

Gap Analysis Report

Prepared For John Sample
November 16, 2012

Client Data and Calculation Overview

Client Data		
Personal		
Date of Birth	1/1/1952	
Current Age	60 years 10 months	
Income		
Income per Paycheck	\$5,416	
Number of Pay Periods per Year	12	
Estimated Annual Raise	0%	
Check Number for Raise	1	
Retirement		
Age to Retire	65	
End of Month to Retire	June	
Calculated Age	65 years 5 months	
Calculated Date	6/30/2017	
Life Expectancy Method	IRS Tables	
Social Security		
Payments Start At	Retirement or 62 (latter of)	
Calculated Start Age	65 years 5 months	
Calculation Method	Calculate	
Social Security income years:	35 or more	
Subject to Windfall Elimination Provision	Yes	
Number of years of substantial earnings at retirement:	30 or more	
Percent of Calculated Value	100%	
Retirement Plan Data		
Retirement Plan	(None)	
General Calculations		
	Today	Retirement
John's Age	60y 10m	65y 5m
John's Life Expectancy	25y 7m	21y
Date	11/16/2012	6/30/2017
Years until Retirement	4y 7m	

General Information	
General Calculations	
Inflation	3%
Side Fund / Additional Savings	
TRAK will calculate the additional savings that is needed to meet the client's (and spouse's, when relevant) retirement goals. Enter the anticipated rates of return for the additional savings.	
Prior to retirement	6%
During retirement	4%

General Information	
Percent of Income Needed	
Percent of Income	80%

Retirement Investments	
IRA Account	
Balance	\$75,000
Anticipated pre-retirement rate of return	6%
Contributions	
Account type for contribution limits	None
Ongoing Contributions	None
Distribution	
RMD Required	Yes
Payout Method	Use Funds as Needed
Anticipated Rate of Return During Retirement:	4%
Start Distributions	At Retirement
Calculate Values	
Potential Retirement Value	\$98,413
401(k) Account	
Balance	\$200,000
Anticipated pre-retirement rate of return	6%
Contributions	
Account type for contribution limits	None
Ongoing Contributions	None
Distribution	
RMD Required	Yes
Payout Method	Use Funds as Needed
Anticipated Rate of Return During Retirement:	4%
Start Distributions	At Retirement
Calculate Values	
Potential Retirement Value	\$262,434

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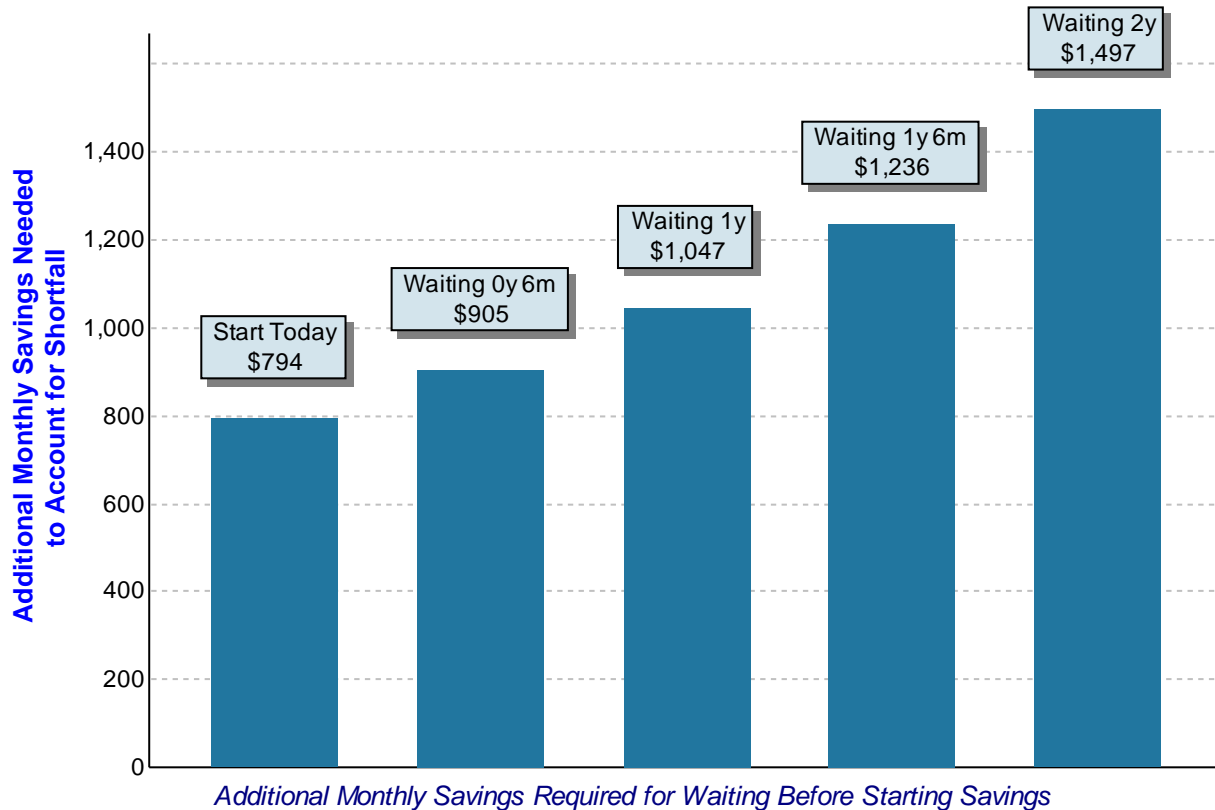
Client Data and Calculation Overview

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Potential Retirement Savings Solutions



This calculation estimates that an additional \$50,205 is needed at retirement to fund any potential shortfall. The chart above illustrates the additional monthly savings needed (earning 6% rate of return until retirement) starting today, and the effective of waiting before increasing savings.

