



NEWS RELEASE

Ameriprise Study Asks: “How Will You Pay Yourself in Retirement?”

2016-03-02

Findings show boomers who have worked with a financial advisor are more confident they will have enough money to last throughout retirement

MINNEAPOLIS--(BUSINESS WIRE)-- For most people, the decision to retire comes with many considerations, primary among them, “How will I pay for my living expenses after I stop receiving a paycheck?” New research from Ameriprise Financial (NYSE: AMP) posed this question to baby boomers and found surprising differences between those who have already retired and those who are still in the workforce.

This Smart News Release features multimedia. View the full release here:

<http://www.businesswire.com/news/home/20160302005290/en/>

Pay Yourself In Retirement (Graphic:
Ameriprise Financial, Inc.)

The Pay Yourself in Retirement study found that the overwhelming majority of retirees (85%) say they have a plan in place to pay themselves in retirement, which may include calculating expenses, identifying investments that generate income, and determining which assets to draw down first. Having taken steps to prepare, these retirees report being more at ease with their finances. Compared to pre-retirees – only about half of whom (52%) say they’ve developed a retirement income plan – retirees are nearly twice as likely to say they feel completely confident they’ve saved enough money to last their lifetime.

The Pay Yourself in Retirement study surveyed more than 1,300 baby boomers between the ages of 55-75 with at least \$100,000 in investable assets. While the study uncovered differences between retirees and pre-retirees, both

groups say they define paying themselves in retirement as having enough cash flow to maintain their independence and lifestyles in retirement. The two groups do have similar worries. Nearly two-thirds of all respondents cite healthcare expenses (63%) and protection from market volatility (64%) as concerns.

“Figuring out how to recreate a “paycheck” in retirement can be one of the most daunting challenges investors face,” said Marcy Keckler, vice president of financial advice strategy at Ameriprise. “Add to it recent market volatility and it’s easy to see why pre-retirees who have not developed a retirement income plan feel less confident that they’ll have the money they need to cover their expenses. The good news is that they still have time to take action. By putting a plan in place now, while they’re still earning a traditional paycheck, they may be able to achieve similar levels of confidence as their older peers.”

Retirees: Setting the Stage for Success

Retirees have started off this new chapter of life feeling optimistic about their ability to pay themselves in retirement. One reason may be their reliance on guaranteed sources of income like company pensions. The overwhelming majority of retired boomers (71%) are relying on pension plans to help fund their retirement and have focused on making investments expected to generate additional income (41%). In addition, nearly two-thirds (65%) have identified the assets they plan to draw down first in retirement.

Among this group of boomers, (77%) named tax treatment of investments as one of the most important considerations when deciding how or when to draw income. As boomers reach their 70½ birthdays, Required Minimum Distributions will kick in and dictate how much money they must withdraw from their retirement accounts annually. If not taken or calculated incorrectly, retirees could be facing penalties because of RMD requirements. Therefore, it is very important for boomers to consider these tax rules when formulating their retirement income plans so that they aren’t surprised.

Overall, it appears that retired boomers’ retirement income plans are working well. Only 10 percent report they have needed to make significant adjustments like reining in their spending habits.

Top Three Takeaways From Retirees:

1. Start planning your retirement income early
2. Decide which assets you will need to draw down first
3. Consider tax implications that could affect your income down the road

Pre-retirees: Beginning to Design a Retirement “Paycheck”; Still Have Time on Their Side

While more than half of pre-retirees (53%) have not thought about their retirement income plan or feel it will be difficult to map out, the majority (73%) say they plan to transition into retirement at age 65. Not surprisingly, with the clock ticking, many report feeling overwhelmed and anxious with more than half (55%) expressing concern about the possibility of using their money too quickly in retirement.

For this group of boomers, it may be particularly important to start planning now. In a shift from older generations, today's pre-retirees are relying less on pensions and more on 401(k)s and IRAs, which means the burden is shifting from employers to individuals to fund their own retirement. It's likely the next wave of boomers to retire will need to spend more time than their older peers calculating optimal withdrawal rates and exploring guaranteed sources of income.

A majority of boomers surveyed relied on financial professionals to design their retirement income plans. The study showed that retirees and pre-retirees who have worked with a financial advisor on a plan are more confident about their retirement income. In fact, the majority (98%) of boomers who work with an advisor have talked with them about strategies for income in retirement.

"When transitioning from a pre-retiree to a retiree, figuring out how to spend your savings can be an overwhelming process. A financial advisor can serve as a critical source of information to help you develop a tailored, comprehensive plan to fit your retirement income needs," says Marcy Keckler.

For more information about the Pay Yourself in Retirement study, please visit our research page at ameriprise.com/payyourself.

About the survey

The Pay Yourself in Retirement study was created by Ameriprise Financial utilizing survey responses from 1,305 Americans ages 55 to 75 with investable assets of at least \$100,000. The online survey was commissioned by Ameriprise Financial, Inc., and conducted by Artemis Strategy Group from November 16–22, 2015.

About Artemis Strategy Group

Artemis Strategy Group (www.Artemisssg.com) is a communications strategy research firm specializing in brand positioning, thought leadership and policy issues.

About Ameriprise Financial

At Ameriprise Financial, we have been helping people feel confident about their financial future for more than 120 years. With extensive 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.

For further information and detail about the Pay Yourself in Retirement study including verification of data that may not be published as part of this report, please contact Ameriprise Financial.

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Source: Ameriprise Financial, Inc.