EBRI 2001 Retirement Surveys:
Retirement Confidence Survey (RCS), Minority RCS, and Small Employer Retirement Survey (SERS)

by Dallas Salisbury, EBRI, Teresa Turyn, EBRI,
and Ruth Helman, Mathew Greenwald & Associates, Inc.

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Issue Brief

The Employee Benefit Research Institute (EBRI) regularly samples both public and employer attitudes on retirement issues. This year marks the 11th annual Retirement Confidence Survey (RCS), and the fourth annual Minority RCS and Small Employer Retirement Survey (SERS).

Key 2001 RCS findings include:

- The percentage of respondents saying they have personally saved for retirement decreased in the past year, from 75 percent in 2000 to 71 percent in 2001. When asked more detailed questions about the retirement planning process before being asked whether they have saved for retirement, the proportion decreases further to two-thirds of all workers (65 percent).

- The percentage of respondents who say they have tried to calculate how much money they need for retirement in order to live comfortably dropped from 51 percent in 2000 to 46 percent in 2001. When respondents were made aware of the components of a retirement needs calculation, the number decreased further to 39 percent.

- The percentage of today's workers who feel confident that they will have enough money to live comfortably in retirement decreased from 72 percent in 2000 to 63 percent in 2001. At the same time, the percentage of workers who are not at all confident in having enough money for retirement nearly doubled (10 percent in 2000; 17 percent in 2001).

- Contrary to the downward trend in retirement confidence, worker confidence in Social Security and Medicare has continued to increase steadily from the lows measured in 1995, although the majority of workers continue to remain not confident.

- Hispanic-Americans tend to be the least confident among the surveyed minority groups that they will have enough money to live comfortably throughout their retirement years.

Key 2001 SERS findings include:

- While cost and administration-related issues play a role in why small employers do not offer retirement plans, they are not the main reasons. Employee-related reasons are most often cited as the most important factor for not offering a retirement plan. Business-related reasons, such as profitability or a business that is too new, are also cited as major decision-drivers.

- Many retirement plan nonsponsors are unaware or unfamiliar with the plan options and incentives available to them as potential plans sponsors. Some small employers may be making a premature decision not to sponsor a plan based on incomplete information.

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Introduction

This year marks the 11th anniversary of the Retirement Confidence Survey (RCS), and the fourth anniversary of the Minority RCS and Small Employer Retirement Survey (SERS). A clear message that permeates the findings of these surveys is the need for financial education and information.

For the first time in several years, the RCS reports a downward trend in the percentage of individuals who say they have personally saved for retirement. The changes in individual attitudes and behavior regarding retirement confidence may be attributed to recent declines in consumer confidence, employment, the economy, and the equity markets.

The RCS further reports a downward trend from the past several years in the proportion of workers who have tried to determine how much they need to save for retirement. When respondents were made aware of the components of a retirement needs calculation through questions about how much of their preretirement income they will need in retirement, how much they expect to receive from Social Security, and how much they expect to receive from a pension or defined benefit plan, the percentage of workers saying they have tried to calculate how much money they need to save for a comfortable retirement decreased even further.

In addition, the RCS reports that today's workers feel less confident in regard to having enough money to live comfortably in retirement. These and other findings in the RCS support the point that expanding financial literacy must be a national goal if Americans are to achieve economic security in their retirement years.

The SERS makes clear the need for information by highlighting the lack of knowledge among many small employers that do not sponsor a retirement plan. Many small employers without plans are largely ignorant of the options that have been created in law specifically for them as potential plan sponsors (i.e., SIMPLE plans and SEPs—the savings incentive match plan for employees, and simplified employer pensions). In addition, while most small employers with plans report real business advantages from sponsoring a retirement plan for their workers, such as greater ability to recruit and retain good workers and/or a positive effect on employee attitude and performance, their peers without plans appear largely unaware of these direct potential business benefits. These results highlight the need for education of employers in order to expand plan sponsorship.

The message from the surveys' results is clear: More and better education programs are needed and should be part of any long-term efforts focused on improving American workers' retirement security prospects. Furthermore, the education of potential plan sponsors about the advantages of plan sponsorship, options, and benefits is every bit as important as is the education of workers regarding the need to plan and save for their own retirement.

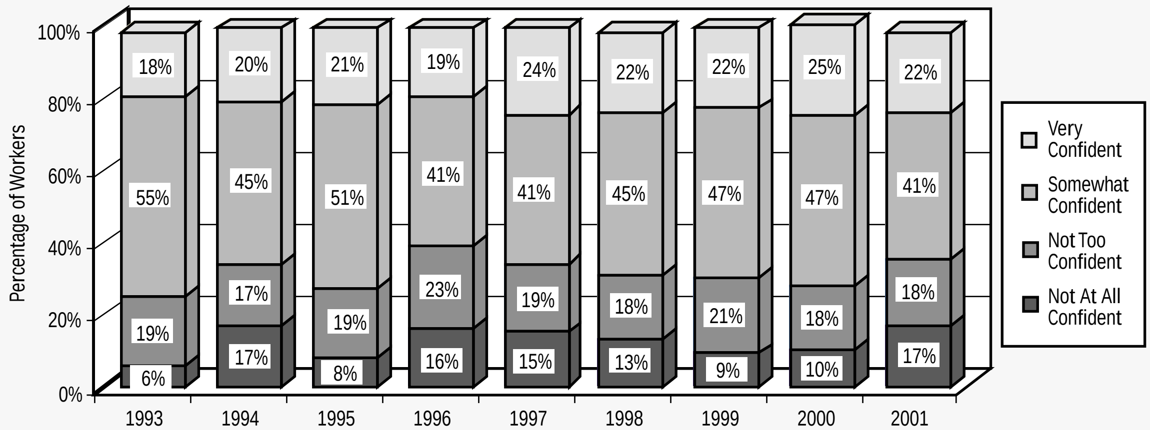
This *Issue Brief* discusses the key findings from the 2001 RCS, the 2001 Minority RCS, and the 2001 SERS.

2001 RCS

This year's Retirement Confidence Survey (RCS) represents the 11th annual wave of this study. Although there have been numerous changes to the questionnaire during these 11 years, certain key questions have tracked trends in retirement confidence and retirement planning behavior for much of this time. The picture portrayed by these trends for the past few years has been optimistic, with slight upswings in retirement confidence backed by significant changes in retirement planning and saving activities. In contrast, the 2001 RCS finds that retirement confidence has declined and that fewer nonretired individuals are engaging in retirement planning and savings activities

Chart 1

Worker Confidence in Having Enough Money to Live Comfortably Throughout Retirement



Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Retirement Confidence Survey.

than in recent years.

In the past year, the proportion of workers[1] who are very or somewhat confident of having enough money to live comfortably throughout their retirement years has decreased from more than 7 in 10 to less than two-thirds (72 percent in 2000, 63 percent in 2001). Similar decreases are found among those who are confident that they are doing a good job of preparing for retirement (77 percent in 2000, 70 percent in 2001) and those who are confident in having enough money to pay for basic expenses during retirement (84 percent in 2000, 78 percent in 2001).

Workers are less likely in 2001 than in 2000 to be saving for retirement and to have calculated how much money they will need to have saved by the time they retire. In fact, 6 in 10 now say they are behind schedule when it comes to planning and saving for retirement (60 percent, up from 54 percent in 2000).

Retirement Confidence

After a number of years of steady increases in retirement confidence, this year's survey finds that workers' confidence in having enough money to live comfortably throughout their retirement years has fallen (chart 1). While 72 percent of workers surveyed as part of the 2000 RCS were confident of having enough money, just 63 percent report being confident in 2001. At the same time, the percentage of workers who are not at all confident of having enough money for retirement nearly doubled (10 percent in 2000, 17 percent in 2001).

Given recent economic uncertainty, this decline in confidence is not unexpected. Despite increases in confidence in recent years, roughly two-thirds of those who are confident have consistently been *somewhat* confident rather than *very* confident. When respondents to the 1995 RCS were asked what they meant when they said they were only *somewhat* confident, the most frequent response was that they should have enough money to live comfortably in retirement if everything goes right. Fluctuations in the stock market and other recent economic events may mean that, for some at least, things are not going right at the moment.

Other confidence indicators have also fallen after several years of steady increases. In 2000, 77 percent of workers were confident that they were doing a good job of preparing financially for retirement; this year, 70 percent are confident (table 1). Likewise, confidence in having enough money for basic expenses in retirement has decreased to 78 percent from 84 percent in 2000. Finally, workers are less likely to be confident about having enough for medical expenses (58 percent, down from 66 percent in 2000) and for long-term care (44 percent, down from 51 percent).

Certain demographic groups are more likely than others to have experienced a decline in retirement confidence. In general, confidence in the financial aspects of retirement is more likely to have fallen among workers between the ages of 35 and 54 than among older or younger workers and among those with annual household income of $35,000 to $74,999 than among those with higher or lower incomes.

[1] *In the RCS, retiree refers to individuals who are retired or who are age 65 or older and not employed full time. Worker refers to all individuals who are not defined as retirees, regardless of employment status.*

Confidence in Social Security and Medicare

Contrary to the trend for retirement confidence, which has declined since 2000, worker confidence in Social Security and Medicare has continued to increase steadily from the lows measured in 1995. This year, one-third of workers report they are confident that the Social Security system will continue to provide benefits of at least equal value to the benefits received by retirees today (34 percent, up from 19 percent in 1995 and 28 percent in 2000) (chart 2).[2] Likewise, 4 in 10 are confident that the Medicare system will continue to provide benefits of at least equal value (39 percent, up from 21 percent in 1995 and 35 percent in 2000) (chart 3). The majority of workers, however, continue to be not confident that these programs will continue to provide benefits equivalent to those received today (65 percent for Social Security; 57 percent for Medicare).

