Financial Needs Analysis

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Presented by:

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Introduction

When thinking about your future financial security, it is important to set goals, initiate action, and periodically review your progress.

Remember...a sound financial strategy can be more important than a lifetime of work!

This analysis uses the information you have shared about your current financial situation and your goals for the future.

The following pages analyze your needs:

- *In the event of death*
- *For college funding*
- *For your retirement years*

Understanding your needs

...can help reach your goals.

Important Note...

This illustration is based on the information you provided with regard to your financial needs and objectives. It is intended to provide only broad, general guidelines which may be helpful in assessing and making decisions about financial products (such as securities or insurance) and services available to you that may help meet those needs and objectives. This material may also contain general educational topics about investing and financial matters. It is most important that you understand that your actual experience will differ from this illustration. That is why you should reassess your situation with updated data and assumptions on a periodic basis.

This illustration estimates future asset values based on rates of return provided by you. It is not intended to be investment advice or a projection of future investment performance. No one can foresee the future and, it is not a projection of the potential return of any investment, nor is it a projection of future inflation rates or the state of the world or domestic economy. You should seek the guidance of a financial or investment professional before proceeding with an investment decision.

Although this illustration may contain income tax calculations and legal concepts, it does not constitute tax or legal advice. The application of some concepts may be considered practicing law and should, therefore, be handled by an attorney, while other concepts may require the guidance of a tax or accounting advisor.

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In creating the illustration certain assumptions were made with respect to investment returns, the economy, and your situation. The reports and graphics included are directly dependent on the quality and the accuracy of the data and assumptions (including rates of return) furnished by you.

Where future rates of return are assumed, these returns do not reflect the fees and charges associated with investments, which would reduce the results. You are encouraged to review and consider performance information, which you can request from your investment professional, for the mutual funds and other securities that may be referenced in this material when assuming any future rates of return. Keep in mind that past performance is not a guarantee of future results. A current prospectus must be read carefully when considering any investment in securities.

No liability is assumed resulting from the use of the information contained in this financial illustration. Responsibilities for financial decisions are assumed by you.

Personal Information Summary

This financial needs analysis report is based on the information and assumptions you provided.

Personal Data

Name	Date of Birth	Contributing to Social Security	Annual Employment Income
Emily Coastal Member	7/1/1985	Yes	$80,000

Married: No

Address
1000 St Albans Drive
Raleigh, NC 27609

Phone:

E-Mail

Occupation

Emily: GSK
Project Manager

Bank Accounts and Investments

Owner	Account Name	Asset Name	Ticker	Amount	Rate of Return	Monthly Savings	Savings Increase	Asset Class
		Coastal Go Green money Market		$25,000	1.00%	$0	0.00%	Unclassified
Emily		Coastal Go Green		$10,000	2.25%	$0	0.00%	Unclassified

Total…… $35,000
Monthly Savings…….. $0
Average Rate of Return…….. 1.36%

Retirement Funds

Owner	Account Name	Asset Name	Ticker	Amount	Rate of Return	Monthly Savings	Savings Increase	Company Match	Asset Class
Emily		GSK 401(k)		$100,000	7.00%	$458	0.00%	$458	Unclassified
Emily		Roth IRA		$20,000	7.00%	$400	0.00%	$0	Unclassified

Total…… $120,000
Monthly Savings…….. $858
Average Rate of Return…….. 7.00%

Assets and Liabilities

Type	Name	Market Value	Current Liability	Monthly Payment	Interest Rate
Residence	Residence	$280,000	$250,000	$1,400	4.00%
Personal Property	Auto	$25,000	$15,000	$0	0.00%
Personal Property	Personal Effects	$10,000	$0	$0	0.00%
Credit Cards & Personal Loans	Home Equity Line of Credit	$0	$15,000	$350	4.25%

Continued...

Other Income Sources

Name	Description	Amount	Monthly/ Lump Sum	Begins at Age	Ends at Age	Annual Increase	Today's Value/ Future Value	Available for Survivors
Emily	Emily Social Security 75% est	$3,718	Monthly	65	95	2.50%	Future	Yes

Life Insurance Policies

Name	Company	Insurance Benefit	Annual Premium	Type
Emily	GSK group	$300,000	$0	Group

College Funding

Child's Name	School	Annual Amount (in Today's Dollars)	Years Needed	Percent Want To Provide

Total Funds Presently Available	Monthly Savings	Rate of Return
$0	$0	0.00%

Retirement Needs

		Emily
Desired Retirement Age		65
Social Security Retirement Benefits Begin Age		65
Employer Offers Retirement Plans		Yes
Maximum amount being contributed		No
Monthly Need (in today's dollars)		
Phase 1	$6,667	65

