



How are you doing—what your savings should be at every age

Lifehacker, a popular site that posts tips and tricks for getting things done, published an article titled "How Much Should You Have Saved At Every Age?"¹

In it, financial author Alicia Adamczyk outlined suggested amounts you should have socked away at each decade in life, if you plan on maintaining your current standard of living in retirement.

Drawing on recommendations from some of the major mutual fund companies, she reported that Fidelity suggests having 1X your yearly income saved at age 30, 3X at age 40, 7X at age 55, and 10X at 67. Morgan Stanley proposed very similar multiples. And Vanguard stated it even more simply, recommending that you should plan to put away 12 - 15% of your salary each year.

Each of these scenarios represents a well-reasoned framework for targeting savings amounts, but Adamczyk points out that many people have not followed one of them.

Yet everybody knows they should be saving for retirement. Success, it seems, takes more than simply being aware of the guidelines. You've probably heard the savings habit being compared to others like eating healthy and exercising regularly. We all know we should do prudent things. The challenge is that doing prudent things consistently requires that critical element of discipline to be effective.

Deciding to do it, and getting the help you need

While Adamczyk's article is worth reading, the scores of reader comments and her replies are even better.

Lifehacker tends to attract proactive readers. They visit the site to learn how to get things done. Taking the milestones seriously, many posted their dismay at not being anywhere near the recommended amounts. But others responded with stories of how they'd been in a similar position, and by cutting their spending and getting out of debt they had been able to save enough to get back on track with their retirement.

The term "gamify" was thrown around, meaning approaching your budgeting and saving as a system with rules that you can identify to help you "win." A number of people recommended popular online tools that can help you do this by enabling you to better visualize your current situation and showing you where you can do better.

Going it alone seems to be the most difficult approach at being effective. As expected, several people suggested that the best way to get on track was to work with a financial advisor. For people serious about their retirement, this is the ultimate lifehack.

General milestones can be useful, but it's important to follow a detailed plan that's been tailored to your specific income, budget, risk tolerance, and goals. And even more important, you need someone who knows your unique situation to hold you accountable.

After all, the rules may be fairly simple but the conditions on the playing field are constantly changing. Navigating an unknowable and randomly-changing future with a big-picture coach on your team helps put the odds of winning in your favor. Accountability and personalized planning are two of the most valuable things a trusted advisor can provide for you.

Sources:

1. <https://twocents.lifehacker.com/how-much-should-you-have-saved-at-every-age-1821498621>

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