

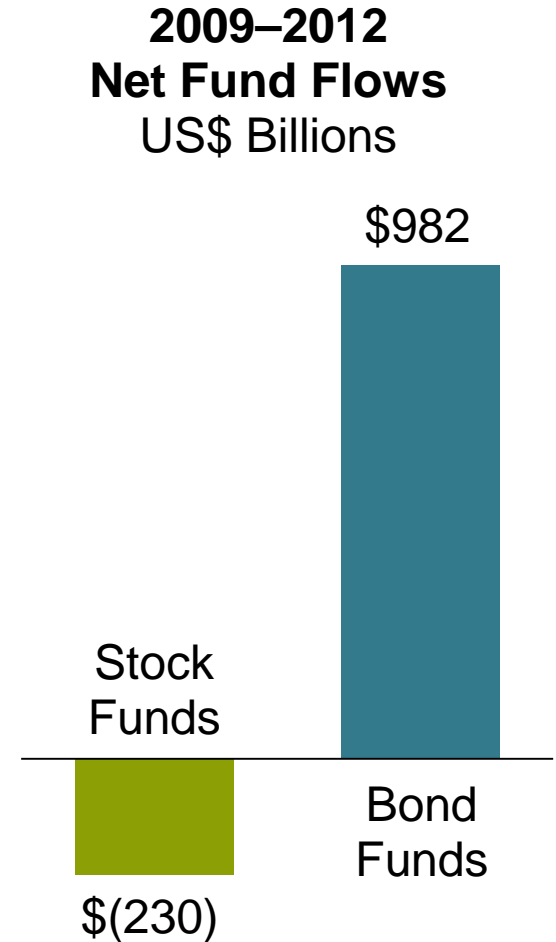
# ***Crafting an All-Weather Spending Policy***

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**Brian D. Wodar** | National Director—Bernstein Nonprofit Advisory Services

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# Despite a Massive Rebound, Investors Continue to Flee Stocks



Through September 30, 2012

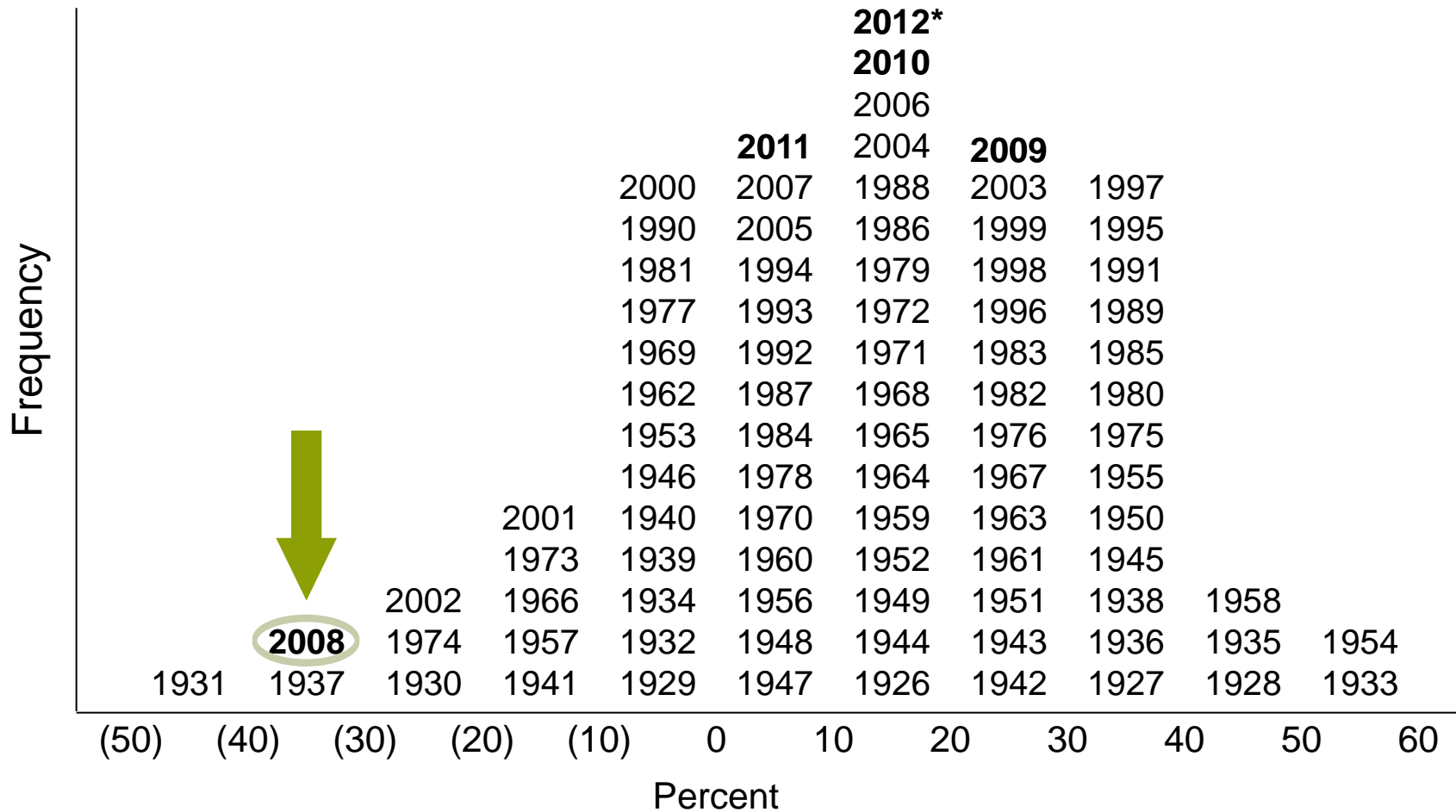
**Past performance does not guarantee future results.**

\*Total returns represented by the MSCI All Country World Index (in US\$)

Source: FactSet, Investment Company Institute, Morgan Stanley Capital International (MSCI) and AllianceBernstein

# Investors Get *Anchored* to Singular Experiences

## S&P 500 Distribution of Annual Returns



\*As of October 31, 2012

Source: FactSet; Roger G. Ibbotson and Rex A. Sinquefeld, "Stocks, Bonds, Bills, and Inflation," *Journal of Business* (University of Chicago Press), 1976; Standard & Poor's; and AllianceBernstein

# Plenty to Weigh On Investors' Minds

## Macroeconomic

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- Future of the euro
- US “fiscal cliff”
- Emerging markets slowdown

## Market

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- Spikes in volatility
- Flash crashes/HFT
- Bank scandals
- Subpar trailing returns

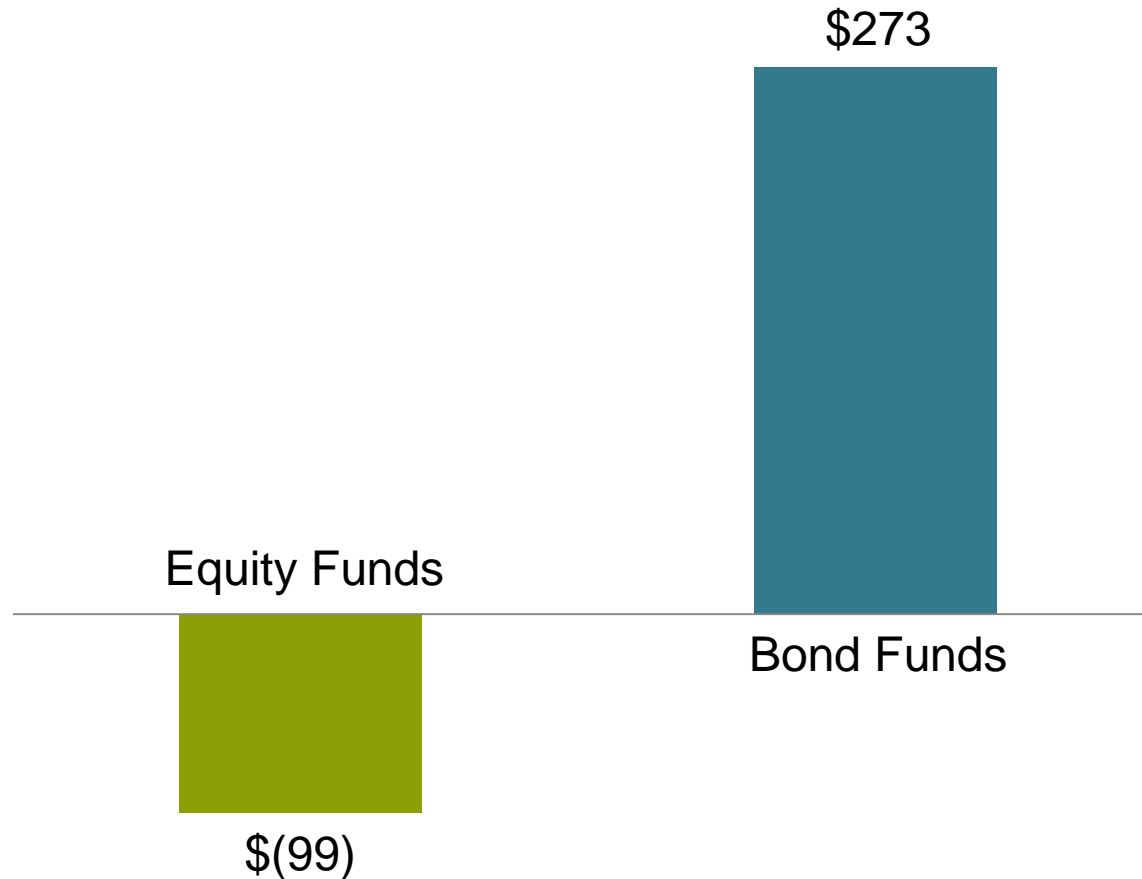
## Company

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- Margins peaking
- Slowing revenue growth
- Productivity gains harder to come by

# Investors Have Sought Shelter by Moving to Bonds...

## Net New Cash Flows Jan–Oct 2012 (US\$ Billions)

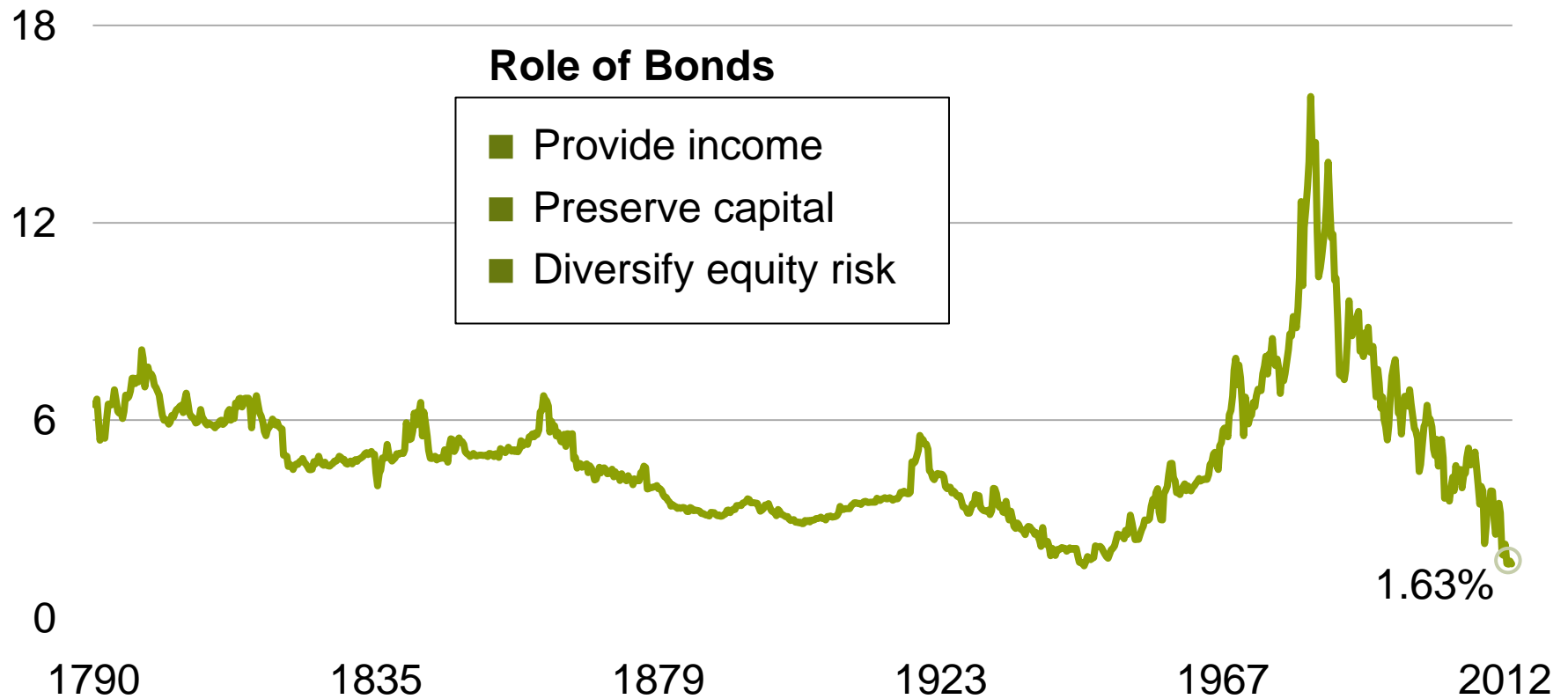


As of October 31, 2012

Source: Investment Company Institute and AllianceBernstein

# ...Despite Interest Rates at Historic Lows

## 10-Year Treasury Yields Percent



### Role of Bonds

- Provide income
- Preserve capital
- Diversify equity risk

Through November 30, 2012  
Represented by the 10-year constant-maturity yields  
Source: Global Financial Data and AllianceBernstein

