America's retirement score:
In fair shape – but fixable

Fidelity INVESTMENTS

Key Findings

What's the state of retirement preparedness in America?

4,650

SURVEY RESPONSES

For more than 10 years, Fidelity Investments® has been asking that question. Since 2013, Fidelity's Retirement Savings Assessment study, which features a unique Retirement Preparedness Measure (RPM), has taken a look at the overall state of retirement readiness of households in America, by factoring in comprehensive data from 4,650 survey responses. These are then run through the extensive retirement planning platform Fidelity uses every day with customers.

The end result: a single score measuring a household's ability to cover estimated expenses in retirement that also enables comparative views of preparedness across generations.

So where does America stand in 2016?
The cautionary news: The state of America's retirement preparedness is in fair condition. Now for the good news: It's fixable.

Data for the Fidelity Investments Retirement Savings Assessment were collected during August 2015 through a national online survey of 4,650 working households earning at least $20,000 annually, with respondents age 25 to 75. All respondents expect to retire at some point and have already started saving for retirement. Data collection was completed by GfK Public Affairs and Corporate Communication using GfK's KnowledgePanel®, a nationally representative online panel. The responses were benchmarked and weighted against the 2014 Current Population Survey by the Bureau of Labor Statistics. GfK Public Affairs and Corporate Communication is an independent research firm not affiliated with Fidelity Investments. Fidelity Investments was not identified as the survey sponsor.

Key Findings

55%

Based on the RPM scores that were calculated, more than half (55%) of American households are at risk of not covering essential expenses in retirement.

3

However, focusing on three preparedness accelerators could result in a dramatic improvement:

1. Increase savings
2. Review and adjust asset allocation
3. Delay retirement

Individuals appear to adjust retirement expectations as they near retirement age regarding:

- Working in retirement
- When to begin Social Security benefits
- How active they will be

36%

The no. 1 concern in retirement is paying for health care expenses (including ongoing and long-term care)—with **36%** of all respondents (and **41%** of boomers) saying they are extremely concerned about it.

America's Retirement Score

45%

of working American households are likely to be able to afford at least their essential expenses in retirement, based on the RPM scores that were calculated.

That means the remaining **55%** are still at risk of being unprepared to completely cover essential living expenses in retirement, which includes housing, health care and food.

27% Are on Track:
on a path to cover more than 95% of total estimated expenses

18% Are in Good Shape:
on a path to cover for essential expenses, but not discretionary expenses such as travel or entertainment

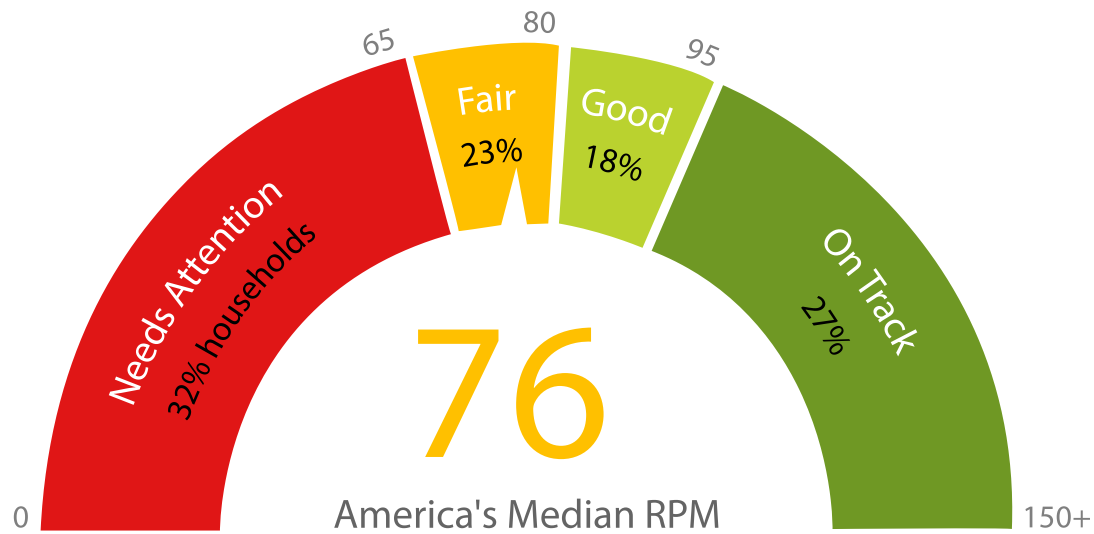
23% Are in Fair Shape:
on a path to require modest adjustments to their planned lifestyle

