10% is a good round number and if surveyed one that most people would likely choose as the figure that sounds right. It turns out that the consensus rate comes pretty close to getting the job done. It's more accurate for the younger individual who is 40+ years away from retirement. If a young lady in her twenties uses a disciplined 10% rate for monies strictly earmarked for retirement investments then she'll be putting herself on the right path.

For the person who is 15 years away from retirement who was a poor saver in his younger years, the 10% figure may be insufficient to achieve financial security.

As with any rule of thumb, the 10% benchmark comes with a number of assumptions. The first is to ensure that you invest. You need to set aside your investment dollars and truly invest them. Funds can't sit in a bank account yielding .05%. The funds should earn an average rate of return of around 7.5%. This would permit the investor to have a balanced growth portfolio that could have more risk in his early years and gradually evolve into a more conservative portfolio as he ages.

Other critically important variables are: the need to avoid interruption of the savings sequence, Social Security, employer matches and avoiding spendthrift debt accumulation.

Consistent employment is one of the best ways to ensure your timely retirement. If you have prolonged periods of unemployment you stop nurturing your nest egg and early spending of your savings happens. Nothing will derail your successful retirement plans faster than this issue. Keeping the paychecks coming, is rule #1 when it comes to savings rates and retirement planning in general.

Another variable that is somewhat out of our control involves the ability of our government to fulfill 100% of its Social Security promises. If that program fails to deliver then the 10% figure likely will be inadequate. For the moderate to higher wage earners, Social Security can still account for over a third of their projected retirement spending need.

A variable that has positive implications for the future retiree is the amount of matching investment that employers throw into the mix. Any matching amount contributed by an employer reduces the 10% burden on the individual. However, fully funding your savings at 10% may help to offset the unforeseen unemployment periods or the need to raid savings for other emergency spending requirements.

Lastly, no matter how much you save, it will be difficult to have a worry free retirement if you enter your golden years burdened by high levels of debt. Don’t fool yourself about your true savings rate. If you’re accumulating debt at a faster pace than you’re saving money you have a negative savings rate and eventually the savings you have will be confiscated in order to payoff debt.   In particular keep your eye on your mortgage balance. Rule #2 when it comes to retirement security is to enter retirement debt free including having zero or no significant mortgage balance.