Assumptions Used In This Analysis

Rate of Return on Assets	
During Retirement…….…….. …….	5.00%
In the Event of Death…….…….. …….	6.00%
For College Needs…….…….. …….	0.00%
Number of month's income to set aside for emergency reserves…….…….. …….	3
Long-term inflation rate…….…….	3.00%
Social Security inflation rate…….…….	2.50%
Long-term inflation rate for College Costs……..	5.00%
Life expectancy age…….…….	95
Final Expenses…….…….	$10,000

Net Worth

Assets	Owner	ROR	Market Value
Bank Accounts and Investments			
Coastal Go Green money Market		1.00%	$25,000
Coastal Go Green	Emily	2.25%	10,000
Retirement Plans			
GSK 401(k)	Emily	7.00%	100,000
Roth IRA	Emily	7.00%	20,000
Residence			
Residence	Emily	--	280,000
Personal Property			
Auto	Emily	--	25,000
Personal Effects	Emily	--	10,000
Total Assets			**$470,000**

Liabilities	Owner	Interest Rate	Liability Value
Residence			
Residence	Emily	4.00%	(250,000)
Personal Property			
Auto	Emily	N/A	(15,000)
Credit Cards & Personal Loans			
Home Equity Line of Credit	Emily	4.25%	(15,000)
Total Liabilities			**($280,000)**

Net Worth	**$190,000**

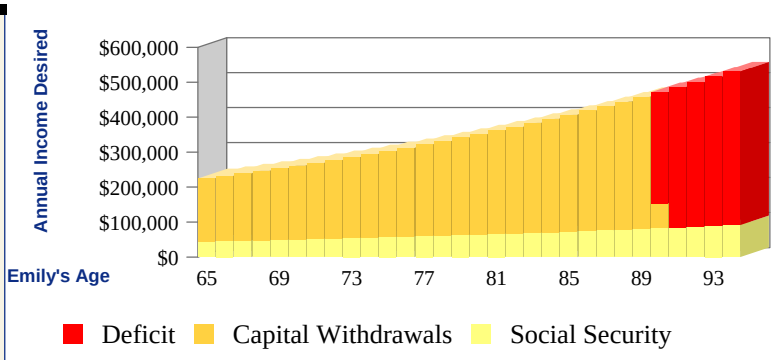
Retirement Needs Analysis

Will you have enough money when you retire? The earlier you begin setting money aside, the more likely you are to achieve your retirement goals.

Retirement income generally comes from three different sources:

- *Social Security*
- *Employer Sponsored Plans*
- *Savings and Investments*

This retirement analysis suggests that you might not have enough money to retire. It is estimated that your assets will be ***depleted*** *by age 90. At that time, your remaining income sources will be limited to Social Security and only provide 18% of your income.*

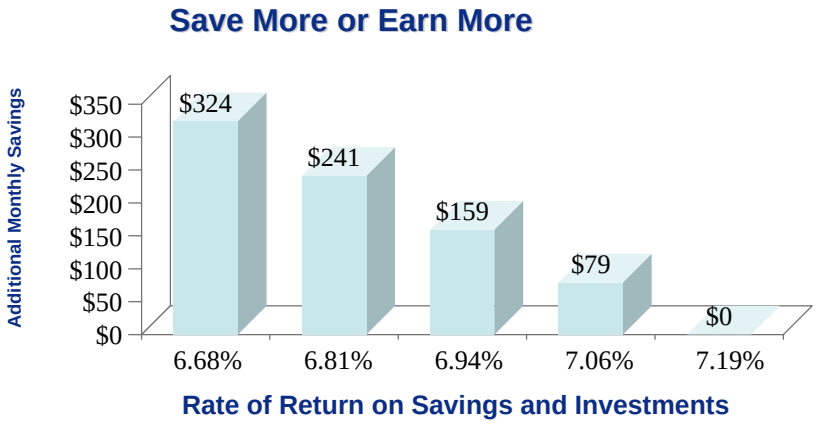


To provide for your desired retirement income, you will need additional capital at retirement age 65. In order to meet this need, you should consider:

- Saving more money
- Earning a higher return on your assets

If you are not able to accumulate this capital, you may need to consider:

- Postponing your retirement, or
- Reducing your standard of living



This chart shows various options in order for you to meet your objectives. Based on your current average rate of return of 6.68%, you would need to save an additional $324 a month. Alternatively, if you could increase your average rate of return to 7.19%, your objectives would potentially be met. It is important to understand that in order to achieve an increased rate of return, it is likely you will face increased risk.

