Are My Retirement Savings on Track?

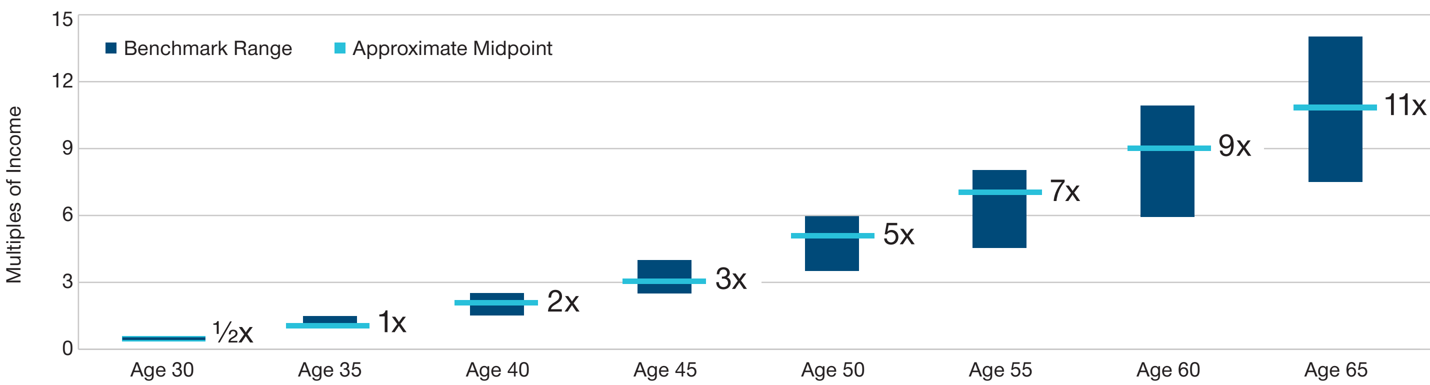
As you save for retirement, it's helpful to know how much you need to save and whether you are on track.

Most people will fund retirement primarily from personal retirement savings and Social Security benefits. Considering you may spend 30 years or more in retirement, it's important to save enough so your money will last. A quick way to check your progress is to consider how much you've saved by certain ages. We refer to the target levels as savings benchmarks.

What's My Savings Benchmark?

To find your savings benchmark, look for your approximate age, and consider how much you've saved so far for retirement. Compare that amount with your current gross income or salary. For example, a 35-year-old earning $60,000 would be on track if she's saved about one year of her income, or $60,000. Most 50-year-olds would be on track if they've saved about five times their income. If considering a household, use the older partner's age and the total income and total retirement savings of the household.

Savings Benchmarks by Age—As a Multiple of Income



These benchmarks assume you'll be dependent primarily on personal savings and Social Security benefits in retirement. However, if you have other income sources (e.g., pension), you may not have to rely as much on your personal savings, so your benchmark would be lower.

But There's a Range. What Should I Consider?

The midpoint benchmark is a good starting point. But circumstances vary by person and over time. A key factor that impacts your savings benchmark is your current income. For higher-earning households, Social Security benefits will be a smaller percentage of income in retirement, so they will rely more on personal savings. In addition, Social Security benefits (and, therefore, the benchmarks) are affected by the marital status of the people in the household. (For example, the cap on Social Security benefits affects a single person at a lower household income level differently than a dual-income couple.) With that in mind, the approximate benchmarks below may help you evaluate where you stand.

A Closer Look at Savings Benchmarks Later in Your Career

	Married, Dual Income			Married, Sole Earner			Single		
Current Household Income	**Age 55**	**Age 60**	**Age 65**	**Age 55**	**Age 60**	**Age 65**	**Age 55**	**Age 60**	**Age 65**
$75,000	5½ x	7 x	9 x	4½ x	6 x	7½ x	6½ x	8½ x	10½ x
$100,000	6 x	8 x	10 x	5 x	7 x	8½ x	6½ x	9 x	11 x
$150,000	6½ x	8½ x	10½ x	6 x	8 x	10 x	7½ x	9½ x	12 x
$200,000	6½ x	9 x	11 x	7 x	9½ x	11½ x	8 x	10½ x	13 x
$250,000	7 x	9½ x	11½ x	7½ x	10 x	12½ x	8 x	11 x	14 x

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What Percentage Do I Need to Save?

