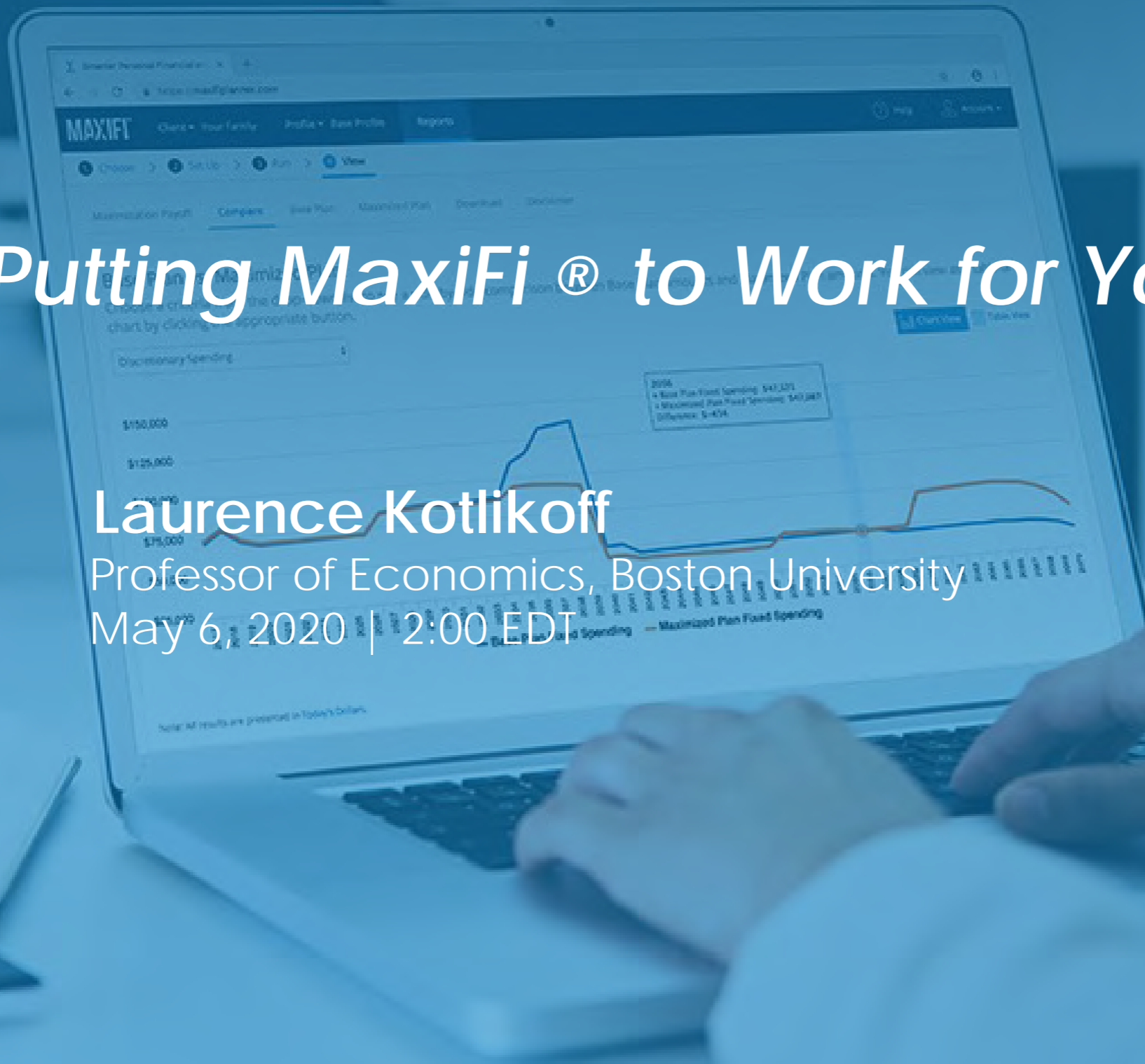


Putting MaxiFi[®] to Work for You

Laurence Kotlikoff

Professor of Economics, Boston University

May 6, 2020 | 2:00 EDT

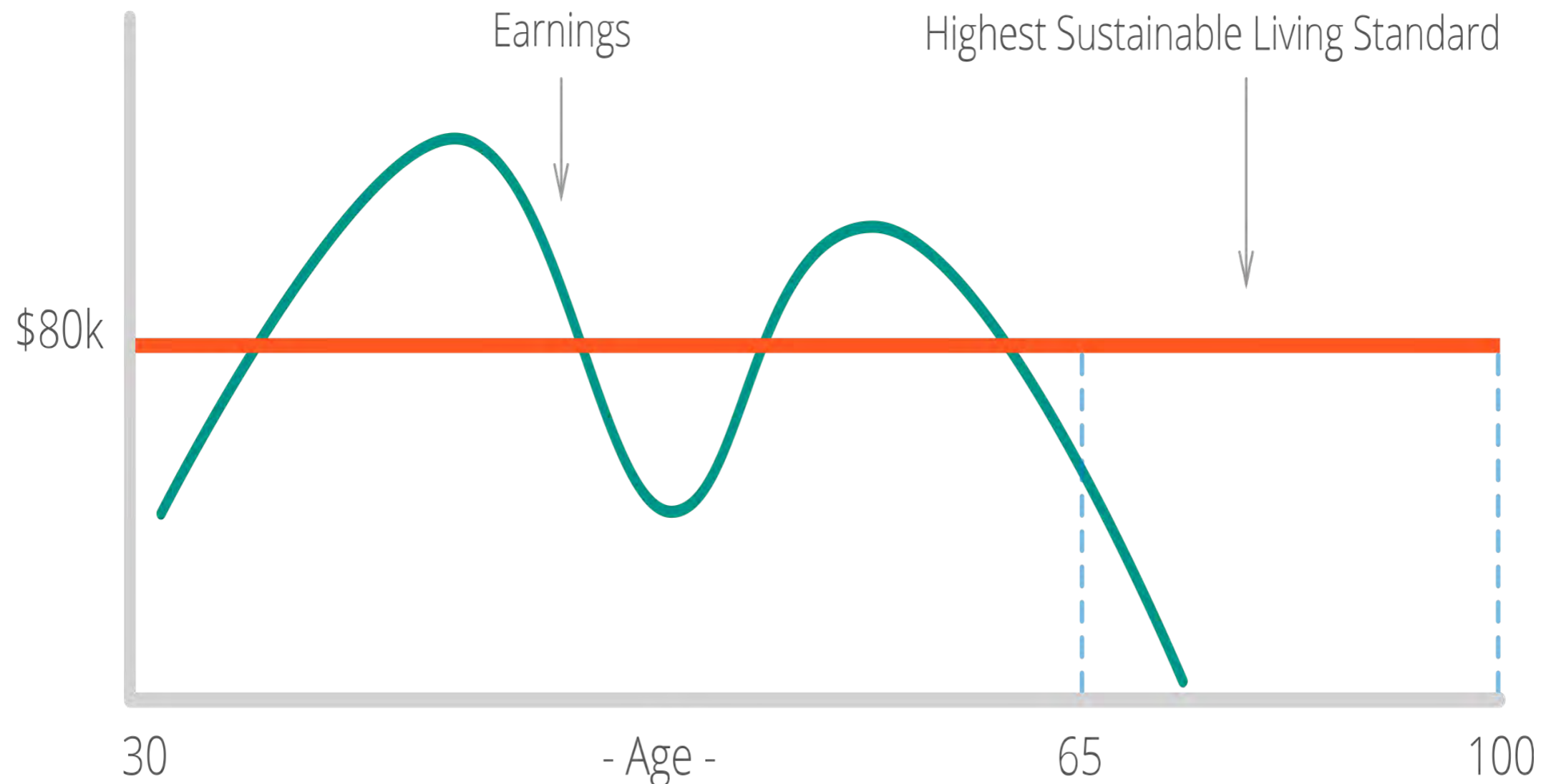


The Economics Approach: Consumption Smoothing

- Franco Modigliani and Richard Brumberg
- The Life Cycle Hypothesis of Saving and Consumption
- People want their living standard to stay constant over time
- Economists call this “Consumption Smoothing”
- **Goal**—determine the highest level of spending a household can sustain for life

