



CHARTING YOUR COURSE SERIES: SAVING FOR RETIREMENT WORKSHEETS

Use the following worksheets to help you determine and reach your retirement savings goal.

- **Worksheet 1: Project your pension benefits**
- **Worksheet 2: Project your Social Security benefits**
- **Worksheet 3: Project your retirement spending**
- **Worksheet 4: Identify your current net worth**
- **Worksheet 5: Identify how much you need to save for retirement**



It is vital that you know what to expect from every employer’s retirement plan in which you have vested benefits. Take the time to find out the answers to these questions by reviewing your plan’s summary plan description or by asking your employer’s benefits office. This worksheet will help you collect this information and keep it for future reference.

1. Are you covered by a pension/retirement plan?

Yes No

2. What type of plan(s) does your employer offer?

Defined benefit

Defined contribution

3. Are you required to contribute to the plan?

Yes No

4. What percentage of your salary or dollar amount are the minimum and maximum contribution amounts? % _____

\$ _____

5. Do you have the option of making additional voluntary contributions to the plan?

Yes No

6. What is the vesting schedule? _____

7. Are you fully vested?

Yes No

8. If not, when will you be fully vested? _____

9. If you leave employment before retiring, what happens to your vested benefits? _____

10. Can you roll benefits over to your new employer’s plan or an IRA?

Yes No

11. What are the age and service requirements to qualify for benefits? Age: _____ Years of Service: _____

12. When will you qualify for full benefits? ____ / ____ / ____ (MM/DD/YYYY)

13. What is the plan’s normal retirement age? _____

14. Can you retire early, and if you do, will you qualify for full benefits?

Yes No

15. Will working past retirement age increase your benefits?

Yes No

16. Does the plan provide a survivor benefit option?

Yes No

17. Is the cost of this provision reasonable in terms of the reduction in the normal benefit and your need for it?

Yes No

18. What is your estimated annual defined benefit pension in today’s dollars? (Exclude defined contribution benefit.)

\$ _____

(ADD THIS AMOUNT TO WORKSHEET 5)



Additional questions to ask for each plan type:

For Defined Contribution Plans

1. What are the investment options? _____
2. What is the employer contribution? _____
3. What payout options are available? _____
4. Can you take a lump-sum benefit payment? Yes No
5. Can you change the benefit payment schedule to meet retirement income needs as they change? Yes No

For Defined Benefit Plans

1. What formula is used to calculate pension payments? If used in the formula, how is "final salary" defined?

2. Will your pension be adjusted for the cost of living? Yes No
If so, what formula is used to calculate these adjustments? _____
3. Does your plan have such features as a Deferred Retirement Option Plan (DROP)? Yes No
Or allow purchase of service credits? Yes No



The best way to get your Social Security benefit estimate (and your spouse's or partner's if applicable) is to visit www.ssa.gov/mystatement or www.ssa.gov/estimator. This checklist helps you estimate your Social Security benefit.

1. Are you covered by Social Security in your current job? Yes No
If you are not sure, contact your employer.

2. Will you receive retirement benefits from a job in which you did not pay Social Security? Yes No
(If yes, go to www.ssa.gov/wep-chart or call Social Security at 800-772-1213 to estimate how these benefits will impact your Social Security payments.)

3. At what age do you expect to begin drawing benefits? _____

4. What is your expected retirement benefit at age 62? \$ _____

5. What is your expected retirement benefit at full retirement age? \$ _____

6. What is your expected retirement benefit at age 70? \$ _____

7. What is your spouse's expected benefit at age 62? \$ _____

8. What is your spouse's expected benefit at his/her full retirement age? \$ _____

9. What is your spouse's expected benefit at age 70? \$ _____

10. What is 50 percent of the higher of the two benefits at the age you or your spouse expect to begin drawing benefits? \$ _____

Are either your or your spouse's normal benefit, at the age you expect to begin drawing benefits, less than 50 percent of the higher of the two benefits? If so, use 50 percent of the higher spouse's benefit in place of the lower spouse's benefit amount. For example, if a husband's benefit is \$1,000 and his wife's is \$400, her benefit will be 50 percent of his, or \$500, in place of her own benefit.

11. Total of your and your spouse's benefits \$ _____

*(ADD THIS AMOUNT TO YOUR PENSION FOR USE ON **WORKSHEET 5**)*



Social Security for Those Who Were Not Always Covered

Even if you are not covered by Social Security in your government job, you may be eligible for benefits as the spouse of a covered worker or from other covered work. If so, the benefits estimated from your Social Security statement will be wrong.

