The source of most Americans' retirement income has changed dramatically over the past 50 years; unfortunately, most Americans' savings habits have not changed quickly enough to prevent a looming retirement crisis. Even as lawmakers in Washington contemplate tightening eligibility requirements for Medicare and Social Security and calling into question its sustainability, more and more Americans admit to relying mainly on these entitlements to fund their retirement needs.

In 1960, nearly three in four workers had an employer-provided defined benefits pension plan to provide retirement income; today, that figure has fallen to just under 10 percent, while 65 percent rely on self-funded 401K plans. A recent study by the National Institute on Retirement Security revealed some shocking statistics about the state of Americans' retirement accounts: The typical working-age household has $3,000 in their 401K account, and workers aged 50-64 averaged only $12,000 in retirement assets. Most financial planners recommend that retirees have the equivalent of ten years' salary invested when they leave the workforce to cover retirement needs; by that standard, most Americans' 401K accounts are grossly underfunded.

Adding to America's dismal retirement prospects, many workers relying on employer-funded pensions may be in for a rude surprise when they retire. Many of the largest public employee pension plans are critically underfunded, leaving their ability to honor future pension obligations in doubt. Detroit's recent bankruptcy filing will inevitably lead to reductions in pension payments to the city's retirees, and Detroit is by no means unique. Several US cities have declared bankruptcy in the past few years, and states like Illinois and California face pension funding gaps in the hundreds of billions of dollars. Without dramatic policy changes, many workers will face retirement with a fraction of their promised benefits.

The past five years of stagnant economic growth is part of the reason Americans aren't saving enough for retirement. After the 2008 financial crisis, many workers' 401K plans lost a fourth of their value or more. High unemployment led to many Americans withdrawing funds from their 401K accounts for living expenses while they looked for work. Many other Americans are finding their hours cut or are working part-time jobs that typically do not provide opportunities to participate in a 401K plan. Without a robust recovery, prospects are dim for changing the trajectory of America's savings habits.

A recent Bankrate study revealed that 80 percent of working age Americans do not think they have enough saved for retirement, and Census Bureau statistics show that 63 percent of retirees rely solely on Social Security, charity and/or family to survive. Social Security is a pay-as-you-go program relying on younger workers' contributions; with the unemployment rate over 16% for 18-29 year-olds, the likelihood that Social Security eligibility standards will be tightened seems unavoidable.

Workers close to retirement have few options to boost retirement savings. Experts recommend delaying retirement to age 67 and considering part-time work to boost income. A reverse mortgage may also be an option. Younger workers should rework budgets to save as much as possible, experts advise.