

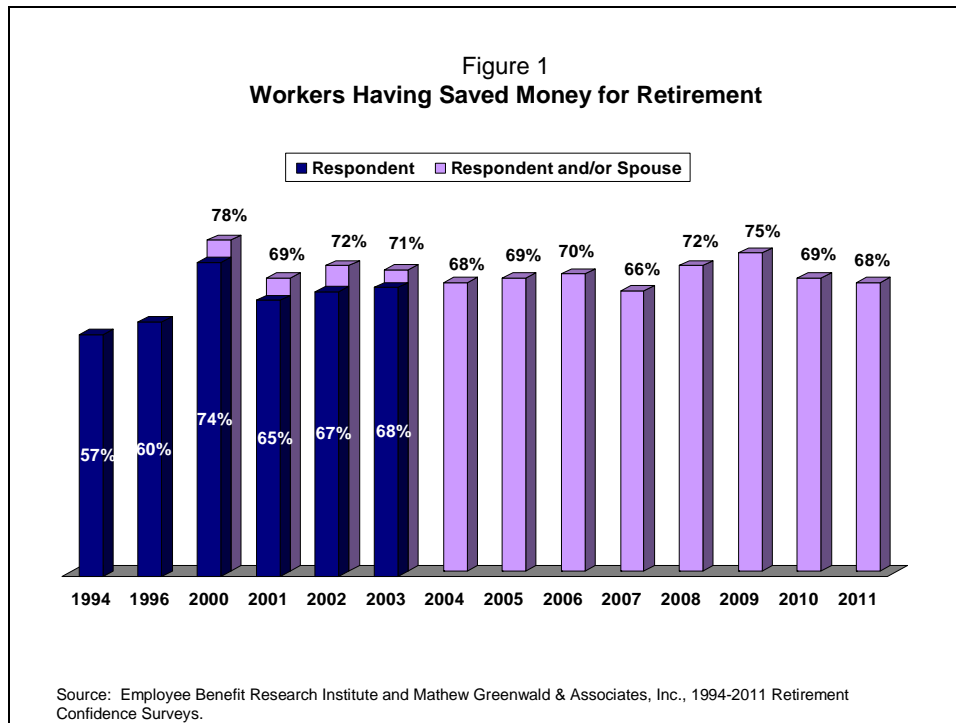
## 2011 RCS FACT SHEET #2

### Preparing for Retirement in America

*Although Americans' confidence in their ability to secure a financially comfortable retirement has continued to fall, they do not appear to be taking steps to compensate by improving their preparations for retirement.*

#### How Well Are Americans Saving?

Sixty-eight percent of workers in the 2011 Retirement Confidence Survey (RCS) report that they and/or their spouse have saved money for retirement. While this percentage is statistically equivalent to the percentages saying they saved for retirement in 2001–2008, it represents a decline from the 75 percent observed in 2009 (Figure 1).



The percentage of workers saying they are currently saving for retirement held steady at 59 percent (down from 65 percent in 2009, but statistically equivalent to 60 percent in 2010).

The likelihood of having saved for retirement increases with age, education, and household income. Moreover, married workers and those who have attempted a retirement savings needs calculation are more likely than their counterparts to have saved.

#### Reported Savings

More than half of workers report they and/or their spouse have less than \$25,000 in total savings and investments (excluding their home and defined benefit plans) (56 percent), including 29 percent who have less than \$1,000 (up from 20 percent in 2009, but statistically equivalent to the 27 percent observed in 2010) (Figure 2).

Figure 2  
**Total Savings and Investments Reported by Workers,  
Among Those Providing a Response**  
(not including value of primary residence or defined benefit plans)

	<u>2002</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Less than \$1,000</b>					<b>20%</b>	<b>27%</b>	<b>29%</b>
<b>\$1,000 - \$9,999</b>	<b>50%</b>	<b>39%</b>	<b>35%</b>	<b>36%</b>	<b>19</b>	<b>16</b>	<b>17</b>
<b>\$10,000 - \$24,999</b>		<b>14</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>11</b>	<b>10</b>
<b>\$25,000 - \$49,999</b>	<b>13</b>	<b>12</b>	<b>10</b>	<b>12</b>	<b>11</b>	<b>12</b>	<b>11</b>
<b>\$50,000 - \$99,999</b>	<b>15</b>	<b>12</b>	<b>13</b>	<b>12</b>	<b>12</b>	<b>11</b>	<b>9</b>
<b>\$100,000 - \$249,999</b>	<b>15</b>	<b>11</b>	<b>15</b>	<b>15</b>	<b>12</b>	<b>11</b>	<b>14</b>
<b>\$250,000 or more</b>	<b>7</b>	<b>12</b>	<b>14</b>	<b>12</b>	<b>12</b>	<b>11</b>	<b>10</b>

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2002-2011 Retirement Confidence Surveys.

