PTO Form (Rev 4/2000)
OMB No. 0651-.... (Exp. 08/31/2004)

Request for Reconsideration after Final Action

The table below presents the data as entered.

Input Field	Entered
SERIAL NUMBER	77343567
LAW OFFICE ASSIGNED	LAW OFFICE 101
MARK SECTION (no change)	
ARGUMENT(S)	
The undersigned being warned that willful false statements and the like are punishable by fine or imprisonment, or both, under 18 U.S.C. §1001, and that such willful false statements and the like may jeopardize the validity of the application or document or any registration resulting there from, declares that *the substitute specimen was in use in commerce prior to the expiration of the time allowed applicant for filing a statement of use*; all statements made of his/her own knowledge are true; and all statements made on information and belief are believed to be true.	
GOODS AND/OR SERVICES SECTION (current)	
INTERNATIONAL CLASS	036
DESCRIPTION	
Financial services, namely, investment management and investment consulting services for others; securities brokerage services; financial research services; financial analysis	
FIRST USE ANYWHERE DATE	At least as early as 11/13/2001
FIRST USE IN COMMERCE DATE	At least as early as 11/13/2001
FILING BASIS	Section 1(b)
GOODS AND/OR SERVICES SECTION (proposed)	
INTERNATIONAL CLASS	036
DESCRIPTION	
Financial services, namely, investment management and investment consulting services for others; securities brokerage services; financial research services; financial analysis	
FIRST USE	

ANYWHERE DATE	At least as early as 11/13/2001
FIRST USE IN COMMERCE DATE	At least as early as 11/13/2001
STATEMENT TYPE	**"The substitute (or new, if appropriate) specimen(s) was/were in use in commerce at least as early as the filing date of the application"** *[for an application based on Section 1(a), Use in Commerce] OR* **"The substitute (or new, if appropriate) specimen(s) was/were in use in commerce prior either to the filing of the Amendment to Allege Use or expiration of the filing deadline for filing a Statement of Use"** *[for an application based on Section 1(b) Intent-to-Use].*
SPECIMEN FILE NAME(S)	
ORIGINAL PDF FILE	SPU0-1-65246216100-161012835_._WFA_-_specimen.pdf
CONVERTED PDF FILE(S) (8 pages)	\\TICRS\EXPORT11\IMAGEOUT11\773\435\77343567\xml1\RFR0002.JPG
	\\TICRS\EXPORT11\IMAGEOUT11\773\435\77343567\xml1\RFR0003.JPG
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SPECIMEN DESCRIPTION	Company literature
SIGNATURE SECTION	
DECLARATION SIGNATURE	/Howard J. Shire/
SIGNATORY'S NAME	Howard J. Shire, Esq.
SIGNATORY'S POSITION	Attorney of Record
DATE SIGNED	12/15/2010
RESPONSE SIGNATURE	/Howard J. Shire/
SIGNATORY'S NAME	Howard J. Shire, Esq.
SIGNATORY'S POSITION	Attorney of Record

DATE SIGNED	12/15/2010
AUTHORIZED SIGNATORY	YES
CONCURRENT APPEAL NOTICE FILED	YES
FILING INFORMATION SECTION	
SUBMIT DATE	Wed Dec 15 16:43:16 EST 2010
TEAS STAMP	USPTO/RFR-65.246.216.100-20101215164316246310-77343567-4702fa9befb94377613a3c042dde35520-N/A-N/A-20101215161012835010

PTO Form (Rev 4/2000)
OMB No. 0651-.... (Exp. 08/31/2004)

Request for Reconsideration after Final Action

To the Commissioner for Trademarks:

Application serial no. **77343567** has been amended as follows:

ARGUMENT(S)
In response to the substantive refusal(s), please note the following:

The undersigned being warned that willful false statements and the like are punishable by fine or imprisonment, or both, under 18 U.S.C. §1001, and that such willful false statements and the like may jeopardize the validity of the application or document or any registration resulting there from, declares that *the substitute specimen was in use in commerce prior to the expiration of the time allowed applicant for filing a statement of use*; all statements made of his/her own knowledge are true; and all statements made on information and belief are believed to be true.