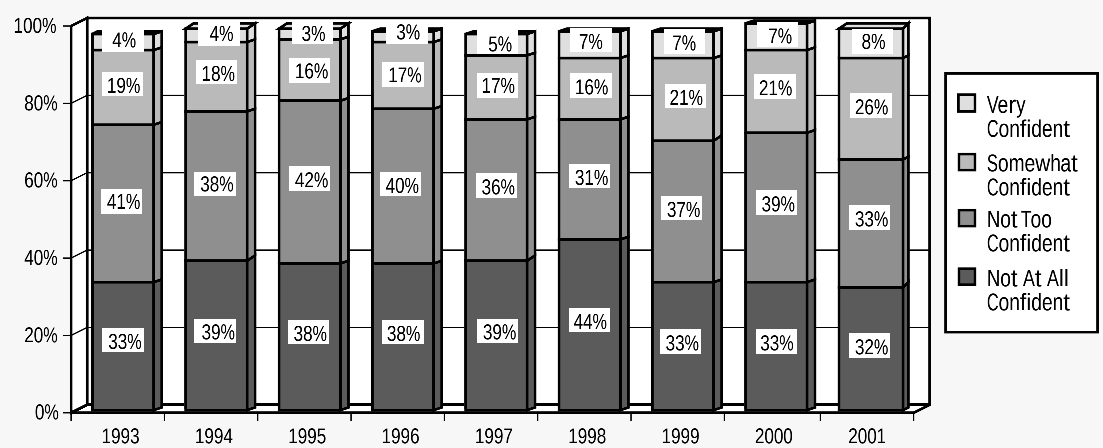
[2] *Under current law, the normal retirement age is being phased up from age 65 to age 67. In effect, this is a cut in the total value of future benefits for affected individuals. However, a test of question wording suggests that respondents understand the phrase "equal value" to mean "an equal level of benefits" in this context.*

Table 1
Worker Confidence in Financial Aspects of Retirement

	Very Confident	Somewhat Confident	Not Too Confident	Not at All Confident
Doing a good job of preparing financially for retirement				
1993	21%	47%	18%	12%
1999	23	50	17	9
2000	28	49	13	10
2001	27	43	16	13
Having enough money to take care of basic expenses				
1993	38	43	12	5
1999	31	50	13	5
2000	40	44	9	7
2001	37	41	12	10
Having enough money to take care of medical expenses				
1993	21	33	23	20
1999	16	41	27	15
2000	24	42	19	13
2001	20	38	22	19
Having enough money to pay for long-term care				
1993	na	na	na	na
1999	na	na	na	na
2000	16	35	29	19
2001	15	29	26	28

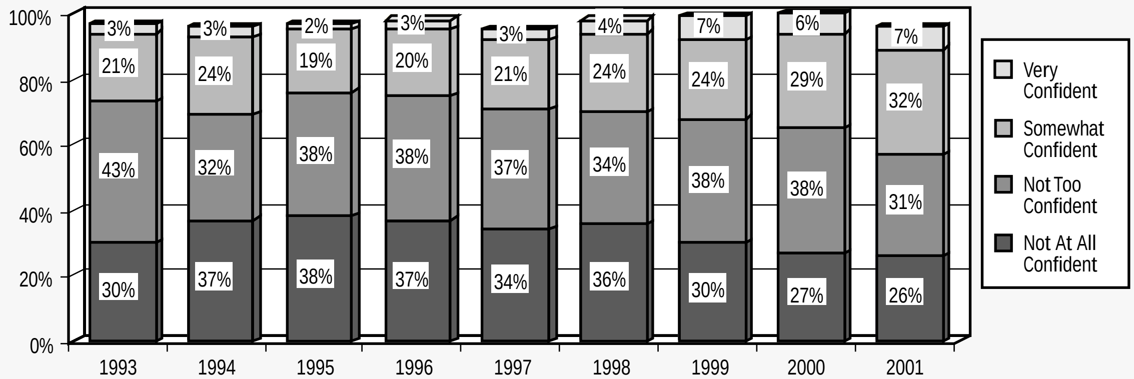
Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Retirement Confidence Survey.

Chart 2
Worker Confidence That Social Security Will Continue to Provide Benefits of Equal Value



Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Retirement Confidence Survey.

Chart 3
Worker Confidence That Medicare Will Continue to Provide Benefits of Equal Value



Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Retirement Confidence Survey.

Confidence in Social Security, but not in Medicare, has a strong relationship to age. While almost 6 in 10 of those age 55 or older are confident that Social Security will continue to provide benefits of equal value (58 percent), roughly 2 in 10 of those ages 25–34 say they are confident (22 percent).

Many workers greatly underestimate the amount they will receive from Social Security when they retire. Twelve percent of workers who plan to retire state they will get nothing from Social Security, even after being probed as to whether they really believe they will get nothing or whether they think it will only be a small percentage of their preretirement income. Another 17 percent think they will get less than 20 percent of their preretirement income from Social Security (15 percent of those with household incomes of less than $50,000 think they will receive a percentage in this range). Thirty-two percent (27 percent of those with household incomes of less than $50,000) expect that between 20 percent and 39 percent of their preretirement income will be replaced by money from Social Security. On average, older respondents expect that Social Security will replace a larger share of their preretirement income than younger respondents do.

Why are workers not confident about Social Security and Medicare? Many say they are not confident because the system is going bankrupt, with too many retirees and not enough workers paying into the system. Others say they are not sure it will be there or do not have faith in the system, the government does a poor job in administering the system, and the government borrows from the programs and puts the money toward other things (table 2).

On the other hand, workers who are very or somewhat confident about Social Security and Medicare

Table 2
Reasons Why Workers Are Not Confident About Social Security and Medicare

Most Frequently Mentioned Reasons	Social Security	Medicare
It is going bankrupt, with too many retirees and not enough workers paying into the system	25%	12%
Not sure it will be there, don't have faith	15	14
The government does a poor job	10	15
The government borrows from program and puts money toward other things	9	1
Baby boomers and Generation Xers won't receive full benefits	8	3
The media reports that it won't be there	7	5
Abuse/mishandling	4	6
Negative about the president or Republican party	3	6
Benefits will be smaller or cut	2	9
Costs are rising	0	8

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Retirement Confidence Survey.

Table 3
Reasons Why Workers Are Confident About Social Security and Medicare

Most Frequently Mentioned Reasons	Social Security	Medicare
Have faith, believe in the system	19%	12%
It will always be there, the government will take care of us	13	20
Not sure it will be there	9	3
Politicians won't risk tampering with it, voting retirees will keep an eye on them	5	6
Depends on the president or government	5	2
Believe in the president or government	5	4

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Retirement Confidence Survey.

say their confidence is based on their faith in the system, in the government, or in voters keeping an eye on politicians (table 3). Nevertheless, some of those who are confident express reservations.

Preparing for Retirement

While the past few years have seen many Americans become more proactive about their retirement planning, findings from the 2001 RCS suggest that this trend has undergone a reversal in the past year. In 2000, more than half of workers said that they had tried to calculate how much money they needed to save by the time they retire so that they can live comfortably in retirement (51 percent). This year less than half indicate they have tried to do this calculation (46 percent) (chart 4). When respondents are made aware of the components of a retirement needs calculation through questions about how much of their preretirement income they will need in retirement, how much they expect to receive from Social Security, and how much they expect to receive from a pension or defined benefit plan, the percentage of workers saying they have tried to calculate how much money they need to save for a comfortable retirement decreases further to 39 percent. (Forty-four percent say they *or their spouse* have tried to figure this amount.)

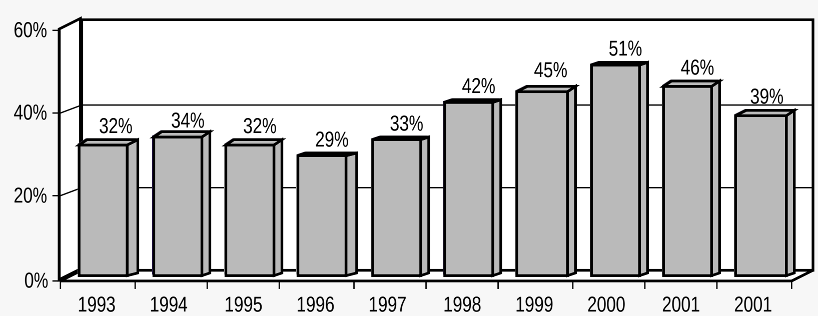
Workers with higher household incomes or more formal education are more likely than those with lower household incomes or less education to report attempting a retirement savings needs calculation. Similarly, married workers are more likely than those who are not married to have tried to do one. The decline from 2000 to 2001 in the percentage of workers saying they have tried to do a retirement needs calculation occurs among all demographic groups.

Two in 10 of the 2001 respondents[3] who indicate they have tried to do a retirement needs calculation report figuring that they need to save less than $250,000 (20 percent), 1 in 10 each figure they need to save between $250,000 and $499,999 (11 percent) and between $500,000 and $999,999 (11 percent), and 2 in 10 say they need to save $1,000,000 or more (19 percent). However, a sizable minority are unable to provide the result of their retirement needs calculation (30 percent), and 7 percent report they could not do the calculation.

The large amounts that need to be saved do not seem to discourage workers about their retirement prospects. Despite the downward trend in retirement confidence, those who report they or their spouse have tried to do a retirement needs calculation are more likely than those who have not to feel confident about having enough money for retirement (table 4).

Nevertheless, the decrease in retirement confidence has generally been steeper among

Chart 4
Percentage of Workers Having Tried to Calculate How Much Money They Will Need to Save for Their Retirement



Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Retirement Confidence Survey.

