



## Inflation-Adjusted Cash Flow with Wealthy and Wise<sup>®</sup>

Indexing retirement cash flow can be tricky, particularly if that cash flow does not start for several years, as is the case with the Baxters who are both age 60. They have indicated they want \$250,000 of after-tax retirement cash flow starting at their retirement age of 75. Do you start the indexing at age 75, or should you account for the inflation during the fifteen intervening years? Most people give you their answer in the context of today's dollars. So what, for example, is the starting number at age 75 if you use, say, a 3.00% indexing assumption? The answer is \$389,492 which is the future value of \$250,000 at 3.00% indexing fifteen years in the future.

Preliminary Data   
  Desired Cash Flow   
  Expected Cash Flow   
  Retirement Plan Assets   
  Liquid Assets   
  Illiquid Assets   
  Other Assets

Include Desired Cash Flow

After tax cash flow for:

Cash flow option

Cash flow options for all scenarios and comparisons in this workbook:

Show cash flow categorized as either "Spendable" or "Dedicated"  
 Do not categorize the cash flow, show all cash flow as Spendable

After tax cash flow for: Living Expenses   
 Categorize cash flow as: Spendable cash flow   
 Schedule...

Include

We can help using the inflation adjustment calculator on the left of the array:

Change level amount

Amount:

Level amount:

in all retirement years

from age:  to:

Apply

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Change inflation rate

Rate:  %

Use a 2nd rate:  %

Starting at age:

Apply

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Interpolate values

From age:

to:

Apply

Year	Ages	After Tax Cash Flow for Living Expenses	Including 3.00% Inflation
1	60/60	0	0
2	61/61	0	0
3	62/62	0	0
4	63/63	0	0
5	64/64	0	0
6	65/65	0	0
7	66/66	0	0
8	67/67	0	0
9	68/68	0	0
10	69/69	0	0
11	70/70	0	0
12	71/71	0	0
13	72/72	0	0
14	73/73	0	0
15	74/74	0	0
16	75/75	250,000	389,492
17	76/76	250,000	401,177
18	77/77	250,000	413,212

etc.