SECURE FUTURE ADVISORS™ Partners you can depend on

THE ARC PROCESS™

ACHIEVING RETIREMENT CLARITY

SECURE FUTURE
ADVISORS™ *Partners you can depend on*

Reaching the Summit

Climbing to the peak of a mountain is considered by many to be one of life's greatest achievements. Experienced climbers know that the key to achieving their goal is **planning and preparation.** Without focused planning and proper preparation, the journey can quickly turn disastrous. Consider the many climbers who have attempted to tackle Mount Everest—only 30% have made it to the peak. The difference is in the level of planning and preparation.

Like climbing, **retirement planning begins with the goal of reaching a peak.** For most of us, that peak is a well-funded retirement plan. But just as with climbing, unless we adequately plan and prepare, we are unlikely to achieve our goal.

PLANNING FOR SUCCESS

In climbing, focused planning means crafting a well thought-out route that takes into consideration the unique landscapes and challenges of the mountain. In retirement planning, it means building a plan that takes into consideration our **personal goals and objectives.** This plan may include strategies built around retirement savings, education savings, income protection, creditor protection, investment management, tax planning and more.

PREPARING FOR THE UNEXPECTED

Proper preparation when climbing means having the right equipment to withstand unexpected events such as high winds, storms and avalanches. The best climbers are prepared for these circumstances even though they do not always encounter them. The same is true for retirement planning. We may face unexpected events such as job loss, sickness, disability or premature death while saving for retirement. So we must equip ourselves with tools to manage these unexpected and potentially devastating events.

ACHIEVING RETIREMENT CLARITY

Focused planning and proper preparation are needed now more than ever when it comes to building a retirement plan. Unfortunately, for many the task is simply too overwhelming and complex. What is missing is a *clear process* for how to do it. This has led us to create a comprehensive approach for "Achieving Retirement Clarity" called **The ARC Process™**. The process involves performing a detailed cash flow analysis which is then used to create a custom plan for achieving our retirement goals. The process then incorporates into our plan the necessary risk management tools designed to protect us from unexpected events in life that might obstruct our path and hinder us from successfully reaching retirement's peak.

