

RBC Retirement Funding Sensitivity[®] Analysis



Wealth
Management

Sample illustration

Investors and financial advisors who are interested in taking a planning approach to funding retirement often use popular forecasting models to quantify expectations and predict outcomes. Looking at numbers that represent future possibilities helps take some of the “guess work” out of their decisions.

One drawback to using these models is it can be hard to interpret the data, because context about major assumptions (variables) used to calculate “the number” are not provided. However, RBC Retirement Funding Sensitivity[®] Analysis helps put forecasting numbers into perspective. By showing how changes in variables investors can control (such as how much to save and when to retire) and how changes in variables they cannot control (like inflation and longevity) may result in widely different outcomes, investors can see which variables their retirement income plan is sensitive to.

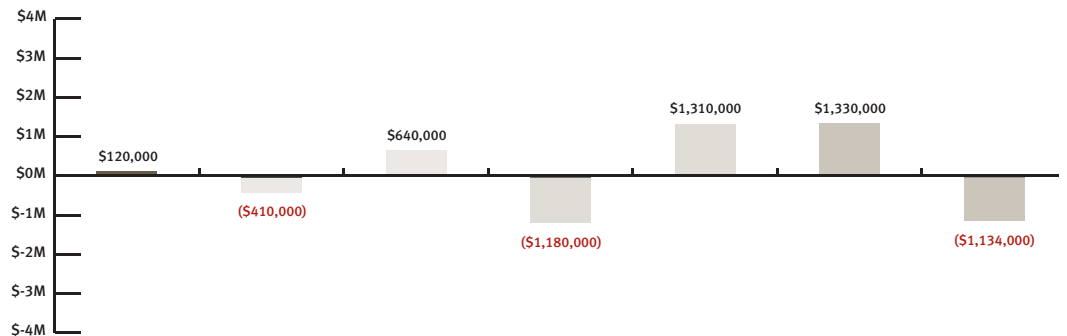
An RBC Retirement Funding Sensitivity Analysis offers a more complete approach to forecasting. Both investors and financial advisors can use the context it provides to look beyond the numbers and better understand the underlying assumptions. Its transparency also builds stronger working relationships based on the responsibilities it helps define and the trust it helps establish.

[For more information, contact your financial advisor.](#)

