

Comprehensive Financial Plan

for

Matthew and Tammy McCarthy

Prepared by
Legend Financial

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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: _____
Legend Financial

Date

Overview

We at Legend Financial 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	fifty years
Inflation for Tax Tables and Social Security	2.985 percent
Total Living Expenses this year	\$49,361
Current filing status	Joint
Annual Growth for income Personal Expenses Investments	
Other objectives	

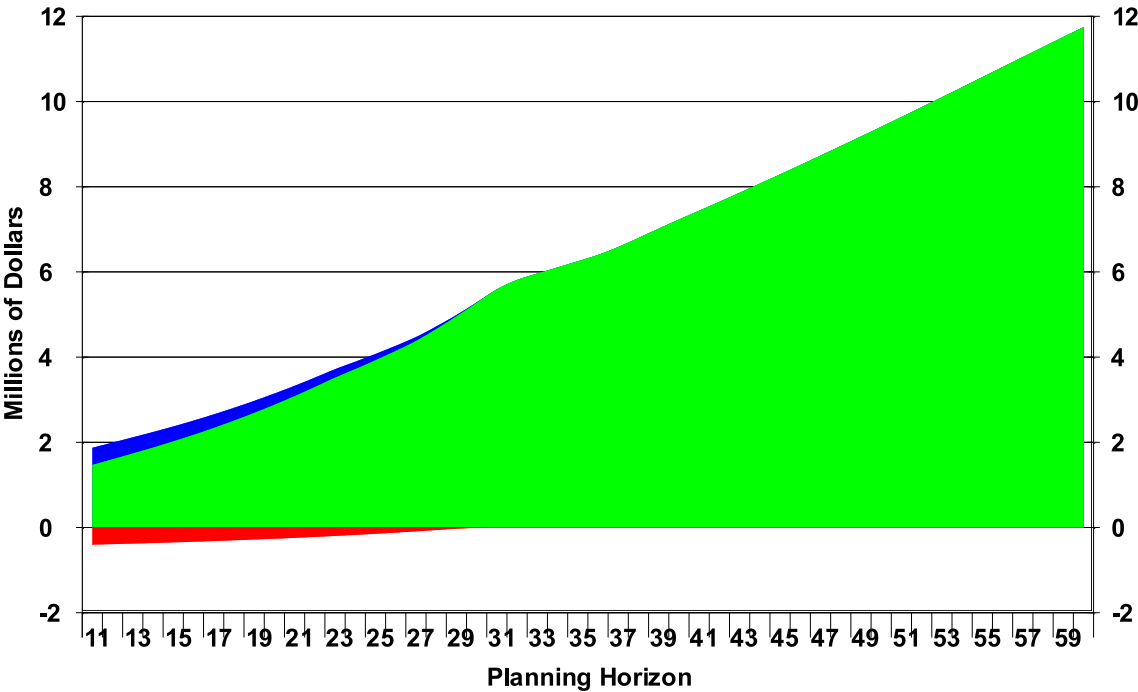
Your Net Worth

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 \$1,469,836 and by 2060 your Net Worth will grow to \$11,610,648

2011 Net Worth	
Personal Assets	
Investment Assets	\$748,463
Qualified Plans	\$168,130
Total Assets	
Personal Liabilities	
Investment Liabilities	\$198,206
Total Liabilities	
Net Worth	\$1,469,836

Net Worth



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

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:

