

**LINCOLN LONG LIFESM SURVEY SHOWS THAT MANY AFFLUENT BABY BOOMERS
ELEVATE THEMSELVES TO SUPERHERO STATUS WHEN IT COMES TO
RETIREMENT PLANNING**

... Are They as Invincible as They Believe?

Philadelphia, October 18, 2006 – Can too much confidence ever be a bad thing? According to the third annual *Lincoln Long LifeSM Survey* released today by the *Lincoln RetirementSM Institute*, the majority of affluent baby boomers (60 percent) equate themselves with superheroes when it comes to their retirement planning abilities. *Superman Returns* might not have been the biggest box office draw this past summer, but 33 percent of affluent baby boomers say the movie best describes their retirement skills, indicating they are in great shape for retirement. Additionally, 27 percent of affluent boomers said they relate the most to *X-Men: The Last Stand*, relying on a team of experts to help them plan for their golden years. Far fewer boomers cast themselves in a retirement scenario that is a treasure hunt like *Pirates of the Caribbean: Dead Man's Chest* (12 percent), a mystery such as *The Da Vinci Code* (9 percent), or an unfeasible task à la *Mission Impossible III* (5 percent).

Despite this group's optimism, there is significant disparity between how affluent boomers feel about their retirement readiness and the retirement realities they may face. One primary illustration of this discrepancy is that boomers do not have a realistic grasp on the potential cost of living in retirement. Nearly two-thirds of those surveyed (65 percent) are underestimating their projected spending levels in retirement, predicting they will spend less money per year than while working.

The *Lincoln RetirementSM Institute* sought to investigate retirement perceptions versus realities in a recent national poll of affluent people in their 40s and 50s. The 2006 *Lincoln Long LifeSM Survey* asked baby boomers with an income of more than \$75,000 to reflect on their retirement strategies, financial knowledge and family issues, and consider how these factors might affect their lives in retirement.

Super-Confidence, Super-Preparation

“Although they are heading into their retirement years during an uncertain time for Social Security and in the midst of historic reform to the pension system, baby boomers are confident in their abilities to prepare for retirement,” said Jon A. Boscia, chairman and CEO of Lincoln Financial Group. “According to the *Lincoln Long LifeSM Survey*, 84 percent of affluent baby boomers feel prepared for the future in terms of having enough financial resources to be able to retire on their own terms. This group has gotten the message that they must rely on their personal savings to fund their lengthy retirement years and are working to make it a reality.”

More than ever, affluent baby boomers are masters of their own retirement destinies. Ninety-three percent of those surveyed report having a 401(k), IRA or retirement savings plan. Furthermore, almost one-third of boomers say a 401(k) or similar plan will provide most of their living expenses in retirement, while 27 percent will rely on a pension plan as their chief source of retirement income. Nearly half of affluent boomers are counting on the equity in their homes or investment properties to help fund their retirement years. And only five percent of respondents consider Social Security a primary source of retirement income.

Due to confidence in their planning skills, affluent boomers surveyed are optimistic about when they will be able to retire. Surprisingly, nearly six out of 10 respondents (58 percent) say they will retire before age 65, contradicting the popular notion that boomers will need to remain in the workforce longer than previous generations. In fact, age does not seem to make a difference when it comes to their expected retirement ages. More than half of both older boomers (over 50) and younger boomers (under 50) report planning to retire prior to the age of 65, before they will be eligible for Medicare or full Social Security benefits.

Even Superheroes Have Weaknesses

In reality, affluent baby boomers may be overconfident about their retirement preparations in terms of the size of their nest eggs. According to the *Lincoln Long Life*SM Survey, 62 percent of those surveyed expect to spend 20 or more years in retirement. Yet, approximately one-fifth of respondents (17 percent) speculate they will fall short or just meet their basic living expenses with their current resources. Moreover, a considerable majority of boomers who plan to retire after age 60 (71 percent) are worried that Social Security benefits will not last, and 36 percent of respondents with pension plans are very or somewhat concerned that their pensions will not deliver the expected amounts of retirement income.

“Our survey found that some baby boomers may be underestimating the corrosive effects of inflation on their retirement spending, with 32 percent of respondents indicating that inflation will be the same or lower over the next 20 years than the previous two decades,” said David Kittredge, spokesperson for the *Lincoln Retirement*SM Institute. “At Lincoln, we strongly encourage our clients to work with financial advisors to create customized plans to help them assess their needs and fully enjoy their lengthy retirement years. In many cases, pre-retirees will need as much, if not more, than their current incomes to combat inflation and maintain their comfortable lifestyles.”

Beyond underestimating their retirement income needs, these retirement superheroes may not be considering the significant costs of long-term care down the road. On average, a private room in a nursing home costs \$74,095 a year.¹ While 79 percent of affluent boomers say they feel prepared to deal with becoming seriously ill or disabled in the next 10 years, presently, 66 percent of respondents do not have long-term care insurance to help cover this type of expense. Of that group, only 26 percent have considered purchasing a policy, indicating that this might be a potential area of weakness for boomers.

