Bobby and Jackie Affluent

EDUCATION NEEDS ANALYSIS PRESENTATION
March 26, 2015

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The following report is a diagnostic tool intended to review your current financial situation and suggest potential planning ideas and concepts that may be of benefit. 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 by you (the client). This report provides broad and general guidelines on the advantages of certain financial planning concepts and does not constitute a recommendation of any particular technique. The consolidated report is provided for informational purposes as a courtesy to you. We recommend that you review your plan annually, unless changes in your personal or financial circumstances require more frequent review. All reports should be reviewed in conjunction with your fact summary and this Disclaimer page.

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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): ______________________________ ______________

Bobby Affluent Date

______________________________ ______________

Jackie Affluent Date

Advisor: ______________________________ ______________

John Hassell Date

Education Analysis

The Rising Cost of an Education

Over the past 5 years, the total cost of college tuition and fees at a public four-year university has increased an average of 6.2% per year. At this rate, by the time children born today attend college, they will have to deal with tuition costs that are nearly 3 times current prices.

	Public 4-Year Institutions		Private 4-Year Institutions	
Academic Year	**Tuition**	**Increase**	**Tuition**	**Increase**
2003 - 2004	$4,645	--	$18,950	--
2004 - 2005	$5,126	10 %	$20,045	6 %
2005 - 2006	$5,492	7 %	$20,980	5 %
2006 - 2007	$5,804	6 %	$22,308	6 %
2007 - 2008	$6,191	7 %	$23,745	6 %
2008 - 2009	$6,591	6 %	$25,177	6 %
2009 - 2010	$7,050	7 %	$26,129	4 %
2010 - 2011	$7,613	8 %	$27,265	4 %
2011 - 2012	$8,256	8 %	$27,883	2 %
2012 - 2013	$8,646	5 %	$28,989	4 %
2013 - 2014	$8,893	3 %	$30,094	4 %

Source: College Board *Trends in College Pricing*

Costs Above and Beyond Tuition

While tuition is often the largest single component of the cost of higher education, there are others that should be considered when saving for a child's college education. Among these are:

- **Room and Board** - housing and food costs
- **Fees** - costs associated with student activities, clubs, special events, etc.
- **Supplies** - books, computers and other materials needed to complete coursework
- **Transportation**

	Public 4-Year Institutions		Private 4-Year Institutions	
Academic Year	**Tuition & Costs**	**Increase**	**Tuition & Costs**	**Increase**
2003 - 2004	$10,530	--	$26,057	--
2004 - 2005	$11,376	8 %	$27,465	5 %
2005 - 2006	$12,115	7 %	$28,743	5 %
2006 - 2007	$12,837	6 %	$30,497	6 %
2007 - 2008	$13,558	6 %	$32,326	6 %
2008 - 2009	$14,364	6 %	$34,163	6 %
2009 - 2010	$15,213	6 %	$35,636	4 %
2010 - 2011	$16,162	6 %	$36,971	4 %
2011 - 2012	$17,136	6 %	$37,971	3 %
2012 - 2013	$17,817	4 %	$39,447	4 %
2013 - 2014	$18,391	3 %	$40,917	4 %

Source: College Board *Trends in College Pricing*

Frequently Asked Questions about 529 Plans

What is a 529 plan?

A qualified tuition program, commonly called a '529 plan' for the section of the tax code that authorizes their use, are vehicles that help with financing qualified future education expenses. There are two types of 529 plans: prepaid tuition plans and college savings plans. Today, virtually every state and the District of Columbia offer college savings plans and prepaid tuition plans. Additionally, almost 300 private colleges and universities offer a prepaid tuition program called the Independent 529 plan.

What is the difference between college savings plans and prepaid tuition plans?

College savings plans allow individuals to contribute to an account to pay a beneficiary's qualified higher education expenses. The value of a college savings plan depends upon the performance of the investments or investment strategy chosen by the contributor. Prepaid tuition plans allow parents, grandparents, or friends to establish an account in the name of a student, to "lock in" the cost of a specified number of academic periods or course units in the future at current prices.

Who can contribute to 529 plans?

Generally an account can be opened on behalf of any student or potential student. Anyone can contribute to an account and there are no income limitations restricting contributions.

Can I use a single account for multiple students?

No. When you invest in a college savings plan or prepaid tuition plan you are investing on behalf of a designated beneficiary, and only the designated beneficiary may use the funds in the account. However, an account may be transferred to another member of the beneficiary's family (as defined by the IRS) without incurring any taxes or penalties.

How much can be contributed to a 529 plan?

