



## **Retirement Income Planning Report**

**Prepared For**

**Mark & Maria Green**

**Prepared On : 2011-06-13**  
**Prepared By : Bob Littleton CFP**

## Introduction

This retirement analysis has been done based on the assumptions identified in this report. It will allow you to understand your ability to achieve your original retirement objectives or the adjustments necessary to provide an achievable strategy.

This report should not be viewed as an event that happens once, but rather it should be updated periodically to reflect the changes that we expect will occur in your personal life, financial position, taxation, pensions and other assumptions that we have made.

## General Information

Name:	Mark Green	Maria Green
Date of Birth:	1960-01-01	1961-01-01
Age this Calendar Year:	51	50

## Retirement Profile

Retirement Age:	55	55
Planning Horizon:	90	90

<u>Retirement Income*</u>	<u>Starting at Age**</u>	<u>Ending at Age***</u>	<u>Starting at Age**</u>	<u>Ending at Age***</u>
\$70,000	55	91	54	90

\* Retirement Income is represented in after-tax dollars, adjusted for inflation.

\*\* Retirement starts based on when the first person retires.

\*\*\* Planning horizon ends when the last person reaches their mortality age.

## Financial Assumptions

Rate of Return:	6.32%
Inflation Rate:	3.00%
Investment Income Distribution	50% Interest
	25% Dividend
	25% Realized Capital Gains

<u>Tax Rates</u>	<u>Starting at Age</u>	<u>Ending at Age</u>	<u>Starting at Age</u>	<u>Ending at Age</u>
26.60%	51	55	50	54
25.00%	55	91	54	90

## Savings Assumptions

<u>Description</u>	<u>Principal</u>	<u>Annual Savings</u>	<u>Start Year</u>	<u>End Year</u>	<u>Index Rate</u>
Mark Registered Investments	\$63,076	\$0	2011	2014	3.00%
Elizabeth Registered Investments	\$31,890	\$0	2011	2014	3.00%
Non-Registered Investments	\$102,476	\$0	2011	2014	3.00%

## Resources to Fund Your Retirement

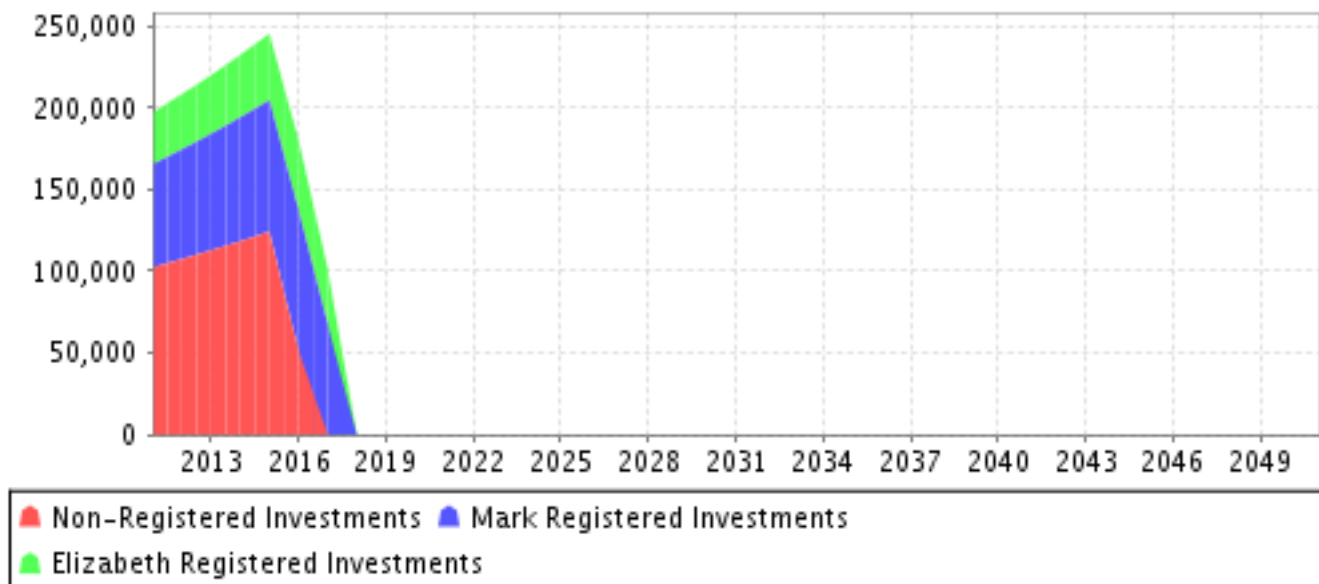
<u>Description</u>	<u>Amount per Year</u>	<u>Start Year</u>	<u>End Year</u>	<u>Index Rate</u>	<u>Taxable</u>
Mark's CPP/QPP	\$8,064	2020	2050	3.00%	100%
Mark's OAS	\$6,291	2025	2050	3.00%	100%
Maria's CPP/QPP	\$8,064	2021	2051	3.00%	100%
Maria's OAS	\$6,291	2026	2051	3.00%	100%
Mark's Pension	\$50,000	2020	2050	3.00%	100%

