# Why 74% of Americans Are Not Ready for Retirement

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*There is a retirement crisis in America. Many people think Social Security will cover more than it actually does, and too many people have little to no savings — and are not doing enough to change their financial situation.*

An estimated 79% of Americans work for an employer that provides a retirement plan, yet new research from the U.S. Census Bureau suggests that only 41% of those employees contribute to their retirement plans. Add to that, retirees don't budget for typical health care expenses, leisure activities or senior living costs when planning for retirement. The silver lining is that this can be remedied with a little financial education, even if retirement is around the corner for you or your loved one.

## Alarming Retirement Statistics in the U.S.

April is Financial Capability Month, which is why it's important to educate on the importance of financial planning and being prepared for retirement.

Saving for retirement is not an area of strength for many Americans. Too often, meeting the financial demands of today means delaying, diminishing or simply never starting to save for the future.

According to data sets from survey responses to key retirement savings benchmarks and savings rates from J.P. Morgan Asset Management and Census Bureau median incomes by age range, 74% of Americans are behind on their retirement planning.

If the average person has to plan for 20+ years of retirement, retirement savings need to be a lot more substantial.

Here are a few other statistics to ponder:

1. **Only 6.2% of income contributed to 401(k)s in 2017**: Vanguard's "How America Saves" report shows that this is the percentage of income that eligible workers contributed to their 401(k)s in 2016, which is down from 6.9% the previous year. Not only is the number moving in the wrong direction, it's also way too low; especially for Americans close to retirement. Ideally, Americans should save a least 10% of their income for retirement, but even that number is believed to be an underestimate with today's financial demands later in life.

2. **$1,386 is the average monthly Social Security payment received by retirees in 2017:** The Center on Budget and Policy Priorities notes that Social Security benefits are modest. Your nest egg is very important to supplement the $16,632 annual income you'd have from relying on the average Social Security benefits alone; especially since this number is just $4,500 above the 2017 poverty level for a household of one.
3. **$17,000 is the median retirement savings for families aged 56-61**: The Economic Policy Institute's 2016 report shows that many families are very close to retirement with little savings to sustain them. A small nest egg means that working longer may be necessary and coming up with a strategic plan, possibly enlisting the help of an expert financial advisor, to help finance retirement might be a good idea.

# How to Get Ready for Retirement

Retirement planning is different for everyone. As a general rule, you should plan on saving about 80% of your pre-retirement salary once you retire, including income from Social Security, pensions and other savings. You should also consider the average life expectancy and investment time horizon as you may need this income longer than you think and the cost of care is usually more than families expect.

A Place for Mom Financial Expert Andy Smith, host of the call-in radio program, Investing Sense™ comments:

"People are just not saving enough. You need to save as much as you can for as long as you can. We live in a one-size-fits-nobody world and the average American is time-bankrupt as retirement costs are often much higher than people anticipate – and they're waiting too long to save. It's important to take time this spring to work with an advisor who's a fiduciary – someone who is legally and ethically-obligated to always put you first. You need a tailor, that fiduciary advisor, to make your plan fit your life."

The bottom line is that you should prepare to live a long time and save enough money to not only maintain your lifestyle but also cover unexpected health costs. Track your finances to forecast your future with some strategic financial planning.

There's no time like the present to get started, even if retirement is around the corner or your aging loved ones need financial assistance. Savvy financial planning and taking measure to prevent financial mistakes will greatly influence your quality of life and financial success.

Learn how to find the best financial advisor for your family's unique situation today.