First, if you receive a pension from a federal, state, or local government based on work where you did not pay Social Security taxes, your spouse's or widow's or widower's Social Security benefits may be reduced by \$2 for each \$3 in government pension you receive. See Government Pension

Offset Social Security publication 05-10007 or go to www.ssa.gov/gpo-wep.

Second, if you didn't pay Social Security taxes on your government earnings and you are eligible for Social Security benefits, the formula used to figure your benefit amount may be modified, giving you a lower benefit. See Social Security publication 05-10045, Windfall Elimination Provision, or go to www.ssa.gov/gpo-wep.



Make all annual retirement expense estimates in terms of today’s dollars. Later in this process, you will adjust estimates for inflation. You will use this estimate on Worksheet 5. Even if you decide to use a percentage estimate of your current income for your retirement income estimate, it is helpful to go through this process to help guide your estimate. This worksheet helps you estimate how much you will be spending in retirement.

	Current		Retirement	
	You	Example	You	Example
HOUSING				
Mortgage payment/rent	\$ _____	\$ 10,200	\$ _____	\$ 0
Real estate taxes	\$ _____	3,200	\$ _____	3,200
Home insurance	\$ _____	925	\$ _____	925
Utilities	\$ _____	2,500	\$ _____	2,750
Property maintenance	\$ _____	1,200	\$ _____	1,200
OTHER ESSENTIALS				
Food	\$ _____	\$ 4,160	\$ _____	\$ 6,000
Clothing	\$ _____	1,440	\$ _____	900
Savings	\$ _____	12,000	\$ _____	1,200
TRANSPORTATION				
Car payments	\$ _____	\$ 5,600	\$ _____	\$ 3,800
License/tax	\$ _____	750	\$ _____	750
Maintenance	\$ _____	700	\$ _____	900
Gas/oil	\$ _____	1,500	\$ _____	2,500
Auto insurance	\$ _____	1,080	\$ _____	1,120
Travel	\$ _____	2,800	\$ _____	8,600
HOBBIES AND ENTERTAINMENT				
Self	\$ _____	\$ 500	\$ _____	\$ 2,200
Spouse	\$ _____	500	\$ _____	2,200
TAXES				
Federal income tax	\$ _____	\$ 5,410	\$ _____	\$ 4,750
State income tax	\$ _____	1,200	\$ _____	875
FICA	\$ _____	2,825	\$ _____	0
Other	\$ _____	500	\$ _____	500
OTHER INSURANCE				
Life	\$ _____	\$ 840	\$ _____	\$ 0
Health	\$ _____	600	\$ _____	8,400
Long-term care	\$ _____	0	\$ _____	3,230
MISCELLANEOUS				
Gifts	\$ _____	\$ 2,400	\$ _____	\$ 2,400
Other	\$ _____	700	\$ _____	1,600
TOTAL SPENDING ESTIMATE				
<i>(ADD RETIREMENT SPENDING ESTIMATE TO WORKSHEET 5)</i>	\$ _____	\$ 63,530	\$ _____	\$ 60,000



MY ASSETS AT CURRENT MARKET VALUE*

PROPERTY ASSETS	
Home	\$ _____
Other real estate	\$ _____
Automobiles	\$ _____
Collections, etc.	\$ _____
LIQUID ASSETS AND OTHER INVESTMENTS	
Cash and checking accounts	\$ _____
Savings accounts	\$ _____
Money market funds	\$ _____
Mutual funds and stocks	\$ _____
Bonds	\$ _____
Insurance cash value	\$ _____
Savings bonds	\$ _____
Vested pension**	\$ _____
Other	\$ _____
TAX-DEFERRED RETIREMENT ASSETS	
457 deferred compensation	\$ _____
IRAs	\$ _____
	\$ _____
Other	\$ _____
	\$ _____
TOTAL ASSETS	\$ _____
LIABILITIES	
SHORT-TERM DEBT	
Outstanding bills	\$ _____
Credit card balances	\$ _____
Auto loans	\$ _____
Bank and installment loans	\$ _____
Other	\$ _____
MORTGAGES AND LONG-TERM DEBT	
Home mortgage balance	\$ _____
Other long-term debt	\$ _____
TOTAL LIABILITIES	\$ _____
TOTAL ASSETS	\$ _____
Less TOTAL LIABILITIES	\$ _____
Equals NET WORTH	\$ _____

EXAMPLE

PROPERTY ASSETS	
Home	\$ 189,000
Other real estate	0
Automobiles	18,500
Collections, etc.	500
LIQUID ASSETS AND OTHER INVESTMENTS	
Cash and checking accounts	\$ 2,300
Savings accounts	4,123
Money market funds	0
Mutual funds and stocks	0
Bonds	0
Insurance cash value	200
Savings bonds	0
Vested pension**	22,000
Other	0
TAX-DEFERRED RETIREMENT ASSETS	
457 deferred compensation	\$ 24,500
IRAs	500
Other	0
TOTAL ASSETS	\$ 261,623
LIABILITIES	
SHORT-TERM DEBT	
Outstanding bills	\$ 225
Credit card balances	1,765
Auto loans	9,855
Bank and installment loans	0
Other	0
MORTGAGES AND LONG-TERM DEBT	
Home mortgage balance	\$ 92,567
Other long-term debt	0
TOTAL LIABILITIES	\$ 104,412
TOTAL ASSETS	\$ 261,623
Less TOTAL LIABILITIES	\$ 104,412
Equals NET WORTH	\$ 157,211

*Value in today's dollars.

