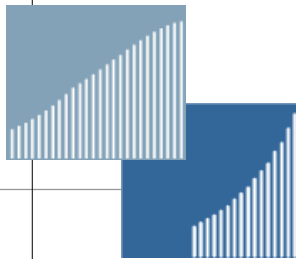


NQ Stretch Annuity Analysis

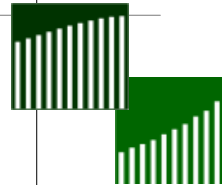
Phase 1

Income to match your lifestyle
and preserve your wealth



Phase 2

Continuing income for
spousal security and
independence

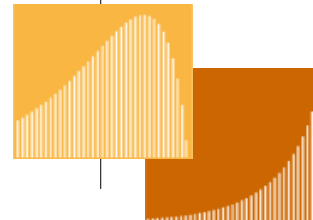
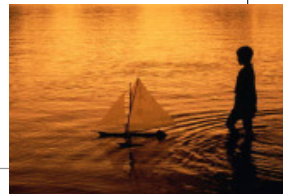


Prepared For:

January 06, 2012

Prepared By:

Financial Analyst
First Financial of Sewickley



Phase 3

A legacy that passes to
the next generation

Contents & Disclosures

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Important Disclosure

This report contains very specific computations concerning the value of retirement assets today, the value of retirement assets in the future, and the taxes, which may be assessed against these assets at any given point in time. 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.

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.

The software used to produce this report has been designed to assist the financial services professional in educating clients on important decisions that may affect their retirement assets. The role of the financial services professional is to help the client meet current and future financial needs. In order to determine the amount of these needs, the financial services professional must discuss with the client certain legal and tax planning concepts. Estate planning for retirement assets involves an in-depth analysis of financial and legal issues, which should be coordinated with the client's tax advisors. By using the software that produces this report, financial service professionals can illustrate various planning scenarios to assist the client and their tax advisors in establishing the most appropriate retirement distribution plan. Since this type of planning involves the application of technical tax laws to a client's unique situation, the client's tax advisors should be consulted in determining the suitability of any particular planning technique. This type of planning may involve the preparation of legal documents that only an attorney can implement.

Initial Information

Initial Data, Assumptions & Options

Illustration Information

Description : New Case Analysis
Date : 01/06/2012

Preparation Info

Prepared By : Financial Analyst

Client Details

Client Name : Joe Sample
DOB/Age : 05/09/1947 / 65
Illustrate To Age/Yr. : 86 / 2033

Spouse Details

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

Account Info (Balance(s) as of 12/31/2011), Other Values - First Year

Annuity Name : Joe Sample's Ira Account
Balance : \$200,000
Assumed Interest Rate : 6.00%
Deposits : \$0
First Year Distribution : \$0

RMD Methods - Phase 1: Client Distributions

N/A

RMD Method - Client Distributions

N/A

RMD Methods - Inherited Annuity Phase: Beneficiary Distributions

Term Certain Method Using Single Life Table Based On Non-Spouse Beneficiary's Age In The Year Following Inheritance

Beneficiary Data				
Relationship	Name	Date Of Birth	Age	Benefit %
Child	Tom Sample	07/22/1972	40	50.00%
Grandchild	Kim Sample	05/15/1995	17	50.00%

Stretch Impact

What is a Stretch Annuity?

A Non-Qualified Annuity Account (NQA) is designed to provide an additional savings vehicle, in addition to IRAs and Qualified Plans. It can provide retirement income benefits to its owner and in the case of a married couple, the owner and their spouse. In the event that the NQA is passed on to one or more non-spouse beneficiaries the Internal Revenue Service (IRS) has developed a set of required distribution rules that govern the minimum amount that must be distributed from the Inherited NQA. Given the nature of the rules, the life expectancy tables that are used to meet these rules, and a very moderate NQA account growth rate, the yearly minimum required distribution does little to deplete the NQA account principle in the early years following its inheritance. With proper planning and structure, the beneficiary's of the NQA can continue the yearly minimum required distributions based on their life expectancy. The extension of the annuity benefits across to a second generation is generally referred to as a "Stretching the Annuity".

In planning to "Stretch the Annuity", one must understand that distributions taken by the account owner and their spouse to meet retirement needs could significantly reduce the ability to "Stretch the Annuity". The following illustration is based on the assumption that the distributions during the life of the client and spouse are sufficient to meet their needs, while still leaving a balance of the NQA to their beneficiaries.

