

SOCIAL SECURITY



Social Security Turns 80: Expectations and Preparations of American Workers by Age Range

16th Annual Transamerica Retirement Survey of Workers

TRANSAMERICA CENTER
FOR RETIREMENT STUDIES®

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About the Author

Catherine Collinson serves as President of the Transamerica Institute® and Transamerica Center for Retirement Studies®, and is a retirement and market trends expert and champion for Americans who are at risk of not achieving a financially secure retirement. Catherine oversees all research, publications and outreach initiatives, including the Annual Transamerica Retirement Survey.

With almost two decades of retirement services experience, Catherine has become a nationally recognized voice on retirement trends for the industry. She has testified before Congress on matters related to employer-sponsored retirement plans among small business, which featured the need to raise awareness of the Saver's Credit among those who would benefit most from the important tax credit.

Catherine is regularly cited by top media outlets on retirement-related topics. Her expert commentary has appeared in major publications, including: USA Today, Time, Next Avenue, Forbes, U.S. News & World Report, and CBS Moneywatch. She co-hosts the ClearPath: Your Roadmap to Health & Wealth radio show on Baltimore's WYPR, an NPR news station. Catherine speaks at major industry conferences each year and also authors articles published in leading industry journals.

She is currently employed by Transamerica Retirement Solutions Corporation. Since joining the organization in 1995, she has held a number of positions with responsibilities including in the incorporation of Transamerica Center for Retirement Studies as a nonprofit private foundation in 2007 and its expansion into Transamerica Institute in 2013.

About 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, retirees and the implications of legislative and regulatory changes. For more information about TCRS, please refer to www.transamericacenter.org.
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About the Survey

- Since 1998, 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. It has grown to be one of the longest running and largest national surveys of its kind.
- On behalf of Transamerica Center for Retirement Studies, Harris Poll conducted the 16th Annual Retirement Survey. The analysis contained in this report was prepared internally by the research team at Transamerica Center for Retirement Studies.
- 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.

Methodology: Worker Survey

- A 25-minute, online survey was conducted between February 18 – March 17, 2015 among a nationally representative sample of 4,550 workers by Harris Poll for Transamerica Center for Retirement Studies. 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:
 - 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.
- This report focuses on full-time and part-time workers combined.
- The base includes:
 - 579 workers in their Twenties
 - 853 workers in their Thirties
 - 895 workers in their Forties
 - 1,243 workers in their Fifties
 - 948 workers age Sixty and older
 - 32 workers ages 18 and 19

Key Highlights – American Workers and Social Security

Eighty years ago, on August 14, 1935, President Franklin D. Roosevelt signed the Social Security Act into law. Since that time, Social Security has become a foundation of American’s retirement security. At the same time, the U.S. retirement landscape has been evolving with increases in life expectancies and shifting labor patterns leading to the need for Social Security reform. The [16th Annual Transamerica Retirement Survey](#) examines workers’ attitudes and expectations around Social Security.

For decades, the United States retirement system has been characterized as a “three-legged” stool which includes Social Security, employer pensions, and personal savings. Today’s workers are expecting greater diversity in their sources of retirement income. A majority of workers (69 percent) still expects Social Security to be a source of income in retirement. However, about the same proportion (68 percent) are also expecting self-funded retirement plans such as 401(k)s, 403(b)s and/or IRAs to be a source of retirement income. More than one-third (37 percent) expects “working” to be a source of income in retirement.

When asked about their expected *primary* source of income in retirement, older workers are far more likely to cite Social Security as their primary income source, with 47 percent of workers in their 60s and older citing this. Conversely, workers in their 20s (68 percent) and 30s (61 percent) most frequently cite retirement accounts such as 401(k)s, 403(b)s, and IRAs as their primary expected source of income.

While most workers are expecting Social Security as a source of income in retirement, relatively few have a strong knowledge of their benefits. Case in point: 89 percent of workers aged 60 and older are expecting Social Security to be a source of income in retirement, yet only 29 percent of them say they know a “a great deal” about Social Security and 38 percent know “quite a bit.” It is imperative that pre-retirees gain a strong knowledge and understanding of the optimal age at which to claim Social Security, as well as how to file for and start receiving benefits in order to maximize the value of their lifetime benefits.

Key Highlights – American Workers and Social Security

Social Security should be an important component of people’s overall retirement strategies. Among workers who have a retirement strategy (written or unwritten), more than half (57 percent) have factored Social Security and other government benefits as a component of their strategy. However, younger workers are far less likely to take these benefits into account.

