

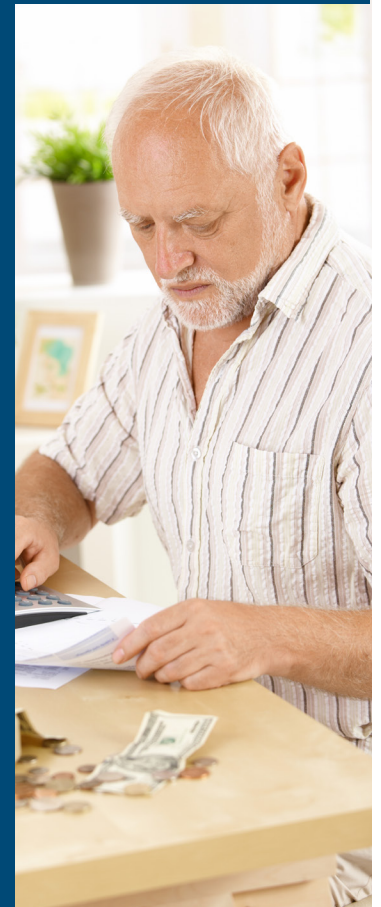


**Understanding and Managing Post-Retirement Risks**

A series of reports presenting highlights from the Society of Actuaries extensive body of research on post-retirement risks and issues.

# How People Plan for Retirement

By Anna Rappaport, Chairperson, Society of Actuaries  
Committee on Post-Retirement Needs and Risks



# In This Report

## **BIENNIAL RISK SURVEYS**

*2001–2017 Risks and Process of Retirement Survey.* Each survey includes topics of special focus.

*2015 Risks and Process of Retirement Survey: Key Findings and Issues, Spending Patterns and Debt,* Society of Actuaries, 2016

*2015 Risks and Process of Retirement Survey: Key Findings and Issues, Shocks and Unexpected Spending in Retirement,* Society of Actuaries, 2016

## **FOCUS GROUPS AND IN-DEPTH INTERVIEWS**

*Post-Retirement Experiences of Individuals 85+ Years Old* (2017)

*Post-Retirement Experiences of Individuals Retired for 15 Years or More* (2015)

*The Decision to Retire and Post-Retirement Financial Strategies: A Report on Eight Focus Groups* (2013)

*Spending and Investing in Retirement: Is There a Strategy?,* Society of Actuaries, LIMRA, and INFRE (2006)

## **CONSUMER INFORMATION**

*Managing Post-Retirement Risks* (a guide to the risks)

*Managing Retirement Decisions Briefs*

## **ESSAYS AND PAPERS**

*Diverse Risk Essay Collection*

*Financial Wellness Essay Collection*

*Managing the Impact of Long-Term Care Needs and Expense on Retirement Security* monograph

## **SEGMENTING THE MIDDLE MARKET—PHASE I UPDATE TO 2010 DATA**

## **MEASURES OF BENEFIT ADEQUACY**

# How People Plan for Retirement

Managing retirement security in the United States has been increasingly challenging for all stakeholders. Major factors contributing to these challenges include a growing older-age population, the shift from defined benefit to defined contribution plans, and significant gaps in financial literacy. These factors contribute to a growing concern about how well Americans will fare in old age and the adequacy of their retirement security.

The Society of Actuaries' (SOA) Committee on Post-Retirement Needs and Risks (the Committee) has been working for nearly 20 years to identify and understand the way Americans manage their finances post-retirement. This research work includes a wide-ranging exploration of post-retirement risks through surveys of the public; focus groups and interviews; and collections of essays, research papers, and other research reports covering related topics.

This report focuses on how people plan. It offers highlights and key findings from the 20 years of committee research and related SOA work, together with guidance about where to find more information. This report focuses on planning and risk management and how individuals approach these tasks.

The intended audience for this report includes retirement experts, plan developers and service providers, and those who serve individuals, including employee benefit plan sponsors, advisors and financial services organizations.

The SOA Post-Retirement Needs and Risks research includes several projects that look at how people plan for risks in retirement. Insights into how people plan can be found in several sets of focus groups and in-depth interviews:

- The 2013 focus groups provided insights into planning by relatively recent retirees.
- The 2015 focus groups provided insights into those retired 15 years or more.

