



16th Annual Transamerica Retirement Survey

Influences of Household Income on Retirement Readiness

TRANSAMERICA CENTER
FOR RETIREMENT STUDIES®

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Welcome to the 16th Annual Transamerica Retirement Survey

Welcome to this compendium of insights and findings from the *16th Annual Transamerica Retirement Survey of Workers* from the Transamerica Center for Retirement Studies® (TCRS).

This report is an exploration of retirement preparedness of American workers that offers perspectives on retirement confidence, access to employer-sponsored retirement benefits, savings rates, and planning-related activities. It is comprised of these chapters:

- ***The American Worker – An Overview.*** This chapter contains a comprehensive set of 50 key measures of retirement preparedness and 5-year trend analysis looking at overall survey findings among workers of for-profit companies of 10 or more employees.
- ***Influences of Demographics on Retirement Readiness.*** These chapters are demographic segmentation analyses by employer size, generation, gender, household income, and level of education. Each chapter presents a concise set of 20 key measures for each demographic segment.

We hope that you find this compendium to be a helpful source of retirement-related research and survey data. If you are seeking survey data that you do not find in this report, please contact TCRS at info@transamericacenter.org and we will do our best to assist you.

Thank you.

About the Transamerica Center for Retirement Studies®

- The Transamerica Center for Retirement Studies® (TCRS) is a division of Transamerica Institute® (The Institute), a nonprofit, private foundation. TCRS is dedicated to educating the public on emerging trends surrounding retirement security in the United States. Its research emphasizes employer-sponsored retirement plans, including companies and their employees, unemployed and underemployed workers, and the implications of legislative and regulatory changes. For more information about TCRS, please refer to www.transamericacenter.org.
- The Institute is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third parties.
- TCRS and its representatives cannot give ERISA, tax, investment or legal advice. This material is provided for informational purposes only and should not be construed as ERISA, tax, investment or legal advice. Interested parties must consult and rely solely upon their own independent advisors regarding their particular situation and the concepts presented here.
- Although care has been taken in preparing this material and presenting it accurately, TCRS disclaims any express or implied warranty as to the accuracy of any material contained herein and any liability with respect to it.

About the Survey

- Since the Transamerica Center for Retirement Studies® has conducted national surveys of U.S. business employers and workers regarding their attitudes toward retirement. The overall goals for the study are to illuminate emerging trends, promote awareness, and help educate the public.
- Nielsen and the Harris Poll were commissioned to conduct the 16th Annual Retirement Survey for Transamerica Center for Retirement Studies. Transamerica Center for Retirement Studies is not affiliated with Nielsen.
- Over the last five decades, Harris Polls have become media staples. With comprehensive experience and precise technique in public opinion polling, along with a proven track record of uncovering consumers' motivations and behaviors, The Harris Poll has gained strong brand recognition around the world. For more information contact:
ConsumerInsightsNAInfo@nielsen.com.

Worker Survey Methodology

- A 25-minute, online survey was conducted between February 18 – March 17, 2015 among a nationally representative sample of 4,550 workers using the Harris online panel. Respondents met the following criteria:
 - U.S. residents, age 18 or older
 - Full-time or part-time workers in a for-profit company employing 10 or more people
- Data were weighted as follows:
 - Census data were referenced for education, age by gender, race/ethnicity, region, household income, and number of employees by company size. Results were weighted where necessary to bring them into line with the population of US residents age 18+, employed full time in a for-profit company with 10+ employees or employed part time in a for profit company.
 - The weighting also adjusts for attitudinal and behavioral differences between those who are online versus those who are not, those who join online panels versus those who do not, and those who responded to this survey versus those who did not.
- Percentages are rounded to the nearest whole percent. Differences in the sums of combined categories/answers are due to rounding.
- This report focuses on full-time and part-time workers combined.

Terminology

This report uses the following terminology:

Generation

- *Millennial*: Born 1979 - 1996
- *Generation X*: Born 1965 - 1978
- *Baby Boomer*: Born 1946 - 1964

Company Size

- *Small Company*: 10 to 499 employees
- *Large Company*: 500 or more employees

All Workers

- Refers to all workers age 18 and older



Influences of Household Income on Retirement Readiness

Detailed Findings

Influences of Household Income on Retirement Readiness

Retirement readiness increases with workers' household income (HHI). Lower income workers have less access to benefits compared to higher income workers and they are more likely to depend on Social Security as their primary source of income when they retire. Higher income workers, however, also long-term retirement risks including potentially inadequate savings. Workers across levels of HHI share concerns that their generation will have a more difficult time achieving financial security compared to their parent's generation.

Twenty Indicators of Retirement Readiness

- **Confidence in Retiring Comfortably.** Retirement confidence varies dramatically by workers' household income (HHI). Seventy-six percent of workers with a household income of \$100k or more are “somewhat” or “very” confident that they will be able to fully retire with a comfortable lifestyle, compared to 56 percent of workers with an HHI of \$50k to \$99k and just 47 percent of workers with an HHI of less than \$50k. Relatively few workers of all income levels are “very” confident.
- **Building a Large Enough Nest Egg?** Sixty-six percent of workers with an HHI of \$100k or more either “somewhat” or “strongly” agree that they are building a large enough retirement nest egg, compared to 48 percent of workers with an HHI of \$50k to \$99k and just 34 percent of workers with an HHI of less than \$50k. Relatively few workers of all income levels “strongly” agree.
- **Retirement Beliefs.** More than 75 percent of workers across levels of household income (HHI) agree that they will have a much harder time in achieving financial security compared to their parent's generation. More than 70 percent are concerned that Social Security will not be there for them when they are ready to retire. Retirement preparations tend to increase with HHI with one exception: workers similarly agree that they would like more information from their employer on how to reach their goals.
- **Greatest Financial Priority Right Now.** Workers' financial priorities differ by their household income (HHI). Workers with an HHI of \$100k or more (41 percent) and \$50k to \$99k (24 percent) most frequently cite “saving for retirement” as their greatest priority right now, compared to workers with an HHI of less than \$50k (36 percent) who are “just getting by - covering basic living expenses.”

Influences of Household Income on Retirement Readiness

- **Expected Primary Source of Income in Retirement.** Workers with a higher household income (HHI) are more likely to expect to rely on retirement accounts from a 401(k), 403(b), or IRA as their expected primary source of income in retirement, including 51 percent of workers with an HHI of \$100k or more and 36 percent of those with an HHI of \$50k to \$99k. Workers with an HHI of less than \$50k are likely to cite Social Security (39 percent) or working (18 percent) as their primary source of retirement income.
- **Percentage Saving for Retirement.** Most workers are saving for retirement through an employer-sponsored retirement plan and/or outside of work; however, retirement savings rates vary dramatically by household income (HHI). Ninety-one percent of workers with an HHI of \$100k or more are saving for retirement, compared to 80 percent of workers with an HHI of \$50k to \$99k and just 56 percent of those with an HHI of less than \$50k. Retirement savings rates have remained relatively consistent over the past five years with the exception of workers with an HHI of less than \$50k who have shown a decline.
- **Age They Started to Save.** Workers across levels of HHI started saving for retirement at age 28 (median).
- **Importance of Retirement Benefits.** More than 80 percent of workers across all levels of household income value a 401(k), 403(b), 457(b) or similar plan as an important employee benefit.
- **Retirement Benefits Currently Offered.** Most workers are offered a 401(k) or other self-funded plan by their employers; however, access to a plan increases with household income (HHI). Only 53 percent of workers with an HHI of less than \$50k are offered retirement benefits, compared to 67 percent of those earning \$50k to \$99k and 78 percent earning \$100k or more.
- **Retirement Plan Participation.** Among workers who are offered a 401(k) or similar plan, the participation rate increases with household income (HHI). Sixty-three percent of workers with an HHI of less than \$50k participate in their employer's plan, compared to 81 percent with an HHI of \$50k to \$99k and 89 percent among those earning \$100k+.
- **Retirement Plan Contribution Rate.** Among workers who participate in a 401(k) or similar plan, those with a higher household income (HHI) contribute more. Workers with an HHI of \$100k or more contribute 10 percent (median) of their annual pay, while those with an HHI of \$50k to \$99k contribute 7 percent (median), and those with a HHI of less than \$50k contribute just 5 percent (median).

Influences of Household Income on Retirement Readiness

- **Estimated Retirement Savings Needs.** Workers' estimated retirement savings needs increase with their household income (HHI). Workers with a HHI of less than \$50k believe they need to save \$500k (median) to feel financially secure in retirement, whereas those with an HHI of \$50k or more believe they need to save \$1 million (median).
- **Basis for Estimating Retirement Savings Needs.** Many workers are guessing their retirement savings needs. Workers with a household income (HHI) of less than \$50k (65 percent) are more likely to have guessed than those with an HHI of \$50k to \$99k (53 percent) or an HHI of \$100k or more (39 percent). Few workers across levels of HHI indicate that they have used a retirement calculator to estimate their savings needs.
- **Asset Allocation of Retirement Investments.** Workers across levels of household income (HHI) most frequently say that their retirement savings are invested in a relatively equal mix of stocks and investments such as bonds, money market funds and cash; however, the response range is higher among those with an HHI of \$100k or more (51 percent) compared to those with an HHI of \$50k to \$99k (39 percent) and those with an HHI of less than \$50k (31 percent). An alarming 37 percent of workers with an HHI of less than \$50k say they are “not sure” how their savings are invested.
- **Retirement Strategy: Written, Unwritten, or None.** Seventy-four percent of workers with an HHI of \$100k or more have a retirement strategy compared to 59 percent of those with an HHI of \$50k to \$99k and just 42 percent of those with an HHI of less than \$50k. In terms of having a written strategy, relatively few workers across HHIs have one, including 22 percent with an HHI of \$100k or more, 13 percent of an HHI of \$50k to \$99k, and 8 percent with an HHI less than \$50k.
- **Professional Advisor Usage.** Among those investing for retirement, 43 percent of workers with a HHI of \$100k or more use an advisor, compared to 34 percent of workers with an HHI of \$50k to \$99k and 25 percent of workers with a HHI of less than \$50k.

