



RETIREMENT IN AMERICA

Retirement Confidence

Despite continuing financial uncertainty and worsening consumer confidence overall, the 2003 RCS finds that the percentage of workers who think they will have enough money to live comfortably in retirement has decreased only slightly from 23 percent in 2002 to 21 percent in 2003. Yet, there are strong indications of growing anxiety because of stock market losses and continuing economic turmoil. The percentage of workers *not at all* confident that they will have enough money saved for retirement jumped from 10 percent in 2002 to 16 percent in 2003. Interestingly, RCS data over the past 10 years shows that retirement confidence overall among workers is not directly related to how well the stock market is performing.

| | 1993 | 1996 | 1998 | 2000 | 2001 | 2002 | 2003 |
|----------------------|------|------|------|------|------|------|------|
| Very confident | 18% | 19% | 22% | 25% | 22% | 23% | 21% |
| Somewhat confident | 55 | 41 | 45 | 47 | 41 | 47 | 45 |
| Not too confident | 19 | 23 | 18 | 18 | 18 | 19 | 17 |
| Not at all confident | 6 | 16 | 13 | 10 | 17 | 10 | 16 |

Retirement Expectations

- The average worker today plans to retire at age 65. One-third of workers age 45 and over say that, in the past year, they have changed the age at which they plan to retire for financial reasons. Of these, 75 percent say they decided to retire at an older age and 25 percent say a younger age.
- The average retiree today retired at age 62. Four in 10 retirees left the work force earlier than they had planned (39 percent). Most left for unexpected reasons such as health problems or disability (50 percent) or changes at their company, such as downsizing or closure (23 percent).
- Workers tend to underestimate how much of their preretirement income they will need to live comfortably in retirement. Half of workers expect that they will need less than 70 percent of their preretirement income (49 percent). Only 16 percent anticipate needing 70 percent to 79 percent of their preretirement income to live comfortably, and fewer than 2 in 10 anticipate needing 80 percent or more (18 percent).
- Workers are most likely to expect that the largest share of their income in retirement will come from personal savings, either from money they or their spouse put into a retirement plan at work (12 percent) or from other personal savings outside of work (18 percent). Thirteen percent of workers say Social Security will be their largest source of retirement income vs. 44 percent of current retirees who say it is actually their largest source of income.

How Well Are Americans Saving?

- Two-thirds of workers report having personally saved for retirement (68 percent in 2003 vs. 67 percent in 2002). Three in 10 workers continue to say they have not saved for retirement (29 percent). Regardless of whether or not they have saved for retirement, half have no stocks or stock mutual funds, either inside or outside of a workplace retirement savings plan (48 percent).
- Fifty-four percent of nonsavers say they could save \$20 per week for retirement. Seventy-three percent of savers say they could save an extra \$20 per week for retirement. While this may not sound like a significant amount of money, \$20 saved each week equals \$1,040 over the course of one year. If you save this amount for 25 years, you could have over \$50,000 (assuming a 5 percent annual rate of return).

Percentage of Workers Who Say They Have Saved for Retirement

| | |
|------|-----|
| 1994 | 57% |
| 1995 | 58 |
| 1996 | 60 |
| 1997 | 66 |
| 1998 | 59 |
| 1999 | 68 |
| 2000 | 74 |
| 2001 | 65 |
| 2002 | 67 |
| 2003 | 68 |

Percentage of Workers Who Have Tried to Calculate How Much Money They Will Need to Save

| | |
|------|-----|
| 1993 | 32% |
| 1994 | 31 |
| 1995 | 32 |
| 1996 | 29 |
| 1997 | 33 |
| 1998 | 42 |
| 1999 | 45 |
| 2000 | 51 |
| 2001 | 39 |
| 2002 | 32 |
| 2003 | 37 |

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