
Financial Plan

for

George J Jones

and

Marianne P Jones

Financial Plan

Husband: George J Jones
Wife: Marianne P Jones
Date: 11/18/2014 - 3:23pm
Case: 44-32323 George J Jones vs. Marianne P Jones
Judge: Marion Winslet, phone: 610-333-2323
Court: Family Court
 333 Monroe St
 Court address 222
 Newtown, PA 19323
 Phone: 610-333-2222 Fax: 222-333-4444

Contact & Background Information

George J Jones

SSN: 444-55-3333
 Birth Date: 4/5/1971
 State where George J Jones lives: MA
 Address: 17 Merion Ln, Merion, MA 19333
 Phone: 610-444-5555
 E-mail: hjones@merrybuilders.com

Marianne P Jones

SSN: 222-33-4444
 Birth Date: 11/20/1974
 State where Marianne P Jones lives: MA
 Address: 40 Winding Way, Berwyn, MA 19434
 Phone: 610-333-2222
 E-mail: marianne55@hotmail.com

Children

Tiffany

Birth Date: 4/5/1999
 Tiffany is a child of this relationship.
 Tiffany is young enough to be eligible for child support.
 George J Jones will claim the tax exemption.
 Tiffany will be a tax exemption until 21.

Amber

Birth Date: 12/2/2003
 Amber is a child of this relationship.
 Amber is young enough to be eligible for child support.
 George J Jones will claim the tax exemption.
 Amber will be a tax exemption until 21.

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One-Page Summary for 2014

Monthly totals for George J Jones and Marianne P Jones.

Total Income	George	Marianne
Wages and Salary	\$14,583	\$4,117
Child Support Received	0	3,150
Alimony Received	0	1,000
All Other Income	667	208
TOTAL INCOME	15,250	8,475

Total Expenses		
Child Support Paid	3,150	0
Alimony Paid	1,000	0
All Other Expenses	6,218	6,849
TOTAL EXPENSES	10,368	6,849

Taxes		
Federal Income Tax	3,398	378
State Income Tax	669	163
Local Tax on Wages	0	0
FICA/Medicare tax	869	315
TOTAL TAXES	4,936	856

BUDGET NET INCOME	-54	770
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Property		
Marital Property	130,402	72,426
Separate Property	0	83,644
TOTAL PROPERTY	\$130,402	\$156,070

Miscellaneous		
Number of Dependents	2	0
Filing Status	Filing Separate	Head Hsld
Income After Taxes	6,164	7,619
% of Combined Income After Taxes	4	5
Alimony paid, % of gross income	7	0
Child Support paid, % of gross income	21	0
Combined pmts, % of gross income	27	0

Division of Marital Property

Property division report for George J Jones and Marianne P Jones.

	George Amount	Marianne Amount	Total Amount
Real Estate Equity			
40 Winding Way ⁽¹⁾	\$40,000	\$40,000	\$80,000
Total Value	\$450,000		
1st Mortgage	\$320,000		
Sep property	\$50,000		
Marital Equity	\$80,000		
Vacation Home	\$81,250	\$0	\$81,250
Total Value	\$100,000		
1st Mortgage	\$18,750		
Marital Equity	\$81,250		
Total Real Estate Equity	\$121,250	\$40,000	\$161,250
Cash & Investments			
Cash-Equivalent Investments:			
First Union	--	--	\$1,875
Bank of America ⁽²⁾	--	--	\$0
Bank of America	--	--	\$3,292
Total Cash-Equivalent	\$0	\$0	\$5,167
Other Investments:			
Vanguard Index 500	--	--	\$12,755
Nuveen Bond Fund	--	--	\$10,000
Municipal Bonds	--	--	\$20,000
Total Other Investments	\$0	\$0	\$42,755
Total Investments	\$0	\$0	\$47,922
Businesses			
Mary Kay franchise	\$0	\$0	\$0
Cars and Personal Effects			
Jewelry	\$1,500	\$0	\$1,500
Paintings ⁽³⁾	\$700	\$0	\$700
2001 Toyota Corolla	--	--	\$21,000
2010 Ford Pickup	--	--	\$24,000
Total Personal Items	\$2,200	\$0	\$47,200
Subtotal Non-Retirement	\$123,450	\$40,000	\$256,372
IRA/401ks			
Vanguard IRA	\$12,555	\$0	\$12,555

Division of Marital Property (cont.)

Property division report for George J Jones and Marianne P Jones.

	George Amount	Marianne Amount	Total Amount
Defined Benefit Pensions			
School district	\$0	\$38,029	\$38,029
Total Pensions	\$0	\$38,029	\$38,029
Subtotal Retirement	\$12,555	\$38,029	\$50,584
Total Assets	\$136,005	\$78,029	\$306,956
Debts			
MasterCard Bank Two	(\$1,728)	(\$1,728)	(\$3,456)
VISA Country Card	(\$3,875)	(\$3,875)	(\$7,750)
Total Debt	(\$5,603)	(\$5,603)	(\$11,206)
Total Debts	(\$5,603)	(\$5,603)	(\$11,206)
Total Assets	\$136,005	\$78,029	\$306,956
Total Debts	(\$5,603)	(\$5,603)	(\$11,206)
Total Marital Property	\$130,402	\$72,426	\$295,750
Equalization Payment	(\$28,988)	\$28,988	
Total Marital After Equalization	\$101,414	\$101,414	

