

Retirement Basics 101 – Retirement FAQs

During my time in the industry, these are some of the most frequently asked questions:

Q: How much do I need to retire?

A: This question is heavily debated. It really depends on how you want to live your retirement lifestyle. If you want to live like you do today, then aim to have 70%-90% of your pre-retirement annual income. This will help give you enough for a good lifestyle, and will help give you a buffer against the rising cost of living. However, if you want to live a simpler lifestyle, then you might be able to get by on less. Your retirement funds can come from many sources; savings, investments, retirement accounts, and Social Security.

Q: What is the average retirement savings?

A: The May 2015 [Government Accountability Office](#) analysis discovered that the average American between the ages of 55 and 64 have accrued about \$104,000 for retirement. For those in the 65-74 age bracket they have accrued an average of \$148,000. That is not a lot; and those are averages... That report also mentions that \$104,000 and \$148,000 equates to \$310 and \$649 per month annuities, respectively. I don't know about you, but I want more than that each month.

Q: What constitutes early retirement?

A: In the United States, early retirement age is any age prior to 66, as that is the age you can receive full benefits for Social Security, as well as Medicare Benefits.

Q: How to retire early? What can I do?

A: Retiring early comes down to you being in a financially independent situation that you can "self-sustain" your current and future obligations, needs, wants, and spending habits. I believe becoming a personal money manager will allow you to retire early. Learn how to sacrifice now with a budget, saving money, getting out of debt, using retirement account vehicles and then investing. All of those steps, together, will set you up in a position to retire early.

Q: What are the best retirement plans?

A: There is no "best" retirement plan. The best retirement plan is the one that works with your current situation and allows you to further your retirement agenda. Each retirement plan has positives and negatives. What I can tell you is that the worst retirement plan is the one that you aren't actually using... when you could be. Take advantage when you have an opportunity!

Q: When can I retire?

A: Technically you can retire whenever you want. No one is forcing you to work if you have the required funds to no longer be working. However, for Social Security, the normal age to retire is 65. Early retirement starts at 62, which results in a lower total benefit.