**Vested pension is the lump-sum payment you would receive if you left work.



On this worksheet you will determine how much your current savings, pension, and other assets will provide for your retirement. You will also calculate how much more, if any, you will need to save annually to meet your retirement goals. So far, all your estimates and calculations were done using the current value of the dollar. The value of today's dollar must be adjusted for inflation, because real purchasing power at retirement or later is what is important. This worksheet will incorporate the effects of inflation on your financial plans.

WORKSHEET GUIDELINES

HOW MUCH INCOME WILL I HAVE IN RETIREMENT?

- On line 1, put in the annual income you think you will need in your first year of retirement. Use the figure you calculated on Worksheet 3.
- On line 2, put in the annual amounts you expect from your defined benefit pension plan(s) plus Social Security. (Your defined contribution pension and deferred compensation balances will go on line 8.)

DO I HAVE A GAP IN MY RETIREMENT INCOME?

- Line 3 (line 1 minus line 2) is your retirement income gap, the additional income you will need to meet your retirement income objectives.
- On line 4, put in the inflation factor from Table I. The left side of the table lists the number of years until you retire. Across the top are several possible rates of inflation. Determine where your years to retirement meets your expected rate of inflation. This is your inflation factor. Multiply line 3 by line 4 to get line 5. This is the value of your retirement income gap after inflation.
- Line 6 helps you determine the amount you'll need to save each year to close your retirement income gap. Use Table II to find your payment factor. On the left side is the number of years you will be getting payments. On the top is the expected rate of earnings on your investments. You may want to assume a lower rate than in your working years to allow for more conservative investing in retirement. This table assumes a 3 percent annual increase in your payments to protect the purchasing power of your investments from inflation.
- Line 7 (line 6 multiplied by line 5) is the total amount of investments you will need when you retire to close the gap.
- On line 8, put in your current retirement savings including defined contribution plans and section 457 deferred compensation balances, IRAs, and other assets available for retirement.
- On line 9, insert a savings compounding factor from Table I, based on the rate you expect your savings to earn. Line 10 (line 8 multiplied by line 9) estimates the value of your current investments at retirement.

HOW MUCH MORE DO I NEED TO SAVE NOW?

- Line 11 (line 7 minus line 10) is the amount of additional investments you'll need at retirement. Line 11 is your savings gap.
- Use line 12 and Table III (inside back cover) to help figure out what you will need to save today to meet your retirement savings goal. On the left side of the table is the number of years until you retire. Across the top is the expected rate of return on your tax-deferred savings account.
- On Line 13, multiply line 11 by line 12. With the assumptions you have made, this is the amount you must save annually to meet your retirement income goals.
- On line 14, put in the amount you currently save annually.
- Line 15 (line 13 minus line 14) is the additional amount you need to save annually now to meet your future retirement income goals.



Table 1: Inflation Factors/Compounding Factors

This table does two things. First, it gives factors to adjust your retirement income needs for the effects of pre-retirement inflation. To maintain the same purchasing power with 18 years until retirement, assuming 3% inflation, the inflation factor used is 1.70 MULTIPLIED by the additional income needed in today's dollars.

Inflation Factor or Compounding Factor if Inflation Rate Is:

	3%	4%	5%	6%	7%	8%	9%	10%
2	1.06	1.08	1.10	1.12	1.14	1.17	1.19	1.22
3	1.09	1.12	1.16	1.19	1.23	1.26	1.30	1.33
4	1.13	1.17	1.22	1.26	1.31	1.36	1.41	1.46
5	1.16	1.22	1.28	1.34	1.40	1.47	1.54	1.61
6	1.19	1.27	1.34	1.42	1.50	1.59	1.68	1.77
8	1.27	1.37	1.48	1.59	1.72	1.85	1.99	2.14
10	1.34	1.48	1.63	1.79	1.97	2.16	2.37	2.59
12	1.43	1.60	1.80	2.01	2.25	2.52	2.81	3.14
14	1.51	1.73	1.98	2.26	2.58	2.94	3.34	3.80
16	1.60	1.87	2.18	2.54	2.95	3.43	3.97	4.59
18	1.70	2.03	2.41	2.85	3.38	4.00	4.72	5.56
20	1.81	2.19	2.65	3.21	3.87	4.66	5.60	6.73
25	2.09	2.69	3.39	4.29	5.43	6.85	8.62	10.83
30	2.43	3.24	4.32	5.74	7.61	10.06	13.27	17.49

