ebri.org
Employee Benefit Research Institute

March 2013 • **No. 384**

Issue BRIEF

The 2013 Retirement Confidence Survey: Perceived Savings Needs Outpace Reality for Many

By Ruth Helman, Mathew Greenwald & Associates; and Nevin Adams, J.D., Craig Copeland, Ph.D., and Jack VanDerhei, Ph.D., EBRI

At a Glance:

- The percentage of workers confident about having enough money for a comfortable retirement is essentially unchanged from the record lows observed in 2011. While more than half express some level of confidence (13 percent are very confident and 38 percent are somewhat confident), 28 percent are not at all confident (up from 23 percent in 2012 but statistically equivalent to 27 percent in 2011), and 21 percent are not too confident.
- Retiree confidence in having a financially secure retirement is also unchanged, with18 percent very confident and 14 percent not at all confident.
- One reason that retirement confidence has remained low despite a brightening economic outlook may be that some workers may be waking up to a realization of just how much they may need to save. Asked how much they believe they will need to save to achieve a financially secure retirement, a striking number of workers cite large savings targets: 20 percent say they need to save between 20 and 29 percent of their income and nearly one-quarter (23 percent) indicate they need to save 30 percent or more.
- Aggressive as those savings targets appear to be, they may not be based on a careful analysis of their individual circumstances. Only 46 percent report they and/or their spouse 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.
- Retirement savings may be taking a back seat to more immediate financial concerns: Just 2 percent of workers and 4 percent of retirees identify saving or planning for retirement as the most pressing financial issue facing most Americans today. Both workers and retirees are most likely to identify job uncertainty (30 percent of workers and 27 percent of retirees) and making ends meet (12 percent each).
- Cost of living and day-to-day expenses head the list of reasons why workers do not contribute (or contribute more) to their employer's plan, with 41 percent of eligible workers citing this factor.
- Debt may be another factor standing in the way; 55 percent of workers and 39 percent of retirees report having a problem with their level of debt, and only half (50 percent of workers and 52 percent of retirees) say they could definitely come up with $2,000 if an unexpected need arose within the next month.
- Worker confidence in the affordability of various aspects of retirement continues to decline. In particular, increases are seen in the percentage of workers not at all confident about their ability to pay for basic expenses (16 percent, up from 12 percent in 2011), medical expenses (29 percent, up from 24 percent in 2012), and long-term care expenses (39 percent, up from 34 percent in 2012).
- Just 23 percent of workers (and 28 percent of retirees) report they have obtained investment advice from a professional financial advisor who was paid through fees or commissions. Of these workers, 27 percent followed all of the advice, but more disregarded some of it and followed most (41 percent) or some (27 percent).

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Recommended Citation: Ruth Helman, Nevin Adams, Craig Copeland, and Jack VanDerhei, "2013 Retirement Confidence Survey: Perceived Savings Needs Outpace Reality for Many," *EBRI Issue Brief,* no. 384, March 2013.

Report availability: This report is available on the Internet at www.ebri.org

2013 Retirement Confidence Survey Underwriters

This survey was made possible by the financial support of the following organizations:

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The 2013 Retirement Confidence Survey: Perceived Savings Needs Outpace Reality for Many

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Introduction

The 23rd wave of the Retirement Confidence Survey (RCS) finds that Americans' confidence in their ability to afford a comfortable retirement remains low, despite the improving economy. One apparent reason for this might be the realization by many workers[1] of just what will be needed to secure a financially comfortable retirement. Others reasons may include more immediate financial concerns about job uncertainty and debt as well concerns about the cost of retirement. Nevertheless, worker savings remain modest, and less than half appear to be taking basic steps needed to prepare for retirement.

Findings from this year's RCS include:

- The percentage of workers confident about having enough money for a comfortable retirement is essentially unchanged from the record lows observed in 2011. Half express some level of confidence, with 13 percent very confident and 38 percent somewhat confident, while 28 percent are not at all confident (up from 23 percent in 2012, but statistically equivalent to 27 percent in 2011), and 21 percent are not too confident.
- Retiree confidence in having a financially secure retirement is also unchanged, with 18 percent very confident (statistically equivalent to the 21 percent measured in 2012) and 14 percent not at all confident (statistically equivalent to 19 percent in 2011).
- Asked how much they believe they will need to save to achieve a financially secure retirement, a striking number of workers cite large savings targets: 20 percent say they need to save between 20 and 29 percent of their income each year, and nearly one-quarter (23 percent) indicate they need to save 30 percent or more.
- Aggressive as those targets appear to be, they may not be based on a careful analysis of individual circumstances. Only 46 percent report they and/or their spouse 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.
- Moreover, just 23 percent of workers and 28 percent of retirees report they have obtained investment advice from a professional financial advisor who was paid through fees or commissions. Of these workers, 27 percent followed all of the advice, but more disregarded some and followed most (41 percent) or some (27 percent).
- Sixty-six percent of workers report they and/or their spouse have saved for retirement, although a sizable percentage of workers report they have virtually no savings or investments. Among RCS worker respondents providing this type of information, 28 percent say they have less than $1,000. In total, 57 percent report that the total value of their household's savings and investments, excluding the value of their primary home and any defined benefit plans, is less than $25,000.
- Retirement savings may be taking a back seat to more immediate financial concerns. Asked to name the most pressing financial issue facing most Americans today, both workers and retirees are most likely to identify job uncertainty (30 percent of workers and 27 percent of retirees) and making ends meet (12 percent each). Just 2 percent of workers and 4 percent of retirees identify saving or planning for retirement as the most pressing financial issue.
- Debt may be another factor standing in the way: 55 percent of workers and 39 percent of retirees report having a problem with their level of debt. Emphasizing the lack of even a short-term cushion, only half (50 percent of workers and 52 percent of retirees) say they could definitely come up with $2,000 if an unexpected need arose within the next month.
- Perhaps not surprisingly, worker confidence in the affordability of various aspects of retirement continues to decline. In particular, increases are seen in the percentage of workers not at all confident about their ability to

pay for basic expenses (16 percent, up from 12 percent in 2011 but statistically equivalent to 13 percent in 2012), medical expenses (29 percent, up from 24 percent in 2012), and long-term care expenses (39 percent, up from 34 percent in 2012).

- Cost of living and day-to-day expenses head the list of reasons why workers do not contribute (or contribute more) to their employer's plan, with 41 percent of eligible workers citing these factors. Nevertheless, if those not currently contributing were automatically enrolled into a retirement savings plan, most would continue the contribution in some amount. Just 18 percent indicate they would cancel the contribution if enrolled at a 3-percent deferral rate, while 29 percent would cancel at a 6-percent deferral rate.
- Reaction is mixed to a proposal requiring that half the balance in an employer-sponsored retirement savings plan be automatically converted to an annuity at retirement. Thirty percent of plan participants would strongly oppose the proposal, and an additional 16 percent would somewhat oppose it, while 11 percent would strongly favor the proposal, and 35 percent would somewhat favor it.

About the 2013 RCS

The Retirement Confidence Survey (RCS) gauges the views and attitudes of working-age and retired Americans regarding retirement, their preparations for retirement, their confidence with regard to various aspects of retirement, and related issues. The 2013 RCS is the 23rd annual wave of this project, making it the longest-running retirement survey of its kind in the nation.

The survey was conducted in January 2013 through 20-minute telephone interviews with 1,254 individuals (1,003 workers and 251 retirees) age 25 and older in the United States, using random digit dialing along with a cell phone supplement to obtain a representative cross section of the U.S. population. The survey has a statistical precision of plus or minus 3 percentage points (see methodology section).

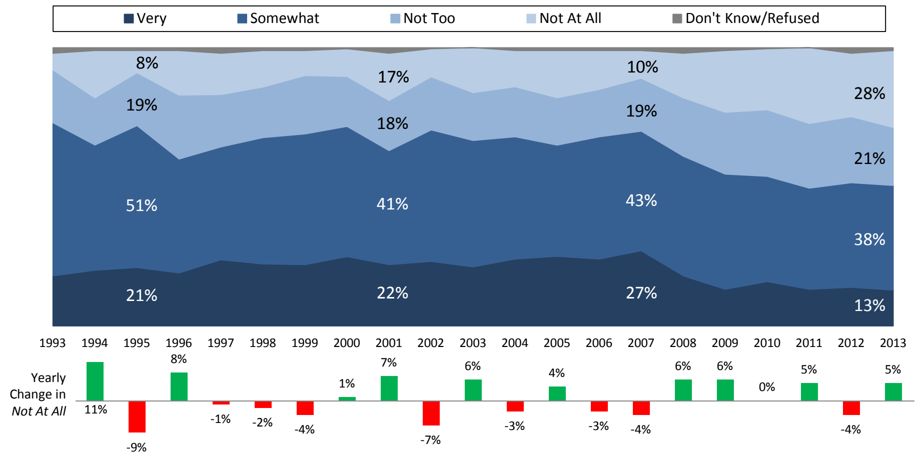
The RCS is co-sponsored by the Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan public policy research organization, and Mathew Greenwald & Associates, Inc., a Washington, DC-based market research firm. The 2013 RCS data collection was funded by grants from about two dozen public and private organizations (see funders box). The full report, RCS fact sheets, and other resources are online at www.ebri.org/surveys/rcs/

Retirement Confidence

Retirement Confidence Slips Back

Despite recent improvements in certain economic indicators, American workers' confidence in their ability to retire comfortably, which seemed to rebound very slightly in 2012, returned in 2013 to the record lows observed in 2011. Just 13 percent are very confident they will have enough money to live comfortably in retirement (statistically equivalent to the 14 percent measured in 2012 and the 13 percent measured in 2011 and 2009), and 38 percent continue to say they are somewhat confident. Twenty-eight percent of workers are not at all confident that they will have enough money to live comfortably throughout their retirement years (up from 23 percent in last year's RCS, but statistically equivalent to the 27 percent measured in 2011), while 21 percent are not too confident they will have enough money. This means that half of all workers are either not too or not at all confident of having enough money for retirement, while half are either somewhat or very confident in those prospects. Overall retirement confidence among workers has fluctuated over the 23 years of the RCS, reaching its highest levels in 2007 (27 percent very confident and 10 percent not at all confident), but dropping to record lows in 2011 and 2013 (Figure 1).

Figure 1
Worker Confidence in Having Enough Money to Live Comfortably Throughout Their Retirement Years

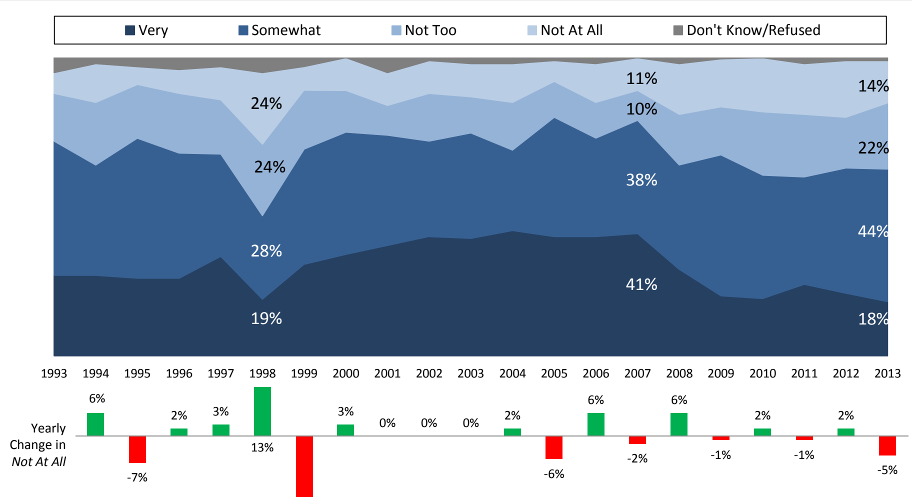


Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1993-2013 Retirement Confidence Surveys.

1

On the other hand, retiree confidence about a financially secure retirement continues unchanged. Eighteen percent are very confident about having enough money to live comfortably throughout their retirement years (statistically equivalent to 21 percent in 2012), and 44 percent are somewhat confident. At the same time, 14 percent say they are not at all confident (statistically equivalent to the 19 percent measured in 2012). Another 22 percent of retirees are not too confident. Like worker confidence, retiree confidence in having enough money for retirement has varied over the 23 years of the RCS. It remained fairly steady at roughly 40 percent very confident and 10 percent not at all confident from 2002 through 2007, but the percentage very confident declined in 2008 and 2009 (Figure 2).

Figure 2
Retiree Confidence in Having Enough Money to Live Comfortably Throughout Their Retirement Years



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1993-2013 Retirement Confidence Surveys.

