Middle-Income Boomers, Financial Security and the New Retirement

By Bankers Life and Casualty Company
Center for a Secure Retirement

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Introduction

For generations of Americans the right time to retire was usually determined by a number—one’s age. The “right” age to retire was often driven by a company pension formula, and most people assumed they would retire by age 65.

Today, more than ever, a new number has emerged in its place—the amount of one’s personal savings. On the new road to retirement, Americans can now retire only when they feel they can afford to do so.

Several factors contribute to this change.

For decades there has been an ongoing, national shift of retirement risk and responsibility from institutions (employers and the government) to the individual. This is most clearly demonstrated with the demise of the corporate defined benefit pension, the rise of the 401(k) and the discontinuation of many employer-paid retiree health benefit plans.

The national dialogue about Social Security, a meaningful source of retirement income for middle-income Americans, has fueled uncertainty about its future.

More recently, the recession and economic downturn have shaken the confidence of middle-income Boomers in their financial security.

The convergence of corporate, political, economic and social factors that have come together to shape the new retirement norms in the United States affects all workers and retirees. However, the implications for the financial quality of life of middle-income Americans is often more acute, by comparison, than for more wealthy individuals.

With the release of Middle-Income Boomers, Financial Security and the New Retirement the Bankers Life and Casualty Company Center for a Secure Retirement seeks to understand how middle-income Boomers define retirement, approach planning for it, and assess their own retirement preparedness at this point in their lives.

If there is a silver lining to the economic crisis, perhaps it is that it occurred before the first wave of 78 million Baby Boomers began turning 65 in 2011. And that the downturn will encourage more people to realistically examine their financial plan for retirement while they may still have time to make adjustments that can help improve their financial security and, ultimately, the enjoyment of their retirement years.
Methodology

The Bankers Life and Casualty Company Center for a Secure Retirement study *Middle-Income Boomers, Financial Security and the New Retirement* was conducted in March 2011 by the independent research firm The Blackstone Group.

A nationwide sample of 500 American Baby Boomers (ages 47 and 65) who are not yet retired and have an annual household income of between $25,000 and $75,000 participated in the Internet-based survey. Significant sub-sample differences were tested at the 95% confidence level.
Key Findings

More than half of middle-income Boomers look forward to retirement and acknowledge it will be different from that of previous generations.

- Two-thirds (67%) of middle-income Boomers say their retirement will be different from that of previous generations; the ideas of being taken care of by family, slowing down and moving to a retirement community (associated with the retirement of previous generations) are being replaced with an active lifestyle and work.

- More than half (55%) of middle-income Boomers are looking forward to retiring. However, one in four (28%) are still uncertain.

- Three out of four (73%) middle-income Americans age 47 to 65 say that their financial situation, not age, is now the key indicator for when to retire.

- Pensions and guaranteed income are what sixty percent (60%) of middle-income Boomers envy most about the retirement of previous generations.

- Three out of four (75%) middle-income Boomers expect to work in retirement; more than half (57%) of those expect they will have to work for financial reasons.

Middle-income Boomers feel they have fallen behind on saving for retirement.

- Two-thirds (67%) of middle-income Boomers feel they are behind where they expected to be at this point in their lives in terms of financial readiness for retirement.

- Half (52%) of middle-income Boomers are not confident that they have saved enough to live comfortably in retirement, and thirty-eight percent (38%) are only somewhat confident. Only one in ten (10%) feel confident about the adequacy of their retirement savings.

- One-seventh (14%) of middle-income Americans age 47 to 65 do not have a pension, 401(k), IRA or any other type of retirement savings account.

- More than half of middle-income Boomers (55%) have saved less than $100,000 for retirement. One-fifth (19%) have saved less than $10,000.

- Uncovered healthcare expenses (80%), inflation (79%) and living longer than their money lasts (71%) are the top three financial concerns that middle-income Boomers have about retirement.
Middle-income Boomers have been hit hard by the economic downturn and are delaying retirement in response.

