



REFERENCE LIST

August 2012

How Important Is Asset Allocation To Americans? Financial Retirement Security?

August 17, 2012 – The Pension Research Council

Financial advice tends to focus on financial assets, but other levers may be more important for most households. This chapter proceeds in three stages. First we report a simple Excel spreadsheet exercise that provides a stylized example of the tradeoff between returns and time spent in the labor force. Next we use data from the Health and Retirement Study (HRS) on pre-retirees age 51-64 to see how the gap between retirement needs and retirement resources is affected by working longer, taking out a reverse mortgage, controlling spending, and shifting all assets to equities with no risk. Last we use a simple dynamic programming model to calculate a risk-adjusted measure of the value for the average household of moving from a typical conservative portfolio to an optimal portfolio. Our answer from all three exercises suggests that the focus on asset allocation is misplaced.

<http://pensionresearchcouncil.org/publications/document.php?file=1021>

2010 SCF Suggests Even Greater Retirement Risks

August 2012 – Center for Retirement Research at Boston College

The brief's key findings are:

- The wealth-to-income ratio for current workers is a good way to gauge their retirement preparedness.
- During 1983-2007, these ratios were remarkably stable, which should never have been a source for comfort as the need for wealth increased due to:
 - rising life expectancy;
 - the shift to 401(k) plans;
 - increasing health care costs; and
 - lower real interest rates.
- In 2010, the ratios dropped substantially, signaling even more serious problems ahead for future retirees.

<http://crr.bc.edu/briefs/2010-scf-suggests-even-greater-retirement-risks/>

Proposed Expansion of US Social Security

August 2012 – Economic Investment and Actuarial Research

The August 2012 edition, with the title ***Proposed Expansion of US Social Security*** , discusses the recent announcement by the US Senate Committee on Health Education Labor and Pensions to increase future Social Security benefits in a fiscally-responsible manner.

Note: The link below has also access to previous editions of **Commentary**
(<http://www.buffinpartners.com/archives.html>)