

SAVING FOR RETIREMENT WORKSHEET

How much will you need?

This example assumes the participant is 31 years old, and will retire in 35 years.

$$\begin{array}{r} 2. \quad \$35,000 \\ \quad \times .75 \\ \hline \quad \$26,250 \end{array}$$

$$\begin{array}{r} 4. \quad \$26,250 \\ \quad - 15,204 \\ \hline \quad \$11,046 \end{array}$$

$$\begin{array}{r} 5. \quad \$11,046 \\ \quad \times 2.81 \\ \hline \quad \$31,039.26 \end{array}$$

$$\begin{array}{r} 6. \quad \$31,039.26 \\ \quad \times 11.12 \\ \hline \quad \$345,456.57 \end{array}$$

$$\begin{array}{r} 8. \quad \$5,000 \\ \quad \times 7.69 \\ \hline \quad \$38,450 \end{array}$$

$$\begin{array}{r} 9. \quad \$345,456.57 \\ \quad - 38,450 \\ \hline \quad \$307,006.57 \end{array}$$

$$\begin{array}{r} 10. \quad \$307,006.57 \\ \quad \times .009 \\ \hline \quad \$2,763.06 \end{array}$$

$$11. \quad \frac{\$2,763.06}{\$35,000} = 7.89\%$$

STEPS	SAMPLE CALCULATIONS	YOUR CALCULATIONS
1. Current annual income.	35,000.00	
2. Income needed during retirement. Depending on your retirement goals, you may need 70-100 percent of your current income. Multiply step 1 by that percentage (for example $.35000 \times .75 = 75$) to estimate annual retirement income in today's dollars.	\$26,250.00	
3. Social Security income. Enter the benefit amount from TABLE 1* that most closely corresponds to your income.	\$15,204.00	
4. Annual retirement income. Subtract step 3 from step 2. This is the income you will need from your personal investments in today's dollars.	\$11,046.00	
5. Future retirement income. Multiply step 4 by the inflation factor from TABLE 2* that most closely matches the number of years until you retire.	\$31,039.26	
6. Retirement goal. Multiply step 5 by 11.12. This figure assumes that you will retire at age 66 and spend 15 years in retirement (use 13.59 for 20 years, and 15.62 for 25 years). It also assumes you will earn 6.5 percent on your retirement portfolio with a 2.5 percent inflation rate.	\$345,456.57	
7. Current portfolio. Enter the amount of your current retirement investments.	\$5,000.00	
8. Value of current investments at retirement. Multiply step 7 by the growth factor from TABLE 3* that corresponds most closely to the number of years until you retire.	\$38,450.00	
9. Retirement shortfall. Subtract step 8 from step 6. This is how much you need to accumulate before you retire.	\$307,006.57	
10. Annual goal. Multiply step 9 by the accumulation factor from TABLE 3 that most closely matches the number of years until you retire. This is how much you should be investing each year.	\$2,763.06	
11. Percentage of annual income to save per year. Divide line 10 by line 1.	7.89%	

* Tables found on Page 11 of this booklet.

This chart is for illustrative purposes only and does not reflect the return on any specific investment.

Results depend on many factors and we do not guarantee the accuracy or applicability to your circumstances.

Tables for use in completing the Saving for Retirement Worksheet

ANNUAL INCOME	ANNUAL BENEFIT ESTIMATE
25,000	12,888
35,000	15,204
45,000	17,520
55,000	19,824
65,000	22,128
75,000	24,432

TABLE 1

Figures show the approximate benefit for 6/15/60 birthdate retiring at 67 (6/2027). For a more accurate estimate of your Social Security benefits, go to ssa.gov/myaccount/ to create an account.

Source: SSA Online quick calculator. www.ssa.gov/OACT/quickcalc/ Full Retirement Age for individuals born between 1943-1954 is age 66.

YEARS TO RETIREMENT	INFLATION FACTOR
5	1.16
10	1.34
15	1.56
20	1.81
25	2.09
30	2.43
35	2.81
40	3.26

TABLE 2

This table assumes an annual rate of inflation of 3 percent.

YEARS TO RETIREMENT	GROWTH FACTOR	ACCUMULATION FACTOR
5	1.34	.177
10	1.79	.076
15	2.4	.043
20	3.91	.027
25	4.29	.018
30	5.74	.013
35	7.69	.009
40	10.29	.006

TABLE 3

This table assumes an annual rate of return of 6 percent.