

2013 RCS FACT SHEET #2

CHANGING EXPECTATIONS ABOUT RETIREMENT

Over the past few years, many American workers have begun to question their ability to secure a financially comfortable retirement. How, if at all, are workers adjusting their expectations about retirement to compensate?

Postponing Retirement

Twenty-two percent of workers in the 2013 Retirement Confidence Survey (RCS) say the age at which they expect to retire has increased in the past year. Workers most frequently cite the poor economy (22 percent), followed by lack of faith in Social Security or the government (19 percent) and the inability to afford retirement (19 percent) as reasons for postponing retirement (Figure 1 and 2).

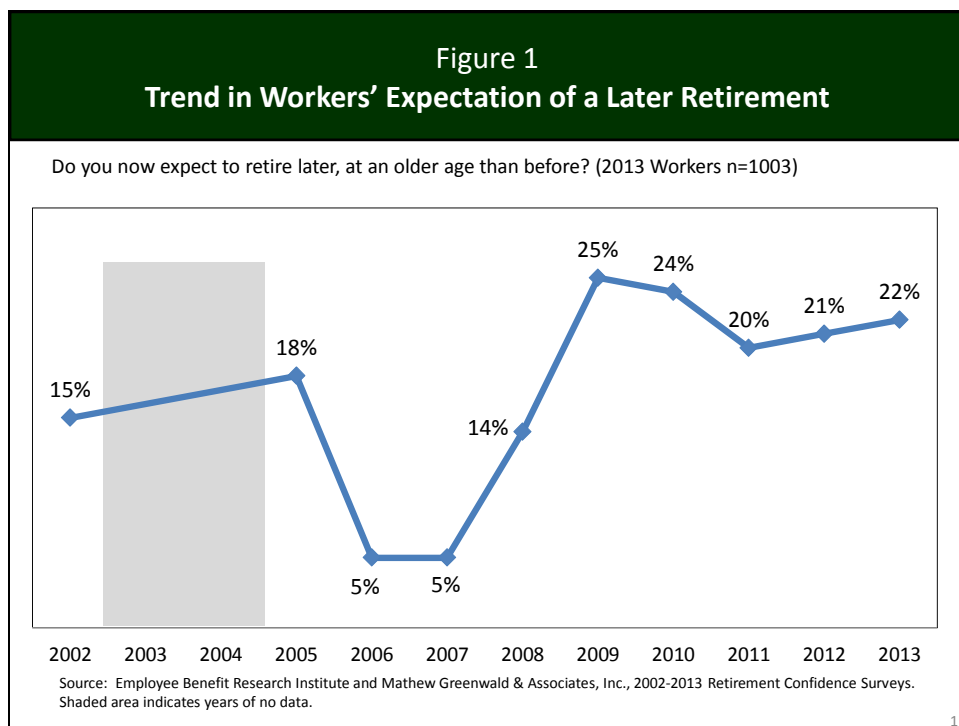
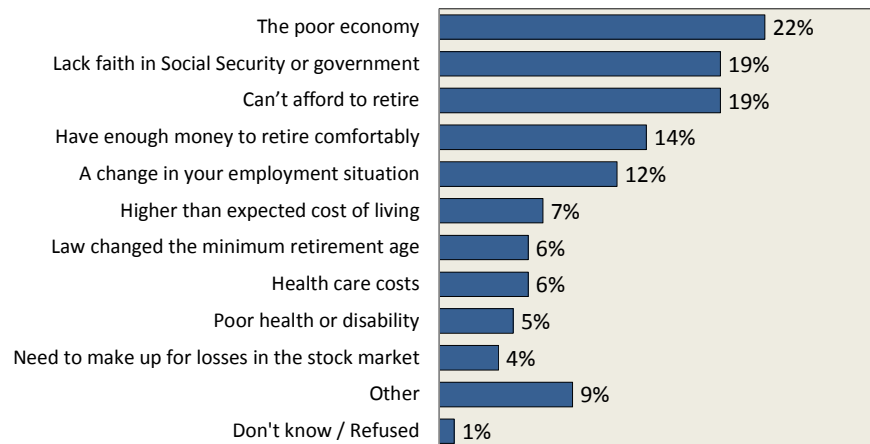