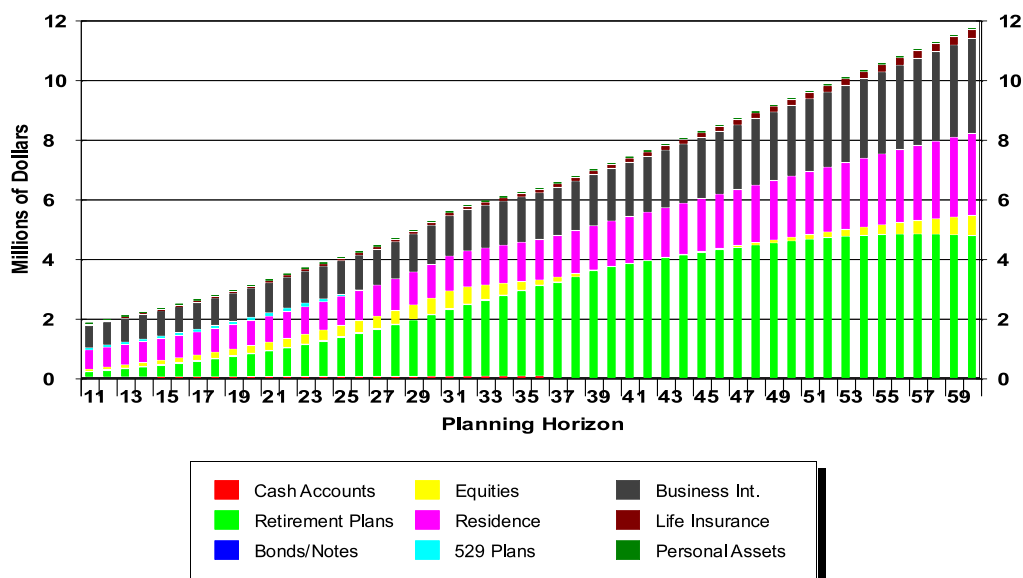
Personal Assets

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 2011 totals \$924,026. With the exception of \$1,000 in cash and \$42,729 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 \$205,934, yield a Personal Net Worth of \$718,092. 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 2010 totals \$583,982. With the exception of \$1,000 in cash 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 \$191,823, yield a Personal Net Worth of \$392,159.

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 2011 is \$949,949. Your Investment Liabilities amount to \$198,206. Therefore, your Investment Net Worth is \$751,743. We compute your Net Worth at the end of 2011 as \$1,469,836. This consists of \$1,873,976 in assets and \$404,140 in liabilities. Your Total Assets at that time will include \$245,215 of Liquid Assets and \$1,628,761 of Nonliquid Assets. At the end of 2060 your Net Worth is projected to be \$11,610,648, consisting of \$11,610,648 in assets. Your Total Assets at that time will include \$1,001,173 of Liquid and \$10,609,475 of Nonliquid Assets.

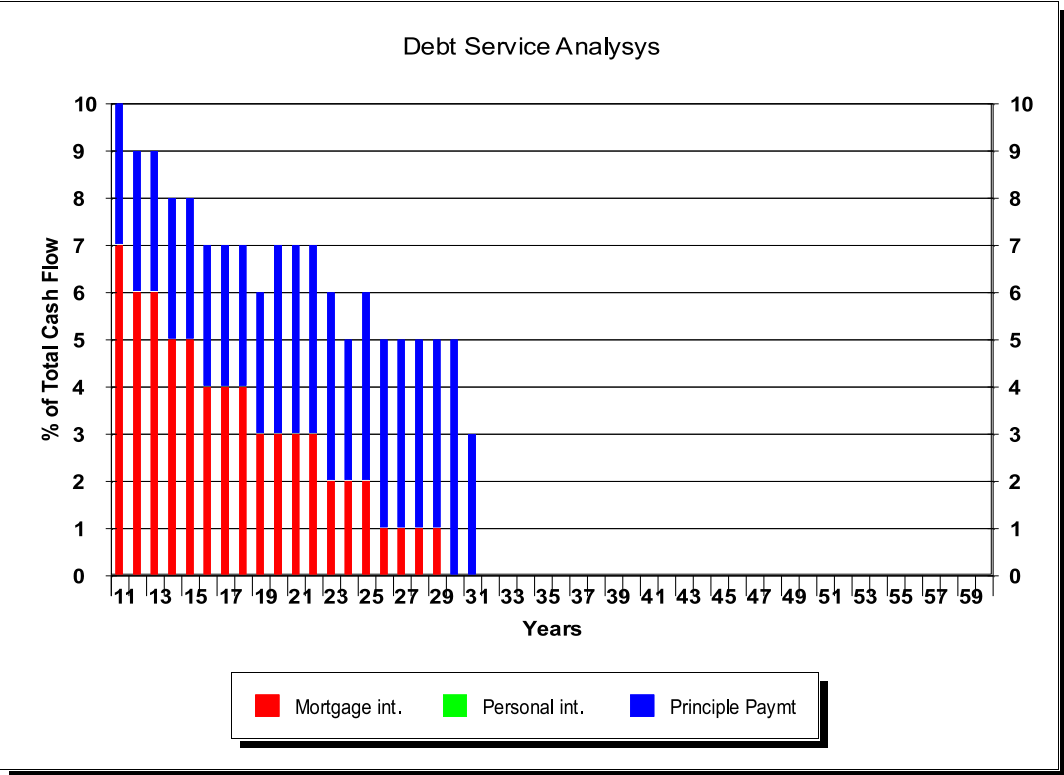
Asset Summary



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 2011 is \$404,140.



