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**Retirement  
Planning**

# Elements of a Financial Plan

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- Define Your Goals
  - Retirement
  - Children’s Education
  - Inheritance and/or Philanthropy
- Track Expenses
- Develop Savings Plan
- Select Asset Allocation Plan
- Other Considerations
  - Insurance
  - Taxes

# How Much Do You Need to Retire?

Start with Annual Living Expenses

Subtract Annual Social Security  
Benefits

Divide by

3%

4%

5%

6%

Amount you  
need to retire  
now

Amount you  
need to retire  
early (age 55)

Amount you  
need to retire at  
age 65

Amount you  
need to retire  
with more  
flexible  
approach

# How We See It Differently

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- Stocks for the long run
  - Many advisors recommend high fixed income allocations even for long time horizons
- No need to be perfect
  - Many advisors have a ‘zero defect’ policy (100% likelihood to have enough money to last a lifetime)
  - Solving for the last 5% means that 95% of the time you have too much money left at the end
- Just need to be flexible
  - Shift portfolio mix of equities and fixed income over time
  - Adjust spending based on changes in investment portfolio
- Target higher expected returns
  - Dimensional Funds
  - Asset Allocation Plan

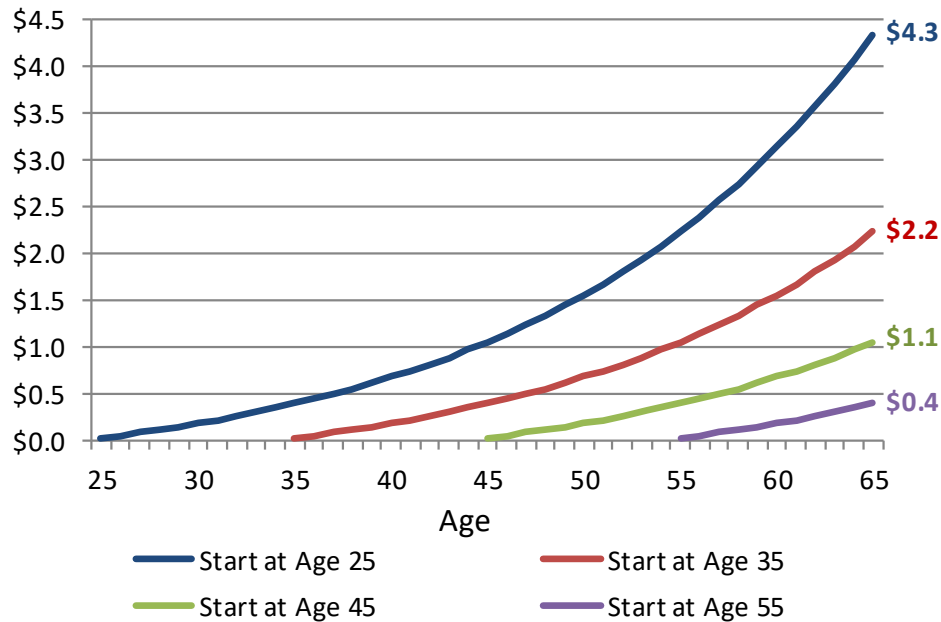
# How Much Do You Spend?

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- #1 way to impact Retirement Plan is to adjust spending habits
  - \$1,000 change in Annual Spending = \$20,000-25,000 change in Retirement Goal
- Homework assignment: Track expenses monthly for 1-2 years
  - eMoney or Excel spreadsheet
  - Upfront time investment
  - Empowering – feel in control of your finances
  - Easy to maintain – 1 hour per month
- Even if you don't worry about money, it is important to know how much you spend
  - Paves the way for planned charitable giving

# Savings Plan: Start Early

Wealth at Age 65, Max 401(k) & IRA  
(\$ in millions)



- 6% real annual return
- \$19,500 annual 401(k) contribution
- \$6,000 annual IRA contribution

Track to \$2.5 Million Retirement Fund

Age	Retirement Fund Target
25	\$0
30	\$0
35	\$74,000
40	\$247,000
45	\$478,000
50	\$788,000
55	\$1,200,000
60	\$1,800,000
65	\$2,500,000

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