

## 2008 RCS FACT SHEET

### AGE COMPARISONS AMONG WORKERS

The 18th 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 1998 RCS suggests that workers today may be doing a better job of preparing for retirement than workers of similar ages 10 years ago.

#### Saving for Retirement

##### *Saved for Retirement:*

- Probably because they are closer to retirement, workers age 35 and older are more likely than those ages 25–34 to say they (and/or their spouse) have saved for retirement (Figure 1).
- In addition, it seems that workers of today are ahead when it comes to having saved for retirement. Taking into account a slight wording change,<sup>a</sup> today's workers, particularly those ages 35–44, may be more likely than workers of the same age 10 years ago to say they have saved for retirement (Figure 1).

Figure 1  
**Percentage of Workers Saying They Have Saved for Retirement, 1998 and 2008**

	All Workers	Ages 25–34	Ages 35–44	Ages 45–55	Ages 55+
1998	59%	52%	59%	66%	67%
2008	72	60	75	76	79

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1998 and 2008 Retirement Confidence Surveys.®

##### *Currently Saving for Retirement:*

- While workers ages 25 to 34 are less likely than workers age 45 and older to say they (and/or their spouse) are currently saving for retirement, 32 percent of workers age 45 and older are not currently saving (Figure 2).

Figure 2  
**Selected Retirement Savings Indicators**

	All Workers	Ages 25–34	Ages 35–44	Ages 45–55	Ages 55+
Currently saving for retirement	64%	55%	65%	69%	68%
Offered a work-place retirement savings plan (among those employed full or part time)	79	79	78	82	76
Contribute to work-place retirement savings plan (among those employed full or part time)	61	59	61	65	59
Have an IRA that includes money saved outside of an employer's retirement plan	40	34	38	44	46

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

<sup>a</sup> The addition of the phrase “and/or your spouse” to the question wording for married respondents starting in 1999 is responsible for approximately a 4 to 5 percentage point increase. Therefore, results from 1998 would be expected to be 4 to 5 percentage points higher than are shown.

- Seventy-nine percent of all employed respondents in the RCS (regardless of age group) say they are offered a work-place retirement savings plan, such as a 401(k), by an employer. Sixty-one percent report they contribute to this type of plan, with participation higher among workers ages 45–55 (Figure 2).
- The likelihood of reporting household ownership of an individual retirement account that includes money saved outside of an employer’s retirement plan (not including rollover from work plan savings) is higher among those aged 45 and over (Figure 2). 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 with non-workplace savings regardless of age.

**Modest Savings:**

- 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 (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 45–55	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.®

**Calculating Retirement Accumulation Needs**

- Despite approaching retirement age, half of workers age 45 and older have not tried to do a retirement savings needs calculation. Nevertheless, workers ages 55 or older are more likely than the youngest workers to indicate that 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 (Figure 4).
- Workers age 55 and older appear to be more likely to have done this calculation than workers the same age in 1998 (Figure 4).

**Figure 4  
Percentage of Workers Having Tried to Calculate How  
Much Money They Will Need to Save for Retirement<sup>a</sup>**

	All Workers	Ages 25–34	Ages 35–44	Ages 45–55	Ages 55+
1998	33%	28%	31%	38%	42%
2008	47	41	46	49	54

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1998 and 2008 Retirement Confidence Surveys.®

<sup>a</sup> 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.

**Savings Needed for Retirement:**

- Younger workers tend to be more likely than older workers to think they will need to accumulate higher amounts for retirement (Figure 5).

**Figure 5  
Amount of Savings Needed for Retirement**

	All Workers	Ages 25–34	Ages 35–44	Ages 45–55	Ages 55+
Less than \$250,000	25%	21%	25%	26%	31%
\$250,000–\$499,999	16	17	15	17	18
\$500,000–\$999,999	23	26	29	21	15
\$1 million–\$1.49 million	9	9	11	9	9
\$1.5 million or more	9	15	8	9	3
Don't know/Don't remember	12	12	10	12	14
Refused	2	<0.5	1	4	4

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

**Preferred Savings Tool:**

- When using a retirement plan provider tool to help figure out how much money they might need in retirement, younger workers are more likely than older workers to show a preference for more complex tools that provide a response tailored to their specific situation (Figure 6).

