

# IRA, Roth & Saving Account(s) Stretch Summary Illustration

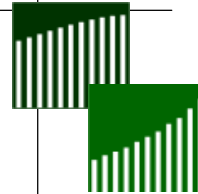
## Phase 1

Income to match your lifestyle and preserve your wealth



## Phase 2

Continuing income for spousal security and independence



**Prepared For :**

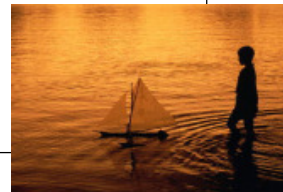
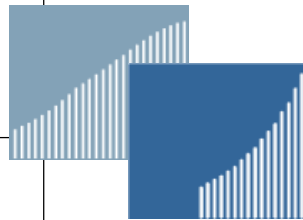
January 06, 2012

**Prepared By :**

Financial Analyst  
First Financial of Sewickley

## Phase 3

A legacy that passes to the next generation



This information is hypothetical and is provided for informational purposes only. It is not intended to represent any specific return, yield, or investment, nor is it indicative of future results. Information provided by you has not been verified by our firm.

# Contents & Disclosure

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## Important Disclosure Regarding Illustration of Traditional & Roth IRA Distributions

The following illustration is intended to provide some education for investors about the potential financial benefits of using certain distribution patterns and techniques in the managing Traditional and Roth IRA accounts through retirement.

This presentation illustrates distribution planning applied to IRA accounts. It is an illustration that contains very general computations concerning the current value of retirement assets and projections of hypothetical earnings and distributions in the future. These computations are based upon assumptions concerning the value of assets today, the rate at which assets will appreciate, life expectancies, and the rates for income and estate taxation. These assumptions are only a "best guess" and must be carefully reviewed to determine if they are reasonable. The actual values, life expectancies, rates of growth and tax rates may be significantly different from those illustrated. The actual taxes due may be significantly greater or smaller than those illustrated.

It is important to recognize that in computing and illustrating this hypothetical projection:

- i) This illustration assumes the original owner (and spouse if applicable) will have no need for income from the IRA in excess of the distribution amounts illustrated, before and/or during retirement.
- ii) This illustration assumes that all distributions are taken at year's end (12/31) by the client (and spouse if applicable) and that all beneficiaries take only the minimum distributions required by the IRS.
- iii) All projected figures assume the current tax law and IRA rules remain constant throughout. The impact of future changes in the tax law and IRA rules may have dramatic effects on the IRA balances, distributions and actual income taxes and estate taxes paid.

This report demonstrates a planning strategy for retirement assets that are potentially subject to income and estate taxes. There are a number of techniques, which are beyond the scope of this report. One or more of these techniques if appropriate, and if used in conjunction with the techniques explored herein, might reduce taxes below those illustrated by this program.

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# Initial Information & Assumptions

## Analysis - Client & Spouse Info

### Analysis Info

Illustration Date : 01/06/2012

### Client Info

Name : Joe Sample  
DOB/Age : 05/09/1947 / 65  
Illustrate To Age/Yr. : 86 / 2033  
2012 Tax Filing Status : Single

### Spouse Info

Name : Jane Sample  
DOB/Age : 01/04/1952 / 60  
Illustrate To Age/Yr. : 85 / 2037

### Account Balances

Traditional IRA : \$200,000  
Prior Year IRA Balance as of 12/31/2011 : N/A  
2012 Distributions To Date : \$0  
IRA Basis / Recovery % : N/A  
Roth IRA : \$300,000  
Savings : \$125,000

### Other First Year Assumptions

IRA & Roth IRA ROI : 6.00%  
IRA & Roth IRA Contributions : \$0  
Savings ROI : 3.00%  
Spending : \$0  
Other Income Base : \$0  
Tax Brackets Indexing : 2.00%

## Discussion Of Presentation Graphs & Ledgers

The flow charts and graphs on the following pages illustrates the yearly account activity of the Traditional IRA, Roth IRA and Savings accounts. It demonstrates the ability of the accounts to support income needs as well as distribution planning techniques such as a multi-year Roth conversion.

