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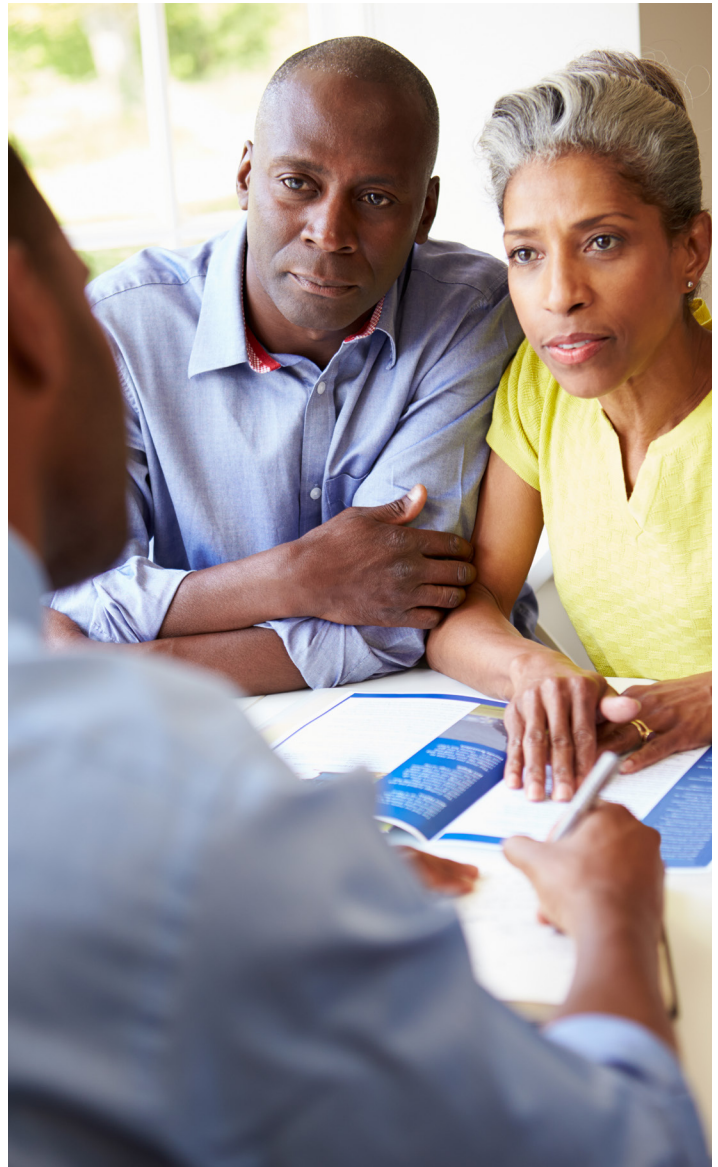
How Well Are Americans Nearing Retirement Doing?

By the Committee on Post-Retirement Needs and Risks

The Survey of Consumer Finances (SCF) from the Federal Reserve Board provides a picture of the economic status of Americans and includes analyses by age group, education and other factors. The survey is repeated every three years and includes a great deal of detailed data. [“The Wealth of Households: An Analysis of the 2013 Survey of Consumer Finances,”](#) from the Center for Economic Policy and Research, also provides a very interesting perspective on

the middle wealth quintile of Americans age 55–64.

The report shows that in 2013, the middle group nearing retirement is not as wealthy as the group nearing retirement in 2010, and is actually less wealthy than similar groups going back to 1995. This report provides data on average net worth and average net worth outside of primary residence for the middle quintile for Americans age 55–64 from 1989 forward.



Year	Average net worth (000s) (includes both financial and nonfinancial values)	Average net worth excluding primary residence (000s)
1989	\$175.3	\$62.8
1992	184.6	105.1
1995	181.9	89.8
1998	199.5	107.9
2001	237.3	127.7
2004	319.3	160.7
2007	289.8	136.1
2010	197.7	100.6
2013	168.9	89.3

Source: Figures 2A and 3A in “The Wealth of Households: An Analysis of the 2013 Survey of Consumer Finances,” from the Center for Economic Policy and Research

In contrast, in 2013, recent retirees, those age 65–74, were a little better off than recent retirees in 2010. The average net worth for the middle quintile rose from \$229,000 in 2010 to \$239,000 in 2013. This was down from \$271,000 on 2007. All values include financial and nonfinancial wealth.

[“Segmenting the Middle Market: Retirement Risks and Solutions, Phase 1,”](#) an earlier study from the Society of Actuaries’ Committee on Post-Retirement Needs and Risks, has provided information on the financial and nonfinancial wealth of middle income market segments defined earlier. That study offers the following results:

Wealth of Middle Income Households—Age 55 to 64
 Analysis based on 2010 Survey of Consumer Finances

Household type	Number of households	Median income	Est. median net worth	Nonfinancial assets	Financial assets	Nonfinancial assets (%)
Middle mass household segments (25% to 75% of all households)						
Married	5.7 million	\$82,000	\$277,000	\$181,000	\$96,000	65%
Single female	2.7 million	32,000	41,000	34,000	7,000	82
Single male	1.8 million	44,000	76,000	63,000	13,000	83
Mass affluent household segments (75% to 85% of all households)						
Married	1.1 million	\$146,000	\$1,241,000	\$671,000	\$570,000	54%
Single female	.5 million	64,000	185,000	117,000	68,000	63
Single male	.4 million	85,000	339,000	214,000	125,000	63

Source: "Segmenting the Middle Market: Retirement Risks and Solutions, Phase I," from Committee on Post-Retirement Needs and Risks
 Note: Financial assets exclude the value of defined benefit pensions and Social Security.

This study was conducted twice: once with 2007 SCF data and once with 2010 SCF data. Conclusions from the two studies were similar, and it is believed they are still valid. The main conclusions for this work include the following:

- For the middle income market, nonfinancial assets (e.g., equity in primary residence, autos and some other property) are often much larger than financial assets.
- Married couples are much better off than single individuals. Single males have

greater assets than single females.

- Many households without defined benefit plans will not have adequate resources for retirement. They will need to manage very carefully and may have to substantially reduce their standard of living.

The question has been raised with the Committee on Post-Retirement Needs and Risks whether this study will be updated with the 2013 SCF data. At present there are no plans to update it. However, other work will provide added insights into

some of these issues. The committee is currently working with the University of Southern California on an update of the Older Americans Study, which will provide much more information in response to the issue of how well off Americans nearing retirement are. That report will provide new insights and is expected to be available within the next year.

SUMMARY AND CONCLUSION

The Committee on Post-Retirement Needs and Risks is concerned about understanding how well middle class Americans

are prepared for retirement and how well they are doing in retirement. The "Segmenting the Middle Market" work offered insights into the financial status of this group. The SCF analysis shows a continued decline in the situation of middle quintile people nearing retirement age. Together these two studies offer a picture of the situation for middle income Americans, and indicate that our prior conclusions are still valid. The new SCF data also reinforces the concerns that many people will enter retirement without enough money. ■