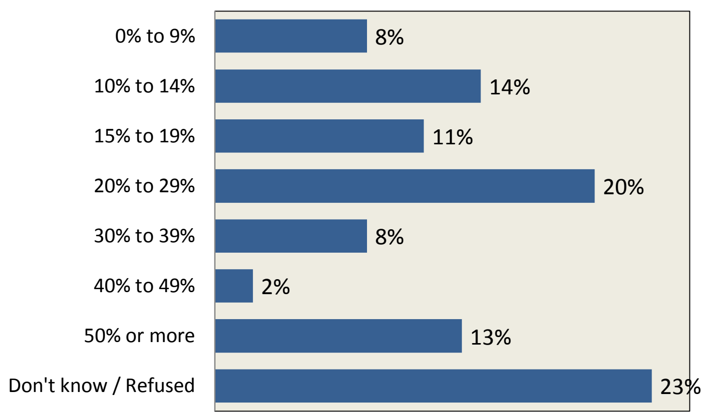
2

As might be expected, worker confidence in having enough money for a comfortable retirement increases with household income. Worker confidence also increases with savings and investments, education, and improved health status. Others more often confident are men (compared with women), married workers (compared with those not married), those who participate in a defined contribution retirement plan (compared with those who do not), and those who report they or their spouses currently have benefits from a defined benefit plan (compared with those who do not).

Reality Check?

One reason that retirement confidence may have remained low despite a brightening economic outlook is that some workers may be waking up to a realization of just how much they may need to save each year from now until they retire so they can live comfortably in retirement. One-third (33 percent) think they need to save 20 percent or less of their total household income, but 2 in 10 (20 percent) put that target at between 20 and 29 percent, and nearly one-quarter (23 percent) indicate they need to save 30 percent or more (Figure 3). Nearly a quarter (23 percent) said they didn't know how much.

Figure 3
Percentage of Household Income that Workers Think They Need to Save to Live Comfortably in Retirement



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2013 Retirement Confidence Survey.

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In this year's RCS, it was found that retirement confidence decreases as the average amount workers think they need to save increases, particularly for older workers, who have less time to save. In fact, workers age 45 or older who are not at all confident about having enough money for a comfortable retirement say that the percentage of income they need to save each year to live comfortably in retirement is 43 percent on average (Figure 4). Additionally, those who are not confident about their financial prospects in retirement are more likely to say they do not know how much they need to save. Furthermore, the amount that workers report they need to save each year is inversely related to their current levels of savings and investments.

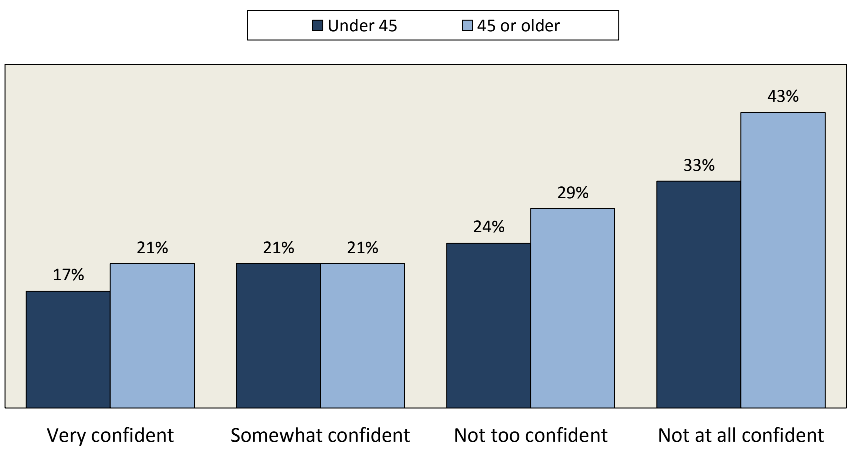
More Pressing Concerns?

Another reason that retirement confidence remains at historic lows may be that many Americans are preoccupied by more immediate financial concerns. Asked to name the most pressing financial issue facing most Americans today, both workers and retirees are most likely to identify job uncertainty (30 percent of workers and 27 percent of retirees).

Other issues named include:

- Making ends meet (12 percent each).
- The budget deficit and government spending (8 percent of workers and 14 percent of retirees).
- Paying for health insurance or medical expenses (9 percent of workers and 10 percent of retirees).
- The economy (8 percent of workers and 6 percent of retirees).
- Taxes (8 percent of workers and 5 percent of retirees).
- Making mortgage payments (8 percent of workers and 4 percent of retirees).

Figure 4
Average Percentage of Income that Workers Think They Need to Save to Live Comfortably in Retirement, by Retirement Confidence and Age



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2013 Retirement Confidence Survey.

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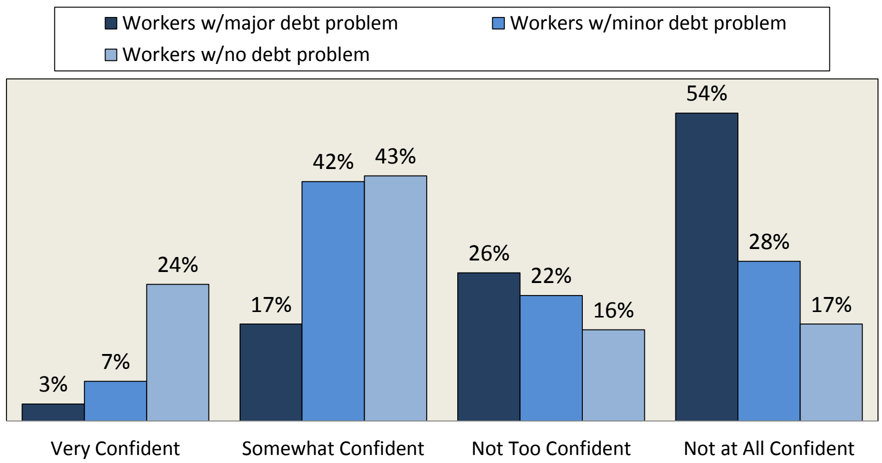
Indeed, just 2 percent of workers and 4 percent of retirees identify saving or planning for retirement as the most pressing financial issue facing most Americans today.

Moreover, a significant number of Americans carry what they see as a problematic amount of debt. Sixteen percent of workers and 13 percent of retirees report their level of debt is a major problem, while an additional 44 percent of workers and 26 percent of retirees describe it as a minor problem. In addition, 25 percent of workers and 15 percent of retirees indicate that their current level of debt is higher than it was five years ago. Just under 4 in 10 (39 percent) workers, but a majority (58 percent) of retirees, state that debt is not a problem for them.

This level of debt is strongly related to retirement confidence. Just 3 percent of workers who describe their debt as a major problem are very confident about having enough money to live comfortably throughout retirement, compared with 24 percent of workers who indicate debt is not a problem. On the other hand, 54 percent of workers with a major debt problem are not at all confident about having enough money for a financially secure retirement, compared with 17 percent of workers without a self-acknowledged debt problem (Figure 5).

Further evidence of the potentially precarious state of many Americans' current financial position is that only half (50 percent of workers and 52 percent of retirees) report they could definitely come up with $2,000 if an unexpected need arose within the next month. About 2 in 10 (20 percent of workers and 17 percent of retirees) think they probably could come up with the $2,000, but 3 in 10 (28 percent each of workers and retirees) think they probably or definitely could not (Figure 6). This perceived inability to come up with $2,000 for an unexpected need is also strongly related to lack of confidence in a financially comfortable retirement.

Figure 5
Retirement Confidence Among Workers, by Assessed Level of Debt



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2013 Retirement Confidence Survey.

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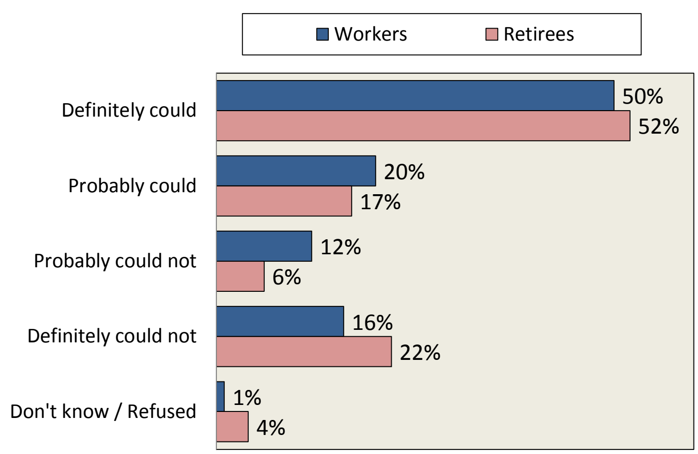
Figure 6
Ability to Come up With $2,000 if an Unexpected Need Arose Within the Next Month



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2013 Retirement Confidence Survey.

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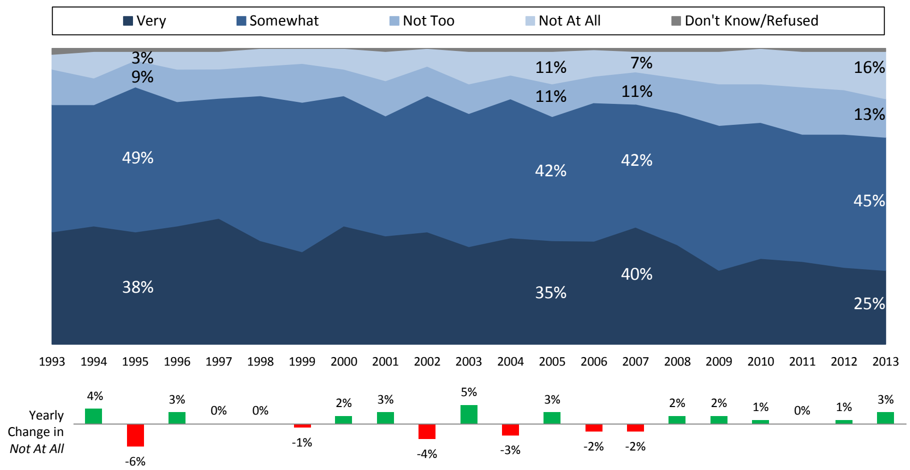
Basic Expenses Versus Medical

Confidence about other financial aspects of retirement reached record lows in 2013, continuing the decline from highs recorded in 2007. In particular, the percentages of workers not at all confident about various aspects of retirement continue to increase after stabilizing the past two years. Sixteen percent of workers are now not at all confident that they will have enough money to pay for basic expenses during retirement (up from 12 percent in 2011 but statistically equivalent to 13 percent in 2012), and another 13 percent are not too confident. One-quarter (25 percent) of workers are now very confident about their ability to pay for basic expenses (down from 40 percent in 2007, but statistically equivalent to the 26 percent measured in 2012) (Figure 7).

Figure 7
Worker Confidence in Having Enough Money to Pay for Basic Expenses in Retirement



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1993-2013 Retirement Confidence Surveys.

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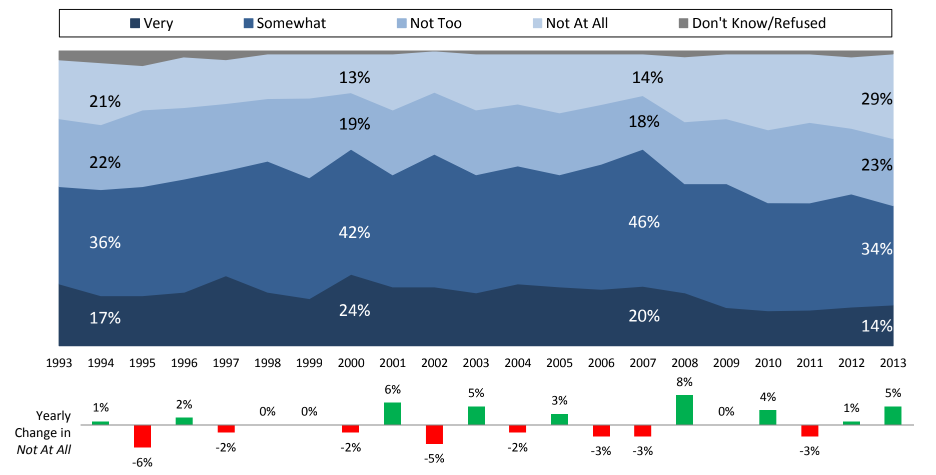
Notably, worker confidence about having enough money to pay for medical expenses and long-term care expenses in retirement remains well below the levels of confidence in the ability to pay for basic expenses. The percentages of workers who are not at all confident about being able to pay for post-retirement medical expenses (29 percent, up from 14 percent in 2007 and 24 percent in 2012) and long-term care expenses (39 percent, up from 21 percent in 2007 and 34 percent in 2012) have increased since 2012. At the same time, the percentages of workers who are very confident about various financial aspects of retirement have remained stable, with about 1 in 10 very confident about being able to pay for medical expenses (14 percent, down from 20 percent in 2007 but level with the 13 percent in 2012) and long-term care expenses (11 percent, down from 17 percent in 2007 but statistically equivalent to the 9 percent measured in 2012) (Figures 8 and 9).

