

# **InFRE General Population Retirement Readiness Survey**

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*Section 1*

# *Introduction and Methodology*

# Introduction and Methodology

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- This report presents the results of an Internet survey conducted by Mathew Greenwald & Associates, Inc., on behalf of the International Foundation for Retirement Research (InFRE) to examine the extent to which the American working population is prepared for retirement. This study builds on two previous surveys: the Federal Worker and Government Retiree Retirement Readiness Surveys.
- The questionnaire for this study was designed by Greenwald & Associates, in cooperation with InFRE. Respondents were asked about their preparation for living in retirement, health and longevity, and retirement financing. A short series of questions was also asked to obtain demographic characteristics.
- Information for this study was gathered through an Internet questionnaire lasting approximately 15 minutes. A total of 20,154 invitations were mailed and 1,008 usable responses were received, for a response rate of 5%. To qualify for the study, participants had to be at least 25 years old and not yet retired.
- Interviewing took place between January 3 and January 12, 2007 under the supervision of Greenwald & Associates. The sample was randomly selected from Survey Sampling International's SurveySpot panel.
- The margin of error (at the 95% confidence level) for the total number of respondents in this study (1,008) is plus or minus 3 percentage points. Questions asked of smaller groups of respondents and subgroups will have larger margins of error.
- Respondent data was weighted to reflect the makeup of the non-retired U.S. population by age and household income. Population statistics were obtained from the U.S. Census Bureau. A detailed description of the weighting methodology is available on request.
- For purposes of analysis, respondents were divided into three peer segments: early career (at least 25 years until retirement), mid career (10 to 24 years until retirement), and late career (less than 10 years before retirement).
- Although the word "worker" is used to refer to survey respondents, a small percentage of survey respondents are not currently employed (5%).
- A brief summary of the key findings begins on the next page, followed by a detailed discussion of the survey findings. Results are reported for each question, and selected demographic and behavioral breakdowns of the data are included where there are significant differences. Percentages in the tables and charts may not total to 100 due to rounding and/or missing categories.

*Section 2*

# *Key Findings*

# Key Findings

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## Networking and Engagement

- Although workers are looking forward to retirement, few have concrete plans for what they would like to do during this stage of life. One-third say they have some plans but are mostly just looking forward to having more time for leisure activities, three in ten haven't thought much about it but are looking forward to not working anymore, and 15% are not sure how they will fill their time in retirement. Just 13% say they have many plans for their retirement.
- This lack of planning is born out by the fact that only one-quarter of workers each have given a great deal or a lot of thought to where they would like to live in retirement; currently add a great deal or a lot of meaning to their life through civic, religious, volunteer, or other activities; and (among married workers) have had a great deal or a lot of discussion with their spouse about their plans for retirement and how to finance them. Just two in ten have given a great deal or a lot of thought to what they will do in retirement to challenge themselves.
- On the plus side, the majority of workers do not rely on the workplace to support their friendships. Two-thirds say at least half of their close friends are outside of work.

## Health

- Two-thirds of workers expect to be healthy in retirement: 22% say they will be healthy for as long as they live and 43% expect to be healthy through most of their retirement with some ups and downs. Most of the remainder think they will be fairly healthy but may have some limitations due to chronic conditions (25%).
- Despite this, large proportions of workers are not taking steps that will help them maintain their health in retirement. Two-thirds report they do not exercise regularly, about half admit they do not eat a healthy diet or maintain a healthy weight, and four in ten say they do not have regular physical checkups.
- Workers expect to live to a median (midpoint) age of 85. However, it appears that many may be underestimating how long they will live, as workers are more than twice as likely to provide a life expectancy that is below average (67%) than to provide one that is above average (24%). In actuality, the proportions of the population who can expect to live for fewer or more years than average are about equal.

# Key Findings (continued)

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## Wealth

- While some workers are on track to save the money they will need for retirement (34%), the majority are far behind schedule (56%).
- Half of those participating in a workplace retirement savings plan with an employer match report they contribute the match amount or less. Similarly, half of workers contributed nothing to an IRA, while 30% contributed some money, but less than the maximum allowed. Only 12% contributed the maximum.
- Of those workers who participated in a retirement savings plan with a previous employer, the majority rolled the money over to an IRA (52%) or left it in the plan (29%). However, one-quarter spent the money.
- Fully one-fourth of workers report saving nothing for retirement in 2006 and more than two in ten saved less than \$3,000. On the positive side, two in ten indicate they set aside \$10,000 or more for retirement.
- Although one-quarter of workers have no money earmarked for retirement and one in ten have less than \$10,000, another quarter report having sizable piggy banks. One in ten say they have a total of \$100,000 to \$199,999 saved for retirement and 14% have \$200,000 or more.
- Consumer debt is one factor that hinders the building of wealth for retirement. Nearly four in ten indicate that their debt affects their ability to save a great deal or a lot. Moreover, more than one-third of workers say their debt has gone up over the past five years.
- Although one-third of workers do not own a home and are not building equity, more than two in ten report that their home equity is worth at least twice their annual household income.
- Very few workers say their financial security in retirement is extremely or very dependent on an expected inheritance (5%). In fact, half of workers state they do not expect to receive any inheritances.



# Key Findings (continued)

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## Financial Planning

- Just one-third of workers say they know how much they need to accumulate by the time they retire so they can maintain their desired retirement lifestyle. About half of these workers say they determined the amount within the past year.
- Regardless of whether they said they know the goal amount, workers were asked what they thought it should be. Half of those providing a dollar amount cited a goal of less than \$500,000.
- Three in ten review and adjust their investment allocations every six months or more often. Another quarter do so about once a year.
- The majority of workers do little or no contingency planning (64%). Just one in ten report doing a great deal or a lot of planning for the unexpected.
- Workers are generally relying on Medicare to fund their health and long-term care expenses in retirement. One-quarter each say they are counting on Medicaid and employer-provided health insurance, while two in ten each plan to self insure or purchase health insurance directly from an insurance company.
- Although a large majority report currently having health insurance (82%), fewer say they have life (72%) or disability (53%) insurance.
- Only minorities of American workers indicate they have a will or trust (29%), medical directive (24%), or power of attorney (24%).

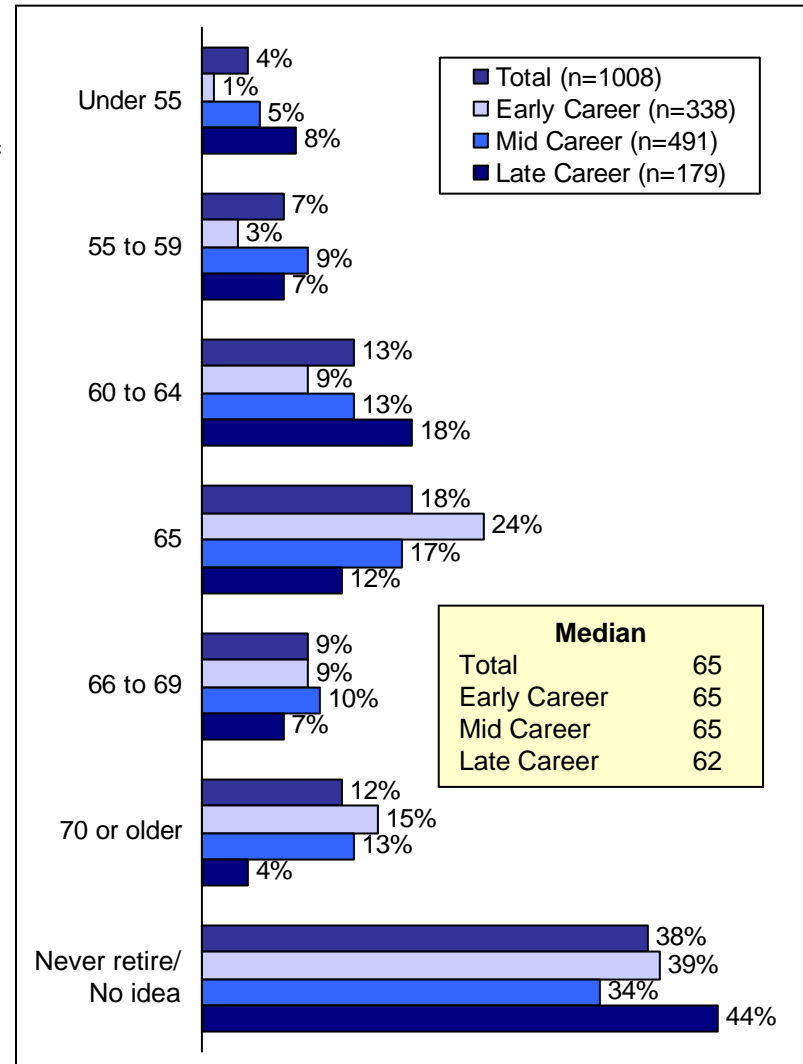
*Section 3*

*Detailed Findings:  
Networking and Engagement*

# Age at Retirement

- Some Americans are planning to retire early; one in ten are planning to retire from their primary occupation before age 60 (11%). Another 13% say they will retire between age 60 and 64.
  - Those with a defined benefit plan (22%), more often than those with only a defined contribution plan (10%) or no plan (6%), anticipate retiring between the ages of 60 and 64.
- Nearly two in ten each plan to retire at age 65 (18%) or after age 65 (21%).
  - Early career workers (24%) are more likely than mid (17%) or late (12%) career workers to report they will retire at age 65. Early career women (27%) and early careerists with household income of at least \$60,000 (31%) are especially likely to expect to retire at age 65.
  - Early (15%) and mid (13%) career workers are more apt than late career (4%) to think they will wait until age 70 or later.
- A large minority of workers do not know when they will retire (38%).
  - Late career workers (44%)—especially those with less than \$60,000 in household income (57%) or household financial assets under \$50,000 (56%)—are more likely than early (39%) or mid (34%) career to indicate they do not know when they will retire.
  - Others more likely to say they do not know when they will retire are those who report no financial assets (58%), non-homeowners (47%), those with household income under \$50,000 (46%), those not married (45%), and those in good, fair or poor health (44%).

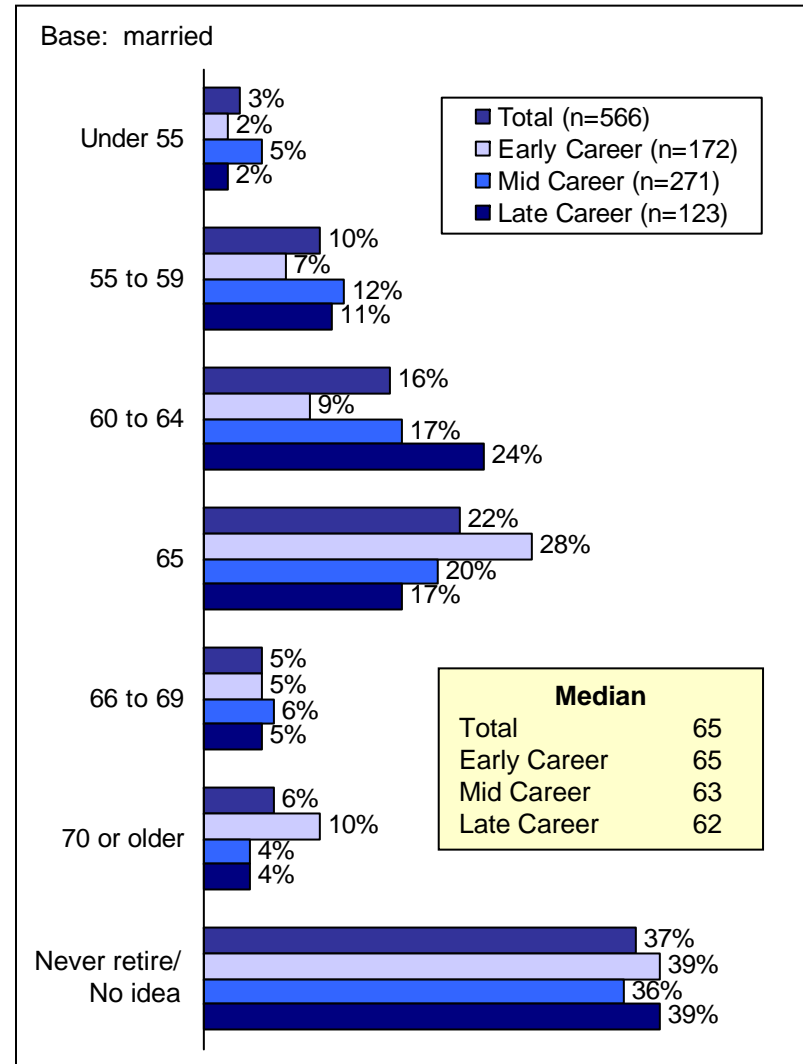
**Realistically, at what age do you think you will retire from your primary occupation?**



# Age at Retirement (continued)

- Married workers report slightly earlier retirement ages for their spouses. Just one in ten report their spouse will retire from their primary career at age 66 or later (11%).
- More than two in ten indicate their spouse will retire at age 65 (22%).
- Three in ten see their spouse retiring before age 65: 13% before age 60 and 16% between the ages of 60 and 64.
- Nearly four in ten indicate they do not know when their spouse will retire (37%).
  - The likelihood of reporting they do not know when their spouse will retire decreases as household income or financial assets increase or as health status declines.

