

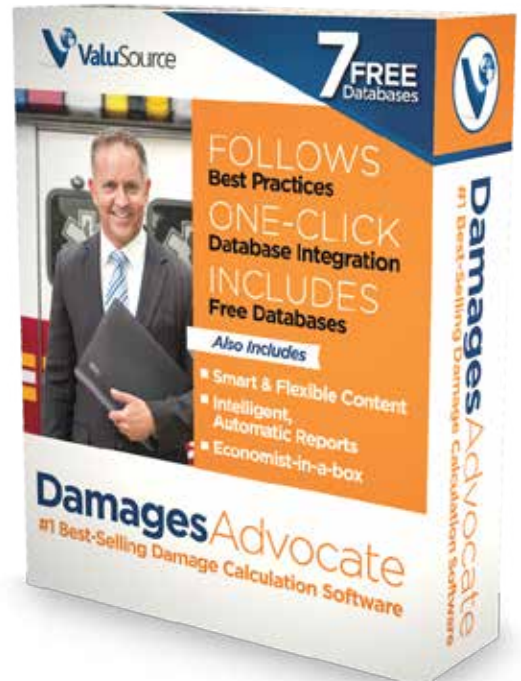
DamagesAdvocate

#1 Best-Selling Damage Calculation Software

WRONGFUL DEATH SAMPLE REPORT



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Whether a novice damages consultant, who may miss the critical points or not have many models built yet, or the expert who is spending too much time on reports, there is no longer a reason to perform this analysis manually.

There are **six main REASONS** you should consider Damages Advocate...

1

GUIDES YOU THROUGH DAMAGES CALCULATIONS BEST PRACTICES

Includes Smart Navigator that walks you through the best practices with sequential menus to ensure you do not miss critical analysis.

2

THE BEST ONE-CLICK DATABASE INTERGRATION

Automatically populates your schedule and narrative from seven major damages database categories:

- ▶ Work Life Expectancy Data from Academic Studies
- ▶ Life Expectancy Data from CDC U.S. Life Tables
- ▶ Wage Data from BLS Occupational Employment Statistics
- ▶ Fringe Benefits Data from BLS Employer Costs for Employee Compensation
- ▶ Growth Rates from BLS Current Employment Statistics (used for pre-trial growth of earnings and household services)
- ▶ Household Services Data from Dollar Value of a Day and Regional Adjustment
- ▶ Data from BEA Local Area Personal Income (used to adjust Dollar Value of a Day Data).

3

MOST COMPREHENSIVE DAMAGE CALCULATION WORKFLOW

Includes Comprehensive Workflow Decision Trees that cover the input, assumptions and databases for: retirement, life span, employment, dependents, household services, medical expenses, and other damages.

4

INCLUDES SEVEN DATABASES— FREE

Databases cover: life expectancy, earnings by occupation, fringe benefits, pre-trial earnings growth, life expectancy of dependents, household services, and pre-trial growth of household services.

5

SMART AND FLEXIBLE CONTENT—LIKE AN ECONOMIST-IN-A-BOX

Built-in intelligent schedules transform based on your assumptions and saves beginners from making critical mistakes, while allowing expert to finish much quicker.

Includes Smart Logic which looks at your assumptions and intelligently determines which fields and choices should be displayed. Plus, the output is delivered in Word and Excel, so it is easy to modify.

6

INTELLIGENT AND AUTOMATIC WRITTEN REPORTS

The report writer creates the narrative, work schedules, and exports to Excel, Word, and PDF. It includes a standard 13-page damages report with all the necessary schedules to defend your damages position. Plus, any changes are hot-linked and ripple through your damages report automatically.

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Disclaimer

This sample is meant to show the full functionality of the software, not reflect an actual valuation. There are options and assumptions in this report that do not reflect valuation best practices in order for you to see the full scope of the analysis. Even though this software automates and standardizes the valuation process, it does not replace the expertise of the valuator.

Whenever you see text or numbers surrounded by chevrons, like «February 14, 2019», this represents a link to the analysis workbook. A link to the analysis file (working papers) can be a cell, range or chart. Realize that a small change in a single value can carry forward to many numbers in the report. For instance, changing a growth rate in an income method can change the conclusion of value and all the intermediate values in between. When you choose to update the links, all these values get updated to reflect the current numbers, tables and charts in working papers.