While unchanged statistically from 2012, worker confidence that they are doing a good job of preparing financially for retirement has continued a slow decline from the peak levels measured in 2007. The percentage very confident, which remained at roughly 25 percent between 2003 and 2007, has now declined to 17 percent (from 22 percent in 2011, but statistically equivalent to 19 percent in 2012). The percentage not at all confident rose from 12 percent in 2008 to 21 percent in 2013 (statistically unchanged from the 19 percent measured in 2011 and 2012). Combined with the 15 percent of workers who say they are not too confident, this means that just over a third (36 percent) lack confidence in their financial preparations for retirement (Figure 10).

Doubtless because they are already in retirement, retirees tend to express higher levels of confidence than workers about each of these financial aspects of retirement, and the 2013 RCS shows little change from the levels measured for retirees in the recent past. After decreasing from 48 percent in 2007 to 25 percent in 2009, the percentage of retirees who are very confident in having enough money to pay for basic expenses has held steady statistically and is at 28 percent in 2013. At the same time, the percentage not at all confident about paying for basic expenses continues to be statistically stable at 12 percent in 2013 (Figure 11).

Similarly, the percentages of retirees very confident about having enough money to cover medical expenses (24 percent, matching the 24 percent in 2012) and long-term care expenses (16 percent, statistically unchanged from 18 percent in 2012) are stable. Additionally, the percentages not at all confident about medical expenses (15 percent in 2013 and 16 percent in 2012) and long-term care expenses (34 percent in 2013 and 30 percent in 2012) do not show any statistically meaningful changes (Figures 12 and 13).

Figure 8
Worker Confidence in Having Enough Money to Pay for Medical Expenses in Retirement



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1993-2013 Retirement Confidence Surveys.

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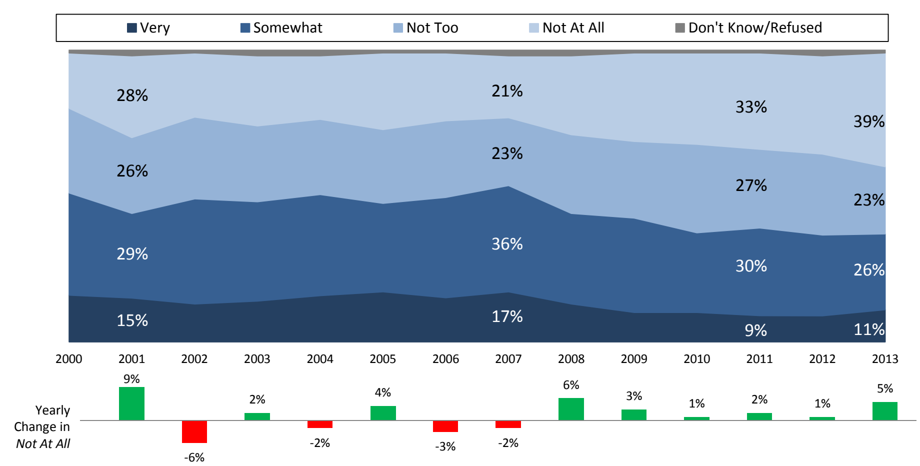
Figure 9
Worker Confidence in Having Enough Money to Pay for Long-term Care Expenses in Retirement



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2000-2013 Retirement Confidence Surveys.

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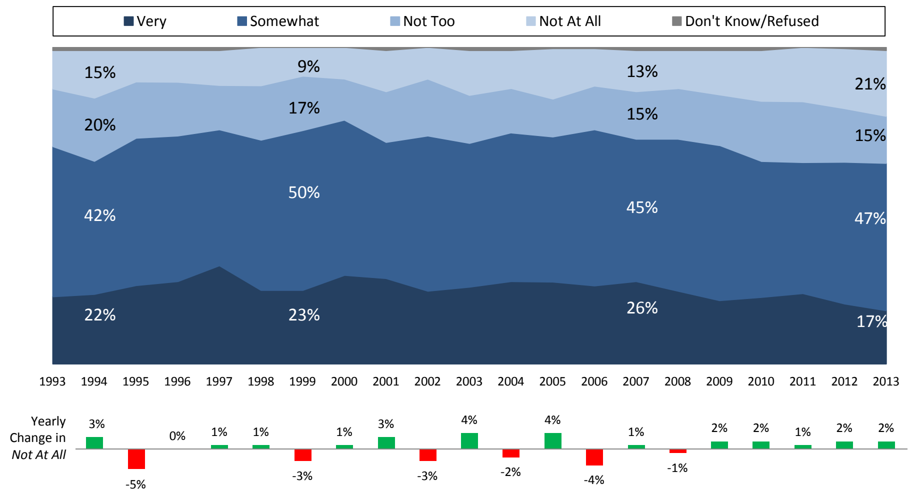
The percentage of retirees very confident that they had done a good job of preparing for retirement slipped from 39 percent in 2007 to 26 percent in 2008, and has remained statistically unchanged since that time (23 percent in 2013), those retirees not at all confident about having done a good job stood at 15 percent in the 2013 RCS (statistically unchanged from 14 percent in 2012) (Figure 14).

Figure 10
Worker Confidence in Doing a Good Job of Preparing for Retirement



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1993-2013 Retirement Confidence Surveys.

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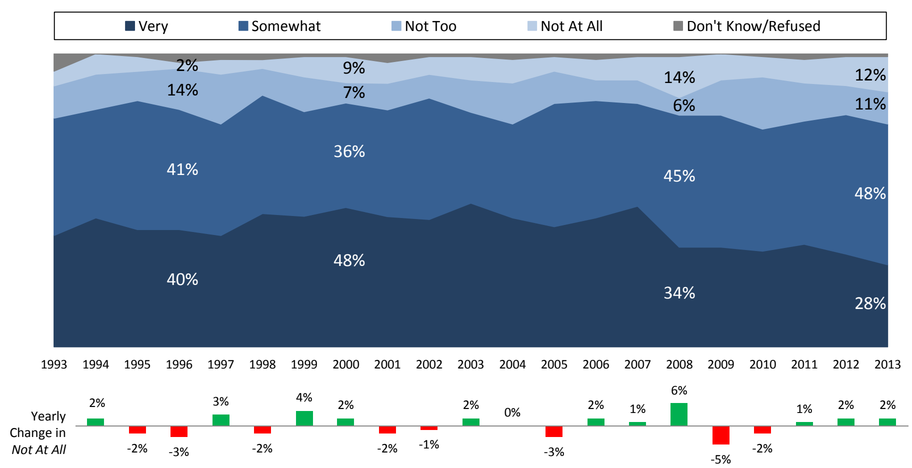
Figure 11
Retiree Confidence in Having Enough Money to Pay for Basic Expenses in Retirement



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1993-2013 Retirement Confidence Surveys.

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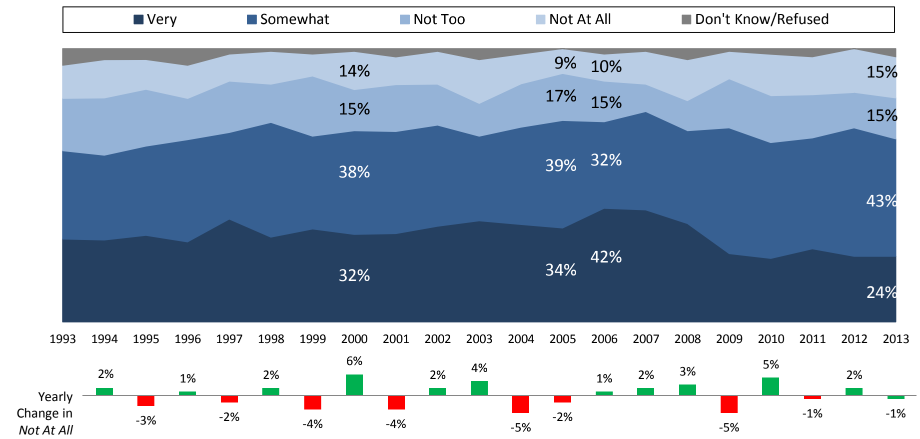
Figure 12
Retiree Confidence in Having Enough Money to Pay for Medical Expenses in Retirement



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1993-2013 Retirement Confidence Surveys.

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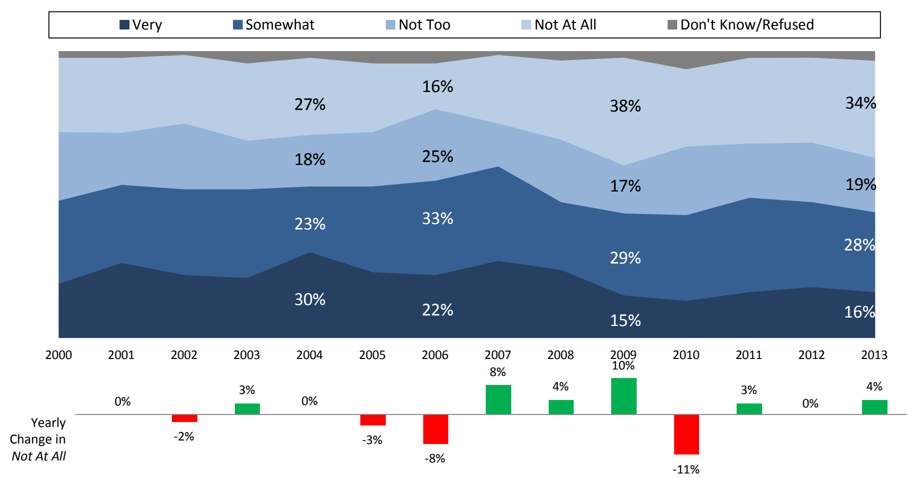
Figure 13
Retiree Confidence in Having Enough Money to Pay for Long-term Care Expenses in Retirement



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2000-2013 Retirement Confidence Surveys.

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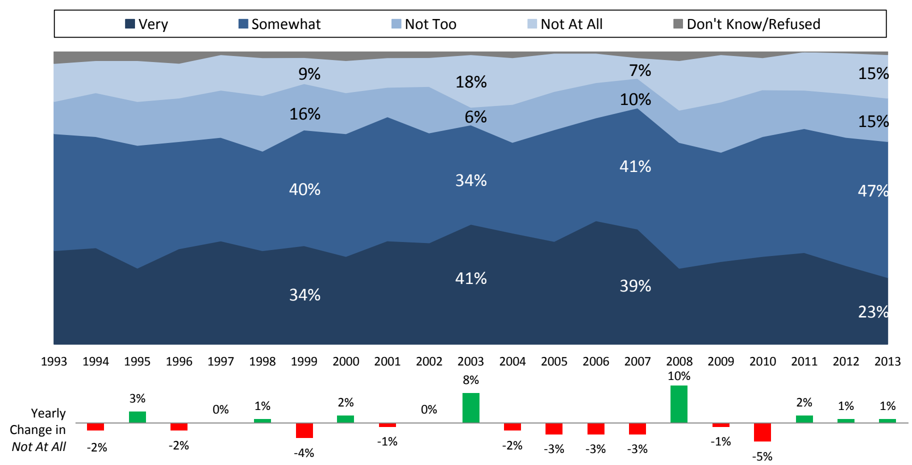
Preparing for Retirement

Saving for Retirement

Although one might expect that American workers would respond to their lack of retirement confidence by improving their preparations, that does not appear to be the case. The percentage of workers who reported they and/or their spouses had saved for retirement increased briefly in 2009 (to 75 percent), but this percentage has slowly declined and now stands at 66 percent. The percentage of workers having saved for retirement increased from 1998 through 2000, declined significantly in 2001, and then hovered around 70 percent for most of the past decade (Figure 15). The percentage of retirees and/or their spouses having saved for retirement climbed slowly from 59 percent in 2000 to 74 percent in 2011 and now stands at 71 percent (Figure 16).

Figure 14
Retiree Confidence in Having Done a Good Job of Preparing for Retirement



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1993-2013 Retirement Confidence Surveys.

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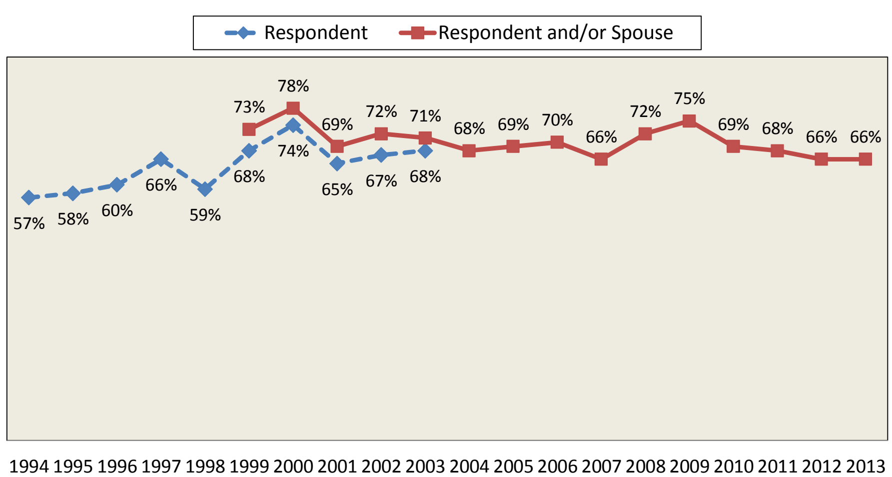
Figure 15
Workers Having Saved Money for Retirement



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1994-2013 Retirement Confidence Surveys.

