CREWS

Retirement Plan for
Charles and Marla H. Thornton

February 11, 2014

Plan #1: Keep Current Pension (Overview)

This plan continues what you have. You'll receive $30,000 annually in retirement for as long as you live. And if your beneficiary outlives you, $20,000 a year will be paid as a survivor benefit.

* Under this plan, your lifetime income is guaranteed. Interest rates will change, investment markets will fluctuate, inflation will rise and fall, but your benefit will be consistent. You can count on it, for as long as you live. So can your beneficiary.

* You do not have to be responsible for managing a large lump sum of money, or worry about how well somebody else is managing it for you. There is someone somewhere managing that money, but you get the same, steady, guaranteed income regardless of how well or poorly they do.

* Although no plans are ever absolutely safe, your pension is supported by federal law and backed (up to certain limits) by the Pension Benefit Guaranty Corporation. It has worked for you up until now, and it is a low-effort, predictably reliable choice for you. (For more about guarantees, go to http://www.CREWSRetire.com, and click on "Guarantees"; for more about the lump sum decision in general, click on "Participants".)

Report Card for Plan #1

A	Overall grade
A+	Under "normal" circumstances
A+	If you live an extra long lifetime
A	If you experience inferior returns on savings and investments
D+	If you have high medical expenses, including long-term care
A+	If you experience inferior returns on savings and investments, and if you live an extra long lifetime

See the attached Explanatory Notes for more specific definitions of each set of circumstances referred to above.

Plan #2: Accept the Lump Sum (Overview)

Under Plan #2, your pension will end, and in its place a transfer of $400,000 will be made into an IRA Rollover account for you.

* Your lump sum will be invested in a manner that you can help to define. If you wish to receive the same amount of income as your pension provides, it can be taken from the lump sum, and from future earnings on that account.

* Although future investment performance is not guaranteed, you have the opportunity to use smart strategies to obtain more than the absolutely safe minimum. You might be able to increase your income in the future, or sometimes take extra amounts to cover unexpected needs.

* With a lump sum, you have flexibility. For example, if either of you has to move into assisted living or needs nursing care, you are not limited to $30,000 a year, but can take what you need from funds that you control. Or if you decide later that you want some of your income guaranteed after all, that can be done. Or you can dip into these funds for other purposes, or take out less in some years if you want to lower your taxes. But keeping your pension locks you in, with no flexibility at all.

Report Card for Plan #2

A	Overall grade
A+	Under "normal" circumstances
A+	If you live an extra long lifetime
A+	If you experience inferior returns on savings and investments
C	If you have high medical expenses, including long-term care
A-	If you experience inferior returns on savings and investments, and if you live an extra long lifetime

See the attached Explanatory Notes for more specific definitions of each set of circumstances referred to above.

* By taking the lump sum, you may be able to leave a portion of your pension to your heirs. Your pension ends at death, even if that happens tomorrow. But with a lump sum, under the same scenario, the better part of $400,000 would be left in your tax-advantaged account for your heirs.

* If you take the lump sum, you will still be taxed only on the income you withdraw from your new account. You do not pay taxes on the transfer of the money out of your pension plan.

Your Household's Hypothetical Cash Flow

Keep Current Pension
Extra Long Life Scenario

This illustration shows what could happen in one set of circumstances. But it is extremely unlikely that exactly these circumstances will occur, and this hypothetical illustration should not be taken as a prediction or forecast. See the attached Explanatory Notes for more information.

