

NEWS RELEASE

Contact: Variny Paladino, EBRI/ASEC, 202-775-6321, paladino@asec.org
Ruth Helman, Greenwald, 202-686-0300,
ruthhelman@greenwaldresearch.com
Tom Hagerty, State Farm Insurance, 863-318-3088,
tom.hagerty.bomf@statefarm.com



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2003 Florida Retirement Confidence Survey:

Florida Retirees Have Saved More and Are Better Prepared Financially Than Rest of Country

But Current Florida Workers Continue to Struggle With Finances

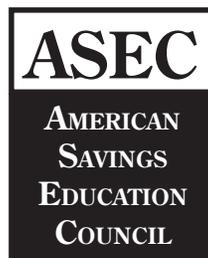
WASHINGTON, DC—Many Americans dream of one day retiring to a warm and tropical place like Florida, but what does it take to achieve this goal? People who have achieved this dream and retired in Florida are more confident about their financial prospects than American retirees in general, because they have planned and saved for retirement, according to the 2003 Florida Retirement Confidence Survey (RCS).

By contrast, Florida workers are much more like workers nationwide—they continue to lag behind in their retirement preparations. The findings suggest Florida workers will need to work harder at managing their finances to achieve the same degree of confidence as retirees in their state. The Florida RCS is sponsored by the Employee Benefit Research Institute, American Savings Education Council (ASEC), and Mathew Greenwald & Associates (Greenwald) and underwritten by State Farm®.

The Florida RCS was released today during the Southern State Treasurers/College Savings Plans Network Annual Meeting hosted by the National Association of State Treasurers (NAST), as part of the national Save For Your Future™ partnership between the American Savings Education Council and Social Security Administration.

Specifically, more than half of Florida retirees are *very* confident about having enough money to live comfortably throughout their retirement years (52 percent vs. 39 percent of American retirees overall). In contrast, fewer than 3 in 10 Florida workers are *very* confident (27 percent vs. 21 percent of workers nationally).

“Florida has a unique combination of a high proportion of retirees—many who appear likely to have saved for retirement—and active workers without retirement coverage,” observed ASEC President Don Blandin. “It is not surprising the two groups have sharply different outlooks.”



—More—

One explanation why Florida retirees appear so much better prepared than retirees nationally is because the state's warm climate and amenities make it a magnet for older people with financial resources, which may act as "self-selecting" factors in attracting retired individuals who have saved and can afford to live here. The 2000 national census found that 17.6 percent of Florida's resident population was age 65 or older—the highest by far of any state in the nation.¹

By comparison, recent EBRI research² shows that Florida workers have the lowest rates in the nation of participation in an employment-based retirement plan. Nationwide, 43 percent of all workers participate in an employment-based retirement plan (in Florida, just over 35 percent do). Among workers most likely to have retirement benefits (full-time, full-year workers ages 21–64), 58.3 percent nationwide participate in a retirement plan, compared with 46.2 percent in Florida. By either measurement, Florida's participation rates are the lowest of any state.

"This Florida RCS is important because it reveals some misperceptions and lack of planning that are now impairing the ability of a number of Floridians to prepare adequately for retirement. These factors may cause some to spend their retirement in a financial situation that could have been avoided," said Mathew Greenwald, president of Greenwald.

The Florida RCS is a comprehensive study of the attitudes and behaviors of workers and retirees in the state of Florida toward all aspects of saving, retirement planning, and long-term financial security. The Florida RCS is a complementary study to this year's national RCS, released just last month (www.ebri.org/rcs). Now in its 13th year, the national RCS contains a core set of questions that is asked annually, allowing for key attitudes and behavior patterns to be tracked over time. The RCS was first released in 1990 and is unique in its long-term ability to track public attitudes about saving and retirement.

Other key findings about Florida workers and retirees:

- ***How many say they have saved for retirement:*** Almost 8 in 10 Florida retirees have saved for retirement (78 percent), compared with 64 percent of retirees nationwide and 71 percent of all American workers. Fewer than 7 in 10 Florida workers have ever saved for retirement (68 percent), and only 56 percent say they are currently saving.
- ***How much savings they have in addition to their retirement nest egg:*** Sixty-one percent of Florida retirees say they currently have savings and investments in addition to what they have set aside for retirement, versus 40 percent of retirees nationally. Fifty-three percent of Florida workers have these additional savings, compared with 51 percent of workers overall.
- ***How prepared they feel about their future retirement prospects:*** More than half (55 percent) of Florida retirees are *very* confident they have done a good job of preparing for retirement, compared with 41 percent of retirees nationally; 24 percent of workers nationally; and 28 percent of workers in Florida. As a result of their preparation, Florida retirees also feel *very* confident in the following areas: having enough money to take care of basic expenses (56 percent); having enough money to take care of medical expenses (52 percent); and not outliving their retirement savings (46 percent vs. 30 percent of retirees nationally).
- ***How money-savvy are they:*** Florida retirees tend to say they have a higher level of financial sophistication than American retirees overall. Twelve percent of Florida and national retirees each rate themselves as having a comprehensive knowledge of investing and saving for retirement, and 44 percent of Florida retirees

¹ U.S. Department of Commerce. Census Bureau, "Resident Population by Age and State: 2000," *Statistical Abstract of the United States: 2002*, Washington, DC: Government Printing Office, 2001, p. 25.

