The 2012 Retirement Confidence Survey: Job Insecurity, Debt Weigh on Retirement Confidence, Savings

By Ruth Helman, Mathew Greenwald & Associates; and Craig Copeland and Jack VanDerhei, EBRI

At a Glance:

• Americans’ confidence in their ability to retire comfortably is stagnant at historically low levels. Just 14 percent are very confident they will have enough money to live comfortably in retirement (statistically equivalent to the low of 13 percent measured in 2011 and 2009).

• Employment insecurity looms large: Forty-two percent identify job uncertainty as the most pressing financial issue facing most Americans today.

• Worker confidence about having enough money to pay for medical expenses and long-term care expenses in retirement remains well below their confidence levels for paying basic expenses.

• Many workers report they have virtually no savings and investments. In total, 60 percent of workers 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.

• Twenty-five percent of workers in the 2012 Retirement Confidence Survey say the age at which they expect to retire has changed in the past year. In 1991, 11 percent of workers said they expected to retire after age 65, and by 2012 that has grown to 37 percent.

• Regardless of those retirement age expectations, and consistent with prior RCS findings, half of current retirees surveyed say they left the work force unexpectedly due to health problems, disability, or changes at their employer, such as downsizing or closure.

• Those already in retirement tend to express higher levels of confidence than current workers about several key financial aspects of retirement.

• Retirees report they are significantly more reliant on Social Security as a major source of their retirement income than current workers expect to be.

• Although 56 percent of workers expect to receive benefits from a defined benefit plan in retirement, only 33 percent report that they and/or their spouse currently have such a benefit with a current or previous employer.

• More than half of workers (56 percent) report they and/or their spouse have not 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.

• Only a minority of workers and retirees feel very comfortable using online technologies to perform various tasks related to financial management. Relatively few use mobile devices such as a smart phone or tablet to manage their finances, and just 10 percent say they are comfortable obtaining advice from financial professionals online.
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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- Merck
- MFS Investment Management
- New York Life Retirement Plan Services
- Pacific Life Insurance
- PIMCO
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Introduction
The 22nd wave of the Retirement Confidence Survey (RCS) finds that Americans’ confidence in their ability to afford a comfortable retirement is stagnant in the face of more immediate financial concerns about job uncertainty, debt, and financial insecurity. At the same time, the percentage of workers\(^1\) saving for retirement continues its gradual decline, and many remain uncomfortable using new technologies to help them manage their finances.

Findings in this year’s RCS include:

The percentage of workers confident about having enough money for a comfortable retirement is essentially unchanged. Fourteen percent continue to be very confident (statistically equivalent to the 13 percent measured in 2011) and 38 percent are somewhat confident. Twenty-three percent are not at all confident (down slightly from 27 percent in 2011).

Retiree confidence in having a financially secure retirement is also stable, with 21 percent very confident (statistically equivalent to the 24 percent measured in 2011) and 19 percent not at all confident (statistically equivalent to the 17 percent in 2011).

Many workers have more immediate worries than saving for retirement. Forty-two percent identify job uncertainty as the most pressing financial issue facing most Americans today, and just 28 percent are very confident that they will have paid employment for as long as they need it. Almost two-thirds (62 percent) of workers consider their current level of debt to be a problem. Only 16 percent are very confident that their investments will grow in value. These concerns all show a relationship with retirement confidence.

Both workers and retirees continue to express higher levels of confidence about their ability to afford basic expenses in retirement than to pay for post-retirement medical or long-term care expenses. Twenty-six percent of workers and 32 percent of retirees are very confident about having enough money to pay for basic expenses, but just 13 percent of workers and 24 percent of retirees are very confident about paying for medical expenses after retirement. Even fewer—9 percent of workers and 18 percent of retirees—are very confident about having the financial wherewithal to pay for long-term care in retirement.

Two-thirds (66 percent) of workers report they and/or their spouses have saved for retirement, a continuing decline from the three-quarters (75 percent) measured in 2009. Fifty-eight percent say they and/or their spouse are currently saving (continuing the decline from 65 percent in 2009). However, these decreases are concentrated primarily among workers with household income under $35,000.

As previous waves of the RCS have found, a sizable percentage of workers report they have virtually no savings and investments. Among RCS workers providing this type of information for the 2012 RCS, 30 percent say they have less than $1,000. In total, 60 percent of workers 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.

Many workers continue to be unaware of how much they need to save for retirement. More than half (56 percent) report they and/or their spouse have not 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.
When workers are asked to evaluate their progress in planning and saving for retirement, 67 percent state that they are a little or a lot behind schedule. Although unchanged from 2011, this is 12 percentage points higher than the 55 percent of workers who felt they were behind schedule in 2005.

