

BALLPARK E\$TIMATE[®]



Planning for retirement is not a one-size-fits-all exercise. The purpose of Ballpark is simply to give you a basic idea of the savings you'll need when you retire. So let's play ball!

If you are married, you and your spouse should each fill out your own Ballpark Estimate worksheet taking your marital status into account when entering your Social Security benefit in number 2 below.

- How much annual income will you want in retirement? (Figure at least 70% of your current annual gross income just to maintain your current standard of living. Really.) \$ _____
 - Subtract the income you expect to receive annually from:
 - Social Security—If you make under \$25,000, enter \$8,000; between \$25,000 - \$40,000, enter \$12,000; over \$40,000, enter \$14,500 (For married couples - the lower earning spouse should enter either their own benefit based on their income or 50% of the higher earning spouse's benefit, whichever is higher) For a more personalized estimate, enter the appropriate benefit figure from your Social Security statement from the Social Security Administration (1-800-772-1213, www.ssa.gov). Ballpark assumes you will begin receiving Social Security Benefits at age 65, however the age for full benefits is rising to 67. Your Social Security statement will provide a personalized benefit estimate based on your actual earning history. -\$ _____
 - Traditional Employer Pension - a plan that pays a set dollar amount for life, where the dollar amount depends on salary and years of service (in today's dollars) -\$ _____
 - Part-time income -\$ _____
 - Other -\$ _____
- This is how much you need to make up for each retirement year: = \$ _____**



Now you want a ballpark estimate of how much money you'll need in the bank the day you retire. So the accountants went to work and devised this simple formula. For the record, they figure you'll realize a constant real rate of return of 3%, you'll live to age 87, and you'll begin to receive income from Social Security at age 65. If you anticipate living longer than age 87 or earning less than a 3% real rate of return on your savings, you'll want to consider using a higher percentage of your current annual gross income as a goal on line 1.

- To determine the amount you'll need to save, multiply the amount you need to make up by the factor below. \$ _____

Age you expect to retire:	55	Your factor is:	21.0
	60		18.9
	65		16.4
	70		13.6
 - If you expect to retire before age 65, multiply your Social Security benefit from line 2 by the factor below. + \$ _____

Age you expect to retire:	55	Your factor is:	8.8
	60		4.7
 - Multiply your savings to date by the factor below (include money accumulated in a 401(k), IRA, or similar retirement plan). -\$ _____

If you want to retire in:	10 years	Your factor is:	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
- Total additional savings needed at retirement: = \$ _____**



Don't panic. Those same accountants devised another formula to show you how much to save each year in order to reach your goal amount. They factor in compounding. That's where your money not only makes interest, your interest starts making interest as well, creating a snowball effect.

- To determine the ANNUAL amount you'll need to save, multiply the TOTAL amount by the factor below. = \$ _____

If you want to retire in:	10 years	Your factor is:	.085
	15 years		.052
	20 years		.036
	25 years		.027
	30 years		.020
	35 years		.016
	40 years		.013



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See? It's not impossible or even particularly painful. It just takes planning. And the sooner you start, the better off you'll be.

The Ballpark Estimate is designed to provide a rough estimate of what you will need to save annually to fund a comfortable retirement. It provides an approximation of projected Social Security benefits and utilizes only one of many possible rates of return on your savings. Ballpark reflects today's dollars and does not account for inflation; therefore, you should recalculate your savings needs on an annual basis and as your salary and circumstances change. You won't want to stop with the Ballpark Estimate; it is only a first step in the retirement planning process. You will need to do further analysis, either yourself using a more detailed worksheet or computer software, or with the assistance of a financial professional. ©Copyright, ASEC/EBRI Education and Research Fund. All rights reserved.