If these options are not attainable, consider working towards doing a little bit of both; saving more money and earning a higher rate of return subject to your risk tolerance.

Assumptions: Income increases at 3.00% annually. Rate of return during retirement is 5.00%. Social Security benefits increase at 2.50%.

Retirement Needs Analysis Detail

Income Objective

	Annual Need (Today's Dollars)	Annual Need (Future Dollars)	Capital Value at Retirement
At Emily's Age 65	$80,004	$225,120	$5,067,127
Total Value of Income Objective			**$5,067,127**

Income Sources

Income Sources	Payment In Today's Dollars	From	To	COLA	First Year's Payment	Capital Value at Retirement
Emily Social Security 75% est	--	65	95	2.50%	$44,616	$943,192
Total Income Sources						**$943,192**

Capital Needed to Meet Objectives $4,123,935

Capital Available

Account Name/ Asset Name	Market Value	Assumed Rate of Return	Total Annual Contribution	Assumed Savings Increase	Capital Value at Retirement
GSK 401(k)	$100,000	7.00%	$10,992	0.00%	$2,644,177
Roth IRA	20,000	7.00%	4,800	0.00%	901,968
Coastal Go Green money Market	25,000	1.00%	0	0.00%	35,415
Coastal Go Green	10,000	2.25%	0	0.00%	21,788
Total Capital Available					**$3,603,348**

Additional Capital Needed to Meet Objectives $520,588

Assumptions

Inflation	3.00%
Rate of Return for Assets during Retirement	5.00%
Mortality assumed for Emily	95

Your Retirement Timeline

				Beginning Balance:		$3,603,348
Emily's Age	Annual Income Desired	Social Security	Other Income	Income Surplus/ (Shortage)	Investment Growth	Asset Balance
65	$225,120	$44,616	$0	($180,504)	$175,315	$3,598,158
66	231,874	45,731	0	(186,142)	174,904	3,586,920
67	238,830	46,875	0	(191,955)	174,186	3,569,151
68	245,995	48,047	0	(197,948)	173,136	3,544,339
69	253,375	49,248	0	(204,127)	171,730	3,511,941
70	260,976	50,479	0	(210,497)	169,939	3,471,383
71	268,805	51,741	0	(217,064)	167,734	3,422,052
72	276,870	53,034	0	(223,835)	165,086	3,363,303
73	285,176	54,360	0	(230,815)	161,960	3,294,448
74	293,731	55,719	0	(238,012)	158,324	3,214,761
75	302,543	57,112	0	(245,431)	154,140	3,123,471
76	311,619	58,540	0	(253,079)	149,370	3,019,762
77	320,968	60,004	0	(260,964)	143,973	2,902,771
78	330,597	61,504	0	(269,093)	137,905	2,771,583
79	340,515	63,041	0	(277,473)	131,120	2,625,230
80	350,730	64,617	0	(286,113)	123,570	2,462,687
81	361,252	66,233	0	(295,019)	115,204	2,282,872
82	372,089	67,889	0	(304,201)	105,966	2,084,637
83	383,252	69,586	0	(313,666)	95,800	1,866,771
84	394,750	71,325	0	(323,424)	84,644	1,627,991
85	406,592	73,109	0	(333,484)	72,435	1,366,942
86	418,790	74,936	0	(343,854)	59,104	1,082,192
87	431,354	76,810	0	(354,544)	44,579	772,227
88	444,294	78,730	0	(365,564)	28,784	435,447
89	457,623	80,698	0	(376,925)	11,640	70,162
90	471,352	82,716	0	(388,636)	0	(318,474)
91	485,492	84,783	0	(400,709)	0	(719,183)
92	500,057	86,903	0	(413,154)	0	(1,132,337)
93	515,059	89,076	0	(425,983)	0	(1,558,320)
94	530,511	91,303	0	(439,208)	0	(1,997,528)

The Future of Social Security

In 1935, Social Security (the Old-Age, Survivors and Disability Insurance program) was introduced through the Social Security Act. Since then, retirees have used this as a reliable source of income to supplement retirement savings. The retirement age in which full social security benefits are payable is currently between the ages of 65 and 67, depending on your year of birth, while those who have reached age 62 are eligible for partial benefits. While the program has changed significantly since it was introduced, its goal has always been to provide a more stable income outlook for those that are retired or affected by disability.

