

Few Baby Boomers Financially Prepared For Retirement

By Judith Aquino Financial Planning Magazine

September 1, 2011

They may long to give up their daily commutes and have wide-open schedules, but far too many baby boomers are largely unprepared to leave their jobs, according to a new report by the Insured Retirement Institute.

Only 54% of the respondents have tried to calculate a financial goal for retirement, just 45% have consulted with a financial planner and 43% do not consider themselves knowledgeable about making financial investments, according to the report

When asked to name the most important feature of a retirement investment product, the most popular trait was “guaranteed monthly income,” which was selected by 18% of the respondents. This was followed by rate of return (17%) and principal protection (15%).

In terms of preparedness, the overall attitude of boomers nearing retirement is pessimistic, with six out of 10 expressing concern about outliving their retirement savings.

Seven out of 10 are “afraid” that their household is not saving enough to cover future needs and more than one-third of pre-retirees indicate that they did not know the age at which they would retire.

“Unfortunately, overall, boomers are lacking the confidence that they will be able to enjoy a financially secure retirement,” said Cathy Weatherford, CEO of the institute.

“That is where advisors can fill a critical need. Financial professionals have the ability to educate clients -- and potential clients -- about the importance of holistic retirement planning, putting boomers on a path to a secure financial future,” she said. “And it should be noted that boomers who own insured retirement products have a higher confidence in their overall retirement expectations, with nine out of 10 believing they are doing a good job preparing financially for retirement.”

The study was conducted in February by phone with 801 adults aged 50 to 65.

Sophie Schmitt, a senior analyst at research firm Aite Group, agrees that boomers are still a largely untapped market.

“It might be too late in the game for baby boomers to seek a full-blown retirement plan from an advisor, but we’re seeing a high demand for specific tactical advice and questions about products like annuities,” Schmitt said.

Continuing market volatility may also spur more boomers to seek advice on how to protect their savings. “Studies have shown that getting financial advice is a confidence booster,” she said. “With the market so unstable, now is a good time to get help.”