



The Smith Family

The Smith Family

Statement of Purpose

This report has been specifically prepared for The Smith Family based on the Discovery Profile Meeting conducted on Saturday, April 1, 2017. This report identifies the place of most potential with respect to your current planning opportunities.

Prepared by:

Robert Falvey

Legacy Wealth Management



Vision Profile

Friday, March 31, 2017

Prepared by Robert Falvey
Legacy Wealth Management

The Smith Family

A key component of planning is having an understanding of your vision for the future.

You have identified your vision as:

We have a vision to create a nurturing place of order, truth, love, happiness and relaxation; and to provide opportunities for each person to become responsibly independent and effectively interdependent, in order to achieve worthwhile purposes.

Values Profile

Friday, March 31, 2017

Prepared by Robert Falvey
Legacy Wealth Management

The Smith Family

Values are the quiet influencers of your decisions. They help you recognize what's important to you and how things should be done. You have identified the following Values which we will honor as we make important decisions together:

Family

To have a happy, loving family

Where does this show up in your life?

Strong bond with both children, Nathan and Meredith. Annual vacation with family. Lynne left her job at the hospital to raise the children.

Faith

Devotion and dedication to a set of a beliefs

Where does this show up in your life?

Active members in the church. Annual mission trip.

Work

Fulfillment of a duty to achieve a purpose

Where does this show up in your life?

Our success has come from hard work. Joe has been CEO for many years now. Lynne paid her way through college. Nathan and Meredith know the value of a dollar.

Giving

Making monetary or time donations to benefit others

Where does this show up in your life?

Actively donate time and expertise. Joe is on the Board of Trustees at Habitat for Humanity and Lynne volunteers there and helps with fundraising efforts.

Education

Pursuing intellectual endeavors and gaining knowledge

Where does this show up in your life?

Joe and Lynne both attended college. Joe has an MBA and Lynne is taking adult education classes. Funded their children's educations and are interested in setting up a college fund for future grandchildren.

Goal Clarity™ Profile

Friday, March 31, 2017

Prepared by Robert Falvey
Legacy Wealth Management

The Smith Family

The Goal Clarity™ Profile Report is designed to effectively highlight the goals you would like to accomplish through planning.

This knowledge offers a unique opportunity to shape your financial objectives around your goals, while at the same time highlighting your greatest priorities. This report will ultimately serve as a guide for future planning decisions. Below please find your responses to the goals you would like to accomplish which are organized into specific goal categories.

Goal: Financial Independence

To develop a good financial plan that is regularly monitored and updated

Goal: Asset Allocation

To develop, execute and maintain a good investment strategy

Goal: Family Legacy

To pass as many of our assets onto our children and future grandchildren as possible. We especially would like to help fund our future grandchildrens educations if possible

Goal Clarity™ Detail

Friday, March 31, 2017

Prepared by Robert Falvey
Legacy Wealth Management

The Smith Family

The Goal Clarity™ Detail Report is designed to effectively highlight the goals you would like to accomplish through planning.

This knowledge offers a unique opportunity to shape your financial objectives around your goals, while at the same time highlighting your greatest priorities. This report will ultimately serve as a guide for future planning decisions. Below are the goals you would like to accomplish, which are organized into specific goal categories.

Goal: Financial Independence

To develop a good financial plan that is regularly monitored and updated

Importance:

- To help us determine if we are on track for retirement
- To help us make wise financial decisions as we move towards and into retirement

Supporting Resources:

- Joe's 401(k) Profit Sharing Plan
- 457(f) Deferred Compensation Plan
- Earning power for the next 3-5 years
- Joe and Lynne's IRAs
- Lynne's inheritance from her parent's home
- Long-term insurance

Obstacles:

- Not having an appropriate investment and retirement strategy that is regularly monitored
- Overspending
- Unforeseen illness
- Greatly increased tax rates, high inflation and losing purchasing power in retirement
- Lynnes preparation to handle the finances if something happens to Joe

Readiness: 1 (1 = Ready, 5 = Not Ready)

Goal Clarity™ Detail

Friday, March 31, 2017

Prepared by Robert Falvey
Legacy Wealth Management

Goal: Asset Allocation

To develop, execute and maintain a good investment strategy

Importance:

To have an investment portfolio that enables us to reach our goals, without taking more risk than necessary

Supporting Resources:

- We have a good amount of liquid assets that can be invested
- Additional savings through profit sharing plan and deferred compensation
- Sale of second home when Joe retires

Obstacles:

- Taking either too much or not enough risk with our portfolios
- Not regularly monitoring the investments in our portfolio
- Potentially increasing tax environment
- Selecting poor investment options

Readiness: 1 (1 = Ready, 5 = Not Ready)

Goal Clarity™ Detail

Friday, March 31, 2017

Prepared by Robert Falvey
Legacy Wealth Management

Goal: Family Legacy

To pass as many of our assets onto our children and future grandchildren as possible. We especially would like to help fund our future grandchildren's educations if possible

Importance:

It is important that our children and grandchildren benefit from our success. It's also important that our family assets stay within our bloodline.

Supporting Resources:

- We have assets and by implementing a good financial plan we should be able to leave an inheritance
- We have the opportunity to revise our will and trusts to make sure our assets are handled as desired
- We provided our children with good examples of hard work
- Hopefully our children and grandchildren will be able to pass on the monetary benefits of our success and our beliefs

Obstacles:

- Our children may not be prepared to handle a significant inheritance
- Our assets could be diminished by bad investments, overspending, or unexpected major expenses
- Potential estate taxes and transfer expenses

Readiness: 2 (1 = Ready, 5 = Not Ready)

Goal Achievement™ Detail

Friday, March 31, 2017

Prepared by Robert Falvey
Legacy Wealth Management

The Smith Family

The Goal Achievement™ Detail Report summarizes the Goals, Planning Gaps, and the Place of Most Potential™.

The process involves identifying your goals for the future, while taking into perspective your current status. The planning gaps are the difference between where you are today and where you ultimately want to be. The Place of Most Potential™ highlights our recommended steps to closing those gaps. Below you will find your goals for the future, the planning gaps and the recommendations to ensure you begin taking action today.

Goal Achievement™ Detail

Friday, March 31, 2017

Prepared by Robert Falvey
Legacy Wealth Management

Goal: Financial Independence

To develop a good financial plan that is regularly monitored and updated

Importance:

- To help us determine if we are on track for retirement
- To help us make wise financial decisions as we move towards and into retirement

Supporting Resources:

- Joe's 401(k) Profit Sharing Plan
- 457(f) Deferred Compensation Plan
- Earning power for the next 3-5 years
- Joe and Lynne's IRAs
- Lynne's inheritance from her parent's home
- Long-term insurance

Obstacles:

- Not having an appropriate investment and retirement strategy that is regularly monitored
- Overspending
- Unforeseen illness
- Greatly increased tax rates, high inflation and losing purchasing power in retirement
- Lynnes preparation to handle the finances if something happens to Joe

Readiness: 1 (1 = Ready, 5 = Not Ready)

Planning Gap:

Currently there is no plan in place that gives Joe and Lynne confidence that they are on track for retirement, that their current investments are being monitored, and that they have an appropriate budget for spending.

Place Of Most Potential:

Develop a Retirement Income Strategy that is specifically designed for Joe and Lynne. Having a specific asset distribution plan that is regularly monitored can eliminate any fear of running out of money during retirement. Focus on objectives since we are 3-5 years from targeted retirement age.

Goal Achievement™ Detail

Friday, March 31, 2017

Prepared by Robert Falvey
Legacy Wealth Management

Goal: Asset Allocation

To develop, execute and maintain a good investment strategy

Importance:

To have an investment portfolio that enables us to reach our goals, without taking more risk than necessary

Supporting Resources:

- We have a good amount of liquid assets that can be invested
- Additional savings through profit sharing plan and deferred compensation
- Sale of second home when Joe retires

Obstacles:

- Taking either too much or not enough risk with our portfolios
- Not regularly monitoring the investments in our portfolio
- Potentially increasing tax environment
- Selecting poor investment options

Readiness: 1 (1 = Ready, 5 = Not Ready)

Planning Gap:

Joe and Lynne do not have an investment strategy that provides them confidence that they are not taking more risk than necessary or that their investments are meeting their current life objectives.

Place Of Most Potential:

Allocate your investments consistent with your goals and objectives by utilizing the Modern Portfolio Theory Investment Strategy.

Goal Achievement™ Detail

Friday, March 31, 2017

Prepared by Robert Falvey
Legacy Wealth Management

Goal: Family Legacy

To pass as many of our assets onto our children and future grandchildren as possible. We especially would like to help fund our future grandchildren's educations if possible

Importance:

It is important that our children and grandchildren benefit from our success. It's also important that our family assets stay within our bloodline.

Supporting Resources:

- We have assets and by implementing a good financial plan we should be able to leave an inheritance
- We have the opportunity to revise our will and trusts to make sure our assets are handled as desired
- We provided our children with good examples of hard work
- Hopefully our children and grandchildren will be able to pass on the monetary benefits of our success and our beliefs

Obstacles:

- Our children may not be prepared to handle a significant inheritance
- Our assets could be diminished by bad investments, overspending, or unexpected major expenses
- Potential estate taxes and transfer expenses

Readiness: 2 (1 = Ready, 5 = Not Ready)

Planning Gap:

Joe and Lynne are not sure that their children are prepared to handle an inheritance and they need a plan to ensure that education planning does not jeopardize financial security.

Place Of Most Potential:

Construct an efficient and appropriate distribution strategy for estate assets in the event of your death and to make sure your children have access to professional financial guidance (trust services, financial planner, etc.).

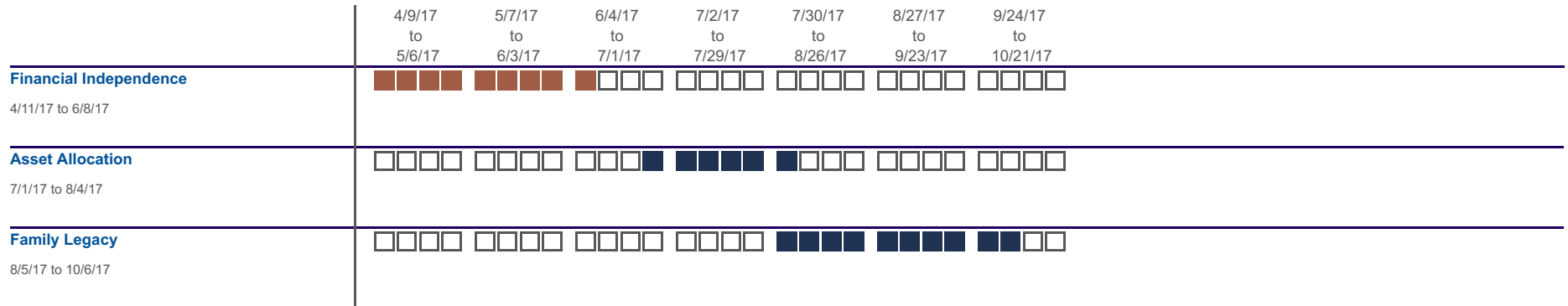
The Planning Map™

Friday, March 31, 2017

Prepared by Robert Falvey
Legacy Wealth Management

The Smith Family

Completed ■
Deleted ■
In Progress ■
Rescheduled ■
Scheduled ■
Tentative ■



Joe Smith and Lynne Smith (Signature): _____ Date: _____

PERSONAL PLANNING ANALYSIS

PREPARED FOR:

JOE SMITH
LYNNE SMITH

April 27, 2017

PRESENTED BY:

Robert Falvey CFP®
Legacy Wealth Management
Northwestern Mutual
111 E. Lake Lane
Suite 292
Milwaukee, Wisconsin 53202

IMPORTANT: This Personal Planning Analysis (plan) is based on information provided by you about your financial situation and goals. This plan uses hypothetical assumptions that you believe are reasonable for inflation and rates of return on assets that are not guarantees or projections. This plan is not complete without the "Assumptions" and "Important Disclosures" pages at the end.

BALANCE SHEET

As of April 27, 2017

	Amount	Percent
Non-Qualified Assets		
Joint Inheritance CD	\$86,938	2.24%
Joe & Lynn After-Tax Acct (Joint)	\$1,260,173	32.49%
Total Non-Qualified Assets	\$1,347,111	34.73%
Life Insurance Cash Value		
Joe's NM Policy	\$63,000	1.62%
Total Life Insurance Cash Value	\$63,000	1.62%
Qualified Retirement Assets		
Joe's MFS IRA	\$49,153	1.27%
Joe's Well Fargo IRA	\$25,753	0.66%
Joe's 401(k)	\$1,517,578	39.13%
Lynn's Wells Fargo IRA (Lynne)	\$7,141	0.18%
Total Qualified Retirement Assets	\$1,599,624	41.24%
Lifestyle Assets		
57 Maple Drive (Joint)	\$868,666	22.40%
Total Lifestyle Assets	\$868,666	22.40%
TOTAL ASSETS	\$3,878,401	100.00%
Liabilities		
Home Mortgage (Joint)	\$379,140	9.78%
Home Equity Line (Joint)	\$198,820	5.13%
TOTAL LIABILITIES	\$577,959	14.90%
TOTAL NET WORTH	\$3,300,442	85.10%