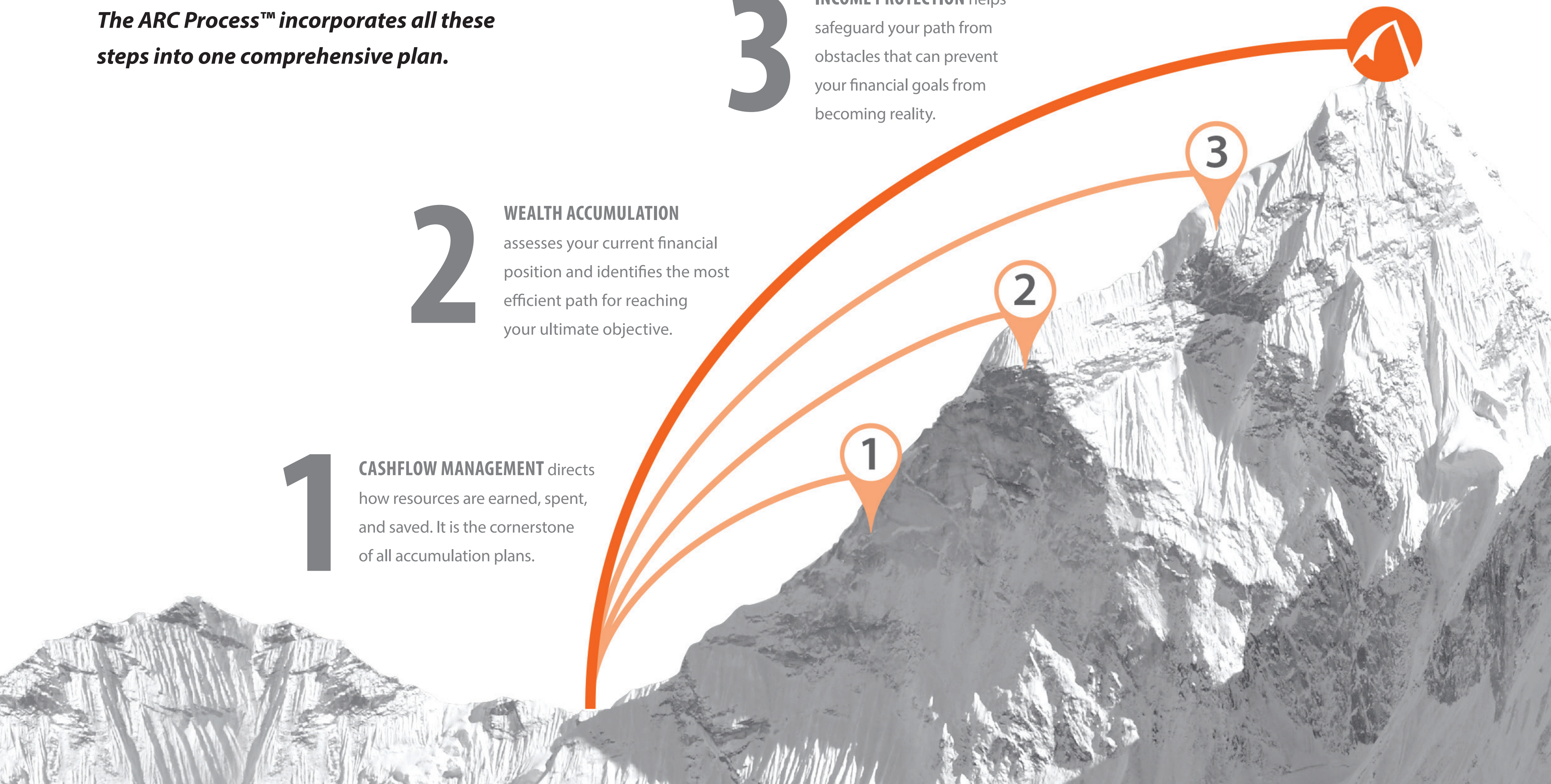
ARC Checkpoints™

A proper accumulation plan should cover three important checkpoints to meet its objective. ***The ARC Process™ incorporates all these steps into one comprehensive plan.***

3 **INCOME PROTECTION** helps safeguard your path from obstacles that can prevent your financial goals from becoming reality.

2 **WEALTH ACCUMULATION** assesses your current financial position and identifies the most efficient path for reaching your ultimate objective.

1 **CASHFLOW MANAGEMENT** directs how resources are earned, spent, and saved. It is the cornerstone of all accumulation plans.