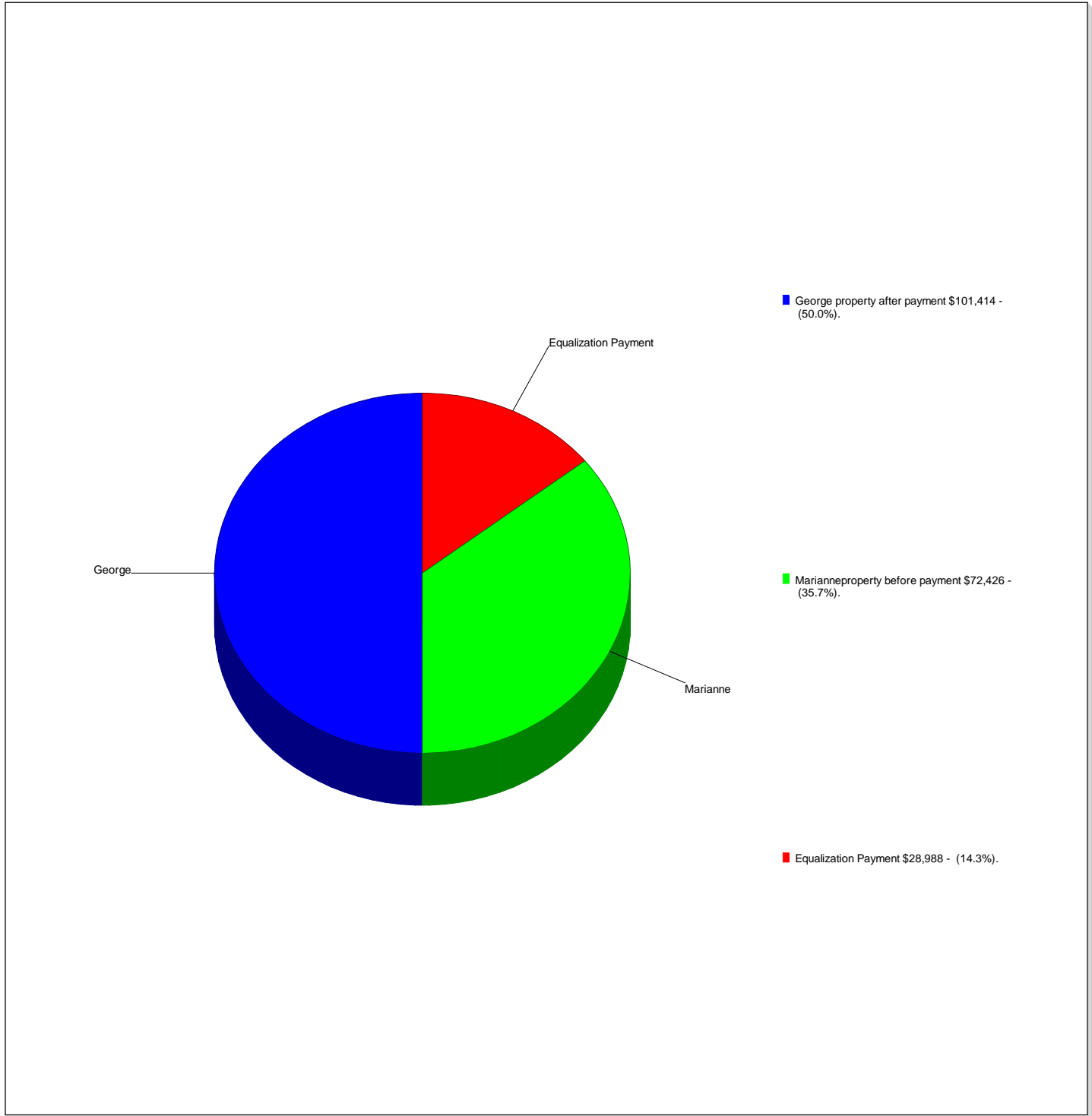
Note: \$92,922 is unallocated. Also, "Total Amount" column may not add due to rounding.

Footnotes:

- (1) 40 Winding Way - Marianne will remain in the marital home.
- (2) Bank of America - Funds from Inheritance, kept separate. Value is as of most recent bank statement.
- (3) Paintings - Paintings have sentimental value to Marianne

Division of Marital Property (cont.)

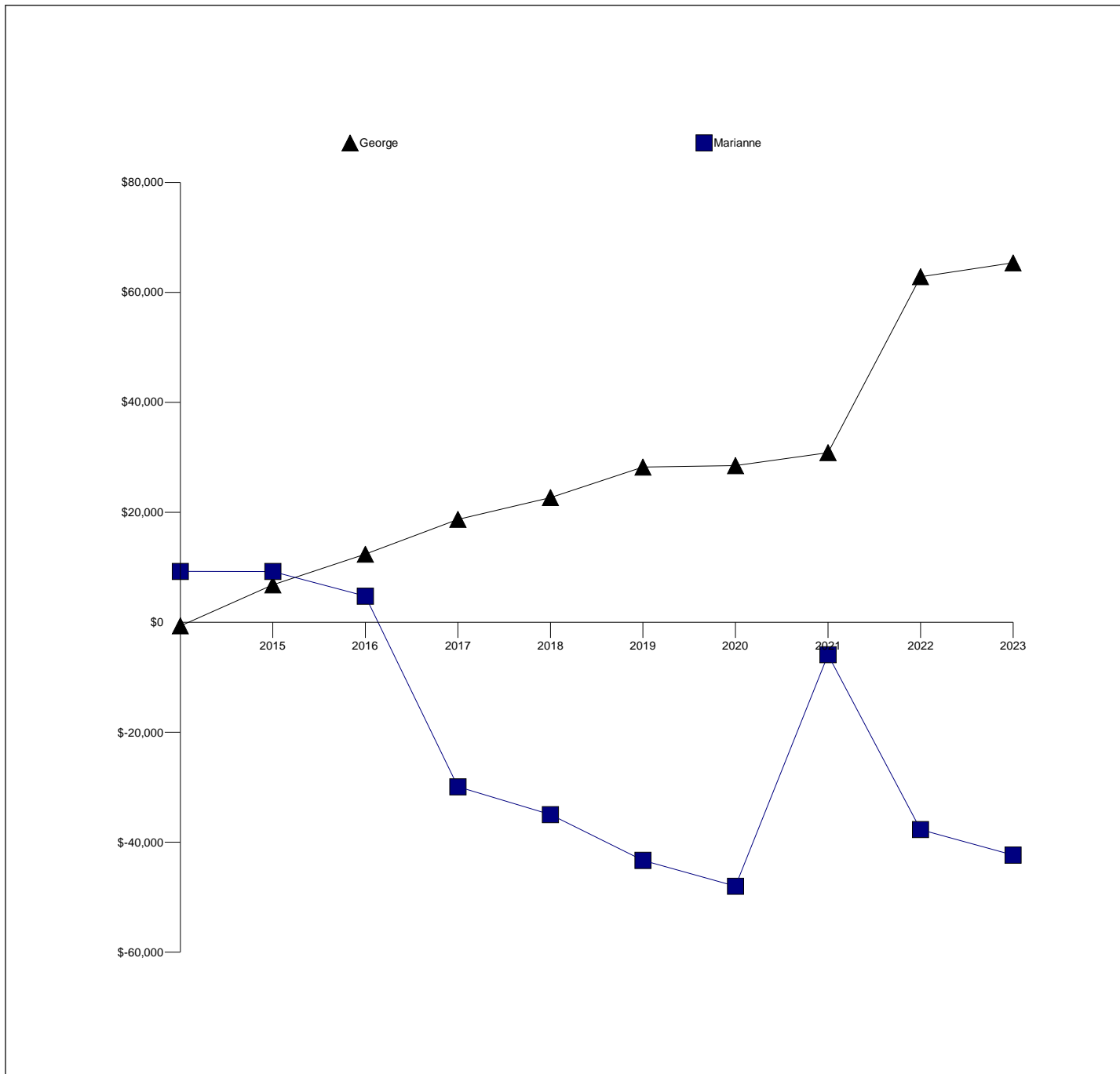
Division of Marital Property:



Projected Net Income After Expenses and Taxes

Projected Net Income After Expenses and Taxes for George J Jones and Marianne P Jones for 10 years.

