

# *The Reality of Retirement Today: Lessons in Planning for Tomorrow*

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*Issue Brief*

- The 1996 Retirement Confidence Survey, co-organized by the Employee Benefit Research Institute, Mathew Greenwald and Associates, and the American Savings Education Council, focuses on the realities of life for current retirees and implications for current workers.
- One-fifth of retirees have experienced a decline in their standard of living since they retired. One-fifth expect their lifestyle to worsen over the coming years. For many, retirement reality has not matched expectations, and one-quarter are not confident in their prospects for the remainder of their retirement. This represents a lack of confidence in their own financial preparation and a lack of faith in Social Security and Medicare. These findings should serve as a reality check for workers who need to plan now for retirement.
- Workers' confidence in their retirement income prospects dropped 12 percentage points over the past year. If this drop signifies that workers are being more realistic about their prospects and may be coming to terms with what they need to do to secure their own retirement income security, it is a good sign.
- Many workers are saving for retirement; however, this saving is not based on a plan designed to achieve a calculated goal. Only one-third of workers have tried to determine how much they will need to have saved by retirement so that they can live comfortably. Only one-third of these were very confident that they had determined an accurate figure. Furthermore, when asked how much they calculated that they would need to save, 42 percent could not give an amount. Therefore, less than 20 percent actually had a specific number with which to work.
- Americans are pessimistic regarding the Social Security system in its current state and its ability to maintain benefit levels into the future. At the same time, they are generally opposed to any form of benefit cuts and/or tax increases (except for higher income retirees). What types of changes would they accept? Apparently, they would accept investment of trust fund assets in private equity markets and/or the creation of individual Social Security 401(k)-like accounts as part of the system.

## Table of Contents

### Text

Introduction .....	3
Not Golden for All .....	3
(chart 1, chart 2, chart 3, chart 4, chart 5)	
Worker Confidence Down .....	5
(chart 6, chart 7, chart 8, chart 9)	
Savers, Not Planners .....	7
(table 1)	
Saving Through Work .....	8
(chart 10, chart 11, chart 12)	
Knowledge Lacking .....	9
Social Security Reform .....	10
(chart 13, chart 14)	
Benefit Cuts and Tax Increases .....	10
Trust Fund Equity Investment .....	11
Individual Accounts .....	12
Conclusion .....	12

### Charts and Table

Chart 1, Changes in Lifestyles Among Current Retirees, .....	4
Chart 2, Retiree Confidence in Having Enough Money to Live Comfortably Throughout Retirement .....	4
Chart 3, Retiree Confidence in Components of Retirement .....	4
Chart 4, Retiree Confidence That Current Benefit Levels Will Be Maintained .....	5
Chart 5, Sources of Income Among Current Retirees ...	5
Chart 6, Workers' Confidence in Their Retirement Income Prospects .....	6

Chart 7, Workers' Views of Retirement: I'll Be Fine, Everyone Else Is in Trouble .....	6
Chart 8, Workers Versus Retirees: Percentage Very Confident Regarding Various Aspects of Retirement .....	6
Chart 9, Expected Retirement Income Sources Among Current Workers .....	7
Chart 10, Reasons for Not Contributing to a 401(k) Plan .....	9
Chart 11, Main Factor Determining 401(k) Contribution Amount .....	9
Chart 12, Usefulness of Information Sources for 401(k) Decision Making .....	10
Chart 13, Retirees' Attitudes Regarding Social Security Reform .....	11
Chart 14, Workers' Attitudes Regarding Social Security Reform .....	11
Table 1, Saving and Planning Behavior Among Current Workers .....	8

This *Issue Brief* was written by Paul Yakoboski of EBRI and Allen Schiffenbauer of Mathew Greenwald and Associates, with assistance from the Institute's research and editorial staffs. Any views expressed in the *Issue Brief* are those of the authors and should not be ascribed to the officers, trustees, members, or other sponsors of EBRI, EBRI-ERF, or their staffs. Neither EBRI nor EBRI-ERF lobbies or takes positions on specific policy proposals. EBRI invites comment on this research.

## Introduction

mainstream media. Retirees lead a carefree existence of golf, travel, and time spent with the grandchildren. Such an idealistic picture of retirement likely influences the way current workers view their own future retirement. But is this picture of today's retiree accurate?

The 1996 Retirement Confidence Survey (RCS), co-organized by the Employee Benefit Research Institute (EBRI), Mathew Greenwald and Associates, and the American Savings Education Council (ASEC), focuses on the myths and realities of life for current retirees and their implications for current workers' retirement savings behavior and attitudes. The 1996 RCS indicates that, for as many as one-quarter of retirees, retirement finances have not resulted in the stereotypical carefree existence. Today's unrealistic picture of retirement as a carefree existence may lead to a false sense of confidence on the part of many workers and influence the way people make personal decisions about retirement savings and view public policy questions.

This *Issue Brief* discusses these issues and other findings from the 1996 RCS.

## Not Golden for All

than it was the first year they retired (8 percent say it is a lot worse), compared with 20 percent who reported that their lifestyle had improved over the course of their retirement (chart 1). Not surprisingly, money and finances, along with health problems, were the most often cited reasons

Today's retirees have it made, or so we are led to believe, by the images portrayed in the

**Twenty-two percent of current retirees reported that their lifestyle now is worse**

### for the decline.

Twenty-one percent of retirees said they expect their standard of living to get worse over the next several years (chart 1). Over one-half of these individuals cited fears of cost-of-living increases as the reason for their negative expectations. Most other reasons cited were also financial in nature.

When asked to compare actual experience with expectations at the time of their retirement, 13 percent of retirees said that their overall lifestyle had been worse than expected (27 percent reported that it had been better). **Two areas notable for unmet expectations were health related. Twenty-seven percent of retirees reported that their health had been worse than expected, and 21 percent reported that their situation in terms of having enough money to cover medical expenses had been worse than expected. In addition, 19 percent reported unmet expectations in terms of having enough money to pay for most of the recreational, entertainment, and travel pursuits they desired in retirement.**

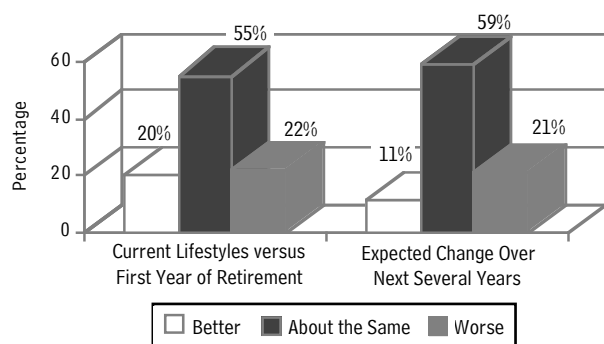
This is notable given that it is such activities and pursuits that many people view as the rewards of retirement.