[3] *This and subsequent references to 2001 respondents doing a retirement needs calculation refer to the revised methodology as described in the beginning of the "Preparing for Retirement" section.*

Table 4

Confidence in Financial Aspects of Retirement by Calculation of Retirement Savings Needs: 2001

	Very Confident	Somewhat Confident	Not Too Confident	Not at All Confident
Will have enough money to live comfortably throughout their retirement years				
Done needs calculation	33%	42%	13%	10%
Not done needs calculation	14	41	22	22
Doing a good job of preparing financially for retirement				
Done needs calculation	40	43	11	5
Not done needs calculation	17	42	19	21
Will have enough money to take care of basic expenses during retirement				
Done needs calculation	53	36	5	5
Not done needs calculation	25	45	16	14
Will have enough money to take care of medical expenses during retirement				
Done needs calculation	27	42	18	12
Not done needs calculation	13	35	25	25

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Retirement Confidence Survey.

those who have tried to do a calculation than among those who have not, particularly with respect to medical expenses and long-term care. In 2001, 69 percent of those who have attempted a calculation and 48 percent of those who have not are confident of having enough money for medical expenses (compared with 82 percent and 49 percent, respectively, in 2000), and 57 percent of those who have attempted a calculation and 34 percent of those who have not are confident of having enough for long-term care (compared with 65 percent and 34 percent in 2000). Three-fourths of those who have tried to do a calculation (75 percent) and 55 percent of those who have not are confident of having enough money for a comfortable retirement (compared with 85 percent and 57 percent in 2000).

Workers are less likely in 2001 than in 2000 to say they are on track and more likely to say they are behind schedule when it comes to their progress in planning and saving for retirement (table 5). Those who report trying to do a retirement needs calculation remain more likely than those who have not to say they are on track or ahead of schedule.

In this year's survey, half of those who have attempted to do the calculation report that they have made changes in their retirement planning as a result (50 percent). Of these, 53 percent say they have started to save more, 24 percent have changed the allocation of their money, while smaller percentages have made other changes.

Saving—and Not Saving—for Retirement

Like other key indicators, the percentage of respondents saying they have personally saved for retirement has decreased slightly in the past year, from 75 percent in 2000 to 71 percent in 2001 (chart 5). When respondents

Table 5

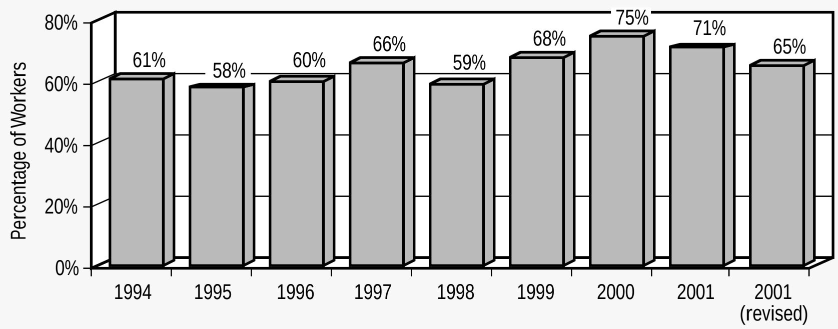
Progress in Planning and Saving for Retirement, by Trying to Do a Retirement Needs Calculation

	All Workers		Done Needs Calculation		Not Done Needs Calculation	
	2000	2001	2000	2001	2000	2001
A lot ahead of schedule	3%	2%	4%	4%	2%	1%
A little ahead of schedule	4	3	5	4	2	3
On track	38	33	49	45	25	23
A little behind schedule	25	26	25	25	25	26
A lot behind schedule	29	34	17	21	44	45

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Retirement Confidence Survey.

Chart 5

Percentage of Workers Saving for Retirement



Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Retirement Confidence Survey.

are asked more detailed questions about the retirement planning process before being asked whether they have saved money for retirement, however, the proportion decreases further to two-thirds of all workers (65 percent). (Sixty-nine percent say they *or their spouse* have saved money for retirement.)

The amounts accumulated for retirement by workers as a whole are generally small (table 6). The majority have saved less than $50,000 (50 percent), and 2 in 10 say they have nothing saved (19 percent). While the median amount accumulated generally increases with age ($4,000 for ages 25–34; $10,000 for ages 35–44; $36,740 for ages 45–54; $33,980 for ages 55 and over), only one-fourth of those ages 45–54 (24 percent) and age 55 and over (23 percent) report having saved $100,000 or more. Respondents with more formal education or higher levels of household income also report having accumulated more for retirement.

Workers reporting that they or their spouse have done a retirement needs calculation are not only more likely than those who have not to be saving for retirement (79 percent vs. 55 percent), they tend to have accumulated larger amounts.

Table 6

Amount Accumulated for Retirement, by Trying to Do a Retirement Needs Calculation: 2001

	All Workers	Done Needs Calculation	Not Done Needs Calculation
Nothing	19%	6%	28%
Less than $5,000	8	8	9
$5,000–$9,999	6	4	7
$10,000–$24,999	10	10	10
$25,000–$49,999	7	8	8
$50,000–$99,999	8	10	7
$100,000 or more	15	25	8
Don't know/ refused	27	30	24

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Retirement Confidence Survey.

Six in 10 workers report they are currently saving for retirement (61 percent), and 9 in 10 of those who have personally saved for retirement are currently saving (89 percent). Almost two-thirds of those who have saved say they automatically save a predetermined amount each pay period or each month (64 percent), but others cite less systematic methods as the primary strategy they use to save for retirement. Approximately 1 in 10 each indicate they save whatever is left over at the end of the pay period or the end of the month (10 percent) and save when they feel they can afford to (12 percent). Two percent save unanticipated income or gifts as their primary strategy, and 11 percent use some other strategy.

Half of workers report that an employer contributed money to a retirement account in their name or their spouse's name last year (49 percent), and two-thirds of employed respondents indicate that their current employer offers them a retirement savings plan that allows them to make before-tax contributions, such as a 401(k), 403(b), or 457 plan (66 percent). Of those offered such a plan, three-fourths say they contribute money to the plan (76 percent). Those who contribute to the plan tend to offer the following explanations for how they decided on the amount of money to contribute:

- It is the maximum they can afford (31 percent).
- It is the maximum amount that is matched by their employer (17 percent).
- It is the maximum amount allowed by the plan (11 percent).
- The percentage match declines after this point (9 percent).

Table 7

Educational Materials and Opportunities Provided by Employer and Their Effectiveness, Among Those Reporting Their Employer Provides Educational Materials or Opportunities

		Effectiveness (among those provided with each item)			
	Provided by Employer	Very Effective	Somewhat Effective	Not Effective	Not Used
Employee benefit statements	89%	43%	38%	8%	10%
Brochures	85	17	54	9	19
Newsletters/magazines	59	21	49	13	16
Individual access to a financial planner	57	37	28	4	30
Investment advice	57	32	40	7	21
Workbooks/worksheets	54	28	40	10	22
Seminars	54	33	35	8	23
Intranet, Internet, or online services	47	38	30	6	25
Videos	20	19	36	13	32
Computer software	15	45	11	12	32

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Retirement Confidence Survey.

- They were automatically enrolled (4 percent).
- It is the maximum amount allowed by law (4 percent).
- They picked a number or guessed (4 percent).
- They decided on a percentage of earnings (4 percent).

Workers who are offered a retirement savings plan but do not contribute money to it most often say the reasons they do not contribute are:

- They can't afford to or they need the money for current obligations (29 percent).
- They are not eligible for the plan (11 percent).
- They have not worked for their employer long enough (9 percent).
- They just haven't done it yet (6 percent).
- The plan offered isn't a good plan (6 percent).
- They are too old (5 percent).
- They don't understand how the plan works (4 percent).

Workers who contribute money to a retirement savings plan at work tend to be more confident about having enough money for a comfortable retirement (80 percent) than are those who either are not offered or do not contribute to a work-related plan (53 percent).

Almost half of workers who are not currently saving for retirement say that it is reasonably possible for them to save $20 per week for retirement (47 percent). In addition, two-thirds of workers who are already saving report that it is possible for them to save an extra $20 per week (65 percent). Among those who say they could save this $20 per week, 15 percent say they would not have to give up anything to do so. Those who would have to sacrifice are most likely to say they would cut back on entertainment or dining out.

The Role of the Employer

More than one-third of workers report that an employer has provided them with educational material or seminars about retirement planning and saving in the past 12 months (35 percent). This represents a decrease from the high of 41 percent reported in 1999. Workers who receive educational materials tend to report more proactive retirement planning and savings behavior than those who do not receive these materials. Among other actions, they are more likely to say they have tried to do a retirement needs calculation (53 percent vs. 32 percent) and to have made changes as a result of doing the calculation (66 percent vs. 37 percent). They are also more likely to report that they have personally saved for retirement (86 percent vs. 55 percent), they are currently saving for retirement (82 percent vs. 50 percent), and they automatically save a predetermined amount (77 percent vs. 53 percent).

Those who receive these types of educational materials and opportunities most frequently report receiving them in the form of employee benefit statements (89 percent) and brochures (85 percent). More than half say they receive newsletters or magazines, individual access to a financial planner, workbooks or worksheets, and seminars. Notably, the use of Intranet, Internet, and online services increased from 4 percent in 1998 to 47 percent in 2001. This increase may help to explain the reported decrease in the incidence of employer-provided educational materials. Educational materials delivered through Internet or online services are less visible than materials delivered in more traditional ways because they have no physical presence. As retirement plan providers shift their educational materi-

Table 8

Expected and Actual Retirement Age: 2001

	Expected (percentage of workers)	Actual (percentage of retirees)
Ages 54 or younger	5%	15%
Ages 55–59	12	16
Age 60	10	5
Ages 61–64	13	29
Age 65	30	14
Ages 66 or older	16	12
Never retire	7	NA

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Retirement Confidence Survey.

Table 9

Percentage of Preretirement Income Needed and Available in Retirement

	Expected Need (percentage of workers)	Actual Experience (percentage of retirees)
Less than 50%	19%	17%
50–59%	24	8
60–69%	13	7
70–79%	16	8
80–89%	10	4
90–99%	2	1
100% or more	12	51

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Retirement Confidence Survey.

als to this delivery method, worker reports of employer-provided materials may continue to decrease.

Recipients of each type of material or opportunity were asked to rate its effectiveness (table 7). These workers are most likely to say the computer software (45 percent) and employee benefit statements (43 percent) they received are very effective. In addition, one-third or more report finding online services (38 percent), individual access to a financial planner (37 percent), seminars (33 percent), and investment advice (32 percent) very effective.

