

Retire when you want.

Retire how you want.

Live retirement the way you want.

That's our mantra. Repeat after me, "I will retire when I want, how I want, and live the way I want." Sounds appealing, doesn't it?

Repeating this daily affirmation everyday in the mirror before you start your day may get your heart beating, but how do we actually *create* our own retirement? This workbook will help you collect your thoughts as you read through the accompanying lessons, centralize your planning and your documents, track your progress, and get silky, shiny hair. Prepare for lathering instructions.

How do I use my workbook?

Make sure you have saved a copy of the workbook for yourself. You'll probably want to print out several copies of certain pages as you mold the numbers and turn your dreams into plans.

We also suggest you get yourself a trusty three-ring binder, a hole puncher, and a pencil with eraser. If you're the type who starts to tremble in anticipation at the mere mention of "school and office supplies," then by all means indulge in some dividers and tabs, and organize away.

The workbook is a companion to our Roadmap to Retirement Online Seminar, and corresponds to the material presented in each lesson. It will help you work through the material that we cover in the lessons -- sort of a hands-on retirement navigation device, if you will.

Now, ladies and gentlemen, sharpen your pencils.

Lesson 1: Retire When You Want

Remember that a journey of a thousand miles begins with a single step... so, here we go.

When Do I Want to Retire

How long do you expect to live?

Age _____

“Great,” you’re thinking. “They’re already killing me off.” But, in the time-honored tradition of bosses the world over, we want you to work backwards. We, however, have a good reason for it: We’ve got to get a rough idea of how long you may live in order to know how long you’re going to be retired. Life expectancies are increasing, and *how long* you live in retirement will affect *how* you live in retirement. Genetically informed rule of thumb: Look at how old your parents and/or grandparents lived. Take the highest age, and add ten years to it. Enter that number.

At what age do I want to retire?

Age _____

What is your expected length of retirement?

_____ years

To get this number, subtract your retirement age from your life expectancy

Retirement Goal Statement

Take some time to create your own retirement goal statement. What does retirement mean to you? Is it an endless walk on the beach? A time for your children to fan you with giant fronds while you sip martinis? Is it active or passive? Are you busy? Unburdened? Do you think of retirement as having many different phases? You decide.

Lesson 2: Running the Numbers

In Lesson 2, we begin to figure out what this retirement thing actually costs. To put us on track to provide a good income throughout our retired life, we must determine our current financial status. We can then create a more accurate snapshot of where we'll be in the future. Remember, this is a work in progress, so don't worry about getting everything perfect. A little later we'll hone in on costs more precisely.

The Net Worth and Cash Flow Statements

Your personal net worth and cash flow statements are found at the end of this workbook chapter (or in the downloadable Excel spreadsheets). Take a stab and fill out as much as you can. We're looking for a reasonably intelligent guesstimate right now. If you already use Quicken or Microsoft Money (or a similar personal finance tool), you can use them to work through these exercises -- just make sure you go through the same steps. Once these documents are completed, they will provide virtually all the source data you'll need to begin.

Check off which materials you have and which you'll need to send a search party out for (Hint: it helps to have all of it on hand):

- Your checkbook
- A year's worth of bank statements (if you use your debit card to pay for most of your purchases)
- Credit card statements (if that's your mode of purchasing) -- This will help you with the all-important "expenses" portion of our equation
- Latest pay stub -- What's coming in today? What's going out to the government?
- Last year's income tax return
- Investment account statements for your employer-sponsored plan
- Investment account statements for your individual investment accounts (all of them)

Now that you have all of your information, jump to the Personal Net Worth and Cash Flow Statements at the end of the lesson (or your Excel spreadsheets) and fill them in.

What Do You Have Now – Net Worth Statement

After you fill out your Net Worth Statement, do the following:

When you subtract your liabilities from your income do you get (circle one):

A negative number

A positive number

Zero

So, what's it mean? Those answers above give us a sense about how we stand financially as of today. A negative number means you owe more than you own; a positive number indicates that you own more than you owe; and the big zero means that you owe the same amount that you own.

Predicting the Future

Now that you've filled out your Net Worth and Cash Flow Statements, let's look into our crystal ball and figure out what life will cost during retirement.

“Multiply by 25” Rule

Using the “Multiply by 25” rule from Lesson 2, we'll figure out how much money you will eventually need to retire in the way you want. Really. Let's try...

Assumed Rate of Return

4%

Let's assume a 4% real rate of return here and consider it a starting point, although we'll show you later how you can improve on this rate of return.

Let's assume you can earn a 4% real rate of return (“real rate” factors in the costs of inflation) on your savings once you stop working. This rule then says that you need to put aside \$25 to fund each \$1 of annual spending in your budget. If your total average annual spending in retirement will be \$50,000, the “Multiply by 25” rule indicates that you need to save \$1.25 million before giving up the paycheck.

Find your current total annual expenses from your Cash Flow Statement and enter them here (your Cash Flow Statement is at the end of this chapter or in your downloadable Excel spreadsheets)

\$ _____

Multiply by 25

x 25

Estimated total annual retirement expenses

\$ _____

Looking a Little Closer

The “multiply by 25” rule gives us a quick assessment of our lifetime cost, but we may also incur some other expenses not accounted for in our personal financial statements. Let's delve into the deepest recesses of your personal life. Ready to share?

Think a little bit about the following questions:

Will you be providing for the care of your elderly parents? (circle one)

Yes No Maybe Haven't Thought About It (Hint: Think about it)

Number of parents: _____

Age of parents: _____

Do you have, or plan to have, children born later in life? (circle one)

Yes No Maybe Haven't Thought About It (Hint: Think)

Number of children: _____

Actual age or expected age of children at time of retirement _____

Are you planning to pay for your “later in life children” or grandchildren to attend college when you’re getting ready to retire? (circle one)

Yes No Maybe Haven’t Thought About It (Hint: Think again)

Number of children to attend college while you’re in retirement _____

Anticipated contribution for each child _____

As you start to pull together all of these numbers, don’t fret! As you face this horrendous torrent of expenses alongside the prospect of working into eternity -- fear not! There’s no need to get upset. (We have ten more lessons left for that -- plenty of time!) Instead, rank which of the following you think you would most want to do on a scale of 1 to 5. 1 being “I’d do that, no problem,” and 5 being “I’d rather peel my tongue from a freezing flag pole.”

- ___ Decrease current spending
- ___ Decrease retirement expenses
- ___ Increase investment rates of return
- ___ Work longer before retiring
- ___ Earn more while working in retirement

You’ve roughly identified your expenses in retirement, flagged some additional costs you may not be accounting for today, and have started thinking about what you might be willing to do to increase your savings, but enough number crunching for now. We’ll come back to these numbers later, but let’s kick back and do some brainstorming.

Brainstorming

Take some more time and start brainstorming ways to reduce your current expenses and increase your retirement savings. You may also, if you choose, brainstorm ideas for cool new movies, but that’s optional. Hint: The discussion boards are a great place to get some ideas.

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

Remember, you can download the following worksheets as Excel spreadsheets (Net Worth and Cash Flow Statements), so it's easier to play with the numbers.

PERSONAL NET WORTH STATEMENT AS OF _____			
ASSETS:			
Cash/Cash Equivalents:			
Cash on hand	\$		
Checking accounts	\$		
Money market funds	\$		
Savings accounts	\$		
Government savings bonds	\$		
Life insurance cash value	\$		
Other	\$		
Total Cash/Cash Equivalents	TOTAL	\$	
Fixed Income Investments:			
Certificates of Deposit	\$		
Government securities and funds	\$		
Mortgage securities and funds	\$		
Corporate bonds and funds	\$		
Municipal bonds and funds	\$		
Other fixed income investments	\$		
Total Fixed Income Investments	TOTAL	\$	
Stock Investments:			
Stock	\$		
Stock funds	\$		
Other	\$		
Total Stock Investments	TOTAL	\$	
Real Estate Investments:			
Undeveloped land	\$		
Rental/income-producing property	\$		
REITs/Real Estate partnerships	\$		
Other	\$		
Total Real Estate Investments	TOTAL	\$	
Business Ownership/Interests			
Retirement Assets:			
Individual Retirement Accounts	\$		
401(k)/403(b) plans	\$		
Keogh/SEP plans	\$		
Stock purchase/Employee thrift plans	\$		
Pension/Profit sharing plan vested interests	\$		
Tax deferred annuities	\$		
Other retirement assets	\$		

