

Capitalise: reverse calculations and income requirements

1. In a straightforward reverse calculation you enter the capital sum ...

Calculation parameters

Description
Reverse calculation

Calculation type Reverse	Capital sum 500000 £500,000.00
Calculation duration Life	Specified duration 31 31 years

... and then see what income requirement that provides:

Calculation details

Description: Reverse calculation
Calculation type: Reverse (£500,000)
Calculation duration: Life (31 years)
Calculation result: £33,074.09

 CALCULATE  DETAILED RESULTS  REPORTS

INCOME REQUIREMENTS

INCOME RECEIPTS

CAPITAL RECEIPTS

PENSION RECEIPTS

No income requirement is entered in a standard reverse calculation, as this is calculated from the specified capital sum.

However in a stepped reverse calculation an income requirement is specified for part of the term, or a percentage increase/decrease to the income requirement is specified.

[ENTER STEPPED INCOME REQUIREMENT](#)

2. However you can also:

- Set the income requirement for a given period (e.g. £20,000 for the 1st 5 years of the term), or
- Specify a percentage increase/decrease in the income requirement at a given point (e.g a 20% decrease from age 70 onwards).

3. To do either, click on the *Enter stepped income requirement* button in the *Income requirements* tab:

No income requirement is entered in a standard reverse calculation, as this is calculated from the specified capital sum.

However in a stepped reverse calculation an income requirement is specified for part of the term, or a percentage increase/decrease to the income requirement is specified.

ENTER STEPPED INCOME REQUIREMENT

Then click on the dropdown under *Type of step...*

Calculation parameters

Type of step

Set income requirement for a given period



... and choose the 1st or 2nd option:

Calculation parameters

Set income requirement for a given period

Specify percentage increase/decrease in income requirement

No reverse step

- To set an income requirement for a given period**, select the period you want it to apply for (note, because of the way the calculation algorithm works, you can't include the 1st year of the term) and then enter the amount ...

Calculation parameters

Type of step

Set income requirement for a given period

Specify period by

- Age
 Year

From

60

To

64

Income requirement

20000

£20,000.00

Income requirement of £20,000.00 between ages 60 and 64

CANCEL

SAVE STEP

... and click *Save step*.

You'll see a summary of the step at the bottom of the screen and, when you click *Calculate*, the result at the top:

Calculation details

Description: Reverse calculation
Calculation type: Reverse (£500,000)
Calculation duration: Life (31 years)

Calculation result: £36,925.53 initially; £20,600.00 from age 60 to age 64 (£20,000.00 uninflated)



CALCULATE

DETAILED RESULTS



REPORTS

INCOME REQUIREMENTS

INCOME RECEIPTS

CAPITAL

No income requirement is entered in a standard reverse calculation, as this is calculated from the s

However in a stepped reverse calculation an income requirement is specified for part of the term, c specified.

Step details

Step type: Set income requirement for a given period
From: Age 60
To: Age 64
Income requirement: £20,000.00

EDIT STEPPED REQUIREMENT

Note that the set income is shown as an inflated and an uninflated value.

After the period of the step has ended, the income requirement will revert to the original £36,926, inflated.

- To specify an increase or decrease in the income requirement** for a given period, select the period you want it to apply for, select if you want an increase or decrease and then the percentage:

Calculation parameters

Type of step
Specify percentage increase/decrease in income requirement

Specify period by

Age
 Year

From 70 To 89

Direction
Decrease

By 20 %

Income requirement to decrease by 20% between ages 70 and 89

[CANCEL](#) [SAVE STEP](#)

Note you can set the period so it's the first part of the term, the end part (which is what we've done in the example above) or for a period in the middle.

Click *Save step* and ...

Calculation details

Description: Reverse calculation
Calculation type: Reverse (£500,000)
Calculation duration: Life (31 years)
Calculation result: £36,925.16 initially; £40,890.45 from age 70 to end of term (£29,540.13 uninflated)

[CALCULATE](#) [DETAILED RESULTS](#) [REPORTS](#)

[INCOME REQUIREMENTS](#) [INCOME RECEIPTS](#) [CAPITAL R](#)

No income requirement is entered in a standard reverse calculation, as this is calculated from the speci

However in a stepped reverse calculation an income requirement is specified for part of the term, or a p specified.

Step details

Step type: Specified percentage change in income requirement
From: Age 70
To: Age 89
Percentage change: Decrease by 20%

[EDIT STEPPED REQUIREMENT](#)

... you'll see a summary of the step at the bottom of the screen and, when you click *Calculate*, the result at the top.

Note that at the point the changed income comes into effect it's shown as an inflated and an uninflated value.