**Figure 6  
Preference for Complexity of Retirement Plan Provider Tool for Retirement Needs Calculations**

	All Workers	Ages 25–34	Ages 35–44	Ages 45–55	Ages 55+
A tool that asks for 7–10 pieces of detailed information and gives an answer to fit your personal situation	56%	70%	58%	49%	44%
A tool that asks for 3–4 pieces of basic information and gives an answer that fits most people like you	31	25	30	39	31
Neither	5	1	5	6	9
Don't know/Refused	8	4	8	5	16

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

- The majority of workers, regardless of age, prefer a retirement plan provider tool to give a range of answers based on different scenarios to one that gives a single answer based on the most likely scenario. Workers ages 25–34 (76 percent) are more likely than those ages 55 and older (65 percent) to prefer a range of answers.

**Roth 401(k):**

- Younger workers are more likely to express interest in a Roth 401(k) retirement savings plan than are older workers (Figure 7).

**Figure 7  
Interest in Roth 401(k) Retirement Savings Plan**

	All Workers	Ages 25–34	Ages 35–44	Ages 45–55	Ages 55+
Very interested	24%	32%	23%	21%	20%
Somewhat interested	38	45	43	37	26
Not too interested	13	10	14	13	14
Not at all interested	21	12	15	27	35

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

## Retirement Expectations

- Workers of all ages appear to be planning to retire later, on average, than similarly aged workers were in 1998. In particular, the percentage planning to retire at age 66 or older has increased for almost every age group (Figure 8).

Figure 8  
Expected Age at Retirement

	All Workers		Ages 25–34		Ages 35–44		Ages 45–55		Ages 55+	
	1998	2008	1998	2008	1998	2008	1998	2008	1998	2008
Less than 60	24%	11%	30%	19%	25%	10%	20%	10%	11%	2%
Ages 60–64	25	21	20	21	23	18	29	24	38	22
Age 65	25	24	25	25	25	29	23	23	22	18
Age 66 or older	9	30	7	21	10	32	10	28	12	38
Never retire	9	6	8	6	12	6	10	7	6	8
Don't know/Refused	8	7	10	6	5	5	8	7	10	11

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1998 and 2008 Retirement Confidence Surveys.<sup>®</sup>

- Sixty-five percent of workers under age 55 expect to work for pay after retirement, compared with 54 percent of workers age 55 or older.

### *Expecting Work-place Benefits:*

- Workers under age 55 are more likely than older workers to expect that they (and/or their spouse) will receive benefits from a work-place retirement savings plan (76 percent vs. 64 percent), defined benefit or cash balance plan (60 percent vs. 53 percent), or retiree health insurance (35 percent vs. 27 percent) when they retire (Figure 9).

Figure 9  
Workers Expecting to Receive Employer-Provided Retirement Benefits

	All Workers	Ages 25–34	Ages 35–44	Ages 45–55	Ages 55+
Money from a work-place retirement savings plan	74%	76%	78%	74%	64%
Money from a traditional pension or cash balance plan	59	58	64	58	53
Retiree health insurance	34	32	33	41	27

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2008 Retirement Confidence Survey.<sup>®</sup>

## Retirement Confidence

- Younger workers (under age 45) are statistically at least as likely as older workers to say they are *very* confident about many financial aspects of retirement, but they are less likely than workers age 55 and older to be *very* confident that Social Security will continue to provide benefits of at least equal value to the benefits received by retirees today. They are also less likely than workers age 45 and older to be *very* confident that Medicare will continue to provide benefits of at least equal value to the benefits received by retirees today (2 percent vs. 7 percent) (Figure 10).
- Workers ages 25–34 are less confident than workers of similar ages were 10 years ago about their ability to have a financially secure retirement. In particular, they are less confident about having enough money for a comfortable retirement and having enough to pay for basic expenses (Figure 10).

Figure 10  
**Percentage of Workers Very Confident in Financial Aspects of Retirement**

	All Workers	Ages 25–34	Ages 35–44	Ages 45–55	Ages 55+
You will have enough money to live comfortably throughout your retirement years					
2008	18%	18%	16%	21%	18%
1998	22	27	23	17	23
You will have enough money to take care of basic expenses during retirement					
2008	34	35	28	37	36
1998	35	42	30	33	40
You are doing a good job of preparing financially for retirement					
2008	23	23	19	27	24
1998	23	29	19	22	26
You will have enough money to take care of medical expenses during retirement					
2008	18	20	13	18	23
1998	18	26	15	15	20
You will have enough money to pay for long-term care during retirement					
2008	13	17	11	12	15
1998	12	17	10	10	12
The Social Security system will continue to provide benefits of at least equal value to the benefits received by retirees today					
2008	5	3	3	5	11
1998	6	3	5	8	15
The Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today					
2008	4	3	2	7	7
1998	4	2	3	6	10

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2008 Retirement Confidence Survey.<sup>®</sup>