

Comprehensive Financial Plan

For Matthew Tammy McCarthy

Prepared by: Sawhney System Inc.

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Disclaimer

The following report is a projection for the purpose of reviewing your current financial situation and to aid in developing potential planning strategies to meet your personal financial objectives. The purpose of the report is to illustrate how accepted financial and estate planning principles may improve your current situation.

This report is based upon information and assumptions provided to us by you. This report provides broad and general guidelines on the benefits of certain financial planning strategies and does not constitute a recommendation of any particular technique. Financial planning is a continuous process with regular reviews to adjust to changes in your personal or financial circumstances.

The term "plan" or "planning," when used within this report, does not imply that a recommendation has been made to implement one or more financial plans or make a particular investment. Nor does the plan or report provide legal, accounting, financial, tax or other advice. Rather, the report and the illustrations therein provide a summary of certain potential financial concepts. The reports provide projections based on various assumptions and are based on current tax law as we current know it to be, and are therefore hypothetical in nature and not a guarantees of investment returns not actual future tax liability. You should consult your tax and/or legal advisors before implementing any transactions and/or strategies concerning your finances.

Additionally, this report may not reflect all holdings or transactions, their costs, or proceeds received by you. Prices that may be indicated in this report are obtained from sources we consider reliable but are not guaranteed. Past performance is no guarantee of future performance and it is important to realize that actual results may differ from the projections contained in this report. The presentation of investment returns set forth in this report does not reflect the deduction of any commissions. They will reflect any fees or product charges when entered by the advisor/ representative. Deduction of such charges will result in a lower rate of return.

It is important to compare the information on this report with the statements you receive from the custodian(s) for your account(s). Please note that there may be minor variations due to calculation methodologies. If you have any questions, please contact your financial representative. Also, your account(s) may be covered by FDIC or SIPC. FDIC and SIPC coverages apply only to certain assets and may be subject to limitations. Questions about coverage that may apply should be directed to the asset provider or sponsor.

The information contained within this report is not written or intended as financial, tax or legal advice. The information provided herein may not be relied on for purposes of avoiding any federal tax penalties. You are encouraged to seek financial, tax and legal advice from your professional advisors.

I/We have received and read this Disclaimer page and understand its contents and, therefore, the limitations of the report. Furthermore, I understand that none of the calculations and presentations of investment returns are guaranteed.

Client(s):

Matthew

Date

Tammy

Date

Advisor:

Sawhney System Inc.

Date

Overview

We are pleased to participate with you in creating a comprehensive planning solution to meet your personal financial objectives. The reports that follow comprise your Financial Profile as of this date and are based on the information you have provided. These reports include our forecasts of changes in your financial and tax positions through the years ahead. They reflect the impact of implementation of the recommendations we have outlined at the end of this report.

Objectives

Lifetime Planning

- Establish and maintain an adequate level of reserves.
- Minimize long-term debt.
- Increase net worth on a systematic basis through a diversified investment program.
- Set forth a plan to ensure financial independence for your retirement.
- Accumulate enough wealth to maintain your life-style in the event of a change in your retirement plans.
- In the event of your long-term disability, structure a plan to provide for your medical and personal needs, while protecting your estate for your heirs.
- Increase asset liquidity to provide more flexibility for future estate planning, or cash needs in the event of an unforeseen expense.
- Minimize taxes to meet capital accumulation goals in the most efficient manner. Reduce income tax burden, if possible, with creative sheltering of discretionary funds.

Estate Planning

- Ensure there are sufficient assets to meet financial and charitable goals in the event of premature death.
- Avoid unnecessary taxes or expenses on your estate or on your heirs upon distribution.

Assumption	
Planning Horizon	45 years
Inflation for Tax Tables and Social Security	2.98 percent
Total Living Expenses this year	\$62,250
Current filing status	Joint
Annual Growth for Excess cash flow	6 percent
Investments	
Income	
Personal Expenses	
Other objectives	

Your Net Worth

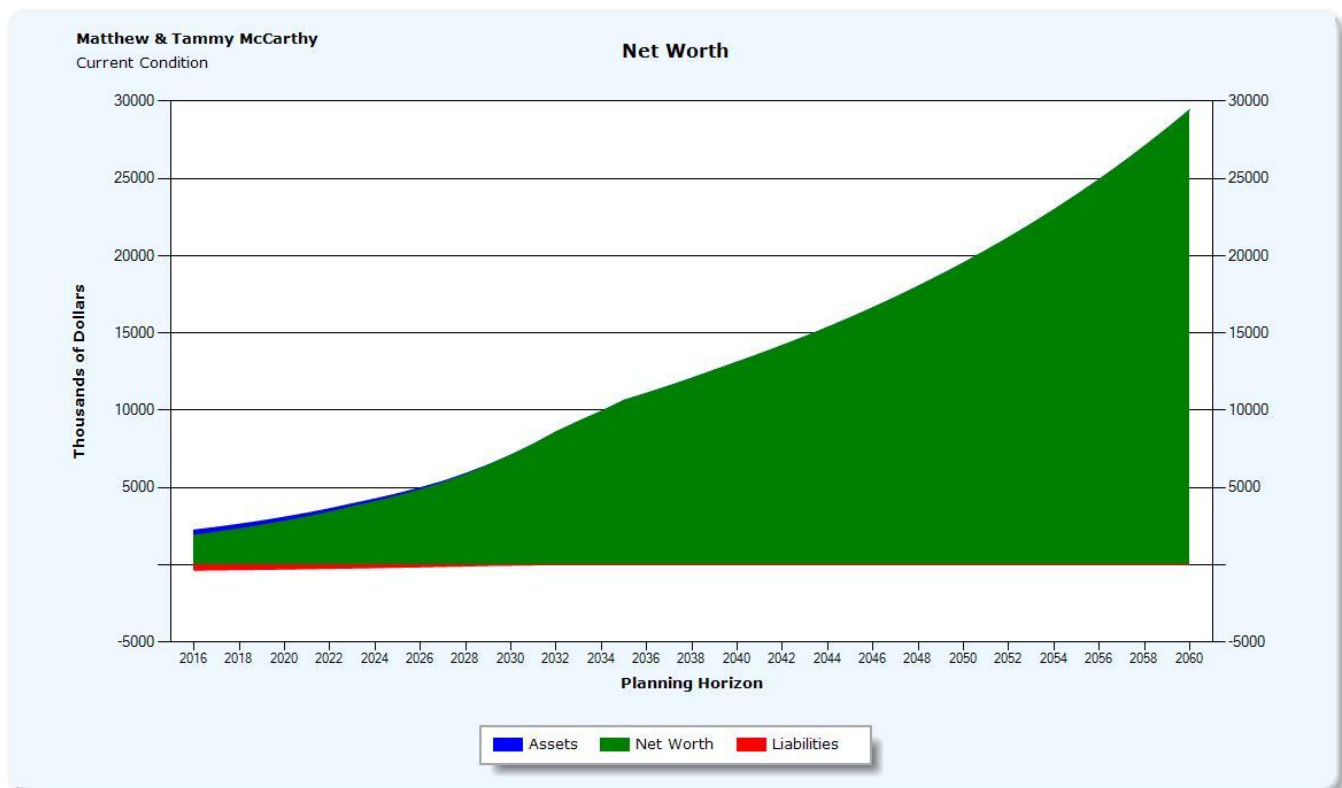
Net worth is a measure of the value of all your assets less the value of all your liabilities. It is important to understand that a positive net worth at any point in time does not necessarily indicate that you are in a sound financial position since your personal net worth includes assets such as your home, business interests, retirement plans and cash value in insurance. These assets are not generally considered liquid and thus not available to fund ongoing expenses.

