

Are You Saving Enough for Retirement?

Retirement is supposed to be a carefree period of enjoyment and fulfillment. However, retirement has become a daunting prospect for many Americans, full of anxiety and financial uncertainty.

Longer lives and rising costs make the idea of retiring in one's 60s increasingly unrealistic. But very few people, even those who enjoy working, want to work forever. At some point, we want to retire and enjoy the rewards of our labor, whether that means traveling, pursuing new hobbies, or spending more time with friends and family.

Your goals for your retirement accounts may also extend beyond personal needs to include a comfortable future for your loved ones. Many Americans, however, have little or no retirement savings and are worried about whether they can ever afford to stop working, let alone provide for others after they pass. Some assets earmarked for retirement can also be vulnerable to lawsuits, medical bills, and other creditor claims that can quickly drain decades of careful savings.

A holistic, integrated plan that incorporates savings, asset protection, and legacy gifting can help ease your retirement concerns and provide peace of mind for you and those you care about.

How Much Is Needed for Retirement?

Americans are worried about their financial futures, and for good reason.

According to a 2025 Northwestern Mutual study, Americans believe they will need \$1.26 million to retire comfortably.¹ However, that same study exposes a stark reality: this “magic number” is far beyond what many have actually saved for retirement.² More than half of Americans say that outliving their life savings is a real possibility, and the vast majority are living with financial anxiety.³

An analysis of eight surveys on how Americans feel about their retirement prospects reveals that their anxiety ranges from a low of 32 percent to a high of 71 percent.⁴

¹ *Americans Believe They Will Need \$1.26 Million to Retire Comfortably According to Northwest Mut. 2025 Planning & Progress Study*, Northwestern Mutual (Apr. 15, 2025), <https://news.northwesternmutual.com/2025-04-14-Americans-Believe-They-Will-Need-1-26-Million-to-Retire-Comfortably-According-to-Northwestern-Mutual-2025-Planning-Progress-Study>.

² *Id.*

³ *Id.*

⁴ Teresa Ghilarducci, Karthik Manickam, *How Americans Feel About Their Retirement Prospects: Surveying the Surveys*, The New School: Schwartz Center for Economic Policy Analysis (Jul. 3, 2025), <https://www.economicpolicyresearch.org/resource-library/how-americans-feel-about-their-retirement-prospects-surveying-the-surveys>.

Such fears are well founded. A 2024 AARP report found that 20 percent of adults aged 50 and older have no retirement savings,⁵ while an Allianz Life 2024 survey found that less than half of Americans have a financial plan in place for their retirement.⁶

How much money you need for retirement depends on your lifestyle, location, life expectancy, and preferred retirement age. The commonly used 80 percent rule suggests replacing 80 percent of preretirement income annually. Fidelity's guideline is to save at least 1 times your income by age 30, 3 times by age 40, 6 times by age 50, 8 times by age 60, and 10 times by age 67 (the Social Security Administration's full retirement age for those born in or after 1960).⁷

Advisors often have their own guidelines about how much a particular person should have saved and a personalized plan for how to hit that mark. Since numbers on a spreadsheet can feel abstract and retirement goals and savings are not one-size-fits-all, talk with your advisor about their specific recommendations.

Protecting Your Retirement Savings

Not saving enough for retirement could make you reliant on Social Security. However, Social Security was never meant to be a full retirement plan. It typically replaces only about 40 percent of preretirement income,⁸ leaving a significant gap that you will need to fill with personal savings and investments.

Saving enough for a retirement that does not rely on Social Security is crucial, but protecting your savings is just as important. Fortunately, some retirement plans have built-in protections. For example:

- 401(k)s and other ERISA (Employee Retirement Income Security Act)-qualified plans, such as 403(b)s and defined benefit pensions, are fully protected from creditors in bankruptcy under federal law. Outside of bankruptcy, these plans are generally shielded from creditors as well, although certain exceptions (such as Internal Revenue Service tax levies, qualified domestic relations orders (QDROs), or criminal penalties) may allow access. Once withdrawn, funds lose ERISA protection unless they are rolled over into another qualified account, such as an individual retirement account (IRA).
- In addition, many states offer automatic creditor protection for IRAs and other retirement accounts, but the protected amount and the strength of such protections vary widely by state.
- While federal bankruptcy law does not protect inherited IRAs, some states provide creditor protection for inherited retirement accounts through state exemption statutes or bankruptcy-specific rules.

⁵ *New AARP Survey: 1 in 5 Americans Ages 50+ Have No Retirement Savings and Over Half Worry They Will Not Have Enough to Last in Retirement*, AARP (Apr. 24, 2024), <https://press.aarp.org/2024-4-24-New-AARP-Survey-1-in-5-Americans-Ages-50-Have-No-Retirement-Savings>.

⁶ *Americans Lack Plans for Retirement Income*, Allianz (Oct. 29, 2024), <https://www.allianzlife.com/about/newsroom/2024-Press-Releases/Americans-Lack-Plans-for-Retirement-Income>.

⁷ *How much do I need to retire?* Fidelity (Feb. 14, 2025), <https://www.fidelity.com/viewpoints/retirement/how-much-do-i-need-to-retire>.

⁸ *Retirement Ready: Fact Sheet for Workers Ages 61–69*, <https://www.ssa.gov/myaccount/assets/materials/workers-61-69.pdf>.

Protections for You—and Your Beneficiaries

The earlier you start planning and saving for retirement and the better you protect your retirement savings, the more likely you will have money left over at the end of your life to leave a financial legacy. That legacy will be further strengthened by building protections into your estate plan that are aimed at reducing financial burdens—and concerns—for your beneficiaries.

Here are some points to keep in mind as you build your financial and estate plans and meet with advisors:

- **Inherited retirement accounts are not as well protected as when they were in the hands of the original owner**, especially since new rules require most nonspouse beneficiaries to withdraw all the money within five or 10 years, making the funds more vulnerable to taxes and creditors.
- **Some states protect inherited IRAs from creditors**, but many do not. At the federal level, traditional and Roth IRAs are protected from bankruptcy up to \$1,711,975 (as of 2025).⁹ In addition, these protections apply only if the assets remain within the IRA and are not withdrawn.
- **Naming a properly structured trust as your retirement account's beneficiary** can help shield the money from lawsuits, divorce, or bad financial decisions by loved ones. Work with an experienced estate planning attorney to ensure that the trust is correctly drafted to achieve these protections.
- **Keep your beneficiary forms up-to-date** to ensure that your money goes where you want it to, avoids probate, and stays protected from legal disputes caused by outdated or unclear paperwork.

The best remedy for retirement-related financial fears is a strong plan that considers known risks and has the flexibility to take on unforeseen and unexpected changes to your savings. We all have different plans for retirement and for reaching retirement readiness. Working with an advisor can turn uncertainty into clarity, helping you build a retirement plan that not only grows your savings but also protects them for you and your loved ones. To review or put a plan in place, call us.

⁹ *IRA Bankruptcy Exemption Increases*, Ascensus, (Apr. 11, 2025), <https://www.ascensus.com/industry-regulatory-news/news-articles/ira-bankruptcy-exemption-increases>.