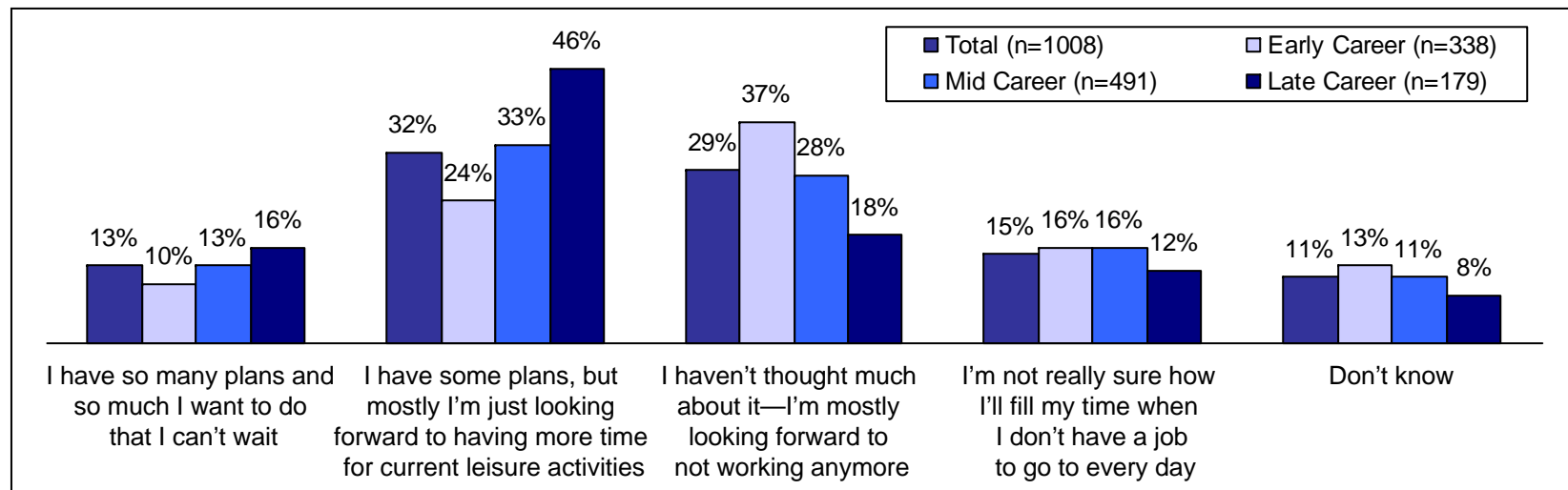
## Realistically, at what age do you think your spouse will retire from his/her primary occupation?



# Feelings About Likely Retirement Activities

- Nearly half of workers have made some plans for what they will do in retirement. More than one in ten say they have so many plans that they can't wait for retirement (13%), while one-third indicate they have some plans, but they are mostly just looking forward to increased time for leisure activities (32%).
- Three in ten admit they are really just looking forward to not working anymore (29%), and 15% are not sure how they will fill their time when they are no longer working.
  - The likelihood of having some plans increases as workers move closer to retirement, while the likelihood of not having thought much about it decreases as retirement approaches.
  - Married late career workers are especially likely to say they have so many plans they can't wait for retirement (21%).
  - Workers who report they know how much they need to save for retirement are more likely than those who do not to indicate they have many (20% vs. 9%) or some (45% vs. 26%) plans. The likelihood of having at least some plans is also positively related to household income, financial assets, home equity, and health.

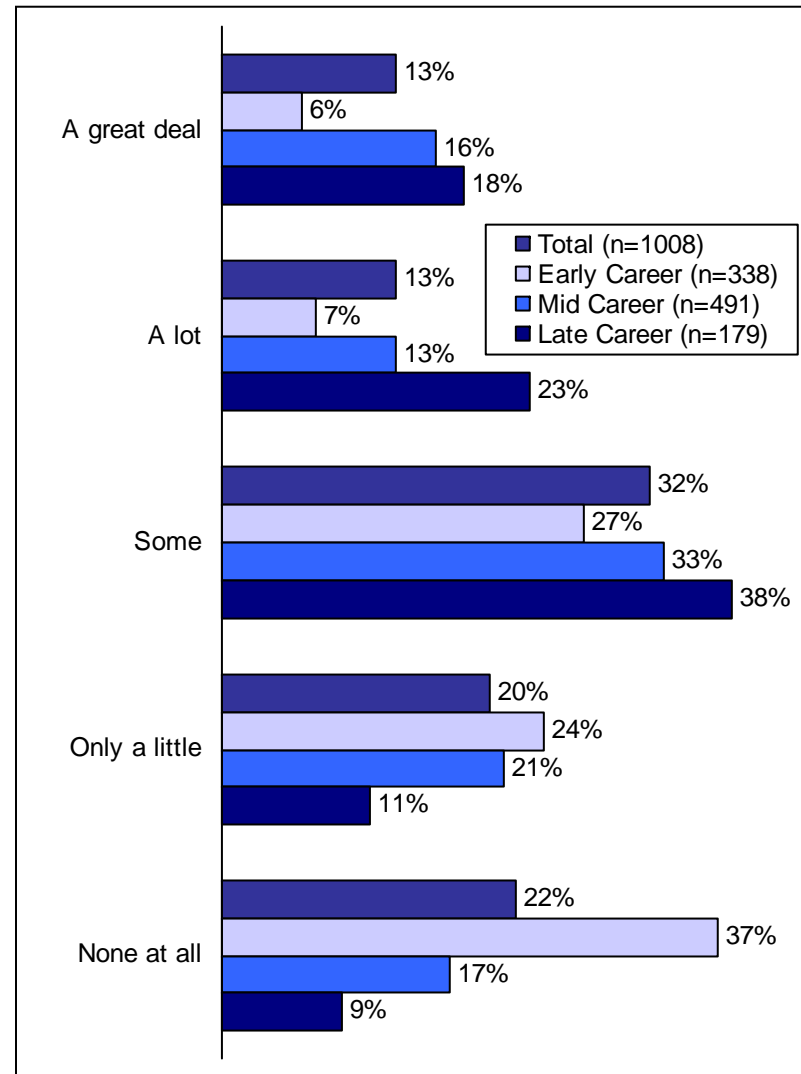
**Which one of the following statements best describes how you feel about your likely activities after you retire?**



# Location

- Few workers have given much thought to where they would like to live during their retirement. Only one-quarter report they have given this issue a great deal (13%) or a lot (13%) of thought.
- Instead, most have given this issue some (32%), little (20%), or no (22%) consideration.
  - The propensity to have thought about likely retirement locations increases as workers near retirement.
  - Men are more likely than women to indicate they have thought a great deal or a lot about where they would like to live (30% vs. 21%).
  - The likelihood of having thought a great deal or a lot about likely retirement locations increases with household income, financial assets, home equity, and improved health.
  - Those who know how much they need to save for retirement are more than twice as likely as those who do not to have given considerable thought to where they would like to live (41% vs. 17%).

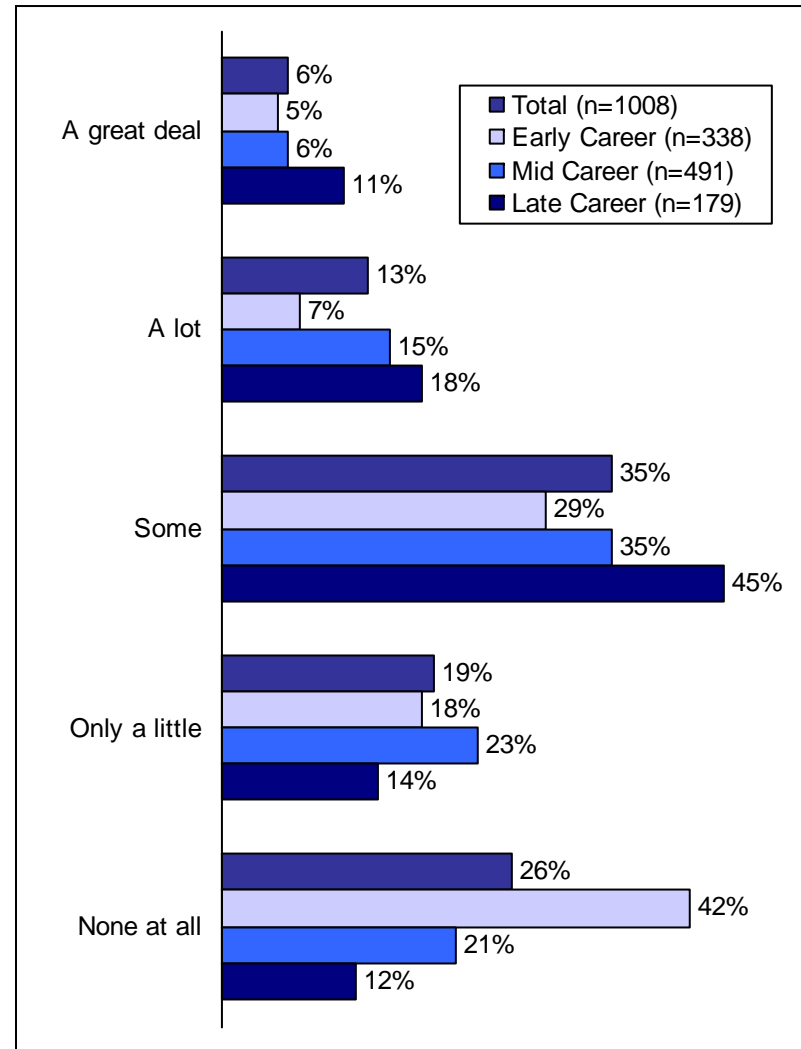
**How much thought have you given to where you would like to live during your retirement?**



# Planning for Challenges

- Just two in ten workers have planned a great deal or a lot for what they will do to challenge themselves in retirement (19%).
- More than one-third have given the need to challenge themselves some thought (35%), but nearly half report they have given it little or no thought (46%).
  - The amount of thought workers give to this issue increases sharply as retirement nears.
  - The likelihood of having planned for challenges in retirement increases as current health status improves.
  - Others more likely to report planning a great deal or a lot for challenges include those who know how much money they need for retirement (33% vs. 12% who do not know), those with \$50,000 in financial assets (29% vs. 14% with less), those with household income of at least \$100,000 (27% vs. 17% with less), and homeowners (25% vs. 11% of non-owners).

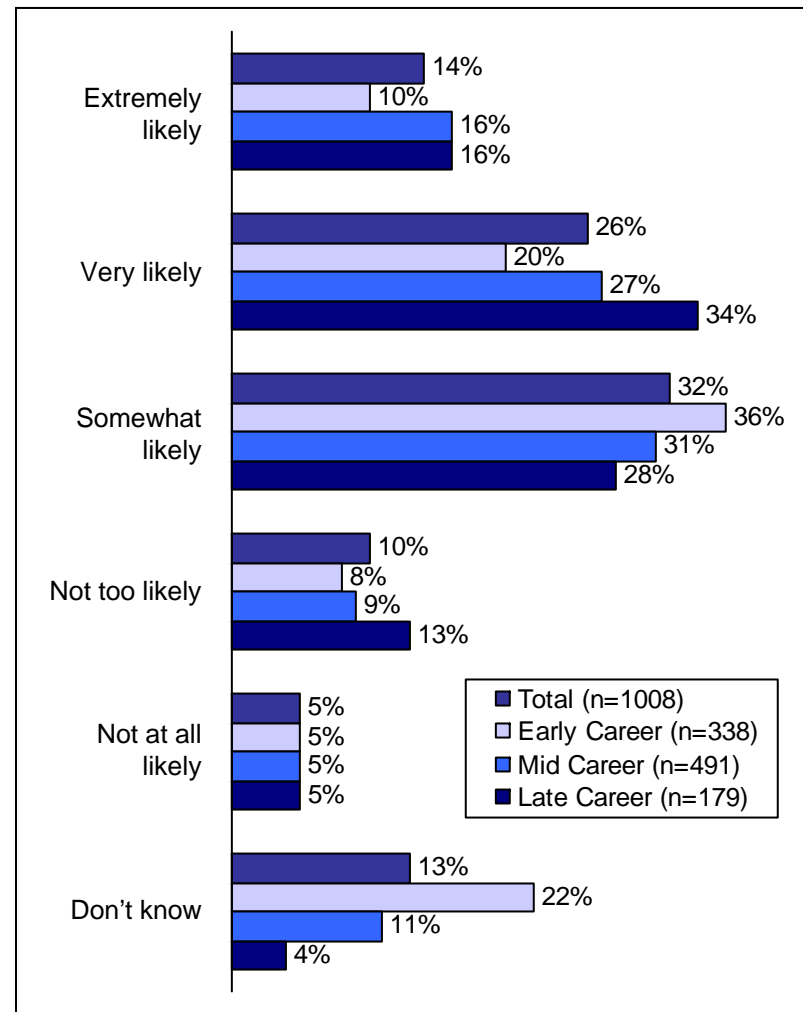
**To what extent have you planned for what you will do in retirement to challenge yourself by using your current strengths and skills or developing new ones?**



# Using Skills and Training

- Workers tend to be fairly confident that they will be able to find activities that make use of their skills and training after they retire. Four in ten think they are extremely or very likely to find such activities (40%), and one-third think it is somewhat likely these activities will be available (32%).
- Just 14% feel they are not too or not at all likely to find such activities in retirement. However, another 13% say they don't know whether they can expect to find them.
  - Late (50%) and mid (43%) career workers, more often than those early in their career (30%), say they are extremely or very likely to find retirement activities that make use of their skills and training.
  - Those with higher household incomes or financial assets and those in better health tend to report greater likelihood of finding these activities in retirement.
  - A larger share of married workers than unmarried workers feel they will be able to find activities that use their skills and training (43% vs. 36%).
  - In addition, those who know how much they need to save for retirement are more likely than those who do not to think they will find challenging activities in retirement (54% vs. 33%).

