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Early retirement is a popular subject lately and with good reason - being able to tell your boss to "shove it!" is appealing (unless your boss is cool, then maybe it's bittersweet... but still a little sweet). There are a lot of fantastic early retirement blogs that can show you the path but the steps are still yours. It still comes down to math. You have to save enough money, invest it wisely so it grows, and then retire when you hit your magic number. But what is that magic number? That's the hard part. Today, I'll share with you some of the very best in retirement calculators so you can figure out that number for yourself. Table of Contents Personal Capital Retirement Calculator Personal Capital is a powerful financial aggregator (one of my most useful personal finance apps) that will pull all your financial information into one place - banks, credit cards, brokerages, etc. They have a really simple and straightforward retirement calculator (to use it, you'll need to sign up) is your entry point into using the broader retirement planning tool. The retirement planning tool takes your live data and helps you plan for your retirement. Here is what my retirement planner shows: Uses your real data and will save your settings! You can edit your Income Events and Spending Goals, adding to both, and the planner will adjust to show you whether you'll make it. The Savings entry will let you set how much you have saved up until now, how much you intend to save each year, plus how much you intend to increase your savings each year (percentage). You can add all types of Income Events to your plan, including annuities, inheritance, pension, rental, property sale, working during retirement, and other income. On the Spending Goals side, you set how much you want to spend per year and can add one-time spending events, like charity gifts, dependent support, education, health care, home purchase/renovation, vacations, wedding, and "other." Put all those in, set an investment growth rate, and the planner will tell you how you can expect your portfolio to perform. I like how it uses your data, which saves you time, and what you put in the planner now will be saved into your account. Sign up for a free Personal Capital account to see this for yourself Planswell Investment + Insurance Calculator This is not a pure "early retirement" calculator like the others on this list but it is one that tackles an issue that is absolutely critical to retirees of all types. What would happen to your nest egg in the event of a serious illness? We often worry about issues like the sequence of returns and cost of living issues, but what happens if you have a critical illness? This quick calculator will help you calculate the impact of a serious illness event with and without critical illness insurance (for you and your spouse, if necessary). It's a calculator that can open your eyes. Check out Planswell Investment + Insurance calculator Minafi's Choose-Your-Own Adventure Calculator Adam created what is easily the coolest early retirement calculator on this list with his blend of calculator + choose your own adventure style guide. The other calculators on the list are just calculators, this one is a guide with a slew of calculators built into the guide. If you are new to the early retirement movement, unfamiliar with some of the vocabulary being thrown around, this is a great guide to help you learn everything. There are several calculators built into the guide and none will satisfy the hardcore math and spreadsheet heads out there. The first one is a straightforward savings rate calculation (savings divided by income) which will seem fairly basic, as in why do I need a calculator, but it powers a chart later on and is more of a tutorial on how the guide is laid out. Overall, the calculators in the guide are standard but the layout and organization are great to help walk you through the steps of financial independence. Vanguard Retirement Next Egg Vanguard offers a very easy to use Nest Egg Calculator that takes a handful of inputs and gives you an answer based on a Monte Carlo simulation: The fastest calculator in the west! You put in how many years you want the savings to last (5-50 year range), your current balance (\$10,000 - \$10,000,000), how much you spend each year (\$1,000 - \$250,000), as well as your asset allocation. Hit "Run Simulation" and you'll get a probability your savings will last your retirement. The chart you see above is run with their default entries. I'm a big fan of Vanguard and their super cheap mutual funds. Ultimate Retirement Calculator My friend Todd Tressider, who writes the great blog Financial Mentor, has built his own custom retirement calculator he calls the Ultimate Retirement Calculator. Is it the ultimate? It's pretty close. It's my favorite calculator of the ones that aren't funfactory mini-calculators that have just a handful of inputs. It takes about twenty inputs (all necessary pieces like age, inflation expectations, portfolio size, growth, etc) and tells you how much you need to save when you hit retirement, how much you're ahead or behind, and exactly what you need to save. It will calculate and create that schedule for you based on the information you include. It's a comprehensive tool that will give you great data if you spend the time to enter in the data points. It only asks for stuff that's necessary and doesn't hassle you with