Improving Your Finances

25 Shocking but True Statistics About Retirement

By Christine Benz | 07-28-11 |

It's summer. Much of the country has been coping with scorching heat. But you still might not welcome this bucket of cold water: a passel of statistics about how many retirees are woefully underprepared for the financial challenges of retirement.

The goal of aggregating these numbers isn't to send you lurching to your closest bar cabinet. After all, you personally might be in much better financial shape during retirement than the following averages suggest. And even if you're not, you still might have time to make some adjustments to your plan so that you can avoid coming up short.

Herewith, 25 shocking but true statistics about the state of retirement in the United States.

19: Percentage of U.S. workers participating in a defined-contribution plan, such as a 401(k), in 1980.

52: Percentage of workers participating in a defined-contribution plan in 2004.

$71,500: Average balance of Fidelity 401(k) account holders at the end of 2010, based on 11 million accounts.

$740,000: The amount of assets needed to deliver an annual income of $50,000 per year for 25 years, assuming a 5% rate of return and no inflation.

$1 million: The amount of assets needed to deliver an annual income of $50,000 per year for 25 years, assuming a 5% rate of return and a 3% inflation rate.

$1.25 million: The amount of assets needed to deliver an annual income of $50,000 per year for 25 years, assuming a 5% rate of return and a 5% inflation rate.

45: Percentage of retirees who don't factor inflation into their retirement planning.

13: Percentage of retirees who look at least 20 or more years into the futurewhen planning for retirement.

21 and 17: Average number of years, respectively, that women and men in the U.S. will be retired.

25: Percentage of 401(k) participants ages 56-65 who had more than 90% of their accounts in equities at year-end 2007.

42: Percentage of the target equity weighting for those retiring in 2010 according to Morningstar's Lifetime Allocation Indexes.

$1,000: Monthly Social Security benefit a retiree would receive if he begins collecting benefits this year, at age 62, assuming an annual income of $50,000.

$1,951: Monthly Social Security benefit if same retiree delays receipt of Social Security benefits until age 70.

72: Percentage of Social Security recipients who begin collecting benefits at age 62.

34: Percentage of retirees who rely on Social Security for 90% or more of their income needs during retirement.

40: Percentage of average wage earners' income that Social Security replaces.

80: Percentage rule of thumb for how much of one's pre-retirement income will be needed during retirement.

$230,000: Amount that a 65-year-old couple retiring in 2011 will need to pay for medical care throughout retirement.

40: Estimate of the average percentage increase in 2011 premiums on long-term care insurance policies issued by John Hancock.

45: Percentage of Americans ages 40-64 who believe the government will pick up the tab for their long-term-care needs.

$2,000: Amount of countable assets to be eligible for Medicaid to cover long-term-care costs in most states.

70: Percentage of Americans over age 65 who will need some form of long-term-care services during their lifetimes.

$162,000: Average annual costs for private-room nursing home care in Manhattan in 2011.

$60,000: Average annual costs for private-room nursing home care in St. Louis in 2011.

2.4 years: Average length of stay in a long-term care facility.

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