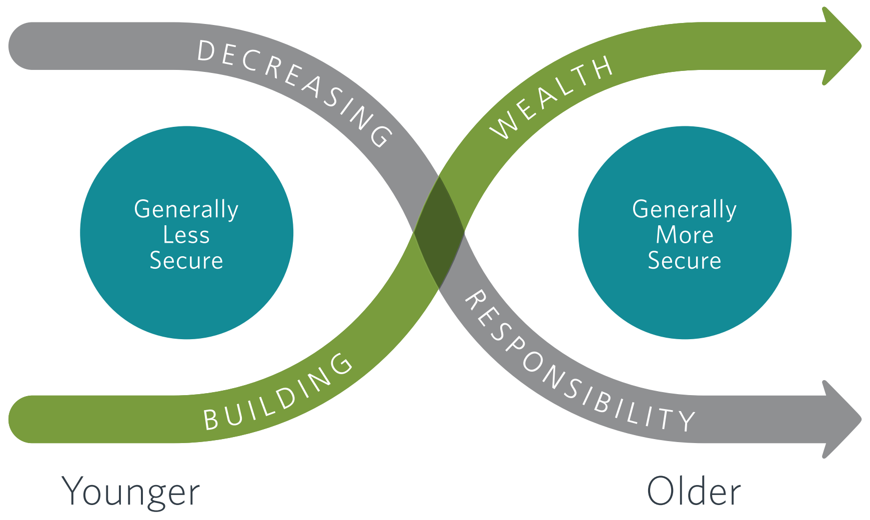
Starting Out in your 20s

Responsibilities such as student loans and credit card debt are often at their highest when your cash flow is at its lowest. It's important to have a strategy to manage or eliminate your debt.

Now is the time to establish a budget - and stick to it - to manage your expenses and increase your cash flow. Eliminating debt and building an emergency fund are your top priorities.

The X-Curve

This graphic shows that, in general, when you are young, you have many responsibilities and are only in the beginning stages of building wealth. And conversely, as you grow older, you have fewer responsibilities and have probably accumulated more wealth.



The six steps should be factored into each stage of life, but this brochure focuses on the steps most relevant and typical to a particular stage.

1 The Rule of 72 is a mathematical concept that approximates the number of years it will take to double the principal at a constant rate of return compounded over time. All figures are for illustrative purposes only, and do not reflect the risks, expenses or charges associated with an actual investment. The rate of return of investments fluctuates over time and, as a result, the actual time it will take an investment to double in value cannot be predicted with any certainty. Results are rounded for illustrative purposes. Actual results in each case are slightly higher or lower.

2 In this hypothetical example, a 5% compounded rate of return is assumed on hypothetical monthly investments over different time periods. The example is for illustrative purposes only and does not represent any specific investment. It is unlikely that any one rate of return will be sustained over time. This example does not reflect any taxes, or fees and charges associated with any investment. If they had been applied, the period of time to reach a $1 million retirement goal would be longer. Also, keep in mind, that income taxes are due on any gains when withdrawn.

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The Six Steps
to Financial Independence

A Transamerica Company

The six steps to living life on your terms

Your financial future depends on how you address your individual circumstances. There is no one way of preparing that is right for everyone, but there are common elements. Your WFG financial professional can assess where you are now, determine your particular needs and then help you work toward a sound financial future. It all begins with understanding these six steps to financial independence.

The Six Steps

Cash Flow
- Earn additional income
- Manage expenses

Debt Management
- Consolidate debt
- Strive to eliminate debt

Emergency Fund
- Save at least 3-6 months' income
- Prepare for unexpected expenses

Proper Protection
- Protect against loss of income
- Protect family assets

Build Wealth
- Strive to outpace inflation and reduce taxes

Preserve Wealth
- Reduce taxation
- Build a family legacy

Establishing Yourself in your 30s

As your income grows, perhaps along with the start of a young family, you can begin to look beyond debt to building wealth and protecting loved ones with proper insurance coverage.

The Rule of 72[1]

Divide 72 by an annual interest rate to calculate approximately how many years it takes for money to double assuming the interest is compounded annually. Keep in mind that this is just a mathematical concept. Interest rates will fluctuate over time, so the period in which money can double cannot be determined with certainty. Additionally, this hypothetical example does not reflect any taxes, expenses, or fees associated with any specific product. If these costs were reflected the amounts shown would be lower and the time to double would be longer.