		Household Income			Household Expenses				
Year	Net Assets: Start of Year	Work	Social Security, Pensions, Annuities	Invest-ment and Other Income	Necessary Items	Discre-tionary Items	Financial (incl. Adjust-ments)	Medical Costs	Net Cash Flow for the Year
2014	800,000	0	**36,833**	26,000	0	60,000	8,795	9,828	**-15,790**
2015	784,210	0	**71,171**	25,487	0	61,500	14,231	10,690	10,236
2016	794,447	0	**72,200**	25,820	0	63,038	14,332	11,552	9,098
2017	803,545	0	**73,255**	26,115	0	64,613	14,420	12,414	7,923
2018	811,468	0	**74,336**	26,373	0	66,229	14,495	13,276	6,710
2019	818,178	0	**75,445**	26,591	0	67,884	14,557	14,138	5,456
2020	823,635	0	**76,581**	26,768	0	67,884	14,891	15,000	5,574
2021	829,208	0	**77,746**	26,949	0	67,884	14,835	15,862	6,113
2022	835,321	0	**78,939**	27,148	0	67,884	14,790	16,724	6,689
2023	842,010	0	**80,163**	27,365	0	67,884	14,754	17,586	7,303
2024	849,313	0	**81,417**	27,603	0	67,884	14,729	18,448	7,957
2025	857,270	0	**82,702**	27,861	0	67,884	14,665	19,647	8,367
2026	865,637	0	**84,020**	28,133	0	67,884	14,597	20,924	8,747
2027	874,384	0	**85,370**	28,417	0	67,884	14,524	22,284	9,095
2028	883,479	0	**86,754**	28,713	0	67,884	14,445	23,733	9,405
2029	892,884	0	**88,173**	29,019	0	67,884	14,358	25,276	9,674
2030	902,558	0	**89,628**	29,333	0	66,187	14,263	26,918	11,592
2031	914,151	0	**91,118**	29,710	0	64,490	14,177	28,668	13,493
2032	927,643	0	**92,646**	30,148	0	62,793	14,100	30,532	15,370
2033	943,013	0	**94,212**	30,648	0	61,096	14,030	32,516	17,218
2034	960,230	0	**95,818**	31,207	0	59,399	13,966	34,630	19,031
2035	979,261	0	**97,463**	31,826	0	57,702	13,904	36,881	20,803
2036	1,000,064	0	**99,150**	32,502	0	56,005	13,844	39,278	22,525
2037	1,022,589	0	**100,879**	33,234	0	54,308	13,783	41,831	24,192
2038	1,046,781	0	**102,650**	34,020	0	52,610	13,718	44,550	25,792
2039	1,072,573	0	**104,467**	34,859	0	50,913	13,648	47,446	27,318
2040	1,099,892	0	**106,328**	35,746	0	49,216	13,569	50,530	28,760
2041	1,128,651	0	**108,237**	36,681	0	47,519	13,480	53,814	30,105
2042	1,158,756	0	**110,193**	37,660	0	45,822	13,375	57,312	31,343
2043	1,190,099	0	**112,197**	38,678	0	44,125	13,253	61,037	32,460

Your Household's Hypothetical Cash Flow

Keep Current Pension
Extra Long Life Scenario

		Household Income			Household Expenses				
Year	Net Assets: Start of Year	Work	Social Security, Pensions, Annuities	Invest-ment and Other Income	Necessary Items	Discre-tionary Items	Financial (incl. Adjust-ments)	Medical Costs	Net Cash Flow for the Year
2044	1,222,559	0	**114,252**	39,733	0	42,428	13,110	65,005	33,443
2045	1,256,002	0	**116,359**	40,820	0	40,731	12,941	69,230	34,277
2046	1,290,279	0	**118,518**	41,934	0	39,034	12,743	73,730	34,945
2047	1,325,224	0	**120,731**	43,070	0	37,336	12,511	78,523	35,430
2048	1,360,655	0	**122,999**	44,221	0	35,639	12,240	83,626	35,714
2049	1,396,369	0	**0**	45,382	0	0	24,699	371,145	**-350,463**

Key events assumed for this Plan / Scenario (during the 12 months starting in February of the year shown):

2049 - Charles's death (income and expenses for this person end; one-time medical expenses occur; funeral expenses are paid).
2049 - Marla's death (income and expenses for this person end; one-time medical expenses occur; funeral expenses are paid).

Your Household's Hypothetical Cash Flow

Accept the Lump Sum
Extra Long Life Scenario

This illustration shows what could happen in one set of circumstances. But it is extremely unlikely that exactly these circumstances will occur, and this hypothetical illustration should not be taken as a prediction or forecast. See the attached Explanatory Notes for more information.