	George	Marianne		George	Marianne
2014	(\$ 652)	\$ 9,243	2019	\$ 28,227	(\$ 43,310)
2015	\$ 6,793	\$ 9,235	2020	\$ 28,498	(\$ 48,007)
2016	\$ 12,384	\$ 4,749	2021	\$ 30,852	(\$ 5,907)
2017	\$ 18,724	(\$ 29,928)	2022	\$ 62,847	(\$ 37,705)
2018	\$ 22,686	(\$ 34,989)	2023	\$ 65,377	(\$ 42,351)

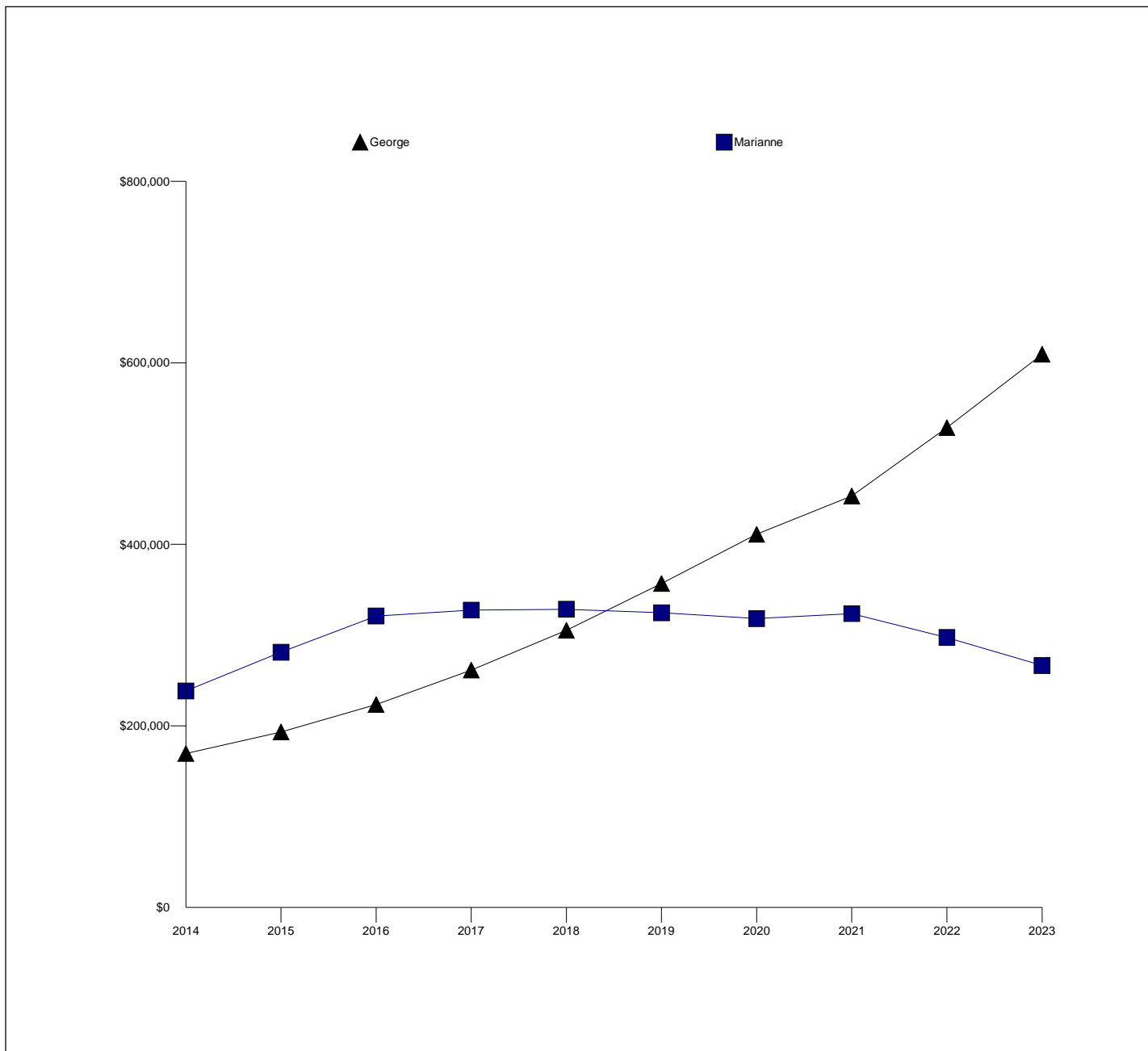


Projected Net Worth

Projected Net Worth for George J Jones and Marianne P Jones for 10 years.

Note: Numbers are all as of "end of year."

	George	Marianne		George	Marianne
2014	\$ 169,488	\$ 238,478	2019	\$ 356,870	\$ 324,598
2015	\$ 193,230	\$ 281,106	2020	\$ 411,094	\$ 318,208
2016	\$ 223,454	\$ 321,038	2021	\$ 453,324	\$ 323,617
2017	\$ 261,472	\$ 327,507	2022	\$ 528,673	\$ 297,309
2018	\$ 305,328	\$ 328,396	2023	\$ 609,465	\$ 266,484



Summary Totals Spreadsheet

George Summary Totals Spreadsheet

Year	Age	INCOME				ASSETS & DEBT					
		Total Income	Total Expenses	Total Taxes	Net After Exp & Tax	Accum Savings	Fin Assets	Equity in Real Est.	IRA/401k	Other Assets/Debt	Net Worth
2014	43	183,000	124,421	59,231	(652)	0	0	158,644	12,065	(1,221)	169,488
2015	44	186,325	125,820	53,712	6,793	6,793	0	174,246	12,668	(477)	193,230
2016	45	189,917	120,865	56,668	12,384	19,449	0	190,725	13,301	(21)	223,454
2017	46	193,748	117,182	57,842	18,724	38,951	0	208,139	13,966	416	261,472
2018	47	197,854	116,130	59,038	22,686	63,195	0	226,551	14,664	918	305,328
2019	48	202,165	111,637	62,301	28,227	93,950	0	246,029	15,397	1,494	356,870
2020	49	206,739	113,170	65,071	28,498	126,206	0	266,564	16,167	2,157	411,094
2021	50	211,431	114,053	66,526	30,852	162,106	0	272,043	16,975	2,200	453,324
2022	51	216,301	85,392	68,062	62,847	231,437	0	277,212	17,824	2,200	528,673
2023	52	222,245	87,011	69,857	65,377	306,071	0	282,479	18,715	2,200	609,465

