

PLANNING FOR OUR FINANCIAL FUTURE

“A man who does not plan long ahead will find trouble right at his door.” - Confucius



MARCH 19, 2024

College

Table of Contents

Introduction and Background	2
Goals.....	2
Beginning Financial Position.....	3
Employment and Salary Estimations	4
Taxes.....	4
Mitigating Risks: Emergency Fund and Insurance	5
Personal Behavioral Biases and Risk Tolerance.....	6
Investment Philosophy and Allocation (Active vs. Passive Investing)	7
SWOT Analysis.....	8
Year One.....	9
Income and Taxes.....	9
Expenses and Debts.....	9
Saving and Investments.....	10
Year Three	10
Income and Taxes.....	10
Expenses and Debts.....	10
Saving and Investments.....	10
Year Five	11
Income and Taxes.....	11
Expenses and Debt	11
Saving and Investments.....	11
Inflation Stress Test	11
Concluding SWOT	12
Concluding Thoughts.....	12
Appendix A- Year 1 Budgets and Ending Financial Position	13
Appendix B- Year 3 Budgets and Ending Financial Position	14
Appendix C- Year 5 Budget and Ending Financial Position	15
Appendix D- Car Depreciation	16
Appendix E- Investment and Savings Growth	16
Appendix F- Student Loan Amortizations.....	17
Appendix G- Inflation Stress Tests.....	18
Works Cited	20

Introduction and Background

Ever since I was little, money was a subject that was openly discussed in my home. Neither of my parents had much money growing up, although I believe it helped to shape their frugal, but smart, personal financial philosophy, which they have kept even after they have become very successful financially speaking. They began to teach this to my siblings and me from a young age. One example of this is the weekly allowances my siblings and I would receive when we were younger. Each week on Sunday mornings we would receive one quarter for each year old we were (when I was four, I got a \$1.00 per week, when I was five, I got \$1.25 per week). Then, they would help us allocate our allowance into three different jars, one for saving, one for spending, and one for donating, although we would always get the final say. They stressed the importance of saving and charitable giving, and these ideas have worn off onto me. As we got older, they helped us open high yield savings, checking, CDs, and Roth IRAs to contribute to, while continuing to help increase our financial literacy. This experience combined with conservatively creating a thorough budget, living below my means, and knowing the importance of charitable giving, will form the foundation for my financial plan to set myself and my future family up for financial freedom and success.

I am currently a rising senior, and at the beginning of this summer I will propose to my girlfriend, G. I will include her assets, liabilities, income, and expenses in this plan as we will get married the summer of 2025, when this plan will be set to begin, after which we will combine finances. Our beginning financial position is unusual for our age for a variety of reasons. My parents saved money diligently for my college studies, and I will graduate with zero debt. Also, G's father has passed away and she has inherited a sum of money. Wanting to be a good steward of this inheritance, G has decided to use much of this money towards her studies, hoping to attend medical school after she graduates undergrad a year after me. She will also graduate undergrad debt free.

Goals

My girlfriend and I have some lifetime financial goals that we will be working towards. Although some of these goals may not be explicitly addressed within the 5-year time horizon of this plan, laying out the goals we are aiming for will serve as a reminder why a strong financial foundation in our first few years is vitally important. The long-term goals, in order of importance, include:

1. Tithe our first 10% of income always.
2. Save enough money in 529 plans (opened at the birth of each child) to entirely pay for our children's educations.
3. Have the ability to retire at 65 with the equivalence of \$3,000,000 in today's dollars.
4. Be consumer debt free by 2033 (30 years old).
5. Purchase forever home (worth \$750,000 at time of purchase) by 2038 (35 years old).

While some of these are begun within the 5 year time horizon of this plan, I also chose short-term goals for 1 year, 3 year, and 5 year time horizons.

Year 1: We would like to start practicing living on a conservative budget, as well as begin maxing out our Roth IRAs at \$7,000 (this will be the maximum amount in 2024) and taking advantage of my full employer 401(k) match. Furthermore, we will prepare financially to allow G to attend medical school, balancing education with economics in our decision. Finally, our unique situation (married at an early age, high assets, zero debt), will create more complexity, and opportunities, when filing taxes. We will make tax efficiency a goal throughout the plan, and into the future.

Year 3: We would like to start making full interest payments on G's unsubsidized student loans to not allow the interest to be capitalized at the end of the deferment period.

Year 5: Prepare to continue living on one income even once G starts making income as a resident after Year 5. This will allow us to maximize payments towards student loans and continue to save for a down payment on a house.

Beginning Financial Position

The first step I took in the creation of our plan was to estimate and then analyze our financial position after we get married. Assuming to be married sometime in June of 2025, below is our projected financial position on July 1st, 2025.

There are a few things of note about our financial position. Neither of us will have any debts, although some will eventually appear in Year 3 before the second year of medical school for G and will be addressed later. Furthermore, our assets are higher than many people our age. The UTMA and Inherited IRAs are from G's father and will primarily be used for G's tuition. We will have one car worth about \$15,000, which will depreciate at 15% each year (see *Appendix D*). I estimated personal property at \$10,000, which includes items such as

Financial Position Beginning Year One 7/1/2025			
Assets		Liabilities	
Cash and Cash Equivalents		Student Loans	\$ -
Savings	\$ 9,500		
Checking	\$ 1,000		
Total Cash Equivalents	\$ 10,500	Total Liabilities	\$ -
Invested Assets			
UTMA (combined funds)	\$ 56,500		
Inherited Roth IRA	\$ 25,000		
Inherited Trad. IRA	\$ 25,000		
Roth IRA (Isaac)	\$ 14,000		
Roth IRA (Hope)	\$ 3,000		
401(k) (Isaac)	\$ -		
Total Investments	\$ 123,500	Net Worth	\$ 159,000
Personal Use Assets			
Car	\$ 15,000		
Personal Property	\$ 10,000		
Total Personal Use Assets	\$ 25,000		
Total Assets	\$ 159,000	Total Liabilities & Net Worth	\$ 159,000

electronics, clothing, and jewelry. Realistically, this number will likely increase year over year, I have decided to keep the estimate constant to be conservative and for simplicity.

Employment and Salary Estimations

I am a current junior, and therefore do not have any job offers. However, I have a remote business operations (sales operations) internship at COMPANY this summer. My offer includes \$33.00 per hour plus full benefits. For the purposes of this plan, I will assume I receive and accept a job offer at COMPANY and work there for the duration of the plan. My dad also works at COMPANY, so using his estimates, along with my summer wages, I arrived at a starting salary of \$75,000 in Year 1. I conservatively estimated a 3% annual wage growth,¹ as well as a \$5,000 raise at the end of Year 3 because of a promotion. I will conservatively expect no bonuses. In the event I receive a bonus, it will be added to our additional savings going towards a down payment on a house, or potentially paying down student loans.

During Year 1, G will be completing her undergraduate studies in Investigative and Medical Sciences at University. Her wages during Year 1 are based on a part time job she will likely work both this coming year (2024-25), and during Year 1 of the plan (2025-26).

Projected Income				
	Year 1		Year 3	Year 5
	\$ 75,000.00	\$	79,567.50	\$ 89,413.16
	\$ 12,000.00	\$	-	\$ -
Total	\$ 87,000.00	\$	79,567.50	\$ 89,413.16

Taxes

Throughout the duration of this plan, I calculated income taxes and checked them using a calculator from SmartAsset.² Note that all calculations use data from the 2023-2024 tax year. Taxes in Year 1 of the plan are calculated for living in CITY, MO. In Years 3 and 5, taxes will be calculated for living in our home state of STATE, where I assume G will be attending the University Medical School. In all years we will file married filing jointly.