- Two out of three (68%) middle-income Americans age 47 to 65 have experienced a decline in the value of their retirement accounts since 2008; one-third (30%) of those have not seen any rebound in value as of March 2011.

- Twenty percent (20%) of middle-income Boomers whose employer contributes to their retirement plan report that their employer reduced matching contributions. However, almost all (95%) of those surveyed who participate in their employer’s plan maintained or increased their personal contribution.

- More than half (55%) of middle-income Boomers report that they are spending less on discretionary items such as dining out, vacations and gifts, and forty-three percent (43%) of those surveyed have reduced their credit card debt.

- Two-thirds (64%) of middle-income Boomers have taken action to reduce their healthcare expenses, including holding off going to the doctor (55%), postponing an elective surgery (26%) or changing to a less-expensive healthcare plan (25%).

- One-third (32%) of those surveyed who own a home have already paid off their mortgage; however, close to half (48%) do not expect to have it paid off before they retire.

- Three-quarters (73%) of middle-income Boomers say the turbulent economy has caused their retirement timing expectations to change; seventy-nine percent (79%) of those are delaying their retirement, by five years on average.
A “New Retirement” for Middle-Income Boomers

The 78 million Americans born between 1946 and 1964 make up the Baby Boom generation. The first wave of Boomers began turning age 65 this year; the youngest are age 47.

Today, fourteen percent of the U.S. population is over age 65. By the time the last Boomer retires, one-fifth (21%) of all Americans will fall in that age group.¹ The retirement of the largest generation in history will not only test the limits of government programs such as Medicare and Social Security, but also will help reshape the definition of retirement itself.

In fact, two-thirds (67%) of middle-income Boomers who have not yet retired expect that their retirement experience will be different from that of previous generations.

Will Your Retirement Be Different From That of Previous Generations?

Active Lifestyle Defines the New Retirement

As Boomers rethink the definition of retirement, the ideas of being taken care of by family, slowing down and moving to a retirement community (items associated with retirement of previous generations) are being replaced with the expectations to keep up with technology, to work (often out of financial necessity) and to stay fit and healthy.

However, middle-income Boomers are not rejecting all attributes of a traditional retirement. In fact, there are many aspects of that lifestyle that they expect to retain, such as volunteering, spending time with family and friends, and travel.

### Boomers’ Perceptions of Their Retirement vs. Previous Generations

<table>
<thead>
<tr>
<th>Attribute</th>
<th>My Retirement</th>
<th>Previous Generations</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keeping up with technology</td>
<td>77%</td>
<td>8%</td>
<td>+69</td>
</tr>
<tr>
<td>Working</td>
<td>78%</td>
<td>16%</td>
<td>+62</td>
</tr>
<tr>
<td>Staying physically fit/ healthy living</td>
<td>81%</td>
<td>27%</td>
<td>+54</td>
</tr>
<tr>
<td>Learning a new skill</td>
<td>60%</td>
<td>21%</td>
<td>+39</td>
</tr>
<tr>
<td>Reinventing oneself</td>
<td>54%</td>
<td>18%</td>
<td>+36</td>
</tr>
<tr>
<td>Going back to school</td>
<td>35%</td>
<td>19%</td>
<td>+16</td>
</tr>
<tr>
<td>Starting or furthering one’s business</td>
<td>37%</td>
<td>22%</td>
<td>+15</td>
</tr>
<tr>
<td>Volunteering</td>
<td>58%</td>
<td>58%</td>
<td>0</td>
</tr>
<tr>
<td>Spending time with family and friends</td>
<td>68%</td>
<td>70%</td>
<td>-2</td>
</tr>
<tr>
<td>Travel</td>
<td>61%</td>
<td>67%</td>
<td>-6</td>
</tr>
<tr>
<td>Pursuing traditional retirement hobbies</td>
<td>48%</td>
<td>74%</td>
<td>-26</td>
</tr>
<tr>
<td>Being at home, watching TV, relaxing</td>
<td>48%</td>
<td>75%</td>
<td>-27</td>
</tr>
<tr>
<td>Moving to a retirement community</td>
<td>24%</td>
<td>62%</td>
<td>-38</td>
</tr>
<tr>
<td>Slowing down</td>
<td>35%</td>
<td>77%</td>
<td>-42</td>
</tr>
<tr>
<td>Being taken care of by family</td>
<td>15%</td>
<td>69%</td>
<td>-54</td>
</tr>
</tbody>
</table>

