**Retirement Activity**

**Unit 6: Functions, Statistics, and Trigonometry**

1. In your groups research how much money a typical US household needs to retire? We will take two passes at this question. First, we will assume the savings are not in the market, then we will assume that the savings are in the market?

a) Create a Word document or google doc that documents your research. The document should have citations for your sources in MLA format. Use <http://www.noodletools.com/noodlebib/citeone_s.php?style=MLA> to help.

b) For each source, write one thing that you learned and one question of something you don’t understand from that source.

**Example:**

Retirement. CNN Money, n.d. Web 1 Feb. 2015

<http://money.cnn.com/retirement/>.

The average 401(k) balance in the US Is currently $91,300. What is a 401(k)?

c) Answer the original question – how much money does a TYPICAL US Household need to retire? Give a dollar value. (This might be challenging, but do your best).

2. Assume you would like to retire at age 62 and need to ensure an annual draw of $36,000 per year (This assumes an annual need of $55,000 per year – one third of that need will come from Social Security and you need to account for the other two thirds in your retirement planning). How much money do you need to invest at age 62, assuming a 6% annual return, to ensure you have enough money to live for 30 years (run out of money at age 92 - $0 left)?

3. Now that you know how much money you need to have saved by the age of 62, you need to determine how much money you need to put into your retirement account each year until you retire. Assume you begin to input money into your retirement account at age 18 and you will continue to do so until you retire at age 62 (last input is age 62). How much money do you need to put into your retirement account each year assuming you will get a 6% annual return? What is the daily savings in order to ensure this annual input?

4. Let’s go back and revisit problem 2. How much money would you need to invest at age 62, assuming a 6% annual return, to have the same amount of money at age 92 as you input at age 62? This means there is no change in the balance of your account each year.

5. Let’s go back and revisit problem 3 with our new number from problem 4. How much money do you need to put into your retirement account each year assuming you will get a 6% annual return to ensure I have enough money to invest at age 62? What is the daily savings in order to ensure this annual input?