## Results

This retirement analysis has been done based on the assumptions identified in this report.

Based on these assumptions you have a projected capital shortage of \$415,241 in today's dollars. This means you would require this amount of additional money in the bank today to meet the after tax retirement income objectives. The following graph illustrates how your investment capital will accumulate and ultimately be spent over your lifetime.

### Use of Investment Capital



## Planning Alternatives

Below you'll find a series of planning alternatives which identify the possible changes you could make in order to eliminate your shortfall of \$415,241. Note that often it is more acceptable to make smaller changes in several areas than trying to eliminate the shortfall using just a single planning alternative. We can work with you to identify the best combination of planning alternatives that will result in an achievable strategy given your current resources.

Defer Retirement: To Mark's age 62 and Maria's age 61  
Reduce Planning Horizon: To Mark's age 56 and Maria's age 55  
Retirement Income: To eliminate your shortfall you could reduce the retirement income objective as follows:

<u>Income Target</u>	<u>Reduced Target</u>	<u>Starting at Age</u>	<u>Ending at Age</u>
\$70,000	\$53,272	55/54	91/90

Rate of Return: Increase your Rate of Return to 10.00%

Savings: Another option you could consider would be to increase the amount you are saving towards your goal. We can work with you to identify the level of savings that would be reasonable both now and in the future given your other financial commitments.

Disclaimer: The outcome illustrated in this report is based on the information you have provide to us and upon several assumptions, which may include investment returns, inflation, tax rates, government benefits, pension entitlements, annuity and insurance rates, future medical, long term care or education costs, mortality and your ability to save as well as your futre level of spending or withdrawals from your investments. The actual outcome you experience will be different from those illustrated in this report. To remain relevant, this report should be updated periodically to take into account actual results and appropriate changes in assumptions.

## Mark & Maria Green

### Assumptions

Starting Investment Capital:	\$197,442	Goal After-Tax:	\$70,000
Assumed Rate of Return:	6.32%	From Age:	55
Initial Annual Savings:	\$0	To Age:	91
Initial Average Tax Rate:	26.6%	Inflation Assumption:	3.00%
Tax Rate	25.0%		

