

Download Instructions

1. Download a copy.
2. Open with Microsoft Excel 97 or later ;
Open Office 2.0 or later (free at www.OpenOffice.Org).
(Quattro Pro 10 or later . QP often has a font color problem – black characters appear as white. This can be remedied by applying font color black over [a10:l80])
3. Make a copy of this original using the tool bar File ->Save As.
4. Then put protection on the original copy (no password needed) to prevent accidental changes .
5. Do your work on a copy of this saved original. (remove protection.)

Retirement Investment Overview

Estimating the outcome of a retirement investment or any long term investment or savings account, you are guessing what will happen on the average over a ten, a twenty to fifty year time span. This involves a number of what if's, such as

- 1 "What if my income increases 3%, every year, 5% every year?"
- 2 "What if 5% , 6%, or 8% of my present annual income is put into the fund"? This can be from your income, an employer's contribution, or a combination of both.
- 3 "What if my average interest is 5%, 7%, or 10% a year?"
- 4 "What if the administrative charges are 1%, 2% of the Initial Principal of the fund?"
- 5 "What if inflation increases at an average rate of 2% a year, 3% a year, 5% a year?"

Presented here is a spreadsheet that helps this task. It increments once a year. It allows you to enter "lifetime average" estimates for the above % values. It then displays the Year-by-year results.

Lifetime Averages term day-to-day are like the long time averages

Lifetime averages have little to do with day-to-day activity, but with very long term behavior. For example, TV programs may say that some stock has risen on the average of 5% per year over the last 20 years, say from 1980 to 2000. That is the price of the stock in 2000 compared to its price in 1980 was as if the price rose 5% every year. However, during those 20 years the stock may have periods of extreme drops in price. Same for lifetime estimates here. Over 20 years you may have an average annual(yearly) increase in income of, say 5%, even though you may have had some years of no increases , and maybe a year or so of no income. But, by new jobs, promotions, or sales, whatever, compared to the starting income, the income 20 years later was as if your income had increased by 5% each year. The is the idea for all of the "lifetime" averages.

How To USE

Below is a picture of the spreadsheet. (It is an image with 75% by using view -> zoom -> 75%.) In the yellow cells **ENTER**.

- 1 In A10: Your 1st YEAR ANNUAL INCOME.
- 2 In A11 : % INCREASE IN ANNUAL INCOME EACH YEAR (this is an estimate of a lifetime average).
- 3 In A12 : % THIS YEAR'S INCOME SAVED (a lifetime average).
- 4 In A13: % ANNUAL INTEREST RATE PAID TO YOUR ACCOUNT (a lifetime average).
- 5 In A14: BROKER'S FEE% (% of INITIAL PRINCIPLE for the YEAR).
- 6 In A15: %AVERAGE ANNUAL INFLATION RATE (a lifetime average).