Concerns about the future of Social Security may be causing younger workers to give it less consideration. While three-fourths of workers of all ages (76 percent) are concerned that Social Security won’t be there for them when they are ready to retire, younger workers are particularly concerned. More than 80 percent of workers in their 20s, 30s and 40s share this sentiment. Concern drops for older workers; however, 40 percent of those closest to retirement (in their 60s or older) are also worried about Social Security.

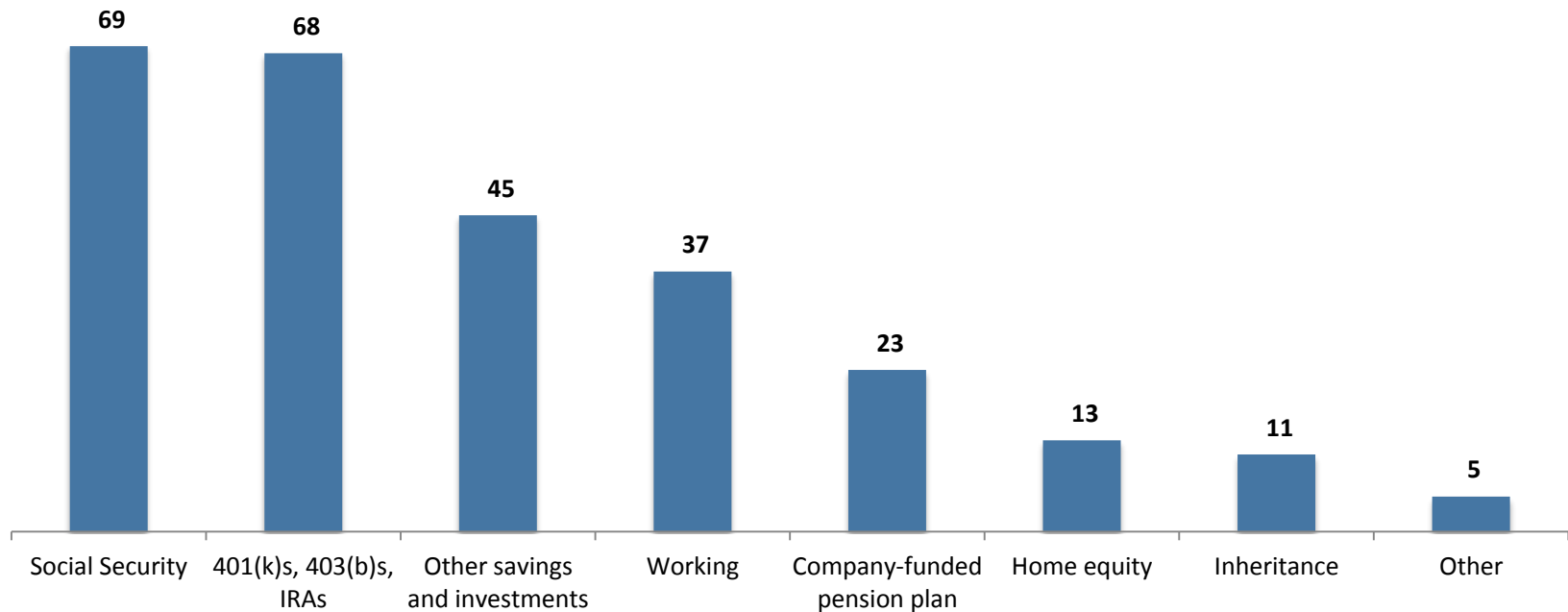
In thinking of their future retirement, workers of all ages share retirement dreams such as traveling and spending more time with family and friends. They also share worries about retirement, such as outliving their savings and investments (44 percent) and, notably, fearing that Social Security will be reduced or cease to exist (36 percent). Two-thirds (66 percent) of workers agree they don’t know as much as they should about retirement investing. Learning about Social Security could be a first step.

Workers of all ages have similar challenges, dreams, fears, and expectations of retirement. Many workers expect that Social Security will be one of several – or even their primary – source of retirement income. Yet concerns about the program abound. It is important for workers of all ages to get educated about Social Security, and it is of paramount importance to workers nearing retirement age. [Social Security Administration](#) offers many tools to help Americans estimate and manage their Social Security benefits. It is one of many online resources with Social Security tips and guidelines. Becoming educated can help workers of all ages better plan, prepare, save and invest for retirement.

The Retirement Income Pyramid: Expected Sources

For decades, the United States retirement system has been characterized as a “three-legged” stool which includes Social Security, employer pensions, and personal savings. Today’s workers are expecting greater diversity in their sources of retirement income including, notably, the 37 percent who cite “working.”

