

Four Steps to a Prosperous and Healthy Retirement

Retirement Planning Workshop

**Worksheets
Used in Presentation**

Retirement Resources Inventory

Defined benefit pension plans

<u>Current plan</u>	
Plan name:	_____
Normal retirement age (NRA):	_____
Estimated monthly retirement income	
▪ At NRA:	_____
▪ Reduced for spouse's coverage:	_____
▪ At early retirement:	_____
▪ Reduced for spouse's coverage:	_____
<u>Vested benefit from prior employer, if any</u>	
Plan name:	_____
Normal retirement age (NRA):	_____
Estimated monthly retirement income	
▪ At NRA:	_____
▪ Reduced for spouse's coverage:	_____
▪ At early retirement:	_____
▪ Reduced for spouse's coverage:	_____

401(k) plans/IRAs/Savings

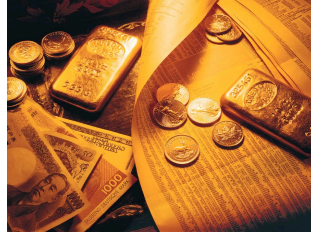
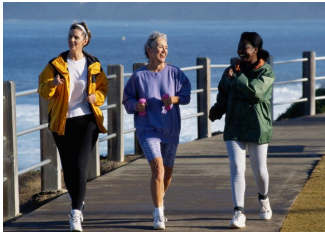
<u>401(k) plans</u>	
Balance current plan:	_____
as of:	_____
Balance other plan:	_____
as of:	_____
Balance other plan:	_____
as of:	_____
<u>IRAs</u>	
Balance first IRA:	_____
as of:	_____
Balance second IRA:	_____
as of:	_____
<u>Savings</u>	
Institution:	_____
balance:	_____
as of:	_____
Institution:	_____
balance:	_____
as of:	_____
Grand total:	_____

Notes to the Retirement Resources Inventory

- Include spouse's benefits, if applicable
- Use extra pages, if necessary.
- For savings, do not include the value of assets that you do not intend to use to generate retirement income. For example, do not include the value of homes, cars, jewelry, etc. *unless* you plan to sell them and use the proceeds to generate retirement income. If this is the case, reduce any sales proceeds by applicable taxes and selling costs.

Optional Preparation

- Think about what you want to do in retirement and where you want to live. Discuss these issues with your spouse.
- What most people really want is to be happy for their *rest-of-life*, and they think retirement will get them this happiness. What really makes you happy? How much money do you need for that?
- If you have close friends or relatives that are retired and seem happy, ask them what they did to prepare. And what do they do now? They will be glad to share.



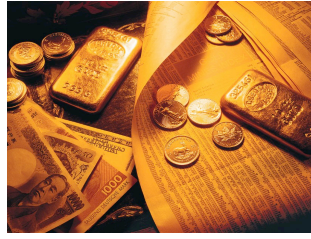
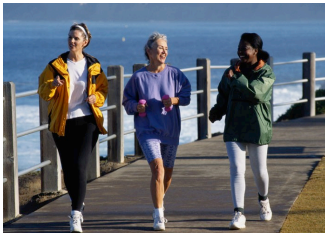
Estimating Your Total Retirement Income

Prepared on: _____

Your current age: _____

1. Desired retirement age		
2. Years until retirement age		
3. Estimated Social Security monthly income at retirement age (include spousal benefit)		
4. Estimated total monthly defined benefit pension*: Plan 1 _____ Plan 2 _____ Plan 3 _____		
5. Total monthly draw from savings/401(k) balances (from page 5)		
6. Other income		
7. Total monthly income		

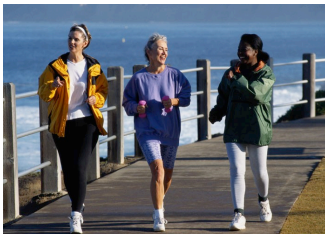
*Apply appropriate reduction for spouse's coverage and early retirement