Each state sets its own contribution limits under federal regulations. Most states with college savings plans have maximum contribution limits in excess of $300,000. These amounts may also be adjusted for inflation annually. As of 2014, individuals can contribute up to $70,000 in one year for each beneficiary ($140,000 from a married couple) without incurring federal gift taxes, as long as no further contributions are made for the next 5 years. Prepaid tuition plans have maximum contribution limits in an amount equal to what is necessary to prepay the number of years or units of tuition offered by the state, and thus varies state by state.

Do 529 plans differ from state to state?

Yes. Each state with an existing plan offers various investment choices. Determining which plan to invest in will depend on an individual situation. Participants are allowed to transfer 529 assets from one state's plan to another - tax free - once every 12 months, or more often if there is also a change to the account's beneficiary. A participant's home state may offer additional state tax benefits only available for investments in the home state 529 college savings plan. Investing in the plan offered by an individual's own state might lower that individual's state income tax burden, depending on the laws of the state.

What can 529 plan withdrawals be used for?

Withdrawals from 529 plans can be used to pay qualified higher education expenses at any college, university, vocational school, or other accredited postsecondary educational institution eligible to participate in a student aid program administered by the Department of Education. Qualified higher education expenses include tuition, fees, books, supplies, and other equipment. Room and board also qualifies if the designated beneficiary is enrolled at least half time at an eligible educational institution. Non-qualified distributions are subject to federal income tax and a 10% penalty.

What else do I need to know about 529 plans?

529 Plans are state-sponsored programs. There is no guarantee by the issuing municipality or any government agency. There may be tax benefits and other advantages to plans offered by your resident state. You should consider the potential benefits (if any) offered to residents by your own state's plan (if available) prior to considering another state's plan. The availability of tax or other benefits may be conditioned on meeting certain requirements such as residency, purpose for or timing of distributions, or other factors. With very few exceptions, if withdrawals are made from a 529 Plan for purposes other than education, they are considered non-qualified withdrawals, and they are subject to federal - and possibly state - tax penalties. Specifically, the earnings portion of the non-qualified withdrawal will be included in the recipient's gross income for federal tax purposes, the earnings will be subject to a 10% federal tax penalty, and in some states, additional state tax penalties may apply to the earnings. As with all tax-related decisions, consult with your tax advisor. Information herein is not intended to be tax, legal or investment advice. Please consult a qualified professional and review the program prospectus or offering statement before investing. Please also note that assets in a 529 Plan could impact the beneficiary's ability to qualify for grants and student loans. Annual asset charges for a 529 plan may be higher than corresponding share classes of underlying mutual funds.

Municipal fund securities are sold by offering statement, which is available from your registered representative. Please carefully consider investment objectives, risks, charges, and expenses before investing. For this and other information about municipal fund securities, please obtain an offering statement and read it carefully before you invest. Investment return and principal value will fluctuate with changes in market conditions such that shares may be worth more or less than original cost when redeemed. Diversification cannot eliminate the risk of investment losses.

The Right Savings Plan

When you begin to consider an educational savings plan, it is important to understand the options available to you. A financial professional can help you to understand what's available and point you to a solution that fits your unique situation. The table below compares the key features of the four most common savings vehicles.

Feature	529 Plan	UGMA/UTMA	Coverdell Savings Account	Mutual Funds
Maximum Investment	Established by the program - several in excess of $250,000 per beneficiary	No Limit	$2,000 per beneficiary per year combined from all sources	No Limit
Internal Investments	Menu of investment strategies developed by the program	As state law permits	Large range of securities and certain other investments	Mutual Funds
Qualified Expenses	Tuition, fees, books, supplies & equipment. Also room & board if at least a half time student	No Restrictions	Same as 529 plan plus additional categories of K-12 expenses	No Restrictions
Non-Qualifying Expenses	Withdrawn earnings are subject to federal income tax and 10% penalty	Funds must be used for the benefit of the minor	Withdrawn earnings are subject to federal income tax and 10% penalty	No Restrictions
Current Taxation on Earnings	Earnings are tax deferred until withdrawn. Withdrawn earnings are tax-free if used for qualified expenses	Kiddie tax applies to children under age 19 (under 24 if full-time student)	Earnings are tax deferred until withdrawn. Withdrawn earnings are tax-free if used for qualified expenses	Taxed at owner's rate
Federal Gift Tax Treatment	Contributions treated as Completed gifts - apply $14,000 annual exclusion, or up to $70,000 with 5 year election	Transfers treated as completed gifts - apply $14,000 annual gift exclusion	Contributions limited to $2,000 per year for each beneficiary and are treated as completed gifts - apply $14,000 annual gift exclusion	None: direct payments of tuition not considered a gift
Ability to Change Beneficiary	Yes: only to another member of the beneficiary's family	No: represents an Irrevocable gift to the child	Yes: only to another member of the beneficiary's family	Not applicable
Income Restrictions	None	None	Ability to contribute phases out for incomes between $190,000 and $220,000 (joint filers)	None