There are a few things to note. For simplicity, and the difficulty of predicting exact circumstances along with changes in tax codes, I left some things out of the calculation. These calculations only account for earned income, and the 2023 married filing jointly standard deduction of \$27,700, plus 401(k) contribution deductions. There are minimal short-term gains from savings interest that will need to be taxed each year I did not calculate. I also left out some deductions and credits that could potentially benefit us. These could include a lifetime learning credit,³ deductions for student loan interest in Years 3-5,⁴ and child tax credits if we happen to

¹ <https://www.shrm.org/topics-tools/tools/express-requests/salary-increase-projections-2024-2023>

² [Federal Income Tax Calculator \(2023-2024\) \(smartasset.com\)](#)

³ [Education credits: questions and answers | Internal Revenue Service \(irs.gov\)](#)

⁴ [Topic no. 456, Student loan interest deduction | Internal Revenue Service \(irs.gov\)](#)

have children. While these were not taken into account in my calculations, I acknowledge their existence and would use them and any other available deductions we qualify for to our full benefit. Income tax rates can be seen below.

Income Taxes Year to Year						
	Year One		Year Three		Year Five	
	Marginal	Effective	Marginal	Effective	Marginal	Effective
Federal	12.00%	7.26%	12.00%	6.79%	12.00%	7.31%
FICA	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
State	4.95%	2.63%	6.80%	3.36%	6.80%	3.71%
Local	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%

Furthermore, long-term capital gains tax will need to be paid based on the sale of assets from the UTMA funds and the Traditional Inherited IRA. I conservatively assumed the assets we sell began at 33% of their current prices, although likely it is higher than that. The tax rates can be found in *Appendices A&B* and were checked with another tax calculator.⁵

Mitigating Risks: Emergency Fund and Insurance

At the beginning of the plan, we will be in our early twenties with substantial assets and zero liabilities. For these reasons, I would say we have a high capacity for risk. Despite this, there are still risks which need to be mitigated through various measures. First, the creation of an emergency fund. We will use the inherited Roth IRA as our emergency fund for at least the duration of the plan. I believe this to be acceptable, especially since the money will not be taxed on the way out. This is an advantage over using the UTMA or traditional IRA, especially if we sell the assets later in life while we are in a higher tax bracket. As I will be the only one working for most of the plan, we will need 6 months of nondiscretionary expenses. Although this number varies year to year, I estimate it to be between \$16,000-\$19,000. There is currently \$25,000 in the inherited Roth, which is more than enough. It is noted that there are yearly RMDs required for this account (as well as the inherited traditional IRA), but it will be conservatively assumed the increase in asset value stays consistent with the yearly RMDs.⁶ In reality, the assets will likely outpace the value of the RMDs during this time frame (about \$500 last year, which would require roughly 2% investment growth to be replaced), although the allocation will be made to be very conservative as to make sure our emergency fund does not lose significant value.

There are also various risks we will mitigate through the purchase of insurance. I plan to have car insurance for the duration of the plan, which I estimate to be about \$83 per month, based on our good credit scores, owning a decently used car, being married, and not having to drive very much at all based on a remote job and living within walking distance to the

⁵ [2024 Capital Gains Tax Calculator - Long-Term & Short-Term Gains \(smartasset.com\)](#)

⁶ [Required Minimum Distributions for IRA Beneficiaries | Internal Revenue Service \(irs.gov\)](#)

respective college campuses. Our health insurance will cost about \$500 per month, according to my father, based on the plans COMPANY offers, as well as nationwide averages. We will purchase renter's insurance, which I estimate to be at \$20 per month. Finally, I will also be purchasing life insurance. For the duration of this plan, I will be the main breadwinner for myself and my wife, which makes it necessary for me to plan for the worst. Furthermore, although we are not planning to have kids in the first 5 years of marriage, it is always a possibility, and that is a further reason to purchase life insurance. I have decided that I will purchase a \$1,000,000 policy with a 10-year term. This will provide ample coverage for my wife and potential children, at a relatively low cost. I decided it was only necessary to purchase a 10-year term as before the end of the plan I would know the outcome of medical school and be able to reevaluate the situation to decide what would be the best move next in terms of life insurance. Based on my age and being male, I estimate the cost of this insurance to be about \$25 per month.

Finally, inflation can kill returns, so it is a necessary factor to consider. I conservatively estimate inflation at 3%, 1% higher than the Fed's target,⁷ in my budgeting for our largest expenses of food and housing. Furthermore, I have constructed models that test the long-term impacts of inflation on my plan, which will be discussed in more detail later.

Personal Behavioral Biases and Risk Tolerance

"The greatest enemies of the equity investor are expenses and emotions." – John C. Bogle.⁸

As acknowledged by Bogle, oftentimes one of your biggest adversaries is yourself when it comes to finances. Knowing your own personal biases and risk tolerance is necessary to set yourself up for success. We took a few free online assessments to better understand our own biases and tolerances. In terms of risk tolerance, we tended to have roughly average risk tolerance.⁹ While I am sure I have multiple cognitive and emotional biases to a degree, I believe I struggle with loss-aversion, affinity, and conservatism biases the most. I hate seeing when my investments lose value and probably look at my investments (even long-term ones) too often, I think I would be susceptible to investing depending how I think the result will reflect our personal interests, and I tend to be quite conservative overall in my investment philosophy. G struggles most with regret aversion bias and status quo bias, which go hand in hand. She does not like making mistakes and is often comfortable staying where she is on things, even if change carries the potential for benefit. Due to these biases, I created an investment philosophy I believe will allow for sustained success while mitigating some of the potential risk created by these biases.

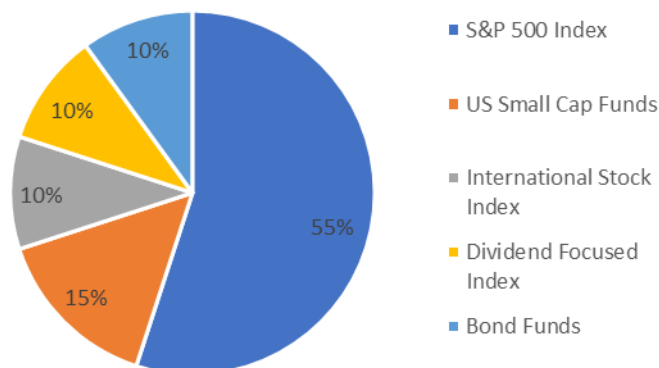
⁷ [Fed's new inflation targeting policy seeks to maintain well-anchored inflation expectations - Dallasfed.org](https://www.federalreserve.org/monetarypolicy/inflation-targeting)

⁸ [John C. Bogle quotes - FinancingLife.org](https://www.financinglife.org/quote/john-c-bogle)

⁹ https://missouri.qualtrics.com/jfe/form/SV_e5O9zdPbe1NDMWh

Investment Philosophy and Allocation (Active vs. Passive Investing)

Throughout this plan, and likely my life, I will lean heavily in favor of passive instead of active investing. Many of our goals have long time horizons (retirement goals, saving for children's college), and over the long-term, active investing rarely beats the market.¹⁰ For this reason, low-fee, mostly passive investing will be our investment philosophy. This aligns well with our personal biases and risk tolerance. While not being so conservative as to invest in only bonds (the long-term historical data does not support that), having a large stake in funds that are more passive allows me to pay minimal fees, as well as in some cases mitigate the behavioral biases of the fund managers. My preferred investment allocation is simple and can be seen below.