Feeling Super Squeezed

Many affluent boomers surveyed are in the caretaking business, and for this group, it is more “giving” than “taking.” A large majority (74 percent) report providing financial support to a child or parent. To make matters worse, approximately one-fourth of those surveyed (23 percent), who have at least one child and a living parent, epitomize the “sandwich generation” by providing monetary support to both.

This financial strain is taking a toll on some boomers’ retirement plans. Almost half of respondents with dependent adult children (48 percent) say providing for family members makes it more difficult to save for retirement. In addition, one-fourth of these baby boomer caretakers have delayed their planned retirements by one year or longer as a result of providing financial support to family members.

“Two main factors contribute to this phenomenon of the sandwich generation. Many baby boomers had children later in life and continue to support them into young adulthood because of today’s economy. Also, their parents are living longer due to advances in healthcare,” added Kittredge. “Unless boomers take their caretaking desires into account during retirement planning, we expect to see more and more of them feeling super squeezed by family obligations.”

While these boomers are “sandwiched” between two generations, most, ironically, do not feel pressured by their situation. Affluent boomers experiencing a generational squeeze are just as likely as the rest of the group (80 percent and 77 percent, respectively) to rate their financial situation positively. In addition, two-thirds (66 percent) of respondents do more than just provide monetary support, helping to take care of their aging parents by running errands, doing housework or making home repairs, and assisting with personal needs such as monitoring an illness or legal affairs.

¹American Association of Homes and Services for the Aging, 2006

Superheroes Get A Little Help From Their Friends

While these superheroes of retirement may be facing some difficult obstacles, help is just a phone call away. According to the *Lincoln Long Life*SM Survey, three out of four affluent baby boomers will consult with a financial advisor before they retire, including about half who already work with an advisor. However, they need to act fast, as it's a different story after affluent baby boomers leave the workforce. Among survey participants who have already retired, only five percent say they are open to the idea of getting help with financial decisions for their remaining retirement years.

Working with a financial advisor proves to be a worthwhile investment. As one would expect, the survey results show there is a link between consulting with a financial professional and being well prepared for retirement. For example, survey participants who have a plan that specifies how much they need to save before retiring and those who already have a retirement nest egg of at least \$250,000 are more likely to be presently working with an advisor. In addition, more than nine out of 10 boomers say they are confident in the counsel they receive from their advisors. Moreover, 94 percent say their advisor understands their goals and dreams for retirement.

"This year's survey results show that the national effort to educate boomers about the retirement revolution is paying off. Boomers now realize that they will live longer than previous generations, and enjoy a much more vibrant and active lifestyle. Their dilemma is that they are unsure about how to handle the financial challenges associated with growing older," says Harry A. Horn, CLU, ChFC, a financial planner affiliated with Lincoln Financial Advisors. "With a little additional planning, aspiring retirees can reach their goals of making their retirement years their very best."

*About The Lincoln Long Life*SM *Survey*

The third annual *Lincoln Long Life*SM Survey, sponsored by the *Lincoln Retirement*SM Institute, was conducted by Princeton Survey Research Associates International, an independent firm with offices located in Princeton, N.J. and Washington D.C. A nationally representative telephone survey of 1,004 adults ages 42-60 with annual household incomes of at least \$75,000 or more was conducted during June and July of 2006. For results based on the total sample, the margin of sampling error is plus or minus four percentage points. **Please be on the lookout for additional survey findings being released later this year.**

*About The Lincoln Retirement*SM *Institute*

The *Lincoln Retirement*SM Institute is an organization within Lincoln Financial Group (LFG) that was created to conduct research, organize the intellectual capital of the company and work with external thinkers on retirement subjects that are relevant to the baby boomer generation. Please check out the *Lincoln Retirement*SM Institute web site, www.LFG.com/retire, for additional survey findings and research, interactive tools, calculators and real-life scenarios, fresh content and pertinent information to help baby boomers prepare for retirement.

About Lincoln Financial Group

Lincoln Financial Group is the marketing name for Lincoln National Corporation (NYSE:LNC) and its affiliates. With headquarters in Philadelphia, Lincoln Financial Group had consolidated assets of \$167 billion as of June 30, 2006, and had annual consolidated revenues of \$5.5 billion in 2005. The company offers: annuities; life, group life and disability insurance; 401(k) and 403(b) plans; savings plans; mutual funds; managed accounts; institutional investments; and comprehensive financial planning and advisory services. Company affiliates include: Lincoln Financial Distributors, which provides wholesaling and marketing support; Lincoln Financial Advisors and Jefferson Pilot Securities Corp., Lincoln Financial Retail Distribution, a national network of financial planners, agents, and registered representatives; Delaware Investments, the marketing name for Delaware Management Holdings, Inc. and its subsidiaries; Lincoln Financial Media, which owns and operates three television stations, 18 radio stations, and the Lincoln Financial Sports production and syndication business; and Lincoln UK. For more information please visit www.LFG.com.

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