

# Saving Enough for Retirement?

It's an age old question.

## How Much Is Enough

As you reach certain milestones, you can't ignore that retirement is fast approaching. Are you saving enough? It's a good idea to review your savings at key checkpoints and find ways to overcome possible gaps.

### Retirement Checkpoints

There are several ways to estimate if your retirement goal is on track. While each person has unique savings needs, rules of thumb can give you a broad target to aim for. One measure is the size of your savings in relation to your age and income.

#### Age and Income Checkpoints Can Help Gauge if You're Saving Enough

Age	You Should Have Saved	Savings Target if You Make \$45,000/year
35	1.4 x your pay	\$63,000
45	3.7 x your pay	\$166,500
55	7.1 x your pay	\$319,500

Source: *Your Money Ratios: 8 Simple Tools for Financial Security* by Charles Farrell, 2011.

### Coming Up Short?

If you're missing the target, there are things you can do that may help get your savings on track.

**10-20%**

What some financial planners suggest you save every year throughout your entire career.

#### Max out your company's retirement plan

- Some financial planners suggest you save 10 to 20% throughout your entire career.
- If that's too big a step for your budget, try to save a few percentages more each year.
- If your company matches your contribution, save at least enough to get the full match.

### Joe makes \$45,000 a year...

#### What Happens If He:

Saves an extra **2%** a year



Saves an extra **5%** a year

#### He Potentially Earns:

**\$34,826** more in his retirement savings in 20 years



**\$87,298** more in his retirement savings in 20 years



**11X**

Amount of your final pay that some retirement experts say you should have saved by age 65



**8.4X**

Amount most workers will save during that time period



**\$100K**

Shortfall for retirement if your final salary is \$45K per year

Source: *The Real Deal: 2015 Retirement Income Adequacy at Large Companies*, Aon Hewitt, 2015.

Hypothetical examples based on an annual salary of \$45,000 and 20 years to save with 6% investment returns. Assumes reinvestment of all gains, dividends, and interest and does not include fees, expenses, or taxes. If all taxes, fees, and expenses were reflected, the reported portfolio value would be lower. Source: American Century Investments Time/Value Calculator. ©2016 Standard & Poor's

## Play Catch-up if You're Age 50 or Older

- At age 50 you may be able to put extra money in your retirement plan, called catch-up contributions\*. The amount you can make depends on the type of retirement plan you have.
- Catch-up contributions are designed to help make up for savings you may have missed when you were younger.

**\$2,000** a year  
catch-up contribution



**\$49,345** more  
for your retirement

*Hypothetical calculation of \$2,000 annual investment over 15 years at a 6% return rate. Assumes reinvestment of all gains, dividends and interest, and does not include fees, expenses, or taxes. If all taxes, fees, and expenses were reflected, the reported portfolio value would be lower. Source: American Century Investments Time-Value Calculator ©2016 Standard & Poor's*

*\*The rules and amounts for catch-up contributions are set by the IRS each year. Check with your employer to see what you are eligible for in your retirement plan.*

## Review Your Investment Choices

Having the appropriate mix of stock, bond and money market investments may play a vital role in improving your odds of reaching your goal.



### Stock Funds

while riskier, can potentially help your savings grow more.



### Bonds and Money Markets

are less risky. They might help lower the risk of losing money when the markets go up and down.



## The Bottom Line

Reviewing your retirement savings at different checkpoints may help you determine whether you're saving enough, or if you need to make adjustments.

*Investment return and principal value of security investments will fluctuate. The value at the time of redemption may be more or less than the original cost. Past performance is no guarantee of future results.*

*This information is for educational purposes only and is not intended as investment advice.*

*Financial FYI is a registered mark of American Century Proprietary Holdings, Inc.*

American Century Investment Services, Inc., Distributor ©2016 American Century Proprietary Holdings, Inc. All rights reserved.

**Non-FDIC Insured • May Lose Value • No Bank Guarantee**

IN-FLY-90364 1610