

HOW LONG CAN YOU EXPECT YOUR MONEY TO LAST IN RETIREMENT?

We thought we would share this chart with our readers. It helps clarify that, when you account for inflation, your retirement savings might last far less than you would expect.

The chart is based on these assumptions

- 1) You choose how much you withdraw from your savings when you first retire, as a percent of your savings.
- 2) **Thereafter, your annual withdrawal is assumed to increase each year at the rate of inflation.**

For example, an employee considering retirement with \$400,000 in savings decides he needs to withdraw 10% in his first year of retirement (\$40,000). Assuming 0% inflation, he would then need to withdraw \$40,000 every year. If he expects to get an investment yield of 7%, the chart below shows that his money will last 16 years (shown in **bold print**). However, if he expects 4% inflation, then he will need to withdraw \$41,600 the second year, \$43,264 in the third year, etc. In this case the chart shows that his money will last only 12 years (also shown in **bold print**).

HOW LONG WILL YOUR RETIREMENT SAVINGS LAST? (in Years)

(Where "999" is shown, the funds would last forever, because the yield covers both the withdrawal and the increases due to inflation.)

Assumed Annual Investment Yield	Assumed Annual Rate of Inflation	Initial Withdrawal As A Percent of Total Savings									
		12%	11%	10%	9%	8%	7%	6%	5%	4%	3%
4%	0%	10	11	12	14	17	20	26	37	83	999
	1%	9	10	12	13	15	18	22	29	44	111
	2%	9	10	11	12	14	17	20	25	34	53
	3%	9	9	10	12	13	15	18	22	28	40
	4%	8	9	10	11	13	14	17	20	25	33
	5%	8	9	10	11	12	13	16	18	23	29
Years before your funds are exhausted.											
5%	0%	10	12	13	15	19	23	32	62	999	999
	1%	10	11	12	14	17	20	26	37	78	999
	2%	9	10	12	13	15	18	22	29	43	105
	3%	9	10	11	12	14	17	20	25	34	52
	4%	9	9	10	12	13	15	18	22	28	40
	5%	8	9	10	11	13	14	17	20	25	33
Years before your funds are exhausted.											
6%	0%	11	12	14	17	21	28	49	999	999	999
	1%	10	12	13	15	18	23	32	59	999	999
	2%	10	11	12	14	17	20	26	37	75	999
	3%	9	10	12	13	15	18	22	29	43	100
	4%	9	10	11	12	14	16	20	25	33	52
	5%	9	9	10	12	13	15	18	22	28	40
Years before your funds are exhausted.											
7%	0%	12	13	16	19	25	40	999	999	999	999
	1%	11	12	14	17	21	28	47	999	999	999
	2%	10	12	13	15	18	23	32	57	999	999
	3%	10	11	12	14	17	20	26	36	72	999
	4%	9	10	12	13	15	18	22	29	42	96
	5%	9	10	11	12	14	16	20	25	33	52
Years before your funds are exhausted.											
8%	0%	12	15	18	23	34	999	999	999	999	999
	1%	12	13	16	19	25	39	999	999	999	999
	2%	11	12	14	17	21	28	46	999	999	999
	3%	10	12	13	15	18	23	31	55	999	999
	4%	10	11	12	14	16	20	25	36	69	999
	5%	9	10	12	13	15	18	22	29	42	92
Years before your funds are exhausted.											