CLASSIFICATION AND LISTING OF GOODS/SERVICES
Applicant proposes to amend the following class of goods/services in the application:
Current: Class 036 for Financial services, namely, investment management and investment consulting services for others; securities brokerage services; financial research services; financial analysis
Original Filing Basis:
Filing Basis: Section 1(b), Intent to Use: The applicant has a bona fide intention to use or use through the applicant's related company or licensee the mark in commerce on or in connection with the identified goods and/or services as of the filing date of the application. (15 U.S.C. Section 1051(b)).

In International Class 036, the mark was first used at least as early as 11/13/2001 and first used in commerce at least as early as 11/13/2001.

Proposed: Class 036 for Financial services, namely, investment management and investment consulting services for others; securities brokerage services; financial research services; financial analysis

Deleted Filing Basis: 1(b)
In International Class 036, the mark was first used at least as early as 11/13/2001. and first used in commerce at least as early as 11/13/2001.

Applicant hereby submits a new specimen for Class 036. The specimen(s) submitted consists of Company literature.
"The substitute (or new, if appropriate) specimen(s) was/were in use in commerce at least as early as the filing date of the application"*[for an application based on Section 1(a), Use in Commerce] OR* **"The substitute (or new, if appropriate) specimen(s) was/were in use in commerce prior either to the filing of the Amendment to Allege Use or expiration of the filing deadline for filing a Statement of Use"** *[for an application based on Section 1(b) Intent-to-Use].*
Original PDF file:
SPU0-1-65246216100-161012835_._WFA_-_specimen.pdf
Converted PDF file(s) (8 pages)
Specimen File1
Specimen File2
Specimen File3
Specimen File4
Specimen File5
Specimen File6
Specimen File7
Specimen File8

SIGNATURE(S)
Declaration Signature
If the applicant is seeking registration under Section 1(b) and/or Section 44 of the Trademark Act, the applicant has had a bona fide intention to use or use through the applicant's related company or licensee the mark in commerce on or in connection with the identified goods and/or services as of the filing date of the application. 37 C.F.R. Secs. 2.34(a)(2)(i); 2.34 (a)(3)(i); and 2.34(a)(4)(ii); and/or the applicant has had a bona fide intention to exercise legitimate control over the use of the mark in commerce by its members. 37 C.F. R. Sec. 2.44. If the applicant is seeking registration under Section 1(a) of the Trademark Act, the mark was in use in commerce on or in connection with the goods and/or services listed in the application as of the application filing date or as of the date of any submitted allegation of use. 37 C.F.R. Secs. 2.34(a)(1)(i); and/or the applicant has exercised legitimate control over the use of the mark in commerce by its members. 37 C.F.R. Sec. 2.44. The undersigned, being hereby warned that willful false statements and the like so made are punishable by fine or imprisonment, or both, under 18 U.S.C. Section 1001, and that such willful false statements may jeopardize the validity of the application or any resulting registration, declares that he/she is properly authorized to execute this application on behalf of the applicant; he/she believes the applicant to be the owner of the trademark/service mark sought to be registered, or, if the application is being filed under 15 U.S.C. Section 1051(b), he/she believes applicant to be entitled to use such mark in commerce; to the best of his/her knowledge and belief no other person,

firm, corporation, or association has the right to use the mark in commerce, either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods/services of such other person, to cause confusion, or to cause mistake, or to deceive; that if the original application was submitted unsigned, that all statements in the original application and this submission made of the declaration signer's knowledge are true; and all statements in the original application and this submission made on information and belief are believed to be true.

Signature: /Howard J. Shire/ Date: 12/15/2010
Signatory's Name: Howard J. Shire, Esq.
Signatory's Position: Attorney of Record

Request for Reconsideration Signature
Signature: /Howard J. Shire/ Date: 12/15/2010
Signatory's Name: Howard J. Shire, Esq.
Signatory's Position: Attorney of Record

The signatory has confirmed that he/she is an attorney who is a member in good standing of the bar of the highest court of a U.S. state, which includes the District of Columbia, Puerto Rico, and other federal territories and possessions; and he/she is currently the applicant's attorney or an associate thereof; and to the best of his/her knowledge, if prior to his/her appointment another U.S. attorney or a Canadian attorney/agent not currently associated with his/her company/firm previously represented the applicant in this matter: (1) the applicant has filed or is concurrently filing a signed revocation of or substitute power of attorney with the USPTO; (2) the USPTO has granted the request of the prior representative to withdraw; (3) the applicant has filed a power of attorney appointing him/her in this matter; or (4) the applicant's appointed U.S. attorney or Canadian attorney/agent has filed a power of attorney appointing him/her as an associate attorney in this matter.