1 Cash Flow Management

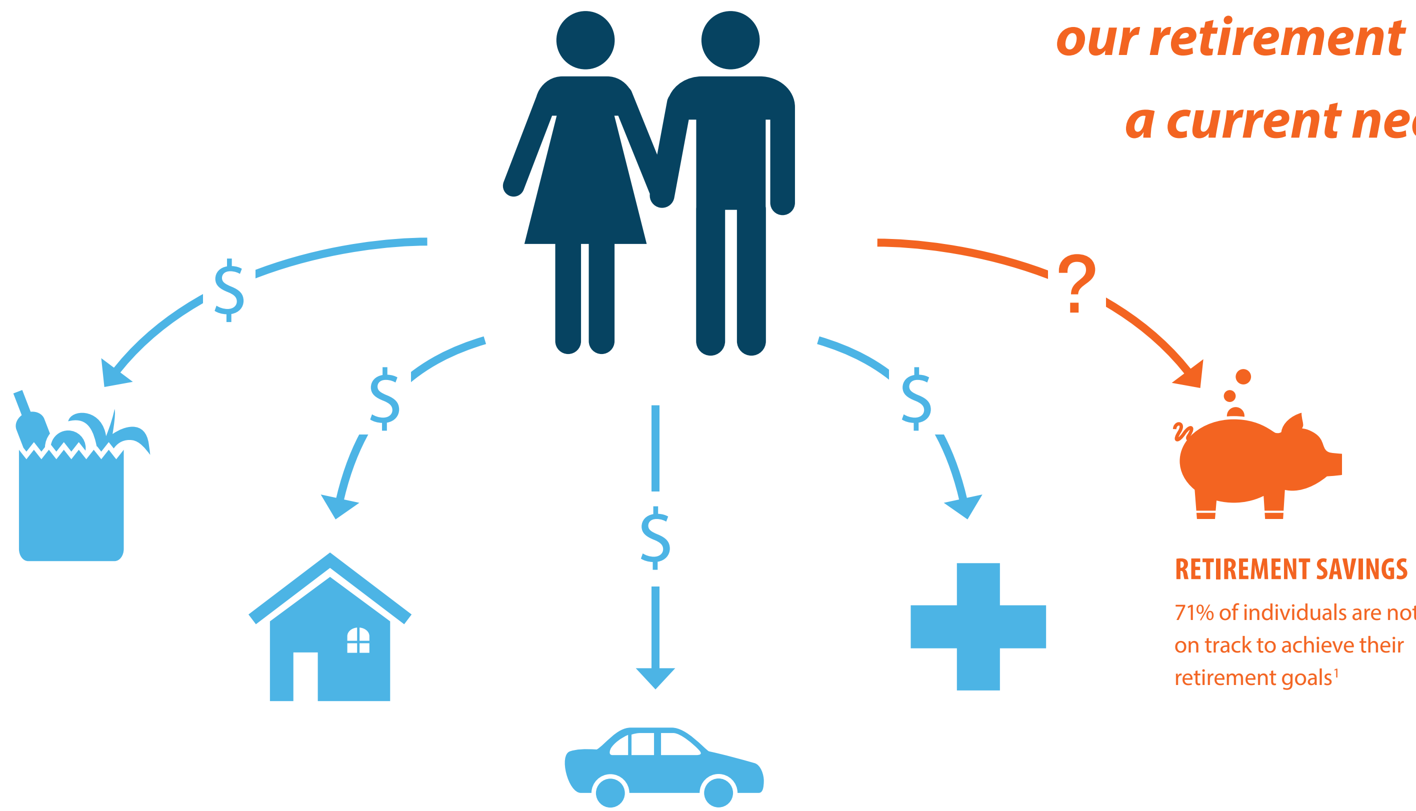
Cash flow management is the cornerstone of successful financial planning. As we begin our journey through The ARC Process™ we must remember to stay focused on the future. Large portions of our income are allocated to ***current needs*** such as groceries, housing, travel, and medical bills. These expenses are necessary but can distract from the overwhelming ***future need*** which is retirement. To effectively reach our goal, we must ***transition to thinking of retirement not as a future need but as a current need.***

We should view our retirement as a current need

?

ARE SAVINGS CONSIDERED AN ESSENTIAL EXPENSE?

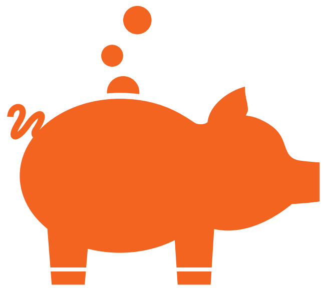
Most of us allocate income towards housing, travel, medical bills, and groceries, as these are essential to maintaining our current lifestyle. It is important that we view retirement savings the same way because future lifestyle needs are easily overlooked.



1 Dimitry Mindlin & Michael Schachet, *Retirement Adequacy: Much More Than a Replacement Ratio*, Society of Actuaries , Oct. 2012

