WHO WANTS TO BE A MILLIONAIRE

MATSONMONEY™
Save The Investor. Save The World.
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INVESTOR COACHING SERIES
All investing involves risks and costs. Your advisor can provide you with more information about the risks and costs associated with specific programs. No investment strategy (including asset allocation and diversification strategies) can ensure peace of mind, assure profit, or protect against loss.

This booklet is based on the views of Matson Money, Inc. Other persons may analyze investments and the approach to investing from a different perspective than that reflected in this booklet. Nothing included herein is intended to infer that the approach to investing espoused in this booklet will assure any particular results.
Who Wants To Be A Millionaire?

What would you do with $1,000,000?
Millionaire Facts

• There are 3.1 million millionaires in the United States.
• More than one third of millionaires own their own businesses.
• Over a third have a professional practice or work in the corporate world.
• Only 5% of millionaires inherited their wealth.
• 1 in 100 Americans are millionaires.

Who Wants To Retire?

What kind of lifestyle do you want when you retire?

Source: “US Has Record Numbers of Millionaires” by Robert Frank
“10 things Millionaires Won’t Tell You” by Daren Fonda and Lisa Scherzer
How much money will you need to retire comfortably?

When do you want to retire?

What have you done so far to prepare for your retirement?

So… About Retirement

The average American spends 20 years in retirement.

Experts estimate that you will need 70% of your preretirement income to maintain your standard of living.

Only 42% of Americans have calculated how much they need to save for retirement.

Source: US Department of Labor
“I’ll Catch Up Later”

You might, but it gets much more difficult.

*Assumes 8% annual rate of return. This rate is for illustrative purposes only and is not indicative of the performance for any particular investment. Actual rates and principal value will fluctuate. This does not assume taxes or possible penalties that would be applicable to the tax-deferred investment upon withdrawal. Investments with higher return potential typically include a higher degree of risk to principal. Investors should consider their personal risk tolerance before choosing investments.
The Magic of Compounding

The good news:
You can do it...and it doesn’t have to hurt that much.

<table>
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<tr>
<th>Monthly Savings Until Age 65</th>
<th>Your Age</th>
<th>Your Monthly Investment</th>
<th>At 4% Rate of Return</th>
<th>At 7% Rate of Return</th>
<th>At 9% Rate of Return</th>
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If You Make $30,000

10% Contribution by you = $3,000
In 40 years you can have:
5% = $380,519.29
7% = $640,828.71
10% = $1,460,555.43

If You Make $60,000

10% Contribution by you = $4,000
In 30 years you can have:
5% = $418,564.74
7% = $606,438.25
10% = $1,085,660.55

Hypothetical, not actual returns.
The Three Rules of Successful Investing:

1. Own Equities
2. Diversify Globally
3. Rebalance Regularly

You probably aren’t going to “save” your way to $1,000,000...you are going to have to save and invest your way there.

What Diversification and Efficiency Look Like:
72 Ways to Become A Millionaire

Account Value for Growth at Age 65

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<tr>
<th>Monthly Cont</th>
<th>$1,500</th>
<th>$1,400</th>
<th>$1,300</th>
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56% of all Workers have less than $25,000 in investments.

75% Equity/25% Fixed Income Globally Diversified Strategy
Minimum Time Horizon: 6-9 Years
Average Annualized Rate of Return: 12.4% (1973-2010)

It’s never too late to start.
Invest early. Invest often.

With time, discipline, and globally diversified, long-term strategy, we can all become millionaires.
THE 20 MUST-ANSWER QUESTIONS FOR YOUR JOURNEY TOWARD PEACE OF MIND

1. Have you discovered your True Purpose for Money, that which is more important than money itself?
   - YES
   - NO

2. Are you invested in the Market?
   - YES
   - NO

3. Do you know how markets work?
   - YES
   - NO

4. Have you defined your Investment Philosophy?
   - YES
   - NO

5. Have you identified your personal risk tolerance?
   - YES
   - NO

6. Do you know how to measure diversification in your portfolio?
   - YES
   - NO

7. Do you consistently and predictably achieve market returns?
   - YES
   - NO

8. Have you measured the total amount of commissions and costs in your portfolio?
   - YES
   - NO

9. Do you know where you fall on the Markowitz Efficient Frontier?
   - YES
   - NO

10. When it comes to building your investment portfolio, do you know exactly what you are doing and why?
    - YES
    - NO
11. Are you working with a financial coach versus a financial planner?

[ ] YES  [ ] NO

12. Do you have a customized lifelong game plan to guide all of your investing and spending decisions?

[ ] YES  [ ] NO

13. Do you have an Investment Policy Statement?

[ ] YES  [ ] NO

14. Have you devised a clear-cut method for measuring the success or failure of your portfolio?

[ ] YES  [ ] NO

15. Do you fully understand the implications and applications of diversification in your portfolio?

[ ] YES  [ ] NO

16. Do you have a system to measure portfolio volatility?

[ ] YES  [ ] NO

17. Are you aware of the incentives brokerage firms and the financial community have when selling commission-based products?

[ ] YES  [ ] NO

18. Do you know the three warning signs that you are gambling and speculating with your money versus prudently investing it?

[ ] YES  [ ] NO

19. Can you identify the cultural messages and personal mind-sets about money that destroy your peace of mind?

[ ] YES  [ ] NO

20. Are you ready to shift your personal experience of money and investing from a scarcity mode to an abundance mode?

[ ] YES  [ ] NO

When you have achieved the ability to answer “yes” to all of these questions, you will be on your way to a high level of peace of mind.
SCORING:

Give yourself 5 points for every “Yes” answer.

☐ **85–100: Amazing Investor**
Congratulations! You are among the most educated, diligent, and confident investors. You have experience in the investment markets and understand what it takes to be successful. Now is the time to support your current knowledge with discipline and educational reinforcement.

☐ **65–80: Better Investor**
As a Better Investor, you have been around the block a time or two and maybe had some less than successful investing experiences. Now is the time to expand your knowledge about investing and begin to make some solid choices about your financial future. To achieve this, seek answers to the questions you missed.

☐ **45–60: Common Investor**
You are not alone. Like many investors, you may frequently find yourself uncertain and confused about how to make the right investment choices. If you don’t already have an Investor Coach that you trust completely, now is the time to build a relationship to last a lifetime.

☐ **25–40: Discouraged Investor**
It’s easy to feel discouraged when you have been doing what you thought were the right things with your money without success. You may have followed all of the advice you’ve read in financial magazines and newspapers, yet you are not getting the exponential results you had expected. Increase your IQ and find out why these methods have failed to work for you.

☐ **0–20: Frustrated Investor**
Flustered and confused, you may wonder where to begin—how is it even possible to wade through all of the information you are being bombarded with on a daily basis? Sort through the chaos and find a path that is right for you. Begin by finding the answers to the IQ Quiz.
The 3% is based on Morningstar Principia data updated through December 31, 2009-2010 the average turnover for the same Morningstar Category of funds (81%) times a total implementation cost (commission+ bid/ask spread +Market Impact +Delay +Missed Trades) of 1% (the 1% one way trading cost is also quoted in Charles Ellis’s book Winning the Loser’s Game, Fourth Edition, on page 7) times two for both sides of the trade. This equals approximately 3%.

The 2.03% attributed to investor behavior is calculated by taking the S&P 500 Index return from 1991 to 2010 of 9.14% subtracting the above expense of 3% and also subtracting the Dalbar QAIB 2011 Average Equity Investors 20 year return of 3.83% (as found on page 8 of the Dalbar Study). This equals 2.31%.