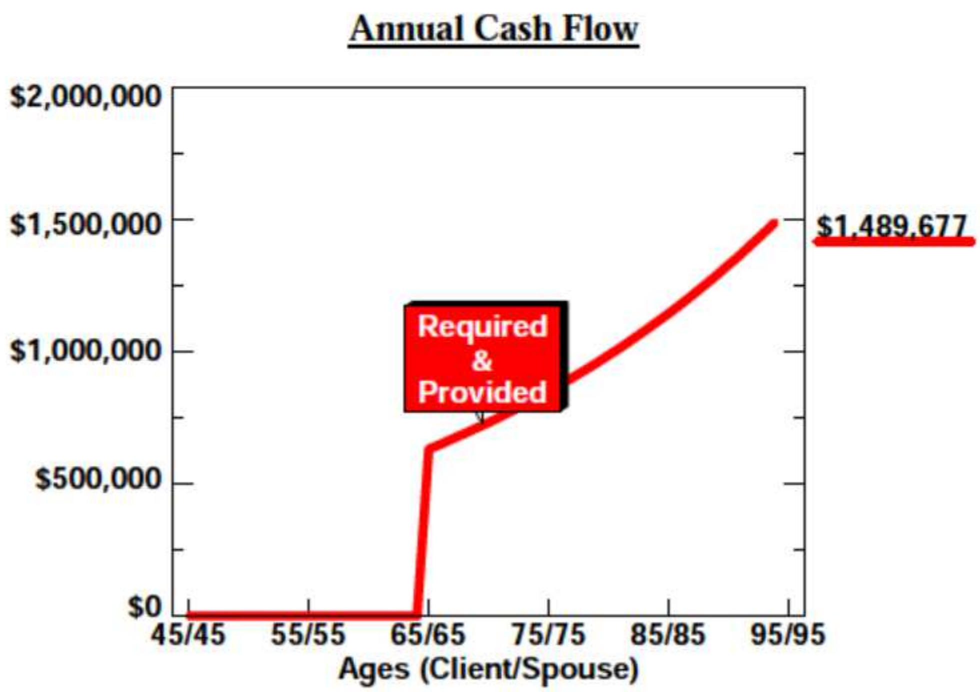
Comments on Projected Cash Flow

Robert and Jamie Sterling want to have $350,000 of spendable cash flow – in today's dollars – starting at age 65 indexed at 3.00% as a cost-of-living adjustment. That indicates they will need $632,139 of after tax cash flow starting at age 65, growing thereafter at 3.00%.

Below is a graphic of the long-range impact of that goal:



That cash flow totals $30,074,271 should they live until age 95. Don't misunderstand that number – if inflation is 3.00%, each number on that scale amounts to $350,000 in today's dollars. Some clients will prefer a smaller inflation percentage; some higher. No matter what percentage your clients want you to project (and it is their informed decision, not yours), the results will be significantly higher than their starting number.

It's best if you help them plan for this – or at least have them be aware of the inability for their asset base and savings plans to support such a goal. It is highly unsuitable if you let them ignore it.