The amount of \$205,934 is considered personal debt and \$198,206 is considered investment-related liabilities. You have \$205,934 of outstanding mortgage loans on your residence. For these and other personal loans you are making payments in 2011 totaling \$17,507. Of this amount, \$5,494 reduces the outstanding principal balance of your personal debt. The remaining amount of \$12,013 is the interest you pay on this debt. As shown on the Income Statement, the interest paid on home mortgages is deducted in computing your income taxes.

Your Income

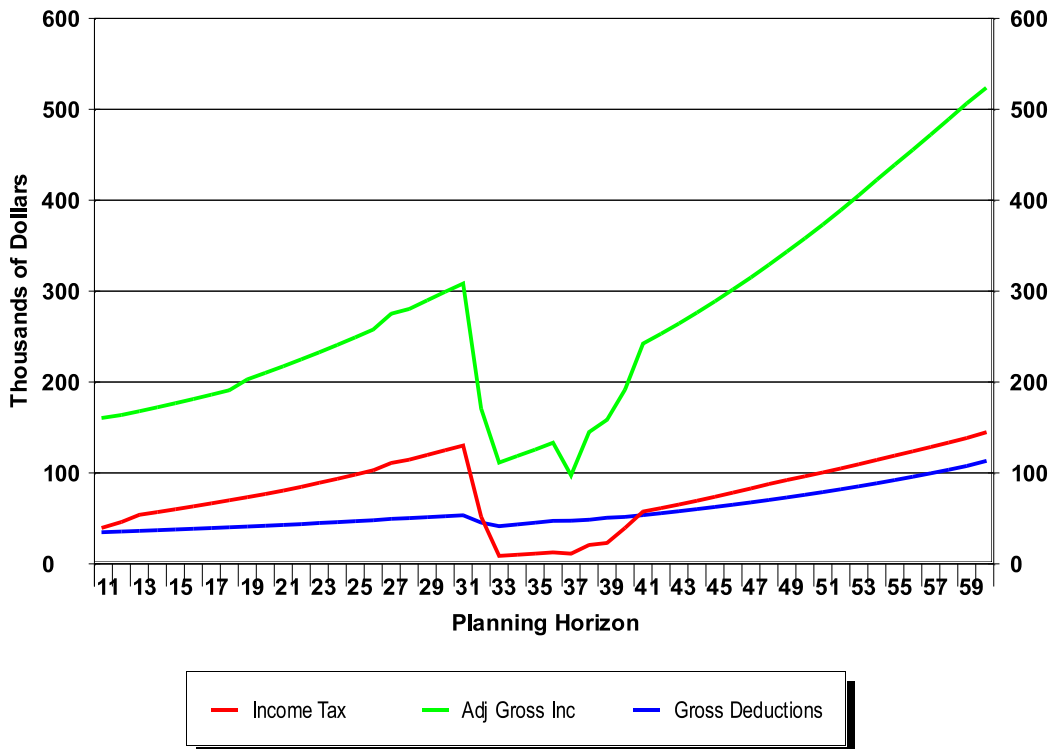
Your income represents the portion of your total cash inflows that may be subject to income taxes. This includes salaries, investment income, dividends, distributions from qualified plans, pension income, and social security.

You are projected to earn a total of \$177,677 for 2011. In addition, you will earn \$2,930 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 \$185,557 after considering the gain of \$4,949 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 \$302,779 in Personal Service Income. The adjusted investment earnings for tax purposes is computed to be \$526,845. ; this computation takes into consideration the gain of \$91,855 from your direct participation in tax-favored investments.

Tax Summary 2011	
Filing Status	Joint
# Exemptions	
AGI adjustments	\$26,335
Itemized Deductions	\$34,835
Current top tax bracket	twenty-five
Taxable income	\$114,817
AMT	0
Self employment tax	\$6,990
Total Federal income tax	\$27,892
Additional income taxes	
FICA	\$6111
State income taxes	\$6112