Mutual funds are sold by prospectus, and municipal fund securities are sold through an offering statement. Both of these are available from your registered representative. Please carefully consider investment objectives, risks, charges, and expenses before investing. For this and other information about any mutual fund or municipal fund security investment please obtain a prospectus or offering statement and read it carefully before you invest or send money. Investment return and principal value will fluctuate with changes in market conditions such that shares may be worth more or less than original cost when redeemed. Diversification cannot eliminate the risk of investment losses, and past performance is not a guarantee of future results.

Investing in a 529 Plan outside of your state of domicile may deny you the opportunity to take advantage of favorable in-state tax treatment or incentives.

Cost of Education

[Education Name]
[School Name]

Next to the cost of purchasing a home, education costs are the most significant expense a family can expect to have. With rising education costs significantly outpacing inflation, the total cost of a college education can grow out of reach if you don't start saving early.

For this analysis, we'll assume that this education will begin in **2020**, last for **4** years (until **2023**) and will have an annual cost of **$25,000** in today's dollars.

If those costs grow at a rate of **5.00%** each year, you can expect the first year of college to actually cost **$31,907** when it begins and run up a total of **$137,523** by the time it ends.

Education lasts from
2020 - 2023
(4 years)

Annual Cost Today
$25,000

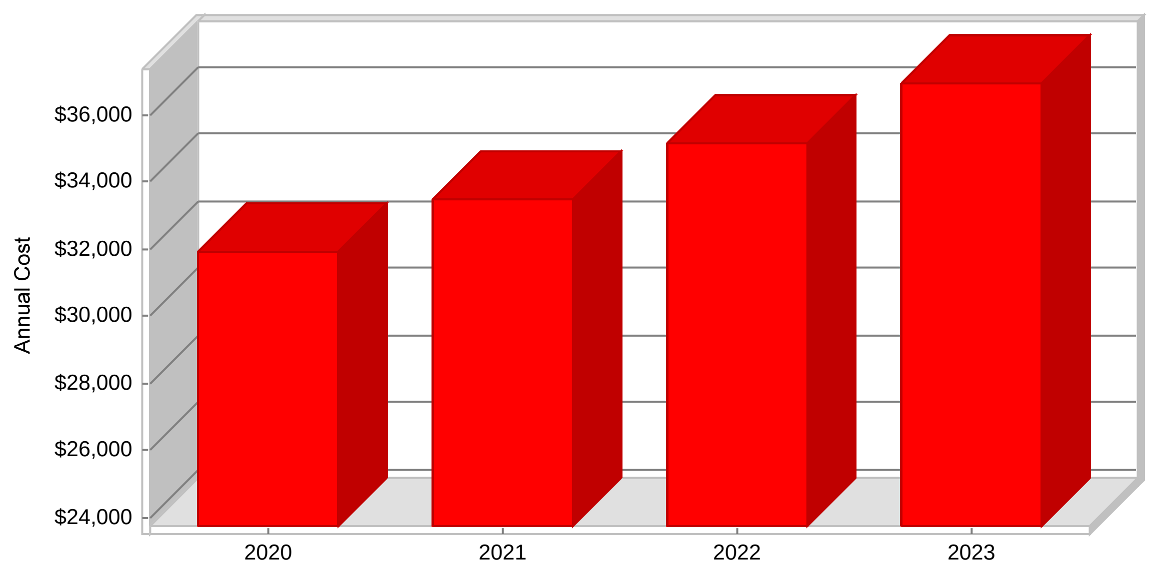
Annual Cost in 2020
$31,907

Total 4-year Cost
$137,523

How will your costs grow?

The chart below illustrates the mounting costs of this education, showing that you can expect an annual cost of **$25,000** today to grow to **$31,907** when the education begins in **2020** and to **$36,936** in **2023**, when the education ends.

The Escalating Cost of Education



Keep in Mind...

Since 1980 the cost of higher education has been rising about twice as fast as the Consumer Price Index (inflation). But there is no arguing that a college degree can dramatically increase a student's earning potential. In 2011, a typical bachelor's degree recipient can expect to earn 65% more than a typical high school graduate over their working career.

