

Personal Financial Report

Client ID : John Smith

Financial Goals : None

Occupation : Computer programmer and Computer programmer

Age : 35 and 34

Marital Status : Married with 2 dependents

Location : US IN

INCOME & EXPENSES



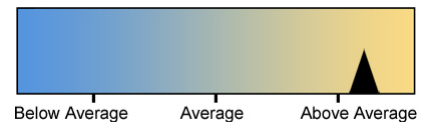
Generally, how do my personal and household earnings look?

Currently, your housing and fixed expense ratios suggest that your household has exercised discretion in the assumption of debt. It is nice that you seem to have kept debt payments to a minimum, as this should allow you more flexibility with your income. Right now, it seems that you have good earnings abilities, compared to others in your profession and region of the country. While your spouse's income may be a bit weaker, your household income generally seems to be at a good level right now, particularly in relation to your liability expenses.

Housing Expense Ratio

Mortgage or Rent Payment / Gross Income
\$0 / \$11,750 = 0.00%

> 29% 25%-29% < 25%



CASH FLOW



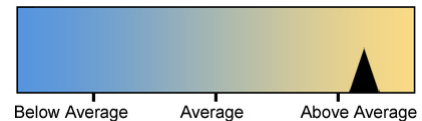
Is my household budget reasonable and how can I improve?

It is pleasing to see your strengths in the wealth and savings area at this time. It seems that you have kept your debt fairly low and additionally have total household expenditures that are in moderation with your income. This is good, as it seems to allow you to retain a good percentage of your income after all necessary expenses. It also should be mentioned that you have received a typical score for your emergency savings. Since this is a general measure of your ability to survive without income, your results in this area are positive.

Recurring Expense Ratio

Recurring Expenses / Gross Income
\$1,635 / \$11,750 = 13.91%

> 41% 36%-41% < 36%



WEALTH & SAVINGS



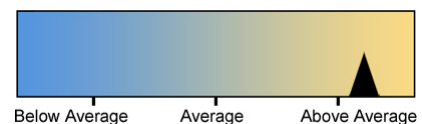
What is my financial situation, with respect to assets and liabilities?

You seem to be doing fairly well at this time. It is nice to see that you have built a good level of net worth for someone your age and have a generally average amount of outstanding debt. Additionally, it is positive to mention that your present debt obligations seem to be well balanced with your liquid assets and your income, as both your working capital and your fixed expense ratios received "good" scores. This is encouraging, as it seems to indicate a general ability to handle your liabilities.

Net Profit Margin

(Gross Income - Total Expenses) / Gross Income
\$3,640 / \$11,750 = 30.98%

< 1% 1%-10% > 10%



INVESTING TIPS

What are some simple things I can do to improve my financial situation?

\$ Since credit card debt typically carries a higher interest rate, a good strategy might be to pay all credit card debt down.

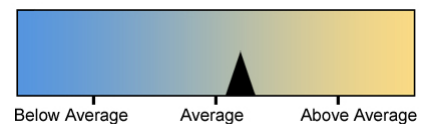
\$ Based upon where you are in life, here are some investments you might consider:

- **Mutual funds:** The volatility of these funds will depend on the aggressiveness of the manager, so you may want to do your research before selecting a particular fund. Small-cap funds, which invest in

Debt To Equity

Total Liabilities / Total Equity
\$296,795 / \$264,705 = 1.12

> 3.50 0.75-3.50 < 0.75



companies with smaller market values, may be a good choice for you.

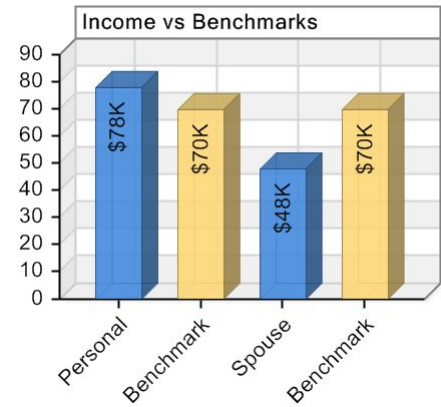
- **Well selected individual publicly traded securities:** Be careful here, as you may only want to invest in companies with simple to understand products. Also, be sure to invest in companies that are consistently profitable. Few people are good at buying individual stocks, so caution is advised.

