



Financial Needs Analysis

Proper Protection, Debt Freedom, Financial Independence

Prepared for:

Joe and Jane Smith
1234 Vineyard
Templeton, CA 93465

Children: Jared and Lisa

Your Representative:

Shane Perry
4586 W Jacquelyn Ave
Ste 208
Fresno, CA 937226404

Office: (559) 478-7170
Mobile: (559) 960-5587



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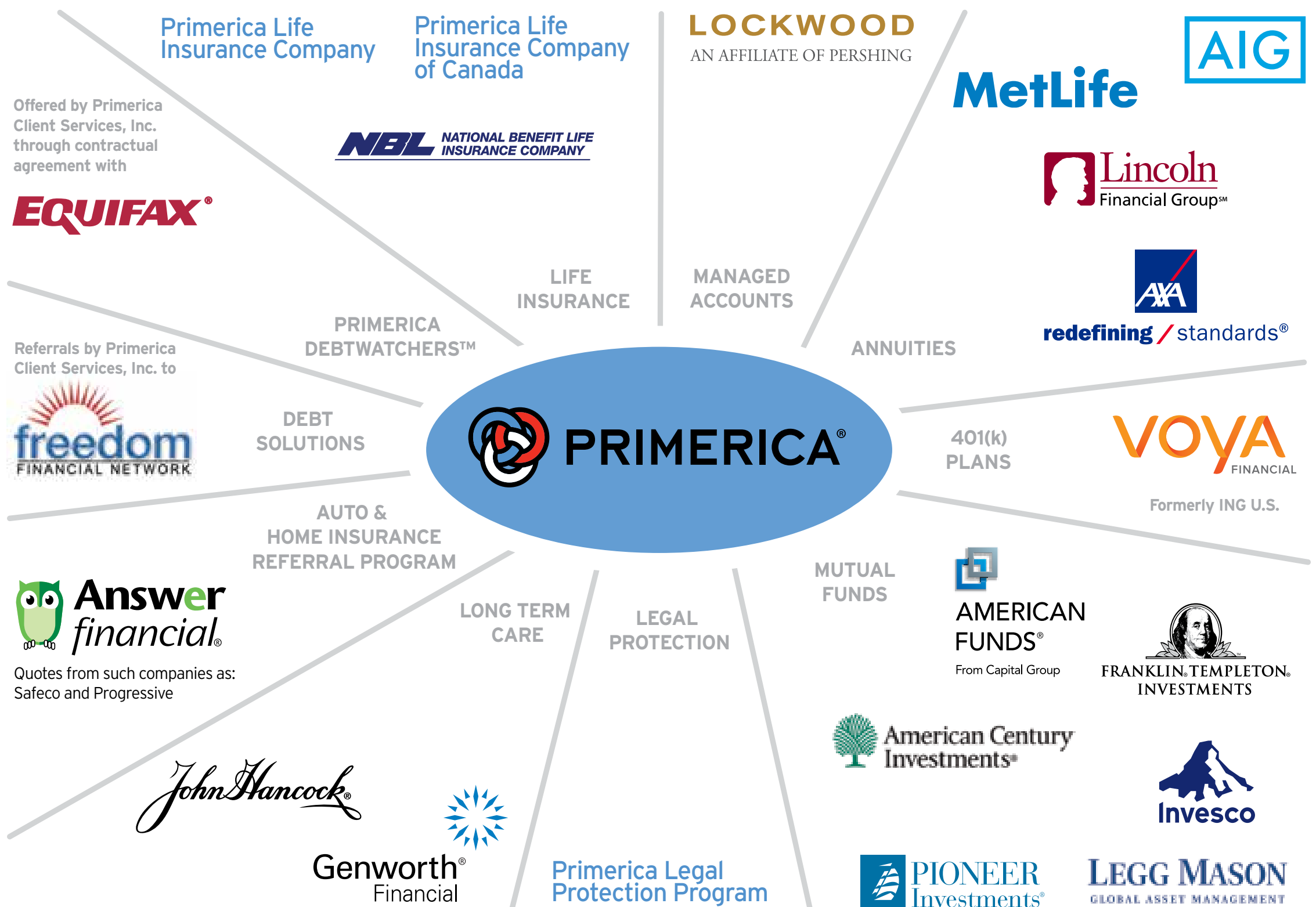
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Listed on the New York Stock Exchange (PRI)