**When asked how confident they were that they will have enough money to live comfortably throughout their retirement, only 30 percent answered that they were very confident** (chart 2). Of the remaining retirees, one-quarter (24 percent) had little confidence, and almost one-half (43 percent) were only somewhat confident that they will have enough money to live comfortably throughout retirement. The "somewhat confident" appeared to be in a precarious position, feeling that their retirement will be comfortable only if everything goes their way. However, any problem with excessive inflation or any number of other issues could cause serious difficulties for them.

**This lack of confidence among those already retired appears tied to three distinct yet interrelated factors:**

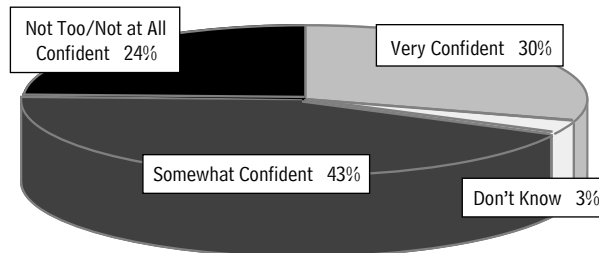
- fear of declining health and related medical

Chart 1  
**CHANGES IN LIFESTYLES AMONG CURRENT RETIREES**



Source: Employee Benefit Research Institute/Mathew Greenwald and Associates/American Savings Education Council, 1996 Retirement Confidence Survey.

Chart 2  
**RETIREE CONFIDENCE IN HAVING ENOUGH MONEY TO LIVE COMFORTABLY THROUGHOUT RETIREMENT**



Source: Employee Benefit Research Institute/Mathew Greenwald and Associates/American Savings Education Council, 1996 Retirement Confidence Survey.

expenses,

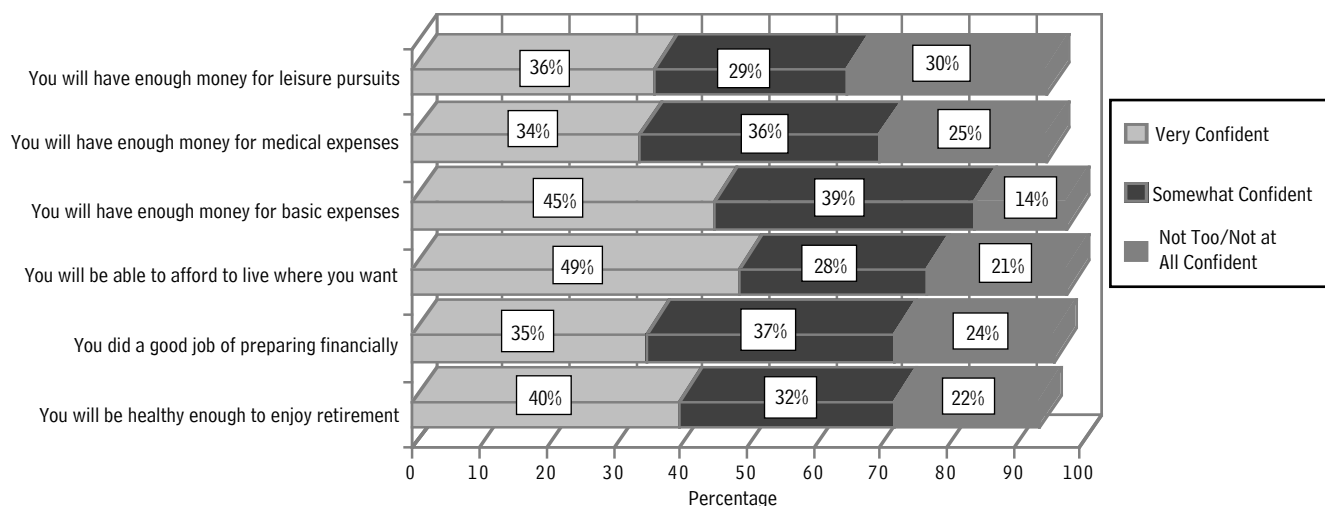
- **lack of confidence in their own personal financial planning for retirement, and**
- **concern over the future of Social Security and Medicare benefits.**

The first two factors emerged on examination of the details behind the overall confidence rating. Being able to afford to pay for medical expenses was the area with the lowest confidence rating, followed closely by having done adequate financial preparation for retirement and being able to pay for most leisure pursuits (chart 3). Consistent with their concern about financial preparedness, only 56 percent of retirees reported that they had any money they themselves saved for retirement. Of these, 76 percent did not begin saving until they were aged 40 or over.

The third theme contributing to relatively low confidence among today's retirees is uncertainty about two major sources of financial support—Social Security and Medicare. **Fewer than one-half of today's retirees expressed strong confidence that the Social Security and Medicare systems will continue to provide benefits equal in value to the benefits they receive today (chart 4). Only 7 percent of retirees were very confident that these two programs will continue to provide them with the benefits to which they have become accustomed.**

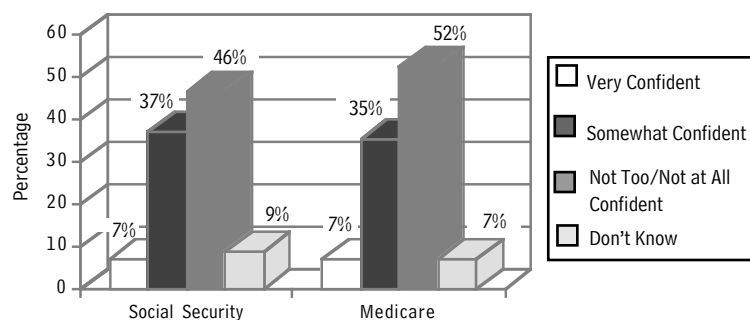
The importance of this lack of confidence about the continuing value of Social Security in driving overall concern about retirement is clear. Social Security is the most important source of income for retirees; almost two-thirds reported that it is either their most important or a

Chart 3  
**RETIREE CONFIDENCE IN COMPONENTS OF RETIREMENT**



Source: Employee Benefit Research Institute/Mathew Greenwald and Associates/American Savings Education Council, 1996 Retirement Confidence Survey.