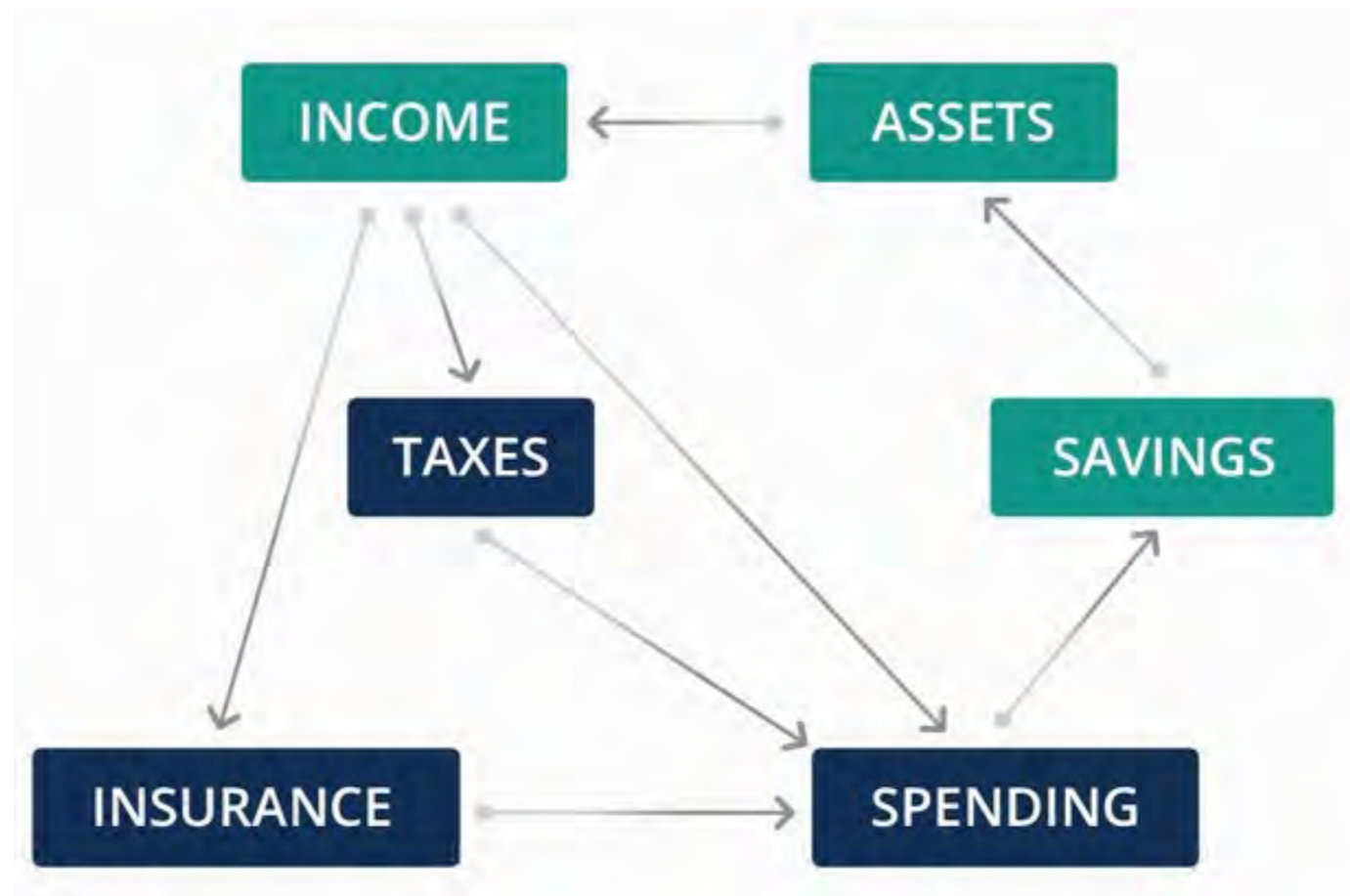
Economics Focuses on our Bottom Line – Consumption

No one wants to splurge today and starve tomorrow or do the opposite



No Financial Decision Stands Alone

It's extremely difficult to find a household's highest sustainable spending level. Financial transactions affect one another.



MaxiFi analyzes complex financial relationships to calculate a plan

The Economics Approach in Action

- MaxiFi provides you with **a full lifetime financial plan**
- MaxiFi calculates your household's **highest sustainable spending level**
- MaxiFi calculates the **life insurance needed to protect survivors**
- MaxiFi helps you safely and often **dramatically raise your lifetime spending**
- MaxiFi incorporates key federal and state **tax and benefit policies** in full detail
- MaxiFi uses a patented *iterative dynamic programming solution method*
- MaxiFi is the **only economics-based financial planning tool**

MaxiFi incorporates all your financial data to create a highly detailed lifetime financial plan



Shows you the fixed and discretionary spending level you can sustain for life based on your current and expected resources



Provides a savings and life insurance coverage plan for protecting and maintaining that spending level



Optimizes your plan to show you ways to get the most out of Social Security and your retirement accounts



Incorporates detailed Federal, State and FICA tax calculations as well as Social Security benefits and Medicare Part B premiums



Powerful Monte Carlo analysis allows you to assess risk and reward of different investment strategies and spending behavior



Provides insight into career choices, housing decisions, retirement planning and other financial decisions at any age and stage

Your Base Plan

Minimal Data Entry

- Current and expected earnings
- Account balances for savings, checking, investment, and retirement accounts
- Expected contributions to retirement accounts—yours and your employers'
- Account balances and expected withdrawals for 529 Education Savings Accounts
- Pensions
- Social Security covered earnings and current benefits (if any)
- Primary and vacation home expenses (rent, mortgage, condo fees)

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Minimal Data Entry

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- Social Security covered earnings and current benefits (if any)
- Primary and vacation home expenses (rent, mortgage, condo fees)

Base Plan Reports – Detailed and Comprehensive

- Lifetime Balance Sheet — Projected Lifetime Income & Lifetime Spending
- Annual income
- Annual spending — fixed and discretionary
- Annual suggested saving/withdrawals from regular assets
- Annual suggested withdrawals from retirement accounts
- Annual cash flow
- Annual household net worth
- Annual taxes – Federal, State and FICA
- Annual Social Security Benefits

Base Plan Case Study

- Jack and Sarah. Both age 52.
- Have two children: Jane who is 17 and Alex who is 15.
- Jack earns \$50K. Sarah earns \$200K. Will retire and take Social Security at 62.
- Live in California in a \$700K Home. Will retire and take Social Security at 62.
- \$500k Mortgage
- Jack has \$300k in retirement accounts. Sarah has \$750k in retirement accounts.
- Have \$50K in Regular assets

Lifetime Balance Sheet

Lifetime Income

Labor Earnings	\$2,750,000
Social Security Benefits	\$1,943,753
Pensions and Annuities	\$0
Retirement Account Withdrawals	\$1,178,625
529 Account Withdrawals	\$0
Reserve Fund Assets	\$0
Real Estate Income	\$0
Special Receipts	\$0
Regular Assets	\$50,625
TOTAL	\$5,923,003

Lifetime Spending

Housing Expenses	\$1,261,131
Other Expenses	\$0
Federal and State Taxes	\$1,008,935
Retirement Account Contributions	\$57,750
529 Contributions and Expenses	\$0
Ending Reserve Fund	\$0
Medicare Part B Premiums	\$320,070
Life Insurance Premiums	\$6,911
Discretionary Spending	\$3,267,402
TOTAL	\$5,922,999

MaxiFi Planner has calculated a lifetime budget for your household, shown above.