**Expected Sources of Retirement Income
Among Workers of All Ages (%)**

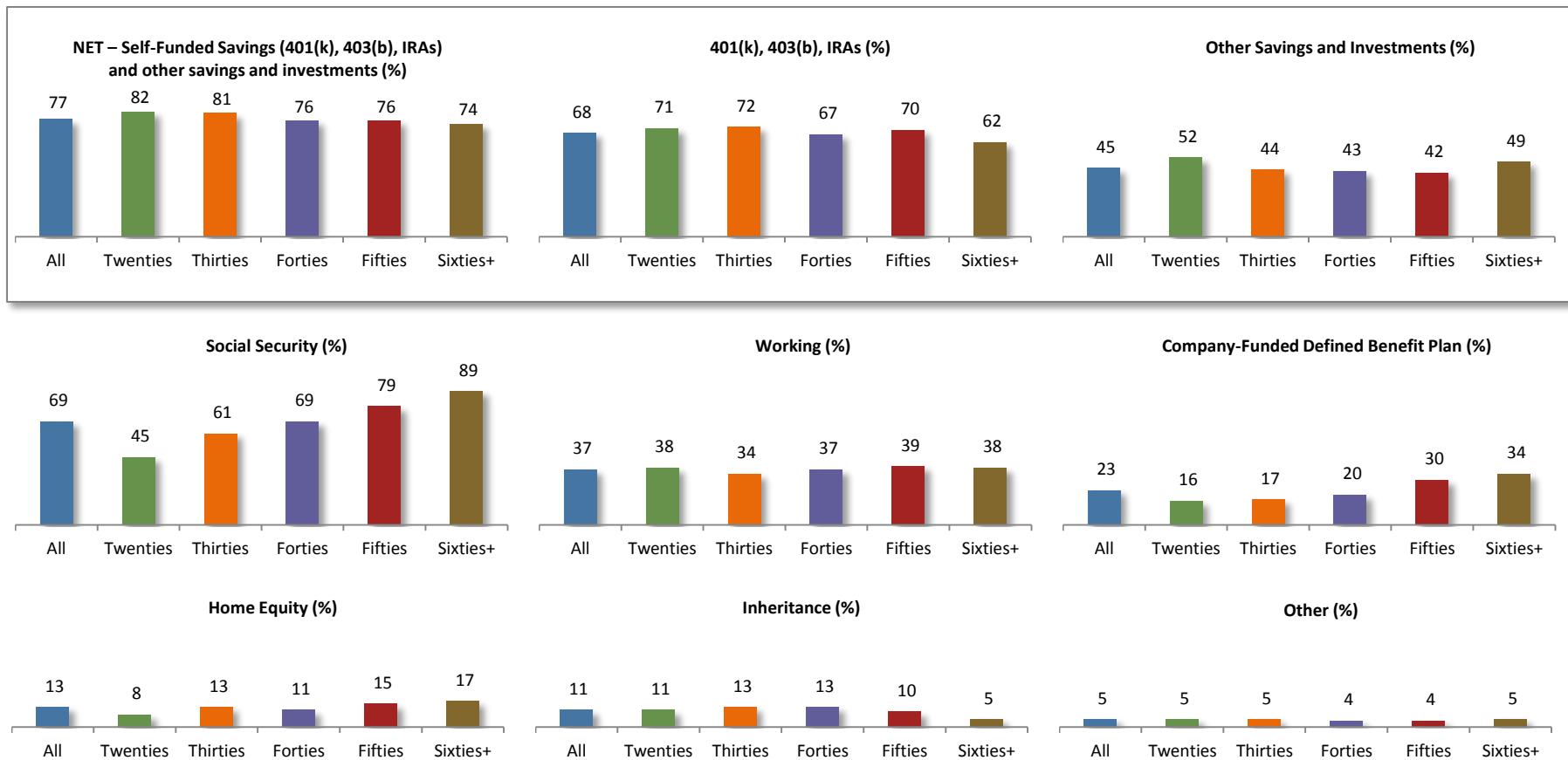


BASE: ALL QUALIFIED RESPONDENTS

Q1145. Which of the following do you expect to be sources of income to cover your living expenses after you retire?

Expected Sources of Retirement Income

Self-funded savings including retirement accounts (e.g. 401(k)s, 403(b)s, IRAs) and other savings and investments are the most frequently cited source of retirement income expected by workers of all ages (77 percent). Sixty-nine percent of workers expect Social Security; however, there is a wide disparity among age ranges with younger workers less likely to expect it compared to older workers. Thirty-seven percent of workers expect “working” to be a source of retirement income, a response rate that is shared across age the ranges. Defined benefit plans (23 percent), home equity (13 percent), and inheritances (11 percent) are less often cited expected sources of income.