A conservative valuation of your present assets and liabilities reveals that your Net Worth for the end of this year is projected to be \$1,922,418 and by 2060 your Net Worth will grow to \$29,443,136

Net Worth 2016	
Personal Assets	\$1,202,356
Investment Assets	\$841,510
Qualified Plans	\$358,226
Total Assets	\$2,258,394
Personal Liabilities	\$173,202
Investment Liabilities	\$162,774
Total Liabilities	\$335,976
Net Worth	\$1,922,418

Based upon the information you provided and the assumptions we made in projecting your profile for the next 45 years, your Net Worth increases at a rate higher than the anticipated inflation rate.

It is important to understand that inflation will erode the value of each dollar and in 2060 each dollar will only be worth 26 cents in today's dollar.



Your Assets

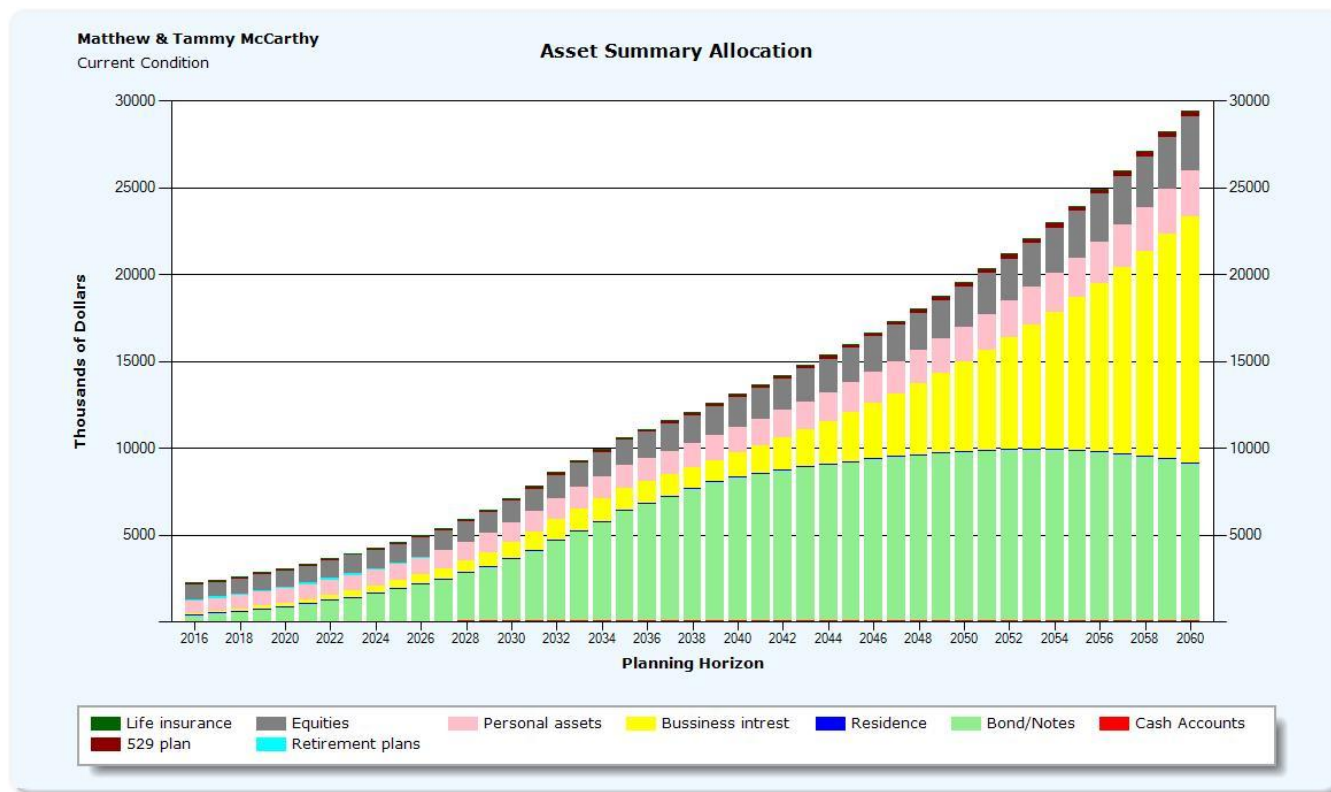
For our discussions in this report we have classified your Total Assets into two categories according to their potential for producing current or future Cash Flows. These categories are defined as follows:

Personal Assets

These assets are normally not allocated for conversion to investment capital for the production of income in the event of premature death or disability. The value of your Personal Assets in 2016 totals \$1,202,356. With the exception of \$1,000 in cash and \$49,920 the cash surrender value of your life insurance policies, all of this amount is generally considered non-liquid. Non-liquid assets are assets that generally are not easy to liquidate (homes, jewelry, business interests), result in additional taxation or investment penalty for premature liquidation (company plans, stock options), or assets that may be restricted in their reallocation into other investment vehicles (annuities, IRAs). These Personal Assets when netted against your Personal Liabilities of \$173,202 yield a Personal Net Worth of \$1,029,154. These assets are normally not allocated for conversion to investment capital for the production of income in the event of premature death or disability.

