

2. Current Retirement Plan + Downsize Home @ Age 65

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Buy Replacement Residence Cash Flow Analysis

Below is an analysis of the cash flow resulting from the purchase of the replacement residence in year 21.

Year 21

1,326,649	Proceeds from sale of principal residence	1,326,649
-	400,000	Cost basis of principal residence
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926,649	Gain from sale of principal residence	
-	500,000	Less excludable gain
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426,649	Taxable gain from sale of residence	
	25.00% Capital gains tax	- 106,662
	Mortgage balance payoff of principal residence	- 116,946
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	After tax cash flow from sale of principal residence	1,103,041
	Cost of replacement residence	- 600,000
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	Total cash flow from sale of principal residence	503,041
	Cash flow reinvested in taxable account (25.00%)	125,760
	Cash flow reinvested in equity account (75.00%)	377,281