This is considered a strategic asset allocation strategy, which I believe suits our risk tolerance, desire to passively invest, personal biases, and desired returns based on historical data. It also allows us to reach our goal of low fees, aiming for maximum fund fees of 0.4% or less. The large portion in the S&P 500 Index diversifies across many large and successful companies, and historically has returns near 10%. The slightly more actively small-cap funds I would pursue give the portfolio a little more risk but diversify further into smaller companies. One example could be SFSNX, a small-cap fund with average annualized returns of about 8.25%, net of fees.¹¹ The further diversification is also achieved through investing internationally, one example is VTIAX, with annualized returns of about 4.75%, net of fees.¹² One thing to note about the international equity market is that it has significantly underperformed the US market in the last 15 years. Historically, international returns are closer to the US market returns, but are still able to provide diversification because although the US and international markets do affect each other, they are by no means perfectly correlated. I assume that over the next 40 years the international markets will perform better than over the last decade, but made my estimate being conservative. Investing in bond funds will likely be able provide at least 4% per

¹⁰ [Active Equity Funds Consistently Lag The S&P 500. Choose This Instead \(forbes.com\)](https://www.forbes.com/sites/stevekohn/2015/05/27/active-equity-funds-consistently-lag-the-s-p-500-choose-this-instead/)

¹¹ <https://www.schwabassetmanagement.com/products/sfsnx>

¹² <https://investor.vanguard.com/investment-products/mutual-funds/profile/vtiix#performance-fees>

year net of fees.¹³ The bonds and funds focused on companies who pay consistent and high dividends will provide our funds with more reliable steady income. One example of a dividend fund is VDIGX, with average annualized returns of over 8.5%, net of fees.¹⁴

Based on this allocation, I conservatively estimate we can earn 7% in our Roth IRA funds, and 6.5% in my 401(k) account, in which I will likely utilize a target date fund that aligns with our risk tolerance. COMPANY will match \$0.50 on the dollar for the first 4% in the 401(k), and we will contribute enough to get the maximum employer match.¹⁵ For the UTMA and inherited traditional IRA, due to their use in the short term, I will allocate their assets very conservatively, such as through 6-month ladder CDs, and did not factor any growth for them into my calculations. Finally, I believe we can earn 3% on our savings with a mix of high-yield savings accounts and short-term CDs. All returns are net of fees, but do not take inflation into account. Investment growth can be found in *Appendix E*.

In terms of debt strategy, both G and I do not like carrying debt. For this reason, debt will be avoided when possible, and paid off quickly when it is taken on using the avalanche method. However, if our mortgage or other loan has low interest rates, and I can confidently outearn those rates through other investments, it will be taken into consideration.

SWOT Analysis

As I begin this plan, I believe that our biggest strength is our marriage, for a variety of reasons. Together, we have high assets and zero debt. Our marriage will also permit us to maintain cash flow while G is working towards becoming a doctor, significantly reducing the debt she would otherwise incur. Furthermore, my job at COMPANY will be remote, which allows me to relocate to wherever G ends up going to school without changing jobs. Our marriage also provides us with certain tax benefits, such as the higher standard deduction. Finally, we are both prepared to live on a conservative budget. With these strengths, this gives us an opportunity to maximize our chances at achieving future goals. We have the future opportunity of eventually having two incomes, with one of them being a doctor's salary. This potential for high cash flow opens many doors. A weakness in the plan could potentially be if my assumptions are drastically off the mark. While I believe I made informed decisions, I cannot tell the future, and this is always a possibility. This threatens the plan for the 5-year and potentially longer-term time horizons. Another weakness is that I did not budget for children, which would increase expenses. If we have children before we plan to, they will of course be regarded as the most wonderful blessing, although the budget may have to be shifted away from such a high savings rate to compensate.

¹³ <https://finance.yahoo.com/news/whats-average-return-bond-portfolio-144731680.html>

¹⁴ <https://investor.vanguard.com/investment-products/mutual-funds/profile/vdigx#performance-fees>

¹⁵ According to my father who has a 401(k) with COMPANY.

Year One

Income and Taxes

Primary Year 1 Budget and Ending Financial Position can be found in *Appendix A*.

In Year 1, I will have a full-time remote job and G will be working part time, for a total yearly income of \$87,000. This will be the only year in which G makes income, as once she begins medical school it may be harder to have the time to work part time. During this year we will be living in CITY as G is finishing her undergraduate studies, so the taxes reflect the CITY, Missouri rates. According to 2023 tax data, we will pay \$16,130 in income taxes, as well as about \$891 in long-term capital gains tax. This is a reminder that I have not taken any deductions into consideration besides the standard deduction and 401(k) contributions to keep it conservative and simple. However, given the chance to maximize tax breaks and efficiencies, these opportunities will be used to our full advantage.

Expenses and Debts

The largest expense in Year 1 will be G's undergraduate tuition. We will sell UTMA assets to pay for it, with the sale of these assets and the capital gains tax shown in *Appendix A*.

The next largest expenses are food and housing, which total up to \$1,650 per month in Year 1. The housing is based on the rate of the apartment G will live in this coming year, and I will move into at the commencement of this plan. The utilities and other amenities are also based upon known rates, inflated a little bit for safety. Many of the other expenses were reached based upon averages or talking with multiple different older adults to see what was reasonable. One benefit of working at COMPANY is that I would be working remotely. The only transportation costs for me are to drive to the airport when, or if, I travel. Speaking of COMPANY, starting to pay recurring bills at a young age will help us to build our credit scores. We will also utilize credit cards to help build credit, but will treat them like debit cards, never spending more than we can pay off in full each month. This allows us to capitalize on certain benefits credit cards have while bolstering our credit scores. G fully having enough years on file will help us to have high enough scores with a thick enough file to qualify for more preferable interest rates on student loans or a future mortgage. There is no debt that needs to be addressed in Year 1.

One final note is that during Year 1, G will be going through the medical school interview process. While many of the application costs will have been paid before the plan starts, there are potential travel costs that could add up, depending on which medical schools she interviews at. Due to the very wide range of possible costs, I did not specifically budget for this. However, I believe I very conservatively estimated gas expenses for our situation in Year 1, giving us some flexibility there. Any further cost will need to be taken out of our excess savings, which we do have a significant amount of during Year 1.

Saving and Investments

Our Roth IRAs were maxed out in Year 1 and will continue to be for the remainder of the plan. When G is not making any income, I will use the spousal contribution option to continue to contribute to her account. I predict that at some point after G becomes a doctor, we will no longer be eligible to contribute to our Roth IRAs. Due to the great tax advantages Roth IRAs offer, we will make as many contributions as possible while we still can. My 401(k) contributions are high enough to receive the maximum employee match, which I view as free money. Our leftover cash flow will be put into a mix of high yield savings accounts and short-term CDs, primarily to begin saving for a down payment on a home.

Year Three

Primary Year 3 Budget and Ending Financial Position can be found in *Appendix B*.

Income and Taxes

In Year 3 I will provide the sole income, totaling \$79,568, while G is in her second year of medical school at the University of STATE. Both the income and capital gains taxes for Year 3 are calculated assuming we are living in the Minneapolis area. We will pay \$14,163 in total income taxes, along with \$528 in capital gains taxes from the sale of assets in the UTMA. These rates can be found in *Appendix B*.

Expenses and Debts

The largest expense in Year 3 will be G's tuition for medical school. We will pay \$15,000 of it from a combination of the sale of assets and savings, and then take out a loan for the rest. For the simplicity of the plan, I will assume all loans taken out are unsubsidized loans, at the current federal rate of 7.05%,¹⁶ although likely we will need more than the federal government allows during certain years and may have to turn to private loans or federal PLUS loans. If needing to turn to private loans, the hope is that our high credit scores allow for somewhat similar rates to bridge the gap. Again, for simplicity, my amortization schedule consists of three loans, one for year 2, 3, and 4 of medical school. At the UMN medical school, the fourth year does not require summer classes, hence why there is a lower amount for loan #3. I plan to defer payments until G obtains a job as a resident, making interest payments to not allow the interest to capitalize. Once she begins working, I estimate to be able to spend \$2,500 per month towards paying down the loans, starting with the loans with the highest interest rates. During the deferment periods, the interest payments are shown in the extra payments column. The full accelerated amortization chart can be found in *Appendix F*.

Saving and Investments

Investments did not change much from Year 1, with the Roth IRAs maxed out and the maximum employer match hit in the 401(k). The one subject of note is that there was an overall

¹⁶ [2024 Student Loan Limits for Graduates and Undergraduates \(businessinsider.com\)](https://www.businessinsider.com/2024-student-loan-limits-for-graduates-and-undergraduates)

negative cash flow of -\$2,315 to our savings this year due to paying for a portion of G's tuition from the savings.

Year Five

Primary Year 5 Budget and Ending Financial Position can be found in *Appendix C*.

