



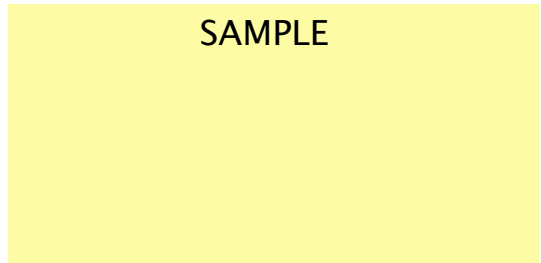
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# *Basic Motivational Summary*

*Prepared Especially For:*

**Billy Madison**

**March 19, 2007**



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## Introduction

Your Basic Motivational Summary provides an overview of how your actions in the near-term dramatically affect your financial future. Your BMS is designed to help you:

- Understand the implications of a standard savings rate
- Identify and react to the cost of delaying action
- Get excited for the future you can still create for yourself
- Receive a generalized kick in the pants

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As in life, nothing is more important to financial planning than simply getting started. The recurring theme you will soon understand by reviewing your toolkit is the importance of taking advantage of today. In short, this likely means you must increase the amount you save. Not next year, or next month, but today. It's not that hard. Go ahead and make one decision today to save one dollar more than you ordinarily would. You are on your way.

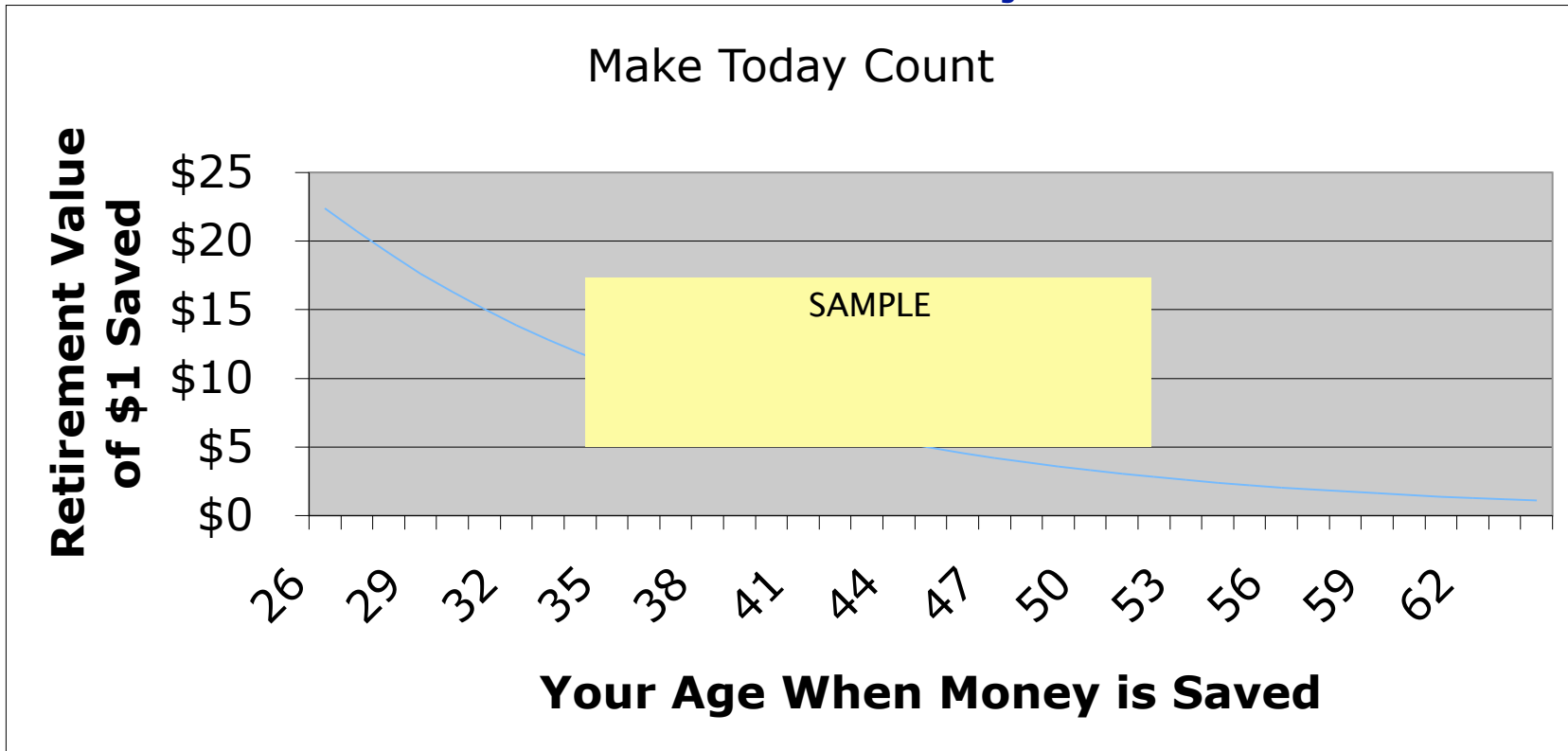
While some sacrifice may be required, truthfully, saving often entails little more than a conscious decision to periodically curb your spending. For additional information on delayed gratification, saving strategies, and how to balance it all, visit [www.totalcandor.com](http://www.totalcandor.com).

