



Prospera Personal Economy Report

Z - Sample Preretirement Household

Sample Plan - Working Couple

11/13/2025

Prepared by:

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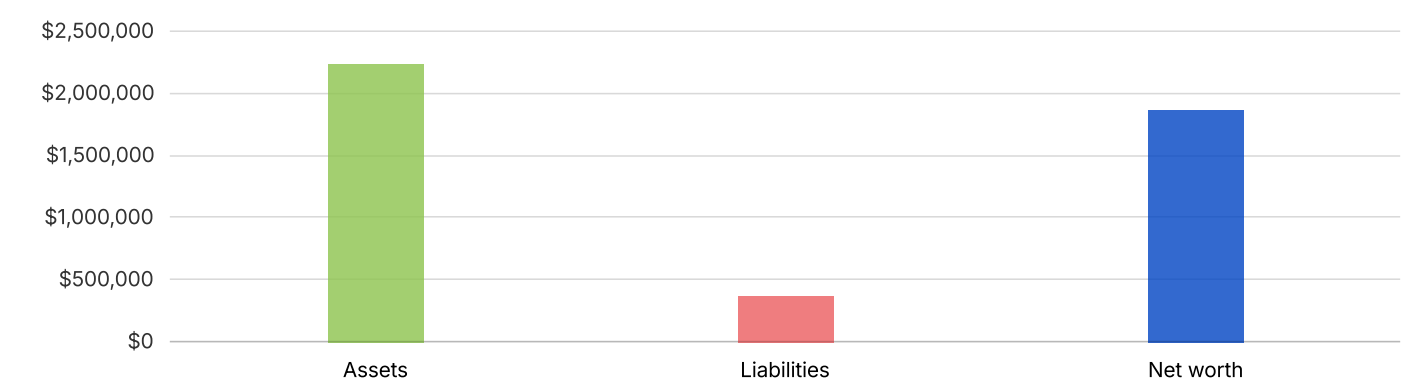
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Balance Sheet

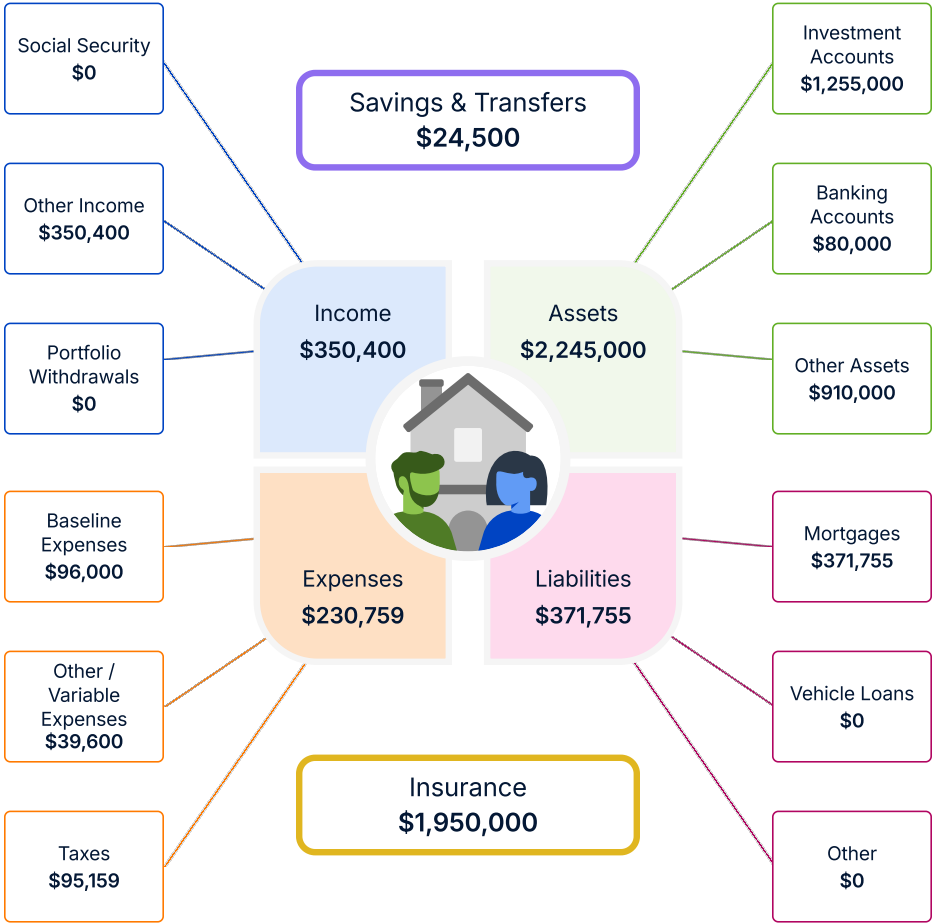
Net worth is the difference between assets and liabilities. Assets are things you own, such as a home, a business, or investment accounts. Liabilities are things you owe, such as the balance on a mortgage and other debt. The information below reflects your inputs.

Total Assets \$2,245,000	Total Liabilities \$371,755	Net Worth \$1,873,245
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Investment Accounts	\$1,255,000
Joint Taxable - Mike and Sarah	\$300,000
Mike's IRA - Mike	\$430,000
Sarah's 401(k) - Sarah	\$525,000
Banking Accounts	\$80,000
CDs - Mike and Sarah	\$80,000
Other Assets	\$910,000
WL Insurance - Mike	\$60,000
123 Main St - Mike and Sarah	\$500,000
Rental Property - Mike and Sarah	\$350,000

Liabilities	\$371,755
Mortgage - Mike and Sarah	\$223,264
Rental Mortgage - Mike and Sarah	\$148,491



This report reflects plan inputs and estimates based on chosen plan assumptions, such as portfolio growth and inflation rates. Actual values may differ from the values displayed here. Income, Expenses, and Savings & Transfers are calendar year totals. Beginning-of-year values are shown for Assets, Liabilities, and Insurance. All values are displayed in today's dollars. See Assumptions for more information.

Income		\$350,400	
Social Security	\$0	 SSB - Mike \$0 	
		 SSB - Sarah \$0 	
Other Income	\$350,400	 Rental Income \$26,400 	
		 Mike's Salary \$144,000 	
		 Sarah's Salary \$180,000 	
Portfolio Withdrawals	\$0	 From Joint Taxable \$0 	
		 From Roth - Mike \$0 0%	
		 From Roth - Sarah \$0 0%	
		 From Mike's IRA \$0 	
		 From Sarah's 401(k) \$0 	
Expenses		\$230,759	
Baseline Expenses	\$96,000	 Baseline Living \$96,000 	
		 Baseline Lifestyle \$0 	
		 Medicare Prem - Mike \$0 	
		 Medicare Prem - Sarah \$0 	
		 Other Living Expenses \$0 	
Other / Variable Expenses	\$39,600	 Vacations \$0 	
		 College Expense - Child 1 \$0 	
		 Mortgage pmt \$24,000 	
		 Rental Mortgage pmt \$12,600 	
		 WL Insurance premium \$3,000 	
Taxes	\$95,159	 FICA Tax \$25,210 	
		 Ordinary Tax \$56,526 	
		 LTCG Tax \$63 	
		 NII Tax \$800 	
		 Medicare IRMAA \$0 	
		 State Tax \$12,561 	
Assets		\$2,245,000	
Investment Accounts	\$1,255,000	 Joint Taxable \$300,000 	
		 Roth - Mike \$0 0%	
		 Roth - Sarah \$0 0%	

Assets		\$2,245,000
Investment Accounts	\$1,255,000	Mike's IRA \$430,000 Sarah's 401(k) \$525,000
Banking Accounts	\$80,000	CDs \$80,000
Other Assets	\$910,000	123 Main St \$500,000 Rental Property \$350,000 WL Insurance \$60,000
Liabilities		\$371,755
Mortgage	\$371,755	Mortgage \$223,264 Rental Mortgage \$148,491
Insurances		\$1,950,000
WL Insurance		\$200,000
Term Life		\$1,000,000
Term life		\$750,000
Savings		\$24,500
Acct Contributions		\$24,500
Roth Conversions		\$0
Other Savings		\$0

Long Term Income Outlook

In order to estimate the possible outcomes of a dynamic plan - one that adjusts and adapts to changing circumstances - we have simulated the experiences of hypothetical households that increased and decreased income according to the plan reported on here. The information below summarizes the results of these plan tests.

Lifetime Income Experience

This section reports on total simulated overall income, including income adjustments, compared to the income plan without adjustments.

63% Scenarios Above Plan

↑

Average:

12% above planned

↑

Best case:

47% above planned

63% of simulated scenarios had more total income over time than planned. On average, total lifetime income was 12% higher than planned. In the best case, total lifetime income was 47% higher than planned.

37% Scenarios Below Plan

↓

Average:

5% below planned

↓

Worst case:

16% below planned

37% of simulated scenarios had less total income over time than planned. On average, total lifetime income was 5% lower than planned. In the worst case, total lifetime income was 16% lower than planned.

Income Adjustments

Dynamic plans involve adjustments to income due to inflation and changes in other financial and economic circumstances. The results below report on the size and frequency of these adjustments in the plan tests.

Average Increase

5.4% every 2 years

Largest increase:

75.2%

90% of increases:

0.5% - 8.4%

On average, simulated scenarios had a 5.4% increase in income every 2 years. The largest single increase in any simulated scenario was 75.2%, but 90% of increases were between 0.5% and 8.4%.

Average Decrease*

-5.6% every 6.3 years

Largest decrease:

49%

90% of decreases:

0.5% - 7.6%

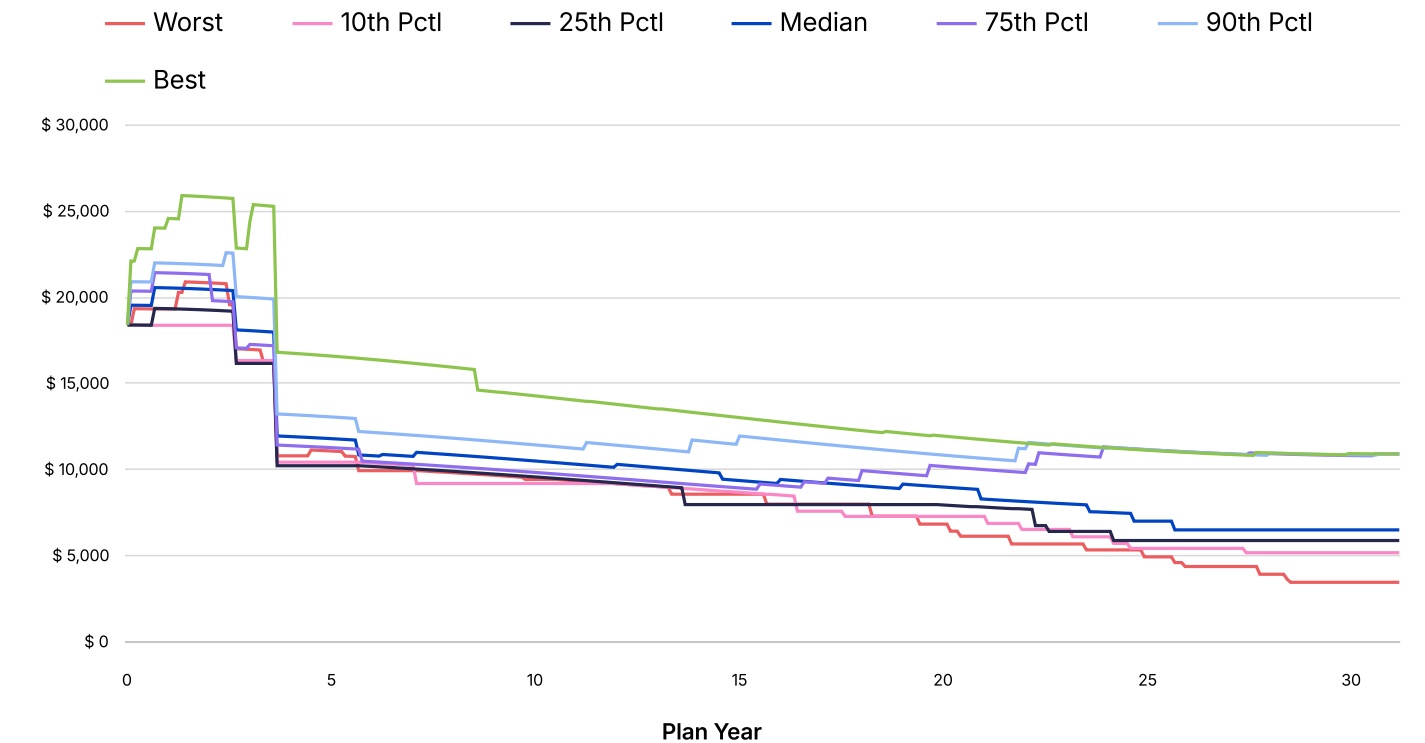
On average, simulated scenarios had a 5.6% decrease in income every 6.3 years. The largest single decrease in any simulated scenario was 49% but 90% of decreases were between 0.5% and 7.6%.*

* Note that reductions in income from an above-plan level to another above-plan level are not included in these statistics since they do not result in income below plan.

