

# Starting Point Matters!

## Fee Deferral with feeMaster vs. Receiving a Lump Sum Fee

In these two scenarios, Attorney #1 receives \$1 million and defers the full amount with Milestone's feeMaster program. Attorney #2 receives a \$1 million fee in income as a lump sum. Both accounts are invested with the same advisor with the same assumed growth rate of 6 percent, and both attorneys withdraw \$100K annually.

### Attorney #1: Fee Deferral with feeMaster

Initial Fee: \$1,000,000  
 Initial Deferral: \$1,000,000  
 Net Total Earned: \$1,833,306

Year	Balance	Growth	W/D
0	\$1,000,000	\$0	\$0
1	\$954,000	\$54,000	\$100,000
2	\$905,240	\$51,240	\$100,000
3	\$853,554	\$48,314	\$100,000
4	\$798,768	\$45,213	\$100,000
5	\$740,694	\$41,926	\$100,000
6	\$679,135	\$38,442	\$100,000
7	\$613,883	\$34,748	\$100,000
8	\$544,716	\$30,833	\$100,000
9	\$471,399	\$26,683	\$100,000
10	\$393,683	\$22,284	\$100,000
11	\$311,304	\$17,621	\$100,000
12	\$223,983	\$12,678	\$100,000
13	\$131,422	\$7,439	\$100,000
14	\$33,307	\$1,885	\$33,307

### Attorney #2: Lump Sum Fee

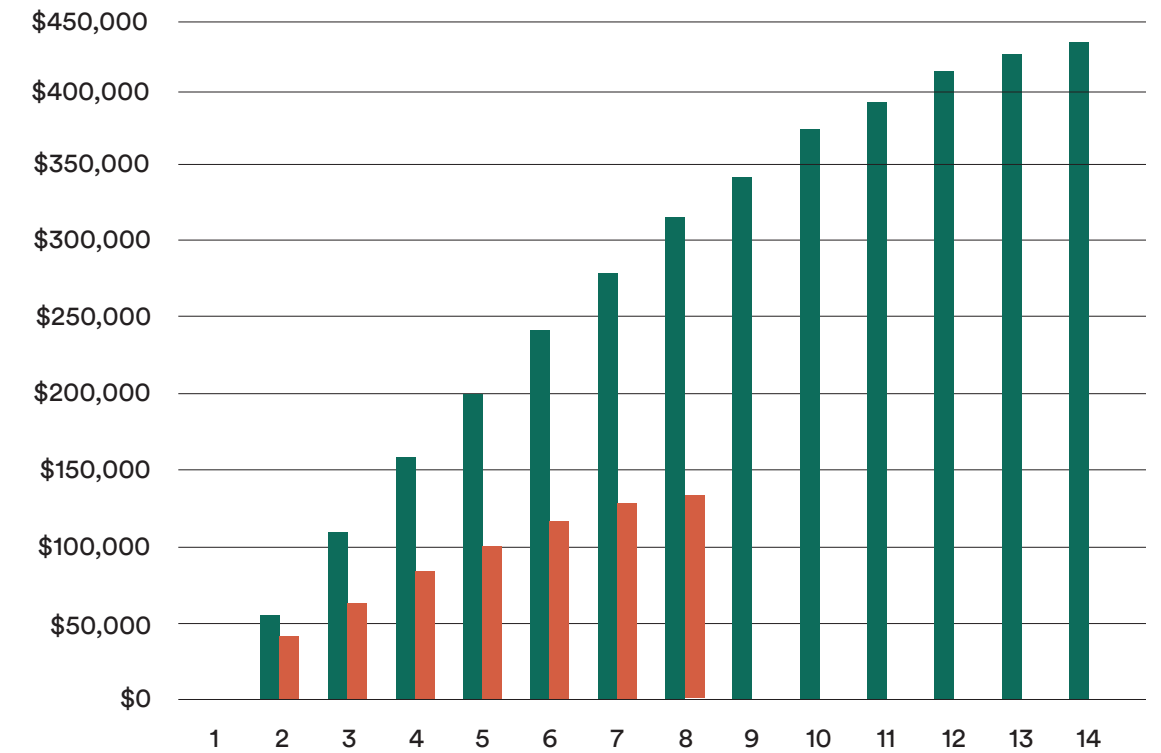
Initial Fee: \$1,000,000  
 Percentage Taxed: 37%  
 Investable Assets: \$630,000  
 Net Total Earned: \$827,540