Chart 4  
RETIREE CONFIDENCE THAT CURRENT BENEFIT LEVELS WILL BE MAINTAINED



Source: Employee Benefit Research Institute/Mathew Greenwald and Associates/American Savings Education Council, 1996 Retirement Confidence Survey.

major source of income (chart 5). Money an employer put into a pension

plan was a strong second (48 percent). Only one-third mentioned their own savings, and 29 percent mentioned money they put into a savings or retirement plan through work. While only 7 percent of retirees reported employment as an important source of income for them, 23 percent reported having had a part-time job at some point after their retirement.

For many retirees, retirement has been disappointing in some sense from the very beginning. Almost one-half (48 percent) of retirees retired earlier than they had planned, and the reasons cited for early retirement tended to be negative and out of the individual's control. The single most frequently given reason was health problems (38 percent). This was followed by job elimination (16 percent), buy-out/early retirement offer (10 percent), and problems in the work place (7 percent). The fact that a relatively high proportion of retirees were forced into early retirement is another reason for their lack of adequate financial preparation.

These results demonstrate that there is a sizable fraction of the retired population leading, to some extent, a troubled existence. These findings should serve as a reality check for today's workers, who need to plan now for their retirement. One-fifth of retirees have experienced a

decline in their standard of living since they retired. One-fifth expect their

lifestyle to get worse over the next several years. For many, retirement reality has not matched expectations, and about one-quarter are not confident in their prospects for a comfortable existence for the entire remainder of their retirement. This lack of confidence is based on a lack of confidence in their own financial preparation for retirement and a lack of faith in government programs, i.e., Social Security and Medicare.

## Worker Confidence Down

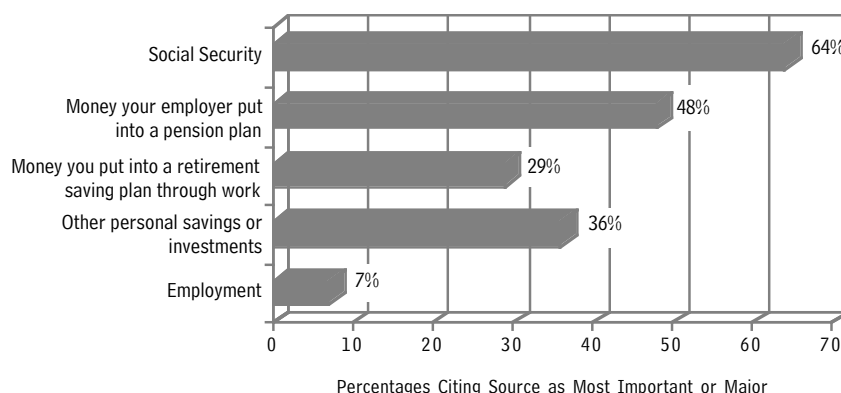
Workers' confidence in their retirement income prospects dropped sharply over the past year,

according to the 1996 RCS. While such a drop could have many causes, a distinct possibility is that the constant drumbeat of attention given to the need for baby boomers

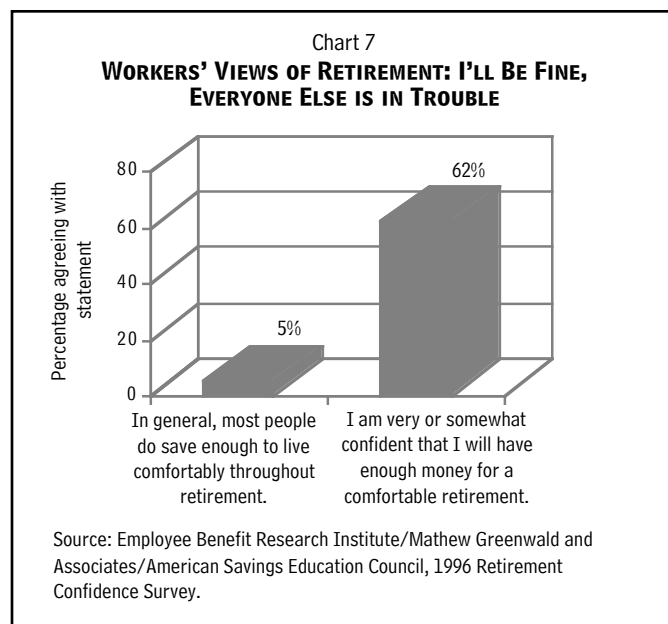
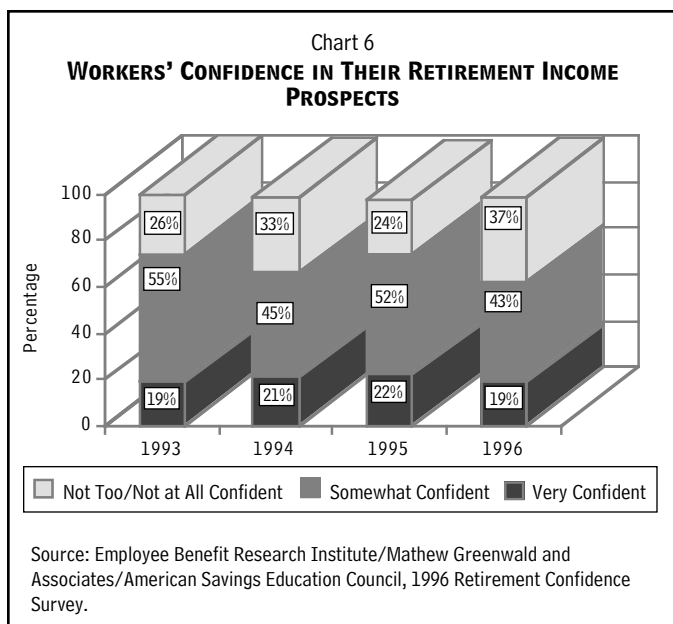
to save for their retirement has begun to register with workers. As a result, they may have evaluated their situation and not been pleased. **If this dose of realism motivates action, then the drop in confidence is actually good news.**

