



Paying for the New Retirement: Responsibilities and Challenges for Middle-Income Boomers

Key Findings

Highlights

- Five years since the first Boomer turned age 65, middle-income Boomers report experiencing financial challenges.
- Boomers are in the middle of a retirement transition, as fewer employers provide their workers with a lifetime defined benefit pension payout.
- Middle-income Boomers say they are knowledgeable about and familiar with their retirement options, but they are not actively using this knowledge.
- Middle-income Boomers are not confident in their retirement finances and are unsure of the best ways to maximize their retirement income.
- Middle-income Boomers continue to carry significant debt into retirement.

Five years since the first Boomer turned age 65, middle-income Boomers report experiencing financial challenges.

- Six in 10 (60%) nonretired middle-income Boomers report they are spending as much or more than their household income.
- Four in 10 (38%) retired middle-income Boomers have had to make adjustments to compensate for a financial shortfall in retirement.

Boomers are in the middle of a retirement transition, as fewer employers provide their workers with a lifetime defined benefit pension payout.

- Half (48%) of retired middle-income Boomers will include a regular pension payment from an employer as part of their retirement income. Of Boomers not yet retired, only one-third (33%) indicate they will benefit from a regular pension payment from an employer.
- Eight in 10 (80%) retired middle-income Boomers rely on Social Security or an employer pension to be their primary source of retirement income, while just one in 10 (12%) rely on retirement accounts, savings or employment as their primary source of retirement income.

Middle-income Boomers say they are knowledgeable about and familiar with their retirement options, but they are not actively using this knowledge.

- More than eight in 10 (84%) middle-income Boomers consider themselves to be at least somewhat financially literate, with nearly one-half (47%) who feel they have a strong understanding of financial matters.
- Aside from making retirement account or savings contributions, only six in 10 (61%) middle-income Boomers have taken at least one additional active retirement planning step. Nine in 10 (91%) do not have a written retirement plan.

Middle-income Boomers are not confident in their retirement finances and are unsure of the best ways to maximize their retirement income.

- Nearly nine in 10 (88%) middle-income Boomers express at least one concern about their retirement, including government decisions on budgets and spending (64%), declining health (56%), not having enough money to pursue their interests (52%) and lack of savings (50%).
- Seven in 10 (69%) Boomers do not believe or do not know if they have enough money to live comfortably to age 85.
- Seven in 10 (72%) retired middle-income Boomers say they were not financially prepared when they retired. One in 10 (14%) say they were not financially prepared at all.
- Among middle-income Boomers who know when they will begin collecting Social Security, three-quarters (78%) say that they will wait to age 65 to start collecting these benefits. However, in reality, only about four in 10 (38%) do.

Middle-income Boomers continue to carry significant debt into retirement.

- Eight in 10 middle-income Boomers (81%) currently have some debt.
- Three in 10 (28%) middle-income Boomers say that they devote more than 40% of their monthly income to debt.
- One-quarter (23%) of middle-income Boomers have a mortgage with more than 20 years remaining on it.
- While half (53%) of nonretired middle-income Boomers say they intend to enter retirement debt free, only one-quarter (23%) of retirees actually are debt free.

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