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Additional Monthly Savings Calculations for Various Retirement Factors

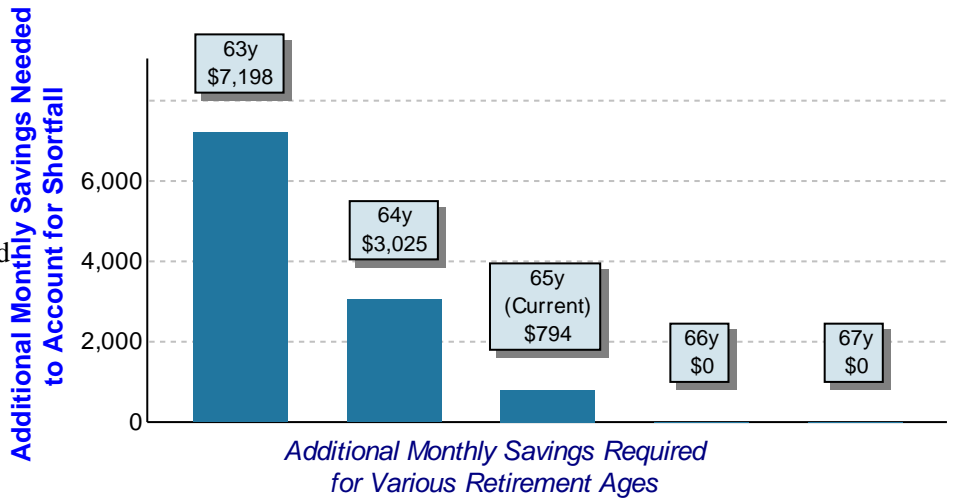
Retirement planning is important. But every individual has a unique and complex set of circumstances, making retirement planning a complex issue. With so many factors to consider (e.g. retirement age, inflation, income needed, life expectancy, rates of return), many are overwhelmed by the complexity of the process.

For example, how does changing the retirement age (one retirement factor) change the additional monthly savings needed? Below are a variety of scenarios that illustrate how changing a particular factor affects the additional savings calculations needed for retirement.

In the charts below, unless otherwise noted, the middle bar represents the current scenario. The bars on either side represent what happens to the additional savings needed when the illustrated factor is changed.

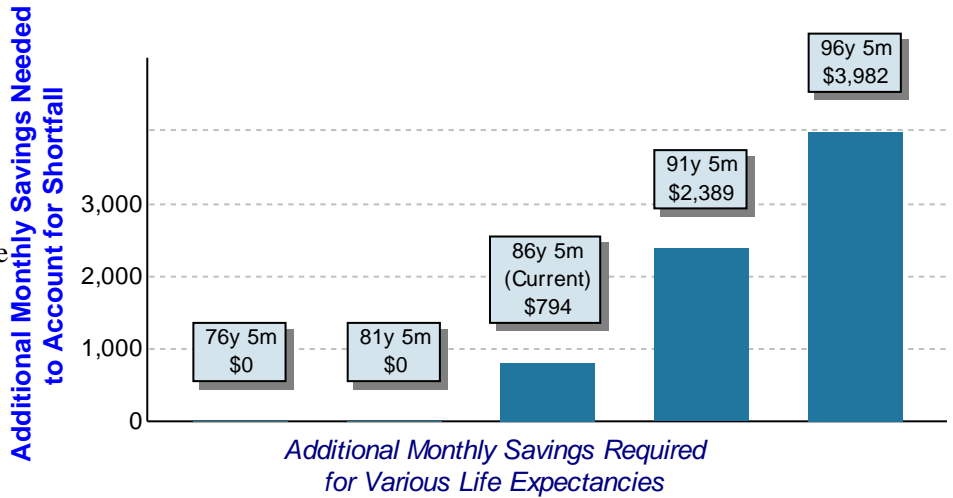
Retirement Ages

The illustration estimated that the client needed an additional \$50,205 at the client's retirement age (65y 5m). This additional monthly savings may change if a client retires earlier or later. The chart to the right illustrates the estimated change for various ages for the client.



Life Expectancies

These calculations assumed the client lived to age 86y 5m (June, 2038). A different life expectancy may affect the amount of additional monthly savings needed by the client. The chart to the right illustrates the affects of various life expectancies on additional monthly savings.

