Financial
Empowerment

RETIREMENT READINESS WORKSHEET

Am I on track for retirement?

Seven steps to map out your next chapter and see where you stand.

If you've asked yourself this question recently, you're probably the type of person who could benefit from speaking with a financial advisor. But there's no need to go into that conversation blind. Spend a few minutes sketching out the details below to see where you stand.

1 Why do you want to retire?

You don't have to retire. Humans need purpose. Do you enjoy your work? How mentally, physically, or emotionally stressful is it? If you love what you do and it isn't hurting your important relationships, retirement may not be something you need to worry about.

For some of us, retirement could simply mean switching to a more flexible role, like consulting or freelance work, or focusing on a side hustle you've had in the back of your mind.

You have permission to think outside the box. Don't assume you need to retire based on your age or what people around you are doing. You're on your own journey, and it doesn't need to match anyone else's.

If retirement is something you're looking forward to, that's great. Taking time to reflect on why you are (or aren't) looking forward to it will help guide the important decisions along the way.

When I think about retirement, I feel...

- [ ] **Excited.** I look forward to transitioning away from full-time work, my current career, or work altogether.
- [ ] **Hesitant.** I enjoy my work and feel like I can keep doing it for years to come. I have trouble picturing what not working would look like.
- [ ] **Something else.** Explain:

For me, retirement means:

- [ ] I want to retire
- [ ] I don't want to retire

Explain:

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2 What will retirement look like?

It may sound silly, but think about what you would like to do when you aren't required to be somewhere eight hours a day. Take a few moments and sketch out some goals. What do you see yourself doing in that next phase?

For some it may be moving closer to family or taking a trip they've been planning. It could be volunteer work, or fostering pets for a local animal shelter. The clearer the picture is in your mind, the more motivation you will have to bring it to life.

1. Something I'm most excited to do in retirement is:

___

___

2. Something that may change in retirement that makes me nervous is:

___

___

3. Some ideas for how I will accomplish #1 and address #2:

___

___

___

3 Who will you spend time with?

For most of us, work occupies a big chunk of our lives. Some years we spend more time around coworkers than around our loved ones. Humans have a fundamental need for social interaction, and that doesn't disappear in retirement.

How will you fill this need? If you're married, the ready answer is probably more time with your spouse. But maybe it's joining a group you haven't had time for, or starting a new hobby. You could mentor a young person or help a child or grandchild launch a business.

Places I can go, groups I belong to or would like to join, or people I'd like to spend more time with in retirement:

___

___

___

___

4 How much annual income do you need?

Retirement usually means the paychecks stop, so we need to use our savings and investments to pay for our lifestyle. To have confidence that you can afford retirement, the first step is to know how much your savings will need to cover each year.

These next couple of questions require some math. Don't worry, you've got this.

If your current annual household income adequately covers your lifestyle, use that. However, many of us earn more or less than we spend.

The most accurate way to estimate your retirement income need is to take your monthly spending and multiply by 12. If you don't know how much you spend each month, identifying that number is your first step.

Today I/we spend roughly $ ______________ per month, which adds up to $ ______________ per year.

In retirement, I expect that amount to be ☐ higher ☐ lower ☐ about the same

Explain why:

____

____

Total estimated annual **retirement income need** A $ __________________

5 Where will your retirement income come from?

While working, most of us earn a steady paycheck that arrives at regular intervals, every other week for example. Even those paid on commission or whose income is less regular find a rhythm to structure their finances around.

A key challenge in retiring successfully is to either recreate the financial rhythm we're used to or find a new one we can live with, using sources other than a paycheck. A few common income sources for people in retirement are pensions, annuities, investments, and cash savings.

Pensions and annuities pay a steady stream of income from an employer, a government, or an insurance company. You pay in or earn the benefit over a period of time, then collect income at retirement or another set date. Social Security is the most well-known example.

A simple way to map out retirement income is to compare your paycheck with pension and annuity income, or any other "stream of payments" type of income. The math is easy. If you earned $100,000 per year working and you have a corporate pension that pays $80,000 per year at retirement, it's easy to picture how your lifestyle will be affected. You need to find $20,000 more income somewhere.

Recurring income streams (per year)

Expected corporate pension income (defined benefit plan)		$ ________
Expected Social Security income (log in to my Social Security at SSA.gov to check)		$ ________
Other income streams (annuities, rental properties, side businesses)		$ ________
Total expected recurring income (add lines above)	B	$ ________

Subtract your recurring income (B) from your retirement income need (A). Whatever's left will have to be funded by savings and investments.

Remaining retirement income need (A minus B)	C	$ ________

Savings and investments are pools of money, or assets you own that could be turned into money. We can convert assets into income streams too. It just takes a bit more math and head-scratching (I know). Let's go.

Savings and investments (total today)

Checking accounts		$ ________
Savings accounts and CDs		$ ________
Brokerage accounts (individual or joint)		$ ________
Retirement accounts (401(k), 403(b), IRA, Roth)		$ ________
Other investments (investment real estate, collectibles, etc.)		$ ________
Total financial assets (add lines above)	D	$ ________

6 Can your assets support your income need?

Now divide your remaining retirement income need (C) by your total financial assets (D). This is your expected retirement withdrawal rate.

EXAMPLE $90,000 remaining income need ÷ $1,125,000 total assets = **8% withdrawal rate**

My retirement withdrawal rate (C ÷ D)	%	________ %

What does it mean? You can compare your expected withdrawal rate with the returns of different investments and judge whether your income need can be met realistically and reliably. Always weigh your tolerance for risk alongside potential returns.