The age at which workers expect to retire continues a slow upward trend. In particular, the percentage of workers who expect to retire after age 65 has increased, from 11 percent in 1991, to 17 percent in 1997 and 18 percent in 2002, 24 percent in 2007, and 37 percent in 2012.

Workers, particularly older workers, are slow to embrace new technologies to help them manage their finances. About half of workers report using a desktop or laptop with a direct Internet connection (53 percent) or with a wireless connection (46 percent) to help manage their finances. But much smaller percentages say they use smart phones (20 percent), a smart phone app (12 percent), or a tablet computer (11 percent) for this task.

Even among those who use these technologies, only a minority feel very comfortable performing various tasks related to financial management online. Roughly 4 in 10 report feeling very comfortable shifting money from one account or investment to another online (41 percent) and using calculators online to assist with financial decisions (37 percent), but only 19 percent are very comfortable purchasing financial products online and just 10 percent say they are very comfortable obtaining advice from financial professionals online.

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**About the 2012 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 2012 RCS is the 22nd annual wave of this project, making it the longest-running retirement survey of its kind in the nation.

The survey was conducted in January 2012 through 20-minute telephone interviews with 1,262 individuals (1,003 workers and 259 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 2012 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/](http://www.ebri.org/surveys/rcs/).

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**Retirement Confidence**

**Overall Retirement Confidence**

Despite recent improvements in the economic picture, Americans’ confidence in their ability to retire comfortably remains stagnant. Just 14 percent of workers are very confident they will have enough money to live comfortably in retirement (statistically equivalent to the low of 13 percent measured in 2011 and 2009), and 38 percent are somewhat confident. On the other hand, a quarter of workers (23 percent) continue to say they are not at all confident that they will have enough money to live comfortably throughout their retirement years (slightly below the 27 percent measured in 2011). Another 24 percent are not too confident they will have enough money, making nearly half of all workers not too or not at all confident of having enough money for retirement.

Among retirees, confidence about having a financially secure retirement has also held steady. Twenty-one percent are very confident about having enough money to live comfortably throughout their retirement years (statistically equivalent to the 24 percent who expressed that sentiment in 2011), while 42 percent are somewhat confident. At the
same time, 19 percent say they are not at all confident (statistically equivalent to the 17 percent measured in 2011). Another 17 percent of retirees are not too confident.

Overall retirement confidence among workers has fluctuated over the 22 years of the RCS, reaching its highest levels in 2007 (27 percent very confident and 10 percent not at all confident), but dropped to a record low in 2011 (Figure 1). Like worker confidence, retiree confidence in having enough money for retirement has varied over the 22 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 of very confident retirees declined during the recession years of 2008 and 2009 and, correspondingly, the percentage not at all confident increased (Figure 2).

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Very</th>
<th>Somewhat</th>
<th>Not Too</th>
<th>Not At All</th>
<th>Don't Know/Refused</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>6%</td>
<td>15%</td>
<td>10%</td>
<td>16%</td>
<td>19%</td>
</tr>
<tr>
<td>1997</td>
<td>19%</td>
<td>19%</td>
<td>17%</td>
<td>13%</td>
<td>17%</td>
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<tr>
<td>2002</td>
<td>45%</td>
<td>47%</td>
<td>45%</td>
<td>44%</td>
<td>43%</td>
</tr>
<tr>
<td>2007</td>
<td>27%</td>
<td>24%</td>
<td>24%</td>
<td>27%</td>
<td>18%</td>
</tr>
</tbody>
</table>


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

<table>
<thead>
<tr>
<th>Year</th>
<th>Very</th>
<th>Somewhat</th>
<th>Not Too</th>
<th>Not At All</th>
<th>Don't Know/Refused</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>7%</td>
<td>11%</td>
<td>11%</td>
<td>13%</td>
<td>17%</td>
</tr>
<tr>
<td>1997</td>
<td>16%</td>
<td>18%</td>
<td>16%</td>
<td>12%</td>
<td>16%</td>
</tr>
<tr>
<td>2002</td>
<td>45%</td>
<td>34%</td>
<td>32%</td>
<td>27%</td>
<td>35%</td>
</tr>
<tr>
<td>2007</td>
<td>29%</td>
<td>20%</td>
<td>19%</td>
<td>24%</td>
<td>21%</td>
</tr>
</tbody>
</table>

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. Other segments 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 spouse currently have benefits from a defined benefit plan (compared with those who do not).