32% Need Attention:
on a path to require significant adjustments to their planned lifestyle

Retirement Preparedness

Fidelity's Retirement Preparedness Measure

The overall median Retirement Preparedness Measure for American households is **76,*** which falls into the yellow "Fair" zone, meaning expected income would not quite cover all essential retirement expenses and might mean making some spending cuts in retirement. On the other hand, that is just a few points shy of reaching the green "Good" zone.



*Fidelity's Retirement Preparedness Measure (RPM) is calculated through the proprietary asset-liability modeling engine of Strategic Advisers, Inc., which has been providing asset allocation, retirement and tax-sensitive investment management services to Fidelity's individual and institutional clients for nearly two decades.

Take Control

No matter what your score is, here's what you can do to help of your retirement preparedness:

Raise savings:
Even small increases in savings can make a big difference, especially when placed in retirement savings vehicles.

Review your asset mix:
The goal is a portfolio with exposure to various asset classes that can provide the opportunity for growth and outpace inflation, while also providing a certain level of downside protection.

Retire later:
Working longer means more time to build savings. Furthermore, waiting until eligibility for full Social Security retirement benefits (between 65 and 67) will help maximize your monthly benefits.

Which generation is the most prepared?

It stands to reason those closest to retirement would be, but that doesn't mean most baby boomers couldn't improve their situation. The good news: no matter what your age, there are steps you can take to "get to green."

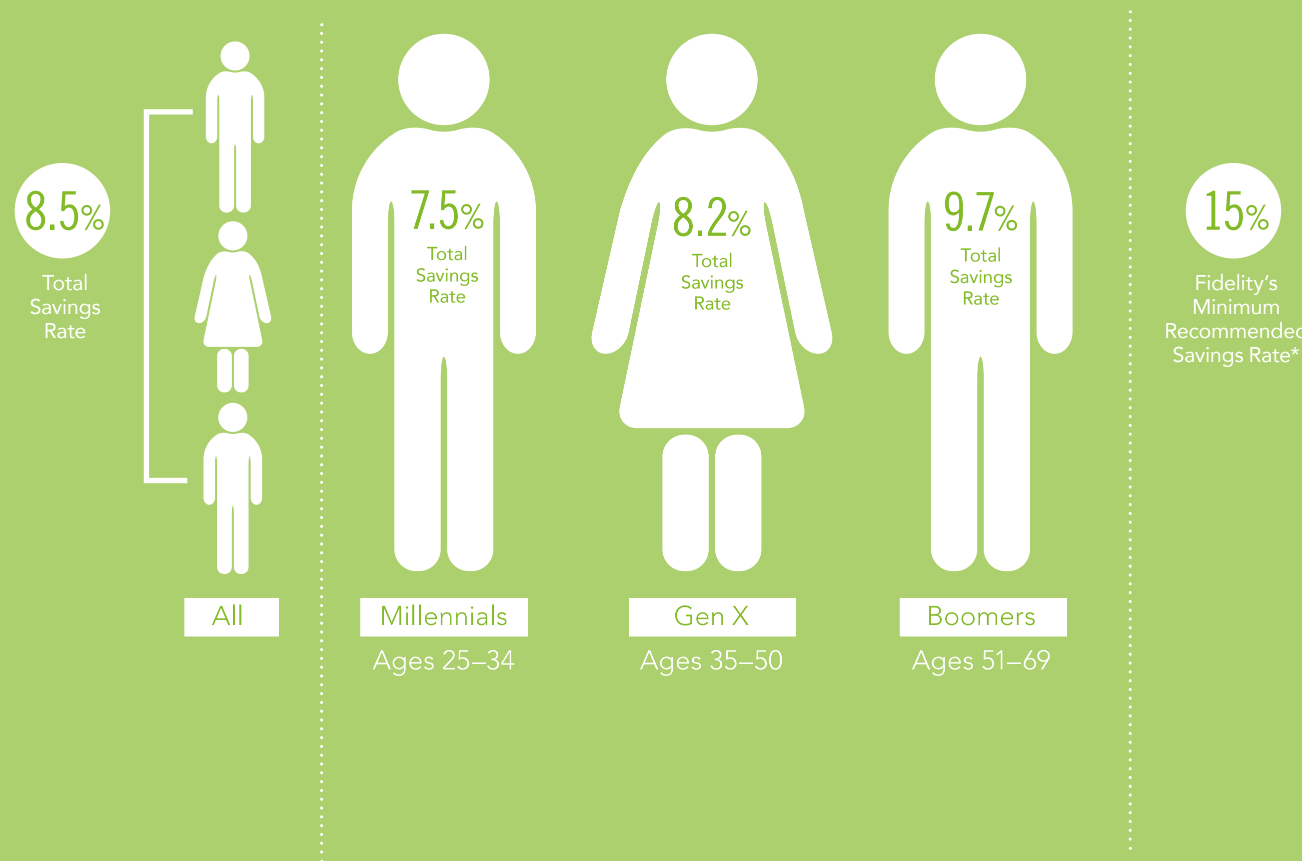
Generation	RPM*	Getting to Green
Baby Boomers (born 1946–1964)	82 Good	• Because baby boomers have less time to move to "dark green," no. 1 action is to delay retirement. • Combine delayed retirement with increased savings for an even bigger impact.
Gen X (born 1965–1980)	73 Fair	• Gen X-ers still have 15 years or more to get on track. • For this generation, the most powerful steps are to increase savings and consider delaying retirement.
Millennials (born 1981–1990)	70 Fair	• Furthest away from retirement, Millennials have the benefit of time on their side to save and invest. • For this generation, the single most powerful step is to increase savings.

