

# 50 ALARMING STATISTICS

For Those Retired Or Very Close To It



# About Vivien Adao



## **Vivien T. Adao**

Income Planning Advisor

Certified College Advisor

Infinite Banking Concept Authorized Practitioner

INSIGHT Asset Advisory Group

Vivien T. Adao is dedicated to helping people create and preserve wealth. The key to her success is the personalized approach she takes in assisting clients with selecting the right financial and insurance products to suit their individual needs. Each area of a financial plan is important individually, but managing them all collectively is one of the most important considerations in your overall financial success.

As a financial professional and owner of INSIGHT Asset Advisory Group, Vivien has extensive experience and knowledge in the products available as well as the expertise on how to use those products to provide maximum benefit and protection to the clients she serves. She is an Infinite Banking Concept Authorized Practitioner and a Retirement Income Planning Specialist.

Vivien says, "It is our desire to establish trust and build long-lasting relationships with our clients. I am committed to excellence in finding solutions to my clients' financial problems and goals."

As a result of the outstanding advice and service she provides, Vivien has built a loyal following of satisfied clients. Her practice continues to flourish as a result of her clients referring Vivien to their friends, family members and business associates.

In her leisure time, Vivien likes to spend time with her family enjoying the lifestyle provided by the Valley Village community.



## More and More Debt

1.

“25 percent of American workers have more debt now than they did five years ago. Only half say they could come up with **\$2,000** in an emergency.”

Source: *US News & World Report. 10 Reasons to Worry about Your Retirement.* March 19, 2013.

## Less than \$1,000

2.

“28 percent of Americans say they have less than \$1,000 saved for retirement.”

Source: *US News & World Report. 10 Reasons to Worry about Your Retirement.* March 19, 2013.

## Social Insecurity

3.

“47 percent of retirees are “not too” or “not at all” confident that Social Security will continue to provide benefits of at least equal value to the benefits they receive today. Worse still, the percentage of retirees who feel “very confident” about future benefits from Social Security has slipped to 14 percent (from 21 percent in 2012).”

Source: *2013 Retirement Confidence Survey.* Employee Benefit Research Institute.

## A \$71 Billion Expanding Problem

4.

“California State Teachers’ Retirement System, the second largest pension fund in the United States, faces a **\$71 billion** shortfall that increases **\$22 million** every day. The fund’s chief executive says, “stock market gains won’t fix things.”

Source: *Los Angeles Times. No Easy Fix for California’s Teacher Pension Crisis.* February 21, 2014.

## Staggering Debt

5.

“The US National Debt stands at **\$17.5 trillion**. That works out to **\$55,065** per US citizen, and **\$151,229** per US taxpayer. And that’s just the tip of the iceberg. The actual liabilities of the federal government—including Social Security, Medicare, and federal employees’ future retirement benefits—already exceed **\$86.8 trillion**.”

Source: *US Debt Clock & The Wall Street Journal. Why \$16 Trillion Only Hints at the True US Debt.* November 28, 2012.

## Staggering Problem

6.

“According to a recent US government report, soaring interest costs on the **US national debt**, plus rapidly escalating spending on entitlement programs including **Social Security** and **Medicare**, will absorb approximately **92 cents** of every dollar of federal revenue by the year **2019**, and that is before a single dollar is spent on anything else.”

Source: *GAO.gov: A Message from the Secretary of the Treasury.* 2014.

## Health is the #1 Reason for Early Retirement

7.

“Despite all that we hear today about people’s plans to delay retirement, nearly **three out of five** retirees say they retired earlier than they expected—**58 percent** of women, **56 percent** of men. And although early retirement has often been equated with financial success, health problems are actually the top reason.”

Source: *2013 Merrill Lynch Retirement Study: Americans’ Perspectives on New Retirement Realities.*

## \$25,000 or Less

8.

“**60 percent** of workers report they have saved **less than \$25,000** for retirement (excluding the value of their home and pension plans).”

Source: *2013 Retirement Confidence Survey.* Employee Benefit Research Institute.

## Out of Pocket Medical Expenses

9.

“Estimates for a couple over 65 to pay for medical treatment over 20 years range from \$215,000 to \$240,000 and beyond.”

Source: Statistic Brain, January 1, 2014. By AARP.org.

## Debt is a Growing Problem

10.

“58 percent of workers and 44 percent of retirees report having a problem with their level of debt.”

Source: *The 2014 Retirement Confidence Survey*. Employee Benefit Research Institute. March 2014.

## The Top Retirement Worry

11.

“Health problems and the cost of healthcare now top the list of retirement worries—even more so among the affluent. Yet, just **one in nine** pre-retirees is completely confident in their ability to pay for their retirement healthcare expenses.”