In 1996, 19 percent of workers were very

Chart 5  
SOURCES OF INCOME AMONG CURRENT RETIREES



Source: Employee Benefit Research Institute/Mathew Greenwald and Associates/American Savings Education Council, 1996 Retirement Confidence Survey.



confident that they will have enough money to live comfortably throughout retirement, compared with 22 percent in 1995 (chart 6). An additional 43 percent were somewhat confident in 1996 regarding their retirement income prospects, compared with 52 percent in 1995. Thus total confidence dropped 12 percentage points over the past year. **To the extent that this drop signifies that workers are being more realistic about their prospects and may be coming to terms with what they need to do to secure their own retirement income security, this drop is a good sign. If economic uncertainties spur people to plan better and save more, this is a positive development.**

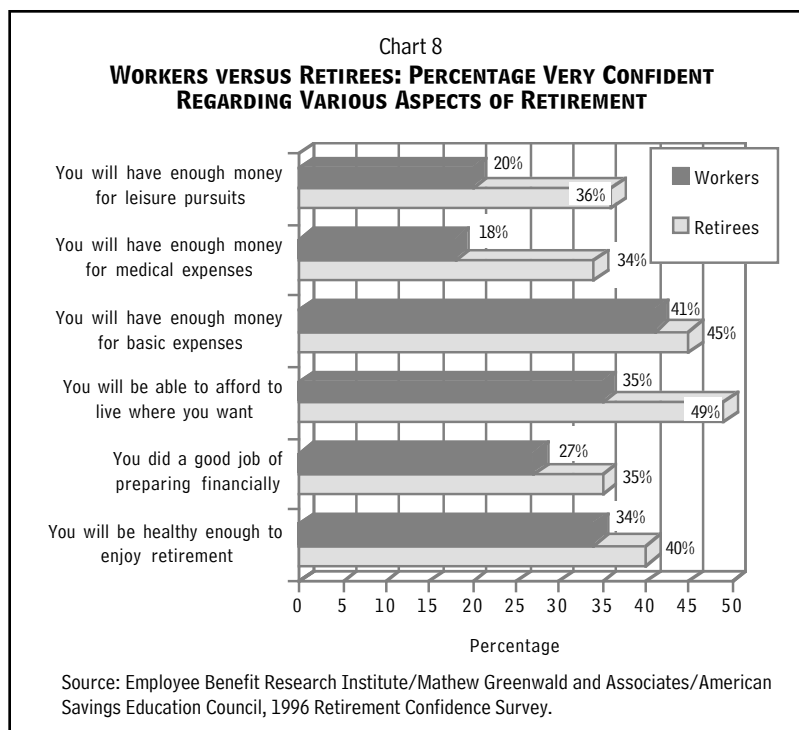
While workers are relatively confident in their own retirement income prospects, they are decidedly pessimistic regarding the prospects of their peers. **Only 5 percent of workers think that, in general, people in the United States save enough money to live comfortably throughout their**

**retirement years** (chart 7). This view of others may actually reflect some underlying anxieties regarding their own situation.

For each aspect of retirement, today's workers were less confident about their futures than retirees. The gap in confidence ranges from a high of 16 points for the ability to pay for leisure activities and medical expenses to a low of 4 points for the ability to pay for basic expenses (chart 8).

**Today's workers believe that their retirement income prospects will depend heavily on**

**their personal saving decisions. Sixty-one percent of workers said they expected money they save through a retirement plan at work to be the most important or a major source of retirement income for them (chart 9). Fifty-six percent expected other personal savings and investments to be the most important or a major source of retirement income. Fifty percent expected money that their**



**employer puts into a pension plan will be the most important or a major source of retirement income.**

#### Workers

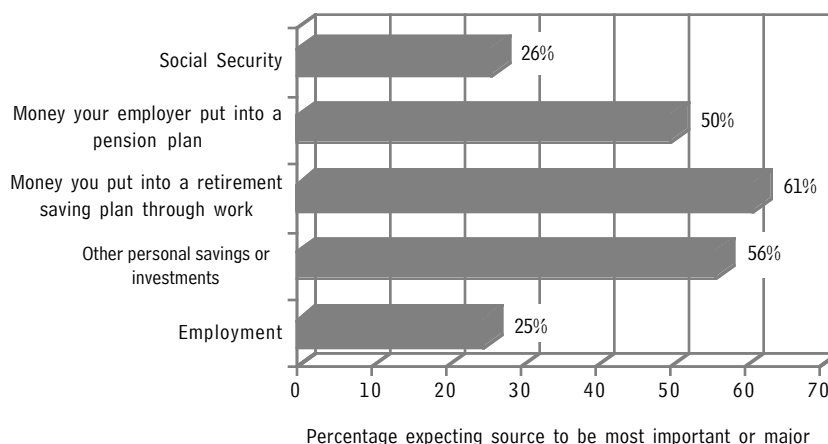
are not counting on Social Security. Only one-quarter (26 percent) expected it to be the most important or a major source of retirement income (chart 9). Twenty-three percent of workers did not expect Social Security to be a source of retirement income for them, and an additional 50 percent expected it to be only a minor source. In addition, 79 percent were not too confident or not at all confident that Social Security will continue to provide benefits of value equal to those provided today, and 76 percent were not confident about the future of Medicare benefits.

When asked at what age they *realistically* plan to retire, 21 percent of workers responded before age 60, and an additional 25 percent said between age 60 and age 64. Only 12 percent said they planned on retiring after age 65. These would not appear to be realistic expectations for many, given the responses to other questions. This may be partially explained by a changing perception of what it means to be "retired." Indeed, almost two-thirds (65 percent) of workers thought that they will work after retirement. While a majority (51 percent) of workers who predicted they will be employed after retirement said they will do so to stay active, 19 percent said it will be out of financial necessity, and 20 percent said it will be to supplement other income.

