

The Retirement Strategist

How To Fund Your Retirement

1. A 401(k), IRA, Keogh, or other retirement savings account. Many Americans who aren't retired expect that a retirement savings account will primarily finance their retirement (47 percent). But actual retirees find the reality to be quite different: Only 21 percent of current retirees view these accounts as a major source of retirement income, Gallup found. Americans with incomes of \$75,000 or more were significantly more likely (72 percent) to list a retirement savings account like a 401(k) as their expected primary source of retirement income than were those with income of less than \$30,000 (20 percent). "They're saying that they expect a 401(k) to be a major source of income," says Lydia Saad, a Gallup Poll senior editor. "But people are not saving as much money as they should toward retirement."

2. Home equity. Many seniors are tapping into the equity they have built up in their homes. Two ways of doing this are taking out a reverse mortgage or selling a house to move into less expensive quarters. Some 26 percent of Americans expect to use home equity as a major source of retirement income, which almost squares with the 22 percent of retirees who currently do, Gallup found.

3. Pension plan. "This is becoming a disappearing source," says Saad. Gallup found that only 26 percent of nonretired adults think that an employer-sponsored pension will be a major source of retirement income, compared with 36 percent of current retirees who depend heavily on their pension. "Work-sponsored pension plans are not as prevalent today as they were when current retirees were working," Saad says.

4. Social Security. Only 1 in 4 nonretired adults expects to receive considerable retirement income from Social Security, Gallup found, but 55 percent of current retirees say they rely on it as their major source of income. The Employee Benefit Research Institute says that the average American 65 and older receives 42 percent of his or her total retirement income from Social Security (more than from any other source), with low-income retirees receiving 92 percent of their income from their monthly check.

5. A regular savings account or certificates of deposit. A traditional savings account seems to have taken a back seat to tax-deferred savings accounts. Nineteen percent of nonretired adults expect regular savings will be a major source of retirement income, while 14 percent of current retirees depend on

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such accounts and CDs.

6. Stocks and mutual funds. Similarly, 19 percent of adults who aren't retired expect individual stock or stock mutual fund investments to be a major source of income in retirement, while 10 percent of retirees rely on these investments.

7. Part-time work. Half of all nonretired adults (50 percent) expect that a part-time job will be a minor source of retirement income, with 18 percent thinking it will significantly finance their retirement, Gallup found. Yet only 20 percent of current retirees say continuing to work is even a minor source of retirement income. "This suggests a possible cultural shift in how people view retirement," says Saad, "and a necessary financial shift if they haven't saved up enough to rely solely on savings."

8. Annuities or insurance plans. Annuities or insurance plans significantly finance retirement for 8 percent of current retirees, while 7 percent of nonretirees expect to receive these forms of income.

9. Inheritance. Few Americans are pinning their retirement hopes on a rich uncle or other benefactor. Only about 7 percent

of people expect that an inheritance will contribute to their retirement in a significant way, and 3 percent of retirees say it has.

10. Rent and royalties.

Have you written a book? Have property for rent? Well, only about 6 percent of nonretired adults listed this as a major source of income as they plan for retirement, although 26 percent say it's a minor source. And even fewer current retirees (5 percent) report making money this way.



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