20.05 INFLATION AND PRESENT VALUE/FUTURE ECONOMIC LOSSES

Plaintiff claims that (he) (she) will have economic losses in the future, consisting of [future medical expenses] [and] [loss of future earning capacity]. I will now instruct you on two principles you must apply to calculate an award for a future economic loss.

The first principle is that an award for future economic loss must account for the effect that any future inflation would have on the amount of the future economic loss. [Any award for future medical expenses must be based on the cost of the medical expenses when they are incurred in the future.] [Any award for future loss of earning capacity must account for reasonably probable increases in wages due to inflation.]

The second principle is that any award that you make for future economic loss must be equal to the amount of money that the plaintiff would need to invest today so that the total of the amount invested today plus future investment earnings equals the amount of the future economic loss when it will occur in the future. To make this calculation, you must make three assumptions: (1) that the money you award to the plaintiff for a future economic loss would be available to (him) (her) today; (2) that the plaintiff would invest the money immediately; and (3) that the plaintiff would invest the money in investments that would pay the long-term future interest rates that would be obtained in the best and safest investments.

# Use Note

This instruction must be given whenever the plaintiff claims a future economic loss in a personal injury case, and where the parties have not agreed pursuant to AS 09.17.040(c) to compute damages under the Beaulieu rule. If the parties have agreed to use the Beaulieu rule, this instruction should not be given.

The appropriate bracketed language in the second paragraph should be used depending upon whether the plaintiff claims future medical expenses, loss of future earning capacity or both.

# Comment

In personal injury cases, AS 09.17.040(b) requires the fact finder to reduce future economic damages to present value, and to consider the effect of future anticipated inflation. This instruction is intended to convey these concepts to the jury.