Baby Boomers

The generation of Americans born from 1946 to 1964 has historically been called Baby Boomers. This generation will have a tremendous impact on the economy, strategy for investments and the future of social security. Beginning on Jan. 1, 2011, and every day for the next 19 years, it is projected that 10,000 baby boomers will reach the age of 65. In addition to the sheer number of baby boomers, the increase in life expectancy over the past few decades has caused the projected benefit obligations of the social security system to substantially increase.

Revenue and Expenses

While Social Security is not a business, the same concepts apply. For the system to continue operating functionally, it must generate a sufficient amount of income to cover the benefits that are paid out. In 2010 and 2011, Social Security expenditures exceeded non-interest income for the first time since 1983. This is expected to continue for at least the next 75 years under current circumstances. Thus, to continue the ability to fully pay all scheduled benefits, congress will have to either increase the revenues generated by social security taxes, decrease projected expenses or both. To generate income for Social Security funding, Congress enacted the FICA tax. Until recently, the income has been greater than payments, generating a surplus. This surplus has then been held in a trust fund, earning interest income. Any future funding shortfalls will be drawn from this trust fund.

Each year, the Trustees of the Social Security trust fund report on the financial status of the program. In 2012, the actuarial deficits were made worse because of updated economic data and assumptions. The Trustees determined that legislative modifications will be necessary in order to avoid disruptive consequences for beneficiaries and taxpayers. The primary goal of the report was to warn lawmakers not only about the extent of the issue of long-term projected shortfalls, but also that changes should not be delayed. Any additional delay will only make the problem worse and will reduce options available to lawmakers. One of the biggest issues with the program is that growth in program expenses is forecast to be substantially larger than GDP growth due to the aging population of baby boomers. Additionally, social security will be strained by the increasing life expectancy of its participants and growing health care costs in excess of GDP, and Social Security costs as a percentage of GDP are projected to increase from 4.2 percent in 2007 to 6.4 percent in 2035. With projected future shortfalls, the trust fund is projected to run out in 2033 (three years earlier than in 2011). While this is alarming, FICA tax is still projected to cover roughly 75 percent of schedule benefits after the fund is depleted.

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Future

Changes to Social Security that would help solve future funding shortfalls (increasing income, decreasing expenses or both) are difficult, but necessary. Further complicating this issue is political matters. Neither political party would like to be seen as responsible for raising FICA taxes or extending the retirement age. However, changes to the system are necessary in order to extend the availability of fully funded benefits and therefore appear inevitable. While no material discussions are ongoing regarding changes to the system, the simplest change to help combat future shortfalls would likely be an increase in retirement age. The main reason for this is that changes have not been made to the Social Security retirement age since the early 1980s. Life expectancies have continually increased, rising above 78 years in 2011. Additional possible changes could include raising the FICA tax to higher levels, raising/eliminating the income limit for FICA taxes, introducing means testing and many more.

Effect on Financial Planning

The effect of the uncertain future of Social Security on financial and retirement planning is tremendous and should be taken into account by everyone, regardless of age. Based on the projections outlined by the Social Security Board of Trustees, there is a marked difference in the effect this uncertainty will have on different generations.

For those already in retirement, while it is possible that benefits could be changed to reduce expenditures, it is highly unlikely that changes would be made for anyone already retired. With benefits still projected to be fully provided through 2033, any potential benefit shortfalls are relatively unlikely to affect individuals that are already retired. With a high likelihood that Social Security will be changed to solve funding shortfall problems, it is reasonable to rely on this income source for the rest of your life. Individuals near retirement have less certainty about the future of social security, as the projected future shortfall in the Social Security trust fund in 2033 will likely be within your planning time frame. The high likelihood that some Social Security regulations will change in the near future will make it extremely likely that this projection will change for the better. If you are near retirement, most of your investment decisions related to retirement have already been made. As a result, future changes in social security may have little impact on your retirement plan. However, it may be beneficial to analyze the potential scenario (however unlikely) that no changes are made and only 75 percent of projected income is realized from this source after 2033.

For people who are far from retirement, any future changes to the structure of social security will alter the projections for the viability of future payouts. This uncertainty means that a contingency plan to cover cash flow shortfalls should be in place, just in case Social Security benefits are reduced. It is important to remember that even if no changes are made and the Social Security trust fund is entirely depleted, 75 percent of benefits are still projected to be paid from ongoing taxes. Projecting cash flow under the assumption that only 75 percent of benefits are paid would be helpful to determine whether your savings will be enough, even in this scenario. An increased focus on saving personal funds would decrease the risk of not having enough resources to achieve retirement goals.