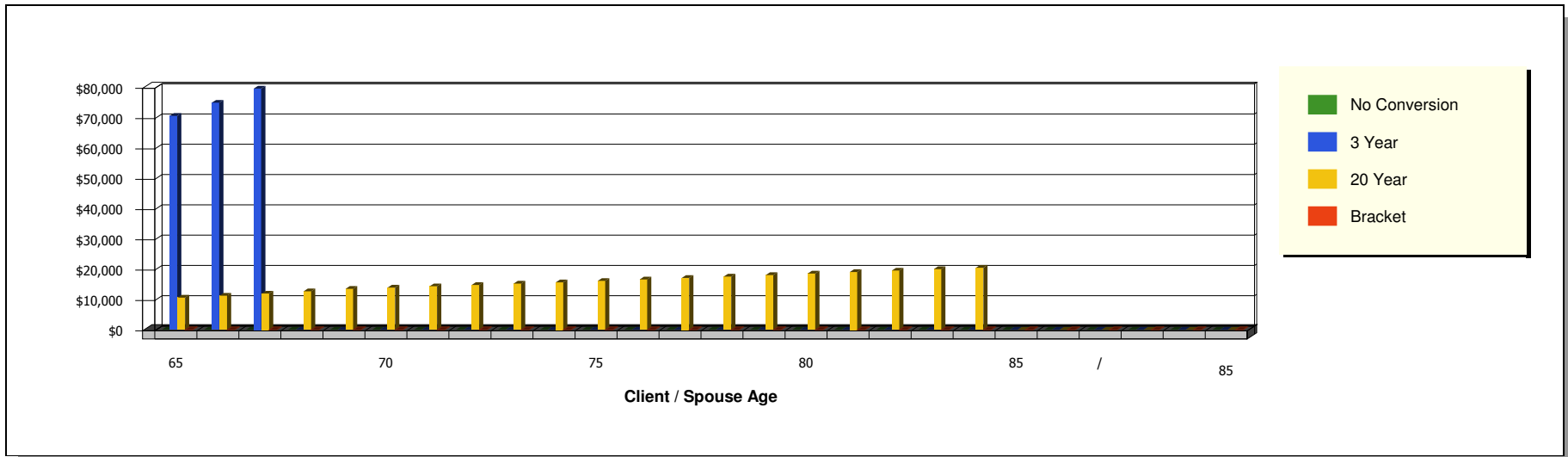
Before illustrating the actual account projections over the retirement years, an analysis was performed to identify what is potentially the most beneficial method (model) of performing a conversion of some or all of the Traditional IRA to a Roth IRA. This analysis is summarized in the first page of graphs.

On the second page of graphs, The second graph illustrates the total and net account values of all the accounts on an annual basis through retirement. Please note that the Roth IRA, because it is not subject to income taxes, does not show any tax components. On the other hand, the Traditional IRA, which is subject to required minimum distribution rules, inevitably will develop a savings account component when the RMDs distribution yield a net distribution in excess of retirement needs.

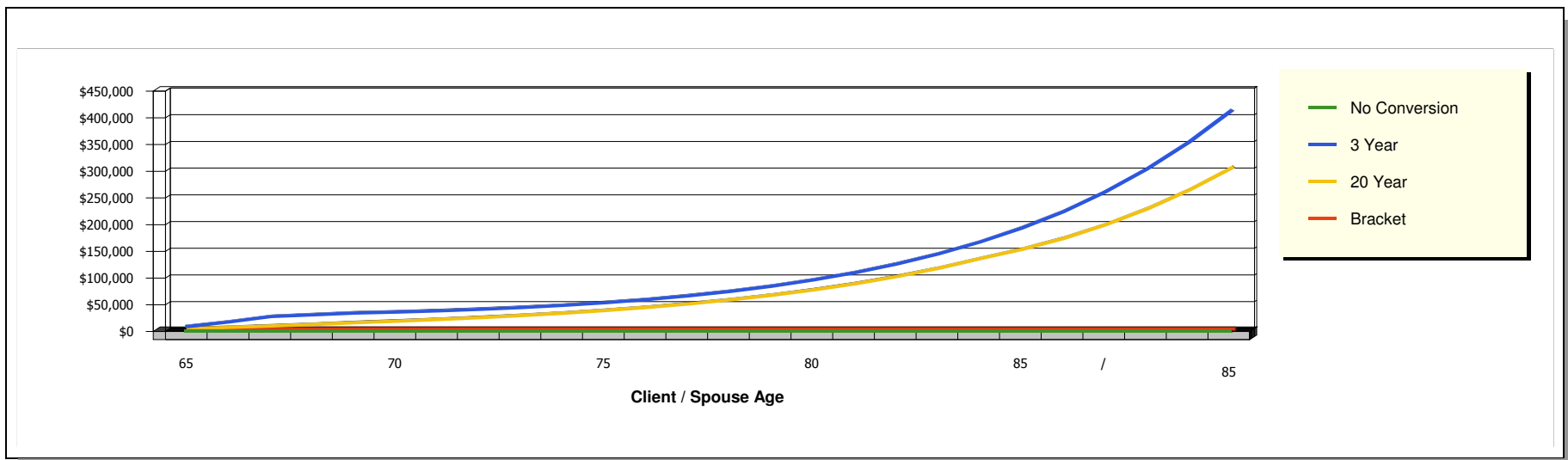
Please Note: In the first graph, all account activity below the \$0 line represents a withdrawal from the Savings and/or Roth IRA to support income needs and/or Roth conversion tax liabilities. The total height of the bar represents annual gross distributions from the IRA, the red the IRA income taxes, the green the deposits to or from savings and the gold the income need being provided by this option.