	A	B	C	D	E	F	G	H	I	J	K	L
1								Protection	12345			
2												
3												
4	INSTRUCTIONS	1 ONLY CHANGE VALUES IN YELLOW CELLS										
5		2 DONOT! DONOT! DO NOT CHANGE ANYTHING IN OTHER CELLS										
6		3 Make a working file by Save As under a new name. Keep this on as the original.										
7		4 Then enter your own numbers in yellow cells. The present numbers are for example only.										
8		5 TYPE % in decimal form. The calculations divide by 100. Example: for 3.56% TYPE 3.56.										
9												
10		\$15,000										
11		YOUR 1st YEAR ANNUAL INCOME										
12		% INCREASE IN ANNUAL INCOME EACH YEAR - This is a lifetime average.										
13		% THIS YEAR'S INCOME SAVED. The contributions may be from your income, an employer, or a combination of both. - This is a lifetime average.										
14		% ANNUAL INTEREST RATE EARNED BY YOUR ACCOUNT - This is a lifetime average.										
15		ADMINISTRATION FEE = % (if INITIAL PRINCIPAL for the YEAR*0.5*Income Saved This Year). - This is a lifetime average.										
16		% AVERAGE ANNUAL INFLATION RATE - This is a lifetime average.										
17	results after years	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11
18	10	\$22,203.66	\$2,664.44	\$28,373.11	\$2,204.01	\$338.42	\$33,503.14	\$10,962.25	\$1,734.54	2.23	1.51	\$20,259.28
19	20	\$32,866.85	\$3,944.02	\$35,653.15	\$7,088.43	\$1,066.86	\$105,618.74	\$56,734.01	\$8,659.84	7.04	3.21	\$48,314.98
20	40	\$72,015.31	\$8,641.84	\$526,847.91	\$38,535.57	\$5,740.25	\$568,285.06	\$457,036.98	\$68,439.68	37.89	7.89	\$138,859.28
21	YEARS (This Year)	YOUR ANNUAL INCOME This Year	INCOME SAVED This Year	INITIAL PRINCIPAL for This Year	INTEREST Earned This Year	ADMINISTRATION FEES for This Year	NET PRINCIPAL for This Year	CUMMULATIVE INTEREST	CUMMULATIVE ADMINISTRATION FEES	Net Principal First Year Income	Net Principal Present Income	Inflation Adjusted Net Principal
22	1	\$15,000.00	\$1,800.00	\$0.00	\$69.73	\$18.70	\$1,851.03	\$69.73	\$18.70	0.12	0.12	
23	2	\$15,600.00	\$1,872.00	\$1,851.03	\$206.74	\$39.30	\$3,890.47	\$276.47	\$58.00	0.26	0.25	\$1,734.46
24	3	\$16,224.00	\$1,946.88	\$3,890.47	\$357.51	\$61.95	\$6,132.92	\$633.98	\$119.94	0.41	0.38	\$3,528.81
25	4	\$16,872.96	\$2,024.76	\$6,132.92	\$523.12	\$86.81	\$8,593.99	\$1,157.10	\$206.75	0.57	0.51	\$5,384.79
26	5	\$17,547.88	\$2,105.75	\$8,593.99	\$704.71	\$114.04	\$11,290.40	\$1,861.81	\$320.80	0.75	0.64	\$7,304.18
27	6	\$18,249.79	\$2,189.98	\$11,290.40	\$903.49	\$143.84	\$14,240.02	\$2,765.30	\$464.63	0.95	0.78	\$9,288.84
28	7	\$18,979.79	\$2,277.57	\$14,240.02	\$1,120.75	\$176.38	\$17,461.96	\$3,886.05	\$641.02	1.16	0.92	\$11,340.65
29	8	\$19,738.98	\$2,368.68	\$17,461.96	\$1,357.90	\$211.89	\$20,376.65	\$5,243.95	\$852.90	1.40	1.06	\$13,461.58
30	9	\$20,528.54	\$2,463.42	\$20,376.65	\$1,616.41	\$250.56	\$24,805.92	\$6,860.36	\$1,103.47	1.65	1.21	\$15,653.60
31	10	\$21,349.68	\$2,561.96	\$24,805.92	\$1,897.88	\$292.66	\$28,973.11	\$8,758.24	\$1,396.13	1.93	1.36	\$17,918.80
32	11	\$22,203.66	\$2,664.44	\$28,373.11	\$2,204.01	\$338.42	\$33,503.14	\$10,962.25	\$1,734.54	2.23	1.51	\$20,259.28
33	12	\$23,091.81	\$2,771.02	\$33,503.14	\$2,536.60	\$388.11	\$38,422.65	\$13,498.85	\$2,122.65	2.56	1.66	\$22,677.22

The spreadsheet then displays the year-by-year activity. The orange row shows the result after, 10, 20 and 40 years.

RESULTS

- (A) The current year
 Col 1 (B) Your ANNUAL INCOME FOR This Year (Current Year)
 Col 2 (C) INCOME SAVED this year (Current Year)
 Col 3 (D) The INITIAL PRINCIPAL for This Year (Current Year)
 Col 3 (E) The Administrative FEES for This Year (Current Year)
 Col 4 (F) The NET PRINCIPAL for This Year (Current Year)
 Col 5 (G) The INTEREST EARNED This Year (Current Year)
 Col 6 (H) CUMULATIVE INTEREST to This Year (Current Year)
 Col 7 (I) CUMULATIVE FEES paid to This Year (Current Year)
 Col 8 (J) NET PRINCIPAL / INITIAL INCOME
 Col 9 (K) NET PRINCIPAL / PRESENT INCOME
 Col 10 (L) INFLATION ADJUSTED NET PRINCIPAL