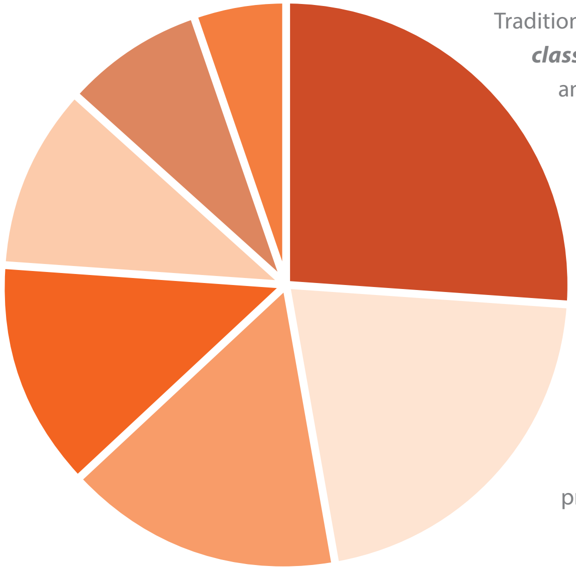
2 Wealth Accumulation

*When planning for retirement, each of us has a unique set of objectives to accomplish. With these goals in mind, The ARC Process™ not only tailors a custom plan for managing cash flow, but also maps out the best possible trajectory for accumulating the savings needed to reach our personal retirement summit. To accomplish this second step, we have combined **Traditional Diversification** with our own **Diversification 2.0™**.*



RETIREMENT SAVINGS

Our retirement savings can be an idle pool of money sitting in an account, or a dynamic investment vehicle that helps us meet our goals. Rather than thinking about savings as a pot of money, we need to recognize the potential for our savings to be a working, diversified portfolio.

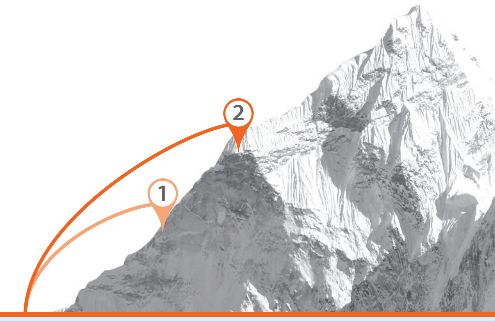


TRADITIONAL DIVERSIFICATION

Traditional planning focuses on ***asset class diversification.*** When building an investment portfolio, it is wise to spread out the risk of any one asset class by diversifying across multiple asset classes. 90% of a portfolio's return stems from proper asset allocation, while only 10% is attributable to selecting the right fund and attempting to time the market.[1] Accordingly, The ARC Process™ uses diversified asset allocation when tailoring an investment program around your personal goals.

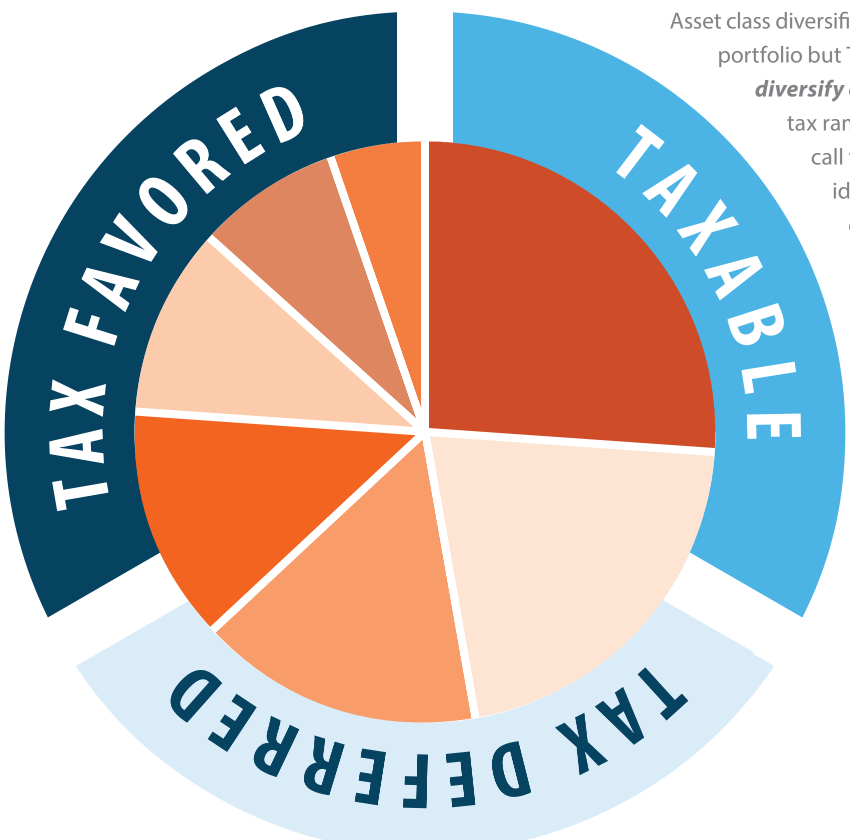
1 Ibbotson, Roger, *Does Asset Allocation Policy Explain 40, 90, or 100 Percent of Performance,* Financial Analysts Journal, Jan/Feb 2000