Example Income Scenarios - Real

In order to estimate the possible outcomes of a dynamic plan – one that adjusts and adapts to changing circumstances – we have simulated the experiences of hypothetical households that increased and decreased income according to the plan reported on here. The information below summarizes the results of these plan tests.

The chart and table below show a range of simulated income experiences, stated in today's dollars. See Assumptions for information on assumed inflation rates. Each stair step in the chart indicates an increase or a decrease in income. These examples are hypothetical and do not report on the income of actual households.



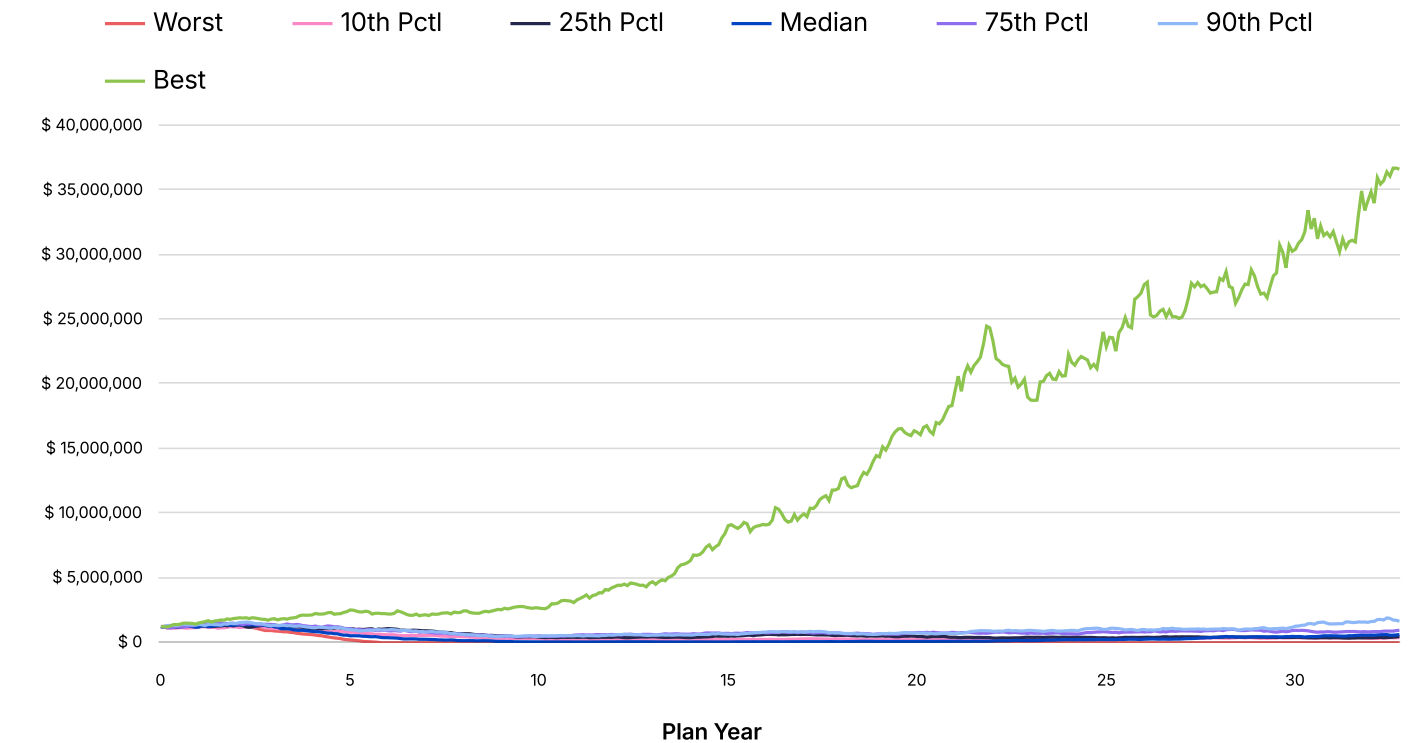
	Worst	10th Pctl	25th Pctl	Median	75th Pctl	90th Pctl	Best
Average Income	\$5,964	\$7,361	\$7,896	\$8,958	\$10,687	\$12,124	\$13,351
Highest Income	\$20,951	\$18,449	\$19,412	\$20,620	\$21,487	\$22,644	\$25,961
Lowest Income	\$3,512	\$5,229	\$5,937	\$6,554	\$8,914	\$10,564	\$10,880
First Year Below Essential Income	15	16	13	21	N/A	N/A	N/A
Years Below Essential Income	15	14	17	10	0	0	0

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

Example Legacy Scenarios - Real

A dynamic retirement plan continually reassesses the balance between income and legacy goals. In order to illustrate this balance, we have simulated the experience of hypothetical households that increased or decreased income according to the plan reported on here. The information below summarizes the results of these plan tests.

The chart and table below report on a range of final portfolio balances from this simulation, stated in today's dollars. See Assumptions for information on assumed inflation rates. These examples are hypothetical and do not report on the portfolio balances of actual households.

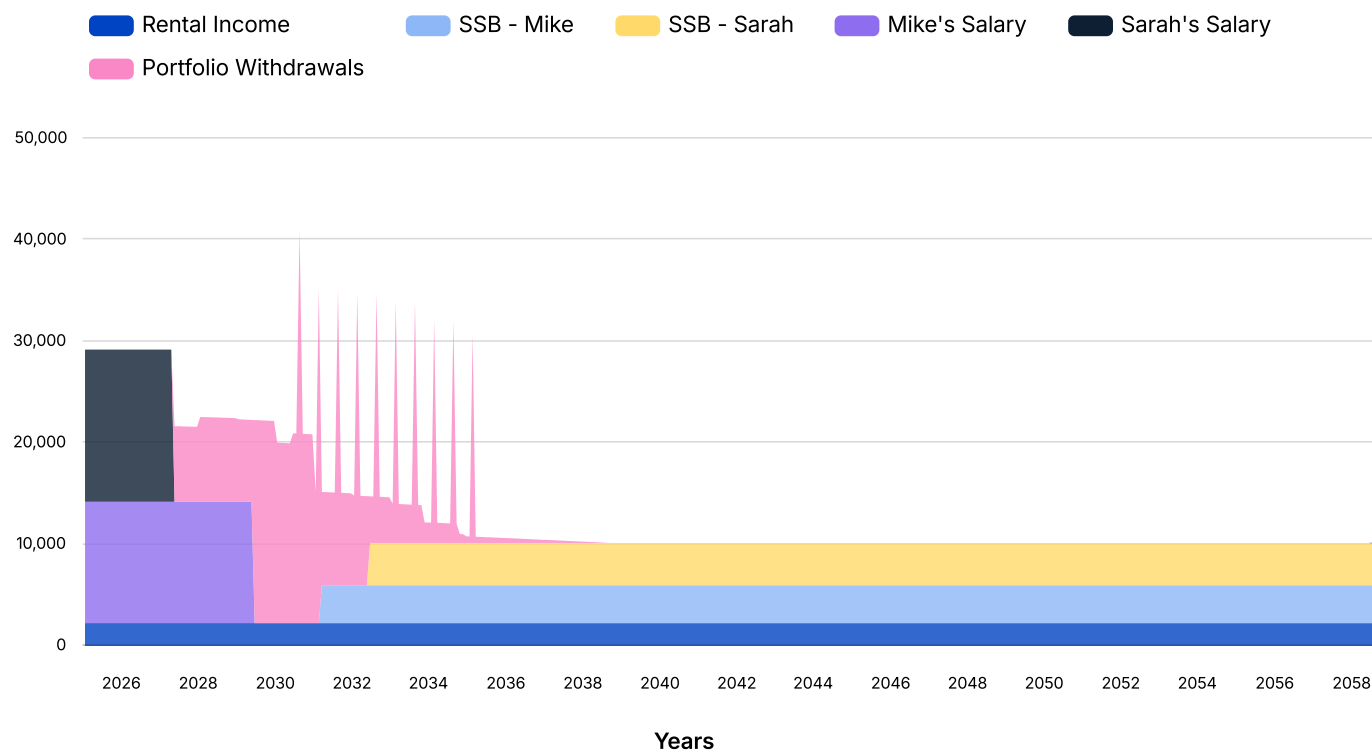


	Worst	10th Pctl	25th Pctl	Median	75th Pctl	90th Pctl	Best
Legacy Amount	-\$3	\$404,068	\$482,907	\$636,599	\$962,306	\$1,670,045	\$36,659,048
First Point Below Legacy Goal	5	N/A	N/A	7	N/A	N/A	N/A
Time Below Legacy Goal	27	0	0	15	0	0	0

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

Income Sources - Real

Household income may be derived from many different sources, including withdrawals from investment accounts and income received from non-portfolio sources like Social Security or pensions. Using your inputs and chosen inflation assumptions, the chart below shows how different income sources come together to produce income for the plan reported on here. Values are displayed in today's dollars.



Year	Age - Mike	Age - Sarah	SSB - Mike	SSB - Sarah	Rental Income	Mike's Salary	Sarah's Salary	Withdrawals
2025	61	60	\$0	\$0	\$26,400	\$144,000	\$180,000	\$0
2026	62	61	\$0	\$0	\$26,400	\$144,000	\$180,000	\$0
2027	63	62	\$0	\$0	\$26,400	\$144,000	\$60,000	\$92,145
2028	64	63	\$0	\$0	\$26,400	\$144,000	\$0	\$113,117
2029	65	64	\$0	\$0	\$26,400	\$60,000	\$0	\$190,860
2030	66	65	\$0	\$0	\$26,400	\$0	\$0	\$240,928
2031	67	66	\$37,670	\$0	\$26,400	\$0	\$0	\$158,348
2032	68	67	\$45,204	\$29,176	\$26,400	\$0	\$0	\$117,097
2033	69	68	\$45,204	\$50,016	\$26,400	\$0	\$0	\$83,247
2034	70	69	\$45,204	\$50,016	\$26,400	\$0	\$0	\$61,203
2035	71	70	\$45,204	\$50,016	\$26,400	\$0	\$0	\$28,104
2036	72	71	\$45,204	\$50,016	\$26,400	\$0	\$0	\$6,196
2037	73	72	\$45,204	\$50,016	\$26,400	\$0	\$0	\$4,199
2038	74	73	\$45,204	\$50,016	\$26,400	\$0	\$0	\$521
2039	75	74	\$45,204	\$50,016	\$26,400	\$0	\$0	\$0
2040	76	75	\$45,204	\$50,016	\$26,400	\$0	\$0	\$0
2041	77	76	\$45,204	\$50,016	\$26,400	\$0	\$0	\$0
2042	78	77	\$45,204	\$50,016	\$26,400	\$0	\$0	\$0
2043	79	78	\$45,204	\$50,016	\$26,400	\$0	\$0	\$0
2044	80	79	\$45,204	\$50,016	\$26,400	\$0	\$0	\$0
2045	81	80	\$45,204	\$50,016	\$26,400	\$0	\$0	\$0
2046	82	81	\$45,204	\$50,016	\$26,400	\$0	\$0	\$0
2047	83	82	\$45,204	\$50,016	\$26,400	\$0	\$0	\$0
2048	84	83	\$45,204	\$50,016	\$26,400	\$0	\$0	\$0
2049	85	84	\$45,204	\$50,016	\$26,400	\$0	\$0	\$0
2050	86	85	\$45,204	\$50,016	\$26,400	\$0	\$0	\$0
2051	87	86	\$45,204	\$50,016	\$26,400	\$0	\$0	\$0
2052	88	87	\$45,204	\$50,016	\$26,400	\$0	\$0	\$0
2053	89	88	\$45,204	\$50,016	\$26,400	\$0	\$0	\$0