- The 2017 in-depth interviews focused on retirees age 85 and older.

Biennial risk surveys since 2001 have provided input on how retirees and pre-retirees view risk.

The research consistently shows gaps in knowledge and a lack of long-term planning. Retirees are often very aware of current regular cash flows and careful about regular spending. While some may overspend, others underspend and none demonstrated major extravagant purchases. Retirees have demonstrated flexibility. They seem very willing to reduce expenses and seem to be satisfied after making such adjustments. Essays, public information and other SOA research provide ideas about how to deal with these issues.

This report will describe key findings from the post-retirement risk research, present some ideas from the essay collections, and share other SOA research reports. It is part of a series that offers highlights and key findings from the 20 years of research, together with guidance about where to find more information.

## Accessing the research:

The full reports from all work of the Committee can be downloaded from the Aging and Post-Retirement Research page on the website at <https://www.soa.org/research/topics/aging-ret-res-report-list/>

For more detail on the risks and why they are important, please visit <https://www.soa.org/research/topics/research-post-retirement-needs-and-risks/#decisions>.

# Risks and the Reality for Retirees

The reality faced by retirees sets the stage for retirement risk management. It is important to recognize that the reality faced by new retirees is shifting. Some important things to think about include:

- Many people are not knowledgeable about retirement planning. Some are unable to do basic math required for budgeting, and more do not have enough knowledge to understand the impact of investment returns over time.
- Middle-income retirees have substantially more nonfinancial assets (e.g., home equity and automobiles) than financial assets (e.g., 401(k)s, savings accounts, stocks and bonds). For married households in 25% to 75% of all households, nonfinancial median assets were 65% of the total, and for middle-income singles, nonfinancial median assets were 80% of the total. Couples have more financial assets than single persons, and some people have little or no financial assets.<sup>1</sup> Investment risks do not apply to those without financial assets. Which risks are important varies greatly depending on asset level.
- For people without many assets, retirement timing is particularly important. Social Security is often the only or the major retirement income source for middle- and lower-income Americans, and working longer and claiming Social Security at a later age means more monthly income.
- Many people retire earlier than planned. While some people retire involuntarily, that is only part of the story. Many people who retired voluntarily feel they were pushed into retirement.<sup>2</sup> The 2017 Retirement Risk Survey indicates that pre-retirees are expecting to retire at a mean age of 65, whereas retirees surveyed had retired at a mean age of 58.<sup>3</sup> Major forces driving retirement earlier than desired include difficult work environments, family members needing help, and health challenges.
- Many people do not have adequate emergency funds as they enter retirement. Many people also enter retirement with mortgage or other consumer debt.
- There has been a major decline in defined benefit (DB) plans over the past 25 years and a shift to defined contribution (DC) plans has often been accompanied by a decrease in the level of benefits for longer service employees. While DB plans often have embedded

longevity and long-term disability protection, DC plans generally lack such protection. Long-term disability is a major threat to retirement security in this environment.<sup>4</sup>

- Ages at exit from the labor force are slightly rising. More people are working either part-time or full-time as part of retirement and even more are expecting to work. Currently, however, many more people expect to work in retirement than actually do.
- Average American families will often need to reduce their standard of living in retirement.

## THE VOICES OF RETIREES: FOCUS GROUP/INTERVIEW QUOTES

The focus groups provided insights into issues faced by individuals and how people think about those issues.

The 2015 SOA Focus Group research sampled views of long-term retirees (retired 15 years or more) who were in the broad middle range of financial assets: those with investable assets between \$50,000 and \$350,000 in the United States and Canada. By interviewing people who have been retired for 15 years or more, the SOA was able to learn how these people are experiencing the financial challenges they face and how they have responded to these experiences. The researchers supplemented the focus groups by conducting in-depth interviews with children of individuals who needed long-term care, but who were otherwise similar.