**After you retire, how likely is it that you will be able to find paid (if desired) or unpaid activities or employment that make use of your (current job) skills and training?**

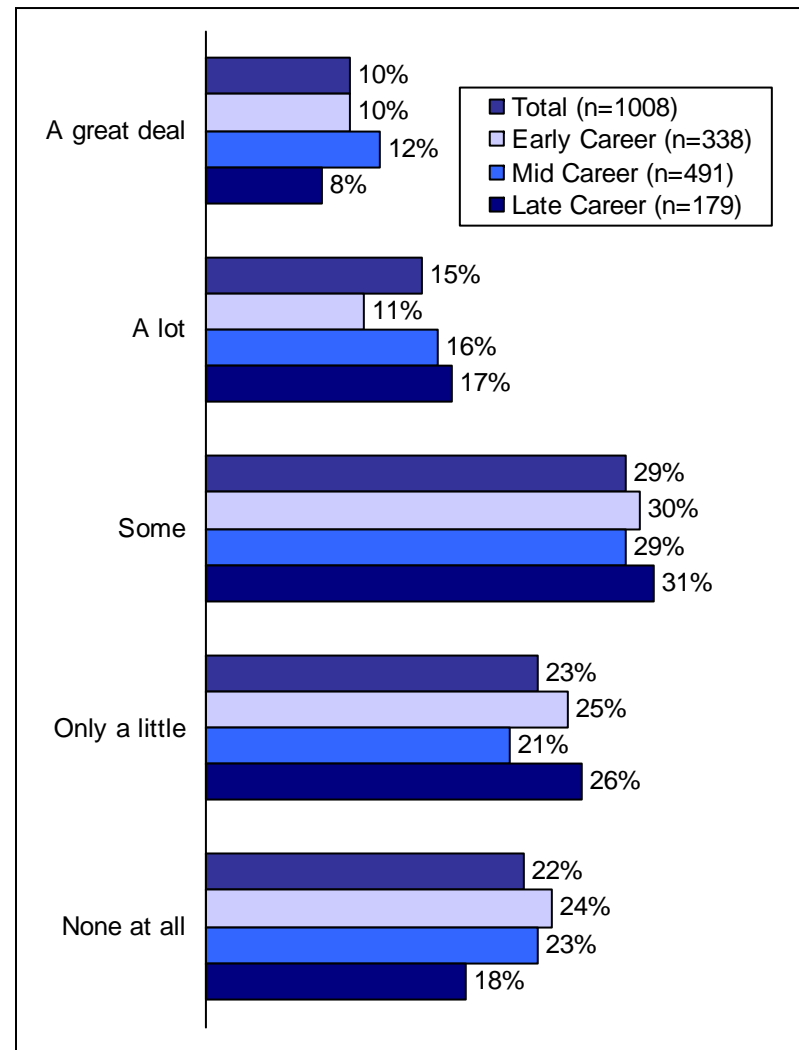




# Adding Meaning

- In general, workers do not put a great deal of effort into adding meaning to their life. Just one-quarter report they are currently adding meaning by participating in civic, religious, volunteer, or other activities (25% a great deal or a lot).
- Three in ten say they do so to some extent (29%), but nearly half have put only a little or no effort into adding meaning by participating in various activities outside of work (46%).
  - There does not appear to be any significant variation by peer segment.
  - Those more apt to report adding meaning to their life are those with at least \$100,000 in household income (37% vs. 22% with less), those who know how much they need to accumulate for retirement (32% vs. 21% who do not), those in excellent or very good health (30% vs. 19% in good, fair, or poor health), and married workers (29% vs. 20% not married).
  - In addition, the likelihood of adding meaning increases as financial assets increase.

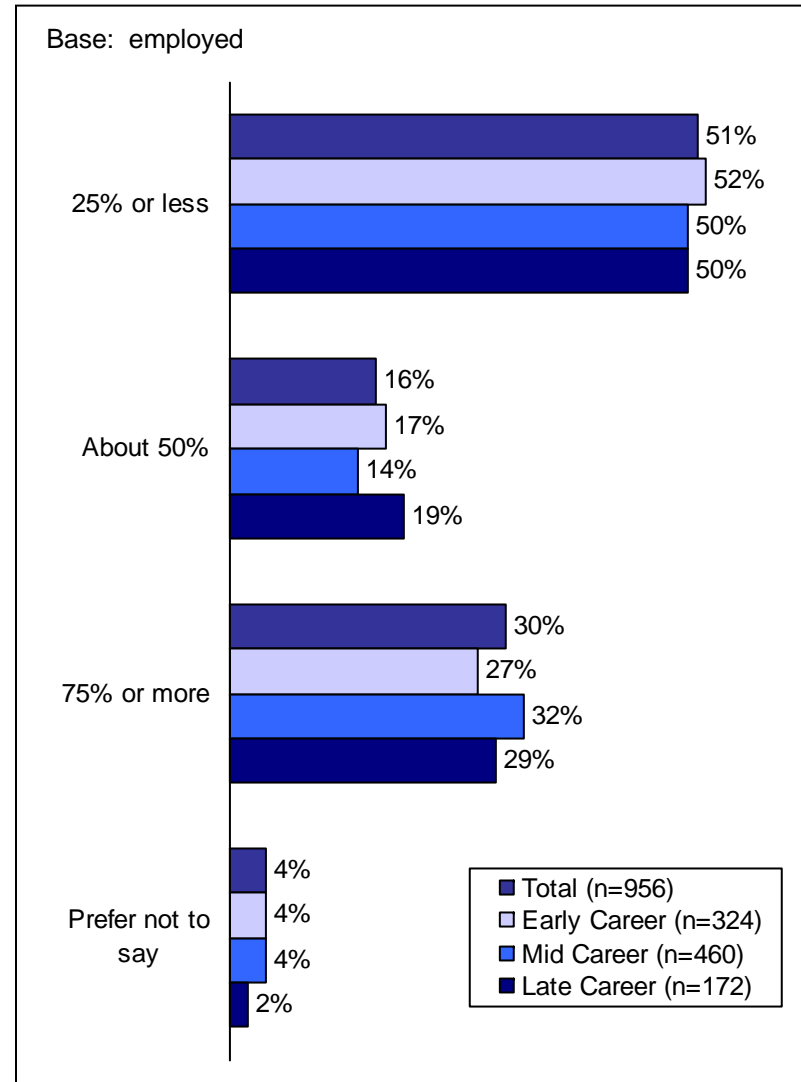
**To what extent do you currently add meaning to your life by participating in civic, religious, volunteer or other activities (outside of work)?**



# Forming Friendships

- Most employed non-retirees maintain close friendships outside of work. Half report that 25% or less of their close friends are at work (51%), while another 16% say about 50% are at work.
- Three in ten indicate that 75% or more of their close friendships are at work (30%).

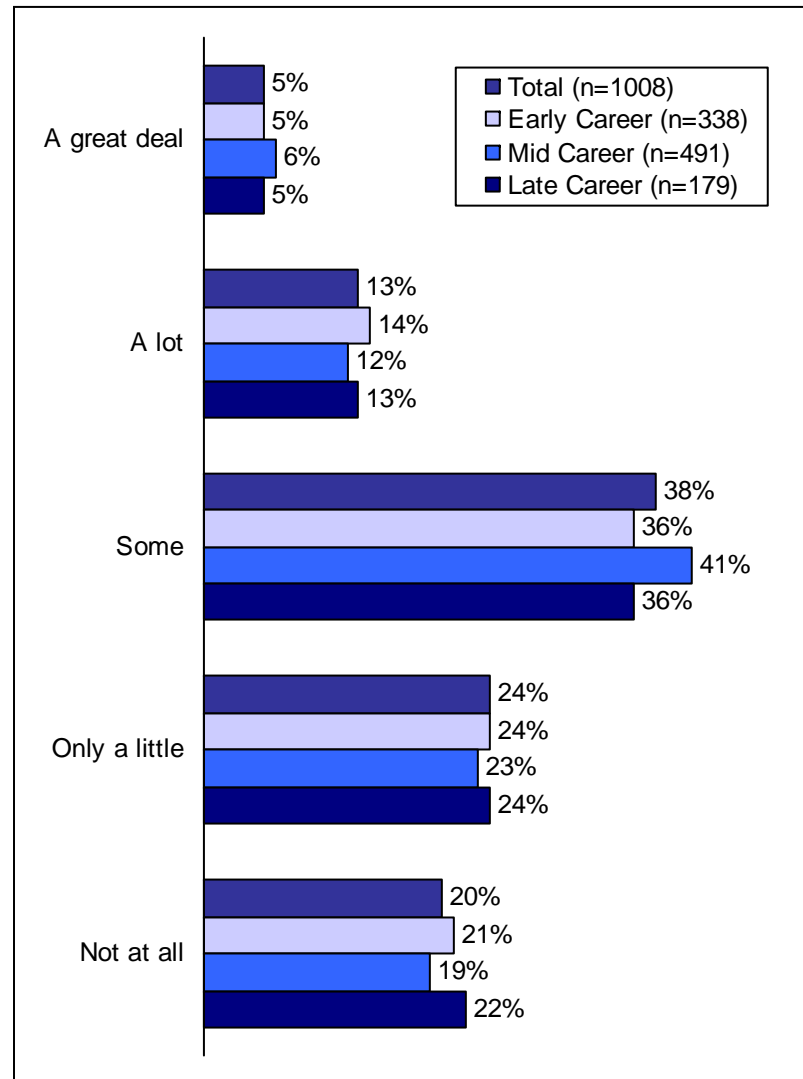
**About what percentage of your close friends are at work?**



# Forming Friendships (continued)

- Perhaps because of the relatively high proportion of close friendships that workers have outside of work, few are making a concerted effort to build new friendships. Fewer than two in ten are trying a great deal or a lot to form new friendships and associations outside of work (18%).
- Nearly four in ten are putting some effort into developing new friendships (38%).
- More than four in ten indicate they are trying only a little or not at all (44%).
  - Workers in excellent or very good health tend to be more actively engaged in forming new friendships than those in good, fair, or poor health (24% a great deal or a lot vs. 11%).
  - Others more likely to be making efforts to build new friendships include those with household income of at least \$100,000 (26% vs. 16% with less) and those who know how much they need to save (24% vs. 15% who do not).

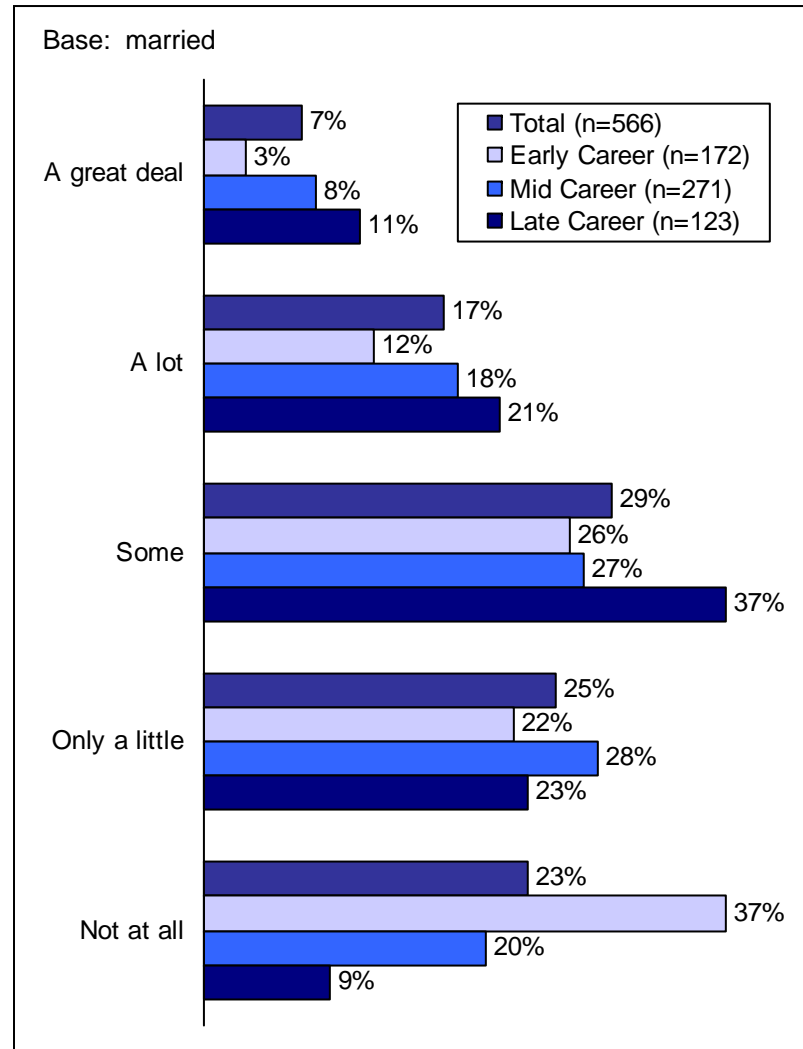
**To what extent are you currently trying to build new friendships and associations (outside of work)?**



# Discussions with Spouse

- Unfortunately, few married couples discuss and agree on their plans for retirement and how to finance them. Almost half of married workers say they have discussed these issues with their spouse only a little or not at all (48%).
  - The propensity to report little or no discussion decreases as workers approach retirement.
- Three in ten report they and their spouse have had some discussion about their retirement plans (29%), while approximately one-quarter indicate they have discussed their retirement plans and financing a great deal or a lot (23%).
  - The likelihood of reporting a great deal or a lot of discussion increases with household income or financial assets.
  - Other workers more likely to have had a great deal or a lot of discussions are those who know how much they need to save (40%, compared with 13% who do not), those with home equity at least equal to their household income (35%, compared with 15% having less), and those in excellent or very good health (30%, compared with 15% in poorer health).

**To what extent have you and your spouse discussed and agreed on your plans for retirement and the best way to finance them?**



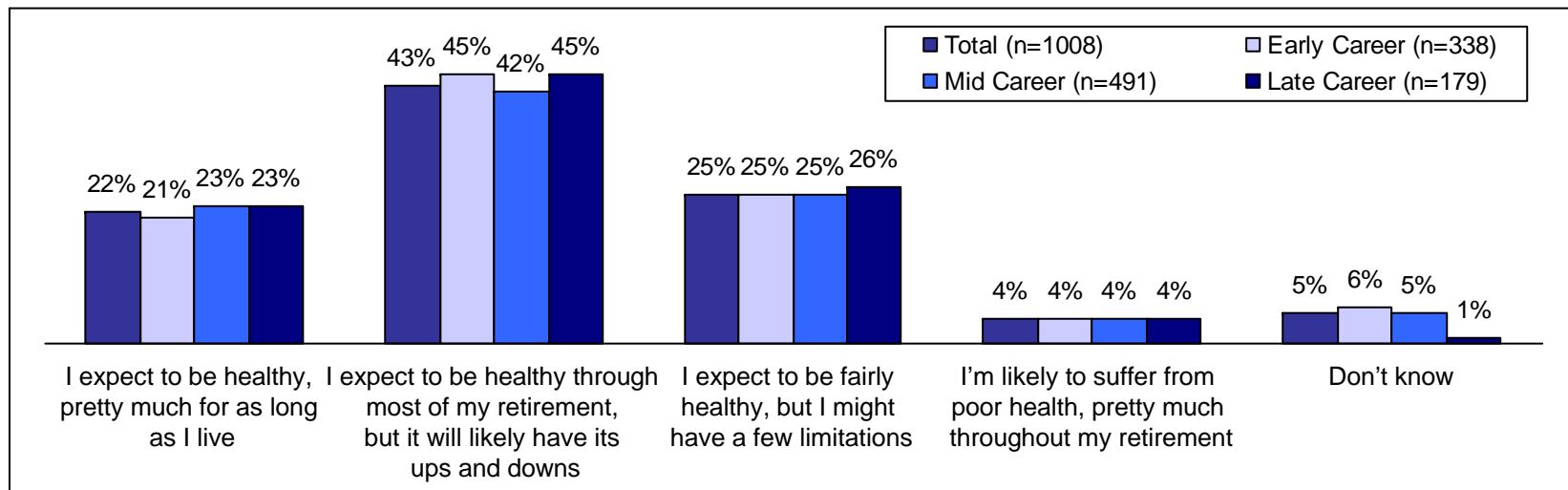
*Section 4*

*Detailed Findings:  
Health*

# Health in Retirement

- Workers generally expect to maintain their health throughout their retirement. More than two in ten say they expect to be healthy for as long as they live (22%) and more than four in ten expect to be healthy with some ups and downs (43%).
- One-quarter of workers believe they will be fairly healthy but will likely have a few limitations due to chronic conditions (25%). Just 4% report they are likely to suffer from poor health throughout their retirement.
  - Health in retirement is strongly related to current health, with workers tending to project their current health into retirement.
  - Those with household income of \$100,000 or more (33% vs. 19% with less) or with financial assets of \$150,000 or more (35% vs. 19% with less) more often expect to be healthy for as long as they live.