2 Wealth Accumulation



DIVERSIFICATION 2.0™

Asset class diversification is essential to a strong portfolio but The ARC Process™ allows you to ***diversify one level deeper*** to address the tax ramifications of our investments. We call this **Diversification 2.0™.** It is the idea of diversifying not only based on asset class but tax class as well. Investments can be classified into one of three tax categories: tax deferred, taxable, or tax favored. Proper tax diversification allows us to **take advantage of tax savings today and in the future,** while maintaining adequate flexibility for our changing needs.



Tax Deferred

- ⬆ TODAY: Contributions may be tax deductible
- ⬆ DEFERRAL: Grows tax deferred
- ⬇ DISTRIBUTION: Mostly taxable as ordinary income
- ⬇ FLEXIBILITY: Extremely limited accessibility

Taxable

- – TODAY: Contributions are made with after-tax dollars
- ⬇ DEFERRAL: Tax liability based on investment selection
- – DISTRIBUTION: Potential capital gains or ordinary income
- ⬆ FLEXIBILITY: Maximum accessibility

Tax Favored

- – TODAY: Contributions are made with after-tax dollars
- ⬆ DEFERRAL: Grows tax deferred
- ⬆ DISTRIBUTION: Generally tax-free income
- – FLEXIBILITY: Limited accessibility

CASE STUDY

The table to the right shows the tax impact a 60-year-old withdrawing $100,000 from an investment portfolio. (Assume current marginal tax brackets & 15% blended tax rate on taxable accounts.)

	SOURCE OF FUNDS	TAX LIABILITY	TAX SAVINGS
NO PLANNING	100% Tax Deferred	$18,493	—
DIVERSIFICATION 2.0	50% Tax Deferred	$5,929	$8,814 (47.7%)
	25% Tax Favored	$0	
	25% Taxable	$3,750	

3 Income Protection

Income protection equips us with the proper tools and solutions for weathering the storms of life. We cannot predict market conditions, tax legislation, health, personal or professional liability. However, we can manage the risk associated with these various perils and insulate our retirement path accordingly.

ARE YOUR MOST VALUABLE RESOURCES PROTECTED?

Most Protect...

CAR: 0.33% Chance of having a car accident

<

HOME: 0.77% Chance of a residental fire

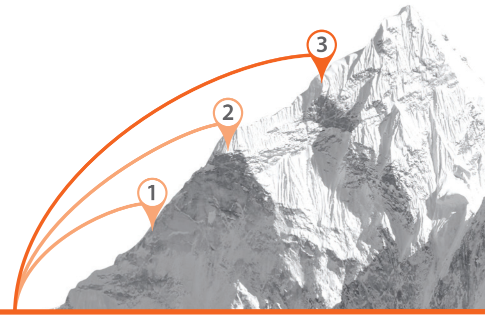
<

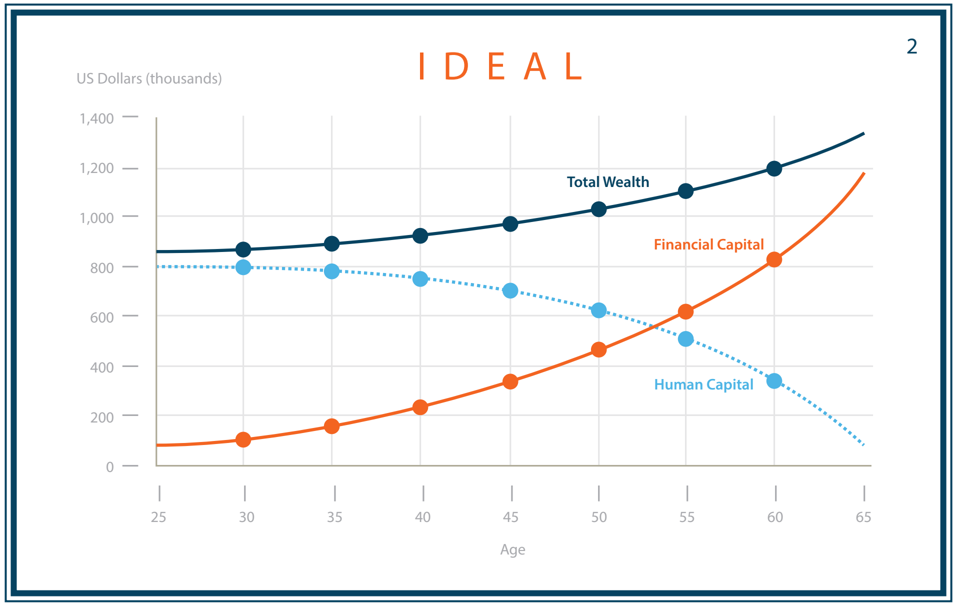
HEALTH: ~3% Chance of being in a critical care unit