# Roth Conversion Models - Comparative Graphs

## Roth Conversion Activity

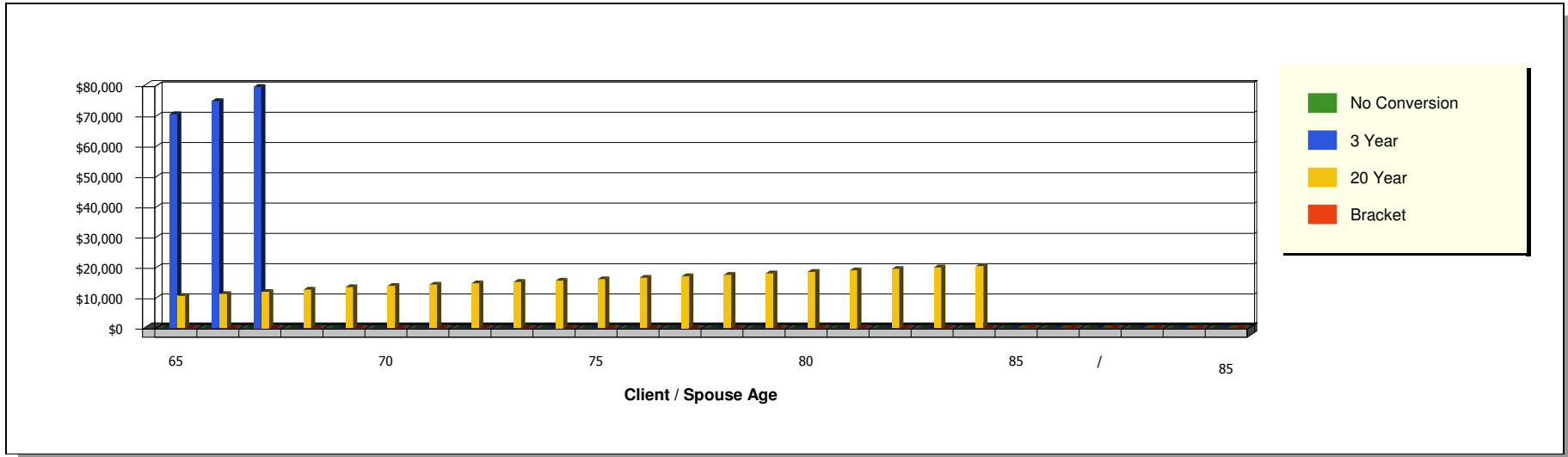


## Net Account Value Variance To No Conversion Baseline (IRA Lump Sum Tax ==> @30.00%)

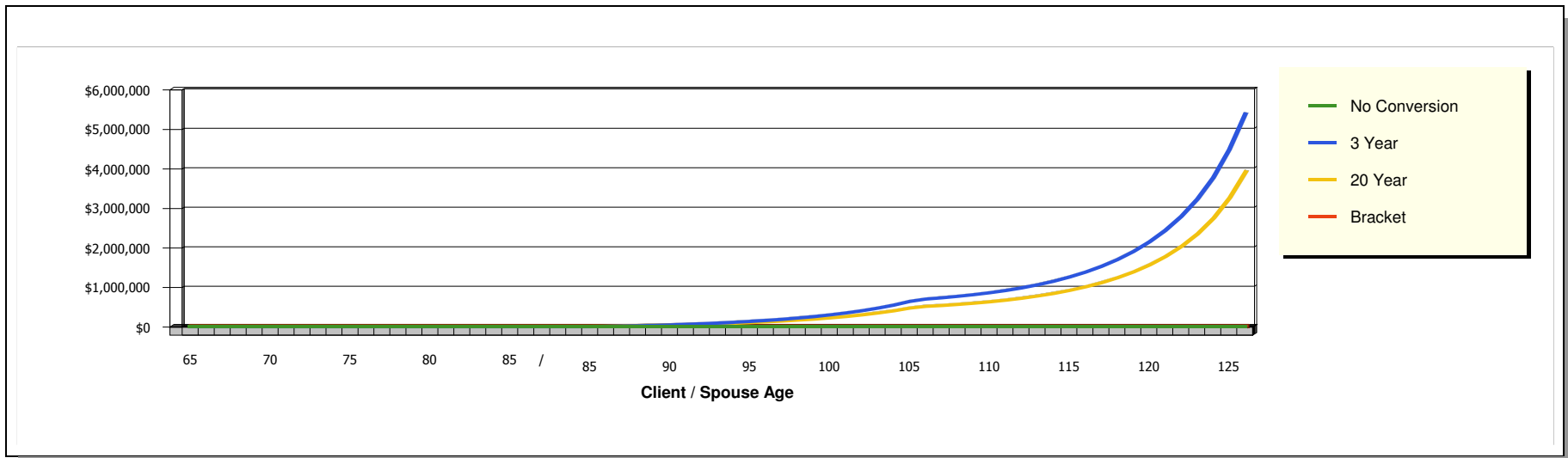


# Roth Conversion Models - Comparative Graphs

## Roth Conversion Activity



## Net Present Value @3.00 of Cumulative Distributions Variance To No Conversion Baseline



# Stretch Flow Summary

## Summary of Account Activity: Joe Sample, Jane, & Beneficiaries

### Joe Sample ==> Activity 2012 To 2033

	IRA	Roth IRA	Savings	Totals
<b>Starting Balances :</b>	200,000	300,000	125,000	625,000
Interest Earned :	530,741	1,153,851	240,871	1,925,462
Deposits :	0	0	268,892	0
Distributions :	304,479	0	0	304,479
Conversions :	0	0	0	0
Net Retirement Needs :	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Ending Balances :</b>	426,262	1,453,851	634,762	2,514,875

