

Financial Calculator

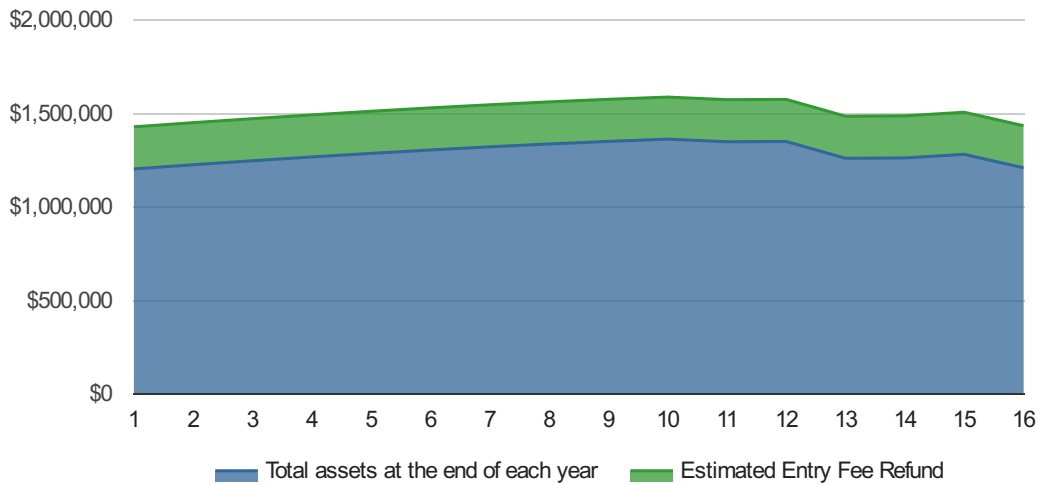
Cash Flow and Asset Analysis

for: Bill and Mary Judson

01/03/2019

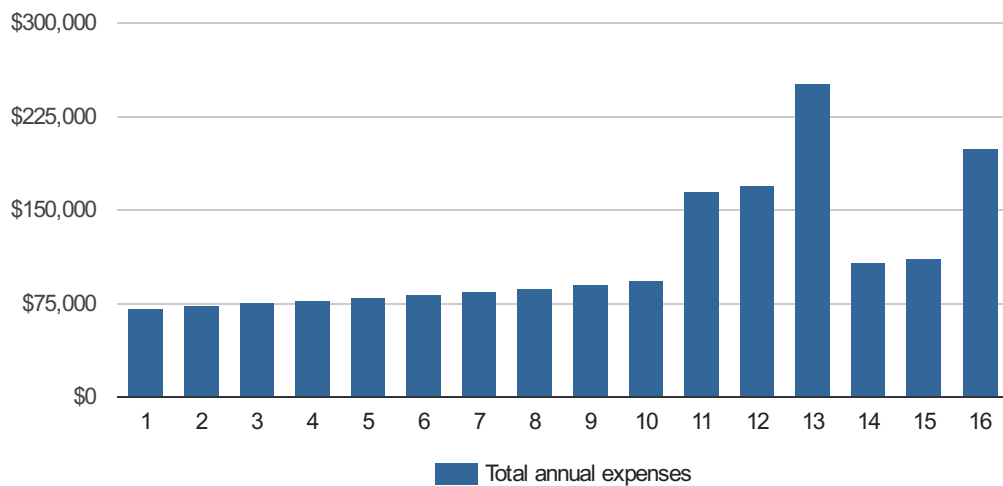


Assets + Estimated Entry Fee Refund



* 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** Bill and Mary enter the community
- Year 11** Bill enters assisted living
- Year 13** Bill enters skilled nursing
- Year 14** Mary enters assisted living
- Year 16** Mary enters skilled nursing