Half Look Forward to Retiring

Most people view retirement as an aspirational stage in life, with choice and independence on how to spend their time. And a majority (55%) of middle-income Boomers look forward to retiring.

However, this optimism is tempered by uncertainty and dissatisfaction that resonate with a portion of middle-income Americans age 47 to 65.

As they move closer to their retirement years, more than one-fourth (28%) report that they are unsure if they look forward to retirement. More than half feel highly satisfied or satisfied (57%) with their lives up to this point, but nearly two-fifths (37%) are dissatisfied with their lives overall.

Looking Forward to Retirement

- **Yes**: 55%
- **Don't know**: 28%
- **No**: 17%

Overall Satisfaction

- I'm highly satisfied, things are going better than expected: 7%
- I'm satisfied, things are going about as expected: 50%
- I'm dissatisfied, things are not going as well as expected: 37%
- I'm not sure: 6%

Finances, Not Age, Now Determine Start of Retirement

Boomers clearly identify another change that separates their retirement from that of previous generations. Three out of four (73%) of those surveyed say that their financial situation, not age (15%), is now the key indicator for when to retire.

On the new road to retirement, middle-income Boomers can now retire only when they feel they can afford to do so.

Middle-Income Boomers Envy Guaranteed Income

Personal savings is the retirement trigger for the majority of middle-income Boomers and, therefore, the adequacy of retirement income carries heightened importance for this generation of retirees.

Three-fifths (60%) envy the pensions and guaranteed income more common among previous generations of retirees.

Best Thing About the Retirement of Previous Generations

- Having a pension/guaranteed income for life: 60%
- Receiving employer-provided retirement healthcare benefits: 16%
- Living a life of leisure: 8%
- Having a well-defined/mandatory retirement age: 5%
- Nothing: 2%
- Other: 1%
- Don’t know: 8%

Most Expect to Work in Retirement
Whereas stopping work defined traditional retirement, continuing to work has become a leading characteristic of the new retirement expectation.

Three out of four (75%) middle-income Boomers expect that their retirement will involve work in some form, and three-fifths (57%) of those feel that they will have to work for financial reasons.

Two-fifths (38%) of those who expect to work in retirement will do so because they want to, most often to stay mentally and physically active and to stay connected to other people.

Work in Retirement

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work full-time</td>
<td>15%</td>
</tr>
<tr>
<td>Work part-time</td>
<td>50%</td>
</tr>
<tr>
<td>Other work</td>
<td>10%</td>
</tr>
<tr>
<td>No</td>
<td>9%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>16%</td>
</tr>
</tbody>
</table>

75% Will Work

Reasons for Working in Retirement

- Have to work for financial reasons (57%)
- Want to work (38%)
- Other (5%)


Non-Financial Reasons for Wanting to Work in Retirement

Middle-income Boomers who want to work in retirement

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>To stay mentally active</td>
<td>70%</td>
</tr>
<tr>
<td>To stay connected to other people</td>
<td>63%</td>
</tr>
<tr>
<td>To stay physically active</td>
<td>59%</td>
</tr>
<tr>
<td>To stay connected to ideas</td>
<td>42%</td>
</tr>
<tr>
<td>Other</td>
<td>6%</td>
</tr>
</tbody>
</table>

Outlook on
Financial Preparedness for Retirement

Most middle-income Boomers feel that they are behind where they had expected to be at this point of their lives in terms of saving for retirement. Two-thirds (67%) of those surveyed thought they would be in a better financial position for retirement than they are now, compared to very few (4%) who say they are ahead. Less than one-quarter (23%) feel that they are on target financially.

