

# Financial Consultant DIY: Interactive Exercise

Okay, so you're not really a Financial Consultant, and you know to leave that to the professionals. But let's imagine for a moment that someone has come to you seeking help. They have their numbers and want to know what to expect from an upcoming advice session with a real Financial Consultant. What questions do you think a Financial Consultant would ask, based on what you learned today? How would you answer these questions?

1. What is your "ideal" retirement age?
2. How many more years do you have until you plan to retire?
3. Do you have kids? How many? Are they in college?
4. Are you married/divorced/single/ in a long-term relationship?
5. Do you have a spouse/partner, and what is his or her plan for retirement? Does it affect yours?
6. How do you plan to spend the majority of your time in retirement?
7. How diversified is your portfolio, and are you exposing yourself to the right amount of risk?
8. Do you have a disbursement plan for your retirement income?

## TIAA-CREF IS HERE TO HELP.

Schedule an appointment with a TIAA-CREF Consultant today:  
**800 732-8353**  
Monday - Friday, 8 a.m. - 8 p.m. (ET)

*Or, schedule an appointment online at [www.tiaa-cref.org/schedulenow](http://www.tiaa-cref.org/schedulenow)*

## HELPFUL TOOLS AND CALCULATORS:

Retirement Goal Evaluator  
Target Value Calculator  
Asset Allocation Evaluator  
Retirement Planning Checklists

**GO TO:** [www.tiaa-cref.org/tools](http://www.tiaa-cref.org/tools)

## TIAA-CREF has what you need:

Facebook.com/TIAA-CREF  
MyRetirement.org  
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iTunes Podcasts  
Savings Simplifier: iPhone App

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Retirement saving is exactly like retirement living:

**The sooner,  
the better.**

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A TIAA-CREF Financial Essentials Workshop

Tomorrow in Focus: Saving for your ideal retirement

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WORKSHOP GUIDE

## A great retirement starts with a great plan.

We all dream of what we're going to do when we no longer have to go to work every day. The best thing about those retirement dreams is that we can make them come true ourselves. All we need is an income and a plan.

### The big picture.

Experts believe you will need between 70% and 90% of your preretirement income to maintain your standard of living in retirement. Don't mistake Social Security for a retirement – it's more like a supplement to the retirement you build for yourself.

### The right retirement number.

Sure, you can assign a number as your retirement goal and work toward that sum. TIAA-CREF recommends a slightly different approach. Instead of thinking of the retirement number as a total amount, think of it in terms of a monthly income. Not only will this give you a better understanding of your standard of living, it will allow you to plan your saving, investing and disbursements more thoroughly.

### The Asset/Salary Ratio (ASR) chart and Cash Flow worksheet.

To the right, there are two things to help you get an idea of where you are and where you're headed. If you open the flap to the right, you'll see two ASR charts – one example and one blank for your use. It can give you an idea of where you are versus a projected ideal.

Just to the right is the Cash Flow in Retirement worksheet. It may look kind of intimidating, but it's really very simple. It's not a test, though if you fill in the blanks, you'll get a result. Use this sheet to determine what your cash flow will look like in retirement. It's a way to determine what your ideal monthly income could be and where it could come from.



### TIAA-CREF Retirement Advisor.

Another great resource is the TIAA-CREF Retirement Advisor tool. If you have a TIAA-CREF account, you can use this interactive tool to get a more comprehensive look at your retirement savings plan. For more information, log in to your account or talk to a TIAA-CREF Financial Consultant.

Get a clearer picture in just a few minutes!

### A few facts to consider:

About 1 in 4 workers describe themselves as “not at all confident” about retirement and just 13% describe themselves as “very confident.”<sup>1</sup>

The number of workers and/or their spouses currently setting aside money for retirement dropped to 60% from 65% in 2009.<sup>2</sup>

<sup>1</sup> <http://money.usnews.com/money/retirement/articles/2012/01/31/8-ways-to-get-ready-for-retirement-now>

<sup>2</sup> [http://www.cbsnews.com/8301-503983\\_162-20000180-503983.html](http://www.cbsnews.com/8301-503983_162-20000180-503983.html)

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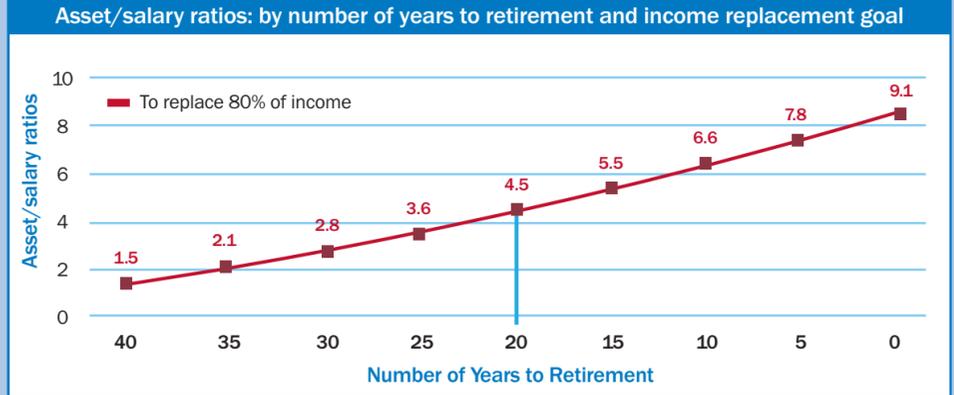
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## CASH FLOW IN RETIREMENT

