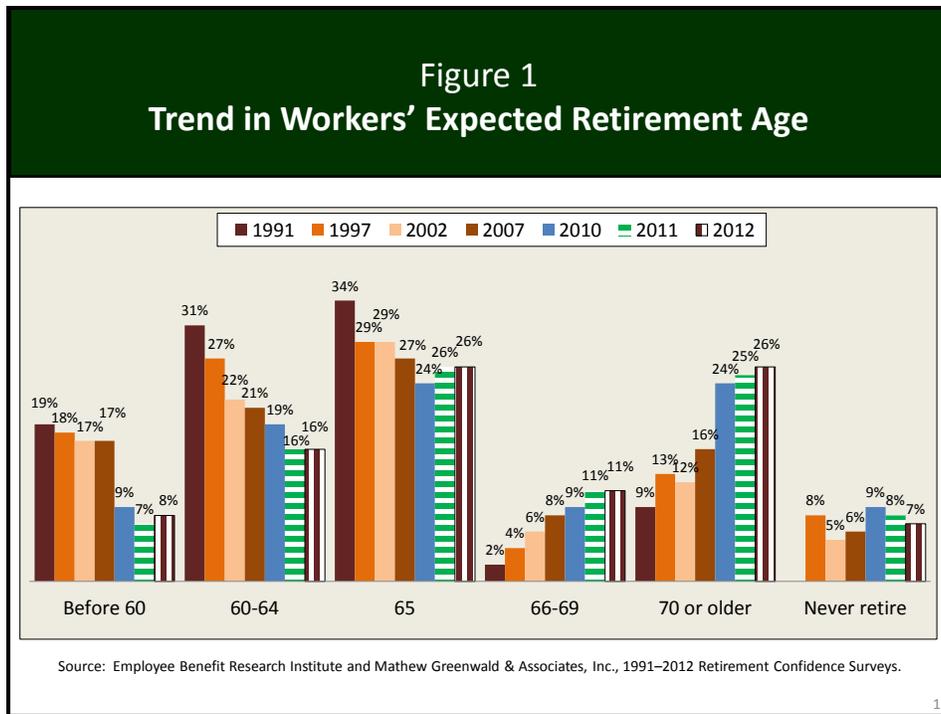


CHANGING EXPECTATIONS ABOUT RETIREMENT

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?

Postponing Retirement

The age at which workers expect to retire is slowly rising. In 1991, just 11 percent of workers expected to retire after age 65. Twenty-one years later, in 2012, 37 percent of workers report they expect to wait until after age 65 to retire. At the same time, the percentage of workers expecting to retire before age 65 has decreased from 50 percent in 1991 to 24 percent (Figure 1).

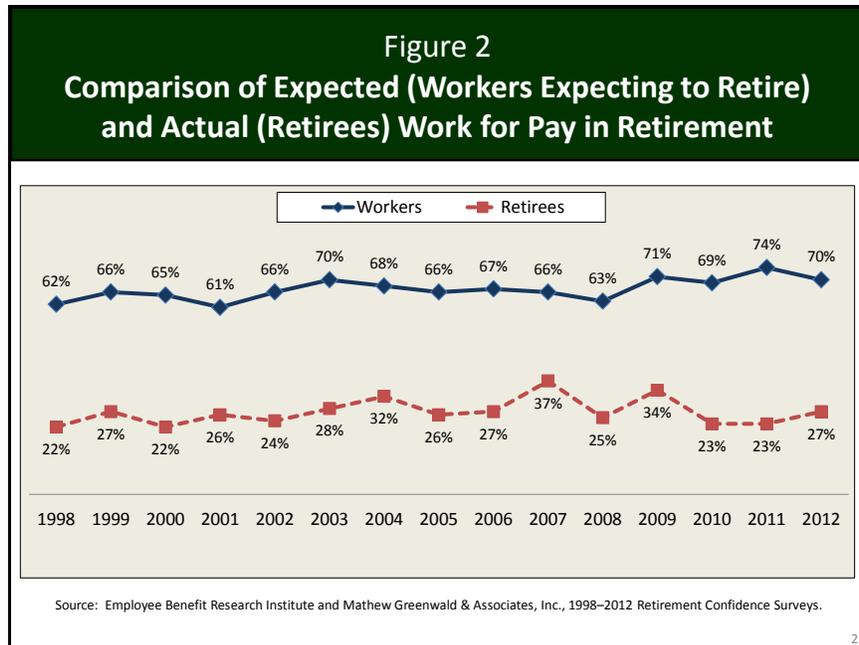


The 2011 RCS found that the poor economy (36 percent), lack of faith in Social Security or the government (16 percent) and a change in employment situation (15 percent) were the most frequently cited reasons for postponing retirement.