Worker Expectations

The majority of today's workers will not be eligible to receive full retirement benefits from Social Security until they are age 67, but most continue to be unaware of this phased increase in the Social Security normal retirement age from 65 to 67 (table 8). More than half expect to reach full eligibility sooner than they actually will (55 percent). Many of these incorrectly expect to be eligible for full retirement benefits at age 65 (34 percent of all workers), but some believe they will be eligible even before age 65 (21 percent of all workers). Two in 10 workers say they do not know when they will be eligible to receive full benefits from Social Security (20 percent). Only 15 percent are able to give the correct age at which they will be eligible for full retirement benefits, and 7 percent believe they will be eligible later than they actually will be.

Nearly half of today's workers expect to retire at age 65 or later (46 percent, up from 41 percent in 1991). Those who have not saved for retirement are especially likely to plan to retire at age 65 or later or to never retire (49 percent of savers vs. 59 percent of nonsavers). In contrast to these expectations, however, most retirees report actual retirement ages younger than age 65.

For many retirees, this earlier retirement was not by design. Four in 10 of today's retirees say they retired earlier than planned (39 percent). This is frequently due to negative reasons beyond their control, such as health problems (51 percent), changes at their company (25 percent), or other work-related reasons (25 percent). The youngest retirees—those born in 1933 or later—are especially likely to report retiring before age 60 or retiring earlier than expected. If current workers follow the pattern set by today's retirees, many are also likely to retire earlier than planned and for reasons beyond their control.

Overall, a majority of workers expect to spend at least 20 years in retirement. One-fourth think their retirement will last 20–24 years (26 percent), 9 percent believe it will last 25–29 years, and nearly 2 in 10 expect it to last 30 years or more (18 percent). However, 15 percent expect that their retirement will last for 10 years or less, and another 11 percent believe their retirement will last 11–19 years. Twenty percent are unable to say how long they expect to be retired.

Two in 10 workers expect that they will need less than 50 percent of their preretirement income in order to live comfortably in retirement (19 percent), and one-fourth expect they will need between 50 percent and 59 percent (24 percent) (table 9). Only 16 percent anticipate needing 70 percent to 79 percent of their preretirement income to live comfortably, and one-fourth anticipate needing 80 percent or more (24 percent). This means that workers expect to live more frugally than current retirees are now living. More than half of retirees have a retirement income that is at least 80 percent of their preretirement income (56 percent), and another 8 percent have a retirement income that is 70 percent to 79 percent of their preretirement income. Just one-fourth report their current income is less than 60 percent of their preretirement income (25 percent).

Two-thirds of workers indicate they expect full- or part-time employment to be a major (16 percent) or minor (52 percent) source of income in their retirement. This contrasts sharply with the experience of retirees, just 2 in 10 of whom report that employment is a major (6 percent) or minor (12 percent) source of retirement income. Current workers are more than twice as likely to say they expect to work in retirement (61 percent) as retirees are to indicate that they actually worked (26 percent).

RCS Methodology

These findings are part of the 11th annual Retirement Confidence Survey (RCS), 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 survey was conducted in January and February of 2001 through 20-minute telephone interviews with 1,000 individuals (762 workers and 238 retirees) age 25 and older in the United States. Random digit dialing was used to obtain a representative cross section of the 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. In this year's report, data for previous waves of the RCS have also been weighted to allow for consistent comparisons; consequently, some data in the 2001 RCS may differ slightly with data published in previous waves of the RCS.

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. 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 difficult or impossible to quantify the errors that may result from them.

The RCS was co-sponsored by the Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan public policy research organization; the American Savings Education Council (ASEC), a partnership of private- and public-sector institutions dedicated to raising public awareness of what is needed to ensure long-term personal financial independence and part of the EBRI Education and Research Fund; and Mathew Greenwald & Associates, Inc., a Washington, DC-based market research firm.

The 2000 RCS data collection was funded by grants from 26 public and private organizations, with staff time donated by EBRI, ASEC, and Greenwald. RCS materials and a list of underwriters may be accessed at the ASEC and EBRI Web sites: www.asec.org or www.ebri.org/rcs

2001 MRCS

For the fourth year, additional respondents in three minority groups (African-Americans, Hispanic-Americans, and Asian-Americans) were surveyed as part of the Retirement Confidence Survey (RCS). Results of the survey show similarities as well as differences among individuals in these minority groups. Among the key findings are:

- Overall, Asian-American workers[4] tend to report the highest levels of confidence about various financial aspects of retirement. African- and Hispanic-American workers tend to report lower levels of confidence.
- Thirty-two percent of African-Americans, 32 percent of Hispanic-Americans, and 48 percent of Asian-Americans report they or their spouse have tried to

[4] In the RCS, worker refers to all individuals under age 65 who are not retired, regardless of employment status. Workers also include individuals age 65 and older who are employed full time and have not retired from a previous career.

Table 10

Retirement Confidence Among African-Americans

	Very Confident	Somewhat Confident	Not Too Confident	Not at All Confident
Having enough money to live comfortably throughout retirement years	23%	31%	23%	21%
Having enough money to take care of basic expenses	33	36	14	15
Doing a good job of preparing financially for retirement	22	42	15	20
Having enough money to take care of medical expenses	20	35	22	22
Having enough money to pay for long-term care	15	23	27	31

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Retirement Confidence Survey.

calculate how much they need to save for a comfortable retirement, compared with 44 percent of workers overall.

- Asian-Americans are more likely than workers in general to indicate they or their spouse have personally saved money for retirement (78 percent vs. 69 percent). African-Americans and Hispanic-Americans are less likely than workers in general to indicate that they have saved for retirement (54 percent and 50 percent, respectively).
- Approximately half of workers overall and in each of the minority groups say they are offered a retirement savings plan, such as a 401(k), by their employer. However, African-Americans (32 percent) and Hispanic-Americans (36 percent) are less likely than Asian-Americans (51 percent) and workers overall (49 percent) to report that an employer contributed money to a retirement account in their name or their spouse's name last year.
- Seven in 10 workers in each of the minority groups and among workers overall expect that employment will provide a source of income in retirement. About 6 in 10 each expect to receive retirement income from an employer through a defined benefit plan. Members of all three minority groups are more likely than workers overall to expect that monetary support from their children or other family members will be at least a minor source of income in retirement.
- Although findings for minority groups as a whole and for workers overall reveal differences in retirement confidence, expectations, and planning and saving behavior, the attitudes and behavior of some segments of each minority population mirror the attitudes and behavior of similar segments of the overall worker population.

African-Americans

Retirement Confidence—More than half of African-American workers are confident that they will have enough money to live comfortably throughout their retirement years—23 percent are *very* confident and 31 percent are *somewhat* confident (table 10). Seven in 10 are *very* or *somewhat* confident of having enough money for basic expenses in retirement (69 percent), while nearly two-thirds are confident that they are doing a good job preparing financially for their retirement (64 percent). More than half are confident that they will have enough money to take care of medical expenses (55 percent), and almost 4 in 10 are confident they will have enough money to pay for long-term care (38 percent).

While African-American workers are as likely as American workers overall to be confident about the financial aspects of retirement, they tend to be more likely to say they are *not at all* confident about having enough money to take care of basic expenses (15 percent vs. 10 percent) and about doing a good job of preparing for retirement (20 percent vs. 13 percent). However, confidence among the different demographic segments of the African-American population varies widely. African-American college graduates are as likely as college graduates overall and African-Americans with household incomes of $50,000 or more are even less likely than all of those with incomes in this range to say they are *not at all* confident.

Planning for Retirement—The typical African-American worker expects to retire around age 64, although 28 percent anticipate retiring at age 65, 14 percent expect to retire at age 66 or later, and 4 percent think they will never retire. (The current normal Social Security retirement age is 65, and is gradually being raised to 67.) Three in 10 are unable to estimate how long they will spend in retirement (30 percent), but the median expectation for those who are able to provide an estimate is 20 years in retirement.

When it comes to funding their retirement, a majority of African-Americans expect that they or their spouse will work—20 percent say employment will be a

Table 11
Vehicles Used by African-Americans to Save for Retirement (among savers)

Regular savings or investments set aside for retirement	70%
A work-related retirement savings plan, such as a 401(k), 403(b), or 457 plan	66
An individual retirement account (IRA)	46
Cash in a safe place at home or safe deposit box	37
Keogh account	6

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Retirement Confidence Survey.

major source of income and 48 percent say it will be a minor source. Six in 10 expect to receive income from an employer through a defined benefit plan (61 percent). Three in 10 plan on funding their retirement with the proceeds from the sale of a home or business (29 percent).

More than one-third of African-American workers who expect to retire think that at least 50 percent of their preretirement income will be replaced by money from Social Security (36 percent), another third expect that Social Security will replace 20 percent to 49 percent of their preretirement income (35 percent), and 2 in 10 think it will replace less than 20 percent (22 percent). Eight percent do not know how much of their preretirement income will be replaced by Social Security. In addition, one-third think they will receive money from other government programs (33 percent, compared with 25 percent for all workers). Finally, African-Americans, like other minority groups, tend to be more likely than all workers to expect monetary support from children or other family members (37 percent vs. 19 percent).

The Social Security Administration says Social Security should replace about 40 percent of preretirement earnings of average earners; 80 percent for the lowest earners; and 27 percent for those at the maximum taxable wage base of $80,400 (about 11 percent of workers make more than this amount).

One-third of African-American workers report that they or their spouse have tried to figure out how much money they will need to have saved by the time they retire so that they can live comfortably in retirement (32 percent). This makes them less likely than workers overall (44 percent) to report doing a retirement savings needs calculation. However, African-American workers surveyed in the 2001 RCS with household incomes of less than $25,000, with incomes of $25,000–$49,999, and with incomes of $50,000 or more are as likely as their counterparts among the overall worker population to say they have done this calculation.

