

# MAJOR PURCHASE WORKSHEET

## Saving for a Major Purchase—Simplified

Saving for a major purchase can seem overwhelming unless you ground it in numbers. To figure out how much more you need to save, use this worksheet and follow these simple steps:

1. Record your **Goals** and the number of years until you reach them.
2. Calculate the future **Total Cost** by using this formula:  
Total Cost = Cost of Goal today  $\times$  inflation factor chosen from the Inflation Table below
3. Enter your **Current Savings**.
4. Calculate any **Shortfall**. This is how much more you'll need.
5. Divide the amount you need to save by the number of years to your goal for the amount you'll need to **Save Each Year** to reach your goal. (You can then divide this number by 12 for a monthly figure.)

GOALS	TOTAL COST	CURRENT SAVINGS	(SHORTFALL)/SURPLUS	SAVE EACH YEAR
<i>Example:</i> New car in 5 years	(at 4% inflation) $\$20,000 \times 1.2167$ = \$24,334	\$5,000	Total Cost – Current Savings (\$19,334)	$\$19,334 / 5 \text{ years} =$ \$3,866.80 per year

INFLATION TABLE		
YEARS TO GOAL	3%	4%
5	1.1593	1.2167
10	1.3439	1.4802
15	1.5580	1.8009
20	1.8061	2.1911
25	2.0938	2.6658
30	2.4273	3.2434

This chart will help you arrive at general figures only and is not intended to predict precise amounts. If you put your savings into an interest-bearing account, the interest earned may help to shorten the amount of time to reach your goal and the amount of money you'll need to set aside for your goal, depending on actual inflation rates.

### Don't go it alone...

Once you determine what your goals are and how much they may cost, let a financial professional from Prudential help you reach them with the appropriate insurance and financial products.

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