

EMBARGOED FOR Release: March 15, 2011

Contact: Tracey Young, EBRI (media relations), 202/775-6329, young@ebri.org
Jack VanDerhei, EBRI (author of report), 202/775-6327, vanderhei@ebri.org

2011 Retirement Confidence Survey:

**Workers' Pessimism About Retirement
Deepens, Reflecting "the New Normal"**

WASHINGTON—In a sign that Americans are recognizing the realities they face about their chances for a comfortable retirement, the 2011 Retirement Confidence Survey (RCS) finds workers are more pessimistic than at any time in the two decades the RCS has been conducted: More than a quarter (27 percent) of workers now say they are “not at all confident” about retirement, up 5 percentage points from the level measured just one year ago.

Reinforcing that trend, the percentage of workers saying they are “very confident” of a comfortable retirement ties with 2009 at 13 percent—the lowest rate ever measured by the RCS.

The survey also found that roughly a third of both workers and retirees said they had to dip into their savings last year to pay for basic expenses. Significantly, the RCS also found that those with retirement savings—such as a 401(k) or an individual retirement account (IRA)—were far less likely than those without these accounts to tap into their savings.

This is the 21st annual RCS, and is conducted by the nonpartisan Employee Benefit Research Institute (EBRI) and Mathew Greenwald & Associates, Inc., making it the longest-running annual retirement survey of its kind in the nation. Full results of the 2011 RCS are published in the March 2011 *EBRI Issue Brief*, released today and online at www.ebri.org. The EBRI website also has several RCS-related fact sheets, online at www.ebri.org/surveys/rcs/2011/. The survey was underwritten by more than two dozen organizations.

“To me, these are positive findings: People are increasingly recognizing the level of savings realistically needed for a comfortable retirement. We know from previous surveys that far too many people had false confidence in the past,” said Jack VanDerhei, EBRI research director and co-author of the report.

“People’s expectations need to come closer to reality so they will save more and delay retirement until it is financially feasible.”

Survey co-author Mathew Greenwald, of Greenwald & Associates, said that “Many people are planning to work longer and retire later because they know they simply can’t afford to leave the work place—both for the paycheck and for the benefits.” He added: “Unfortunately, many retirees also tell us they left the work force earlier than they planned, either because of health problems or layoffs. So it may not necessarily be a bad thing that those who can work longer choose to do so.”

VanDerhei noted that the RCS finds that many systemic conditions are forcing Americans to redefine retirement, such as high unemployment rates; federal, state, and local government fiscal crises; rising

health care costs; lower investment returns; a surge in the older population, putting stress on social insurance programs such as Social Security and Medicare; longer life expectancies; and various other long-term factors.

Among key findings from this year's RCS:

- **“Not confident” up:** More than a quarter of American workers (27 percent) now say they are “not at all confident” about having enough money for retirement, up from 22 percent in 2009 and 2010, and the highest level ever measured in the 21-history of the RCS.
- **“Very confident” down:** Correspondingly, the percentage of workers who say they are “very confident” about having enough money for retirement ties with 2009 at 13 percent—the lowest level ever recorded by the RCS.
- **Drawing on savings:** A third of all Americans (34 percent of workers, 33 percent of retirees) say they had to tap an IRA, 401(k), savings or investment accounts, or had to take a loan against those accounts, in order to pay for basic expenses. However, those who had retirement savings accounts—such as 401(k)s and IRAs—were far less likely to tap their savings than those who did not have these accounts.
- **Preparing for retirement:** The RCS continues to find that many people do not plan or save for retirement:
 - While 59 percent of all workers say they are currently saving for retirement, more than half (56 percent) say they have less than \$25,000 in savings and investments, excluding the value of their primary residence and any defined benefit (pension) plans.
 - About a third (31 percent) of workers say they will need less than \$250,000 to afford a comfortable retirement.
 - Yet almost half (45 percent) are not too or not at all confident they and their spouse will be able to save as much as they think they need, and 70 percent say they are a little or a lot behind schedule in planning and saving for retirement.
 - Well over a third (42 percent) say they determined their retirement savings needs by guessing.
- **Paying for health care in retirement:** Workers are evenly split about being confident of having enough money to take care of medical expenses in retirement (48 percent very or somewhat confident, vs. 50 percent not too or not at all confident). Current retirees are sharply more optimistic on this score: 68 percent confident, vs. 30 percent not confident.
- **Delayed retirement:** A significant number of workers (20 percent) say they now intend to retire later (at an older age) than they had planned. Of those who say they will retire later, the main reason cited was the poor economy (36 percent), a lack of faith in Social Security or the government (16 percent), a change in employment situation (15 percent), or because they can't afford to retire (13 percent).
- **Forced early retirement:** Confirming findings from earlier waves of the RCS, almost half of current retirees (45 percent) say they retired earlier than they planned, mainly because of a health problem or disability.
- **Trusted institutions:** Workers continue to rank private employers as the most trusted institution (24 percent “very confident”); the federal government continues to rank as the least trusted (18 percent “not at all confident”). Banks, which were heavily supported by infusions from the federal government during the recent recession, ranked as the second-most trusted institution (17 percent “very confident”).

EBRI is a private, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and economic security issues. EBRI does not lobby and does not take policy positions.

###

PR #916

EBRI on Twitter: @EBRI or <http://twitter.com/EBRI> Blog: <https://ebriorg.wordpress.com/> EBRI RSS: <http://feeds.feedburner.com/EBRI-RSS>