The SOA report includes both the focus groups and interview results. Here are some of the participants' comments:

*I mean, who is going to go first—my money or me?—*  
Female, Baltimore, MD

*Long-term care insurance, which I've had for many years for my husband and myself, has gone up so much recently that it scares me.—*Female, Baltimore, MD

*My medical keeps going up and up and up. I get a deferred pension, but they keep taking more and more out each year out of my pension for medical. Right now it's like \$400 or \$500 a month out of my pension.—*Male, Dallas, TX

## Highlights of Public Perceptions and Knowledge

The SOA risk research findings appear in two major studies, as follows:

- In 2017, the SOA post-retirement risk research consisted



of four components—the Survey of Post-Retirement Risk and the Process of Retirement (surveying U.S. pre-retirees and retirees), in-depth interviews looking at experiences of U.S. and Canadian individuals who are age 85 or older and were resource-constrained, a small sample survey of age 85 and older individuals, and a small sample survey of adult children of age 85 and older individuals.<sup>5</sup>

- In 2015, the SOA post-retirement risk research consisted of three components—the Survey of Post-Retirement Risk and the Process of Retirement (surveying U.S. pre-retirees and retirees), focus groups looking at experiences of U.S. and Canadian individuals who had been retired 15 years or more and were resource-constrained, and in-depth interviews with caregivers of people who need substantial care and would have generally fit into the focus group population.

A major finding from these studies, when viewed together, is that planning often tends to be short term and cash-flow focused. In addition, many people do not focus on risk or plan for financial shocks.

The findings from the 2017 SOA post-retirement risk survey<sup>6</sup> regarding risk concerns and risk management are generally consistent with prior years' surveys. However, pre-retirees and retirees are generally more concerned in 2017 than they were in 2015.

Some highlights of the survey results are as follows.

## Risk Concerns

- The top concerns regarding post-retirement risks are inflation, health care expenses and paying for long-term care.<sup>7</sup> These top concerns have appeared consistently in repeated iterations of the survey, although the priority of each concern changes. 2017 was the ninth biennial survey.
- Pre-retirees continue to be more concerned than retirees about most risks. This has been true for many iterations of the survey. The focus groups and interviews also indicate that as retirees have been retired longer, they become less concerned. This progression is evident among recent retirees, individuals retired 15 years or more, and retirees over age 85.
- Retirees and pre-retirees seem to have relatively little concern about some important risks such as fraud. There also seems to be little awareness of the likelihood of retiring much earlier than expected.

## Risk Management

- The top risk management strategies used are similar over time. They are reducing spending, increasing savings and paying off debt. These strategies can work for dealing with modest shortfalls and one-time unexpected items, but they are usually not adequate to handle big risks such as major long-term care events or the accumulated effect of multiple shocks over time.
- As in prior years, risk protection products, other than health insurance, are not used very often. Note that the costs of possible long-term care are much greater than is usually recognized.
- Many more pre-retirees say they expect to work longer than retirees actually did.

## Planning for Retirement

- There continue to be gaps in planning and the use of shorter planning horizons at retirement than are recommended for comprehensive planning.
- Planning is often cash-flow focused, where the retiree or pre-retiree looks at current regular expected expenses and regular income, and tries to cover expenses with regular income. They often do not factor in the potential for unexpected or unpredictable expenses. However, many retirees do try to hold onto assets to cover such expenses.
- Individuals do not do what experts think they should do and expect that they will do. It is very important not to make assumptions about what people will do.
- Families can be an important part of retirement security, but they are often ignored in planning. They tend to enter the picture when major limitations occur, making help available right away.

## Learning from Parents' Experience

Experience with parents can help with planning in general, and it can provide insight into how to deal with the journey as things change, particularly when people need help in old age.

Specific examples help illuminate how decisions are made, when helpers are needed, what types of help are used, and how families think about the issues. The paper *Improving Retirement by Integrating Family, Friends, Housing and Support: Lessons Learned from Personal Experience*<sup>8</sup> shows the interaction between decisions, housing and supportive care in some specific situations.

The 2015 Risk Survey included questions to identify more broadly how respondents viewed their parents' retirement and what influence it had on them. For some people, their parents' experience of retirement has made them more concerned about their own retirement. For example, nearly half (46% of pre-retirees and 42% of retirees) reported that their parents' experiences have made them more concerned. Most of these individuals (84% of pre-retirees and 78% of retirees) also reported that those experiences have impacted their own preparations for retirement either a great deal or some.

Only a few (10% of pre-retirees and 8% of retirees) indicated their parents' experiences have left them less concerned.

Among the others, 44% of pre-retirees and half (50%) of retirees said their parents' experiences in retirement have not affected their own concerns about financial security in retirement.

