

How much money do you need to be financially free?

It is a very important question. Getting the right answer can determine how soon and how well you can retire.

But most people don't know the answer.

If you were going to drive somewhere you've never been, you wouldn't just get into your car and start driving. Yet many people take this very approach when starting down the road to financial freedom. Before you take that road to financial freedom, it is important to know where you are now and where you want to go in the future.

In his book *The Number*, former Esquire editor-in-chief, Lee Eisenberg talks about why "the number" is so important. He says that for most people, it represents a free pass to a great life without financial stress.

That's what it always meant to me.

However, most people fail to achieve their retirement dreams, Eisenberg notes. He says there are two reasons why:

Many people enter their forties and fifties are "ensconced in a cloud of avoidance and denial about the years ahead of them." They spend their early years not doing any serious retirement planning. They sense they are far behind from where they should be, but they don't want to face the truth. These are the "procrastinators", Eisenberg says.

Other people do retirement planning, but they're sloppy about it. They don't know how to calculate their number correctly, so they pick an arbitrary number and hope for the best. Eisenberg calls these people "pluckers," because they pluck their retirement number out of thin air!

I think there's a third reason. If you ask most people who want to be financially free what it means to be financially free, they rarely describe it in a measurable way. The usual responses are something like "I just want to be comfortable" or "I don't have to work if I don't want to." It's no wonder why most people are not financially free given these hazy definitions.

You don't have to be any of these people. You can begin to realize your retirement dreams today by discovering your financial freedom number.

Let's do that now. Let's figure out how much money you have to save in order to quit work and enjoy retirement.

If you want a quick rough calculation of your target net worth, read the article "*Are you on track to becoming financially free*", also in the Resource section of the blog. Once you have your

expected number, you can use the retirement formula below to see what you need to save per year depending on your current net worth, your target net worth and the years until retirement.

Kiplinger's has a fairly thorough retirement calculator that's a great place to start in determining how much you need to save each month to reach your retirement goal. Click on the link below to access Kiplinger's calculator:

<http://www.kiplinger.com/tool/retirement/T047-S001-retirement-savings-calculator-how-much-money-do-i/>

Please take the time to do your calculations today. The moment you have your number, you'll be motivated to begin the journey of achieving it. And once you have your number, you can begin planning for your trip to financial freedom.

If you know how much money you need in the bank to comfortably retire, you're in the minority: Only 1 in 10 people make such a calculation, according to the Transamerica Center for Retirement Studies.

Yet, more than half of Americans report having less than \$25,000 in savings and investments when they retire, according to the Employee Benefit Research Institute. The EBRI also reports that just 13 percent of workers say they are "very confident" they will have a comfortable retirement.

The first step to joining that more self-assured group is to figure out how much money you'll need. Calculate your number today and start down the right road to financial freedom.