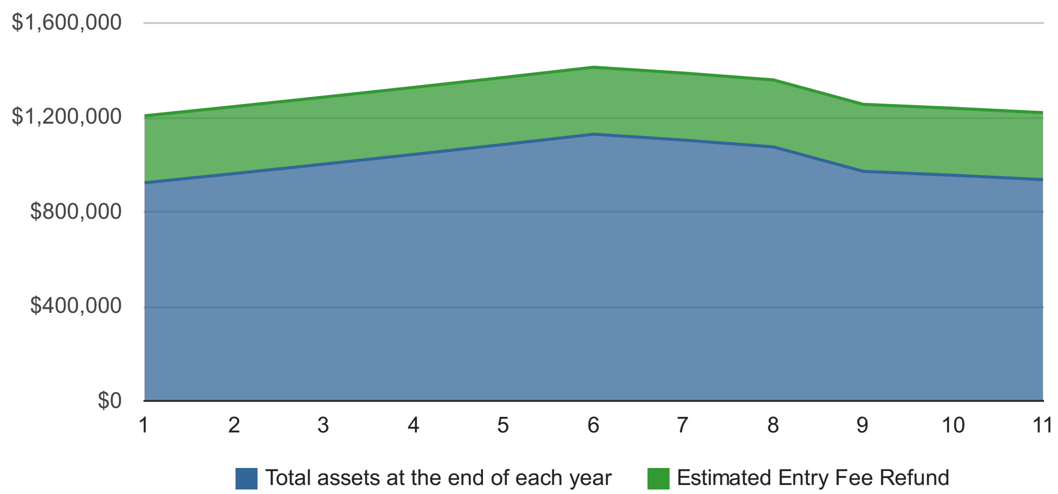
Cash Flow and Asset Analysis

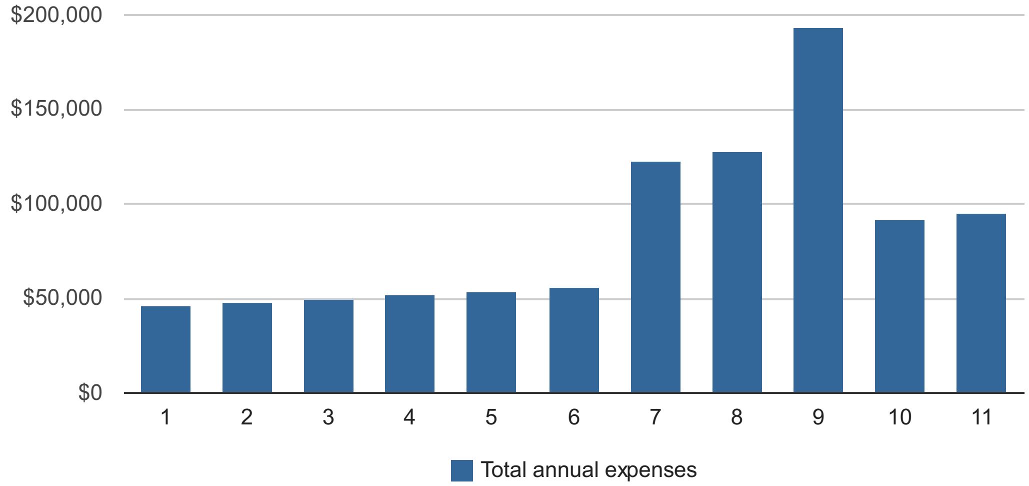
for: Jim and Sally Sample 04/21/2015

Assets + Estimated Entry Fee Refund



* Any applicable entry fee refund shown above is only an estimate. Actual refund may vary depending on contract specifications and the specific time of year that the refund is paid.

Expenses



Events

Year 1	Jim and Sally enter the community
Year 7	Jim enters assisted living
Year 9	Jim enters skilled nursing
Year 10	Sally enters assisted living

