

## **Lifetime Income Plan - 4k Per Month Withdrawal**

### **George and Martha Washington**



**Prepared by:**

Mark Fonville, CFP®  
President and Wealth Manager

April 21, 2025

---

# Table Of Contents

|                                                  |         |
|--------------------------------------------------|---------|
| <b>IMPORTANT DISCLOSURE INFORMATION</b>          | 1 - 4   |
| <b>Monte Carlo Results - Income Distribution</b> | 5 - 8   |
| <b>Your Target Portfolio</b>                     | 9 - 10  |
| <b>Glossary</b>                                  | 11 - 12 |

---

# IMPORTANT DISCLOSURE INFORMATION

IMPORTANT: The projections or other information generated by MoneyGuideElite regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results.

The return assumptions in MoneyGuideElite are not reflective of any specific product, and do not include any fees or expenses that may be incurred by investing in specific products. The actual returns of a specific product may be more or less than the returns used in MoneyGuideElite. It is not possible to directly invest in an index. Financial forecasts, rates of return, risk, inflation, and other assumptions may be used as the basis for illustrations. They should not be considered a guarantee of future performance or a guarantee of achieving overall financial objectives. Past performance is not a guarantee or a predictor of future results of either the indices or any particular investment.

MoneyGuideElite results may vary with each use and over time.

Investment advisory and financial planning services provided by Covenant Wealth Advisors.

## MoneyGuideElite Assumptions and Limitations

### Information Provided by You

Information that you provided about your assets, desired income needs, and personal situation are key assumptions for the calculations and projections in this Report. Please review the last page of "Monte Carlo Results" and the "Target Portfolio" page in this Report to verify the accuracy of these assumptions. If any of the assumptions are incorrect, you should notify your Financial Advisor. Even small changes in assumptions can have a substantial impact on the results shown in this Report. The information provided by you should be reviewed periodically and updated when either the information or your circumstances change.

All asset and net worth information included in this Report was provided by you or your designated agents, and is not a substitute for the information contained in the official account statements provided to you by custodians. The current asset data and values contained in those account statements should be used to update the asset information included in this Report, as necessary.

### Assumptions and Limitations

All results in this Report are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. All results use simplifying assumptions that do not completely or accurately reflect your specific circumstances. No Plan or Report has the ability to accurately predict the future. As investment returns, inflation, taxes, and other economic conditions vary from the MoneyGuideElite assumptions, your actual results will vary (perhaps significantly) from those presented in this Report.

All MoneyGuideElite calculations use asset class returns, not returns of actual investments. The projected return assumptions used in this Report are estimates based on average annual returns for each asset class. The portfolio returns are calculated by weighting individual return assumptions for each asset class according to your portfolio allocation. The portfolio returns may have been modified by including adjustments to the total return and the inflation rate. The portfolio returns assume reinvestment of interest and dividends at net asset value without taxes, and also assume that the portfolio has been rebalanced to reflect the initial recommendation. No portfolio rebalancing costs, including taxes, if applicable, are deducted from the portfolio value. No portfolio allocation eliminates risk or guarantees investment results.

MoneyGuideElite does not provide recommendations for any products or securities.

---

# IMPORTANT DISCLOSURE INFORMATION

| Asset Class Name                    | Projected Return Assumption | Projected Standard Deviation |
|-------------------------------------|-----------------------------|------------------------------|
| Cash & Cash Alternatives            | 2.30%                       | 1.50%                        |
| Cash & Cash Alternatives (Tax-Free) | 1.70%                       | 1.50%                        |
| Short Term Bonds                    | 4.00%                       | 4.00%                        |
| Short Term Bonds (Tax-Free)         | 2.50%                       | 4.00%                        |
| Intermediate Term Bonds             | 4.50%                       | 6.00%                        |
| Intermediate Term Bonds (Tax-Free)  | 2.20%                       | 6.00%                        |
| Long Term Bonds                     | 4.50%                       | 10.00%                       |
| Long Term Bonds (Tax-Free)          | 2.30%                       | 10.00%                       |
| Large Cap Value Stocks              | 7.00%                       | 18.00%                       |
| Large Cap Growth Stocks             | 6.60%                       | 19.00%                       |
| Mid Cap Stocks                      | 7.10%                       | 19.00%                       |
| Small Cap Stocks                    | 7.80%                       | 21.00%                       |
| International Developed Stocks      | 7.80%                       | 20.00%                       |
| International Emerging Stocks       | 8.70%                       | 26.00%                       |
| REITs                               | 6.90%                       | 23.00%                       |
| Commodities                         | 4.80%                       | 22.00%                       |
| Fixed Index                         | 3.68%                       | 0.51%                        |
| 3% Fixed                            | 3.00%                       | 0.00%                        |