Income and Taxes

After the end of Year 3, I forecasted a promotion and subsequent \$5,000 raise, along with the yearly wage growth of 3%. By Year 5, this means my salary is \$89,413. Income taxes for this year, still at STATE rates, total \$16,694. There is no further income from asset sales in Year 5, and therefore no capital gains taxes will be paid, as no gains will have been realized.

Expenses and Debt

The largest expense this year will still be G's medical school tuition, although it will be financed through loans. By this time, we will be paying the interest payments on all deferred loans, which totals \$585 per month. Housing and food are the next largest expenses, with the housing continued to be calculated based on Minneapolis averages near the University, and total \$1,957 per month. As we near the end of Year 5 and get closer to making full payments on the student loans, one thing we will focus on is making sure we do not begin to spend more money on unnecessary things once G also has an income. This way, we can put as much focus as possible towards paying down our debt.

Saving and Investments

The investment strategy has stayed similar, and boring, which I view as a good thing. We will continue to max out our Roth IRAs and reach the maximum employer match in my 401(k). Our budgeted excess savings are still not high, at only \$85 per month, but hopefully those can begin to increase in the coming years with the higher cash flow from two income streams.

Inflation Stress Test

The future is unknown to everyone. Try as we may, nobody accurately predicts the future, especially when it comes to financial markets. The situation of the markets can have a large impact upon the success of our financial plans if we fail to acknowledge the possibility of changing market conditions that could completely derail financial plans. One very prevalent example of this is inflation. Inflation cuts deeply into real returns, and I wanted to test how my plan would be able to make it through inflation, even if it stayed high for extended periods of time. To do this, I created 4 scenarios that start at the end of Year 5 and go until the end of Year 44, in which we would be 65 years old. In each scenario, the starting amount invested in retirement is \$136,817, the predicted amount at the end of Year 5. The contributions are also equal in each scenario and are as follows. Years 6-9 have annual contributions of \$17,500; Years 10-14 have annual contributions of \$30,000, Years 15-19 have annual contributions of \$40,000, and Years 20-44 have annual contributions of \$50,000. I found these contributions to be fair considering the high household income we will have, especially as G works as a family

practitioner in STATE.¹⁷ The first scenario assumes nominal returns, net of fees, of 6% from the end of Year 5-44, scenario 2 assumes 7%, scenario 3 assumes 8%, and scenario 4 assumes 9%. Within each scenario, I calculated the growth in today's dollars for inflation rates of 2%, 2.5%, 3%, and 3.5%. One calculation and all the graphs can be found in *Appendix G*. I found that in the worst-case scenario I forecasted, 6% nominal returns with 3.5% inflation, we would have \$2,907,029 in today's dollars at retirement. In the best scenario, 9% nominal returns with 2% inflation, the result is \$8,179,528 in today's dollars. From this forecast, only the absolute worst-case scenario would fail to meet our goal of being able to retire with \$3,000,000 at age 65.

Concluding SWOT

I would briefly like to reevaluate my plan at the end of 5 years. I believe a new strength is the amount we have put into retirement savings, over \$130,000, by the age of 26. Creating and living on a budget has helped us to live below our means and give us a sturdy foundation. A large opportunity is the further freedom we will have once G becomes an attending doctor, with our cash flow likely more than doubling. One weakness is the large amount of consumer debt in student loans, but I believe it will be manageable due to plans made to attack it aggressively. Finally, the largest threat to the financial plan is if future cash flow or return assumptions are very far off the mark, but we will make course and goal adjustments as time goes on if necessary.

Concluding Thoughts

As mentioned at the beginning of the plan, not every long-term goal was explicitly addressed in this 5-year plan. However, I believe at minimum, it can be seen how we are setting ourselves up for success in all of them. We have consistently taken the first 10% of our income to tithe, practicing habits we want to keep. Our ability to stick to a budget shows that when we have children, we will be able to begin setting money aside for their education. The inflation stress test shows our chances, which are good, to retire with an equivalent of \$3,000,000 in today's dollars by the time we are 65. According to my amortization schedule, we will not quite reach the goal of being consumer debt free by the age of 30 but will instead reach that goal by the age of 31, which I am still satisfied with. Finally, our saving habits coupled with the impending increase in cash flow will allow us to save enough money for a down payment on a house a few years into G becoming an attending physician. I am pleased to find that most of our goals seem to have a high likelihood of success according to this plan.

This has been one of the most enjoyable and personally satisfying projects I have done so far in my education career. Instead of creating another project that will be thrown away once it receives a grade, I was given a chance to create a plan, under the guidance from knowledgeable professionals, which has the chance to provide great value in the future. For this opportunity, I am incredibly grateful.

¹⁷ [Family medicine physician salary in STATE \(indeed.com\)](https://www.indeed.com)

Appendix A- Year 1 Budgets and Ending Financial Position

Year One Budget			
		Monthly	Annually
Income			
	Salary	\$ 6,250	\$ 75,000
	Wages	\$ 1,000	\$ 12,000
	Gross Income	\$ 7,250	\$ 87,000
Taxes			
	Federal	\$ 526	\$ 6,316
	FICA	\$ 555	\$ 6,656
	State	\$ 191	\$ 2,288
	Local	\$ 73	\$ 870
	Total Taxes	\$ 1,344	\$ 16,130
Retirement Contributions			
	401k Contribution	\$ 250	\$ 3,000
	Roth IRA	\$ 583	\$ 7,000
	Roth IRA	\$ 583	\$ 7,000
	Total Retirement Contributions	\$ 1,417	\$ 17,000
Expenses			
<u>Tithe</u>	Tithe	\$ 725	\$ 8,700
<u>Rent/Utilities/Amenities</u>	Rent	\$ 1,150	\$ 13,800
	Utilities	\$ 100	\$ 1,200
	Amenities (Parking, etc.)	\$ 150	\$ 1,800
<u>Insurance</u>	Health Insurance	\$ 500	\$ 6,000
	Car Insurance	\$ 83	\$ 1,000
	Renter's Insurance	\$ 20	\$ 240
	Life Insurance	\$ 25	\$ 300
<u>Food/Transportation</u>	Groceries	\$ 500	\$ 6,000
	Gas	\$ 150	\$ 1,800
<u>Other Expenses</u>	Hygiene/Personal Care	\$ 50	\$ 600
	Cell Phone	\$ 30	\$ 360
	Fun	\$ 150	\$ 1,800
	Miscellaneous	\$ 120	\$ 1,440
	Total Expenses	\$ 3,753	\$ 45,040
Leftover Savings		\$ 736	\$ 8,830

Year One Supplementary Budget		
Supplementary Income		
	UTMA Sales	\$ 27,000
Long-Term Capital Gains Taxes		
	Federal	\$ -
	State	\$ 891
Net Gain		\$ 26,109
Extra Expenses		
	.U Tuition	\$ 26,109
Leftover Savings		\$ -

Capital Gains Tax			
	Marginal	Effective	Amount
Federal	0.00%	0.00%	\$ -
State	4.95%	4.95%	\$ 891.00
Local	0.00%	0.00%	\$ -
Total			\$ 891.00

Financial Position End Year One 6/30/2026			
Assets		Liabilities	
Cash and Cash Equivalents			
Regular Savings	\$ 18,742	Student Loans	\$ -
Checking	\$ 1,000		
Total Cash Equivalents	\$ 19,742	Total Liabilities	\$ -
Invested Assets			
UTMA (combined funds)	\$ 29,500		
Inherited Roth IRA	\$ 25,000		
Inherited Trad. IRA	\$ 25,000		
Roth IRA	\$ 22,241		
Roth IRA	\$ 10,446		
401(k)	\$ 4,637		
Total Investments	\$ 116,824	Net Worth	\$ 159,316
Personal Use Assets			
Car	\$ 12,750		
Personal Property	\$ 10,000		
Total Personal Use Assets	\$ 22,750		
Total Assets	\$ 159,316	Total Liabilities & Net Worth	\$ 159,316