Wrongful Death Economic Damages Report

Decedent: Elizabeth Anne Chesterfield

Report Date: June 6, 2020

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Case Overview

General Information

Date of Death/Damages:	11/3/2019
Trial or Settlement Date:	10/12/2020
Interest Rate (Past Damages):	3.00%
Discount Rate (Future Damages):	3.00%
Periodic Compounding:	Annually
Present Value Interest Calculation:	Compound Interest

Decedent Information

Gender:	Female
Race:	White
Birth Date:	12/17/1973
Age at Injury:	45.88
Projected Retirement Age*:	63.50
Projected Age at Death**:	83.09

* Worklife expectancy calculated for all women active in the workforce with a master's degree. Study used: The Markov Process Model of Labor Force Activity: Extended Tables of Central Tendency, Shape, Percentile Points, and Bootstrap Standard Errors, Gary R. Skoog, James E. Ciecka and Kurt V. Krueger, Journal of Forensic Economics, 22(2), 2011.

** Life expectancy calculated for white women. Study used: United States Life Tables, 2017 by Elizabeth Arias, Ph.D., and Jiaquan Xu, M.D., Division of Vital Statistics, National Vital Statistics Reports, Volume 68, Number 7, June 24 2019.

Damages Summary

	Future Values		Present Values	
	Pre-Trial	Post-Trial	Pre-Trial	Post-Trial
Lost Income	\$52,041	\$967,279	\$52,249	\$746,675
Lost Fringe Benefits	\$33,839	\$656,625	\$33,974	\$507,290
Subtotal: Lost Earnings	\$85,881	\$1,623,904	\$86,223	\$1,253,965
Federal Taxes	\$9,367	\$174,110	\$9,405	\$134,401
State Taxes	\$1,561	\$29,018	\$1,567	\$22,400
Subtotal: Taxes on Lost Income	\$10,929	\$203,129	\$10,972	\$156,802
After-Tax Lost Earnings	\$74,952	\$1,420,775	\$75,251	\$1,097,163
Lost Household Services	\$12,724	\$600,538	\$12,775	\$343,746
Medical Expenses	\$575	\$0	\$589	\$0
Other Damages	\$5,850	\$2,100	\$5,850	\$2,078
Total Damages	\$94,101	\$2,023,413	\$94,465	\$1,442,987
Grand Total Damages	\$2,117,514		\$1,537,452	

Lost Income

Projected Employment for Decedent

ID	From	To	Occupation	Employer	Initial Salary	Benefits %	Pre-Trial Growth	Post-Trial Growth
A.1	11/03/19	06/17/37	Teacher		\$69,270	51.78%		1.00%

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Actual and Projected Employment for Spouse

ID	From	To	Occupation	Employer	Initial Salary	Benefits %	Pre-Trial Growth	Post-Trial Growth
B.1	11/03/19	03/20/31	Industrial Machinery Mechanic		\$62,770	0.00%		1.50%

Pre-Trial Lost Income

Period	From	To	Decedent	Spouse	Total	Consumption	Lost Income	Benefits	Total	Present Value
1	11/03/19	12/31/19	\$11,197	\$10,146	\$21,343	\$2,284	\$8,913	\$5,798	\$14,711	\$15,054
2	01/01/20	10/11/20	\$54,155	\$48,897	\$103,052	\$11,027	\$43,128	\$28,041	\$71,169	\$71,169
Total	11/03/19	10/11/20	\$65,352	\$59,044	\$124,395	\$13,310	\$52,041	\$33,839	\$85,881	\$86,223

