

The Retirement Security Challenge

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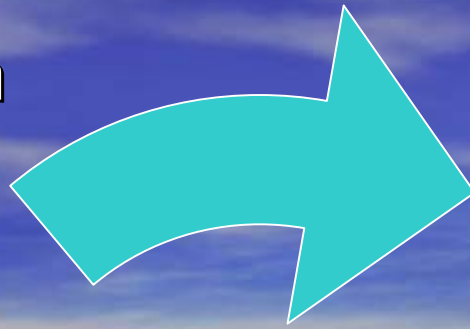
Maslow ?

Leaving an Estate
World Travel
Golf, Fish, Leisure
Life Beyond Basics

Fully Paid Past Employer HI and LTI
Retiree Pay All Guar Issue Group HI and LTI
Retiree Pay All Medigap and LTI
Medicare / Medicare Advantage
Medicaid / Long Term Care
All Basic Living Expenses

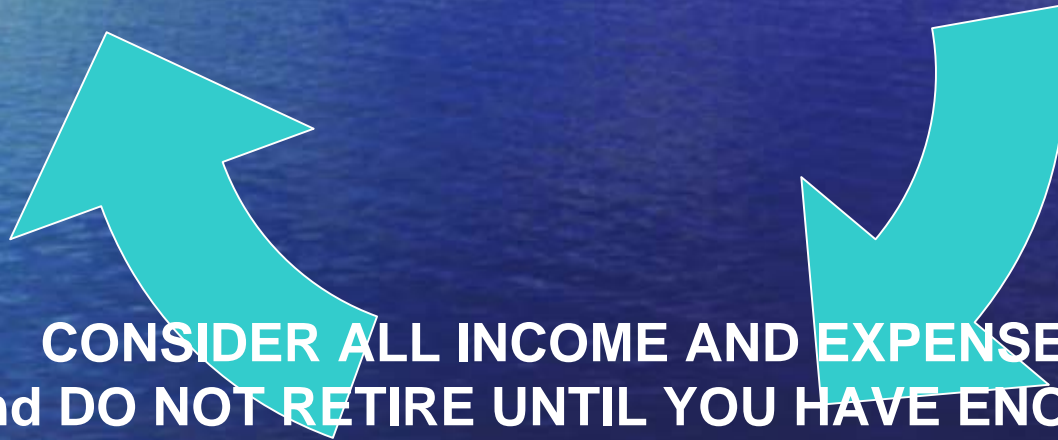
Income from Home Loan/Sale
Income from Savings
Pension Annuity Income
Social Security
SSI and Public Assistance

