

STATE OF RETIREMENT

**A SNAPSHOT OF AMERICAN
PERCEPTIONS AND REALITIES
OF RETIREMENT PLANNING**

Prepared on behalf of:



LIBERTY GROUP

www.libertygroupllc.com



THE AMERICAN RETIREMENT SCENE IS EVOLVING RAPIDLY.

With an aging population, the strain on government-sponsored retirement benefits seems to be intensifying. At the same time, the shift from traditional defined benefit plans to defined contribution plans in the workplace has placed the responsibility of investment management, market risk mitigation and conversion of savings to retirement income squarely on individuals. This transition can present significant challenges, as many Americans grapple with understanding and effectively navigating this new landscape of personal financial responsibility in retirement planning.

By exploring various topics, such as savings adequacy, retirement age decisions, and the complexities of helping to ensure lifelong financial confidence, this guide offers insights into some of the hurdles faced by retirees and pre-retirees.

ESTIMATING THE COST OF COMFORT: DIVERSE RETIREMENT SAVINGS GOALS

The average amount
Americans think they'll
need to retire:

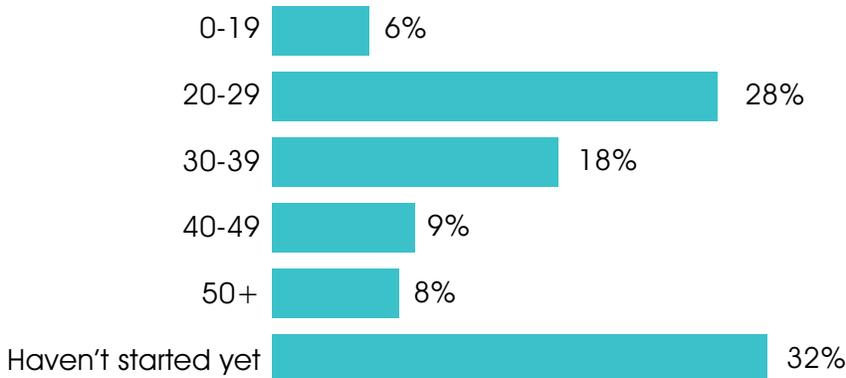
\$1.46M

Retirement needs vary significantly based on individual lifestyles and goals, leading to diverse opinions on the required savings for a comfortable retirement. Interestingly, Generation Z not only starts saving earlier but also expects to retire by age 60 — 12 years before boomers+, who anticipate working until 72. Most Americans, on average, plan to retire around 65, yet the range highlights a key aspect of retirement planning: The earlier you start saving, the more flexibility and security you have in shaping your retirement timeline.

Source: Northwestern Mutual. "2024 Planning & Progress Study: Work, Retirement & Taxes." https://filecache.mediaroom.com/mr5mr_nwmutual/179070/2024%20PP%20Wave%20II%20Data%20Deck_%20Work%20%20Retirement.pdf. Accessed Oct. 28, 2024.

GEN Z STARTS SAVING FOR RETIREMENT NEARLY A DECADE EARLIER THAN OLDER GENERATIONS

RETIREMENT SAVINGS: STARTING AGE



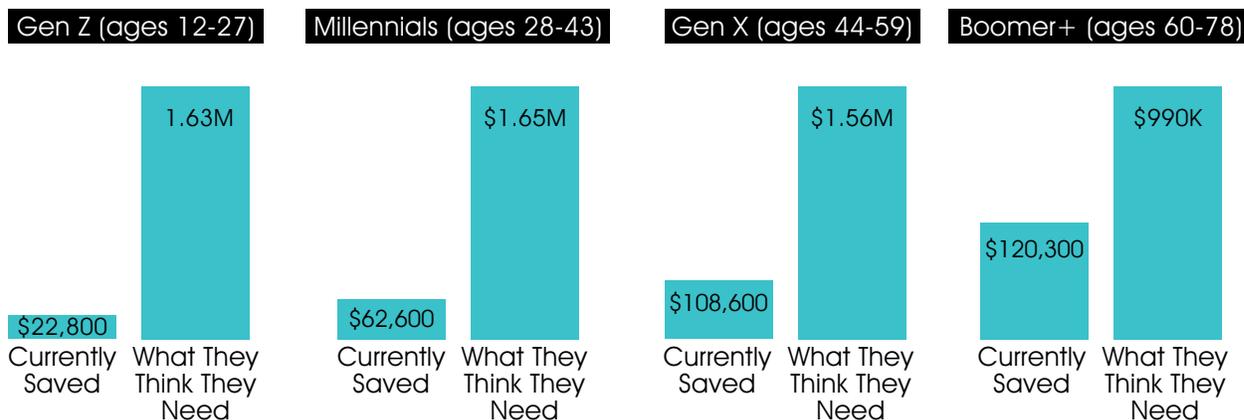
| | Mean Age |
|-------------|----------|
| All | 31 |
| Gen Z | 22 |
| Millennials | 27 |
| Gen X | 31 |
| Boomers+ | 37 |

Source: Northwestern Mutual. "Planning & Progress Study 2024. Work, Retirement and Taxes." https://filecache.mediaroom.com/mr5mr_nwmutual/179070/2024%20PP%20Wave%20II%20Data%20Deck_%20Work%20%20Retirement.pdf. Accessed Nov. 11, 2024.

Difference in the amount thought to be needed
to retire comfortably from 2023 to 2024.