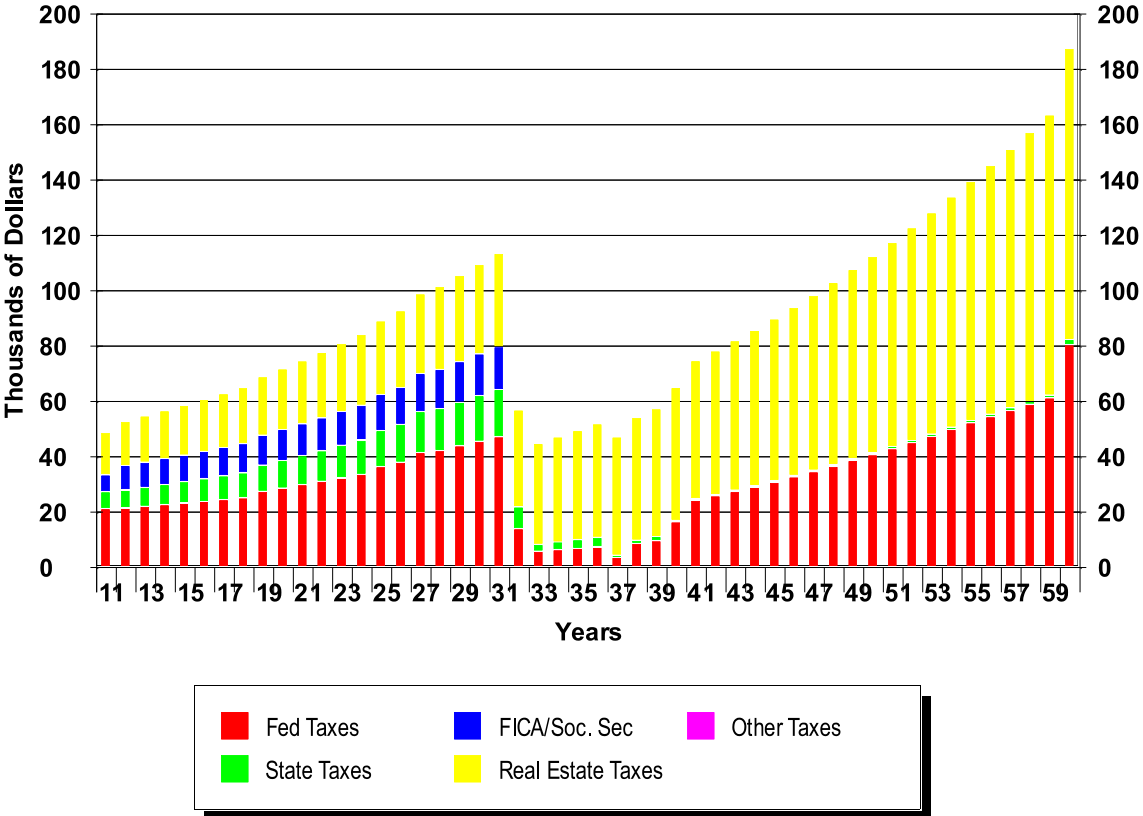
Income vs. Taxes



Your Income Taxes

We compute your 2011 Income Tax as \$40,115. This tax consists of \$20,902 in Federal Regular Tax; \$6,990 in self-employment and \$6,111 in social security tax. In addition, your Total Tax Liability includes \$6,112 in state and local income taxes. The federal income taxes computed above are based upon your 2011 Joint Status while claiming three Exemptions, including yourself. In addition to the Exemptions, a total of \$34,835 is applied against your Adjusted Gross Income as Itemized Deductions. After adjusting your Itemized Deductions for the current standard deduction, your Taxable Income is \$114,817. Your Marginal Federal Tax Bracket is twenty-five percent in 2011. This tax rate is applied to \$45,298 of your current Taxable Income of \$114,817. An increase of Taxable Income of \$24,702 or more will move you into the twenty-eight 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 \$45,298 or more you will fall into the fifteen percent bracket.

