



Majority Have Inadequate Savings for Retirement: MoneyRates Survey

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53% within 20 years of retirement expect to retire with less than \$100K in savings

Foster City, CA – Oct. 14, 2020 – Results from a new [MoneyRates.com](#) survey show that many Americans aren't taking basic steps to plan for retirement. Despite questions surrounding the future of retirement programs such as Social Security and Medicare, the personal finance website finds that large percentages of those approaching retirement age and those already retired are financially unprepared.

According to the research, [Survey: Are Your Spending Habits Retirement Ready?](#), it seems likely that millions will approach and reach retirement unaware of an appropriate retirement savings goal and unsure about how much they can afford to spend monthly once retired.

"Saving for retirement is tough enough without approaching it blindfolded," observes Richard Barrington, MoneyRates' senior financial analyst, and the study's author. "The survey results suggest many people have no clue whether they can afford retirement. How can you hit a target when you don't know what you're aiming at?"

Barrington notes that inflation is a critical risk when [planning for retirement](#), and many underestimate it. Just over half of all survey respondents expect inflation to increase costs by less than 10% over the next ten years. But the average inflation rate (3.86%) over the past 50 years shows prices could increase by 46.11% every ten years.

"Even at a more moderate 2% inflation rate, which is the Federal Reserve's target, inflation could increase prices by 21.9% in ten years," adds Barrington. "Lack of budgeting and failing to anticipate the impact of inflation can cause people to spend down their savings too quickly in retirement."

Additional survey findings:

- Seventy-one percent (71%) of respondents within 20 years of retirement age haven't run a projection to see how long their retirement savings may hold up over their life expectancy.
- Even among those who have reached retirement age, most (62%) don't know how long their savings should last.
- Seventy-one percent (71%) within 20 years of retirement age have not researched the cost of moving into a nursing home or assisted living facility, and 64% of those 65 and older have not researched those costs.
- Most respondents (53%) within 20 years of retirement age say they expect to retire with less than \$100,000 in savings, and 46.8% of respondents age 65 or older report having less than \$100,000 in savings.

Barrington notes that healthcare costs eat up a larger budget chunk as aging occurs, and that those expenses represent 8.1% of consumer spending in general.

"Retirement spending can really escalate if you have to move into an elder care facility," he adds, citing an average annual cost of an assisted living facility as \$48,612.

MoneyRates urges people to get the planning process started by running a projection of how much money is needed to sustain spending habits in retirement. This can be done with a [retirement calculator](#) or with the help of a certified financial planner.

"Government retirement programs may only give you a limited amount of support, and you can't control what they'll provide in the future," cautions Barrington. "The main responsibility for your financial security in retirement is on your shoulders."

Barrington is available to elaborate on these survey results and discuss actionable steps individuals can take to prepare for retirement.

Methodology

MoneyRates designed this survey and commissioned Op4G to administer it. The survey asked 1,000 Americans several questions about their finances, including their retirement plans. For the purposes of this analysis, many of the survey results were broken into two groups of 500 respondents each. One group included people within 20 years of retirement (ages 45 to 64) and the other group comprised people who had reached retirement age (65 or older).

About MoneyRates

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Since 1998, MoneyRates has served as a personal finance resource designed to help readers make the most of their money. In addition to a variety of financial calculators, MoneyRates researches and tracks CD, savings, and money market rates offered from over 400 financial institutions across the country to offer expert advice on banking, investing and retirement planning.

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