

Title:

Forecasting the Future Value of Your 403(b)

Word Count:

318

Summary:

Curious about how much money you'll accumulate in your 403(b) retirement account? Just use Microsoft Excel.

Keywords:

403b, 403(b), retirement, investing

Article Body:

If you've got Microsoft Excel (or just about any other popular spreadsheet program) running on your computer, you can use the FV function to calculate the future value of an investment.

The FV function calculates the future value of an investment given its interest rate, the number of periods, the payment amount, and the present value.

The function uses the following syntax:

```
=FV(rate,nper,pmt,pv,type)
```

This little pretty complicated, I grant you. But suppose you want to calculate the future value of a 403(b) account.

To calculate the future value of the 403(b) account in this case using the FV function, you enter the following formula:

```
=FV(10%/12,25*12,-200,-10000,0)
```

The function returns the value 385936.13, roughly \$386,000 dollars.

A handful of things to note: To convert the 10% annual interest to a monthly interest rate, the formula uses 10%/12.

Also, notice that the monthly payment and initial present values show as negative amounts because they are cash outflows.

That 0 at the end of the function is the type-of-annuity switch. If you set the type-of-annuity to 1, the function would calculate the future value of an annuity due.

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