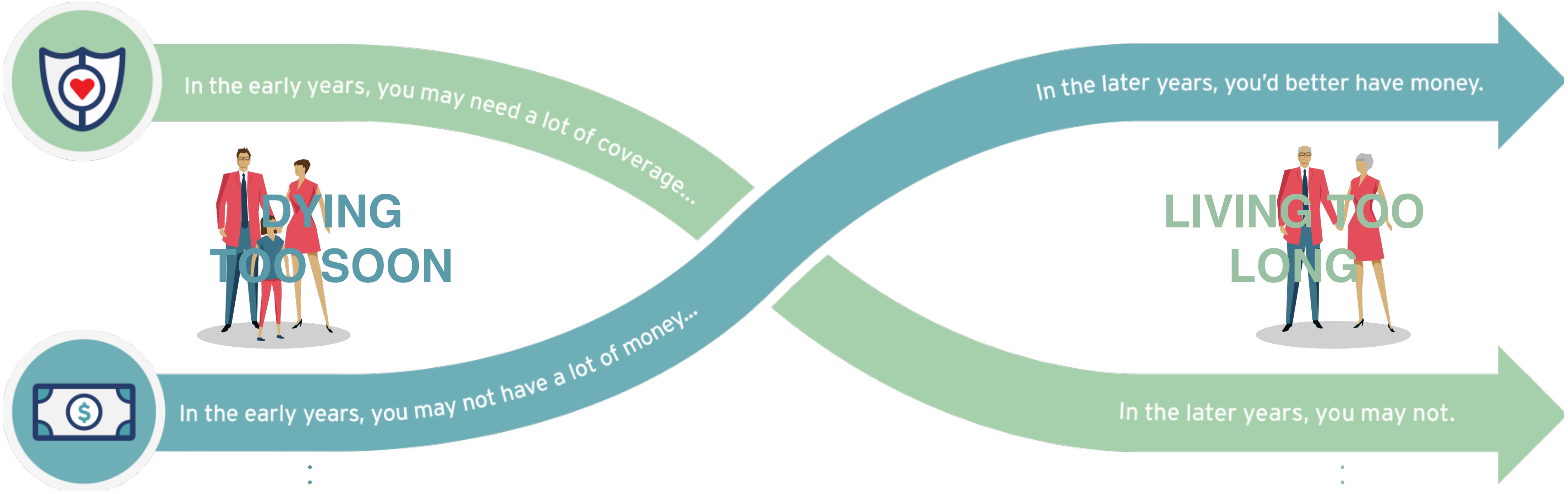
Income Protection

Two Problems- Dying too Soon and Living too Long

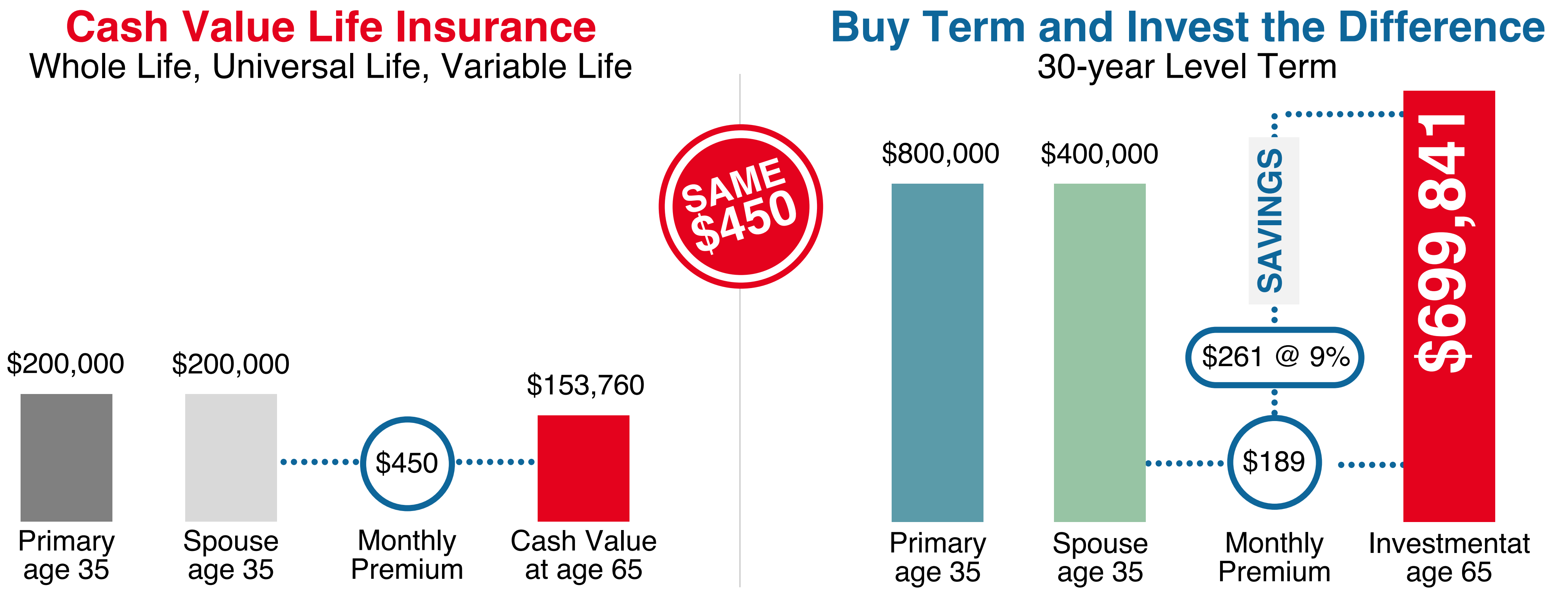


Today	At Retirement
Young children	Grown children
High debt	Lower debt
House mortgage	Mortgage Paid
Loss of income would be devastating	**Retirement income needed**

