

Retirement Roundup

Student Activity: Retirement Planning

Even if retirement seems like a long way off, it is important to begin gaining an understanding of ways to save for retirement so you can begin saving wisely when you start your career.

Objective

Determine retirement goals and identify lifestyle choices that affect retirement goals.

Activity

According to the Bureau of Labor Statistics, the average annual income of a retiree is \$48,000 before taxes. Complete the table below to calculate how much money you would need in your retirement account if you retired at age 67. The first row has been completed as an example.

(A) Life expectancy	(B) Retirement Age	(C) Years to Fund (A-B)	(D) Amount needed in retirement fund (C x \$48,000)
80	67	13	\$624,000
85	67		
90	67		
95	67		
100	67		

- What are some activities or lifestyles someone might want to engage in during retirement?
- If you were planning on traveling around the world during retirement, how might that affect your retirement goals?

Pretend you plan to go on a \$4,000 trip each year during retirement. Complete the table again including your \$4,000 trip in your required annual income (\$52,000).

(A) Life expectancy	(B) Retirement Age	(C) Years to Fund (A-B)	(D) Amount needed in retirement fund (C x \$52,000)
80	67	13	
85	67		
90	67		
95	67		
100	67		

Reflection:

- How would retiring at age 62 affect the amount you would need to save?
- Why is it important to estimate how much money you will need in retirement?