

## TOUGH TIMES MAKE BOOMERS PUT AGE BEFORE INCOME FOR RETIREMENT



A survey conducted by LIMRA, a trade association for the financial service industry, reveals that 49 percent of elderly Americans say they are not contributing to any retirement fund. The survey found that less than a third of US citizens above 50, had taken professional assistance from financial experts, to plan their retirement. Matthew Drinkwater, associate managing director at LIMRA's retirement research division, in a statement said, "The findings from this survey were disturbing, given that people will increasingly need to rely on their personal savings to make ends meet in retirement." Boomers need to be more practical and not have a passive attitude towards retirement. They must ensure that they have ample savings to cover their needs. A methodical savings plan, preferably with professional guidance, will dramatically influence the boomers everyday life, following their retirement. The survey asked, the individuals being surveyed, how they were saving for their future retirement. Drinkwater found that, less than half of them, 45 percent, had a concrete contribution plan. 16 percent were found to be contributing to ROTH and 20 percent had, played safe, and opted for the conventional IRA. However, the survey, revealed a worrying statistic, 29 percent of those 55 or older self-assuredly said that they were certain that they were saving enough to last them through their retirement. What is to be deduced from these figures? If the boomers are unable to plan their retirement savings, because their current funds are getting exhausted, in daily expenses like food, house rents, gas and children college expenses, how can they assume that they have saved enough for retirement? Well at the back of their minds, they are planning not to retire completely, or continue working for as long as possible and postpone retirement. "Although it may make sense to at least plan to work as long as you can," says Drinkwater, "I don't think many people are going to be able to do that into their 70s and 80s. That is not really the solution. If you look at current retirees, a lot of them say that they retired earlier than expected." A similar report, conducted two years ago, had revealed that 38 percent of the respondents retired as per their retirement schedules, with 56 percent saying that their retirement was premature and they retired earlier than expected. Of the 56 percent, whose retirement was untimely, half had to retire against their will. The approach of "I don't have to save as much because I plan to work longer" is fraught with risks. "You may need to think again because you may be jeopardizing your retirement security because you may have to make those dollars last longer than you had planned for." Boomers also underestimate how long they thought they were going to live. This can radically impact on spending, saving and planning. People, on the verge of retirement, between the ages of 55 and 70, asked how many years of retirement where they planning for, 63 percent said 20 years. The remaining 37 percent felt that they would live for more than 20 years. This by itself was a contradiction and reflected a disparity in mindset, because if boomers are going to retire earlier than anticipated, they should also plan to live longer than 20 years in their retirement. "There is a mismatch here in terms of people's expectations as to how long they are going to be living in retirement and the reality of how long they actually will be living in retirement," he says. "This has major implications as to how much they need to have saved and how much they need to make those dollars stretch across that retirement period." Matthew Drinkwater concedes that the harsh economic environment makes saving difficult. But, he feels, retirement is also a reality and suggests that boomers, during their active working days should have part of their paycheck put directly into an account or retirement fund to create involuntary savings. "You wouldn't miss that money and you would learn to live within the take home pay that you receive. There are people who are struggling, but my thinking actually is that a lot of these people, who say they are not saving, actually could be saving for retirement."