It considered all your current and future financial resources, including regular and retirement account assets, labor earnings, and Social Security benefits. It also factored in all your current and future taxes and fixed spending -- housing expenses, retirement and 529 account contributions, insurance payments, and "other expenses", which includes funeral expenses, bequests, and any special expenses you entered.

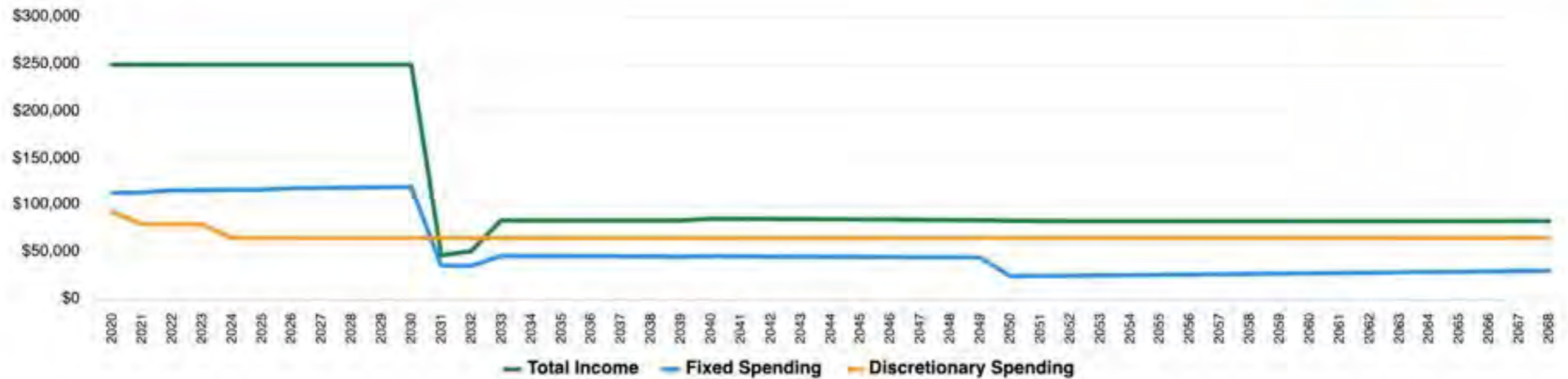
Your Lifetime Discretionary Spending, shown in orange, is the amount MaxiFi Planner calculates you will have left over in your budget after you cover all fixed spending, including taxes. This is the money you can freely spend on food, travel, clothes, entertainment, etc.

Now let's take a closer look at discretionary spending to see how MaxiFi Planner allocated it in each year.

* Amounts are presented as remaining lifetime present values. Rounding differences may cause totals to be slightly different. A real interest rate of 0% was used when computing the lifetime present values. It is not valid to compare the values on this report with lifetime present values computed using any other real interest rate.

Annual Income and Spending

[Chart View](#) [Table View](#)



Note: All results are presented in Today's Dollars.

[Export as CSV](#)

This chart shows your household income and fixed spending can change – sometimes significantly – from year to year. This can be due to changes like a new job or an inheritance, or big expenses, like education costs, that might continue for a few years.

Given these changes, how can you maintain your discretionary spending and have a stable living standard from one year to the next?

MaxiFi Planner answers this question by computing Annual Discretionary Spending amounts that are as stable or "smooth" as possible from year to year.

The orange line in the chart shows your Annual Discretionary Spending suggestions. If the line is not perfectly smooth, it means either

1. expenses went down (kids left home or a family member died) or
2. cash was particularly tight -- income was low or fixed spending was high -- and the program doesn't let you borrow against future income to spend beyond your current means.

Annual Income and Spending

[Chart View](#) [Table View](#)

Year	Jack's Age	Sarah's Age	Total Income	Fixed Spending	Discretionary Spending
2040	72	72	\$85,915	\$45,876	\$65,205
2041	73	73	\$85,785	\$45,721	\$65,205
2042	74	74	\$85,650	\$45,575	\$65,205
2043	75	75	\$85,511	\$45,435	\$65,205
2044	76	76	\$85,367	\$45,303	\$65,205
2045	77	77	\$85,218	\$45,179	\$65,205
2046	78	78	\$85,063	\$45,061	\$65,205
2047	79	79	\$84,745	\$44,908	\$65,205
2048	80	80	\$84,580	\$44,806	\$65,205
2049	81	81	\$84,238	\$44,664	\$65,205
2050	82	82	\$83,885	\$24,788	\$65,205
2051	83	83	\$83,521	\$24,969	\$65,205
2052	84	84	\$83,331	\$25,204	\$65,205
2053	85	85	\$83,331	\$25,498	\$65,205
2054	86	86	\$83,331	\$25,707	\$65,205

Note: All results are presented in Today's Dollars.

[Export as CSV](#)

This chart shows your household income and fixed spending can change – sometimes significantly -- from year to year. This can be due to changes like a new job or an inheritance, or big expenses, like education costs, that might continue for a few years.

Given these changes, how can you maintain your discretionary spending and have a stable living standard from one year to the next?

MaxiFi Planner answers this question by computing Annual Discretionary Spending amounts that are as stable or "smooth" as possible from year to year.

Annual Saving and Withdrawals

Year	Jack's Age	Sarah's Age	Total Income	Total Spending	Regular Asset Saving/Withdrawals	Last Year's Regular Assets	This Year's Regular Assets
2020	52	52	\$250,000	\$206,824	\$43,176	\$50,625	\$93,801
2021	53	53	\$250,000	\$193,824	\$56,175	\$93,801	\$149,976
2022	54	54	\$250,000	\$196,078	\$53,923	\$149,976	\$203,899
2023	55	55	\$250,000	\$196,190	\$53,811	\$203,899	\$257,710
2024	56	56	\$250,000	\$181,898	\$68,103	\$257,710	\$325,813
2025	57	57	\$250,000	\$181,978	\$68,023	\$325,813	\$393,836
2026	58	58	\$250,000	\$183,686	\$66,315	\$393,836	\$460,151
2027	59	59	\$250,000	\$183,878	\$66,122	\$460,151	\$526,273
2028	60	60	\$250,000	\$184,257	\$65,743	\$526,273	\$592,016
2029	61	61	\$250,000	\$184,623	\$65,378	\$592,016	\$657,394
2030	62	62	\$250,000	\$184,992	\$65,008	\$657,395	\$722,403
2031	63	63	\$46,992	\$101,201	(\$54,209)	\$722,403	\$668,194
2032	64	64	\$51,264	\$100,892	(\$49,628)	\$668,194	\$618,566
2033	65	65	\$84,003	\$111,445	(\$27,442)	\$618,566	\$591,124

Note: All results are presented in Today's Dollars.

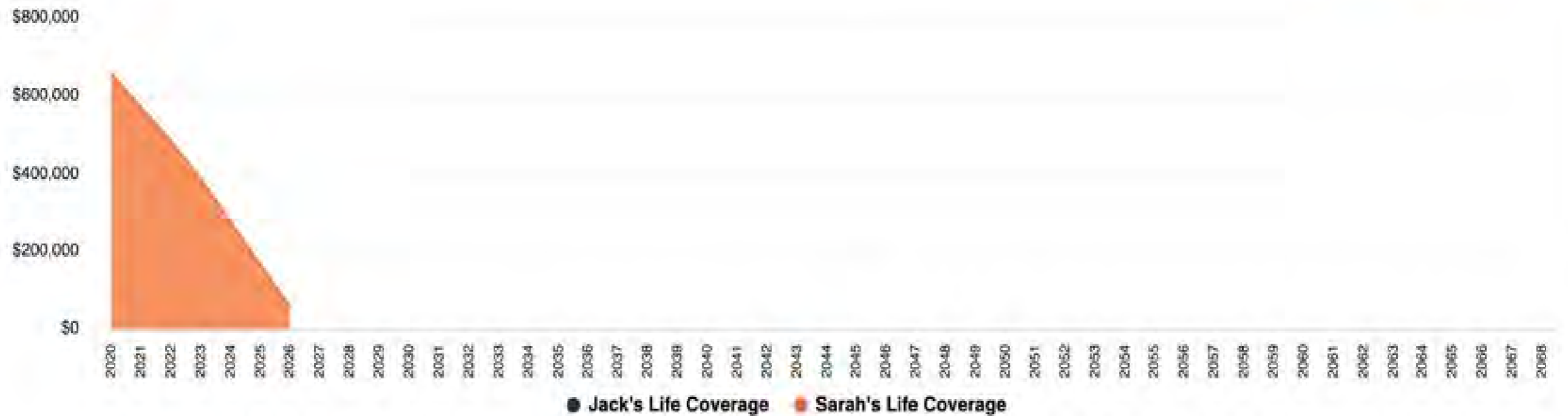
[Export as CSV](#)

To maintain Annual Discretionary Spending at a stable or "smooth" level while income and fixed spending change from year to year, the software provides a plan for managing your Regular Assets – the money you've saved or invested in checking, savings, and investment accounts. Regular Assets do not include money in Retirement Accounts.

