



*Virtual Learning Event: Retirement Revised*

# PERSONAL FINANCE

Military Families Learning Network

## Catch-Up Retirement Savings Strategies

<https://learn.extension.org/events/2935>



U.S. DEPARTMENT  
OF DEFENSE



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# Today's Presenter

Barbara O' Neill, Ph.D., CFP®, AFC , CHC

- Extension Specialist and Distinguished Professor at Rutgers University
- Currently on sabbatical and completed a thorough (two-month) review and curation of financial education resources
- Creator of five different savings challenges that encourage people to save
- **Research Interests:** Health and wealth relationships, financial practices of U.S. consumers, and impact of Extension financial



# Webinar Objectives

- Discuss retirement planning statistics
- Increase retirement catch-up knowledge
- Foster optimism about available catch-up options
- Encourage action to improve finances
- Discuss retirement planning resources

# Webinar Topics

- Retirement planning realities
- Amount of money needed to retire
- Tax incentives for catch-up savers
- Strategies to increase retirement savings
- Strategies to stretch retirement income
- Special retirement catch-up considerations
- Retirement catch-up resources

# Question #1

## Retirement Coat of Arms

The form is a shield-shaped template divided into five sections. The top section is split into two halves: the left half is labeled 'My #1 Retirement Dream' and the right half is labeled 'My #1 Retirement Fear'. A horizontal band across the middle is labeled 'Savings Goal'. The bottom section is split into two halves: the left half is labeled 'The Best Way I Save For Retirement' and the right half is labeled 'My Planned Retirement Age'.

<b>My #1 Retirement Dream</b>	<b>My #1 Retirement Fear</b>
<b>Savings Goal</b>	
<b>The Best Way I Save For Retirement</b>	<b>My Planned Retirement Age</b>

# In a Perfect World...

- People have a stable, well-paying career
- Started saving for retirement at age 22 or earlier
- Had financial independence at (or before) age 60
- Could do anything they want in life (e.g., move to a beach house in a warm climate)

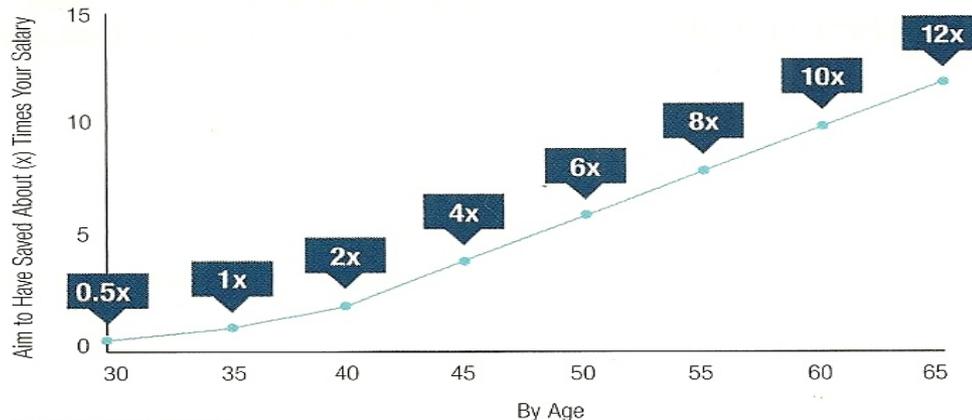


Photo by Barbara O'Neill. Used with permission

# “Perfect” People Reach Recommended Benchmarks

## Take 30 Seconds to Measure Your Progress

Compare your current savings with the T. Rowe Price benchmark for your age. You should aim to have saved a multiple of your current salary based on your age. (You also can look at your household view.)



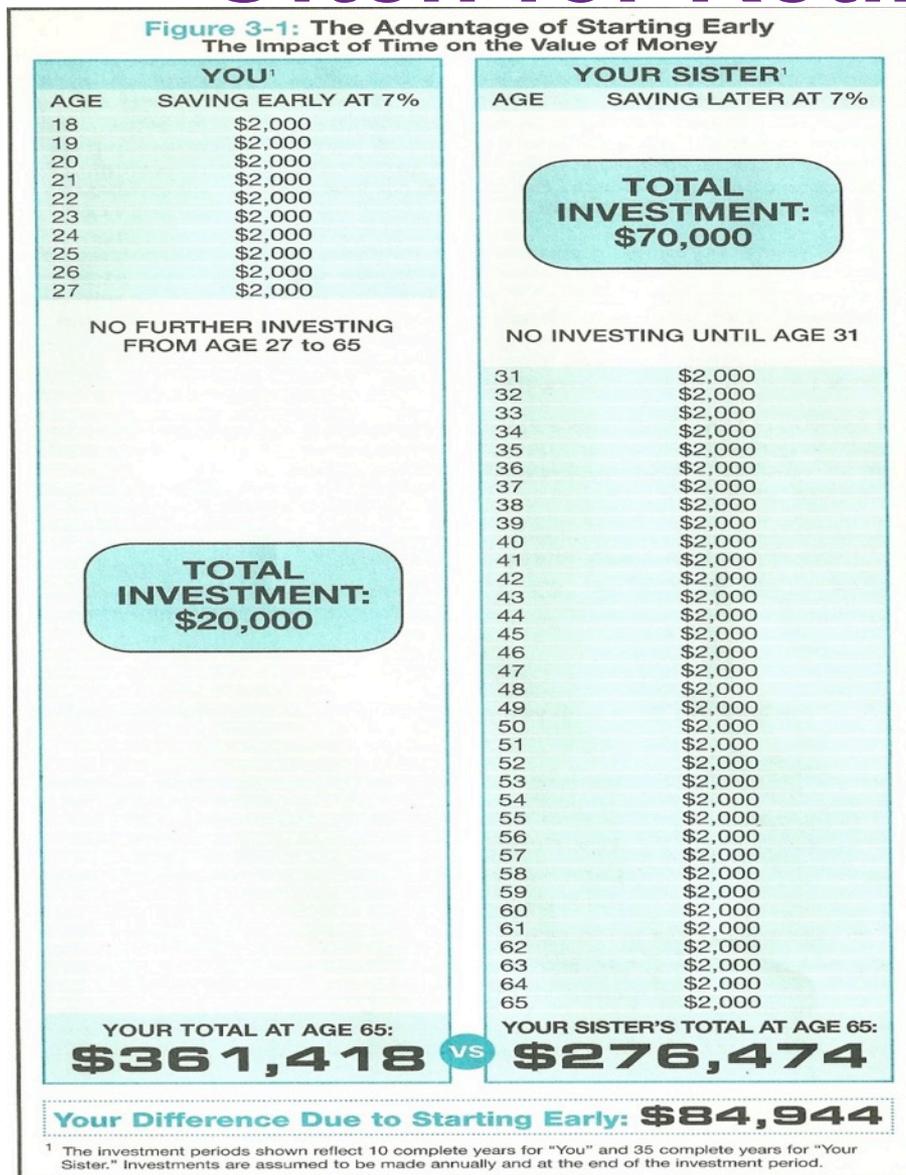
### NEXT STEPS

Benchmark yourself online. Take the T. Rowe Price Retirement Challenge at [troweprice.com/30secondchallenge](http://troweprice.com/30secondchallenge).

Assumptions: Individuals are saving 15% of their annual salary at age 25 in a tax-deferred retirement account with a portfolio consisting of 60% stocks and 40% bonds preretirement, changing to 40% stocks and 60% bonds at and after retirement. Salaries are escalated 3% per year to a retirement age of 65. Retirement income consists of investment portfolio withdrawals plus estimated Social Security benefits, increased annually by 3% inflation to age 95, the total of which is equal to 75% of preretirement salary. The benchmarks used for this analysis were derived from the T. Rowe Price Retirement Income Calculator, which considers 1,000 market scenarios and a 70% simulation success rate. Results are pretax in today's dollars.

**Source:** *T. Rowe Price Investor*, Spring 2017, p. 9

# “Perfect” People Save Early and Often for Retirement



**Source:** National Endowment for Financial Education High School Financial Planning Program

# Back In the Real World...

- It can take 5-6 years to earn a college degree
- People change jobs frequently or work freelance
- Most employers do not provide pensions
- Retirement savings takes a “back seat” to....
  - Repayment of student loans
  - Buying a house and cars
  - Home improvements
  - Children’s expenses (dance, piano, soccer, college, etc.)
  - Buying “stuff”



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# “Real World” Realities

Financial planners often tell stories about 50-somethings who come to them for help and have saved little or nothing for their retirement.

There are millions of people like that out there.

"It's really common for people to never plan for retirement," says Nancy Coutu, financial planner with Money Managers Financial Group in Oak Brook, Ill. "They are so busy planning their everyday lives — first they go to college, get a job, then they get married, have kids, and buy a house. All of a sudden they are 50-something and it's like, 'holy cow.'"