Appendix B- Year 3 Budgets and Ending Financial Position

Year Three Budget			
		Monthly	Annually
Income			
	Salary	\$ 6,631	\$ 79,568
	Gross Income	\$ 6,631	\$ 79,568
Taxes			
	Federal	\$ 450	\$ 5,403
	FICA	\$ 507	\$ 6,087
	State	\$ 223	\$ 2,673
	Local	\$ -	\$ -
	Total Taxes	\$ 1,180	\$ 14,163
Retirement Contributions			
	401k Contribution	\$ 265	\$ 3,183
	Roth IRA	\$ 583	\$ 7,000
	Roth IRA	\$ 583	\$ 7,000
	Total Retirement Contributions	\$ 1,432	\$ 17,183
Expenses			
<u>Tithe</u>	Tithe	\$ 663	\$ 7,957
Rent/Utilities/Amenities			
	Rent	\$ 1,300	\$ 15,600
	Utilities	\$ 145	\$ 1,740
	Amenities (Parking, etc.)	\$ 100	\$ 1,200
Insurance			
	Health Insurance	\$ 500	\$ 6,000
	Car Insurance	\$ 83	\$ 1,000
	Renter's Insurance	\$ 20	\$ 240
	Life Insurance	\$ 25	\$ 300
Debt			
	Student Loan Interest	\$ 165	\$ 1,974
Food/Transportation			
	Groceries	\$ 530	\$ 6,365
	Gas	\$ 150	\$ 1,800
Other Expenses			
	Hygiene/Personal Care	\$ 50	\$ 600
	Cell Phone	\$ 30	\$ 360
	Fun	\$ 100	\$ 1,200
	Miscellaneous	\$ 120	\$ 1,440
	Total Expenses	\$ 3,981	\$ 47,776
Leftover Savings			
		\$ 37	\$ 446

Year Three Supplementary Budget		
Supplementary Income		
	UTMA Sales	\$ 11,639
Long-Term Capital Gains Taxes		
	Federal	\$ -
	State	\$ 528
Net Gain		
		\$ 11,111
Extra Expenses		
	Tuition	\$ 15,000
Leftover Savings		
		\$ (3,361)

Capital Gains Tax			
	Marginal	Effective	Amount
Federal	0.00%	0.00%	\$ -
State	6.80%	6.80%	\$ 528.00
Local	0.00%	0.00%	\$ -
Total			\$ 528.00

Financial Position End Year Three 6/30/2028			
Assets		Liabilities	
Cash and Cash Equivalents			
Regular Savings	\$ 18,763	Student Loans	\$ 28,000
Checking	\$ 1,000		
Total Cash Equivalents	\$ 19,763	Total Liabilities	\$ 28,000
Invested Assets			
UTMA (combined funds)	\$ -		
Inherited Traditional IRA	\$ -		
Inherited Roth IRA	\$ 25,000		
Roth IRA	\$ 40,554		
Roth IRA	\$ 26,991		
401(k)	\$ 15,750		
Total Investments	\$ 108,295	Net Worth	\$ 119,270
Personal Use Assets			
Car	\$ 9,212		
Personal Property	\$ 10,000		
Total Personal Use Assets	\$ 19,212		
Total Assets	\$ 147,270	Total Liabilities & Net Worth	\$ 147,270

Appendix C- Year 5 Budget and Ending Financial Position

Year Five Budget			
		Monthly	Annually
Income			
	Salary	\$ 7,451	\$ 89,413
	Gross Income	\$ 7,451	\$ 89,413
Taxes			
	Federal	\$ 545	\$ 6,536
	FICA	\$ 570	\$ 6,840
	State	\$ 276	\$ 3,317
	Local	\$ -	\$ -
	Total Taxes	\$ 1,391	\$ 16,694
Retirement Contributions			
	401k Contribution	\$ 298	\$ 3,576
	Roth IRA	\$ 583	\$ 7,000
	Roth IRA	\$ 583	\$ 7,000
	Total Retirement Contributions	\$ 1,465	\$ 17,576
Expenses			
<u>Tithe</u>	Tithe	\$ 745	\$ 8,941
<u>Rent/Utilities/Amenities</u>	Rent	\$ 1,394	\$ 16,729
	Utilities	\$ 145	\$ 1,740
	Amenities (Parking, etc.)	\$ 100	\$ 1,200
<u>Insurance</u>	Health Insurance	\$ 500	\$ 6,000
	Car Insurance	\$ 83	\$ 1,000
	Renter's Insurance	\$ 20	\$ 240
	Life Insurance	\$ 25	\$ 300
<u>Debt</u>	Student Loan Interest	\$ 585	\$ 7,015
<u>Food/Transportation</u>	Groceries	\$ 563	\$ 6,753
	Gas	\$ 150	\$ 1,800
<u>Other Expenses</u>	Hygiene/Personal Care	\$ 50	\$ 600
	Cell Phone	\$ 30	\$ 360
	Fun	\$ 100	\$ 1,200
	Miscellaneous	\$ 20	\$ 240
	Total Expenses	\$ 4,510	\$ 54,118
Leftover Savings		\$ 85	\$ 1,025

Financial Position End Year Five 6/30/2030			
Assets		Liabilities	
Cash and Cash Equivalents			
Regular Savings	\$ 22,134	Student Loans	\$ 99,500
Checking	\$ 1,000		
Total Cash Equivalents	\$ 23,134	Total Liabilities	\$ 99,500
Invested Assets			
UTMA (combined funds)	\$ -		
Inherited Traditional IRA	\$ -		
Inherited Roth IRA	\$ 25,000		
Roth IRA	\$ 61,609		
Roth IRA	\$ 46,015		
401(k)	\$ 29,193		
Total Investments	\$ 161,818	Net Worth	\$ 102,108
Personal Use Assets			
Car	\$ 6,656		
Personal Property	\$ 10,000		
Total Personal Use Assets	\$ 16,656		
Total Assets	\$ 201,608	Total Liabilities & Net Worth	\$ 201,608

Appendix D- Car Depreciation

Predicted Car Depreciation					
Depreciation Rate	15%				
Year	1	2	3	4	5
Beginning Value	\$ 15,000	\$ 12,750	\$ 10,838	\$ 9,212	\$ 7,830
Depreciation	\$ (2,250)	\$ (1,913)	\$ (1,626)	\$ (1,382)	\$ (1,175)
Ending Value	\$ 12,750	\$ 10,838	\$ 9,212	\$ 7,830	\$ 6,656

Appendix E- Investment and Savings Growth

Predicted Investment Growth					
Roth IRA Growth Rate	7.0%			401(k) Growth Rate	6.5%
Year	1	2	3	4	5
<u>Roth IRAs (combined)</u>					
Beginning Balance	\$ 17,000	\$ 32,687	\$ 49,508	\$ 67,545	\$ 86,886
Contributions	14,000	14,000	14,000	14,000	14,000
Growth	1,687	2,821	4,037	5,341	6,739
Ending Balance	\$ 32,687	\$ 49,508	\$ 67,545	\$ 86,886	\$ 107,625
<u>401(k)</u>					
Beginning Balance	\$ -	\$ 4,637	\$ 9,723	\$ 15,750	\$ 22,180
Contributions	3,000	3,090	3,183	3,478	3,577
Employer Match	1,500	1,545	1,591	1,739	1,788
Growth	137	451	1,253	1,213	1,648
Ending Balance	\$ 4,637	\$ 9,723	\$ 15,750	\$ 22,180	\$ 29,193

