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JANUARY 23, 2015

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EDUCATION FUNDING GOALS

Introduction

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January 23, 2015



THE VALUE OF A COLLEGE EDUCATION

According to The College Board's annual report, Trends in College Pricing 2014, median annual income for bachelor's degree recipients is 60 percent higher than median income for those with only a high school diploma. Over a lifetime that difference exceeds \$1,000,000.

While a college education can be expensive, it is clearly an investment that will pay off in the long run.

COLLEGE IS EXPENSIVE

Inflation: The U.S. Department of Education estimates that slightly more than one-quarter of fulltime undergraduate students live on campus. According to The College Board, the average in-state tuition costs for 2014-2015 were \$9,139 and \$31,231 per year for four-year public and private universities, respectively. That represents a 2.9% increase over the prior year.

Taxes: Room and board charges averaged \$9,804 for public and \$11,188 for private universities. These are real costs that should be looked at carefully when preparing to set aside funds for college.

THE COSTS ARE INCREASING

College tuition and fees in the United States experienced an average annual inflation rate of 8.7% over the past 20 years, according to Department of Labor statistics.

THE SOONER YOU SAVE, THE BETTER

Often times, because it seems far off in the future, little thought is given as to how to save and plan financially for a college education. However, it is much easier to save while the child is growing up and pay for college from our savings than to attempt to pay for college as the expenses are incurred, out of income. In addition, advance planning can often provide significant income tax benefits which may not be available if you postpone saving.

YOUR CURRENT SITUATION

Accumulation planning makes your goals specific and tries to fund them using the most cost effective method of saving and taxation of income available to you. If you have a plan, your long-term goals are much more likely to be met.

By looking at the numbers, future plans become more real and significant cost savings methods may be found to save you money. Significant tax savings may also be available through proper planning. You have indicated the following goals, objectives and assumptions:

DEPENDENT FUNDING INFORMATION

NAME	AGE	SCHOOL	CURRENT ANNUAL COST	AMOUNT SET ASIDE (TAXABLE)	AMOUNT SET ASIDE (529)	% YOU PAY	STARTING AGE	YEARS NEEDED
Charlotte	14	Tulane	\$15,000	\$0	\$2,500	50%	18	4
Ethan	12	Oklahoma	\$15,000	\$0	\$2,500	50%	18	4

Marginal Tax Rate (Combined fed and state)	33%
College Cost Inflation Rate	5%
Annual Increase in Contributions	0%
Before-Tax Investment Return	8%

IMPACT OF INFLATION

As you can see in the table below, there is a dramatic difference between what college would cost today, and what it may cost in the future.

NAME	COLLEGE COSTS WITHOUT INFLATION		COLLEGE COSTS AT 5% INFLATION	
	FIRST YEAR COST	CUMULATIVE COST	FIRST YEAR COST	CUMULATIVE COST
Charlotte	\$7,500	\$30,000	\$9,116	\$40,275
Ethan	\$7,500	\$30,000	\$10,051	\$44,403

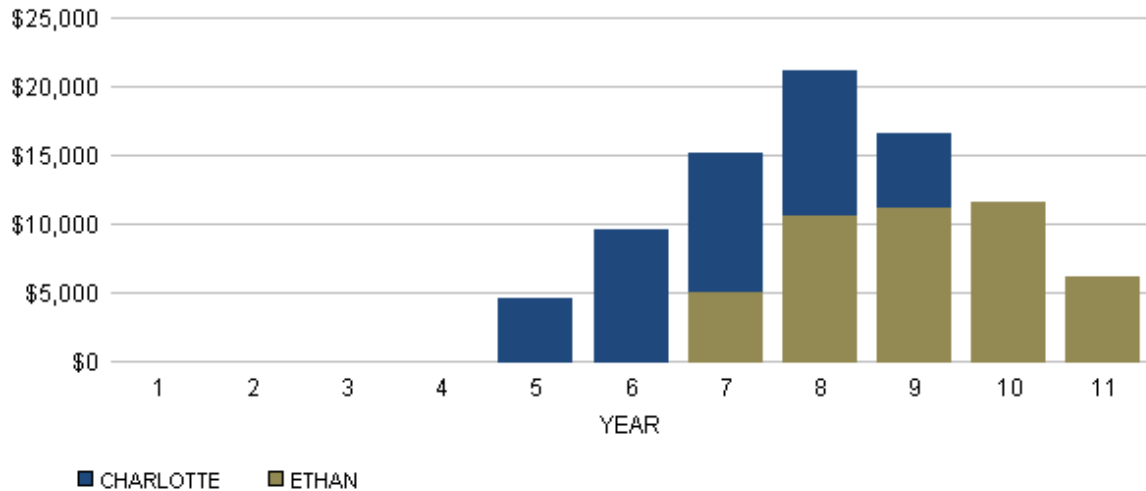
COLLEGE COSTS WITHOUT INFLATION	\$60,000	
COLLEGE COSTS AT 5% INFLATION		\$84,678



