

See how Breanna and Joe are GETTING READY FOR RETIREMENT

A HYPOTHETICAL EXAMPLE

Breanna and Joe are within eight years of full Social Security retirement age. They own their home, worth \$225,000, outright and have \$425,000 in tax-deferred retirement funds and \$125,000 in tax-free withdrawal retirement funds (Roth IRA). They currently have a combined salary of \$150,000 and expect to withdraw \$80,000 per year to supplement their Social Security funds in retirement. They also want to pay off \$25,000 in student loans for their children.

The budget below would allow the couple to withdraw \$80,000 in retirement, while paying off their children's student loans before reaching full retirement age. They also will have money to allocate to an asset-based long-term care protection.

MONTHLY INCOME: About \$8,750 in take home pay

MONTHLY FIXED COSTS

Car payment and insurance: \$1000

Utilities: \$300

Emergency fund: \$450

Student loans: \$350

Workplace retirement plan: \$2000 (16%)

Roth IRA contribution: \$500

Asset-based long-term care insurance: \$500

Total: \$5100

MONTHLY VARIABLE COSTS

Groceries: \$800

Eating out: \$750

Entertainment: \$500

Gas: \$300

Misc.: \$1300

Total: \$3650



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NOTE: Investing involves risk including the potential loss of principal.

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