What do I need to know about how the Lifetime Planner calculates yearly cash flow?

By using the planning decisions you entered in the plan assumptions, the Planner can calculate what your income and expenses are in each year. Your cash flow is simply your income minus your expenses, including savings.

To calculate the cash flow in any year, your income and expenses are adjusted based on the increase or decrease you forecast. For example, living expenses increase by the inflation rate you forecast.

Each year's cash flow calculation depends on the decisions you've made. The number of active decisions varies from year to year.

The Lifetime Planner performs the following calculations to determine your cash flow in a given year:

Start:	• Start the year with $0 cash flow.
Add:	• Any salary • Any other income • Any income from a home or asset • Any proceeds from the sale of a home or assets • Any college-related income • Any income from a future loan • Social Security benefits (usually after retirement) • Pension benefits (usually after retirement) • The minimum required withdrawal from tax-deferred savings (begins when savings holder has reached or surpassed age 70½). The Lifetime Planner uses the Term Certain method to calculate the minimum required withdrawal. Using the term certain method, the distribution or withdrawal from a retirement account is based on the holder's life expectancy at the time of the first withdrawal. With each successive year, the account gets steadily depleted as the person's life expectancy decreases by one year.
Subtract:	• Income taxes on all taxable income • Social Security and Medicare taxes • Loans, including balloon payments on loans • Living expenses • Any planned down payment on a home or asset • Special expenses • Property taxes and expenses associated with a home or asset • Any planned college expenses • Your planned savings contributions

Not Available in Canada

This tool is unavailable for users of our Canadian products.