

Most Americans don't know how long an average retirement lasts

Clients want to talk about retirement planning, so let's start with one of the basics.

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- By Steve Randall

When a client talks to their financial advisor about **retirement**, they want to be assured that they won't run out of money, but it's likely they won't know how long it needs to last.

That's because there is a significant lack of knowledge about the life expectancy of a retiree in the United States today, and some people may be shocked at the number of years that their investments and savings will be expected to stretch.

The TIAA Institute and the Global Financial Literacy Excellence Center at the George Washington University School of Business used data from the 2023 Personal Finance Index survey to assess the 'longevity literacy' of American adults.

Respondents were asked to identify the likelihood among 65-year-olds of living to 90 and the likelihood of dying relatively early (by age 70) – only 12% got both correct.

For men, there is a 30% chance of living to 90 and a 10% chance that they will not live beyond 70. While for women there's a 40% chance of living to 90 and less than 5% chance of dying by 70.

Asked how long they think a 65-year-old is likely to live, just 35% correctly said 84 for men and 87 for women.

WHY IT MATTERS

The research found that having strong longevity literacy helps with **retirement readiness**:

- 50% have determined how much they need to save for retirement, compared to 32% of those with weak longevity literacy.
- 72% are saving for retirement on a regular basis, compared to 58% of those with weak longevity literacy.
- 69% are confident about having enough money to live comfortably throughout retirement, compared to 53% of those with weak literacy.

“Longevity literacy is particularly important since retirement income security inherently involves planning, saving and preparing for a period that is uncertain in length,” said Surya Kolluri, head of the TIAA Institute. “Our research clearly demonstrates a lack of longevity literacy among the vast majority of U.S. adults. Improving this can promote better retirement security and mitigate longevity risk.”