The table also shows the effect of compounded earnings on the retirement savings you may already have. In the example on Worksheet 5, \$25,000 is already saved toward retirement. It is assumed that this money will earn 7% (tax deferred) prior to retirement in 18 years, so these savings are MULTIPLIED by the compounding factor 3.38.

Table 2: Payment Factors

This table gives you factors to calculate the lump-sum balance you will need at retirement so you can receive inflation-adjusted payments for a given number of years with a given rate of earnings assumption.

Note that the table builds in a 3% cost of living annual inflation adjustment, so the second and each subsequent year's payment will increase by 3%.

Rate of Earnings

	5%	6%	7%	8%	9%	10%
5	4.72	4.59	4.47	4.35	4.23	4.12
10	9.01	8.57	8.16	7.78	7.42	7.09
15	12.91	12.01	11.21	10.48	9.82	9.23
20	16.44	15.00	13.73	12.62	11.63	10.76
25	19.66	17.58	15.82	14.30	13.00	11.87
30	22.58	19.82	17.54	15.63	14.03	12.67
35	25.23	21.76	18.96	16.68	14.80	13.24

Table 3: Savings Factors

This table shows how much you will need to save each year to reach your retirement goals. In the example on Worksheet 5, this factor is MULTIPLIED by the \$363,790 needed at retirement to support the annual income goal.

Annual Interest Rate on Tax Deferred Investments

	6%	7%	8%	9%	10%
2	.485	.483	.481	.478	.476
3	.314	.312	.308	.305	.302
4	.229	.225	.222	.219	.216
5	.177	.174	.170	.167	.164
6	.143	.140	.136	.133	.130
7	.119	.116	.112	.109	.105
8	.101	.097	.094	.091	.087
9	.087	.083	.080	.077	.074
10	.076	.072	.069	.066	.063
12	.059	.056	.053	.050	.047
14	.048	.044	.041	.038	.036
16	.039	.036	.033	.030	.028
18	.032	.029	.027	.024	.022
20	.027	.024	.022	.020	.017
25	.018	.016	.014	.012	.010
30	.013	.011	.009	.007	.006



	Your Numbers	Example*
HOW MUCH INCOME WILL I HAVE IN RETIREMENT?		
1. Desired first-year retirement income in today's dollars (See Retirement Spending Estimate on Worksheet 3) or 75 to 85 percent of your current gross income	\$ _____	\$ 60,000
2. Less: Total annual estimated defined benefit pension income plus Social Security in today's dollars (See Defined Benefit and Social Security Estimates from Worksheets 1 and 2.)	\$ _____	\$ 45,000
DO I HAVE A GAP IN MY RETIREMENT INCOME?		
3. Equals: Your retirement income gap before inflation	\$ _____	\$ 15,000
4. Inflation factor (Table I)	_____	1.70
5. Line 4 multiplied by line 3: Your retirement income gap after inflation	\$ _____	\$ 25,500
6. Payment factor (Table II)	_____	17.58
7. Line 6 multiplied by line 5: Funds needed at retirement to close the income gap	\$ _____	\$ 448,290
8. Retirement savings available now (including defined contributions and deferred compensation)	\$ _____	\$ 25,000
9. Compounding factor (Table I)	_____	3.38
10. Line 8 multiplied by line 9: Future value of available savings	\$ _____	\$ 84,500
HOW MUCH MORE DO I NEED TO SAVE NOW?		
11. Line 7 minus line 10: Additional savings needed at retirement	\$ _____	\$ 363,790
12. Savings factor (Table III)	_____	.029
13. Line 11 multiplied by line 12: Annual savings needed now to reach future retirement income goal	\$ _____	\$ 10,550
14. Less: Amount you are currently saving	\$ _____	\$ 5,000
15. Equals: Annual additional savings needed now**	\$ _____	\$ 5,550

*Figures for the example are based on these assumptions:

- 18 years until retirement
- Savings earn 7 percent before retirement and 6 percent after retirement
- Payouts last 25 years
- 3 percent pre-retirement inflation (3 percent post-retirement inflation rate built into tables)

**It is recommended that you complete this worksheet on at least a yearly basis to adjust for changing circumstances. If your circumstances have not changed and you are following the annual additional savings guideline, you must adjust it for inflation yearly.

