

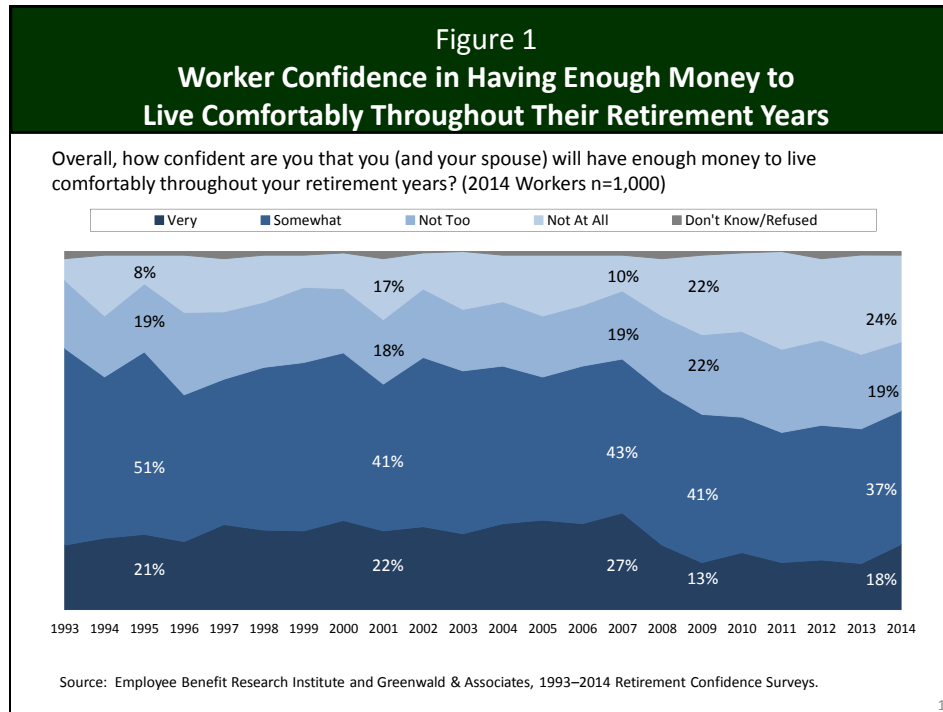
2014 RCS FACT SHEET #1

RETIREMENT CONFIDENCE

Prior to 2014, the RCS found a sharp decline in Americans' confidence about their ability to secure a financially comfortable retirement. What has happened to confidence in 2014?