### Summary Analysis

Age	Opening Investment Balance	Goal After-Tax (Current \$)	Goal After-Tax (Future \$)	Total Other Revenues	Investment Withdrawal	Total Income Pre-Tax	Taxes Payable	Net After-Tax Income	Reinvested Surplus	(Shortfall) / Estate
	A	B	C	D	E	F=D+E	G	H=F-G	I=C-H+J	J=C-H+I
51	\$197,442	\$0	\$0	\$0	\$1,400	\$1,400	\$1,400	\$0	\$0	\$0
52	\$208,519	\$0	\$0	\$0	\$1,470	\$1,470	\$1,470	\$0	\$0	\$0
53	\$220,226	\$0	\$0	\$0	\$1,542	\$1,542	\$1,542	\$0	\$0	\$0
54	\$232,601	\$0	\$0	\$0	\$1,618	\$1,618	\$1,618	\$0	\$0	\$0
55	\$245,682	\$70,000	\$78,786	\$0	\$80,570	\$80,570	\$1,784	\$78,786	\$0	\$0
56	\$180,638	\$70,000	\$81,149	\$0	\$90,950	\$90,950	\$9,801	\$81,149	\$0	\$0
57	\$101,103	\$70,000	\$83,584	\$0	\$107,492	\$107,492	\$26,873	\$80,619	\$0	-\$2,965
58	\$0	\$70,000	\$86,091	\$0	\$0	\$0	\$0	\$0	\$0	-\$86,091
59	\$0	\$70,000	\$88,674	\$0	\$0	\$0	\$0	\$0	\$0	-\$88,674
60	\$0	\$70,000	\$91,334	\$75,761	\$0	\$75,761	\$18,940	\$56,821	\$0	-\$34,513
61	\$0	\$70,000	\$94,074	\$88,870	\$0	\$88,870	\$22,217	\$66,653	\$0	-\$27,421
62	\$0	\$70,000	\$96,896	\$91,536	\$0	\$91,536	\$22,885	\$68,651	\$0	-\$28,245
63	\$0	\$70,000	\$99,803	\$94,282	\$0	\$94,282	\$23,570	\$70,712	\$0	-\$29,091
64	\$0	\$70,000	\$102,797	\$97,111	\$0	\$97,111	\$24,278	\$72,833	\$0	-\$29,964
65	\$0	\$70,000	\$105,881	\$109,541	\$0	\$109,541	\$27,386	\$82,155	\$0	-\$23,726
66	\$0	\$70,000	\$109,058	\$122,626	\$0	\$122,626	\$30,657	\$91,969	\$0	-\$17,089
67	\$0	\$70,000	\$112,329	\$126,305	\$0	\$126,305	\$31,577	\$94,728	\$0	-\$17,601
68	\$0	\$70,000	\$115,699	\$130,096	\$0	\$130,096	\$32,524	\$97,572	\$0	-\$18,127
69	\$0	\$70,000	\$119,170	\$133,998	\$0	\$133,998	\$33,500	\$100,498	\$0	-\$18,672
70	\$0	\$70,000	\$122,745	\$138,017	\$0	\$138,017	\$34,505	\$103,512	\$0	-\$19,233
71	\$0	\$70,000	\$126,428	\$142,158	\$0	\$142,158	\$35,540	\$106,618	\$0	-\$19,810
72	\$0	\$70,000	\$130,221	\$146,423	\$0	\$146,423	\$36,606	\$109,817	\$0	-\$20,404
73	\$0	\$70,000	\$134,127	\$150,815	\$0	\$150,815	\$37,704	\$113,111	\$0	-\$21,016
74	\$0	\$70,000	\$138,151	\$155,341	\$0	\$155,341	\$38,836	\$116,505	\$0	-\$21,646
75	\$0	\$70,000	\$142,296	\$160,000	\$0	\$160,000	\$40,000	\$120,000	\$0	-\$22,296
76	\$0	\$70,000	\$146,564	\$164,801	\$0	\$164,801	\$41,200	\$123,601	\$0	-\$22,963
77	\$0	\$70,000	\$150,961	\$169,746	\$0	\$169,746	\$42,437	\$127,309	\$0	-\$23,652
78	\$0	\$70,000	\$155,490	\$174,836	\$0	\$174,836	\$43,710	\$131,126	\$0	-\$24,364
79	\$0	\$70,000	\$160,155	\$180,082	\$0	\$180,082	\$45,021	\$135,061	\$0	-\$25,094
80	\$0	\$70,000	\$164,960	\$185,484	\$0	\$185,484	\$46,371	\$139,113	\$0	-\$25,847
81	\$0	\$70,000	\$169,908	\$191,049	\$0	\$191,049	\$47,763	\$143,286	\$0	-\$26,622
82	\$0	\$70,000	\$175,006	\$196,782	\$0	\$196,782	\$49,195	\$147,587	\$0	-\$27,419