Named One of America's 50 Most Trustworthy Financial Companies
(*Forbes*, August 3, 2015)



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Today's Financial Challenges

More than two-thirds in U.S. live paycheck to paycheck.

www.reuters.com, viewed August 28, 2015

U.S. households with debt carry an average credit card balance of \$15,706.

Fortune.com, July 9, 2015

Nearly half of Americans have less than \$500 in savings.

HuffingtonPost.com, viewed August 28, 2015

Personal bankruptcy filings are up 30 percent.

NBCNews.com, August 31, 2015

According to a survey, one in four consumers said they have no life insurance at all.

LIMRA.com, September 2, 2014

More than half of all workers have less than \$25,000 in savings and investments for retirement.

Employee Benefit Research Institute 2015 Retirement Confidence Survey

The Middle Class:

Problems

Debt is at an all-time high.

- ✓ Most people are living paycheck to paycheck.
- ✓ Foreclosures and bankruptcies are at record levels.
- ✓ Approximately 90% of people over age 65 are retiring at or below the poverty level.

Goals & Objectives

Retirement

- ✓ Objective: To save enough for a secure and comfortable retirement.
- ✓ You are currently saving 4% of your total earned income. Your current retirement savings should provide your projected income need during retirement for:
7 years assuming a 9% rate of return.

Education

- ✓ Objective: Plan now for your children's future education expenses.
- ✓ Your current college fund savings plan falls short of your objective.

Debt Elimination

- ✓ Objective: Establish a game plan to become debt free as soon as possible.
- ✓ If you add no additional debt and continue your current payment plan you should be debt-free in the year 2038.

Income Protection

- ✓ Objective: To provide immediate cash needs and long-term income protection in the event of an untimely death.
 - ✓ In the event of an untimely death, your current protection would fall short of your stated needs.
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Financial Position

Cash Flow

The first step in managing your finances is to understand where you are spending your money.

Monthly Income

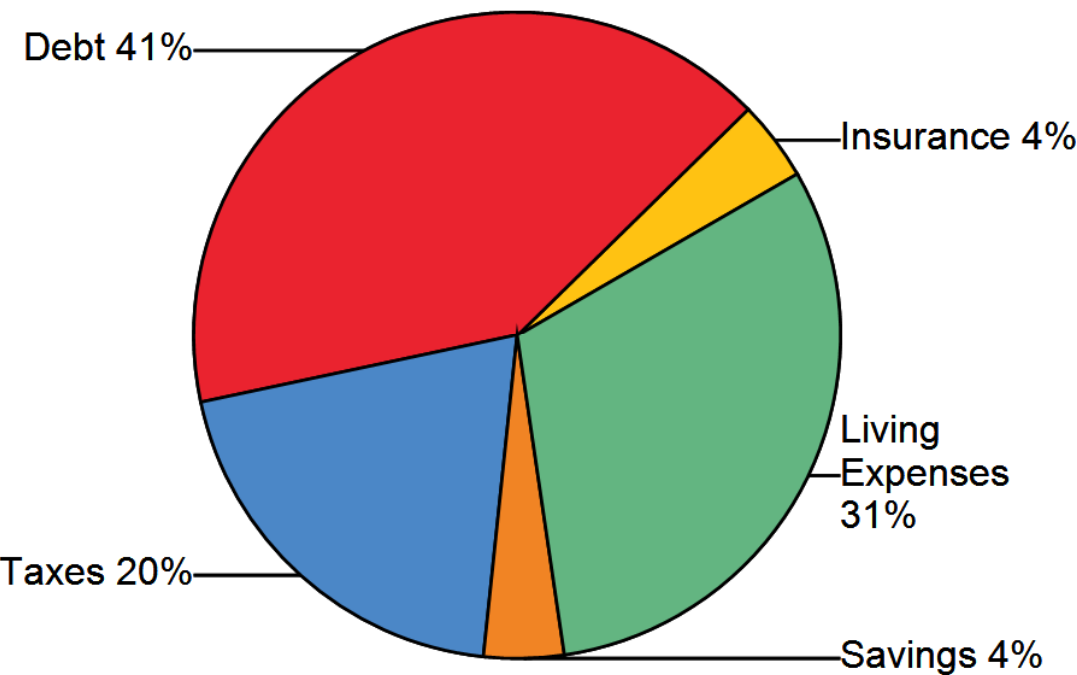
	Joe	Jane	Total	
Employment	\$4,500	\$3,100	\$7,600	100 %
Other	\$0	\$0	\$0	0 %
Total	\$4,500	\$3,100	\$7,600	

