The Retirement Planning Guide

> A retirement number is just compound growth plus honest assumptions. This guide shows how the projection is built and where it quietly goes wrong.

Retirement planning sounds complicated, but the core of it is one idea you already know. Money invested today grows, and you need enough of it to replace your paycheck once you stop working. Everything else is putting honest numbers on that sentence.

How the projection is built

Start with what you have saved, add what you contribute each month, and grow the total at an expected return until your retirement age. That is the same compound-growth engine behind every investing tool on this site, run over a longer horizon.

The projection then does one more step that many tools skip. It restates the future balance in today's dollars, because a number decades out buys less than it appears to. That translation is what makes the result honest rather than flattering.

A worked example you can reproduce

Take someone at 30 with 50,000 dollars saved, adding 800 dollars a month, expecting a 7 percent return, retiring at 65. The balance grows to about 2.0 million dollars. That looks enormous.

Now translate it into today's buying power at 2.5 percent inflation and it is worth about 850,000 dollars. Same money, honest framing. Of the 2.0 million, only 386,000 dollars is what the person actually contributed. The rest is growth. Open the Retirement Calculator and enter those numbers to watch it build.

The assumptions that make or break it

Three inputs move the answer more than anything else. The expected return sets how fast the balance compounds, the retirement age sets how many years it compounds for, and inflation sets what the result is really worth. Small changes to any of them swing the number by hundreds of thousands of dollars.

Because of that, a single projection is a starting point, not a plan. It is worth running an optimistic case, a cautious case, and something in between, then planning around the

cautious one.

Saving is only half the job

The projection stops at the moment you retire. What happens next is drawdown, where you take money out while the remaining balance still grows and inflation still bites. A pot that looks comfortable can still run short if the withdrawals are too high or the early retirement years bring weak returns.

The Retirement Drawdown Calculator models that second half, and the FIRE Number Calculator works backward from your spending to the pot you need. Use the three together rather than trusting one number.

> **Key takeaway.** A big future balance is not the goal. Enough buying power, for as long as you live, is the goal. Always read the retirement number in today’s dollars.

Assumptions

- Savings grow at a steady annual return with monthly compounding. Real markets vary year to year.
- A long-run inflation figure is used to translate a future balance into today’s buying power. The default is around 2.5 to 3 percent.
- Taxes on withdrawals and any pension or Social Security income are handled separately, not inside the core projection.

Sources

- U.S. SEC Investor.gov, planning for retirement
- U.S. Bureau of Labor Statistics, CPI inflation data