

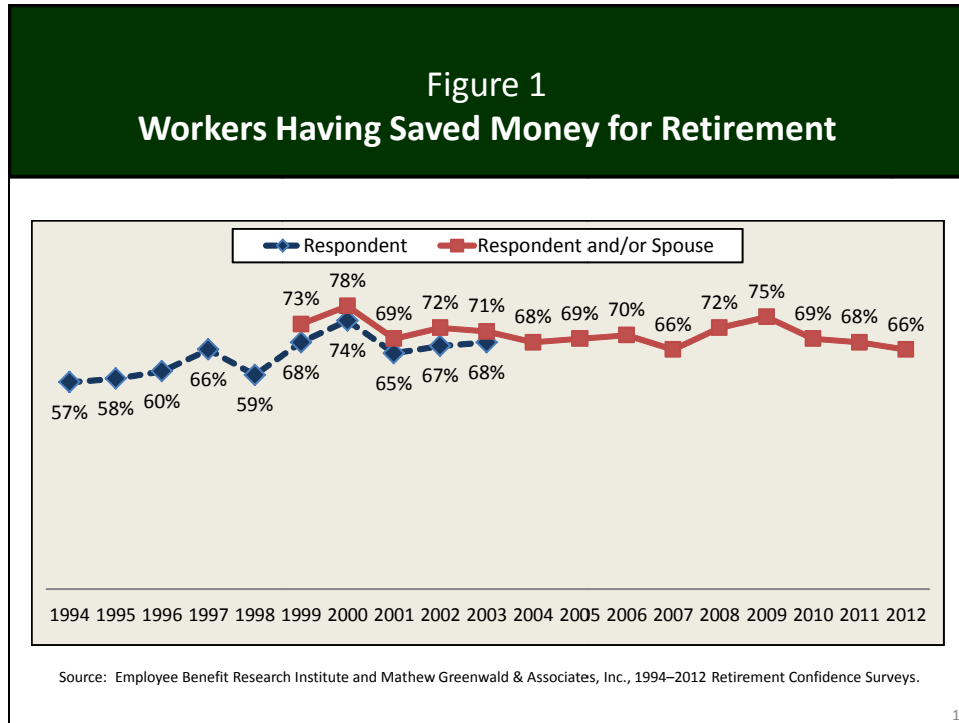
2012 RCS FACT SHEET #3

PREPARING FOR RETIREMENT IN AMERICA

Although Americans' confidence in their ability to secure a financially comfortable retirement is stagnant at historically low levels, they do not appear to be taking steps to compensate by improving their preparations for retirement.

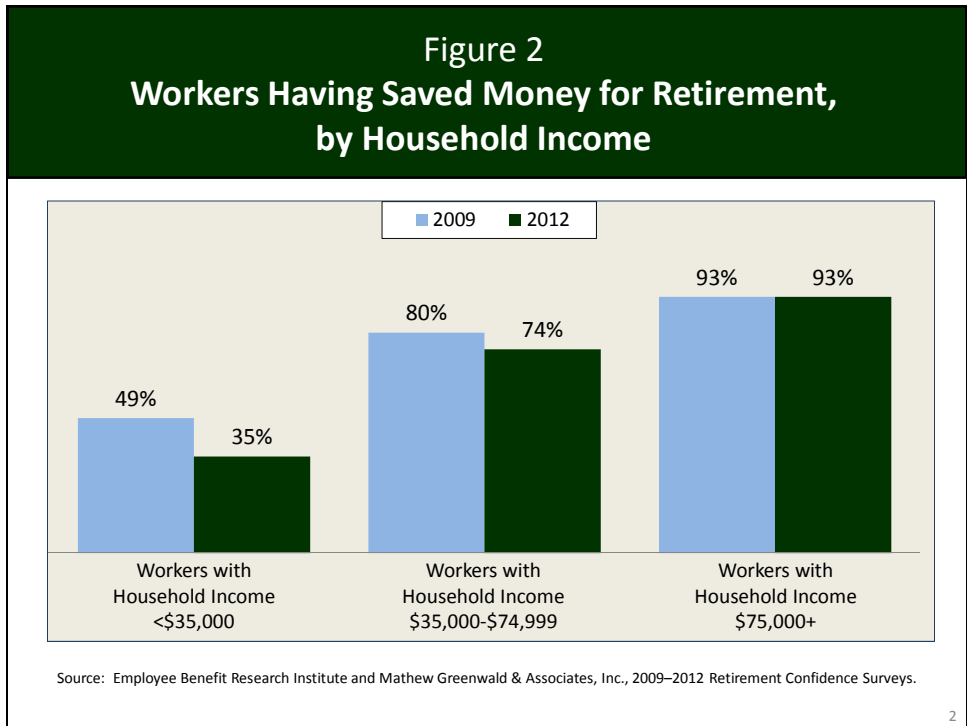
How Well Are Americans Saving?

