How To Hit The Retirement Benchmarks

Question:

“I’m trying to figure out how to hit those retirement savings benchmarks I keep hearing about. What should I do so that I can hit the goals recommended in my 20s, 30s, 40s, 50s and beyond?”

Answer:

The most commonly cited retirement savings benchmarks (at least by us) suggest saving 1x your income by age 30, 3x by 40, 6x by 50, and 8x by 60. (These were developed by Fidelity Investments and are the benchmarks that are often discussed in Jean Chatzky’s investing club for women, InvestingFixx.)

So, if at age 30 you’re earning $50,000 a year, you’d have $50,000 saved. If by age 40, you were earning, say, $70,000, you’d have $210,000 saved. And so on — the numbers rise as your salary rises because your lifestyle has likely grown along with it. All of which may sound daunting, but, when it comes to retirement, you’ve got both time and compound interest working in your favor.

What if you feel as if you’re behind where you should be? You’re in good company. Today, 57% of American workers think they’re playing catch up according to a survey from Bankrate. But the good news is that there are many things you can do to earn, save, and invest more to get your balances where they need to be in order to reach the retirement benchmarks in every decade.

First, you’ll want to save and invest as much as you can, as early as you can. The best place would be an employer-sponsored plan like a 401(k). In 2025, people under age 50 can contribute a maximum of $23,500, and those between 50-59 (or who are 64 and older) can contribute $30,500. And those ages 60-63 can contribute up to $34,750. Most plans these days have an employer match which allows you to save more for less — so make sure you contribute enough to your 401(k) to take full advantage!

Another tax-advantaged account that may provide you with an employer incentive (or match) for making a contribution is a health savings account (HSA). While money in your HSA can be used for qualifying health expenses anytime, you can also leave the money in the account and invest it. And, once you turn 65, those funds can be withdrawn for any reason with no penalty — essentially turning your HSA into a supplemental retirement account and adding to the total you're building toward those benchmarks. It'll never be your primary retirement stash, but it can offer a helping hand.

If you don't have access to a 401(k) — an Individual Retirement Account (IRA) is a great next step. In 2025, You can contribute up to $7,000 annually to a traditional or Roth IRA if you're under 50, and $8,000 if you're over 50. (Traditional IRAs offer tax deductions now, while Roth IRAs allow your money to grow tax-free and be withdrawn tax-free in retirement.)

One general note about all of this saving. If you can get to the point where you're contributing a good 15% a year toward your long-term retirement goals, you should come pretty close to hitting those benchmarks. But give yourself some leeway. As you're reaching for the benchmarks, if you have a year where you can fund both a 401(k) and an IRA, or have extra money that you can funnel into a discretionary brokerage account, do it. Life happens, and we give ourselves additional insurance that we will meet those benchmarks by overcontributing where we can.

Of course you can only *save* money if you're *earning* enough to have a little leftover after you cover your necessities. This is where raises will be your best friend. A great way to meet the retirement benchmarks is to "bank" your raises (and bonuses), and put them straight towards retirement. All too often we "spend what we earn," forgetting that we should ideally be saving a greater percentage of our income every year. On that note, if you haven't negotiated your salary recently, now's the time to start. Even a modest increase in your income can have a big impact when funneled directly into retirement savings. If you're not sure what to ask for, use websites like Glassdoor or Payscale to see what the going rate is for your industry and experience.

Remember: Don't be discouraged if you aren't saving fast enough. The guidelines are just that — guidelines. Try to nudge your savings rate up as much as you can, whenever you can, even if it's just a few dollars. If you're struggling, don't beat yourself up. Instead, continue to focus on the long game of saving and earning more by looking for a higher-paying job, getting on a budget you can actually stick to, and celebrating your small financial wins along the way.