

***Personal  
Survivor  
Analysis  
for  
Allen and Betty Abbett***

***Life Insurance***



***Example Advisors  
A Registered Investment Advisor  
2430 NW Professional Dr  
Corvallis, OR 97330  
877-421-9815  
[www.moneytree.com](http://www.moneytree.com)***

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

## **Table of Contents**

Survivor Cover	1
Life Insurance Text (text) - F1	2
Life Insurance Graph - F2	3
Survivor Needs Ind 1 - F3	4
Survivor Cash Flow - Ind 1 - F3a	5
Survivor Capital Estimate Ind 1 - F4	6
Survivor Needs Ind 2 - F5	7
Survivor Cash Flow - Ind 2 - F5a	8
Survivor Capital Estimate Ind 2 - F6	9

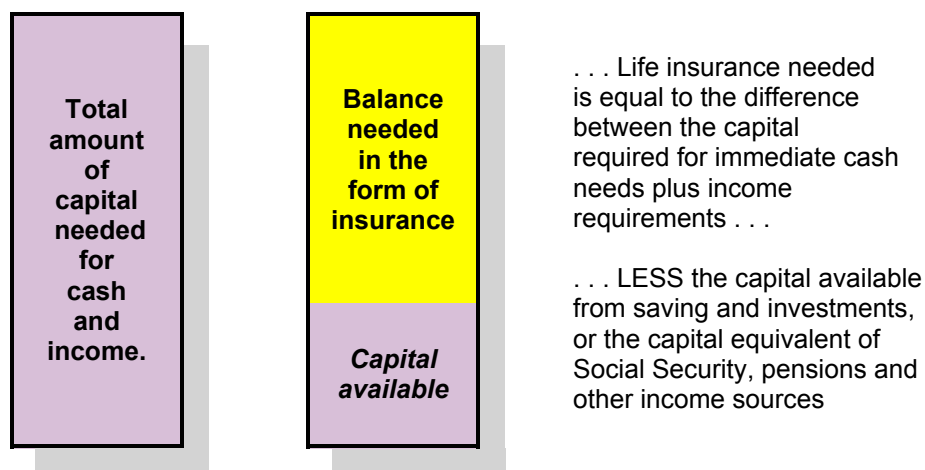
## Life Insurance

F1

### Life Insurance

In order to assure financial security in the event of the premature loss of a principal wage earner, any surviving heirs must have either an adequate source of wages or they must have sufficient accumulated capital to provide income in the form of interest, dividends, or the ability to consume such capital.

Unless you have already accumulated sufficient capital, the only course of action is to "option" for a sum of money for delivery at the time it is most needed - the passing of a principal wage earner. The concept of optioning capital is nothing more than the the idea of life insurance.



### CAPITAL NEEDED (for survivor income and expenses)

As time passes and the remaining heirs become less dependent on the wage earner, the total capital needed usually decreases.

