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if not, when will they run short? New modeling by the nonpartisan Employee Benefit Research Institute (EBRI) finds that those in the lowest-income brackets are most likely to run short, many in the first year of retirement.

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Will Baby Boomers and Gen Xers have enough money to live on when they retire, and if not, when will they run short? New modeling by the nonpartisan Employee Benefit Research Institute (EBRI) finds that those in the lowest-income brackets are most likely to run short, many in the first year of retirement.

But EBRI also finds that some in all income brackets—including the highest—may run short at some point during their retirement.

While 5 percent or less of those in the second, third and highest income quartiles run short of money in the first year of retirement, more than two in five (43 percent) of those in the lowest-income quartile would. By the tenth year in retirement (assuming retirement at age 65), nearly 3 in 4 (72 percent) of the lowest income quartile households would have run short of money, though fewer than 1 in 5 of those in the second-income quartile, 7 percent of those in the third-income quartile, and just 2 percent of those in the highest-income quartile are simulated to run short of money within a decade of retirement.

EBRI's modeling found that under a variety of post-retirement expense scenarios, the lowest pre-retirement income quartile is the cohort where the vast majority of the retirement readiness shortfall occurs, and the soonest. When nursing home and home health-care expenses are factored in, the number of households in the lowest-income quartile that is projected to run short of money within 20 years of retirement is considerably larger than those in the other three higher-income quartiles combined.

“As the results across multiple scenarios and assumptions show, those in the lowest-

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percent of average deterministic costs are paid by the household and nursing home and home health care expenses are included, only the households in the lowest-income quartile eventually end up with more than 50 percent of the households running short of money.

The full report, “‘Short’ Falls: Who’s Most Likely to Come up Short in Retirement, and When?” is published in the June 2014 EBRI Notes and is available online at [EBRI's website](#).

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