

# Your Capital To Income Ratio

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The Capital to Income Ratio is the most important ratio discussed in Charles Farrell's Your Money Ratios. It's the ratio of your retirement stash divided by your current income. If your income has recently increased significantly, average your last four years of income. If you have a sporadically working spouse, don't count his or her income. If your spouse works, use both incomes, and average your ages. The chart below can be used to see if you're "on track" for retirement.

Age	Capital to Income Ratio
25	0.1
30	0.6
35	1.4
40	2.4
45	3.7
50	5.2
55	7.1
60	9.4
65	12

Per Mr. Farrell's calculations, maintaining these ratios will allow you to retire on 60% of your income (plus social security) at age 65.

For example, a 45 year old doctor making \$200,000 a year should have \$740,000 in retirement/savings accounts. Try calculating your ratio out and see how you're doing. I'm right on track, which is reassuring, since I don't actually need my investments to provide 60% of my current income as

discussed [here](#).

He provides two other charts in his book, which he labels the “silver medal” chart and the “bronze medal” chart, which allow for you to retire on 50% of your income at age 65 and at age 70 respectively. Chart out your ratio on these charts and see where you stack up:

Age	60% at 65	50% at 65	50% at 70
25	0.1	0.1	0.1
30	0.6	0.5	0.45
35	1.4	1.25	1
40	2.4	2	1.6
45	3.7	3.1	2.5
50	5.2	4.5	3.5
55	7.1	6.1	4.8
60	9.4	8.1	6.5
65	12	10	8.2
70			10

Using these charts you can see what you’re on track for. If you’re way ahead of where you need to be, early retirement might be an option for you. If you’re behind, better start saving more.