- Since you have indicated that you are supporting dependents, you might consider investing in an education plan. The Federal Government offers tax free savings bonds, such as Series EE/E bonds, as investment vehicles that can be purchased at any bank for as little as \$25 each. All interest on these bonds is tax exempt as long as simple rules are followed. For more information, visit <http://www.treasurydirect.gov/indiv/products/products.htm>

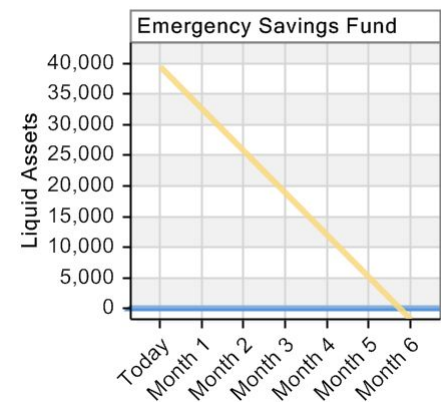
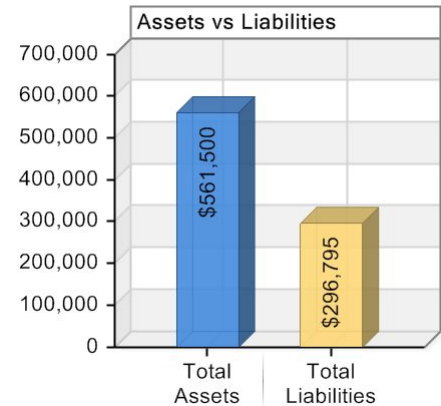
- If you are an employee of a company, see if you can get automatic deductions for savings plans, like 401 K plans and such. The best way to save is to automate the process - have your savings deducted each pay period. It may be a good idea to max out your 401 K or IRA each year, as this is one of the best ways to save for your future. As with any other investment, you do need to carefully watch your portfolio and make wise investment choices.

\$ Here is a good and basic financial checklist that you should review (this is not a complete list but it is a good start):

- Who are the financial professionals you need in life to help you make good decisions generally? Most people need a good accountant, a banker, and an insurance representative.
- Do you have a valid will? Be sure that a licensed attorney has reviewed it.
- What would happen if you were disabled - do you have disability insurance in place? It might be a good idea to see your insurance representative so you can go over all the policies you have in place and those you might require.
- Is your life insurance policy appropriate for where you are in your life? Many times, people don't take the time out to be sure they have adequate life insurance in place. Keep in mind that estate taxes can be quite high when considering how much insurance you really need.
- Try the following books to learn more about investing, generally: The Best Investment Advice I Ever Received by Liz Claman, One Up on Wall Street by Peter Lynch and John Rothchild, and The Total Money Makeover: a Proven Plan for Financial Fitness by Dave Ramsey. If you are a financial professional, two must-read investing books include The Intelligent Investor, by Benjamin Graham and Extraordinary Popular Delusions and the Madness of Crowds by Charles Mackay. Both of these are classics because of their common-sense approach to understanding financial markets and people.



* Industry Benchmarks from US Bureau of Labor Statistics



RAW DATA

Household Income

	Amount	Percent
Personal Gross Wages	\$6,500	55 %
After-Tax Income	\$6,500	55 %
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Spouse Gross Wages	\$4,000	34 %
Spouse After-Tax Income	\$4,000	34 %
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Other Regular Income	\$1,250	11 %
Total Gross Income	\$11,750	100 %
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Total After-tax Income	\$10,500	89 %

Funds used for Housing and Recurring Debt Payments

	Amount	Percent
Credit Cards	\$1,200	73 %
Automobile Loans	\$435	27 %
Sum of Recurring Debt Payments	\$1,635	100 %
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Gross Profit	\$8,865	

