

## Asset Allocation Plan

*Sample Plan*

### Robert and Mary Sample



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# IMPORTANT DISCLOSURE INFORMATION

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

The return assumptions in MoneyGuidePro are not reflective of any specific product, and do not include any fees or expenses that may be incurred by investing in specific products. The actual returns of a specific product may be more or less than the returns used in MoneyGuidePro. It is not possible to directly invest in an index. Financial forecasts, rates of return, risk, inflation, and other assumptions may be used as the basis for illustrations. They should not be considered a guarantee of future performance or a guarantee of achieving overall financial objectives. Past performance is not a guarantee or a predictor of future results of either the indices or any particular investment.

MoneyGuidePro results may vary with each use and over time.

## **MoneyGuidePro Assumptions and Limitations**

### **Information Provided by You**

Information that you provided about your assets, risk tolerance, and personal situation are key assumptions for the calculations and projections in this Report. Please review the Report sections titled "Results Comparison," "Risk Questionnaire," and the last page of "Monte Carlo Results" to verify the accuracy of these assumptions. If any of the assumptions are incorrect, you should notify your financial advisor. Even small changes in assumptions can have a substantial impact on the results shown in this Report. The information provided by you should be reviewed periodically and updated when either the information or your circumstances change.

### **Assumptions and Limitations**

All results in this Report are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. All results use simplifying assumptions that do not completely or accurately reflect your specific circumstances. No Plan or Report has the ability to accurately predict the future. As investment returns, inflation, taxes, and other economic conditions vary from the MoneyGuidePro assumptions, your actual results will vary (perhaps significantly) from those presented in this Report.

All MoneyGuidePro calculations use asset class returns, not returns of actual investments. The portfolio returns are calculated by weighting individual return assumptions for each asset class according to your portfolio allocation.

# IMPORTANT DISCLOSURE INFORMATION

Asset Class	Historical Return Index
Cash Equivalent	Ibbotson U.S. Treasury Bills - Total Return (1926-2007)
Cash Equivalent (Tax-Free)	U.S. 30-Day Treasury Bill adjusted by Donoghue TF discount (1970-1981) Tax-Free Money Market Average (1982-2007)
Short Term Bonds	50% Ibbotson U.S. Treasury Bills and 50% Ibbotson Intermediate-Term Government Bonds (1970-1978) Merrill Lynch 1-3 Year Govt Bonds (1979-2007)
Short Term Bonds (Tax-Free)	50% Ibbotson U.S. T-Bill and 50% Ibbotson Intermediate-Term Government Bonds adjusted by Lehman Brothers 3-year Muni discount (1970-1990) Lehman Brothers 3-year Muni Bonds (1991-2007)
Intermediate Term Bonds	Ibbotson Intermediate-Term Government Bonds - Total Return (1926-2007)
Intermediate Term Bonds (Tax-Free)	Ibbotson Long-Term Government Bonds - Total Return adjusted by Lehman Brothers 10-year Muni discount (1970-1979) Lehman Brothers 10-year Muni Bonds (1980-2007)
Long Term Bonds	Ibbotson Long-Term Corporate Bonds - Total Return (1926-2007)
Long Term Bonds (Tax-Free)	Ibbotson Long-Term Government Bonds - Total Return adjusted by Lehman Brothers Long Muni Bonds discount (1970-1980) Lehman Brothers Long Muni Bonds (1981-2007)
High Yield	Lehman Brothers U.S. Corporate High Yield Index (1984-2007)
Large Cap Value Stocks	S&P 500 Composite Total Return (1970-1994) S&P 500 / Citigroup Value (1995-2007)
Large Cap Growth Stocks	S&P 500 Composite Total Return (1970-1994) S&P 500 / Citigroup Growth (1995-2007)
Mid Cap Stocks	S&P 500 Composite Total Return (1970-1979) Russell Midcap (1980-2007)
Small Cap Stocks	Ibbotson Small Company Stocks - Total Return (1926-2007)
International Developed Stocks	MSCI EAFE Equity (1970-2007)
International Emerging Stocks	MSCI EAFE Equity (1970-1975) MSCI Emerging Markets (1976-2007)
Small Cap Value	Russell 2000 Value (1979-2007)
Commodities	S&P GSCI (Commodity) Index (1970-2007)

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# IMPORTANT DISCLOSURE INFORMATION

## Risks Inherent in Investing

Investing in fixed income securities involves interest rate risk, credit risk, and inflation risk. Interest rate risk is the possibility that bond prices will decrease because of an interest rate increase. When interest rates rise, bond prices and the values of fixed income securities fall. When interest rates fall, bond prices and the values of fixed income securities rise. Credit risk is the risk that a company will not be able to pay its debts, including the interest on its bonds. Inflation risk is the possibility that the interest paid on an investment in bonds will be lower than the inflation rate, decreasing purchasing power.

Investing in stock securities involves volatility risk, market risk, business risk, and industry risk. The prices of most stocks fluctuate. Volatility risk is the chance that the value of a stock will fall. Market risk is chance that the prices of all stocks will fall due to conditions in the economic environment. Business risk is the chance that a specific company's stock will fall because of issues affecting it. Industry risk is the chance that a set of factors particular to an industry group will adversely affect stock prices within the industry.

International investing involves additional risks including, but not limited to, changes in currency exchange rates, differences in accounting and taxation policies, and political or economic instabilities that can increase or decrease returns.

## Report Is a Snapshot and Does Not Provide Legal, Tax, or Accounting Advice

This Report provides a snapshot of your current financial position and can help you to focus on a possible Asset Allocation strategy, and to create a plan of action. Because the results are calculated over many years, small changes can create large differences in future results. You should use this Report to help you focus on the factors that are most important to you. This Report does not provide legal, tax, or accounting advice. Before making decisions with legal, tax, or accounting ramifications, you should consult appropriate professionals for advice that is specific to your situation.

