
Americans still overestimate safe retirement spending rate: NY Life

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Americans still lack awareness when it comes to ways to avoid running out of money in retirement, according to a 10-year comparison survey conducted by Ipsos Public Affairs and sponsored by New York Life.

The 2016 survey, released this week, shows that 77% of Americans over age 40 do not know how much of their retirement savings they can spend each year without running the risk of outliving their assets. In 2006, 90% of Americans did not know a safe withdrawal rate.

More than half of Americans over the age of 40 (58%) surveyed overestimated the safe withdrawal rate, which is widely believed to be four percent per year for the typical retiree, and 19% admit they do not know how much to withdraw without running out of money in retirement.

At greatest risk are the 31% of respondents who believe they can spend 10% or more of their savings each year. At that rate, based on historic investment returns, retirees risk running out of money in about 11 years or less, said a New York Life release.

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