Post-Trial Lost Income

Period	From	To	Decedent	Spouse	Total	Consumption	Lost Income	Benefits	Total	Present Value
1	10/12/20	12/31/20	\$15,425	\$13,943	\$29,368	\$3,142	\$12,283	\$7,987	\$20,270	\$20,138
2	01/01/21	12/31/21	\$70,396	\$63,947	\$134,343	\$14,375	\$56,022	\$36,451	\$92,473	\$89,194
3	01/01/22	12/31/22	\$71,100	\$64,906	\$136,006	\$14,553	\$56,548	\$36,816	\$93,363	\$87,430
4	01/01/23	12/31/23	\$71,811	\$65,880	\$137,691	\$14,733	\$57,078	\$37,184	\$94,262	\$85,701
5	01/01/24	12/31/24	\$72,529	\$66,868	\$139,397	\$17,703	\$54,826	\$37,556	\$92,382	\$81,545
6	01/01/25	12/31/25	\$73,255	\$67,871	\$141,125	\$17,923	\$55,332	\$37,931	\$93,263	\$79,925
7	01/01/26	12/31/26	\$73,987	\$68,889	\$142,876	\$20,431	\$53,556	\$38,311	\$91,867	\$76,435
8	01/01/27	12/31/27	\$74,727	\$69,922	\$144,649	\$20,685	\$54,042	\$38,694	\$92,736	\$74,911
9	01/01/28	12/31/28	\$75,474	\$70,971	\$146,445	\$20,942	\$54,533	\$39,081	\$93,613	\$73,417
10	01/01/29	12/31/29	\$76,229	\$72,035	\$148,265	\$25,156	\$51,074	\$39,471	\$90,545	\$68,943
11	01/01/30	12/31/30	\$76,991	\$73,116	\$150,107	\$27,470	\$49,522	\$39,866	\$89,388	\$66,079
12	01/01/31	12/31/31	\$77,761	\$15,876	\$93,638	\$17,136	\$60,626	\$40,265	\$100,890	\$72,410
13	01/01/32	12/31/32	\$78,539	\$0	\$78,539	\$14,373	\$64,166	\$40,667	\$104,834	\$73,049
14	01/01/33	12/31/33	\$79,324	\$0	\$79,324	\$14,516	\$64,808	\$41,074	\$105,882	\$71,630
15	01/01/34	12/31/34	\$80,118	\$0	\$80,118	\$14,662	\$65,456	\$41,485	\$106,941	\$70,240
16	01/01/35	12/31/35	\$80,919	\$0	\$80,919	\$14,808	\$66,111	\$41,900	\$108,010	\$68,876
17	01/01/36	12/31/36	\$81,728	\$0	\$81,728	\$14,956	\$66,772	\$42,319	\$109,090	\$67,538
18	01/01/37	12/31/37	\$37,790	\$0	\$37,790	\$13,264	\$24,526	\$19,568	\$44,093	\$26,503
19	01/01/38	12/31/38	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	01/01/39	12/31/39	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	01/01/40	12/31/40	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	01/01/41	12/31/41	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23	01/01/42	12/31/42	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	01/01/43	12/31/43	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Period	From	To	Decedent	Spouse	Total	Consumption	Lost Income	Benefits	Total	Present Value
25	01/01/44	12/31/44	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	01/01/45	12/31/45	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
27	01/01/46	12/31/46	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28	01/01/47	12/31/47	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29	01/01/48	12/31/48	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30	01/01/49	12/31/49	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
31	01/01/50	12/31/50	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
32	01/01/51	12/31/51	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
33	01/01/52	12/31/52	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
34	01/01/53	12/31/53	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
35	01/01/54	12/31/54	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
36	01/01/55	12/31/55	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
37	01/01/56	12/31/56	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
38	01/01/57	01/18/57	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	10/12/20	01/18/57	\$1,268,105	\$714,223	\$1,982,329	\$300,827	\$967,279	\$656,625	\$1,623,904	\$1,253,965

Lost Production of Household Services

Dependents

Name	Type	Birth Date	Current Age	Start Care	End Care
Mary	Elderly	02/02/45	75.34	11/03/19	03/11/33
Anne	Child	07/25/02	17.87	07/25/02	07/25/20
Albert	Child	12/21/05	14.46	12/21/05	12/21/23
Sally	Child	02/20/08	12.29	02/20/08	02/20/26
Ivan	Child	04/05/11	9.17	04/05/11	04/05/29

Explanation of Calculation Method

The calculations in this report use the method explained below to value household services.

Enter Annual Value Method

The analyst preparing the report enters the annual value of the household services. The software prorates that amount as necessary.

