

2009 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 2009 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 an all-time low of 13 percent. The previous low point of 18 percent was observed both in 1993 and 2008 (Figure 1).

Figure 1
Confidence in Having Enough Money to Live Comfortably Throughout Retirement, 1993–2009

	1993	1994	1999	2004	2005	2006	2007	2008	2009
Very confident	18%	20%	22%	24%	25%	24%	27%	18%	13%
Somewhat confident	55	45	47	44	40	44	43	43	41
Not too confident	19	17	21	18	17	17	19	21	22
Not at all confident	6	17	9	13	17	14	10	16	22

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1993–2009 Retirement Confidence Surveys.

- Thirty-one 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-five percent of workers report that they and/or their spouse have saved money for retirement. The proportion of workers saying they have saved for retirement has increased since 2007 (66 percent) and is the highest it has been since 2000 (78 percent) (Figure 2).

Figure 2
Percentage of Workers Who Say They and/or Their Spouse Have Saved for Retirement, 1994–2009^a

1994	1999	2000	2004	2005	2006	2007	2008	2009
57%	73%	78%	68%	69%	70%	66%	72%	75%

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1994–2009 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. Fifty-three 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	40%	53%	37%	36%	30%
\$10,000–\$24,999	13	20	16	7	6
\$25,000–\$49,999	11	12	8	11	13
\$50,000–\$99,999	12	9	14	14	10
\$100,000–\$249,999	12	5	16	15	15
\$250,000 or more	12	2	9	17	26

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2009 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	66%
Some college	70
Bachelors degree or more	92
Household Income:	
Less than \$35,000	49
\$35,000–\$74,999	80
\$75,000 or more	93
Marital Status:	
Married	82
Not married	64
Done Household Needs Calculation:	
Yes, have done calculation	88
No, have not	64
Expecting to Work During Retirement:	
Yes, expect to work	75
No, do not expect to work	76

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2009 Retirement Confidence Survey.

Expected Sources of Retirement Income:

- Forty-two percent of workers expect an employer-sponsored retirement savings plan to be a major source of income in retirement. Almost a third of workers expect Social Security (32 percent) and a pension (28 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 savings, pensions, and IRAs. Conversely, non-savers are more likely to say Social Security and employment will be major sources 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)	42%	49%	20%
Social Security	32	26	51
An employer-provided traditional pension or cash balance plan	28	31	20
Employment	26	20	42
Other personal savings or investments, not in a work-related retirement plan	25	27	20
An Individual Retirement Account or IRA	24	28	13

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2009 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 36 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	75%	86%	67%
Money from a defined benefit plan	59	84	41
Retiree health insurance	36	54	23

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2009 Retirement Confidence Survey.

Do Americans Know How Much to Save?

- Forty-four 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 has remained about the same in recent years.

Figure 7
**Percentage of Workers and/or Their Spouses
 Who Have Done a Retirement Needs Calculation, 1993–2009^b**

1993	1994	1999	2004	2005	2006	2007	2008	2009
32%	31%	48%	42%	42%	42%	43%	47%	44%

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1993–2009 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 all workers think they need to accumulate at least \$500,000 by the time they retire to live comfortably in retirement. Nineteen percent feel they need between \$250,000 and \$499,999, while 28 percent think they need to save less than \$250,000 for a comfortable retirement (Figure 8).
- Workers who have performed a retirement needs calculation (23 percent) are twice as 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	28%	24%	30%
\$250,000–\$499,999	19	15	23
\$500,000–\$999,999	23	25	22
\$1 million–\$1.9 million	11	16	6
\$2 million or more	6	7	5
Don't know/Don't remember	11	8	13

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2009 Retirement Confidence Survey.