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FINANCIAL BENCHMARKS BY AGE RANGE

RETIREMENT BENCHMARKS

AGES 20–35

- Save 10–15% of income for retirement.
- Aim to have 1x annual salary saved by age 30.

AGES 36-50

- Increase your savings rate to 15–20% of your income.
- 3–5x annual salary saved by age 40.

AGES 51-64

- Aim for 6–8x annual salary saved by age 60.
- Ensure projected retirement income covers 70–80% of pre-retirement income.

AGES 65+

- Maintain savings to cover 20–30 years of living expenses.
- Diversify income sources (Social Security, retirement accounts, investments).

METRICS

- **Savings Rate:** Percentage of income saved for retirement (target 15–20%).
- **Retirement Account Balance:** Compare with benchmarks like 3x annual salary by age 40, 6x by 50, 8–10x by 60 (adjust for lifestyle needs).
- **Projected Income:** Income from retirement accounts should provide at least 70-80% of pre-retirement income

QUESTIONS

- At what age do you want to retire, and what does retirement look like for you?
- How much monthyl income do you need monthly to maintain your desired lifestyle in retirement?
- Are you taking full advantage of employer retirement plans or IRAs?

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NET WORTH BENCHMARKS

AGES 20–35

- Net worth target: 0.5–1.5x annual salary.
- Focus on reducing debt and building savings.

AGES 36-50

- Net worth target: 2–5x annual salary by age 50.
- Shift focus to asset growth and long-term investments.

AGES 51-64

- Net worth target: 6–10x annual salary by retirement age.
- Ensure allocation aligns with goals and risk tolerance.

AGES 65+

- Preserve net worth while withdrawing 3–4% annually for living expenses.
- Consider estate planning to transfer wealth efficiently.

METRICS

- **Net Worth:** Total assets minus liabilities; this should grow steadily over time.
- **Savings Rate:** Direct at least 20% of income towards long-term savings or debt repayment.
- **Asset Allocation:** Ensure your portfolio is aligned with age, risk tolerance, and goals.

QUESTIONS

- How frequently do you review your net worth?
- Are you maximizing opportunities for tax-advantaged growth?
- Is your asset mix diversified and aligned with your goals?

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TAX BENCHMARKS

AGES 20–35

- Effective tax rate: 10–15%.
- Maximize tax-advantaged accounts (401(k), Roth IRA).

AGES 36-50

- Effective tax rate: 15–20%.
- Utilize deductions for dependents, mortgage interest, or childcare.

AGES 51-64

- Effective tax rate: 15–25%.
- Strategically convert traditional IRA funds to Roth during low-tax years.

AGES 65+

- Effective tax rate: 10–20%.
- Optimize withdrawals to minimize taxes on Social Security and investments.

METRICS

- **Effective Tax Rate:** Compare the effective tax rate to benchmarks for income levels.
- **Tax-Advantaged Accounts:** Percentage of investments hold in tax-advantaged accounts (IRAs, 401(k)s, HSAs).
- **Tax Liability Efficiency:** Ensure deductions, credits, and strategies are fully utilized.

QUESTIONS

- Are you maximizing contributions to tax-deferred or tax-free accounts (e.g., 401(k), Roth IRA)?
- Have you reviewed your portfolio for tax-efficient investments (e.g., municipal bonds, ETFs)?
- Are there opportunities to minimize taxes through gifting, charitable donations, or estate planning?

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EDUCATION BENCHMARKS

AGES 20–35

- Open a 529 plan and start contributing $100–$200/month per child.
- Target $5,000–$10,000 in savings by age 30.

AGES 36-50

- Contribute $200–$500/month per child.
- Aim to save $25,000–$50,000 per child by age 50.

AGES 51-64

- Finalize contributions to meet target (e.g., $100,000 for a 4-year public university).
- Shift focus to other financial goals if education funding is complete.

AGES 65+

- Use surplus income or savings to assist with grandchildren's education.

METRICS

- **529 Plan Balance:** Compare with estimated future costs (e.g., $25,000/year for public in-state college).
- **Annual Contributions:** Ensure contributions are growing with the expected tuition inflation rate (~5–6%).
- **Savings Coverage:** Determine what percentage of expected college costs can be covered by current savings.

