

## Personal Financial Projection Tool – Introduction & Instructions

The purposes of the Personal Financial Projection Tool are to:

- (1) Collect comprehensive information about your income, assets, liabilities, and expenses to better manage your personal finances and develop a realistic budget; and
- (2) Analyze this financial information to estimate how long your income and assets will last before, if ever, needing to seek RHSP support.

**Note:** The *Personal Financial Projection Tool* is not meant to replace the input a financial advisor can give you on how to better manage your finances, but it may give you an indication that such professional services would be helpful.

The Personal Financial Projection Tool is built on an Excel platform and collects data on four different worksheets: 1) Income; 2) Assets/Liabilities; 3) PP Expenses; and 4) Non-PP Expenses. The information that you supply on each worksheet will show up in the final Projection Analysis worksheet.

The Projection Analysis worksheet makes certain conservative assumptions about savings rate of return, percentage of income increases, etc. *Note:* Since each individual/couple have different financial circumstances, they can change these assumptions based on their financial reality.

**Instructions:** In using this tool, it is helpful to be familiar with Excel or to work with someone who is familiar with the program.

- Complete each of the four (4) worksheets before completing the Financial Projection worksheet.
- Place income and expense information into one or more frequency category, i.e. monthly, semi-annual, or annual. *Note:* Be careful to avoid double or triple counting by putting *the same financial information* in more than one category. The tool is designed to convert semi-annual and annual information into monthly amounts on the Project Analysis worksheet.
- Indicate present age(s) on the Projection Analysis worksheet as well as any modifications in the rates of inflation, rate of return on savings, or rate of increase for income. Projections will be based on the person with the youngest age since that person's income and assets has to last the longest.
- Update the worksheets annually, preferably when preparing taxes or at any time there is a major change in financial circumstances, e.g. loss of income due to spouse's/partner's death, etc.