The applicant is filing a Notice of Appeal in conjunction with this Request for Reconsideration.

Serial Number: 77343567
Internet Transmission Date: Wed Dec 15 16:43:16 EST 2010
TEAS Stamp: USPTO/RFR-65.246.216.100-201012151643162
46310-77343567-4702fa9befb94377613a3c042
dde35520-N/A-N/A-20101215161012835010

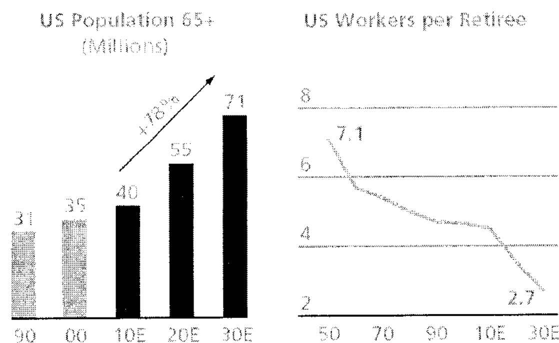
LEISURE DOESN'T ALWAYS COME EASY

Many prospective retirees—even wealthy ones—are worried about their financial prospects. Prudent, and frequent, planning can help make retirement a time of opportunity.

SOME OF US ANTICIPATE RETIREMENT with unalloyed pleasure. But others find the prospect anxiety-provoking—and that may be especially true for many aging baby boomers. For a start, the traditional mainstays of retirement have become less reliable: Social Security is facing a huge potential deficit, and defined-benefit pension plans are fast becoming dinosaurs. Moreover, with the number of older Americans spiking—the Census Bureau estimates that by 2030, some 71 million Americans will be 65 or older—the retirement support system is under pressure. Not long after World War II, there were seven workers for each retiree; forecasters say that by 2030, there will be fewer than three (*Display 1*).

Display 1

The ratio of the employed to the retired continues to shrink



Source: HBRI, Merrill Lynch, and US Census Bureau

What's more, our increasing longevity is a classic double-edged sword. With the average American's life expectancy now just shy of 78 years—and many will live far longer—retirees will have more years of leisure and more years of spending. And at least one survey suggests that their spending rate will be no lower than that in their working years.[1]

Notwithstanding these potential sources of anxiety, leaving the workforce can usher in a time of *opportunity* for retirees. We've found that systematic planning and then continually monitoring the plan as a retiree's circumstances and the markets change can help maximize the opportunity and reduce the risks.

A Hierarchy of Needs

The planning process begins when future retirees sit down with us and their other professional advisors to discuss their retirement—how they envision their post-work lifestyles, including their legacy goals. (Retirement- and estate-planning often intersect, especially for wealthier retirees.)

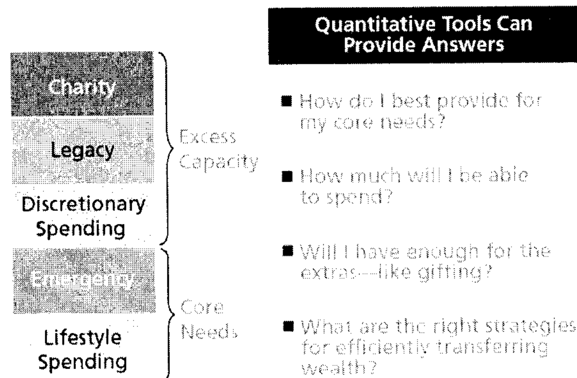
All these objectives fall within a hierarchy of retirement needs (*Display 2*). At the bottom are so-called core needs: maintaining a certain lifestyle and setting aside enough for emergencies through a basic budget. All retirees want

[1] LIMRA International

Bernstein's expertise lies in asset management; we do not offer legal, tax, or estate-planning advice, and all investors interested in retirement planning should consult professionals in those areas.

Display 2

Retirement goals range from the basic to the discretionary



to have a very high degree of confidence they'll meet their fundamental requirements for as long as they live.