*These numbers represent the median RPM scores by generation, based on the average age of the household.

Respondent Profile: what the households look like

Breakdown of respondents by generation

It's no surprise that retirement savings increase along with age, and boomers have the millennials beat on this count. Savings rates (including any employer match) also increase with age but not as dramatically. In fact, even the median boomer savings rate of 9.7% is well below Fidelity's recommended savings rate of at least 15%.



*Includes employer contributions.

Respondent Profile: what the households look like

While personal risk tolerance is important to factor in, millennials may be playing it a little too safe when it comes to investing their retirement savings.

Nearly 4 in 10 millennials are are investing more conservatively than what would be considered appropriate for someone with this amount of time before retirement.

Equity Allocation*	All	Millennials	Gen X	Boomers
Aggressive	7%	0%	0%	18%
Lifecycle	16%	20%	17%	13%
On Track	46%	41%	49%	46%
Conservative	31%	39%	35%	23%

*This is based on what Fidelity considers to be an appropriate mix, based on data reported in the Retirement Savings Assessment about an individual's equity allocation distribution that is placed into four categories based on that person's age. Those categories are "On track": within 25% of target date equity allocation; "Aggressive": an equity percentage more than 25% above the age-appropriate target equity; "Conservative": an equity percentage less than 25% below the age-appropriate equity target; and a category for assets held in a Target Date Fund.

For "Asset Allocation" purposes, the investor's current age and equity holdings are compared with an example table containing age-based equity holding percentages based on an equity glide path. The Fidelity Equity Glide Path is an example we use for this measure and is a range of equity allocations that may be generally appropriate for many investors saving for retirement and planning to retire around ages 65 to 67. It is designed to become more conservative as participants approach retirement and beyond. The glide path begins with 90% equity holdings within a retirement portfolio at age 25 continuing down to 24% equity holdings at age 93. Equities are defined as domestic equity, international equity, company stock, and the equity portion of blended investment options. On Track with respect to asset allocation is determined by being within 25% (+ or -) of the Fidelity Equity Glide Path.

Respondent Profile: what the households look like

40%

Percentage of Americans who consider themselves more economical than extravagant. Not surprisingly, Gen X-ers — many of whom are buying homes and raising children — report that they spend more freely, while frugality returns later in life whether due to income limitations or fewer expenses.

	Millennials	Gen X	Boomers
Frugal	40%	33%	47%
Spender	11%	12%	8%

Regular/ Occasional Use of Budgeting Tools

One encouraging sign is the relatively high use of budgeting tools to plan and track spending, especially among the younger generation.

One possible explanation for this difference may be that millennials feel more comfortable using online tools and apps. On the other hand, simpler living in pre-retirement years may help explain lower use among boomers.