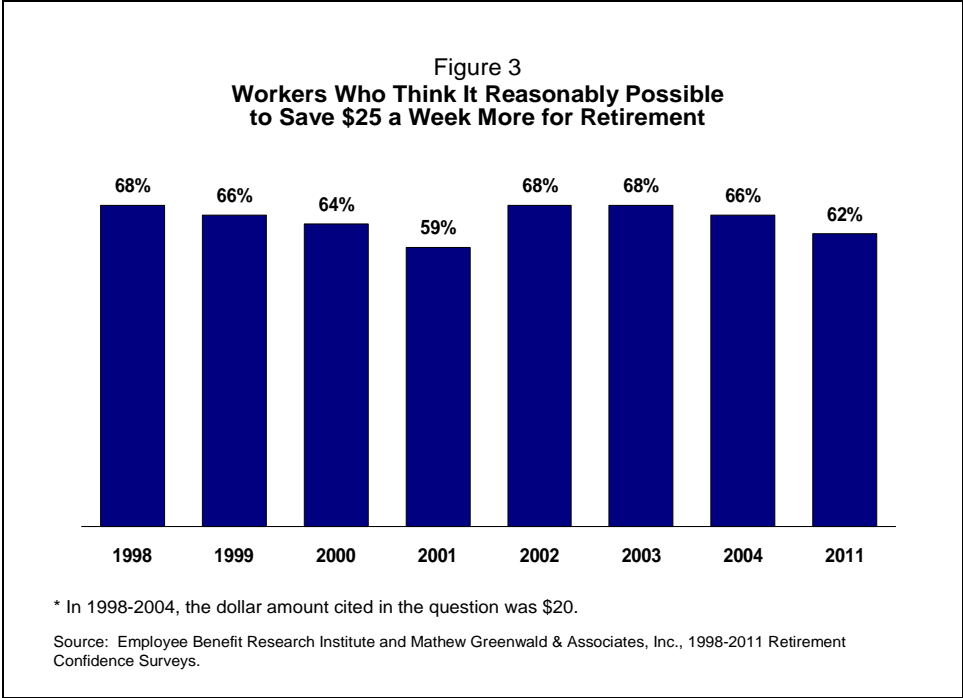
The large majority of workers who have not saved for retirement have little in savings. Sixty-eight percent report they have less than \$1,000 in savings and investments, and 19 percent have \$1,000–\$9,999.

Thirty-four percent of workers report they had to dip into savings to pay for basic expenses in the past 12 months. The likelihood of dipping into savings was inversely related to total household financial assets. It was also higher for those who did not have money in a retirement savings plan than for those who did.

Sixty-two percent of workers (68 percent of savers and 48 percent of nonsavers) say it is reasonably possible for them to save \$25 a week more than they are currently saving for retirement. This represents a decrease from 2002–2003 when 68 percent reported they could save an additional amount<sup>a</sup> (Figure 3, next page).

Most often, those who say they could save \$25 a week more for retirement say they would cut back on or give up dining out (34 percent). Others mention cutting back on or giving up entertainment or leisure activities (22 percent), groceries (10 percent), and impulse buying (9 percent). Nine percent say they would not need to cut back on or give up anything to save this money.

