

# How Much Do You Really Need To Retire?



# Questions to first answer.....

---

Age you started saving for retirement?

When will you retire?

Income saved annually?

Safe withdrawal rate from the portfolio?

Salary replacement in retirement?

Life Expectancy?

Expected Rate of Return?

# Will it be enough?



## **RETIREMENT NEST EGG (HYPOTHETICAL ILLUSTRATION)**

10 YEARS	ESTIMATED RATE OF RETURN		
	4%	6%	8%
\$5,000	\$ 62,432	\$ 69,858	\$ 78,227
\$10,000	\$ 124,863	\$ 139,716	\$ 156,454
\$15,000	\$ 187,295	\$ 209,575	\$ 234,682
20 YEARS	4%	6%	8%
\$5,000	\$ 154,846	\$ 194,964	\$ 247,115
\$10,000	\$ 309,692	\$ 389,927	\$ 494,229
\$15,000	\$ 464,538	\$ 584,890	\$ 741,343
30 YEARS	4%	6%	8%
\$5,000	\$ 291,641	\$ 419,008	\$ 611,729
\$10,000	\$ 583,283	\$ 838,016	\$ 1,223,458
\$15,000	\$ 874,925	\$ 1,257,023	\$ 1,835,188

The examples above show the potential earnings in a retirement account for a term of 10, 20, or 30 years. It also shows the rate you may earn on your money at 4%, 6% or 8%. Compounding interest allows your money to grow by saving just \$5000, \$10,000, or \$15,000 annually in a retirement account.

# Important Factors To Consider

---

Enroll in your workplace plan---earlier the better -then max out your IRA contribution via payroll deduction with Telcoe Credit Union IRA savings or certificate of deposit

**Save at the highest levels possible**

**Increase your savings when your salary increases**

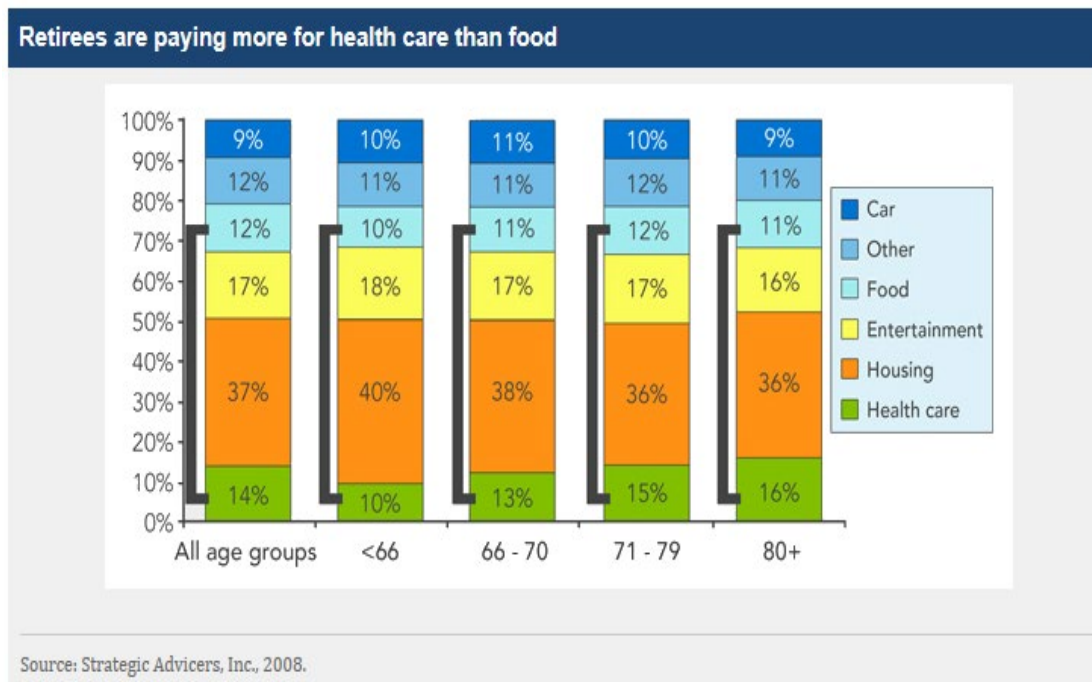
**Diversify your savings mix ( little, medium, high risk)**

Do not overestimate your salary growth or your savings returns

**Envision your lifestyle in retirement you want, what will it cost?**

**Avoid taking out 401k or 403b loans or cashing out when you change jobs!**

# Medical Expenses In Retirement



The #1 expense in retirement that seems to shock most retirees is the high cost of health care.

An average couple retiring today at the age of 65 will need over **\$300,000** to pay medical expenses throughout retirement.....

---



[WWW.MEDICARE.GOV](http://WWW.MEDICARE.GOV)

# Did you know?

---

**6.2%**- is the amount of earnings workers pay into Social Security out of their pay check.

**\$1,693.88**—average amount a retired worker receives monthly in Social Security

## Age to Receive Full Social Security Benefits

(Called “Full Retirement Age” or “Normal Retirement Age.”)

Year of Birth <sup>1</sup>	Full Retirement Age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943–1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

If You Start Benefits in June of	Age	First Year Estimated Monthly Benefit (in Future Inflated Dollars)
2017	62	\$1,571
2018	63	\$1,735
2019	64	\$1,956
2020	65	\$2,203
2021	66 and 2 months*	\$2,496
2022	67	\$2,758
2023	68	\$3,071
2024	69	\$3,404
2025	70	\$3,758

In this example, waiting an extra year from age 67 to age 68 resulted in 11.3% increase in the monthly benefit.

\* Starting benefits in August of 2021; Full Retirement Age based on a birth year of 1955 is 66 and 2 months.

Should you consider delaying retirement?

Is a part-time job in retirement a way to supplement expenses?



# Savings Calculators & Budget Worksheet

---

<https://www.telcoe.com/calculators/calculator.savings.html>

Retirement Calculator by age-[HERE](#)

Budget worksheet –[HERE](#)

\*\*\*\*\*

UPCOMING SAVING AND INVESTMENT WEBINARS- [HERE](#)

FINANCIAL WELLNESS WEBINARS-[HERE](#)



# In Summary

---



## Tips to help you achieve your retirement savings goal:

-Give yourself a “savings raise” by increasing the amount you put away each pay period. Even a little increase helps.

-Automate your savings. This is particularly helpful for IRAs and savings outside the workplace, where savings may not be taken out of your paycheck automatically each pay period, as is generally the case with an employer-sponsored retirement account.

-For 401(k)s and other employer-sponsored retirement accounts, ask if your employer can automatically increase your savings by a certain amount each year (for example 2 percent per year). If automatic escalation of savings is not available, set a reminder to yourself to increase your savings each year. And make sure you are saving enough to get a full employer match if one is available.

-For retirement savings accounts, try to save the maximum amount allowed each year by the IRS.

-Since your return on investments, inflation rate and tax rate are likely to change over the years, it is a good idea to rerun your retirement savings calculation every few years.

*Want to schedule an individual meeting to help review your financial goals?*

---



[mbeasley@telcoe.com](mailto:mbeasley@telcoe.com)

Michele Beasley

Telcoe Federal Credit Union

501-375-5321

