

How Much Savings Do You Need for Retirement?

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Retirement Rehab



How much do you need in your savings for retirement? It's a big question no matter where you're at in life.

After all, if you're in your 50's, you're only about 15 years from the traditional retirement age. That's not a lot of time to save up.

And according to an analysis from the [Government Accountability Office](#), the average American between 55 and 64 only has about \$104,000 in retirement savings. That's not a lot — in fact, it would only add up to a \$310 monthly payment from a lifetime annuity.

So how much more do you really need?

Traditional Wisdom, Guidelines, and

Calculators

Traditional wisdom has told us that we need to save 10% of our annual earnings in order to retire comfortably.

But experts at the [Center for Retirement Research at Boston College](#) say you should save 15%, more for high income, less for low income households.

Others say you'll need at least \$15-20 in savings to cover every dollar of shortfall between your retirement income and cost of living. So if you consider your expected Social Security and pension, if the gap is \$20,000 a year, you'll need a nest egg of at least \$300,000, and pray that you don't live too long.

In other words, how much any household needs will vary wildly based on individual circumstances. There are some savings for retirement calculators out there that try to take these factors into consideration. Here are a few popular ones:

- [CNN Retirement Calculator](#)
- [Bloomberg Retirement Calculator](#)
- [Edward Jones Retirement Planning Tool](#)
- [MarketWatch Retirement Planning Calculator](#)

Calculators are helpful to get an idea, but in reality, there are a lot of financial factors you can't control, especially for Gen Xers.

The Reality for GenX

The Great Recession hit Gen X the hardest of any demographic, costing us 45% of our net worth on average, according to the [Pew Research Center](#). So it's no surprise that over half (52%) of Gen Xers still have [less than \\$10,000](#) in retirement savings.

So besides the likelihood that you're already way behind on retirement savings for your age, you also have to deal

with other questions, like:

- Do you have aging parents to consider?
- Do you plan to help your kids as young adults?
- Do you have a mortgage or other debt?
- What kind of lifestyle do you envision for retirement?
- How have you invested your savings up until this point?
- At what age do your plan to retire?
- How long do you expect to live?

And then there's the biggest financial question mark of all for most Americans:

- How much will you need for medical expenses?

Even the best financial calculator out there can't help you plan for the cost of a major illness. And most financial advice is geared towards younger generations who have years to slowly build their retirement savings using conservative investments and slow annual savings.

The Light at the End of the Tunnel

The truth is, if you're in your 40's or 50's and haven't started saving for retirement yet, you'll probably need more than your current annual salary can help you with.

But luckily, there are now more ways than ever to bring in new streams of income and make savings for retirement a reality. All you need to do is ignore the traditional wisdom (that only applied to you in your 20's anyway), and start taking a unique approach.

Consider meeting with a financial planner that specializes in late-career retirement savings to start creating an actionable plan.

Check out some of the other posts on this blog to learn more about creating a savings for retirement plan that works for you.



[Click here for more information on retirement in the New Economy.](#)