Marianne Summary Totals Spreadsheet

Year	Age	INCOME				ASSETS & DEBT					
		Total Income	Total Expenses	Total Taxes	Net After Exp & Tax	Accum Savings	Fin Assets	Equity in Real Est.	IRA/401k	Other Assets/Debt	Net Worth
2014	40	101,700	82,189	10,268	9,243	9,243	25,750	160,232	0	43,253	238,478
2015	41	103,030	82,827	10,968	9,235	18,848	26,523	187,093	0	48,642	281,106
2016	42	98,394	83,106	10,539	4,749	24,351	27,319	215,625	0	53,743	321,038
2017	43	94,607	112,633	11,902	(29,928)	974	21,762	245,947	0	58,824	327,507
2018	44	92,375	114,756	12,608	(34,989)	(13,759)	0	278,184	0	63,971	328,396
2019	45	87,044	118,063	12,291	(43,310)	(57,069)	0	312,474	0	69,193	324,598
2020	46	88,202	123,570	12,639	(48,007)	(105,076)	0	348,784	0	74,500	318,208
2021	47	89,387	82,389	12,905	(5,907)	(110,983)	0	355,412	0	79,188	323,617
2022	48	60,383	84,901	13,187	(37,705)	(148,688)	0	362,164	0	83,833	297,309
2023	49	61,622	90,506	13,467	(42,351)	(191,039)	0	369,045	0	88,478	266,484

Note: Numbers are all as of "end of year."

Budget Report for 2014

Budget Report for George J Jones and Marianne P Jones for 2014

This report shows George's and Marianne's income, taxes, expenses, including alimony income and child support income, including alimony expenses and child support expenses.

	George Monthly	Marianne Monthly
Income		
Merry Builders, Inc	\$14,583.33	\$0.00
Marianne's Employer #1	0.00	4,116.67
Bonuses	666.67	0.00
Total Wage and Non-Wage Income	\$15,250.00	\$4,116.67
Investment Income		
Bank of America	\$0.00	\$41.67
Total Investment Income	\$0.00	\$41.67
Business Income		
Mary Kay franchise	\$0.00	\$166.67
Total Business Income	\$0.00	\$166.67
Support Received		
Child Support Received	\$0.00	\$3,150.00
Alimony Received	\$0.00	\$1,000.00
Total Support Received	\$0.00	\$4,150.00
TOTAL INCOME	\$15,250.00	\$8,475.00
Mortgage Payments		
40 Winding Way ⁽¹⁾	\$0.00	\$3,750.00
Vacation Home	\$0.00	\$200.00
Total Mortgage Payments	\$0.00	\$3,950.00
Living Expenses		
Rent	\$1,200.00	\$900.00
Homeowners' Insurance	66.67	0.00
Real Estate Tax	0.00	250.00
Cable TV	40.00	50.00
Internet Access	80.00	0.00
Painting/Wallpapering	50.00	0.00
Household Supplies	70.00	0.00
Maid/Cleaning Service	325.00	0.00
Lawn Service	0.00	100.00
Utilities - Electricity	75.00	100.00
Utilities - Oil Heat	100.00	66.67
Car Payments	500.00	350.00
Car Insurance	1,200.00	41.67
Car Gasoline/Oil	130.00	0.00
Car Maintenance and Repair	75.00	0.00
Car License/Stickers	50.00	0.00
Parking	43.33	0.00
Public/Alt. Transportation	43.33	0.00

Budget Report (cont.)

	George Monthly	Marianne Monthly
Child Care - Day Care	0.00	476.67
Child Education Lunches	100.00	0.00
Bank Fees	4.17	0.00
Cell Phone	90.00	70.00
Clothes	400.00	0.00
Charitable	83.33	0.00
Church/Synagogue/Mosque etc	83.33	0.00
Dues/Clubs	83.33	0.00
Entertainment	86.67	0.00
Food/Groceries	216.67	346.67
Gifts	41.67	0.00
Hair	30.00	0.00
Laundry	3.00	0.00
Restaurants	130.00	0.00
Subscriptions, Books	80.00	0.00
Toiletries/Grooming/Drug Store	86.67	0.00
Vacations	166.67	0.00
Other Personal	200.00	0.00
Medical/Doctor	0.00	50.00
Dental	100.00	0.00
Drug & Prescription	87.00	0.00
Total Living Expenses	\$6,120.83	\$2,801.67
Debts		
MasterCard Bank Two	\$37.50	\$37.50
VISA Country Card	\$60.08	\$59.92
Total Debt Payments	\$97.58	\$97.42
Support Paid		
Child Support Paid	\$3,150.00	\$0.00
Alimony Paid	1,000.00	0.00
Total Support Paid	\$4,150.00	\$0.00
TOTAL EXPENSES	\$10,368.42	\$6,849.08
Taxes		
Federal Taxes	\$3,398.25	\$378.08
FICA & Medicare	\$869.17	\$314.92
State Taxes (estimate only)	\$668.50	\$162.67
Local Wage Tax	\$0.00	\$0.00
TOTAL TAXES	\$4,935.92	\$855.67

Budget Report (cont.)

	George	Marianne
	Monthly	Monthly
Total Income	\$15,250.00	\$8,475.00
Minus Total Expenses	(10,368.42)	(6,849.08)
Minus Total Taxes	(4,935.92)	(855.67)
<hr/>		
BUDGET NET INCOME	\$(54.33)	\$770.25

Footnotes:

(1) 40 Winding Way - Marianne will remain in the marital home.

View/Edit Taxes for 2014

George	Marianne	
Filing Separate	Head Hsld	Filing Status in 2014
3	1	Number of exemptions

Income:

175,000	49,400	Wages and salary.
0	0	Taxable interest income.
0	500	Taxable dividend income.
	12,000	Alimony income.
	2,000	Business and farm income.
0	0	Capital gain taxable.
		Other gains and losses.
		Taxable IRA and pension income.
		Rent, royalty, partnership, S corporation.
		Social Security taxable.
8,000		Other income.
183,000	63,900	Taxable gross income.

Adjustments:

		Payroll deductions for health, etc.
		IRA/401k deduction.
		Moving expenses.
	142	Deduction of 1/2 of self-employment tax.
		Part of health insurance for self-employed people.
12,000		Alimony paid.
		Interest on education loans.
		Other deductions.
12,000	142	Total adjustments.
171,000	63,758	Adjusted Gross Income ("AGI") = gross income - total adjustments).

Itemized Deductions:

2,244	600	Total medical expenditures.
10.0	10.0	Info only: Medical expense threshold % (7.5% or 10.0%, depending on year and age).
17,100	6,376	Info only: Medical expense threshold = Medical expense threshold % * AGI
		Deductible medical (= medical expenses in excess of threshold).
8,466	2,060	State income taxes.
		Local income taxes.
	3,000	Real estate taxes.
	17,574	Mortgage interest.
2,000		Charitable contributions.
50		Miscellaneous, subject to 2% AGI threshold.
		miscellaneous, after 2% AGI threshold.
		Miscellaneous, not subject to 2% AGI threshold.
10,466	22,634	Itemized deductions before phase-out.
9,912	22,634	Itemized deductions after phase-out.
6,200	9,100	Compare: standard deduction.

