

NEWS FROM THE ND SECURITIES COMMISSIONER

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GET A BALLPARK ESTIMATE OF YOUR RETIREMENT NEEDS

Bismarck, ND – If you feel it is almost impossible to save any money, then here is something to think about. “Spring is a great time to invest your income tax refund to begin a retirement savings,” said North Dakota Securities Commissioner Karen Tyler. “Most people allocate their tax refunds for such things as home projects, vacations, or perhaps paying bills. These are all good choices and particularly so if it will allow you to begin a plan of saving money each month toward your retirement. But the key to your success is developing a plan and staying on-track,” stated Tyler.

According to the tenth annual Retirement Confidence Survey, only 53% of the workers surveyed have tried to determine how much they will need to save for a comfortable retirement.

Experts say that Americans will likely spend 70-80 percent of their pre-retirement income to maintain their current standard of living in retirement.

According to the American Savings Education Council, that means a 45-year-old who earns \$50,000 and who plans to retire by age 65 needs to accumulate \$336,000 by age 65, in order to maintain their standard of living.

Commissioner Tyler said that the key to taking charge of one’s finances is through the development of a financial plan. “Research shows that people who set savings goals, on average, save twice as much money as those without a financial plan,” Tyler noted. In developing the plan, Commissioner Tyler recommended the following:

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- define the purpose for saving and investing;
- set short-term and long-term financial goals;
- establish a level of risk tolerance;
- consider which saving and investing products are best for your goals and risk tolerance (including employer-sponsored plans); and
- stay disciplined.

The American Savings Education Council has developed a savings tool that can help you estimate your retirement needs – the *Ballpark Estimate* worksheet.

The worksheet offers users a way to obtain a rough first estimate of what Americans need for retirement. The worksheet assumes you'll need 70% of current income, that you'll live to age 87, and you'll realize a constant, conservative real rate of return of 3% after inflation (about a 7%-8% current return). This 1-page worksheet can be found at the website of ASEC (www.asec.org) in printable form or interactive online version that lets the computer do the math. You may also obtain a copy by contacting the Office of the Securities Commissioner at 1-800-297-5124 or 328-2910 (Bismarck local).

Governor Hoeven has declared April as “Saving and Investing Month” in North Dakota and the North Dakota Office of the Securities Commissioner is joining state regulators around the country in helping investors understand their financial needs and develop a comprehensive strategy for meeting them.

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NOTE: If you would like to print the Ballpark Estimate with this article, you may obtain a copy from the website address identified above.

For further information, contact:

Diane Kambeitz, Investor Education Coordinator
Office of the Securities Commissioner
dkambeit@state.nd.us
701-328-4698