

FACT BRIEFING: Boomers Generous to a Fault

Findings from the Ameriprise Financial *Money Across Generations*[®] study.

The study looks across three generations--parents of baby boomers, boomers themselves, and boomers' adult children--to gain a deeper understanding of how each generation perceives, talks about, and deals with money and finances. The study found that while financial generosity toward family is a hallmark of boomers, many fail to recognize how it intersects with their ability to save for retirement.

Boomer Generation Provides Financial Help to Their Adult Children

- > More than nine in 10 boomers have financially assisted their adult children in at least one area.
- > More than two-thirds (69 percent) are helping their adult children pay off college loans or tuition, and more than half are contributing to the purchase of a car. In addition, more than one-third are helping to cover living costs that include co-signing loans or leases, medical insurance, rent and utilities, and car payments.

Boomers Also Helping Their Parents

- > One in six boomers is providing assistance to both their parents and adult children.
- > A considerable number are helping their aging parents monetarily in ways ranging from buying groceries (22 percent), helping with medical expenses and utility bills (15 percent each), and contributing to rent/mortgage payments and long-term care (10 percent each).

Most Are More Than Happy to Help

- > Half of boomers believe their financial help has made their adult children *more* financially responsible (50 percent), while better than one in three feel it had no effect (36 percent). Just one in 10 (11 percent) believe their financial help has made their kids *less* financially responsible.
- > Nine in 10 (89 percent) boomers would financially help their adult children again if given the chance.
- > A majority of boomers (58 percent) believe their help had no effect on their relationship with their children, while just one in three said it helped their relationship.

Where's the Money is Coming From?

- > While half indicate using their day-to-day spending money to assist their adult children, four in 10 boomers draw from their "regular savings," and one in six even resorts to taking a loan.
- > Only six percent admit to pulling money from their retirement savings to help their adult children.
- > While only 9 percent of boomers believe assisting their parents has hurt their retirement savings, three times as many (29 percent) believe assisting their adult children has slowed their savings progress.

Will Boomers Be Able to Afford Retirement?

- > Recent data from the Employee Benefit Research Institute reveals that one in four boomers has saved less than \$10,000 for their retirement; another 45 percent have saved less than \$50,000.
- > A 65 year old American male retiree can expect to live 18 years* in retirement. An estimated calculation shows that he would need a nest egg of \$1.6 million to provide an annual income of \$70,000 in retirement.

Copies of the study report are available at ameriprise.com/presscenter

*Source: The National Center for Health Statistics, 2007.

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