Each year, the program suggests adding to or withdrawing from Regular Assets depending on whether you have more or less income than you need to cover your total spending for the year. The amounts shown are the annual savings or withdrawals needed to smooth your discretionary spending without borrowing.

Life Insurance Suggestions

[Chart View](#) [Table View](#)



Note: All results are presented in Today's Dollars.

[Export as CSV](#)

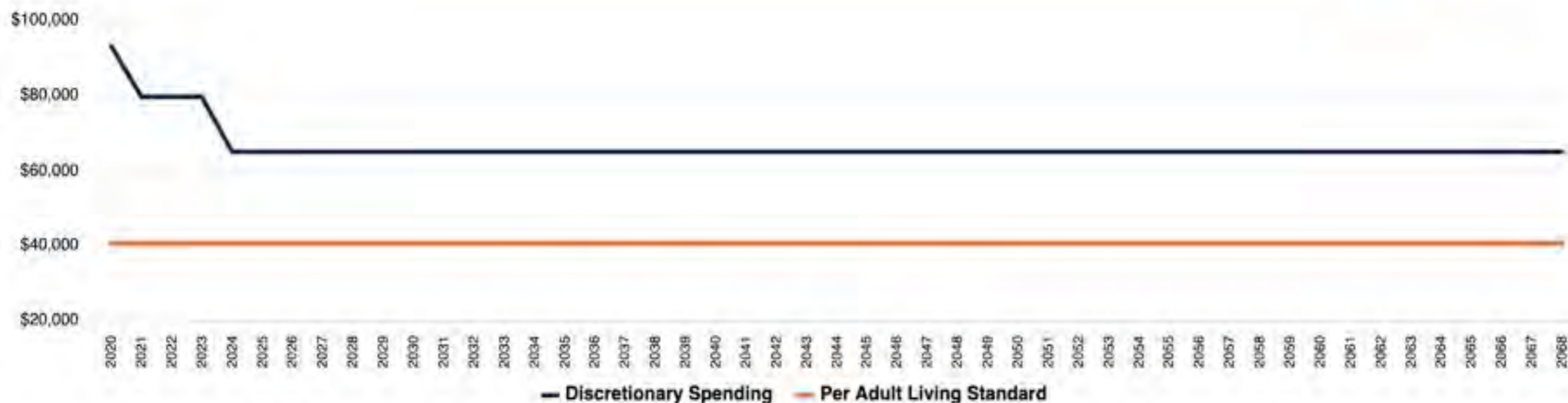
MaxiFi Planner computes the amount of term life insurance coverage needed to maintain the same standard of living in case of early death of an adult, adjusted to account for the loss of one adult in the household.

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Living Standard

[Chart View](#) [Table View](#)



Note: All results are presented in Today's Dollars.

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This table presents two very closely related numbers: Household Discretionary Spending and Per Adult Living Standard.

You're likely to focus on Household Discretionary Spending because it reflects your family's total annual discretionary budget. In contrast, Per Adult Living Standard is a number we use under the hood in suggesting how much to spend on a discretionary basis each year and also how much life insurance to purchase.

The Per Adult Living Standard is discretionary spending per adult *equivalent* in the family. For a single, childless adult the Per Adult Living Standard and Household Discretionary Spending will be equal. But for households with children and/or two adults, it gets a little more complicated.

First, children typically consume less than adults. By default we calculate that children consume at 70% of the level of an adult.

Secondly, two people living together in the same household typically consume less than two people living separately -- a married couple doesn't need two kitchen tables, or two toasters, for example. These are called "economies of shared living." Economies of shared living apply to children as well, so the more people in the family the more economies of shared living. By default

Taxes

[Chart View](#) [Table View](#)

Year	Jack's Age	Sarah's Age	Federal	State	Jack's FICA	Sarah's FICA	Total
2020	52	52	\$37,864	\$13,846	\$3,825	\$11,437	\$66,972
2021	53	53	\$38,199	\$14,329	\$3,825	\$11,595	\$67,948
2022	54	54	\$40,654	\$14,450	\$3,825	\$11,735	\$70,664
2023	55	55	\$41,042	\$14,568	\$3,825	\$11,867	\$71,302
2024	56	56	\$41,430	\$15,065	\$3,825	\$12,006	\$72,326
2025	57	57	\$41,867	\$15,200	\$3,825	\$12,153	\$73,045
2026	58	58	\$43,964	\$15,335	\$3,825	\$12,305	\$75,429
2027	59	59	\$44,399	\$15,469	\$3,825	\$12,461	\$76,154
2028	60	60	\$44,834	\$15,602	\$3,825	\$12,596	\$76,857
2029	61	61	\$45,269	\$15,736	\$3,825	\$12,713	\$77,543
2030	62	62	\$45,704	\$15,870	\$3,825	\$12,830	\$78,229
2031	63	63	\$0	\$0	\$0	\$0	\$0
2032	64	64	\$0	\$0	\$0	\$0	\$0
2033	65	65	\$5,761	\$0	\$0	\$0	\$5,761
2034	66	66	\$0,000	\$0	\$0	\$0	\$0,000

Note: All results are presented in Today's Dollars.

[Export as CSV](#)

Your Federal, State, and FICA taxes are calculated and shown below. The State taxes are based on your state of residence or your future state of residence if your plan involves changing your primary home. FICA or payroll taxes are adjusted accordingly if your income is from self-employment or non-covered wages. Federal tax calculations include adjustments for exemptions, AMT, capital gains and interest income, and standard deductions.