QUESTIONS

- Do you plan to fully fund your children's education or share costs with them?
- Have you factored financial aid or scholarships into your planning?
- Are you prioritizing retirement savings over education funding (if necessary)?

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EMERGENCY FUND BENCHMARKS

AGES 20–35

- Build 3 months' worth of expenses in savings.
- Keep funds in a high-yield savings account.

AGES 36-50

- Maintain 3–6 months' worth of expenses in savings.
- Consider adding a line of credit for extra security.

AGES 51-64

- Keep 6–12 months' worth of expenses in accessible accounts.
- Reassess needs as healthcare costs and retirement approaches.

AGES 65+

- Maintain 1 year of living expenses in liquid savings to cover unexpected costs.

METRICS

- **Coverage Period:** Emergency savings as a multiple of monthly expenses (e.g., 3–6 months for dual-income families, 6–12 months for single-income households).
- **Liquidity:** Keep emergency funds in easily accessible (e.g., cash, money market accounts).

QUESTIONS

- How many months of living expenses do you currently have saved?
- Is your emergency fund kept separate from your day-to-day accounts?
- Have you reviewed your budget to ensure your emergency fund reflects current expenses?

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DEBT BENCHMARKS

AGES 20–35

- Debt-to-income (DTI) ratio: Under 36%.
- Pay off high-interest credit cards and student loans aggressively.

AGES 36-50

- DTI ratio: Under 28% for housing debt, under 36% overall.
- Prioritize mortgage payoff and avoid taking on new consumer debt.

AGES 51-64

- DTI ratio: Under 28%.
- Enter retirement with minimal or no debt.

AGES 65+

- Avoid new debt; ensure living expenses fit within income sources.

METRICS

- **Debt-to-Income Ratio (DTI):** Should ideally be below 36% (including mortgage).
- **Credit Card Utilization:** Under 30% for optimal credit health.
- **Loan Payoff Timeline:** Have a clear plan to pay off all non-mortgage debt.

QUESTIONS

- What is your current DTI, and is it impacting your ability to save?
- Are you paying off high-interest debt before making additional investments?
- Do you have a strategy for managing student loans, car loans, or other obligations?

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FINANCIAL BENCHMARKS BY AGE RANGE

INSURANCE AND RISK BENCHMARKS

AGES 20–35

- Life insurance: 5–10x annual income.
- Disability insurance: 60–70% of income replacement.

AGES 36-50

- Life insurance: 10–12x annual income (especially with dependents).
- Add umbrella liability coverage if net worth exceeds $500,000.

AGES 51-64

- Consider long-term care insurance to protect retirement savings.
- Reduce term life coverage if dependents are financially independent.

AGES 65+

- Ensure Medicare or private insurance covers healthcare needs.
- Evaluate estate protection options (e.g., trusts).

METRICS

- **Life Insurance Coverage:** Should cover at least 10–12x annual income.
- **Disability Insurance:** Replaces 60–70% of income if unable to work.
- **Liability Coverage:** Ensure home, auto, and umbrella insurance coverage is sufficient.

QUESTIONS

- Have you recently reviewed your insurance policies for adequacy?
- Are there gaps in your coverage for health, property, or liability risks?
- Are you protecting against potential long-term care needs?

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ESTATE PLANNING BENCHMARKS

AGES 20–35

- Have a basic will and designate power of attorney.
- Update beneficiaries on retirement accounts and life insurance.

AGES 36-50

- Create a comprehensive estate plan, including guardianship provisions.
- Consider trusts for minor children or special needs dependents.

AGES 51-64

- Update wills and trusts to reflect current goals and tax laws.
- Minimize estate taxes through gifting strategies.

AGES 65+

- Finalize legacy plans, ensuring all documents are up to date.
- Communicate plans with heirs and include charitable goals, if applicable.

METRICS

- **Updated Will:** Have an up-to-date will or trust in place.
- **Beneficiary Designations:** Ensure beneficiary designations are current and aligned with your wishes.
- **Estate Tax Efficiency:** Utilize estate plans designed to minimize taxes and maximize wealth transfer.

QUESTIONS

- Have you designated power of attorney for financial and healthcare decisions?
- Are you aware of estate tax thresholds in your state or country?
- Do you have a plan for charitable giving or other legacy goals?

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