

## What Is the Magic Number to Retire Comfortably?

The dream of retiring comfortably has just become a bit less expensive for most Americans, a recent study shows. Do you have enough socked away?



For many people, retiring with enough cash to live comfortably seems like a tougher goal to hit these days. The good news is that the magic number to retire comfortably is lower in 2025 than in 2024, when it hit \$1.46 million. The 2025 Planning & Progress Study by Northwestern Mutual puts that figure at \$1.26 million — still completely out of reach for some people, but moving in the right direction.

Nowadays, retirement planning poses some unwelcome challenges, such as the funding shortfall for Social Security and Medicare, an aging population, rising prices on many essentials and inflation. For those reasons (and more), how much Americans believe they will need to retire comfortably is all over the place. But the 'magic number' is usually just north of \$1 million, according to industry studies.

In California, you need about \$1.41 million. In Hawaii, the number to retire comfortably crosses the \$2 million mark, according to a May 2025 GoBankingRates study.

Fidelity says that to retire comfortably, you should aim to save at least 10 times your annual income by age 67. On top of that, consider saving 15% of your income annually, while also factoring in your desired lifestyle and other income sources like Social Security.

Still, it seems the \$1 million mark falls far short of the average amount that most U.S. adults have saved for retirement. About 20% of Gen Zers and 26% of millennials feel they are behind in saving for retirement, while only 45% of Gen Xers and 30% of baby boomers have confidence in retiring when and how they want, per the 2025 State of Retirement Planning study by Fidelity.

Given that 11,000 Americans will turn 65 every day through 2027, only around half of all boomers and Gen Xers believe they'll be financially ready for retirement when the time comes.

Whether you are a 403(b) millionaire or a young person just beginning to save for retirement, knowing how your savings compare to your generation's expectations can be helpful. The Northwestern Mutual study also provides insight into how much high-net-worth individuals think they need to save.

### **Can boomers retire comfortably?**

Per the study, only about half of boomers (44%) believe they will be financially prepared for retirement. At the same time, 40% of boomers think they may outlive their savings. In 2024, 48% of boomers surveyed expected the United States to enter a recession. That's down from 60% in 2023. Are we still headed for a recession in the second half of 2025? That's anyone's guess. But with the uncertainty of various economic indicators, such as rising tariffs and declining consumer sentiment, anything is possible.

Although Americans overall feel they need more than \$1 million to retire comfortably, in 2025, boomers surveyed said that they expected to need \$990K. That's a far cry from the \$200,000 they currently have saved. Almost half of boomers said they plan to keep working in 2025, per a study by Indeed Flex, and 35% were unsure if they will retire this year due to the high cost of living, as reported by PR Newswire.

Due to high levels of financial insecurity, close to 60% of retirees — including more women than men (63% vs. 54%) — have decreased spending on discretionary items like restaurants, vacations, and entertainment. However, 30% of boomers say they will spend about the same this year as last year.

The Fidelity survey also sheds light on the fact that health care costs are more expensive for 57% of boomers than they anticipated and 43% say Medicare covers less than they thought. With the growing uncertainty about the future of Medicare, those concerns are likely to become even greater.

### **Can Gen Xers retire comfortably?**

Like boomers, almost half (46%) of Gen Xers believe they are financially prepared for retirement. However, a whopping 54% worry they could outlive their savings, per the Northwestern Mutual study. Gen X, the group most likely to be sandwiched between taking care of children and aging parents, struggles the most with balancing living expenses, saving and estimating for retirement.

Gen Xers, those born between 1965 and 1980, are quickly approaching their retirement years. Just over half, or 52%, have 3x their current annual income or less saved, and the majority (54%) believe they will not be financially prepared for retirement when the time comes. Gen X retirement is in trouble.

Although nearly all Americans have some kind of debt, high-interest credit card debt continues to be a main source of debt for every generation. However, Gen X has the highest debt, with those entering midlife owing money on mortgages, auto loans, and some student debt, according to Experian.