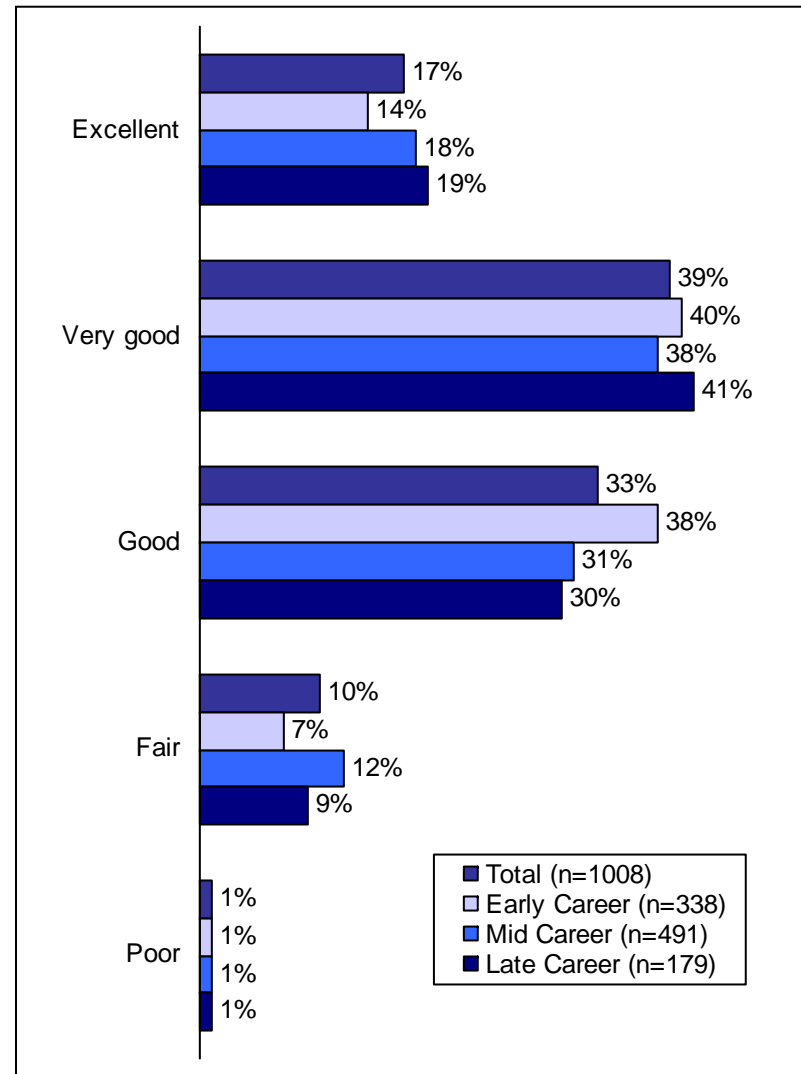
**Which one of the following statements best describes what you realistically expect your health to be like during your retirement?**



# Current Health

- More than half of workers describe their current health as excellent or very good (56%).
  - Married workers are more likely than unmarried workers to report their health is excellent (20% vs. 13%).
  - A larger share of homeowners than non-owners describe their health as excellent or very good (64% vs. 45%).
- One-third say their health is good (33%), while one in ten describe their health as fair or poor (11%).
  - Reported health status improves sharply with household income. It also improves as household financial assets increase.

How would you describe your current health?



# Supporting a Healthy Lifestyle

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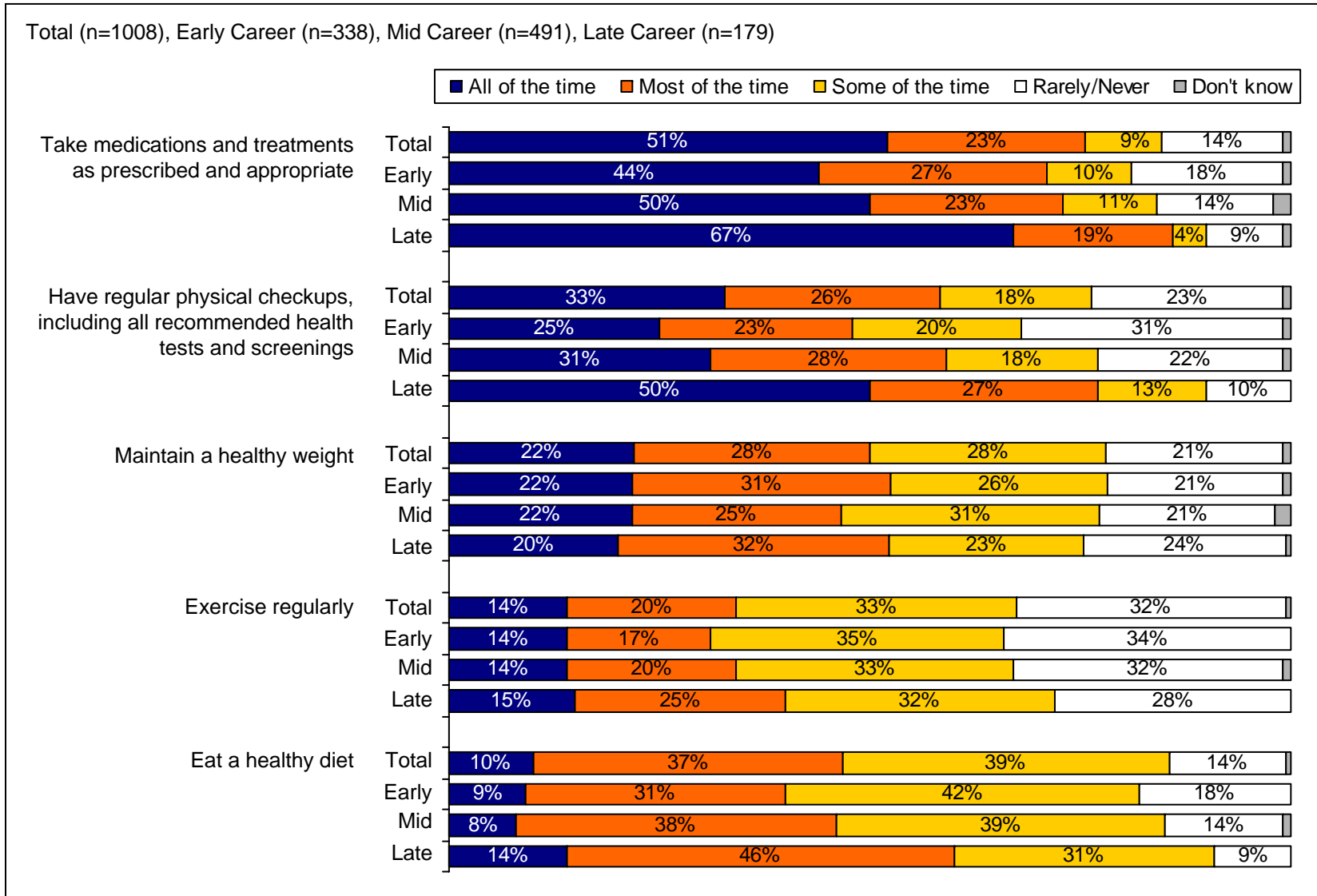
- Workers were asked how often they do each of five things to support a healthy lifestyle. Of these, they are most likely to say that they always or mostly take medications and treatments as prescribed and appropriate (75%).
  - Late career workers (86%), more often than early (71%) or mid (73%) career workers, take medications and treatments as prescribed all or most of the time. Unmarried late career workers are particularly likely to say they take medications as prescribed all or most of the time (93%).
  - Women are more likely than men to say they always or mostly take medications as prescribed (80% vs. 70%).
- Six in ten workers report they always or mostly have regular physical check-ups and screenings (59%).
  - The likelihood of having regular check-ups increases as workers near retirement.
  - Women are more apt than men to say they regularly have physical checkups and health screenings (64% vs. 54%).
- Approximately half indicate they maintain a healthy weight (50%) and eat a healthy diet (47%) all or most of the time.
  - The propensity to eat a healthy diet increases as retirement approaches. Late career married workers are especially apt to do this (64%).
- Workers are least likely to say they exercise regularly. Only one-third do so all or most of the time (34%).
  - The likelihood of doing each of these to maintain a healthy lifestyle increases with household income and with financial assets.
  - Married workers tend to be more likely than those who are not married to have regular check-ups (64% vs. 52%), eat a healthy diet (52% vs. 40%), and exercise regularly (37% vs. 31%).
  - Those currently in excellent or very good health are more apt than those in poorer health to say they do each of these except taking medications as prescribed. Similarly, those expecting to be in good health throughout their retirement are more likely than those expecting to be in poorer health to do these activities all or most of the time.





# Supporting a Healthy Lifestyle (continued)

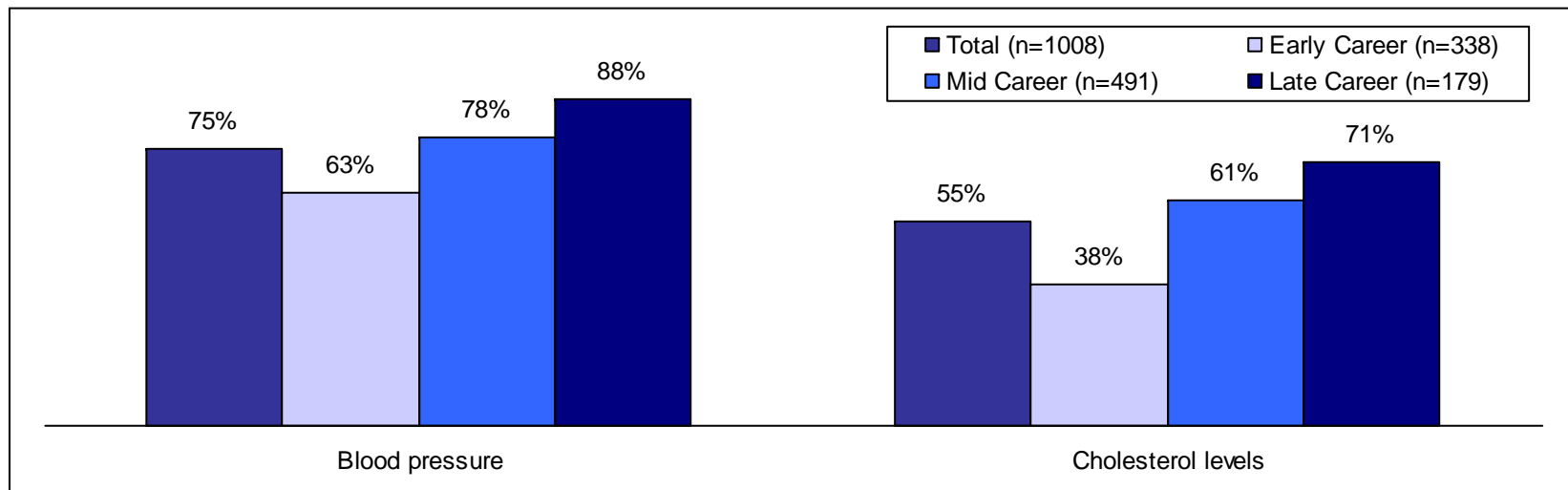
About how often do you do each of the following to support a healthy lifestyle?



# Health Levels

- Three-quarters of workers report they know their blood pressure (75%), while more than half say they know their cholesterol levels (55%).
  - Workers are increasingly likely to know these levels as they get closer to retirement.
  - Larger shares of married workers than unmarried report knowing their blood pressure (81% vs. 68%) and cholesterol levels (63% vs. 46%).
  - The likelihood of knowing these levels increases with household income and financial assets.

