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To: EBSA, E-ORI - EBSA
Subject: lifetime income stream proposal

From:
Ilene Davis, CFP(R), MBA
30 years as financial advisor
inventor of patented "not just for retirement calculator", 2010
Creator, "personal financial planning calendar", 1991

I have been providing clients with lifetime income stream calculations for the past 25 years.

The calculator I created and patented basically requires the user to enter assumed values for amount of retirement funds available, life expectancy, inflation, and rate of return.

It allows the user to do a "what if" scenario in a matter of seconds, and see how results change based on changes in one or more of the assumptions used.

Unlike the calculator on the DOL website, my calculator does not have any built in assumptions. Each user can use their own personalized assumptions.

But this calculator does far more than the lump sum to annual income calculation. The user can create a "spending plan" in current dollars, and either as a whole or item by item, calculate the inflation adjusted cost at planned retirement age, then calculate the retirement funding need as a whole or for specific line items (so they could break spending into necessary, discretionary, and wishful and calculate funding needs separately for each)

In addition, they can use the SAME calculator to indirectly (requires repeat calculations to extrapolate / interpolate) calculate how much needs to be saved each year in addition to current investments to achieve their required funding level, and can be done at different interest rates, different annual increases in investment amount, etc,

It generally takes longer to decide on the values to be used than it takes to calculate the result.

For someone who will be getting other benefits, whether as annual income or as future lump sums, this calculator enables the user to calculate a "retirement value" of assets / benefits that would be received after proposed retirement date that could be added to the calculated 401K amount for a more accurate picture of potential annual, COLA adjusted lifetime income.

You can try the calculator out for several days at no cost at www.njfrcalculator.com. Use the TRY tab to get a temporary access code.

The website also includes a manual and workbook, and I can easily create a step by step guide for workers to do their own calculations.

Imagine if every worker with a 401K plan had one of these calculators to do not just retirement calculations, but help them make more informed decisions about saving, investing, purchases,

etc.

I hope you will try the calculator to see how truly useful it can be in helping 401K / PSP participants calculate how much their investments would equate to in lifetime income, with or without allowance for annual increases in withdrawals to counter effects of inflation

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