Figure 2
Top Reasons for Retirement Age Change

Why have you changed your expected retirement age? (2013 Workers whose retirement age changed n=268, Top mentions)



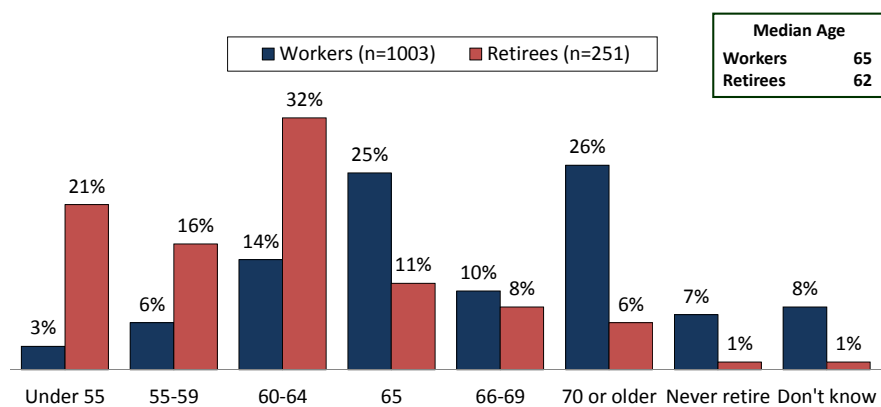
Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2013 Retirement Confidence Survey.

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The age at which workers expect to retire is slowly rising. In 1991, just 11 percent of workers expected to retire after age 65. In 2013, 36 percent of workers report they expect to wait until after age 65 to retire and 7 percent don't plan to retire at all. At the same time, the percentage of workers expecting to retire before age 65 is now half what it was two decades ago: down from 50 percent in 1991 to 23 percent in 2013 (Figure 3).

Figure 3
Expected Retirement Age

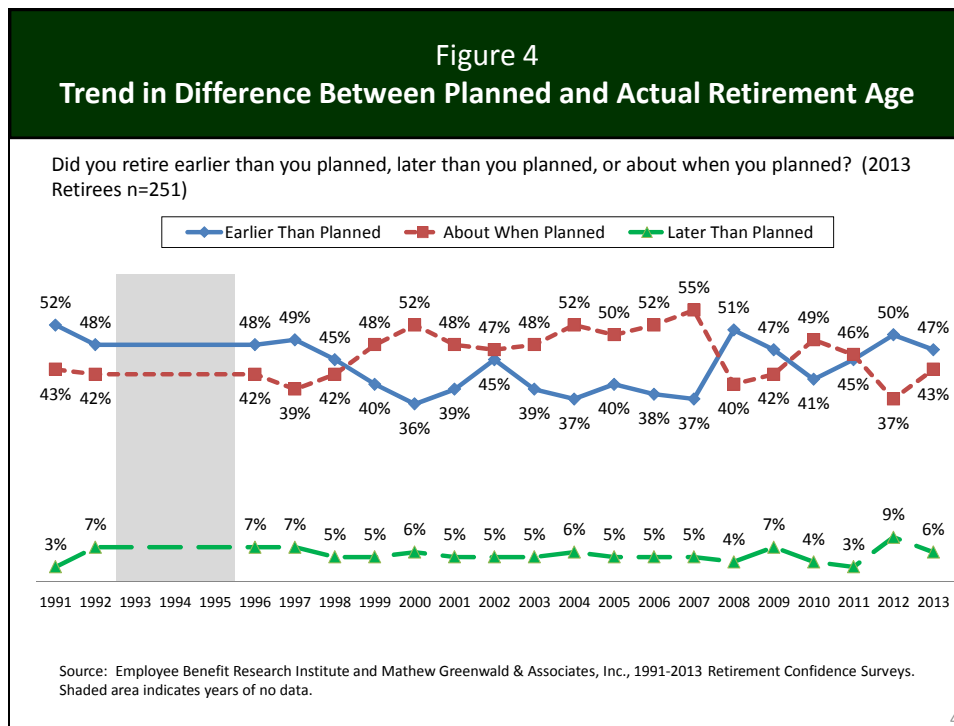
Realistically, at what age do you expect to retire?/How old were you when you retired?



