

Script for Jack VanDerhei
2010 Retirement Confidence Survey
March 9, 2010

Good morning.

My name is Jack VanDerhei, research director at the Employee Benefit Research Institute. I will make some brief remarks about the survey results and then turn it over to Mathew Greenwald for a more detailed account of the survey findings.

Between 2007 and 2009, the RCS measured a rapid decline in confidence among both workers and retirees about their ability to secure a financially comfortable retirement—in fact, last year's survey measured the lowest confidence levels we've ever seen in the 20 years we've been doing this survey.

But perhaps because most Americans have begun to feel that the worst of the recession is behind us, in early 2010 the RCS finds that their confidence about retirement appears to be stabilizing.

This year, we found that 16 percent of workers now say they are *very* confident about having enough money for a comfortable retirement, and this is statistically equivalent to the 13 percent of workers who said this last year. At the same time, 46 percent of workers say they are *not too* or *not at all* confident they will have enough money to live comfortably, which is similar to the 44 percent in 2009.

Retiree confidence about having a financially secure retirement has also stabilized, with 19 percent now saying they are *very* confident they will have enough money for a comfortable retirement, and 39 percent saying they are *not* confident. These percentages are statistically equivalent to those observed last year.

Perhaps even better news is the fact that worker confidence about paying for basic expenses in retirement has rebounded slightly, with 29 percent now reporting they are *very* confident about having enough money to pay for basic expenses during retirement. This represents an increase from 25 percent in 2009, though it is still well below the 34 percent measured in 2008. Twenty-five percent continue to say they are *not* confident about their ability to pay for basic expenses, the same as in 2009.

And yet, not surprisingly, the news is not all positive. I will focus on three areas in particular.

First, despite the apparent halt in the slide in overall retirement confidence, fewer workers say they and/or their spouse *have saved* or are *currently saving* for retirement. And a growing number of workers report they have virtually no savings and investments at all: Matt will provide more details of this in a few minutes.

Second, declines of the past few years in worker confidence about being able to pay for medical and long-term care expenses continue to get worse. It is true that the percentages of workers saying they are *very* confident show no change from those measured in 2009: 12 percent of workers in 2010, compared with 13 percent in 2009, report they are *very* confident about being able to pay for medical expenses. Ten percent in both 2009 and 2010 report they are *very* confident about having enough money for long-term care expenses. However, the percentages *not* confident about being able to afford these types of expenses continue to increase, from 44 percent in 2009 to 51 percent this year for medical expenses and from 56 percent in 2009 to 61 percent for long-term care expenses.

Third, the slide continues among workers' confidence about doing a good job of preparing financially for retirement.

With unemployment still high and the economic recovery still somewhat tentative, it's no surprise why American workers might continue to lack confidence in their financial security during retirement and in their preparations for retirement. But the RCS points out a number of other reasons for this, and I'll mention just a few.

- First, there's a significant long-term drop in the public's view of stocks as an investment. Mat will touch on the details and why this may actually not be a bad thing.
- Also, a significant number of Americans are worried they will lose their financial independence in retirement. This year, 40 percent of workers report the statement "you worry about being financially dependent on others during your retirement" describes them either *very* or *somewhat* well. Even among those who say they are *very* confident about having enough money for a comfortable retirement, 25 percent indicate they worry about being financially dependent on others in retirement.
- Finally, confidence in government programs that are meant to assist in providing basic economic security for the vast majority of aged Americans remains very low. Only 7 percent of workers are *very* confident that the Social Security system will continue to provide benefits of at least equal value to the benefits received by retirees today, and more than third—37 percent—are *not at all* confident that future Social Security benefits will match or exceed the value of today's benefits.

This percentage has gradually increased over the past eight years, from 30 percent *not at all* confident in 2002. Curiously, although the financial difficulties faced by Medicare are more immediate than Social Security's problems, worker concern about its level of benefits remains stable, with 5 percent *very* confident that the Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today and 30 percent *not at all* confident.

That concludes my opening remarks, and Matt Greenwald, president of Greenwald & Associates, will now provide more details about the survey.

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