Source: The College Board, “Trends in Higher Education Series,” “Education Pays,” 2013

Funding Your Education

[Education Name]
[School Name]

The cost of an education can be enormous and place a great strain on your finances. The sooner you start saving for the expense of an education, the more able you will be to fund it. Let's take a look at how well you are doing with respect to your funding needs.

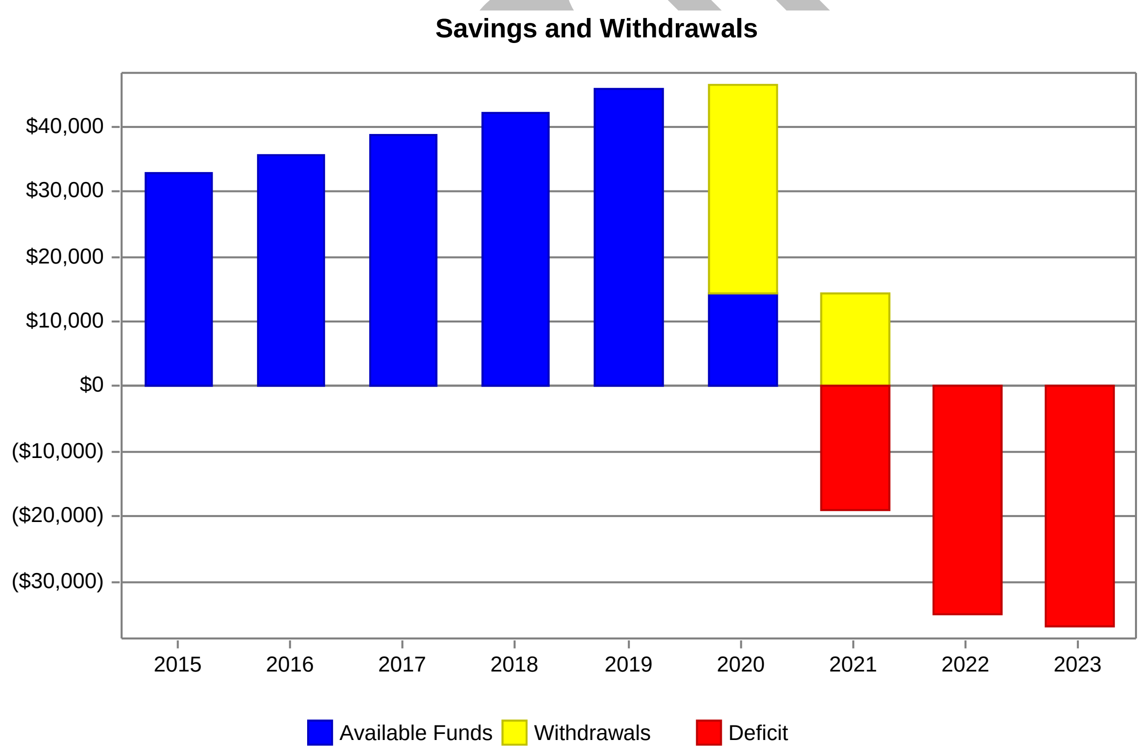
Total 4-year Cost
$137,523
Total Funding
$46,347
Shortfall
$91,176
Percent Funded
33%

To fund your education goal's total cost of **$137,523**, you currently have dedicated funds totaling **$30,000**. Additionally, regular contributions from all sources of **$100** per month up to the first year of schooling will be added, and these contributions will increase by **3.00%** each year. We'll assume that your accumulated savings will grow at a rate of **5.00%** annually.

This savings plan will result in a total of **$46,347** of funds available for the education expense, which represents **33%** of the total cost. You may need to consider options for more fully funding the expense.

Will there be enough?

The chart below shows your accumulation of funds over time and the withdrawals made from them to pay for the education expense. Years in which your funds were insufficient to cover costs will contain a red bar. Based upon the assumptions made in this analysis, your funding will be depleted in **2021**.



Options for Meeting Your Funding Needs

[Education Name]
[School Name]

Based upon the assumptions utilized in this analysis, your education expense is not projected to be fully funded. What's important is that you are taking a look at educational funding needs now, before it's too late. There are several options which may - by themselves or in combination with each other - allow you to achieve your education goal. They include:

Saving More Each Month

By examining your current budget and expenditures, you may find ways in which you could increase the amount you save each month for future education costs.