### The Voices of Retirees: Focus Group/Interview Quotes

*A few years back like when my dad retired, he didn't have any retirement. He had Social Security and that was it . . . And that wasn't anything for me to look back to and say, well, that's what I want in my life. I better get busy right now. —Male, Dallas, TX*

*My father passed away fairly early, but my mom retired, and the one thing that we learned from her and from my husband's parents is pay everything off and whatever you buy, buy it with cash and that way you don't owe anything. It was just like your utilities. —Female, Dallas, TX*

*I watched my mother in extended care and I got lots of bills. It was the worst three years I've ever been through in my life and the money, jeepers. They're going to sock it to you if you've got it. They're going to take it to help with the guy who hasn't got it. You're in the same room. You can't buy anything once you get to that point. —Female, Edmonton, AB*

## The Importance of Family and Family Help

Individual situations vary depending on the needs of the person, local options, financial resources and family available to help. The interviews included in the 2015 retirement risk research<sup>9</sup> show more of the same. The 2017 risk survey and in-depth interviews also provide more information on this topic. Some older persons need a lot of help and support. The Interviews, by providing examples based on personal experience, make the statistical data more understandable. They help the users of the research focus better on the issues.

Some key points with respect to this work include:

- Major long-term care events are very expensive and can become all-consuming for the family.
- Spouses are the first line of help, and children are the second.
- While many people do not plan for family help, family members often help parents and others when needed.
- Friends and neighbors may also step in.
- It is unclear what support people without available family members or friends will use.
- When family members and friends are not available, or when the need is for more help, people turn to paid help. This can easily become a major financial problem.

## Responding to Risk Concerns

### Information Sources

The SOA's *Managing Post-Retirement Risks* series and the *Managing Retirement Decisions* series both provide information for consumers and advisors on the options and issues involved in managing retirement risks. Essays in the *Managing Diverse Risks—Essay Collection* provide a range of ideas as well.

The Age Wise infographics from the SOA provide one-page explanations of specific ideas. For example, when asked for their concerns, survey respondents repeatedly name inflation as one of the top three risks. The following Age Wise infographic provides insights into how inflation interacts with longevity risk:



**Age Wise** is a series of infographics to help you understand how life expectancy and the decisions you make impact your plans for a happy, healthy and well-funded retirement.



**SOCIETY OF ACTUARIES**

# It's Time to "Check Out" Inflation

A 2015 survey by the Society of Actuaries found

Most of us have always expected that inflation will have some impact on how far our dollars stretch for retirement. Hopefully, you have included some assumptions about inflation in your plan for retirement income. **But will that be enough?**



**69% of pre-retirees**



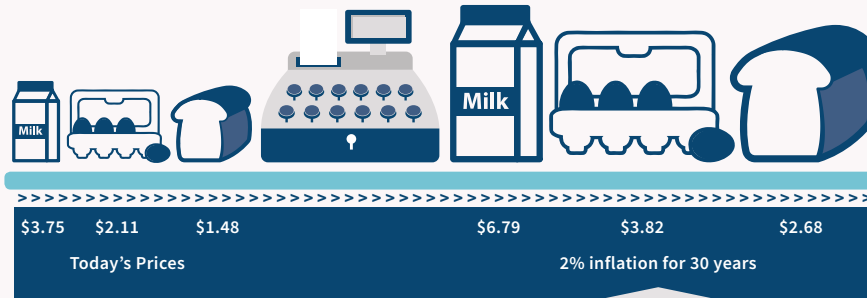
**52% of retirees**

were either **somewhat or very concerned** that the value of their savings and investments might not keep up with inflation.

## How far will your dollars stretch?

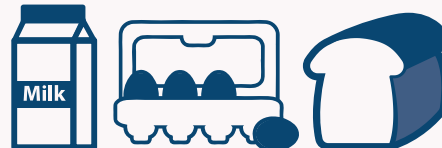
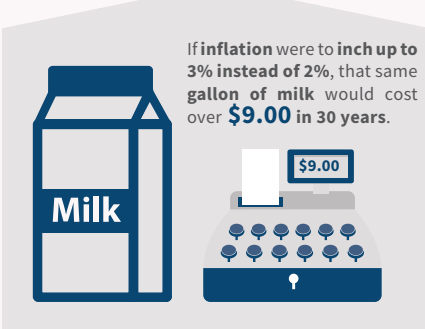
**Retirees are living longer than ever before, and that impacts how far your dollars will stretch.**

Here is how your expenses would look if inflation were a flat 2% a year for the next 30 years:



### But that doesn't tell the whole story...

For example, the rate of medical inflation over the past 20 years has been nearly double the rate of overall inflation. As you age, you are likely to spend more for health care.