**Confidence in Other Financial Aspects of Retirement**

Like overall retirement confidence, confidence about other financial aspects of retirement has remained relatively stable since declining from highs in 2007. In particular, 26 percent of workers are now very confident that they will have enough money to pay for basic expenses during retirement (down sharply from 40 percent in 2007), statistically equivalent to the 28 percent measured in 2011. Thirteen percent say they are not at all confident about their ability to pay for basic expenses (level with the 12 percent in the 2011 RCS), and another 15 percent indicate they are not too confident (Figure 3).

Worker confidence about having enough money to pay for medical expenses and long-term care expenses in retirement remains well below confidence levels regarding paying for basic expenses. The percentages of workers who are very confident about being able to pay for medical expenses (13 percent, down from 20 percent in 2007 but level with the 12 percent in 2011) and long-term care expenses (9 percent, down from 17 percent in 2007 but statistically equivalent to the 9 percent measured in 2011) are unchanged from 2011. Similarly, the percentages not at all confident have remained at a plateau, with 24 percent now not at all confident about having enough money for medical expenses (up from 14 percent in 2007, statistically equivalent to the 23 percent measured in 2011) and 34 percent not at all confident about having enough money for long-term care expenses (up from 21 percent in 2007, statistically equivalent to the 33 percent measured in 2011) (Figures 4 and 5).

Worker confidence that they are doing a good job of preparing financially for retirement has also held steady. The percentage of workers very confident remained at roughly 25 percent between 2003 and 2007, and has since remained steady at roughly 2 in 10 (22 percent in 2011 and 19 percent in 2012). The percentage of workers who are not at all confident rose slightly from 12 percent in 2008 to 17 percent in 2011, but has remained statistically unchanged since then (19 percent in 2012). Combined with the 17 percent of workers who say they are not too confident, this means that 36 percent indicate they lack confidence in their financial preparations for retirement (Figure 6).
Those already in retirement tend to express higher levels of confidence than workers about each of these financial aspects of retirement, and the 2012 RCS shows little change from the levels measured for retirees in the recent past. 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 remains at 32 percent in 2012. At the same time, 10 percent continue to be not at all confident about paying for basic expenses (Figure 7).
Similarly, the percentages of retirees very confident about having enough money to cover medical expenses (24 percent, statistically unchanged from 27 percent in 2011) and long-term care expenses (18 percent, statistically unchanged from 16 percent in 2011) held steady. The percentages not at all confident about medical (16 percent in 2012 and 14 percent in 2011) and long-term care expenses (30 percent in 2012 and 2011) 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 that time (27 percent in 2012). Likewise, 14 percent of retirees continue to be not at all confident about having done a good job (statistically unchanged from 13 percent in 2011) (Figure 10).
More Immediate Concerns

One reason that retirement confidence may have stagnated is 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 (42 percent of workers and 41 percent of retirees). Other issues named include:

- Making ends meet (10 percent of workers and 13 percent of retirees).
- The economy (9 percent each).
• Making mortgage payments (9 percent of workers and 7 percent of retirees).
• Paying down debt or loans (8 percent of workers and 5 percent of retirees).
• Paying for health insurance or medical expenses (7 percent of workers and 6 percent of retirees).

Just 2 percent of workers and retirees identify a longer-term issue such as saving or planning for retirement as the most pressing financial issue facing most Americans today.

Almost two-thirds of workers (62 percent) and 45 percent of retirees report feeling financially stressed. One reason for this may be the level of debt carried by many Americans. Twenty percent of workers and 12 percent of retirees report their level of debt is a major problem, and an additional 42 percent of workers and 25 percent of retirees describe it as a minor problem. Only a minority of workers (38 percent) state that debt is not a problem for them (Figure 11).

This level of debt is strongly related to retirement confidence. Just 4 percent of workers who describe their debt as a major problem say they are very confident about having enough money to live comfortably throughout retirement, compared with 23 percent of workers who indicate debt is not a problem. On the other hand, 45 percent of workers with a major debt problem are not at all confident about having enough money for a financially secure retirement, compared with 14 percent of workers without a debt problem (Figure 12).