Total Retirement Assets	TOTAL	\$	
Personal Assets:			
Personal residence(s)	\$		
Automobiles	\$		
Furnishings	\$		
Jewelry	\$		
Antiques/Collections	\$		
Computers and related equipment	\$		
Personal property	\$		
Total Personal Property	TOTAL	\$	
Other Assets		\$	
Total Assets	SUM OF ALL ASSETS	\$	
LIABILITIES:			
Outstanding Bills:			
Credit cards	\$		
Taxes payable	\$		
Utilities payable	\$		
Miscellaneous/Other payable	\$		
Total Outstanding Bills	TOTAL	\$	
Installment Loans:			
Mortgages on personal residence(s)	\$		
Mortgages on investment real estate	\$		
Automobile loans	\$		
Student loans	\$		
Personal bank loans	\$		
Other loans	\$		
Total Installment Loans	TOTAL	\$	
Other Liabilities		\$	
Total Liabilities	SUM OF ALL LIABILITIES	\$	
NET WORTH (Assets less Liabilities)			\$

CASH FLOW STATEMENT -- PERIOD ENDED					
		Estimated Lifetime	Early Retirement	Middle Retirement	Late Retirement
	Today	Income/Savings	Ages ___ - ___	Ages ___ - ___	Ages ___ - ___
INCOME					
Salary/Wages	\$	\$	\$	\$	\$
Commissions/Bonus					
Interest/Dividends					
Business/Partnership income					
Pensions					
Social Security					
Trust distributions					
Alimony/Child support					
Sale of assets					
Gifts					
Tax refunds					
Other income					
TOTAL INCOME	\$	\$	\$	\$	\$
EXPENSES					
Savings and investments	\$	\$	\$	\$	\$
Housing:					
Rent/mortgage					
Heat/Light/Water					
Telephone					
Trash removal					
Maintenance					
Insurance					
Real estate taxes					
Improvements					
Automobile:					
Loan payment					
Insurance					
Gas and oil					
Maintenance					
Commuting costs					
Laundry and cleaning					
Clothing purchases					
Furniture					
Medical/dental care and insurance					
Entertainment					

		Estimated Lifetime	Early Retirement	Middle Retirement	Late Retirement
	Today	Income/Savings	Ages ____ - ____	Ages ____ - ____	Ages ____ - ____
Dining out/Take home food	\$	\$	\$	\$	\$
Groceries					
Personal care					
Business/Professional expenses and allowances					
Child care expenses and allowances					
Tuition/Educational expenses					
Child support and alimony					
Vacations					
Gifts					
Donations to church and charity					
Life/Disability/Other insurance					
Loan payments					
Credit card payments					
Income taxes					
Social Security taxes					
Miscellaneous out-of-pocket expenses					
Other (list):					
TOTAL EXPENSES	\$	\$	\$	\$	\$
CASH SURPLUS (DEFICIT)					

Lesson 3: Sources of Income

Let's look a little more in-depth at where our retirement income is going to come from. As we learned in Lesson 3, "When all is said and done, more is said than done." No -- that's not it (though it's true). It's this -- "There are really only five sources of retirement income." Namely:

- Social Security
- Employer-provided pensions
- Personal savings (taxable accounts, 401k/403b/457 plans, IRAs, etc.)
- Work (wages)
- Other (inheritances, home equity, collections, etc).

