



Press Release

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For Immediate Release

BEN STEIN KICKS OFF THIRD ANNUAL NATIONAL RETIREMENT PLANNING WEEK

New Survey Data Underscores Americans' Lack of Understanding of Real Retirement Readiness

Washington, D.C., Nov. 15, 2004 — Continuing on its mission to address the nation's retirement readiness crisis, the National Retirement Planning Coalition (NRPC) today kicked-off National Retirement Planning Week 2004, its annual campaign to heighten public awareness of the need for individual retirement planning. Ben Stein, noted author, economist, former presidential speechwriter, and actor/comedian is again serving as honorary chairperson and principal spokesperson.

National Retirement Planning Week (NRPW) was established to encourage and help all Americans focus on the steps they need to take to achieve a secure retirement and achieve their retirement goals. This year, through a week of educational activities, NRPW will help the 77 million baby boomers who are racing towards retirement age identify and overcome the many challenges they will face.

According to Ben Stein, there is a huge discrepancy between how prepared people think they are for retirement and the reality. "Even though Americans are better informed today about the issues surrounding retirement planning than when we started this campaign, it's painfully obvious that many people still have a lot of work to do," said Stein. "Many haven't even taken some basic steps to prepare for retirement, such as determining a target retirement age and how much savings they'll need, or determining expected retirement expenses. It is critical that every individual take the time to evaluate his or her situation now, and sit down with a trusted financial advisor to develop a retirement plan."

Two recent studies underscore the seriousness of individuals' inaccurate perceptions of their retirement readiness. According to Allstate's "*Retirement Reality Check*" survey, the vast majority (74 percent) of baby boomers believe that they are somewhat or very prepared financially for retirement. However, only eight percent – an alarmingly low number – have completed ten basic steps for retirement preparation.¹

Genworth Financial's "Retirement Income Readiness Survey" also highlights the discrepancy between perception and reality. It revealed that while 90 percent of respondents believe it is somewhat or very likely they will achieve their retirement goals, 60 percent were surprised to learn that \$1 million in savings will only safely provide roughly \$40,000 in annual retirement income.²

Additional data highlighting the seriousness of the nation's retirement readiness crisis and the need for all Americans to make retirement planning a personal priority include:

- Average life spans are increasing – Once a married couple reaches the age of 65, there is a 97 percent chance one of them will live to 75, a 72 percent chance one will live to 85, and a 45 percent chance one will live to 90.³ A 65 year-old woman has a 33 percent chance of living to age 90.⁴
- Poor national savings rates – 50 percent of all workers and 34 percent of workers aged 55 and older report that their total savings and investments, excluding the value of their homes, are less than \$50,000.⁵
- Unrealistic expectations for Social Security – 94 percent of older Americans say they expect to rely on Social Security as their top source of retirement income.⁶ Yet, in 2001 Social Security supplied only 39 percent of retirement income for individuals 65 or older.⁷
- Decline of employer-sponsored pension plans – The number of individuals covered solely by an employer-sponsored defined benefit plan decreased from approximately 58 percent in 1981 to 12 percent in 2001.⁸
- No plans for retirement income – 71 percent of workers do not have a plan to transform their retirement savings into a steady stream of retirement income.⁹
- Inadequate retirement planning – Prior to reaching retirement, 54 percent of current retirees had never thought about how many years they would spend in retirement, and 43 percent had underestimated the amount of time they would spend in retirement.¹⁰

National Retirement Planning Week Activities

During the weeks leading up to and including National Retirement Planning Week, the NRPC and other industry organizations will be undertaking a number of initiatives to motivate Americans to begin the planning process, and provide them with resources and information on the steps they need to take to ensure their retirement income will meet their desired retirement lifestyles. Activities include:

- A national media campaign with Ben Stein
- The Conference Board's "2004 Pensions and Retirement Conference: Benefit Planning in a New Era" (Nov. 18-19, New York, NY)
- Release of Retirement Solutions Foundation's "Give Yourself a Wealth Check-up" quiz

About The NRPC (www.RetireOnYourTerms.org)

The National Retirement Planning Coalition brings together eleven leading financial industry and advocacy organizations for the purpose of educating consumers and financial industry professionals on the issues surrounding retirement planning. NRPC members include the Actuarial Foundation, the American Savings Education Council (ASEC), the Center for Retirement Research at Boston College, the Financial Planning Association (FPA), For Our Grandchildren – A Social Security Education Project, the International Foundation for Retirement Education (InFRE), the National Alliance for Caregiving (NAC), the National Association for Variable Annuities (NAVA), the National Preretirement Education Association (NPEA), the Retirement Solutions Foundation, and the Women’s Institute for a Secure Retirement (WISER).

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¹ Allstate, “*Retirement Reality Check*” survey, Oct. 2004

² Genworth Financial, *Retirement Income Readiness Survey*, Oct. 2004

³ Society of Actuaries

⁴ Americans for Secure Retirement, *The New Retirement Challenge*, 2004

⁵ Employee Benefit Research Institute, ASEC, Mathew Greenwald Associates, *Retirement Confidence Survey*, 2004

⁶ Financial Freedom Senior Funding Corporation, *Senior Sentiment Survey*

⁷ Social Security Administration

⁸ Center for Retirement Research at Boston College, *How Has the Shift to 401(k)s Affected the Retirement Age?*, Sept. 2003

⁹ Principal Financial, Well-Being Index

¹⁰ Lincoln Financial, *Long Life^(SM) Survey*, 2004