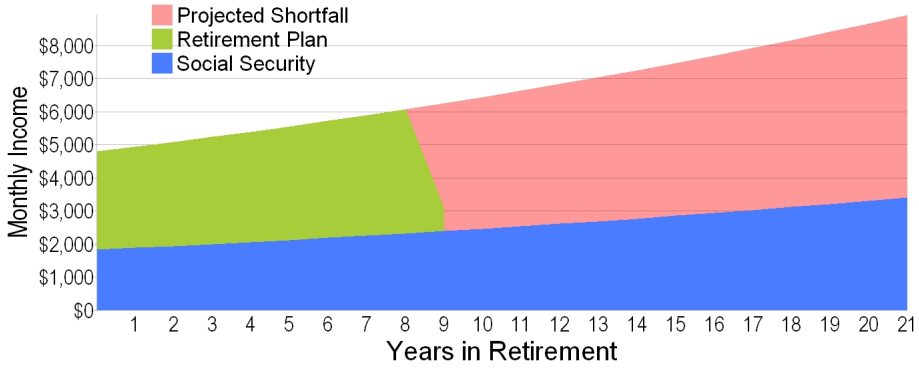
Planning your investments

Instilling confidence in your future

Have you considered how to fund your potential retirement gap?

Your current account balance and contributions are estimated to provide you with only 9 years 1 month of income in retirement.



To eliminate this shortfall, you may need to increase your contributions to 8.01%.

How will this affect your paycheck?

	Current	Proposed
Gross Pay	**$3,000**	**$3,000**
401(k) Contribution	**2%**	**8.01%**
	$60	**$240**
Employer Contribution	**$30**	**$90**
Withholding Taxes	**$557**	**$524**
Net Pay	**$2,383**	**$2,236**
Change in Take Home Pay		**($147)**
Tax Savings		**$33**

Other possible solutions for solving the shortfall...

1) wait a year before making any changes then increase your 401(k) contribution to 8.54% (having an estimated take home pay of $2,223);
2) retire a year later and save 5.94% to your 401(k) account (with an estimated take home pay of $2,287);
3) have an additional lump sum today of $44,935; or
4) have an additional lump sum of $313,042 at retirement.

Currently you are contributing 2% to your retirement plan.

Using the assumptions below, you should consider contributing 8.01%.

Assumptions

Current Values	
Age	36
Account balance	$25,000
Income per paycheck	$3,000
Paychecks per year	12
Increases	2%
Retirement	
Income replacement ratio	90%
Initial income needed	$4,795
Age	65
Life Expectancy	21
Inflation	3%
Account balance	$292,177
Social Security	
Initial Benefit	$1,834
Inflation	3%
Percent of est. value	70%
Rate of Return	
Before retirement	7%
During Retirement	5%

Employer Contribution

The employer matches 50% of the first 6% of the employee's contribution. The employer's matching contribution includes employee's contribution to the pre-tax and Roth Account.

This report is preliminary in nature, and as such should not be considered comprehensive or a review of your progress towards retirement. Values in this report are for illustrative purposes only, and may not reflect current values. Illustrated rates of return are compounded annually. Assumptions of Social Security, employer contributions and rates of return are estimates, not guaranteed and will most probably be different than actual values. Illustrated contribution values may exceed maximum allowed. Withholding taxes calculated using the 2016 withholding tables. Income taxes not taken into consideration.

Prepared for Jane Smith May 24, 2016 **Prepared by Arthur D. Advisor**

Contribution Analysis

Prepared For Jane Smith
May 24, 2016

CLIENT INFORMATION	
DATE OF BIRTH	1/1/1980
AGE	36 years 4 months
STATE	Ohio
ANNUAL INCOME	$36,000
PAY PER YEAR	12
ANNUAL RAISES	2%
MAXIMUM CONTRIB.	50%
ACCOUNT BALANCE	$25,000

EMPLOYER CONTRIBUTION

The employer matches 50% of the first 6% of the employee's contribution. The employer's matching contribution includes employee's contribution to the pre-tax and Roth Account.

TAX WITHHOLDING INFORMATION	
FEDERAL	Status: M; Allow.: 0
STATE	Allowances: 0
RETIREMENT VALUES	
TIME REMAINING	28 years 8 months
RETIREMENT DATE	1/31/2045
RETIREMENT AGE	65 years 1 month
LIFE EXPECTANCY	86y 1m

Estimated effects of various retirement plan contributions on Take Home Pay

AMOUNT DEFERRED	CURRENT	+2.00%	+4.00%	+6.00%	+8.00%
GROSS INCOME [1]	$3,000.00	$3,000.00	$3,000.00	$3,000.00	$3,000.00
401(K) CONTRIBUTION	2.00%	4.00%	6.00%	8.00%	10.00%
	$60.00	$120.00	$180.00	$240.00	$300.00
EMPLOYER 401(K)	$30.00	$60.00	$90.00	$90.00	$90.00
TOTAL TAXATION	$556.61	$545.61	$534.60	$523.60	$512.60
NET PAY	$2,383.39	$2,334.39	$2,285.40	$2,236.40	$2,187.40
CHANGE IN PAY	N/A	($49.00)	($97.99)	($146.99)	($195.99)

Hypothetical Future Account Values at Various Rates

The grid(s) and chart(s) below illustrates how the pre-tax account values may grow with differing contribution levels (horizontal) and various rates of return (vertical). Note that generally the higher the assumed rate of return, the higher the assumed risk.