### CAPITAL AVAILABLE (savings and investments)

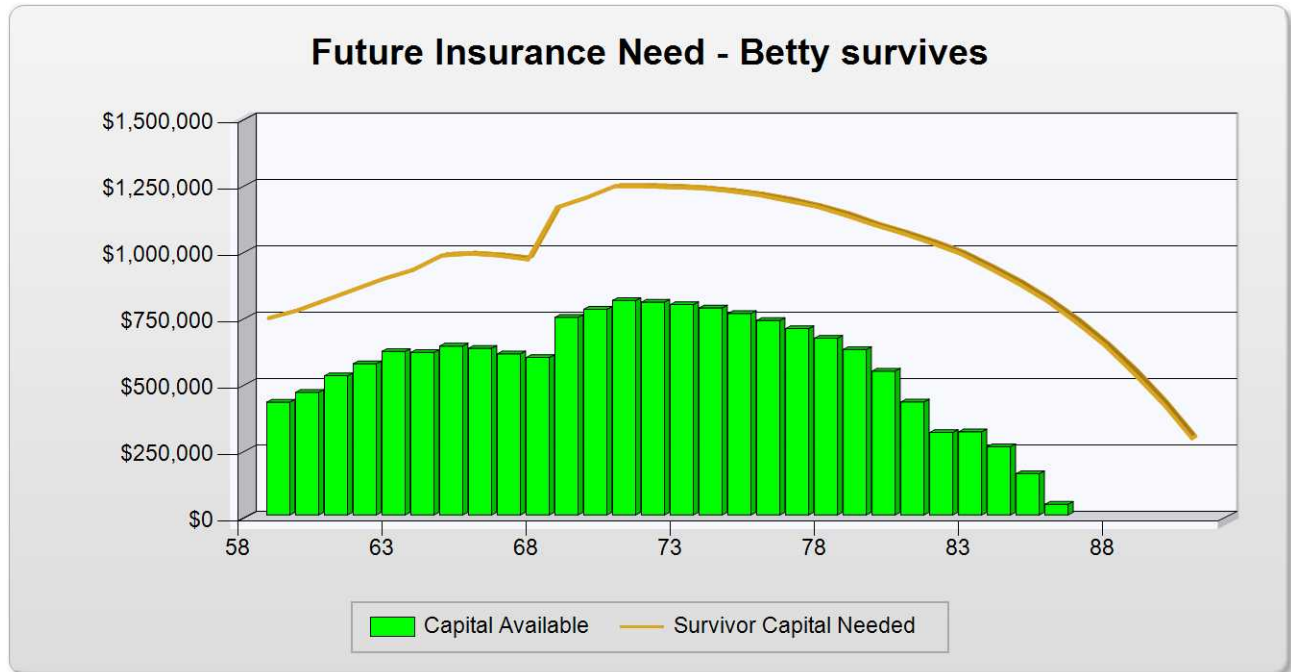
If a careful program of saving and investing is followed, then capital available grows. At the point where the CAPITAL AVAILABLE is equal to the CAPITAL NEEDED, then life insurance is no longer needed except in cases where assets are not liquid.

In preparing the following Survivor Capital reports, all income needed and available has been converted to an equivalent "Present Value Capital" amount. In other words, we show the amount of capital that would be needed today to provide the future stream of income assuming that the capital will earn interest at 6.00% and be fully consumed at the end of the period shown or life expectancy.

*Note: Estimated insurance requirements can vary over time due to changes in asset levels, special expenses, education expenses, estate planning and spouse retirement needs. Additional insurance, held outside of an insurance trust, may have estate tax consequences. It may be prudent to purchase an amount of insurance appropriate to prepare for projected higher coverage needs. Consult with your financial and/or insurance advisor about factors that may suggest additional insurance coverage.*