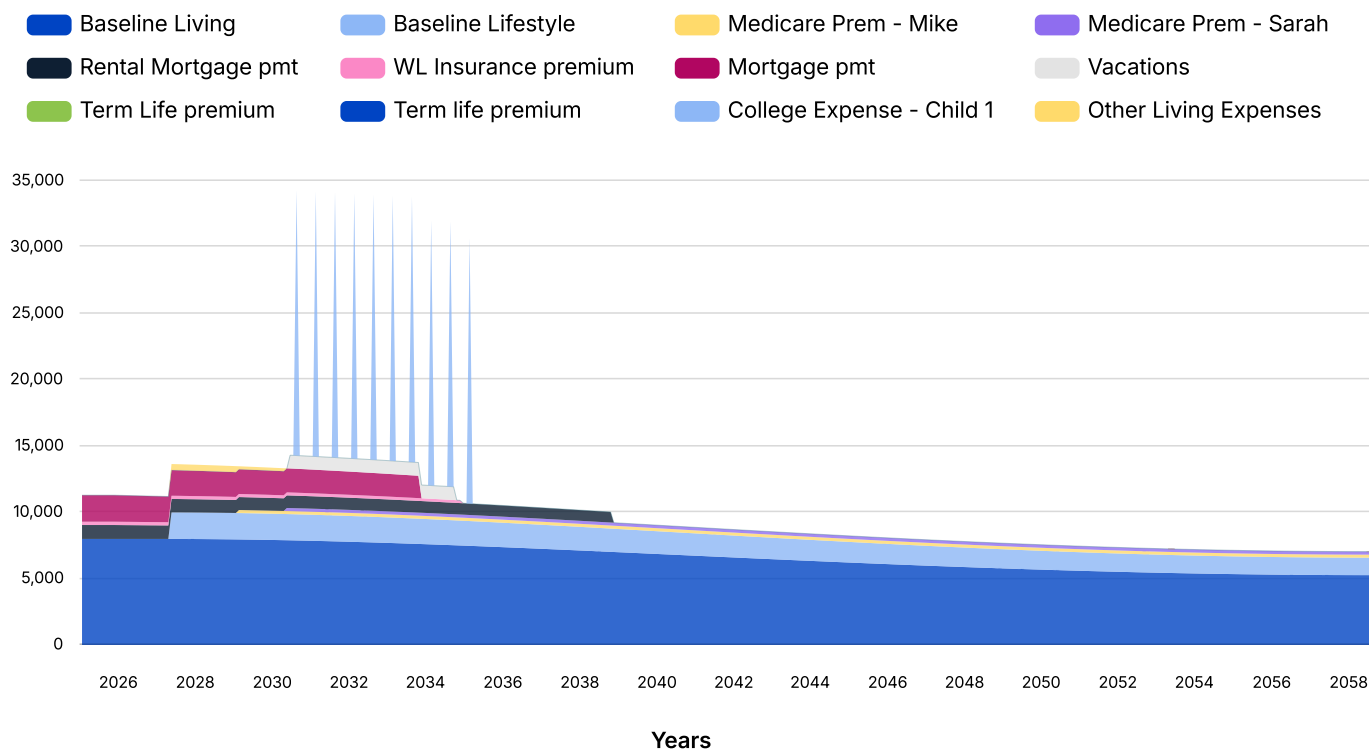
Year	Age - Mike	Age - Sarah	WDs for Reinvestment	Total	Additions	Net of Additions
2025	61	60	\$0	\$350,400	\$24,500	\$325,900
2026	62	61	\$0	\$350,400	\$24,500	\$325,900
2027	63	62	\$204,379	\$526,924	\$220,879	\$306,045
2028	64	63	\$260,012	\$543,529	\$272,512	\$271,017
2029	65	64	\$304,644	\$581,904	\$313,644	\$268,260
2030	66	65	\$80,841	\$348,169	\$80,841	\$267,328
2031	67	66	\$0	\$222,418	\$0	\$222,418
2032	68	67	\$0	\$217,877	\$0	\$217,877
2033	69	68	\$0	\$204,867	\$0	\$204,867
2034	70	69	\$0	\$182,823	\$0	\$182,823
2035	71	70	\$0	\$149,724	\$0	\$149,724
2036	72	71	\$0	\$127,816	\$0	\$127,816
2037	73	72	\$0	\$125,819	\$0	\$125,819
2038	74	73	\$0	\$122,141	\$0	\$122,141
2039	75	74	\$0	\$121,620	\$9,447	\$112,173
2040	76	75	\$0	\$121,620	\$11,344	\$110,276
2041	77	76	\$0	\$121,620	\$13,243	\$108,377
2042	78	77	\$0	\$121,620	\$15,125	\$106,495
2043	79	78	\$0	\$121,620	\$16,972	\$104,648
2044	80	79	\$0	\$121,620	\$18,769	\$102,851
2045	81	80	\$0	\$121,620	\$20,495	\$101,125
2046	82	81	\$0	\$121,620	\$22,123	\$99,497
2047	83	82	\$0	\$121,620	\$23,659	\$97,961
2048	84	83	\$0	\$121,620	\$25,091	\$96,529
2049	85	84	\$0	\$121,620	\$26,411	\$95,209
2050	86	85	\$0	\$121,620	\$27,607	\$94,013
2051	87	86	\$0	\$121,620	\$28,671	\$92,949
2052	88	87	\$0	\$121,620	\$29,595	\$92,025
2053	89	88	\$0	\$121,620	\$30,369	\$91,251

Year	Age - Mike	Age - Sarah	SSB - Mike	SSB - Sarah	Rental Income	Mike's Salary	Sarah's Salary	Withdrawals
2054	90	89	\$45,204	\$50,016	\$26,400	\$0	\$0	\$0
2055	91	90	\$45,204	\$50,016	\$26,400	\$0	\$0	\$0
2056	92	91	\$45,204	\$50,016	\$26,400	\$0	\$0	\$0
2057	93	92	\$45,204	\$50,016	\$26,400	\$0	\$0	\$0

Year	Age - Mike	Age - Sarah	WDs for Reinvestment	Total	Additions	Net of Additions
2054	90	89	\$0	\$121,620	\$30,987	\$90,633
2055	91	90	\$0	\$121,620	\$31,439	\$90,181
2056	92	91	\$0	\$121,620	\$31,717	\$89,903
2057	93	92	\$0	\$121,620	\$31,812	\$89,808

Budget - Real

A budget can help you estimate and plan future spending. Based on your inputs and chosen inflation assumptions, your planned budget is shown below, in today's dollars..



Year	Age - Mike	Age - Sarah	Baseline Living	Baseline Lifestyle	Medicare Prem - Mike	Medicare Prem - Sarah	Other Living Expenses	Vacations
2025	61	60	\$96,000	\$0	\$0	\$0	\$0	\$0
2026	62	61	\$96,000	\$0	\$0	\$0	\$0	\$0
2027	63	62	\$96,000	\$16,000	\$0	\$0	\$3,648	\$0
2028	64	63	\$95,907	\$23,977	\$0	\$0	\$5,467	\$0
2029	65	64	\$95,579	\$23,895	\$2,508	\$0	\$2,940	\$0
2030	66	65	\$95,041	\$23,760	\$2,736	\$1,824	\$894	\$7,000
2031	67	66	\$94,312	\$23,578	\$2,736	\$2,736	\$0	\$12,000
2032	68	67	\$93,411	\$23,353	\$2,736	\$2,736	\$0	\$12,000
2033	69	68	\$92,357	\$23,089	\$2,736	\$2,736	\$0	\$12,000
2034	70	69	\$91,170	\$22,792	\$2,736	\$2,736	\$0	\$9,000
2035	71	70	\$89,870	\$22,467	\$2,736	\$2,736	\$0	\$0
2036	72	71	\$88,477	\$22,119	\$2,736	\$2,736	\$0	\$0
2037	73	72	\$87,009	\$21,752	\$2,736	\$2,736	\$0	\$0
2038	74	73	\$85,485	\$21,371	\$2,736	\$2,736	\$0	\$0
2039	75	74	\$83,922	\$20,980	\$2,736	\$2,736	\$0	\$0
2040	76	75	\$82,336	\$20,584	\$2,736	\$2,736	\$0	\$0
2041	77	76	\$80,744	\$20,186	\$2,736	\$2,736	\$0	\$0
2042	78	77	\$79,159	\$19,790	\$2,736	\$2,736	\$0	\$0
2043	79	78	\$77,596	\$19,399	\$2,736	\$2,736	\$0	\$0
2044	80	79	\$76,066	\$19,017	\$2,736	\$2,736	\$0	\$0
2045	81	80	\$74,581	\$18,645	\$2,736	\$2,736	\$0	\$0
2046	82	81	\$73,151	\$18,288	\$2,736	\$2,736	\$0	\$0
2047	83	82	\$71,786	\$17,947	\$2,736	\$2,736	\$0	\$0
2048	84	83	\$70,495	\$17,624	\$2,736	\$2,736	\$0	\$0
2049	85	84	\$69,286	\$17,322	\$2,736	\$2,736	\$0	\$0
2050	86	85	\$68,167	\$17,042	\$2,736	\$2,736	\$0	\$0
2051	87	86	\$67,144	\$16,786	\$2,736	\$2,736	\$0	\$0
2052	88	87	\$66,225	\$16,556	\$2,736	\$2,736	\$0	\$0
2053	89	88	\$65,416	\$16,354	\$2,736	\$2,736	\$0	\$0

Year	Age - Mike	Age - Sarah	College Expense - Child 1	Mortgage pmt	Rental Mortgage pmt	WL Insurance premium	Term Life premium	Term life premium
2025	61	60	\$0	\$24,000	\$12,600	\$3,000	\$0	\$0
2026	62	61	\$0	\$23,913	\$12,555	\$2,989	\$0	\$0
2027	63	62	\$0	\$23,401	\$12,285	\$2,925	\$0	\$0
2028	64	63	\$0	\$22,899	\$12,022	\$2,862	\$0	\$0
2029	65	64	\$0	\$22,408	\$11,764	\$2,801	\$0	\$0
2030	66	65	\$20,000	\$21,927	\$11,512	\$2,741	\$0	\$0
2031	67	66	\$40,000	\$21,457	\$11,265	\$2,682	\$0	\$0
2032	68	67	\$40,000	\$20,997	\$11,023	\$2,625	\$0	\$0
2033	69	68	\$40,000	\$17,122	\$10,787	\$2,568	\$0	\$0
2034	70	69	\$40,000	\$0	\$10,556	\$2,304	\$0	\$0
2035	71	70	\$20,000	\$0	\$10,329	\$0	\$0	\$0
2036	72	71	\$0	\$0	\$10,108	\$0	\$0	\$0
2037	73	72	\$0	\$0	\$9,891	\$0	\$0	\$0
2038	74	73	\$0	\$0	\$8,066	\$0	\$0	\$0
2039	75	74	\$0	\$0	\$0	\$0	\$0	\$0
2040	76	75	\$0	\$0	\$0	\$0	\$0	\$0
2041	77	76	\$0	\$0	\$0	\$0	\$0	\$0
2042	78	77	\$0	\$0	\$0	\$0	\$0	\$0
2043	79	78	\$0	\$0	\$0	\$0	\$0	\$0
2044	80	79	\$0	\$0	\$0	\$0	\$0	\$0
2045	81	80	\$0	\$0	\$0	\$0	\$0	\$0
2046	82	81	\$0	\$0	\$0	\$0	\$0	\$0
2047	83	82	\$0	\$0	\$0	\$0	\$0	\$0
2048	84	83	\$0	\$0	\$0	\$0	\$0	\$0
2049	85	84	\$0	\$0	\$0	\$0	\$0	\$0
2050	86	85	\$0	\$0	\$0	\$0	\$0	\$0
2051	87	86	\$0	\$0	\$0	\$0	\$0	\$0
2052	88	87	\$0	\$0	\$0	\$0	\$0	\$0
2053	89	88	\$0	\$0	\$0	\$0	\$0	\$0

Year	Age - Mike	Age - Sarah	Total
2025	61	60	\$135,600
2026	62	61	\$135,457
2027	63	62	\$154,259
2028	64	63	\$163,133
2029	65	64	\$161,894
2030	66	65	\$187,435
2031	67	66	\$210,766
2032	68	67	\$208,880
2033	69	68	\$203,395
2034	70	69	\$181,294
2035	71	70	\$148,139
2036	72	71	\$126,175
2037	73	72	\$124,124
2038	74	73	\$120,393
2039	75	74	\$110,374
2040	76	75	\$108,392
2041	77	76	\$106,402
2042	78	77	\$104,421
2043	79	78	\$102,467
2044	80	79	\$100,555
2045	81	80	\$98,698
2046	82	81	\$96,911
2047	83	82	\$95,205
2048	84	83	\$93,591
2049	85	84	\$92,080
2050	86	85	\$90,680
2051	87	86	\$89,402
2052	88	87	\$88,253
2053	89	88	\$87,242

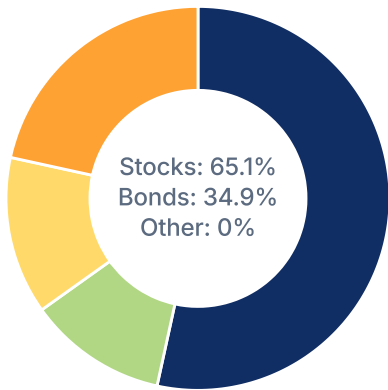
Year	Age - Mike	Age - Sarah	Baseline Living	Baseline Lifestyle	Medicare Prem - Mike	Medicare Prem - Sarah	Other Living Expenses	Vacations
2054	90	89	\$64,723	\$16,181	\$2,736	\$2,736	\$0	\$0
2055	91	90	\$64,154	\$16,039	\$2,736	\$2,736	\$0	\$0
2056	92	91	\$63,716	\$15,929	\$2,736	\$2,736	\$0	\$0
2057	93	92	\$63,415	\$15,854	\$2,736	\$2,736	\$0	\$0

Year	Age - Mike	Age - Sarah	College Expense - Child 1	Mortgage pmt	Rental Mortgage pmt	WL Insurance premium	Term Life premium	Term life premium
2054	90	89	\$0	\$0	\$0	\$0	\$0	\$0
2055	91	90	\$0	\$0	\$0	\$0	\$0	\$0
2056	92	91	\$0	\$0	\$0	\$0	\$0	\$0
2057	93	92	\$0	\$0	\$0	\$0	\$0	\$0

Year	Age - Mike	Age - Sarah	Total
2054	90	89	\$86,376
2055	91	90	\$85,665
2056	92	91	\$85,117
2057	93	92	\$84,740

Asset Allocation

The following specifies the target asset allocation of the plan reported on here, based on your inputs. This is not a report of your current investment allocation or a substitute for the information contained in the official account statements provided by custodian(s). The assumed average portfolio return and standard deviation shown below are net of inflation.