Federal Tax Detail

Year	Jack's Age	Sarah's Age	Earned Income	Capital Gains Income	Nominal Asset Income	Adjustment to Income	Adjusted Gross Income	Deductions	Exemptions	Taxable Income	Tax	Alternative Minimum Tax	Credits	Refundable Credits	Net Tax
2020	52	52	\$250,000	\$0	\$625	(\$5,250)	\$245,375	(\$29,856)	\$0	\$215,519	\$39,884	\$0	(\$2,020)	\$0	\$37,864
2021	53	53	\$250,000	\$0	\$1,158	(\$5,250)	\$245,908	(\$29,133)	\$0	\$216,775	\$40,214	\$0	(\$2,015)	\$0	\$38,199
2022	54	54	\$250,000	\$0	\$1,852	(\$5,250)	\$246,602	(\$28,409)	\$0	\$218,193	\$40,654	\$0	\$0	\$0	\$40,654
2023	55	55	\$250,000	\$0	\$2,517	(\$5,250)	\$247,267	(\$27,684)	\$0	\$219,584	\$41,042	\$0	\$0	\$0	\$41,042
2024	56	56	\$250,000	\$0	\$3,182	(\$5,250)	\$247,932	(\$26,957)	\$0	\$220,975	\$41,430	\$0	\$0	\$0	\$41,430
2025	57	57	\$250,000	\$0	\$4,022	(\$5,250)	\$248,772	(\$26,228)	\$0	\$222,544	\$41,867	\$0	\$0	\$0	\$41,867
2026	58	58	\$250,000	\$0	\$4,862	(\$5,250)	\$249,612	(\$36,551)	(\$8,394)	\$204,667	\$43,964	\$0	\$0	\$0	\$43,964
2027	59	59	\$250,000	\$0	\$5,681	(\$5,250)	\$250,431	(\$36,066)	(\$8,373)	\$205,991	\$44,399	\$0	\$0	\$0	\$44,399
2028	60	60	\$250,000	\$0	\$6,497	(\$5,250)	\$251,247	(\$35,578)	(\$8,353)	\$207,317	\$44,834	\$0	\$0	\$0	\$44,834
2029	61	61	\$250,000	\$0	\$7,309	(\$5,250)	\$252,059	(\$35,085)	(\$8,332)	\$208,642	\$45,269	\$0	\$0	\$0	\$45,269
2030	62	62	\$250,000	\$0	\$8,116	(\$5,250)	\$252,866	(\$34,588)	(\$8,312)	\$209,967	\$45,704	\$0	\$0	\$0	\$45,704
2031	63	63	\$0	\$0	\$8,919	\$0	\$11,169	(\$18,081)	(\$8,291)	\$0	\$0	\$0	\$0	\$0	\$0
2032	64	64	\$0	\$0	\$8,249	\$0	\$11,406	(\$17,440)	(\$8,271)	\$0	\$0	\$0	\$0	\$0	\$0

Note: All results are presented in Today's Dollars.

[Export as CSV](#)

This table presents detailed information used in computing taxes each year.

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Net Worth

[Chart View](#) [Table View](#)

Year	Jack's Age	Sarah's Age	Regular Assets	Housing Equity	Real Estate Equity	Jack's Retirement Account Assets	Sarah's Retirement Account Assets	529 Assets	Reserve Fund Assets	Total
2020	52	52	\$93,801	\$208,800	\$0	\$306,750	\$766,875	\$0	\$0	\$1,376,226
2021	53	53	\$149,976	\$223,911	\$0	\$309,750	\$774,375	\$0	\$0	\$1,458,012
2022	54	54	\$203,899	\$239,087	\$0	\$312,750	\$781,875	\$0	\$0	\$1,537,611
2023	55	55	\$257,710	\$254,335	\$0	\$315,750	\$789,375	\$0	\$0	\$1,617,170
2024	56	56	\$325,813	\$269,663	\$0	\$318,750	\$796,875	\$0	\$0	\$1,711,101
2025	57	57	\$393,836	\$285,075	\$0	\$321,750	\$804,375	\$0	\$0	\$1,805,036
2026	58	58	\$460,151	\$300,579	\$0	\$324,750	\$811,875	\$0	\$0	\$1,897,355
2027	59	59	\$526,273	\$316,182	\$0	\$327,750	\$819,375	\$0	\$0	\$1,989,580
2028	60	60	\$592,016	\$331,890	\$0	\$330,750	\$826,875	\$0	\$0	\$2,081,531
2029	61	61	\$657,394	\$347,711	\$0	\$333,750	\$834,375	\$0	\$0	\$2,173,230
2030	62	62	\$722,403	\$363,651	\$0	\$336,750	\$841,875	\$0	\$0	\$2,264,679
2031	63	63	\$668,194	\$379,718	\$0	\$336,750	\$841,875	\$0	\$0	\$2,226,537
2032	64	64	\$618,565	\$395,919	\$0	\$336,750	\$841,875	\$0	\$0	\$2,193,110

Note: All results are presented in Today's Dollars.

[Export as CSV](#)

This chart reflects your total Net Worth based on your Regular Assets, Housing Equity (after any mortgage is repaid), Retirement Accounts, Real Estate Equity and any 529 educational account assets. Maxifi Planner uses all household assets – except housing equity – to support Annual Fixed and Discretionary Spending through the last year of life.

Jack's Estate

Year	Jack's Age	Sarah's Age	Regular Assets	Housing Equity	Real Estate Equity	Jack's Retirement Account Assets	529 Assets	Reserve Fund	Jack's Life Coverage	Jack's Bequest	Jack's Funeral	Jack's Net Estate
2020	52	52	\$93,801	\$208,800	\$0	\$306,750	\$0	\$0	\$0	\$0	\$0	\$609,351
2021	53	53	\$149,976	\$223,911	\$0	\$309,750	\$0	\$0	\$0	\$0	\$0	\$683,637
2022	54	54	\$203,899	\$239,087	\$0	\$312,750	\$0	\$0	\$0	\$0	\$0	\$755,736
2023	55	55	\$257,710	\$254,335	\$0	\$315,750	\$0	\$0	\$0	\$0	\$0	\$827,795
2024	56	56	\$325,813	\$269,663	\$0	\$318,750	\$0	\$0	\$0	\$0	\$0	\$914,226
2025	57	57	\$393,836	\$285,075	\$0	\$321,750	\$0	\$0	\$0	\$0	\$0	\$1,000,661
2026	58	58	\$460,151	\$300,579	\$0	\$324,750	\$0	\$0	\$0	\$0	\$0	\$1,085,480
2027	59	59	\$526,273	\$316,182	\$0	\$327,750	\$0	\$0	\$0	\$0	\$0	\$1,170,205
2028	60	60	\$592,016	\$331,890	\$0	\$330,750	\$0	\$0	\$0	\$0	\$0	\$1,254,656
2029	61	61	\$657,394	\$347,711	\$0	\$333,750	\$0	\$0	\$0	\$0	\$0	\$1,338,855
2030	62	62	\$722,403	\$363,651	\$0	\$336,750	\$0	\$0	\$0	\$0	\$0	\$1,422,804
2031	63	63	\$668,194	\$379,718	\$0	\$336,750	\$0	\$0	\$0	\$0	\$0	\$1,384,662
2032	64	64	\$619,565	\$395,910	\$0	\$336,750	\$0	\$0	\$0	\$0	\$0	\$1,351,225

Note: All results are presented in Today's Dollars.

[Export as CSV](#)

This chart reflects your total Net Worth based on your Regular Assets, Housing Equity (after any mortgage is repaid), Retirement Accounts, Real Estate Equity and any 529 educational account assets. MaxiFI Planner uses all household assets – except housing equity – to support Annual Fixed and Discretionary Spending through the last year of life.

Sarah's Estate

Year	Jack's Age	Sarah's Age	Regular Assets	Housing Equity	Real Estate Equity	Sarah's Retirement Account Assets	529 Assets	Reserve Fund	Sarah's Life Coverage	Sarah's Bequest	Sarah's Funeral	Sarah's Net Estate
2020	52	52	\$93,801	\$208,800	\$0	\$766,875	\$0	\$0	\$660,477	\$0	\$0	\$1,729,953
2021	53	53	\$149,976	\$223,911	\$0	\$774,375	\$0	\$0	\$572,973	\$0	\$0	\$1,721,235
2022	54	54	\$203,899	\$239,087	\$0	\$781,875	\$0	\$0	\$487,690	\$0	\$0	\$1,712,551
2023	55	55	\$257,710	\$254,335	\$0	\$789,375	\$0	\$0	\$388,885	\$0	\$0	\$1,690,305
2024	56	56	\$325,813	\$269,663	\$0	\$796,875	\$0	\$0	\$277,800	\$0	\$0	\$1,670,151
2025	57	57	\$393,836	\$285,075	\$0	\$804,375	\$0	\$0	\$167,075	\$0	\$0	\$1,650,361
2026	58	58	\$460,151	\$300,579	\$0	\$811,875	\$0	\$0	\$57,679	\$0	\$0	\$1,630,284
2027	59	59	\$526,273	\$316,182	\$0	\$819,375	\$0	\$0	\$0	\$0	\$0	\$1,661,830
2028	60	60	\$592,016	\$331,890	\$0	\$826,875	\$0	\$0	\$0	\$0	\$0	\$1,750,781
2029	61	61	\$657,394	\$347,711	\$0	\$834,375	\$0	\$0	\$0	\$0	\$0	\$1,839,480
2030	62	62	\$722,403	\$363,651	\$0	\$841,875	\$0	\$0	\$0	\$0	\$0	\$1,927,929
2031	63	63	\$668,194	\$379,718	\$0	\$841,875	\$0	\$0	\$0	\$0	\$0	\$1,889,787
2032	64	64	\$619,566	\$396,010	\$0	\$841,875	\$0	\$0	\$0	\$0	\$0	\$1,958,261

Note: All results are presented in Today's Dollars.

