



HOW BIG *Should My Nest Egg Be?*

Ever wonder how much money you should have saved to be “reasonably” prepared for retirement? No two people are alike and no two retirements will be alike! It is a very big guessing game. What will be your personal financial situation during retirement? Are you single or married? When will your spouse retire? What will your health care costs be during retirement? How about travel? Will you still be making mortgage payments? Will you have kids in college? Will you continue to work part-time? These are just a few of the questions that will have a profound impact on how much you need to save.

What will the economy be like during your retirement? High inflation? Low Inflation? How will you invest your nest egg and what rate of return will you receive? What tax bracket will you be in during retirement? There are a tremendous number of assumptions and unanswered questions that go into each retirement needs calculation. Oh, we’ve left out the two BIG questions. How fast are you going to spend the money? And when will you die?

Because there are so many variables affecting the final outcome, *it is impossible to calculate a retirement nest egg amount that will be exactly right.* The chart below is a “ballpark” attempt to “guesstimate” how much money you should have in your account at age 65 to maintain your level of income.

Here are the assumptions:

- You retire at age 65.
- You are single.
- Inflation averages 4% annually.
- Your Social Security is calculated using current rates.
- Social Security COLAs will average 1.6% annually.
- Your retirement plan account earns 5% annually during retirement.

Salary At Age 65	Life Expectancy/Nestegg Amount			
	Age 85	Age 90	Age 95	Age 100
\$20,000	\$234,000	\$292,000	\$349,000	\$406,000
\$30,000	\$402,000	\$496,000	\$588,000	\$679,000
\$40,000	\$534,000	\$659,000	\$782,000	\$903,000
\$50,000	\$673,000	\$830,000	\$985,000	\$1,137,000
\$60,000	\$808,000	\$996,000	\$1,182,000	\$1,364,000
\$70,000	\$942,000	\$1,162,000	\$1,379,000	\$1,592,000
\$80,000	\$1,083,300	\$1,332,459	\$1,585,626	\$1,823,470
\$90,000	\$1,234,962	\$1,519,003	\$1,807,614	\$2,078,756
\$100,000	\$1,395,507	\$1,716,474	\$2,042,604	\$2,348,994

How should you read this chart? Assuming you were earning a gross salary of \$40,000 when you terminated employment at age 65, if you expect to live to age 90, you want an estimated \$659,000 in your retirement accounts. This amount, based on the assumptions, will allow you to maintain your level of income to age 90. If you die before age 90, there would be funds left in your account. If you lived longer, in theory you would have depleted your account at age 90.