





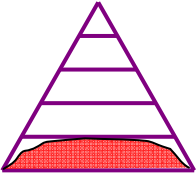
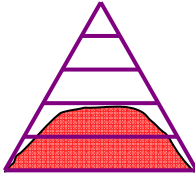
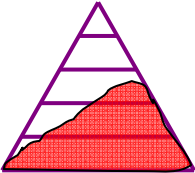
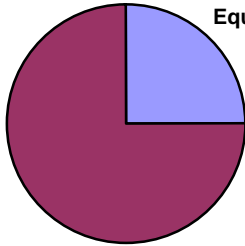

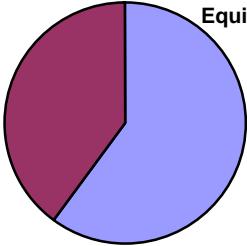



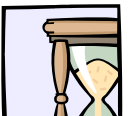
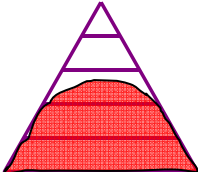
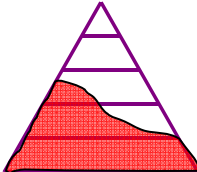
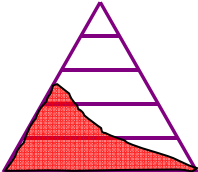
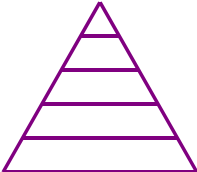
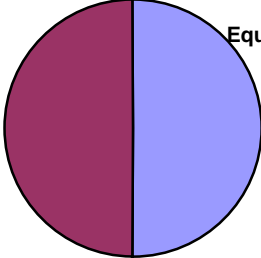
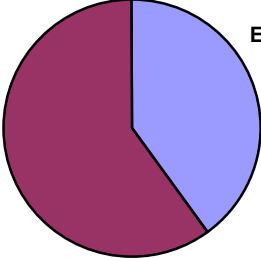
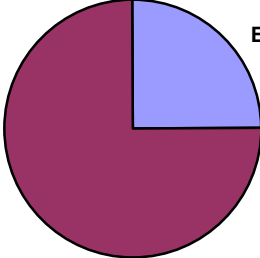
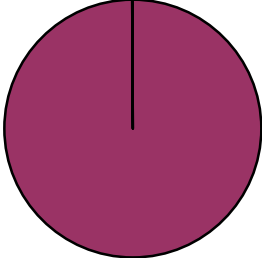


Cambridge Financial Lifecycle

Stage	Early Childhood	Childhood	Teenager	Building the Foundation	Early Accumulation	Rapid Accumulation
Transition Point						
	Money is to eat	Receives allowance	Earns own money	Becomes self-supporting	Net worth more than annual income	Investment earnings exceed annual savings
Net Worth				Less than annual income	1–3x annual income	3–7x annual income
Pyramid Development						
Strategy	Concept: Don't eat the money; law of halves	Concept: Accumulation, convertibility, relative value	Concept: Budgeting, earned income, money makes money	Five fundamentals of fiscal fitness: complete bottom level of pyramid	Diversify into stocks and bonds: build second level of pyramid	Focus risk and optimize tax efficiency
Asset Allocation				75% Interest earning  25% Equities	50% Interest earning  50% Equities	40% Interest earning  60% Equities
Typical Age	0–5	6–12	13–19	20–30	30–40	40–55

Cambridge Financial Lifecycle

Stage	Financial Independence	Conservation	Distribution	Sunset
Transition Point	 <p>Investment earnings equal 50% or more of living costs</p>	 <p>Live off investment earnings, pension, and social security</p>	 <p>Have more money than can spend in a lifetime</p>	 <p>Less than 12 months to live</p>
Investment Portfolio	7–10X annual living expenses	10–15x annual living expenses	More than 15x annual living expenses	
Pyramid Development				
Strategy	Do what you really like to do: start a business, semi-retire, etc. Supplement earnings with investment earnings	Consolidation, lower risk investments	Start giving money away—kids, charities, etc.	Distribute assets, reduce estate taxes, use viatical strategies
Asset Allocation	<p>50% Interest earning 50% Equities</p> 	<p>60% Interest earning 40% Equities</p> 	<p>75% Interest earning 25% Equities</p> 	
Typical Age	55–70	70–85	85+	