Annual Return: 4.7%
Standard deviation: 10.2%

Asset Class		Balance	%
	US All Cap	\$670,500	53.4%
	International	\$147,000	11.7%
	Long-Term US Govt	\$166,750	13.3%
	Intermediate-Term US Govt	\$270,750	21.6%

Tax Allocation

Understanding the tax status of the accounts that make up your portfolio can help you make better decisions. Different types of investment accounts are taxed differently. Taxable Accounts can result in taxable income every year, whether or not you make withdrawals from the account. Tax-Free* (Roth) Accounts, like Roth IRAs and Roth 401(k)s, do not produce taxable income except in special circumstances. Tax-Deferred Accounts, like Traditional IRAs, 401(k)s and 403(b)s, do not produce taxable income unless a distribution is taken. The information below reflects your inputs regarding your investment accounts and their tax status for the plan reported on here.** This report is not a substitute for information contained in the official account statements provided by custodian(s).



* The term "Tax-Free" refers to Roth accounts, which may be subject to tax or tax penalties on withdrawals if the owner is below age 59.5 and the account has been open for less than five years, or if funds converted to the account are withdrawn within five years.

** All tax statistics are estimates based on plan inputs and should not be relied upon for tax and legal purposes. Please consult a tax advisor before taking tax-related actions.

Tax Brackets

Many parts of the income tax system have multiple tax brackets that apply to different levels of income. A tax bracket is the amount of each type of tax that would be paid on an additional dollar of income, if that dollar is subject to the relevant tax. The table below shows estimated tax brackets based on your inputs and chosen tax, investment return, and inflation assumptions.

Year	SSI Taxability Bracket	IRMAA Bracket	Ordinary Tax Bracket	LTCG Tax Bracket	State Tax Bracket	MAGI	Gross Total Income	Effective Total Tax Rate
2025	85%	2	24%	18.8%	4.25%	\$327,050	\$351,650	27.06%
2026	85%	2	24%	18.8%	4.25%	\$333,527	\$358,127	27.1%
2027	85%	4	24%	18.8%	4.25%	\$428,071	\$532,816	21.1%
2028	85%	4	24%	18.8%	4.25%	\$427,250	\$546,967	19.67%
2029	85%	4	24%	18.8%	4.25%	\$428,100	\$581,904	18.21%
2030	85%	3	24%	18.8%	4.25%	\$339,069	\$348,169	22.94%
2031	50%	0	0%	0%	0%	\$24,813	\$222,418	5.24%
2032	85%	0	10%	0%	0%	\$40,771	\$217,877	4.13%
2033	85%	0	10%	0%	0%	\$50,217	\$204,867	0.72%
2034	85%	0	10%	0%	0%	\$50,793	\$182,823	0.84%
2035	85%	0	10%	0%	0%	\$51,358	\$149,724	1.06%
2036	85%	0	10%	0%	0%	\$51,910	\$127,816	1.28%
2037	85%	0	10%	0%	0%	\$52,450	\$125,819	1.35%
2038	85%	0	10%	0%	0%	\$52,978	\$122,141	1.43%
2039	85%	0	10%	0%	0%	\$53,496	\$121,620	1.48%
2040	85%	0	10%	0%	0%	\$54,424	\$121,848	1.55%
2041	85%	0	10%	0%	0%	\$55,447	\$122,133	1.62%

SSI Taxability Bracket: Maximum amount of Social Security income that could be subject to taxation

Ordinary Tax Bracket: Tax bracket for Federal ordinary income tax

State Tax Bracket: Tax bracket for state personal income tax

Effective Total Tax Rate: Total taxes paid as a percentage of total income

IRMAA Bracket: Bracket number for Medicare Income-Related Monthly Additional Amount

LTCG Tax Bracket: Tax bracket for Federal long-term capital gains tax

MAGI: Federal modified adjusted gross income

Year	SSI Taxability Bracket	IRMAA Bracket	Ordinary Tax Bracket	LTCG Tax Bracket	State Tax Bracket	MAGI	Gross Total Income	Effective Total Tax Rate
2042	85%	0	10%	0%	0%	\$56,568	\$122,478	1.69%
2043	85%	0	10%	0%	0%	\$57,793	\$122,883	1.77%
2044	85%	0	10%	0%	0%	\$59,126	\$123,353	1.86%
2045	85%	0	12%	0%	0%	\$60,569	\$123,887	1.96%
2046	85%	0	12%	0%	0%	\$62,126	\$124,489	2.08%
2047	85%	0	12%	0%	0%	\$63,798	\$125,157	2.2%
2048	85%	0	12%	0%	0%	\$65,586	\$125,894	2.33%
2049	85%	0	12%	0%	0%	\$67,494	\$126,700	2.47%
2050	85%	0	12%	0%	0%	\$69,521	\$127,575	2.61%
2051	85%	0	12%	0%	0%	\$71,668	\$128,520	2.76%
2052	85%	0	12%	0%	0%	\$73,935	\$129,535	2.91%
2053	85%	0	12%	0%	0%	\$76,323	\$130,619	3.07%
2054	85%	0	12%	0%	0%	\$78,831	\$131,773	3.23%
2055	85%	0	12%	0%	0%	\$81,458	\$132,995	3.4%
2056	85%	0	12%	0%	0%	\$84,203	\$134,285	3.56%
2057	85%	0	12%	0%	0%	\$87,063	\$135,642	3.74%

SSI Taxability Bracket: Maximum amount of Social Security income that could be subject to taxation

IRMAA Bracket: Bracket number for Medicare Income-Related Monthly Additional Amount

Ordinary Tax Bracket: Tax bracket for Federal ordinary income tax

LTCG Tax Bracket: Tax bracket for Federal long-term capital gains tax

State Tax Bracket: Tax bracket for state personal income tax

MAGI: Federal modified adjusted gross income

Effective Total Tax Rate: Total taxes paid as a percentage of total income

Statistics

Tax-aware distribution planning can affect the long-term tax-efficiency of an income plan. The statistics below compare estimated tax outcomes of two different distribution strategies.**

Roth Conversions to fill 24% Brkt:

Take any withdrawals needed to produce each year's income first from taxable accounts, then tax-deferred accounts, then Roth accounts. In any given year, if the 24% ordinary income tax bracket is still not full, execute Roth conversions to fill up this bracket.

Taxable, Tax-Deferred, Tax-Free* (Roth):

Take any withdrawals needed to produce each year's income first from taxable accounts. If no taxable balances are available, withdraw from tax-deferred accounts. If no tax-deferred balances are available, withdraw from Roth accounts.

Average Tax Rate	Total Taxes	Total Net Income	Net Legacy
Saves 2.6%	Saves \$215,365	No Difference	Goes down \$29,902
Roth Conversions to fill 24% Brkt 10.6%	Roth Conversions to fill 24% Brkt \$687,737	Roth Conversions to fill 24% Brkt \$3,751,587	Roth Conversions to fill 24% Brkt \$2,304,012
vs	vs	vs	vs
Taxable, Tax-Deferred, Tax-Free 13.2%	Taxable, Tax-Deferred, Tax-Free \$903,102	Taxable, Tax-Deferred, Tax-Free \$3,751,587	Taxable, Tax-Deferred, Tax-Free \$2,333,914

* The term "Tax-Free" refers to Roth accounts, which may be subject to tax or tax penalties on withdrawals if the owner is below age 59.5 and the account has been open for less than five years, or if funds converted to the account are withdrawn within five years.

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Strategy Comparison - Total Taxes Chart - Real

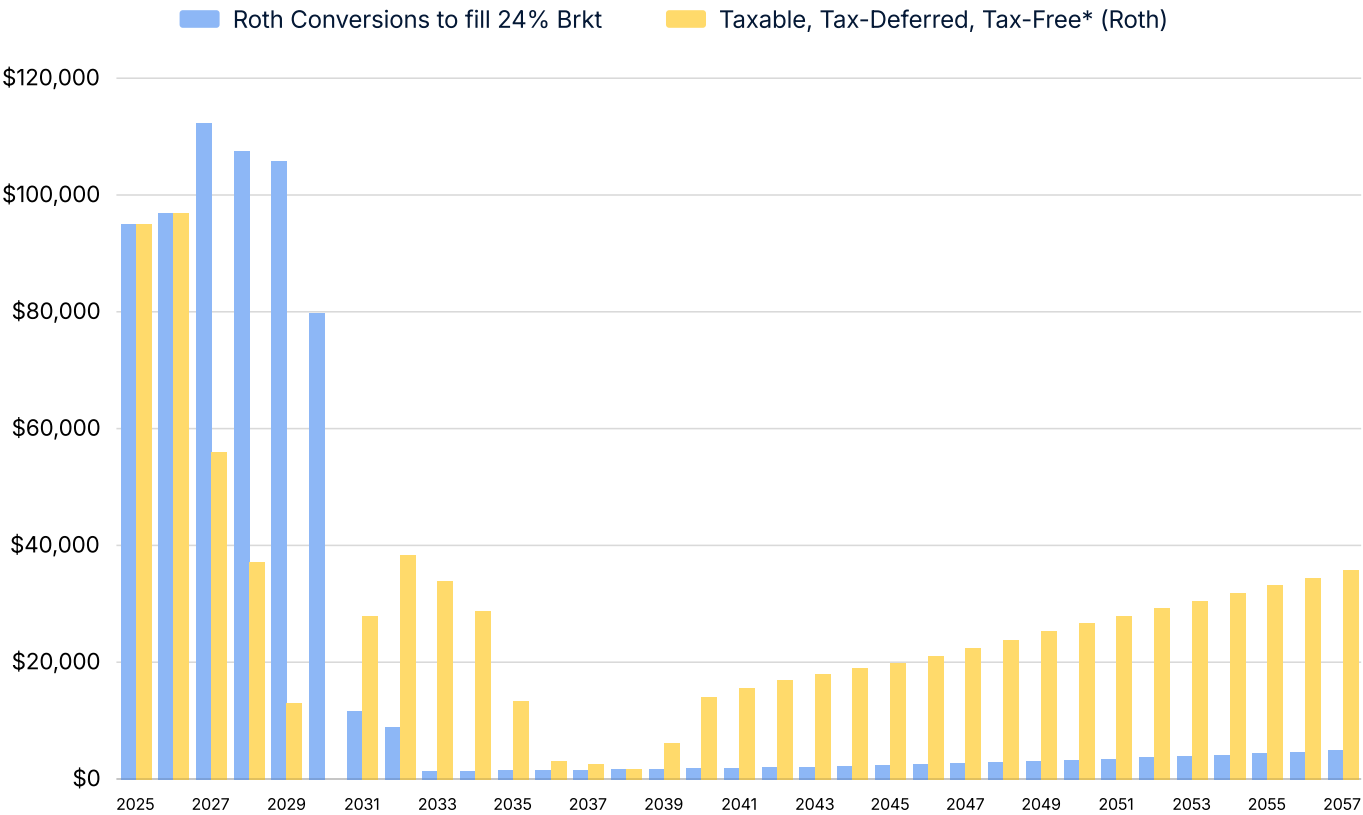
Tax-aware distribution planning can affect the long-term tax-efficiency of an income plan. The statistics below compare estimated tax outcomes of two different distribution strategies. **

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Taxable, Tax-Deferred, Tax-Free* (Roth):

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Strategy Comparison - Ordinary Tax Brackets Chart - Real

