The 2010 Retirement Confidence Survey:  
Confidence Stabilizing, But Preparations Continue to Erode  

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E X E C U T I V E S U M M A R Y

20TH ANNUAL RCS: The 2010 Retirement Confidence Survey—the 20th annual wave of this survey—finds that the record-low confidence levels measured during the past two years of economic decline appear to have bottomed out. The percentage of workers very confident about having enough money for a comfortable retirement has stabilized at 16 percent, which is statistically equivalent to the 20-year low of 13 percent measured in 2009 (Fig. 1, pg. 7). Retiree confidence about having a financially secure retirement has also stabilized, with 19 percent saying now they are very confident (statistically equivalent to the 20 percent measured in 2009) (Fig. 2, pg. 8).

Worker confidence about paying for basic expenses in retirement has rebounded slightly, with 29 percent now saying they are very confident about having enough money to pay for basic expenses during retirement (up from 25 percent in 2009, but still down from 34 percent in 2008) (Fig. 3, pg. 9).

PREPARATIONS STILL ERODING: Fewer workers report that they and/or their spouse have saved for retirement (69 percent, down from 75 percent in 2009 but statistically equivalent to 72 percent in 2008) (Fig. 11, page 14). Moreover, fewer workers say that they and/or their spouse are currently saving for retirement (60 percent, down from 65 percent in 2009 but statistically equivalent to percentages measured in other years) (Fig. 13, pg. 15).

MORE PEOPLE HAVE NO SAVINGS AT ALL: An increased percentage of workers report they have virtually no savings and investments. Among RCS workers providing this type of information, 27 percent say they have less than $1,000 in savings (up from 20 percent in 2009). In total, more than half of workers (54 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 (Fig. 14, pg. 16).

CLUELESS ABOUT SAVINGS GOALS: Many workers continue to be unaware of how much they need to save for retirement. Less than half of workers (46 percent) report they and/or their spouse have tried to calculate how much money they will need to have saved for a comfortable retirement by the time they retire (Fig. 23, pg. 22).

AMERICANS EXPECTING TO WORK LONGER: Although the age at which workers report they expect to retire shows little change from 2009, a longer-term look finds significant change. In particular, the percentage of workers who expect to retire after age 65 has increased over time, from 11 percent in 1991 to 14 percent in 1995, 19 percent in 2000, 24 percent in 2005, and 33 percent in 2010 (Fig. 29, pg. 28).

INSTITUTIONAL CONFIDENCE LAGGING: Americans continue to lack confidence in institutions. They are most likely to express confidence in private employers (23 percent of workers and 27 percent of retirees very confident) and least likely to feel confidence in the federal government (11 percent of workers and 8 percent of retirees) (Fig. 20, pg. 20). Just 19 percent of workers and 22 percent of retirees report they are very confident about banks, while 12 percent of workers and 13 percent of retirees say they are very confident about insurance companies (Fig. 19, pg. 19).
Ruth Helman is research director for Mathew Greenwald & Associates. Craig Copeland is senior research associate at the Employee Benefit Research Institute (EBRI). Jack VanDerhei is the research director at EBRI. This Issue Brief was written with assistance from the Institute’s research and editorial staffs. Any views expressed in this report are those of the authors and should not be ascribed to the officers, trustees, or other sponsors of EBRI, EBRI-ERF, or their staffs. Neither EBRI nor EBRI-ERF lobbies or takes positions on specific policy proposals. EBRI invites comment on this research.

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The 2010 Retirement Confidence Survey:  
Confidence Stabilizing, But Preparations Continue to Erode  
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Introduction
The 20th wave of the Retirement Confidence Survey (RCS) finds that Americans’ confidence in their ability to afford a comfortable retirement, which had dropped sharply over the past two years, has stabilized now that the economic volatility of the recession has abated. The steep declines in other retirement confidence indicators also appear to be slowing. However, the retirement preparations reported by some workers1 are eroding, leaving them less prepared for retirement.

Findings in this year’s RCS include:

- The percentage of workers very confident about having enough money for a comfortable retirement remains steady at 16 percent, which is statistically equivalent to the 20-year low of 13 percent measured in 2009 (Figure 1, page 7). Retiree confidence about having a financially secure retirement has also stabilized, with 19 percent saying now they are very confident (statistically equivalent to the 20 percent measured in 2009) (Figure 2, page 8).

- Worker confidence about paying for basic expenses in retirement has rebounded slightly, with 29 percent now saying they are very confident about having enough money to pay for basic expenses during retirement (up from 25 percent in 2009, but still down from 34 percent in 2008) (Figure 3, page 9). The percentage of retirees indicating they are very confident about paying for basic expenses has stayed level at 33 percent (statistically equivalent to the 34 percent observed in 2009) (Figure 7, page 11).

- The percentages of workers very confident about other financial aspects of retirement have held steady at 12 percent for medical expenses, 10 percent for long-term care expenses, and 21 percent for doing a good job of preparing for retirement. However, the percentages not confident continue to creep upward, from 44 percent in 2009 to 51 percent in 2010 for medical expenses, from 56 percent to 61 percent for long-term care expenses, and from 30 percent to 35 percent for doing a good job of preparing for retirement (Figures 4–6, pages 9–10).

- Fewer workers report that they and/or their spouse have saved for retirement (69 percent, down from 75 percent in 2009 but statistically equivalent to 72 percent in 2008) (Figure 11, page 14). Moreover, fewer workers say that they and/or their spouse are currently saving for retirement (60 percent, down from 65 percent in 2009 but statistically equivalent to percentages measured in other years) (Figure 13, page 15).

- An increased percentage of workers report they have virtually no savings and investments. Among RCS workers providing this type of information, 27 percent say they have less than $1,000 in savings (up from 20 percent in 2009). In total, more than half of workers (54 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 (Figure 14, page 16).

- Those who have saved for retirement have recovered some confidence in their ability to invest their savings wisely. Thirty-two percent of workers indicate they are very confident (up from 24 percent in 2009) and another 54 percent are somewhat confident (Figure 16, page 17). Retirees who have saved for retirement show a similar rebound in confidence that they are investing their savings wisely, with 82 percent saying they are very or somewhat confident (up from 70 percent in 2009) (Figure 17, page 18).
• Many workers continue to be unaware of how much they need to save for retirement. Less than half of workers (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 (Figure 23, page 22).