## Savers, Not Planners

An often repeated misperception is that earlier generations were good

Chart 9  
**EXPECTED RETIREMENT INCOME SOURCES AMONG CURRENT WORKERS**



Source: Employee Benefit Research Institute/Mathew Greenwald and Associates/American Savings Education Council, 1996 Retirement Confidence Survey.

savers and planners, while today's workers (and in particular, the baby boom generation) generally fail to save adequately

and prepare for the future. The data demonstrate that such views are wrong. When it comes to saving for retirement, today's workers have a better track record than today's retirees. Almost two-thirds (64 percent) of current workers have money set aside for retirement that they saved on a regular basis (aside from Social Security or an employer-funded pension but including 401(k)-like plans) (table 1). Furthermore, older workers are much more likely to report such savings. Eighty percent of workers over age 55 have money set aside for retirement that they saved on a regular basis, compared with 56 percent of workers under age 35. We can therefore expect that, as younger workers age, more of them will save for retirement on a regular basis. By comparison, only 56 percent of current retirees reported that they had money set aside for retirement that they saved on their own.

However, **while many workers are saving for retirement, it is not savings based on a plan designed to achieve a calculated goal. Only one-third (32 percent) of current workers reported that they had tried to figure out how much money they will need to have saved by the time they retire so that they can live comfortably in retirement. Only 33 percent of these were very confident that they had determined an accurate figure.** Furthermore, when asked how much they calculated that they would need to save, 42 percent could not give an amount. Therefore, less than 20 percent actually had a specific number with which they could work (table 1).

Among those who had not tried to make the calculation, the most important reason cited was, "It will not be helpful because I cannot save any more than I am

Table 1  
**SAVING AND PLANNING BEHAVIOR  
 AMONG CURRENT WORKERS**

	Percentage
Workers with money set aside for retirement that they saved on a regular basis	64%
Workers who have tried to determine how much they need to have saved by retirement to live comfortably	32
Among these:	
Those who cannot give a dollar amount when asked	42
Those very confident that they were able to determine an accurate amount	33
Workers very confident in their ability to develop a good financial plan	26
Workers very confident in their ability to stick to a regular financial plan	45

Source: Employee Benefit Research Institute/Mathew Greenwald and Associates/American Savings Education Council, 1996 Retirement Confidence Survey.

currently saving” (45 percent cited this as a major reason). In addition, 36 percent cited “It is too far in the future to know what will be needed” as a major reason.

Among those who have tried to determine how much they need to accumulate, the most commonly cited source of information and/or advice was books and articles (78 percent). The next most common sources of information were a professional advisor (accountant, financial planner, stockbroker, etc.); a financial planning worksheet; information provided by employer; and friend, relatives, or work colleagues (all cited by a little over one-half). Computer software/programs were cited by only about one-quarter (28 percent).

While workers have limited confidence in their ability to develop a good financial plan, they are much more confident in their ability to stick to a regular financial plan. Twenty-six percent of workers said they were very confident in their ability to develop a good financial plan, and an additional 46 percent were somewhat confident. By comparison, 45 percent of workers were very confident in their ability to stick to a financial plan, and an additional 36 percent were somewhat confident.

**account. Three-quarters (74 percent) of workers who were offered a plan reported making contributions to it. Among those not contributing to**

**the plan offered them, the most common reason cited was that they could not afford to save (34 percent reported this as a major reason, and 25 percent as a minor reason) (chart 10).** The next most commonly cited reason was that it is difficult to withdraw funds from such retirement savings accounts (18 percent reported this as a major reason and 23 percent as a minor reason). Thirty percent cited as a major or minor reason that they were saving for their children’s education and they did not want to divert funds. Twenty-two percent cited saving for a house as a reason.

Workers contributing to a 401(k)-like plan were asked what the main factor was in determining how much they contribute. Thirty-one percent said that they contributed the most they could afford, and 30 percent said they contributed the maximum they were allowed to contribute (chart 11). Twenty-one percent contributed the maximum amount that their employer would match. Sixteen contributed the amount that they determined they should contribute.

**Seventy-one percent of plan participants reported that their employer had provided them with educational material or seminars regarding the plan within the past 12 months, and, among these, 81 percent reported that they utilized the material or attended the seminars.** Almost all reported that the material included a description of the investment options available in the plan and covered the advantages of saving in tax-deferred plans (98 percent and 96 percent, respectively). Over 80 percent reported that the material covered the effect of compounding over time and the principles of risk and return (83 percent and 81 percent, respectively). Three-quarters (77 percent) said the material covered the principles of asset

## *Saving Through Work*

The distinction between employment-based pensions and individual savings is becoming

increasingly blurred with the continued growth of 401(k)-like plans in the work place. **Sixty-one percent of workers reported that their employer offered a retirement saving plan, such as a 401(k) plan, a 403(b) plan, a salary reduction simplified employee pension plan (SARSEP), or a 457 plan, that allows pretax worker contributions to the worker’s own**



allocation and diversification. Two-thirds (66 percent) said the material covered estimating the amount needed to be saved for a comfortable lifestyle in retirement.

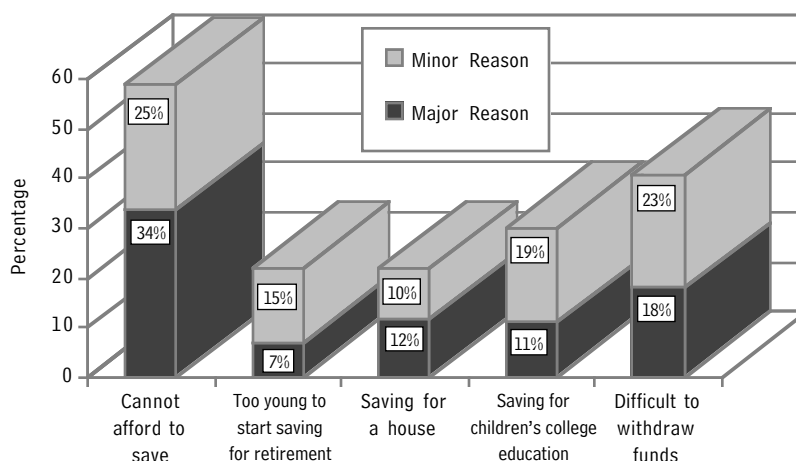
Participants were also asked about the usefulness of various sources of information when making decisions regarding participation in their 401(k) plan. The employer and/or plan service provider was cited as the most helpful (30 percent as very helpful and 45 percent as somewhat helpful) (chart 12). It is notable that 21 percent of participants did not use this source of information. Spouse was cited as the next helpful source, with a total of 58 percent citing a spouse as helpful (31 percent as very helpful). Friends and/or co-workers were cited by 58 percent as helpful (but only by 11 percent as very helpful). One-half of the participants did not utilize a financial professional, but the other half did find this source helpful.