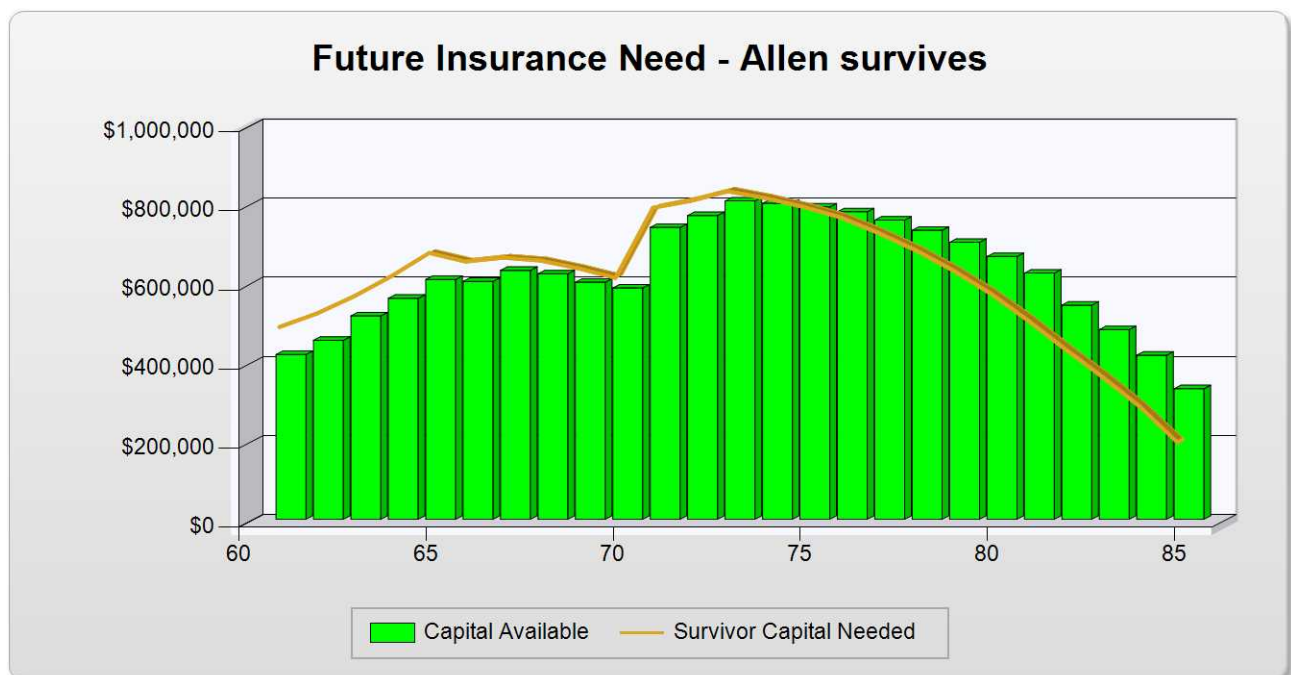
# Life Insurance

## Life Insurance



The shaded area of the graph shows the amount of capital available at a given age. The line represents the amount of funds needed to provide capital for immediate cash needs and income for the survivor. If at any time the line extends above the shaded area, the difference indicates an amount of additional capital needed in the form of insurance.

The graph is interpreted to show the amount of insurance needed if death occurs at a selected age. For example, if no shortage is shown now, then the amount of capital available now will be adequate through life expectancy. If a shortage is indicated 10 years from now, then additional insurance will be required only if death occurs at that age.



## Survivor Needs for Betty

F3

### Life Insurance

This analysis is used to show the amount of life insurance needed if Allen's death occurs at Betty's age shown and benefits are provided through Betty's life expectancy. The first age is current age, the last age is 10 years prior to life expectancy. Other ages are selected midpoint ages. Refer to "Survivor Capital Estimate" for additional details.

<b>Betty's age when Allen dies</b>	<b>59</b>	<b>69</b>	<b>79</b>	<b>81</b>	
Annual personal expense and item. deductio	(\$63,868)	(\$82,091)	(\$123,853)	(\$135,115)	
Debt payments					
Insurance premiums	(1,705)	(886)	(1,404)	(1,542)	
<b>Total annual expenses at this age</b>	<b>(\$65,573)</b>	<b>(\$82,977)</b>	<b>(\$125,257)</b>	<b>(\$136,657)</b>	J3
<b>Income sources:</b>					
Earned income *	\$40,500				
Pensions* & Social Security	37,358	32,788	39,495	41,004	
Other income or (expense)	(1,939)	34,594			
<b>Total sources</b>	<b>\$75,919</b>	<b>\$67,382</b>	<b>\$39,495</b>	<b>\$41,004</b>	F4
<b>Annual surplus or (shortage) this year</b>	<b>\$10,346</b>	<b>(\$15,595)</b>	<b>(\$85,762)</b>	<b>(\$95,654)</b>	
<b>Capital required to fund income needed</b>	<b>(\$492,747)</b>	<b>(\$963,961)</b>	<b>(\$1,026,048)</b>	<b>(\$971,379)</b>	F4
<b>Plus immediate cash needs:</b>					
Final expenses and other cash needs	(\$35,000)	(\$53,020)	(\$84,014)	(\$92,261)	
Estate administration and legal costs	(13,364)	(21,145)	(20,741)	(15,963)	
Mortgage and debt balance payoff	(218,190)	(140,206)	(19,391)		
<b>Total immediate cash requirements</b>	<b>(\$266,554)</b>	<b>(\$214,371)</b>	<b>(\$124,147)</b>	<b>(\$108,224)</b>	J5
<b>Total capital needed at Allen's death (a)</b>	<b>(\$759,301)</b>	<b>(\$1,178,332)</b>	<b>(\$1,150,194)</b>	<b>(\$1,079,603)</b>	
<b>Less assets available:</b>					
Savings and investments plus Roth IRA	\$363,797	\$596,486	\$449,404	\$304,952	C8
Allen's retirement accounts (net of tax*)	32,053	60,724	64,978	10,108	H5...H6d
Betty's retirement accounts (net of tax*)	29,858	88,234	109,922	111,193	H6...H6d
<b>Total assets available at this age:</b>	<b>\$425,708</b>	<b>\$745,444</b>	<b>\$624,303</b>	<b>\$426,253</b>	
<b>Insurance needed for remaining years</b>	<b>\$333,593</b>	<b>\$432,888</b>	<b>\$525,891</b>	<b>\$653,350</b>	
Life insurance on Allen at the age shown	157,500	157,500	157,500	157,500	J1
<b>Additional insurance needed on Allen (b)</b>	<b>\$176,093</b>	<b>\$275,388</b>	<b>\$368,391</b>	<b>\$495,850</b>	

