



MEMORANDUM

TO: Potential Participant/Investor – Life’s Plan Individual Trusts
FROM: Andrew Dunlap, Fourth Street Performance Partners
SUBJECT: Investment Portfolio Options
DATE: 6/23/14

The purpose of this memo is to explain the investment options available to participants/investors in a Life’s Plan Individual Trust. One of the most important things when it comes to investing assets is to understand and know when you believe that you will need to access your funds. Will it be next year? Will it be in about 5 years? Will it be in 20 years? This period becomes your investment time horizon. This investment time horizon becomes important because it can help to determine the amount of risk that you should be taking with your investment portfolio. For example, a participant with a 20 year investment horizon likely will be comfortable having a high allocation to stocks in their investment portfolio. Stocks historically return more than bonds over full market cycles but are typically more volatile. Someone with a 20 year investment horizon has the ability to weather the ups and downs of the stock market to ultimately achieve a higher return on their assets.

However, someone with a one to five year investment horizon does not have that luxury of time and thus should have few stocks and more bonds in their portfolio. Bonds are more stable and predictable and are appropriate investments for someone with a shorter investment horizon. The downside is that the expected return on bonds is less than stocks.

Life’s Plan is offering four distinct asset allocation options for an Individual Trust. For shorter investment horizons there is the “Conservative Allocation” which is 80% bonds and 20% stocks. Next on the risk spectrum is the “Moderate Allocation” which is approximately a 50%/50% mix of stocks and bonds. Then for those with somewhat longer investment horizons there is the “Growth and Income Allocation”, which is 60% stocks and 40% bonds, or the aggressive “Growth Allocation”, which is 80% stocks/20% bonds.

Life’s Plan Individual Trust allows the investor the ability to choose from either of these four options as they see the best fit for their own personal situation. When completing the paperwork to establish an Individual Trust, the investor will make this choice of Asset Allocation on Exhibit A of the Investment Policy Statement. On this form the investor will first choose their preferred investment time horizon (i.e. 1-5 Years, 5-10 Years, or Greater than 10 years). Then the investor will choose one of two asset allocation options within that time horizon. This allows an investor to make an individual conservative/aggressive decision on how they would like to see their assets invested. This allocation can be changed in the future as an individual’s time horizon may change.

An investor will also receive a presentation booklet titled “Asset Allocation Analysis”. This booklet is designed to highlight in detail the asset allocation options as well as identifying the projected risk and return of each allocation for the next ten year period. The booklet also serves to highlight the downside potential for each asset allocation so each investor can understand the possible loss of capital, both from a return perspective as well as from a dollar perspective.