
Are boomers doomed to live in trailers, clip coupons and eat dandelion leaves?

By Editor Test Wed, Aug 8, 2012

Though experts recommend a retirement nest egg of at least \$1 million, less than half of middle-aged, middle-class DC participants have reached even \$100,000, survey shows.

More than one-third (34%) of defined contribution plan participants either “guessed” or “made up” estimates for the income they will need in retirement and only 30% said they consulted an advisor about retirement income planning, according to a survey of 3,370 participants by Diversified, a retirement plan administrator.

Almost 70% said their employer-sponsored DC plan was their only or primary retirement account. More than half (54%) said they had less than \$100,000 saved for retirement, even though more than half were age 46 or older and earned at least \$75,000. About one-third (37%) had less than \$50,000 saved.

Only three percent said they saved \$1 million or more. In other survey findings:

- 61% said they were saving 10% a year or less of their annual salary
- 25% said they were saving 5% a year or less.
- 19% said they were saving more than 15% annually.
- 38% said they had increased their savings rate.
- 11% said they took a loan against their DC plan over the past year.
- 3% said they took a hardship withdrawal.

The survey was conducted via email by Diversified in the first quarter of 2012 among 3,370 defined contribution plan participants in plans administered by a wide variety of organizations.

Like some other recent surveys of plan participants, however, the news release about the survey didn’t say how many of the participants have working spouses who might have their own defined contribution savings accounts and their own Social Security.

Diversified provides customized retirement plan administration, participant communication and open architecture investment solutions for mid- to large-sized organizations.