Projected Taxes

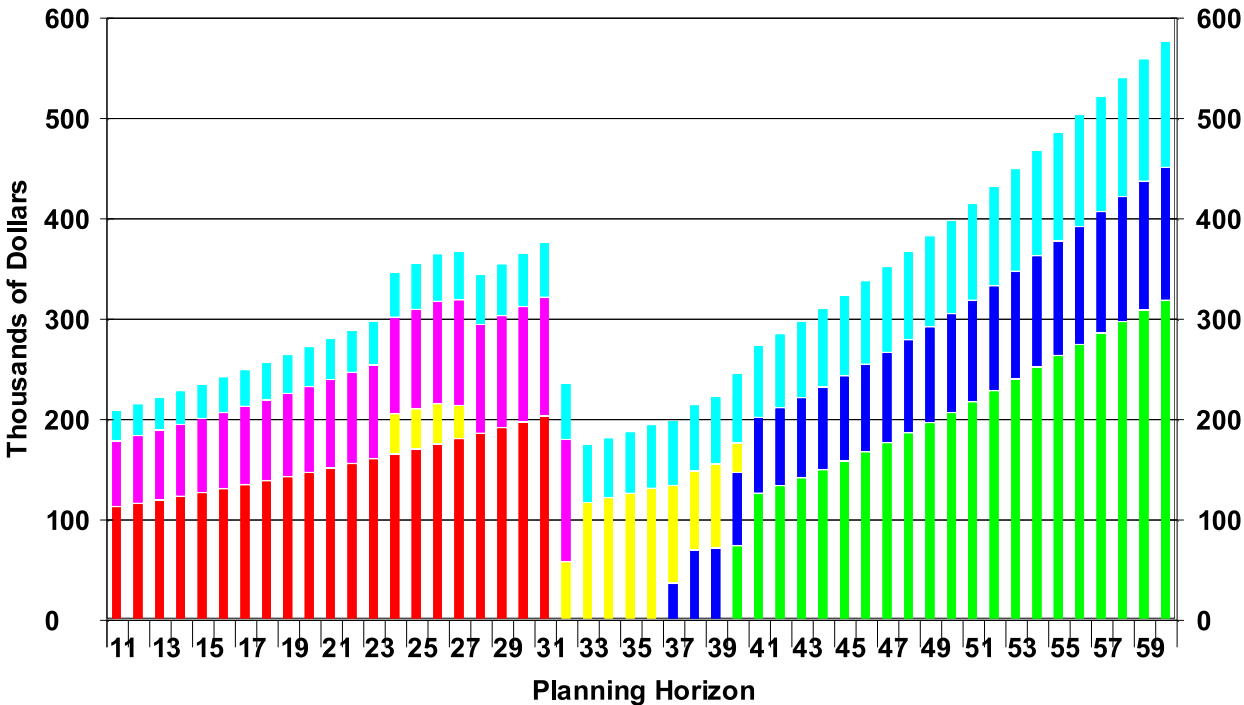


Your Cash Inflows

Your Cash Inflow of \$208,443 in the first year of your Profile changes to \$560,564 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 fifty years you will receive a total of \$15,170,571 in cash. Your highest annual Cash Inflow amounts to \$560,564 and is received in 2060, whereas your lowest annual Cash Inflow of \$57,904 occurs in 2033. If all the varying amounts of cash you receive over the years are discounted by a factor of five percent, the Net Present Value of this stream is \$5,014,850. In other words, \$5,014,850 today will produce all of the cash you will receive in the next fifty years if it yields a net return of five percent.

Cash inflows	
Current Cash inflow	\$208,443
Highest Cash inflows	\$560,564
Final Cash Inflow	\$560,564
Lifetime Cash inflows	\$15,170,571

Cash Inflows



Salaries	Social Security	Business Inc
Retirement Plans	Asset Liquidations	Other Inc

