

Difficult Economic Times Causing Premature Withdrawal from Retirement Funds

Recently the 2008 Bank of America Retirement Savings Survey was released. The survey, which polled 750 Americans from all economic levels plus 250 affluent individuals¹, asked those polled a variety of questions - some relating to their behavior in light of the current economic environment.

Not surprising, the survey found that six in ten (60%) Americans are spending less than they were three months prior as a result of the poor economic conditions. However, even in light of their decreased spending, more than half (51%) of the general public and 40 percent of the affluent respondents are also saving less than they were three months prior. In fact, one in five indicated that they were saving "much less."

While most advisors would recommend that prematurely withdrawing retirement funds is an absolute last resort, the survey found that nearly one in five (18%) withdrew funds from their retirement account. The top three reasons for these premature withdrawals include: credit card debt (25%); mortgage payments (22%); and recent job loss (22%).

The findings also revealed 62% of the general public and 44% of the affluent respondents either have not started retirement planning or are behind schedule in their retirement savings. The percentages for both groups increased since a March study was released indicating 53% and 36%, respectively.

Results of the survey underscore how troubled Americans are about their retirement savings and financial well-being. In fact, 43% of the respondents now believe they most likely will face more years in the work force than they previously expected to just one year prior.

While the findings of the survey may be somewhat intuitive given the current economic downturn, there are those that are staying the course. Two-thirds (68%) of the respondents have not changed the way they save, invest, or manage their retirement assets in the last three months.

Now more than ever, it is imperative to review your retirement accounts. In regards to your 401(k) plan, ensuring you are properly diversified and allocated correctly may help steer your retirement account in the right direction. Should you have questions regarding your 401(k) account, please feel free to contact Wealth Advisors at 503.620.4489.

Respectfully,

AKT Wealth Advisors

¹ Those with investable assets between \$100,000 and \$3 million.