INVESTMENT POLICY STATEMENT

John Q Smith
Jane Q Smith

Approved on (Date): ________________

Presented by:
John Q. Planner
Raymond James & Associates, Inc.
Member NYSE/SIPC
880 Carillon Parkway
St. Petersburg, FL 33716

This investment policy statement should be reviewed and updated at least annually. Any change to this policy should be communicated in writing on a timely basis to all interested parties.
Executive Summary

Type of Plan: Taxable Joint

Current Assets: $1,000,000

Time Horizon: Multi-Stage Time Horizon
Primary Stage: More than 20 years
Goal: Current Income Generation and Portfolio Longevity
Planning in Retirement

Secondary Stage: More than 10 years
Goal: Estate Planning / Charitable Giving

Investment Objective: Balanced with Growth Taxable
Primary Goal: Capital Appreciation
Secondary Goal: Moderation of Volatility / Current Income

Liquidity Needs: Average (2.1% - 10.0%)
Current Anticipated Distributions: $50,000 after-tax and inflation adjusted annually

Tax Constraints: Taxes are not an issue at this time

Unique Circumstances: Yes

Overall Target Asset Allocation:

<table>
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The purpose of this Investment Policy Statement (IPS) is to provide written and formal financial goals and objectives.

This section defines who is responsible and for what function.

This section introduces the process of identifying desired and required returns, which should take place concurrently with the discussion of risk tolerances. In the end, the IPS must present a return objective that is attainable within the risk constraints of the portfolio.

All economic and operational constraints should be outlined in this section in order to properly tailor the portfolio without violating any client-imposed restrictions. These constraints include; Time Horizon, Liquidity Requirements, Taxes, Legal and Regulatory Issues and Unique Circumstances and Preferences.

This section outlines the appropriate asset mix that meets the client’s objectives and constraints as stated in this investment policy statement.

This part sets forth the process and timing of investment monitoring as well as the schedule for performance review.
Part I - Purpose

The purpose of the Investment Policy Statement (IPS) is to assist you and your Investment Advisor in effectively constructing, monitoring, and evaluating the investments set forth within this IPS. Its objective is to describe, formally, how investment decisions are related to your goals and objectives while simultaneously adhering to any constraints. This exercise should produce realistic investment goals, and, equally important, a common vocabulary for discussion of risk and return.

Additionally, it should detail an investment structure for managing your portfolio. This structure will include various asset classes that are expected to produce an appropriate level of overall diversification and an appropriate risk adjusted return over the stated investment time horizon.

Part II - Roles and Responsibilities

Investment Advisor: John Q. Planner

You have retained an objective, third party advisor to assist in the managing and implementation of your investment portfolio. Additionally, the Advisor will be responsible for guiding you through a discipline investment process. The primary responsibilities of the Advisor are:

1. Prepare and maintain this Investment Policy Statement.
2. Provide a risk/return profile.
3. Prudently recommend investment alternatives.
4. Avoid prohibited transactions and conflicts of interest.
5. Monitor and supervise the recommended investment vehicles.
6. Control and account for all investment expenses.

Investment Managers

Investment managers are responsible for making investment decisions based upon their predetermined process and philosophy. The specific duties and responsibilities of each manager are:

1. Manage the assets in accordance with the guidelines and objectives set forth within the individual manager’s marketing materials and/or that which is reported to institutional investment consultants.
2. Use the same care, skill, prudence and diligence under the prevailing circumstances that experienced investment professionals, acting in like capacity, and fully familiar with such matters, would use in like activities for like portfolios, with like aims, in accordance and compliance with the Prudent Investor Rule and all applicable laws, rules, and regulations.


Custodian

Custodians are responsible for the safekeeping of the Client’s assets. The specific duties and responsibilities of the custodian are:

1. Provide monthly reports that detail transactions, cash flows, securities held and their current value, and change in value of each security and the overall portfolios since the previous report.
2. Maintain separate accounts by legal registration.
3. Value the holdings.
4. Collect all income and dividends owed to the Client.
5. Settle all transactions initiated by the Investment Managers.

Part III - Client Objectives

The process of identifying an appropriate return objective should take place concurrently with the discussion of risk tolerances. In the end, the IPS must present a return objective that is attainable within the risk constraints of the portfolio.

