



The 2003 Florida Retirement Confidence Survey Summary of Findings

Overview

While many Florida *retirees* may have done their homework when it comes to saving for retirement, Florida *workers*, like American workers overall, are less likely to have planned and saved for retirement.¹ A Retirement Confidence Survey (RCS) conducted in the state of Florida shows that Florida retirees—more so than American retirees in general—are highly confident about their financial prospects in retirement, but that Florida workers will need to work harder at managing their finances to achieve the same degree of confidence:

- More than half of Florida retirees are *very* confident about having enough money to live comfortably throughout their retirement years (52 percent vs. 39 percent of American retirees overall). In contrast, fewer than 3 in 10 Florida workers are *very* confident (27 percent).
- Almost 6 in 10 Florida retirees are *very* confident they have enough money to take care of basic expenses in retirement (56 percent). In contrast, just one-third of Florida workers are *very* confident they will have enough money for basic expenses (34 percent).
- More than half of Florida retirees are *very* confident they have done a good job of preparing for retirement (55 percent), but fewer than 3 in 10 workers have this degree of confidence (28 percent).
- Almost 8 in 10 Florida retirees have saved for retirement (78 percent, compared with 64 percent nationwide). About 7 in 10 Florida workers have *ever* saved for retirement (68 percent), and only 56 percent say they are *currently* saving.
- Six in 10 Florida retirees have savings and investments in addition to what they have set aside for retirement (61 percent), but just 53 percent of Florida workers have these additional savings.

One explanation why Florida retirees appear so much better prepared than retirees nationally is because the state's warm climate and many amenities make it a magnet for older people with financial resources, which may act as "self-selecting" factors in attracting retired individuals who can afford to live there. The 2000 national census found that 17.6 percent of Florida's resident population was age 65 or older—the highest by far of any state in the nation.² By contrast, Florida *workers* may be contending with difficult economic cycles and a changing benefits environment in the work place.

¹ In the Florida 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.

² U.S. Department of Commerce. Census Bureau, "Resident Population by Age and State: 2000," *Statistical Abstract of the United States: 2002*, Washington, DC: Government Printing Office, 2001, p. 25.

Retirement Confidence in Florida

Among Retirees:

In comparison with American retirees overall, Florida retirees clearly think they have done something right. More than half of Florida retirees say they are *very* confident that they will have enough money to live comfortably throughout their retirement years (52 percent). In contrast, just 4 in 10 American retirees are *very* confident they will have enough money to do so (39 percent). This higher level of confidence among Florida retirees extends to other financial aspects of retirement. More than half are *very* confident they did a good job of preparing financially for retirement (55 percent vs. 41 percent of American retirees) and will have enough money to pay for medical expenses during their retirement (52 percent vs. 37 percent). Almost as many are *very* confident they will not outlive their retirement savings (46 percent vs. 30 percent). Nearly 4 in 10 are *very* confident of having enough money to pay for long-term care during retirement (37 percent vs. 21 percent). In contrast, American retirees overall are more likely than Florida retirees to say they are *not at all* confident about many of these aspects.

Retiree Confidence in Financial Aspects of Retirement

	Very Confident	Somewhat Confident	Not Too Confident	Not at All Confident
Having enough money to take care of basic expenses				
Florida	56%	25%	13%	4%
National	49	31	11	8
Doing a good job of preparing financially for retirement				
Florida	55	31	10	4
National	41	34	6	18
Having enough money to live comfortably throughout your retirement years				
Florida	52	29	12	6
National	39	35	12	11
Having enough money to take care of medical expenses				
Florida	52	28	13	8
National	37	31	12	16
Not outliving your retirement savings				
Florida	46	29	14	5
National	30	33	15	16
Having enough money to pay for long-term care				
Florida	37	23	17	22
National	21	31	17	27

Retirees with annual household income of at least \$35,000 are more likely than those with lower income to be *very* confident about having enough money for basic expenses (76 percent vs. 41 percent), medical expenses (68 percent vs. 37 percent), and for long-term care (53 percent vs. 29 percent). However, Florida retirees with annual income under \$35,000 may still feel they have done a better job of planning for retirement than retirees nationally in the same income category. Florida retirees with income in this category are more likely than retirees nationally in this category to feel *very* confident that they have done a good job preparing for retirement (50 percent vs. 29 percent) and they will not outlive their retirement savings (43 percent vs. 17 percent).

