

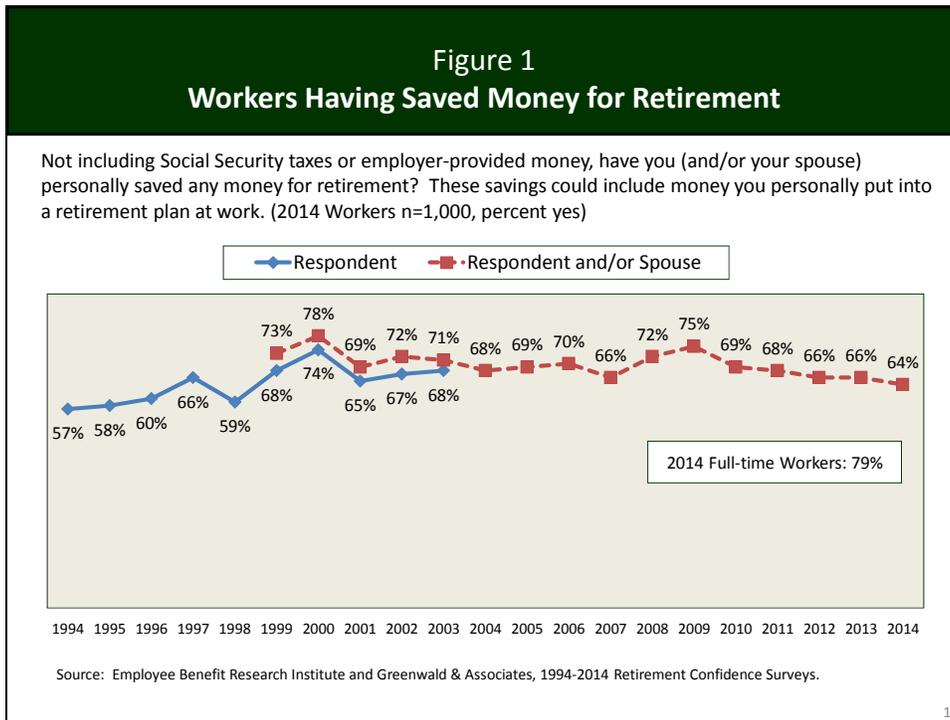
2014 RCS FACT SHEET #6

PREPARING FOR RETIREMENT IN AMERICA

Americans' confidence in their ability to secure a financially comfortable retirement increased in 2014. To what extent is this confidence reflected in actual savings and preparations for retirement?

Who Is Saving?

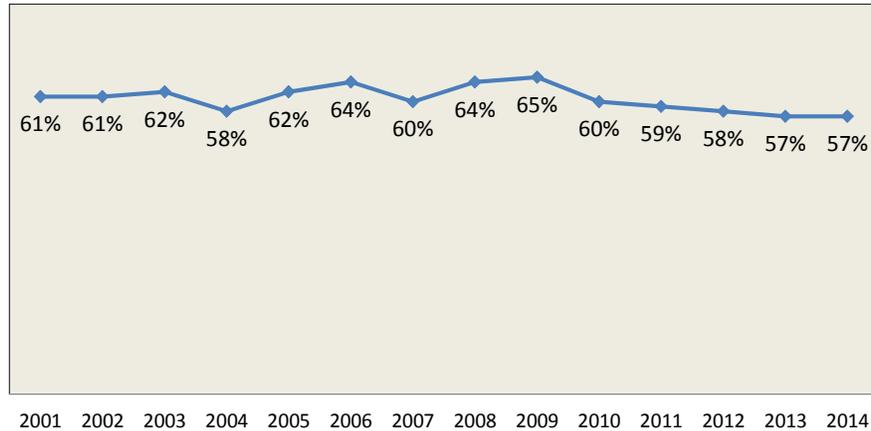
Almost two-thirds of workers (64 percent) in the 2014 Retirement Confidence Survey (RCS) report that they and/or their spouse have saved money for retirement. This level has slowly dropped since 2009, in which 75 percent reported having saved (Figure 1). However, nearly 8 in 10 of those working full time have saved for retirement.



Similarly, although there is no change in the past year in the percentage of workers saying they are currently saving for retirement (57 percent), there has been a decline from the reported level of 65 percent in 2009 (Figure 2). Of course, some of this trend may be attributable to under- and unemployment rates during this time period. Looking back over the history of the RCS, the percentage of workers saving for retirement has been relatively stable, despite varying economic environments.

Figure 2
Workers Currently Saving for Retirement

Are you (and/or your spouse) currently saving for retirement? (2014 Workers n=1,000, percent yes)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2001-2014 Retirement Confidence Surveys.

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How Much Are They Saving?