² Craig Copeland "Employment-Based Retirement and Pension Plan Participation: Geographic Differences and Trends," *EBRI Issue Brief* no. 256 (Employee Benefit Research Institute, April 2003).

and 34 percent of national retirees think they have a general knowledge of investing and saving. On the other hand, Florida workers are just as likely as American workers overall to say they have a comprehensive knowledge of saving and investing (13 percent of Florida workers vs. 10 percent of American workers), but they are less likely to say they have general knowledge of the topic (39 percent vs. 46 percent).

“At State Farm, our goal is to provide customers with the guidance they need to develop a sound financial plan,” said Barbara Carr, State Farm vice president-agency. “We believe we can help improve the financial security of all Americans through efforts like the Florida RCS and State Farm’s involvement with the Save For Your Future™ financial education campaign with ASEC.”

Full results of the Florida Retirement Confidence Survey are available online at www.asec.org and www.statefarm.com

Over 100 financial planning calculators and interactive tools, including the *Ballpark Estimate* preretirement planning worksheet, *Retiree Health Savings Calculator*, and the *Retirement Personality Profiler*, as well as video and audio educational messages, are available at www.choosetosave.org, a Web site developed for the general public to aid in savings education and retirement planning.

These findings are part of a Retirement Confidence Survey in the state of Florida. The results of this survey are compared with the 13th annual Retirement Confidence Survey, a national survey that gauges the views and attitudes of working-age and retired Americans regarding retirement, their preparations for retirement, their confidence with regard to various aspects of retirement, and related issues. The Florida state survey was conducted in February 2003 through 14-minute interviews with 400 individuals (251 workers and 149 retirees) age 25 and older. The national survey was conducted in January 2003 through 20-minute telephone interviews with 1,000 individuals (782 workers and 218 retirees) age 25 and older in the United States. Random digit dialing was used to obtain a representative cross section of the Florida and U.S. population.

Starting with the 2001 wave of the RCS, all data are weighted by age, sex, and education to reflect the actual proportions in the adult population. Data for the previous waves of the RCS have also been weighted to allow for consistent comparisons; consequently, some data in the 2003 RCS may differ slightly with data published in previous waves of the RCS. Data presented in tables in this report may not total to 100 due to rounding and/or missing categories.

In theory, each sample of 400 yields a statistical precision of plus or minus five percentage points (with 95 percent certainty) of what the results would be if all Americans age 25 and older were surveyed with complete accuracy. A sample of 1,000 yields a statistical precision of plus or minus three percentage points (with 95 percent certainty). There are other possible sources of error in all surveys, however, that may be more serious than theoretical calculations of sampling error. These include refusals to be interviewed and other forms of nonresponse, the effects of question wording and question order, and screening. While attempts are made to minimize these factors, it is impossible to quantify the errors that may result from them.

Founded in 1978, EBRI’s mission is to contribute to, to encourage, and to enhance the development of sound employee benefit programs and sound public policy through objective research and education. EBRI is a private, nonprofit, nonpartisan public policy research organization based in Washington, DC. EBRI does not lobby and does not take positions on legislative proposals.

ASEC is a program of the nonpartisan, nonprofit Employee Benefit Research Institute Education and Research Fund (EBRI-ERF) (www.ebri.org). ASEC is a coalition of private- and public-sector institutions that undertakes initiatives to raise public awareness about what is needed to ensure long-term personal financial independence. ASEC educational materials are available at www.asec.org and www.choosetosave.org

Mathew Greenwald & Associates, Inc., is a full-service market research company with expertise in financial services research. Founded in 1985, Greenwald & Associates has conducted public opinion and customer-oriented research for more than 100 organizations, including many of the nation's largest companies and foremost associations.

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The national Save For Your Future™ education campaign, presented by ASEC and the Social Security Administration (SSA), will educate and motivate Americans of all ages and backgrounds to take charge of their financial future. Support for this national campaign is provided by State Farm®, an ASEC coalition member. More information on the campaign can be found at www.saveforyourfuture.org

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