

# Study: Overabundance of Cash May Cause Retirement Income Shortfall

Cash may be king, but ThinkAdvisor **reported** that a BlackRock's latest Global Investor Pulse **survey** finds that Americans may be holding too much cash in their retirement accounts.

The survey found that Americans are holding 65% of their net worth in cash instruments.

What are the implications of this? According to the survey, baby boomers between the ages 55 to 65 said they want to have \$45,500 in annual retirement income, but the nest eggs they have accumulated (\$136,200 in average retirement savings) could provide \$9,129 of estimated annual retirement income, leaving a potential annual gap of \$36,371, according to the BlackRock CoRI Index 2025.

In order to overcome this retirement income shortfall, investors will need to adjust their asset allocation to higher-return-generating assets and away from cash.

The current asset allocation of the respondents to the survey is:

- 65% cash
- 18% equities
- 6% bonds
- 4% property
- 2% alternatives
- 5% listed as "other"

In contrast, AAI's **Asset Allocation Survey** results for September 2015 shows that AAI members' portfolios are currently allocated in this manner:

- 64% equities
- 16% bonds
- 20% cash

In the recent AAI article, "**Mathematical Support for Rising Equity Glide Paths**," author Luke Delorme cites research indicating that starting retirement with a low allocation to equities and allowing that exposure to increase over time could reduce risk and improve performance.

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