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## Purpose of the Cash Flow Availability Calculator

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### Basic Use

You may want to use the **Cash Flow Availability Calculator** in Wealthy and Wise® merely to determine the maximum amount of cash flow that can be obtained from liquid assets over a designated number of years. You can designate the range of target years desired for the calculation, as well as add interest assumptions for inflation indexing.

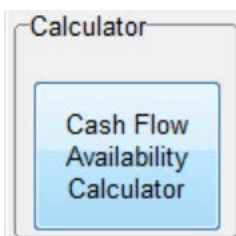
There must be liquid assets available for the **Cash Flow Availability Calculator** to be used effectively, so be certain to enter all your client's assets first. (In some cases, you may want to illustrate the liquidation of certain illiquid assets in order to provide sufficient additional liquidity.)

### Advanced Use


Below is an advanced use of the **Cash Flow Availability Calculator** where a client is more interested in increased retirement cash flow.

To do this, many Wealthy and Wise users create **Scenario 1** to reflect exactly what the client is doing now (the status quo), and **Scenario 2** portrays the results of whatever planning strategy has been 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.)

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 screen shot from the **Cash Flow Availability Calculator** for a hypothetical analysis.

 **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 for that Scenario so the System can evaluate your requests below. Cancel

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


Current net worth in year 50:

Desired net worth in year 50:  ←

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 \$8,420,999 in Year 50)

Illustrate this amount:  

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.

**Important Note:** A result determined by the Cash Flow Availability Calculator is not intended to be a recommendation. It is solely a calculation that provides you a sense of additional cash flow based on your data input. Under no circumstances should you design a Scenario that utilizes all or any part of an amount indicated by the Calculator that reduces illustrated net worth or liquid assets to a level that is unacceptable to a client.

You can see the result in this example is additional cash flow of \$100,000 in years 21 through 50 indexed at 3.00% for an inflation offset.

Where did the number \$8,420,999 come from? It was selected to be a little higher than the ending net worth in **Scenario 1** which, as you can see below is \$8,8380,335 in this screen shot of the **Main Workbook Window**.

Scenarios				
For the columns below, display values for client age: <input type="text" value="94"/>				
<input checked="" type="radio"/> Sort on: Scenario Storage Name	<input type="radio"/> Sort on: Net Worth	<input type="radio"/> Sort on: Taxable Estate	<input type="radio"/> Sort on: Wealth To Charity	<input type="radio"/> Sort on: Wealth To Heirs
1. Current Retirement Plan	→ \$8,380,335	\$8,380,335	\$0	\$8,380,335
2. Retirement Plan #2 (IUL)	\$20,436,311	\$20,557,938	\$0	\$20,557,938
3a. #2 plus Add'l Cash Flow	→ \$8,420,999	\$8,542,626	\$0	\$8,542,626
3b. #3a w/Term Insurance	\$5,206,110	\$5,206,110	\$0	\$5,206,110

By doing this, we have reduced long-range net worth to the level consistent with Scenario 1, and in the process, have produced substantially more after tax retirement cash flow.

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

Note: The numbers are from a Blog written by Bob Ritter, InsMark's President. [Click here](#) for access to his *Blog #58: A New Retirement Planning Strategy*.

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.