



2008 RCS FACT SHEET

SAVING FOR RETIREMENT IN AMERICA

While retirement confidence is at an all-time low, savings remain modest and most workers underestimate their retirement needs.

Retirement Confidence

- The 2008 Retirement Confidence Survey[®] (RCS) finds that the percentage of workers who are *very* confident about having enough money to live comfortably in retirement has dropped significantly to 18 percent. This matches the low point observed in 1993 when 18 percent of workers were *very* confident (Figure 1).

Figure 1

Confidence in Having Enough Money to Live Comfortably Throughout Retirement, 1993–2008

	1993	1998	2000	2003	2004	2005	2006	2007	2008
Very confident	18%	22%	25%	21%	24%	25%	24%	27%	18%
Somewhat confident	55	45	47	45	44	40	44	43	43
Not too confident	19	18	18	17	18	17	17	19	21
Not at all confident	6	13	10	16	13	17	14	10	16

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1993–2008 Retirement Confidence Surveys.[®]

- Thirty-three percent of workers who have not saved for retirement nonetheless feel *very* or *somewhat* confident that they will have a comfortable retirement.

How Well Are Americans Saving?

- Seventy-two percent of workers report that they and/or their spouse have saved money for retirement. The proportion of workers having saved for retirement has fallen since a high-mark in 2000 (78 percent) and has remained fairly constant since then at about 70 percent (Figure 2).

Figure 2

Percentage of Workers Who Say They and/or Their Spouse Have Saved for Retirement, 1994–2008^a

1994	1998	2000	2003	2004	2005	2006	2007	2008
57%	59%	78%	71%	68%	69%	70%	66%	72%

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1994–2008 Retirement Confidence Surveys.[®]

^a The addition of the phrase “and/or your spouse” to the question wording for married respondents starting in 1999 is responsible for approximately 4 to 5 percentage points of the increase between 1998 and 1999.

Reported Savings:

- As would be expected, older workers tend to have saved more than younger workers, but overall savings levels tend to be modest. Forty-nine percent of workers report less than \$25,000 in total savings and investments (excluding their home and defined benefit plans) (Figure 3).

Figure 3
Reported Total Savings and Investments
Among Those Providing a Response
(not including value of primary residence or defined benefit plans)

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
Less than \$10,000	36%	49%	33%	29%	28%
\$10,000–\$24,999	13	18	13	11	8
\$25,000–\$49,999	12	14	12	13	7
\$50,000–\$99,999	12	13	12	10	16
\$100,000–\$249,999	15	4	21	18	18
\$250,000 or more	12	2	8	20	23

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2008 Retirement Confidence Survey.[®]

Factors in Saving:

- Education and (not surprisingly) income tend to be major factors in whether workers save for retirement. Moreover, married workers and those who have attempted a retirement savings needs calculation are more likely than their counterparts to have saved (Figure 4).
- Somewhat surprisingly, workers who expect to work in retirement and those who do not expect to work in retirement are equally likely to report having saved for retirement (Figure 4).

Figure 4
Workers Who Report Having Saved for Retirement by Key Characteristics

	Percentage of all workers who have saved for retirement
Education:	
High school or less	61%
Some college	68
Bachelors degree or more	91
Household Income:	
Less than \$35,000	39
\$35,000–\$74,999	73
\$75,000 or more	93
Marital Status:	
Married	78
Not married	62
Done Household Needs Calculation:	
Yes, have done calculation	90
No, have not	57
Expecting to Work During Retirement:	
Yes, expect to work	75
No, do not expect to work	70

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2008 Retirement Confidence Survey.[®]

Expected Sources of Retirement Income:

- Forty-four percent of workers expect an employer-sponsored retirement savings plan to be a major source of income in retirement. Roughly 30 percent of workers expect Social Security (31 percent), other personal savings or investments (30 percent), and a pension (29 percent) each to be major sources of retirement income (Figure 5).
- Workers who have saved for retirement are more likely than non-savers to expect major retirement income from workplace or personal savings, pensions, and IRAs. Conversely, non-savers are more likely to say Social Security will be a major source of retirement income (Figure 5).

Figure 5
Expected Major Sources of Retirement Income

	All Workers	Have Saved for Retirement	
		Yes	No
An employer-sponsored retirement savings plan, such as a 401(k)	44%	52%	24%
Social Security	31	24	48
Other personal savings or investments, not in a work-related retirement plan	30	33	21
An employer-provided traditional pension or cash balance plan	29	32	19
An Individual Retirement Account or IRA	26	31	16

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2008 Retirement Confidence Survey.[®]

Expecting Work-place Retirement Benefits:

- Fifty-nine percent of workers say money from a defined benefit pension plan will provide them with income in retirement, while 34 percent expect employer-provided retiree health insurance. Although those who currently have a traditional pension plan are more likely than those who do not to expect employer-provided benefits in retirement, substantial portions of those currently without a pension also expect to receive these benefits (Figure 6).

Figure 6
Workers Expecting to Receive Employer-Provided Retirement Benefits

	All Workers	Currently Have Traditional Pension Plan	
		Yes	No
Money from a workplace retirement savings plan	74%	87%	65%
Money from a defined benefit plan	59	84	41
Retiree health insurance	34	47	24

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2008 Retirement Confidence Survey.[®]

Do Americans Know How Much to Save?

- Forty-seven percent of workers have taken the time and effort to complete a retirement needs calculation—the basic planning step that can help individuals determine how much money they are likely to need in retirement and how much they will need to save to meet that goal (Figure 7).
- The percentage of workers who have done this calculation is higher than the 42 percent measured in 2005–2006 (Figure 7).

Figure 7
Percentage of Workers and/or Their Spouses Who Have Done a Retirement Needs Calculation, 1993–2008^b

1993	1998	2000	2003	2004	2005	2006	2007	2008
32%	42%	53%	43%	42%	42%	42%	43%	47%

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1993–2008 Retirement Confidence Surveys.[®]

^b The addition of the phrase “and/or your spouse” to the question wording for married respondents starting in 1999 is responsible for approximately 4 to 5 percentage points of the increase between 1998 and 1999.

Amount of Savings Needed:

- Forty-two percent of workers think they need to accumulate at least \$500,000 by the time they retire to live comfortably in retirement. Sixteen percent feel they need between \$250,000 and \$499,999, while 25 percent think they need to save less than \$250,000 for a comfortable retirement (Figure 8).
- Workers who have performed a retirement needs calculation (27 percent) are over two times more likely than those who have not (11 percent) to expect they will need to accumulate at least \$1 million before retirement (Figure 8).

Figure 8
Amount of Savings Workers Say They Need for Retirement

	All Workers	Did Retirement Needs Calculation	
		Yes	No
Less than \$250,000	25%	17%	33%
\$250,000–\$499,999	16	18	15
\$500,000–\$999,999	23	25	22
\$1 million–\$1.9 million	11	17	7
\$2 million or more	7	10	5
Don't know/Don't remember	12	8	15

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2008 Retirement Confidence Survey.[®]