

Opening Remarks by Jack VanDerhei
EBRI Research Director
2009 Retirement Confidence Survey
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Good morning ladies and gentlemen and thank you for joining us on this conference call to discuss the results of the 19th annual Retirement Confidence Survey, the country's longest-running study of the attitudes and behavior of American workers and retirees toward all aspects of saving, retirement planning, and long-term financial security.

My name is Jack VanDerhei, research director at the Employee Benefit Research Institute. Our program today will be as follows. I will make some brief remarks about the survey results and then turn it over to Mathew Greenwald for a more detailed account of the survey findings. Matt is president of Mathew Greenwald & Associates, the survey research firm that collected the data. After Matt is finished, we will be happy to take your questions.

Two housekeeping points: All survey results are available on the EBRI Web site at www.ebri.org. This call is for reporters so we will be giving preference to reporters this morning. If you are not a reporter and have a question, please call the EBRI office later today and we will try to assist you.

Now to the highlights of the survey, which was fielded in January.

We found that the recession has cast a pall over the retirement expectations of the vast majority of Americans, leaving a record-low 13 percent of workers this year able to say they are very confident of having enough money to live comfortably in retirement. Among workers, those feeling very confident about retirement has tumbled by one-half in the last two years.

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

Not surprisingly, workers overall who have lost confidence over the past year about affording a comfortable retirement most often cite the recent economic uncertainty, inflation, and the cost of living as primary factors. In addition, other factors include negative experiences such as job loss or a pay cut, a reduction of retirement savings, or an increase in debt.

Overall, the percentage of workers *very* confident about having enough money for a comfortable retirement continued a two-year decline, falling to 13 percent this year, down from the previous low of 18 percent in 2008 and 27 percent in 2007. This is the lowest level since the question was first asked in the survey in 1993 and represents a 50 percent decline in worker confidence since 2007. Among current retirees, confidence in having a financially secure retirement also dropped

this year to a new low, with only 20 percent saying they are *very* confident; that's down from 29 percent in 2008 and 41 percent in 2007.

The survey made two significant findings concerning workers' expected retirement date and work in retirement:

- Workers apparently expect to work longer because of the economic downturn: 28 percent of workers in the 2009 survey say the age at which they expect to retire has changed in the past year. Of those, the vast majority (89 percent) say that they intend to postpone retirement with the intention of increasing their financial security. Nevertheless, the median (mid-point) worker expects to retire at age 65, with 21 percent planning to push on into their 70s. The median retiree actually retired at age 62, and almost half of retirees (47 percent) say they retired sooner than planned.
- More workers are also planning to supplement their income in retirement by working for pay: The proportion of workers planning to work after they retire has increased to 72 percent in 2009 (up from 66 percent in 2007). This compares with 34 percent of retirees who report they actually worked for pay at some time during their retirement.

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

I will mention just two more findings:

- Among workers who have lost confidence in their ability to secure a comfortable retirement, most (81 percent) say they have reduced their expenses, while others are changing the way they invest their money (43 percent), working more hours or a second job (38 percent), saving more money (25 percent), and seeking advice from a financial professional (25 percent). Among all workers, 75 percent say they and/or their spouse have saved money for retirement, one of the highest levels ever measured by the RCS.
- Many workers still do not have a good idea of how much they need to save for retirement. Only 44 percent of workers report they and/or their spouse have tried to calculate how much money they will need to have saved by the time they retire—and an equal proportion (44 percent) simply guess at how much they will need for a comfortable retirement.

That concludes my opening remarks. Now it is a pleasure to turn to Matt Greenwald, president of Greenwald & Associates, for a more details about the survey.

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