+\$190,000

WHAT PEOPLE THINK THEY NEED TO SAVE FOR RETIREMENT VS. WHAT THEY HAVE SAVED



Source: Northwestern Mutual. "2024 Planning & Progress Study: Work, Retirement & Taxes." <https://news.northwesternmutual.com/planning-and-progress-study-2024>. Accessed Nov. 5, 2024.

REALITY VS. EXPECTATION: RETIREMENT SAVINGS ACROSS AGES

A significant disconnect exists between what individuals anticipate needing for retirement and their current savings. This disparity is evident across age groups. To put this into perspective, consider a person in their 50s with \$108,600 saved.

To reach the \$1.56 million they think they'll need, they would have to save an additional \$47,000 annually over the next 15 years, assuming a 7% rate of return.

$$\begin{aligned} & \$108,600 \longrightarrow \$1.56M \\ & = \\ & \$47,300 \times 15 \text{ YEARS AT } 7\% \end{aligned}$$

This is a hypothetical example provided for illustrative purposes only; it does not represent a real-life scenario and should not be construed as advice designed to meet the particular needs of an individual's situation.

AT WHAT AGE DO YOU ANTICIPATE YOU'LL RETIRE?

Over the past four years, there has been an upward trend in the age at which Americans plan to retire. The average anticipated retirement age is now 65, up from 63 in 2021.

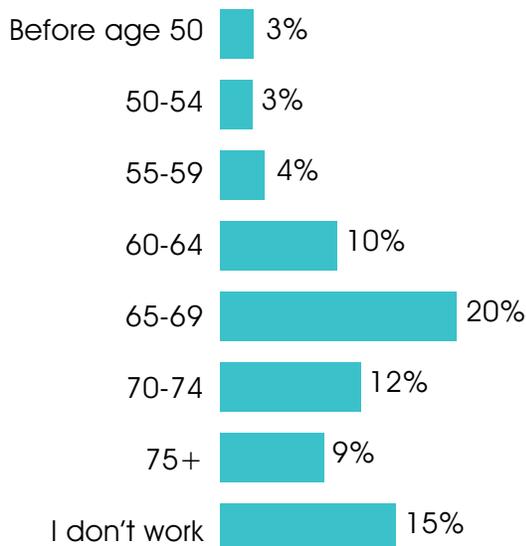
Many people, even those traditionally considered “wealthy,” feel uncertain or frustrated about their readiness for retirement. However, what often proves more important than the total amount saved is a disciplined approach to planning, which provides both financial clarity and a greater sense of preparedness.

One of the simplest ways to become a disciplined planner is by engaging with a financial advisor. Regular consultations and tailored advice can help ensure you stay on track with your retirement objectives, adapting as necessary to help meet changing needs and circumstances.

AVERAGE EXPECTED RETIREMENT AGE

2024: 65
2023: 65
2022: 64
2021: 63

EXPECTED RETIREMENT AGE



23% indicated they “already retired” in 2024

EXPECTED RETIREMENT AGE BY GENERATION

| | Average Age |
|-------------|-------------|
| Gen Z | 60 |
| Millennials | 64 |
| Gen X | 67 |
| Boomers+ | 72 |

Source: Northwestern Mutual. “Planning & Progress Study 2023. Work & Retirement.” <https://news.northwesternmutual.com/planning-and-progress-study-2023>. Accessed Dec. 13, 2024.

WILL YOUR SAVINGS AND INCOME LAST A LIFETIME?

Outliving retirement savings is a daunting prospect for many retirees, a fear often exacerbated by increasing life expectancies. For instance, a 65-year-old man today is expected to live, on average, until age 84, while a 65-year-old woman may live to about 87. If they retire at 65, their savings need to sustain them for at least 20 years.*

To address this challenge, generating additional income during retirement can be a key. This can be addressed through a well-planned retirement withdrawal strategy, optimizing Social Security benefits and selecting an appropriate asset allocation mix that balances growth and risk.

48%

of those aged 61 to 65 don't believe their retirement savings and income will last a lifetime

*Source: * Alliance for Lifetime Income. May 17, 2024. "ALI Cannex Protected Retirement Income and Planning (PRIP) Study. <https://www.protectedincome.org/wp-content/uploads/2022/08/2024-PRIP-Chapter-1-Release-May-17-2024.pdf>. Accessed Nov. 5, 2024.*

AVERAGE LIFE EXPECTANCY

MEN: 84
WOMEN: 87

Based on a person who's reached age 65 as of 2024.

MANAGING INCOME IN RETIREMENT

Strategies include:

- A well-planned withdrawal strategy from your current accounts
- Optimizing Social Security benefits
- Balancing growth and risk in your asset allocation mix

Source: Social Security Administration. Retirement & Survivors Benefits: Life Expectancy Calculator. ssa.gov/oact/population/longevity.html. Inputted for both male and female: DOB 11/16/1959. Accessed Nov. 16, 2024.