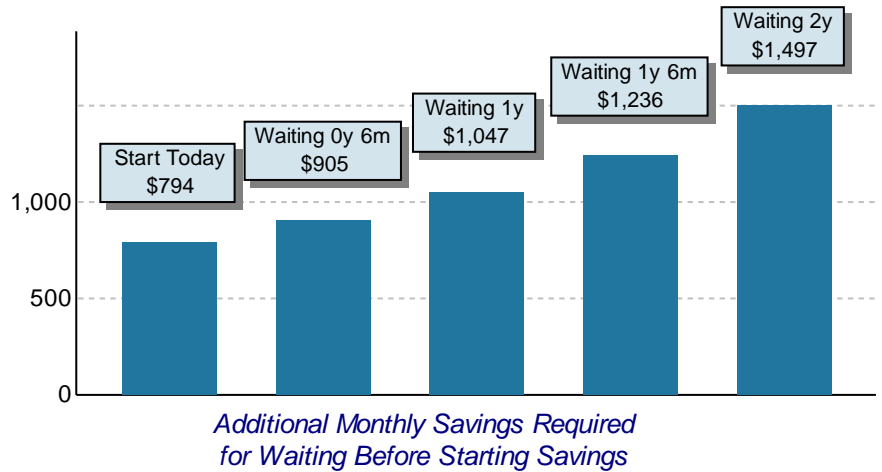


Additional Monthly Savings Calculations for Various Retirement Factors

Cost to Wait before starting Additional Savings

This calculation estimates that an additional \$50,205 is needed at retirement to fund any potential shortfall. The chart to the right illustrates the additional monthly savings needed (earning 6% rate of return until retirement) starting today, and the effective of waiting before increasing savings.

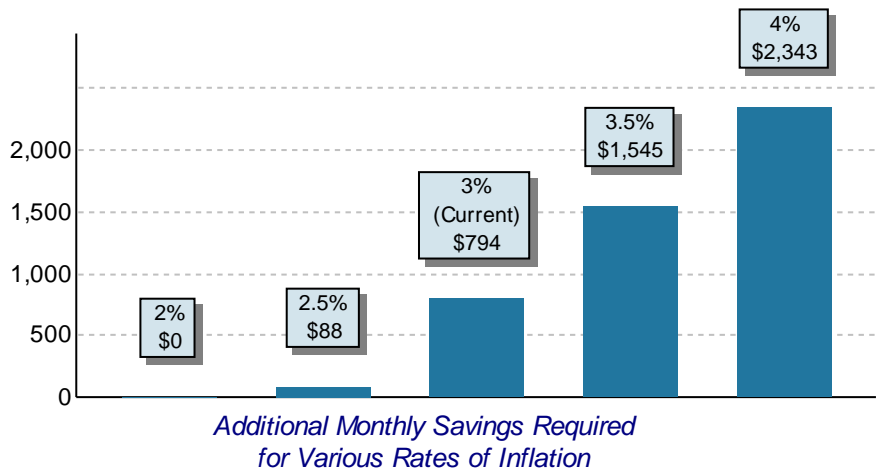
Additional Monthly Savings Needed to Account for Shortfall



Inflation

The inflation rate both before and during retirement may have an important impact on the amount of savings needed at retirement. The chart to the right illustrates the affects that various inflation rates potentially have on additional monthly savings needed prior to retirement.

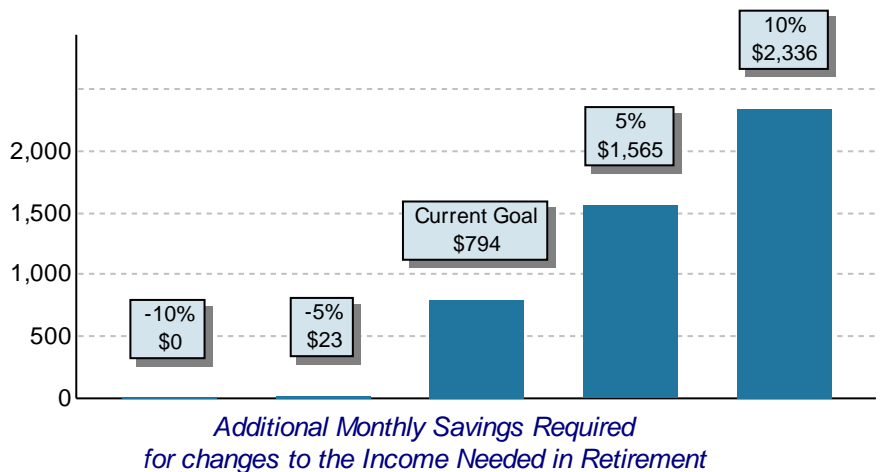
Additional Monthly Savings Needed to Account for Shortfall



Changes in Income Level

Changing the amount of income (as shown in the "General Information" section in the "Gap Analysis Report: Client Data and Calculation Overview" report page) may have a significant change in the client's need for additional savings for retirement. The chart to the right shows the potential affects of the estimated additional monthly savings needed for funding the retirement shortfall with different levels of income.

