Chapter 1

TRACKING DOWN TODAY'S MONEY

This chapter will help you shine a light on the mystery of where you will find the money to support yourself in retirement.

Many people don't have a clear idea of how much money they actually have, so it's hard to know how much they might be able to count on when they no longer work. Finding out what part of today's money can go toward retirement simply means adding up the value of all your current assets. In this case, "assets" are cash, investments, and anything of value you can exchange for cash, like your house, savings bonds, or even fine jewelry. This figure will be your first important clue.

Recording these amounts could be a pleasant surprise. You don't want to count emergency money and savings for your children's education or a big trip – only money that you are not going to touch for at least 10 years. For purposes of the following worksheet, you also don't want to include any future Social Security benefits and guaranteed pensions because these items are future income, not current assets (and they will be included later). Money in work-related retirement plans, like 401(k) plans, is counted, however, and you will want to include amounts from current and former jobs. In fact, these assets will probably be at the top of your "today's money" list that follows.

More Than You Think

Tracking your money in retirement plans should be fairly easy. If you didn't roll over your retirement plan balance when you changed jobs into a new retirement plan account or into an IRA, or if you didn't take your account balance as cash, you may discover some forgotten retirement assets you have. This is a good time to think about keeping your money with fewer, rather than more, quality financial institutions so it is easier to manage.

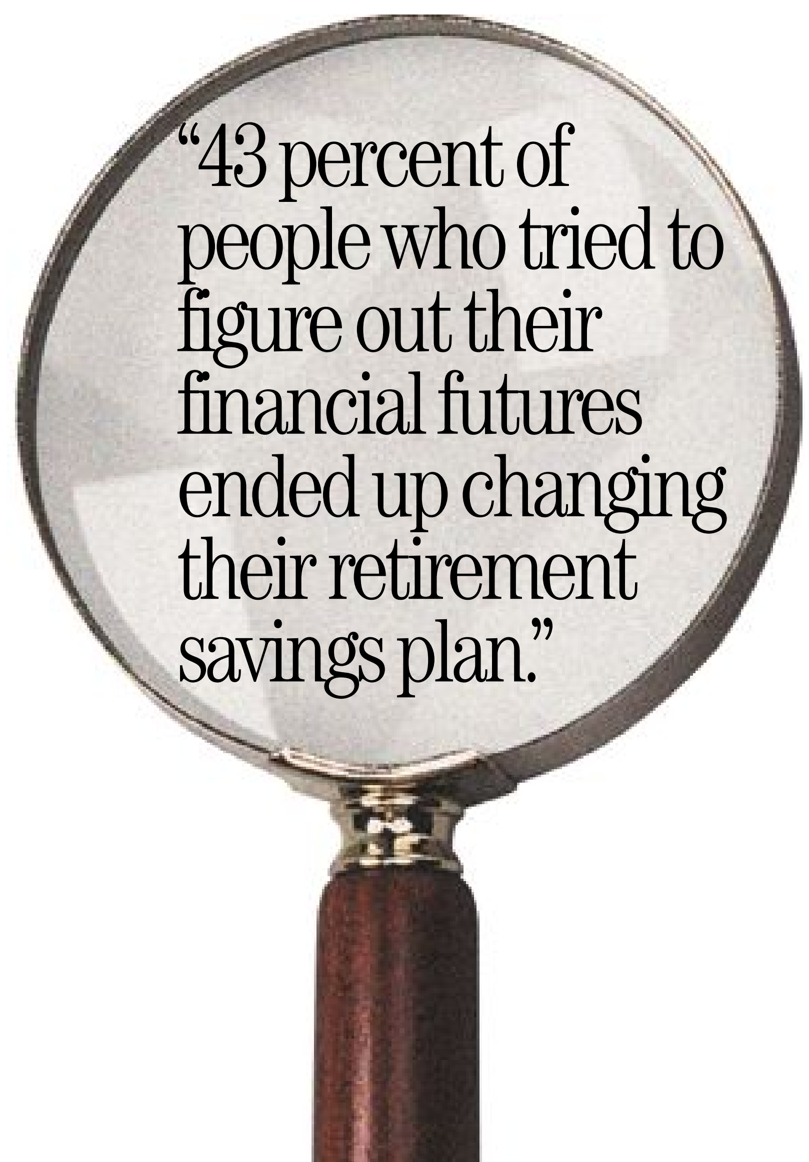
Recording current and old retirement account amounts on Worksheet A, *Today's Money* (see page 8), is important for a couple of reasons. First, locating any old account could take time. The longer it's "lost," the harder it will be to find. Second, understanding your current financial standing should automatically start you thinking about how to make your money grow.

Quit Worrying, Start Planning

Remember you're facing a retirement that's probably going to be longer than your parents' and will involve more uncertainties. This new kind of retirement probably means there are many American workers worrying about, instead of planning for, the future.

You can choose to stop worrying and start figuring. Not only will you come up with facts to work with, the chances are good you might change the way you save. The 2004 EBRI survey also found that 43 percent of people who tried to figure out their financial futures ended up changing their retirement savings plans.

If you are a married woman: In preparing for retirement, women face the very real possibility of spending part of their retirement years without the support of a husband – most likely through widowhood. The loss of a spouse can sometimes mean the loss or reduction of benefits that can place women in financial jeopardy. For that reason, women will need to focus on their financial resources as a single person as well as half of a couple. For purposes of the following worksheets, consider filling them out as a couple and as a single person. Consider what happens to your Social Security and to retirement benefits if your spouse dies or you divorce. Know what assets you can count on. Check Social Security benefit documents, retirement plan documents, and wills. Remember that wills are important, but they may not provide the protection desired. Depending on the way assets are titled or the terms of a will, the money women believe they can count on may not be passed to the surviving spouse.



