How Does the Retirement Planning Process Work?

*Step 1: Evaluate the current situation.* The planner needs to obtain accurate information about the client’s current assets and liabilities, cash flow needs, and major expenditures or inflows expected in the future.

Be sure to understand everything about the client’s employment benefits. What retirement plans exist? Are they permitted to contribute the maximum allowed under the law? Does the company match any contributions? Are there any benefits available for retirees? See Chapter 29 regarding how to obtain this information with respect to employer-funded plans.

*Step 2: Determine retirement needs.* It is impossible to predict what a client’s spending level is going to be at retirement. The best approach for planning purposes is to ask the client, if they were to retire now, would their spending go up, down or stay the same. From there, you can apply an appropriate estimate of inflation to arrive at the projected retirement lifestyle. Figure 11.1 (found at the end of this chapter) can be used to accumulate client information and estimate the retirement need.

*Example:* A client needs $60,000 annually (in current dollars) in order to retire. If the client is 10 years from retirement, that need will grow to $88,814 assuming a 4% inflation rate. If inflation continues at 4%, and the client is able to earn an investment return of 7% (after-tax), the client will need $1,374,059 at his retirement date.

If the client has absolutely nothing saved when you are brought into the picture, he would need to save nearly $7,900 per month assuming he can achieve that same 7% return. Hopefully, that situation will not come up too often!

*Step 3: Getting to retirement.* The capital requirements needed for retirement will often seem daunting, if not downright unattainable. This is where the planner’s strategy is developed and implemented.

It is hoped that the client will have hired you well in advance of retirement. This will allow for the periodic review of goals, needs, and resources to determine if the plan is still on track. Keep in mind that the overall plan should be reviewed whenever there is a life-changing event or major change in the tax law.

Retirement Issues

**Figure 1**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| RETIREMENT PLANNING ASSET WORKSHEET | | | | | | |
| DATE\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | | | |
| Client’s Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | | | |
| Address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | | | |
| Telephone: (home) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (office) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | | | |
| Business Address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | | | |
| Spouse’s name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | | | |
| Business Address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ telephone \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | | | |
|  | | | | | | |
| **RETIREMENT PLANNING ASSET WORKSHEET** | | | | | |
| ASSETS | | | | | |
| Valuation as of date prepared unless otherwise indicated. | | | | | |
| *1. Cash and cash equivalents* | |  | |  | |
|  | | Value | | Current Return (pretax) | |
| a. checking accounts | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| b. savings accounts | |  | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| c. money market accounts | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| d. life insurance cash values | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| Total Cash/Cash Equivalents | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
|  |  | |  | |  |
| *2. Retirement Plans* | |  | |  | |
| (Do not include defined benefit plans) | | | | | |
|  | | Current balance | | Current Return (pretax) | |

Retirement Issues

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| RETIREMENT PLANNING ASSET WORKSHEET | | | | | | |
| ASSETS | | | | | | |
| |  |  |  | | --- | --- | --- | | a. IRA | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | b. Keogh | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | c. Section 401(k) | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | d. Section 403(b) | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | e. Other defined contribution | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | Total Retirement Plans | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |   *3. Investments* |  | | |  | | |
| (Do not include amounts included in 2 above) | | |  | | | |
|  | FairMarket Value | Adjusted Basis | | | | Current Return (pretax) | |
| a. Portfolio Investments |  | | | |  | | |
| *(1) money market instruments* |  |  | | | |  | |
| certificate of deposit | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| T bills | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| Commercial paper | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| *(2) fixed-income securities* |  |  | | | |  | |
| U.S. government | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| U.S. agencies | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| municipal bonds | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| preferred stock | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| corporate | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| notes receivable | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| *(3) common stocks* |  |  | | | |  | |
| listed | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| OTC | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| restricted stock | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| *(4) other portfolio investments* |  |  | | | |  | |
| Options | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| mutual funds | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| Physical assets  (collectibles) | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| b. Passive Investments |  |  | | | |  | |
| (1) direct participation  investments | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
| (2) real estate (passive) | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |

Retirement Issues

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| RETIREMENT PLANNING ASSET WORKSHEET | | | | | | | | |
| ASSETS | | | | | | | | |
| c. Active Businesses | |  | |  | | |  | | | |
| (1) value of business owned   and operated | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | |
| (2) real estate (active   participation) | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | |
|  | Total Investments | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | |
|  | |  | | |  | | | | | |
|  | |  | | |  | | | | | |
| *4. Personal Assets* | |  | | |  | | | | | |
|  | | Fair Market  Value | | | Adjusted basis | | | | | |
| a. primary residence | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | | |
| b. other real estate | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | | |
| c. household contents | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | | |
| d. automobiles | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | | |
| e. other | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | | |
|  | |  | | |  | | | | | |
|  | Total Personal Assets | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | | |
|  | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | |
| *1. Short-Term Liabilities* | |  | | |  | | | | | |
| (12 months or less) | | Balance Outstanding | Interest  Rate | | | Monthly Payment | | Maturity Date | |
| Consumer credit (credit card & open charge accounts | | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | |
| Personal notes payable | | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | |
| Loans from life insurance policies | | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | |
| Notes guaranteed | | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | |

Retirement Issues

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | |
| |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | Other | | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | |  | Total | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | |  | |  | |  | | | |   *2. Long-Term Liabilities* | |  | | |  | | | | | |
|  | | Balance Outstanding | | Interest  Rate | | Monthly Payment | | Maturity Date | |
| Mortgages on personal residences | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | |
| Loans against investment assets | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | |
| Loans against personal residences | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | |
|  | Total | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | |
|  | | | | | | | | | | |
| *3. Other* | |  | | |  | | | | | |
| Deferred taxes | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | |
| Alimony, child support, etc. | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | |
| Judgements, etc. | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | |
|  | Total | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_\_\_ | |
| SUMMARY | | | | | | | | |
| *Assets (fair market value)* | | |  | | | |  | |
| Total cash and cash equivalents | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | |  | |
| Total retirement plans | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | |  | |
| Total investments | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | |  | |
| Total personal assets | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | |  | |
| Total Assets | | |  | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |
|  | | |  | | | |  | |
| *Assets (outstanding balances)* | | |  | | | |  | |
| Short-term | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | |  | |
| Long-term | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | |  | |
| Other | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | |  | |
| Total Liabilities | | |  | | | | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |

Retirement Issues

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| --- | --- | --- |
| RETIREMENT NEEDS WORKSHEET | | |
| Estimated Retirement Living Expenses and Required Capital (in current dollars) | | |
|  | Per Month x 12 = | Per Year |
| *1. Food* | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| *2. Housing:* |  |  |
| a. Rent/mortgage payment | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| b. Insurance | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| c. Property taxes (if not included in a.) | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| d. Utilities | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| e. Maintenance (if you own) | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| f. Management fee (if a condominium) | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| *3. Clothing and Personal Care:* |  |  |
| a. Wife | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| b. Husband | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| c. Dependents | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| *4. Medical Expenses:* |  |  |
| a. Doctor | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| b. Dentist | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| c. Medicines | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| d. Medical insurance to supplement Medicare | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| *5. Transportation:* |  |  |
| a. Car payments | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| b. Gas | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

Retirement Issues

|  |  |  |
| --- | --- | --- |
| RETIREMENT NEEDS WORKSHEET | | |
| |  |  |  | | --- | --- | --- | | c. Insurance | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | d. License | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | e. Car maintenance (tires and repairs) | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | f. Other transportation | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | *6. Recurring Expenses:* |  |  | | a. Entertainment | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | b. Travel | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | c. Hobbies | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | d. Club fees and dues | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | e. Other | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |   Estimated Retirement Living Expenses and Required Capital (in current dollars) | | |
|  | Per Month x 12 = | Per Year |
| *7. Insurance* | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| *8. Gifts and Contributions* | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| *9. Income Taxes (if any)* | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| *10. Total Annual Expenses (current dollars)* | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | $ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| *11. Inflation Rate until Retirement (I)* | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |
| *12. Total Years until Retirement (N)* | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |
| *13. Inflation Adjustment Factor (1 + I)*N |  | + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| *14. Total Annual Expenses (future dollars)* |  | = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| *15. Inflation Rate Postretirement (i)* | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |
| *16. Aftertax Rate of Return (r)* | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |
| *17. Anticipated Duration of Retirement (n)* | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |
| *18. Inflation-Adjusted Discount Factor* |  | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| A = 1+i  1+ a |  |  |
| *19. Capital Required at Retirement to Fund Retirement* | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |
| Living Expenses  Amt line 14 x 1 - an  1+ a |  |  |
| *20. One-Time Expenses* |  | +$\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| *21. Total Capital Need at Retirement* |  | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_=$ |
| Source: Robert J. Doyle, Jr., Retirement Planning Handbook, The American College, Bryn Mawr, PA. | | |