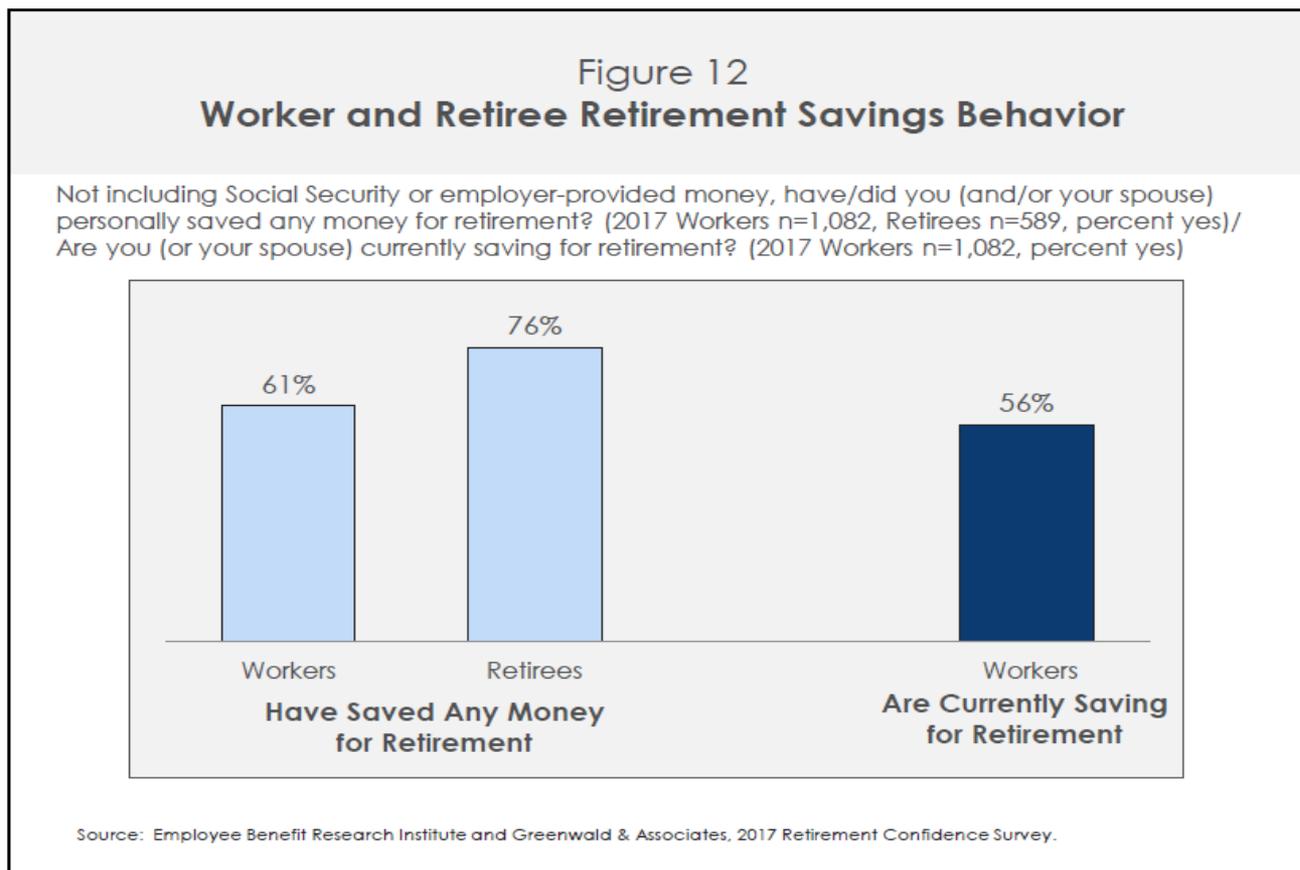
**Source:**

<https://www.usatoday.com/story/money/2015/03/23/retirement-401k-pension/24912973/>

# Real World Reality #1

## Retirement Savings & Investments

Six in 10 workers (61 percent) report that they and/or their spouse have saved for retirement and nearly as many (56 percent) say that they are currently saving for retirement. By comparison, 3 in 4 retirees (76 percent) say that they personally saved for retirement before they retired (Figure 12).

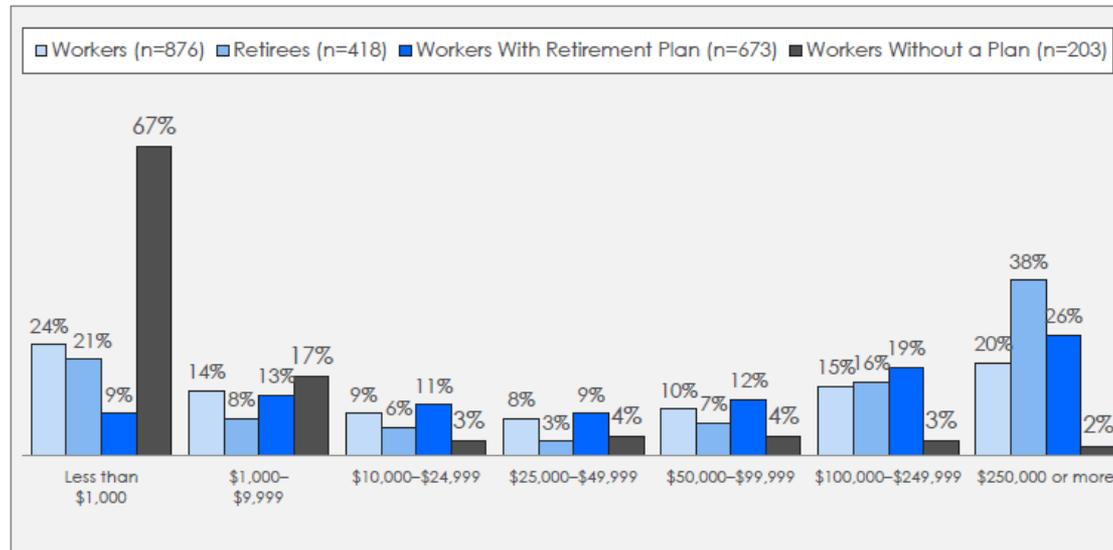


# Real World Reality #2

- 47% of 2017 RCS respondents had less than \$25,000 in retirement savings excluding primary home and DB pension
- This includes 24% who said they had < \$1,000 in savings
- Only 20% reported having \$250,000+

## Worker and Retiree Savings Amounts, by Plan vs. No Plan

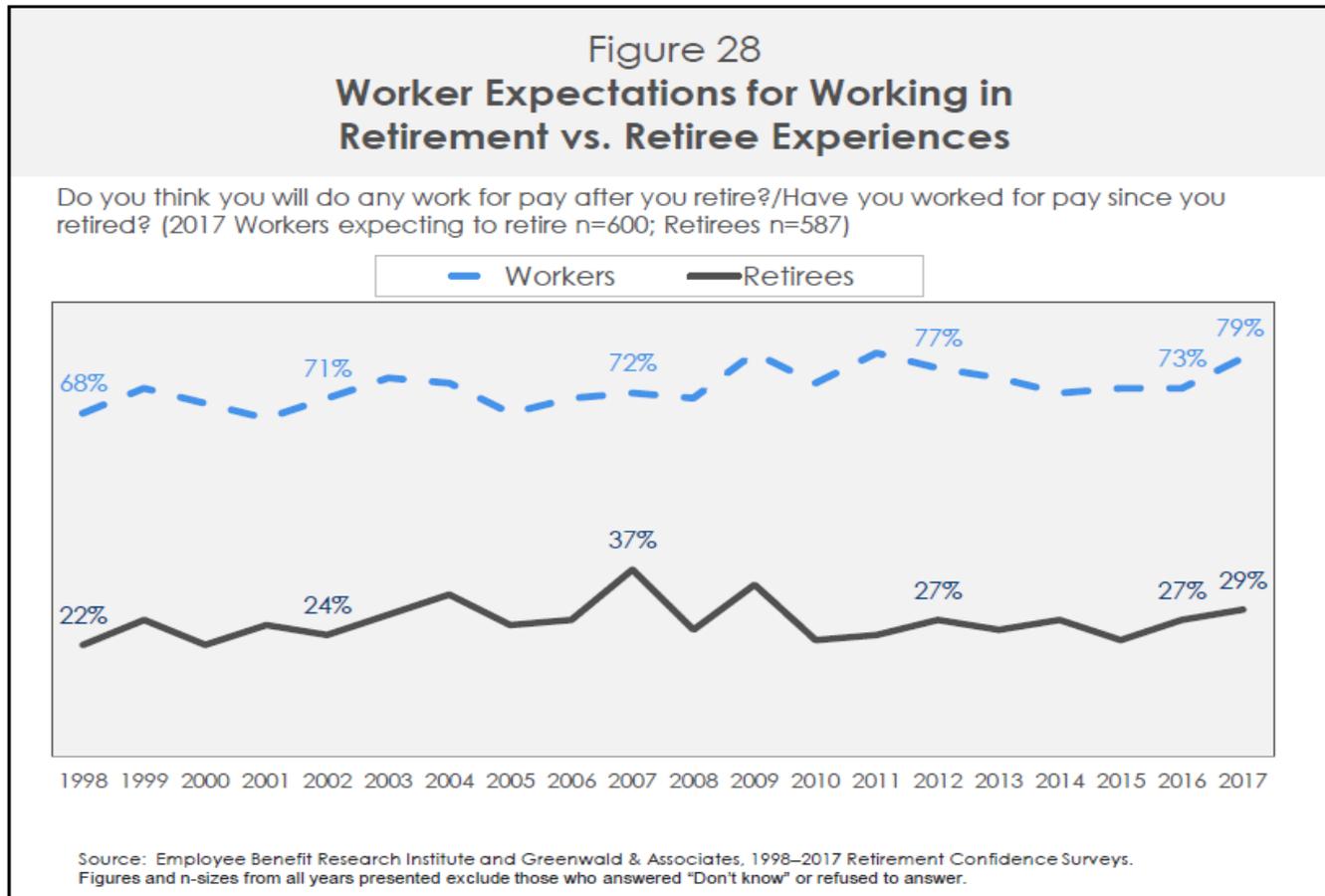
In total, about how much money would you say you (and your spouse) currently have in savings and investments, not including the value of your primary residence or defined benefit plan assets?



Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Retirement Confidence Survey. Figures and n-sizes presented exclude those who answered "Don't know," said they never worked, or refused to answer.

# Real World Reality #3

79% of workers plan to work for pay in retirement vs. 29% who actually did



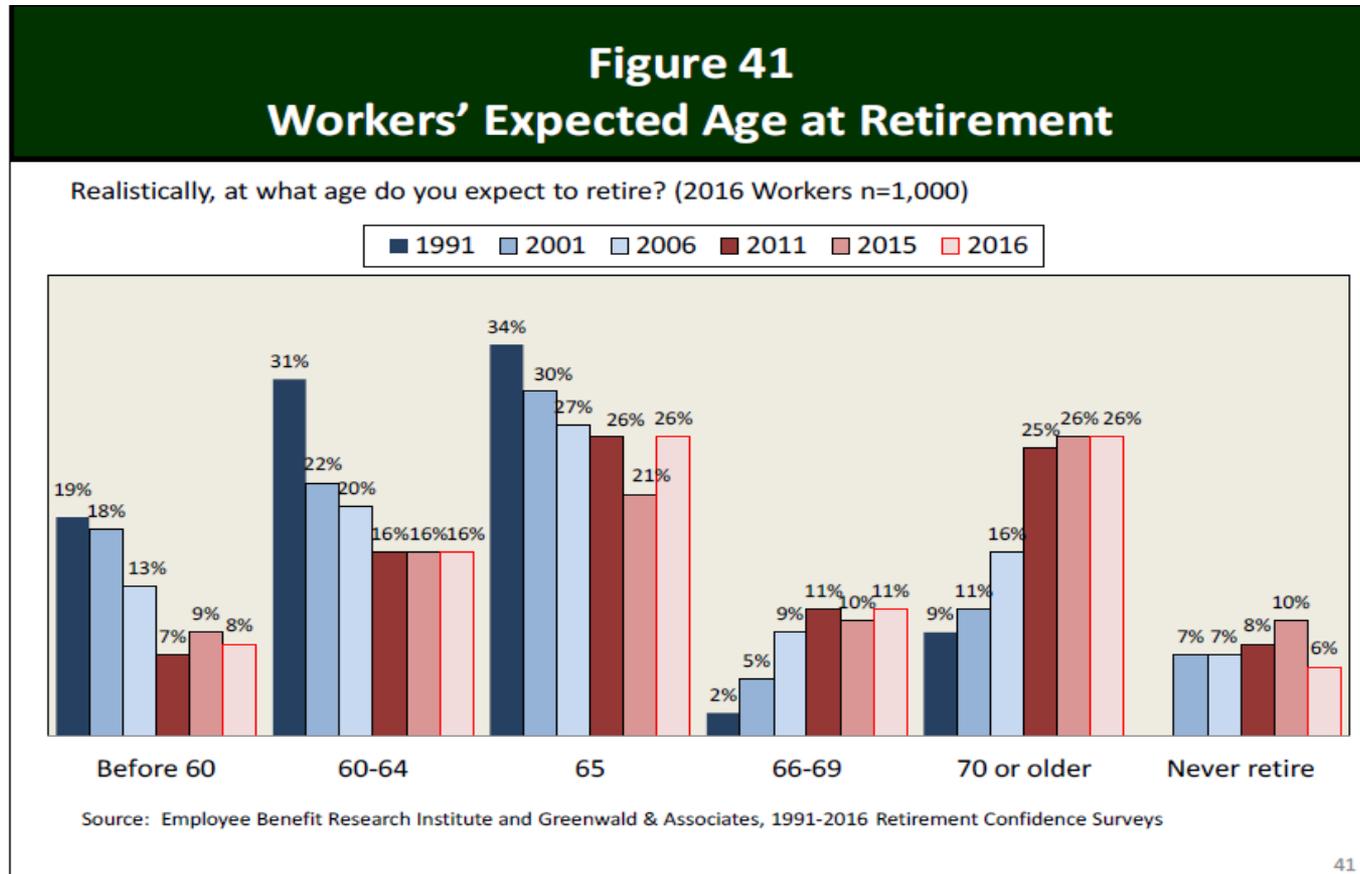
# More Retirement Realities

- People are living longer, on average
  - We may live in retirement (almost) as long as we work
- Many people still expect to retire at “traditional” retirement ages- or earlier
- Social Security is facing demographic challenges
- Very few people have defined benefit pensions
- It takes substantial capital to provide monthly income
  - \$300,000 in savings for every \$1,000/month needed

# What Do People Do in the Real World?

- Defeatist Mindset
  - “The government will take care of me”
  - “My children will care of me”
- Feisty Mindset
  - “I’ll keep working until I’m 90”
  - “I’ll be a Wal-Mart greeter if I have to”
- “Hail Mary” Mindset
  - Risky investments

# In the Real World, People Also Play “Retirement Catch-Up”



**Source:** Employee Benefit Research Institute (EBRI) 2016 Retirement Confidence Survey:  
[https://www.ebri.org/pdf/surveys/rcs/2016/EBRI\\_IB\\_422.Mar16.RCS.pdf](https://www.ebri.org/pdf/surveys/rcs/2016/EBRI_IB_422.Mar16.RCS.pdf)

## Question #2

What catch-up retirement planning strategies are you or your clients using or planning to use?



# Types of Late Savers

- Procrastinators with little or no savings
  - Have had other spending priorities
  - Often unaware of the power of compound interest
- Late savers who are actively making up for lost time
- People who saved once and lost investment dollars and/or home equity (e.g., after Great Recession)
- People coping with reduced incomes in later life

# But Wait...

## There is Some Good News

- Some catch-up savers are in peak earning years
- Kids should (hopefully) be financially independent
  - If not, charge them rent!
- Retirement savings plans have catch-up provisions
- You may still have 3 to 5 decades of compound interest to grow savings

# Time is Your Friend!

- It's not too late to make up for lost time
- Your life expectancy is your investment time horizon- not your retirement date!
- Start taking action today
- “If it is to be, it is up to me”



Photo by Barbara O'Neill. Used with Permission.

# How Much Money is Needed to Retire? It Depends

- 50% - 100% or more of pre-retirement income?
- No “one size fits all” answer
- Amount needed depends on
  - Age at retirement
  - Health status and life expectancy
  - Goals (e.g., travel, hobbies, work after retirement)
  - Lifestyle decisions (e.g., location and housing)
  - Available resources (e.g., health benefits)



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# Future Expenses Will Probably Change

## End or Decrease:

- Commuting costs
- Business travel and clothing
- Social Security taxes
- Retirement plan savings
- Income taxes
- College and child-rearing expenses

## Begin or Increase:

- Travel & entertainment
- Hobbies
- Medical and dental costs
- Health insurance
- Long-term care insurance
- Volunteer expenses

# Five Key Planning Variables

- Age at retirement
- Rate of return on investments
- Number of years in retirement
- Amount of money currently saved
- Amount of annual income needed



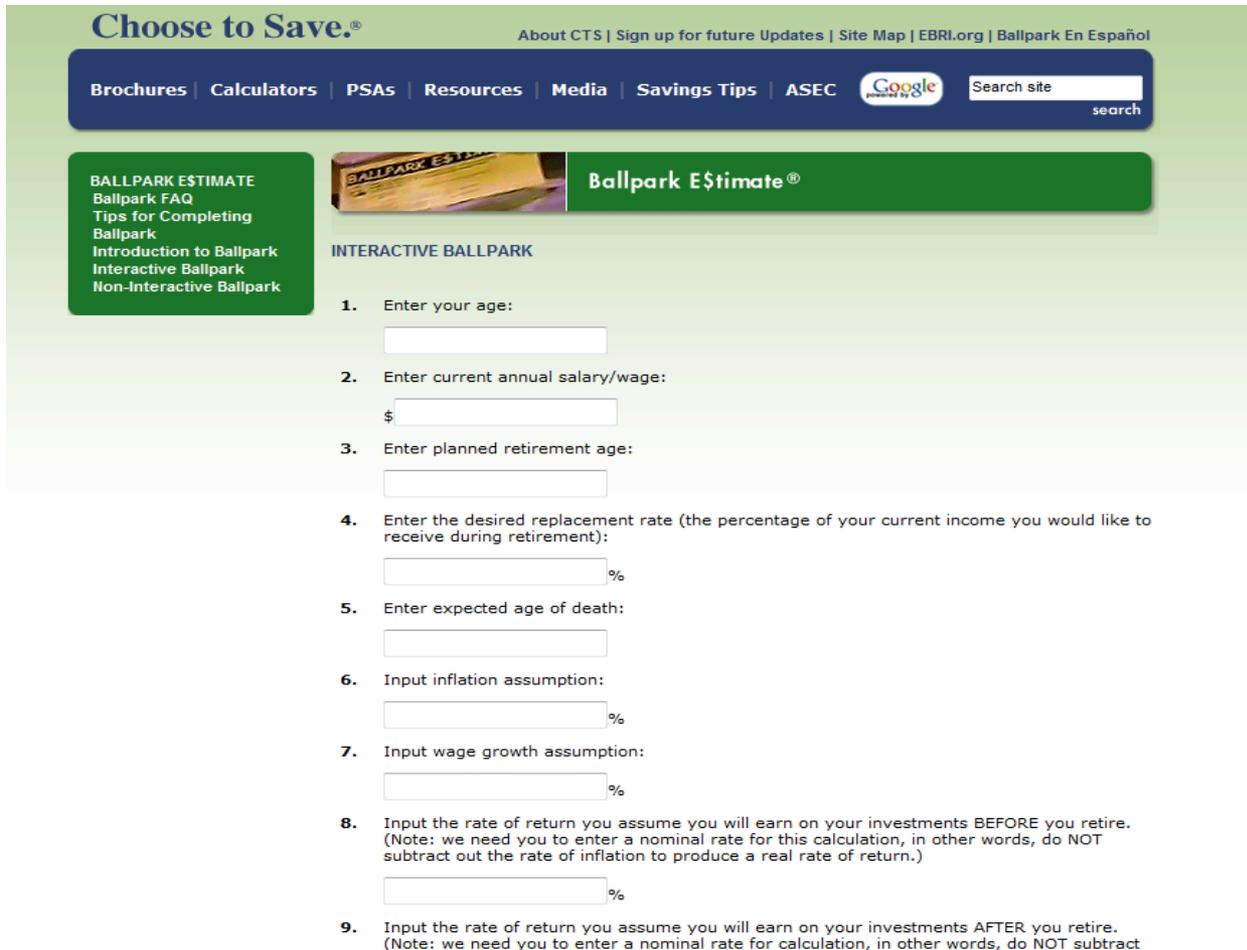
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# Resources For Making Retirement Savings Estimates