		Household Income			Household Expenses				
Year	Net Assets: Start of Year	Work	Social Security, Pensions, Annuities	Invest-ment and Other Income	Necessary Items	Discre-tionary Items	Financial (incl. Adjust-ments)	Medical Costs	Net Cash Flow for the Year
2014	800,000	0	**6,833**	26,000	0	60,000	**-411,450**	9,828	374,456
2015	1,174,456	0	**41,171**	38,170	0	61,500	2,074	10,690	5,076
2016	1,179,532	0	**42,200**	38,335	0	63,038	2,026	11,552	3,919
2017	1,183,451	0	**43,255**	38,462	0	64,613	1,965	12,414	2,725
2018	1,186,176	0	**44,336**	38,551	0	66,229	1,891	13,276	1,492
2019	1,187,668	0	**45,445**	38,599	0	67,884	8,205	14,138	**-6,183**
2020	1,181,484	0	**46,581**	38,398	0	67,884	8,262	15,000	**-6,168**
2021	1,175,317	0	**47,746**	38,198	0	67,884	8,334	15,862	**-6,137**
2022	1,169,179	0	**48,939**	37,998	0	67,884	8,421	16,724	**-6,092**
2023	1,163,087	0	**50,163**	37,800	0	67,884	8,523	17,586	**-6,031**
2024	1,157,056	0	**51,417**	37,604	0	67,884	8,641	18,448	**-5,953**
2025	1,151,104	0	**52,702**	37,411	0	67,884	8,726	19,647	**-6,144**
2026	1,144,959	0	**54,020**	37,211	0	67,884	8,774	20,924	**-6,352**
2027	1,138,607	0	**55,370**	37,005	0	67,884	8,860	22,284	**-6,654**
2028	1,131,953	0	**56,754**	36,788	0	67,884	8,832	23,733	**-6,906**
2029	1,125,046	0	**58,173**	36,564	0	67,884	8,804	25,276	**-7,226**
2030	1,117,820	0	**59,628**	36,329	0	66,187	8,838	26,918	**-5,987**
2031	1,111,833	0	**61,118**	36,135	0	64,490	8,883	28,668	**-4,788**
2032	1,107,045	0	**62,646**	35,979	0	62,793	8,937	30,532	**-3,637**
2033	1,103,408	0	**64,212**	35,861	0	61,096	8,999	32,516	**-2,538**
2034	1,100,870	0	**65,818**	35,778	0	59,399	9,003	34,630	**-1,436**
2035	1,099,434	0	**67,463**	35,732	0	57,702	9,004	36,881	**-392**
2036	1,099,043	0	**69,150**	35,719	0	56,005	8,998	39,278	588
2037	1,099,631	0	**70,879**	35,738	0	54,308	8,982	41,831	1,495
2038	1,101,126	0	**72,650**	35,787	0	52,610	8,953	44,550	2,324
2039	1,103,450	0	**74,467**	35,862	0	50,913	8,822	47,446	3,148
2040	1,106,598	0	**76,328**	35,964	0	49,216	8,664	50,530	3,883
2041	1,110,480	0	**78,237**	36,091	0	47,519	8,474	53,814	4,520
2042	1,115,000	0	**80,193**	36,238	0	45,822	8,246	57,312	5,050
2043	1,120,050	0	**82,197**	36,402	0	44,125	7,876	61,037	5,561

Your Household's Hypothetical Cash Flow

Accept the Lump Sum
Extra Long Life Scenario

		Household Income			Household Expenses				
Year	Net Assets: Start of Year	Work	Social Security, Pensions, Annuities	Invest-ment and Other Income	Necessary Items	Discre-tionary Items	Financial (incl. Adjust-ments)	Medical Costs	Net Cash Flow for the Year
2044	1,125,611	0	**84,252**	36,582	0	42,428	7,457	65,005	5,946
2045	1,131,556	0	**86,359**	36,776	0	40,731	6,982	69,230	6,192
2046	1,137,748	0	**88,518**	36,977	0	39,034	6,445	73,730	6,286
2047	1,144,034	0	**90,731**	37,181	0	37,336	5,840	78,523	6,213
2048	1,150,246	0	**92,999**	37,383	0	35,639	5,049	83,626	6,067
2049	1,156,313	0	**0**	37,580	0	0	37,393	371,145	**-370,959**

Key events assumed for this Plan / Scenario (during the 12 months starting in February of the year shown):

2014 - Lump sum of $400,000 is deposited into an IRA Rollover for Charles
2019 - Required minimum distributions from retirement accounts are assumed to begin.
2049 - Charles's death (income and expenses for this person end; one-time medical expenses occur; funeral expenses are paid).
2049 - Marla's death (income and expenses for this person end; one-time medical expenses occur; funeral expenses are paid).

