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Is America Prepared to Retire?

A look at some ways to get ready.

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May 1, 2019

Are Americans saving enough? Only 19% of U.S. adults describe themselves as “very confident” when asked about their savings. Worry spots include retiring without enough money saved (16%) and anxiety about having a “rainy day” emergency fund (14%). These findings come from the 2018 Consumer Financial Literacy Survey conducted by the National Foundation for Credit Counseling. (The survey collected data from 2,017 U.S. adults.)¹

Only 41% of us keep a regular budget. If you are one of those roughly two-out-of-five Americans, you’re on the right track. While this percentage is on par with findings going back to 2007, the study also finds that while 65% of Americans are saving part of their annual income towards retirement, 29% indicate they are “not at all confident” that their savings will be enough to sustain them.¹

Relatively few seek the help of a financial professional. When asked “Considering what I already know about personal finance, I could still benefit from some advice and answers to everyday financial questions from a professional,” 79% of respondents agreed with the statement. Yet only 13% indicated that they would seek out the help of some sort of financial professional if they had “financial problems related to debt.” While it isn’t surprising to think that 24% of respondents would turn to friends and family, it may be alarming to learn that 18% would choose to turn to no one at all.¹

Why don’t more people seek help? After all, Americans of all incomes and savings levels certainly are free to set financial goals. They may feel embarrassed about speaking to a stranger about personal financial issues. It may also be the case that they feel like they don’t make enough money to speak to a professional, or perhaps, a financial professional is something that millionaires and billionaires have, not the average American worker. Another possibility is that they feel like they have a good handle on their financial future; they have a budget and stick to it, and they contribute to an IRA, 401(k), or have some other investments. But that 79% admission, mentioned above, indicates that a vast majority of Americans are not as confident.¹

Defined goals lead to definite strategies. If you set financial objectives, you vault ahead of most Americans – at least according to these findings. A written financial strategy does not imply or guarantee wealth, of course, nor does it ensure that you will reach your goals. Yet that financial strategy does give you an understanding of the distance between your current financial situation (where you are) and where you want to be.

How much have you strategized? Retiring without a financial strategy is an enormous risk; retiring with a strategy that hasn't been reviewed in several years is also chancy. A relationship with a financial professional can help to bring you up to date about what you need to do and provide you with more clarity and confidence when it comes to the financial future.

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Citations.

1 - [nfcc.org/wp-content/uploads/2018/04/NFCC_BECU_2018-FLS_datasheet-with-key-findings_031318-002.pdf](https://www.nfcc.org/wp-content/uploads/2018/04/NFCC_BECU_2018-FLS_datasheet-with-key-findings_031318-002.pdf) [3/13/18]