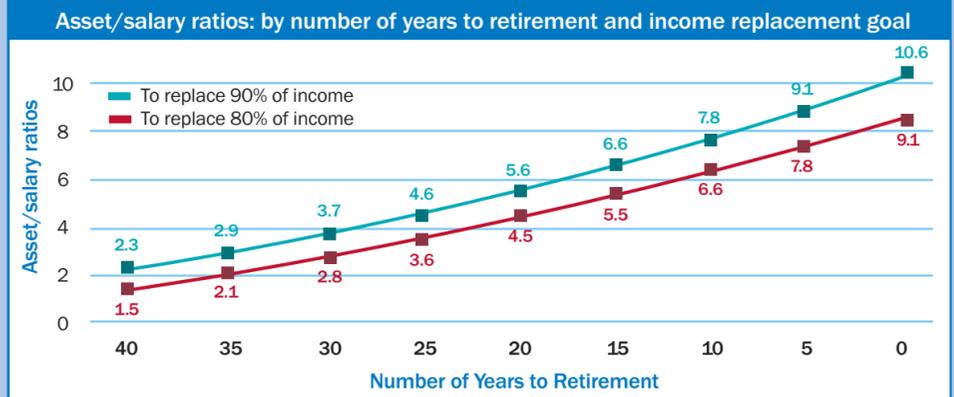
MONTHLY INCOME: What comes in.		MONTHLY EXPENSES: What goes out.	
Income		Expenses	
Gross Salary(ies)	\$	Mortgage/Rent	\$
Savings/Investments	\$	Home/Renter's Insurance	\$
Tax-Deferred Annuity 403(b)	\$	Property Taxes	\$
457(b)/401(k)	\$	Maintenance	\$
IRAs, After-Tax Annuities	\$	Utilities (gas, oil, water, electric)	\$
Self-employment	\$	Cable/Satellite TV	\$
Part-time Employment	\$	Telephone (home, mobile)	\$
Alimony/Child Support	\$	Food (groceries, meals)	\$
Dividends/Interest	\$	Child Care	\$
Royalties	\$	Car Payment(s)	\$
Real Estate	\$	Auto Insurance	\$
Tax Refund	\$	Credit Card Payment(s)	\$
Extraordinary Income		Entertainment (Netflix, nights out, etc.)	\$
Grants/Prizes	\$	Clothing	\$
Inheritance	\$	Vacation	\$
Social Security Benefits		Life Insurance	\$
Disability Benefits	\$	Savings	\$
Retirement Benefits	\$	Investments	\$
Survivor Benefits	\$	College Savings	\$
Other		Retirement Plan Contributions	\$
	\$	Taxes (Federal, State, Local, Social Security)	\$
	\$	Healthcare	
	\$	Medicare (Parts A, B, or C)	\$
	\$	Medicare (Part D)	\$
	\$	Medicare Supplemental Insurance	\$
	\$	Medical/Dental Insurance	\$
	\$	Long-Term Care Insurance	\$
	\$	Disability Insurance	\$
<b>TOTAL MONTHLY INCOME</b>	\$	<b>TOTAL MONTHLY EXPENSES</b>	\$
<b>TOTAL MONTHLY INCOME - TOTAL MONTHLY EXPENSES = FUNDS AVAILABLE \$ _____</b>			

## The Asset/Salary Ratio (and how to use it).



The Asset/Salary Ratio (ASR) is a general guide based on a great deal of research. Its purpose is to give people a general idea of what they should have put away for retirement depending on how many years they have until retirement. The ASR is expressed as a multiple of your salary and depends on how much of that salary you plan to replace when you retire.

In the example above, if you're retiring in 20 years and want to replace 80% of your salary, you should have 4.5 times your gross salary invested for retirement.



The ASR chart above is blank, and there are guides for replacing 80% and 90% of your salary in retirement. How much of your salary would you like to replace? In how many years would you like to retire? Draw a line and you'll get an idea of how much you would ideally need to have saved at this point.

And don't worry if you don't have that much. There's still time, and TIAA-CREF is ready to help you create a plan to help you reach your retirement goal.

Assumes 4% salary growth, 6% preretirement interest rate, 10% annual contributions (including any employer match), and Social Security payment equivalent to 20% of preretirement income. At retirement (age 65), the income stream is based on a single life annuity with a post-retirement interest rate of 4% annually and current TIAA mortality rates.