The upper boxes in the hierarchy represent the extra opportunities that retirees hope will open up when they stop working: among them, spending on "extras" for themselves, transferring wealth to family members, and increasing their involvement in philanthropic and community activities. Some may even want to start a new business. For some retirees, the "excess capacity" required to meet these needs will never be available; but for those with adequate funds, fulfilling these goals can add richness to their later years.

Once investors settle on their broad retirement objectives, we use our proprietary Wealth Forecasting Analysis℠ (WFA) to help quantify the impact of alternative allocation and spending decisions over varying time periods and markets. In fact, the WFA simulates 10,000 market scenarios, from stellar to dismal; taking into account each investor's unique circumstances, the model stress-tests the likelihood of various strategies meeting his or her long-term goals.

Since prospective retirees usually want to be very comfortable that they'll be able to meet their core needs, we often project very poor capital markets to be on the safe side. Although there are never any guarantees, if a retirement plan can survive just about the worst that the capital markets can throw at it, the investor is entitled to feel assured about his or her prospects.

Bonds' "Safety" Can Be Illusory

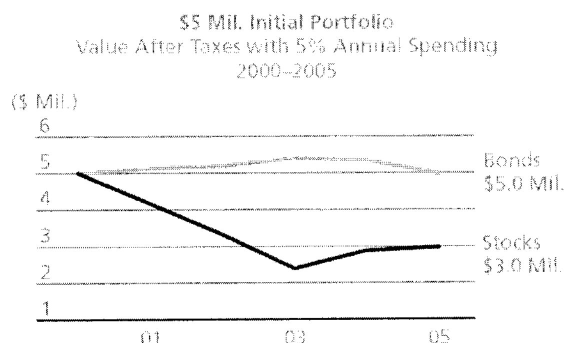
Since retirement assets tend to be irreplaceable—earned income is no longer part of the equation—it's understandable that many retirees think about gravitating to the traditional safety of bonds. True, a bond-oriented portfolio would mean giving up the growth potential of stocks, but the trade-off would seem to be dependable income. Indeed, to some retirees, living off bond coupons might appear to be a sensible option. And *at times* it is.

The top of *Display 3, following page*, shows the outcome of such a strategy for a $5 million investor spending 5% of his assets per year (adjusted for inflation) between 2000 and 2005, while investing in nothing but municipal bonds. As munis grew at an annual average rate of about 5% per year over this period, the investor could generate $250,000 in annual income without depleting his capital. Certainly, this is a happier result than if he had stuck to that same spending level while investing in an all-stock portfolio; due to the collapse of the tech-stock bubble, the investor would have seen 40% of his capital consumed after spending in just six years!

Despite the short-term risks of owning stocks—and the above is an extreme example—we'd usually advise against a portfolio allocation heavily skewed toward bonds. The problem with overdependence on fixed income investments is that a retirement portfolio

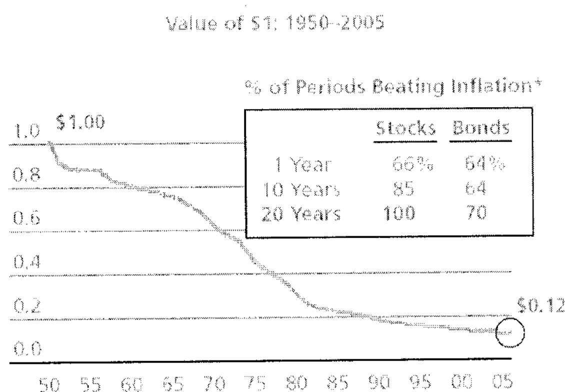
Display 3

Bonds may look attractive over short time horizons...



Bonds are represented by five-year municipals, stocks by the S&P 500
Source: Lehman Brothers and Standard & Poor's

...but they haven't protected against the ravages of inflation



	Stocks	Bonds
1 Year	66%	64%
10 Years	85	64
20 Years	100	70

*Stocks are represented by the S&P 500; bonds by long-term government securities (1950–73), the Lehman Brothers Government/Credit Index (1974–75), and the Lehman Brothers US Aggregate Index (1976–2005); inflation by the Consumer Price Index.
Source: Roger G. Ibbotson and Rex A. Sinquefield, "Stocks, Bonds, Bills, and Inflation: Year-by-Year Historical Returns," University of Chicago Press Journal of Business (January 1976); Lehman Brothers; and the US Department of Labor

should be designed to ensure a client's financial well-being for decades—not years—and therefore needs to generate *growth*, not just income.