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ANNUAL INCOME AND EXPENSES ?					ASSETS ?				ENTRY FEE REFUND*	
Age Bill	Age Mary	After-tax Income	Expenses	Net Income (Shortfall)	Beginning Balance	Investment Growth	Additions (Withdrawals)	Ending Balance	Estimated Refund*	
1	75	74	\$ 57,168	\$ -70,800	\$ -13,632	\$1,010,000	\$ 44,950	\$ 148,167	\$1,203,117	\$ 225,000
2	76	75	\$ 57,885	\$ -72,924	\$ -15,039	\$1,203,117	\$ 45,852	\$ -23,575	\$1,225,395	\$ 225,000
3	77	76	\$ 58,617	\$ -75,112	\$ -16,495	\$1,225,395	\$ 46,721	\$ -25,351	\$1,246,765	\$ 225,000
4	78	77	\$ 59,363	\$ -77,365	\$ -18,002	\$1,246,765	\$ 47,552	\$ -27,203	\$1,267,115	\$ 225,000
5	79	78	\$ 60,124	\$ -79,686	\$ -19,562	\$1,267,115	\$ 48,343	\$ -29,093	\$1,286,365	\$ 225,000
6	80	79	\$ 60,900	\$ -82,077	\$ -21,177	\$1,286,365	\$ 49,090	\$ -31,036	\$1,304,418	\$ 225,000
7	81	80	\$ 61,692	\$ -84,539	\$ -22,847	\$1,304,418	\$ 49,788	\$ -33,039	\$1,321,167	\$ 225,000
8	82	81	\$ 62,499	\$ -87,075	\$ -24,576	\$1,321,167	\$ 50,434	\$ -35,102	\$1,336,499	\$ 225,000
9	83	82	\$ 63,323	\$ -89,687	\$ -26,364	\$1,336,499	\$ 51,024	\$ -37,244	\$1,350,278	\$ 225,000
10	84	83	\$ 64,163	\$ -92,378	\$ -28,215	\$1,350,278	\$ 51,550	\$ -39,594	\$1,362,233	\$ 225,000
11	85	84	\$113,622	\$-164,495	\$ -50,873	\$1,362,233	\$ 52,004	\$ -65,856	\$1,348,381	\$ 225,000
12	86	85	\$132,338	\$-169,430	\$ -37,093	\$1,348,381	\$ 51,425	\$ -50,061	\$1,349,745	\$ 225,000
13	87	86	\$135,223	\$-251,504	\$-116,282	\$1,349,745	\$ 51,454	\$-141,279	\$1,259,920	\$ 225,000
14		87	\$ 78,877	\$-107,497	\$ -28,619	\$1,259,920	\$ 47,836	\$ -45,803	\$1,261,953	\$ 225,000
15		88	\$ 98,888	\$-110,722	\$ -11,833	\$1,261,953	\$ 47,892	\$ -28,692	\$1,281,152	\$ 225,000
16		89	\$101,592	\$-198,173	\$ -96,581	\$1,281,152	\$ 48,634	\$ -120,643	\$1,209,144	\$ 225,000

*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	Bill and Mary enter the community
Year 11	Bill enters assisted living
Year 13	Bill enters skilled nursing
Year 14	Mary enters assisted living
Year 16	Mary enters skilled nursing

ASSUMPTIONS

PERSONAL	BILL	MARY	COMMUNITY	BILL	MARY
Current age	75	74	Entry Fee Details		
Age at entry - Independent Living	75	74	Is this a Type A - Extensive contract? (Life Care)	No	
Life expectancy	88	90	Entrance fee for desired residential unit	\$300,000	\$30,000
Savings and Assets (Combined):			Refund option	75%	
Equity in primary residence	\$500,000		Percentage earned up-front by CCRC	4%	
Cash and Savings	\$75,000		Percentage earned per month by CCRC	3%	
Taxable investments	\$350,000		Amortization period (in months)	7	
Cost basis in taxable investments	0%		Is Resident 2 entrance fee refundable?	No	
Tax deferred retirement accounts	\$500,000	\$85,000	Use refund to subsidize care?	Yes	
Tax deferred annuities	\$0		Retirement Community Pricing Details		
Cost basis on tax deferred annuities	0%		Independent living monthly service fee	\$3,500	\$1,200
Roth IRAs	\$0		Home health aide monthly rate	\$0	\$0
Tax free bonds (municipal bonds)	\$0		Assisted living monthly fee	\$5,500	\$5,500
	\$1,010,000		Skilled nursing care monthly rate	\$10,000	\$10,000
Monthly Income and Expenses:			Monthly cost of additional meals provided while receiving healthcare	\$0	\$0
Age when SS benefit begins	65	0	Estimated additional monthly expenses	\$1,200	
Monthly SS benefit	\$2,000	\$1,600	Economic Assumptions		
Age when pension benefit begins	65	0	Hypothetical Rates of Return:		
Monthly pension benefit	\$2,220	\$0	Savings	1%	
Survivor benefit % (Pension)	0%	0%			
Age when annuity benefit begins	65	0			