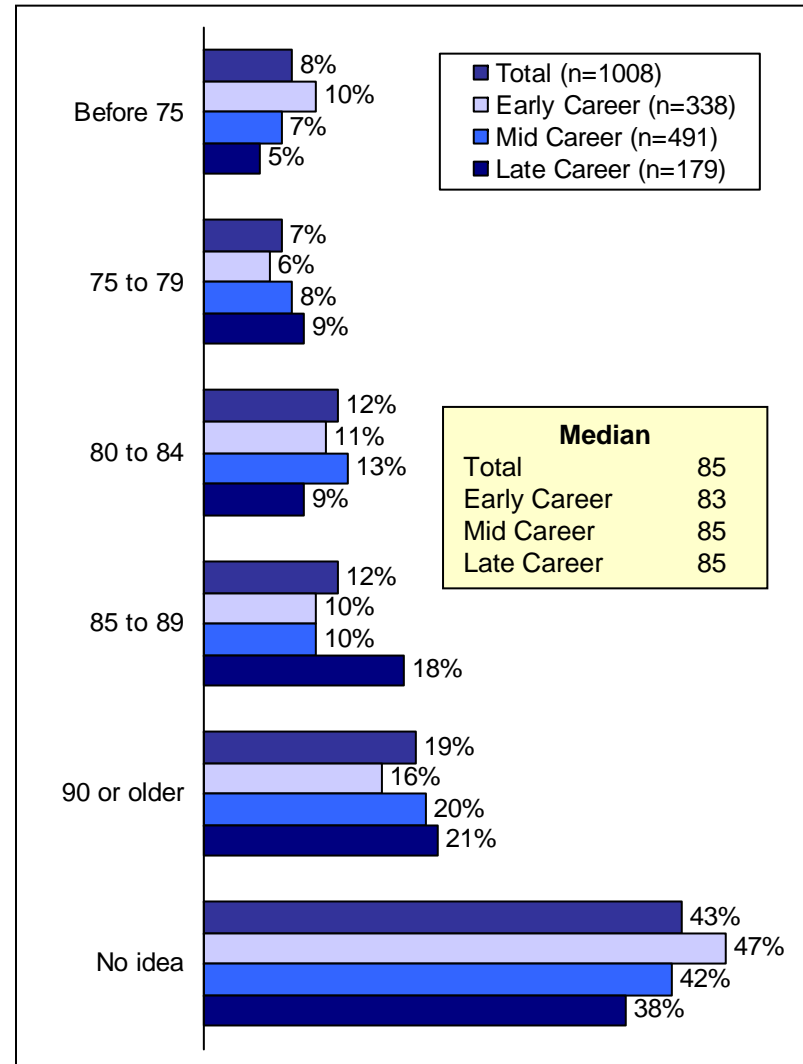
**Do you know your . . . ?  
(percentage saying yes)**



# Life Expectancy

- When asked how long they expect to live, American workers cite a wide range of ages. Roughly one in ten say they expect to die before age 75 (8%) and similar proportions expect to live until between the ages of 75 and 79 (7%), 80 and 84 (12%), and 85 and 89 (12%).
- Two in ten say they will live until at least age 90 (19%).
  - Women are more likely than men to expect to live until at least age 90 (22% vs. 16%).
  - Workers in excellent health are among the most likely to say they will live until age 90 (37%). In turn, those in very good health are more likely than those in poorer health to say they will live that long (22% vs. 9%).
  - Others more apt to believe they will live through age 90 are those with at least \$100,000 in household income (28% vs. 17% with less) or \$150,000 in financial assets (29% vs. 18% with less).
- Nevertheless, more than four in ten workers have no idea as to the age they can expect to live (43%).
  - The propensity to say they have no idea increases as household income, financial assets, or health status decreases.

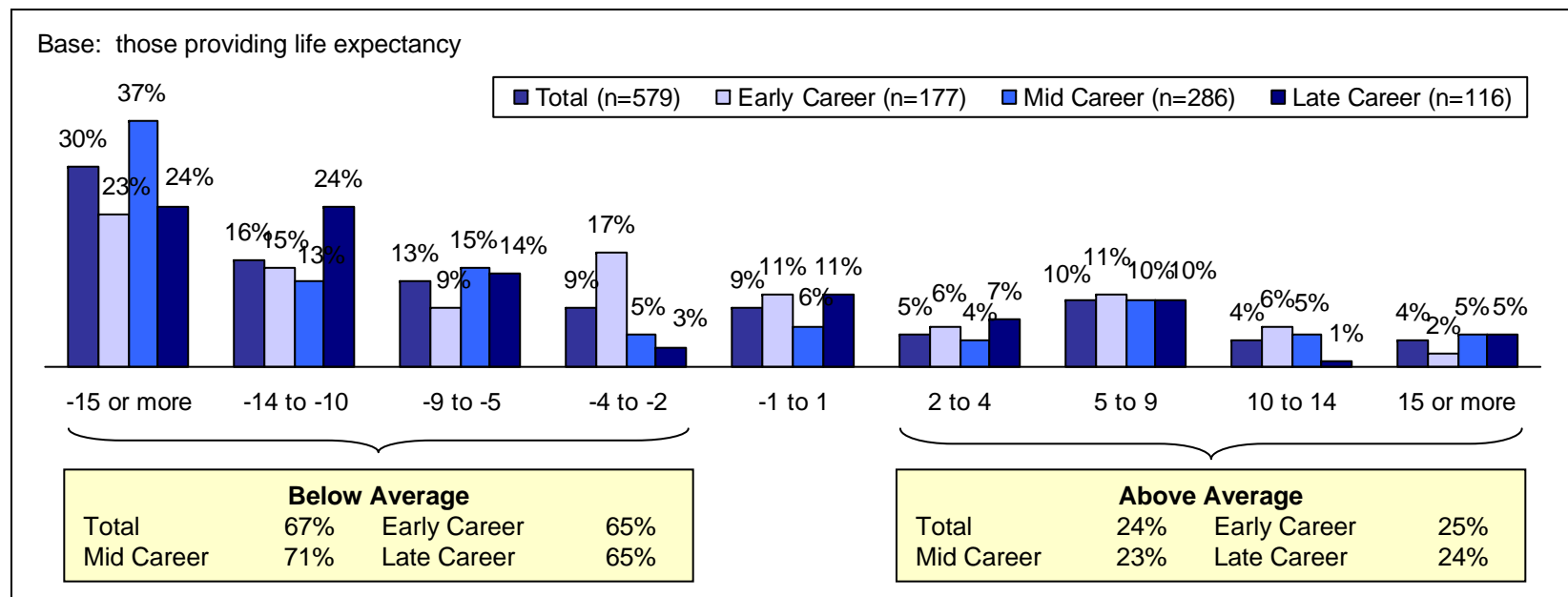
Based on your current health and family history, until what age do you expect to live?



# Life Expectancy (continued)

- Among a random group of Americans, half will live longer than the life expectancy for the overall population. However, workers providing an age of death are more than twice as likely to cite a life expectancy that is lower than average (67%) than one higher than average (24%). This suggests that a significant number of workers may be underestimating the amount of time they will spend in retirement.
  - While almost all men provide a lower-than-average life expectancy (91%), less than half of women do so (40%). (Life expectancy information used for comparisons is gender specific.)
  - The likelihood of giving a life expectancy that is below average decreases as health status improves.
- One in ten report a life expectancy that is roughly average (9%).

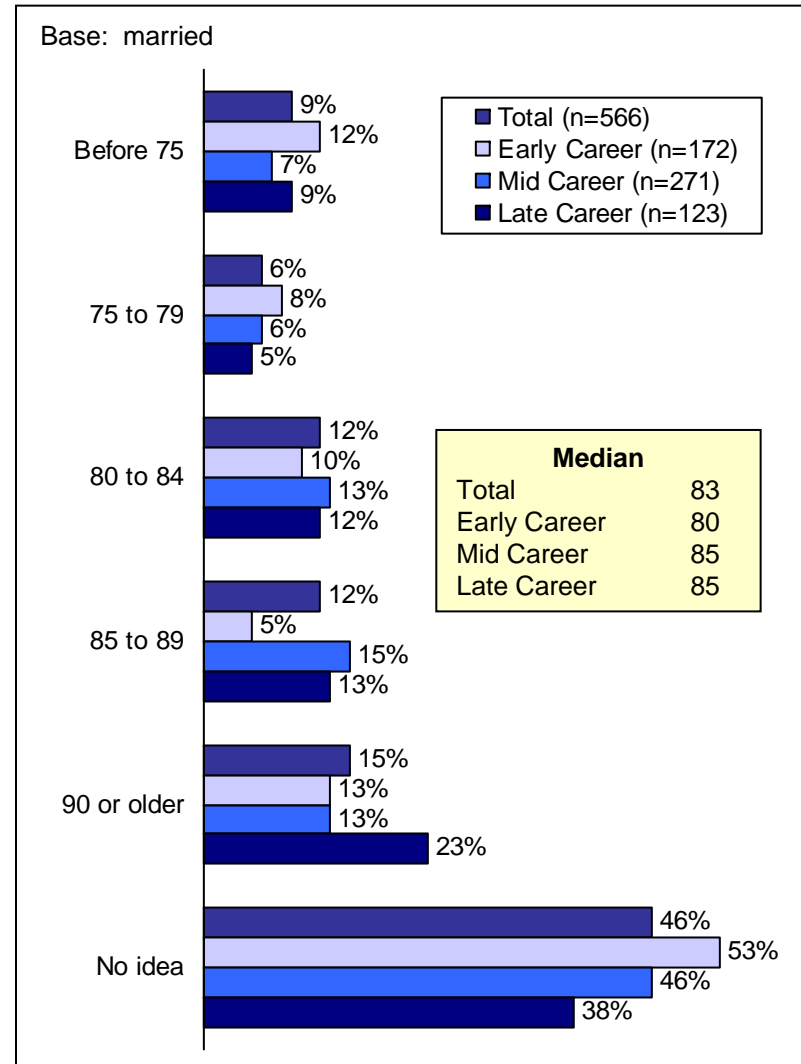
**Difference Between Population and Personal Estimate of Life Expectancy (number of years)**



# Life Expectancy (continued)

- Married workers also give a wide range of ages when asked how long their spouse will live. One in ten say their spouse will die before age 75 (9%). One in twenty expect their spouse will live until between the ages of 75 to 79 (6%).
- More than one in ten each indicate their spouse will live until the ages of 80 and 84 (12%), 85 and 89 (12%), and 90 or older (15%).
  - Those with higher levels of household income or financial assets tend to mention older ages.
- Still, nearly half of married workers are unwilling to venture a guess as to how long their spouse will live (46%).
  - Early career workers (53%) are more likely than late career workers (38%) to say they have no idea how long their spouse will live.
  - Again, the likelihood of saying they have no idea increases as household income or financial assets decrease.

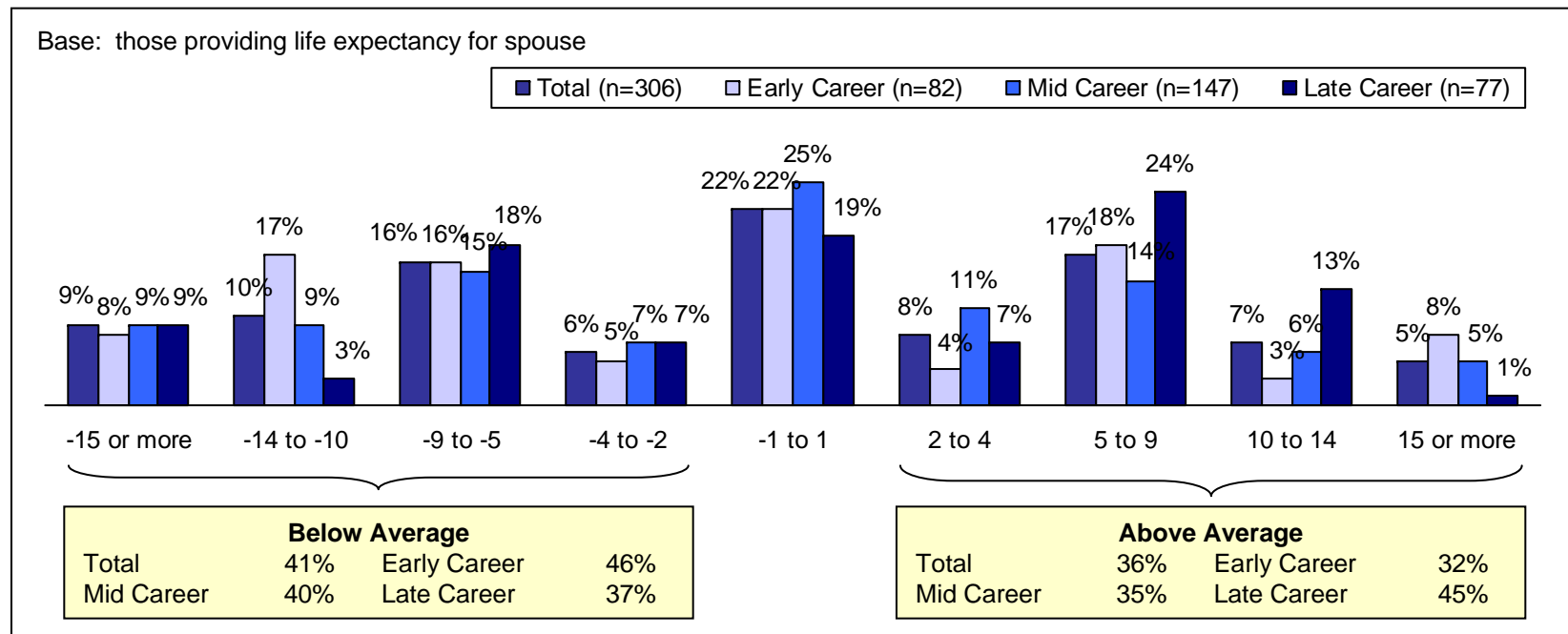
**Based on current health and family history, until what age do you expect your spouse to live?**



# Life Expectancy (continued)

- Curiously, married workers overall appear to give more plausible estimates of their spouse's life expectancy than of their own. Roughly equal proportions of those providing an age of death for their spouse cite life expectancies that are below (41%) and above (36%) average.
- More than two in ten mention a life expectancy that is about average (22%).

**Difference Between Population and Personal Estimate of Life Expectancy for Spouse (number of years)**



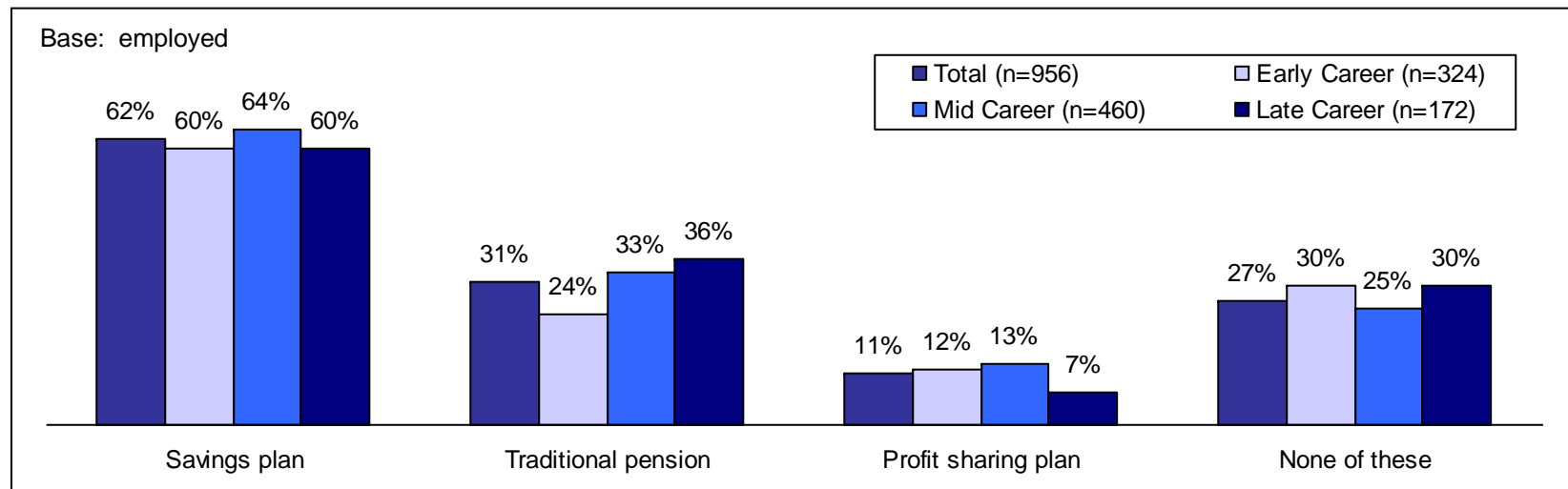
*Section 5*

*Detailed Findings:  
Wealth*

# Employer Retirement Plans

- More than six in ten workers report participating in a savings plan at work, such as a 401(k) (62%).
- Half as many say they participate in a traditional pension (31%) and only one in ten report a profit sharing plan (11%).
  - Mid (33%) and late (36%) career workers are more likely than early career (24%) to have an employer with a traditional pension.
- More than one-quarter of workers indicate they participate in none of these types of plans (27%).
  - Married workers are more likely than unmarried to say they participate in a savings plan (69% vs. 53%) or traditional pension (37% vs. 23%). Unmarried workers more often say they participate in none of these plans (36% vs. 20% of married workers).
  - The propensity to participate in any of these plans increases with household income.