Among Workers:

The confidence levels of Florida workers are statistically no different from those of American workers. About one-fourth are *very* confident they will have enough money in retirement (27 percent of Florida workers vs. 21 percent of American workers). When it comes to more specific financial aspects of retirement, one-third are *very* confident about having enough money for basic

expenses in retirement (34 percent vs. 33 percent), while approximately one-fourth are *very* confident they are doing a good job of preparing financially for their retirement (28 percent vs. 24 percent). Roughly 2 in 10 each are *very* confident they will not outlive their retirement savings (23 percent vs. 20 percent) and they will have enough money for medical expenses (23 percent vs. 18 percent). Fewer than 2 in 10 are *very* confident they will have enough money to pay for long-term care during their retirement (19 percent vs. 14 percent).

Worker Confidence in Financial Aspects of Retirement

	Very Confident	Somewhat Confident	Not Too Confident	Not at All Confident
Having enough money to take care of basic expenses				
Florida	34%	44%	10%	11%
National	33	45	10	11
Doing a good job of preparing financially for retirement				
Florida	28	41	17	14
National	24	45	15	14
Having enough money to live comfortably throughout your retirement years				
Florida	27	37	18	18
National	21	45	17	16
Having enough money to take care of medical expenses				
Florida	23	34	21	22
National	18	40	22	19
Not outliving your retirement savings				
Florida	23	34	19	18
National	20	42	16	17
Having enough money to pay for long-term care				
Florida	19	30	22	28
National	14	34	26	24

As household income rises, so too do the percentages that are confident about having enough money for a comfortable retirement and about each of the financial aspects of retirement.

— Preparing for Retirement in Florida —

Comparisons of retiree confidence in Florida and the United States overall suggest that Florida retirees may have done a better job of preparing for retirement. Is this actually the case? While the RCS is not an in-depth financial planning survey, it does document a more careful approach to retirement saving among Florida retirees. Almost 8 in 10 Florida retirees say they and/or their spouse saved money for retirement (78 percent), compared with less than two-thirds of retirees nationwide (64 percent). Additionally, 6 in 10 Florida retirees report they currently have savings and investments in addition to what they may have set aside for retirement (61 percent), compared with just 4 in 10 retirees overall (40 percent).

Florida workers, like American workers overall, will have to work hard to catch up with Florida retirees. Seven in 10 each say they have saved for retirement (68 percent of Florida workers vs. 71 percent of American workers), and roughly 6 in 10 are currently saving for retirement (56 percent vs. 62 percent). Almost 6 in 10 who have saved for retirement say they currently have an individual retirement account (IRA) or other tax-qualified retirement savings outside of a workplace retirement savings plan (58 percent vs. 57 percent). The average age at which Florida savers say they began saving for retirement is 30, but those who have not saved think it would have been wise to have begun even earlier, at an average age of 25.

More than half of Florida workers have savings or investments in addition to what they have set aside for retirement (53 percent of Florida workers vs. 51 percent of American workers). Among Florida workers who have saved for retirement or have other savings or investments, 6 in 10 say they own stock or bond mutual funds (60 percent vs. 54 percent) and 4 in 10 have cash in a safe place at home or safe deposit box (39 percent vs. 30 percent). Seventeen percent each own certificates of deposit (17 percent vs. 27 percent) and fixed or variable annuities (17 percent vs. 23 percent).