## MoneyGuidePro Methodology

### Monte Carlo Simulations

Monte Carlo simulations are used to show how variations in rates of return each year can affect your results. A Monte Carlo simulation calculates the results of your Plan by running it many times, each time using a different sequence of returns. 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. Monte Carlo Simulations illustrate the likelihood that an event may occur as well as the likelihood that it may not occur. In analyzing this information, please note that the analysis does not take into account actual market conditions, which may severely affect the outcome of the results over the long-term.

In the Monte Carlo simulation in an Asset Allocation Plan, MoneyGuidePro runs 1,000 separate scenarios of your Plan, using the information you entered, while varying the sequence of returns and inflation rates. To create the sequences of returns and inflation rates, MoneyGuidePro starts with the average returns and standard deviations for the portfolio and for inflation. If you are using historical returns, the return, inflation rate, and standard deviations are calculated based on the time period you have selected. If you are using projected returns, the return, inflation rate, and standard deviations are as indicated by you. Standard deviation is a statistical measure of volatility, and indicates how much a typical sequence of portfolio returns (or inflation rates) may vary from the average. A small standard deviation indicates that the returns (or inflation rates) over a period of time will typically be closer to the average than returns or inflation rates with a larger standard deviation.

For each scenario, MoneyGuidePro creates a random sequence of returns and a random sequence of inflation rates (using the average return and standard deviation as guidelines for a range of returns, and the average inflation and standard deviation as guidelines for the range of inflation rates), which it uses to calculate the results for that scenario. Each scenario has a different sequence of returns and inflation rates.

In an Asset Allocation Plan, you can select a Monte Carlo Simulation for an accumulation period, or for an accumulation period followed by a distribution period. When you select only an accumulation period, MoneyGuidePro calculates, using the assumptions you have provided, a range for the amount of money that you could accumulate in the period specified.

When you select an accumulation period followed by a distribution period, in addition to providing a range for the amount of money you could have at the end of the period specified, MoneyGuidePro also tabulates whether each scenario is successful or unsuccessful. A scenario is counted as successful if you can withdraw the amount specified for the total number of years in the distribution period. A scenario is counted as unsuccessful if the portfolio is depleted prior to the end of the distribution period. The percentage of successful scenarios is shown as the "Likelihood your money could last" for the number of years specified. The highest calculated likelihood that your money could last until the end of the distribution period is 99%. Even a likelihood of 99% does not constitute a guarantee that the outcome will be as projected, because the results presented are based on multiple assumptions, each of which is subject to change as a result of market volatility, economic factors and world events.

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# IMPORTANT DISCLOSURE INFORMATION

## MoneyGuidePro Presentation of Results

### Range of Possible Results Chart

MoneyGuidePro takes the 1,000 Results from the 1,000 scenarios, and puts them in order from highest to lowest, based on the ending portfolio value. The range of these Results is usually very wide. Rather than showing all 1,000 Results, the Chart shows the Results of three of the scenarios that provide a summary of the range of Results from this simulation. The Results are shown in both Current Dollars and Future Dollars.

- High Result - This is the Result of the scenario that had the 25th Highest Result. Only 24 Results were Higher, and 975 were Lower.
- Median Result - This is the Result that was in the middle. This means 499 were Higher, 500 were Lower. It is close to the average Result.
- Low Result - This is the Result of the scenario with the 25th Lowest Result. This means 975 Results were Higher, and only 24 were Lower.

If you selected an accumulation period followed by a distribution period, MoneyGuidePro also displays the percentage of scenarios that were successful as the "Likelihood your money could last" for the number of years specified.

### Portfolio Value Graph

Rather than attempting to graph the Results of all 1,000 scenarios, MoneyGuidePro shows 20 of the Results that provide a representative sample of all the Results. MoneyGuidePro first ranks all 1,000 Results from highest to lowest, based on the ending portfolio value. It then divides them into 20 groups of 50 Results each. For each group, it takes the middle Result, and displays it on the graph. Therefore, each line on the graph represents a group of 50 scenarios that had Results slightly higher or lower than the one shown.

Remember that each scenario had a different sequence of randomly generated returns and inflation rates. While each scenario is a possible outcome, there are other possible outcomes that are not shown. These scenarios illustrate a range of possible returns using the assumptions you specified.

## Glossary

### Asset Allocation

Asset Allocation is the process of determining what portions of your portfolio holdings are to be invested in the various asset classes.

### Asset Class

Asset Class is a standard term that broadly defines a category of investments. The three basic asset classes are Cash, Bonds, and Stocks. Bonds and Stocks are often further subdivided into more narrowly defined classes. Some of the most common asset classes are defined below.

#### **Cash**

Cash and Cash Equivalents are investments of high liquidity and safety with a known market value and a very short-term maturity. Examples are treasury bills and money market funds. (An investment in a money market fund is not insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in a money market fund.)

#### **Bonds**

Bonds are either domestic (U.S.) or global debt securities issued by either private corporations or governments.

Domestic government bonds are backed by the full faith and credit of the U.S. Government and have superior liquidity and, when held to maturity, safety of principal. Domestic corporate bonds carry the credit risk of their issuers and thus usually offer additional yield. Domestic government and corporate bonds can be sub-divided based upon their term to maturity. Short-term bonds have an approximate term to maturity of 1 to 5 years; intermediate-term bonds have an approximate term to maturity of 5 to 10 years; and, long-term bonds have an approximate term to maturity greater than 10 years.

#### **Stocks**

Stocks are equity securities of domestic and foreign corporations.

Domestic stocks are equity securities of U.S. corporations. Domestic stocks are often sub-divided based upon the market capitalization of the company (the market value of the company's stock). "Large cap" stocks are from larger companies, "mid cap" from the middle range of companies, and "small cap" from smaller, perhaps newer, companies. Generally, small cap stocks experience greater market volatility than stocks of companies with larger capitalization. Small cap stocks are generally those from companies whose capitalization is less than \$500 million, mid cap stocks those between \$500 million and \$5 billion, and large cap over \$5 billion.