## Knowledge Lacking

current workers' knowledge level (or lack thereof) with regard to basic retirement finance concepts is increasingly important. **The majority of working Americans appear to have a limited amount of financial knowledge regarding issues important in planning and saving for retirement. Based on a five question quiz in the 1996 RCS, one-third of all workers have a high degree of financial knowledge (four or five correct answers) regarding issues important in planning and saving for retirement. Fifty-five**

With more opportunity and responsibility to plan and save for retirement than previous generations,

Chart 10  
REASONS FOR NOT CONTRIBUTING TO A 401(K) PLAN



Source: Employee Benefit Research Institute/Mathew Greenwald and Associates/American Savings Education Council, 1996 Retirement Confidence Survey.

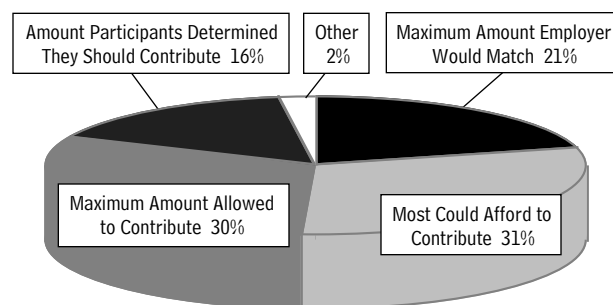
percent have a moderate level of knowledge (two or three correct answers), and 11 percent have low knowledge levels (zero or

one correct answer). These results closely mirror those from last year.

Financial knowledge levels did not vary notably with worker age, but they did tend to increase with worker earnings. Twenty-five percent of those earning less than \$35,000 had a high knowledge level, compared with 41 percent of those earning over \$50,000. Not surprisingly, similar results were found with worker educational levels. Twenty percent of those with a high school degree or less had high knowledge levels, compared with 49 percent of those with a high school degree. Even among those with a college degree, only one-half scored highly in terms of retirement financial knowledge.

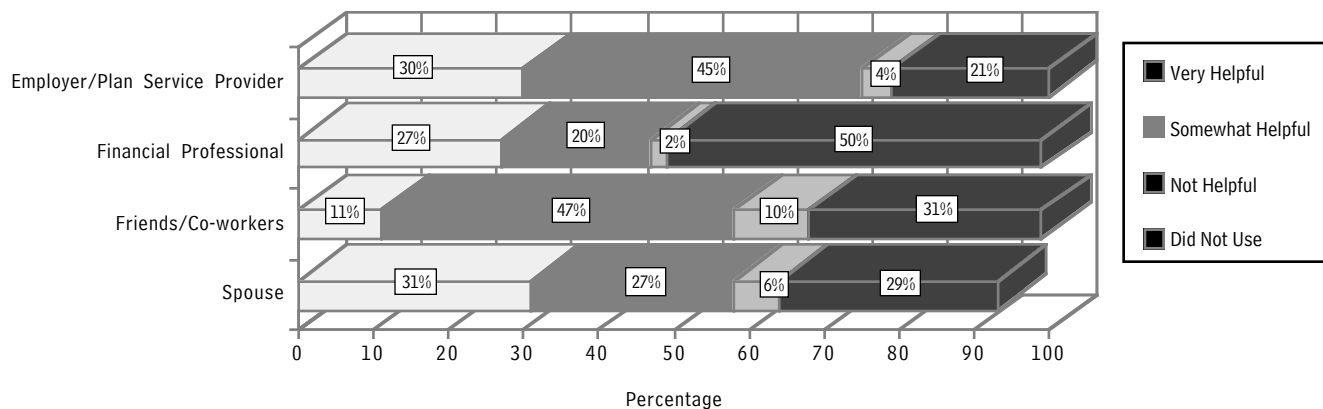
Less than one-half (44 percent) of workers knew that a male retiring today at age 65 can expect to live to age 80, on average. Sixty-one percent of workers knew that the U.S. stock market has provided a greater return

Chart 11  
MAIN FACTOR DETERMINING 401(K) CONTRIBUTION AMOUNT



Source: Employee Benefit Research Institute/Mathew Greenwald and Associates/American Savings Education Council, 1996 Retirement Confidence Survey.

Chart 12  
USEFULNESS OF INFORMATION SOURCES FOR 401(K) DECISION MAKING



Source: Employee Benefit Research Institute/Mathew Greenwald and Associates/American Savings Education Council, 1996 Retirement Confidence Survey.

on investment over the past 20 years than U.S. government bonds. Slightly over one-half (53 percent) of all workers knew that employer stock is typically a more volatile investment for employees than investing in a diversified portfolio of stocks. One-half of workers knew that the probability of losing money on an investment in a mixture of stocks from different industries goes down the longer you hold on to the investment. Eighty-six percent of workers knew that the average person retiring today will need 60 percent to 80 percent of his or her work income during retirement to maintain the same standard of living that he or she had just before retirement.

## Social Security Reform

Reform of the Social Security system is now the subject of serious discussions in various circles. Current

proposals for reform run the gamut from relatively minor adjustments to the existing system to major restructuring of the program. As previously mentioned, both workers and retirees are generally pessimistic regarding the system's prospects as it currently exists. But how do they view various reform proposals?