RBC Retirement Funding Sensitivity® Analysis

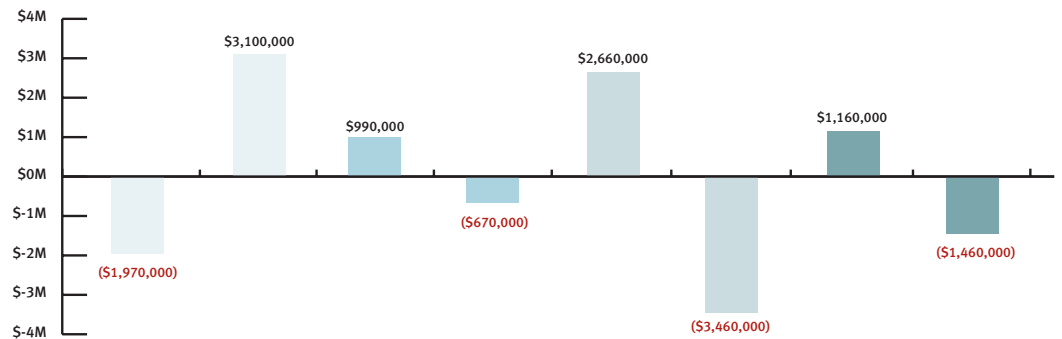
Sample Illustration

Sensitivity	Base Case	Things You Control					
		Qualified Savings		Retirement Age		Retirement Expense	
		Lower	Higher	Sooner	Later	Lower	Higher
		\$10,000	\$30,000	64	68	\$90,000	\$110,000
		1a	1b	2a	2b	3a	3b
Current Age - Client	55	55	55	55	55	55	55
Assets - Non Qualified	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
Assets - Qualified	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
Total Investment Assets	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000
Social Security 1 - Client	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Social Security 2 - Spouse	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Annual Savings Until Retirement (Qualified)	\$20,000	\$10,000	\$30,000	\$20,000	\$20,000	\$20,000	\$20,000
Retirement Age - Client	66	66	66	64	68	66	66
Assets at Retirement	\$3,110,000	\$2,960,000	\$3,260,000	\$2,770,000	\$3,500,000	\$3,110,000	\$3,110,000
Retirement Lifestyle Expense (Income After-Tax - Today's Dollars)	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$90,000	\$110,000
Investment Estimated Expected Return Rate (Pre-Tax)	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Income Tax Rate - Average	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Inflation Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Life Expectancy - Client	95	95	95	95	95	95	95
Investment Assets at Life Expectancy	\$120,000	(\$410,000)	\$640,000	(\$1,180,000)	\$1,310,000	\$1,330,000	(\$1,140,000)
Present Value	\$36,000	NEGATIVE	\$196,000	NEGATIVE	\$370,000	\$407,000	NEGATIVE
Age Investment Assets Run Out		94		92			92



	Social Security 1	Social Security 2	Cash Inflow	Cash Inflow	Cash Inflow	Cash Inflow	Cash Inflow
Current Age - Spouse		55					
Start Age	66	66	55	55	55	55	55
End Age	95	95	65	55	55	55	55
Number of Years	30	30	11	30	1	1	1
Inflation/Index	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amount \$ (Today's \$)	\$12,000	\$6,000	\$0	\$0	\$0	\$0	\$0
Tax Rate		66	0.0%	0.0%	0.0%	0.0%	0.0%
Amount \$ After-Tax		95	\$0	\$0	\$0	\$0	\$0
Future Value	\$13,388	\$6,694	\$0	\$0	\$0	\$0	\$0
Type/Description	Social Security 1	Social Security 2	Additional Savings (Taxable)	Pension			

Sensitivity	Things Hard to Control				Things Very Hard to Control			
	Investment Return Rate		Income Tax Rate		Inflation Rate		Life Expectancy	
	Lower	Higher	Lower	Higher	Lower	Higher	Lower	Higher
	5.0%	7.0%	20%	30%	2.0%	4.0%	90	100
	4a	4b	5a	5b	6a	6b	7a	7b
Current Age - Client	55	55	55	55	55	55	55	55
Assets - Non Qualified	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
Assets - Qualified	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
Total Investment Assets	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000
Social Security 1- Client	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Social Security 2 - Spouse	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Annual Savings Until Retirement (Qualified)	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Retirement Age - Client	66	66	66	66	66	66	66	66
Assets at Retirement	\$2,850,000	\$3,400,000	\$3,150,000	\$3,070,000	\$3,110,000	\$3,110,000	\$3,110,000	\$3,110,000
Retirement Lifestyle Expense (Income After-Tax - Today's Dollars)	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Investment Estimated Expected Return Rate (Pre-Tax)	5.0%	7.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Income Tax Rate - Average	25.0%	25.0%	20.0%	30.0%	25.0%	25.0%	25.0%	25.0%
Inflation Rate	3.0%	3.0%	3.0%	3.0%	2.0%	4.0%	3.0%	3.0%
Life Expectancy	95	95	95	95	95	95	90	100
Investment Assets at Life Expectancy	(\$1,970,000)	\$3,100,000	\$990,000	(\$680,000)	\$2,660,000	(\$3,460,000)	\$1,160,000	(\$1,460,000)
Present Value	NEGATIVE	\$950,000	\$303,000	NEGATIVE	\$1,204,000	NEGATIVE	\$412,000	NEGATIVE
Age Investment Assets Run Out	90			94		89		99



	Cash Outflow	Cash Outflow	Cash Outflow	Cash Outflow	Cash Outflow	Cash Outflow
Start Age	55	55	55	55	55	55
End Age	55	55	55	55	55	55
Number of Years	1	1	1	1	1	1
Inflation/Index	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amount \$ (Today's \$)	\$0	\$0	\$0	\$0	\$0	\$0
Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amount \$ After-Tax	\$0	\$0	\$0	\$0	\$0	\$0
Future Value	\$0	\$0	\$0	\$0	\$0	\$0
Type/Description						

