

Memorandum

To: Ryan Smith

From: Andrew Tan

Date: March 10, 2006

Re: Projected monthly payments for new retirement fund

Albert Leonard, a long-time customer, has approached us yet again to assist him in setting up a retirement fund for his son, Jeffrey Leonard.

Jeffrey Leonard would like the new fund to be set up similar to the retirement fund we had set up for Albert Leonard 10 years ago. The details for the fund are as follows: \$50,000 will be put into the fund one month before the first monthly payment, which you will have to determine. The monthly payments will begin on the last day of April 2006 and will continue for another 45 years. A month after the last payment is made, withdrawals of \$3,000 a month will be made for the next 30 years, where the last withdrawal will result in an account balance of zero. All the payments will be put into a bank account with a fixed Annual Percentage Rate of 12%, and all withdrawals also made out of the same account.

You have until March 20, 2006 to come up with the appropriate numbers and all other details required for the clients to review. Remember to keep the details clear and simple, and if possible do not include any technical terms that might confuse them.

CONFIDENTIAL

Memorandum

To: Andrew Tan

From: Ryan Smith

Date: March 19, 2006

Re: Projected monthly payments for Jeffrey Leonard's new retirement fund

The following memo includes the details for the new retirement fund requested by Albert and Jeffrey Leonard.

Following the requirements of the fund as reviewed in the previous memo, the necessary calculations have been performed and to walkthrough, below are some of the details as previously outlined.

The first payment is to be made on April 30, 2006 and continuous payments will have to be made at the end of each month until March 31, 2051. The monthly withdrawals of \$3,000 will begin on April 30, 2051 and will continue until March 31, 2081. A one time payment of \$50,000 will be required on March 31, 2006.

The monthly payment required to accommodate these conditions with a fixed Annual Percentage Rate of 12% is \$515.92 for 45 years.

The following attachment describes and includes the calculations performed to achieve these numbers and may be reviewed if necessary.