

CALCULATE YOUR RETIREMENT GAP



You can't fix what you don't recognize as a problem.

Let me first say, I am not a financial expert. I took the best of what made simple sense, created a form, and ran it past a few real experts who said "That is the simplest form I have ever seen. Could I use it in my business?"

Since every situation is different for each individual, after you have completed this basic form, I suggest you run it by your financial advisor to determine if you have variances that the form does not include.

HOW TO USE THE RETIREMENT ESTIMATOR

Step 1; Lines 1 - 3: Figure your current Annual Income then add a growth factor based on number of years until you actually plan to retire. This will provide your Projected Annual Income in the year of your anticipated retirement .

Step 2, Line 4: Each of us has a certain lifestyle. It costs a certain amount each year. The typical minimum retirement goal is 80% of your average income over the last five years of employment. Less than that and you may find yourself housebound instead of on the golf course or visiting your grandchildren. What is your targeted Annual Income after you retire? Enter it on line 4.

Step 3, Lines 5 - 13: Figure your Estimated Annual Retirement Income. You will typically Include one or more of three sources: Pension Benefits, Social Security Income, Savings Accounts (including 401Ks and IRAs), then ADD a Cost Of Living Adjustment to each revenue stream allowing for potential growth increases between now and retirement (if applicable).

Step 4, Line 14: Most experts agree that if you retire at 65, you should expect to withdraw no more that 4% per year based on the possibility that you might live to the age of 90. If you plan to retire earlier, adjust that number to 3% and if you plan to retire later, adjust it to 5%. Your financial advisor will be able to help you with your individual circumstances.

Step 5, Line 15: Add: Estimated Annual Retirement Income from all sources (Line 7 + Line 10 + Line 14)

Step 6, Line 16: Subtract:: Line 15 (Annual Income from all sources) from Line 4 (Targeted Retirement Income). **Enter that number on Line 16.**

You will either have a surplus (congratulations, you are one of the fortunate 22%) or, if you are like 78% of the population and have a Retirement Income Gap, maybe it is time to consider creating a plan to eliminate the gap.

ANNUAL RETIREMENT ESTIMATOR

THIS CHART IS FOR ESTIMATION PURPOSES ONLY.

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1	Current Annual Income Combined Monthly Household Income x 12	
2	Growth Factor @ 3 % per year Line 1 x .03 x ____ years until retirement	
3	Projected Annual Income at Retirement (Line 1 +Line 2)	
4	Targeted ANNUAL Retirement Income You might consider 80% of Line 3	
5	Projected Annual Income From Defined Benefit / Pension Plans	
6	Benefit Plan Growth Factor @ 3% per year Line 5 x .03 x ____ years until retirement	
7	Projected Annual Benefit Plan Income (Line 5 + Line 6)	
8	Combined Annual Household Social Security (SSI) Monthly Benefits x 12 (www.ssa.gov/myaccount)	
9	SSI Growth Factor @ 3% per year Line 8 x .03 x _____ years until retirement	
10	Projected Annual SSI Income at Retirement (Line 8 + Line 9)	
11	Current Retirement Savings Total (401(k), IRAs, Savings, Home Equity)	
12	Growth Factor @ 5% per Year Line 11 x. .05 x _____ years until retirement	
13	Projected Total Retirement Savings (Line 11 + Line 12)	
14	Annual Savings Withdrawal Rate of 4% per Year Based on Retirement at 65 (Line 13 x .04)	
15	Estimated TOTAL Annual Retirement Income (Line 7 +Line 10 +Line 14)	
16	SURPLUS OR INCOME GAP (LINE 4 - LINE 15) IF LINE 16 IS GREATER THAN LINE 4 = SURPLUS IF LINE 16 IS LESS THAN LINE 4 = INCOME GAP	

FILL THE GAP

Here is an EXAMPLE of how you might fill the Gap:

Let's say that your Retirement Income Gap is **\$6,000 per year**.

You have TWO CHOICES if you want to get your plan back on schedule:

DECREASE YOUR MONTHLY EXPENDITURES by \$500 per month (\$6,000 per year) and save the difference in your retirement saving fund.

INCREASE YOUR MONTHLY INCOME by \$500 per month (\$6,000 per year).



The chart below shows the ACTUAL long-term value of additional income you could generate today and the effect it would have on the value of net savings toward your future retirement. Figures are for both monthly and annual effect calculated on Interest rates of 1% to 5%.

Residual Income Received		Amount Needed in Savings to Generate Equivalent Income				
Monthly Amount	Annual Amount	1 % Rate	2 % Rate	3% Rate	4 % Rate	5 % Rate
\$ 500	\$ 6,000	\$ 600,000	\$ 300,000	\$225,000	\$ 150,000	\$ 120,000
\$ 1,000	\$ 12,000	\$1,200,000	\$ 600,000	\$450,000	\$ 300,000	\$ 240,000
\$ 2,000	\$ 24,000	\$2,400,000	\$1,200,000	\$900,000	\$ 600,000	\$ 480,000
\$ 3,000	\$ 36,000	\$3,600,000	\$1,800,000	\$1,350,000	\$ 900,000	\$ 720,000
\$ 5,000	\$ 60,000	\$6,000,000	\$3,000,000	2,250,000	\$1,500,000	\$1,200,000
\$ 7,000	\$ 84,000	\$8,400,000	\$4,200,000	\$3,150,000	\$2,100,000	\$1,680,000
\$10,000	\$120,000	\$12,000,000	\$6,000,000	\$4,500,000	\$3,000,000	\$2,400,000

Adding just \$6,000 per year (\$500.00 per month) In Residual Income is the equivalent of adding \$300,000 to your retirement savings account at a 2% interest rate . Pretty impressive!

Intrigued? Hopefully, you took the time to determine your Retirement Income Gap. Now let's look at some ways you can fill it.

My ANNUAL Retirement Gap \$ _____

If I created an additional _____ per month (from Chart)

at _____% (from Chart),

it would be the equivalent of adding \$ _____ (from Chart) to my Retirement Savings Account.

Make sense? If you have not already done so, I hope you will read the book and see if Network Marketing might fit into you plan to Eliminate Your Retirement Gap.