Welcome to “Are You Ready?” I'm _______________ and I'm very happy to be with you today.

Your time is valuable and we want to use it wisely to help you focus on several key issues as you think about retirement in the next few years. Some of these topics are covered in the “Are You Ready?” brochure, but certainly deserve more attention. And you'll find the worksheets in the separate booklet that accompanies the “Are You Ready?” brochure will be very helpful to you as a set a course toward retirement.

This presentation's goal is to give you more information about several key aspects of retirement that should be near of the top of your “think about” list. The decisions you make on these issues can affect you and your financial security throughout your retirement.

Where to start?

Preparing for
Retirement

- Where will I live?
- What will I do?
- How much money will I need?
- How much money do I have?
- What are likely health-related issues?

1

Let's start with asking yourself the following questions. (proceed out loud with questions on slide).

Having read these questions, I'm sure you have thought of several others that are more specific to you. It's a great idea to start a file as an "organizer" for retirement to keep these questions, answers, and other information you collect in it.

Budgeting

Preparing for **Retirement**

A Budget: *What does it do?*

- Is a spending plan
- Identifies where money goes
- Can limit amounts spent on certain
- categories of expenses
- Helps reach financial goals

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A budget is basically a spending plan. It takes into account all of the income you expect to receive, and allocates that income to specific expenses you expect to have in the coming months.

The spending plan shows us where our income goes. It identifies the specific expenses we'll face and how much we'll need to be able to meet those expenses.

Our plan can also help us set limits on some expense items. Let's say that when you've finished your budget, you find that over the last few months you've spent several hundred dollars taking the family out to the movies. Without a budget, you probably wouldn't have much of an idea how much you were spending on the movies. But, with your budget, you might see that you could rent DVDs six times a month for considerably less outlay of cash, and actually end up seeing more movies by watching at home.

Lastly, the spending plan can help achieve financial goals by controlling expenses. That can result in your retirement savings lasting longer and ensuring financial security.

It's hard to argue against the value of having a budget. But, what are the

Let's look at some of the specific advantages of a retirement budget.

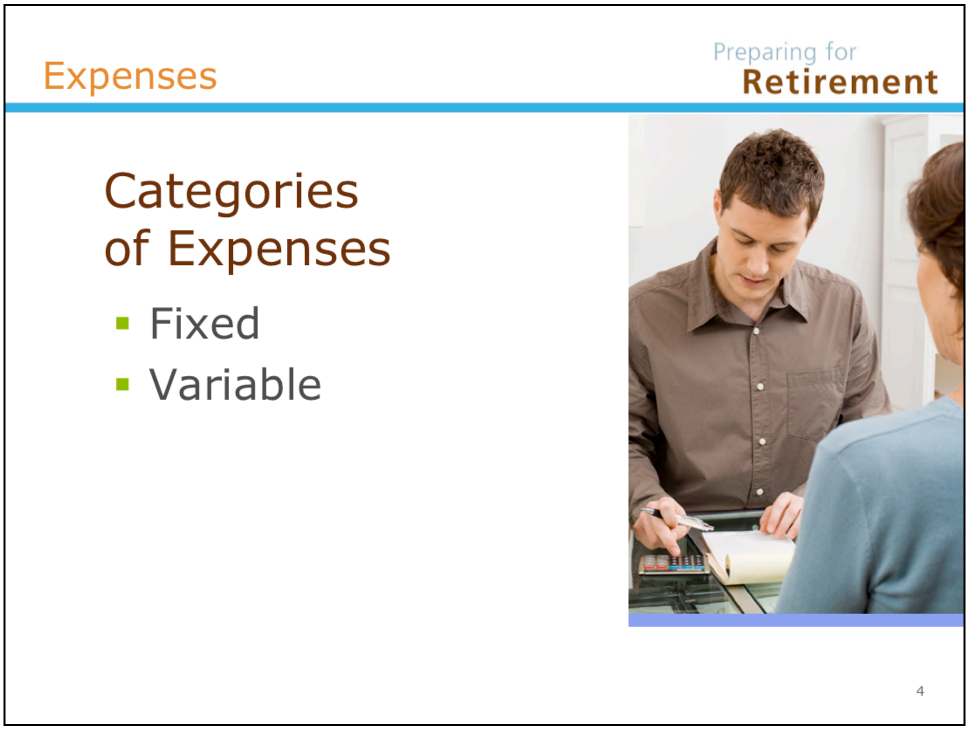
A spending plan empowers you to take control of your finances. You'll have the tools and information to decide exactly where your retirement money is going to go. Instead of having your money limit what you do, you're in charge of your money.

At its most basic, a spending plan divides income and expenses into useful categories. But, in addition, the plan provides further organization by automatically keeping a record of all of your financial transactions. It also sets the stage for a useful, simple filing system to organize bills, receipts, and bank statements.

Knowing exactly where you stand financially, and being in control of your money, might allow you to take advantage of opportunities that might come up which you'd otherwise miss. If you have a spending plan, you'll never need to wonder if you could afford something….you'll know.

When your spending plan is operating, all your financial transactions will automatically be organized at income tax time. If a question comes up, you won't have to dig through bags and shoe boxes to find the necessary records. Think of the time that you could save! That's more time to devote to your new hobbies.

Best of all, the top reason for having a budget or spending plan is that it will



You also need to look carefully at your expenses. Unfortunately, there are usually many more categories of expenses than there are for income. To make it easier to think about all of your expenses, break them down into those that are fixed and expenses that are variable.

[Pose question to audience:] What's the difference between fixed and variable?

Fixed expenses are those that don't change over time. [Pose question to audience:] What are some examples of fixed expenses? [Answers: monthly mortgage or rent, auto loan, life and auto insurance, student loan payment, credit card payments, etc.]

Variable expenses are those that can change from month to month. [Pose question to audience:] What are some examples of variable expenses? [Answers: food, medical expenses, auto repairs, telephone, utilities like electricity and gas, etc.]

Let's look more closely at the fixed expenses you need to include in your plan.

Expenses

Preparing for **Retirement**

Fixed Expenses

- Taxes
- Mortgage or rent
- Utilities
- Insurance
- Automobiles

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When you're working on your list of fixed expenses, think about:

•Property taxes, or quarterly estimated income tax payments

•Your mortgage (including escrow amounts for insurance and taxes), or rent

•The amounts you pay for water, electricity, gas, cable TV, etc.

•Insurance might include life insurance, homeowner's insurance, or car insurance

•Be sure to include any monthly car loan or lease payments.

Expenses

Preparing for **Retirement**

Variable Expenses

- Food
- Clothing
- Furniture, appliances
- Gas, oil
- Entertainment
- Medical care
- Gifts
- Vacation
- Personal Items

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You'll likely have many more variable expense categories than the fixed ones. These are the expenses that can vary widely from month to month.

Consider what you'll be spending for:

•Food (both groceries for use at home, and eating out)

•Clothing for you and your family

•Furniture and appliances, and repairs for ones you already own

•Gas, oil, and other maintenance items for the car

•Entertainment (movies, sports events, concerts, day trips)

And don't forget other variable expenses like:

•Co-payments for visits to the doctor, and prescriptions

•Birthday and wedding presents

•Vacation plans

•Personal items such as haircuts, magazine and newspaper subscriptions, "walking around money," and don't forget the occasional Mrs. Field's giant chocolate chip cookie at the Mall.