Impact of an Immediate Distribution vs Stretch Annuity

**Without
Stretch
Annuity**
\$717,907 *

Immediate Distribution by Beneficiaries

Benefits of Potential Tax Deferred Growth Lost
*** Assumes Annuity liquidated and distributed on death of owner or spouse (if applicable).**

**With
Stretch
Annuity**
\$717,907

Stretch Annuity Illustration

Benefits of Potential Tax Deferred Growth Continued
Income Taxes On Distributions Only
Lifetime Income Provided To Heirs

All charts and ledgers are hypothetical and for illustrative purposes only. They are not intended to reflect the performance of any specific investment vehicle.

Stretch Flow Summary

Summary of NQ Annuity Activity: Joe Sample, Jane, & Beneficiaries

Joe Sample
Starting Balance (12/31/2011) - \$200,000

Projected NQ Annuity Distributions
Over The Years 2012 to 2033 - \$0

Jane
Starting Balance (12/31/2033) - \$590,624

Projected NQ Annuity Distributions
Over The Years 2034 to 2037 - \$0

Beneficiaries Inherit NQ Annuity Balance of \$717,907
Projected Inherited NQ Annuity Distributions Starting In Year - 2038

	% Share	Starting Balance	Distributions Ages / To Year	Total Annuity Distributions
Tom Sample	50.00	358,954	86 -- 2058	358,954
Kim Sample	50.00	358,954	83 -- 2078	358,954
Totals	100.00	\$717,907		\$717,907

Total Projected Stretch Annuity Distributions - \$717,907

The illustration above is a summary of a hypothetical "Stretched Annuity" illustrating the gross (before tax) distributions to the client, spouse (if applicable) and beneficiaries. The illustration assumes that a separate account for each non-spouse beneficiary is established and that a distribution pattern of required minimum distributions only is followed by each beneficiary. The impact of distributions in excess of RMD, inflation, income taxes and estate taxes are not shown in this illustration. If included the results could be significantly different. It is important to consult your tax and legal advisors to determine the impact of these factors and all others in making financial, retirement and estate planning decisions.

All charts and ledgers are hypothetical and for illustrative purposes only. They are not intended to reflect the performance of any specific investment vehicle.

Detailed Client & Spouse Annuity Ledger

Annuity Activity For Joe Sample & Jane

Age		Account Activity			Starting Balance (12/31/2011):	Ending NQ Annuity Balance
Joe	Jane	Interest Earned	Life Expectancy	Contributions	Distributions	
						200,000
65	60	12,000				212,000
66	61	10,600				222,600
67	62	11,130				233,730
68	63	11,687				245,417
69	64	12,271				257,687
70	65	12,884				270,572
71	66	13,529				284,100
72	67	14,205				298,305
73	68	14,915				313,221
74	69	15,661				328,882
75	70	16,444				345,326
76	71	17,266				362,592
77	72	18,130				380,722
78	73	19,036				399,758
79	74	19,988				419,745
80	75	20,987				440,733
81	76	22,037				462,769
82	77	23,138				485,908
83	78	24,295				510,203
84	79	25,510				535,713
85	80	26,786				562,499
86	81	28,125				590,624
	82	29,531				620,155
	83	31,008				651,163
	84	32,558				683,721
	85	34,186				717,907
		\$517,907		\$0	\$0	

