



NEWS RELEASE

Ameriprise Financial Survey Shows Americans Experience Disconnect Between Emotions, Retirement Goals and Financial Reality

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On average, those nearing retirement aim to close a \$250,000 gap before they can retire comfortably; 68 percent plan to work after they officially retire

MINNEAPOLIS--(BUSINESS WIRE)-- The majority of Americans (78%) nearing retirement expect to be extremely happy after they leave the workforce – and why not? They are looking forward to spending unrestricted time with family, traveling, and pursuing personal hobbies and goals. But it appears many may be financially ill-prepared to participate in these activities as much as they'd like to, according to the Retirement Check-In[®] survey released today by Ameriprise Financial (NYSE: AMP).

Only 46% of Americans ages 50-70 say they are extremely or very confident they'll be able to afford essential expenses like housing, utilities and medical costs in retirement. Even fewer (38%) say the same about their confidence in affording extras like traveling and pursuing hobbies. There is also a significant group (38%) of Americans who may not have an accurate understanding of what those costs will be since they admit they haven't yet estimated their annual expenses for retirement. Adding to these worrisome numbers is the fact that many aren't taking basic financial steps that experts recommend to feel financially confident in retirement.

"There seems to be a significant disconnect between the expectations that Americans have for their lifestyle in retirement, and the financial steps they're taking – or not taking – to make those expectations a reality," said Suzanna de Baca, vice president of wealth strategies at Ameriprise Financial. "The good news is there are several things that most people are doing right, and there are steps that everyone can take to help build their financial

readiness for retirement.”

Retirement Mindset and Preparedness – A Worrisome Disconnect

On the surface, it appears that Americans nearing retirement are feeling pretty good about leaving the workforce. Seven in ten (70%) say they feel in control of their financial future, and the overwhelming majority (88%) say they feel comfortable navigating all of the resources available about retirement preparation. Three-quarters of Americans (72%) even say that their dream retirement includes really nice vacations.

However, since more than half (53%) of survey participants say they’re only moderately confident or not confident about their ability to afford the essentials in retirement, it seems that some respondents may be experiencing a sense of complacency when it comes to financial preparation for this milestone. Fewer than two-thirds (62%) assert that they’ve done everything they can to prepare, while nearly three out of five (58%) say they could save more than what they’re putting away now.

The apparent disconnect is also emphasized when respondents are asked if they feel afraid that they aren’t saving enough – only one in three (32%) agree. While it’s encouraging that most Americans feel unafraid and in control of their finances, the number of those who say they feel unsure about whether they can afford what they need and want in retirement is troubling.

Exposing the Gap: What Americans Think They Need vs. What They’ve Actually Saved

Adding to the contradictions between emotional assurance and actual financial preparedness is that Americans really haven’t saved as much as they think they will need – despite the fact that so many believe they could save more or take extra steps to prepare. The data uncovers that these Americans between the ages of 50-70 believe they need to add approximately \$250,000 to their nest egg to retire comfortably.

On average, respondents say they think they will need close to \$1 million for a comfortable retirement (\$934,000), but their current investable assets are just under \$700,000, including their employer-sponsored plans. Perhaps even more concerning is that one in four respondents (22%) report they have less than \$250,000 total saved for retirement.

But Americans are thinking about how they might make up the difference. Nearly half (47%) expect to use their home equity to help fund their retirement – a surprising statistic considering that housing values remain well below pre-recession levels in many parts of the country. Doing so may be even more difficult for the 37% of homeowners who say they’ve not yet or are not on track to pay off their mortgage before they retire.

Though most Americans don’t include punching the clock as part of their ideal retirement, a surprising 68% of soon-to-be retirees say they plan to work at least part-time after they officially leave the workforce. Doing more

meaningful work for pleasure or to help supplement retirement income may be part of many Americans' plans, but what some also fail to consider is that an unexpected illness or disability can impair a person's ability to work as long as they wish.

Retirement in Balance – Health vs. Wealth

Health and finances are two of the biggest challenges that come with aging. When asked whether they worry more about their health or their finances in retirement, half of respondents admitted they are more concerned about their health (53%), while only one-third (35%) answered with the latter. But the 5% that answered “both” might be on to something – financial and physical health often impact one another.

It also appears that a significant number of Americans may not be familiar with what their medical costs might be in retirement. More than half (56%) of respondents admit they have not researched what Medicare covers, and 69% acknowledge that they haven't purchased long-term care insurance. Though future medical expenses can be challenging to predict or calculate, these actions can help alleviate financial stress should individuals encounter significant medical costs as they age.

So what can Americans do so that their emotions, confidence and retirement expectations all align? The answer – continue taking steps to prepare.

“The study reveals several action steps that those who feel the most confident about affording essential expenses in retirement have taken, including having a written financial plan, factoring inflation into their retirement plans and calculating how much income their assets will produce in retirement,” added de Baca. “These are actions anybody can take, even if they are maxing out savings or cannot afford to simply save more.”

About the survey

The Retirement Check-In[®] survey was created by Ameriprise Financial utilizing survey responses from 1,000 employed Americans ages 50-70. All respondents have investable assets of at least \$100,000 (including employer retirement plans, but not real estate) and are planning to retire at some point. The survey was commissioned by Ameriprise Financial, Inc. and conducted via telephone interviews by Koski research from October 31- November 14, 2012. The survey was conducted among a targeted sample of households. Cell phones were approximately 25 percent of the sample. The margin of error is +/- 3 percentage points.

About Koski Research

Koski Research is focused on having better conversations with key stakeholders – customers and clients, influencers, business peers and the general public. The firm combines high level proprietary custom research with research conducted for public release. All of this research relies on asking engaging questions, applying research acumen to create solid study designs and using marketing smarts to produce executive-ready reports that lead to

action.

About Ameriprise Financial

At Ameriprise Financial, we have been helping people feel confident about their financial future for over 115 years. With outstanding asset management, advisory and insurance capabilities and a nationwide network of approximately 10,000 financial advisors, we have the strength and expertise to serve the full range of individual and institutional investors' financial needs. For more information, or to find an Ameriprise financial advisor, visit **ameriprise.com**.

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