



TERRY'S TIPS



Asset Preservation Group
The Key to Your Retirement Dreams

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Issue 19

We will be starting our 4 part summer series regarding the retirement crisis that is affecting most of today's retirees. We will start this series with:

Summing Up The Retirement Crisis

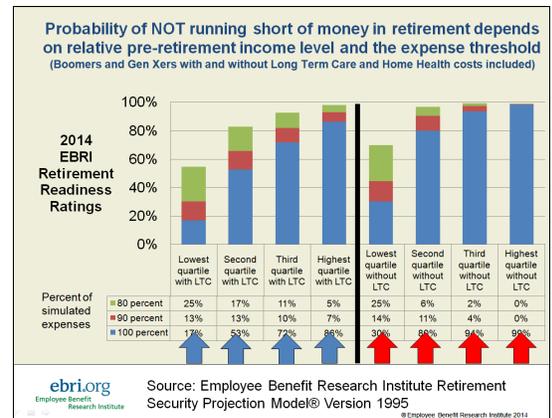
Is there a retirement crisis for baby boomers and Gen Xers? It depends! The probability of NOT running short of money in retirement ranges from a low of 17% to a high of 99% depending on three main factors: your pre-retirement income level, what percent of expenses you aim to cover, and whether or not you factor long-term care and home health costs into the picture. For Gen Xers, the number of years of future eligibility in a 401(k) plan also plays a huge role.

While policy experts and members of Congress are struggling to define the retirement crisis and hashing out proposals to fix it, the bottom line is that your retirement is in your hands.

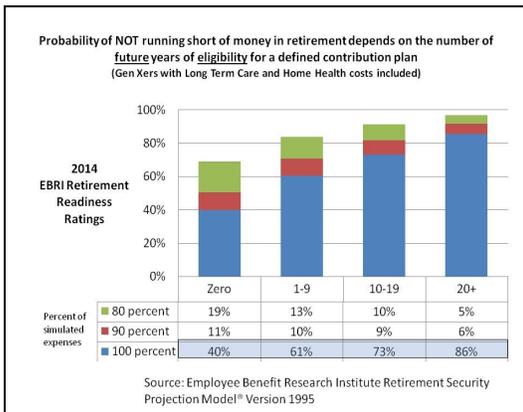
The good news is many Americans can do something about it: spend less, save more (maximize your workplace retirement plan if you have one, open an IRA if you don't), and plan for long-term care expenses.

In the first chart (right). It shows a stark difference between retirement readiness for households in the bottom income quartile (annual income of \$11,700 and below) and those in the top income-quartile (annual income of \$72,500 and up). If you're going to need enough retirement wealth to cover 100% of day to day expenses plus catastrophic expenses like long-term care, for Americans in the bottom quarter of the income range, only 17% of those households will have sufficient retirement income. Comparatively, 86% of households in the highest income quartile would have sufficient retirement income.

But is 100% of average expenses too lofty a goal? If your retirement kitty is dwindling, it's common sense that you need to cut back on expenses. As the chart shows, if the low income group cuts back and spends only 80% of average expenses for their income group, then 55% of those households would have sufficient retirement income. If the high income group spends only 80% of average expenses, then 98% of them would have sufficient retirement income.



The big looming "if" is long-term care expenses. If you exclude these costs (you think you're going to get hit by a bus instead of needing years of Alzheimer's care), the red arrows on the chart show how retirement readiness jumps—from 17% to 30% for the low-income quartile, and from 86% to 99% for the top-income quartile.



The second chart (left) looks at Gen Xers chances for a secure retirement, including projected expenses for long-term care and home health costs. The role of a workplace 401(k) retirement plan is key.

For Gen Xers who are not lucky enough to work for an employer with a 401(K), they only have two chances out of five, or 40%, of having enough retirement wealth to cover 100% of expenses. That jumps to 61% for workers with one to 9 years of 401(k) eligibility, 73% for workers with 10 to 19 years of eligibility and 86% for workers with 20-plus years of eligibility. Gen Xers still have significant period of time before retirement to save. **Take advantage of it!**

JULY'S BIRTHDAYS:

- | | | |
|-------------------|----------------|-------------------|
| Raymond Carman | Charles Beam | Anthony Zabloudil |
| Billy Wilson | David Allen | Larry Bobzien |
| Marjorie Dahlgren | Lauren Holt | Riek Alvey |
| Sara George | Suzanne Turney | Deborah G. Salter |
| Riffat Hassan | Edward Turney | Charles Moore Jr. |
| Soo Hong | Bertha White | |

Want to know more? Want to find your ideal retirement plan? Contact us today for a free consultation.



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