Again, try to put every single category of expense you can think of on your draft spending plan.

Income

Preparing for **Retirement**

Categories of Income

- Wages/salary
- Income from self-employment
- Pension, IRA distributions
- Interest and dividends
- Social Security

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Stop and think about all the sources of income you will have during retirement.

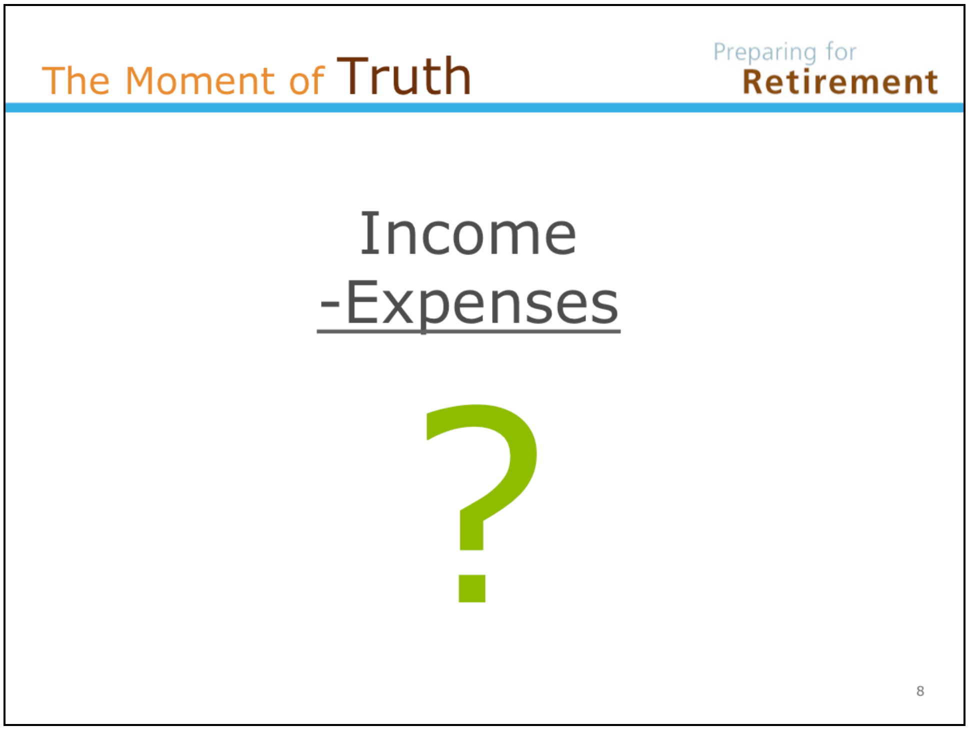
You might have some earnings from a part-time job or start your own business.

You might also have annual distributions from an IRA. Maybe you have pension income from a previous job or military service. And, of course, at some point, you'll have to begin taking withdrawals from your 401(k) account.

Don't forget interest on your savings account, and any income from your money market funds. And you may also be receiving dividends from stock that you own, or from mutual fund investments.

Finally, you should take into account your expected Social Security benefits.

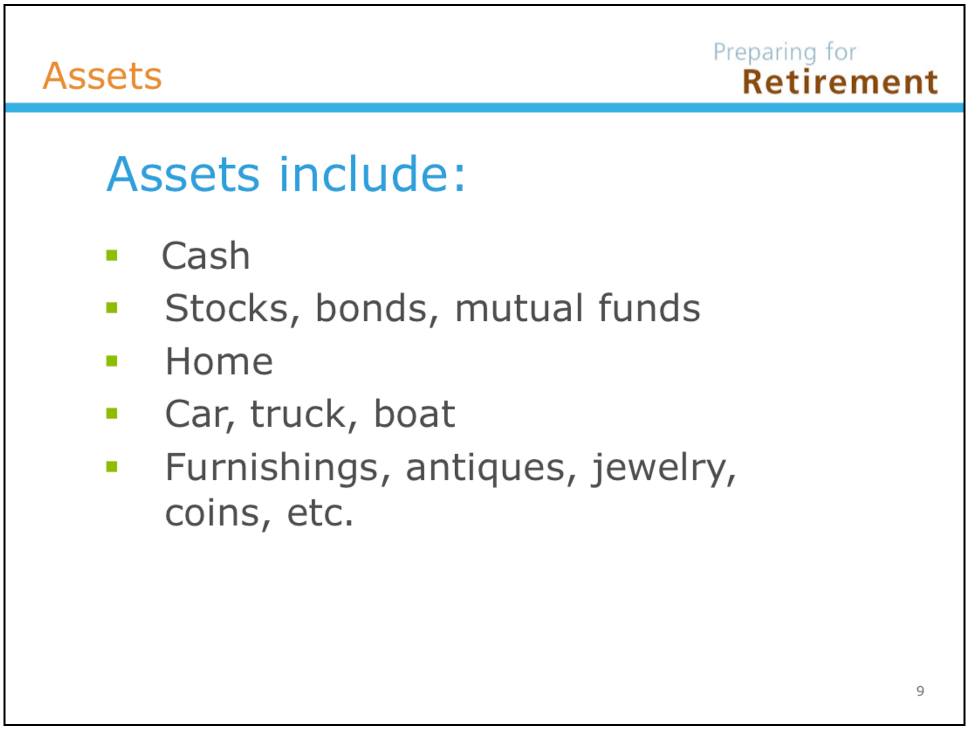
Taking a look at last year's federal income tax return should help you quickly identify your current sources of income.



The moment of truth! You certainly hope that when you get to the bottom line, your income is more than the total of your expenses. That's the ideal result. It means that you're probably going to be able to live within your retirement income. More important, it indicates that you probably have opportunities to put that excess to work for you, such as increasing your savings.

But, it's entirely possible that your expenses might be greater than your income. If that's your result, you're going to have to look harder at places to cut, examine ways to increase your income, or maybe even consider working longer and postponing retirement.

Regardless of the bottom line you reach when you do your initial draft budget, you'll have a much better handle on the financial situation you're facing during retirement. And you'll be armed with detailed information to use in adjusting your income and expense projections.

