Retirement Planning Estimator

	Example	You
	Age 25 Plans to retire in 40 years	Age __ Plan to retire in __ years
1. Enter your current annual income.	$30,000	
2. Multiply line 1 with a percentage between 70 and 100 based on what percentage of your current income you think you'll need during retirement (for example .80). This will be in today's dollars.	$24,000	
3. Enter the estimated Social Security benefit from Chart A that is closest to your income.	$13,896	
4. Subtract line 3 from line 2 to determine the amount that you'll need that won't be covered by Social Security.	$10,104	
5. Multiply line 4 with the inflation factor from Chart B that is closest to the years you will work before retiring.	$22,329.84	
6. Multiply line 5 by 11.94 (assumes you will retire at 65, spend 15 years in retirement and earn 5% on your retirement contributions with a 2% inflation rate).	$266,618.29	
7. Enter how much you currently have contributed toward retirement.	$2,500	
8. Multiply line 7 by the growth factor from Chart C that is closest to the years you will work before retiring to see what your current investment might total at that time.	$17,600	
9. Subtract line 8 from line 6 to figure out how much additional money you'll need for retirement.	$249,018.29	
10. Multiply line 9 by the accumulation factor in Chart C that is closest to the number of years until you retire to figure out how much you should invest each year.	$1,992.15	
11. Divide line 10 by line 1 to see the percentage you should be contributing to your plan.	6.6%	
12. For SIMPLE IRA use only. Subtract the employer match (lesser of 3% or half of line 11) from line 11 to see the percentage you should be contributing.	3.6%	

This is an example only and does not reflect the return on any specific investment.

Chart A

Current annual income	Estimate of annual benefit
$20,000	$11,556
$30,000	$13,896
$40,000	$16,248
$50,000	$18,588
$75,000	$24,456

This would be the approximate benefit for someone age 68 retiring in 2020. For a more accurate estimate, see your Social Security Statement. Source: Social Security Administration web site Benefit Calculators.

Chart B

Years until retirement	Inflation factor
5	1.10
10	1.22
15	1.35
20	1.49
25	1.64
30	1.81
35	2.00
40	2.21

Assumes annual inflation of 2%.

Chart C

Years until retirement	Growth factor	Accumulation factor
5	1.276	.181
10	1.629	.080
15	2.079	.046
20	2.653	.030
25	3.386	.021
30	4.322	.015
35	5.516	.011
40	7.040	.008

Assumes annual inflation of 2%.

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