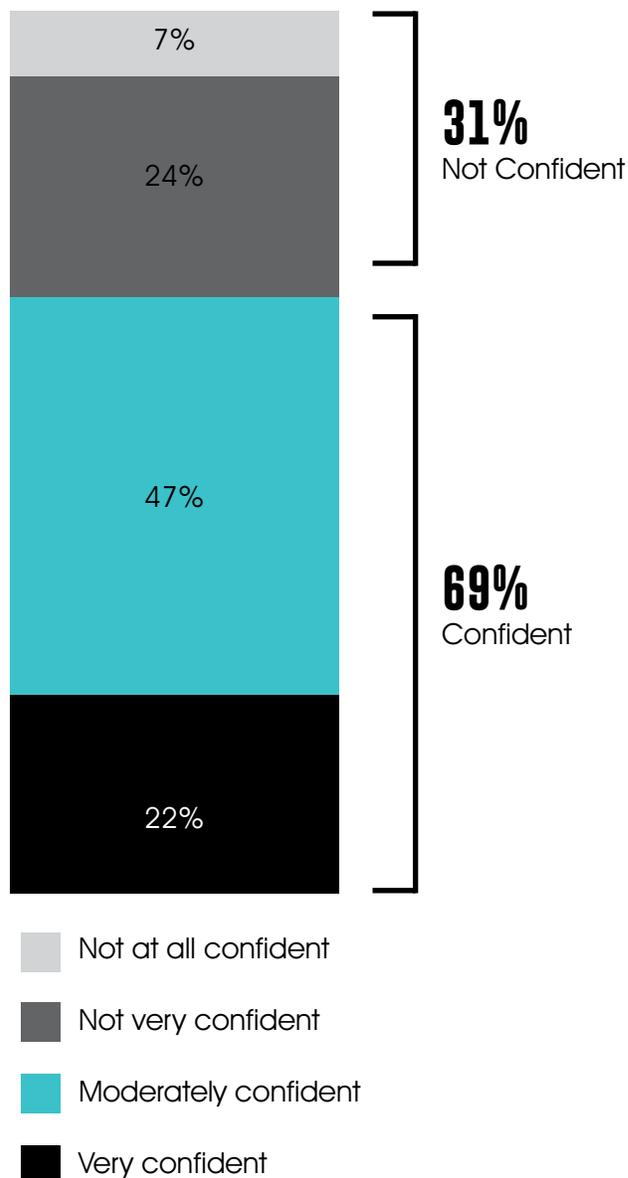
WILL YOUR RETIREMENT COVER BASIC MONTHLY EXPENSES?

Confidence in covering basic monthly expenses throughout retirement is important, yet 31% of individuals lack this assurance. To bolster this confidence, having a retirement income plan is essential. Such a plan should help provide insights into four key areas:

- **Timing of Retirement Paychecks:** Shows when income from different retirement sources will begin.
- **Source of Income:** Identifies which retirement assets will fund these payments.
- **Growth and Inflation:** Shows potential of portfolio growth, accounting for inflation, to help sustain resources.
- **Longevity of Assets:** Evaluates if your accounts and income sources can last throughout your life.

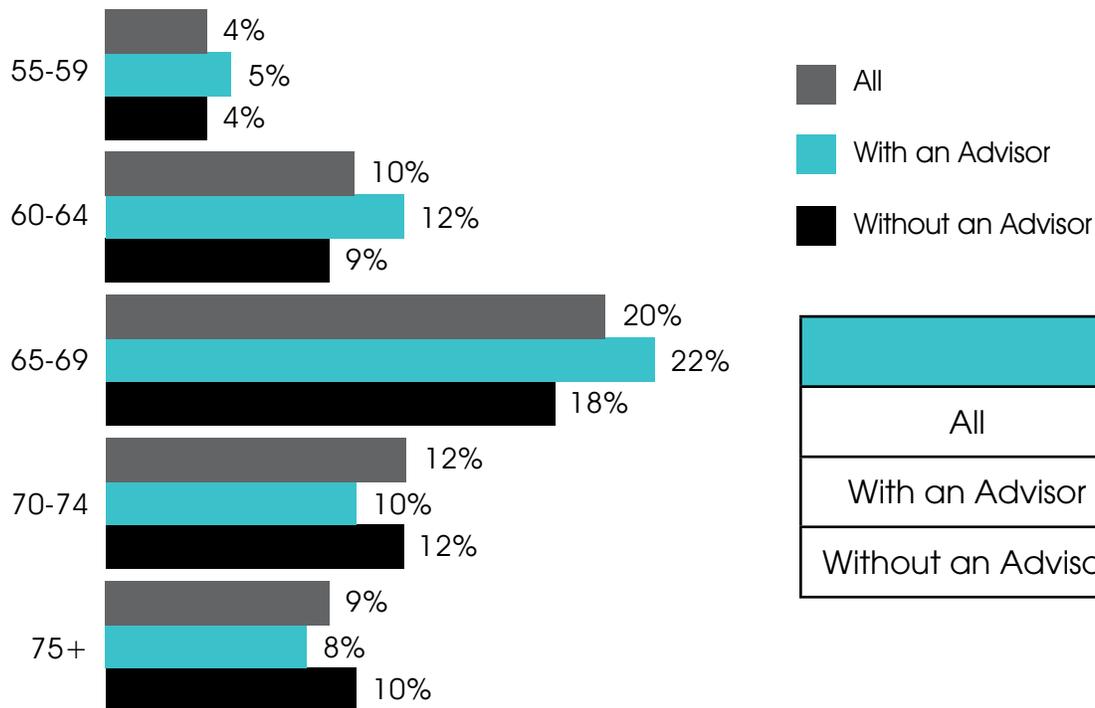
Such a plan aids in demystifying the financial aspects of retirement, helping to ensure you have a clear roadmap for not only addressing basic expenses but also maintaining your desired lifestyle.

HOW CONFIDENT ARE YOU THAT YOU WILL HAVE INCOME TO COVER BASIC MONTHLY EXPENSES THROUGHOUT RETIREMENT?



