

The following excerpts are from an article that appeared in *The Arizona Republic*, Phoenix, AZ daily newspaper.

**As retirement nears, baby boomers are busy calculating exact size of nest eggs they'll need.**

## **WHAT'S YOUR NUMBER?**

In a Feb. 5th editorial, the *New York Times* reported that half the people with 401(k)s have **saved less than \$20,000**, and 30 percent of households have saved nothing toward retirement.

For the estimated **78.2 million boomers** born from 1946 to 1964, the reliable safety nets their parents could count on, including Company Pensions, Social Security and Health Insurance, **are fraying**.

But now, with an estimated 8,000 boomers turning 60 every day, the realities of longer life expectancies and no guaranteed retirement income are keeping many of them up at night scratching numbers on their mental notepads.

However, dwelling on feelings and desires when it comes to money can seem too touchy-feely, even for counterculture boomers. But ignoring this step is a mistake, says life-and financial-planning expert George Kinder, author of *The Seven Stages of Money Maturing*.

**So, the wake-up call to boomers is to take the blinders off and get their financial ship in order.**

"The examined life is a lot less costly than the one you don't think about," Eisenberg says. Lee Eisenberg, a 59-year-old former editor in chief of *Esquire* whose book, *The Number*, cracked the top 20 of the *New York Times*' best-seller list within weeks of its January release.

The following is a simple formula to follow, to see an estimated amount you'll have available to spend annually for the rest of your life. And it's a starting point only.

Add up invested assets such as those from 401K plans and IRAs (i.e. \$600,000.00)

Multiply that number by 0.04 a reasonable annual withdrawal percentage: = \$24,000.00

Add the annual value of home equity, which is your home's total current equity divided by the number of years you expect to live i.e. (\$250,000 in equity divided by 30 years)= \$8,333.00

Add annual Social Security income (go to ssa.gov for help with that) and annual pension benefits (i.e. \$2,000 monthly)= \$24,000.00

Include other annual income such as salaries if you intend to continue working. You can include inheritance but many financial planners exclude this from any estimates of projected income. (i.e. \$2,000.00 per month)= \$24,000.00

So when you start with \$600,000.00 in 401K's and follow this plan it gives you an annual income of \$80,333.00 but note: This formula focuses on estimated income and does not include such unknowns as future health care costs. It also ignores the quality-of-life factor. Figuring out what gives you satisfaction can often mean spending less, or more, financial-planning experts say. If your heart's desire is to volunteer, you may spend less on your wardrobe.

**Their point? Any formula needs to begin with answering the question:**

***"What do you want to do for the rest of your life?"***