

LEARNING GUIDE

# Your retirement income: 5 things to do now to pay yourself later.



This guide includes resources and activities to help you get ready for retirement.

## Envisioning your retirement

Knowing how you want to spend your time in retirement can be an important way to get a handle on how you will fund the life you envision. If you don't have an answer to all the questions below, that is OK — answering even a few of them can help get you started.

Where?	How?	With whom?
Where do you want to live once you stop working full-time?	How will you spend your time? (volunteering, pursuing hobbies and interests, spending time outdoors, traveling, starting a business, working part-time, caring for family members)	Who do you want to be near?
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

ADP recently surveyed people getting ready for retirement and asked what gets in the way of saving toward that goal.

**39%** said **projecting future expenses** in retirement.

**20%** reported concerns **replacing their salary** while retired.

## 5 things you can do now to pay yourself later

- Use your current expenses to estimate future costs.
- Map out your monthly retirement income.
- Understand your Social Security benefits.
- Understand your healthcare choices.
- Focus on your investments.

## Sizing up future expenses

Knowing how much you will need for each of the following categories can be tricky. One way to start is by looking at current monthly costs, then considering whether you think those expenses will be higher or lower once you stop working fulltime. It may also help to put monthly expenses into the following categories.

### Essentials

<b>Basics</b>	Mortgage/Rent	\$
	Food and groceries	\$
	Utilities	\$
	Property taxes	\$
	Car payment	\$
<b>Health</b>	Medical/Dental coverage	\$
	Prescriptions	\$
	Co-pays	\$
	Gym membership	\$
<b>Insurance</b>	Homeowners/Renters	\$
	Life/Health/Disability	\$
	Auto	\$
	Other	\$
<b>Debt</b>	Credit card	\$
	Student loans	\$
	Personal loans	\$
<b>Personal</b>	Clothing	\$
	Hair/Skin care	\$
	Dry cleaning	\$
	Other	\$
	<b>Total</b>	\$

### Lifestyle

	Travel	\$
	Restaurants and takeout	\$
	Entertainment	\$
	Other	\$
	<b>Total</b>	\$

### Goals

	Emergency fund	\$
	Education savings	\$
	Causes/Philanthropy	\$
	Caring for family	\$
	<b>Total</b>	\$

**Total estimated monthly expenses** \$

## Building your retirement income plan

What goes into your monthly income once you stop working full-time? Use the exercise below to start estimating the amount you will have each month to cover the living costs above.

### Step 1: Start with your investments

List all of your retirement plan, IRA, pension, annuity, or other investment accounts.

Account	Amount you expect to have at retirement.
	\$
	\$
	\$
	\$
	\$
<b>Total</b>	\$

### Step 2: Apply 4% rule to your investment totals

**Multiply your total investments by 4%**  
Financial professionals often recommend withdrawing 4% per year from investment accounts.

\$

**Divide that number by 12**  
This is the amount you'll have from your investments to spend each month. (Of course, this amount may still be affected by federal, state, and local taxes.)

\$

### Step 3: Add in other key income sources

**Social Security**  
Not sure? Visit [ssa.gov](https://ssa.gov) to estimate your benefits.

Estimated monthly benefit:

\$

**Savings**  
Add up all other savings.

\$

**Other income**  
Part-time work, consulting, rental income, expected inheritance, any other sources of income.

Estimated monthly benefit:

\$

### Step 4: Estimate your monthly retirement income (before taxes)

Write down the numbers in the shaded boxes above.

**1. Investments** \$

**2. Social Security** \$

**3. Savings** \$

**4. Other** \$

**Total estimated monthly income** \$

## Keeping track of key milestones



### Important resources

#### Social Security

Register for an account at the Social Security website. Learn more about your eligibility, estimate your benefits based on earnings and when you apply, and check your yearly income record. [ssa.gov](https://ssa.gov) >

#### Medicare

Use the Medicare website to learn about benefits and enroll once you're eligible. [medicare.gov](https://medicare.gov) >

#### Find an old retirement plan

Search online for any retirement accounts you may have left behind with former employers. [unclaimed.org](https://unclaimed.org) >

### ADP retirement calculators



#### Withdrawals in retirement

Estimate how long your retirement savings can last based on its starting value, your desired monthly income, and any Social Security benefit or outside income you may have.

[Go to the calculator >](#)

## Questions to ask a financial professional

**It may make sense to ask a financial professional to help evaluate holdings across all of your accounts.**

- Do my investment allocations make sense now based on the amount of time until I retire? What, if any, changes should I consider in my accounts?
- What is the maximum I can contribute to my accounts between now and when I retire?
- When I retire, what are my choices when it comes to leaving my money in my current workplace plan?

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