- *Ballpark Estimate* (ASEC/Choose to save)
  - <http://www.choosetosave.org/ballpark/>
- Cooperative Extension publications and Web sites
  - <http://www.extension.iastate.edu/humansciences/retirement>
- Monte Carlo Calculators (e.g., Vanguard)
  - <https://retirementplans.vanguard.com/VGApp/pe/pubeducation/calculators/RetirementNestEggCalc.jsf>
- Social Security Web site and benefit estimates:
  - [www.socialsecurity.gov](http://www.socialsecurity.gov) and <http://www.ssa.gov/myaccount/>

# The Ball Park Estimate

- Six easy steps; can do online at [www.choosetosave.org](http://www.choosetosave.org) or download paper worksheet
- Flexible annual retirement income and life expectancy figures
- Assumes a 3% constant real rate of return



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**BALLPARK ESTIMATE**  
Ballpark FAQ  
Tips for Completing Ballpark  
Introduction to Ballpark  
Interactive Ballpark  
Non-Interactive Ballpark

**Ballpark E\$timate®**

**INTERACTIVE BALLPARK**

1. Enter your age:
2. Enter current annual salary/wage:  
\$
3. Enter planned retirement age:
4. Enter the desired replacement rate (the percentage of your current income you would like to receive during retirement):  
 %
5. Enter expected age of death:
6. Input inflation assumption:  
 %
7. Input wage growth assumption:  
 %
8. Input the rate of return you assume you will earn on your investments BEFORE you retire.  
(Note: we need you to enter a nominal rate for this calculation, in other words, do NOT subtract out the rate of inflation to produce a real rate of return.)  
 %
9. Input the rate of return you assume you will earn on your investments AFTER you retire.  
(Note: we need you to enter a nominal rate for calculation, in other words, do NOT subtract

# Vanguard Monte Carlo Calculator

## Retirement nest egg calculator

How long will your retirement nest egg last? How much could your investments grow? Answer a few questions to see a long-term projection. Then try making a few changes to view the impact on your results.

How many years should your portfolio last?



30 years

What is your portfolio balance today?



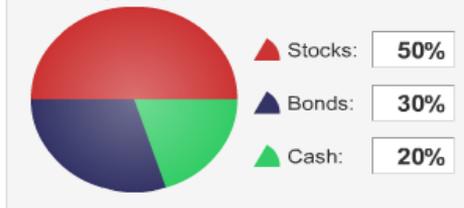
\$1,000,000

How much do you spend from the portfolio each year?



\$40,000 4.0% of the portfolio

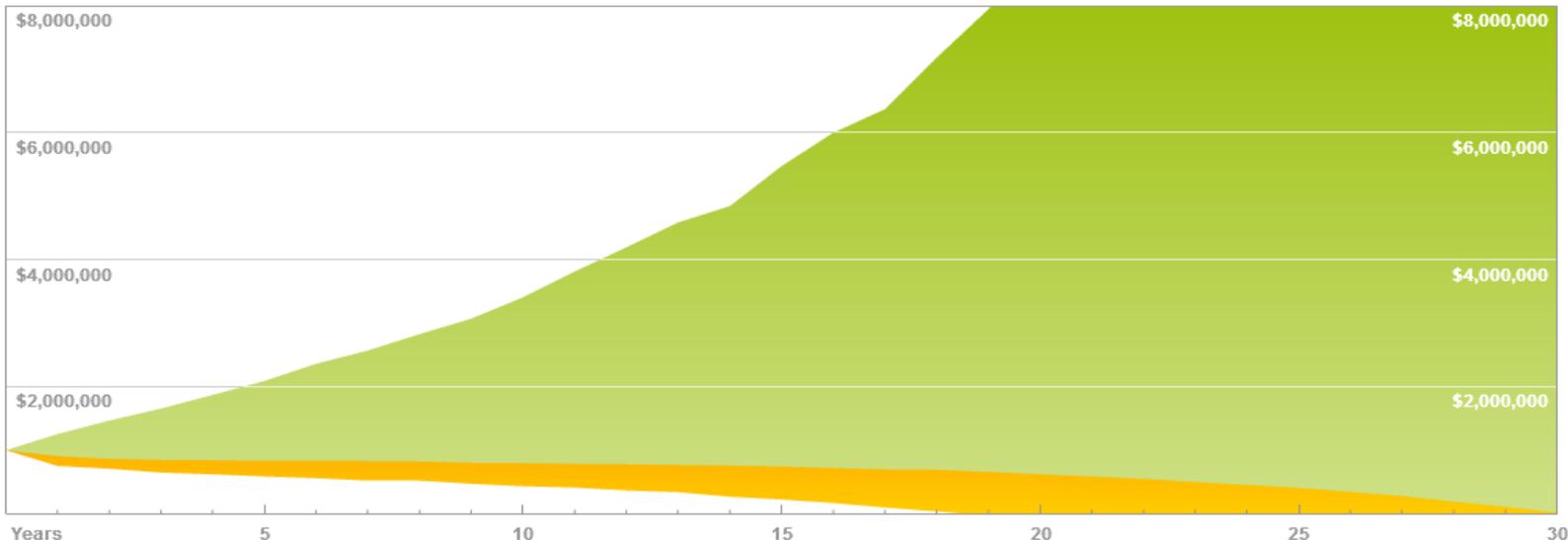
How is your portfolio invested?



Re-run simulation

Range of projected portfolio balances, by year

Probability that your portfolio survives 30 years: **93%**



■ Simulations in which your goal was reached  
■ Goal was NOT reached

What is Monte Carlo simulation?

# Tax Incentives For Late Savers

- Inflation-indexed contribution limits
  - Individual retirement accounts (IRAs)
  - Tax-deferred employer plans (e.g., 401(k)s, TSP)
- Additional catch-up contributions
  - Age 50+ savers (IRAs and tax-deferred plans)
- Tax credit: retirement deposits by LMI workers
- Savings opportunities for business owners

# 2017 Maximum Contribution Limits: Roth and/or Traditional IRAs

- **Under Age 50:** \$5,500 (\$105 per week)
- **Age 50+ with \$1,000 Catch-Up Provision:** \$6,500 (\$125 per week)
- Maximum contribution limits are indexed periodically for inflation

# 2017 Maximum Contribution Limits: Tax-Deferred Employer Plans

- **Under Age 50:** \$18,000 (\$346 per week)
- **Age 50+ with \$6,000 Catch-Up Provision:** \$24,000 (\$462 per week)
- Maximum contribution limits are indexed periodically for inflation

# Catch-Up Strategy Trade-Offs

- Spend less/save more NOW to increase savings
- Spend less LATER to lower amount of savings needed
- Do BOTH



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# Question #3

How can people spend less and save more to increase their retirement savings?



