

**PROPOSED FINANCIAL PROJECTION - DETAILED**  
**For**  
**John and Mary Demo**

	2001	2002	2003	2004	2005
<b>TAXABLE INCOME</b>					
(1) Salaries & Self-Emp Income	145,000	152,500	160,400	168,722	177,491
Salary - Client	100,000	105,000	110,250	115,762	121,551
Salary - Second Client	40,000	42,000	44,100	46,305	48,620
Self-Employment - Second	5,000	5,500	6,050	6,655	7,320
(2) Other Ord Income + Soc Sec	0	0	0	0	0
(3) Interest & Dividends	112,189	11,657	12,254	13,183	14,616
Taxable Cert. of Deposit	1,538	1,538	1,538	1,538	1,538
Taxable Checking Account	52	58	63	69	76
Taxable Common Stock	850	893	939	986	1,036
Taxable Corporate Bond	850	850	850	850	850
Taxable Money Market Fund	3,412	3,150	2,888	2,888	2,888
Taxable Mutual Fund	2,751	3,041	3,361	3,715	4,107
Taxable Note Carryback	102,461	0	0	0	0
Taxable Savings Account	275	275	275	275	275
Interest on Surplus Cash	0	1,853	2,341	2,862	3,847
(4) Gross Capital Gains	20,000	0	0	0	0
L)Taxable Note Carryback	20,000	0	0	0	0
(5) Passive Income	0	0	0	4,297	5,110
Rental Property	0	0	0	4,297	5,110
(6) Gross Income	277,189	164,157	172,654	186,202	197,217
<b>INCOME TAXES</b>					
(7) Adjustments To Income	4,353	4,389	4,427	4,470	4,517
1/2 Self-Emp. Soc. Sec.	353	389	427	470	517
IRA - John	2,000	2,000	2,000	2,000	2,000
IRA - Mary	2,000	2,000	2,000	2,000	2,000
(8) Usable Ordinary Losses	0	0	0	0	0
(9) Usable Capital Losses	0	0	0	0	0
(10) Usable Passive Losses	0	0	0	4,124	0
Allowed Suspended Losses	0	0	0	4,124	0
Rental Property	1,854	1,425	845	0	0
Suspended Losses	-1,854	-1,425	-845	0	0
(11) Adjusted Gross Income	272,836	159,768	168,226	177,608	192,700
(12) Usable Deductions	29,243	22,540	23,012	23,539	24,320
AGI Excess Deductions	-4,197	-685	-815	-970	-1,292
Deduct Form-Charitable	400	400	400	400	400
Personal Home	1,600	1,632	1,665	1,698	1,732
Porsche	595	565	537	510	485
VA 1st Mtge	1,174	0	0	0	0
What-If Loan on Residence	9,501	10,278	10,181	10,076	9,963
California State Tax	20,169	10,349	11,045	11,824	13,032

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(13) California Tax Estimate	20,169	10,349	11,045	11,824	13,032
(14) Exemption Amount	7,308	17,922	18,460	19,013	19,584
(15) Form 1040 Taxable Income	236,285	119,306	126,754	135,056	148,797
State Taxable Income	251,450	146,892	155,443	164,924	179,048
(16) Tax Credits	0	0	0	0	0
(17) Federal Tax	64,387	27,557	29,583	31,866	35,825
Table Tax	64,387	27,557	29,583	31,866	35,825
AMT Tax	64,248	26,141	28,003	30,161	34,397
(18) Method	table	table	table	table	table
(19) Combined Tax Bracket	42	37	37	37	37
(20) Addl. Pref. Before AMT	497	5,448	6,079	6,555	5,492

**CASH FLOW**

(21) Total Cash Flow	491,736	178,776	177,333	186,629	196,859
Lines 1-8: Cash Flow Form	145,000	152,500	160,400	168,722	177,491
Rental Property	7,350	7,718	8,103	8,509	8,934
Taxable Cert. of Deposit	1,538	1,538	1,538	1,538	1,538
Taxable Common Stock	850	893	939	986	1,036
Taxable Corporate Bond	850	850	850	850	850
Taxable Money Market Fund	3,412	13,150	2,888	2,888	2,888
Taxable Note Carryback	202,461	0	0	0	0
Taxable Savings Account	275	275	275	275	275
What-If Loan on Residence	130,000	0	0	0	0
Interest on Surplus Cash	0	1,853	2,341	2,862	3,847
(22) Living Expenses	30,150	31,356	32,610	33,915	35,271
(23) Extraordinary Liv. Expense	0	0	0	0	0
(24) Federal & State Taxes	84,556	37,906	40,628	43,690	48,858
Federal	64,387	27,557	29,583	31,866	35,825
State	20,169	10,349	11,045	11,824	13,032
(25) Social Security Taxes	10,201	10,647	11,115	11,608	12,127
(26) Loan, Property & Other Exp	200,989	58,494	51,487	40,413	40,726
*What-If European Trip	20,000	0	0	0	0
Auto Loan	17,170	17,170	0	0	0
Disability Insurance	400	412	424	437	450
Jewelry	250	258	265	273	281
John's Whole Life Policy	1,150	1,150	1,150	1,150	1,150
Jones 2nd	1,500	1,500	11,375	0	0
Liability Insurance	12,000	12,000	12,000	12,000	12,000
Mary's Term Life Policy	600	618	637	656	675
Medical Insurance	750	750	750	750	750