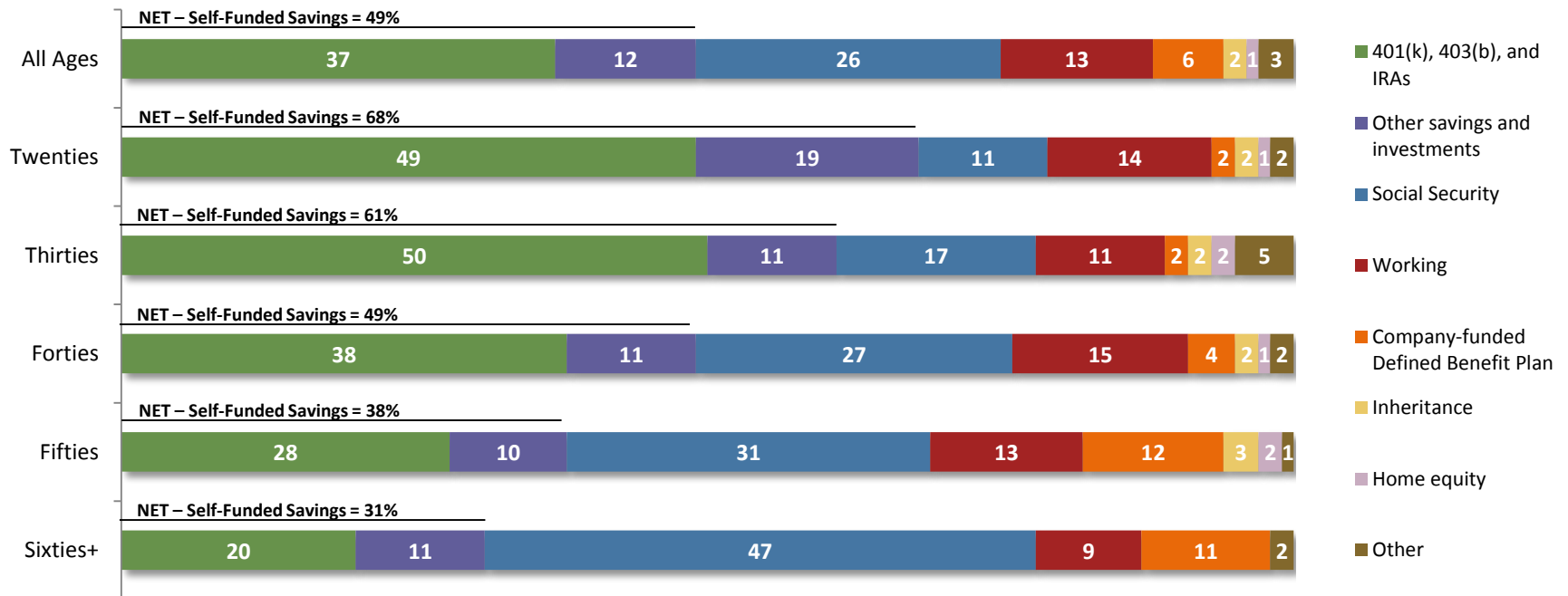
BASE: ALL QUALIFIED RESPONDENTS

Q1145. Which of the following do you expected to be sources of income to cover your living expenses after you retire? Select all.

Primary Source of Retirement Income

When asked about their expected *primary* source of income, there is a wide disparity of responses across the age ranges. Workers in their Twenties (49 percent), Thirties (50 percent), and Forties (38 percent) most frequently cite retirement accounts such as 401(k)s, 403(b)s, and IRAs. In contrast, workers in their Fifties (31 percent) and Sixties and older (47 percent) are most likely to expect Social Security to be their primary source of income in retirement. It should be noted that 401(k)s did not become readily available until the 1990s, a time at which workers in their Fifties and Sixties were already well into their careers and, therefore, have not had as much time to save in them. Thirteen percent of workers expect “working” to be their primary source of income in retirement, a response which is similarly shared among workers of all ages.

