

Am I Saving Enough to Retire? – Worksheet 4 – Step 5

Choose: Conservative Portfolio
 Moderate Portfolio
 Aggressive Portfolio

1. How much of my Retirement Income will have to come from my investments?

Source of Information

TR – “Total Income” How much Annual Income will I need in Retirement? (rule of thumb=70% of current income)

Est – Retirement Avg. How much part-time Annual income will I expect to earn during retirement? (averaged out over entire retirement)

FIS – (m), (n), (o) How much Annual Social Security Income will I receive? (Based on _____% of projected benefit payment)

FIS – (j), (k), (l) How much Annual Income will I receive from my Company Pension Plan? (guaranteed for my lifetime)

My investments at retirement will need to provide income of:

	<i>Retirement Age</i>			
	62	67	70	
				(a)
				(b)
				(c)
				(d)
				(e)=(a-b-c-d)

2. How much Retirement Income will my current investments provide?

MIWR – (h)

How much have I saved for Retirement?

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(f)

Based on a _____ portfolio as checked in the boxes above.

Choose Factor from Table 1

(g)

My current investments will provide Retirement income of:

(h)=(f) x (g)

For those using Worksheet 4 that are already retired – use your actual retirement expenses for last year or the last 12 months – remember to adjust these expenses for non-recurring one-time expenses.
(line b) Est – Retirement average. If you plan to work for 5 years in retirement, making \$20,000 per year, and you want to retire at 67 (before you start working part-time), your \$100,000 will average out to \$5,000 per year if you live until age 87)
(line d) – include the joint and survivor annuity if your surviving spouse will depend on your pension.

3. How much do I need to save from now on each year to meet my goal?

My additional savings will need to provide a Retirement Income of:

Choose Factor from Table 2

Current annual savings to meet my retirement goals:

			(i) = (e-h)
			(j)
			(k) = (i) x (j)

4. How much help do I have in saving this amount of money?

FIS – (c) + changes Annual employer contribution to my retirement account
Based upon my calculated contribution – See A Below

My adjusted annual retirement contribution

My tax savings based on a rate of ____% of line(m)_____ – See B Below

MIT – (3c)

Annual out of pocket savings required – See C Below

Monthly out of pocket savings required

			(l)
			(m) = (k) – (l)
			(n)
			(o) = (m) – (n)
			(p) = (o) / 12

- FIS = Financial Information Summary Sheet
- TR= Latest filed Federal Income Tax Return
- MIT = Marginal Income Tax Bracket Worksheet
- Est = Estimated Annual Average over Entire Retirement Span
- MIWR = My Investments with Risk Considered Worksheet

A – Determine if your employer’s current contribution will increase based on this calculation.

(For example, if you are currently saving 3% of your earnings, and your calculations reveals you need to be saving 10%, you will want to enter any increase in your employer match to which you may be entitled, i.e., if they match 5%, you will gain a 2% match due to your increased savings.)

B – For purposes of calculating line (n), line (m) is limited to the maximum allowable retirement contribution of \$15,500 (under age 50) or \$20,500 (50 and over) for 2007. Amounts reflected in excess of these limits on line (m), should be saved in a non-retirement investment account.

The exception to the above rule is if you have a self-employed qualified plan that allows you to contribute up to \$45,000 to a retirement plan. Please refer to www.irs.gov for more information about this exception.

C – Comprised of actual retirement contribution (line (m)) and reduced income tax withholdings from your paycheck – line (n) – both action steps result in this final value.

For example, if your line (m) is \$5000 and your line (n) is \$1,500, your net out of pocket retirement savings is \$3,500. The quickest way to obtain the cash flow benefits of your reduced tax liability is to either change your W-4 withholding allowances to reduce the income taxes withheld from your checks, or to reduce your quarterly estimated income tax payments.