Sources of Income

1. Social Security

Request a Social Security Statement at

<https://s00dace.ssa.gov/pro/batch-pebes/bp-7004home.shtml>

Enter your future social security annual income from your statement or if you don't have a copy of your statement, estimate that income by using the calculator at <http://www.ssa.gov/planners/calculators.htm> \$ _____

Will your Social Security income pass to a survivor? (circle one) Yes No

2. Employer-Provided Pensions

Do you have an employer-provided pension? (circle one) Yes No

What is your vesting period? _____ years

Is it dependent on the age you retire? (circle one) Yes No

If so, what will be your projected annual income? \$ _____

Will your employer-provided pension plan keep pace with inflation? (circle one)
Yes No

Will your pension income pass to a survivor? (circle one) Yes No

Beneficiaries listed for your pension:

3. Personal Savings/Investment Vehicles

List the following information for each pertinent item:

- Savings or investment account (Account #/Shared Account?)
- Employer-sponsored plan?
- Projected return on investment (use calculators introduced in Lesson 2)

Kind of Savings/Investment	Account Information (Financial Institution, Account #)	Where do you keep account info? (Account stubs, CD or bond certificates?)	Employer-Sponsored Plan? (Yes or No)	Projected Return on Investment (%)
Checking accounts				
Money market funds				
Savings accounts				
Government savings bonds				

Kind of Savings/Investment	Account Information (Financial Institution, Account #)	Where do you keep account info? (Account stubs, CD or bond certificates?)	Employer-Sponsored Plan? (Yes or No)	Projected Return on Investment (%)
Certificates of Deposit				
Government securities and funds				
Mortgage securities and funds				
Corporate bonds and funds				
Municipal bonds and funds				
Other fixed income investments				
Stocks				

Kind of Savings/Investment	Account Information (Financial Institution, Account#)	Where do you keep account info? (Account stubs, CD or bond certificates?)	Employee Sponsored Plan? (Yes or No)	Projected Return on Investment (%)
Stock funds				
Other				
Individual Retirement Accounts				
401(k)/403(b) plans				
Keogh/SEP plans				
Stock purchase/ Employee thrift plans				
Pension/Profit sharing plan vested interests				
Tax deferred annuities				
Other retirement assets				

4. Work (wages)

Do you plan to work in retirement? (circle one)

Yes No

Additional questions to consider:

Why do you want to work in retirement? (check all that apply)

- For pleasure
- Share your productivity with others
- Fill your hours
- Necessity
- Glutton for punishment
- Other _____

How many hours do you hope to work per week? _____ hours/wk
(Note: if you hope this is "less than one" then write down minutes. Or even seconds.)

Do you want to do something related to your job before retirement or something completely new? (check one)

- Something New
- Use my current skills
- I don't know

Would you like to work for yourself? (circle one)

Yes No

What is your projected annual income?

\$ _____

List some possible jobs you might be interested in after retirement:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

7. Retirement Seminar Instructor

5. Other

As discussed in Lesson 3, we should simply ignore gifts or inheritances as a source of income in our retirement. But, if you want to make a list of "other" sources of income you plan to have (your button collection, Mickey Mantle rookie card), be our guest.

Lesson 4: Investing Now

In the last lesson we identified our savings and investment holdings, in this one we look more closely at our long-term investments and how they've actually performed. So don't make us rap your knuckles -- make sure that Lesson 3 worksheet is done! (We'll provide a shorter assignment tonight, so you can catch up in case you're behind.)

What Is the Cost of Your Mutual Fund Investments?

If you own mutual funds -- whether you bought your mutual funds yourself, or they are held in a 401(k) account, or were sold to you by a professional advisor -- do you know how much you're being charged to own them? (circle the one answer provided)

No, not really

You can use the FOLIO*fn* mutual fund cost calculator at https://www.foliofn.com/content/education/edu_mut_costCalculator.jsp or the PersonalFund Mutual Fund Cost Calculator at <http://www.personalfund.com> to fill out the following information.

(A Fool Disclosure! FOLIO*fn* is an advertiser on our website, but we are not pointing you to their offered service in general here, just to the handy mutual fund cost calculator, whose equal we have not been able to find anywhere else online. After using that for your homework, click around at will, but you're on your own. ☺)

Your Mutual Funds	Current Amount Held	One-Year Costs	One-Year Costs Including Foregone
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			

Work It Out

If you're interested in increasing your rate of return, how about seeing how well those investments are doing -- and comparing them to a benchmark? Going through this exercise really should give you a great idea of the true costs of holding your managed mutual funds.

