

HOW MUCH CAN YOU SPEND?

Retirement Spending Worksheet

The amount of money you can safely pull annually from savings depends on both the reliability of your income and the nature of your expenses, according to financial planner Allan Roth. Use this worksheet to estimate how much you can withdraw in the first year of retirement. (In subsequent years, take the previous year's withdrawal amount and increase it enough to keep pace with inflation.)

1. Put a value on your guaranteed income (GI):

_____ Annual guaranteed income
(Social Security + pensions)

_____ Multiply that number by 20

This is the current value of your total guaranteed income.

2. Determine your net worth:

_____ Bank balances, investments and home value, minus any debts (See the "How Wealthy Are You?" worksheet)

3. Add your guaranteed income's current value to your net worth:

These are your total financial resources (FR).

4. Divide GI by FR:

This is the percentage of your financial resources that is guaranteed income.

5. Find the square(s) on the chart at the intersection of your financial resources and your needs-vs.-wants mix of spending.

That will indicate the percentage of your savings you can withdraw the first year.

Share of your financial resources (FR) that's guaranteed income

		5%	25%	50%	75%	95%
Share of your spending that's needs, not wants	0%	2.4%	3.6%	4.4%	5.1%	6.9%
	35%	2.4%	3.5%	4.2%	5%	6.8%
	50%	2.4%	3.3%	4%	4.8%	6.6%
	75%	2.2%	3.1%	3.8%	4.7%	6.4%
	100%	2%	2.9%	3.6%	4.5%	6.3%

NOTE: Table assumes investment portfolio comprises broad-market funds with a 40% stock and 60% bond mix, and has a 0.5% expense ratio.