To purchase a Comprehensive Personalized Motivational Toolkit, which goes even deeper than this Basic Motivational Summary, return to the Resources section of [www.totalcandor.com](http://www.totalcandor.com) and click on "Personalized Motivation."

For additional resources that can help you meet your goals through an unbiased financial education, including upcoming public workshops, please visit [www.totalcandor.com](http://www.totalcandor.com).

**When?**

**Never a Better Time to Save Than Right Now**



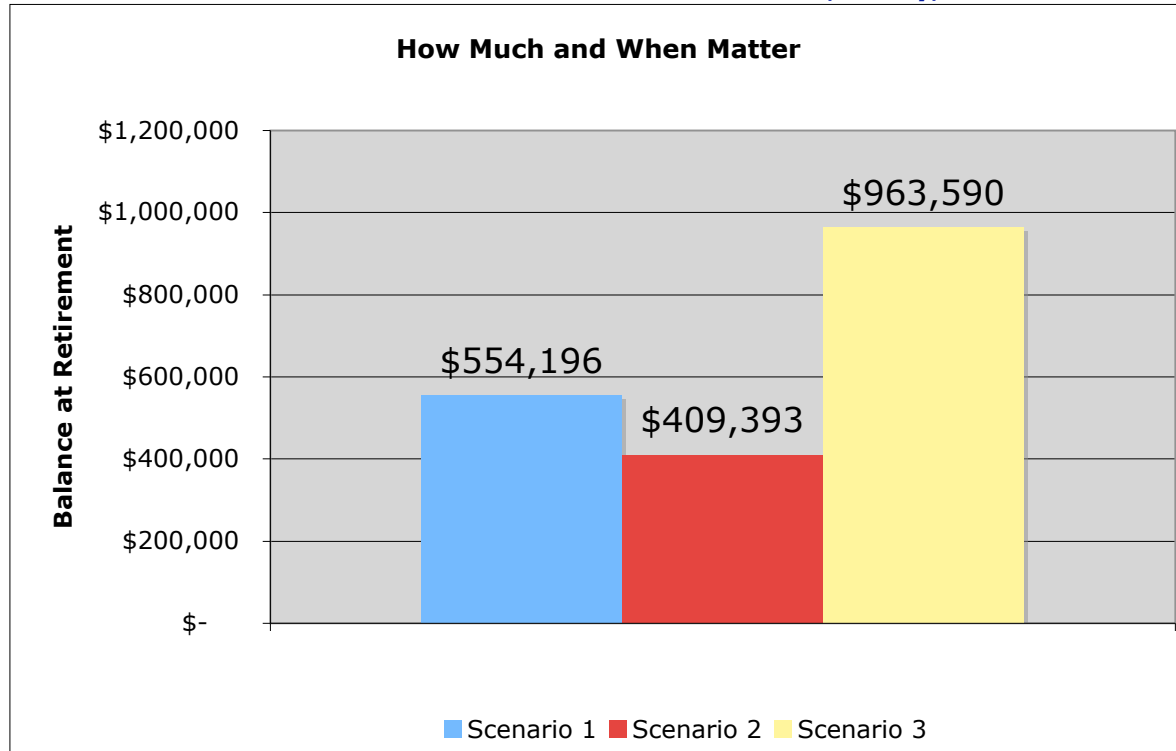
A dollar that you save today will grow to \$22.41 by age 65. But a dollar saved five years from now, when you are 31, will grow to \$15.04. Look at the graph to see how much a dollar saved at age 50 will grow to by the time you retire. Only to \$3.31!