Medical could have the biggest impact of all. Are you planning for inflation in your retirement?

## DIFFERENT APPROACHES TO PLANNING AND SOLUTIONS

Traditional planning approaches call for working to maintain a standard of living and replacing paychecks during retirement. They also call for using risk protection products to protect against health and long-term care risk. These approaches address the need for gradually spending money during retirement and using a plan to convert, over time, assets into income.

What many retirees have said in the focus groups sponsored by the SOA is that they prefer to hold onto assets, spend their regular income and reduce planned spending to bring spending down to the level of regular income.

Another idea is to reduce exposure to risk. The SOA's *Managing Diverse Risks—Essay Collection* offers ideas from different authors about how to manage and think about risk. These ideas complement the research findings in the surveys and focus groups.

### REDUCING EXPOSURE TO RISK

The essay “Dealing with Multiple Post-Retirement Risks in the Middle Market” by Charles S. Yanikoski offers some practical approaches to dealing with a variety of post-retirement risks. Reducing exposure is a main idea. This approach can help defend against specific risks, and often can also increase wealth, and therefore directly or indirectly help defend against all risks.

There are several ways for reducing exposure, most prominently by:

- **Being more economical in one's lifestyle.** This helps reduce the risk of living too long because it becomes less expensive to do so, and it enhances one's ability to increase or at least preserve wealth already accumulated.
- **Looking for opportunities for additional income.** This can include similar or different work, often on a limited basis, during retirement, or delaying retirement.
- **Making shrewd trade-offs in forced decisions** (such as Social Security claiming, or the choice of a defined benefit plan retirement option).
- **Making prudent financial decisions in other areas.** This means analyzing what is important, what the options are, and making conscious choices.

- **Choosing a healthier lifestyle.** This can have a mixed effect, such as reducing medical expenses and perhaps extending one's ability to earn money, but also increasing the risk of “living too long.”
- **Strengthening social relationships.** This can contribute to personal or community networks that can provide help in times of need and reduce out-of-pocket costs when adversity does arise.
- **Adjusting attitudes.** This mainly involves accepting certain “adverse” outcomes as tolerable. One example is agreeing to end up in a Medicaid-paid nursing home, if the need arises, even if it means sharing a room with a previously unknown person.

### SETTING GOALS

One of the consequences of a short-term planning focus is that longevity risk is often overlooked. In “A Portfolio Approach to Retirement Income Security,” Steve Vernon shares typical retirement income goals that include:

- A desired level of liquidity to meet emergencies
- Maximizing expected lifetime retirement income
- Income that doesn't decrease due to capital market volatility
- Income that retirees can't outlive

### DEALING WITH MULTIPLE ASSET CLASSES

Some people need to choose how to withdraw monies from different asset investments. When it's time to decumulate, many people have access to multiple assets. So which asset(s) should go first?

Unfortunately, this simple question has no easy answer, either in general or typically in specific cases, and it depends on personal preferences as well as financial outcomes. The essay “Decumulation Strategy for Retirees: Which Asset to Liquidate?” by Charles S. Yanikoski offers a framework for ranking and evaluating asset classes for withdrawal.



# Tips for Responding to This Research

This research offers important information for individuals, advisors, organizations sponsoring employee benefits programs and companies offering retirement products and services.

## TIPS FOR RETIREES AND NEAR-RETIRES

- **Plan for the rest of life.** Many people will live longer than expected, and couples need to think about planning for the longer-lived partner.
- **Don't forget about the need for help later in life.** Many households will need help. Women are likely to need help for a longer period than men and much less likely to have a spouse to provide it. Long-term-care insurance is a partial solution.
- **Don't retire too early.** Working longer can improve security in retirement. Keep skills and contacts up-to-date so that there are better

chances for a new job if one is needed. Be open to different ideas.