Your Mutual Funds	Annualized 5-Year Rate of Return	Annualized 10-Year Rate of Return
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
Vanguard's 500 Index Fund (VFINX) - For Comparison	21.63%	19.29%
Vanguard's Total Stock Market Index Fund (VTSMX)- For Comparison	20.25%	17.80% -- since inception, 04/27/1992

(We offer these two Vanguard funds for comparison instead of the indices themselves because they have tickers you can insert into the Folio tool. There are other mutual fund companies besides Vanguard that offer low cost index funds. Check out the Fool's Index Center at <http://www.fool.com/school/indices/introduction.htm> for more information.)

When you're computing your likely returns in the future, **don't** use the last five-year or ten-year periods as your benchmark. The longer-term returns of the stock market itself are approximately 11% annually. Of course, because of their costs managed stock mutual funds generally lag the stock market itself by about 2% per year, so for any money that you're leaving in managed mutual funds (as opposed to index funds), assume no better than a 9% annual expected return.

Lesson 5: Investing Now and Later

Reflecting back on today's lesson, there are two major questions you need to ask yourself before you push forward:

1) Are you investing for the long term (longer than five years from retirement) or the shorter term (you are within five years of retirement)? (circle one)

Long term

Shorter term

2) Do you really, deep in places you don't want to talk about, truly believe that you can trust yourself to make regular investments (save on your own) or would you rather rely on the convenience of your 401(k) plan saving for you? (circle one)

I'm an investing-yourself type

I'm better off with an automatic deduction

Why are these questions so important? Two reasons:

1. One of the biggest advantages of making full contributions to your 401(k) plan -- the automated nature of your savings.
2. Are you sure that the money that you're putting into a 401(k) or IRA is definitely money that you won't touch until your retirement?
Sure, you can get money out of a 401(k) or IRA before your retirement age if you absolutely have to, but in general there's a pretty big penalty attached to doing so. Maybe putting your savings in a taxable account, where there are no penalties for withdrawals, is the right way to go if you think your situation could change soon and you might have to tap into those funds. Or maybe having access to that money without a substantial penalty is the wrong thing for you -- because you won't be disciplined enough about leaving it where it can grow for the long term.

What Do I Have vs. the Master List

Now complete the following questions. (You may need to ask your plan administrator for some of this information).

1. 401(k) with employer match

Amount you contribute annually to your 401(k) (or matched employer plan) \$ _____ / yr

Amount your employer contributes as a matching contribution \$ _____

Your employer will match your contribution up to what dollar limit? \$ _____

Are your annual contributions currently under the limit your employer matches? If so, how much money are you annually missing out on? \$ _____

2. Roth IRA (for those who are eligible)

Amount you invest annually into your Roth IRA \$ _____

How much more can you invest in your Roth IRA \$ _____
(Subtract the above dollar number from the \$2000 Roth IRA limit Uncle Sam imposes, if you are eligible to contribute to a Roth IRA)

3. Unmatched 401(k)

How much money do you contribute to your 401(k) beyond the amount necessary to capture the full employer match (i.e. "free money")? \$ _____

How are the funds in your 401(k) performing -- look at your answers from Exercise 4 (circle one)

Great So-So Mediocre Kinda Pathetic Horrendous

4. Regular IRA (for those not eligible to make Roth IRA contributions)

Amount you invest annually into your Regular IRA \$ _____

How much more can you invest in your Regular IRA (Subtract the above number from the \$2000 annual IRA limit Uncle Sam imposes) \$ _____

Are you maximizing your saving potential with your Regular IRA? Yes No

5. Taxable Investments

Have you maxed out the tax-advantaged vehicles available to you? Yes No

Are you better off because of limited 401(k) choices, as well as your interest and discipline, making investments in a taxable account with money you otherwise could contribute to a 401(k)? Yes No

6. Variable Annuities

Do you have variable annuities? Yes No

If so, please read the Fool's Annuities area at <http://www.fool.com/retirement/annuities/annuities01.htm> for a further discussion on the pros (very few) and cons (quite a few) of variable annuities.

Lesson 6: What to Do? Where to Live?

