Participants Want Income Strategy Advice, TIAA-CREF Survey Shows

By Editor Test *Tue, Sep 22, 2009*

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Investors approaching retirement are focused on assuring an income that can maintain their standard of living, a recent TIAA-CREF Institute survey of 1,002 plan participants in higher education shows.

- Within the past two years, 60% of respondents have sought out objective retirement planning advice;
- 87 % of respondents said that advice regarding strategies for drawing income to live on in retirement is important to them; and
- 86 % also said that advice regarding paying for healthcare in retirement is important to them.
- Of the 24 % who changed the amount they are saving for retirement due to developments in the financial markets, 61 % increased their savings.
- Nearly all colleges and universities continued to contribute to sponsored defined contribution plans; of the 4 % that made a change, 73 % decreased the contribution amount.
- 85 % of those who have consulted with a financial advisor within the past two years feel that the advice was independent and objective and 69% typically implement the recommendations received.
- The top reasons cited for seeking advice included: How to invest their savings (89%); How much they should be saving (60%); Once retired, how to draw income to live on from savings (50%).

Two-thirds of those surveyed expressed concern about outliving their savings and about choosing the best way to draw income to live on from their savings. Among those planning to annuitize some or all of their retirement savings, the security of a guaranteed lifetime stream of income was by far the greatest motivation, cited by 40%, with 13% also citing the safety, stability and security of the annuitization option and 11% feeling that it will maximize their retirement income.

About 70% of those surveyed said they are concerned about being unable to afford good health care. Only 23% feel very well prepared to meet such expenses and 63% said they would be very or somewhat likely to contribute to a tax-preferred savings account specifically designed to pay for health-related expenses in retirement, indicating a desire for such a savings vehicle. A person retiring today at age 65 would need about $300,000 in savings to cover lifetime medical expenses to age 90.

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