ADVISOR GUIDANCE CREATES GREATER CONFIDENCE IN RETIREMENT OUTLOOK

ANTICIPATED RETIREMENT AGE



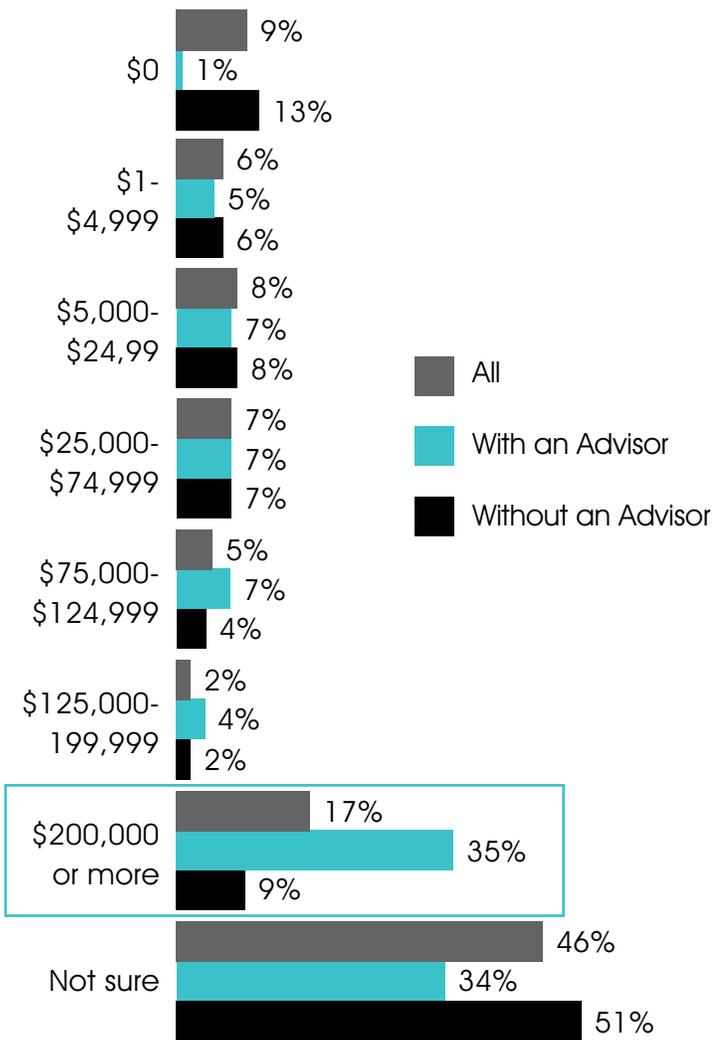
| | Mean Age |
|--------------------|----------|
| All | 65 |
| With an Advisor | 64 |
| Without an Advisor | 66 |

Source: Northwestern Mutual. "Planning & Progress Study 2024: Value of an Advisor." https://filecache.mediaroom.com/mr5mr_nwmutil/179083/2024%20PP%20Wave%205%20-%20Value%20of%20an%20Advisor.pdf. Accessed Nov. 11, 2024.

Working with a financial advisor appears to make a substantial difference in Americans' retirement outlook. Those who consult an advisor not only anticipate retiring two years earlier but also report feeling far more confident in their financial readiness. This effect is notable even among high net worth individuals, where the value of expert guidance is clear: Americans with an advisor are more than twice as likely to feel financially secure compared to those without one.

THE ADVISOR ADVANTAGE: CLIENTS SAVE TWICE AS MUCH FOR RETIREMENT

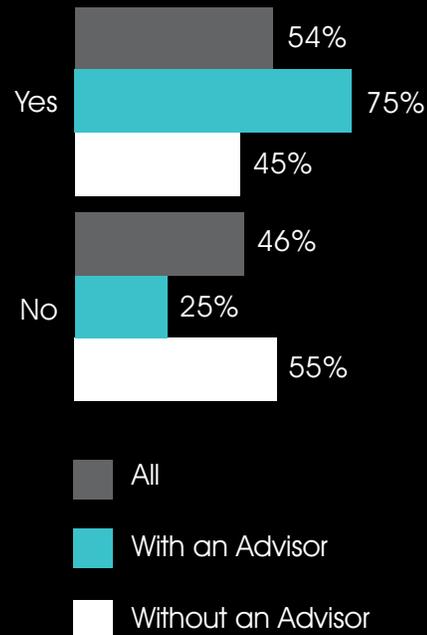
HOW MUCH MONEY DO YOU HAVE SAVED FOR RETIREMENT?



| | Mean Retirement Savings |
|--------------------|-------------------------|
| All | \$88,400 |
| With an Advisor | \$132,000 |
| Without an Advisor | \$62,000 |