Monthly Expenses

Insurance Premiums	\$285	4 %
Savings	\$300	4 %
Debt Payments	\$3,147	41 %
Taxes	\$1,545	20 %
Living Expenses	\$2,323	31 %
Total	\$7,600	

Budget **Surplus / (Shortfall)** **\$0**

Total Expenses as Percent of Income



Net Worth

To make progress toward your goals, your net worth must increase over time. Your net worth is the amount of money you would have if you were to sell everything you own and pay off all your debts.

Assets		Liabilities		Net Worth	
Retirement Assets	\$29,000	Mortgage Balance	\$265,000	Total Assets	\$360,200
Education Assets	\$0	Other Debt Balances	\$51,350	Total Liabilities	\$316,350
Goals & Dreams Assets	\$0				
Emergency Fund Assets	\$1,200				
Non-Retirement Assets	\$0				
Life Insurance Cash Values	\$0				
Home Market Value	\$330,000				
Total	\$360,200	Total	\$316,350	Net Worth	\$43,850

Saving for Retirement Needs

Your Goal: Find out how much you may need to save for retirement.

Needs Analysis

Monthly Income Goal & Benefits

Current Income	\$7,600
Income Goal	70 %
Income Goal in today's \$	\$5,320
Income Goal in future \$	\$13,000
Social Security benefits	Excluded

Assumptions

Retirement Age	65/65 (30/32 yrs)
Life Expectancy	83/86 (18/21 yrs)
Current Retirement Savings	\$29,000
Current Monthly Savings	\$300
Inflation Rate	3.00 %
ROR before/during retirement	9% / 4%

Warning!

- ◆ **Where You Stand:** Based on the information you provided and the assumptions used in this analysis, you will not achieve your retirement income goal of \$5,320 per month. Due to inflation, your projected income need will be \$13,000 per month the first year of your retirement.
- ◆ **To Meet Your Goal:** To provide your retirement income goal for life, you will need to accumulate \$2,941,038 by Joe's retirement age of 65. This is your Financial Independence Number.
- ◆ One way to accomplish this is to save \$1,363 per month, which is \$1,063 more than you are currently saving and 17.9% of your income. If your savings earn lower rates of return, you may need to save more to reach your goal.
- ◆ **Don't be discouraged.** A shortfall is not uncommon. In addition to saving more, you can change your retirement age, income goal, Social Security or rate of return.

Your Financial Independence Number is \$2,941,038

	Retire at Age 60 / 60	Retire at Age 65 / 65	Retire at Age 70 / 70
Savings needed at retirement Monthly savings needed <i>ROR: 4.00 % before - 2.00 % during</i>	\$4,008,682 \$7,619	\$3,704,897 \$5,183	\$3,240,880 \$3,408
Savings needed at retirement Monthly savings needed <i>ROR: 6.00 % before - 3.00 % during</i>	\$3,474,750 \$4,804	\$3,294,042 \$3,090	\$2,955,176 \$1,900
Savings needed at retirement Monthly savings needed <i>ROR: 9.00 % before - 4.00 % during</i>	\$3,031,946 \$2,443	\$2,941,038 \$1,363	\$2,700,770 \$686

This illustration is a hypothetical and does not represent an actual investment. The illustration uses constant rates of return compounded on a monthly basis, unlike actual investments which will fluctuate in value and could be significantly impacted by periods of negative returns. It does not include fees, taxes, expenses, or withdrawals, which if included, would lower results. There is no guarantee you will achieve these results.