Year	Balance	Growth	W/D
0	\$630,000	\$0	\$0
1	\$561,800	\$31,800	\$100,000
2	\$489,508	\$27,708	\$100,000
3	\$412,878	\$23,370	\$100,000
4	\$331,651	\$18,773	\$100,000
5	\$245,550	\$13,899	\$100,000
6	\$154,283	\$8,733	\$100,000
7	\$57,540	\$3,257	\$57,540

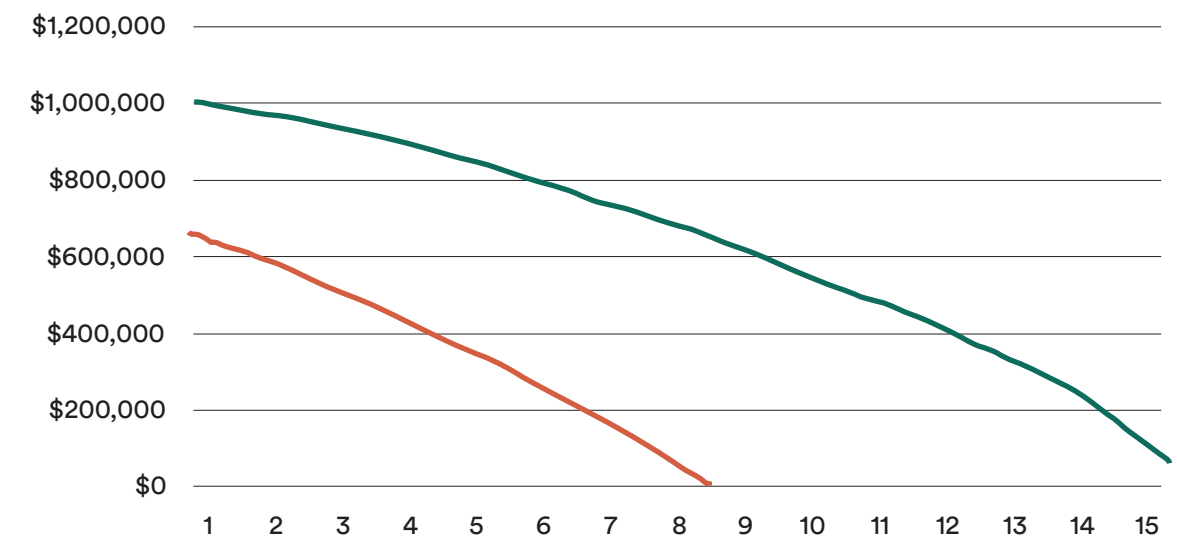
How many years until Attorney #2 reaches \$1 million again after paying income tax?

Year	Balance	Growth	W/D
0	\$630,000	\$0	\$0
1	\$667,800	\$37,800	\$0
2	\$707,868	\$40,068	\$0
3	\$750,340	\$42,472	\$0
4	\$795,360	\$45,020	\$0
5	\$843,082	\$47,722	\$0
6	\$893,667	\$50,585	\$0
7	\$947,287	\$53,620	\$0
8	\$1,004,124	\$56,837	\$0

### Deferring a \$1M Fee Yields Over 3X Total Growth



### Without Tax Implications, Deferring \$1M with \$100K Annual Withdrawals Lasts Twice as Long as a Lump Sum



Why does your starting point matter? It matters because deferring your fee yields more than **three times the total growth** as opposed to taking your fee in a lump sum. If you do take your fee in a lump sum, after paying initial income tax, you will need to grow the funds for eight years to get back to the original \$1 million. Furthermore, without tax implications, deferring your fee **lasts twice as long** as taking a lump sum. The longevity of your attorney fee all begins with the starting point.