**According to the 1996 RCS, the public is generally opposed to reforms that in some sense involve sacrifice, i.e., benefit cuts and/or tax increases. At the same time, the public tends to favor reforms that effectively trim benefits for higher income retirees and is also receptive to more dramatic reforms, especially if they hold out the possibility of a "free lunch" (chart 13 and chart 14).**

## Benefit Cuts and Tax Increases

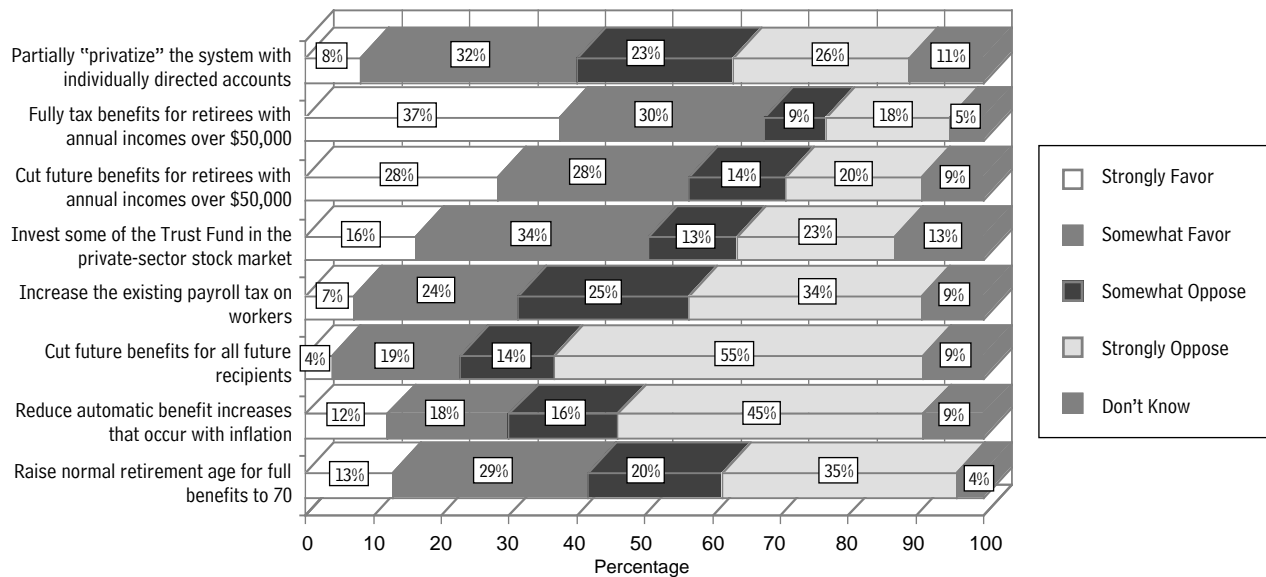
**Any type of benefit cut is opposed by the majority of both workers and retirees. Majorities of both groups strongly oppose cutting future benefit payments for all future recipients (56 percent of workers and 55 percent of retirees).** An additional 22 percent of workers and 14 percent of retirees somewhat oppose such cuts, for total percentages opposed of 78 percent of workers and 69 percent of retirees.

Benefits can also be cut indirectly by raising the retirement age and/or by scaling back cost-of-living adjustments (COLAs), benefit increases that occur automatically with inflation. About 60 percent of each group opposes reducing the level of the automatic COLAs that occur with inflation. However, retirees are more strongly opposed to COLA cutbacks than workers; 45 percent of retirees strongly oppose such change as compared with 31 percent of workers. Majorities of both groups oppose raising the retirement age, but, not surprisingly, current workers are more strongly opposed. Seventy-two percent of workers and 55 percent of retirees oppose raising the normal retirement age for collecting full benefits to age 70.

**In addition, majorities of both groups oppose increasing the existing payroll tax on workers. Sixty-nine percent of workers oppose such reform, with 45 percent strongly opposed. Fifty-nine percent of current retirees oppose such reform, with one-third (34 percent) strongly opposed.**

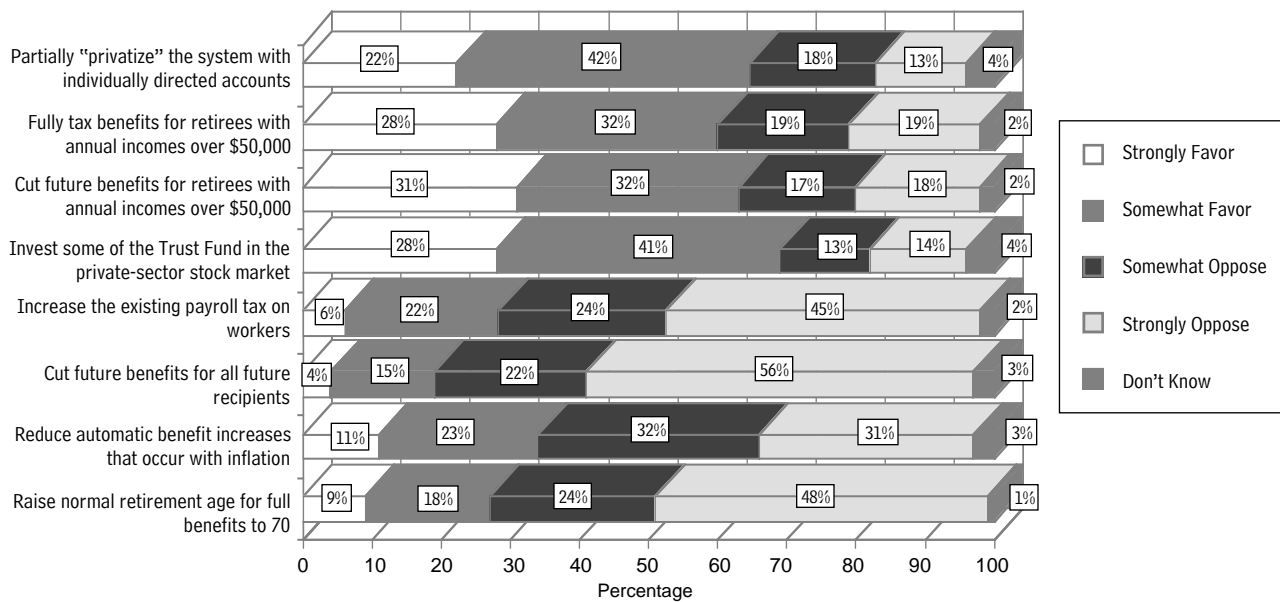
**Both groups favor cutting benefits for retirees with higher incomes. Among retirees, 67 percent favor fully taxing benefit payments of retirees with incomes over \$50,000, and 56 percent favor cutting future benefit payments for retirees with incomes over \$50,000. Among workers, such**

Chart 13  
**RETIREEES' ATTITUDES REGARDING SOCIAL SECURITY REFORM**



Source: Employee Benefit Research Institute/Mathew Greenwald and Associates/American Savings Education Council, 1996 Retirement Confidence Survey.