*How to read this graph:*

On the horizontal axis, select an age and find the line. Then, note the coordinating value on the vertical axis. Each dollar that you save at the age selected will grow to that amount by your retirement age.



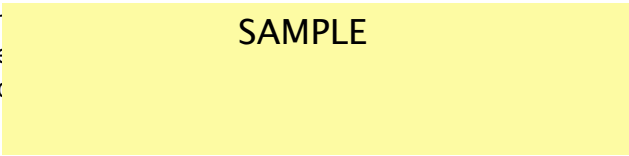
**Your Personal Ben, Henry, and Lauren Scenarios**



Here are your personal scenarios:

	<b>Age Saving Starts</b>	<b>Age Savings Stops</b>	<b># of Years Saved</b>	<b>Total Amount Saved</b>
Scenario 1	26	36	10	\$ 36,000
Scenario 2	36	65	29	\$ 104,400
Scenario 3	26	65	39	\$ 140,400

Just like for Henry in Beyond Paycheck to Paych... times as much—in total—in Scenario 2 compare... only reason this happens: you started saving so



implications for you, too. Despite saving 2.9... money for your retirement in Scenario 1. The

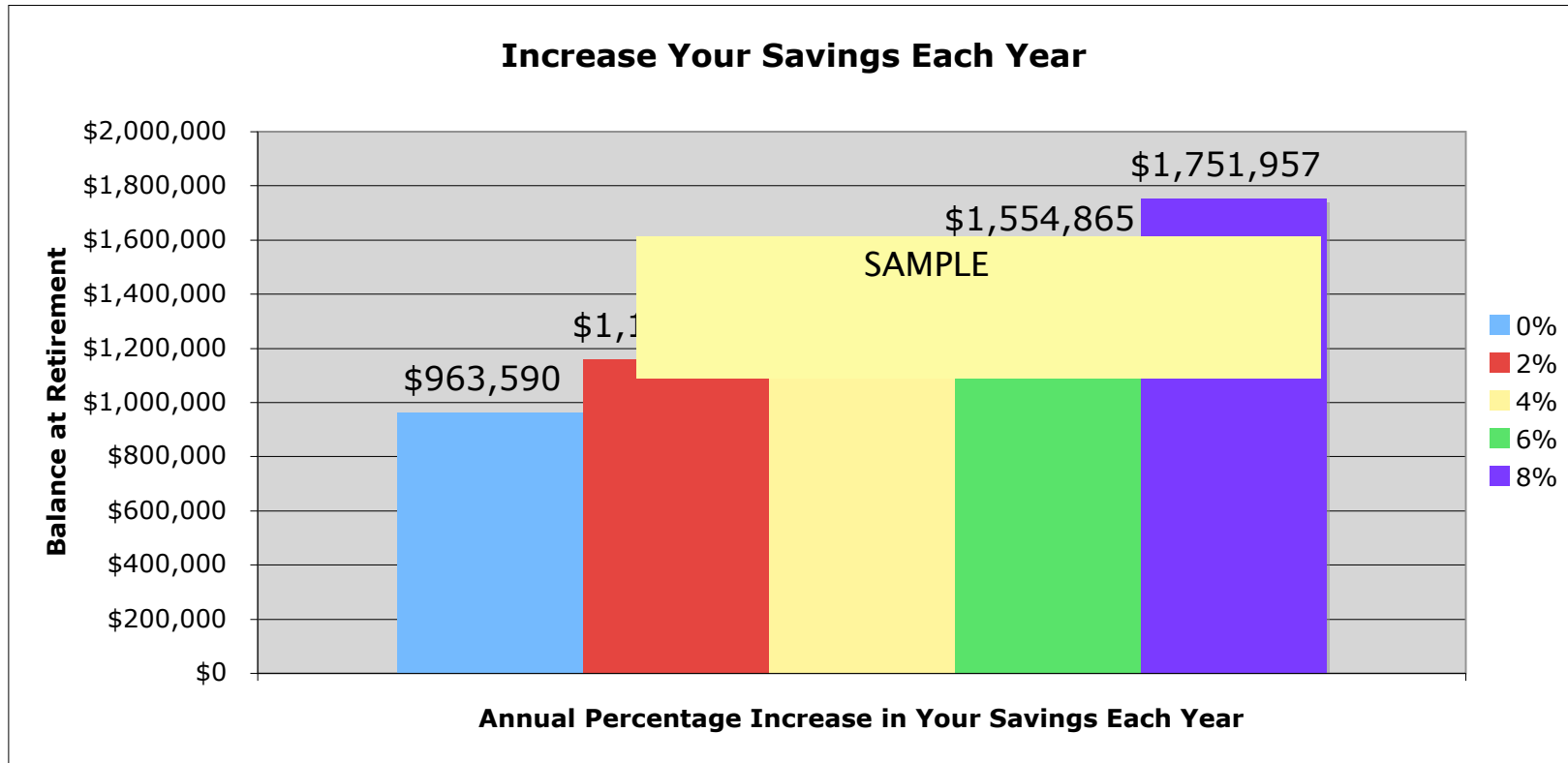
Warning: Seeing the results of your saving can... to keep going with your saving habit. If you keep it up until retirement, you've picked Scenario 3. Yup, the one where you enter retirement with \$963,590. Not too shabby.

