

Calculations for further scenarios of retirement nest egg targets

This supplement uses the same calculations, assumptions and tables from the book to determine the target retirement nest egg lump-sum required to last twenty years of retirement. The period left to retirement, assuming that retirement will start at age sixty-seven, is included in each section sub-title.

In each case the **Annual Income** in the first year of retirement is stated in the left side of each table and is calculated using annual inflation rate shown in each table, starting from \$60,000 in 2016 dollars.

As a rule of thumb, add 10% to these targets to allow for a net 10% income tax rate during retirement. Or 15% for a net 15% income tax rate during retirement.

Fifty-seven-year-old with ten years to retirement

Retiring in 2026 for 20 years, no tax					
	<u>Annual Income</u>	<u>Savings required at retirement</u>			
		<u>7% & 2.5%</u>	<u>5% & 2.5%</u>	<u>2.5% & 2.5%</u>	<u>0% & 2.5%</u>
Couple	\$76,805	\$1,077,270	\$1,253,540	\$1,547,100	\$1,958,000
Individual	\$53,764	\$777,200	\$897,840	\$1,098,500	\$1,378,600

Table 5-4-1

Fifty-two-year-old with fifteen years to retirement

Retiring in 2031 for 20 years, no tax					
	<u>Annual Income</u>	<u>Savings required at retirement</u>			
		<u>7% & 2.5%</u>	<u>5% & 2.5%</u>	<u>2.5% & 2.5%</u>	<u>0% & 2.5%</u>
Couple	\$86,898	\$1,208,750	\$1,409,500	\$1,743,700	\$2,212,100
Individual	\$60,829	\$869,150	\$1,007,000	\$1,236,000	\$1,556,100

Table 5-4-2

Forty-two-year-old with twenty-five years to retirement

Retiring in 2041 for 20 years, no tax					
	<u>Annual Income</u>	<u>Savings required at retirement</u>			
		<u>7% & 2.5%</u>	<u>5% & 2.5%</u>	<u>2.5% & 2.5%</u>	<u>0% & 2.5%</u>
Couple	\$111,237	\$1,525,800	\$1,785,150	\$2,217,700	\$2,824,500
Individual	\$77,866	\$1,091,100	\$1,270,000	\$1,567,800	\$1,984,700

Table 5-4-3

Thirty-seven-year-old with thirty years to retirement

Retiring in 2046 for 20 years, no tax					
	<u>Annual Income</u>	<u>Savings required at retirement</u>			
		<u>7% & 2.5%</u>	<u>5% & 2.5%</u>	<u>2.5% & 2.5%</u>	<u>0% & 2.5%</u>
Couple	\$125,854	\$1,716,210	\$2,010,800	\$2,502,500	\$3,192,200
Individual	\$88,098	\$1,224,400	\$1,428,000	\$1,767,100	\$2,242,110

Table 5-4-4

Thirty-two-year-old with thirty-five years to retirement

Retiring in 2051 for 20 years, no tax					
	<u>Annual Income</u>	<u>Savings required at retirement</u>			
		<u>7% & 2.5%</u>	<u>5% & 2.5%</u>	<u>2.5% & 2.5%</u>	<u>0% & 2.5%</u>
Couple	\$142,393	\$1,931,700	\$2,266,110	\$2,824,500	\$3,608,100
Individual	\$99,675	\$1,375,200	\$1,606,650	\$1,992,500	\$2,533,500

Table 5-4-5

Twenty-seven-year-old with forty years to retirement

Retiring in 2056 for 20 years, no tax					
	<u>Annual Income</u>	<u>Savings required at retirement</u>			
		<u>7% & 2.5%</u>	<u>5% & 2.5%</u>	<u>2.5% & 2.5%</u>	<u>0% & 2.5%</u>
Couple	\$161,104	\$2,117,800	\$2,497,330	\$3,131,250	\$4,021,170
Individual	\$112,773	\$1,488,165	\$1,751,180	\$2,190,000	\$2,805,240

Table 5-4-6

Other Scenarios

Retiring in **fifteen years' time**, in 2031. Annual income requirement during retirement of \$80,000 in 2016 dollars with inflation between 2016 and 2031 averaging 1.75%, and averaging 2.25% through a **retirement period of 25 years**.

Retiring in 2031 for 25 years, no tax					
	<u>Annual Income</u>	<u>Savings required at retirement</u>			
		<u>7% & 2.25%</u>	<u>5% & 2.25%</u>	<u>2.5% & 2.25%</u>	<u>0% & 2.25%</u>
Couple	\$103,778	\$1,540,550	\$1,861,300	\$2,430,000	\$3,290,000
Individual	\$72,645	\$1,085,800	\$1,303,635	\$1,688,590	\$2,269,000

Table 5-4-7

Retiring in **ten years' time**, in 2026. Annual income requirement during retirement of \$50,000 in 2016 dollars with inflation between 2016 and 2026 averaging 2%, and averaging 2.75% through a **retirement period of 23 years**.

Retiring in 2026 for 23 years, no tax					
	<u>Annual Income</u>	<u>Savings required at retirement</u>			
		<u>7% & 2.75%</u>	<u>5% & 2.75%</u>	<u>2.5% & 2.75%</u>	<u>0% & 2.75%</u>
Couple	\$60,950	\$924,200	\$1,097,000	\$1,395,000	\$1,831,100
Individual	\$42,665	\$656,200	\$771,650	\$970,000	\$1,258,000

Table 5-4-8

Adding Contingencies

Let's assume a **contingency of 20%** is added to the \$60,000 required in 2016 dollars for annual income to support your particular lifestyle during a retirement that lasts **twenty-two years**. This means \$72,000 per year in 2016 dollars, or \$96,974 in twenty years' time at **1.5% inflation**; or \$130,040 at **3% inflation**, in 2036 dollars. Changing these variables, as shown in Figure Table 5-4-9 for 1.5% inflation and Table 5-4-10 for 3% inflation, provides further insight into the target range and boundaries.

Retiring in 2036 for 22 years, no tax					
	<u>Annual Income</u>	<u>Savings required at retirement</u>			
		<u>7% & 1.5%</u>	<u>5% & 1.5%</u>	<u>2.5% & 1.5%</u>	<u>0% & 1.5%</u>
Couple	\$96,974	\$1,259,818	\$1,484,800	\$1,867,000	\$2,416,000
Individual	\$67,882	\$894,800	\$1,048,650	\$1,309,350	\$1,682,465

Table 5-4-9

Retiring in 2036 for 22 years, no tax					
	<u>Annual Income</u>	<u>Savings required at retirement</u>			
		<u>7% & 3%</u>	<u>5% & 3%</u>	<u>2.5% & 3%</u>	<u>0% & 3%</u>
Couple	\$130,040	\$1,934,600	\$2,311,300	\$2,958,000	\$3,897,050
Individual	\$91,028	\$1,364,370	\$1,623,680	\$2,067,500	\$2,710,180

Table 5-4-10