Grab a bottle of wine, light a fire, and lie back with your favorite someone. Here's where we gaze into the flames and dream of roasting on some tropical beach, or of skiing at Vail, or of nosebleeds in the rarefied ruins of Machu Picchu. In short, we're tackling our future lifestyle issues.

Working It Out -- To Buy or To Rent

Think about the pluses and minuses of renting versus owning, and jot them here. For instance, weigh the hassles of a home (a mortgage, taxes) against pride of ownership. Which matters more to you? Try to get at your personal feelings, and get the input of your significant other if you have one, or from some fellow Fools on the discussion boards.

	Renting	Buying
Advantages		
Disadvantages		

The Possibilities

Take a minute and fill out the chart on the next page. Down the left side list the locations you want to live or visit. In the boxes, list how you want to spend your time.

For those places where you're thinking of living, fill out the following using resources mentioned in the lesson:

- Average housing costs
- Average tax rates
- Average cost of healthcare (Come back to this section after Lesson 7)
- Expected income (if any)

Lesson 7: Medical and Other Insurance

Now here's the really fun part -- INSURANCE!! Let's take inventory of how you're insured now and what you'll need in retirement.

Your Vitals

What policies do you currently hold and what are they worth?

Kind of Policy	Policy Number	Policy Held Through Employer? (yes/no)	Policy Amount or Benefits Covered (For medical insurance, indicate what kind of medical policy HMO, PPO, etc. and its benefits. For others, list main benefits that are covered in the plan.)	Beneficiaries (if applicable)
Life Insurance				
Medical Insurance				
Supplemental Medical Insurance				
Medicare				
Long-Term Care Insurance				

Medical Insurance for the Young as Well as Old

There is a lot of discussion in Lesson 7 regarding health insurance for people who are younger than 65, but there are a number of things you should have on hand when you're looking into insurance of any kind.

General Medical History

You should not only be able to answer questions about your and your family's medical history, but you should always have a good sense of how you're doing now (so get that check-up, join a gym, develop buns of steel).

A general sense of your family medical history will give you some insights about your future medical expenses. Make some notes about the following:

Personal or family history of heart disease

Personal or family history of cancer

Personal or family history of stroke

Personal or family history of other maladies

Are you a smoker? (Hint: Consider quitting)

COBRA Coverage

What is the current COBRA premium charged by your employer? \$ _____
(This will change annually, but your plan administrator can give you an idea of what it is.)

Medical Coverage By State

Using the resources mentioned in Lesson 7, go back and write in the Lesson 6 chart what medical coverage would cost where you want to live.

Medicare and Supplemental Insurance

Take this chance to list what Medicare actually provides you with (refer to the gov'ment's information on Medicare Basics <http://www.medicare.gov/Basics/Overview.asp>) and what you'll need in terms of supplemental insurance:

Medicare provides	You'll need supplemental insurance for

Now take a closer look at supplemental insurance. If you've done some research (bully for you!) use the space below to compare different plans. (Recognize that these costs change annually.)

Company	Offerings	Price

Lesson 8: What It Will Really Cost?

Today we're going back in time. No, no -- put away those bell-bottoms and go-go boots, we're only going back as far as Lesson 2.

Cash Flow Statement, Part 2

Now, you're ready to refine your estimated expenses that you put together in Lesson 2. You'll look more in-depth at two of the more costly elements of retirement -- lifestyle choices and medical necessities -- to help get a better feel for your actual retirement expenses.

Lifestyle Issues

Do you expect to take up any hobbies (circle one)? Yes No

What kind of hobbies? For how many years do you expect to participate? What's the average annual investment you'll have to make? (i.e. Golf; I'm retiring at 50; I'll probably play actively for 25 years; I need new clubs, country club membership, etc.)

Hobby	Length of Time	Estimated Cost
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

Medical Expenses

If you become ill, how do you expect to take care of yourself (circle one)?

Live with my children Live-in nurse or aid Move into an assisted living facility Don't know

Do you own long-term care insurance? (circle one)

Yes No

Organize It

Using your estimated length of retirement (from Lesson 1), figure out how long you'll spend in each phase of retirement:

	Estimated Length	Your Age	Your Spouse's Age
Early Retirement			
Middle Retirement			
Late Retirement			

Now fill in the Cash Flow Statement at the end of this chapter (or from your Excel spreadsheet) in relation to your three stages of retirement. Or, if you're big on Shakespeare, in relation to the "Seven Ages of Man" from *As You Like It* -- the self-same play from which the words "Motley Fool" are taken.

