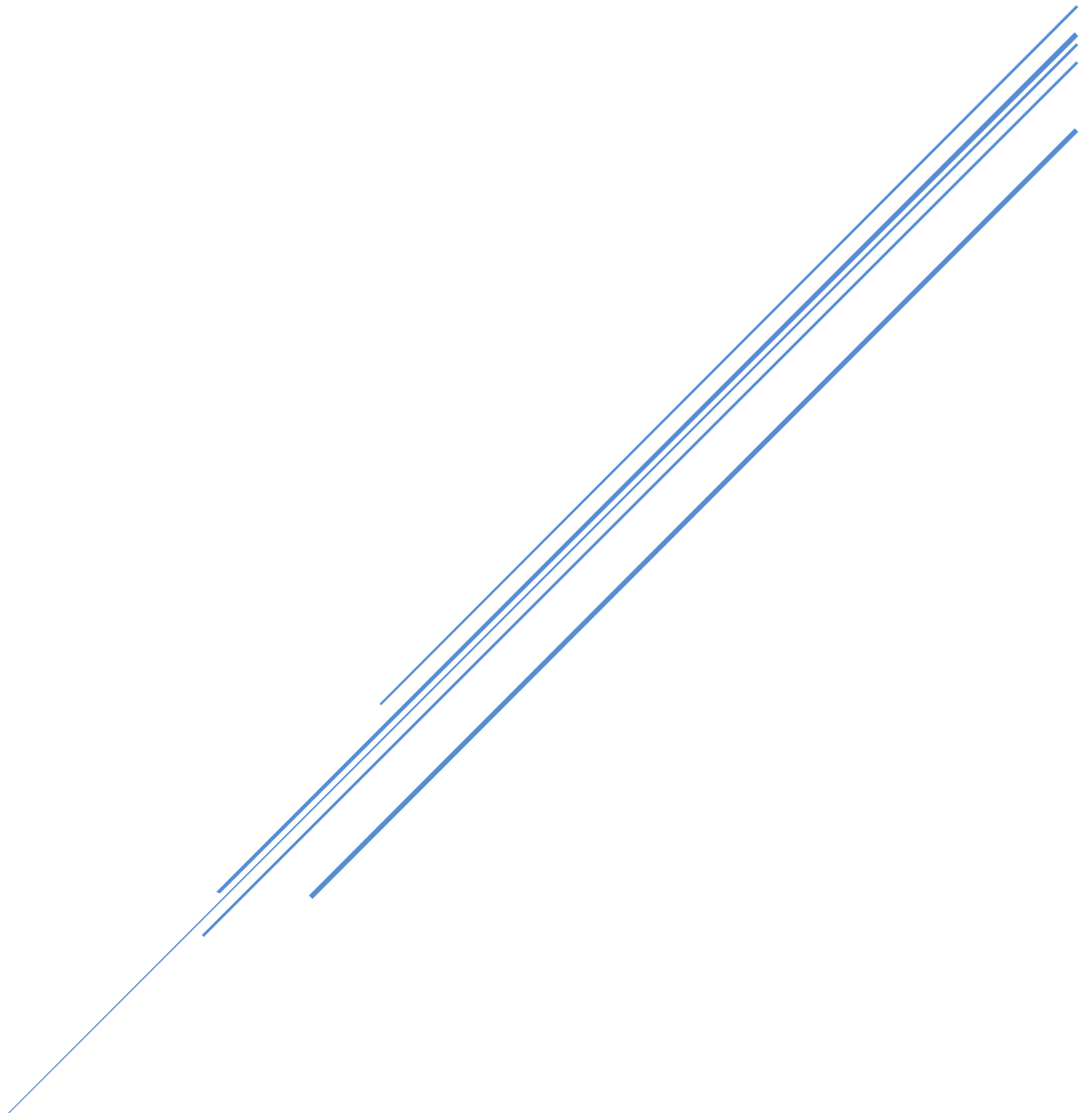


RETIREMENT PLANNING WORKBOOK

This workbook helps you start building your retirement plan. It is a tool to collect and organize your data to chart the retirement lifestyle you aspire for.



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Personal Information

The initial tables are suggested forms to capture your personal information. You may revise the tables to include other information which you consider relevant to your retirement plan.

Table 1: Personal Information

	You	Spouse
Name		
Date of Birth		
Marital Status		
Employment		
Employment Income		
Other Income		
Net Worth		
Residence		
Target Retirement Age		

Table 2: Children and grandchildren included in the Plan

Name	Date of Birth	Relationship

Defining Your Retirement

Your retirement will be uniquely yours. Think about what you will do once you retire. What would your retirement look like?

