

How much money should you have at your age? (this could hurt)



People don't often talk about how much money they have. It's just not something that's shared during dinner conversations or at lunch with co-workers.

So, it's really hard to know how well you're doing because there's no benchmark. Also, everyone makes and spends different amounts, so it's hard to compare.

But many people want to know two things: The first is: "How am I doing money-wise?" (It's sort of like your GPA in college, a yard stick to measure yourself against)

The other question people have is, "will I have enough for retirement?"

With this in mind, here's a breakdown of how much money you should aim to have at your age. Please note, there's a few assumptions here: it counts on the fact that you had continuous income throughout your working life, uniform wage growth, and it assumes your life expectancy. Ok, enough preamble, here we go:

You should aim to have 10 times your final salary in savings at 67.¹

Now let's back that bus up and show you what it means for different ages:

By 30:

You want to have your yearly salary saved. So, if you're making \$50,000, you should have \$50,000 in the bank.

By 40:

You should have 3 times your yearly salary saved up.

By 50:

You should have 6 times your yearly salary saved up.

By 60:

You should to have 8 times your yearly salary saved up.

By 67:

You should have 10 times your yearly salary saved up.

Don't get fired up if you don't have these amounts, because according to a report from the Economic Policy Institute², most people have only saved \$95,776. (The median has only saved \$5,000)³

But if you are motivated to save more money, here are a few ways to do it.

1.) Live big in a small house.

A smaller house means smaller payments, less taxes, etc. Plus, as you get older and the kids move out, you use less room anyway. Consider paying 25% or less of your after tax pay on mortgage, tax, and home insurance.

2.) Don't go car crazy.

New Audi = \$45,000. Certified Pre-owned Honda = \$20,000. That \$25,000 difference invested at 7% over 30 years is \$190,000 come retirement. Just saying.⁴

3.) Don't put spending on autopilot.

It's the little things each day that add up. Restaurants, unused gym memberships, movie channels, etc. One way to control spending is to write out your expenses for one month. What can you do without? You can also use an app like mint.com to help. For example, set a monthly budget for amazon.com purchases, and mint will let you know when you're going over.

Takeaway

It can be difficult to know how much money you're "supposed" to have. And sometimes, it can be a little depressing to find out. But whatever number you're reaching for, there are ways to help you get there. It may take serious discipline and some tweaks to your spending habits, but it can happen.

(1) <http://www.cnbc.com/2017/02/22/heres-how-much-money-you-should-have-saved-at-every-age.html>

(2) <http://www.epi.org/publication/retirement-in-america/#charts>

(3) <http://www.cnbc.com/2017/04/07/how-much-the-average-family-has-saved-for-retirement-at-every-age.html>

(4) <https://www.investor.gov/additional-resources/free-financial-planning-tools/compound-interest-calculator>