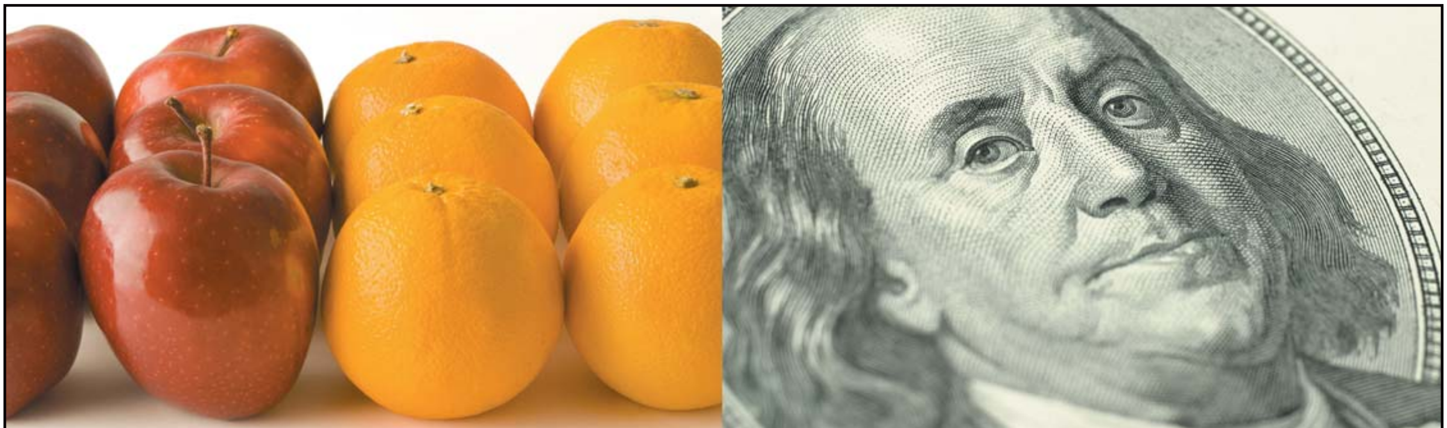
Apples *and* Oranges

How to enjoy the fruits of your settlement, so that you can be financially secure as you live to a ripe old age.



A&O

According to experts, the best way to manage your financial settlement is to think of it as a fruit bowl of **Apples** *and* **Oranges**.

Apples = *a lump sum to help pay for immediate expenses and expenditures.*

Oranges = *a structured annuity to help preserve and grow your principal, and provide you with a steady income.*

Helpful tips on harvesting the fruits of your settlement for long-term financial security, provided by:

Creative Capital INCORPORATED
The Leader in Creative Structured Settlements

The Leader in Creative Structured Settlements

SFS SEAL FINANCIAL SERVICES, INC.

Certified Financial Planner® Practitioners

HELPING YOU MANAGE LIFE'S TRANSITIONS WITH SUCCESS.

Smart ways to manage and survive the settlement process.

A few years ago, your life changed forever. Due to a tragic turn of events, you became injured.

Not only have you and your family suffered greatly, your life has been in turmoil ever since. And, you're facing a future filled with more of the same.

As you proceed through the settlement process, the legal team you are working with – or plan to work with – will endeavor to provide you with the best legal advice available. And, they will work diligently on your behalf to achieve a positive outcome for your case. It is important to remember, however, that your legal team cannot guarantee an absolute dollar settlement amount.

Your responsibility during the settlement process is to work closely with your attorney and their staff – and to focus on establishing a legal game plan that will help you find solutions to the lifestyle changes you are facing.

This includes educating yourself on what to do financially – and what not to do – during the settlement period. You will want to assemble additional members on your team who can help you with other needs you may have beyond the legal aspects of your case.

For example, you will want to find a team of qualified financial professionals who have experience working with individuals with special needs like yourself: people who are familiar with the circumstances of clients involved in the settlement process, and can help you cope financially during this process, which can take three to five years or longer before your case ultimately settles.

This is because there are a variety of financial issues you may encounter beyond the scope of the expertise of your legal team. And, this is where financial planners who are experienced with your situation can help guide you through to survive today without a settlement, and help you be prepared when and if a settlement is secured.

Understand your options – before your case is settled.

If you are like most people, receiving a settlement means you may be getting more money than you are used to managing. Or, in a worst-case scenario, you may not be receiving any settlement at all.

Have you suffered a personal injury? Fight back!

The statistics are chilling — every hour, there are believed to be over 11,000 disabling accidents in the United States. And, the danger might not be as far from home as you think. From unsafe foods and untested products to car and truck accidents, burns, assaults, and even poisoning, risk is everywhere — and so is personal injury.

Defined as an injury to the body or mind, a personal injury can be caused on purpose in the case of an assault. Or, it can occur due to a third party's negligence, such as an employer's failure to provide safe work conditions, or a property owner who fails to secure his property.

Aside from obtaining the best medical care possible, what can you do about personal injury? The answer is simple — fight back.

State laws give personal injury victims a limited amount of time to seek justice by filing a personal injury lawsuit to try and obtain compensation for expenses such as medical bills, future medical expenses, vocational rehabilitation, and payment for emotional suffering due to personal injury. By playing your cards properly, you can come away with a favorable jury verdict or a generous settlement to help pay for your personal injury.

Source: The National Center for Injury Protection and Control, www.cdc.gov/ncipc

Smart ways to manage and survive the settlement process.

That's why it is important to understand what your alternatives are, so that you can protect your potential settlement not only for today, but also well into the future.

If you have a good chance of receiving a settlement, start planning as soon as possible – so that you get a clear understanding of how this money might fit into your life. It is a common mistake to delay your financial planning until your money comes in. Don't put it off. Start your financial planning now.

On the other hand, if you do not receive a settlement, what will you do? Again, this is another important reason to start your planning now.

You will want to know how much income you will need to live and pay your bills – as well as how to invest it wisely so that you don't run out of money. The Income and Expense Worksheets provided on pages 24 and 25 of this document will help you get started.

Statistics show that 25 - 30% of all accident victims spend their settlement money within two months of recovery—and that 90% do so within five years. Don't let it happen to you!

Source: USA Today, Settlement Payments Require Careful Planning, August, 1999.

Don't spend what you don't have.

Do not assume anything before your settlement comes in. Making commitments and building up debt are common mistakes to avoid.

Even if your settlement amount sounds huge, you can be sure that it is not. You don't want to end up owing as much or more than you receive. The pre-settlement period is a confusing time. You can either improve your chance of successfully managing your settlement and life, or you can permanently damage your future financial security.

Here are some pre-settlement tips.

Knowing what is best for you takes a thoughtful approach. Be sure to consider all of your alternatives. It is often said that knowledge is power, and becoming educated early on regarding your options will serve you well in the settlement process.

Structuring a settlement can be an excellent way to protect your stream of income, while taking a lump sum and investing these dollars may also be a consideration. For many, the best solution is a combination of both.

- Try to learn as much as you can about the different settlement options that may be presented to you.

John lost his leg…and his money.

John lost a leg in a motorcycle accident and received a $1.2 million lump sum settlement. It seemed like enough money to last a lifetime, so after years of pain and suffering, he decided to treat himself to a brand new $80,000 sports car, and paid cash for a $300,000 home.

He then bought a $50,000 power boat and a cabin on a lake for $250,000. He also bought his mother a new car for $50,000 and decided to invest $50,000 in his brother-in-law's start up business. Then he took a vacation to Las Vegas and lost $35,000 playing high-stakes poker. After quickly running through $815,000, he only had $385,000 left over for past medical bills of $125,000 and future expenses.

