

NEWS RELEASE

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2003 Texas Retirement Confidence Survey:

Texas Workers Lag Slightly Behind American Workers Overall In Retirement Preparation

Minority Groups Fare Worse Mainly Due to Income Disparity

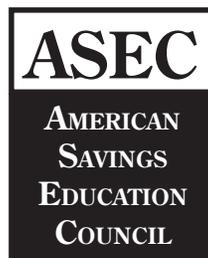
Dallas, TX—Texas may be the Lone Star state, but its residents are not alone when it comes to their saving and retirement planning habits. According to the 2003 Texas Retirement Confidence Survey (Texas RCS) released today, while Texas workers resemble American workers overall in many ways when it comes to saving and planning for their future, they still fall behind in some key areas.

Specifically, the Texas RCS finds that Texas workers are slightly less likely than workers nationally to say they or their spouse have saved for retirement (66 percent vs. 71 percent) and to say they are *currently* saving (57 percent vs. 62 percent). Texas workers are also less likely to have savings or investments in addition to what they have set aside for retirement (45 percent vs. 51 percent). The Texas 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 Texas RCS was released today during a financial education conference at Paul Quinn College as part of the national Save For Your Future™ partnership between the American Savings Education Council and Social Security Administration.

“Texas is a fascinating state to survey because of the size of its population—it is second only to California—and the diversity of its communities,” said ASEC President Don Blandin. “These survey findings will provide insight about Texas workers and retirees that, hopefully will help develop better savings messages and strategies to get individuals to focus on their financial future.”

The Texas RCS shows that Texas workers closely mirror workers nationally in several areas of their financial planning. One-fourth of Texas workers are *very* confident they will have enough money to live comfortably



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throughout their retirement (24 percent), but more than 4 in 10 are only *somewhat* confident they will have enough money (44 percent). When it comes to more specific financial aspects of retirement, one-third are *very* confident about having enough money for basic expenses in retirement (34 percent), while approximately one-fourth each are *very* confident they are doing a good job of preparing financially for their retirement and that they will not outlive their retirement savings (24 percent each).

The Texas RCS is a comprehensive study of the attitudes and behaviors of workers and retirees in the state of Texas toward all aspects of saving, retirement planning, and long-term financial security. The Texas RCS is a complementary study to this year's national RCS, released in April 2003 (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 1991 and is unique in its long-term ability to track public attitudes about saving and retirement.

Other key findings about Texas workers:

- Just over one-third of Texas workers (36 percent), compared with more than 4 in 10 workers nationally (43 percent), report they or their spouse have tried to calculate how much they need to save by the time they retire in order to have a comfortable retirement.
- Forty-six percent of Texas workers, compared with 39 percent of American workers overall, think they will need less than 60 percent of their preretirement income to live comfortably in retirement. Many financial experts say that retirees will need at least 70-80 percent of their preretirement income to live comfortably in retirement.
- Texas workers age 45 and older are less likely than their national counterparts to say they have decided within the past year to postpone retirement (16 percent of Texas workers vs. 24 percent of workers nationally).
- At the same time, Texas workers are just as likely as workers nationally to be *very* confident that they have done a good job preparing for retirement (24 percent each) and that they will not outlive their retirement savings (24 percent vs. 20 percent).

"The 2003 Texas RCS finds that Texas retirees, like Texas workers, have confidence levels similar to those found nationally," said Mathew Greenwald, president of Greenwald. "Nearly 4 in 10 Texas retirees (37 percent) are *very* confident that they will have enough money to live comfortably throughout their retirement years. Another third (34 percent) are *somewhat* confident that they will have enough money."

Some findings about Texas minority workers:

- Anglo-American workers in Texas show greater confidence than minorities do about their financial preparations for retirement. While these differences are not always apparent in the proportion who say they are *very* confident about their preparations, they become quite noticeable when those who say they are *somewhat* confident are also included.
- For example, roughly 2 in 10 Anglo-Americans (24 percent), African-Americans (21 percent), Asian-Americans (18 percent), and Hispanic-Americans (16 percent) say they are *very* confident about having enough money for a comfortable retirement. However, almost half of Anglo-Americans (46 percent), compared with smaller proportions of African-Americans (36 percent), Asian-Americans (29 percent), and Hispanic-Americans (26 percent) indicate they are *somewhat* confident.
- While 7 in 10 Anglo-American in Texas report having saved (71 percent), Asian-Americans are less likely to have done so (60 percent). African-Americans (48 percent) and Hispanic-Americans (42 percent) are least likely to say they have saved for retirement.
- The proportions doing a needs calculation vary widely by racial and ethnic group—Anglo- and Asian-American workers (45 percent each) are most likely to indicate they or their spouse have tried to calculate how much money they will need to have saved, followed by African-American workers (26 percent). Hispanic-American workers (15 percent) are least likely to say they have attempted this calculation.

- Many of the differences between these racial and ethnic groups are related to the disparities in their household income. However, some differences persist even when income is held constant, especially between Anglo-American workers and Asian-American and Hispanic-American workers. This suggests that linguistic and cultural differences do play a role in the retirement planning and savings behaviors of Texas minority groups.

“At State Farm, our mission is to help people recover from the unexpected, protect their future and realize their dreams,” said Al Wagner, State Farm Texas Zone vice president of Agency. “We believe we can help improve the financial security of all Americans through efforts like the Texas RCS and State Farm’s involvement with the Save For Your Future™ financial education campaign with ASEC.”

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

More than 100 financial planning calculators and interactive tools, including the *Ballpark Estimate* pre-retirement 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 Texas. The results of this survey are compared with the 13th annual Retirement Confidence Survey, a 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 Texas state survey was conducted from February 6 to March 10, 2003 through 14-minute interviews with 1,000 individuals (780 workers and 220 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 Texas and U.S. population; however, the Texas population was stratified in order to obtain approximately equal numbers of interviews in six Texas regions. 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 addition to the general population sample in Texas, oversamples of 200 African-American, 200 Asian-American, and 200 Hispanic-American workers were obtained in order to ensure that sufficient numbers of respondents from these minority groups would be obtained for analysis. Among Hispanics, interviews were conducted either in English or Spanish, according to the preference of the respondent. Data for the minority oversamples are weighted by age, sex, and education to reflect the actual proportions in each minority population ages 25-64.

In theory, each sample of 1,000 yields a statistical precision of plus or minus 3 percentage points (with 95 percent certainty) of what the results would be if all Americans age 25 and older were surveyed with complete accuracy. Each sample of 200 yields a statistical precision of plus or minus 7 percentage points (with 95 percent certainty) of what the results would be if all members of the minority group were surveyed with complete accuracy. 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.

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The national Save For Your Future^o 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^a, an ASEC coalition member. More information on the campaign can be found at www.saveforyourfuture.org

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