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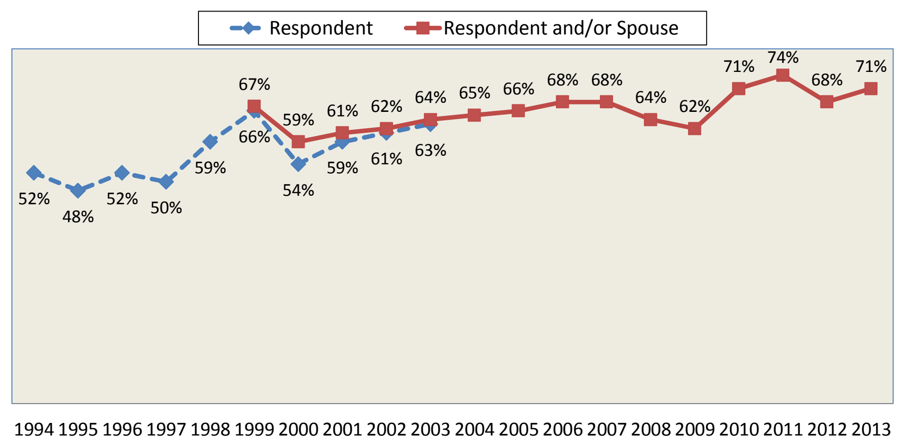
Not only is the likelihood of having saved for retirement among both workers and retirees strongly related to household income, the decline in saving for retirement over the past few years is found almost exclusively among those workers with household incomes under $35,000. Between 2009 and 2013, the percentage of workers with household incomes under $35,000 reporting they have saved for retirement declined from 49 percent to 24 percent. By comparison, the percentage of workers with household incomes between $35,000 and $74,999 reporting they have saved for retirement declined by just 4 percentage points (from 80 percent in 2009 to 76 percent in 2013), while the percentage of workers with household incomes of at least $75,000 reporting they have saved for retirement remained statistically steady at 94 percent (Figure 17).

Figure 16
Retirees Having Saved Money for Retirement



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1994-2013 Retirement Confidence Surveys.

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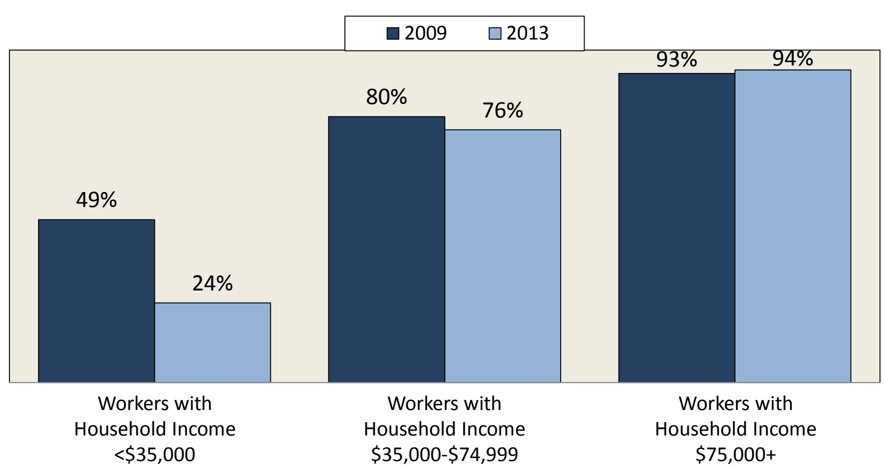
Figure 17
Workers Having Saved Money for Retirement, by Household Income



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2009-2013 Retirement Confidence Surveys.

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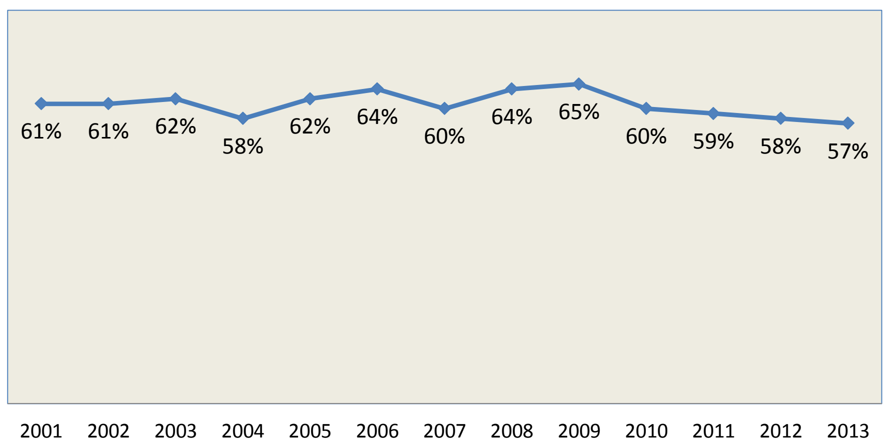
The proportion saying they have saved for retirement also increases as education levels rise or health status improves. In addition, married workers are more likely than those not married to have set money aside. Other groups of workers more likely to have saved for retirement include those age 45 and older (compared with workers ages 25–44), those currently participating in a work place retirement savings plan (compared with those not participating), those having attempted a retirement savings needs calculation (compared with those who have not), and those who currently have a defined benefit plan (compared with those who do not).

However, not all workers who have saved for retirement are currently saving for this purpose. Fifty-seven percent of workers in the 2013 RCS report that they and/or their spouse are currently saving for retirement (down from 65 percent in 2009, but statistically equivalent to the percentages measured in 2010–2012) (Figure 18).

Figure 18
Workers Currently Saving Money for Retirement



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2001-2013 Retirement Confidence Surveys.

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Savings and Investments

A sizable percentage of workers have virtually no money in savings and investments. Among workers providing this type of information for the RCS, 57 percent report that the total value of their households' savings and investments, excluding the value of their primary homes and any defined benefit plans, is less than $25,000. This includes 28 percent who say they have less than $1,000 in savings (up from 20 percent in 2009 but statistically equivalent to the percentages measured in 2010–2012). Approximately 1 in 10 each report totals of $25,000–$49,999 (9 percent), $50,000–$99,999 (10 percent), $100,000–$249,999 (12 percent), and $250,000 or more (12 percent) (Figure 19). Retirees provide similar estimates of total household savings (Figure 20).

These findings are similar to some other estimates of American household assets. Quantifiable data from the 2010 Survey of Consumer Finances (conducted by the U.S. Federal Reserve Board) found that the median (midpoint) level of household assets of the Americans having these assets was $21,500.[2]

Older workers tend to report higher amounts of assets. Seventy-five percent of workers ages 25–34 have total savings and investments of less than $25,000, compared with 47 percent of workers age 45 and older. On the other hand, 19 percent of workers age 45 and older cite assets of $250,000 or more (vs. 2 percent of workers ages 25–34). As one might suspect, total savings and investments increases sharply with household income, education, and health status. Additionally, workers who have done a retirement savings needs calculation tend to have higher levels of savings compared with those who have not, and those who have saved for retirement are more likely to have substantial levels of savings. In fact, 68 percent of those who have not saved for retirement say their assets total less than $1,000.

Figure 19
Total Savings and Investment Reported by Workers, Among Those Providing a Response
(not including value of primary residence or defined benefit plans)

	2003	2008	2009	2010	2011	2012	2013
Less than $1,000			20%	27%	29%	30%	28%
$1,000 - $9,999	55%	36%	19	16	17	18	18
$10,000 - $24,999		13	13	11	10	12	11
$25,000 - $49,999	15	12	11	12	11	10	9
$50,000 - $99,999	11	12	12	11	9	10	10
$100,000 - $249,999	11	15	12	11	14	11	12
$250,000 or more	7	12	12	11	10	10	12

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2003-2013 Retirement Confidence Surveys.

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Figure 20
Total Savings and Investment Reported by Retirees, Among Those Providing a Response
(not including value of primary residence or defined benefit plans)

	2003	2008	2009	2010	2011	2012	2013
Less than $1,000			23%	27%	28%	28%	31%
$1,000 - $9,999	54%	51%	17	15	14	19	16
$10,000 - $24,999		9	16	14	12	8	8
$25,000 - $49,999	9	9	13	11	6	9	9
$50,000 - $99,999	11	6	9	6	11	8	9
$100,000 - $249,999	13	13	10	15	12	12	10
$250,000 or more	12	12	12	12	17	15	17

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2003-2013 Retirement Confidence Surveys.

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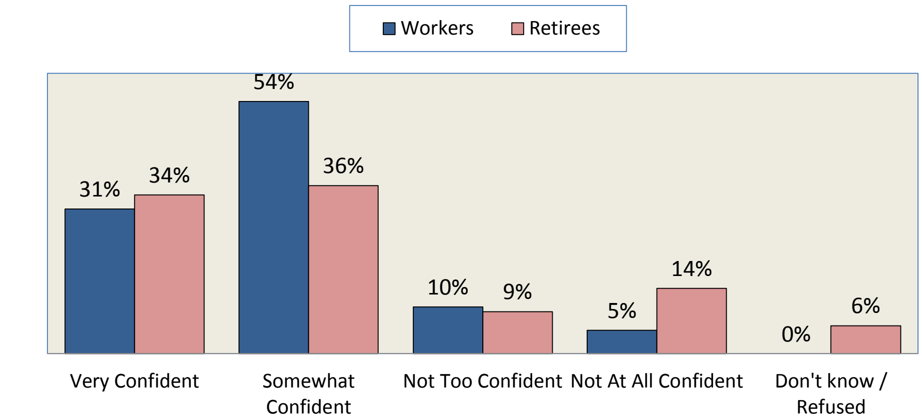
While the large majority of savers are confident they are investing their retirement savings wisely, most workers tend to be somewhat (54 percent) rather than very (31 percent) confident. Thirty-four percent of retirees are very confident they are investing their savings wisely, while 36 percent are somewhat confident (Figure 21). Among workers, this confidence increases with household assets and income.

Figure 21
Confidence That Retirement Savings Are Invested Wisely , Among Savers



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2013 Retirement Confidence Survey.

21

Thirty-one percent of workers report they had to dip into their savings to pay for basic expenses within the past 12 months. A smaller percentage of retirees (25 percent, down from 33 percent in 2011 but statistically equivalent to 22 percent in 2012) say they had to dip into their savings to pay for basic expenses (Figure 22). The reported likelihood of dipping into savings and investments decreases as savings and investments or household incomes rise.

Retirement Savings Plans

One of the primary vehicles that workers use to save for retirement is an employer-sponsored retirement savings plan, such as a 401(k). Eighty-two percent of eligible workers (38 percent of all workers) say they participate in such a plan with their current employer, and another 8 percent of eligible workers report they have money in such a plan, although they are not currently contributing (Figure 23).

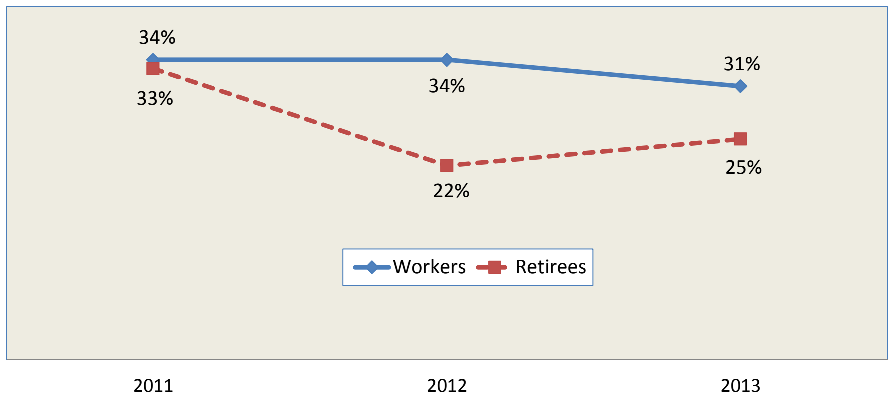
Contribution Limits?

Cost of living and day-to-day expenses head the list of reasons why workers do not contribute (or contribute more) to their employer's plan, with 41 percent of eligible workers citing these factors. Other reasons cited for not contributing (or not contributing more) to the plan include:

- Not being able to afford to give more (18 percent).
- Already contributing the plan or legal maximum (10 percent).
- Preferring to invest elsewhere or not liking the plan or investments (8 percent).
- Not needing to save more (6 percent).
- Paying off mortgage or housing expenses (6 percent).
- Other savings priorities (5 percent).