Not only did his brother-in-law's business go bankrupt, soon the upkeep and monthly expenses on his house, cabin and boat — not to mention his love of high-stakes poker — caught up with him. Within a year, he was forced to sell his house and cabin at a loss and ended up working in a call center to meet expenses.

Smart ways to manage and survive the settlement process.

- Meet with several financial planners to educate yourself about your options and make preliminary plans.
- Do not increase your spending or buy any “big ticket” items such as a car or a house in anticipation of your settlement.
- Research and take advantage of all available resources, public and private, to see how you can take care of yourself and your family.
- Be careful not to make or imply any financial commitments to family, friends, business associates or others. If they ask, remind them that you do not know how much you will receive or how much you will need.
- While avoiding any real or implied financial promises, make every effort to keep family and friends in your life, as you will need their support.

Things to do after you receive your settlement.

Ideally, you have already begun your financial planning. Whether you receive a lump sum, or a structured settlement annuity, or both – be sure you are aware of all of the short-term and long-term implications of your settlement. Now is the time to:

- Be extremely careful and move slowly to be sure you understand your options and the limits of your new income and money.

- Learn as much as you can about your new tax position and any new filing requirements.
- Avoid making any extravagant changes in your lifestyle. Try to wait a few months or even longer before you make any major purchases or moves.

Before we launch into a discussion of your settlement options, it is important for you to consider the various timelines and components of your settlement process. While the circumstances vary with each case, the basic phases of the process are as follows:

Phase I:

Find out what immediate cash you will need at settlement time. You may need immediate cash for the following expenses:

- Attorney fees.
- Out-of-pocket expenses.
- Medical liens and bills from the time your case began.
- Other bills which may have accumulated during your settlement process.

Be sure to see if you qualify for any public or private benefits.

During this phase, it is also imperative that you work with your legal team to determine if you qualify for any public benefits such as Social Security disability, Workman’s Compensation, Medicaid or any other “Special Needs Trust” programs.

Special Needs Trusts (also known as Supplemental Needs Trusts) allow you as a disabled beneficiary to receive gifts, lawsuit settlements, or other funds – and yet not lose your eligibility for certain government programs, such as SSI, SSDI, Medicare, Medicaid or any other public or private benefits.

These trusts are drafted so that the funds will not be considered to belong to you as a beneficiary in determining your eligibility for public benefits. As the name implies, Special Needs Trusts are designed not to provide basic support, but instead to pay for the comforts and luxuries that could not be paid for by public assistance funds.

If your trust is sufficiently funded, you as a disabled person can also receive spending money, electronic

equipment, appliances, computers, vacations, movies, payments for a companion, and other self-esteem and quality-of-life enhancing expenses.

So don't forget to ask your attorney if any of these programs are appropriate to your case. You don't want to miss out on any benefits that you might be eligible to receive.

Phase II:

Add up the bills you will have to pay, and the income you will need today and into the future.

- Monthly payments you will need to make, such as the rent or mortgage, energy costs, car payments, food and other expenses.
- Lump sum retirement payments you may need to make.
- In large settlements, if the beneficiary passes away prematurely, there may be estate funds due. In these cases, sufficient funds must be available to pay estate taxes.
- Be sure to factor in additional income you will need if and when your disability or Workman's Compensation ends.
- Also add in what increases in your annual income you will need to keep up with inflation. And, don't forget to factor in any income you will need to pass on to your family members, if you do not survive them.

(Note: all of these factors should be taken into account when working with a qualified financial advisor.)

Phase III:

Determine what future education funds are needed for career retraining or your children's college education.

- Given your particular circumstances, you may consider changing careers and will need money to provide career retraining for a new job skill.
- If you have underage children, setting aside money to pay for their education is also very important. Typically, you need to plan to have money available for five years beginning when your son or daughter would begin college. That timeline can be extended for graduate school.

In summary, before you decide on the settlement terms that are appropriate for you, be sure to put a worksheet together with all of your past, present and future expenses. This will give you a clearer idea of what kind of settlement you will need.

(See the Income and Expense Worksheets on page 24 & 25.)

Now armed with your basic worksheets, let's look at the types of settlement alternatives available to you.

Sudden Wealth: Blessing or Curse.

If you are about to receive a lump sum settlement — beware! Statistics show that, like lottery winners, people who receive lump sums often go bankrupt, have family feuds or get divorced within a very short time of receiving their sudden wealth.

These sad-but-true tales are not uncommon, say the experts. "For many people, sudden money can cause disaster," says Susan Bradley, a certified financial planner in Palm Beach, Fla., and founder of the Sudden Money Institute, a resource center for new-money recipients and their advisors.

"In our culture, there is a widely held belief that money solves problems. People think if they had more money, their troubles would be over. When a family receives sudden money, they frequently learn that money can cause as many problems as it solves," she says.

Bradley, who authored "Sudden Money: Managing a Financial Windfall," says winners get into trouble because they fail to address the emotional connection to the windfall.

"There are two sides to money. The interior side is the psychology of money and the family relationship to money. The exterior side is the tax codes, the fixed bills, the money allocation, etc."

"The goal is to integrate the two. People who can't integrate their interior relationship with money appropriately are more likely to crash and burn," says Bradley.

Source: www.suddenmoney.com

A closer look at your settlement options.

A&O

Do you want a lump sum – an apple?
A structured annuity – an orange?
Or a fruit bowl of both?

One way of looking at your settlement choices is to compare lump-sum payments and periodic annuity payments to apples and oranges.

A lump-sum payment for your settlement is like an apple. Once your case closes, you receive a big, shiny apple. You polish it until it gleams, look at it and admire it for a bit, but sooner or later you can't resist anymore and you take a big bite out of that apple.

The apple tastes sweet and juicy, so you take another bite, and then another, and pretty soon the apple is devoured. Once you eat the apple, just as once you spend your lump-sum settlement, you are left empty-handed.

That is why it is very important to consider if you prefer an orange, rather than just an apple.

With an orange, or structured settlement annuity, you get a guaranteed* amount, paid in installments on a tax-free basis over time. Instead of eating through your lump sum or apple in large chunks – with an orange, you can peel off one slice at a time, enjoying each tax-free installment without putting your long-term financial security at risk.

Finally, the third alternative to consider for your settlement is called a "structured strategy" or "fruit bowl" approach: a combination of apples and oranges.

On the following pages, we will discuss the pros and cons of all three of these alternatives: the lump sum or apple, the structured settlement annuity or orange, and the structured strategy or fruit bowl approach, a combination of both apples and oranges.

If you're like most injured parties, you are typically asked to choose

Apples:

Lump-sum cash settlements are tax-free to injured parties. However, what is often not considered is that any income made from investing these settlement proceeds is taxable. In addition, since the funds are so readily available, it is hard to resist the urge to spend them.

Oranges:

Because a settlement annuity is a guaranteed source of funds paid on a tax-free basis, it is difficult to match its rate-of-return.*

When the benefits are properly structured, the principal amount and the interest are paid within the annuity.

When the benefits are paid out, the payments are tax-free to you. Structuring payments can also help you avoid the loss of public benefits.

Also, since the money comes in scheduled payments, it is harder to spend it all at one time — thereby helping you pursue a sound cash preservation strategy.

(See the top page 17 for an example of a structured settlement annuity case study.)

**Contingent upon the claims paying ability of the issuing insurance company. See page 16 under bullet #3 for details.*

The Apple: A lump sum settlement.

between a lump sum or structured settlement, without much time to ponder your choices.

