

Shocking Retirement Statistics

Today's focus is on some shocking statistics about the savings habits of average Americans. You've likely read about numerous studies that examine how people are saving for retirement – or in many cases – how they're NOT saving for retirement. We'll be discussing a few stats from an April 2019 Motley Fool article, "[5 Jaw-Dropping Stats About Americans' Retirement Savings.](#)" The article is available at Fool.com if you'd like to read it.

You've probably heard that Americans are behind on their retirement savings, but, according to the article, would you believe that a third of them have less than \$5,000 saved? Even worse, about one in five have nothing saved at all. This means that when these workers do start saving, they may have to save more, and work longer than their peers.

Many of those who have been saving, don't have nearly enough put away. According to the article, the median household retirement savings account has a balance of only \$50,000. Now that's for all households. Baby Boomers as a group are better off with a median savings of \$152,000. Their children, Generation X have a median retirement savings of \$66,000. And the group with the longest time before retirement – Millennials—have just \$23,000 saved. But they at least have time on their side.

One reason that some retirement savings accounts are not where they should be, is that many American workers are leaving money on the table. If your employer offers a 401(k) match and you don't take full advantage of that match, you might as well be handing them your wallet. Americans are missing \$24 billion in unclaimed matches each year. According to a Financial Engines survey cited in the article that means the typical employee is handing back \$1,336 of potential cash each year. Awfully kind of them to leave that money on the table...

The article also explains, another reason that retirement savings accounts are lacking is that nearly 30% of Americans have already taken some form of withdrawal from their accounts. This may be because of a hardship withdrawal like paying down debt, unplanned medical expenses or even paying tuition for a child or grandchild.

While it can be tempting – and sometimes understandable – to consider a 401(k) loan, the ramifications can reverberate well into the future. Withdrawals hurt the growth of your retirement savings, and you could incur fees or penalties, as well. Ideally, you should have a separate emergency fund for situations like those that might force you to take a 401(k) loan.

That brings us to the article's last shocking statistic. It can be difficult to save for retirement if you don't know how much money you'll need. In the article, 46% of Americans are simply guessing how much they may need for retirement. Only 12% of Americans surveyed in Transamerica's most recent study have used a basic retirement calculator to determine their likely financial needs in retirement.

If you're behind on your savings, or whether you have a savings goal, it's not too late to design a strategy. Odds are you're going to live longer than you expect, and you'll therefore incur unplanned expenses during retirement. According to the Social Security Administration's website [Ssa.gov](https://www.ssa.gov) and their Life Expectancy page, a man who turns 65 can expect to live until age 84 on average. And a woman who turns 65 today can expect to live even longer, up to age 86 and a half.

The statistics we've discussed today about Americans' retirement savings can be frightening. However, you can improve your situation by creating a solid retirement strategy, increasing your savings and making sure you're taking full advantage of any employer 401(k) match.

Just remember, the sooner you start improving your strategy, the better. So, don't delay.

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Sources:

<https://www.fool.com/retirement/2019/04/14/5-jaw-dropping-stats-about-americans-retirement-sa.aspx>

<https://www.ssa.gov/planners/lifeexpectancy.html>