

RETIREMENT NEEDS WORKSHEET

Here is a worksheet you can use to testimate how much income you will need in the future and how much you may have to save to help provide that income.

	Example	You
Line 1 Your current yearly income.	\$35,000	\$ _____
Line 2 Estimated yearly income you need at retirement.	\$28,000	\$ _____
Line 3 An estimate of your future Social Security Benefit. Insert the estimated benefit from the annual statment you receive from the Social Security Administration or from the SSA's benefits calculator available at www.ssa.gov . If you don't have your estimated benefit available, multiply Line 1 by .25 for a conservative estimate of your benefit.*	(Example: 80% of \$35,000) \$8,750	\$ _____
Line 4 The estimated annula income you will need to replace through retirement savings and personal assets. Subtract Line 3 from Line 2.	\$19,250	\$ _____
Line 5 Now adjust your current replacement income for inflation by multiplying Line 4 by the inflation factor from Table A . The inflation factor figure is below the number of years you have left until you retire. For this example, we assume 30 years left to retirement. Thus, we multiply \$19,250 by 2.43.	\$46,776	\$ _____
Line 6 How much would you need to have at retirement to give you the yearly income in Line 5? Multiply Line 5 by a payout factor from Table B . (Example assumes 3% inflation, 6% investment return, and that you will need 15 years of retirement income, so the payout factor would be 11.94.	\$558,529	\$ _____
Line 7 Value of your current assets (savings, investments, etc.) adjusted for growth. (Example: \$45,000 multiplied by investment factor of 5.74)	\$258,300	\$ _____
Line 8 Subtract Line 7 from Line 6 to find how much you'd need to save.	\$300,229	\$ _____
Line 9 How much would you have to set aside each year in order to work toward a retirement goal of \$300,229? Divide Line 8 by the Present Value Factor in Table A . (Example: \$300,229 divided by 79.06)	\$3,797	\$ _____
Line 10 The amount you need to invest each month toward retirement. Divide Line 9 by 12.	\$316 Monthly Investment	\$ _____

The worksheet does not take into account any contributions your employer may make to the plan. The projection is based on your current income as adjusted for inflation and does not consider possible future increases in your pay.

*There is an annual cap on benefits.

Table A	Number of Years Until Retirement:	5	10	15	20	25	30	35	40
	Infation Factor (3% inflation)	1.16	1.34	1.56	1.81	2.09	2.43	2.81	3.26
	Investment Factor (6% return):	1.34	1.79	2.4	3.21	4.29	5.74	7.69	10.29
	Present Value Factor (6% return):	5.64	13.18	23.28	36.78	54.86	79.06	111.43	154.75

Future investment returns cannot be predicted and your actual principal value will differ.

Table B	Number of Years in Retirement:	10	15	20	25
	Payout Factor: (3% inflation):	8.53	11.94	14.88	17.41

Assumes 3% inflation and a 6% annual investment return. Actual inflation and your investment returns will differ.