How much will I need in my 401k to buy the future lifestyle I want?

No one can tell you exactly. It depends on the cost of the lifestyle you want, how long you live and unknown future events and factors. However, it's probably going to be the most expensive purchase you'll ever make – yes, more than your house. As you'll see, one way to reduce the price is by working longer.

Here's a Big Fat Guess. *This is much better than what most people have – which is no idea.*

Don't lose out! People who've estimated 'how much' have on average about 5 times more money in their accounts than people who haven't. (EBRI)

What's the estimated full price of my future lifestyle?

Think about how much you're spending a year. Imagine how much more or less you would want to spend ***if today was your last day of full-time work.*** Next, consider how long you expect to live after your full-time career ends. For example, if you stop working full-time at age 65 and live to 90, you'll need income for 25 years (90 minus 65 is 25). If, for example, you want to spend $40,000 each year for 25 years, the full price is $1 million ($40,000 times 25 is $1million).

$_____ *times* _____ *equals* $_____

Your expected annual spending | Your expected years of income | **Your estimated full price**

How much have I already 'paid'…or planned to pay?

Good news! Some of the full price may already be paid. So you can subtract the 'paid' amount from 'your estimated full price.' The 'paid' amounts can include:

Part-Time Work…After your full-time working career, what's the total amount of pay you and your spouse expect to earn in all the years of future part-time work?

Single Sum Amounts…How much do you and your spouse currently have in 401ks, 403bs, IRAs and other plans and assets that pay in a lump sum?

Lifetime Payment Amounts…How much do you and your spouse expect in annual Social Security income ***plus*** any employer's annual lifetime pensions?

$_____ *times* _____ *equals*

Your expected annual lifetime income | Your expected years of income

$_____ *plus*

$_____ *plus*

$_____ *put total below*

Social Security Big Fat Guess

or use your statement from Social Security or an amount you determine.

Current Pay	*Estimated **Full** Benefit*
$25,000 – $40,000	$13,500
$40,001 – $60,000	$15,000
Over $60,000	$19,000

(Uses assumptions that may not apply to you.)

Full benefits are payable at age 67 if born after 1959. If born in 1959 or earlier, full benefits are payable between 65 and 67. Social Security has details and the authority to determine your benefit. Permanently reduced benefits are payable at age 62. Your spouse may also receive his or her benefit or 50% of yours if it's larger.

Your estimated total amount 'paid' $_____

Subtract from 'Your estimated full price' $_____

This is the additional amount you've estimated you'll need in your 401k to have the future lifestyle you want.

Stop Me
Before I Spend Needlessly!

To buy the lifestyle I want when my full-time work ends, I'll need about...

$_____

more in my 401k.

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Here's a reminder that you're saving for the ***largest purchase you'll ever make.*** You can cut this out and wrap it around your credit cards.

What will a $100,000 401k account buy when your full-time career ends?

Here's a simple way to look at a $100,000 account. If you expect to live on it for 25 years, $100,000 divided by 25 years is $4,000 each year…that's $333 worth of income of a month.

(assumes earnings and inflation rates are the same …somewhat like a bank savings account.)

This Big Fat Guess should not be used in making important decisions. Use a qualified professional or a sophisticated computer program…and be sure to consider future health care costs.

Retirement Adequacy Incite™

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This is an example of the type of realistic estimation tools found in **Retirement Adequacy Incite©** – a multi-media, adult-learning program. The **RAI** (say 'ray') program ensures employees acquire the basic knowledge they need to begin using a 401k to achieve their personal future financial goal. In 401ks, adults learn only when they're ***motivated*** and take action only when they're ***confident***. The **RAI** program 'incites' employees' motivation and boosts their confidence – without providing advice. See ***www.DennisAckley.com***.

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