**Notes to above data:**

a - This represents the amount of capital needed, sometimes referred to as the Net Present Value, at the age shown to fund all future income shortages, assuming the capital could earn 6.00% after tax each year.

b - The additional insurance needed will vary depending on when death occurs, the amount of capital available at the time of death and the number of years remaining to provide income.

\*Earned income, pensions, other income items and retirement accounts reduced by 10.00% for income taxes.

**Survivor Cash Flow - Betty**

F3a

## Life Insurance

<b>INCOME:</b>	<b>Amount</b>	<b>Percent of Income</b>	
Salaries & Wages	\$3,750	48.69%	D3
Interest	907	11.77%	H1...H4
Dividends	73	0.95%	H2
Other net income or (expense)	(162)	-2.10%	G8
Pension income	200	2.60%	J6
Social Security income	2,933	38.09%	
<b>Total income available</b>	<b>\$7,701</b>	<b>100.00%</b>	

<b>EXPENDITURES:</b>	<b>Amount</b>	<b>Percent of Income</b>	
Federal and State tax (est.)	\$489	6.35%	D3
Life insurance	93	1.21%	J1
Homeowners & other insurance	32	0.42%	G15
Auto insurance	17	0.22%	G15
Saving and Investment additions	141	1.83%	G12
Retirement account additions (IRA, 401(k), TSA, etc.)	433	5.62%	G12
Education fund deposits	145	1.88%	
Charitable contributions	63	0.81%	D3
Misc. itemized deductions	729	9.47%	D3
Property & other taxes	292	3.79%	D3
Miscellaneous Expense	1,200	15.58%	
Food and Household Expenses	600	7.79%	
Utilities	445	5.78%	
Auto Operating and Maintenance	367	4.76%	
Holidays	125	1.62%	
Domestic Help	150	1.95%	
Clothing	300	3.90%	
Property Improvements/Upkeep	125	1.62%	
Vacations	167	2.16%	
Pet Expenses	17	0.22%	
Books/Subscriptions	25	0.32%	
<b>Total spending and savings</b>	<b>\$5,954</b>	<b>77.31%</b>	
<b>Cash flow surplus (Income less Spending)</b>	<b>\$1,748</b>		

Note: Items on this report represent only current year income and expenses. Amounts will vary in future years.

