

Is America Prepared to Retire?

Two-thirds of us have no financial plan.

Provided by Benedict A. Mitchell Jr.

Only 48% of Americans say they think they are saving enough. And 30% feel that they are not even slightly confident that they are saving enough for retirement. That finding comes from the 2015 Consumer Financial Literacy Survey conducted by the National Foundation for Credit Counseling. (The survey collected data from 2,017 U.S. adults.)¹

Only 40% of us keep a regular budget. If you are one of those two out of five Americans, you're on the right track. While this percentage is on par with findings going back to 2007, the study also finds that only 29% of Americans are saving any part of their annual income towards retirement.¹

Relatively few seek the help of a financial professional. When asked "Considering what I already know about personal finance, I could still benefit from some advice and answers to everyday financial questions from a professional," 75% of respondents agreed with the statement. Yet only 12% indicated that they would seek out the help of some sort of financial professional if they had "financial problems related to debt." While it isn't surprising to think that 25% of respondents would turn to friends and family, it may be alarming to learn that 18% would choose to turn to no one at all.¹

Why don't more people seek help? After all, Americans of all incomes and savings levels certainly are free to set financial goals. They may feel embarrassed about speaking to a stranger about personal financial issues. It may also be the case that they feel that they don't make enough money to speak to a professional, that a financial professional is something that millionaires and billionaires have, not the average American worker. Another possibility is that they feel that they have a good handle on their financial future; they have a budget and stick to it, they save in an IRA (like a quarter of Americans), or a 401(k) (nearly three out of ten Americans), and many use other investments (30%, according to the survey). But that 75% admission above indicates that a vast majority of Americans are not as confident.¹

Defined goals lead to definite plans. If you set financial objectives and plan for them, you vault ahead of most Americans – at least according to these findings. A written financial plan does not imply or guarantee wealth, of course; nor does it ensure that you will reach your goals. Yet that financial plan does give you an understanding of the distance between your current financial situation (where you are) and where you want to be.

How much planning have you done? Retiring without a financial plan is an enormous risk; retiring with a financial plan that hasn't been reviewed in several years is also chancy. A relationship with a financial advisor can help to bring you up to date about what you need to do, and provide you with more clarity and confidence when it comes to the financial future.

Florida Benefit Specialists

**Primary Address: (North Florida Office) 2233 NW 41st Street, Suite 700-A, Gainesville, FL.
32606**

(South Florida Office) 6451 North Federal Highway, Suite 1201, Fort Lauderdale, FL. 33308
**Cellular Phone: 954-461-5502 Toll Free: 888-236-9894 Ext.1. Fax: 888-
236-9894**

Benedict A. Mitchell Jr. is registered with and securities offered through Kovack Securities, Inc. Member FINRA/SIPC. 6451 N. Federal Highway, Suite 1201, Ft. Lauderdale, FL 33308 (954) 782-4771. Advisory services offered through Kovack Advisors, Inc. Florida Benefit Specialists is not affiliated with Kovack Securities, Inc./ Kovack Advisors, Inc.

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