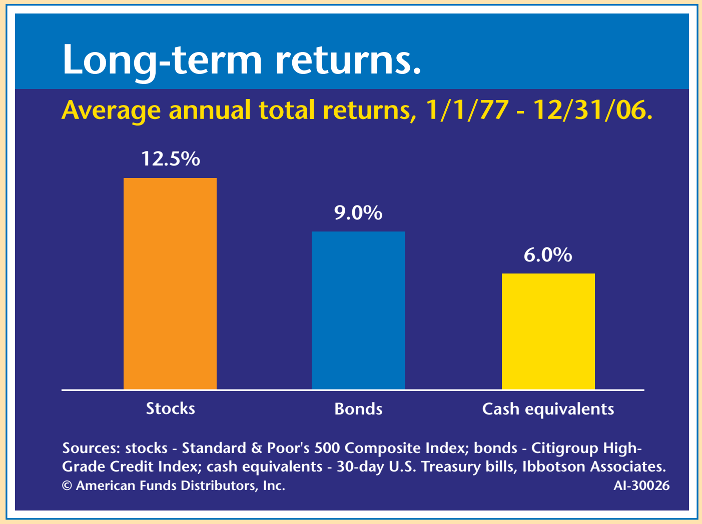
Many attorneys become concerned if their clients choose a lump sum. Over the years, attorneys have seen clients take lump sums, and in a short time, all the money is gone.

That's why most attorneys will encourage you to work with a qualified financial advisor to help with your special needs, and provide ongoing consultation and education to help you protect your settlement dollars, which they've worked so hard to help you achieve.

The challenge with the lump-sum payment is to invest it wisely, preserve your principal, and achieve a reasonable return with minimum risk. Generally speaking, your choices include:

- Stocks and Mutual Funds
- Bonds
- Treasury Bills
- Certificates of Deposit
- Savings/Money Market Accounts
- Real Estate
- A combination of all of the above

Stocks have had the highest return over the past 30 years.



The stock market.

Most investors want to earn as much money on their investments as possible. But, almost all investments come with some uncertainty. Thus, while all investors wish to earn the highest rate of return, they also seek to avoid risk.

Risk is a four-letter word referring to the volatility in investment returns. One must consider the amount of return each investment can bring compared to to the risk for potential volatility. Risk is the potential for realizing low returns or even loss of

Look before you leap.

Our world is so focused on material possessions — from big homes to fancy cars — that people often buy now and worry about paying later. Big mistake.

Chances are, you've gone through absolute turmoil since your injury and have made enormous sacrifices. That's why, you may be very tempted to take your apple or lump sum and treat yourself to all of the things you have ever wanted. Don't do it.

Ask anyone who has eaten all the way through their apple. All the possessions in the world only provide short-term comfort. Then comes the cost and stress of paying for and maintaining them, and running out of money in the process. So, think carefully before you spend. Take the time to weigh your options and avoid making any major purchases for at least several months after your settlement.

money – thus possibly preventing you from meeting important investment objectives.

While it is impossible to avoid taking some type of risk, some risks can be more easily tolerated than others within an individual's portfolio, depending upon time frames, personal goals and individual tolerances for volatility.

Remember, all types of investments carry a degree of risk, and it is very important to be aware of the risks involved in any investment vehicle before committing your funds.

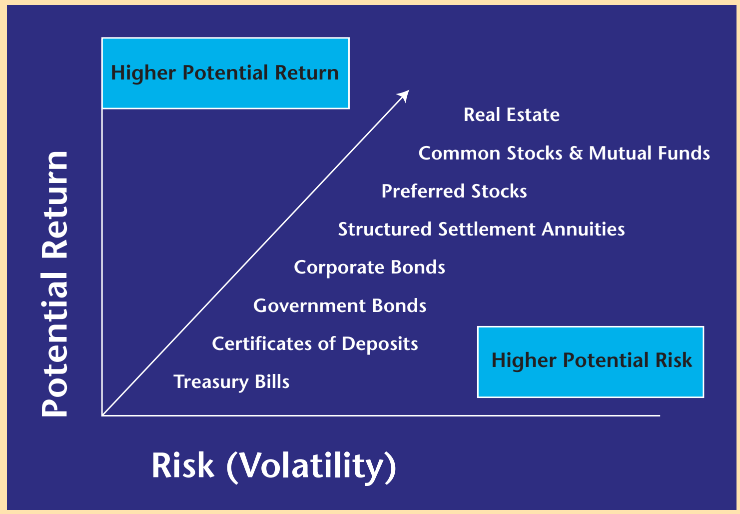
See the chart entitled "Investment Alternatives: Potential Returns versus Potential Risks" to the right to determine which investments offer you higher potential returns along with higher potential risks.

Stocks and mutual funds vary widely in terms of risk and potential return, and it is best to carefully evaluate each one before making an investment.

The concept of earning money is simple enough after the fact, since you simply count the profits on your investments. It is more complicated when applied to a stock investment before the fact, since you rarely will know for sure what your earnings will be.

As a result, when considering investing your lump-sum settlement in the stock market, you must consider what you could afford to lose, considering you may be unable to replace any monies lost.

Investment Alternatives: Potential Returns versus Potential Risks.



Note: this graphic is intended solely to illustrate a concept; it is not a promise of investment performance. Investors may differ on the risk level to which particular asset is assigned.

Given the many investment choices and alternatives, investing all of your money in the stock market can be dangerous, especially following the personal injury settlement ordeal.

Remember: The higher the potential return – the higher the potential risk.

As a general rule of thumb, investments with higher-than-average expected returns will also have higher-than-average risks (volatility), and this is often referred to as the risk-return trade-off. Conversely, relatively safe investments offer relatively lower returns.

Stock Market Risk:

Varies with type of stocks or mutual funds. The sources of risk are **Market, Credit and Liquidity Risk** (See side bar on page 11 for definitions on the different types of risk.) These investments hold a high form of risk and can be more volatile. You could lose all or part of your money, depending on the stocks or mutual funds you are holding.

Return: Can be higher over time, however, you must be willing to take more movement in their price, meaning greater volatility.

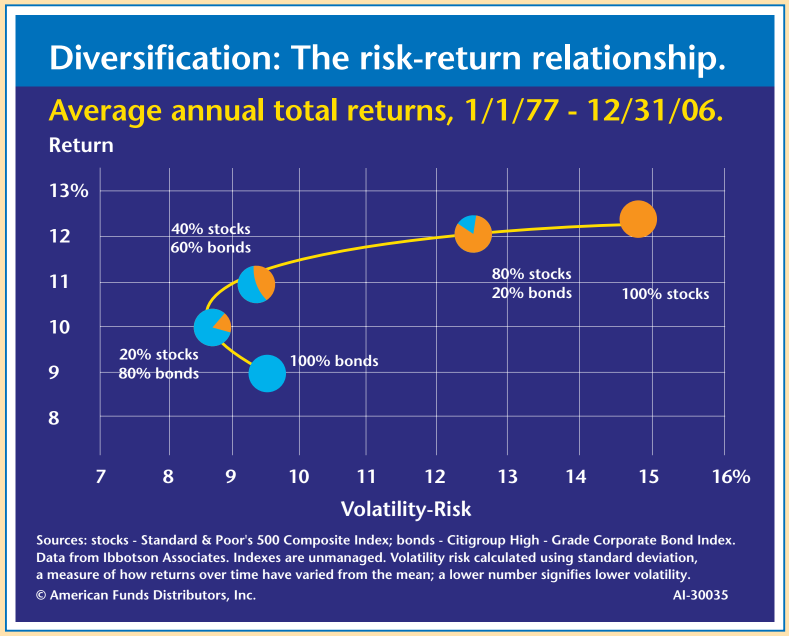
Liquidity: Stocks and mutual funds can be sold at any time to get cash, but this could involve a loss.

Stocks have had the highest return over the past 30 years.

Diversification: The risk-return relationship.