Gen Xers are also the least likely generation to map out a plan to fund a comfortable lifestyle once they retire. But, overall, they are relatively confident (47%) that Social Security will be there when they need it. That compares to 26% of Gen Zers and only 30% of all boomers.

### What does work currently look like during your retirement years?

It seems that no matter your age, most Americans believe they will have to work in some capacity during their retirement years. Some will phase into retirement slowly rather than quit cold turkey, while others see no end in sight. The Pew Research Center estimates 19% of adults aged 65 or older are working or will continue to work during their retirement years — nearly double the percentage in 1987.

Among Americans who are currently working or are planning to work in retirement, 59% say that they would work either part-time or full-time at a different job, while 20% expect to pick up a “side gig” with flexible hours, per the Northwestern Mutual study. Slightly fewer (18%) say that they would work part-time at the same job.

What do you imagine work will look like/what does work currently look like during your retirement years?

Row 0 - Cell 0	All	Gen Z	Millennials	Gen X	Boomers+
Part time at a different job	31%	28%	29%	34%	31%
Full time at a different job	28%	40%	34%	24%	12%
Side gig with flexible hours	20%	21%	20%	20%	19%
Part time at the same job	18%	9%	15%	15%	32%
Other	3%	2%	2%	5%	6%

### **Are millennials prepared? (or not so much)**

Millennials favor protecting their retirement the most out of all generations, but only 43% feel fully prepared. What's troubling is that nearly 47% (46.51%) have savings balances of less than \$500, according to the Go BankingRates study, with only 29% having balances over \$2,000. That's a long way from the magic number of \$1.26 million. It's no wonder nearly 35% of all millennials are extremely stressed about their lack of savings.

According to Millennial Money, millennials have unique buying habits and preferences — they statistically spend less on major purchases like homes, cars and retirement. But they tend to spend big on travel, dining out and technology. To pay for those luxuries, 34% of millennials plan to keep a full-time job in retirement. Even so, on average, millennials spend an average of \$52,000 per year, which is less than both Gen X and boomers.

Close to 60% of millennials say they place too much emphasis on building wealth and growing their assets, and admit to not dedicating enough time to protecting their assets and managing against risks with life insurance or disability insurance.

### **Gen Z are not slackers**

On average, American adults say they are saving sooner, planning to retire earlier, and expecting to live longer. Gen Z started saving at age 24 and plans to retire at 61, and more than a third (34%) think it's likely they'll live to 100. Yet, 51% of all Gen Zers feel they will outlive their savings, and 40% (the highest percentage of any generation) expect to work a full-time job during their retirement years.

Even so, it's Gen Zers who think they'll be financially prepared for retirement when the time comes — 63%. Meanwhile, Gen X is the only generation with a majority of respondents (54%) saying that they do not think that they will be ready to retire, per the Northwestern Mutual study.

But, as with all the generations surveyed, the biggest question is: will Social Security be there when I need it? That question outweighs most people's concerns about whether or not they will have enough money saved, or if they will have to work during their retirement years.

### How prepared are high-net-worth individuals?

High-net-worth individuals (HNW) — those with more than \$1 million in investable assets — are more likely to have a positive outlook on their retirement years. Even so, they may still ask themselves the nagging question: 'Am I really ready for retirement?' A 2024 Harvard Business Review study revealed that 28% of investors surveyed experience depression and significant anxiety about their retirement readiness, with worries about their health, leaving a legacy, investment choices and taxes all playing a part.

Nearly 16% of Americans think they need \$5,000,000 or more to retire comfortably, according to GoBankingRates. And while HNW individuals are far more likely to exhibit feelings of financial preparedness than the general population, nearly half of American millionaires believe their financial plans need improvement.