Influences of Household Income on Retirement Readiness

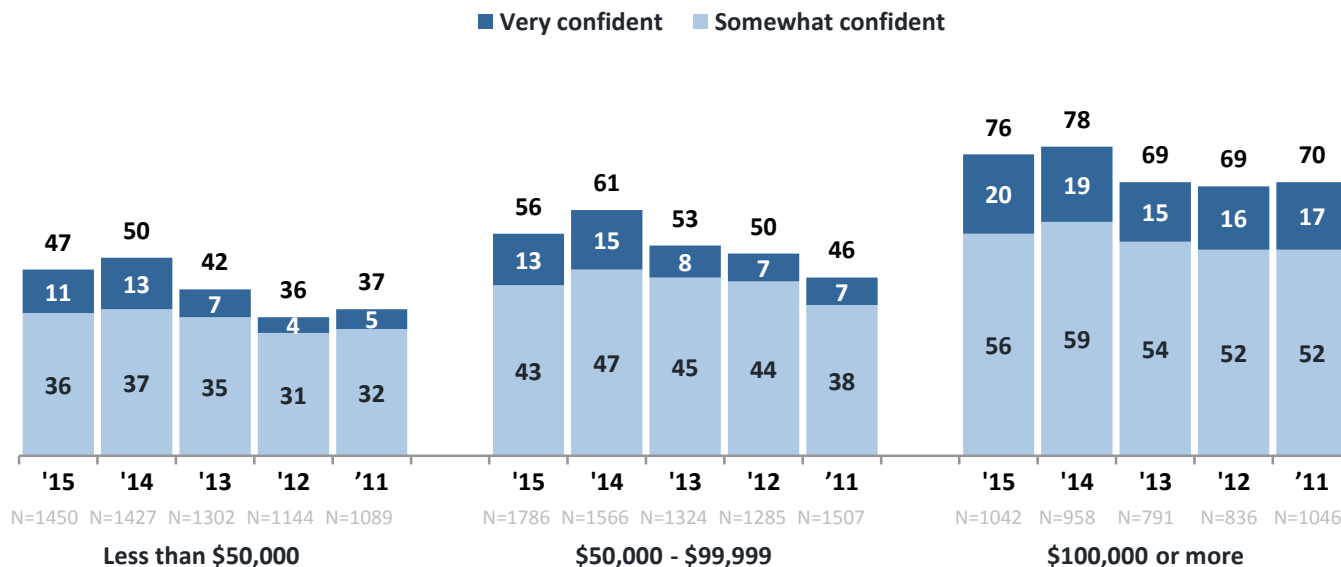
- **Total Household Retirement Savings.** Workers with a HHI of \$100k or more have saved \$183,000 (estimated median), compared to those with an HHI of \$50k to \$99k who have saved \$58,000 (estimated median) and those with an HHI of less than \$50k who have saved just \$11,000 (estimated median).
- **Expected Retirement Age.** Most workers, regardless of their household income (HHI), are expecting to work past age 65 or do not plan to retire. Sixty-one percent of workers with a household income of \$50k to \$99k are most likely to expect to do so, followed by 58 percent of workers with an HHI of less than \$50k and 52 percent of workers with an HHI of \$100k or more.
- **Expectations of Working in Retirement.** Approximately half of workers plan to continue working in retirement, a finding which is consistent across all levels of household income (HHI). Most workers who are planning to work in retirement say that they will do so on a part-time basis.
- **Retirement Transitions: Phased Versus Immediate.** Many workers envision a phased transition into retirement by changing work patterns (e.g., shifting from full-time to part-time or working in a different capacity). Workers with a higher household income (HHI) are more likely to expect this phased transition—while workers with an HHI of less than \$50k have a less clear vision with more expecting to continue working until they can't work any longer or who are “not sure.”

Confidence in Retiring Comfortably

Retirement confidence varies dramatically by workers' household income (HHI). Seventy-six percent of workers with a household income of \$100k or more are “somewhat” or “very” confident that they will be able to fully retire with a comfortable lifestyle, compared to 56 percent of workers with an HHI of \$50k to \$99k and just 47 percent of workers with an HHI of less than \$50k. Relatively few workers of all income levels are “very” confident. Over the past five years, workers with a higher HHI have reported consistently greater levels of retirement confidence.

Confidence in Retiring Comfortably by Household Income

Top 2 Box (Very/Somewhat Confident)

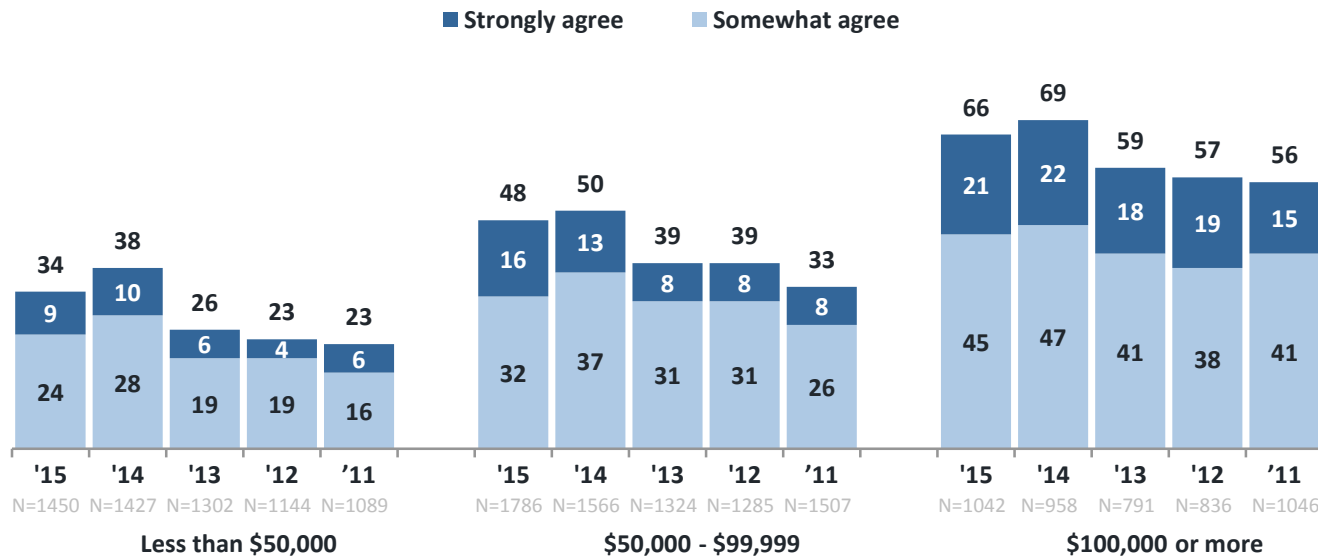


Building a Large Enough Nest Egg?

The percentage of workers who agree that they are building a large enough retirement nest egg increases with household income (HHI). Sixty-six percent of workers with an HHI of \$100k or more either “somewhat” or “strongly” agree that they are building a large enough retirement nest egg, compared to 48 percent of workers with an HHI of \$50k to \$99k and just 34 percent of workers with an HHI of less than \$50k. Relatively few workers of all income levels “strongly” agree. Over the past five years, workers with a higher HHI have consistently reported greater levels of agreement.

Building a Large Enough Nest Egg by Household Income

Top 2 Box (Strongly/Somewhat Agree)

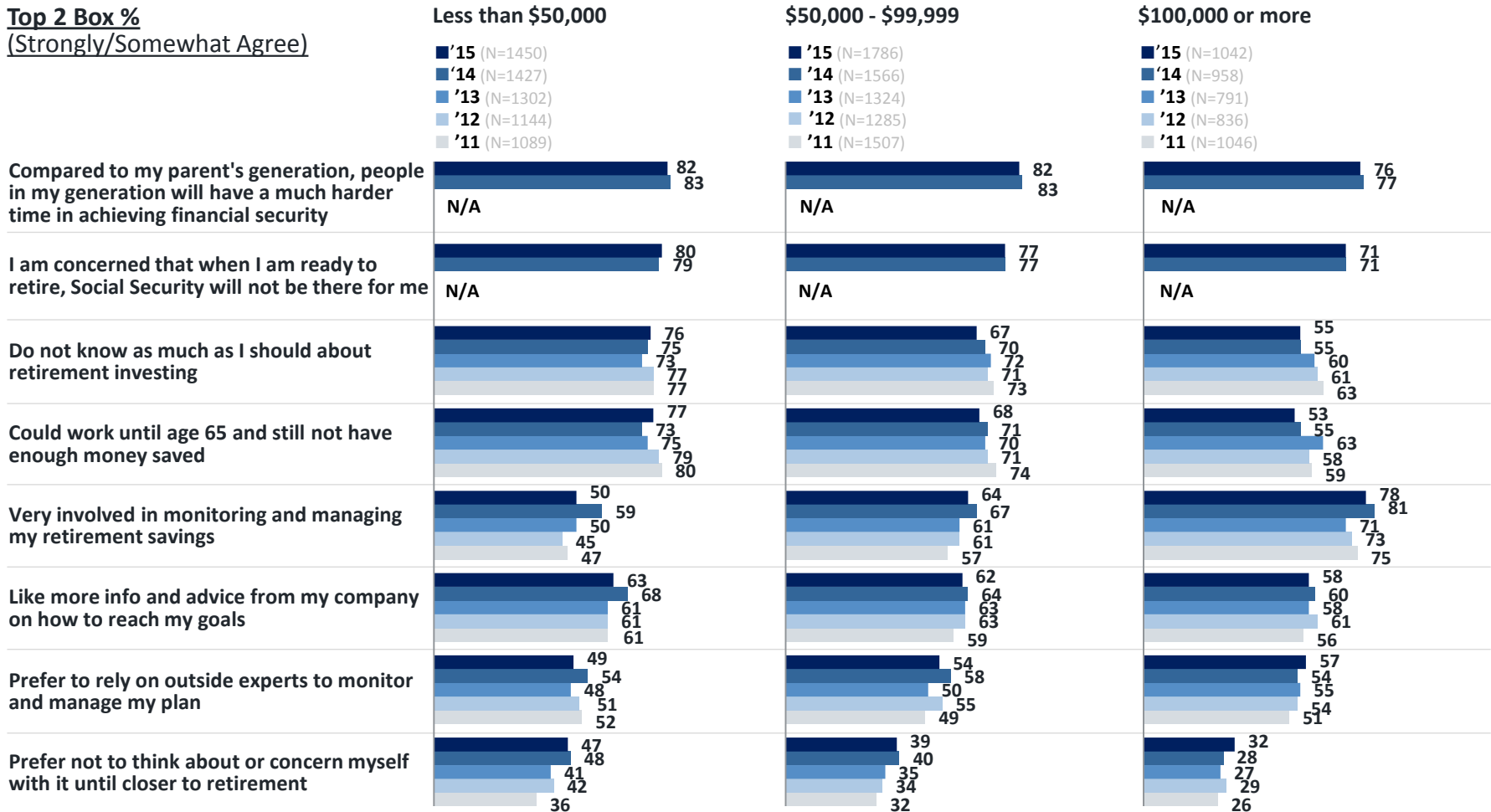


Retirement Beliefs

More than 75 percent of workers across levels of household income (HHI) agree that they will have a much harder time in achieving financial security compared to their parent's generation. More than 70 percent are concerned that Social Security will not be there for them when they are ready to retire. Retirement preparations tend to increase with HHI with one exception: workers similarly agree that they would like more information from their employer on how to reach their goals.

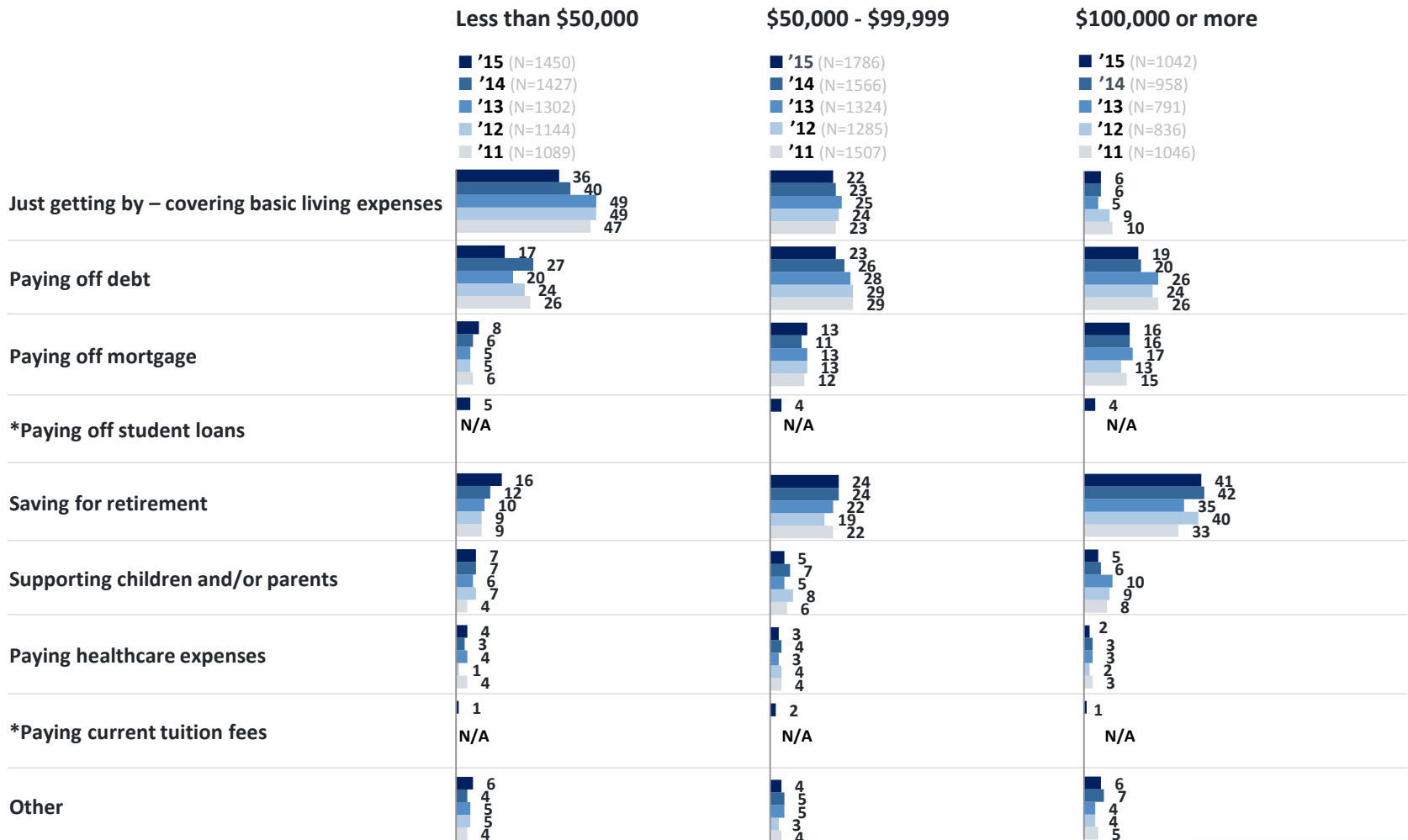
Top 2 Box %

(Strongly/Somewhat Agree)



Greatest Financial Priority Right Now

Workers' financial priorities differ by their household income (HHI). Workers with an HHI of \$100k or more (41 percent) and \$50k to \$99k (24 percent) most frequently cite "saving for retirement" as their greatest priority right now, compared to workers with an HHI of less than \$50k (36 percent) who are "just getting by - covering basic living expenses."



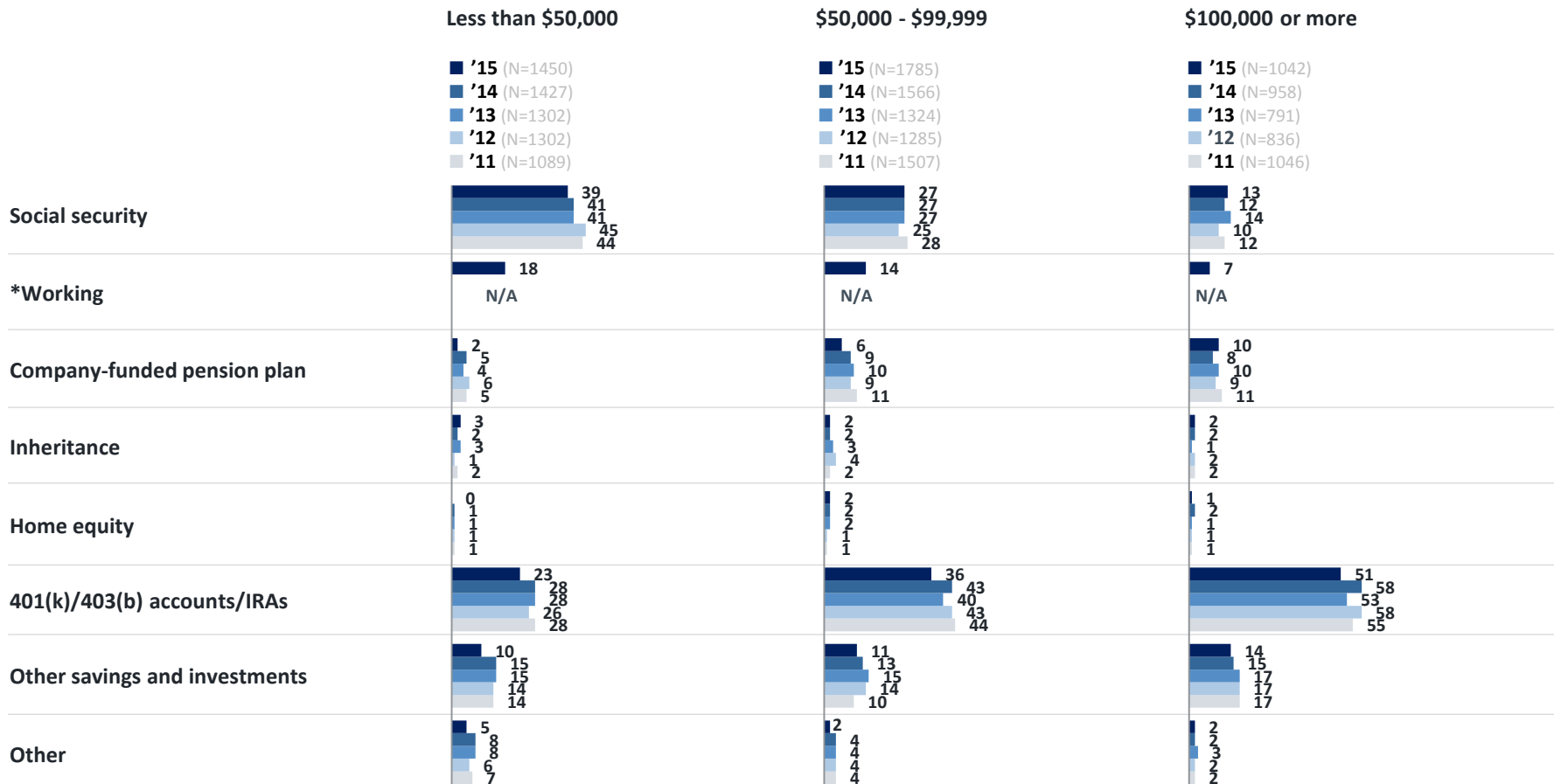
*Note: Choices added in 2015.

BASE: All Qualified Respondents

Q2640. Which one of the following is your greatest financial priority right now?

Expected Primary Source of Retirement Income

Workers with a higher household income (HHI) are more likely to expect to rely on retirement accounts from a 401(k), 403(b), or IRA as their expected primary source of income in retirement, including 51 percent of workers with an HHI of \$100k or more and 36 percent of those with an HHI of \$50k to \$99k. Workers with an HHI of less than \$50k are likely to cite Social Security (39 percent) or working (18 percent) as their primary source of retirement income.



*Note: Choices added in 2015.