Values Applied for Decedent

ID	Event Description	Calculation Method	Start Date	End Date	Annual Value
A.43772	Damages Date	Annual	11/03/19	03/19/31	\$15,470
A.47927	Spouse Retirement Date	Annual	03/20/31	06/16/37	\$10,718
A.50208	Retirement Date	Annual	06/17/37	02/15/47	\$18,636
A.53739	Spouse Death Date	Annual	02/16/47	01/18/57	\$16,116

Values Applied for Spouse

ID	Event Description	Calculation Method	Start Date	End Date	Annual Value
B.43772	Damages Date	Annual	11/03/19	03/19/31	\$9,145
B.47927	Spouse Retirement Date	Annual	03/20/31	02/16/47	\$17,990

Pre-Trial Household Services

Period	From	To	Decedent	Spouse	Total	Consumption	Lost Services	Present Value
1	11/03/19	12/31/19	\$2,502	\$1,479	\$3,980	\$318	\$2,183	\$2,234
2	01/01/20	10/11/20	\$12,079	\$7,140	\$19,219	\$1,538	\$10,541	\$10,541
Total	11/03/19	10/11/20	\$14,580	\$8,619	\$23,199	\$1,856	\$12,724	\$12,775

Post-Trial Household Services

Period	From	To	Decedent	Spouse	Total	Consumption	Lost Services	Present Value
1	10/12/20	12/31/20	\$3,443	\$2,035	\$5,479	\$438	\$3,005	\$2,985
2	01/01/21	12/31/21	\$15,653	\$9,253	\$24,906	\$1,992	\$13,660	\$13,176
3	01/01/22	12/31/22	\$15,809	\$9,346	\$25,155	\$2,012	\$13,797	\$12,920
4	01/01/23	12/31/23	\$15,968	\$9,439	\$25,407	\$2,033	\$13,935	\$12,669
5	01/01/24	12/31/24	\$16,127	\$9,534	\$25,661	\$2,053	\$14,074	\$12,423
6	01/01/25	12/31/25	\$16,288	\$9,629	\$25,917	\$2,073	\$14,215	\$12,182
7	01/01/26	12/31/26	\$16,451	\$9,725	\$26,177	\$2,094	\$14,357	\$11,946
8	01/01/27	12/31/27	\$16,616	\$9,822	\$26,438	\$2,115	\$14,501	\$11,714
9	01/01/28	12/31/28	\$16,782	\$9,921	\$26,703	\$2,136	\$14,646	\$11,486
10	01/01/29	12/31/29	\$16,950	\$10,020	\$26,970	\$2,158	\$14,792	\$11,263
11	01/01/30	12/31/30	\$17,119	\$10,120	\$27,239	\$2,179	\$14,940	\$11,044
12	01/01/31	12/31/31	\$13,110	\$18,003	\$31,113	\$2,489	\$10,621	\$7,623
13	01/01/32	12/31/32	\$12,099	\$20,308	\$32,407	\$2,593	\$9,507	\$6,624
14	01/01/33	12/31/33	\$12,220	\$20,511	\$32,731	\$2,619	\$9,602	\$6,496
15	01/01/34	12/31/34	\$12,342	\$20,716	\$33,059	\$2,645	\$9,698	\$6,369
16	01/01/35	12/31/35	\$12,466	\$20,924	\$33,389	\$2,671	\$9,795	\$6,246
17	01/01/36	12/31/36	\$12,590	\$21,133	\$33,723	\$2,698	\$9,893	\$6,125
18	01/01/37	12/31/37	\$17,824	\$21,344	\$39,168	\$3,133	\$14,691	\$8,830
19	01/01/38	12/31/38	\$22,332	\$21,558	\$43,889	\$3,511	\$18,821	\$10,983
20	01/01/39	12/31/39	\$22,555	\$21,773	\$44,328	\$3,546	\$19,009	\$10,770
21	01/01/40	12/31/40	\$22,781	\$21,991	\$44,771	\$3,582	\$19,199	\$10,561
22	01/01/41	12/31/41	\$23,008	\$22,211	\$45,219	\$3,618	\$19,391	\$10,356
23	01/01/42	12/31/42	\$23,238	\$22,433	\$45,671	\$3,654	\$19,585	\$10,154
24	01/01/43	12/31/43	\$23,471	\$22,657	\$46,128	\$3,690	\$19,781	\$9,957
25	01/01/44	12/31/44	\$23,706	\$22,884	\$46,589	\$3,727	\$19,978	\$9,764
26	01/01/45	12/31/45	\$23,943	\$23,113	\$47,055	\$3,764	\$20,178	\$9,574
27	01/01/46	12/31/46	\$24,182	\$23,344	\$47,526	\$3,802	\$20,380	\$9,388
28	01/01/47	12/31/47	\$21,536	\$3,023	\$24,558	\$1,965	\$19,571	\$8,753
29	01/01/48	12/31/48	\$21,332	\$0	\$21,332	\$1,707	\$19,626	\$8,522
30	01/01/49	12/31/49	\$21,546	\$0	\$21,546	\$1,724	\$19,822	\$8,357
31	01/01/50	12/31/50	\$21,761	\$0	\$21,761	\$1,741	\$20,020	\$8,194
32	01/01/51	12/31/51	\$21,979	\$0	\$21,979	\$1,758	\$20,220	\$8,035
33	01/01/52	12/31/52	\$22,199	\$0	\$22,199	\$1,776	\$20,423	\$7,879
34	01/01/53	12/31/53	\$22,421	\$0	\$22,421	\$1,794	\$20,627	\$7,726
35	01/01/54	12/31/54	\$22,645	\$0	\$22,645	\$1,812	\$20,833	\$7,576
36	01/01/55	12/31/55	\$22,871	\$0	\$22,871	\$1,830	\$21,042	\$7,429
37	01/01/56	12/31/56	\$23,100	\$0	\$23,100	\$1,848	\$21,252	\$7,285
38	01/01/57	01/18/57	\$1,145	\$0	\$1,145	\$92	\$1,054	\$361
Total	10/12/20	01/18/57	\$691,608	\$446,768	\$1,138,376	\$91,070	\$600,538	\$343,746