Two-thirds of workers (66 percent) in the 2012 Retirement Confidence Survey (RCS) report that they and/or their spouses have saved money for retirement. While this percentage is statistically equivalent to the percentages saying they saved for retirement in 2010 and 2011, it represents a decline from the 75 percent observed in 2009 (Figure 1).



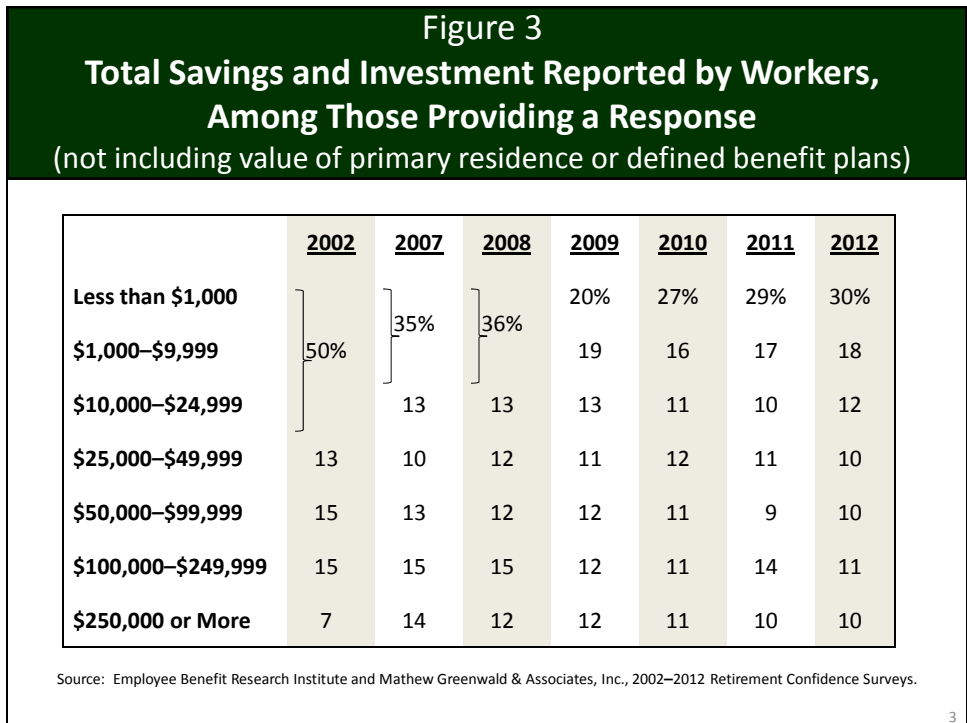
The percentage of workers saying they and/or their spouses are currently saving for retirement held steady at 58 percent (down from 65 percent in 2009, but statistically equivalent to the percentages observed in 2010 (60 percent) and 2011 (59 percent)).

The decline in reported saving since 2009 is especially steep among those with household income below \$35,000. In contrast, workers with household income of at least \$75,000 are just as likely as in 2009 to report they have saved for retirement (Figure 2, next page).