Here is how the major asset classes have behaved over nearly a century, from 1928 through 2025:

Asset class	Average annual return	Worst year	Best year
U.S. stocks S&P 500, including dividends	about 10%	−44% (1931)	+53% (1954)
U.S. bonds 10-year Treasury	about 4.5%	−18% (2022)	+33% (1982)
Cash 3-month Treasury bills	about 3.4%	~0% (2014)	+14% (1981)

Source: Aswath Damodaran, NYU Stern School of Business, Historical Returns on Stocks, Bonds and Bills (updated January 2026). Annualized averages. Cash has returned close to inflation over time, which averaged roughly 3% a year.

Past performance is not a guarantee of future results. You could lose money.

Key concept: if your withdrawal rate is BELOW the rate of return you earn on your investments, you can turn your financial assets into a stream of income while keeping the overall value of those assets mostly intact.

The HIGHER your withdrawal rate, the harder it will be to provide that level of income without eating into the value of your assets. Your money likely won't last as long.

For example, a $1 million portfolio that earns 7% in a year grows by $70,000, which exactly matches a $70,000 annual income need.

HYPOTHETICAL ILLUSTRATION

Year 1	Start: $1,000,000	7% return: +$70,000	Year end: $1,070,000
Year 2	Withdraw $70,000 for income	Portfolio back to $1,000,000	

And so on. In reality, returns don't arrive in a smooth 7% every year. A few poor market years, especially early in retirement, or a few high-spending years will pull the balance down. Inflation also raises your income need over time. That's why a sustainable withdrawal rate usually sits well below the average return. But you get the idea.

My estimated retirement withdrawal rate is:

- ☐ **4% or less.** Minimal drag on the portfolio.
- ☐ **Between 4% and 7%.** Withdrawals will affect the portfolio, and it will be drawn down over time.
- ☐ **More than 7%.** Difficult to sustain. The portfolio is likely to be drawn down quickly.

If the numbers didn't come out the way you expected, don't stress. You always have options. You can save more and grow your assets so they can fund more income, rethink your income need, or push back your retirement date to give yourself more time to save.

7 When will you retire?

Once you know your income need and where that income will come from, having a general sense of when you want to retire helps you calculate how much saving and investing needs to happen between now and then. If the calculations above came out better than expected, you may be able to retire sooner than you thought. If the numbers could be improved, pushing back retirement gives you more time to work your savings and investing plan.

Take time to consider when you want to retire. Then revisit Steps 4 and 5. Your household budget tells you how much income you need, and that same budget should show you what's left each month after all the bills are paid (if anything) that can go toward savings and investment goals. **YOU NEED TO KNOW THIS NUMBER.**

Here's how it connects to the timing question. The time remaining until you retire is how long you have to save and invest. The money left over each month after bills is the fuel for those savings and investments. Multiply that monthly amount across the time until retirement. That's the amount you'll be able to ADD TO the savings and investment assets you totaled in Step 5 (line D), before any investment growth.

For example, say your household income is $11,000 per month, and after necessary bills (housing, transportation, food, clothing, utilities) you have $1,150 left each month. That works out to $13,800 a year you can use to build cash savings (an emergency fund) and invest in retirement accounts (401(k), traditional and Roth IRAs) or after-tax accounts (individual or joint brokerage accounts, trusts).

If you plan to retire in 10 years, that's $138,000 in total savings. Extend that to 15 years and you can stack up $207,000.

Add your calculated additional savings to your total financial assets (D) in Step 5. Then recalculate your withdrawal rate in Step 6. How did it change?

You can also go the other direction to see what retiring earlier looks like. Use the smaller amount of savings you'd build over the shorter time frame. In the example above, if you planned on 15 years and want to see what retiring in 10 looks like, add $138,000 instead of $207,000 and recalculate your withdrawal rate in Step 6.

Working back and forth through Steps 4 through 6 this way shows how your savings, your assets, and your withdrawal rate all shift as you change your retirement date.

Given the option, I would like to retire...

☐ Now, or within 2 years ☐ 3 to 7 years from now ☐ 8 or more years from now ☐ Not sure

Explain:

Putting it all together

Planning for long-term financial goals has a few moving pieces, and each step relies on the one before it. If you haven't done something like this before, it can feel challenging.

Working with a trusted, experienced advisor can help. This is the work I do with clients every day at Financial Empowerment. You will only retire once, but I have walked through these steps many times. Like anything else in life, it gets easier with each repetition.

I'm a fee-only advisor. I don't sell products or earn commissions, so the only thing I'm working toward is the right answer for you.

If you're asking yourself "Am I on track for retirement?" I'd love to help you answer it with a clear, written plan you understand.

Schedule a call

Or copy this link into your browser:
calendly.com/matthewgagnon/prospect_fit

Matthew Gagnon, CFA, CFP®
Founder, Financial Empowerment LLC
empowermenttools.net · (469) 214-2333

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All examples in this worksheet, including the withdrawal rate, portfolio, and savings illustrations, are hypothetical and for illustration only. They do not represent any actual client, account, or investment, do not reflect fees, taxes, or inflation, and are not a projection or guarantee of future results.

Historical return figures are annualized (geometric) averages and single-year extremes for 1928 through 2025, calculated by Aswath Damodaran, NYU Stern School of Business, using S&P 500 total return (including dividends), 10-year U.S. Treasury bond, and 3-month U.S. Treasury bill data. Indexes are unmanaged, do not reflect fees or expenses, and cannot be invested in directly. Past performance does not guarantee future results. All investing involves risk, including the possible loss of principal.

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