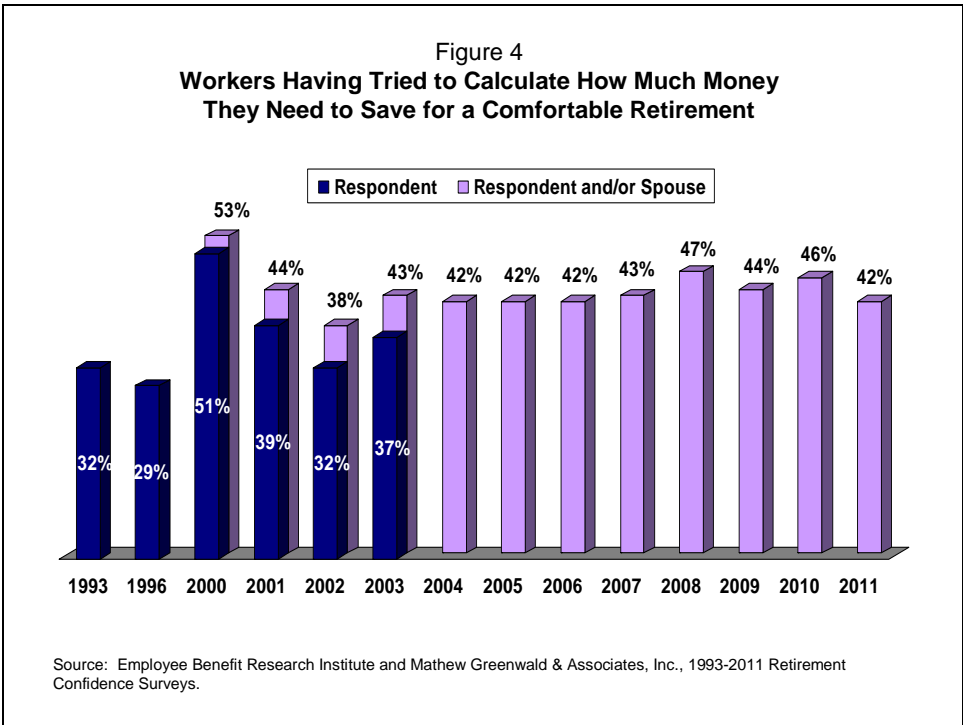
<sup>a</sup> In 1998-2004, the dollar amount cited in the question was \$20 rather than \$25.



**Do Americans Know How Much to Save?**

Forty-two percent of workers have taken the time and effort to complete a retirement needs calculation—the basic planning step that can help individuals determine how much money they are likely to need in retirement and how much they will need to save to meet that goal.

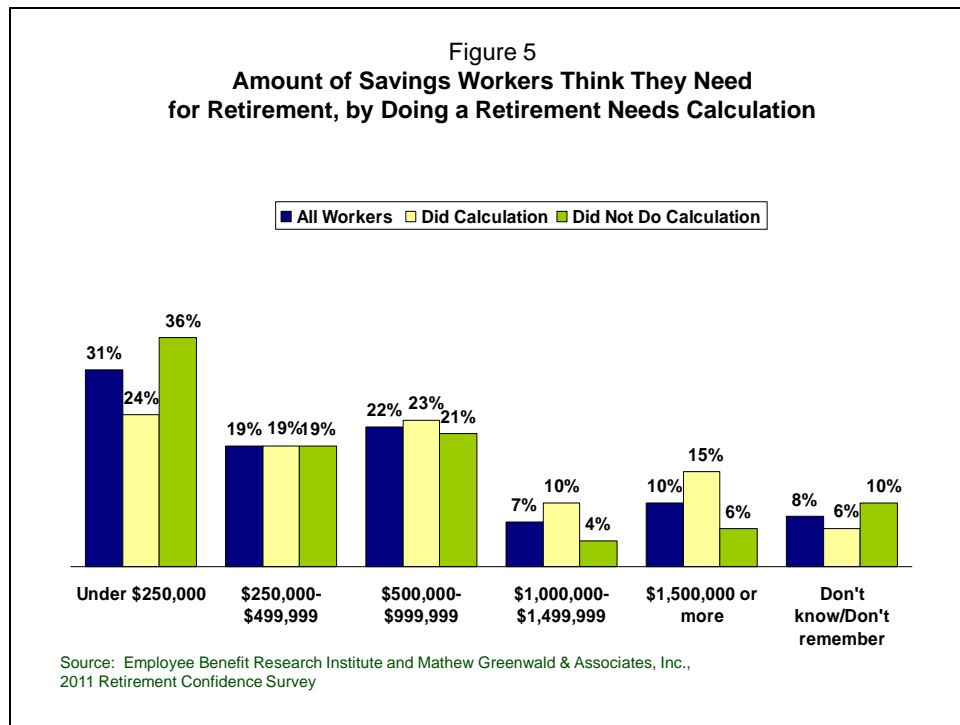
The percentage of workers who have done this calculation has remained about the same since 2003, although it increased briefly to 47 percent in 2008 (Figure 4).



