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## Purpose of the Cash Flow Availability Calculator in Wealthy and Wise®

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### Basic Use

Use the **Cash Flow Availability Calculator** in Wealthy and Wise to determine the maximum amount of cash flow available from liquid assets over a designated number of years. You can choose the range of target years desired for the calculation, as well as add interest assumptions for inflation indexing.

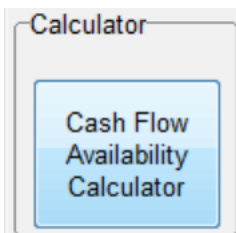
There must be liquid assets available for the **Cash Flow Availability Calculator** to be used effectively, so enter all your client's assets first. (In some cases, you may want to illustrate the liquidation of certain illiquid assets to provide sufficient additional liquidity.)

### Advanced Use

Use the **Cash Flow Availability Calculator** when a client is interested in increased retirement cash flow.

To do this, many Wealthy and Wise users create Scenario 1 to reflect precisely what the client is doing now (the current plan), and Scenario 2 portrays the results of whatever planning strategy is introduced. (The inclusion of a max-funded, client-owned, life insurance policy with substantial policy loan activity for retirement cash flow will often be the strategy used in Scenario 2 to increase net worth and put less strain on liquid assets.) Make sure to categorize all cash flow as "Spendable Cash Flow".

If Scenario 2 develops more net worth than Scenario 1 with residual liquid assets remaining, copy Scenario 2 to a new Scenario 3 which, for the moment, will be an identical copy of Scenario 2. Within Scenario 3, customize a new selection on one of the unused drop downs on the Desired Cash Flow tab (let's name this selection "Additional Spendable Cash"). Click "Schedule" to go inside the numerical array, and then click on this icon for the Cash Flow Availability Calculator on the right side of the screen:



The key now is to request a reduction in net worth for **Scenario 3** as shown in the following screenshot from the **Cash Flow Availability Calculator** in the Wealthy and Wise digital workbook file for **Blog #183 (Age 55-55)**.



**Click the thumbtack button to the left and read before continuing.**

OK

To use this calculator effectively in any Scenario, you must first enter all the data in at least one Scenario so the System can evaluate your requests below.

Cancel

**This is a sophisticated calculator. Be certain to check every prompt to be sure your entries are exactly what you want.**

Years to calculate

Starting year for additional cash flow:

Ending year for additional cash flow:

Inflation assumption

Inflation rate:  % starting in year 1 of cash flow

2nd inflation rate:  % starting in year  of cash flow

Net worth

for scenario

Current net worth in year:

Desired net worth in year 45:

If you are unsure, review the Summary of Liquid Assets and Hypothetical Net Worth reports.  
(If you need more liquid assets, consider liquidating illiquid assets. If you use this option, make sure there are acceptable entries on the Illustration Details tab/Reinvestment of Assets sub-tab.)

Results

Maximum Additional Cash Flow:  (with net worth of

Illustrate this amount:

Rounding

These results are based upon input from a specific client as to the makeup of his/her/their net worth and liabilities.  
Note: By clicking OK in the upper right corner, this result will be copied to the current Desired Cash Flow schedule.

You can see the result in this example is additional cash flow of \$71,889 in years 11 through 45 with net worth of \$17,886,207 which, due to rounding, is as close as the System can get to \$17,886,194.

Where did the number \$17,886,194 originate? It was entered to match the ending net worth in Scenario 1 (Current Plan) which, as you can see below is also \$17,886,194 in this screenshot of the Main Workbook Window for Blog #183 (Age 55-55).

Scenarios		For the columns below, display values for client age: <input type="text" value="99"/>				
Scenario Storage Name	Scenario Title	Net Worth	Taxable Estate	Wealth To Charity	Wealth To Heirs	Liquid Assets
Current Plan	Current Plan	\$17,886,194	\$17,886,194	\$0	\$17,594,467	\$11,841,153
Current Plan + IUL	Current Plan + Indexed UL	\$25,798,614	\$25,798,614	\$0	\$25,506,887	\$18,411,431
Current Plan + IUL + More Cash	Current Plan + IUL + More Cash	\$17,886,207	\$17,886,207	\$0	\$17,594,480	\$10,499,024

By doing this, we have reduced long-range net worth to the level consistent with Scenario 1, and in the process, have produced \$2,156,670 more in after tax retirement cash flow – \$71,889 every year from age 65 to 100.

Note: If there are not sufficient liquid assets to reduce net worth this much, the **Cash Flow Availability Calculator** will reduce net worth as far as possible.

**Note:** The **Cash Flow Availability Calculator** can also be used to find additional cash flow for gifts to heirs, premiums for long-term care, charitable contributions, etc., while also calibrating net worth to comfortable levels.

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