View/Edit Taxes (cont.)

George	Marianne	
Exemptions:		
11,850	3,950	Deduction for exemptions before phase-out.
8,295	3,950	Deduction for exemptions after phase-out.
Tax Before Credits and Other Taxes:		
152,793	37,174	Taxable Income = AGI - greater of itemized or standard deductions - exemptions.
38,374	4,854	Tax before credits and other taxes.
33	15	Marginal federal tax bracket (%)
Non-refundable Credits:		
	600	Child care credit.
		Hope education credit, non-refundable portion.
		Lifetime learning credit.
		Child credit, after phase-out, non-refundable portion.
	600	Total non-refundable credits (reduce tax, but not below zero).
Refundable Credits:		
		Child credit, after phase-out, refundable portion.
	2	# Children qualifying for Earned Income Credit.
		Earned income credit.
		Making work pay credit.
		Hope credit, refundable portion.
		Total refundable credits (can reduce tax below zero and generate a payment from the IRS).
Other Taxes on Form 1040:		
2,405		Tax on retirement plan premature distribution.
		Alternative minimum tax.
		Lump-sum distribution 5- or 10- year averaging.
	283	Self-employment tax.
0		Unearned Income Medicare Contribution.
Total Federal Income Tax:		
		= tax before credits and other taxes
		- total nonrefundable credits (down to zero)
		- total refundable credits
		+ other taxes on Form 1040
40,779	4,537	Total Federal Income Tax.
22	7	Average federal tax rate (= Fed Tax / Gross Income) (%)
Taxes Not on Form 1040:		
7,254	3,063	FICA Taxes.
3,176	716	Medicare Taxes.
8,022	1,952	State Income Tax (estimate only)
		Local Wage Tax.
Total Taxes:		
59,231	10,268	Total taxes.

Spreadsheet for Net Income After Expenses and Taxes (Annual)

George Spreadsheet for Net Income After Expenses and Taxes

Year	Age	Wages & Salary	Non-Wage Income	Income on Accum Svc	Total Income	Living Expenses	Alimony Paid	Child Supt Pd	Payments on Debt	Total Expenses	Pre-tax Cash flow
2014	43	175,000	8,000	0	183,000	73,450	12,000	37,800	1,171	124,421	58,579
2015	44	178,325	8,000	0	186,325	74,848	12,000	37,800	1,172	125,820	60,505
2016	45	181,713	8,000	204	189,917	76,267	6,000	37,800	798	120,865	69,052
2017	46	185,166	8,000	582	193,748	77,717	6,000	32,744	721	117,182	76,566
2018	47	188,684	8,000	1,170	197,854	79,193	6,000	30,216	721	116,130	81,724
2019	48	192,269	8,000	1,896	202,165	80,700	0	30,216	721	111,637	90,528
2020	49	195,922	8,000	2,817	206,739	82,233	0	30,216	721	113,170	93,569
2021	50	199,645	8,000	3,786	211,431	83,793	0	30,216	44	114,053	97,378
2022	51	203,438	8,000	4,863	216,301	85,392	0	0	0	85,392	130,909
2023	52	207,303	8,000	6,942	222,245	87,011	0	0	0	87,011	135,234

George Spreadsheet for Net Income After Expenses and Taxes

Year	Age	Federal Inc Tax	FICA / Soc Sec	State Tax (Estimate)	Total Taxes	Net After Exp&Tax
2014	43	40,779	10,430	8,022	59,231	(652)
2015	44	35,633	10,094	7,985	53,712	6,793
2016	45	37,939	10,283	8,446	56,668	12,384
2017	46	38,739	10,476	8,627	57,842	18,724
2018	47	39,551	10,673	8,814	59,038	22,686
2019	48	42,107	10,876	9,318	62,301	28,227
2020	49	44,210	11,113	9,748	65,071	28,498
2021	50	45,201	11,356	9,969	66,526	30,852
2022	51	46,255	11,602	10,205	68,062	62,847
2023	52	47,516	11,853	10,488	69,857	65,377

Spreadsheet for Net Income After Expenses and Taxes (cont.)

Marianne Spreadsheet for Net Income After Expenses and Taxes

Year	Age	Wages & Salary	Business Income	Fin. Invest.	Income on Accum Svg	Child Support	Alimony Received	Total Income	Living Expenses	Major Expenses	Mortgage Payments
2014	40	49,400	2,000	500	0	37,800	12,000	101,700	33,620	0	47,400
2015	41	50,339	2,100	515	276	37,800	12,000	103,030	34,259	0	47,400
2016	42	51,295	2,205	530	564	37,800	6,000	98,394	34,909	0	47,400
2017	43	52,270	2,315	546	732	32,744	6,000	94,607	35,573	28,941	47,400
2018	44	53,263	2,431	435	30	30,216	6,000	92,375	36,249	30,388	47,400
2019	45	54,275	2,553	0	0	30,216	0	87,044	36,936	31,907	47,400
2020	46	55,306	2,680	0	0	30,216	0	88,202	37,639	33,502	47,144
2021	47	56,357	2,814	0	0	30,216	0	89,387	38,353	35,178	409
2022	48	57,428	2,955	0	0	0	0	60,383	39,086	36,936	0
2023	49	58,519	3,103	0	0	0	0	61,622	39,828	38,783	0

Marianne Spreadsheet for Net Income After Expenses and Taxes

Year	Age	Payments on Debt	Acc Debt Interest	Total Expenses	Pre-tax Cash flow	Federal Inc Tax	FICA / Soc Sec	State Tax (Estimate)	Total Taxes	Net After Exp&Tax
2014	40	1,169	0	82,189	19,511	4,537	3,779	1,952	10,268	9,243
2015	41	1,168	0	82,827	20,203	4,996	3,851	2,121	10,968	9,235
2016	42	797	0	83,106	15,288	4,616	3,924	1,999	10,539	4,749
2017	43	719	0	112,633	(18,026)	5,721	3,999	2,182	11,902	(29,928)
2018	44	719	0	114,756	(22,381)	6,211	4,074	2,323	12,608	(34,989)
2019	45	719	1,101	118,063	(31,019)	5,938	4,152	2,201	12,291	(43,310)
2020	46	719	4,566	123,570	(35,368)	6,138	4,231	2,270	12,639	(48,007)
2021	47	43	8,406	82,389	6,998	6,278	4,311	2,316	12,905	(5,907)
2022	48	0	8,879	84,901	(24,518)	6,427	4,394	2,366	13,187	(37,705)
2023	49	0	11,895	90,506	(28,884)	6,575	4,477	2,415	13,467	(42,351)

Liquidations to Cover Negative Cash Flow

Liquidations to Cover Negative Cash Flow report for George J Jones and Marianne P Jones.