### Jane Sample ==> Activity 2034 To 2037

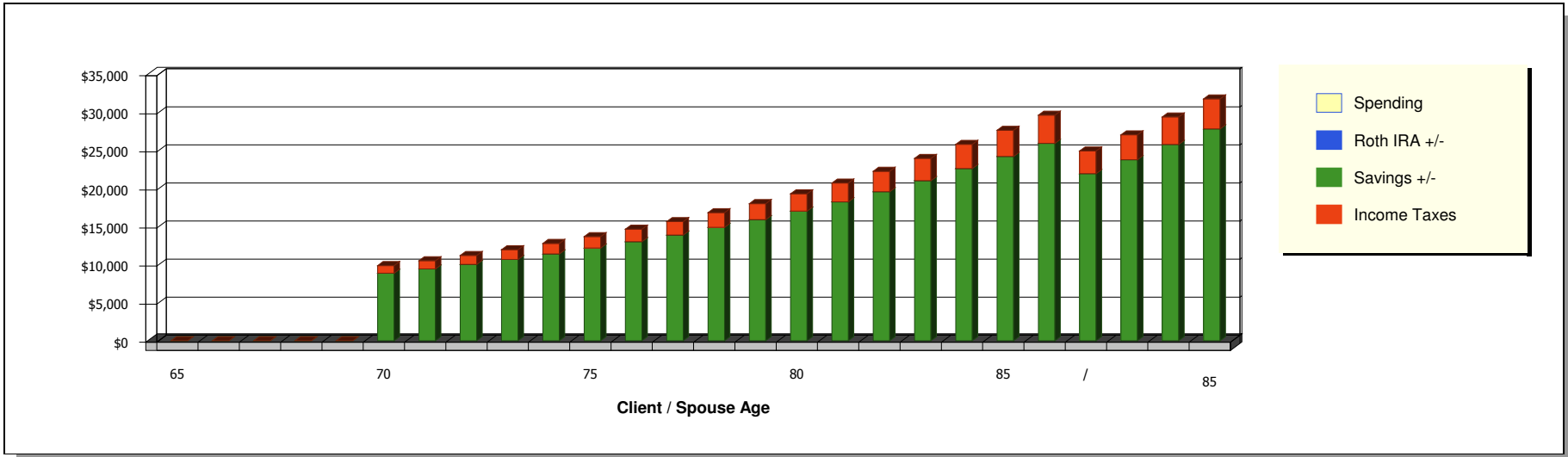
	IRA	Roth IRA	Savings	Totals
<b>Starting Balances :</b>	426,262	1,453,851	634,762	2,514,875
Interest Earned :	171,486	640,672	137,323	949,481
Deposits :	0	0	99,325	0
Distributions :	113,131	0	0	113,131
Conversions :	0	0	0	0
Net Retirement Needs :	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Ending Balances :</b>	484,616	2,094,523	871,410	3,450,550