Chart 14  
**WORKERS' ATTITUDES REGARDING SOCIAL SECURITY REFORM**



Source: Employee Benefit Research Institute/Mathew Greenwald and Associates/American Savings Education Council, 1996 Retirement Confidence Survey.

proposals are favored by 60 percent and 63 percent, respectively. Interestingly, even majorities of workers with annual incomes over \$50,000 favor such proposals.

## Trust Fund Equity Investment

Respondents were also asked about investing some

of the trust fund in the stock market as opposed to keeping it all invested in government securities. Sixty-nine percent of workers favored such change (with 28 percent strongly favoring). One-half of retirees favored such reform. Over the long term, the stock market has historically earned greater returns than government bonds. Individuals apparently like the idea of the trust fund earning a greater rate of return

than it currently does. In some sense, they are expressing a preference for the proverbial “free lunch,” but they may not understand the short-term volatility that comes with equity investing and what this may mean for the system.

## Individual Accounts

Finally, respondents were asked their opinion of a proposal to deposit a fraction of their payroll taxes in an individual account over which they would exercise investment control. Income generated from their account, combined with a guaranteed base benefit, would then constitute their total Social Security benefit. Benefits could be greater or less than those currently provided under the present system.<sup>1</sup> This is the one reform proposal on which the majority of workers and retirees disagreed. Sixty-four percent of workers favored such reform, with 22 percent strongly favoring it. Only 40 percent of current retirees favored such reform. Obviously, such reform would not impact those already receiving benefits from the program. The older the worker, the less likely he or she was to support this proposal. Support did not vary notably with worker income levels.

## Conclusion

**Workers’ confidence in their retirement income prospects is down notably over the past**

<sup>1</sup> The exact question wording was: “Currently, all Social Security taxes in excess of those needed to pay current benefits are invested by the government in government bonds. Some people have proposed that individuals be allowed to decide how some of the money they pay in Social Security taxes is invested. Upon retirement, individuals would receive a reduced guaranteed Social Security payment, but they would also receive income from the investments they chose. The total of these two sources of money could be higher than current guaranteed benefits if the individual’s investments did well or lower if the individual’s investments did not do well. How do you feel about this proposal?”

**year. In light of the fact that up to 25 percent of current retirees consider their retirement to be in some sense financially troubled, this drop in confidence may actually be a good thing. If such economic uncertainty motivates workers to plan better and save more, they will be better off in the long run.** It is evident from this year’s RCS results that most workers are not planning, and many have limited financial knowledge in areas of retirement saving.

Americans’ opinions regarding the Social Security system are paradoxical. They are generally pessimistic about the current system and its ability to maintain existing benefit levels into the future. At the same time, they are generally opposed to any form of benefit cuts (except for higher income retirees) and/or tax increases. What types of changes would they be willing to accept? Apparently, they would accept investment of some trust fund assets in private equity markets and the creation of individual Social Security 401(k)-like accounts as part of the system. This is likely indicative of two phenomena: first, a desire for relatively painless solutions and second, some degree of distrust of the federal government in this area. Workers would be willing to have some of the money in their name and under their control, as opposed to trusting in government promises that are subject to change. This is the environment within which the nation must find solutions to the long-term solvency issues of Medicare and Social Security.

The future retirement income adequacy and security of many will to a large degree be directly tied to the success of efforts to educate workers in these areas. Contrary to popular opinion, much saving is occurring among workers, although few would argue it is enough. What is currently missing is saving based on a calculated goal and a plan to reach that goal. The next frontier is moving beyond creating savers to creating planners who then save.

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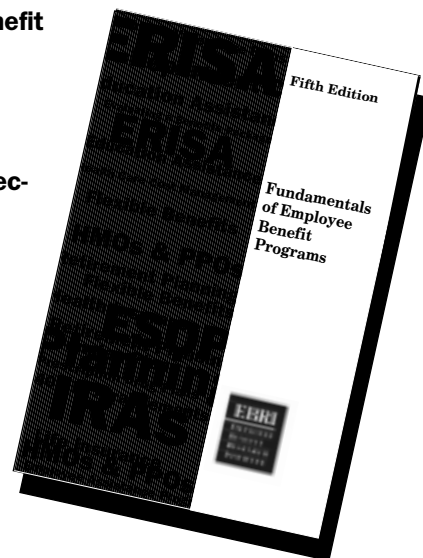
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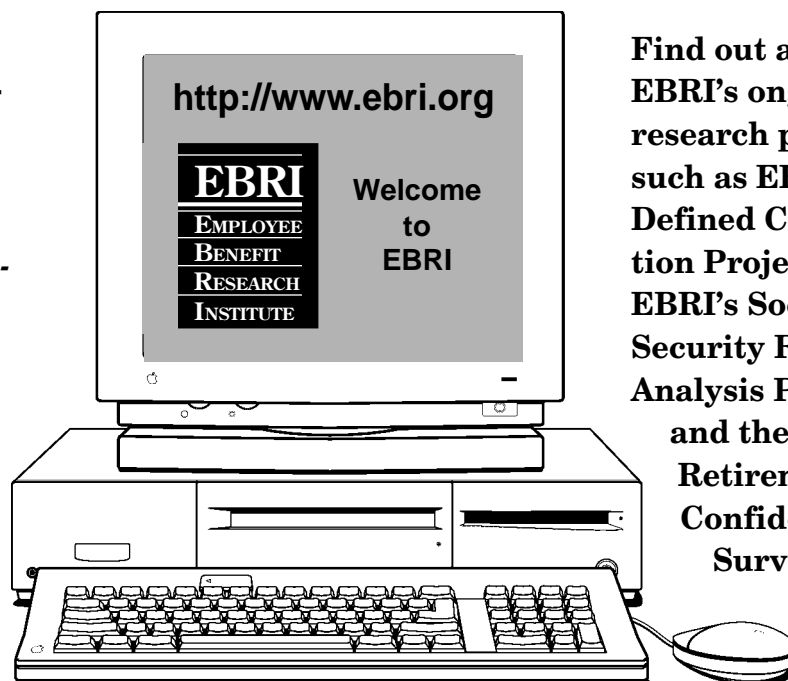
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