Millennials	Gen X	Boomers
54%	41%	34%

Percentage of Regular/Occasional Tool Users

Respondent Profile: what the households look like

Feeling of financial well-being

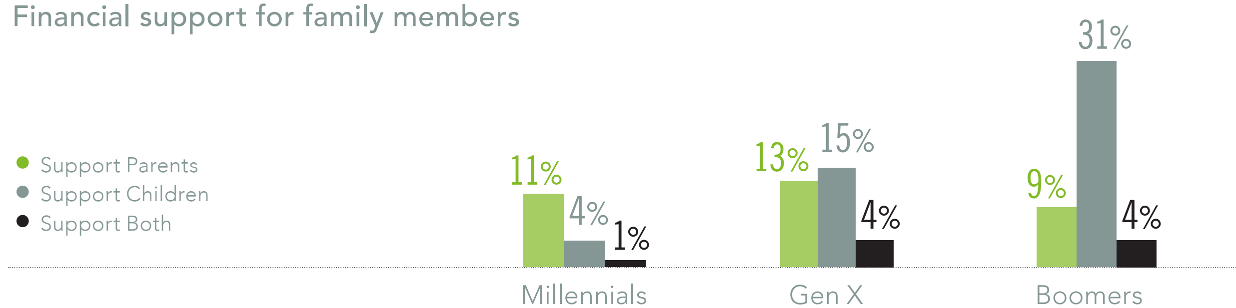
One possible constraint on retirement savings involves providing financial support to family members. Of note, 27% of households report providing financial support to either grown children or parents.

27%

HOUSEHOLDS PROVIDING FINANCIAL SUPPORT TO CHILDREN OR PARENTS

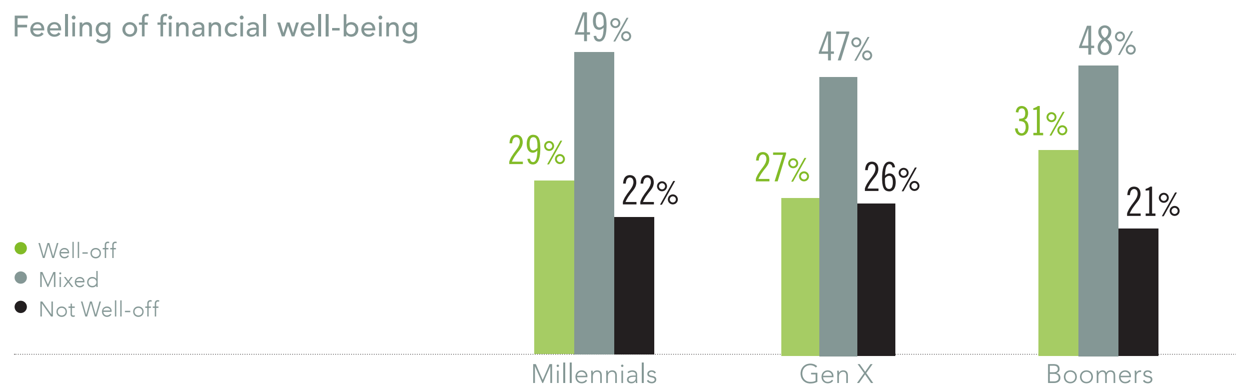
While more boomers help their children financially, Gen X in particular is squeezed by support for both parents and children.

Financial support for family members



Interestingly, despite differing levels of income, retirement savings, expectations for pensions and investment styles, all generations feel about the same when it comes to how financially well-off they are: mostly okay.

Feeling of financial well-being



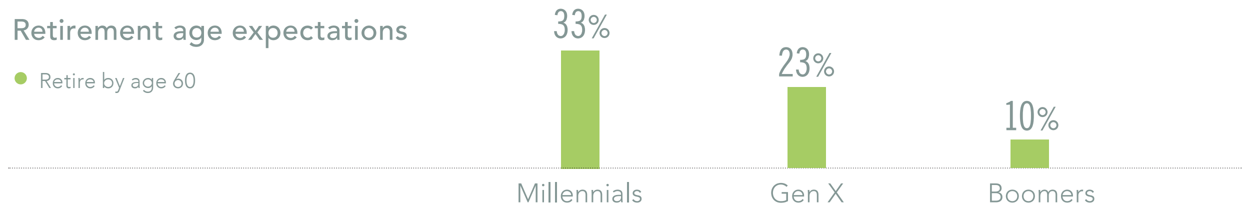
Respondent Profile: what the households look like