Those financial constraints notwithstanding, if those not currently offered a plan were automatically enrolled into a retirement savings plan, most would continue the contribution in some amount. At a 3 percent default deferral rate, 42 percent report they would continue the contribution as is, and 35 percent would increase it, although 7 percent would continue contributing but decrease the amount. Just 11 percent indicate they would cancel the contribution altogether.

Figure 22
Americans Reporting They Dipped into Savings to Pay for Basic Expenses



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1994-2013 Retirement Confidence Surveys.

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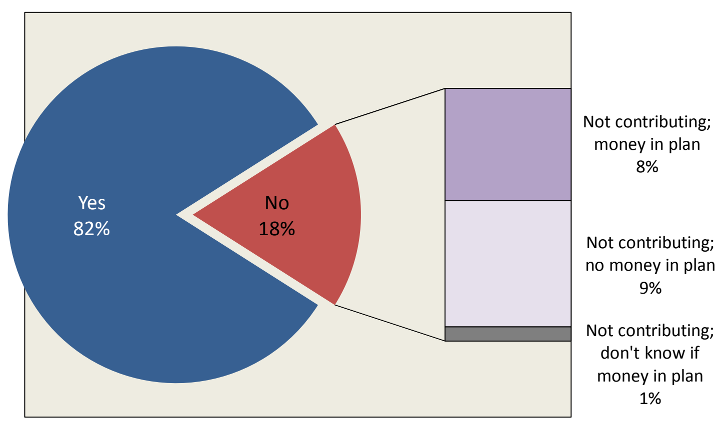
Figure 23
Reported Take-up of Employer-Sponsored Retirement Savings Plans, Among Eligible Workers

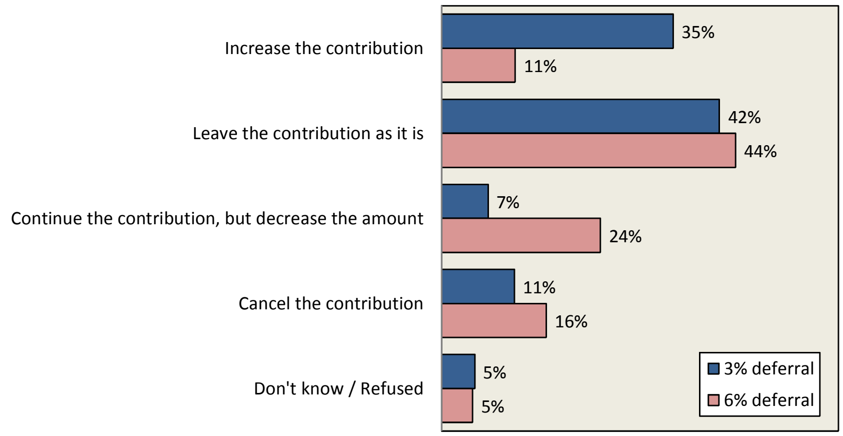


Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2013 Retirement Confidence Survey.

23

If those not currently offered a plan were automatically enrolled in a retirement savings plan at a deferral rate of 6 percent of pay, 44 percent say they would continue contributing at that rate, 11 percent would increase it, and 24 percent would continue contributing but decrease the amount. Sixteen percent would cancel the contribution altogether if 6 percent of their pay was deferred (Figure 24).

Figure 24
Reaction to Automatic Enrollment at 3% and 6% Deferral, Among Workers Not Offered Plan



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2013 Retirement Confidence Survey.

24

Workers who leave an employer that offers a defined contribution plan differ on what they do with their savings in that plan. Forty percent report that the last time this happened they rolled some or all of the money over into an individual retirement account (IRA), while almost as many (38 percent) left some or all of the money in the plan. Approximately one-quarter each indicate some or all of the money was put into a personal, non-retirement savings or investment account (26 percent), rolled over into a plan with a new employer (24 percent), or either spent or used to pay off debt (28 percent) (Figure 25). Those age 35 and older (compared with those ages 25-34) and those with household incomes of $35,000 or more (compared with lower-income workers) are more likely to report rolling over money into an IRA. The likelihood of spending or using some or all of the money to pay off debt also increases as household income decreases.

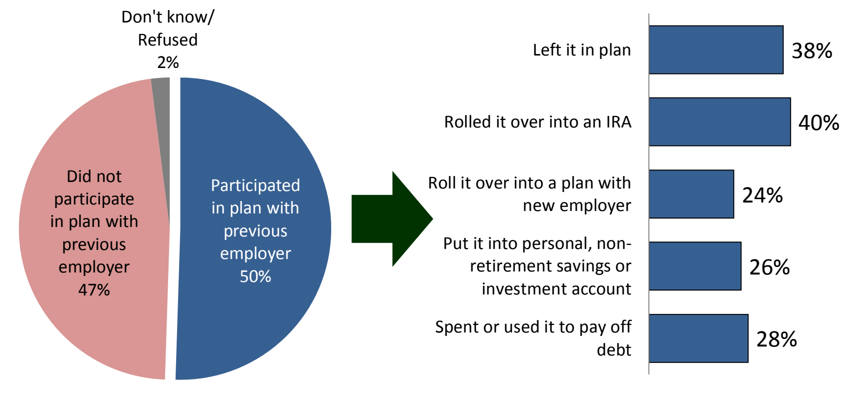
Those workers who rolled retirement savings plan money over into an IRA most often did so to a financial institution with which they had a pre-existing relationship (38 percent) or to some other company altogether (43 percent). Few rolled the money into a plan with the same financial institution as their old retirement savings plan (14 percent) or their new retirement savings plan (4 percent).

Target Setting

As noted earlier, many workers remain unaware of how much they need to save for a financially comfortable retirement. Less than half of workers (46 percent) report they and/or their spouses have tried to make that calculation. This is comparable to most of the percentages measured from 2003-2012, but lower than the 53 percent recorded in 2000 (Figure 26).

The likelihood of doing a retirement savings needs calculation increases with household income, education, and financial assets. In addition, married workers (compared with single workers), retirement savers (compared with nonsavers), and participants in a defined contribution plan (compared with nonparticipants) more often report trying to do a calculation.

Figure 25
Participation in Plan With Previous Employer and Disposition of Plan Money



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2013 Retirement Confidence Survey.

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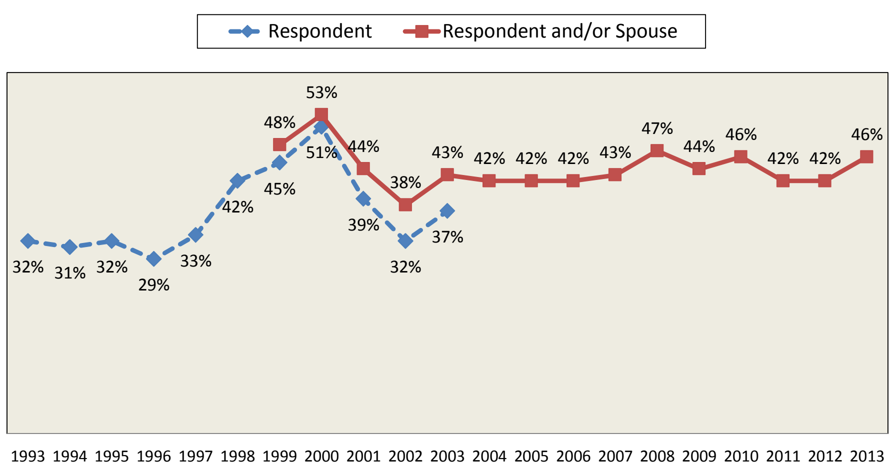
Figure 26
Workers Having Tried to Calculate How Much Money They Need to Save for a Comfortable Retirement

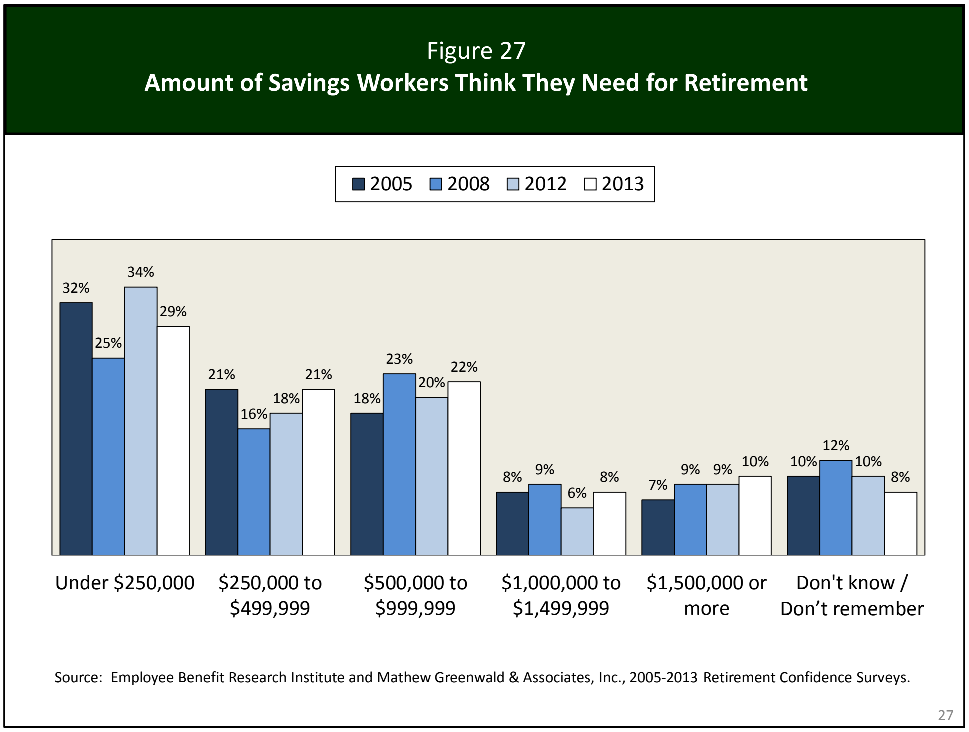


Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1993-2013 Retirement Confidence Surveys.

26

Workers often guess at how much they will need to accumulate (45 percent), rather than doing a systematic, retirement needs calculation. Eighteen percent indicated they did their own estimate and another 18 percent asked a financial advisor, while 8 percent used an on-line calculator and another 8 percent read or heard how much was needed.

Despite the aggressive savings targets put forth by many, 29 percent of workers say they need to save less than $250,000 in total, while another 21 percent mention goals of $250,000–$499,999. Twenty-two percent think they need to save $500,000–$999,999, while roughly 1 in 10 each believe they need to save $1 million–$1.49 million (8 percent) or $1.5 million or more (10 percent) (Figure 27). Savings goals do tend to increase as household income rises.



As we have seen in prior iterations of the RCS, workers who have done a retirement savings needs calculation tend to have higher savings goals than workers who have not done a calculation. Twenty-four percent of workers who have done a calculation, compared with 13 percent of those who have not, estimate they need to accumulate at least $1 million for retirement. At the other extreme, 21 percent of those who have done a calculation, compared with 37 percent who have not, think they need to save less than $250,000 for retirement. Additionally, and consistent with prior RCS findings, despite higher savings goals, workers who have done a retirement savings needs calculation are also more likely to feel very confident about affording a comfortable retirement (20 percent vs. 7 percent who have not done a calculation).

Most workers who state a specific amount they believe they need to save for retirement are confident that those amounts will provide them with a comfortable retirement, though they tend to be somewhat confident (57 percent) rather than very confident (22 percent). However, those who report having done a calculation are twice as likely as those who have not to say they are very confident (31 percent vs. 14 percent) and considerably less likely to say they are not confident (11 percent vs. 29 percent).

Planning by Retirees

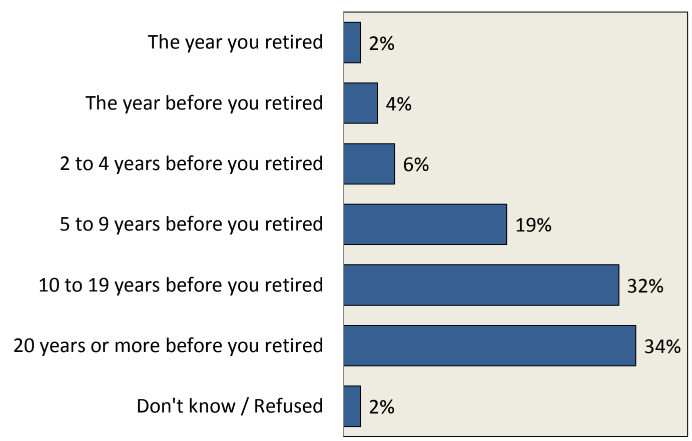
Seven in 10 retirees (69 percent) indicate they did some type of financial planning for retirement. Thirty-four percent of these retirees say they began to plan 20 years or more before they retired, while 32 percent report beginning to plan between 10 and 19 years before retirement. However, 19 percent say they did not start planning until five to nine years before retirement, and 12 percent started less than five years before that point (Figure 28).