Understanding risk and its impact on your investments is a very important part of developing a prudent investment plan. The uncertainty of any type of risk can be reduced by diversification, which means spreading your money among different investments so you won't end up with all of your eggs in one basket.

The chart to the right illustrates the risk-return relationship of five diversified portfolios.



Looking bottom to top, you can see that the average annual returns increase from 9% to 12.5%, as shown on the curve.

The portfolios closest to the bottom have the lowest returns. In other words, the portfolio with 100% invested in bonds had the lowest return—9%. The portfolio with 20% in stocks and 80% in bonds had a higher return—9.9%.

Returns get higher as you move higher up the chart and increase your investment in stocks.

Risk is measured from left to right, the farther right a portfolio is on the chart, the more volatile it is.

The portfolio with 20% in stocks and 80% in bonds was the least volatile portfolio. The portfolio that invested 100% in bonds was actually more volatile than this one.

Diversifying the portfolio between bonds and stocks, or adding 20% in stocks to the mix, reduced volatility and increased return.

Now, compare the portfolio with 40% in stocks and 60% in bonds to the one with 100% in bonds. What you notice is the diversified portfolio had a return of 10.7%, compared with the return of 9% for the portfolio totally invested in bonds.

Moreover, the volatility of the portfolio that included 40% in stocks was slightly lower. This is an example of how diversification increases return while lowering volatility.

Looking at the right side of the chart, the return of the portfolio with 100% invested in stocks had a 12% return versus the return of the portfolio with 80% in stocks and 20% in bonds. That was not a big difference in returns, but as you can see,the portfolio with 100% in stocks was much more volatile.

In summary, while conservative investors with portfolios on the far left of the chart can use diversification to potentially increase their returns, aggressive investors with portfolios on the far right can use it to potentially reduce volatility.

Now let's look at some other ways to invest your lump sum settlement in addition to stocks and/or mutual funds.

General Corporate and Government Agency Bonds.

A bond is a debt security, similar to an I.O.U. When you purchase a bond, you are lending money to a government, municipality, corpora-

tion, federal agency or other entity known as the issuer. In return for the loan, the issuer promises to pay you a specified rate of interest during the life of the bond and to repay the face value of the bond (the principal) when it “matures,” or comes due.

Many personal financial advisors recommend a diversified portfolio consisting of bonds, stocks and cash in varying percentages, depending upon individual circumstances and objectives.

Because bonds typically have a predictable stream of payments and repayment of principal, many people invest in them to preserve and increase their capital or to receive dependable interest income.

Corporate & Agency Bond Risk:

Varies with type of bonds. The sources of risk are **Purchasing Power, Interest Rate, Liquidity and Credit Risk** if the government agency or corporation issuing the bond goes bankrupt. Also there exists **Reinvestment/Prepayment Risk.** (See side bar on page 11 for definitions on the different types of risk.)
Return: 3.56% - 5.67% depending on rating and maturity.
Liquidity: Penalties for early withdrawal.
Source: www.bloomberg.com

Treasury Bills.

Essentially, T-bills are a way for the U.S. government to raise money and they are normally issued with three-month, six-month and one-year maturities.

T-bills are purchased for a price that is less than their par or face value. When they mature, the government pays you the full par value. Your return is the difference between the purchase price and what you get at maturity. For example, if you bought a 90-day T-bill at $9,800 and held it until maturity, you would earn $200 on your investment.

T-bills are popular because they are issued in a wide variety of sums, from: $1,000, $5,000, $10,000, $25,000 and $50,000 to $100,000 and $1 million. Other positives are that T-bills are considered to be the safest investments in the world because the U.S. government backs them. In fact, they are considered risk-free. Another plus is that they are exempt from state and local taxes.

The only downside to T-bills is that you may not get as great a return as other investments because T-bills are considered risk-free. Corporate bonds, certificates of deposit, savings accounts and money market funds often pay higher interest rates. What's more, you might not get back all of your investment if you cash out before the maturity date. Plus, T-bills also have a degree of interest rate risk and purchasing power risk.

(See page 11 for definitions of the different types of risk.)

Treasury Bill Risk:

Purchasing Power.
(See side bar on page 11 for definitions on the different types of risk.)
Return: 3.9% - 4.8% depending on maturity.
Liquidity: Penalties for early withdrawal.
Source: www.bankrate.com

Certificates of Deposit.

A certificate of deposit (CD) is a time deposit with a bank or brokerage. They bear a specific maturity date (for example, from three months to five years), a specified interest rate, and can be issued in any amount, much like bonds. Like all time deposits, the funds may not be withdrawn on demand like those in a checking account.

CDs offer a slightly higher yield than T-bills. Of course, the amount of interest you earn depends on a number of other factors such as the current interest rate environment, how much money you invest, the length of time and the particular bank or brokerage you choose. While nearly every bank offers CDs, the rates are rarely competitive, so it's important to shop around.

The main advantage of CDs is their safety and the ability to know your return ahead of time. You'll generally earn more than in a savings account, and you won't be at the mercy of the stock market. Plus, in the U.S., the Federal Deposit Insurance Corporation (FDIC) guarantees your investment up to $100,000.

Smart ways to invest your Apple.

Despite the benefits, there are two main disadvantages to CDs. First of all, the returns are low compared to many other investments. Secondly, your money is tied up for the length of the CD and you won't be able to withdraw it without paying a penalty.

Certificates of Deposit Risk:

Purchasing Power and Interest Rate Risk.
(See side bar on page 11 for definitions on the different types of risk.)
Return: 4.54% - 4.71% depending on maturity.
Liquidity: Penalties for early withdrawal.
Source: www.bankrate.com

Savings and Money Market Accounts.

These are two of the most accessible liquid alternatives you can place your money and earn a guaranteed rate of return.

Rates vary depending on the institution, but generally speaking, money market funds pay more interest. The only downside is that you may be tempted to spend your money since it is so easy to get at.

Savings & Money Market Risk:

Purchasing Power, Interest Rate and Credit Risk if the financial institution were to go bankrupt.
(See side bar on page 11 for definitions on the different types of risk.)
Return: 3.67% - 5.35%
Liquidity: All you have to do is make a withdrawal or write a check.

Real Estate.

Real estate investing runs the gamut in terms of risk and investment success. The first rule of real estate investing is location, location, and location.

Unless you are able to find and buy a condo or house that is either in foreclosure or a fixer-upper, which can often be turned around quickly, you will most likely serve as a landlord for the property while it increases in value. Sometimes, however, values drop and it could take years for your property to show a positive appreciation.

The benefit is that your tenant will pay your mortgage while your property hopefully appreciates. Be careful to whom you rent because your property must be well maintained.

Make sure to research your location and market. Go to local town board meetings, do research in libraries and go on the Internet to find out as much as possible not only about the location today, but also about plans for the area in the future.

Real Estate Risk:

Market and Liquidity Risk.
If it is investment property, there could also be *Credit Risk.*
(See side bar on page 11 for definitions on the different types of risk.)
Return: Varies with market.
Liquidity: It may be hard to sell a condo or a house in a down market.

Definitions of the Different Types of Risk:

Market Risk: *Your portfolio can lose money because of swings in a given market over short periods of time. This is the most feared of all risks because it can be felt immediately. However, accurately identifying the time horizons before your assets will need to be spent, diversifying and investing for the long-term can effectively address this risk.*

Inflation or Purchasing Power Risk: *Your portfolio may lose its power to be exchanged for goods and services, even though it may increase in value, because inflation has eroded its purchasing power. For long-term investors, especially those having special needs, this risk can be of great consequence.*

Liquidity Risk: *This is the risk inherent to all investments that are not truly liquid. This risk means that you may not be able to sell an investment at full value at the time you may need the money.*

Credit Risk: *This is the risk that a company will go out of business or fail to pay bond obligations.*

Interest Rate Risk: *This is the risk that your underlying investment could be negatively impacted by a rise in interest rates. Interest rate movements can have the opposite impact on the sale price of bonds and certain interest-rate-sensitive stocks, such as utilities and other high dividend paying equities.*

Reinvestment/Prepayment Risk: *This risk is primarily related to bonds. Sometimes companies refinance or pay off high interest rate debts when interest rates drop, and this can force you as an investor to find new investments in a lower interest rate environment.*

A word to the wise.