• The savings goals cited by workers who have done a retirement needs calculation have increased over time. In the 2000 RCS, 31 percent said they needed to accumulate at least $500,000 for retirement. This percentage gradually increased to 43 percent in 2005 and 54 percent in 2010 (Figure 27, page 25).

• One-quarter of workers (24 percent) report they have postponed their planned retirement age in the past year (Figure 28, page 27). Among the reasons cited for delaying retirement are the poor economy (29 percent of those postponing retirement), a change in their employment situation (22 percent), inadequate finances (16 percent), and the need to make up for losses in the stock market (12 percent).

• Although the age at which workers report they expect to retire shows little change from 2009, a longer-term look finds significant change. In particular, the percentage of workers who expect to retire after age 65 has increased over time, from 11 percent in 1991 to 14 percent in 1995, 19 percent in 2000, 24 percent in 2005, and 33 percent in 2010 (Figure 29, page 28).

• Americans continue to lack confidence in institutions. They are most likely to express confidence in private employers (23 percent of workers and 27 percent of retirees very confident) and least likely to feel confidence in the federal government (11 percent of workers and 8 percent of retirees). Just 19 percent of workers and 22 percent of retirees report they are very confident about banks, while 12 percent of workers and 13 percent of retirees say they are very confident about insurance companies (Figure 19, page 19). Moreover, the percentages of retirees somewhat confident about banks (45 percent, down from 51 percent in 2009), insurance companies (42 percent, down from 56 percent), and the federal government (30 percent, down from 45 percent) are declining (Figure 20, page 20).

• Over time, the RCS has observed changes in workers’ expected sources of retirement income. In particular: fewer workers are expecting to receive retirement income from Social Security (77 percent, down from 88 percent in 1991) and defined benefit plans (56 percent, down from 62 percent in 2005) (Figure 39, page 36). However, more workers report they will rely on employer-sponsored retirement savings plans (75 percent in 2010, up from 69 percent in 2005) and employment income (77 percent, up from 70 percent in 2005) (Figure 41, page 37).

• Few workers report they are likely to purchase a financial product or select a retirement plan option that pays them guaranteed income each month for the rest of their life. Only 11 percent indicate they are very likely to do so, while 35 percent say they are somewhat likely (Figure 49, page 42). Only 14 percent of retirees report they purchased a guaranteed-income product or selected a guaranteed-income option from a retirement plan.

Retirement Confidence

Overall Retirement Confidence

The downward trend in Americans’ confidence in their ability to retire comfortably appears to be stabilizing, now that the economic volatility of the recession has abated. Sixteen percent of workers in the 2010 RCS say they are very confident they will have enough money to live comfortably throughout their retirement years (statistically equivalent to the low of 13 percent measured in 2009). Forty-six percent are not too or not at all confident they will have enough money to live comfortably (statistically equivalent to the 44 percent observed in 2009). Overall retirement confidence has fluctuated over the 20 years of the RCS, reaching its highest levels among workers in 2007 (27 percent very confident), 2005 (25 percent) and 2000 (25 percent) and its lowest level in 2009 (Figure 1).
Retiree confidence about having a financially secure retirement also appears to have stabilized. Nineteen percent now say they are very confident about having enough money to live comfortably throughout their retirement years (statistically equivalent to the 20 percent measured in 2009). At the same time, 39 percent are not confident about having enough money (statistically equivalent to the 32 percent observed in 2009 and 34 percent in 2008). Like worker confidence, retiree confidence in having enough money has varied over the 20 years of the RCS, but it remained fairly steady at roughly 40 percent very confident from 2001 through 2007 (Figure 2).

As would 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. Those who have experienced increases in income (compared with those whose income in 2009 was the same or lower than in 2008) or financial assets (compared with those whose assets in January 2010 were the same or lower than in January 2008) are more likely to express confidence in having enough money for a comfortable retirement. 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), those who report they or their spouse currently have benefits from a defined benefit plan (compared with those who do not), and those who expect to have access to employer-provided health insurance (compared with those who do not).
Confidence in Other Financial Aspects of Retirement

The 2010 RCS finds that the sharp declines in confidence of the past two years about other financial aspects of retirement are slowing or even reversing. Most notably, 29 percent of workers are now very confident that they will have enough money to pay for basic expenses during retirement (up from 25 percent in 2009, but still down from 34 percent in 2008 and 40 percent in 2007). Twenty-five percent say they are not too or not at all confident about their ability to pay for basic expenses (level with the 25 percent measured in 2009) (Figure 3).

The declines in worker confidence about having enough money to pay for medical expenses and long-term care expenses in retirement appear to be slowing; however, they have not yet stabilized. The percentages of workers who are very confident about being able to pay for medical expenses (12 percent, statistically equivalent to 13 percent in 2009) and long-term care expenses (10 percent, level with 10 percent from 2009) show no change from the percentages measured in 2009. But while the percentages who are very confident remain the same, the percentages not confident about being able to afford these types of expenses continue to increase, from 44 percent in 2009 to 51 percent for medical expenses and from 56 percent in 2009 to 61 percent for long-term care expenses. In fact, these are the highest percentages of workers not confident regarding their ability to pay for health and long-term care expenses in retirement ever measured in the RCS (Figures 4 and 5).

Worker confidence that they are doing a good job of preparing financially for their retirement follows a similar pattern. While the percentage very confident remains stable (21 percent, statistically equivalent to 20 percent in 2009 and 23 percent in 2008), the percentage not confident continued to increase, from 28 percent in 2008 and 30 percent in 2009 to 35 percent in 2010 (Figure 6). In one sense, however, the increasing lack of confidence among workers about the adequacy of their financial preparations for retirement may be good news. Workers who admit they lack confidence about their retirement preparations may be more willing to make corrections and accept advice than are those who are convinced that their retirement preparations are on track to provide them with a comfortable retirement.
Figure 3
Worker Confidence in Having Enough Money to Pay for Basic Expenses in Retirement


Figure 4
Worker Confidence in Having Enough Money to Pay for Medical Expenses in Retirement

Figure 5
Worker Confidence in Having Enough Money to Pay for Long-term Care Expenses in Retirement


Figure 6
Worker Confidence in Doing a Good Job of Preparing Financially for Retirement

Retirees tend to express higher levels of confidence than workers about each of these financial aspects of retirement, and the 2010 RCS finds that the marked declines of previous years have halted. After decreasing from 48 percent in 2007 to 34 percent in 2008, the percentage of retirees very confident in having enough money to pay for basic expenses has remained steady at 34 percent in 2009 and 33 percent in 2010. At the same time, 25 percent continue to be not confident about paying for basic expenses (statistically unchanged from 21 percent in 2009 and 20 percent in 2008) (Figure 7).

