As Worker Expectations for Comfortable Retirement Plummet, Many Expect to Work Longer Before Leaving Their Jobs

WASHINGTON—The recession has cast a pall over the retirement expectations of the vast majority of Americans, leaving a record-low 13 percent this year able to say they are very confident of having enough money to live comfortably in retirement, according to the 19th Annual Retirement Confidence Survey (RCS) released today by the nonpartisan Employee Benefit Research Institute (EBRI). Among workers, those feeling very confident about retirement has tumbled by one-half in the last two years.

Because of the economic downturn, many workers say they expect to work longer, the survey found, and more workers say they are planning to supplement their income in retirement by working for pay.

Not surprisingly, workers overall who have lost confidence over the past year about affording a comfortable retirement most often cite the recent economic uncertainty, inflation, and the cost of living as primary factors, the RCS reported. In addition, negative experiences such as job loss or a pay cut, loss of retirement savings, or an increase in debt, almost always contribute to loss of confidence among those who experience them.

Overall, the percentage of workers very confident about having enough money for a comfortable retirement continued a two-year decline, falling to 13 percent this year, down from the previous low of 16 percent in 2008 and 27 percent in 2007. This is the lowest since the question was first asked in the survey in 1993 and represents a 50 percent decline in worker confidence since 2007. Among current retirees, confidence in having a financially secure retirement also dropped this year to a new low, with only 20 percent saying they are very confident; that’s down from 29 percent in 2008 and 41 percent in 2007.

“Our survey first picked up the drop in retirement confidence last year,” said Jack VanDerhei, research director at the Employee Benefit Research Institute, co-sponsor of the survey with Mathew Greenwald & Associates, a survey research firm. “Given the uncertainties that exist about economy, it is no surprise the downward trend has continued. By any measure, the two-year results amount to a very significant drop in workers’ and retirees’ confidence in their retirement prospects.”

The RCS (online at www.ebri.org) is the country’s longest-running and most comprehensive study of the attitudes and behavior of American workers and retirees toward all aspects of saving, retirement planning, and long-term financial security. The survey was funded by two dozen organizations. Full survey results appear in the April 2009 EBRI Issue Brief, available online at www.ebri.org along with seven supplemental fact sheets.

Expected Retirement & Working in Retirement
The survey made two significant findings concerning workers’ expected retirement date and work in retirement:

- Workers apparently expect to work longer because of the economic downturn: 28 percent of workers in the 2009 survey say the age at which they expect to retire has changed in the past year. Of those, the vast majority (89 percent) say that they have postponed retirement with the intention of increasing their financial
security. Nevertheless, the median (mid-point) worker expects to retire at age 65, with 21 percent planning to push on into their 70s. The median retiree actually retired at age 62, and almost half of retirees (47 percent) say they retired sooner than planned.

- More workers are also planning to supplement their income in retirement by working for pay: The proportion of workers planning to work after they retire has increased to 72 percent in 2009 (up from 66 percent in 2007). This compares with 34 percent of retirees who report they actually worked for pay at some time during their retirement.

Meeting Expenses in Retirement
The survey includes a wealth of other findings about attitudes toward retirement. For example, workers who say they are very confident in having enough money to take care of basic expenses in retirement dropped to 25 per-cent in 2009 (down from 40 percent in 2007), while only 13 percent feel very confident about having enough to pay for medical expenses (down from 20 percent in 2007). Among retirees, only a quarter (25 percent, down from 41 percent in 2007) feel very confident about covering their health expenses.

Other key RCS findings:
- **Cutting back, working more:** Among workers who have lost confidence in their ability to secure a comfortable retirement, most (81 percent) say they have reduced their expenses, while others are changing the way they invest their money (43 percent), working more hours or a second job (38 percent), saving more money (25 percent), and seeking advice from a financial professional (25 percent). Among all workers, 75 percent say they and/or their spouse have saved money for retirement, one of the highest levels ever measured by the RCS.

- **Little planning for retirement:** Many workers still do not have a good idea of how much they need to save for retirement. Only 44 percent of workers report they and/or their spouse have tried to calculate how much money they will need to have saved by the time they retire—and an equal proportion (44 percent) simply guess at how much they will need for a comfortable retirement.

- **Retirement contributions/savings:** A large majority of workers participating in a work-place retirement savings plan (72 percent) state that they have not changed the percentage of their salary contributed to the plan in the past year. However, 18 percent say they increased the percentage contributed and 11 percent decreased the percentage. Of the 22 percent of workers eligible to contribute to an employment-based retirement plan but not doing so, only 1 in 5 reported that they had been contributing before October 2008. This translates into less than 5 percent of eligible workers, indicating that the economic downturn did not cause many eligible workers to stop contributing to their work-place retirement savings plan.

### Worker Confidence in Having Enough Money to Live Comfortably Throughout Retirement, 1993–2009

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The 2009 Retirement Confidence Survey was conducted in January 2009 through 20-minute random digit telephone interviews with 1,257 individuals age 25 and older in the United States. The survey has a margin of error of plus or minus three percentage points. The survey dates to 1991; questions about worker and retiree confidence in having enough money for a comfortable retirement have been asked consistently since 1993.

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