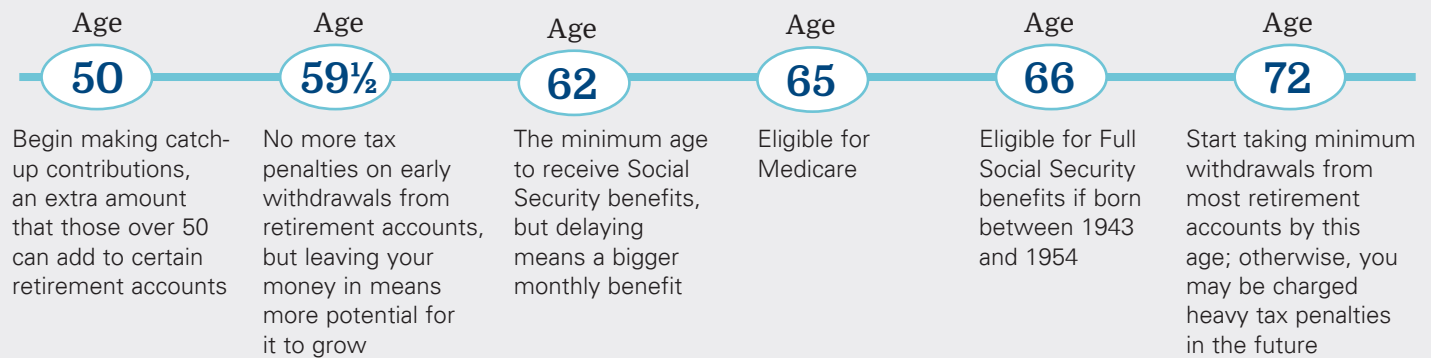


# GETTING PREPARED

## Retirement Readiness Worksheets

As you think about this new adventure called retirement, make certain that you are as prepared as possible. Reviewing, completing and adding to this checklist may go a long way toward ensuring a pleasant and secure retirement.

### Timeline for Retirement



Estimate expenses in retirement

Estimate income from all sources

- Social Security
- Pension plan
- Retirement plan
- IRAs
- Savings
- Other investments

Consider distribution options

- Rollover to IRA
- Full or partial withdrawals
- Leave account balance in plan
- Consider annuities

Prepare a realistic retirement budget

Watch for income tax implications

Estimate how long savings will last

Review options for Social Security

- Work longer?
- Start benefits before full retirement age?
- Delay benefits?

Verify healthcare coverage

Learn about Medicare choices

Consider long-term care insurance

Monitor retirement account asset allocation

Do an annual portfolio checkup

Consider estate planning

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

Now fill in the worksheets in this booklet. It will help you put this information to use as you get ready to retire.

## 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<br>You | 2<br>Spouse | 3<br>Total |
|----------------------------------|----------|-------------|------------|
| Retirement savings               |          |             |            |
| Net home equity (market value)   |          |             |            |
| Personal savings and investments |          |             |            |
| Other assets (collections, etc.) |          |             |            |
| <b>TOTAL ASSETS</b>              |          |             |            |

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

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

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

# E: Monthly Expenses Today

**Instructions:** Now that you know what your savings and investments are, the next step is to move on to today's expenses. Worksheet E calculates what you spend today.

Some monthly expenses are easy to figure. Others, like a heating bill, may not remain the same from month to month and will require a calculation of your average monthly bill over a year's time. Still other bills may arrive only quarterly. While you may want to estimate some of these bills the first time you fill in the worksheets, you will want to add more accurate figures later.

If you are married, include your spouse's expenses and anyone who is financially dependent on you.



|   | Monthly amount |
|---|----------------|
| Housing   |                |
| <ul style="list-style-type: none"> <li>Mortgage (including HOA fees)</li> <li>Rent</li> <li>Maintenance</li> </ul>                                    |                |
| Food (at home)  |                |
| Utilities   |                |
| <ul style="list-style-type: none"> <li>Electricity</li> <li>Heat</li> <li>Internet/cable</li> <li>Phones</li> <li>Water/sewer</li> <li>Gas</li> </ul> |                |
| Clothing  |                |
| Taxes   |                |
| <ul style="list-style-type: none"> <li>Real estate</li> <li>Income (state and federal)</li> <li>Other property taxes</li> </ul>                       |                |
| Insurance   |                |
| <ul style="list-style-type: none"> <li>House</li> <li>Life</li> <li>Car</li> <li>Disability</li> <li>Long-term care</li> </ul>                        |                |