# Strategies to Increase Retirement Savings

- Increase retirement plan contributions
- Accelerate debt repayment and spend less
- “Moonlight” for extra income
- Invest assertively (i.e., more stock in portfolio)

# More Strategies to Increase Retirement Savings

- Maximize tax breaks
- Reduce investment expenses
- Diversify and dollar-cost average
- Invest in multiple savings plans
- Preserve lump sum distributions

	January (Market high)	February	March	April (Market low)
Amount invested	\$200	\$200	\$200	\$200
Average share price	\$35	\$28	\$24	\$20
Number of shares purchased	5.7	7.15	8.3	10
Total number of shares	31.15			
Average share cost	\$25.68			

# Increase Retirement Plan Contributions

- “Kick it [plan deposits] up a notch”
- Small extra deposits (1% or 2% of pay) can result in five-figure sums at age 65
- Employer match is “free money”
- Impact of saving \$20 per week:
  - **10 years:** \$13,700 (5% return); \$18,200 (10% return)
  - **20 years:** \$36,100 (5% return); \$65,500 (10% return)
  - **30 years:** \$72,600 (5% return); \$188,200 (10% return)

# Accelerate Debt Repayment and Spend Less

- Reposition debt payments to savings
  - Compound interest works **for** you- not against
- Pay more than minimum payment on credit cards
- Request a lower interest rate from creditors
- Transfer high rate balances
- Cooperative Extension PowerPay© analysis:  
<https://powerpay.org/>



# “Moonlight” For Extra Income to Save

- Second job or self-employment
- Increases income available to invest
- Can maintain or develop career skills
- Access to SEP, SIMPLE, and Keogh plans
- Tax-deductibility of business expenses
- *Tradeoff*: time required to work extra hours

# Invest Assertively

- More stock in portfolio: increased investment risk
- Over long time periods, stocks have highest return
- Investment volatility may be reduced over time
- Use “Rule of 72” to estimate time to double money
- Determine your personal risk tolerance level
  - See [www.rce.rutgers.edu/money/riskquiz](http://www.rce.rutgers.edu/money/riskquiz)

# Maximize Tax Breaks

- Eliminate taxes
  - Tax-free investments: municipal bonds and Roth IRAs
- Reduce taxes
  - Long term capital gains rate (assets held over a year)
    - 15% and 10% tax bracket: 0% LTCG rate
    - Higher tax brackets: 15% rate or 20% rate
- Defer taxes
  - Employer salary reduction plans (401(k)s, 403(b)s, TSP)
  - Traditional IRAs

# Reduce Investment Expenses

- Costs matter, especially over time
- Expense ratio: mutual fund expenses as % of assets
- Example: \$25,000 deposit; 10% return; 20 years
  - \$31,701 difference: 0.2% and 1.3% expense ratios
- Low expense investment options include:
  - Tax-efficient mutual funds
  - Index mutual funds and exchange traded funds (ETFs)
  - Mutual funds without 12b-1 fees

# Diversification and Dollar-Cost Averaging

- **Diversification:** Spread money around to reduce investment risk
  - Place money in several asset classes
  - Choose different investments within each
  - Purchase diversified mutual funds and ETFs
  - Index funds and asset allocation funds
- **Dollar-Cost Averaging:** Invest equal amounts of money at regular time intervals (e.g., \$50/month)

# Invest In Multiple Retirement Savings Plans

- Workers' IRA and spousal IRA
- IRA(s) and tax-deferred employer plans
- Tax-deferred employer plans and a SEP or Keogh (if self-employed)
- 403(b) plan and a 457 plan (if eligible)
- Tax-deferred accounts and taxable accounts

# Preserve Lump Sum Distributions

- Roll lump sum distributions into:
  - A rollover IRA with a financial custodian
  - A new employer's savings plan (if allowed)
- Small sums- over time- make a big difference!
- EBRI example: \$5,000 at ages 25, 35, 45, 55
  - \$193,035 at age 65 with 8% average return
  - \$84,413 at age 65 if age 25 lump sum is spent

# Question #4

How can people spend less later to lower the amount of retirement savings that they need?



# Strategies to Stretch Retirement Income

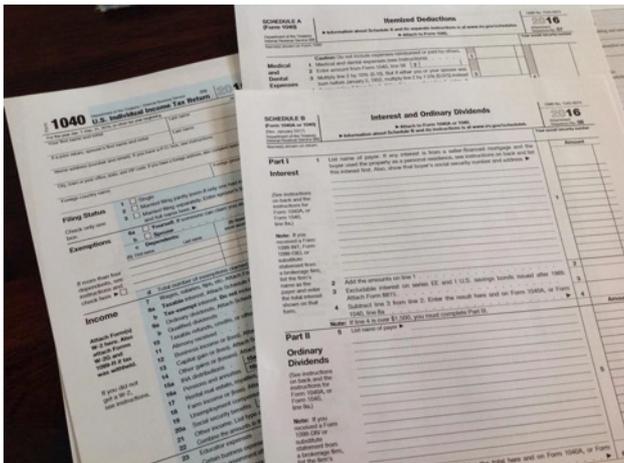
- Trade down to a smaller home
- Move to a less expensive location
- Delay retirement
- Work after retirement
- Reverse mortgages and sale-leaseback
- Tax-efficient asset withdrawals



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# Trade Down To A Smaller Home

- *Example:* \$250,000 home to \$150,000 condo
- Proceeds from the sale are available to invest
- Maintenance, utilities, and taxes may decrease
- No age requirements for capital gains exclusion
- *Tradeoff:* less square footage and storage space



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# Move To A Less Expensive Geographic Location

- Lower living expenses reduce required savings
- Same size home as before- for less
- Minimal down-sizing may be required
- Research the new locale thoroughly
- Factor in travel costs to visit family
- *Tradeoff:* moving hassles and proximity to family, friends, and medical providers

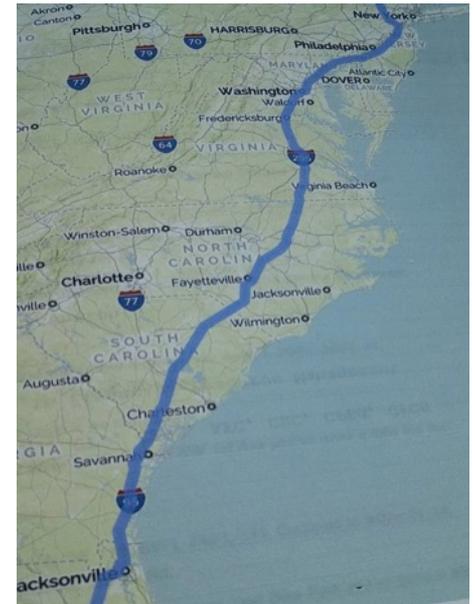


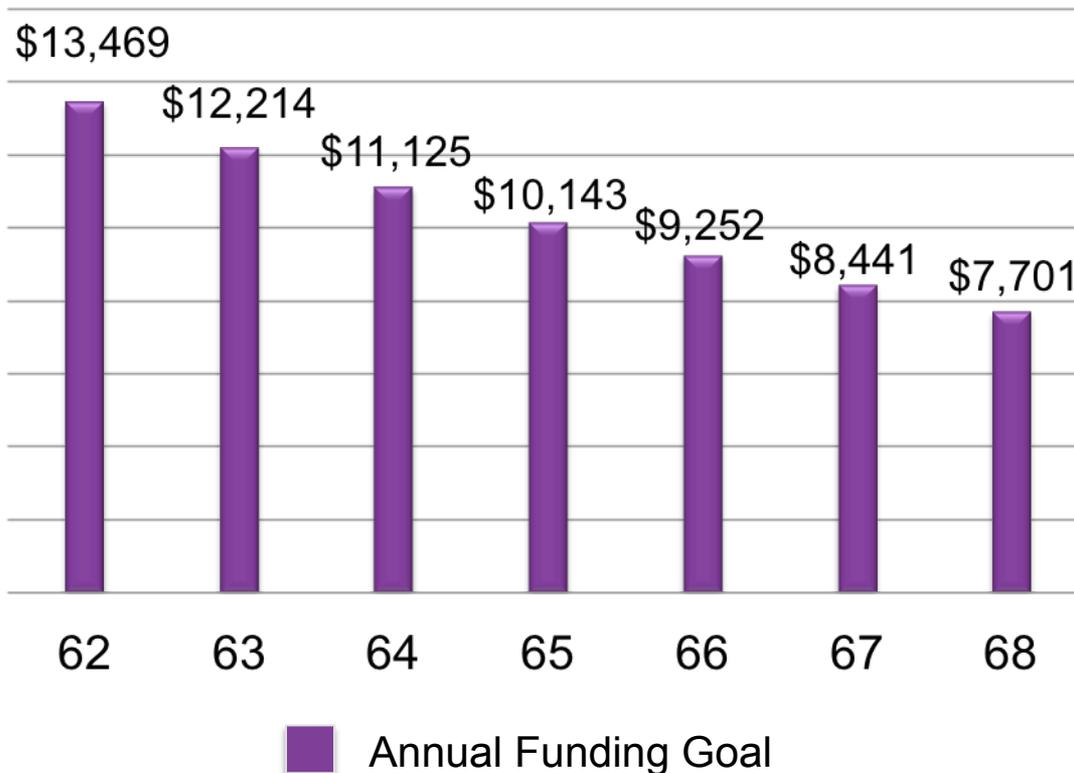
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# Delay Retirement Date

- Provides additional income to invest
- Postpones asset withdrawals so money can grow
- May increase Social Security benefit
- May increase pension benefit
- “Phased retirement” may be an option

# Retire Later, Save Less

## Benefits of Delayed Retirement



**This illustration assumes 3.5% inflation rate, a 8.5% average annual return, and average life expectancy.**

**Calculation by Dr. Lance Palmer, University of Georgia**

If you plan to retire at **age 62**, you must begin saving **\$13,469** per year at age 45 to be able to afford **\$20,000 annual withdrawals** after retirement.

If you plan to wait until **age 68** to retire, you would only have to save **\$7,701** per year to meet the retirement withdrawal goal of \$20,000 annually.

Note the difference in savings required annually for retirement at age 62 versus at age 68.

Delaying retirement for six years means a difference of saving **\$5,768** per year (\$13,469 minus \$7,701).

