

401(k) Retirement Plan Advice

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Our telephone consultation to answer any of your questions is scheduled for:

Monday, March 26 at 1:00 PM (Eastern Time)

I will contact you through MyFinancialAdvice.com.

I look forward to speaking with you then.

Section 1: 401(k) Basics

- Your 401(k) is an employer-sponsored retirement plan that provides you with a tax-advantaged way to save for retirement. You determine how much you'd like to contribute, and elect to have the money deposited directly into your 401(k) account through payroll deduction.
- Contributions you make to your 401(k) account are made on a pre-tax basis which reduces your taxable income. Your employer may also contribute to your 401(k) on your behalf.
- All contributions and earnings grow tax deferred, meaning they are not taxed until withdrawn. This favorable tax treatment can result in significant savings, and boost growth in your account over time.
- You select your investments from a menu of plan choices, and determine how much of your contribution should be allocated to each investment.
- You can withdraw funds from your 401(k) account, penalty free when certain conditions are met (ex: you reach age 59 ¹/₂). You may also be eligible for in service "hardship" withdrawals, and some companies permit 401(k) employee loans.

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Section 2: Recommendation Checklist & Comments

Based upon the information you've shared with me and your available investment options, I recommend the actions summarized below:

| Action | Yes | No | N/A |
|--|-----|----|-----|
| <ul style="list-style-type: none">Enroll in your company's 401(k) plan | | | ✓ |
| <ul style="list-style-type: none">Initiate/ Change Contribution | ✓ | | |
| <ul style="list-style-type: none">Make a catch-up contribution this year | | ✓ | |
| <ul style="list-style-type: none">Initiate/ Change Investment Selection | ✓ | | |

Contribution amount

- Recommended 2007 monthly contribution

\$250

Comments

I have based my recommendations on:

- Your available 401(k) plan investment options
- Your ability to fund your 401(k) account
- Your risk tolerance, age, retirement funding goals and retirement timeline

Bear in mind that as you experience changes in your financial situation and as your anticipated retirement date approaches, additional analysis and strategic adjustment will be required. It is generally recommended that your 401(k) plan be re-evaluated annually, so that funding levels and investment asset allocation can be reviewed and modified as necessary.

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Section 3: Recommendation Summary

| Report Section | Recommendations/ Notes |
|---|---|
| 4. 401(k) Contribution Recommendations | <ul style="list-style-type: none">• Increase monthly contribution from \$83 to \$250. (Increase of \$167.00 per month) |
| 5. 401(k) Investment Recommendations | <ul style="list-style-type: none">• Adjust current investment allocation to suit risk tolerance and retirement objectives• Use recommended investments/ allocation |
| 6. 401(k) Account Balance & Retirement Income Projections | By following the recommendations provided in this report, your projected 401(k) account value at retirement may more than triple using current assumptions. |
| 7. Additional Retirement Funding Suggestions | Additional options for funding retirement identified for discussion |

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Section 4: 401(k) Contribution Recommendations

The tables below compare your current 401(k) contribution level (Table I), and the contribution level I recommend based on my analysis (Table II).

You fund your 401(k) with pre-tax dollars which reduces your taxable income. I have provided a comparison of estimated tax savings based on current vs. recommended contribution levels (Table III).

I. CURRENT CONTRIBUTION LEVEL

| Your Annual Salary | Your Monthly Contribution | Your Company's Monthly Contribution |
|--------------------|---------------------------|-------------------------------------|
| \$50,000 | \$83 | \$41 |

Notes:

- You are currently contributing 2% of your annual salary
- Employer Match: Your company contributes **50 cents** to your 401(k) account for every **dollar** that you put in, **up to 6%** of your annual salary.

II. RECOMMENDED CONTRIBUTION LEVEL

| Your Annual Salary | Recommended Monthly Contribution | Your Company's Monthly Contribution |
|--------------------|----------------------------------|-------------------------------------|
| \$50,000 | \$250 | \$125 |

Notes:

- By contributing an additional \$167/month, you would reduce your taxable income significantly, and your company's contribution to your 401(k) account would increase by \$84/month. Moving forward, try to contribute 6% of your annual salary to your 401(k) to take full advantage of your company's matching provisions
- Based on your income and filing status, I estimate that you are in the 25% federal income tax bracket. As such, you will only see a 75 cent reduction in take home pay for every dollar you contribute to your 401(k).