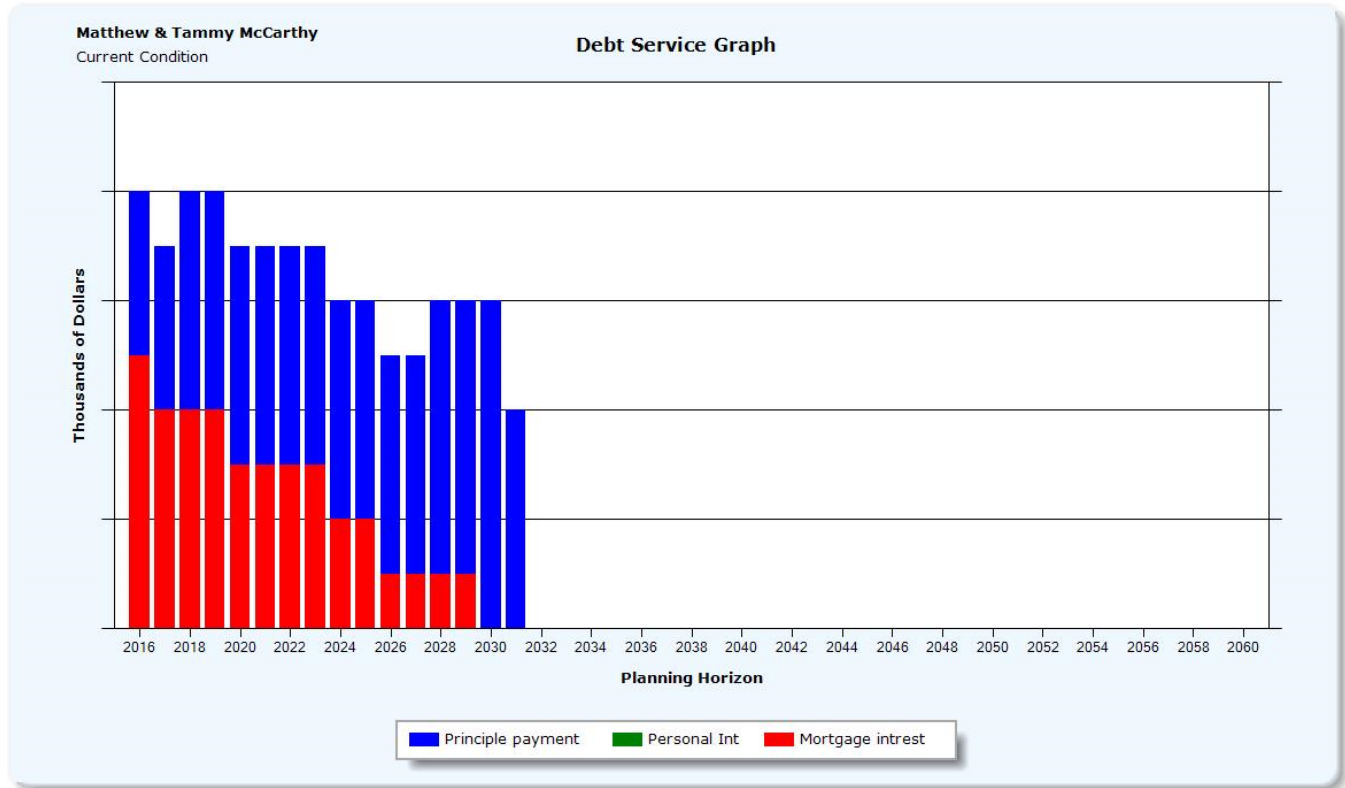
Investment Assets

These assets are normally acquired to produce income and/or future capital growth. They are available to you in retirement or if you become disabled and are available to your survivors in the event of your premature death. The value of all your Investment Assets in 2016 is \$1,056,038. Your Investment Liabilities amount to \$162,774. Therefore your Investment Net Worth is \$893,264. Your Total Assets at that time will include \$265,448 of Liquid Assets and \$1,992,946 of Nonliquid Assets. At the end of 2060 your Net Worth is projected to be \$29,443,136 consisting of \$29,443,136 in assets. Your Total Assets at that time will include \$14,578,007 of Liquid Assets and \$14,865,129 of Nonliquid Assets.



Your Liabilities

Differences in income, potential future earnings, liquid net worth, type of debt, term of debt, interest rates, returns of personal investment, age, number of dependents, retirement age and marital status are major factors in weighing the appropriate amount of debt. However an individual with a debt service as a % of cash flow that exceeds 36% may need to consider reviewing what can be done to improve their debt exposure.



The total amount of your outstanding debt at the end of this 2016 is \$335,976.
The total amount of your mortgage payments thru the entire planning horizon will be \$274,276

Your Income

Your income represents the portion of your total cash inflows that may be subject to income taxes. This includes salaries, investment income, dividends, distributions from qualified plans, pension income, and social security.

You are projected to earn a total of \$201,200 for 2016. In addition you will earn \$3,042 in interest and dividends. This income from interest and dividends includes \$405 of interest from municipal bonds that is exempt from income taxes. The total of your Cash Inflows for this year is \$213,739 after considering the money gain from your direct participation or other investments and before considering any other adjustments or deductions for tax purposes.