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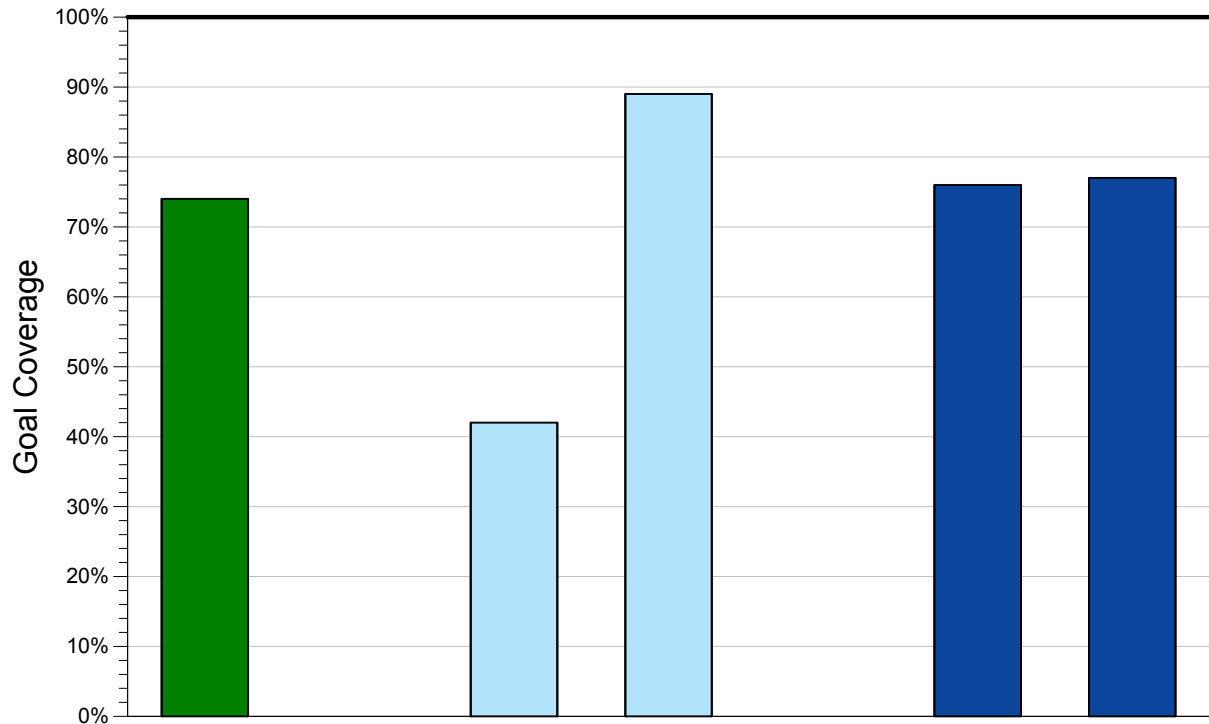
ITEMIZED CASH FLOW FOR NEXT 5 YEARS

	2017	2018	2019	2020	2021
CASH INFLOWS					
Social Security Income					
Social Security Benefits (Joe)	32,988	34,077	35,202	36,363	37,563
Social Security Benefits (Lynne)	13,254	13,692	14,144	14,610	15,092
Total Social Security Income	46,243	47,769	49,345	50,974	52,656
Investment Income					
Joint Inheritance CD	2,005	2,005	2,005	2,005	2,005
Joe & Lynn After-Tax Acct (Joint)	66,767	56,992	46,446	35,083	22,856
Total Investment Income	68,773	58,998	48,451	37,088	24,861
Non-Qualified Liquidations					
Joe & Lynn After-Tax Acct (Joint)	182,052	196,416	211,624	227,721	186,376
Total Non-Qualified Liquidations	182,052	196,416	211,624	227,721	186,376
Qualified Retirement Liquidations					
Joe's MFS IRA	0	0	0	0	2,169
Joe's Well Fargo IRA	0	0	0	0	1,131
Joe's 401(k)	0	0	0	0	67,370
Total Qualified Retirement Liquidations	0	0	0	0	70,670
Total Cash Inflows	297,068	303,182	309,420	315,783	334,563
Taxes	64,901	64,677	64,367	63,966	75,759
Total Cash Inflows After Tax	232,167	238,506	245,053	251,817	258,804
CASH OUTFLOWS					
Lifestyle Expenses					
Active Lifestyle (Joint)	192,076	198,415	204,962	211,726	218,713
Home Mortgage (Joint)	26,484	26,484	26,484	26,484	26,484
Home Equity Line (Joint)	9,329	9,329	9,329	9,329	9,329
Total Lifestyle Expenses	227,889	234,228	240,775	247,539	254,526
Miscellaneous Expenses					
Joe's Genworth LTC (Joe)	2,432	2,432	2,432	2,432	2,432
Lynn's Genworth LTC (Lynne)	1,846	1,846	1,846	1,846	1,846
Total Miscellaneous Expenses	4,278	4,278	4,278	4,278	4,278
Total Cash Outflows	232,167	238,506	245,053	251,817	258,804
Current Surplus/(Deficit)	0	0	0	0	0

Return rates used for the growth of investments are hypothetical assumptions you believe are reasonable for this plan and are not guarantees or projections.

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FINANCIAL GOALS SUMMARY

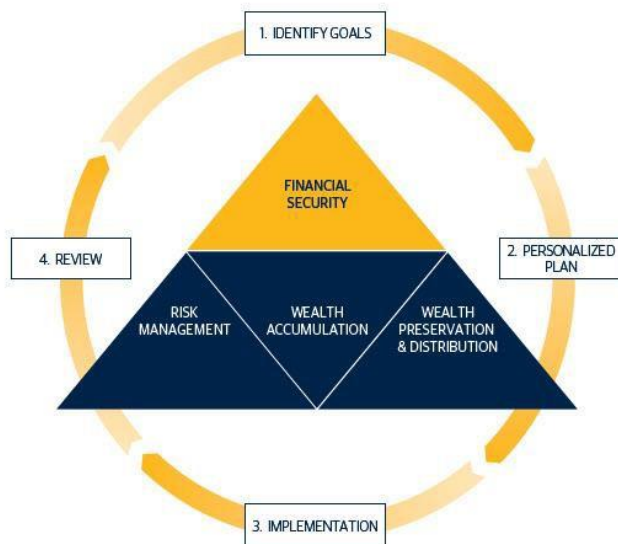


Goal Description	Goal Coverage
■ Retirement	74%
■ Survivor Income - Joe	42%
■ Survivor Income - Lynne	89%
■ Long-Term Care - Joe	76%
■ Long-Term Care - Lynne	77%

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WHAT STEPS CAN YOU TAKE FOR A LIFETIME OF FINANCIAL SECURITY?

Financial security is the confidence that comes from taking action today to provide for tomorrow. It includes setting goals, accumulating resources, addressing risks, implementing lifetime income strategies and revisiting your plan as your life unfolds. It requires a process that should be disciplined - but personalized and flexible to adapt to changes over time. While there is no single strategy that works for everyone, consider the following steps at each stage of your life.



	Early Career 20s - 30s	Later Career 40s - 50s	Early Retirement 60s - 70s	Later Retirement 80s +
Wealth Preservation and Distribution	Prepare Basic Estate Plan	Review/Revise Estate Plan	Review/Revise Estate Plan	Review/Revise Estate Plan
		Develop Retirement Income Strategy	Implement Retirement Income Strategy	Update Retirement Income Strategy
Wealth Accumulation	Begin Accumulating for Retirement	Continue Retirement Accumulation	Consolidate Portfolio	
	Begin Education Savings	Fund Education		
	Develop Asset Allocation	Review Asset Allocation Transition assets 5-10 years prior to retirement	Review Asset Allocation Transition assets 5-10 years prior to retirement	Review Asset Allocation
Risk Management	Obtain Disability Protection Address Survivor Needs	Review Disability Protection Review Survivor Needs	Review Survivor Needs	Review Survivor Needs
	Obtain Healthcare	Evaluate Post-Career Healthcare Needs	Address Healthcare Needs	Review Healthcare Needs
		Address the need for Long-Term Care Protection	Ensure Arrangements for Adequate Long-Term Care Protection	Review Arrangements for Long-Term Care Protection

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SURVIVOR INCOME - JOE

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SURVIVOR INCOME OBJECTIVES AT JOE'S DEATH ON DEC 31, 2017

CLIENT INFORMATION

	<u>Lynne</u>
Age at End of Year	64
Retirement Age/Year	63 / 2016
Assumed Death at Age/Year	90 / 2043

IMMEDIATE CASH NEEDS AT DEATH

Description	Amount (in today's dollars)	Amount (Dec 31 2017)
Home Equity Line	\$198,820	\$195,537
Home Mortgage	\$379,140	\$367,723
Total	\$577,959	\$563,260

INCOME NEEDS AFTER DEATH

Description	Individual	Applicable	Annual Amount (in today's dollars)	Annual Increase Rate	Annualized Amount at Survivorship
Active Lifestyle	Lynne	Jan 1 2018 to Dec 31 2030	\$123,960	3.3%	\$132,276
Lynn's Medigap Policy	Lynne	Jan 1 2018 to Dec 31 2043	\$3,719	3.3%	\$3,842
Lynn's Genworth LTC	Lynne	Jan 1 2018 to Dec 31 2043	\$1,846	0.0%	\$1,846
Slowing Lifestyle	Lynne	Jan 1 2031 to Dec 31 2035	\$85,367	3.3%	N/A
Passive Lifestyle	Lynne	Jan 1 2036 to Dec 31 2043	\$64,025	3.3%	N/A
Annual Income Needed					\$137,964

The amounts and dates above are based on information provided by you. Annual increase rates used are hypothetical rates at which you are assuming an amount will grow over time due to inflation or other reasons.

RESOURCES AVAILABLE AT JOE'S DEATH

SOURCES OF IMMEDIATE CASH

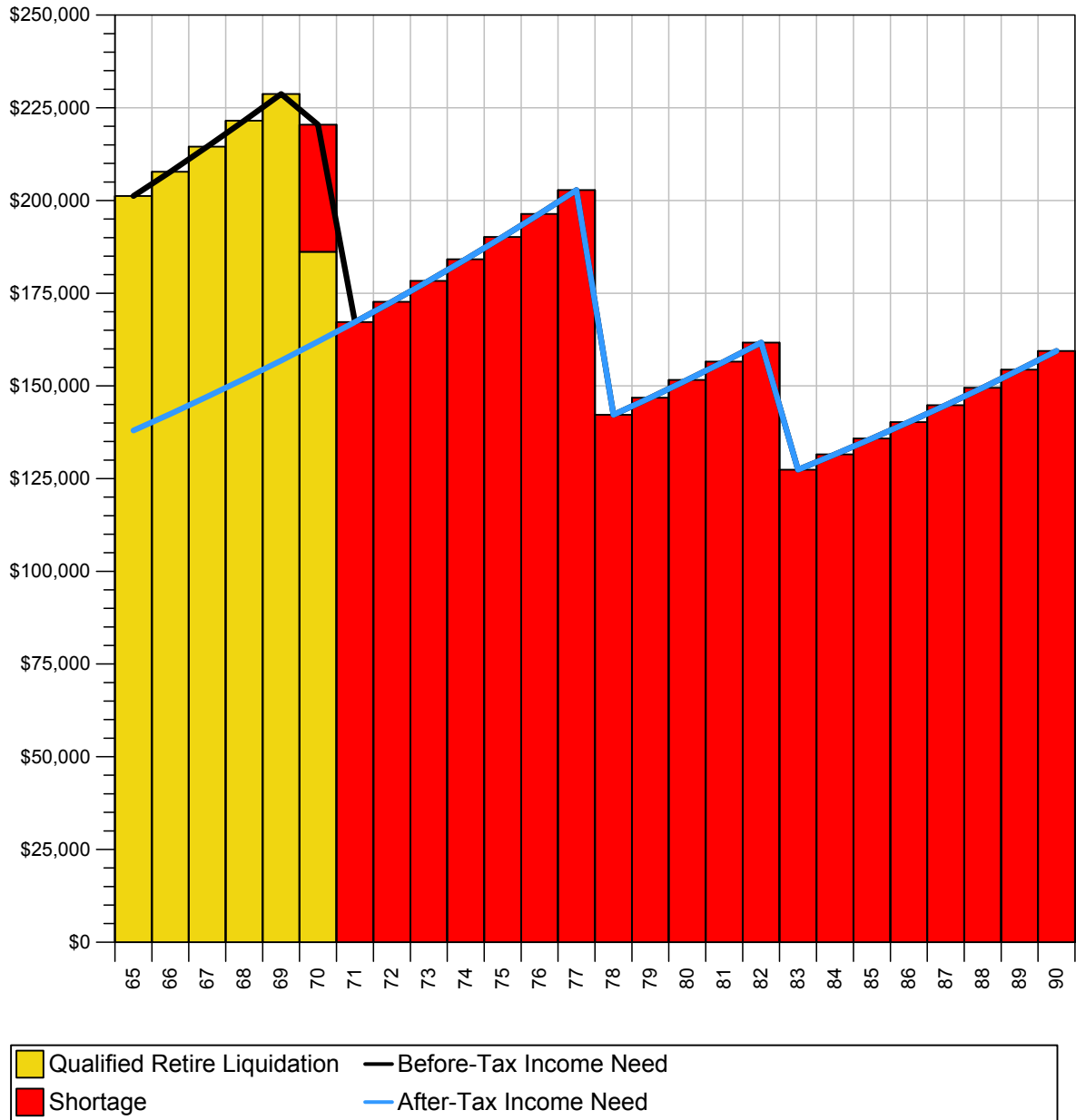
Description	Amount (in today's dollars)	Annual Return (%)	Amount (Dec 31 2017)
Joe's NM Policy	\$200,000		\$200,000
Joint Inheritance CD	\$86,437	2.3%	\$86,437
Total	\$286,437		\$286,437

ASSETS AVAILABLE FOR SURVIVOR'S RETIREMENT

Description	Beginning Pre-Retirement Balance	Annual Return (%)	Amount at Retirement	Annual Retirement Return (%)
Lynn's Wells Fargo IRA	\$7,052	5.1%	\$7,052	5.1%
Joe's Well Fargo IRA	\$25,430	5.1%	\$25,430	5.1%
Joe's MFS IRA	\$48,522	5.2%	\$48,522	5.2%
Joe's 401(k)	\$1,497,476	5.4%	\$1,497,476	5.4%

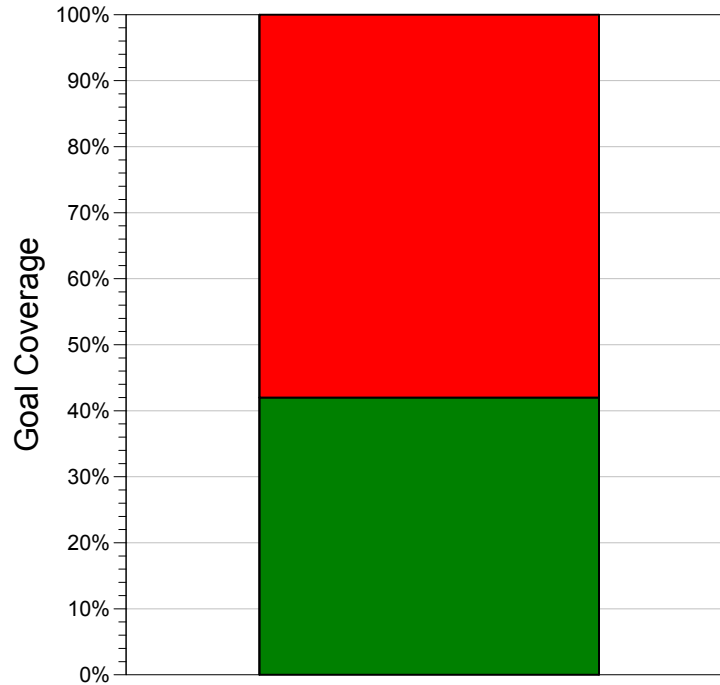
The amounts and dates above are based on information provided by you. Annual increase rates used are hypothetical rates at which you are assuming an amount will grow over time due to inflation or other reasons. Return rates used for the growth of investments are hypothetical assumptions you believe are reasonable for this plan and are not guarantees or projections.