[Export as CSV](#)

This chart reflects your total Net Worth based on your Regular Assets, Housing Equity (after any mortgage is repaid), Retirement Accounts, Real Estate Equity and any 529 educational account assets. MaxiFI Planner uses all household assets -- except housing equity -- to support Annual Fixed and Discretionary Spending through the last year of life.

Spending Overview

[Chart View](#) [Table View](#)

Year	Jack's Age	Sarah's Age	Discretionary Spending	Housing	Medicare Part B Premium	Life Premium	Jack's Retirement Contributions	Sarah's Retirement Contributions	Taxes	Other Expenses	Total
2020	52	52	\$93,441	\$39,656	\$0	\$1,505	\$1,500	\$3,750	\$66,972	\$0	\$206,824
2021	53	53	\$79,920	\$39,302	\$0	\$1,404	\$1,500	\$3,750	\$67,948	\$0	\$193,824
2022	54	54	\$79,920	\$38,953	\$0	\$1,291	\$1,500	\$3,750	\$70,664	\$0	\$196,078
2023	55	55	\$79,920	\$38,608	\$0	\$1,110	\$1,500	\$3,750	\$71,302	\$0	\$196,190
2024	56	56	\$65,205	\$38,267	\$0	\$850	\$1,500	\$3,750	\$72,326	\$0	\$181,898
2025	57	57	\$65,205	\$37,930	\$0	\$548	\$1,500	\$3,750	\$73,045	\$0	\$181,978
2026	58	58	\$65,205	\$37,598	\$0	\$204	\$1,500	\$3,750	\$75,429	\$0	\$183,686
2027	59	59	\$65,205	\$37,269	\$0	\$0	\$1,500	\$3,750	\$76,154	\$0	\$183,878
2028	60	60	\$65,205	\$36,945	\$0	\$0	\$1,500	\$3,750	\$76,857	\$0	\$184,257
2029	61	61	\$65,205	\$36,625	\$0	\$0	\$1,500	\$3,750	\$77,543	\$0	\$184,623
2030	62	62	\$65,205	\$36,308	\$0	\$0	\$1,500	\$3,750	\$78,229	\$0	\$184,992
2031	63	63	\$65,205	\$35,996	\$0	\$0	\$0	\$0	\$0	\$0	\$101,201
2032	64	64	\$65,205	\$35,687	\$0	\$0	\$0	\$0	\$0	\$0	\$100,892

Note: All results are presented in Today's Dollars.

[Export as CSV](#)

Your total Annual Spending is divided into two categories: Annual Discretionary Spending and Annual Fixed Spending. When viewing as a chart, the Annual Discretionary Spending is shown in the lowest filled line and Annual Fixed Spending is represented by all other filled lines. When viewing as a table, Annual Discretionary Spending is shown in the first column and fixed spending in all remaining columns. The Other Expenses column includes 529 account contributions and expenses, reserve fund contributions, funeral expenses, bequests, and any Special Expenses you entered.

2020 Progress Tracker Transactions

Add New Transaction

Month Day Description Category Amount
Cancel Save

Date ▾	Description ⇅	Category ⇅	Amount ⇅	Actions
5/6/2020	Initial Entry	Miscellaneous	\$1,170	
5/6/2020	Initial Entry	Transportation	\$10,510	
5/6/2020	Initial Entry	Property Tax	\$2,080	
5/6/2020	Initial Entry	Labor	\$104,170	
5/6/2020	Initial Entry	Mortgage	\$11,940	
5/6/2020	Initial Entry	Utilities	\$8,180	
5/6/2020	Initial Entry	Maintenance	\$1,250	
5/6/2020	Initial Entry	Healthcare	\$4,290	
5/6/2020	Initial Entry	Apparel and Services	\$1,950	
5/6/2020	Initial Entry	Insurance	\$1,250	

2020 Progress Tracker Overview

The numbers below show how you are progressing toward meeting your income, spending, and savings projections. Go to the Transactions tab to enter progress.

Income



\$104,170 of \$250,000

\$104,170 of \$250,000

- of \$250,000
 - of \$0
 - of \$0
 - of \$0
 - of \$0
 - of \$0
 - of \$0
 - of \$0
 - of \$0
 - of \$0
 - of \$0
- Labor
 - Special Receipts
 - Pensions
 - Annuities
 - Social Security
 - Retirement Withdrawals
 - 529 Withdrawals
 - Regular Asset Interest
 - Reserve Fund Interest
 - Real Estate Receipts

Fixed Spending and Saving



\$37,330 of \$89,587

Housing Spending

- of \$0
 - \$11,940 of \$28,656
 - \$2,080 of \$5,000
 - \$1,250 of \$3,000
 - \$1,250 of \$3,000
 - of \$0
- Rent and Rental Expenses
 - Mortgage
 - Property Tax
 - Maintenance
 - Insurance
 - Net Purchases

Other Spending

- of \$0
 - \$630 of \$1,505
 - of \$0
 - of \$0
 - of \$0
- Special Expenses
 - Life Insurance Premium
 - Medicare Part B Premium
 - Real Estate Expenses
 - Real Estate Mortgage

Saving

Discretionary Spending



\$38,960 of \$93,441

- \$10,510 of \$2,102/mo
 - \$8,180 of \$1,635/mo
 - \$7,790 of \$1,557/mo
 - \$4,290 of \$857/mo
 - \$3,120 of \$623/mo
 - \$1,950 of \$389/mo
 - \$1,170 of \$234/mo
 - \$780 of \$156/mo
 - \$1,170 of \$233/mo
- Transportation
 - Utilities
 - Food
 - Healthcare
 - Entertainment
 - Apparel and Services
 - Education
 - Personal Care
 - Miscellaneous

+ Add Budget Category

\$0 of \$9 Not Budgeted

Set Up Maximization Options

The maximization options below will make sure you're getting the most out of Social Security and your retirement accounts. The report will show you how your Base Plan differs from your Maximized Plan and you'll be able to apply changes to your Base Plan.

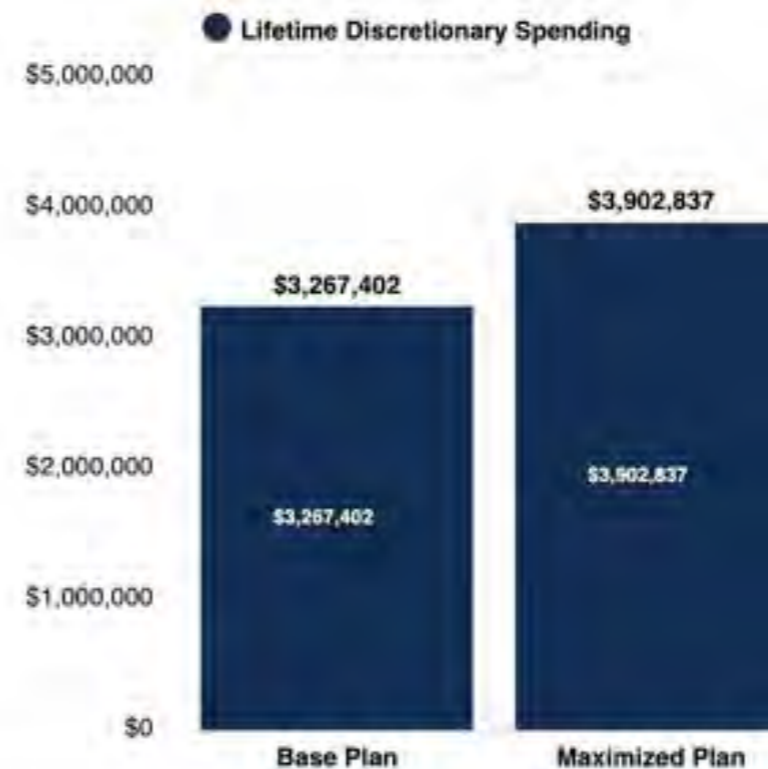
	Jack	Sarah
Maximize Household Social Security benefits?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Optimize retirement account smooth withdrawal dates?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Optimize order of Roth/Non-Roth withdrawals?	Not Applicable Need both types of account:	Not Applicable Need both types of account:
Optimize annuitization?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Limit any reduction in annual spending?		<input checked="" type="checkbox"/> No Limit