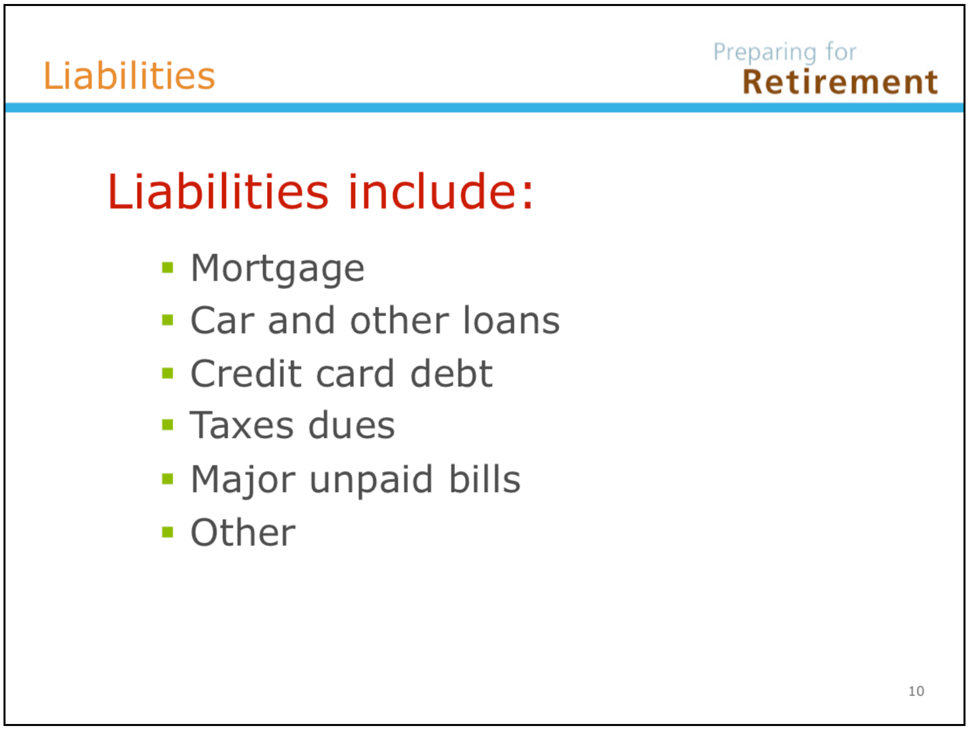


Start your net worth calculation by listing your assets. Keep in mind that you want to concentrate on assets, not income.

Assets are any financial or material possessions that have monetary value. Assets would include:

- Cash in bank accounts
- Stocks, bonds, mutual funds
- Annuities and retirement plans
- Life insurance (the cash value, not the face value)
- Your home
- Your car, boat, RV
- Household furnishings, jewelry, books, coins, art

Remember that your assets are valued at their current market value, not what you paid for them or what you would hope they would sell for.



Now list your liabilities. Liabilities are financial obligations or debts you owe to others.

Liabilities include:

•Mortgages

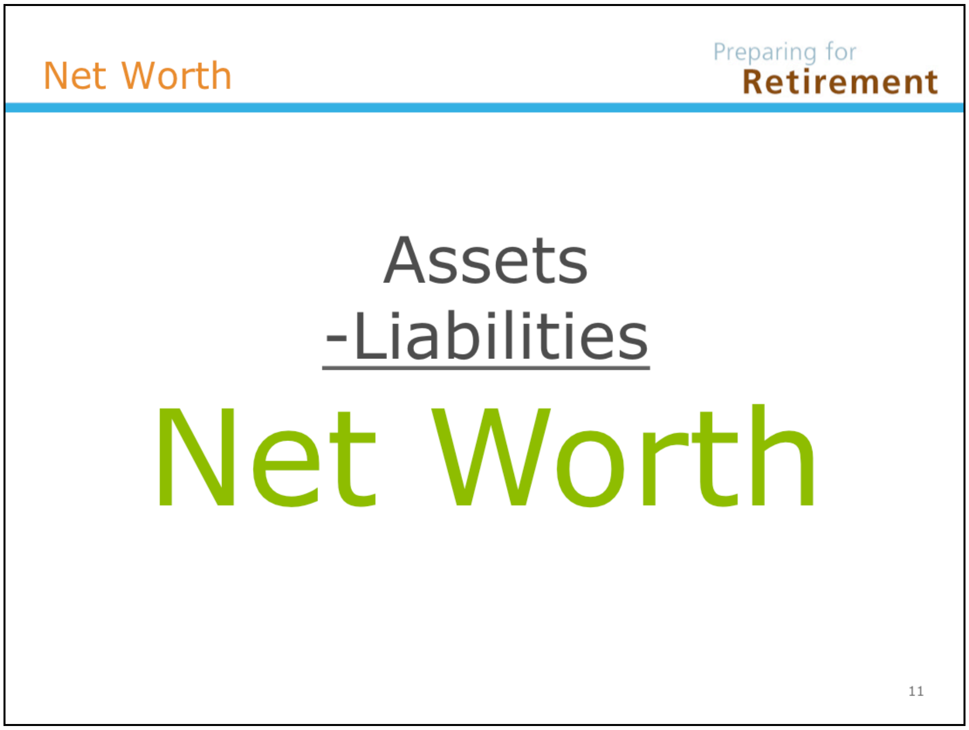
•Installment loans

•Credit card balances

•Unpaid taxes or bills

•Other financial obligations

Remember that liabilities are different from expenses. They're often large amounts owed to others. Many are secured by an asset. For example, your house is the collateral for your mortgage, and your car is the collateral for your auto loan.



Subtract your liabilities from your assets, and that amount is your net worth. You will probably be pleasantly surprised, and maybe even relieved!

Net Worth

Preparing for **Retirement**

Why calculate net worth?

- Applying for a loan
- Preparing a will
- Determine insurance needs
- Progress toward financial goals

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Why would you want to know your net worth? It can be helpful to have that information when dealing with a lender in a situation where, for example, your income isn't particularly high at this time, but you have significant assets to draw on if necessary.

Preparing your will can be simplified when you have done your homework on net worth, since you'll know right away what your assets are and what their values are. This information would also help in planning ahead for estate taxes.

When thinking about life insurance, you might conclude that only a moderate amount is needed, since your dependents have a significant financial cushion with all of the assets that are available to them in your estate.

Finally, your net worth is an indicator of how you're doing in terms of working toward the financial goals you've set. For example, as you look at your IRA and 401(k) plan balances, you would get a good idea of how you're doing as far as making sure that you won't outlive your assets.

Full Retirement Age

Preparing for **Retirement**

Year of Birth	Full Retirement Age
1937 or earlier	65
1938	65 + 2 months
1939	65+ 4 months
1940	65+ 6 months
1941	65+ 8 months
1942	65+ 10 months
1943-1954	66
1955	66+ 2 months
1956	66+ 4 months
1957	66+ 6 months
1958	66+ 8 months
1959	66+ 10 months
1960 or later	67

Source: Social Security Administration

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You can begin receiving individual Social Security benefits anytime between ages 62 and 70. Your benefit amount will differ, however, based on your full retirement age. This is based on your year of birth.

For example, you'll see from this chart that a person born in 1948 has a full retirement age of 66. This means that he or she will receive 100% of his or her benefit, based on credited earnings and Social Security tax paid, at 66.

For someone born in 1960 or later, the age for full benefits is 67.

Let's see how starting to receive benefits early affects the amount.

