

Interactive 5-Year Plan

Input Area				Output Area			
Client Name	John Smith	Plan Date	7.10.2020	Financial Life	3.7	Net worth/Income	
Income	\$ 75,000	Portfolio	\$ 400,000	Stage Ratios	11.4	Portfolio/Living Exp.	
FMV Home/RE	\$ 200,000	Appr. Rate	2%	Leverage (A3)	5	Home FMV/(FMV-Mtg)	
1) Net Worth target growth rate	15%	5) Debt incl. mtg	\$ 160,000	Home/RE ROI	10%	Appreciation Rate x Leverage	
2) Income growth rate	3%	6) Ave yr payoff	\$ 6,500				
3) Savings pct.	10%	7) Living expenses	\$ 35,000				
4) Portfolio ROI	3.2%						

Year	Net Worth	Savings	+ Home App	+ ROI	+ Debt Red =	TOTAL (+/-)	Strategy Goal	Net Worth History Rpt	
							NET WORTH	Actual	Date
0	\$ 275,000	\$ 7,500	\$ 4,000	\$ 12,800	\$ 6,500	\$ 30,800	\$ 305,800		
1	\$ 316,250	\$ 7,725	\$ 4,080	\$ 13,322	\$ 6,500	\$ 31,627	\$ 337,427		
2	\$ 363,688	\$ 7,957	\$ 4,162	\$ 13,865	\$ 6,500	\$ 32,483	\$ 369,909		
3	\$ 418,241	\$ 8,195	\$ 4,245	\$ 14,430	\$ 6,500	\$ 33,370	\$ 403,279		
4	\$ 480,977	\$ 8,441	\$ 4,330	\$ 15,018	\$ 6,500	\$ 34,289	\$ 437,568		
5	\$ 553,123								

EOY	Income	FMV home	Portfolio	Portfolio Actual	Notes
1	\$ 77,250	\$ 204,000	\$ 416,300		
2	\$ 79,568	\$ 208,080	\$ 433,267		
3	\$ 81,955	\$ 212,242	\$ 450,926		
4	\$ 84,413	\$ 216,486	\$ 469,307		
5	\$ 86,946	\$ 220,816	\$ 488,436		

Net worth and portfolio numbers are snapshots of your wealth through time. Other numbers are measures of your activities/strategies through time.

Seven Levers: Your goal and 6 strategies to achieve your goal

- (1) Target Net Worth growth rate. This is the WHAT. Strategies are the HOW. What is your purpose or WHY?
- (2) Income growth rate. Measure of personal development (investment in yourself) and value added.
- (3) Savings rate. Measure of what you keep by paying yourself first.
- (4) Portfolio expected ROI. Based on risk score--how much you are willing to lose as measured by asset allocation & portfolio volatility.
- (5) Return on home equity (ROE/ROI) based on leverage created by mortgage (OPM).
- (6) Debt payoff. Average annual principal reduction.
- (7) Living Expenses. Measure of how intelligently you value things.