# Plenty to Counter Investor Anxieties

## Causes for Concern

**Macroeconomic**

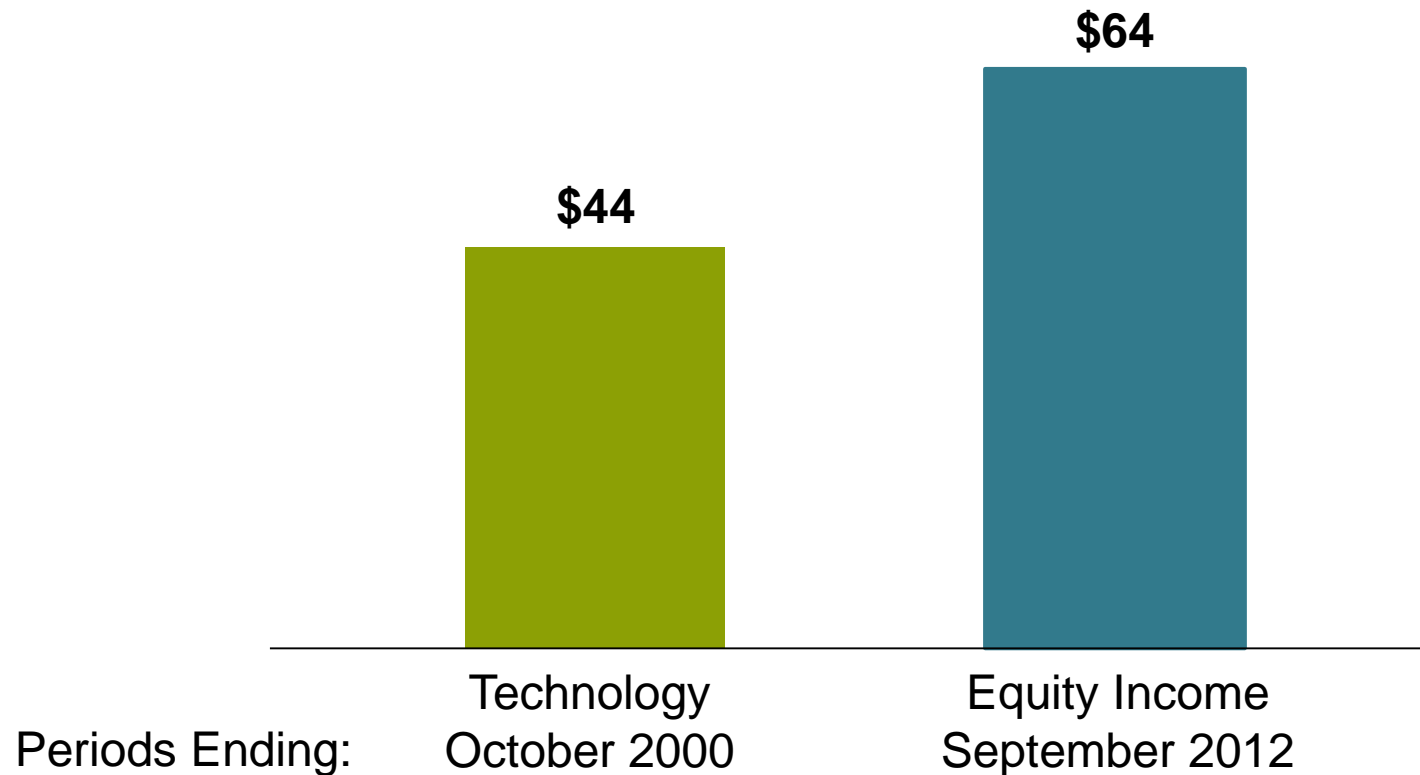
**Market**

**Company**

- Recovering housing sector
- Strong company balance sheets
- Improving household balance sheets
- Earnings growing more slowly but still growing
- Attractive valuations

# Investors Have Moved Aggressively Toward High-Dividend Stocks...

## Three-Year Cumulative Flows US\$ Billions

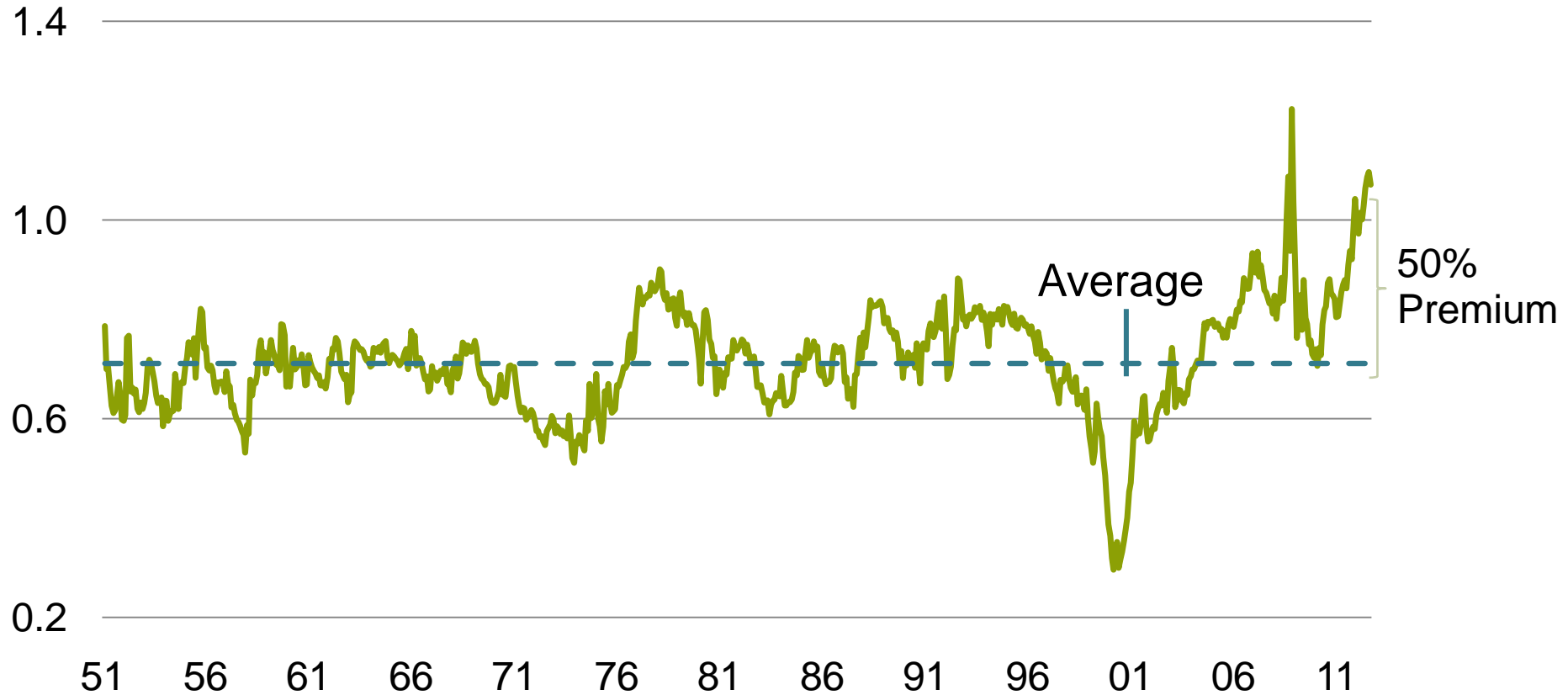


Technology and equity-income funds are represented by both US and global funds.  
Source: Lipper and AllianceBernstein



# ...Incurring the Risks of High Valuations

## High-Dividend Stocks P/E Ratios Relative to S&P 500(x)



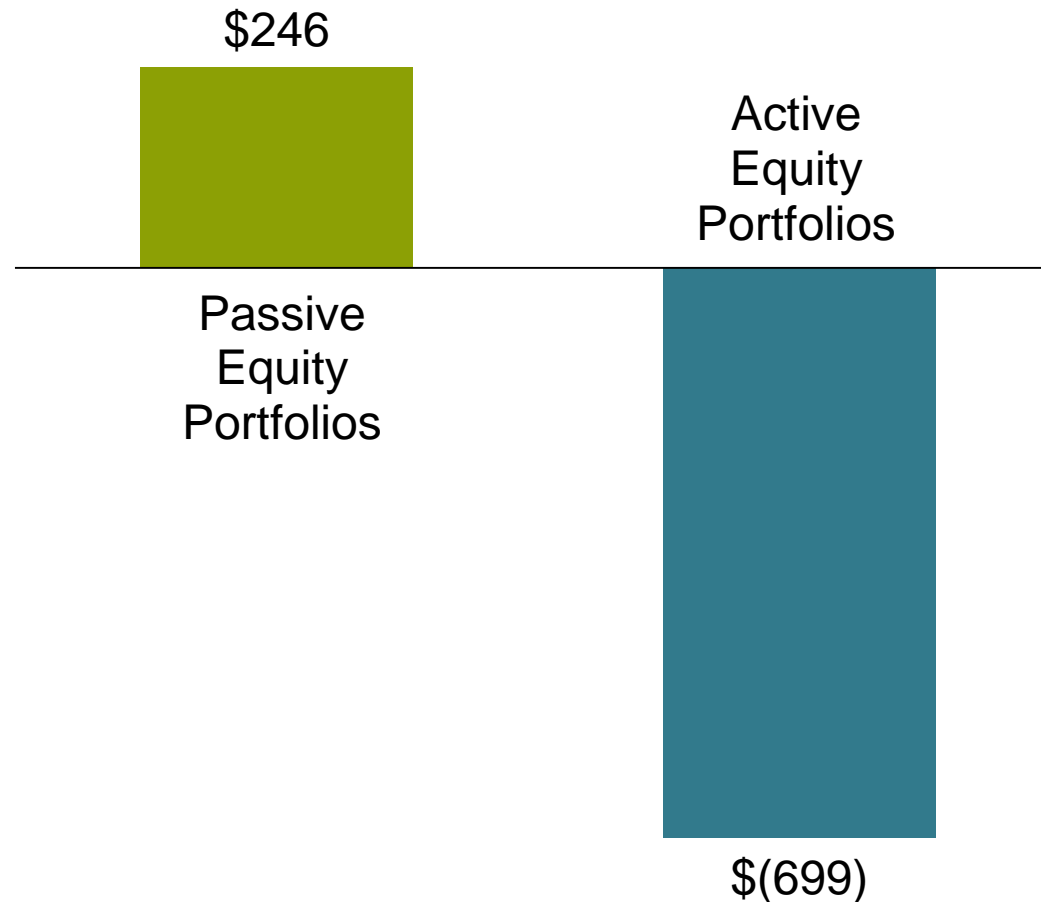
Through September 2012

\*Highest quintile of dividend yield. P/Es are based on trailing 12-month earnings, using capitalization-weighted data.

Source: Corporate reports and Empirical Research Partners

# Investors Have Shifted Assets Out of Active Strategies...

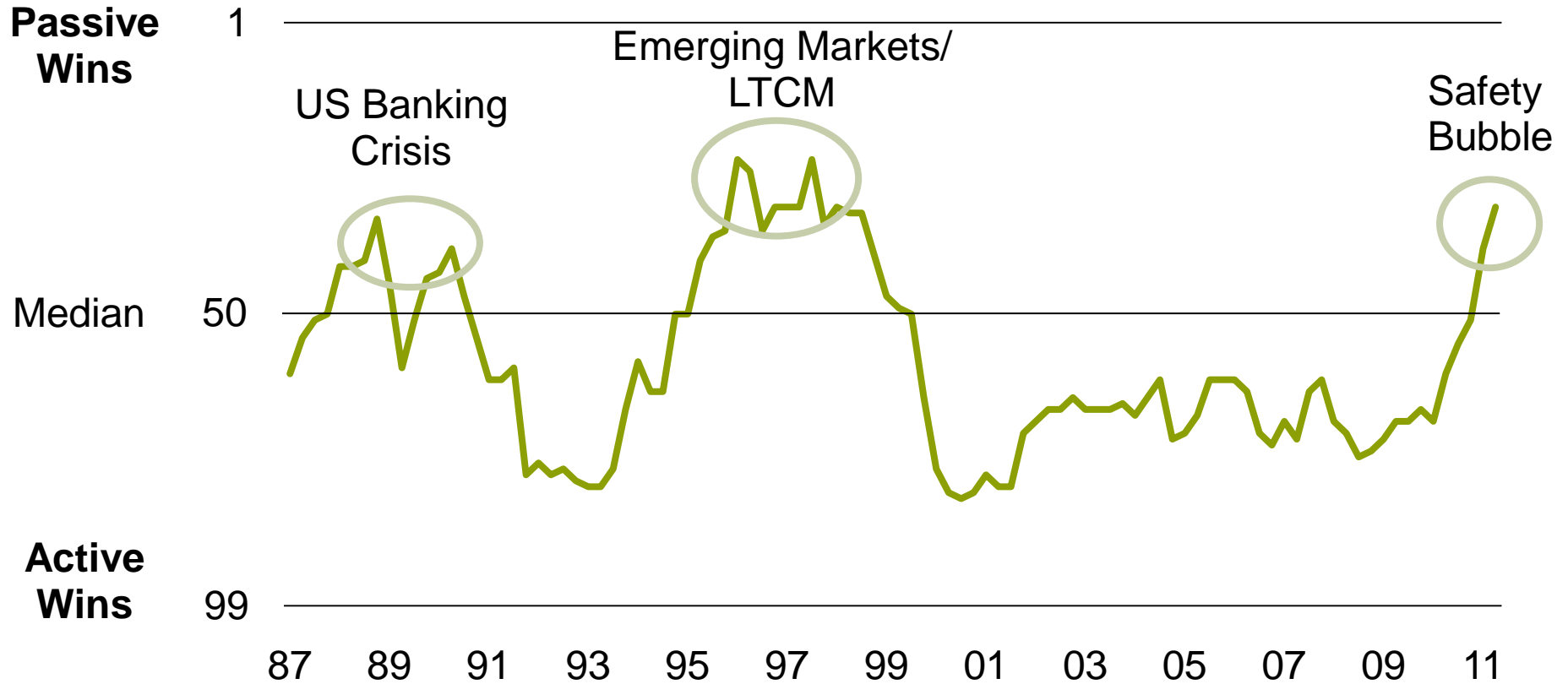
## Global Flows: 2008–2012 US\$ Billions



As of September 30, 2012  
Source: Morningstar and AllianceBernstein

# ...As Passive Management Has Recently Outperformed

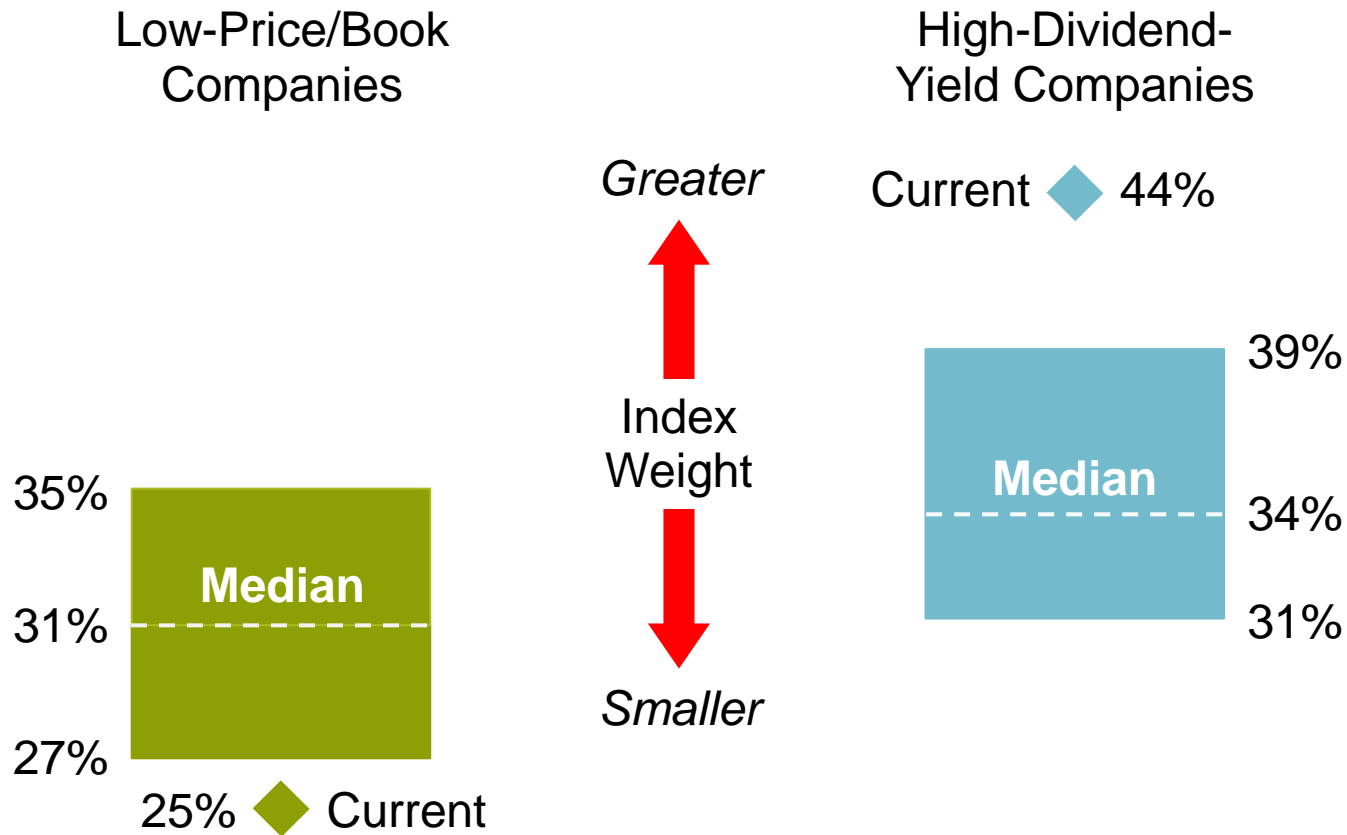
## Percentile Rank of S&P 500 in US-Equity-Manager Universe