III. ESTIMATED 2007 TAX SAVINGS

| Contribution Level | Monthly Contribution | Months Remaining | Estimated Tax Savings |
|--------------------|----------------------|------------------|-----------------------|
| Current | \$83 | 9 | \$150 |
| Recommended | \$250 | 9 | \$450 |

Additional Notes:

- 2007 Maximum Employee 401(k) Contribution: You may contribute up to \$15,500 or 100% of your compensation, whichever is less.
- Contribution Catch-Up Provision: Employees who are 50 years old, or turning 50 in 2007 are eligible to contribute an additional \$5,000 to their 401(k) accounts in 2007.

Section 5: 401 (k) Investment Recommendations

I have evaluated your 401(k) plan investment options relative to your age, risk tolerance, retirement timeline and objectives.

Table I illustrates your current asset allocation, projected investment return(s) and projected balance at retirement.

In Table II you'll find my investment and allocation recommendations, projected return(s) and projected account balance at retirement.

I. CURRENT INVESTMENTS & ALLOCATION

| Current Investments | Current Balance | Current Allocation | Projected Return |
|---------------------|-----------------|--------------------|------------------|
| Money Market | \$16,000 | 100% | 3.5% |

Projected 401(k) Balance at Retirement: **\$56,560**

II. RECOMMENDED INVESTMENTS & ALLOCATION

| Recommended Investments | Current Balance | Current Investment Bal. Transfer | Recommended Allocation | Projected Return* |
|-------------------------|-----------------|----------------------------------|------------------------|-------------------|
| ABC Balanced Fund | \$0 | \$12,000 | 75% | 8% |
| ABC Mid Cap Growth Fund | \$0 | \$2,400 | 15% | 12% |
| ABC US Treasury LT Fund | \$0 | \$1,600 | 10% | 5% |

Projected 401(k) Balance at Retirement: **\$188,600**

Notes:

Your current investment selections/ allocations are not optimal based on your age, risk tolerance and retirement funding goals. The investment selections and allocations I have recommended are more appropriate considering these factors.

* Past performance does not guarantee future results; current performance may be higher or lower than any data quoted. Mutual funds are not insured by the Federal Deposit Insurance Corporation or any other government agency and are neither guaranteed by, nor deposits or other obligations of, any bank or affiliate. Please consider a fund's objectives, risks, charges and expenses carefully before you invest. Please read the prospectus carefully before you invest.

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Section 6: 401(k) Account Balance & Retirement Income Projections

Below you'll find personal retirement data points I collected from your questionnaire (Table I), which provided a foundation for the analysis presented in Table II.

In Table II, I have provided comparative 401(k) account balance and income projections based on your annual retirement income needs.

I. RETIREMENT ANALYSIS DATA

| Current Age | Retirement Age | Annual Retirement Income Need (Pre-Tax) | End Analysis Age |
|-------------|----------------|---|------------------|
| 50 | 65 | \$50,000 | 90 |

II. 401(k) ACCOUNT BALANCE & RETIREMENT INCOME PROJECTIONS

| Comparison Points | Estimated Account Value at Retirement | Estimated Annual Income Stream in Retirement* | Percentage of Annual Retirement Income Need Met |
|--|---------------------------------------|---|---|
| Current Contribution Level & Investments | \$56,560 | \$2,270 | 4.5% |
| Recommended Contribution Level & Investments | \$188,600 | \$7,600 | 15% |

* Today's Dollars

Section 7: Additional Retirement Funding Suggestions

Your 401(k) is an important component of your retirement plan. However, when planning for retirement, it is important to consider all your potential funding sources. There are many retirement savings and funding options available, many of which offer tax advantages. These options include, but are not limited to:

- IRA Account
- Roth IRA Account
- Personal Savings
- Taxable Investment Accounts
- Home Sale
- Inheritance

We can discuss these options in more detail during our telephone consultation.

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Section 8: Comparison Table & Closing Notes

I. 401(k) STRATEGY COMPARISON TABLE

| 401(k) Strategy | Estimated 2007 Tax Savings | Estimated Account Value at Retirement | Estimated Annual Income Stream in Retirement | Percentage of Annual Retirement Income Need Met |
|----------------------|----------------------------|---------------------------------------|--|---|
| Current Strategy | \$150 | \$56,560 | \$2,270 | 4.5% |
| Recommended Strategy | \$450 | \$188,600 | \$7,600 | 15% |

II. CLOSING NOTES

Karen,

The recommendations I've provided should help you increase your 401(k) retirement savings significantly, while reducing your current taxable income. It's important to re-evaluate your 401(k) annually.

If you follow the recommendations I've outlined for you, I estimate that your 401(k) will produce roughly 15% of the income you will need in retirement. We'll discuss how you might make up the difference, and if you like, we can discuss a comprehensive retirement plan review. Through an arrangement with your company, you are eligible for a 10% discount on your next advice session.

I'll call you on Monday, March 26 to discuss this report and answer any questions you might have.

Thank you,

Kevin