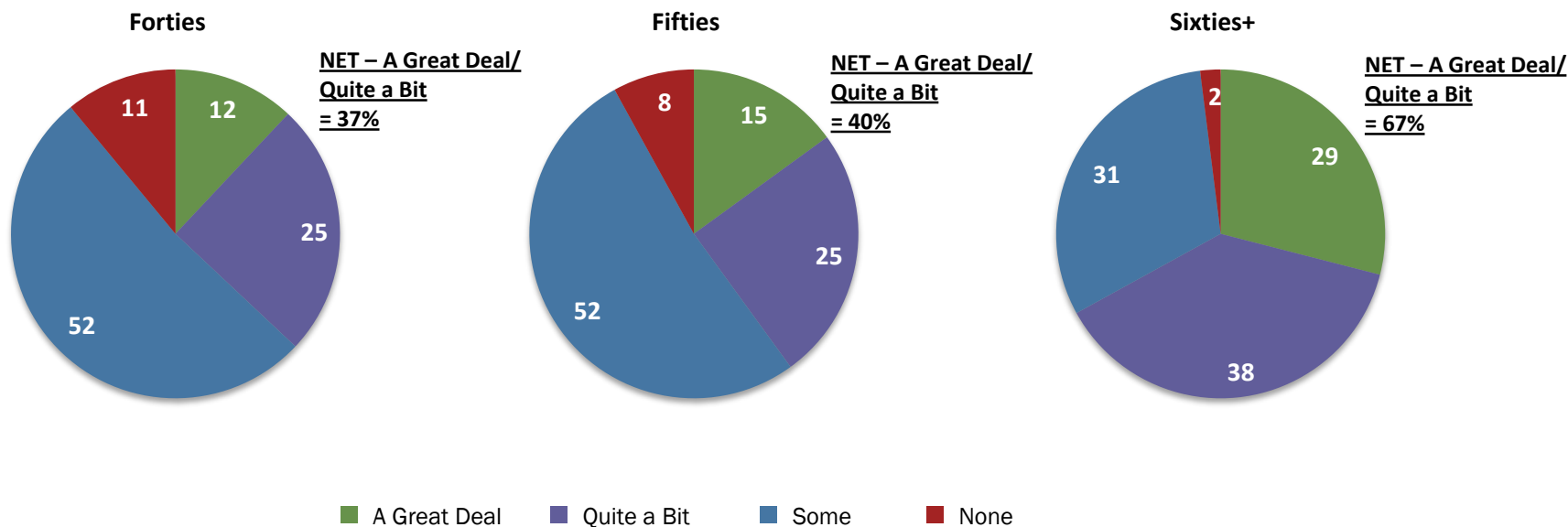
Primary Source of Retirement Income (%)



Knowledge of Social Security Benefits

Most American workers are expecting Social Security as a source of income in retirement, yet relatively few have a strong knowledge of their benefits. Case in point: 89 percent of workers in their Sixties and older are expecting Social Security benefits as a source of income in retirement, yet only 29 percent say they know a “a great deal” about Social Security and 38 percent know “quite a bit.” It is imperative that pre-retirees gain a strong knowledge and understanding of the optimal age to claim, as well as how to file for and start receiving benefits, in order to maximize the value of their lifetime benefits.

Level of Understanding re: Social Security Benefits (%)



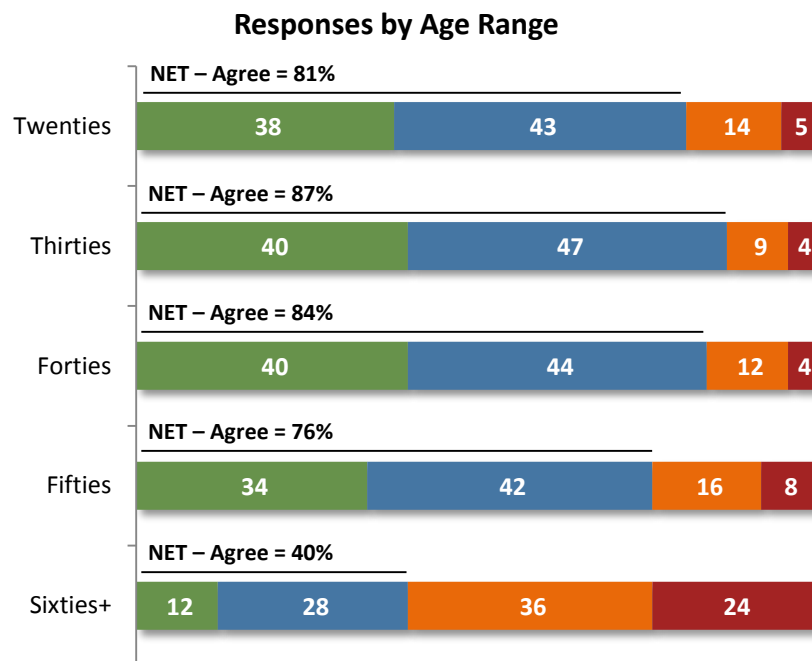
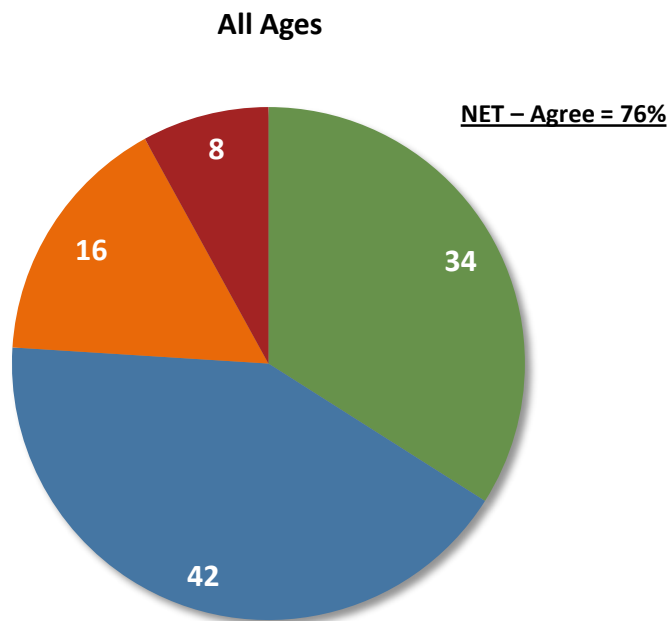
BASE: ALL QUALIFIED RESPONDENTS

