

Erosive Impact of Inflation

To have the same purchasing power as \$2 million today, you will need the following:

Years Until Retirement	Average Annual Inflation Rate			
	2%	4%	6%	8%
10	\$2,390,185	\$2,846,624	\$3,378,958	\$3,998,009
20	2,913,622	4,213,698	6,051,199	8,631,402
30	3,551,689	6,237,303	10,836,776	18,634,550

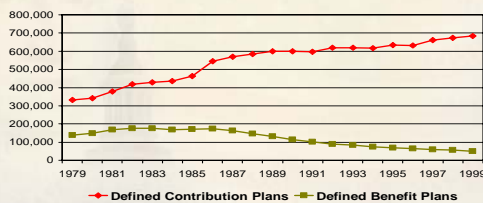
Safety Nets are Fraying

Corporate pension plans are disappearing

- Since 1985, the number of defined benefit plans insured by the U.S. Pension Benefit Guaranty Corporation has declined from 114,500 to less than 31,000 in 2005, covering only 20% of the private sector workforce. (bankrate.com)

The Decline of Pension Plans

Number of Pension Plans by Type of Plan
1979-1999



Responsibility for accumulating and investing retirement assets is moving from the corporation to the individual.

Source: American Benefits Council

Funding Your Own Retirement

- Defined **benefit** plans (traditional pension plans) have declined by nearly 75% over the last 20 years.
- Defined **contribution** plans – self-directed and largely self-funded – are replacing defined benefit plans.
- Defined contribution plans (401k, 403b plans and others) surged from 159,000 in 1985 to 628,000 in 2004.

Source: American Benefits Council

Social Security Ills

Social Security benefits are under pressure

- The dependency ratio - the number of retirees each worker must support - is increasing.
- Social Security tax revenue is projected to fall below program costs in 2018.
- The Social Security Trust Fund consists of IOUs that a future Congress will have to raise taxes to repay.
- These IOU funds will be exhausted around 2042.
- Most of today's workers will have to retire later, and they may retire poorer than they expect.

How Much Do You Need?

Nationwide survey of 792 affluent American adults, 478 of whom had investable assets of \$1 million or more, 148 of whom topped \$10 million...

- When asked how much they needed to feel financially secure in the future, they consistently responded that they needed about twice as much money as they already had.
- Those with \$10 million or more said they needed a median of \$18 million; those with \$5 million or more needed \$10 million; those between \$500,000 and \$1 million wanted \$2.4 million.

Source: PNC Advisors Investor Survey.

The First Step is Your Plan

- How much you will need in retirement will depend upon where you live, your lifestyle and your retirement goals.
- Your ability to reach your financial goals is directly related to establishing a financial plan and adhering to that plan.

*"It pays to plan ahead.
It wasn't raining when Noah built the ark."*

