LEAP GLOSSARY OF TERMINOLOGY

Cash Flow
The total outflow and inflow per time period.

Compound Tax
The name of the effect an escalating tax has due to the compounding of interest in taxable accounts.

Coordination
The financial relationship between one asset and another.

Coordination Money™
The type of money which is used within the movement of cash flow between assets in a way that results in the improvement of the overall performance or benefits of either asset.

Cost Basis
The initial amount of money saved or invested that originated from funds that have already been subject to income taxes.

Cost of Money Rate
A hypothetical interest rate applied to the loss of a dollar(s) due to taxes, term premiums or other financial costs in order to measure the economic impact of the potential wealth lost.

Deferred Benefit/Tax
Life insurance death benefit(s) or deferred tax due, at a specific year, as illustrated on the Leap Model in Design Center, Leap calculators, or Leap Strategy Worksheets.

Economic Life Value™
The economic worth of a person typically expressed as a multiplier of expected salary to retirement or, alternatively, as a worth based on the replacement cost of the person's functions within a household.

Enjoyment of Wealth
The use of one's assets or income for needs, wants, or desires.

Estate Engineering
The process focused on improving ongoing results associated with the growth, distribution and conservation structure of one's assets and liabilities for legacy or estate transfer issues.

External Rate of Return
The rate of return that is a function of the gross rate of return (internal) minus the effect the outside factors of external costs such as taxes and inflation have on it.

From (Source) Element
The element (drawer) in the Leap Model from which a Money Move originates.

Gross Savings Rate
The percentage of income saved.

Hypothetical Costs
Taxes, term life insurance and any lost opportunity costs on the same, over a specific amount of time as illustrated on the Leap Model in Design Center, Leap calculators, or Leap Strategy Worksheets.

Hypothetical Output
The future value of compounded or scheduled assets at a specified age within Design Center or using Leap Strategy Worksheets.

Ideal Strategy
A strategy using the same assumptions of a client's Present Position but without the effect of taxes or inflation and including the recapture of expected lost opportunity costs.

Increase in Money Supply
The additional amount of money one might have, based on the strategic alternative(s), compared to a less favorable current financial strategy.

LEAP GLOSSARY OF TERMINOLOGY

Inflow
All financial income sources including compensation, dividends, interest, capital gains, appreciation, inheritance, governmental and corporate benefits, refunds, etc.

Integration
The movement of money from one asset to another that seeks increases in the future money supply and provides additional protection benefits.

Integration Money
Money that moves from one asset to another that creates additional protection benefits and a potential increase in money supply of the time period being measured.

Internal Design™
Analysis of each element (drawer) of the Leap Model to analyze the makeup of all products within that Present Position. The goal of Internal Design is to optimize the selection and structuring any given financial product or service to work more efficiently and/or more effectively based on a Leap analysis and the needs and desires of the client.

LEAP®
The Lifetime Economic Acceleration Program™, which forms the word "LEAP" as an acronym.

Leap Strategy Worksheet
A worksheet showing the Leap Model, and for use with Leap calculators, Leap Draw and Design Center, where current and alternative strategies are analyzed, diagramed and measured.

Leap Model®
An econometric model, similar to the Periodic Table of Elements, that contains a representative location for all financial products and strategies related to Protection, Savings, Growth, Debt, and Cash Flow. The model is composed of a hierarchical value structure that identifies financial characteristics of each asset or financial product. The model is also intended to provide a highly visual and organized view of one's current financial life.

Life Horizon™
The projected mortality age of a client, spouse or life partner for use in calculations within Design Center, Leap calculators or Leap Strategy Worksheets.

Lost Opportunity Cost (LOC)
Pioneered for use within personal finance by LEAP®, it is the measurement of the amount of wealth lost over time due to unnecessary costs as compared to a strategic alternative. Examples of economic costs that cause lost opportunity costs are taxes, term life insurance premiums, fees, charges, penalties, etc. A lost opportunity cost analysis is critical to properly measuring and understanding the impact of financial decisions.