All the world's a stage,
And all the men and women merely players,
They have their exits and entrances,
And one man in his time plays many parts,
His acts being seven ages. At first the infant,
Mewling and puking in the nurse's arms.
Then, the whiling schoolboy with his satchel
And shining morning face, creeping like snail
Unwillingly to school. And then the lover ,
Sighing like furnace, with a woeful ballad
Madew to his mistress' eyebrow. Then a soldier,
Full of strange oaths, and bearded like the pard,
Jealous in honor, sudden, and quick in quarrel,
Seeking the bubble reputation
Even in the cannon's mouth. And then, the justice
In fair round belly, with good capon lin'd,
With eyes severe, and beard of formal cut,
Full of wise saws, and modern instances,
And so he plays his part. The sixth age shifts
Into the lean and slipper'd pantaloon,
With spectacles on nose, and pouch on side,
His youthful hose well sav'd, a world too wide,
Fir his shrunk shank, and his big manly voice,
Turning again towards childish treble, pipes
And whistles in his sound. Last scene of all,
That ends this strange eventful history,
Is second childishness and mere oblivion,
Sans teeth, sans eyes, sans taste, sans everything.

--William Shakespeare, *As You Like It*

CASH FLOW STATEMENT -- PERIOD ENDED _____				
		Early Retirement	Middle Retirement	Late Retirement
	Today	Ages ___ - ___	Ages ___ - ___	Ages ___ - ___
INCOME				
Salary/Wages	\$	\$	\$	\$
Commissions/Bonus				
Interest/Dividends				
Business/Partnership income				
Pensions				
Social Security				
Trust distributions				
Alimony/Child support				
Sale of assets				
Gifts				
Tax refunds				
Other income				
TOTAL INCOME	\$	\$	\$	\$
EXPENSES				
Savings and investments	\$	\$	\$	\$
Housing:				
Rent/mortgage				
Heat/Light/Water				
Telephone				
Trash removal				
Maintenance				
Insurance				
Real estate taxes				
Improvements				
Automobile:				
Loan payment				
Insurance				
Gas and oil				
Maintenance				
Commuting costs				
Laundry and cleaning				
Clothing purchases				
Furniture				
Medical/dental care and insurance				
Entertainment				

		Early Retirement	Middle Retirement	Late Retirement
	Today	Ages ___ - ___	Ages ___ - ___	Ages ___ - ___
Dining out/Take home food	\$	\$	\$	\$
Groceries				
Personal care				
Business/Professional expenses and allowances				
Child care expenses and allowances				
Tuition/Educational expenses				
Child support and alimony				
Vacations				
Gifts				
Donations to church and charity				
Life/Disability/Other insurance				
Loan payments				
Credit card payments				
Income taxes				
Social Security taxes				
Miscellaneous out-of-pocket expenses				
Other (list):				
TOTAL EXPENSES	\$	\$	\$	\$
CASH SURPLUS (DEFICIT)				

Lesson 10: Making Your Money Last

By now you should know how your retirement portfolio is allocated, where you have your money and what kind of changes you need to make to your savings and lifestyle habits to meet your goals. You should also know what you're wearing tomorrow, why that guy at the office keeps calling you "Skippy" and how to get red wine stains out of white linen.

Isn't retirement planning sooo much easier than real life?

If you've done your homework from Lesson 10, you should have a sense of a safe withdrawal rate you can live with. Write your thoughts below and answer the two short questions about your attitude towards risk and withdrawal rates.

Have You Decided On Your "Safe" Retirement Withdrawal Rate?

What is your safe withdrawal rate? _____% **Today's date** _____
Month/Day/Year

Only a few more questions today. These will help you decide your withdrawal rate and most likely get you chattering with your friends and on the discussion boards.