Four in 10 of those who have done a retirement needs calculation report they have made changes in their retirement planning as a result (40 percent). When asked about the changes they have made, most cite starting to save more, changing the allocation of their money, or investing their money.

Saving for Retirement—Fifty-four percent of African-American workers report that they or their spouse have personally saved for retirement, compared with 69 percent of workers overall. Nevertheless, there appears to be little difference in the percentage saving for retirement when African-American workers are compared with all workers in the United States with similar income characteristics.

Half of African-Americans are currently saving for retirement (49 percent, compared with 61 percent of all workers). Six in 10 savers say they automatically save a predetermined amount each pay period or each month (60 percent), but others report less systematic methods. Two in 10 save when they feel they can afford to (20 percent) and approximately 1 in 10 save whatever is left over at the end of the month (12 percent). With respect to savings vehicles, most savers report having used regular savings or investments set aside for retirement and work-related retirement savings plans (table 11). They are less likely to say they have used an individual retirement account (IRA). Almost 4 in 10 state they have kept retirement savings in the form of cash in a safe place at home or safe deposit box (37 percent).

Thirty-two percent report that an employer contributed money to a retirement savings account in their name or in their spouse's name last year (compared with 49 percent of all workers). In general, African-Americans appear less likely than workers overall at similar income levels to report this type of employer contribution. African-American workers and workers overall are equally likely to say they are offered a retirement savings plan by their current employer (48 percent vs. 49 percent). Of those who are offered a plan, 68 percent say they contribute money to it.

When asked to assess their progress with respect

Table 12
Retirement Confidence Among Hispanic-Americans

	Very Confident	Somewhat Confident	Not Too Confident	Not at All Confident
Having enough money to live comfortably throughout retirement years	13%	32%	34%	20%
Having enough money to take care of basic expenses	21	41	24	14
Doing a good job of preparing financially for retirement	18	30	27	23
Having enough money to take care of medical expenses	13	35	32	19
Having enough money to pay for long-term care	9	26	34	30

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Retirement Confidence Survey.

to planning and saving for retirement, 22 percent of African-American workers reply that they are on track and 3 percent reply that they are ahead of schedule. However, the large majority feel they are behind schedule—25 percent say they are a little behind and 48 percent say they are a lot behind. Could they save more? Two-thirds say it is possible for them to save $20 per week more than they are currently saving for retirement (66 percent), and 10 percent of those who could save this amount report that they would not need to sacrifice anything in order to do so.

Hispanic-Americans

Retirement Confidence—Nearly half of Hispanic-American workers are confident that they will have enough money to live comfortably throughout their retirement years—13 percent are *very* confident and 32 percent are *somewhat* confident (table 12). More than 6 in 10 are *very* or *somewhat* confident of having enough money for basic expenses in retirement (62 percent), almost half are confident that they are doing a good job preparing financially for their retirement (48 percent) and that they will have enough money to take care of medical expenses (48 percent), and approximately one-third are confident they will have enough money to pay for long-term care (35 percent).

Confidence about the financial aspects of retirement is lower among Hispanic-American workers than among workers in the United States overall. However, confidence among the different demographic segments of the Hispanic-American population varies widely, and some segments are just as likely as their non-Hispanic counterparts to express confidence in their retirement prospects. Among these are Hispanic-Americans ages 35–44 and those with a college degree. Both segments are just as likely as workers overall ages 35–44 or with a college degree to say they are confident. Moreover, the 2001 RCS finds that native-born Hispanic-Americans are as likely as all workers in the United States to say they are confident about each of these retirement issues except long-term care.

Planning for Retirement—On average, Hispanic-American workers expect to retire around age 63, although one-fourth anticipate retiring at age 65 (24 percent), 12 percent expect to retire at age 66 or later, and 6 percent think they will never retire. (The current normal Social Security retirement age is 65, and is gradually being raised to 67.) While more than 4 in 10 are unable to estimate how long they will spend in retirement (43 percent), the median expectation for those who are able to provide an estimate is 20 years in retirement.

Hispanic-Americans expect to fund their retirement in a number of different ways. Many think they or their spouse will work—27 percent say employment will be a major source of income and 42 percent say it will be a minor source. Six in 10 expect to receive income from an employer through a defined benefit plan (59 percent). One-third plan on funding their retirement with the proceeds from the sale of a home or business (33 percent).

Although 2 in 10 Hispanic-American workers who expect to retire think that less than 20 percent of their preretirement income will be replaced by money from Social Security (19 percent), 4 in 10 expect that Social Security will replace 20 percent to 49 percent of their preretirement income (40 percent), and one-third expect it will replace 50 percent or more (34 percent). In addition, one-third think they will receive money from other government programs (34 percent, compared with 23 percent for native-born Hispanic-Americans and 25 percent for all workers). Finally, Hispanic-Americans, like other minority groups, tend to be more likely than all workers to expect monetary support from children or other family members (29 percent vs. 19 percent).

The Social Security Administration says Social Security should replace about 40 percent of preretirement earnings of average earners; 80 percent for the lowest earners; and 27 percent for those at the maximum

Table 13

Vehicles Used by Hispanic-Americans to Save for Retirement (among savers)

A work-related retirement savings plan, such as a 401(k), 403(b), or 457 plan	70%
Regular savings or investments set aside for retirement	62
An individual retirement account (IRA)	40
Cash in a safe place at home or safe deposit box	28
Keogh account	7

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Retirement Confidence Survey.

taxable wage base of $80,400 (about 11 percent of workers make more than this amount).

Only one-third of all Hispanic-American workers report that they or their spouse have tried to figure out how much money they will need to have saved by the time they retire so that they can live comfortably in retirement (32 percent). Among native-born Hispanic-Americans, however, this percentage is statistically equivalent to the 44 percent reported for all workers in the United States. The proportion reporting doing a retirement savings needs calculation is also similar for Hispanic and non-Hispanic college graduates and for Hispanics and non-Hispanics ages 35–44.

Forty-six percent of those who have done a retirement needs calculation report they have made changes in their retirement planning as a result. When asked about the changes they have made, they are most likely to mention starting to save more and changing the allocation of their money.

Saving for Retirement—Half of Hispanic-American workers report that they or their spouse have personally saved for retirement (50 percent), while 7 in 10 of all workers in the United States report having saved (69 percent). As with previous findings, the difference in the proportions saving for retirement is driven by certain segments of the Hispanic-American population, primarily the older, less educated, lower income, and foreign-born segments. There is no statistical difference between the percentage of native-born Hispanic-American workers and all workers who have saved. In addition, the results for Hispanics and non-Hispanics ages 35–44 or with a college degree are similar.

Forty-four percent of Hispanic-Americans are currently saving for retirement (compared with 55 percent of native-born Hispanic-Americans and 61 percent of all workers). More than half of savers report automatically saving a predetermined amount each pay period or each month (58 percent), but almost 2 in 10 say they save when they feel they can afford to (18 percent) or save whatever is left over at the end of the month (17 percent). With respect to savings vehicles, most savers report having used work-related retirement savings plans (70 percent) and regular savings or investments set aside for retirement (62 percent). Fewer say they have used IRAs (40 percent) (table 13).

Thirty-six percent report that an employer contributed money to a retirement savings account in their name or in their spouse's name last year (compared with 46 percent of native-born Hispanic-Americans and 49 percent of all workers). Forty-seven percent say they are offered a retirement savings plan by their current employer. Of those who are offered a plan, 72 percent say they contribute money to it.

How do Hispanic-American workers assess their progress when it comes to planning and saving for retirement? Twenty-seven percent report they are on track, while 6 percent report they are ahead of schedule. The majority feel they are behind schedule—30 percent say they are a little behind and 35 percent say they are a lot behind. Yet 6 in 10 say it is possible for them to save $20 per week more than they are currently saving for retirement (61 percent). Of these, 24 percent indicate they would not need to sacrifice anything in order to save this amount.

Asian-Americans

Retirement Confidence—Approximately 7 in 10 Asian-American workers are confident that they will have enough money to live comfortably throughout their retirement years—33 percent are *very* confident and 39 percent are *somewhat* confident (table 14). Eight in 10 are *very* or *somewhat* confident of having enough money for basic expenses in retirement (81 percent), while roughly 7 in 10 are confident that they are doing a good job preparing financially for their retirement (73 percent). Six in 10 are confident that they will have enough money to take care of medical expenses (61 percent), and more than half are confident they will have enough money to pay for long-term care (53 percent).

Asian-American workers are more likely than

Table 14
Retirement Confidence Among Asian-Americans

	Very Confident	Somewhat Confident	Not Too Confident	Not at All Confident
Having enough money to live comfortably throughout retirement years	33%	39%	19%	8%
Having enough money to take care of basic expenses	36	45	14	5
Doing a good job of preparing financially for retirement	26	47	18	9
Having enough money to take care of medical expenses	19	42	23	12
Having enough money to pay for long-term care	15	38	27	16

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Retirement Confidence Survey.

American workers overall to say they are *very* confident about having enough money for a comfortable retirement (33 percent vs. 22 percent), although both groups are equally likely offer a *very* confident response for the other confidence questions. In particular, Asian-American college graduates are more likely than college graduates overall to say they are *very* confident they will have enough to live comfortably.

Planning for Retirement—The typical Asian-American worker expects to retire at about age 65, although 32 percent anticipate retiring at age 60 or before. (The current normal Social Security retirement age is 65, and is gradually being raised to 67.) Two in 10 are unable to estimate how long they will spend in retirement (21 percent), but the median expectation for those who are able to provide an estimate is 20 years in retirement.

A majority of Asian-Americans expect that one source of funding for their retirement will be employment—21 percent say it will be a major source of retirement income and 48 percent say it will be a minor source. Almost two-thirds think they will receive income from an employer through a defined benefit plan (64 percent). Half—a higher proportion than for workers overall and for any other minority group—plan on funding their retirement with the proceeds from the sale of a home or business (50 percent).

