

SAVING FOR RETIREMENT WORKSHEET

Find out how much you'll need

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

$$\begin{array}{r} 4. \ \$22,500 \\ -11,712 \\ \hline \$10,788 \end{array}$$

$$\begin{array}{r} 5. \ \$10,788 \\ \times \ 3.33 \\ \hline \$35,924.04 \end{array}$$

$$\begin{array}{r} 6. \ \$35,924.04 \\ \times \quad 11.94 \\ \hline \$428,933.03 \end{array}$$

$$\begin{array}{r} 8. \ \$5,000 \\ \times \quad 9.06 \\ \hline \$45,300.00 \end{array}$$

$$\begin{array}{r} 9. \ \$428,933.03 \\ - \ \$45,300.00 \\ \hline \$383,633.03 \end{array}$$

$$\begin{array}{r} 10. \ \$383,633.03 \\ \times \quad .008 \\ \hline 3069.06 \end{array}$$

$$11. \ \frac{\$3069.06}{\$30,000} = 10\%$$

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 benefit amount from Table 1 that most closely corresponds to your income.	\$11,712.00	
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.	\$10,788.00	
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.	\$35,924.04	
6. Retirement goal. Multiply step 5 by 11.94. This figure assumes that you will retire at age 66 and spend 15 years in retirement (use 14.88 for 20 years, and 17.41 for 25 years). It also assumes you will earn 6.5 percent on your retirement portfolio with a 3.5 percent inflation rate.	\$428,933.03	
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.	\$45,300.00	
9. Retirement shortfall. Subtract step 8 from step 6. This is how much you need to accumulate before you retire.	\$383,633.03	
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.	\$3069.06	
11. Percentage of annual income to save per year. Divide line 10 by line 1.	10%	

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 31 years old, and will retire in 35 years.

SOCIAL SECURITY BENEFITS	
ANNUAL INCOME	ANNUAL BENEFIT ESTIMATE
20,000	\$9,504
30,000	11,712
40,000	13,896
50,000	16,104
72,000	20,928

TABLE 1

Figures show the approximate benefit for a 66 year-old retiring in 2010. For a more accurate estimate of your Social Security benefits, call 1-800-772-1213 to obtain SSA Form 7004.

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

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	1.37	.176
10	1.88	.074
15	2.57	.041
20	3.52	.026
25	4.83	.017
30	6.61	.012
35	9.06	.008
40	12.42	.006

TABLE 3

This table assumes an annual rate of return of 6.5 percent.