In addition, few are optimistic about the immediate financial future. Just 7 percent of workers and 3 percent of retirees are very confident that inflation will average no more than 4 percent for the next 10 years. Only 8 percent of workers and 10 percent of retirees are very confident that the economy will grow an average of at least 3 percent a year for the next 10 years, while just 16 percent of workers and 11 percent of retirees are very confident that their investments will grow in value. While 28 percent of workers are very confident they will have paid employment for as long as they need it, just 9 percent of retirees think they could find paid employment if they should need it in retirement (Figure 13). Lack of confidence in the immediate financial future is also strongly related to lack of confidence in a secure retirement.
Preparation for Retirement

Saving for Retirement

Although one might expect that American workers would react to their lack of retirement confidence by improving their preparations for retirement, that does not appear to be happening. 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 1996 through 2000, declined significantly in 2001 and hovered around 70 percent, sometimes above that and sometimes
below (Figure 14). 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 68 percent (Figure 15).

Not all workers who have saved for retirement are currently saving for this purpose. Fifty-eight percent of workers in the 2012 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 and 2011) (Figure 16).

The likelihood of having saved for retirement among both workers and retirees is strongly related to household income. Further, the decline in saving for retirement over the past few years is found almost exclusively among those workers...
with household income under $35,000. Between 2009 and 2012, the percentage of workers with household income under $35,000 reporting they had saved for retirement declined from 49 percent to 35 percent. By comparison, the percentage of workers with household income between $35,000 and $74,999 reporting they had saved for retirement declined by just 6 percentage points (from 80 percent in 2009 to 74 percent in 2012), while the percentage of workers with household income of at least $75,000 reporting they had saved for retirement remained constant at 93 percent (Figure 17).

The proportion saying they have saved for retirement also increases as educational levels rise or health status improves. In addition, married workers are more likely than those not married to have set aside money. 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 retirement plan (compared with those who do not).

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

<table>
<thead>
<tr>
<th>Household Income</th>
<th>2009</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$35,000</td>
<td>49%</td>
<td>35%</td>
</tr>
<tr>
<td>$35,000-$74,999</td>
<td>80%</td>
<td>74%</td>
</tr>
<tr>
<td>$75,000+</td>
<td>93%</td>
<td>93%</td>
</tr>
</tbody>
</table>


Savings and Investments

A sizable percentage of workers have virtually no money in savings and investments. Among RCS workers providing this type of information, 60 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. This includes 30 percent who say they have less than $1,000 in savings (up from 20 percent in 2009 but statistically equivalent to the 27 percent measured in 2010 and 29 percent in 2011). Approximately 1 in 10 each report totals of $25,000–$49,999 (10 percent), $50,000–$99,999 (10 percent), $100,000–$249,999 (11 percent), and $250,000 or more (10 percent) (Figure 18). Retirees provide similar estimates of total household savings (Figure 19).

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 Americans who have these assets was $25,300.²

Older workers tend to report higher amounts of assets. Nineteen percent of workers age 45 and older cite assets of $250,000 or more (vs. 1 percent of workers age 25–34). At the same time, 77 percent of workers age 25–34 have total savings and investments of less than $25,000, compared with 48 percent of workers age 45 and older. 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, nearly two-thirds (63 percent) of those who have not saved for retirement say their assets total less than $1,000.

Thirty-four 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 (22 percent, down from 33 percent in 2011) say they had to take more than
planned from their savings and investments to pay for basic expenses (Figure 20). The reported likelihood of dipping into savings and investments decreases as savings and investments or household income rise.

### Figure 18
**Total Savings and Investment Reported by Workers, Among Those Providing a Response**  
(not including value of primary residence or defined benefit plans)

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $1,000</td>
<td>50%</td>
<td>35%</td>
<td>36%</td>
<td>20%</td>
<td>27%</td>
<td>29%</td>
<td>30%</td>
</tr>
<tr>
<td>$1,000 - $9,999</td>
<td></td>
<td></td>
<td></td>
<td>19%</td>
<td>16%</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>$10,000 - $24,999</td>
<td>13%</td>
<td>13%</td>
<td>13%</td>
<td>11%</td>
<td>10%</td>
<td>12%</td>
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<td>$25,000 - $49,999</td>
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<td>12%</td>
<td>12%</td>
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<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>


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

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $1,000</td>
<td>45%</td>
<td>32%</td>
<td>51%</td>
<td>23%</td>
<td>27%</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>$1,000 - $9,999</td>
<td></td>
<td></td>
<td></td>
<td>17%</td>
<td>15%</td>
<td>14%</td>
<td>19%</td>
</tr>
<tr>
<td>$10,000 - $24,999</td>
<td>13%</td>
<td>9%</td>
<td>16%</td>
<td>14%</td>
<td>12%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>$25,000 - $49,999</td>
<td>7%</td>
<td>10%</td>
<td>9%</td>
<td>13%</td>
<td>11%</td>
<td>6%</td>
<td>9%</td>
</tr>
<tr>
<td>$50,000 - $99,999</td>
<td>14%</td>
<td>11%</td>
<td>6%</td>
<td>9%</td>
<td>11%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>$100,000 - $249,999</td>
<td>19%</td>
<td>20%</td>
<td>13%</td>
<td>10%</td>
<td>15%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>$250,000 or more</td>
<td>15%</td>
<td>14%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
<td>17%</td>
<td>15%</td>
</tr>
</tbody>
</table>