What is Life Insurance For?

- Life Insurance is the Foundation of your Financial Plan
- Life Insurance is income protection
- Your income provides for expenses of your family
- Life Insurance provides a lump sum to replace the future earnings that someone would earn
- The goal is to one day be self insured with savings and investments at which time you can drop your coverage

Term vs. Cash Value

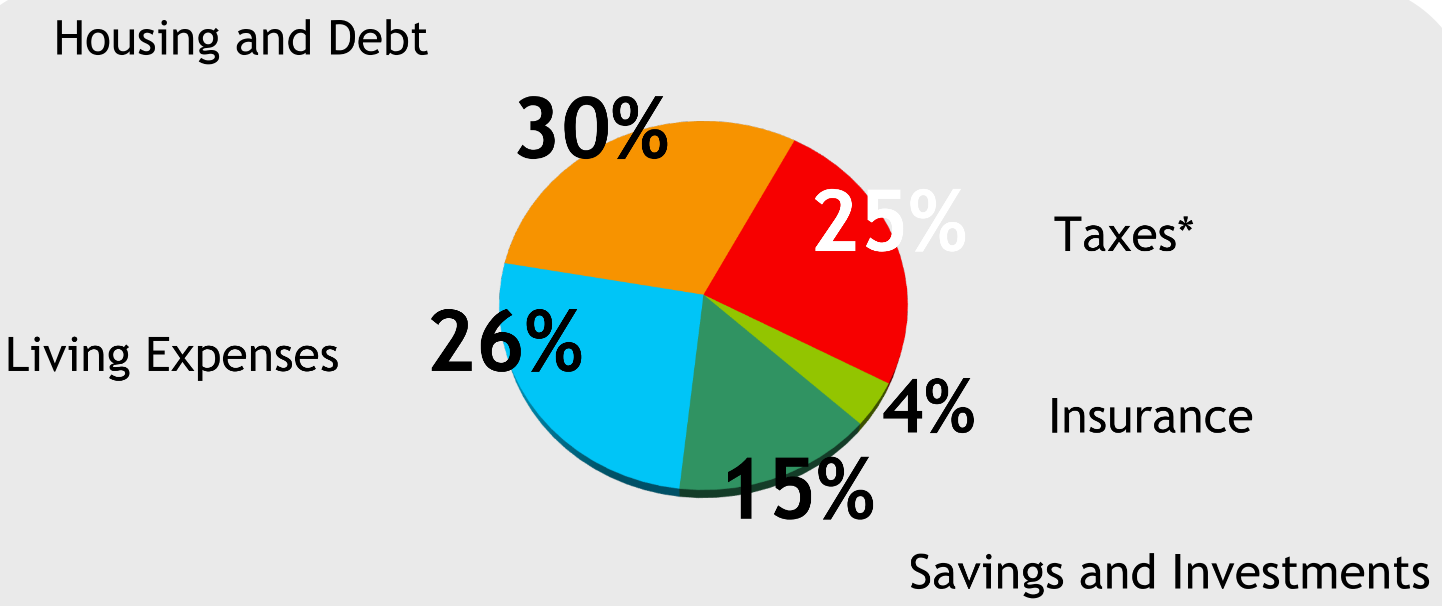


Which program would you want?

Monthly premium and accumulated cash value for cash value policies is an average of whole life policies from three major North American life insurance companies for male and female, both age 35 and standard risk. Cash value life insurance can be universal life, whole life, etc., and may contain features in addition to death protection, such as dividends, interest or cash value available for a loan or upon surrender of the policy. Cash value insurance usually has level premiums for the life of the policy. Term insurance provides a death benefit and its premiums increase after initial premium periods and at certain ages. Primerica monthly premium for 30-year Custom Advantage Policy: primary (17CJ0(30)) and spouse rider (17CK0(30)), both age 35, non-tobacco use, underwritten by Primerica Life Insurance Company, Executive Offices: Duluth, GA. The accumulation figure reflects continued investment at the same rate over 30 years at a 9% nominal rate of return compounded monthly and does not take into consideration taxes, fees or other factors, which would lower results. This example uses a constant rate of return, unlike actual investments, which will fluctuate in value. This is hypothetical and does not represent an actual investment.

Not for use in New York.

Find Out Where the Money Should Go



In an ideal budget,
your monthly income
should be divided up between
five main categories of spending.