In 2060 you are projected to earn a total of \$765,448 in Personal Service Income. Your interest and dividend earnings are projected to be \$16,014 in 2060. This income from interest and dividends includes interest from municipal bonds of \$405 that is exempt from taxes. The adjusted investment earnings for tax purposes is computed to be \$869,834. This computation takes into consideration the \$88,372 from your direct participation in tax-favored investments.

Tax Summary 2016

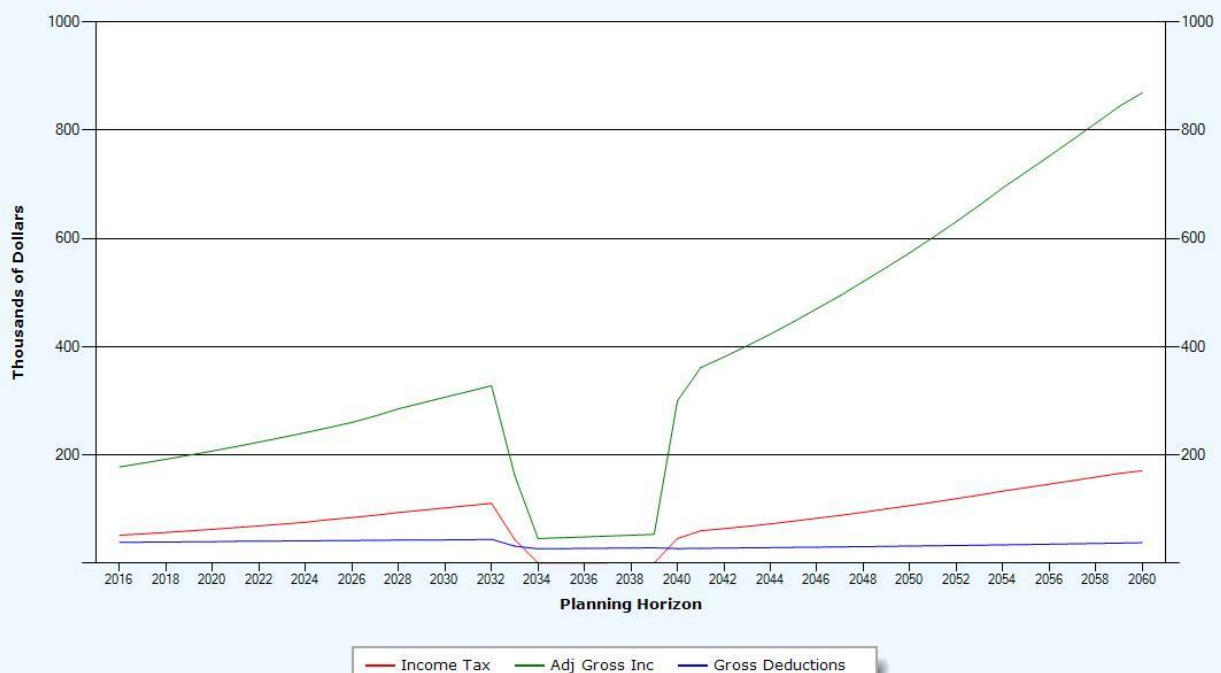
Filing Status	Joint
# Exemptions	3
AGI adjustments	\$29,930
Itemized Deductions	\$38,668
Current top tax bracket	\$25
Gross Income	\$201,200
Taxable income	\$127,287
Federal income tax	\$23,273
AMT	\$0
Self employment tax	\$10,597
Social Security tax	\$9,177
State income tax	\$8,979
Total income taxes	\$52,027

**Your average taxable income each year
for the next 45 years is projected to be \$318,515.**

**The present value of all of your taxable income during this period is \$14,333,189.
The present value represents all future dollars adjusted for inflation to today's value**

