

WORKERS' RETIREMENT PREPARATIONS: SAVERS VS. NONSAVERS

Retirement Confidence

Savers^a are more confident than nonsavers^b about their retirement prospects. Percentage who are very confident:

	Savers	Nonsavers
In having enough money to live comfortably throughout retirement	29%	7%
In having enough money to take care of basic expenses	48	13
In doing a good job of preparing financially for retirement	35	9
In having enough money for medical expenses	25	8
In having enough money to pay for long-term care should you need long-term care during your retirement	20	5

Amounts Accumulated for Retirement

Among respondents characterized as retirement savers, the amount accumulated for retirement, not surprisingly, tend to be larger.

	All Workers	Savers	Nonsavers
Nothing	19%	2%	55%
Less than \$5,000	8	7	11
\$5,000–\$9,999	6	6	5
\$10,000–\$24,999	10	13	4
\$25,000–\$49,000	7	10	1
\$50,000–\$99,999	8	11	2
\$100,000 or more	15	21	2
Don't know/refused	27	30	20

A Retirement Savings Needs Calculation?

- Forty-four percent of workers report that their household has tried to figure out how much it needs to save and accumulate to have a comfortable retirement.^c
- However, 30 percent cannot give an amount when asked how much they calculated was needed.
- Fifty percent say the calculation led to changes in their retirement planning.
 - Fifty-three percent of these started saving more.
 - Twenty-four percent changed the investment allocation of their money.

Can You Save \$20 (More) Per Week for Retirement?

- Forty-seven percent of nonsavers say they could save \$20 per week for retirement.
- Sixty-five percent of savers say they could save an extra \$20 per week for retirement.
- While this may not sound like a significant amount of money, \$20 saved each week equals \$1,040 over the course of one year. If you save this amount for 25 years, you could have over \$50,000 (assuming a 5 percent annual rate of return).

Source: 2001 Retirement Confidence Survey.

^aSavers are those who say that they and/or their spouses have *personally* saved for their retirement.

^bNonsavers are those who say that neither they nor their spouse have *personally* saved for their retirement.

^cThe 2001 RCS obtained two measurements of doing a retirement savings needs calculation. The first measured this activity in the same way as previous waves of the RCS. The second measurement (presented above) yielded more conservative results and was obtained from respondents who were asked about this activity after being asked a series of detailed questions about the components of a retirement needs calculation.