



Finding Your Retirement Number

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If you are like most people, retirement is your number one investment goal. Unfortunately, most investors have not planned for how they are going to achieve that goal.

Financial experts estimate you will need to replace at least 80% of your pre-retirement income with dollars from several sources like Social Security, a company pension or savings plan and other personal savings. Experts speculate that Social Security will provide only a small percentage of the total amount a retiree may need to maintain their pre-retirement lifestyle. This means your personal retirement savings is a crucial component in helping you meet your retirement needs. But how much will you need to save?

Several steps must be taken to determine the funds necessary for maintaining your desired lifestyle throughout retirement. These steps include:

- Adding up the existing sources of retirement income (Social Security, 401(k)/Pension and Private Savings)
- Finding the amount of income needed to achieve the desired retirement lifestyle
- Estimating the amount of additional savings (or surplus you have) to meet retirement income goals
- Determining what resources need inflation protection
- Calculating the “Your Retirement Number”

There are two main strategies utilized to help determine the amount of income needed to achieve the desired retirement lifestyle. The **Replacement-Ratio Method** is the percentage of preretirement income replaced in the postretirement period. For example, a qualified defined-benefits plan typically replaces between 40 to 60 percent of a person’s final-average salary. The **Expense-Method Approach** bases income needs on the estimated expenses of your first year of retirement. Both methods have their benefits. We use a combination of both methods through our in-depth analysis when calculating the income needed during your retirement years.

Your “number” is the amount you will need to have saved to ensure a comfortable retirement. Whether retirement is 20 years away, just around the corner or you are currently retired, we will work with you to help you know and understand your retirement

number and develop plans realistic plans to meet your financial goals. To determine your “number” or to discuss the benefits of preparing a financial planning road map, give us a call to schedule a meeting. You’ll appreciate the peace of mind of feeling prepared!

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