Confidence in Having a Comfortable Retirement

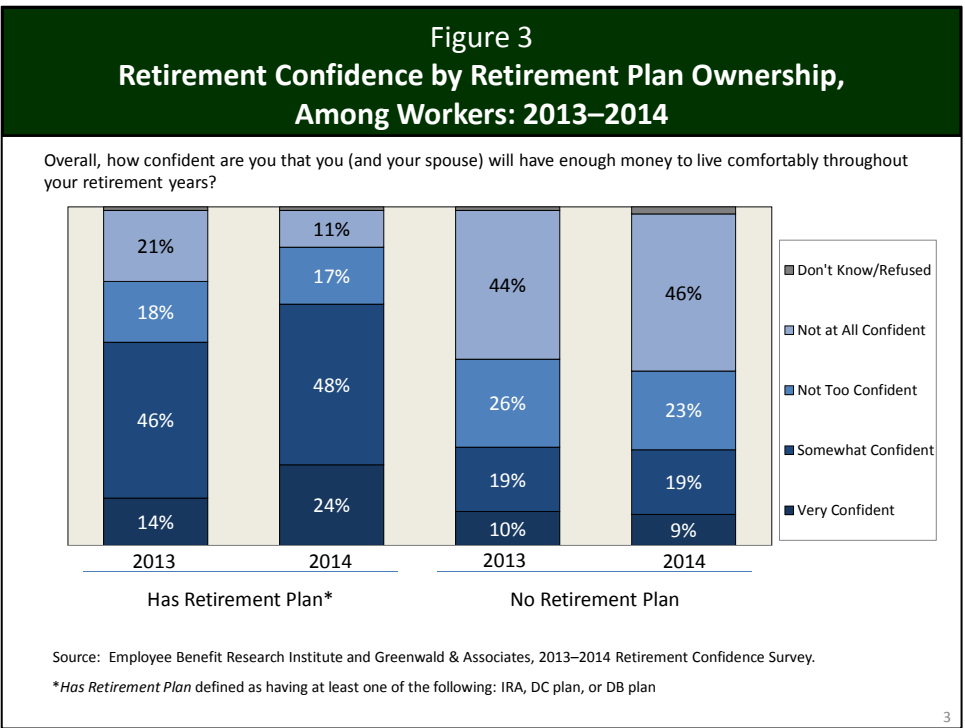
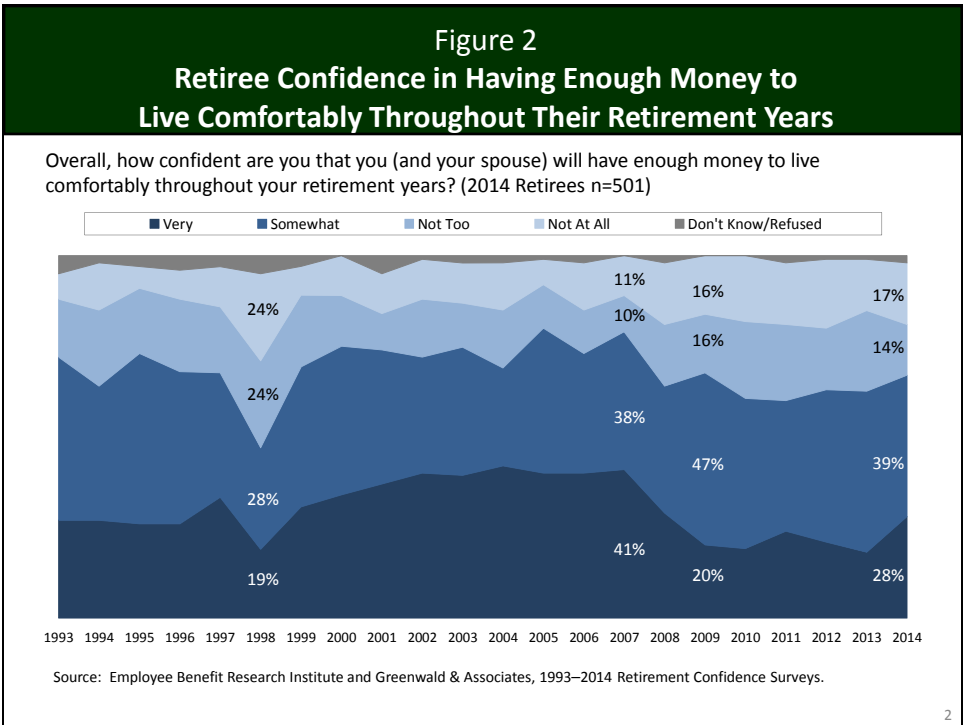
The 2014 Retirement Confidence Survey (RCS) finds that worker confidence in having enough money to live comfortably throughout retirement increased in 2014, after having been on a downward trend for several years. More specifically, 18 percent of workers now say they are very confident, up from 13 percent in 2013 (Figure 1).



Similarly, retiree confidence in having enough money for a comfortable retirement jumped upward in 2014. Twenty-eight percent of retirees report that they are very confident, up from just 18 percent in 2013 (Figure 2).

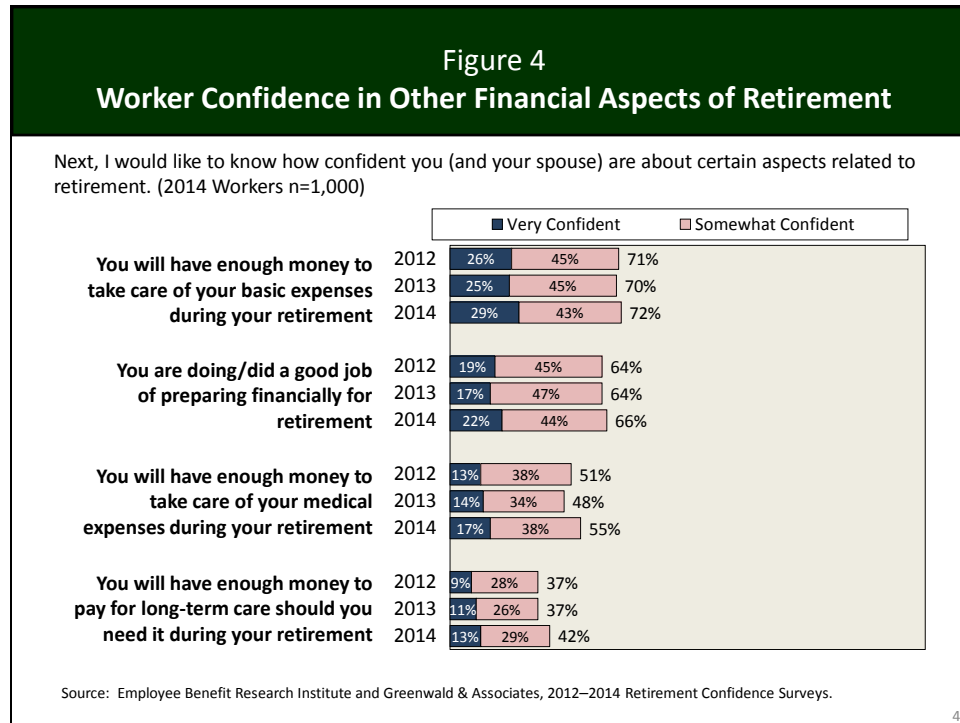
Retirement confidence is strongly related to retirement plan participation, whether in a defined contribution plan, defined benefit plan, or individual retirement account (IRA). Workers reporting they or their spouse have money in a defined contribution plan or IRA or have a defined benefit plan from a current or previous employer are more than twice as likely as those without any of these plans to be very confident (24 percent with a plan vs. 9 percent without a plan).

