



How Much Should You Save By Age 30, 40, 50, or 60?

What number should you strive to reach?

Provided by Bill Mann, AIF®

It is agreed that the earlier you start saving for retirement, the better. The big question on the minds of many savers, however, is: "How am I doing?" This article will show you some rough milestones to try and reach. (Keep in mind that you may need to save more or less than these amounts based on your objectives and lifestyle and income needs.)

At age 30, can you have the equivalent of a year's salary saved? Some 30-year-olds have the equivalent of a year's salary in debt, it is true; the thing is, you can probably manage debt and save and invest to build wealth simultaneously. One way to plan to reach this goal is to save (and invest) about a fifth of your after-tax income beginning at age 25. That assumes you start at 25 with no savings; if you start saving and investing earlier, the goal may be easier to attain.¹

At age 40, will your savings be triple that of your yearly earnings? The average American currently saves about 3.5% of his or her income. Can you save 3.5% of what you earn at 25 or 30 and build a six-figure retirement fund by your 40th birthday? Perhaps, if you are an absolute investing wizard or start your career with a salary north of \$100,000. Otherwise, saving and investing 10-15% of what you earn annually will be crucial in planning to reach this goal.^{1,2}

When you are 50, will your savings be about six times your salary? Slow and steady saving and investing could get you there, but building up \$250,000 or more in retirement money can be a challenge given factors like child-rearing, divorce, periodic unemployment, or health concerns. One response is to adjust your discretionary spending habits, if life allows.¹

At 60, will your savings equal eight or nine times what you earn annually? Amassing \$500,000 or more in retirement assets should be a priority. Even if you have not managed this, other resources can help you generate retirement income in the years ahead: you will have Social Security benefits coming your way and possibly home equity or executive compensation or business proceeds to make your financial future more promising.¹

Saving and investing 10-15% of your annual pay merits serious consideration. Through recurring contributions to tax-deferred retirement savings accounts, you can make saving and investing a regular process. Your future self may thank you.

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Citations.

- 1 - cheatsheet.com/money-career/how-much-money-should-have-based-on-age.html [9/20/17]
- 2 - businessinsider.com/how-much-you-should-have-saved-every-age-2017-9 [9/18/17]