Monthly Cash Flow Analysis

	Amount	** US Average	% Difference
Food	\$1,000	\$868	15%
Utilities	\$850	\$371	129%
Household Expenses	\$2,500	\$348	619%
Apparel (clothing and services)	\$0	\$306	-100%
Transportation	\$0	\$1,293	-100%
Gasoline	\$450	\$224	101%
Healthcare	\$0	\$318	-100%
Entertainment	\$0	\$393	-100%
Personal Care	\$0	\$99	-100%
Education	\$0	\$181	-100%
Insurance	\$425	\$75	464%
Other	\$0		
Total Monthly Household Expenses	\$5,225		
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Total Monthly Net Profit	\$3,640		
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Regular Retirement / Investment payments	\$0		
Discretionary Income	\$3,640		

**Annual Household Gross Income between \$120,000 and \$149,999

Assets

	Amount	Percent
Cash / Checking / Savings / Money	\$9,500	2 %
Public Company Stocks / Bonds	\$30,000	5 %

Total Liquid Assets on Hand	\$39,500	7 %
Retirement Accounts	\$11,000	2 %
Approximate Value of Primary Residence	\$475,000	85 %
Automobiles	\$14,000	2 %
Furniture / Fixtures	\$9,500	2 %
Other Assets	\$12,500	2 %
Total Personal Assets / Belongings	\$522,000	93 %
Total Assets	\$561,500	

Liabilities

	Amount	Percent
Balance of all Credit Cards	\$5,795	2 %
Total Current Liabilities	\$5,795	2 %
Automobile Loans	\$8,500	3 %
Loans on Primary Residence	\$265,000	89 %
Other Long-Term Loans / Liabilities	\$17,500	6 %
Total Liabilities	\$296,795	
Total Net Worth	\$264,705	

SAVINGS TIPS

How can I reduce my expenses to save more money?



Apparel (clothing and services) :

You might think about buying clothing out of season. Clothing that needs to be sold to make room for the new clothing season may be discounted to move it quickly.

Purchase clothes that are versatile and can be used for different occasions. This means that you can buy less clothing overall and not be stuck with clothing that only gets used once a year.

Choose clothing that coordinates well so that mix and matching is easy. This will enable you to have more outfits to wear with less clothing.

Consider stocking up on basics such as sleep wear, underwear, and socks if you come across a great bargain.

If you have a credit card, you might consider leaving it at home when going to the mall. This will help you avoid impulse buying and ensure that you are sticking to what you intended to purchase.

Get 10-15% off by opening a department store credit account. However, after you pay off your bill, be sure to cancel the card so it will not continue to be reflected on your credit report.



Education :

Billions of dollars in scholarships and grants are available. With some research on the internet or with the help of a guidance counselor, you may be able to find out which options are best suited for you.

Stick to the basics with school supplies - paying for pens with fancy colors and notebooks with flashy covers is unnecessary on a budget. Be sure to stock up when items you will need go on sale.

Don't get trapped by high prices at the campus bookstore. Consider purchasing your books online or from a previous student to get better deals. Always try to buy your book used if available.

Before you buy new school supplies, evaluate what you already have. Even though it's tempting to buy new things, remember that binders, partially filled notebooks, and other leftover supplies can all be reused.

For college students, a lot of money can be saved by living at home. Consider selecting a local school.

Take advantage of student discounts.



Entertainment :

Try to say no when you really just cannot afford a night out. A night in with friends can be just as enjoyable.

Check out the weekend section of your newspaper. Concerts and other community events that are cheap (or even free!) are generally published each week.

You might consider getting involved in community events - visit a local elementary or high school for their art shows, school plays, band concerts, or even sporting events. This could serve as an easy afternoon or evening of cheap entertainment.

If you decide to pay a visit to the local movie theater, try to take advantage of special deals for matinee showings.



Food :

Your grocery budget includes all money you spend on food. Dining out is part of your grocery budget. The first big and sometimes difficult grocery savings tip is to reduce eating out where possible.

Planning is an essential part of saving money in all areas of your household budget. Investing a little extra time in planning will help maximize grocery savings and reduce the food budget. Grocery savings can easily be increased by simply taking a few minutes to create a menu.

Cut Coupons. Coupons are great if you use them correctly. Look for coupons for products you plan on

purchasing already.

Keep track of the prices you pay for items that you buy more frequently. This way, you will know when you are truly purchasing the item "on sale."

Check at the bottom of the aisles at the grocery store. More expensive items are usually placed right at eye level, whereas the bargain items are usually hiding on a lower shelf.