Moreover, the increase in confidence between 2013 and 2014 occurred primarily among those with a plan (an increase from 14 percent very confident in 2013 to 24 percent in 2014 for those with a plan, compared with level readings among those without a plan of 10 percent very confident in 2013 and 9 percent in 2014). Additionally, workers without a plan are four times as likely to say they are not at all confident about their financial security in retirement (11 percent with a plan vs. 46 percent without a plan) (Figure 3).



Confidence Grows in Other Financial Aspects of Retirement

Workers express the highest levels of confidence about their ability to pay for basic expenses in retirement (29 percent very confident). They are less likely to feel very confident about their ability to pay for medical expenses (17 percent) and least likely to feel very confident about paying for long-term care expenses (13 percent). Compared with 2013, more workers are feeling very confident about having enough money for basic expenses and about the job they are doing preparing for retirement in general (Figure 4).



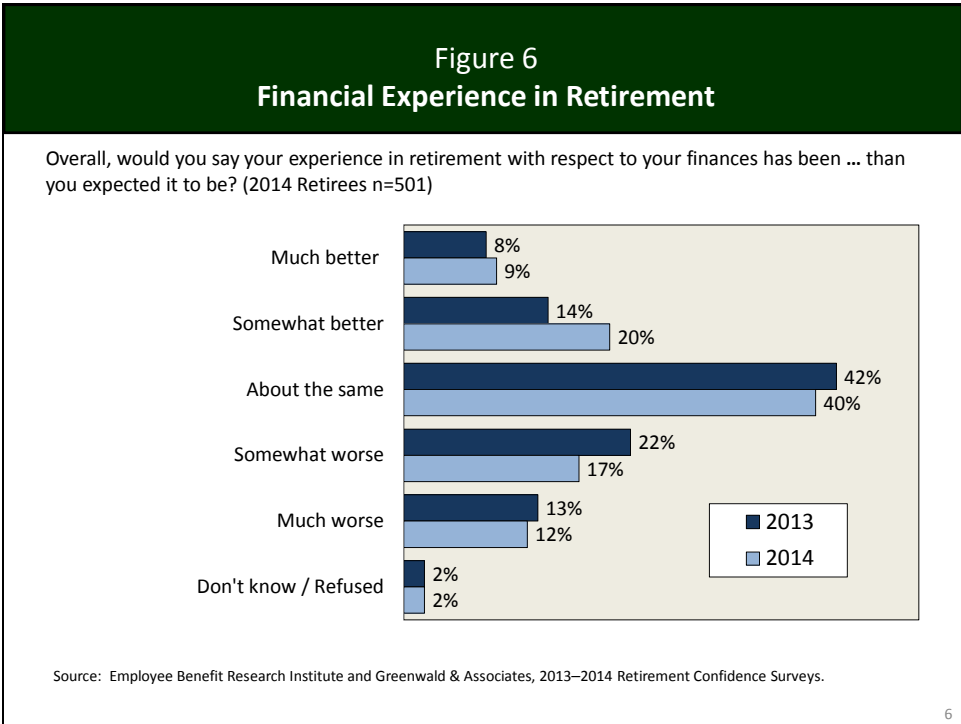
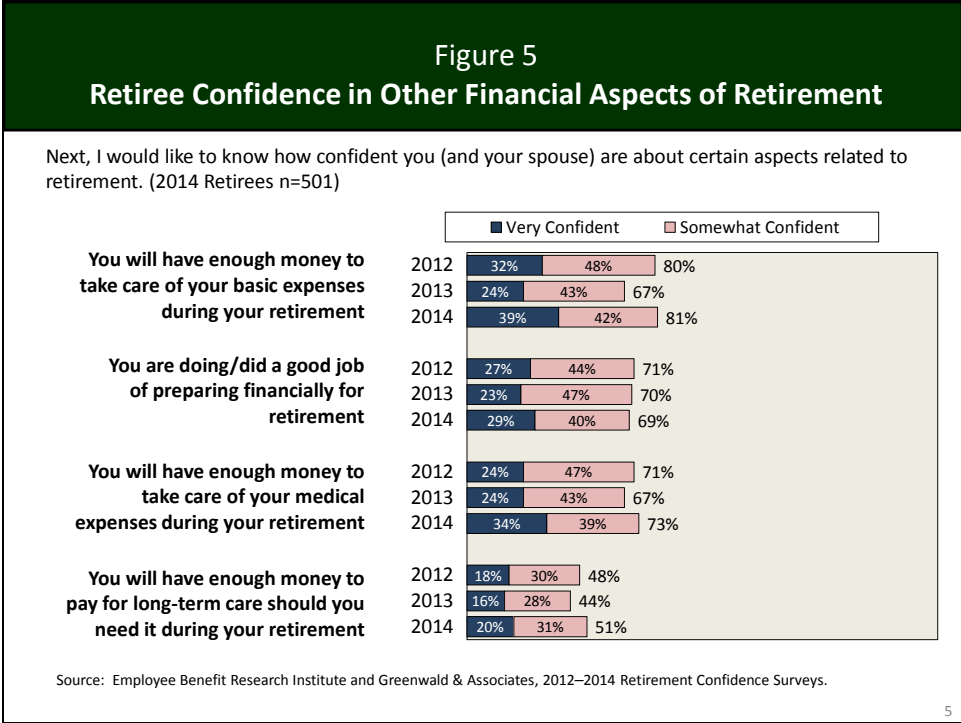
Retiree confidence is also up in regards to having enough money for basic expenses (39 percent very confident vs. 24 percent in 2013) and medical expenses (34 percent very confident vs. 24 percent in 2013). As with workers, retirees are least confident in their ability to afford long-term care (only 13 percent are very confident) (Figure 5).