Expectations for retirement

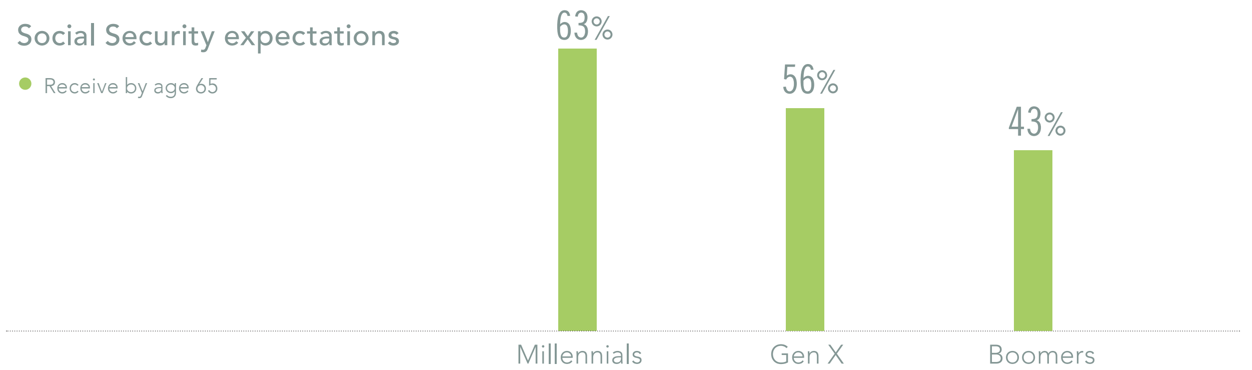
Plans for an early departure from the workforce seem to fade the closer one gets to retirement age. Fully one-third of millennials say they plan to retire by age 60. Whether by choice or necessity, this figure shrinks to just 10% among boomers.

33%

OF MILLENNIALS PLAN ON RETIRING BY AGE 60.



Hand in hand with retirement age, expectations for starting Social Security benefit payments also adjust as retirement looms, with more boomers deciding to put off initial benefits.



Respondent Profile: what the households look like

Disappearing pensions

Six in 10 boomer households have expectations of receiving some form of pension, contributing to that group's relatively higher Retirement Preparedness Measure. By comparison, just over **one-third** of millennials expect a pension, and although it's still a long way off, what they estimate as a payout is significantly lower.

6 in 10

BOOMER HOUSEHOLDS EXPECT TO RECEIVE SOME FORM OF PENSION.

	All	Millennials	Gen X	Boomers
Households Expecting a Pension	51%	37%	48%	62%
Median Expected Monthly Pension Payment	$1,500	$1,000	$1,800	$1,500

	All	Millennials	Gen X	Boomers
Households Planning to Work in Retirement	44%	43%	41%	47%
Average Age They Will Work Until	72 yrs.	73 yrs.	72 yrs.	72 yrs.
Median Expected Monthly Income	$1,484	$1,503	$1,639	$1,356

With longer lifespans come longer working lives. Although projected income varies across all generations, between 40% and 50% of Americans expect that at least one household member will work at least part-time in retirement. The generations also mostly see eye to eye on how long they will work—roughly until age 72.

