

*Most workers have no idea how much money their retirement will cost...they cannot even guess. With no personally meaningful target for an ample retirement income, there's little chance they'll achieve it. In the dozen years since this article was published, the number of people who have tried to make the calculation – although many failed – has risen only a little.*

*Until retirement education programs help the vast majority of workers answer the most basic retirement question – 'How much will it cost and how can I pay for it?' – don't expect them to become successful retirement income consumers.*



## Three Retirement Questions Boomers Must Answer

By Dennis Ackley

December 1997

**H**ow much will your retirement cost? Even though it's probably the most important and expensive purchase employees will ever make, barely a few can even guess at a dollar figure.

Recent research by the Washington, D.C.-based Employee Benefit Research Institute (EBRI), the 1997 Retirement Confidence Survey, shows only 38% of employees age 45-52 have ever tried to answer the question. About one-quarter of them could not come up with any amount.

No one would take a new job without knowing what it paid. Yet most Baby Boomers, who are getting close to their 'late lifecycle career,' are clueless about their *retirement pay*.

This massive communication failure isn't due to lack of retirement information. There's an enormous amount of it available from investment funds, employers, libraries, newspaper and magazine articles, and hundreds of Web sites.

Clearly, the current retirement education techniques are failing. So why not try some new ideas? How about starting with some simple questions that smart *retirement consumers* should be able to answer? Here are three.

### #1 How much will my retirement cost?

For a ballpark answer, consider:

- How much money are you spending each month? How much more or less do you want during retirement?
- How long do you expect your retirement to last? Someone retiring at age 60 and living to age 90 will need 360 months of income (30 years X 12 = 360 months).

\$ \_\_\_\_\_ times \_\_\_\_\_ equals \$ \_\_\_\_\_  
Monthly retirement spending                      Months of retirement                      Estimated cost of retirement

