0
2038	54/54	0	0	0	0	209,067	1,437,421	0
2039	55/55	0	11,330	0	0	215,441	1,616,165	0
2040	56/56	0	12,678	0	0	221,007	1,811,755	0
2041	57/57	0	16,245	0	0	223,477	2,025,670	0
2042	58/58	0	17,810	0	0	224,591	2,259,514	0
2043	59/59	0	0	0	0	243,609	2,515,029	0
2044	60/60	0	0	0	0	264,238	2,794,107	0

Year	Age	Conversion amount	Withdrawal from taxable account	Withdrawal from tax deferred account	Withdrawal from tax free account	Taxable account balance	Tax deferred account balance	Tax free account balance
2045	61/61	0	0	0	0	286,614	3,098,800	0
2046	62/62	0	0	0	0	310,884	3,431,337	0
2047	63/63	0	0	0	0	337,210	3,794,137	0
2048	64/64	0	0	0	0	365,765	4,189,826	0
2049	65/65	0	0	0	0	396,738	4,621,254	0
2050	66/66	0	0	0	0	430,333	5,091,514	0
2051	67/67	0	148,302	0	0	318,472	5,522,662	0
2052	68/68	0	152,789	0	0	192,652	5,990,320	0
2053	69/69	0	157,369	0	0	51,596	6,497,579	0
2054	70/70	0	31,728	0	0	24,237	7,047,792	0
2055	71/71	0	7,536	0	0	18,753	7,644,597	0
2056	72/72	0	0	278,997	0	210,193	8,012,943	0
2057	73/73	0	0	302,376	0	431,175	8,389,100	0
2058	74/74	0	0	328,987	0	685,562	8,770,500	0
2059	75/75	0	0	356,521	0	976,001	9,156,663	0
2060	76/76	0	0	386,356	0	1,306,469	9,545,691	0
2061	77/77	0	0	416,841	0	1,679,030	9,937,176	0
2062	78/78	0	0	451,694	0	2,100,116	10,326,959	0
2063	79/79	0	0	489,426	0	2,574,837	10,712,018	0
2064	80/80	0	0	530,298	0	3,108,868	11,088,811	0
2065	81/81	0	0	571,584	0	3,706,458	11,456,225	0
2066	82/82	0	0	619,255	0	4,374,645	11,807,080	0
2067	83/83	0	0	667,065	0	5,117,488	12,139,836	0
2068	84/84	0	0	722,612	0	5,942,935	12,445,223	0

Year	Age	Conversion amount	Withdrawal from taxable account	Withdrawal from tax deferred account	Withdrawal from tax free account	Taxable account balance	Tax deferred account balance	Tax free account balance
2069	85/85	0	0	777,826	0	6,855,651	12,721,255	0
2070	86/86	0	0	836,919	0	7,863,524	12,961,569	0
2071	87/87	0	0	900,103	0	8,974,363	13,159,048	0
2072	88/88	0	0	960,518	0	10,192,456	13,312,835	0
2073	89/89	0	407,976	1,031,998	0	10,647,575	13,408,164	0
2074	90/90	0	423,946	1,099,027	0	11,125,263	13,444,537	0



# Summary of User Input

Your financial plan is based on the following information:

## Family

Name	Date of Birth	Planning Horizon	Relationship
test	Jan 1, 1984	90	Client
Co-client	Jan 1, 1984	90	Co-client
Child	Nov 19, 2021		Child

## Income

Name	Annual Amount	Starting	Ending	Annual Increase
test's Salary	\$ 100,000	Already started	test's retirement	3%
Co-client's Salary	\$ 50,000	Already started	Co-client's retirement	3%
test's Social Security	Estimated using Salary	65		
Co-client's Social Security	Estimated using Salary	65		

## Savings

Name	Annual Amount	Starting	Ending	Annual Increase
test's 401(k)	5%	Already started	test's retirement	
Co-client's 401(k)	10%	Already started	Co-client's retirement	
test's Taxable	\$ 0	Already started	test's retirement	0%

## Expenses

Name	Monthly Amount	Starting	Ending	Annual Increase
------	----------------	----------	--------	-----------------

Name	Monthly Amount	Starting	Ending	Annual Increase
Pre-retirement Living Expenses	\$ 5,000	Already started		

### Retirement Goals

Name	Retirement age	Annual retirement Health care	Annual retirement Long term care	Long term care duration
test	67	\$ 5,716	\$ 53,768	2
Co-client	67	\$ 5,716	\$ 53,768	2

### Other Goals

Name	Amount	Starting	Ending	Frequency
Retirement Monthly Expense	\$ 5,000	test's retirement	End of both plans	Every 1 year
Child's College Goal	\$ 26,820	18	21	Every 1 year