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# IMPORTANT DISCLOSURE INFORMATION

## Asset Class (continued)

Large cap, mid cap and small cap may be further sub-divided into "growth" and "value" categories. Growth companies are those with an orientation towards growth, often characterized by commonly used metrics such as higher price-to-book and price-to-earnings ratios. Analogously, value companies are those with an orientation towards value, often characterized by commonly used metrics such as lower price-to-book and price-to-earnings ratios.

International stocks are equity securities from foreign corporations. International stocks are often sub-divided into those from "developed" countries and those from "emerging markets." The emerging markets are in less developed countries with emerging economies that may be characterized by lower income per capita, less developed infrastructure and nascent capital markets. These "emerging markets" usually are less economically and politically stable than the "developed markets." Investing in international stocks involves special risks, among which include foreign exchange volatility and risks of investing under different tax, regulatory and accounting standards.

## Asset Mix

Asset Mix is the combination of asset classes within a portfolio, and is usually expressed as a percentage for each asset class.

## Current Dollars

The Results of MoneyGuidePro calculations are in Future Dollars. To help you compare dollar amounts in different years, we also express the Results in Current Dollars, calculated by discounting the Future Dollars by the sequence of inflation rates used in the Plan.

## Current Portfolio

Your Current Portfolio is comprised of all the investment assets you currently own (or a subset of your assets, based on the information you provided for this Plan), categorized by Asset Class and Asset Mix.

## Expense Adjustments

When using historical returns, some users of MoneyGuidePro include Expense Adjustments. These adjustments (which are specified by the user) reduce the return for each Asset Class and are commonly used to account for transaction costs or other types of fees associated with investing. If Expense Adjustments have been used in this Report, they will be listed beside the historical indices at the beginning of this Report.

## Future Dollars

Future Dollars are inflated dollars. The Results of MoneyGuidePro calculations are in Future Dollars. To help you compare dollar amounts in different years, we discount the Future Dollar amounts by the inflation rates used in the calculations and display the Results in the equivalent Current Dollars.

## Inflation Rate

The Inflation Rate is the percentage increase in the cost of goods and services for a specified time period. A historical measure of inflation is the Consumer Price Index (CPI).

## Likelihood your money could last

The "Likelihood your money could last," used in a Monte Carlo simulation that includes both accumulation and distribution periods, is the percentage of Monte Carlo scenarios that were successful, using your Plan assumptions. In a Monte Carlo simulation of 1,000 scenarios, if 600 of those scenarios were successful (i.e., you were able to withdraw the annual amount you specified for the number of years you specified), then the "Likelihood your money could last" for that Plan, with all its hypothetical assumptions, would be 60%.

## Liquidity

Liquidity is the ease with which an investment can be converted into cash.

## Monte Carlo Simulations

Monte Carlo simulations are used to show how variations in rates of return each year can affect your results. A Monte Carlo simulation calculates the results of your Plan by running it many times, each time using a different sequence of returns. Some sequences of returns will give you better results, and some will give you worse results.

## Portfolio Set

A Portfolio Set is a group of portfolios that provides a range of risk and return strategies for different investors.

## Portfolio Return

A Portfolio Return is determined by weighting the return assumption for each Asset Class according to the Asset Mix.

## Real Return

The Real Return is the Total Return of your portfolio minus the Inflation Rate.

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# IMPORTANT DISCLOSURE INFORMATION

## **Risk**

Risk is the chance that the actual return of an investment, asset class, or portfolio will be different from its expected or average return.

## **Standard Deviation**

Standard Deviation is a statistical measure of the volatility of an investment, an asset class, or a portfolio. It measures the degree by which an actual return might vary from the average return, or mean. Typically, the higher the standard deviation, the higher the potential risk of the investment, asset class, or portfolio.

## **Target Portfolio**

Your Target Portfolio is the portfolio you have selected based upon your risk tolerance and personal situation.

## **Time Horizon**

Time Horizon is the period from now until the time the assets in this portfolio will begin to be used.

## **Total Return**

Total Return is the assumed growth rate of your portfolio for a specified time period. The Total Return is determined by weighting the return assumption for each Asset Class according to the Asset Mix. Also see "Real Return."

## **Worst One-Year Loss**

The Worst One-Year Loss is the lowest annual return that a portfolio with the specified asset mix and asset class indices would have received during the historical period specified.



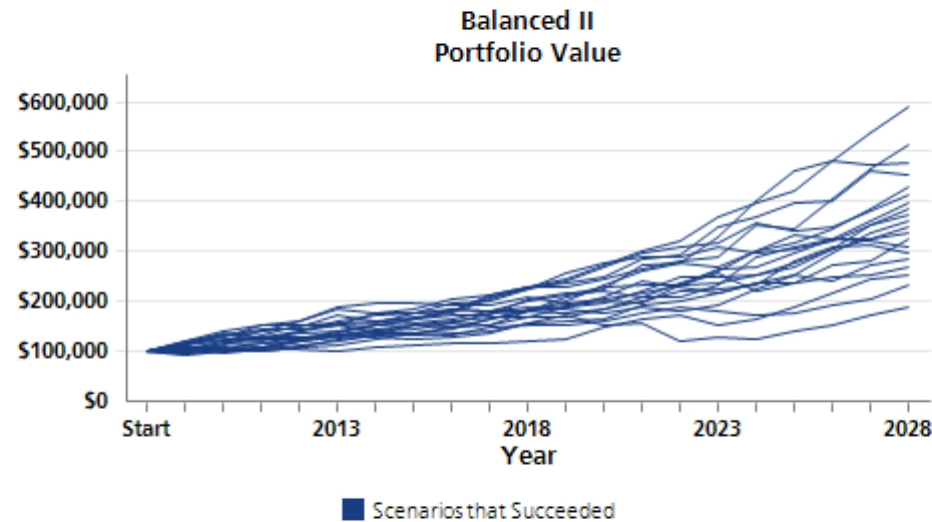
# Monte Carlo Results - Portfolio Accumulation

This analysis shows how variations in rates of return can affect the results of the analysis. The simulations were calculated assuming a beginning portfolio value of \$100,000, and assets and an allocation you have identified. The analysis is for a period of 20 years of accumulation.