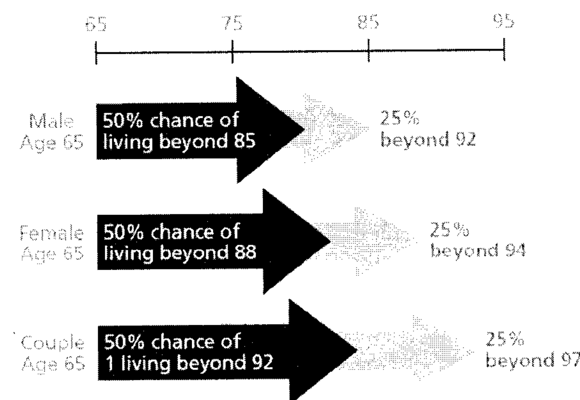
The bottom of *Display 3*, which tracks the value of a dollar since 1950, shows one reason why. Even as inflation waxed and waned (virtually flying under the radar since the mid-1980s, for example), the value of a dollar declined almost without pause. By the end of 2005, the greenback retained only 12 cents of its initial purchasing power. Over the short term—say, one-year periods—both stocks and bonds beat inflation about two-thirds of the time. But go out 20 years, and bonds lagged in 30% of the periods even as stocks posted positive real returns without fail. Without earned income, which often outpaces inflation, retirees are especially vulnerable to inflation. And there's at least one other reason why growth is so important in the retirement years.

"Grow Old Along with Me..."

When Robert Browning penned those words in the 19th century, he couldn't have foreseen the evolution in longevity (*Display 4*). These days, a 65-year-old man has a 50% chance of celebrating his 85th birthday and a 25% chance of living beyond age 92. Women live even longer, on average, and for a 65-year-old married couple, there's a one-in-four chance that at least one spouse will live beyond 97.

Display 4

A lifetime can be longer than expected



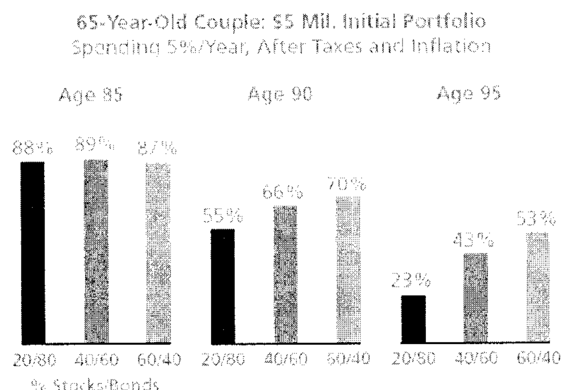
As of 2000
Source: Society of Actuaries

Thus, retirement portfolios today need to be long-lived as well. What sort of asset allocation best supports decades of spending while bucking the headwinds of inflation (and taxes)? There are, of course, no solutions that apply to all retirees. But *Display 5* takes a first

attempt at the answer for a typical situation. It assumes a couple, each 65, retiring with $5 million and an annual spending budget of 5% of their initial assets (growing with inflation). What are the chances they'll meet their core needs (or, put another way, that their portfolio will last at least as long as they do)?

Display 5

An equity tilt improves the long-term odds of meeting core needs



In Displays 5–7, the portfolios are assumed to be three-quarters in personal accounts and one-quarter in tax-deferred vehicles. Stocks are globally diversified, bonds are a combination of intermediate-duration municipal and taxable securities. Based on Bernstein's estimates of the range of returns for the applicable capital markets. Data do not represent any past performance and are not a promise of future results. See Note on Wealth Forecasting Analysis on page 27.

Source: AllianceBernstein

Why an Equity Tilt?

We consider three portfolio allocations: 20% stocks (US and foreign, value- and growth-oriented)/80% bonds; 40/60; and 60/40. Our WFA suggested an encouraging outcome over the first 20 years, whether the couple's allocation leaned toward stocks or toward bonds: virtually a 90% chance of success either way. But go out another five years—remember, there's a 50% chance that at least one spouse will live two years beyond *that* point—and stocks begin to show their mettle. By age 95—and the odds aren't bad that at least one of them will make it to that milestone—a heavily bond-tilted portfolio will very likely fall short.[2]

Indeed, our computer modeling indicates that at very advanced ages, although an equity orientation does best, none of the allocations assures a high degree of success for this couple. Instead, lowering their high 5% spending rate would probably be a better strategy (more on that later).

