

Financial *Life* Planning



INCOME FOR LIFE WORKBOOK II
Calculating MLI (My Life Index)

Questions we will answer:

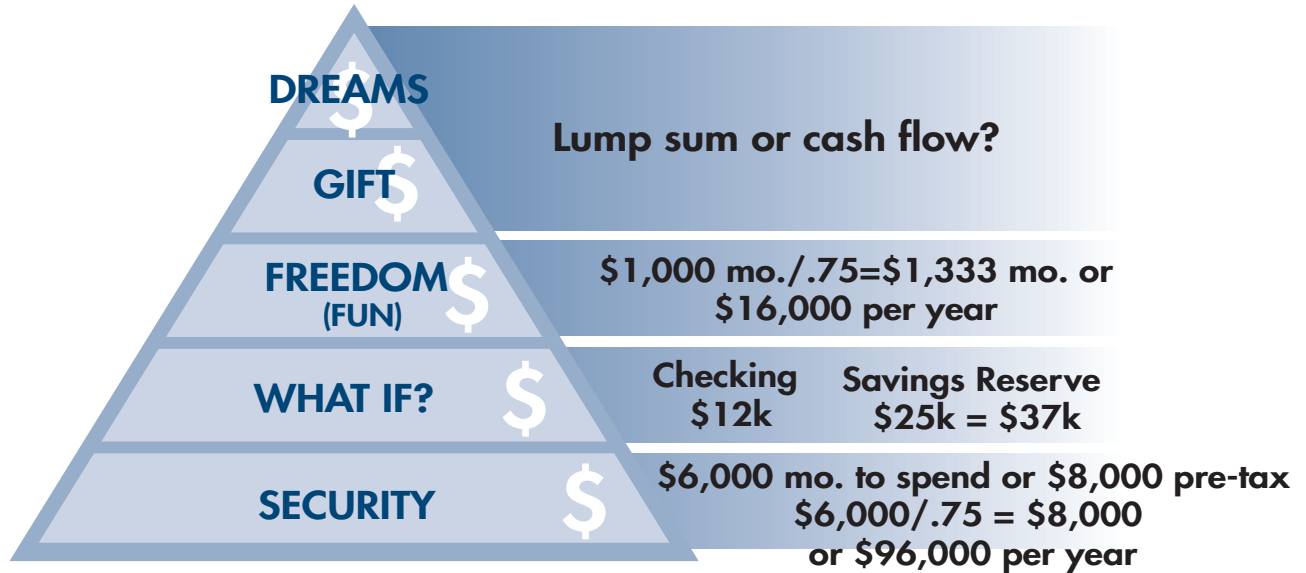
- 1. How much do you need to live your life?***
- 2. How much capital are we working with?***
- 3. How much do I need each month/year?***
- 4. What do I need to live my life?***
- 5. Where can I get the return I need?***
- 6. Can I help others and still live my dreams?***

TASK 1

THE MASLOW CONVERSATION



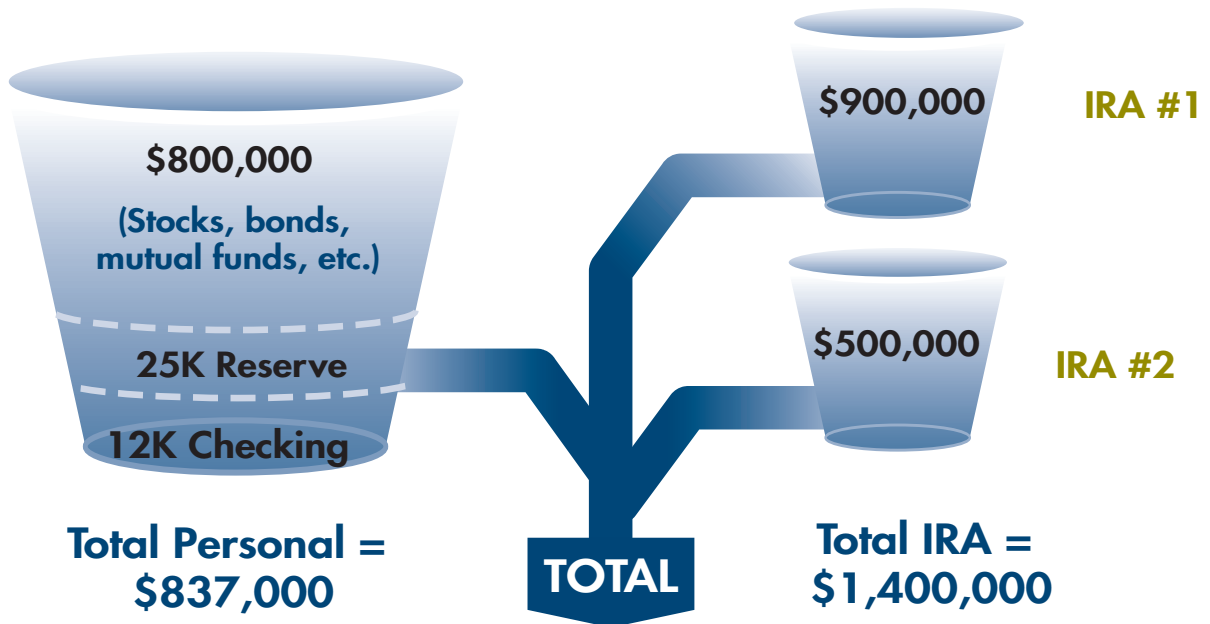
Q. How much do you need to live your life?
(inflation adjusted)