DETAILED CASH FLOW AT JOE'S DEATH



Values above the before-tax need line represent a surplus. Return rates used for the growth of investments are hypothetical assumptions you believe are reasonable for this plan and are not guarantees or projections.

GOAL COVERAGE AT JOE'S DEATH



Description	Total	Covered	Shortage	Percent Covered
Immediate Cash Needs	\$691,311	\$691,311	\$0	100%
Income Needs	\$2,732,276	\$772,283	\$1,959,994	28%
Totals	\$3,423,587	\$1,463,594	\$1,959,994	42%

Values are reflected in today's dollars by discounting at a 3.30% inflation rate.

Minimum Life Insurance to Fund Needs*

\$1,563,000

*Additional insurance proceeds assumed to grow at a rate of 6.0% pre-retirement and 6.0% during retirement until spent.

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RETIREMENT PLANNING

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WHAT ARE THE RISKS THAT CHALLENGE FINANCIAL SECURITY IN RETIREMENT?

The goal of retirement planning is to help ensure that you have the financial resources to maintain your lifestyle throughout retirement. Even the best-laid plans may be subject to challenges. For this reason, it's important to plan for the six risks every retiree faces:



1. LONGEVITY

A couple age 65 has a 1 in 10 chance that one of them will live to 100.



4. HEALTH CARE

Health care costs have risen between 6% and 8% over each of the last 20 years.



2. MARKET VOLATILITY

Since 1945, the S&P 500 has averaged a correction of at least 10% about once every 18 months.

Source: S&P Capital IQ, "Outlook 2014: Good Years Often Follow Great Years" us.spindices.com



5. LONG-TERM CARE

70% of people turning age 65 will need some form of long-term care during their remaining lives.

Source: LongTermCare.gov, Who Needs Care?



3. INFLATION AND TAXES

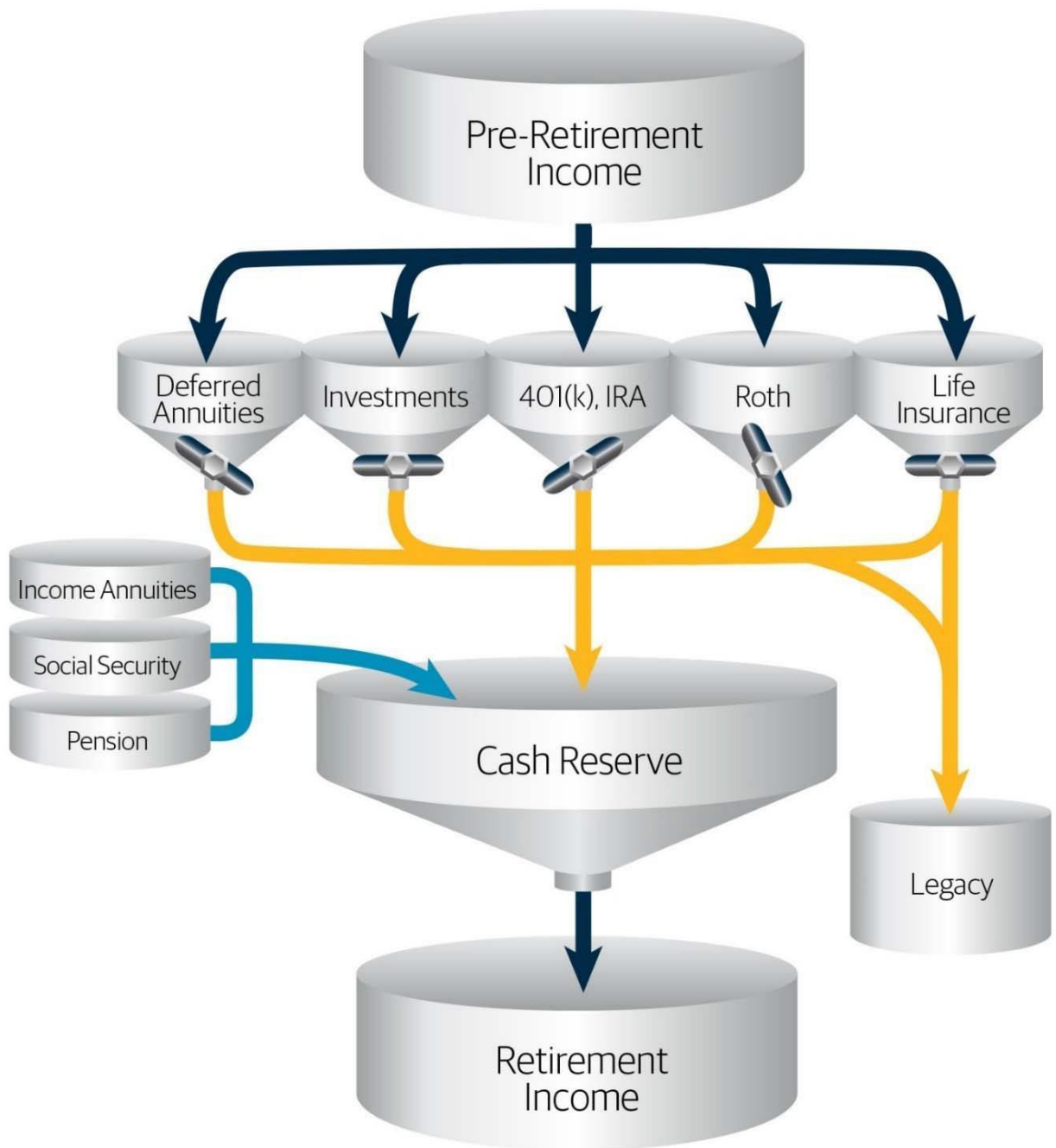
An average inflation rate of 4% will cut your purchasing power in half in just 18 years.



6. LEGACY

Spending down assets in retirement can diminish the financial legacy intended for family or a charity.

HAVING CHOICES IN RETIREMENT REALLY MATTERS



The primary purpose of permanent life insurance is to provide a death benefit. Using cash values to supplement your retirement income will reduce benefits and may affect other aspects of your plan.

Securities are offered thru **Northwestern Mutual Investment Services, LLC**, 1-866-864-7737, a subsidiary of Northwestern Mutual, broker dealer and member FINRA and SIPC.

23-0116-01 (0510) (REV 0614)

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OUR RETIREMENT STRATEGY

However you picture spending your retirement, the first step to make it happen is developing a sound plan to get you there. Integrating our three principal goals: Income for Life, Protecting your Assets, and Leaving a Legacy, we create a strategic framework to help you meet your retirement needs and mitigate the six risks that can impact every retiree.

SIX RISKS:

- Longevity
- Market
- Volatility
- Inflation and Taxes
- Health Care
- Long-term
- Care Legacy

The infographic consists of three vertically stacked items, each with a circular icon and text. The first item has a yellow icon of a wallet with a dollar sign and the text 'INCOME FOR LIFE' and 'Creating a stream of reliable income to meet your living expenses'. The second item has a blue icon of a shield and the text 'PROTECTING YOUR ASSETS' and 'Protecting your retirement savings to last a lifetime'. The third item has a green icon of a document with a pencil and the text 'LEAVING A LEGACY' and 'Leaving money to your loved ones or charity'.

Monte Carlo, a sophisticated financial modeling process, is integrated with our sound Retirement Strategy designed to help optimize investment options and help deliver predictable outcome for your retirement objectives. Are you ready to achieve financial security and mitigate the risks that can affect your future plans?

Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company, Milwaukee, WI (NM) (life insurance, disability insurance, and annuities) and its subsidiaries. Securities offered through Northwestern Mutual Investment Services, LLC (NMIS), a subsidiary of NM, broker-dealer, registered investment adviser and member FINRA and SPIC.

23-0116-10 (0211) (REV 0415)

This plan is not complete without the “Assumptions” and “Important Disclosures” pages appearing at the end.

RETIREMENT INCOME OBJECTIVES STARTING ON JAN 1, 2016

CLIENT INFORMATION

	<u>Joe</u>	<u>Lynne</u>
Age at End of Year	66	64
Retirement Age/Year	65 / 2016	63 / 2016
Assumed Death at Age/Year	90 / 2041	90 / 2043

INCOME NEEDS DURING RETIREMENT

Description	Essential Need	Individual	Applicable	Annual Amount (in today's dollars)	Annual Increase Rate	Annualized Amount at Retirement
Home Equity Line	Y	Joint	Jan 1 2017 to Dec 31 2043	\$9,329	0.0%	\$9,329
Home Mortgage	Y	Joint	Jan 1 2017 to Dec 30 2035	\$26,484	0.0%	\$26,484
Active Lifestyle	Y	Joint	Jan 1 2017 to Dec 31 2030	\$185,940	3.3%	\$192,076
Joe's Genworth LTC	Y	Joe	Jan 1 2017 to Dec 31 2041	\$2,432	0.0%	N/A
Lynn's Genworth LTC	Y	Lynne	Jan 1 2017 to Dec 31 2043	\$1,846	0.0%	N/A
Slowing Lifestyle	Y	Joint	Jan 1 2031 to Dec 31 2035	\$128,051	3.3%	N/A
Passive Lifestyle	Y	Joint	Jan 1 2036 to Dec 31 2043	\$96,038	3.3%	N/A
Annual Income Needed						\$227,889

The amounts and dates above are based on information provided by you. Annual increase rates used are hypothetical rates at which you are assuming an amount will grow over time due to inflation or other reasons.

RESOURCES AVAILABLE DURING RETIREMENT

SOURCES OF INCOME

Description	Individual	Applicable	-----Before-Tax-----		
			Annual Income (in today's dollars)	Annual Increase Rate	Annualized Income at Retirement
Social Security					
Joe's Benefit	Joe	Jan 1 2017 to Dec 31 2041	\$32,988	3.3%	N/A
Lynne's Benefit	Lynne	Jan 1 2017 to Dec 31 2041	\$13,254	3.3%	N/A
Lynne's Benefit	Lynne	Jan 1 2042 to Dec 31 2043	\$32,988	3.3%	N/A
Annual Before-Tax Income Available					\$0

LIFESTYLE ASSETS SOLD FOR RETIREMENT

Description	Individual	Beginning Balance	Annual Return (%)	Sale Date(s)	Value at Sale
Residence	Joint	\$0	3.0%	Jan 1 2016	\$0

INVESTMENT ASSETS AVAILABLE FOR RETIREMENT

Description	Individual	Beginning Balance	Annual Pre-Retirement Return (%)	Amount at Retirement	Annual Retirement Return (%)
Joint Inheritance CD	Joint	\$86,437	2.3%	\$86,437	2.3%
Joe & Lynn After-Tax Acct	Joint	\$1,243,481	5.4%	\$1,243,481	5.4%
Lynn's Wells Fargo IRA	Lynne	\$7,052	5.1%	\$7,052	5.1%
Joe's Well Fargo IRA	Joe	\$25,430	5.1%	\$25,430	5.1%
Joe's MFS IRA	Joe	\$48,522	5.2%	\$48,522	5.2%
Joe's 401(k)	Joe	\$1,497,476	5.4%	\$1,497,476	5.4%

ANNUAL CONTRIBUTIONS TO ASSETS

Description	Applicable	Annual Amount (in today's dollars)	Annual Increase Rate
Joe's 401(k)			
Pre-Tax contribution	Jan 1 2015 to Dec 31 2015	MAX	N/A
Employer contribution	Jan 1 2015 to Dec 31 2015	\$52,000	0.0%

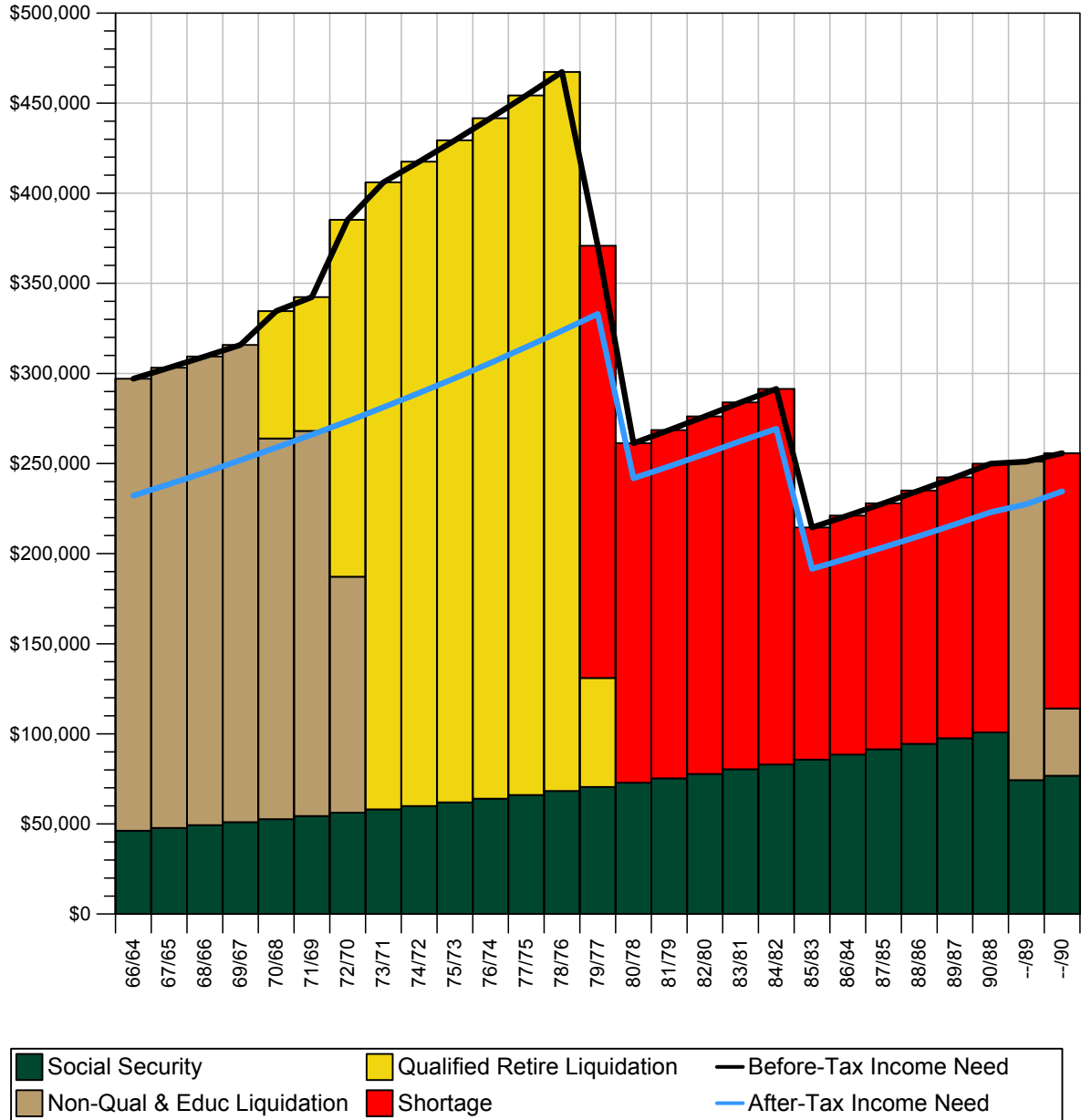
LIFE INSURANCE BENEFITS AT JOE'S DEATH

	Benefit Amount (Dec 31, 2041)
Joe's NM Policy	\$200,000

This plan is not complete without the "Assumptions" and "Important Disclosures" pages appearing at the end.