- **Don't overlook the importance of Social Security claiming.** The claiming age makes a huge difference in the amount of Social Security monthly income, especially for couples.
- **Be thoughtful about helping others.** Family often asks for help from retirees. Be careful about using assets needed for your retirement to help family members.
- **Establish an income and spending plan.** Plan for both expected and unexpected expenses in retirement.

## TIPS FOR PLAN SPONSORS

- **Capitalize on employee openness to learn from employer-sponsored sources.** Many individuals trust information from their employers. Use leverage with employees to help them.
- **Capitalize on outside resources.** There is good information from many sources. Not-for-profits are less likely to have biased information.

# Conclusion (or maybe you might say, The Big Picture)

Retirement planning should entail assessing various risk concerns ranging from identifying income sources and adjusting spending to dealing with inflation, health care expenses and many other concerns. Ideally, this assessment occurs both before and during retirement.

In addition, retirement planning should entail ongoing management of risks. The SOA extensive research over 20 years has found that when such management occurs, it tends to be short term and cash-flow focused.

Examples include reducing spending, increasing savings and paying off debt. These short-term steps do help people meet and deal with many expected retirement obligations. However, most people do little about specifically managing big risks such as a major long-term care event or a financial shock, according to the research. This can have serious repercussions for individuals, families and the community at large. Rather, for many the strategy is to manage expected cash flows, and retain as much of their assets as possible.

Retirement plan sponsors, advisors, organizations and companies that work with pre- and post-retirees can use findings from the research to inform their own understanding on these issues as well as to help educate the individuals they serve. The information and tips in this paper can be a starting point for guidance on ways to identify retirement risks and manage those risks.

# Appendix: More About the Research

The Society of Actuaries Committee on Post-Retirement Needs and Risks has based its insights on robust research designed to increase understanding of the way Americans manage their finances post-retirement and to help improve the management of the risks.

The full reports from the Committee are available for download at the Society of Actuaries website: <https://www.soa.org/research/topics/aging-ret-res-report-list/>

The Committee's focus has been on exploring the perspective of the individual. This includes representation at all income levels, but with primary focus on the middle market.

The research approaches include:

- **Biennial risk surveys.** These surveys study the knowledge and attitude of Americans age 45 to 80, split between retirees and pre-retirees with respect to post-retirement risks and the process of retirement. Each report includes some common questions and several topics of emphasis selected for that survey, such as health and long-term care, women's issues, shocks, and so on. Surveys conducted since 2001.

- **Focus groups and in-depth interviews.** This research includes periodic projects targeted to specific subgroups and issues. The purpose is to better understand retiree rationale by supplementing the surveys, and to help provide input into questions and structure of surveys. Projects conducted in 2005, 2013, 2015 and 2017.
- **Consumer information.** Gaps in knowledge are a key finding of the research, so the Committee designed several publications that are designed to fill in gaps and provide helpful information for consumers and consumer-support services. These publications include *Managing Post-Retirement Risk: A Guide to Retirement Planning* (risk chart), *Managing Retirement Decisions* (a series of 12 shorter guides to specific decisions), and *Age Wise Infographics* on longevity-related issues. A new series starting with *Retirement Health and Happiness* provides information about Retirement Literacy.
- **Essays and papers.** These are monographs that include essays and papers on topics such as the *Financial Wellness Essay Collection*, *Diverse Risks Essay Collection* and *Managing the Impact of Long-Term Care Needs and Expense on Retirement Security*. These works reflect a range of perspectives from individual publishing authors who responded to calls for papers. Their ideas include solutions to some of the challenges raised by the research.
- **Other research.** The Committee has conducted other projects, including a series on lifetime income, reports on financial advice, and discussions of retirement planning software. In addition to the direct work of the Committee, the Society of Actuaries conducts other research related to these issues and there is work performed by related entities.