---

# IMPORTANT DISCLOSURE INFORMATION

## Risks Inherent in Investing

Investing in fixed income securities involves interest rate risk, credit risk, and inflation risk. Interest rate risk is the possibility that bond prices will decrease because of an interest rate increase. When interest rates rise, bond prices and the values of fixed income securities fall. When interest rates fall, bond prices and the values of fixed income securities rise. Credit risk is the risk that a company will not be able to pay its debts, including the interest on its bonds. Inflation risk is the possibility that the interest paid on an investment in bonds will be lower than the inflation rate, decreasing purchasing power.

Cash alternatives typically include money market securities and U.S. treasury bills. Investing in such cash alternatives involves inflation risk. In addition, investments in money market securities may involve credit risk and a risk of principal loss. Because money market securities are neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency, there is no guarantee the value of your investment will be maintained at \$1.00 per share, and your shares, when sold, may be worth more or less than what you originally paid for them. U.S. Treasury bills are subject to market risk if sold prior to maturity. Market risk is the possibility that the value, when sold, might be less than the purchase price.

Investing in stock securities involves volatility risk, market risk, business risk, and industry risk. The prices of most stocks fluctuate. Volatility risk is the chance that the value of a stock will fall. Market risk is chance that the prices of all stocks will fall due to conditions in the economic environment. Business risk is the chance that a specific company's stock will fall because of issues affecting it. Industry risk is the chance that a set of factors particular to an industry group will adversely affect stock prices within the industry. (See "Asset Class – Stocks" in the Glossary section of this Important Disclosure Information for a summary of the relative potential volatility of different types of stocks.)

International investing involves additional risks including, but not limited to, changes in currency exchange rates, differences in accounting and taxation policies, and political or economic instabilities that can increase or decrease returns.

## Report Is a Snapshot and Does Not Provide Legal, Tax, or Accounting Advice

This Report provides a snapshot of your current financial position and can help you to focus on possible accumulation or income distribution strategies, and to create a plan of action. Because the results are calculated over many years, small changes can create large differences in future results. You should use this Report to help you focus on the factors that are most important to you. This Report does not provide legal, tax, or accounting advice. Before making decisions with legal, tax, or accounting ramifications, you should consult appropriate professionals for advice that is specific to your situation.

## MoneyGuideElite Methodology

### Monte Carlo Simulations

Monte Carlo simulations are used to show how variations in rates of return each year can affect your results. A Monte Carlo simulation calculates the results of your Plan by running it many times, each time using a different sequence of returns. Some sequences of returns will give you better results, and some will give you worse results. These multiple trials provide a range of possible results. Monte Carlo Simulations illustrate the likelihood that an event may occur as well as the likelihood that it may not occur. In analyzing this information, please note that the analysis does not take into account actual market conditions, which may severely affect the outcome of the results over the long-term.

In the Monte Carlo simulation in a Lifetime Income Plan, MoneyGuideElite runs 1,000 separate scenarios of your Plan, using the information you entered, while varying the sequence of returns and inflation rates. To create the sequences of returns and inflation rates, MoneyGuideElite starts with the average returns and standard deviations for the portfolio and for inflation. If you are using historical returns, the return, inflation rate, and standard deviations are calculated based on the time period you have selected. If you are using projected returns, the return, inflation rate, and standard deviations are as indicated by you. Standard deviation is a statistical measure of volatility, and indicates how much a typical sequence of portfolio returns (or inflation rates) may vary from the average. A small standard deviation indicates that the returns (or inflation rates) over a period of time will typically be closer to the average than returns or inflation rates with a larger standard deviation.