Generally speaking, most investors should save at least 15% of their income in order to achieve the savings benchmarks at various ages.[1] This includes company contributions that may be available through a workplace plan such as a 401(k). If you're a high earner, the savings rate you'll need to get there can be well above 15%.

The amount you've already saved is also a key factor. The chart below illustrates the importance of getting on track for retirement. It may help you determine the percentage of your income you need to save going forward (again, including company contributions), depending on how much you have already saved.

Aim to save at least

15%

Percentage of Income You May Need to Save

	Amount You Have Already Saved, as a Multiple of Income										
Current Age	**0x**	**1x**	**2x**	**3x**	**4x**	**5x**	**6x**	**7x**	**8x**	**9x**	**10x**
30	16%	13%	10%	7%	4%						
35	18%	15%	11%	8%	5%			Under 3%			
40	21%	18%	14%	10%	6%						
45	26%	22%	18%	13%	9%	5%					
50	32%	28%	24%	19%	15%	11%	7%				
55		33%	31%	27%	22%	18%	13%	9%	5%		
60	More than 33%			33%	31%	27%	23%	18%	13%	9%	5%

Note: This table is based on a couple earning approximately $150,000 or a single person earning approximately $75,000. If your income is higher, the savings percentages will also be higher, especially as you get older.

Final Thoughts

If you're on track—great job! Keep saving for retirement as a priority. If you're not on track—don't despair. Focus less on the shortfall and more on the incremental actions you can take:

- Make sure you are taking advantage of the full company match in your workplace retirement plan.
- If you can increase your savings rate right away, that's ideal. But if not, you can also get on track by increasing the rate gradually over time. Many company plans will automatically increase your contribution amount each year. Sign up!
- If you are struggling to save, getting on strong financial footing can help. Your employer may offer a financial wellness program to help with your finances.
- If you're approaching retirement age, consider your options, such as a transition plan or part-time work. Many retirees enjoy working and, as a result, still earn income.

Taking advantage of company contributions can help you reach your savings target.

Assumptions: Benchmarks are based on a target multiple at retirement age and a savings trajectory over time consistent with that target and the savings rate needed to achieve it. Household income grows at 5% until age 45 and 3% (the assumed inflation rate) thereafter. Investment returns before retirement are 7% before taxes, and savings grow tax-deferred. The person retires at age 65 and begins withdrawing 4% of assets (a rate intended to support steady inflation-adjusted spending over a 30-year retirement). Savings benchmark ranges are based on individuals or couples with current household income approximately between $75,000 and $250,000. Target multiples at retirement reflect estimated spending needs in retirement (including a 5% reduction from preretirement levels); Social Security benefits (using the SSA.gov Quick Calculator, assuming claiming at full retirement ages, and the Social Security Administration's assumed earnings history pattern); state taxes (4% of income, excluding Social Security benefits); and federal taxes. "Dual income" means that the one spouse generates 75% of the income that the other spouse earns. For the benchmarks on the first page, we assume the household starts saving 6% at age 25 and increases the savings rate by 1% annually until reaching the necessary savings rate. Benchmark ranges reflect the higher amounts calculated using federal tax rates as of January 1, 2020, or the tax rates as scheduled to revert to pre-2018 levels after 2025. Approximate midpoints for age 35 and older are rounded up to a whole number within the range.

[1] It may be possible to achieve your retirement goals with a lower savings rate than 15% if you get an early start saving or if you have relatively low income. Note also that people in some circumstances may not be able to meet their savings goals solely through tax-advantaged plans. With these and other factors considered, we believe 15% or more is an appropriate target for most people considering the wide range of potential financial changes over your lifetime.

Charts are shown for illustrative purposes only.

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