Reduction Factors

Preparing for **Retirement**

Reduction Factors at Age 62

Year of Birth	Total Percent Reduction
1937 or earlier	20.00
1938 - 1942	20.83 - 24.17
1943 - 1954	25.00
1955 - 1959	25.83- 29.17
1960 and later	30.00

Source: Social Security Administration

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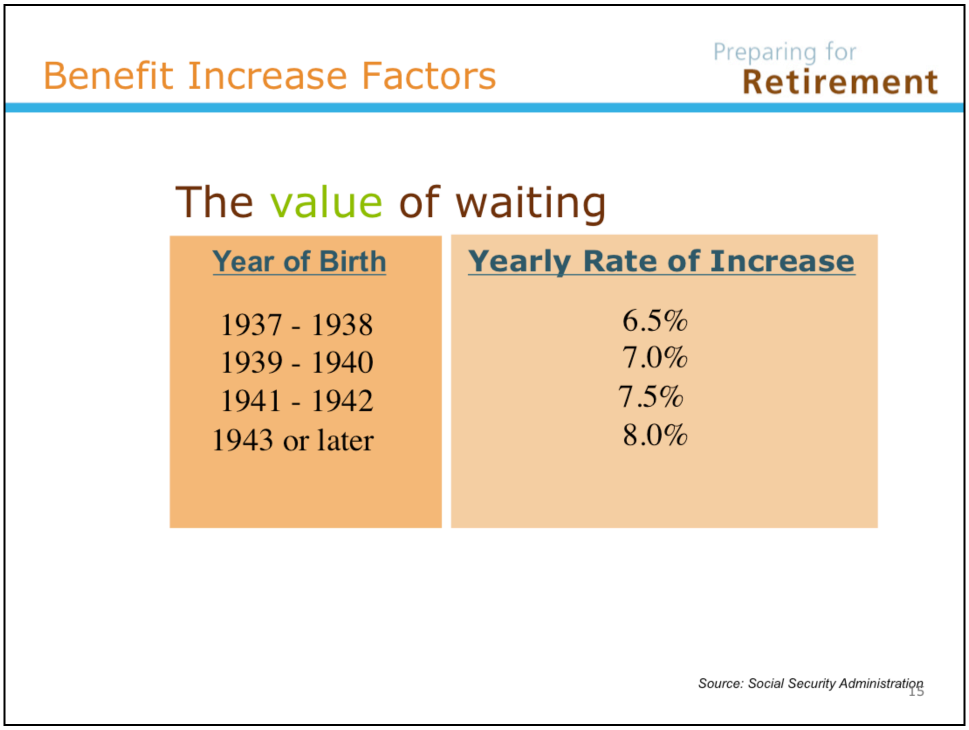
Starting your benefits early means any time between age 62 and your full retirement age. The early retirement reduction at age 62 ranges from 20% to 30% and is based on your birth year.

For example, let's say you were born in 1950, qualify for a monthly benefit of $1,000 at age 66 (your full retirement age), and chose to being receiving benefits at age 62. You would receive only $750, due to a 25% reduction.

In this example, if you waited until age 63, your monthly benefit would be reduced by only 20%. At age 64, the reduction factor drops to 13.33%, and at age 65 it's only 6.67%.

For those who need the income right away, taking benefits early would be appealing, of course. But, the benefits are permanently reduced.



If you wait until after your full retirement age to start receiving Social Security payments, your benefit amount will be increased.

For someone born in 1943 or later, his or her benefit is increased by 8% for each full year benefits are delayed after reaching full retirement age. So, the longer you wait, the higher your benefit.

And remember that if you work past your full retirement age, more earnings are added to your Social Security record. As a result, if your lifetime Social Security earnings are higher, your benefit may be higher, in addition to the delay factor.

Will your benefits be subject to federal income tax?

Income Tax

Preparing for **Retirement**

Income Tax on Benefits

Total Income	Portion Taxable
Individual	**Individual**
< $25,000	None
$25,000 - $34,000	50%
> $34,000	85%
Joint	**Joint**
< $32,000	None
$32,000 - $44,000	50%
> $44,000	85%

Source: Social Security Administration

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Yes, your Social Security benefit will be subject to federal income tax if your "combined income" is above certain limits. "Combined income" is defined by Social Security rules as your adjusted gross income plus non-taxable Interest plus one-half of your Social Security benefits.

You can see, for example, that a single person with combined income of $30,000 would have 50% of his or her benefits taxed. And a couple filing jointly, with a combined income of $40,000, would also have 50% of their benefits taxed.

Keep in mind that total income means money from all sources: employment, dividends, capital gains, and so on.

Annual Earnings Limit

Preparing for **Retirement**

$15,120

for 2013

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You can receive Social Security benefits while you're working. There is, however, a limit to the amount you can earn before your benefit is reduced. For 2013, that limit is $15,120. (It's adjusted annually to reflect inflation.) This limit applies only up to full retirement age, when it goes away entirely.

Let's look at an example. Assume a person is age 62, is receiving benefits, has a full retirement age of 66, and earns $15,960 a year. In 2013, his or her annual benefit would be reduced by $1 for every $2 his or her earnings went over the limit. In this example, the earnings were $840 over the limit.

So, that would result in a reduction of $420 in the annual benefit. [$840 divided by 2 = $420.]

There is a much higher limit for the year in which you reach your full retirement age. Also, the reduction in that year is $1 for every $3 in earnings.

Obviously, the earnings limit is a key factor to consider between age 62 and your full retirement age. The good news is that the earnings limit no longer applies at full retirement age.

Transition:

There's a lot to think about regarding Social Security benefits, isn't there? I'm sure you agree that this topic needs to be near the top of your list of those to learn more about as your prepare to retire.

When you are ready to apply for Social Security Benefits, you should have the following items. However, do not delay filing your claim just because you do not have all the documents. The Social Security Administration can still help you. Also, you should visit the SSA website to view a comprehensive list of questions they may ask you, such as: What was your name at birth? Have you have used any other Social Security number.

Remember, you should apply for benefits about 4 months prior to actually wanting them to begin.

How Much Will You Need?

Preparing for **Retirement**

Your Current Income

$__________

x .75

= Amount needed each year in retirement.

Source: Social Security Administration

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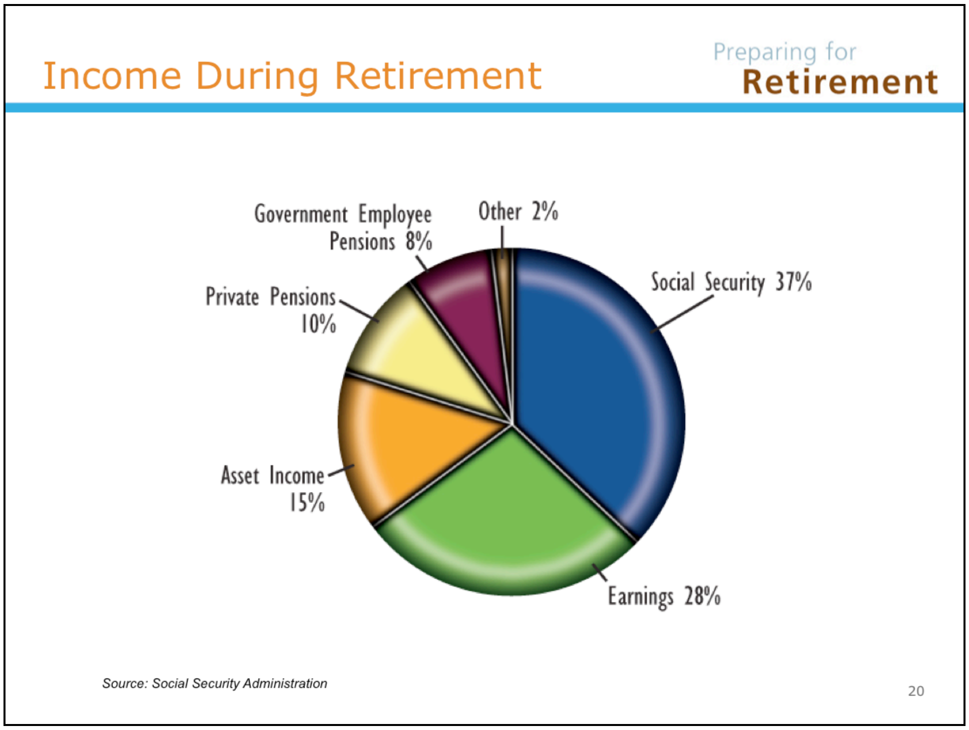
Most financial experts suggest you will need 75% to 90% of your current annual income to live comfortably in retirement.