Source: *2013 Merrill Lynch Retirement Study. Americans' Perspectives on New Retirement Realities*.

## The Challenge of Social Security

12.

“In 1950, each retiree's Social Security benefit was paid for by 16 US workers. In 2010, each retiree's Social Security benefit was paid for by approximately 3.3 US workers. By 2025, it is projected that there will be approximately two US workers for each retiree.”

Source: GAO.gov: *A Message from the Secretary of the Treasury* GAO-14-272T. March 5, 2014.

## Delayed Retirement

13.

“In 1991 only 11 percent of workers anticipated working beyond age 65, but that number increased to 36 percent by 2013.”

Source: 2013 Retirement Confidence Survey. Employee Benefit Research Institute.

## Exiting the Workforce

14.

“In a poll last year, 62 percent of workers between the ages of 45 and 60 said they plan to delay the time when they exit the workforce for good. That’s the highest number yet, up 20 percent in only two years.”

Source: The Conference Board, *Human Capital Exchange™*, February 1, 2013.

## Financial Peace of Mind

15.

“In previous decades, “getting rich” and “retiring early” were often heralded as the ideal retirement plan. Today, pre-retirees and retirees are more than seven times likely to say their financial goal is “saving enough to have financial peace of mind” versus “accumulating as much wealth as possible.”

Source: 2013 Merrill Lynch Retirement Study. *Americans’ Perspectives on New Retirement Realities*.

## Problematic Amount of Debt

16.

“Many Americans carry what they see as a problematic amount of debt. 24 percent of workers and 17 percent of retirees indicate that their current level of debt is higher than it was five years ago.”

Source: 2014 Retirement Confidence Survey. Employee Benefit Research Institute. March 2014.

## Changing Investment Objectives

17.

“Many pre-retirees and retirees seek to adopt more **conservative** financial strategies. When considering investments or insurance, people **age 45 and older** now say having **guaranteed income** and **protecting assets** are almost four times more important than achieving higher-risk returns.”

Source: 2013 Merrill Lynch Retirement Study, Americans' Perspectives on New Retirement Realities.

## Unrealistic Expectations

18.

“Many workers report that they need to save a sizable—perhaps unmanageable—chunk of their total household income in order to live comfortably in retirement. While **32** percent say they need to save up to **20** percent of their income, another **22** percent say they need to save 20-29 percent of their income, and another **22** percent say they need to save **30** percent or more.”

Source: 2014 Retirement Confidence Survey by Employee Benefit Research Institute. March 2014.

## 80 is the New 60

19.

“Most investors do not feel “old” until they are in their **80s**. Only **31** percent in their **60s** and **47** percent in their **70s** feel old, while **77** percent of those in their **80s** feel old. This demonstrates a notable shift from prior generations, as investors believe on average that their parents were old at **62**, a number that also coincided with when people typically retired.”

Source: UBS Investor Watch. 80 is the New 60. 4Q 2013.

## Flying Blind into Retirement

20.

“Only **44** percent report that they and/or their spouse have tried to calculate how much money they will need to have saved by the time they retire so they can live comfortably in retirement.”

Source: 2014 Retirement Confidence Survey. Employee Benefit Research Institute. March 2014.

## Retirement Age 65+ Increasing

21.

“The percentage of workers who expect to retire after **age 65** has increased, from 11 percent in 1991, to **21** percent in 2004, **31** percent in 2009, and **33** percent in 2014, while **one in 10** say they never plan to retire.”

Source: *2014 Retirement Confidence Survey*. Employee Benefit Research Institute. March 2014.

## Disappearing Pension Plans

22.

“The traditional pension plan is disappearing. In 1980, some **39** percent of private-sector workers had a pension that guaranteed a steady payout during retirement. Today that number stands closer to **15** percent.”

Source: Employee Benefit Research Institute 2013, Washington, D.C.

## Expenses Increase in Retirement

23.

“While almost **60** percent of Americans believe they will spend less money upon retiring, **51** percent of actual retirees report spending as much or even more money when they actually retired.”

Source: *US News & World Report. 10 Reasons to Worry about Your Retirement.* March 19, 2013.

## Riskier Investments

24.

“US public pensions from coast to coast have piled into riskier investments such as private equity as they face a **\$800 billion funding gap** on promises made to retirees amid slow growth and lower interest rates.”

Source: *Bloomberg News, Orange County Fund Aims to Lower Private Equity Costs*, by Martin Z. Braun March 26, 2014.

## Health Issues and Running Out of Money

25.

