





## Wealth of Middle Income Households Age 55 to 64 Analysis based on 2010 Survey of Consumer Finances

Household Type	Number of Households	Median Income	Est. Median Net Worth	Non-Financial Assets	Financial Assets	Non-Financial Assets %
Middle Mass Households (25% to 75% of households by income)						
Married	5.7 million	\$82,000	\$277,000	\$181,000	\$96,000	65%
Single Female	2.7 million	\$32,000	\$41,000	\$34,000	\$7,000	83%
Single Male	1.8 million	\$44,000	\$76,000	\$63,000	\$13,000	83%
Middle Affluent Households (75% to 85% of households by income)						
Married	1.1 million	\$146,000	\$1,241,000	\$671,000	\$570,000	54%
Single Female	0.5 million	\$64,000	\$185,000	\$117,000	\$68,000	63%
Single Male	0.4 million	\$85,000	\$339,000	\$214,000	\$125,000	63%

Note: Financial assets exclude the value of defined benefit pensions and Social Security.  
Source: Society of Actuaries – Segmenting the Middle Market: Retirement Risks and Solutions, Update to 2010 Data.

## Changes Affecting Retirement

### Sudden unplanned change

- Loss of spouse
- Catastrophic personal or family illness
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## **Society of Actuaries Research Overview Post-Retirement Needs and Risks Committee**

SOA Committee produces research and other content:  
15+ year effort

Foundation: Managing post-retirement risks

Focus: Middle income individual aged 50+

- Take perspective of individual

Committee Members: Broad range of expertise in various fields

All reports publicly available on SOA Website

Content: Perceptions, problems, and solutions

- Core continuing project: Survey of post-retirement risk (every 2 years since 2001) (moved online in 2013)
- Focus groups, round tables, research reports, and paper calls
- Public education focus: Risk Chart and Decision Briefs

## **Major findings: 15+ years of work**

Big differences in pre-retirees expectations vs. retiree experiences

Top risk concerns: inflation, health care, long-term care

Many gaps in knowledge about retirement

- Few think long term: planning horizons are short
- Assets vs. expectations: out of step
- Major problems with math and financial literacy – lack of investment knowledge
- Little focus on systematic risk management

Major methods of managing risks

- Reduce spending, pay off debt
- Little focus on risk management products

Differences by gender

Solutions are very difficult

## Thinking About Later Years: “Experiencing Change in Retirement”

### 2014 Society of Actuaries Report combines perspectives and essays with analysis of data and focus group findings

Underlying data selected from results of two studies

7<sup>th</sup> biennial Society of Actuaries post-retirement risk survey

- Online survey of retirees and pre-retirees
- Represents American population aged 45-80 at all levels
- Areas of concentration: how people decide to retire, risk management, **what changes during retirement**, differences between men and women

Focus groups: resource-constrained retirees who retired voluntarily

- Goal to understand decision to retire and rationale for money management

Both studies conducted in 2013, methodology in Appendix: build on work done in 2007 survey

## Major finding: Retirement often earlier than planned

Expectations vs. reality: Retirees retired at average age of 58 – Pre-retirees expected to retire at average age of 65 (From 2013 Risk Survey)

Many retirements are involuntary, plus

Many voluntary retirees were “pushed” – reasons include job stress, care-giving needs (From 2013 focus groups)

Some retirees retire without a careful financial analysis

- Most common financial analysis is a short-term cash flow

## Process of Retiring

*I was on the road constantly. I found that I was getting less and less enjoyment out of it... It was just too much.*

*Female, Baltimore*

*I don't mind saying this...that one accident, too many fires, too many house-calls, the red phone ringing. Over a period of time you begin to think it's time to go.*

*Male, Chattanooga*

*When the company reorganized and showed that they weren't interested in people my age and opportunities came and went. Opportunities came to younger people and to me it was a sign that you'd better start thinking about it.*

*Female, Chicago*

## Changing Capabilities

Focus groups provided insights to thinking: deal with things as they happen

Studies show many gaps in knowledge – people often do not focus on risk management or may not have resources to do so

Earlier work (2008 report) looked at extent of planning for later phases

- Majority expected some limitations
- About half expected expenses would increase with limitations
- Big opportunity: Help people plan for period of limitations, many people do not plan for this period

New focus of risk (2013 study): What is likely to change and how are we planning for it?

## A quarter of retirees expect to never be physically unable to work or less able to move around

People's abilities and needs often change over the course of their retirement. When do you





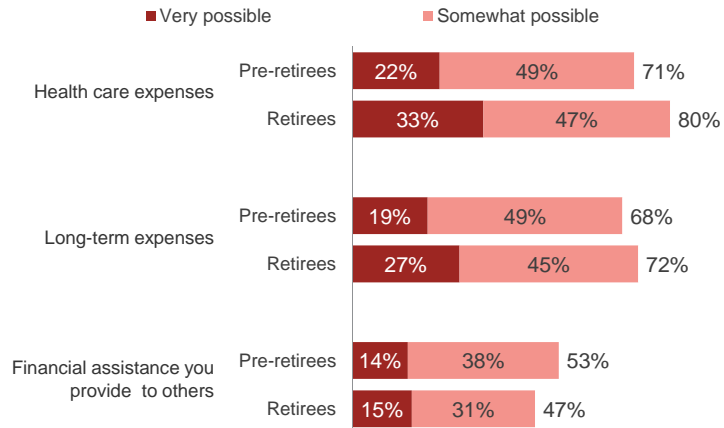


# Planning for Retirement / Financial Planning



## Only a third of retirees think planning for health care expenses is very possible

Possibility of Planning for the Following, Cont.









## **Background re Research Sponsor**

Society of Actuaries post-retirement risk research  
now more than 15 years old

Overall program goal: understand and improve post-  
retirement risk management

- Focus on middle market
- Housing value is greater than financial assets for many  
in middle market
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## Comparison of Survey and Focus Groups

## For SOA Research Reports and More Information

All of the reports discussed are available on the Society of Actuaries website at:

- <http://www.soa.org/research/research-projects/pension/research-post-retirement-needs-and-risks.aspx>

For ~~more~~ information about SOA Research – contact SOA Research Actuary Steve Siegel at

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