

# GETTING PREPARED

## RETIREMENT READINESS WORKSHEETS

As you think about this new adventure called retirement, make certain that you are as prepared as possible. Reviewing, completing and adding to this checklist may go a long way toward ensuring a pleasant and confident retirement.

### TIMELINE FOR RETIREMENT

AGE  
**50**

Begin making catch-up contributions, an extra amount that those over 50 can add to certain retirement accounts

AGE  
**59½**

No more tax penalties on early withdrawals from retirement accounts, but leaving your money in means more potential for it to grow

AGE  
**62**

The minimum age to receive Social Security benefits, but delaying means a bigger monthly benefit

AGE  
**65**

Eligible for Medicare

AGE  
**66**

Eligible for Full Social Security benefits if born between 1943 and 1954

AGE  
**73**

Start taking minimum withdrawals from most retirement accounts by this age; otherwise, you may be charged heavy tax penalties in the future

☐ **Estimate expenses in retirement**

☐ **Estimate income from all sources**

- ☐ Social Security
- ☐ Pension plan
- ☐ Retirement plan
- ☐ IRAs
- ☐ Savings
- ☐ Other investments

☐ **Consider distribution options**

- ☐ Rollover to IRA
- ☐ Full or partial withdrawals
- ☐ Leave account balance in plan
- ☐ Consider annuities

☐ **Prepare a realistic retirement budget**

☐ **Watch for income tax implications**

☐ **Estimate how long savings will last**

☐ **Review options for Social Security**

- ☐ Work longer?
- ☐ Start benefits before full retirement age?
- ☐ Delay benefits?

☐ **Verify healthcare coverage**

☐ **Learn about Medicare choices**

☐ **Consider long-term care insurance**

☐ **Monitor retirement account asset allocation**

☐ **Do an annual portfolio checkup**

☐ **Consider estate planning**

- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_

*Now fill in the worksheets in this booklet. It will help you put this information to use as you get ready to retire.*

## A: TODAY'S MONEY

Instructions: Record amounts for yourself and for your spouse in columns 1 and 2. Add up the money across each row for you and your spouse, and write the total in column 3. Then add all the numbers down column 3 and write the total in column 3 at the bottom.

	1 You	2 Spouse	3 Total
Retirement savings			
Net home equity (market value)			
Personal savings and investments			
Other assets (collections, etc.)			
<b>TOTAL ASSETS</b>			

## B: YOUR MONEY – 10 YEARS FROM NOW

Asset Growth Factors for Three Selected Rates of Return\*

1.344 for 3%    1.629 for 5%    1.967 for 7%

	1 Current \$ value (from Worksheet A, Column 3)	2 Asset growth factor (rate of return)	3 Asset value in 10 years (Column 1 x Column 2)
Retirement savings			
Net home equity (market value)			
Personal savings and investments			
Other assets (collections, etc.)			
<b>TOTAL ASSETS</b>			

\*Rates of return are hypothetical and do not reflect the deduction of fees and charges inherent to investing.

## C: NEW SAVINGS BETWEEN NOW AND RETIREMENT

Savings Growth Factors for Three Selected Rates of Return\*

139.741 for 3%    155.282 for 5%    173.085 for 7%

	1 Estimated monthly savings amount	2 Savings growth factor	3 Value of savings in 10 years (Column 1 x Column 2)
Retirement savings			
Net home equity (market value)			
Personal savings and investments			
Other assets (collections, etc.)			
<b>TOTAL ASSETS</b>			

## D: MONTHLY INCOME OVER A 30-YEAR RETIREMENT

Income Conversion Factors for Assumed Rates of Interest\*

0.004216 for 3%    0.005368 for 5%    0.006653 for 7%

	1 Accumulated assets (Column 3 from Worksheet B plus Column 3 from Worksheet C)	2 Income conversion factor	3 Monthly income beginning at retirement (Column 1 x Column 2)
Social Security (estimate based on your retirement year)			
Retirement savings			
Net home equity (market value)			
Personal savings and investments			
Other assets (collections, etc.)			
<b>TOTAL ASSETS</b>			

\*Rates of return are hypothetical and do not reflect the deduction of fees and charges inherent to investing.

## E: MONTHLY EXPENSES TODAY

**Instructions:** Now that you know what your savings and investments are, the next step is to move on to today's expenses. Worksheet E calculates what you spend today.

Some monthly expenses are easy to figure. Others, like a heating bill, may not remain the same from month to month and will require a calculation of your average monthly bill over a year's time. Still other bills may arrive only quarterly. While you may want to estimate some of these bills the first time you fill in the worksheets, you will want to add more accurate figures later.

If you are married, include your spouse's expenses and anyone who is financially dependent on you.