### Beneficiary Account Distribution Activity Begins In Year 2038

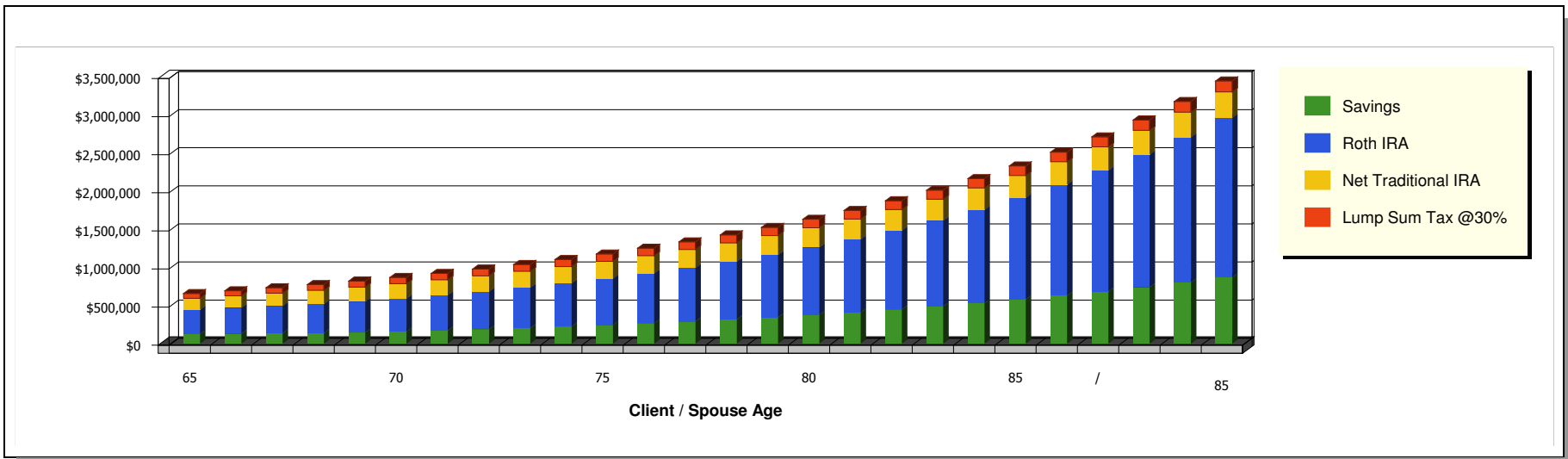
	Alloc	Age	IRA	Roth IRA	Savings	Net Distributions
<b>Tom Sample (40 - T2)</b>	50.00	66 -- 86	1,037,813	4,485,454	852,660	<b>6,116,473</b>
<b>Kim Sample (17 - T2)</b>	50.00	43 -- 83	14,486,258	62,609,992	1,320,519	<b>74,795,205</b>
<b>Totals</b>	100.00		\$15,524,070	\$67,095,446	\$2,173,179	<b>\$80,911,678</b>