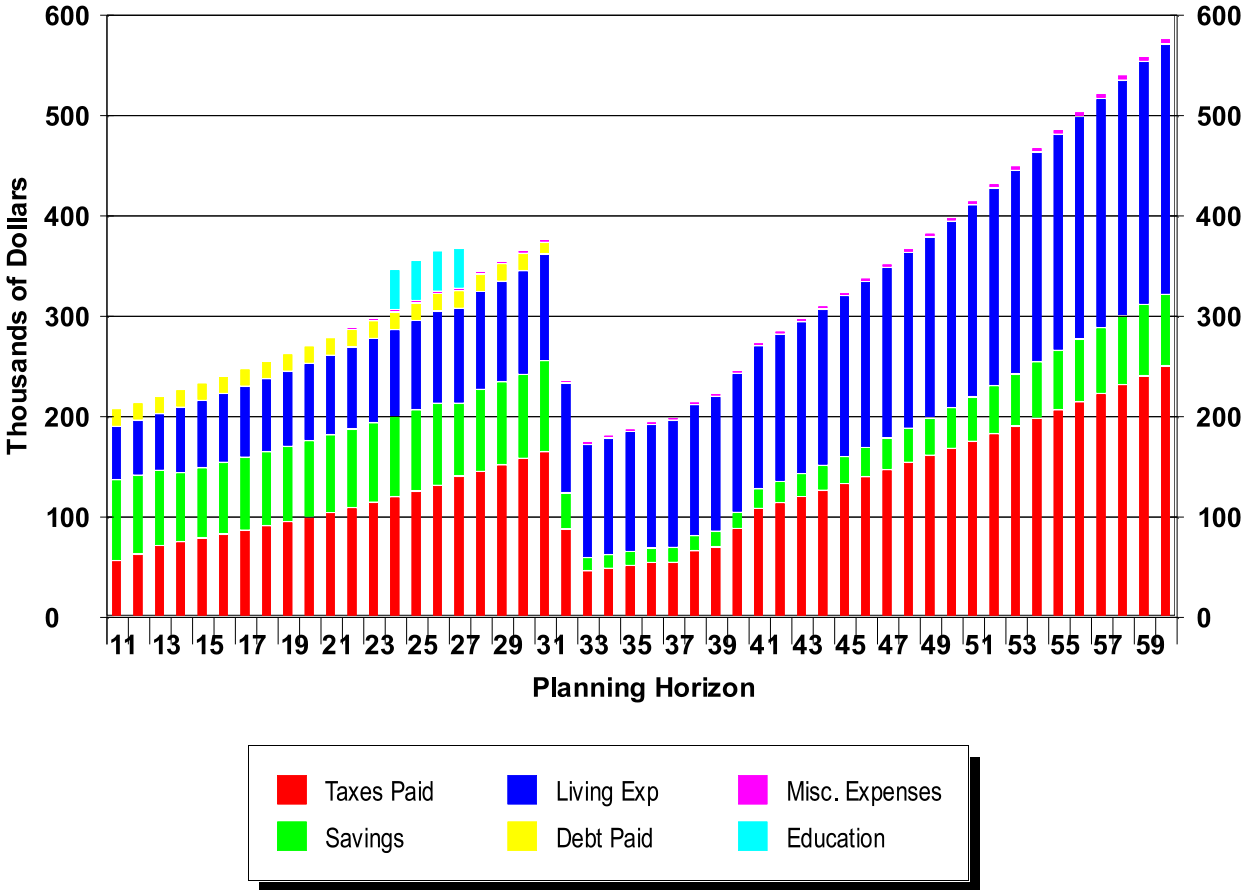
Your Cash Outflows

Similarly, your annual Cash Outflow of \$184,052 in the first year of your Profile changes to \$513,753 in 2060. The total of all your cash expenditure items in the fifty-year period adds up to \$15,386,283. The highest level of your annual spending of \$513,753 occurs in 2060; your smallest annual Cash Outflow amounting to \$174,413 occurs in 2033.

Your annual Cash Outflow includes all of your non-investment spending, such as for household expenses, education, cash purchases, donations, payday of debt, and taxes. Discounted by the factor of five percent, the Net Present Value of your total cash expenditures over our planning horizon is \$5,087,757. This means that \$5,087,757 today, yielding five percent, will take care of all your projected noninvestment cash spending for the next fifty years.

Cash Outflows	
Current Cash Outflow	\$184,052
Highest Cash Outflows	\$513,753
Final CashOutflows	\$513,753
Lifetime Cash Outflows	\$5,087,757