# Work After Retirement

- Part-time work, consulting, or a small business
  - Provides income
  - Provides a sense of fulfillment and identity
  - Provides social contact and a daily routine
- Reduces withdrawals needed from savings
- Stretches retirement assets

# Reverse Mortgage and Sale-Leaseback Arrangements

- **Reverse Mortgage**

- May be good for people age 62 + and “house rich/cash poor”
- Provides lump sum, monthly payment, or line of credit for any purpose
- Repaid from equity after owner(s) move, sell, or die

- **Sale-Leaseback**

- Homeowners sell home and rent it back
- Proceeds from sale are available to invest

# Tax-Efficient Asset Withdrawals

General order of asset withdrawals (most cases):

- Taxable accounts and municipal bonds
- After-tax dollar tax-deferred accounts
- Before-tax dollar tax-deferred accounts
  - Minimum withdrawals required at age 70 1/2
- Roth IRAs (tax-free and no required withdrawal date)
  - May want to consider conversion: Traditional IRA to Roth

# Special Retirement Catch-Up Considerations

- Poor or uncertain health prognosis
- Involuntary retirement
- Inheritances
  - As a recipient
  - As a donor
- Long-term care insurance

# Poor or Uncertain Health Prognosis

- Possible financial decisions:
  - Move up planned retirement date?
  - Reduced work hours and income?
  - Discontinue contributions to employer savings plan?
- Revise savings need based on specific prognosis
- Give immediate attention to estate plans
- Plan for ill person's spouse and dependents
- Review beneficiary designations:  
<http://njaes.rutgers.edu/money/pdfs/beneficiary-designations.pdf>

# Involuntary Retirement

- Layoffs, downsizing, forced early retirement
- Two main issues:
  - Financial preparedness to retire
  - Psychological/emotional preparedness to retire
- Assess marketable job skills and contacts
- Need for job retraining?
- Maintain health coverage
  - Federal COBRA law, ACA plans, spouse's employer coverage, or individual or trade group policy

# Inheritances

## As a Recipient

- Do NOT use a potential inheritance as an excuse not to save
- Too many unknowns (e.g., donor's health and longevity)
- Encourage the donor to purchase LTC insurance to preserve assets
- Adult children may pay LTC premiums

## As a Donor

- Exclude value of bequests from retirement savings calculation OR
- Plan to save more than savings analyses indicate

# Long-Term Care Insurance

- Covers a wide array of care services
  - Includes home health care and nursing home care
  - Triggered by inability to perform certain ADLs
- Best time to buy? Generally age 50 (+/-) 5 -10 years
- Factors to consider:
  - Affordability
  - Length and amount of coverage
  - Inflation protection
  - Length of elimination (waiting) period

# “Retire” While You Work

- **Standard Strategy #1**

Retire at a planned age with less money than anticipated due to NN events and risk running out of money due to benefit cutbacks, increased health care costs, longevity, etc.

- **Standard Strategy #2**

Retire later and risk “waiting too long” so that death, health “issues,” widowhood, etc. hinder planned retirement lifestyle and/or quality of life.

- **New Strategy #3**

Keep working BUT use money that had been going into savings (i.e., suspend or reduce 401(k) or 403(b) contributions) to begin enjoying “retirement activities” NOW without actually retiring.

# Question #5

What retirement planning process do you use and/or teach your clients?



# Step 1: Where Are You Today?

- Net Worth Statement
  - Assets
  - Liabilities
- Worksheet: <http://njaes.rutgers.edu/money/pdfs/networthcalcworksheet.pdf>
- Don't *Forget*
  - Retirement balances at a past employer

# Information Needed

- Social Security Benefit Statement (print or online)
- Retirement Plan Statements
  - Monthly or quarterly statements are common for Defined Contribution Plans
  - Annual statements are typical for Defined Benefit Plans
- Loan Information
  - Balance Amounts
  - Interest Rates
  - Payoff Date

# Step 2: What Are Your Goals?

- What do you envision doing in retirement?
  - How much will these things cost?
    - Winters in Florida
    - Participating in local community activities
    - Caring for a grandchild
- What are your retirement needs and wants?



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# Step 3: Estimating Your Retirement Income

- Online calculators are quick/easy but they vary a lot
- Always check their underlying assumptions
- Gather information about your five key variables
  - Age at retirement
  - Rate of return on investments
  - Number of years in retirement
  - Amount of money currently saved
  - Amount of annual income needed

# Step 3: Estimating Your Retirement Income

Information provided by calculators also varies

- *You need to save 5% more*
- *You will need \$95,000 more*
- *You'll run out of money at age 84*
- *If you work 1 more year, here are the results*
- *If you save 2% more, here are the results*

# Example: Jane Doe

- Goal: 80% of income at age 65, live to age 90
- Age 50, Single, \$20,000 of retirement savings
- Current income \$36,000
- Participates in a 401k plan at 4%
  - Also receives a 4% company match
- Assets not counting retirement savings: \$100,000
  - Mostly home equity
- Debt: of \$85,000
  - \$10,000 car and \$75,000 mortgage

# Calculator Results

- **Calculator #1**

- Nest Egg Goal: \$535,000
- Need to save \$1,171 per month (total)
  - Currently saving \$240..so \$931 extra

- **Calculator #2**

- Additional amount you need is: \$367,929
- You need to save 35.9% of your income
- Or retire at age 78, or reduce retirement spending by \$12,000 per year

- **Calculator #3**

- Your current plan will replace 52% of your income
- Increase your savings from 8% to 24% to achieve 80%

**Source:** Joel Schumacher, Montana State University Extension

# Learning to Live on Less

- Increase your saving rate now and you'll learn to live on less
  - How do you do this? Review expenses and budget
- Pay off debts before retirement
  - Reduces the income you need in retirement
- Change your expectations of retirement
  - Maybe you would rather make changes to your retirement lifestyle than your current lifestyle

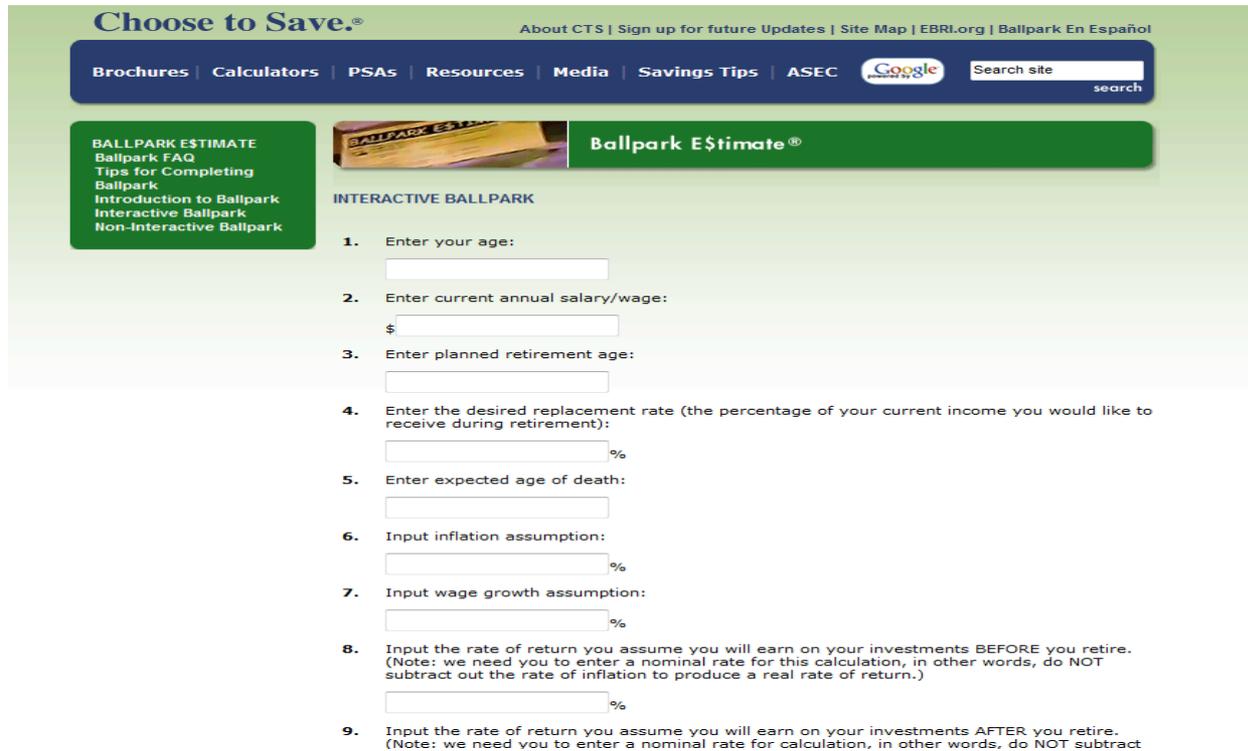
# Question #6

What are your favorite retirement planning resources?



# The Ball Park Estimate

- Six easy steps; can do online or download paper worksheet
- Can do online at <http://www.choosetosave.org/ballpark/>
- Flexible annual retirement income and life expectancy figures
- Assumes a 3% constant real rate of return



The screenshot shows the 'Choose to Save' website's 'Ballpark Estimate' calculator. The page has a green header with the site name and navigation links. Below the header is a dark blue navigation bar with links for Brochures, Calculators, PSAs, Resources, Media, Savings Tips, and ASEC, along with a Google search bar. A green sidebar on the left contains links for Ballpark Estimate, Ballpark FAQ, Tips for Completing Ballpark, Introduction to Ballpark, Interactive Ballpark, and Non-Interactive Ballpark. The main content area is titled 'INTERACTIVE BALLPARK' and contains a 9-step form:

1. Enter your age:
2. Enter current annual salary/wage:  
\$
3. Enter planned retirement age:
4. Enter the desired replacement rate (the percentage of your current income you would like to receive during retirement):  
 %
5. Enter expected age of death:
6. Input inflation assumption:  
 %
7. Input wage growth assumption:  
 %
8. Input the rate of return you assume you will earn on your investments BEFORE you retire. (Note: we need you to enter a nominal rate for this calculation, in other words, do NOT subtract out the rate of inflation to produce a real rate of return.)  
 %
9. Input the rate of return you assume you will earn on your investments AFTER you retire. (Note: we need you to enter a nominal rate for calculation, in other words, do NOT subtract

Information about...