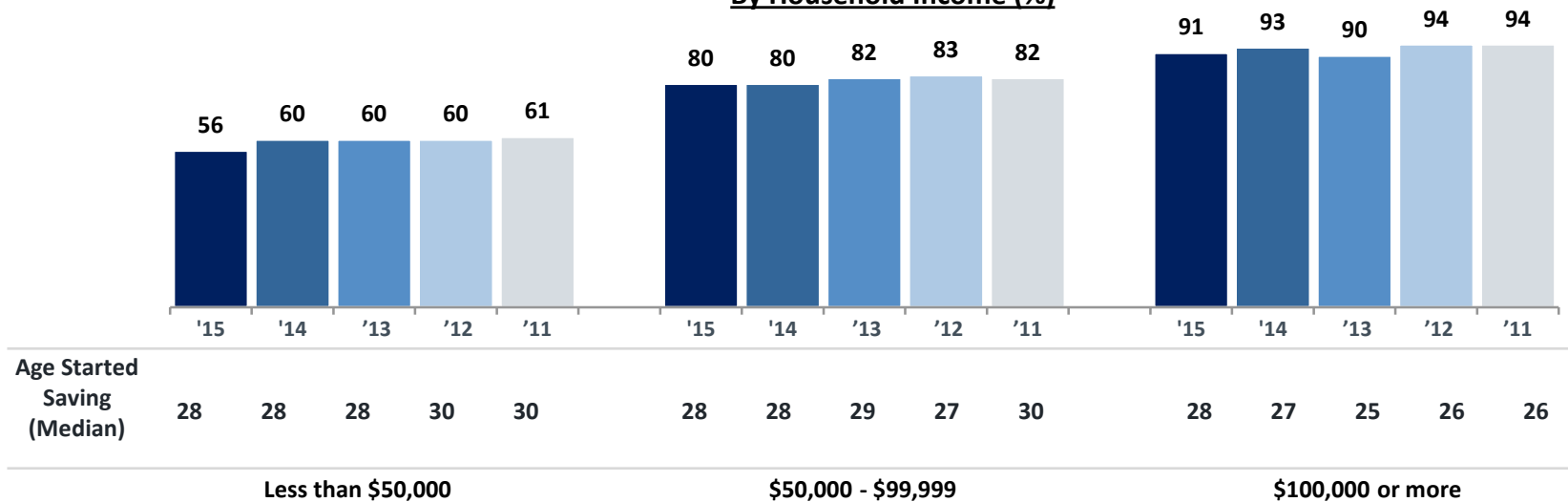
BASE: All Qualified Respondents

Q1150. Which one of the following do you expect to be your primary source of income to cover your living expenses after you retire?

Percentage Saving for Retirement / Age They Started to Save

Most workers are saving for retirement through an employer-sponsored retirement plan and/or outside of work; however, retirement savings rates vary dramatically by household income (HHI). Ninety-one percent of workers with an HHI of \$100k or more are saving for retirement, compared to 80 percent of workers with an HHI of \$50k to \$99k and just 56 percent of those with an HHI of less than \$50k. Retirement savings rates have remained relatively consistent over the past five years with the exception of workers with an HHI of less than \$50k who have shown a decline. Workers across levels of HHI started saving for retirement at age 28 (median).

Workers Who Are Saving For Retirement Through an Employer-Sponsored Retirement Plan And/Or Outside of Work
By Household Income (%)



BASE: Currently Offered a Qualified Plan

Q1190. Do you currently participate in, or have money invested in your company's employee-funded retirement savings plan?

BASE: All Qualified Respondents

Q740. Are you currently saving for retirement outside of work, such as in an IRA, mutual funds, bank account, etc.?

BASE: Investing for Retirement

Q790. At what age did you first start saving for retirement?

Importance of Retirement Benefits

More than 80 percent of workers across all levels of household income value a 401(k), 403(b), 457(b) or similar plan as an important employee benefit. Workers with higher household incomes are more likely to believe such benefits are important, a steady trend over the past five years.

Top 2 Box

(Very/Somewhat Important)

Less than \$50,000

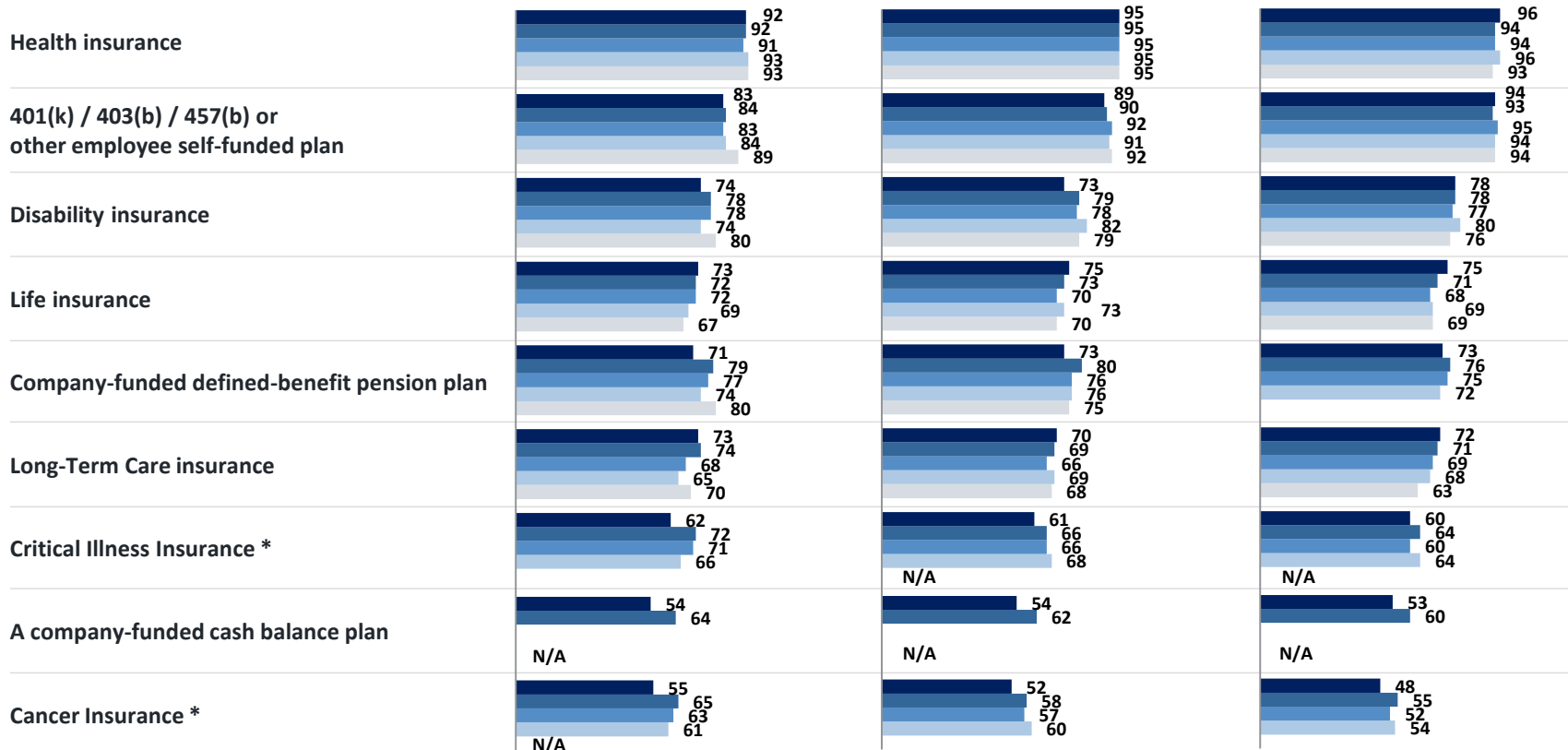
■ '15 (N=1450)
 ■ '14 (N=1427)
 ■ '13 (N=1302)
 ■ '12 (N=1144)
 ■ '11 (N=1089)

\$50,000 - \$99,999

■ '15 (N=1786)
 ■ '14 (N=1566)
 ■ '13 (N=1324)
 ■ '12 (N=1285)
 ■ '11 (N=1507)

\$100,000 or more

■ '15 (N=1042)
 ■ '14 (N=958)
 ■ '13 (N=791)
 ■ '12 (N=836)
 ■ '11 (N=1046)



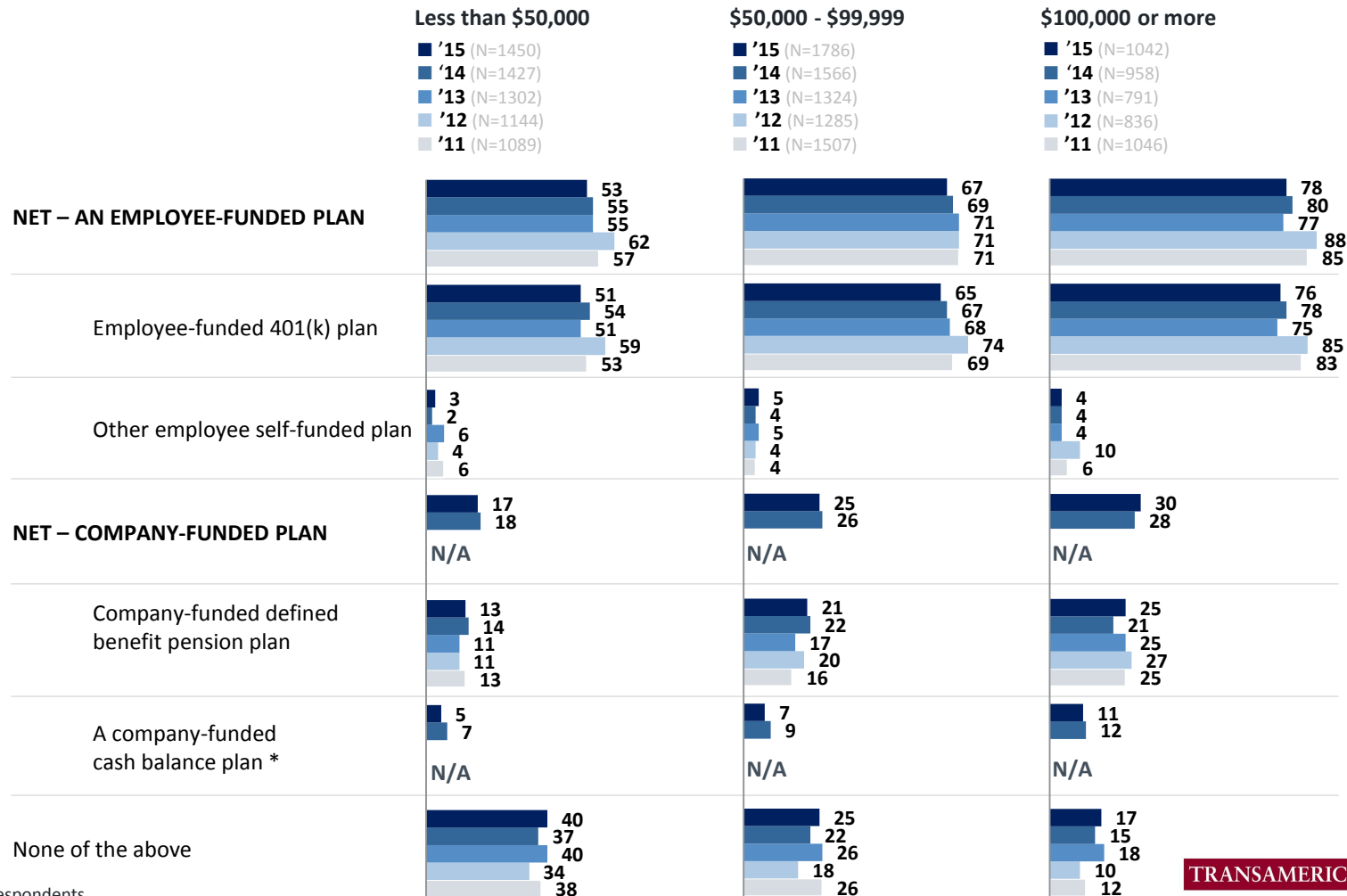
*Note: Choices added in 2012

BASE: All Qualified Respondents

Q1170. Businesses typically offer a number of different benefits for their workers. For each of the following, please tell us how important that benefit is to you, personally.