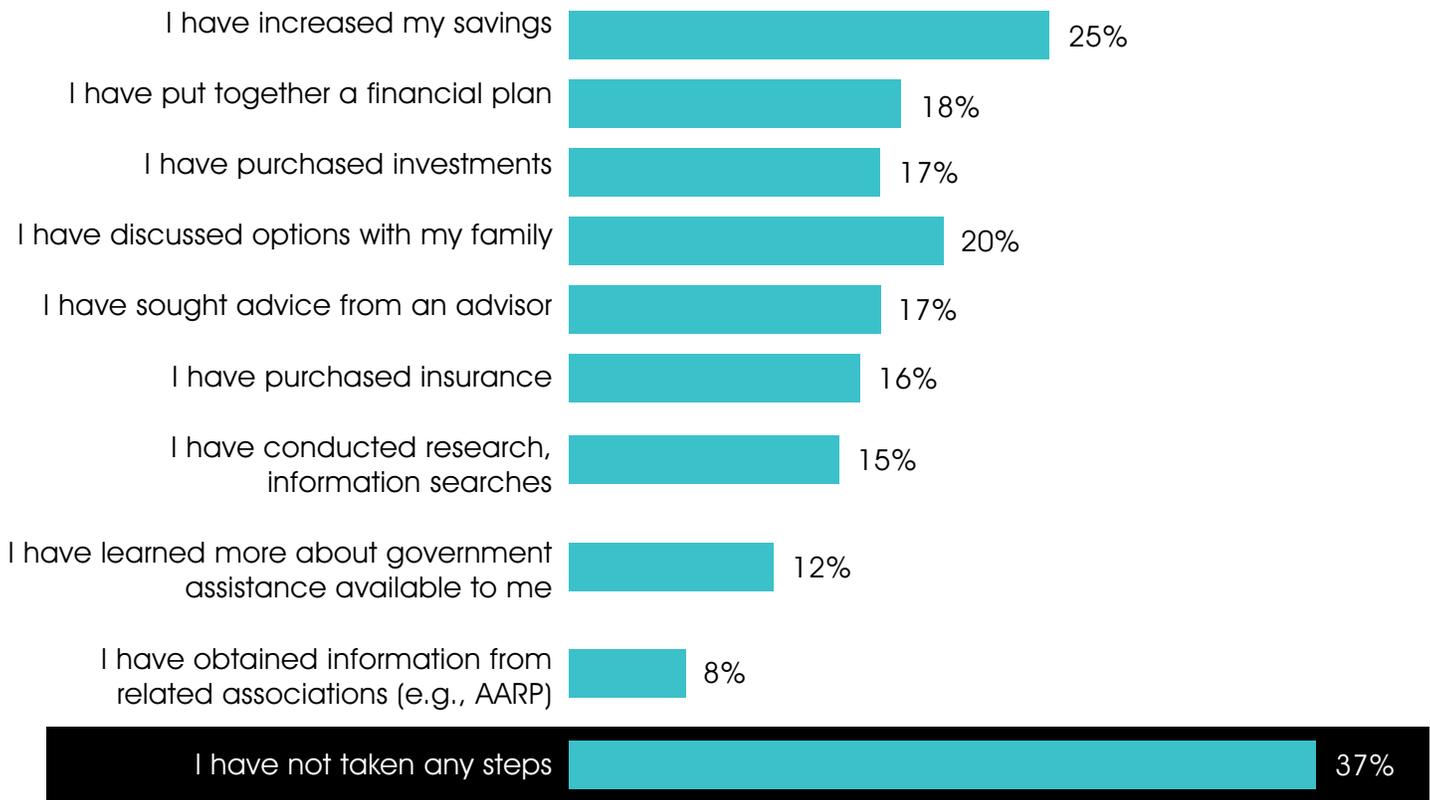
Americans who work with a financial advisor feel far more prepared and confident about their retirement plans than those who don't. Most clients with an advisor believe they're on track for a financially secure retirement and have a clear understanding of their savings goals, a reassurance that is notably less common among those without professional guidance. This confidence underscores the impact of tailored financial advice in helping people set, reach and feel assured about their retirement targets.

DO YOU THINK YOU WILL BE FINANCIALLY PREPARED FOR RETIREMENT WHEN THE TIME COMES?



Source: Northwestern Mutual. "Planning & Progress Study 2024: Value of an Advisor." <https://news.northwesternmutual.com/planning-and-progress-study-2024> Accessed Nov. 11, 2024.

ACTIONS TO HELP COUNTER THE RISK OF DEPLETING RETIREMENT FUNDS



Source: Northwestern Mutual. "Planning & Progress Study 2024: Work, Retirement & Taxes." <https://news.northwesternmutual.com/planning-and-progress-study-2024>. Accessed Nov. 5, 2024.

Concerns about running out of savings during retirement are widespread; in fact, 48% of Americans aged 61 to 65 worry they may outlive their funds.* Despite this significant concern, more than a third (37%) of individuals have not taken proactive steps to help mitigate this risk according to Northwestern Mutual's 2024 Planning and Progress Study.

The study also found that working with a financial advisor helped boost retirees' confidence — 75% of retirees who've worked with a financial advisor agreed,

"I will have enough money for retirement," versus 45% who haven't worked with a financial advisor.

* Source: Alliance for Lifetime Income. May 17, 2024. "ALI Cannex Protected Retirement Income and Planning (PRIP) Consumer Report." <https://www.protectedincome.org/wp-content/uploads/2022/08/2024-PRIP-Chapter-1-Release-May-17-2024.pdf>. Accessed Nov. 5, 2024.

OBSTACLES TO FINANCIAL STABILITY IN RETIREMENT



Source: Northwestern Mutual. "Planning & Progress Study 2024: The Financial States of America." <https://news.northwesternmutual.com/planning-and-progress-study-2024>. Accessed Nov. 6, 2024.

RETIREMENT INCOME NEEDS

Fifty-eight percent of Gen Xers and 64% of boomers+ expect they'll need the same or higher monthly income in retirement to stay comfortable.

| | Gen X | Boomers+ |
|----------|-------|----------|
| More | 33% | 29% |
| The same | 25% | 35% |
| Less | 27% | 25% |
| Not sure | 15% | 10% |

Source: Northwestern Mutual. "2024 Planning & Progress Study: Retirement Income and Cost of Long-Term Care." <https://news.northwesternmutual.com/planning-and-progress-study-2024>. Accessed Nov. 6, 2024.