**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-one percent of eligible workers (38 percent of all workers) say they participate in such a plan with their current employer (Figure 21).
While the RCS does not distinguish how much money is saved in each type of savings vehicle, workers who currently contribute to an employer-sponsored retirement savings plan are more than twice as likely as those who do not to report savings and investments of at least $50,000 (45 percent vs. 22 percent).

**Retirement Savings Needs**

Many workers continue to be unaware of how much they need to save for retirement. Less than half of workers (42 percent) report they and/or their spouse have tried to calculate how much money they will need to have saved so
that they can live comfortably in retirement. This is comparable to most of the percentages measured from 2003–2011, but lower than the 53 percent recorded in 2000 and the 47 percent in 2008 (Figure 22).

![Figure 22](image)

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.

The 2012 RCS showed that workers often guess at how much they will need to accumulate (42 percent), rather than doing a systematic retirement needs calculation. The propensity to guess or do their own calculation, together with current feelings of financial stress, may help to explain why the amounts that workers say they need to accumulate for a comfortable retirement appear to be rather low. Thirty-four percent of workers say they need to save less than $250,000 (up from 26 percent in 2007). Another 18 percent mention a goal of $250,000–$499,999. Twenty percent think they need to save $500,000–$999,999, while fewer than 1 in 10 each believe they need to save $1 million–$1.49 million (6 percent) or $1.5 million or more (9 percent) (Figure 23). Savings goals tend to increase as household income rises, but perhaps not as much as necessary to maintain a comfortable retirement.

Workers who have done a retirement savings needs calculation tend to have higher savings goals than do workers who have not done the calculation. Twenty-two percent of workers who have done a calculation, compared with 9 percent of those who have not, estimate they need to accumulate at least $1 million for retirement. At the other extreme, 27 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.

**Evaluation of Progress in Planning and Saving for Retirement**

When workers are asked to evaluate their progress in planning and saving for retirement, 67 percent state that they are a lot (37 percent) or a little (30 percent) behind schedule. This is statistically equivalent to the percentages reported in 2011, but 12 percentage points higher than the 55 percent of workers who felt behind schedule in 2005. While the percentage of workers who say they are ahead of schedule has changed little (7 percent in 2005, 9 percent in 2011), the percentage who indicate they are on track has declined from 37 percent in 2005 to 22 percent in 2012 (Figure 24).
The likelihood of feeling a lot behind schedule is inversely related to household income, household assets, health status, and education. Among others more likely to describe themselves as a lot behind schedule are single workers (compared with married workers); those who have not saved for retirement (compared with savers); those who have not done a retirement needs calculation (compared with those who have); those who are not participating in a retirement savings plan at work (compared with participants); and those who do not currently have benefits from a defined benefit plan (compared with those who are entitled to benefits). Workers who say they are a lot behind schedule may plan to make
up for their planning and saving deficiencies in other ways, as they are more likely than workers who feel better prepared to say they will retire at older ages and work for pay in retirement.

**Planning by Retirees**
Two-thirds of retirees (64 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 and 27 percent report beginning to plan between 10 and 19 years before retirement. However, 17 percent say they started planning five to nine years before retirement and 15 percent started less than five years before that point (Figure 25).

**Figure 25**
Timeframe When Retirees Began to Plan Financially for Retirement, Among Retirees Who Planned for Retirement

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>The year you retired</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>The year before you retired</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>2 to 4 years before you retired</td>
<td>9%</td>
<td>12%</td>
</tr>
<tr>
<td>5 to 9 years before you retired</td>
<td>13%</td>
<td>17%</td>
</tr>
<tr>
<td>10 to 19 years before you retired</td>
<td>23%</td>
<td>27%</td>
</tr>
<tr>
<td>20 years or more before you retired</td>
<td>34%</td>
<td>43%</td>
</tr>
<tr>
<td>Don’t know/Refused</td>
<td>6%</td>
<td>5%</td>
</tr>
</tbody>
</table>


**Use of Financial Advice and Technology**
Twenty-one percent of workers and 24 percent of retirees report they have obtained investment advice from a professional financial advisor who was paid through fees or commissions in the past year (Figure 26). Those with higher levels of financial assets are more likely than those with lower levels of assets to seek this advice, but it is unclear whether this is because higher-asset individuals feel a greater need of investment advice, because professional advice increases the likelihood of building asset levels, or because those with more assets are better able to afford it.