**Types of Savings and Investment Vehicles Owned
by Those Having Some Type of Savings**

	Florida Workers	American Workers
Stock or bond mutual funds	60%	54%
Cash in a safe place at home or safe deposit box	39	30
Certificates of deposit	17	27
Fixed or variable annuities	17	23

Forty-five percent of Florida workers, compared with 43 percent of American workers, indicate they or their spouse have tried to calculate how much money they will need to have saved by the time they retire so that they can live comfortably in retirement. Those who have tried to do the calculation are more likely than American workers overall to think they will need to save less than \$500,000 by the time they retire (35 percent of Florida workers vs. 22 percent of American workers). One in 10 each think they will need \$500,000 to less than \$1 million (10 percent vs. 9 percent), and roughly 1 in 7 believe they will need to save \$1 million or more (13 percent vs. 17 percent).

Total Savings Needed For Retirement

	Florida Workers	American Workers
Less than \$250,000	23%	15%
\$250,000–\$499,999	12	7
\$500,000–\$999,999	10	9
\$1 million–\$1.49 million	5	6
\$1.5 million or more	8	11
Could not do calculation	3	3
Spouse calculated	1	5
Don't know/Don't remember	28	36
Refused	10	7

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. They are also more likely to say they need to save higher amounts.

Workers who report doing a savings needs calculation say they used various methods to determine the amount they would need, some of which may be unlikely to lead to accurate results. While more than one-fourth report completing a worksheet or doing a calculation (28 percent of Florida workers vs. 21 percent of American workers), and almost 2 in 10 had the amount calculated for them by a financial advisor (17 percent vs. 24 percent), 4 in 10 simply did some sort of estimation based on the economy, inflation or their current earnings (40 percent vs. 33 percent). Smaller

proportions guessed (6 percent vs. 5 percent), read or heard how much was needed (2 percent each), used some other means (3 percent vs. 5 percent), or do not know how they derived their total (6 percent vs. 9 percent).

While Florida retirees tend to rate themselves as having a higher level of financial sophistication than American retirees overall, that higher level of sophistication is not found among Florida workers. One in 10 Florida retirees rate themselves as having a comprehensive knowledge of investing and saving for retirement (12 percent of Florida retirees vs. 12 percent of American retirees), and more than 4 in 10 consider themselves to have a general knowledge of investing and saving (44 percent vs. 34 percent). Just 1 in 10 say they know nothing (12 percent vs. 25 percent). In contrast, Florida workers are nearly as likely as American workers overall to rate their knowledge as comprehensive (13 percent of Florida workers vs. 10 percent of American workers) and less likely to rate their knowledge as general (39 percent vs. 46 percent).

Self Assessment of Knowledge of Investing and Saving for Retirement

	Florida Workers	American Workers	Florida Retirees	American Retirees
Comprehensive knowledge	13%	10%	12%	12%
General knowledge	39	46	44	34
Limited knowledge	31	31	23	28
Know nothing about investing or saving	16	12	12	25

This greater sophistication among Florida retirees may help to explain why they are more likely than American retirees overall to say they find the advice of a financial professional most helpful when making their retirement savings and investment decisions (35 percent vs. 24 percent) and are less likely to say they find the advice of family, friends, and co-workers most helpful (9 percent vs. 25 percent). Other sources of information Florida retirees find most helpful are input from a spouse (15 percent) and newspapers, magazines, or other written material (11 percent). Florida workers who have saved for retirement also tend to think that the advice of a financial professional is most helpful in making retirement savings and investment decisions (39 percent). They are more likely than retirees, however, to consider the advice of family, friends, or co-workers most helpful (17 percent). Sixteen percent of married workers find input from a spouse most helpful and 1 in 10 workers find newspapers, magazines, or other written materials most helpful (9 percent).

