

## 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

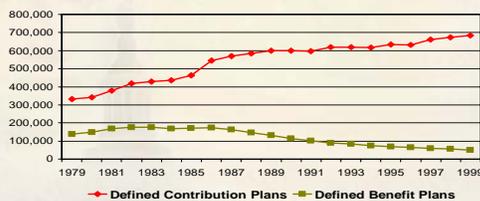
## Safety Nets are Fraying

### 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."*