Through December 31, 2011  
Rolling three-year periods, based on eVestment US large-cap equity universe  
Source: eVestment Alliance and AllianceBernstein

# Investor Demand Has Skewed the Composition of the Index

## Weight in the S&P 500 1970–2012



Source: Bloomberg, Center for Research in Security Prices, FactSet, Morningstar, Standard & Poor's and AllianceBernstein

# Research and Investment Management Support for Nonprofits

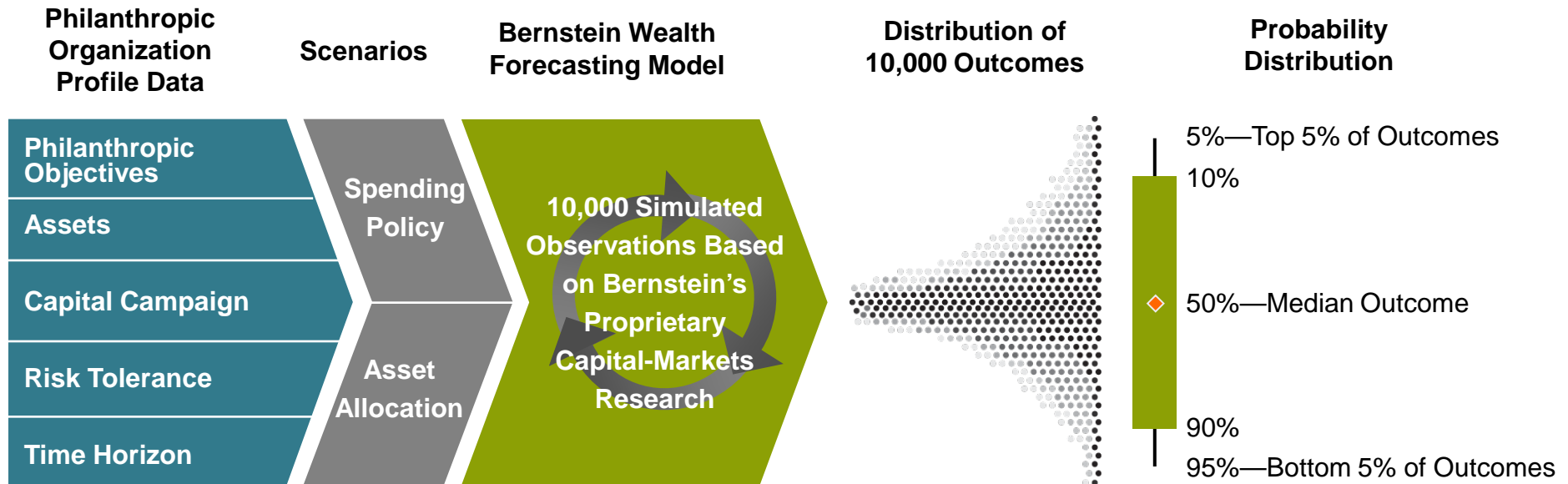
## Fund-Raising

- Development Officers
  - Reaching and motivating donors
  - Research on planned giving techniques
  - Quantifying impact of fund-raising and asset growth to organization and mission
- Donors
  - Education on ABCs of gifting economics
  - Stress testing of various charitable giving opportunities
  - Customizing investment management to complexities of personal and charitable trusts

## Fund Management

- Investment Committees
  - Spending and asset allocation policy decision making for endowments
  - Charity-run donor programs

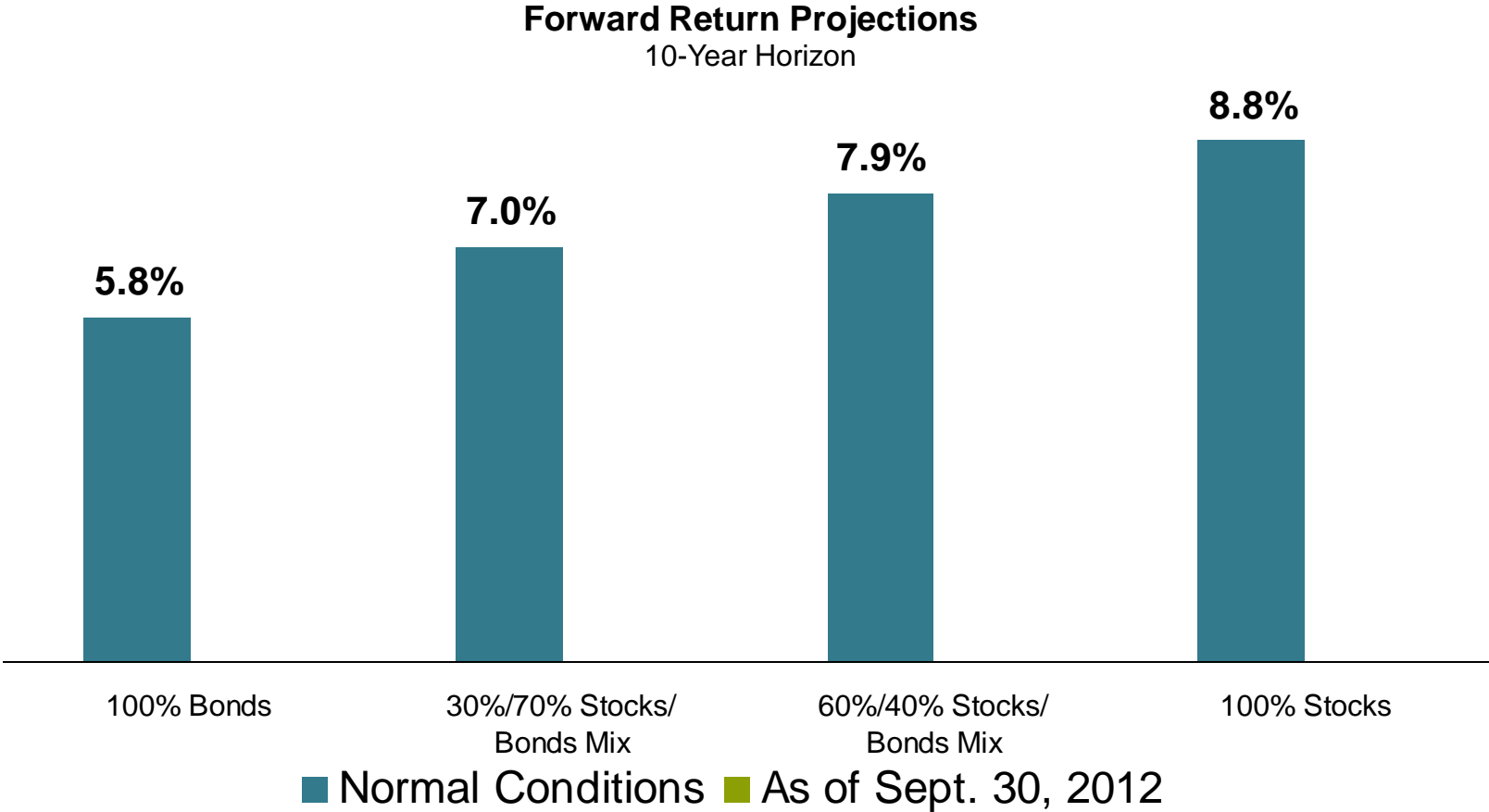
# Bernstein's Wealth Forecasting System Illuminates Potential Outcomes of Different Spending Policies



- Based upon the current state of the capital markets
- Prospective returns
- Forecasts returns for 30+ asset classes and 16 different planning vehicles

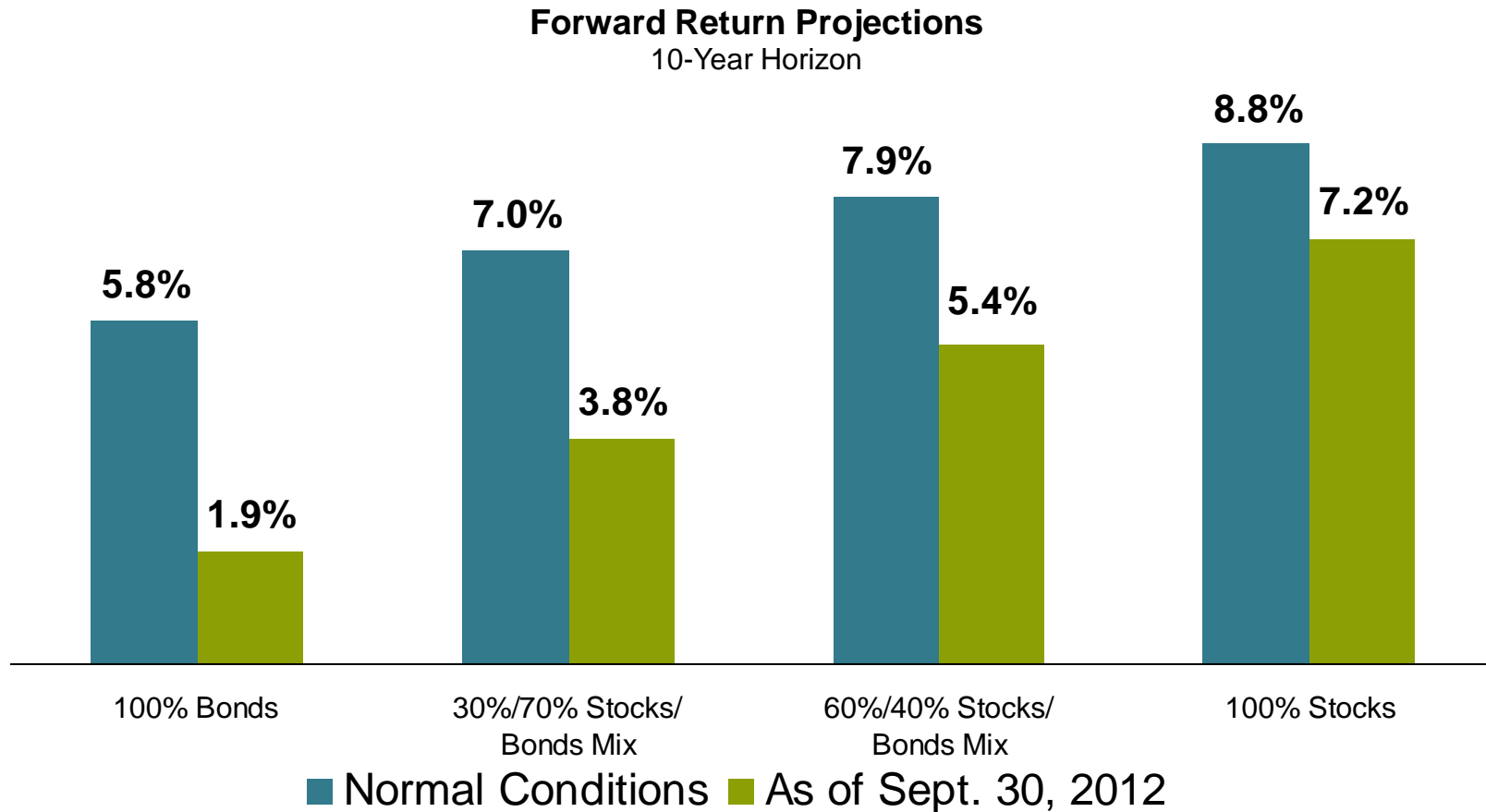
The Wealth Forecasting System, one of the biggest R&D projects ever undertaken at our firm, is based upon our proprietary analysis of historical capital markets data over many decades. We looked at variables such as past returns, volatility, valuation ratios, and the correlations among them to address the planning questions our clients ask. The model's output is a vast range of possible outcomes—relating to market asset classes, not AllianceBernstein portfolios—that serve as grist for a client's decision-making mill. Of course, there is no assurance that any specific outcome suggested by the model will actually come to pass. But by quantifying the possibilities of achieving financial goals under changing, and sometimes extreme, capital markets conditions, the tool should help our clients make better choices.

