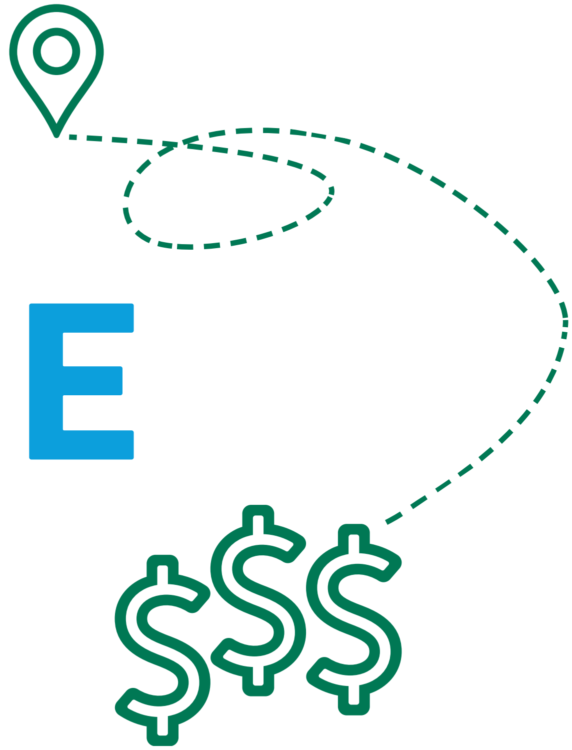
REPLACING YOUR INCOME GUIDE



A workbook for those wanting to supplement their income and at some point replace their paycheck.

ROBERT LETTIN

This guide is part of the WHY NOT YOU! series.

This worksheet gets you organized around the income you want before retirement or at retirement.

Step one is to determine how much income you want.

The easiest way to determine how much income you want or might need, is to simply replace your current paycheck. If you decide that income is not enough or perhaps too much, simple adjustments may be made to increase or decrease your monthly income.

If you are not clear on how much money you will need for annual expenses, research shows **Americans close to retirement spend about $66,000 annually per household on food, housing, clothing and transportation.** Perhaps you noticed, vacations, hobbies, and grandchildren are not listed. They certainly add additional expenses.

Here are the **Top 4 Retirement Concerns:** Paying for medical expenses, outliving your money, having too much debt, and having no plan.

To help with **medical costs**, consider buying Long Term Care (LTC) insurance. Buy LTC insurance before you turn 60 years of age. At 60, LTC, premiums increase significantly.

And before retiring, pay off your **debt**. Pay off your home. Debt is the number one thief of a comfortable retirement.

For your retirement considerations and for preliminary **Estate Planning**, consider putting all of your retirement accounts into Roth Retirement accounts to help cut your future retirement tax bill.

Ask us, we have ideas to solve all of these concerns.

The **Top 3 Expenses** you will incur over your lifetime are: Housing, Taxes, and Debt.

Retirement income is a numbers game. The more money you put into your investment portfolios, the greater your retirement income or the sooner you can replace your paycheck.

Money can be the driver of every emotion imaginable – happiness, pride, confidence, independence, fear, sadness, stress, anger...the list goes on. Knowing what you need and having a plan to get it will increase the positive emotions around money and ease the negative ones.

The “Replacing Your Income Worksheet” on the next page will give you an idea of the value of the portfolio you might need to support your desired lifestyle.

REPLACING YOUR INCOME
WORKSHEET

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This exercise is a guideline to help you determine how much monthly income you might need in retirement and what size investment portfolio you may need to generate that amount.

The easiest way to determine how much income you might need or want is to simply replace your current paycheck. Whether you are making $50,000 a year or $200,000 a year, you can replace your current income with an investment portfolio income stream. If the income stream seems too low or too high, adjustments can be made. Studies have shown an investment income withdrawal rate between 3% and 6% offers you the best chance at never outliving your money.

Let's say you are making $50,000 a year. We know the number 25 represents a 4% withdrawal rate.

Therefore:

$50,000 x 25 = $1,250,000 portfolio value
$1,250,000 x .04 = $50,000 annual income
$50,000 / 12 = $4,167 monthly income

REPLACING YOUR PAYCHECK CALCULATION

$________________	X 25	=	$________________
Desired Annual Income	**Multiply by 25**		**Value/size of your portfolio order to support your annual income at a 4% withdrawal rate**
$________________	X .04	=	$________________
Value of your Portfolio	**Multiply by .04**		**Annual Income**
$______________ /12		=	$______________
Annual Income/12 months			**Monthly Income**

You will likely have other sources of income that can help reduce your required portfolio size:

Social Security	$________________
Pension	$________________
Other Income	$________________
Total Other Income Sources	$________________