anything extra. cFIREsim If you think the tools up until now seemed a little too simple, cFIREsim is going to add a little complexity to your life. cFIREsim is a calculator that uses historical data to figure out how your portfolio would have performed throughout history. It will take your simulation period and run it for every given period, from 1871 until today, and give you an idea of whether your portfolio would've failed (gone to \$0 at any point). It's a way to help you understand how you'd have done in the past. The minimum data it needs to work is your retirement year (the year you retire), the retirement end year (when your retirement ends - probably with death), plus your portfolio amount and yearly spending. It is all typical data you'd need to know to use a calculator. Enter that in, click Run Simulation, and see how your portfolio would've fared. You can improve the analysis by adding more detail about your portfolio and your spending and it can get pretty complicated if you want it to be. FIRECalc FIRECalc is another tool that is similar to cFIREsim in that it takes your inputs and calculates how your portfolio would've performed in that period throughout history. It's a light version of cFIREsim. It takes just three inputs (spending, portfolio value, and years for retirement) and charts out the performance. I put in the default data of \$30,000 a year spending, \$750,000 portfolio, and 30 years: Don't look at any single line, just look at the trends. It's a good visual look at how your portfolio would've performed. Quick Comparison of Calculators Here's a quick look at all the tools: Personal Capital Retirement Calculator - This calculator will take the data you enter into Personal Capital, include your assumptions, and give you an idea of whether you'll hit your number along with what you need to get there. It's powerful because it takes your existing data without you having to enter it each time. Vanguard Retirement Next Egg - Very few inputs, very quick simulation, and you get an answer in a few seconds. The simplest calculator and powered by the folks at Vanguard. Ultimate Retirement Calculator - Financial Mentor has created the best data driven calculator that does not require you to log in or link up any accounts. It will tell you if you'll hit your number as well as what you need to change to hit it if you aren't on track. cFIREsim - More simulator than a planner, this is a comprehensive calculator that takes your plan and runs it through history to see how it would've performed in the past. FIRECalc - Similar to cFIREsim but with just three inputs, the simplest calculator of the bunch. Personally, I'm sticking with the Personal Capital Retirement calculator because it takes my own data (which is already in Personal Capital) and because I feel safe with my data in Personal Capital. If you are wary of sharing data, the most comprehensive calculator is on Financial Mentor because it takes all the data you could need and gives you a light plan to work with. The others are good for snapshots (especially if you like comparing with history) if you're in a pinch. Happy early retirement planning! INSIDE: Wondering how long it will take you to reach financial freedom? With this early retirement calculator and spreadsheet, you can get a pretty good idea. You can download it for free! After being inspired by Jeremy's early retirement story, I decided to sit down and calculate once and for all how long it would take for us to retire early as well. (And by retire early, I really mean "be financially independent" - ie not needing money anymore to survive whether you still want to work or not. In a way I feel like I'm already retired since I'd be blogging as I am now when officially free, only I very much need the money to live off right now, haha...) As any good nerd would do in these times, I headed straight to Google for some early retirement spreadsheets to help plot my scheming. I came across a few good places that shared close to what I was looking for (the 2nd spreadsheet over at Reddit was helpful (and detailed!)), as well as this fun early retirement calculator at Networthify.com, but I couldn't find anything that was nice and simple where I could plug in a few numbers and get my snapshot without having my head explode.. So I decided to make one of my own to figure out when can I retire :) First, the Best Early Retirement Calculator Update: Before we look at my spreadsheet, it's worth mentioning that if you want to automate a lot of your early retirement projections, it's super easy to do it with Personal Capital's free retirement planning tool. The great thing about using Personal Capital to run your retirement numbers is that it automates the whole process. Because this early retirement calculator connects directly with your financial accounts, you don't have to input the numbers yourself. On top of that, the Personal Capital retirement planner will run a Monte Carlo analysis of your actual spending and savings habits to figure out how close you are to hitting your target retirement date. Best of all, it's 100% free. Just sign up for an account here and you can play around with their kick-ass early retirement calculator and tools to see how your monthly spending will affect your retirement timeline. Personal Capital also has other cool features like their fee analyzer, which will analyze the holdings in your 401(k) and other retirement accounts for unnecessary fees. Even