	Monthly amount
Housing	
Mortgage (including HOA fees) Rent Maintenance	
Food (at home)	
Utilities	
Electricity Heat Internet/cable Phones Water/sewer Gas	
Clothing	
Taxes	
Real estate Income (state and federal) Other property taxes	
Insurance	
House Life Car Disability Long-term care	

Worksheet E - continued

	Monthly amount
Loans	
<div>Car</div> <div>Credit card</div> <div>Other</div>	
Retirement savings	
Personal care	
<div>Hair cut</div> <div>Dry cleaning</div> <div>Gym</div> <div>Other</div>	
Transportation	
<div>Car repairs and maintenance</div> <div>Gas</div> <div>Parking</div> <div>Public transportation</div>	
Travel/vacations	
Entertainment	
<div>Eating out</div> <div>Hobbies</div> <div>Movies/theatre</div>	
Charitable contributions	
Other	
<div>Gifts</div> <div>Membership dues</div> <div>Pet-related costs</div>	
<b>TOTAL ESTIMATED MONTHLY EXPENSES (other than health)</b>	
Healthcare	
<div>Health insurance</div> <div>Doctor visits</div> <div>Hospital</div> <div>Medicine</div> <div>Over-the-counter medicine</div> <div>Dental</div> <div>Vision</div> <div>Noncovered items</div>	
<b>TOTAL ESTIMATED MONTHLY EXPENSES (health)</b>	

## F: MONTHLY EXPENSES IN 10 YEARS

(First year of retirement)

	<b>1 Total monthly expenses now</b> (from monthly expenses column in Worksheet E)	<b>2 10-year inflation factor of 1.4106 (3.5%)*</b> (except for healthcare – see below)	<b>3 Total expenses in 10 years adjusted for inflation</b> (Column 1 x Column 2)
Housing			
Mortgage (including HOA fees)			
Rent			
Maintenance			
Food (at home)			
Utilities			
Electricity			
Heat			
Internet/cable			
Phones			
Water/sewer			
Gas			
Clothing			
Taxes			
Real estate			
Income (state and federal)			
Other property taxes			
Insurance			
House			
Life			
Car			
Disability			
Long-term care			
Loans			
Car			
Credit card			
Other			
Retirement savings			

\* This inflation rate factor is simply the factor equal to a 3.5% inflation rate for 10 years.

## Worksheet F - continued

	<b>1</b> <b>Total monthly expenses now</b> (from monthly expenses column in Worksheet E)	<b>2</b> <b>10-year inflation factor of 1.4106</b> (3.5%) (except for healthcare)	<b>3</b> <b>Total expenses in 10 years adjusted for inflation</b> (Column 1 x Column 2)
Personal care			
Hair cut			
Dry cleaning			
Gym			
Other			
Transportation			
Car repairs and maintenance			
Gas			
Parking			
Public transportation			
Travel/vacations			
Entertainment			
Eating out			
Hobbies			
Movies/theatre			
Charitable contributions			
Other			
Gifts			
Membership dues			
Pet-related expenses			
<b>TOTAL MONTHLY EXPENSES ADJUSTED FOR 10 YEARS INFLATION (other than health)</b>			
Healthcare (for a 7% inflation factor use 1.9672)			
Health insurance			
Medicare Part B			
Medigap			
Doctor visits			
Hospital			
Medicine			
Over-the-counter medicine			
Dental			
Vision			
Noncovered items			
<b>TOTAL MONTHLY EXPENSES ADJUSTED FOR 10 YEARS INFLATION (health)</b>			

# G: COMPARING PROJECTED INCOME AND EXPENSES

**Instructions:** This worksheet compares your anticipated income and expenses over 30 years in retirement and is designed to reflect any shortfall between the two.

Use the total monthly income calculated in Worksheet D and multiply it by a value adjustment factor for 0% (0.5174) at right. Then multiply this result by 360 months and enter that amount in Column 4 of Worksheet G. This is your total projected income.

Next, record the total monthly expenses calculated in Worksheet F. For expenses other than health, choose an inflation adjustment value factor of 4%. For health, use a 7% inflation rate. Multiply this result by 360 months and enter it in Column 4. Now subtract the total value of projected expenses (“other than health” and “health”) over 30 years of retirement in Column 4 from the corresponding total value of your projected income (also in Column 4). The result is the projected value of income less expenses.



Value Adjustment Factors	
Inflation rate	5% assumed rate of return
0%	0.5174
3%	0.7520
4%	0.8640
7%	1.3691

	1 At retirement	2 Inflation adjusted value factor (See chart above)	3 Value in \$ at retirement for one month (Column 1 x Column 2)	4 Total value in \$ at retirement (Column 3 x 360 months)
Total projected income Worksheet D, Column 3 total				
Total projected expenses Worksheet F, Column 3 total				
Health				
Other than health				
Projected value of income less expenses Subtract Line 2 from Line 1				



# H: ADDITIONAL SAVINGS NEEDED BEFORE RETIREMENT (IN 10 YEARS)

Additional Savings Factors\*

0.00716 for 3%      0.00644 for 5%      0.00578 for 7%

Gap between projected total value of expenses and projected total value of income (from Worksheet G)	
Additional savings factor*	
Additional monthly savings needed (Multiply Line 1 x Line 2)	

Source: U.S Dept. of Labor, Employment Benefits Security Administration; [www.dol.gov/ebsa](http://www.dol.gov/ebsa)

\*Rates of return are hypothetical and do not reflect the deduction of fees and charges inherent to investing.

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