# Conservative May Not Really Be Conservative



Data do not represent past performance and are not a promise of actual results or range of future results. Bonds are represented by 60% global investment-grade bonds and 40% global sovereign bonds; stocks are represented by a universe similar to the MSCI World; both are reported in and hedged into US dollars. Source: AllianceBernstein

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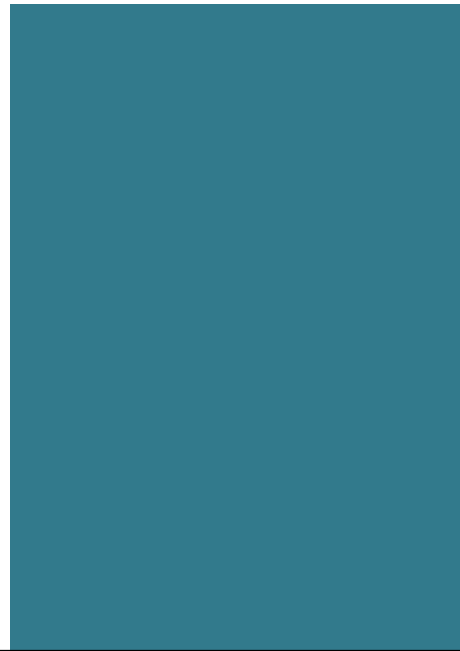
Source: AllianceBernstein



# Today's Low Expected Returns Are Likely to Erode Spending Power

Median Spending Rate to Maintain Real Asset Value After 30 Years  
60% Stocks / 40% Bonds

4.5%



■ Normal Conditions ■ As of Sept. 30, 2012

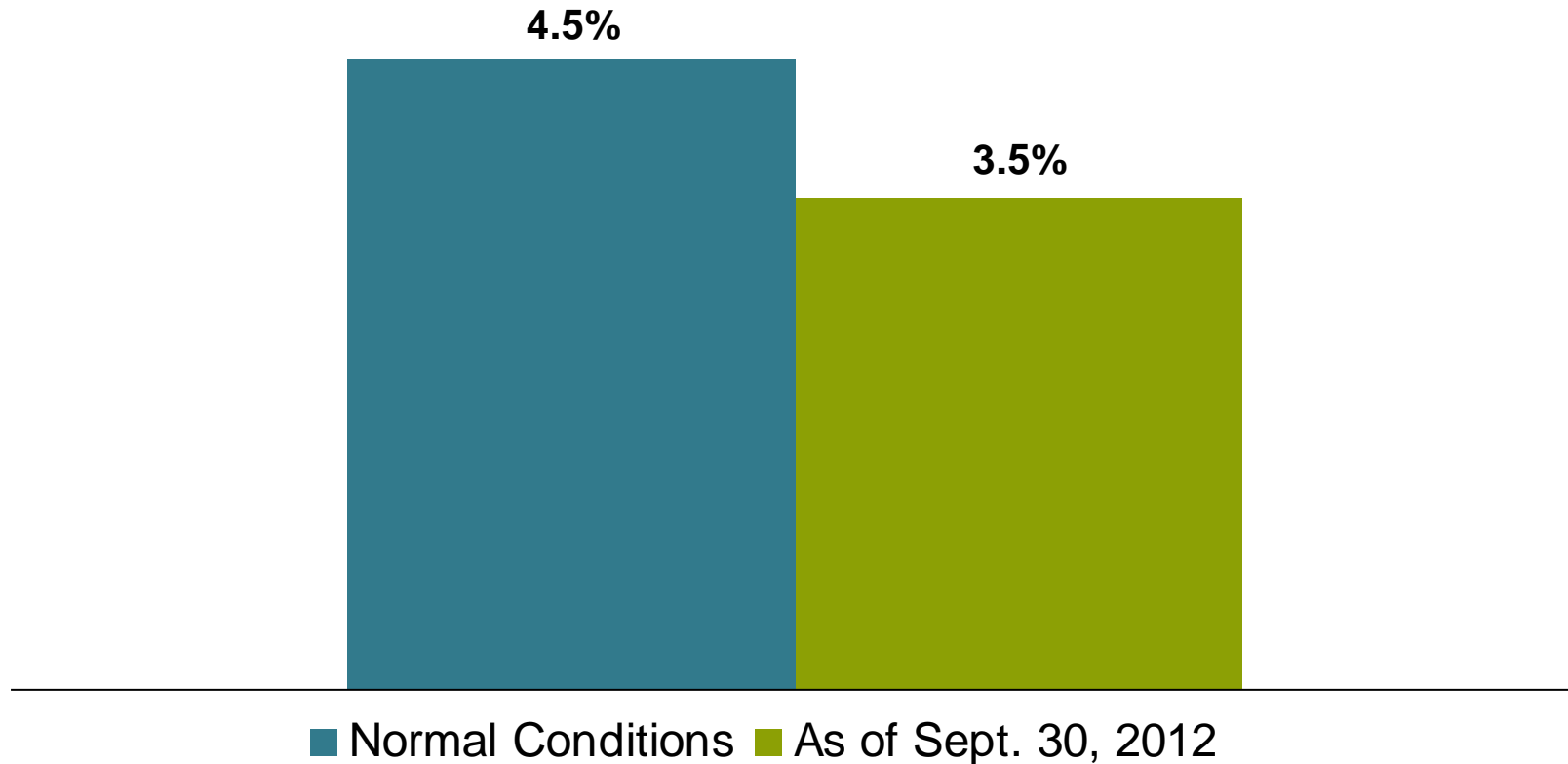
As of September 30, 2012

Based on a portfolio with 60% invested in global equities and 40% invested in global bonds; in US dollars

Source: AllianceBernstein; See Notes on Wealth Forecasting at the end of this presentation for further details.

# Today's Low Expected Returns Are Likely to Erode Spending Power

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Based on a portfolio with 60% invested in global equities and 40% invested in global bonds; in US dollars

Source: AllianceBernstein; See Notes on Wealth Forecasting at the end of this presentation for further details.

# Adding Equity Exposure Could Preserve Spending Power

## Median Inflation-Adjusted Value of \$10 Million Portfolio 5% Annual Spending, in \$ Millions

### After 10 Years



### After 30 Years



As of September 30, 2012

Projections for portfolios of global equities and global bonds, in US dollars.

Source: AllianceBernstein; See Notes on Wealth Forecasting at the end of this presentation for further details.

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Projections for portfolios of global equities and global bonds, in US dollars.

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### After 30 Years

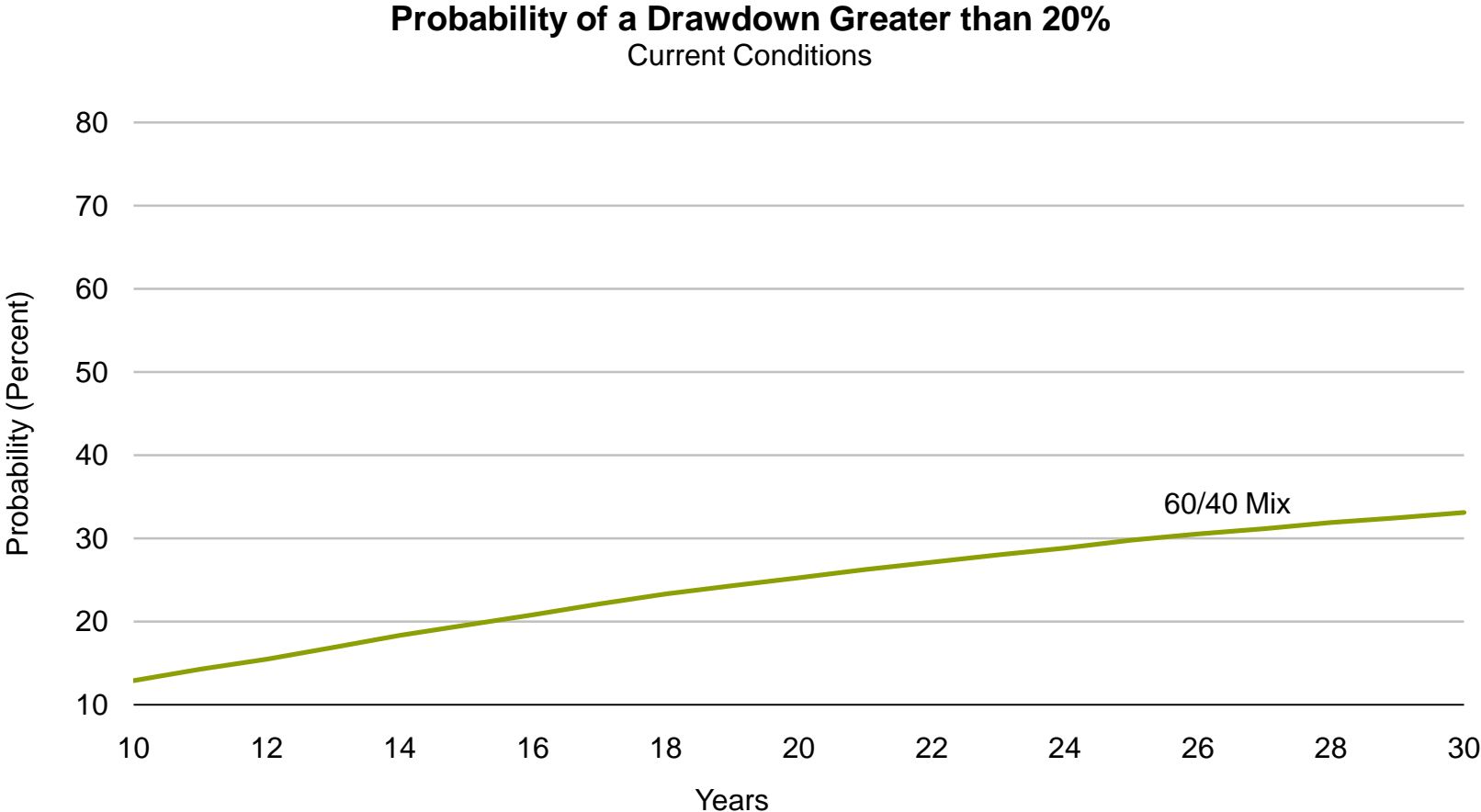


As of September 30, 2012

Projections for portfolios of global equities and global bonds, in US dollars.

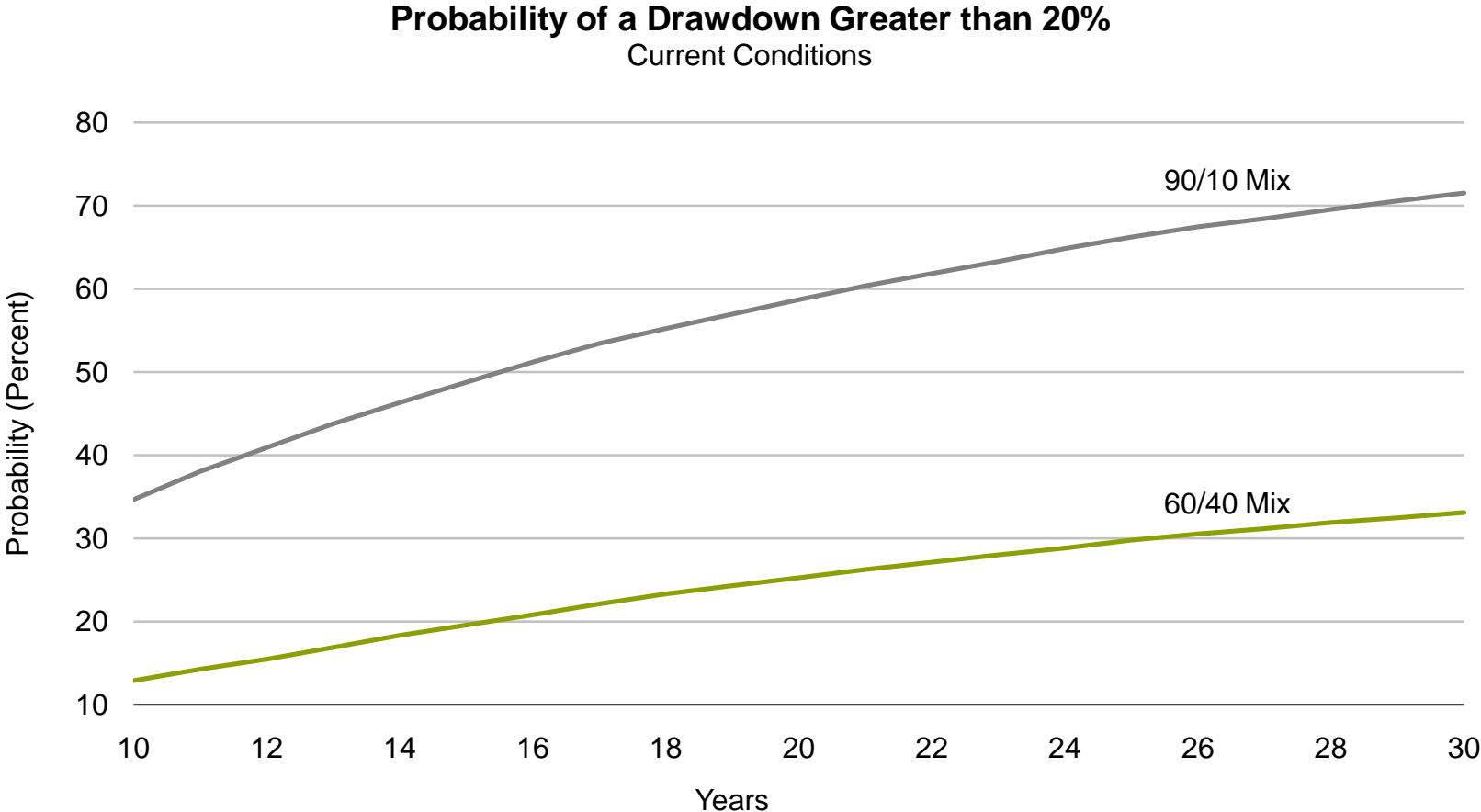
Source: AllianceBernstein; See Notes on Wealth Forecasting at the end of this presentation for further details.

# A Very High Equity Allocation Increases the Odds of a Large Drawdown



As of September 30, 2012  
Inflation-adjusted projections for portfolios of global equities and global bonds, in US dollars  
Source: AllianceBernstein; See Notes on Wealth Forecasting at the end of this presentation for further details.

# A Very High Equity Allocation Increases the Odds of a Large Drawdown



As of September 30, 2012  
Inflation-adjusted projections for portfolios of global equities and global bonds, in US dollars  
Source: AllianceBernstein; See Notes on Wealth Forecasting at the end of this presentation for further details.