Similarly, the declining percentages of retirees very confident about having enough money to cover medical expenses (23 percent, statistically unchanged from 25 percent in 2009) and long-term care expenses (13 percent, statistically unchanged from 15 percent in 2009) appear to have stabilized. The percentages not confident about medical (32 percent in 2010 and 28 percent in 2009) and long-term care (51 percent in 2010 and 55 percent in 2009) expenses also do not show any statistically meaningful changes (Figures 8 and 9).

Although the percentage of retirees very confident that they had done a good job of preparing for retirement fell from 39 percent in 2007 to 26 percent in 2008, it has remained steady since then at 28 percent in 2009 and 30 percent in 2010. Likewise, approximately 3 in 10 retirees continue to be not confident about having done a good job (28 percent in 2008, 33 percent in 2009, and 27 percent in 2010) (Figure 10).

Inversely related to confidence in having enough money for a comfortable retirement is worry about becoming financially dependent upon others in retirement or old age, and this appears to be a real concern for a sizable minority of Americans. Seventeen percent of workers and 18 percent of retirees report the statement “you worry about being financially dependent on others during your retirement/later years” describes them very well. Another 23 percent of workers and 22 percent of retirees indicate it describes them somewhat well.

On the other hand, 36 percent of workers and 43 percent of retirees say this statement about worrying about financial dependence does not describe them at all, including 65 percent of workers who are very confident they will have enough money for a comfortable retirement, 38 percent of workers who are somewhat confident, and 23 percent of those who are not confident.
Figure 8
Retiree Confidence in Having Enough Money to Pay for Medical Expenses in Retirement

![Bar chart showing retiree confidence in medical expenses](chart1)


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

![Bar chart showing retiree confidence in long-term care expenses](chart2)

Preparing for Retirement

Saving for Retirement

It would be encouraging to find that Americans have bolstered their retirement confidence by improving their preparations for retirement, but that may not be the case. Although the percentage of workers who reported they and/or their spouse had saved for retirement increased briefly in 2009 (75 percent), it now stands at 69 percent. While the percentage of workers having saved for retirement increased from 1995–2000, it declined significantly in 2001 and has hovered around 70 percent throughout most of the 2000s (Figure 11). The percentage of retirees having saved for retirement climbed slowly from 48 percent in 1995 to 68 percent in 2006 and 2007 and now stands at 71 percent (up from 62 percent in 2009) (Figure 12).

Not all workers who have saved for retirement are currently saving for this purpose. Sixty percent of workers in the 2010 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 other years) (Figure 13).

Not surprisingly, the likelihood of having saved for retirement among both workers and retirees is strongly related to household income. 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 age 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).
Figure 11
Workers Having Saved Money for Retirement


Figure 12
Retirees Having Saved Money for Retirement

Three in 10 Americans age 25 and over report they have not saved any money for retirement (29 percent of workers and retirees). Of these, 79 percent of workers and 60 percent of retirees say this is because they cannot or could not afford to save. Less than 10 percent mention each of these other reasons for not saving:

- Having other saving priorities (6 percent of both workers and retirees).
- Never getting around to it (5 percent of workers, 6 percent of retirees).
- Thinking they had plenty of time to save (4 percent of workers, 8 percent of retirees).
- Being ignorant and not informed about retirement planning (3 percent of workers, 6 percent of retirees).
- Retirement seeming too far away (2 percent of workers, 5 percent of retirees).

Thirty-one percent of workers who have not saved are nevertheless very or somewhat confident that they will have enough money for a comfortable retirement. However, this percentage has steadily declined from 47 percent in 2004, suggesting that workers are increasingly recognizing the need to save at least some money themselves if they would like to achieve a financially secure retirement.

**Retirement Savings**

The percentage of workers who have virtually no money in savings and investments has increased over the past year. Among RCS workers providing this type of information, 54 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. Moreover, 27 percent say they have less than $1,000 in savings (up from 20 percent in 2009). Approximately 1 in 10 each report totals of $25,000–$49,999 (12 percent), $50,000–$99,999 (11 percent), $100,000–$249,999 (11 percent), and $250,000 or more (11 percent) (Figure 14). Retirees provide similar estimates of total household savings (Figure 15).
These findings are similar to some other estimates of American household assets. Quantifiable data from the 2007 Survey of Consumer Finances (conducted by the U.S. Federal Reserve Board) found that the median (midpoint) level of household assets of all Americans who have an asset is $221,500. This includes the value of the primary home, which had a median value of $200,000 for those who owned a home. Since then, home values have declined nationwide.

Older workers tend to report higher amounts of assets. Seventy-one percent of workers age 25–34 have total savings and investments of less than $25,000, compared with 42 percent of workers age 45 and older. At the same time, 18 percent of workers age 45 and older cite assets of $250,000 or more (versus 4 percent of workers age 25–34). As one might suspect, total savings and investments increase sharply with household income, education, and health status. Workers who have done a retirement savings needs calculation (compared with those who have not) tend to have higher levels of savings. In addition, those who have saved for retirement are more likely than those who have not saved to have substantial levels of savings. In fact, 69 percent of those who have not saved for retirement say their assets total less than $1,000.

