LEGG MASON GLOBAL INVESTMENT SURVEY

FOR IMMEDIATE RELEASE

Contact:

Maria Rosati

(212) 805-6036

mrosati@leggmason.com

BOOMER INVESTORS HAVE LESS THAN HALF THE D.C. SAVINGS THEY NEED FOR RETIREMENT

- *Retirees coming up short: Not accomplishing goals to live debt free or to maintain pre-retirement standard of living*

New York, July 5, 2017 – According to data released today by Legg Mason, U.S. Baby Boomers that invest in defined contribution (D.C.) plans have an average* of $263,000 saved in those plans, less than half of the $658,000 they say they will need in their D.C. plan by retirement.

Older Boomers, 65 to 74, are falling short of this goal with an average of $300,000 saved in their D.C. plans.

“As an industry, we can help investors achieve a dignified retirement by focusing on several key tasks,” said Thomas Hoops, Executive Vice President & Head of Product and Business Development, Legg Mason. “We need to encourage investors with D.C. plans to consider maximizing their contributions. New auto enrollment and auto escalation features help, but investors should consider saving at least 10% and if they can, 15% or more.”

“Lastly, but just as importantly, we need to spend more time educating investors on how to invest their D.C. assets. An overly conservative approach to D.C. investing can almost defeat the purpose of the plans’ benefits for investors who want to achieve their long-term goals.”

Mr. Hoops said that given lower-growth expectations for U.S. and other developed markets, it’s important for investors to consider a larger, diversified allocation to equities that include emerging markets and European markets that have lower valuations and higher dividend yields.

Furthermore, to increase their potential returns, investors should identify good managers who can deliver returns above the benchmark over time and take steps to manage risk in market downturns. Investors should consider allocating some of their portfolios to actively-managed strategies that outperform over time: high active share, and the emerging market and global equities asset classes.

He also urges investors to take advantage of the benefits of rebalancing to mitigate over exposure to risk.

Conservative Approach Could Lead to Boomer Shortcomings

If the Baby Boomer average asset allocation across all their investments (rounded, below) is any indication, their conservative approach might not get them to their goal:

- Cash: 30%
- Equities: 24%
- Fixed income: 22%
- Non-traditional: 4%
- Investment real estate: 8%
- Gold/precious metals: 2%
- Other: 8%

"Looking at how Boomers are allocated across all of their investments, we see they are rather conservative. If they are applying a similar, conservative approach to how they invest their D.C. assets, they could be under allocated to the higher growth opportunities they will need to achieve their saving goals. The same holds true for Gen-X investors," Mr. Hoops said.

According to QS Investors, the Legg Mason affiliate that manages retirement products, Baby Boomer investors should consider 50% or more of their D.C. allocation in equities. Even older Boomers 65 to 74 should consider an equity allocation of more than 30% based on QS Investors allocation models.

Gen-X Have Time but Do They Have the Risk Appetite?

For the Gen-X age group, the good news is that more have a D.C. plan – only 28% said they do not have one – with an average of $199,000 saved and a goal of $541,000 in their plan by retirement.

They also have conservative asset allocation across all their investments (rounded, below):

- Cash: 25%
- Equities: 21%
- Fixed income: 17%
- Non-traditional: 11%
- Investment real estate: 16%
- Gold/precious metals: 7%
- Other: 4 %

QS Investors asset allocations in retirement products for the Gen-X age cohort include over 80% in equities. That suggests that these investors should consider a greater allocation to equities in their portfolios.

Retirees May Not be Living the Financial Dream

What does coming up short look like? Retirees today may have a lesson to share with their younger cohorts.

Of the top five goals retirees said they wanted to accomplish in retirement, the majority of retirees are not accomplishing any of them. More specifically, the top five goals in order, and whether retirees have accomplished those goals, are:

1. Make sure that I am debt free – **only 42% say they have achieved** it;
2. Make sure I have access to good healthcare **- 73% say they have achieved it;**
3. Retire early **- 76% say they achieved it;**

4. Have enough money so that I can maintain my pre-retirement standard of living - **only 49% said they achieved it;**
5. Enjoy a good retirement income – **just 50% said they achieved it.**

"Given the fact that people are living longer and are facing increasing health care costs and other rising economic pressures, the lesson here is vividly clear: for those who want to achieve their financial goals in retirement, they need to save more and invest for more growth long before they receive their last paycheck," Mr. Hoops said.

About the Legg Mason Global Investment Survey

Cicero Research conducted the fifth annual Legg Mason Global Investment Survey among 900 U.S. participants, including 305 Millennials and 458 investors with investable assets not including their home. Fielding was conducted through an online survey between January and February 2017. To learn more about the survey findings, click here: https://ww2.leggmason.com/gis/.

About Legg Mason

Legg Mason is a global asset management firm with $726 billion in assets under management as of May 31, 2017. The Company provides active asset management in many major investment centers throughout the world. Legg Mason is headquartered in Baltimore, Maryland, and its common stock is listed on the New York Stock Exchange (symbol: LM).

*All averages are mean rather than median.

Any information, statements and opinions in this communication are general and educational in nature, are not directed to or based on the financial situation of any particular investor, and do not constitute investment advice or a recommendation with respect to any particular security , investment strategy or course of action.

Diversification does not assure a profit or protect against a loss.

All investments involve risk, including loss of principal.