For each scenario, MoneyGuideElite creates a random sequence of returns and a random sequence of inflation rates (using the average return and standard deviation as guidelines for a range of returns, and the average inflation and standard deviation as guidelines for the range of inflation rates), which it uses to calculate the results for that scenario. Each scenario has a different sequence of returns and inflation rates.

In a Lifetime Income Plan, you can select a Monte Carlo Simulation for an accumulation period, or for an accumulation period followed by a distribution period. When you select only an accumulation period, MoneyGuideElite calculates, using the assumptions you have provided, a range for the amount of money that you could accumulate in the period specified.

---

# IMPORTANT DISCLOSURE INFORMATION

When you select an accumulation period followed by a distribution period, in addition to providing a range for the amount of money you could have at the end of the period specified, MoneyGuideElite also tabulates whether each scenario is successful or unsuccessful. A scenario is counted as successful if you can withdraw the amount specified for the total number of years in the distribution period. A scenario is counted as unsuccessful if the portfolio is depleted prior to the end of the distribution period. The percentage of successful scenarios is shown as the "Likelihood your money could last" for the number of years specified. The highest calculated likelihood that your money could last until the end of the distribution period is 99%. Even a likelihood of 99% does not constitute a guarantee that the outcome will be as projected, because the results presented are based on multiple assumptions, each of which is subject to change as a result of market volatility, economic factors and world events.

## MoneyGuideElite Presentation of Results

### Range of Possible Results Chart

MoneyGuideElite takes the 1,000 Results from the 1,000 scenarios, and puts them in order from highest to lowest, based on the ending portfolio value. The range of these Results is usually very wide. Rather than showing all 1,000 Results, the Chart shows the Results of three of the scenarios that provide a summary of the range of Results from this simulation. The Results are shown in both Current Dollars and Future Dollars.

- High Result - This is the Result of the scenario that had the 25th Highest Result. Only 24 Results were Higher, and 975 were Lower.
- Median Result - This is the Result that was in the middle. This means 499 were Higher, 500 were Lower. It is close to the average Result.
- Low Result - This is the Result of the scenario with the 25th Lowest Result. This means 975 Results were Higher, and only 24 were Lower.

If you selected an accumulation period followed by a distribution period, MoneyGuideElite also displays the percentage of scenarios that were successful as the "Likelihood your money could last" for the number of years specified.

### Portfolio Value Graph

Rather than attempting to graph the Results of all 1,000 scenarios, MoneyGuideElite shows 20 of the Results that provide a representative sample of all the Results. MoneyGuideElite first ranks all 1,000 Results from highest to lowest, based on the ending portfolio value. It then divides them into 20 groups of 50 Results each. For each group, it takes the middle Result, and displays it on the graph. Therefore, each line on the graph represents a group of 50 scenarios that had Results slightly higher or lower than the one shown.

Remember that each scenario had a different sequence of randomly generated returns and inflation rates. While each scenario is a possible outcome, there are other possible outcomes that are not shown. These scenarios illustrate a range of possible returns using the assumptions you specified.

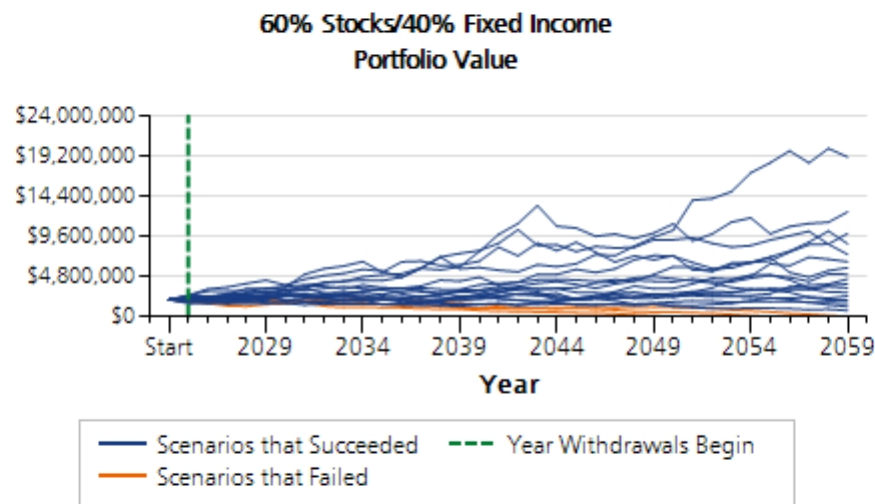
# Monte Carlo Results - Income Distribution

