

	Example	You
Annual retirement income shortfall		
Monthly shortfall (from Retirement budget worksheet) multiplied by 12 <i>Example: \$600 x 12 = \$7,200 shortfall per year</i>	\$7,200	
Inflation factor (choose a factor from Table 1 – the example assumes 10 years <i>until</i> retirement)	x 1.34	
Additional income needed from invested assets (adjusted for inflation)	\$9,648	
Total amount of invested assets needed by retirement date		
Additional income needed from invested assets (above)	\$9,648	
Payment factor (choose a factor from Table 2 – the example assumes 20 years <i>in</i> retirement)	x 12.46	
Total amount of invested assets needed (a)	\$120,214	
Future value of any invested assets you currently have		
Value of your current invested assets (example assumes a current value of \$40,000 – find your number from the Net Worth statement)	\$40,000	
Growth factor (choose a factor from Table 1 – the example assumes 10 years until retirement)	x 2.16	
Future value of your invested assets at retirement (b)	\$86,400	
Amount you need to save each month until retirement		
Difference between (a) and (b)	\$33,814	
Savings factor (choose a factor from Table 1 – the example assumes 10 years until retirement)	÷ 14.49	
Total amount you should save each year	\$2,334	
Divide by 12 for monthly savings amount	\$194	

Table 1

Years until retirement	Inflation Factor*	Growth Factor**	Savings Factor**
5	1.16	1.47	5.87
10	1.34	2.16	14.49
15	1.56	3.17	27.15
20	1.81	4.66	45.76

* The inflation factor assumes a 3% rate of inflation.

** The growth and savings factors assume an 8% annual investment return.

Table 2

Years in retirement	Payment Factor
10	7.72
15	10.38
20	12.46
25	14.09

The payment factor assumes a 5% after-inflation annual return, which may be different than your actual return.