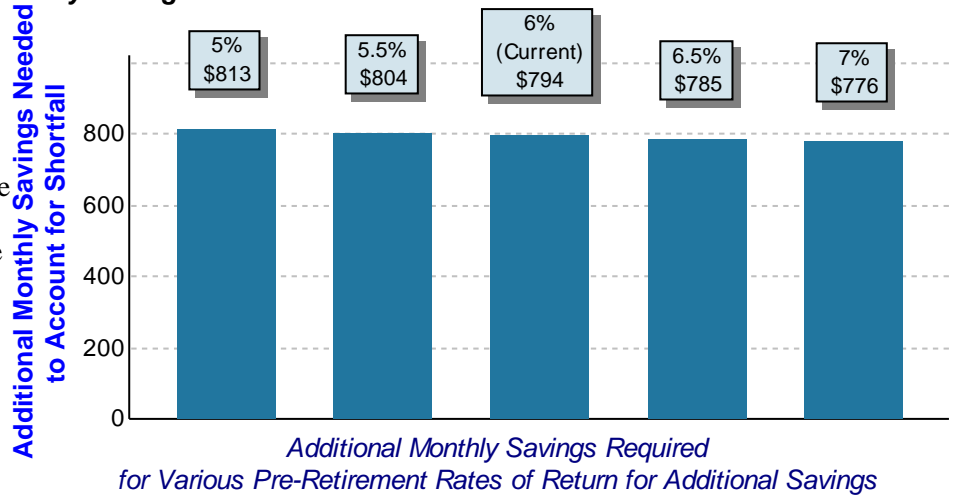
Additional Monthly Savings Needed to Account for Shortfall



Additional Monthly Savings Calculations for Various Retirement Factors

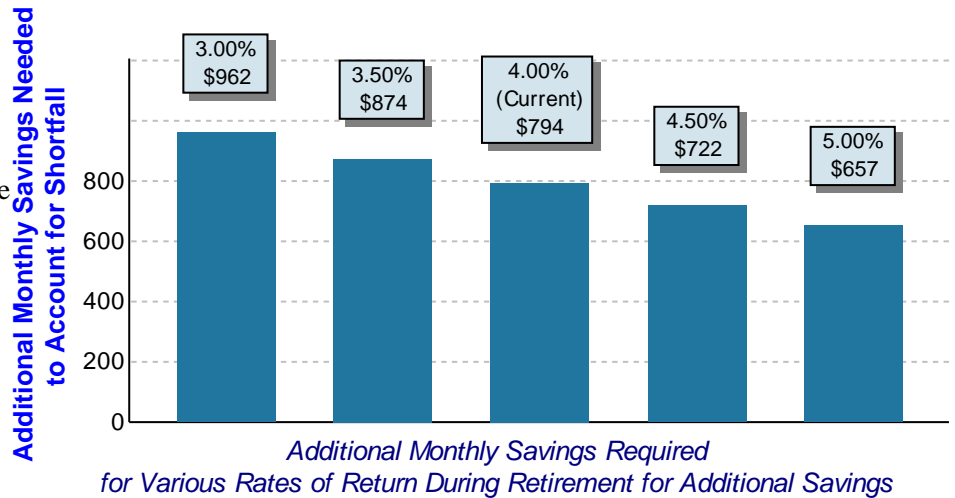
Rate of Return on Additional Savings Before Retirement

This calculation includes the estimated additional monthly savings needed to fund a potential retirement shortfall. The chart to the right compares how various pre-retirement rates of return impact the additional monthly savings needed.



Rate of Return on Additional Savings During Retirement

This calculation includes the estimated additional monthly savings needed to fund a potential retirement shortfall. The chart to the right compares how various rates of return during retirement impact the additional monthly savings needed.

