

2004 RCS FACT SHEET

AGE COMPARISONS AMONG WORKERS

The 14th annual Retirement Confidence Survey (RCS) provides evidence to support the intuitive argument that the closer people are to retirement, the more likely they are to take steps to ensure they have a secure retirement. Comparing this year's data with data from the 1994 RCS also suggests that workers today, especially workers ages 25–34, are doing at least as well as workers of similar ages 10 years ago on two key measures of planning and saving for retirement.

Preparing for Retirement

- Probably because they are closer to retirement, workers ages 45–54 are more likely than those ages 25–34 to say they have saved for retirement. However, this does not mean that younger workers are behind when it comes to having saved for retirement. Workers in all age groups appear to be as likely to have saved for retirement as similarly aged workers were in 1994. Moreover, while small sample sizes¹ and slight wording changes² make a firm determination difficult, there is a possibility that today's workers ages 25–34 may be more likely than workers of the same age 10 years ago to say they have saved.

Figure 1
Percentage of Workers Who Have Saved for Retirement

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
1994	57%	50%	60%	65%	57%
2004	68	63	67	74	69

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 1994 and 2004 Retirement Confidence Surveys.

- While workers ages 45–54 are more likely than younger workers to say they are *currently* saving for retirement, one-third of workers ages 45–54, and 4 in 10 ages 55 and older, are not currently saving.
- Workers in the various age groups under age 55 are equally likely to report participating in a retirement savings plan at the work place. However, those age 55 and older are less likely to do so, apparently because they are less likely to be offered the opportunity; just 34 percent of workers this age are offered a plan, compared with half of all workers surveyed.
- The likelihood of reporting an individual retirement account (IRA) is highest among those age 45 and over. However, workers with household income of at least \$75,000 are equally likely to have an IRA, regardless of age.

Figure 2
Selected Retirement Savings Indicators

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
Currently saving for retirement	58%	51%	55%	66%	59%
Participate in a work-place retirement savings plan	39	40	42	42	27
Have an IRA or other tax-qualified savings plan outside of a work-place retirement savings plan	42	28	42	51	51

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2004 Retirement Confidence Survey.

¹ The margin of error for each age group varies with the size of the group and the percentage measured, but ranges from approximately 6 to 11 percentage points at the 95 percent confidence level.

² The addition of the phrase “and/or your spouse” to the question wording for married respondents starting in 1999 is responsible for approximately 4 to 5 percentage points of the increase.

- Not surprisingly, older workers are more likely than younger workers to have tried to calculate how much money they will need to have saved by the time they retire so that they can live comfortably in retirement. Despite approaching retirement age, however, half of workers age 55 and older have not tried to do this calculation.
- Workers ages 25–34 appear to be at least as likely in 2004 as similarly aged workers were in 1994 to say they and/or their spouse have done a retirement needs calculation. Workers in other age groups also seem to be as likely as their counterparts in 1994 to report having done a calculation.

Figure 3
Percentage of Workers Having Tried to Calculate How Much Money They Will Need to Save for Retirement³

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
1994	31%	21%	33%	40%	36%
2004	42	34	38	51	50

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 1994 and 2004 Retirement Confidence Surveys.

- The percentages giving *a lot* of thought to their financial needs in retirement generally increase with age. Yet, just half of preretirees have given *a lot* of thought to how to pay for health expenses not fully covered by Medicare and only 4 in 10 have given *a lot* of thought to how to pay for long-term care costs.

Figure 4
Workers Giving A Lot of Thought to Financial Needs in Retirement

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
How to manage your money in retirement so you do not outlive your savings	34%	23%	27%	39%	58%
How to pay for health expenses not fully covered by Medicare, such as deductibles and prescription drugs	30	17	23	37	54
How to pay for long-term care in a nursing home or home health care costs not covered by Medicare	20	12	16	23	40

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2004 Retirement Confidence Survey.

Retirement Expectations

- Not surprisingly, given that those age 55 and over are already older than the youngest retirement ages, workers in this age group plan to retire at a slightly older age than other workers, on average. They are also more likely than workers ages 25–34 to say they do not know when they expect to retire.
- Workers of all ages appear to be planning to retire later, on average, than similarly aged workers were in 1994. For example, 1 in 10 workers ages 25–34 planned to retire at age 66 or older in 1994, compared with twice that proportion in 2004. And 15 percent of workers age 55 and older planned to retire at age 66 or older in 1994, compared with 28 percent now.

Figure 5
Expected Age at Retirement

	All Workers		Ages 25–34		Ages 35–44		Ages 45–54		Ages 55+	
	1994	2004	1994	2004	1994	2004	1994	2004	1994	2004
Less than 60	22%	16%	31%	19%	22%	16%	18%	18%	4%	7%
Ages 60–64	27	21	22	17	29	16	31	27	35	24
Age 65	31	26	31	31	31	27	31	22	30	22

³ The addition of the phrase “and/or your spouse” to the question wording for married respondents starting in 1999 is responsible for approximately 4 to 5 percentage points of the increase.

Expected Age at Retirement, continued

	All Workers		Ages 25–34		Ages 35–44		Ages 45–54		Ages 55+	
	1994	2004	1994	2004	1994	2004	1994	2004	1994	2004
Age 66 or older	11	22	10	19	12	25	10	17	15	28
Never retire	<0.5	6	<0.5	6	0	4	0	9	0	4
Don't know/refused	8	10	6	7	7	11	10	7	16	15

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 1994 and 2004 Retirement Confidence Surveys.

- Workers ages 35–44 are more likely (72 percent) than those age 55 and older (60 percent), but as likely as workers ages 25–34 and 45–54 (67 percent each) to expect to work in retirement.
- Younger workers are more likely than older workers to expect that they and/or their spouse will receive benefits from a work place retirement savings plan when they retire. Workers of all ages are equally likely to expect to receive benefits on a household basis from a defined benefit plan and retiree health insurance. However, given the current decline in defined benefit and retiree health insurance benefits, some workers may find they are counting on benefits that may never materialize.

**Figure 6
Workers Expecting to Receive Employer-Provided Retirement Benefits**

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
Money from a work-place retirement savings plan	65%	70%	67%	63%	54%
Money from a defined benefit pension plan	52	52	50	54	52
Retiree health insurance	35	37	33	37	32

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2004 Retirement Confidence Survey.

Retirement Confidence

- Workers ages 35–44 tend to be less likely than some other workers to say they are *very* confident about many financial aspects of retirement. In particular, they are less likely to say they are *very* confident they will have enough money to live comfortably throughout their retirement years.

**Figure 7
Percentage Very Confident in Financial Aspects of Retirement**

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
Having enough money to live comfortably throughout their retirement years	24%	33%	16%	24%	27%
Having enough money to take care of basic expenses during retirement	36	41	31	38	34
Doing a good job of preparing financially for retirement	26	30	22	27	24
Not outliving retirement savings	23	28	17	28	19
Having enough money to take care of medical expenses during retirement	21	27	14	21	22
Having enough money to take care of long-term care expenses during retirement	16	21	9	16	18
The Social Security system will continue to provide benefits of at least equal value to the benefits received by retirees today	7	3	5	8	15
The Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today	6	5	3	9	8

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2004 Retirement Confidence Survey.

Source: Retirement Confidence Survey—Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates.