Americans Believe They Will Need $1.26 Million to Retire Comfortably According to Northwestern Mutual 2025 Planning & Progress Study

As inflation rate falls, people's 'magic number' for retirement drops$200K, returning to 2022 and 2023 levels

More than half of Americans think it's somewhat or very likely they will outlive their savings

60% of Gen Z and Millennials say they are focusing too much on investing and not enough on insurance

MILWAUKEE, April 14, 2025 /PRNewswire/ -- Americans' "magic number" to retire comfortably in 2025 is$1.26 million, $200K less than the $1.46 million reported last year and nearly flat with 2022 and 2023 estimates. However, among Americans who have retirement savings, one in four (25%) say they have just one year or less of their current annual income put aside for it.

U.S. adults 18+	**2025**	**2024**	**2023**	**2022**	**2021**
Expected amount needed to retire comfortably	$1.26M	$1.46M	$1.27M	$1.25M	$1.05M

These are the latest findings fromNorthwestern Mutual's 2025 Planning & Progress Study, the company's proprietary research series that explores Americans' attitudes, behaviors, and perspectives across a broad set of issues impacting their long-term financial security.

For Gen X'ers, many of whom are approaching their retirement years, 52% have 3x their current annual income or less saved. And the majority (54%) believe they will not be financially prepared for retirement when the time comes.

As a multiple of your current annual income, approximately how much do you have saved for retirement?					
Of those with retirement savings	**All**	**Gen Z**	**Millennials**	**Gen X**	**Boomers+**
Less than 1x my income	**17 %**	23 %	22 %	**14 %**	10 %
1x	**8 %**	11 %	12 %	**7 %**	3 %
2x	**15 %**	16 %	17 %	**17 %**	9 %
3x	**12 %**	12 %	14 %	**14 %**	7 %
4x	9 %	10 %	10 %	9 %	9 %
5x	7 %	5 %	7 %	6 %	8 %
6x	4 %	6 %	2 %	4 %	6 %
7x	4 %	7 %	4 %	4 %	4 %
8x	3 %	3 %	2 %	3 %	5 %
9x	1 %	0 %	2 %	1 %	4 %
10x	6 %	2 %	3 %	**6 %**	**11 %**
More than 10x my income	9 %	2 %	1 %	**8 %**	**18 %**

Not sure	5 %	3 %	4 %	7 %	6 %

More than half (51%) of Americans think it's somewhat or very likely they will outlive their savings, according to the study. In contrast, only 16% feel confident enough to say the prospect of outliving their wealth is "very unlikely." Meanwhile, more than a third (35%) of Americans say they have not taken any steps to address that potential outcome.

In your opinion, what is the likelihood that you could outlive your savings?	**All**	**Gen Z**	**Millennials**	**Gen X**	**Boomers+**
Net Likely	**51 %**	**51 %**	**57 %**	**56 %**	40 %
Very likely	21 %	18 %	24 %	24 %	17 %
Somewhat likely	30 %	33 %	33 %	32 %	23 %
Net Unlikely	40 %	34 %	34 %	36 %	**53 %**
Very unlikely	16 %	12 %	14 %	16 %	22 %
Somewhat unlikely	24 %	22 %	20 %	20 %	31 %
Don't know	9 %	15 %	**9 %**	8 %	7 %

"Americans' 'magic number' to retire comfortably has come down – but it remains high, far beyond what many people have actually saved," said John Roberts, chief field officer at Northwestern Mutual. "One explanation for the new number could be inflation – while still people's #1 concern – isn't as elevated as it was in recent years. Inflation is often described as 'sticky' because it can take a long time for people's attitudes about it to change. The inflation rate retreated from 6% in 2023 to about 3% in 2024, and now in 2025, Americans are adjusting their perceptions about their future financial needs. At the same time, the level of concern about their current savings has ratcheted up. More than half of Americans believe outliving their life savings is a real possibility, and the vast majority are living with financial anxiety. It's important to remember that retirement planning is deeply personal. Everyone deserves their own 'magic number' that considers where they will live, what lifestyle they will have, their sources of income, and more. Rules of thumb are everywhere, but nothing is better than a financial plan that's personalized and custom-built just for you."