Retirement Benefits Currently Offered

Most workers are offered a 401(k) or other self-funded plan by their employers; however, access to a plan increases with household income (HHI). Only 53 percent of workers with an HHI of less than \$50k are offered retirement benefits, compared to 67 percent of those earning \$50k to \$99k and 78 percent earning \$100k or more. Retirement benefit offerings have decreased slightly across the HHI ranges over the last five years.



*added in 2014

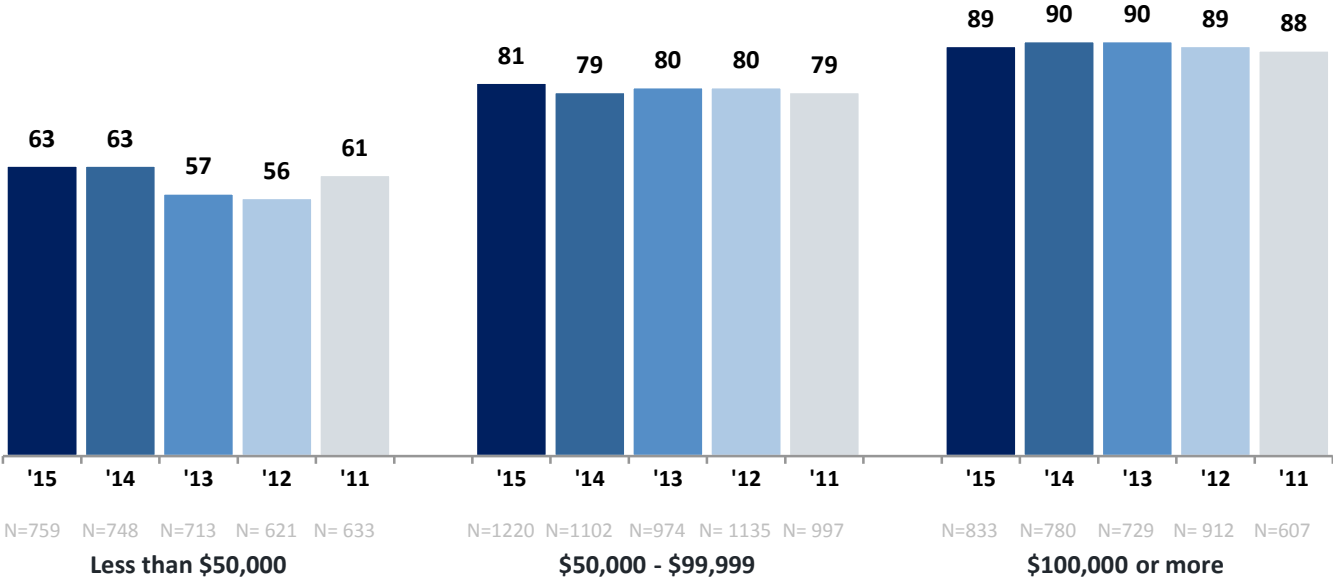
BASE: All Qualified Respondents

Q1180. Which of the following retirement benefits does your company currently offer to you, personally? Select all that apply.

Retirement Plan Participation

Among workers who are offered a 401(k) or similar plan, the participation rate increases with household income (HHI). Sixty-three percent of workers with an HHI of less than \$50k participate in their employer’s plan, compared to 81 percent with an HHI of \$50k to \$99k and 89 percent among those earning \$100k+. This trend has remained relatively consistent over the past five years.

Participation in Company’s Employee-funded Retirement Savings Plan,
% Indicate “Yes”



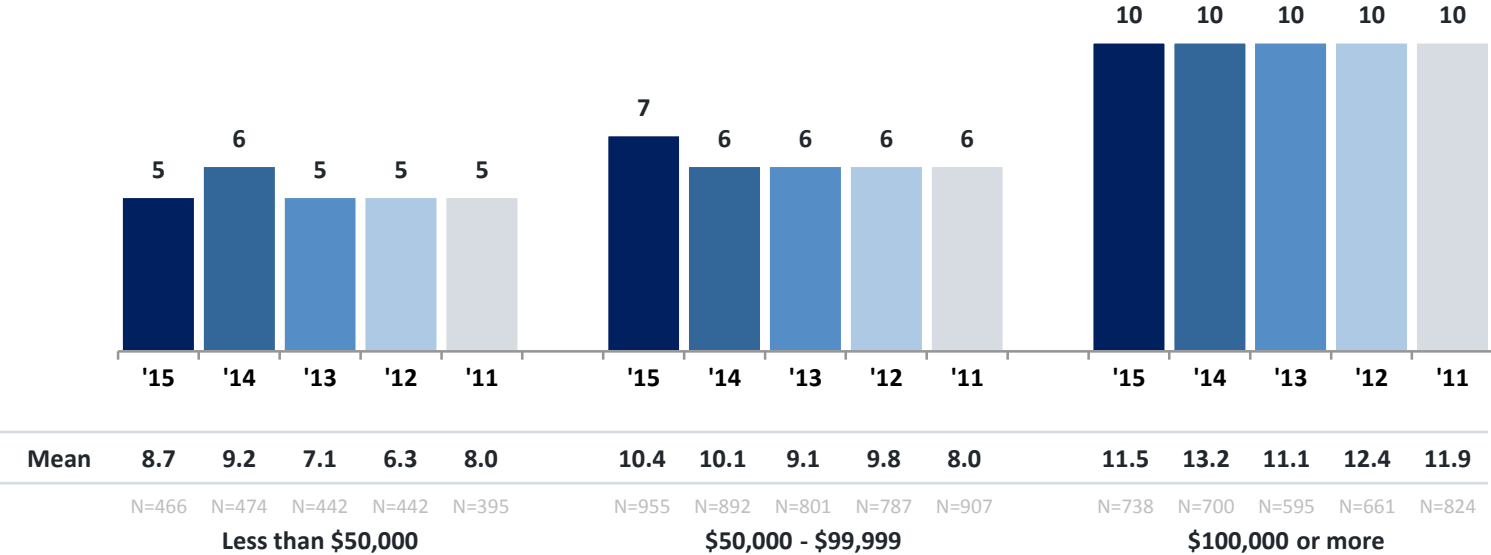
N=759 N=748 N=713 N= 621 N= 633 N=1220 N=1102 N=974 N= 1135 N= 997 N=833 N=780 N=729 N= 912 N=607

BASE: Those With Qualified Plans Currently Offered To Them
Q1190. Do you currently participate in, or have money invested in your company’s employee-funded retirement savings plan?

Retirement Plan Contribution Rates

Among workers who participate in a 401(k) or similar plan, those with a higher household income (HHI) contribute more. Workers with an HHI of \$100k or more contribute 10 percent (median) of their annual pay, while those with an HHI of \$50k to \$99k contribute 7 percent (median), and those with a HHI of less than \$50k contribute just 5 percent (median). This trend has been consistent over the past five years.

Contribution Rate, Median %

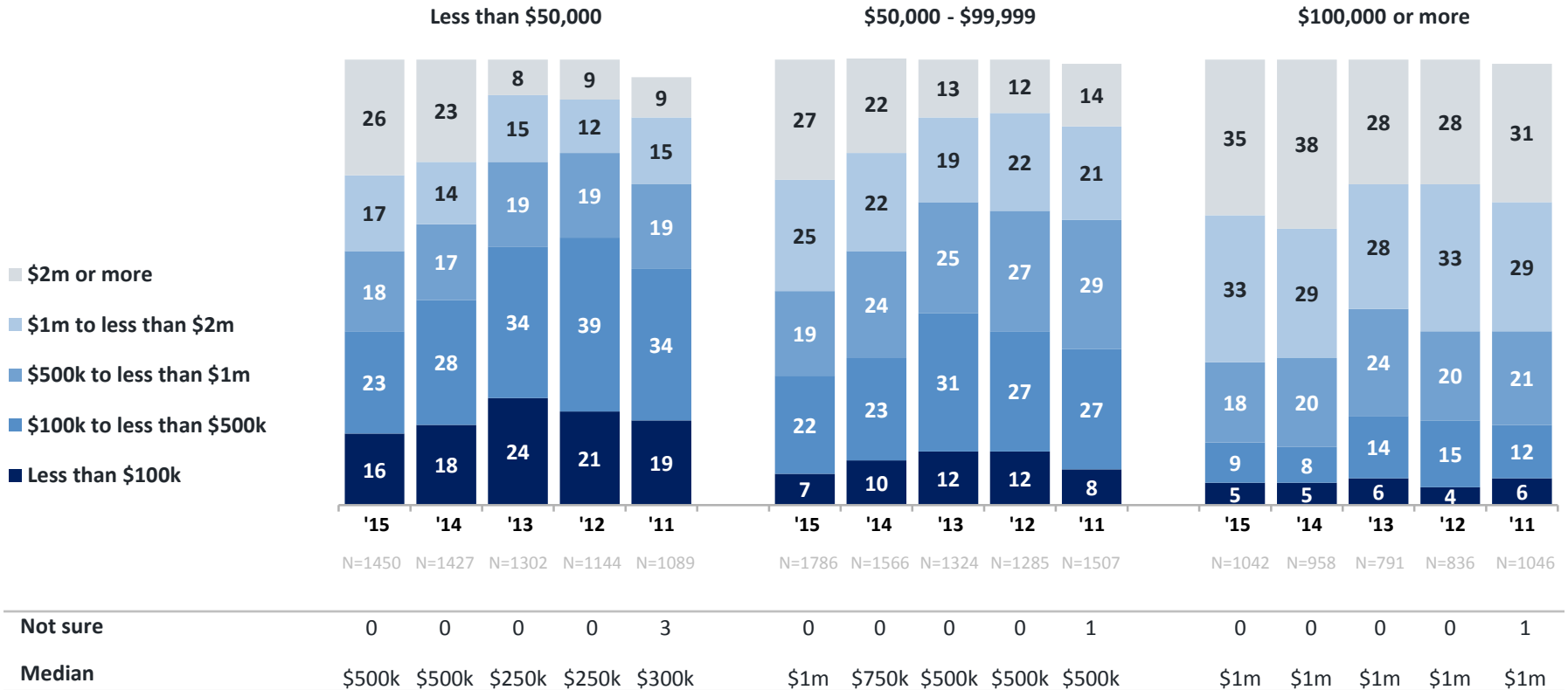


BASE: Currently Participating In Their Qualified Plan

Q601. What percentage of your salary are you saving for retirement through your company-sponsored plan this year?

