

SHOCKWAVE

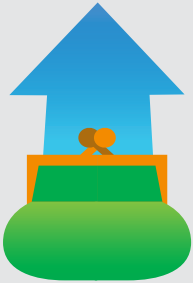
Experience Versus Expectations in Retirement Spending*



WHERE DOES THE \$ GO?

On average, surveyed retirees spend **HALF OF THEIR INCOMES** on **basic living expenses** such as housing, food, utilities, and clothing.

An additional **13%** is spent on **non-discretionary** health and long-term care costs.



DANGEROUS DIFFERENTIAL

By a **2 to 1 MARGIN**, retirees were more likely to say that **basic living expenses were higher than anticipated** than they were to say that these expenses were lower than anticipated.

4 in 10 retirees say that **health and long-term care costs exceed expectations.**



LESS THAN HALF SAY THAT THESE EXPENSES ARE ABOUT THE SAME AS THEY EXPECTED.

IMPACT ON RETIREMENT CONFIDENCE AND WELL-BEING

MISMATCHES between spending expectations and experiences are **strongly associated with retirees' confidence levels.**

MORE THAN 60% of retirees who had significantly **HIGHER** than expected **BASIC LIVING EXPENSES** **disagreed** with the statement: *I am confident that I will be able to live the retirement lifestyle I want.*



ONLY 9% of retirees who had **LOWER** than expected **BASIC LIVING EXPENSES** **disagreed** with the same statement.

Financial Advisors who understand and apply **retirement-spending findings**



can help align retirement expectations with experience for America's workers — and **HELP MITIGATE LIFE-ALTERING SHOCKWAVES.**

OPPORTUNITY

NEARLY 70% of retirees with a **formal written plan** say **discretionary expenses are about the same as expected** compared to **61%** of retirees with an informal retirement plan and **51%** of retirees without any plan.¹



WOMEN are **more likely** (30%) than **MEN** (20%) to say that their basic living expenses are somewhat or significantly higher than expected and **may be most in need of expense-planning guidance.**

¹These results are consistent with earlier LIMRA Secure Retirement Institute research that demonstrates that formal written plans are associated with favorable retirement outcomes. The Benefits of Retirement Planning, LIMRA Secure Retirement Institute, 2016

*Note: Based on 2,025 retirees aged 55 to 79 who have been retired for at least a year and have \$35,000 or more in household income.