When receiving an apple or cash settlement, some questions to ask your financial advisor include:

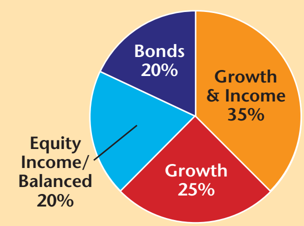
- Given my circumstances, bills and expenses - how can I invest my money to make more money?
- What combinations of investments can I choose to protect my principal, but make the most return?
- What if I need cash for some unknown expenses?
- How can I achieve long-term growth and avoid undue risk?
- What if I invest and lose it all?
- What if I just buy a house or rental property – is that completely safe? What happens if I need to sell quickly to get emergency cash?

Whatever your particular needs and goals, a qualified financial planner and investment advisor can help explain the many investment options available to help you reach your objectives, taking into account your taxes, income needs and tolerance for risk.

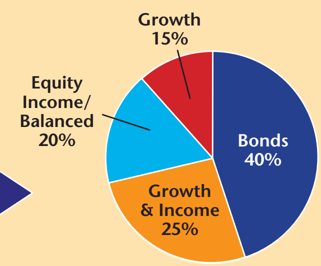
Here is a variety of ways to diversify your lump-sum settlement.

These charts show 3 different ways to divide your settlement. Your goals will help you decide which way works best for you.

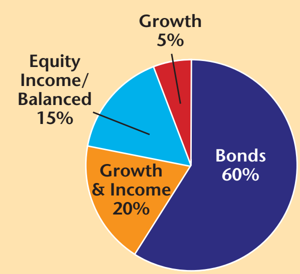
Aggressive Goal: Growth



Moderate Goal: Growth and Income



Conservative Goal: Income



Depending on your tax situation, tax-free municipal bonds may be appropriate. A small portion of income may be subject to state, federal, and/or alternative tax. Capital gains, if any, are subject to a capital gains tax.

These pie charts are intended solely to illustrate how portfolios can be diversified, and are not a promise of performance. Each client's needs and circumstances may vary.

The Orange: A structured settlement annuity.

Your second settlement alternative is the orange, which is a structured settlement annuity that is a guaranteed* source of funds paid in installments on a tax-free basis.

Annuity settlements and their proceeds are not taxable.

The Internal Revenue Service Code, Sec. 104 (A)(2) "…excludes from gross income the amount of any damages received (whether by suit or agreement) on account of personal injuries or sickness."

Section 1.104-1 (C) defines damages as: "any amount received through prosecution of a legal suit or action based on tort or tort type rights, or through a settlement agreement entered in lieu of such prosecution."

A brief history of structured settlements.

The first important use of the periodic payment settlement approach in tort liability litigation appears to have been in the late 1960's when the concept was used in settlement of the thalidomide baby cases in Canada.

Acceptance in the U.S. insurance industry, however, did not occur until at least 1975. Since that time, the idea of using periodic payments to settle cases has become widely accepted.

**Contingent upon the claims paying ability of the issuing insurance company. See page 16 under bullet #3 for details.*

Don't let your settlement destroy you and your family.

The authors of a book about how success often destroys families, Michael Begin and Darl LePage said they know firsthand the destruction sudden wealth can cause.

"We know from studies and our own internal research that when new wealth is created in a family, there is a 90 percent probability that all of that wealth will be gone by the third generation," LePage said in the release. "And that's among families who have worked hard for years to achieve success. When people receive sudden wealth, like in a lottery jackpot, the numbers are much worse."

Statistics show those with sudden wealth often go bankrupt, get divorced and have family feuds.

Worse yet, said the advisors who have served clients in 18 states, winning a bunch of money doesn't build character. "(It) reveals character and magnifies all of the good and weak traits the winner lives by."

"No one worries about the true impact on lives," said Begin. "They just start spending. They spend it on toys, they spend it on luxuries. Bad investments. Scams. There are people coming out of the woodwork trying to take advantage of people. They just become a huge target."

Part of the problem is that many lottery winners and people who receive settlements are average Joes who have no experience handling huge sums of money. So, they buy and invest without realizing what it will cost to maintain the houses they buy or to pay their taxes. Soon, they're backed into a corner — even if they started out with $15.5 million.

Here's Begin and LePage's advice: "Take a deep breath. The money is only a tool, not a magic cure. Seek out solid professional advice, and make sure your team of advisors works together closely, and that they focus on your family before they plan for your money."

Source: Article by Deena Winter, Lincoln Journal Star, February 26, 2006.

In fact, virtually every large case at issue in the United States has an annuity settlement considered during negotiation.

Additionally, the concept is being used in a substantial number of small cases (under $50,000) along with Workman's Compensation, property loss and equal employment opportunity litigation.

An annuity should not be viewed as an investment. Statistically over time the market will out perform an annuity every time. So, why would an annuity be recommended?

First, an annuity is not an investment vehicle. The goal of an annuity is not solely to create growth for your investment. It is to ensure that you will have a steady flow of income for as long as you need it.

The Orange: A structured settlement annuity.

Annuities are a way to receive a stream of income for a set period of time.

After a severe injury, your monthly income may be affected. An annuity can help guarantee* a monthly income with the following features:

- Level income: Compounded annually – generally speaking 3% to 5%.
- Step rate increases: For example, $20,000 the first five years, $25,000 the next five years, $30,000 the next five years, and so on.
- Joint and survivorship: The surviving spouse could receive income up to 100% for the rest of his/her life.
- Guaranteed payment periods: 5, 10, 20, 30 year guarantees, or paid over an entire lifetime.*

Advantages to structuring all or a portion of your settlement.

- Tax-free: Excludes the total income amount of future payments from federal income taxes, if it is a personal injury case.
- Flexible: Provides an alternative to just offering cash and can be designed to meet a variety of specific needs, such as:
  - College funds
  - Medical care and lost income
  - Retirement funds
  - Mortgage payments

- Safe: Protects the lump sum from being squandered on impulse purchases. Or, in other words, eating the whole apple at one time.
- Protected: Helps keep the settlement from being available for friends and relatives who may want some part of your newfound wealth.
- Less costly to your insurer: The defendants in your case (the causality company whom you are filing the case against) may want to encourage you to take a structured settlement annuity, to resolve a dispute for less in terms of present value dollars.

  By deferring the dollar payment to you, the casualty company would pay less to settle your case than if they were to give you a lump sum up front. This may or may not be to your advantage and it can be a point of negotiating leverage for you and your attorney.
- Expedites your settlement: If both sides have reached an impasse in the settlement of your case, the offer of an annuity can break the deadlock. However, you must consider if this is right for you and your family and in the best long-term interests of your needs either financially or medically.
- Peace-of-mind: Provides a lifetime of security by avoiding the anxieties of investing the money received in a lump sum.

**Contingent upon the claims paying ability of the issuing insurance company. See page 16 under bullet #3 for details.*

The Orange: A structured settlement annuity.

Situations where structuring a settlement annuity may be considered appropriate.

While the complexity of any given settlement is only limited by the ingenuity of those participating, there are several universal issues that seem to be appropriate to consider structuring all or a portion of a settlement. These are as follows:

1. The amount one may receive from a settlement.

Many settlements are put together in the $10,000 to $50,000 range.