This analysis shows how variations in rates of return can affect the results of the analysis. The simulations were calculated assuming a beginning portfolio value of \$2,000,000, assets and an allocation you have identified, and an after-tax withdrawal of \$4,000 per month starting in 2025. The analysis is for a total period of 35 years-- 0 years of accumulation and 35 years of withdrawals.

The selected target portfolio is 60% Stocks/40% Fixed Income.

This table illustrates the likelihood of sustaining a specified withdrawal amount, given the beginning portfolio value, additions, return assumptions, and time frame that you have indicated. The results shown below include only the assets selected. If any annual additions are included, the additions will occur until the year before the withdrawals begin.

| 60% Stocks/40% Fixed Income                                       |                    |                                |                |
|-------------------------------------------------------------------|--------------------|--------------------------------|----------------|
| Likelihood your money could last for 35 years of distribution is: |                    | 87%                            |                |
| Result                                                            | Years Money Lasted | Hypothetical Value in 35 Years |                |
|                                                                   |                    | Current Dollars                | Future Dollars |
| High Value:                                                       | 35 years           | \$8,110,149                    | \$19,122,120   |
| Median Value:                                                     | 35 years           | \$1,461,998                    | \$3,637,823    |
| Low Value:                                                        | 25 years           | \$0                            | \$0            |



See Important Disclosure Information section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

# Monte Carlo Results - Income Distribution

The chart below displays the year-by-year Portfolio Values for the Low, Median, and High Scenarios from the Monte Carlo Simulation.

| Year / Event             | 60% Stocks/40% Fixed Income |              |              |
|--------------------------|-----------------------------|--------------|--------------|
|                          | Low Value                   | Median Value | High Value   |
| 2025 / Withdrawals Begin | \$1,796,250                 | \$1,995,510  | \$1,915,760  |
| 2026                     | \$1,884,871                 | \$1,747,251  | \$1,959,347  |
| 2027                     | \$1,538,411                 | \$1,907,318  | \$1,868,593  |
| 2028                     | \$1,718,793                 | \$1,877,289  | \$1,973,485  |
| 2029                     | \$1,974,251                 | \$2,219,386  | \$2,423,061  |
| 2030                     | \$1,889,754                 | \$2,589,530  | \$2,826,628  |
| 2031                     | \$1,692,808                 | \$1,981,277  | \$3,259,295  |
| 2032                     | \$1,219,767                 | \$1,894,661  | \$4,109,222  |
| 2033                     | \$1,082,865                 | \$2,043,502  | \$4,234,377  |
| 2034                     | \$1,127,111                 | \$1,873,648  | \$4,331,544  |
| 2035                     | \$1,066,617                 | \$1,545,322  | \$4,293,306  |
| 2036                     | \$1,024,268                 | \$2,051,022  | \$4,705,099  |
| 2037                     | \$916,531                   | \$2,055,740  | \$5,777,901  |
| 2038                     | \$889,022                   | \$2,280,171  | \$7,108,983  |
| 2039                     | \$873,503                   | \$2,595,644  | \$5,697,388  |
| 2040                     | \$709,675                   | \$2,910,690  | \$5,859,449  |
| 2041                     | \$624,980                   | \$3,025,460  | \$5,538,133  |
| 2042                     | \$585,647                   | \$3,286,216  | \$5,334,720  |
| 2043                     | \$526,449                   | \$3,608,125  | \$6,196,696  |
| 2044                     | \$489,016                   | \$3,817,093  | \$5,956,149  |
| 2045                     | \$433,292                   | \$4,210,251  | \$6,310,026  |
| 2046                     | \$413,663                   | \$3,684,488  | \$7,407,635  |
| 2047                     | \$325,552                   | \$4,539,858  | \$7,273,861  |
| 2048                     | \$190,315                   | \$3,461,479  | \$8,428,987  |
| 2049                     | \$92,688                    | \$3,635,642  | \$9,503,578  |
| 2050                     | \$0                         | \$2,719,755  | \$10,333,889 |
| 2051                     | \$0                         | \$2,649,786  | \$13,937,402 |