PLANNING FOR TAXES AS A KEY TO MAKING YOUR RETIREMENT SAVINGS GO FURTHER

When planning for a confident retirement, it's important to consider how taxes can potentially impact your savings. A significant portion of your nest egg may go to taxes, potentially reducing the funds available for your lifestyle goals. To manage this, many professionals recommend diversifying your tax exposure in retirement — much like diversifying your assets. With future tax rates uncertain, having a strategy that helps balance taxable, tax-deferred and tax-free accounts gives you more control and flexibility. This approach can help you manage tax obligations on your own terms, ultimately allowing your retirement savings to stretch further.

TAXES: THE OFTEN-FORGOTTEN FACTOR IN RETIREMENT PLANNING

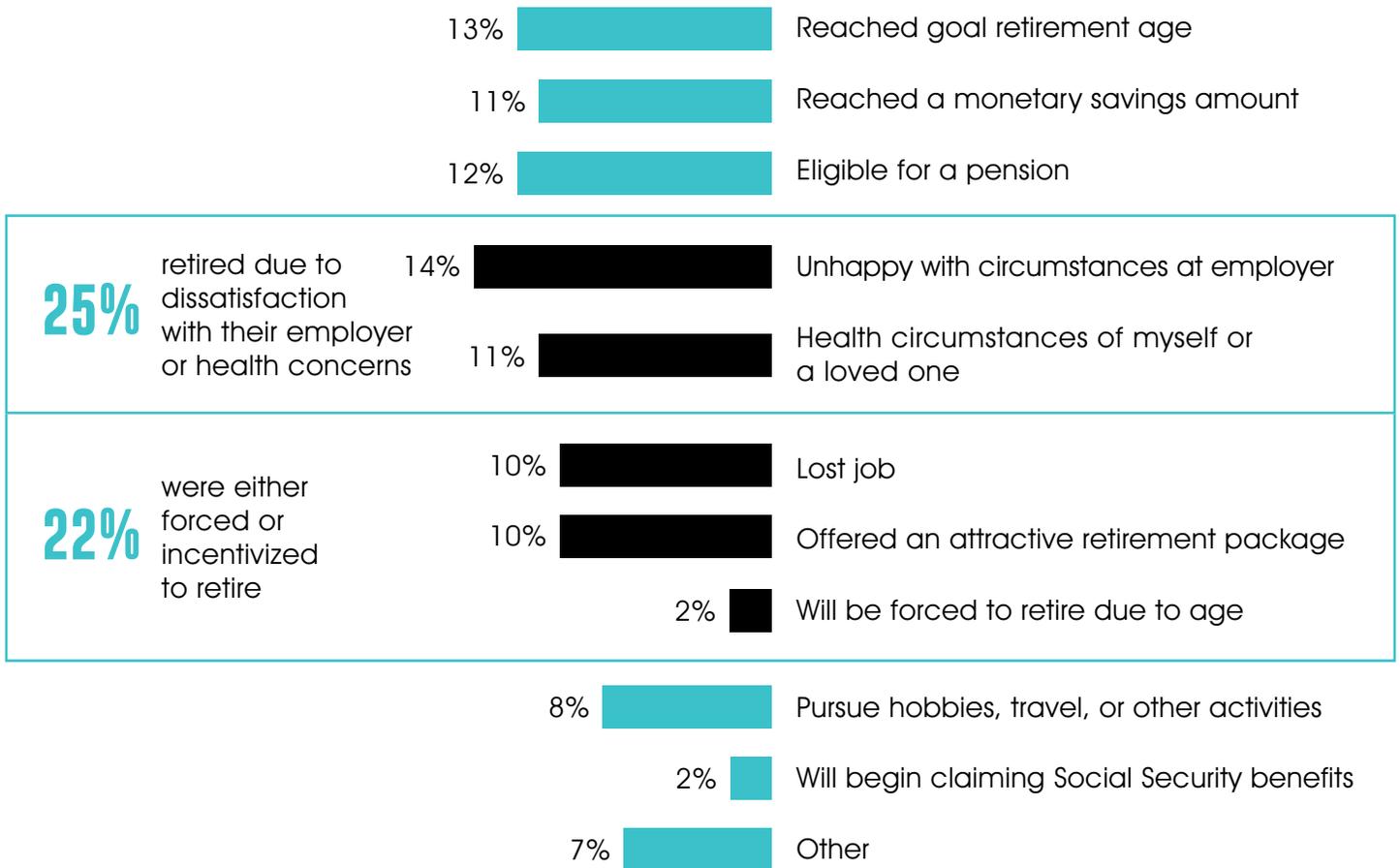
Only three in 10 (30%) Americans have a plan to help minimize taxes on their retirement savings. Among those who do, the most commonly used strategies include:

- **Strategic Withdrawals from Accounts:** Timing withdrawals from traditional and Roth accounts to stay within a lower tax bracket (32%)
- **Diversifying Account Types:** Balancing traditional and Roth retirement accounts for greater tax flexibility (30%)
- **Charitable Donations:** Making strategic charitable contributions to reduce taxable income (24%)
- **Health Savings Accounts (HSAs):** Utilizing HSAs or other tax-advantaged healthcare accounts to cover medical expenses tax-free (23%)
- **Permanent Life Insurance or Annuities:** Leveraging these products for their tax benefits (22%)
- **Roth Conversions:** Converting traditional accounts to Roth accounts before required minimum distributions (RMDs) or Social Security start (19%)
- **Qualified Charitable Distributions (QCDs):** Using QCDs from IRAs to satisfy RMDs while reducing taxable income (17%)
- **Additional Tax-Advantaged Accounts:** Contributing to other tax-advantaged accounts like 529 plans (14%)
- **Life Insurance Cash Value:** Using the basis paid into permanent life insurance cash value to stay within a lower tax bracket (13%)
- **Qualified Longevity Annuity Contracts (QLACs):** Setting aside funds for later in retirement (13%)

Source: Northwestern Mutual. "Planning & asset allocation mix Progress Study 2024, Work, Retirement, & Taxes." <https://news.northwesternmutual.com/planning-and-progress-study-2024>. Accessed Nov. 6, 2024.:

TOP REASONS FOR RETIRING

(Among those ages 61-65 who are currently retired, who were asked to give their top three reasons for when they timed their retirement. Multiple answers were allowed.)