Estimated Retirement Savings Needs

Workers' estimated retirement savings needs increase with their household income (HHI). Workers with a HHI of less than \$50k believe they need to save \$500k (median) to feel financially secure in retirement, whereas those with an HHI of \$50k or more believe they need to save \$1 million (median). Among workers with an HHI of less than \$100k, estimated savings needs have increased over the past five years.



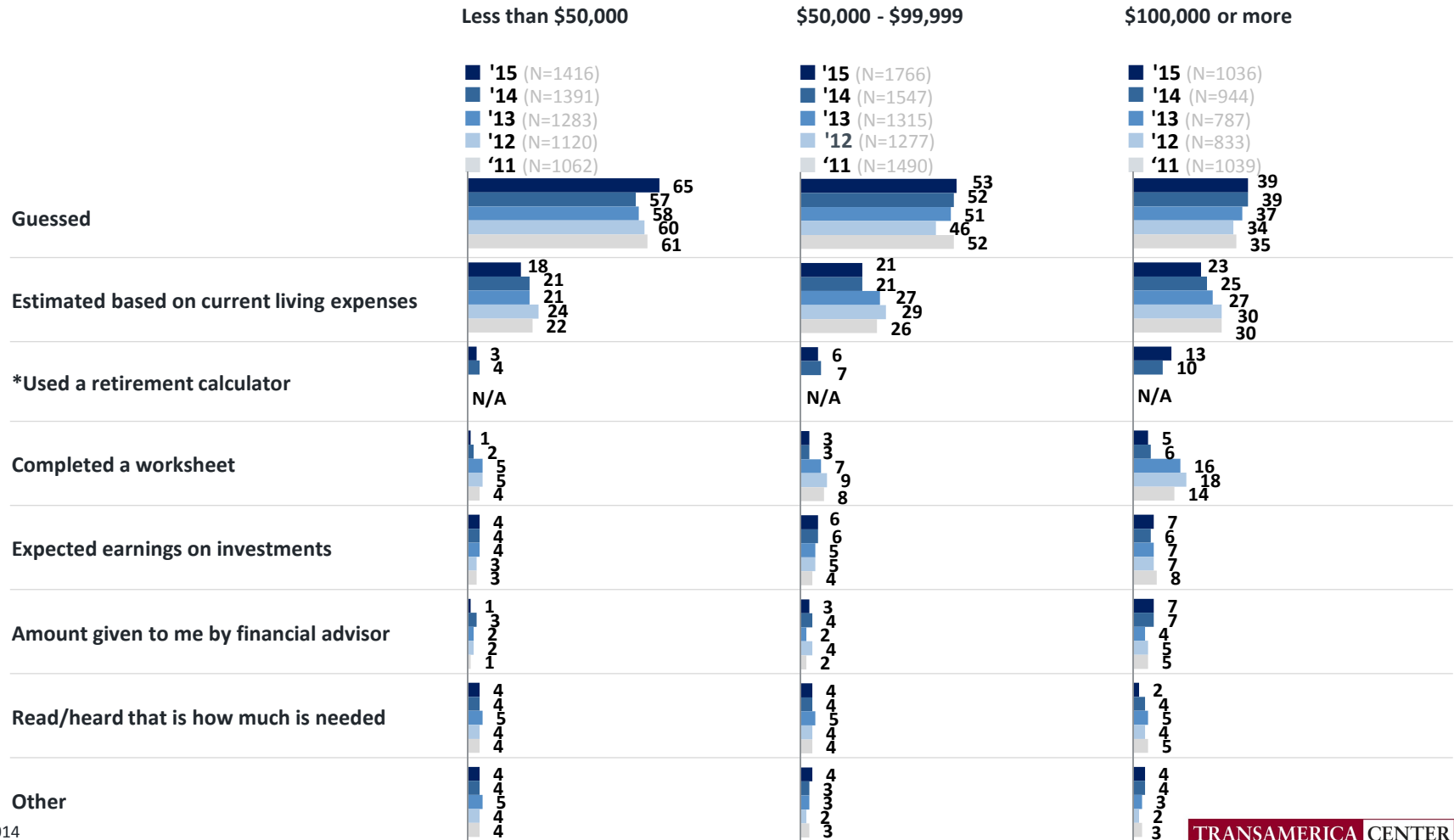
Note: The median is estimated based on the approximate midpoint of the range of each response category. Non-responses are excluded from the estimate.

BASE: All Qualified Respondents

Q890. Thinking of what money can buy today, how much money do you believe you will need to have saved by the time you retire in order to feel financially secure?

Basis for Estimating Retirement Savings Needs

Many workers are guessing their retirement savings needs. Workers with a household income (HHI) of less than \$50k (65 percent) are more likely to have guessed than those with an HHI of \$50k to \$99k (53 percent) or an HHI of \$100k or more (39 percent). Few workers across levels of HHI indicate that they have used a retirement calculator to estimate their savings needs.



*added in 2014

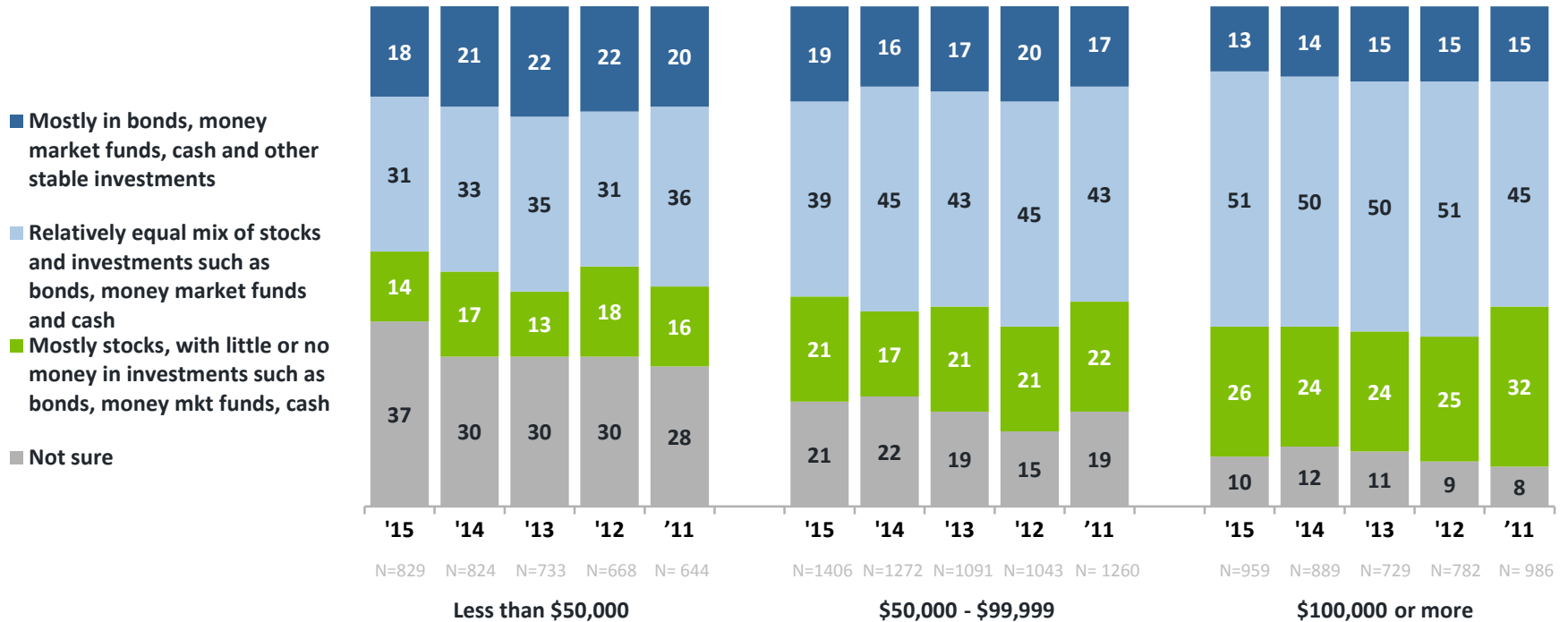
BASE: Provided Estimate of Money Needed

Q900. How did you arrive at that number?

Asset Allocation of Retirement Investments

Workers across levels of household income (HHI) most frequently say that their retirement savings are invested in a relatively equal mix of stocks and investments such as bonds, money market funds and cash; however, the response range is higher among those with an HHI of \$100k or more (51 percent) compared to those with an HHI of \$50k to \$99k (39 percent) and those with an HHI of less than \$50k (31 percent). An alarming 37 percent of workers with an HHI of less than \$50k say they are “not sure” how their savings are invested. Asset allocation-related trends have been directionally consistent in recent years.

