



Pay Yourself In Retirement Research Report

How retirees and pre-retirees plan their retirement income

Turning your savings into income

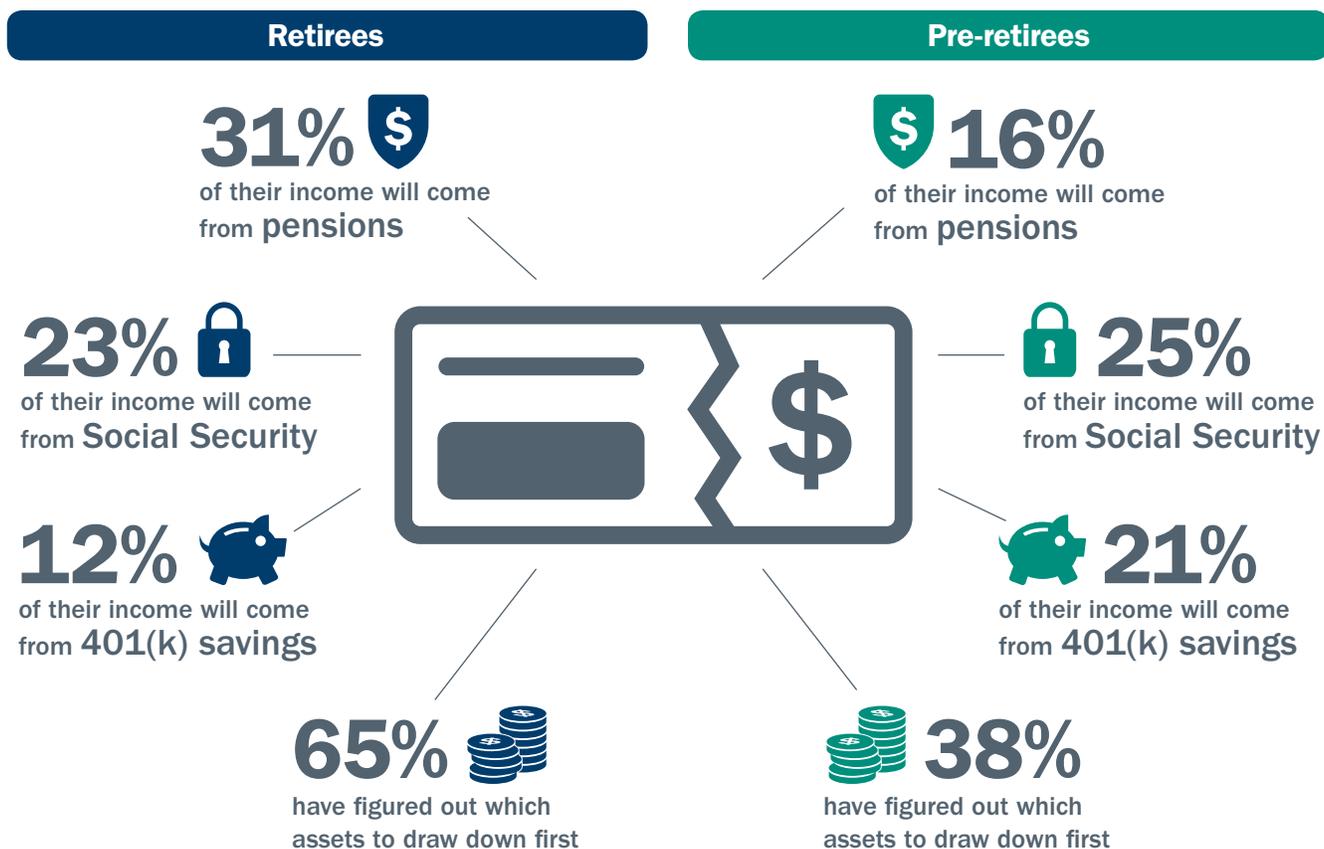
Many Americans spend decades saving for retirement but when the time comes to officially transition out of the workforce, they'll need to figure out how to turn their savings into a retirement "paycheck".

The new *Pay Yourself In Retirement* study, commissioned by Ameriprise Financial, explores how baby boomers are creating lifetime income while in retirement.

Ameriprise received input from more than 1,300 baby boomers (ages 55-75) and discovered there are significant differences between retired boomers and those who are still working toward retirement.

According to the data, the majority of retired boomers feel confident they'll have enough money to last a lifetime. In fact, 85% have a plan in place to pay for essential and lifestyle expenses. Their younger peers should take notice. While many pre-retirees still have time to design their retirement income plans, more than half (53%) haven't started the process.