But Few Protect...

HUMAN CAPITAL: 33% Chance of being disabled for 3+ months or dying prior to age 65. [1]

3 INCOME PROTECTION



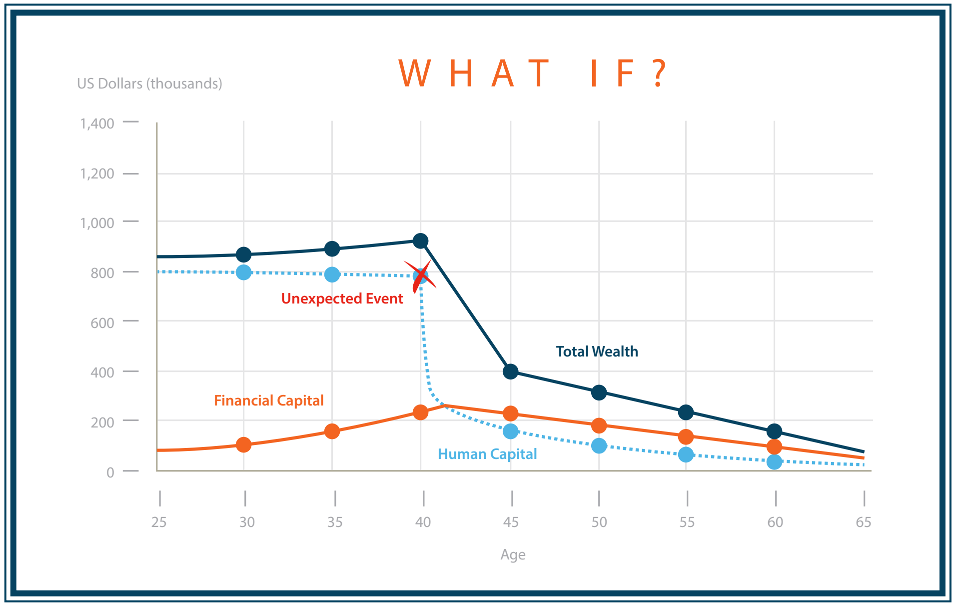


DETERMINANTS OF

TOTAL WEALTH

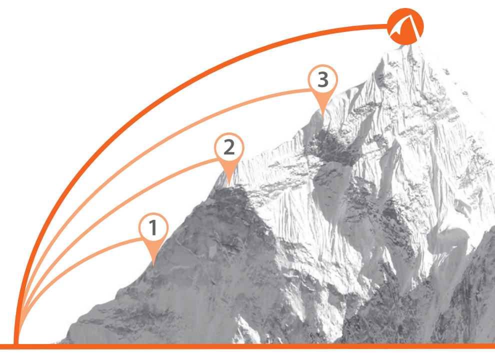
Our total wealth is comprised of two components: human capital and financial capital. Early in life, our total wealth is comprised mostly of human capital. As time passes we save money and our financial capital grows. During our working years, it is important to plan for catastrophic events that could impact the value of our human and financial capital.

