



NEWS RELEASE

## Ameriprise Survey Shows Retirement Savings Derailed by More Than Just the Recession; Financial Impacts Are Measurable

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On average retired and pre-retired Americans report they've lost \$117,000 in retirement savings due to unanticipated events

MINNEAPOLIS--(BUSINESS WIRE)-- Countless studies have shown that many Baby Boomers don't believe they have enough savings to live comfortably in retirement, but why are so many financially unprepared? Data from the Retirement Derailers<sup>SM</sup> survey, released today by Ameriprise Financial (NYSE: AMP), helps answer the questions many have about the retirement crisis in America.

The Retirement Derailers<sup>SM</sup> survey found that the vast majority (90%) of Americans ages 50-70 with \$100,000 or more in investable and retirement assets have experienced at least one "derailer" – an economic or life event that has made an impact on their retirement savings goals. The average respondent experienced four of these events, which range from derailers that are beyond their control such as the effects of the recession, to family and lifestyle choices that have lasting financial consequences. In the end, these events set respondents back \$117,000 on average. In fact, nearly two in five of the respondents (37%) experienced five or more unanticipated events costing them approximately \$144,000.

"Expecting the unexpected is clearly more important than ever in preparing for retirement," said Suzanna de Baca, vice president of wealth strategies at Ameriprise Financial. "We know the recession had a huge impact on American pre-retirees and retirees, but families are realizing that other unexpected events like supporting a grown child or grandchild can also hit the bottom line – both immediately and long-term. The good news is that these

unanticipated events don't always have to be retirement derailers – they can be addressed with a plan in place.”

## Retirement Derailers are Common...and Costly

Unexpected expenses come in all shapes and sizes both before and during retirement, but there are a few that rose to the top. The top three most cited derailers are, not surprisingly, related to the recession. Nearly two-thirds (63%) of respondents say low interest rates impacted the growth of their investments. More than half (55%) say their savings were significantly lowered due to market declines and one-third (33%) admit their home equity is now not going to help fund retirement as much as they expected.

Still, many respondents experienced life events that derailed their retirement. One in four (23%) are supporting a grown child or grandchild and just as many (23%) say their pension plan is not worth as much as they'd thought or has been discontinued. What's more, one in five respondents' retirement goals have been thrown off track due to making bad investments (22%), taking social security before retirement age (19%) and/or experiencing a job loss (18%).

While it appears that Boomers have found a way to “make it work” in the short-term as they weather these unexpected derailers, they may not have the ability to be as resilient after they leave the workforce. Only 33 percent of respondents say they are extremely or very confident they would be able to afford an unexpected expense such as large home repairs in retirement.

## Despite Being Behind on Savings, Americans Still Anticipate a Stable Retirement

Nine in ten respondents admit to having had at to at least one bump in the road, but 64 percent still describe their road to retirement as “smooth” rather than “bumpy”. However they might not be considering the full impact the derailers they've experienced have had. Fewer than one in five (18%) say their savings are ahead of where they thought they'd be ten years ago, and 42 percent admit they're behind.

To what extent do they consider themselves derailed? More than half (55%) of those who've been derailed at least once say the impact on their finances has been extremely or somewhat serious. This number rises to 83 percent of those who've experienced five or more derailers.

This sobering statistic is followed by yet another apparent disconnect; only one-third (35%) agree that the financial loss caused by the derailers they experienced will affect their ability to afford essentials in retirement by a lot or a fair amount. Those who experienced five or more derailers are telling a different story – three in five (60%) say affording essentials in retirement will likely be more difficult due to the savings lost to derail events.

## Regrets? They Have a Few, but they also Have Plans to Get Back on Track

More than half (56%) of respondents point the finger at others for their financial situation, but that's not to say that they don't take some responsibility. When it comes to what they would do differently if they could do it over again, 57 percent say they would've started saving earlier. Younger generations should also take note that in addition to saving earlier, many Boomers express that they think they'd be in better financial shape if they had known more about investing (37%) or if they had spent less on extras like eating out and vacations (33%).

Boomers have a few ideas for how they'll get back on track – and for most (80%) it starts with themselves. More than two in five also plan to rely on a spouse (44%) or a financial advisor (42%) to get their retirement finances back on track. This group may be on to something – those who work with a financial advisor are much more likely than those who don't to have a written financial plan (74% vs. 39%), and survey results show having this kind of plan in place can boost confidence and make for a smoother path to retirement.

“Ninety percent of us will likely be faced with at least one of these big events at some point in our lifetimes,” added de Baca. “Being ready for these derailers and having a written plan to help manage through them can make a world of difference when it comes to securing a long, successful retirement.”

For more information about the study, see our **Retirement Derailers<sup>SM</sup> research page**. To hear additional insights from Suzanna de Baca, visit **YouTube.com**.

### About the survey

The Retirement Derailers<sup>SM</sup> survey was created by Ameriprise Financial utilizing survey responses from 1,000 employed and retired Americans ages 50-70. All respondents have investable assets of at least \$100,000 (including employer retirement plans, but not real estate). The survey was commissioned by Ameriprise Financial, Inc. and conducted via telephone interviews by Koski Research from February 21 - February 28, 2013.

### 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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