Adjusting for Mortality Risk

But so far we've considered only selected points in time. It would help if retirees knew how long they were going to live, but most of the time neither they nor their planners are blessed with prescience. So we've explicitly incorporated mortality statistics in our model, thereby combining the odds of living to various ages with (a) the probabilities of various capital markets returns and (b) the effects of different spending rates. To err on the safe side, we always assume very poor markets, at least in meeting core needs; if retirees experience a more normal outcome, so much the better.

Display 6, following page, presents the mortality-adjusted odds of our couple's satisfying those core needs, assuming three different allocations (this time including 100% stocks) and three different spending rates.

From this success grid, we can draw several conclusions:

- The importance of a stock tilt in retirement portfolios is underscored, particularly at higher spending levels (although going to *all* stocks tends not to help, since the couple may have to draw down funds in a bear market).
- At a low spending rate—in the 3% range—equity growth becomes dispensable. All the same, stocks retain their wealth-creating advantage, so even if retirees spend modestly, why should they give up the wealth upside?

[2] For this and all subsequent commentary on wealth outcomes, see Note on Wealth Forecasting Analysis on page 27.

Display 6

Spending rate trumps allocation

Probability of Meeting Core Needs
65-Year-Old Couple: Mortality-Adjusted

Spending	Very Conservative (20% Stocks/ 80% Bonds)	Balanced (60% Stocks/ 40% Bonds)	Very Aggressive (100% Equities)
3%	>98%	>98%	95%
4	84	89	85
5	51	67	68

Based on Bernstein's estimates of the range of returns for the applicable capital markets. Data do not represent any past performance and are not a promise of future results. See Note on Wealth Forecasting Analysis on page 27.
Source: Society of Actuaries and AllianceBernstein

> Although spending and allocation are both critical to success, the former tends to exert a more powerful influence.

All of these factors point to a 4% annual budget (and a 60/40 mix) for this couple.

Of course, *this* couple isn't representative of all retirees. Sustainable spending rates are highly sensitive to many factors. If the markets do well enough, for example, a retiree may want to consider hiking his spending—provided he keeps a close eye on how the environment, and his circumstances, evolve. Or consider age. If our couple had been 10 years younger, our mortality-adjusted model would have recommended that they spend no more than 3.4% of their assets each year to ensure that they would be able to meet their core needs with a very high confidence level. But as their time horizon shortened, our research suggests they could feel comfortable spending at a higher rate—perhaps in the 4.5% range at 70 and 7% at 85 (assuming they've set aside a fund for emergencies).

Retirement as Opportunity

Thus far, our focus has been on retirees meeting their core needs. However, as we said earlier, for many wealthy retirees retirement is a time to do some things they've always hoped to accomplish. Once wealthy retirees feel comfortable that they can ensure their lifestyles, they may choose to spend some of their extra funds as they wish, on themselves or others.

The first task, though, is to quantify how much excess capital they have to play with. The results can be surprising. For example, we estimate that a 55-year-old couple who amassed $10 million and spent 3.4% annually after taxes and inflation would have yet to accumulate excess capacity—their large nest egg notwithstanding. Remember, they probably have a long retirement ahead of them—and we're assuming very poor markets; average markets would leave them with plenty of surplus capacity.

But even if we are planning for the worst, the couple have various alternatives for generating excess capacity, above and beyond what they'd require to fund their core needs. For example, if they were able to reduce their spending to 2% after inflation—potentially quite feasible with an investment corpus of $10 million—we'd estimate their excess capital at $3.1 million. Whether they would wish to part with their $3.1 million immediately is another matter. They might prefer to wait and see what the capital markets and life's vicissitudes have in store for them before they commit to distributing the money. Indeed, every retirement plan, whether designed to address core needs or more complex goals, should be regarded as a work in progress.

Working a Little Longer Can Go a Long Way

In any event, a spending reduction is not the only way to engender excess capital. Postponing retirement for a while and saving more can have the same effect. In *Display 7, page 26*, we assumed that the couple with $10 million decided to retire at age 55. Our models

WHO'S AFRAID OF THE BIG, BAD IRA?

