THE MONEY FINDER

CASE STUDY SERIES

VOL. 5 COUPLE 10 YEARS FROM RETIREMENT

BEHAVIOURAL CASH FLOW PLANNING™
CASE STUDIES

CAN BEHAVIOURAL CASH FLOW PLANNING™ BENEFIT SOMEONE 10 YEARS FROM RETIREMENT?

Yes.

It might seem that if you are only 10 years from retirement and you've amassed a decent nest egg you should be able to keep doing what you're doing and you'll have a successful retirement free from financial woes. But what did you base your retirement income need on? Are you really debt free or 100% sure you will be by retirement? How do you confirm that? What year are you on track to be entirely debt free?

If you are within 10 years of retirement and you have got $300,000 or more in investable assets you may feel like you're all set. However, without a Behavioural Cash Flow Plan™ you won't be able to control the number one variable of your retirement success, cash flow!

Let's take a look at the case. Man & Woman are 10 years from retirement and they are pretty sure they are set but they don't have a Behavioural Cash Flow Plan™.

THE DETAILS

Martin is a Fire Fighter who also runs a small business doing wood stove installations on his days off, Cheryl is a sales manager with a local technology company. They have one child who's now married and they will soon have their first grandchild.

Cheryl is concerned that they've interrupted their savings a few times due to life events and that she has a reduced pension due to working part time when her daughter was young. Martin has a great pension and plans to work in his small business for at least for the first five years after they retire from their jobs. So Martin and Cheryl reached out to a Certified Cash Flow Specialist™.

INCOME

$11,500/mo
Combined Income

EXPENSES

$10,750/mo

ASSETS

$480,000
Of RRSPs

$45,000
TFSA

DEBT

$165,000 Mortgage

$5,000 VISA Credit Card

$45,000 Line of Credit

$15,000 Car Loan

THE TOTALS

NOT DEBT FREE, BUT NOT IN TROUBLE

Martin and Cheryl are clearly not in trouble, their debt should indeed be paid off before they retire, but that doesn't mean that they've set it up as efficiently as possible, it also doesn't mean that they won't create new debt. If we can change their debt structure to increase the efficiency of their interest costs they'll be able to save more for the future.

TOTAL DEBT	**TOTAL DEBT** WITHOUT MORTGAGE	**TOTAL MONTHLY PAYMENT**
$230,000	**$65,000**	**$3,400**

NEXT STEPS

First, we changed the structure of their debt. Originally it would have taken them 15 years to pay off all of their debt leaving them carrying debt in to retirement. But it turns out that by unifying* their debt we can not only reduce their monthly debt costs, we can also get all of their debt paid off in 10 years and save them over $30,000 in interest.

The real opportunity for Martin & Cheryl to get more life from their money is the combination of showing them a new way to manage their cash flow, saving more now without effecting their lifestyle in addition to that debt structure change. Any change to debt without giving that found money a job and change of spending habits is pointless.

*putting all debts in as few accounts as possible and focusing all debt repayment efforts strategically to drive down principle

THE RESULTS

When we applied the Behavioural Cash Flow Planning Formula™ to Cheryl & Martin's situation we found over $2300 a month to help them fund the final push to retirement, and we were also able to carve out enough for them to put in a pool in the next 12 month. With the found money we were able to ensure the client has a savings cushion so they don't need go through periods of carrying a balance on their credit cards.

Martin & Cheryl comfortably increased their monthly long term investment contributions by nearly $1000 a month to ensure that retirement income needed, which we can now clearly see thanks to the Behavioural Cash Flow Plan™, will be fulfilled safely by the combined total of their existing pensions, current investment and the additional nearly $120,000 they put towards their retirement over this next 10 years.

This cash flow plan had a $350,000 impact on this couple in only 10 years, beyond any product advice provided by the typical financial professional. Not only that but Martin and Cheryl's financial plan isn't just about the long term but also things like affording their new pool, something they can enjoy now, verses having to wait for only long term benefits of working with a typical advisor.