

2005 RCS FACT SHEET

AGE COMPARISONS AMONG WORKERS

The 15th annual Retirement Confidence Survey (RCS) provides evidence to support the intuitive argument that the closer people are to retirement, the more likely they are to take steps to ensure they have a secure retirement. Comparing this year's data with data from the 1995 RCS also suggests that workers today, especially workers ages 25–34, are doing at least as well as workers of similar ages 10 years ago on two key measures of planning and saving for retirement.

Saving for Retirement

- Probably because they are closer to retirement, workers ages 35 and older are more likely than those ages 25–34 to say they (and/or their spouse) have saved for retirement. However, this does not mean that younger workers are behind when it comes to having saved for retirement. While small sample sizes¹ and slight wording changes² make a firm determination difficult, today's workers ages 25–34 may be more likely than workers of the same age 10 years ago to say they have saved.

Figure 1
Percentage of Workers Saying They Have Saved for Retirement, 1995 and 2005

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
1995	58%	47%	60%	69%	63%
2005	69	60	71	73	71

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1995 and 2005 Retirement Confidence Surveys.

- While workers ages 35 and older are more likely than younger workers to say they (and/or their spouse) are *currently* saving for retirement, approximately one-third of workers ages 35 and older are *not* currently saving.
- About half of all nonretired respondents in the RCS (regardless of age group) say they are offered a workplace retirement savings plan, such as a 401(k), by an employer. Roughly 4 in 10 in each age group report they contribute to this type of plan.
- The likelihood of reporting household ownership of an individual retirement account (IRA) opened with money saved outside of an employer's retirement plan (not including rollovers from work plan savings) is higher among those age 45 and over. However, much of this difference may be explained by the fact that older workers tend to have higher household incomes. Workers of equal income appear equally likely to have an IRA opened with non-workplace savings regardless of age.

Figure 2
Selected Retirement Savings Indicators

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
Currently saving for retirement	62%	53%	67%	65%	66%
Contribute to a workplace retirement savings plan	42	40	44	45	36
Have an IRA opened with money saved outside of an employer's retirement plan	31	25	27	38	38

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2005 Retirement Confidence Survey.

¹ The margin of error for each age group varies with the size of the group and the percentage measured, but ranges from approximately 6 to 8 percentage points at the 95 percent confidence level.

² 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.

- Most workers have little put away in savings and investments, but older workers are more likely than their younger counterparts to report higher amounts of assets. However, those ages 45–54 and those age 55 and over are statistically equally likely to report each asset category.

Figure 3
**Reported Total Savings and Investments
(Not Including Value of Primary Residence)**

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
Less than \$25,000	52%	70%	50%	41%	39%
\$25,000–\$49,999	13	12	15	14	12
\$50,000–\$99,999	11	9	14	13	7
\$100,000–\$249,999	12	5	10	17	23
\$250,000 or more	11	4	10	16	19

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2005 Retirement Confidence Survey.

Calculating Retirement Accumulation Needs

- Not surprisingly, older workers are more likely than younger workers to indicate they have tried to calculate how much money they will need to have saved by the time they retire so that they can live comfortably in retirement. In addition, workers age 45 and older today appear to be more likely to have done this calculation than workers the same age in 1995.
- Despite approaching retirement age, half of workers age 55 and older have not tried to do a retirement savings needs calculation.

Figure 4
**Percentage of Workers Having Tried to Calculate How Much
Money They Will Need to Save for Retirement, 1995 and 2003^a**

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
1995	32%	26%	35%	35%	28%
2005	42	34	41	48	48

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1995 and 2005 Retirement Confidence Surveys.

^aThe 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.

- Younger workers tend to be more likely than older workers to think they will need to accumulate higher amounts for retirement, perhaps because they differ about their expected income sources in retirement.

Figure 5
Amount of Savings Needed for Retirement

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
Under \$250,000	32%	26%	30%	35%	38%
\$250,000–\$499,999	21	22	20	21	23
\$500,000–\$999,999	18	23	20	17	12
\$1 million–\$1.49 million	8	7	10	9	5
\$1.5 million or more	7	13	7	4	4
Don't know/Don't remember	10	8	11	9	14
Refused	2	0	1	3	3

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2005 Retirement Confidence Survey.