Now, how much will Social Security contribute? For the average person, Social Security may replace about 30% - 40% of the wages that a working person earned before retirement. Be sure to visit the Social Security website (at www.ssa.gov) where you'll find interactive retirement calculators which will give you a rough estimate of what you can expect in Social Security benefits.



Of the various sources of income, Social Security is approximately 37% of income on average. You'll need to calculate how much more you'll need to live comfortably in retirement, once you determine how much Social Security you can expect to receive.

Don't Ignore Inflation

Preparing for **Retirement**

Retired life will cost more in the future than it does today

Item	Average Cost Today	Average Cost in 5 Years	Average Cost in 10 Years
House Cost in Florida	$301,000	$348,942	$404,579
Recreational Vehicle (RV)	$115,000	$133,317	$154,550
10 Day Caribbean Cruise	$1,499	$1,738	$2,015
Round of Golf at Your Local Club	$75	$87	$101

Source: BestPlaces.net, Kmotion research 2013

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Here is a brief perspective of the rising cost of living over time. Inflation is the rate at which the general level of prices for goods and services is rising, and purchasing power is falling. Unfortunately, in retirement, you will probably be living on a fixed income, however, the cost of basic essentials will continue to rise.

This loss of a dollar's buying power over time can have an adverse effect on the real growth of your retirement account, so be sure to maintain a proper mix of investments to offset inflation.

Also, make sure to take inflation into account when you look at your expenses in retirement.

Life Expectancy

Preparing for **Retirement**

Life Expectancy

- The average 65 yr. old male can expect to live to 83 years old
- The average 65 year old female can expect to live to 86 years old

Source: http://socialsecurity.gov/planners/lifeexpectancy.htm 2013

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Americans are living longer, healthier lives. You need to plan on spending at least 15 to 20 years in retirement. And remember, there is a strong possibility that you may spend upwards of 25 years in retirement.

Medical Expenses

Preparing for **Retirement**

Plan for Rising Medical Expenses

A 65 year-old American couple retiring in 2013 will need $220,000 to pay for medical expenses throughout retirement, not including nursing-home care.

Source: Fidelity Consulting, 2013

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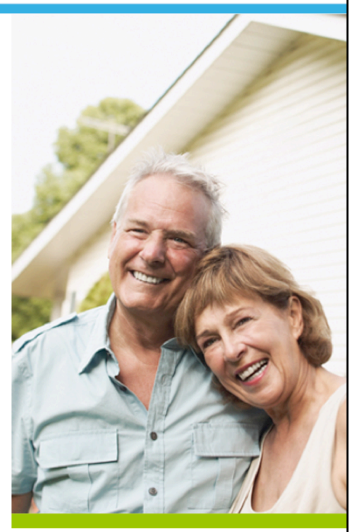
You will also need to plan for medical expenses. Medical cost inflation can quickly erode retirement savings

Health Care Coverage

Preparing for **Retirement**

Medicare

- Eligibility: age 65
- Four Parts



Source: Social Security Administration

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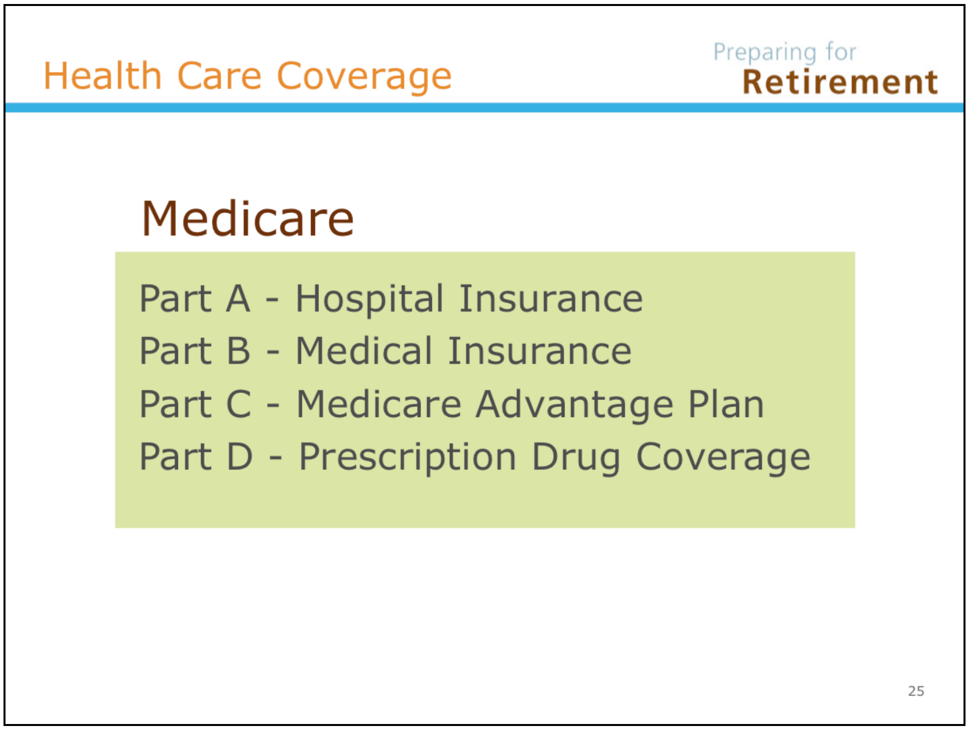
Medicare eligibility generally begins on the first day of the month that you reach age 65.

If you're receiving Social Security benefits before age 65, you should automatically receive a Medicare identification card in the mail shortly before your 65th birthday. If you're not collecting benefits before age 65, you should enroll for Medicare about three months before you turn 65.

Just because you're eligible for Medicare doesn't mean you should enroll and pay the premiums right away. If you're still working and your employer's plan offers adequate coverage, you can save money by not enrolling until you retire.

An extremely important point about Medicare is that you must pay close attention to application deadlines and rules related to applying for benefits. If you enroll late, or drop out and enroll again later, you may pay higher premiums for the same benefits.