TASK 2

FILL UP THE BUCKETS

Q. How much capital are we working with?

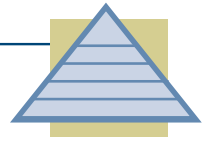


Reserve \$2,237,000
-\$37,000

\$2,200,000 = Capital at work

TASK 3

ESTABLISH CASH FLOW TARGET



Q. How much do I need each month/year?

SECURITY GOAL: \$8,000 per month

FREEDOM GOAL: \$1,334 per month

GOAL TOTAL = \$9,334 per month pre-tax

(Less) PENSIONS: - \$0

(Less) Social Security: - \$2,400

**\$6,934 per month x 12 = \$83,208
Needed per year from investments**

TASK 4

CALCULATING MY LIFE INDEX (MLI)

Q. What do I need to live my life?

\$2,200,000 Capital at Work

\$83,208 Need

FORMULA

Need divided by Capital at Work =
Annual Total Return to Meet Goal

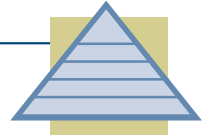
e.g. $\$83,208 / \$2,200,000 = 3.8\%$

Annual Total
Return Required

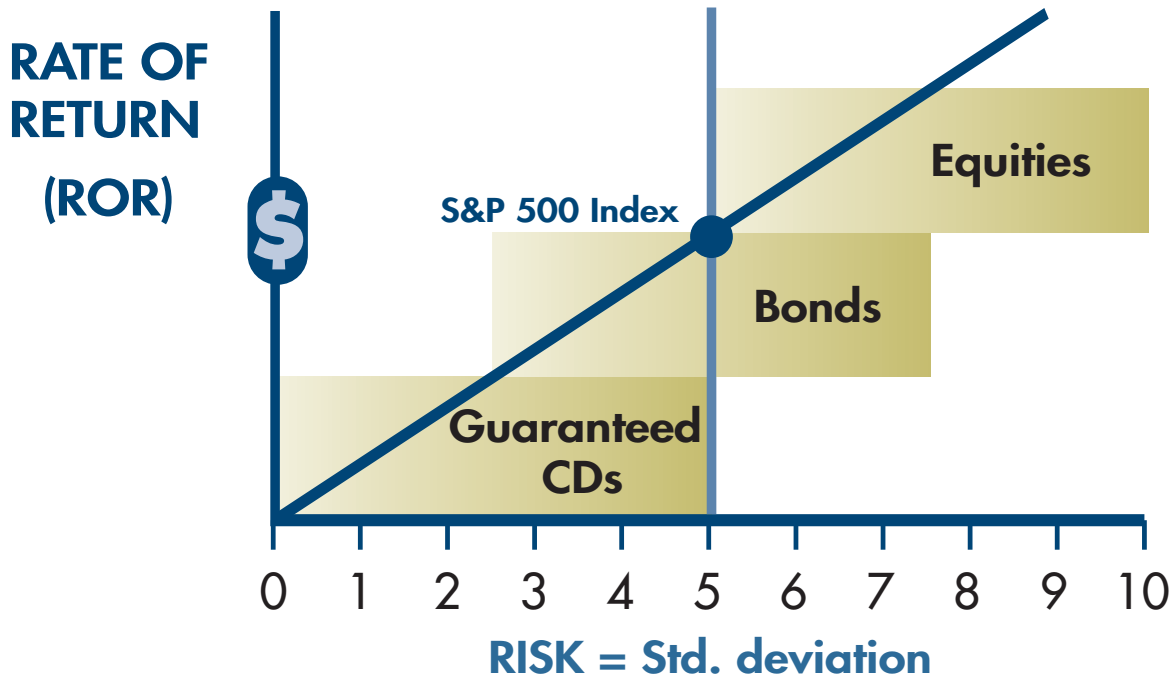
3.8% is MLI (MY LIFE INDEX)

TASK 5

UNDERSTANDING RATE OF RETURN



Q. Where can I get the return I need?



Pick a Number from zero to 10

TASK 6

HELP OTHERS/LIVE MY DREAMS

Q. Can I help others and still live my dreams?

- Re-examine Maslow:
How do I want to fund gifts, dreams?
- Does that change the amount of my money at work?
- Does that change my targeted return (MLI)?