



Money Workbook

My Financial Circumstances

Tips adapted from veteran financial planner, Ben Coombs, CFP®

Complete the concise financial statement in the following worksheet to help you evaluate the adequacy of your savings and investments to supplement other sources of retirement income and maintain your current lifestyle as you grow older. This snapshot of your financial circumstances will address the core components of your financial well-being – now and in the future. For additional information and supplemental instructions, see the corresponding steps below the worksheet.

Worksheet

Step 1	Enter the total value of your savings and investments as of (enter date) _____	\$
Step 2	Enter the estimated total of your annual expenses for the last 12 months.	\$
Step 3	Enter your total annual income minus any investment income you realize.	\$
Step 4	Subtract the total for Step 3 from the total of Step 2. This is the amount of income you will have to receive annually from your investments to supplement other sources of retirement income.	\$
Step 5	Divide the total of Step 4 by the total of Step 1. This is the percentage rate your investments will need to earn (ignoring inflation) in order to adequately supplement your other sources of retirement income.	%
Step 6	Consult with a Certified Financial Planner™ and Life Planner to integrate all the elements of your life and financial resources and devise a living plan. (See Resources at the end of this chapter)	

Step 1: Enter the total value of your savings and investment accounts in the worksheet above. You can pull these figures from your last monthly bank, mutual fund and investment account statements.

Step 2: Tabulate what you spend on a monthly basis for fixed expenses, monthly and periodically. To this figure add your variable expenses, both those that occur monthly and those that are periodic. The point here is that you have more or less a steady monthly spending amount that includes fixed expenses and some variable expenses. You also have periodic expenses, such as quarterly pest control or landscaping, vacation, dues, etc. Total your monthly and periodic expenses to come up with a **TOTAL ANNUAL SPENDING AMOUNT**.

Step 3: Add up all of your sources of income except for earnings on investments. Include Social Security, any pensions, earned income, etc. If you are not currently drawing Social Security or pension benefits, request an estimate of what your benefits will be and add this to your total. The amount of income from these sources will generally depend on the age at which you begin to take benefits.

Step 4: Subtract the total annual income figure from the total annual expense figure. Record the remainder, which is the amount of income that your investments will have to supplement your other sources of income in order for you to maintain your current lifestyle.

Step 5: Divide the net amount of your annual expenses (Step 4) by the total value of your investments (Step 1). The answer will be the percent (%) your investment will have to earn each year (ignoring inflation) to support your current lifestyle. If this figure exceeds 4–4.5% then you may be depending too much on your investments to cover your future needs and will need to consider:

- Reducing your lifestyle costs
- Postponing retirement
- Working some amount in “retirement”
- Saving more money
- Postponing Social Security benefits (the monthly benefit will be higher the longer you postpone benefits, up to age 70)
- Taking more investment risk, with the guidance of a financial planning professional
- Prioritizing your lifestyle spending and consider again what matters most to you. A financial life planner can help you integrate all aspects of your financial and personal life as it is presented in this e-book so that you make the most of your financial resources in the context of who you are, what matters to you and how you want to live in the second half of your life.

Step 6: Consult with a qualified Certified Financial Planner (CFP) to review not only your calculations and your investments, but also all aspects of your financial life such as cash flow, insurance, future health care and housing, taxes and legacy planning. A qualified financial planner can help you think creatively and run what-if scenarios to help you arrive at a plan of action that will allow you to thrive and still protect your future.