One-third of workers who have saved for retirement (32 percent) say they are very confident that they are investing their retirement savings wisely (up from 24 percent in 2009, but down from the high of 45 percent measured in 1998). Another 54 percent are somewhat confident that their savings are wisely invested (Figure 16). Retirees who have saved for retirement show a similar rebound in confidence that they are investing their savings wisely, from 70 percent very or somewhat confident in 2009 to 82 percent in 2010 (Figure 17).
Figure 15
Total Savings and Investments Reported by Retirees, Among Those Providing a Response
(not including value of primary residence or defined benefit plans)

<table>
<thead>
<tr>
<th>Income Range</th>
<th>2002</th>
<th>2005</th>
<th>2006</th>
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<td>$250,000 or more</td>
<td>15%</td>
<td>19%</td>
<td>21%</td>
<td>14%</td>
<td>12%</td>
<td>12%</td>
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Figure 16
Worker Confidence That Retirement Savings Are Invested Wisely, Among Those Having Saved for Retirement

One reason that confidence in their investments may have increased among retirees is that many have recovered confidence in the value of equities as a long-term investment. Forty-six percent of retirees (up from 30 percent in 2009 and statistically equivalent to the 43 percent observed in 2002) indicate that the statement “Over the long run—10 to 20 years—you believe that stocks in general will be a very good investment” describes them very or somewhat well. Overall, workers are statistically as likely as in 2009 to say this statement describes them well (52 percent in 2010 and 48 percent in 2009, down from 61 percent in 2002) (Figure 18). However, workers who have saved for retirement are now more likely to indicate the statement applies to them (64 percent, up from 54 percent in 2009).

Nevertheless, Americans continue to lack confidence in institutions. Just 19 percent of workers and 22 percent of retirees report they are very confident about banks, while 12 percent of workers and 13 percent of retirees say they are very confident about insurance companies. They are most likely to express confidence in private employers (23 percent of workers and 27 percent of retirees very confident) and least likely to feel confidence in the federal government (11 percent of workers and 8 percent of retirees). Moreover, the percentages of retirees somewhat confident about banks (45 percent, down from 51 percent in 2009), insurance companies (42 percent, down from 56 percent), and the federal government (30 percent, down from 45 percent) are declining (Figures 19 and 20).

**Employer 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-one percent of eligible workers (40 percent of all workers) say they participate in such a plan with their current employer (Figure 21).
Figure 18
Attitude About Stocks as a Sound Investment

<table>
<thead>
<tr>
<th>Year</th>
<th>Very Well</th>
<th>Somewhat Well</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 Workers</td>
<td>17%</td>
<td>35%</td>
</tr>
<tr>
<td>2009 Workers</td>
<td>17%</td>
<td>31%</td>
</tr>
<tr>
<td>2002 Workers</td>
<td>22%</td>
<td>38%</td>
</tr>
<tr>
<td>2000 Workers</td>
<td>28%</td>
<td>40%</td>
</tr>
<tr>
<td>2010 Retirees</td>
<td>14%</td>
<td>32%</td>
</tr>
<tr>
<td>2009 Retirees</td>
<td>13%</td>
<td>17%</td>
</tr>
<tr>
<td>2002 Retirees</td>
<td>23%</td>
<td>21%</td>
</tr>
<tr>
<td>2000 Retirees</td>
<td>25%</td>
<td>23%</td>
</tr>
</tbody>
</table>


Figure 19
Worker Confidence in Institutions

<table>
<thead>
<tr>
<th>Institution</th>
<th>Very Confident</th>
<th>Somewhat Confident</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private employers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>23%</td>
<td>55%</td>
</tr>
<tr>
<td>2009</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Banks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>19%</td>
<td>56%</td>
</tr>
<tr>
<td>2009</td>
<td>21%</td>
<td>56%</td>
</tr>
<tr>
<td>Insurance companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>12%</td>
<td>50%</td>
</tr>
<tr>
<td>2009</td>
<td>14%</td>
<td>53%</td>
</tr>
<tr>
<td>The federal government</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>11%</td>
<td>44%</td>
</tr>
<tr>
<td>2009</td>
<td>11%</td>
<td>48%</td>
</tr>
</tbody>
</table>

Figure 20
Retiree Confidence in Institutions

<table>
<thead>
<tr>
<th>Institution</th>
<th>2010 Very Confident</th>
<th>2010 Somewhat Confident</th>
<th>2009 Very Confident</th>
<th>2009 Somewhat Confident</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private employers</td>
<td>27%</td>
<td>50%</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Banks</td>
<td>22%</td>
<td>45%</td>
<td>27%</td>
<td>51%</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>13%</td>
<td>42%</td>
<td>11%</td>
<td>56%</td>
</tr>
<tr>
<td>The federal government</td>
<td>8%</td>
<td>30%</td>
<td>11%</td>
<td>45%</td>
</tr>
</tbody>
</table>


Figure 21
Reported Offer and Take Up of Employer-Sponsored Retirement Savings Plans, Among Employed Workers

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage of Employed Workers Offered Plan</th>
<th>Percentage of Workers Offered Plan Who Contribute</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>59%</td>
<td>71%</td>
</tr>
<tr>
<td>2001</td>
<td>66%</td>
<td>76%</td>
</tr>
<tr>
<td>2005</td>
<td>78%</td>
<td>82%</td>
</tr>
<tr>
<td>2008</td>
<td>79%</td>
<td>77%</td>
</tr>
<tr>
<td>2009</td>
<td>82%</td>
<td>78%</td>
</tr>
<tr>
<td>2010</td>
<td>73%</td>
<td>81%</td>
</tr>
</tbody>
</table>

Employer-sponsored retirement savings plans may be among the most effective vehicles available for encouraging workers to save for retirement. While the RCS does not distinguish how much money is saved in each type of savings vehicle, workers who currently participate in this type of plan are almost three times as likely as those who do not participate to report total savings and investments of at least $50,000 (56 percent vs. 19 percent). Furthermore, workers are more likely to report they have money in an employer-sponsored retirement plan with a current or previous employer (57 percent) than to say they have an individual retirement account or IRA (including a rollover IRA) (46 percent).

While many policymakers consider it to be desirable to limit access to the money contributed to retirement savings plans so that plan money lasts as long as possible and is not depleted before retirement, only a minority of workers favor changes in the way withdrawals are allowed from these accounts to help ensure lifetime income. Thirty-eight percent of workers say they favor requiring individuals to use $100,000 or half of their plan money, whichever is less, to purchase a product at retirement that will pay guaranteed income each month for life. Fewer, 32 percent, favor requiring workers to take their money in a series of withdrawals at retirement rather than withdrawing all of the money at one time. Only about one-quarter each favor changing employer-sponsored retirement savings plans so that workers could not withdraw any money at all until they reach age 66 or leave their job, whichever comes sooner (28 percent), could not take a loan against the money in the plan (25 percent), and could not make a hardship withdrawal (21 percent) (Figure 22).