**Which of the following types of retirement plans, if any, do you participate in at work?  
(multiple responses accepted)**

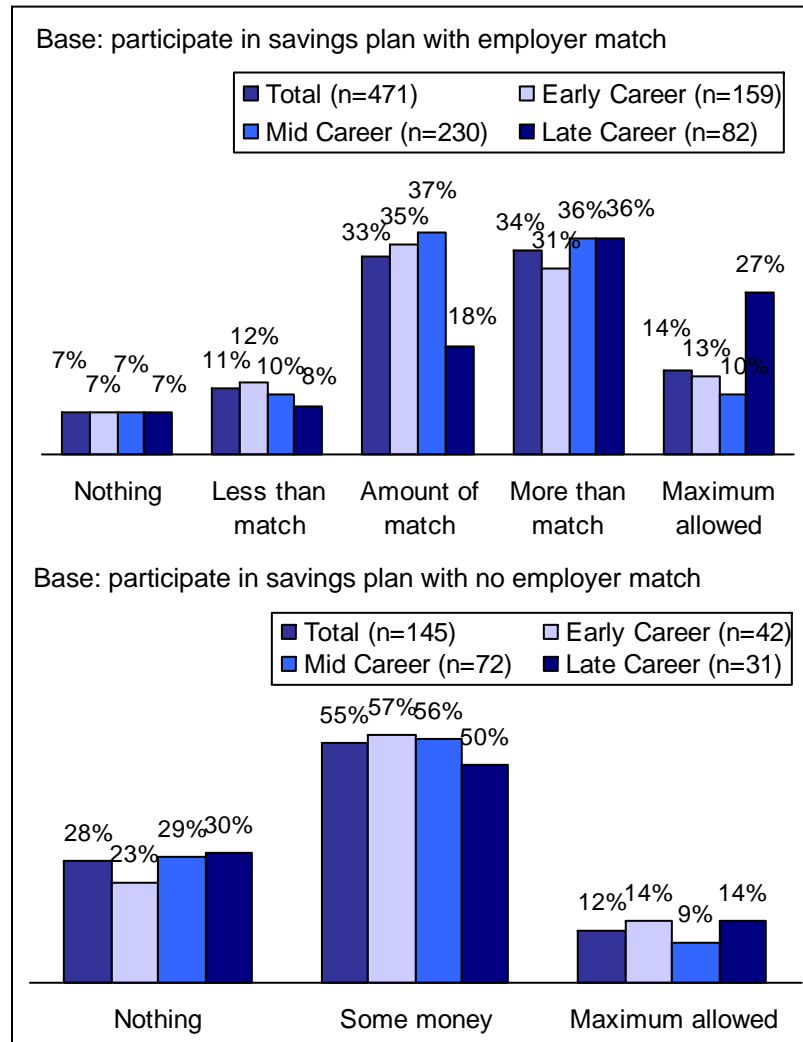




# Contributions to Savings Plan

- Among those who participate in a savings plan at work, three-quarters say their employer matches all or part of their contribution (76%).
- One-third each of workers with an employer match say they contribute the amount their employer will match but no more (33%) or more than their employer will match but less than the maximum allowed (34%). 14% indicate they contribute the maximum allowed by the plan or the law, while roughly one in ten each contribute less than the employer match (11%) or nothing (7%).
  - Early (35%) and mid (37%) career workers are more apt than late career workers (18%) to contribute exactly what their employer will match.
  - On the other hand, late career workers (27%)—particularly late career men (37%) or late careers with income of \$60,000 or more (39%)—are more likely than early (13%) or mid (10%) career to contribute the maximum allowed.
  - Males are more likely than females to contribute the maximum allowed (18% vs. 9%) and less likely to contribute the amount their employer will match (28% vs. 39%).
  - The amount contributed is strongly related to household income or financial assets.
- Among the 24% of participants who do not have an employer match, more than half say they contribute some money but less than the maximum (55%). Nearly three in ten do not contribute anything (28%) and 12% contribute the maximum allowed.

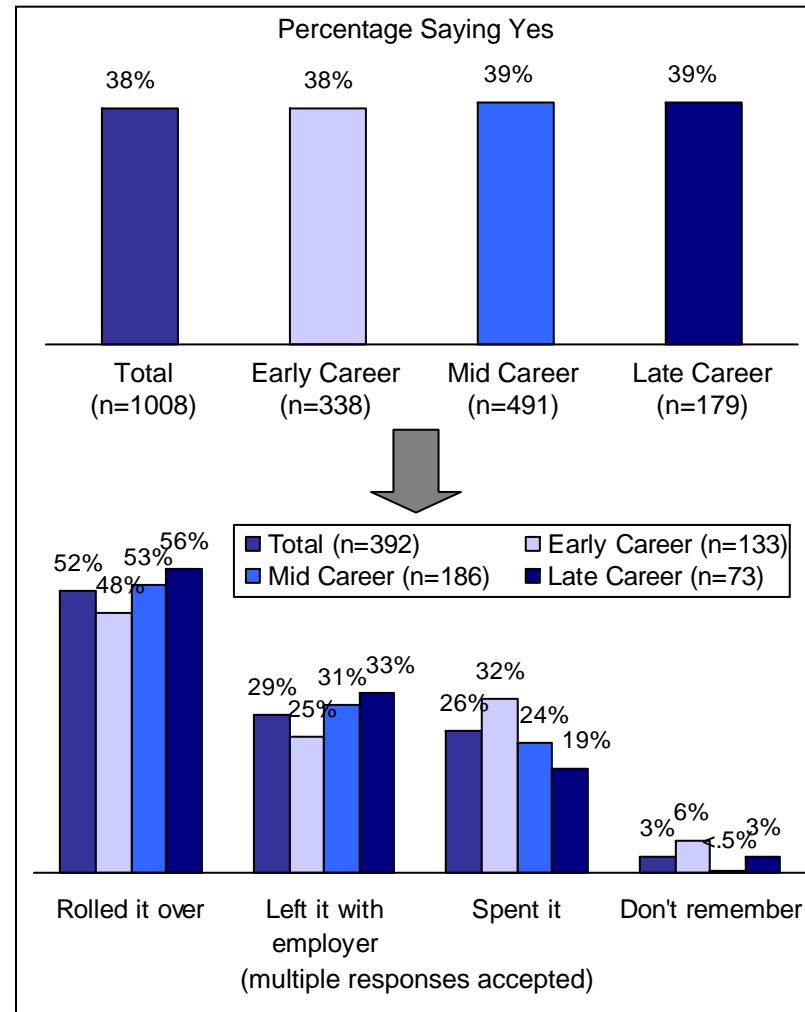
## Which one of the following best describes how much you are contributing to your savings plan at work?



# Savings Plans with Previous Employers

- Fewer than four in ten workers say they participated in a retirement savings plan with a previous employer (38%).
  - Workers more likely to have participated in a plan with a previous employer include those with household income of at least \$50,000 (44%, compared with 32% with less), those with at least \$50,000 in financial assets (44%, compared with 22% with less), and those in good health or better (40%, compared with 26% in poorer health).
- Those who did most often say they rolled the money in the plan over into an IRA or other tax-favored plan (52%). Three in ten report leaving it with the employer (29%), but one-quarter say they spent it (26%).
  - The likelihood of having spent the money is higher for early career workers (32%) than for late career workers (19%).
  - Married workers (61%), more often than unmarried (39%), report rolling over the money.
  - The likelihood of rolling over the money increases with household income or financial assets. Conversely, the likelihood of having spent the money decreases as income or assets increase.

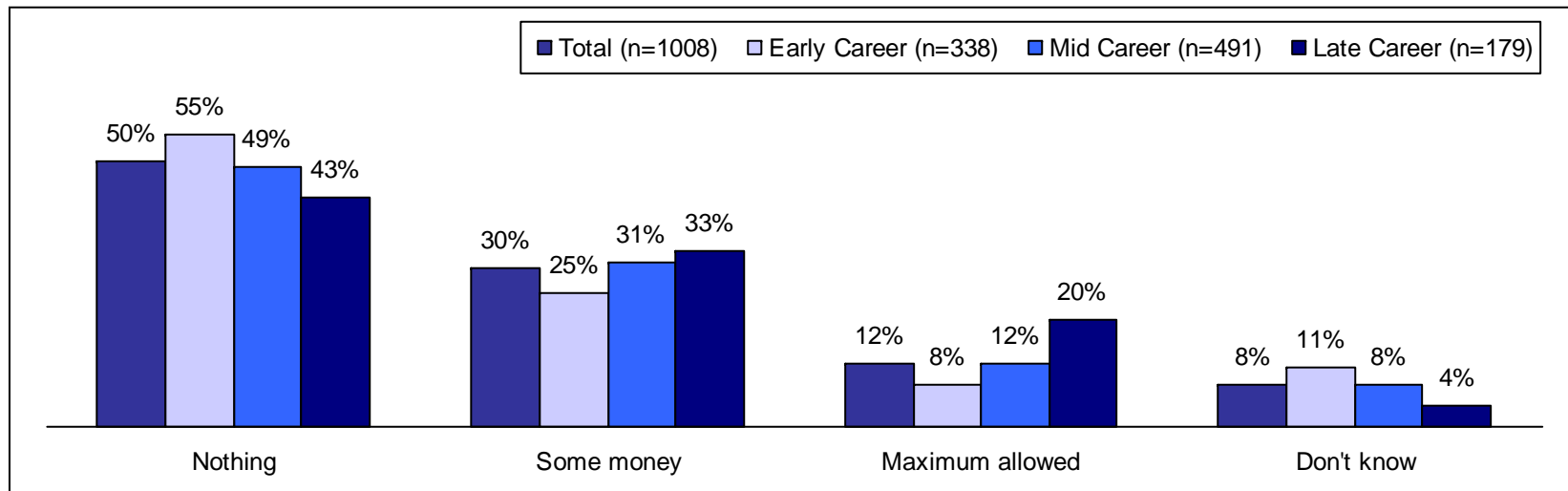
**Did you participate in a retirement savings plan with any previous employers?/When you left your previous employers, what did you do with your money in the retirement savings plan?**



# Contributions to IRA

- Half of workers report contributing no money to an IRA in 2006 (50%). Three in ten contributed some money, but less than the maximum (30%). Only 12% say they contributed the maximum allowed (12%).
  - A larger share of late career workers (20%) than early (8%) or mid (12%) career workers indicate they contributed the maximum allowed for 2006.
  - The amount contributed is related to household income, financial assets, home equity, and health status.
  - Unmarried workers are more likely than married to report contributing nothing to an IRA in 2006 (59% vs. 41%).

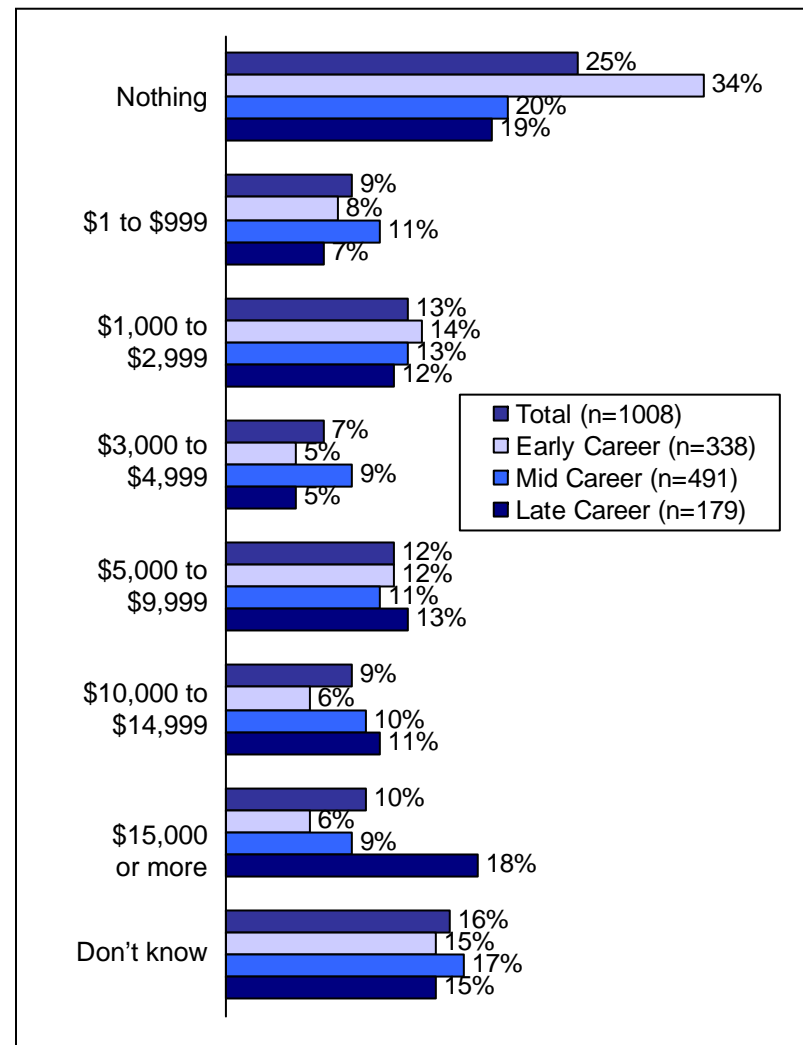
**Which one of the following best describes how much money you (and/or your spouse) contributed to an individual retirement account (an IRA or Roth IRA) in 2006?**



# Amount Saved Last Year

- Fully one-quarter of workers report saving nothing for retirement in 2006 (25%), either at work or outside of work.
  - Early career workers (34%)—particularly early career workers who are not married (42%)—are more apt than mid (20%) or late (19%) career workers to say they saved no money.
- Three in ten state they saved something, but less than \$5,000 (29%), and one in ten each saved \$5,000 to \$9,999 (12%), \$10,000 to \$14,999 (9%), and \$15,000 or more (10%).
  - A larger share of late career workers (18%) than early (6%) or mid (9%) career saved at least \$15,000. Late career men are especially likely to have saved this amount (23%).
  - Married workers (28% vs. 8% of unmarried) and males (24% vs. 12% of females) are more likely to have saved at least \$10,000. Those who know how much they need to accumulate for retirement (35% vs. 10% who do not know) and those who have a savings plan at work (25% vs. 8% without a savings plan) are also more likely to have saved at least this amount.
  - The amount saved in 2006 increases as household income, financial assets, or home equity increase, or as health status improves.
- 16% of workers say they do not know the amount they saved in 2006.