Explanatory Notes

Plans:

This report outlines two plans that attempt to make good use of the resources and opportunities you have before you. Of course, no plan can guarantee success, and no plan can fully account for all of life's surprises. We strongly urge you to update this analysis periodically. In the meantime:

The "Keep Current Pension" plan assumes that the principal factors that determine your finances work out as you initially specified, including continuation of your employer pension plan benefit as is.

The "Accept the Lump Sum" plan uses the same assumptions as the preceding plan, except that income from the employer pension plan terminates, and in its place, you receive a lump sum of $400,000, which is deposited into a tax-deferred IRA Rollover account.

Report cards:

Each plan is given an overall grade, then is further evaluated under five sets of conditions ("Scenarios") that reflect both "normal" conditions and other concerns you have indicated.

The "Overall grade" is an average of the individual grades for each scenario. The grading system is intended to be similar to a school report card. To be more specific:

A = Goals are expected to be met, with room to spare.
B = Goals are expected to be nearly met, but not quite.
C = Results are expected to fall short of goals, but further adjustments may produce acceptable results.
D = Substantial changes will be needed to bring results and goals in line.
F = This is a recipe for financial disaster if these circumstances occur.

The "normal" scenario is intended to show what would happen under "expected" or "typical" future circumstances. This means expected average future events, with neither good nor bad surprises. Of course, the "Normal" scenario will not occur, because reality always varies from expectations, sometimes by a little, sometimes by a lot. That is why other, less favorable scenarios are also shown. Here are the assumptions that we use in the "Normal" scenario:

1. Everyone lives to the expected average age for people of their sex, current age, health, and smoking status:
   Charles lives to age 83.3.
   Marla lives to age 82.4.
2. You use a relatively conservative strategy for your savings and investments:
   Your annual pre-tax return on saved and invested funds is assumed to be 3.25%.
   (See further notes below for more information about savings and investments.)
3. Inflation consistently runs at a moderate rate:
   The annual inflation rate is assumed to be 2.5%.
4. Medical costs, unless already higher than average, will gravitate to historical averages:
   Medical expenses tend to increase about 2% for each year of age.
   Annual medical cost inflation will be about 4.5%.
   Normal medical costs will be adjusted, based on current health.
      Adjustments may range from 25% below normal to as much as four times normal.
   Extra out-of-pocket medical costs are assumed to be $20,000 per person in the year of death (before inflation).
   No other long-term medical care costs are assumed in this scenario.

The "long life" scenario illustrates the consequences if other assumptions are held steady, but everyone in the household lives longer. In most cases, a longer life means an increased financial risk, because your money has to last that many more years. In this scenario, life expectancy of household members is age 100.

The "inferior returns" scenario tests the impact of adverse investment experience. Although most people invest more conservatively when they get older, even conservative investments can do worse than expected. Furthermore, adverse market conditions tend to hurt you more if they occur early on, before you have withdrawn and spent much of your savings. Under this scenario: your average pre-tax return on saved and invested funds is 1.00% lower (compound average annual rate).

The "high medical expense" scenario estimates what would happen if medical expenses turn out to be much higher than expected. All assumptions are kept at "normal" levels in this scenario, except:

1. Expenses for medical care are multiplied by a factor of 2.0.
2. Both of you are assumed to need 5 years in long-term home health or nursing home care.
   (Assumed costs are based on family arrangements, insurance, and your state of residence.)

The "long life and inferior returns" scenario assumes the following deviations from "normal:"

1. Each person in the household lives to age 100.
2. Your average pre-tax return on saved and invested funds drops to 2.25% (compound average rate).