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2013 Retirement Confidence Survey.

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In contrast to those expectations, a sizable proportion of retirees report each year that they retired sooner than they had planned (47 percent in 2013) (Figure 4). Those who retire early often do so for negative reasons, such as a health problem or disability (55 percent), but some simply state that they retired early because they could afford to do so (32 percent).



Working for Pay in Retirement

Sixty-nine percent of workers say they plan to work for pay after they retire. However, a much smaller proportion of retirees report having worked for pay since they retired (25 percent).

Moreover, there is a large discrepancy between worker confidence in having paid employment for as long as needed (29 percent very confident and 45 percent somewhat confident) and retiree confidence in finding paid employment should they need it in retirement (7 percent very confident and 21 percent somewhat confident). In fact, nearly half of retirees (48 percent) are not at all confident about finding paid employment in retirement (Figure 5).

Many workers are also planning to rely on income from employment to support them in retirement. Three-quarters of workers say that employment will provide them (and their spouse) with a major (21 percent) or minor (54 percent) source of income in retirement (Figure 6).

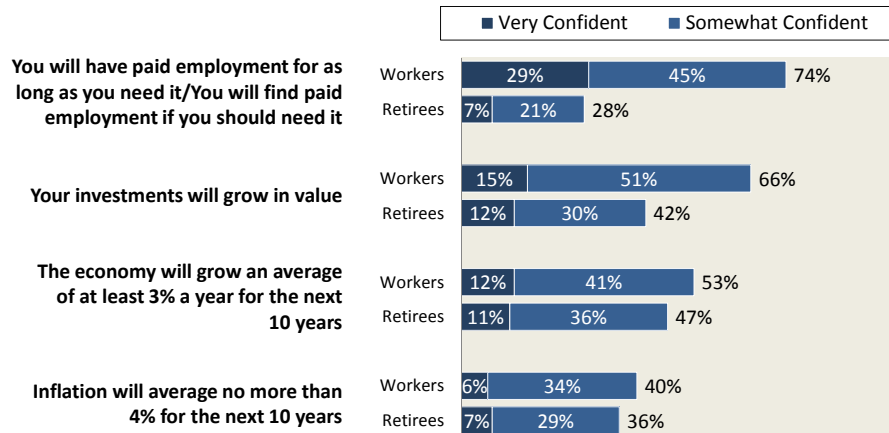
Sources of Income in Retirement

More so than current retirees, workers are likely to anticipate piecing together their retirement income from several sources. Since 2007, an increasing share of retirees (70 percent in 2013) has indicated that Social Security is a major source of income in retirement (Figure 7). In addition to Social Security, retirees also rely heavily on traditional pension plans (Figure 8).

Meanwhile, more than half of workers say they will rely on Social Security (77 percent), employment (75 percent), employer-sponsored retirement savings plans (72 percent), IRAs (68 percent), other personal savings (64 percent), and traditional pension plans (57 percent) for retirement income.

Figure 5
Confidence in Economic Situation

How confident are you that.... (2013 Workers n=1003, Retirees n=251)

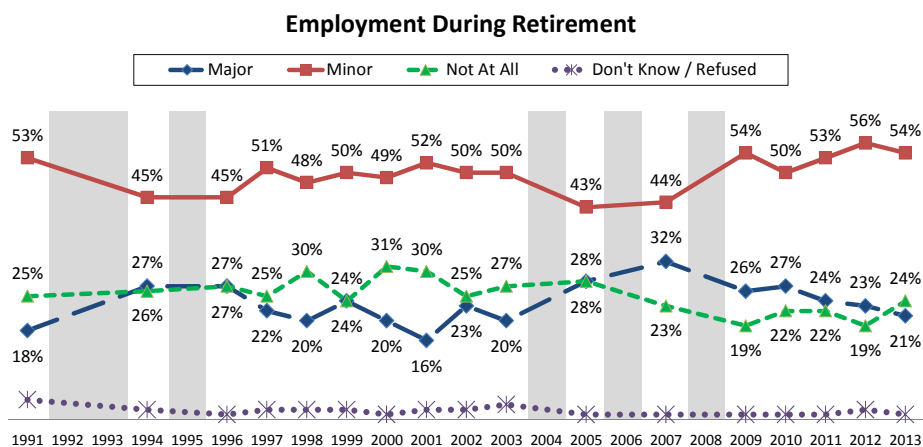


Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2013 Retirement Confidence Survey.