See Important Disclosure Information section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

---

## Monte Carlo Results - Income Distribution

The chart below displays the year-by-year Portfolio Values for the Low, Median, and High Scenarios from the Monte Carlo Simulation.

| Year / Event | 60% Stocks/40% Fixed Income |              |              |
|--------------|-----------------------------|--------------|--------------|
|              | Low Value                   | Median Value | High Value   |
| 2052         | \$0                         | \$3,315,828  | \$14,127,484 |
| 2053         | \$0                         | \$3,334,085  | \$14,949,736 |
| 2054         | \$0                         | \$3,713,193  | \$17,217,529 |
| 2055         | \$0                         | \$3,411,529  | \$18,429,272 |
| 2056         | \$0                         | \$3,480,010  | \$19,859,343 |
| 2057         | \$0                         | \$3,483,478  | \$18,404,636 |
| 2058         | \$0                         | \$3,547,626  | \$20,134,027 |
| 2059         | \$0                         | \$3,637,823  | \$19,122,120 |

See Important Disclosure Information section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

# Monte Carlo Results - Income Distribution

Your Monte Carlo results were calculated using the following information:

|                                                                                | Client                                                        | Spouse     |
|--------------------------------------------------------------------------------|---------------------------------------------------------------|------------|
| First Name :                                                                   | George                                                        | Martha     |
| Date of birth :                                                                | 02/22/1965                                                    | 02/22/1965 |
| Age :                                                                          | 60                                                            | 60         |
| Monthly withdrawal amount :                                                    | \$4,000                                                       |            |
| At what rate will this withdrawal increase :                                   | Program Estimate                                              |            |
| Year to start withdrawals :                                                    | 2025                                                          |            |
| Number of years money must last :                                              | 35                                                            |            |
| Last year of withdrawals :                                                     | 2059                                                          |            |
| Tax Rate during accumulation period (marginal) :                               | 0.00%                                                         |            |
| Tax Rate after withdrawals begin (average) :                                   | 20.00%                                                        |            |
| Deduct Tax Penalty on early withdrawals from Qualified Assets :                | <input type="radio"/> No <input checked="" type="radio"/> Yes |            |
| Deduct taxes due on untaxed gain in taxable assets selected for reinvestment : | <input checked="" type="radio"/> No <input type="radio"/> Yes |            |
| Inflation rate :                                                               | 2.50%                                                         |            |

The Program will assume that all assets checked will be reinvested into the Target Portfolio you choose.

| Select Asset                        | Description               | Value       | Owner  | Annual Additions |
|-------------------------------------|---------------------------|-------------|--------|------------------|
| <input checked="" type="checkbox"/> | Traditional IRA - Account | \$2,000,000 | George |                  |

See Important Disclosure Information section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

---

# Your Target Portfolio

You selected your Target Portfolio from the Model Portfolios in the list below. Your Target Portfolio should be the one that best meets your needs for Risk and Return. The Program will assume that you re-allocate the assets selected on the Investment Assets page to match the Target portfolio you choose.

| Model Portfolio             | Average Projected Return | Standard Deviation |
|-----------------------------|--------------------------|--------------------|
| 25% Stocks/75% Fixed Income | 4.82%                    | 5.66%              |
| 40% Stocks/60% Fixed Income | 5.36%                    | 7.98%              |
| 50% Stocks/50% Fixed Income | 5.71%                    | 9.69%              |
| Current                     | 5.81%                    | 11.96%             |
| 60% Stocks/40% Fixed Income | 6.05%                    | 11.45%             |
| 65% Stocks/35% Fixed Income | 6.23%                    | 12.33%             |
| 75% Stocks/25% Fixed Income | 6.57%                    | 14.17%             |
| 85% Stocks/15% Fixed Income | 6.93%                    | 16.00%             |
| 99% Stocks/1% Fixed Income  | 7.41%                    | 18.56%             |

See Important Disclosure Information section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.

