

Message From the Dean



HOW MUCH?

One simple question. One complicated answer.

The question: "How much money will I need at retirement?"

The answer: "It depends."

The answer is complicated because it is reliant upon a number of factors. During this lesson, we'll deal with the factors that are the most important — how much you will spend each year and how long you will live.

Now, without the assistance of a crystal ball, it's very difficult to determine exactly how long you will live, but family history and current health are very good indications. Keep those in mind and make sure that you formulate a number that is higher than the one you originally calculated. The last thing you want to do is outlive your savings.

How much you will spend each year is a bit easier to calculate. Most people will need to replace about 75% of their preretirement income. So, if you are making \$50,000 when you retire, you will need about \$37,500 for your first year of retirement.

Now do the math. If you need \$37,500 the first year and you plan on living for another 30 years, how much will you need to have saved? Well, that's an easy one — save as much as you can. Start saving early and increase the amount you save each year. Don't wait to get started and don't think that it will be easy to make it up as you get closer to retirement. Trust me: It's not.

U for You.

The Dean