

ARE YOU SAVING ENOUGH?

Here is a worksheet you can use to estimate 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	\$30,000	\$ _____
Line 2 Estimated yearly income you will need at retirement..... (80% of \$30,000)	\$24,000	\$ _____
Line 3 An estimate of your Social Security benefit. Multiply Line 1 by .25 up to a maximum of \$19,920.....	\$7,500	\$ _____
Line 4 The estimated annual income you will need to replace with retirement savings and personal assets. Subtract Line 3 from Line 2.....	\$16,500	\$ _____
Line 5 Now adjust your current replacement income for inflation by multiplying Line 4 by the inflation factor from the accompanying table. The inflation factor figure is below the number of years you have left until you retire. For this example, we assume 20 years left to retirement. Thus, we multiply \$16,500 by 1.81	\$29,865	\$ _____
Line 6 Value of your current retirement assets and other investments adjusted for growth As shown in the table below. (Example: \$40,000 multiplied by investment factor of 4.66)	\$186,400	\$ _____
Line 7 How much would you need to have at retirement to give you the yearly income in Line 5? Multiply Line 5 by 10. (Assume 3% inflation, 8% investment return, and that you will need 15 years of retirement income)	\$298,650	\$ _____
Line 8 Subtract Line 6 from Line 7 to find how much you'd need to save.....	\$112,250	\$ _____
Line 9 How much would you have to set aside each year in order to work toward a retirement goal of \$112,250? Divide Line 8 by the present value factor in the accompanying table below. (Example: \$112,250 divided by 45.76).....	2,453	\$ _____
Line 10 The amount you need to invest each month toward retirement. Divide Line 9 by 12 month.....	\$204 Monthly Investment	\$ _____

Number of Years until Retirement:	5	10	15	20	25	30	35	40
Inflation Factor (3% Inflation)	1.16	1.34	1.56	1.81	2.09	2.43	2.81	3.26
Investment Factor (8% return)	1.46	2.15	3.17	4.66	6.84	10.06	14.78	21.72
Present Value Factor (8% return)	5.87	14.49	27.15	45.76	73.11	113.28	172.32	259.06

Future investment returns cannot be predicted and your actual returns and principal value will differ. The number of years you will be retired may differ from the assumption, as may the rate of inflation.