# IRA, Roth & Savings Account Activity & Balances

## Account Activity



## Account Balances



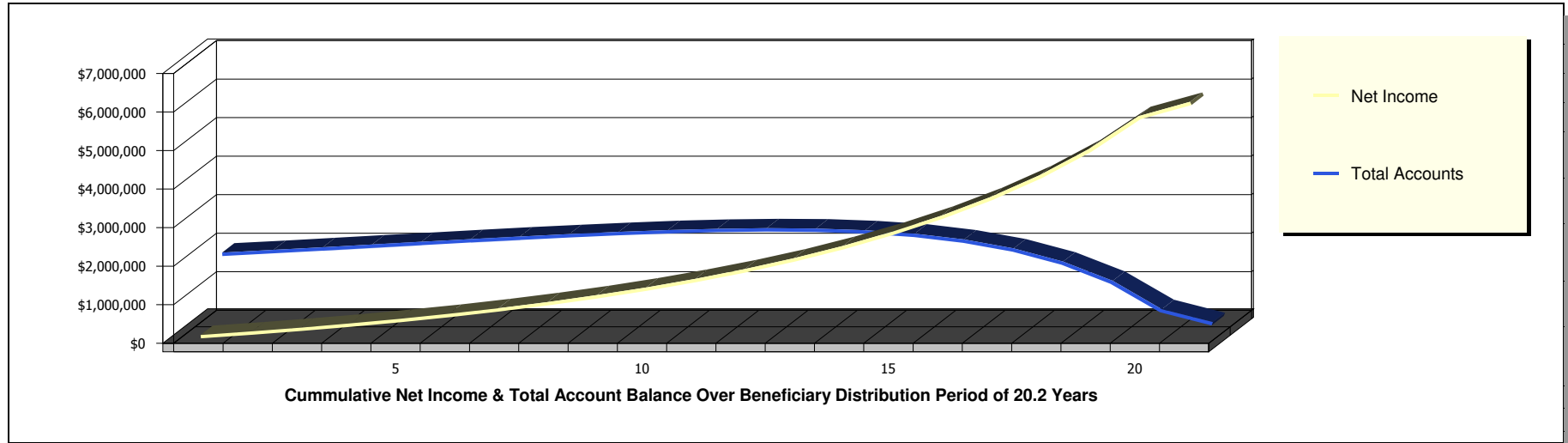
# Summary Retirement Income Ledger

## IRA, Roth & Savings Account Activity For Joe Sample & Jane

		IRA, Roth IRA & Savings Account Activity										Ending IRA	Ending Roth IRA	Interest	Ending Savings
Age	Interest	Deposits	IRA		Income /	Roth Conv	Net Directed To			Balance	Balance	Earned	Balance		
Cl	Sp	Earned	EOY	LX	Distr. / Conv	EDP Tax	Tax	Spending	Roth	Savings					
Starting Balances As of 01/06/2012 =====>											200,000	300,000		125,000	
65	60	29,589									211,836	317,753	3,699	128,699	
66	61	32,411									224,800	337,200	3,938	132,637	
67	62	35,069									238,827	358,241	4,138	136,775	
68	63	38,033									254,041	381,061	4,349	141,125	
69	64	41,218									270,528	405,792	4,587	145,711	
70	65	44,772		27.4	9,873	998				8,875	278,564	432,655	4,823	159,410	
71	66	48,078		26.5	10,512	1,083				9,429	286,883	461,903	5,388	174,227	
72	67	51,591		25.6	11,206	1,176				10,031	295,443	493,728	6,011	190,268	
73	68	55,479		24.7	11,961	1,277				10,684	304,251	528,437	6,678	207,631	
74	69	59,704		23.8	12,784	1,388				11,396	313,282	566,326	7,454	226,481	
75	70	64,299		22.9	13,680	1,510				12,171	322,503	607,725	8,289	246,941	
76	71	69,395		22.0	14,659	1,643				13,016	331,902	653,061	9,211	269,168	
77	72	74,956		21.2	15,656	1,778				13,878	341,504	702,759	10,228	293,274	
78	73	81,035		20.3	16,823	1,939				14,884	351,182	757,293	11,379	319,537	
79	74	87,791		19.5	18,009	2,101				15,908	360,986	817,270	12,654	348,099	
80	75	95,203		18.7	19,304	2,279				17,025	370,850	883,306	14,063	379,187	
81	76	103,342		17.9	20,718	2,474				18,244	380,690	956,090	15,623	413,053	
82	77	112,290		17.1	22,263	2,688				19,574	390,405	1,036,402	17,348	449,976	
83	78	122,277		16.3	23,951	2,923				21,028	399,912	1,125,222	19,259	490,263	
84	79	133,297		15.5	25,801	3,181				22,620	409,063	1,223,566	21,425	534,308	
85	80	145,631		14.8	27,639	3,436				24,203	417,912	1,332,708	23,830	582,341	
86	81	159,131		14.1	29,639	3,715				25,925	426,262	1,453,851	26,497	634,762	
	82	174,474		17.1	24,928	2,985				21,942	440,891	1,588,768	29,453	686,157	
	83	192,006		16.3	27,049	3,280				23,769	455,551	1,739,066	32,455	742,382	
	84	211,781		15.5	29,390	3,606				25,784	470,121	1,906,886	35,857	804,023	
	85	233,897		14.8	31,765	3,936				27,829	484,616	2,094,523	39,558	871,410	
		<b>2,496,750</b>	<b>0</b>		<b>417,611</b>	<b>49,394</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>368,216</b>				<b>378,194</b>	