# Mark & Maria Green

## Summary Analysis

Age	Opening Investment Balance	Goal After-Tax (Current \$)	Goal After-Tax (Future \$)	Total Other Revenues	Investment Withdrawal	Total Income Pre-Tax	Taxes Payable	Net After-Tax Income	Reinvested Surplus	(Shortfall) / Estate
	A	B	C	D	E	F=D+E	G	H=F-G	I=C-H+J	J=C-H+I
83	\$0	<b>\$70,000</b>	\$180,256	\$202,684	\$0	\$202,684	\$50,671	\$152,013	\$0	-\$28,243
84	\$0	<b>\$70,000</b>	\$185,663	\$208,765	\$0	\$208,765	\$52,192	\$156,573	\$0	-\$29,090
85	\$0	<b>\$70,000</b>	\$191,233	\$215,027	\$0	\$215,027	\$53,757	\$161,270	\$0	-\$29,963
86	\$0	<b>\$70,000</b>	\$196,970	\$221,479	\$0	\$221,479	\$55,370	\$166,109	\$0	-\$30,861
87	\$0	<b>\$70,000</b>	\$202,879	\$228,124	\$0	\$228,124	\$57,031	\$171,093	\$0	-\$31,786
88	\$0	<b>\$70,000</b>	\$208,966	\$234,967	\$0	\$234,967	\$58,742	\$176,225	\$0	-\$32,741
89	\$0	<b>\$70,000</b>	\$215,235	\$242,015	\$0	\$242,015	\$60,504	\$181,511	\$0	-\$33,724
90	\$0	<b>\$70,000</b>	\$221,692	\$249,277	\$0	\$249,277	\$62,320	\$186,957	\$0	-\$34,735
91	\$0	<b>\$70,000</b>	\$228,343	\$46,826	\$0	\$46,826	\$11,707	\$35,119	\$0	-\$193,224
<b>Present Value</b>			<b>\$1,732,491</b>	<b>\$1,504,925</b>	<b>\$223,355</b>	<b>\$1,728,281</b>	<b>\$411,031</b>	<b>\$1,317,250</b>	<b>\$0</b>	<b>-\$415,241</b>

A) Opening Investment Balance: The amount of investment capital at the beginning of the year. See the "Investment Detail Report " for more detail on how this number is derived.

B) Goal After-Tax (Current\$): The amount of money required to fund the goal expressed in today's dollars.

C) Goal After Tax (Future \$): The amount of money that is required to fund the goal adjusted for inflation.

D) Total Other Revenues: Non investment income such as a pension, government benefit or inheritance. See the "Other Revenue Report" for details.

E) Investment Withdrawal: Shows the total amount that is withdrawn from all investment accounts including any withdrawals needed to pay taxes. See the "Investment Detail Report" for more

F) Total Income Pre-Tax: This is the total pre-tax income from all sources that's available to fund your goal. This is the sum of the "Total Other Revenues" plus the "Investment Withdrawal" (D+E).

G) Taxes Payable: Illustrates the taxes payable based on the tax assumptions identified in this report.

H) Net After Tax Income: The total income available after tax that's available to fund your goal.

I) Reinvested Surplus: This is the after tax cash flow that is left over in any given year that will be reinvested for use in a future year.