# References

## BIENNIAL RISK SURVEY SERIES

- *2015 Risks and Process of Retirement Survey: Key Findings and Issues, Spending Patterns and Debt*, Society of Actuaries, 2016
- *2015 Risks and Process of Retirement Survey: Key Findings and Issues, Shocks and Unexpected Spending in Retirement*, Society of Actuaries, 2016
- *Entire Risks and Process of Retirement Survey Series*

## FOCUS GROUPS AND IN-DEPTH INTERVIEWS AND REPORTS

- *Post-Retirement Experiences of Individuals 85+ Years Old*, Society of Actuaries, 2017
- *Post-Retirement Experiences of Individuals Retired for 15 Years or More*, Society of Actuaries, 2016
- *The Decision to Retire and Post-Retirement Financial Strategies: A Report on Eight Focus Groups*, Society of Actuaries, 2013
- *Spending and Investing in Retirement: Is There a Strategy*, Society of Actuaries, LIMRA, and INFRE, 2006

## CONSUMER INFORMATION PUBLICATIONS

- *Managing Post-Retirement Risk: A Guide to Retirement Planning (Risk Chart)*, Society of Actuaries, 2011
- *Managing Retirement Decisions*, Society of Actuaries, various dates

## ESSAYS AND PAPERS

- *Managing Diverse Risks—Essay Collection*, Society of Actuaries, 2016
  - Essays supporting content: Yanikoski, Charles S., “Dealing with Multiple Post-Retirement Risks in the Middle Market”

- Yanikoski, Charles S., “Decumulation Strategy for Retirees: Which Assets to Liquidate”
- Vernon, Steve, “A Portfolio Approach to Retirement Income Security”
- Rappaport, Anna M., “Thinking About the Future of Retirement”
- *Financial Wellness Essay Collection*, Society of Actuaries, 2017
  - Rappaport, Anna M., “Don’t Forget the Role of Families in Lifetime Financial Security”
- *Managing the Impact of Long-Term Care Needs and Expense on Retirement Security Monograph*, Society of Actuaries, 2015
  - Papers supporting content: Rappaport, Anna M., “Improving Retirement by Integrating Family, Friends, Housing and Support: Lessons Learned from Personal Experience”

## PRESENTATIONS

- *Post-Retirement Needs and Risks: What Do We Really Know* (presentation decks for this topic and other presentations of Committee work are available on the website. They are updated periodically and tailored to different audiences.)

## OTHER

- Society of Actuaries, *Segmenting the Middle Market: Retirement Risks and Solutions—Phase I Report Update to 2010 data*, 2013
- Society of Actuaries, *Measures of Benefit Adequacy*

*Note: The content of this research brief is a combination of the author’s own ideas and findings drawn from the research described in the brief. The tips reflect the opinion of the author. The ideas and tips are not an opinion of the Society of Actuaries or any committee thereof.*

# Endnotes

- 1 Data is from SOA's Segmenting the Middle Market: Retirement Risks and Solutions—Phase 1 Report Update to 2010 data (2013). These studies analyzed the Survey of Consumer Finances and showed that for middle income retirees (25% to 75% of all households), nonfinancial assets were much larger than financial assets, and for mass affluent (75% to 85% of households) retirees, nonfinancial assets were still more than half of total assets. Analyses were performed using the 2007 and 2010 surveys. It was decided that the conclusions would not change with the 2013 updated data, so the analysis was not repeated. This work provides a vital big picture of the resources of middle-income Americans.
- 2 Retirement decisions were a major theme of the SOA's 2013 focus groups with recent retirees. They were also a topic of focus for the 2013 Risk Survey.
- 3 The last few surveys showed a 5- to 7-year spread between the age at which individuals retired versus what pre-retirees expected.
- 4 Risks do not go away with the shift to DC plans, but risk protection may. Areas where risk protection is lost include protection against pre-retirement inflation risk, longevity risk and some protection against disability risk. The problems are magnified by low awareness of some of these issues. For more information, see Society of Actuaries, *Diverse Risks Essays (2016)*, Rappaport, Anna, "Thinking About the Future of Retirement."
- 5 This report considers the risk survey and in-depth interviews only. The small sample surveys were not available at the time of the report.
- 6 Note that this research covers pre-retirees and retirees, and that the age range is 45 to 80.
- 7 Note that the risks covered by an individual's benefit plans and those considered most important vary considerably with level of assets, employee benefits and personal situation.
- 8 This paper appears in the *Managing the Impact of Long-Term Needs and Expense on Retirement Security monograph*, published in 2014 by the SOA.
- 9 The report *Post-Retirement Experiences of Individuals Retired for 15 Years or More* (SOA, 2016) includes interviews with caregivers of individuals retired 15 years or more who need care.





#### **CAVEAT AND DISCLAIMER**

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