



Preparing For Retirement: What Soon-to-Be Seniors Should Consider

Senior citizens are now the fastest-growing demographic nationwide, with Americans aged 65 and older expected to represent [20% of the entire population](#) by 2050. Although it may be true there is strength in numbers, it's hard to argue that many U.S. residents are currently ill-prepared for what they'll face as they age. Specifically, a recent GOBankingRates survey found that [64% of Americans](#) expect to retire with less than \$10,000 in their retirement savings and 45% have nothing saved at all.

Those are scary statistics for Americans everywhere. But because Florida was recently ranked by WalletHub as the [best state for retirement](#) in 2020, it's pivotal for both current and prospective residents to know what they're up against. If you expect to spend your twilight years enjoying the pleasant weather, you'll need to know how you can feasibly afford it.

Of course, saving for retirement goes beyond the costs of food and housing. For seniors, this involves putting money aside for increasing medical costs and for long-term care. Even if you don't anticipate those expenditures for some time, you'll need to save while you're still bringing money in so you can be comfortable once you're out of the workforce. Here are a few questions many seniors ask — and some answers that can prove pivotal in determining how you save for retirement.

Can't I Rely on Social Security?

Roughly [69% of Florida's Social Security beneficiaries](#) are retirees, so it makes sense why many believe that this program should be enough to see them through. Although a 2019 Gallup poll revealed that [33% of participants](#) believed Social Security would be a major source of income during retirement, around 41% of

individuals surveyed said they worried greatly about the Social Security system.

Simply put, there's a shortfall in Social Security funding — which means that people in their 40s and 50s who are currently paying into the system might not receive all those benefits by the time they reach retirement. For that reason, it's not wise to rely solely on these benefits to keep you afloat in retirement. Even seniors who currently rely on Social Security have found that their living expenses are barely covered. When you really do the math, retired people in 2019 were receiving \$1,461 per month — which means that those who have only Social Security benefits to help them in retirement are living only a tiny bit above the poverty line.

If Social Security is going to be your primary financial resource during retirement, you need to [stretch those funds](#) as best as you can. In order to do that, you may have to delay taking payments, downsize your home, and somehow manage to reduce your other expenses — including healthcare. And while the population of those with Down syndrome is [decreasing by 30%](#) thanks to prenatal screening, many other medical conditions we face later in life can be immensely cost-prohibitive and difficult to predict. Unfortunately, Medicare and Medicaid have gaps in their coverage. This means that many seniors are responsible for high out-of-pocket costs, as well.

The bottom line is that Social Security isn't enough for you to live on in retirement. In order to pay for all of your expenses, you'll need to start saving as soon as you can.

How Much Do I Really Need to Save?

Now, you know that you need to save. But how *much* you need to save is a huge question mark for many people. According to the 2017 Retirement Confidence Survey, only 41% of workers have even tried to calculate how much they'll need in retirement. And among those who *have* calculated how much they'll need, [64% say they'll likely need \\$500,000](#) or more, with 37% reporting they will need at least \$1 million to retire comfortably.

While not everyone needs to have a cool million to retire, this *does* highlight how many people are clueless when it comes to what they'll need and how many people are drastically behind on their savings. Some financial advisors recommend that individuals have the equivalent of their annual salary saved by the time they turn 30; by age 50, you should have [six times that number saved](#) for retirement. Other experts estimate you'll need [70% to 90% of your pre-retirement income](#) to maintain your standard of living throughout retirement.

This can seem out of reach for many Americans — especially if there are other factors that could impede your ability to save.

What Considerations Might Impact My Ability to Comfortably Retire?

Aside from low wages and failure to start a retirement account, there are other factors that might keep you from saving enough for retirement. Around 40% to 50% of [marriages end in divorce](#) nationwide — and aside from being emotionally devastating, dissolving a partnership can also mean bad news for your ability to save

for retirement. As a result of a divorce, you may need to delay retirement so you can build your savings back up. And since 401(k) accounts are actually [considered community property](#) in some states, divorcing later in life can be disastrous for many people. Of course, existing debt can also be a concern, as can simply living outside your means during your working years.

How Can I Start Saving Now For Retirement?

After figuring out how much you will need to have a comfortable retirement, you'll need to determine how you can set aside that money. For one thing, you can see whether insurance or even an HSA will help you pay for medical expenses during retirement. Downsizing your home, being more strict with unnecessary expenditures, and working with a financial advisor will also help you to plan ahead. If you're currently working and your employer offers any kind of retirement account help, take full advantage if possible. And regardless of whether you have any kind of retirement match from your employer, you should open your own retirement account and start making contributions.

Although saving for retirement is no easy feat, it's a task that many current and future Florida residents will need to take seriously. If you expect to be able to enjoy the sunshine and pay for the costs of living and care as you age, you'll need a sizeable nest egg first.