

A Million Dollar Retirement Goal: Age 55 - 09-30-2010

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In your 50? It's crunch time for anyone this age. The single focus financially is to firm up your retirement options by deciding what kind of lifestyle you want and plan accordingly.

At this age, you hopefully have money invested in a 401(k) plan or similar tax-deferred retirement account that's earning 8% annually in a diversified portfolio. What if you're 55 years old and your retirement goal is to accumulate a million dollars over the next ten year but have saved *nothing* yet - how much do you need to stash away monthly to reach it?

My longtime friend and colleague Mary Beth Franklin, senior editor at Kiplinger's Personal Finance Magazine says you would need to save \$5466 every month from now on for the next ten years.

Mary Beth is the creator of a must read called "Kiplinger's Retirement Planning 2010: Your Guide to a Secure Retirement". One of the stories she includes is "How to Make a Million Dollars: Strategies for Saving at Every Age." I feature this article in my new book "Mind Over Money Matters" which will be available on Amazon November 1st.

If you're 55 years old and have some savings but want to know how much more you need to save every month in order to accumulate a million dollars by age 65, here are the numbers:

- \$50,000 saved you need to save an additional \$4859 per month
- \$100,000 nest egg, you need to add \$4253 per month
- \$200,000 in savings, you need to put away \$3040 every month

Mary Beth suggests you take advantage of your peak earning years to:

- add an extra \$5500 in catch-up contributions to your 401(k) savings
- put an extra \$1000 toward your Individual Retirement Account
- reallocate your portfolio to 70% stocks and 30% bonds

It's important to estimate your expenses and your projected income because if you're coming up short, you may need to consider working a few more years. You should keep in mind that \$1 million will be worth \$744,000 in 2020 thanks to inflation - which will cut into your buying power. ***It's your money so take it personally***™.

Here's to your health and wealth.