

Do You Recognize These Lessons of Longevity?

By Philip Moeller

Surveys taken as recently as a few years ago regularly found that Americans underestimated how long they would live. That's no longer the case. We now have a pretty good idea of our longevity.

Longevity is not a topic of discussion for most middle-income Americans, with only half talking about it with a doctor (50 percent) or spouse (49 percent) and only one-fifth (21 percent) discussing life expectancy with a professional advisor.

To compensate for the possibility of outliving their income, nearly two-thirds (63 percent) of middle-income Americans plan to reduce their own spending to deal with shortfalls in retirement income and resources. Two-fifths (41 percent) would get a part-time job and one-quarter (25 percent) would sell their home.

Nearly three-fourths (72 percent) of middle-income Americans say Social Security benefits make up at least half or more of their retirement income, which exceeds the national average of 65 percent, according to the Social Security Administration.

One in three (34 percent) of those age 55 and older do not understand that delaying when they begin to collect Social Security can increase their future benefit amount.



One in three (35 percent) middle-income Americans age 55 and older who are not yet receiving Social Security do not know what their Social Security income will be when they retire. As confirmed in a recent poll sponsored by Bankers Life and Casualty Company in Chicago, seniors think they will live until about the age of 86. That differs from official U.S. Census Bureau projections, which peg the average life span for a 65-year-old at 84.5 years (slightly lower for men; a bit higher for women).

Unfortunately, that's where the good news on longevity ends. Knowing how long we're going to live has not translated into doing much if anything about it.

"More than half of middle-income Boomers (55 percent) have saved less than \$100,000 for retirement," the insurer's Center for a Secure

Retirement research and education program said. “One-fifth (19 percent) have saved less than \$10,000. For this reason, it is not surprising that three out of four (75 percent) middle-income Boomers expect to work in retirement.”

Here are nine longevity concerns cited in the survey, and the degree of concern felt for each. How do these outlooks compare with yours?

While these concerns may be real, the survey goes on to document that people aren’t doing much about them, and often have the wrong information when evaluating their retirement prospects.

For example, declining health tops the list of high longevity concerns. Yet Bankers Life also

found that people have fatalistic or flat-out wrong views about later-life health. “Two-thirds of middle-income Americans feel that their life expectancy is out of their control,” the survey said, “saying that genetics (65 percent) is the determining factor in how long they will live as compared to their own actions, such as eating right (46 percent), exercising (44 percent) or smoking (37 percent).”

Fears about not having enough money, outliving their money, or not knowing how much to save also were considerable. Yet middle-income consumers do almost no financial planning and spend little time developing retirement spending and income profiles.

LONGEVITY CONCERNS			
CONCERN	LEVEL OF CONCERNS		
	LOW	MEDIUM	HIGH
Health will decline	18%	25%	57%
No Money to do things	28%	25%	47%
No Energy to do things	28%	26%	46%
Outlive money saved	33%	23%	44%
Not enough saved	36%	22%	42%
Do not know how much to save	41%	28%	31%
Outlive Spouse	41%	31%	28%
Outlive Friends	51%	30%	19%
Outlive Children	67%	17%	16%