

Retirement Planning



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How Much Will I Need to Retire?

If you have any hopes of getting off the workforce treadmill sometime in your future, the Social Security Administration recommends that your retirement income should equal at least 70 percent of your pre-retirement income.

If you're the more conservative type, you may consider the idea that you may need all of your current annual income in retirement as opposed to just a percentage of it. Of course, everyone's situation is different, and how much you need to set aside depends on your personal goals and lifestyle choices.

Health care and insurance expenses continue to climb and may increase as you grow older. You'll also

need to have enough money to take good care of yourself so you can enjoy the freedom of your retirement years.



Whether you believe the experts who say Social Security won't be around in the future, or the ones who say that it will, the fact is that its benefits may not be enough to see you through.

According to the Social Security Administration, average monthly benefits payable in January, 2005

without cost-of-living increase of 2.7% was \$930 for all retired workers. Clearly, most of us would need to supplement this amount of income to live comfortably in retirement. Since we're living longer and some of us are trying to retire sooner, many retirees now find that they had 35-40 years to save a nest egg that will have to support them for 20-30 years. And, this is at a time when your healthcare expenses are likely to increase over time.

So, now more than ever, what you do with those years, how you live, even where you live, are all key elements tied up in how much money you'll need when you get there.

Points of Interest:

- COST OF RETIREMENT
- IMPACT OF INFLATION
- RETIREMENT INCOME CALCULATOR



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The Impact of Inflation

The return you earn on your retirement nest egg gets a bite taken out of it from inflation. And it's a never-ending battle.

Let's say your savings and investments yielded a rate of return of 7%, but if the inflation rate was 2.9%, your real rate of return will be 3.98%. (And Uncle Sam hasn't taken his bite out of it yet).

It's easy to see that all your best efforts to build and maintain your

nest egg feels like a race on a treadmill.

Keeping ahead of inflation becomes very important as you near retirement and after you're living in retirement. As many people prepare to retire, it is good financial advice to consider positioning your portfolio to be a little more conservative so you're not as subject to the ups and downs of the market. However, if you don't take the impact of inflation into account as you plan your income stream, you can

actually lose ground over the long term.

Since the economy will always fluctuate, inflation will also continue to erode at purchasing power of your savings. But if you know that there are inflation gremlins hiding around the corner . . . you'll be able to stay ahead of the game.

Retirement Calculators

Retirement calculators are a resourceful tool to find out how much money you will need at retirement and how long you can expect your retirement funds to last. Completing a few simple steps will provide you with an estimated future projections. The amount is determined by variables such as age, years to retirement, current account value and annual contributions. Additionally some assumptions are required.

Retirement calculators can be found on our website. Under the main tabs at the top of the page, go to Learning Center and choose

Calculators. Under that section you will find Retirement and Inflation. If you have any questions or would like to have us generate a more thorough retirement income projection, please contact our office.

We all have different visions of our pending life of leisure. How much is yours going to cost?



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6000 Southcenter Blvd Suite 70 Tukwila, WA 98188