

# Estimating Retirement Savings Needs

## Step No. 1

Decide what percentage of your annual salary you will need in retirement, on top of traditional company pension, if any, and Social Security. Then use the following table to find the appropriate percentage of salary you need to save and subsequently invest each year, depending on how long you have until retirement.

Desired Retiree Income As A % Of Annual Salary	----- Years To Retirement -----					
	10	15	20	25	30	35
30%	36%	21%	13%	9%	6%	4%
40%	48%	27%	18%	12%	8%	6%
50%	60%	34%	22%	15%	10%	7%
60%	72%	41%	26%	18%	12%	9%
70%	84%	48%	31%	21%	14%	10%

## Step No. 2

Adjust the required savings rate to take into account your current savings by finding the appropriate number in the table below and subtracting it from the percentage determined in Step No. 1.

Current Savings As A % Of Annual Salary	----- Years To Retirement -----					
	10	15	20	25	30	35
100%	13%	10%	8%	7%	7%	6%
200%	25%	19%	16%	14%	13%	13%
300%	38%	29%	24%	22%	20%	19%
400%	51%	28%	32%	29%	27%	25%
500%	64%	48%	40%	36%	33%	32%

## Example

If you are 25 years from retirement and want a retirement income equal to 70% of your salary, the first table suggests you need to save 21% a year. But if you already have savings equal to 200% of your salary, you would reduce that number by 14 to arrive at the figure of 7% of your annual income required to reach your projected retirement goal.

*Note: Tables assume 9% annual investment gains prior to retirement (pre-tax); 8% annual gains after retirement; 3% inflation; retirement income must last 30 years at which point the portfolio is depleted.*

*Example used as illustration only and is not indicative of any particular investment. Actual results will vary. Assumes reinvestment of dividend with no consequence of fees or taxes. Past performance is not a guarantee of future results.*

Source: T. Rowe Price Associates - 1998

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