Note: Upon death some liabilities may be paid off in full

# Survivor Capital Estimate - Betty Survives

Life Insurance

Age	Income Needed and Sources				Income Surplus/Short	Capital			Total Life Insurance Needed
	Personal Expenses*	Earned Income**	Soc Sec & Pensions**	Other inc/exp**		Needed for Income (npv @ 6.00%)	Immediate Cash Needs	Net Assets Plus Additions**	
	(\$3,886,320)	\$243,000	\$1,280,314	\$294,527	(\$2,068,478)				
59	(\$65,573)	\$40,500	\$37,358	(\$1,939)	\$10,346	(\$492,747)	(\$266,554)	\$425,708	\$333,593
60	(67,737)	40,500	38,062		10,824	(532,658)	(258,777)	462,559	328,876
61	(69,978)	40,500	38,780		9,301	(575,442)	(252,952)	524,986	303,408
62	(72,299)	40,500	39,512		7,713	(619,270)	(249,132)	570,478	297,924
63	(73,428)	40,500	40,259	(8,045)	(714)	(664,138)	(245,108)	617,131	292,115
64	(77,520)	40,500	29,901	23,600	16,482	(703,273)	(240,190)	613,131	330,332
65	(73,298)		30,456	7,488	(35,354)	(761,951)	(235,497)	637,256	360,192
66	(76,223)		31,021	(2,331)	(47,532)	(772,314)	(230,043)	628,750	373,606
67	(78,742)		29,635	(3,111)	(52,218)	(771,120)	(224,082)	607,979	387,223
68	(81,943)		32,187	202,638	152,882	(765,169)	(217,775)	593,931	389,013
69	(82,977)		32,788	34,594	(15,595)	(963,961)	(214,371)	745,444	432,888
70	(86,482)		33,401	41,634	(11,447)	(1,006,204)	(208,153)	775,858	438,499
71	(88,949)		34,025		(54,924)	(1,055,129)	(201,646)	809,186	447,589
72	(92,789)		34,663		(58,126)	(1,063,513)	(193,986)	802,970	454,529
73	(96,808)		35,313		(61,496)	(1,069,198)	(185,788)	793,737	461,249
74	(101,017)		35,976		(65,041)	(1,071,854)	(177,060)	781,180	467,735
75	(105,425)		36,652		(68,773)	(1,071,124)	(167,670)	759,781	479,013
76	(110,042)		37,342		(72,700)	(1,066,619)	(157,671)	733,858	490,432
77	(114,879)		38,046		(76,833)	(1,057,916)	(147,026)	702,962	501,980
78	(119,946)		38,763		(81,183)	(1,044,557)	(135,892)	666,626	513,823
79	(125,257)		39,495		(85,762)	(1,026,048)	(124,147)	624,303	525,891
80	(130,823)		40,242		(90,581)	(1,001,849)	(109,639)	542,680	568,808
81	(136,657)		41,004		(95,654)	(971,379)	(108,224)	426,253	653,350
82	(142,774)		41,781		(100,993)	(934,008)	(109,886)	311,203	732,691
83	(149,188)		42,573		(106,615)	(889,055)	(114,119)	313,593	689,581
84	(155,914)		43,381		(112,533)	(835,784)	(113,302)	257,925	691,160
85	(162,970)		44,206		(118,764)	(773,398)	(118,323)	155,969	735,751
86	(170,371)		45,047		(125,324)	(701,037)	(123,603)	40,422	784,218
87	(178,136)		45,904		(132,232)	(617,775)	(129,157)		746,932
88	(186,285)		46,779		(139,506)	(522,610)	(134,998)		657,608
89	(194,837)		47,672		(147,166)	(414,461)	(141,143)		555,604
90	(203,814)		48,582		(155,232)	(292,163)	(147,609)		439,772
91	(213,238)		49,510		(163,728)	(154,460)	(154,412)		308,872
92									
	J3	J3	J3	J3			J2	C6	

\* Includes basic personal expenses plus insurance premiums, debt payments and itemized deductions.  
 \*\*Earned income, pensions, other income items and retirement accounts reduced by 10.00% for income taxes.

**Survivor Needs for Allen**

F5

## Life Insurance

This analysis is used to show the amount of life insurance needed if Betty's death occurs at Allen's age shown and benefits are provided through Allen's life expectancy. The first age is current age, the last age is 5 years prior to life expectancy. The other ages are selected midpoint ages. Refer to "Survivor Capital Estimate" for additional details.