*How to read this graph:*

Review the scenarios described to the right of the chart above. Choose the corresponding scenario's bar. At the top of the bar is the amount of money you'll have at retirement under the selected scenario.

**How Much?**

**Share Part of Your Raise With Your Future**



If your debts are high right now, saving could be challenging. As discussed in *Beyond Paycheck to Paycheck*, eliminating any high-interest rate credit card debt you have is a high priority. Still, once you get your debt under control, begin to increase your saving. It's never too late. Consider increasing the amount you save every year—for example, save part of an annual raise. Doing so can have a meaningful impact on the amount you'll have available for your retirement.

Think about it this way. If you're saving \$300 per month now, a 6% annual increase in savings means you save \$318 per month next year. That's only an additional \$0.60 per day. Yet look at the difference in the totals at retirement. We're talking an additional \$591,275!

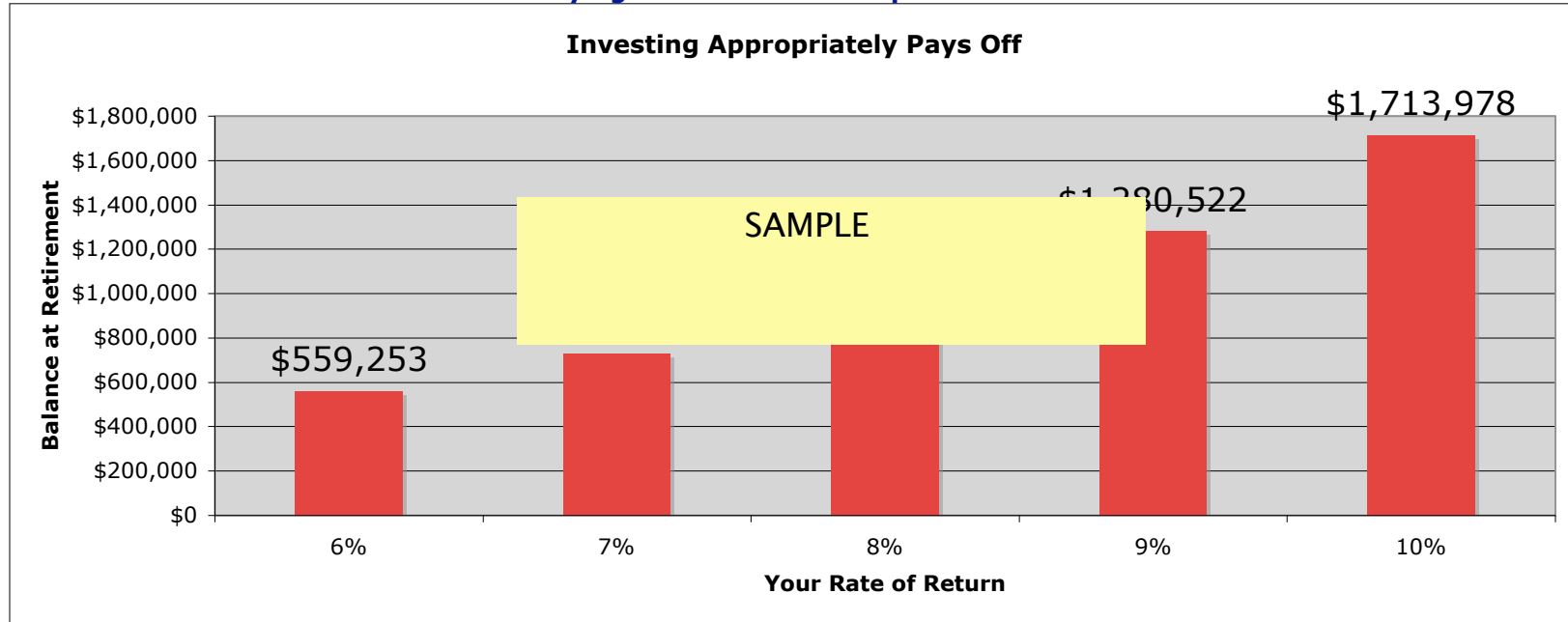
*How to read this graph:*

Select an annual amount to increase your savings by from the legend and find the corresponding bar. By increasing your savings (from \$300 now) each year by the percentage selected, you'll enter retirement with the amount of money indicated by the vertical axis.



**How well?**

**Playing It Safe Has Consequences Too**



While your emphasis should be on how much you save—which you control—achieving higher rates of return on your investments will also significantly impact your retirement balance. The younger you are, the more aggressively you should invest for your retirement, since you have many more years to ride out the expected year-to-year fluctuations of your portfolio's value.

The rate of return you entered 8% means you will reach retirement with \$963,590. Note the possible differences you'll receive from a more aggressive or conservative investing approach:

By saving \$300 per month and obtaining a comparably aggressive 10% rate of return, you will end up with \$1,713,978 when you retire. Investing more conservatively and realizing a 6% rate of return means you reach retirement with a balance of \$559,253.

*How to read this graph:*

Select a rate of return from the horizontal axis and look to the top of the bar. By achieving the selected rate of return, you'll enter retirement with that amount of money, assuming you save \$300 per month.