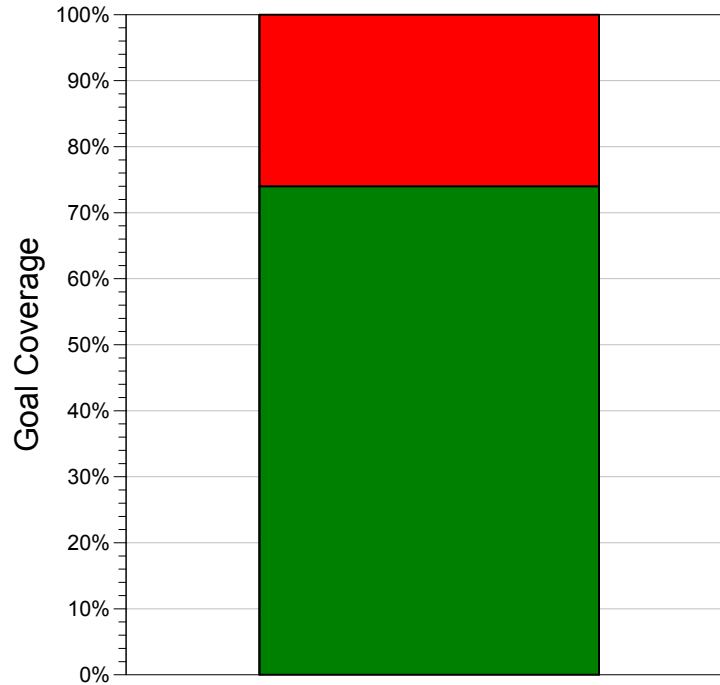
The amounts and dates above are based on information provided by you. Annual increase rates used are hypothetical rates at which you are assuming an amount will grow over time due to inflation or other reasons. Return rates used for the growth of investments are hypothetical assumptions you believe are reasonable for this plan and are not guarantees or projections.

DETAILED CASH FLOW DURING RETIREMENT



Values above the before-tax need line represent a surplus. Return rates used for the growth of investments are hypothetical assumptions you believe are reasonable for this plan and are not guarantees or projections.

GOAL COVERAGE DURING RETIREMENT



Description	Total	Covered	Shortage	Percent Covered
Income Needs	\$4,725,532	\$3,503,880	\$1,221,651	74%

Values are reflected in today's dollars by discounting at a 3.30% inflation rate.

Return rates used for the growth of investments are hypothetical assumptions you believe are reasonable for this plan and are not guarantees or projections.

COMPARISON OF SAVINGS ALTERNATIVES FOR RETIREMENT

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NO SAVINGS ALTERNATIVES EXIST SINCE THE RETIREMENT PERIOD HAS ALREADY BEGUN.

Return rates used for the growth of investments are hypothetical assumptions you believe are reasonable for this plan and are not guarantees or projections.

.....

LONG-TERM CARE - JOE

.....

RETIREMENT INCOME OBJECTIVES WITH JOE'S LONG-TERM CARE STARTING ON JAN 1, 2028

CLIENT INFORMATION

	<u>Joe</u>	<u>Lynne</u>
Age at End of Year	66	64
Retirement Age/Year	65 / 2016	63 / 2016
Assumed Long-Term Care	77 / 2028	
Event Start Age/Year		
Assumed Death at Age/Year (Joe's long-term care end date)	87 / 2038	90 / 2043

INCOME NEEDS DURING RETIREMENT (INCLUDING LONG-TERM CARE)

Description	Individual	Applicable	Annual Amount (in today's dollars)	Annual Increase Rate	Annualized Amount at LTC
Retirement Expenses					
Home Equity Line	Joint	Jan 1 2017 to Dec 31 2043	\$9,329	0.0%	\$9,329
Home Mortgage	Joint	Jan 1 2017 to Dec 30 2035	\$26,484	0.0%	\$26,484
Lynn's Genworth LTC	Lynne	Jan 1 2017 to Dec 31 2043	\$1,846	0.0%	\$0
Active Lifestyle	Joint	Jan 1 2017 to Dec 31 2030	\$185,940	3.3%	\$274,522
Joe's Genworth LTC	Joe	Jan 1 2017 to Dec 31 2027	\$2,432	0.0%	N/A
Slowing Lifestyle	Joint	Jan 1 2031 to Dec 31 2035	\$128,051	3.3%	N/A
Passive Lifestyle	Joint	Jan 1 2036 to Dec 31 2043	\$96,038	3.3%	N/A
Expenses changing at Joe's Long-term Care					
LTC Expense	Joe	Jan 1 2028 to Dec 31 2038	\$80,483 (\$221/day)	5.0%	\$137,652
Annual Income Needed					\$447,987

The amounts and dates above are based on information provided by you. Annual increase rates used are hypothetical rates at which you are assuming an amount will grow over time due to inflation or other reasons.

RESOURCES AVAILABLE FOR RETIREMENT WITH JOE'S LONG-TERM CARE

SOURCES OF INCOME DURING RETIREMENT/LONG-TERM CARE

Description	Individual	Applicable	-----Before-Tax-----		
			Annual Income (in today's dollars)	Annual Increase Rate	Annualized Income at LTC
Retirement incomes					
Social Security					
Joe's Benefit	Joe	Jan 1 2017 to Dec 31 2038	\$32,988	3.3%	\$47,148
Lynne's Benefit	Lynne	Jan 1 2017 to Dec 31 2038	\$13,254	3.3%	\$18,944
Lynne's Benefit	Lynne	Jan 1 2039 to Dec 31 2043	\$32,988	3.3%	N/A
Incomes changing at Joe's LTC					
Long-term Care Benefits					
Joe's Genworth LTC	Joe	Mar 31 2028 to Dec 31 2038	\$71,831 (\$197/day)	5.0%	\$122,855
Annual Before-Tax Income Available					\$188,947

LIFESTYLE ASSETS SOLD FOR RETIREMENT/LONG-TERM CARE

Description	Individual	Beginning Balance	Annual Return (%)	Sale Date(s)	Value at Sale
Residence	Joint	\$0	3.0%	Jan 1 2016	\$0

INVESTMENT ASSETS AVAILABLE FOR RETIREMENT/LONG-TERM CARE

Description	Individual	Beginning Balance	Annual Pre-Retirement Return (%)	Amount at Retirement	Annual Retirement Return (%)
Joint Inheritance CD	Joint	\$86,437	2.3%	\$86,437	2.3%
Joe & Lynn After-Tax Acct	Joint	\$1,243,481	5.4%	\$1,243,481	5.4%
Lynn's Wells Fargo IRA	Lynne	\$7,052	5.1%	\$7,052	5.1%
Joe's Well Fargo IRA	Joe	\$25,430	5.1%	\$25,430	5.1%
Joe's MFS IRA	Joe	\$48,522	5.2%	\$48,522	5.2%
Joe's 401(k)	Joe	\$1,497,476	5.4%	\$1,497,476	5.4%

ANNUAL CONTRIBUTIONS TO ASSETS

Description	Applicable	Annual Amount (in today's dollars)	Annual Increase Rate
Joe's 401(k)			
Pre-Tax contribution	Jan 1 2015 to Dec 31 2015	MAX	N/A
Employer contribution	Jan 1 2015 to Dec 31 2015	\$52,000	0.0%

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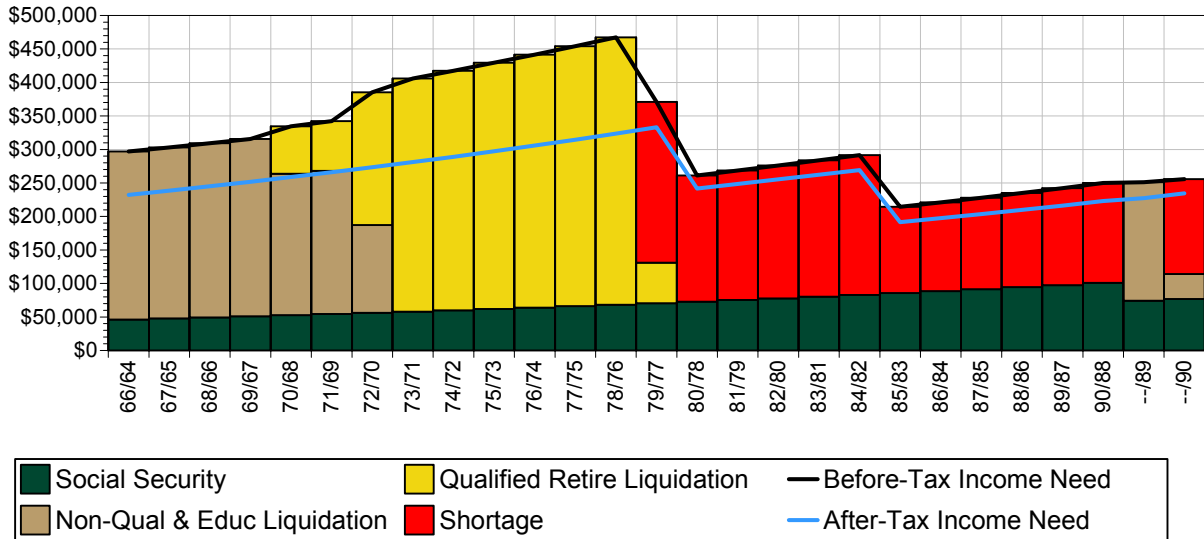
LIFE INSURANCE BENEFITS AT JOE'S DEATH

	Benefit Amount (Dec 31, 2038)
Joe's NM Policy	\$200,000

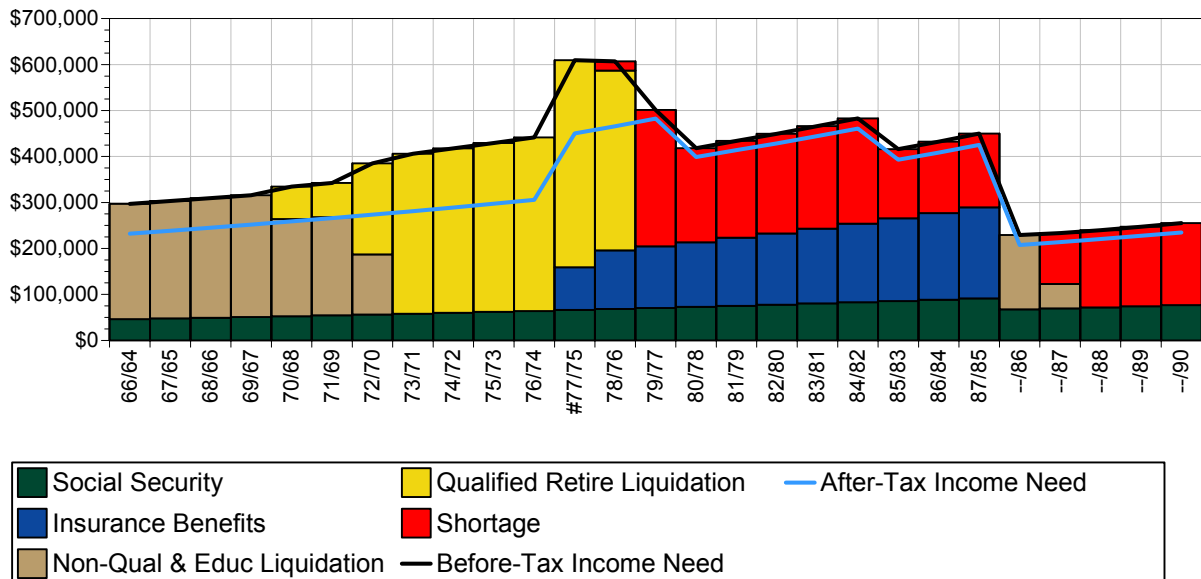
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EFFECT ON DETAILED RETIREMENT CASH FLOW DUE TO JOE'S LONG-TERM CARE

