A retirement resource for individuals and families

Guardian

What's your retirement income gap?

Use this worksheet to determine if your sources of income will be enough to potentially help you live comfortably during retirement. Is there a gap? If so, no need to panic. With the right planning, you can close the gap and make your retirement goals a reality.

Step 1: Determine your necessary expenses and bills

Expense/Bill	Current Monthly Cost	Inflation Factor (If applicable)	Monthly Cost at Retirement (Current cost x inflation factor)
Mortgage or Rent (excluding property taxes or home owners insurance)		Driven by loan/ agreement	
State and Municipal Property Taxes (if applicable to your state)		X ____________________	
Home Owners Insurance		X ____________________	
Maintenance or Association Fees (if living in a community village, condominium complex or co-op)		X ____________________	
Loan Payments (car, home equity and credit lines, boat, etc...)		Driven by loan agreement	
Credit Card(s)		Driven by agreement	
Grocery Bill		X ____________________	
Natural Gas or Oil Bill		X ____________________	
Electric Bill		X ____________________	
TV, Internet and Phone		X ____________________	
Automotive / Boat Insurance		Driven by plan	
Medical Insurance (not Medicare Part B premiums as these are automatically deducted from your Social Security checks.)		Driven by plan	
Co-Payments per Prescription		Driven by plan	
Co-Payments per Doctor Visit (if reoccurring)		Driven by plan	
Other Expenses		X ____________________	
		Total:	

Step 2: Determine the monthly sources of retirement income for you and your spouse

Income Sources: Be Sure to Adjust Monthly Amount for Taxes	Monthly Amount
Social Security — Go to www.SocialSecurity.gov/estimator to estimate your benefit amount. Be sure to subtract taxes and Medicare Part B monthly premiums.	
Defined Benefit Plans — Only available if provided by your past employers and if you were vested in the plan.	
Defined Contribution Plans — Like 401(k), 457(b) and 403(b) plans. Required Minimum Distributions (RMD) must begin at age 72, and are fully taxable when not made from Roth contributions.	
Individual Retirement Arrangements (IRAs) — RMDs must begin at age 72 for traditional IRAs. Qualified distributions made from Roth IRAs are tax-free.	
Through Bank Accounts* — Savings, CDs, money market accounts, and reverse mortgage payments. Interest is taxable.	
Brokerage Account Investments* — Treasury Bonds and T-Bills interest, municipal bond interest, mutual funds, annuities, dividends and capital appreciation. Taxes deducted or payable depend on the type of investment.	
Other Assets	
Total:	

Step 3: Determine if you have an income gap — take step 1's total and subtract it from step 2's total

Step 2 Total of Income Sources:	
— Step 1 Total of Necessary Expenses:	
= Remaining Income for Discretionary Expenditures – like travel, membership fees, dining out and going to the movies.	

The Inflation Factors in the table shown to the right are the future purchasing power of today's $1.00 in five, ten, fifteen and twenty years, using hypothetical inflation rates. For example, $1.00 worth of goods today may cost $1.10 in five years at a 2% annual inflation rate. Multiplying your current monthly expense by the appropriate inflation factor may enable you to see how much that expense may be when you retire or thereafter.

Number of Years Until Retirement	5	10	15	20
	Inflation Factors			
At 2% Inflation Rate	1.10	1.22	1.35	1.49
At 3% Inflation Rate	1.16	1.34	1.56	1.81
At 4% Inflation Rate	1.22	1.48	1.80	2.19

Step 4: Take necessary steps to close your income gap

You may have noticed that discretionary expenditures, which are the ones that you will probably enjoy the most during retirement, are missing from your expenses because you can't enjoy them unless you can pay for them. Now that you can see if your estimated expenses during retirement are more or less than your estimated retirement income, you can implement appropriate steps today to try to close your retirement income gap.

Work with a financial professional to explore your investment strategy to help you understand your lifetime sources of income, like Social Security, and to explore possible ways to maximize income potential from your retirement savings through different withdrawal rates, and possibly protect against inflation.

Decrease or remove expenses, such as paying off all loans and mortgages before you retire. Or perhaps you can reduce these ongoing expenses by refinancing them.

Reduce excess income (when you can) because during retirement the name of the game is "lifetime income." By reducing excess income, more savings remain at work within your investments, which could lead to increased income to spend on discretionary expenditures at appropriate times.

If available, maximize your participation in an employer-sponsored retirement plan (like a 401(k) plan) and/or contribute to an individual retirement arrangement (IRA). Take advantage of catch-up contributions if you are age 50 or older.

Purchase financial products that can provide immediate or future guaranteed payments for your life and your spouse's life, and that can also provide protection for unexpected events.

Create income in retirement

In our working lives, we know where our money is coming from. In later years, it's not as simple. If you're like most and not completely prepared, don't fret. With the right plan in place, you can create a stream of income that can last for your full retirement.

Speak with your financial professional

In addition to other sources of income, having a guaranteed source of lifetime income for you and your spouse may give you the confidence and ability to enjoy retirement with the people you love, doing the things you love, without the worry of outliving your money.

Speak with your financial professional today about making your retirement a reality.

The Guardian Life Insurance Company of America

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New York, NY

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* Please note that the higher the withdrawal percentage the greater the potential risk that you will outlive this source of income. For example, if you plan to withdraw 5% of the original principal amount each year, that asset may last for 20 years (depending on market volatility).

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