Decisiongenie

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			ANNUAL INCOME AND EXPENSES			ASSETS				ENTRY FEE REFUND*
	Age Jim	Age Sally	After-tax Income	Expenses	Net Income (Shortfall)	Beginning Balance	Investment Growth	Additions (Withdrawals)	Ending Balance	Estimated Refund*
1	80	79	$ 58,680	$ -46,176	$ 12,504	$ 850,000	$ 32,400	$ 40,681	$ 923,081	$ 283,500
2	81	80	$ 60,440	$ -48,023	$ 12,417	$ 923,081	$ 33,893	$ 5,188	$ 962,163	$ 283,500
3	82	81	$ 62,254	$ -49,944	$ 12,310	$ 962,163	$ 35,426	$ 4,660	$ 1,002,249	$ 283,500
4	83	82	$ 64,121	$ -51,942	$ 12,180	$ 1,002,249	$ 36,999	$ 4,096	$ 1,043,343	$ 283,500
5	84	83	$ 66,045	$ -54,019	$ 12,025	$ 1,043,343	$ 38,612	$ 3,493	$ 1,085,448	$ 283,500
6	85	84	$ 68,026	$ -56,180	$ 11,846	$ 1,085,448	$ 40,265	$ 2,888	$ 1,128,601	$ 283,500
7	86	85	$ 70,067	$ -122,852	$ -52,785	$ 1,128,601	$ 41,959	$ -66,708	$ 1,103,853	$ 283,500
8	87	86	$ 72,169	$ -127,766	$ -55,597	$ 1,103,853	$ 40,938	$ -69,905	$ 1,074,886	$ 283,500
9	88	87	$ 74,334	$ -193,642	$ -119,308	$ 1,074,886	$ 39,747	$ -143,115	$ 971,518	$ 283,500
10		88	$ 54,174	$ -91,804	$ -37,629	$ 971,518	$ 35,580	$ -52,019	$ 955,078	$ 283,500
11		89	$ 55,799	$ -95,476	$ -39,676	$ 955,078	$ 34,889	$ -53,546	$ 936,422	$ 283,500

** Any applicable entry fee refund shown above is only an estimate. Actual refund may vary depending on contract specifications and the specific time of year that the refund is paid.*

Events

Year 1	Jim and Sally enter the community
Year 7	Jim enters assisted living
Year 9	Jim enters skilled nursing
Year 10	Sally enters assisted living

ASSUMPTIONS

Personal

	Jim	Sally
Current age	80	79
Age at entry - Independent Living	80	79
Life expectancy	89	90
Healthcare		
Years of Adult Day Care	0	0
Years of Home Health Aide	0	0
Years of Assisted Living	2	2
Years of Permanent Skilled Nursing	1	0
Insurance		
Long term care:		
Current monthly benefit	$0	$0
Exclusion period (days)	90	90
Inflation protection	None	None
Limit on years of benefit	3	3
Assets (Combined):		
Equity in primary residence	$350,000	
Cash and Savings	$100,000	
Taxable investments	$300,000	

Community

	Jim	Sally
Is this a Type A - Extensive contract? (Life Care)	No	
Entrance fee for desired residential unit	$315,000	
Independent living monthly service fee	$2,341	$757
Adult day care monthly rate	$0	$0
Home health aide monthly rate	$0	$0
Assisted living monthly fee	$5,000	$5,000
Skilled nursing care monthly rate	$8,700	$8,700
Monthly cost of additional meals in assisted living and skilled care	$0	$0
Refund Options		
Refund option chosen	90%	
Percentage earned up-front by CCRC	10%	
Percentage earned per month by CCRC	0%	
Amortization period (in months)	0	
Use refund to subsidize care?	Yes	

Economic Assumptions

Hypothetical Rates of Return:

Savings	1%
Taxable investments	4%
Tax deferred retirement accounts	4%

Cost basis in taxable investments	0%	
Tax deferred retirement accounts	$450,000	$0
Tax deferred annuities	$0	
Cost basis on tax deferred annuities	0%	
Roth IRAs	$0	
Tax free bonds (municipal bonds)	$0	
	$1,100,000	

Monthly Income (before taxes):

Age when SS benefit begins	65	65
Social Security benefit	$2,000	$1,000
Age when pension benefit begins	65	65
Pension income (before tax)	$3,000	$0
Survivor benefit % (Pension)	75%	0%
Age when annuity benefit begins	65	65
Annuity income (before tax)	$0	$0
Survivor benefit % (Annuity)	0%	0%
Other (before tax)	$0	$0
	$5,000	**$1,000**

Monthly Expenses (combined):

Total current monthly expenses	$750
% of expense that will remain	100%

Tax deferred annuities	4%
Roth IRAs	4%
Tax free bonds (municipal bonds)	2%

Rate of Increase:

Annual increase % for social security	3%
Annual increase % for pension income	3%
Annual increase % for annuity income	0%
Annual inflation rate for expenses including healthcare	4%

Effective tax rate	20%
Tax rate on capital gains and dividends	15%
% of Social Security income excluded from taxes	15%

DISCLOSURES

Important Disclosure: The projections or other information generated by LifeSite Logics' DecisionGenie regarding the likelihood of various outcomes are hypothetical in nature, do not reflect actual results, investment returns and are not guarantees of future results. The estimated fees, costs and income taxes and other cash flow input assumptions may be materially different over the course of the related planning time horizon than the actual fees, costs and income tax consequences and other cash flows that will be incurred. The information in this report is not investment advice and is not intended as an offer or solicitation for the purchase or sale of any financial instrument. Securities, financial instruments, insurance or strategies mentioned may not be suitable for all investors. Information and opinions regarding specific securities do not take into account individual circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments, or strategies. You should evaluate this report in light of your own circumstances and seek the advice of a financial professional prior to making decisions based on the information contained in this report. While information contained in this report has been obtained from sources believed to be reliable, its accuracy is not guaranteed. Neither the sender nor LifeSite Logics accepts any liability for any errors or omissions arising as a result of transmission. Opinions and estimates are based on information available as of the date of these reports are subject to change without notice.