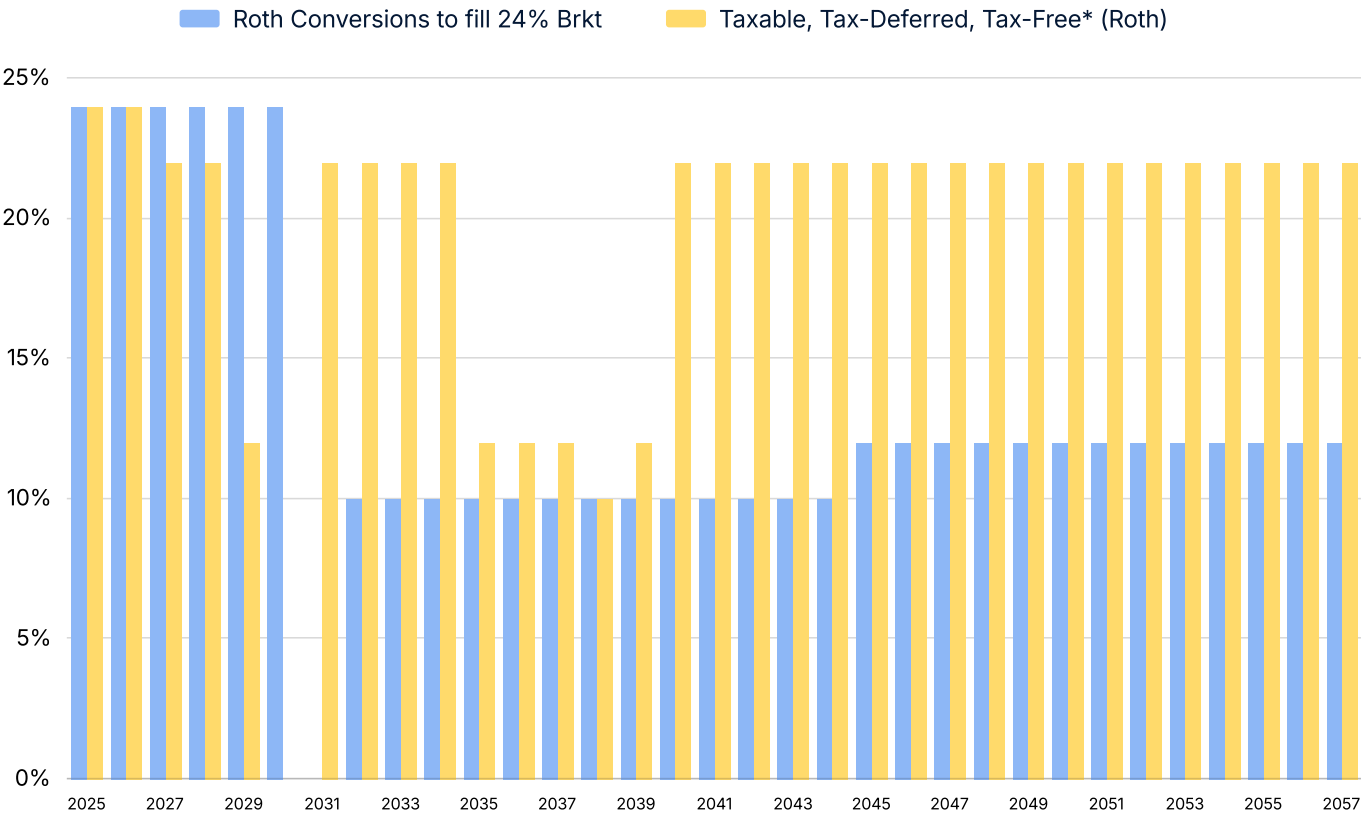
Tax-aware distribution planning can affect the long-term tax-efficiency of an income plan. The statistics below compare estimated tax outcomes of two different distribution strategies.**

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Taxable, Tax-Deferred, Tax-Free* (Roth):

Take any withdrawals needed to produce each year's income first from taxable accounts. If no taxable balances are available, withdraw from tax-deferred accounts. If no tax-deferred balances are available, withdraw from Roth accounts.



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** All tax statistics are estimates based on plan inputs and should not be relied upon for tax and legal purposes. Please consult a tax advisor before taking tax-related actions.

Estimated Actions

Investments can be held in accounts with distinct tax treatments:

Taxable: Non-qualified investment accounts where investment income is taxed in the year it is realized

Tax-Deferred: Retirement accounts such as traditional IRAs and 401(k)s

Tax-Free* (Roth): Roth retirement accounts such as Roth IRAs and Roth 401(k)s

The following are estimated withdrawals from and additions to different account types in the first (or current) year of the plan reported on here.**

Taxable Accounts	Tax-Deferred Accounts	Tax-Free* (Roth) Accounts
Withdrawals \$0	Withdrawals \$0 Mike's RMD: \$0 Sarah's RMD: \$0	Withdrawals \$0
Additions \$6,000	Additions \$18,500	Additions \$0

* The term "Tax-Free" refers to Roth accounts, which may be subject to tax or tax penalties on withdrawals if the owner is below age 59.5 and the account has been open for less than five years, or if funds converted to the account are withdrawn within five years.
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Projected Tax Allocation Chart - Real

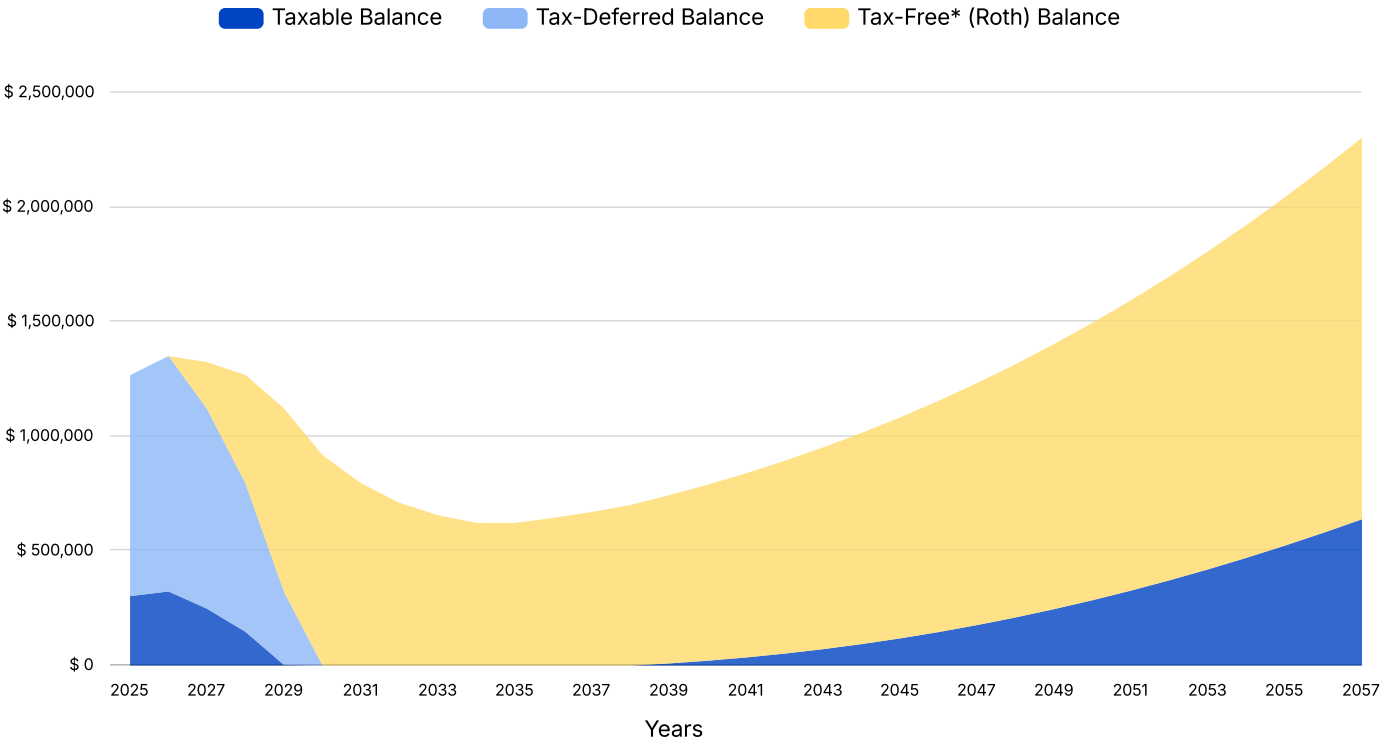
Investments can be held in accounts with distinct tax treatments:

Taxable: Non-qualified investment accounts where investment income is taxed in the year it is realized

Tax-Deferred: Retirement accounts such as traditional IRAs and 401(k)s

Tax-Free* (Roth): Roth retirement accounts such as Roth IRAs and Roth 401(k)s

Tax-aware distribution planning can involve preferentially withdrawing funds from one type of account or moving money from one account type to another (e.g., a Roth conversion). Over time, this can change the proportion of the portfolio that is held in accounts with each tax treatment. The graph below shows a projection of how tax allocation could change over time when following your planned withdrawal strategy.**

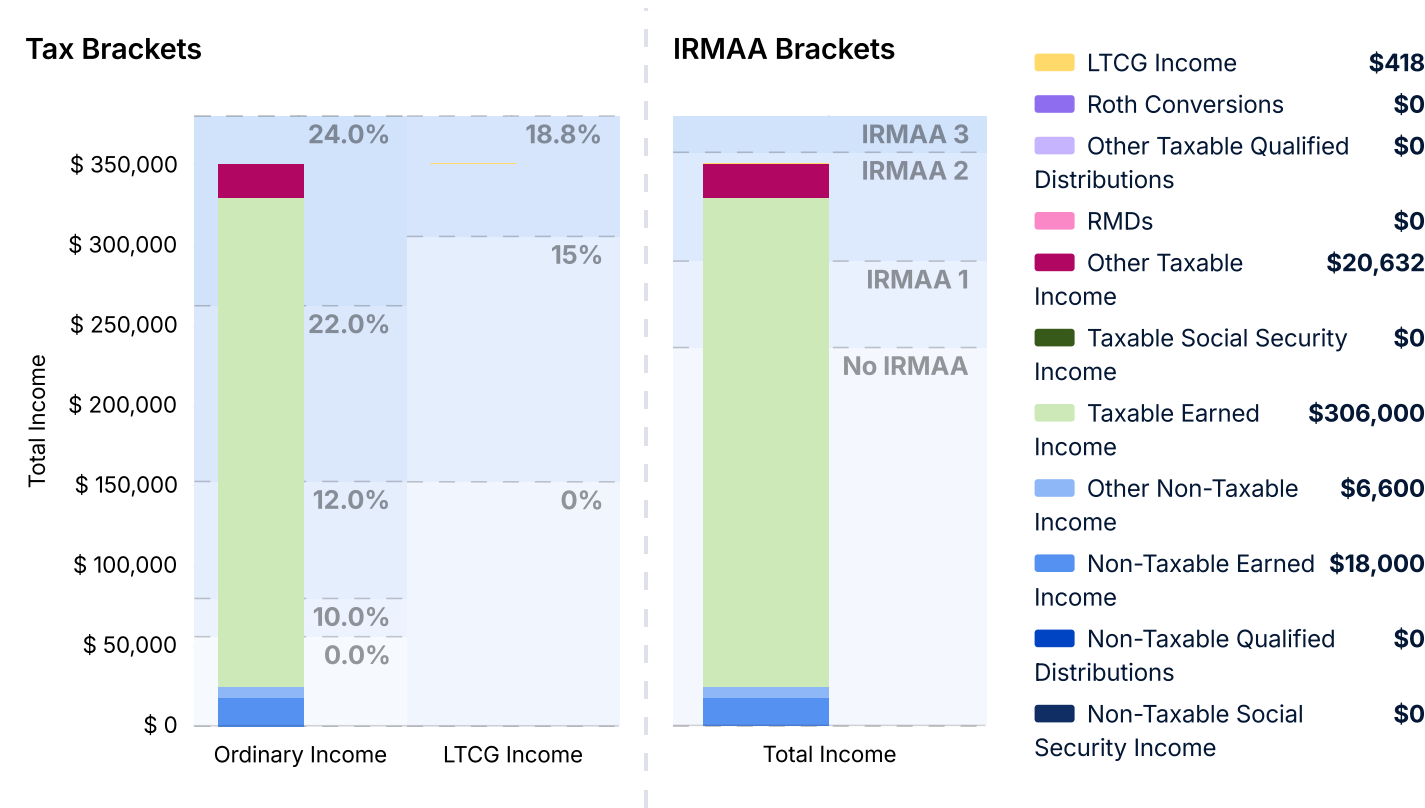


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Income Details Chart - 2025 - Real

Income is treated in a variety of ways for tax purposes, depending on its source. The graph below shows estimates of how much income of each type will be received in 2025. This information is drawn from your inputs and chosen plan parameters, along with your tax, investment return, and inflation assumptions.