Reported Savings

More than half of workers (60 percent) report they and/or their spouses have less than \$25,000 in total savings and investments (excluding their home and defined benefit plans), including 30 percent who have less than \$1,000 (up from 20 percent in 2009, but statistically equivalent to the 27 percent observed in 2010 and the 29 percent in 2011) (Figure 3).



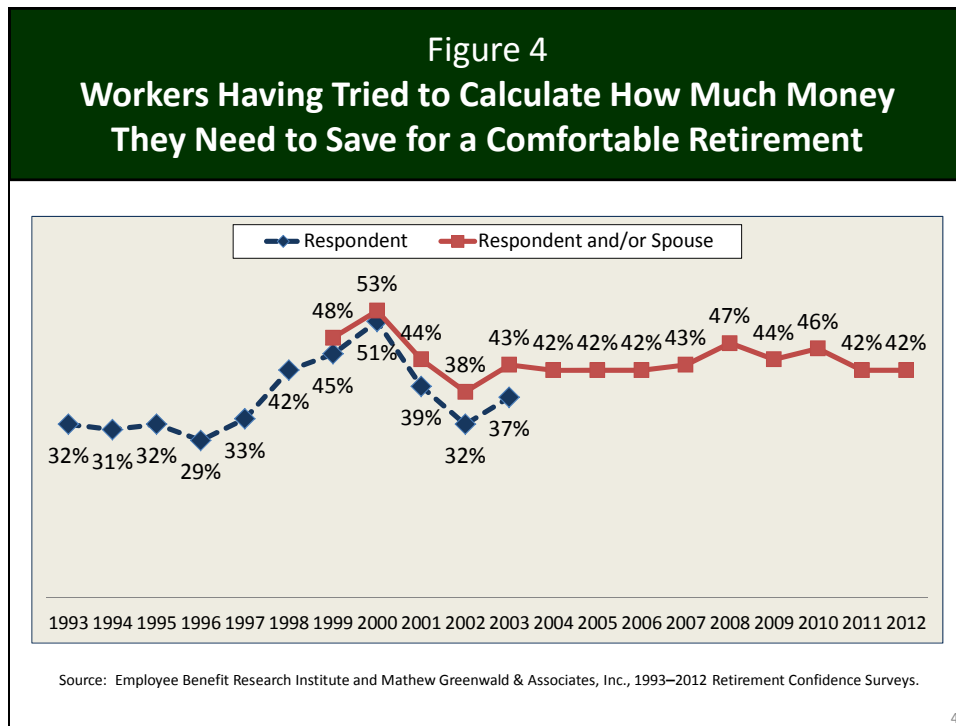
The large majority of workers who have not saved for retirement have little in savings. Almost two-thirds (63 percent) report they have less than \$1,000 in savings and investments, and another quarter (25 percent) have \$1,000–\$9,999.

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 is inversely related to total household financial assets. It is also higher for those who did not contribute to an employer-sponsored retirement savings plan than for those who did.

Do Americans Know How Much to Save?

A minority (42 percent) of workers report they 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. Phrased another way, more than half of workers (56 percent) report they have not done a retirement needs calculation.

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).