Methodology and Assumptions

General: DecisionGenie is a financial calculator designed to assist retirees and their advisors in evaluating how the client's financial situation may be impacted by the decision to enter into a CCRC contract or choose other living options. The calculator is designed to provide an estimate regarding whether the client's assets, income streams, and insurance coverages are adequate to support the decision. In addition, DecisionGenie can be used to measure the impact of specific variables, for example, long term care insurance, extended permanent assignment to assisted or skilled care, lower than expected rates of return on investments, or choosing between refund options. The results are not intended to represent a financial forecast, but rather to assist an overall decision process.

Timing of Events: Values placed in the age categories drive the sequence of events throughout the calculations. The assumption carried throughout the calculation is that all actions happen on January 1 of the year. For example, if the age for entry into the community is anticipated at age 75, the calculations assume that takes place on January 1 of the year in which the resident turns 75 and will calculate expenses and income for an entire year.

Assets and Investments: For the purposes of these calculations, assets are not separated by resident in the case of two residents, but treated as combined. The asset balances are impacted annually for anticipated growth at the rate set by the user, tax on that growth at the applicable tax rate (if subject to taxes), and distributions in or out of the asset balance due to selling the primary residence and/or the difference annually in anticipated revenues and expenses. A positive balance at the end of the resident's life is indication that the resident's assets, income streams, and insurance coverages may be sufficient to support the decision. A negative balance is an indication that these sources of funds may not be adequate. The results may vary significantly based on the assumptions made regarding levels of care, life expectancy, rates of return, etc. It is important that a prospective resident work with financial professional to evaluate the results and draw conclusions.

Primary Residence: If the resident selects the option to sell the primary residence and use the proceeds to pay the entrance fee into the community, and if the net proceeds from sell of the residence exceeds the entrance fee, excess funds are deposited into the taxable savings and investments account. If the proceeds are less than the entrance fees it is assumed the shortfall will be made up by withdrawing funds from investment accounts, starting with taxable savings and investments and progressing through each asset class in order as described below until the amount of the entrance fee can be paid. If the resident selects the option not to sell the primary residence upon entry into the community, the entrance fee is deducted from investment accounts, starting with taxable savings and investments and progressing through each asset class in order as described below until the amount of the entrance fee can be paid. Note, the equity in the value of the home is not added to the asset total.

Net Income (Shortfall): DecisionGenie assumes that any annual Net Income is deposited into the Taxable Savings and Investment account. If there is a shortfall, funds will be withdrawn from the investment accounts in an amount equal to the shortfall or up to the balance in the account, starting with Taxable Savings and Investments and progressing through each asset class in order as described below.

Order of Distribution of Assets: In the case of shortfalls from the sell of the primary residence or annual revenue less expenses, it is assumed funds will be withdrawn from investment accounts to cover the shortfall from Taxable Savings and Investments until they reach a zero balance, and then will progress through Tax Deferred Retirement Accounts, Tax Deferred Annuities, Roth IRAs, and Tax Free Bonds in that order.

Taxes: Throughout the calculations, taxes are computed as either ordinary income (the clients effective tax rate) or as captial gains income (the clients effective rate on investment income). The rates used are determined by the user and are not estimated by DecisionGenie. Furthermore, DecisionGenie assumes the tax rates will remain fixed throughout the time frame of the resident's life expectancy, which may or may not reflect actual results.

Rates of Return on Assets and Increases in Revenue and Expenses: DecisionGenie assumes that the rates of return input by the user for Taxable Savings and Investments, Tax Deferred RetirmentAccounts, Tax Deferred Annuities, Roth IRAs, and Tax Free Bonds will remain fixed throughout the time frame of the resident's life expectancy. The same holds for the rate of increase in Social Security, Pension Income, and the annual inflation rate for expenses including healthcare. Actual results may vary and could significantly impact the outcome.

Transfer of Resident to Assisted or Skilled Care (impact on expenses): When a resident transfers from one level of care to the next, it is assumed this happens at the beginning of the year and changes in the rate of fees for the new level of care are then computed for the entire year. In the case of two residents, if one resident moves from independent living to assisted living or skilled care, the resident that moves will be charged the applicable rate for the level of care received, and the resident remaining in independent living will begin paying the single occupancy independent living monthly fee.

