

AI-01549 Retirement and Social Security Sustainability

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Calculate the sustainability amount of the following:

Age 58

Social Security \$4000/month

Operating Cost \$6000/month

Current cash invested in ETF Index Fund \$150000 at ROI of 12%

401K \$1500000

401K ROI 12%

Withdrawal Rate from 401K \$7000/month

Reinvest remaining surplus back to ETF Index at 12% ROI

Let's break down this financial calculation step-by-step.

1. Calculate Monthly Income from 401k:

- 401k Balance: \$1,500,000
- Annual ROI: 12%
- Annual Income: $\$1,500,000 \times 0.12 = \$180,000$
- Monthly Income: $\$180,000 / 12 = \$15,000$

2. Calculate Monthly Surplus from 401k:

- Monthly Income: \$15,000
- Monthly Withdrawal: \$7,000
- Monthly Surplus: $\$15,000 - \$7,000 = \$8,000$

3. Calculate Monthly Income from ETF:

- ETF Investment: \$150,000
- Annual ROI: 12%
- Annual Income: $\$150,000 * 0.12 = \$18,000$
- Monthly Income: $\$18,000 / 12 = \$1,500$

4. **Calculate Total Monthly Income:**

- Social Security: \$4,000
- 401k Monthly Income: \$15,000
- ETF Monthly Income: \$1,500
- Total Monthly Income: $\$4,000 + \$15,000 + \$1,500 = \$20,500$

5. **Calculate Monthly Deficit/Surplus:**

- Operating Costs: \$6,000
- Total Monthly Income: \$20,500
- Monthly Surplus: $\$20,500 - \$6,000 = \$14,500$

6. **Calculate Sustainability Amount:**

Because there is a monthly surplus of \$14,500, the sustainability amount will be a negative number, meaning that there is no deficit to cover. Instead, there is extra money.

- Monthly Surplus: \$14,500
- Annual Surplus: $\$14,500 * 12 = \$174,000$
- Over 25 years: $\$174,000 * 25 = \$4,350,000$

Results:

- Monthly Surplus: \$14,500
- Sustainability Amount: $-\$4,350,000$. This number being negative represents that there is a surplus, not a deficit.

Conclusion:

Based on the provided figures, there is a significant monthly surplus.

Therefore, there is no sustainability amount needed to cover a deficit. Instead, there is a large surplus.