Half (52%) of middle-income Boomers are unsure if they have saved enough money to live comfortably in retirement, and thirty-eight percent (38%) are only somewhat confident.

Only one in ten (10%) middle-income Boomers are confident that they will have enough money to live comfortably in retirement.

Financial Readiness for Retirement

<table>
<thead>
<tr>
<th>Ahead of where I expected</th>
<th>4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>As expected</td>
<td>23%</td>
</tr>
<tr>
<td>Behind where I expected</td>
<td>67%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>6%</td>
</tr>
</tbody>
</table>

Confidence in Adequacy of Retirement Savings

<table>
<thead>
<tr>
<th>Extremely confident</th>
<th>1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very confident</td>
<td>9%</td>
</tr>
<tr>
<td>Ahead of where I expected</td>
<td>10%</td>
</tr>
<tr>
<td>Behind where I expected</td>
<td>38%</td>
</tr>
<tr>
<td>Not too confident</td>
<td>32%</td>
</tr>
<tr>
<td>Not at all confident</td>
<td>20%</td>
</tr>
</tbody>
</table>

One-Seventh Do Not Have Pension or Retirement Account

Fifty-two percent (52%) of middle-income Boomers have a 401(k) and forty-eight percent (48%) own an IRA. One-third (38%) report having a corporate or public defined benefit pension, which is slightly higher than the national average for all U.S. workers (31%).

However, fourteen percent (14%) of middle-income Boomers do not have a 401(k), IRA, defined benefit pension or any other type of retirement account.

<table>
<thead>
<tr>
<th>Pension and Retirement Account Ownership</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>401(k)</td>
<td>52%</td>
</tr>
<tr>
<td>IRA</td>
<td>48%</td>
</tr>
<tr>
<td>Defined benefit pension</td>
<td>38%</td>
</tr>
<tr>
<td>Other retirement account</td>
<td>37%</td>
</tr>
<tr>
<td>None</td>
<td>14%</td>
</tr>
</tbody>
</table>

Most Have Saved Less Than $100,000

More than half of middle-income Boomers (55%) have saved less than $100,000 for retirement. One-fifth (19%) have saved less than $10,000.

Retirement Savings

Among those who provided a response:

- Saved Less Than $100,000: 55%
  - $10,000 or less: 19%
  - $10,000 to less than $50,000: 18%
  - $50,000 to less than $100,000: 18%
  - $100,000 to less than $500,000: 26%
  - $500,000 to less than $1 million: 3%
  - $1 million or more: 1%
  - Don’t know: 5%

Two-Thirds Not Receiving Professional Guidance

Two out of three (66%) middle-income Americans age 47 to 65 are not receiving professional guidance of any kind regarding their retirement.

This trend echoes the findings of the Bankers Life and Casualty Company Center for a Secure Retirement Middle-Income Retirement Preparedness Study (January 2011), which found that half (51%) of middle-income Americans age 65 to 75 do not work with a professional advisor.

These two findings in combination illustrate that the majority of middle-income Americans, from the youngest Boomers to those in their mid-seventies, are navigating toward and through retirement without professional advice.

Working with a Professional Advisor on Retirement

<table>
<thead>
<tr>
<th>Age 47 to 65</th>
<th>Age 65 to 75</th>
</tr>
</thead>
<tbody>
<tr>
<td>34% Has advisor</td>
<td>66% Has advisor</td>
</tr>
<tr>
<td>66% No advisor</td>
<td>49% No advisor</td>
</tr>
<tr>
<td>51% No advisor</td>
<td></td>
</tr>
</tbody>
</table>

Uncertainty on When They’ll Be Able to Retire

Nearly one-third (31%) of middle-income Boomers are uncertain at what age they will be able to retire.

