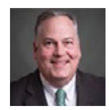
What Percentage of My Income Should I Save for Retirement?

The amount you've already saved for retirement can help you determine the percentage of your income you'll need to save going forward.

KEY INSIGHTS

- Most investors should save at least 15% of their income for retirement.
- Your age, income, and current savings can help gauge how much you should save going forward.
- If you're off target, start recalibrating as soon as possible.



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Saving for retirement is likely to be your biggest long-term financial goal, and you may find yourself having to make some adjustments along the way. It's important to take time to measure whether you're saving enough at a given age or if you need to recalibrate your approach. Many people rely on two sources to fund their retirement—personal retirement savings and Social Security. You will want enough personal savings to support a retirement that could last 30 years or more. The following steps can help you evaluate your progress.

Start With How Much You Already Have Saved

The first step in figuring out how much you should be saving is to look at how much you've already put away. Compare that number with your current income and figure out, according to your age, how many multiples of your annual income you've managed to set aside. The closer you get to retirement, the higher that multiple should be. (To determine if you're aligned with your benchmark savings amount, visit troweprice.com/savingsbenchmark.)

Determine How Much You Need to Save

Generally speaking, most investors should be saving (including any company contribution) at least 15% of their income to stay on target at various ages.* From time to time, however, you may find yourself lagging and may need to adjust the amount you are saving.

Percentage of Income You May Need to Save

To calculate your savings multiple, divide your total retirement savings by your annual income.

Amount You Have Already Saved, as a Multiple of Income

Current Age	0x	1x	2x	3x	4x	5x	6x	7x	8x	9x	10x
30	15%	12%	8%	5%							
35	17%	14%	10%	7%	3%						
40	21%	17%	13%	9%	5%						
45	25%	21%	17%	12%	8%	4%			Under 3%		
50	30%	26%	22%	18%	14%	9%	5%				
55		32%	29%	25%	21%	16%	12%	8%			
60		More than 33%		32%	29%	25%	21%	16%	12%	7%	

Source: T. Rowe Price.
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.

To determine the percentage of income you should consider setting aside going forward, see the "Percentage of Income You May Need to Save" chart. You can calculate this amount at a household level too, especially if both partners are saving for retirement. Use your household's income and combined retirement savings so far to determine the percentage of income you may each need to save. (Remember that this percentage includes contributions you may be receiving from your employer.)

For example, a 35-year-old earning $75,000 who has saved about one year's worth of income would need to save about 14% of her salary to be on target to meet her retirement goals. If she had already saved two times her salary, the amount she would need to save to stay on track would drop to 10%.

Make Adjustments if Necessary

Keep prioritizing your retirement savings, and check in annually to make sure you're still saving enough. Use the table above as a guide to determine if you may need to increase your savings amount. You can also use the T. Rowe Price Retirement Income Calculator to give you an estimate of where you stand. Ideally, you can increase your savings rate right away to the amount listed in the table, but if that's not possible, work to increase it gradually over time until you get there.

If you're approaching retirement age and are unable to hit your target savings rate, you still have options. Take time to think about the lifestyle you may want in retirement and if you have flexibility to make any adjustments. For instance, consider delaying retirement or seeking part-time work. Regularly monitoring your progress helps you identify when course adjustments are needed. It's a habit that can keep you on track to reach your financial goals.

Assumptions: Savings needed considers benchmarks that are based on a target multiple at retirement age and a savings trajectory over time to achieve that target. 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). Retirement targets 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 as of January 1, 2024.

*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.

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