Financial Planning

Survey Reveals Investors' Concerns About Outliving Their Savings

(NAPSA)—While a growing number of investors are starting to believe that a comfortable retirement may be out of reach, the good news is that this and other factors are motivating them to look for better ways to save for retirement.

These are two of the key findings of the most recent version of an annual survey of investors conducted for a well-known financial management firm

Highlights from the 2009 edition of Eaton Vance's Investor Survey include:

- Most investors (79 percent) say ensuring a comfortable retirement is their most challenging financial concern.
- Fear that a comfortable retirement might be out of reach is growing among investors. Of investors who are fully retired, nearly two in three (63 percent) are concerned they will outlive their retirement savings compared to about one in four (27 percent) in a similar study in 2008.
- Investors are looking for better ways to save for retirement. There has been a sharp decline in those who say their 401(k) is their primary investment vehicle, with interest in traditional IRAs and Roth IRAs growing, especially among high earners.
- Among those with traditional IRAs (57 percent), 41 percent have considered switching to a Roth IRA. The survey indicated that high earners are especially interested in switching, 50 percent compared to 38 percent in households making less than $150,000 annually.

According to a recent survey, nearly 80 percent of investors say ensuring a comfortable retirement is their most challenging financial concern.

- In 2009, nearly one in three (31 percent) investors said their primary retirement account was a 401(k). In 2008, close to half (45 percent) used a 401(k) as the primary vehicle and 55 percent as recently as 2006. Now, 18 percent of American investors say an IRA is their primary investment vehicle—up from 12 percent in 2008 and only 3 percent as recently as 2003.

Given concerns about taxes, experts say it should not be surprising that tax-exempt municipal bonds are becoming a feature of many portfolios, especially among investors with more than $1 million in the market. A 54 percent majority of investors with $1 million-plus portfolios own tax-exempt municipal bonds compared with 43 percent of all other investors.

This may be one reason a majority of investors (53 percent) indicated they were interested in the new "taxable" Build America bonds.

Eaton Vance's Build America Bond Fund is America's first actively managed mutual fund designed for investment in taxable municipal obligations issued under the American Recovery & Reinvestment Act of 2009, also known as Build America Bonds. This legislation was enacted to provide sweeping stimulus for the U.S. economy.

"Build America Bonds represent a win for municipalities, a win for investors and a win for America," said Payson Swaffield, chief income investment officer at Eaton Vance. He added that these bonds are being used to fund the building and repair of the nation's bridges, highways, transit systems, schools and other infrastructure, often at lower cost than traditional municipal finance.

Swaffield also believes that for taxable fixed income investors, these bonds represent an entirely new asset class that can enhance portfolio diversification.

To learn more about the survey or the fund, visit the Web site at www.eatonvance.com.

Before investing, prospective investors should consider carefully a fund's investment objective(s), risks, and changes and expenses. A fund's current prospectus contains this and other information and is available through your financial advisor. Mutual Funds are distributed by Eaton Vance Distributors, Inc., Two International Place, Boston, MA 02110.