Policy Perspectives

Fee Disclosures

Employers that sponsor a retirement savings plan are now required to provide information about the expenses connected with the various investment options offered within the plan and the amounts deducted from participant accounts to cover the cost of administering the plan. However, only half (53 percent) of plan participants report having noticed this information, and only 14 percent of those who noticed this information (7 percent of all plan participants) say they have made changes to their investments as a result of the information about fees.

Figure 28
Timeframe When Retirees Began to Plan Financially for Retirement, Among Retirees Who Planned for Retirement



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2011-2013 Retirement Confidence Surveys.

28

Of those few who made changes, the most common actions were to move money out of more expensive investments or to withdraw money from the plan. However, small proportions increased the share of money going to less expensive investments, started contributing less money to the plan, or started contributing more money to the plan.[3]

Annuity Options

Just 17 percent of plan participants report that their employer's retirement savings plan currently offers an annuity option. Yet, there appears to be interest: More than half (56 percent) think they would use such an option when they retire.

Reaction is mixed to a proposal requiring that half the balance in an employer-sponsored retirement savings plan be automatically converted at retirement to an annuity. While 11 percent of plan participants say they would strongly favor the proposal and 35 percent would somewhat favor it, 30 percent would strongly oppose it, and an additional 16 percent would somewhat oppose the proposal (Figure 29). The likelihood of opposing the proposal is higher among those with at least $100,000 in assets.

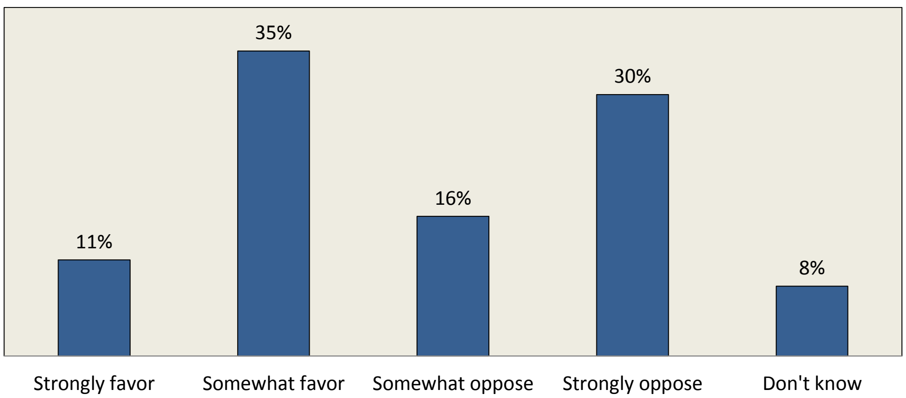
Use of Financial Advice

Twenty-three percent of workers and 28 percent of retirees report they have obtained investment advice from professional financial advisors who were paid through fees or commissions. Those with higher levels of financial assets are more likely than those with lower levels of assets to have gotten this advice, but it is unclear whether this is because higher-asset individuals feel a greater need for investment advice, because professional advice increases the likelihood of building asset levels, or because those with more assets are better able to afford it.

Those who obtained investment advice did not always follow it, however. Twenty-seven percent of workers who obtained advice say they followed all of it, but more disregarded some of the advice while following most of it (41 percent) or some of it (27 percent). Retirees are more likely to report following all of the advice (46 percent) (Figure 30). The reasons most often offered for not following all of the advice include:

- Not trusting the advice (33 percent of workers and 48 percent of retirees).
- Not being able to afford it (18 percent of workers and 44 percent of retirees).
- Having their own ideas or other plans or goals (20 percent of workers and 4 percent of retirees).
- Circumstances changing so the advice was no longer applicable (13 percent of workers and 3 percent of retirees).
- Getting better advice somewhere else (6 percent of workers and 5 percent of retirees).

Figure 29
Reaction to Proposal for Partial Annuitization of Retirement Plan Balance at Retirement, Among Plan Participants



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2013 Retirement Confidence Survey.

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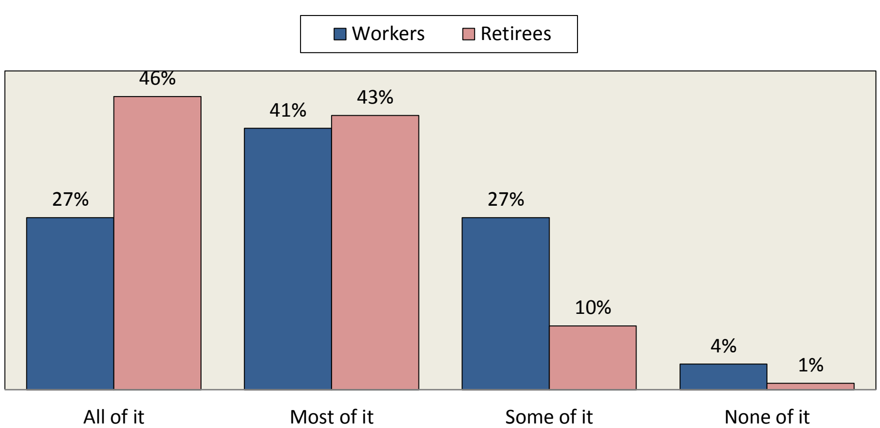
Figure 30
Follow Through on Implementing Advice, Among Those Receiving Investment Advice



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2013 Retirement Confidence Survey.

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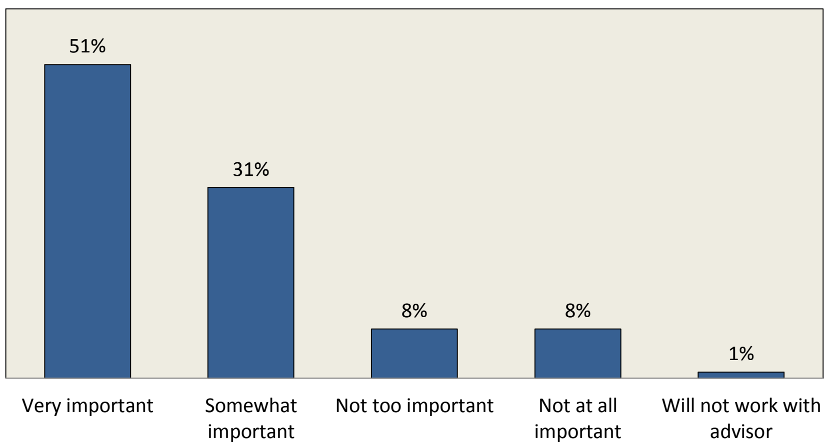
Half (51 percent) of workers who have saved for retirement state that if they work with financial advisors as they get close to retirement it will be very important for the advisors to specialize in converting assets into retirement income, and another 31 percent indicate it will be somewhat important (Figure 31). Workers ages 25-44 are more likely than those age 55 and older to think an advisor specializing in converting assets to income is important (87 percent vs. 76 percent).

Figure 31
Importance of Working With Advisor Who Specializes in Converting Assets to Retirement Income When Getting Close to Retirement, Among Workers



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2013 Retirement Confidence Survey.

About half of plan participants (52 percent) also say that having the financial-services company that handles their retirement plan give them recommendations as to how much to withdraw from their plan each month to help savings and investments last throughout retirement would be very valuable. Thirty-six percent think it would be somewhat valuable, while 11 percent indicate it would be not too or not at all valuable (Figure 32).

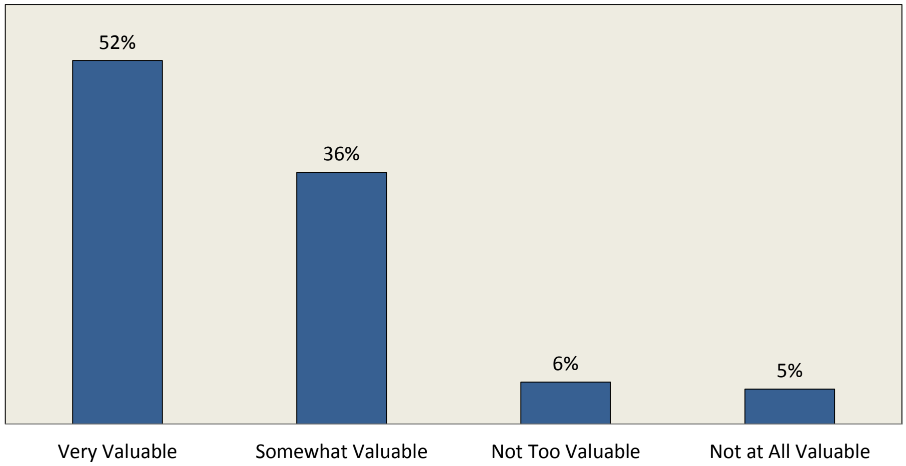
Most retirement savers have more than one savings or investment account in which they have set money aside for retirement (73 percent of workers and 51 percent of retirees). Further, most of those with multiple accounts make investment decisions about each account separately (71 percent of workers and 63 percent of retirees) rather than managing the accounts as though all of them were a single pot of money (27 percent and 33 percent). While 24 percent of workers and 15 percent of retirees with multiple accounts say they use a service or website that allows them to compile information about their different accounts in a single place (sometimes referred to as an "aggregator") to help them view and track their total financial situation, the actual percentages doing so may be lower.

Expectations about Retirement

Retirement Age

Many workers are adjusting some of their expectations about retirement, perhaps in response to the reduced level of confidence about their retirement finances. Twenty-five percent of workers in the 2013 RCS say the age at which they expect to retire has changed in the past year, and of those, the vast majority (88 percent) report that their expected retirement age has increased. This means that in 2013, 22 percent of all workers planned to postpone their retirement (Figure 33).

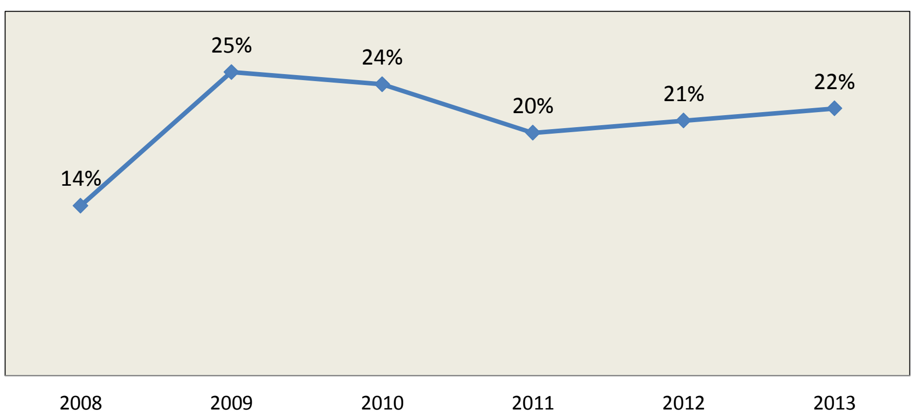
Figure 32
Value of Recommendations Regarding How Much to Withdraw From Plan Each Month to Help Savings Last, Among Plan Participants



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2013 Retirement Confidence Survey.

32

Figure 33
Workers Expecting to Retire Later Than Planned



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2002-2013 Retirement Confidence Surveys.

33

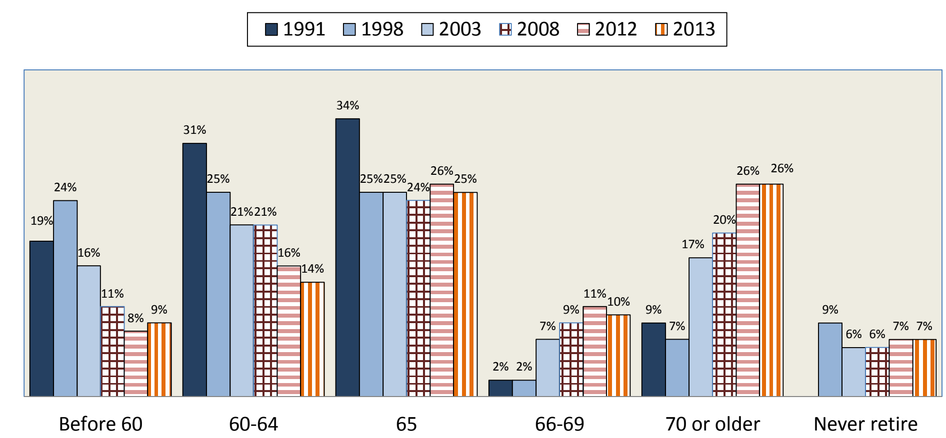
Workers planning to delay retirement gave the following reasons:

- The poor economy (25 percent).
- Lack of faith in Social Security or government (21 percent).
- Inadequate finances or can't afford to retire (21 percent).
- Wanting to make sure they have enough money to retire comfortably (16 percent).
- A change in employment situation (13 percent).
- The cost of living in retirement will be higher than expected (8 percent).

- A change in the minimum retirement age for Social Security (7 percent).
- Needing to pay for health care costs (7 percent).
- Needing to make up for losses in the stock market (5 percent).