# Beneficiary Graph & Ledger of Traditional IRA, Roth & Savings Activity

## Distributions For Tom Sample - Starting Age of 66, Allocation of 50.00%

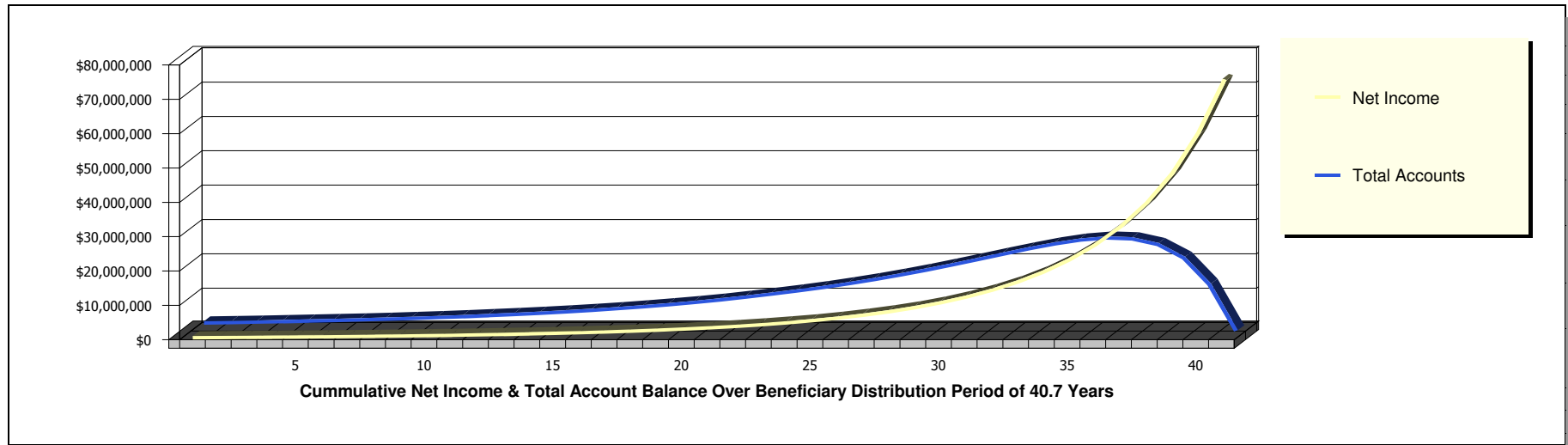


## Detailed Beneficiary Distribution Ledger

Client Age / LX	Traditional IRA					Roth IRA			Savings			All Accounts
	Earnings	RMD	Taxes	Net Income	IRA Balance	Earnings	Income	Balance	Earnings	Income	Balance	Total Net Income/Spending
12/31/2037					242,308			1,047,262			435,705	
66 / 20.2	24,328	11,995	2,999	8,997	254,640	105,145	51,845	1,100,562	21,872	21,570	436,008	82,411
67 / 19.2	26,075	13,263	3,316	9,947	267,453	112,698	57,321	1,155,939	22,324	22,709	435,623	89,977
68 / 18.2	27,949	14,695	3,674	11,021	280,707	120,796	63,513	1,213,221	22,740	23,935	434,427	98,470
69 / 17.2	29,923	16,320	4,080	12,240	294,310	129,329	70,536	1,272,015	23,155	25,257	432,325	108,034
<b>70 To 82</b>	<b>569,632</b>	<b>545,629</b>	<b>136,407</b>	<b>409,222</b>		<b>2,461,963</b>	<b>2,358,223</b>		<b>292,503</b>	<b>519,302</b>		<b>3,286,747</b>
83 / 3.2	44,755	99,473	24,868	74,604	263,595	193,431	429,923	1,139,263	14,448	64,227	155,747	568,755
84 / 2.2	37,799	119,816	29,954	89,862	181,578	163,370	517,847	784,786	11,167	70,794	96,120	678,503
85 / 1.2	26,565	151,315	37,829	113,486	56,828	114,814	653,989	245,612	7,026	80,100	23,046	847,575
86 / 0.2	8,479	65,307	16,327	48,980	0	36,645	282,257	0	1,719	24,766	0	356,003
	<b>795,505</b>	<b>1,037,813</b>	<b>259,453</b>	<b>778,359</b>		<b>3,438,192</b>	<b>4,485,454</b>		<b>416,955</b>	<b>852,660</b>		<b>6,116,473</b>

