Planning For Retirement

Ten Years After The Financial Crisis, Boomers Struggle To Define Retirement

(NAPSA)—If you or someone you care about is among the nation's estimated 76 million baby boomers entering or preparing for retirement, coping with the fallout from the subprime mortgage crisis that began in 2007 and triggered the Great Recession is probably still an issue.

As the crisis cut into boomers' net worth and lowered the value of their homes, their confidence in achieving a personally satisfying retirement dropped significantly, according to the Bankers Life Center for a Secure Retirement. Today, only 37 percent of boomers are certain they will have a personally satisfying retirement, down from 44 percent before the crisis.

Even before the crash, middle-income boomers were grappling with a "new retirement" stemming from changes to their retirement programs, as employers shifted away from defined benefit plans such as pensions to defined contribution plans like 401(k) plans. With their confidence shaken, boomers are further redefining retirement.

What does this "new" retirement look like? Boomers surveyed by Bankers Life say they have lowered their overall expectations for financial independence in retirement, compared to before the crisis.

The study reports that only:

- 34 percent expect to retire debt free
- 19 percent expect to pay off their mortgage
- 16 percent expect to pass an inheritance to heirs.

So what can you do to help restore your confidence that a personally satisfying retirement is possible? Here are three good ideas:

1. Understand what your retirement really looks like. Look to increase your financial independence by:

- Paying off debt: Debt payments should ideally be no more than 10 percent of your income when you retire.
- Working part-time: Whether you work full-time, part-time or seasonally, employment income will relieve pressure on your other sources of income.

Most baby boomers are worried about having enough money for retirement—but you may not have to be if you consider these ideas.

2. Plan for the unexpected. Only 28 percent of middle-income boomers have built up an emergency fund since the start of the financial crisis. Plan for any unexpected costs that can arise in retirement, such as long-term care or critical illness.

3. Allow an expert to support your investment plan. One-quarter of middle-income boomers report they no longer invest because of the crisis. Whether you want to resume investing or simply create a savings plan, consider working with a financial professional, especially if you don't think you have the financial resources to live comfortably in retirement.

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