SUMMARY OF COSTS

The following chart and table illustrate the estimated annual inflation-adjusted cost of your education funding goals.

ANNUAL INFLATED COST BY DEPENDENT



Year	Charlotte	Ethan					Total
1	0	0	0	0	0	0	0
2	0	0	0	0	0	0	0
3	0	0	0	0	0	0	0
4	0	0	0	0	0	0	0
5	4,558	0	0	0	0	0	4,558
6	9,572	0	0	0	0	0	9,572
7	10,051	5,025	0	0	0	0	15,076
8	10,553	10,553	0	0	0	0	21,107
9	5,540	11,081	0	0	0	0	16,621
10	0	11,635	0	0	0	0	11,635
11	0	6,108	0	0	0	0	6,108
12	0	0	0	0	0	0	0
13	0	0	0	0	0	0	0
14	0	0	0	0	0	0	0
15	0	0	0	0	0	0	0
16	0	0	0	0	0	0	0
17	0	0	0	0	0	0	0
18	0	0	0	0	0	0	0
19	0	0	0	0	0	0	0
20	0	0	0	0	0	0	0
21	0	0	0	0	0	0	0
22	0	0	0	0	0	0	0
23	0	0	0	0	0	0	0
24	0	0	0	0	0	0	0
25	0	0	0	0	0	0	0
26	0	0	0	0	0	0	0
27	0	0	0	0	0	0	0
28	0	0	0	0	0	0	0
29	0	0	0	0	0	0	0
30	0	0	0	0	0	0	0



RESULTS AND RECOMMENDATIONS

There are several savings and investment strategies that can help you accrue money for college, lowering the total cost of your funding goals. The sooner you begin to accumulate assets for your goals, the less your "out-of-pocket" cost will be. Below are some savings ideas that may help you better prepare for the task of funding your children's college educations.

THE CHOICE IS YOURS

1

Pay As You Go-The most expensive way to pay for your dependent needs is to simply wait for the bills to start rolling in, then paying them out-of-pocket.

\$84,678

2

Save Annually (Taxable Account)-By setting aside funds each year beginning now you can take advantage of earning interest, saving you money in the long run.

\$6,756*

3

Save Annually (Tax Advantaged)-In addition to setting aside funds on an annual basis you may want to consider saving into a tax-advantaged account such as a Section 529 plan.

\$6,170*

4

Invest a Lump Sum (Taxable Account)-You can further reduce the cost of paying for your dependent goals by setting aside a lump sum today.

\$53,580

5

Invest a Lump Sum (Tax Advantaged)-The least expensive means of paying for your dependent goals is to save a lump sum in a tax advantaged account.

\$44,311

DEPENDENT NAME	PAY AS YOU GO	SAVE ANNUALLY		INVEST A LUMP SUM TODAY	
		TAXABLE SAVING	TAX-ADVANTAGED 529 PLAN	TAXABLE SAVING	TAX-ADVANTAGED 529 PLAN
Charlotte	40,275	3,649	3,387	26,890	22,850
Ethan	44,403	3,108	2,783	26,690	21,461
TOTAL	84,678	6,756	6,170	53,580	44,311

* The annual savings amounts vary from year to year based on your estimated funding needs. See tables on the following page for a breakdown of the estimated annual savings amounts.