WITHOUT LONG-TERM CARE EXPENSES



WITH LONG-TERM CARE EXPENSES STARTING AT \$6,707 PER MONTH (IN TODAY'S DOLLARS), BEGINNING AT AGE 77

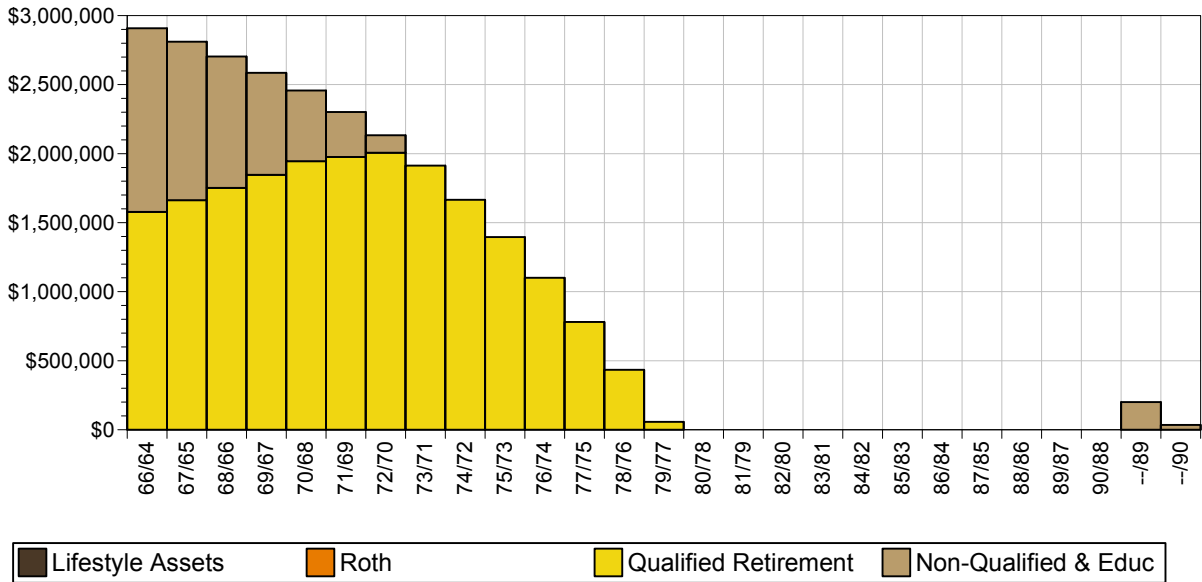


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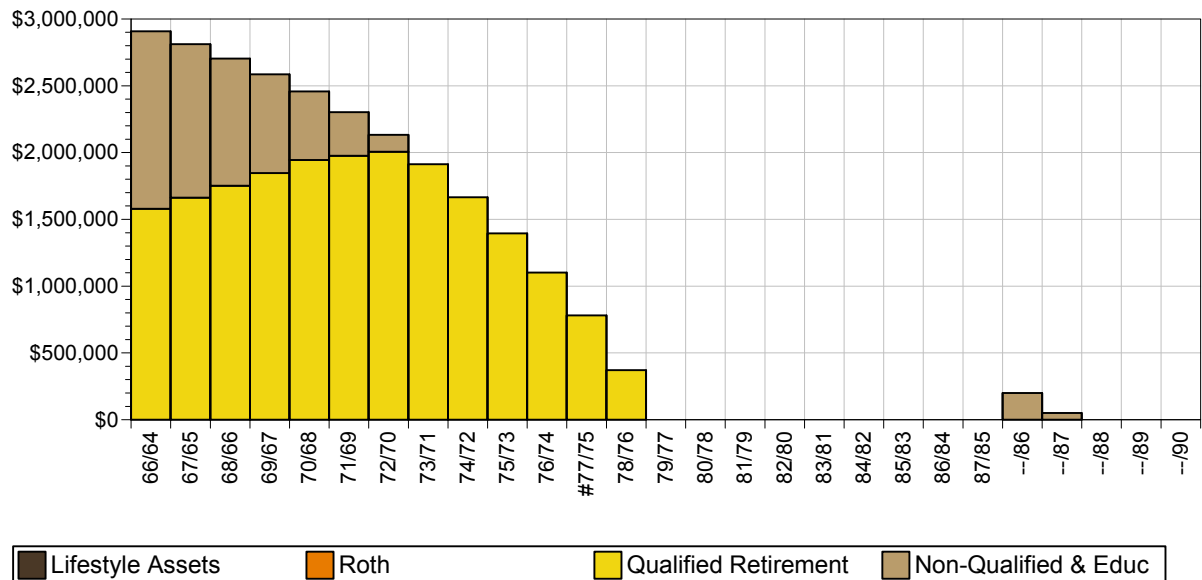
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EFFECT ON RETIREMENT ASSETS DUE TO JOE'S LONG-TERM CARE

WITHOUT LONG-TERM CARE EXPENSES

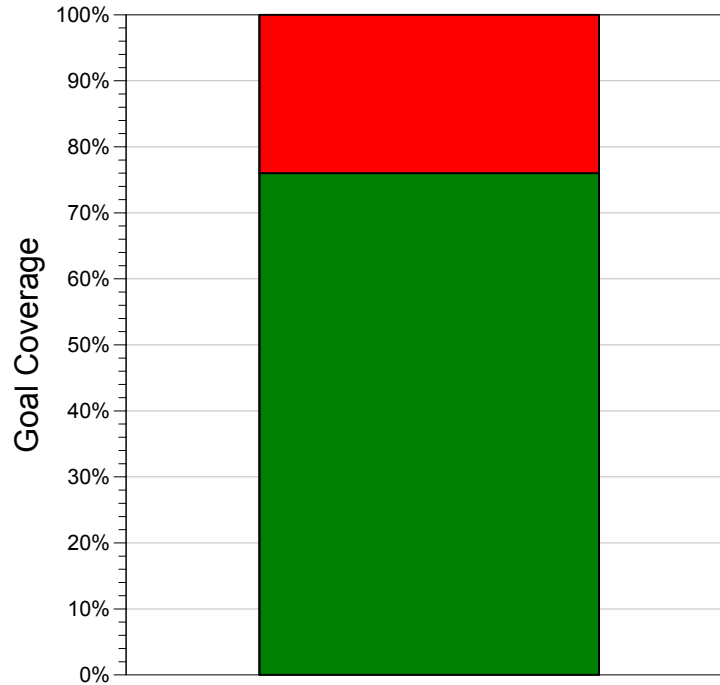


WITH LONG-TERM CARE EXPENSES STARTING AT \$6,707 PER MONTH (IN TODAY'S DOLLARS), BEGINNING AT AGE 77



Return rates used for the growth of investments are hypothetical assumptions you believe are reasonable for this plan and are not guarantees or projections.

GOAL COVERAGE FOR RETIREMENT WITH JOE'S LONG-TERM CARE



Description	Total	Covered	Shortage	Percent Covered
Income Needs	\$5,857,977	\$4,479,140	\$1,378,837	76%

Values are reflected in today's dollars by discounting at a 3.30% inflation rate.

Return rates used for the growth of investments are hypothetical assumptions you believe are reasonable for this plan and are not guarantees or projections.

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ASSET ALLOCATION

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This plan is not complete without the "Assumptions" and "Important Disclosures" pages appearing at the end.

CURRENT PORTFOLIO

We included only those assets that are investable, such as the funds in your money market, individual retirement, employer-sponsored retirement, and personal investment accounts. We did not include your car, collectibles, vacation or rental property, other personal/business property, or other assets that cannot readily be converted into cash or invested in the financial markets. Nevertheless, you should consider these assets, along with your investable assets, if allocating your assets for retirement.

Refer to the "Glossary" later in this report for more information about non-qualified and qualified assets.

Owner	Account/Holding	Valuation Date	Asset Value
Non-Qualified			
Joint			
	Joe & Lynn After-Tax Acct Russell LifePoints Balanced Strategy A	Jan 1 2017	\$1,243,481 <u>\$1,243,481</u>
	Joint Inheritance CD CD	Jan 1 2017	\$86,437 <u>\$86,437</u>
Non-Qualified Total			\$1,329,917
Qualified			
Joe			
	Joe's 401(k) Russell LifePoints Balanced Strategy A	Jan 1 2017	\$1,497,476 <u>\$1,497,476</u>
	Joe's MFS IRA Franklin Income A	Jan 1 2017	\$48,522 <u>\$48,522</u>
	Joe's Well Fargo IRA Transamerica Asset Allc Mod Gr B	Jan 1 2017	\$25,430 <u>\$25,430</u>
Lynne			
	Lynn's Wells Fargo IRA Transamerica Asset Allc Mod Gr B	Jan 1 2017	\$7,052 <u>\$7,052</u>
Qualified Total			\$1,578,481
Total Portfolio			\$2,908,398

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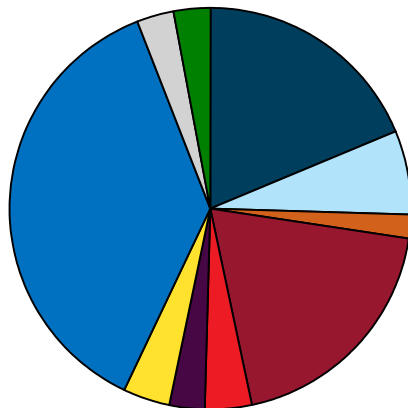
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CURRENT PORTFOLIO ASSET ALLOCATION

To help you see how your assets are currently allocated, the assets have been classified with the following asset classes in the table below: US Equity - Large Cap, US Equity - Mid Cap, US Equity - Small Cap, International Developed Markets, International Emerging Markets, Real Estate Securities, Commodities, Fixed Income, Other and Cash.

The graph and table below show the percentage of your portfolio invested in each asset class. The table also shows the dollar amount invested in each asset class, based on the market value of your assets as shown in the "Current Portfolio" report. All percentages are approximate due to rounding.



Equity	57%
Fixed Income	37%
Other	3%
Cash	3%

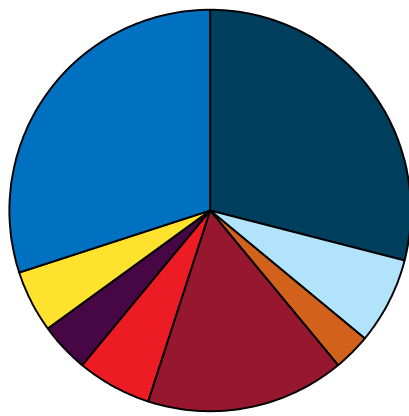
Asset Class	Percentage of Portfolio	Dollar Amount
Equity		
US Equity - Large Cap	19%	\$544,105
US Equity - Mid Cap	7%	\$196,406
US Equity - Small Cap	2%	\$55,790
International Developed Markets	19%	\$560,506
International Emerging Markets	4%	\$109,638
Real Estate Securities	3%	\$82,229
Commodities	4%	\$109,638
Total Equity	57%	\$1,658,312
Fixed Income	37%	\$1,076,568
Other	3%	\$86,596
Cash	3%	\$86,922
Total Portfolio	100%	\$2,908,398

This plan is not complete without the "Assumptions" and "Important Disclosures" pages appearing at the end.

PROPOSED ASSET ALLOCATION

After careful review of your personal financial information, risk tolerance, investment time horizon, and financial goals, we developed a Proposed Asset Allocation for you to consider. It represents a diversified mix of assets with a level of risk that is consistent with an **Aggressive** risk profile. Investors with an Aggressive risk profile are primarily interested in long-term growth and are willing to take reasonable risks of volatility and losses to achieve it. These investors are comfortable with the volatility and risk of losses that accompanies higher risk investments. This Proposed Asset Allocation is within the range of the risk profile assigned to you based on the answers you provided to the Investor Profile.

The following graph and table show how the investment funds in your portfolio would be allocated if you implemented this mix. All percentages are approximate due to rounding.



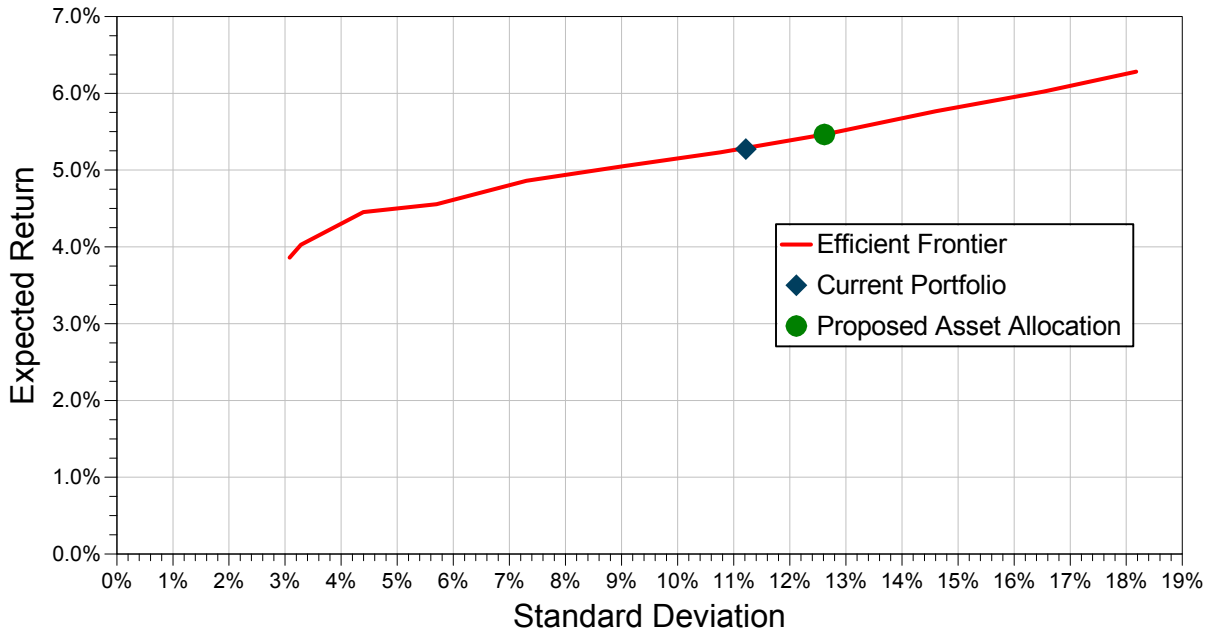
Equity 70%
Fixed Income 30%

Asset Class	Percentage of Portfolio	Dollar Amount
Equity		
US Equity - Large Cap	29%	\$843,435
US Equity - Mid Cap	7%	\$203,588
US Equity - Small Cap	3%	\$87,252
International Developed Markets	16%	\$465,344
International Emerging Markets	6%	\$174,504
Real Estate Securities	4%	\$116,336
Commodities	5%	\$145,420
Total Equity	70%	\$2,035,879
Fixed Income	30%	\$872,519
Total Portfolio	100%	\$2,908,398

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EFFICIENT FRONTIER

The graph below demonstrates the risk/return trade-off facing an investor. The higher the potential return, the greater the potential for loss of your investment principal. However, you can help reduce your level of risk, and may increase your returns, by properly allocating your investable assets among various asset classes. The line on the graph represents a series of hypothetical portfolios representing mixes of assets that produce an efficient balance between risk and return. This line, known as the efficient frontier, demonstrates a key ingredient of a successful investment plan: diversification.



You should carefully consider the risk/return trade-offs when choosing an asset mix. The table below shows how the risk/return statistics for your Current Portfolio compare to your Proposed Asset Allocation that is consistent with an **Aggressive** risk profile.