Medicare:

U.S. citizens automatically receive Medicare Part A (hospital insurance) at age 65. They are also eligible for Part B (supplemental medical insurance) at an additional but relatively modest premium. Despite the premiums required for participation in Medicare, the program is heavily subsidized by the U.S. government and is worth signing up for as soon as one is eligible (unless you already have equivalent low-cost coverage available through an employer or elsewhere). Medicare recipients also have the option of using an existing HMO or other care arrangement under Medicare Part C as a substitute for traditional Medicare. If you are already part of a medical plan that you like, or if you are joining a new plan, ask your medical care provider about how they work with Medicare. Medicare members may also sign up for prescription drug benefits under a wide variety of options, collectively called Medicare Part D; which option works best depends on your specific medication requirements, so you should consult with your pharmacist about which is the best fit for you, or visit the Medicare Prescription Drug Plan Finder at:
www.medicare.gov/MPDPF/Public/Include/DataSection/Questions/MPDPFIntro.asp.

Private health insurance:

Medical insurance is a prudent financial choice for anyone who is eligible, because otherwise there is a much higher risk of a medical catastrophe turning into a financial catastrophe as well. After age 65, Medicare provides basic coverage for most Americans. So-called "Medigap" policies cover most of the out-of-pocket costs not covered by Medicare, or you can use Medigap Plans K or L to cover catastrophic medical needs only. In general, people over 65 should have such additional insurance, unless they are already otherwise covered as an employee, retiree, or dependent, or already use a Medicare HMO or PPO. Many varieties of coverage are available, and your advisor can help you select one that makes sense for you.

Assumed investment return:

The target investment rate of return is set to recognize that in your older years your investments should be relatively conservative. Although taking more risk is likely to produce higher returns, it also means a greater chance of lower returns, or even of losing some portion of your money. When you are young and still have many years of work in front of you, you can afford to take more chances, because you have the time and are more likely to have the means to make up for bad luck. But in retirement, your chances of covering losses are severely reduced. In general, therefore, you can only afford to take more risk if you can afford to lose money (for more information, see "Extended Help" under the online System Help for a copy of "Can You Afford to Take Investment Risks?").

This analysis does not provide specific investment recommendations. You should discuss saving and investment choices with your financial advisor.

Wills:

Every adult, especially older adults, should have an up-to-date last will and testament. Such a document is the best assurance that what happens, financially and otherwise, after your death is in line with your wishes.

Living wills:

A living will states your wishes regarding extraordinary medical measures. Having a living will makes it more likely that your wishes will be understood and followed. This is better for you, and it also takes a large burden off of relatives and medical caretakers who would otherwise have to try to figure it out on their own (for more information, see "Extended Help" under the online System Help for a copy of "Living Wills and Beyond: Planning for Possible Future Incapacity").

Health care proxies:

A health care proxy authorizes someone you trust to make medical decisions for you, if you are mentally incapacitated. Without such authority, decisions may fall to medical caretakers or others whose decisions might not be based on your or your family's wishes.

Durable powers of attorney:

A durable power of attorney gives someone else, under circumstances you can specify, the ability to act legally in financial or other matters for you. Such a document can be very beneficial if you are incapacitated for some reason and need someone to sign checks, make financial or legal decisions, or handle other matters on your behalf.

Household Hypothetical Cash Flow report:

This report assumes that the specified Plan and Scenario occur as described, and that all assumptions and decisions described in the Plan details occur (unless otherwise specified). In addition, the report assumes that other events and decisions occur at logical times: for example, that when assets need to be liquidated to cover expenses, assets that are more liquid and less tax-advantaged generally will be used first. Expense projections are based on current expense levels, typical patterns of expense changes that occur with aging, and other assumptions specified for the illustrated Plan and Scenario. Other details you may wish to know about include:

1. YEAR: Each row represents one 365-day period, with the first one starting February 11, 2014. In the remaining notes for this section, "the year" refers to such a 365-day period, not to the calendar year.

2. NET ASSETS: This is the estimated value of household assets at the start of the year, minus any debts. It takes into account both the cash flow documented in the other columns of the report, and other events, such as the underlying growth in market value of real estate or family businesses, or contributions to retirement plans. Since some non-listed events are reflected, as well as debt amortizations (where applicable) that appear as cash expenses but do not affect net worth, the change in net assets from one year to the next often does not equal the cash flow during that year.