Q1541. How good of an understanding do you have of Social Security?

Many Workers Are Concerned About Future of Social Security

Younger workers are particularly concerned that Social Security will not be there for them when they retire – more than 80 percent of workers in their Twenties, Thirties and Forties share this sentiment. While concern drops for workers in their Fifties and Sixties and older, still 40 percent of those closest to retirement (in their Sixties) are worried about Social Security.

I am concerned that when I am ready to retire, Social Security will not be there for me. (%)



■ Strongly Agree
 ■ Somewhat Agree
 ■ Somewhat Disagree
 ■ Strongly Disagree

BASE: ALL QUALIFIED RESPONDENTS

Q931. How much do you agree or disagree with the following statement? I am concerned that when I am ready to retire, Social Security will not be there for me.

Retirement Dreams

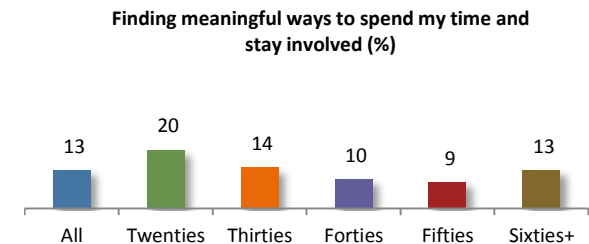
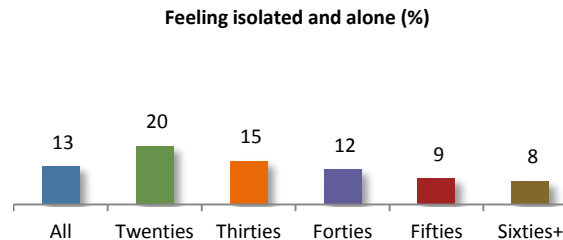
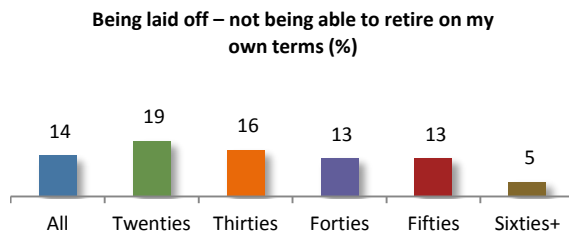
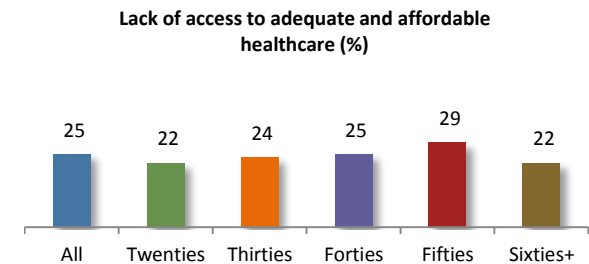
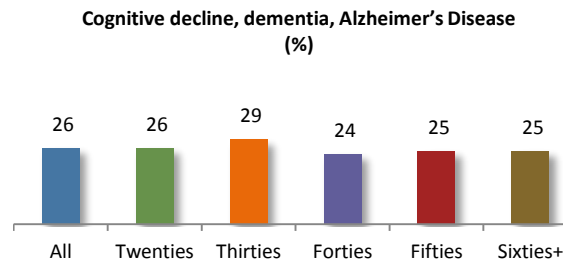
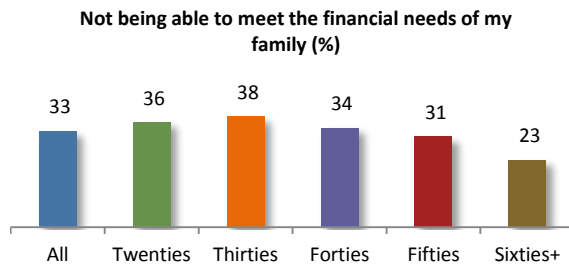
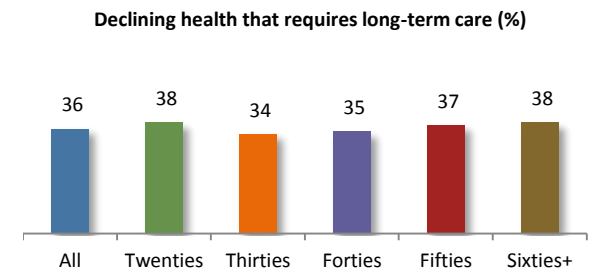
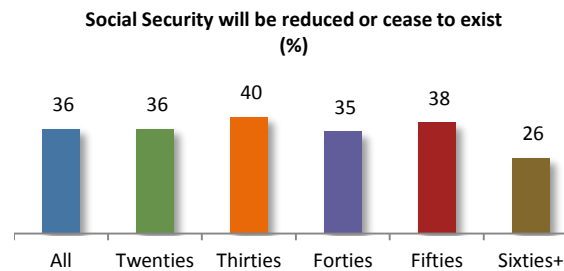