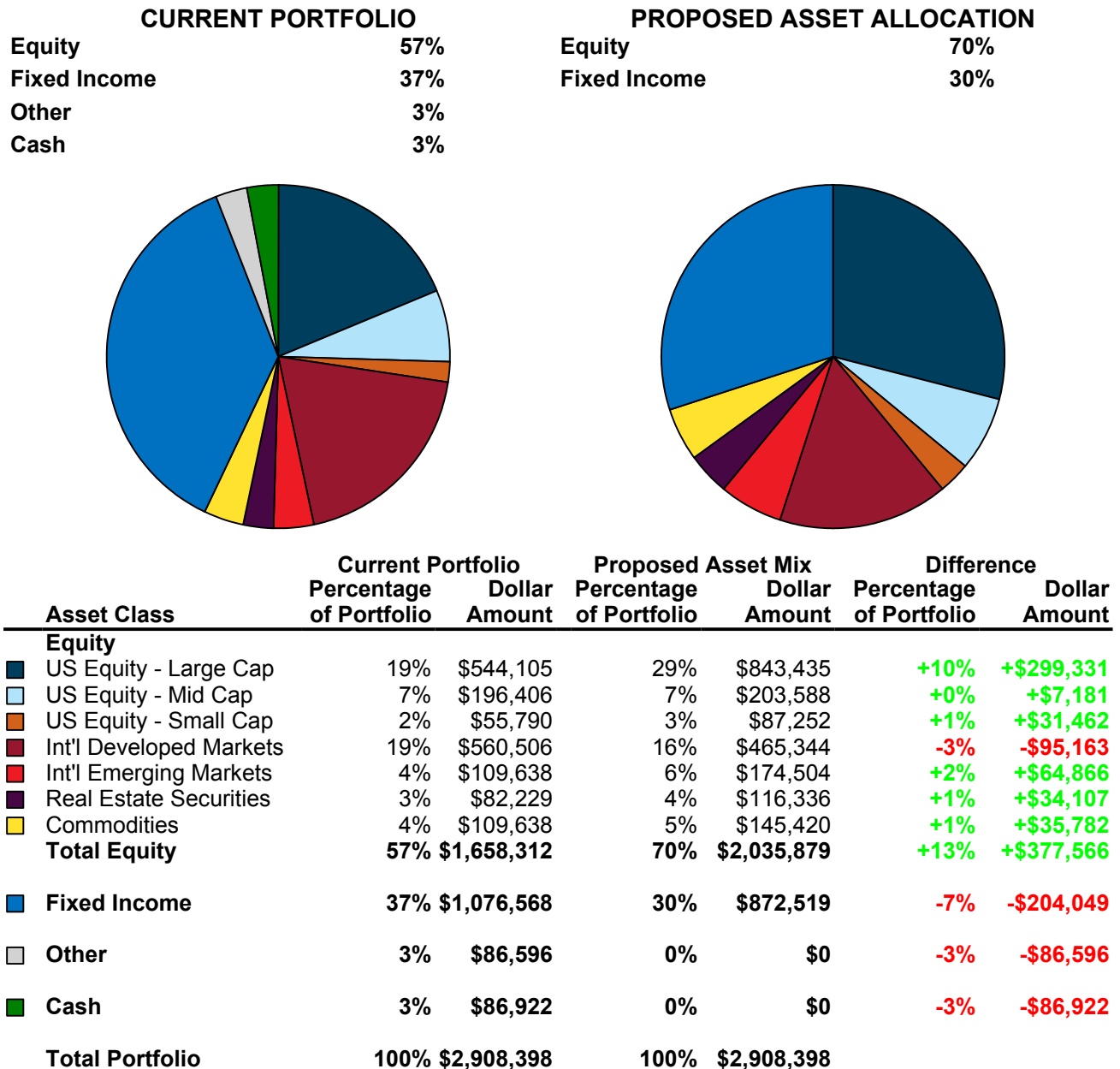
	Current Portfolio	Proposed Allocation
Expected Return	5.3%	5.5%
Standard Deviation	11.2%	12.6%
Historical Performance Statistics (1991-2016)		
Highest Return Year	1991	1991
Highest Return	22.8%	25.6%
Lowest Return Year	2008	2008
Lowest Return	-21.8%	-26.0%
Years with a Loss	4	5

IMPORTANT: The projections or other information generated by this Efficient Frontier tool regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time. Other investments not considered may have characteristics that are similar to or superior to those being analyzed. No investment strategy can guarantee a profit or protect against a loss. The Historical Performance Statistics describe how this asset mix would have performed from 1991 - 2016, assuming that the same asset mix was held throughout the entire period. It is hypothetical in nature and does not represent actual securities or performance information.

This plan is not complete without the "Assumptions" and "Important Disclosures" pages appearing at the end.

CURRENT PORTFOLIO TO PROPOSED ASSET ALLOCATION COMPARISON

The chart below shows the percentage and dollar amount differences at an asset class level between your Current Portfolio and the Proposed Asset Allocation. The Proposed Asset Allocation is consistent with an **Aggressive** risk profile. Investors with an Aggressive risk profile are primarily interested in long-term growth and are willing to take reasonable risks of volatility and losses to achieve it. These investors are comfortable with the volatility and risk of losses that accompanies higher risk investments. This Proposed Asset Allocation is **within the range** of the risk profile assigned to you based on the answers you provided to the Investor Profile. This comparison does not consider specific securities. All percentages are approximate due to rounding.



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RECOMMENDATIONS

- Purchase additional life insurance on Joe's life.
- Establish a plan to efficiently pay potential estate taxes and pass your estate to your heirs.
- Convert John Smith's term insurance to permanent coverage.
- Purchase additional long-term care insurance for Joe.
- Purchase additional long-term care insurance for Lynne.
- Establish a plan of savings for your retirement.

UNDERSTANDING YOUR RISK PROFILE

.....

YOUR RISK PROFILE

Your answers to the questions from the Investor Profile indicate you have an **Aggressive** risk profile. Investors with an Aggressive risk profile are primarily interested in long-term growth and are willing to take reasonable risks of volatility and losses to achieve it. These investors are comfortable with the volatility and risk of losses that accompanies higher risk investments.

In determining your general risk profile, the following analysis considered your comfort level with risk, financial goals, investment time horizon, and future income potential, as indicated by your answers to the questions.

INVESTOR PROFILE

For your reference, the questions from the Investor Profile are shown below. Your answer for each question is also indicated.

1. What is your primary goal for these invested assets?

Goal	Preservation of principal	Generate income	Income with some growth	Growth with some income	Capital appreciation & growth
General Asset Allocation					X
Retirement					X

2. How many years do you plan to invest these assets before you anticipate making withdrawals?

Goal	Less than 3 years	3 to 5 years	5 to 10 years	10 to 20 years	More than 20 years
General Asset Allocation			X		
Retirement			X		

3. Once you have reached the point where you would like to take withdrawals from these assets, how long will you be making withdrawals from this investment?

Goal	One time lump sum distribution	1 to 5 years	5 to 10 years	10 to 20 years	More than 20 years
General Asset Allocation				X	
Retirement				X	

4. At times, extremely conservative investments may earn less than the rate of inflation. This may result in the loss of purchasing power. Which of the following statements best aligns with your goals and objectives?
- a) This is a long term investment and my goal is to significantly exceed the rate of inflation. I am willing to accept considerable risk and substantial market volatility to achieve this goal.
 - b) Over time, I can ignore fluctuations in investment value to achieve my goal of meaningful growth and exceeding the rate of inflation.
 - c) It is important that these investments match or exceed the rate of inflation. I am comfortable with moderate fluctuations in the value of these investments.
 - d) I am willing to tolerate small fluctuations in principal value to allow for the opportunity of my investments to grow at the same rate of inflation.
 - e) These assets should be safe, even if it means the returns do not keep pace with the rate of inflation.

Goal	Statement a	Statement b	Statement c	Statement d	Statement e
General Asset Allocation		X			
Retirement		X			

5. Carefully consider the following hypothetical portfolios. Which portfolio would you be comfortable owning despite the potential of short term volatility and decrease in value?

Hypothetical Portfolio	Worst 3 Month Return	Worst 12 Month Return	Average Annual Return
a) Portfolio A	-7%	-7%	5.0%
b) Portfolio B	-14%	-18%	5.5%
c) Portfolio C	-19%	-25%	6.0%
d) Portfolio D	-24%	-33%	6.5%
e) Portfolio E	-35%	-47%	7.5%

These are hypothetical portfolios and are not meant to be representative of any investment or investment strategy.

Goal	Option a	Option b	Option c	Option d	Option e
General Asset Allocation		X			
Retirement		X			

6. The degree in which the value of an investment increases and decreases is one measure of risk. More volatile investments generally offer greater long term growth potential than less volatile investments; however, they may produce greater losses. With how much volatility are you comfortable?

Goal	I'm not comfortable with any volatility	I prefer to minimize volatility and focus on stability	I don't mind modest volatility to create a potential for growth	I'm comfortable with moderate volatility to increase potential returns	I expect substantial volatility in pursuit of higher returns
General Asset Allocation				X	
Retirement				X	

7. Other secure assets that I own, such as permanent cash value life insurance, personal savings accounts, pension, and fixed income assets, form a substantial portion of my net worth and should be taken into consideration when determining my asset allocation.

Goal	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
General Asset Allocation				X	
Retirement				X	

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8. I believe the stability of my current and future income sources, (not including these investments), is:

Goal	Very stable	Stable	Somewhat stable	Unstable	Very unstable
General Asset Allocation	X				
Retirement	X				

9. If you could increase the opportunity to improve your returns by investing in riskier assets, would you be willing to take:

Goal	A small amount of risk with some of your money	A small amount of risk with most of your money	A moderate amount of risk with some of your money	A moderate amount of risk with most of your money	Substantial risk with all of your money
General Asset Allocation			X		
Retirement			X		

10. Carefully consider the following hypothetical portfolios and hypothetical returns. With which portfolio are you most comfortable?

Hypothetical outcome of \$100,000 invested for three years

\$100,000 Investment	Worst Case	Best Case
a) Portfolio A	\$110,000	\$165,000
b) Portfolio B	\$105,000	\$170,000
c) Portfolio C	\$100,000	\$175,000
c) Portfolio D	\$85,000	\$185,000
e) Portfolio E	\$70,000	\$200,000

These are hypothetical portfolios and are not meant to be representative of any investment or investment strategy.

Goal	Option a	Option b	Option c	Option d	Option e
General Asset Allocation					X
Retirement					X

11. What best describes your philosophy and strategy towards investing?

- a) I am unaffected by short term market movements and stay focused on my long term strategy of capital appreciation and growth.
- b) Although I may have some concerns, I am typically a very patient investor with a *wait and see attitude* in regards to my long term growth strategy.
- c) I can get anxious during market swings; and at times, may change my strategies because of this.
- d) I am uncomfortable with market volatility which is why I typically focus on preservation of capital and current income.
- e) I have never invested.

Goal	Statement a	Statement b	Statement c	Statement d	Statement e
General Asset Allocation			X		
Retirement			X		

ASSUMPTIONS

The following assumptions have been used in preparing this analysis. Since the results of this analysis are very sensitive to the assumptions, it is important to review them on a regular basis.

TAX ASSUMPTIONS

You have chosen to assume that the “Pre-Retirement” tax rate(s) shown below will be applied for all incomes before retirement and the “Retirement” tax rate(s) shown below will be applied to all incomes during retirement and to assume that the state tax rate is 0%, and all deductions and exemptions, other than those for qualified plans and IRA contributions, will be ignored. As for taxes on your estate, this plan assumes the estate and gift tax rates adopted by Congress on January 1, 2013 by the American Taxpayer Relief Act of 2012 (ATRA, ‘The Act’). The estate tax exemption for 2017 is \$5,490,000 per person (subject to inflation), or \$10,980,000 per couple. The portability of an unused spousal exclusion has also been made permanent by the Act. The top tax rate bracket is 40%. Estate and gift taxes continue to be unified, as part of the permanent part of the Act. The stepped-up basis provisions that were extended in the prior tax act are continued and made permanent.

Planning Analysis	-----Income Tax Rate-----	
	Pre-Retirement	Retirement
Retirement	31.17%	31.43%
Survivor Income		
When Joe Dies	31.17%	31.43%
When Lynne Dies	31.17%	31.43%
Long-Term Care		
At Joe's Long-Term Care	31.17%	31.43%
At Lynne's Long-Term Care	31.17%	31.43%
Other		
Dependents	0.00%	0.00%

This plan makes the following assumptions about expected rates of return, and component return, for investment asset classes. These component return assumptions are used where there is different tax treatment for different types of investment returns. The assumed rates of return are geometric mean returns, which are lower than arithmetic mean returns:

Asset Class	Interest	Dividends	Capital Gains	Tax Free	Deferred Growth	Expected Return*	Standard Deviation
US Equity - Large Cap	0.00%	2.04%	2.77%	0.00%	0.73%	5.54%	17.89%
US Equity - Mid Cap	0.00%	1.65%	3.29%	0.00%	1.64%	6.58%	20.94%
US Equity - Small Cap	0.00%	1.32%	3.53%	0.00%	2.21%	7.06%	20.61%
Int'l Developed Markets	0.00%	3.37%	3.68%	0.00%	0.31%	7.36%	25.77%
Int'l Emerging Markets	0.00%	2.72%	3.11%	0.00%	0.39%	6.22%	26.36%
Real Estate Securities	0.00%	6.05%	3.00%	0.00%	0.95%	10.00%	23.59%
Commodities	0.00%	0.00%	0.37%	0.00%	1.16%	1.53%	19.35%
Fixed Income	3.86%	0.00%	0.00%	0.00%	0.00%	3.86%	3.08%
Other	0.00%	2.04%	2.77%	0.00%	0.73%	5.54%	17.89%
Cash	2.32%	0.00%	0.00%	0.00%	0.00%	2.32%	2.40%

*Geometric mean

INFLATION ASSUMPTION

3.30%

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SURPLUS AND LIQUIDATION RATES OF RETURN

Planning Analysis	-----Annual Rate of Return-----	
	Pre-Retirement	Retirement
Retirement /Long-Term Care	6.00%	6.00%
Survivor Income		
Joe's Death	6.00%	6.00%
Lynne's Death	6.00%	6.00%

The amounts and dates above are based on information provided by you. Return rates used for the growth of investments are hypothetical assumptions you believe are reasonable for this plan and are not guarantees or projections.

IMPORTANT DISCLOSURES

Page 1 of 11

Northwestern Mutual's Planning Approach: We follow a disciplined and comprehensive approach to financial security planning that rests on three core principles: 1) protection against risk; 2) accumulation of wealth; and 3) wealth preservation and distribution, including leaving a legacy.