Matthew & Tammy McCarthy
Current Condition

Income vs Taxes

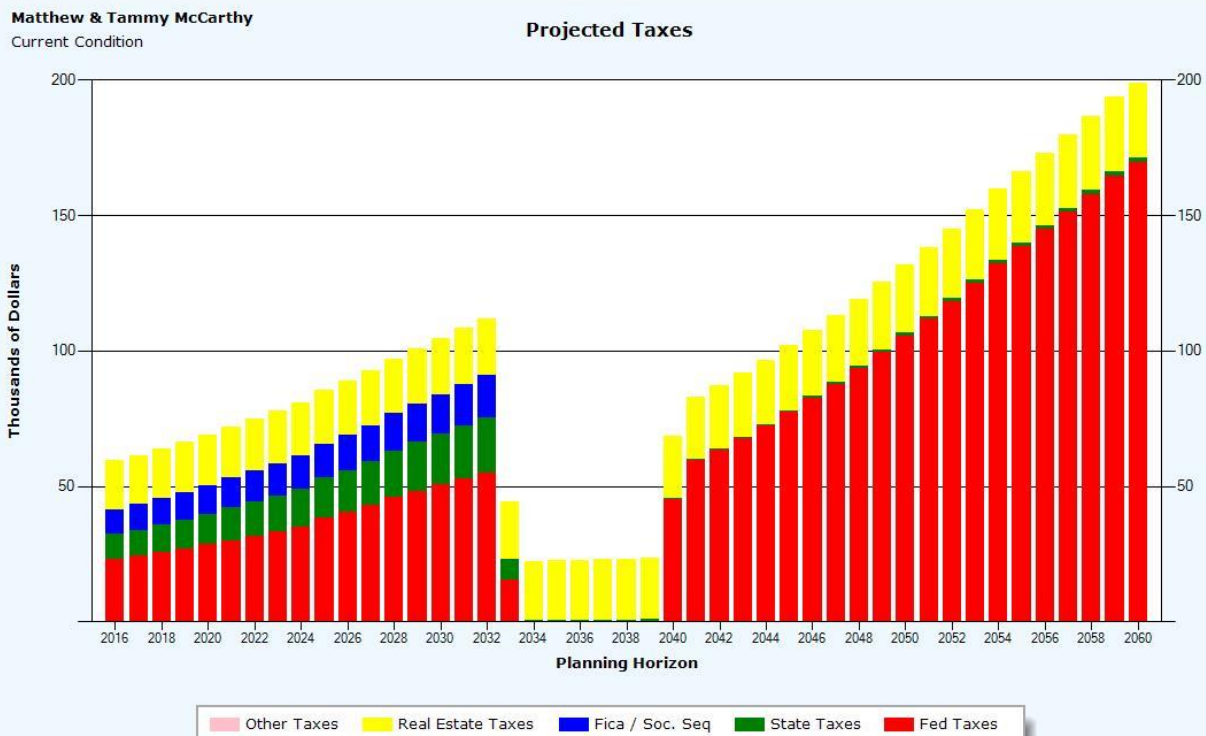


Your Income Taxes

We compute your 2016 Income Tax as \$52,027. This tax consists of \$23,273 in Federal Regular Tax, \$10,597 in self-employment tax, and \$9,177 in social security tax. In addition your Total Tax Liability includes \$8,979 in state and local income taxes. The federal income taxes computed above are based upon your Joint Status while claiming 3 Exemptions, including yourself. In addition the Exemptions of a total of \$38,668 is applied against your Adjusted Gross Income as Itemized Deductions. After adjusting your Itemized Deductions for the current standard deduction, your Taxable Income is \$127,287. Your Marginal Federal Tax Bracket is 25 percent in 2016. This tax rate is applied to \$51,079 of your current Taxable Income of \$127,287. An increase of Taxable Income of \$25,521 or more will move you into the 28 percent bracket. In such a case, the higher rate is applicable only to the amount of income that falls in the higher bracket. If you decrease your federal Taxable Income by \$51,079 or more you will fall into the 15 percent bracket.

**The average amount of taxes owed each year
for the next forty-eight years is projected to be \$81,588.**

**The present value of all of your taxes owed during this period is \$3,671,480.
The present value represents all future dollars adjusted for inflation to today's value.**



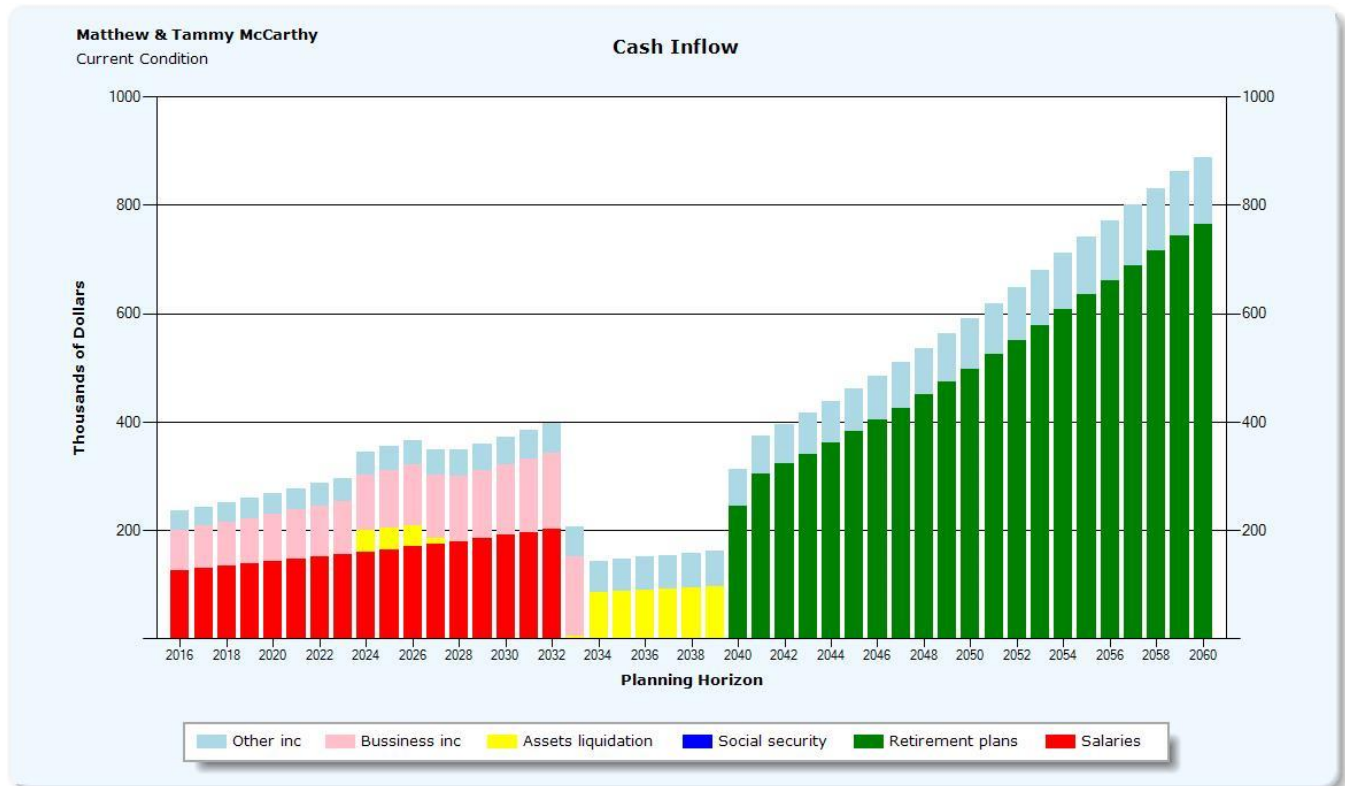
Your Cash Inflows

Your Cash Inflow of \$235,471 in the first year of your profile changes to \$888,290 in 2060 (all cash inflows discussed in this section, exclude cash received from the depletion of assets to meet ongoing expenses). During this period of 45 years you will receive a total of \$18,605,132 in cash. Your highest annual Cash Inflow amounts to \$888,290 and is received in 2060, whereas your lowest annual Cash Inflow of \$57,543 occurs in 2034.

