



# Retirement at a Glance

1. **PARTICIPANTS STAY ON COURSE** – In 2018, only 2.3% of 401(k) participants stopped making contributions. 3.4% of participants took a withdrawal from their 401(k) in 2018, exactly the same as in 2017. Hardship distributions were made to 1.6% of participants, down from 1.7% in 2017 (source: Investment Company Institute).
  2. **HOW MUCH SAVED AT 45?** – According to a recent report, 47% of individuals who have not yet retired but are 45 or older do not have \$75,000 in retirement savings. Estimates indicate this group will rely on Social Security for 62% of their retirement income as compared to 25% for those who have at least \$75,000 saved by age 45 (source: Alliance for Lifetime Income).
  3. **SOCIAL SECURITY IN 12 YEARS** – Current projections have Social Security trust funds exhausted in 2031, with estimates that this will result in a 26% reduction in benefits in 2032. Proposed fixes include raising the retirement age by 2 months per year until it reaches age 70, increasing payroll taxes by .5%, and increasing the income subject to tax up to \$250,000 (source: Congressional Budget Office).
  4. **GEN X SAVING, BUT WORRIED** – When asked how confident they are in having a comfortable lifestyle in retirement, only 14% of Gen Xers (born 1965-1978) indicated they are very confident. 77% indicated they are saving in a retirement plan though. The median savings amount in all household retirement accounts is estimated at \$66,000 (source: Transamerica Center for Retirement Studies).
  5. **I'LL MANAGE** – A recently released study shows that both retirees and workers would rather manage their own assets than purchase a guaranteed lifetime income product. 34% of workers and 45% of retirees indicated they would rather manage their own assets as compared to 20% and 9% respectively that would like a guaranteed income product (source: Employee Benefits Research Institute).
  6. **SATISFACTION AND TRUST** – A recent survey of participants showed that overall satisfaction with their retirement plan providers has declined by 24% over the last six years. When asked if they trusted financial institutions, only 11% of participants indicated they did and only 25% of participants indicated they could always trust their employer (source: National Association of Retirement Plan Participants).
  7. **LOCATION, LOCATION, LOCATION** – When asked what factors are important when deciding where to live in retirement, the top choice at 69% of those surveyed was a place with an affordable cost of living. 49% indicated being near family and friends was an important factor and 45% said good weather was important (source: Transamerica Center for Retirement Studies).
  8. **BIG PENALTIES** – The Employee Benefits Security Administration announced new adjusted penalties for 2019. Failure to file a Form 5500 carries a penalty of \$2,194 per day. Failure to furnish a blackout notice or a diversification notice has a penalty of \$139 per day, and failure to furnish an automatic contribution notice has a penalty of \$1,736 per day (source: Department of Labor).
  9. **JULY DUE DATE** – For calendar-year plans, Form 5500, accompanying schedules, and plan audit (for large plans) are due to be filed on July 31. If an extension is needed, the plan may file Form 5558 by July 31, or the plan sponsor may obtain an extension for filing the business's federal income tax return (source: IRS).
  10. **DECLARATION OF INDEPENDENCE** – Tradition says the U.S. Declaration of Independence was signed on July 4. In reality, most of the delegates signed it on August 2 after their state had approved it. There are 26 original copies still in existence with 3 owned by private individuals (source: history.com).
- QUESTION** – A recent study looked at where participants in their sixties invested their 401(k) assets. What was the most used investment type for this age group? **The answer can be found by calling your MFS representative at 1-800-343-2829.**

Keep in mind that all investments, including mutual funds, carry a certain amount of risk including the possible loss of the principal amount invested.

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