Medical Expenses

Summary of Medical Expenses

Start	End	Type*	Description	Amount	Occurs
11/03/19	11/03/19	E	Ambulance	\$575.18	Once

* E = Expense, R = Reimbursement

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Pre-Trial Medical Expenses

Period	From	To	Expenses	Present Value
1	11/03/19	12/31/19	\$575	\$589
2	01/01/20	10/11/20	\$0	\$0
Total	11/03/19	10/11/20	\$575	\$589

Post-Trial Medical Expenses

There was no post-trial medical expenses data entered for the decedent.

Other Damages

Summary of Other Damages

Start	End	Type*	Description	Amount	Growth	Occurs
01/15/20	01/15/21	E	Counseling	\$150.00		Weekly

* E = Expense, R = Reimbursement

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Pre-Trial Other Damages

Period	From	To	Expenses	Present Value
1	11/03/19	12/31/19	\$0	\$0
2	01/01/20	10/11/20	\$5,850	\$5,850
Total	11/03/19	10/11/20	\$5,850	\$5,850

Post-Trial Other Damages

Period	From	To	Expenses	Present Value
1	10/12/20	12/31/20	\$1,800	\$1,788
2	01/01/21	12/31/21	\$300	\$289
3	01/01/22	12/31/22	\$0	\$0
4	01/01/23	12/31/23	\$0	\$0
5	01/01/24	12/31/24	\$0	\$0
6	01/01/25	12/31/25	\$0	\$0
7	01/01/26	12/31/26	\$0	\$0
8	01/01/27	12/31/27	\$0	\$0
9	01/01/28	12/31/28	\$0	\$0
10	01/01/29	12/31/29	\$0	\$0
11	01/01/30	12/31/30	\$0	\$0
12	01/01/31	12/31/31	\$0	\$0
13	01/01/32	12/31/32	\$0	\$0
14	01/01/33	12/31/33	\$0	\$0
15	01/01/34	12/31/34	\$0	\$0
16	01/01/35	12/31/35	\$0	\$0
17	01/01/36	12/31/36	\$0	\$0
18	01/01/37	12/31/37	\$0	\$0
19	01/01/38	12/31/38	\$0	\$0
20	01/01/39	12/31/39	\$0	\$0
21	01/01/40	12/31/40	\$0	\$0
22	01/01/41	12/31/41	\$0	\$0
23	01/01/42	12/31/42	\$0	\$0
24	01/01/43	12/31/43	\$0	\$0
25	01/01/44	12/31/44	\$0	\$0
26	01/01/45	12/31/45	\$0	\$0
27	01/01/46	12/31/46	\$0	\$0
28	01/01/47	12/31/47	\$0	\$0
29	01/01/48	12/31/48	\$0	\$0
30	01/01/49	12/31/49	\$0	\$0
31	01/01/50	12/31/50	\$0	\$0
32	01/01/51	12/31/51	\$0	\$0
33	01/01/52	12/31/52	\$0	\$0
34	01/01/53	12/31/53	\$0	\$0
35	01/01/54	12/31/54	\$0	\$0
36	01/01/55	12/31/55	\$0	\$0