A sizable proportion of retirees report each year that they retired sooner than they had planned (50 percent in 2012). Those who retire early often do so for negative reasons, such as a health problem or disability (51 percent) or company downsizing or closure (21 percent).

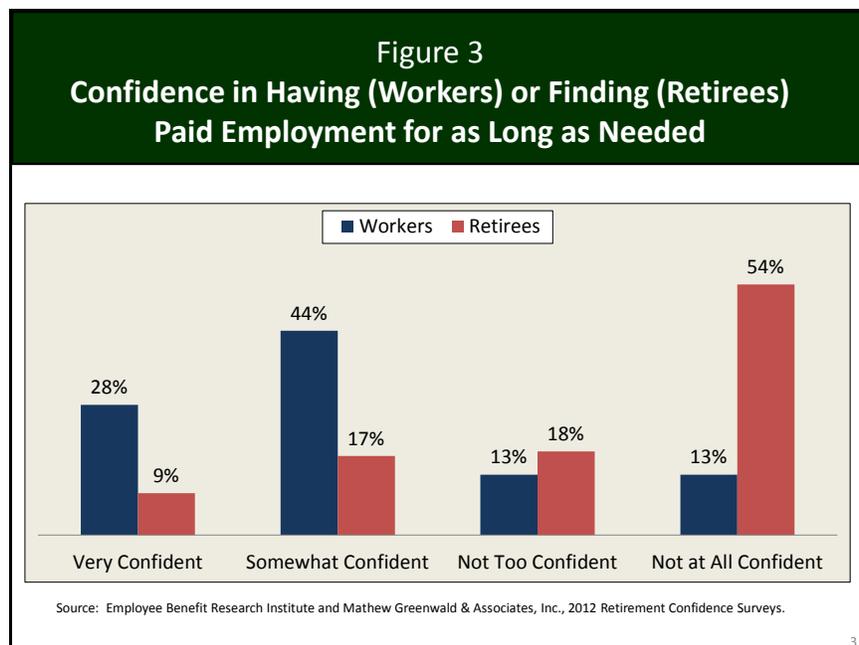
Working for Pay in Retirement

Seventy 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 after retirement (27 percent) (Figure 2, next page).



Moreover, there is a large discrepancy between worker confidence in having paid employment for as long as needed (28 percent very confident and 44 percent somewhat confident) and retiree confidence in finding paid employment should they need it in retirement (9 percent are very confident and 17 percent somewhat confident in that regard). In fact, more than half of retirees (54 percent) are not at all confident about finding paid employment in retirement (Figure 3).

Large majorities of retiree respondents to the 2010 RCS who worked in retirement cited wanting to stay active and involved (92 percent) and enjoying working (86 percent), as reasons for doing so. However, almost all retirees who worked in retirement name at least one financial reason for doing so, such as wanting money to buy extras (72 percent), a decrease in the value of their savings or investments (62 percent), needing money to make ends meet (59 percent), and keeping health insurance or other benefits (40 percent).



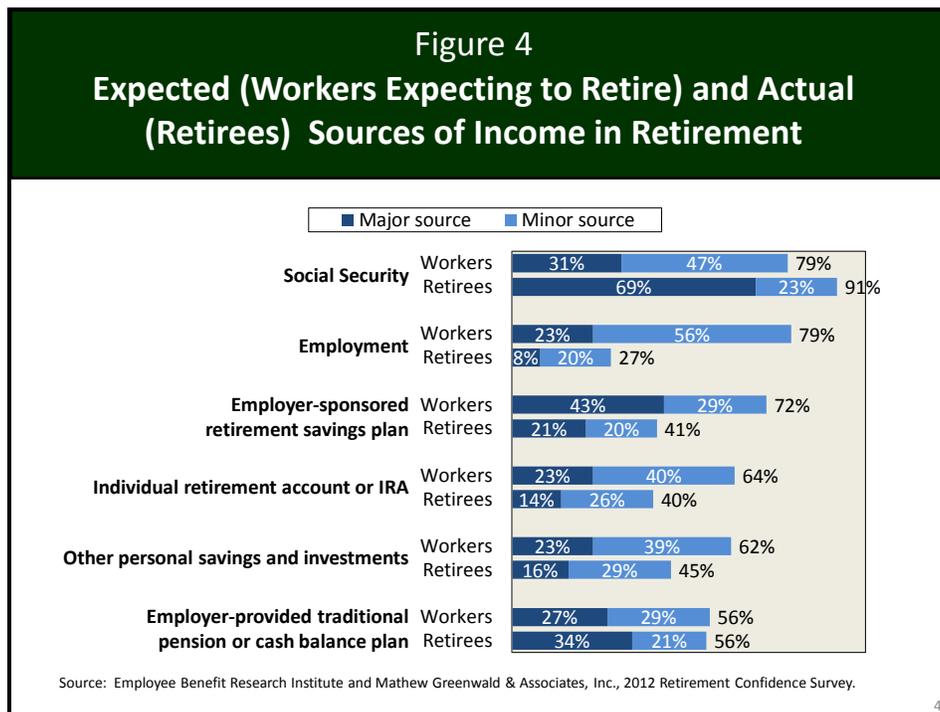
Many workers are also planning to rely on income from employment to support themselves in retirement. Eight in 10 workers say that employment will provide them (and their spouse) with a major (23 percent) or minor (56 percent) source of income in retirement.

