

CASE STUDY

COUPLE WITH NO DEBT



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CASE STUDY: COUPLE WITH NO DEBT



Does a couple with no debt still need a cash flow plan? Yes.

The cash flow planning method taught through the CCS can be used for anyone who has cash flow and financial goals. It can be used to determine a realistic retirement-income. It can even be used to determine how much of your assets should be invested in forms of income, and how much can be fully exposed to the market.

Or to ensure you can afford your annual travel plans!

Cash flow
planning finds
big money for
debt free
clients too!

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This couple visited their former advisor and asked the advisor if their money would last throughout retirement. The advisor used 70% of pre-retirement income as their necessary income and said they'd be fine, but didn't say how. The advisor didn't do any calculations, or show the client how he/she came up with the answer; the advisor just looked at the portfolio and said, "You should be fine." That wasn't enough for this couple as they prepared to retire from lucrative jobs, which they were willing to stay at a little while longer if need be.

Here are their details:

- ▶ \$10,000/mo after-tax income while working
- ▶ \$650,000 of RRSP's
- ▶ \$690,000 of open
- ▶ Both qualify for CPP but have no other pensions
- ▶ Save \$1,000/mo, but they don't have much left after spending and saving, so they are really spending about \$9,000/mo.



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THE MONEY  FINDER™ PRO

| Clients | Log off
Welcome themoneyfinder100

MR. NO DEBT

Last Revised: 01-23-2014 12:07 AM GMT



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MR. NO DEBT	Annual Net Pay	\$60000.00
Take Home Pay	<input type="text" value="5,000"/>	
Number of Pays Per Year	<input type="text" value="12"/>	

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WE USE OUR SOFTWARE TO GET THE NUMBERS

With Cash Flow Planning the advisor was quickly able to determine that their true post-retirement income need was actually \$6,000, which wasn't sustainable by their portfolio. Adjustments took the number down to \$4,500 to allow for the musts in life. That 45% of post-retirement income would ensure they were warm, safe and fed. This is the level of income we had to ensure was absolutely NOT impacted by the market.



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That \$4,500/month (after tax) only takes care of the must-haves for retirement: utilities, property taxes, food, fuel, replacing the car every eight years etc.

What about travel? What about fun stuff or unexpected costs? Their goal was to provide themselves an additional \$2,000/month in income for things such as travel, home repairs or minor renovations.

Simple
advice to
change their
entire future!

Remember this couple has no debt

\$0

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Without a Cash Flow Plan these clients would never have known what their true retirement income need was, nor would they know how much of their retirement income was guaranteed.

With the musts in life covered, these clients were able to use the remainder of their assets as they wished—to enjoy their retirement knowing their needs were taken care of.