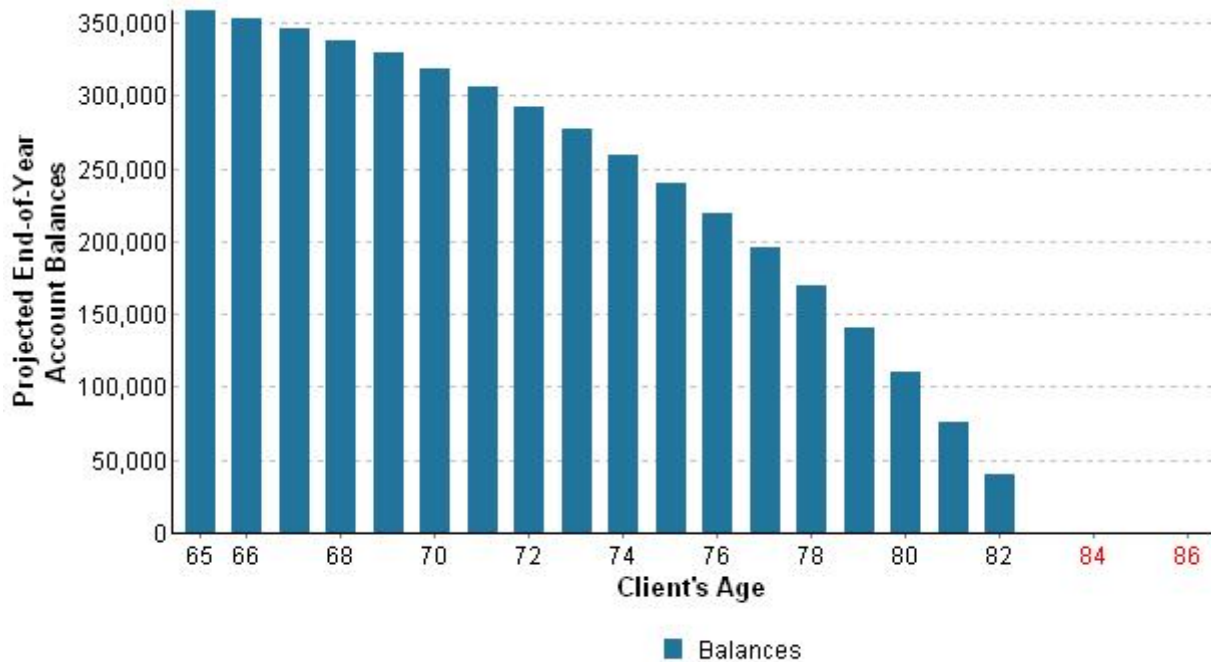
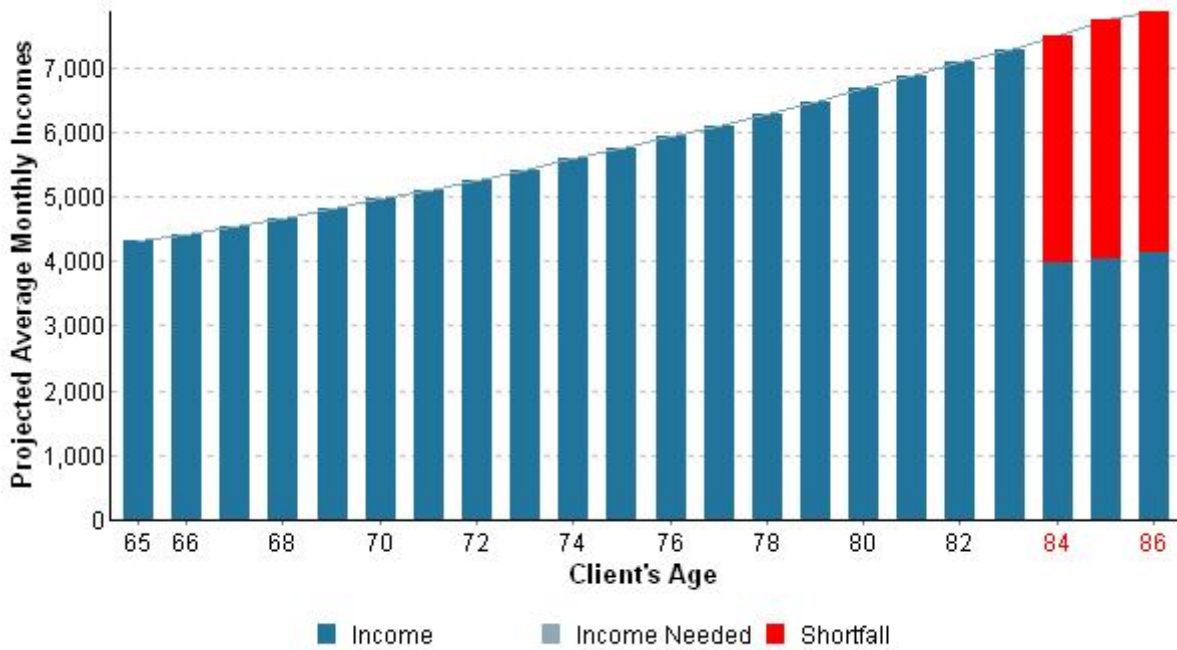


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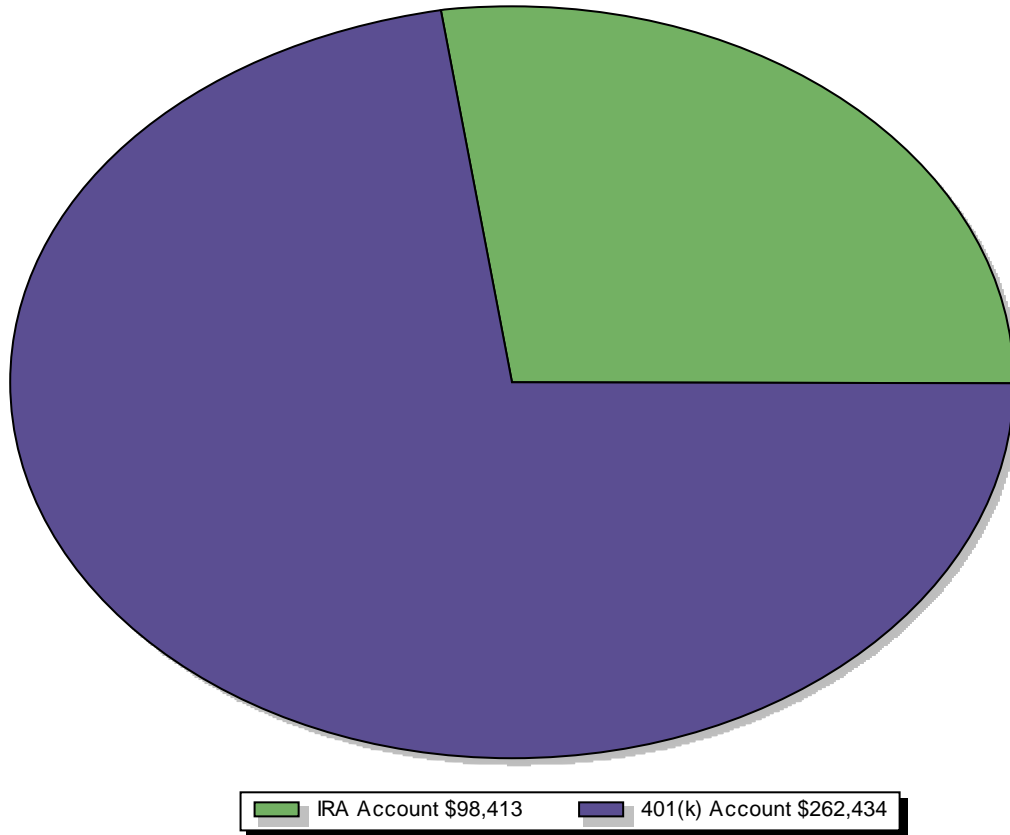
Retirement Years