Annuity income (before tax)	\$0	\$0
Survivor benefit % (Annuity)	0%	0%
Other Income (before tax)	\$0	\$0
Years of other income	0	0
	\$4,220	\$1,600
Total current monthly expenses	\$0	
Long Term Care Insurance		
Current monthly benefit	\$4,000	\$4,000
Exclusion period (days)	90	90
Inflation protection	Compound %	Compound %
	3%	3%
Years of benefit	3	3
Future Healthcare Needs / Assumptions		
Years of Home Health Aide	0	0
Years of Assisted Living	2	2
Years of Skilled Care	1	1

Taxable investments	4%
Tax deferred retirement accounts	4%
Tax deferred annuities	4%
Roth IRAs	4%
Tax free bonds (municipal bonds)	2%
Rate of Increase:	
Annual increase % for social security	2%
Annual increase % for pension income	0%
Annual increase % for annuity income	0%
Annual inflation rate for personal expenses	3%
Annual inflation rate for community and healthcare expenses	3%
Effective tax rate	20%
Tax rate on capital gains and dividends	15%
% of Social Security income excluded from taxes	15%

DISCLOSURES

General

Important Disclosure: The projections or other information generated by My LifeSite's Financial Calculator regarding the likelihood of various outcomes are hypothetical in nature, do not reflect actual results or 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. 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 has been obtained from sources believed to be reliable, its accuracy is not guaranteed. Neither the sender nor My LifeSite 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: The Financial Calculator is designed to assist retirees, their families, 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, the Financial Calculator 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, with the exception of tax deferred retirement accounts. 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 a 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 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 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 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): The Financial Calculator assumes that any annual net income is deposited into the taxable 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 selling the primary residence or annual revenue less expenses, it is assumed funds will be withdrawn from investment accounts to cover the shortfall from taxable investments until they reach a zero balance, and then will progress through tax deferred retirement accounts, tax deferred annuities, Roth IRAs, tax free bonds, and cash and savings in that order.

Taxes: Throughout the calculations, taxes are computed as either ordinary income (the client's effective tax rate) or as capital gains income (the client's effective rate on investment income). The rates used are determined by the user and are not estimated by the Financial Calculator. Furthermore, the Financial Calculator assumes 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: The Financial Calculator assumes the rates of return input by the user for taxable investments, tax deferred retirement accounts, tax deferred annuities, Roth IRAs, tax free bonds, and cash and savings 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 annuity income, as well as the annual inflation rate

for personal expenses and community and healthcare expenses. 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. 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 the resident(s) have long term care insurance, the Financial Calculator assumes insurance proceeds will be received immediately upon receiving home health aide, if applicable, or transferring to assisted living or skilled nursing care, unless an exclusion period is indicated. In addition, if the annual benefit is greater than the actual annual expense for care, the Financial Calculator will reduce the amount of benefit to meet the cost of care.

Payment of Entrance Fee Refund: The Financial Calculator makes assumptions regarding the entry fee refund which may not reflect the terms of the contract you are considering. Visit the Assumptions section of this report to view all inputs used. As a result, the amount of refund shown is an estimate only, and is no guarantee of an amount to be received. Actual refund may vary depending on contract specifications and the specific time of year that the refund is paid.

Required Minimum Distributions: Unless it is indicated that withdrawals from tax deferred retirement accounts are taking place earlier, the Financial Calculator assumes required minimum distributions begin at age 70. If there are two residents, the distributions begin when the first resident reaches age seventy.

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