Assume Good Health



**PLAY OR
GO BACK TO WORK?**

**PLAN and BUDGET and SAVE
OR BORROW AND SPEND?**



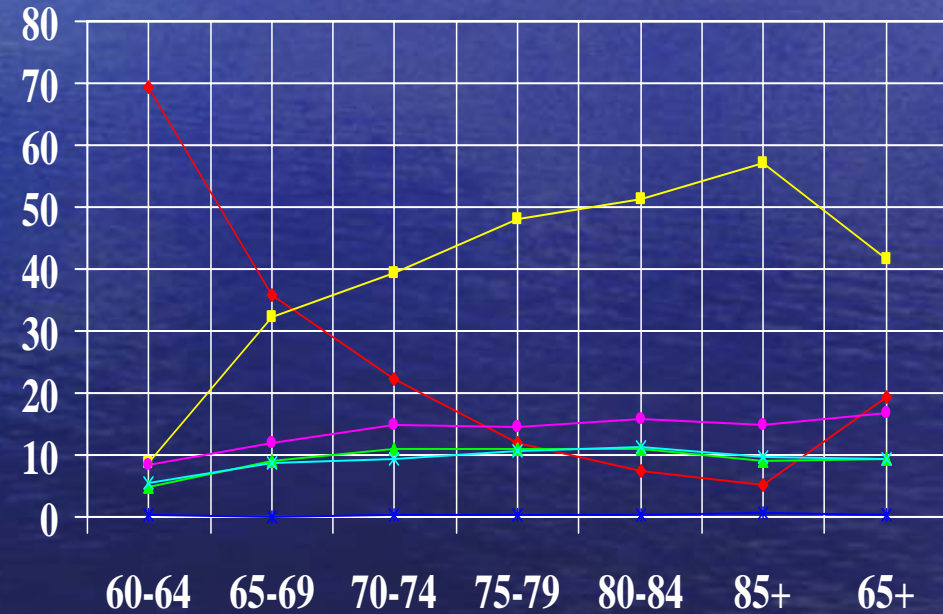
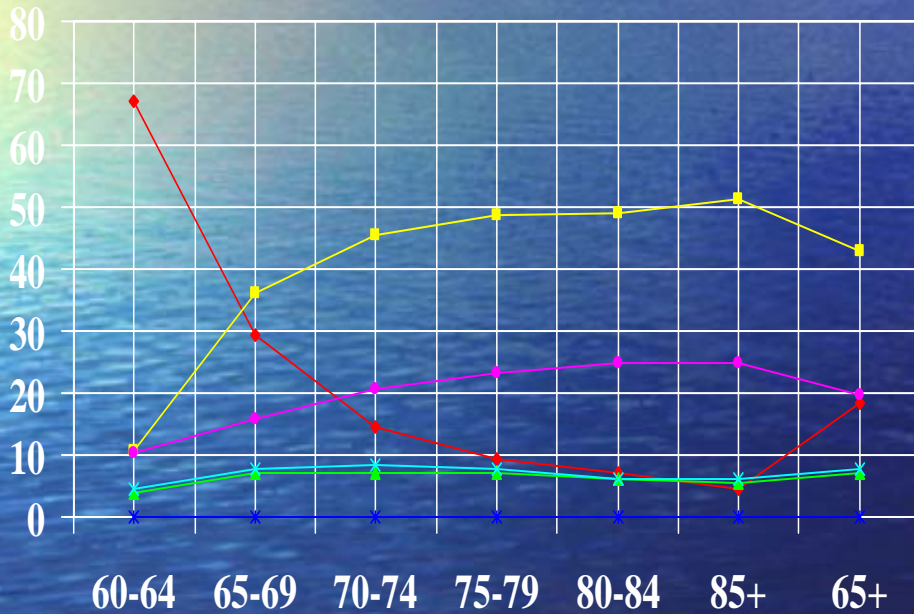
**CONSIDER ALL INCOME AND EXPENSES
And DO NOT RETIRE UNTIL YOU HAVE ENOUGH
OR
RETIRE BECAUSE A LETTER SAID I WAS ELIGIBLE?**

www.ChooseToSave.org

Percentage of income by age for the retired population 1977 and 2004

1977

2004



◆ Earnings ■ SSA ▲ Private DB
✱ Public DB ✕ Annuities ● Asset Income

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Matching the Value of SSA and Medicare to average life expectancy takes big savings!

- SSA replaces 27% of salary at the maximum wage base and 39% at the average income
- Medicare pays for about 50% of retiree health costs

2005	SSA	Med
Male	243,174	130,586
Female	306,263	152,963
Couple	515,532	283,549
Avg LE	M 81	F 85

Longevity Risk – what probability of NOT running out of money do you want?