Table 1
Portfolio Style

Yrs Until Retire	Conservative			Moderate			Aggressive		
	Ret @ 62	Ret @ 67	Ret @ 70	Ret @ 62	Ret @ 67	Ret @ 70	Ret @ 62	Ret @ 67	Ret @ 70
0	0.050	0.059	0.067	0.050	0.059	0.067	0.050	0.059	0.067
1	0.052	0.060	0.068	0.053	0.061	0.070	0.054	0.063	0.071
2	0.053	0.061	0.070	0.055	0.064	0.072	0.057	0.066	0.075
3	0.054	0.063	0.071	0.057	0.066	0.075	0.060	0.070	0.080
4	0.055	0.064	0.072	0.059	0.069	0.078	0.064	0.075	0.084
5	0.056	0.065	0.074	0.061	0.072	0.081	0.068	0.079	0.089
6	0.057	0.067	0.075	0.064	0.075	0.085	0.072	0.084	0.095
7	0.058	0.068	0.077	0.066	0.078	0.088	0.076	0.089	0.101
8	0.059	0.069	0.078	0.069	0.081	0.091	0.080	0.094	0.107
9	0.060	0.071	0.080	0.072	0.084	0.095	0.085	0.100	0.113
10	0.062	0.072	0.081	0.075	0.087	0.099	0.090	0.106	0.120
11	0.063	0.073	0.083	0.078	0.091	0.103	0.096	0.112	0.127
12	0.064	0.075	0.085	0.081	0.095	0.107	0.102	0.119	0.135
13	0.065	0.076	0.086	0.084	0.098	0.111	0.108	0.126	0.143
14	0.067	0.078	0.088	0.087	0.102	0.116	0.114	0.134	0.151
15	0.068	0.080	0.090	0.091	0.106	0.120	0.121	0.142	0.160
16	0.069	0.081	0.092	0.095	0.111	0.125	0.128	0.150	0.170
17	0.071	0.083	0.094	0.098	0.115	0.130	0.136	0.159	0.180
18	0.072	0.084	0.095	0.102	0.120	0.135	0.144	0.169	0.191
19	0.074	0.086	0.097	0.106	0.125	0.141	0.153	0.179	0.202
20	0.075	0.088	0.099	0.111	0.130	0.146	0.162	0.190	0.214
21	0.077	0.090	0.101	0.115	0.135	0.152	0.172	0.201	0.227
22	0.078	0.091	0.103	0.120	0.140	0.158	0.182	0.213	0.241
23	0.080	0.093	0.105	0.124	0.146	0.165	0.193	0.226	0.255
24	0.081	0.095	0.108	0.129	0.151	0.171	0.204	0.239	0.271
25	0.083	0.097	0.110	0.135	0.158	0.178	0.217	0.254	0.287
26	0.085	0.099	0.112	0.140	0.164	0.185	0.230	0.269	0.304
27	0.086	0.101	0.114	0.146	0.170	0.193	0.244	0.285	0.322
28	0.088	0.103	0.116	0.151	0.177	0.200	0.258	0.302	0.342
29	0.090	0.105	0.119	0.157	0.184	0.208	0.274	0.320	0.362
30	0.091	0.107	0.121	0.164	0.192	0.217	0.290	0.339	0.384
31	0.093	0.109	0.124	0.170	0.199	0.225	0.307	0.360	0.407
32	0.095	0.111	0.126	0.177	0.207	0.235	0.326	0.381	0.431
33	0.097	0.114	0.128	0.184	0.216	0.244	0.345	0.404	0.457
34	0.099	0.116	0.131	0.192	0.224	0.254	0.366	0.429	0.485
35	0.101	0.118	0.134	0.199	0.233	0.264	0.388	0.454	0.514
36	0.103	0.121	0.136	0.207	0.243	0.274	0.411	0.482	0.545
37	0.105	0.123	0.139	0.216	0.252	0.285	0.436	0.510	0.577
38	0.107	0.125	0.142	0.224	0.262	0.297	0.462	0.541	0.612
39	0.109	0.128	0.145	0.233	0.273	0.309	0.490	0.574	0.649
40	0.112	0.131	0.148	0.242	0.284	0.321	0.519	0.608	0.688
41	0.114	0.133	0.151	0.252	0.295	0.334	0.551	0.644	0.729
42	0.116	0.136	0.154	0.262	0.307	0.347	0.584	0.683	0.773