“When asked what might be their biggest worries about living a long life, **70** percent of men and **68** percent of women said serious health problems and **47** percent of men and **61** percent of women said running out of money.”

Source: 2013 Merrill Lynch Retirement Study. Americans' Perspectives on New Retirement Realities.

## Uninformed about Social Security

26.

“When taking an 8-question quiz about crucial Social Security rules, just **five** percent of the quiz takers got all the answers right! The most worrisome result? Just **40** percent knew that waiting to take benefits at **70** years of age vs **62** would result in a worker receiving a **76** percent higher benefit.”

Source: Forbes: Big Retirement Mistake: Thinking You Know When to Claim Social Security, When You Don't, Janet Novack, March 11, 2014.

## Outliving Financial Assets

27.

“According to a recent study by Ernst & Young, almost three out of five new middle-class retirees will **outlive** their financial assets if they attempt to maintain their **pre-retirement** standard of living.”

Source: Fox Business: Why Planning for Retirement is So Hard, and What to Do About It. July 5, 2012.

## Women and Poverty in Retirement

28.

“**Women over 65** years of age continue to remain one of the groups most likely to end up in **poverty**, especially if widowed, divorced, single, separated or never married. Poverty rates for women in these groups are no lower than **15** percent and as high as **35** percent.”

Source: Trends in Marriage, Work, and Pensions May Increase Vulnerability for Some Retirees. GAO-14-272T. March 5, 2014.

## Disappearing Health Benefits

29.

“25 years ago, **two-thirds** of large companies offered health benefits to retirees. Now, just **one-third** of these companies offer retirement health benefits.”

Source: 2013 Merrill Lynch Retirement Study. *Americans' Perspectives on New Retirement Realities.*

## Running Out of Money in Retirement

30.

“Only **24** percent of workers aged 50 and over, indicate they are “very confident” in having enough resources, **15** years into retirement.”

Source: Towers Watson, 2013/2014 Global Benefit Attitudes Survey. US.

## A Scary Snapshot of Retirement Savings

31.

	WORKERS	RETIREES	
<b>Total Savings &amp; Investments</b>	Less than \$1,000	29%	36%
	\$1,000 to \$9,999	17%	16%
	\$10,000 to \$24,999	12%	8%
	\$25,000 to \$49,999	8%	9%
	\$50,000 to \$99,999	7%	9%
	\$100,000 to \$249,999	11%	11%
\$250,000 or more	17%	11%	

**NOTE:** Total savings and investments reported by workers and retirees, not including value of primary residence or defined benefit plans such as a traditional pension.

Source: Employee Benefit Research Institute as reported in *USA Today*, *Retirement: A Third Have Less Than \$1,000 Put Away.* April 1, 2014.

## Soaring Medical Costs

32.

“A **65-year-old** couple retiring in **2012** is estimated to need **\$240,000** to pay for medical costs throughout retirement. This represents a **four percent** increase from last year, when the estimate was **\$230,000**.”

Source: Fidelity Investments Study. 2012. [www.fidelity.com](http://www.fidelity.com).

## Guessing is not a Retirement Strategy

33.

“A majority (71%) of mass affluent Americans “guess” the percentage of their current household income needed to support them in retirement. When asked what percentage of their nest egg they expect to withdraw annually in retirement, the median withdrawal predicted by middle-class Americans is 10 percent. Many experts say withdrawals should be maintained at three to four percent in order to not outlive their money.”

Source: 2012 Wells Fargo Retirement Study.

## Widening Gap

34.

“Middle-class Americans say they will need a median of \$300,000 to support them in retirement, but to date, have only saved \$25,000 (median).”

Source: 2012 Wells Fargo Retirement Study.

## Growing Debt in Retirement

35.

“Americans 55 and older now account for 20 percent of all bankruptcies, with the majority due to medical and funeral expenses. In addition, older Americans tend to have more credit card debt than younger Americans. Without delaying retirement, it will be hard for Baby Boomers to get ahead of their growing debt.”

Source: US News & World Report. 8 Scary Retirement Facts. June 15, 2012.

## More Scared... than Dying

36.

“A surprising 61 percent of all respondents said they were more scared of outliving their assets than they were of DYING. Among people aged 44-49, that number climbed to 77 percent. And a whopping 82 percent of those in their late 40s who are married and have dependents were more afraid of outliving their money than they were of death.”

Source: Allianz Life Insurance Company: 2013 Reclaiming the Future Study Executive Summary.

## Level of Debt

37.

“**Debt** may be another factor standing in the way; **55** percent of workers and **39** percent of retirees report having a **problem** with their **level of debt**, and only half (**50** percent of workers and **52** percent of retirees) say they could definitely come up with **\$2,000** if an unexpected need arose within the next month.”

