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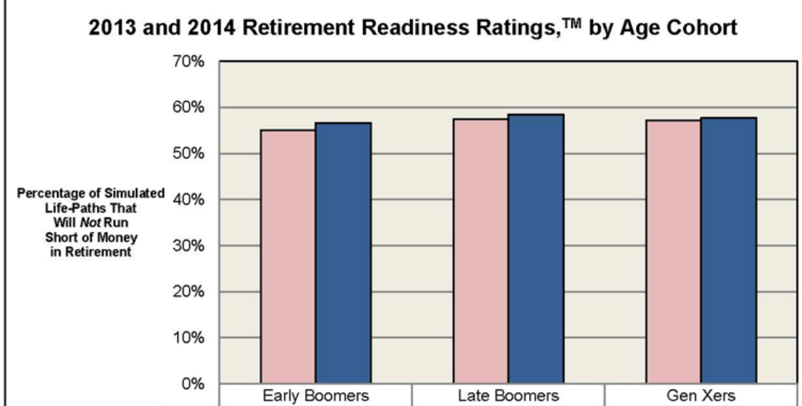
FAST Facts

How Many Will (Not) Run Short in Retirement?

It is a question in which policymakers, lawmakers, employers and individuals all have a stake: How many will have sufficient financial resources for retirement expenses?

The answer depends on a number of variables, but according to an updated analysis of the EBRI Retirement Readiness Ratings,™ (RRRs) approximately 56.7 percent of Early Baby Boomers, 58.5 percent of Late Boomers, and just under 58 percent of Gen Xers are projected to not run short of money in retirement.

Those results are somewhat higher than EBRI's 2013 analysis, based on changes in the market value of defined contribution and individual retirement account (IRA) assets, as well as the increase in housing values during that period. The RRRs increased by 1.6 percentage points, from 55.1 percent to 56.7 percent, for the Early Boomers, 1.0 percentage points from 57.5 percent to 58.5 percent for Late Boomers, and by 0.5 percentage points from 57.2 percent to 57.7 percent for Gen Xers.



	Early Boomers	Late Boomers	Gen Xers
2013	55.1%	57.5%	57.2%
2014	56.7%	58.5%	57.7%

Source: EBRI Retirement Security Projection Model® Versions 1750 and 1995.
Note: The values in this figure represent the percentages of simulated life-paths that will not run short of money in retirement assuming that 100 percent of simulated retirement expenses are paid. Additional information on the percentages that would be able to satisfy less stringent thresholds (viz., 80 and 90 percent of simulated expenses) is provided in the February 2014 EBRI Issue Brief, no. 396, Appendix B (www.ebri.org).

The results, as explained in the EBRI analysis, can vary based on a number of factors, including age, income, and eligibility for a defined contribution plan (such as a 401(k)).

A household is considered to run short of money in EBRI's model if aggregate resources in retirement are not sufficient to meet minimum retirement expenditures, defined as a combination of deterministic expenses from the Consumer Expenditure Survey (as a function of age and income) and some health insurance and out-of-pocket, health-related expenses, plus stochastic expenses from nursing-home and home-health care (at least until the point such expenses are covered by Medicaid).

Additional information can be found in "What Causes EBRI Retirement Readiness Ratings™ to Vary: Results from the 2014 Retirement Security Projection Model,®" published in the February 2014 *EBRI Issue Brief*, online here.

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