Let's look at what makes up Medicare coverage.



Part A helps cover inpatient care in hospitals, inpatient rehabilitation facilities and inpatient stays in a skilled nursing facility. It also covers hospice care and some home health care services. You choose the hospitals and facilities you want to use.

Part B helps cover medically-necessary services from physicians, outpatient care and some preventive services. As in Part A, you select your doctors and other providers.

Part C, Medicare Advantage plans, involves private insurance companies and HMOs or PPOs that provide the hospital and medical insurance under Parts A and B. In most of these plans, you need to use the plan's doctors, hospitals and other providers or you pay more.

Part D is prescription drug coverage. If you want this coverage, you choose and join a Medicare Prescription Drug Plan from private companies approved by Medicare. Most Medicare Advantage plans include some prescription drug coverage.

You might also want to consider what's known as a Medigap policy, which covers amounts that Medicare does not pay. These policies are offered by

Health Care Coverage

Preparing for **Retirement**

Medicare Premiums for 2013

Part A - Usually $0
Part B - $104.90 to $335.70 per month
Part C - varies by plan
Part D - varies by plan

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Most people do not pay a premium for Part A because they have 40 or more quarters of Medicare-covered employment. The premium is $441 per month if you didn't pay medicare taxes while working.

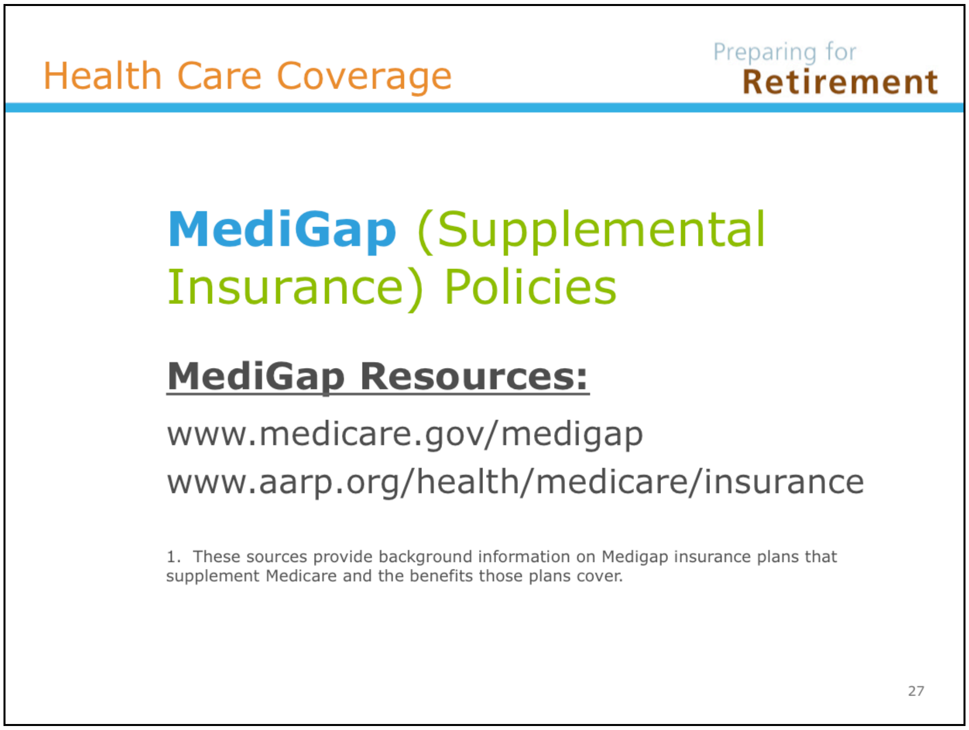
Part B's premium ranges form $104.90 to $335.70 per month, depending on your adjusted gross income on your tax return.

For Part A, the hospitalization portion, the 2013 deductible is $1,184 for each hospital stay of 1 to 60 days. There are daily copayment amounts for stays longer than 60 days.

In a skilled nursing facility, the copayment is $148.00 per day for days 21 through 100 each benefit period.

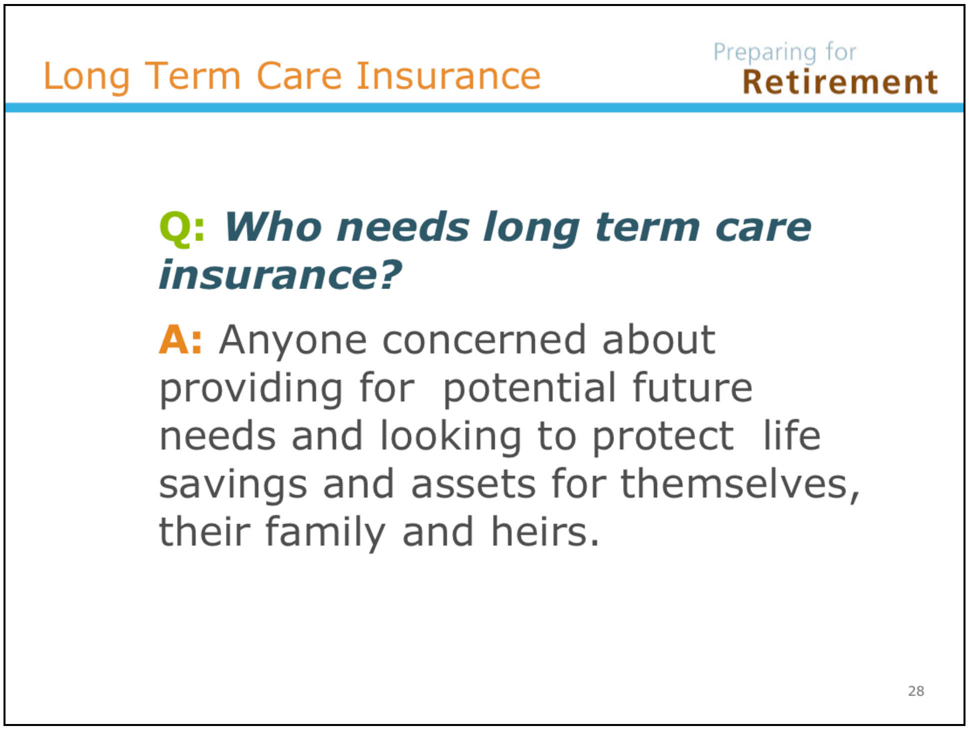
Under Part B, the annual deductible is $147.00. After you reach the deductible you generally pay 20% of the Medicare-approved amount for services.

Before we leave Medicare, I want to remind you to pay close attention to the deadline for enrolling in Part B. There are penalties for enrolling late, such as the possibility of having to pay a 10% higher monthly premium.



A Medigap policy is health insurance sold by private insurance companies to fill the “gaps” in Original Medicare Plan coverage. Medigap policies help pay some of the health care costs that the Original Medicare Plan doesn’t cover. If you are in the Original Medicare Plan and have a Medigap policy, then Medicare and your Medigap policy will pay both their shares of covered health care costs.

Insurance companies can only sell you a “standardized” Medigap policy. These Medigap policies must all have specific benefits so you can compare them easily.



