

## 10 Scary Retirement Statistics - Transcript

**Tom Mullooly:** You might not want to watch this video if you get easily depressed, because we're going to go through some scary retirement statistics.

Welcome to the Mullooly Asset show. I'm your host Tom Mullooly, and this is episode number 166. We're going to share 10 of the scariest retirement statistics. This is a collection of surveys that we got from ThinkAdvisor. That's an industry website, so we'll run through these pretty quickly.

The first one that they pointed out is that credit card interest, just the interest alone on credit cards has now exceeded \$100 billion per year. That's billions with a B, a hundred billion per year.

The second statistic that they wanted to share, 35% of Americans have had debt already in collections. That means you're getting these hounding letters and phone calls at night, which really are pretty lousy.

The third scariest retirement statistic is, hey, remember that raise that you got, your raise in wages? Probably didn't keep up with inflation. Real wages are down 1.3% since the end of 2017. That's almost two years. We're recording this in November of 2019.

The fourth statistic that they wanted to share is that 21%, one out of five Americans, have no savings whatsoever, no savings at all.

The next point is another 20% of Americans have less than \$5,000.00 saved, so that's 40% of Americans that have \$5,000.00 or less socked away for a rainy day or an emergency.

The sixth point that they wanted to raise is that FINRA reported through a survey that only 40% of U.S. residents spend less than their actual income. That I think is the crux of financial planning is cashflow. What are you doing with your money? If you're spending more than you're bringing in, that's a problem that has to be solved immediately. I thought that should have been number one.

Anyway, number seven, financial illiteracy, not understanding math. We're not talking about option strategies, we're talking about basic financial literacy is becoming a real issue. 5% of survey respondents said that they were turned down for a job because they lacked financial knowledge, and another 18% said they really weren't sure of whether they were financially literate or not. That's nearly one out of four Americans not understanding some basic math and financial terms. We need better education, no doubt about it.

The eighth point is that the retirement plan for 80% of Americans is to simply keep working. But, the problem is that 28% of people who responded actually were able to find work. So, you may have this great idea that well I'm just going to work until I'm 70, or 72, or 75, the problem is you may get aged out of your job, or that job that you're thinking of may not may no longer exist.

Now for the last couple of points I want to talk about baby boomers and Gen Xers. So, baby boomers are folks that were born between 1946 and 1964, so these are people that are in the 55 to age 73 age bracket, and I'm a baby boomer cause I'm right at the tail end. Gen Xers, Generation Xers are born between 1965 and 1979, so these are people who, in 2019, range between age 40 and age 54.

So, our point number nine, consumer debt is now \$14 trillion. It's becomes almost a sport to talk about how the national debt is now \$23 trillion. Hey consumers, what are you doing? We're not that far behind them. We're \$14 trillion in debt buying things that we may not need. Baby boomers, the average debt that a baby boomer carries is \$95,000.00. That's outrageous. However, Generation Xers, the average debt, now these are people who are younger, their average debt, \$134,000.00. It's a lot of money that you owe. Don't become a slave to debt.

The last point from their surveys on ThinkAdvisor is that baby boomers have the second highest student loan balances. These are people who are 55 to 73 years old, so these are, most cases, parents who have taken out loans for their kids. Baby boomers in general own an average of \$34,000.00. They're only surpassed by Generation Xers who owe, on average, \$39,000.00 in student loans. These are really terrible numbers. If you find yourself raising your hand saying, "Hey, I am part of that," whatever point we brought up of these 10, it's time to sit down with a financial planner and figure out what's going wrong with your plan. Or if you don't have a plan, get with someone who can help you put one together. It all starts with your balance sheet and your cash flow. That's so important. In fact, that's one of the first things that we do when we sit down with someone that we're meeting for the first time.

Thanks for watching episode 166. I'll see you next time.