ARE BABY BOOMERS SAVING ENOUGH FOR THEIR RETIREMENT?

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What do people need and what do they have?

- The importance of taste
- CBO findings

Risks in retirement

- Longer and uncertain life.
- Health care costs, especially long-term care.
- Possible changes in Social Security and Medicare
- DC substituting for DB plans
- Bequests – a beneficial risk

SAVINGS TARGETS

- Some determinants:
  - Married or single
  - Kids. Were they in college?
  - Own a house
  - Is mortgage paid off? If not, what are terms?
  - Expect to be in nursing home?
  - Defined benefit plan
  - Age of retirement
  - Saving rate while working

Savings Targets

	Age 55	Retire at 65
Single, $68,000, house	$136	272
Married, $68,000, house, 2 kids	99	221
Single, $136,000, house	637	964
Single, $136,000, no house	1,040	1,357
Married, $136,000, house, 2 kids	506	850
Married, $136,000, house, 2 kids, DB=.3	3	95

Effects of Working Longer

- Work one year income up 9%
- Work five years income up 56%

Tabulations of wealth quartiles by income quartiles	N	% of Pop	All Household Wealth			All Non-Residential Household Wealth		
			Q1	Median	Q3	Q1	Median	Q3
All	3679	100.00	$52,330	$186,500	$557,230	$12,650	$71,230	$318,100
INCOME								
Income, Q1: Median: $17,457; Range: $0 to $31,833	597	24.60	$4,320	$28,500	$98,400	$900	$5,940	$30,200
Income, Q2: Median: $46,209; Range: $32,860 to $62,639	626	24.81	$50,930	$143,800	$277,300	$14,250	$45,200	$113,500
Income, Q3: Median: $83,177; Range: $63,666 to $108,849	649	25.86	$103,500	$299,800	$568,520	$38,990	$110,940	$334,900
Income, Q4: Median: $416,912; Range: $109,876 to $58,716,753	1807	24.73	$331,400	$799,000	$1,740,300	$141,900	$528,600	$1,147,200

Table 3: Defined Benefit and Social Security Wealth for those Aged 51-55 by Income Quartile, 2004

	Defined Benefit Wealth Percentile			Social Security Wealth Percentile		
	25th	**50th**	**75th**	**25th**	**50th**	**75th**
All	$0	$0	$89,050	$89,835	$158,047	$221,752
Income Quartile						
First	$0	$0	$0	$49,014	$77,441	$119,189
Median inc. $17,457						
Second	$0	$0	$60,465	$82,917	$131,845	$185,774
Median inc. $46,209						
Third	$0	$46,550	$207,112	$141,634	$185,388	$236,045
Median inc. $83,177						
Fourth	$0	$0	$151,523	$166,419	$224,358	$281,954
Median inc. $416,912						

Conclusions

- Large part of very bottom prepared because of Social Security.
- What about the rest?
- Are we defining “prepared” properly?