How much do you need to save for retirement?

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Most people have dreams of a relaxing retirement. Maybe it's one spent golfing with friends, traveling the world or just living comfortably without having to work or tend to other unwanted tasks.

But how much does it cost to achieve those goals? According to the 2022 Retiree Reflections Survey from the Employee Benefit Research Institute, a whopping 70% of retirees wished they'd saved more or started investing earlier. If you want to ensure you don't share similar feelings of regret when you retire, there are some simple steps you can take.

There are several online tools available that can help you create a budget, manage spending and get a handle on your retirement savings. Consider checking out some of these financial resources early.

If you're focused mainly on retirement planning, there's some basic information you should know.

How much do you need to save for retirement?

Most experts say you can expect to spend up to 80% of your typical salary each year in retirement. So, if you currently make $75,000, you can roughly estimate you'll need at least $60,000 per year to live on once leaving the workforce.

It's not an exact science, though. The best way to calculate your retirement savings is to assess your expenses and work backward. In other words, make sure you have a retirement plan in place.

"There are two types of expenses - committed and discretionary," says Peter Casciotta, owner of Asset Management & Advisory Services of Lee County. "Committed expenses are costs you have little to no control over, like a mortgage, real estate taxes or electricity. Discretionary expenses are expenditures you have more control over like dining, entertainment and gift-giving."

Once you have an idea of those, namely the ones you expect to continue through retirement age, then you can more accurately estimate what you'll need to get by. A financial advisor can also help you stay organized - if you want to go that route.

Keep in mind: You won't pull all your money from savings or retirement accounts such as a Roth IRA or 401k plan. You will also most likely receive Social Security payments and you might have a pension or other source of income, too. According to the IRS, the average retiree receives just under $1,200 per month in Social Security benefits. See this IRS tool to get an idea of what you might earn in Social Security after retirement.

Recommended retirement savings by age

The exact amount you'll need to save varies based on your earnings and your expected expenses in retirement. Fidelity Investments - a leading investment and financial services firm - recommends adhering to the following general goalposts:

- Age 30: Your annual salary
- Age 35: 2x your annual salary
- Age 40: 3x your annual salary
- Age 50: 6x your annual salary
- Age 55: 7x your annual salary
- Age 60: 8x your annual salary
- Age 67: 10x your annual salary

If you make $75,000 per year, this would mean you'd need $225,000 saved by age 40, $450,000 by age 50 and $600,000 by age 60.

Steps to take for retirement now (at any age)

If you haven't started saving for retirement, now's the time. As Jill Fopiano, CEO at O'Brien Wealth Partners, explains, "The best time to start saving is as early as possible to maximize the effect of compounding."

Compounding refers to the interest you earn as your investments and savings grow. As interest is added to your balance, it also increases the amount of interest you earn annually, so the earlier you can start, the better.

Here are some simple steps you can take right now:

- **Open a retirement account if you haven't already:** There are many options to choose from. Your employer may offer a 401(k) with a matching contribution, or you can open a Roth or Traditional IRA. In many cases, you may want both.
- **Automate your contributions:** Determine how much you can comfortably stow away each month and set up automatic contributions in that amount. Reevaluate these contributions annually to ensure you're contributing as much as possible.
- **Max out any employer matching:** If your employer offers matching contributions to your 401(k) account, try to max those out. This is essentially free money and can help with compounding interest.
- **Consult a financial adviser or investment planner:** EBRI's survey shows that retirees were less likely to feel financial regret if they worked with a professional. In fact, nine out of 10 retirees who worked with a financial adviser said the value outweighed the cost. Many employers also offer financial planning advice (or their plan administrators do), so check with your benefits office before paying for outside services.

Financial advisers generally recommend saving about 15% of your income each year. If you can't contribute this right away, start with a lower amount and gradually increase it over time.

Whatever you do, avoid borrowing for your 401(k) or other retirement accounts unless it's absolutely necessary. Doing so won't just deplete your retirement savings, but it could also come with a hefty early withdrawal penalty.

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