Boomers have different expectations about funding retirement

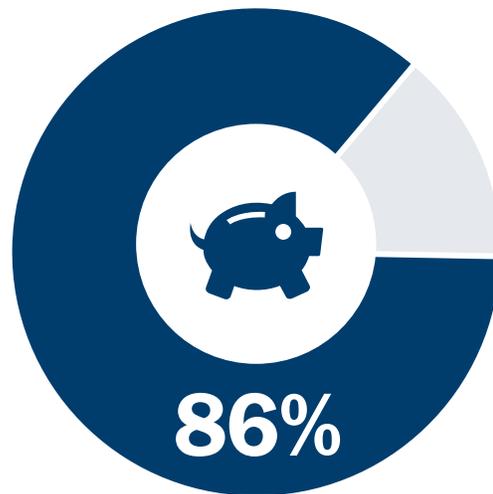


Retirees

Retirees have been diligent about developing a plan to pay themselves in retirement and feel confident about the amount of money they've saved.

After breaking down their retirement paycheck, retirees report the majority of their income stream comes from their pensions (31%), Social Security (23%) and less from a 401(k) or IRA. Retirees report that on average their pension provides them approximately \$3,200 per month. This amount, along with Social Security, makes up the bulk of retirees' monthly income and forms the foundation of their plan.

The data shows that two-thirds of retirees (65%) have taken the time to determine which assets to draw down first—an essential task of a well thought-out retirement income plan. After taking the leap into retirement, many retirees say they were pleasantly surprised at the amount of money they had available in retirement, and how accurately they had planned. For 86% the amount of money they had available was exactly the amount or even more than they were anticipating.



Retirees' retirement savings were exactly the amount or more than anticipated

Lessons learned



Healthcare, food, and taxes top the list of expenses that were higher than expected



Tax treatment is one of the most important factors when deciding how to draw down income



Owning investments that generate income is a top priority



Adjustments to their investment mix and spending needed to be made along the way

Pre-retirees

Slightly over half of pre-retirees (52%) have developed a plan for their retirement income. Boomers with a plan heading into retirement, are three times more likely to feel completely confident they've saved enough money to last.

Regardless of whether they have a plan, pre-retirees estimate their income will be funded by 401(k)s (21%) and Social Security (25%). In contrast with retired boomers, pre-retirees are only expecting pensions to cover about 16% of their income and at a significantly reduced rate, averaging approximately \$2,300 a month. Although they've been saving for retirement, many still need to develop their plan. The majority (62%) haven't identified or thought about which investments they are going to draw down first. It's likely the next wave of boomers to retire will need to spend more time than their older peers calculating optimal withdrawal rates and exploring guaranteed sources of income.



Pre-retirees have developed a plan for their retirement

Key takeaways



Pre-retirees with a plan have saved more for retirement



Many say they need a greater understanding of how taxes impact income in retirement



Top concerns are healthcare expenses, protection from market volatility and spending their money too quickly



May work in retirement to increase their income

Working with an Advisor

Baby boomers planning their transition into retirement may find it helpful to work with a financial advisor. The study showed that those who have worked with an advisor are more confident and more comfortable with their retirement income.

Retirees and pre-retirees who use a financial advisor



The majority (98%) of baby boomers who work with advisors have talked with them about strategies for income in retirement.

Income strategies discussed with advisor

	Determining the right investment mix	80%
	Tax implications of various options	56%
	Timing of withdrawals from income sources	50%
	Income sources to draw from and how much	47%

Methodology

The *Pay Yourself In Retirement* study was created by Ameriprise Financial, Inc. and conducted online by Artemis Strategy Group.

- 1,305 interviews with U.S. adults were completed November 16-22, 2015.
- The respondents are between the ages of 55 to 75 and have at least \$100,000 in investable assets.
- The margin of error is +/- 2.7 percent at the 95 percent confidence level.

For further information and details about the *Pay Yourself In Retirement* study, including verification of data that may not be published as part of this report, please contact Ameriprise Financial or go to Ameriprise.com/payyourself.

About Ameriprise Financial

At Ameriprise Financial, we have been helping people feel confident about their financial future for more than 120 years. With a nationwide network of approximately 10,000 financial advisors¹ and extensive asset management, advisory and insurance capabilities, we have the strength and expertise to serve the full range of individual and institutional investors' financial needs. For more information, visit ameriprise.com.

About Artemis Strategy Group

Artemis Strategy Group (artemisg.com) is a communications strategy research firm specializing in brand positioning, thought leadership and policy issues.



Financial Planning | Retirement | Investments | Insurance

Ameriprise Financial
108 Ameriprise Financial Center, Minneapolis, MN 55474
ameriprise.com

¹Ameriprise Financial Fourth Quarter 2015 Statistical Supplement.

Ameriprise Financial Services, Inc. Member FINRA and SIPC.

Investment advisory products and services are made available through Ameriprise Financial Services, Inc., a registered investment adviser.

© 2016 Ameriprise Financial, Inc. All rights reserved.

(01/2018)