Jot down plans and ideas you are considering for retirement. Here is a sample list of activities to get you started:

Table 3: Your retirement goals (*You may customize the template to suit your need*)

Activities and Plans I (and my spouse) Want to Pursue	Brief Description	Expect to spend
Move to another place/residence		
Get part time work		
Volunteer work		
Put up a new business		
Learn new skill		
Pursue hobby/ies		
Domestic travel		
International travel		

Assessing Your State of Readiness to Retirement Realities

There are things you should seriously think about when planning for your retirement. Debts, health conditions and savings for retirement will affect the quality of your retirement life.

Table 4. Important Things to Think About in Retirement Planning

Items	Check appropriate column		Plans/Steps to Take to Effectively Manage These Retirement Concerns
	Yes	No	
1. Debts:			1. 2. 3.
Have loans/debts: (Type and amount)			
Have debt management plan/strategy			
Expect to have zero debt upon retirement			
Other related concern:			
2. Health:			1. 2. 3.
Have a long-term health care			
Have health issues			
Have maintenance medicines			
Observe a healthy lifestyle			
Expect to live 15-20 retirement years			
Other related concern:			

3. Retirement Savings:			1.
Have employer retirement benefits			2.
Worried that retirement benefits would reduce its buying power during retirement years			
Saving regularly for retirement			3.
Retirement savings are invested in stocks and/or mutual funds and other investment vehicle			
Other related concern:			

Identifying Your Sources of Retirement Income

Now that you have a picture of what you want to do, it's time to evaluate how much you'll be able to afford to do. Have a list of sources of retirement "paycheck".

Table 5. Retirement Income Sources

Lifetime Income Source	Description/Time Frame	You	Spouse
		(Pesos)	
GSIS			
SSS			
PERA (Personal Equity and Retirement Account)			
PAGIBIG 2			
Rental Income			
Stock investment			
Mutual Fund Investment			
Long Term Health Care Fund			
Life insurance			
Personal Saving			
Other			
	Total Lifetime Income		

Estimating Your Retirement Expenses

Your Current Monthly Expenses

It is a necessary step to determine your current monthly expenses to have an idea of how your retirement expenses would look like. For this purpose, accomplish the current monthly expense worksheet in Table 6.

Table 6. Current Monthly Expense Worksheet

Charitable Giving					
Tithes	Offerings	Gifts/Donations	Other	Other	
Debt Repayment					
Bank/Personal Loans	Credit card	Other Loans	Other	Other	
Protection/Insurance					
Life	Health	Auto	Home	Other	
Savings and Investment					
Stocks/Mutual Fund	Emergency Fund	Other	Other	Other	
Home/Housing					
Mortgage/Rent	Repairs/Maintenance	Home Improvements	Furnishings	Other	
Utilities					
Electricity	Water	Gas	Telephone	Internet	
Food					
Food (in-home)	Food (out of home lunches/eating out)	Groceries	Other	Other	
Transportation					
Car loan payments	Gasoline/oil	Repairs & Maintenance	Public Transport/Commuting	Other	
Healthcare					
Doctors	Dentist	Medicines	Other	Other	
Education					
Tuition Fees	Miscellaneous Fees	Books	School supplies	Other	
Personal Expenses					
Clothing	Personal Services	Cosmetics	Other	Other	
Entertainment/Recreation					
Cable/Videos/Movies	Concerts	Hobbies	Vacations/Travel	Other	
Other Expenses					

Total Monthly Expenses

Your indicative retirement expenses using a replacement ratio

Different financial experts have different approaches in estimating retirement income needs. Some suggests a benchmark of 85% of current income which is known as a replacement ratio. The table below illustrates how the retirement gap is calculated using this assumption. For your own data, fill out the highlighted row with your own calculation.

Table 7. Estimation of Retirement Expenses Using 85% Replacement Ratio and Determining Retirement Income Gap

	Current Monthly Expenses	Retirement Monthly Expense (85% of current expenses)	Retirement Income	Retirement Income Gap	
				Monthly	Annually
Sample 1:	25,000	21,250	20000	-5,000	(60,0000)
Sample 2:	30,000	25,500	30000	0	0
Sample 3:	40,000	34,000	30000	-10,000	(120,000)
Sample 4:	50,000	42,500	35000	-15,000	(1,800,000)
Your Data			*		

**Use your data in Table 5*

The 85% replacement ratio is just an indicative estimate. In reality, your retirement expenses can be less or can be more than 85% the current expenses. You may need-

less than 85% of your current income if:

- Your loans are paid off
- You are no longer supporting dependents
- You have no work-related expenses
- You pursue simple/practically no cost hobbies

more than 85% of your current income if:

- You plan to purchase a second home
- You plan to renovate your home
- You still support dependents
- You have expensive hobbies
- You plan to travel, among others

Your monthly retirement expenses considering your current monthly expenses and retirement goals.

