

## How to Calculate Your Savings Rate

We at Save10 want to make sure we are all speaking the same language. Sometimes just figuring out what savings we are talking about and how to apply that to what we make is half the battle.

If you only make 1 salary (no side hustles) and you save into a retirement plan through that same job where you make a salary, then this is easy. You are saving a percentage of your pay. You can call up HR or call up the company that runs your retirement plan and ask how to find out how much you are contributing. One point of clarification is we are **not** counting the company match. Why? Well, when you go to retire, there is no magic number of savings. Whether you can retire is a function of how long your money will last for your lifestyle. So saving 10% is just as much about reducing your lifestyle to 90% as it is depositing money into your account. Make sense?

Ok, here's where it gets tricky. What if you don't have a retirement plan at work? What if you work for yourself and get money from lots of different places?

Roll up your sleeves...we've gotta do some math.

Start with how much you are saving. Take any monthly sums that you might have auto deposited somewhere to save, maybe an IRA or Roth IRA and multiply those by 12 to get them to an annual savings. Think through any other long-term savings you do through the year. Do you make any big deposits once a year, maybe at tax time? Add that to your annual savings.

An example:

			Annual Savings
Enter how much money you save monthly here:	\$500.00	x 12 =	\$6,000.00
<small>Please include all savings you consider "long-term," or not for current or near-term use</small>			
Enter how much money you save yearly here:			\$400.00
<small>(e.g. funding an IRA/Roth IRA once per year)</small>			
This is your annual savings amount			\$6,400.00

Next calculate your gross wages. When we say "gross," we recognize that is the most completely bizarre jargon on the planet. It's the terminology that describes all the pay you make before you start paying taxes.

Add it all up, not forgetting any side hustles!

Enter your gross annual pay here:			\$60,000.00
Please include all pay from all jobs, and use pre tax dollars for this number			

Now, time to make the grand calculation! Get out your phone, pull up the calculator and simply divide your total annual savings by your gross annual wages:

$$\frac{\text{Annual Savings}}{\text{Gross Annual Pay}}$$

Voila! You should have a number, hopefully .10 or more! This means you are at our 10% savings rate!

If you are not there, you can do it. Figure out what that top number needs to be to get you to 10%, and then go make your deposits. You got this!