How Much Is Enough

Money

A rough way to size a retirement target, and the assumptions inside it.

A common rule of thumb: a pot of 25 times annual spending, drawn at about 4% a year.

target ≈ annual spending × 25

£24,000 a year needed — **≈ £600,000**

Before any state or workplace pension.

With a £10,000 state pension — **£14,000 × 25 ≈ £350,000**

Other income reduces the target substantially.

Retiring earlier — **A lower withdrawal rate is usually assumed**

Longer horizon, more risk.

THE COMMON MISTAKE

× **Treating 4% as a guarantee**

✓ **It is a historical study, not a promise**

It came from specific markets and periods, and assumed a 30-year horizon and a particular asset mix.

General education, not financial advice. Sequence-of-returns risk — poor early years — is the main threat to any such rule.