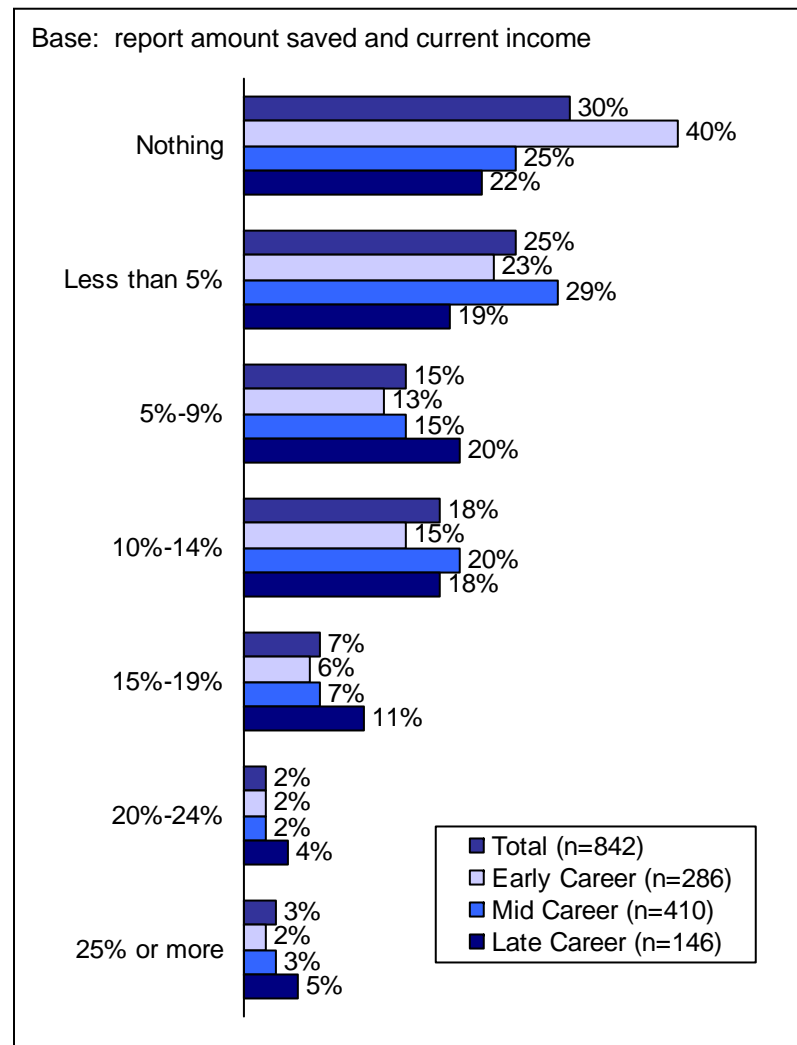
**In total, about how much money did you (and your spouse) save or invest for retirement in 2006, either at work or outside of work?**



# Amount Saved Last Year (continued)

- When the amount saved last year is expressed as a percentage of income, it appears that the majority of workers providing this information are saving either nothing at all (30%) or something, but less than 5% of their current household income (25%).
  - Although the share saving nothing or less than 5% decreases as workers near retirement, four in ten late career workers report this level of savings (42%, compared with 54% of mid career and 63% of early career workers).
- Less than two in ten workers each report having saved 5% to 9% of their income (15%) or 10% to 14% of their income (18%) last year.
- Just 13% indicate they saved at least 15% of their income in the past year.
  - Late career workers (20%) are more likely than early (9%) or mid (12%) career workers to have saved at least 15%.

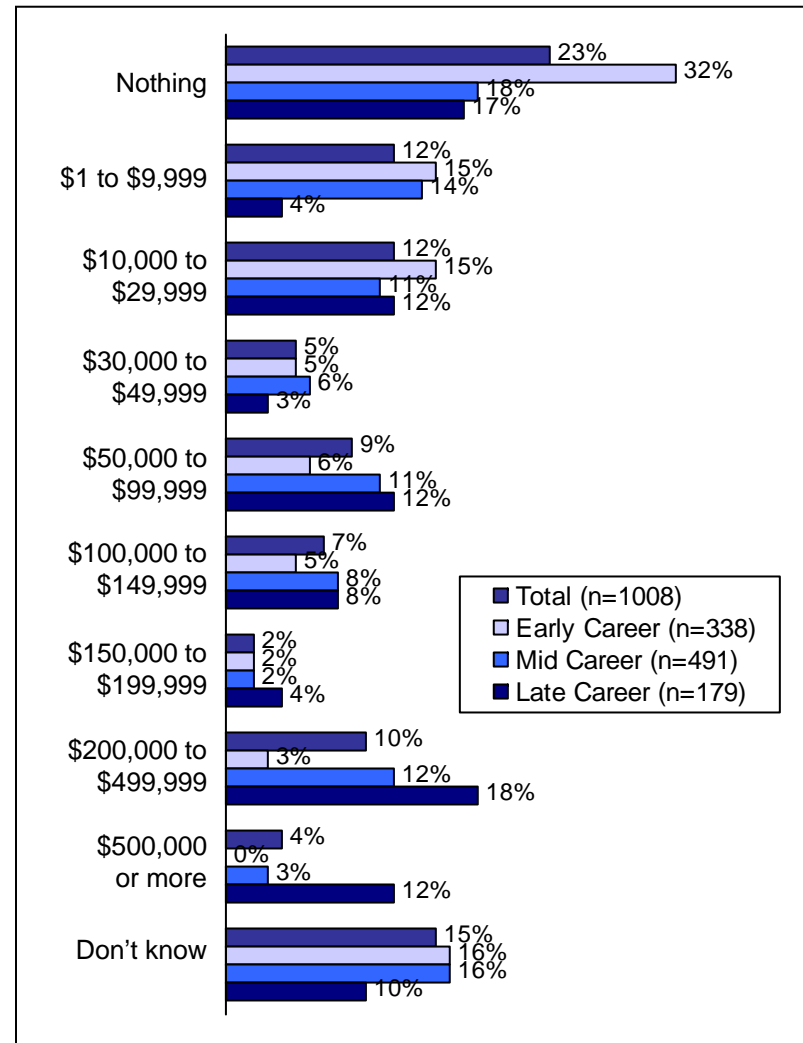
**Amount Saved Last Year  
As Percentage of Household Income**



# Total Saved for Retirement

- Many workers appear to have little money earmarked for retirement. Nearly one-quarter state they have no such money (23%), while approximately one in ten say they have less than \$10,000 (12%) and 18% have between \$10,000 and \$49,999.
  - One-third of early career workers (32%), compared with less than two in ten mid (18%) and late (17%) career, have no money saved for retirement.
- About one in ten each state they have accumulated \$50,000 to \$99,999 (9%), \$100,000 to \$199,999 (10%), and \$200,000 to \$499,999 (10%). Another 4% indicate they have saved \$500,000 or more for retirement.
  - The amount of money saved increases as workers move closer to retirement.
  - It also increases with household income and home equity.
  - Men are more likely than women (23% vs. 9%) and married workers are more likely than unmarried (22% vs. 8%) to report having accumulated at least \$150,000 for retirement.
  - Those who know how much they need for retirement (43%) are more than three times as likely as those who do not to have saved at least \$100,000 (13%). In addition, workers who participate in a workplace savings plan are more likely than those who do not to have saved this amount (32% vs. 9%).
- 15% say they do not know how much money they have tucked away for retirement.

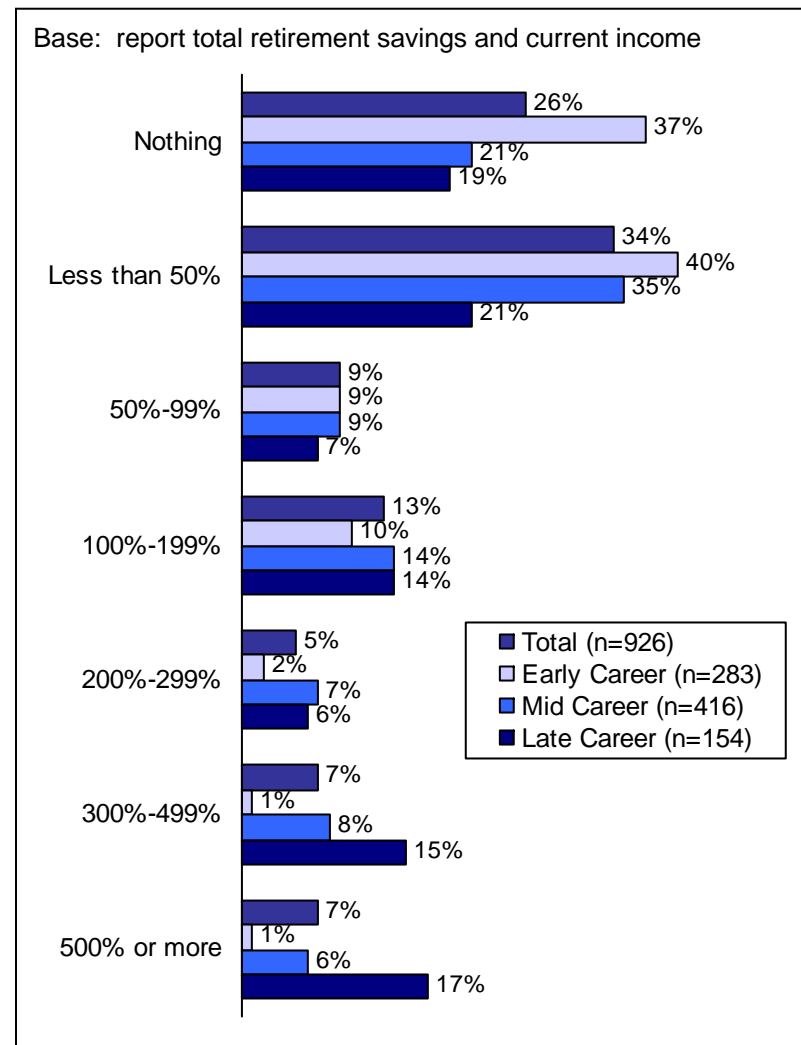
**As of today, about how much have you (and your spouse) accumulated in total that is specifically earmarked for retirement?**



# Total Saved for Retirement (continued)

- Workers who report both the total amount they have earmarked for retirement and their current household income tend to have little set aside for retirement. More than half indicate they have nothing (26%) or something but less than 50% of their income (34%) saved for retirement.
  - Four in ten late career workers (41%), compared with more than half of mid career (56%) and more than three-quarters of early career (77%) workers, have saved this little.
- Roughly one in ten each have 50% to 99% (9%) or 100% to 199% (14%) of their current income in retirement savings.
- Two in ten indicate their retirement savings is at least twice their current income (19%).
  - Late career workers (32%) are considerably more likely than early (2%) or mid (14%) career workers to have at least three times their income in savings.

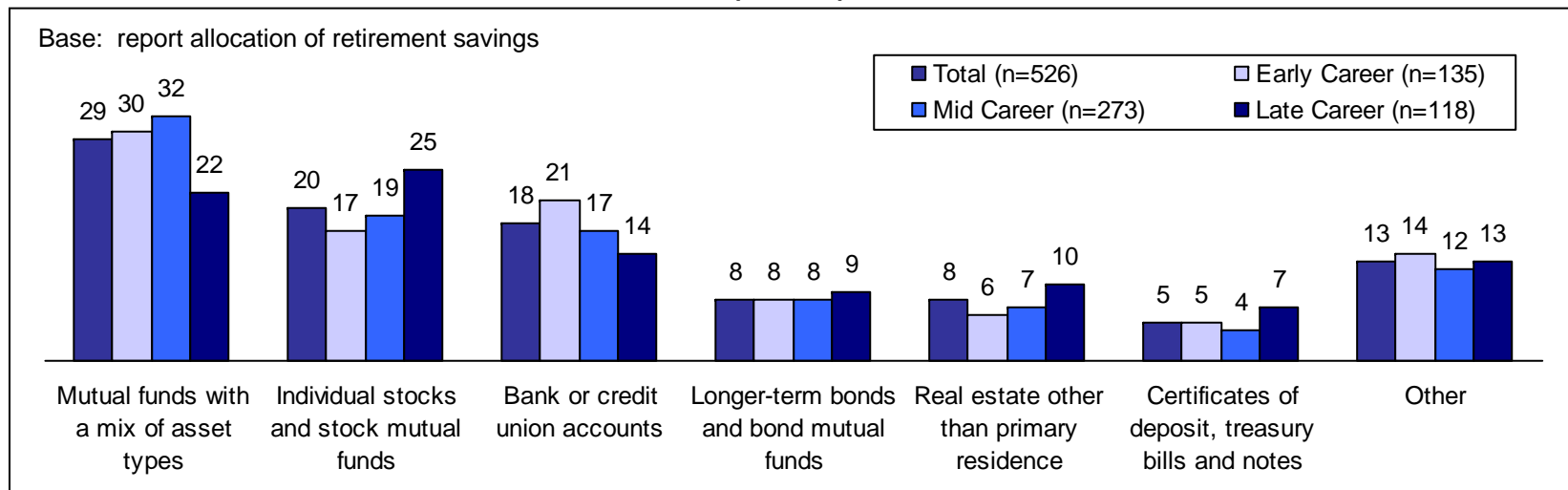
**Total Retirement Savings  
As Percentage of Household Income**



# Investment Allocation

- Although workers invest in many different asset classes, they tend to keep the majority of their investments in just a few. On average, workers have 29% of their retirement savings invested in mutual funds with a mix of asset types, 20% in stocks (either individual stocks or stock mutual funds), and 18% in bank or credit union accounts.
  - Those with at least \$50,000 in financial assets have a larger portion of their retirement savings invested in stocks than those with smaller amounts (means of 24% vs. 15%).
  - The portion invested in bank or credit union accounts decreases as total assets increase.
- Smaller percentages of retirement funds are held in longer-term bonds and bond mutual funds (8%), real estate other than their primary residence (8%), and certificates of deposit, treasury bills, and notes (5%).
- On average, workers say they have 13% of their retirement assets in other types of investments.

