Getting on track for retirement

Duke University
Retirement ahead
How do you envision your retirement?
Am I on track for retirement?
How old am I?
Many people look to their age as the sign that it’s time to retire.
There’s a better way.
Retire when you can afford it.
How do you know you can afford it?

Retirement income ≥ Retirement expenses
What will retirement cost?
Why might retirement cost less?
NO payroll taxes
NO payroll taxes

NO saving for retirement
Retirement income ≥ Retirement expenses
Retirement income calculator

How much income will you need in retirement? Are you on track? Compare what you may have to what you will need. Use the sliders to see how small changes today could affect your financial future.

How old are you, and when will you retire?

I’m 52 and plan to retire at age 62

What’s your current annual income?

$45,000 per year

How much do you save annually for retirement? †

$4,500 (10% of your income)

How much have you already saved for retirement? †

$130,000

What percentage of your current income do you expect to need in retirement? Learn more.

85%

What’s your expected average annual rate of return?

5.0%

Monthly income in retirement ‡

What you may have: $692
What you’ll need: $3,188

Legend: Retirement plan, Pension benefit, Social Security

How much have you already saved for retirement? †

What percentage of your current income do you expect to need in retirement? Learn more.

What’s your expected average annual rate of return?

Monthly income in retirement ‡

What you may have: $692
What you’ll need: $3,188

Legend: Retirement plan, Pension benefit, Social Security

† These values are pre-tax and shown in today’s dollars. For more information, click here.
Consider 4%.
Retirement income calculator

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$4,500 (10% of your income)

Monthly income in retirement

<table>
<thead>
<tr>
<th>Monthly income in retirement</th>
<th>$4,000</th>
<th>$3,000</th>
<th>$2,000</th>
<th>$1,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Security</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>What you may have:</td>
<td>$692</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>What you’ll need:</td>
<td>$3,188</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Your estimated Social Security benefit

To include your estimated monthly Social Security benefit in the retirement income analysis, enter it here: $0 per month, in today’s dollars

For your convenience, we can retrieve an individual benefit estimate based on your current earnings from the Social Security Quick Calculator at Social Security Online* (the official website of the U.S. Social Security Administration).

Please note that the benefit estimates made by the Quick Calculator are rough and may not match those provided by your Social Security Statement.*

*When you access this site, you will be leaving our site. Vanguard is not responsible for the accuracy of information on third-party sites. Vanguard receives no remuneration for the website link.

Get your SSA.gov* Social Security benefit estimate

† Include contributions (by you and your employer) to plans such as 401(k) and 403(b) plans. Also include IRAs and any taxable savings earmarked for retirement. This hypothetical illustration does not represent the return on any particular investment and the rate is not guaranteed. Note: All investing is subject to risk.
Retirement income calculator

How much income will you need in retirement? Are you on track? Compare what you may have to what you will need. Use the sliders to see how small changes today could affect your financial future.

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$4,500 (10% of your income)

Monthly income in retirement‡

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<td>$4,000</td>
</tr>
<tr>
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To include your estimated monthly Social Security benefit in the retirement income analysis, enter it here: $1,006 per month, in today’s dollars

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How much have you already saved for retirement? †
$130,000

What percentage of your current income do you expect to need in retirement?
85%

What’s your expected average annual rate of return?
5.0%

What you’ll need:
$1,006 per month (today’s dollars)
0% of your salary at retirement

Monthly income in retirement ‡
$4,000
$3,000
$2,000
$1,000

What you may have: $1,698

Legend: Retirement plan
Pension benefit
Social Security

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Get back on track
Retirement Rescue
Save more.
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Monthly income in retirement ✱

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<td>$1,000</td>
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What you’ll need: $3,188
What you may have: $1,791

How old are you, and when will you retire?

How’s your current annual income?

Monthly income in retirement ‡

These values are pre-tax and shown in today’s dollars. For more information, click here.

How much do you save annually for retirement? †

How much have you already saved for retirement? †

What’s your expected average annual rate of return?

