



Managing the Road to Retirement:

Retirement Savings Sentiment and Behavior Among Select Age Groups

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TRANSAMERICA CENTER
FOR RETIREMENT STUDIES®

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About The Center

- The Transamerica Center for Retirement Studies® (“The Center”) is a non-profit private foundation dedicated to educating the public on emerging trends surrounding retirement security in the United States. The Center’s research emphasizes employer-sponsored retirement plans, issues faced by small to mid-sized companies and their employees, and the implications of legislative and regulatory changes.
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- Although care has been taken in preparing this material and presenting it accurately, The Center 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 1999, the Transamerica Center for Retirement Studies® has conducted a national survey 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.
- Harris Interactive was commissioned to conduct the Tenth Annual Retirement Survey for Transamerica Center for Retirement Studies®.

Methodology

- **A 22-minute online survey was conducted between December 16, 2008 – January 13, 2009 among a nationally representative sample of 3,466 for-profit workers using the Harris online panel. Respondents met the following criteria:**
 - All U.S. residents, age 18 or older
 - Full-time workers or part-time workers
 - Employer size of 10 or more
- **Data were weighted as follows:**
 - To account for differences between the population available via the internet versus by telephone
 - To ensure that each quota group had a representative sample based on the number of employees at companies in each employee size range
- **Percentages are rounded to the nearest whole percent. Differences in the sums of combined categories/answers are due to rounding**



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Hazardous Conditions Ahead?

- **Although the future is impossible to predict, preparing for it is essential**
- **Workers in their 20s and 30s are not adequately preparing for retirement as other financial priorities take precedent**
 - Life events may not be the only factor; lack of retirement education may also be a problem
- **Workers in their 40s tend to be the least confident in their retirement**
 - 42 percent expect to rely on 401(k) and IRA accounts as their primary source of income in retirement, yet only 1-in-4 report having saved at least \$100,000
- **Older workers also face their own set of challenges**
 - A relatively high percentage of workers in their 50s have taken loans from their retirement plans
 - About half of workers in their 50s and one-third of those in their 60s state their greatest financial priority as either “just getting by” or “paying off debt”

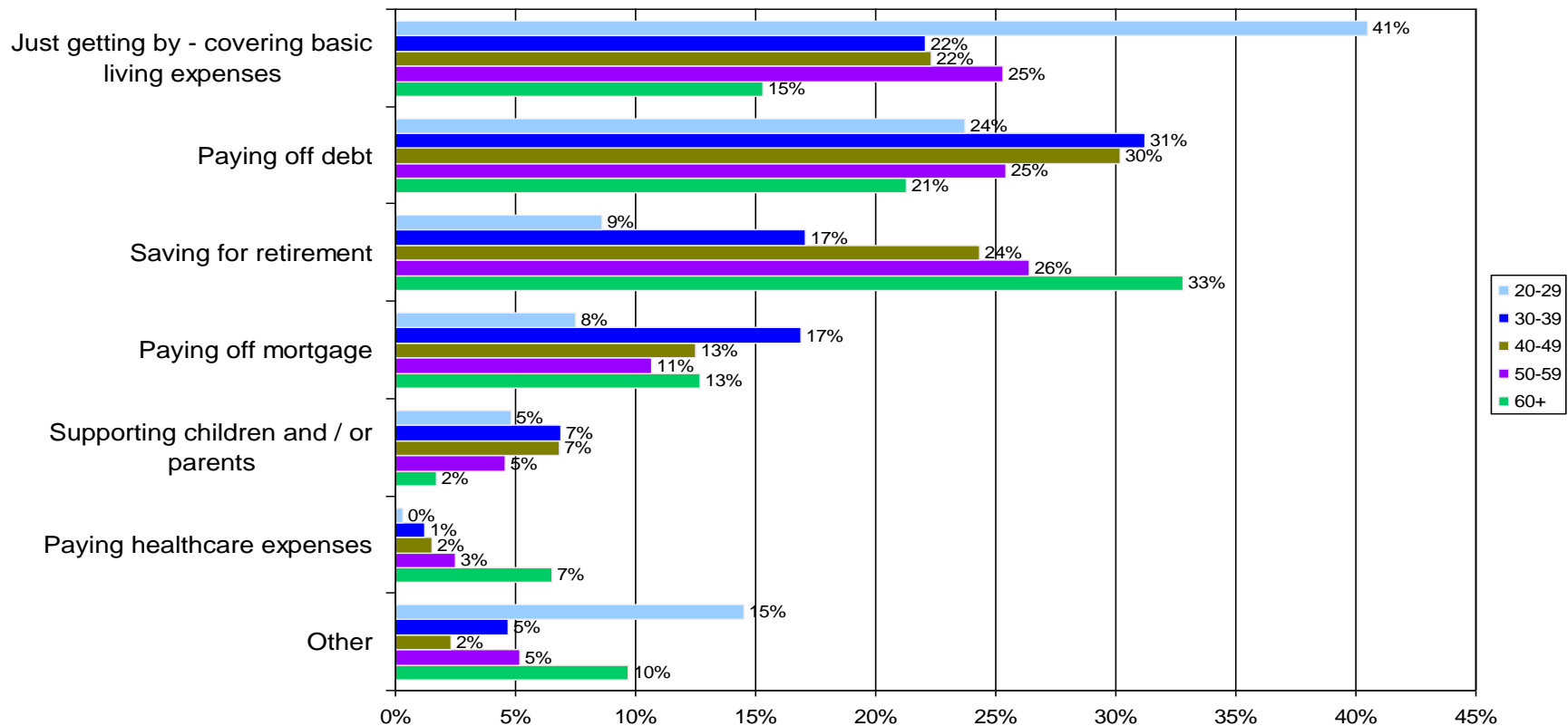
Staying on Track

- **There are various options and tools available to help all workers get back on track**
- **Younger workers want more information about retirement from their employer**
 - Communication is key: an abundance of information is available, yet it may not be reaching younger workers
 - Plan providers and plan sponsors can do more to ensure younger workers are more engaged with their retirement planning
- **A majority of workers over 50 have a plan for retirement, but it is generally not written down**
 - Workers near retirement should take advantage of all available resources, including: plan provider, financial planner, retirement oriented Web sites, etc.

Greatest Financial Priority

Workers in their 20s are more likely to state “just getting by.” While 26 percent of workers in their 50s state “saving for retirement,” half are either “paying off debt” or “just getting by.” Workers age 60 and older are more likely to state “saving for retirement.”

Q500 - Which one of the following is your greatest financial priority right now?

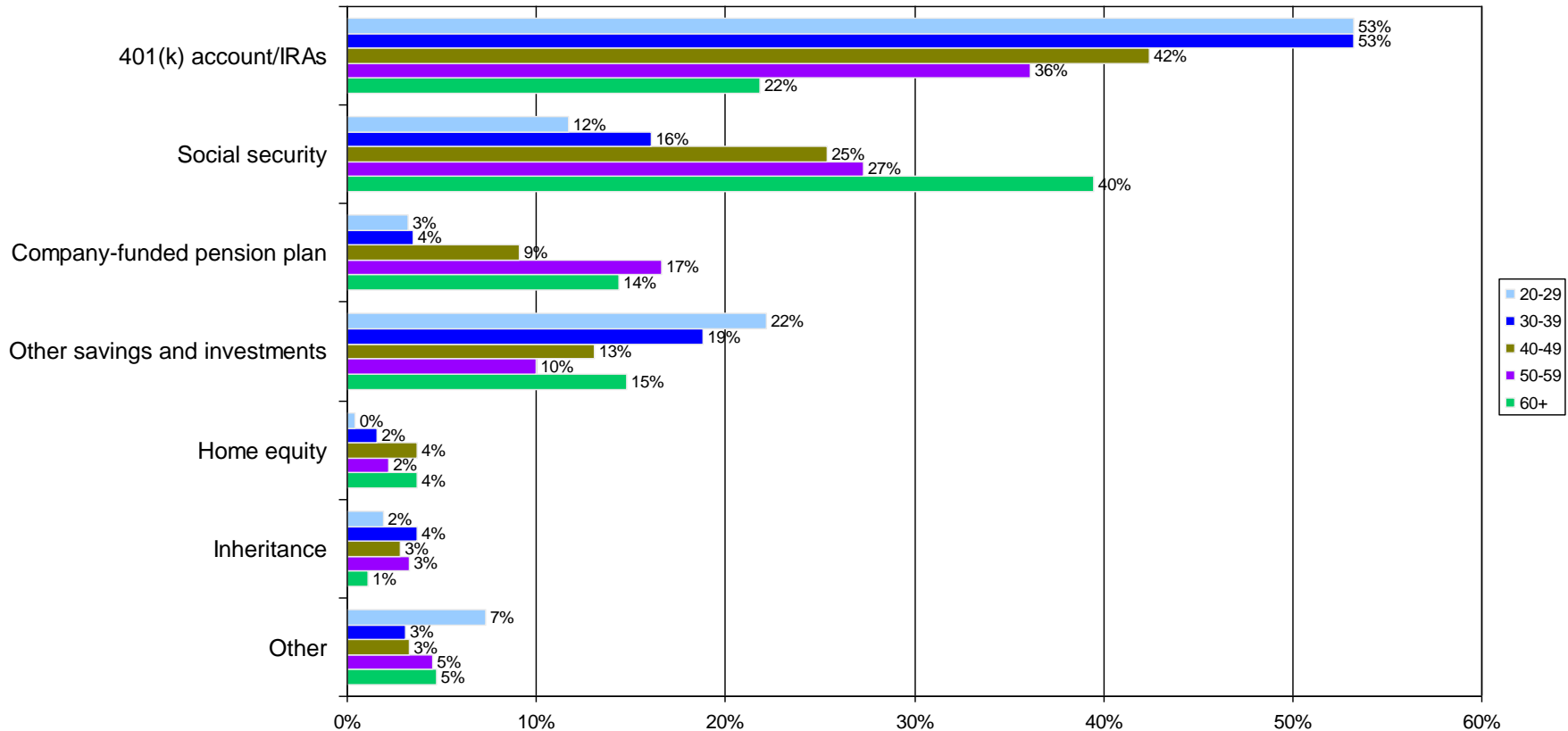


Base: For-profit, Full & Part-time; Ages 20-29 (n=503), Ages 30-39 (n=630), Ages 40-49 (n=694), Ages 50-59 (n=913), Ages 60+ (n=642)

Expected Primary Source of Income

Workers in their 20s, 30s, and 40s are more likely to expect 401(k)/IRA accounts to be their primary source of income in retirement while workers in their 60s expect to rely more on Social Security.

Q550 - Which one of the following do you expect to be your primary source of income to cover your living expenses after you retire?



Base: For-profit, Full & Part-time; Ages 20-29 (n=503), Ages 30-39 (n=630), Ages 40-49 (n=694), Ages 50-59 (n=913), Ages 60+ (n=642)

Retirement Benefits Offered

Most full-time workers are offered an employee-funded plan. However, a majority of part-time workers do not have access to a retirement plan. Half of part-time workers in their 60s do not have a retirement plan offered to them by their employer.

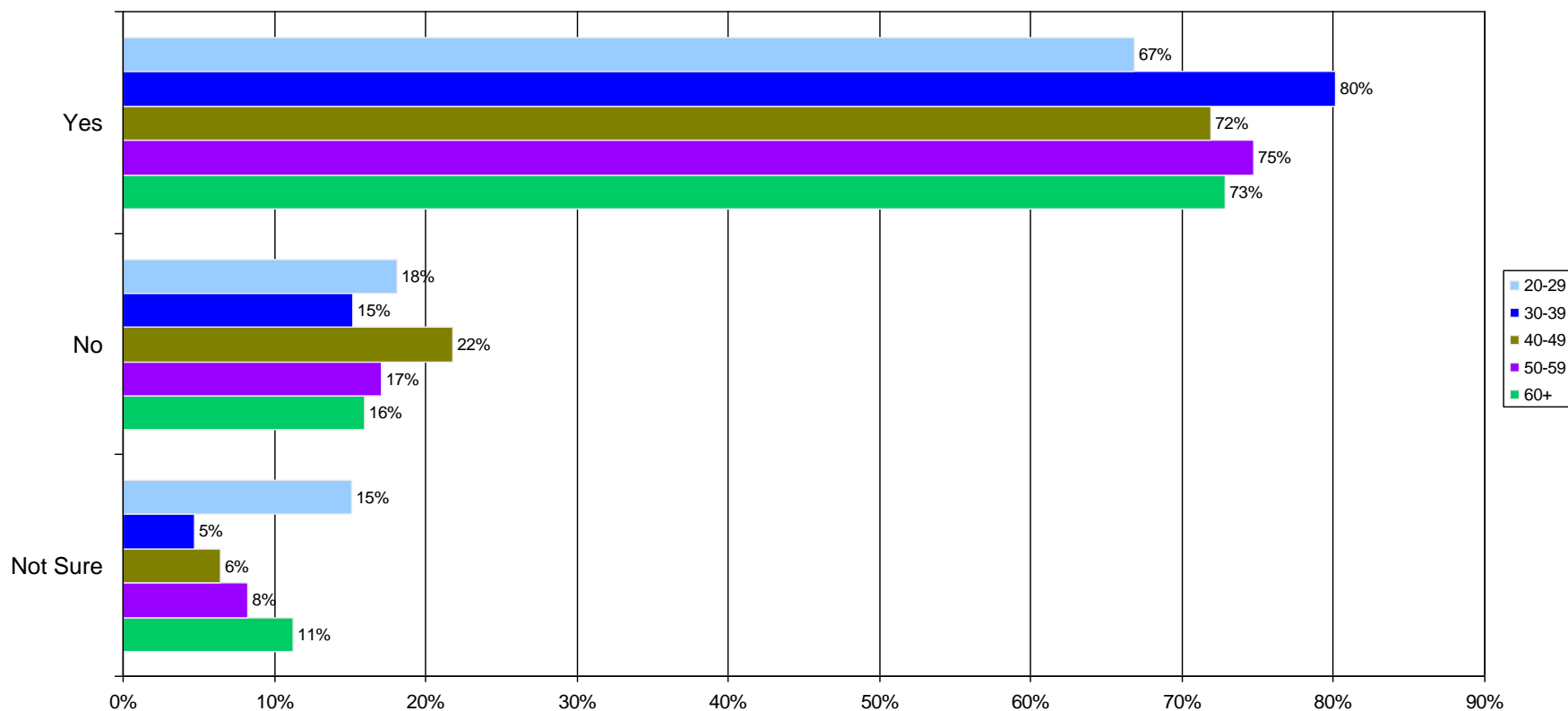
Q580 - Which of the following retirement benefits does your company offer?	20-29			30-39			40-49			50-59			60+		
	Full-time & Part-time	Full-Time	Part-Time	Full-time & Part-time	Full-Time	Part-Time	Full-time & Part-time	Full-Time	Part-Time	Full-time & Part-time	Full-Time	Part-Time	Full-time & Part-time	Full-Time	Part-Time
An employee-funded plan (net)	57%	73%	39%	77%	83%	47%	77%	88%	43%	74%	90%	39%	65%	84%	47%
An employee-funded 401(k) plan;	54%	70%	36%	74%	81%	41%	72%	83%	39%	72%	87%	37%	61%	80%	45%
Other employee self-funded plan, such as SIMPLE, SEP, or other plans except for 401(k)s	3%	4%	3%	5%	3%	16%	9%	10%	8%	7%	7%	4%	7%	8%	6%
A company-funded defined benefit pension plan	10%	17%	3%	20%	21%	14%	19%	22%	10%	21%	22%	18%	17%	24%	12%
None of the Above	39%	21%	59%	20%	14%	53%	21%	11%	54%	22%	8%	52%	33%	15%	50%

Base: For-profit, Full & Part-time; Ages 20-29 (Full-time n=272, Part-time n=231), Ages 30-39 (Full-time n=512, Part-time n=118), Ages 40-49 (Full-time n=528, Part-time n=166), Ages 50-59 (Full-time n=654, Part-time n=259), Ages 60+ (Full-time n=303, Part-time n=339)

Company Match

Most workers are offered a company match, with workers in their 30s being the most likely to receive a match. Interestingly, workers in their 20s are more likely than the other age groups to state they are “not sure” whether they are offered a match.

Q630 - Does your company offer a matching contribution as part of its 401(k) or other company-sponsored retirement plan?

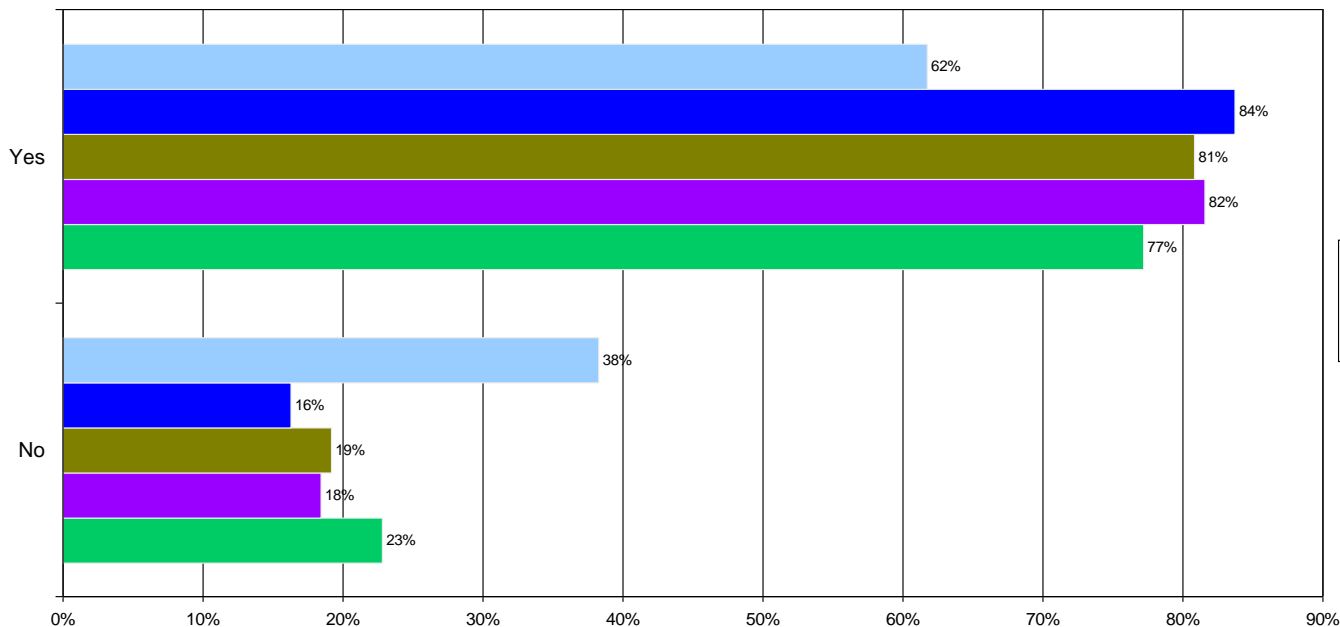


Base: Company offer employee-funded plan, Full & Part-time; Ages 20-29 (n=277), Ages 30-39 (n=475), Ages 40-49 (n=530), Ages 50-59 (n=688), Ages 60+ (n=405)

Participation & Contribution Rates

Workers in their 50s and 60s have higher contribution rates than younger workers. Workers in their 20s are much less likely to participate in their employee-funded retirement plan.

Q590 - Do you currently participate in, or have money invested in your company's employee-funded retirement savings plan?



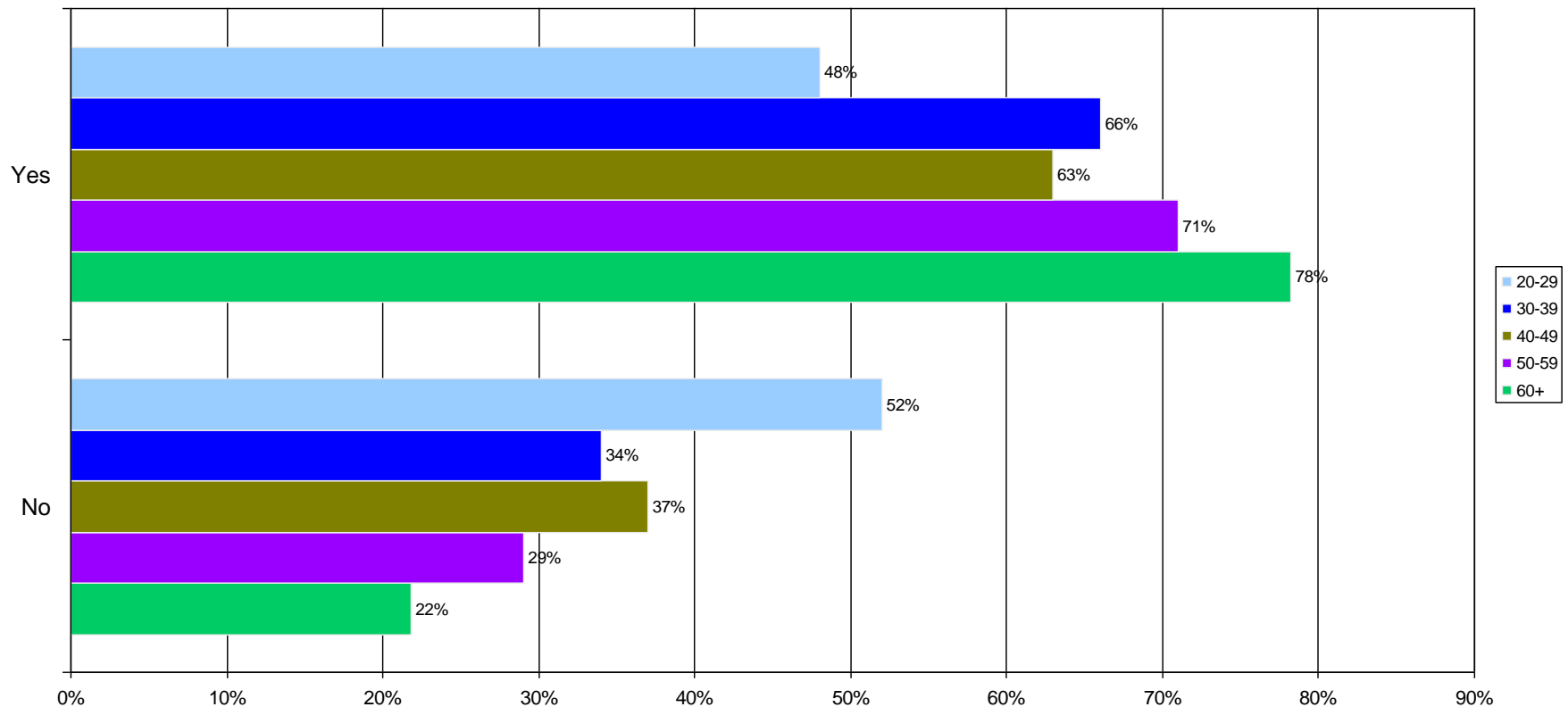
Median Contribution Rate (Among those participating)	
20-29	6%
30-39	6%
40-49	7%
50-59	10%
60+	10%

Base: Company offers employee-funded plan, Full & Part-time; Ages 20-29 (n=277), Ages 30-39 (n=475), Ages 40-49 (n=530), Ages 50-59 (n=688), Ages 60+ (n=405)

Saving for Retirement Outside Work

Workers in their 50s, 60s and older are more likely to be saving for retirement outside of work. Less than half of workers in their 20s save for retirement outside of work.

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

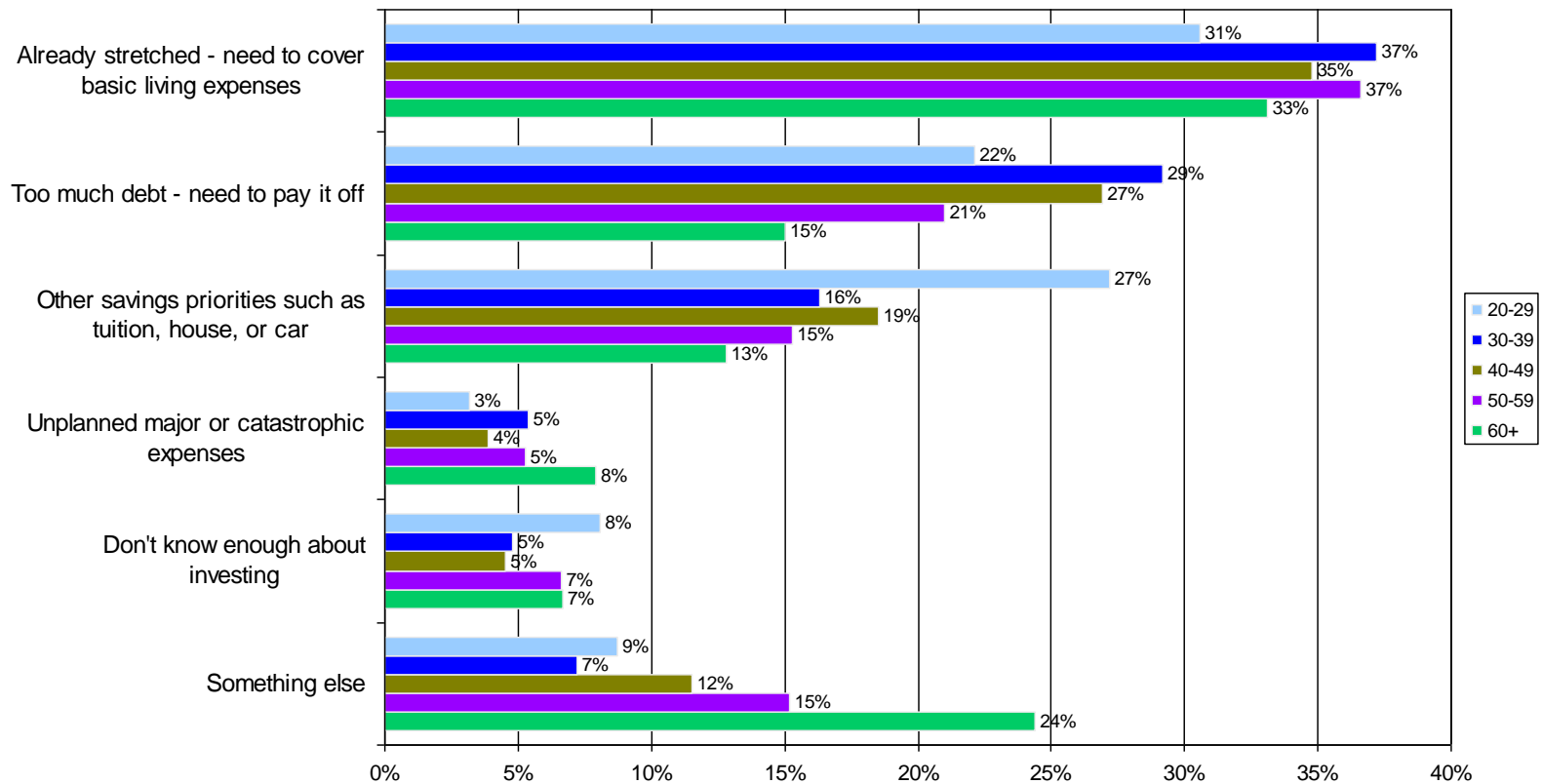


Base: For-profit, Full & Part-time; Ages 20-29 (n=503), Ages 30-39 (n=630), Ages 40-49 (n=694), Ages 50-59 (n=913), Ages 60+ (n=642)

What Is Preventing You From Saving More?

Regardless of age, workers state that being “already stretched” is the top reason that prevents them from saving more for retirement. Workers in their 20s are more likely than older workers to state “other savings priorities,” the second highest reason for workers in their 20s.

Q810 - What one factor or financial priority is most preventing you from saving more for your retirement?

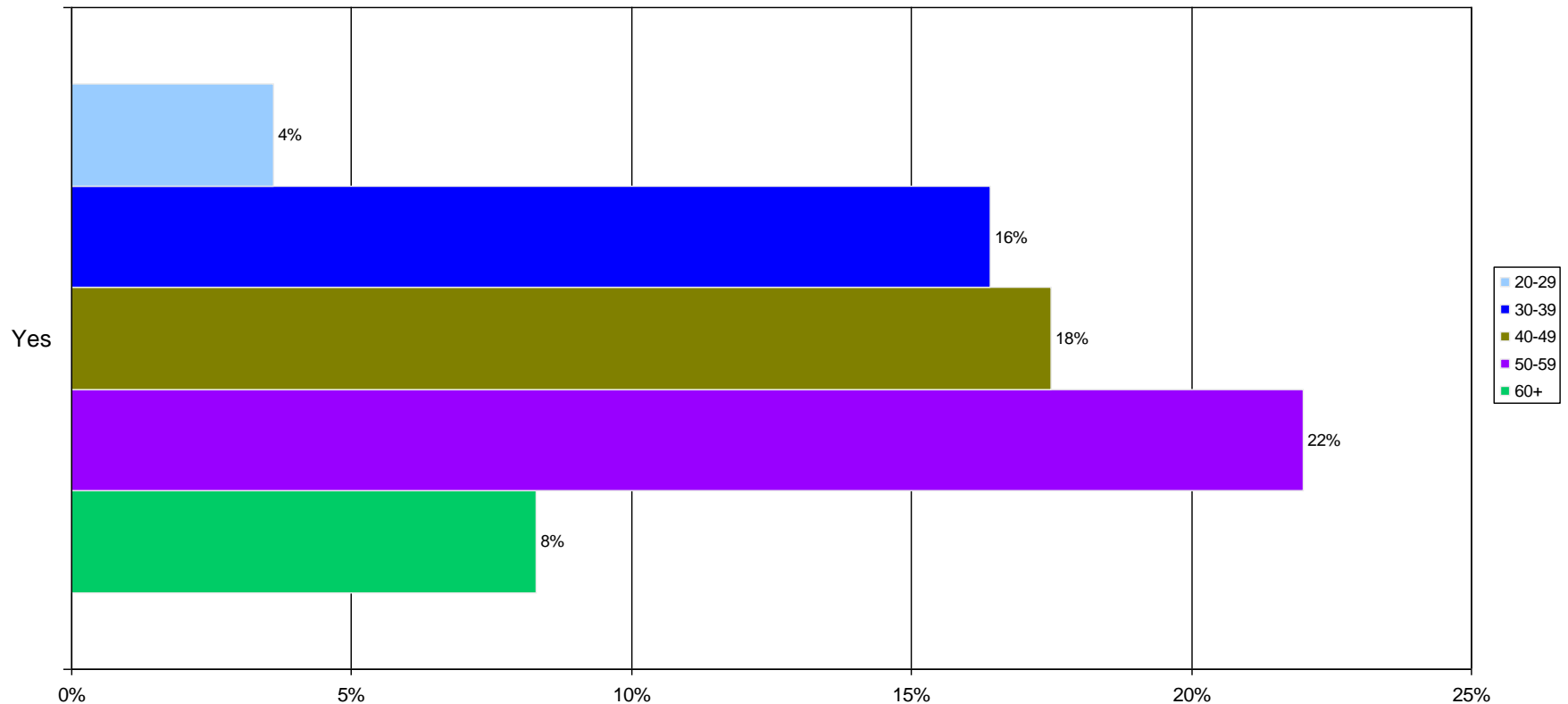


Base: For-profit, Full & Part-time; Ages 20-29 (n=503), Ages 30-39 (n=630), Ages 40-49 (n=694), Ages 50-59 (n=913), Ages 60+ (n=642)

Loans From Retirement Plans

Workers in their 50s are more likely than the other age groups to have taken a loan from their retirement plan.

Q650 - Have you taken out a loan from your retirement plan?

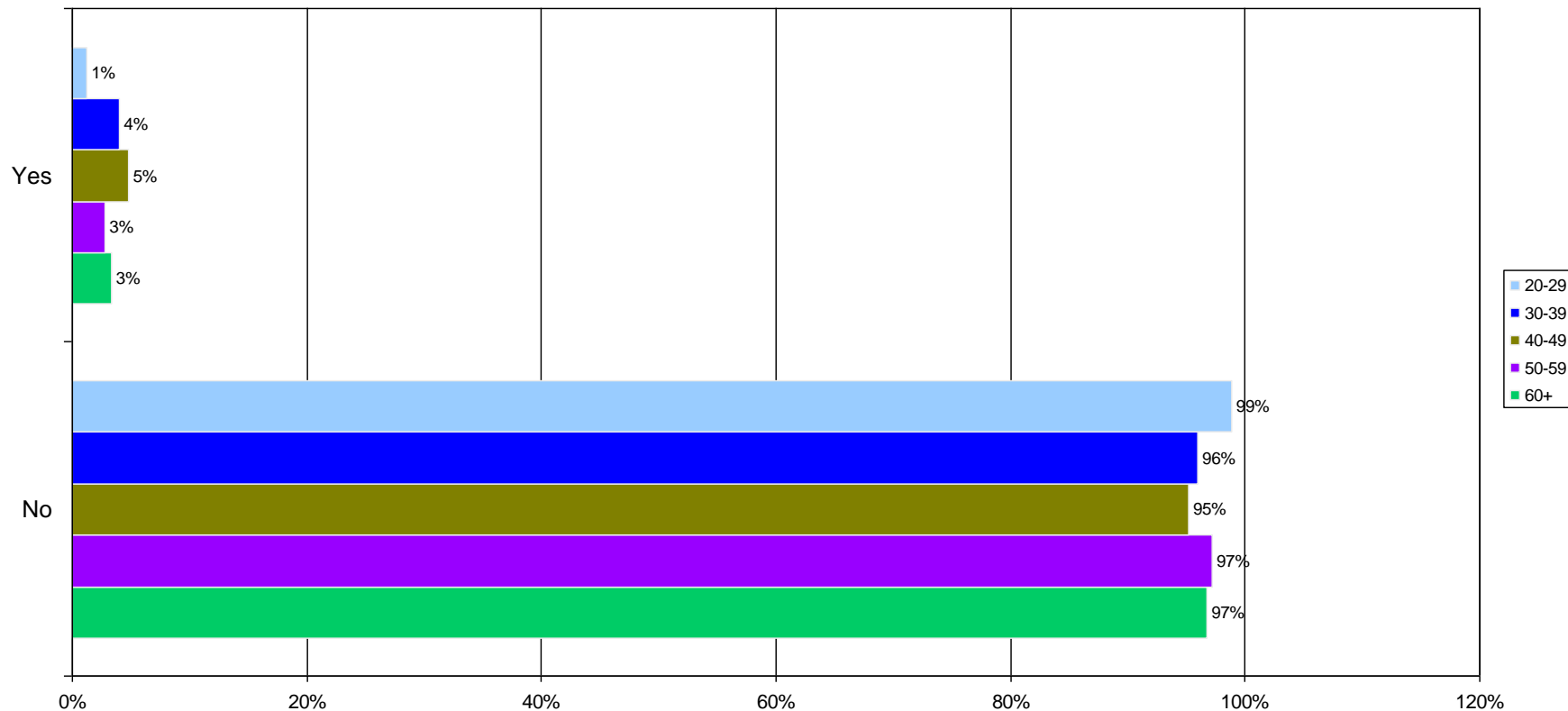


Base: Participates in plan, Full & Part-time; Ages 20-29 (n=175), Ages 30-39 (n=379), Ages 40-49 (n=432), Ages 50-59 (n=548), Ages 60+ (n=316)

Hardship Withdrawals

Very few workers have taken a hardship withdrawal from their retirement plan.

Q1460 - Have you taken a hardship withdrawal from your employee-funded retirement plan in the last 12 months?

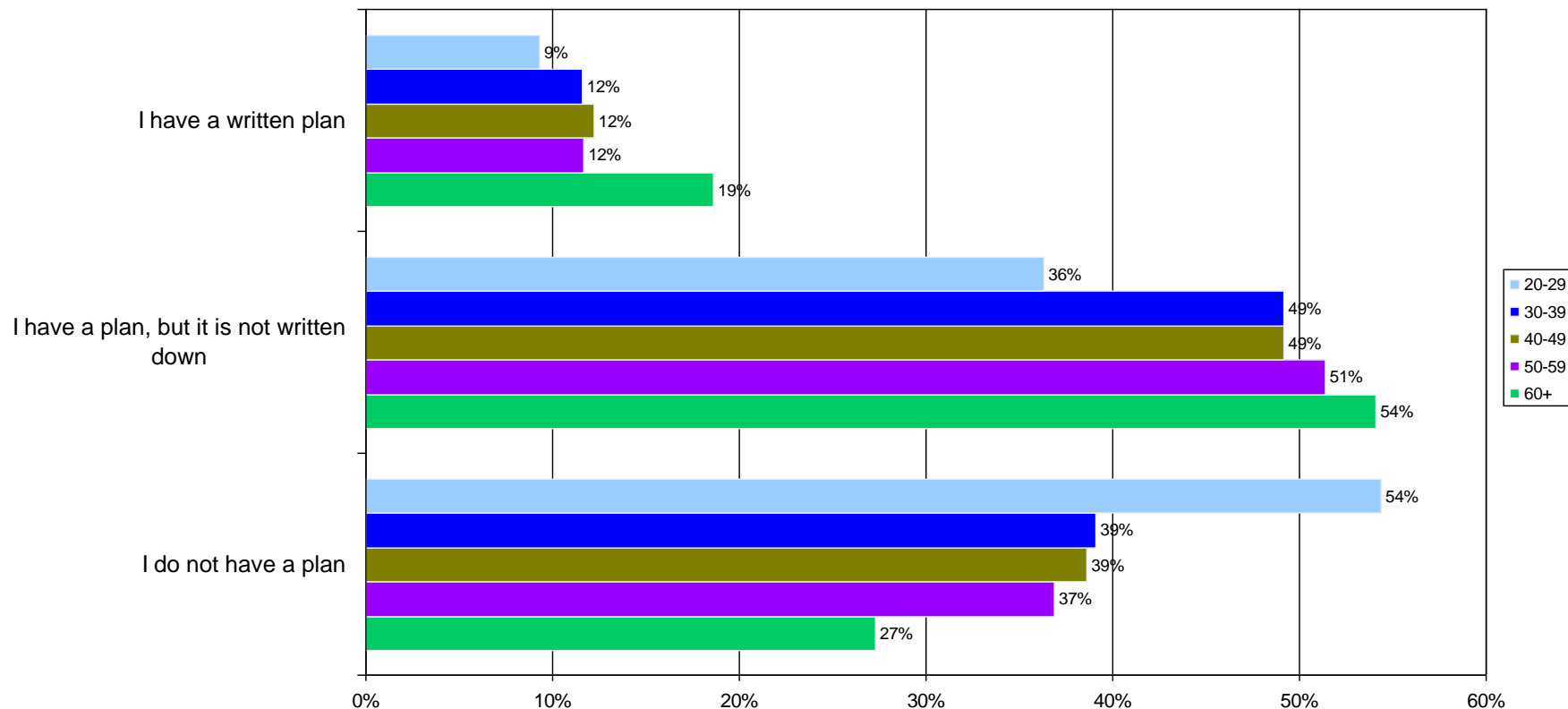


Base: Company offers employee-funded plan, Full & Part-time; Ages 20-29 (n=277), Ages 30-39 (n=475), Ages 40-49 (n=530), Ages 50-59 (n=688), Ages 60+ (n=405)

Retirement Strategy

While most workers do not have a written retirement plan, workers in their 20s are the least likely to have any plan for retirement.

Q555 - Which of the following best describes your retirement strategy?

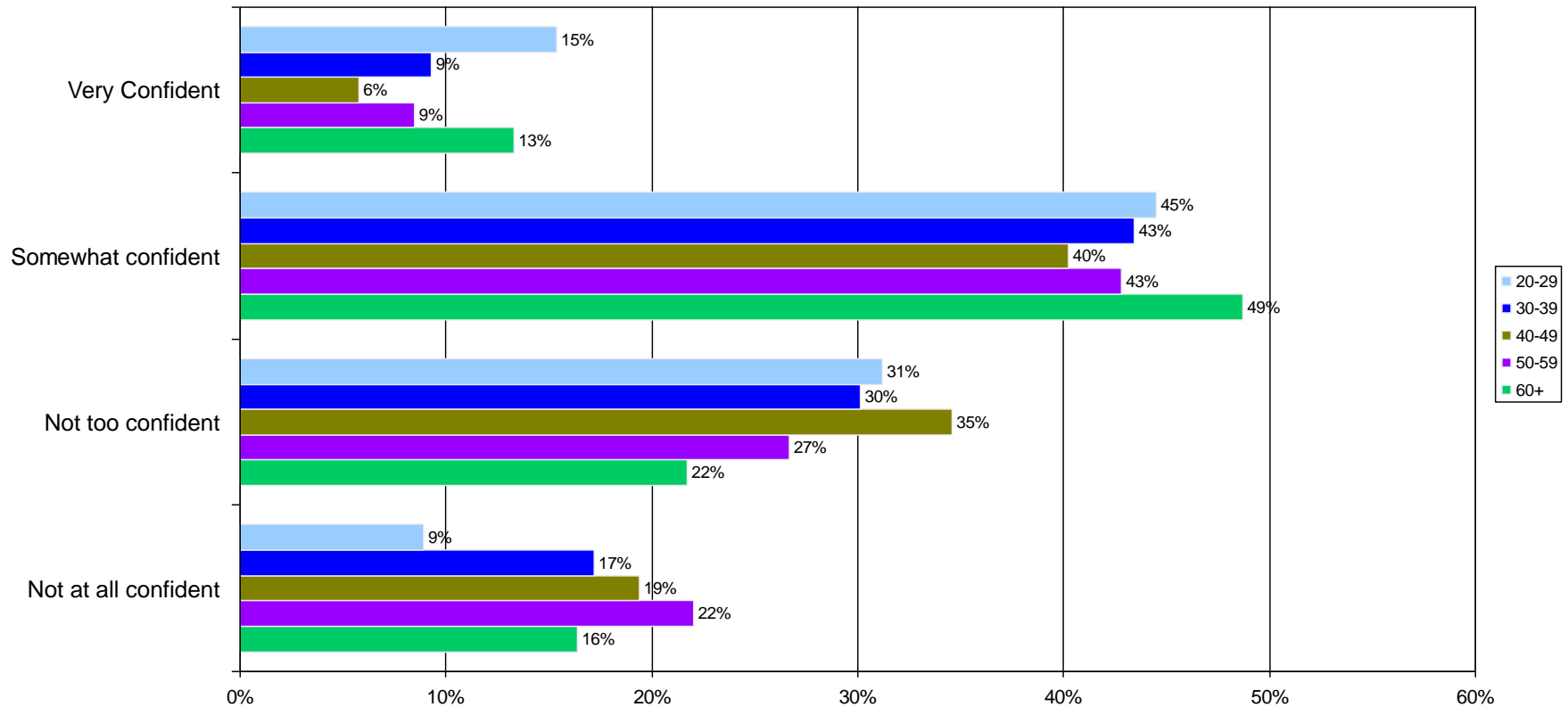


Base: For-profit, Full & Part-time; Ages 20-29 (n=503), Ages 30-39 (n=630), Ages 40-49 (n=694), Ages 50-59 (n=913), Ages 60+ (n=642)

Retirement Confidence

Workers 60 and older tend to be as confident, if not more so, than younger workers in achieving a comfortable retirement. Workers in their 40s are the least confident.

Q880 - How confident are you that you will be able to retire with a lifestyle you consider comfortable?

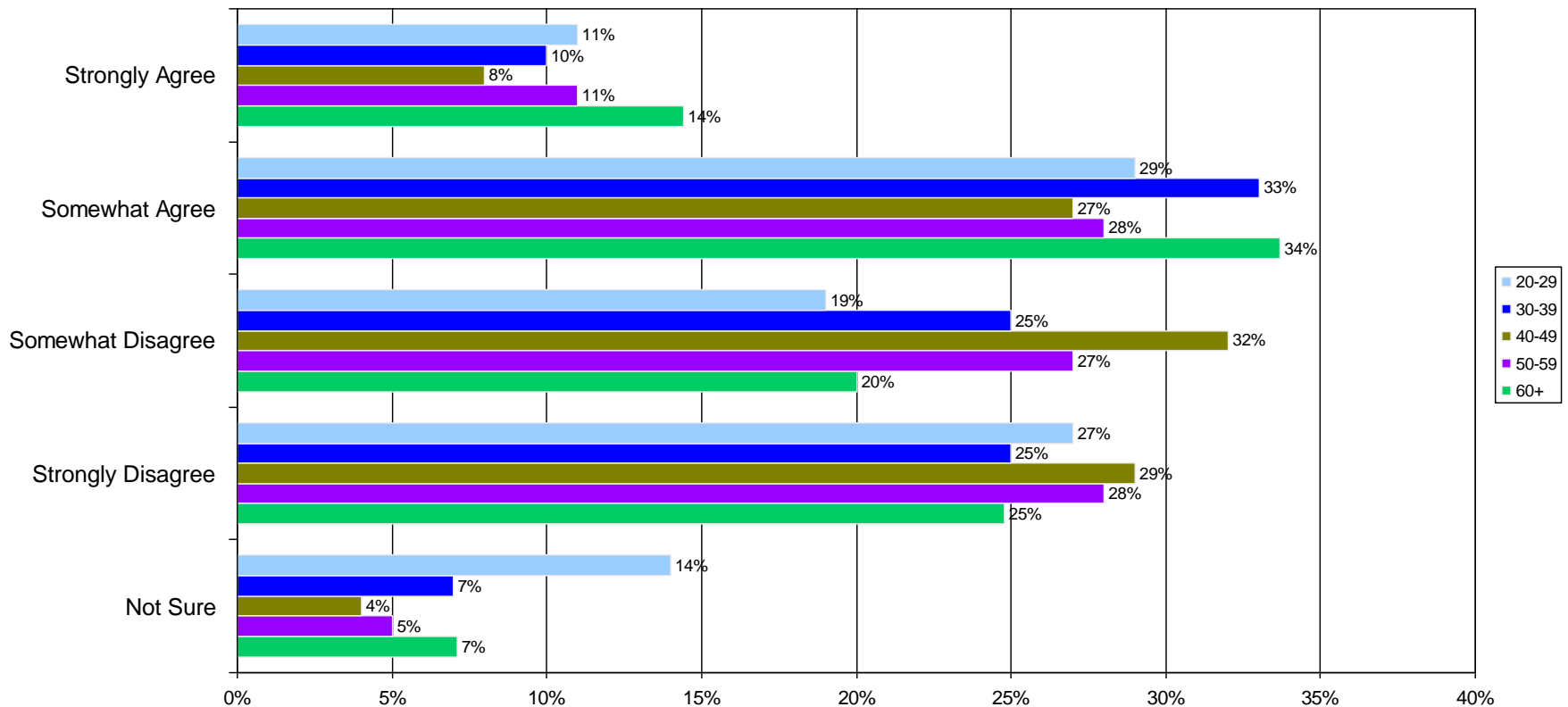


Base: For-profit, Full & Part-time; Ages 20-29 (n=503), Ages 30-39 (n=630), Ages 40-49 (n=694), Ages 50-59 (n=913), Ages 60+ (n=642)

Retirement Nest-Egg

While most workers are uneasy over the size of their nest-egg, workers in their 40s are more likely to feel they are not building a large enough nest-egg. Workers in their 20s are more likely than older workers to state they are “not sure.”

Q800. How much do you agree or disagree that you are currently building a large enough retirement nest egg?

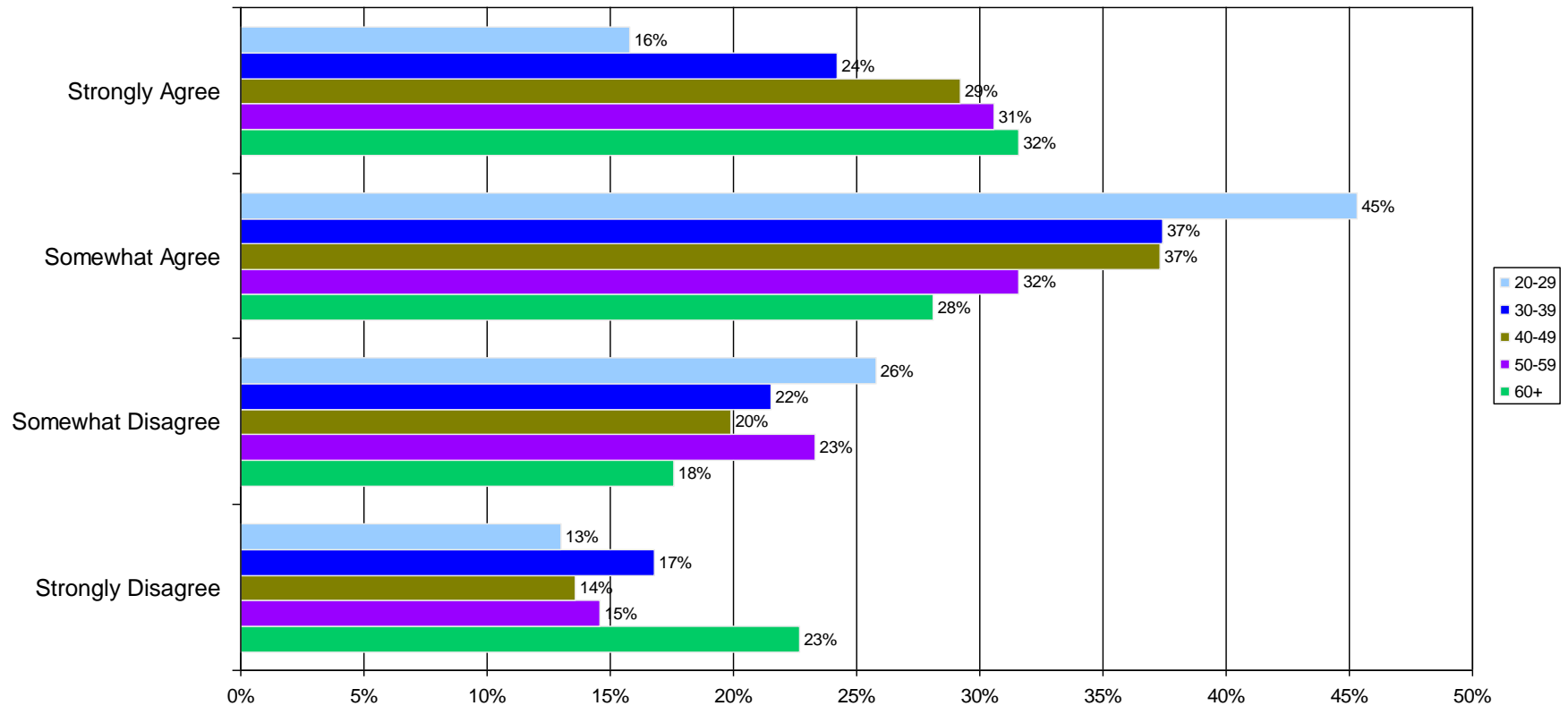


Base: For-profit, Full & Part-time; Ages 20-29 (n=503), Ages 30-39 (n=630), Ages 40-49 (n=694), Ages 50-59 (n=913), Ages 60+ (n=642)

Saving Enough by Age 65

Most workers agree that they could work until age 65 and still not have enough money saved to meet their retirement needs.

Q970 - I could work until age 65 and still not have enough money saved to meet my retirement needs

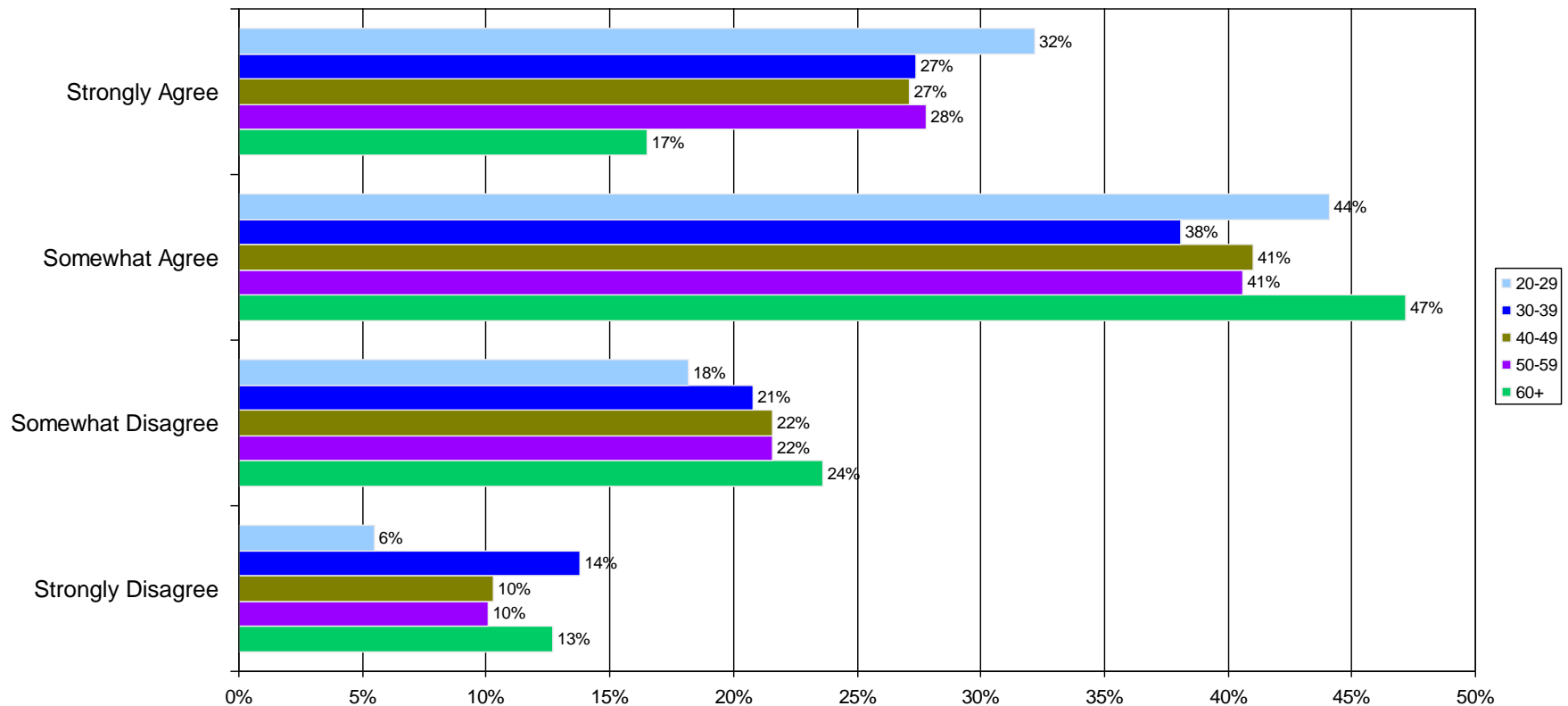


Base: For-profit, Full & Part-time; Ages 20-29 (n=503), Ages 30-39 (n=630), Ages 40-49 (n=694), Ages 50-59 (n=913), Ages 60+ (n=642)

Knowledge About Retirement Investing

A majority of workers agree that they do not know as much as they should about retirement investing, with workers in their 20s more likely to agree than older workers.

Q940 - I do not know as much as I should about retirement investing.

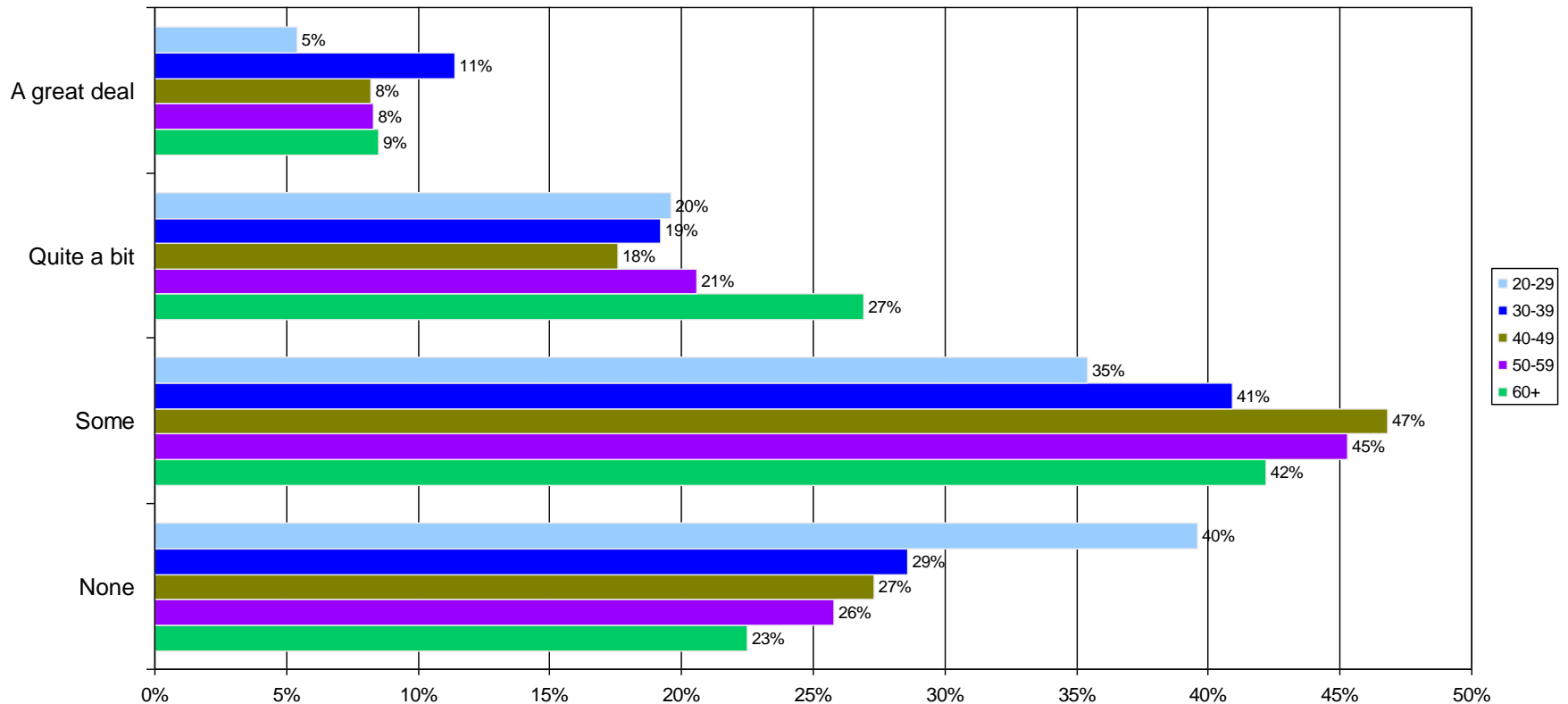


Base: For-profit, Full & Part-time; Ages 20-29 (n=503), Ages 30-39 (n=630), Ages 40-49 (n=694), Ages 50-59 (n=913), Ages 60+ (n=642)

Asset Allocation Principles

Workers in their 20s are more likely to state they do not have an understanding of asset allocation principles as they relate to retirement investing.

Q5040 - How good of an understanding do you have regarding asset allocation principles as they relate to retirement investing?

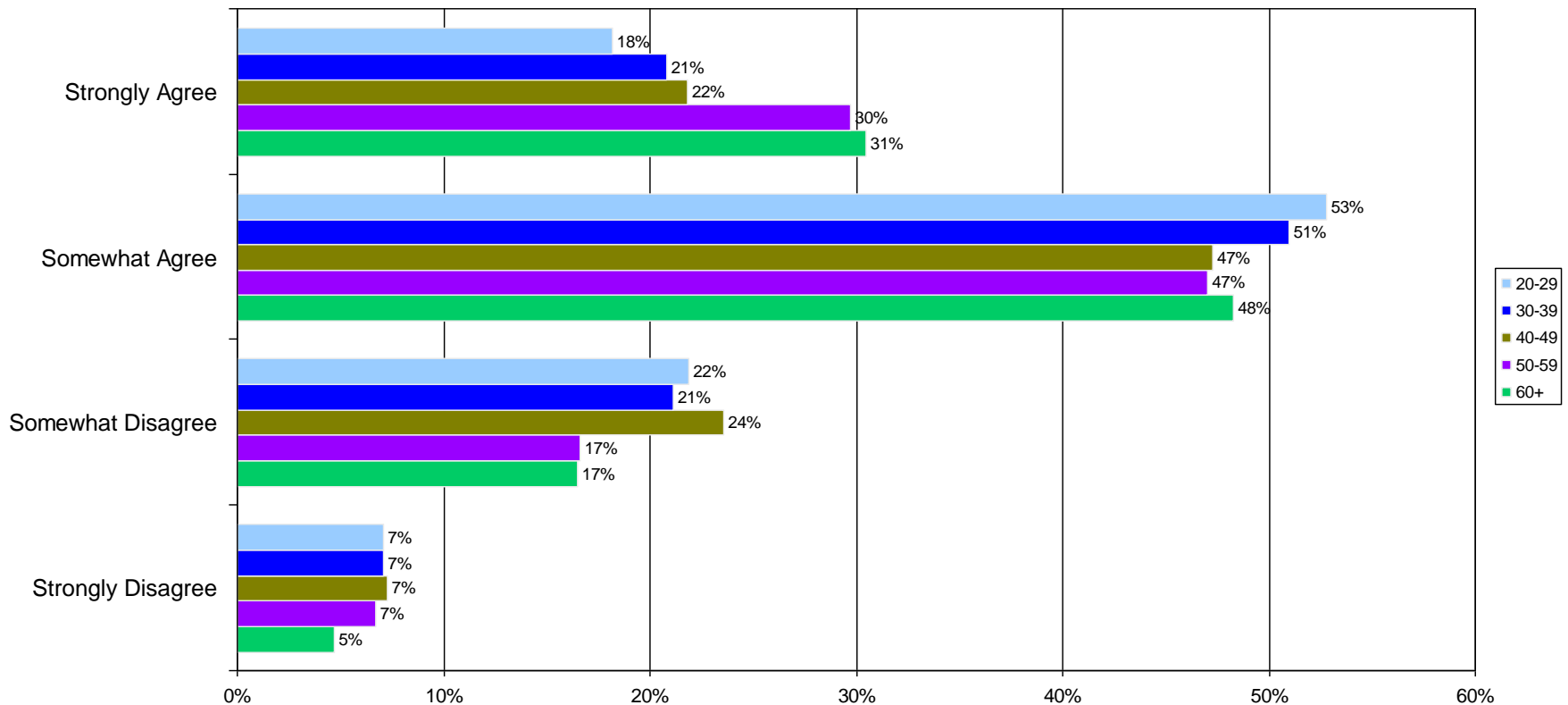


Base: For-profit, Full & Part-time; Ages 20-29 (n=503), Ages 30-39 (n=630), Ages 40-49 (n=694), Ages 50-59 (n=913), Ages 60+ (n=642)

Receive the Right Information

While a majority of workers agree that their company gives them the right information to make decisions about their retirement plan, workers in their 20s, 30s, and 40s are less likely than older workers to “strongly agree.”

Q710 - My company gives me the right information I need to make decisions about the retirement plan

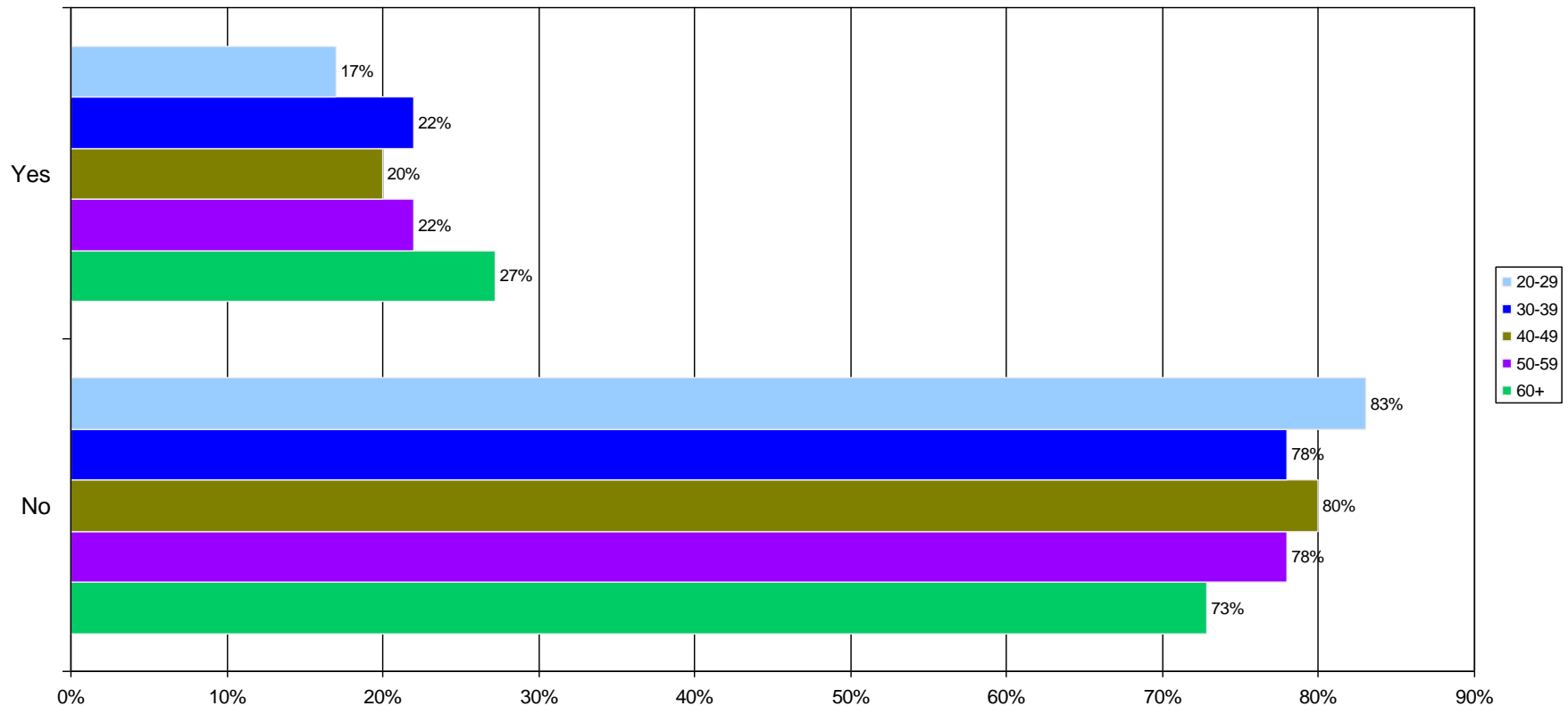


Base: Company offers employee-funded plan, Full & Part-time; Ages 20-29 (n=277), Ages 30-39 (n=475), Ages 40-49 (n=530), Ages 50-59 (n=688), Ages 60+ (n=405)

Aware of Savers' Credit

A majority of workers are unaware of the Saver's Credit, however workers 60 and older tend to be more aware of this tax credit than younger workers.

Q520 - Are you aware of a tax credit called the Savers' Credit?

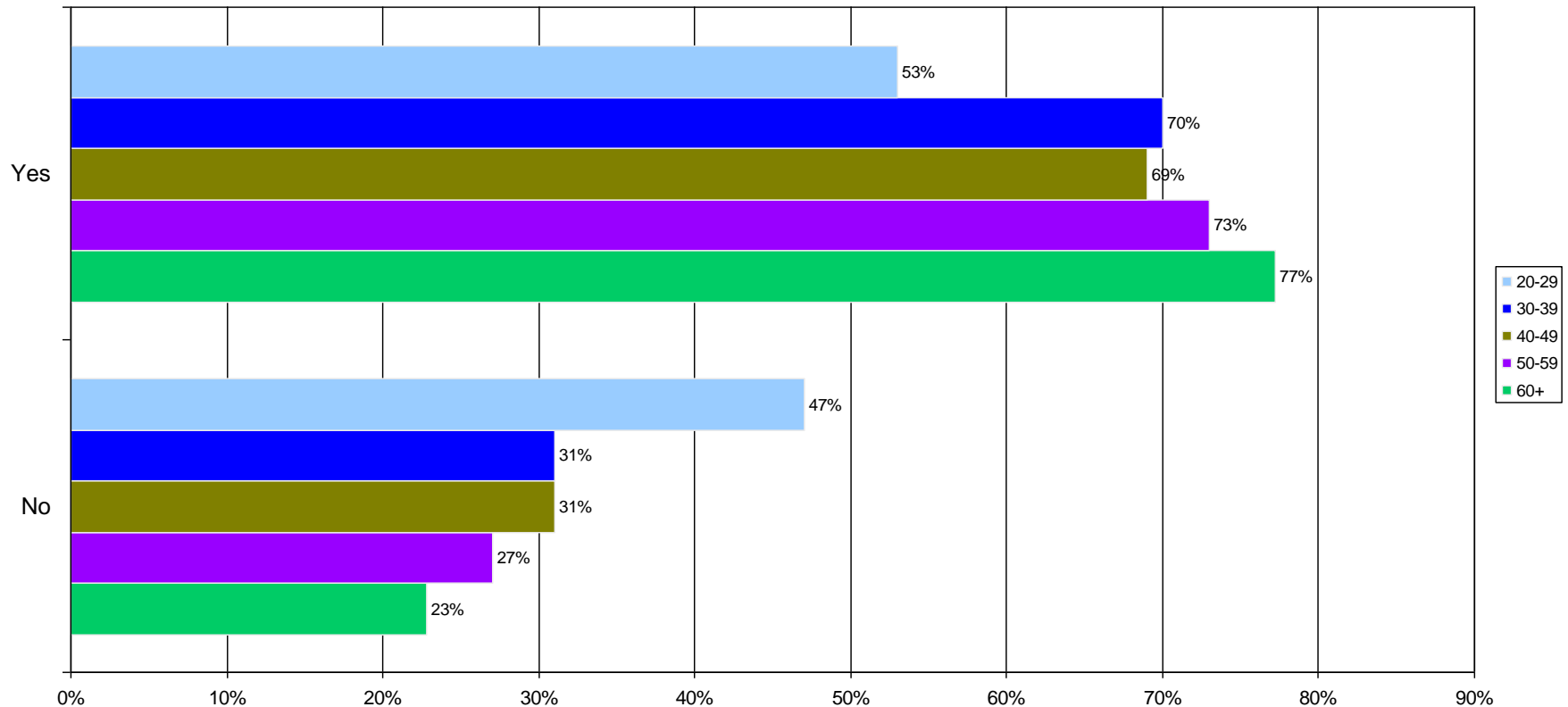


Base: For-profit, Full & Part-time; Ages 20-29 (n=503), Ages 30-39 (n=630), Ages 40-49 (n=694), Ages 50-59 (n=913), Ages 60+ (n=642)

Aware of Roth 401(k) Option

A majority of workers are aware of the Roth 401(k) option, however workers in their 20s are less aware than older workers.

Q605 - Are you aware of the Roth 401(k)/403(b) option?

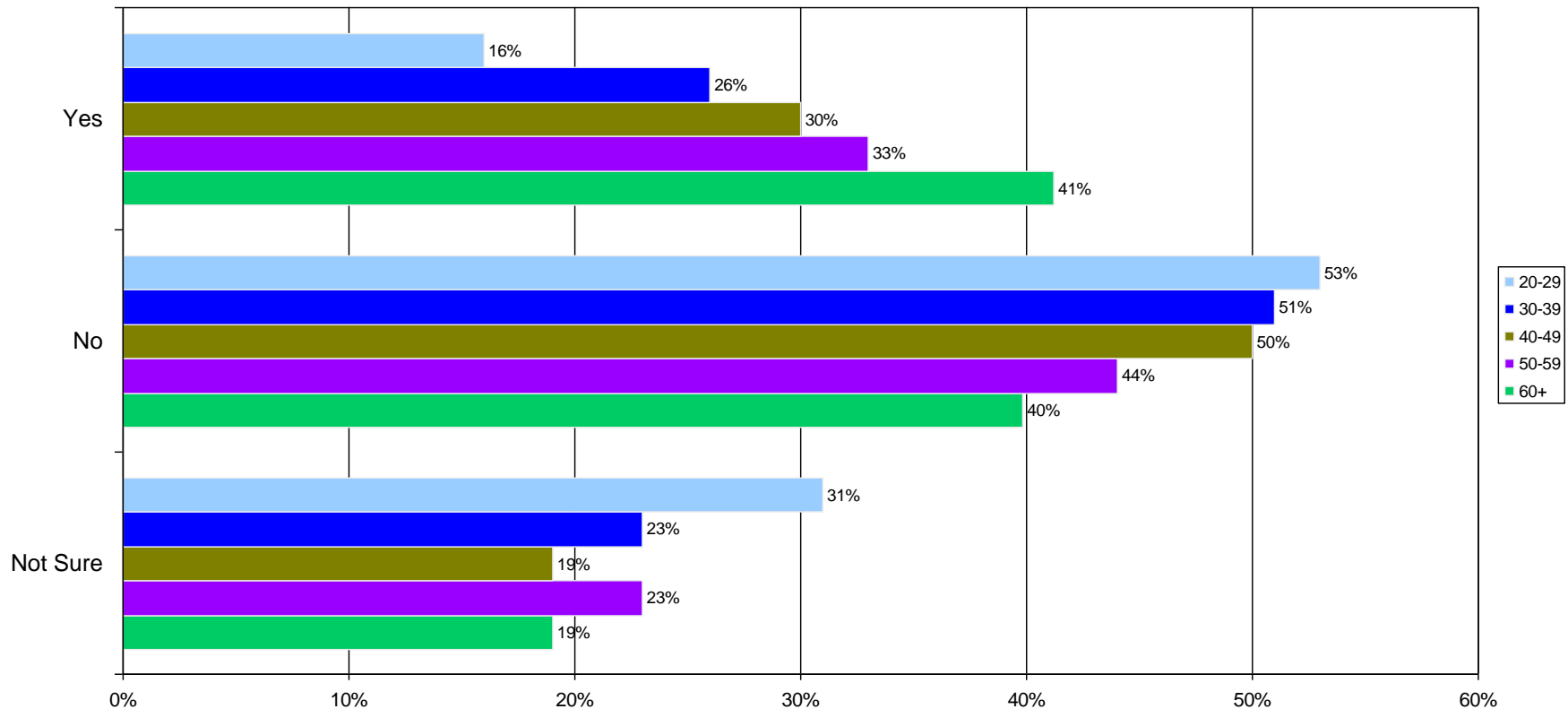


Base: Company offer employee-funded plan, Full & Part-time; Ages 20-29 (n=277), Ages 30-39 (n=475), Ages 40-49 (n=530), Ages 50-59 (n=688), Ages 60+ (n=405)

Aware of Fees

A majority of workers are unaware of fees that may be charged to their retirement account. Workers in their 20s are much more likely to be unaware or “not sure.”

Q634 - Are you aware of any fees that may be charged to your participant account associated with your company's retirement plan?

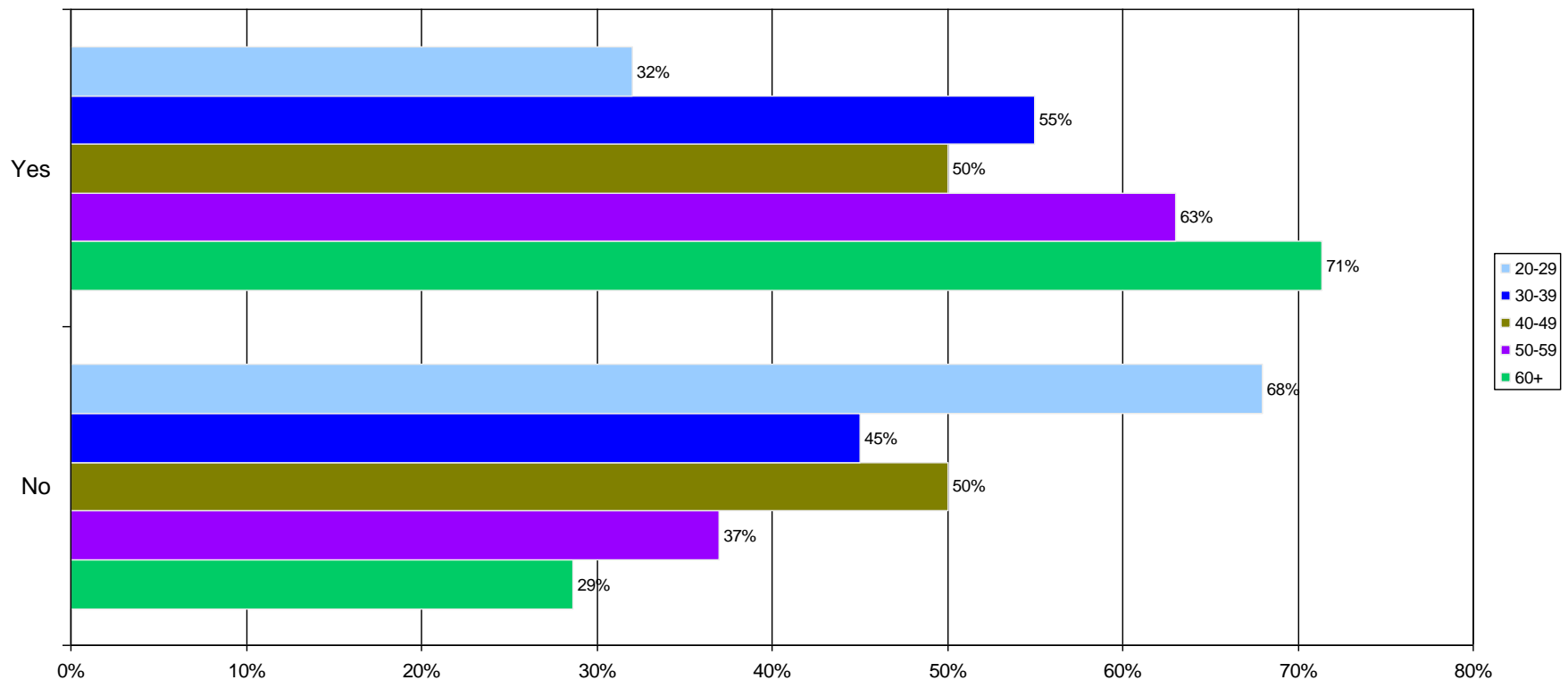


Base: Company offer employee-funded plan, Full & Part-time; Ages 20-29 (n=277), Ages 30-39 (n=475), Ages 40-49 (n=530), Ages 50-59 (n=688), Ages 60+ (n=405)

Catch-Up Contributions

As might be expected, workers in their 50s and 60s tend to be more aware of catch-up contributions than younger workers.

Q5050 - Are you aware that people age 50 and older may be allowed to make catch-ups contributions to their 401(k) / 403(b) / 457(b) plan or IRA?

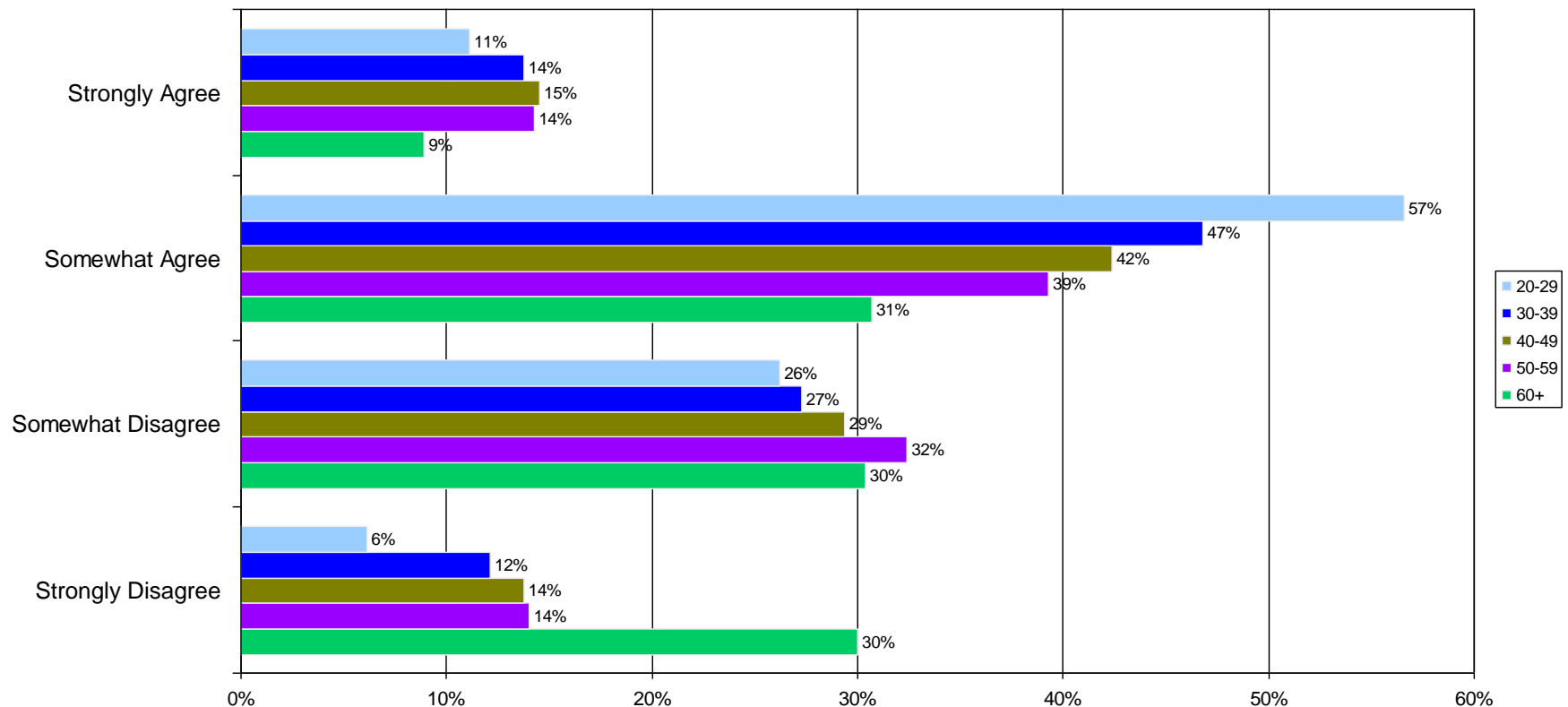


Base: For-profit, Full & Part-time; Ages 20-29 (n=503), Ages 30-39 (n=630), Ages 40-49 (n=694), Ages 50-59 (n=913), Ages 60+ (n=642)

Information & Advice

Workers in their 20s are much more likely than older workers to agree in wanting more information and advice from their company on how to reach their retirement goals. Interestingly, workers 60 and older are more likely than other age groups to “strongly disagree.”

Q990 - I would like to receive more information and advice from my company on how to reach my retirement goals.



Base: For-profit, Full & Part-time; Ages 20-29 (n=503), Ages 30-39 (n=630), Ages 40-49 (n=694), Ages 50-59 (n=913), Ages 60+ (n=642)

Sources of Information

Workers in their 20s and 30s more frequently cite friends/family as a source of information for retirement planning and investing while older workers rely more on financial planners/brokers. A similar percentage (roughly one-third) of all age groups rely on financial Web sites. Interestingly, one-in-four workers in their 20s state “none.”

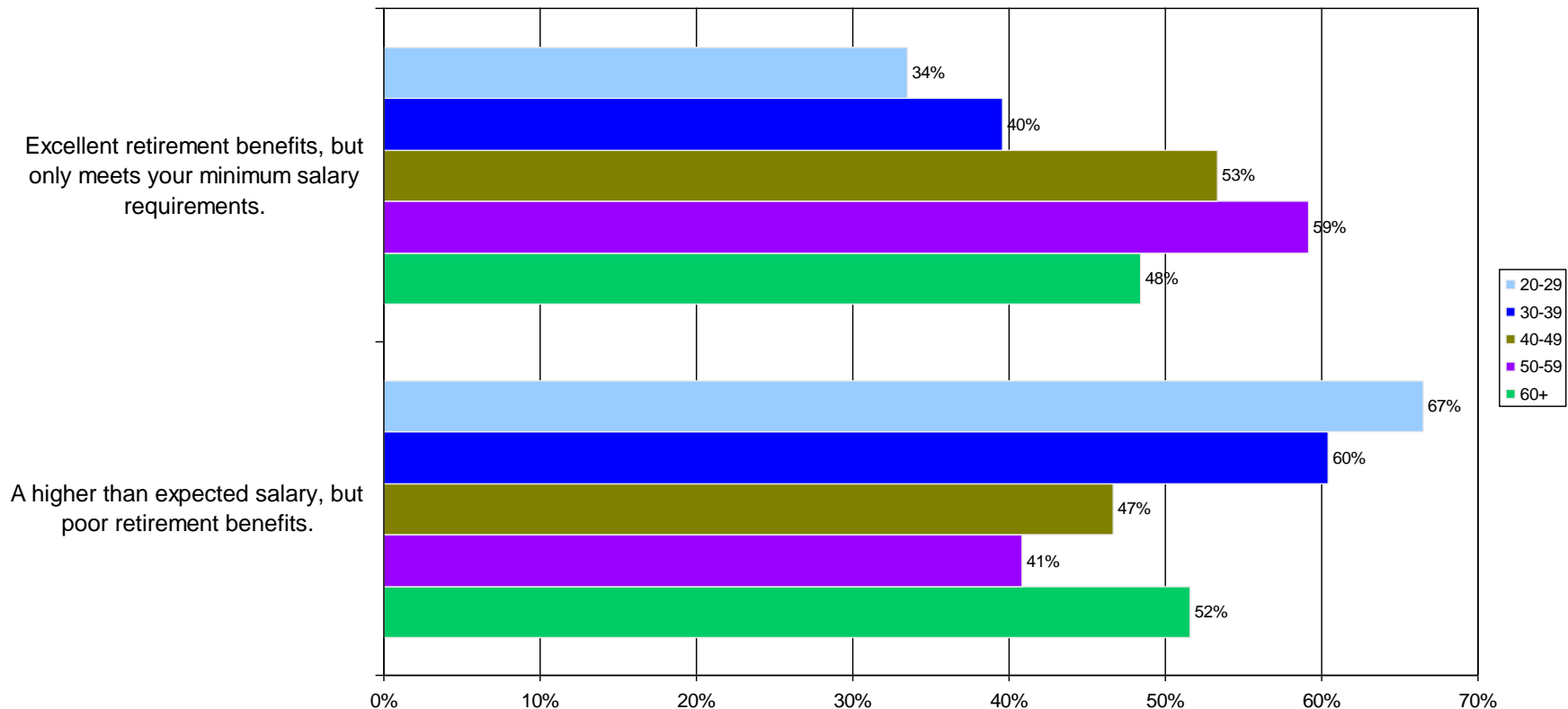
Q827 - What sources of information do you rely on for retirement planning and investing? (Select all that apply)					
	20-29	30-39	40-49	50-59	60+
Friends/Family	45%	40%	28%	29%	20%
Financial Web sites (Yahoo! Finance, Morningstar, etc.)	29%	38%	34%	33%	30%
Financial Planner/Broker	19%	22%	28%	34%	44%
Employer	19%	20%	21%	20%	17%
Retirement plan provider Web site	17%	29%	29%	29%	28%
Plan provider printed material (i.e. brochures)	14%	17%	19%	21%	19%
Print newspapers and magazines	13%	25%	26%	31%	36%
Retirement calculators	11%	16%	19%	20%	15%
Financial-related television shows	10%	21%	20%	20%	21%
Accountant	4%	9%	12%	15%	15%
Insurance agent	3%	5%	6%	4%	6%
Lawyer	2%	4%	2%	2%	5%
Other	9%	6%	6%	7%	10%
None	25%	18%	15%	14%	12%