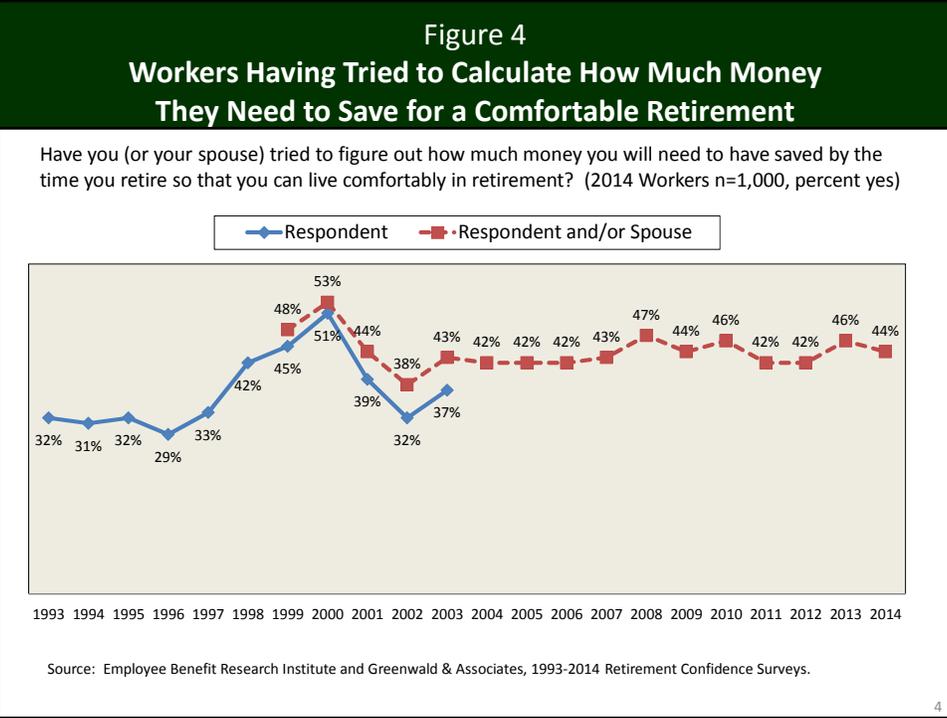
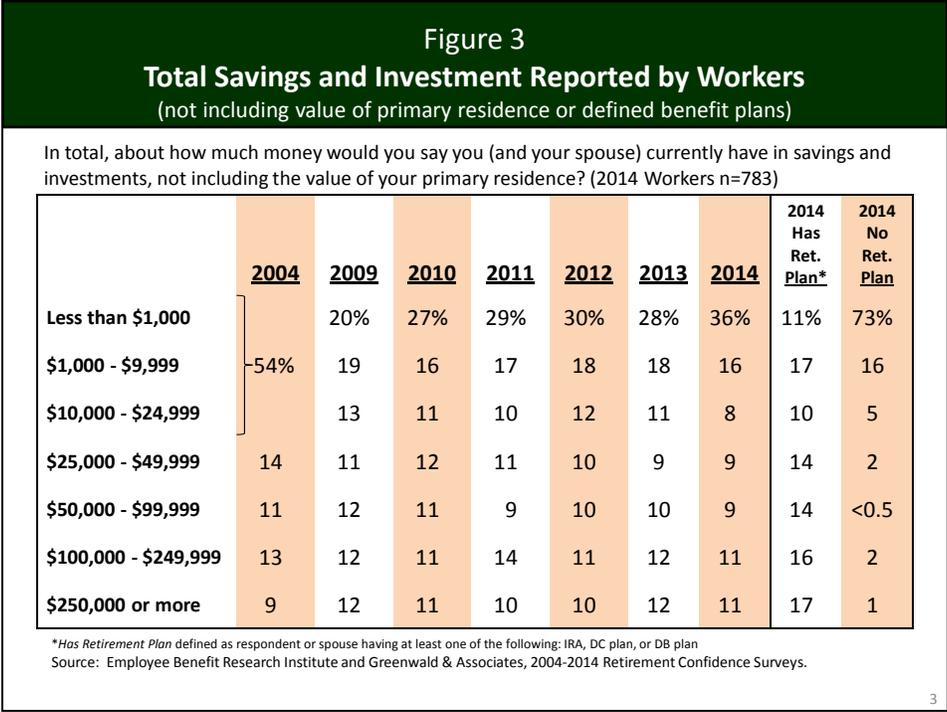
Six in 10 workers report they and/or their spouse have less than \$25,000 in total savings and investments (excluding their home and defined benefit plans), including 36 percent who have less than \$1,000 (which is up greatly from 28 percent just last year) (Figure 3). However, two-thirds (68 percent) of those with annual household income of less than \$35,000 report having saved less than \$1,000, compared with 23 percent of those with \$35,000–\$74,999 and just 3 percent of those with \$75,000 or more a year. As one might suspect, total savings and investments increase sharply with household income, education, and health status.