What percentage of your current income do you expect to need in retirement? Learn more.

What’s your expected average annual rate of return?

Include your estimated monthly Social Security benefit. Tell us about it.

Include a pension benefit. Tell us about it.

Include contributions (by you and your employer) to plans such as 401(k) and 403(b) plans. Also include IRAs and any taxable savings earmarked for retirement. This hypothetical illustration does not represent the return on any particular investment and the rate is not guaranteed. Note: All investing is subject to risk.
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$1,006 per month (today’s dollars)

0% of your salary at retirement

Monthly income in retirement ‡

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Legend:
- Retirement plan
- Pension benefit
- Social Security

How much will you need?

$3,188

How much do you have?

$1,791

What’s your current annual income?

$4,000

What’s your expected average annual rate of return?

5.0%

Include your estimated monthly Social Security benefit. Tell us about it.

Tell us about it.

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Monthly income in retirement ‡

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Legend: 
- **Retirement plan**
- **Pension benefit**
- **Social Security**

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Tell us about it.

Tell us about it.
Retirement Rescue
Work longer.
Retirement income calculator

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5.0%

include your estimated monthly Social Security benefit. Tell us about it.

$1,006 per month (today’s dollars)

Include a pension benefit. Tell us about it.

0% of your salary at retirement

Monthly income in retirement ‡

What you may have: $1,791
What you’ll need: $2,963

Legend:
- Retirement plan
- Pension benefit
- Social Security

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How old are you, and when will you retire?

I’m 52 and plan to retire at age 67

What’s your current annual income?

$45,000 per year

How much do you save annually for retirement? †

$7,000 (16% of your income)

How much have you already saved for retirement? †

$130,000

What percentage of your current income do you expect to need in retirement? Learn more.

79%

What’s your expected average annual rate of return?

5.0%

$1,006 per month (today’s dollars)

0% of your salary at retirement

Monthly income in retirement ‡

| What you may have: $2,037 | What you’ll need: $2,963 |

Legend:
- Retirement plan
- Pension benefit
- Social Security

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Retirement Rescue
Delay taking Social Security.
What is your full retirement age?
## Full retirement age

<table>
<thead>
<tr>
<th>Year of birth</th>
<th>Full retirement age</th>
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</thead>
<tbody>
<tr>
<td>1943–1954</td>
<td>66</td>
</tr>
<tr>
<td>1955</td>
<td>66 and 2 months</td>
</tr>
<tr>
<td>1956</td>
<td>66 and 4 months</td>
</tr>
<tr>
<td>1957</td>
<td>66 and 6 months</td>
</tr>
<tr>
<td>1958</td>
<td>66 and 8 months</td>
</tr>
<tr>
<td>1959</td>
<td>66 and 10 months</td>
</tr>
<tr>
<td>1960 or later</td>
<td>67</td>
</tr>
</tbody>
</table>
Benefit of delaying Social Security

Age 62 -30%

Age 70 +24%

Full retirement age

Age 62 -30%
How much income will you need in retirement? Are you on track? Compare what you may have to what you will need. Use the sliders to see how small changes today could affect your financial future.

How old are you, and when will you retire? I’m 52 and plan to retire at age 67

What’s your current annual income? $45,000 per year

How much do you save annually for retirement? $7,000 (16% of your income)

How much have you already saved for retirement? $130,000

What percentage of your current income do you expect to need in retirement? 79%

What’s your expected average annual rate of return? 5.0%

Monthly income in retirement:

- $4,000
- $3,000
- $2,000
- $1,000

What you may have: $2,632
What you’ll need: $2,963

Legend: Retirement plan
- $2,000
Pension benefit
- $1,000
Social Security
- $1,000

Include your estimated monthly Social Security benefit. Tell us about it. $1,644 per month (today’s dollars)

Include a pension benefit. Tell us about it. 0% of your salary at retirement

† Include contributions (by you and your employer) to plans such as 401(k) and 403(b) plans. Also include IRAs and any taxable savings earmarked for retirement. This hypothetical illustration does not represent the return on any particular investment and the rate is not guaranteed. Note: All investing is subject to risk.
Retirement Rescue
Adjust investment mix.
Three asset classes