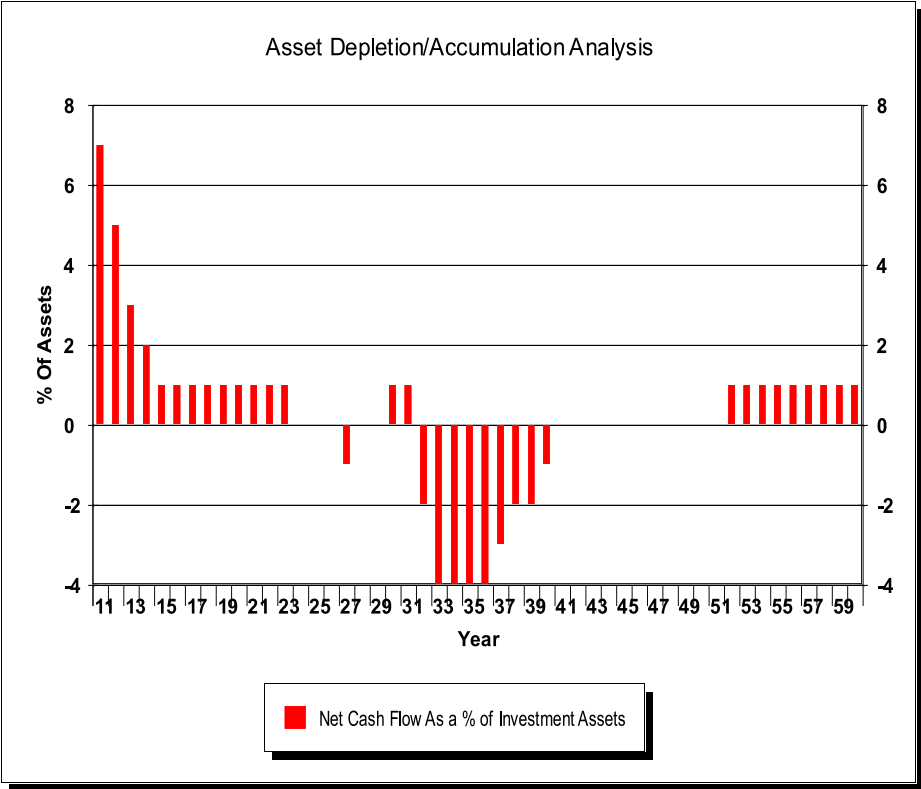
Cash Outflows



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).

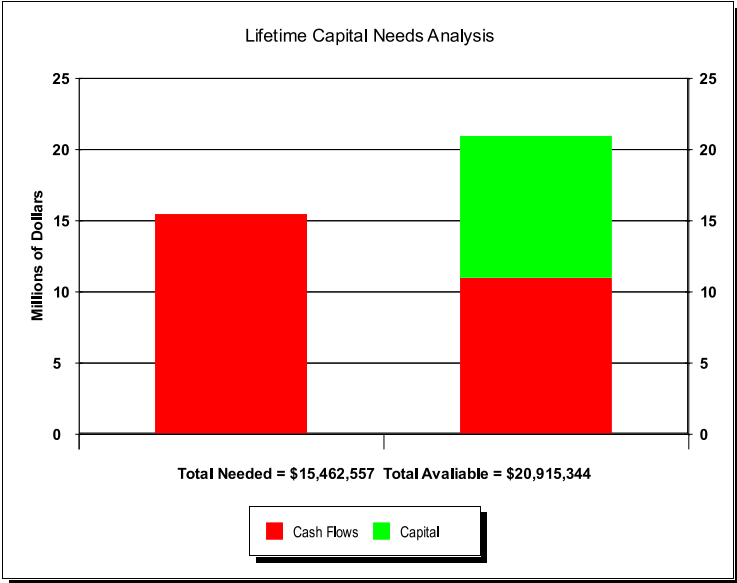
Prior to retirement most individuals have a positive cash flow. This allows for directing resources to build capital savings for retirement, the greater the positive cash flow the better. Once most people enter retirement, their income (pensions, social security, investment interest, etc.) may not be able to meet their retirement needs (personal expenses, taxes, etc.), thus a negative cash flow and a need to liquidate investment principle.



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 you ability to grow your investment network. If the rate of depletion of your liquid assets exceed 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.

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.

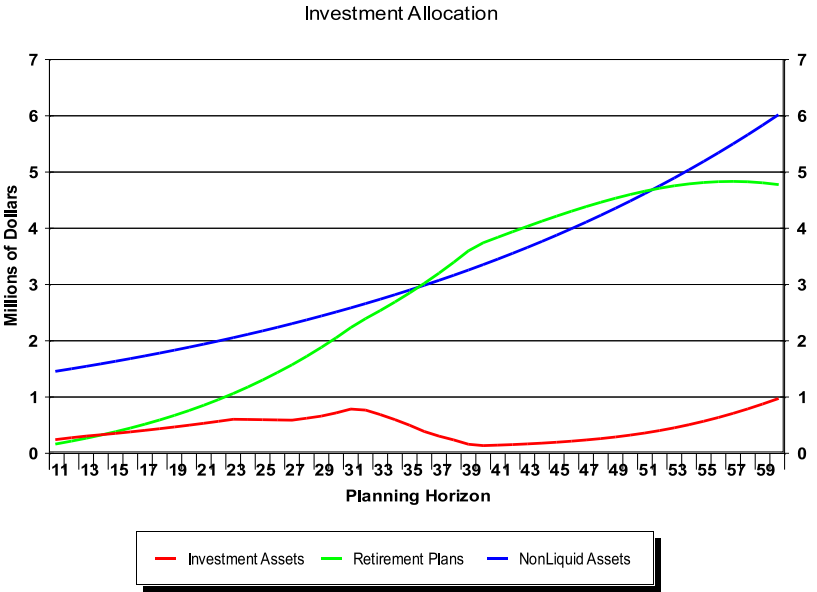


The following Investment Allocation illustration projects your year by year liquid investment balances (the red line), retirement account balances (green line) and your non liquid assets (blue line). Should at any point you have a negative balance for your liquid investment balances (red line), you may 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.

