

2004 RCS FACT SHEET

**ATTITUDES & BEHAVIORS OF
 WORKERS AND RETIREES**

Most Important Savings Goals

Thirty-one percent of American workers with savings or investments save only for retirement, and another 17 percent say retirement is their most important savings goal. This is what workers and retirees who have non-retirement savings or investments say is their “most important savings goal”:

**Figure 1
 Most Important Savings Goals**

	Worker	Retiree
Finance retirement	25%	8%
Live comfortably/Enjoy life	15	40
Pay for education	14	—
Save money/pursue investments	8	5
Home purchase or renovation	8	—
Be debt-free	4	2
Money for an emergency	2	5
Pay for healthcare/medications	1	3
Other	6	5
No particular savings goals	6	12

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2004 Retirement Confidence Survey.

- When asked if they are willing to cut back on their spending today so that they can have more money to spend in retirement, 23 percent of workers said they are very willing, 38 percent said somewhat willing, 19 percent said not too willing, and 15 percent not at all willing.
- Interestingly, there seems to be no real “demographic” difference (e.g., income, age, sex, etc.) between workers who say they are *willing* to cut back spending today to have more money in retirement later and those who are *not willing*.
- The reasons most cited by workers—*willing* and *not willing*—for not being able to cut back spending are similar: they cannot afford to cut back; they have other priorities; or they are already saving enough.

**Figure 2
 Where People Keep Their Money (Among Those With Savings and Investments)**

Bank or thrift accounts, such as checking or savings accounts	93%
Stock or bond mutual funds	49
Individual stocks, including stock of an employer	39
Individual bonds, including U.S. savings bonds	36
Cash in a safe place at home or safe deposit box	30
Certificates of deposit	28
Real estate other than your primary residence	29
Fixed or variable annuities	23
Other	9

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 2004 Retirement Confidence Survey.

- Half of workers report that an employer contributed money to a retirement account in their name or their spouse’s name last year (51 percent).
- Three-fourths of employed respondents indicate that their current employer offers them a retirement savings plan that allows them to make before-tax contributions, such as a 401(k), 403(b), or 457 plan (73 percent). Of those offered such a plan, more than three-fourths say they contribute money to the plan (82 percent) and less than 3 in 10 of these respondents report increasing the percentage of their salary that they contribute within the past year (27 percent).

Social Security & Medicare

- Many of today’s workers will not be eligible to receive Social Security benefits without a reduction for early retirement until they are 67, but most continue to be unaware of the phased increase in the normal retirement age from 65 to 67.
- Half expect to reach eligibility for unreduced benefits sooner than they actually will (54 percent). Many of these incorrectly expect to be eligible for these retirement benefits at age 65 (32 percent of all workers), but some believe they will be eligible even before age 65 (21 percent).
- Only 19 percent are able to give the correct age at which they will be eligible for unreduced retirement benefits, and 5 percent believe they will be eligible later than they actually will be. Two-in-10 workers say they do not know when they will be eligible to receive benefits from Social Security without a reduction for early retirement (21 percent).
- Most individuals continue to be *not too* or *not at all* confident that Social Security and Medicare will continue to provide benefits of at least equal value to the benefits retirees receive today.

Figure 3
Percentage of Workers Who Say They Are Confident That the Social Security System Will Continue to Provide Benefits of at Least Equal Value to the Benefits Received by Retirees Today

	1993	1996	1998	2000	2001	2002	2003	2004
Very confident	4%	3%	6%	7%	8%	6%	7%	7%
Somewhat confident	9	17	16	21	26	25	26	28
Not too confident	41	40	31	39	33	38	35	31
Not at all confident	33	38	44	33	32	30	31	32

Source: Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates, Inc., 1993–2004 Retirement Confidence Surveys.

Source: Retirement Confidence Survey—Employee Benefit Research Institute, American Savings Education Council, and Mathew Greenwald & Associates.