The amount Americans need to invest each month to accumulate$1.26 million by age 65 depends on several factors – especially when they start saving. Individuals starting at age 20 would need to invest $330 per month, others starting at age 30 would need to set aside $695 per month – assuming a 7% rate of return compounded daily. The longer they wait – the more they need to invest. People starting at age 40 would need to save $1,547 per month – and if they postpone saving to age 50, they would need to invest $3,958 per month. This equation assumes that individuals save regularly and never borrow from their retirement savings accounts before reaching age 65.

In general, Northwestern Mutual recommends that people aim to replace around 80% of their pre-retirement income. However, the actual 'magic number' calculation for each person will depend on things like when they want to retire, where they'll live, and what kind of lifestyle they want to maintain throughout their retirement years.

Younger people start saving sooner, want to retire earlier, and plan to live longer

Overall, working age Americans say they started saving for retirement at age 31 and plan to retire at age 65. But across every generation, Americans report they are saving sooner, planning to retire earlier, and expecting to live longer.

For instance, Gen Z'ers started saving at 24, aim to retire at 61, and more than a third (34%) think it's likely they'll live to 100. Boomers+ started saving at 37, aim to retire at 72, and less than a quarter (23%) think it's likely they'll live to 100.

	Age started saving	Age plan to retire	Difference between starting age and retirement age
Gen Z	**24**	**61**	37 years
Millennials	29	64	35 years
Gen X	33	67	34 years
Boomers+	**37**	**72**	35 years

The generation with the most confidence they'll be financially prepared for retirement is Gen Z. Conversely, Gen X is the only generation with a majority of respondents saying that they do not think that they will be ready to retire.

Do you think you will be financially prepared for retirement when the time comes?	All	Gen Z	Millennials	Gen X	Boomers+
Yes	54 %	**63 %**	54 %	46 %	56 %
No	46 %	37 %	46 %	**54 %**	44 %

"Younger Americans have ambitious financial goals – and they're taking action to reach them," said Roberts. "If this generation determines how much they need to save, continues to generate wealth, and protects what they've already built, they could be in a strong position to achieve financial security."

A big blind spot for younger Americans: prioritizing investing over insurance

Despite their early efforts to invest, one financial blind spot could impact younger generations. Six in ten Gen Z'ers (61%) and Millennials (60%) say that they are placing too much emphasis on building wealth and growing their assets without dedicating enough to protecting those assets and managing against risks with life or disability insurance. Among Boomers, just 35% say the same.

"People who have an offense-only investments approach are left vulnerable when the unexpected occurs," said Roberts. "But plans that combine both investments and insurance products are built for offense and defense. They instill more confidence and are proven to deliver superior financial outcomes. This is an example where financial advisors can add a lot of value. They meet clients where they are on their financial journey, identify blind spots in their planning, and help to create a financial plan that's comprehensive."

Social Security and inflation burn a hole into top retirement concerns

When it comes to people's burning questions about retirement, concerns about Social Security and inflation are more pressing than other major planning challenges, including outliving life savings, planning for long-term care, managing taxes, and budgeting for healthcare.

Americans' Top "Burning Questions" About Retirement (percentage indicates inclusion in top three)	
How much money will I need to retire comfortably?	43 %
Will Social Security be there when I qualify for it?	**33 %**

What if inflation rises when I'm retired	**30 %**
Is it possible I could outlive my savings?	27 %
How can I plan for potential long-term care needs?	26 %
How will taxes impact me in retirement?	25 %
How should I budget for healthcare expenses?	21 %
Will I have enough to leave behind assets for loved ones or charitable causes I care about?	19 %
What if the stock market drops when I'm retired?	14 %

On the topic of Social Security, only about one in four Gen X'ers (26%) and Boomers+ (27%) say that they plan to delay receiving their benefits as long as possible to maximize their monthly benefit. Under half of Gen X'ers (46%) and Boomers+ (45%) say they will start receiving their benefit when they hit their full retirement age, while 28% say they will start to receive payments as soon as they are eligible, even though their monthly benefit may be reduced.