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Estimated Account Values at Retirement

Account Values at Retirement



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Average Monthly Values During Retirement

	Date	Client's Age	Income Needed	Client	Savings			
				Social Sec...	IRA Account		401(k) Account	
				Income	Income	Balance	Income	Balance
1	12/2017	65	4,333	2,727	1,605	90,665	0	267,674
2	12/2018	66	4,409	2,782	1,627	74,422	0	278,381
3	12/2019	67	4,541	2,838	1,703	56,592	0	289,517
4	12/2020	68	4,677	2,894	1,783	37,080	0	301,097
5	12/2021	69	4,817	2,952	1,865	15,779	0	313,141
6	12/2022	70	4,962	3,011	998	4,320	952	313,929
7	12/2023	71	5,111	3,071	369	0	1,671	306,067
8	12/2024	72	5,264	3,133	0	0	2,131	292,277
9	12/2025	73	5,422	3,196	0	0	2,227	276,771
10	12/2026	74	5,585	3,259	0	0	2,325	259,438
11	12/2027	75	5,752	3,325	0	0	2,428	240,161
12	12/2028	76	5,925	3,391	0	0	2,534	218,818
13	12/2029	77	6,103	3,459	0	0	2,644	195,277
14	12/2030	78	6,286	3,528	0	0	2,758	169,404
15	12/2031	79	6,474	3,599	0	0	2,876	141,054
16	12/2032	80	6,668	3,671	0	0	2,998	110,077
17	12/2033	81	6,868	3,744	0	0	3,124	76,313
18	12/2034	82	7,075	3,819	0	0	3,256	39,596
19	12/2035	83	7,287	3,895	0	0	3,371	0
20	12/2036	84	7,505	3,973	0	0	0	0
21	12/2037	85	7,731	4,053	0	0	0	0
22	06/2038	86	7,865	4,134	0	0	0	0

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Average Monthly Values During Retirement

	Sidefund		Shortfall
	Income	Balance	
1	0	0	0
2	0	0	0
3	0	0	0
4	0	0	0
5	0	0	0
6	0	0	0
7	0	0	0
8	0	0	0
9	0	0	0
10	0	0	0
11	0	0	0
12	0	0	0
13	0	0	0
14	0	0	0
15	0	0	0
16	0	0	0
17	0	0	0
18	0	0	0
19	0	0	21
20	0	0	3,532
21	0	0	3,678
22	0	0	3,731