The "liquidation" amount is the amount of investments and IRA/401k that is used to cover negative cash flow (expenses in excess of income) and downpayments on homes to be purchased in the future.

The software first sells securities, then distributes from the IRA/401k plan(s).

Upon each liquidation sale, the software sells a bit extra to pay for taxes on the sales.

Data Entries:

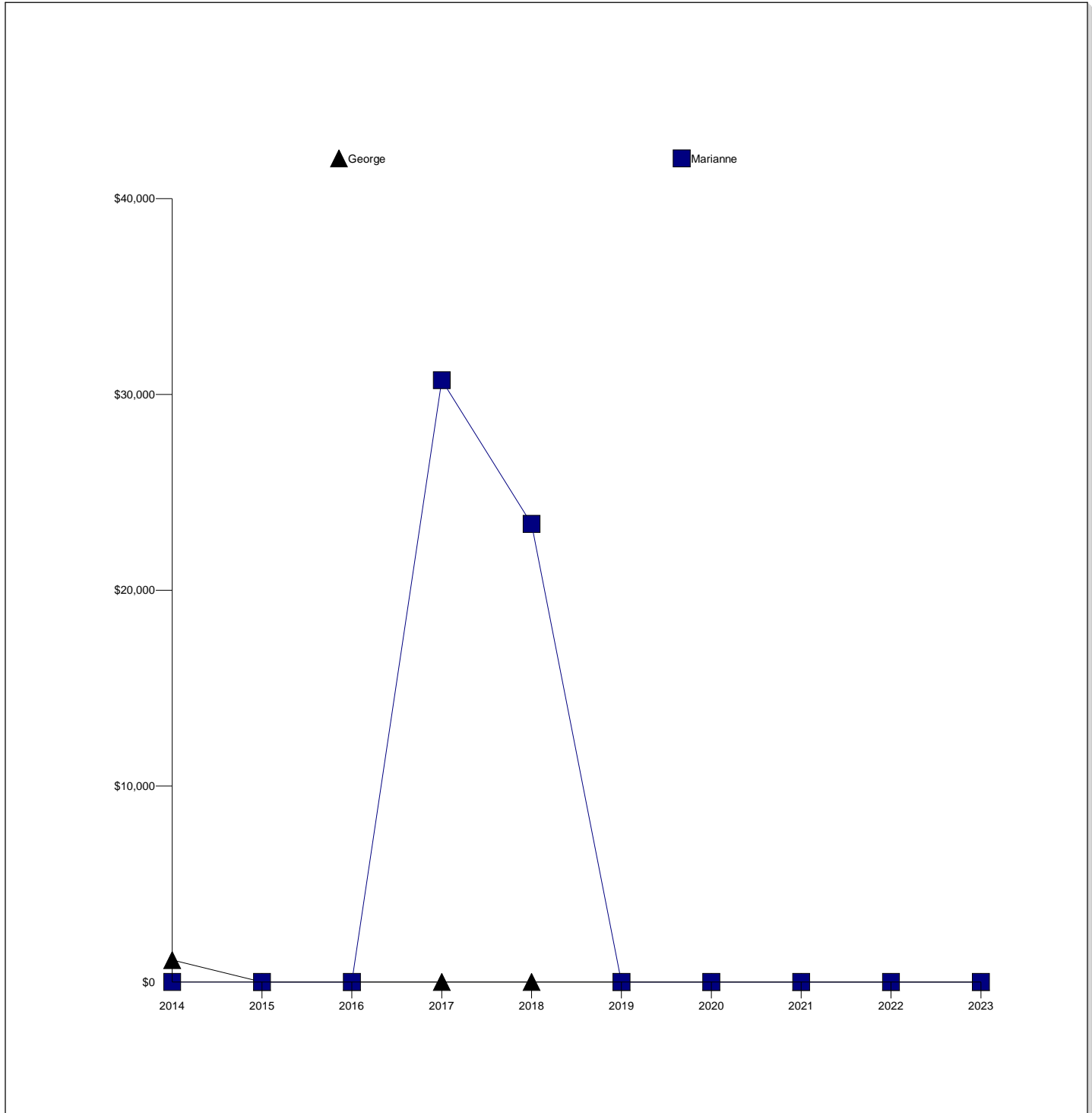
- YES Distribute accumulated savings to cover downpayment?
- YES Sell securities to cover downpayment?
- YES Distribute accumulated savings to cover negative cash flow?
- YES Sell securities to cover negative cash flow?
- YES Distribute from IRA/401k to cover negative cash flow?

Liquidations of Securities and IRA/401k:

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Accumulated savings distributed										
George	0	0	0	0	0	0	0	0	0	0
Marianne	0	0	0	24,351	974	0	0	0	0	0
Plus: Securities sold										
George	0	0	0	0	0	0	0	0	0	0
Marianne	0	0	0	6,377	22,415	0	0	0	0	0
Plus: IRA/401k distributed										
George	1,118	0	0	0	0	0	0	0	0	0
Marianne	0	0	0	0	0	0	0	0	0	0
Equals: Total Liquidations										
George	1,118	0	0	0	0	0	0	0	0	0
Marianne	0	0	0	30,728	23,389	0	0	0	0	0
Less: Incremental federal and state tax (including penalties)										
George	466	0	0	0	0	0	0	0	0	0
Marianne	0	0	0	800	2,198	0	0	0	0	0
Equals: Liquidation Available for Negative Cash Flow										
George	652	0	0	0	0	0	0	0	0	0
Marianne	0	0	0	29,928	21,191	0	0	0	0	0

Liquidations to Cover Negative Cash Flow (cont.)

Assets Used to Cover Negative Cash Flow



Accumulated Savings

Accumulated Savings report for George J Jones and Marianne P Jones.

Accumulated Savings is the account for reinvested earnings that are not spent, and also for deficits (negative Accumulated Savings), which reflect borrowing to cover expenses and taxes.

Real Estate sale and refinance proceeds and downpayments affect Net Worth through additions to or subtractions from the Accumulated Savings account.

Liquidations of assets increase the Accumulated Savings account by offsetting deficits which would otherwise have to be covered by borrowing.

Accumulated Savings are also appreciating at 4.00% (George) / 4.00% (Marianne).

Accumulated Savings:

Accumulated savings at end of the previous year

George	0	0	6,793	19,449	38,951	63,195	93,950	126,206	162,106	231,437
Marianne	0	9,243	18,848	24,351	974	(13,759)	(57,069)	(105,076)	(110,983)	(148,688)

Plus: Appreciation on previous accumulated savings at (4.00% (George) and 4.00% (Marianne)).