Macro-Financial
The study of the overall aspects of all financial elements in a personal economic model.

Macro-Manager™
A Leap financial professional who, by way of using the Leap Model, employs a holistic and strategic approach to helping clients improve their financial position. This is done by integrating assets and financial choices throughout one's Leap Model as well as coordinating with other financial professionals to create a team-based approach for financial success.

LEAP GLOSSARY OF TERMINOLOGY

Micro-Financial
The study of one element contained within a personal economic model.

Micro-Manager
A financial professional who typically manages or concentrates within a single area or discipline; not holistic.

Money Move™
The movement of money from one asset or account to another that seeks to increase benefits, money supply or wealth over time while reducing or eliminating financial risks. While all Money Moves cannot achieve all of these benefits all the time, a successful Money Move is generally intended to "improve" one's financial position over time based on consistent economic variables and the hypothetical results achieved. Money Moves are illustrated using Design Center, Leap calculators, and Leap Strategy Worksheets.

Move Type
The method used for a Money Move. There are four (4) Move Types possible: Interest only, New Money, Old Money, or Paydown. Interest only means withdrawing the projected growth on the account every year. New Money specifies the amount of contribution or inflow being contributed to an account every year. Old Money specifies an amount to withdraw from an account each year based on the existing amount of account balance. Paydown specifies an annually, level amount that may be withdrawn based on the current balance, interest rate and number of years selected such that the account would be depleted by the end of the number of years selected.

Net Investment Rate
The projected, hypothetical after-tax earnings rate on investment assets.

Net Savings Rate
The projected, hypothetical after-tax earnings rate on savings assets.

New Money™
The projected, hypothetical systematic contributions or deposits into an account into the Leap Model as illustrated within Design Center, the Present Position, or Leap Strategy Worksheets.

No Additional Out-of-Pocket Outlay
Objective with Leap to increase projected benefits and/or money supply using a strategic alternative to one's current financial position without requiring any additional funds (usually out of income) over and above what is currently allocated.

No Additional Risk
The intent of LEAP® strategies to maintain or reduce financial risk by not adding more financial risk to one's overall current risk tolerance.

Old Money™
The existing asset value of a financial asset.

Outflow
All financial expenses including ordinary living expenses, taxes, penalties, fees, charges, premiums, payments on debt, contributions to savings or investments, rents, etc.

Performance Beyond Needs and Goals
A philosophy that one should not stop building additional financial assets just because one is on target or has already met their state financial needs and goals.

Present Position (Leap Model®)
The current state of one's personal financial situation.

LEAP GLOSSARY OF TERMINOLOGY

Recaptured (tax, term premiums, LOCs)
An annual or compounded amount of money, based on the cost of money rate, that is the result of a Money Move that reduces the amount of tax, term insurance premiums, and lost opportunity costs in the strategic alternative compared to the current position.

Retire (Retirement) Age
The projected age of retirement for a client, spouse, or other life partner for use in calculations within Leap calculators, Leap Draw and Design Center and Leap Strategy Worksheets.

Rules-Based
The regulatory requirements or limitations applied to a particular type of money or asset.

Tax Assumptions (Pre- and Post-Retirement)
The tax rate (percentage) to be used in tax calculations for federal, state, provincial, other, capital gains (long, short and realized), and estate taxes. These rates are used within Design Center, Leap calculators, and when using Leap Strategy Worksheets.

Tax-Deductible (asset)
The tax-deductible nature of contributions (New Money) into certain types of assets (typically qualified or registered retirement or education plans). These types of assets are generally tax-deferred as well.

Tax-Deferred (asset)
The taxation of an asset, whether ordinary or capital gains, to be paid at a specified age of liquidation.

Tax-Free (asset or income)
The taxation of an asset or income that does not require any taxes be paid during the accumulation or liquidation of the asset (unless certain rules or guidelines are violated that results in a tax or penalty).

To (Destination) Element
The element (drawer) in the Leap Model to which the Money Move is going.

Top Marginal Tax Bracket
The maximum income tax rate to be charged on any income source.

