

Affluent Americans expect to delay retirement: Cogent

By Editorial Staff Thu, Mar 20, 2014

"To the extent that pre-retirees lack confidence about retirement, providers can offer a voice of assurance or reason," said Linda York, the president of syndicated research at Market Strategies International.

The anticipated retirement age among affluent pre-retirees (age 55 or older) today is 68, eight years higher than the retirement age reported by those already in retirement, according to *Investor Retirement Income Trends*, a recent Cogent Reports survey by Market Strategies International.

The survey group consisted of 890 investors with investable assets (excluding real estate) of \$100,000 or more who opted to answer a series of questions online. The median asset level was \$375,000 and the average was \$623,000. Of the 890, 40% had between \$100,000 and \$250,000 and 13% had \$1 million or more.

Perspectives on Retirement: Pre-Retirees vs. Retirees			
		PRE-RETIREEES	TOTAL RETIREEES
Retirement age	Anticipated	68 (mean)	
	Actual		60 (mean)
Confidence (Top 2-box)			
Ability to cover all expenses		28%	48%
Ability to meet month-to-month expenses		37%	58%
Ability to handle unexpected costs		27%	46%
Not outliving money		23%	40%
#1 Source of Retirement Income			
401(k)		25%	7%
Pension		22%	39%
Social Security		15%	21%
Source: Market Strategies International: Cogent Reports Investor Retirement Income Trends™, February 2014			

Either because they don't yet have first-hand experience with the cost of living in retirement or because they don't believe they've saved enough in their defined contribution plan accounts, pre-retirees aren't as confident as retirees.

Only 28% of pre-retirees who opted into the survey were highly confident in their ability to generate enough income in retirement to cover all of their needs. By contrast, nearly half (48%) of retirees were confident in their ability to do so.

"To the extent that pre-retirees lack confidence about retirement, providers can offer a voice of assurance or reason. And this could create opportunities," Linda York, the president of syndicated research at Market

Strategies International, told *RIJ*. “Pre-retirees who have a self-reliant attitude, and who don’t expect to be able to rely on a pension or on the government, are potentially hungry for and open to solutions—especially solutions that might enable them to retire earlier than they thought they could.”

The survey results made clear that many retirees have defined benefit pensions and most pre-retirees don’t. For example, pre-retirees were three times more likely to rank a 401(k) as their number one source of anticipated retirement income (25% vs. 7%). Retirees were almost twice as likely to cite a pension as their number one retirement income source (39% vs. 22%).

Due to its opt-in nature, this online panel did not yield a random probability sample of the target population, Cogent said in a release. For that reason, a margin of error can’t be calculated and the accuracy of projections can’t be statistically quantified. Market Strategies International said it would supply the exact wording of any survey question upon request.

Note: *RIJ* subscribers can obtain a copy of this Cogent Report at a 33% discount from the retail price.

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