Commercial Agriculture

Environment & Natural Resources

Fisheries & Aquaculture

Food, Nutrition & Health

Home, Lawn & Garden

Youth, Community & Economic  
Development

**Serving New Jersey**

« **Back to: Retirement Planning Publications**

## How Much Do I Need to Save for Retirement?

**Publication Number:** FS431

**Author(s):** Barbara O'Neill

**Publisher:** Rutgers NJAES Cooperative Extension

**Date Published:** 7/18/2003

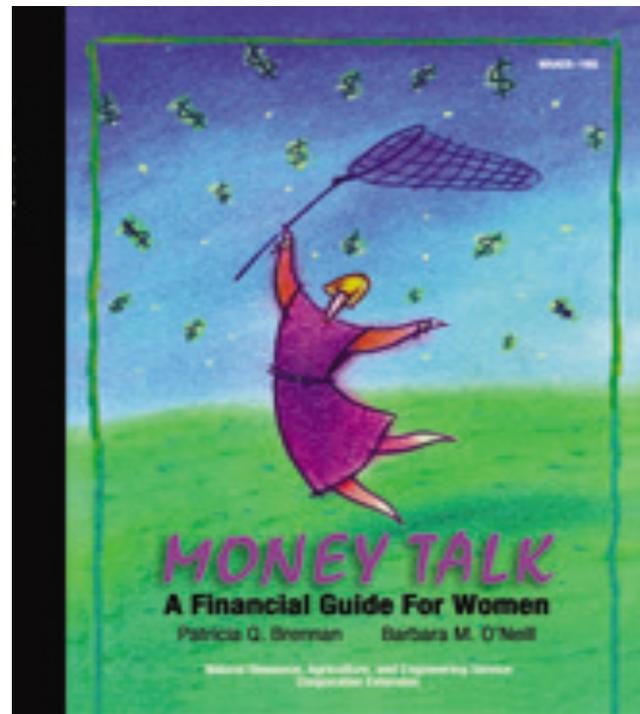
**Number of pages:** 4

- Available online at <http://njaes.rutgers.edu/pubs/publication.asp?pid=FS431>
- Downloadable “paper and pencil” worksheet
- 20 steps with choice of time value of money factors

# Money Talk: A Financial Guide For Women

<http://njaes.rutgers.edu/money/>

<http://njaes.rutgers.edu/money/pdfs/session-iv.pdf>



# MyMoney (Federal Government)

<http://www.mymoney.gov/>

The screenshot shows the MyMoney.gov website interface. At the top, there is a dark blue header with the date "Wednesday, June 15, 2011" on the left, the "FINANCIAL LITERACY & EDUCATION COMMISSION" seal in the center, and "TEXT A- A+ A" on the right. Below the header, the main navigation bar is blue with "MYMONEY.GOV" in large white letters. To the right of the logo, it says "Your trusted source for financial information" and "1-888-MyMoney". Below the navigation bar, there are three main sections: "Life Events" with a tree icon, "My Resources" with a stack of books icon, and "Tools" with a calculator icon. Each section has a brief description of the content. Below these sections, there are three columns: "Popular Topics" with a list of links, "Welcome to MyMoney.gov" with a paragraph of text and a "How to use MyMoney.gov" sub-section, and "Featured" with a link to "What You Need to Know: New Overdraft Rules for Debit and ATM Cards" and a paragraph of text.

Wednesday, June 15, 2011

TEXT A- A+ A

**MYMONEY.GOV**

About Us Contact Us Español

Your trusted source for financial information

1-888-MyMoney

Home Life Events My Resources Tools

**Life Events**

Find helpful financial information based on where you are in life - from the birth of a child to retirement.

**My Resources**

Explore our collection of financial information from trusted resources.

**Tools**

Use tools such as calculators, budgeting worksheets, and checklists to make more informed financial decisions.

**Popular Topics**

- Spending Plan
- Managing Debt and Credit
- Dealing with Mortgages
- Planning for Retirement
- Saving & Investing
- Getting a Loan
- Getting Insured
- Knowing Your Consumer Rights

**Welcome to MyMoney.gov**

MyMoney.gov is the U.S. government's website dedicated to teaching all Americans the basics about financial education. Whether you are buying a home, balancing your checkbook, or investing in your 401(k), the resources on MyMoney.gov can help you maximize your financial decisions. Throughout the site, you will find important information from 20 Federal agencies and Bureaus designed to help you make smart financial choices.

**How to use MyMoney.gov**

This site organizes financial education help from over 20 different Federal web sites in one place. Content is organized by where you are in life ("Life Events"), who you are ("My Resources"), and by specific hands-on tools ("Tools"). Popular Topics are also highlighted. This site

**Featured**

**What You Need to Know: New Overdraft Rules for Debit and ATM Cards**

New Federal Reserve overdraft rules take effect on July 1, 2010. This new online publication provides an explanation of how the rules will affect existing and new account holders.

# Another Helpful Resource

<http://njaes.rutgers.edu/money/pdfs/older-adults-money-advice.pdf>

What Older Adults  
Need to Know  
About Money



# Financial Calculators



Source: Advantage Publications

<http://www.advantagepublications.com/>

According to the *401(k) Booster Calculator* from Advantage Publications, saving 1% more of a \$35,000 salary at age 40 will result in \$35,945 of additional retirement savings at age 65 assuming an 8% average annual return and 3% average annual pay increases.

# 1% More Savings Calculator

## The 1% More Savings Calculator

Increasing your savings by one more percentage point – or even better, another percentage point a year – can add up to big additional savings over time.

Enter your savings information

Your annual income  
\$

Your current savings balance  
\$

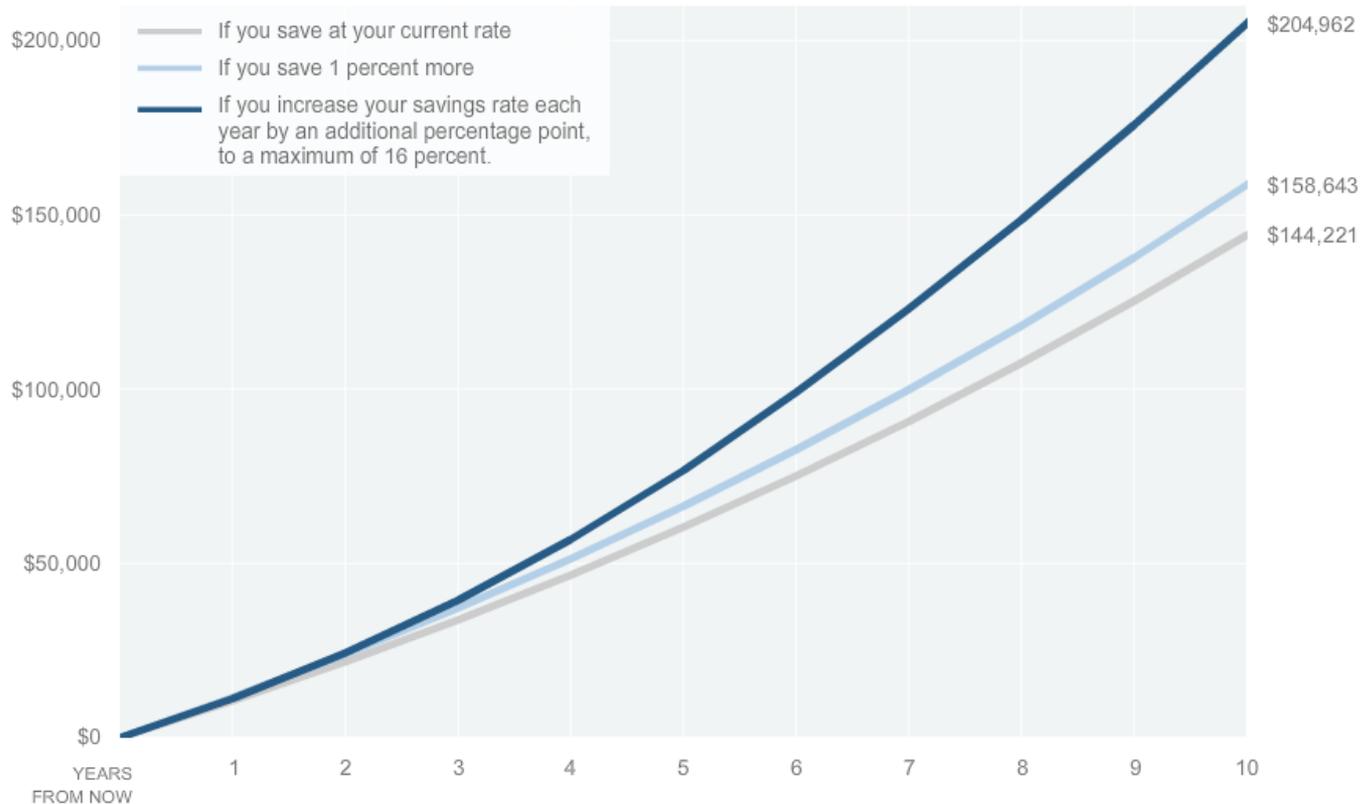
Percent you save each year **10%**

Your annual salary increase **3%**

Your expected annual return **5%**

Time horizon **10 years**

You could save an extra **\$14,422 to \$60,741** after 10 years.