### Insurance

Name	Type	Owner	Benefit
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# Disclosure

1. **No Warranties.** RightCapital makes no warranties, expressed or implied, as to accuracy, completeness, or results obtained from any information on [www.rightcapital.com](http://www.rightcapital.com) (the "Platform"). The Platform uses simplified assumptions derived and/or obtained from historical data that are used to create assumptions about potential investment returns.
2. **Advice.** RIGHTCAPITAL DOES NOT PROVIDE LEGAL, TAX, ACCOUNTING, INVESTMENT OR FINANCIAL ADVICE. RIGHTCAPITAL DOES NOT PROVIDE RECOMMENDATIONS FOR ANY PRODUCTS OR SECURITIES. Your financial professional may not provide tax or legal advice. The appropriate professionals should be consulted on all legal and accounting matters prior to or in conjunction with implementation of any strategy. Use prospectus for any discussions about securities.
3. **Data** provided by you or your financial professional for your assets, liabilities, goals, accounts, and other assumptions are key inputs for the calculations at RightCapital. The information should be reviewed periodically and updated whenever there is a change in information or circumstances.
4. **Monte Carlo Simulation methodology.** RightCapital generated Monte Carlo simulations calculating the results of your plan by running the projection 1000 times. 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. RightCapital considers a trial to be "successful" if at the end of the planning horizon your invested assets are greater than zero. The percentage of trials that were successful is the Probability of Success of your plan, with all its underlying assumptions.
5. **Asset classes used in Monte Carlo simulation** RightCapital uses only a few asset classes. The default return and volatility assumptions of the asset classes are estimated based on the historical return data of indices, which serve as proxies for their respective asset classes. They are not returns of actual investments. The historical return data used to derive returns for all asset classes are:

U.S. Large Growth, U.S Large Value and Other: S&P500 Total Return Index - 12/1970 - 12/2020  
U.S. Mid Cap: Russell Midcap total return index - 12/1995 – 12/2020  
Small Cap: Russell 2000 total return index - 12/1980 – 12/2020  
International Equities: EAFE Total return (USD return) - 12/1970 – 12/2020  
Emerging Markets Equity: MSCI Emerging market index (USD return) - 12/1987 – 12/2020  
Real Estate: MSCI US REIT Index - 12/2009 - 12/2020  
U.S. Government: Treasury bonds - 12/1999 – 12/2020  
Municipal: Bloomberg Barclays Muni Bond Index - 12/1999 – 12/2020  
U.S. Corporate and International Bonds: Bloomberg Barclays US Aggregate Bond Index - 12/1999 – 12/2020  
High Yield: ICE BofA US High Yield Index - 12/1999 – 12/2020  
Cash: 3 Month Treasury returns - 12/1999 – 12/2020

Note: The S&P500 Total Return Index is made up of both large cap growth and large cap value stocks. This index return and volatility data is used for both large cap growth and large cap value asset classes in the RightCapital system as it is an appropriate benchmark for both. RightCapital uses the S&P500 total return index as the best proxy for any unclassified assets labeled as 'Other'

## 6. Return and volatility assumptions used in Monte Carlo simulations

Asset Class	Total Return	Volatility	Asset Class	Total Return	Volatility
Large Growth	9.87%	16.1%	Real Estate	9.87%	16.3%
Large Value	9.87%	16.1%	Government	5.22%	5.1%
Mid Cap	9.87%	16.1%	Municipal	5%	3.95%
Small Cap	10.91%	21.9%	Corporate	5.29%	5.1%
International Equities	9.02%	18.5%	High Yield	7.3%	5.1%
Emerging Markets	11.31%	27.1%	International Bonds	5.22%	5.1%

Asset Class	Total Return	Volatility
Cash	2.08%	1.9%
Other	9.87%	16.1%

7. **Tax and Inflation assumptions used in Monte Carlo simulations** Starting federal and state standard deductions, exemptions and the tax brackets used in projections are as of 2019. The following inflation assumptions are used in the projection: General inflation 2.5%; Education inflation 5%; Tax inflation 2.5%; Social Security inflation 2.5%; Health inflation: 5%

## 8. Assumption and calculation limitations of Monte Carlo Simulations

8.1 **Your resources and goals may be different from the estimates that you provided:** The report is intended to help you in making decisions on your financial future based, in part, on information that you have provided and reviewed including, but not limited to, your age, income, assets, liabilities, anticipated expenses and retirement age. Some of this information may change in unanticipated ways in the future and those changes may make this RightCapital projection less useful.

8.2 **Inherent limitations in RightCapital financial model results:** Investment outcomes in the real world are the results of a near infinite set of variables, few of which can be accurately anticipated. Any financial model, such as RightCapital, can only consider a small subset of the factors that may affect investment outcomes and the ability to accurately anticipate those few factors is limited. For these reasons, investors should understand that the calculations made in this report are hypothetical, do not reflect actual investment results, and are not guarantees of future results.

