

### **Ten Important Facts About the Well-Being of American Retirees**

*Just getting by and/or covering basic living expenses is retirees' most frequently cited financial priority*

**LOS ANGELES – April 28, 2016** – Today, nonprofit Transamerica Center for Retirement Studies® (TCRS) released ***The Current State of Retirement: A Compendium of Findings About American Retirees*** (Compendium). The 118-page survey report provides in-depth perspectives on retirees including attitudes about life in retirement, time commitments, living arrangements, and personal finances.

Despite the years that have passed since the financial crisis known as the Great Recession, many retirees are still feeling its aftereffects. The survey found that only 45 percent of retirees say that they have either fully financially recovered or were not impacted. Thirty-five percent say they have somewhat recovered, eight percent have not yet begun to recover, and 12 percent feel they may never recover from it.

“Many American retirees are still recovering from the Great Recession while managing their households with modest retirement incomes. The good news is that most retirees are enjoying life, but the concerning news is that many may be ill-equipped to deal with a financial shock such as the possible need for long-term care,” said Catherine Collinson, president of Transamerica Center for Retirement Studies.

#### ***Ten Important Facts About Today's Retirees***

“As a society, we frequently speak of the need for workers to save and prepare for retirement. Unfortunately, the conversation often ends once people stop working and retire, which is when it becomes even more critical for them to have a financial plan that can last their lifetimes,” said Collinson.

The Compendium offers more than 50 indicators of retirees' health and wealth by age range, including the following 10 facts:

1. **Just getting by and/or covering basic living expenses is the most frequently cited financial priority.** Retirees cite financial priorities including just getting by and/or covering basic living expenses (42 percent), paying healthcare expenses (37 percent), paying off mortgages (21 percent), and continuing to save for retirement (20 percent). An alarming 25 percent of retirees cite paying off credit card debt as a financial priority. Most retirees are living on a modest income. The annual household income among retirees is \$32,000 (estimated median); however, there is a sizeable gap between those who are married (\$48,000) and unmarried (\$19,000).
2. **Social Security is the cornerstone of retirement income.** Social Security (89 percent), followed by other savings and investments (48 percent), company-funded pension plans (42 percent), and 401(k)/403(b)/IRAs (37 percent) are the most frequently cited current sources of income among retirees. Among those currently receiving income from Social Security, the median age they started collecting benefits was 62, despite major reductions to their monthly benefits. Only one percent waited until age 70, the age at which one can receive maximum monthly benefits.
3. **Retirees' confidence about maintaining their lifestyle exceeds the size of their nest eggs.** Seventy-two percent of retirees are “somewhat” or “very” confident that they will be able to maintain a comfortable lifestyle during retirement. However, fewer than half (46 percent) agree that they have built a large enough retirement nest egg. Current household savings among retirees in all retirement accounts stands at \$119,000 (estimated median), with a wide disparity between retirees who are married (\$224,000) and unmarried (\$40,000).

4. **Sixty percent of retirees retired sooner than planned.** Retirees in their fifties (79 percent) are far more likely to have retired sooner than planned, when compared to older retirees. Two-thirds (67 percent) of retirees in their sixties and 53 percent of age 70-plus retirees retired sooner than planned. Across age ranges, fewer than 10 percent retired later than planned.
5. **Reasons for retiring sooner than planned range from employment-related reasons to health issues.** Among retirees who retired sooner than planned, two-thirds (66 percent) cite employment-related reasons for having done so. However, reasons for retiring sooner than planned vary by age range. Age 70-plus retirees (70 percent) were most likely to retire due to employment-related reasons, while retirees in their fifties (52 percent) were most likely to do so because of their own ill-health. Only 12 percent of retirees of all ages who retired sooner than planned say they did so because they saved enough money and could afford to retire.
6. **Retirees expect a long retirement and most say they are in good health.** Retirees expect to live 28 years (median) in retirement, and 41 percent expect a retirement of more than 30 years. Most retirees (70 percent) believe that they are in good or excellent health with one notable exception: retirees in their fifties. Only 55 percent of retirees in their fifties consider themselves in good or excellent health. Moreover, 45 percent of retirees in their fifties say they are in fair or poor health, a finding that is much higher than for retirees aged 60 and older.
7. **Most retirees are happy and enjoying life.** The vast majority of retirees say that they are a generally happy person (94 percent), are enjoying life (90 percent), and have a strong sense of purpose (84 percent). However, some say that everyday activities are becoming more difficult for them (31 percent) and/or that they are having difficulties making ends meet (28 percent). Eleven percent feel isolated and lonely.
8. **Retirees spend their time in a wide variety of activities.** Retirees most frequently cite spending more time with family and friends (53 percent), pursuing hobbies (40 percent), and traveling (33 percent) as ways they are spending their time in retirement. Twenty-four percent are doing volunteer work and 11 percent are taking care of their grandchildren. Retirees under age 65 are more likely than older retirees to say they are traveling (72 percent vs 62 percent, respectively) and pursuing hobbies (54 percent vs 42 percent, respectively). In contrast, retirees age 65 and older are more likely to be doing volunteer work.
9. **Retirees' fears evolve with their age and stage in life.** Retirees most frequently cite declining health that requires long-term care (44 percent) and a reduction in or elimination of Social Security (44 percent) as their greatest retirement fears, closely followed by outliving their savings and investments (41 percent). Notably, more age 60-plus retirees cite declining health that requires long-term care as a fear. In contrast, more retirees in their fifties fear difficulties in finding meaningful ways to spend their time, not being able to meet the basic needs of their families, and/or feeling isolated and alone.
10. **Few retirees have a written financial plan for their retirement.** More than half of retirees (54 percent) indicate that they have a retirement strategy, but only 10 percent have it in writing. Among retirees with a retirement strategy, most factor Social Security and Medicare benefits (88 percent) into their current strategy – and many include ongoing living expenses (71 percent), healthcare costs (60 percent), a budget for basic living expenses (60 percent), total savings and income needs (60 percent), and investment returns (56 percent). However, relatively few consider important factors such as pursuing retirement dreams (31 percent), inflation (30 percent), estate planning (26 percent), tax planning (25 percent), and long-term care insurance (23 percent). Only seven percent have contingency plans for retiring sooner than expected and/or savings shortfalls.

“Today’s retirees are facing formidable challenges in ensuring that they have adequate income to last their lifetimes. As Baby Boomers retire, Social Security and other benefit programs will likely be under even greater strain.” said Collinson. “It’s imperative that policymakers, employers, industry, individuals and families work together to find solutions so that the retirees of today and tomorrow can have a comfortable retirement.”

This Compendium provides new insights and serves as a follow-up to the December 2015 report, *The Current State of Retirement: Pre-Retiree Expectations and Retiree Realities*, which compares and contrasts the retirement outlook of age 50+ workers with the actual experiences of retirees.

**About Transamerica Center for Retirement Studies**

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**About the Survey**

The analysis contained *The Current State of Retirement: A Compendium of Findings About American Retirees* was prepared internally by the research team at Transamerica Center for Retirement Studies® (TCRS). The online survey was conducted within the United States by Harris Poll on behalf of TCRS. Potential respondents were targeted based on retirement status and company size. The survey was conducted between July 6 - 24, 2015 among a nationally representative sample of 2,012 U.S. residents, age 50 and older, who consider themselves fully or semi-retired, and who were employed by for-profit companies of 10 or more employees during their working careers. Results were weighted to account for differences between populations that are online versus those who are not, and to ensure that each quota group had a representative sample for their respective population. No estimates of theoretical sampling error can be calculated.

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