just a small optimizing here can potentially save you hundreds of thousands of dollars down the road, thanks to the power of compound interest. Just sign up for a free account and you can find everything in their dashboard. If automation isn't your thing and you want to do it the ol' fashion way with just a laptop, a spreadsheet, and cup of coffee, then keep reading! ***** The Early Retirement / FI Spreadsheet If spreadsheets are your thing and you prefer them over an early retirement calculator, I've got you covered. It took me a little extra effort and sharpening of Excel skills to put together, but I was happy to jump in and fully immerse myself in what early retirement looks like number-wise. And when you're building stuff from scratch, you get to cater things to your own liking! Which to me meant simplicity and getting that overall *snapshot* of what the deal is here. I wanted to see exactly how far away FI (financial independence) is, and be able to easily play with the numbers to see how it affects the future. This is what I came up with. (You can download the spreadsheet here: Early Retirement Spreadsheet) If you've ever wondered "how much money do I need to retire", the early retirement spreadsheet has your answer! Here are the assumptions it makes: 4% withdrawal rate - This is the amount experts/bloggers often recommend as the "safe withdrawal" amount based on the Trinity Study. (That says historically you would have been fine spending 4% of your initial portfolio value and adjusting for inflation each year) 25 multiplier - This is the ratio that will tell you when you've reached financial independence - when you have 25x your annual expenses invested in income generating assets, which is based on that same 4% withdrawal rule. 8% return rate - This is another of those often quoted, yet highly controversial numbers, and is an average over the span of many years and not just a specific one. NOTE: Inflation will make this # not as sexy over time, but fortunately is already calculated in with the 4% withdrawal plan. 100% - The amount of an expert in Early Retirement I am not;) UPDATE: This spreadsheet gives you a snapshot for the future as things stand *today*. It'll all change as time goes on, but if we update it along w/ it then in theory it should always be correct for any given moment in time :) If you want to adjust for future changes though, scroll down and check out v2! Now of course none of these numbers are absolute since we can't predict the future, so these are things you'll have to decide yourself to keep or tweak depending on your own beliefs. I tend to personally agree with them since I'm getting these #'s from my friends who are *already* retired, but either of them can be changed easily in the spreadsheet to match your own situation. Let's break down the sections: INVESTMENTS - This is where you put your *ahem* investments. No home equity, cars, property, collectibles, etc. Just straight up income-producing investments since this is where you'll be getting your money to live off in ER (early retirement). Notice this is an adjustment from having our Net Worth be the center of attention! That gives you an overall snapshot of your entire finances which is also good to know, but doesn't necessarily paint a good ER picture... (I left out cash here on purpose since it's just sitting in a savings account and not making a return, but I know others do like to include it... fwiw) RETIRE NOW: YEARLY & MONTHLY - This tells you what you have to live off of *right now* should you decide to retire today. Again, based off the same 4% withdrawal rate. AGE: NOW & THEN - This is where you plug in your current age which will be automatically adjusted in the "Investments" column to the right. Unfortunately you have to match up your ER age manually as I couldn't figure out how to have that match and automatically adjust w/ that right-side column. You can easily figure it out though :) It's now updated and will automatically calculate for you thanks to an anonymous reader! EXPENSES (CURRENTLY) - This is arguably the most important factor here as it determines exactly how much you need to have in order to retire *today*. The higher your expenses the bigger the pot - which is where this 25x number comes in. The total amount needed to live off your wealth is 25x your yearly expenses, one of the main variables we have control over! (BTW in the spreadsheet all you need to do is plug in your monthly expenses and it'll auto-calculate the rest) INVESTMENTS (GROWTH OVER TIME) - This is where the return rate plays its role, as well as the amount of money you'll be investing yearly in the future as well. You can easily see how DRASTIC the numbers change by tweaking either area. Just 1% point or \$1,000 extra can make a huge difference! As it's all about compounding over the years until you reach what the calculations are telling me: (The numbers in that spreadsheet example are my own) I can't retire until I'm 54 at this rate. Which really isn't "early!!" I need a nest egg of \$2,250,000 in income-producing assets to do so I'd have \$1,383.53 to live off if I decided to retire *today* (not a lot, but VERY COOL TO KNOW!!) Our expenses are ridiculously high right now... [UPDATE - our expenses are now roughly \$5,200 a mo (yeah no more daycare!!) so we're looking at needing "only" \$1,600,000 now which chops down the years left by 6 and granting us financial freedom at age 48 :) At least in theory - hah.] So