

# SIMPLYPUT

Retirement Savings Education, Simplified

Fourth Quarter 2018

## Retirement Expectations vs. Reality

**Y**ou've probably found yourself daydreaming about retirement. Will you be living in the same place? Will you travel? Watch grandkids? Enjoy the luxuries of life? What will your **REAL** retirement look like versus your hopes and dreams? While there is no crystal ball to foretell the future, our 2018 Retirement & Savings Survey provides common trends among current state retiree lifestyles to help give us an accurate description of what the average state of Missouri retirement may look like.

Over half of our retirees retired between ages 55-65, which perfectly aligns with the aspirations of current employees.

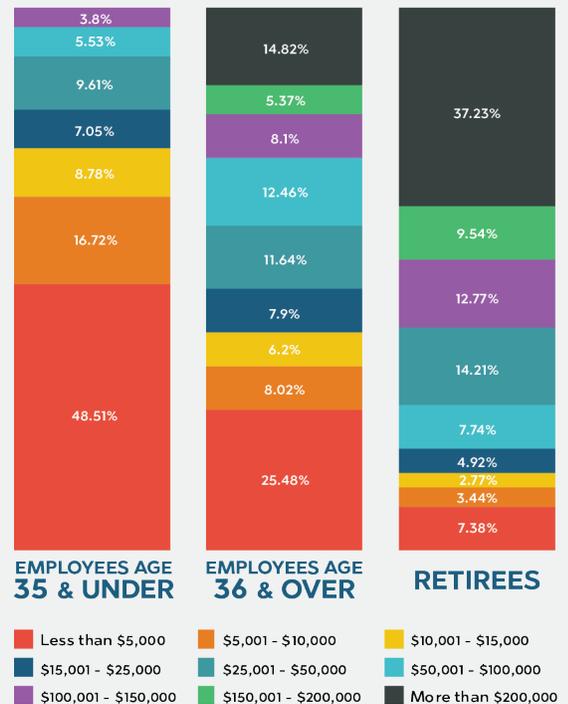
Before retiring, only 40% of retirees calculated how much money they would need to have each month in order to live comfortably in retirement. Sadly, 75% of early career employees and 57% of mid- to late-career employees have NOT done the math. Understanding how much your pension and social security could replace during your retirement can help you to save an adequate amount to supplement those income sources throughout your golden years.

52% of retirees claim their largest source of income comes from their defined benefit pension, followed by income from Social Security. Current employees, on the other hand, believe their largest sources of income will be from their defined benefit pension and continued work.

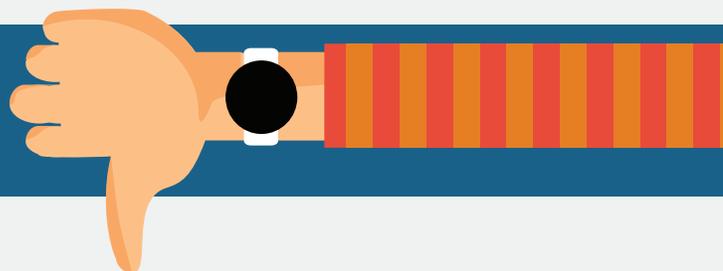
Roughly 59.5% of surveyed retirees stated their household has over \$100,000 saved for retirement.

However, 65% of active employees age 35 and under and 33.5% of active employees 36 and over have LESS THAN \$10,000 saved.

### How much money do state of Missouri employees have saved for retirement?

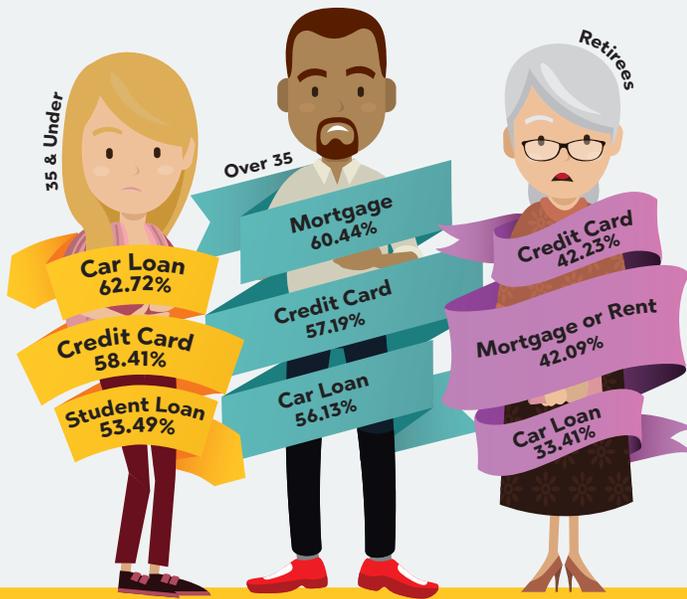


Over 50% of retirees are either **not at all confident** or **only somewhat confident** they saved enough to live comfortably throughout their retirement.



**70% of retired state workers consider themselves fully retired and not working.** The remaining percentage – 30% – claim to either work a part-time or full-time job or are currently looking for employment. **Of those working in retirement, 54% of retirees originally planned to NOT work, but due to unforeseen circumstances – such as financial hardships – had to.**

**54% of retirees who originally planned to NOT work, have to in order to make ends meet.**



**Before retiring, only 9% of retirees reported meeting with a deferred comp education specialist to discuss their retirement savings and goals.** MO Deferred Comp education specialists are a great resource, not only for current employees, but also for retirees too. Feel free to reach out to a specialist in your area if any questions arise throughout your career or retirement.

**We were very happy to hear 28% of retirees reported having NO DEBT in retirement.** On the flip-side, 42% stated they carried a mortgage and various amounts of credit card debt into retirement. Sadly, younger generations seem to be carrying much more debt today.

### Top 3 Types of Debt Per Age Group

**When it comes to financial priorities, almost 50% of retirees and current employees stated their greatest priority was covering their basic living expenses – such as electricity, car payments, medical expenses and food.**

**Nearly 52.5% of retirees said their total monthly expenses in retirement exceed \$2,000 and 87% said their expenses are either equivalent to or higher than in their working days.** 46% of current employees believe their expenses will decrease in retirement. In order to better cope with their rising expenses or a lower income level in retirement, 21% of retirees found themselves back to work and 46% had to drastically reduce their spending.

For a lot of state employees, their retirement expectations will be far different than their reality. However, by knowing what to expect in advance, you can do your best to adjust your savings strategy now in order to achieve your desired outcome. For example, if you fall among the majority of active employees and have a low retirement savings balance, you might want to consider increasing your deferred comp contributions to produce a higher balance at retirement.

For more first-hand information from state of Missouri retirees and current employees, visit <http://www.moderferredcomp.org/news/2018-surveyresults.html> to review the 2018 Retirement & Saving Survey results.

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