<b>Allen's age when Betty dies</b>	<b>61</b>	<b>66</b>	<b>71</b>	<b>80</b>	
Annual personal expense and item. deductio	(\$62,116)	(\$67,478)	(\$82,091)	(\$118,606)	
Debt payments					
Insurance premiums	(3,585)	(3,257)	(3,436)	(3,890)	
<b>Total annual expenses at this age</b>	<b>(\$65,701)</b>	<b>(\$70,736)</b>	<b>(\$85,527)</b>	<b>(\$122,496)</b>	J6
<b>Income sources:</b>					
Earned income *	\$72,900				
Pensions* & Social Security	23,688	31,554	33,985	39,562	
Other income or (expense)	(1,939)	28,100	40,069		
<b>Total sources</b>	<b>\$94,649</b>	<b>\$59,654</b>	<b>\$74,054</b>	<b>\$39,562</b>	F6
<b>Annual surplus or (shortage) this year</b>	<b>\$28,948</b>	<b>(\$11,081)</b>	<b>(\$11,473)</b>	<b>(\$82,935)</b>	
<b>Capital required to fund income needed</b>	<b>(\$247,104)</b>	<b>(\$440,120)</b>	<b>(\$606,039)</b>	<b>(\$464,549)</b>	F4
<b>Plus immediate cash needs:</b>					
Final expenses and other cash needs	(\$35,000)	(\$42,324)	(\$53,020)	(\$80,187)	
Estate administration and legal costs	(2,266)	(5,211)	(5,153)	(7,936)	
Mortgage and debt balance payoff	(218,190)	(179,860)	(140,206)	(34,666)	
<b>Total immediate cash requirements</b>	<b>(\$255,456)</b>	<b>(\$227,395)</b>	<b>(\$198,378)</b>	<b>(\$122,790)</b>	J5
<b>Total capital needed at Betty's death (a)</b>	<b>(\$502,560)</b>	<b>(\$667,516)</b>	<b>(\$804,417)</b>	<b>(\$587,339)</b>	
<b>Less assets available:</b>					
Savings and investments plus Roth IRA	\$363,797	\$500,488	\$596,486	\$492,605	C8
Allen's retirement accounts (after tax*)	28,800	45,725	59,761	65,151	H5...H6d
Betty's retirement accounts (after tax*)	24,570	56,275	82,850	107,600	H6...H6d
<b>Total assets available at this age</b>	<b>\$417,167</b>	<b>\$602,489</b>	<b>\$739,096</b>	<b>\$665,356</b>	
<b>Insurance needed for remaining years</b>	<b>\$85,394</b>	<b>\$65,027</b>	<b>\$65,320</b>	<b>(\$78,017)</b>	
<i>An amount in parenthesis indicates a surplus amount of capital is available if death occurs at that age.</i>					
Life insurance on Betty at the age shown	95,000	95,000			J1
<b>Additional insurance needed on Betty (b)</b>			<b>\$65,320</b>		

**Notes to above data:**

a - This represents the amount of capital needed, sometimes referred to as the Net Present Value, at the age shown to fund all future shortages, assuming that the capital could earn 6.00% after tax each year.

b - The additional insurance needed will vary depending on when death occurs, the amount of capital available at the time of death and the number of years remaining to provide income.

\*Earned income, pensions and retirement accounts reduced by 10.00% for income taxes.



**Survivor Cash Flow - Allen**

F5a

## Life Insurance

<b>INCOME:</b>	<u>Amount</u>	<u>Percent of Income</u>	
Salaries & Wages	\$6,667	69.87%	D3
Self employment income (Sch C)	83	0.87%	H8
Interest	907	9.50%	H1...H4
Dividends	73	0.76%	H2
Other net income or (expense)	(162)	-1.69%	G8
Social Security income	1,974	20.69%	
<b>Total income available</b>	<u><u>\$9,542</u></u>	<u><u>100.00</u></u>	