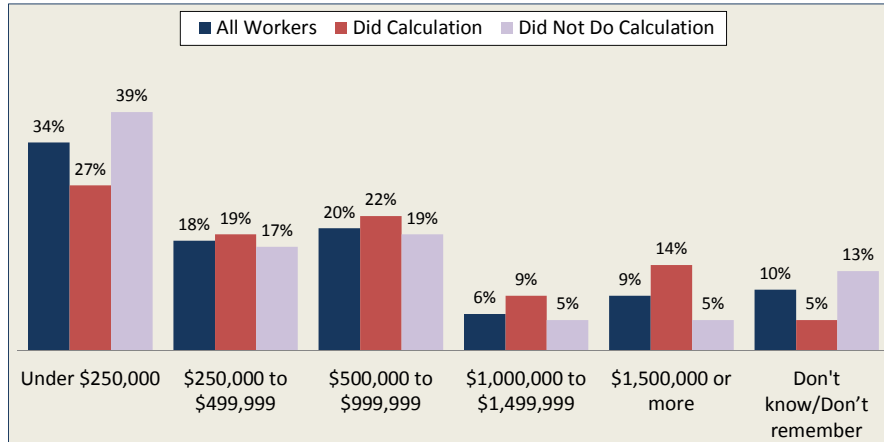


Amount of Savings Needed

Thirty-five percent of all workers think they need to accumulate at least \$500,000 by the time they retire to live comfortably in retirement. Eighteen percent feel they need between \$250,000 and \$499,999, while 34 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 (23 percent vs. 10 percent) to expect they will need to accumulate at least \$1 million before retiring (Figure 5, next page).

Figure 5
Amount of Savings Workers Think They Need for Retirement, by Doing a Retirement Needs Calculation



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2012 Retirement Confidence Survey.

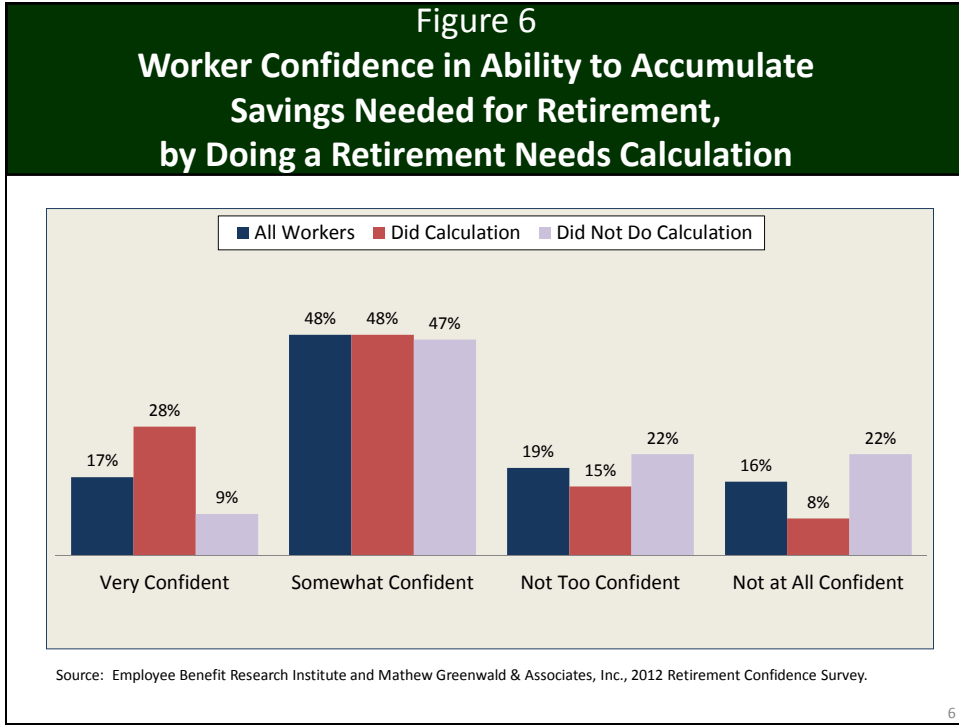
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Workers who have done a retirement needs calculation tend to be considerably more confident about their ability to save the amount needed for retirement than those who have not done a calculation, despite the fact that those doing a calculation tend to name higher retirement savings goals. Twenty-eight percent who have done a calculation, compared with 9 percent who have not, say they are very confident that they will be able to accumulate the amount they need. At the other extreme, 22 percent who have not done a calculation, compared with 8 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-four percent of employed workers report their employer offers them a plan. Of those, 81 percent say they contribute to the plan.

Workers who contribute to a retirement savings plan at work (45 percent) are considerably more likely than those who are offered a plan but choose not to contribute (21 percent) or are not offered a plan (22 percent) to have saved at least \$50,000. Workers who contribute to a retirement savings plan at work are also much less likely than others to report having saved less than \$10,000 (24 percent vs. 58 percent who choose not to contribute and 63 percent who are not offered a plan).



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