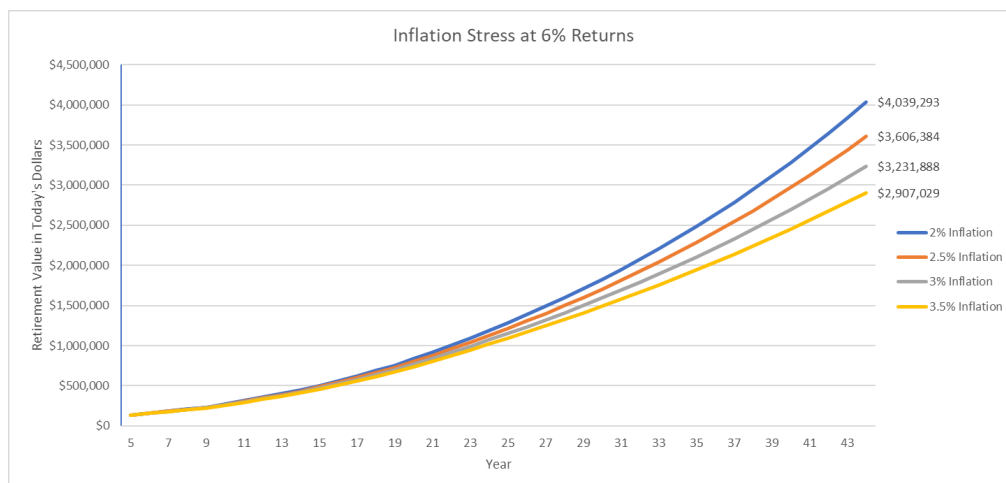
Predicted Savings Growth					
Savings Rate	3.0%				
Year	1	2	3	4	5
<u>Savings</u>					
Beginning Balance	\$ 9,500	\$ 18,742	\$ 21,078	\$ 18,763	\$ 20,472
Net Transactions	8,830	1,742	(2,915)	1,122	1,025
Interest Earned	411	594	601	586	637
Ending Balance	\$ 18,742	\$ 21,078	\$ 18,763	\$ 20,472	\$ 22,134

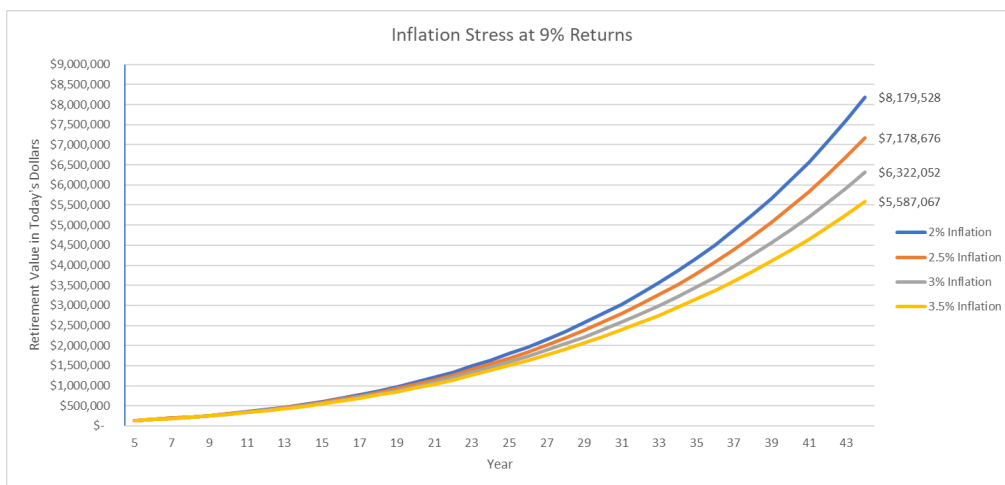
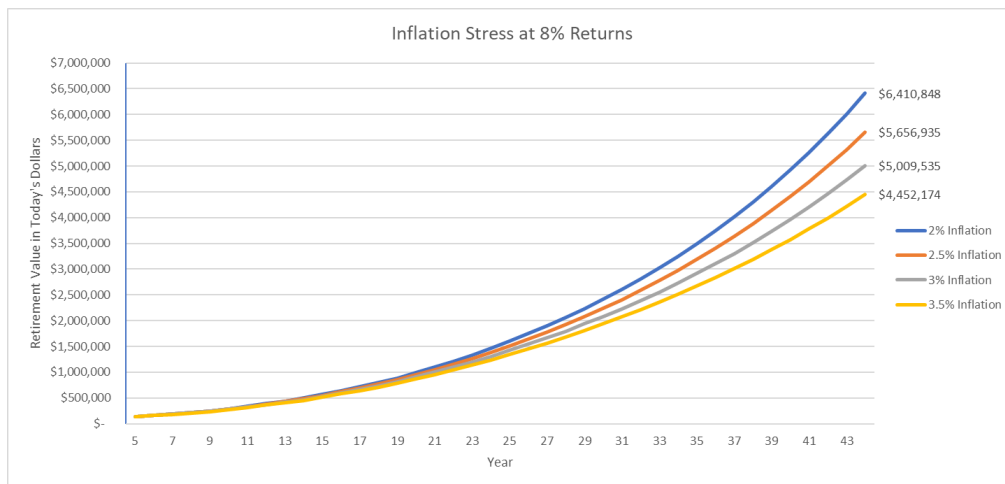
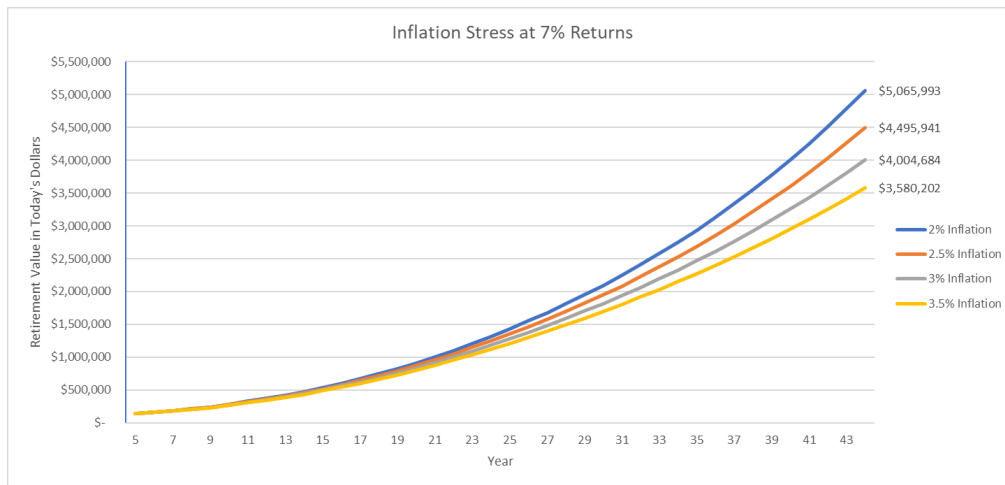
Appendix F- Student Loan Amortizations

