How Much You Should Have Saved (By Age)

Knowing how much you should save toward retirement at each stage of your life will help you answer that all-important question: “Have I put aside enough?” Here are some useful formulas that can help you set age-based savings goals on the road to retirement.

Retirement Income: The 80% Rule

Most experts say your retirement income should be about 80% of your final pre-retirement salary. That means if you are making $100,000 annually at retirement, you will need an income of at least $80,000 per year to have a comfortable lifestyle after leaving the workforce. This amount can be adjusted up or down depending on other sources of income, such as Social Security, pensions, and part-time employment, as well as your health and your desired lifestyle.

Total Savings: The 4% Rule

To determine the amount you will need to have saved to generate the retirement income you want, one easy-to-use formula calls for dividing your desired annual retirement income by 4%. To generate the $80,000 cited above, for example, you would need a nest egg at retirement of about $2 million. This assumes a 5% [return on investments](https://www.investopedia.com/terms/r/returnoninvestment.asp) (after taxes and inflation), no additional retirement income (i.e., Social Security) and a lifestyle similar to the one you would be living at the time you retire.

Multiples of Your Salary

To figure out how much you should have accumulated at various stages of your life, thinking of a percentage or multiple of your salary at that time can be a very useful tool. Fidelity suggests you should have 50% of your annual salary in accumulated savings by age 30. This requires saving 15% of your [gross salary](https://www.investopedia.com/terms/g/grossincome.asp)beginning at age 25 and investing at least 50% in stocks. Additional savings benchmarks are as follows:

* Age 40 – two times annual salary
* Age 50 – four times annual salary
* Age 60 – six times annual salary
* Age 67 – eight times annual salary

**In Your 40s? You Might be Making These Money Mistakes**

Another Multiple Formula

Another formula (like the one proposed [by Fidelity](https://www.fidelity.com/viewpoints/retirement/how-much-do-i-need-to-retire)) holds that you should save 25% of your gross salary each year, starting in your 20s. The 25% savings figure may sound daunting, but it includes a combination of [401(k)](https://www.investopedia.com/terms/1/401kplan.asp) withholdings, [employer match](https://www.investopedia.com/terms/m/matchingcontribution.asp), cash savings, and even debt repayment. Following this formula should allow you to accumulate your full annual salary by age 30. Continuing at the same average savings rate should yield the following:

* Age 35 – two times annual salary
* Age 40 – three times annual salary
* Age 45 – four times annual salary
* Age 50 – five times annual salary
* Age 55 – six times annual salary
* Age 60 – seven times annual salary
* Age 65 – eight times annual salary

How Much Can You Save?

Based on figures provided by the [Bureau of Labor Statistics](https://www.bls.gov/opub/reports/consumer-expenditures/2015/home.htm) (BLS) in its 2015 “Consumer Expenditures Survey,” the percentage of income left over (and available for savings) for workers between the ages of 25 and 74 averages 19.8% on a [pretax](https://www.investopedia.com/terms/p/pretax-earnings.asp) basis. This figure is well above the 15% savings formula above and potentially within the 25% figure, depending on how much comes from things like employer matching and debt repayment. The following is the average pretax percent of income left over after expenditures by age group:

* 25 to 34: 19%
* 35 to 44: 23%
* 45 to 54: 27%
* 55 to 64: 22%
* 65 to 74: 8%

The Bottom Line

Given the nearly 20% of gross income savings potential and an actual savings rate of less than 5% of disposable income, most Americans likely have room to increase savings at most stages of their lives.

Whether or not you try to follow the 15% or 25% savings guideline, chances are your actual ability to save will be affected by life events. Sometimes you will be able to save more, and sometimes less. What’s important is to get as close to your savings goal as possible and check your progress at each benchmark to make sure you are staying on track. With the importance of saving for retirement being so great, we have made lists of the [best brokers for Roth IRAs](https://www.investopedia.com/best-brokers-for-roth-iras-4587878) and [IRAs](https://www.investopedia.com/best-brokers-for-iras-4587879) so you can find the best places to create these retirement accounts.

<https://www.investopedia.com/retirement/how-much-you-should-have-saved-age/>