

# How much do I need to retire?

*A practical guide to a complex question.*



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How much you will need to retire depends on many different factors that are unique to each family. These factors might include:

- risk tolerance
- target retirement age
- current savings

To look at all combinations of these relevant factors is outside the scope of this presentation. Instead, we will review some general guidelines that can provide you with a framework to look at your own retirement preparation.

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## Replacement Rate

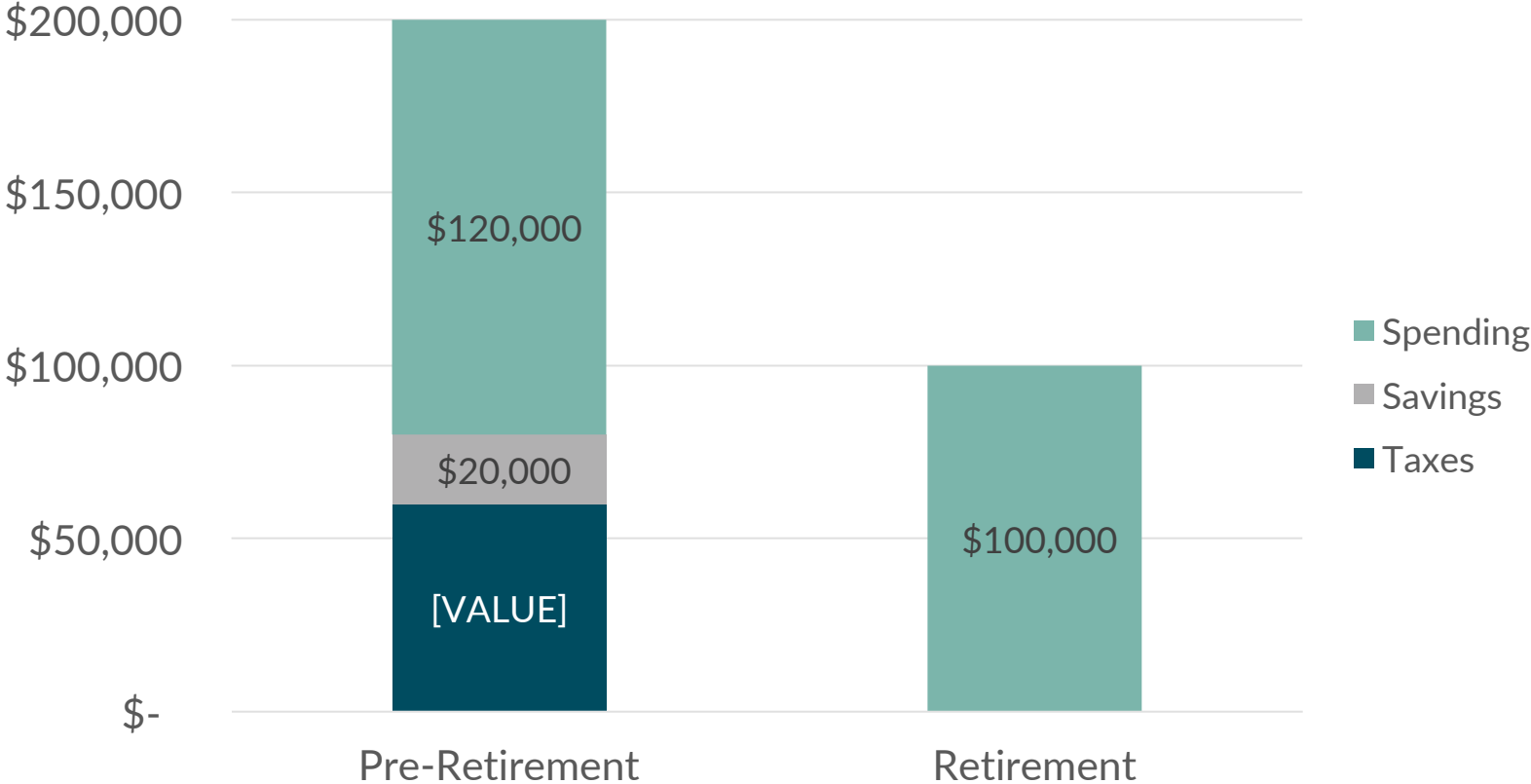
*What percentage of your pre-retirement income is needed to sustain your current lifestyle once you retire?*

If you are working, and currently earn \$200,000, a large portion of your income goes to taxes and savings. In retirement, you will likely pay far less in taxes, and you won't be saving, so you will need much less than \$200,000 to maintain your lifestyle. As a high earner, you may need as little as half of your current income to maintain your lifestyle.