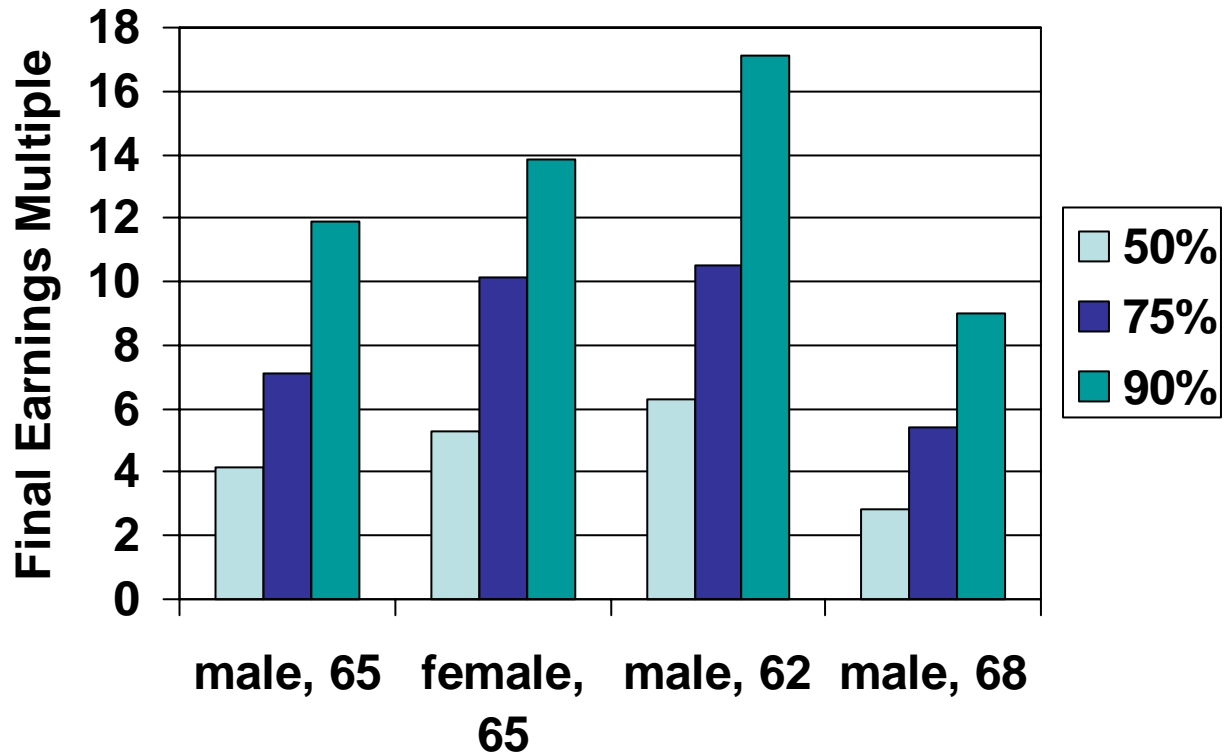
Source: Annuity 2000 Mortality Table, American Society of Actuaries. Figures assume you are in good health.

Savings needed for employment-based retiree health benefits to supplement Medicare. Access-only plans at age 65 for those retiring in 2006

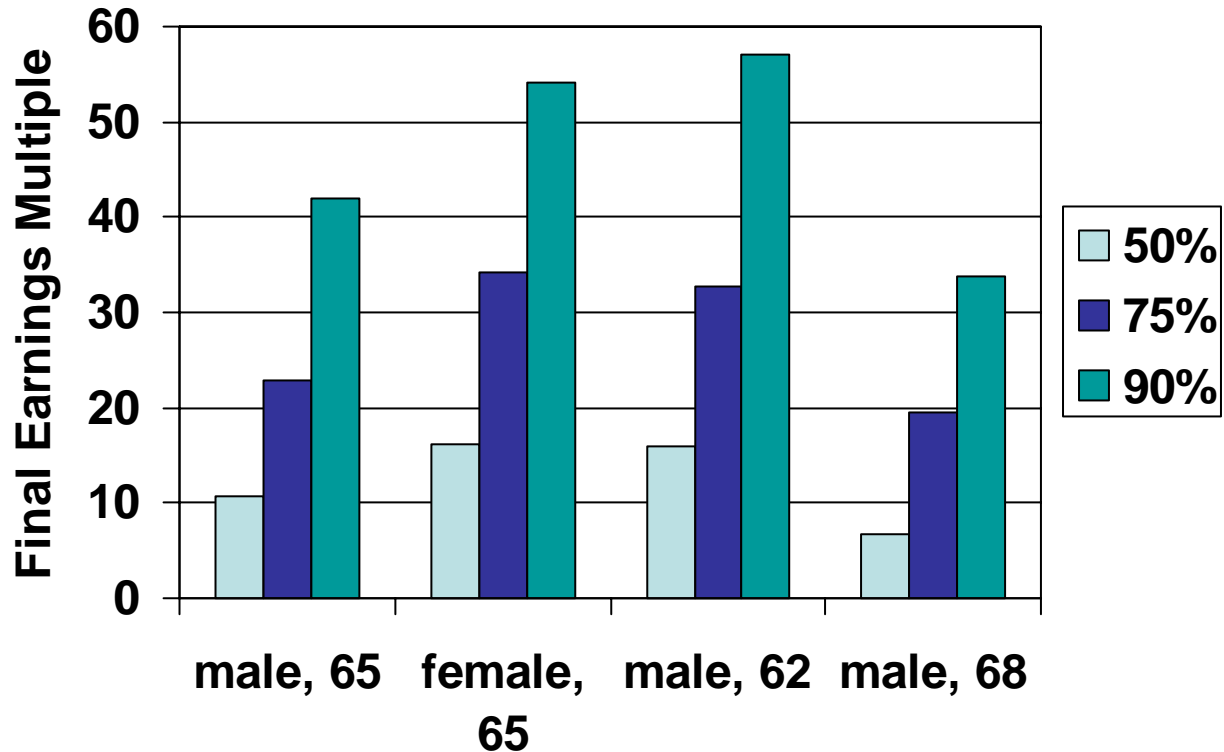
Age at Death	Individual	Couple
80	\$115,000	\$230,000
85	\$162,000	\$324,000
90	\$214,000	\$428,000
95	\$275,000	\$550,000
100	\$343,000	\$686,000