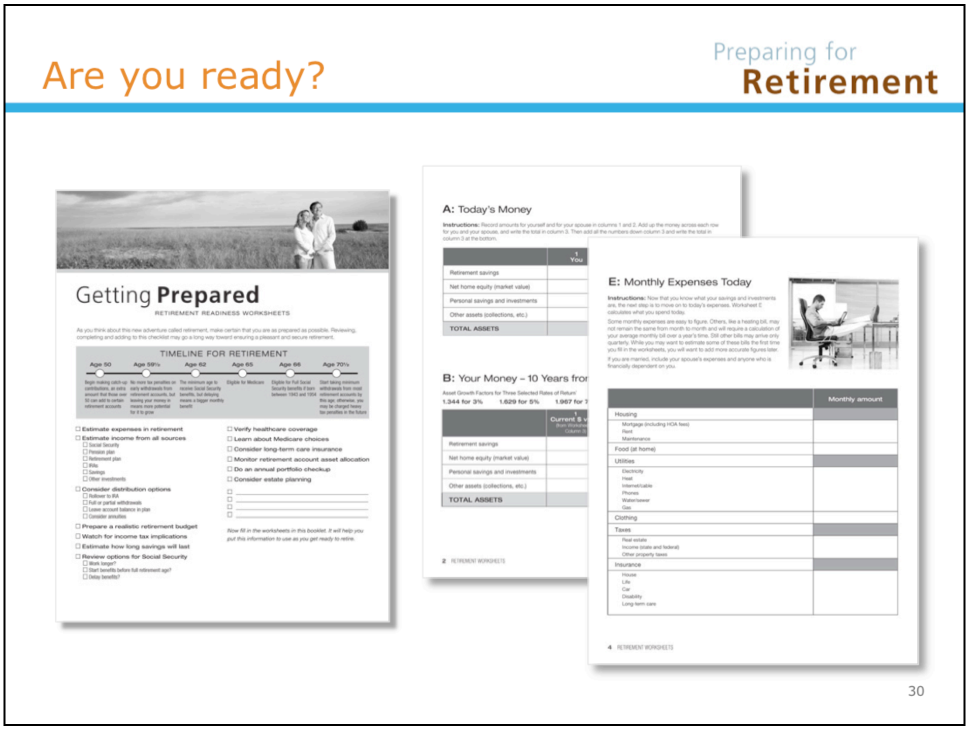
According to a 2011 MetLife Survey of Nursing Homes: The average cost of nursing home care nationally is $78,110 a year ($214 per day). The cost of care varies from state to state. In Texas the average cost is $46,720 a year ($128 per day).

In Alaska the average cost is $247,470 a year ($678 per day).

Why should you plan?

Because, at least 70 percent of people over age 65 will require some long-term care services at some point in their lives. And, contrary to what many people believe, Medicare and private health insurance programs do not pay for the majority of long-term care services that most people need – help with personal care such as dressing or using the bathroom independently.

Planning is essential for you to be able to get the care you might need.



The worksheets include a format for you to record your assets and their value today, project their value ten years from now, and how those assets might grow between now and when you begin retirement. Another one enables you to see how your assets might provide income over a 30-year retirement.

There are also several worksheets to help you identify and estimate your monthly expenses today and ten years from now. There's also one that provides a comparison of income and expenses which, of course, is critically important.

Another worksheet outlines where you might need to accumulate additional savings before retirement in order to enhance the chances that your retirement nest egg will last as long as possible.

Now, let's take a look at examples of these worksheets to show how you can prepare and get organized for your retirement.

Retirement Timeline

Preparing for **Retirement**

At Age 50	Begin making catch-up contributions, an extra amount that those over 50 can add to 401(k) and other accounts.
At Age $59\frac{1}{2}$	No more tax penalties on early withdrawals from retirement accounts, but leaving it in means more time for your money to grow
At Age 62	The minimum age to receive Social Security benefits, but delaying means a bigger monthly benefit.
At Age 65	Eligible for Medicare
At Age 66	Eligible for Full Social Security benefits if born between 1943 and 1954
At Age $70\frac{1}{2}$	Start taking minimum withdrawals from most retirement accounts by this age; otherwise, you may be charged heavy tax penalties in the future

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Please keep in mind this summary outline as you approach retirement. Remember, if you do choose to start taking Social Security benefits at age 62, you will permanently receive this reduced amount.

Also, please see in your brochure what is your age for full Social Security benefits and go online to calculate what you can expect to receive monthly from Social Security when you retire. (www.ssa.gov)

A: Today's Money

Instructions: Record amounts for yourself and for your spouse in columns 1 and 2. Add up the money across each row for you and your spouse, and write the total in column 3. Then add all the numbers down column 3 and write the total in column 3 at the bottom.

	1 You	2 Spouse	3 Total
Retirement savings			
Net home equity (market value)			
Personal savings and investments			
Other assets (collections, etc.)			
TOTAL ASSETS			

B: Your Money – 10 Years from Now

Asset Growth Factors for Three Selected Rates of Return*

1.344 for 3% **1.629 for 5%** **1.967 for 7%**

	1 Current $ value (from Worksheet A, Column 3)	2 *Asset growth factor (rate of return)	3 Asset value in 10 years (Column 1 x Column 2)
Retirement savings			
Net home equity (market value)			
Personal savings and investments			
Other assets (collections, etc.)			
TOTAL ASSETS			

WORKSHEET C

Preparing for **Retirement**

C: New Savings Between Now and Retirement

Savings Growth Factors for Three Selected Rates of Return*

139.741 for 3% **155.282 for 5%** **173.085 for 7%**

	1 Estimated monthly savings amount	2 *Savings growth factor	3 Value of savings in 10 years (Column 1 x Column 2)
Retirement savings			
Net home equity (market value)			
Personal savings and investments			
Other assets (collections, etc.)			
TOTAL ASSETS			

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WORKSHEET D

Preparing for
Retirement

D: Monthly Income Over a 30-Year Retirement

Income Conversion Factors for Assumed Rates of Interest*

0.004216 for 3%   0.005368 for 5%   0.006653 for 7%

	1 **Accumulated assets** (Column 3 from Worksheet B plus Column 3 from Worksheet C)	2 ***Income conversion factor**	3 **Monthly income beginning at retirement** (Column 1 x Column 2)
Social Security (estimate based on your retirement year)			
Retirement savings			
Net home equity (market value)			
Personal savings and investments			
Other assets (collections, etc.)			
TOTAL ASSETS			

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WORKSHEET E

Preparing for **Retirement**

E: Monthly Expenses Today

	Monthly amount
Housing	
Mortgage (including HOA fees) Rent Maintenance	
Food (at home)	
Utilities	
Electricity Heat Internet/cable Phones Water/sewer Gas	
Clothing	
Taxes	
Real estate Income (state and federal) Other property taxes	

	Monthly amount
Insurance	
House Life Car Disability Long-term care	
Loans	
Car Credit card Other	
Retirement savings	
Personal care	
Hair cut Dry cleaning Gym Other	
Transportation	
Car repairs and maintenance Gas Parking Public transportation	

