

SAVING FOR RETIREMENT WORKSHEET

Find out how much you'll need

$$\begin{array}{r} 2. \ \$30,000 \\ \times \ .75 \\ \hline \$22,500 \end{array}$$

$$\begin{array}{r} 4. \ \$22,500 \\ - \ 12,168 \\ \hline \$10,332 \end{array}$$

$$\begin{array}{r} 5. \ \$10,332 \\ \times \ 3.33 \\ \hline \$34,405.56 \end{array}$$

$$\begin{array}{r} 6. \ \$34,405.56 \\ \times \ 10.74 \\ \hline \$369,515.71 \end{array}$$

$$\begin{array}{r} 8. \ \$5,000 \\ \times \ 14.785 \\ \hline \$73,925.00 \end{array}$$

$$\begin{array}{r} 9. \ \$369,515.71 \\ - \ \$73,925.00 \\ \hline \$295,590.71 \end{array}$$

$$\begin{array}{r} 10. \ \$295,590.71 \\ \times \ .006 \\ \hline 1773.54 \end{array}$$

$$11. \ \underline{\$1773.54 \div \$30,000} \\ 6\%$$

STEPS	SAMPLE CALCULATIONS	YOUR CALCULATIONS
1. Current annual income.	\$30,000.00	
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 .75) to estimate annual retirement income in today's dollars.	\$22,500.00	
3. Social Security income. Enter the value from Table 1 that most closely corresponds to your income.	\$12,168.00	
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.	\$10,332.00	
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.	\$34,405.56	
6. Retirement goal. Multiply step 5 by 10.74. This figure assumes that you will retire at age 65 and spend 15 years in retirement. It also assumes you will earn 8 percent on your retirement portfolio with a 3.5 percent inflation rate.	\$369,515.71	
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.	\$73,925.00	
9. Retirement shortfall. Subtract step 8 from step 6. This is how much you need to accumulate before you retire.	\$295,590.71	
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.	\$1773.54	
11. Percentage of annual income to save per year. Divide line 10 by line 1.	6%	

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. This example assumes the participant is 30 years old, and will retire in 35 years.

SOCIAL SECURITY BENEFITS	
ANNUAL INCOME	ANNUAL BENEFIT ESTIMATE
20,000	\$9,228
30,000	12,168
40,000	14,688
50,000	15,684
72,000	17,196

TABLE 1

Figures show the approximate maximum benefit for a 65 year-old retiring in 2000. For a more accurate estimate of your Social Security benefits, call 1-800-772-1213 to obtain SSA Form 7004.

Source: SSA Publication No. 05-10024, January 2000.

YEARS TO RETIREMENT	INFLATION FACTOR
5	1.19
10	1.41
15	1.68
20	1.99
25	2.36
30	2.81
35	3.33
40	3.96

TABLE 2

This table assumes an annual rate of inflation of 3.5 percent.

YEARS TO RETIREMENT	GROWTH FACTOR	ACCUMULATION FACTOR
5	1.469	.170
10	2.159	.069
15	3.172	.037
20	4.661	.022
25	6.848	.014
30	10.063	.009
35	14.785	.006
40	21.725	.004

TABLE 3

This table assumes an annual rate of return of 8 percent.