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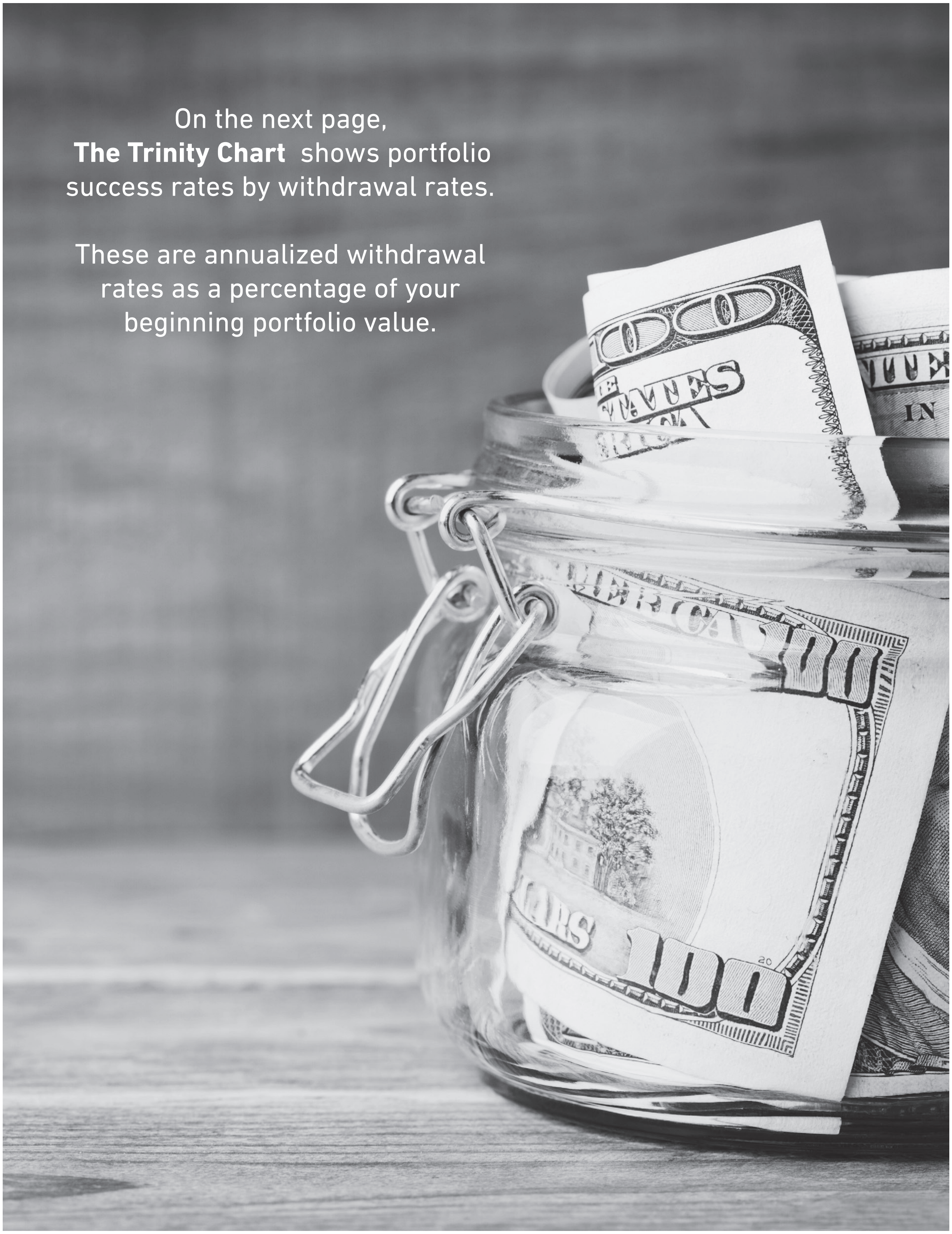

On the next page, **The Trinity Chart** shows portfolio success rates by withdrawal rates.

These are annualized withdrawal rates as a percentage of your beginning portfolio value.

TRINITY CHART

Retirement Portfolio Success Rates by Withdrawal Rates
Annualized Withdrawal Rate as a Percentage of Initial Portfolio

PERCENT SUCCESS RATE

PAYOUT PERIOD	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%
100% Stocks										
15 Years	100	100	97	97	94	93	86	80	71	63
20 Years	100	98	97	95	92	86	77	66	55	51
25 Years	100	98	97	93	90	80	67	55	45	40
30 Years	100	98	96	93	87	76	62	51	40	35
75% Stocks / 25% Bonds										
15 Years	100	100	100	100	97	94	90	77	66	56
20 Years	100	100	100	97	95	89	74	58	49	43
25 Years	100	100	98	97	92	78	60	52	42	32
30 Years	100	100	98	96	91	69	55	38	29	20
50% Stocks / 50% Bonds										
15 Years	100	100	100	100	100	99	93	73	57	46
20 Years	100	100	100	100	98	88	63	46	32	20
25 Years	100	100	100	100	95	67	48	28	18	13
30 Years	100	100	100	98	85	53	27	15	9	5
25% Stocks / 75% Bonds										
15 Years	100	100	100	100	100	100	86	53	34	30
20 Years	100	100	100	100	100	68	35	26	22	14
25 Years	100	100	100	100	68	33	25	17	13	10
30 Years	100	100	100	96	38	24	15	9	5	2
100% Bonds										
15 Years	100	100	100	100	100	73	56	44	29	19
20 Years	100	100	100	92	54	49	28	20	14	9
25 years	100	100	97	58	43	27	18	10	10	8
30 Years	100	100	64	42	24	16	7	2	0	0

Lettin Job Chart

Here is the chart I made years ago to choose my career. I listed the careers that interested me across the top. Down the left side, I listed what I wanted from my job. Then I put a mark in the columns of the jobs that gave me what I wanted. Finally, I totaled the marks in each column and Finance won. So that's the career I pursued.

JOBS OF INTEREST

WHAT DO YOU WANT FROM YOUR JOB?	ATTORNEY	CPA	TEACHER	DOCTOR	FINANCE
Help people be better off tomorrow than they are today	X		X	X	X
Proud	X	X	X	X	X
Time is my own					X
Always changing		X	X	X	X
Make as much money as possible	X			X	X
TOTAL	3	2	3	4	5

Now it's your turn.

Use this chart to help you find a career that gives you what you want, including enough money to build a portfolio that will eventually replace your paycheck.

Directions:

1. Across the top, write jobs that may interest you.
2. Down the left column, write what you would like from your job.
3. Put a mark in the columns that offer what you want.
4. Total the marks in each column to see what career to pursue.

JOBS OF INTEREST

WHAT DO YOU WANT FROM YOUR JOB?					
TOTAL					

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