Return Objectives and Risk Tolerance:

The goal of this objective is to offer the potential for capital appreciation through a roughly 80% allocation to equities and alternative investments with secondary consideration for income and moderation of volatility through a 20% allocation to fixed income.

When investing in capital markets, you must recognize and acknowledge that some risk must be assumed in order to achieve long-term investment objectives, and there are uncertainties and complexities associated with these markets. Through the investment objected selected, you are stating that you are comfortable with a moderate to high degree of risk.
Part IV - Constraints

Time Horizon:

The minimum expected investment period should be at least five years for any portfolio containing equities. For any portfolio with less than a five-year time horizon, the portfolio should be comprised predominately of fixed income investments. Multi-stage time horizons have also been considered and properly addressed. You have stated that your time horizon is multi-stage. Your primary goal is Current Income Generation and Portfolio Longevity Planning in Retirement and the duration of that goal is over 20 years. Your secondary goal is Estate Planning / Charitable Giving and the duration of that goal is over 10 years.

Liquidity Requirements:

With liquidity defined as either income needs, funding requirements, or as cash reserves to meet emergency needs, your liquidity requirement is Average (2.1% - 10.0%).

There will be a need for the investment earnings of this portfolio to meet some or all of your annual expenses. Current annual distributions from this portfolio are expected to be $50,000.

You have indicated that an anticipated future liquidity event will occur within the next year. This need will require a distribution from the portfolio in the amount of $100,000 on 06/30/08.

Comments: The $100,000 will be used for the purchase of a deferred immediate annuity to generate guaranteed income at age 85.

Taxes:

Tax structures that reduce the amount of total return that can be used for current needs or reinvested for future growth should be addressed. For taxable investors, tax considerations can influence the choice of investments as well as the timing of sales.

You have indicated that taxes are generally not an issue in portfolio construction and tax exempt investments should not be considered for investment unless the risk / return profile of the investment is advantageous to the long-term objectives of the portfolio. However, a total return approach should be employed to minimize any effect of taxes and maximize after tax return.

Comments: No issues.
Legal and Regulatory Issues:

External factors imposed by governmental, regulatory or oversight authorities which constrain investment decision making process have been addressed. Prudent investor rules apply. The Prudent Investor Rules state that a fiduciary must:

1. Make investment and management decisions with respect to individual assets in the context of the investment portfolio as a whole and as part of an overall investment strategy, not in isolation.
2. Adhere to fundamental fiduciary duties of loyalty, impartiality, and prudence.
3. Maintain overall portfolio risk at a reasonable level. That is, risk and return objectives must be reasonable and suitable to the portfolio. The tradeoff between risk and return is the fiduciary’s central concern.
4. Provide for the reasonable diversification of investments.
5. Act with prudence in deciding whether and how to delegate authority to experts and in selecting supervising agents. Be cost conscious when investing. The fiduciary should incur only costs that are reasonable in amount and appropriate to the investment responsibilities of the fiduciary.

Comments: No Issues.

Unique Circumstances:

Unique circumstances may include guidelines for social or special purpose investing; assets legally restricted from sale; directed brokerage arrangements; and privacy concerns. Additionally, assets held outside the investment portfolio and not otherwise considered within this investment policy should be listed here.

Comments: Mr. and Mrs. Smith would like to avoid investment in companies related to the tobacco and alcohol industries.
Part V - Asset Allocation

The allocation that best satisfies your objectives and constraints, as stated in this investment policy statement, is an Balanced with Growth Taxable objective. You realize that investing involves risk and there is no guarantee that this allocation will perform as expected.

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Part VI - Portfolio Monitoring and Reporting

Investment performance must be periodically evaluated to assess progress towards the achievement of investment objectives. More importantly, as your objectives and constraints materially change, a review of this investment policy statement is recommended. Currently, an annual review is recommended.
INVESTMENT POLICY REVIEW

Your Advisor will review this IPS with you at least annually to determine whether stated investment objectives are still relevant. It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS. It is the obligation of the Client to notify all interested parties of any material changes that would alter the objectives or construction of this portfolio. If all interested parties are not notified of these material changes, then the current investment policy statement is invalid.

This IPS is not a contractual agreement of any kind and therefore by signing it you will not be bound to any arrangement. It is only meant to be a summary of the agreed upon investment management techniques.

Prepared: 

Approved: 

________________________________
Advisor

________________________________
Client

Date: ___________________________

Date: ___________________________

________________________________
Client

Date: ___________________________