

NEWS FROM THE ND SECURITIES COMMISSIONER

For Immediate Release – April 18, 2001

GET A BALLPARK ESTIMATE OF YOUR RETIREMENT NEEDS

Bismarck, ND – “Spring is a great time to begin thinking about saving and investing,” said North Dakota Securities Commissioner Syver Vinje. “Now would be a good time with your income tax refund to start saving for a rainy day by putting that money in a savings account, money market fund, or to begin investing for your retirement. With many mutual funds, you can get started for as little as \$100 with a monthly addition of \$25.”

The 1999 Retirement Confidence Survey found that 20 percent of workers in their 40’s report that their household has not yet begun to save for retirement. In addition, the median amount saved among 40-something households is less than \$50,000.

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 Vinje 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

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plan,” Vinje noted. In developing the plan, Commissioner Vinje recommended the following:

- 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 on the website of the Office of the Securities Commissioner at www.state.nd.us/securities (education link) or at www.asec.org or by contacting the Office of the Securities Commissioner at 1-800-297-5124 or 328-2910 (Bismarck local).

The North Dakota Office of the Securities Commissioner is joining state regulators around the country in promoting April 2001 as “Saving and Investing Campaign Month”. The goal of the campaign is to help investors understand their financial needs and help them develop a comprehensive strategy for meeting them.

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NOTE: To print the 1-page *Ballpark Estimate* with this article, obtain a copy from one of the website addresses identified above.

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