Get a Ballpark E$timate® of Your Retirement Needs.
The ChoosetoSave.org and American Savings Education Council's Planning and Saving Tool

Forget, for a moment, the complexity of planning and saving for a comfortable retirement. Use this print form Ballpark E$timate® worksheet to get an initial fix. Want a more "sophisticated" number? Go online at www.choosetosave.org and use the interactive version with more assumptions that you can change. By simplifying some issues, such as projected Social Security benefits and earnings assumptions on savings, the print version of Ballpark offers users a way to obtain a rough first estimate of what Americans need for retirement. The worksheet assumes you'll realize a constant real rate of return of 3% and that wages will grow at the same rate as inflation; however, it does provide the user an opportunity to take into account longevity risk.

For example, let's say Jane is a 35-year-old woman with two children, earning $30,000 per year. Jane has determined that she will need 70% of her current annual income to maintain her standard of living in retirement. Seventy percent of Jane's current annual income ($30,000) is $21,000 (Question 1). Jane would then subtract the income she expects to receive from Social Security ($12,000 in her case) from $21,000, equaling $9,000 (Question 2). This is how much Jane needs to make up for each retirement year.

Jane expects to retire at age 65 and if she is willing to assume that her life expectancy will be equal to the average female at that age (86), she would multiply $9,000 by 15.77 for a result of $141,930 (Question 3). Since Jane does not expect to retire before age 65, she does not answer Question 4. Jane has already saved $2,000 in her 401(k) plan. She plans to retire in 30 years so she multiplies $2,000 x 2.4 equaling $4,800 (Question 5). She subtracts that from her total, making her projected total savings needed at retirement $137,130. Jane then multiplies $137,130 x .020 = $2,742 (Question 6). This is the amount Jane will need to save in the current year for her retirement (it is assumed the annual contribution will increase with inflation in future years).

It is important to note that the calculation above assumed Jane would have an average life expectancy for a female already age 65. However, this will produce an amount that is too low in approximately ½ of all cases. If instead Jane wanted to have a sufficient amount ¾ of the time, she would base her calculations on a life expectancy of 92 (see the grid on step three of the calculation). This would necessitate multiplying $9,000 by 18.79 for a result of $169,110. All the remaining calculations would be similar and the contribution for the first year would increase to $3,286.

If Jane would prefer to save enough to have a sufficient amount 90 percent of the time, she would assume a life expectancy of 97. This would require a first year contribution of $3,671.

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 to make today for when you plan to retire.

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

1. **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; however, you may want to enter a larger number. See the tips below.)
    $_____

    Tips to help you select a goal:
    → 70% to 80% — You will need to pay for the basics in retirement, but you won't have to pay many medical expenses as your employer pays the Medicare Part B and D premium and provides employer-paid retiree health insurance. You're planning for a comfortable retirement without much travel. You are older and/or in your prime earning years.
    → 80% to 90% — You will need to pay your Medicare Part B and D premiums and pay for insurance to cover medical costs above Medicare, which on average covers about 55%. You plan to take some small trips, and you know that you will need to continue saving some money.
    → 100% to 120% — You will need to cover all Medicare and other health care costs. You are very young and/or your prime earning years are ahead of you. You would like a retirement lifestyle that is more than comfortable. You need to save for the possibility of long-term care.

2. **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 $14,500 (For married couples - the lower earning spouse should enter either their own benefit based on their income or 50% of the higher earning spouse's benefit, whichever is higher.)   −$_____
    *   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 (reverse annuity mortgage payments, earnings on assets, etc.)   −$_____

    This is how much you need to make up for each retirement year: =$_____

Now you want a Ballpark E$timate of how much money you'll need in the bank the day you retire. For the record, we assume you'll realize a constant real rate of return of 3% after inflation and you'll begin to receive income from Social Security at age 65.

3. 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:	Choose your factor based on life expectancy (at age 65):					
	Male, 50th percentile (age 82)	Female, 50th percentile (age 86)	Male, 75th percentile (age 89)	Female, 75th percentile (age 92)	Male, 90th percentile (age 94)	Female, 90th percentile (age 97)
55	18.79	20.53	21.71	22.79	23.46	24.40
60	16.31	18.32	19.68	20.93	21.71	22.79
65	13.45	15.77	17.35	18.79	19.68	20.93
70	10.15	12.83	14.65	16.31	17.35	18.79

$_____

4. 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

+$_____

5. Multiply your savings to date by the factor below (include money accumulated in a 401(k), IRA, or similar retirement plan).   If you plan 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. We devised another formula to show you how much to save each year in order to reach your goal amount. This factors in compounding. That's where your money not only makes interest, your interest starts making interest as well, creating a snowball effect.

6. 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

=$_____