However, almost any time the $50,000 threshold is reached, a structured settlement may be considered. In particular, in cases over $100,000, a structured settlement annuity could become an appropriate alternative because of the tax-free status of income stream in a personal injury case.

However, if you are going to have ongoing medical needs which will require the payment of these expenses personally, versus paid by private insurance or public programs like Medicare, the benefit of tax-free income may not be to your advantage.

2. Lack of investment experience, along with concerns where others may be able to influence the injured person to spend their settlement dollars inappropriately.

Structured settlements are considered ideal for those without means, or capabilities, or without basic financial management skills. For example, cases involving people with permanent injuries such brain or spinal injuries, which require continuing medical attention and supervision for their economic well being, are prime candidates for structured settlements.

3. For individuals who may not have future earnings potential or will not be able to support themselves: Supplementing the injured party's diminished earnings or earning capacity can be a helpful method of resolving the cases, if a portion of the settlement is placed in a structured settlement annuity.

4. If there is a need for appointing a guardian in order to protect an injured individual.

An annuity is also an exceptionally practical method to resolve cases involving minors or those requiring a guardian – particularly when there is reason to believe there is a concern about protecting a person's future finances.

5. When there is a loss of life and there is a need to protect a survivor.

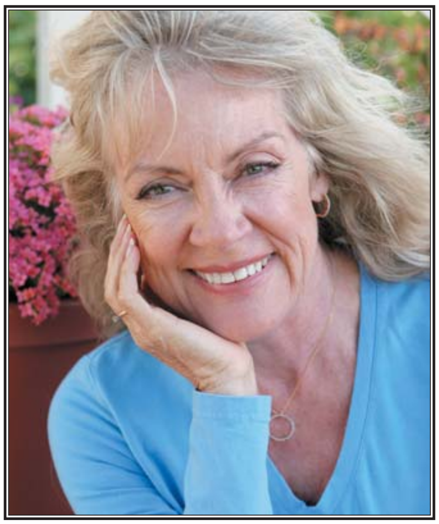
A surviving spouse may need monthly or annual income support especially if he/she may not have worked outside the home. The structured settlement can be of great assistance in helping the survivor ease back into the work force or continue to work in the home to raise young children, particularly if the surviving spouse has little or no experience in managing finances or investments.

The Orange: A structured settlement annuity.

Disadvantages of using only a structured settlement annuity.

The possibility of a substantial increase in inflation rates can negatively impact the value of receiving a set income stream. Other potential disadvantages include:

<u>1. Lower interest rates:</u> Total returns of annuities are often low, in that they are tied to the movements of interest rates. For example, in the past 10 years, interest rates have been low in relation to the equity or stock markets.



If you are incurring ongoing medical expenses, the advantages of the tax-free income at a lower rate of return may not be as advantageous as receiving a higher taxable return – as your medical expenses could offset your taxes on a higher-earning taxable account.

It is also important to remember that once an annuity is put in place, the interest rate is guaranteed* by the issuer and is not subject to fluctuation risk.

<u>2. No flexibility:</u> With an annuity, you are locked into the schedule of payments negotiated and have no power to change the payment schedule, even if your future circumstances should dictate the need to alter your payment stream.

<u>3. Bankruptcy of issuer:</u> Finally, every annuity is backed by the claims paying ability of the issuing insurance company. There is always a possibility that the life company making the annuity could go bankrupt and your income may be stopped. That is why it is important to make sure that the company making your annuity payment has top financial ratings by A.M. Best, Moody's, and Standard & Poors.

**Contingent upon the claims paying ability of the issuing insurance company. See this page under bullet #3 for details.*

The Fruit Bowl Approach: Combining Apples and Oranges for a structured strategy.

The third alternative for your settlement is called the Fruit Bowl approach: a combination of a lump sum (apple) and a settlement annuity (orange).

This approach, which is generally referred to as a structured strategy, can often offer you the best of both worlds to help you achieve both short- and long-term financial security by combining the security of the annuity income with the long-term growth of the equity market.

How the fruit bowl or structured strategy approach can help you bring your financial security to fruition.

A bowl of apples and oranges is generally a better alternative than a traditional lump sum or settlement annuity. It splits the settlement dollars between an annuity and a cash settlement to provide regular income and an immediate investment portfolio. Plus, the portfolio can be invested to provide growth and income, based on your individual risk tolerance and need for income.

The structured settlement annuity is used as the conservative fixed core of this investment model. As the safest portion of this concept, this core is designed to meet your ongoing income needs, while the other component of the portfolio, the equity portion, is a mix of bonds and stocks to help you grow your principal.

Case Study - Exhibit A

Sample Structured Settlement

Unrepresented plaintiff-	Mary Smith
Cause of loss-	Facial lacerations
Liability-	Full
Settlement-	$89,021

Item	Cost	Guaranteed Yield	Lifetime Yield
Cash up front	$10,000	$10,000	$10,000
Educational Fund:			
$20,000 to be paid at ages 18, 19, 20, 21	$24,803	$80,000	$80,000
Lump Sums:			
Age / Amount Paid			
22 / $100,000			
25 / $100,000	$54,218	$200,000	$200,000
Total:	**$89,021**	**$290,000**	**$290,000**

* This is only an example of a structured settlement and interest rates. Annuity income benefits vary according to current interest rates.

How a qualified financial advisor can assist you and your family as a member of your settlement team.

Step 1: Help you to define your goals by understanding your needs and objectives and specifically addressing these requirements in your investment plan.

Step 2: Help you to develop a plan in advance, which is critical in the settlement process. Ideally, your plan will encompass your needs, time horizon and risk tolerance.

Step 3: Help you customize and implement solutions from a broad array of financial products and services aligned with your current needs and future financial goals.

Step 4: Help you evaluate and optimize your plan by communicating and adjusting your portfolio on a regular basis to ensure that your needs and goals are being met as your lifestyle changes. As your life changes, your individual and family needs also change. It is always important to continually re-evaluate how your plan is progressing and ensure that it is still in line to meet your needs and fulfill your goals.

While settlement financial advisors clearly cannot control what happens to their clients in the future, they can play a key role in providing you with the financial education and flexibility to cope with future challenges. At the most fundamental level, feeling secure and confident about the future requires more than the money in the bank, and a check every month. Security requires long range planning.

The Fruit Bowl Approach: Combining Apples and Oranges for a structured strategy.

How the fruit bowl or structured strategy concept works.

- Your annuity systematically invests dollars into the equity market in a customized portfolio tailored to your income needs and risk tolerance. It works just like the systematic investing into a 401-K plan when you're working at a large corporation.

- You can have both the safety of a regular income payment and the potential growth of investments through the systematic investing of your annuity payments.

- You will have greater control of your money for future needs. You can participate in the upside of markets without jeopardizing your principal because your annuity is systematically investing.

- While working with a qualified financial settlement strategist, you will receive ongoing investment education which can empower you to make smart investment decisions.

A structured settlement strategy is possible if the following takes place.

- You and your attorney must be comfortable in understanding the details of this combination approach.

- It can't be overcomplicated and a burden to implement.

- You must have a dedicated financial advisor who can help you and your attorney orchestrate this type of approach today and into the future.

What are the bottom line results of the structured settlement strategy?

A structured strategy will not only provide protection for your principal and produce a steady stream of income for you, it will also help you create a long-term growth plan to provide liquidity in your investments and a legacy for your heirs.

In addition, because of the early planning necessary to establish this type of approach – along with the comprehensiveness of this integrated settlement strategy – the stress of the settlement process is alleviated by knowing you and your family have instituted a win-win plan.