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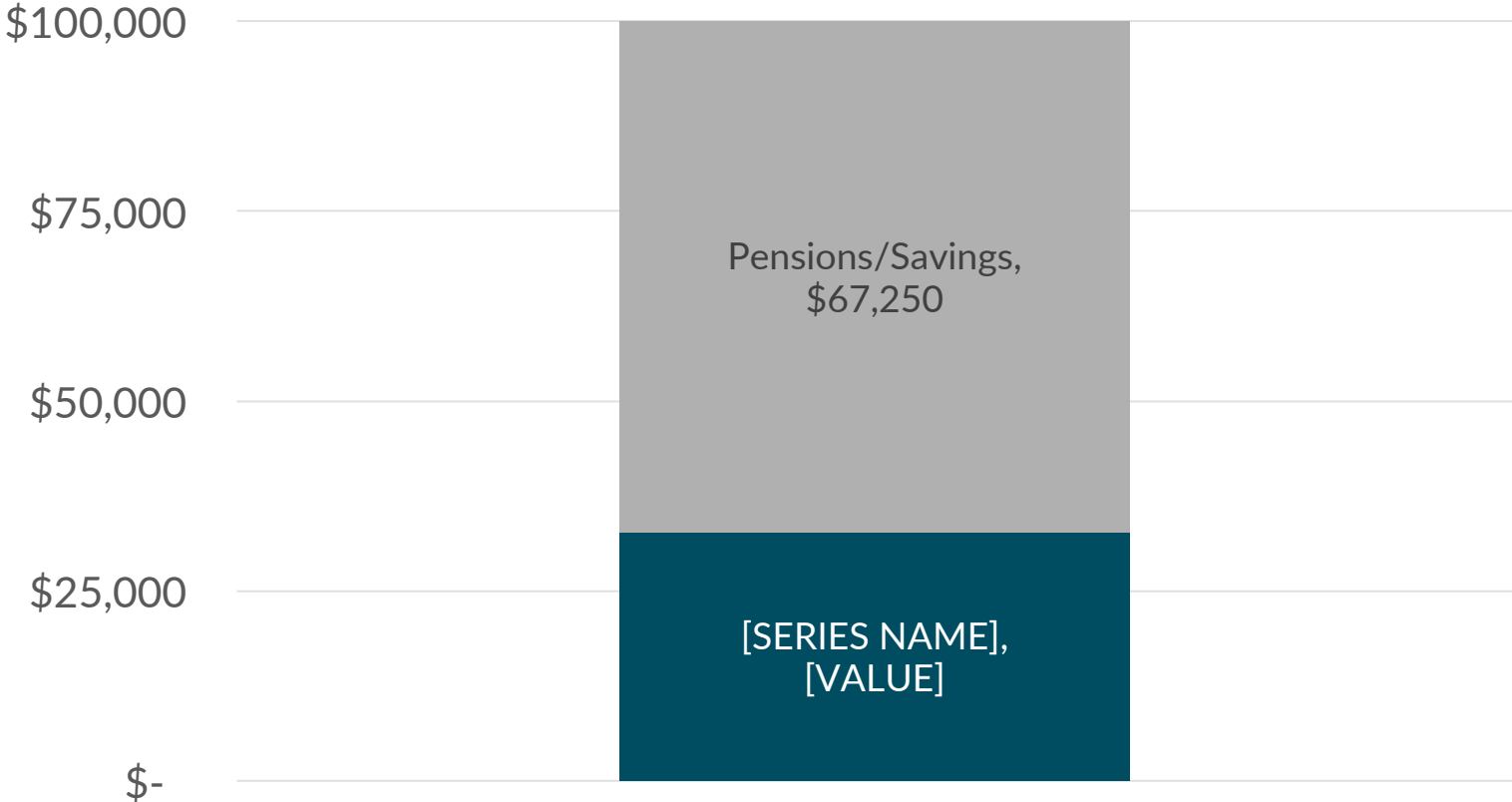
## Replacement Rate



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## Sources of Retirement Income



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Retirement Spending starting at age 67 with \$1.5M Savings



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## Takeaway

- You are likely to spend less in retirement than you currently earn.
- Replacement rate vary with higher earners having lower replacement rates.
- Social Security will provide a portion of your retirement needs.
- What is not covered by Social Security will need to come from outside savings or pension.
- Amount is determined by retirement age and life expectancy.
- Rule of thumb: At full retirement age (67), one should have savings of roughly twenty times the amount to be pulled annually from savings.

*Needed Retirement Savings = (Annual Retirement Spending – Social Security) x 20*