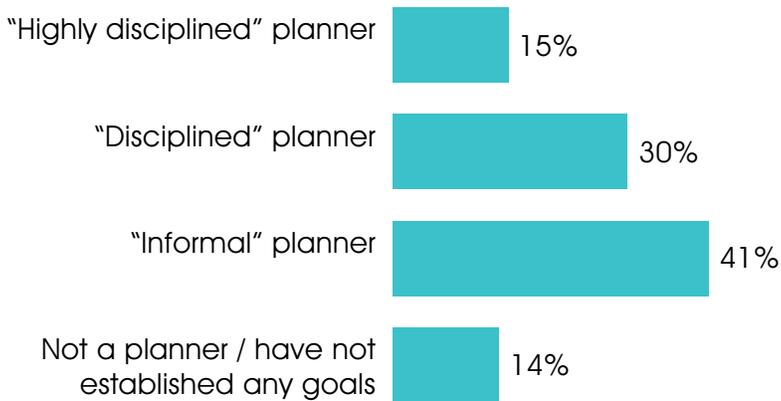
DECIDING WHEN TO RETIRE: BALANCING PREPARATION WITH UNCERTAINTY

Among retirees polled, it is notable that about a third had to leave the workforce for reasons beyond their control. This highlights a significant reality: Many individuals may find themselves retiring earlier than planned, often due to unforeseen circumstances.

This fact poses an important question: Is targeting a specific age or savings amount the best way to decide when to retire? Ideally, this decision should be based on a comprehensive evaluation of your financial readiness, health and personal aspirations, rather than being dictated by external factors or default milestones.

Source: Alliance for Lifetime Income. May 17, 2024. "ALI Cannex Protected Retirement Income and Planning (PRIP) Consumer Report." <https://www.protectedincome.org/wp-content/uploads/2022/08/2024-PRIP-Chapter-1-Release-May-17-2024.pdf>. Accessed Nov. 5, 2024.

HOW U.S. ADULTS SEE THEMSELVES



TOTAL DISCIPLINED 45%

TOTAL UNDISCIPLINED 55%

Source: Northwestern Mutual. "2024 Planning and Progress Study: The Financial States of America." <https://news.northwesternmutual.com/planning-and-progress-study-2024>. Accessed Nov. 6, 2024.

DISCIPLINED VS. UNDISCIPLINED FINANCIAL PLANNING

Those who adopt a more disciplined approach to financial planning typically have greater clarity about their financial future, leading to more informed decisions and a clearer path toward pursuing their long-term goals.

THE VALUE OF PROTECTED INCOME: AN IMPORTANT PERSPECTIVE IN RETIREMENT PLANNING

NEARLY TWO IN THREE AMERICANS FEAR OUTLIVING SAVINGS MORE THAN DEATH:

63% FEAR RUNNING OUT OF MONEY MORE THAN DEATH

43% SAY HIGH INFLATION HEIGHTENS THIS WORRY

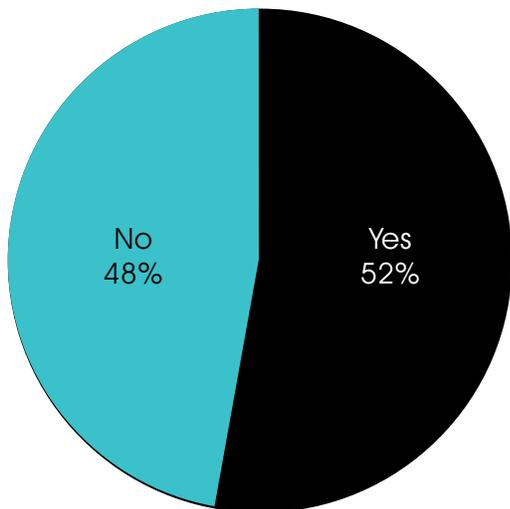
35% SEE LIFETIME INCOME PRODUCTS AS A POSSIBLE STRATEGY

Source: Allianz Life. April 9, 2024. "Nearly 2 in 3 Americans Worry More about Running Out of Money than Death." <https://www.allianzlife.com/about/newsroom/2024-Press-Releases/Nearly-2-in-3-Americans-Worry-More-about-Running-Out-of-Money-than-Death>. Accessed Nov. 7, 2024.

PRIORITIZING GUARANTEED LIFETIME INCOME BEYOND SOCIAL SECURITY

The desire for lower risk investments appears to be closely tied to a strong preference for guaranteed lifetime income. An overwhelming majority of consumers express that having a reliable, guaranteed income stream for life holds significant value. This sentiment underscores the importance of financial stability and predictability in retirement, highlighting the need for investment strategies that not only focus on preservation of assets but also helps ensure a consistent income throughout one's later years.

DO YOU HAVE A LONG-TERM FINANCIAL PLAN THAT FACTORS FOR UP AND DOWN ECONOMIC CYCLES OVER TIME?