Date	Loan #1					Loan #2					Loan #3				
	Principal	Interest	Min pmt	Extra pmt	Total pmt	Principal	Interest	Min pmt	Extra pmt	Total pmt	Principal	Interest	Min pmt	Extra pmt	Total pmt
Jul-27	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50										
Aug-27	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50										
Sep-27	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50										
Oct-27	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50										
Nov-27	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50										
Dec-27	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50										
Jan-28	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50										
Feb-28	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50										
Mar-28	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50										
Apr-28	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50										
May-28	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50										
Jun-28	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50										
Jul-28	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63					
Aug-28	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63					
Sep-28	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63					
Oct-28	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63					
Nov-28	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63					
Dec-28	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63					
Jan-29	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63					
Feb-29	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63					
Mar-29	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63					
Apr-29	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63					
May-29	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63					
Jun-29	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63					
Jul-29	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63	\$28,500.00	\$167.44	\$0.00	\$167.44	\$167.44
Aug-29	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63	\$28,500.00	\$167.44	\$0.00	\$167.44	\$167.44
Sep-29	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63	\$28,500.00	\$167.44	\$0.00	\$167.44	\$167.44
Oct-29	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63	\$28,500.00	\$167.44	\$0.00	\$167.44	\$167.44
Nov-29	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63	\$28,500.00	\$167.44	\$0.00	\$167.44	\$167.44
Dec-29	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63	\$28,500.00	\$167.44	\$0.00	\$167.44	\$167.44
Jan-30	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63	\$28,500.00	\$167.44	\$0.00	\$167.44	\$167.44
Feb-30	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63	\$28,500.00	\$167.44	\$0.00	\$167.44	\$167.44
Mar-30	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63	\$28,500.00	\$167.44	\$0.00	\$167.44	\$167.44
Apr-30	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63	\$28,500.00	\$167.44	\$0.00	\$167.44	\$167.44
May-30	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63	\$28,500.00	\$167.44	\$0.00	\$167.44	\$167.44
Jun-30	\$28,000.00	\$164.50	\$0.00	\$164.50	\$164.50	\$43,000.00	\$252.63	\$0.00	\$252.63	\$252.63	\$28,500.00	\$167.44	\$0.00	\$167.44	\$167.44
Jul-30	\$28,000.00	\$164.50	\$325.83	\$0.00	\$325.83	\$43,000.00	\$252.63	\$500.38	\$1,342.15	\$1,842.53	\$28,500.00	\$167.44	\$331.64	\$0.00	\$331.64
Aug-30	\$27,838.67	\$163.55	\$325.83	\$0.00	\$325.83	\$41,410.09	\$243.28	\$500.38	\$1,342.15	\$1,842.53	\$28,335.79	\$166.47	\$331.64	\$0.00	\$331.64
Sep-30	\$27,676.40	\$162.60	\$325.83	\$0.00	\$325.83	\$39,810.85	\$233.89	\$500.38	\$1,342.15	\$1,842.53	\$28,170.62	\$165.50	\$331.64	\$0.00	\$331.64
Oct-30	\$27,513.17	\$161.64	\$325.83	\$0.00	\$325.83	\$38,202.21	\$224.44	\$500.38	\$1,342.15	\$1,842.53	\$28,004.48	\$164.53	\$331.64	\$0.00	\$331.64
Nov-30	\$27,348.99	\$160.68	\$325.83	\$0.00	\$325.83	\$36,584.12	\$214.93	\$500.38	\$1,342.15	\$1,842.53	\$27,837.36	\$163.54	\$331.64	\$0.00	\$331.64
Dec-30	\$27,183.84	\$159.71	\$325.83	\$0.00	\$325.83	\$34,956.52	\$205.37	\$500.38	\$1,342.15	\$1,842.53	\$27,669.26	\$162.56	\$331.64	\$0.00	\$331.64
Jan-31	\$27,017.72	\$158.73	\$325.83	\$0.00	\$325.83	\$33,319.36	\$195.75	\$500.38	\$1,342.15	\$1,842.53	\$27,500.18	\$161.56	\$331.64	\$0.00	\$331.64
Feb-31	\$26,850.62	\$157.75	\$325.83	\$0.00	\$325.83	\$31,672.58	\$186.08	\$500.38	\$1,342.15	\$1,842.53	\$27,330.10	\$160.56	\$331.64	\$0.00	\$331.64
Mar-31	\$26,682.54	\$156.76	\$325.83	\$0.00	\$325.83	\$30,016.12	\$176.34	\$500.38	\$1,342.15	\$1,842.53	\$27,159.02	\$159.56	\$331.64	\$0.00	\$331.64
Apr-31	\$26,513.48	\$155.77	\$325.83	\$0.00	\$325.83	\$28,349.94	\$166.56	\$500.38	\$1,342.15	\$1,842.53	\$26,986.93	\$158.55	\$331.64	\$0.00	\$331.64
May-31	\$26,343.42	\$154.77	\$325.83	\$0.00	\$325.83	\$26,673.96	\$156.71	\$500.38	\$1,342.15	\$1,842.53	\$26,813.84	\$157.53	\$331.64	\$0.00	\$331.64
Jun-31	\$26,172.36	\$153.76	\$325.83	\$0.00	\$325.83	\$24,988.14	\$146.81	\$500.38	\$1,342.15	\$1,842.53	\$26,639.72	\$156.51	\$331.64	\$0.00	\$331.64
Jul-31	\$26,000.30	\$152.75	\$325.83	\$0.00	\$325.83	\$23,292.42	\$136.84	\$500.38	\$1,342.15	\$1,842.53	\$26,464.59	\$155.48	\$331.64	\$0.00	\$331.64
Aug-31	\$25,827.22	\$151.73	\$325.83	\$0.00	\$325.83	\$21,586.73	\$126.82	\$500.38	\$1,342.15	\$1,842.53	\$26,288.42	\$154.44	\$331.64	\$0.00	\$331.64
Sep-31	\$25,653.13	\$150.71	\$325.83	\$0.00	\$325.83	\$19,871.02	\$116.74	\$500.38	\$1,342.15	\$1,842.53	\$26,111.22	\$153.40	\$331.64	\$0.00	\$331.64
Oct-31	\$25,478.02	\$149.68	\$325.83	\$0.00	\$325.83	\$18,145.23	\$106.60	\$500.38	\$1,342.15	\$1,842.53	\$25,932.98	\$152.36	\$331.64	\$0.00	\$331.64
Nov-31	\$25,301.87	\$148.65	\$325.83	\$0.00	\$325.83	\$16,409.31	\$96.40	\$500.38	\$1,342.15	\$1,842.53	\$25,753.69	\$151.30	\$331.64	\$0.00	\$331.64
Dec-31	\$25,124.70	\$147.61	\$325.83	\$0.00	\$325.83	\$14,663.18	\$86.15	\$500.38	\$1,342.15	\$1,842.53	\$25,573.35	\$150.24	\$331.64	\$0.00	\$331.64
Jan-32	\$24,946.48	\$146.56	\$325.83	\$0.00	\$325.83	\$12,906.80	\$75.83	\$500.38	\$1,342.15	\$1,842.53	\$25,391.95	\$149.18	\$331.64	\$0.00	\$331.64
Feb-32	\$24,767.21	\$145.51	\$325.83	\$0.00	\$325.83	\$11,140.10	\$65.45	\$500.38	\$1,342.15	\$1,842.53	\$25,209.49	\$148.11	\$331.64	\$0.00	\$331.64
Mar-32	\$24,586.90	\$144.45	\$325.83	\$0.00	\$325.83	\$9,363.01	\$55.01	\$500.38	\$1,342.15	\$1,842.53	\$25,025.95	\$147.03	\$331.64	\$0.00	\$331.64
Apr-32	\$24,405.52	\$143.38	\$325.83	\$0.00	\$325.83	\$7,575.49	\$44.51	\$500.38	\$1,342.15	\$1,842.53	\$24,841.33	\$145.94	\$331.64	\$0.00	\$331.64
May-32	\$24,223.07	\$142.31	\$325.83	\$0.00	\$325.83	\$5,777.47	\$33.94	\$500.38	\$1,342.15	\$1,842.53	\$24,655.63	\$144.85	\$331.64	\$0.00	\$331.64
Jun-32	\$24,039.56	\$141.23	\$325.83	\$0.00	\$325.83	\$3,968.88	\$23.32	\$500.38	\$1,342.15	\$1,842.53	\$24,468.84	\$143.75	\$331.64	\$0.00	\$331.64
Jul-32	\$23,854.97	\$140.15	\$325.83	\$0.00	\$325.83	\$2,149.67	\$12.63	\$500.38	\$1,342.15	\$1,842.53	\$24,280.95	\$142.65	\$331.64	\$0.00	\$331.64
Aug-32	\$23,669.29	\$139.06	\$325.83	\$0.00	\$325.83	\$319.77	\$1.88	\$500.38	-\$178.73	\$321.64	\$24,091.95	\$141.54	\$331.64	\$1,520.89	\$1,852.53
Sep-32	\$23,482.52	\$137.96	\$325.83	\$0.00	\$325.83						\$22,380.96	\$131.49	\$331.64	\$1,842.53	\$2,174.17
Oct-32	\$23,294.65	\$136.86	\$325.83	\$0.00	\$325.83						\$20,338.28	\$119.49	\$331.64	\$1,842.53	\$2,174.17
Nov-32	\$23,105.68	\$135.75	\$325.83	\$0.00	\$325.83						\$18,283.59	\$107.42	\$331.64	\$1,842.53	\$2,174.17
Dec-32	\$22,915.60	\$134.63	\$325.83	\$0.00	\$325.83						\$16,216.83	\$95.27	\$331.64	\$1,842.53	\$2,174.17
Jan-33	\$22,724.41	\$133.51	\$325.83	\$0.00	\$325.83						\$14,137.93	\$83.06	\$331.64	\$1,842.53	\$2,174.17
Feb-33	\$22,532.09	\$132.38	\$325.83	\$0.00	\$325.83						\$12,046.82	\$70.78	\$331.64	\$1,842.53	\$2,174.17
Mar-33	\$22,338.64	\$131.24	\$325.83	\$0.00	\$325.83						\$9,943.42	\$58.42	\$331.64	\$1,842.53	\$2,174.17
Apr-33	\$22,144.05	\$130.10	\$325.83	\$0.00	\$325.83						\$7,827.66	\$45.99	\$331.64	\$1,842.53	\$2,174.17
May-33	\$21,948.32	\$128.95	\$325.83	\$0.00	\$325.83						\$5,699.48	\$33.48	\$331.64	\$1,842.53	\$2,174.17
Jun-33	\$21,751.44	\$127.79	\$325.83	\$0.00	\$325.83						\$3,558.79	\$20.91	\$331.64	\$1,842.53	\$2,174.17
Jul-33	\$21,553.41	\$126.63	\$325.83	\$760.40	\$1,086.22						\$1,405.52	\$8.26	\$331.64	\$1,082.13	\$1,413.78
Aug-33	\$20,593.81	\$120.99	\$325.83	\$2,174.17	\$2,500.00										
Sep-33	\$18,214.80	\$107.01	\$325.83	\$2,174.17	\$2,500.00										
Oct-33	\$15,821.81	\$92.95	\$325.83	\$2,174.17	\$2,500.00										
Nov-33	\$13,414.76	\$78.81	\$325.83	\$2,174.17	\$2,500.00										
Dec-33	\$10,993.58	\$64.59	\$325.83	\$2,17											