George	0	0	272	778	1,558	2,528	3,758	5,048	6,484	9,257
Marianne	0	370	754	974	39	0	0	0	0	0

Plus or Minus: Current year Net Income After Expenses and Taxes

George	(652)	6,793	12,384	18,724	22,686	28,227	28,498	30,852	62,847	65,377
Marianne	9,243	9,235	4,749	(29,928)	(34,989)	(43,310)	(48,007)	(5,907)	(37,705)	(42,351)

Plus: Real estate sale or refinance proceeds

George	0	0	0	0	0	0	0	0	0	0
Marianne	0	0	0	0	0	0	0	0	0	0

Minus: Current year down payment on real estate

George	0	0	0	0	0	0	0	0	0	0
Marianne	0	0	0	0	0	0	0	0	0	0

Minus: Tax paid when accumulated savings are liquidated to cover negative net income and downpayments

George	0	0	0	0	0	0	0	0	0	0
Marianne	0	0	0	197	8	0	0	0	0	0

Plus: Investment assets transferred in to cover negative cash flow (net of tax on sale of investments)

George	0	0	0	0	0	0	0	0	0	0
Marianne	0	0	0	5,774	20,225	0	0	0	0	0

Plus: IRA/401k assets transferred in to cover negative cash flow (net of tax on IRA distribution)

George	652	0	0	0	0	0	0	0	0	0
Marianne	0	0	0	0	0	0	0	0	0	0

Equals: End of year accumulated savings

George	0	6,793	19,449	38,951	63,195	93,950	126,206	162,106	231,437	306,071
Marianne	9,243	18,848	24,351	974	(13,759)	(57,069)	(105,076)	(110,983)	(148,688)	(191,039)

Calculating Untaxed Appreciation on Accumulated Savings at End Of Year Before Liquidations:

Untaxed appreciation at end of prior year, after liquidations (see below)

George	0	0	0	0	0	0	0	0	0	0
Marianne	0	0	0	0	0	0	0	0	0	0

Plus: Appreciation on previous accumulated savings at 4.00% (George) and 4.00% (Marianne).

George	0	0	272	778	1,558	2,528	3,758	5,048	6,484	9,257
Marianne	0	370	754	974	39	0	0	0	0	0

Equals: Untaxed appreciation at the end of the current year, before liquidations

George	0	0	272	778	1,558	2,528	3,758	5,048	6,484	9,257
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Accumulated Savings (cont.)

<i>Marianne</i>	0	370	754	974	39	0	0	0	0	0
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Calculating Untaxed Appreciation at End of Year After Liquidations, and Tax Paid:

(a) Accumulated savings at end of the previous year (see above)

George	0	0	6,793	19,449	38,951	63,195	93,950	126,206	162,106	231,437
<i>Marianne</i>	0	9,243	18,848	24,351	974	(13,759)	(57,069)	(105,076)	(110,983)	(148,688)

(b) Untaxed appreciation at the end of the current year, before liquidations (see above)

George	0	0	272	778	1,558	2,528	3,758	5,048	6,484	9,257
<i>Marianne</i>	0	370	754	974	39	0	0	0	0	0

(c) Accumulated savings liquidated to cover net deficit after expenses and taxes and downpayments

George	0	0	0	0	0	0	0	0	0	0
<i>Marianne</i>	0	0	0	24,351	974	0	0	0	0	0

(d) Percent of accumulated savings liquidated: (c) / (a) (rounded here)

George	0	0	0	0	0	0	0	0	0	0
<i>Marianne</i>	0	0	0	100	100	0	0	0	0	0

(e) Untaxed appreciation used (sold) in the liquidation: (d)*(b)

George	0	0	0	0	0	0	0	0	0	0
<i>Marianne</i>	0	0	0	974	39	0	0	0	0	0

(f) Untaxed appreciation at end of year, after liquidations: (b)-(e)

George	0	0	0	0	0	0	0	0	0	0
<i>Marianne</i>	0	0	0	0	0	0	0	0	0	0

(g) Cap gain tax paid on liquidation: (e) * (KG rate + state tax rate) = (e) * (e.g., 20.25% (George) and 20.25% (Marianne) in 2014)

George	0	0	0	0	0	0	0	0	0	0
<i>Marianne</i>	0	0	0	197	8	0	0	0	0	0

(h) Unearned Income Medicare Tax Paid on Liquidation

George	0	0	0	0	0	0	0	0	0	0
<i>Marianne</i>	0	0	0	0	0	0	0	0	0	0

Figuring Amount of Accumulated Savings Used to Cover Negative Cash Flow:

(a) Amount liquidated

George	0	0	0	0	0	0	0	0	0	0
<i>Marianne</i>	0	0	0	24,351	974	0	0	0	0	0

(b) Less: Tax paid on liquidation of accumulated savings (sections (g)+(h) above)

George	0	0	0	0	0	0	0	0	0	0
<i>Marianne</i>	0	0	0	197	8	0	0	0	0	0

(c) Equals: Amount of accumulated savings used to cover negative cash flow and downpayments

George	0	0	0	0	0	0	0	0	0	0
<i>Marianne</i>	0	0	0	24,154	966	0	0	0	0	0

Net Worth Spreadsheet

George Net Worth Spreadsheet

Year	Age	Fin. Assets	Cars / Furn.	Equity in Real Est.	IRA/401k	Defined Benefit	Debt	Accum. Savings	Net Worth
2014	43	0	2,200	158,644	12,065	0	(3,421)	0	169,488
2015	44	0	2,200	174,246	12,668	0	(2,677)	6,793	193,230
2016	45	0	2,200	190,725	13,301	0	(2,221)	19,449	223,454
2017	46	0	2,200	208,139	13,966	0	(1,784)	38,951	261,472
2018	47	0	2,200	226,551	14,664	0	(1,282)	63,195	305,328
2019	48	0	2,200	246,029	15,397	0	(706)	93,950	356,870
2020	49	0	2,200	266,564	16,167	0	(43)	126,206	411,094
2021	50	0	2,200	272,043	16,975	0	0	162,106	453,324
2022	51	0	2,200	277,212	17,824	0	0	231,437	528,673
2023	52	0	2,200	282,479	18,715	0	0	306,071	609,465

Note: Numbers are all as of "end of year."

Net Worth Spreadsheet (cont.)

Marianne Net Worth Spreadsheet

Year	Age	Fin. Assets	Cars / Furn.	Equity in Real Est.	IRA/401k	Defined Benefit	Debt	Accum. Savings	Net Worth
2014	40	25,750	0	160,232	0	46,673	(3,420)	9,243	238,478
2015	41	26,523	0	187,093	0	51,318	(2,676)	18,848	281,106
2016	42	27,319	0	215,625	0	55,963	(2,220)	24,351	321,038
2017	43	21,762	0	245,947	0	60,608	(1,784)	974	327,507
2018	44	0	0	278,184	0	65,253	(1,282)	(13,759)	328,396
2019	45	0	0	312,474	0	69,898	(705)	(57,069)	324,598
2020	46	0	0	348,784	0	74,543	(43)	(105,076)	318,208
2021	47	0	0	355,412	0	79,188	0	(110,983)	323,617
2022	48	0	0	362,164	0	83,833	0	(148,688)	297,309
2023	49	0	0	369,045	0	88,478	0	(191,039)	266,484

Note: Numbers are all as of "end of year."