Non-Taxable Social Security: Social Security income that is not subject to income tax

Non-Taxable Qualified Distributions: Qualified distributions from Roth accounts

Non-Taxable Earned Income: Wage or self-employment income that is not subject to taxation

Other Non-Taxable Income: Return of investment principle, interest on certain municipal bonds, income subject to deductions, and other non-taxable income

Taxable Earned Income: Wage or self-employment income that is subject to taxation

Taxable Social Security: Social Security income that is subject to taxation

Other Taxable Income: Short-term capital gains, non-qualified dividends, interest, rental and royalty income, and other income subject to ordinary income tax

RMDs: Withdrawals from tax-qualified accounts that are required based on the age of the account owner

Roth Conversions: Funds moved from tax-deferred accounts to Roth accounts

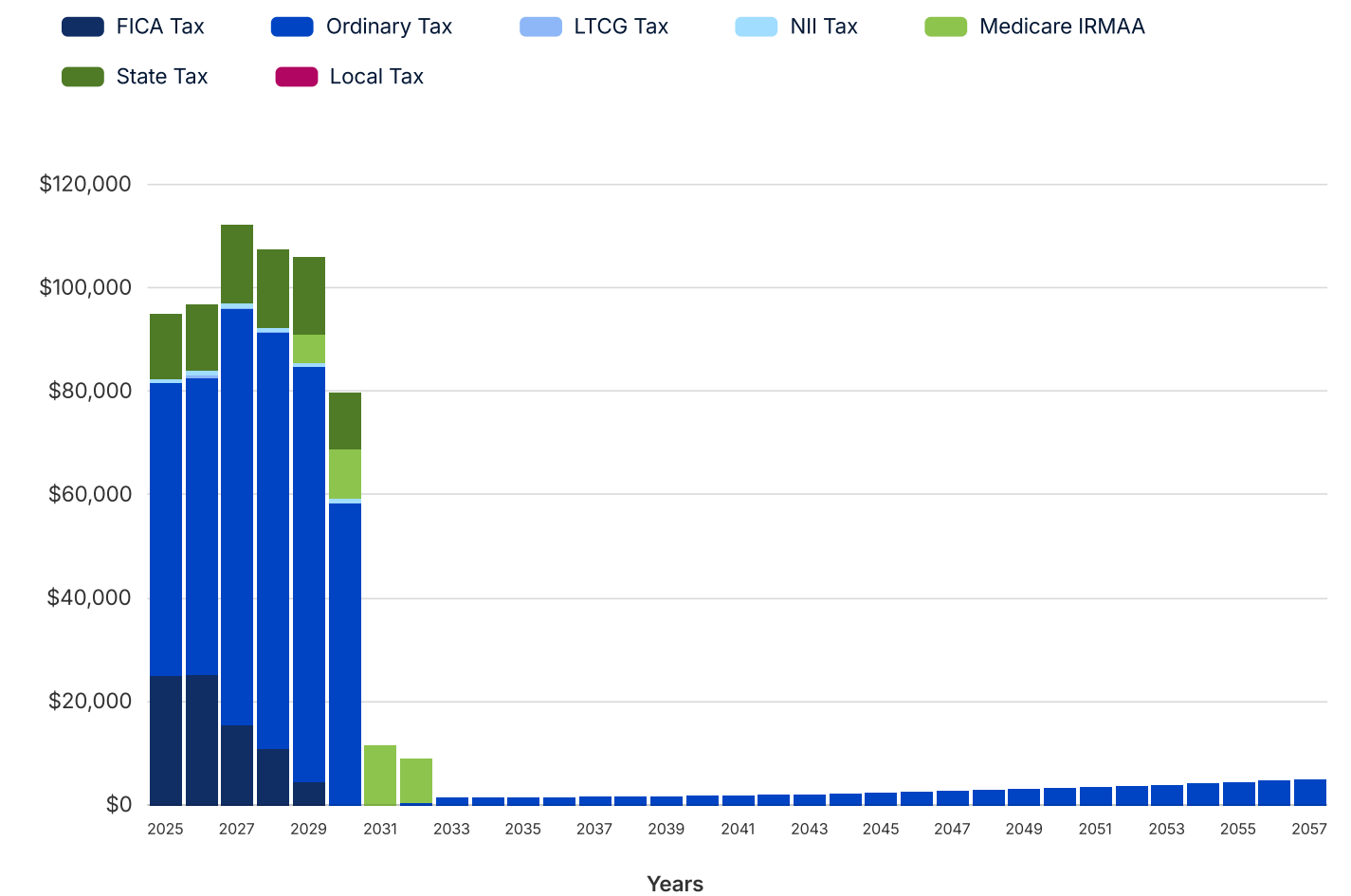
Other Taxable Qualified Distributions: Other withdrawals from tax-deferred accounts such as traditional IRAs and 401(k)s

LTCG Income: Income from sale of investments held long-term, or from qualified dividends

* All tax statistics are estimates based on plan inputs and should not be relied upon for tax and legal purposes. Please consult a tax advisor before taking tax-related actions.

Taxes by Type - Real

Income taxes depend not only on the amount of income received but also on the source and nature of that income. Based on your inputs and chosen assumptions, the table below shows estimated future taxes for the plan reported on here, in today's dollars.



FICA Tax: Social Security and Medicare taxes on earned income

Ordinary Tax: Federal tax on ordinary income like wages, retirement account distributions, and some types of investment income

LTCG Tax: Federal tax on realized long-term capital gains and qualified dividends

NII Tax: Tax paid on investment income when total income is above a threshold

Medicare IRMAA: Additional Medicare premiums paid when income is above a threshold

State Tax: Income tax paid to a state of residence

Local Tax: Income tax paid to a city or locality

Est Early Wd Penalty: Possible tax penalties for nonqualified withdrawals from tax-qualified accounts or withdrawals taken before certain ages

Strategy Comparison - Break-Even Chart - Real

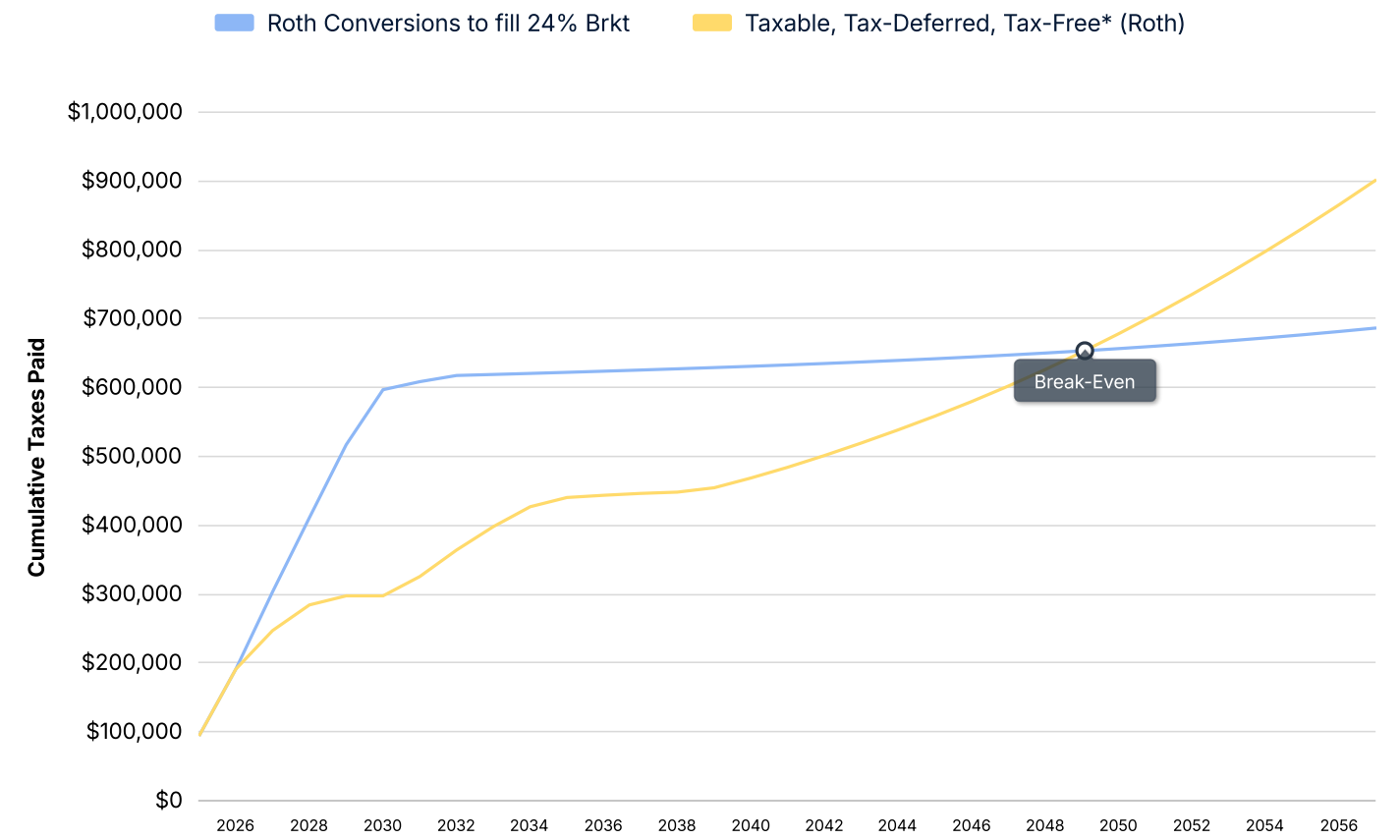
Tax-aware distribution planning can affect the long-term tax-efficiency of an income plan. The statistics below compare estimated tax outcomes of two different distribution strategies. **

Roth Conversions to fill 24% Brkt:

Take any withdrawals needed to produce each year's income first from taxable accounts, then tax-deferred accounts, then Roth accounts. In any given year, if the 24% ordinary income tax bracket is still not full, execute Roth conversions to fill up this bracket.

Taxable, Tax-Deferred, Tax-Free* (Roth):

Take any withdrawals needed to produce each year's income first from taxable accounts. If no taxable balances are available, withdraw from tax-deferred accounts. If no tax-deferred balances are available, withdraw from Roth accounts.



* The term "Tax-Free" refers to Roth accounts, which may be subject to tax or tax penalties on withdrawals if the owner is below age 59.5 and the account has been open for less than five years, or if funds converted to the account are withdrawn within five years.
** All tax statistics are estimates based on plan inputs and should not be relied upon for tax and legal purposes. Please consult a tax advisor before taking tax-related actions.

Annual Income Plan

Based on your inputs and chosen assumptions, your estimated balance at retirement is \$1,385,194 (current balance: \$1,255,000) and projected future Budgeted Spending is \$318,305 per year (\$193,375 after taxes). These amounts may change over time. The plan reported on here includes a plan for income adjustments. The Adjustment Plan below shows estimates of when this plan would call for a change in income once retirement has begun.

 Values shown in today's dollars. Income values are annual and gross of tax, savings, and variable expenses.

Projected Balance2027 Totals

\$1,385,194

Budgeted Spending2027 Totals

\$318,305
\$193,375 after taxes

Income Adjustment Plan

Plan for Income Increase

If balance reaches
\$1,583,458



then increase income to
\$330,257

Plan for Income Decrease

If balance drops to
\$1,061,119

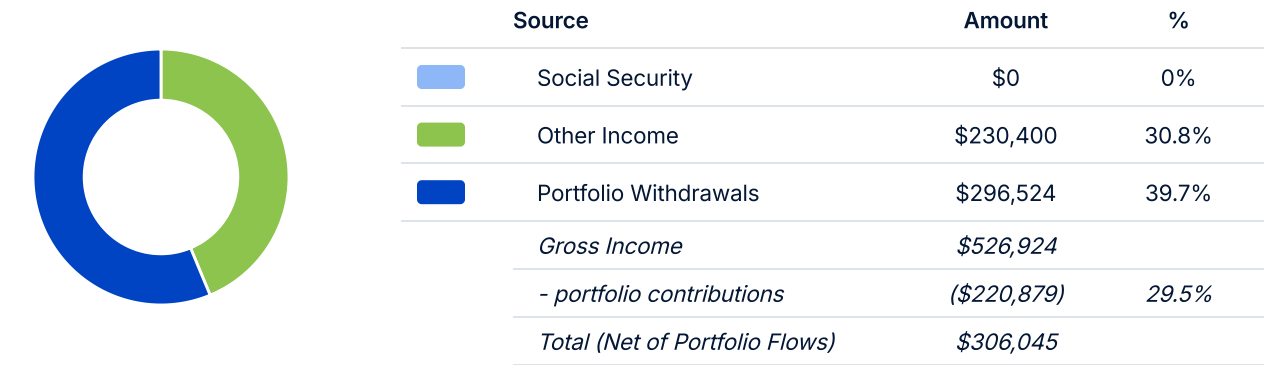


then decrease income to
\$314,144

If your portfolio balance at retirement were at or above \$1,583,458 (14.3% more than your projected balance at retirement), your plan would call for a \$11,952 increase in retirement income to \$330,257.

If your portfolio balance at retirement were at or below \$1,061,119 (-23.4% less than your projected balance at retirement), your plan would call for a \$4,161 decrease in retirement income to \$314,144.