Two in 10 Asian-American workers who expect to retire think that at least 50 percent of their preretirement income will be replaced by money from Social Security (21 percent), more than one-third expect that Social Security will replace 20 percent to 49 percent of their preretirement income (35 percent), and another third think it will replace less than 20 percent (32 percent). Eleven percent do not know how much of their preretirement income will be replaced by Social Security. Two in 10 anticipate receiving money from other government programs (21 percent). Finally, Asian-Americans, like other minority groups, tend to be more likely than all workers to expect monetary support from children or other family members (32 percent vs. 19 percent).

The Social Security Administration says Social Security should replace about 40 percent of preretirement earnings of average earners; 80 percent for the lowest earners; and 27 percent for those at the maximum taxable wage base of $80,400 (about 11 percent of workers make more than this amount).

Forty-eight percent of Asian-American workers report that they or their spouse have tried to figure out how much money they will need to have saved by the time they retire so that they can live comfortably in retirement. This makes them as likely as workers overall (44 percent) to report doing a retirement savings needs calculation.

Among those who have done a retirement needs calculation, 4 in 10 state that they have made changes in their retirement planning as a result (41 percent). When asked to describe the changes they have made, most mention starting to save more, investing their money, or changing the allocation of their money.

Saving for Retirement—Almost 8 in 10 Asian-American workers report that they or their spouse have personally saved for retirement (78 percent), compared with 69 percent of workers overall. The higher likelihood of having saved for retirement is primarily concentrated among those ages 25–44. Asian-American workers and workers overall who are age 45 and older are equally likely to say they have saved. In addition, native-born Asian-Americans surveyed by the RCS are no more likely than workers overall to report saving.

Almost two-thirds of Asian-Americans are currently saving for retirement (64 percent). Six in 10 savers say they automatically save a predetermined amount each pay period or each month (61 percent), but others report less systematic methods. Fourteen percent save when they feel they can afford to, and 13 percent save whatever is left over at the end of the month. With respect to savings vehicles, most savers report having used regular savings or investments set aside for retirement and work-related retirement savings plans. More than half say they have used an IRA (table 15).

Table 15

Vehicles Used by Asian-Americans to Save for Retirement (among savers)

A work-related retirement savings plan, such as a 401(k), 403(b), or 457 plan	75%
Regular savings or investments set aside for retirement	66
An individual retirement account (IRA)	54
Cash in a safe place at home or safe deposit box	15
Keogh account	5

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Retirement Confidence Survey.

Half of Asian-Americans report that an employer contributed money to a retirement savings account in their name or in their spouse's name last year (51 percent), and half say they are offered a retirement savings plan by their current employer (51 percent). Of those who are offered a plan, 83 percent say they contribute money to it.

When it comes to planning and saving for retirement, 36 percent of Asian-American workers feel they are on track and 9 percent feel they are ahead of schedule. Half feel they are behind schedule—26 percent say they are a little behind and 22 percent say they are a lot behind. Could they save more? Three-fourths say it is possible for them to save $20 per week more than they are currently saving for retirement (75 percent, compared with 59 percent for all workers). Of these, 14 percent report that they would not need to sacrifice anything in order to save this amount.

MRCS Methodology

These findings are part of the 11th annual Retirement Confidence Survey (RCS), 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 survey was conducted in January and February of 2001 through 20-minute phone interviews with 1,000 individuals (762 workers and 238 retirees) age 25 and older in the United States. Random digit dialing was used to obtain a representative cross section of the U.S. population. Data for the 2001 wave of the RCS are weighted by age, sex, and education to reflect the actual proportions in the adult population age 25 and older.

Minority RCS findings are restricted to workers and include additional oversamples of minority groups, specifically African-Americans, Hispanic-Americans, and Asian-Americans (200 interviews were conducted within each of the three groups). Among Hispanic-Americans, interviews were conducted 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 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 each minority group age 25 and over 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 difficult or impossible to quantify the errors that may result from them.

The RCS is co-organized by the Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan public policy research organization; the American Savings Education Council (ASEC), a partnership of more than 250 private- and public-sector institutions dedicated to raising public awareness of what is needed to ensure long-term personal financial independence, a part of the EBRI Education and Research Fund; and Mathew Greenwald & Associates, Inc., a Washington, DC-based market research firm.

The 2001 RCS data collection was funded by grants from 26 public and private organizations, and the minority data collection was funded by grants from 11 organizations. Staffing was donated by EBRI, ASEC, and Greenwald and Associates. RCS materials and a list of underwriters may be accessed at the EBRI Web site: www.ebri.org/rcs

2001 SERS

The issue of low plan sponsorship rates among smaller employers remains a

Table 16
Type of Defined Contribution Plan Offered, by Size of Business (among employers offering a defined contribution plan)

	Size of Business		
	Total	5–20 Employees	21–100 Employees
401(k)	58%	48%	78%
SIMPLE plan	22	23	19
Deferred profit-sharing plan	22	22	21
Simplified employee pension (SEP)	13	17	6
403(b)	6	4	8
Money purchase plan	3	4	3
Thrift savings plan	3	3	3
Employee stock ownership plan (ESOP)	2	1	5
Keogh plan	< 0.5	1	0

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Small Employer Retirement Survey.

public policy challenge. In a completely voluntary (on the part of employers) system that involves a number of rules and regulations, 79 percent of full-time employees at employers with more than 100 workers were covered by one or more employment-based retirement plans in 1997, according to data from the U.S. Bureau of Labor Statistics' Employee Benefits Survey.[5] Retirement plan participation is notably lower among small employers, however. According to data from the Bureau of Labor Statistics' Employee Benefits Survey,[6] 46 percent of full-time workers in small private establishments were covered by a retirement plan in 1996.

The fourth annual Small Employer Retirement Survey (SERS) is an in-depth survey of retirement plan sponsorship among small employers (companies with five to 100 full-time workers). It provides insights into the challenge presented by the small employer market by demonstrating the underlying reasons for the lack of plan sponsorship. In addition to the issues of administrative cost and burden involved in establishing and running a plan, difficulties involve the financial realities of running a small business—revenue streams that are uncertain or a business that is too new to consider a plan. Difficulties also involve work force issues, such as employee preferences for cash or nonretirement benefits, and high proportions of seasonal, part time, or high turnover workers.

Small employers that do sponsor a retirement plan report they offer a plan for business reasons—it has a positive impact on their ability to attract and retain quality employees and on the attitude and performance of their employees. Many also feel an obligation to provide a retirement plan for their workers or report that they offer a plan because of the tax advantages it offers employees, key executives, or the business owner. However, many nonsponsors do not feel a competitive disadvantage, and work force differences make it likely that many do not feel the same obligation or experience the same demand for a retirement plan or tax-deferred income. Motivators that appear to be most effective among current nonsponsors are those that increase the affordability of retirement plans—an increase in business profits, plans with low administrative costs that require no employer contributions, and business tax credits for starting a plan.

Retirement Plan Sponsorship

Most often, the retirement plan offered by small employers is a defined contribution plan (funded primarily by contributions from the workers), rather than a defined benefit plan (funded exclusively by the employer). Among those survey respondents from businesses with a plan who are able to identify their plan as either a defined contribution or defined benefit plan when provided with a simplified definition, 9 in 10 report their company offers a defined contribution plan (90 percent). The remainder say their company offers a defined benefit plan (5 percent) or both types of plans (5 percent). Although very few employers with five–20 workers offer both types of plans (1 percent), about 1 in 10 with 21–100 workers offer both types (12 percent).

Small employers that offer a defined contribution plan are most likely to provide a 401(k) for their

[5] *See U.S. Department of Labor, Bureau of Labor Statistics,* Employee Benefits in Medium and Large Private Establishments, 1997, *Bulletin 2517 (Washington, DC: U.S. Government Printing Office, 1999).*

[6] *See U.S. Department of Labor, Bureau of Labor Statistics,* Employee Benefits in Small Private Establishments, 1996, *Bulletin 2507 (Washington, DC: U.S. Government Printing Office, 1999).*

Table 17

Length of Time Offering Some Type of Retirement Plan, by Age of Business

		Age of Business		
	Total With Plan	Less Than 10 Years	10–19 Years	20 Years or More
Less than 1 year	6%	11%	3%	4%
1–2 years	14	28	14	9
3–4 years	13	23	17	5
5–9 years	19	31	21	12
10–19 years	23	0	36	21
20–29 years	10	0	0	20
30 years or more	9	0	0	20
Don't know	7	8	9	7

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Small Employer Retirement Survey.

workers (58 percent) (table 16). They are less likely to offer a savings incentive match plan for employers (SIMPLE plan) (22 percent), deferred profit-sharing plan (22 percent), or simplified employee pension (SEP) (13 percent). Only a few offer a 403(b) (6 percent), money purchase plan (3 percent), thrift savings plan (3 percent), or employee stock ownership plan (ESOP) (2 percent).

Businesses with 21–100 employees are more likely than those with 5–20 employees to provide 401(k)s (78 percent vs. 48 percent), but they are less likely to provide SEPs (6 percent vs. 17 percent). The distribution of defined contribution plans is not statistically different from the 1998 SERS, except that businesses with 21–100 employees are more likely than previously to say they offer a SIMPLE plan (19 percent, up from 8 percent in 1998) and less likely to offer a deferred profit-sharing plan (21 percent, down from 31 percent in 1998).

More than half of small employers that offer a retirement plan have provided this type of benefit to their workers for less than 10 years (52 percent)—one-third have offered a plan for less than five years (33 percent) (table 17). The smaller the employer, the more likely they are to report offering a plan for less than five years (38 percent of employers with five–20 workers; 22 percent with 21–100 workers). While small employers are most likely to start a retirement plan within their first few years of operation, they may decide to begin offering a plan at any time. Small employers that have been in business for less than 10 years are most likely to report offering a plan for less than five years (62 percent), but one-third of employers in business for 10–19 years and 2 in 10 in business for 20 or more years also say they began offering a retirement plan less than five years ago (34 percent and 18 percent, respectively).