At the end of your retirement in 2060 your projected net worth will be \$11,610,648.

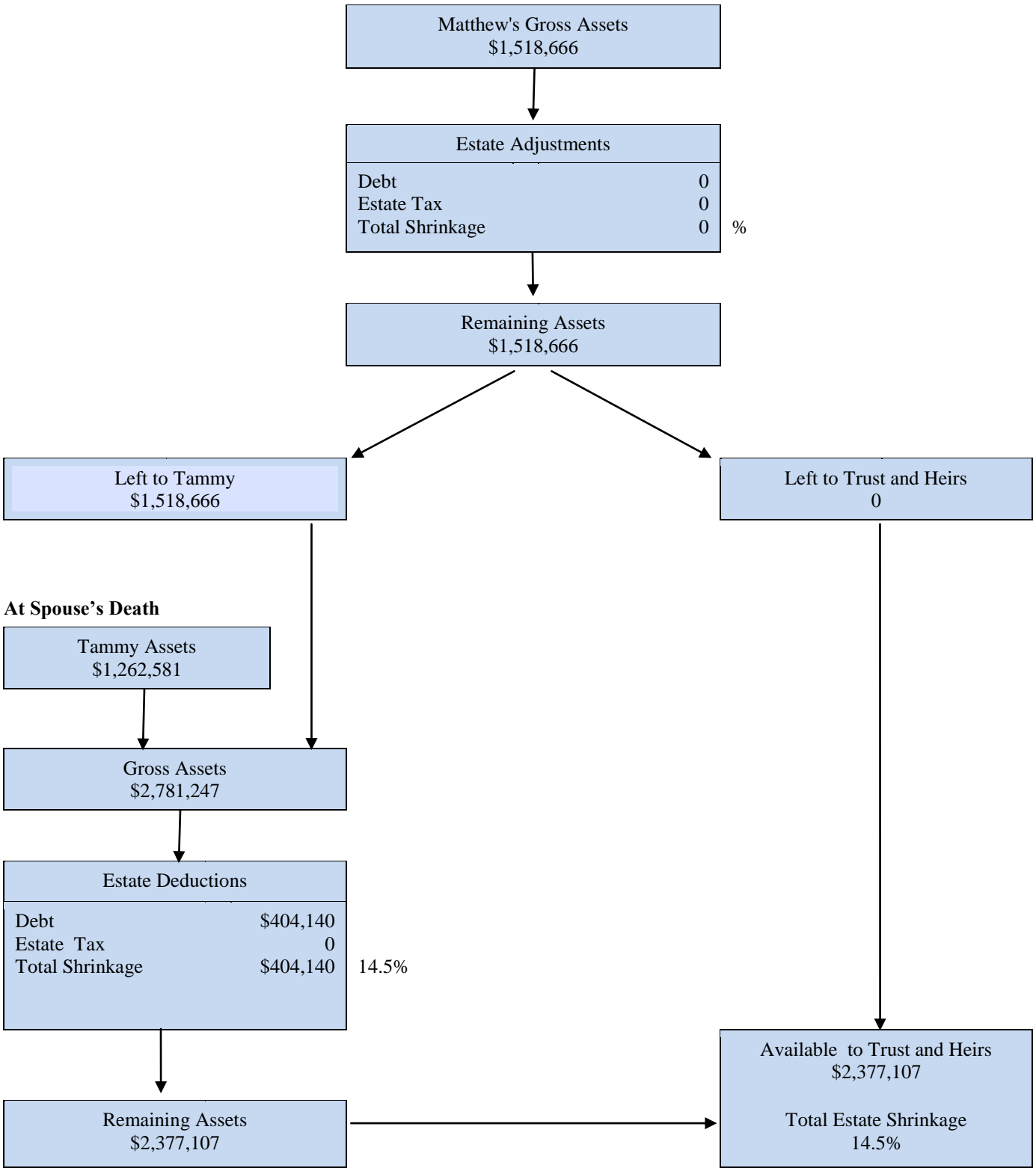
Your actual net worth is not an accurate gauge to measure your financial independence at the end of your retirement years. Your net worth includes the value of your home, personal property, business interests, and investment assets (non-liquid assets) that are not available to fund retirement objectives. 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 investment 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 2046, you are able to maintain a positive balance in these combined sources of capital. We currently project that in 2046 you will have \$57,881 in available liquid investment assets and \$35,158 in your qualified retirement accounts.



Estate Overview

At Matthew'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	