When do you plan to start receiving your Social Security benefits? (asked to Gen X and Boomers+ only)	Gen X	Boomers+
As soon as I'm able to, even though my monthly benefit may be reduced	28 %	28 %
Once I hit my full retirement age, so I qualify for my full benefit	46 %	45 %
I plan to delay as long as possible so I can maximize my monthly benefit	26 %	27 %

"There is no right or wrong way for people to claim Social Security benefits, but if people plan intentionally, it can pay to wait," said Roberts. "Anyone who activates payments at age 67 instead of age 62 could grow their checks by 30%, and if they wait to age 70, they could see an additional 24%. A trusted financial advisor can help anyone to do the math and determine what works best for them to thrive in retirement."

Interestingly, there's a sizable gap in importance among generations when it comes to Social Security. For Gen X, the question about whether Social Security will be there when they need it is nearly on equal footing to the question about how much they will need to retire comfortably. For Gen Z, concern about Social Security is significantly lower.

Will Social Security be there when I qualify for it?(percentage who include this in their top three "burning questions" about retirement)	
All	33 %
Gen Z	**26 %**
Millennials	39 %
Gen X	**47 %**
Boomers+	20 %

"There's a huge difference in the way you might look at Social Security if your retirement years feel a long way off versus when they're fast approaching," said Roberts. "For Gen X, the possibilities and practicalities of retirement are feeling very real right now. For Gen Z, they are likely more focused on other pressing financial matters."

Not your parents' retirement – and probably not done with work, either

The research finds eight in ten U.S. adults say their vision of retirement is different than how their parents' generation viewed it, and a third (32%) say they expect their retirement to last 10+ years longer than their parents'.

The biggest differences in retirement life that people expect, generation over generation, are: more travel (51%), more activities that are personally fulfilling (46%), more time with friends and family (45%), more work (37%), and more volunteering (21%).

On the subject of work, 40% of Americans plan to work (or are currently working) during their retirement years, and for Millennials and Gen X'ers it's even higher – 45% and 48% respectively. The Boomers+ generation is the only one where a majority of respondents say they are not planning to work at all in retirement.

Are you planning to continue working (or currently working) during your retirement years?	All	Gen Z	Millennials	Gen X	Boomers+
Yes	40 %	39 %	**45 %**	**48 %**	30 %
No	35 %	30 %	27 %	25 %	**56 %**
Not sure	24 %	31 %	28 %	27 %	14 %

The reason people choose to work in retirement is split nearly evenly between those who say they want to continue feeling useful / stimulated (50%) and those who say they will need the additional income to afford retirement (48%). Gen X stands out somewhat, with 56% saying they will need to work for the additional income.

Among Americans who are currently working or are planning to work in retirement, the majority (59%) say that they would work either part-time or full-time at a different job, while 1 in 5 (20%) expect to pick up a "side gig" with flexible hours. Slightly fewer (18%) say that they would work part-time at the same job.

Using best judgment, what do you imagine work will look like/what does work currently look like during your retirement years?	All	Gen Z	Millennials	Gen X	Boomers+
Part time at a different job	**31 %**	28 %	29 %	34 %	31 %
Full time at a different job	**28 %**	40 %	34 %	24 %	12 %
Side gig with flexible hours	**20 %**	21 %	20 %	20 %	19 %
Part time at the same job	**18 %**	9 %	15 %	17 %	32 %
Other	3 %	2 %	2 %	5 %	6 %

"For many Americans, the definition of retirement seems to be changing from 'retiring from work' to 'finding a role that's more meaningful to me,'" said Roberts. "Instead of golf, cruise boats and cocktails, large percentages see themselves employed at an organization or a cause that they believe in."

About The 2025 Northwestern Mutual Planning & Progress Study

The 2025 Planning & Progress Study was conducted by The Harris Poll on behalf of Northwestern Mutual among 4,626 U.S. adults aged 18 or older. The survey was conducted online between January 2 and January 19, 2025. 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

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[1] Includes investments and separate account assets of Northwestern Mutual as well as retail investment client assets held or managed by Northwestern Mutual.

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