---

# Your Target Portfolio

**Selected Target Portfolio :** 60% Stocks/40% Fixed Income

**Portfolio Percents by Asset Class**

| Asset Class                    | %  |
|--------------------------------|----|
| Cash & Cash Alternatives       | 1  |
| Short Term Bonds               | 39 |
| Intermediate Term Bonds        | 0  |
| Long Term Bonds                | 0  |
| Large Cap Value Stocks         | 11 |
| Large Cap Growth Stocks        | 5  |
| Mid Cap Stocks                 | 8  |
| Small Cap Stocks               | 8  |
| International Developed Stocks | 20 |
| International Emerging Stocks  | 4  |
| REITs                          | 4  |
| Commodities                    | 0  |
| Fixed Index                    | 0  |
| 3% Fixed                       | 0  |
| Unclassified                   | 0  |

**See Important Disclosure Information section in this Report for explanations of assumptions, limitations, methodologies, and a glossary.**

---

# Glossary

## **Asset Allocation**

Asset Allocation is the process of determining what portions of your portfolio holdings are to be invested in the various asset classes.

## **Asset Class**

Asset Class is a standard term that broadly defines a category of investments. The three basic asset classes are Cash, Bonds, and Stocks. Bonds and Stocks are often further subdivided into more narrowly defined classes. Some of the most common asset classes are defined below.

### ***Cash and Cash Alternatives***

Cash typically includes bank accounts or certificates of deposit, which are insured by the Federal Deposit Insurance Corporation up to a limit per account. Cash Alternatives typically include money market securities, U.S. treasury bills, and other investments that are readily convertible to cash, have a stable market value, and a very short-term maturity. U.S. Treasury bills are backed by the full faith and credit of the U.S. Government and, when held to maturity, provide safety of principal. (See the "Risks Inherent in Investing" section in this Important Disclosure Information for a summary of the risks associated with investing in cash alternatives.)

### ***Bonds***

Bonds are either domestic (U.S.) or global debt securities issued by either private corporations or governments. (See the "Risks Inherent in Investing" section in this Important Disclosure Information for a summary of the risks associated with investing in bonds. Bonds are also called "fixed income securities.")

Domestic government bonds are backed by the full faith and credit of the U.S. Government and have superior liquidity and, when held to maturity, safety of principal. Domestic corporate bonds carry the credit risk of their issuers and thus usually offer additional yield. Domestic government and corporate bonds can be sub-divided based upon their term to maturity. Short-term bonds have an approximate term to maturity of 1 to 5 years; intermediate-term bonds have an approximate term to maturity of 5 to 10 years; and, long-term bonds have an approximate term to maturity greater than 10 years.

### ***Stocks***

Stocks are equity securities of domestic and foreign corporations. (See the "Risks Inherent in Investing" section in this Important Disclosure Information for a summary of the risks associated with investing in stocks.)

Domestic stocks are equity securities of U.S. corporations. Domestic stocks are often sub-divided based upon the market capitalization of the company (the market value of the company's stock). "Large cap" stocks are from larger companies, "mid cap" from the middle range of companies, and "small cap" from smaller, perhaps newer, companies. Generally, small cap stocks experience greater market volatility than stocks of companies with larger capitalization. Small cap stocks are generally those from companies whose capitalization is less than \$500 million, mid cap stocks those between \$500 million and \$5 billion, and large cap over \$5 billion.

Large cap, mid cap and small cap may be further sub-divided into "growth" and "value" categories. Growth companies are those with an orientation towards growth, often characterized by commonly used metrics such as higher price-to-book and price-to-earnings ratios. Analogously, value companies are those with an orientation towards value, often characterized by commonly used metrics such as lower price-to-book and price-to-earnings ratios.