Header Cell - Column 0	HNW Individuals	General Public
I have good clarity on exactly how much I can spend now vs save for later	87%	66%
I know how much money I will need to retire comfortably	77%	44%
I expect to be financially prepared for retirement when it comes	87%	54%

I have a long-term financial plan that factors for up and down economic cycles over time	84%	52%
I consider myself a disciplined financial planner	78%	45%

One key factor contributing to the confidence of high-net-worth individuals in achieving a comfortable retirement is that more than half work with a financial adviser, more than double the rate of the general population. Overall, HNW individuals also typically save more, spend less, invest wisely and grow in their career over time to invest more money in their 403(b) retirement account as a path to becoming a 403(b) millionaire or multi-millionaire.

### How does inflation impact retirement expectations?

"Americans' 'magic number' to retire comfortably has come down – but remains high, far beyond what many people have actually saved," said John Roberts, chief field officer at Northwestern Mutual, in a press release. "One explanation for the new, lower number could be inflation, while still people's #1 concern, it isn't as elevated as it was in recent years."

Even so, Americans are adjusting their perceptions about their future financial needs. At the same time, the level of concern about their current savings has ratcheted up.

### How do you compare?

Are you rich? There are a few ways to know how you compare to peers in your generation. For example, the average net worth by age can give you a snapshot of how you measure up. However, to join the top wealthiest people in America, you'll need a minimum net worth of \$3.3 billion.

The average net worth for U.S. families is about \$1.06 million, according to this article by GoBankingRates. If that seems out of reach, that's because extremely wealthy outliers skew the data upward. According to Schwab's 2024 Modern Wealth Survey (the latest data available), Americans said that it takes an average net worth of \$2.5 million to qualify a person as being wealthy.

A more reliable measure is the median net worth, which was \$192,900 in 2022. This is the most recent number, which is released every three years and was last updated in October 2023 by the Federal Reserve Board Survey of Consumer Finances. However, if adjusted for inflation and economic trends, estimates for 2025 suggest the median net worth remains around \$193,000.

It's not surprising that older Americans tend to have higher net worth. After all, they have spent their entire lives accumulating assets, such as 403(b)s, IRAs, real estate, and equity in their businesses.

As shown by Kiplinger's Net Worth Calculator, your net worth is comprised of various financial assets, including investments, your home, retirement accounts and cash, versus liabilities, such as money owed on mortgages, home equity loans, credit cards, installment loans, and similar costs.

What about retirement savings? Your 403(b), IRA or other retirement savings are distinct from your net worth. Take a look at the average IRA balance by age, the average 403(b) balance by age and the average retirement savings by age.

### **A good rule of thumb for saving for retirement**

The amount you need to save for retirement can rise and fall over the years, but is typically based on factors such as lifestyle choices, spending habits and the cost of living. However, Fidelity suggests people save for retirement using the following rules of thumb based on their annual income:

30 years old: 1X your annual income  
40 years old:: 3X your annual income  
50 years old: 6X your annual income  
60 years old: 8X your annual income  
70 years old: 10X your annual income

While these numbers vary from one financial advisor to another, it is apparent that many individuals and families are falling short. According to the most recent (2024) data by the Bureau of Labor Statistics, the average American annual wage across all occupations was just \$67,920, or about \$1,193,000 less than the magic number to retire comfortably.

### **Investing in a future you**

Unfortunately, putting money into a 403(b) or another retirement plan may no longer be enough to retire comfortably. This is especially true if you don't consider the impact of taxes or fees on your retirement income or if you begin contributing later in life.

If these stressors keep you up at night, sleep better by slaying those retirement fears. Enlisting the help of a financial adviser early on in your career may also help you have a happy retirement (and relieve some of that pent-up stress). After all, retirement is a long game that, sooner or later, you'll be forced to play.

**NYSUT NOTE: Planning for retirement doesn't have to be complicated with the right help. The NYSUT Member Benefits Corporation–endorsed [Financial Counseling Program](#) provides access to a team of financial planners who can offer insight on pension options, 403(b) plan advice, and smart budgeting. Make your life easier with help from experts.**

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