Retirement Expectations

- Workers of all ages appear to be planning to retire later, on average, than similarly aged workers were in 1995. In particular, the percentage planning to retire at age 66 or older has increased for almost every age group. However, the median (midpoint) expected age of retirement remains 65 years.

Figure 6
Expected Age at Retirement, 1995 and 2005

	All Workers		Ages 25–34		Ages 35–44		Ages 45–54		Ages 55+	
	1995	2005	1995	2005	1995	2005	1995	2005	1995	2005
Less than 60	21%	16%	25%	24%	24%	15%	16%	14%	7%	6%
Ages 60–64	24	19	19	15	25	14	28	20	26	31
Age 65	35	26	38	28	32	30	39	25	31	19
Age 66 or older	15	24	12	19	16	28	11	26	25	24
Never retire	—	6	—	6	—	4	—	8	—	8
Don't know/refused	5	9	5	9	3	8	6	7	11	11
<i>Median age</i>	65	65	65	65	63	65	65	65	65	65

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1995 and 2005 Retirement Confidence Surveys.

- Workers ages 25–54 (67 percent) are more likely than those age 55 and older (58 percent) to expect to work in retirement.
- Younger workers are more likely than older workers to expect that they (and/or their spouse) will receive benefits from a workplace retirement savings plan when they retire. In general, workers of different ages seem equally likely to expect to receive benefits from a defined benefit plan or retiree health insurance. However, given the current decline in defined benefit and retiree health insurance benefits, some workers—particularly younger workers—could be counting on benefits they may not receive.

Figure 7
Workers Expecting to Receive Employer-Provided Retirement Benefits

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
Money from a workplace retirement savings plan	69%	79%	73%	66%	51%
Retiree health insurance	40	40	40	44	33
Money from a defined benefit plan	33	34	37	29	33

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2005 Retirement Confidence Survey.

- Younger workers are more likely than older workers to expect that their largest source of retirement income will come from some form of personal savings or employment. On the other hand, older workers are more likely to expect that Social Security will provide the largest share of their income in retirement.

Figure 8
Largest Expected Source of Income in Retirement

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
A workplace retirement savings plan, such as a 401(k), tax deferred annuity or 403(b), or 457 plan	21%	26%	27%	15%	12%
Other personal savings or investments that are not in a work-related retirement plan, such as individual IRAs, mutual funds, CDs, or annuities	18	22	17	19	15
Social Security	18	7	16	22	33
An employer-provided pension that pays you a set amount each month for life in retirement	16	12	15	18	20
Employment	14	26	14	10	5
The sale or refinancing of your home	3	1	3	3	6
An inheritance	3	2	5	2	2
A lump-sum distribution from an employer-provided cash balance or defined benefit plan	2	1	2	2	2
Support from your children or other family members	1	<.5	2	0	2
Don't know/Refused	3	3	<.5	9	3

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2005 Retirement Confidence Survey.

Retirement Confidence

- Younger workers are as likely as older workers to say they are *very* confident about many financial aspects of retirement, but they are less likely to be *very* confident that the Social Security and Medicare systems will continue to provide benefits of at least equal value to the benefits received by retirees today.

Figure 9
Percentage Very Confident in Financial Aspects of Retirement

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
You will have enough money to live comfortably throughout your retirement years	25%	26%	25%	26%	20%
You will have enough money to take care of basic expenses during retirement	35	35	35	35	35
You are doing a good job of preparing financially for retirement	26	26	24	27	25
Your retirement savings will last throughout retirement	23	24	20	25	22
You will have enough money to take care of medical expenses during retirement	20	21	19	20	19
You will have enough money to pay for long-term care during retirement	17	15	16	20	17
The Social Security system will continue to provide benefits of at least equal value to the benefits received by retirees today	8	3	5	12	16
The Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today	7	3	5	11	12

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2005 Retirement Confidence Survey.

Source: 2005 Retirement Confidence Survey—Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc. On the Internet at www.ebri.org/rccs, and www.greenwaldresearch.com