This table illustrates a range of possible results, given the beginning portfolio value, additions, return assumptions, and time frame that you have indicated. The results shown below include only the assets selected. If any annual additions are included, the additions will occur until the end date specified or the end of the period, whichever is earlier.

The selected target portfolio is Balanced II.

Balanced II		
Result	Hypothetical Value in 20 Years	
	Current Dollars	Future Dollars
High Value:	\$321,130	\$591,258
Median Value:	\$209,154	\$354,532
Low Value:	\$104,659	\$186,971



See Important Disclosures section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

# Monte Carlo Results - Portfolio Accumulation

The chart below displays the year-by-year Portfolio Values for the Low, Median, and High Scenarios from the Monte Carlo Simulation.

Year / Event	Balanced II		
	Low Value	Median Value	High Value
2009	\$115,251	\$107,333	\$114,095
2010	\$134,226	\$116,759	\$124,252
2011	\$127,398	\$119,630	\$125,929
2012	\$130,382	\$120,832	\$135,665
2013	\$133,341	\$135,700	\$138,918
2014	\$137,190	\$152,055	\$154,087
2015	\$134,433	\$163,564	\$165,513
2016	\$137,889	\$198,650	\$182,182
2017	\$139,325	\$219,975	\$211,650
2018	\$158,134	\$234,204	\$229,802
2019	\$170,947	\$251,976	\$244,671
2020	\$153,513	\$285,664	\$273,234
2021	\$157,074	\$291,853	\$299,423
2022	\$120,691	\$310,590	\$319,866
2023	\$126,535	\$296,525	\$367,905
2024	\$125,983	\$332,049	\$396,591
2025	\$139,009	\$349,959	\$421,659
2026	\$153,110	\$318,079	\$482,434
2027	\$173,371	\$314,448	\$538,087
2028	\$186,971	\$354,532	\$591,258

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# Monte Carlo Results - Portfolio Accumulation

Your Monte Carlo results were calculated using the following information:

	<b>Client</b>	<b>Spouse</b>
First Name :	Robert	Mary
Date of birth :	10/12/1959	03/18/1961
Age :	49	47
<hr/>		
Number of years of accumulation :	20	
Last year of accumulation :	2028	
Tax Rate during accumulation period (marginal) :	30.00%	
Inflation rate :	3.04%	
Data Source :	Consumer Price Index (CPI) 1985-2007.	
<hr/>		
The Program will assume that the Lump Sum Amount will be reinvested into the Target Portfolio you choose.		
Lump Sum Amount :	\$100,000	

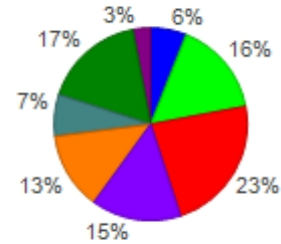
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# Results Comparison

Based upon the information you provided, your Target Portfolio is Balanced II. This Chart shows the amount you would invest in each Asset Class (the Target Amount Column) to match your Target Portfolio.

**Amount Available to Invest**  
**\$100,000**

**Target Portfolio  
Balanced II**



## Assumptions

Total Return	9.85%
Base Inflation Rate	3.04%
Real Return	6.81%
Worst One-Year Loss (or Lowest Gain)	-5.93%
Standard Deviation	9.01%

## Asset Classes to Purchase

Asset Class	% of Total	Target Amount
Cash Equivalent	6%	\$6,000
Short Term Bonds	16%	\$16,000
Intermediate Term Bonds	23%	\$23,000
Long Term Bonds	0%	\$0
High Yield	0%	\$0
Large Cap Value Stocks	15%	\$15,000
Large Cap Growth Stocks	13%	\$13,000
Mid Cap Stocks	0%	\$0
Small Cap Stocks	7%	\$7,000
International Developed Stocks	17%	\$17,000
International Emerging Stocks	3%	\$3,000
Small Cap Value	0%	\$0
Commodities	0%	\$0
Unclassified**	0%	\$0

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# Your Target Portfolio

The Risk-Based Portfolio was selected from this list of Portfolios, based upon the answers you provided in your Risk Tolerance Questionnaire. The Target Portfolio was selected by you. The Average Real Return is equal to the Average Total Return minus the inflation rate of 3.04%.

Risk Based	Target	Name	% Cash	% Bond	% Stock	% Alternative	Average Return		Worst 1 Year Loss	Standard Deviation
							Total	Real		
		Capital Preservation I	8%	64%	28%	0%	8.33%	5.29%	-0.24%	5.57%
		<b>Current</b>	<b>10%</b>	<b>53%</b>	<b>37%</b>	<b>0%</b>	<b>8.80%</b>	<b>5.76%</b>	<b>-2.79%</b>	<b>6.30%</b>
		Capital Preservation II	8%	54%	38%	0%	8.84%	5.80%	-1.79%	6.75%
→		Balanced I	6%	49%	45%	0%	9.26%	6.22%	-3.33%	7.83%
	→	Balanced II	6%	39%	55%	0%	9.85%	6.81%	-5.93%	9.01%
→		Total Return I	4%	35%	61%	0%	10.18%	7.14%	-7.45%	9.77%
		Total Return II	4%	24%	72%	0%	10.76%	7.72%	-10.41%	11.31%
		Capital Growth I	2%	16%	82%	0%	11.27%	8.23%	-13.13%	12.59%
		Capital Growth II	0%	9%	91%	0%	11.75%	8.71%	-15.50%	13.93%
		Equity Growth	0%	0%	100%	0%	12.22%	9.18%	-17.92%	15.24%