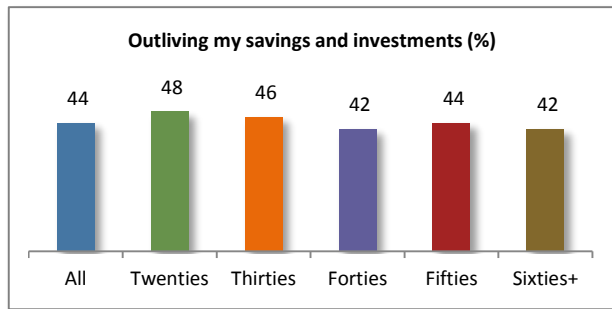
American workers of all ages most frequently cite travel as their greatest retirement dream (42 percent). Almost half (49 percent) of workers in their Twenties cite travel as their greatest dream compared to 36 percent of those in their Sixties and older. The second is spending more time with family and friends (21 percent), followed by pursuing hobbies (15 percent). Eleven percent of workers in their Sixties and older cite continuing to work in their current field as their top retirement dream, a percentage that is more than twice that of younger age ranges.

Greatest Retirement Dream (%)



Retirement Fears

The most frequently cited retirement fear among workers of all ages is “outliving my savings and investments” (44 percent), with workers in their Twenties most often citing this concern (48 percent). This followed by “Social Security will be reduced or cease to exist” and “declining health that requires long-term care” (36 percent each). Workers in their Sixties and older are far less likely to have fears about Social Security (26 percent) compared to workers of younger age ranges.



Note: responses not shown for the 8 percent who said “none of the above.”