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Figure 6
Trend in Workers' Expectation of Employment During Retirement

Do you expect the following will be a major source of income, a minor source of income, or not a source of income in your (and your spouse's) retirement? (2013 Workers who plan to retire n=931)

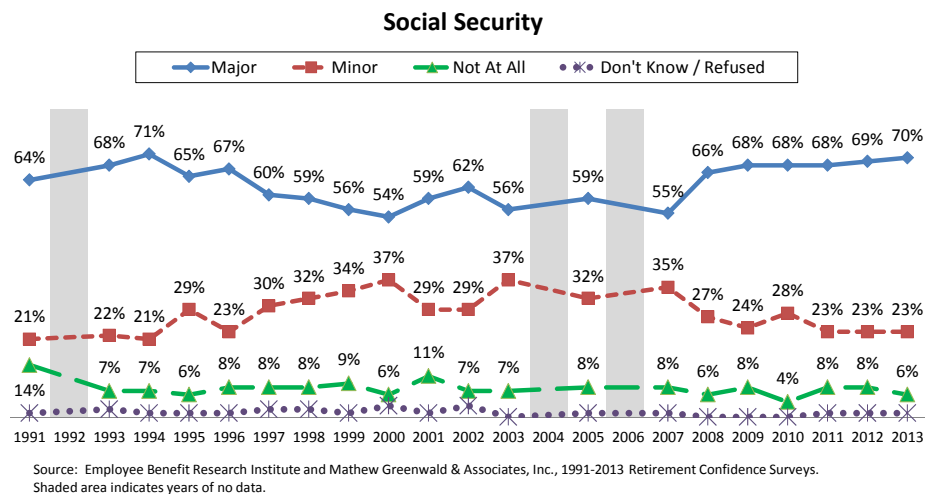


Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1991-2013 Retirement Confidence Surveys.
Shaded area indicates years of no data.

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Figure 7
Trend in Social Security as an Income Source for Retirees

Is the following a major source of income, a minor source of income, or not a source of income in your (and your spouse's) retirement? (2013 Retirees n=251)

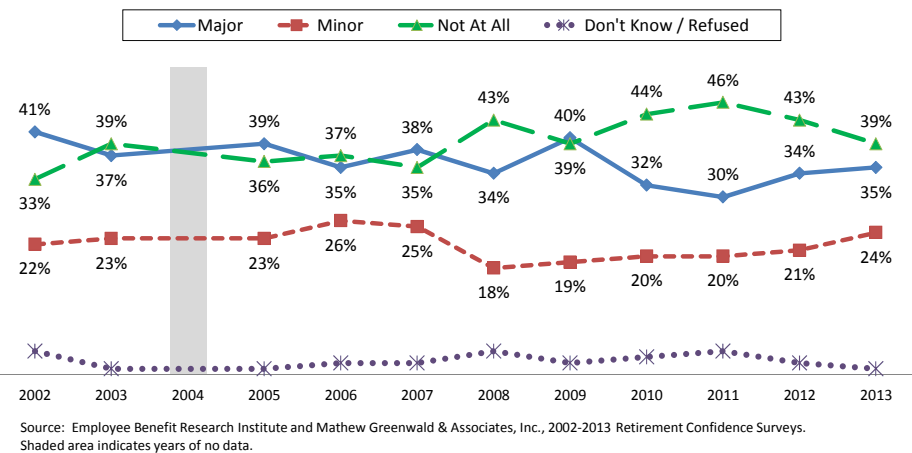


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Figure 8
Trend in Traditional Pension as an Income Source for Retirees

Is the following a major source of income, a minor source of income, or not a source of income in your (and your spouse's) retirement? (2013 Retirees n=251)

Employer-sponsored traditional pension or cash balance plan



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