The Target Portfolio you selected is : **Balanced II**

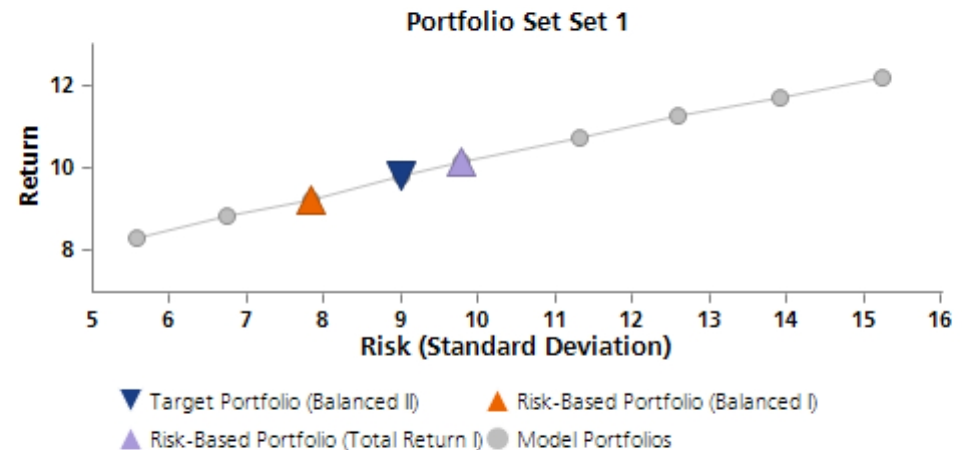
Client Risk Arrow : →  
Spouse Risk Arrow : →

While Risk is usually the most important factor in selecting your Target Portfolio, you should also consider the Return Target to reach your Financial Goals. The Balanced II Portfolio has had an Average Real Return that is closest to your Return Target of 6.96%.

## Return vs. Risk Graph

When deciding how to invest your money, you must determine the amount of risk you are willing to assume to pursue a desired return. The Return versus Risk Graph reflects a set of portfolios that assume a low relative level of risk for each level of return, or conversely an optimal return for the degree of investment risk taken. The graph also shows the position of the Target, Risk-Based, and Alternative Portfolios. The positioning of these portfolios illustrates how their respective risks and returns compare to each other as well as the optimized level of risk and return represented by the Portfolios.

This graph shows the relationship of return and risk for each Portfolio in the chart above.



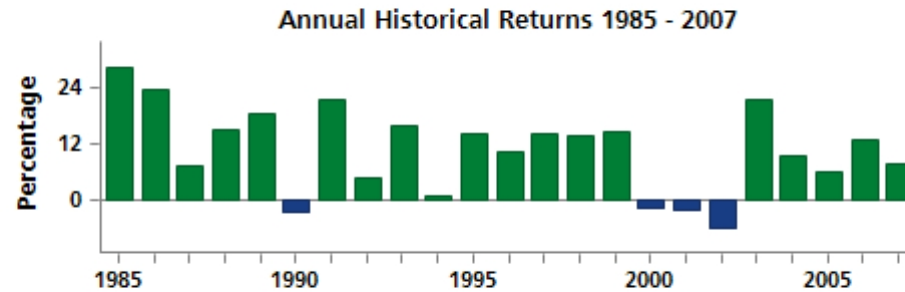
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# Portfolio Detail

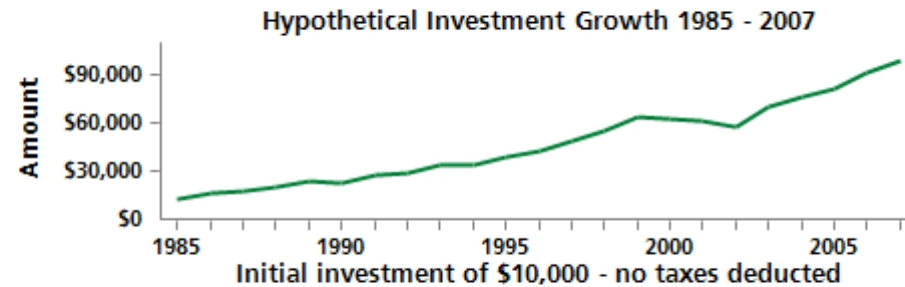
## Portfolio Detail - Balanced II

While Average Historical Returns are important when selecting your Target Portfolio, it is important to remember that returns have actually varied by substantial amounts from year to year.

This graph shows the Annual Historical Returns by year for this portfolio.



This graph shows how a hypothetical investment of \$10,000 would have grown during this period.



This chart summarizes the growth and return information for the portfolio for this period.

Results for Period 1985 - 2007	
Ending Portfolio Value (Hypothetical)	\$99,022
Biggest Loss or Smallest Gain	-5.93% in 2002
Largest Gain	28.44% in 1985
Years with Loss	4
Average Total Return	9.85%
Inflation	3.04%
Average Real Return	6.81%
Standard Deviation	9.01%

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# Current Asset Distribution by Asset Class

## Current Portfolio - Amount in Each Asset Class

Description	Cash Equivalent	Short Term Bonds	Intermediate Term Bonds	Long Term Bonds	High Yield	Large Cap Value Stocks	Large Cap Growth Stocks	Mid Cap Stocks	Small Cap Stocks	International Developed Stocks	International Emerging Stocks	Small Cap Value	Total Value
ABC 401(k)	\$14,000	\$28,000	\$42,000		\$14,000	\$14,000	\$14,000			\$14,000			\$140,000
Total	\$14,000	\$28,000	\$42,000		\$14,000	\$14,000	\$14,000			\$14,000			\$140,000
<b>Brokerage Account</b>			\$14,800			\$29,600	\$29,600						\$74,000
MFS IRA	\$12,400	\$15,500	\$15,500		\$6,200	\$6,200				\$6,200			\$62,000
XYZ 401(k)	\$14,500	\$43,500	\$43,500			\$14,500	\$14,500		\$14,500				\$145,000
Total	\$14,500	\$43,500	\$43,500			\$14,500	\$14,500		\$14,500				\$145,000
<b>Total :</b>	<b>\$40,900</b>	<b>\$87,000</b>	<b>\$115,800</b>	<b>\$0</b>	<b>\$20,200</b>	<b>\$64,300</b>	<b>\$58,100</b>	<b>\$0</b>	<b>\$14,500</b>	<b>\$20,200</b>	<b>\$0</b>	<b>\$0</b>	<b>\$421,000</b>

