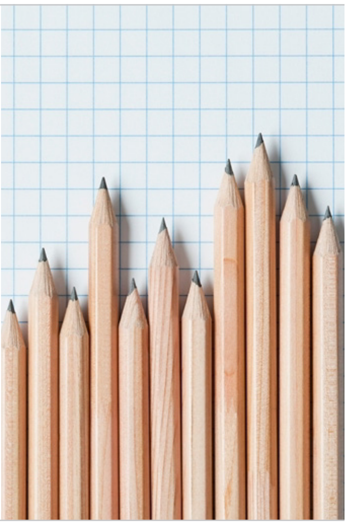
Virtus University

What's Your Number?



There are four steps to calculating your "retirement number"—the number of dollars you most probably need as a sum of capital from which to draw a lifestyle-sustaining income without serious danger of running through the capital.

Four more steps then help you and your financial advisor determine whether, in fact, that number is attainable, and roughly what asset mix you will need to own—at historical long-term compound rates of return—in order to get to that number by your planned retirement date.

Only one of these steps requires a calculator.

GETTING TO THE NUMBER

1 **Imagine that you are retiring at the end of this month. Ask yourself:** Beyond Social Security, and any fixed pension benefit I expect to receive, what dollar amount will I need to withdraw from my investments in order to comfortably sustain my lifestyle in the first month of retirement?

2 **Multiply the resulting number by 12** to arrive at an annual withdrawal number. (It's often easier to pinpoint monthly expenses than annual ones.)

3 **Inflate the resulting number by 3% per year** from now to your actual planned retirement year.

4 **Divide the number from the last step by 0.045.** Gross the resulting number up 25% to cover current income taxation during withdrawal. The result will be a sum from which, at actual retirement, you might begin withdrawing 4.5% per year, without excessive risk of immediately beginning to run completely through the capital.

Very roughly, that's Your Number.

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So what next?

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CLOSING THE GAP

1 **Ask yourself: What's the total sum of my retirement savings to date?** (Not home equity, not the kids' college money, but the sum of qualified and nonqualified savings specifically earmarked for retirement.)

2 **Ask yourself:** After thinking about everything I'm going to need to buy—or just want to buy—between now and retirement, **what sum can I commit to saving for retirement each and every month** from now until then?

3 **(The calculator step)**

Calculate the annual percentage return needed to take the sum of present savings plus however many monthly investments remain, and arrive at Your Number.

4 **That rate of return will essentially dictate your asset mix.** (Or, if it's above 10% or so, it will tell you that you are trying to withdraw too much, retire too soon, save too little, or all three—in which case you go back and start over with a more conservative set of assumptions.)

You have just taken an important step toward more effective planning. Your financial advisor can help you refine your plan and set it in motion, and provide perspective and coaching to help you see it through. At Virtus Investment Partners, we are firmly committed to helping financial advisors and clients achieve better investor outcomes by providing a broad range of intelligent portfolio solutions to deploy as part of a long-term, goal-focused plan.

Speak with your financial advisor, call 800-243-4361, or visit Virtus.com.