1. What's more important to you -- making sure that your portfolio survives your annual distributions over your entire life, or taking the largest distributions you reasonably can knowing that doing so increases your chances of running out of money? (circle one)

Make it last a lifetime

Show me the money

2. Do you see yourself ever taking more money in "good" investment years and cutting back your income in "bad" years? (circle one)

Sure, I go with the flow

I'm pretty set to my planned budget

I'm not too sure

3. What are your thoughts? What are your risks for staying at a 100% "safe" level of annual withdrawals? What's the risk to your potential heirs?

1)

2)

3)

4)

5)

Lesson 11: Your Heirs, Your Disasters

Before we make our final review of the plan we've developed over these few short weeks, let's get our houses in order. Do you know where your important papers are? Do you know where your children are? It's hard enough to find your children (or, for that matter, your glasses), but will your sister really be able to find your will among those crickets in the box in the basement?

Where Are Your Papers?

	Durable Power of Attorney	Medical Power of Attorney	Living Will	Will
Do you have one (yes/no)?				
Where is it? "Around here somewhere" is not an acceptable answer.				
If it is in a safety deposit box, where's the key?				
Who has power of attorney (if applicable)?				
Who are the beneficiaries (if applicable)?				
Have you discussed this with your spouse, children or loved ones?				
When was the last time it was updated?				
When should it be updated next?				

Who Are Your Pros?

Are they good at teaching backhand volleys? If so, please pass along their phone number. In another vein: Do you consult professional advisors? If so, put their names and contact information below and give a copy of this sheet to your loved ones.

Estate Planner

Name _____

Phone _____

Address _____

Known since _____

Referred by _____

Attorney

Name _____

Phone _____

Address _____

Known since _____

Referred by _____

CPA

Name _____

Phone _____

Address _____

Known since _____

Referred by _____

Tennis Pro

Name _____

Phone _____

Address _____

Known since _____

Referred by _____

Lesson 12: Plan Review

So here we are -- at the end. But all good endings are also beautiful beginnings. And you, too, are beautiful. We mean that.

Now, my beauties, let's think of ways to reduce the amount you spend and increase the amount you save.

Exercise: Reducing the Amount You Spend

Projected Retirement Expenses \$ _____
(You'll find this amount in your Cash Flow Statement from Lesson 8)

Amount of Your Current Spending \$ _____
(You'll find this amount in your Cash Flow Statement from Lesson 2)

Is your retirement spending less than your current spending? (circle one) Yes No

If you need to cut your retirement spending below your current spending

In the table at the end of the chapter, prioritize the things that are most important to you in retirement. List your top 10 expenses and rank them in importance to you (1 being the "must have," 10 being the "could do without").

After you have finished that, fill in the following blanks:

Total annual retirement spending \$ _____

Amount needed to save \$ _____

Recalibration -- taking into account the above savings, how much could you reduce your annual retirement spending? \$ _____

By how much does this reduce the amount you need to save? \$ _____

Michelangelo and You

Michelangelo, when he sculpted his David or his Pieta out of a slab of marble, felt that it already lived in the stone -- that he was only liberating the figures that were inside.

"And what," you may wonder, "does this have to do with ME?"

Well, when you arrived at the doorstep of our seminar, you may have felt that your retirement plans were but a mass of shapeless stone, weighing you down and bulging out from beneath your coat. Together, we've taken up our modern-day hammers and chisels -- our calculators and community, our hyperlinks and worksheets -- and have molded something from that stone and given shape and meaning to that which was formless.

Now, Fool, it's up to you to bring this magnificent sculpture to life. For it is you, after all, who's going to have to live it -- and you don't want to end your days encased in marble, bound by rules that no longer apply, now do you? That's why you need to review your plan, and the assumptions that underpin it, at least once a year.

We hope you've enjoyed this seminar, and that you'll continue to revisit this workbook.

Think of us as you sunbathe on the black-sand beaches of Wai'anapanapa on Maui. Let fond memories of Fooldom float before your eyes as you sip cappuccino in Carrara, where Michelangelo went to choose his stone.

But most of all, enjoy the fruits of your planning -- you will have earned them!

Rank	Expense	Cost in retirement	Savings needed to cover amount	Ideas to reduce spending	Reduced cost	Savings needed to cover new amount	Actual savings
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							