Hypothetical projected account values (shown across) at various rates of return (down) in 5 Years

RATES OF RETURN	CURRENT	+2.00%	+4.00%	+6.00%	+8.00%
0.00%	$30,658	$36,315	$41,974	$45,745	$49,517
2.00%	$33,537	$39,474	$45,411	$49,370	$53,328
4.00%	$36,641	$42,870	$49,100	$53,253	$57,406
6.00%	$39,982	$46,517	$53,053	$57,410	$61,767
8.00%	$43,575	$50,430	$57,285	$61,855	$66,425
10.00%	$47,434	$54,623	$61,812	$66,605	$71,398

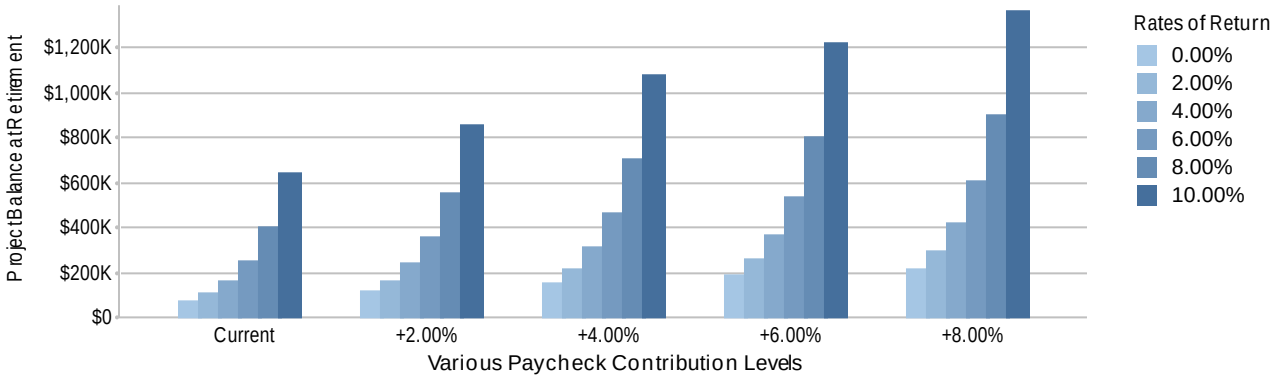
Hypothetical projected account values (shown across) at various rates of return (down) in 10 Years

RATES OF RETURN	CURRENT	+2.00%	+4.00%	+6.00%	+8.00%
0.00%	$36,904	$48,809	$60,714	$68,650	$76,586
2.00%	$43,582	$56,693	$69,803	$78,544	$87,284
4.00%	$51,457	$65,914	$80,371	$90,010	$99,648
6.00%	$60,721	$76,682	$92,644	$103,285	$113,926
8.00%	$71,595	$89,236	$106,877	$118,637	$130,398
10.00%	$84,331	$103,846	$123,362	$136,372	$149,382

Contribution Analysis

Prepared For Jane Smith
May 24, 2016

Hypothetical projected account values (shown across) at various rates of return (down) at retirement					
RATES OF RETURN	CURRENT	+2.00%	+4.00%	+6.00%	+8.00%
0.00%	$68,616	$112,233	$155,849	$184,927	$214,005
2.00%	$102,737	$160,412	$218,087	$256,538	$294,988
4.00%	$158,306	$236,312	$314,320	$366,325	$418,330
6.00%	$249,244	$356,962	$464,682	$536,496	$608,309
8.00%	$398,303	$549,801	$701,302	$802,302	$903,302
10.00%	$642,439	$858,845	$1,075,259	$1,219,534	$1,363,809



But What If You Wait...

The account balances at retirement shown above assume the contributions to the retirement plan start today. If the decision is delayed, the value at retirement may decrease substantially. The data below illustrates the hypothetical reduction in the account value if the decision to start investing is delayed.

The hypothetical cost in the retirement-account-value for deposits that earned 8% prior to retirement.					
	CURRENT	+2.00%	+4.00%	+6.00%	+8.00%
½ YEAR	N/A	5,214	10,427	13,902	17,378
1 YEAR	N/A	10,297	20,593	27,458	34,322
2 YEARS	N/A	20,023	40,044	53,392	66,740
5 YEARS	N/A	46,072	92,147	122,863	153,578

Monthly Income at Various Rates of Return Over the Client's Retirement

The illustrations below show the monthly retirement income an account value can produce over life expectancy at various rates of return. The account balance is depleted over life expectancy and the payments could annually increase by 3% due to inflation.

Retirement income from hypothetical retirement balances that earned 8% prior to retirement.					
RETIRE BALANCE:	$398,303	$549,801	$701,302	$802,302	$903,302
0%	$1,212	$1,673	$2,134	$2,441	$2,748
2%	$1,502	$2,073	$2,644	$3,025	$3,406
4%	$1,829	$2,525	$3,221	$3,685	$4,149
6%	$2,193	$3,027	$3,861	$4,417	$4,973
8%	$2,589	$3,573	$4,558	$5,214	$5,870

Footnotes

1) "Gross income" is the income per paycheck prior to any deductions.