Continue

Lifetime Discretionary Spending Comparison

 **\$635,435**

Increase in Lifetime Discretionary Spending Under the Maximized Plan



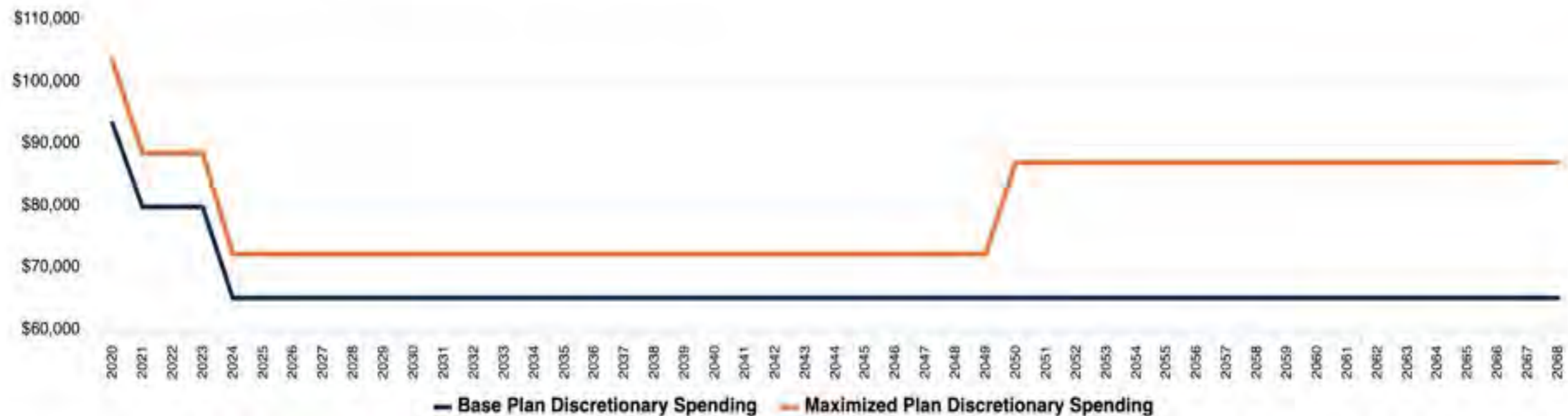
MaxiFi Planner maximized your Base Plan to raise your Lifetime Discretionary Spending by performing the following (if selected and applicable):

1. Maximizing your Social Security benefits -- determining which benefits to take and when
2. Calculating a tax-efficient retirement account withdrawal plan
3. Optimizing the use of Roth versus Non-Roth accounts
4. Stretching your retirement income via annuities

The difference in total Lifetime Discretionary Spending between your Base Plan and Maximized Plan is shown in the chart.

Next

Annual Discretionary Spending Comparison



Note: All results are presented in Today's Dollars.

Maximizing your Base Plan increases your Lifetime Discretionary Spending, but the way it changes your annual spending is important to understand. The difference between your Base Plan and Maximized Plan Annual Discretionary Spending is shown in the chart.

In most cases, your Annual Discretionary Spending increases in all years but in some cases the amount may be lower in some years and increase more later in life, usually due to delaying retirement account withdrawals. In those cases, you may want to stick with your Base Plan or modify it only part way toward the Maximized Plan. You can also set an annual spending reduction limit on the report Set Up screen. This limits reductions in Annual Discretionary Spending between the Maximized Plan and Base Plan, though it may also reduce the Lifetime Discretionary Spending payoff.

Previous

Next

Dashboard (Retire at 65 Profile)

All data and settings from the Base Profile are automatically included in this Alternative Profile, but you can modify and exclude as needed. You can also add data and assumptions that are only in this profile. Use the navigation menu on the left to review and modify the data in this profile and then return to this dashboard to run a plan comparing this profile to the Base Profile.

Comparison Report



Run a lifetime financial plan comparing this profile with one of the profiles below.

Base Profile

Run Report

Move to Nevada from California

Run Report

Maximized Alternative Plan



Maximize your lifetime spending under this Alternative Profile. Maximization considers thousands of Social Security collection and Retirement Account withdraw strategies to safely raise your lifetime benefits and lower your lifetime taxes.

Run Report

Monte Carlo Risk Analysis



Run Monte Carlo simulations to understand how your investment and spending decisions can impact your future living standard outcomes in this profile compared with the Base Profile.

Run Report

Survivor Report



Run a report to see a comparison between this profile and the Base Profile of the impact of one spouse/partner dying unexpectedly.

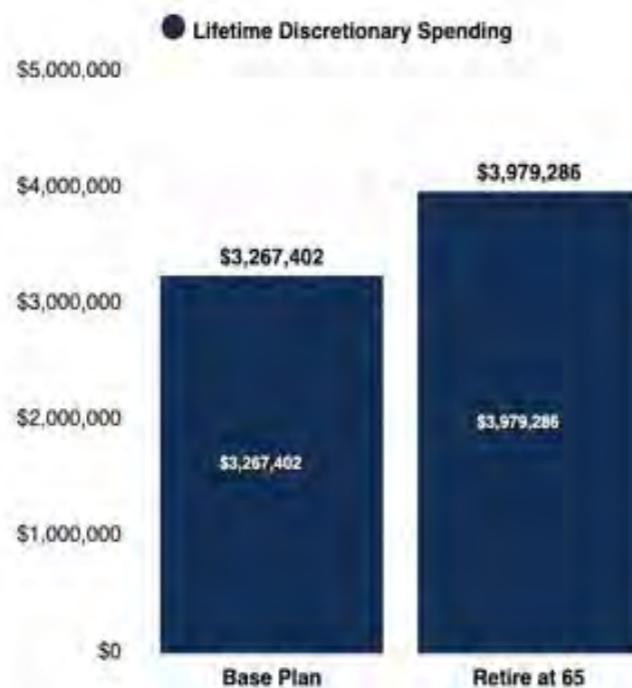
Run Report

Lifetime Discretionary Spending

The chart below shows the difference in Lifetime Discretionary Spending between the Base Plan and Retire at 65.