Worksheet E - continued

|   | Monthly amount |
|---|----------------|
| Loans   |                |
| Car   |                |
| Credit card   |                |
| Other   |                |
| Retirement savings  |                |
| Personal care   |                |
| Hair cut  |                |
| Dry cleaning  |                |
| Gym   |                |
| Other   |                |
| Transportation  |                |
| Car repairs and maintenance                                 |                |
| Gas   |                |
| Parking   |                |
| Public transportation                                       |                |
| Travel/vacations  |                |
| Entertainment   |                |
| Eating out  |                |
| Hobbies   |                |
| Movies/theatre  |                |
| Charitable contributions                                    |                |
| Other   |                |
| Gifts   |                |
| Membership dues   |                |
| Pet-related costs   |                |
| <b>TOTAL ESTIMATED MONTHLY EXPENSES (other than health)</b> |                |
| Healthcare  |                |
| Health insurance  |                |
| Doctor visits   |                |
| Hospital  |                |
| Medicine  |                |
| Over-the-counter medicine                                   |                |
| Dental  |                |
| Vision  |                |
| Noncovered items  |                |
| <b>TOTAL ESTIMATED MONTHLY EXPENSES (health)</b>            |                |

# F: Monthly Expenses in 10 Years

(First year of retirement)

|                               | <b>1</b><br><b>Total monthly expenses now</b><br>(from monthly expenses column in Worksheet E) | <b>2</b><br><b>10-year inflation factor of 1.4106 (3.5%)*</b> (except for healthcare – see below) | <b>3</b><br><b>Total expenses in 10 years adjusted for inflation</b><br>(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          |  |   |   |
| Insurance                     |  |   |   |
| House                         |  |   |   |
| Life                          |  |   |   |
| Car                           |  |   |   |
| Disability                    |  |   |   |
| Long-term care                |  |   |   |
| Loans                         |  |   |   |
| Car                           |  |   |   |
| Credit card                   |  |   |   |
| Other                         |  |   |   |
| Retirement savings            |  |   |   |

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

Worksheet F - continued

|   | <b>1</b><br><b>Total monthly expenses now</b><br>(from monthly expenses column in Worksheet E) | <b>2</b><br><b>10-year inflation factor of 1.4106 (3.5%)</b> (except for healthcare) | <b>3</b><br><b>Total expenses in 10 years adjusted for inflation</b> (Column 1 x Column 2) |
|---|--|--|--|
| Personal care   |  |  |  |
| Hair cut  |  |  |  |
| Dry cleaning  |  |  |  |
| Gym   |  |  |  |
| Other   |  |  |  |
| Transportation  |  |  |  |
| Car repairs and maintenance   |  |  |  |
| Gas   |  |  |  |
| Parking   |  |  |  |
| Public transportation   |  |  |  |
| Travel/vacations  |  |  |  |
| Entertainment   |  |  |  |
| Eating out  |  |  |  |
| Hobbies   |  |  |  |
| Movies/theatre  |  |  |  |
| Charitable contributions  |  |  |  |
| Other   |  |  |  |
| Gifts   |  |  |  |
| Membership dues   |  |  |  |
| Pet-related expenses  |  |  |  |
| <b>TOTAL MONTHLY EXPENSES ADJUSTED FOR 10 YEARS INFLATION (other than health)</b> |  |  |  |
| 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  |  |  |  |
| <b>TOTAL MONTHLY EXPENSES ADJUSTED FOR 10 YEARS INFLATION (health)</b>            |  |  |  |

# G: Comparing Projected Income and Expenses

**Instructions:** This worksheet compares your anticipated income and expenses over 30 years in retirement and is designed to reflect any shortfall between the two.

Use the total monthly income calculated in Worksheet D and multiply it by a value adjustment factor for 0% (0.5174) at right. Then multiply this result by 360 months and enter that amount in Column 4 of Worksheet G. This is your total projected income.

Next, record the total monthly expenses calculated in Worksheet F. For expenses other than health, choose an inflation adjustment value factor of 4%. For health, use a 7% inflation rate. Multiply this result by 360

months and enter it in Column 4. Now subtract the total value of projected expenses (“other than health” and “health”) over 30 years of retirement in Column 4 from the corresponding total value of your projected income (also in Column 4). The result is the projected value of income less expenses.

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

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



# 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)   |  |

Source: U.S Dept. of Labor, Employment Benefits Security Administration; [www.dol.gov/ebsa](http://www.dol.gov/ebsa)

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|--|---|--|-----------------------|