Edward Jones

Perspective

October 2024

How much should you have saved for retirement?

Katherine Tierney, CFA®, CFP®, *Senior Retirement Strategist*

How much should you have saved for retirement?

The amount you should have for retirement depends on several factors.

Approximate retirement savings by age

Age	$50,000 salary	$100,000 salary	$150,000 salary	$200,000 salary
25	$0–$10,000	$0–$20,000	$40,000–$125,000	$155,000–$280,000
35	$70,000–$100,000	$140,000–$205,000	$320,000–$430,000	$560,000–$730,000
45	$180,000–$225,000	$360,000–$450,000	$690,000–$840,000	$1,100,000–$1,325,000
55	$330,000–$385,000	$660,000–$775,000	$1,185,000–$1,385,000	$1,815,000–$2,115,000
65	$525,000–$605,000	$1,055,000–$1,205,000	$1,845,000–$2,110,000	$2,770,000–$3,170,000

Source: Edward Jones calculations, values rounded to nearest $5,000. Assumptions: You want to maintain your current level of spending in retirement (calculated as current income minus savings contributions and taxes); you expect to retire at 65 and live until 92; retirement contributions are pretax and equal 15% of gross income; pre-retirement income and postretirement spending adjust annually for inflation of 3%; portfolio earns annual return of 6% pre-retirement and 5% postretirement; Social Security benefits begin at 65 and equal the lesser of 35% of gross income and $41,112 (the maximum annual benefit at 65 in 2024); no portfolio withdrawals until retirement; effective tax rate of 25%; lower boundary assumes no market volatility and portfolio is entirely depleted at death; upper boundary incorporates market volatility expectations with 80% to 90% probability of portfolio lasting until death.

How much should you have saved for retirement? (cont.)

If you're not on track for retirement,
try exploring some of these strategies.

- Maximizing employer matches
- Increasing your contributions by 1% each year
- Contributing to multiple accounts
- Consider the backdoor Roth strategy
- Take advantage of catch-up contributions
- Use the mega backdoor Roth strategy

How much should you have saved for retirement? (cont.)

If you're already retired, you may want to consider these tips to help increase the likelihood of your money lasting through retirement.

Keeps you informed and on track

Performance Reports and commentary

Reviews as often as you like

Paying more for Medicare? What to know about Medicare surcharges

If you exceed a certain amount of income, you may be paying more for Medicare through an income-related monthly adjustment amount, known as IRMAA.

IRMAA is calculated based on your modified adjusted gross income (MAGI), backdated two years.*

*The government uses different measures of MAGI for different purposes. The MAGI used to determine IRMAA is different from the MAGI used to determine IRA contribution eligibility and deductibility, Affordable Care Act (ACA) insurance premium subsidies, Medicaid qualification, etc.

Paying more for Medicare?
What to know about Medicare surcharges (cont.)

How much is IRMAA?

This table shows the amounts added to the base Medicare Part B and D premiums for 2024.

Modified adjusted gross income (MAGI) from 2022[1]		Part B enrollees surcharge for 2024 (in addition to the Part B premium)[2]		Part B and D enrollees surcharge for 2024 (in addition to the Part B and D premiums)	
Individual[3]	Married filing jointly[4]	Monthly	Annual	Monthly	Annual
$103,000 or less	$206,000 or less	N/A	N/A	N/A	N/A
$103,001–$129,000	$206,001–$258,000	$69.90	$838.80	$82.80	$993.60
$129,001–$161,000	$258,001–$322,000	$174.70	$2,096.40	$208.00	$2,496.00
$161,001–$193,000	$322,001–$386,000	$279.50	$3,354.00	$333.30	$3,999.60
$193,001–$499,999	$386,001–$749,999	$384.30	$4,611.60	$458.50	$5,502.00
$500,000+	$750,000+	$419.30	$5,031.60	$500.30	$6,003.60

Source: ssa.gov.

1 Or 2021 if 2022 isn't available.

2 For 2024, the base premium for Part B is $174.70 per month.

3 Single, head of household or qualifying widow(er) with dependent child.

4 For married filing separately: Those with MAGI from 2022 of $103,001 to $396,999 are subject to a surcharge of $384.30/month for Part B premiums and $458.50/month for Part B and D premiums. Those with MAGI from 2022 of $397,000 and above are subject to a surcharge of $419.30/month for Part B premiums and $500.30/month for Part B and D premiums.

Paying more for Medicare? What to know about Medicare surcharges (cont.)

Here are a few strategies that may help you manage your MAGI:

- Health savings account (HSA) distributions
- Qualified charitable distributions (QCDs)
- Minimizing large, taxable income-generating activities
- Roth distributions

Edward Jones, its employees and financial advisors cannot provide tax or legal advice. You should consult your attorney or qualified tax advisor regarding your situation. This content is intended as educational only and should not be depended upon for other than broadly informational purposes. Specific questions should be referred to a qualified tax professional.

3 strategies to help reduce your capital gains tax

- Take advantage of tax-advantaged accounts
- Avoid short-term gains by qualifying sales for long-term status
- Consider tax-loss or tax-gain harvesting

Edward Jones, its employees, and financial advisors are not tax professionals and cannot provide tax advice. Before making any decisions affecting your tax situation, always consult your tax professional for guidance on the most appropriate actions to take.

Charitable stacking: A long-term strategy with tax benefits

Periodic giving

The most common way to give to charity is through periodic, outright gifts during an individual's life through cash, appreciated securities or real estate.

Stacking gifts

If you have a multiyear giving plan but don't expect to be over the standard deduction amount ($29,200 in 2024 for married filing jointly, $14,600 for single filers), you could consider stacking several years' worth of giving into a single year.

Charitable stacking: A long-term strategy with tax benefits (cont.)

Donor-advised funds (DAF)

With this DAF strategy, you can:

- Make a tax-deductible gift to the DAF and subsequently make grants from the account to an IRS-approved charity.
- Have the DAF account invested based on your preferences, giving it the potential to grow tax free and expand your charitable impact.
- Choose which charities to support, when to support them and how much to give.

Charitable stacking: A long-term strategy with tax benefits (cont.)

You should consider a DAF if:

- You want your charitable giving to be tax-deductible but you don't give enough each year to itemize your deductions.
- You own investments or other assets that have significantly increased in value.
- You have experienced an unusually high-income year.

Charitable stacking:
A long-term strategy with tax benefits (cont.)

How a DAF can support your stacking strategy

A DAF allows you to make an immediate tax-deductible transfer of your stacked gift while allowing you time to decide where and when to direct those gifts in the future.

With a DAF, your contributions will be invested, providing an opportunity for your charitable gifts to grow over time, tax free.

Using a DAF may also help you streamline your recordkeeping, as donating first to a DAF and then granting to multiple charities allows for a single donation receipt.

Edward Jones

More information available

- This month's issue of *Edward Jones Perspective* contains more in-depth coverage of the topics discussed today.
- Please be sure to complete your seminar evaluation form.
- Please contact me with any further questions or to schedule an appointment.

Thank you for your time!