Key Entries and Assumptions

This report presents the key assumptions behind the income and asset projections for George J Jones and Marianne P Jones.

Key Rates

1. Inflation.	1.9 %
2. George - Interest rate of return on accumulated (re-invested) savings.	1.00 %
3. George - Dividend rate of return on accumulated (re-invested) savings.	1.00 %
4. George - Capital Gain income rate on accumulated (re-invested) savings.	1.00 %
5. George - Tax-free income rate of return on accumulated (re-invested) savings.	0.00 %
6. George - Appreciation on accumulated (re-invested) savings.	4.00 %
7. George - Interest rate on borrowing to cover excess spending	8.00 %
8. Marianne - Interest rate of return on accumulated (re-invested) savings.	1.00 %
9. Marianne - Dividend rate of return on accumulated (re-invested) savings.	1.00 %
10. Marianne - Capital Gain income rate on accumulated (re-invested) savings.	1.00 %
11. Marianne - Tax-free income rate of return on accumulated (re-invested) savings.	0.00 %
12. Marianne - Appreciation on accumulated (re-invested) savings.	4.00 %
13. Marianne - Interest rate on borrowing to cover excess spending	8.00 %

Taxes

- Federal taxes are calculated on a detailed basis using the tax laws for each year, including Earned Income Credit, Alternative Minimum tax, and phase-outs currently enacted.
- Taxes for George J Jones
 - Federal and state filing status for 2014. Married Filing Separately
 - Filing status for subsequent years. Single
 - State taxes are estimated by applying the current tax table to taxable income.
- Taxes for Marianne P Jones
 - Federal and state filing status for 2014. Head of Household
 - Filing status for subsequent years. Head of Household
 - State taxes are estimated by applying the current tax table to taxable income.

Assumptions Relating to Children

	<u>Custody</u>	<u>Tax Exemption</u>
1. Tiffany.	Marianne	George
2. Amber.	Marianne	George

Assumptions Relating to Child Support

- George paying child support through 4/2017. \$ 3,150 per month
- Then, child support through 12/2021. \$ 2,518 per month

Key Entries and Assumptions (cont.)

Assumptions Relating to Alimony

1. George paying alimony through 12/2015. \$ 1,000 per month
2. Then, alimony through 12/2018. \$ 500 per month

Real Estate Assumptions - 40 Winding Way

1. Market Value. \$450,000
2. Rate of appreciation of property. With Inflation
3. This property will not be sold in the time frame under consideration.
4. There is a first mortgage with a current mortgage balance of \$320,000.
5. This mortgage will be paid by Marianne.

Real Estate Assumptions - Vacation Home

1. Market Value. \$100,000
2. Rate of appreciation of property. With Inflation
3. This property will not be sold in the time frame under consideration.
4. There is a first mortgage with a current mortgage balance of \$18,750.
5. This mortgage will be paid by Marianne.

Assumptions Relating to Wages

George

Merry Builders, Inc:

1. Wage amount and period. \$175,000 / year
2. Rate of increase of wages. With Inflation
3. Retirement age. 65

Marianne

Marianne's Employer #1:

1. Wage amount and period. \$950 / week
2. Rate of increase of wages. With Inflation
3. Retirement age. 65

Assumptions Relating to Major Expenses

1. Tiffany's college expense will start on 1/1/2017, run for 4 years.
The annual cost is \$25,000 in present dollars, and will increase at a rate of 5.0%.
Marianne P Jones will pay 100% of this expense.

Key Entries and Assumptions (cont.)

2. Amber's college expense will start on 1/1/2021, run for 4 years.
The annual cost is \$25,000 in present dollars, and will increase at a rate of 5.0%.
Marianne P Jones will pay 100% of this expense.

Assumptions Relating to Cash & Investments

1. First Union [Checking]: The current market value is \$1,875.
The annual income from this asset is \$0. The annual rate of appreciation is 0.0%.
2. Vanguard Index 500 [Mutual fund]: The current market value is \$12,755.
The annual income from this asset is \$1,000. The annual rate of appreciation is 8.0%.
3. Bank of America [Checking]: The current market value is \$25,000.
The annual rate of return is 2.0%. The annual rate of appreciation is 3.0%.
4. Nuveen Bond Fund [Bond fund]: The current market value is \$10,000.
The annual rate of return is 4.6%. The annual rate of appreciation is 0.0%.
5. Municipal Bonds [Tax-exempt]: The current market value is \$20,000.
The annual rate of return is 2.2%. The annual rate of appreciation is 0.0%.
6. Bank of America [Checking]: The current market value is \$3,292.

Assumptions Relating to IRA/401k Plans

1. Vanguard IRA. The current value is \$12,555, and the growth rate is 5.0%.
The age at which distributions will start for George J Jones is 65.
George J Jones will take minimum distributions at retirement.

Assumptions Relating to Defined Benefit Pensions

1. School district.
The plan is owned by Marianne P Jones.
The monthly benefit is \$945.
This assumes the participant works until the cut-off date and begins receiving payments at age 65.
The discount rate is 4.32%.
We are using mortality table RP-2000.

Assumptions Relating to Debts

1. MasterCard Bank Two. The current balance is \$3,456. The current rate is 12.000%.
The monthly payment is \$75.00.
2. VISA Country Card. The current balance is \$7,750. The current rate is 14.000%.
The monthly payment is \$120.00.

Observations

** High Priority Issues

** Other Observations

Tax

Exemptions May Not Benefit Party The Alternative Minimum Tax (AMT) applies for George in 2014. One effect of the Alternative Minimum Tax may be to offset the tax benefit of claiming the exemption for children. If you see that a party's tax does not change when you give that party the exemption for a child, the AMT may be the reason. The same thing applies also to state taxes, property taxes, medical deductions, and the standard deduction.

Cash Flow / Budget Report

Accumulated Debt Interest Expense Marianne has "Accumulated Debt Interest Expense" in at least one year in the cash flow projections. This note explains what that is and, if you wish, how to remove it. In a nutshell, "Accumulated Debt Interest Expense" is borrowing to cover negative cash flow. When expenses and taxes are more than income, a party has negative cash flow. In the software, as in real life, when there is negative cash flow, we first spend down prior Accumulated Savings (if any), then we sell Cash & Investments, then we liquidate IRA/401ks. If we have exhausted those assets, we borrow. This borrowing results in negative Accumulated Savings. The interest on this borrowing results in "Accumulated Debt Interest Expense." You may change the rate of this interest on the Assumptions screen. If you change the rate of this interest to zero, there will be no interest on the borrowing, and this column will disappear.