



**How much money will I need for retirement?
By Jon Marzano, Managing Principal – Marzano Capital Group**

For most of us, we work our entire lives to do four things: take care of ourselves, provide for our families, save money for retirement, and hopefully be able to leave something to our children and grandchildren when we depart. We work hard every day to be able to one day reach the finish line and the word we all want to hear: retirement, when you can finally kick back, spend more time with the family, enjoy the grandkids, and do all of the things you never had time to do when you were working.

One of the things I'm often asked by clients, and one of the areas Marzano Capital Group specializes in, is retirement planning. Specifically, the number one thing on every client's mind when we first sit down is "How much money will I need for retirement?" And while that may seem like a simple question, the answer can often be more complicated, as many factors play a role in what each individual will need to retire in the manner in which they desire.

Overall, the general rule of thumb is that retirees will need approximately 80 percent of their pre-retirement salaries in retirement. However, that number fluctuates depending on your specific needs. Here are a few things to consider when planning your retirement:

- **Your age of retirement:** The first question to ask yourself is "When do I want to retire?" This is probably the biggest factor when planning the amount of money you'll need for retirement. If you hope to retire earlier, you'll need more money in savings as chances are you'll be retired longer. Conversely, if you plan to work later in life, you may not need as much. Determining your retirement age is the first step in planning for your post-career life.
- **Your retirement lifestyle:** Once your career is over, how do you want to live? Do you want to travel? Do you have new or existing hobbies you want to pursue? Are you looking to begin or continue the country-club lifestyle? Do you envision yourself buying or leasing vacation property? All of these factors can play in to the amount of retirement income you'll need and should be considered when retirement planning.
- **Life expectancy:** According to the Centers for Disease Control and Prevention, the average life expectancy in the U.S. is approximately 79 years of age, the highest it has been in history. Therefore, people in the U.S. should be prepared for a longer retirement than their parents and should plan accordingly. For a person who retires at 65, he or she will have an average of a 14-15-year retirement, and for many of us, it will be even longer. Therefore, you should plan your retirement finances accordingly.

- **Social Security benefits:** For many of our parents, grandparents and great-grandparents, Social Security benefits made up a significant portion of their retirement incomes. However, as more and more Baby Boomers reach retirement age, and people on average are living longer, the Social Security program is coming under increasing stress. As a result, Social Security benefits in the future could be significantly less, and this should be factored in to retirement planning.
- **Inflation:** It is very important for your savings to keep pace with or exceed inflation. If you think you have accounted for every possibility when constructing a savings goal, but forget this vital component, your savings could be far from sufficient. Inflation has the potential to lower the value of your savings from year to year, significantly reducing your purchasing power over time.

These are all factors that should be considered when planning for retirement. But after determining your retirement savings goal and factoring in how much you have saved already, you may be able to determine how much you need to save each year to reach your destination. The important thing is to come up with a goal and then develop a strategy to pursue it. The sooner you begin determining and planning for your retirement goals, the sooner you'll be able to achieve them.

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