Workers who have household income under $35,000 (compared with higher-income workers), have less than $25,000 in savings and investments (compared with those who have more), or have not done a retirement savings needs calculation (compared with those who have) are more likely to support changes requiring individuals to purchase a guaranteed-income product and take their money in a series of withdrawals rather than all at one time. This might be because they recognize they will have difficulty managing the money. Generally, those with higher income or assets think they can manage their resources without a problem.
**Retirement Savings Needs**

Many workers continue to be unaware of how much they need to save for retirement. Less than half of workers (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. This is comparable to the percentages measured from 2003–2009, but is lower than the high of 53 percent recorded in 2000 (Figure 23).

The likelihood of doing a retirement savings needs calculation increases with household income, education, and financial assets. In addition, married workers (compared with unmarried workers), those age 35 and older (compared with those age 25–34), retirement savers (compared with nonsavers), and participants in a defined contribution plan (compared with nonparticipants) more often report trying to do a calculation.

Instead of doing a systematic retirement needs calculation, workers often guess at how much they will need to accumulate. In the 2009 RCS, 44 percent of workers reported they determined the amount they needed to save by guessing, including 14 percent of those who report having done a calculation. Approximately 2 in 10 each report doing their own estimate (26 percent) and asking a financial advisor (18 percent). Others read or hear how much is needed (9 percent), use an online calculator (7 percent), or fill out a worksheet or form (5 percent) (Figure 24).

The propensity to guess or do their own calculation may help to explain why the amounts that workers say they need to accumulate for a comfortable retirement appear to be rather low. Twenty-nine percent of workers say they need to save less than $250,000, and another 17 percent mention a goal of $250,000–$499,999. Twenty-four percent think they need to save $500,000–$999,999, while about 1 in 10 each believe they need to save $1 million–$1.49 million (8 percent) or $1.5 million or more (9 percent). However, savings goals tend to increase as household income rises (Figure 25).
Figure 24
Method of Determining Savings Needed for Retirement, by Doing a Retirement Needs Calculation
(multiple responses accepted)

<table>
<thead>
<tr>
<th>Method</th>
<th>All Workers</th>
<th>Did calculation</th>
<th>Did not calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guess</td>
<td>44%</td>
<td>14%</td>
<td>70%</td>
</tr>
<tr>
<td>Do your own estimate</td>
<td>26%</td>
<td>10%</td>
<td>46%</td>
</tr>
<tr>
<td>Ask a financial advisor</td>
<td>18%</td>
<td>5%</td>
<td>33%</td>
</tr>
<tr>
<td>Read or hear that is how much needed</td>
<td>9%</td>
<td>9%</td>
<td>7%</td>
</tr>
<tr>
<td>Use an online calculator</td>
<td>16%</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>Fill out a worksheet or form</td>
<td>11%</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>Advice of family or friends</td>
<td>3%</td>
<td>2%</td>
<td>1%</td>
</tr>
</tbody>
</table>


Figure 25
Amount of Savings Workers Think They Need for Retirement, by Household Income

Workers who have done a retirement savings needs calculation also tend to have higher savings goals than do workers who have not done the calculation. Twenty-eight percent of workers who have done a calculation, compared with just 8 percent of those who have not, estimate they need to accumulate at least $1 million for retirement. At the other extreme, 19 percent of those who have done a calculation, compared with 39 percent who have not, think they need to save less than $250,000 for retirement.

The savings goals cited by workers who have done a retirement needs calculation have increased over time. In the 2000 RCS, 31 percent said they needed to accumulate at least $500,000 for retirement. This percentage increased to 43 percent in 2005 and again to 54 percent in 2010 (Figure 26).

Despite this, workers who have done a retirement needs calculation are more likely than those who have not to feel confident that they will be able to accumulate the amount they need for retirement. Twenty-five percent of those who have done a calculation report they are very confident that they will be able to accumulate the amount they need, compared with just 11 percent of those who have not done a calculation. At the other extreme, only 15 percent of those who have done a calculation are not at all confident they will reach their goal, compared with 24 percent of those who have not done a calculation. Overall, 18 percent of workers are very confident, 38 percent are somewhat confident, and 44 percent are not too or not at all confident that they will be able to accumulate the amount they need by the time they retire (Figure 27).

The RCS provides little support for speculation that workers who do a retirement savings calculation are discouraged by the results. Those who have done a retirement needs calculation continue to be more likely than those who have not to say they are very confident about having enough money for a comfortable retirement (22 percent vs. 10 percent). Moreover, those who think they need to accumulate at least $1 million in retirement savings are six times as likely as those who think they need less than $250,000 to be very confident (36 percent vs. 6 percent).
Finally, the retirement savings calculation appears to be a particularly effective tool for changing retirement planning behavior. Forty-four percent of workers who calculated a goal amount in the 2008 RCS report having made changes to their retirement planning as a result. Most often, these workers say they started saving or investing more (59 percent). Other actions reported include:

- Changing their investment mix (20 percent).
- Reducing debt or spending (7 percent).
- Enrolling in a retirement savings plan at work (5 percent).
- Deciding to work longer (3 percent).
- Researching other ways to save for retirement (3 percent).

**Financial Advice**

Most workers and retirees believe they are getting all the information they need to make sound financial decisions for their retirement. Twenty-nine percent of workers and 36 percent of retirees say this describes them very well. Another 44 percent of workers and 31 percent of retirees feel it describes them somewhat well. Only 27 percent of workers and 29 percent of retirees say it does not describe them. Among workers, those who participate in an employer-sponsored retirement savings plan are particularly likely to say it describes them very or somewhat well. The likelihood of indicating they receive all the information they need also increases with age, education, and household income.

One-third of workers (33 percent) and retirees (32 percent) report they have sought investment advice from a professional financial advisor over the past year. Those with higher levels of financial assets are more likely than those with lower levels of assets to seek this advice, but whether this is because higher-asset individuals feel a greater need of investment advice or because professional advice increases the likelihood of building asset levels is unclear. Other sources of information that workers and retirees turn to for financial advice are:
Family, friends, or co-workers (27 percent of workers, 17 percent of retirees).

Newspapers or magazines (10 percent of workers, 8 percent of retirees).

Information available over the internet (10 percent of workers, 4 percent of retirees).

Bank or credit union (8 percent of workers, 8 percent of retirees).

Their employer or former employer (9 percent of workers, 1 percent of retirees).

The company managing their employer-sponsored retirement plan (7 percent of workers, 5 percent of retirees).

**Overconfidence?**

Although many workers may have re-evaluated their confidence in having a comfortable retirement in the wake of the recession and the accompanying economic turmoil, many workers still provide conflicting responses with respect to confidence and retirement preparation. This suggests that at least some workers may be overconfident about their likely financial security in retirement. A general public opinion survey such as the RCS cannot provide a definitive answer to whether workers are preparing adequately for retirement, but the RCS does provide some strong indications.

First, workers who are very confident that they will have enough money to live comfortably throughout their retirement years appear to be better prepared, on average, than those who are somewhat confident. In turn, those who are somewhat confident appear to be better prepared overall than those who are not confident. For example, confidence increases as the reported total of savings and investments increases. Further, the likelihood of having done a retirement savings needs calculation increases with confidence, and retirement savings goals tend to rise with confidence.

At the same time, workers who are most confident about their financial security in retirement also tend to expect to get the most out of retirement, so that their accumulated savings will need to stretch further. Workers who are very confident are more likely than those who are less confident to expect to retire before age 60 and they are less likely to expect that they will work for pay after they retire. They are also more likely to think their spending in retirement will be about the same as before they retire.

Finally, there is considerable room for improvement in preparing for retirement among at least some of those who say they are very confident. Twenty-three percent of very confident workers are not currently saving for retirement, 44 percent have less than $50,000 in savings, and 33 percent have not done a retirement needs calculation. In addition, 13 percent of very confident workers who are offered a retirement savings plan by their current employer are not contributing to the plan. Workers may be thinking about these failures in preparation when they consider the possibility of becoming financially dependent on others in their old age: 25 percent of workers who are very confident about having enough money for retirement and 34 percent of workers who are somewhat confident admit they worry about being financially dependent on others during their retirement.

**Changing Expectations About Retirement**

**Retirement Age**

Many workers are adjusting some of their expectations about retirement, perhaps in response to their reduced level of confidence about their retirement finances. Twenty-eight percent of workers in the 2010 RCS say the age at which they expect to retire has changed in the past year. Of those, the vast majority (87 percent) report that their expected retirement age has increased. This means that 24 percent of all workers planned to postpone their retirement in 2010. While similar to the level reported in 2009, this represents a substantial increase over previous years, when less than 20 percent said they had postponed their anticipated retirement age (Figure 28).
Among the reasons given for the change by workers postponing retirement in the 2010 RCS are:

- The poor economy (29 percent).
- A change in employment situation (22 percent).
- Inadequate finances or can’t afford to retire (16 percent).
- The need to make up for losses in the stock market (12 percent).
- Lack of faith in Social Security or government (7 percent).
- The cost of living in retirement will be higher than expected (7 percent).
- Needing to pay current expenses first (6 percent).
- Wanting to make sure they have enough money to retire comfortably (6 percent).

At the same time, 8 percent of workers changing their retirement age in the past year (2 percent of all workers) report they will retire sooner than they had planned, primarily due to poor health or disability.

While worker responses to a question asking the age at which they expect to retire has shown little change between 2009 and 2010, the age at which workers say they plan to retire has crept upward incrementally over time. In particular, the percentage of workers who expect to retire after age 65 has increased over time, from 11 percent in 1991 to 14 percent in 1995, 19 percent in 2000, 24 percent in 2005, and 33 percent in the 2010 RCS (Figure 29). Nevertheless, the median (midpoint) age at which workers expect to retire has remained stable at 65 since 1995.
The retirement age reported by retirees has changed even more slowly. In 1991, 19 percent of retirees said they retired at age 65 or later. This percentage has fluctuated over time and now stands at 32 percent (Figure 30). The median (midpoint) age at which retirees report they retired has remained at or very near age 62 throughout this time.

The differences between workers’ expected age of retirement and retirees’ actual age of retirement means that a considerable gap exists between expectations and reality. Just 9 percent of workers say they plan to retire before age 60, compared with 31 percent of retirees who report they retired that early. Nineteen percent of workers plan to retire at age 60–64, although 30 percent of retirees retired at these ages. On the other hand, 24 percent of workers (compared with 8 percent of retirees) plan to wait at least until age 70 to retire, and 9 percent indicate they will never retire (Figure 31). Workers who are not confident about their financial security in retirement expect to retire later, on average, than those who express confidence. Those not expecting to receive retiree health insurance from an employer (compared with those who do) also plan to retire later.
One reason for the difference between workers’ expectations and retirees’ experience 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 (41 percent in 2010) (Figure 32). Many retirees who retired earlier than planned cite negative reasons for leaving the work force before they expected, including health problems or disability.
(54 percent), changes at their company, such as downsizing or closure (26 percent), and having to care for a spouse or another family member (19 percent). Others say changes in the skills required for their job (16 percent) or other work-related reasons (11 percent) played a role. Some retirees mention positive reasons for retiring early, such as being able to afford an early retirement (24 percent) or wanting to do something else (14 percent), but just 5 percent offer only positive reasons.

The consequences of an unplanned early retirement can be heavy. Retirees who retire earlier than planned are more likely than those who retire on time 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. They are also more likely to report their spending in the first five years of retirement was lower than in the five years before they retired.

Like retirees, some workers are likely to find themselves vulnerable to an unplanned early retirement. Nevertheless, many workers feel they are prepared. Seventeen percent say the statement “If something happens and you are forced to retire two years earlier than planned, you will still be able to retire comfortably” describes them very well, and another 44 percent say it describes them somewhat well. Among workers more likely to feel it describes them very or somewhat well are those who are very confident about having enough money for a comfortable retirement (compared with those who are less confident), those with at least $25,000 in savings and investments (compared with those who have less), those who expect to receive benefits from a defined benefit plan (compared with those who do not), those who expect to receive retiree health insurance through an employer (compared with those who do not), and those in excellent or very good health (compared with those in good, fair or poor health).

**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 worked. The percentage of workers planning to work for pay in retirement now stands at 70 percent (up from a recent low of 63 percent in 2008), compared with just 23 percent of retirees who report they worked for pay in retirement (Figure 33).
Retirees who work for pay in retirement most often say they did so because they wanted to stay active and involved (92 percent) or enjoyed working (86 percent), but the percentage who report working solely for non-financial reasons is small. Ninety percent identify 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) (Figure 34). Yet 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.