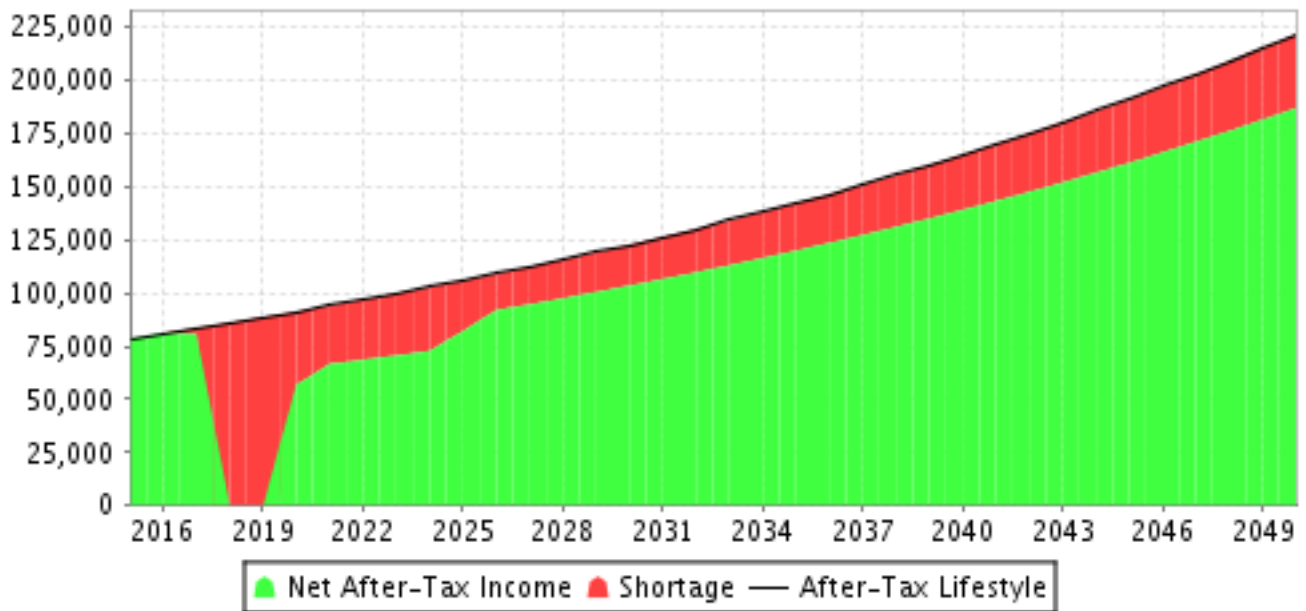
J) Shortfall/Estate: Negative numbers are shortfalls that cannot be funded from investments. A positive number in the final year indicates an estate surplus.

# Mark & Maria Green

## Results

Present Value of:	
Other Revenues	\$1,504,925
Investment Withdrawals	\$223,355
Total Income Pre-Tax	\$1,728,281
Less Taxes	\$411,031
Net After-Tax Income	\$1,317,250
Less: Goal After-Tax	\$1,732,491
Shortage	\$415,241

## Summary Cash Flow



## Notes

Mark and Maria would like to Retire at age 55 but would be willing to work to age 63 if necessary.

For planning purposes only. E. & O.E.

# Reliability Forecast

Mark & Maria Green

**Age** 51 **Expected Return** 6.3% **+/-** 13.12%

Planning is an exercise of making our best attempt to project a variety of financial factors into the future to allow you to understand the trade offs between current sacrifice or risk and future benefits. Two of the factors that are known to be uncertain are when you will die, and the rate of return you will achieve on your investments. This analysis is designed to help you better understand the impact of these two variables on your financial future.

Longevity Uncertainty			
Age	Probability	Success	Failure
70	76%	16%	84%
75	62%	10%	90%
80	44%	7%	93%
85	26%	5%	95%
90	11%	4%	96%
95	3%	4%	96%

In this chart you can see the probability that you will live to certain ages or beyond and if you do based on your possible rates of return the likelihood your plan will succeed or fail.

Rate of Return Uncertainty			
Return	Probability	Success	Failure
4.3%	79%	4%	96%
5.3%	66%	4%	96%
6.3%	50%	4%	96%
7.3%	34%	4%	96%
8.3%	21%	4%	96%

In this chart you can see the probability that you will achieve a certain rate of return or higher and if you do based on your expected mortality the likelihood your plan will succeed or fail.

Probability of Success					
Age	4.3%	5.3%	6.3%	7.3%	8.3%
70	16%	16%	17%	17%	17%
75	10%	10%	10%	11%	11%
80	6%	7%	7%	7%	7%
85	5%	5%	5%	5%	5%
90	4%	4%	4%	4%	4%
95	4%	4%	4%	4%	4%

Based on the combination of your expected investment return and the likelihood of your demise, this chart and graph show you the overall reliability of the strategy we have generated in achieving your financial goals.

