

Health Care Costs, Taxes & Inflation Biggest Retirement Planning Worries

As the long-term viability of Social Security is called into question and companies move away from defined-benefit retirement plans toward defined-contribution plans, which places more of a burden on workers, the notion of a secure retirement is no longer a certainty. This was especially true during the Great Recession of 2008-2009 when the severe market downturn had many delaying their retirement or returning to the workforce to make up for the decline in the retirement savings.

So see how confident our readers are about their retirement prospects, we posed this question last week:

How confident are you that you (and your spouse) will have enough money to live comfortably throughout your retirement?

Here are the results:

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In all, 2,886 readers responded to this poll question as of 5:45 a.m. (Central) on Monday, September 5.

The majority—58%—say they are very confident that they (and their spouse) will have enough money to live comfortably throughout their retirement. Another 35% say they are somewhat confident.

On the flip side, 6% of respondents say they are either not too confident or not at all

confident that they have enough money to retire comfortably.

Only 1% say they don't know whether or not they have enough money to live comfortably through their retirement.

Weekly Special Question

Continuing with the theme of our weekly survey question, last week's special question asked our reader:

What are your top 3 questions or concerns about retirement planning?

In all, 261 readers offered feedback about their greatest concerns or questions regarding retirement planning.

The greatest singular concern when it comes to retirement planning, among our readers, is the cost of healthcare, which received 27% of responses.

Coming in second, with nearly 19% of responses, is taxes, including detrimental changes to the tax code as well as income taxes, capital gains taxes and estate taxes.

Lastly, inflation received just over 12% of the responses.

Here is a sampling of the responses:

- "Being an Army retiree, will Congress use the old soldiers as a budget balancing tool?"
- "Future inflation will have a huge impact on living expenses. The Fed thinks 2% is too low. I think 2% real inflation is very high over a 35 year retirement period."
- "Government reneging on Social Security & Medicare benefits after we've been forced to pay into the system for all our working lives."
- "How can anyone prepare for the dire forecasts of economic Armageddon threatened by worldwide governmental debt"
- "How to generate retirement cash flow for spending? It is one thing to quote the 4% rule but how do you set up a portfolio to do it and continue well into your retirement life, e.g. transition from saver to spender, cash flow and tax flow, etc.?"
- "The unknowables, especially the potential cost of health care and long-term care."

- “Why isn’t AARP or some other senior group actively protesting the FOMC’s theft of their money, by which I mean the transfer of what would be a normal interest rate on savings from seniors of modest income to a spendthrift government who couldn’t pay the interest on the national debt if rates were normalized?”
- “Wish I knew within 2 to 3 years how long I would live—that would sure simplify planning!”
- “How much is enough?”

And the honors for “best” answer of the week goes to:

- “Forget about leaving money to the kids. Spend, you earned it. What’s left they can have.”

Want to weigh in? Participate in our weekly member poll, updated every Tuesday, and see the results online at <http://www.aaii.com/memberquestion>.