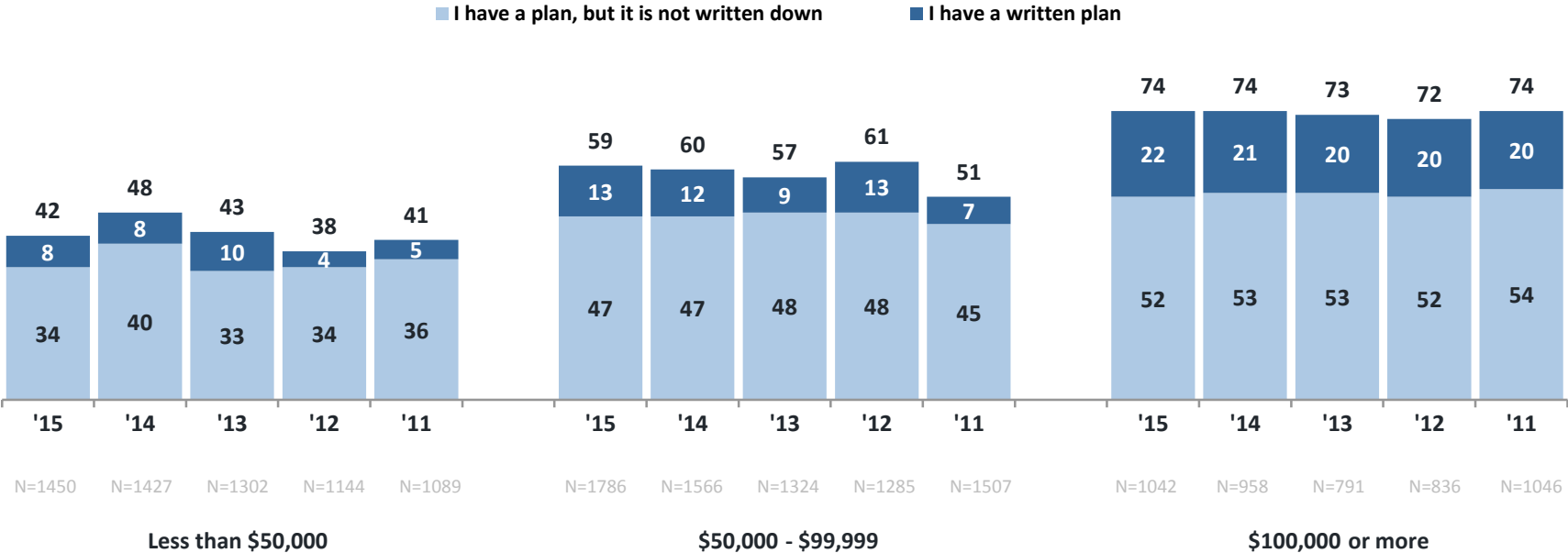
How is Your Retirement Savings Invested? By Household Income (%)



Retirement Strategy: Written, Unwritten, or None

The likelihood of a worker having a retirement strategy, either written or unwritten, increases with household income (HHI). Seventy-four percent of workers with an HHI of \$100k or more have a strategy compared to 59 percent of those with an HHI of \$50k to \$99k and just 42 percent of those with an HHI of less than \$50k. In terms of having a written strategy, relatively few workers across HHIs have one, including 22 percent with an HHI of \$100k or more, 13 percent of an HHI of \$50k to \$99k, and 8 percent with an HHI less than \$50k. Over the past five years, workers with higher HHIs have been consistently more likely to have any form of strategy.

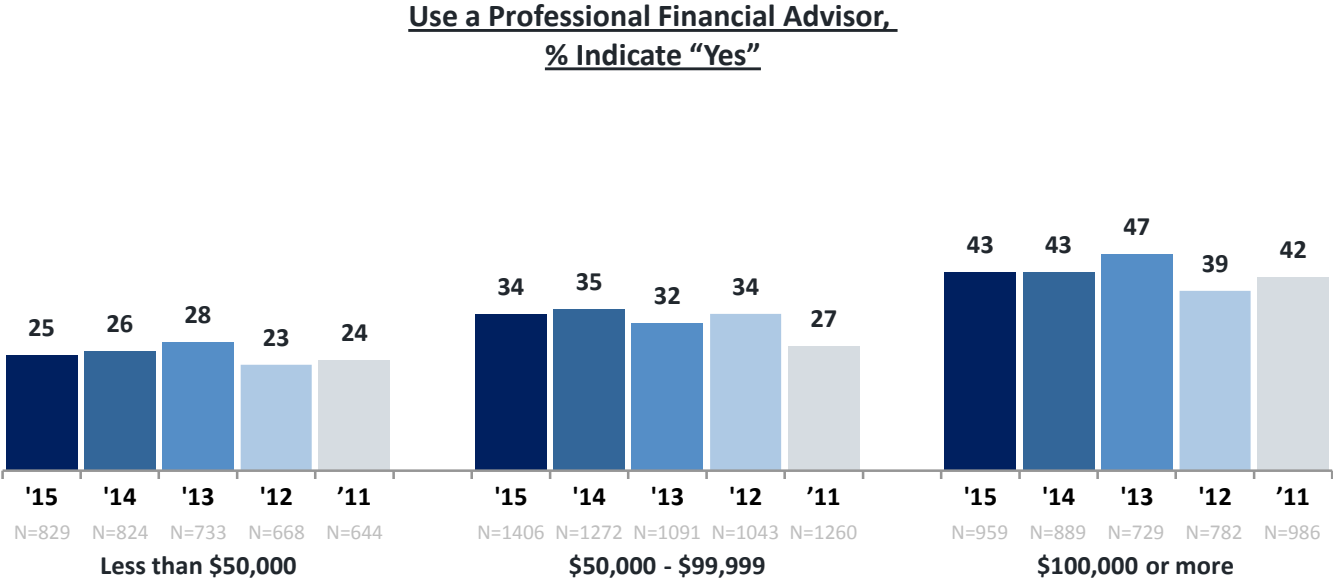
Have a Retirement Strategy by Household Income (%)



BASE: All Qualified Respondents
 Q1155. Which of the following best describes your retirement strategy?

Professional Financial Advisor Usage

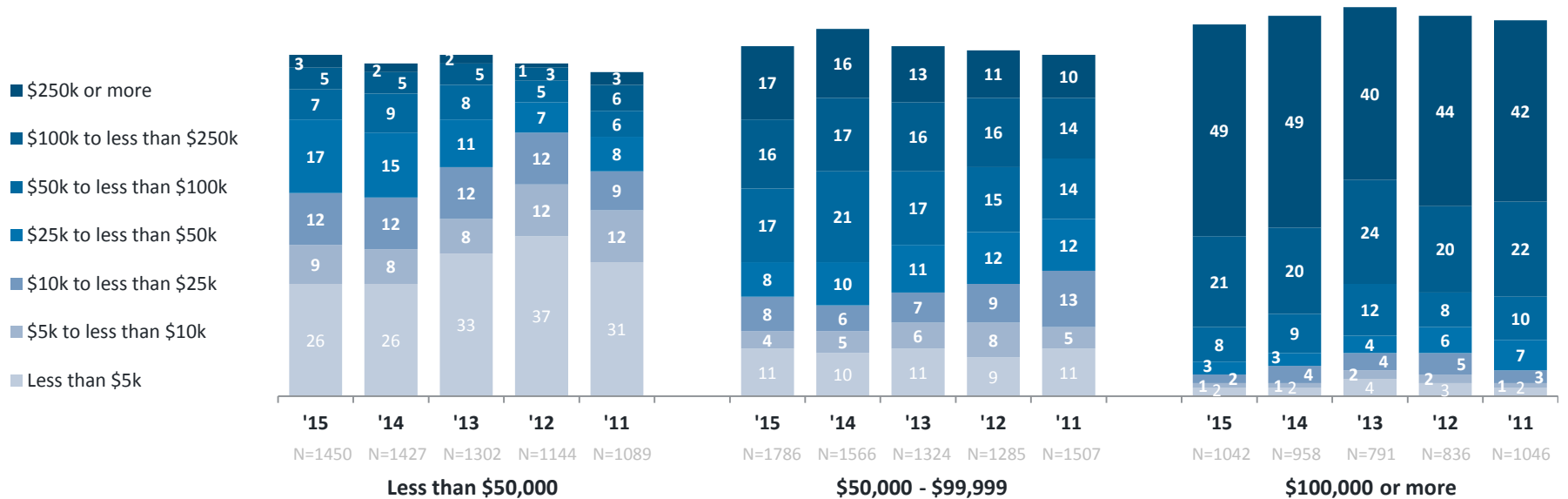
Workers' use of a professional advisor increases with household income (HHI). Among those investing for retirement, 43 percent of workers with a HHI of \$100k or more use an advisor, compared to 34 percent of workers with an HHI of \$50k to \$99k and 25 percent of workers with a HHI of less than \$50k. Advisor usage has been consistently higher by HHI over the past five years.



Total Household Retirement Savings

Household retirement savings increases with level of household income (HHI). Workers with a HHI of \$100k or more have saved \$183,000 (estimated median), compared to those with an HHI of \$50k to \$99k who have saved \$58,000 (estimated median) and those with an HHI of less than \$50k who have saved just \$11,000 (estimated median). In other words, workers with an HHI of \$100k or more have saved more than 15 times the amount of those with an HHI of less than \$50k. On a brighter note, savings among workers with an HHI of less than \$50k have doubled in the last five years.

Total Household Retirement Savings by Household Income (%)



	Less than \$50,000					\$50,000 - \$99,999					\$100,000 or more				
Not sure	14	13	13	15	16	11	9	12	12	14	7	6	5	7	8
Decline to answer	7	10	8	8	9	8	6	7	8	7	7	6	5	5	5
Estimated Median	\$11,000	\$12,000	\$6,000	\$3,000	\$5,000	\$58,000	\$57,000	\$51,000	\$42,000	\$35,000	\$183,000	\$184,000	\$157,000	\$171,000	\$169,000

Note: The median is estimated based on the approximate midpoint of the range of each response category. Non-responses are excluded from the estimate.