Velocity of Money Concept
The average frequency with which a dollar may be spent, utilized, or from which benefits are received. Achieving an increased velocity of money within one's personal economy typically results in additional wealth, income, and other benefits.

Wealth Building
The financial process designed to obtain an increase in assets and benefits over a period of time.

Wealth Conservation
The financial structure used to protect one's assets from erosion due to income taxes, estate taxes, lawsuit, market declines, illiquidity, disability, illness, and other financial problems.

Wealth Coordination Account (WCA)
A specified account that acts as an accumulation and distribution account for all financial flows of money. The WCA allows for a thorough and well-organized implementation of financial strategies between clients and financial professionals.

Wealth Distribution
The transfer of an asset from one individual to another person, business, or government entity.

Withdrawal
The amount of money, annually, withdrawn or received from an account(s) either user-directed or automatically from the Leap Model in Design Center.

LEAP GLOSSARY OF TERMINOLOGY

Design Center™ Glossary

Design Center™
A modeling study of the efficient and effective flow of money in and out of one's Leap Model, as well as strategic alternatives ("Money Moves") over time.

Design
In Design Center, the data set used to perform an analysis as may be custom-entered or imported from the Questionnaire.

Design Analysis
The pre-programmed, step-by-step analysis of Design data in Design Center.

Life-Asset Ratio™
An amount of life insurance death benefit, expressed as a percentage (%) of total assets, that is projected to be in force at the selected age.

Scenario
The pre-programmed, step-by-step analysis of a Money Move, based on Design data, within Design Center which seeks to provide additional benefits, money supply, reduction of costs, etc.

Design Analysis Glossary

Analysis - Gov't Control
The amount of assets, expressed as a percentage (%) of total assets, that are projected to be held in qualified or registered retirement or educational plans (such as 401Ks, 529s, RRSPs, etc.) at the selected age.

Analysis - Other
Shows the amount of Life-Asset Ratio in the selected Design Analysis.

Comparison
A side-by-side overview of the various metrics within the new Scenario and Design Analysis.

Deferred Benefit
The value of any life insurance death benefit(s) at the age selected.

Deferred Tax
Any long-term capital gains tax liability projected to be owed on certain types of assets.

Hypothetical Costs
Taxes, term premiums and lost opportunity costs applied to the Leap Model.

Net Wealth™
The total output of the entire Leap Model at a specific age, including all compounding and scheduled accounts, minus debt liabilities and deferred taxes.

Recapture of Debt
Amount of accumulated debt payments, compounded at the cost of money rate, that are no longer required after the debt has been paid to a specific age.

Summary
An overview of the various metrics within the Design Analysis.

LEAP GLOSSARY OF TERMINOLOGY

Scenario Glossary

Analysis - Gov't Control
Shows the amount of Government Control in the selected Design Analysis, if applicable.

Analysis – Other
Shows the amount of Life-Asset Ratio in the selected Design Analysis.

Benefits
This step encourages the financial professional and the client to discuss any protection benefits gained or lost as a result of the Money Move.

Cash Value
The amount of cash value (WL) or cash account (UL) created by a Money Move, if applicable, is illustrated.

Change Money Flow
Based on the Move Type selected, this step illustrates the change in cash flow applied to the Source (From) Element account(s).

Deferred Benefit
The value of any life insurance death benefit(s) at the age selected.

Move to Target
Based on the Move Type selected, this step illustrates the change in cash flow being moved to the Destination (To) Element account.

Net Wealth™
The total future output of the Leap Model at a specific age, including all compounding and scheduled accounts, minus debt liabilities and deferred taxes.

Post Move
The result of the Money Move is illustrated.

Pre-Move
Same as the Net Wealth step of the Design Analysis, but only for the two accounts selected in the Scenario setup screen, the beginning point of a Money Move

Recapture of Taxes
The amount of taxes and the lost opportunity cost(s) saved or created by the Money Move is illustrated.

Recapture of Term
The amount of term premiums and the lost opportunity cost saved by the Money Move, if applicable, is illustrated.