

Define Your Retirement Goal

This worksheet will help you determine how much you need to save annually to meet your retirement objectives.

This worksheet is based on the following important factors:

- * From now until your retirement, your retirement savings will earn a hypothetical annual rate of return of 10%
- * The investments that you have during retirement will earn a hypothetical annual rate of return of 9%
- * The inflation rate will average 3% annually and your spending money will also increase at that rate to maintain consistency
- * You will live to be 90 years old
- * The primary objective of your retirement savings is to provide income during retirement

Note: In the example, a 37 year old who plans to retire at age 62 is used. Since the worksheet amounts are in today's dollars, you should increase you savings by the rate of inflation each year to assure adequate savings by your retirement date.

Before you begin

It will help you complete this worksheet to have the following information:

- A) Your current income \$
- B) An estimate of your annual Social Security benefits. If you do not have this, call Social Security Administration at 1-800-772-1213. \$
- C) An estimate of your annual pension plan benefits. \$
- D) Recent account statements
- E) A calculator

1 What is your annual income?	50,000	<input style="width: 100%; height: 20px;" type="text"/>
2 What is your estimated annual retirement cost? (in today's dollars; a "rule of thumb" is 80% of current income)	40,000	<input style="width: 100%; height: 20px;" type="text"/>
3 During retirement, what is the total amount that you anticipate receiving annually from Social Security and your pension plan?	23,000	<input style="width: 100%; height: 20px;" type="text"/>
4 Subtract line 3 from line 2. This is the amount you will need from personal savings for retirement	17,000	<input style="width: 100%; height: 20px;" type="text"/>

5 Using the table below, enter the factor that best matches the age at which you plan to retire. 13.4

Retirement Age	55	60	62	65	67	70
Factor	14.5	13.8	13.4	12.8	12.3	11.5

6 Multiply line 4 by line 5. This is the preliminary amount you need to save for your retirement 227,800

7 If you wish to retire before age 65, enter the factor that best matches the age at which you plan to retire 2.7

Retirement Age	55	60	62
Factor	7.4	4.2	2.7

8 Multiply line 3 by line 7. This is an additional amount you may need to save to provide for an early retirement until Social Security and pension distributions begin, or to offset the possible reduction of those benefits because of an early retirement. 62,100

9 Add line 6 to line 8. ***This is the estimated total amount you will need to have accumulated when you retire*** 289,900

10 Considering IRA's, employer retirement plans (other than a pension listed above), and any other investments or savings, what is the amount that you already have saved? 10,000

11 How many years until retirement? Using the table below, enter the factor. 5.4

Years until Retirement	5	10	15	20	25	30	35	40
Factor	1.4	2.0	2.8	3.9	5.4	7.6	10.7	15.0

12 Multiply line 10 and line 11. This is the estimated worth of your savings when you reach retirement. 54,000

13 Subtract line 12 from line 9. In addition to your current savings, this is the amount you need to put away for retirement 235,900

14 Enter the factor from the table below based on the number of years until retirement .016

Years until Retirement	5	10	15	20	25	30	35	40
Factor	.174	.072	.040	.024	.016	.011	.007	.005

15 Multiply line 13 and line 14. ***Annually, this is the amount you may need to put away to meet your retirement objective*** 3,774

16 Divide line 15 by line 1. ***This is the percentage of your current income, including employer contributions, that you need to put away annually*** 8%