

Develop a Retirement Income Plan

Identify Your Income Sources

Worksheet C

Your Retirement Income Flow

I. Your Before-Tax Income

	Monthly		Annual
1. Income			
a. Part time/full time/self-employment	\$ _____	x12	\$ _____
b. Investment income	\$ _____	x12	\$ _____
c. Annuity income	\$ _____	x12	\$ _____
d. Real estate income	\$ _____	x12	\$ _____
e. Inheritance/personal trusts	\$ _____	x12	\$ _____
2. Pension/Retirement Savings Plan Benefits	\$ _____	x12	\$ _____
3. Social Security			
a. Expected payments ²	\$ _____	x12	\$ _____
4. Other	\$ _____	x12	\$ _____

Add totals for items 1 – 4 to calculate your annual projected retirement income.

Total Annual Before-Tax Income: \$ _____

II. Estimated Annual Income Taxes³

a. Federal	\$ _____
b. State	\$ _____
c. Local	\$ _____

Total Estimated Annual Taxes: \$ _____

Total Annual Before-Tax Income: \$ _____

(from Step I above)

Total Annual After-Tax Income: \$ _____

(subtract Total Estimated Annual Taxes from Total Annual Before-Tax Income)

III. Annual Overage or Shortfall

Compare Your Total Annual Expenses in Retirement (from Worksheet B, Step II) to your Total Annual After-Tax Income

Your Total Annual After-Tax Income: \$ _____

(from Step II above)

Less Total Annual Expenses: \$ _____

(from Worksheet B, Step II)

Annual Overage or Shortfall: \$ _____

² Every year, the Social Security Administration sends a personalized Social Security Statement to workers age 25 and older. The statement includes projections of benefits you're entitled to receive based on your earnings records. If you haven't received one, or would like an update, visit www.ssa.gov/mystatement or call 1-800-772-1213 and request Form SSA-7004.

³ In addition to federal taxes, you may owe state and local taxes on your investment, retirement plan benefits and Social Security income (or payments). Consult your financial or tax advisor for more information.

Worksheet A

I. Employer-Sponsored Retirement Plans

a. §403(b), §457, §401(a) and/or §401(k) plans	\$ _____
b. SEP-IRA, SIMPLE IRA, SIMPLE §401(k)	\$ _____
c. Profit-sharing plan	\$ _____
d. Traditional pension plan	\$ _____
e. Nonqualified pension plan	\$ _____

Total Employer-Sponsored Retirement Plans: \$ _____

II. Individual Retirement Accounts

a. Traditional and Rollover IRAs	\$ _____
b. Roth IRAs	\$ _____

Total Individual Retirement Accounts: \$ _____

III. Personal Investments

a. Securities (stocks, bonds, treasuries)	\$ _____
b. Mutual funds	\$ _____
c. Annuities	\$ _____
d. Bank CDs	\$ _____
e. Real estate	\$ _____
f. Life insurance cash value	\$ _____
g. Other	\$ _____

Total Personal Investments: \$ _____

Grand Total Retirement Savings and Investments: \$ _____

(add totals from Steps I, II and III above)

Determine Your Expenses

Determine Your Expenses

Worksheet B

Worksheet B

I. Your Monthly Expenses (in today's dollars)

	Current	In Retirement
1. Housing		
a. Mortgage or rent	\$ _____	\$ _____
b. Utilities	\$ _____	\$ _____
c. Home maintenance/improvement	\$ _____	\$ _____
d. Property insurance	\$ _____	\$ _____
e. Property taxes	\$ _____	\$ _____
2. Necessities		
a. Groceries	\$ _____	\$ _____
b. Clothing (including cleaning)	\$ _____	\$ _____
c. Hair care/personal items	\$ _____	\$ _____
3. Health Care		
a. Medical insurance premiums	\$ _____	\$ _____
b. Medical co-payments	\$ _____	\$ _____
c. Dental insurance premiums	\$ _____	\$ _____
d. Dental co-payments	\$ _____	\$ _____
e. Medicare premiums	\$ _____	\$ _____
f. Prescriptions	\$ _____	\$ _____
g. Long-term care insurance premiums	\$ _____	\$ _____
4. Life Insurance		
a. Premiums	\$ _____	\$ _____
5. Transportation		
a. Car loan/lease payments	\$ _____	\$ _____
b. Insurance premiums	\$ _____	\$ _____
c. Fuel	\$ _____	\$ _____
d. Maintenance	\$ _____	\$ _____
6. Taxes		
a. Property (other than 1e above)	\$ _____	\$ _____
b. Income	\$ _____	\$ _____
7. Entertainment		
a. Travel/vacation	\$ _____	\$ _____
b. Recreation/hobbies	\$ _____	\$ _____
c. Memberships	\$ _____	\$ _____
d. Other	\$ _____	\$ _____

	Current	In Retirement
8. Debt Payments		
a. Personal loans	\$ _____	\$ _____
b. Credit cards	\$ _____	\$ _____
9. Miscellaneous		
a. Gifts (to relatives/friends)	\$ _____	\$ _____
b. Other	\$ _____	\$ _____

Add totals for items 1-9 to calculate your monthly **Current** and **In Retirement** expenses. Use these figures to determine your annual expenses in Section II below.

Your Total Monthly Expenses (in today's dollars): \$ _____ \$ _____

II. Your Annual Expenses (in today's dollars)

	Current	In Retirement
Multiply totals for monthly Current and In Retirement expenses by 12 to calculate annual figures.	\$ _____	\$ _____
	x 12	x 12
Your Total Annual Expenses (in today's dollars):	\$ _____	\$ _____

III. How Much Do You Need to Finance Your Retirement?

Every retiree's financial situation is unique. However, as an example, if your projected annual expenses at retirement are \$40,000 and your projected number of retirement years is 25, in today's dollars you would want to start with a retirement savings total of \$1 million to fund your retirement.

$$\begin{array}{r}
 \$ 40,000 \\
 \times \quad 25 \text{ years} \\
 \hline
 \mathbf{\$ 1,000,000}
 \end{array}$$

However, if you take inflation into consideration, you will need even more. With an assumed annual inflation rate of 4.09%¹ (inflation factor of 43.88 from the table below), you would want more than \$1.75 million to keep pace with inflation over a 25 year period.

$$\begin{array}{r}
 \$ 40,000 \\
 \times \quad 43.88 \\
 \hline
 \mathbf{\$ 1,755,200}
 \end{array}$$

Now, project the total amount of retirement savings, adjusted for inflation, that you will want to fund your retirement.

Your Total Annual Expenses in Retirement (from Step II above): \$ _____

Your Inflation Factor (from chart below): x _____

Select the inflation factor that is closest to the number of years you expect to spend in retirement.

Years in Retirement	5 Yrs.	10 Yrs.	15 Yrs.	20 Yrs.	25 Yrs.	30 Yrs.
Inflation Factor	5.65	12.55	20.98	31.29	43.88	59.26

Total Needed to Finance Your Retirement:

\$ _____

¹ 25-year average annual inflation rate of 4.09% calculated from Bloomberg Professional data. Inflation factor is based on annual compounding of 4.09% for the given number of years. There is no guarantee that this inflation figure is a good prediction of what the inflation rate will be in the future.