

Are you on track for retirement?

It may take at least 80% of your pre-retirement income or more to maintain your lifestyle in retirement.^{1,2} But how much might you need to save overall to do that? We'll help you crunch the numbers to see if you may be on track for reaching your retirement goals.



Retirement savings worksheet

Steps

1 > Current annual gross income

Enter your current annual gross income (the amount you make before taxes).

\$ _____

2 > Annual income with wage growth

$$\text{Step 1} \times \text{Wage growth factor (See Table A)} = \$ \text{_____}$$

3 > Income needed during retirement

Depending on your retirement goals, you may need 80–100% of your current income.

Multiply **Step 2** by that percentage (for example, 0.80) to estimate annual retirement income.

$$\text{Step 2} \times \text{Percentage of current income} = \$ \text{_____}$$

4 > A. Income with Social Security factor

$$\text{Step 2} \times \text{Social Security factor (See Table A)} = \$ \text{_____}$$

B. Income replaced by Social Security at age 65

$$\text{Step 4A} \times \text{Social Security income replacement factor (See Table B, using income from Step 4A)} \div \text{Social Security factor (See Table A)} = \$ \text{_____}$$

C. Defined Benefit income

If you will receive income from a defined benefit pension plan, enter your estimated annual benefit. Otherwise enter 0.

\$ _____

5 > Income from your savings

This is the annual income your retirement savings may need to provide in addition to Social Security and Defined Benefit income.

$$\text{Step 3} - \text{Step 4B} + \text{4C} = \$ \text{_____}$$

Table A: Wage growth and Social Security factors

Years to retirement	Wage growth factor	Social Security factor
5	1.159	0.906
10	1.344	0.820
15	1.558	0.743
20	1.806	0.673
25	2.094	0.610
30	2.427	0.552
35	2.814	0.500
40	3.262	0.453

This table assumes annual wage growth of 3% and annual inflation of 2%.

Table B: Social Security benefits

Income	Social Security income replacement factor at age 65
Less than \$30,000	0.5
\$30,000 to \$35,000	0.45
\$35,000 to \$55,000	0.4
\$55,000 to \$70,000	0.35
\$70,000 to \$95,000	0.3
\$95,000 to \$120,000	0.25
\$120,000 to \$155,000	0.2
Greater than \$155,000	0.15

This table assumes your salary and the Social Security National Average Wage increases 3% annually as well as a 2.5% increase in the Social Security CPI. Benefits are reduced for commencement at age 65.

6 > Retirement goal³

This is how much you'll need to save, based on your previous answers.

$$\text{Step 5} \times 22.50 = \$ \underline{\hspace{2cm}}$$

7 > Current portfolio

Enter the total amount of current retirement investments, including savings in the retirement account.

$$\text{\$ } \underline{\hspace{2cm}}$$

8 > Value of current investments at retirement

$$\text{Step 7} \times \text{Growth factor (See Table C)} = \$ \underline{\hspace{2cm}}$$

9 > Retirement savings shortfall

This is how much you still need to accumulate before retirement.

$$\text{Step 6} - \text{Step 8} = \$ \underline{\hspace{2cm}}$$

10 > Annual savings goal

$$\text{Step 9} \times \text{Accumulation factor (See Table C)} = \$ \underline{\hspace{2cm}}$$

11 > Percentage of your pay you may need to save

You may want to save this percentage of your income to replace at least 80% of your pre-retirement income at retirement.

$$\text{Step 10} \div \text{Step 1} = \underline{\hspace{1cm}} \times 100 = \underline{\hspace{1cm}} \%$$

Years to retirement	Growth factor	Accumulation factor
5	1.338	0.158
10	1.344	0.063
15	1.558	0.034
20	1.806	0.020
25	2.094	0.013
30	2.427	0.009
35	2.814	0.006
40	3.262	0.004

Growth Factor — assumes a 6% annual rate of return on current investments before retirement; accumulation factor — assumes the amount you invest each year before retirement occurs mid-year at a 6% annual rate of return. Assumes annual wage growth of 3% before retirement.



Looking for more information? Visit [principal.com](https://www.principal.com) for more resources and calculators — including the Retirement Wellness Planner — to help prepare for retirement or call us at 800-547-7754.

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This worksheet is for illustrative purposes only. It is hypothetical and does not guarantee any specific returns on any investment options.

¹80%, Based on our industry experience and GAO Retirement Security Report to Congressional requestors. The estimated average total spending for post-retirement households was about 77% of the spending levels for pre-retirement households. GAO, 2013 CE Data; 16-242, Retirement Replacement Rates.

²The retirement balance (potential future value) assumes a 6% annual rate of return on the savings. The assumed rate of return in this chart is hypothetical and does not guarantee any future returns nor represent the returns of any particular investment. Estimated monthly income is based on a 4.5% annual distribution of the retirement balance at age 65 and is discounted to reflect today's value using a 2.0% inflation assumption (potential future purchasing power today). Individual taxpayer circumstances may vary.

³Assumption based on years spent in retirement, obtained by factoring current savings amount multiplied by assumed withdrawal rate of 4.5% per year.

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