

One of the most frequently asked question is “How much money should I be putting away for retirement?”

There is not a blanket answer to this question. Obviously the goal is to put as much away for retirement as possible. Ask yourself these questions: 1) Do I have 3 to 6 months of emergency money saved in addition to my retirement savings? 2) Are there non-essential expenses that I can cut back on? 3) Will I really miss an extra 1% or 2% of my pay? Now complete the “Retirement Needs Worksheet” below.

	Example	You
Line 1 Your current yearly income.....	\$30,000	_____
Line 2 Estimated yearly income you need at retirement.....	\$24,000 (80% of \$30,000)	_____
Line 3 An estimate of your Social Security benefit. Multiply Line 1 by .25 up to A maximum of \$18,432.....	\$7,500	_____
Line 4 The estimated annual income you will need to replace through 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 assets (savings, investments, etc.) adjusted for growth. (example: \$40,000 multiplied by investment factor 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. (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....	\$204/mo	_____

*Future investment returns cannot be predicted and your actual returns and principal value will differ. The number of years you will be retired may

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