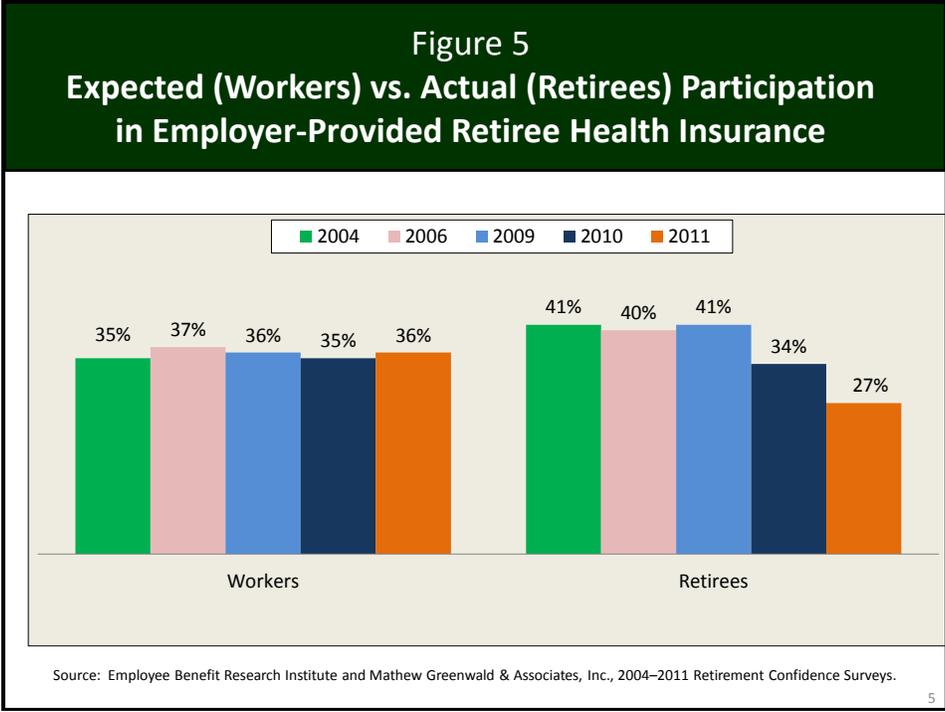
Sources of Income in Retirement

More so than current retirees, workers are likely to anticipate piecing together their retirement income from several sources. While retirees are most likely to indicate that Social Security (91 percent) and traditional pension plans (56 percent) are sources of retirement income, more than half of current workers say they will rely on Social Security (79 percent), employment (79 percent), employer-sponsored retirement savings plans (72 percent), IRAs (64 percent), other personal savings (62 percent), and traditional pension plans (56 percent) for their retirement income (Figure 4).

Although workers remain as likely to expect income from a defined benefit pension plan as retirees are to receive it (56 percent of workers, 56 percent of retirees), the percentage of workers expecting income from such a plan remains below the high of 62 percent who expected that in 2005.

The lack of employer-provided retiree health insurance may result in unanticipated expenses in retirement. In the 2011 RCS, one-third of workers reported that they expected to receive this type of insurance from an employer (36 percent), making workers more likely to expect post-retirement health insurance than their retiree counterparts indicated they actually received it (27 percent) (Figure 5, next page).





###

2012 RCS—FS 23