Small employers of all sizes provide similar reasons for having a retirement plan (table 18). When small employers are given a list of reasons why companies might offer a retirement plan to their workers and asked to choose which of these is the most important reason why their business offers a plan, one-fourth of all

Table 18

Reasons for Offering a Retirement Plan, by Size of Business

	Most Important Reason			Major Reason		
	Total	5–20 Employees	21–100 Employees	Total	5–20 Empoyees	21–100 Employees
Competitive advantage for the business in employee recruitment and retention	25%	22%	31%	47%	44%	53%
Positive effect on employee attitude and performance	19	20	16	61	58	66
Employers have an obligation to provide a retirement plan for employees	16	16	17	35	32	41
Tax advantage for employees	9	7	12	34	34	34
So the owner can save for retirement on a tax-deferred basis	7	9	5	34	37	27
Tax advantage for key executives	6	7	4	25	26	21
Employees demand or expect it	4	3	5	24	19	35
Availability of an employer tax deduction	4	5	2	22	22	20
Other	2	2	4	5	5	5

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Small Employer Retirement Survey.

Table 19
Reasons for Not Offering a Retirement Plan, by Size of Business

	Most Important Reason			Major Reason		
	Total	5–20 Employees	21–100 Employees	Total	5–20 Employees	21–100 Employees
Employees prefer wages and/or other benefits	19%	20%	11%	43%	43%	37%
Revenue is too uncertain to commit to a plan	18	19	6	48	50	30
A large portion of workers are seasonal, part time, or high turnover	15	13	31	32	30	46
It costs too much to set up and administer	12	11	22	34	33	42
Required company contributions are too expensive	10	10	7	46	46	39
Business is too new	6	6	7	20	20	22
Too many government regulations	4	5	2	22	22	26
Don't know where to go for information on starting a plan	1	1	0	9	9	4
Vesting requirements cause too much money to go to short-term employees	1	< 0.5	4	30	29	41
Tax benefits for the owner are too small	1	1	0	16	18	6
The possibility of being held liable for investment decisions made by employees	< 0.5	0	2	12	11	17
Other	9	9	7	8	8	6

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Small Employer Retirement Survey.

respondents report the most important reason they offer a plan is for the competitive advantage for the business in employee recruitment and retention (25 percent). Roughly 2 in 10 cite the positive effect on employee attitude and performance (19 percent) and employer obligation to provide a retirement plan for employees (16 percent). In addition, a total of about 2 in 10 mention some type of tax advantage, either for their employees (9 percent), the business owner (7 percent), or key executives (6 percent), as the most important reason.

In general, there has been little change across the four waves of the SERS in the percentages saying each of these is a most important or major reason. However, respondents to this year's SERS are less likely than in previous years to say the competitive advantage for the business in employee recruitment and retention is a major reason why they offer a retirement plan (47 percent, down from a high of 65 percent in 2000).

Obstacles to Plan Sponsorship

There are a number of reasons why more small employers do not offer retirement plans (table 19). Cost and administration-related issues play a role, but so do employee demand and business profitability. In fact, responses suggest that administrative cost and burden may not be the main reason why the majority of these small employers chose not to offer a retirement plan.

Two in 10 say employee preferences for wages and/or other benefits are the most important reason their company does not sponsor a plan (19 percent). Fifteen percent cite another employee-related reason for not sponsoring a plan—a large portion of their workers are seasonal, part time, or high turnover.

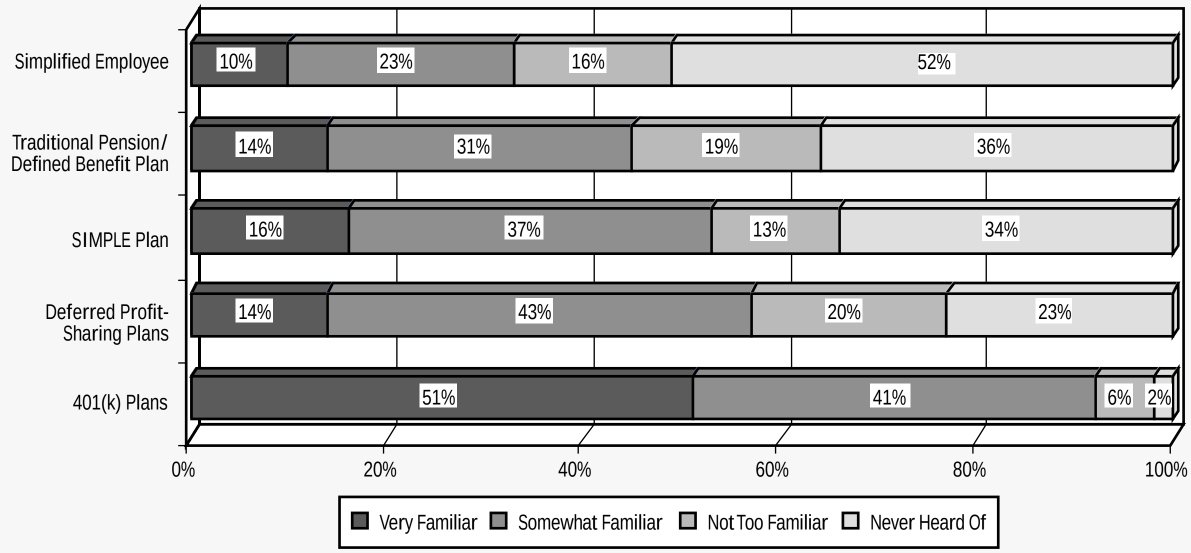
Revenue uncertainty and the perceived cost of a retirement plan are also important issues. Nearly 2 in 10 say their most important reason for not offering a plan is that revenue is too uncertain to commit to a plan (18 percent), while 6 percent say their business is too new (15 percent of employers in business for less than 10 years cite this reason.) Twelve percent say set-up and administration costs are the most important reason, and 10 percent cite the expense of required company contributions.[7]

While few employers say that one of the other reasons listed is the most important reason their company does not offer a retirement plan, these are important secondary reasons for some respondents. Three in 10 (30 percent) say that vesting requirements (causing too much money to go to short-term employees) is a major reason why they do not offer a plan. Roughly 2 in 10 feel there are too many government regulations (22 percent) or that the tax benefits for the owner are too small (16 percent). Only about 1 in 10 say the possibility of being held liable for investment decisions made by employees (12 percent) or not knowing where to go for information on starting a plan are major reasons (9 percent).

Reasons cited for nonsponsorship by larger and smaller employers differ. Small employers with five–20

[7] *Plans exist in which employers as plan sponsors are not legally required to make contributions. For example, employer contributions are not required with a 401(k) plan—the sponsor could choose not to match participant contributions and to pass the administrative costs on to the plan. However, if the 401(k) is established as a SIMPLE plan, then company contributions are required.*

Chart 6
Familiarity of Retirement Plan Options Among Small Employers Without Retirement Plans



Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Small Employer Retirement Survey.

workers are less likely than those with 21–100 workers to say the following are the most important reasons for not offering a retirement plan: having a larger portion of workers that are seasonal, part time, or high turnover (13 percent vs. 31 percent) and it costs too much to set up and administer (11 percent vs. 22 percent). They are more likely to cite revenue uncertainty (19 percent vs. 6 percent). In addition, they are more likely to say a major reason for not offering a plan is that the tax benefits for the owner are too small (18 percent vs. 6 percent).

Another obstacle to plan sponsorship may be nonsponsors' lack of familiarity with the different retirement plan types available to them as potential plan sponsors, including the options created specifically for small employers and designed to be less costly to establish and administer. A majority of nonsponsors have never heard of SEPs (52 percent) and an additional 16 percent have heard of them but are not too familiar with them. One-third have never heard of SIMPLE plans (34 percent) and more than 1 in 10 are not too familiar with them (13 percent) (SIMPLE plans were created by Congress specifically for small employers). Many nonsponsors are also not familiar with more traditional pension or deferred profit-sharing plans. By comparison, very few nonsponsors say they have never heard of or are not too familiar with 401(k) plans.

Nevertheless, nonsponsors are apparently becoming more familiar with SIMPLE plans. In 1998, 47 percent of nonsponsors said they had never heard of SIMPLE plans, and 11 percent said they were not too familiar with them (compared with 34 percent and 13 percent, respectively, in 2001). This is not the case with SEPs, for which there has been little change (55 percent and 12 percent in 1998, compared with 52 percent and 16 percent in 2001). Respondents who say their business has considered offering a retirement plan are more likely than others to report they are very or somewhat familiar with SIMPLE plans (64 percent vs. 47 percent) and SEPs (41 percent vs. 28 percent).

Comparative Profiles

Small employers that sponsor retirement plans tend to differ from those without plans in terms of business characteristics and the composition of their work force. These findings bolster the conclusion that low coverage rates are driven by more than just issues of administrative cost and burden.

Small employers that offer retirement plans tend to have higher revenues than those that do not have retirement plans (table 20). They are more likely to be a family-owned business and to have been in business for less than 10 years. These differences persist even when sponsors and nonsponsors of similar sizes are compared.

Furthermore, sponsors are more likely than nonsponsors to be in the professional services industry (25 percent vs. 16 percent) and less likely to be in the retail trade industry (14 percent vs. 22 percent).

Sponsors and nonsponsors also tend to employ

Table 20

Business Characteristics of Sponsors and Nonsponsors, by Size of Business

	Total		5–20 Employees		21–100 Employees	
	Sponsor	Nonsponsor	Sponsor	Nonsponsor	Sponsor	Nonsponsor
Approximate Gross Annual Revenue						
Less than $500,000	11%	28%	14%	30%	6%	9%
$500,000–$999,999	19	25	26	27	4	5
$1 million, less than $2 million	21	14	24	13	16	21
$2 million, less than $5 million	18	8	12	7	28	19
$5 million or more	8	2	4	< 0.5	16	10
Not reported	23	24	20	22	28	35
Family-Owned Business						
Yes	47	66	52	66	39	67
No	51	33	47	33	59	33
Age of Business						
Less than 5 years	10	17	11	17	8	20
5–9 years	11	20	12	20	9	17
10–19 years	31	24	34	25	24	19
20–29 years	17	15	18	16	15	15
30 years or more	28	21	23	20	41	31

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Small Employer Retirement Survey.