Consider buying foods like fruits and vegetables directly from the grower. This is often less expensive, as you don't pay extra fees for the food to pass through additional channels.

Think about starting a garden. You can grow many fruits, vegetables, and herbs at little cost.



Gasoline :

Try not to drive somewhere unless it is absolutely necessary. This can save you money in other areas of your budget as well. When you are at home, you avoid many consumer traps and are not as tempted to spend.

Monitor the heating and cooling of your vehicle. Auto air conditioners can reduce fuel economy by 10% to 20%. Also, heater fans and power windows and seats increase engine load; the more load on your engine, the less miles per gallon.

Buy gasoline in the morning or at night, if possible. At these cooler times in the day, gasoline will be the densest. Gas stations charge you for the volume of gasoline, not the density.

Carpool or make use of public transportation if possible. Or, if your destination is close by, consider walking or biking.

If possible, avoid driving during rush hour and other high traffic times.

If you own more than one vehicle, use the one that gets better gas mileage whenever possible.



Healthcare :

It might be a good idea to buy the generic version of over-the-counter medicines, as these are generally less expensive. If your doctor approves, consider buying the generic version of prescription drugs too.

Make sure that your household receives the proper vaccinations, as this will help fight against unwanted doctors visits.

With your doctor's approval, it may be possible to get prescriptions at double the usual dose and then split the tablets in half. This method can save you up to 50% in costs, but is certainly not appropriate for all medications.

The most painless way to avoid significant healthcare expenses is to simply stay healthy. Exercising regularly, eating properly, and engaging in other healthy habits will help minimize your time spent with the doctor.

Since pharmacies may charge significantly different prices for the same drug, call several when looking to fill a prescription.



Household Expenses :

Remodeling or making repairs on your house can be expensive. It is very important to get bids from several different contractors so that you can compare and choose your best option.

Be careful not to sign a contract that requires full payment before the satisfactory completion of your home improvements.

Keep up with even the very small home maintenance tasks. Neglecting small repairs or putting them off until they get worse may lead to very large repairs and possibly even significant damage.

Always read the instructions with any home item you are trying to repair or install. Not only can this save you money, but it can save you a significant amount of time too.

**Insurance:**

When choosing an insurance provider, be sure to shop around. Especially with car insurance, prices can vary by hundreds of dollars from company to company. Pick a provider that will offer you both excellent service and a fair price.

Take advantage of discounts, particularly for car insurance. Examples include multiple car discounts, good student discounts, and discounts from passing defensive driving courses.

If you plan to buy universal life, whole life, or other cash value policies, be sure to hold them for at least 15 years. Otherwise, your life insurance costs can more than double if you cancel after only a few years.

Eliminate duplicate coverage, if possible. If you have adequate health insurance, in some states you may be able to eliminate the duplicate medical coverage in your car insurance policy.

**Personal Care :**

Most of your favorite personal care products have generic or store brand alternatives. Consider switching to lower your personal care expenses.

For hair appointments, try visiting beauty schools or having a friend or family member cut your hair instead of paying more at a full priced salon.

**Transportation :**

Shop around. For long distance trips, remember that your options range anywhere from trains to airplanes. Fares can differ significantly depending on your method of travel and the company or provider you select.

Don't limit yourself to only one arrival or departure destination. You may be able to travel for less to or from a nearby location.

Consider using a travel agent to help you find the best method of transportation. Agents can usually get great deals, and if you find something cheaper elsewhere, it may be possible to negotiate prices.

**Utilities :**

Monitor your thermostat - it does not have to be set on the same temperature all day. Turning it down at night is great if you can remember, or you also might consider investing in a programmable thermostat.

You might consider having an energy audit performed on your home by a local utility company. This will generate ideas for energy saving tips that are tailored specifically to your home.

Turn off your TV, computer, or stereo when you are not at home to save on electricity costs.

Purchase a water saving showerhead. This may help you cut back on the use of hot water.

To save on both heating and cooling costs, seal up air leaks in your house. Filling gaps around chimneys, weatherstripping around windows and doors, and caulking where utilities (like plumbing) come into your home can go a long way.

Turn off water when it is not needed. Although this seems obvious, it is very easy to leave the sink running while you answer the phone, leave your sprinklers on for too long because you went out on an errand, or anything similar.