# Two Fundamental Approaches

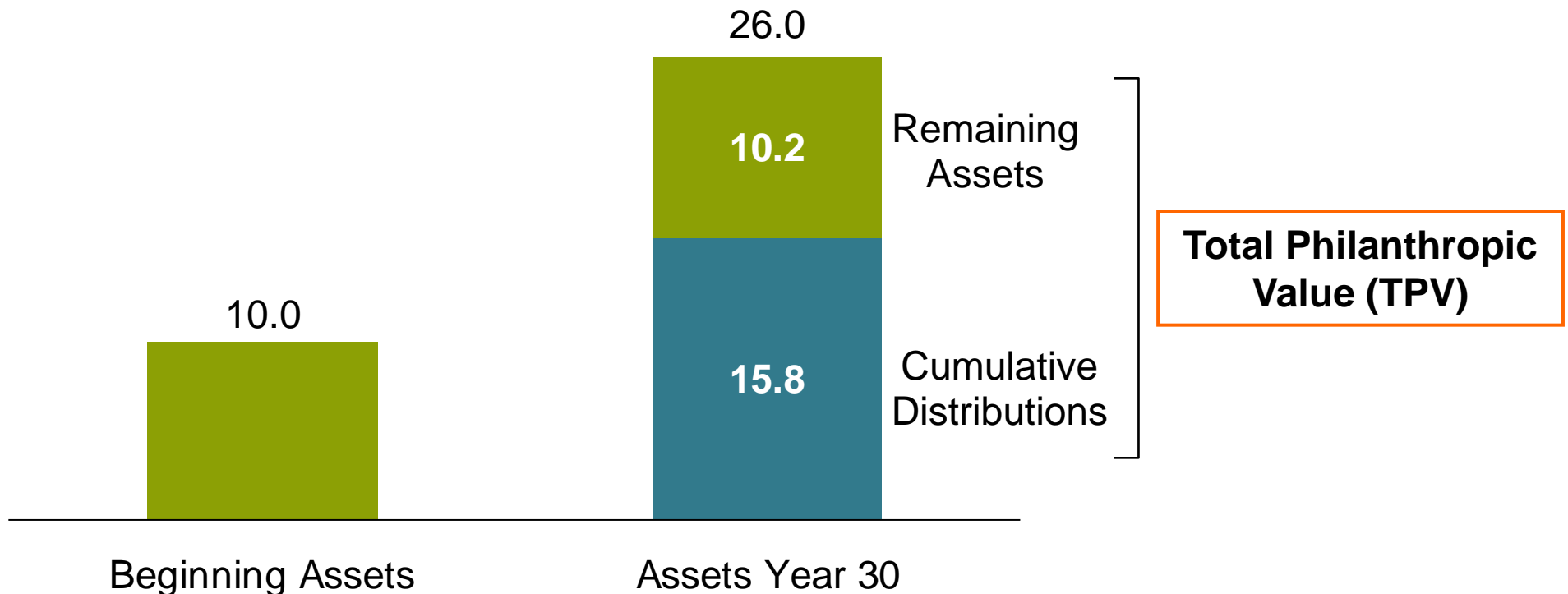
- Investment policy
  - Asset allocation
- Spending policy
  - Adopt a smoothing formula
  - Employ a spending ceiling

**Next Step:** Consider “Total Philanthropic Value” (TPV)



# Total Philanthropic Value (TPV) Defined

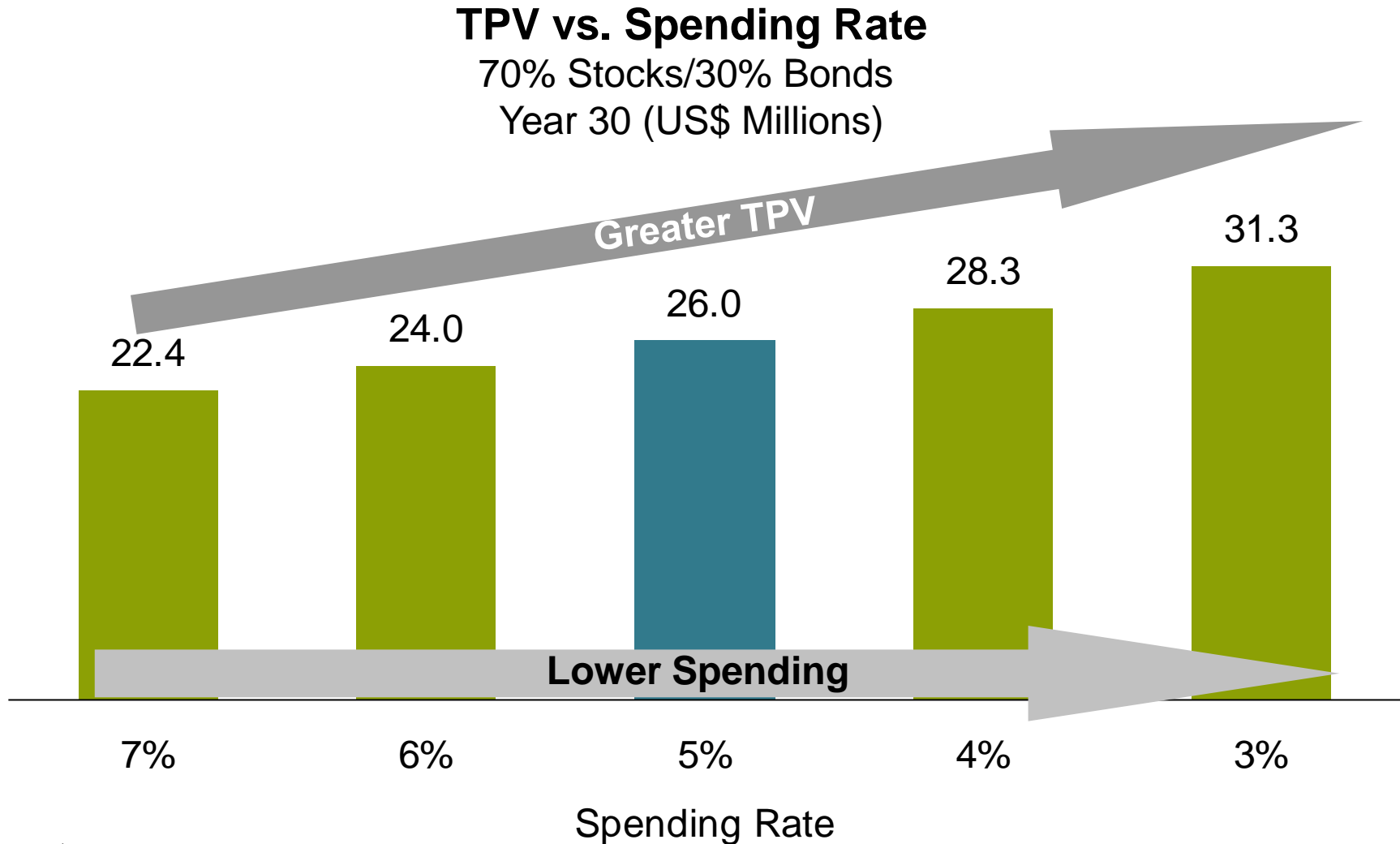
**70% Stocks/30% Bonds, Distributing 5% Annually**  
Median Forecast Results, Adjusted for Inflation (US\$ Millions)



Initial assets of \$10 million

Asset allocation is 65% Global Stocks/25% Intermediate Taxable Fixed Income/10% REITs. Global Stocks are 35% US Value/35% US Growth/25% Developed International/5% Emerging Markets. See Notes on Wealth Forecasting System in the Appendix of this presentation.

# TPV Paradox: Lower Spending Means More Charitable Impact...

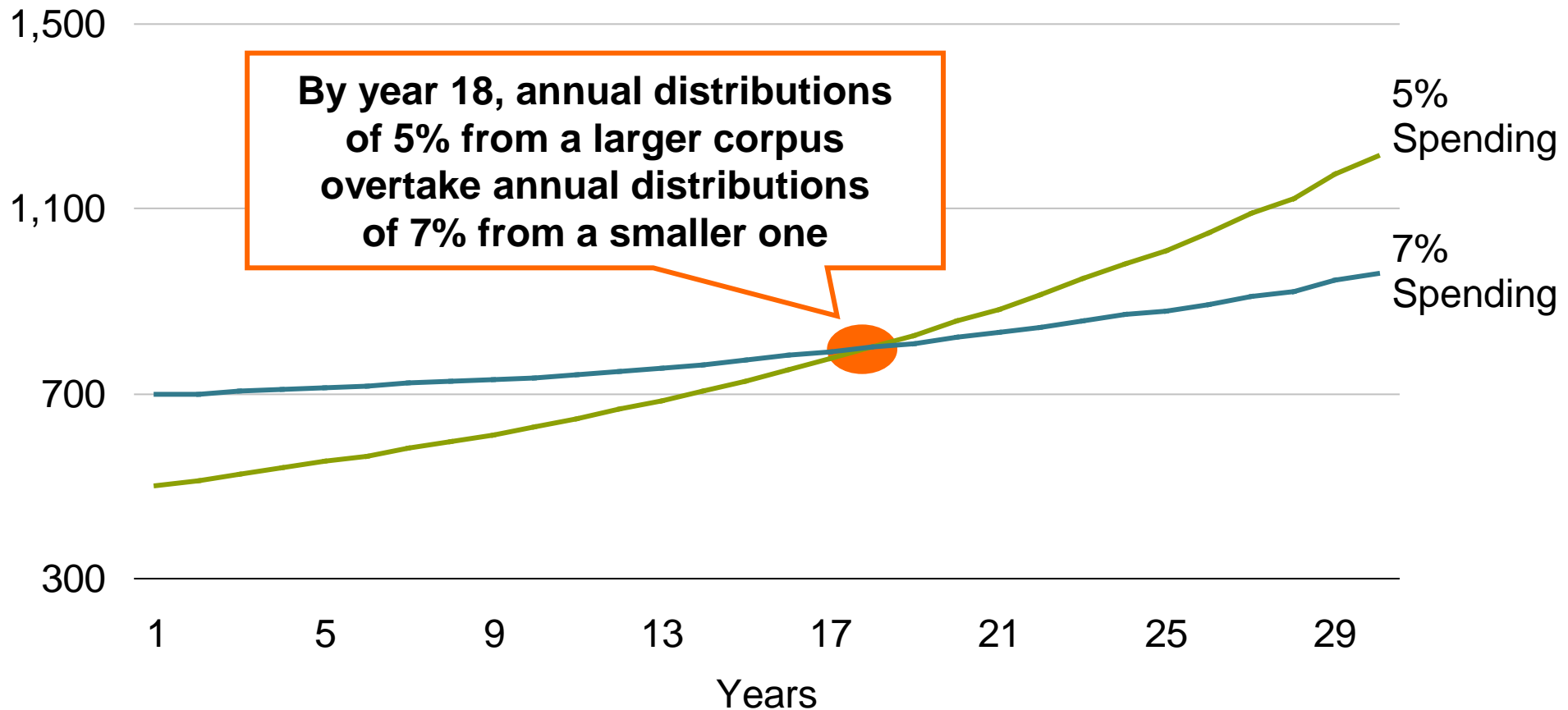


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# ...And, in Time, Greater *Annual* Spending

Annual Distributions  
US\$ Thousands

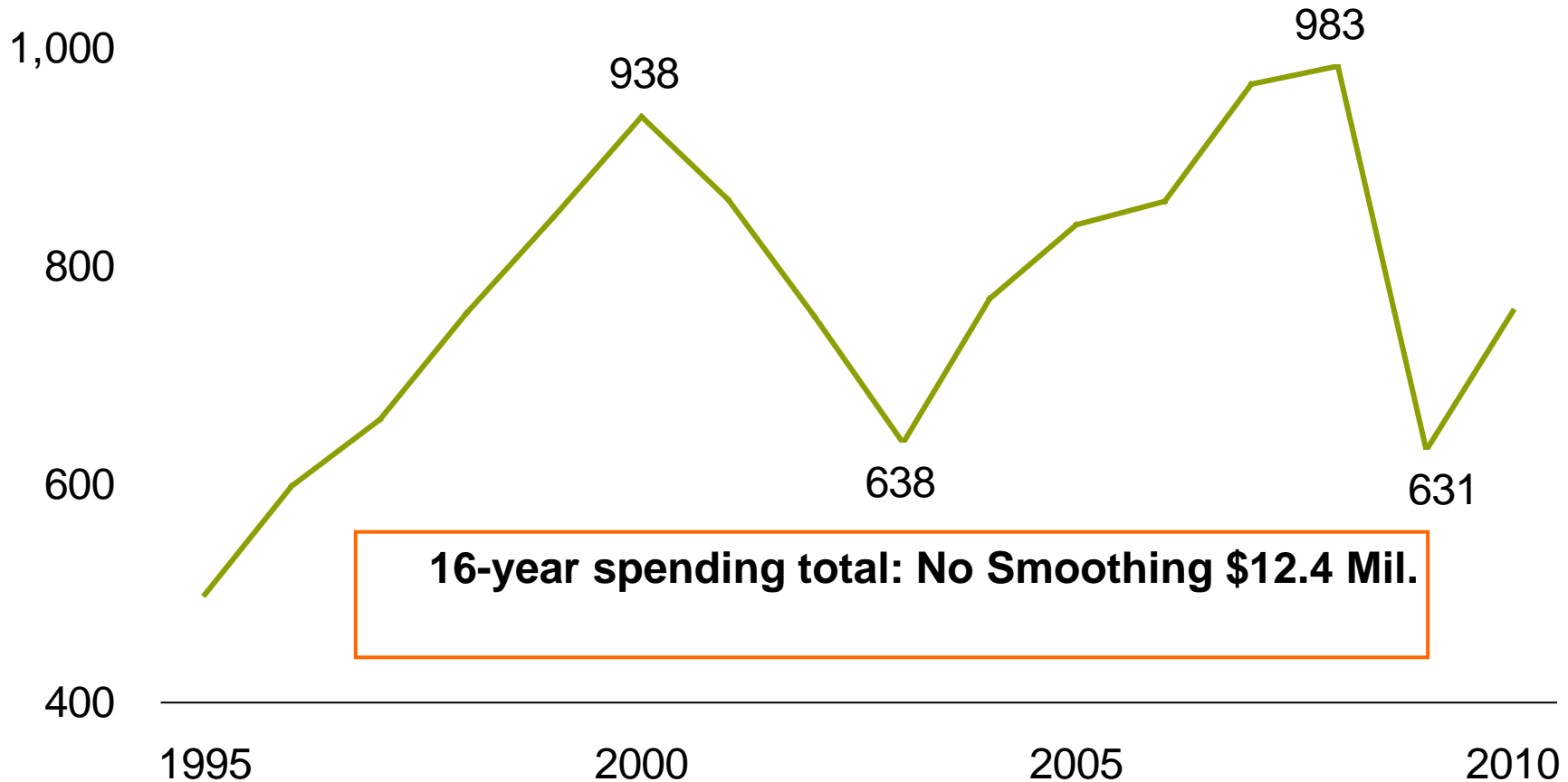


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# But Market Volatility Can Impact Distributions

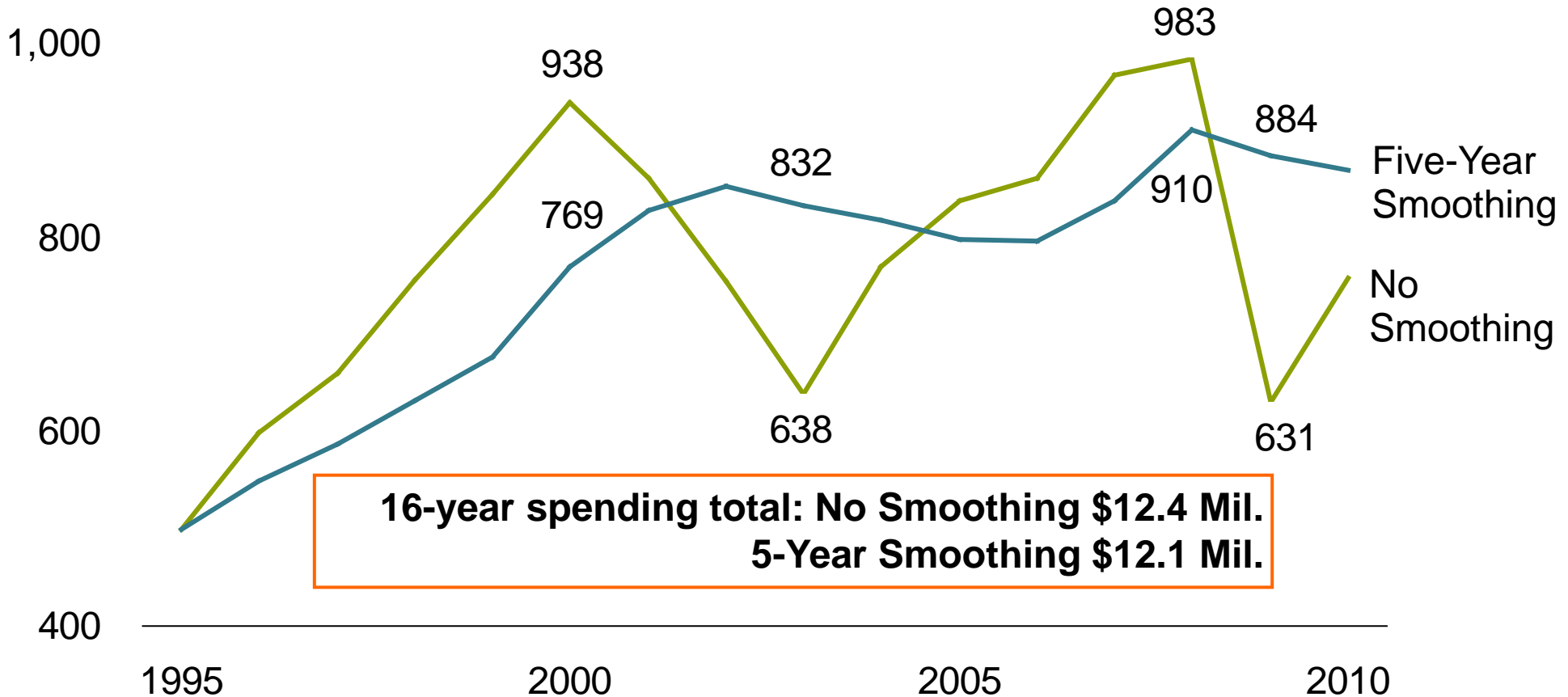
**5% Spending, \$10 Million Foundation**  
70% Stocks/30% Bonds (US\$ Thousands)



Past performance does not guarantee future results.  
See Note on Asset Allocation in Historical Studies in Appendix.