To be more realistic in the calculation of retirement income expenses you need to accomplish Table 8. The table helps you-

- Identify current expenses which are no longer applicable or relevant when you retire
- Calculate relevant retirement expenses at current values
- Add new expenses during retirement based on your retirement goals

Table 8. Expected Retirement Expenses vs Current Monthly Expenses

Expense Category	Current Monthly Expenses (From totals in Table 6)	Expense still apply during retirement (Check)		Expected Monthly Expenses During Retirement
		Yes	No	
Charitable Giving				
Debt Repayment				
Protection/Insurance				
Savings/Investment				
Home/Housing				
Utilities				
Food				
Transportation				
Healthcare				
Education				
Personal Expenses				
Entertainment				
Other Expenses				
Total				
<i>Expense Items in Retirement:</i>				
Medications				
New Hobbies				
Travel Goals				
Other Retirement Expenses				
Grand Total				

Estimating Your Retirement Income

Now that you have an idea of your monthly retirement expenses, the next step is to determine how much income you need to have to support your retirement expenses. This is calculated using the PV function in Excel.

Table 9 shows sample PV calculations under different assumptions of retirement expenses (monthly withdrawal), retirement years (total number of withdrawals) and interest rates. Fill out the highlight row with the figure which approximates your situation/data.

Table 9. Required Retirement Income

	Retirement Expenses (Monthly Withdrawal)	15 years	20 years	15 years	20 years
		6% interest rate		4% interest rate	
Sample 1	25,000	₱2,962,587.87	₱3,489,519.29	₱3,379,803.72	₱4,125,546.46
Sample 2	30,000	₱3,555,105.44	₱4,187,423.15	₱4,055,764.46	₱4,950,655.75
Sample 3	40,000	₱4,740,140.59	₱5,583,230.87	₱5,407,685.95	₱6,600,874.33
Sample 4	50,000	₱5,925,175.73	₱6,979,038.58	₱6,759,607.43	₱8,251,092.91
Your Data					

Estimating Your Monthly Savings Need

Now that you have estimated the retirement income you need to have to support your retirement expenses, the next step is to calculate the amount you need to save each month to meet the desired retirement income. This is computed using the PMT function in Excel.

Table 10 shows the result of different scenarios of retirement income and number of years to save. All the computations used the following assumptions as given:

- Retirement Age = 60
- Number of years in retirement= 15 or a life expectancy of 75 years old
- Interest rate = 6%

Table 10. Monthly Savings Need

Current Age	Number of Years to Save (60-current age)	Savings Need by Desired Monthly Retirement Income (in pesos)			
		25,000	30,000	40,000	50,000
25	35	2,079.43	2,495.32	3,327.09	4,158.86
30	30	2,949.27	3,539.13	4,718.83	5,898.54
35	25	4,275.06	5,130.07	6,840.09	8,550.11
40	20	6,411.96	7,694.35	10,259.14	12,823.92
45	15	10,187.06	12,224.47	16,299.30	20,374.12
50	10	18,077.86	21,693.43	28,924.58	36,155.72
Your data					

Table 11. Your Data Summary

	Particulars	Instruction	Your Data	Remarks
(1)	Monthly Retirement Expenses	<i>From Table 8</i>		
(2)	Total Amount You Should Have to Support Retirement Years	<i>From Table 9</i>		
(3)	Total Monthly Savings Need	<i>From Table 10</i>		
(4)	Expected Retirement Income	<i>From Table 3</i>		
(5)	Retirement Income Gap	<i>Row (3)-Row (4)</i>		

What to do next?

Finalize your retirement plan

Suggested Activities	Sub-activities	Timeline	Support Needed
• Complete the workbook			
• Revisit retirement goals			
• Track expenses			
• Start investing			
• Get protection for your family			
• Start learning how to build passive income			
•			
•			

Let us work together to plan for what's next. Should you need help to take your retirement plan to the next level-

Visit www.bridgetangonan.com

Send email to: bstangonan@gmail.com

Join FB Group: Retirement Planning Ph

Ask the Lord to bless your plans, and you will be successful in carrying them out

- Proverbs 16:3