<table>
<thead>
<tr>
<th></th>
<th>Short-term reserves</th>
<th>Bonds</th>
<th>Stocks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective</strong></td>
<td>Stability</td>
<td>Income</td>
<td>Growth</td>
</tr>
<tr>
<td><strong>Volatility</strong></td>
<td>Low</td>
<td>Moderate/high</td>
<td>High</td>
</tr>
<tr>
<td><strong>Inflation risk</strong></td>
<td>High</td>
<td>Moderate/high</td>
<td>Low</td>
</tr>
</tbody>
</table>
Long-term investment returns 1926–2016

The performance data shown represent past performance, which is not a guarantee of future results. When determining which index to use and for that period, we selected the index that we deemed to fairly represent the characteristics of the referenced market, given the available choices. For U.S. stock market returns, we use the Standard & Poor's 90 Index from 1926 to March 3, 1957; the Standard & Poor's 500 Index from March 4, 1957, to 1974; the Wilshire 5000 Index from 1975 to April 22, 2005; the MSCI US Broad Market Index through June 2, 2013; and the CRSP U.S. Total Market Index thereafter. For U.S. bond market returns, we use the Standard & Poor's High Grade Corporate Index from 1926 to 1968; the Citigroup High Grade Index from 1969 to 1972; the Lehman Brothers U.S. Long Credit AA Index from 1973 to 1975; the Bloomberg Barclays U.S. Aggregate Bond Index from 1976 to 2009; and the Spliced Bloomberg Barclays U.S. Aggregate Float Adjusted Bond Index thereafter. For U.S. short-term reserves, we use the Ibbotson U.S. 30-Day Treasury Bill Index from 1926 to 1977, and the Citigroup 3-Month Treasury Bill Index thereafter. Unlike stocks and bonds, U.S. Treasury bills are guaranteed as to the timely payment of principal and interest. Index performance is not illustrative of any particular investment because you cannot invest in an index. Source: Vanguard.

All investing is subject to risk, including the possible loss of the money you invest. Bond funds are subject to the risk that an issuer will fail to make payments on time, and that bond prices will decline because of rising interest rates or negative perceptions of an issuer’s ability to make payments.
### Risk versus potential reward
#### Model portfolios 1926–2016

<table>
<thead>
<tr>
<th>Your asset allocation</th>
<th>Average annual return</th>
<th>Number of years with a loss</th>
<th>Average loss</th>
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</thead>
<tbody>
<tr>
<td>Income</td>
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<td></td>
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<tr>
<td>100% bonds</td>
<td>5.4%</td>
<td>14 of 91</td>
<td>−3.0%</td>
</tr>
<tr>
<td>20% stocks, 80% bonds</td>
<td>6.6%</td>
<td>12 of 91</td>
<td>−3.9%</td>
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<tr>
<td>30% stocks, 70% bonds</td>
<td>7.2%</td>
<td>14 of 91</td>
<td>−4.8%</td>
</tr>
<tr>
<td>Balanced</td>
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</tr>
<tr>
<td>40% stocks, 60% bonds</td>
<td>7.8%</td>
<td>16 of 91</td>
<td>−5.8%</td>
</tr>
<tr>
<td>50% stocks, 50% bonds</td>
<td>8.3%</td>
<td>17 of 91</td>
<td>−7.2%</td>
</tr>
<tr>
<td>60% stocks, 40% bonds</td>
<td>8.7%</td>
<td>21 of 91</td>
<td>−7.6%</td>
</tr>
<tr>
<td>Growth</td>
<td></td>
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</tr>
<tr>
<td>70% stocks, 30% bonds</td>
<td>9.1%</td>
<td>22 of 91</td>
<td>−9.0%</td>
</tr>
<tr>
<td>80% stocks, 20% bonds</td>
<td>9.5%</td>
<td>23 of 91</td>
<td>−10.4%</td>
</tr>
<tr>
<td>100% stocks</td>
<td>10.2%</td>
<td>25 of 91</td>
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Source: Vanguard.
Target-date investments
All investing is subject to risk, including the possible loss of the money you invest. Target-date investments are subject to the risks of their underlying funds. The year in the investment name refers to the approximate year (the target date) when an investor would retire and leave the workforce. The investment will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. Target-date investments are not guaranteed at any time, including on or after the target date.
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I’m 52 and plan to retire at age 68

