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# Hartford: Americans Rely on Social Security for Higher Percentage of Retirement Income

Five-year study finds sharp increase in daily living and retirement concerns

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Not surprisingly, a **weak economic environment**, high **unemployment** and an uncertain future means more **Americans** are relying on **Social Security** for a higher portion of their income in **retirement**, according to a new study from [The Hartford Financial Services Group](#). However, despite the growing dependence on Social Security, most Americans say they are aware that it will not be enough to fund their retirement.

The Hartford's [2010 Investments & Retirement Study](#) found that 38.8% of survey respondents cited Social Security as their most important source of retirement income, up from 26.7% in 2006, when the study was first conducted. Yet Americans overwhelmingly point to themselves (75.2%) rather than the **government** (5.3%) as being most responsible for providing their income in

retirement. And 85.4% say Social Security alone won't be enough to maintain their **standard of living** in retirement, up from 81.1% five years ago.

"The lack of confidence about the adequacy of Social Security, combined with a growing **pessimism** about the future, is contributing to greater uncertainty on the part of many Americans about when or if they may ultimately retire," says Dr. Joseph Coughlin, founding director of the [Massachusetts Institute of Technology's AgeLab](#), which researches the effects of **aging**.

Coughlin pointed out that 37.2% of Americans now say they are unsure when they will be able to retire and 27.1% say they hope to work as long as their **health** or the health of their significant other allows.

The Hartford's study showed that nearly one in five people (18%) plan to work as long as possible in their current job. Working longer is one way to help generate a predictable income, says John Diehl, senior vice president of **The Hartford's Wealth Management division**. But no one can be sure about how long he will remain healthy enough to continue working later in life or what the **economic climate** might be like in retirement.

"One of the best **hedges** against financial uncertainty later in life is to accumulate as many **discretionary** retirement assets as possible and, depending upon our financial circumstances, use those assets to create predictable income to supplement whatever benefits we receive from Social Security, a pension, or both," Diehl said. "The income we generate from discretionary retirement savings will go a long way towards determining our **lifestyle** in retirement."

Diehl, who heads The Hartford's efforts to **educate** financial advisors about strategies to meet their clients' **financial goals**, said that many advisors may be asked to provide strategies to help their clients cope with an increased awareness of health, longevity and inflation risks in retirement.

## **Crisis of Confidence Deepens**

Depending upon individual circumstances, creating a guaranteed income in retirement may help people feel more secure, according to Diehl. He pointed out that The Hartford's study indicated a growing pessimism about the future:

- Keeping up with daily expenses for food, shelter and other **basic needs** now dominates all other retirement **concerns**, a growing trend in recent years. In 2010, seven in 10 people (69.3%) cited daily expenses as their No. 1 priority compared to 24.5% in 2007.
- **Enjoying life** continues to decline in importance, dropping to 13.4% this year compared to an all-time high of 43.2% in 2007.
- Four in five people (79.3%) say they are less than confident that all of their sources of income combined (government **pension plan**, employer pension plan, personal savings/assets) will be sufficient in retirement. In 2006, 69.2% were less than confident.

### **Working Longer, Retiring Later**

Work continues to grow in importance in the lives of both middle-aged and older Americans as many people see themselves retiring later, incorporating work as an important source of "retirement" income, or both.

- Two in five people (41.2%) say they intend to work longer and delay retirement or work part time during retirement as a way to fund retirement.
- This year, 16.5% saw their retirement lasting more than 20 years, plummeting from 46.5% five years ago.
- The number of people who expect to retire before age 60 declined to 7.5% in 2010 from 13.8% in 2007.