More than half of workers (53 percent), but just one-quarter of retirees (26 percent), report they use a desktop or laptop with a direct Internet connection to help manage their finances. Almost as many say they use a desktop or laptop with a wireless Internet connection (46 percent of workers and 18 percent of retirees). Much smaller percentages manage their finances using mobile devices such as smart phones (20 percent of workers and 4 percent of retirees), a smart phone app (12 percent of workers and 2 percent of retirees), or a tablet computer (11 percent of workers and 4 percent of retirees) (Figure 27). The likelihood of using each of these devices increases sharply with household income and education. Workers under 45 are also more likely than older workers to report using each of these devices except a tablet computer.

Nevertheless, only a minority of workers and retirees feel very comfortable using online technologies to perform various tasks related to financial management. Among those who use one or more of the technologies mentioned in the survey, just 34 percent of workers and 23 percent of retirees state they feel very comfortable obtaining information about financial products online, although another 41 percent of workers and 30 percent of retirees report they feel somewhat
comfortable. Forty-one percent of workers and 34 percent of retirees feel very comfortable shifting money from one account or investment to another online, while 37 percent of workers and just 19 percent of retirees feel very comfortable using calculators online to assist them with financial decisions. Even fewer say they feel very comfortable purchasing financial products online (19 percent of workers and 14 percent of retirees) or obtaining advice from financial professionals online (10 percent of workers and 7 percent of retirees) (Figure 28). In general, comfort with doing these tasks online appears to be inversely related to age and to be higher for college graduates than for those without a college degree.

Figure 26
Americans Obtaining Investment Advice from a Professional Financial Advisor

![Bar chart showing the percentage of workers and retirees obtaining investment advice from a professional financial advisor from 2009 to 2012.](image)


Figure 27
Americans Using Internet Device to Help Manage Finances

<table>
<thead>
<tr>
<th>Device Type</th>
<th>Workers</th>
<th>Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>A desktop or laptop with a direct internet connection</td>
<td>53%</td>
<td>26%</td>
</tr>
<tr>
<td>A desktop or laptop using a wireless internet connection</td>
<td>46%</td>
<td>18%</td>
</tr>
<tr>
<td>A smart phone</td>
<td>20%</td>
<td>18%</td>
</tr>
<tr>
<td>A smart phone app</td>
<td>12%</td>
<td>2%</td>
</tr>
<tr>
<td>A tablet computer</td>
<td>11%</td>
<td>4%</td>
</tr>
</tbody>
</table>

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-five percent of workers in the 2012 RCS say the age at which they expect to retire has changed in the past year. Of those, the vast majority (88 percent) report that their expected retirement age has increased. This means that in 2012 22 percent of all workers planned to postpone their retirement (Figure 29).

Figure 28
Comfort Performing Retirement Planning Tasks Online, Among Those Using Internet Device

<table>
<thead>
<tr>
<th>Task</th>
<th>Workers</th>
<th>Retirees</th>
<th>Very Comfortable</th>
<th>Somewhat Comfortable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obtaining information about financial products online</td>
<td>34%</td>
<td>41%</td>
<td></td>
<td>75%</td>
</tr>
<tr>
<td>Using calculators online to assist you with financial decisions</td>
<td>37%</td>
<td>36%</td>
<td>19%</td>
<td>35%</td>
</tr>
<tr>
<td>Shifting money from one account or investment to another online</td>
<td>41%</td>
<td>28%</td>
<td>34%</td>
<td>58%</td>
</tr>
<tr>
<td>Purchasing financial products online</td>
<td>19%</td>
<td>33%</td>
<td>44%</td>
<td>34%</td>
</tr>
<tr>
<td>Obtaining advice from financial professionals online</td>
<td>10%</td>
<td>31%</td>
<td>41%</td>
<td></td>
</tr>
</tbody>
</table>


Figure 29
Workers Expecting to Retire Later Than Planned

<table>
<thead>
<tr>
<th>Year</th>
<th>15%</th>
<th>18%</th>
<th>25%</th>
<th>24%</th>
<th>20%</th>
<th>22%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>2005</td>
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<td></td>
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<tr>
<td>2008</td>
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<tr>
<td>2009</td>
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<td>2010</td>
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<td></td>
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<tr>
<td>2011</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
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</tbody>
</table>

While the 2012 RCS did not ask about the reasons for postponing retirement, workers delaying retirement in the 2011 RCS gave the following reasons:

- The poor economy (36 percent).
- Lack of faith in Social Security or government (16 percent).
- A change in employment situation (15 percent).
- Inadequate finances or can’t afford to retire (13 percent).
- The cost of living in retirement will be higher than expected (10 percent).
- Wanting to make sure they have enough money to retire comfortably (10 percent).
- Needing to pay current expenses first (9 percent).
- Needing to pay for health care costs (7 percent).
- Needing to make up for losses in the stock market (6 percent).
- A change in the minimum retirement age for Social Security (5 percent).

While responses to a question asking the age at which workers expect to retire show little change from one year to another, the long-term trend shows that the expected retirement age has crept upward over time. In particular, the percentage of workers who expect to retire after age 65 has increased, from 11 percent in 1991, to 17 percent in 1997 and 18 percent in 2002, 24 percent in 2007, and 37 percent in the 2012 RCS (Figure 30). Nevertheless, the median (midpoint) age at which workers expect to retire has remained stable at 65 for most of this time.

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 increased to 20 percent in 2010 and remains at 18 percent in the 2012 RCS (Figure 31). The median (midpoint) age at which retirees report they actually retired has remained at age 62 throughout this time.

The differences between workers’ expected age of retirement and retirees’ actual age of retirement reveals a considerable gap between workers’ expectations and retirees’ experience. Just 8 percent of workers say they plan to retire before age 60, compared with 40 percent of retirees who report they retired that early. Sixteen percent of
workers say they plan to retire at age 60–64, although 25 percent of retirees retired at these ages. On the other hand, 26 percent of workers (compared with 8 percent of retirees) plan to wait at least until age 70 to retire, and 7 percent of workers indicate they will never retire (Figure 32). 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 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 (50 percent in 2012) (Figure 33). Many retirees who retired earlier than planned cite negative reasons for leaving the work force, including health problems or disability (51 percent); changes
at their company, such as downsizing or closure (21 percent); and having to care for a spouse or another family member (19 percent). Others say changes in the skills required for their job (11 percent) or other work-related reasons (23 percent) played a role. Some retirees mention positive reasons for retiring early, such as being able to afford an earlier retirement (33 percent) or wanting to do something else (28 percent), but just 8 percent offer only positive reasons.

Figure 33
Timing of Retirement, Among Retirees

![Bar chart showing the timing of retirement among retirees from 1991 to 2012.](source)

Like retirees, some workers are likely to find themselves vulnerable to an unplanned early retirement. The consequences 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 and medical 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 worked. The percentage of workers planning to work for pay in retirement in the 2012 RCS is 70 percent, compared with just 27 percent of retirees who report they worked for pay in retirement (Figure 34).

Almost all retirees who worked 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 report working *solely* for nonfinancial 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).

Few retirees who have not already worked for pay in retirement anticipate returning to paid employment. Just 2 percent say it is very likely they will work for pay some time in the future, and only 8 percent say it is somewhat likely. Instead, most say a return to paid employment is either not too (21 percent) or not at all (67 percent) likely.

It is likely that not all workers who would like to work in retirement will find paid employment. As previously mentioned, there is a large discrepancy between worker confidence in having paid employment for as long as needed (28 percent very confident and 44 percent somewhat confident) and retiree confidence in finding paid employment should they...
need it in retirement (9 percent very confident and 17 percent somewhat confident). In fact, more than half of retirees (54 percent) are not at all confident about finding paid employment in retirement. Retirees with household income under $35,000 are especially likely to say they are not at all confident.

**Sources of Retirement Income**

Although the vast majority of retirees (91 percent) report that Social Security provides a source of income for their and their spouse's retirement (69 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 aged and disability coverage for eligible workers and their dependents). Seventy-nine 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 two-thirds each say they anticipate receiving retirement income from an employer-sponsored retirement savings plan (72 percent), an individual retirement account or IRA (64 percent), or other personal savings and investments (62 percent). Seventy-nine percent expect employment to provide them with a source of income in retirement, 56 percent expect to receive income from an employer-sponsored traditional pension or cash balance plan, and 45 percent expect to receive income from a payout annuity. 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 35).

Workers' expected sources of income in retirement 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 79 percent in 2011 and 2012. The percentage of workers expecting to receive benefits from a defined benefit plan has also decreased from 70 percent in 2002 to 56 percent in 2012. At the same time, the percentage of workers expecting to receive income from employment has increased from 72 percent in 1991 to 79 percent in 2012.