Spending in Retirement

Workers may base their assessment of how much they will spend in retirement on how much they will have to spend rather than how much it will cost to maintain an acceptable lifestyle. Twenty-five percent of workers expect their spending in the first five years of retirement will be much lower than in the five years before they retire, and another 32 percent think it will be a little lower. Thirty-one percent think their spending levels will be unchanged, while 11 percent believe their spending will increase in retirement. By comparison, retirees are more likely than workers to report their spending in the first five years of retirement was about the same (37 percent) and less likely to report it was lower (49 percent).

Some workers appear to have adjusted their estimates about their likely spending in retirement downward in recent years. In 2007, 20 percent of workers believed their spending in the first five years of retirement would be much lower than pre-retirement, compared with 25 percent in 2009 and 2010 (Figure 35).
The spending level that workers anticipate in retirement is related to household income. Those with less than $35,000 in household income are more likely than higher-income workers to think their spending in retirement will exceed their pre-retirement spending. Conversely, those with higher income are more apt to think they will be able to reduce their spending in retirement.

Although retiree estimates of their spending have not changed significantly between 2007 and the present (Figure 36), 44 percent of retirees report they have made adjustments in spending in the past year as a result of changes in the value of their savings and investments. Retirees under age 70 (compared with older workers) and those who retired earlier than planned (compared with those who retired on time or later than planned) are more likely to have made such adjustments.

In the 2009 RCS, 40 percent of retirees indicated that, so far in their retirement, their spending on health care has been higher than expected. Workers may also be failing to take health care costs sufficiently into account when estimating their retirement needs. Workers in the 2010 RCS continue to be as likely to expect (35 percent) as retirees are to report having (34 percent) access to employer-provided health insurance when they retire (Figure 37). However, many employers are eliminating health care coverage for future retirees, so some workers may find their expectations disappointed.

Moreover, among workers who do not expect to receive retiree health insurance from an employer, many do not appear to be taking health costs sufficiently into account when estimating how much they will need for retirement. Thirty percent of workers who do not expect employer-provided health insurance in retirement believe they need to accumulate less than $250,000 for retirement, and an additional 15 percent think they will need $250,000–$499,999. An Employee Benefit Research Institute study finds that men age 65 and who retire in 2009 will need anywhere from $68,000–$173,000 in savings to cover health insurance premiums and out-of-pocket expenses in retirement if they want a 50–50 chance of being able to have enough money, and $134,000–$378,000 if they prefer a 90 percent chance. With their greater longevity, women will need more: A woman retiring at age 65 in 2009 will need anywhere from $98,000–$242,000 in savings to cover health insurance premiums and out-of-pocket expenses in retirement for a 50–50 chance of having enough money, and $164,000–$450,000 for a 90 percent chance.³
Figure 35
Trend in Post-Retirement vs. Pre-Retirement Spending, Among Workers


Figure 36
Trend in Post-Retirement vs. Pre-Retirement Spending, Among Retirees

Workers expecting benefits from a defined benefit plan are more apt than those not expecting such benefits to think they will also have retiree health coverage through an employer. Others who more often say they will receive this type of coverage include workers with income of at least $75,000 (compared with lower-income workers) and workers age 25–34 (compared with older workers).

Sources of Retirement Income

Although the vast majority of retirees (96 percent) report that Social Security provides a source of income for their and their spouse's retirement (68 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. Seventy-seven percent of workers expect Social Security to be a major or minor source of income in retirement, but they believe that personal savings will also play a large role. Roughly 7 in 10 each say they anticipate receiving retirement income from an employer-sponsored retirement savings plan (75 percent), an individual retirement account or IRA (67 percent), and other personal savings and investments (67 percent). Seventy-seven percent expect employment to provide them with a source of income in retirement and 56 percent expect to receive income from an employer-sponsored traditional pension or cash balance plan. In contrast to worker expectations, retirees are less likely to rely on any form of personal savings or on employment for their income in retirement (Figure 38).
Expected sources of income in retirement among workers and actual sources of retirement income among retirees 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 2010, with most of the decrease occurring by 1995 (80 percent). The percentage of workers expecting to receive benefits from a defined benefit plan has decreased slightly from 62 percent in 2005 to 56 percent in 2010. At the same time, the percentage of retirees reporting they actually receive such benefits has decreased from 62 percent to 52 percent (Figures 39 and 40).

Both expected (among workers from 69 percent in 2005 to 75 percent in 2009 and 2010) and actual (among retirees from 34 percent in 2005 to 44 percent in 2010) reliance on income in retirement from an employer-sponsored retirement savings plans have increased. However, workers are slightly less likely than they were in some previous years to indicate they expect to receive retirement income from other personal savings and investments, including IRAs (78 percent, down from 84 percent in 2008). In addition, workers are more likely to say they and their spouse will receive income from employment (77 percent in 2010, up from 68 percent in 2000 and 70 percent in 2005) (Figures 41 and 42).

It should be noted that although 56 percent of workers expect to receive benefits from a defined benefit plan in retirement, only 37 percent report that they and/or their spouse currently have such a benefit from a current or previous employer. Therefore, the difference of 19 percentage points may be based on the expectation of receiving the benefit from a future employer—a scenario that is becoming increasingly unlikely, since private-sector employers in particular have been cutting back on their defined benefit offerings.
Figure 39
Workers Expecting Retirement Income From Social Security and Defined Benefit Plans


Figure 40
Retirees Receiving Retirement Income From Social Security and Defined Benefit Plans

Figure 41
Workers Expecting Retirement Income From Savings and Employment


Figure 42
Retirees Receiving Retirement Income From Savings and Employment

Confidence in Entitlement Programs

Workers may be less likely to expect than retirees are to receive income from Social Security because confidence in Social Security’s ability to maintain the value of benefits paid to retirees is low (Social Security is the federal program that provides income replacement for eligible aged and disabled workers and their dependents). Seven 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 23 percent are somewhat confident. Nevertheless, 37 percent of workers are not at all confident that future Social Security benefits will match or exceed the value of today’s benefits, a gradual increase over the past eight years from 30 percent not at all confident in 2002 (Figure 43).