Moreover, the large majority of workers who have not saved for retirement have little in savings. In fact, the large majority (73 percent) of those who indicate they and their spouse do not have a retirement plan (IRA, DC or DB) say their assets total less than \$1,000, compared with 11 percent of those who have a plan. Conversely, those without a retirement plan are far less likely than those with a plan to report assets of \$100,000 or more (3 percent vs. 33 percent).

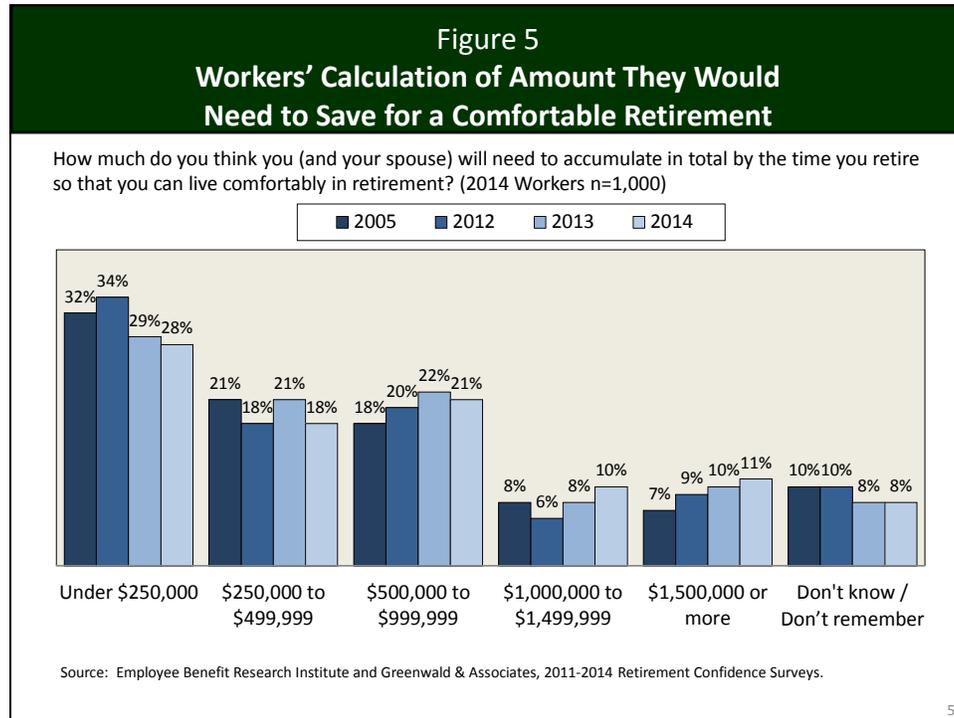
Have They Tried to Figure It Out?

Less than half of workers (44 percent) report they and/or their spouse have ever tried to calculate how much money they will need to have saved so that they can live comfortably in retirement—a finding comparable to most of the percentages measured from 2003–2013 (Figure 4). Household income plays an important role in this issue: workers with higher income are significantly more likely to complete the needs calculation than their counterparts.

Workers who have done a retirement savings needs calculation (compared with those who have not) tend to have higher levels of savings.



Forty-two percent of all workers think they need to accumulate at least \$500,000 by the time they retire to live comfortably in retirement. Eighteen percent feel they need between \$250,000 and \$499,999, while 28 percent think they need to save less than \$250,000 for a comfortable retirement (Figure 5).



Workers who have performed a retirement needs calculation are more than twice as likely as those who have not (11 percent vs. 5 percent) to expect they will need to accumulate at least \$2 million before retiring.

Workers who have done a retirement needs calculation tend to be considerably more confident than those who have not done that calculation about their ability to save the amount needed for retirement, despite the fact that those doing a calculation tend to name higher retirement savings goals. Twenty-five percent of those who have done a calculation, compared with 13 percent who have not, say they are very confident that they will be able to accumulate the amount they need. At the other extreme, 32 percent of those who have not done a calculation, compared with 14 percent who have, report they are not at all confident in their ability to save the needed amount.

The Impact of Work Place Savings

Employer-sponsored retirement savings plans remain an important savings vehicle for American workers. Seventy percent of employed workers report their employer offers them a plan. Of those, 77 percent say they contribute to the plan.

Workers who participate in, and contribute to, a retirement savings plan at work (44 percent) are considerably more likely to have saved at least \$50,000 than those who are offered a plan but choose not to participate (13 percent) or are not offered a plan (15 percent). Participating workers are much less likely than others to report having saved less than \$10,000 (18 percent vs. 58 percent who choose not to participate and 54 percent who are not offered a plan).