

## Lincoln Financial Survey Finds Retirees Underestimate the Impact of Taxes on Retirement

RADNOR, Pa.--(BUSINESS WIRE)--Retirees significantly underestimated the impact taxes would have on them during retirement years, according to a recent Lincoln Financial Group Survey. The Survey, **"2013 – Expense Challenges of Age 62-75 Retirees,"** is based on interviews with 750 individuals, with an annual household income of \$100,000 or more, and was developed to better understand how individuals plan and manage living expenses and taxes before and during retirement. The survey has a margin of error of +/- 3.5 percent.

The majority of retirees surveyed anticipated home and mortgage, healthcare and travel/leisure to be the most significant expenses during retirement when they were asked what they expected their top expenses to be before they retired. However, these retirees found that their actual top expenses included taxes rather than healthcare.

"Given the current environment, with taxes at a 30-year high, it is critical that advisors help their clients understand all factors – including taxes – when developing a plan to help clients protect their legacies," said Richard Aneser, Chief Marketing Officer, Lincoln Financial Group Distribution. "Advisors who offer this type of wealth protection expertise will demonstrate their value and unique understanding of their clients' needs."

On average, when reviewing all household expenses paid on an annual basis, retirees reported spending the most on federal income tax. Additionally, 36 percent of retirees said taxes were a larger expense than they had anticipated, while 23 percent didn't even consider planning for taxes as an expense prior to retirement.

Underestimating the role of taxes was not based on a lack of knowledge among those responding to Lincoln's study, which was conducted late last year. When participants were asked if they were aware of recent tax law changes, 62 percent said they were, while only 16 percent were unaware of tax law changes. Encouragingly, 57 percent of survey participants said their advisor regularly discussed tax changes with them and shared the impact those changes could have on retirement. However, 43 percent said their advisor did not take that initiative.

"Retirement is more of a mindset than a specific age," said Christopher Price, Advanced Sales Attorney for Lincoln Financial Distributors. "Financial advisors need to have the retirement conversation with their clients early on during regularly scheduled portfolio reviews. Those reviews should include identifying tax-control options and strategies to help mitigate the impact of taxes on the client portfolio."

### Other Key Survey Findings

- Women had higher levels of concern, especially as it related to the health of their spouse, healthcare expenses and receiving full Social Security and Medicare benefits throughout retirement.
- Reinforcing the need for wealth protection, individuals in the 62-65 range have more intense anxiety than other age segments about major retirement concerns, such as leaving an inheritance, generating enough income, and having assets to last throughout retirement.
- About 43 percent of retirees in the 62 to 65 range indicated that they would like to pass on a financial legacy to children, grandchildren or a charity, yet nearly half of the survey participants indicated that they had not worked with a professional to establish an estate plan.

### About the Survey

Lincoln Financial Group worked with The Spectrem Group, a leading investor research firm, to determine how individuals plan and manage living expenses and taxes before and during retirement.

There were 750 qualifying individuals who completed an online survey from October 1, 2013 through October 9, 2013. Respondents were categorized in various segments:

- Age – 62-65, 66-70, and 71-75;
- Income – \$100,000 - \$124,000 and \$125,000-\$999,999; and,
- Net Worth – \$100,000 - \$499,000, \$500,000-\$999,999, and \$1,000,000 and above.

The survey also included individuals who worked with a financial advisor, as well as those who did not.

## **About Lincoln Financial Distributors**

Lincoln Financial Distributors (LFD), a broker-dealer, the wholesale distribution business of Lincoln Financial Group (LFG), provides access to a range of solutions that help advisors protect wealth and deliver outcomes. Lincoln's broad portfolio includes innovative life insurance and retirement solutions that are focused on addressing issues related to taxes, healthcare, longevity, inflation and market volatility. LFD is made up of seasoned financial professionals who distribute Lincoln's products through financial advisors, broker/dealers and other financial services intermediaries.

## **About Lincoln Financial Group**

Lincoln Financial Group is the marketing name for Lincoln National Corporation (NYSE:LNC) and its affiliates. With headquarters in the Philadelphia region, the companies of Lincoln Financial Group had assets under management of \$209 billion as of March 31, 2014. Through its affiliated companies, Lincoln Financial Group offers: annuities; life, group life, disability and dental insurance; employer-sponsored retirement plans; savings plans; and comprehensive financial planning and advisory services. For more information, including a copy of our most recent SEC reports containing our balance sheets, please visit [www.LincolnFinancial.com](http://www.LincolnFinancial.com).

LCN-932636-052314