## Amount of Savings Needed

Thirty-nine percent of all workers think they need to accumulate at least \$500,000 by the time they retire to live comfortably in retirement. Nineteen percent feel they need between \$250,000 and \$499,999, while 31 percent think they need to save less than \$250,000 for a comfortable retirement.

Workers who have performed a retirement needs calculation are more than twice as likely as those who have not (25 percent vs. 10 percent) to expect they will need to accumulate at least \$1 million before retiring (Figure 5).

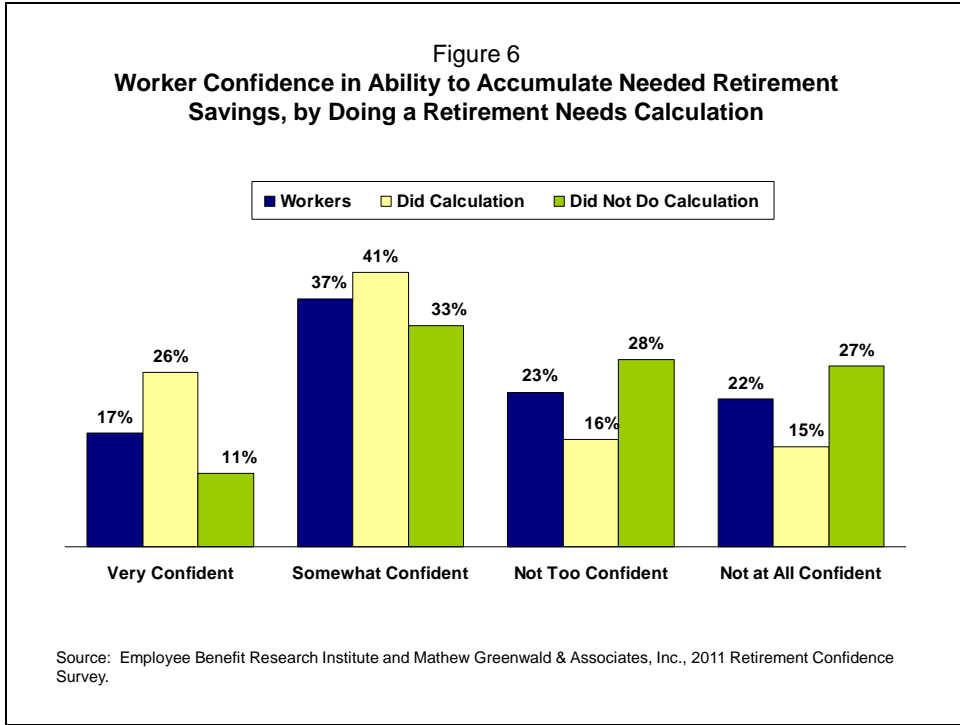


Workers who have done a retirement needs calculation tend to be considerably more confident than those who have not about their ability to reach their goal, despite the fact that those doing a calculation tend to name higher retirement savings goals. Twenty-six percent who have done a calculation, compared with 11 percent who have not, say they are *very* confident that they will be able to accumulate the amount they need. At the other extreme, 27 percent who have not done a calculation, compared with 15 percent who have, report they are *not at all* confident in their ability to save the needed amount (Figure 6, next page).

## Saving at the Workplace

Employer-sponsored retirement savings plans are an important savings vehicle for American workers. Seventy-two percent of employed workers report their employer offers them a plan. Of those, 79 percent say they contribute to the plan.

Workers who participate in a retirement savings plan at work (52 percent) are considerably more likely than those who are offered a plan but choose not to participate (21 percent) or are not offered a plan (23 percent) to have saved at least \$50,000. They are much less likely than others to report having saved less than \$10,000 (23 percent vs. 58 percent each who choose not to participate or not offered a plan).



Furthermore, workers are more likely to report having money in an employer-sponsored retirement savings plan with a current or previous employer (59 percent) than to say they have money in an individual retirement account or IRA, including IRA rollovers from an employer plan (45 percent).

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