

# IS IT TIME TO RETHINK YOUR RETIREMENT?



Every day thousands of Baby Boomers enter their retirement years. They are, unfortunately, members of a generation who are largely unsure of their financial future. For the past seven years, Insured Retirement Institute (IRI) research has discovered that Baby Boomers' confidence in their financial preparations for retirement is steadily dropping.

Key findings from the IRI report<sup>1</sup> include:

- Only 54 percent of Boomers have retirement savings, the lowest recorded in the seven years of the Boomer report.
- Almost one-third of Boomers think they will need an annual income between \$45,000 and \$75,000 during retirement, in today's dollars.
- Six in 10 Boomers expect Social Security to be a major source of income, the highest recorded in the seven years of the Boomer report.
- Only four in 10 Boomers have tried to calculate how much they need to save to retire, and of these only six in 10 included estimates of health care costs in their calculations.
- Only 23 percent of Boomers believe they will have enough money to last throughout retirement, and that they have done a good job preparing for retirement.
- Six in 10 Boomers believe their retirement income will be sufficient to cover basic expenses, and afford them at least some budget for travel and leisure.
- More than eight in 10 Baby Boomers underestimate the percentage of their income which may be needed for health care costs.
- Eighty-five percent say it is somewhat important or very important to have a source of guaranteed lifetime income other than Social Security, but only eight percent say they would purchase an annuity providing guaranteed lifetime income.

According to the 2017 IRI annual report<sup>1</sup>, the number of Americans over the age of 65 has risen over 18 percent since IRI's inaugural Baby Boomer report in 2011. As they move into their pre-retirement and retirement years, most Boomers report insufficient retirement savings, and have not taken appropriate steps to plan effectively for their golden years. Only 54 percent of Boomers have any retirement savings, and only four in 10 have tried to calculate how much they need to save to retire.

Not surprisingly, in the 2017 update IRI reported<sup>1</sup> that only 23 percent of Boomers believe that their savings will last throughout retirement, or that they have done a good job preparing for retirement. However, 6 in 10 Boomers believe their retirement income will cover their basic expenses, with at least some leftover for travel and leisure activities. This disconnect between savings, confidence and expectations could result in many Boomers exhausting their financial resources during retirement.

If you're nearing retirement, daily life and the pressures of speculating on the future can make planning for retirement appear daunting. However, opportunities exist that can help to calm these apprehensions. Simple things, such as being proactive and routinely assessing your financial preparedness for retirement, are important first steps towards achieving financial independence. Additionally, the guidance of financial professionals can also help you to achieve your goals.

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In fact, the 2017 IRI annual report<sup>1</sup> states that those among the Boomer population who work with financial professionals have a much brighter outlook. Eighty-five percent of Baby Boomers who work with financial advisors believe they are better prepared for retirement because of that relationship, and more than 90 percent of Baby Boomers who work with financial professionals have retirement savings. Further, 75 percent of those individuals have saved \$100,000 or more, compared to less than one-half of those without financial advisors having savings at that level.

The 2017 IRI Boomer study<sup>1</sup> also reveals that 85 percent of Baby Boomers believe it is important to have a source of guaranteed lifetime income in addition to Social Security, but only eight percent would consider purchasing an annuity. Given that annuities are a financial product that can provide guaranteed lifetime income, this is a clear knowledge gap that financial professionals can help bridge, increasing retirement security for millions of Americans.

Many Baby Boomers are not taking full advantage of the resources available to potentially help them achieve a secure and dignified retirement. Rethinking your retirement by developing a holistic financial plan can help restore your confidence and build savings for those post-working years. Be sure to work with your financial professional on a retirement plan which focuses on holistic strategies, and considers retirement risks such as longevity, health care, long-term care, and lifestyle expectations, to help ensure that your financial resources will provide income and security for your lifetime.

***The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investments or products may be appropriate for you, consult with your financial advisor.***

Sources:

<sup>1</sup>[Boomer Expectations for Retirement 2017](#), Insured Retirement Institute

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