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Personal Home	3,540	3,642	3,748	3,856	3,969
Porsche	4,095	4,185	4,281	4,383	4,490
Rental 1st Mortgage	3,635	3,635	3,635	3,635	3,635
Rental Property	1,680	1,727	1,776	1,827	1,879
VA 1st Mtge	123,727	0	0	0	0
What-If Loan on Residence	10,493	11,447	11,447	11,447	11,447
(27) Investments	104,085	24,104	24,129	24,154	9,160
*What-If Taxable Growth Fund	0	15,019	15,044	15,069	75
*What-If Taxable Large Cap	100,000	5,000	5,000	5,000	5,000
Taxable Checking Account	50	50	50	50	50
Taxable Common Stock	25	25	25	25	25
Taxable Mutual Fund	10	10	10	10	10
IRA - John	2,000	2,000	2,000	2,000	2,000
IRA - Mary	2,000	2,000	2,000	2,000	2,000
(28) Surplus Cash	61,754	16,269	17,363	32,850	50,718

**LIQUIDITY**

(29) Accumulated Surplus Cash	61,754	78,023	95,385	128,235	178,952
(30) Cash Assets	82,098	73,306	74,629	76,080	77,669
(31) Total Cash Assets	143,852	151,329	170,015	204,314	256,622

**RETIREMENT PLANS**

(32) Plan Contributions (see Investments)	4,000	4,000	4,000	4,000	4,000
(33) Plan Projected Balance	76,252	87,185	99,071	111,996	126,050
IRA - John	25,920	29,994	34,393	39,145	44,276
IRA - Mary	17,172	20,546	24,189	28,125	32,375
Tax Def. Ret. Fixed Annuity	11,000	12,100	13,310	14,641	16,105
Tax Def. Ret. Varble. Ann	22,160	24,545	27,179	30,086	33,294

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<b>NET WORTH</b>					
(34) Apparent Net Worth	810,482	919,713	1,043,374	1,183,323	1,336,386
*What-If Taxable Growth Fund	0	16,894	36,347	58,742	67,629
*What-If Taxable Large Cap	101,250	121,438	144,653	171,351	202,054
Auto Loan	-16,284	0	0	0	0
IRA - John	25,920	29,994	34,393	39,145	44,276
IRA - Mary	17,172	20,546	24,189	28,125	32,375
Jewelry	41,600	43,264	44,995	46,794	48,666
John's Whole Life Policy	11,650	13,382	15,202	17,112	19,117
Jones 2nd	-10,000	-10,000	0	0	0
Personal Home	236,250	248,062	260,466	273,489	287,163
Porsche	64,990	63,040	61,149	59,315	57,535
Rental 1st Mortgage	-27,261	-25,961	-24,542	-22,993	-21,304
Rental Property	102,375	107,494	112,868	118,512	124,437
Side Business	22,980	23,669	24,379	25,111	25,864
Tax Def. Fixed Annuity	11,000	12,100	13,310	14,641	16,105
Tax Def. Ret. Fixed Annuity	11,000	12,100	13,310	14,641	16,105
Tax Def. Ret. Varble. Ann	22,160	24,545	27,179	30,086	33,294
Tax Def. Variable Ann.	9,300	10,801	12,531	14,526	16,822
Taxable Cert. of Deposit	25,000	25,000	25,000	25,000	25,000
Taxable Checking Account	1,098	1,206	1,319	1,439	1,564
Taxable Common Stock	28,931	30,692	32,559	34,537	36,634
Taxable Corporate Bond	8,500	8,500	8,500	8,500	8,500
Taxable Money Market Fund	65,000	55,000	55,000	55,000	55,000
Taxable Mutual Fund	120,104	132,763	146,755	162,221	179,316
Taxable Savings Account	5,000	5,000	5,000	5,000	5,000
What-If Loan on Residence	-129,008	-127,840	-126,574	-125,204	-123,720
Accumulated Surplus Cash	61,754	78,023	95,385	128,235	178,952
(35) 3.00% Inflation Adjusted	810,482	892,925	983,480	1,082,908	1,187,361