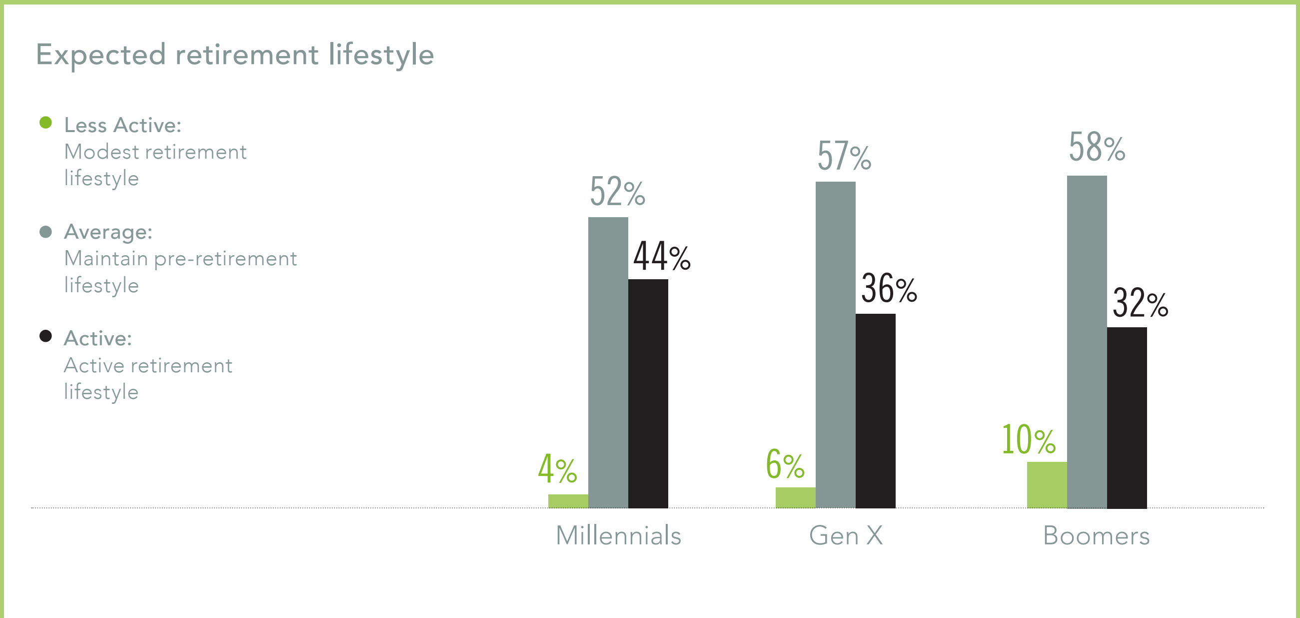
72 yrs.

THE AGE ALL THREE GENERATIONS ASSUME THEY WILL WORK UNTIL.

Respondent Profile: what the households look like

Retirement lifestyle

While a majority of Americans anticipate a retirement activity level similar to that of their working years, expectations for an especially active retirement wane with age, with marked differences between the youngest and oldest generations.



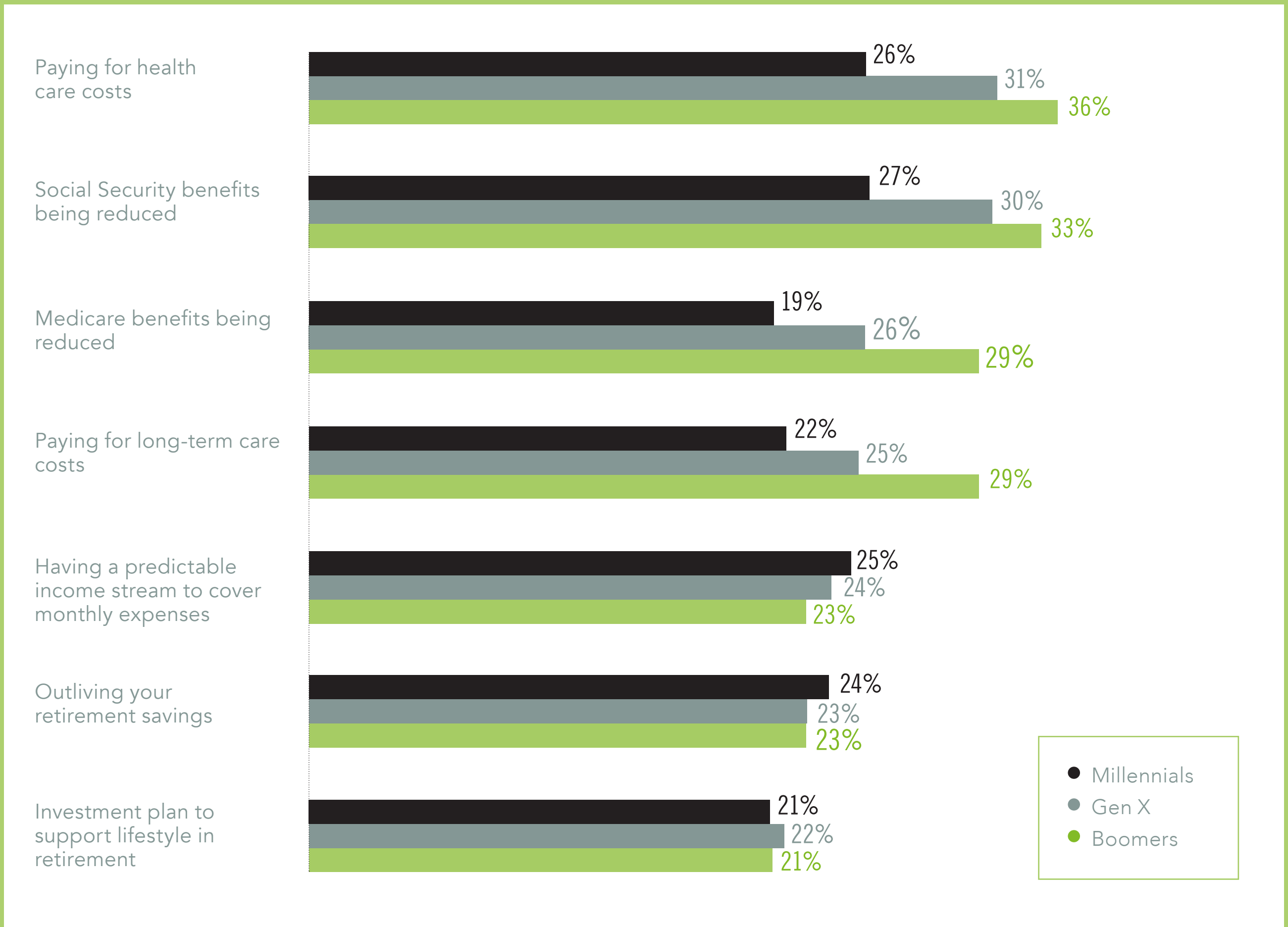
Respondent Profile: what the households look like