**Retirement Experience
and Expectations**

On average, Florida retirees left the work force at the same age as American retirees nationally (62 years), but they are somewhat less likely to say that they never expected to retire (2 percent of Florida retirees vs. 9 percent of American retirees). Conversely, Florida workers are more likely to say they will never retire (11 percent of Florida workers vs. 6 percent of American workers nationally), though both groups on average say they expect to retire at age 65. Sixteen percent of Florida workers expect to retire before age 60, 2 in 10 think they will retire between the ages of 60 and 64 (20 percent), one-fourth plan to retire at age 65 (26 percent), and 2 in 10 think they will retire at age 66 or later (19 percent). One in 10 do not know when they will retire (8 percent). Among workers 45 and older, one-fourth have postponed their retirement age in the past year (24 percent of Florida workers vs. 24 percent of American workers).

On average, Florida workers anticipate a retirement of about 20 years. Two in 10 think they will be retired for 10 years or less (21 percent of Florida workers vs. 17 percent of national workers), 1 in 10 think they will be retired for 11 to 19 years (10 percent vs. 12 percent), 3 in 10 think they will be retired for 20 to 29 years (29 percent vs. 35 percent), and 1 in 6 believe they will be retired for 30 years or more (16 percent vs. 17 percent). Two in 10 do not know how long their retirement will last (23 percent vs. 18 percent).

Like American workers overall, Florida workers may underestimate the proportion of their preretirement income that they will need to live comfortably in retirement. In fact, they are even more likely than American workers to expect that they will need less than 70 percent of their preretirement income (59 percent vs. 49 percent). Only 1 in 6 anticipate needing 70 percent to 79 percent of their preretirement income to live comfortably (15 percent vs. 16 percent), and only 1 in 10 anticipate needing 80 percent or more (11 percent vs. 18 percent). Financial advisors generally recommend planning on having 70 percent to 80 percent of preretirement income in order to enjoy a comfortable retirement.

Percentage of Preretirement Income Needed in Retirement

	Florida Workers	American Workers
Less than 50 percent	17%	15%
50–59 percent	28	24
60–69 percent	14	10
70–79 percent	15	16
80–89 percent	7	8
90–99 percent	<0.5	2
100 percent or more	4	8
Don't know	13	17

Two-thirds of Florida workers say they think they will work for pay after they retire (65 percent vs. 70 percent of American workers), almost three times the proportion of Florida retirees who indicate they actually worked for pay in retirement (23 percent of Florida retirees vs. 28 percent of American retirees). Improved health status in retirement and increased interest in work may lead to increased work force participation by retirees. However, some future retirees who are relying on employment for retirement income may find themselves disappointed.

RCS Methodology

These findings are part of a Retirement Confidence Survey in the state of Florida. The results of this survey are compared with the 13th annual Retirement Confidence Survey, a survey that gauges the views and attitudes of working-age and retired Americans regarding retirement, their preparations for retirement, their confidence with regard to various aspects of retirement, and related issues. The Florida state survey was conducted in February 2003 through 14-minute interviews with 400 individuals (251 workers and 149 retirees) age 25 and older. The national survey was conducted in January 2003 through 20-minute telephone interviews with 1,000 individuals (782 workers and 218 retirees) age 25 and older in the United States. Random digit dialing was used to obtain a representative cross section of the Florida and 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. Data for the previous waves of the RCS have also

been weighted to allow for consistent comparisons; consequently, some data in the 2003 RCS may differ slightly with data published in previous waves of the RCS. Data presented in tables in this report may not total to 100 due to rounding and/or missing categories.

In theory, each sample of 400 yields a statistical precision of plus or minus 5 percentage points (with 95 percent certainty) of what the results would be if all Americans age 25 and older were surveyed with complete accuracy. A sample of 1,000 yields a statistical precision of plus or minus 3 percentage points (with 95 percent certainty). There are other possible sources of error in all surveys, however, that may be more serious than theoretical calculations of sampling error. These include refusals to be interviewed and other forms of nonresponse, the effects of question wording and question order, and screening. While attempts are made to minimize these factors, it is impossible to quantify the errors that may result from them.

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