# Smoothing Reduces Annual Declines in Distributions

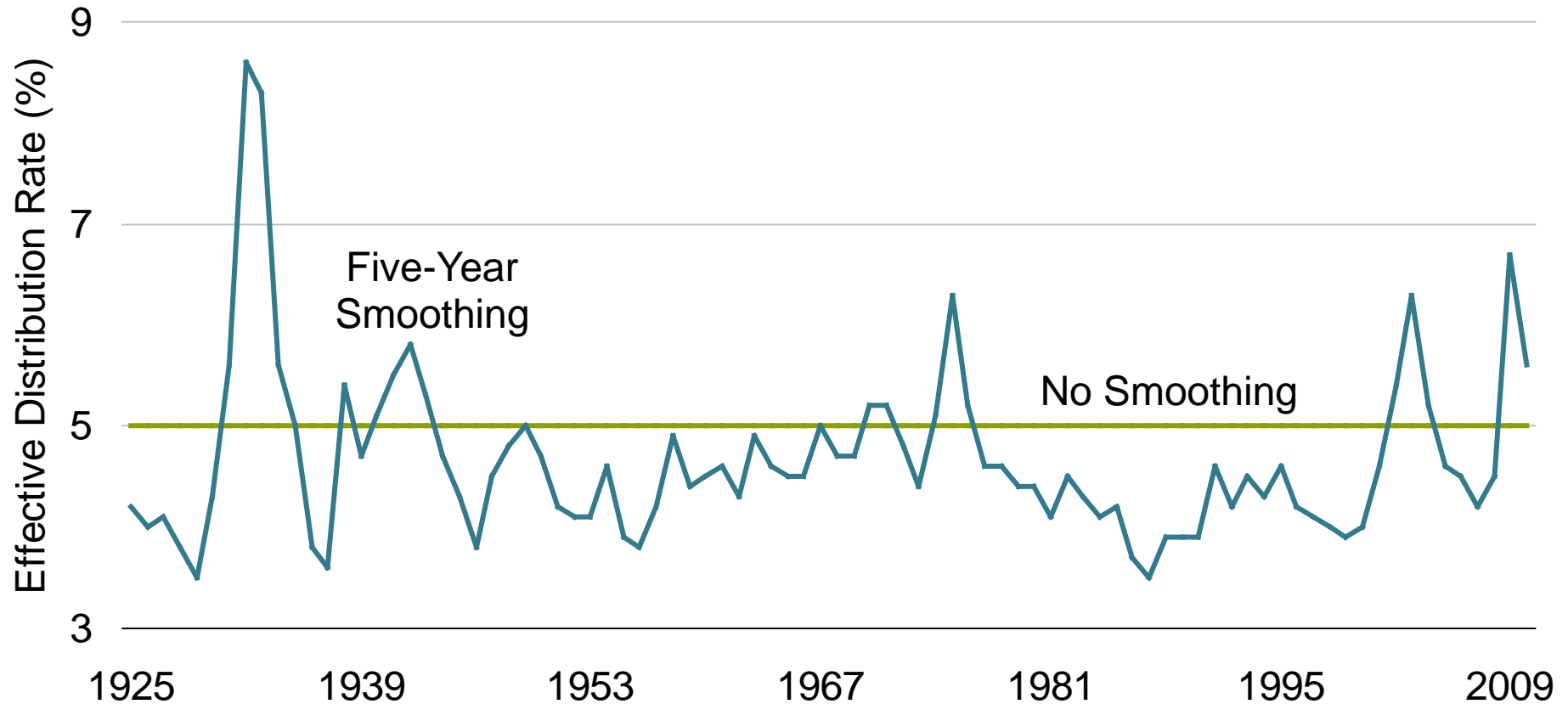
**5% Spending, Smoothed, \$10 Million Endowment**  
70% Stocks/30% Bonds (US\$ Thousands)



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See Note on Asset Allocation in Historical Studies in Appendix.

# Effective Spending as a Result of Smoothing

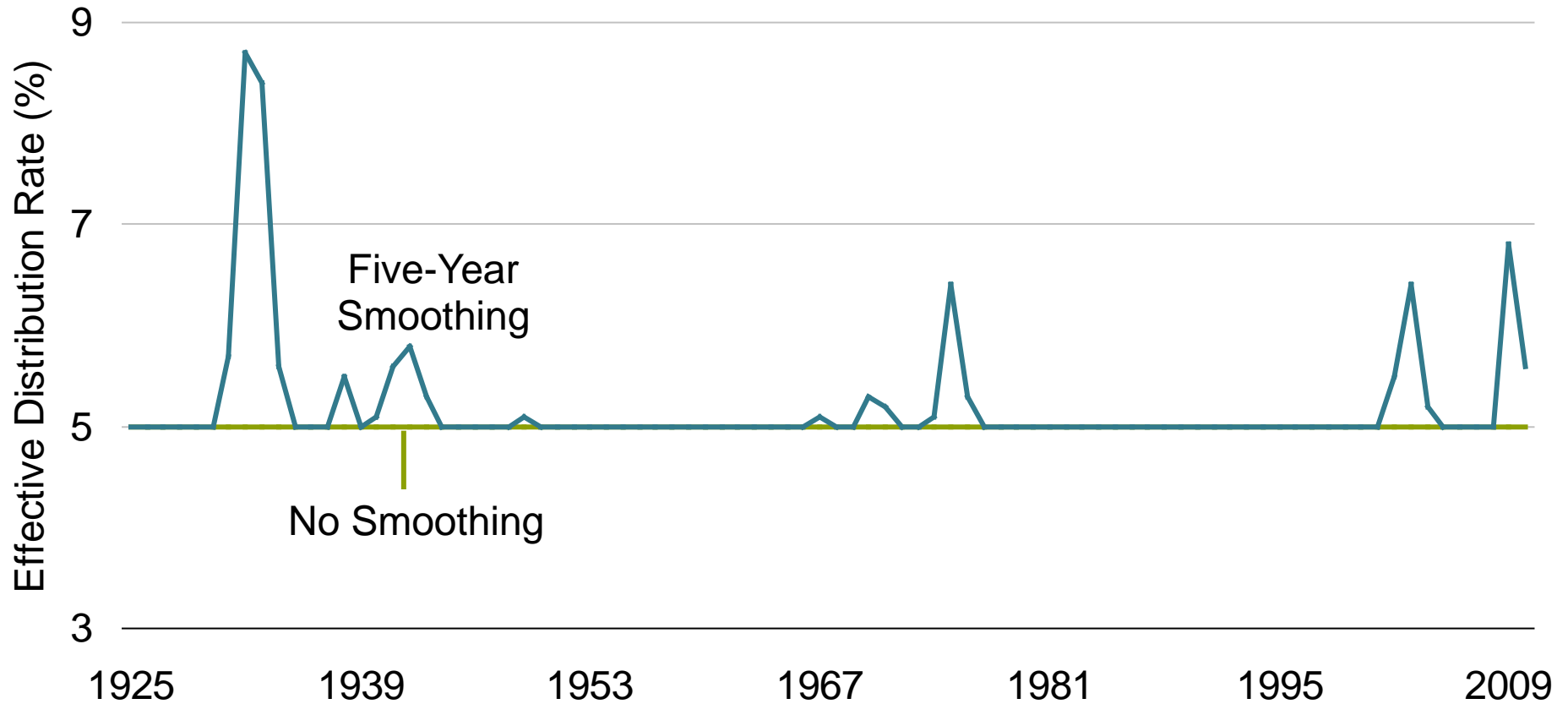
**5% Spending\***  
70% Stocks/30% Bonds



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\*See Note on Asset Allocation in Historical Studies in Appendix.

# Effective Spending as a Result of Smoothing: Private Foundation

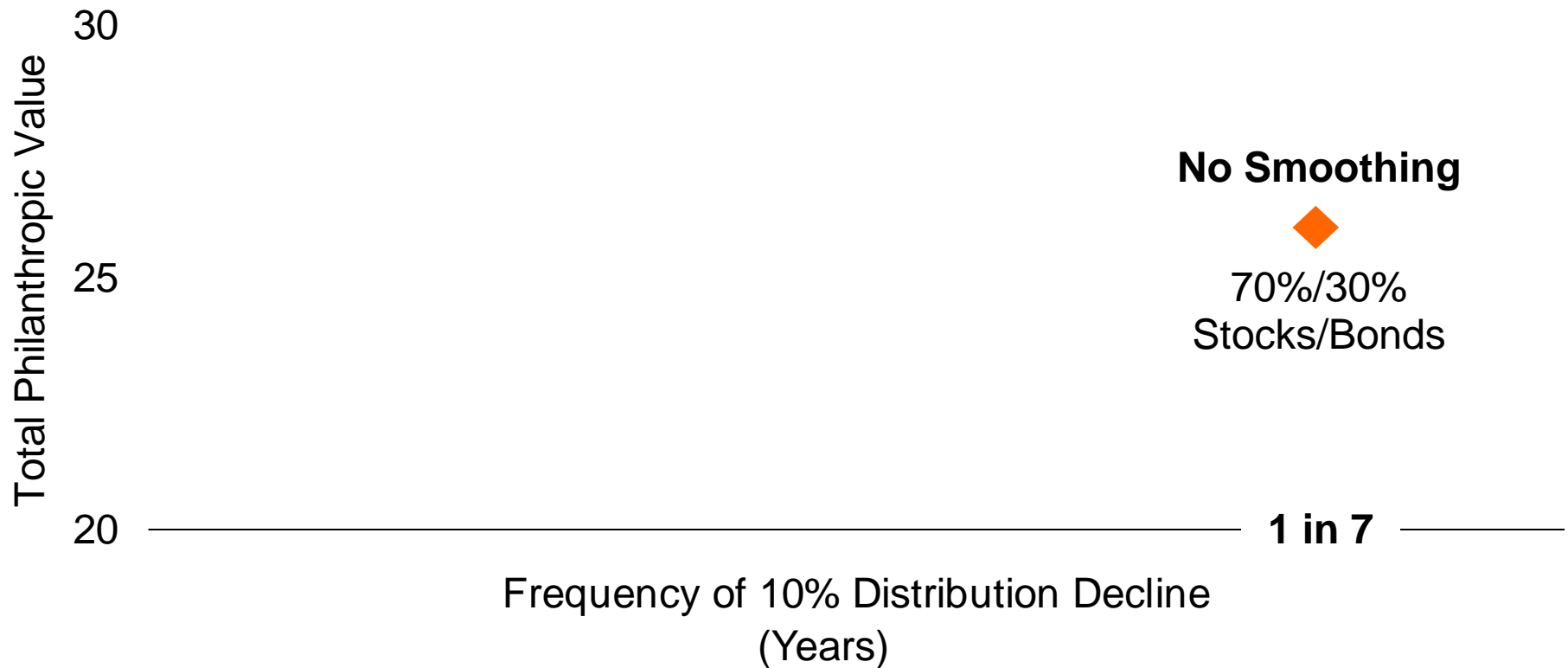
5% Spending,\* 5% Minimum Distribution  
70% Stocks/30% Bonds



Past performance does not guarantee future results.  
\*See Note on Asset Allocation in Historical Studies in Appendix.

# Can Smoothing Inform the Asset Allocation Decision?

## Longevity vs. Consistency 5% Spending After 30 Years (US\$ Millions)



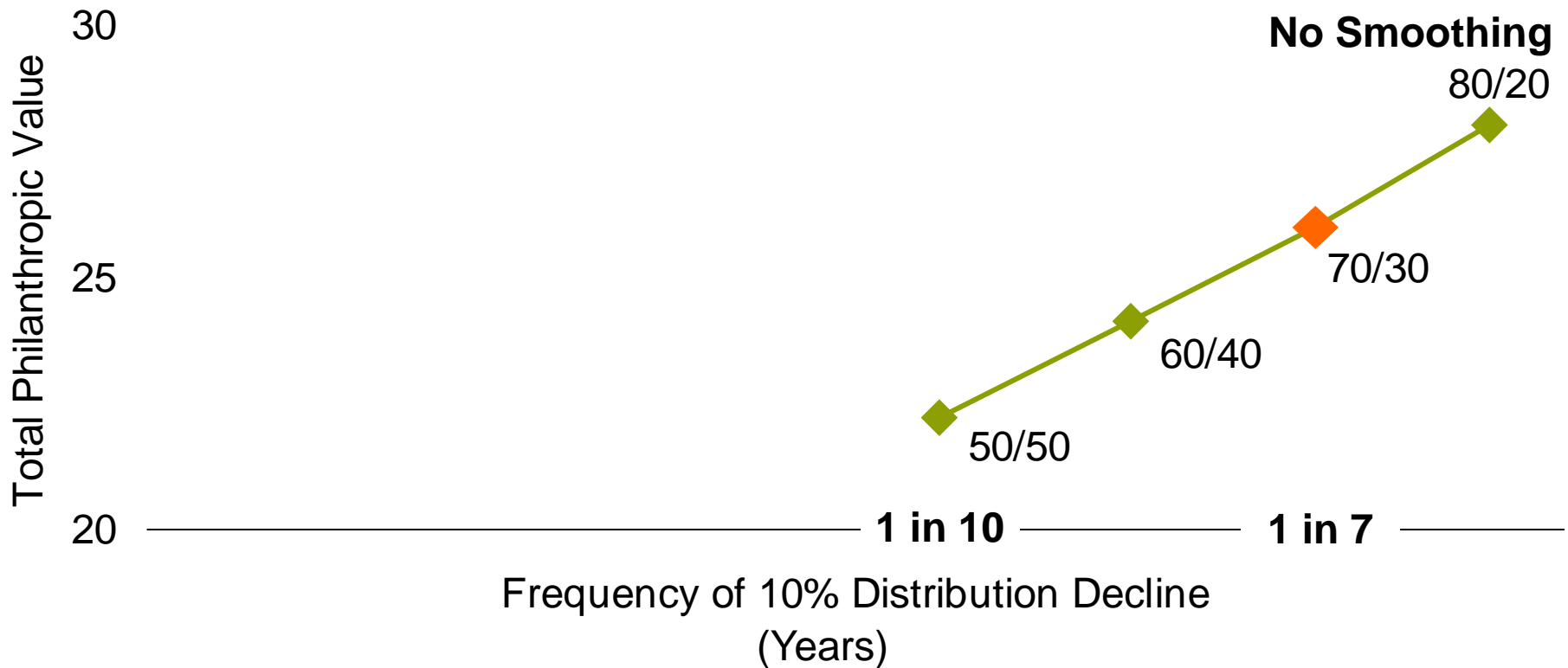
Initial assets of \$10 million.

