

"Dear grandfather, Konstantin Makaritch," he wrote, "I am writing you a letter. I wish you a happy Christmas, and all blessings from God Almighty. I have neither father nor mother, you are the only one left me."

Vanka raised his eyes to the dark ikon on which the light of his candle was reflected, and vividly recalled his grandfather, Konstantin Makaritch, who was night watchman to a family called Zhivarev. He was a thin but extraordinarily nimble and lively little old man of sixty-five, with an everlastingly laughing face and drunken eyes. By day he slept in the servants' kitchen, or made jokes with the cooks; at night, wrapped in an ample sheepskin, he walked round the grounds and tapped with his little mallet. O

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 April 2016, Version 4.17BA):

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.