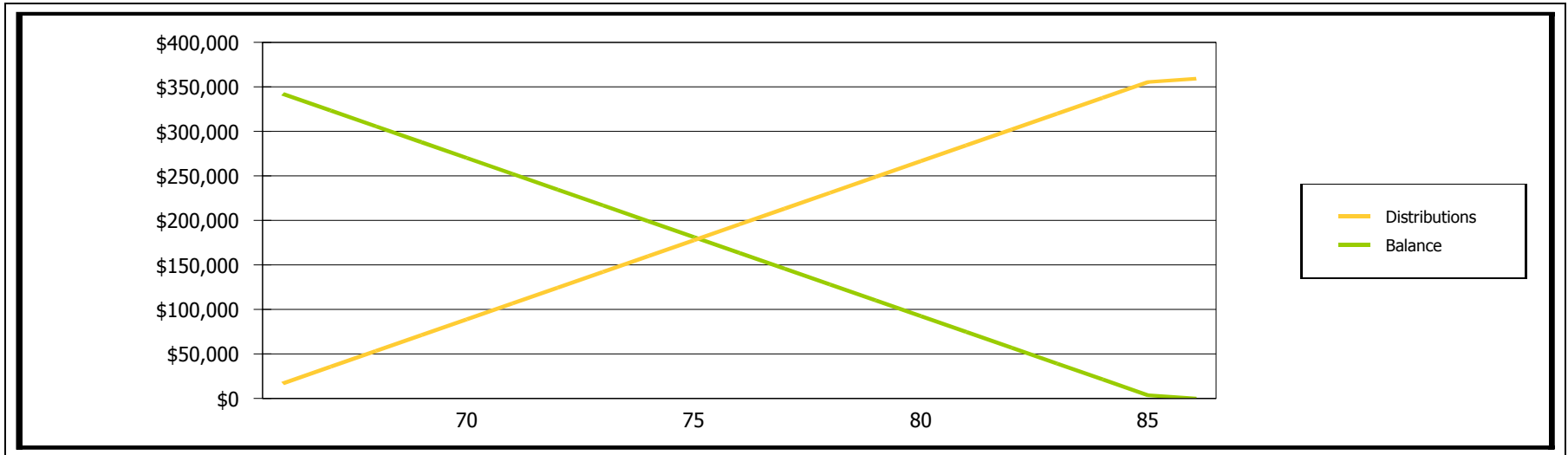
All charts and ledgers are hypothetical and for illustrative purposes only. They are not intended to reflect the performance of any specific investment vehicle.

Beneficiary Distribution Detail Ledger

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

Age	Account Activity			Ending Balance	Age	Account Activity			Ending Balance
	Interest Earned	Lx	Distribution (MRD-*)			Interest Earned	Lx	Distribution (MRD-*)	
66	0	20.2	17,770	341,184	86	0	0.2	3,554	0
67	0	19.2	17,770	323,414		\$0		\$358,954	
68	0	18.2	17,770	305,644					
69	0	17.2	17,770	287,874					
70	0	16.2	17,770	270,104					
71	0	15.2	17,770	252,334					
72	0	14.2	17,770	234,564					
73	0	13.2	17,770	216,794					
74	0	12.2	17,770	199,024					
75	0	11.2	17,770	181,254					
76	0	10.2	17,770	163,484					
77	0	9.2	17,770	145,714					
78	0	8.2	17,770	127,944					
79	0	7.2	17,770	110,174					
80	0	6.2	17,770	92,404					
81	0	5.2	17,770	74,634					
82	0	4.2	17,770	56,864					
83	0	3.2	17,770	39,094					
84	0	2.2	17,770	21,324					
85	0	1.2	17,770	3,554					

Cumulative Annuity Distributions & Account Balances



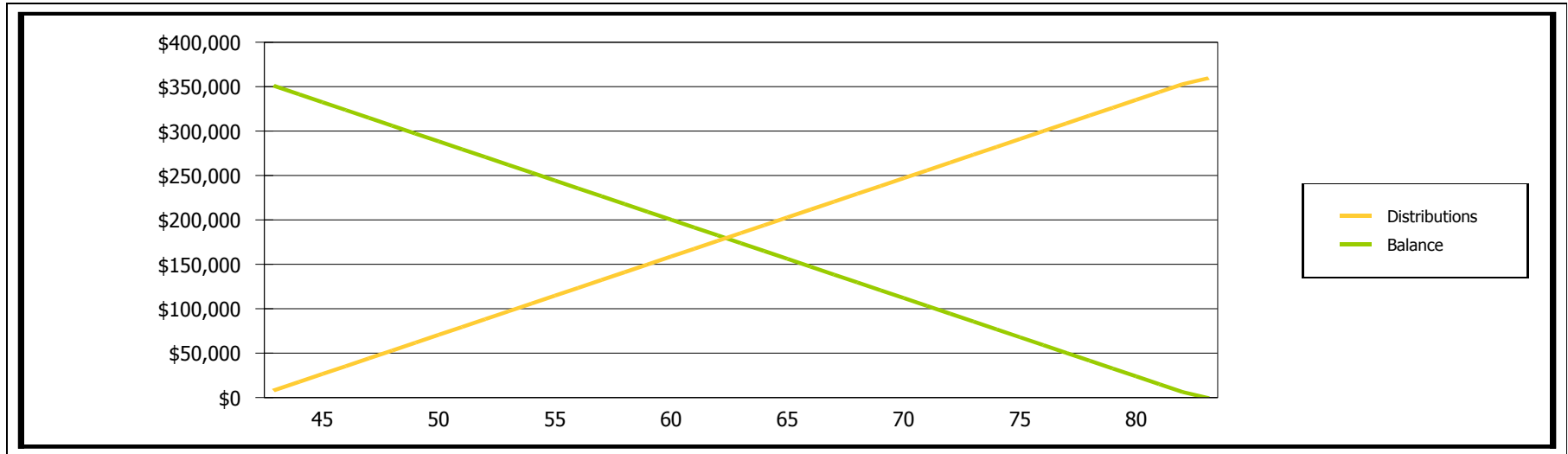
All charts and ledgers are hypothetical and for illustrative purposes only. They are not intended to reflect the performance of any specific investment vehicle.