2016 Sources of Cash inflows

Total earned income	\$213,739
Retirement plan income	\$0
Cash received from investmens	\$33,000

A total of \$18,605,132 today yielding a 3 percent net return will produce the equivalent of all of the cash you will receive in the next 45 years.



Your Cash Outflows

Similarly, your annual Cash Outflow of \$216,701 in the first year of your profile changes to \$441,557 in 2060. The total of all your cash expenditure items in the 45 year period adds up to \$12,530,904. The highest level of your annual spending of \$441,557 occurs in 2060; your smallest annual Cash Outflow amounting to \$143,691 occurs in 2034. Your annual Cash Outflow includes all of your non-investment spending, such as for household expenses, education, cash purchases, donations, paydown of debt and taxes.

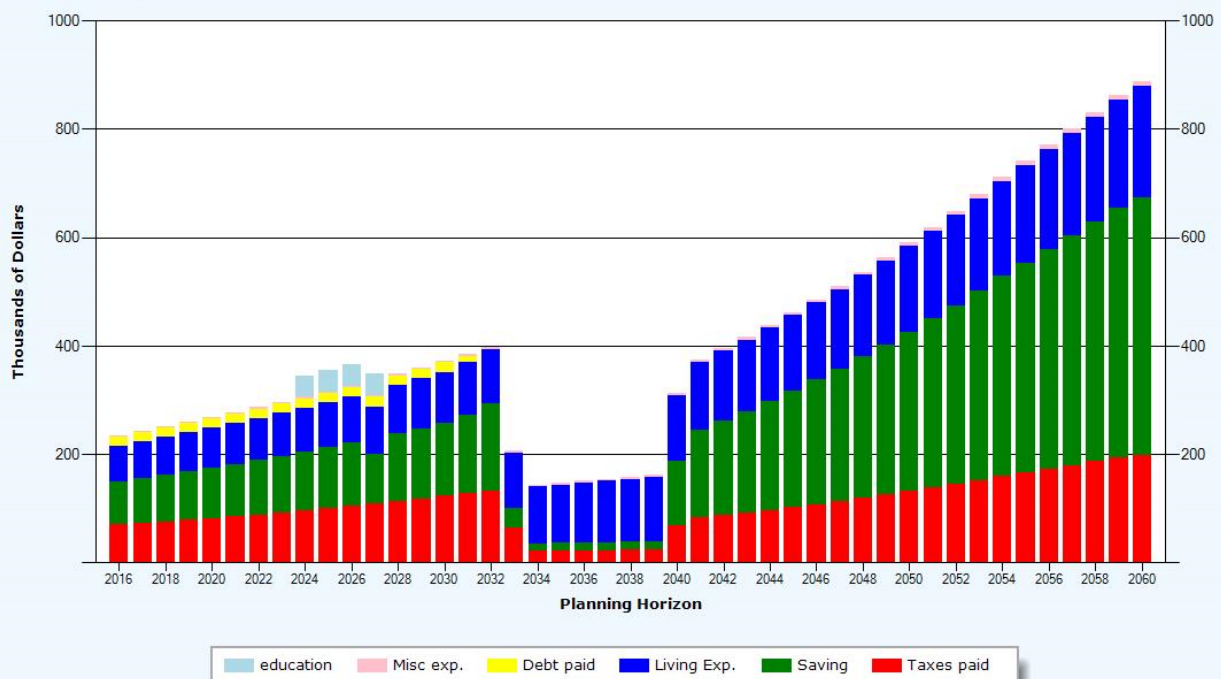
Uses of Cash 2016

Current living expenses	\$62,250.00
Total mortgage payments	\$17,507.00
Retirement plan contributions	\$29,930.00
Educational expenses	\$0.00
Total income taxes paid	\$52,027.00
Excess Cash flow	\$18,771.00
Average annual living expenses for the entire planning horizon	\$115,888.00

This means that \$12,530,904 today, yielding 3 percent, will take care of all your projected noninvestment cash expenses for the next 45 years

Matthew & Tammy McCarthy
Current Condition

Cash Outflow



Net Cash Flow

Net Cash Flow is the difference between Cash Inflows (sources of income) and your Cash Outflows (expenses). The difference between these two will result in either the need to liquidate assets (negative cash flow) or the ability to save assets (positive cash flow).

**For 2016 your net cash flow is \$18,771 . At the end of the planning horizon in 2060 your net cash flow changes to \$446,733
Your highest net cash flow of \$888,290 is projected to be in 2060**

