



# CASE STUDY

COUPLE 10 YEARS FROM RETIREMENT



CERTIFIED CASH FLOW SPECIALIST™

# CASE STUDY:

## COUPLE 10 YEARS FROM RETIREMENT



We know financial professionals are all too familiar with the word retirement, but it can be scary for some. Once the day comes, the stress of living off those assets creates a whole new planning need.

Cash flow planning is here to help you maximize your hard earned savings.

## CASE STUDY:

### COUPLE 10 YEARS FROM RETIREMENT

Bob and Sue are a couple in their mid 50s. Both have great jobs, he works for the federal government and she works for a post-secondary institution. With great investments and savings and only a few years left on their mortgage, Bob and Sue feel they are on track for a debt free retirement.

Here are their details:

- ▶ \$8,000 net average monthly income
- ▶ \$200,000 of RRSP
- ▶ \$450,000 managed by bank in RRSPs and TFSA
- ▶ Mortgage: \$80,000 (3 years left)



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THE **MONEY FINDER™ PRO**

| Clients | Log off  
Welcome themoneyfinder100

MR. RETIREMENT

Last Revised: 01-22-2014 11:45 PM GMT



[Expand All](#) / [Collapse All](#)

MR. RETIREMENT		Annual Net Pay	\$96000.00
Take Home Pay	<input type="text" value="8000"/>		
Number of Pays Per Year	<input type="text" value="12"/>		

MRS. RETIREMENT		Annual Net Pay	\$0
Take Home Pay	<input type="text" value="0"/>		
Number of Pays Per Year	<input type="text" value="0"/>		

## WE USE OUR SOFTWARE TO GET THE NUMBERS

Why would their advisor not know about their debts? In this case it's because of these three reasons: (1) the way that advisor asks questions, (2) the fact that advisor has never talked about debt being part of the plan but rather a fact to record and (3) the clients are embarrassed to tell anyone if they don't have to.

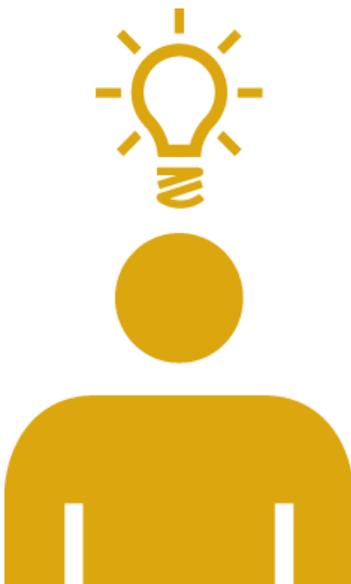


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CREDIT 1	\$9,000
CREDIT 2	\$15,000
CREDIT 3	\$12,000
LINE OF CREDIT	\$49,000
CAR LOAN 1	\$18,000
CAR LOAN 2	\$8,000
STORE CREDIT	\$3,000
TOTAL DEBT	\$194,000

STARTING TO GET THE PICTURE?



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These clients realize they could refinance their home, worth over \$500,000, but feel they would be failures and are ashamed to do what they think would be “starting over.”

In the husband's words, “we would owe more on this house than we ever borrowed on it in the first place if we refinance now. We have good jobs, we feel like we are smart people, taking this mess to our advisor or our bank for that matter would make us feel stupid.”

Think about  
how this  
would effect  
your plans.

TOTAL DEBT	\$194,000
TOTAL DEBT WITHOUT MORTGAGE	\$114,000
TOTAL MONTHLY PAYMENT	\$1,314.00

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A client for whom the advisor has only a portion of the assets and some insurance policies but never really talked to them about debt might be in trouble as the advisor has no idea that what they owe (debt) will follow them into retirement, forcing larger withdrawals from their assets and hurting both the client and advisor. The bank is generally aware of the debt as they do soft credit checks (periodic credit checks that do not affect your credit score performed by an existing lender, possibly employer or even the insurance companies an advisor is contracted with) but never proactively bring up this debt. The client had approached the bank, before coming to see me, and started to discuss all of the debts but became frustrated and stopped when it was clear the advice was just to take on a different kind of debt with no plan to pay it down.

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When all of the debt is laid out, because they kept accruing new debt, they were on track for a 32 year pay off. So what did we do?

## “UNIFY THEIR DEBT! UNIFICATION IS KEY.”

- ▶ They are on track to be debt free in 8 years instead of 32.
- ▶ They should save up to \$120,000 in interest.
- ▶ They'll be putting an additional \$1,500 away a month to complete funding their retirement.
- ▶ The Best part is the changes they made in their spending have not affected how they feel about their lifestyle. They are still able to have a wonderful life, in fact they are getting more life from the money they already earn!

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This Cash Flow Plan  
**\$336,000.00**  
Over 10 years

### SHORT TERM GOALS

Short term goals are a very important part of a cash flow plan. While most financial plans focus on longer-term goals, the behavioural nature of cash flow planning takes into account that people can more easily focus on spending changes when they relate to shorter-term goals.

### HARNESS THE POWER

Your cash flow is your financial power and it touches every aspect of your life. Without a cash flow plan this most important part of your finances will never reach its full potential.

We Know Mr. & Mrs. Retired Couple can do this!

While change can be challenging, we know anything worthwhile requires effort. All recommendations in a cash flow plan are made understanding how people behave with money. The plan focuses a person on what they can have, rather than what they cannot. We make it easy to automate all the parts of the plan that will get you ahead, like saving/investing/paying down your debt and we help you become more aware of how you spend. Using a cash flow plan, allows people to control unconscious spending and learn to reprioritize spending.

### ACTION ITEMS

1. Consult the CCS™ Directory and find a Certified Cash Flow Specialist in your area.
2. Set up a call to get your Cash Flow Planning process started!

The results of these changes also saved the client over \$120,000 in interest and have them on track to be debt free in 8 years rather than a cycle of permanent indebtedness due to last over 32 years! They will also be able to put away over \$1,500 a month to continue to fund the retirement they deserve.

Meaning, a Cash Flow Plan found \$2,300 a month to help these clients fund their plan, but the total found money would be closer to \$336,000.