

Is Your Retirement Savings On Track?

BASELINE ASSUMPTIONS

Assuming the following baseline assumptions remain intact, your retirement savings should follow the course below to help you prepare for retirement.

- You start saving at age **25** and save continuously until you retire at age **67**
- Your employer contributes **3%** per year
- You save **6%**, increasing your contributions **1%** per year until you reach **12%**
- You work until age **67** and aim for an income replacement rate of **85%**



- Your retirement account has a **5.5%** annual return for the entire period
- Annual pay increases by **1.5%** over inflation, assumed to be **2.3%** per year
- Your Social Security benefits are received as **promised**
- You take systematic withdrawals from age **67** through age **92**



TWENTIES

By age 25, your retirement savings should equal 20% of your annual income.



Example:

25 years old | \$30,000 salary
Retirement savings = \$6,000



THIRTIES

By age 35, your retirement should be equal to your annual income.



Example:

35 years old | \$60,000 salary
Retirement savings = \$60,000



FORTIES

By age 45, your retirement savings should equal 3x your annual income.



Example:

45 years old | \$80,000 salary
Retirement savings = \$240,000



FIFTIES

By age 55, your retirement savings should equal 5x your annual income.



Example:

55 years old | \$100,000 salary
Retirement savings = \$500,000



SIXTIES

By age 67, your retirement savings should equal 8x your annual income.



Example:

67 years old | \$125,000 salary
Retirement savings = \$1,000,000

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