WORKSHEET E

Preparing for **Retirement**

	Monthly amount
Travel/vacations	
Entertainment	
Eating out Hobbies Movies/theatre	
Charitable contributions	
Other	
Gifts Membership dues Pet-related costs	
TOTAL ESTIMATED MONTHLY EXPENSES (other than health)	
Healthcare	
Health insurance Doctor visits Hospital Medicine Over-the-counter medicine Dental Vision Noncovered items	
TOTAL ESTIMATED MONTHLY EXPENSES (health)	

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WORKSHEET F

Preparing for **Retirement**

F: Monthly Expenses in 10 Years

(First year of retirement)

	1 **Total monthly expenses now** (from monthly expenses column in Worksheet E)	2 **10-year inflation factor of 1.4106 (3.5%)*** (except for healthcare – see below)	3 **Total expenses in 10 years adjusted for inflation** (Column 1 x Column 2)
Housing			
Mortgage (including HOA fees) Rent Maintenance			
Food (at home)			
Utilities			
Electricity Heat Internet/cable Phones Water/sewer Gas			
Clothing			
Taxes			
Real estate Income (state and federal) Other property taxes			

* This inflation rate factor is simply the factor equal to a 3.5% inflation rate for 10 years.

WORKSHEET **F**

Preparing for **Retirement**

	1 Total monthly expenses now (from monthly expenses column in Worksheet E)	2 10-year inflation factor of 1.4106 (3.5%)* (except for healthcare – see below)	3 Total expenses in 10 years adjusted for inflation (Column 1 x Column 2)
Insurance			
House Life Car Disability Long-term care			
Loans			
Car Credit card Other			
Retirement savings			
Personal care			
Hair cut Dry cleaning Gym Other			
Transportation			
Car repairs and maintenance Gas Parking Public transportation			

* This inflation rate factor is simply the factor equal to a 3.5% inflation rate for 10 years.

WORKSHEET F

	1 Total monthly expenses now (from monthly expenses column in Worksheet E)	2 10-year inflation factor of 1.4106 (3.5%)* (except for healthcare – see below)	3 Total expenses in 10 years adjusted for inflation (Column 1 x Column 2)
Travel/vacations			
Entertainment			
Eating out Hobbies Movies/theatre			
Charitable contributions			
Other			
Gifts Membership dues Pet-related expenses			
TOTAL MONTHLY EXPENSES ADJUSTED FOR 10 YEARS INFLATION (other than health			
Healthcare (for a 7% inflation factor use 1.9672)			
Health insurance Medicare Part B Medigap Doctor visits Hospital Medicine Over-the-counter medicine Dental Vision Noncovered items			
TOTAL MONTHLY EXPENSES ADJUSTED FOR 10 YEARS INFLATION (health)			

* This inflation rate factor is simply the factor equal to a 3.5% inflation rate for 10 years.

G: Comparing Projected Income and Expenses

	1 At retirement	2 Inflation adjusted value factor (See chart above)	3 Value in $ at retirement for one month (Column 1 x Column 2)	4 Total value in $ at retirement (Column 3 x 360 months)
Total projected income Worksheet D, Column 3 total				
Total projected expenses Worksheet F, Column 3 total Health Other than health				
Projected value of income less expenses Subtract Line 2 from Line 1				

Value Adjustment Factors	
Inflation rate	5% assumed rate of return
0%	0.5174
3%	0.7520
4%	0.8640
7%	1.3691

H: Additional Savings Needed Before Retirement (in 10 Years)

Additional Savings Factors*

0.00716 for 3%   0.00644 for 5%   0.00578 for 7%

Gap between projected total value of expenses and projected total value of income (from Worksheet G)	
Additional savings factor*	
Additional monthly savings needed (Multiply Line 1 x Line 2)	

Useful Resources

Preparing for **Retirement**

www.aarp.org - American Association of Retired Persons (informational articles and interactive tools)

www.dinkytown.net - variety of financial calculators and tools

www.ssa.gov - official Social Security website

www.medicare.gov - official Medicare website

www.irs.gov - Internal Revenue Service official site

www.psca.org - Profit Sharing Council of America (retirement planning and calculation tools)

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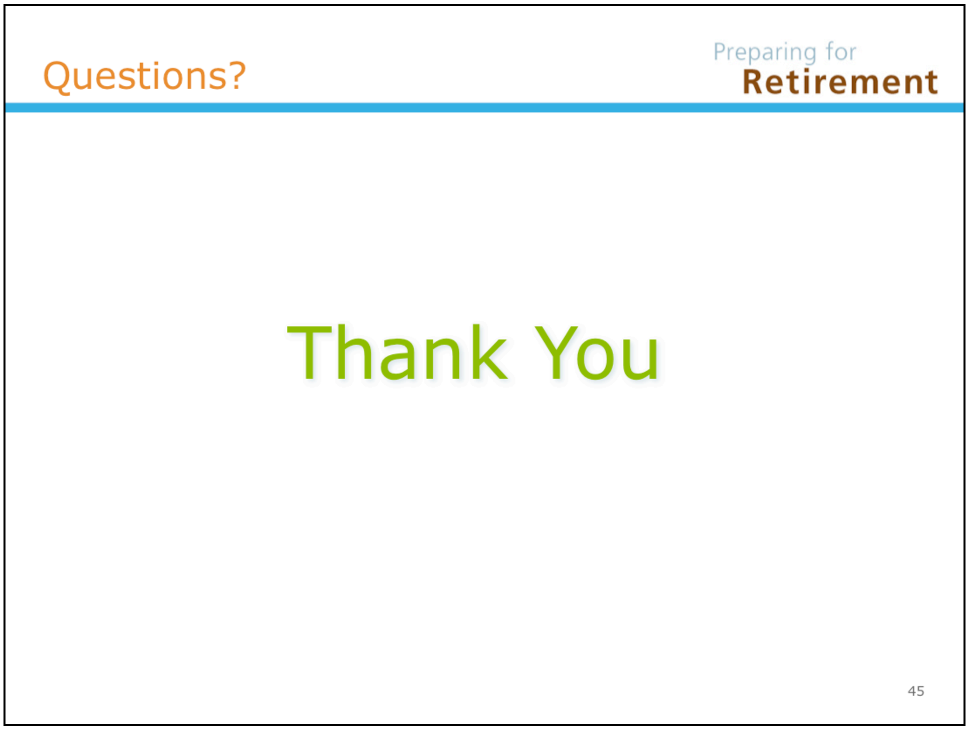
Remember, these are just some general guidelines to help you understand how you feel toward risk.

When making your investment selections, make sure to keep in mind ALL of the following:

Your attitude toward risk – the amount of risk you can handle to get the returns you need.

Your time horizon – how long until you will need to start taking money out of your retirement plan.

Your investment goal – the amount of money you will need in order to pursue the lifestyle and experiences you wish for in retirement.



I hope the information I've presented has gotten you thinking about practical steps you can take now to ensure a comfortable and secure retirement. And I hope that you've seen that making a successful retirement takes time and thought, but it's not difficult, once you've outlined your questions and the topics you need to look into.

Thanks again for your time.

Are there questions?