Northwestern Mutual financial advisors distinguish themselves by designing plans that can achieve your goals using these core principals. Once the financial plan has been created, the next step in the financial security planning process is to select the right insurance and investment products and services to implement the plan.

We don't believe in taking the kinds of risks necessary to "beat the market," risks that inevitably lead to investment losses in less favorable times. In fact, our approach is to minimize risk without sacrificing the potential for growth. However, no approach used in the plan can guarantee a profit or protect against loss.

Northwestern Mutual's Planning Process: We establish enduring relationships with our clients, typically meeting with them at least once a year to see what has changed and to make sure their course continues to be true. Your Northwestern Mutual financial advisor will help you define your financial needs, assess your current circumstances, compare them with your goals, and chart a path to a more secure financial future. This is not a one-size-fits-all process. Depending on your needs and priorities, and what you decide is appropriate in your circumstance, this Personal Planning Analysis ("plan") might be focused on a specific need and may be fairly limited in scope and time. Alternatively, it might be more comprehensive, encompassing a variety of needs over a longer period of time.

Depending on your circumstances, this plan may recommend you increase the amount you are saving/investing to reach retirement income, education funding or other wealth accumulation goals. It may include an asset allocation recommendation to diversify investment holdings to be in alignment with your risk tolerance and time horizon. It may also recommend that you acquire life, disability, and/or long-term care insurance coverage to protect against risk.

One reason your financial advisor has developed this plan with you is to determine whether, or how, your needs can be met using any of the products and services your financial advisor can offer you. However, you are under no obligation to purchase anything. You are free to implement any part of this plan with any product provider, or not at all.

About Our Qualifications: Should you decide to implement your plan, your financial advisor is able to work with you in a variety of different ways:

- As an agent of The Northwestern Mutual Life Insurance Company (NM), your financial advisor is licensed as an insurance producer. In this capacity your financial advisor is able to sell and service various types of Northwestern Mutual insurance products, such as life insurance, disability income insurance and annuities that can help protect you and your family from adverse financial impact if you die prematurely or become disabled and also may give you financial security during retirement. Your financial advisor is part of Northwestern Mutual's exclusive distribution system. Exclusivity means that Northwestern Mutual makes its products available for sale only through Northwestern Mutual agents such as your financial advisor and that your financial advisor will offer suitable Northwestern Mutual products to you first. If you choose not to purchase a Northwestern Mutual product, or if Northwestern Mutual does not manufacture a product that meets your needs, your financial advisor may also be able to sell and service insurance products offered by other companies.
- As an agent of the Northwestern Long Term Care Insurance Company (NLTC), your financial advisor is able to sell and service long-term care insurance that can help to pay for the cost of nursing home or other professional care in your later years.

This plan is not complete without the "Assumptions" and "Important Disclosures" pages appearing at the end.

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- As a registered representative for **Northwestern Mutual Investment Services, LLC (NMIS)**, a broker-dealer and registered investment adviser owned by NM, your financial advisor has a securities registration that enables him/her to sell and service mutual funds from hundreds of fund families, as well as 529 and Coverdell college savings plans, and variable insurance products. Some NMIS registered representatives are able to offer their clients stocks, bonds, ETFs and other securities.
- As a representative of Northwestern Mutual Wealth Management Company, your financial advisor can offer you investment management and advisory services based on his or her qualifications, as well as trust and private client services. NMWMC has disclosure brochures for the different types of services it offers that you may request from your financial advisor.

Titles for professionals in the financial world can be confusing, so let us clarify a few things for you.

Your financial advisor can work with you as an advisor with respect to investment management services. However, your financial advisor does not provide financial planning for a fee and does not receive any compensation for helping clients analyze where they stand compared to their financial goals.

Compensation: Although the financial planning process is important, by itself, it will not meet your needs for financial security. In order to become more financially secure, you have to act. Your financial advisor is compensated only when you “take action,” by purchasing insurance, investments or advisory services. As an insurance agent and registered representative, your financial advisor receives transaction-based compensation in the form of commissions which vary from product to product and are typically expressed as a percentage of the insurance premium paid or the amount paid for an investment or annuity or the accumulated value of investments. Typically, the amount of commission your financial advisor receives is tied to the amount of premium you pay, or the amount that you invest or accumulate in an investment or annuity.

As a representative of NMWMC, your financial advisor receives as compensation a percentage of the advisory fees you pay if you are a client of NMWMC advisory programs, or a percentage of the fees you pay to receive trust or private client services.

Your financial advisor may also receive additional compensation in the form of cash bonuses, non-cash compensation (e.g., achievement recognition, conferences, prizes, awards, preferential servicing) and retirement benefits based on commissions received. Your financial advisor’s total compensation for insurance products is designed to encourage long-term relationships and a quality business.

Northwestern Mutual financial advisors know that in the long run they will benefit most by serving you well. Your interests and theirs align because they rely heavily on the referrals they receive from satisfied clients. Nevertheless, the fact that your financial advisor receives transaction-based compensation when recommending investment and insurance products can present a conflict of interest. Northwestern Mutual addresses this potential conflict of interest by educating its financial advisors to act in your interests and by having a supervisory system that helps to ensure that insurance and investment products are appropriately sold.

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On the investment side, the rate of compensation paid to NMIS registered representatives and NMWMC financial advisors increases if the revenue generated from the sales and servicing of investment products and advisory services reaches certain thresholds. This is typical in the industry. Your financial advisor is eligible for a bonus, depending upon whether they meet specified levels of investment (including advisory services) and insurance production. If they qualify, the bonus rate ranges from 2-5% of their annual investment production. However, it is important to note that because the compensation or bonuses paid to representatives for selling investments and advisory services are not product specific, there is no incentive for them to sell you any particular investment. For information about how NMIS and its registered representatives are compensated for the sale of mutual funds, please refer to the brochure: What Every Investor Should Know About Mutual Funds, available at:

http://www.northwesternmutual.com/legal-information/Documents/920345.pdf?win_type=pdfform

“Northwestern Mutual” refers to The Northwestern Mutual Life Insurance Company (NM) and its subsidiaries. Life insurance (including life insurance with long-term care benefits), disability insurance and annuities are issued by The Northwestern Mutual Life Insurance Company, Milwaukee, WI. Long-term care insurance is issued by Northwestern Long Term Care Insurance Company, Milwaukee, WI, a subsidiary of NM. Investment products are offered through **Northwestern Mutual Investment Services, LLC (NMIS)**, 1-866-664-7737, a dually registered broker-dealer and investment adviser and a wholly-owned company of NM member FINRA and SIPC. Variable annuities and variable insurance are underwritten by NMIS. Investment advisory, investment management, and trust and private client services are offered by Northwestern Mutual Wealth Management Company (NMWMC), a limited purpose federal savings bank and a wholly owned company of NM. Investment products and trust services are not insured by the FDIC and are not deposits or other obligations of or guaranteed by NMWMC, NMIS or NM. All investments are subject to risk including the possible loss of principal invested.

If you see the names of more than one Northwestern Mutual financial representative on the cover page of this plan, the above disclosures assume that your financial advisor is the person whose name appears first, at the top of the list, who is assumed to have prepared this plan for you. Other representatives listed on the cover page of this plan may have different affiliations or capabilities. Please see those representatives for more information about how they do business.

Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, CFP® (with plaque design) and CFP® (with flame design) in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements. The Chartered Advisor for Senior Living (CASL®) designation is conferred by The American College of Financial Services.

Assumptions in Your Plan: Planning is useful for a variety of obvious reasons, but under no circumstances should you believe that this plan is a prediction or projection about the future. In some parts of this plan, you estimate what you think your income and expenses will be in the future. You may also estimate inflation, taxes, and how your investments will perform. Think of this plan as one large “what if” scenario. You may instruct your financial advisor to use any assumptions that you believe are appropriate for your plan. Your financial advisor, NM, and its subsidiaries are not projecting or forecasting that the rates that you see in your plan will occur in the future. Charts or illustrations used in this plan are for illustrative purposes and are not intended to represent the performance of any insurance product or investment.

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This publication was compiled by Northwestern Mutual and does not contain legal or tax advice. It is intended solely for the information and education of Northwestern Mutual clients and their legal or tax advisors. It is not intended to be used and cannot be used to avoid any federal tax penalties that may be imposed on a taxpayer. Taxpayers should seek advice regarding their particular circumstances from an independent legal, accounting, or tax advisor. Tax and other planning developments after the original date of publication may affect these discussions.

The Information in Your Plan: The information contained in this plan is for informational purposes only and may not reflect all policies, holdings or transactions, their values, costs, charges, or proceeds in your portfolio. This plan was prepared based on information provided by you and by various other sources. This plan is not an official document or account statement, and has not been audited or verified. You provided the information upon which this plan was prepared however, for some assets that are held with NM or its subsidiaries, your financial advisor may have chosen to gather some of the information in this plan from sources including The Northwestern Mutual Life Insurance Company and Northwestern Long Term Care Company, NMIS, NMWMC, Pershing LLC, member FINRA, NYSE and SIPC (the carrying broker-dealer for NMIS accounts and most NMWMC accounts), and Albridge Solutions (data consolidation). Some investment assets included in this report may be “Direct to Fund” accounts, which mean those assets are maintained and controlled by a mutual fund family or its transfer agent, not NMIS or its clearing broker Pershing. NMIS is a member of SIPC (Securities Investor Protection Corporation), which protects the value of securities in customers’ NMIS accounts up to \$500,000 (including up to \$250,000 for claims for cash). Assets in Direct to Fund accounts held by outside mutual fund families are not covered by NMIS’ SIPC coverage. An explanatory brochure concerning SIPC is available upon request or at www.sipc.org. For additional information regarding excess SIPC protection that NMIS’ clearing firm, Pershing, carries through a private insurer, Lloyds of London, please see www.Pershing.com. For answers to any questions regarding an outside mutual fund family’s SIPC coverage, you may either contact your financial advisor or the appropriate mutual fund family, or refer to the mutual fund family’s statement regarding SIPC membership. SIPC coverage does not protect against potential losses due to market fluctuation.

You should not rely on this plan to determine the value of your assets. Any decisions made by you, based on such information, are made at your risk. The information in this plan does not in any way alter or supersede the terms of any policy, contract, confirmation or statement received from NM, NMIS, NMWMC, their subsidiaries and affiliates, or other organizations. NM, NMIS, NMWMC, and their affiliates do not make any representations or guarantees as to the accuracy of such information. We encourage you to review and maintain the original, official reporting documents relating to the assets in this plan (contracts, policy statements, account statements, confirmations, etc.). You should refer to the official documents when determining the value of your assets. If you elect to purchase any product or service to implement any portion of your plan, please refer to your policy, contract, or most recent confirmation and account statements for detailed information relating to that product or service.

Any valuation of employee stock options or restricted stock (collectively referred to as “ESOs”) that is contained in this plan is solely an estimate for analysis purposes only, and is not intended to constitute advice on whether or how to exercise any ESOs or whether to buy or sell the stock underlying any ESOs. Your financial advisor should be relying upon information you have provided from your employer about the details of the terms regarding any ESOs. ESOs are by their nature more volatile than the underlying shares of stock. Please consult your tax professional or tax advisor regarding the possible tax consequences of exercising or selling ESOs.

This is a plan to assess any long-term care funding needs and not an advertisement to quote premiums for a particular long-term care insurance policy.

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GLOSSARY

Asset: Items or property of value owned by an individual or entity.

Correlation: Correlation is the nature of the relationship between two performance variables. If the variables simultaneously increase or decrease in value a positive correlation exists. If one increases as the other decreases, a negative correlation exists. The correlation coefficient is a measure of the degree of correlation between the two performance variables, such as the rates of returns on stock and on bonds, and is an input used in Modern Portfolio Theory to construct an asset allocation. The range of values for the correlation coefficient is from -1 to +1 inclusive. A correlation coefficient of zero indicates that no correlation exists; a correlation coefficient of 1 implies that the variables move perfectly in lockstep; a correlation coefficient of -1 implies that they move inversely in lockstep. Asset classes tend to correlate more closely during periods of high market volatility, so the benefits of diversification may not be as apparent during such periods. Correlation coefficients shown are based on experiences with simulating asset class prices over a 30 year time period.

Effective income tax rate: The combined state and federal tax rate actually paid on all of your total income. The annual effective rate can be determined by dividing the tax you paid in the year by your total income for the year. The effective rate will always be lower than the marginal income tax rate.

Expected return: The appreciation/depreciation of a hypothetical portfolio expressed as a percentage per year. Expected returns are based on capital market assumptions prepared by the Investment Risk Management Division of The Northwestern Mutual Life Insurance Company. The capital market assumptions are based on a forward looking model which forecasts the performance of the US and World economy over time, and then determines expected asset returns based on that forecast performance. Expected returns may be expressed as either an assumed arithmetic mean or geometric mean. An arithmetic mean is simply the sum of all returns divided by the number of periods over which the return is calculated. This is also called the average return. A geometric mean is the compounded average return of the asset class over time. If there is any volatility in the value of an asset class, the geometric mean will be lower than the arithmetic mean.

The figures shown in this plan for purposes of making a simplified fixed assumption about asset returns assume a 30 year time horizon, and are expected geometric mean returns. We use geometric mean returns for deterministic planning because those returns take into account the cumulative effect of volatility, and are the rates that reflect the experience of investing over time. Expected arithmetic mean returns are used as an input in Modern Portfolio Theory when constructing an asset allocation. Expected return estimates are not meant to forecast the performance of a particular fund or security and do not guarantee future results. Expected return estimates assume reinvestment of all income (dividends and capital gains) and do not account for the impact of taxes, investment costs (such as transaction costs, fees, or other charges associated with the investment), or inflation.

Inflation: General rise in the price of goods and services, which reduces the purchasing power of the dollar.

Marginal income tax rate: The combined federal and state tax rate at which your next dollar of income will be taxed. Typically associated with the “tax-bracket” that someone’s income level falls into, the marginal income tax rate does not consider the effect of exemptions and deductions. The marginal income tax rate is especially useful in evaluating the tax benefit derived from additional income or deductions.

Market capitalization: Number of outstanding shares of stock multiplied by the current price of one share. United States equities are often categorized by their market capitalization, which is an indicator of a company’s size.

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Non-qualified assets: These types of assets generally do not meet federal tax requirements for deferred tax treatment with respect to interest, dividends and realized capital appreciation. Contributions made to these assets are not tax-deductible. Examples of non-qualified accounts/arrangements include personal checking and saving accounts, as well as personal investments such as mutual funds, individual stocks and bonds. Certain non-qualified accounts, particularly personal annuities, qualify for deferred tax treatment on income and gains.

