

Title:

How Much Do You Need for Retirement

Word Count:

517

Summary:

With an increasing number of people scheduled to begin retirement in the next few years, it is important to begin thinking about the subject. Even if you're not near the age of retirement yet, it's a good idea to begin thinking about how you plan to fund your retirement as soon as possible.

Keywords:

retire, retirement, age, old, work, invest, payment, cash, lump, sum, elderly, pension, funds

Article Body:

With an increasing number of people scheduled to begin retirement in the next few years, it is important to begin thinking about the subject. Even if you're not near the age of retirement yet, it's a good idea to begin thinking about how you plan to fund your retirement as soon as possible. The sooner you begin to plan for retirement the more you can be sure your retirement won't be plagued by money issues.

So, how much money do you need for retirement? A lot of that answer, of course, depends on what plans you have for retirement. If you plan to travel, want to purchase a RV or you have similar specific plans, you will naturally need more money in order to fund your retirement. Above and beyond those expenses; however, it is important to think about your day to day essential needs.

For example, consider whether you will still owe any debt payments when you choose to retire. Of course, many of use would like to think that we'll be out of debt by then but in reality you may still owe on a vehicle or credit card or even a house. Be sure to calculate those costs into the amount you need for retirement.

You'll also need enough money to cover such costs as utilities, auto and home insurance, groceries and other miscellaneous expenses we all must pay on a month to month basis.

Healthcare will be an extremely important aspect of your retirement. Naturally,

as we grow older our healthcare needs increase and that means spending more money. If you fail to fund your retirement in a sufficient manner, even one serious health problem could wipe out your retirement fund and you might find yourself facing the rest of your retirement with serious money problems. Just for your healthcare costs alone it's a good idea to plan on budgeting at least \$15,000 per year for every year of your retirement.

You also need to consider whether there will be expenses when you first retire that you'll still need to cover such as support for aging parents (with life expectancy figures today, it's definitely a possibility) as well as college education expenses for kids.

In addition, don't forget miscellaneous costs which may pop up that we tend to forget. These costs include home repair costs, such as replacing a roof, purchasing another vehicle, etc.

After adding up all of the costs you'll need to cover during retirement, don't forget to take into consideration the effects of inflation. Figure on costs today rising an average of about 4% a year for every year you have left until retirement and then some.

Finally, don't forget to give serious thought to how long you may need to fund your retirement. Quite surprisingly, many people tend to underestimate how long they'll live and as a result run out of money. Don't let that happen to you. The best rule of thumb is to assume you'll live to at least age 90 and calculate for that.