



Professional Service with a Personal Touch
Accounting • Tax • Financial Planning

CWR Monthly

June 2006

The next three newsletters will be devoted to the subject of retirement planning. June's newsletter will focus on the question: How much do I need to retire? July's newsletter will discuss the ways to get there, and August's newsletter will consider some draw down strategies once you've reached retirement age.

The discussion's provided will not attempt to answer every question you may have concerning this critical subject, but rather, hopes to stimulate you to further examine your own circumstances and preparation for the day that you hope to retire.

Retirement Planning Part I How much do I need to retire?

Most financial planners agree that a person needs a retirement income of between 60 – 80 % of their pre-retirement income to maintain their current lifestyle in retirement. For the most part this retirement income will be composed of three major sources of income:

- 1. Social Security*
- 2. Pension Income*
- 3. Personal Retirement Savings*

Several resources are available to calculate how much retirement income you will need to maintain your current lifestyle. Some of better retirement income calculators can be found on the following websites:

- 1. www.troweprice.com*
- 2. www.fidelity.com*
- 3. www.money.cnn.com*

You can get an estimate of your social security retirement income by going to the Social Security Administration's website at www.ssa.gov. Pension benefits (if available through your employer) can be determined by contacting your employer. And your retirement savings estimate can be arrived at by using the retirement income calculators available on any of the above listed websites.

Once you have calculated how much retirement income you might have available to you based on your current estimated plan, you will be able to determine your economic status in retirement if you continue along the same plan.

What happens if it appears that you might experience a shortfall in having enough to maintain your current lifestyle? This is where retirement planning begins to take on a whole new meaning. You may find that in order to live comfortably in retirement you might need to postpone your retirement date a few years to reach your goal of being able to live at your current lifestyle. It may mean that you might need to consider downsizing somewhat to ensure that you have the adequate means to live comfortably in retirement. It may mean that you need to step up the amount you are currently saving in order to retire when you desire. It may mean that you need consider ways to sacrifice today to ensure that you don't run out of resources during your retirement years. And the list of possibilities are endless as to how to address the outcome of your of your potential retirement resources based on your current estimation.

The purpose of this newsletter is not to answer all of your questions concerning preparing for retirement, but to encourage you to begin to evaluate where you would be based on your current retirement plan.

To determine how much retirement income you would need to maintain your current lifestyle is the foundation of any retirement planning. How to get there is the next step in that process.

We will discuss several ways to accomplish your goal of having enough retirement income by the time you are ready to retire in next month's newsletter. For now, your assignment is to determine how much you would need. By using the resources mentioned above you should be able to calculate a fairly reliable estimate of how much this should be.

Til next time,

Charlie