Source: 2013 Retirement Confidence Survey. Employee Benefit Research Institute. 2013.

## Haven't Saved Enough

38.

“**Over half** of pre-retired Americans (**53%**) are not confident they will have saved enough for the life they want in retirement, up from **42** percent in **2011**.”

Source: 2012 Wells Fargo Retirement Study.

## Additional Savings Needed

39.

“Due to the recent economic downturn, Baby Boomers born between **1948** and **1954** will need to save an additional **4.3** percent of their annual pay to counteract the impact of the financial and housing crisis in **2008** and **2009**. For many people this will require working beyond traditional retirement age in a job market already tight and challenging for older workers.”

Source: Employee Benefit Research Institute as reported in *US News & World Report*, June 15, 2012.

## Work is not an Option for Many

40.

“**Half** of middle-class Americans (those with investable assets less than \$100,000) in their **40s** and **50s** see work during retirement as a financial need. Alarming, about four in 10 (**39%**) of those closest to retirement age (**60-75**) agree they will need to work into their **80s** to have enough savings for retirement.”

Source: 2012 Wells Fargo Retirement Study.

## The Great Recession

41.

“The Great Recession affected many Americans deeply—and they are continuing to feel those effects today. 61 percent of those 50-54 agree that “recent market events created major questions around when, and whether, I can retire.” ”

Source: Allianz Life Insurance Company: 2013 *Reclaiming the Future Study Executive Summary*.

## Not Prepared for Retirement

42.

“The number of Boomers who are confident in their efforts to prepare financially for retirement has dropped nine percentage points, from 44 percent in 2011 to 35 percent in 2014. ”

Source: *Boomer Expectations for Retirement 2014*. Fourth Annual Report. Insured Retirement Institute 2014.

## The Value of an Advisor

43.

“The percentage of Boomers working with a financial advisor who are highly confident in having sufficient savings to live comfortably throughout their retirement years is more than double those who are planning for retirement on their own. ”

Source: *Boomer Expectations for Retirement 2014*. Fourth Annual Report. Insured Retirement Institute 2014.

## Increasing Retirement Age

44.

“The percentage of not-yet-retired Boomers who are planning to retire at age 70 or later has increased each year, rising from 17 percent in 2011 to 28 percent in 2014. ”

Source: *Boomer Expectations for Retirement 2014*. Fourth Annual Report. Insured Retirement Institute 2014.

## Lack of Adequate Savings

45.

“There is a lack of savings for retirement by a significant number of Americans. More than half of workers report they and/or their spouse have less than **\$25,000** in total savings and investments.”

Source: 2013 Retirement Confidence Survey. Employee Benefit Research Institute.

## A Retirement Crisis

46.

“There is almost universal agreement that the US is facing a retirement crisis. When asked, “Do you believe there is a retirement crisis in this country?” an overwhelming **92** percent of the respondents answered affirmatively. Among those in their late **40s**, that number rose to **97** percent.”

Source: Allianz Life Insurance Company: 2013 Reclaiming the Future Study Executive Summary.

## More Likely to be Hit by Lightning

47.

“When asked which is likelier, ‘Getting their full due from Social Security or getting struck by lightning?’ More than one-third (**39%**) said it’s more likely to be hit by lightning. Among moderate wealth respondents, this number climbed to **55** percent.”

Source: Allianz Life Insurance Company: 2013 Reclaiming the Future Study Executive Summary.

## \$6.6 Trillion Retirement Savings Deficit

48

“The retirement income deficit—meaning the difference between what people **have saved** for retirement and what they **should have saved** at this point—is a staggering **\$6.6 trillion**, and half of Americans have less than **\$10,000** in savings.”

Source: USA Today: 5 Questions with Sen. Harkin on Retirement Crisis. February 1, 2014.

## Retirement Worries

49.

“Today, 85 percent of Americans are worried about their retirement prospects and 70 percent of small business owners say that a lack of retirement security undermines the confidence and willingness of older Americans to spend.”

Source: USA Today: 5 Questions with Sen. Harkin on Retirement Crisis. February 1, 2014.

## Challenges Women Face

50.

“Women face a unique set of challenges when it comes to meeting their financial goals, including longer life expectancy, fewer years in the workforce and persistently smaller paychecks than men. Marital status and occupation aside, they are simply at greater risk of outliving their assets.”

Source: CNBC: Women Face Retirement Saving Challenges. March 29, 2014.

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<sup>1</sup>Source: Wells Fargo Study. *Middle-Class Americans Face a Retirement Shutdown*. October 23, 2013



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