

Your Estimated Monthly Retirement Expenses

Fill in the first column with what you're now spending monthly. Next, calculate the inflation factor by following the steps listed on the Inflation Factor table on the following page, then place the inflation factor in the second column. Multiply the first column by the second column to get an idea of the income you'll need during your first year of retirement. Mortgage/rent, loan and credit card payments are set under specific terms and rates, so no inflation applies.

Expense	Current Monthly Cost	Inflation Factor	Monthly Cost at Retirement (current cost X inflation factor)
Mortgage/rent (excluding property taxes and insurance)	\$	N/A	\$
Property taxes	\$		\$
Homeowner's insurance	\$		\$
Homeowner's association dues	\$		\$
Utilities (gas, electric, water, sewage, trash)	\$		\$
TV, Internet, phone	\$		\$
Home maintenance	\$		\$
Automobile/transportation (gas, maintenance, insurance)	\$		\$
Food (groceries, eating out)	\$		\$
Clothing	\$		\$
Personal care	\$		\$
Dependent care	\$		\$
Health care/Medicare	\$		\$
Loan payments (car, home equity, credit line)	\$	N/A	\$
Credit cards (minimum payment)	\$	N/A	\$
Entertainment	\$		\$
Travel	\$		\$
Charitable donations/gifts	\$		\$
Other	\$		\$
MONTHLY TOTAL	\$		\$



Input this number in BOX A of the flap

Inflation Factor



Inflation is defined as a sustained increase in the general level of prices for goods and services. It's measured as an annual percentage increase. As inflation rises, every dollar you own buys a smaller percentage of goods and services. While inflation affects everyone, those on a fixed income may feel the effect more than others.

Here are the steps to calculate the inflation factor for the Your Estimated Monthly Retirement Expenses worksheet on the previous page:

1. Choose the number of years until your retirement starts from the far left column, "Years to Retirement."
2. Select an estimated annual inflation rate from the row across the top. Inflation cannot be predicted from year to year. From 2000 to 2009, inflation averaged 2.56 percent; from 1990 to 1999, inflation averaged 3 percent; and from 1980 to 1989, inflation averaged 5.51 percent. You'll have to make an educated guess.
3. Read across and down to find the appropriate inflation factor corresponding to your predicted rate of inflation. For example, if your retirement is five years out and you guess a 5 percent annual inflation rate, your inflation factor will be 1.28. List your inflation factor in the "Inflation Factor" column of your worksheet.
4. Finally, multiply your estimated monthly living expense from the first column by the inflation factor in the second column to get an idea of the income you'll need for your first month of retirement if you would like to maintain your current lifestyle.

	Annual Inflation Rate			
Years to Retirement	3%	5%	7%	10%
1	1.03	1.05	1.07	1.10
5	1.16	1.28	1.42	1.65
10	1.35	1.65	2.01	2.71
15	1.57	2.11	2.85	4.45
20	1.82	2.71	4.04	7.33
25	2.12	3.48	5.73	12.06
30	2.46	4.47	8.12	19.84