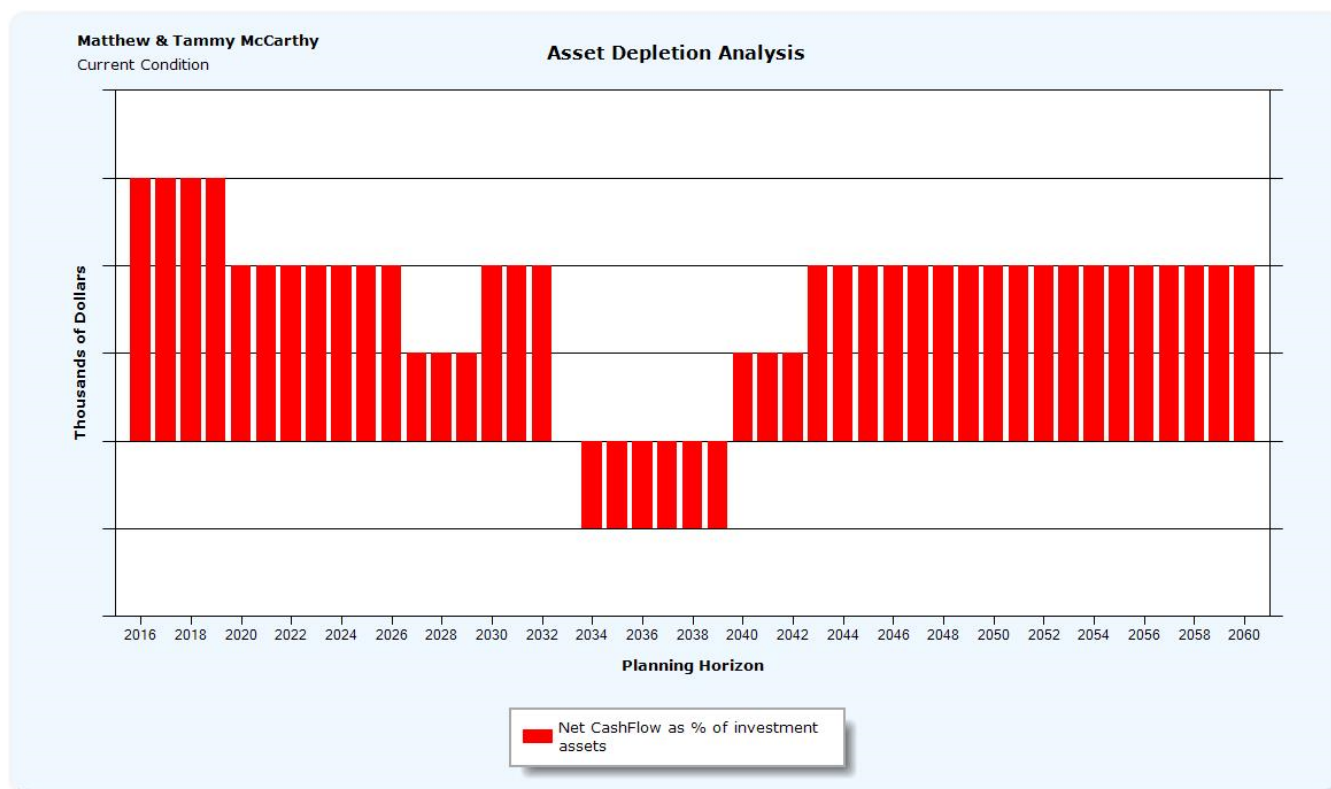
The total of all net excess cash flow available for savings is projected to be \$6,622,036.



Prior to retirement most individuals have a positive cash flow. This allows for directing resources to build capital savings for retirement. The greater the positive cash flow the greater amount of excess cash flow that can be directed to fund capital investment to meet your personal objectives for retirement. Once an individual begins retirement their income (pensions, social security, investment interest, etc.) usually is insufficient to fund ongoing personal expenses, taxes, etc. This will create a negative cash flow and in turn require the need to liquidate retirement savings to fund this shortfall.

Asset Accumulation and Liquidation Ratios

If the annual sale of your retirement assets (liquid investment assets) needed to meet annual cash shortfalls becomes greater than the appreciation of the assets, your liquid investment net worth will begin to decline. Thus the greater the negative cash flow, the greater the impact on your ability to grow your investment network. If the rate of depletion of your liquid assets exceeds the rate of return, then the value of your liquid assets will begin to decline. For example, if you sell 7% of the value of your liquid investment assets, while those assets were returning 6% annually, the value of your assets would begin to decline and eventually be totally consumed. To ensure financial security throughout your retirement your goal should be to ensure that your consumption of assets never exceeds the overall rate of return of your retirement assets



Your Economic Prospects in Your Retirement

In a lifetime capital analysis, if your total lifetime cash inflows plus your lifetime capital (investments) are greater than your total lifetime cash outflows (expenses), then you will have sufficient resources to meet your needs for the planning horizon. This is a big picture evaluation. This does not reflect if at any point in the planning horizon you may have a negative liquid cash balance. A negative cash balance in any given year would indicate that you do not have enough liquid capital at that point in time to meet your ongoing personal expenses. Thus you would need to borrow money, or would need to liquidate a non investment asset, such as your home.

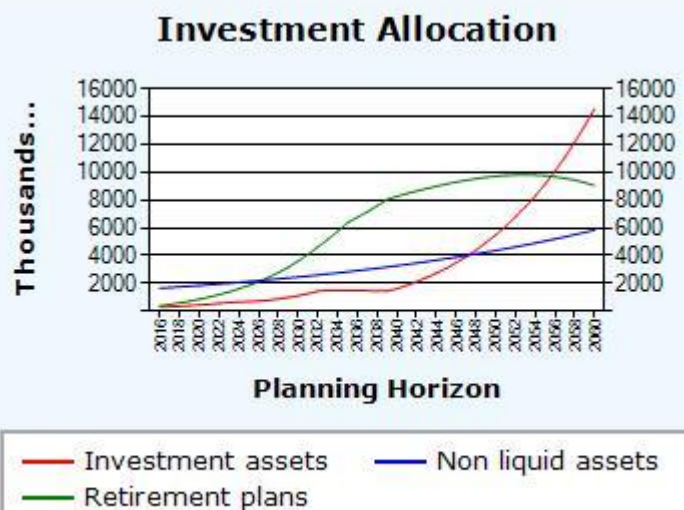


The following Investment Allocation illustration projects your year by year liquid investment balances (the red line), retirement account balances (green line) and your non liquid assets (blue line). Should at any point you have a negative balance for your liquid investment balances (red line), you may face significant personal or financial hardship due to the consequences associated with the need for liquidation of a non liquid asset to meet that given year's cash shortfall.

2060 your projected net worth will be \$29,443,136. Of this amount you will have \$14,578,007 in available liquid investment assets and \$9,036,977 in your qualified retirement accounts.