All retirement calculations assume \$29,000 current retirement savings, 3.00% inflation rate, 3.00% annual increase in current gross income, 9.00% rate of return before retirement and 4.00% rate of return during retirement.

Education Details

Where You Stand	Jared	Lisa			Total
School Costs					
Age When School Starts	18	18			
Years Until School Starts	8	14			
Years in School	4	4			
School Name	4 Year Public	4 Year Public			
Annual Cost (Today's \$)	\$18,100	\$18,100			
% You Intend to Pay	100 %	100 %			
Your Annual Cost (Today's \$)	\$18,100	\$18,100			
Your Annual Cost 1 st year of school ²	\$26,800	\$35,900			
Your Total Cost all years in school ²	\$115,300	\$154,500			
Educational Savings					
Current Savings Balance	\$0	\$0			\$0
Current Monthly Contributions	\$0	\$0			\$0
Your Total Savings when school starts ¹	\$0	\$0			\$0
Total Savings Needed when school starts ¹	\$108,500	\$145,300			\$253,800
SURPLUS / SHORTFALL	(\$108,500)	(\$145,300)			(\$253,800)

To Meet Your Goal

Total Savings Needed when school starts ¹	\$108,500	\$145,300			\$253,800
Monthly Contributions Needed ¹	\$879	\$469			\$1,348
Additional Lump Sum Needed Today ¹	\$67,200	\$47,600			\$114,800
Monthly Payment to Finance Shortfall ³	\$1,317	\$1,763			\$3,080

1. Assumes the following RORs:
(a) For goals less than 5 years: 4.00 % before school and 4.00 % during school,
(b) For goals between 5 and 10 years: 6.00 % before school and 4.00 % during school,
(c) For goals greater than 10 years 8.00 % before school and 4.00 % during school.

2. Assumes 5.00 % education inflation rate for all years before and during school.

3. Assumes taking a loan at 8% for 10 years when student starts school.
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Budget Worksheet



Joe & Jane, where is your money going?

Use this Budget Worksheet to get a handle on where you are currently spending your money and identify areas that you could cut in order to reduce your overall expenses.

Housing	Current	Future	Leisure	Current	Future
Rent	\$	\$	Vacations	\$	\$
Home Phone	\$	\$	Hobbies	\$	\$
Mobile Phone	\$	\$	Club Memberships	\$	\$
Cable / Satellite	\$	\$	Restaurants	\$	\$
Electricity / Gas	\$	\$	Movie Theaters / Rentals	\$	\$
Water / Waste Mgmt.	\$	\$	Entertainment	\$	\$
Maintenance & Repair	\$	\$	Books & Magazines	\$	\$
Home Improvements	\$	\$	Other	\$	\$
Household Help	\$	\$			
Lawn Service	\$	\$	Subtotal (e)	\$	\$
Association Dues	\$	\$			
Other	\$	\$	Debt Payments		
Subtotal (a)	\$		Mortgage	\$ 1,865	\$
			Consumer Debts	\$ 1,282	\$
			Subtotal (f)	\$ 3,147	\$
Family			Insurance Premiums		
Food & Grocery	\$		Life Insurance	\$ 110	\$
Clothing	\$		Auto Insurance	\$ 110	\$
Medical / Dental / Prescriptions (not covered by insurance)	\$		Homeowners Insurance (includes PMI)	\$ 65	\$
			Health Insurance	\$	\$
Laundry & Dry Cleaning	\$	\$	Long Term Care / Disability	\$	\$
Child Care	\$	\$			
Educational Expenses	\$	\$	Legal Protection	\$	\$
Alimony / Child Support	\$	\$	Other	\$	\$
Baby Sitters	\$	\$	Subtotal (g)	\$ 285	\$
Other	\$	\$	Savings		
Subtotal (b)	\$	\$	Retirement	\$ 300	\$
			Non-Retirement	\$	\$
Giving			Education	\$	\$
Charitable	\$	\$	Other Goals & Dreams	\$	\$
Non-Charitable	\$	\$	Emergency Fund	\$	\$
			Subtotal (h)	\$ 300	\$
Gifts (birthday, holiday, etc.)	\$	\$	Taxes		
Other	\$	\$	Income Taxes	\$ 1,250	\$
Subtotal (c)	\$	\$	Property Taxes	\$ 295	\$
			Subtotal (i)	\$ 1,545	\$
Transportation					
Gas & Oil	\$	\$	Total Monthly Income	\$ 7,600	\$
Maintenance & Repairs	\$	\$	Total Living Expenses – (a + b + c + d + e)	\$	\$
Other	\$	\$	Total Other Expenses – (f + g + h + i)	\$ 5,277	\$
Subtotal (d)	\$	\$	Surplus / (Shortfall) =	\$2,323	