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### **Assumptions and Limitations**

Financial projections are inherently those: projections. To our knowledge, no financial projection ever created forecasting a period greater than 8 minutes has ever been completely accurate when looking back years later. Things change. Sometimes assumptions are bad. Sometimes assumptions are good but something unexpected happens later causing those assumptions to not be nearly as good as we all thought at the time. Furthermore, while this has been checked, rechecked, and checked once more, it's still possible that there are computational errors.

So keep all that in mind as you think about and reflect on the charts and commentary contained in your report. Also, note the following: The information provided in this report is provided for informational purposes only and does not constitute legal, investment or accounting advice. You should consult a competent accountant, investment advisor or legal counsel, as applicable, in order to obtain specific advice tailored to your situation. We make no representations or warranties with respect to the accuracy or completeness of the contents of this document and shall in no event be liable for any loss of profit or any other damage, including, but not limited to special, incidental, consequential or other damages.

### **Some Important Assumptions:**

To prepare these projections, we have made many assumptions. Here are some critical assumptions:

You start saving at the end of the first month in which you turn age 26 since, as of the date your BMS was prepared, you were nearest to that birthday. By way of example, if a chart says you will start saving at age 26 that means you start(ed) on:  
November 7, 2006

You will retire, on your birthday, when you reach age 65.

Except where noted otherwise, you will receive a rate of return of 8%. Your money is compounded monthly and is not taxed. As you know all too well from Chapter 4 of Beyond Paycheck to Paycheck, other than a Roth IRA, you'll be paying tax sooner or later—or both. Your savings (you can always choose to do more, you might have to do less from time to time) are \$300 every month and are invested at the end of the month.

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