This increase in confidence among retirees dovetails with a more positive view of their experience thus far in retirement regarding finances. Twenty-nine percent of retirees state that their experience has been much better or somewhat better than they had expected and 40 percent feel that experience has matched expectations (Figure 6).

Debt Influences Confidence

Despite an increased level of confidence about retirement, sizeable shares of both workers and retirees report problems with debt. Twenty percent of workers and 16 percent of retirees describe their debt situation as a major problem, though these levels are essentially stable over the past few years (Figure 7).

Forty percent of workers and 56 percent of retirees say their debt level has remained about the same, and 35 percent of workers and 25 percent of retirees say their debt level is less than it was five years ago (Figure 8). Nearly a quarter of workers and 17 percent of retirees also report that their debt is higher than it was five years ago, however.



The RCS has consistently found a relationship between the level of debt and retirement confidence. Just 3 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 29 percent of workers who indicate debt is not a problem. On the other hand, 49 percent of workers with a major debt problem are not at all confident about having enough money for a financially secure retirement, compared with 16 percent of workers without a debt problem (Figure 9).

However, nearly a quarter of workers who report having major debt problems are nonetheless somewhat or very confident about having enough money for a comfortable retirement. Fifty-six percent of workers with a minor debt problem are similarly confident about their retirement.

Other Factors

Just as high debt levels weigh on confidence, worker confidence in having enough money for a comfortable retirement increases with household income, level of savings and investments, education, and improved health status. Not surprisingly, workers employed full time are more confident than those employed part time, self-employed, or unemployed, as are married workers (compared with those not married).