Furthermore, at the time of settlement, you are not faced with the stress of having to evaluate other programs or professionals or make irreversible choices.

With a structured settlement, you will now have the time to learn about your investment alternatives, while continuing your income stream into the future.

In addition, you won't be faced with the need to cash in the annuity for fifty cents on the dollar, due to lack of cash flow.

Plus, if you choose the right credentialed structured financial advisor, they will continue to work with you providing guidance and financial education long after the settlement has been finalized.

How to manage your money for success.

- *Plan and follow a monthly budget.*
- *Avoid impulse purchases.*
- *Shop carefully for big ticket items.*
- *Buy used or pre-owned when you can.*
- *Pay bills on time to avoid late fees.*
- *Pay more than the minimum on bills.*
- *Keep three months of expenses in an emergency fund.*
- *Comparison shop for everything from insurance to mortgage rates.*
- *Prepare a will.*

The Fruit Bowl Approach: Combining Apples and Oranges for a structured strategy.

The 9/11 widow and the wasted settlement.

A recent column by financial planner Don McNay tells the story of Kathy Trant, who attracted worldwide attention a few years ago by quickly spending the $4.7 million she received for the death of her husband who was killed in the September 11, 2001 World Trade Center attack.

"I'm not surprised about Trant's story. I have seen the same story played out hundreds of times with larger and smaller sums of money," writes McNay. Trant called the money, "blood money," and, according to McNay, her spending sprees were a subconscious and probably sometimes conscious effort to run through the money.

"Many people think that if they get rid of the money their lives will go back to normal," said McNay.

"Often I see a grief-ridden person influenced by family and friends. Many years ago, I had a client whose wife was killed in a car accident. He received a $500,000 settlement. I invested his money, but every month, his new wife would come to my office wanting to withdraw more."

"Each time, she was sporting new jewelry, a mink coat, and other expensive items. I finally went to their house and told them they were going to run out of money."

They moved their money to another broker. Within six months, she had spent the entire $500,000 and left town.

Putting money in a structured settlement is the only solution.

"Putting money in a structured settlement and giving victims a monthly payment is the only real solution I have," said McNay.

"I started out using structured settlements as a financial planning tool and became a true believer. It is hard for someone who has gone through hell to think clearly about their money. Someone who has just lost their spouse has no chance."

"There is a small window of time before people actually receive money to set things up right. After that, pressures and people get in the way."

"I feel sorry for everyone involved. I feel sorry for the widows or widowers and their families. Not only have they lost their spouses, but after they run through the money they are worse off financially than ever."

"I also feel bad about the spouses who died thinking that their families were taken care of. Kathy Trant has been through hell. If her attorneys, advisors, or friends had insisted that she needed to put her money in a structured settlement or an appropriate trust, she would be able to live a comfortable life; now she won't."

Source: Don McNay is the author of the upcoming book: "Son of a Son of a Gambler: Winners, Losers and What to Do When You Win the Lottery." His award-winning column is syndicated in over 200 newspapers. You can write to him at don@donmcnay.com.

Advantages of working with Creative Capital and Seal Financial Services.

As one of the world's top structured settlement companies, with 11 offices in the U.S. and London, Creative Capital manages over $100 million in assets for families and individuals with special needs.

By partnering with Creative Capital and Seal Financial Services, Inc.*, you can take advantage of the highest level of the financial planning and investment management expertise before, during and long after your settlement process.

As leaders in structured settlement solutions, we at Seal Financial Services, Inc. are dedicated to working with you and your attorney to craft solutions and tailor products that meet your specific needs.

In fact, with years of experience and expertise in structured settlement consulting and brokerage, we are uniquely positioned to help you facilitate your settlement process and support approaches that work favorably for you.

Our approach is based on the philosophy that a structured settlement firm should be able to assist both sides in achieving an acceptable settlement. That's why we offer support for both plaintiff and defense attorneys to develop win-win solutions, including: Mediation assistance, Court and conference appearances, Document drafting and review, Compliance with taxes and other legal requirements.

**Securities offered through Geneos Wealth Management, Inc., member FINRA and SIPC. Advisory services offered through Seal Financial Services, Inc. Creative Capital, Inc. and Geneos Wealth Management, Inc. are not affiliated companies.*

Let us help you develop a personalized plan for long-term financial security.

At Seal Financial Services, Inc., we address the complex interweaving of your financial and health care issues to assist you in developing customized solutions that meet your objectives today and tomorrow.

As part of our "Living Legacy Planning", we provide a written commitment to you that we will manage your investments according to your personal expectations, goals and needs. Our firm's mission is to be your trusted advisors for your family's wealth management.

Our firm was founded on trust, and the real test of our professionalism is the commitment we have to each and every client and their family – large and small.

We value the trust that our clients place in us with their family legacy. That's why you can be assured that we will consistently maintain the highest level of confidentiality and respect the trust that you have placed in us.

What makes us different?

- Personal service: We help you achieve your financial goals by listening closely to you and your needs. We take the time to understand your requirements, short- and long-term objectives, risk tolerance, time parameters and investment experience.

- Trust: As investment advisors, we fulfill our fiduciary duty by placing each client first and disclosing all possible conflicts of interest, and by always focusing on what is best for you and your needs.

  We make full disclosure of all material facts, and discuss our investment recommendations with you in great detail. In addition, we receive your approval before any investment decisions are implemented.

Advantages of working with Creative Capital and Seal Financial Services.

- Proven track record for success: We have extensive experience in assisting clients who require retirement planning or have had unexpected illnesses, injuries, gradual incapacities or the loss of a loved one. We also draw upon outside resources as needed – including accountants, attorneys and case managers – to help manage any complexities inherent in your unique situation with success.

Discover all of the unique advantages to working with us:

- *Proven experience in planning and managing settlement solutions for success.*
- *Total focus on you and your needs.*
- *Strict Investment Policy to help you minimize risk and maximize your return.*
- *Full disclosure of fees without hidden charges.*
- *Disclose any possible conflicts of interest.*
- *Dedications to collaborating with other professionals to ensure you get the best advice possible.*
- *Our Registered Investment Advisor (RIA) status guarantees our objectivity — and helps protect you and your interests by requiring that we be independent in our investment recommendations.*

Got money? Get a game plan.

Most people dream about winning the lottery. But, the odds are greater that you will be struck by lightning first.

Sad as it may sound, most people will come into wealth from a depressing event — such as an inheritance, divorce or an insurance settlement — rather than a happy one. Either way, dealing with windfall clients requires the highest professionalism from financial advisors.

"Suddenly wealthy people need help establishing new ground rules to ensure they will be set for life," says Gregory Seal, a financial advisor. "If people don t have a game plan, chances are they will spend it all."

People who receive sudden wealth don't realize how quickly their new "fortune" can evaporate.

The chances of totally blowing a windfall are particularly great if this money is put into easily accessible bank accounts. "It can completely disappear in three to four years," Seal says.

He tries to help clients develop a plan for how to spend and grow their money over the course of their lifetime.

Last year, he helped a client who had received more than $700,000 in an insurance settlement from a motorcycle accident.

Because the client still required ongoing medical care, it was vital to preserve the dollars for the rest of her lifetime.

Advantages of working with Creative Capital and Seal Financial Services.

The first step was convincing the client to think of the settlement as her new job, even though she continued to work part time. Seal discouraged her from buying a large house, and paying for her daughter's college tuition in a lump sum, decisions that would have depleted the settlement instantly by nearly one fourth.

"Some people start spending and think there isn't going to be a problem," says Seal. "The first thing I did was talk to her about her short-term and long-term goals. I told her she could still have these things, but she needed to take some time (six months to a year) and let her life get back to a more normal routine prior to making any of these major decisions."