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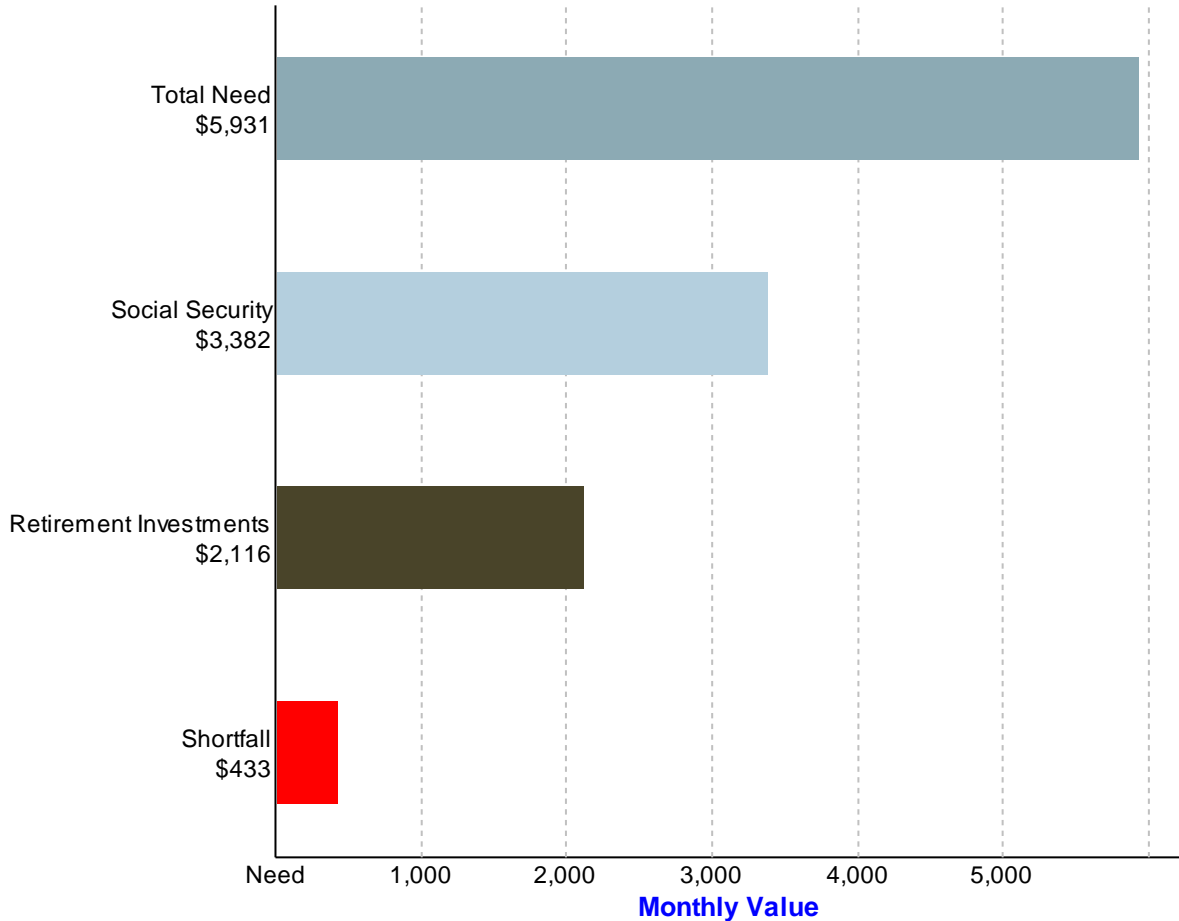
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Estimated Average Monthly Values During Retirement

The values shown in the chart below are the projected average monthly values for all months of retirement.

Monthly Average Incomes During Retirement



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Estimated Monthly Incomes during Retirement

Estimated Monthly Values for Retirement

	First Calendar Year of Retirement	All Months of Retirement
Average Monthly Income Needs		
Client	\$4,333	\$5,931
Average Monthly Income Sources		
Client		
Social Security	\$2,727	\$3,382
Savings Account(s)	+ \$1,605	\$2,116
	<u>\$4,333</u>	<u>\$5,498</u>

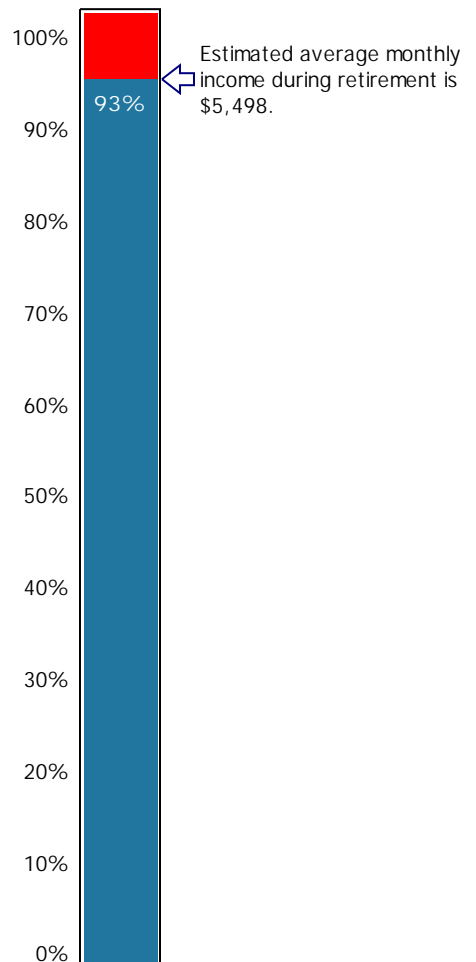
Shortfall

Projected Average Monthly Shortfall	\$433
Shortfall Represents 7.3% of Average Monthly Total Income Needed.	

Solutions for Income Shortfall

Additional Monthly Savings Starting Today	\$794
Additional Monthly Savings Starting in 12 Months	\$1,047
Lump Sum Today	\$38,356
Lump Sum at Retirement	\$50,205

Estimated average income needed during retirement is \$5,931.