While responses to a question asking the age at which workers expect to retire shows little change from one year to another, the long-term trend shows that the age at which workers plan to retire has, over time, crept upward. In particular, the percentage of workers who expect to retire after age 65 has increased, from 11 percent in 1991, to 24 percent in 2003, 29 percent in 2008, and to 36 percent in the 2013 RCS (statistically equivalent to the 37 percent observed in 2012) (Figure 34). Nevertheless, the median (midpoint) age at which workers expect to retire has remained stable at 65 for most of this time.

Figure 34
Trend in Workers' Expected Retirement Age



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1991-2013 Retirement Confidence Surveys.

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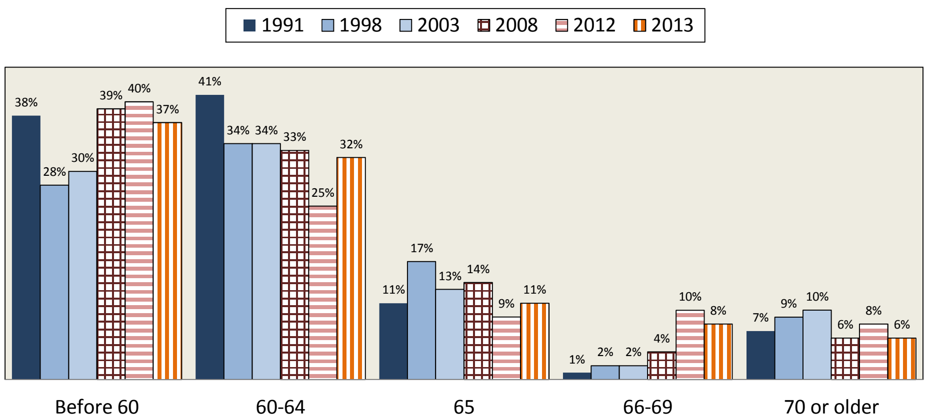
The actual retirement age reported by retirees has changed even more slowly. In 1991, only 8 percent of retirees said they retired after age 65. This percentage is 14 percent in 2013 (statistically level with the 18 percent measured in 2012) (Figure 35). In contrast, the median (midpoint) age at which retirees report they actually retired has remained at age 62 throughout this time.

The difference between workers' expected age of retirement and retirees' actual age of retirement suggests that a considerable gap exists between workers' expectations and retirees' actual experience. Consider that just 9 percent of workers say they plan to retire before age 60, compared with 37 percent of retirees who report they retired that early, and that 14 percent of workers plan to retire at ages 60–64, while nearly a third (32 percent) of retirees retired at these ages. On the other hand, 26 percent of workers say they plan to wait at least until age 70 to retire (compared with 6 percent of retirees who actually did so), and 7 percent of workers indicate they will never retire. Workers who are not confident about their financial security in retirement plan to retire later, on average, than those who express confidence.

One reason for this gap between workers' expectations and retirees' experiences of retirement age is that many Americans find themselves retiring unexpectedly. The RCS has consistently found that a large percentage of retirees leave the work force earlier than planned (47 percent in 2013) (Figure 36), and many retirees who retired earlier than planned cite negative reasons for doing so, including health problems or disabilities (55 percent), changes at their companies, such as downsizing or closure (20 percent), or having to care for spouses or other family members (23 percent). Others say changes in the skills required for their jobs (9 percent) or other work-related reasons (20 percent) played a role. Some retirees do mention positive reasons for retiring early, such as being able to afford an earlier retirement (32 percent) or wanting to do something else (19 percent), but just 7 percent offer only positive reasons.

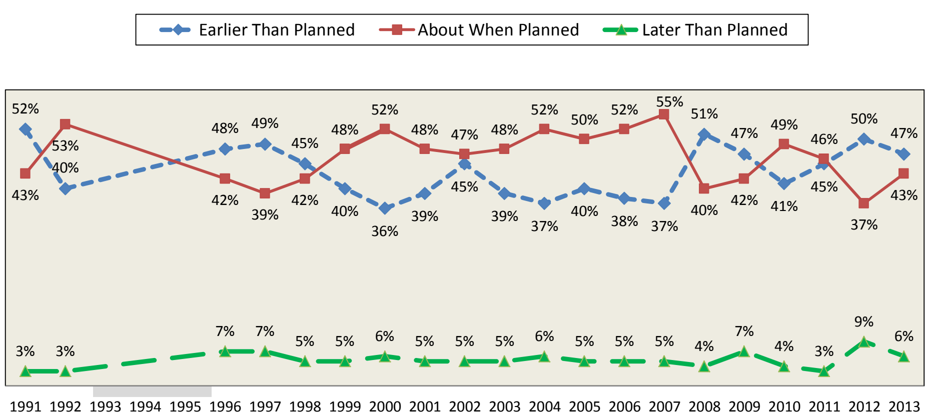
Figure 35
Trend in Retirees' Actual Retirement Age



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1991-2013 Retirement Confidence Surveys.

35

Figure 36
Timing of Retirement, Among Retirees



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1991-2013 Retirement Confidence Surveys.
Shaded area: Years of data.

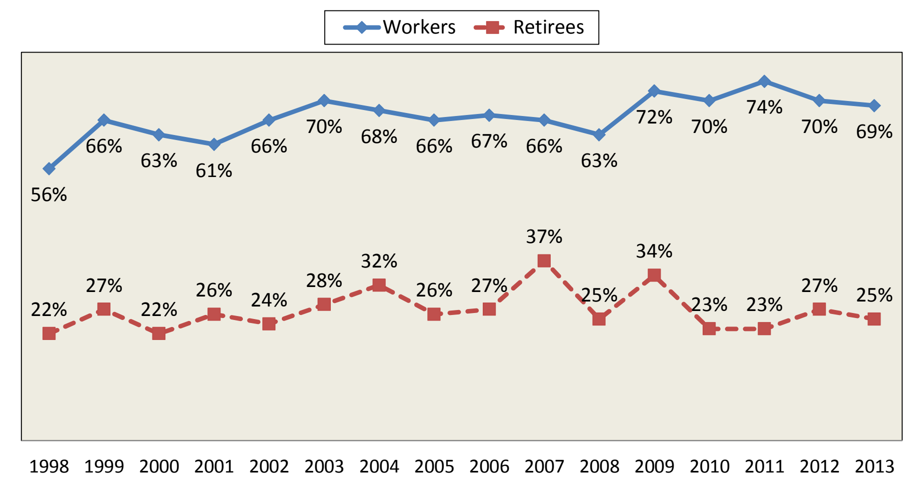
36

The consequences of an unplanned early retirement can be heavy: Those who retire earlier than planned are more likely than those who retire as planned or later to say they are not confident about having enough money for a comfortable retirement or about paying for basic expenses, medical expenses, and long-term care expenses.

Working for Pay in Retirement

The RCS has consistently found that workers are far more likely to expect to work for pay in retirement than retirees are to have actually done so. The percentage of workers planning to work for pay in retirement now stands at 69 percent, while just 25 percent of retiree respondents to the 2013 RCS report they worked for pay in retirement (Figure 37).

Figure 37
Comparison of Expected (Workers Expecting to Retire) and Actual (Retirees) Work for Pay in Retirement



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1994-2013 Retirement Confidence Surveys.

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While the 2013 RCS did not delve into the reasons for working for pay in retirement, almost all retirees who did work for pay in retirement in the 2010 RCS gave a positive reason for doing so, saying they did so because they wanted to stay active and involved (92 percent) or enjoyed working (86 percent). However, the percentage who at that time reported working solely for non-financial reasons was small. Ninety percent identified at least one financial reason for having worked, such as wanting to buy extras (72 percent), a decrease in the value of their savings or investments (62 percent), needing money to make ends meet (59 percent), or keeping health insurance or other benefits (40 percent).

Few retirees who have not already worked for pay in retirement anticipate returning to paid employment. Just 4 percent say it is very likely they will work for pay some time in the future, and only 6 percent say it is somewhat likely. Virtually all say a return to paid employment is not too likely (19 percent) or not at all likely (71 percent).

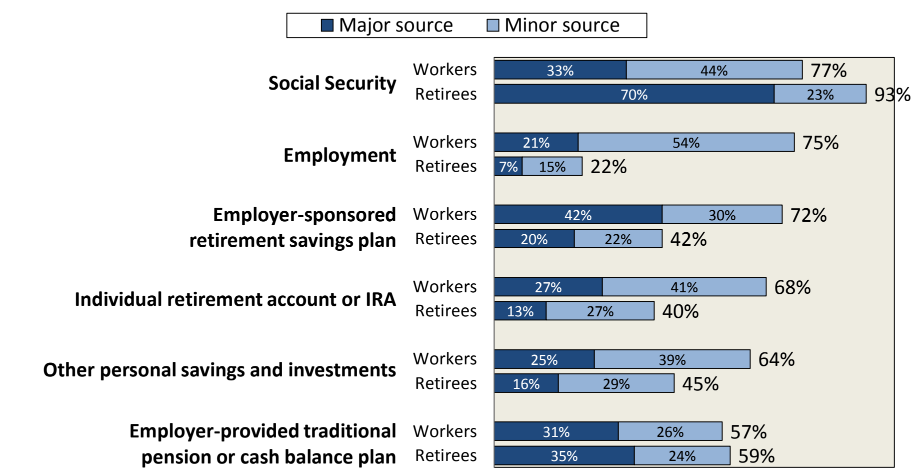
Sources of Retirement Income

While the majority of retirees (93 percent) report that Social Security provides a source of income for their and their spouse's retirement (70 percent say it is a major source of income), workers and their spouses continue to expect to piece together their retirement income from a wide variety of sources. (Social Security is the federal program that provides income support for the elderly and disability coverage for eligible workers and their dependents).

While 77 percent of workers expect Social Security to be a major or minor source of income in retirement, they believe that personal savings will also play a large role. Roughly two-thirds each say they anticipate receiving retirement income from an employer-sponsored retirement savings plan (72 percent), an individual retirement account or IRA

(68 percent), and other personal savings and investments (64 percent). Seventy-five percent expect employment to provide them with a source of income in retirement, and 57 percent expect to receive income from an employer-sponsored, traditional pension or cash balance plan. In contrast to worker expectations, current retirees are less likely to rely on any form of personal savings or on employment for their income in retirement (Figure 38).

Figure 38
Expected (Workers Expecting to Retire) and Actual (Retirees) Sources of Income in Retirement



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2013 Retirement Confidence Survey.

38

Expected sources of income in retirement among workers have changed slightly over time. Although virtually all retirees continue to report receiving income from Social Security, the percentage of workers expecting income from this source has declined from 88 percent in 1991 to 77 percent in 2013 (statistically equivalent to 79 percent in 2011 and 2012). The percentage of workers expecting to receive benefits from a defined benefit plan has also decreased slightly from 70 percent in 2002 to 56 percent in 2012 and 57 percent in 2013. However, the percentage of workers expecting a defined benefit plan to provide a major source of post-retirement income, either theirs or that of their spouse, has increased somewhat, from 27 percent in 2012 to 31 percent in the 2013 RCS.

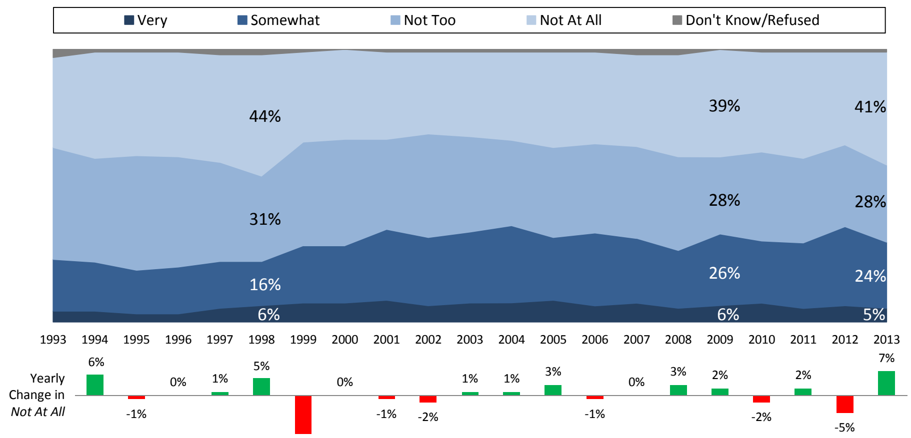
As a cautionary note, although 57 percent of workers surveyed said they (or their spouse) expect to receive benefits from a defined benefit plan in retirement, only 32 percent report that they and/or their spouses currently have such a benefit with current or previous employers.

Confidence in Entitlement Programs

The reason that workers may be less likely than retirees to expect to receive income from Social Security is because confidence in Social Security's ability to maintain the value of benefits paid to retirees is low. Just 5 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 only 24 percent are somewhat confident. On the other hand, 41 percent of workers are not at all confident that future Social Security benefits will match or exceed the value of today's benefits (up from 34 percent in 2012 but statistically equivalent to 39 percent in 2011) (Figure 39).