Income Analysis



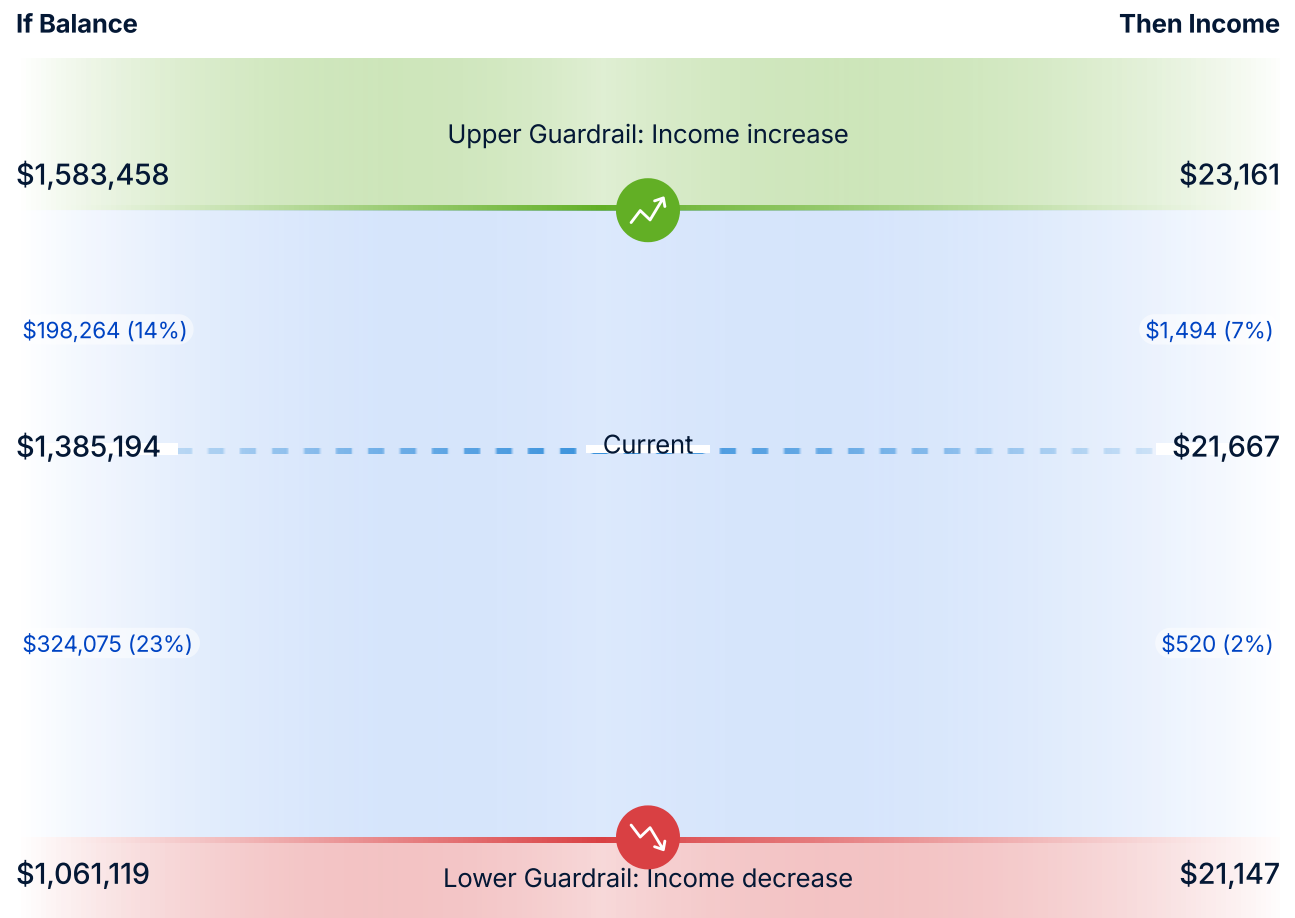
Based on your inputs and chosen plan parameters, the chart above shows how much of this plan's first (or current) year of income comes from portfolio withdrawals, Social Security, and other sources.

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

Guardrails

Managing retirement income and spending requires monitoring how circumstances change over time and making adjustments as needed. The figure below shows this plan's income guardrails, which estimate when a change in income and spending would be made in the future and the size of those changes.

 Values shown in today's dollars. Income values are monthly and gross of tax, savings, and variable expenses.



Inputs

The calculations for the plan reported on here were produced using the following user inputs. Amounts are in today's dollars unless otherwise specified.

Household Information

Client 1: **Mike Jones, born Feb 1964; Plans to retire in June 2029**
Client 2: **Sarah Jones, born May 1965; Plans to retire in May 2027**
The retirement income portion of this plan begins in May 2027.
State of residence: **Colorado**

Investment Portfolio

Your inputs included an investment portfolio with a balance of **\$1,255,000** and the following overall asset allocation.

Asset Allocation

Asset	Balance	%	
US All Cap	\$670,500	53.4%	
International	\$147,000	11.7%	
Long-Term US Govt	\$166,750	13.3%	
Intermediate-Term US Govt	\$270,750	21.6%	

According to your inputs, this portfolio is made up of the following accounts.

Name	Type	Balance
Mike's IRA	Traditional IRA	\$430,000
Sarah's 401(k)	Traditional 401(k)	\$525,000
Joint Taxable	Taxable	\$300,000

Cash Flows

Account Contributions

Target Account	Amount	Frequency	Begin	End
Mike's IRA	\$6,500	Every 1 year	Jan 2024	May 2029
Sarah's 401(k)	\$1,000	Every 1 month	Jan 2024	Apr 2027
Joint Taxable	\$500	Every 1 month	Jan 2024	May 2029

Social Security

Recipient	Begin Date	Monthly Benefit
Mike	Feb 2031	\$2,500
Sarah	May 2032	\$3,000

Other Income

Name	Amount	Frequency	Begin	End
Rental Income	\$2,200	Every 1 month	Jan 2024	Second spouse's death
Mike's Salary	\$12,000	Every 1 month	Jan 2024	May 2029
Sarah's Salary	\$15,000	Every 1 month	Jan 2024	Apr 2027

Expenses

Baseline Expenses

Name	Amount	% Essential	Frequency
Baseline Living	\$8,000	75%	Monthly
Baseline Lifestyle	\$2,000	100%	Monthly
Medicare Prem - Mike (future)	\$228	100%	Monthly
Medicare Prem - Sarah (future)	\$228	100%	Monthly

Other/Variable Expenses

Name	Amount	Frequency	Begin	End
Vacations	\$1,000	Every 1 month	Jun 2030	Sep 2034

Name	Amount	Frequency	Begin	End
College Expense - Child 1	\$20,000	Every 6 months	Aug 2030	May 2035

Retirement

Planning for retirement income involves making choices regarding the trade-offs between legacy goals, income level (standard of living), and income risk. The following user inputs regarding retirement income and legacy were used in the plan reported on here. See the Glossary for more information on these terms.

- Longevity Settings:
 - Plan for 45th percentile longevity*
 - Joint Plan Length:* 32 years 10 months
- Income Settings:
 - Target an income with an estimated **13%** chance of future reduction
 - Increase income if the estimated chance that a future reduction will be needed reaches **1%**
 - Decrease income if the estimated chance that a future reduction will be needed reaches **75%**
- Total desired: **\$10,000**
- Income Path: **Age-Based**
- Minimum Income Change: **5%**
- Legacy Goal: **\$200,000, adjusted for inflation.**
- Analysis Method: **Historical**

* Longevity percentiles and plan lengths are calculated from Society of Actuaries (SOA) RP-2014 mortality tables with MP-2017 improvement scales.

Taxes

Distribution Strategy:[†] **Bracket Mgmt (Roth Conv)24%**

Local Tax Rate: **0%**

[†] When used in this report, the term "Tax-Free" refers exclusively to Roth accounts. Distributions from Roth accounts may be subject to tax and/or tax penalties if the owner is below age 59.5 and the account has been open for less than five years, or if funds deposited through a Roth conversion are withdrawn within five years. Contributions to Roth accounts that exceed certain limits may be subject to tax penalties. See the glossary for more information on distribution strategies and account types.

Fees & Expenses

The plan reported on here reflects the following inputs regarding fees and expenses. All values are annual.

Fee on investment assets: **1.35%**

Flat fee: **\$0**

Fees and expenses applied to individual asset classes:

Asset Class	Fee	Asset Class	Fee
US All Cap Stock	0.0%	US Aggregate Bonds	0.0%
US All Cap Gr Stock	0.0%	US LT Gov't Bonds	0.0%
US All Cap Val Stock	0.0%	US IT Gov't Bonds	0.0%
US Lg Cap Stock	0.0%	US ST Gov't Bonds	0.0%
US Lg Cap Gr Stock	0.0%	US Municipal	0.0%
US Lg Cap Val Stock	0.0%	US Corp Bonds	0.0%
US Md Cap Stock	0.0%	US HY Bonds	0.0%
US Md Cap Gr Stock	0.0%	US REITs	0.0%
US Md Cap Val Stock	0.0%	Cash Equivalents	0.0%
US Sm Cap Stock	0.0%	Commodities	0.0%
US Sm Cap Gr Stock	0.0%		
US Sm Cap Val Stock	0.0%		
Int'l Dev Stock	0.0%		
Emerging Mkts Stock	0.0%		

Assumptions

Investment Return & Inflation Assumptions

This report may include results Monte Carlo or historical simulations. IMPORTANT: The projections or other information generated by Income Lab regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Assumed arithmetic mean inflation-adjusted returns and standard deviations for Traditional and Regime-Based (Near-Term and Long-Term) Monte Carlo analyses are shown in the table below. These assumptions are used to produce 1000 scenarios for analysis. Historical simulations are based on the past performance of asset-class and inflation indices. Average returns and standard deviations for these indices over the 30 years from 1994 to 2023 (inclusive) are shown below. Indices are not available for direct investment.

The plan reported on here uses the Historical analysis method.

		Historical (1995-2024)			Monte Carlo					
					Traditional		Near-term (Regime-Based)		Long-term (Regime-Based)	
	Asset Class	Index	Return	Std Dev	Return	Std Dev	Return	Std Dev	Return	Std Dev
Stocks	US All Cap Stock	Wilshire 5000	9.45%	15.57%	9.56%	15.36%	5.12%	17.99%	11.10%	19.59%
	US All Cap Gr Stock	Russell 3000 Gr	10.20%	17.49%	9.55%	17.11%	5.21%	18.99%	11.26%	20.26%
	US All Cap Val Stock	Russell 3000 Val	8.40%	15.29%	9.16%	14.77%	4.62%	17.80%	10.52%	19.41%
	US Lg Cap Stock	S&P 500	9.45%	15.18%	9.36%	14.97%	5.05%	18.30%	10.86%	19.83%
	US Lg Cap Gr Stock	Russell 1000 Gr	10.48%	17.36%	9.46%	16.89%	5.27%	19.47%	11.15%	20.52%
	US Lg Cap Val Stock	Russell 1000 Val	8.39%	15.20%	8.89%	14.62%	4.54%	18.24%	10.35%	19.73%
	US Mid Cap Stock	Russell Mid Cap	10.04%	17.14%	10.69%	16.86%	5.67%	19.38%	10.90%	20.19%
	US Mid Cap Gr Stock	Russell Mid Cap Gr	10.22%	20.46%	10.44%	19.56%	5.35%	20.57%	11.03%	21.16%
	US Mid Cap Val Stock	Russell Mid Cap Val	9.84%	16.71%	10.96%	16.28%	6.02%	19.12%	10.76%	19.98%
	US Sm Cap Stock	Russell 2000	8.53%	20.10%	10.65%	20.22%	5.80%	21.36%	10.48%	21.60%
	US Sm Cap Gr Stock	Russell 2000 Gr	8.02%	22.66%	9.88%	21.96%	5.38%	21.94%	10.21%	22.32%
	US Sm Cap Val Stock	Russell 2000 Val	8.91%	18.87%	11.71%	18.32%	6.36%	20.73%	10.85%	20.82%
	Int'l Dev Stock	MSCI EAFE	4.29%	16.17%	7.26%	16.52%	2.69%	13.20%	6.56%	12.13%
	Emerging Mkts Stock	MSCI Em Mkts	5.25%	21.63%	9.72%	21.69%	5.04%	17.35%	9.00%	15.94%
Bonds	US Aggregate Bonds	Bloomberg Agg	2.08%	4.31%	2.96%	5.42%	0.33%	4.90%	2.58%	4.80%
	US LT Gov't Bonds	Blmbrg US Govt Long	3.45%	11.10%	3.97%	11.06%	0.36%	9.22%	2.89%	8.80%
	US IT Gov't Bonds	Blmbrg US Govt Int	1.80%	4.30%	2.65%	5.22%	0.32%	4.72%	2.42%	4.56%
	US ST Gov't Bonds	Blmbrg US Govt Short	0.74%	1.88%	1.77%	2.64%	0.26%	3.01%	1.58%	2.77%
	US Municipal Bonds	Blmbrg Muni	2.36%	4.98%	2.41%	6.76%	0.28%	5.45%	2.44%	5.39%
	US Corp Bonds	iBoxx US Corp	3.06%	6.38%	3.74%	7.98%	0.72%	6.71%	3.44%	6.63%
	US HY Bonds	Blmbrg US HY	4.78%	8.71%	5.39%	8.61%	1.77%	10.48%	4.46%	10.49%
Other	Cash Equiv	Haver 1-Mth T-Bill	-0.18%	1.12%	0.61%	1.10%	0.01%	2.62%	0.72%	2.28%
	US REITs	NAREIT Comp	8.46%	18.80%	8.48%	16.69%	5.41%	25.71%	10.15%	27.21%
	Commodities	S&P GSCI Comm	1.67%	21.92%	2.89%	19.49%	2.55%	17.57%	1.44%	13.16%
	Inflation	CPI-U	2.53%	0.98%	2.53%	0.99%	3.53%	2.65%	2.41%	2.27%

Tax Assumptions

Tax estimates included in this report reflect the tax rates from the most recently completed calendar year when the report was generated, along with information you provided about your investments and cash flows. All tax calculations assume that current tax brackets will be adjusted for future inflation. See above for information on inflation assumptions.

The table below shows assumptions regarding the make-up of each asset class's annual return. See the Glossary for more information on these categories.