<b>EXPENDITURES:</b>	<u>Amount</u>	<u>Percent of income</u>	
Federal and State tax (est.)	\$769	8.06%	D3
Life insurance	213	2.23%	J1
Homeowners & other insurance	32	0.34%	G15
Auto insurance	17	0.17%	G15
Disability insurance	38	0.39%	G15
Saving and Investment additions	195	2.04%	G12
Retirement account additions (IRA, 401(k), TSA, etc.)	233	2.44%	G12
Education fund deposits	145	1.52%	
Charitable contributions	63	0.65%	D3
Misc. itemized deductions	729	7.64%	D3
Property & other taxes	292	3.06%	D3
Miscellaneous Expense	1,200	12.58%	
Food and Household Expenses	600	6.29%	
Utilities	445	4.66%	
Auto Operating and Maintenance	367	3.84%	
Holidays	125	1.31%	
Domestic Help	150	1.57%	
Clothing	300	3.14%	
Property Improvements/Upkeep	125	1.31%	
Vacations	167	1.75%	
Pet Expenses	17	0.17%	
Books/Subscriptions	25	0.26%	
<b>Total spending and savings</b>	<u><u>\$6,244</u></u>	<u><u>65.44</u></u>	

**Cash flow surplus (Income less Spending)                      \$3,298**

*Note: Items on this report represent only current year income and expenses. Amounts will vary in future years.*

*Note: Upon death some liabilities may be paid off in full*

# Survivor Capital Estimate - Allen Survives

Life Insurance

Age	Income Needed and Sources				Income Surplus/Short (\$918,730)	Capital Needed for Income (npv @ 6.00%)	Immediate Cash Needs	Net Assets Plus Additions**	Total Life Insurance Needed
	Personal Expenses*	Earned Income**	Soc Sec & Pensions**	Other Inc/Exp					
61	(\$2,447,766)	\$313,929	\$866,552	\$348,555					
61	(\$65,701)	\$72,900	\$23,688	(\$1,939)	\$28,948	(\$247,104)	(\$255,456)	\$417,167	\$85,394
62	(67,777)	76,500	24,162		32,885	(290,879)	(245,842)	453,285	83,435
63	(69,928)	80,280	24,646		34,998	(341,217)	(239,837)	514,928	66,126
64	(72,154)	84,249	25,138		37,233	(396,687)	(236,032)	559,578	73,142
65	(68,061)		31,041	(8,045)	(45,065)	(457,722)	(232,029)	607,274	82,477
66	(70,736)		31,554	28,100	(11,082)	(440,120)	(227,395)	602,489	65,027
67	(73,533)		32,077	12,168	(29,288)	(455,446)	(222,365)	630,417	47,394
68	(76,458)		32,611	2,536	(41,311)	(453,484)	(216,990)	621,493	48,981
69	(78,977)		32,875	1,951	(44,151)	(439,382)	(211,131)	600,278	50,235
70	(82,178)		33,425	207,902	159,149	(421,594)	(205,161)	585,760	40,996
71	(85,527)		33,985	40,069	(11,473)	(606,039)	(198,378)	739,096	65,320
72	(89,032)		34,557	47,328	(7,147)	(630,928)	(192,219)	769,227	53,919
73	(91,499)		35,140	5,922	(50,437)	(661,636)	(185,771)	806,063	41,344
74	(95,339)		35,735	6,159	(53,446)	(650,897)	(178,351)	800,019	29,229
75	(99,358)		36,341	6,405	(56,612)	(636,505)	(170,506)	790,990	16,021
76	(103,567)		36,960		(66,607)	(618,084)	(162,168)	778,671	1,581
77	(107,975)		37,591		(70,384)	(588,562)	(153,249)	757,533	
78	(112,592)		38,235		(74,357)	(553,492)	(143,770)	731,898	
79	(117,429)		38,892		(78,537)	(512,345)	(133,695)	701,338	
80	(122,496)		39,562		(82,934)	(464,549)	(122,790)	665,356	
81	(127,807)		40,245		(87,562)	(409,488)	(111,094)	623,425	
82	(133,373)		40,942		(92,431)	(346,495)	(99,689)	542,238	
83	(139,207)		41,653		(97,554)	(274,854)	(101,157)	480,293	
84	(145,324)		42,378		(102,946)	(193,791)	(106,016)	415,505	
85	(151,738)		43,117		(108,621)	(102,472)	(107,975)	330,592	
86									
87									
88									
89									
90									
91									
92									
93									
94									
	J6	J6	J6	J6			J5	C6	

\* Includes basic personal expenses plus insurance premiums, debt payments and itemized deductions.

\*\*Earned income, pensions and retirement accounts reduced by 10.00% for income taxes.