

Test Your Retirement Planning Knowledge

1. Today's retirees receive about 36% of their retirement income from Social Security. The average monthly Social Security benefit is currently about:

- (a) \$2,300 | (b) \$850 | (c) \$1,294

2. Waiting past full retirement age (up to age 70) to start collecting Social Security benefits results in an automatic, permanent increase in the benefit. For a person born in 1943 or later, what's the percentage increase for each year of delay?

- (a) 3% | (b) 8% | (c) 10%

3. When projecting how much money you may need to save for retirement, it's important to estimate how long you might be retired. Although you can't know for sure, the *average* life expectancy in the U.S. at age 65 is currently about:

- (a) 19 years | (b) 15 years | (c) 10 years

4. Inflation is another factor you should consider in setting a savings goal since the cost of living may be significantly higher by the time you retire. The average annual inflation rate over the last 20 years has been about:

- (a) 10.5% | (b) 2.4% | (c) 5%

5. Hopefully, you've already saved some money for retirement. For a quick estimate of the number of years it will take to double the value of your current nest egg (assuming no additional contributions), what number can you divide your estimated annual investment return into?

- (a) 72 | (b) 200 | (c) 48

Answers: 1. (c); 2. (b); 3. (a); 4. (b); 5. (a)