5.0%

7.0%

9.0%

Table 2
Portfolio Style

Yrs Until Retire	Conservative			Moderate			Aggressive		
	Ret @ 62	Ret @ 67	Ret @ 70	Ret @ 62	Ret @ 67	Ret @ 70	Ret @ 62	Ret @ 67	Ret @ 70
0		-			-			-	
1	19.415	16.588	14.666	19.041	16.269	14.384	18.682	15.962	14.113
2	9.611	8.212	7.260	9.334	7.975	7.051	9.069	7.748	6.851
3	6.344	5.420	4.792	6.100	5.212	4.608	5.868	5.014	4.433
4	4.710	4.025	3.558	4.484	3.831	3.387	4.271	3.649	3.226
5	3.731	3.187	2.818	3.516	3.004	2.656	3.314	2.832	2.504
6	3.078	2.630	2.325	2.871	2.453	2.169	2.678	2.288	2.023
7	2.611	2.231	1.973	2.411	2.060	1.821	2.226	1.902	1.681
8	2.262	1.933	1.709	2.066	1.766	1.561	1.888	1.613	1.426
9	1.990	1.701	1.504	1.799	1.537	1.359	1.626	1.389	1.228
10	1.773	1.515	1.339	1.586	1.355	1.198	1.417	1.211	1.071
11	1.595	1.363	1.205	1.412	1.206	1.067	1.248	1.066	0.943
12	1.448	1.237	1.094	1.267	1.083	0.957	1.107	0.946	0.837
13	1.322	1.130	0.999	1.145	0.978	0.865	0.989	0.845	0.747
14	1.215	1.038	0.918	1.041	0.889	0.786	0.889	0.760	0.672
15	1.123	0.959	0.848	0.951	0.812	0.718	0.803	0.686	0.606
16	1.042	0.890	0.787	0.872	0.745	0.659	0.728	0.622	0.550
17	0.970	0.829	0.733	0.804	0.687	0.607	0.662	0.566	0.500
18	0.907	0.775	0.685	0.742	0.634	0.561	0.604	0.516	0.457
19	0.850	0.726	0.642	0.688	0.588	0.520	0.553	0.473	0.418
20	0.799	0.683	0.604	0.639	0.546	0.483	0.508	0.434	0.384
21	0.753	0.643	0.569	0.596	0.509	0.450	0.467	0.399	0.353
22	0.711	0.608	0.537	0.556	0.475	0.420	0.431	0.368	0.325
23	0.673	0.575	0.508	0.520	0.444	0.393	0.398	0.340	0.300
24	0.638	0.545	0.482	0.487	0.416	0.368	0.368	0.314	0.278
25	0.606	0.518	0.458	0.457	0.391	0.345	0.341	0.291	0.257
26	0.577	0.493	0.436	0.430	0.367	0.325	0.316	0.270	0.239
27	0.549	0.469	0.415	0.404	0.346	0.305	0.293	0.251	0.222
28	0.524	0.448	0.396	0.381	0.326	0.288	0.273	0.233	0.206
29	0.500	0.428	0.378	0.359	0.307	0.272	0.254	0.217	0.192
30	0.479	0.409	0.362	0.340	0.290	0.256	0.236	0.202	0.179
31	0.458	0.391	0.346	0.321	0.274	0.242	0.220	0.188	0.166
32	0.439	0.375	0.332	0.304	0.259	0.229	0.206	0.176	0.155
33	0.421	0.360	0.318	0.288	0.246	0.217	0.192	0.164	0.145
34	0.404	0.345	0.305	0.273	0.233	0.206	0.179	0.153	0.135
35	0.388	0.332	0.293	0.259	0.221	0.195	0.168	0.143	0.127
36	0.373	0.319	0.282	0.245	0.210	0.185	0.157	0.134	0.118
37	0.359	0.307	0.271	0.233	0.199	0.176	0.147	0.125	0.111
38	0.346	0.296	0.261	0.221	0.189	0.167	0.137	0.117	0.104
39	0.333	0.285	0.252	0.211	0.180	0.159	0.129	0.110	0.097
40	0.321	0.275	0.243	0.200	0.171	0.151	0.121	0.103	0.091
41	0.310	0.265	0.234	0.191	0.163	0.144	0.113	0.097	0.086
42	0.299	0.256	0.226	0.182	0.155	0.137	0.106	0.091	0.080

5.0%

7.0%

9.0%