Confidence that Social Security will continue to provide benefits that are at least equal to today's value is higher among workers age 45 and older than among younger workers, and those already retired are more likely than current workers to be confident about the future value of Social Security benefits. Fourteen percent of retirees say they are very confident about the future value of Social Security benefits (Figure 40).

Figure 39
Worker Confidence That Social Security Will Continue to Provide Benefits of at Least Equal Value to Benefits Received by Retirees Today



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1993-2013 Retirement Confidence Surveys.

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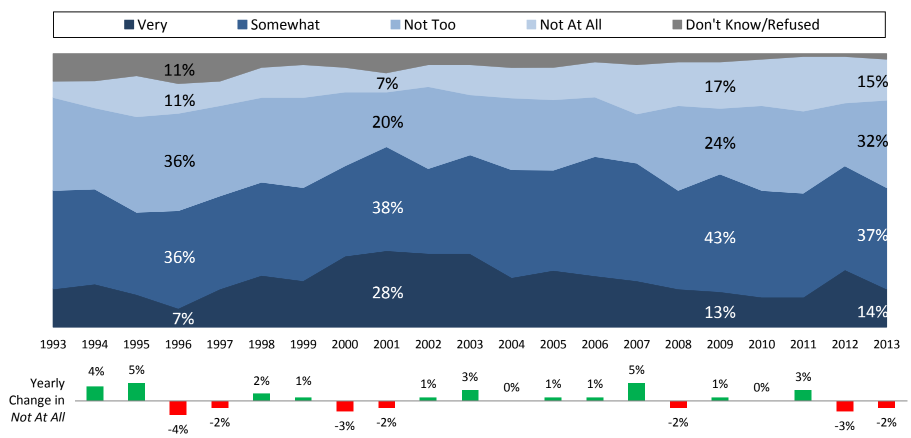
Figure 40
Retiree Confidence That Social Security Will Continue to Provide Benefits of at Least Equal Value to Benefits Received by Retirees Today



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1993-2013 Retirement Confidence Surveys.

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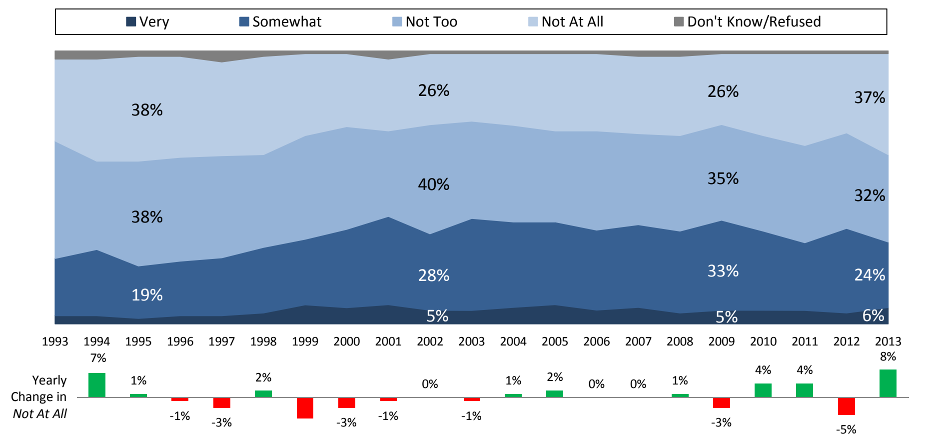
Worker confidence in Medicare's level of benefits is also low (Medicare is the federal health care insurance program for the elderly and disabled). Six percent of workers are very confident that the Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today, while 24 percent are somewhat confident in the system. Thirty-seven percent are not at all confident that Medicare's benefits will continue to equal or exceed the benefits received by beneficiaries today (up from 29 percent in 2012 but statistically equivalent to the 34 percent in 2011) (Figure 41).

Figure 41
Worker Confidence That Medicare Will Continue to Provide Benefits of at Least Equal Value to Benefits Received by Retirees Today



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1993-2013 Retirement Confidence Surveys.

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As with Social Security, worker confidence about the future value of Medicare benefits is higher among those age 45 and older, and retirees are more likely than workers to be confident in those prospects. Even so, just 9 percent of retirees are very confident in the value of the future benefits paid by Medicare, while 19 report they are not at all confident (Figure 42).

Spending in Retirement

Workers' expectations of how their spending is likely to change in retirement varies from the experience of current retirees. Fifty-eight percent of the former expect that their spending in retirement will be lower than their pre-retirement spending, compared with half (48 percent) of retirees reporting they experienced a decrease in spending. Three in 10 workers (29 percent) and retirees (30 percent) say that they expect their spending in retirement will be or is unchanged, while 11 percent of workers—and 21 percent of retirees—expect or have experienced an increase in spending (Figure 43).

In fact, retirees are more likely to describe their experience in retirement with respect to their finances to be worse than expected (35 percent, including 13 percent saying much worse) than to describe it as better than expected (21 percent). Forty-two percent report their experience has been about the same as they expected.

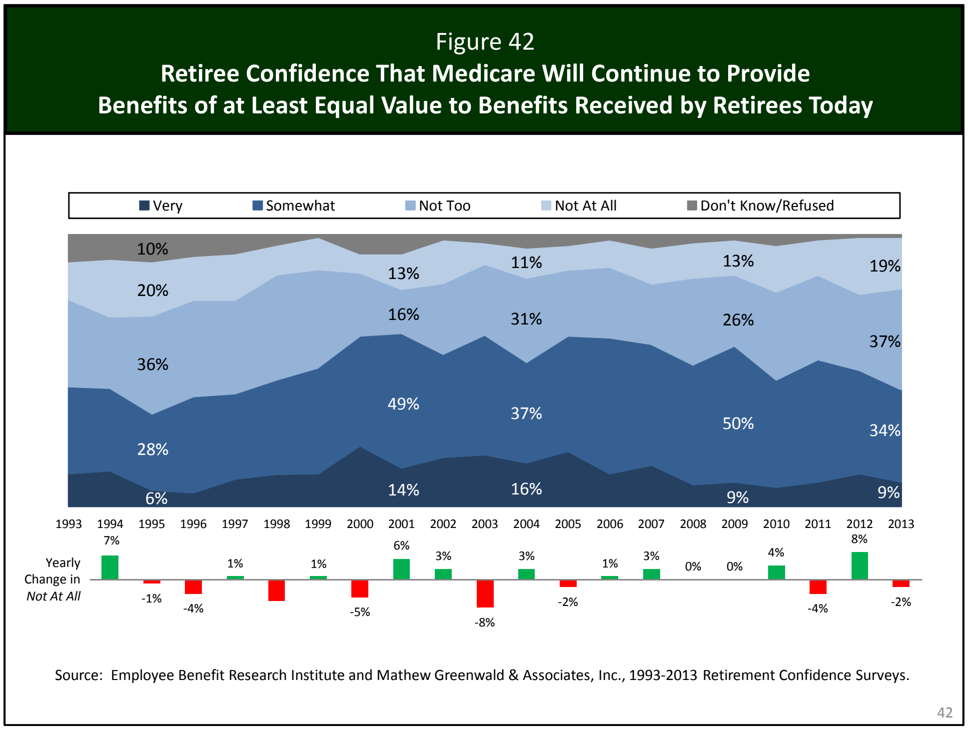

Figure 42
Retiree Confidence That Medicare Will Continue to Provide
Benefits of at Least Equal Value to Benefits Received by Retirees Today
Very
Somewhat
Not Too
Not At All
Don't Know/Refused
10%
20%
36%
28%
6%
13%
16%
49%
14%
11%
31%
37%
16%
13%
26%
50%
9%
19%
37%
34%
9%
1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013
Yearly
Change in
Not At All
7%
-1%
-4%
1%
1%
-5%
6%
3%
-8%
3%
-2%
1%
3%
0%
0%
4%
-4%
8%
-2%
Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1993-2013 Retirement Confidence Surveys.
42

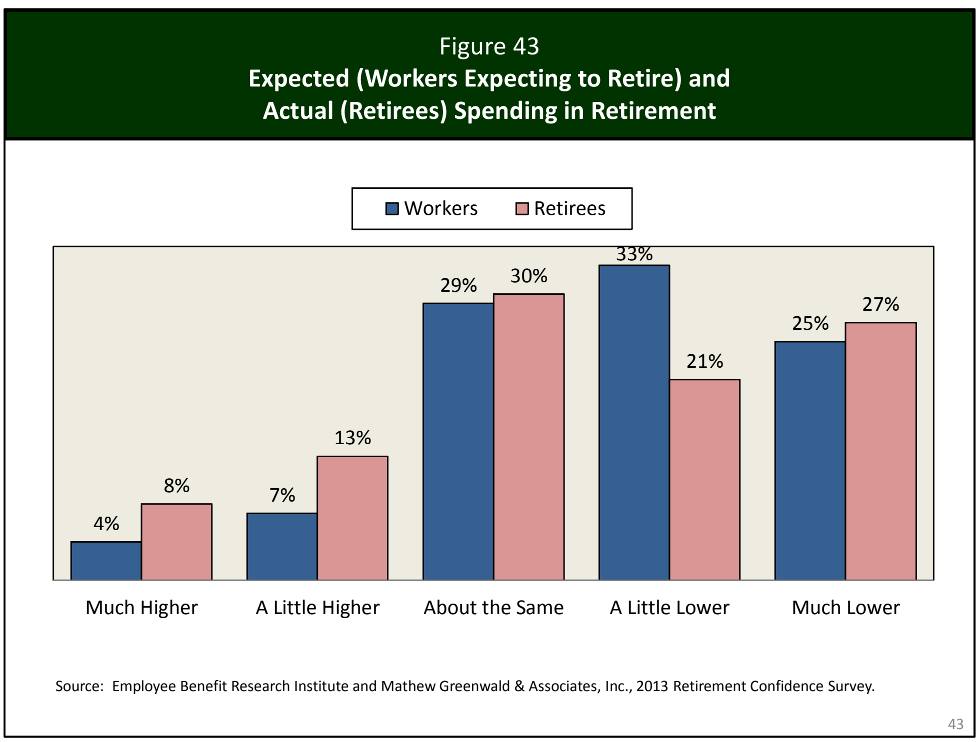

Figure 43
Expected (Workers Expecting to Retire) and
Actual (Retirees) Spending in Retirement
Workers
Retirees
4%
8%
7%
13%
29%
30%
33%
21%
25%
27%
Much Higher
A Little Higher
About the Same
A Little Lower
Much Lower
Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2013 Retirement Confidence Survey.
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RCS Methodology

These findings are part of the 23rd Annual Retirement Confidence Survey (RCS), which gauges the views and attitudes of working-age and retired Americans regarding retirement, their preparations for retirement, their confidence with regard to various aspects of retirement, and related issues. The survey was conducted in January 2013 through 20-minute telephone interviews with 1,254 individuals (1,003 workers and 251 retirees) age 25 and older in the United States. Random-digit dialing was used to obtain a representative cross section of the U.S. population. To further increase representation, a cell-phone supplement was added to the sample. Starting with the 2001 wave of the RCS, all data are weighted by age, sex, and education to reflect the actual proportions in the adult population. Data for waves of the RCS conducted before 2001 have been weighted to allow for consistent comparisons; consequently, some data in the 2013 RCS may differ slightly from data published in previous waves of the RCS. Data presented in tables in this report may not total to 100 due to rounding and/or missing categories.

In theory, the weighted sample of 1,254 yields a statistical precision of plus or minus 3 percentage points (with 95 percent certainty) of what the results would be if all Americans age 25 and older were surveyed with complete accuracy. There are other possible sources of error in all surveys, however, that may be more serious than theoretical calculations of sampling error. These include refusals to be interviewed and other forms of nonresponse, the effects of question wording and question order, and screening. While attempts are made to minimize these factors, it is impossible to quantify the errors that may result from them.

The RCS was co-sponsored by the Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan, public-policy-research organization; and Mathew Greenwald & Associates, Inc., a Washington, DC-based market research firm. The 2013 RCS data collection was funded by grants from about two dozen public and private organizations, with staff time donated by EBRI and Mathew Greenwald & Associates. RCS materials and a list of underwriters may be accessed at the EBRI Web site: www.ebri.org/surveys/rcs/

Endnotes

[1] In the RCS, retirees refer to individuals who are retired or who are age 65 or older and not employed full time. Workers refer to all individuals who are not defined as retirees, regardless of employment status.

[2] Bricker, Jesse, Arthur B. Kennickell, Kevin B. Moore, and John Sabelhaus. "Changes in U.S. Family Finances from 2007 to 2010: Evidence from the Survey of Consumer Finances." *Federal Reserve Bulletin.* vol. 98, no. 2 (June 2012): 1–80.

[3] The base size for this question was too small to allow for reporting of percentages.

EBRI Issue Brief

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