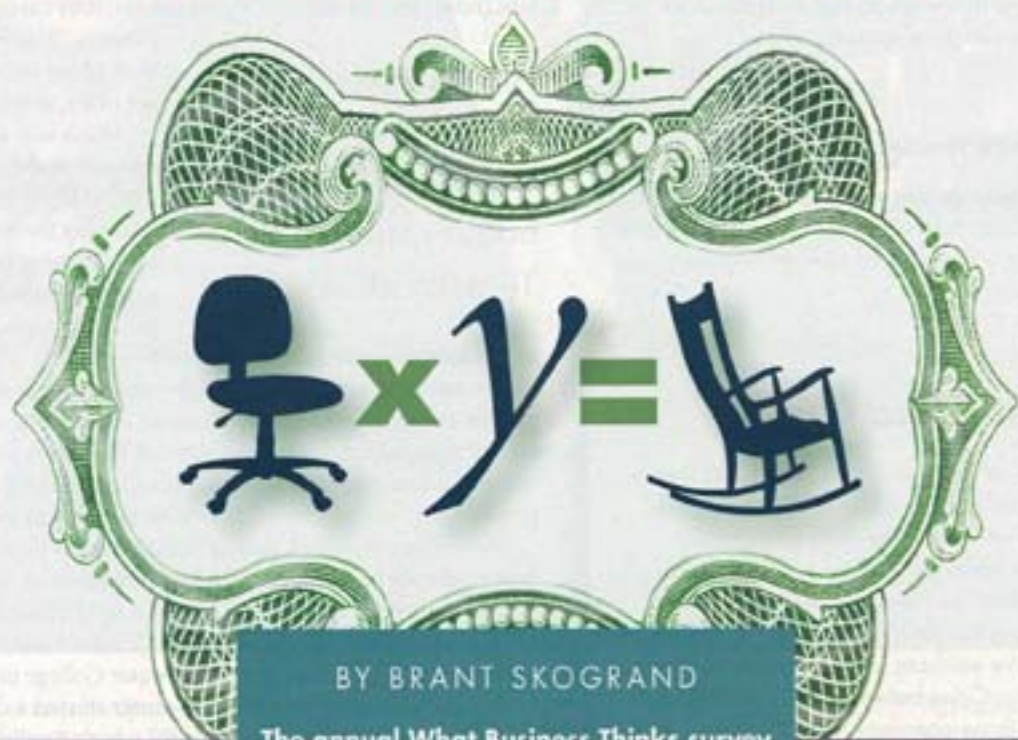


Are You Ready to Rock?

THIS TIME, OUR ANNUAL POLL ASKS HOW TWIN CITIES BUSINESS READERS ARE APPROACHING RETIREMENT.



BY BRANT SKOGRAND

Overall, respondents to the What Business Thinks survey feel good about their pending retirements. But just more than half (52 percent) believe that they will have the same or an even better standard of living than their parents had.

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The economy—both the recent state of markets and investment returns, and long-term issues, such as the high cost of health care—is casting a shadow. Only 32 percent of respondents believe that they will worry less about money than their parents did, and 11 percent are afraid that their lives will be diminished and that maintaining a home could be difficult in retirement.

Work will be in the picture for just more than half of respondents (51 percent). The social aspect is a stronger motivator than money is—52 percent of those who plan to work will do so to stay busy, but 43 percent say they'll

The annual What Business Thinks survey is a unique reading of the Minnesota business community and the issues on business leaders' minds. This edition of the survey, conducted in September 2008 in association with Thrivent Financial for Lutherans, focuses on retirement preparation. With 76 million baby boomers set to retire over the next 20 years and the stock market giving investors a wild ride in recent months, how are TCB readers preparing for their own retirements?

need the income or the health insurance, or that the income will ease their personal finances in retirement.

TCB readers plan to support favorite causes when they retire, but while they'll give more of their time, most don't plan to do the same with their money. A majority (53

percent) say they're very likely to volunteer more for organizations they care about, while just 29 percent say it's equally likely that they'll contribute more money in retirement.

