

# Retirement IQ Test

If you're participating in your company's retirement plan, you understand the importance of saving now for your future. But, how savvy are you when it comes to knowing how much you should be saving for a comfortable retirement? Take this short quiz and find out!

1

In order to maintain living standards in retirement, what percent of annual income do financial professionals think people should save?

- A. About 3%
- B. About 6%
- C. About 9%
- D. About 12%
- E. About 15%

2

If an investor could set aside \$50 each month for retirement, how much might that end up becoming 25 years from now, including interest if it grew at the historical stock market average?

- A. About \$15,000
- B. About \$30,000
- C. About \$40,000
- D. About \$50,000
- E. More than \$60,000

3

Roughly how much do many financial professionals suggest people think about saving by the time they retire?

- A. About 2-3 times the amount of your last full year income
- B. About 4-5 times the amount of your last full year income
- C. About 6-7 times the amount of your last full year income
- D. About 8-9 times the amount of your last full year income
- E. About 10-12 times the amount of your last full year income

4

Which of the following do you think is the single biggest expense for most people in retirement?

- A. Housing
- B. Health care
- C. Taxes
- D. Food
- E. Discretionary expenses

5

About how much will a couple retiring at age 65 spend on out-of-pocket costs for health care over the course of retirement?

- A. \$50,000
- B. \$100,000
- C. \$170,000
- D. \$260,000
- E. \$350,000

Find the answers at the bottom of the page. How did you score? Is it time to increase your deferral percentage? Contact your Human Resources department for assistance.

This information is intended to be educational and is not tailored to the investment needs of any specific investor. Investing involves risk, including the risk of loss.

<sup>1</sup>This hypothetical estimate assumes the individual or household sets aside \$50 a month for 25 years. Rate of return is 7.0% annual interest which is compounded monthly. Estimated increases in retirement monthly income are in constant 2015 dollars. This estimate assumes the \$50 deferral amount stays constant through the entire 25 year period and represents a nominal value. It is assumed that the participant took no loans or hardship withdrawals from these savings. All dollars shown are pretax dollars. Upon distribution, applicable federal, state, and local taxes are due. No federal, state, or local taxes; inflation; or account fees or expenses were considered. If they were, the estimated amount would be lower. Actual realized value may be significantly more or less than this illustration.

<sup>2</sup>Bureau of Labor Statistics, "The Experimental Consumer Price Index for Elderly Americans"

<sup>3</sup>Estimate based on a hypothetical couple retiring in 2016, 65-years-old, with average life expectancies of 85 for a male and 87 for a female. Estimates are calculated for "average" retirees, but may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Fidelity Retiree Health Care Costs Estimate assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government's insurance program, Original Medicare. The calculation takes into account cost-sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by Original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care. Life expectancies based on research and analysis by Fidelity Investments Benefits Consulting group and data from the Society of Actuaries, 2014.

ACR#235723 03/17



This quiz was created by Fidelity Investments.

- 1. E. About 15%.
- 2. C. About \$40,000.
- 3. E. About 10-12 times the amount of your last full year income.
- 4. A. Housing.
- 5. D. \$260,000.

Answers: