

Understanding your financial plan

This useful guide explains the different sections of your plan to ensure it reflects your retirement vision.

HERE'S AN OVERVIEW OF YOUR PLAN

Let's walk you through key sections step by step to ensure you understand the fundamentals of your plan.

UNDERSTANDING THE RESULTS

The main goal of this process is to give you confidence in reaching your goals. Your plan evaluates your goals in three different ways. First, it looks at the estimated percentage of goals funded using both average returns and bad timing.

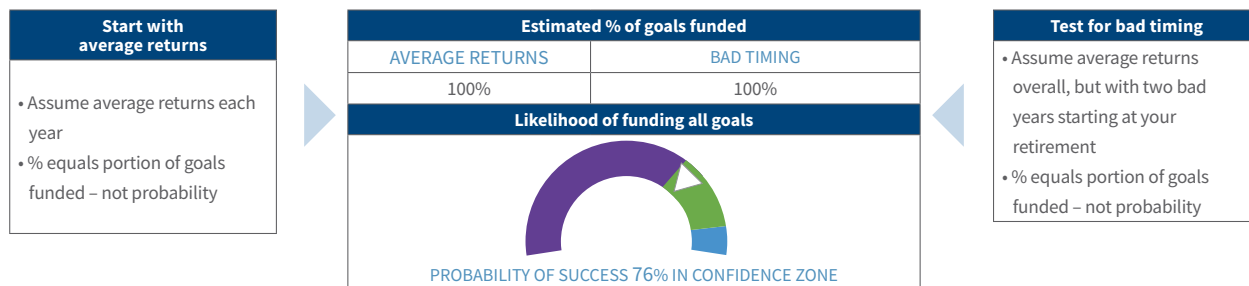
1. Average return – Assuming that your plan has a steady return over time, the plan estimates the portion of goals funded. It is important to note that markets do not always act this way, so just looking at average return is not enough.

2. Bad timing – Alternatively, this approach assumes you get a fairly steady return, but in the early stages of retirement, you experience negative returns, which can have a big impact on how well you can fund your goals when you are withdrawing assets from your portfolio. This is a somewhat conservative approach to help you understand what can happen if you retire in a down market.

3. Probability of success – This is the most realistic analysis that takes into account many future possibilities to ensure you are confident about reaching your goals. It represents 1,000 different possible scenarios and evaluates how well your portfolio performs in each, in order to determine an overall level of confidence that you may be able to meet your goals.

YOU HAVE A SIMPLE QUESTION. CAN I REACH MY GOALS?

Unfortunately, **because future returns are unpredictable**, there isn't one simple answer. We'll consider three different answers: average returns, bad timing and probability of success.







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Calculate probability of success	
<p style="color: #003366; font-weight: bold; margin-top: 0;">WHAT IS THE LIKELIHOOD YOU CAN FUND ALL YOUR GOALS?</p> <ul style="list-style-type: none"> • We ran your plan 1,000 times using 1,000 different, and equally possible, return assumptions. Each run is called a trial. • 760 trials were successful in funding all of your goals. • Your probability of success = 760 successes ÷ 1,000 total trials. 	<p style="color: #003366; font-weight: bold; margin-top: 0;">ARE YOU IN THE CONFIDENCE ZONE?</p> <ul style="list-style-type: none"> • Your probability of success should be high enough to make you feel confident about the future without sacrificing too much today.

CURRENT SCENARIO VS. RECOMMENDED SCENARIO

If your current scenario does not put you in the confidence zone, this section will highlight some changes that you can consider to increase your chances of success, i.e., your recommended scenario. This is a good section to review with your advisor so you can discuss where you are willing to consider trade-offs.

Are you in your confidence zone? Your probability of success should be high enough to inspire confidence in the future without sacrificing too much today. The higher the better, and a number in the 90% range may mean you can do even more than you originally planned.

Current scenario		Recommended scenario	
AVERAGE RETURNS	BAD TIMING	AVERAGE RETURNS	BAD TIMING
100%	98%	100%	100%
			
Probability of success 52% Below confidence zone		Probability of success 76% In confidence zone	

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ACTION ITEMS

It's time for action! What steps should you take to get started? Compare your current and recommended scenarios to see how specific changes to your plan can help improve the likelihood of reaching your goals.

REVIEW YOUR GOALS AND RESOURCES

Review your goals for retirement that you and your advisor developed as well as your resources you identified to fund those goals. These are the key factors that drive the results of your plan, so it is important to make sure they accurately reflect your expectations.

Let your advisor know if you have any questions or want to make any changes.

LOOK INSIDE THE NUMBERS

Dig deeper into the data that drives your results. You'll find detailed charts and graphs explaining your calculated average returns, bad timing, Monte Carlo results, along with all of the key assumptions for your current and recommended scenarios.

QUESTIONS? TALK THEM OVER WITH YOUR FINANCIAL ADVISOR

Your plan contains a lot of information and there are certainly going to be questions. When situations arise that may cause changes in your plan, never hesitate to call and inform your financial advisor.

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