Wealthy retirees and prospective retirees often wonder if they're putting their tax-deferred accounts to proper use. Their classic question: "Isn't my IRA getting too big?" After all, the law decrees that, apart from sharply limited contributions to charity, IRAs can't be gifted to children or charities while the holder is alive. This can leave the ultimate beneficiary—assuming the IRA owner's spouse is deceased or otherwise out of the picture—with a sizable tax bill. The beneficiary is liable not only for estate taxes (currently on anything above $2 million), but also for the income taxes on the IRA distributions. The fear is that the beneficiary may be left with cents on the dollar.

And it's not hard for an IRA to grow large. We estimate that a 60-year-old who has $2 million in an IRA allocated 60/40 would see it increase to more than $5 million in 15 years in the median case and to $6.6 million in 25 years (assuming only minimum required distributions, or "MRDs," were taken). So a retiree is sometimes advised to spend down a large IRA. However, like so much popular advice about retirement planning, this doesn't stand up to hard evidence.

Prematurely depleting an IRA potentially wastes years of tax-advantaged growth and ignores what is essentially a dollar-for-dollar income tax deduction for the federal estate taxes on the IRA.* Further, if an IRA is spent all the way down, by definition it makes passing the assets to children or gifting to charity impossible.

*The income tax deduction does not apply to any state estate taxes paid on the IRA.

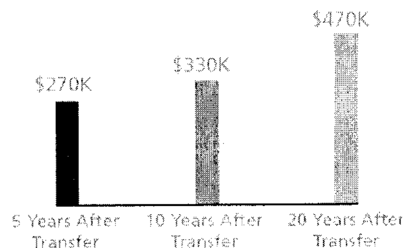
† The daughter is assumed to take only MRDs from the inherited IRA until it is liquidated.

Spend from Personal Assets First

So should personal assets be drawn down first for spending? To test this hypothesis, we posited two scenarios involving assets divided between a personal account and an IRA. In Scenario 1, the 60-year-old owner spends from his personal account and never draws down the IRA, except for the MRDs. In Scenario 2, the owner takes the opposite tack, spending from his IRA first and using his personal money as a stopgap. In either case, when he dies, his remaining wealth goes to his daughter.† The display below presents the results of our analysis:

The virtue of not depleting an IRA

Extra to Next Generation if Personal Assets Tapped First
$3 Mil. Personal Assets; $2 Mil. IRA; 3% Spending:
Mortality-Adjusted*



*Portfolios assumed to be allocated 60% globally diversified stocks/40% bonds (intermediate-duration municipals in the personal portfolio; taxables in the IRA). Incremental wealth represents averages based on Bernstein analysis. At the beginning of the analysis, the owner's age is 60, and the child's age 35. It is assumed that minimum required distributions are taken from the IRA and that any funds remaining in the IRA at the end of the three time periods shown above are withdrawn and subject to income tax. Based on Bernstein's estimates of the range of returns for the applicable capital markets. Data do not represent any past performance and are not a promise of future results. See Note on Wealth Forecasting Analysis on page 27.

Source: Society of Actuaries and AllianceBernstein

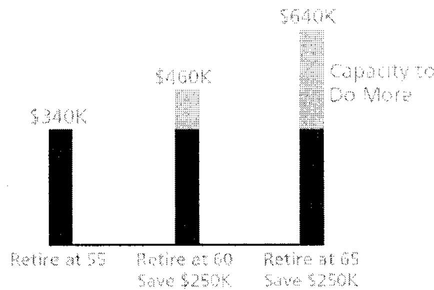
It's no contest: The beneficiary is better off under Scenario 1, spending from the personal assets first—by amounts ranging from $270,000 to $470,000, depending on how long the IRA is in her hands. It's a testament to the power of long-term tax deferral.

suggested that, all else being equal, they could spend $340,000 per year and feel secure that they'd never run out of money. But suppose they were interested in a charity, in gifting, in buying another home for themselves. If they held off retiring for a while and continued to save $250,000 a year, the results would be dramatic.

Display 7

The power of working and saving longer

Sustainable Annual Spending, After Taxes and Inflation
Mortality-Adjusted: $10 Mil. 60/40 Portfolio*



*With 10% risk of shortfall

Based on Bernstein's estimates of the range of returns for the applicable capital markets. Data do not represent any past performance and are not a promise of future results. See Note on Wealth Forecasting Analysis on page 27.

