

TEXAS WORKERS

Retirement Confidence

- One-fourth of workers in Texas are *very* confident that they will have enough money to live comfortably throughout their retirement years (24 percent), and more than 4 in 10 are *somewhat* confident that they will have enough money (44 percent). Three in 10 are not confident (19 percent *not too* confident, 12 percent *not at all* confident). Texas workers closely mirror national workers on this measure.
- When asked about more specific financial aspects of retirement, Texas workers' opinions are again very similar to workers nationally. Specifically, one-third are *very* confident that they will have enough money to take care of basic expenses (34 percent). One-fourth each are *very* confident that they are doing a good job of preparing financially for retirement (24 percent) and that they will not outlive their retirement savings (24 percent).
- Almost as many are *very* confident that they will have enough money to take care of medical expenses during retirement (22 percent), and a slightly smaller share are *very* confident that they will have enough money to pay for long-term care (17 percent).

Retirement Expectations

- Texas workers, like national workers, expect to retire at about age 65, on average. Seventeen percent of Texas 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 (25 percent), and nearly 2 in 10 think they will retire at age 66 or later (18 percent). Texas workers are slightly more likely than national workers, however, to say they will never retire (10 percent vs. 6 percent).
- Texas workers age 45 or older are less likely than their national counterparts to say they have decided within the past year to retire at an older age (16 percent of Texas workers vs. 24 percent of national workers). Instead, over three-fourths say the age that they expect to retire has not changed (76 percent vs. 66 percent). Seven percent (compared with 8 percent nationally) have decided within the last year to retire at a younger age.
- Seven in 10 Texas workers say they think they will work for pay after they retire (68 percent). This is almost three times the proportion of Texas retirees who indicate they actually worked for pay in retirement (26 percent). These findings closely mirror the findings for the nation.
- Like national workers overall, Texas workers appear to underestimate the proportion of their pre-retirement income that they will need to live comfortably in retirement. In fact, they are even more likely than national workers to expect that they will need less than 60 percent of their preretirement income (46 percent vs. 39 percent). Another 1 in 10 think they will need 60 percent to 69 percent of their preretirement income (11 percent). Only 17 percent anticipate needing 70 percent to 79 percent of their preretirement income to live comfortably, and only 14 percent anticipate needing 80 percent or more.

Retirement Saving & Preparation

- Fewer than 4 in 10 Texas workers 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 (36 percent). This makes them less likely than national workers (43 percent) to have tried to do this calculation.
- Two in 10 Texas workers who have tried to do a retirement needs calculation think they will need to save less than \$250,000 by the time they retire (20 percent). Another 1 in 10 each think they will need to save \$250,000 to less than \$500,000 (10 percent) and \$500,000 to less than \$1 million (10 percent). Sixteen percent believe they will need to save \$1 million or more (16 percent). In contrast with national workers, Texas workers are more likely to think they will need to save less than \$500,000 (30 percent of Texas workers vs. 22 percent of national workers).
- Two-thirds of Texas workers say they and/or their spouse saved money for retirement (66 percent). This makes them less likely than national workers (71 percent) to have saved.

- Texas workers living in the Central (77 percent), Dallas/Fort Worth (66 percent), Eastern (68 percent), and Houston (66 percent) regions are more likely than those living in the Southern Texas/Border region (53 percent) to say they save money for retirement.
- Not all of those who say they have saved for retirement are *currently* saving for retirement. Fewer than 6 in 10 Texas workers report that they are currently saving for retirement (57 percent). This is comparable to the 62 percent of national workers who are currently saving.

Where Texas Workers Keep Their Money

- A majority of Texas workers who have saved for retirement say they currently have an IRA or some other tax-qualified retirement savings outside of a work-place retirement savings plan (57 percent). This is similar to the percentage of national workers who have a tax-qualified retirement savings plan outside of work (57 percent).
- Among five types of financial products, Texas workers who have saved for retirement or have other savings or investments are most likely to report having life insurance they purchased on their own (58 percent). More than half own stock or bond mutual funds (53 percent). They are less likely to say they own certificates of deposit (26 percent) or fixed or variable annuities (23 percent). These findings mirror the findings among workers nationwide.
- More than one-third of Texas workers admit they have cash in a safe place at home or safe deposit box (36 percent), a slightly higher proportion than among workers nationally (30 percent).

Who Texas Workers Turn To For Financial Guidance

- While Texas workers who save for retirement are most likely to say they use input from a spouse (84 percent) or the guidance of family, friends, or co-workers (60 percent) when making retirement savings and investment decisions, the source they find most helpful is the guidance of a financial professional (32 percent).
- Sixteen percent each find input from a spouse or guidance of family friends or co-workers most helpful, and 13 percent say written material received at work is most useful.

How Much They Know About Finances

- When it comes to rating their knowledge of investing and saving for retirement, Texas workers look remarkably like the general population. One in 10 workers rate their knowledge as comprehensive (9 percent), while 44 percent consider it to be general.
- Three in 10 rate it as limited (30 percent), and 16 percent say they know nothing about saving and investing.

Source: 2003 Texas Retirement Confidence Survey—EBRI/ASEC/Greenwald.