Source: EBRI IB 295, July 2006

Target Final Earnings Multiple for High-Income Individuals by Gender, Retirement Age and Probability of Retirement Adequacy (assumes no equity allocation and no annuitization)

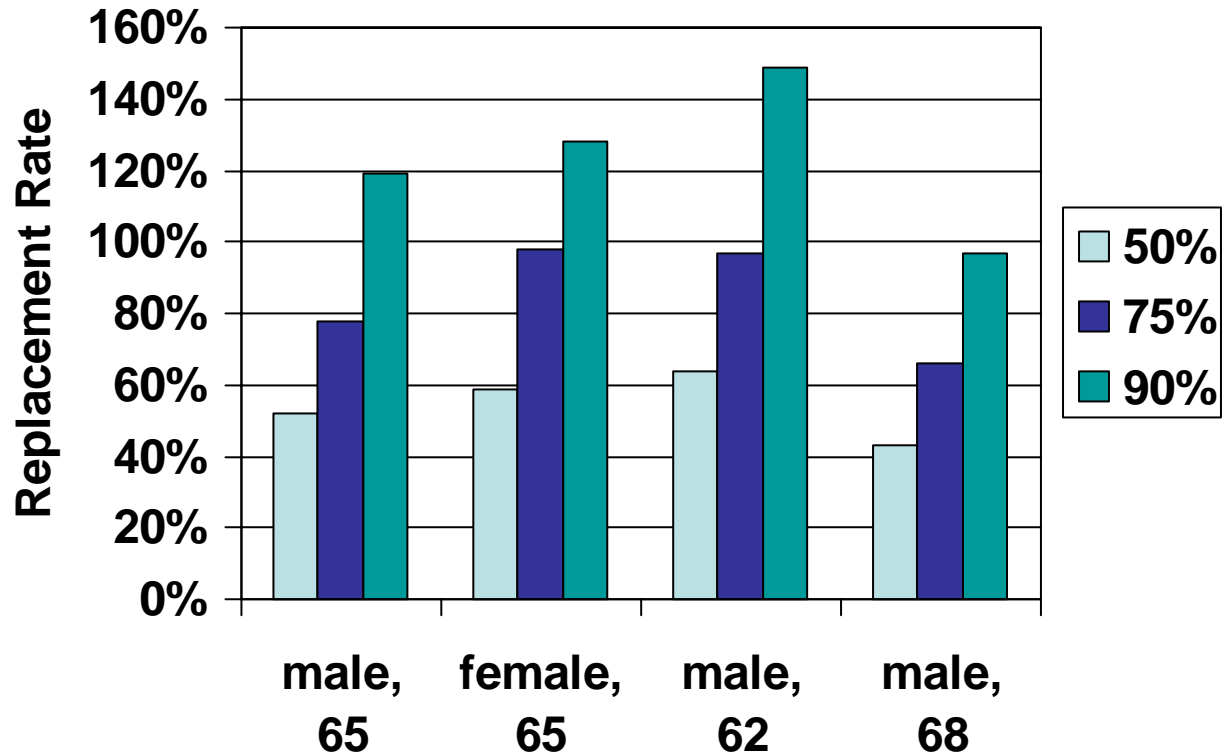


Target Final Earnings Multiple for Low-Income Individuals by Gender, Retirement Age and Probability of Retirement Adequacy (assumes no equity allocation and no annuitization)