Of this group, the respondents are not predominantly younger Boomers (age 47 to 53) as might be expected. More than one-quarter (27%) of people who do not know when they will retire are age 60 to 65.

Worried About Forced Retirement

People expect to be able to choose when they retire. However, two-thirds (64%) of survey participants are concerned about being forced to retire, most commonly due to loss of employment (44%) or failing health or disability (40%).

Anticipated Retirement Age

<table>
<thead>
<tr>
<th>Age</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>71+</td>
<td>3%</td>
</tr>
<tr>
<td>66 to 70</td>
<td>29%</td>
</tr>
<tr>
<td>61 to 65</td>
<td>24%</td>
</tr>
<tr>
<td>47 to 60</td>
<td>5%</td>
</tr>
<tr>
<td>Do not plan to retire</td>
<td>8%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>31%</td>
</tr>
</tbody>
</table>


Concerns About Being Forced to Retire

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss of employment</td>
<td>44%</td>
</tr>
<tr>
<td>Failing health or disability</td>
<td>40%</td>
</tr>
<tr>
<td>Leaving the workforce to become a full-time caregiver</td>
<td>12%</td>
</tr>
<tr>
<td>Other</td>
<td>6%</td>
</tr>
</tbody>
</table>

Health, Money
Top Retirement Concerns

Nearly all (95%) middle-income Boomers have financial concerns about retirement. Survey participants cite having uncovered healthcare expenses (80%) and inflation (79%) as their most common concerns. More than seventy percent worry about becoming ill (74%) and living longer than their money lasts (71%).

Concerns About Retirement

- Having uncovered healthcare expenses: 80%
- Inflation: 79%
- Becoming ill: 74%
- Living longer than my money lasts: 71%
- Stock market decline: 51%
- Losing my independence: 51%
- Being bored: 36%
- Being alone/not interacting with others: 32%
- Other financial concern: 8%
- Other: 2%


Trends Among Women Boomers

Middle-income women age 47 to 65 tend to have more financial concerns about retirement than men, such as inflation, living longer than their money lasts and a decline in the stock market.

The ups and downs of the economy have caused women to rethink their retirement age more so than men, and they will rely more heavily on their financial situation to decide when it is time to retire.
One-Third Will Financially Support Others

Nearly one in three (31%) Boomers anticipate having to financially support at least one adult person during retirement.

More Boomers expect to financially support an adult child or children (15%) than a parent or in-law (9%).

Anticipated Financial Support of Others Once Retired

- Adult child or children: 15%
- Parent or in-law: 9%
- Sibling: 5%
- Grandparent: 1%
- Someone else: 10%

The Impact of the Economic Downturn on Middle-Income Boomers

Middle-income Boomers have had to reshape their expectations about retirement and make significant adjustments in their lives in light of the financial realities of the new retirement norms. Study participants reported on the impact of the economic crisis on three categories of financial behaviors:

- Retirement Savings
- Spending and Debt
- Retirement Timing Expectations
Nearly One-Third Say Retirement Accounts Still Down

Two-thirds (68%) of middle-income Americans age 47 to 65 say that they experienced a decline in the value of their retirement accounts since 2008. Nearly one-third (30%) of those have not seen any rebound in value as of March 2011.

High Participation in Retirement Plans If Offered

Middle-income Boomers are less likely to work for an employer that offers an employee retirement plan (56%) than the national average for all U.S. workers (72%). However, ninety-one percent (91%) of those surveyed participate in their employer’s retirement plan, if offered, compared to seventy-nine percent (79%) of all U.S. workers.

Decline vs. Rebound in Retirement Accounts Since 2008


Access and Participation in Employer Retirement Plans

Most Maintaining Their Retirement Contributions

Middle-income Boomers demonstrate a commitment to saving for retirement, even during the economic downturn. Of those surveyed whose employer offers a retirement plan, sixty-four percent (64%) maintained their contribution level and close to one-third (31%) increased contributions since 2008.