International stocks are equity securities from foreign corporations. International stocks are often sub-divided into those from "developed" countries and those from "emerging markets." The emerging markets are in less developed countries with emerging economies that may be characterized by lower income per capita, less developed infrastructure and nascent capital markets. These "emerging markets" usually are less economically and politically stable than the "developed markets." Investing in international stocks involves special risks, among which include foreign exchange volatility and risks of investing under different tax, regulatory and accounting standards.

## **Asset Mix**

Asset Mix is the combination of asset classes within a portfolio, and is usually expressed as a percentage for each asset class.

## **Current Dollars**

The Results of MoneyGuideElite calculations are in Future Dollars. To help you compare dollar amounts in different years, we also express the Results in Current Dollars, calculated by discounting the Future Dollars by the sequence of inflation rates used in the Plan.

## **Current Portfolio**

Your Current Portfolio is comprised of all the investment assets you currently own (or a subset of your assets, based on the information you provided for this Plan), categorized by Asset Class and Asset Mix.

---

# Glossary

## Expense Adjustments

When using historical returns, some users of MoneyGuideElite include Expense Adjustments. These adjustments (which are specified by the user) reduce the return of the affected Asset Classes and are commonly used to account for transaction costs or other types of fees associated with investing. If Expense Adjustments have been used in this Report, they will be listed beside the historical indices at the beginning of this Report.

## Future Dollars

Future Dollars are inflated dollars. The Results of MoneyGuideElite calculations are in Future Dollars. To help you compare dollar amounts in different years, we discount the Future Dollar amounts by the inflation rates used in the calculations and display the Results in the equivalent Current Dollars.

## Inflation Rate

Inflation is the percentage increase in the cost of goods and services for a specified time period. A historical measure of inflation is the Consumer Price Index (CPI). In MoneyGuideElite, the Inflation Rate is selected by your Advisor, and can be adjusted in different scenarios.

## Likelihood your money could last

The “Likelihood your money could last,” used in a Monte Carlo simulation that includes both accumulation and distribution periods, is the percentage of Monte Carlo scenarios that were successful, using your Plan assumptions. In a Monte Carlo simulation of 1,000 scenarios, if 600 of those scenarios were successful (i.e., you were able to withdraw the annual amount you specified for the number of years you specified), then the “Likelihood your money could last” for that Plan, with all its hypothetical assumptions, would be 60%.

## Liquidity

Liquidity is the ease with which an investment can be converted into cash.

## Monte Carlo Simulations

Monte Carlo simulations are used to show how variations in rates of return each year can affect your results. A Monte Carlo simulation calculates the results of your Plan by running it many times, each time using a different sequence of returns. Some sequences of returns will give you better results, and some will give you worse results.

## Portfolio Set

A Portfolio Set is a group of portfolios that provides a range of risk and return strategies for different investors.

## Portfolio Total Return

A Portfolio Total Return is determined by weighting the return assumption for each Asset Class according to the Asset Mix. Also see “Expense Adjustments.”

## Real Return

The Real Return is the Total Return of your portfolio minus the Inflation Rate.

## Risk

Risk is the chance that the actual return of an investment, asset class, or portfolio will be different from its expected or average return.

## Standard Deviation

Standard Deviation is a statistical measure of the volatility of an investment, an asset class, or a portfolio. It measures the degree by which an actual return might vary from the average return, or mean. Typically, the higher the standard deviation, the higher the potential risk of the investment, asset class, or portfolio.

## Target Portfolio

Target Portfolio is the portfolio you have selected based upon your financial goals and your risk tolerance.

## Time Horizon

Time Horizon is the period from now until the time the assets in this portfolio will begin to be used.

## Total Return

Total Return is an assumed, hypothetical growth rate for a specified time period. The Total Return is either (1) the Portfolio Total Return or (2) as entered by you or your Advisor. Also see “Real Return.”

## Worst One-Year Loss

The Worst One-Year Loss is the lowest annual return that a portfolio with the specified asset mix and asset class indices would have received during the historical period specified.