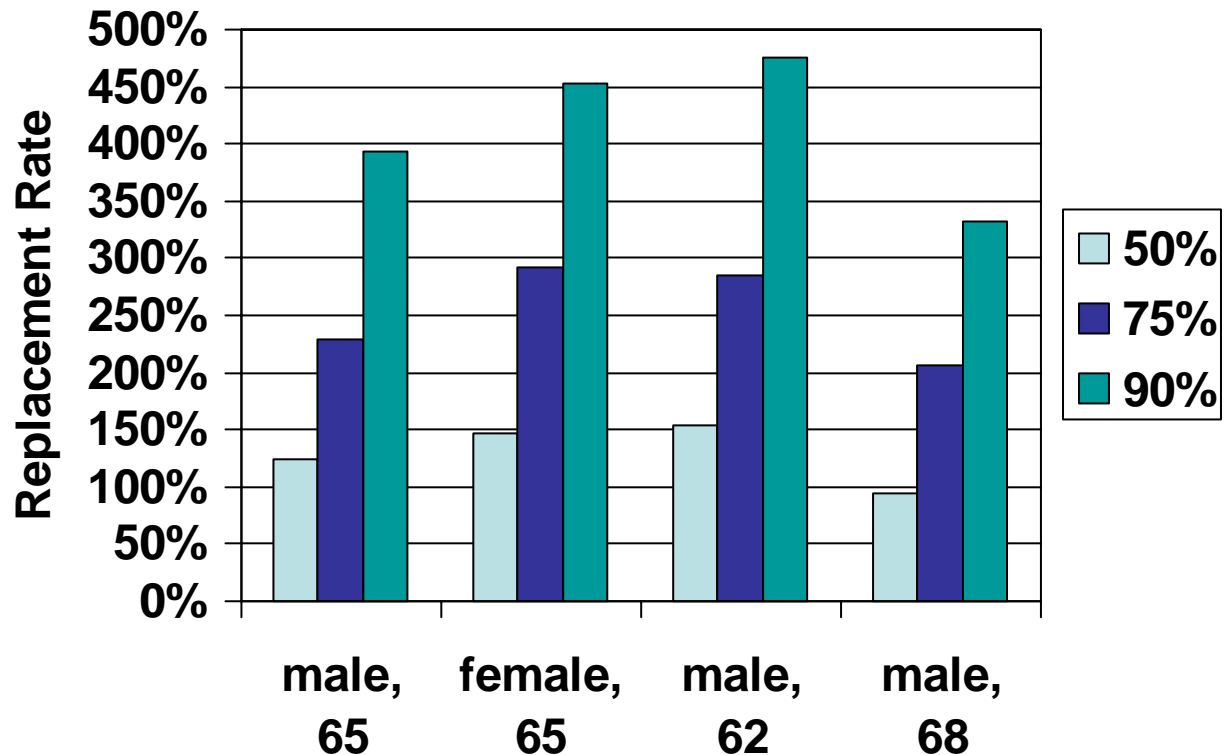


Target Replacement Rates for High-Income Individuals by Gender, Retirement Age and Probability of Retirement Adequacy

(assumes no equity allocation and no annuitization)



Target Replacement Rates for Low-Income Individuals by Gender, Retirement Age and Probability of Retirement Adequacy (assumes no equity allocation and no annuitization)



**Choose
to Save.®**

