

KNOW YOUR NUMBERS



Whether you're monitoring your account balance or your cholesterol levels, numbers are critical to creating a sound strategy for living your best life.

Your retirement income gap is one of the most important numbers to keep in mind as you plan for life after full-time work. The income gap is the difference between essential fixed monthly expenses and guaranteed sources of income. Fixed monthly expenses are those that are unlikely to go away during retirement, like housing, food, and healthcare.

As life expectancy increases, the retirement income gap takes on more significance. Estimating your monthly expenses in retirement is the first step toward creating a strategy. Keep in mind your expenses in retirement likely will differ from your current monthly expenses. Some may decrease (such as commuting costs) while others may increase (think travel, recreation, hobbies). Inflation will also cause your monthly expenses to increase over time. The goal here is to estimate your expenses when you retire.

The next step is to consider your sources of income when you retire, such as Social Security or a pension from work. For many people, this income won't be enough to meet their essential monthly expenses. Your financial professional can help you implement strategies to bridge the gap.

BUDGETING TIPS



SOCIAL SECURITY

By creating an account at ssa.gov/myaccount, you can see your estimated Social Security benefit. Your estimated monthly payment will vary depending on when you claim. Your Social Security statement will estimate your benefit at age 62, at your full retirement age, and at age 70. If you have a spouse who didn't work, a spousal benefit should be available. Check with your financial professional and be sure to include any spousal benefit in your Social Security income.



PUBLIC PENSIONS

If you receive a pension from a public employer (e.g., a state, local, or municipal government) it may impact your anticipated Social Security benefit. The Windfall Elimination Provision (WEP) may reduce your Social Security benefit when you also receive a public pension. The Government Pension Offset (GPO) may reduce a spousal benefit when you also receive a pension. For more information about the WEP and the GPO, visit ssa.gov.





HEALTHCARE

Many people have their Medicare Part B premium deducted from their monthly Social Security payment, so be sure to consider that when entering your Social Security income. In 2024, this amount can range from \$174.70 to \$594.00 depending on your modified adjusted gross income (MAGI). Supplemental health insurance options may also involve a monthly premium that should be included as a fixed monthly expense. You can find monthly premium information for Medicare and supplemental health insurance options at [Medicare.gov](https://www.medicare.gov).



RETIREMENT INCOME STRATEGIES

An annuity can help fill the retirement income gap by providing guaranteed income for life. Annuities also can help manage tax liability or offer protection for loved ones once you're gone.

NOW WHAT?

Use the following worksheet to help determine the extra monthly income you will need to address your retirement income gap. Remember, this gap represents the minimum amount of monthly income you will have to generate from your retirement accounts (such as IRAs and 401(k)s) to help cover your essential monthly expenses.

Once you've completed the worksheet, talk to your financial professional about retirement income options. There are many ways to fill the retirement income gap. Your financial professional can help you implement strategies to generate income from your retirement savings.



ESSENTIAL EXPENSES

| | |
|---|----------------------|
| HOUSING/LIABILITIES | MONTHLY |
| Mortgage or rent + all fees | <input type="text"/> |
| Property taxes ¹ | <input type="text"/> |
| Homeowners insurance ¹ | <input type="text"/> |
| Repairs/maintenance | <input type="text"/> |
| Education | <input type="text"/> |
| Utilities (energy, cable, phone, etc.) | <input type="text"/> |
| Other | <input type="text"/> |
| NECESSITIES | MONTHLY |
| Groceries | <input type="text"/> |
| Clothing | <input type="text"/> |
| Other | <input type="text"/> |
| HEALTHCARE & INSURANCE | MONTHLY |
| Health insurance ² | <input type="text"/> |
| Out-of-pocket (prescriptions and co-pays) | <input type="text"/> |
| Dental insurance | <input type="text"/> |
| Medicare premiums | <input type="text"/> |
| Vision insurance | <input type="text"/> |
| Long term care insurance | <input type="text"/> |
| Life insurance | <input type="text"/> |
| Family/parental care | <input type="text"/> |
| TRANSPORTATION | MONTHLY |
| Auto loan | <input type="text"/> |
| Auto insurance | <input type="text"/> |
| Fuel/maintenance | <input type="text"/> |
| Other (rideshare/public) | <input type="text"/> |
| Auto registration/fees | <input type="text"/> |
| TOTAL ESSENTIAL EXPENSES | <input type="text"/> |

¹ Omit if included in your mortgage payment.

² Social Security will estimate the benefit you will receive when you retire. Medicare Part B premiums should be either listed as an expense or reduce your Social Security payment. Also include Medicare Advantage or Medigap premiums for each spouse. Cost estimates can be found at [medicare.gov](https://www.medicare.gov). Don't forget to adjust for inflation. Your financial professional can help.

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DISCRETIONARY EXPENSES

| | |
|-------------------------------------|----------------------|
| | MONTHLY |
| Dining out | <input type="text"/> |
| Vacation/travel | <input type="text"/> |
| Club memberships | <input type="text"/> |
| Hobbies | <input type="text"/> |
| Charitable giving | <input type="text"/> |
| Other | <input type="text"/> |
| TOTAL DISCRETIONARY EXPENSES | <input type="text"/> |

TOTAL EXPENSES

| | | |
|------------------------|----------------------|----------------------|
| | MONTHLY | ANNUAL |
| Housing | <input type="text"/> | <input type="text"/> |
| Necessities | <input type="text"/> | <input type="text"/> |
| Healthcare & insurance | <input type="text"/> | <input type="text"/> |
| Transportation | <input type="text"/> | <input type="text"/> |
| Discretionary | <input type="text"/> | <input type="text"/> |
| TOTAL EXPENSES | <input type="text"/> | <input type="text"/> |

MONTHLY INCOME

| | |
|---|----------------------|
| Social Security ² | <input type="text"/> |
| Pension | <input type="text"/> |
| Annuities | <input type="text"/> |
| Other (i.e. retirement accounts, rental properties, etc.) | <input type="text"/> |
| TOTAL MONTHLY INCOME | <input type="text"/> |

TOTAL ANNUAL RELIABLE INCOME

| | | |
|---|----------------------|----------------------|
| | MONTHLY | ANNUAL |
| TOTAL ESSENTIAL EXPENSES | <input type="text"/> | <input type="text"/> |
| TOTAL ANNUAL RELIABLE INCOME | <input type="text"/> | <input type="text"/> |
| ESSENTIAL EXPENSES INCOME GAP | <input type="text"/> | <input type="text"/> |
| TOTAL EXPENSES (ESSENTIAL AND DISCRETIONARY) | <input type="text"/> | <input type="text"/> |
| TOTAL ANNUAL RELIABLE INCOME | <input type="text"/> | <input type="text"/> |
| TOTAL RETIREMENT INCOME GAP | <input type="text"/> | <input type="text"/> |

