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Noel Swain: What Does Retirement Really Cost?

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Most people, when asked, believe that the most expensive purchase they will ever make is their home. But a recent study by Age Wave

determined that the average retirement costs more than two times that of the average home. Today, nationwide, the cost of a new home is \$278,300, but a retirement for the normal couple runs more than \$700,000.

In this four year, 50,000 respondent study, it reported that retirement costs more than either a college education (\$83,400) or of raising a child to age 18 (\$245,300). Yet most people do not put a priority on the savings needed for a comfortable retirement, nor do they have any idea how much it really costs.

I do 'get it,' however. When one buys a house today, how often does he go out and write a check for it? No, he buys it over time, sometimes as long as thirty years. When we get married and have a family, we sort of pay as we go. Some kids get more than others, most times having to do with how much the parents can afford at that moment.

The only thing that compares to preparing for retirement is building up the funds to pay for college. The \$20,000 to \$60,000 a year it takes to send a kid to college is impossible for most people to cover out of their family's ongoing household budget. So they must save for it. But how good are we at that?

According to the Federal Reserve Bank in New York, total student loan debt is approaching one trillion dollars! Does that sound much like parents are good at planning

ahead and saving sufficiently for their child's college costs?

Then comes the Big Kahuna; retirement. If we can't save the \$80,000 to \$100,000 it takes to send our kid to college without racking up a bunch of debt, how in the world are we going to be able to save enough to pay for a \$700,000 retirement?

This is the answer;

Get a plan! Work the plan! Change the plan as necessary! Make it a priority!

For example, if a 35 year old wants to have \$700,000 in today's dollars 30 years from now, it'll take about \$1,250,000. To save that much over 30 years at the average stock market return of 7 percent, he will need to save about \$1,000 a month. The very best place to save that is in his 401-k at work. If he can't save that much right now, start with a smaller amount and build up to it over time as he gets raises.

J.C. Penny once said, "The hardest part of any job is just getting started." The longer one waits to get started, the harder it will be to hit his target. But it all starts with a plan. And the best place to get that plan is from a Certified Financial Planner. Find one at letsmakeaplan.org."