pretty much the opposite of what I wanted to see, haha... Which means that if I'm serious about reaching financial independence early FOR REAL, I need to either drastically cut our expenses, or drastically start saving more again. Something we used to do like crazy before the Perfect Storm hit of income losses, house renovations, baby producing (big factor), and just general change in business. That's the bad news. The good news? Our current situation is only temporary and by this time next year (and probably much sooner actually), we'll have an extra \$40k-\$80k a year coming in to completely speed things up again. Something I'm VERY much looking forward to :) And many of our expenses like daycare and rental property losses will be gone in a matter of time as well - freeing up \$2,500 off the bat. **Which leads us to the other important thing to consider: What we spend NOW can/will/should be different than what we spend in actual retirement.** Depending on how far away this is, it could affect mortgage/car payments (or lack thereof), commuting expenses, healthcare expenses, food budgets, entertainment and the list goes on. Something that Jeremy brought to my attention when I shot him my first "go" at the retirement spreadsheet above. He made some edits and shot it back to me... Introducing The Early Retirement / Freedom Spreadsheet v2! (You can download this version of the spreadsheet here: Early Retirement Spreadsheet v2) That's right! We already have a 2nd version! Haha... It's not as pretty/simple as my first one, but it does include a handful of new things to consider: Hourly income Amount of *daily* expenses Principle mortgage payment (right now these are "expenses" but might not be in retirement) After-tax income Savings rate off of that after-tax income Years to FI Years to FI based on reduced monthly spending in retirement Budget area to compare expenses now vs in retirement (or in the future in general) Amount of money needed *per line item in budget* for FI (FI = Financial Independence) That last one is a whopper! For example, if your cell phone costs you \$50/mo right now, and you want to keep it in early retirement, you will need \$15,000.00 banked to cover that alone! (25 x \$50.00 x 12 mos) How powerful/scary is that? Now FYI - those budget areas are totally made up from Jeremy just to give us a working area. He did get our \$2,000/mo expenses for daycare correct though (ugh) which means if we were to keep it around for 10 years+ (which of course we wouldn't), we'd need \$600,000 just to continue paying that area itself. That's more than ALL my investments combined right now! And you'll see in his examples that shaving that off plus some other areas drastically reduces the amount of \$\$ needed in retirement by over \$1 million dollars. Which then cuts the # of years to FI down by 10 and allows me to retire in 9 years when I'm 45 instead of 54. That's a big difference. So it's good to play around with these numbers and see how the changes affect the future. Which shows the importance again of getting your monthly expenses down, as well as continuing to plow money into investments at the same time to improve both sides of the equation. None of which is all that easy, but it is do-able. As countless others outside of Jeremy have proven time and time again. (And who we'll also be featuring here in our new Early Retirement Series as time goes on...) Here's something else cool to consider: once you have enough money for FI you don't have to save anymore if you don't want! EVER! You still can, of course, but what a different mindset than we're used to having OUR ENTIRE LIVES, haha... How do you even comprehend this? :) Final thoughts about early retirement calculators and spreadsheets What all this means is that if you want to get serious about reaching financial independence and/or retiring early if you choose to do so, you need to be aware of where you currently stand and what needs to be done in order for you to get there (just like with budgeting). You need an early retirement calculator or spreadsheet. I joke all the time about how I WANT financial freedom and that I'll reach it one day, but the truth of the matter is I never sat down to actually play with the numbers (at least seriously) until today. And boy what a shock that was. I've always considered \$400k banked to be a major milestone, but in the grand scheme of independence it's anything but. At least with our current expense ratio and wanting to retire sooner than later. As you can see from either spreadsheet we'll reach \$1 Million in 9 years as-is, but unless we get our expenses in check we'll continue having to work quite a bit longer until we don't need to anymore. You already know I'll still be blogging or doing something online regardless of our money, but the fact remains it's a necessity and not an *option* until reaching FI! So the pursuit to get there is growing larger in my heart than ever :) And hopefully these are things you start considering as well. We're all in different stages of our financial journey, but having a better grasp of what the future does hold, and CAN hold, is a really important one to pay attention to. Hopefully these spreadsheets help you put things in better perspective. Good luck! Would love to hear any and all thoughts on this stuff, and what your numbers look like as well if you're willing to share :) Big thanks to Jeremy for not only taking the time to add to my spreadsheet, but