

How Much Is Enough?

How much money should you save for retirement? It's not easy to determine exactly how much will be enough. But you can set a savings goal based on how long you expect to be retired and how much income you project you might need.

Realistic Expectations

When do you anticipate retiring? If you hope to retire early, obviously you should plan for a longer retirement. If you expect to work past retirement age, keep in mind that a number of factors could make it difficult to continue working as long as you'd like. Even if you retire on schedule, your retirement may last a long time. The life expectancy of a 65-year-old is currently more than 20 years, according to the Social Security Administration. The longer your retirement, the more savings you probably will need.

Income Projections

What are your retirement income needs? A precise projection is impossible, but looking at your current lifestyle and spending patterns can give you a good idea of what you might need in the future.

Sources of Income

Have you looked at your potential sources of retirement income? Consider any pensions you may be eligible to receive, employer-provided retirement plans, individual retirement accounts, and personal savings. Some retirees have earnings from part-time work. And Social Security may be a source of income. Keep in mind, however, that the current average monthly benefit is \$1,269, and Social Security represents about 39% of the income of the elderly.*

Make a Difference

It's generally a good idea to assume that you'll need to make up the difference between what Social Security provides and your income needs. Are you contributing enough to your plan? If not, increasing the amount you contribute now can make a big difference in the income available during your retirement.

* *Fact Sheet*, Social Security Administration, 2013

More Each Month

Saving more each month now may increase monthly income during retirement.

Amount Already Saved	\$10,000	\$10,000	\$10,000
Monthly Contribution	\$50	\$100	\$200
Account Value in 30 Years*	\$142,164	\$203,162	\$325,159
Monthly Income During Retirement**	\$1,102	\$1,575	\$2,521

* Account values assume 7% average annual total return, compounded monthly.

** Assumes a 20-year retirement, a 7% return on savings compounded monthly, and that the account will be depleted after 20 years. Your retirement could last longer than 20 years.

This is a hypothetical example used for illustrative purposes only. It is not representative of any particular investment vehicle. Your investment results will be different.

Source: NPI