Qualified assets: These types of assets generally meet federal tax requirements for deferred tax treatment with respect to interest, dividends and realized capital appreciation. Contributions made into these accounts by the employer or the employee are generally tax deductible (except for Roth IRAs, Coverdell ESAs and 529 plans). Examples of qualified accounts/arrangements include IRAs, 403(b) plans, 529 plans, 457 plans, pension/profit sharing plans, Simplified Employee Pension (SEP) plans, and 401(k) plans.

Pension: A pension is a sum to be paid regularly or in a lump sum to a person, typically following retirement from service. Income shown in the plan as being from a pension may either be from pension plans or from portfolio income annuities.

Rebalance: The process of adjusting the allocations in a portfolio to realign them with the investor's asset allocation plan. Rebalancing is performed because, over time, the gains and/or losses in each asset class may cause the asset mix in a portfolio to stray from the targets established by the investor. Rebalancing keeps the portfolio in line with the investor's investment goals and risk tolerance level.

Risk (Investments): The possibility of getting a lower return on an investment than expected or losing your principal.

Standard deviation: Standard deviation is most common measure of risk and is a statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. Higher standard deviation numbers indicate higher volatility and greater risk of loss. Standard deviation is used as an input in Modern Portfolio Theory when constructing an asset allocation. Standard deviation assumes a normal bell-curve-shaped distribution of outcomes. Experience has shown that not all returns or losses fall within the pattern predicted by a normal distribution. Standard deviation does not capture the risk of large short-term declines in value such as market losses that occurred in 2008-2009. Standard deviations are determined based simulations of the risk factors that drive asset class returns over time, based on volatility experienced in a 30 year period.

Volatility: The degree to which an investment's return has fluctuated; the variability of an investment's returns. Volatility is the visible, quantifiable manifestation of risk, including the risk of losing your principal. Standard deviation is a measure of volatility.

ASSET CLASS DESCRIPTIONS AND RISKS: An asset class is a group of investments that have similar features and risk/return characteristics. Asset classes are generally organized into three categories: equities, fixed income, and cash/cash alternatives. A brief description of each category and asset class follows, with the abbreviations that will be used to refer to those asset classes in other places when abbreviation is appropriate:

Equities: Equities, also referred to as "stocks", are ownership shares in a company. Although stocks have historically outperformed bonds, they also have historically been more volatile. You should carefully consider your ability to take risk with equities.

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US Equity - Large Cap (LC): Large cap equities are shares of U.S. companies with a median market capitalization of US \$18.5 billion, as represented by the S&P 500® Index.

US Equity - Mid Cap (MC): Mid cap equities are shares of U.S. companies as represented by the S&P MidCap 400® Index which covers 7% of the U.S. equity market and is comprised of companies with a median market capitalization of US \$3.9 billion.

US Equity - Small Cap (SC): Small cap equities are shares of U.S. companies as represented by the S&P SmallCap 600® Index which covers approximately 3% of the domestic equities market covering companies with a median market capitalization of US \$1 billion.

Investing in companies with small and mid-size capitalizations or with shorter operating histories may present more financial and other risks than investing in companies of larger capitalizations and more seasoned companies. Their securities may also trade less frequently and in lower volumes making their market prices more volatile.

International Developed Markets (DEV): International developed markets equities are investments in securities of non-U.S. issuers, as represented by the Morgan Stanley Capital International (MSCI) EAFE® Index, a market capitalization-weighted index representing all of the MSCI developed markets outside North America. It comprises 20 of the 22 countries in the MSCI World Index. Investing internationally, globally or in emerging markets may involve higher expenses and additional risks not present when investing solely in the U.S. markets, including political, currency and financial reporting risks. Emerging and developing markets may be less liquid and more volatile because they tend to reflect economic structures that are generally less diverse and mature and political systems that may be less stable than those in more developed countries.

International Emerging Markets (EM): International emerging market equities are equity investments in emerging and less developed non-U.S. countries, as represented by the MSCI Emerging Markets® Index, a market capitalization-weighted index of over 850 stocks traded in 22 world markets. International emerging markets equities have similar risks to those described above for international developed markets equities.

Real Estate Securities (RE): Real estate securities are shares of a Real Estate Investment Trust (REIT), which is a company that purchases, develops, rents, manages, and sells real estate. REITs provide a way for investors to participate in real estate investments without purchasing and managing individual properties. Investors purchase shares of a REIT in the same way that they purchase stock. Shares of many REITs are traded on major stock exchanges and are represented by the Dow Jones U.S. Select REIT Index. Investing in special sectors, such as real estate, can be subject to different and greater risks than more diversified investing and may present more financial and other risks than investing in companies of larger capitalizations and more seasoned companies. Investing in real estate companies entails some of the risks associated with investing in real estate directly, including sensitivity to general and local economic and market conditions, demographic patterns, changes in interest rates and governmental actions.

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Commodities (COM): Commodities include physical commodities such as oil, metals, or agricultural products such as corn or soybean and are represented by the Dow Jones-UBS Commodity Index, a liquid and diversified benchmark for commodities as an asset class. The index is composed of futures contracts on 19 physical commodities. The Dow Jones-UBS Commodity Index family includes nine sub-indexes that group commodities based on type, plus single-commodity indexes for each of the 19 individual commodities in the broad index, plus Cocoa, Lead, Platinum and Tin. Investment can be made directly in physical assets or commodity-linked derivative instruments, such as commodity swap agreements or futures contracts. Commodity prices fluctuate more than other asset prices with the potential for large losses and may be affected by market events, weather, regulatory or political developments, worldwide competition, and economic conditions.

Fixed Income (FI): Fixed-income securities and bonds are debt securities. They represent a loan made by an investor to a federal, state, or local government/government agency or corporation that has issued a bond to obtain capital. The issuer of the bond promises to pay the investor a specific interest rate (coupon rate) for the use of the investor's money. In most cases, the interest is paid on a regular basis (for example, semi-annually) until the bond matures. (Note: There are also "zero coupon bonds", which accrue interest until maturity. These bonds are generally offered at a discount as a trade-off for deferring interest). The fixed income asset class is represented by debt instruments such as government bonds, municipal bonds, investment grade corporate debt securities, non-investment grade debt securities and mortgage-backed securities, as represented by the Barclays Capital U.S. Aggregate Bond Index.

With fixed-income securities and bonds, when interest rates rise, the price of the assets you own declines, which could negatively affect overall performance. Bond prices correlate inversely with interest rates and this effect is usually more pronounced for longer-term bonds making their prices more volatile. At maturity, the issuer of the bond is obligated to return the principal (original investment) to the investor. Bond funds (mutual funds and ETFs) continuously replace the bonds they hold as they mature and thus do not usually have maturity dates, and are not obligated to return principal. High yield bonds present greater credit risk than bonds of higher quality. Bond investors should carefully consider risks such as interest rate risk, credit risk, liquidity risk, securities lending risk, repurchase and reverse repurchase transaction risk. Currently, interest rates are at unprecedented historically low levels. A significant rise in interest rates in a short period of time would cause losses in the market value of any bonds or bond funds that you own.

Other (OTH): Investments that cannot be readily categorized into one of the specified asset classes are categorized as "Other." For purposes of modeling or simulation, it will be assumed that investments categorized as "Other" are invested in the U.S. Equity – Large Cap asset class, using the assumptions for that asset class that are disclosed. Because this is a purely arbitrary assumption, the U.S. Equity – Large Cap asset class may not represent the actual risk and return characteristics of assets you have classified as "Other."

Cash or Cash Alternatives (CSH): Cash or Cash Alternatives are highly liquid, relatively safe investments which can be easily converted into cash. Cash alternatives include interest-bearing savings and checking accounts, Treasury bills (T-bills), Certificates of Deposit (CDs), and money market accounts (including money market mutual funds) and are represented by the Citigroup 3-Month Treasury Bill Index.

An investment cannot be made directly in an index.

Small cap equities, international equities, and real estate securities are generally more volatile than large cap equities and bonds.

This plan is not complete without the "Assumptions" and "Important Disclosures" pages appearing at the end.

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ASSET ALLOCATION DISCLOSURES

IMPORTANT: The projections or other information generated by this Asset Allocation output regarding the likelihood of various outcomes are hypothetical in nature, do not reflect actual investment or life results and are not guarantees of future results. Results may vary with each use and over time. Other investments not considered may have characteristics that are similar to or superior to those being analyzed.

The asset allocation models presented are based on generally accepted investment theories and methods as explained below. All the material facts and assumptions on which these models are based are disclosed herein. To the extent that any specific investment alternatives are identified in this plan, or otherwise, there are other investment alternatives that have similar risk and return characteristics that may be available. Please ask your financial advisor for more information. In applying any asset allocations presented, you should consider any of your other assets, income and investments when making investment decisions.

Modern Portfolio Theory: The asset allocation models were developed using Modern Portfolio Theory (MPT), based on the Nobel Prize winning research of Harry Markowitz. Markowitz identified and analyzed the trade-off facing each investor: risk versus expected return. Markowitz ultimately determined that the investment decision facing investors was not simply which securities to own, but rather how to divide an investor's wealth among different asset classes.

Using Mean-Variance Optimization to Construct an Efficient Frontier: MPT uses a technique known as Mean-Variance Optimization (MVO) to develop asset allocations. MVO provides a statistical method for creating portfolios where particular asset class allocations are employed to attempt to maximize return for a given level of risk or minimize risk for a given level of return. MVO involves constructing diversified portfolios using estimates of future asset class behavior (expected return), standard deviation of each asset class, and correlation (or lack thereof) of the asset classes to one another (see below). The efficient frontier illustration assumes a time horizon of 30 years and the reinvestment of all dividends and other earnings. The resulting asset allocation mixes are typically referred to as "efficient" portfolios. MVO creates a number of portfolio mixes that qualify as efficient, and plots these allocations as distinct "points" on a risk and return graph which produces a curved line generally referred to as the "efficient frontier." As you move up the curve, this efficient frontier represents each subsequent "point" as having slightly more risk and return than the previous allocation. There are many efficient portfolio mixes along the efficient frontier.

Selecting Your Asset Allocation on the Efficient Frontier: The particular allocation that you select should reflect your risk profile and investment objectives and will be referred to as the optimal portfolio. In this report, the "optimal" portfolio allocation is also referred to as the "proposed asset allocation."

Asset Class Assumptions: The following assumptions were used to develop the asset allocation options presented in this report. For a detailed description of each asset class, please see the Asset Class Descriptions and Risks section of these disclosures. The Expected Return-Geometric is displayed as the rate of return which is assumed you will earn on an asset class over time, and is the rate shown in your plan. The Expected Return-Arithmetic is the rate of return that was used by NMWMC, combined with Standard Deviation and the Correlation Coefficients, to perform MVO and create the portfolio mixes.

Asset Class	Expected Return-Geometric*	Expected Return-Arithmetic	Standard Deviation
US Equity – Large Cap	5.54%	6.96%	17.89%
US Equity – Mid Cap	6.58%	8.54%	20.94%

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Asset Class	Expected Return-Geometric*	Expected Return-Arithmetic	Standard Deviation
US Equity – Small Cap	7.06%	9.00%	20.61%
Int'l Developed Markets	7.36%	10.19%	25.77%
Int'l Emerging Markets	6.22%	9.24%	26.36%
Real Estate Securities	10.00%	12.31%	23.59%
Commodities	1.53%	3.24%	19.35%
Fixed Income	3.86%	3.90%	3.08%
Other	5.54%	6.96%	17.89%
Cash	2.32%	2.33%	2.40%

*Geometric mean with 30 year time horizon.

Correlations: The following asset class correlation coefficients were used:

Asset Class*	LC	MC	SC	DEV	EMR	RE	COM	FI	OTH	CSH
LC	1.00									
MC	0.79	1.00								
SC	0.69	0.86	1.00							
DEV	0.76	0.66	0.58	1.00						
EMR	0.58	0.63	0.62	0.74	1.00					
RE	0.66	0.60	0.60	0.55	0.46	1.00				
COM	0.28	0.32	0.26	0.43	0.48	0.31	1.00			
FI	-0.01	-0.05	-0.10	-0.10	-0.05	0.04	-0.09	1.00		
OTH	1.00	0.79	0.69	0.76	0.58	0.66	0.28	-0.01	1.00	
CSH	0.04	0.00	0.01	-0.02	-0.03	0.01	-0.01	0.09	0.04	1.00

* LC = US Equity - Large Cap, MC = US Equity - Mid Cap, SC = US Equity - Small Cap, DEV = International Developed Markets, EMR = International Emerging Markets, RE = Real Estate Securities, COM = Commodities, FI = Fixed Income, OTH = Other, CSH = Cash

Constraints: We use a combination of individual and group constraints with regard to our asset classes that affect the characteristics of the efficient frontier and the asset mixes of the model portfolios and the proposed asset allocation. The following constraints were used in the construction of our model portfolios.

US Equity: US Equity allocation is split between asset classes according to the following breakdown: US Equity – Large Cap 70%; US Equity – Mid Cap 20%; US Equity – Small Cap 10%.

International Equity: Overall International Equity allocation is limited to a maximum of 40% of the total equity allocation. The international allocation is split between asset classes according to the following breakdown: International Developed Markets 67%; International Emerging Markets 33%.

Real Estate Securities: Maximum of 6% of portfolio.

Commodities: Maximum of 5% of portfolio.

Fixed Income: Minimum of 2%.

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Non-Fixed Income asset classes must be equal to or greater than 3% of the total portfolio to be included in the model portfolios. If an asset class such as US Equity – Small Cap or International Emerging Markets is less than 3%, the allocation would roll up into the other asset classes within US Equity or International. All percentages are rounded to the nearest whole number.

Material market or economic conditions may positively or negatively affect the results portrayed in the efficient frontier curve. Your results may be better or worse than the estimates of the efficient frontier curve. Please remember that all investments carry some level of risk. Investments do not typically grow at an even rate of return. Financial markets are unpredictable and future performance cannot be guaranteed. Investments are subject to market risks, including potential loss of principal. All results do not reflect the deduction of investment advisory fees. Your returns will be reduced by those fees and by any other management expenses your account(s) may incur. Performance results do not reflect securities transaction costs unless otherwise stated.

Indices used for Historical Performance Statistics: The Historical Performance Statistics provided with the Efficient Frontier Analysis are based on the historical performance of the market indices which are identified in the **Asset Class Descriptions and Risks** above.

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