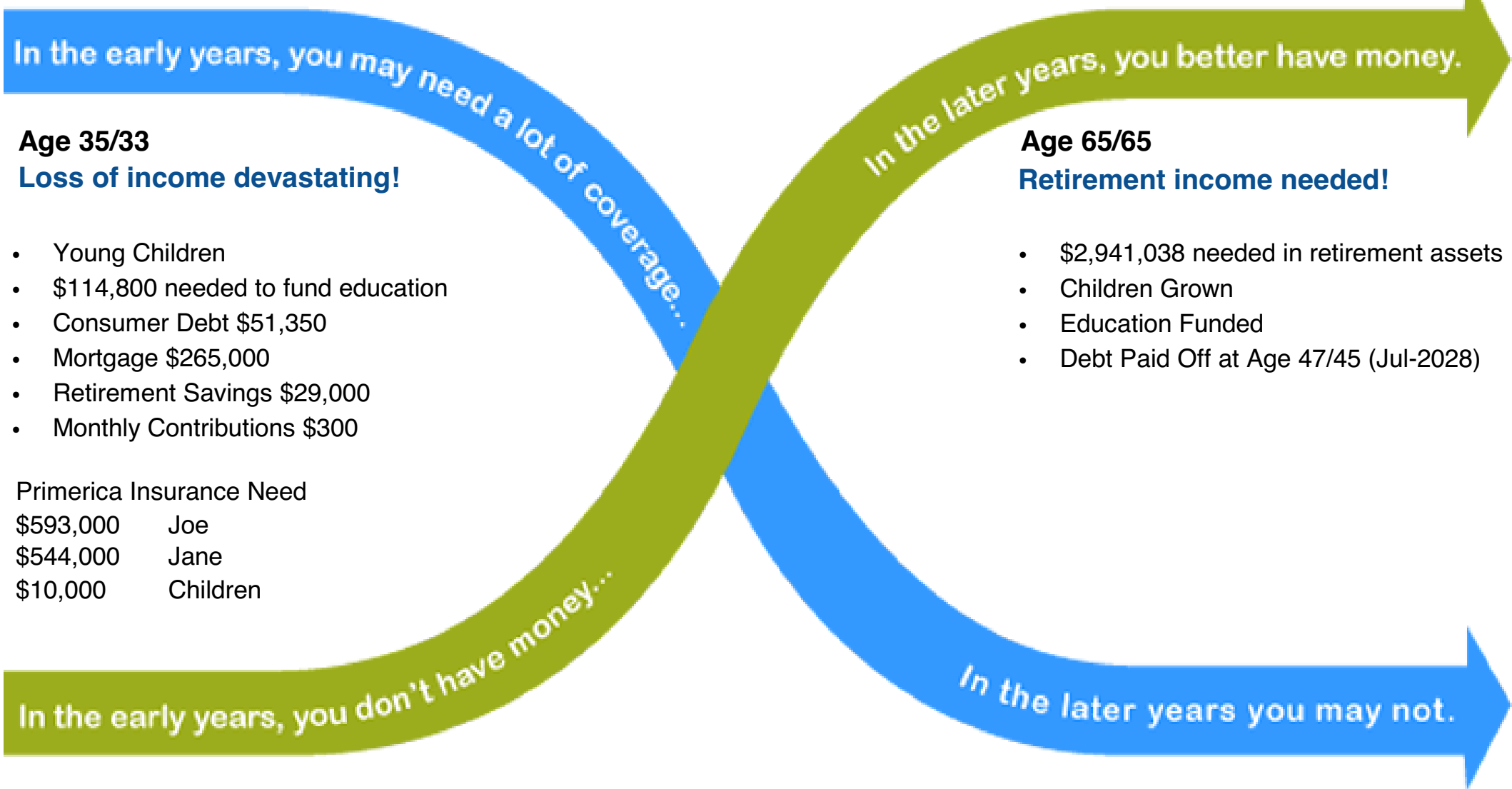
Life Insurance Needs

- ◆ **Your Goal:** Ensure your family's financial security in the event of your untimely death.
- ◆ **Where You Stand - Warning!** Based on the assumptions used in this analysis, you do not have enough life insurance to meet your survivor's needs.

Life Insurance Analysis		If Joe Dies	If Jane Dies
Monthly Income Goal		\$1,800	\$1,240
Number of Years		10 years	10 years
Funds Needed to Provide Income Goal		\$179,000 ¹	\$123,000¹
Payoff Mortgage		\$265,000	\$265,000
Payoff Consumer Debt		\$51,350	\$51,350
Fund Children's Education	+	\$114,800	\$114,800
Immediate Cash Needs		\$431,150	\$431,150
Available Retirement Assets		\$18,000	\$11,000
Available Non-Retirement Assets		\$0	\$0
Total Available Assets		\$18,000	\$11,000
Existing Insurance (not replaced)	-	\$0	\$0
Total Life Insurance Needed		\$592,000	\$544,000
Surplus / (Shortfall)		(\$592,000)	(\$544,000)

- ◆ Don't be discouraged. A shortfall is not uncommon. While the emotional aspects of death can be difficult to deal with, the financial aspects need not be.
- ◆ Adequate life insurance is a vital component of a family's financial objectives. Regrettably, many people have only a fraction of the amount they need to provide for their family.
- ◆ By adequately insuring your life, you can sleep comfortably, confident that your family and loved ones will be in a position to carry on financially in your absence.

Theory of Decreasing Responsibility



1. Present value of monthly survivor income goal assuming 4.00 % ROR. Tax impact is not included. This is not an illustration. Before you purchase insurance, you should request and read a sales illustration available from your Representative for more details about premiums.

2. Assumes current retirement savings of \$29,000, monthly contributions of \$300 (includes \$0 company match), and 9% ROR. This illustration is a hypothetical and does not represent an actual investment. The illustration uses constant rates of return compounded on a monthly basis, unlike actual investments which will fluctuate in value and could be significantly impacted by periods of negative returns. It does not include fees, taxes, expenses, or withdrawals, which if included, would lower results. There is no guarantee you will achieve these results.