These projections are hypothetical. This information is meant to provide you with a general idea about your education funding needs. The results given are for illustrative purposes only and do not represent the actual performance of any current or future investment. Rates of return will vary over time, especially for long-term investments.

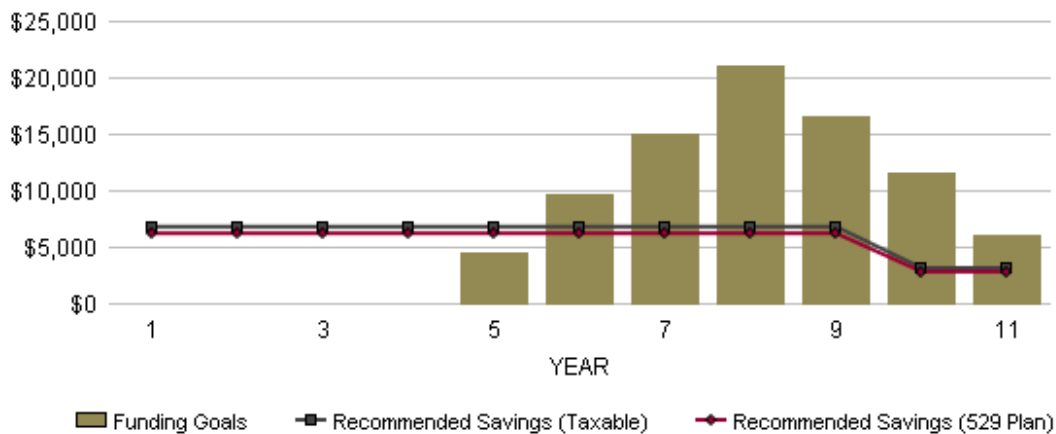
EDUCATION FUNDING GOALS

Details of Annual Savings Alternatives

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 January 23, 2015

DETAILS OF ANNUAL SAVINGS ALTERNATIVES

Year	TAXABLE					TAX-ADVANTAGED 529 PLAN				
	Beginning Balance	Plus New Savings	Less Withdrawals	Plus Interest	Equals End Balance	Beginning Balance	Plus New Savings	Less Withdrawals	Plus Interest	Equals End Balance
1	5,000	6,756	0	630	12,386	5,000	6,170	0	894	12,064
2	12,386	6,756	0	1,026	20,169	12,064	6,170	0	1,459	19,693
3	20,169	6,756	0	1,443	28,368	19,693	6,170	0	2,069	27,932
4	28,368	6,756	0	1,883	37,007	27,932	6,170	0	2,728	36,831
5	37,007	6,756	4,558	2,101	41,306	36,831	6,170	4,558	3,075	41,519
6	41,306	6,756	9,572	2,063	40,553	41,519	6,170	9,572	3,049	41,166
7	40,553	6,756	15,076	1,728	33,961	41,166	6,170	15,076	2,581	34,841
8	33,961	6,756	21,107	1,051	20,662	34,841	6,170	21,107	1,592	21,497
9	20,662	6,756	16,621	579	11,375	21,497	6,170	16,621	884	11,930
10	11,375	3,108	11,635	153	3,001	11,930	2,783	11,635	246	3,325
11	3,001	3,108	6,108	0	0	3,325	2,783	6,108	0	0
12	0	0	0	0	0	0	0	0	0	0
13	0	0	0	0	0	0	0	0	0	0
14	0	0	0	0	0	0	0	0	0	0
15	0	0	0	0	0	0	0	0	0	0
16	0	0	0	0	0	0	0	0	0	0
17	0	0	0	0	0	0	0	0	0	0
18	0	0	0	0	0	0	0	0	0	0
19	0	0	0	0	0	0	0	0	0	0
20	0	0	0	0	0	0	0	0	0	0
21	0	0	0	0	0	0	0	0	0	0
22	0	0	0	0	0	0	0	0	0	0
23	0	0	0	0	0	0	0	0	0	0
24	0	0	0	0	0	0	0	0	0	0
25	0	0	0	0	0	0	0	0	0	0
26	0	0	0	0	0	0	0	0	0	0
27	0	0	0	0	0	0	0	0	0	0
28	0	0	0	0	0	0	0	0	0	0
29	0	0	0	0	0	0	0	0	0	0
30	0	0	0	0	0	0	0	0	0	0