Beneficiary Distribution Detail Ledger

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

Account Activity					Account Activity					Account Activity				
Age	Interest Earned	Lx	Ending (MRD-*)	Ending Balance	Age	Interest Earned	Ending Lx	Distribution (MRD-*)	Ending Balance	Age	Ending Earned	Lx	Distribution (MRD-*)	Ending Balance
43	0	40.7	8,819	350,134	63	0	20.7	8,819	173,744	83	0	0.7	6,174	0
44	0	39.7	8,819	341,315	64	0	19.7	8,819	164,925		\$0		\$358,954	
45	0	38.7	8,819	332,495	65	0	18.7	8,819	156,105					
46	0	37.7	8,819	323,676	66	0	17.7	8,819	147,286					
47	0	36.7	8,819	314,856	67	0	16.7	8,819	138,466					
48	0	35.7	8,819	306,037	68	0	15.7	8,819	129,647					
49	0	34.7	8,819	297,217	69	0	14.7	8,819	120,827					
50	0	33.7	8,819	288,398	70	0	13.7	8,819	112,008					
51	0	32.7	8,819	279,578	71	0	12.7	8,819	103,188					
52	0	31.7	8,819	270,759	72	0	11.7	8,819	94,369					
53	0	30.7	8,819	261,939	73	0	10.7	8,819	85,549					
54	0	29.7	8,819	253,120	74	0	9.7	8,819	76,730					
55	0	28.7	8,819	244,300	75	0	8.7	8,819	67,910					
56	0	27.7	8,819	235,481	76	0	7.7	8,819	59,091					
57	0	26.7	8,819	226,661	77	0	6.7	8,819	50,271					
58	0	25.7	8,819	217,842	78	0	5.7	8,819	41,452					
59	0	24.7	8,819	209,022	79	0	4.7	8,819	32,632					
60	0	23.7	8,819	200,203	80	0	3.7	8,819	23,813					
61	0	22.7	8,819	191,383	81	0	2.7	8,819	14,993					
62	0	21.7	8,819	182,564	82	0	1.7	8,819	6,174					

Cumulative Annuity Distributions & Account Balances



All charts and ledgers are hypothetical and for illustrative purposes only. They are not intended to reflect the performance of any specific investment vehicle.

Appendix

Calculation Methods, Rules, Assumptions, Terms & Definitions

Summary Of Illustration Calculation Methods, Rules, & Assumptions

- This is a hypothetical illustration.
- All internal calculations are performed using real number variables significant to four decimal places and are based on assumptions regarding initial account balances; client, spouse and other beneficiary info; projected earnings on the account; estimated tax rates; and current applicable IRS rules and regulations.
- All deposits and withdrawals are assumed to be made on the last day (12/31) of each year.
- All internal numbers are rounded to an integer (whole number) for presentation purposes.
- This is an illustration of a Non-Qualified Annuity Account (NQA).
- All Required Minimum Distributions (RMD) calculations are based on the temporary and final regulations and life expectancy tables published in 2002 by the IRS.
- All Estate Taxes and IRD (Income with Respect To Decedent) Taxes are only estimates calculated using an estimated applicable estate tax rate (ex. 40%) and estimated IRD tax rate. There are numerous factors including the value of the applicable Unified Credits and other assets not included in this hypothetical illustration that could have a significant impact on the illustrated values in this hypothetical projection as well as the actual tax amounts incurred.
- All presentations show the future value of the dollars. This illustration does not demonstrate the impact of inflation on any value shown.

Single Term Certain Life Expectancy

This option is used after death of the spouse, in case of inherited Annuity (i.e., not retitled), and after death of the owner when beneficiary is not the spouse. Life expectancy is read from Table 1 only in the first year of distribution to the non-owner. Years of life expectancy are then decreased by one in each subsequent year.