Seal counseled his client to place $20,000 of the settlement money into an emergency money market fund for unexpected short-term expenses such as car repairs or quick trips. Often, he advises clients to look at what their monthly expenses are and keep six to nine months of these expenses in a reserve account.

Seal then advised his client to put $40,000 in an intermediate account to pay for her daughter's college tuition, raising that to $70,000 when a second insurance settlement came in. The first year's tuition and college expenses cost $24,000, but the remaining $16,000 dollars in the account grew to $17,000 for part of the second year's tuition.

The remaining $640,000 of the settlement went into a diversified portfolio designed more around income and growth which would generate a little over $2,000 a month for the woman to withdraw for monthly expenses.

"As her account grows over time and we get a true indication of her ongoing medical needs, then we would make additional recommendations for utilizing her new-found wealth to accomplish her other goals and objectives," says Seal.

He would have preferred to have put more of the money into a long-term tax-advantaged account over time; however, his client wanted a degree of liquidity for any unforeseen needs. According to Seal, taking a more conservative approach is very important initially when individuals have experienced a life-changing event like the motorcycle accident.

When clients have experienced four to five years of anguish while their case finally settles, there is a great deal of pent up demand for good and services which they have often sacrificed during the settlement process. That's one area in which advisors frequently try to work with clients on instilling a disciplined approach to gratifying their desires over a reasonable amount of time.

When dealing with people who come into money suddenly, patience is key. "It takes time to build up client trust and confidence," says Seal. "You have to have the patience to answer all of their questions, and review everything. They want to learn where the money is going. It's a large sum for them. They don't want to lose it, yet they have a number of needs which they have accumulated since the time of their accident."

Seal says he often advises suddenly wealthy clients to place their money in high-yielding money market accounts for the first six months to a year, to give them more time to adjust to having the money and to build up trust in their financial advisor.

Advantages of working with Creative Capital and Seal Financial Services.

Gregory P. Seal, CFP®, MBA, CIMC®, CIMA® is President of Seal Financial Services, Inc., and C-Hall Corporation (both established in 1985), and co-founder of The Family Advisory Team LLC, established in 2002. Mr. Seal earned his MBA from Regis College in Denver, Colorado and his undergraduate degree from Westminster College in Salt Lake City, Utah.

He is a Certified Financial Planner™ licensee, a member of the Institute for Certified Investment Management Consultants and a Certified Investment Management Consultant. Seal Financial Services, Inc. is a Registered Investment Advisor with the Federal Securities Exchange Commission.

Mr. Seal is active on several community Boards of Directors, including the Elder Law Institute Advisory Board and the Colorado Fund for People With Disabilities. In addition, he is the past President of the Financial Planning Association of Colorado. Mr. Seal is the author of the book *"The Guide for Heirs and Survivors"*, (1996) and co-author of *"Making the Money Last"*, (1996).

Janet L. McCoy, CFP®, AIF®, is a partner in Seal Financial Services, Inc., and a Certified Financial Planner™ practitioner with more than 22 years of experience in assisting individuals and companies with personal financial planning, business accounting and tax preparation.

With over 10 years experience in tax preparation and small business accounting, and more than 13 years of experience in personal financial planning, Ms. McCoy provides financial advice based on a thorough understanding of the many complexities involved with financial issues. These issues can include family dynamics, conflicting financial goals, divorce, death of a spouse or other major life changes, to name a few.

She was President of the Financial Planning Association of Colorado in 2003, and has served on the Board of Directors of the FPA of Colorado and the Institute of Certified Financial Planners for over eight years. In addition, Ms. McCoy has contributed to articles in *Money Magazine* and *Financial Planning Magazine*, and has been a featured speaker of the Colorado Bar Association and other various groups.

Jennifer L. Lessard, CFP®, is a Certified Financial Planner™ practitioner, and joined our firm in September of 2006, bringing the skills and expertise with her to complement our firm's objective to provide financial solutions for individuals affected by life changes.

Ms. Lessard has 10 years of experience in trust administration with a large national institution where she specialized in estate planning, trust administration, estate settlement and special needs trusts.

She received her undergraduate degree from the University of Oregon in Eugene, Oregon in 1994, and also received specialized trust administration training from The Cannon Financial Institute in 1997.

Her "hands-on" experience provides a unique perspective in estate planning, particularly in settling estates and administrating trusts as she has been closely involved in identifying and resolving estate planning debacles. Just as she has done over the past 10 years, she continues to act as an advocate for clients – listening, identifying issues and working toward solutions in their best interests.

Income and Expense Worksheet.

INCOME:

Interest/Dividends		$ ____________
Pension		$ ____________
Social Security		$ ____________
Employment		$ ____________
Other:	1. ____________	$ ____________
	2. ____________	$ ____________
	3. ____________	$ ____________
TOTAL INCOME		$ ____________

EXPENSES:

HOUSING

Mortgage/Rent		$ ____________
Maintenance/Repairs		$ ____________
Insurance		$ ____________
Property Tax		$ ____________
Other:	____________	$ ____________

UTILITIES

Electric		$ ____________
Gas		$ ____________
Water/Garbage		$ ____________
Telephone		$ ____________
Other:	____________	$ ____________

FOOD

Groceries		$ ____________
Eating Out		$ ____________
Other:	____________	$ ____________

TRANSPORTATION

Gas		$ ____________
Car Maintenance		$ ____________
Car Insurance		$ ____________
Other:	____________	$ ____________

CLOTHING/PERSONAL

Clothing		$ ____________
Dry Cleaning		$ ____________
Hair Care		$ ____________
Health Club		$ ____________
Other:	____________	$ ____________

INSURANCE

Life/Disability		$ ____________
Health/Dental		$ ____________

Income and Expense Worksheet.

HMO, IPO, or PPO Policy Outlines $ ____________
Medicare Supplements $ ____________
Long-Term Insurance $ ____________

MEDICAL
Doctor/Dentist $ ____________

ENTERTAINMENT
Hobbies/Clubs $ ____________
Sports (i.e. Skiing) $ ____________
Weekend Travel/Trips $ ____________
Other: ______________ $ ____________

MISCELLANEOUS
Cash/Pocket Money $ ____________
Gifts $ ____________
Donations $ ____________
Postage $ ____________
Newspaper $ ____________
Magazines/Books $ ____________
Tapes/Records $ ____________
Pet Care $ ____________
Other: ______________ $ ____________

TOTAL EXPENSES $ ____________

INCOME OVER/UNDER EXPENSES $ ____________

Disclaimer information.

Figures contained in this document are past results and are not predictive of results in future periods. Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so investors may loose money. Investors should carefully consider the investment objectives, risks, charges and expenses of all investments they may be considering. This and other important information is contained in the prospectus(es) of any mutual funds they may be considering, which can be obtained from their financial adviser and should be read carefully before investing. Diversifying investments does not ensure against market loss.

The return of principal in bond funds, as well as in funds with significant bond holdings, is not guaranteed. Mutual fund shares are subject to the same interest rate and credit risk that are associated with the underlying bonds owned by bond fund(s). Refer to page 11 of this document for the definitions of the different types of risk. Bond prices and mutual fund shares price will generally move in the opposite directions of interest rates. Unlike mutual bond funds, investments in T-Bills, if held to maturity, offer a guarantee of principal and interest. These securities are guaranteed by the full faith and credit of the U. S. government. Investing in smaller companies entails additional risks, as more fully described in each of the mutual fund's prospectus. Investing outside the U.S. (especially in developing countries) entails additional risks, such as currency fluctuations, as more fully described in the prospectus. The following information relates additional disclosure to the Diversification: the risk-return relationship chart on page 9 of this document.

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