

# Americans Believe They Will Need \$1.27 Million to Retire Comfortably, According to Northwestern Mutual Planning & Progress Study

*High-net-worth individuals expect to need \$3 million to retire*

*Gen Z aims to retire at age 60 – and expects to live to age 100*

*Expected retirement age climbs significantly in two years to 65 from 62.6*

MILWAUKEE, June 22, 2023 /PRNewswire/ -- Americans believe they will need \$1.27 million to retire comfortably, according to the latest set of findings from [Northwestern Mutual's 2023 Planning & Progress Study](#). That number continues to increase, up from \$1.25 million reported last year.

Meanwhile, the average amount that U.S. adults have saved for retirement modestly increased by 3% to \$89,300 from \$86,869 in 2022.

"Americans' magic number for retirement readiness continues to rise," said Aditi Javeri Gokhale, chief strategy officer, president of retail investments and head of institutional investments at Northwestern Mutual. "The good news is that they are saving and investing more for tomorrow, even in this time of high inflation and market volatility. That is a step in the right direction and a reverse of what we saw last year when the gap widened rather than narrowed. The challenging news is that there continues to be a big disparity between what they think they'll need to retire and what they've saved to date."

Among age groups, people in their 50s expect to need the most for a comfortable retirement – over \$1.5 million. The numbers drop considerably for people in their 60s and 70s, largely because many of them are already in retirement.

	All	20s	30s	40s	50s	60s	70s
Amount expected to need for retirement	\$1.27M	\$1.20M	\$1.44M	\$1.28M	\$1.56M	\$968K	\$936K
Amount saved for retirement currently	\$89,300	\$35,800	\$67,400	\$77,400	\$110,900	\$112,500	\$113,900

High-net-worth individuals – those with more than \$1 million in investable assets – believe they'll need \$3 million to retire comfortably.

## Retirement readiness and work timelines

Among generations, Gen Z is the most confident they'll be financially prepared for retirement when the time comes. Older generations are more pessimistic – more than half of Gen X say they won't be ready, and nearly half of Millennials and Boomers+ (not yet retired) say the same.

	All	Gen Z	Millennials	Gen X	Boomers+ (not yet retired)
Expect to be financially prepared for retirement when the time comes	52 %	65 %	54 %	45 %	52 %
Do not expect to be financially prepared for retirement when the time comes	48 %	35 %	46 %	55 %	48 %

These retirement readiness feelings impact how long people expect to work. Boomers+ plan to work the longest (71) while Gen Z expects to retire more than a decade earlier (60). Millennials and Gen Xers plan to work to age 63 and 65, respectively.

Overall, Americans on average plan to work until the age of 65, up from 64 last year and 62.6 in 2021.

Interestingly, the study found that people who identify as disciplined financial planners knock two years off their retirement age (63). Informal / non-planners add two years (67).

"One of the greatest gifts that financial planning provides is time," said Javeri Gokhale. "Planning and discipline can unlock four years of life in retirement, and professional help is there for everyone regardless of where they are on their financial journey."

### **Imagining retirement... but worried about outliving savings**

The study explored what Americans are most looking forward to about retirement, as well as their greatest concerns. People are most looking forward to:

Relaxing (55%)  
Getting family time (51%)  
Traveling (48%)

These have much greater appeal than things like volunteering (17%), a second career (13%), and doing something entrepreneurial (11%).

People are most concerned about:

Declining health (44%)  
Outliving savings (43%)  
Boredom (31%)

Very few people said they were concerned about missing their career (16%).

"What stood out to us in these findings is that concerns about outliving savings came in virtually equal to declining health," said Javeri Gokhale. "Here again, proactivity is critical. In the same way that we rely on doctors to help us maintain good health, a trusted financial advisor can help us stay in financial shape."

On average, Americans say there is a 45% chance they outlive their savings and yet one third (33%) haven't taken any steps to address it. For people who work with an advisor, the story is different – nine of out ten (89%) have taken steps to address the possibility of outliving their savings.

### **Living to 100**

The study found three in ten (28%) Americans think it's likely they'll live to a 100. But expectations are much greater among younger adults, with 40% of Gen Z and Millennials expecting to hit triple digits.

Interestingly, more men (31%) than women (26%) think they're likely to live to 100 when in fact mortality data suggests the opposite is true. Among centenarians in the United States today, 85% are women.

	<b>All</b>	<b>Men</b>	<b>Women</b>	<b>Gen Z</b>	<b>Millennials</b>	<b>Gen X</b>	<b>Boomers+</b>
Likely / highly likely I'll live to 100	28 %	31 %	26 %	40 %	40 %	22 %	20 %

"Gen Z seeks to retire at age 60, and many of them believe they will live to age 100," Javeri Gokhale said. "I think those are bold and fantastic goals – which means that they will have to be intentional about planning to live four decades of worry-free life in retirement."

### **Social Insecurity**

More than four in ten Americans (42%) can imagine a time when Social Security no longer exists, according to the research.

And yet, people are relying on Social Security to provide 28% of their overall retirement funding. That's more than personal savings (22%) and equal to retirement savings (28%).

Gen Z and Millennials have tempered expectations – they anticipate Social Security to deliver 15% and 19% of their overall retirement funding respectively. That's a significant drop from what Boomers+ say – 38%.

	All	Gen Z	Millennials	Gen X	Boomers+
Percentage of overall retirement funding people expect Social Security to deliver	28 %	15 %	19 %	27 %	38 %

In forthcoming data sets, the 2023 Planning & Progress Study will explore wide-ranging issues facing Americans spanning debt, planning, wellness and more.

### About The 2023 Northwestern Mutual Planning & Progress Study

The 2023 Planning & Progress Study was conducted by The [Harris Poll](#) on behalf of Northwestern Mutual among 2,740 U.S. adults aged 18 or older. The survey was conducted online between February 13 and March 2, 2023. Data are weighted where necessary by age, gender, race/ethnicity, region, education, marital status, household size, household income, and propensity to be online to bring them in line with their actual proportions in the population. A complete survey methodology is available.

### About Northwestern Mutual

Northwestern Mutual has been helping people and businesses achieve financial security for more than 165 years. Through a comprehensive planning approach, Northwestern Mutual combines the expertise of its financial professionals with a personalized digital experience and industry-leading products to help its clients plan for what's most important. With more than \$558 billion of total assets being managed across the company's institutional portfolio as well as retail investment client portfolios, nearly \$35 billion in revenues, and \$2.2 trillion worth of life insurance protection in force, Northwestern Mutual delivers financial security to more than five million people with life, disability income and long-term care insurance, annuities, and brokerage and advisory services. Northwestern Mutual ranked 111 on the 2023 *FORTUNE* 500.

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