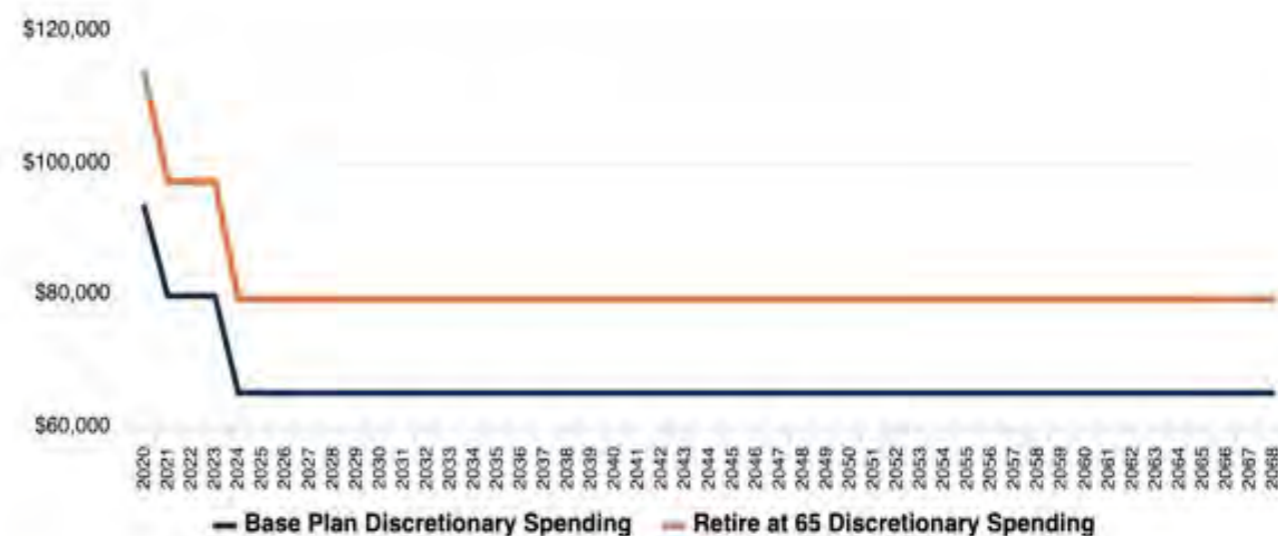
\$711,884

Increase in Lifetime Discretionary Spending Under the Retire at 65



Annual Discretionary Spending

The chart below compares Annual Discretionary Spending between the two plans. To see other plan results compared, click the 'Compare' tab above.



Next Steps

Click the button to adopt the Retire at 65 as your Base Plan.

Glossary

Lifetime Present Value

Frequently Asked Questions

Why does my annual discretionary spending amount go up? I thought it was

Dashboard (Move to Nevada from California Profile)

All data and settings from the Base Profile are automatically included in this Alternative Profile, but you can modify and exclude as needed. You can also add data and assumptions that are only in this profile. Use the navigation menu on the left to review and modify the data in this profile and then return to this dashboard to run a plan comparing this profile to the Base Profile.

Comparison Report



Run a lifetime financial plan comparing this profile with one of the profiles below.

Base Profile

Run Report

Retire at 55

Run Report

Maximized Alternative Plan



Maximize your lifetime spending under this Alternative Profile. Maximization considers thousands of Social Security collection and Retirement Account withdraw strategies to safely raise your lifetime benefits and lower your lifetime taxes.

Run Report

Monte Carlo Risk Analysis



Run Monte Carlo simulations to understand how your investment spending decisions can impact your future living standard out this profile compared with the Base Profile.

Run Report

Survivor Report



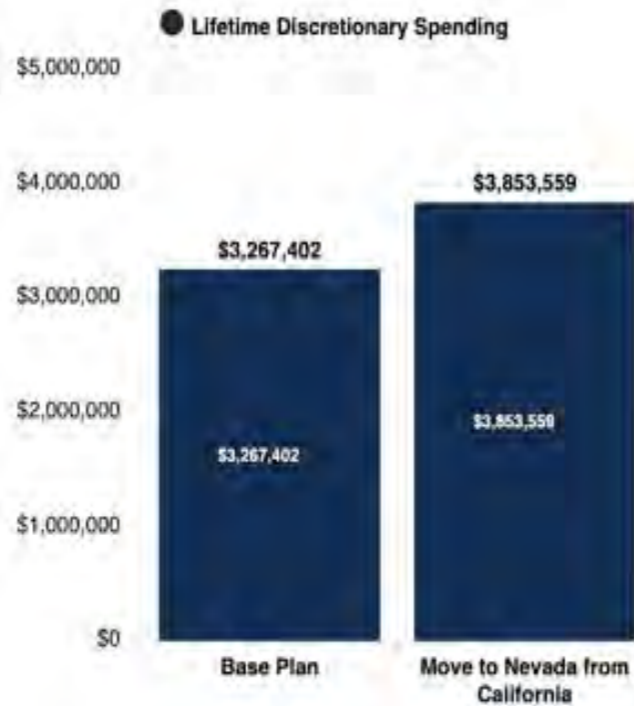
Run a report to see a comparison between this profile and the Base Profile of the impact of one spouse/partner dying unexpectedly.

Run Report

Lifetime Discretionary Spending

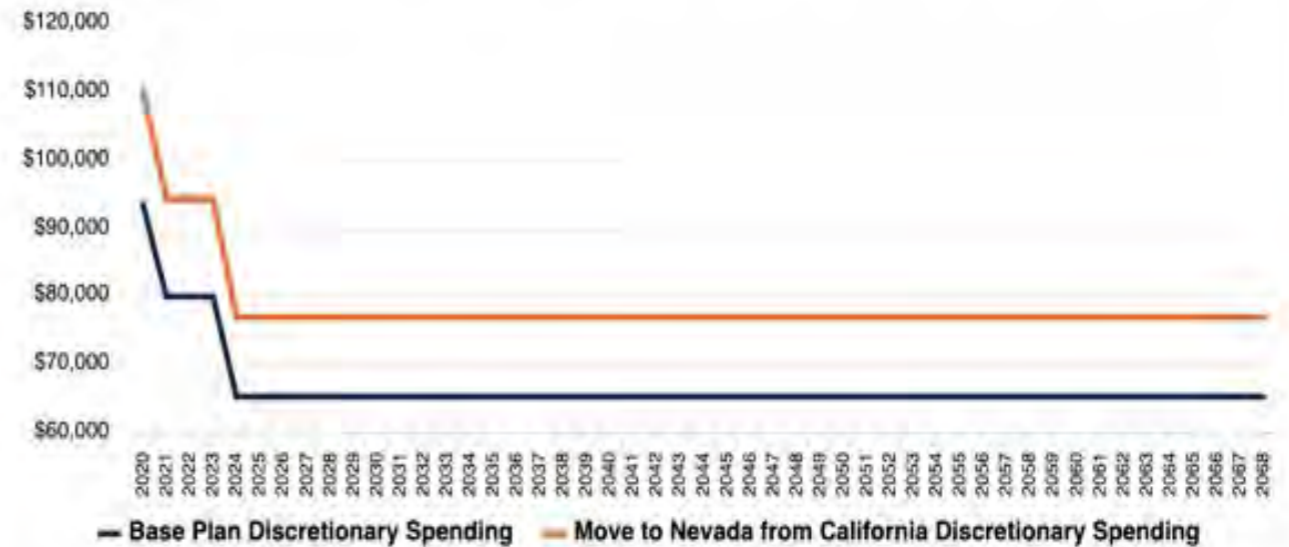
The chart below shows the difference in Lifetime Discretionary Spending between the Base Plan and Move to Nevada from California.

\$586,157
Increase in Lifetime Discretionary Spending Under the Move to Nevada from California



Annual Discretionary Spending

The chart below compares Annual Discretionary Spending between the two plans. To see other plan results compared, click the 'Compare' tab above.



Resources

www.maxifi.com

User Manual--<https://maxifiplanner.com/manual/overview>

Video Tutorials--<https://maxifiplanner.com/manual/video-tutorials>

Customer Support--<https://maxifiplanner.com/customer-support>

Contact Us--<https://maxifiplanner.com/contact>

Referral Program

[Return to Calculator](#)



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My referrals

Registered Product: MaxiFi Planner Standard

License Expiration: 01/06/2021

History

Member for

3 months 4 weeks

Your referral link

<https://maxifiplanner.com/referral/>

Share this referral link with a friend and add 2 free months to your license expiration if they purchase within 60 days of clicking this link. This referral bonus will only work when referring new users, not existing users who are renewing their license.

Q & A



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www.linkedin.com/in/laurencekotlikoff/

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Thank You For Participating!

