FREEDOMFOUNDERS.COM SPECIAL REPORT

How Much Will You Need To Retire?

The Frustrated Doctor's Guide to Creating Lifestyle Freedom Faster Than You Ever Thought Possible

Quick Start Formula

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This Quick Start Formula is a supplement to:

How Much Will You Need to Retire?
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Quick Start Formula

Begin with the end in mind… and reverse engineer.

I. Income Replacement (replacing your labor-produced income):

How much income do you need to replace for your desired lifestyle post-practice? Assume that current debt obligations and any known future major obligations have been provided for (tip: don't retire until these have been handled).

(a)**$**0__________(monthly lifestyle income required) **X 12** months **=**
(b)**$**0__________(annual income required)
Gross up for taxes (est. 25% effective rate):
(b)**$**0\_\_\_\_\_\_\_\_\_\_ **X 1.33 =** (c)**$**0__________ (total annual income req.)

Inflation (best guestimate) **= 4%** per year
(We'll deal with inflation in the asset investment section)

II. Current Passive Cash Flow (investment returns)

What is your current passive cash flow income from investment capital/assets? (stocks, bonds, annuities, real estate)

(f)**$**0____________(annual passive cash flow).
(c)**$**0\_\_\_\_\_\_\_\_\_\_\_\_ **minus** (f)**$**0____________ **=**
(g)$0____________(your current "income gap")*

*Note: Depending on "your number 'g'," you have two choices in order to retire or transition out sooner:
1. Reduce your retirement lifestyle expectation (and/or)
2. Increase your investment capital and return expectations

III. Available Capital Investment

What is your best estimate of the proceeds from the sale of your business or professional practice after tax?
= (h)**$**0____________

Estimate the dollar amount of your current investment capital that is "under-invested" because of fear or indecision about the economy? For example, is a significant (20% or more) of your current investment capital invested in savings, CD's or US T-bills? **=** (i)**$**0____________

Any other anticipated capital from asset sale or inheritance? = (j)$ 0

(h)$ 0 + (i)$ 0 + (j)$ 0 =

(k)$ 0 (net available capital for investment)

IV. Return on Investment:*

What can you expect as your average annual before tax return on investment (based on your investment acumen, risk tolerance and past history)?

1% CD's, bank savings, U.S. T-Bills
2% Same as above
4% Municipal bonds (tax-preferred increases rate of return by approximately 25%)
8% secured, low risk, low volatility real estate investments
10% secured, low risk, low volatility real estate investments

(r) 0 **%** (put your best guess number here) **x** (k) $ 0

= (l) $ 0.00 per month

*Note: return on capital investment is the quandary of every investor and of every retiree. Safety and principal preservation must by high on the list of priorities, however current conservative returns (CD's, savings, US T Bills) are historically low today. The final variables that have a huge impact on the future lifestyle of the retiree are **1) taxes** and **2) inflation** (the "hidden tax").

V. Hypothetical Example:

For the purpose of comparison, in this example, you determine that your desired post-retirement lifestyle would be well served with **$10,000/month X 12 months = $120,000/year**.

Remember: This number does not include consumer debt (personal residence, auto, vacation home, personal credit card or other personal debt). This debt needs to be paid off before your retirement date.*

*Tip: paying off existing debt and building net worth and passive cash flow can be done simultaneously with the right plan of action and investment strategy. Most businessmen and professional practice owners have never had a viable plan or strategy and have relied on outmoded financial advisor plans that concentrate investments in stocks, bonds and annuities – all financial products highly susceptible to volatility in the market place.

$120,000 X 1.33 (to gross up for taxes) **= $150,000/yr.** (income requirement for post-retirement lifestyle)

What's Your Rate of Return? (on your available investment capital)? See your answer (r) above.

Reverse Engineer callout: fix $150,000
$150,000/yr. passive income requires:
@ 1% return............$15.0M capital investment required
@ 2% return............$7.50M capital investment required
@ 4% return............$3.75M capital investment required
@ 8% return............$1.875M capital investment required
@ 10% return..........$1.5M capital investment required

The point is, your ability to safely earn a higher rate of return on investment is a major key to your ability to retire or slow down sooner without having to reduce your desired retirement lifestyle.

VI. How and Why Real Estate is Your Best Bet to Secure Your Retirement Lifestyle

Real estate provides these I.D.E.A.L. benefits that no other investment asset class provides:

Income (cash flow or interest)
Depreciation (tax advantage)
Equity (real estate can be purchased at a discount forced through property improvements, or realized via appreciation/inflation, net worth build-up)

Amortization (pay down of debt through rental income, equity build-up, net worth)

Leverage (real estate growth can be greatly enhanced through the use of safe and prudent leverage)

VII. The Inflation Factor

Fixed income investments are highly susceptible to inflation (the hidden tax that destroys wealth not indexed to inflation).

Secured real estate investments provide:

1. Hard asset investments (security)
2. Cash flow (dividends)
3. Inflation protection (growth).

Real estate cash flows (rents and/or interest payments) rise with inflation as does the intrinsic value of real estate.

VIII. Tax-Preferred Investments

Taxes must be a consideration in any investment and retirement planning. Tax rates will only go up in the future.

Real estate is a "tax-preferred" investment. Expenses and depreciation write-offs are two of the tax advantage of real estate 1031 exchanges (exchanging the profit or gain from one real estate property to another without paying current taxes on that profit).

Self-directed IRA's and Qualified Retirement Accounts
Very few people understand that real estate is an allowable option for retirement accounts. There are many IRS-approved third party custodians who can assist with setting up self-directed accounts which allows the account holder to "direct" or make their own investment decisions.