Many survey respondents likewise don't plan to leave a big inheritance to children: 40 percent say that they are not likely to leave a significant inheritance. While a quarter say that they wish they could, only 17 percent say that it's very likely to happen; another 43 percent say that it's somewhat likely.

It seems that survey participants want the next generation to follow the good example that they've set by starting to save early. Two-thirds (67 percent) of survey respondents say that they started saving for retirement between the ages of 18 and 34.

In late 2006, Thrivent Financial gathered information from 2,500 baby boomers nationally through its Thriving in



All numbers are percentages. Where a question is asterisked, percentages add up to more than 100 because respondents were asked to check all answers that apply.

At what age do you realistically expect to retire—that is, no longer need to work for an income, but live on Social Security, savings, retirement accounts, or other sources of income (such as your spouse or partner)?

Before I am 60	14.3
Between the ages of 60 and 64	19.7
Between the ages of 65 and 69	40.2
Between the ages of 70 and 74	1.8
Not until I am 75 or older	7.0
I don't see that I will ever be able to not work	3.5
I have no idea	3.5



How likely will you be to do each of the following in retirement?	Very Likely	Somewhat Likely	Not Likely
Leave a significant inheritance	17.0	42.7	40.2
Volunteer more for organizations I care about	53.0	40.6	6.4
Contribute more money to organizations I care about	28.8	47.4	23.8
Take up or start a new business	11.0	37.7	51.3
Take educational classes	32.5	46.0	21.5
Take up a new hobby, craft, or activity	41.4	40.0	18.6
Move to a warmer climate	17.6	36.0	46.4
Move where the cost of living is lower	8.3	32.7	59.0
Acquire an additional home, vacation cabin, et cetera	17.2	30.6	52.2

What temptations keep you from saving more money for retirement? *

Keeping up with the lifestyle of my friends and neighbors	7.7
Impulse shopping	10.6
Cars or other vehicles	10.8
Travel, vacations	27.1
Hobbies	9.5
An expensive home	15.3
Entertainment	15.9
None of these	56.1

What single issue might prevent you from accomplishing the things you wish in retirement?

Lack of money	55.3
Health problems	20.5
Lack of time	10.8
Family obligations	6.4
Other	7.0

How old were you when you began saving for retirement?

Before I was 18	3.7
When I was 18 to 34 years old	66.7
When I was 35 to 44 years old	19.9
When I was 45 to 54 years old	8.1
After I was 55 or older	0.8
I really haven't started	0.8



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Which unexpected situation do you feel most concerned about that could impact your retirement plan and savings?



If you suddenly had an unexpected \$1 million, what would be the main thing you would do with the additional money?

Invest it for my retirement	56.9
Give a majority to charity	1.0
Divide it between charities, my descendants/beneficiaries, and my own retirement income	35.4
Go on a shopping spree	0.4
Buy a luxury home	1.2
Start my own business	4.8
Head to the nearest casino	0.2

An illness	42.2
A death in the immediate family	3.5
A need for additional college savings	3.5
A dive in the stock market	20.1
Losing my job (or my spouse/partner losing a job)	21.5
None of these	9.1

How the Survey was Conducted

The 2008 Twin Cities Business What Business Thinks survey was conducted by Thrivent Financial for Lutherans. More than 11,000 subscribers to Twin Cities Business were sent an e-mail invitation to participate. Responses were gathered via an online survey between September 3 and 16, 2008. The overall response rate was approximately 4 percent (493 respondents), providing a margin of error of +/- 4 percent.

More about the respondents:

- The average age of TCB readers is 52.
- Their average household income is \$227,000.
- Respondents were 36 percent female, 64 percent male, —a slighter higher ratio of women to men than in TCB's audience (27 percent female, 73 percent male).

Which of these three statements is closest to how you feel about your future?

I see retirement as a time to thrive. I expect to be able to do more things that I have always wanted to do, but never had the time.	49.5
When I retire, my life will not be that different except for having more time. I will pretty much do the same things I've always done.	32.5
I am afraid that my life will be worse if/when I retire. It will be more difficult to do things like maintain a home, take vacations, support hobbies, or contribute money.	11.2
None of these.	6.8

Which of these is closest to your expectations for your standard of living in retirement compared with that of your parents in retirement?