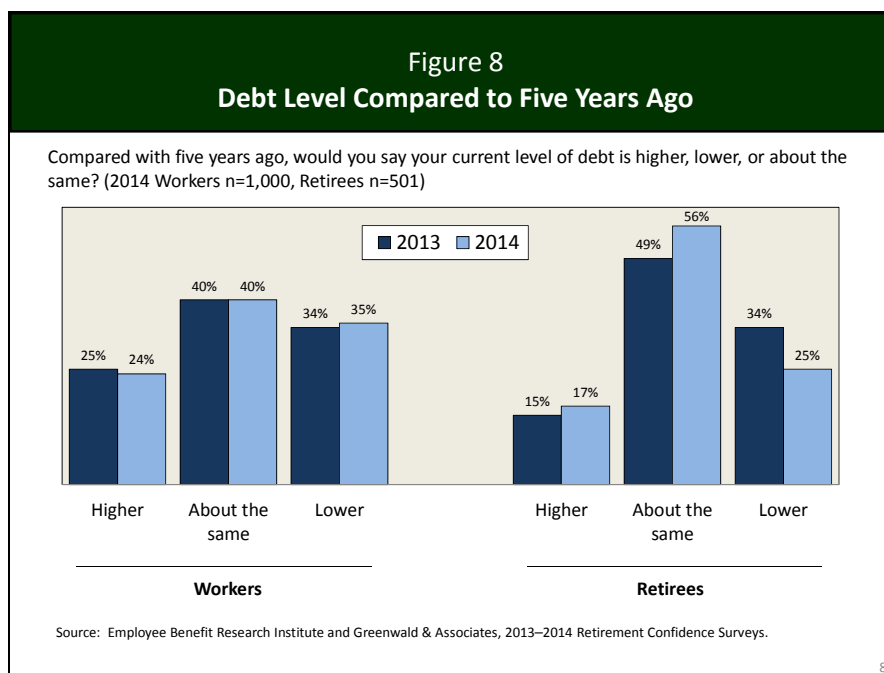
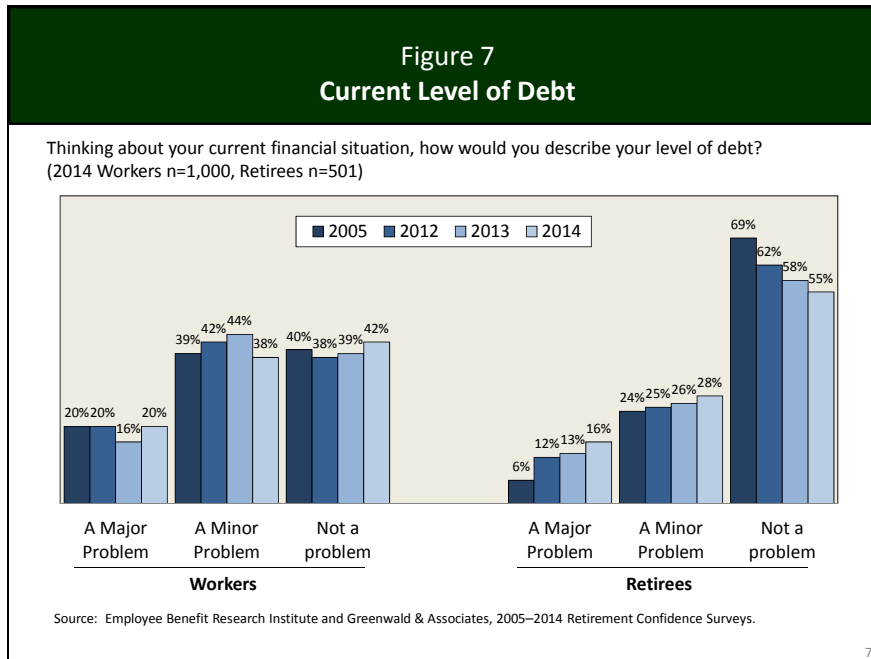
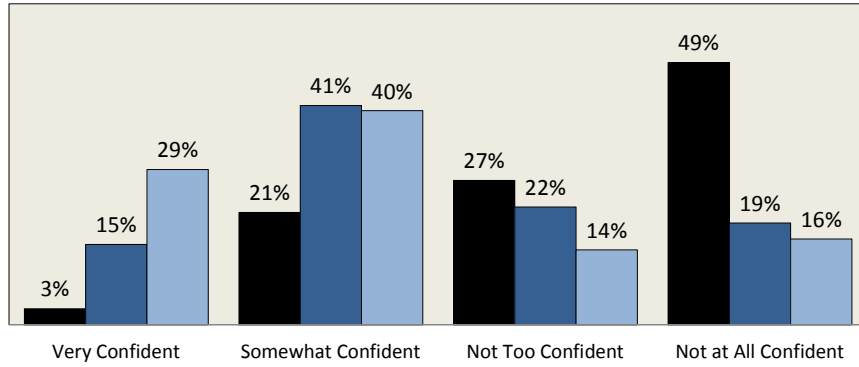


Figure 9
Worker Retirement Confidence, by Debt Level

Overall, how confident are you that you (and your spouse) will have enough money to live comfortably throughout your retirement years?

■ Workers w/major debt problem (n=166) ■ Workers w/minor debt problem (n=363)
■ Workers w/no debt problem (n=465)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2014 Retirement Confidence Survey.