Source:

[http://www.nytimes.com/interactive/2010/03/24/your-money/one-pct-more-calculator.html?\\_r=0](http://www.nytimes.com/interactive/2010/03/24/your-money/one-pct-more-calculator.html?_r=0)

Savings are shown in today's dollars, assuming inflation is 3 percent per year.

The New York Times

# Retirement Videos

- How to Plan for Retirement (USA.gov): <https://www.youtube.com/watch?v=dZ26tm0ovb4>
- Why Saving for Retirement is Important (The Street): <https://www.youtube.com/watch?v=Eqdj5wRaxd8>
- Why Save for Retirement? (Guided Choice): <https://www.youtube.com/watch?v=mA23AVPraN8>
- Retirement Planning of Baby Boomers (Boomers Next Step):  
<https://www.youtube.com/watch?v=v2uWPMcgr1c>
- Investing Basics: Retirement (Investools): <https://www.youtube.com/watch?v=LB4k-uL4nwM&t=71s>
- How to Retire Early (Video School Online): <https://www.youtube.com/watch?v=7X7wBEezr3g>
- Ready for Retirement: How Much Money? (PBS):  
<https://www.youtube.com/watch?v=mhVhESLR5Bk&t=26s>
- Ready for Retirement: When to Retire? (PBS): <https://www.youtube.com/watch?v=jCOuthe2A2c&t=20s>
- How to Retire Early (Video School Online): <https://www.youtube.com/watch?v=7X7wBEezr3g>
- Retirement Song (Retirement Welcome Center): <https://www.youtube.com/watch?v=SkvVfgrnOEY>
- How to Set up a Retirement Savings Account (Howcast): <http://www.youtube.com/watch?v=vKCwrZ58l0g>
- 4 Types of Retirement Accounts (Zions TV): <https://www.youtube.com/watch?v=B7NPBFZ1LB4>
- What is an IRA? (Wall Street Survivor): <https://www.youtube.com/watch?v=Q4gxHArR7P8>
- Is a Roth IRA Right for You? (Fidelity): <https://www.youtube.com/watch?v=Y1nacL5E9zk>
- What is a 401(k)? (Wall Street Survivor): <https://www.youtube.com/watch?v=tP4zWCS4dMM>
- 403(b) Retirement Plans Made Simple (Ed4Ed.org): <https://www.youtube.com/watch?v=Vm2D33beq-M>
- What is the 4% Rule? (Video School Online): <https://www.youtube.com/watch?v=0GpC8U0tF0M>
- Your Retirement Income: 5 Key Risks (Fidelity): <https://www.youtube.com/watch?v=izEJifPdQK8>

# Other Retirement Resources

<https://www.slideshare.net/BarbaraONeill/learning-activities-for-financial-education-programs> (Curated Resource List)

## Retirement Planning

Retirement Calculator (Bankrate): <http://www.bankrate.com/calculators/retirement/retirement-plan-calculator.aspx>

*Ballpark Estimate* Calculator (Choose to Save): <http://www.choosetosave.org/ballpark/>

Retirement Income Calculator (Vanguard):  
<https://retirementplans.vanguard.com/VGApp/pe/pubeducation/calculators/RetirementIncomeCalc.jsf>

Retirement Calculator (Charles Schwab):  
[http://www.schwab.com/public/schwab/investing/retirement\\_and\\_planning/saving\\_for\\_retirement/retirement\\_calculator](http://www.schwab.com/public/schwab/investing/retirement_and_planning/saving_for_retirement/retirement_calculator)

*Will You Have Enough to Retire?* Calculator [Simple Calculation With Just a Few Variables](CNN Money):  
<http://money.cnn.com/calculator/retirement/retirement-need/>

Retirement Calculators [Eight Online Calculators with Sliders and Graphs] (Mutual of America):  
[http://www.mutualofamerica.com/yrcc/calculators?source=G17AFFCT&gclid=CjwKEAiArbrFBRDL4Oiz97GP2nI\\_SJAAmJMFaQwEzWNH6FMKxNNaUYiOpzD-mXHiyeHsA7g88I879-xoCuPrw\\_wcB](http://www.mutualofamerica.com/yrcc/calculators?source=G17AFFCT&gclid=CjwKEAiArbrFBRDL4Oiz97GP2nI_SJAAmJMFaQwEzWNH6FMKxNNaUYiOpzD-mXHiyeHsA7g88I879-xoCuPrw_wcB)

Retirement Planning Tools [Ten Online Calculators and Worksheets] (Vanguard):  
<https://personal.vanguard.com/us/insights/retirement/retirement-tools?WT.srch=1&cmpgn=PS:RE>

*Test Your Retirement Planning Smarts Quiz* (AARP): <http://www.aarp.org/work/retirement-planning/info-08-2011/test-your-retirement-planning-smarts-quiz.html>

*Retirement Planning: How Prepared Are You?* Quiz (Kiplinger): <http://www.kiplinger.com/quiz/retirement/T047-S001-retirement-planning-how-prepared-are-you/>

*Take This Quiz to Test Your Retirement Savings IQ Quiz* (Bankrate):  
<http://www.bankrate.com/finance/retirement/quiz-what-do-you-know-about-retirement.aspx>

Retirement Income Quiz (Charles Schwab):  
[http://www.schwab.com/public/schwab/investing/retirement\\_and\\_planning/retirement\\_income/retirement\\_quiz](http://www.schwab.com/public/schwab/investing/retirement_and_planning/retirement_income/retirement_quiz)

*Are You Saving Enough for Retirement?* Quiz (How Stuff Works): <http://money.howstuffworks.com/personal-finance/retirement-planning/retirement-savings-quiz.htm>

*Think You're Ready to Retire? Grab a Pencil Quiz* [Quiz Questions Are Contained Within the Article] (Wall Street Journal): <https://www.wsj.com/articles/SB10001424052702303918804579109440334295698>

# Retirement Planning Checklist

[https://vanguard.com/pdf/RPMCK\\_112016.pdf](https://vanguard.com/pdf/RPMCK_112016.pdf)

## Retirement planning checklist

Use this checklist to guide you through one of the most exciting stages in your financial life—preparing to retire!

Find helpful retirement planning links at [vanguard.com/checklist](https://vanguard.com/checklist)

### Save as much as you can in your retirement accounts.

- Save 12% to 15% of your pay each year for retirement, including employer contributions if you're investing in a retirement plan at work.
- Think about opening an IRA, and decide which type (traditional or Roth) makes more sense for you.
- Make it a priority to save the maximum you're allowed. The annual IRA contribution limits for 2016 increase at age 50 to \$6,500 (from \$5,500 for those younger than 50). For both traditional and Roth 401(k)s, the annual contribution limits for 2016 increase at age 50 to \$24,000 (from \$18,000).

**My notes:**

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# Late Savers Guidebook

<http://www.smartaboutmoney.org/portals/0/resourcecenter/latesavers.pdf>



## Guidebook to Help Late Savers Prepare for Retirement

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**Source:**  
National  
Endowment  
for Financial  
Education  
(NEFE)

*Part One*  
**CATCHING UP AND PLANNING AHEAD**

*Part Two*  
**STRATEGIES TO INCREASE RETIREMENT SAVINGS**

*Part Three*  
**STRATEGIES TO STRETCH RETIREMENT INCOME**

*Part Four*  
**SPECIAL RETIREMENT CATCH-UP CONSIDERATIONS**

# Share Success Stories of Successful Catch-Up Savers

Ragan  
Consulting  
Group

## Why Stories?

- We're wired to understand stories
- We respond viscerally to credible tales of humans facing challenges
- Stories create an emotional response – facts and figures don't



# Questions? Comments?

Remember, catch-up strategies can be combined.

**Example:** Increase 401(k) or TSP savings by 2% + move to smaller home + delay retirement by 2 years.



Photos by Barbara O'Neill.  
Used with permission



# PERSONAL FINANCE

## Military Families Learning Network

*Connect with MFLN Personal Finance Online!*



[MFLN Personal Finance](#)



[MFLN Personal Finance @MFLNPF](#)



# MILITARY FAMILIES LEARNING NETWORK

*We invite MFLN Service Provider Partners  
to our private LinkedIn Group!*

**DoD  
Branch Services  
Reserve  
Guard  
Cooperative Extension**



<https://www.linkedin.com/groups/8409844>

# Evaluation and Continuing Education Credits

MFLN Personal Finance is offering 1.5 CEUs for today's webinar for AFC-credentialed and CPFC-credentialed participants.

Please complete the evaluation and post-test at:  
[https://vte.co1.qualtrics.com/jfe/form/SV\\_1NBghbNaj19Dv4F](https://vte.co1.qualtrics.com/jfe/form/SV_1NBghbNaj19Dv4F)

Must pass post-test with an 80% or higher to receive certificate.



# Facebook Live

2017  
Personal  
Finance  
Wrap Up

*Friday,  
June 9, 11 ET*

[facebook.com/MFLNPersonalFinance/](https://facebook.com/MFLNPersonalFinance/)

# Personal Finance Upcoming Event

## Behavioral Ethics & Personal Finance: A Discussion of Morality, Bias & Framing

- Date: July 11, 2017
- Time: 11 a.m. Eastern
- Location: **[learn.extension.org/events/2961](https://learn.extension.org/events/2961)**

For more information on MFLN Personal Finance go to:  
**<https://militaryfamilies.extension.org/personal-finance>**



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Nutrition & Wellness

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U.S. DEPARTMENT  
OF DEFENSE