Estimating Income From Savings/401(k) Plans

Desired retirement age		
1. Total savings/401(k) balances (from Retirement Resources Inventory)		
2. Enter factor appropriate for years until retirement (see page 6)		
3. Projected account balance at desired retirement age (1) times (2)		
4. Projected annual income Simplified approaches: <ul style="list-style-type: none"> ▪ Multiply (3) by .03 if use income method ▪ Multiply (3) by .04 or .05 for withdrawing income plus principal* ▪ If you want to buy an annuity, input item (3) into calculator at www.immediateannuities.com 		
5. Total monthly income (4) divided by 12		

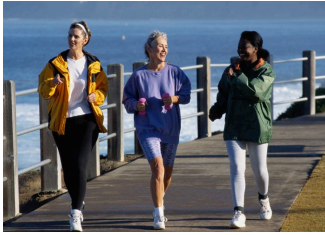
*Use .03 for retirement in late 50s or early 60s. Use .04 for retirement in mid-60s or after. Use an online calculator for a more refined approach.



Factor for Projecting Savings Balances

Years until retirement	Factor
1	1.03
2	1.06
3	1.09
4	1.13
5	1.16
6	1.19
7	1.23
8	1.27
9	1.30
10	1.34
11	1.38
12	1.43
13	1.47
14	1.51
15	1.56
16	1.60
17	1.65
18	1.70
19	1.75
20	1.81
25	2.09
30	2.43

Assumes 3% real growth. In other words, it adjusts for future inflation.

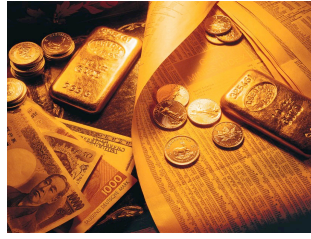
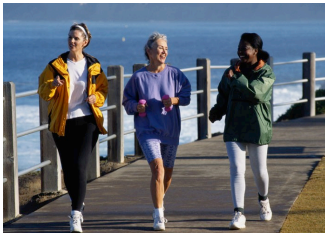


Estimating Your Retirement Expenses *

Regular Expenses	Current Monthly Expenses	Estimated Monthly Retirement Expenses	Periodic Expenses	Current Expenses (Annual)	Estimated Retirement Expenses (Annual)
Mortgage or rent	_____	_____	Property taxes	_____	_____
Utilities, telephone	_____	_____	Household maintenance and repair	_____	_____
Groceries	_____	_____	New major household purchases and repairs (appliances, new roof, etc.)	_____	_____
Work expenses (commuting, lunches, etc.)	_____	_____	Casualty insurance premiums (auto, home, etc.)	_____	_____
Entertainment, eating out	_____	_____	Life, disability, medical insurance premiums	_____	_____
Recreation (boating, hobbies, etc.)	_____	_____	Vacations	_____	_____
Clothing	_____	_____	Gifts (birthdays, anniversaries, holidays)	_____	_____
Laundry, cleaning	_____	_____	Income taxes (local, state, federal)	_____	_____
Personal (hair cuts, health club)	_____	_____	Legal services	_____	_____
Auto operation	_____	_____	Medical, dental, veterinarian	_____	_____
Other transportation	_____	_____	Savings/investment deposits	_____	_____
Education (adult courses)	_____	_____	Miscellaneous expenses	_____	_____
Education of children (college expenses, etc.)	_____	_____	Other: _____	_____	_____
Donations	_____	_____	Total Periodic Expenses	\$ _____	\$ _____
Support of others (alimony, elderly relative)	_____	_____			
Loans (auto, other)	_____	_____			
Regular services (lawn service, etc.)	_____	_____			
Other: _____	_____	_____			
Total Regular Expenses	\$ _____	\$ _____			

* Assume prices will be the same as they are today.

