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Retirement Planning

Baby Boomer Confidence Level Still Low On Retirement Security, IRI Survey Finds

Many members of the baby boom generation continue to lack confidence in their retirement outlook, according to a survey released April 8 by the Insured Retirement Institute.

IRI's survey, *Boomer Expectations for Retirement, 2013*, which encompassed adults ages 50-66, found that 37 percent of boomers said they "believe they are doing a good job planning financially for their retirement," compared to 44 percent and 41 percent, respectively, who felt that way in 2011 and 2012. IRI also said that 61 percent of respondents believe that their financial situation will either be about the same or worse in the next five years, compared to 60 percent who said that in the 2012 survey (68 PBD, 4/10/12, 39 BPR 727, 4/17/12).

However, the 2013 survey said that boomers who work with a financial planner to establish a retirement savings goal are more confident in their retirement outlook than those who do all the planning by themselves.

"Baby boomers may redefine the term 'retirement' . . . to mean continuing to work during retirement," Danielle Holland, a vice president and spokeswoman for IRI in Washington, said during an April 8 conference call with reporters discussing the results of IRI's 2013 survey.

Delayed Retirement. While more than one-third of respondents (35 percent) in 2011 said they did not know at what age they planned to retire, 26 percent said that was the case in 2013, the survey said. This decline "could be a result of nearing normal retirement age and gaining more clarity regarding when they will retire," the survey said.

The percentage of respondents who said they plan to retire at age 70 or later continued to grow, the survey reported, with 18 percent saying in 2013 that this is their plan, compared to 11 percent in 2011.

In addition, the survey said, 79 percent of respondents said they expect employment during retirement to be a source of income, compared to 67 percent in 2011.

Assistance of Financial Planner. Baby boomers who consult with a financial planner are more likely to have a retirement savings goal and retirement savings compared to those who go it alone, the survey said. Thus, 71 percent of respondents working with an adviser said they have determined a retirement savings goal and 94

percent said they have retirement savings, compared to 34 percent and 64 percent, respectively, of those not working with an adviser, the survey said.

Nearly half of respondents (48 percent) who work with a financial adviser said they "were extremely or very confident with their financial preparations for retirement," compared to 28 percent who do not consult with an adviser, IRI said.

Nearly two-thirds (65 percent) of respondents who said they consulted an adviser changed their asset allocation to make sure the account remains within their risk tolerance yearly or every other year, the survey said. Conversely, it said, 61 percent of respondents who had not consulted a financial adviser "rarely" or "never" changed their allocations.

"Having a financial adviser may make people feel more secure, but it does not necessarily mean" employees will have enough income on which to retire, Nancy Hwa, communications director for the Pension Rights Center, Washington, told BNA April 8. Returns on investment are subject to a number of factors beyond employees' control, she said, and recent surveys, including one by the Employee Benefit Research Institute, continue to show that large percentages of Americans are anxious about their retirement security (55 PBD, 3/21/13; 40 BPR 754, 3/26/13).

DB and DC Plans. According to the IRI survey, retired baby boomers said they expect to rely more on defined benefit plans as a source of their retirement income, as opposed to defined contribution plans, while the opposite is true for employed respondents. The survey said that 48 percent of retired respondents said they view a traditional defined benefit plan as a major source of income, compared to 38 percent of employed respondents.

Conversely, IRI said, 45 percent of working respondents and 34 percent of retired respondents said they expect a defined contribution plan to be a major source of their retirement income.

"As a result of these different retirement income sources, working Boomers will more likely need an alternative source of lifetime income to ensure that retirement funds last throughout the duration of their retirement years," the survey said.

The telephone survey of 802 adult Americans ages 50-66 was conducted from Jan. 25-31 and has a margin of error of plus or minus 3.5 percent, IRI said.

By JOE LUSTIG

Full text of the survey is at <http://op.bna.com/pen.nsf/r?Open=strg-96kula>.