3. WORK: Estimated income from employment.

4. SOCIAL SECURITY, PENSIONS, ANNUITIES: Estimated income from these sources, whether currently received, or anticipated under the Plan. The common element among these sources is that they are regular payments from outside institutions that are not dependent on assets owned by the household.

5. INVESTMENT AND OTHER INCOME: This includes income from all other sources. Investment income includes all income earned on savings and investments, whether it is received in cash or not. This means that capital gains on stocks, bonds, or other securities are included, as is the growth in any tax-advantaged accounts such as (for example) IRAs or employer-sponsored retirement accounts, and growth in the value of personal property that could be sold someday - even though such gains are not "cash" events, strictly speaking. Investment income also includes direct income (i.e., rental income or business earnings) on real estate or family businesses. However, gains in the underlying market value of real estate and business assets are not included here or in other columns of this report, except as a change in net assets. "Other" income means all other income sources, such as rents, copyrights, patents, alimony, or any other miscellaneous items that have been entered, including both ongoing and lump sum amounts. Note that investment income in the first year will generally not match income as input, since we assume that assets will shift as part of the implementation of this plan.

6. NECESSARY EXPENSES: Any line between "necessary" and "discretionary" expenses is somewhat arbitrary. For purposes of this report, "necessary" expenses include housing costs (mortgage or rent, real estate taxes, home insurance, utilities), plus food, clothing, and transportation.

7. DISCRETIONARY EXPENSES: This category includes most other household expenses, including entertainment, travel and vacations (incl. all expenses for second homes, if any), retirement plan contributions, charitable and family gifts, vehicles other than the family car, and other miscellaneous household expenses.

8. FINANCIAL EXPENSES (and Adjustments): This includes most debt payments (other than home mortgages), taxes (other than real estate taxes), and life insurance premiums. Taxes include any Social Security taxes payable on employment income, federal and state/local income taxes, and estate taxes. Federal income taxes include both regular income taxes and capital gains taxes, which are estimated according to current tax laws, with assumed future inflation adjustments. State and local taxes, where applicable, are estimated based on current tax rates on earned income for the present state of residence; no special adjustments are made according to the nature of the income, although many states allow adjustments of various kinds. Estate taxes are only very roughly and arbitrarily estimated (at no more than 10%), as the current estate tax structure makes any useful predictions impossible. "Financial Expenses" also includes other financial events that occur at death: a modest allowance for funeral expenses (except if prepaid), and the transfer of any applicable bequests outside of the household. Any life insurance proceeds payable at death to beneficiaries inside the household are counted as reductions to financial expenses, so that in the year of a family member death, this figure can be

a negative number. It also includes a special adjustment, to offset the illustration of a lump sum delayed annuity premium payment as income, when funds are being transferred from an employer or from an employer-sponsored plan. The offset appears in the Financial Expenses column as a negative expense.

9. MEDICAL COSTS: This column includes projected future costs of medical care and medical insurance, including the costs of long-term care and long-term care insurance, if applicable.

10. NET CASH FLOW: This equals the total of the Income columns, minus the total of the Expense columns. As explained above, the Net Cash Flow often does NOT equal the difference in Net Assets from one year to the next, because the change in assets may include items not listed under income and expenses.

IMPORTANT: Warning and disclaimer (System released January 2014, Version 4.13A):

This report reflects our best effort to help you meet your financial goals, given your current situation as you have described it, and taking into account the uncertainty of the future. In all cases, if you knew exactly how the future would unfold, you would do many things differently. The "normal" scenario is only a current best guess, and any adverse scenarios analyzed are not intended to illustrate the worst possible case. The purpose of this report is to produce a prudent plan that will give you a relatively good chance of success in an environment where little is certain. But it cannot predict the future, and therefore it should be updated regularly so that you can adjust your plans as circumstances change. If these limitations are not acceptable to you, you are strongly advised not to take this report into account in your financial planning.

The analysis in this report is driven by software developed by Still River Retirement Planning Software, Inc., Harvard, Massachusetts.