Recommendations

Joe and Jane Smith

Amount needed to be on track

Amount available

Income Protection

\$590,000 - Joe	
\$541,000 - Jane	
\$0 - Children	\$199

\$350,000 - Joe	
\$300,000 - Jane	
\$0 - Children	\$110

Retirement

\$3,030,000 - saved by age 65	\$963
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\$1,482,000 - saved by age 65	\$200
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Emergency Fund

\$5,000 - Emergency Fund	\$0
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\$5,600 - Emergency Fund	\$150
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Education

\$266,500 - Children	\$1,232
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\$52,400 - Children	\$200
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Other Goals & Dreams

\$0	\$0
\$0	\$0
\$0	\$0

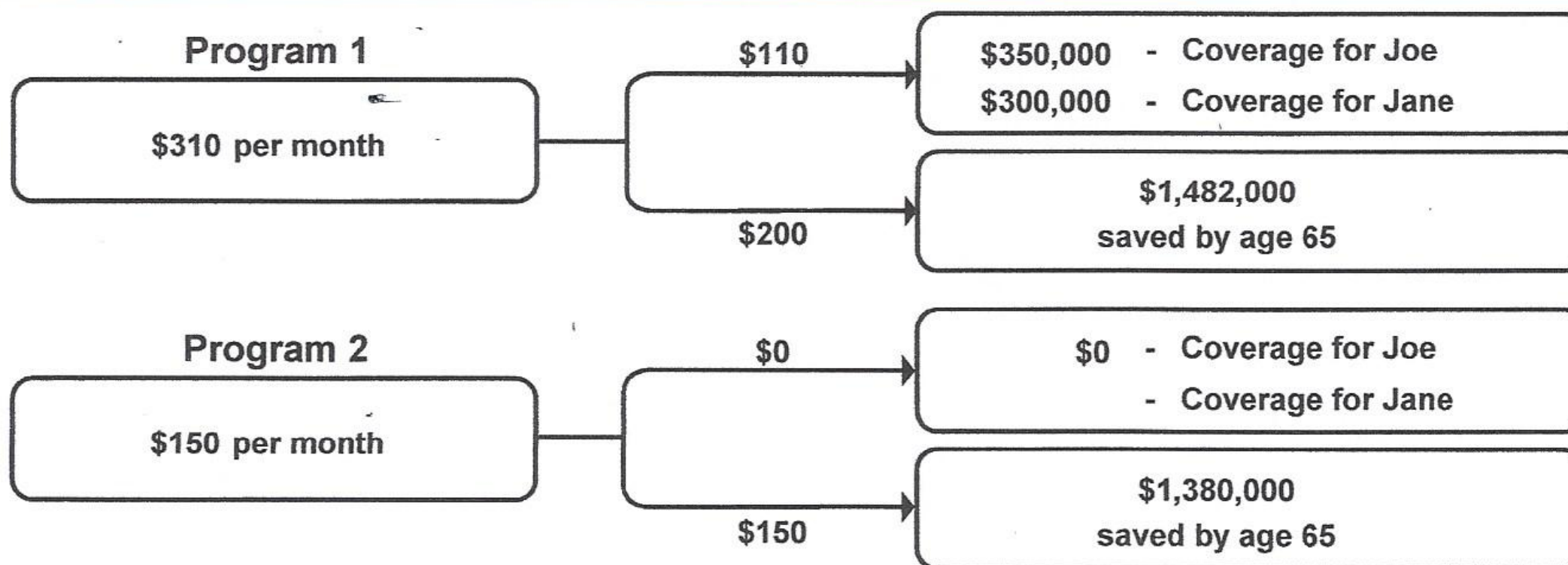
\$0	\$0
\$0	\$0
\$0	\$0

Budget

Total monthly amount needed:	\$2,394
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Total:	\$660
Total Amount Available	\$675
Amount Available for Financial Goals	\$600
Amount to be Reallocated	\$75
Monthly Surplus/Shortfall:	\$1,719

Theory of Decreasing Responsibility - Implementation



Eliminating Your Shortfall

1. Call Primerica Secure for a rate comparison on your auto & homeowners protection.
2. Use the budget worksheet to free up money that could be applied toward your FNA goals.
3. Make more money. Consider part-time work or explore other career options.

For Illustrative Purposes Only. See specific FNA pages for ROR assumptions. All hypothetical savings are not guaranteed and do not take into account tax consequences for earnings, withdrawals or transactions. Please refer to the Important Notes section of the FNA for further explanation.