



How Much is Enough?



There are many formulas for figuring out how much money you need to retire. While thinking seriously about retirement finances is useful, for most people, these formulas may not come close to what your retirement actually looks like.

Taking Stock

To truly get comfortable with your retirement plan, the first thing you should do is thoroughly plan your retirement. It is your lifestyle and your length of life that will drive your financial needs once you're no longer working. To gauge your needs, try this exercise. Think really hard about what "retirement" means to you. Think about your bucket list, places you want to go as well as experiences you want to have. List things that would be meaningful to you.

Now your future should be starting to come into focus. Extend the exercise by imagining what an average retirement day is going to be like for you. Where will you be? And with whom? Doing what?

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Once you have a fix on your future (the where, the how, the what and with whom) it should be much easier to put actual numbers on that lifestyle. Multiply that need by the number of years you expect to live, and you may come to a much closer estimate than any formula could provide. Throw in a little extra for increasing lifespans.

Here's what the Social Security Administration's actuarial scientists say, "Mortality rates are found to continue to decline, at every age for which adequate data are available, demonstrates that no absolute limit to the biological life span for humans has yet been reached, and that such a limit is unlikely to exist."

Write a brief overview of your conclusions and then schedule a meeting with your financial professional.

Source: http://www.ssa.gov/oact/NOTES/as120/LifeTables_Body.html

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