

# PLANNING FOR YOUR RETIREMENT

## Majority Of Retirees At Risk Of Outliving Retirement Assets

by Joe Realì

(NAPSA)—Most Americans don't spend much time thinking about their financial security in retirement. Yet a recent study conducted by Ernst and Young on behalf of Americans for Secure Retirement finds that Americans who are near retirement or beginning their retirement face a very real danger of outliving their retirement savings.

The study shows that almost three out of five new middle-income retirees will outlive their financial assets if they attempt to maintain their preretirement standard of living. This means that retirees will have to reduce their standard of living significantly in retirement to avoid outliving their retirement assets. Americans entering retirement now will have to reduce their standard of living by an average of 24 percent. Those Americans seven years out from retirement are even less prepared and the study estimates that they will have to reduce their standard of living an average of 37 percent. These reductions will be necessary even though the study assumes retirees can maintain their same standard of living while earning 59 to 71 percent of their preretirement wages.

But the good news is that the study finds that retirees are much better prepared to have a financially secure retirement if they have a guaranteed source of retirement income beyond Social Security, such as an annuity or a pension. Lifetime annuities are the only vehicle besides pensions and Social Security that provide a steady stream of income for life.



Lifetime annuities relieve the risks and burdens of managing a nest egg and can maximize savings' value over the course of an individual's retirement years.

For policymakers, the report sends a clear message that more attention needs to be placed on promoting public policies that help Americans manage their retirement savings so that they last throughout retirement. One such proposal currently before Congress is the Retirement Security for Life Act. This proposal would encourage Americans to have a steady source of guaranteed income in retirement by providing a tax incentive to those who purchase a lifetime annuity. For the average American taxpayer in the 25 percent tax bracket, the legislation translates into average annual savings of \$5,000.

To read the full report, view a state-by-state analysis of retirement readiness and learn more about how you can improve your own financial security, visit [www.paycheckforlife.org](http://www.paycheckforlife.org).

*Mr. Realì is the Chairman of Americans for Secure Retirement, a broad-based coalition that works to raise awareness about the retirement challenges facing Americans.*