Total Philanthropic Value is measured by real cumulative distributions plus real portfolio remainder. Consistency is measured by probability of 10% or greater decline in distribution. Asset allocations are: 50/50 is 45% Global Stocks/45% Intermediate Taxable Fixed Income/10% REITs; 60/40 is 55% Global Stocks/35% Intermediate Taxable Fixed Income/10% REITs; 70/30 is 65% Global Stocks/25% Intermediate Taxable Fixed Income/10% REITs; 80/20 is 75% Global Stocks/15% Intermediate Taxable Fixed Income/10% REITs. Global Stocks are 35% US Value/35% US Growth/25% Developed International/5% Emerging Markets. See Notes on Wealth Forecasting System in the Appendix of this presentation.



# Improving Consistency of Distributions Can Hurt TPV

## Longevity vs. Consistency 5% Spending After 30 Years (US\$ Millions)

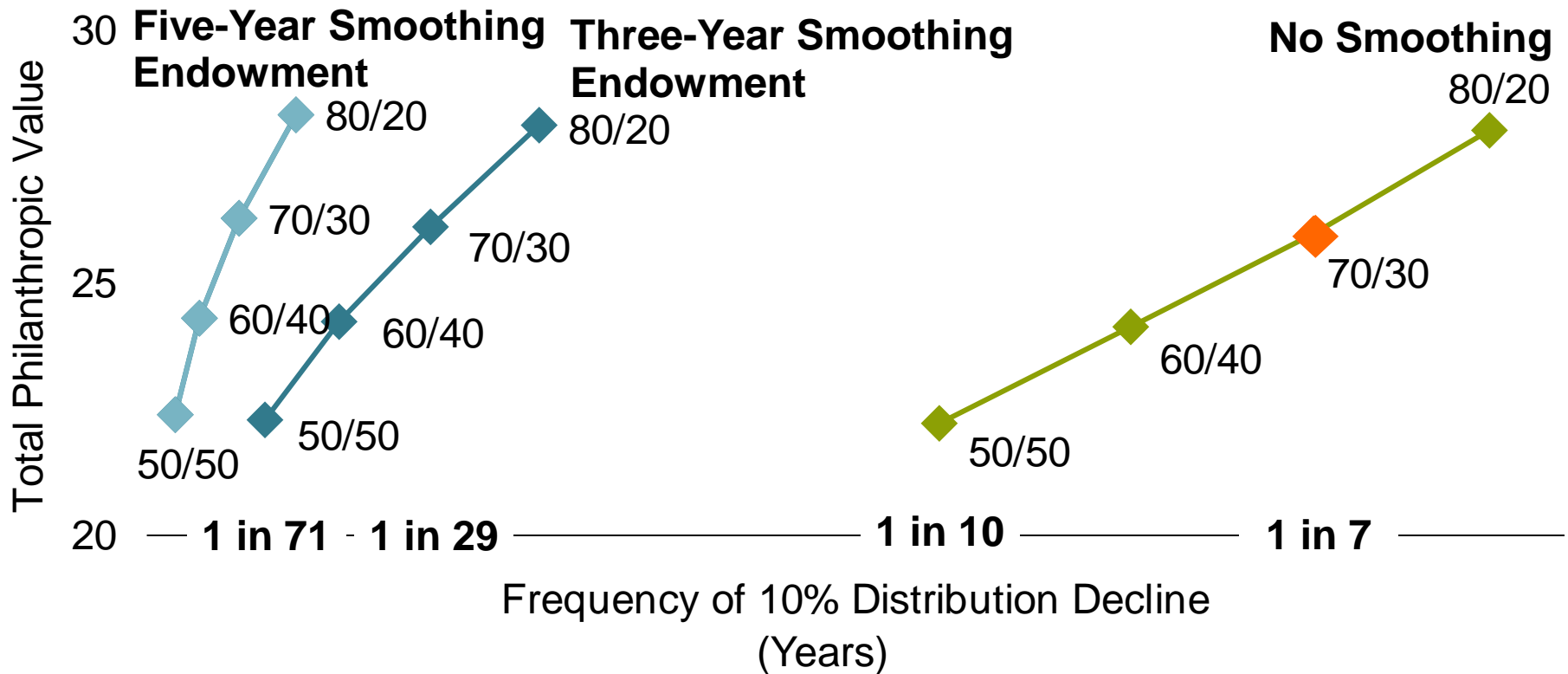


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# Even Greater Benefits to Consistency and TPV

## Longevity vs. Consistency, \$10 Million Initial Value 5% Spending After 30 Years (US\$ Millions)

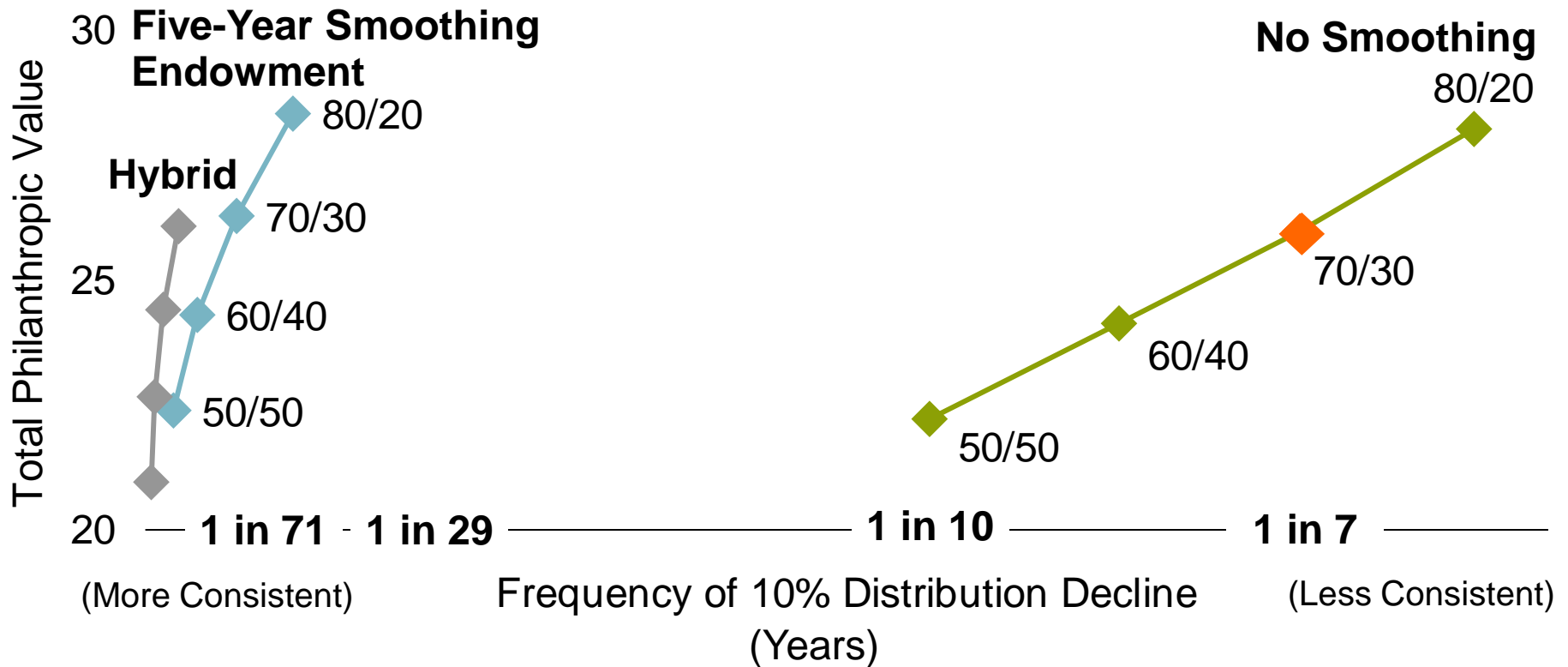


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# How Does Hybrid Compare Against Other Methods?

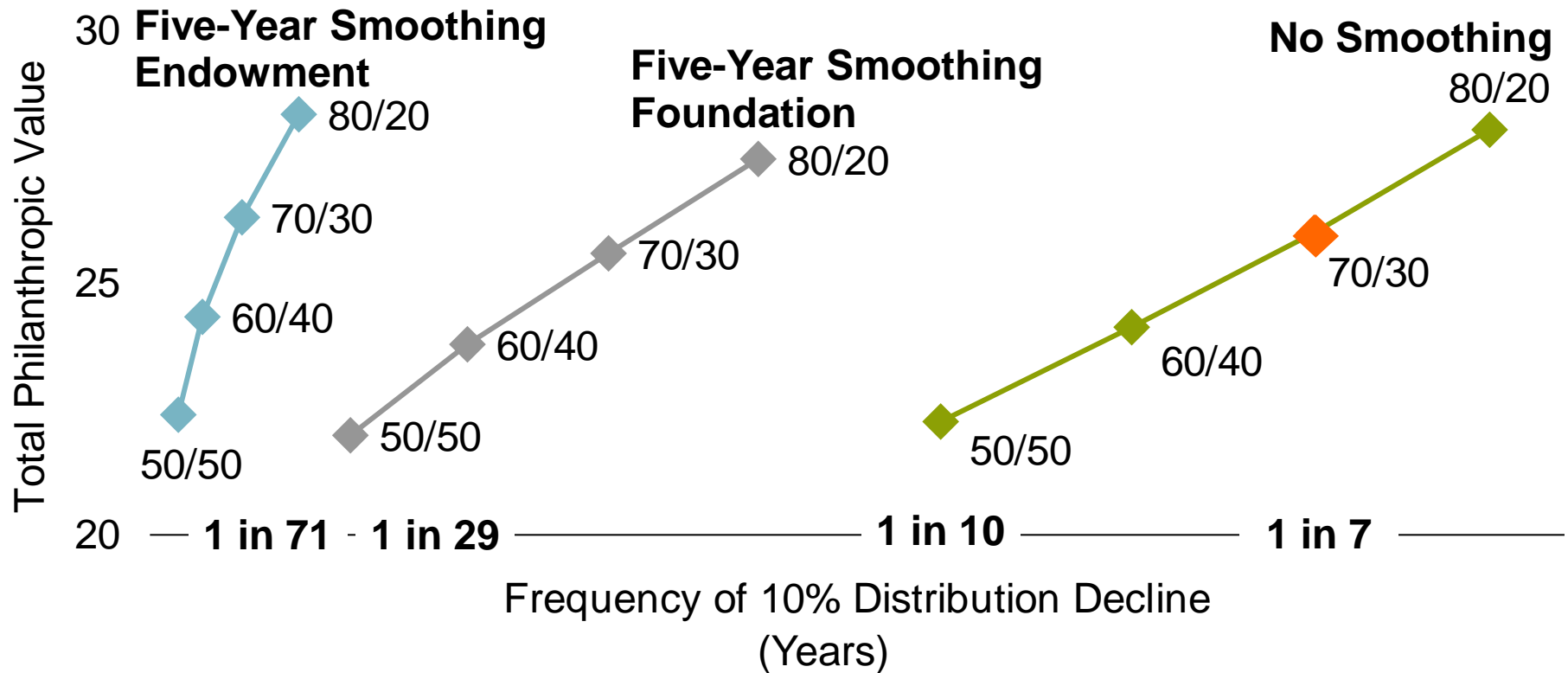
## Longevity vs. Consistency, \$10 Million Initial Value After 30 Years (US\$ Millions)



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# Real World Decisions: The Middle Way Foundation

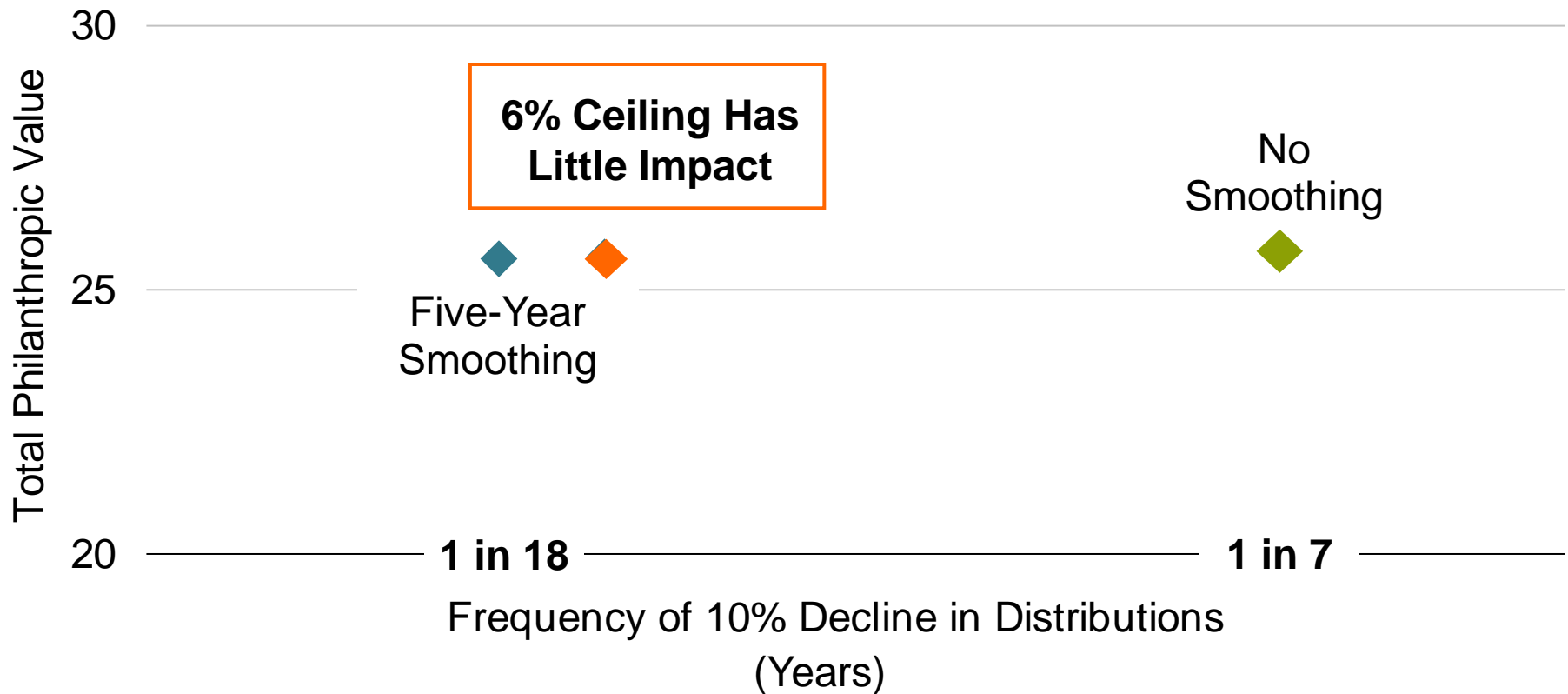
## ■ Mission: Balance Longevity with Less Volatile Distributions

## ■ Questions:

- Should we limit spending because our assets are down?
- Should we impose a ceiling on spending?
- If we continue our current rate of spending, will we run out of money?