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# Current Asset Distribution by Asset Class

## Current Portfolio - Amount in Each Asset Class

Description	Commodities	Unclassified	Total Value
<b>ABC 401(k)</b>			<b>\$140,000</b>
Total			\$140,000
<b>Brokerage Account</b>			<b>\$74,000</b>
<b>MFS IRA</b>			<b>\$62,000</b>
<b>XYZ 401(k)</b>			<b>\$145,000</b>
Total			\$145,000
<b>Total :</b>	<b>\$0</b>	<b>\$0</b>	<b>\$421,000</b>

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# Risk Questionnaire



## Personal Risk Profile

Questionnaire completed by Robert on 02/09/2009 and Mary on 02/11/2009

### Your Risk Tolerance Score

Your Risk Tolerance Score enables you to compare yourself to a representative sample of the adult population.

#### Robert, your score is 52.

This is a slightly-higher-than-average score, higher than 56% of all scores.

You estimated your score would be 48. Congratulations! You were close. Most people under-estimate their score by a few points.

#### Mary, your score is 59.

This is a high score, higher than 80% of all scores.

You estimated your score would be 55. Congratulations! You were close. Most people under-estimate their score by a few points.

### Your Risk Group

When scores are graphed they form a bell curve as shown to the right. To make the scores more meaningful, the 0 to 100 scale has been divided into seven Risk Groups.

**Robert, your score places you in Risk Group 4 as shown to the right.**

**Mary, your score places you in Risk Group 5 as shown to the right.**

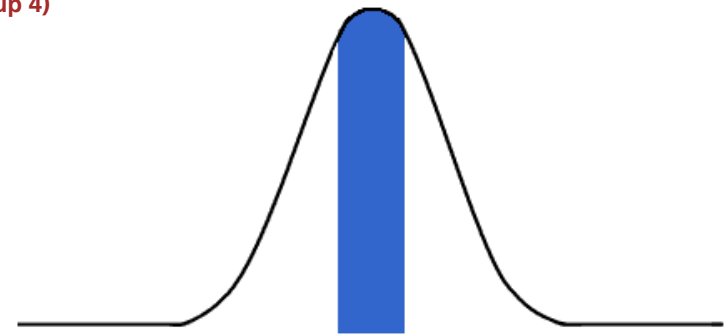
### Your Risk Profile

Your Risk Profile has been prepared from information provided by you and is, of course, only relevant to you.

If you are one of a couple who make joint investment decisions your partner should also do a risk tolerance assessment. Both Risk Profiles then need to be considered when joint decisions are being made.

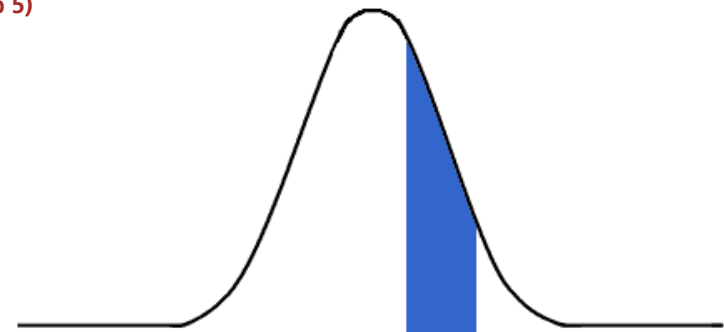
While the information provided by your Risk Tolerance Score is essential to making appropriate investment decisions, it is not sufficient by itself. You should also consider the cost, time horizon and relative priorities of the Financial Goals you need your investments to help you fund. This can only be accomplished when your Risk Tolerance Score is considered within the context of an overall Financial Goal Plan.

### Robert (Risk Group 4)



Risk Group	1	2	3	4	5	6	7
Score Range	Less than 25	25-34	35-44	45-54	55-64	65-74	75 or more
No in Group	1%	6%	24%	38%	24%	6%	1%

### Mary (Risk Group 5)



Risk Group	1	2	3	4	5	6	7
Score Range	Less than 25	25-34	35-44	45-54	55-64	65-74	75 or more
No in Group	1%	6%	24%	38%	24%	6%	1%

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# Risk Questionnaire

## Robert's Risk Profile Group Comparison

### Your Risk Group

The description of Risk Group 4 which follows provides a summary of the typical attitudes, values, preferences and experiences of those in your group. Two of your answers differed from this description. They are shown in italics below the relevant section. These differences fine-tune the description to you personally.

### Making Financial Decisions

They usually think of "risk" as "uncertainty". They have a reasonable amount of confidence in their ability to make good financial decisions and usually feel at least somewhat optimistic about their major financial decisions after they make them.

They are prepared to take a medium degree of risk with their financial decisions and are usually, if not always, more concerned about the possible gains than the possible losses.

*When faced with a major financial decision you are usually, but not always, more concerned about the possible losses.*

### Financial Disappointments

Typically, when things go wrong financially they adapt at least somewhat easily.

### Financial Past

They have taken a small to medium degree of risk with their past financial decisions. Most have never borrowed money to make an investment. The great majority have never invested a large sum in a risky investment mainly for the "thrill" of seeing whether it went up or down in value.

### Investment

Most commonly they feel it is somewhat more important that the value of their investments retains its purchasing power than that it does not fall. Over ten years, most expect an investment portfolio to earn, on average, from one and a half to twice the rate from CDs (certificates of deposit). Typically, they would begin to feel uncomfortable if the total value of their investments went down by 20%.

