

The S3 Gap Calculator: Annuity vs. Serial Payment Workbook

Demystifying the Math of Your Financial Future

Created by SafeSimpleSound Financial Planning

Your S3 Implementation Tool

What You'll Discover:

- The 4-Step Annuity Method for calculating your "Number"
 - Why the "Serial Payment" method (increasing savings) is more realistic than flat savings
 - How to map uneven cash flows (weddings, travel) into your plan
 - The constitutional clarity of knowing exactly what to save this year
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The 4-Step Annuity Method Worksheet

Step 1: Wage Replacement Ratio

How much of your current income do you need in retirement? (Typically 70-80%)

- Current Income: \$_____
- x 80% (or your ratio): \$_____ (Annual Need)
- Less Social Security/Pensions: (\$_____)
- = Net Annual Shortfall: \$_____

Step 2: Calculate Capital Needed (The Lump Sum)

Use a financial calculator or spreadsheet PV function using the assumptions from PDF #1.

- Payment (Net Shortfall): \$_____
- N (Years in Retirement): _____
- i (Real Rate of Return): _____ %
- = Total Capital Required at Retirement: \$_____

Step 3: Subtract Current Resources

- Total Capital Required: \$_____
- Less Current Retirement Assets: (\$_____)
- = The Capital Gap: \$_____

Step 4: Calculate Annual Savings Needed

This is the amount you need to save between now and retirement to fill The Gap.

- Use PMT function on the Gap amount.
- = Annual Savings Required: \$_____

The Serial Payment Adjuster

Most people can't save the full "Step 4" amount immediately. The Serial Payment method assumes you increase your savings rate as your salary grows with inflation.

Why This Matters (Simple Explanation):

If the Annuity Method says save \$20,000/year, the Serial Payment method might start at \$14,000/year but increase by 3% annually. This matches real life.

Action Step:

- I commit to increasing my savings by _____% (e.g., 3-5%) every year.
 - I will automate this increase to coincide with my annual raise.
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Uneven Cash Flow Mapper

Life isn't a straight line. Identify "lumpy" expenses that break the model.

Event	Year/Age	Estimated Cost	Funding Strategy
Child's Wedding	20__ / Age —	\$_____	[] Separate Savings Bucket
New Roof/Reno	20__ / Age —	\$_____	[] Cash Flow / HELOC
"Dream Trip"	20__ / Age —	\$_____	[] Retirement Spending Spike

Insights Summary

Key S3 Differentiator: While most calculators give you one terrifying number, the Serial Payment approach gives you a "step-ladder" that makes starting today possible.

Educational Generosity Promise: Understanding the mechanics of how the number is calculated empowers you to control it, rather than fear it.

Your Next Steps

- Immediate Action: Calculate your "Net Annual Shortfall" (Step 1).
- Foundation Building: Set up an automatic 1% increase in your 401k/savings for next year.
- Professional Support: We can run the complex Serial Payment calculation for you to determine your exact starting dollar amount.

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