When Did “Retirement” Become a Bad Word?

TD Ameritrade Survey: 1 in 2 Americans Not Looking Forward to Retirement

Mature Generation has feelings of pride about retirement, while Gen X feels embarrassed and frustrated

OMAHA, Neb., June 13, 2012 – Forty-nine percent. That’s how much the average working Baby Boomer has saved toward his or her total retirement savings goal, according to a new survey released by TD Ameritrade Holding Corporation (NYSE:AMTD). Working members of the Mature Generation have saved on average 71 percent, Generation X have reached 26 percent and Generation Y have achieved 15 percent of their respective retirement savings goals.

Retirement, a concept that once conjured up images of green golf courses and sandy beaches, today evokes feelings of “regret,” “frustration” and “envy,” according to many Americans. In fact, one out of every two Americans surveyed said they are not looking forward to retirement – a sentiment being fueled by the fear of not having enough money saved in time, according to nearly 30 percent of respondents.

These findings come as no surprise when you consider that the median net worth of the American family dropped 39 percent between 2007 and 2010, according to the Federal Reserve Board’s Survey of Consumer Finances (SCF) released earlier this week.

The Challenges
Market and economic events of the past decade have made putting money aside for retirement challenging for many Americans. Lack of steady employment, debt, education and healthcare expenses were most often cited by the three-quarters (73%) of respondents who say obstacles have prevented them from saving for a comfortable retirement. To make matters worse, over two-thirds (69%) of respondents have no specific savings goal. Among those who have a specific savings goal, the average amount is $750,000, regardless of age. Just 54 percent are confident they will reach their goal, citing a bad economy, not enough income, expenses and not enough time as the reasons they may not be successful. On average, respondents also would have liked to start saving for retirement eight years earlier than they actually did.

The Future
Most Americans (80%) envision having to work part- or full-time in retirement. On average, they think they will need income for 18 to 22 years of retirement, slightly less than the 20 to 25 years that statistics indicate they will actually need. Eighty percent of respondents said they believe they will require the same amount of income they currently live on or less, but this may not be realistic given that inflation and rising healthcare costs can significantly impact financial needs. In fact, one-third of those who are currently retired say they have had to change their style of living – and almost a quarter of them have
gone back to work. Their advice to younger generations: Save as much as you can as early as you can, establish a financial plan, limit expenses and work longer.

“There’s no doubt the economic climate in recent years has presented significant challenges for those planning ahead and saving for retirement,” said Lule Demmissie, managing director, investment products and retirement at TD Ameritrade, Inc. ("TD Ameritrade"). “They key is to focus not on what you can’t do, but rather what you can. Consider how you navigate challenging issues and move past them to achieve your financial goals.”

The Psychology
Current retirees are relatively satisfied with their place in life and maintain a positive outlook, but younger generations still in the planning phase are not so optimistic - experiencing a wide range of emotions.

Matures - Proud, satisfied and positive
Despite the fact that half of this senior generation said they had to make cutbacks or lifestyle changes in retirement, they generally report feeling proud, satisfied and positive about retirement. They fear retirement the least and are the most content compared to younger generations.

Baby Boomers - Anxious and regretful
While they report they are looking forward to retirement more than any other generation, Baby Boomers’ outlook is generally bleak. They feel their financial situation in retirement will be worse than it is now, and are plagued with feelings of anxiety and regret over their financial situation.

Gen X - Embarrassed, frustrated and envious
More than any other generation, Gen X is not confident in their approach to saving for retirement and is the least confident when it comes to reaching their retirement savings goals. Feelings of embarrassment, frustration and envy dominate this generation when faced with retirement.

Gen Y - Disinterested and lacking control
With retirement so far away, Generation Y feels out of control and generally disinterested in the next phase of their life. Despite this lack of interest, they are optimistic as they, more than any other generation, believe their financial state in retirement will be better than it is now.

So what can Americans do to combat the various emotions surrounding retirement and make a change for the better? “Getting over any negative psychological feelings associated with retirement is the first step to getting on track. Once you can get past those, a lot of practical plans start to surface,” said Demmissie.