Given these portfolio choices,

	Expected Return and Risk		
	High	Medium	Low
Portfolio 1	0 %	0 %	100 %
Portfolio 2	0 %	30 %	70 %
Portfolio 3	10 %	40 %	50 %
Portfolio 4	30 %	40 %	30 %
Portfolio 5	50 %	40 %	10 %
Portfolio 6	70 %	30 %	0 %
Portfolio 7	100 %	0 %	0 %

where stocks and real estate are high return/high risk and cash and CDs are low return/low risk, their most common choice is Portfolio 4.

*If the total value of all your investments went down by as little as 10% you would begin to feel uncomfortable.*

### Borrowing

If they were borrowing a large sum of money at a time when it was not clear which way interest rates were going to move and when the fixed interest rate was 1% more than the then variable rate, they would choose to have 50% to 75% of the loan at variable interest.

### Government Benefits and Tax Advantages

So long as there was only a small chance they could finish up worse off than if they'd done nothing, they would take a risk in arranging their affairs to qualify for a government benefit or obtain a tax advantage.

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# Risk Questionnaire

## Mary's Risk Profile Group Comparison

### Your Risk Group

The description of Risk Group 5 which follows provides a summary of the typical attitudes, values, preferences and experiences of those in your group. Three of your answers differed from this description. They are shown in italics below the relevant section. These differences fine-tune the description to you personally.

### Making Financial Decisions

Most think of "risk" as "opportunity" and have a reasonable amount, if not a great deal, of confidence in their ability to make good financial decisions. They usually feel at least somewhat optimistic about their major financial decisions after they make them.

They are prepared to take a medium degree of risk with their financial decisions and are usually, if not always, more concerned about the possible gains than the possible losses.

### Financial Disappointments

Typically, when things go wrong financially they adapt at least somewhat easily.

### Financial Past

They have taken a medium degree of risk with their past financial decisions. About half have borrowed money to make an investment. Most have never invested a large sum in a risky investment mainly for the "thrill" of seeing whether it went up or down in value.

*You have never borrowed money to make an investment.*

### Investment

Most feel that it is at least somewhat more important that the value of their investments retains its purchasing power than that it does not fall. Over ten years, most expect an investment portfolio to earn, on average, from two to two and a half times the rate from CDs (certificates of deposit). Typically, they would begin to feel uncomfortable if the total value of their investments went down by 20%.

Given these portfolio choices,

	Expected Return and Risk		
	High	Medium	Low
Portfolio 1	0 %	0 %	100 %
Portfolio 2	0 %	30 %	70 %
Portfolio 3	10 %	40 %	50 %
Portfolio 4	30 %	40 %	30 %
Portfolio 5	50 %	40 %	10 %
Portfolio 6	70 %	30 %	0 %
Portfolio 7	100 %	0 %	0 %

where stocks and real estate are high return/high risk and cash and CDs are low return/low risk, their most common choice is Portfolio 5.

*If the total value of all your investments went down by as little as 10% you would begin to feel uncomfortable.*

*With these portfolio choices, you would choose Portfolio 4.*

### Borrowing

If they were borrowing a large sum of money at a time when it was not clear which way interest rates were going to move and when the fixed interest rate was 1% more than the then variable rate, they would choose to have at least 50% of the loan at variable interest.

### Government Benefits and Tax Advantages

So long as there was only a small chance they could finish up worse off than if they'd done nothing, they would take a risk in arranging their affairs to qualify for a government benefit or obtain a tax advantage.

# Risk Questionnaire

Questionnaire completed by Robert on 02/09/2009 and Mary on 02/11/2009.

1. Compared to others, how do you rate your willingness to take financial risks?
  - Extremely low risk taker.
  - Very low risk taker.
  - Low risk taker.
  - ▲ Average risk taker.
  - High risk taker.
  - Very high risk taker.
  - Extremely high risk taker.
2. How easily do you adapt when things go wrong financially?
  - Very uneasily.
  - Somewhat uneasily.
  - ▲ Somewhat easily.
  - Very easily.
3. When you think of the word "risk" in a financial context, which of the following words comes to mind first?
  - Danger.
  - Uncertainty.
  - Opportunity.
  - Thrill.
4. Have you ever invested a large sum in a risky investment mainly for the "thrill" of seeing whether it went up or down in value?
  - ▲ No.
  - Yes, very rarely.
  - Yes, somewhat rarely.
  - Yes, somewhat frequently.
  - Yes, very frequently.
5. If you had to choose between more job security with a small pay increase and less job security with a big pay increase, which would you pick?
  - Definitely more job security with a small pay increase.
  - Probably more job security with a small pay increase.
  - Not sure.
  - ▲ Probably less job security with a big pay increase.
  - Definitely less job security with a big pay increase.
6. When faced with a major financial decision, are you more concerned about the possible losses or the possible gains?
  - Always the possible losses.
  - Usually the possible losses.
  - Usually the possible gains.
  - Always the possible gains.
7. How do you usually feel about your major financial decisions after you make them?
  - Very pessimistic.
  - Somewhat pessimistic.
  - ▲ Somewhat optimistic.
  - Very optimistic.
8. Imagine you were in a job where you could choose whether to be paid salary, commission or a mix of both. Which would you pick?
  - All salary.
  - Mainly salary.
  - Equal mix of salary and commission.
  - Mainly commission.
  - All commission.

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# Risk Questionnaire

Questionnaire completed by Robert on 02/09/2009 and Mary on 02/11/2009.

9. What degree of risk have you taken with your financial decisions in the past?

- Very small.
- Small.
- Medium.
- Large.
- Very Large.

10. What degree of risk are you currently prepared to take with your financial decisions?

- Very small.
- Small.
- Medium.
- Large.
- Very large.

11. Have you ever borrowed money to make an investment (other than for your home)?

- No.
- Yes.