for opening my eyes up more in general to this ER stuff. It's funny how all of a sudden things can "click" and you want to start taking action now. And I'm about to action the crap out of this stuff!!! — PS: None of this incorporates social security or other benefits from the government down the road. Mainly because you don't get access to it when you're retiring early, but also because nothing's guaranteed in life. If we get these additional income streams later - great! More money to play with! But by focusing on what IS in our control you won't come across too many nasty surprises hopefully. PPS: If you've found/made any great spreadsheets or early retirement calculators, please send them over so we can check them out too! I'll start a little list here :) Tweaked Early Retirement Spreadsheets: UPDATE: Here are a few more spreadsheets readers of this blog have since shot over to improve my simple one. SO COOL to see people tweaking and updating this thing - we are such nerds! Haha... Early Retirement + Real Estate + Pension [Spreadsheet] - This one was put together by Hannah J. who updated my original spreadsheet to include "Present Value" of Pensions and the "Present Value" of the Cashflow from Real Estate. She adds "Present Value is just a fancy of way of saying how much should you be willing to pay for the future cash flow if you bought it right now. (Or conversely if you were offered a lump sum for the asset, what is the minimum amount you would want to get for that)" and "Present value hinges on the idea of discount rate which is for all intents/purposes how much money you could get if you deployed this money elsewhere" and lastly, "The FIRE Present value basically tells me how much is this worth if I use a discount rate of 4%." Monster Retirement Budget [Spreadsheet] - This is by Robert R. who factored in the following: Taxes, Medicare, Medicare supplements, Medigap, healthcare coverage pre-Medicare, dental and vision, Social Security, and using Roth IRA Contributions and the 72t rule for pre-tax accounts to cover budget expenses prior to age 59.5 as well as calculating the required minimum distribution on pre-tax accounts (after age 70.5) and checking to make sure withdrawals exceed RMD. He also states, "The effect of a Health Savings Account on your medical expenses in retirement is HUGE," as well as "In some situations, taking Social Security early actually increases your account balances in the long run," and "Having money in a brokerage account (or any non-retirement account) is important if you want to retire before age 69.5 to avoid penalties for early withdrawal, but there are some loopholes for using pre-tax retirement account money if you retire earlier than 59.5 without penalties." Running his own calculations also showed him that he'll be paying Uncle Sam and the state of Arizona over 1.3 million dollars while in retirement - ouch! So maybe you won't want to use this spreadsheet? :) Early Retirement + Dividend Investing + Passive Income [Spreadsheet] - Here's another tweaked version of my original spreadsheet that fellow blogger Tawcan just posted about on this site. This one incorporates dividend investing as well as other passive income streams you may have (and some Canadian references as well, for you Canadians out there ;)). Hope this helps! Early Retirement + Taxes/Distribution Simulations + Roth Ladder - A more expanded version of my spreadsheet by Kate S.. She added in a cell for Roth contributions to date (since these can be withdrawn at any time), what withdrawals would look like using the 4% rule and 3% to be conservative, and then some extra tabs. The second tab is a simulation of distributions, as well as an estimate of tax owed. This tab assumes that funds from tax deferred accounts will be converted to a Roth, with a minimum being the amount of the standard deduction and exception since this would be tax-free (based on Gocurrrycracker's info). It also assumes that you'll first withdraw money from a brokerage account, then Roth, then tax deferred accounts. The third tab is a simulation of what the distributions would look like if you were to try to convert all tax deferred accounts prior to 70.5 years old, to avoid taxes due to required minimum distributions. The fourth tab is a simulation of a 5-year Roth ladder, as Justin at RootofGood.com advocates. The last tab shows the tax brackets and is for information only. The simulation tabs pull the standard deduction and exemption info from this tab (based on filing status) but the tax % must be entered on the second tab to calculate any estimated tax due. Financial Life Plan - This is a simple one page spreadsheet for a toy reader Wilfred Waters. The purpose of the template is to calculate when you can retire given a starting balance, inflation rate, savings rate, desired retirement income and lifespan. With a focus on "lifespan" which really hits home as there's a section for expected death to remind you to appreciate your days! GENIUS! (I ended up writing an article around it here if interested: A Simple Spreadsheet on "When You Can Retire" (And Also How Long You Have Until Death!)) And here are other articles I wrote on financial freedom that might help out: [Photo cred: ToGa Wanderings // Tweaked by J\$] Jay loves talking about money, collecting coins, blasting hip-hop, and hanging out with his three beautiful boys. You can check out all of his online projects at jmoney.biz. Thanks for reading the blog!

