

# Financial plan business plan examples

[Finance](#), [Investment](#)



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## Objectives

This is a personal financial plan aimed at offering assistance in creating enough wealth for retirement. The financial plan will also help in estimating personal expenses in the next twenty years. By estimating the annual cost of living in the next twenty years, the financial plan will provide a clear picture of personal expenses. Further, the plan will stipulate the necessary actions to achieve the goals.

## Specific Goals of Financial Plan

The aim is to accumulate enough wealth that will generate \$40, 000 per year for the first 20 years of retirement. It is important for the financial plan to take into account inflation that is estimated to be at an average of 5% per year. The inflation factor that converts the current expenses to the estimated expenses in 20 years' time was determined to be 2. 65. With these calculations and a return of 8%, the present value is \$424, 143. 97. Therefore, the investment plan should ensure to accumulate this present

value within the 20 years to retirement. Table 1 below shows the expected expense during retirement.

## **Investment Vehicle**

This would be done through monthly investments for the next twenty years in a fixed annuity. The deferred fixed annuity would provide regular interest rates that are determined by the age of retirement. The monthly is \$1767.27 for the next 20 years. The fixed differed annuity investment program chosen has reduced risk and were best for people in employment.

## **The Annuity Program**

The investor has twenty years twenty investment horizons. The amount of financial goal is \$424, 143. 97 at a return of 8%. The monthly annuity payment is \$1767. 27 that would be coming from the current job of the investor. The contribution would go for the next twenty years, when the investor is expected to retire.

The advantages associated with annuity fund are that the retiree will be guaranteed regular income once he, or she retires. In addition, one gets a constant rate of interest and pays low investment premiums of \$1767. 27. This is within the expected range of between \$1, 000 and \$10, 000.

## **Risks Associated with Fixed Annuity**

There are several risks that need to be mitigated by the investor once he or she has taken this form of investment. The first thing is that the rates can drop after some time; when this happens, the investor is locked into the investment by the heavy withdrawal charges on early withdrawals. Further, if an investor fails to factor in the inflation during annuity monthly

contributions, the rates are not adjusted to deal with the inflation. This forces the investor to suffer losses due to inflation.