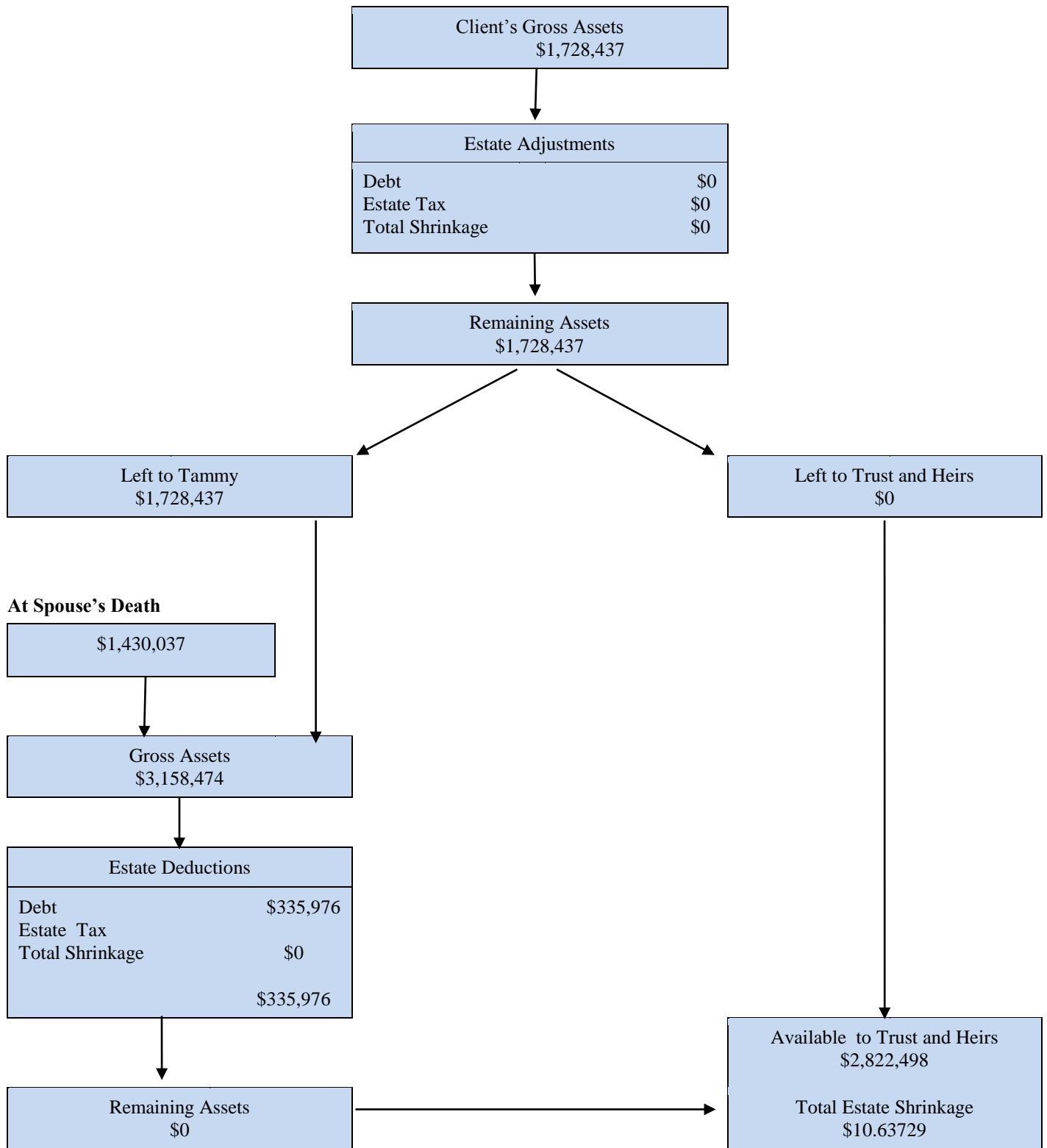
Your net worth is not an accurate gauge to measure your financial independence at the end of your retirement years. It includes the value of your home, personal property, business interests, and non-liquid investment assets that are not

available to fund retirement objectives. Since these assets are not used to meet ongoing cash expenditures, to include them in our assessment would distort the evaluation of your financial independence. A more appropriate manner to determine your financial independence in your retirement is to evaluate whether you have sufficient liquid assets and qualified retirement plans to fund your ongoing financial objectives in each year of the planning horizon. You will be financially independent if throughout your retirement years, and at the end of your life in, you are able to maintain a positive balance in these combined sources of capital.



Estate Overview

At Client's Death



Recommendations

In our discussions and in the analyses of your Financial Profile, there are several clearly indicated steps you now need to take to start moving directly toward your overall financial objectives. In your Profile, for the years of the planning timeframe beyond the current year, we have included our specific recommendations in the computations and forecasts to illustrate their consequences on your financial and tax position if you implement them. We have summarized our specific recommendations for conserving and distributing your estate in the Estate Planning section of your Financial Profile.

We summarize below our specific recommendations for your overall financial plan. After this summary, we include an Action Checklist to indicate by priority ranking of the steps you now need to take to fully implement your personal financial management system.

This analysis was based on current tax law and IRA distribution rules. There has been a significant change in the tax laws this year, so it is imperative that we continue to review your financial position on an annual basis.

- 1. Income Tax Management**
- 2. Cash Management**
- 3. Asset & Liability Management**
- 4. Estate Planning**
- 5. Capital Needs Analysis**

In summation, these recommendations strive to integrate several primary financial objectives. First provide financial security for your retirement through a systematic and organized investment planning strategy. Second, minimize your asset's tax liabilities, while managing risk through an appropriate asset allocation. Finally, protect your heirs from unnecessary estate or income taxes and expenses

Implementation Schedule

We share with you the responsibility of following through with your decisions and the implementation of our suggestions and recommendations. We will arrange appointments and be present, as needed, to coordinate activities and provide relevant information for other professionals.

In order to implement your decisions you should take the steps indicated in the checklist below. When you have completed steps scheduled for the current year, your Financial Plan will begin.

ACTION CHECKLIST FOR IMPLEMENTATION

Recommendation	Action Required	Time frame	Party Responsible	Date Completed
#1		Immediately	Advisor & Client	
#2		Immediately	Advisor & Client	
#3		Immediately	Advisor & Client	
#4		Immediately	Advisor & Client	
#5		Immediately	Client	
#6		Immediately	Client	
#7		Immediately	Client	
#8		Immediately	Advisor	
#9		Immediately	Advisor	
#10		Immediately	Advisor	