I will live more comfortably.	51.6
I will have about the same standard of living.	30.8
I will not be able to live as comfortably.	8.5
I am not sure.	6.8
Does not apply.	2.3

Compared to your parents, what do you think will be true of you during your retirement years? *

I will travel more.	74.3
I will have a wider range of activities and interests.	62.9
I will worry more about money.	26.7
I will worry less about money.	31.9
I will be in better health.	36.9
I will have more difficulty affording health care.	34.2
I will spend more time with family members.	43.5
I will give more to charities and other organizations I care about.	33.3
I will spend more time volunteering.	58.2

Besides Social Security, from which of the following do you expect to have income during your retirement years? *

An employer pension (defined-benefit plan), which includes corporate, government, or military pensions	33.5
An individual retirement account (IRA)	73.3
Savings and investments outside of IRAs, such as a 401(k), 403(b), mutual fund, or stocks	91.7
Winning the lottery	3.1
Employment, either full time or part time	50.9
Family members	1.7
Rental income from property I/we own	14.5
Income from a business or businesses I/we own	27.3
A reverse mortgage on a house (the bank gradually buys the house from you)	2.5
An inheritance from parents or other relatives	25.7
Anything else	2.1
I am not sure where I/we will get the income to live on in retirement	3.1

You chose employment as one source of income during your retirement years (see preceding question). Is that more because?:

I/we will need the income	13.3
I/we won't necessarily need the income, but life will be easier if someone works	19.8
I/we will need the health insurance and benefits	10.5
I/we plan to stay busy by working	52.0
Not sure	4.4



What kind of work do you expect to do during retirement years?

Whatever will earn me a good income	8.9
Whatever will provide health insurance	8.5
Nothing too stressful—just something I can enjoy and keep busy with	39.9
Something challenging or risky that I couldn't do before, like starting a business	10.1
Something meaningful, like working for a nonprofit organization	20.2
I'm not sure	12.5

Retirement survey. Comparing the results of that survey with those from the What Business Thinks survey provided some interesting insights.

The good news is that it appears that most Minnesota business leaders have taken the issue of retirement preparation more seriously than the national sample has. Just more than half (51 percent) of respondents to the What Business Thinks survey have done serious calculations or planning on their own to estimate retirement income and needs, and 43 percent have gone through a formal retirement planning process with a financial advisor. That compares with 34 percent and 16 percent respectively in the national survey—which, by the way, targeted people who were 60 years old or older!

In addition, the obstacles that derail progress toward retirement saving are different between the two groups, probably reflecting a higher average income level among TCB readers. In Thrivent's nationwide survey of

boomers, top obstacles included starting to save and invest too late in life (35 percent), the cost of health care or health insurance (32 percent), and a low-paying job (29 percent). For What Business Thinks participants, top obstacles included paying for college (33 percent), poor-performing investments (30 percent), and the cost of health care or health insurance (21 percent).

People worry, naturally, about the unknowns that retirement represents. Will there be enough money to last? Will health problems take away their ability to enjoy life? Those are the top two issues (55 percent and 21 percent, respectively) that respondents chose when asked what might prevent them from accomplishing what they want to during retirement.

They worry about the unexpected on their way to retirement, too. Illness (42 percent), loss of their own or a spouse's job (22 percent), and a dive in the stock market (20

percent) are the top three concerns when respondents think about what could damage their retirement plans and savings. The cost of health care is a recurring worry in respondents' survey answers, despite the relative affluence of TCB readers—a sign of how badly the system need fixing.

But those surveyed are facing their worries with pragmatism—and maybe with new motivation after getting socked by the stock market and the drop in home prices. Asked what they would do if they came into an unexpected \$1 million, by far the top two responses were investing the money for retirement savings (57 percent) and dividing the money between charities, descendants/beneficiaries, and retirement income (35 percent). Buying a luxury home and going on a shopping spree barely registered. **TCB**

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