

# Income Planning Worksheet

With the help of your financial professional, the first step in becoming Income Savvy is to consider your retirement income needs.

## Assess your income needs

Determine how much money you're going to need each year—this is your **“Income Number.”** It's the sum of your Essential Lifestyle Expenses plus your Discretionary Lifestyle Expenses.

Begin by calculating your current expenses and then adjust them based on your desired lifestyle in retirement.

Essential Lifestyle Expenses	Annual Cost
<b>Housing</b> mortgage payments, rent, insurance, property tax	\$
<b>Utilities</b> gas, water, electricity, telephone, cable	\$
<b>Food/Groceries/Meals</b>	\$
<b>Transportation</b> car payments, gas, car insurance, maintenance	\$
<b>Personal</b> clothing, haircuts, dry cleaning, toiletries	\$
<b>Healthcare/Medicare Premiums</b> supplemental medical insurance, prescriptions and other out-of-pocket expenses	\$
<b>Life, Disability and Long-Term Care Insurance</b>	\$
<b>Income Taxes</b> federal, state	\$
<b>Other</b>	\$
<b>Annual Essential Lifestyle Expenses</b>	\$

Discretionary Lifestyle Expenses	Annual Cost
<b>Entertainment</b> movies, theater, sporting events & restaurants	\$
<b>Travel &amp; Recreation</b> hotels, airfare and RV/boat expenses	\$
<b>Memberships</b> golf, health club and yoga	\$
<b>Gifts and Donations</b>	\$
<b>Other</b>	\$
<b>Annual Discretionary Lifestyle Expenses</b>	\$

<b>Annual Essential Lifestyle Expenses</b>	\$
<b>Annual Discretionary Lifestyle Expenses</b>	\$
<b>Total Annual Expenses</b> (Essential Lifestyle + Discretionary Lifestyle)	\$

This is your **“Income Number”** 

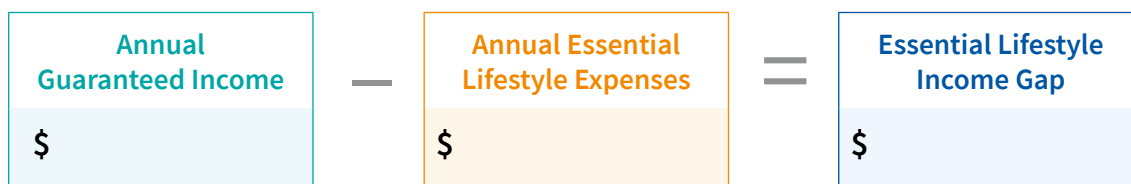
## Determine your annual protected income

Once you have obtained the needed estimates for Social Security and a pension, if applicable, you can determine your annual income from guaranteed sources.

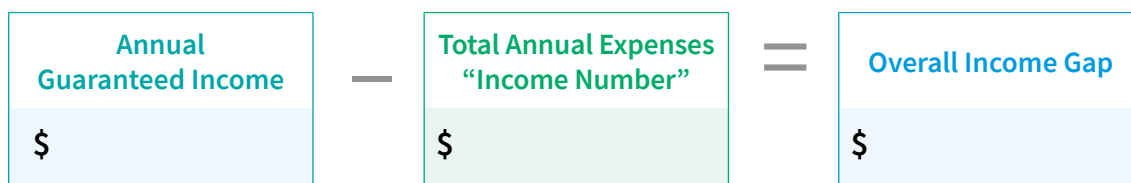
Guaranteed Sources of Retirement Income	Annual Income
Social Security	\$
Pensions	\$
Annuities	\$
Other	\$
<b>Total Annual Guaranteed Income</b>	\$

## See if you're facing an income gap

First determine if you have enough guaranteed income to cover your Annual Essential Lifestyle Expenses. This is a priority for many retirees and key to creating an Income Savvy Plan.



Of course, you may want some or all of your Discretionary Lifestyle Expenses to also be covered with protected income. So next, examine your Total Annual Expenses (that is, your Essential Lifestyle Expenses PLUS your Discretionary Lifestyle Expenses) to see if you're facing an overall income gap.



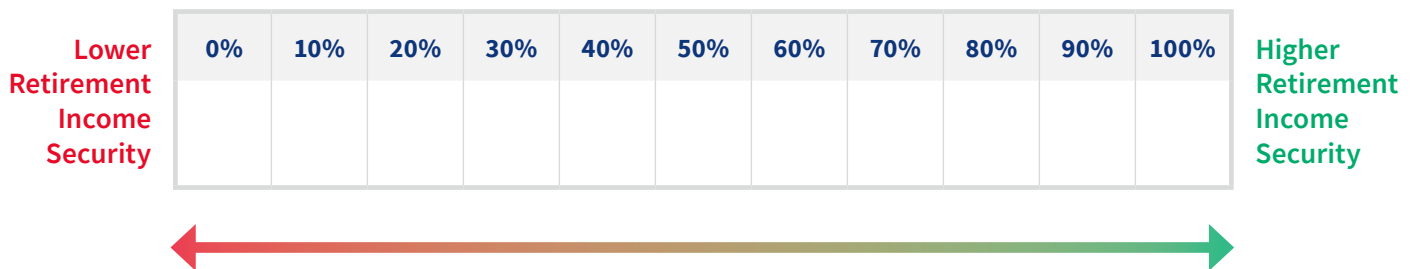
## Calculate your Income Reliability Ratio

Another factor you may want to consider is your Income Reliability Ratio. Your Income Reliability Ratio can help you assess where you stand in terms of your retirement income security. If your Income Reliability Ratio is low, you may want to consider how challenges such as a market decline or living longer than expected could impact your long-term retirement income strategy.

$$\begin{array}{|c|} \hline \text{Annual} \\ \text{Guaranteed Income} \\ \hline \$ \\ \hline \end{array} \div \begin{array}{|c|} \hline \text{Total Annual Expenses} \\ \text{"Income Number"} \\ \hline \$ \\ \hline \end{array} = \begin{array}{|c|} \hline \\ \hline \text{x 100} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Income Reliability} \\ \text{Ratio} \\ \hline \% \\ \hline \end{array}$$

Indicate on the chart below where your Income Reliability Ratio currently falls.

### Your Income Reliability Ratio



**If your Income Reliability Ratio is further to the left,** consider if you are comfortable with your retirement income being funded from your current savings and investments, or other non-guaranteed sources such as a part-time job or rental income. This type of income may be less predictable due to market volatility, changes in interest rates or other factors, and may result in lower retirement income security.

**If your Income Reliability Ratio is further to the right,** you have the assurance of knowing that a greater portion of your total annual expenses in retirement will be covered with income that's guaranteed for a higher level of retirement income security.

Your financial professional can help you review your situation and help you assess your comfort level with your current Income Reliability Ratio.

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