8.3 **Results may vary with each use and over time:** The results presented in this report are not predictions of actual results. Actual results may vary to a material degree due to external factors beyond the scope and control of this report. As investment returns, inflation, taxes, and other economic conditions vary from the assumptions, your actual results will vary from those presented

in RightCapital. Small changes in these inputs and assumptions may have a significant impact on the results.

**8.4 RightCapital considers investments in only a few Broad Investment Categories:** RightCapital utilizes U.S. Large Growth, U.S. Large Value, U.S. Mid Cap, U.S. Small Cap, Real Estate, International Equities, Emerging Markets Equity, U.S. Government, U.S. Corporate, U.S. High Yield, International Bonds and Cash. These broad investment categories are not specific securities, funds, or investment products. The assumed rates of return of these broad categories are based on the returns of indices. These indices do not include fees or operating expenses and are not available for investment. These indices are unmanaged and the returns are shown for illustrative purpose. It is important to note that the broad categories that are used are not comprehensive and other investments that are not considered may have characteristics that are similar or superior to the categories that are used in RightCapital.

**8.4.1 Investment Risk:** Clients and prospective clients should be prepared to bear investment loss including loss of original principal. Clients should assess their tolerance for risk with their financial professional and update when a change in financial status occurs. Investments are subject to many risks depending on the asset class, including but not limited to: Large Growth, Large Value, Mid Cap, Small Cap, Real Estate: Either the stock market as a whole, or the value of an individual company, may go down resulting in a decrease in the value of client investments. Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer. Small cap stocks may be subject to risks such as but not limited to volatility, lack of available information and liquidity due to low trading volume. International Equities, Emerging Markets: Foreign investments may carry risks associated with investing outside the United States, such as currency fluctuation, economic or financial instability, lack of timely or reliable financial information or unfavorable political or legal developments. Those risks are increased for investments in emerging markets. Foreign securities can be more volatile than domestic (U.S.) securities. Government, Municipal, Corporate, High Yield, International Bonds: Investments in fixed income are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications and other factors. Investing in securities involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk.

**8.5 Insurance, Annuities and other related calculations.** RightCapital may include Life insurance, annuity or other products in the calculation. The return or returns of any such life insurance product, annuity or other product, as may be included in the calculation, are hypothetical and shall not be used as proxy, replacement for nor construed as actual performance of the product or to predict or project investment results of those products. Product fees, expenses and detailed features may not be completely included and modeled in the calculation. This report should not be construed as an insurance policy application or pre-qualification.

**8.6 Fees and expenses:** The portfolio returns assume that the portfolio is rebalanced on an annual basis to reflect the target allocation. No portfolio rebalancing costs are deducted from the portfolio value. Fees and expenses are not included, and thus, are excluded, including, but not limited to, fund fees, account fees, product fees and advisor fee. Inclusion of those fees results in lower returns, which would affect the probability of achieving any particular outcome.

- 8.7 **Taxes:** RightCapital includes limited accounting for taxes. RightCapital calculates taxes based on your input. RightCapital estimates federal, state and local taxes based on current laws with simplified deduction, exemption, and tax bracket parameters of the current year. In the projection, tax parameters are adjusted by an inflation assumption provided by you or your financial professional. Future tax laws may be significantly different than current tax laws and may result in higher or lower taxes due than what are reflected within this report. Roth IRA distributions are tax free if made 5 years after the initial contribution to the plan and you are over 59 1/2. Before investing in a 529 plan, consider whether your state offers a 529 plan that provides residents with favorable state tax benefits. RightCapital includes limited accounting for Federal Estate Tax with simplified deduction, exemption, and tax bracket parameters of the current year. RightCapital does not include any State Estate tax.
- 8.8 **Current Dollars and Future Dollars:** The results of RightCapital calculations are in future dollars. To help you compare dollar amounts in different years, results can also be expressed in current dollars by discounting the future dollars by the inflation rate you or your financial professional provides.
- 8.9 **Current allocation and target allocation:** Current allocation is the allocation based on the current portfolio holdings entered in the system as well as asset classification data from Morningstar. The target allocation is the allocation recommended by your financial professional.
- 8.10 **Current plan and proposed plan:** Current plan is the plan based on the information you and your financial professional input in the profile section. Proposed plan is the plan recommended by your financial professional, with the plan details as shown in the retirement analysis section.
9. **Liquidation of holdings:** this report may include liquidation of holdings, recommended by your financial professional. The transaction cost of liquidation is not included in the analysis. The liquidation will also result in the loss of future earnings.