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EBRI's 2012 Retirement Confidence Survey: Job Insecurity, Debt Weigh on Retirement Confidence, Savings

WASHINGTON—Americans' confidence in their ability to afford a comfortable retirement is stagnant at historically low levels in the face of more immediate financial concerns about job uncertainty and debt, according to the 22nd annual Retirement Confidence Survey (RCS), the longest-running annual survey of its kind in the nation.

Asked to name the most pressing financial issue facing Americans today, both workers and retirees were more likely to identify job uncertainty. "Americans' retirement confidence has plateaued at the lowest levels we've seen in two decades of conducting this survey," said Jack VanDerhei, EBRI research director and co-author of the report.

Many workers report they have virtually no savings or investments, and workers' expected age of retirement continues to rise, according to the RCS. However, one area in which Americans are saving for retirement is an employer-sponsored retirement savings plan, such as a 401(k). In fact, 81 percent of eligible workers (38 percent of all workers) say they contribute to such a plan with their current employer, according to the RCS.

Although the RCS does not distinguish how much money is saved in each type of savings vehicle, workers who currently contribute to an employer-sponsored retirement savings plan were more than twice as likely as those who do not to report savings and investments of at least \$50,000, according to VanDerhei. This is also reflected in their overall confidence, as 64 percent of those who are currently contributing money to an employer-sponsored retirement savings plan are either very or somewhat confident that they will have enough money to live comfortably throughout their retirement years, as opposed to only 48 percent of those who do not.

While many workers think they'll be able to work longer in their careers, Mathew Greenwald of Greenwald & Associates, which conducted and co-sponsored the survey, said that some are certain to be disappointed: "Nearly half of current retirees surveyed by the RCS report they left the work force earlier than they planned for reasons beyond their control, such as health or economic changes such as job loss."

Greenwald also noted the RCS finds that mobile Internet technology is currently little used by Americans when it comes to financial management. Although younger workers are more comfortable with online technology than older ones, relatively few use mobile devices to manage their finances.

These and other findings are contained in the 22nd annual RCS, conducted by the nonpartisan Employee Benefit Research Institute (EBRI) and Mathew Greenwald & Associates, Inc. Full results of the 2012 RCS are published in the March 2012 *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/2012/. The survey was underwritten by more than two dozen organizations.

Among the major findings in this year's RCS:

Confidence stagnant: Americans' confidence in their ability to retire comfortably is stagnant at historically low levels. Just 14 percent of workers are very confident they will have enough money to live comfortably in retirement (statistically equivalent to the survey low of 13 percent measured in 2011 and 2009).

Employment insecurity looms large: Forty-two percent identify job uncertainty as the most pressing financial issue facing most Americans today.

Concern about health costs: Worker confidence about having enough money to pay for medical expenses and long-term care expenses in retirement remains well below their confidence levels for paying basic expenses.

Little savings: Many workers report they have virtually no savings and investments. In total, 60 percent of workers report that the total value of their household's savings and investments, excluding the value of their primary home and any defined benefit plans, is less than \$25,000.

Workers' expected retirement age: Twenty-five percent of workers in the 2012 Retirement Confidence Survey say the age at which they expect to retire has changed in the past year. In 1991, 11 percent of workers said they expected to retire after age 65. By 2012 that has grown to 37 percent.

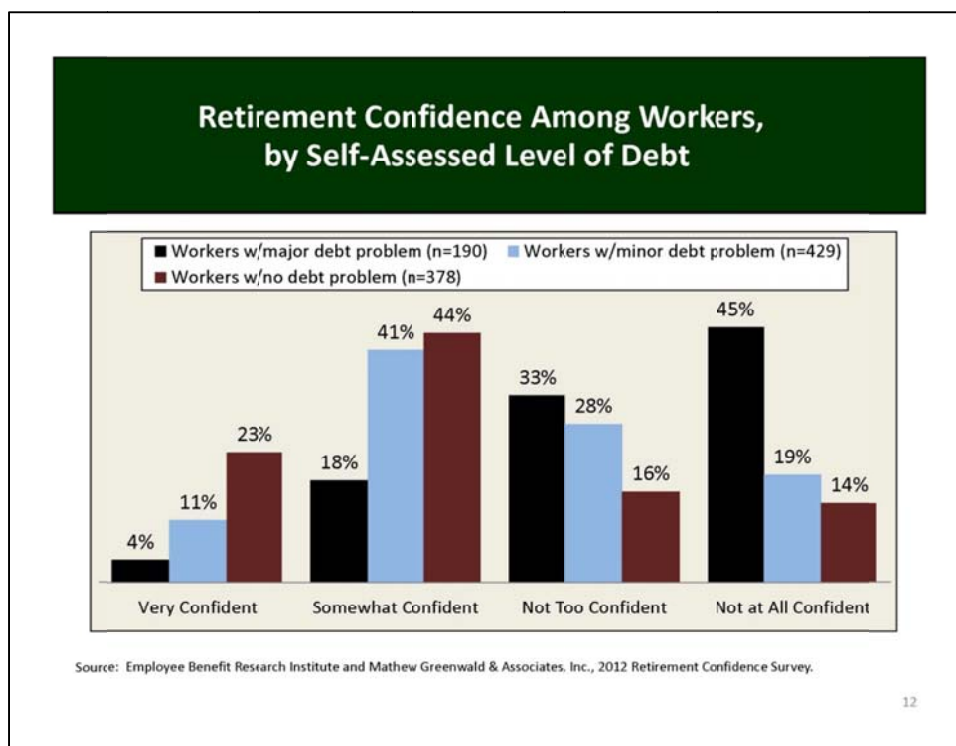
Retirees' experience: Regardless of retirement age expectations, and consistent with prior RCS findings, half of current retirees surveyed say they left the work force unexpectedly (due to health problems, disability, or changes at their employer, such as downsizing or closure).

Reliance on Social Security: Retirees report they are significantly more reliant on Social Security as a major source of their retirement income than current workers expect to be.

Expected vs. actual pension income: Although 56 percent of workers and/or their spouses expect to receive benefits from a defined benefit plan in retirement, only 33 percent report that they and/or their spouse currently have such a benefit with a current or previous employer.

Not calculating retirement needs: More than half of workers (56 percent) report they and/or their spouse have not tried to calculate how much money they will need to live comfortably in retirement.

Online technology: Only a minority of workers and retirees feel very comfortable using online technologies to perform various tasks related to financial management. Relatively few use mobile devices such as a smart phone or tablet computers to manage their finances, and just 10 percent of workers who use online technology say they are very comfortable obtaining advice from financial professionals online.



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