Appendix G- Inflation Stress Tests

Inflation Stress Test						
		Nominal Values	2% Inflation	2.5% Inflation	3% Inflation	3.5% Inflation
	Nominal Growth Rate	6.00%	6.00%	6.00%	6.00%	6.00%
	Inflation Rate	0.00%	2.00%	2.50%	3.00%	3.50%
		Real Return Rate	6.00%	3.92%	3.41%	2.91%
		Real Return Rate	6.00%	3.92%	2.91%	2.42%
Yearly Contributions	End of Year					
	5	\$136,817	\$136,817	\$136,817	\$136,817	\$136,817
\$17,500	6	\$162,527	\$159,683	\$158,989	\$158,302	\$157,622
\$17,500	7	\$189,778	\$183,445	\$181,918	\$180,413	\$178,930
\$17,500	8	\$218,665	\$208,139	\$205,630	\$203,168	\$200,752
\$17,500	9	\$249,285	\$233,801	\$230,152	\$226,585	\$223,101
\$30,000	10	\$294,242	\$272,970	\$268,010	\$263,185	\$258,490
\$30,000	11	\$341,896	\$313,675	\$307,162	\$300,851	\$294,733
\$30,000	12	\$392,410	\$355,976	\$347,650	\$339,613	\$331,852
\$30,000	13	\$445,955	\$399,935	\$389,521	\$379,505	\$369,868
\$30,000	14	\$502,712	\$445,619	\$432,822	\$420,558	\$408,802
\$40,000	15	\$572,875	\$503,094	\$487,601	\$472,808	\$458,677
\$40,000	16	\$647,247	\$562,824	\$544,251	\$526,579	\$509,756
\$40,000	17	\$726,082	\$624,895	\$602,835	\$581,916	\$562,069
\$40,000	18	\$809,647	\$689,401	\$663,420	\$638,865	\$615,645
\$40,000	19	\$898,226	\$756,436	\$726,073	\$697,473	\$670,516
\$50,000	20	\$1,002,119	\$836,100	\$800,866	\$767,788	\$736,712
\$50,000	21	\$1,112,246	\$918,888	\$878,213	\$840,150	\$804,507
\$50,000	22	\$1,228,981	\$1,004,923	\$958,201	\$914,621	\$873,939
\$50,000	23	\$1,352,720	\$1,094,332	\$1,040,920	\$991,260	\$945,049
\$50,000	24	\$1,483,883	\$1,187,247	\$1,126,463	\$1,070,132	\$1,017,876
\$50,000	25	\$1,622,916	\$1,283,806	\$1,214,928	\$1,151,301	\$1,092,463
\$50,000	26	\$1,770,291	\$1,384,151	\$1,306,413	\$1,234,834	\$1,168,851
\$50,000	27	\$1,926,509	\$1,488,432	\$1,401,022	\$1,320,800	\$1,247,084
\$50,000	28	\$2,092,099	\$1,596,801	\$1,498,862	\$1,409,270	\$1,327,207
\$50,000	29	\$2,267,625	\$1,709,421	\$1,600,043	\$1,500,316	\$1,409,265
\$50,000	30	\$2,453,683	\$1,826,457	\$1,704,678	\$1,594,015	\$1,493,305
\$50,000	31	\$2,650,904	\$1,948,083	\$1,812,887	\$1,690,442	\$1,579,375
\$50,000	32	\$2,859,958	\$2,074,478	\$1,924,790	\$1,789,679	\$1,667,524
\$50,000	33	\$3,081,555	\$2,205,830	\$2,040,515	\$1,891,805	\$1,757,803
\$50,000	34	\$3,316,449	\$2,342,334	\$2,160,191	\$1,996,906	\$1,850,262
\$50,000	35	\$3,565,436	\$2,484,190	\$2,283,954	\$2,105,069	\$1,944,954
\$50,000	36	\$3,829,362	\$2,631,609	\$2,411,942	\$2,216,381	\$2,041,934
\$50,000	37	\$4,109,123	\$2,784,809	\$2,544,301	\$2,330,936	\$2,141,256
\$50,000	38	\$4,405,671	\$2,944,018	\$2,681,180	\$2,448,828	\$2,242,977
\$50,000	39	\$4,720,011	\$3,109,469	\$2,822,732	\$2,570,153	\$2,347,155
\$50,000	40	\$5,053,212	\$3,281,409	\$2,969,118	\$2,695,011	\$2,453,849
\$50,000	41	\$5,406,405	\$3,460,092	\$3,120,503	\$2,823,507	\$2,563,121
\$50,000	42	\$5,780,789	\$3,645,782	\$3,277,057	\$2,955,745	\$2,675,032
\$50,000	43	\$6,177,636	\$3,838,754	\$3,438,956	\$3,091,835	\$2,789,647
\$50,000	44	\$6,598,294	\$4,039,293	\$3,606,384	\$3,231,888	\$2,907,029





Works Cited

- <https://www.shrm.org/topics-tools/tools/express-requests/salary-increase-projections-2024-2023>
- [Federal Income Tax Calculator \(2023-2024\) \(smartasset.com\)](#)
- [Education credits: questions and answers | Internal Revenue Service \(irs.gov\)](#)
- [Topic no. 456, Student loan interest deduction | Internal Revenue Service \(irs.gov\)](#)
- [2024 Capital Gains Tax Calculator - Long-Term & Short-Term Gains \(smartasset.com\)](#)
- [Required Minimum Distributions for IRA Beneficiaries | Internal Revenue Service \(irs.gov\)](#)
- [Fed's new inflation targeting policy seeks to maintain well-anchored inflation expectations - Dallasfed.org](#)
- [John C. Bogle quotes · FinancingLife.org](#)
- https://missouri.qualtrics.com/jfe/form/SV_e5O9zdPbe1NDMWh
- [Active Equity Funds Consistently Lag The S&P 500. Choose This Instead \(forbes.com\)](#)
- <https://www.schwabassetmanagement.com/products/sfsnx>
- <https://investor.vanguard.com/investment-products/mutual-funds/profile/vtiqx#performance-fees>
- <https://finance.yahoo.com/news/whats-average-return-bond-portfolio-144731680.html>
- <https://investor.vanguard.com/investment-products/mutual-funds/profile/vdigx#performance-fees>
- According to my father who has a 401(k) with COMPANY.
- [2024 Student Loan Limits for Graduates and Undergraduates \(businessinsider.com\)](#)
- [Family medicine physician salary in STATE \(indeed.com\)](#)