Asset Class	LTCG	STCG	Qualified Dividends	Ordinary Dividends	Taxable Interest	Tax-Exempt Interest	Deferred Growth
US All Cap Stock	10%	0%	21%	0%	0%	0%	69%
US All Cap Gr Stock	10%	0%	11%	0%	0%	0%	79%
US All Cap Val Stock	10%	0%	25%	0%	0%	0%	65%
US Lg Cap Stock	10%	0%	21%	0%	0%	0%	69%
US Lg Cap Gr Stock	10%	0%	12%	0%	0%	0%	78%
US Lg Cap Val Stock	10%	0%	25%	0%	0%	0%	65%
US Mid Cap Stock	10%	0%	15%	0%	0%	0%	75%
US Mid Cap Gr Stock	10%	0%	7%	0%	0%	0%	83%
US Mid Cap Val Stock	10%	0%	21%	0%	0%	0%	69%
US Sm Cap Stock	10%	0%	14%	0%	0%	0%	76%
US Sm Cap Gr Stock	10%	0%	6%	0%	0%	0%	84%
US Sm Cap Val Stock	10%	0%	21%	0%	0%	0%	69%
Int'l Dev Stock	10%	0%	18%	12%	0%	0%	60%
Emerging Mkts Stock	10%	0%	0%	23%	0%	0%	67%
US LT Gov't Bonds	0%	0%	0%	0%	88%	0%	12%
US IT Gov't Bonds	0%	0%	0%	0%	88%	0%	12%
US Corp Bonds	0%	0%	0%	0%	88%	0%	12%
US HY Bonds	0%	0%	0%	0%	100%	0%	0%
Cash Equiv	0%	0%	0%	0%	100%	0%	0%
US REITs	12%	0%	0%	50%	0%	0%	38%
Commodities	60%	40%	0%	0%	0%	0%	0%

Actual future tax rates and asset class behavior may differ from these assumptions. All tax calculations are based on estimates and should not be relied upon for tax and legal purposes. Please consult a tax advisor before taking tax-related actions.

Tax estimates are performed on calendar-year data, as entered by the software user. Withdrawals are applied at the beginning of the year and additions are applied at the end of the year. Required minimum distributions and planned distributions from non-qualified deferred compensation plans and inherited tax-deferred and inherited Roth accounts are applied before any other distributions are calculated and applied. No distributions are taken from accounts subject to pre-59.5 or pre-55 penalties unless no other assets are available to fund planned income. Your actual future withdrawal choices may differ from these assumptions.

Glossary

Assets Classes: Groupings of investments that exhibit similar characteristics

- **Stocks:** Shares of equity, or ownership, in a company
 - **Large Cap:** Companies with the highest total market value in the overall market, typically \$10 billion or more.
 - **Mid Cap:** Companies with market values in the middle of the overall market, typically between \$2 billion and \$10 billion.
 - **Small Cap:** Companies with market values that are at the low end of the overall market, typically below \$2 billion.
 - **Growth:** Stock in a company that is expected to grow at a rate that is faster than the overall economy. These companies do not typically focus on payment of dividends.
 - **Value:** Stock whose price appears low relative to the company's financial performance.
 - **International Developed Markets:** Markets in countries with the most advanced economies and capital markets. These countries typically have high income, openness to foreign ownership, ease of capital movement, and efficiency of market institutions.
 - **Emerging Markets:** Markets in countries that have some characteristics of a developed market, but do not fully meet those standards.
- **Bonds:** Debt securities, which typically pay a fixed or variable interest rate to the holder.
 - **Government:** Debt issued by governments or governmental agencies.
 - **Corporate:** Debt issued by companies with investment grade credit ratings.
 - **High Yield:** Corporate debt whose credit rating is below investment grade.
 - **Long Term:** Debt that is due to mature in greater than 10 years.
 - **Intermediate Term:** Debt that is due to mature in 2-10 years.
 - **Short Term:** Debt that is due to mature in less than 2 years.
- **Other**
 - **Real Estate Investment Trusts (REITs):** Stock in a company that owns, operates, or finances income-generating real estate.
 - **Cash Equivalents:** assets that are cash or can be converted into cash very quickly, including debt securities with maturities of less than 90 days.

Distribution Strategy: A plan for how to order distributions from investment accounts to fund retirement spending needs.

- **Pro-Rata:** Taking withdrawals from investment accounts according to each account's size in comparison to the overall portfolio. Larger accounts see larger withdrawals and smaller accounts see smaller withdrawals.
- **Tax-Ordered:** Ordering portfolio withdrawals according to the tax status of accounts. This approach first withdraws funds from accounts with one tax status until funds with that tax status are exhausted before moving on to accounts with the next tax status.
- **Roth Conversions to X% Brkt:** Take portfolio withdrawals first from taxable accounts. When taxable balances are exhausted, take from tax-deferred accounts. Finally, take from tax-free accounts. (See below for important information on tax-free (Roth) accounts.) In any given year, if there is space remaining in or below the targeted X% tax bracket after all planned income has been accounted for, fill the target X% tax bracket via Roth conversions.

Income Path: The way in which you plan for income and spending needs to change over time.

- **Age-Based:** A "retirement smile" path where planned income will rise or stay the same early in retirement, decrease (in inflation-adjusted terms) as retirement proceeds, and then increase again toward the end of the plan. This pattern matches research findings on how age and discretionary income affect retirees' spending over time.
- **Flat:** Planned income that remains the same, in inflation-adjusted terms, throughout the plan.
- **Custom:** A "retirement smile" pattern with customized parameters for when changes in income begin, the size of these changes, and the timing and size of any planned end-of-life income increases.

Income Settings: Your attitude toward the trade-off between income level and the estimated chance that an unplanned reduction in income will be needed in the future.

Income Types:

- **Capital Gains:** Income produced from the sale of something for an amount that is higher than the purchase price.
 - **Long-Term (LTCG):** Capital gains from something held for more than a year. Typically taxed at preferential rates.
 - **Short-Term (STCG):** Capital gains from something held for a year or less. Typically taxed as ordinary income.
- **Deferred Growth:** Growth in the price of securities that is not taxed in a given year because the security has not been sold.
- **Dividends:** A distribution of cash or stock to a class of shareholders in a company.
 - **Ordinary:** Dividends taxed as ordinary income.
 - **Qualified:** Dividends taxed as long-term capital gains.
- **Interest:** Amounts paid to bondholders or holders of bank accounts.
 - **Taxable:** Interest that is taxable as ordinary income.
 - **Tax-Exempt:** Interest, typically from municipal bonds, that is not subject to Federal income tax.

Index: A set of securities or other methodology for tracking the performance of a particular asset class or market sector. Indices are not available for direct investment but instead serve as a proxy measurement for investment returns.

Inflation: Change in prices and purchasing power over time.

- **Future Dollars:** Values expressed in terms of projected future values, including the effect of inflation into the future. These values can be thought of as reflecting projected future prices.
- **Today's Dollars:** Values expressed in terms of the purchasing power of a dollar today. These values can be thought of as values converted to today's prices to undo the effects of future inflation.

Legacy Goal: The amount of investment assets that you would like to have at the end of the plan horizon.

Longevity Setting: Your attitude toward longevity risk, which is the estimated chance of living beyond the plan horizon.

Minimum Income Change: It can be both administratively onerous and impractical to make small and frequent adjustments to income. The minimum income change setting allows you to specify how large a potential income adjustment would need to be before you would effect such a change.

Risk: The chances that an outcome will differ from the expected outcome, especially if that difference would result in a loss. Planning for retirement income involves making choices regarding the trade-offs between legacy goals, income level (which determines to a large extent a household's standard of living), and income, investment, and longevity risk.

- **Investment:** The chances of loss or fluctuation in the price or value of investments.
- **Longevity:** The chances of living longer than planned.
- **Income:** The chances that planned-for income will not be achievable and that an unplanned reduction in income will be needed in the future.

Simulation: The exploration of hundreds or thousands of possible scenarios and their possible effect on a plan's outcome. The results of simulation analysis will vary depending on assumptions and inputs and may vary with each use and over time.

- **Monte Carlo Simulation:** A method of analysis that is used to explore possible outcomes when certain variables, like investment returns and inflation, are uncertain. For financial analysis, this involves producing many (e.g., 1000) randomized sequences of investment returns and inflation, based on assumed average rates and standard deviations, and exploring how these hypothetical scenarios would affect the outcomes of a plan. Monte Carlo simulation may produce scenarios and statistical distributions worse than or better than those that have occurred historically.

- **Historical Simulation:** A method of analysis that is used to explore possible outcomes when certain variables, like investment returns and inflation, are uncertain. For financial analysis, this typically involves examining how sequences of returns and inflation rates that have occurred historically would affect the outcomes of a plan. Past performance is not a guarantee of future results.

Expenses

- **Essential:** Expenses that you consider necessary for basic life needs. Such expenses typically have low flexibility.
- **Discretionary:** Expenses that go beyond what you consider necessary for basic life needs. Such expenses are typically more flexible.

Tax Status: The tax treatment of income realized within an investment account or of withdrawals taken from that account.

- **Taxable:** An account whose interest, dividends, realized capital gains, and other taxable income are taxed in the year in which they are realized.
- **Tax-Deferred:** An account (e.g., a Traditional IRA or 401(k)) in which investment gains, interest, and dividends are not taxed when realized. These accounts are usually funded with pre-tax dollars and withdrawals from these accounts are taxable as ordinary income, except in the (somewhat rare) case of withdrawal of cost basis. These accounts are typically subject to tax rules and penalties regarding contribution limits, restrictions on withdrawals before age 59.5 (or, in some situations, age 55), and required distributions after age 70.5 or 72.
- **Tax-Free (Roth):** A Roth account funded with after-tax dollars that, with important exceptions, is not subject to taxation on distributions or on interest, dividends, or realized capital gains. Distributions from Roth accounts may be subject to tax and/or tax penalties if the owner is below age 59.5 and the account has been open for less than five years, or if funds deposited through a Roth conversion are withdrawn within five years. Contributions to Roth accounts that exceed certain limits may be subject to tax penalties.

Disclosures

Important Disclaimer

Income Laboratory, Inc. ("Income Lab") does not provide investment, financial, tax or legal advice. The information provided in the Income Lab application and outputs from this application may not be relied on for purposes of avoiding any federal tax penalties. You are encouraged to seek financial, tax and legal advice from your professional advisors.

Assumptions and historical data regarding rates of return, risk, inflation, longevity and other factors may be used in your plan analysis. These data should not be considered a guarantee of future performance or a guarantee of achieving overall financial objectives. Past performance is not a guarantee of future results of either investment indices or of any particular investment.

Information generated and displayed in the Income Lab application and outputs from this application regarding the likelihood of various investment and retirement income outcomes are estimates and are hypothetical in nature. They do not reflect actual investment results and are not guarantees of future results. Returns data and assumptions regarding investment returns behavior are not reflective of any specific product, and do not include specific fees or expenses that may be incurred by investing in specific products. The actual returns of a specific product may be different from the returns modeled in Income Lab.

Plan results may vary with each use and over time. Furthermore, plan results may vary depending on the selected analysis method and other plan parameters and settings.

Information Provided by Client

Information that you provided about your assets, financial goals, and personal situation are key assumptions for plan calculations and analysis. Please review your plan and Income Policy Statement to verify the accuracy of this information. If any of the assumptions are incorrect, you should notify your financial professional. Even small changes in assumptions can have a substantial impact on results. The information you provide should be reviewed periodically and updated when either the information or your circumstances change.

All asset and net worth information included in the Income Lab application and outputs from this application was provided by you or your designated agent(s) and is not a substitute for the information contained in the official account statements provided to you by custodian(s). The current asset data and values contained in those official account statements should be used to update the information included in Income Lab and your Income Policy Statement, as necessary.

Assets in account(s) may not be covered by FDIC or SIPC. FDIC and SIPC coverages apply only to certain assets and may be subject to limitations. Questions about coverage that may

apply should be directed to the asset provider or sponsor. Information that you provided about your assets, financial goals, and personal situation are key assumptions for plan calculations and analysis.

Please review your plan and Income Policy Statement to verify the accuracy of this information. If any of the assumptions are incorrect, you should notify your financial professional. Even small changes in assumptions can have a substantial impact on results. The information you provide should be reviewed periodically and updated when either the information or your circumstances change.

Assumptions and Limitations

Calculations for your plan use asset class returns data, not returns of actual investments. The projected return assumptions used may be estimates based on average annual or monthly returns for each asset class. Portfolio returns are calculated by weighting individual asset class return assumptions according to portfolio allocation specified in your plan as well as any specified asset-class specific fees. Portfolio returns reflect weighted net asset class returns reduced further for any other overall fees entered in your plan.

All results in the Income Lab application and outputs from this application are estimates and are hypothetical in nature. If your plan uses historical data in its analysis, this data is derived from historical asset-class index returns data since 1871. For certain specific asset classes, returns data is not available for this full historical time. In these cases, returns data for a more general asset class may be used for earlier time periods.

Monte Carlo simulations, which are hypothetical in nature, model a wide range of possible outcomes based on capital market assumptions entered and maintained by your financial professional or their firm. These assumptions do not reflect actual investment results and are not guarantees of future results.

All results use simplifying assumptions that may not completely or accurately reflect your specific circumstances. No plan can predict the future. As investment returns, inflation, taxes, and other economic conditions vary from the plan assumptions, your actual results may vary from those presented the Income Lab application and outputs from this application.

No portfolio allocation eliminates risk or guarantees investment results. Income Lab does not provide recommendations on investment allocations or for any products or securities.

I/We have received and read this Disclaimer and understand its contents and, therefore, the limitations of the Income Lab application and outputs from the application. Furthermore, I understand that none of the calculations and presentations of investment returns are guaranteed.