

News

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Concerns About Future of Social Security Amplify Workers' Retirement Insecurity

Multi-Year Study from TCRS Examines Retirement Readiness by Demographic Segments

LOS ANGELES – June 27, 2018 – Today, nonprofit [Transamerica Center for Retirement Studies](#)® (“TCRS”) released [A Compendium of Findings About American Workers](#) (“Compendium”), a multi-year study that finds 76 percent of workers in 2017 expressed concern that Social Security will not be there for them when they are ready to retire, a finding that is essentially unchanged since 2014*.

“Most workers are counting on Social Security as a meaningful source of income in retirement – and most are concerned about its future,” said [Catherine Collinson](#), CEO and president of [Transamerica Institute](#) and TCRS. Reform is needed to mitigate Social Security’s funding shortfalls, but policymakers have made little progress in identifying and implementing specific changes. Workers need clarity and direction so they can plan accordingly.”

The Compendium offers a trend analysis of more than 60 broad measures of the retirement outlook among American workers, ranging from attitudes and beliefs, access to employer-sponsored retirement benefits, savings rates, and planning-related activities, to the changing nature of retirement itself.

Strides in Retirement Security Are Being Made – But Much More Needs to Be Done

“American workers have seen gains in their retirement accounts over the past five years. The question is whether these gains are adequate for funding their retirement,” said Collinson. According to the study, only 20 percent of workers “strongly” agree they are building a large enough retirement nest egg, an alarmingly low percentage, albeit an improvement since 2013 (11 percent).

Additional key findings include:

- **Not all have recovered from the Great Recession.** Forty-four percent of workers said that they have either fully financially recovered (24 percent) or were not impacted (20 percent) by the Great Recession, a finding that represents a significant improvement since 2014 (29 percent fully recovered or were not impacted).
- **More workers are “very” confident about retirement, but such confidence remains low.** Only 18 percent of workers are “very” confident that they will be able to fully retire with a comfortable lifestyle, up from 10 percent in 2013.
- **Retirement plan coverage has increased slightly.** Seventy-one percent of workers are offered a 401(k) or similar plan by their employers, a finding that is marginally higher than in 2013 (68 percent).
- **Retirement plan participation and contribution rates have increased.** Among workers who are offered a 401(k) or similar plan, 81 percent participate (up slightly from 78 percent in 2013), and they contribute 10 percent (median) of their annual salary (up from 7 percent in 2013).
- **Savings have increased, but not enough to last 20 or more years in retirement.** American workers’ total household retirement savings have grown to \$71,000 (estimated median) in 2017, up from \$53,000 in 2013. Baby Boomer workers, the generation that is currently entering retirement, have saved \$164,000 (estimated median) in all household retirement accounts, up from \$103,000 in 2013.
- **Many workers plan to keep working in retirement.** The majority of workers (56 percent) plans to continue working in retirement, including 14 percent who plan to work full-time and 42 percent who plan to work part-time. These findings are relatively unchanged since 2013 (54 percent).

* Workers in companies with 5-9 employees were added to sample for the 2017 survey.

Influences of Demographics on Retirement Preparedness

“All workers share many retirement-related risks; however, each demographic segment faces unique opportunities and challenges. By increasing an understanding of the commonalities and differences, we can identify solutions to help those in greatest need, and in turn, all workers,” said Collinson.

The Compendium offers key indicators of retirement readiness among workers by self-identified employer size, generation, gender, household income, level of education, and ethnicity. Key findings include:

- **Retirement plan coverage varies by employer size.** Workers of large companies with 500+ employees are far more likely to be offered a 401(k) or similar plan (82 percent) than those of small companies with 5-499 employees (59 percent).
- **Generation X is less confident about retirement than Millennials or Baby Boomers.** Fifty-five percent of Generation X workers are somewhat or very confident that they will be able to fully retire with a comfortable lifestyle, compared to 67 percent of Millennial workers and 62 percent of Baby Boomer workers.
- **Women’s retirement savings lag behind men’s.** Men report having an estimated median total household retirement savings of \$123,000 compared to just \$42,000 among women. Men (38 percent) are almost twice as likely as women (20 percent) to say that they have saved \$250,000 or more in total household retirement accounts.
- **Lower-income workers are more likely to expect to primarily rely on Social Security in retirement.** Workers with a household income of less than \$50,000 most frequently cite Social Security as their expected primary source of income in retirement (39 percent). Those with household incomes of \$50,000 to \$99,999 (38 percent) and \$100,000 or more (49 percent) most often expect to rely on 401(k)s, 403(b)s and/or IRAs. Some workers expect “working” to be their primary source of income in retirement, including 22 percent of workers with a household income of less than \$50,000, 13 percent of those with a household income of \$50,000 to \$99,999, and eight percent with a household income of \$100,000 or more.
- **Concerns about future of Social Security are similarly shared across levels of educational attainment.** About three-fourths of workers across levels of educational attainment share concerns that Social Security will not be there for them when they are ready to retire, including college graduates (76 percent), those with some graduate school or advanced degree (74 percent), those with some college or trade school education (75 percent) or those with a high school diploma or less (79 percent).
- **Few workers across ethnicities “strongly” agree they are building a large enough retirement nest egg,** including 22 percent of Asian workers, 21 percent of African American workers, 20 percent of Hispanic workers, and 19 percent of White workers.

Please visit TCRS at www.transamericacenter.org to view the [Compendium](#) along with other reports and materials from the [18th Annual Retirement Survey](#). Follow TCRS on Twitter [@TCRStudies](#).

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About the 18th Annual Transamerica Retirement Survey

The analysis contained in *A Compendium of Findings About American Workers* was prepared internally by the research team at TCRS. The 25-minute online survey was conducted in English within the U.S. by The Harris Poll on behalf of TCRS between August 9 and October 28, 2017 among a nationally representative sample of 6,372

workers. Potential respondents were targeted based on employment status and company size. Respondents met the following criteria: U.S. residents, age 18 or older, full-time or part-time workers in for-profit companies with five or more employees. Results were weighted where necessary to bring them into line with the population of U.S. residents age 18+, employed full-time or part-time in a for-profit company with 5+ employees, and to adjust 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. No estimates of theoretical sampling error can be calculated.

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