# Investment Education for Elderly People





Optimizing Americans' Retirement Decision-Making

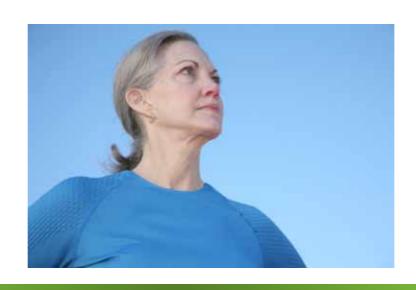
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# A Looming Crisis:

America faces **a national crisis** brought on by some 50 million At-Risk Middle American households, many of which have neither the assets, preparation, support systems, nor protections to finance retirement years.





# Rethinking Retirement

**2006**: NEFE hosts Roundtable gathering of retirement experts and thought leaders

**2007**: NEFE commissions comprehensive research survey of academic literature conducted by Center for Retirement Research at Boston College

**2007**: NEFE convenes 20 national retirement experts from diverse backgrounds for Retirement Income Decumulation Think Tank

2008: NEFE refines and compiles messages with expanded review group

2009: NEFE publishes white paper and launches decumulation.org



# What is decumulation.org?

A comprehensive web site dedicated to optimizing choices and

decisions for a population

that is:

Underserved

Under-saved

Unprepared

Uninformed <u>or</u> Misinformed





## 8 Decision Zones



- 1. Work
- 2. Social Security
- 3. Home and Mortgage
- 4. Insurance
- 5. Pensions
- 6. Retirement Plans
- 7. Debt
- 8. Fraud



### Income Producers and Reducers

#### **Producers: Playing Offense**

- Housing
- Working
- Social Security
- Assets: savings/retirement funds
- Insurance Products

#### **Reducers: Playing Defense**

- Debt/Liabilities
- Healthcare
- Fraud





### What's at Stake?







- Large population of at-risk middle Americans with household pre-retirement income between \$30,000 and \$100,000:
  - ✓ Typically does NOT seek out expert advice and guidance of professional financial planners
  - ✓ May not have the assets, preparation, support systems, nor protections to finance retirement years
- Looming national retirement income decumulation crisis



# A Necessary Paradigm Shift

- Early retirement has traditionally been viewed as a symbol of financial success
- Early retirement has also been viewed as "not ever working again"
- For this population to adequately prepare and optimize for their retirement, the notion of retirement needs to be repositioned
- By embracing a new way of looking at retirement, behavioral change can take place









# 10 Truths That At-Risk Middle America Must Believe

- Many Americans at risk of catastrophic personal financial crisis
- Responsibility of every American to know financial situation
- 3. Important to get objective retirement advice from qualified financial planner
- 4. Need to have a retirement paycheck
- 5. Need to work as long as able

- 6. Taking Social Security too early means less money
- 7. Need to know how to pay for medical and long-term care needs
- 8. Annuities can provide dependable source of income
- 9. Important to pay off consumer and credit card debt before retirement
- 10. Spending 401 (k) savings before retirement has negative impact



## Accumulation & Decumulation

- Although NEFE focuses on retirement paychecks and the decumulation process, but:
- There is still a problem with accumulation and inadequate retirement savings.
- Both accumulation and decumulation need to be linked to effectively address the retirement crisis though public awareness; financial education in schools, workplace, and community organizations; and behavioral economics.



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