

FRIDAY ALERT



Alliance for Retired Americans

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Families' Retirement Savings Fall far Short of What They Will Actually Need

A recent [survey](#) by GOBankingRates found that 42 percent of Americans have less than \$10,000 saved for their golden years and will likely retire broke -- but the situation is not hopeless.

“This has been an ongoing problem for a long time, but there are actions we can take to address it,” said **Robert Roach, Jr.**, President of the Alliance. “Those who have defined benefit pension plans should fight to protect them, and more workers should unionize. We also need to increase salaries for middle class families, because you can’t save what you don’t earn.”

He added, “If you have an IRA or 401(k), you should fight to ensure that proper rules are in place so that you are protected from unreasonable investment fees and conflicted advice.”

The data is in line with a 2016 [report](#) by the Economic Policy Institute (EPI), which found that the average retirement savings for families with wage-earners between 32 and 61 years old was \$95,776 in 2013 dollars, but the median savings amount, for those at the 50th percentile, was just \$5,000.



The difference between the mean and the median reflects the fact that many families have zero savings. Fourteen percent of respondents to the survey had absolutely nothing saved for retirement. At the other end of the scale, about 16 percent have \$300,000 or more in retirement savings. Younger families, predictably, have less stashed away than older families.

The survey also found that 45 percent of women have no savings, or savings of \$10,000 or less, compared with 40 percent of men.

One group, [Hedge Clippers](#), has been drawing attention to our skewed economic system, and the outsize influence of the Wall Street billionaires, many of whom work for the current administration.

Their work is aimed at ensuring economic opportunity, fair pay and retirement security for all by taking on money managers whose fees “crush state budgets and workers' retirement hopes.” The coalition has many members, including the American Federation of Teachers (AFT). AFT’s President, **Randi Weingarten**, is an Alliance Executive Board member.

Social Security is a Better Investment than Many Realized

Despite the common perception that Social Security is a low-risk but low-return investment, it actually looks better than ever compared to low-performing 401(k)s and IRAs.

The Economic Policy Institute [found](#) that a young worker today with average career earnings will receive Social Security retirement benefits equivalent to total employer and employee retirement contributions plus a 5.7 percent annual rate of return.

The “internal rate of return” is not much lower than the [7.0 percent net return for 401\(k\)-style defined contribution plans between 1990 and 2012](#), and it’s higher than more recent returns for these plans and IRAs ([3.1 percent](#) and [2.2 percent](#), respectively, over the 2000–2012 period).

“The figures are yet again an argument against privatization,” said **Joseph Peters, Jr.**, Secretary-Treasurer of the Alliance. “Our Social Security system is strong, and is working. We need to share this information with our friends and neighbors and build more support for strengthening and expanding Social Security.”

Medicare will Require Hospitals to Post Prices Online

In an effort to promote transparency, the Centers for Medicare and Medicaid Services (CMS) [announced](#) on Tuesday that hospitals will now be required to publish their prices online and make medical e-records more accessible. Furthermore, starting in 2021, Medicare will base part of a hospital’s payments on how transparent its pricing is.



Hospitals are already required to disclose prices publicly, but the change by CMS would put that information online in machine-readable format that can be easily processed by computers. However, consumers may still have trouble utilizing the information, since standard billing rates often do not reflect what insurers and government programs actually pay.

Patients concerned about their potential out-of-pocket costs from a hospitalization are advised to consult with their health insurer. Most insurance plans have an annual limit on how much patients must pay in copays and deductibles, but traditional Medicare does not.

Using electronic medical records remains cumbersome for health care providers, and technology companies are working to design apps that would let patients access their records without having to go to different portals.

Fiesta addresses UAW Retirees, New York State United Teachers

Alliance Executive Director **Richard Fiesta** spoke about the senior vote in the midterm elections at the UAW Region 2-B Retiree Leadership Conference in Fort Wayne, Indiana on Tuesday and at the New York State United Teachers (NYSUT) meeting in Buffalo, New York on Friday.

“Voters aged 65 and older were the only age group that moved more Democratic in 2016,” said Fiesta. “Since analysts predict that seniors will comprise 33.9% of the national electorate in the 2018 midterms, politicians and candidates would be wise to promote an agenda that is favorable for retirees.”