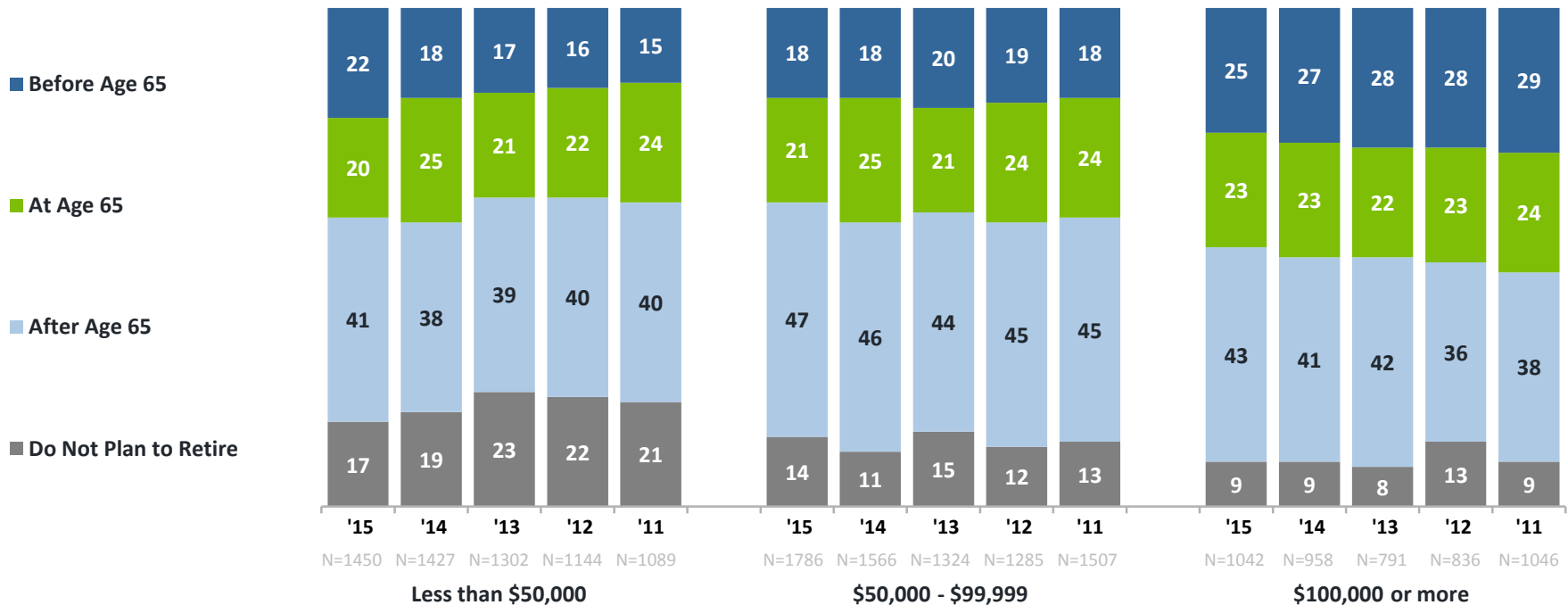
BASE: All Qualified Respondents

Q1300. Approximately how much money does your household have saved in all of your retirement accounts?

Expected Retirement Age

Most workers, regardless of their household income (HHI), are expecting to work past age 65 or do not plan to retire. Sixty-one percent of workers with a household income of \$50k to \$99k are most likely to expect to do so, followed by 58 percent of workers with an HHI of less than \$50k and 52 percent of workers with an HHI of \$100k or more.

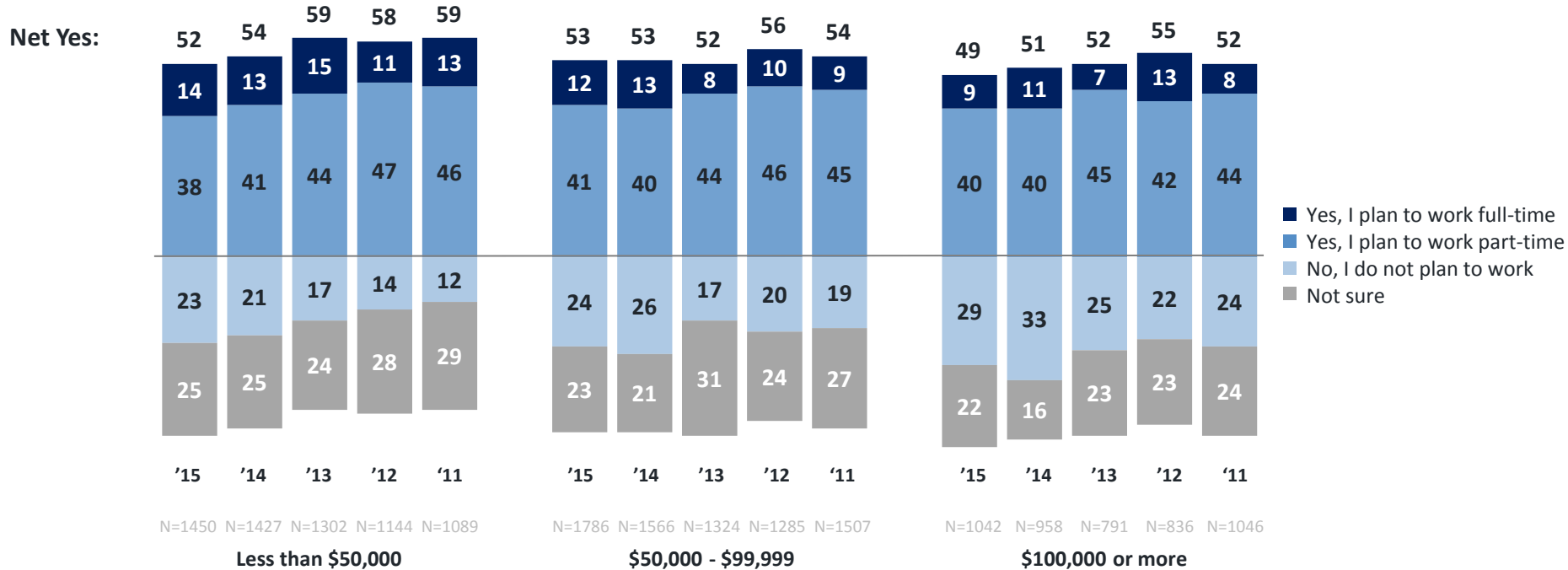
Age Expected to Retire by Household Income (%)



Expectations of Working In Retirement

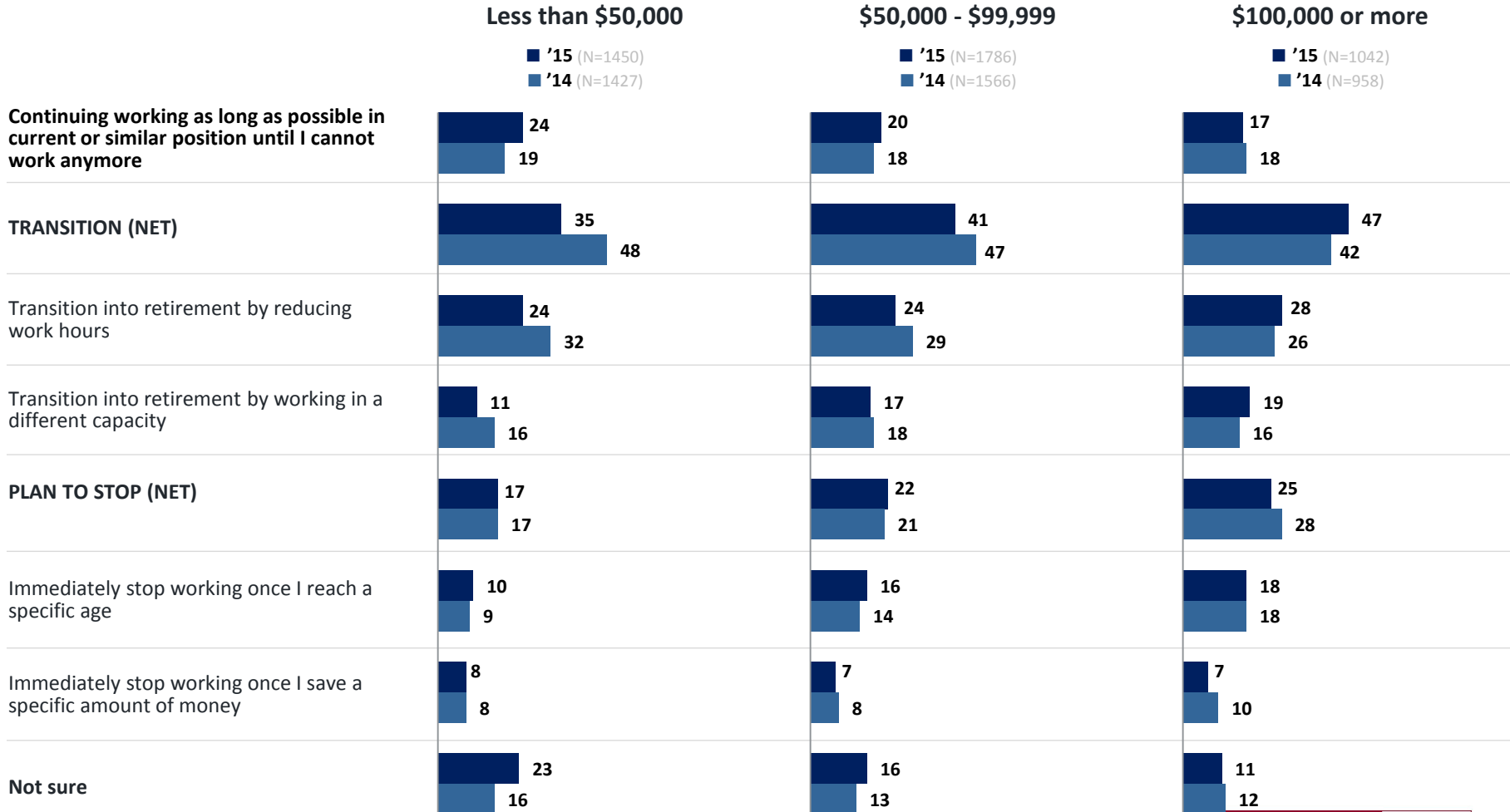
Approximately half of workers plan to continue working in retirement, a finding which is consistent across all levels of household income (HHI). Most workers who are planning to work in retirement say that they will do so on a part-time basis. This trend has been consistent over the past five years.

Working After Retirement (%)



Retirement Transitions: Phased Versus Immediate Retirement

Many workers envision a phased transition into retirement by changing work patterns (e.g., shifting from full-time to part-time or working in a different capacity). Workers with a higher household income (HHI) are more likely to expect this phased transition – while workers with an HHI of less than \$50k have a less clear vision with more expecting to continue working until they can't work any longer or who are “not sure.”



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