Table 21

Employee Characteristics of Sponsors and Nonsponsors, by Size of Business

	Total		5–20 Employees		21–100 Employees	
Characteristics of Most Full-Time Employees	Sponsor	Nonsponsor	Sponsor	Nonsponsor	Sponsor	Nonsponsor
Age						
Under age 30	14%	22%	14%	21%	14%	27%
Ages 30–39	46	44	44	43	51	58
Age 40 or older	34	30	36	32	30	13
Annual Salary						
Less than $20,000	11	27	12	26	8	39
$20,000–$40,000	63	62	61	63	65	56
Over $40,000	21	7	22	7	20	4
Educational Level						
High school or less	40	60	41	58	36	75
Some college	39	27	41	28	34	16
College degree or more	18	11	15	11	25	9
Length of Time With Company						
Less than 3 years	14	28	14	26	15	47
3–9 years	51	48	48	50	56	35
10 years or more	31	19	34	19	26	19

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Small Employer Retirement Survey.

Table 22

Likelihood of Starting a Plan in the Next Two Years

Very likely	13%
Somewhat likely	25
Not too likely	28
Not at all likely	34

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Small Employer Retirement Survey.

Table 23
Motivators for Plan Sponsorship

	Much More Likely	Somewhat More Likely	No More Likely
An increase in the business' profits	44%	30%	25%
A plan with low administrative costs that requires no employer contributions	35	32	33
Business tax credits for starting a plan	23	40	37
A plan that could really be tailored to the unique needs of your business	23	38	39
Availability of easy-to-understand information	19	36	46
A plan with reduced administrative requirements	18	35	46
Allowing key executives to accumulate more in a retirement plan	16	28	56
Demand from employees	15	37	48
Repeal of top-heavy rules	10	33	57
A plan that could be set up and administered completely over the Internet	7	19	74
Lengthening of vesting requirements	7	32	62

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2001 Small Employer Retirement Survey.

different types of workers (table 21). Employees in companies without plans tend to be younger, have lower earnings, have less formal education, and remain with the company for less time. The differences are especially large between sponsors and nonsponsors with 21–100 employees.

Sponsors are more likely to report that having a retirement plan has an impact on their business than nonsponsors are to report that not having a plan has an impact. In particular, 85 percent of sponsors report having a plan has an impact on their ability to hire and retain good employees (compared with 39 percent of nonsponsors that report not having a plan has an impact), and 85 percent of sponsors report having a plan has an impact on employee attitude and performance (compared with 33 percent of nonsponsors). While some nonsponsors may not be aware of the potential business benefits of offering a retirement plan, the company and work force differences noted above make it likely that others might not experience these same benefits.

Potential Motivators

The potential exists for increased plan sponsorship among small employers. Thirty-eight percent of respondents from companies without a retirement plan say they are likely to start offering a plan in the next two years (table 22).

Those likely to start a plan are more likely than those that are not to report that the most important reason they do not currently have a plan is because revenue is too uncertain to commit to a plan (25 percent vs. 13 percent) or that their business is too new (12 percent vs. 2 percent). It therefore appears that they feel continued improvement in their business conditions will allow them to start a plan within the next couple of years.

What would lead to increased plan coverage? Nonsponsors were read a list of items and asked if any would make them seriously consider sponsoring a retirement plan (table 23). Almost half say an increase in the company's profits would make them much more likely to consider a plan (44 percent) and more than one-third say a plan with low administrative costs that required no employer contributions would make them much more likely to consider it (35 percent). Approximately 2 in 10 each say they would be much more likely to consider a plan if there were business tax credits for starting a plan (23 percent), a plan that could really be tailored to the unique needs of their business (23 percent), easy-to-understand information available (19 percent), and a plan with reduced administrative requirements (18 percent). One in 10 say that none of these factors would make them more likely to offer a retirement plan to their workers (8 percent).

SERS Methodology

The annual Small Employer Retirement Survey (SERS), now in its fourth year, was designed to gauge the views and attitudes of America's small employers (with five–100 full-time workers) regarding retirement plans and related issues. This wave of the survey was conducted within the United States in January and February of 2001 through 15-minute telephone interviews with 302 companies with a retirement plan and 299 companies without a retirement plan. Oversamples of companies with 21–50 and 51–100 employees were obtained to allow separate analysis of these groups. Within each sample, 2001 data are weighted by size of business to reflect the universe of small employers with and without retirement plans, but previous years are not weighted.

In theory, each sample of 300 yields a statistical precision of plus or minus 6 percentage points (with 95 percent certainty) of what the results would be if all companies with five–100 full-time workers 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 difficult or impossible to quantify the errors that may result from them.

The SERS is co-organized by the Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan public policy research organization; the American Savings Education Council (ASEC), a partnership of private- and public-sector institutions dedicated to raising public awareness of what is needed to ensure long-term personal financial independence, and a part of the EBRI Education and Research Fund; and Mathew Greenwald & Associates, Inc., a Washington, DC-based market research firm.

The 2001 SERS data collection was funded by grants from nine public and private organizations, with staff time donated by EBRI, ASEC, and Greenwald. SERS materials and a list of underwriters may be accessed at the EBRI Web site: www.ebri.org/sers

Conclusion

Significant findings from the 11th annual RCS:

- The percentage of respondents who said they have personally saved for retirement decreased slightly after an upswing in the past several years, from 75 percent in 2000 to 71 percent in 2001. When respondents were asked more detailed questions about their retirement planning process, the proportion decreased to 65 percent.
- While the fraction of workers who are *very confident* in their overall retirement income prospects has consistently been increasing over the years (from 18 percent in 1993 to 25 percent in 2000), the proportion decreased to 22 percent in 2001 (there was a corresponding increase in those who are *not at all confident* from 10 percent in 2000 to 17 percent in 2001).
- Contrary to the downward trend in retirement confidence, worker confidence in Social Security and Medicare has continued to increase since 1995, although the majority continue to remain not confident.
- The normal retirement age for full Social Security benefits is rising from age 65 to 67, but 55 percent expect to reach full eligibility sooner than they actually will be, and 20 percent admit they do not know when they will be eligible.
- The percentage of respondents who say they have tried to calculate how much money they need for retirement in order to live comfortably has dropped from 51 percent in 2000 to 46 percent in 2001. When respondents were made aware of the components of a retirement needs calculation, the number decreased further to 39 percent.
- One-half of workers who have attempted to calculate their retirement savings needs report that they have made changes in their retirement planning, such as saving more and/or changing the allocation of their money. Workers who have done the calculation also appear to be in better shape regarding their retirement finances and preparations.
- Hispanic-Americans tend to be the least confident among the surveyed minority groups that they will have enough money to live comfortably throughout their retirement years.

The changes in individual behavior regarding retirement savings may in part be attributed to recent declines in consumer confidence, employment, the economy, and the equity markets. In addition, the data suggest that there may also be health-related factors behind the decline in retirement confidence, as the measured decrease in confidence has occurred as public attention to the high cost of prescription drugs and long-term care has increased. For instance, 51 percent of those who retire early say it is for a medical reason, and confidence in having the funds for medical expenses or for long-term care was found to be low.

The results of this survey indicate that future educational efforts need to focus on getting workers to calculate how much they need to save and accumulate for retirement. Such an exercise appears to motivate positive behavior changes among all workers. Furthermore, while all workers may not do this successfully, the mere act of performing a retirement needs calculation can itself be an educational process and involve a certain degree of information gathering. This explains the finding that workers who have attempted such a calculation appear to be doing a better job of preparing for retirement.

Significant findings from the fourth annual SERS include:

- There are a number of reasons why small employers do not offer a retirement plan. Some are employee-related, while others relate to the nature of the business, plan costs, and administration.
- Most small employers without plans are largely unfamiliar with plans that have been created specifically for them (i.e., SIMPLE and SEP plans).
- There tend to be major differences between the types of small businesses that sponsor a retirement plan and those that do not. For instance, those that do sponsor a plan tend to have been in business longer and have older, more educated, and longer-tenured workers; those that do not tend to be newer businesses that have higher turnover and younger, less educated employees.
- Small employers of all sizes that sponsor plans report direct business benefits as important reasons why they sponsor a plan, such as the competitive advantage for the business in employee recruitment and retention. They also report employee-related reasons as important, such as a positive impact on employee attitude and performance. However, small employers that do not sponsor a plan do not report negative impacts by not offering their workers a retirement plan.
- It appears that many small nonsponsors are unaware of these potential business benefits from retirement plan sponsorship.

The issue of low plan sponsorship among small employers may be attributed to the fact that nonsponsors continue to remain unfamiliar with the different plan options that are available to them and what the various options entail in terms of cost and administration. The results also indicate that nonsponsors appear to be largely unaware of the business and employee-related benefits reported by small employers sponsoring retirement plans.

These data indicate that any future educational efforts focused on small employers should not only inform them of their plan options, but also focus on the potential business benefits that can result from plan sponsorship.

Dallas Salisbury of EBRI, Teresa Turyn of EBRI, and Ruth Helman of Mathew Greenwald & Associates, wrote this *Issue Brief* with assistance from the Institute's research and editorial staffs. Any views expressed in this report are those of the authors and should not be ascribed to the officers, trustees, or other sponsors of EBRI, EBRI-ERF, or their staffs. Neither EBRI nor EBRI-ERF lobbies or takes positions on specific policy proposals. EBRI invites comment on this research.

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	55	21.0
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	65	16.4
	70	13.6

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Age you expect to retire:		Your factor is:
	55	8.8
	60	4.7

5. Multiply your savings to date by the factor below (include money accumulated in a 401(k), IRA, or similar retirement plan). -$__________

If you want to retire in:		Your factor is:
	10 years	1.3
	15 years	1.6
	20 years	1.8
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	35 years	2.8
	40 years	3.3

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