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How much do you save annually for retirement? †

$7,000 (16% of your income)

How much have you already saved for retirement? †

$130,000

What percentage of your current income do you expect to need in retirement? Learn more.

79%

What’s your expected average annual rate of return?

5.0%

Include your estimated monthly Social Security benefit. Tell us about it.

$1,644 per month (today’s dollars)

Include a pension benefit. Tell us about it.

0% of your salary at retirement

Monthly income in retirement ‡

$1,644 per month (today’s dollars)

What you may have: $2,675

What you’ll need: $2,963

Legend:
- Retirement plan
- Pension benefit
- Social Security

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Monthly income in retirement ‡

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Legend: 
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- Social Security

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Retirement Rescue
Pay off debt.
Retirement income calculator

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Monthly income in retirement ‡

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What you’ll need: $2,963

‡ These values are pre-tax and shown in today’s dollars. For more information, click here.

† Include contributions (by you and your employer) to plans such as 401(k) and 403(b) plans. Also include IRAs and any taxable savings earmarked for retirement. This hypothetical illustration does not represent the return on any particular investment and the rate is not guaranteed. Note: All investing is subject to risk.
Retirement income calculator

How much income will you need in retirement? Are you on track? Compare what you may have to what you will need. Use the sliders to see how small changes today could affect your financial future.

How old are you, and when will you retire?

I’m 52 and plan to retire at age 68

What’s your current annual income?

$45,000 per year

How much do you save annually for retirement? †

$7,000 (16% of your income)

How much have you already saved for retirement? †

$130,000

What percentage of your current income do you expect to need in retirement? Learn more.

75%

What’s your expected average annual rate of return?

6.0%

Legend: Retirement plan
Social Security

What you may have: $2,813
What you’ll need: $2,813

Monthly income in retirement ‡

What you may have: $2,813
What you’ll need: $2,813

$4,000

$3,000

$2,000

$1,000

$0

$1,644 per month (today’s dollars)

0% of your salary at retirement

$1,644 per month (today’s dollars)

cluded contributions (by you and your employer) to plans such as 401(k) and 403(b) plans. Also include IRAs and any taxable savings earmarked for retirement. This hypothetical illustration does not represent the return on any particular investment and the rate is not guaranteed. Note: All investing is subject to risk.
Five retirement rescue strategies:

1. Save more.
2. Work longer.
4. Adjust investment mix.
5. Pay off debt.
The two most important things that you can do:

1. Complete the Retirement income calculator: vanguard.com/incomecalculator
2. Get estimates of your Social Security benefits: ssa.gov
When you retire:

Contact your investment carrier to review your distribution options.
All investing is subject to risk, including the possible loss of the money you invest. Bond funds are subject to the risk that an issuer will fail to make payments on time, and that bond prices will decline because of rising interest rates or negative perceptions of an issuer’s ability to make payments. Investments in stocks or bonds issued by non-U.S. companies are subject to risks including country/regional risk and currency risk. Diversification does not ensure a profit or protect against a loss.

For more information about any fund, visit vanguard.com or call 800-523-1188 to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information about a fund are contained in the prospectus; read and consider it carefully before investing.

There are important factors to consider when rolling over assets to an IRA or leaving assets in an employer retirement plan account. These factors include, but are not limited to, investment options in each type of account, fees and expenses, available services, potential withdrawal penalties, protection from creditors and legal judgments, required minimum distributions, and tax consequences of rolling over employer stock to an IRA.
vanguard.com/retirementplans
800-523-1188