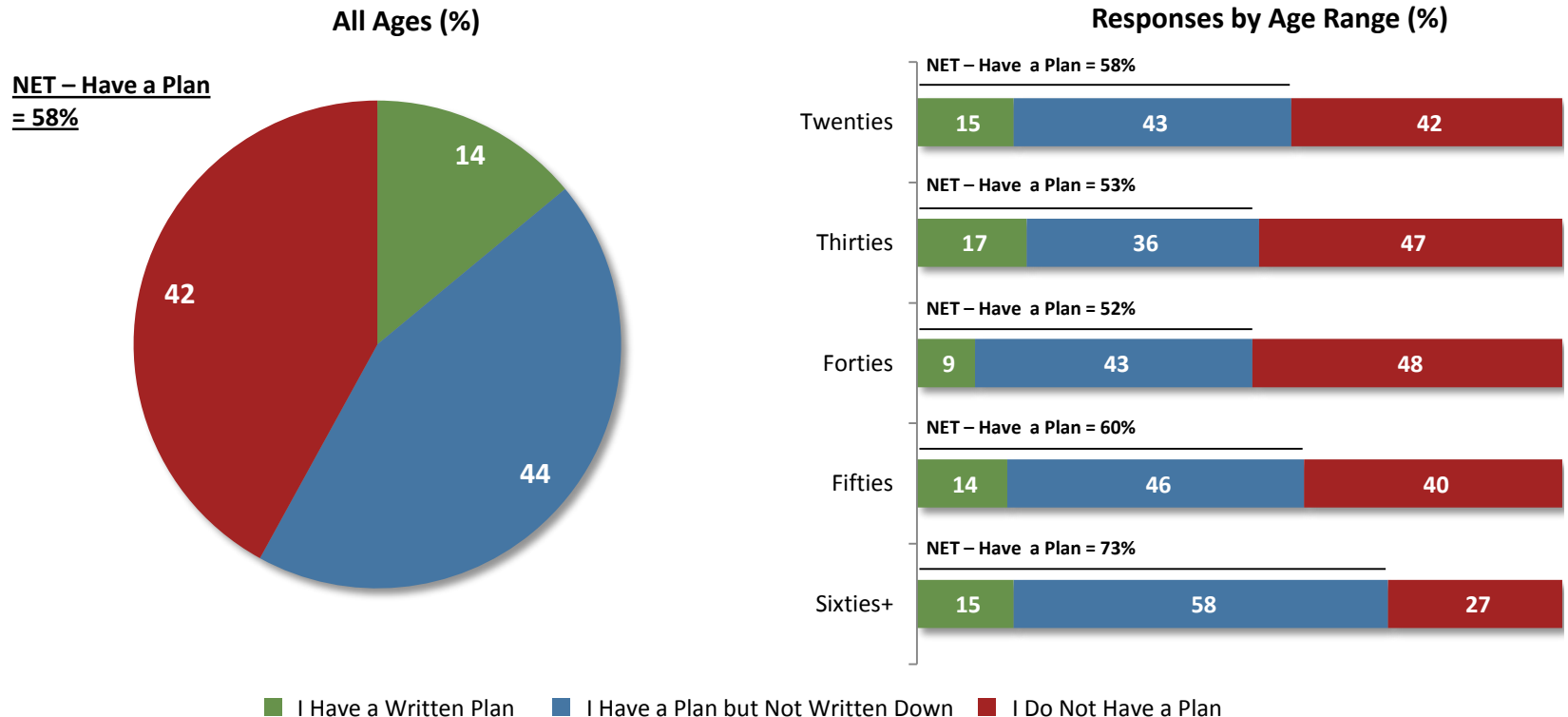
BASE: ALL QUALIFIED RESPONDENTS

Q1422. What are your greatest fears about retirement? Select all.

Retirement Strategy: A Written Plan

Retirement planning inherently involves strategic planning, yet 42 percent of American workers do not have a retirement strategy. It's difficult, if not impossible, to reach a destination without a compass or roadmap. More workers have a plan as they approach retirement age. Workers in their Sixties and older (73 percent) are most likely to have some form of plan compared to those in their Forties (52 percent). However, the percentage of workers with a written plan is low (14 percent), with workers in their Forties (9 percent) least likely to have a written plan.

How would you describe your retirement strategy?



Retirement Strategy: Components

Among workers who have a retirement strategy (written or unwritten), more than half (57 percent) take Social Security and other government benefits into account. However, younger workers are far less likely to take these into account compared to older workers.

Components of Strategy	Age Range (%)					
	All Workers	Twenties	Thirties	Forties	Fifties	Sixties+
On-Going Living Expenses	57%	46%	44%	53%	66%	73%
Social Security & Medicare Benefits	57%	32%	40%	54%	67%	87%
Total Retirement Savings & Income Needs	54%	39%	49%	52%	60%	65%
A Retirement Budget That Includes Basic Living Expenses	52%	40%	45%	48%	64%	61%
Healthcare Costs	50%	36%	46%	45%	57%	63%
Investment Returns	41%	32%	36%	41%	45%	50%
Inflation	33%	23%	31%	38%	37%	34%
Pursuing Retirement Dreams	29%	35%	27%	27%	28%	27%
Tax Planning	22%	26%	25%	16%	26%	21%
Long-Term Care Insurance	22%	28%	22%	18%	22%	22%
Estate Planning	19%	14%	18%	19%	18%	24%
Contingency Plans for Retiring Sooner than Expected and/or Savings Shortfalls	15%	19%	19%	15%	12%	9%
Other	4%	5%	1%	5%	3%	5%
Not Sure	8%	12%	7%	11%	6%	3%

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