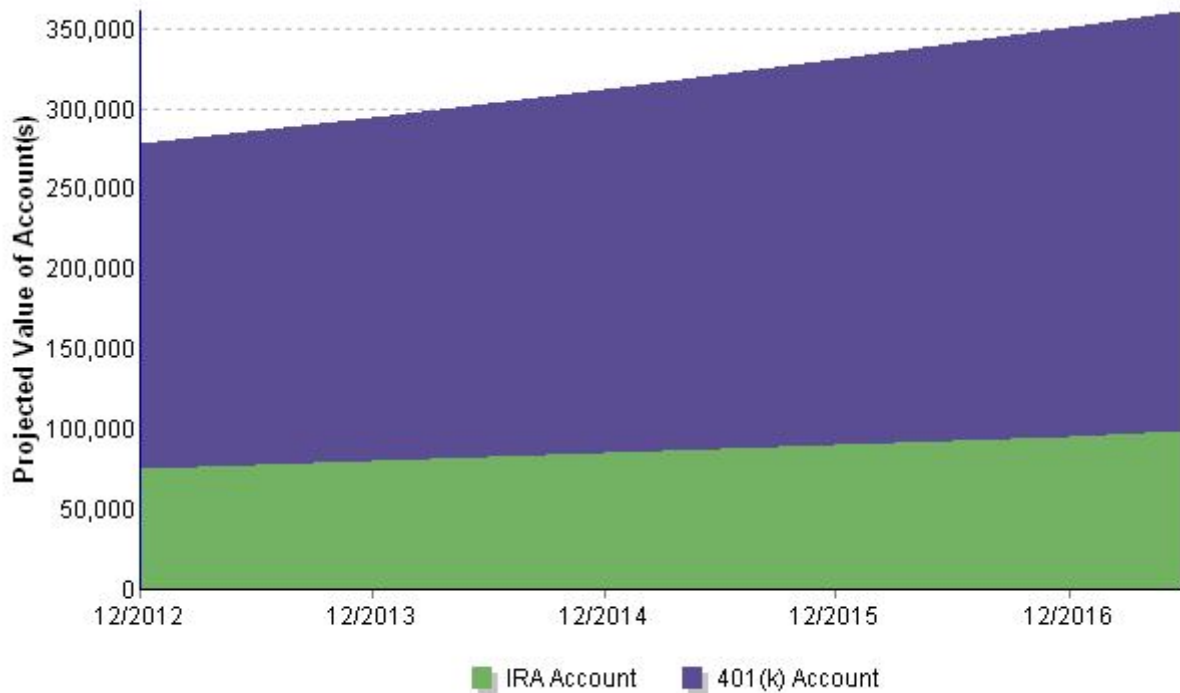
Estimated average monthly shortfall during retirement is 7.3%.

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Account Deposits and Accumulation



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Account Deposits and Accumulation

Account: IRA Account

Date	Annual Contributions Contribution	Balances Total Balance
12/31/2012	\$0	\$75,732
12/31/2013	\$0	\$80,276
12/31/2014	\$0	\$85,092
12/31/2015	\$0	\$90,198
12/31/2016	\$0	\$95,610
6/30/2017	\$0	\$98,413

Account: 401(k) Account

Date	Annual Contributions Contribution	Balances Total Balance
12/31/2012	\$0	\$201,952
12/31/2013	\$0	\$214,069
12/31/2014	\$0	\$226,913
12/31/2015	\$0	\$240,528
12/31/2016	\$0	\$254,959
6/30/2017	\$0	\$262,434

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Health Insurance Cost Analysis

The following estimated health insurance cost analysis uses the following assumptions:

Current Bi-Weekly Premium: \$300
Annual Increase: 6%

Age	Premium			Accumulated Premium	Annual Change in Premium
	Bi-Weekly	Monthly	Annual		
60	\$300	\$650	\$7,800	\$7,800	\$0
61	\$318	\$689	\$8,268	\$16,068	\$468
62	\$337	\$730	\$8,764	\$24,832	\$496
63	\$357	\$774	\$9,290	\$34,122	\$526
64	\$379	\$821	\$9,847	\$43,969	\$557
65	\$401	\$870	\$10,438	\$54,407	\$591
66	\$426	\$922	\$11,064	\$65,472	\$626
67	\$451	\$977	\$11,728	\$77,200	\$664
68	\$478	\$1,036	\$12,432	\$89,632	\$704
69	\$507	\$1,098	\$13,178	\$102,810	\$746
70	\$537	\$1,164	\$13,969	\$116,779	\$791
71	\$569	\$1,234	\$14,807	\$131,586	\$838
72	\$604	\$1,308	\$15,695	\$147,281	\$888
73	\$640	\$1,386	\$16,637	\$163,918	\$942
74	\$678	\$1,470	\$17,635	\$181,553	\$998
75	\$719	\$1,558	\$18,693	\$200,246	\$1,058
76	\$762	\$1,651	\$19,815	\$220,060	\$1,122
77	\$808	\$1,750	\$21,004	\$241,064	\$1,189
78	\$856	\$1,855	\$22,264	\$263,328	\$1,260
79	\$908	\$1,967	\$23,600	\$286,928	\$1,336
80	\$962	\$2,085	\$25,016	\$311,943	\$1,416
81	\$1,020	\$2,210	\$26,517	\$338,460	\$1,501
82	\$1,081	\$2,342	\$28,108	\$366,567	\$1,591
83	\$1,146	\$2,483	\$29,794	\$396,362	\$1,686
84	\$1,215	\$2,632	\$31,582	\$427,943	\$1,788
85	\$1,288	\$2,790	\$33,477	\$461,420	\$1,895
86	\$1,365	\$2,957	\$35,485	\$496,905	\$2,009

Values are forward looking and are for illustration purposes only. Future values will most probably be different than projected values. Values are not automatically included in the income needs for retirement.