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 retirees are more likely than workers to be confident about the future value of Social Security benefits. However, the percentage of retirees saying they are very confident about the future value of Social Security benefits has gradually decreased from a high of 28 percent in 2001 to just 11 percent in 2010 (Figure 44).

Worker concern about Medicare’s level of benefits continues to be relatively stable (Medicare is the federal health care insurance program for the elderly and disabled). Five 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 29 percent are somewhat confident in the system. However, 30 percent are not at all confident that Medicare’s benefits will continue to equal or exceed the benefits received by beneficiaries today (Figure 45).
**Figure 44**

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


**Figure 45**

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

Again, 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. Even so, the percentage of retirees very confident in the value of the future benefits paid by Medicare remains below the level measured in 2007 (7 percent, down from 15 percent in 2007) and 49 percent of retirees report they are not too or not at all confident (Figure 46).

The 2010 RCS asked workers and retirees about the extent to which they favored or opposed several measures to resolve the financial difficulties facing Social Security and Medicare. Among the four solutions offered for Social Security, workers are most likely to favor gradually reducing the current rate of benefits paid by Social Security, so that people with higher incomes have their benefits cut back more than those with lower incomes (55 percent of workers vs. 45 percent of retirees). In contrast, retirees are most likely to favor raising the age at which people can begin receiving full retirement benefits by one year (59 percent of retirees vs. 45 percent of workers). Roughly 4 in 10 each report they favor raising the payroll tax paid by workers from 6.2 percent to 7.2 percent (40 percent of workers, 45 percent of retirees), while about one-quarter favor reducing the current rate of benefits by 5 percent for all new recipients (23 percent of workers, 26 percent of retirees) (Figure 47).

Among the three solutions offered for resolving the financial difficulties facing Medicare, both workers and retirees are most likely to favor gradually increasing the cost of benefits to individuals, so that people with higher incomes pay higher premiums than people with lower premiums (62 percent of workers, 66 percent of retirees). However, retirees are more likely than workers to indicate they favor raising the payroll tax paid by workers from 1.45 percent to 1.95 percent (59 percent of retirees vs. 44 percent of workers) and raising the age at which people are first eligible for benefits from 65 to 66 (55 percent of retirees vs. 39 percent of workers) (Figure 48).
Figure 47
Favor/Oppose Changes to Social Security

<table>
<thead>
<tr>
<th>Change in Social Security</th>
<th>Workers</th>
<th>Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gradually reducing the current rate of benefits, so people with higher incomes have their benefits cut back more than those with lower incomes</td>
<td>28%</td>
<td>19%</td>
</tr>
<tr>
<td>Raising the age at which people can begin receiving full retirement benefits by one year</td>
<td>18%</td>
<td>22%</td>
</tr>
<tr>
<td>Raising the payroll tax paid by workers from 6.2% to 7.2%</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Reducing the current rate of benefits by 5% for all new recipients</td>
<td>8%</td>
<td>4%</td>
</tr>
</tbody>
</table>


Figure 48
Favor/Oppose Changes to Medicare

<table>
<thead>
<tr>
<th>Change in Medicare</th>
<th>Workers</th>
<th>Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gradually increasing the cost of benefits to individuals, so people with higher incomes pay higher premiums than people with lower incomes</td>
<td>30%</td>
<td>31%</td>
</tr>
<tr>
<td>Raising the payroll tax paid by workers from 1.45% to 1.95%</td>
<td>15%</td>
<td>22%</td>
</tr>
<tr>
<td>Raising the age at which people are first eligible for benefits from 65 to 66</td>
<td>13%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Use of Guaranteed-Income Products

Although products and retirement plan options that provide guaranteed income each month for life can help to ensure that retirees do not outlive their assets, few people make use of them. Just 14 percent of retirees report they purchased a financial product or selected a retirement plan option that pays them guaranteed income each month for the rest of their life, and only 11 percent of workers indicate they are very likely to purchase a guaranteed-income product or select a guaranteed-income option from a retirement plan when they retire. Another 35 percent of workers say they are somewhat likely to do so (Figure 49). Workers’ stated likelihood of obtaining this type of product decreases sharply as age rises. It also decreases as assets increase.

Workers and retirees who elect not to purchase or select a guaranteed-income product/plan option offer a variety of reasons for not doing so; however, the most frequently mentioned reason is that they cannot afford it (26 percent of workers, 24 percent of retirees). Other reasons mentioned include:

- Already having a pension, investments or income (13 percent of workers, 15 percent of retirees).
- Not knowing enough about the product (12 percent of workers, 3 percent of retirees).
- Feeling they could do better managing the money themselves (10 percent of workers, 4 percent of retirees).
- Not knowing it was an option (5 percent of workers, 9 percent of retirees).
- Not trusting or believing in them (8 percent of workers, 2 percent of retirees).
- Lack of interest (6 percent of workers, 4 percent of retirees).
- Not being offered one at work (2 percent of workers, 8 percent of retirees).
Length of Retirement

The length of retirement is a key component of retirement planning, and many Americans report taking it into consideration when they do their financial planning. In the 2008 RCS, 66 percent of workers and 42 percent of retirees said they considered the number of years they (and their spouse) will spend in retirement.

Although individual workers may be significantly underestimating how long they will spend in retirement, it appears that workers, on average, have reasonable expectations about the length of their retirement. The typical 2008 RCS worker expected to retire at age 65 and spend 20 years in retirement. Fifty percent of both men and women who provided this information expected to live until at least age 85, and 25 percent expected to live until at least age 90 (both men and women). Ten percent each thought they will live until age 95. According to the 2009 OASDI Trustees Report, a 65-year-old man today can expect to live until age 82, while a 65-year-old woman today can expect to live until age 84.

RCS Methodology

These findings are part of the 20th annual Retirement Confidence Survey (RCS), a survey that 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 2010 through 20-minute telephone interviews with 1,153 individuals (902 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 2010 RCS may differ slightly with 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 1,153 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 2010 RCS data collection was funded by grants from more than 30 public and private organizations, with staff time donated by EBRI and Greenwald. RCS materials and a list of underwriters (also listed on pg. 4) may be accessed at the EBRI Web site: www.ebri.org/rcs

Endnotes

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


4 Life expectancy was calculated by adding expected age at retirement and expected length of retirement for workers providing both pieces of information.

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