Long Term Care Proceeds: If it is indicated that the resident(s) have long term care insurance, DecisionGenie assumes insurance proceeds will be received immediately upon transfer to assisted living or skilled nursing care. In addition, if the annual benefit is greater than the actual annual expense for care, DecisionGenie will reduce the amount of benefit to meet the cost of care.

Payment of Life Insurance Proceeds: DecisionGenie assumes that proceeds from life insurance policies will be received in the year of death by either the resident's estate or the surviving spouse. All life insurance proceeds are assumed to be added to income in that year, but no taxes are applied.

Payment of Entrance Fee Refund: If a refund of part of the entrance fee is due, DecisionGenie calculates the amount and includes it in income in the year of the death of the remaining resident and becomes part of the final asset balance. It is assumed there is no income tax effect on this transaction.

Required Minimum Distributions: Unless it is indicated that withdrawals from Tax Deferred Retirement accounts are taking place earlier, DecisionGenie assumes required minimum distributions begin at age 70. If there are two residents, the distribuitions begin when the first resident reaches age seventy.

Definitions

Age at entry - Independent Living: The anticipated age at which resident will move into the independent living phase of the CCRC.

Age at entry - Assisted Living: The anticipated age at which resident will move into the assisted living phase of the CCRC.

Currently Monthly Benefit: The monthly maximum cost covered by the Long Term Care Insurance policy.

Taxable Savings & Investments: Includes savings accounts, stocks, taxable bonds, mutual funds, exchange traded funds, money market mutual funds, and other non-IRAinvestment products.

Tax Deferred Retirement Accounts: Includes all forms of IRA's (except Roth IRA's) and tax deferred retirement savings accounts, i.e. traditional and rollover IRAs, SEP IRAs, and SIMPLE IRAs, 401(k) Plans, deferred compensation plans, etc.

Total Current Monthly Expenses: The total of the resident(s) monthly living expenses prior to moving into a CCRC; includes such items as house payments or rent, insurance, food, auto expenses, maintenance, etc. DecisionGenie will consider cash gifts to family or charity to be an expense.

%Total Monthly Expenses Remaining After Moving to CCRC: Represents the % of total current monthly expenses that will still be incurred after entering the community, not including the monthly service fee.

Rate of Increase: The hypothetical rates of increase for social security income, pension income, and expenses (including healthcare).

Effective Tax Rate: The estimated tax on ordinary income calculated as (total tax paid / total taxable income).

Monthly Service Fee - Independent Living: The fee charged to the resident designed to cover the expenses of maintaining the independent living unit, maintenance of the grounds of the community, utilities and other services.

Entrance Fee for Desired Residental Unit: The fee paid to the CCRC before taking occupancy. The total amount of the entrance fee will vary based upon the specific living unit selected, and refund options chosen.

Monthly Cost - Assisted Living: The fee charged by the CCRC for services related to providing assisted living care net of any discount.

Per Diem Rate - Skilled Nursing Care: The daily rate for skilled nursing care net of any discount.

Non-refundable Portion of Entrance Fee: Aflat dollar amount of the entrance that is non-refundable. Funds are often placed in a residence assistance fund, treated as an initiation fee or set aside for capital improvements.

Percentage Earned Upfront by CCRC: The percentage of the refundable portion of the total entrance fee earned by the CCRC immediately. This is different from the previous item because it is not a flat dollar amount, but a percentage.

Percentage Earned per Month by CCRC: The percentage of the entrance fee that is earned (amortized) by the CCRC each month.

Amortization Period: The number of months that amortization takes place; commonly between twenty-four and fifty months, but will vary by community.

After-tax Income: Includes total annual household income from all income sources less taxes, based on the assumed tax rates. Income sources include Social Security and pension benefits (survivor benefits included), long term care insurance proceeds, life insurance proceeds, and refund on entrance fee depending on refund option selected.

Expenses: Includes living expenses and monthly fees to the CCRC. Expenses are adjusted automatically based on entry into the CCRC, changes in level of care (including one or both spouses in the case of two residents), and death.

Net Income (Shortfall): After-tax income less Expenses. Any positive results are transferred to Taxable Savings and Investments; shortfalls are paid for by transferring funds from the asset and investment accounts.

Assets and Investments Beginning Balance: In year 1 this represents the current combined balance in the clients assets and investment accounts. In subsequent years it equals the ending balance from the prior year.

Investment Growth: The beginning balance for each asset class times the applicable rate of return.

Additions (Withdrawals): Includes all additions to asset accounts such as net proceeds from the sale of primary residence and net income transferred to taxable assets and investments, net of withdrawals to cover a shortfall in Net Income, required minimum distributions from tax deferred accounts, and taxes on investment growth.

Assets and Investments Ending Balance: The total balance in Assets and Investments at the beginning of the year adjusted for Investment Growth and Additions (Withdrawals).

Show intermediate tables