



How Is Your Retirement Savings Progress?

Are you on track to meet your goals?

As you save for retirement, it helps to have an occasional “reality check”—a moment where you stand back and look at your progress. Here are two guidelines to keep in mind when you do.

Look at your savings as a percentage of your household income at certain ages. One study (from JP Morgan Asset Management) suggests that you are saving “enough” for retirement at 30 if your savings equal between 0.4% and 3.0% of your current income. The more you make, the higher the percentage should be: it is 0.4% for 30-year-olds earning \$50,000 but 1.1% for 30-year-olds earning \$75,000. Assuming a steady 6.5% annual rate of return before retirement, and a 5% rate after retirement, your nest egg has an 80% chance of lasting for 30 years according to this projection.¹ (Please visit the link at the end to review all assumptions).

You should probably aim to save about \$2 million before retiring. A recent USA TODAY article identified retirement savings targets of \$1.8 million for older millennials and \$2.4 million (or more) for younger millennials who want to retire in their mid-sixties. That size of nest egg would be needed for future Gen Y retirees to live on the equivalent of \$30,000–\$40,000 a year in today’s dollars. To reach those respective objectives, an older millennial would have to save \$2,000 a month for 32 years with investments yielding 5% annually; the youngest millennials would need to save \$1,000 a month for 48 years at a 5% return.² (Figures based on a 2% inflation rate. Please visit the link at the end to review all assumptions).

The examples provided are hypothetical and are not representative of any specific situation. Your results will vary. The hypothetical rates of return used do not reflect the deduction of fees and charges inherent to investing.

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¹ investors.com/etfs-and-funds/retirement/heres-how-much-you-really-need-to-save-forretirement/[8/11/16]
² usatoday.com/story/money/columnist/powell/2016/03/29/millennials-new-retirement-number-18-million-more/81329246/ [3/29/16]