



Longevity Risk and Reward for Middle-Income Americans

Key Findings

Middle-income Americans are not thinking about or discussing longevity.

- More than eight in ten (87%) middle-income Americans age 55 and older do not spend much time thinking about longevity.
- Longevity is not a topic of discussion for most middle-income Americans, with only half talking about it with a doctor (50%) or spouse (49%) and only one-fifth (21%) discussing life expectancy with a professional advisor.
- Middle-income Americans think they will live to age 86, irrespective of gender, income or health.
- Wisdom comes with turning age 56, but “old age” does not really start until age 78, according to middle-income retirees and pre-retirees.
- Two-thirds of middle-income Americans feel that their life expectancy is out of their control, saying that genetics (65%) is the determining factor in how long they will live as compared to their own actions, such as eating right (46%), exercising (44%) or smoking (37%).

Health issues trump finances as the top longevity concern for middle-income Americans.

- Declining health is the number one longevity concern for middle-income Americans, nearly four times the concern over inadequate retirement savings or outliving their money.
- To compensate for the possibility of outliving their income, nearly two-thirds (63%) of middle-income Americans plan to reduce their own spending in order to deal with shortfalls in retirement income and resources. Two-fifths (41%) would get a part-time job and one-quarter (25%) would sell their home.
- Seven out of ten (70%) middle-income Americans age 55 and older report living comfortably within their budget. One in ten (9%) admit to living beyond their means.
- When developing a retirement savings goal, only one-fifth (21%) of middle-income retirees and pre-retirees calculated a monthly retirement income goal number; only one in ten (13%) determined a total savings goal number to reach.
- Nearly two-thirds (62%) of middle-income pre-retirees report some level of anxiety about retirement; one in four (28%) report being “anxious” or “very anxious.”

Middle-income Americans rely heavily on Social Security to fund their retirement; however, there are gaps in understanding how it works.

- Nearly three-fourths (72%) of middle-income Americans say that Social Security benefits make up at least half or more of their retirement income, which exceeds the national average of 65%, according to the Social Security Administration.
- Nearly one out of three (29%) count on Social Security for 75% or more of their retirement income.
- For retirees with household incomes between \$25,000 and \$50,000, one in ten (10%) rely on Social Security for *all* of their retirement income.
- One in three (34%) of those age 55 and older do not understand that delaying when they start to collect Social Security can increase their future benefit amount.
- Nearly half (47%) of middle-income Americans age 55 and older incorrectly believe that an annual cost-of-living increase to their Social Security benefits is guaranteed.
- More than one-third (36%) of middle-income Americans falsely believe that full Social Security benefits start with their 65th birthday.
- One in three (35%) middle-income Americans age 55 and older who are not yet receiving Social Security do not know what their Social Security income will be when they retire.
- Nearly eight in ten (78%) middle-income Americans age 55 and older are concerned about the future of Social Security.
- More than one-third (38%) of middle-income Americans over age 55 do not believe Social Security as we know it will exist in 20 years.

Methodology

The Bankers Life and Casualty Company Center for a Secure Retirement's study *Longevity Risk and Reward for Middle-Income Americans* was conducted in November 2012 by the independent research firm The Boomer Project.

A nationwide sample of 500 Americans ages 55 to 75 who have an annual household income of between \$25,000 and \$75,000 participated in the Internet-based survey.

Responses were weighted to match U.S. Census data on the selected age segment. The margin of error was 4.47 percentage points at the 90% confidence level.

About Us

Bankers Life and Casualty Company Center for a Secure Retirement is the company's research and consumer education program. Its studies and consumer awareness campaigns provide insight and practical advice for how everyday Americans can achieve financial security during retirement.

Established in 1879 in Chicago, Bankers Life and Casualty Company focuses on the insurance needs of the retirement market. The nationwide company, a subsidiary of CNO Financial Group, Inc., offers a broad portfolio of life and health insurance products and annuities designed especially for Boomers and retirees.

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