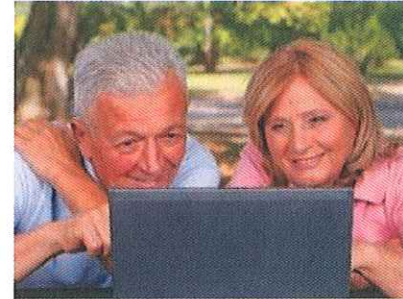


How Much Should I Be Saving for Retirement?

Planning for retirement is important regardless of your stage of life. For young professionals in their 20s and 30s, retirement can seem like a lifetime away.

However, the sooner you begin saving for retirement, the more likely it is that you'll have the healthy nest egg necessary for years of worry-free retirement. Developing good budgeting and savings habits now while you are young are the first step to financial security later when you retire.



There is no way to stress how important it is to begin saving for retirement early. Yes, that's easy to say, especially if you are no longer shouldering the burden of paying off student loans, saving to purchase a car or your first home or just enjoying the simple fun of drawing your first paycheck and all the entertainment options that suddenly provides.

Why Should I Start Saving for Retirement?

So why start saving for retirement now? Let's assume you will retire at age 65-70 percent of your preretirement, pretax income. Let's also assume you're starting out with no savings and that your income will grow during your working years.

The numbers are clear: if you can begin saving 10-15 percent of your salary each year during your 20s, you should be able to maintain that same level of retirement savings the rest of your working years. That is a challenge, certainly; however, if you wait until your 40s to begin to save, the numbers are not so kind. At this point, depending on your situation, expect to have to save anywhere from 25-45 percent of your salary to generate a nest egg large enough to get you through your retirement years comfortably. THAT percentage alone is a compelling reason to start saving for retirement right now.

How Much Should I Save?

As much as you can is the best answer to the question, "How much should I save?" Your savings plan depends on your own personal needs, of course, but a good rule of thumb is to begin by establishing your retirement goals. While there are many resources to help you set goals, Regions provides a number of retirement calculators on regions.com to help you do just this or you might choose to talk with an investment professional

Start small by setting up a direct deposit from your paycheck into a savings account or create an automatic transfer from checking to your savings account each month. Take advantage of your employer's 401(k) plan. After your funds grow, you might consider a certificate of deposit (CD) or a money market account that will earn higher interest rates. And as your earnings increase over time, so too does your ability to save for retirement.

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