# Beneficiary Graph & Ledger of Traditional IRA, Roth & Savings Activity

## Distributions For Kim Sample - Starting Age of 43, Allocation of 50.00%



## Detailed Beneficiary Distribution Ledger

Client Age / LX	Traditional IRA					Roth IRA			Savings			All Accounts
	Earnings	RMD	Taxes	Net Income	IRA Balance	Earnings	Income	Balance	Earnings	Income	Balance	Total Net Income/Spending
12/31/2037					242,308			1,047,262			435,705	
43 / 40.7	24,328	5,954	1,488	4,465	260,682	105,145	25,731	1,126,676	21,872	10,705	446,872	40,902
44 / 39.7	26,694	6,566	1,642	4,925	280,810	115,372	28,380	1,213,667	22,880	11,256	458,496	44,561
45 / 38.7	29,345	7,256	1,814	5,442	302,898	126,828	31,361	1,309,135	23,933	11,847	470,582	48,650
46 / 37.7	32,289	8,034	2,009	6,026	327,153	139,554	34,725	1,413,963	25,082	12,482	483,182	53,233
<b>47 To 79</b>	<b>10,733,679</b>	<b>6,145,460</b>	<b>1,536,365</b>	<b>4,609,095</b>		<b>46,391,244</b>	<b>26,560,841</b>		<b>791,047</b>	<b>1,104,500</b>		<b>32,274,435</b>
80 / 3.7	1,026,821	1,328,479	332,120	996,359	4,613,714	4,437,948	5,741,721	19,940,595	0	45,873	123,856	6,783,952
81 / 2.7	983,182	1,708,783	427,196	1,281,587	3,888,113	4,249,341	7,385,405	16,804,530	0	45,873	77,983	8,712,865
82 / 1.7	845,276	2,287,126	571,781	1,715,344	2,446,264	3,653,305	9,885,017	10,572,817	0	45,873	32,111	11,646,234
83 / 0.7	542,337	2,988,601	747,150	2,241,450	0	2,343,994	12,916,811	0	0	32,111	0	15,190,372
	<b>14,243,950</b>	<b>14,486,258</b>	<b>3,621,564</b>	<b>10,864,693</b>		<b>61,562,731</b>	<b>62,609,992</b>		<b>884,814</b>	<b>1,320,519</b>		<b>74,795,205</b>