Source: Society of Actuaries and AllianceBernstein

If the couple postponed retirement for five years, they would gain $120,000 a year in annual spending power. By waiting until the traditional retirement age of 65, they could augment their incremental annual spending by an *additional* $180,000. And again, our projections are based on much worse markets than the couple would be likely to encounter—which means they would probably end up with even more excess capital.

Then comes the complex and exciting challenge of deciding how best to allocate the excess capital. Typical questions retirees might face include: How much can we gift to our children—and when? Should we give directly to philanthropy or use a structured vehicle? Will trusts play a role in our planning? Can we afford to commit capital to a start-up business? How do we deal with a large pool of tax-deferred assets? To be sure, retirement planning, like investment planning, offers no hard-and-fast rules—only guidelines that need to be customized to clients' circumstances and reevaluated continually. But the more understanding that prospective retirees bring to the new reality of living off their investments rather than their incomes, the greater the likelihood they'll choose a wise course and be able to meet their spending needs in their later years. That's all the more true in today's unsettled environment.

Note on Wealth Forecasting Analysis

The Bernstein Wealth Forecasting Analysis[SM] (WFA) is designed to assist investors in making a range of key decisions, including setting their long-term allocations of financial assets. The WFA consists of a four-step process: (1) Client Profile Input: the client's asset allocation, income, expenses, cash withdrawals, tax rate, risk-tolerance level, goals, and other factors; (2) Client Scenarios: in effect, questions the client would like our guidance on, which may touch on issues such as when to retire, what his/her cash-flow stream is likely to be, whether his/her portfolio can beat inflation long term, which vehicles are best suited for intergenerational and philanthropic giving, and how different asset allocations might impact his/her long-term security; (3) The Capital Markets Engine—our proprietary model that uses our research and historical data to create a vast range of market returns—takes into account the linkages within and among the capital markets (not Bernstein portfolios), as well as their unpredictability; and (4) A Probability Distribution of Outcomes: based on the assets invested pursuant to the stated asset allocation, 90% of the estimated ranges of returns and asset values the client could expect to experience are represented within the range established by the 5th and 95th percentiles of probability. However, outcomes outside this range are expected to occur 10% of the time; thus, the range does not establish the boundaries for all outcomes. Asset-class projections used in the article in this publication are derived from the following: US value stocks are represented by the S&P/ Barra Value Index, with an assumed 50-year compounding rate of 8.4%, based on simulations from June 30, 2006, through June 29, 2007; US growth stocks by the S&P/Barra Growth Index (compounding rate of 8.4%); developed international stocks by the Morgan Stanley Capital International (MSCI) EAFE Index of major markets in Europe, Australasia, and the Far East, with countries weighted by market capitalization and currency positions unhedged (compounding rate of 7.7%); emerging markets stocks by the MSCI Emerging Markets Index (compounding rate of 5.7%); intermediate-term municipal bonds by AA-rated diversified securities of seven-year maturity (compounding rate of 4.6%); taxable bonds by securities with maturities of seven years (compounding rate of 5.5%); and inflation by the Consumer Price Index (compounding rate of 2.5%). Expected market returns on bonds are derived taking into account yield and other criteria. An important assumption is that stocks will, over time, outperform long-term bonds by a reasonable amount, although this is by no means a certainty. Moreover, actual future results may not meet Bernstein's estimates of the range of market returns, as these returns are subject to a variety of economic, market, and other variables. Accordingly, this analysis should not be construed as a promise of actual future results, the actual range of future results, or the actual probability that these results will be realized.

Retirement Vehicles: For IRA vehicles, mandatory distributions are assumed to commence during the year in which the investor reaches the age of 70½. The minimum mandatory withdrawal is estimated using the Minimum Distribution Incidental Benefit tables as published on www.irs.gov.

Mortality Assumptions: Mortality is modeled using our proprietary simulation model, which creates a range of death ages for a given age. The outcomes of the mortality simulation model are then combined with the outcomes of the Capital Markets Engine on a trial-by-trial basis to produce summarized mortality-adjusted results. Mortality simulations are based on the Society of Actuaries, Retirement Plan Experience Committee Mortality Tables RP-2000.