Base: For-profit, Full & Part-time; Ages 20-29 (n=503), Ages 30-39 (n=630), Ages 40-49 (n=694), Ages 50-59 (n=913), Ages 60+ (n=642)

Excellent Retirement Benefits vs. Higher Salary

Workers in their 20s and 30s are more likely to prefer a job offer with a higher salary and poor retirement benefits over a job offer that has excellent retirement benefits but only meets their minimum salary requirements.

Q5045 - Suppose that two job offers come your way. Which of the following job offers would you select?



Base: For-profit, Full & Part-time; Ages 20-29 (n=503), Ages 30-39 (n=630), Ages 40-49 (n=694), Ages 50-59 (n=913), Ages 60+ (n=642)

Estimate of Savings Needed for Secure Retirement

Younger workers estimate needing much higher savings than older workers in order to feel secure by the time they retire.

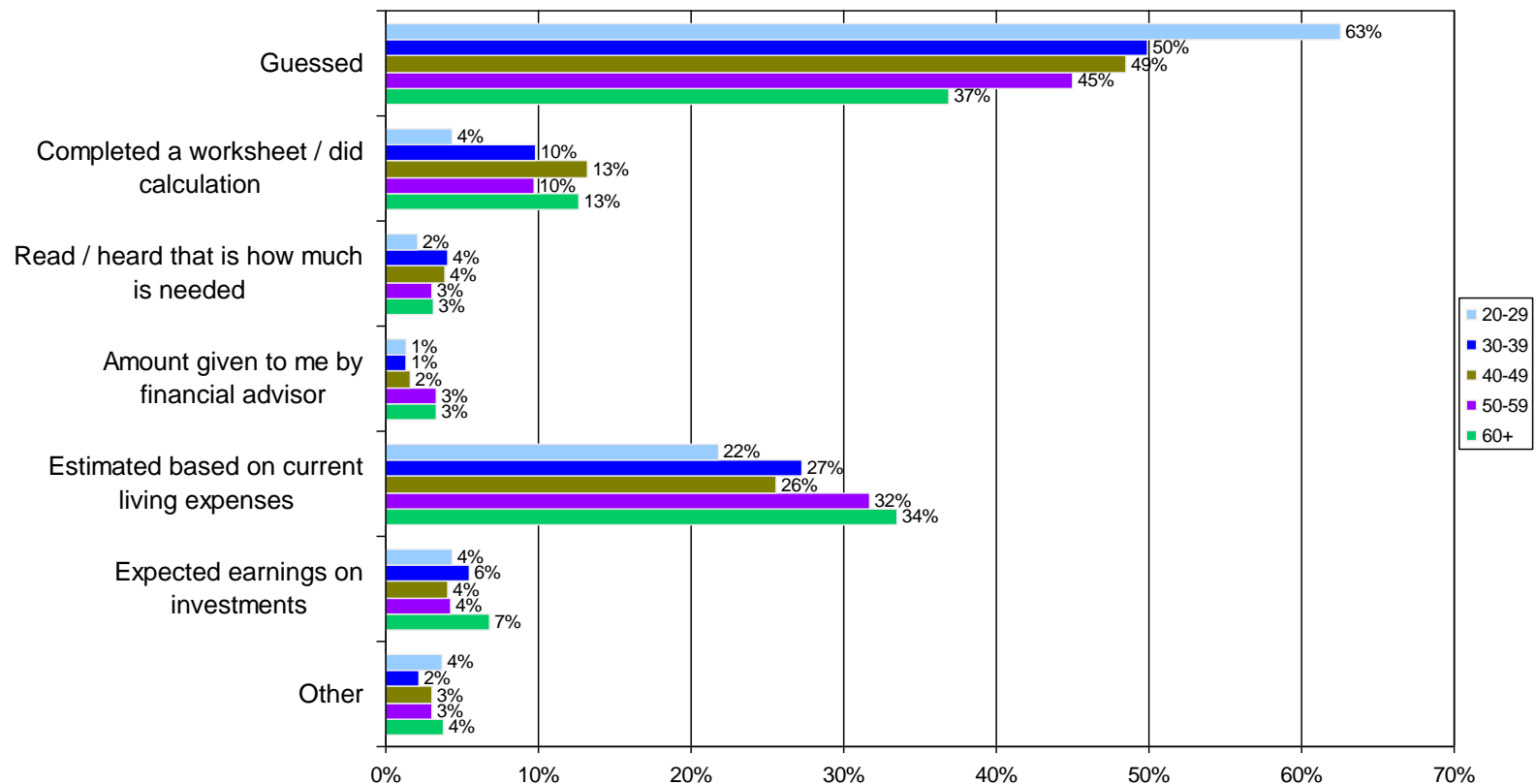
Q890 - How much money do you believe you will need to have saved by the time you retire in order to feel secure? (Median)	
Ages 20-29	\$750,000
Ages 30-39	\$1,000,000
Ages 40-49	\$800,000
Ages 50-59	\$500,000
Ages 60+	\$500,000

Base: Provided estimate, Full & Part-time; Ages 20-29 (n=495), Ages 30-39 (n=623), Ages 40-49 (n=685), Ages 50-59 (n=905), Ages 60+ (n=632)

How Did You Estimate?

While a large percentage of workers guess the amount they will need for a secure retirement, workers in their 20s are much more likely to do so. About one-in-three workers in their 50s and 60s estimate based on their current living expenses.

Q900 - How did you arrive at that number?

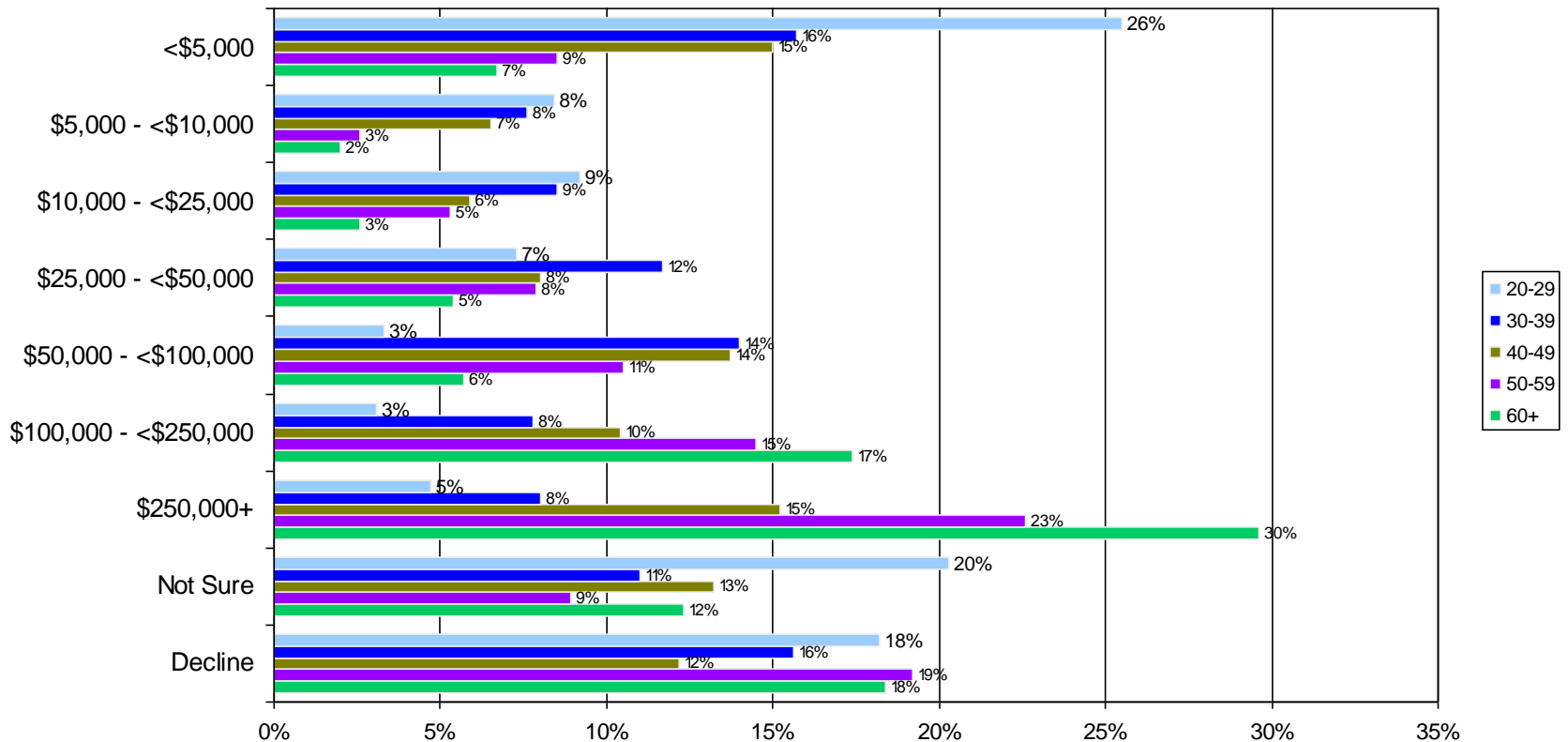


Base: Provided estimate, Full & Part-time; Ages 20-29 (n=495), Ages 30-39 (n=623), Ages 40-49 (n=685), Ages 50-59 (n=905), Ages 60+ (n=632)

Household Retirement Savings

Workers in their 20s are more likely than older workers to state they are “not sure” how much they have saved. Almost one-third of workers 60 and older report having at least \$250,000 saved.

Q5030 - Approximately how much money does your household have saved in all of your retirement accounts?



Base: For-profit, Full & Part-time; Ages 20-29 (n=503), Ages 30-39 (n=630), Ages 40-49 (n=694), Ages 50-59 (n=913), Ages 60+ (n=642)

Opportunities for Improving Workers' Retirement

- **Plan Providers**

- Ensure education is reaching all audiences
- Continue to assist plan sponsors with retirement plan communications to workers
- Help participants understand the value of consistently saving and establishing a strategy for retirement

- **Plan Sponsors**

- Remind participants to take advantage of all plan features, including educational materials offered by the plan provider
- Encourage workers to speak up and raise questions if they have any questions or concerns about the retirement plan
- Consider ways to extend retirement benefits to part-time workers when it makes sense (i.e. transitioning into retirement)

Improving Workers' Retirement

- **Workers in their 20s**
 - Never too early to save for retirement – establish a budget
 - Get up to speed on education
 - Actively seek employers that offer retirement benefits
- **Workers in their 30s**
 - Continue to follow budget and keep an eye on debt
 - Have a retirement strategy and write it down
- **Workers in their 40s**
 - Continue to manage debt
 - Do not lose sight of retirement savings among other financial priorities (mortgage, children's education, etc.)
- **Workers in their 50s and 60s**
 - Have no debt or a plan to pay off all debt
 - Have a transition/contingency plan for retirement
 - Take advantage of catch-up contributions
 - Ensure other life aspects are in order

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