Period	From	To	Expenses	Present Value
37	01/01/56	12/31/56	\$0	\$0
38	01/01/57	01/18/57	\$0	\$0
Total	10/12/20	01/18/57	\$2,100	\$2,078

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Data Citations

Data Citations for Decedent

Worklife Expectancy

Skoog, Gary, James Ciecka and Kurt Krueger. "The Markov Process Model of Labor Force Activity: Extended Tables of Central Tendency, Shape, Percentile Points, and Bootstrap Standard Errors." *Journal of Forensic Economics*, Vol. 22, Number 2, August 2011. Print.

Life Expectancy

https://www.cdc.gov/nchs/data/nvsr/nvsr68/nvsr68_07-508.pdf

Arias, Elizabeth, and Jiaquan Xu. *National Vital Statistics Reports: United States Life Tables, 2017*. Centers for Disease Control and Prevention. Volume 68, Number 7, June 24 2019. Print.

Earnings by Occupation

<http://www.bls.gov/oes/tables.htm>

U.S. Department of Labor. Bureau of Labor Statistics. *Occupational Employment Statistics, May 2019*. Web. 31 March 2020.
<<http://www.bls.gov/oes/tables.htm>>

Fringe Benefits

https://www.bls.gov/news.release/archives/ecec_03192020.htm

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Understanding This Report

Calculation of Economic Loss

The Damages Summary on page 2 shows the calculated economic loss sustained by the family as the result of the death of the decedent. The total loss is calculated from the following losses:

- The income, both past and future, that the decedent would have earned;
- The fringe benefits that would have accompanied that income stream;
- The household services, both past and future, that the decedent would have performed;
- Any medical expenses related to the death of the decedent;
- Any other damages or expenses related to the death of the decedent.

These losses are offset by the decedent's personal consumption:

- The amount of family income that would have been spent on the decedent alone;
- The amount of household services that would have been performed for the decedent's benefit.

The Damages Summary applies the personal consumption offsets to the corresponding losses and shows net loss amounts for income and household services. For example, the Lost Income line reports the decedent would have earned minus the decedent's personal income consumption.

The losses are divided into pre-trial and post-trial periods. Pre-trial amounts occur from the damages date (11/3/2019) to the trial or settlement date (10/12/2020). Post-trial amounts occur after the trial or settlement date. The pre-trial and post-trial totals are summed to calculate the Grand Total Damages.

Future Values Versus Present Values

The Damages Summary (see page 2) is divided into future values and present values:

- *Future values* are the unadjusted actual damage amounts starting in the past and extending into the future.
- *Present values* are the time-adjusted values of the payment stream, taking into account (a) the interest obtained from investing payments occurring in the past; and (b) the interest required to achieve payments occurring in the future.

Calculation of Present Values

Present values are calculated relative to the trial or settlement date (10/12/2020). The present value of a payment in the past is the amount that payment would have yielded on the trial or settlement date had it been invested on the date it would have been made. The present value of a payment in the future is the amount on the trial or settlement date invested with compound interest that would have yielded the payment at its future date.

Accounting for Inflation

Future income and expenses are projected using the constant dollar method, meaning that dollars in the future are assumed to have the same average purchasing power as dollars today. While that is unlikely to be true, there are advantages to ignoring inflation, and it can be done without distorting the results of the damages calculations. First and foremost ignoring inflation eliminates the considerable challenge of predicting future inflation rates. And although inflation itself is difficult to predict, the pervasive role it plays in our economy makes inflation a component of all the time-related economic variables in the damages calculations: income growth, growth of medical and other costs, and discount and interest rates. This means that inflation can be ignored by entering those variables net of inflation, which simplifies the process of forecasting future cash flows.