

## **Standard Of Living (SOLA) Worksheet**

Our Standard of Living worksheet was developed in 1987 when we realized the need for an interactive worksheet that accounts for the quantitative variables clients will experience during retirement.

While every person and situation is different the “variables” defined in 1987 has stood the test of time, they continue to be the same variables. A fundamental concept to remember is that these are “variables” and by definition they will change. Therefore this worksheet is a planning tool and cannot be a static definitive solution to anyone’s retirement planning requirements. Given the nature of this process we do not believe there is such a medium. The retirement planning and management process is a thinking process that requires reviews and often times adjustments as changes occur. While certain variables can be planned for others such as inflation, rates of return and even spending requirements are subject to unknowns and change.

**Seven or Eight Variables** – The Seven Primary Variable are:

- 1) Start age/year
- 2) Spending level – Standard of Living
- 3) Income during retirement (Social Security, Pensions, etc.)
- 4) Assets to generate additional cash flow
- 5) Inflation Rate
- 6) After tax rate of return
- 7) Ending age/year

The eighth variable comes into play if you are still in the accumulation phase leading up to your Start age/year. A planning tool for those not yet at retirement can be useful for those attempting to plan for how much and when. There is no magic rule since everyone is different and the variables need to be considered for each situation.

It is really important to understand the influence different inflation rates and rates of return can play when you are working with 20 - 30 + year time horizons. Judicious assumptions are a key to thoughtful planning and its execution.

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## Scorecard -Standard of Living Analysis

### INFLATION ADJUSTED CASH FLOW - THE RETIREMENT YEARS

INFLATION RATE	3.00%
SS INDEX RATE	2.00%
PEN INDEX RATE	0.00%
AFTER TAX RETURN RATES	6.50%

#### INCOME DURING RETIREMENT

SOCIAL SECURITY	0
INCOME	0
BONUS	0
SPOUSE'S SOCIAL SECURITY	0
SPOUSE'S PENSION	0
OTHER	0

AGE	YEAR	SPENDING LEVEL	RETIREMENT INCOME	ADDITIONAL INCOME EXPENDITURES	INVESTMENT WITHDRAWAL AMOUNT	PROJECTED INVESTMENT ACCOUNTS
64	2019	0				650,000
65	2020	0	0		0	692,250
66	2021	0	0		0	737,246
67	2022	0	0		0	785,167
68	2023	0	0		0	836,203
69	2024	0	0		0	890,556
70	2025	0	0		0	948,442
71	2026	0	0		0	1,010,091
72	2027	0	0		0	1,075,747
73	2028	0	0		0	1,145,671
74	2029	0	0		0	1,220,139
75	2030	0	0		0	1,299,448
76	2031	0	0		0	1,383,913
77	2032	0	0		0	1,473,867
78	2033	0	0		0	1,569,668
79	2034	0	0		0	1,671,697
80	2035	0	0		0	1,780,357
81	2036	0	0		0	1,896,080
82	2037	0	0		0	2,019,325
83	2038	0	0		0	2,150,581
84	2039	0	0		0	2,290,369
85	2040	0	0		0	2,439,243
86	2041	0	0		0	2,597,794
87	2042	0	0		0	2,766,651
88	2043	0	0		0	2,946,483
89	2044	0	0		0	3,138,004
90	2045	0	0		0	3,341,975

This calculator is a hypothetical example used for illustrative purposes and does not represent the performance of any specific investment or product. Rates of return will vary over time particularly, for long term investments. Investments offering the potential for higher rates of return also involve a higher degree of risk of loss. Actual results will vary

and if you take too much risk you probably will not make your necessary returns. The latter is accurate because your results during a financial storm exceed the practical limit of risk and the time to make up the declines reduces your time to make the necessary returns.

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