



Comprehensive Retirement Planning Questions and Answers

Q. How does Wealthy and Wise[®] calculate additional cash flow?

A. A Cash Flow Availability Calculator is located on the right side of any of the dropdowns on the Desired Cash Flow tab.

This Calculator allows you to designate a reduced level of net worth in order to accommodate additional after tax cash flow for a variety of reasons: additional retirement funds, college funding, premiums for long-term care policies, premiums for disability income policies, gifts to heirs, etc. You can also include indexing as an inflation offset in any of them. As you might expect, the Calculator is dependent on available liquid assets. If there are insufficient liquid assets to meet your data input, the Calculator will indicate the amount of additional cash flow that can be produced. Alternatively, you may want to liquidate certain illiquid assets to provide a needed increase in liquid assets.

If you use the Calculator, be certain to read the Thumbtack at the top left of the Calculator before proceeding.

Important Note: A result determined by the Cash Flow Availability Calculator is not intended to be a recommendation. It is solely a calculation that provides you a sense of additional cash flow based on your data input. Under no circumstances should you design a Scenario that utilizes all or any part of an amount indicated by the Calculator that reduces net worth or liquid assets to a level that is unacceptable to a client.

Q. How can data be reliably projected so far into the future?

A. It can't be reliably projected if you perceive retirement planning as a "one and done" analysis. To be a dependable adviser to your clients, you must meet with them at least once a year and bring all the data current. Each year represents a fresh look at the future, and this is what turns prospects into clients, not just policyholders. Otherwise, changes in finances will make your original evaluation obsolete, and you will lose clients to other advisers. If you follow this procedure, soon your clients won't make a significant financial move without asking you to run it through Wealthy and Wise. This approach also gives you a good basis for charging an annual fee for the analysis. If you can develop fee revenue from clients who are glued to you for service, it has a significant impact on the value of your practice. These days, recurring revenue is hard to develop. Fees are an excellent way to do so.

If you prefer a "one and done" solution, comprehensive retirement planning is not for you. That is not to say there isn't plenty of opportunity for you -- just not in this field.

Q: What if there are not sufficient assets/benefits to produce the desired cash flow?

A: This will occur, and when it does, your clients have several options, and Wealthy and Wise can deal with each one:

- ✓ Commit more to savings and investments;
- ✓ Defer including inflation on desired cash flow;
- ✓ Reduce the amount of desired cash flow;
- ✓ Reduce the number of years of desired cash flow;
- ✓ Defer the starting date for desired cash flow;
- ✓ Manage assets more aggressively.

Reducing cash flow goals doesn't necessarily mean there will always be a shortage. Each year as you develop the annual review, add back some of what's missing, typically by committing more to savings and investments. Get the commitment to do that this year.

Q. Do you always include cash flow from social security?

A. Only if clients believe it will be available based upon their sense of the government's financial ability to pay it. In the Callahan's case, they included it. Wealthy and Wise has an after tax Social Security calculator in each of the selections on the Expected Cash Flow tab.

Important Note: The information in this report is for educational purposes only. In all cases, the approval of a client's legal and tax advisers must be secured regarding the implementation or modification of any planning technique as well as the applicability and consequences of new cases, rulings, or legislation upon existing or impending plans.