Budgeting Tips

- Take an honest appraisal of what you spend (budget sheet)
- Look at every bill and see if you can reduce the monthly payment
- Do your best to eliminate as many monthly bills as possible
- Take two weeks and write down every time you spend money
- Carry a small amount of cash on you
- Ask yourself do I want this or do I need this?

Gather the Information You Need to Get Started

Now that you've gathered all of the necessary info, it's time to **build a budget!** Use this worksheet to help you get started.

Monthly Expense	Amount	Date Due
HOME		
Mortgage/Debt	$	
Second Mortgage	$	
Taxes & Insurance	$	
Repairs	$	
Homeowner Association Fees	$	
UTILITIES		
Electric	$	
Gas or Oil	$	
Water & Sewer	$	
Phone (Landline)	$	
Phone (Cellular)	$	
Cable/Satellite	$	
Internet	$	
TRANSPORTATION		
Car Payment 1	$	
Car Payment 2	$	
Gas	$	
Car Insurance	$	
Repairs/Maintenance	$	
Other (tolls, taxis, parking, subway, bus)	$	
INSURANCE		
Life Insurance	$	
Disability	$	
Health Insurance	$	
DEBT PAYMENTS (minimums only)		
Credit Card 1	$	
Credit Card 2	$	
Credit Card 3	$	
Credit Card 4	$	

Monthly Expense	Amount	Date Due
SUBTOTAL (from page 1):	$	
FOOD		
Groceries	$	
Dining Out	$	
FAMILY PURCHASES		
Child Care	$	
Child Support	$	
Alimony	$	
School Tuition Fees	$	
PERSONAL CARE		
Hair Cuts	$	
Prescription Medication	$	
Toiletries/Makeup	$	
Clothing	$	
PETS		
Food	$	
Care vet bills, grooming, etc.	$	
ENTERTAINMENT		
Books & Magazines	$	
Movies & Concerts	$	
Music, Videos & Apps	$	
Hobbies	$	
Other	$	
OTHER		
Cleaning Supplies	$	
Tithes/Donations	$	
Other	$	
Other	$	
TOTAL:	$	

The Three Accounts You Need to Budget

To have a complete savings program,
most people need three types of basic accounts.

Emergency Fund

Short-Term Savings

Long-Term Savings or Investments

Investing entails risk including loss of principal. Shares, when redeemed, may be worth more or less than original value.

Benefits of an Emergency Fund

- Keeps you from borrowing and going deeper in debt
- Empowers you with a sense of control
- Provides security and reduces stress and worry
- Allows you to purchase things cash
- Allows you to make better decisions and creates more investment opportunities

How Much should you have in an Emergency Fund?

- Save 9% to 15% from every check you earn
- Have 6 to 9 months of expenses set aside
- Use a money market account or savings account
- $50,000 to $100,000 will be a good number for most

Have you considered how it would feel to be debt free?

Debt Stacking[1, 2]

Retail Card 1	**$220**	**+$220**			
Credit Card 2	$353	**$573**	**+$573**		
Car Loan	$551	$551	**$1,124**	**+$1,124**	
Credit Card 1	$303	$303	$303	**$1,427**	**+$1,427**
Mortgage	$1,293	$1,293	$1,293	$1,293	**$2,720**
Total	**$2,720**	**$2,720**	**$2,720**	**$2,720**	**$2,720**

	Without Debt Stacking	With Debt Stacking
Payoff	**23 Years**	**9 Years** 14 Years Sooner
Interest Saved	**$0**	**$130,643**
Interest Paid	**$214,442**	**$83,799**
Monthly Payments	**$2,720**	**$2,720**

Once debts are paid off, invest $2,720 each month until age 67 – the total, given a 9% return, is $2.4 million.[3]

1. The examples are for illustrative purposes only.

2. The Debt Stacking concept assumes that: (1) you make consistent payments on all of your debts, (2) when you pay off the first debt in your plan, you add the payment you were making toward that debt to your existing payment on the next debt in your plan (therefore you make the same total monthly payment each month toward your debts) (3) you continue this process until you have eliminated all of the debts in your plan. In the example above, when the retail card is paid off, the $220 is applied to credit card 2, accelerating its payment to $573. After credit card 2 is paid off, the $573 is applied to the car loan for a total payment of $1,124. The process is then continued until all debts are paid off. Note that the total payment per month remains constant.

3. The hypothetical assumes a constant nominal 9% rate of return compounded monthly, unlike actual investments, which will fluctuate in value, and does not include taxes or fees, which would reduce returns. Investing begins once debts have been paid off (at age 44).

The Debt Stacking Concept

Category	Without Debt Stacking	With Debt Stacking
Payoff	23 Years	**9 Years** 14 Years Sooner
Interest Avoided	$0	**$130,643**
Interest Paid	$214,442	**$83,799**
Monthly Payments	$2,720	**$2,720**

- Debt Stacking assumes that you add no additional debt and make the same monthly payment each month using the Debt Stacking method. Debt Stacking assumes that when you pay off the first target account, you then apply the amount of money you were paying toward the first target account to the next target account and continue with this process until you have paid off all the debts you have targeted.