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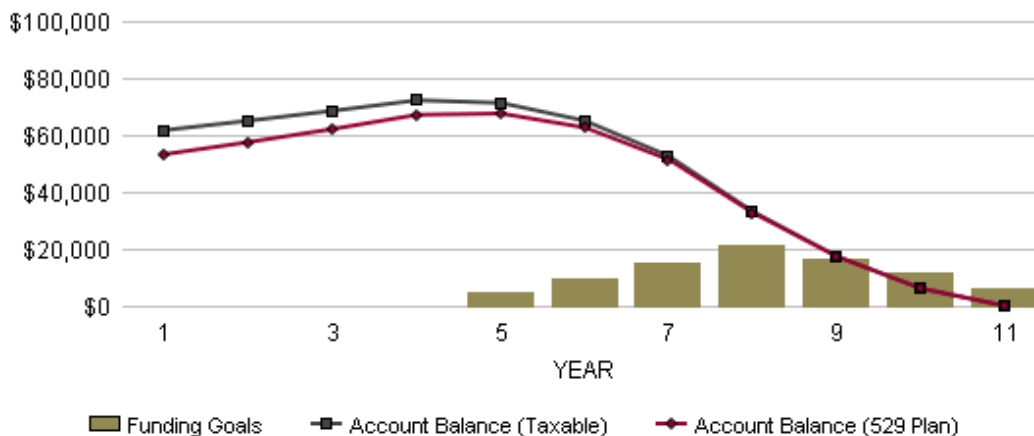
EDUCATION FUNDING GOALS

Details of Lump Sum Alternatives

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January 23, 2015

DETAILS OF LUMP SUM ALTERNATIVES

Year	TAXABLE					TAX-ADVANTAGED 529 PLAN				
	Beginning Balance	Plus New Savings	Less Withdrawals	Plus Interest	Equals End Balance	Beginning Balance	Plus New Savings	Less Withdrawals	Plus Interest	Equals End Balance
1	5,000	53,580	0	3,140	61,720	5,000	44,311	0	3,945	53,256
2	61,720	0	0	3,308	65,029	53,256	0	0	4,260	57,516
3	65,029	0	0	3,486	68,514	57,516	0	0	4,601	62,117
4	68,514	0	0	3,672	72,186	62,117	0	0	4,969	67,087
5	72,186	0	4,558	3,625	71,253	67,087	0	4,558	5,002	67,531
6	71,253	0	9,572	3,306	64,987	67,531	0	9,572	4,637	62,595
7	64,987	0	15,076	2,675	52,586	62,595	0	15,076	3,802	51,321
8	52,586	0	21,107	1,687	33,167	51,321	0	21,107	2,417	32,631
9	33,167	0	16,621	887	17,433	32,631	0	16,621	1,281	17,291
10	17,433	0	11,635	311	6,108	17,291	0	11,635	452	6,108
11	6,108	0	6,108	0	0	6,108	0	6,108	0	0
12	0	0	0	0	0	0	0	0	0	0
13	0	0	0	0	0	0	0	0	0	0
14	0	0	0	0	0	0	0	0	0	0
15	0	0	0	0	0	0	0	0	0	0
16	0	0	0	0	0	0	0	0	0	0
17	0	0	0	0	0	0	0	0	0	0
18	0	0	0	0	0	0	0	0	0	0
19	0	0	0	0	0	0	0	0	0	0
20	0	0	0	0	0	0	0	0	0	0
21	0	0	0	0	0	0	0	0	0	0
22	0	0	0	0	0	0	0	0	0	0
23	0	0	0	0	0	0	0	0	0	0
24	0	0	0	0	0	0	0	0	0	0
25	0	0	0	0	0	0	0	0	0	0
26	0	0	0	0	0	0	0	0	0	0
27	0	0	0	0	0	0	0	0	0	0
28	0	0	0	0	0	0	0	0	0	0
29	0	0	0	0	0	0	0	0	0	0
30	0	0	0	0	0	0	0	0	0	0



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