When filling out the worksheets that follow, remember to include your spouse's assets if you're married. Like all of the worksheets in this booklet, be prepared to redo this first one. A raise and changes in your investments, for example, will affect the numbers on Worksheet A. To make it easy, extra worksheets are included at the back of this booklet.

ABOUT WORKSHEET A (PAGE 8):

TODAY'S MONEY

Here you will write down money you have today that you plan to use when you retire in about 10 years (do not add Social Security and traditional pensions at this stage; they will be figured in later on). The first money source, the balance on your current retirement plan account at work (a 401(k)

plan, for instance), should be easy to find. If you don't have a recent statement, ask the benefits department at work.

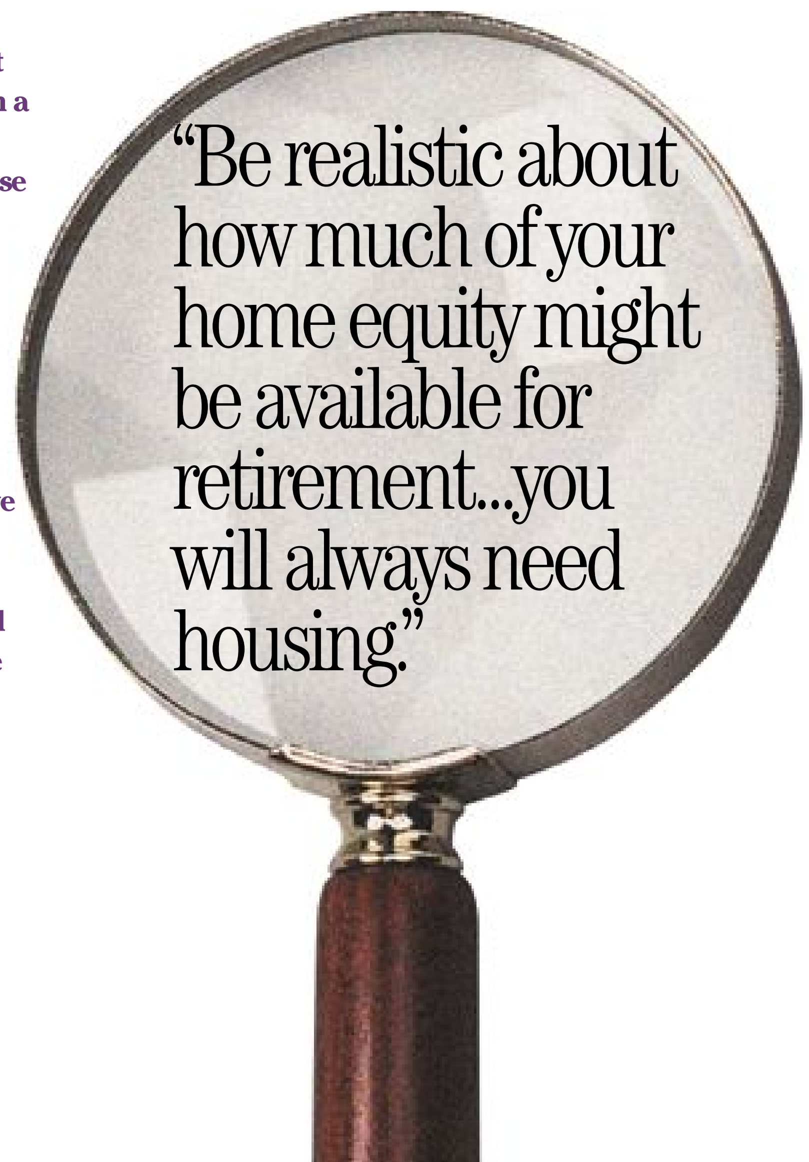
If you rolled over accounts from former jobs into an IRA, then read your statement or call the financial institution holding this account. In addition, get statements from all your bank or mutual fund IRA accounts, Keogh retirement savings, Simplified Employee Pension-IRAs (SEP-IRAs), and Savings Incentive Match Plans for Employees of Small Employers (SIMPLE) plans.

Personal savings and investments are next as possible retirement resources. They could be in a savings or checking account at a bank or credit union or in a brokerage account. The assets in these accounts may include cash, U.S. savings bonds, certificates of deposit, stock and bond mutual funds, and individual stocks and bonds.

To get a dollar amount for your home equity, subtract the current mortgage balance from the current market value of your house. Subtract from that the amount you owe on home equity loans or lines of credit (enter it as a negative amount on the worksheet). The bank holding the mortgage can provide the amount of your remaining mortgage balance. An appraiser or real estate professional can give you an estimate of the value of your house in the current market, or you can check on the Internet recent sales in your neighborhood (real estate values can change, however, so check your home's value from time to time).

Be realistic about how much of your home equity might be available for retirement. Remember that you will always need housing, and that condo fees, real estate taxes, maintenance and repairs, and rent tend to go up.

Other assets could be valuable collections or the cash value of life insurance. Keep in mind that the actual value of items like houses, boats, and collections can be determined only when real buyers make real offers.



WORKSHEET A
TODAY'S MONEY

Instructions: Record amounts for yourself and for your spouse in columns 1 and 2. Add up the money across each row for you and your spouse and write the total in column 3. Then add all the numbers down column 3 and write the total in column 3 at the bottom.

	1 You	2 Spouse	3 Total
Work-related retirement savings			
401(k) or 403(b)			
Keogh			
SEP-IRA			
SIMPLE IRA			
Other			
IRAs (traditional)			
IRAs (Roth)			
Other			
Home equity (market value)			
Mortgage and liens (enter as negative amount)			
Personal savings and investments			
Other assets (collections, etc.)			
TOTAL ASSETS			