

Future Mass. retirement shortfall to add to pressure on state services

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Income received by Massachusetts retirees will grow increasingly inadequate for many as they seek to cover basic living expenses plus medical costs, with the 2031 shortfall reaching \$1 billion, creating growing pressures on the state's budget.

That's the scenario painted by new research from the Employee Benefit Research Institute and the Milbank Memorial Fund.

The study was conducted by EBRI, a nonprofit organization, and the Milbank Memorial Fund, an endowed philanthropic foundation, and yields conclusions similar to those found earlier in similar research in Kansas and Oregon. Researchers hope to release national projections at the end of 2003.

When the individual numbers are aggregated, Massachusetts residents face a \$655 million total retirement current deficit this year, which grows to nearly \$1 billion in three decades.

"A growing aging population, longer lives, and reduced streams of retirement income will put enormous new stress on the already stretched Medicaid system and state budgets," said EBRI President Dallas Salisbury, "and raise questions about whether individuals or state governments will have adequate resources to meet income and health needs of poorer retirees in the decades ahead. Social Security reforms that in any way reduce future retirement income will make the problem more severe."

The Massachusetts study, and its predecessors in the other states, is based on the most comprehensive data ever used in such research about retirement savings behavior of workers and retirement expenses.

The study concludes that many retirees, including a majority of single women and a substantial number of single men, will ultimately find they have inadequate income to fund a basic lifestyle. The problem is less acute for married couples. In every case, it is substantially more severe for those who require more than 121 days of home health care.

The full report is available at www.ebri.org/pdfs/massrpt.pdf □