72 ÷ 2% = 36 At 2% money nearly doubles every 36 years		72 ÷ 4% = 18 At 4% money nearly doubles every 18 years		72 ÷ 6% = 12 At 6% money nearly doubles every 12 years	
Years	Amount	Years	Amount	Years	Amount
Initial Amount	$10,000	Initial Amount	$10,000	Initial Amount	$10,000
35	$19,999	18	$20,258	12	$20,122
70	$39,996	36	$41,039	24	$40,489
		53	$79,941	36	$81,473
				48	$163,939

This is exciting to think about. But consider the interest rate on your credit card. Is it 18%? Higher? The Rule of 72 can work against you just as powerfully as it can work for you. Debt management is important.

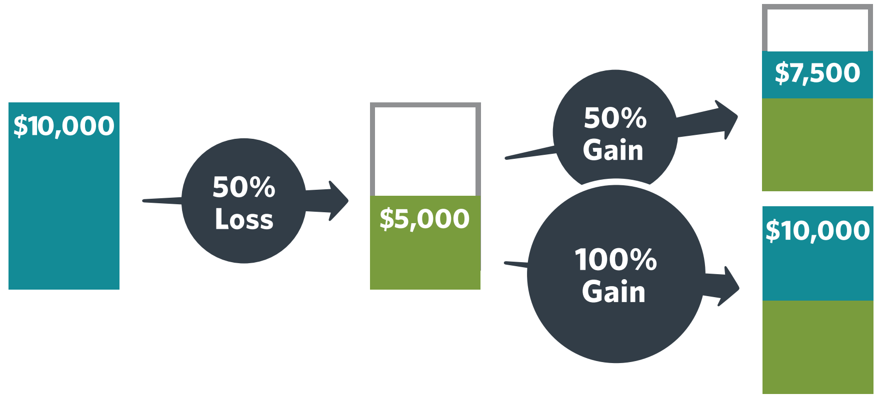
Hitting Your Stride in your 40s & 50s

As you reduce your consumer debt and increase your disposable income, your full focus should be on building wealth for your future and for your children's education. Estate planning and long term care should also be considered.

The Impact of Losses

Proper insurance coverage can help you guard against the impact of losses. At this stage losses are magnified because you not only have to recoup what was lost, but catch up to the progress you were making.

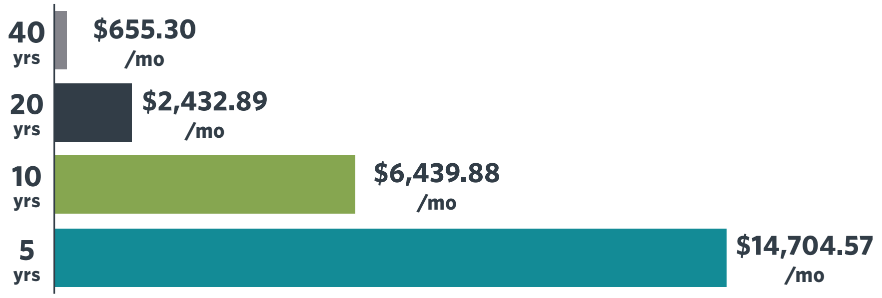
This chart shows why a 50% loss in an account then requires a 100% gain just to break even.



The Cost of Waiting[2]

Just as loss can be costly, so can waiting. Perhaps it's taking you longer than expected to pay off your consumer debt or student loans. These and other circumstances, such as the rising cost of living, can hold you back from saving for the future.

No matter where you are in life or in building a financial strategy, the key is to begin saving now. You can see from this chart how much you need to set aside each month to reach a $1 million retirement goal, based on a monthly compounded rate of return in a hypothetical 5% tax-deferred account.



Living On Your Terms in your 60s & up

After years of careful planning and commitment to your goals, you'll continue to discover that financial independence still requires work in the form of estate planning and deciding how to enjoy each day in retirement.

Having an estate plan in place will help:[3]

- Avoid probate costs
- Manage estate taxes
- Ensure your legacy reaches your intended heirs
- Establish medical and financial powers of attorney so that your finances and medical needs are taken care of should you become incapacitated

The 3-Legged Stool

The Three-Legged Stool refers to the traditional retirement income model which was composed of a Social Security check, a company pension, and your personal savings. The strength of the Social Security system is in question. Pensions are becoming a thing of the past, which leaves personal savings as the only leg left.

With the 3-legged stool of retirement all but gone, there has been a shift to personal responsibility. It's important to learn the right balance between what you spend now and what you save for later.

Work with your financial professional to find the best way to prepare for the future and for how to live life on your terms.