

10 Tips From the 2005 Retirement Confidence Survey (RCS)

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With the oldest of the nation's 76 million baby boomers only a few years from the date when they will be eligible to take early Social Security benefits, the issue of retirement and retirement planning is likely to remain at the top of policymakers' agendas for many years to come.

We hope these findings help illuminate those discussions.

We also hope that individuals will take away 10 tips from this year's survey. And that employers, unions, service firms and policy makers will all do things to make it easy for individuals to do all of these things:

1. Study your Social Security benefit statement when it arrives in the mail. Pay special attention to the age at which you will be eligible for full benefits, the projected benefit amount, and the relatively low percentage of final pay that it will provide.
2. Prepare a budget for income and expenses (a spending and savings plan that puts you in financial control).
3. Get an estimate of how long you may live (based upon family history and personal health, using an interactive Internet tool at www.choosetosave.org).
4. Use the Ballpark Estimate[®] to get a sense of how much you need to be saving to be ready for retirement (find it at www.choosetosave.org).
5. Sign up for your savings plan at work for automatic payroll deduction savings (the money is saved before you see it — or open an IRA and have your bank shift money automatically every payday).
6. Set up your savings plan so that you increase the percentage of income you save every time you get a raise.
7. Either monitor and adjust where your savings are invested over time, or pick an investment option that does it for you (a "lifecycle" or "lifestyle" or asset-allocation fund will be automatic).
8. Think about your health and health care in all of your savings decisions. About 40% percent of those who retire earlier than planned do so for health reasons. And, retiree health and long-term care are expensive. Medicare Part B premiums went up over 17% last year, and an added 14% increase was just announced.
9. Don't make the decision to retire until you have a plan (for income, health coverage, and living for the rest of your life: for how fast you can spend your money if you do not want to outlive it, and, if you do not want to have to manage that, consider using at least part of your savings for an annuity)
10. Have the time of your life, because you made the decision to Choose to Save[®].