RETIREMENT APPROACH

BY AGE AND LIFE STAGE

Saving money is a critical part of long-term financial independence and stability, and planning for retirement starting as early as your 20s can help you stay on track to reach your financial goals. We've included a decade-by-decade guide to better understand how much you should save based on your age and tips for ensuring financial success after retirement.

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Your 20s is a good age to start building an emergency fund that holds between 3-6 months of your basic expenses and you should be participating in employer benefits like 401(k) retirement plan, tuition reimbursement and wellness incentives. These will vary by your employer. By the end of this decade, you should aim to save 1x your salary.

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By your 30s, you should aim to save about 3x your salary and should be working to identify your debt and create a plan to start paying it down.

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Your 40s are a good time to focus on long-term planning. Find ways to improve your income, whether through a side business, a raise, an internal promotion or a move to another company. Also be careful about new debt and don't make decisions that leave you in a vulnerable financial position. You should aim to save about 4x your salary by the end of your 40s.

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At the end of your 50s, you should aim to save 8x your salary and should find ways to reduce expenses. You can do this by cutting everyday expenses or taking larger steps, such as downsizing your home.

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In your 60s, you should make a new budget after retirement that better represents your income, expenses, debt and other important considerations. Carefully choose when you start receiving Social Security or pension payments. Starting at the minimum age of 62 means lower payments over a potentially longer period of time, while waiting until full retirement age means larger monthly checks. At this time, you should aim to save about 10x your salary.

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By the time you're in your 70s, you are hopefully enjoying all the fun things retirement has to offer. But just because you've retired, doesn't mean you should stop investing. Lifetime income helps you live comfortably, so be sure to maintain an active investment strategy through your golden years.

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