Human Capital-	The future earnings potential of the individual
Financial Capital-	The net worth of individual
Total Wealth-	The sum of human capital and financial capital



1 Life Foundation, *What you Need to Know about Disability Insurance*, 2011. VBA Life Expectancy Calculator, 2012.
2 Milevsky, Moshe, *Are you a Stock or a Bond*, FT Press, Oct. 2012

THE ARC PROCESS™



1. EDUCATE
The first step of The ARC Process™ begins with proper education about the key fundamentals of accumulation planning.

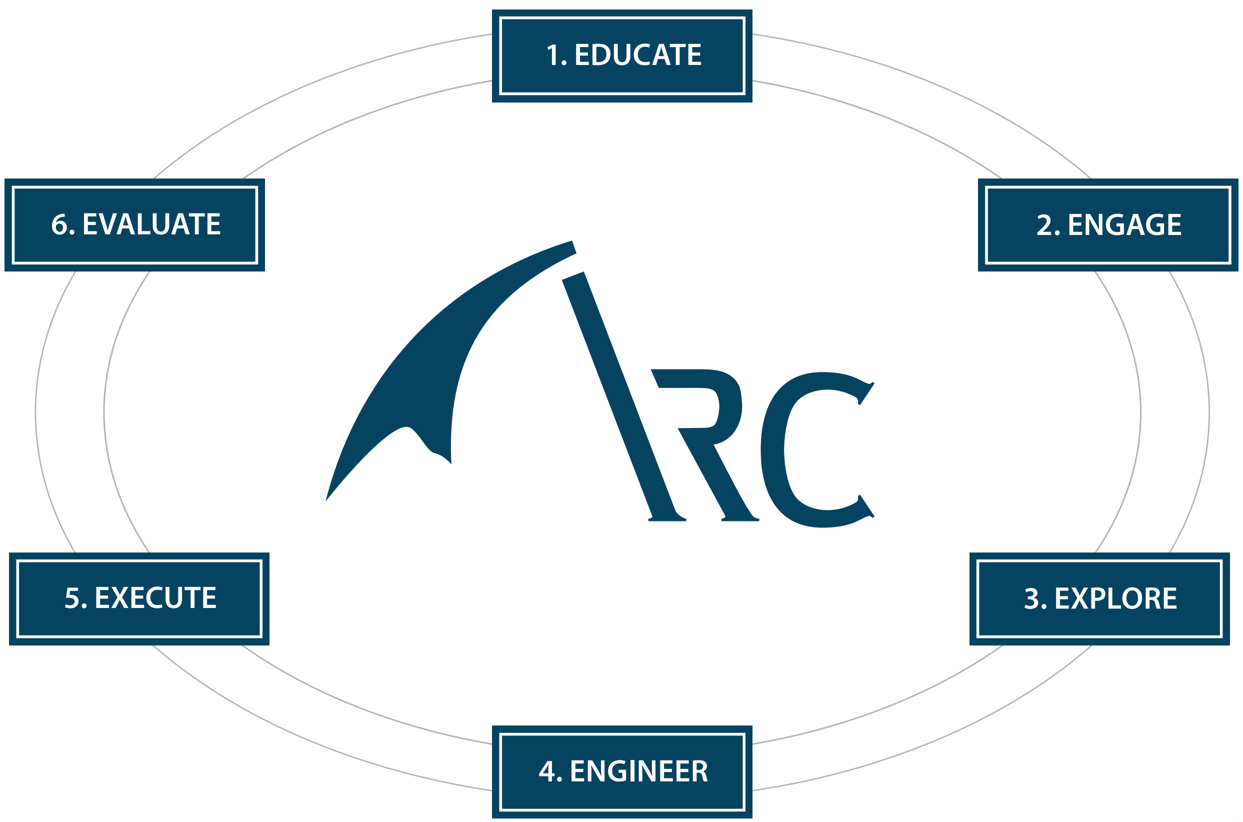
2. ENGAGE
You have the option of entering into an agreement which defines the commitments of each party.

3. EXPLORE
The third step is to gather information about your current financial situation and identify retirement goals.

4. ENGINEER
Using the gathered information we'll construct your unique wealth accumulation and protection path.

5. EXECUTE
The fifth step is to prepare your action plan for achieving retirement clarity.

6. EVALUATE
With the plan established, we will provide ongoing evaluation to keep you on your unique accumulation path.



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