12. How much confidence do you have in your ability to make good financial decisions?

- None.
- A little.
- A reasonable amount.
- A great deal.
- Complete.

13. Suppose that 5 years ago you bought stock in a highly regarded company. That same year the company experienced a severe decline in sales due to poor management. The price of the stock dropped drastically and you sold at a substantial loss.

The company has been restructured under new management, and most experts now expect it to produce better than average returns. Given your bad past experience with this company, would you buy stock now?

- Definitely not.
- Probably not.
- Not sure.
- Probably.
- Definitely.

14. Investments can go up or down in value, and experts often say you should be prepared to weather a downturn. By how much could the total value of all your investments go down before you would begin to feel uncomfortable?

- Any fall would make me feel uncomfortable.
- 10%.
- 20%.
- 33%.
- 50%.
- More than 50%.

15. Assume that a long-lost relative dies and leaves you a house which is in poor condition but is located in a suburb that's becoming popular.

As is, the house would probably sell for \$300,000, but if you were to spend about \$100,000 on renovations, the selling price would be around \$600,000. However, there is some talk of constructing a major highway next to the house, and this would lower its value considerably.

Which of the following options would you take?

- Sell it as is.
- Keep it as is, but rent it out.
- Take out a \$100,000 mortgage and do the renovations.

# Risk Questionnaire

Questionnaire completed by Robert on 02/09/2009 and Mary on 02/11/2009.

16. Most investment portfolios have a mix of investments - some of the investments may have high expected returns but with high risk, some may have medium expected returns and medium risk, and some may be low-risk/low-return. (For example, stocks and real estate would be high-risk/high-return whereas cash and CDs (certificates of deposit) would be low-risk/low-return.)

Which mix of investments do you find most appealing? Would you prefer all low-risk/low-return, all high-risk/high-return, or somewhere in between?

Mix of Investments in Portfolio

	High	Medium	Low
	Risk/Return	Risk/Return	Risk/Return
Portfolio 1	0 %	0 %	100 %
Portfolio 2	0 %	30 %	70 %
Portfolio 3	10 %	40 %	50 %
▲ Portfolio 4	30 %	40 %	30 %
Portfolio 5	50 %	40 %	10 %
Portfolio 6	70 %	30 %	0 %
Portfolio 7	100 %	0 %	0 %

17. You are considering placing one-quarter of your investment funds into a single investment. This investment is expected to earn about twice the CD (certificate of deposit) rate. However, unlike a CD, this investment is not protected against loss of the money invested.

How low would the chance of a loss have to be for you to make the investment?

Zero, i.e. no chance of any loss.

■ Very low chance of loss.

● Moderately low chance of loss.

50% chance of loss.

18. With some types of investment, such as cash and CDs (certificates of deposit), the value of the investment is fixed. However inflation will cause the purchasing power of this value to decrease.

With other types of investment, such as stocks and real estate, the value is not fixed. It will vary. In the short term it may even fall below the purchase price. However over the long term, the value of the stocks and real estate should certainly increase by more than the rate of inflation.

With this in mind, which is more important to you - that the value of your investments does not fall or that it retains its purchasing power?

Much more important that the value does not fall.

Somewhat more important that the value does not fall.

▲ Somewhat more important that the value retains its purchasing power.

Much more important that the value retains its purchasing power.

19. In recent years, how have your personal investments changed?

Always toward lower risk.

Mostly toward lower risk.

▲ No changes or changes with no clear direction.

Mostly toward higher risk.

Always toward higher risk.

# Risk Questionnaire

Questionnaire completed by Robert on 02/09/2009 and Mary on 02/11/2009.

20. When making an investment, return and risk usually go hand-in-hand. Investments which produce above-average returns are usually of above-average risk. With this in mind, how much of the funds you have available to invest would you be willing to place in investments where both returns and risks are expected to be above average?

None.

10%.

20%.

30%.

40%.

50%.

60%.

70%.

80%.

90%.

100%.

21. Think of the average rate of return you would expect to earn on an investment portfolio over the next ten years. How does this compare with what you think you would earn if you invested the money in one-year CDs (certificates of deposit)?

About the same rate as from CDs.

About one and a half times the rate from CDs.

About twice the rate from CDs.

About two and a half times the rate from CDs.

About three times the rate from CDs.

More than three times the rate from CDs.

22. People often arrange their financial affairs to qualify for a government benefit or obtain a tax advantage. However a change in legislation can leave them worse off than if they'd done nothing.

With this in mind, would you take a risk in arranging your affairs to qualify for a government benefit or obtain a tax advantage?

I would not take a risk if there was any chance I could finish up worse off.

I would take a risk if there was only a small chance I could finish up worse off.

I would take a risk as long as there was more than a 50% chance that I would finish up better off.

23. Imagine that you are borrowing a large sum of money at some time in the future. It's not clear which way interest rates are going to move - they might go up, they might go down, no one seems to know.

You could take a variable interest rate that will rise and fall as the market rate changes. Or you could take a fixed interest rate which is 1% more than the current variable rate but which won't change as the market rate changes. Or you could take a mix of both.

How would you prefer your loan to be made up?

100% variable.

75% variable, 25% fixed.

50% variable, 50% fixed.

25% variable, 75% fixed.

100% fixed.

24. Insurance can cover a wide variety of life's major risks - theft, fire, accident, illness, death etc. How much coverage do you have?

Very little.

Some.

Considerable.

Complete.

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# Risk Questionnaire

**Questionnaire completed by Robert on 02/09/2009 and Mary on 02/11/2009.**

25. This questionnaire is scored on a scale of 0 to 100. When the scores are graphed they follow the familiar bell-curve of the Normal distribution shown below. The average score is 50. Two-thirds of all scores are within 10 points of the average. Only 1 in 1000 is less than 20 or more than 80.

What do you think your score will be?

Robert's estimated score : 48

Mary's estimated score : 55