TD Ameritrade’s Retirement Center offers a number of free resources that can help investors explore many of these questions – and more – including:

1. A “Cost of Waiting” Calculator that can help you understand why starting to save earlier is better in the long run
2. WealthRuler™ retirement calculator that can help you estimate your retirement readiness so you can plan accordingly for the future
3. Retirement planning checklists for every life stage, whether you are starting, nearing or arriving at retirement
4. Retirement articles from third-party professionals at Standard & Poor’s that cover a number of topics like getting started for today’s young workers, managing market volatility and maximizing retirement income

5. Online retirement seminars that cover topics like small business retirement plans, making the most of your retirement and understanding Social Security, Medicare and retirement

6. Access to a network of knowledgeable, independent registered investment advisors (RIAs) through the TD Ameritrade AdvisorDirect™ program.

For more information on TD Ameritrade’s Annual Investor Index survey series, including key findings, visit www.amtd.com, or follow the Company on Twitter, @TDAmeritradePR.

AMTD-G

About the Survey
An online survey was conducted with N = 2029 U.S. residents from March 27-28, 2012 by Head Research on behalf of TD Ameritrade Holding Corporation. The sample was drawn from major regions in proportion to the U.S. Census: New England (5%), Mid-Atlantic (16%), South (25%), Midwest (22%), Southwest (12%), West (20%). In each region, half of the respondents were male and half were female. Quotas ensured at least n = 500 respondents from each age cohort of interest to TD Ameritrade: Mature Generation (1930 to 1945); n = 502 ("Matures"); Baby Boomers (1946 to 1964); n = 504 ("Baby Boomers"); Generation X (1965 to 1976); n = 505 ("Gen X"); Generation Y (1977 to 1989); n = 518 ("Gen Y"). All respondents were required to be sole or shared decision makers with respect to planning and saving for retirement. The average time required to complete the survey was 10 minutes. The statistical margin of error in this survey is +/- 2.2%. This means that in 19 out of 20 cases, survey results based on N = 2029 respondents will differ by no more than 2.2% in either direction from what would have been obtained from the opinions of all adults born from 1930 to 1989 in the U.S.

About TD Ameritrade Holding Corporation
Millions of investors and independent registered investment advisors (RIAs) have turned to TD Ameritrade’s (NYSE: AMTD) technology, people and education to help make investing and trading easier to understand and do. Online or over the phone. In a branch or with an independent RIA. First-timer or sophisticated trader. Our clients want to take control, and we help them decide how—bringing Wall Street to Main Street for more than 36 years. An official sponsor of the 2012 U.S. Olympic Team, TD Ameritrade has time and again been recognized as a leader in investment services. Please visit TD Ameritrade’s newsroom or www.amtd.com for more information.

Brokerage services provided by TD Ameritrade, Inc., member FINRA (http://www.FINRA.org)/SIPC (www.SIPC.org)/NFA (www.nfa.futures.org).

TD Ameritrade Holding Corporation, Head Solutions Group (U.S.) Inc., and Standard & Poor’s are separate, unaffiliated companies and are not responsible for each other’s services or policies.

Potential AdvisorDirect clients should typically have at least $200,000 in assets to invest. Some RIAs have higher or lower minimum asset requirements. There is no charge or obligation for the initial consultation with the RIA. Once you select an RIA, you will pay advisory fees and standard brokerage fees. Brokerage transactions executed through TD Ameritrade are subject to standard transaction charges. You should review an RIA’s Form ADV, other applicable advisor disclosure document(s) and the AdvisorDirect Disclosure and Acknowledgement Document prior to engaging an RIA. The Form ADV contains important disclosure information relative to an RIA’s services and fees. RIAs charge an ongoing investment advisory fee for their services. RIAs will pay TD Ameritrade fees for their participation in the AdvisorDirect program. Those fees will usually constitute a percentage of the advisory fees you will pay your RIA. For additional details about the fees paid to TD Ameritrade and other conflicts of interest, please review the AdvisorDirect Disclosure and Acknowledgement Document and ask your RIA about its specific arrangement with TD Ameritrade. You are solely responsible for evaluating any advisor that you are considering. Please note: Under no circumstances should participation by a certain RIA in AdvisorDirect be considered an endorsement or recommendation by TD Ameritrade for that particular RIA.

About Head Research
Head Research is a division of Head Solutions Group (U.S.) Inc., a leading market research partner for Financial Services companies in North America. With offices in New York, Toronto, and Montreal, Head delivers the deep customer insights that increase institutional knowledge and propel business action.

###