One-Fifth of Employers Reduced Matching Contributions

Of middle-income Boomers who contribute to a retirement plan at work, two-thirds (68%) receive a matching contribution from their employer and one in four (24%) do not.

During the past three years, twenty percent (20%) of middle-income Boomers whose employer contributes to their retirement plan report that their employer reduced matching contributions.

Contribution to Employer-Sponsored Retirement Plan Since 2008

- **Increased** your contribution to your employee retirement plan: 31%
- **Maintained** the same level: 64%
- **Decreased** your contribution to your employee retirement plan: 5%


Employer Contributions to Employee Retirement Plan Since 2008

- 73% Employer maintained matching contribution
- 20% Employer reduced matching contribution
- 7% Don’t know

Spending and Debt

Half Reducing Discretionary Spending

More than half (55%) of respondents say they are spending less on discretionary items than before the recession and economic downturn (the one exception being cable television), while very few say they are spending more.

Change in Spending Behavior on Discretionary Items

Now vs. before the economic turbulence of the last few years

<table>
<thead>
<tr>
<th>Item</th>
<th>More</th>
<th>Less</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cable television</td>
<td>13%</td>
<td>-26%</td>
</tr>
<tr>
<td>Hobbies</td>
<td>4%</td>
<td>-55%</td>
</tr>
<tr>
<td>Electronics and tech gadgets</td>
<td>5%</td>
<td>-56%</td>
</tr>
<tr>
<td>Gifts for birthdays, holidays</td>
<td>1%</td>
<td>-58%</td>
</tr>
<tr>
<td>Clothes and shoes</td>
<td>2%</td>
<td>-60%</td>
</tr>
<tr>
<td>Movies</td>
<td>2%</td>
<td>-62%</td>
</tr>
<tr>
<td>Vacations</td>
<td>7%</td>
<td>-62%</td>
</tr>
<tr>
<td>Going out to restaurants</td>
<td>4%</td>
<td>-63%</td>
</tr>
</tbody>
</table>

Two-Thirds Cutting Healthcare Costs

Nearly two-thirds (64%) of middle-income Boomers have taken at least one action to cut healthcare costs.

In an effort to reduce expenses, more than half (55%) of those surveyed have held off going to the doctor, and one-quarter have postponed an elective surgery or procedure (26%) or changed to a less-expensive healthcare plan (25%).

Varying Change in Savings Behavior

One-fifth (18%) of middle-income Boomers say they are saving more money now than before the economic downturn, compared to two-fifths (40%) who say they are saving less.

Change in Savings Habits

Now vs. before the economic turbulence of the last few years

| Saving more | 18% |
| About the same | 42% |
| Saving less | 40% |

Net: -22%


Measures Taken to Reduce Healthcare Expenses

<table>
<thead>
<tr>
<th>Action</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held off going to the doctor</td>
<td>55%</td>
</tr>
<tr>
<td>Postponed an elective surgery or procedure</td>
<td>26%</td>
</tr>
<tr>
<td>Changed to a less-expensive healthcare plan</td>
<td>25%</td>
</tr>
</tbody>
</table>

Cutting Credit Card Debt

Middle-income Boomers also report reducing credit card debt. Two-fifths (43%) of survey participants say they have less credit card debt than before the economic downturn, compared to less than one-fifth (16%) who say they have more credit. Half (53%) of respondents report paying their credit card balance in full each month.

Perceptions of Home Value

Three-quarters (76%) of survey participants own their primary residence, and an equal number (77%) indicate that the value of their home is greater than their mortgage. Nearly one-fifth (16%) report owing more on their mortgage than their home is worth.

Change in Credit Card Debt

Now vs. before the economic turbulence of the last few years

- More credit card debt: 16%
- About the same: 41%
- Less credit card debt: 43%

Net: 27% less


Home Value

Middle-income Boomers who own their home and are still paying off a mortgage

- Value of home is greater than mortgage: 77%
- Amount owed on mortgage is greater than home value: 16%
- Don’t know: 7%

Half Will Not Pay Off House Before Retirement

One-third (32%) of homeowners surveyed have paid off their mortgage.

