

WORKERS' RETIREMENT PREPARATIONS: SAVERS VS. NONSAVERS

Retirement Confidence

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

	Savers	Nonsavers
In having enough money to live comfortably throughout retirement	28%	12%
In doing a good job of preparing financially for retirement	30	10
In having enough money for medical expenses	19	11
In having enough money for basic expenses	40	16
In having enough money to support yourself in retirement, no matter how long you live	23	9

Savers: Motivators to Begin Saving for Retirement

Among retirement savers, percentage who feel the following gave them a lot of motivation to save:

Felt could not count on Social Security	53%
Started earning enough to be able to save	49
Have seen people not prepare and then struggle in retirement	48
Availability of a retirement plan at work	48
Realized time was running out to prepare	39
Advice of a financial professional	24
A family event (e.g., marriage, birth of child, parents' retirement)	21
Availability of educational material at work	18
Advice of family or friends	18
Newspaper/magazine articles, television	17

Nonsavers: Major Reasons for Not Saving

Among nonsavers, percentage who report the following are major reasons why they have not begun to save for retirement:

Too many current financial responsibilities	66%
Other savings goals (e.g., house or child's education)	36
No retirement savings plan at work	31
Expect to have a pension	26
Lots of time remains until retirement	24
Do not know where to start	18
Social Security will take care of me	16
Can't find savings/investment info that I understand and trust	15
Not confident in my ability to make good decisions about saving	13
Takes too much time and effort	7
Family members will help me out	6

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

- Fifty-seven percent of nonsavers say they could save \$20 per week for retirement.
- Sixty-nine 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: 1999 Retirement Confidence Survey.