Blog #58: Generating Maximum Retirement Cash Flow
Questions and Answers

Q. Do you always include social security cash flow?

A. Only if clients believe it will be available based upon their sense of the government's financial ability to pay it. In the Callahan's case, they included it. Wealthy and Wise has an after tax Social Security calculator in each of the selections on the Expected Cash Flow tab.

Q. How can a plan like this be reliably projected so far into the future?

A. It can't be reliably projected if you perceive retirement planning as a "one and done" analysis. To be a dependable adviser to your clients, you must meet with them at least once a year and bring all the data current. Each year represents a fresh look at the future, and this is what turns prospects into clients, not just policyholders. Otherwise, changes in finances will make your original evaluation obsolete, and you will lose clients to other advisers. If you follow this procedure, soon your clients won't make a significant financial move without asking you to run it through Wealthy and Wise. This approach also gives you a good basis for charging an annual fee for the analysis. If you can develop fee revenue from clients who are glued to you for service, it has a significant impact on the value of your practice. These days, recurring revenue is hard to develop. Fees are an excellent way to do so.

If you prefer a "one and done" solution, comprehensive retirement planning is not for you. That is not to say there isn't plenty of opportunity for you -- just not in this field.

Q: What if there are not sufficient assets/benefits to produce the desired cash flow?

A: This will occur, and when it does, your clients have several options, and Wealthy and Wise can deal with each one:

- ✓ Commit more to savings and investments;
- ✓ Defer including inflation on desired cash flow;
- ✓ Reduce the amount of desired cash flow;
- ✓ Reduce the number of years of desired cash flow;
- ✓ Defer the starting date for desired cash flow;
- ✓ Manage assets more aggressively.

Reducing cash flow goals doesn't necessarily mean there will always be a shortage. Each year as you develop the annual review, add back some of what's missing, typically by committing more to savings and investments. Get the commitment to do that this year.