Close to half (48%) of middle-income Boomers expect to have a mortgage payment once retired.

Many Feel Changes Will Be Permanent

Nearly half (47%) of middle-income Boomers surveyed expect that the changes they have made in their financial behavior will be mostly permanent, while one-quarter (24%) acknowledge they will be mostly temporary. Twenty-nine percent (29%) do not know.

For middle-income Boomers who can continue these behaviors from now until they retire, many will make a significant improvement to their retirement security and financial outlook.

Expectation to Pay Off Mortgage Before Retirement

Middle-income Boomers who own their home

Most Delaying Retirement

Three-quarters (73%) of middle-income Boomers acknowledge that the recent economic crisis caused them to rethink when they expect to retire.

Three out of four (79%) of those plan to delay their retirement and, on average, will delay it by five years.

One in seven (14%) believe that they will never be able to retire due to the turbulent economy.

Changes in Retirement Timing Expectations

Middle-income Boomers rethinking retirement age due to economy

- I plan to retire sooner: 2%
- Delaying retirement by 1 to 3 years: 31%
- Delaying retirement by 4 to 6 years: 27%
- Delaying retirement by 7 to 9 years: 10%
- Delaying retirement by 10+ years: 11%
- I decided that I can never retire: 14%
- Don’t know: 3%
- Other: 2%

Set a clear retirement goal with realistic expectations.
Envision what a personally satisfying retirement would look like for you and accept that you may have to take more personal responsibility for your retirement financial security than was the case for your parents’ generation.

Be realistic about the amount of savings it will take to be able to live the retirement lifestyle you want. How much do you need to save each month to support your retirement vision? Consider if you would be willing to work longer in order to improve your retirement financial security.

Plan for retirement risks.
The three important financial risks to consider are long-term care, inflation and longevity (outliving your money). Consider each of these risks and make sure your retirement plan includes a realistic solution to address all three.

Seek advice from a retirement professional.
Consider speaking with a professional advisor to create a financial plan that supports your vision of retirement. Remember to revisit this plan on a periodic basis to address changes in your personal situation and health, and external factors, such as the economy.

Save for retirement at work.
Take full advantage of your retirement savings opportunities at work. Participate in your plan at least up to the amount that your employer matches your contribution. Contribute more to your plan with 401(k) catch-up contributions if you are age 50 and older. If your employer does not offer a retirement plan, talk to a professional and open your own account. It is never too late to put money aside.

Don’t overlook your health.
Take care of yourself physically now so that you can fully enjoy your retirement years. Maintaining a reasonable level of fitness and improving your health will also help reduce healthcare costs down the road.

Cut back on everyday costs.
Did you start cutting back during the economic downturn? Keep up these practices on a day-to-day basis, even if and when the economy picks up.

Work to reduce your debt.
Strive to pay down debt. You will improve your financial situation significantly if you can retire without an auto loan, credit card debt or other consumer debt.
Bankers Life and Casualty Company Center for a Secure Retirement is the company’s research and consumer education program. Its studies and consumer awareness campaigns provide insight and practical advice for how everyday Americans can achieve financial security during retirement.

Established in 1879 in Chicago, Bankers Life and Casualty Company focuses on the insurance needs of the retirement market. The nationwide company, a subsidiary of CNO Financial Group, Inc., offers a broad portfolio of life and health insurance retirement products designed especially for retirees.

Learn More

Bankers has more than 4,800 licensed professional agents in over 200 branch offices across the United States. Bankers agents meet with thousands of Americans each week for initial retirement reviews at no cost to the clients. To learn more about Bankers Life and Casualty Company visit bankers.com or call 1-800-621-3724.

Endnotes

1 Employee Benefit Research Institute, Retirement Confidence Survey, March 2011.
3 Employee Benefit Research Institute, Retirement Confidence Survey, March 2011.
4 Ibid.