



How Much Do I Need for Retirement?

You Need More Than You Think.

From the book *How Much do I need to Retire?*

The Surprisingly Simple System that shows why you need more \$\$\$ than you think

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STEP 1: ADD UP YOUR TOP 7 EXPENSES

Your top expenses account for 80% of your spending. Add up how much you spend in each category:

- **Housing:** Mortgage, Property Tax, HOA fees, Home Equity Loans, Property Insurance, Rent, Renter's Insurance, Utilities, Maintenance
- **Transportation:** Vehicle loans, registration and license fees, gas, parking, tolls, maintenance, insurance, taxi, bus, bike
- **Food:** Groceries, farmer's markets, food delivery, restaurants, alcohol, water
- **Health Insurance Premiums:** Medical, dental, vision, prescription, disability, supplemental, life, long term care, Medicare Supplemental
- **Medical Care:** Insurance deductible, out-of-pocket expenses
- **Debt Payments:** Student loans, credit card, personal loans
- **Child and Dependent Care:** Child care, Elder care, Alimony

My Top 7 Expenses = _____

STEP 2: ESTIMATE YOUR TOTAL EXPENSES

To calculate your TOTAL expenses, you will divide your result from Step #1 by .80. If you already know your total expenses, then go to Step #3.

My Top 7 Expenses = _____

Divide by: .80 \div .80

My Total Estimated Expenses = _____

STEP #3: REVERSE ENGINEER YOUR EXPENSES TO FIND OUT YOUR REQUIRED INCOME

In this step, you will see how much income you need to pay for your total expenses. We will assume you pay 40% of your money in taxes, and divide your expenses by .60 (1.00-.40 = .60).

My Total Estimated Expenses = _____

Divide by: .60 \div .60

My Income Needed = _____

For example:

Total Estimated Expenses = \$60,000

Divide by: .60

Reverse Engineered Income for Current expenses = \$100,000

STEP #4: CALCULATE HOW MUCH YOU NEED FOR RETIREMENT

Now it's time to use the Super Simple Formulas to calculate how much you need for the next ten to forty years. The formula below is based on maintaining your current lifestyle and a 5% annual increase in expenses.

Super Simple Income Projection Formula

- Multiply your Income Needed by **13** to get your 10-year total income need.
- Multiply your Income Needed by **33** to get your 20-year total income need.

Now you can calculate how much you will need for retirement:

10 year income need: Your Income X 13 = _____

20 year income need: Your Income X 33 = _____