It should be noted that although 56 percent of workers and/or their spouse expect to receive benefits from a defined benefit plan in retirement, only 33 percent report that they and/or their spouse currently have such a benefit with a current or previous employer.
Guaranteed Income

Worker responses suggest that they will be about as likely as current retirees to purchase a financial product or select a retirement plan option that pays guaranteed income each month for life. Twelve percent of workers say they will be very likely to purchase or choose such a product, compared with 12 percent of retirees who report they bought this type of product or chose this plan option when they retired. Another 34 percent of workers indicate they will be somewhat likely to buy or choose a guaranteed income product (Figures 36 and 37).
Do Expectations Become Reality?

One question that arises when looking at the differences between worker expectations of retirement and retirees’ actual experience is: How much will current workers change the retirement experience to match their expectations? While the RCS is not a longitudinal study and does not track specific workers over time as they move into retirement, some insights can be obtained by comparing the expectations of workers ages 55 to 64 from the 2002 RCS with the experience of retirees ages 65 to 74 in the 2012 RCS who retired within the past 10 years.

The number of respondents included in the analysis is small and therefore the findings should be used with caution. However, it appears that some expectations about retirement are not met. In particular, fewer find themselves working in retirement than planned, and a larger proportion than planned are reliant on Social Security as a major source of their retirement income. In addition, while the actual retirement age is lower than the expected retirement age reported for this cohort in 2002, it is still somewhat higher than for older retirees in the 2012 RCS. On the other hand, expectations about obtaining at least some income from defined contribution plans and other personal savings appear to be borne out. Expectations about retirement income from defined benefit plans also appear to be met, although this may not hold true for younger cohorts who are less likely to encounter employers who offer this type of retirement benefit.

Confidence in Entitlement Programs

The reason that workers may be less likely to expect income from Social Security than retirees are to receive it is because confidence in Social Security’s ability to maintain the value of benefits paid to retirees is low. Six 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 29 percent are somewhat confident. Nevertheless, 34 percent of workers are not at all confident that future Social Security benefits will match or exceed the value of today’s benefits (down from 39 percent in 2011) (Figure 38).

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. Twenty-one percent of retirees say they are very confident about the future value of Social Security benefits, a sharp increase from the 11 percent measured in 2010 and 2011 (Figure 39).

Worker concern about Medicare’s level of benefits has also been relatively stable (Medicare is the federal health care insurance program for the elderly and disabled). Four 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 31 percent are somewhat confident in the system. Twenty-nine percent are not at all confident that Medicare’s benefits will continue to equal or exceed the benefits received by beneficiaries today, a decrease from the 34 percent measured in 2011 but statistically equivalent to the 30 percent in 2010 (Figure 40).
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, just 12 percent of retirees are very confident in the value of the future benefits paid by Medicare, while 21 report they are not at all confident (up from 13 percent in 2011) (Figure 41).

Worker concern that the eligibility age for Medicare might increase may be contributing to concern about the future of Medicare benefits. Forty-two percent of workers report they are very concerned that the age at which they become eligible for Medicare will increase before they retire. Another 33 percent say they are somewhat concerned. Just a quarter are not too (15 percent) or not at all (9 percent) concerned about this possibility.
Political differences may also play a role. Among workers, Democrats are more likely than Republicans and Independents to say they are very or somewhat confident in the future value of benefits provided by Social Security and Medicare. In addition, Democrats are more likely than Republicans or Independents to be counting on Social Security to provide a source of income in retirement.

**RCS Methodology**

These findings are part of the 22nd 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 2012 through 20-minute telephone interviews with 1,262 individuals (1,003 workers and 259 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 2012 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 1,262 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 2012 RCS data collection was funded by grants from about two dozen public and private organizations, with staff time donated by EBRI and Greenwald. RCS materials and a list of underwriters may be accessed at the EBRI Web site: [www.ebri.org/rcs](http://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.

2 Brian K. Bucks, Arthur B. Kennickell, Traci L. March, and Kevin B. Moore, “Changes in U.S. Family Finances from 2004 to 2007: Evidence from the Survey of Consumer Finances,” *Federal Reserve Bulletin*, Vol. 95 (February 2009): A1–A55. The 2007 Survey of Consumer Finances (SCF) is the latest available data from this most comprehensive survey on Americans’ wealth. In prior years when both surveys have been taken, RCS and SCF findings have matched very closely.