# Can We Spend Through It? Impact of a Ceiling

## Longevity vs. Consistency 5% Spending After 30 Years (US\$ Millions)



Initial assets of \$10 million.

Total Philanthropic Value is measured by real cumulative distributions plus real portfolio remainder. Consistency is measured by probability of 10% or greater decline in distribution.

Asset allocation is 65% Global Stocks/25% Intermediate Taxable Fixed Income/10% REITs. Global Stocks are 35% US Value/35% US Growth/25% Developed International/5% Emerging Markets.

See Notes on Wealth Forecasting System in the Appendix of this presentation.

# Summary: The Right Spending Policy Is Essential to Success

- Spending policy and asset allocation should be aligned with a short-term and long-term objectives
- Smoothing formulas improve consistency of distributions without sacrificing longevity
- Custom analysis is important to match spending policy to unique goals and circumstances
- Bernstein has a proprietary tool set with unique capability to help

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# *Questions & Answers*





# Disclosures

# The Hybrid Endowment

- **In an attempt to mirror the spending policies of some of the largest endowments in the world, this endowment has adopted a hybrid spending policy**
- **Their spending is weighted as follows:**
  - 80% weight to the previous year's spending for consistency
  - 20% weight to 5.25% of portfolio value two years prior
  - This amount is inflation-adjusted, however it is constrained by a floor of 4.5% of the previous year's inflation-adjusted portfolio value

# Note on Asset Allocation in Historical Studies

## Data Sources

US Stocks. February 1890 through December 1925: S&P 500 Total Return Index (with Global Financial Data extension). January 1926 through December 1974: S&P 500 Total Return. Represented by Ibbotson January 1926 through December 1974 and the S&P 500 thereafter from Compustat (via FactSet).

US Value Stocks. January 1975 through December 2009: S&P 500 Barra Value Total Return.

US Growth Stocks. January 1975 through December 2009: S&P 500 Barra Growth Total Return.

Developed International Stocks. January 1970 through December 2009: MSCI EAFE Index UH (Cap) Total Return.

Emerging Markets Stocks. January 1988 through December 2009: MSCI Emerging Markets Free Index (Cap) Total Return.

Bonds. February 1890 through December 1918: Global Financial Data 10-year US Government Bond Total Return Index. January 1919 through December 1925: Global Financial Data 5-year US Government Bond Total Return Index. January 1926 through January 1962: US LT Government Bond. February 1962 through December 1975: 5-Yr Treasury TPA. January 1976 through December 2009: Barclays US Aggregate (LHMN0001).

REITs. February 1972 through November 1997: NAREIT Equity REIT. December 1997 through December 2009: EPRA NAREIT Global Real Estate Index Total Return.

Inflation. February 1890 through December 1925: United States Bureau of Labor Statistics Consumer Price Index Not Seasonally-Adjusted. January 1926 through December 2009: US Consumer Price Index.

## Asset Allocation Simulation Assumptions

### 100% Bonds

- From February 1890 to December 2009, 100% Bonds.

### 30% Stocks / 70% Bonds

- From February 1890 to December 1969, 30% US Stocks / 70% Bonds.
- From January 1970 to January 1972, 21% US Stocks / 9% Developed International Stocks / 70% Bonds.
- From February 1972 to December 1974, 17.5% US Stocks / 7.5% Developed International Stocks / 65% Bonds / 10% REITs.
- From January 1975 to December 1987, 8.75% US Value Stocks / 8.75% US Growth Stocks / 7.5% Developed International Stocks / 65% Bonds / 10% REITs.
- From January 1988 to December 2009, 8.75% US Value Stocks / 8.75% US Growth Stocks / 6.25% Developed International Stocks / 1.25% Emerging Markets Stocks / 65% Bonds / 10% REITs.

### 50% Stocks / 50% Bonds

- From February 1890 to December 1969, 50% US Stocks / 50% Bonds.
- From January 1970 to January 1972, 35% US Stocks / 15% Developed International Stocks / 50% Bonds.
- From February 1972 to December 1974, 31.5% US Stocks / 13.5% Developed International Stocks / 45% Bonds / 10% REITs.
- From January 1975 to December 1987, 15.75% US Value Stocks / 15.75% US Growth Stocks / 13.5% Developed International Stocks / 45% Bonds / 10% REITs.
- From January 1988 to December 2009, 15.75% US Value Stocks / 15.75% US Growth Stocks / 11.25% Developed International Stocks / 2.25% Emerging Markets Stocks / 45% Bonds / 10% REITs.

### 70% Stocks / 30% Bonds

- From February 1890 to December 1969, 70% US Stocks / 30% Bonds.
- From January 1970 to January 1972, 49% US Stocks / 21% Developed International Stocks / 30% Bonds.
- From February 1972 to December 1974, 45.5% US Stocks / 19.5% Developed International Stocks / 25% Bonds / 10% REITs.
- From January 1975 to December 1987, 22.75% US Value Stocks / 22.75% US Growth Stocks / 19.5% Developed International Stocks / 25% Bonds / 10% REITs.
- From January 1988 to December 2009, 22.75% US Value Stocks / 22.75% US Growth Stocks / 16.25% Developed International Stocks / 3.25% Emerging Markets Stocks / 25% Bonds / 10% REITs.

### 100% Stocks

- From February 1890 to December 1969, 100% US Stocks.
- From January 1970 to January 1972, 70% US Stocks / 30% Developed International Stocks.
- From February 1972 to December 1974, 70% US Stocks / 30% Developed International Stocks.
- From January 1975 to December 1987, 35% US Value Stocks / 35% US Growth Stocks / 30% Developed International Stocks.
- From January 1988 to December 2009, 35% US Value Stocks / 35% US Growth Stocks / 25% Developed International Stocks / 5% Emerging Markets Stocks.

# Notes on Wealth Forecasting

## 1. Purpose and Description of Wealth Forecasting Analysis

Bernstein's Wealth Forecasting Analysis<sup>SM</sup> is designed to assist investors in making long-term investment decisions regarding their allocation of investments among categories of financial assets. Our new planning tool 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 and how different asset allocations might impact his/her long-term security; (3) The Capital-Markets Engine: Our proprietary model, which 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, as well as their unpredictability; and finally (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 on "box and whiskers" graphs. However, outcomes outside this range are expected to occur 10% of the time; thus, the range does not establish the boundaries for all outcomes. 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 bonds by a reasonable amount, although this is in no way a certainty. Moreover, actual future results may not meet Bernstein's estimates of the range of market returns, as these results are subject to a variety of economic, market, and other variables. Accordingly, the 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.

## 2. Rebalancing

Another important planning assumption is how the asset allocation varies over time. We attempt to model how the portfolio would actually be managed. Cash flows and cash generated from portfolio turnover are used to maintain the selected asset allocation between cash, bonds, stocks, REITs and hedge funds over the period of the analysis. Where this is not sufficient, an optimization program is run to trade off the mismatch between the actual allocation and targets against the cost of trading to rebalance. In general, the portfolio allocation will be maintained reasonably close to its target. In addition, in later years, there may be contention between the total relationship's allocation and those of the separate portfolios. For example, suppose an investor (in the top marginal federal tax bracket) begins with an asset mix consisting entirely of municipal bonds in his/her personal portfolio and entirely of stocks in his/her retirement portfolio. If personal assets are spent, the mix between stocks and bonds will be pulled away from targets. We put primary weight on maintaining the overall allocation near target, which may result in an allocation to taxable bonds in the retirement portfolio as the personal assets decrease in value relative to the retirement portfolio's value.

## 3. Expenses and Spending Plans (Withdrawals)

All results are generally shown after applicable taxes and after anticipated withdrawals and/or additions, unless otherwise noted. Liquidations may result in realized gains or losses, which will have capital gains tax implications.

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**4. Modeled Asset Classes:** The assets or indexes below were used in this analysis to represent the various model classes.

Asset Class	Modeled As...	Annual Turnover Rate
Intermediate-Term Taxables	Taxable bonds with maturity of 7 years	30%
Global Intermediate Taxable Bonds Hedged	7-year 50% Sovereign and 50% Investment Grade Corporate Debt of Developed Countries	30%
Inflation Protected Bonds	7-year Treasury inflation protected securities	30%
US Diversified	S&P 500 Index	15%
US Value	S&P/Barra Value Index	15%
US Growth	S&P/Barra Growth Index	15%
Developed International	MSCI EAFE Unhedged	15%
Emerging Markets	MSCI Emerging Markets Index	20%
US SMID	Russell 2500	15%
REITs	NAREIT	30%
Diversified Hedge Fund Portfolio	Diversified Hedge Fund Asset Class	33%

## 5. Volatility

Volatility is a measure of dispersion of expected returns around the average. The greater the volatility, the more likely it is that returns in any one period will be substantially above or below the expected result. The volatility for each asset class used in this analysis is listed on the Capital Markets Projections page at the end of these Notes. In general, two-thirds of the returns will be within one standard deviation. For example, assuming that stocks are expected to return 8.0% on a compounded basis and the volatility of returns on stocks is 17.0%, in any one year it is likely that two-thirds of the projected returns will be between (8.9)% and 28.8%. With intermediate government bonds, if the expected compound return is assumed to be 5.0% and the volatility is assumed to be 6.0%, two-thirds of the outcomes will typically be between (1.1)% and 11.5%. Bernstein's forecast of volatility is based on historical data and incorporates Bernstein's judgment that the volatility of fixed income assets is different for different time periods.

## 6. Technical Assumptions

Bernstein's Wealth Forecasting Analysis is based on a number of technical assumptions regarding the future behavior of financial markets. Bernstein's Capital Markets Engine is the module responsible for creating simulations of returns in the capital markets. These simulations are based on inputs that summarize the condition of the capital markets as of June 30, 2012. Therefore, the first 12-month period of simulated returns represents the period from June 30, 2012, through June 30, 2013, and not necessarily the calendar year of 2012. A description of these technical assumptions is available on request.

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## 7. Tax Implications

Before making any asset allocation decisions, an investor should review with his/her tax advisor the tax liabilities incurred by the different investment alternatives presented herein, including any capital gains that would be incurred as a result of liquidating all or part of his/her portfolio, retirement-plan distributions, investments in municipal or taxable bonds, etc. Bernstein does not provide tax, legal or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions.

## 8. Tax Rates

Bernstein's Wealth Forecasting Analysis has used the following tax rates for this analysis:

Taxpayer	Start Year	End Year	Federal Income Tax Rate	Federal Capital Gains Tax Rate	State Income Tax Rate	State Capital Gains Tax Rate	Tax Method Type
Foundation/Endowment	2012	2051	0.00%	0.00%	0.00%	0.00%	No Tax

The federal income tax rate represents Bernstein's estimate of either the top marginal tax bracket or an "average" rate calculated based upon the marginal-rate schedule. The federal capital gains tax rate is represented by the lesser of the top marginal income tax bracket or the current cap on capital gains for an individual or corporation, as applicable. Federal tax rates are blended with applicable state tax rates by including, among other things, federal deductions for state income and capital gains taxes. The state tax rate generally represents Bernstein's estimate of the top marginal rate, if applicable.

## 9. Private Foundations

The Private Foundation is modeled as a charitable trust or not-for-profit corporation, which can be either a private operating foundation or a private non-operating foundation. The foundation may receive an initial donation and periodic funding from either the personal portfolio modeled in the system or an external source. Annual distributions from the foundation may be structured in a number of different ways, so long as the foundation distributes the minimum amount required under federal regulations, including: 1) only the minimum amount; 2) an annuity or fixed dollar amount, which may be increased annually by inflation or by a fixed percentage; 3) a unitrust, or annual payout of a percentage of foundation assets, based on a single year or averaged over multiple years; 4) a linear distribution of foundation assets, determined each year by dividing the foundation assets by the remaining number of years; or 5) the greater of the previous year's distribution or any of the above methods. These distribution policies can be varied in any given year. For non-operating foundations, the system calculates the excise tax on net investment income.

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## 10. Endowments

The Endowment is modeled as a non-taxable permanent fund bestowed upon an institution to be used to support a specific purpose in perpetuity. The endowment may receive an initial donation and periodic funding from either the personal portfolio modeled in the system or an external source. Annual distributions from the endowment may be structured in a number of different ways, including: 1) an annuity or fixed dollar amount, which may be increased annually by inflation or by a fixed percentage; 2) a unitrust, or annual payout of a percentage of endowment assets, based on a single year or averaged over multiple years; 3) a linear distribution of endowment assets, determined each year by dividing the endowment assets by the remaining number of years; or 4) the greater of the previous year's distribution or any of the above methods. These distribution policies can be varied in any given year.

## 11. Capital-Markets Projections

	<b>Median 30-Year Growth Rate</b>	<b>Mean Annual Return</b>	<b>Mean Annual Income</b>	<b>1-Year Volatility</b>	<b>30-Year Annual Equivalent Volatility</b>
Intermediate-Term Taxables	3.9%	4.2%	5.4%	4.5%	8.9%
Global Intermediate Taxable Bonds Hedged	3.5	3.8	5.1	4.0	9.5
Inflation Protected Bonds	2.8	3.3	4.2	2.8	13.5
US Diversified	8.2	9.9	3.3	19.2	18.8
US Value Stocks	8.5	10.0	3.9	18.6	18.6
US Growth Stocks	7.9	10.0	2.7	21.4	20.2
Developed International Stocks	8.9	11.0	4.1	21.0	19.6
Emerging Markets Stocks	6.9	10.9	4.2	31.3	28.0
US SMID	8.4	10.4	2.8	21.7	21.2
REITs	8.1	9.8	5.6	20.3	17.7
Diversified Hedge Fund Portfolio	6.3	6.8	3.4	10.3	14.6
Inflation	2.9	3.2	N/A	1.1	9.7

Based on 10,000 simulated trials, each consisting of 30-year periods. Reflects Bernstein's estimates and the capital-markets conditions as of June 30, 2012. Does not represent any past performance and is not a guarantee of any future specific risk levels or returns, or any specific range of risk levels or returns.