Total Regular Expenses:	\$ _____	\$ _____
times 12 = Total Annual:	\$ _____	\$ _____
plus		
Total Periodic Expenses:	\$ _____	\$ _____
equals		
Total Annual Expenses:	\$ _____	\$ _____
	Estimated Annual Current Expenses	Estimated Annual Retirement Expenses



Estimating Your “Replacement Ratio”

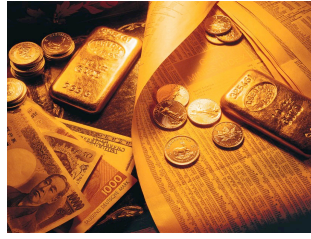
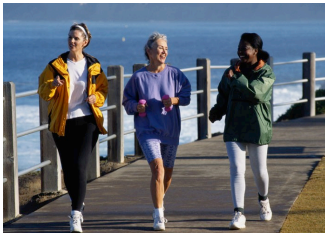
	Current	Retirement
Total Periodic Expenses, plus		
Total Regular Expenses		
Total Annual Expenses		

Your Replacement Ratio = _____

(Total Annual Retirement Expenses / Total Annual Current Expenses)

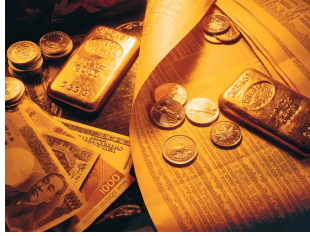
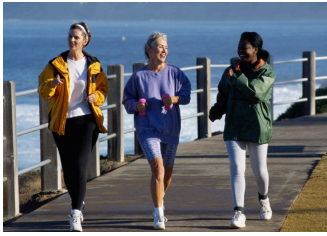
How close is it to the simple conventional wisdom?

70% to 100% of your pay before retirement?



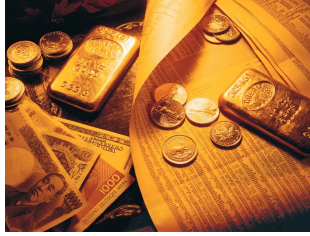
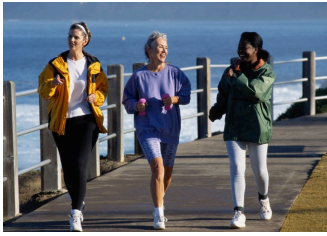
Calculating the Gap Between Your Income and Needs

	Retire at age _____	Retire at age _____
1. Annual income needed		
2. Minus Social Security		
3. Minus Pension		
4. Minus Draw from Savings		
5. Equals the Gap in Annual Income		



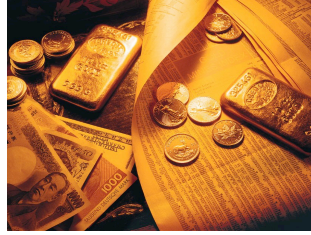
Closing the Gap

	Retire at age ____	Retire at age ____
1. Gap in income needed from item 5, page 9		
2. Factor Use 33 (safest) Use 25 (conservative) Use 20 (most aggressive)		
3. Total additional savings needed at retirement: (1) times (2)		



Closing the Gap - Continued

	Retire at age _____	Retire at age _____
Additional savings needed from item 3, page 10		
Years until retirement		
Factor appropriate for years until retirement (see page 12 Savings Accumulation Factor)		
Needed monthly savings: (1) times (3)		



Savings Accumulation Factor

Years until retirement	Factor
1	.0820
2	.0404
3	.0265
4	.0196
5	.0154
6	.0127
7	.0107
8	.0092
9	.0081
10	.0071
11	.0064
12	.0058
13	.0052
14	.0048
15	.0044
16	.0041
17	.0038
18	.0035
19	.0033
20	.0030
25	.0022
30	.0017

Assumes 3% real growth. In other words, it adjusts for future inflation.
It also assumes monthly contributions.