

User Guide: How to Use the Wealth Planner

Application: Foothills Property R&R Wealth Planner **Version:** v22

Introduction

This tool is a **Cash Flow Simulator**. Unlike simple calculators that just assume an average return, this tool simulates your financial life year-by-year. It checks if your income covers your bills, calculates the exact tax owed on any withdrawals, and projects how long your portfolio will last.

Step 1: Profiles & Timeline

- **Current Age:** Your age today.
- **Retirement Age:** The age you stop your primary career.
- **Plan Until (Age):** Standard planning horizon is 95.
- **Inflation (%):** The rate at which life gets more expensive.
 - *Recommendation:* 3.0% is standard. 4.0% is a "Stress Test."
- **Spouse Plan Until (CRITICAL):**
 - Use this to model "Survivor Scenarios."
 - *Example:* If you set Spouse Plan Until to 75, the tool assumes the spouse passes away at that age.
 - *Impact:* The tool will automatically drop the lower Social Security check and switch your taxes to **Single Filer** status (the "Widow's Penalty").

Step 2: Income Sources

- **Current Annual Income (Net):** Enter your **Take-Home Pay** (after taxes).
 - *Why?* While you are working, the tool assumes you pay bills from this net amount. It calculates **\$0 additional tax** during working years.
- **Social Security:**
 - Enter the Monthly Benefit and the Claim Age (e.g., 67 or 70).
 - *Note:* North Carolina residents have 0% State Tax on this income (handled automatically).
- **Part-Time / Other:**
 - Use this for "Bridge Income" (e.g., Consulting from age 65-68) or Rental Income.

Step 3: Expenses & Taxes

- **Tax Year Model:**
 - **2025/2026 (Official):** Uses exact IRS brackets.
 - **Future Years:** If you select 2027+, the tool estimates bracket expansion based on the "Tax Adjustment Factor" (standard is 3.0%).

- **Retirement Spending Stages:**
 - Retirees rarely spend the same amount forever.
 - *Go-Go Years (65-75):* Higher spending (Travel, Hobbies).
 - *Slow-Go Years (76-85):* Moderate spending.
 - *No-Go Years (86+):* Lower spending (but watch for medical costs).
- **Recurring Annuals:** Use this for specific line items like "Health Insurance" (Age 60-65) or "Travel Fund" (Age 65-75).

Step 4: Portfolio & Returns

- **Assets:** Enter your *Pre-Tax* (401k/IRA) and *Post-Tax* (Brokerage) balances.
- **Return Stages (Sequence of Returns Risk):**
 - This is the most powerful feature for stress testing.
 - *Scenario:* What if the market crashes right when I retire?
 - *Action:* Add a Return Stage for **Age 65-68** with a **-15%** return. See if your plan survives.

Step 5: One-Time Events

- **Positive Amounts:** Inflows (Inheritance, Sale of Business).
- **Negative Amounts:** Outflows (Wedding, New Car, Roof Replacement).
- **Note:** Large outflows trigger a "Tax Gross-Up." To buy a \$50,000 car, the tool might withdraw \$65,000 to cover the taxes.

How to Analyze the Results

1. **Check the "Gap" Column:**
 - **Positive (Green):** You have more income than expenses. The surplus is saved.
 - **Negative (Red):** You have a deficit. The tool is withdrawing from your portfolio.
2. **Check "Total Tax":**
 - Notice how it changes when your Filing Status changes (e.g., after a spouse death event).
3. **Check "End Balance":**
 - Does it hit **\$0?** If so, you have outlived your money. Adjust your spending or retirement age.