

FINANCIAL HEALTH Federal Credit Union

RETIREMENT FUND ESTIMATOR

Recent surveys found that more than 1/3 of working adults have saved nothing for retirement (Bankrate.com) and that the median retirement savings for working adults is only \$3,000 (National Institute On Retirement Security). Yet, almost all of us believe social security will NOT provide enough to cover all retirement expenses. If this describes you, now is the time to change direction.

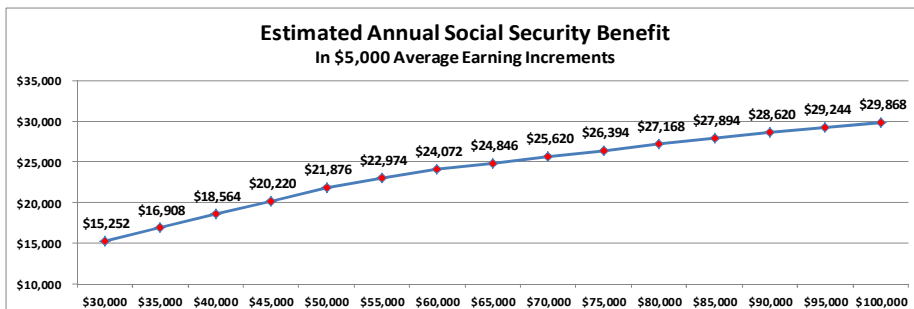
The purpose of the RETIREMENT FUND ESTIMATOR is to give you a basic idea of the saving you will need to make today in order to plan for the retirement you want tomorrow. We recommend going through this exercise annually, especially as your retirement date draws nearer. For more information and for an online version of this calculator, go to: www.choosetosave.org.

1. How much income will you want in retirement?

Figure 70% to 80% of your pre-retirement income. If your mortgage will be paid when you retire, you may need less.

\$ _____

2. How much do you expect to receive annually from social security? Use your social security statement, or this chart.



\$ _____

The chart to the left shows average annual incomes across the bottom. Select the average income which is closest to your current annual income. Then find the annual benefit amount associated with that income. Benefit amounts assume you retire at age 67. Benefits increase by 8% for each year you delay retirement up to age 70.

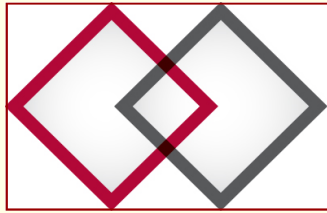
3. How much needed income you will need to make up for each year? Subtract #2 from #1.

\$ _____

4. How much will you need to have saved by the time you retire? Use the table below to select the factor to multiply #3 by.

| Age you plan to retire: | Male, 75th Percentile (age 89) | Male, 90th Percentile (age 94) | Female, 75th Percentile (age 92) | Female, 90th Percentile (age 97) |
|-------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| 60 | 19.68 | 21.71 | 20.93 | 22.79 |
| 65 | 17.35 | 19.68 | 18.79 | 20.93 |
| 70 | 14.65 | 17.35 | 16.31 | 18.79 |

\$ _____



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5. How much do you have saved now? *Include all sources of savings: 401(k) or 403(b), certificates of deposit, IRA's, money market accounts, stocks and bonds, etc.*

\$ _____

6. How many years will it be before you retire?

7. How much will your current savings grow to by the time you retire? *Multiply #5 by the factor below representing your answer to #6.*

\$ _____

*10 years = 1.3; 15 years = 1.6; 20 years = 1.8; 25 years = 2.1;
30 years = 2.4; 35 years = 2.8; 40 years = 3.3*

8. How much more do you need to save between now and the time you retire? *Subtract #7 from #4.*

\$ _____

9. How much do you need to save each year to achieve the amount in #8? *Multiply #8 by the factor below representing how many years until you retire.*

\$ _____

*10 years = .085; 15 years = .052; 20 years = .036; 25 years = .027
30 years = .020; 35 years = .016; 40 years = .013*

DOES YOUR ANNUAL SAVING TARGET SEEM TOO LARGE TO BE ACHIEVABLE? *If this is the case for you, you may need to consider several possibilities:*

- *If you did not use your social security statement to estimate your benefit, you may have understated this benefit. Obtain an updated social security statement and recalculate.*
- *If you are hoping to retire before you reach age 70, you may need to consider retiring at a later age.*
- *You may need to consider working part-time in retirement. Try adding an estimate for part-time income to your social security benefit and recalculate.*

If this process has inspired you to do more retirement fund planning, here are three excellent, free, online retirement calculators you may want to experiment with:

< [AARP Retirement Calculator](#)

< [The Flexible Retirement Calculator](#)

< [Financial Mentor Ultimate Retirement Calculator](#)

www.fhealthfcu.org

Financial Health Federal Credit Union has several certified financial counselors to assist you free of charge. Contact us at 317-559-7272