Source: Northwestern Mutual. "Planning & Progress Study 2024, Value of an Advisor. <https://news.northwesternmutual.com/planning-and-progress-study-2024>. Accessed Nov. 5, 2024.

| High Net Worth | % Plan |
|--------------------------------------|--------|
| High Net Worth | 84% |
| Non-High Net Worth | 52% |
| Use of Financial Advisor | % Plan |
| Work with a Financial Advisor | 79% |
| Do not work with a Financial Advisor | 38% |

Source: Northwestern Mutual. "2024 Planning & Progress Study: High Net Worth." <https://news.northwesternmutual.com/planning-and-progress-study-2024>. Accessed Nov. 5, 2024.

HELPING BUILD RESILIENCE: FINANCIAL PLANNING THROUGH ECONOMIC CYCLES

The growing preference for lifetime income guarantees, as evidenced by the demand for lower risk investments and the high value placed on guaranteed income in addition to Social Security, aligns closely with the need for resilience in financial planning. This trend reflects a collective desire to weather market fluctuations and economic uncertainties. Consequently, the importance of a robust, long-term financial plan is further underscored.

Such a plan, strategically designed to incorporate more stable income sources and designed to withstand economic ups and downs, helps ensure not just immediate stability but also potential long-term growth. By anticipating and preparing for market variances, a well-crafted financial strategy, with a focus on guaranteed lifetime income, helps maintain financial confidence against short-term market conditions, helping lead to long-term confidence in pursuing long-term financial goals.



FIG. 2

1,000
900
800
700
600
500
400
300
200
100
0

FIG. 4

65
32
12
268



NAVIGATING RETIREMENT COMPLEXITY

Retirement planning is a complex and multifaceted endeavor, where understanding the difference between perception and reality can be key. It's about more than just numbers and projections; it's about crafting a future that aligns with your individual needs and aspirations.

In this journey, the true value lies in having a clear understanding of your financial landscape and how it aligns with your retirement goals.

In this context, the role of an experienced financial advisor becomes invaluable.

A financial advisor provides more than just advice; they help bring clarity and strategy, helping to bridge the gap between what you perceive and what is realistic. They adeptly navigate the complexities of retirement planning, helping ensure that your strategy is not only robust and comprehensive but also flexible enough to adapt to life's unpredictable changes.

A financial advisor can be a key ally, guiding you toward a confident and fulfilling retirement, grounded in a well-informed understanding of your financial journey.



LIBERTY GROUP

Liberty Group, Holdings, Inc. operates the following range of businesses through controlled entities, collectively referred to as Liberty Group (or "LG"): Hollander & Hollander, PC ("H&H"), Liberty Alternative Asset Management, LLC ("LAAM"), Liberty Real Estate Management Company, LLC ("LREM"), Liberty Tax Planners, LLC ("LTP"), Liberty Wealth Management, LLC ("LWM"), DBA Liberty Group, and Lifetime Planning Marketing, Inc. ("LPM"), CA # 0F17020. Persons engaging the services of one affiliated LG company should be aware that each company is operated separately. Engaging the services of one entity does not entitle any client to the rights and protections of another, some of whom are regulated entities subject to different governing regimes. Clients should be aware that services provided by one regulated entity will only be provided concerning that entity, not for another. Further, the protections afforded when doing business with one affiliated entity may not necessarily exist with another.

Investment advisory services are offered through Liberty Wealth Management, LLC, DBA Liberty Group, an SEC-registered investment adviser. Persons engaging the services of one affiliated LG company should be aware that each company is operated separately. Engaging the services of one entity does not entitle any client to the rights and protections, some of whom are regulated entities subject to different governing regimes. Clients should be aware that services provided by one regulated entity will only be provided concerning that entity - the protections afforded when doing business with one affiliated entity may not necessarily exist with another. The opinions expressed and material provided are general information and should not be considered a solicitation for purchasing or selling any security. Nothing presented is intended to provide specific legal or tax advice. Financial and planning decisions must be based on your specific due diligence, investment objectives, economic, risk tolerance, and individual financial and personal circumstances. Past performance is no indication of future results, and investing involves risk, including the possible loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining value. Before investing, you should consult with a qualified professional - a competent financial, legal, or tax advisor, or another, to aid in due diligence as proper for your situation to determine the suitability of the risk and tax consequences associated with any investment. For additional information on LG, its related companies, or LWM and any of its affiliated persons who are registered or required to be registered as Adviser Representatives of the firm, please visit www.adviserinfo.sec.gov or contact us directly at 411 30th Street, 2nd Floor, Oakland, CA 94609, T: 510-658-1880, F: 510-658-1886. www.libertygrouppllc.com. Certain information contained herein has been obtained from third party sources and such information has not been independently verified by Liberty Group. No representation, warranty, or undertaking, expressed or implied, is given to the accuracy or completeness of such information by Liberty Group or any other person. While such sources are believed to be reliable, Liberty Group does not assume any responsibility for the accuracy or completeness of such information. Liberty Group does not undertake any obligation to update the information contained herein as of any future date.

Except where otherwise indicated, the information contained in this presentation is based on matters as they exist as of the date of preparation of such material and not as of the date of distribution or any future date. Recipients should not rely on this material in making any future investment decision.

Any references to protection or lifetime income generally refer to fixed insurance products, never securities or investment products. Insurance and annuity product guarantees are backed by the financial strength and claims-paying ability of the issuing insurance company.

Content prepared by Advisors Excel

© Copyright 2024 Advisors Excel, LLC