Concerns in retirement

Although for the youngest Americans it's still a far-off prospect, being able to afford the cost of health care in retirement is a top concern for all generations. Things become even more worrisome when you factor in concerns over paying for long-term care and a potential reduction in Medicare benefits.

3 in 10

AMERICANS ARE CONCERNED ABOUT SOCIAL SECURITY BENEFIT REDUCTIONS.



About the Fidelity Investments® Retirement Savings Assessment

The findings in this study are the culmination of a year-long research project with Strategic Advisers, Inc.—a registered investment advisor and a Fidelity Investments company—that analyzed the overall retirement preparedness of American households based on data such as workplace and individual savings accounts, Social Security benefits, pension benefits, inheritances, home equity, and business ownership. The analysis for working Americans projects the retirement income for the average household, compared with projected income need, and models the estimated effect of specific steps to help improve preparedness based on the anticipated length of retirement.

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Fidelity's Retirement Score (or Retirement Preparedness Measure) is calculated through the proprietary asset-liability modeling engine of Strategic Advisers, Inc., which has been providing asset allocation, retirement, and tax-sensitive investment management services to Fidelity's individual and institutional clients for nearly two decades. Of note, Fidelity continually enhances and evolves their retirement readiness methodology, guidance tools, and product offerings. This year's survey processing incorporates a number of enhancements, including, but not limited to, demographic weighting, retirement income projections, and Social Security estimates. To enable a direct comparison, the previously reported 2013 RSA results have been recalculated using the enhanced methodology.

This analysis is for educational purposes and does not reflect actual investment results. An investor's actual account balance and ability to withdraw assets during retirement at any point in the future will be determined by the contributions that have been made, any plan or account activity, and any investment gains or losses that may occur. To find out what your personal retirement score is—and how it stacks up against others—visit Fidelity.com/someday.

About Fidelity Investments

Fidelity's goal is to make financial expertise broadly accessible and effective in helping people live the lives they want.

With assets under administration of $5.2 trillion, including managed assets of $2.1 trillion as of November 30, 2015, we focus on meeting the unique needs of a diverse set of customers—helping more than 24 million people invest their own life savings and nearly 20,000 businesses manage employee benefit programs, as well as providing nearly 10,000 advisory firms with technology solutions for investing their own clients' money. Privately held for nearly 70 years, Fidelity employs 42,000 associates who are focused on the long-term success of our customers. For more information about Fidelity Investments, visit https://www.fidelity.com/about.

5.2T	Helping: 24M and 20,000		70 yrs.
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