

FACT BRIEFING: Matures outperform Baby Boomers and Gen Xers in savings and preparation, but all concerned about retirement.

Selected findings from the FPA® and Ameriprise® Value of Financial Planning study conducted by Harris Interactive

While a volatile market was the biggest financial stressor for all generations the FPA and Ameriprise *Value of Financial Planning* study found that those with a comprehensive plan feel more optimistic. Nevertheless the Matures, Baby Boomers and Gen Xers all report worry about retirement savings.

Generations:

- Matures: born before 1946
- Baby Boomers: born 1946 to 1964
- Generation X: born 1965 to 1978
- Echo Boomers: born 1979 and 1990

Matures and Baby Boomers worry about being financially able to retire but planning helps stay on track

- In a worrisome finding, fifteen percent of Matures do not anticipate *ever* being financially able to retire and another 14 percent are not sure when they will be financially able to retire. Though they have more time to save than the Matures, currently twelve percent of Baby Boomers say they don't anticipate ever being financially able to retire either.
- Feelings of control increase with the help of a professional planner and a comprehensive plan. Only 23 percent of Baby Boomers with no professional support reported feeling in control compared to 46 percent of Baby Boomers with a comprehensive plan. Similarly, although younger generations overall feel less prepared for retirement, confidence increases if they work with a professional planner (37% of Gen Xers with no professional support feel prepared, compared to 81% of Gen Xers with a comprehensive plan).
- Less than one third of Baby Boomers (30%) with no professional support report having estimated the money they need to save for retirement. In comparison, Baby Boomers with a comprehensive plan are twice as likely (62%) to report doing the same.

Younger generations most likely to be taking action during market volatility

- Gen Xers with a comprehensive plan are more likely to say they are taking advantage of down market conditions (20%) compared to older generations (6% for Matures and 15% for Baby Boomers).
- Over half of Baby Boomers (51%) with a comprehensive plan indicate having rebalanced their portfolio in the past year; this is three times more than those Boomers with no professional support (16%).
- For those with a comprehensive plan, Gen X and Baby Boomer respondents are more likely to say they will continue investments during a down market (62% and 43% respectively) as compared to the Mature market (32%) who are more likely to sit on the sidelines to ride out the market volatility (23% Matures, 6% Baby Boomers, 6% Gen Xers).

Younger generations with a plan building saving habits of Matures

- Almost half of Baby Boomers and Gen Xers with a comprehensive plan (45% each) report saving more than 10 percent of their gross income versus those with no professional support/ (28% and 26% respectively).
- The Mature generation is the most likely to say they have savings in an emergency fund. They are likely to report having three to six months on reserve (84%) as compared to Gen Xers who report having less than three months of living expenses in their emergency fund (35%).
- Among those with comprehensive plans, Gen Xers and Boomers are least likely to report having estate plans but are most likely to report having savings and college savings plans (72% of Matures have estate plans compared to 54% of Boomers and 39% of Gen Xers).

About the FPA and Ameriprise *Value of Financial Planning* study

The Financial Planning Association and Ameriprise Financial launched a study to discern investor confidence and the value of financial planning in today's economy. Harris Interactive conducted the study online within the United States between June 27 and July 18, 2008, among 3,022 adults with greater than \$50,000 in annual income or investable assets. Of those 3,022 survey participants:

- 1,515 were "Self-Directed" meaning they had no financial planner or an unpaid planner
- 754 were "Advice-Supported" meaning they had a paid planner but no comprehensive written plan
- 753 were "Comprehensive Planning Participants" meaning they had a paid planner and a comprehensive written plan

Results for all groups were weighted as needed for age, sex, race/ethnicity, education, region and household income to represent the national population with greater than \$50,000 in income or assets. Weighting was also done to adjust for respondents' propensity to be online. While market volatility was significant during the study period, the dramatic financial developments later in the year, which may have affected attitudes and behaviors reflected in this report, had not yet occurred. No estimates of theoretical sampling error can be calculated; a full methodology is available.

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