Introduction

Hello John and Mary,

Thank you for meeting with me today. I believe the information I am going to provide you with today will greatly help you in your decision to save for retirement. My goal is to accomplish three things today. First, we will calculate how much you need in order to retire. Second, we will calculate how much you will need to save on a monthly basis to achieve that goal. Third, I will show you a plan that you can utilize to help make retirement a reality.

Step 1 – Assess current information (1st page of calculator)

This first step of the process is a standard retirement income calculator. I will need to get some additional information from you in order to make the calculation. Once we fill this out it will calculate how much money you will need for retirement. If you have any questions along the way feel free to ask.

To get started I need to know if both of you work? Their answer is no, just John

John, since you are the only income earner at this time, we will use your monthly income and age for our base calculations.

What is your current age? 30

The retirement age is set to 65

What is your current monthly income? John says $3000

Next, the Retirement Factor is the percent of your current income you will need during retirement years. Financial experts suggest we only need 80% of our current income during our retirement years. So, I will set your retirement factor at 80%, which makes your adjusted monthly income $2,400.

Now we have to factor in Inflation. Inflation is the increase in prices and the fall in the value of money. It has averaged close to 4% since 1939. Based on that historical fact we will use the 4% inflation.

Factoring in 35 years of inflation to $2,400 a month brings your monthly income needed for retirement to $9,471. So what that means is in order to live in 35 years like you do now you will need $9,471.

Are you currently doing anything to save and accumulate money for retirement?

John's answer is No

But you do have social security. Based on your current age, income, and social security benefits, you will receive $4,533 a month from social security.

Based on these factors, in order to retire and maintain your current standard of living, you will need an additional $-4,938 of monthly income during retirement. Now that we have that number let us take a look and see what you can accumulate.

Step 2 – Three Fundamentals For Saving (2nd page of calculator)

These three fundamentals are going to determine what you are able to accumulate:

How much you save

How long you save

At what rate your money grows

Here is an example of how these fundamentals work together. Save $100 a month for 35 years at a growth rate of 15% would produce about $1.2 million dollars at age 65.

So let's put these fundamentals to work for you and calculate your numbers.

Step 3 – How Much You Save (3rd page of calculator)

The first fundamental is "How much can you save" So John based on the selection from your survey you can save $35 per week for retirement. Is this correct?

Step 4 – At What Rate Will Your Money Grow (Same page of calculator)

The second fundamental is "At what rate will your money grow". Let's look at how your $35 a week will grow based on the type of growth vehicle you choose. The growth rates for these vehicles are based on their historical averages.

Starting at the piggy bank, with zero growth rate you are only left with what you put in… $$$$. That is nowhere near what you need.

The passbook savings, money market and bank CD provide a much better growth rate than the piggy bank. But these totals fail to meet even half of your retirement need.

Now lets look at the annuity and mutual fund. As you can see the growth rates are significantly higher, therefore give you a much better return on your money and is much closer to what you will need to retire.

With only saving $35 a week you can see the need for a higher growth rate. In order to achieve your goal for retirement you will need to commit to saving on a regular basis and in a plan that gives you some option to higher growth rates.

Step 5 – How long you save (4th page of the calculator)

The third fundamental is "How long you save". This is all about time and compounding. If you started today, saving $35 a week into the mutual fund you would have about $1,173,000 at age 65. But if you wait just 5 years from today that total would drop by just about half. And if you waited 10 years from today, you see it drop to about a quarter of the value.

It is costing you $334 dollars per day, for every day you wait to start saving.

Step 6 – Major Risks (5th page of the calculator)

As you can see based on the cost of procrastination, the first 10 years are critical for your success. So during those first 10 years if you were to become sick or become disabled and cannot work, your savings plan would probably be the first thing you stop paying. So it is important to choose a plan that provides some protection against the unexpected. This will drastically increase your chances of having that next egg for you and your family.

Step 7 – Our Plan (6th page of the calculator)

Earlier I mentioned I would show you a plan that you can utilize to help make retirement a reality. We offer a plan called the FreedomFlex, which gives you access to all the different growth vehicles we discussed earlier.

Based on your projected income need of $-4938 and the $35 dollars a week you selected fits our plan of $143 dollars a month. We provide two higher growth options to let your money grow. If you choose these options, based on their historical averages they would provide you with interest only income of $583 or $7,760, with a total nest egg of $$$$ and $$$$. This means that over the life of your retirement you would have receive some where between $5.80 to $56 dollars for every dollar you put into the plan.

The FreedomFlex not only provides you with these great growth options, but it also has self completion benefits built in. Which means if any of these events were to occur, the plan would provide TAX FREE money to complete all of the contributions for you. This insures the nest egg will still be available to you and your family.