To cover your funding shortfall solely by saving more each month, you would need to save an additional ***$1,118*** *- up to* ***$1,218 per month*** *- and increase that monthly amount by* ***3.00%*** *each year until the first year of schooling. This solution assumes that your accumulated funds will grow at a rate of* ***5.00%*** *each year.*

Increase Monthly Savings by
$1,118
(to **$1,218** per month)

Total Cost of Education
$137,523

Total Funding
$138,063

Percent Funded
100%

Setting Aside More Now

Another option for making up the existing shortfall in funding your current education costs, would be to set aside an additional lump sum today. If this requires taking the funds from your retirement savings, you should fully consider the impact this has on your ability to retire as planned.

To make up your funding shortfall solely by increasing the lump sum available today, you would need to put aside ***$64,546*** *in addition to the* ***$30,000*** *currently available. Together, this sum of* ***$94,546*** *will be enough to fully cover your education funding goals. This solution assumes that your assets will grow at a rate of* ***5.00%*** *and the annual expense will grow at a rate of* ***5.00%*** *each year.*

Increase Funds by
$64,546
(to **$94,546**)

Total Cost of Education
$137,523

Total Funding
$138,023

Percent Funded
100%

Reducing the Cost

If you can't find any way to save more funds now, you could look into reducing the actual cost of your goal. This could be accomplished by qualifying for scholarships or grants or by choosing a less expensive educational institution. In-state schools typically have significantly lower tuition than comparable out-of-state schools.

In order to be able to fully fund the expense solely by reducing its cost, the cost would need to be reduced by ***$16,212****, to* ***$8,788*** *per year. This solution assumes that your expenses will grow at a rate of* ***5.00%*** *each year.*

Reduce Cost by
$16,212
(to **$8,788** per year)

Total Cost of Education
$48,343

Total Funding
$49,308

Percent Funded
101%

Funding Details

[Education Name]
[School Name]

Year	Age	Starting Balance	Savings	Expenses	Growth at 5.00%	Ending Balance	Deficit
2015	62/61	$30,000	$1,200	$0	$1,560	$32,760	$0
2016	63/62	32,760	1,236	0	1,700	35,696	0
2017	64/63	35,696	1,273	0	1,848	38,817	0
2018	65/64	38,817	1,311	0	2,006	42,134	0
2019	66/65	42,134	1,351	0	2,174	45,659	0
2020	67/66	45,659	0	31,907	688	14,440	0
2021	68/67	14,440	0	33,502	0	0	19,062
2022	69/68	0	0	35,178	0	0	35,178
2023	70/69	0	0	36,936	0	0	36,936
Total				**137,523**			**91,176**

Analysis Result Summary

This report summarizes the results of the analyses for Bobby and Jackie Affluent. It provides the information that is the basis for the "takeaway" message. All of the details concerning the process of how these results were arrived at are contained in the specific chapters for each selected analysis.

Family Information

Client: Bobby and Jackie Affluent
Address: 1001 E. Hector St
Conshohocken, PA 19428

H: (215) 610-7894
F: (215) 610-4555
alexandra.anikina@lpl.com

Client: Bobby Affluent
Date of Birth: 8/16/1953
Current Age: 61

Spouse: Jackie Affluent
Date of Birth: 7/1/1954
Current Age: 60

Children	Gender	Age	Date of Birth
Jessica Affluent	Female	19	12/29/1995
Jimmy Affluent	Male	18	2/4/1997

Analysis Performed

- Education Analysis

Result Summary

Total 4-year Cost
$137,523

Total Funding
$46,347

Shortfall
$91,176

Percent Funded
33%

The Education Analysis compares the client's current funding projections against the expected costs of higher education. The analysis then provides options for consideration if the analysis results in a shortfall.

Based upon the assumptions utilized in this analysis, funding for *'s* education goal is projected to result in a **shortfall**. The total funding available is estimated to cover only **33%** of the total cost of *'s* education goal. There are several options which may - by themselves or in combination with each other - allow you to achieve this goal, they include:

- Increase Monthly Savings by **$1,118** (to **$1,218** per month)
- Increase funds set aside today by **$64,546** (to a total of **$94,546**)
- Reduce costs by **$16,212** (to **$8,788** per year)

Information Summary

The following financial information and assumptions were used in the preparation of this analysis.

Family Information

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Information Summary

Basic Assumptions

Annual Cost: $25,000 (today's dollars) — Expense Begins in: 2020
Duration of Expense: 4 years — Expense Ends in: 2023

Financial Assumptions

Assets Grow at:	5.00%
Expenses Grow at:	5.00%
Savings Increase by:	3.00%

Assets and Savings

Asset	Current Value
Miscellaneous Assets	$30,000
Total	**$30,000**

Savings Toward this Goal

Monthly Savings	$100
Annual Savings	$1,200