**Roughly what percentage of your total retirement savings (including money in employer plans and IRAs) are invested in each of the following categories? (means)**

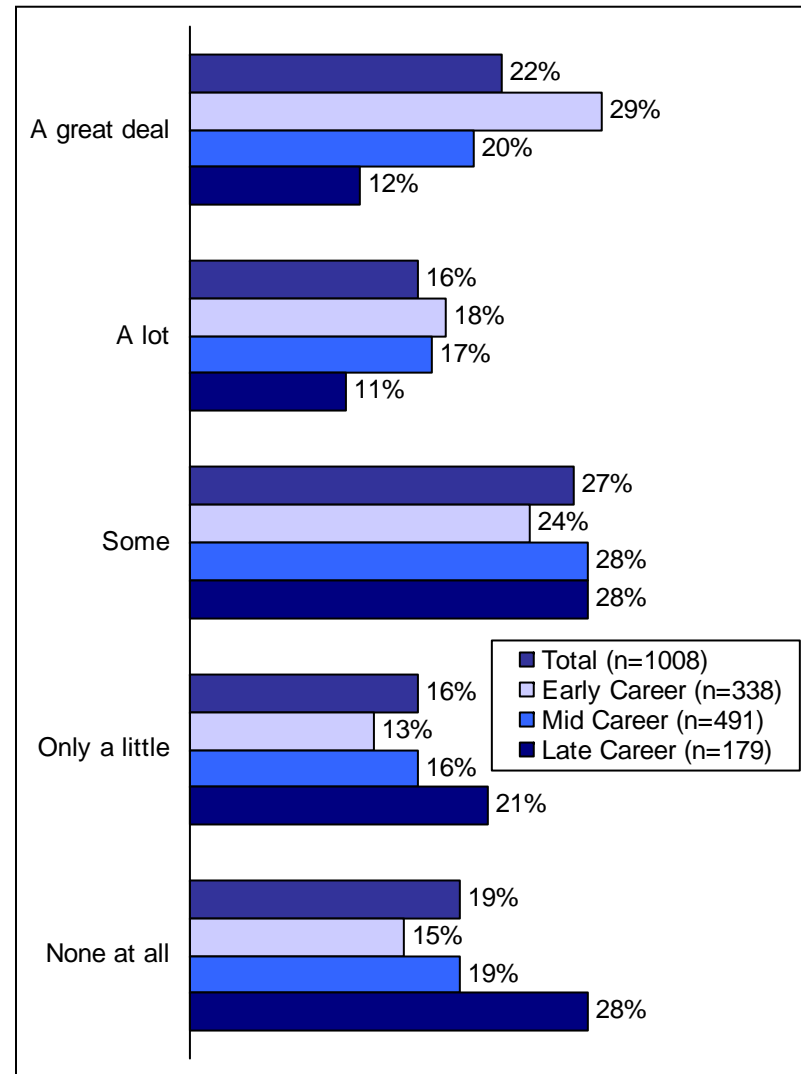




# Consumer Debt

- Consumer debt hinders a large minority of workers' efforts to save for retirement. Close to four in ten say their level of debt has had a great deal (22%) or a lot (16%) of effect on their ability to save.
- More than one-quarter admit that their consumer debt has some effect on their ability to save for retirement (27%).
- Roughly one-third state their debt affects their savings ability only a little (16%) or not at all (19%).
  - Workers farther from retirement are more likely than those nearing retirement to report their consumer debt affects their ability to save. Married late career workers are more likely than others to state their saving ability is relatively unaffected by consumer debt (57%).
  - The effect of consumer debt *decreases* as household income, financial assets, or home equity increase. It also decreases as health status improves.

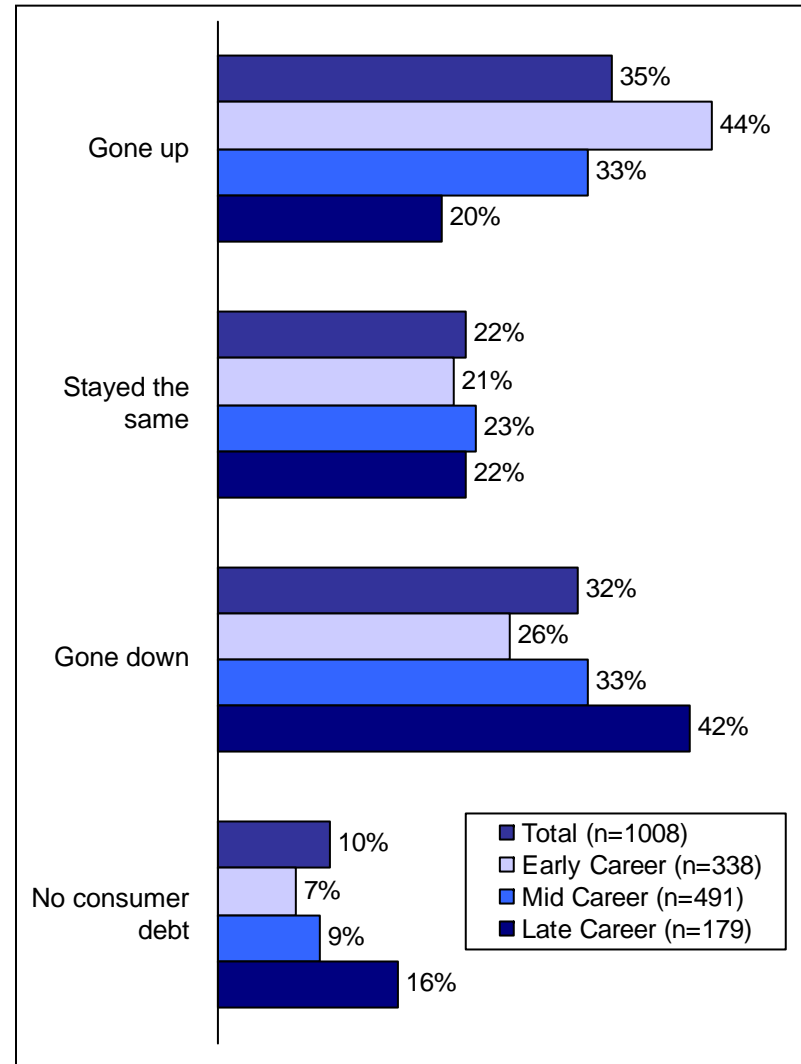
**To what extent is your consumer debt affecting your ability to save for retirement?**



# Consumer Debt (continued)

- Workers are as likely to report that their consumer debt has increased in the past five years (35%) as they are to say it decreased (32%).
  - Workers appear to reduce the level of their debt as they move along their career track toward retirement.
  - Early career workers with financial assets under \$50,000 are more likely than other workers to say their debt has gone up (48%) vs. 29%).
- More than two in ten say their consumer debt remained level during this time (22%).
- One in ten state they have no consumer debt (10%).
  - Larger shares of late career workers (16%)—especially late career men (21%)—than early (7%) and mid (9%) career workers say they have no debt.

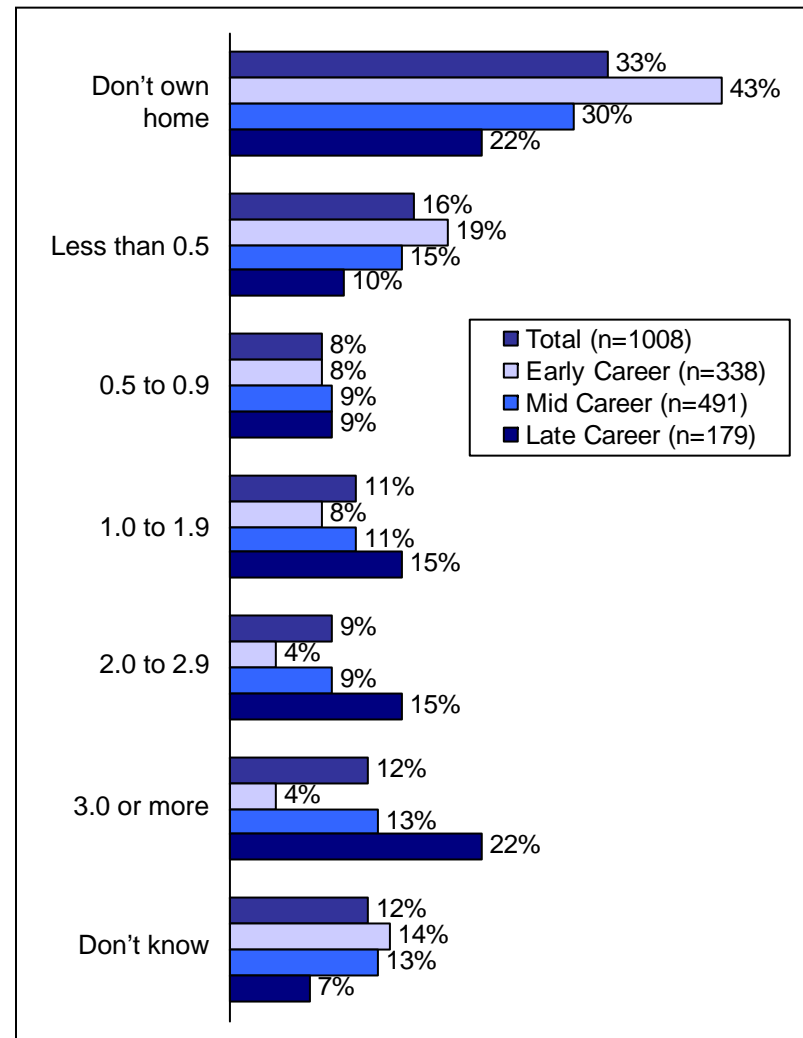
Over the past five years, would you say your consumer debt has . . . ?



# Home Equity

- Most Americans have some equity in their primary home. Roughly one in ten each report having equity of at least 3.0 (12%), 2.0 to 2.9 (9%), 1.0 to 1.9 (11%), and 0.5 to 0.9 (8%) times their household's annual income. One in six indicate they have equity of less than 0.5 times their income (16%).
  - The level of equity increases as workers age and move closer to retirement. Late career males are particularly likely to report equity of at least three times their annual income (30%).
  - The level of equity also increases with household income and financial assets.
- One-third of workers do not own their primary home and therefore have no equity (33%).
  - Unmarried workers (51%, compared with 18% of married) and women (36%, compared with 30% of men) are more likely to say they have no equity.
  - The likelihood of having no equity increases as health status declines.

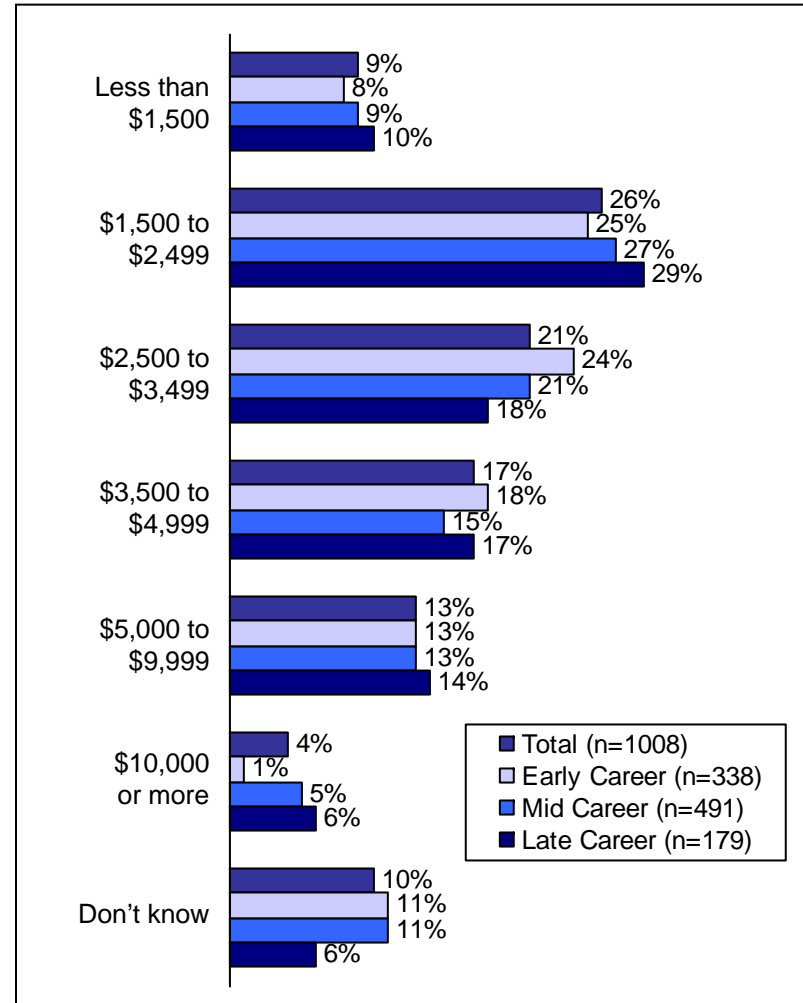
**How much equity do you (and your spouse) currently have in your primary home in relationship to your household's annual income?**



# Monthly Income Needed in Retirement

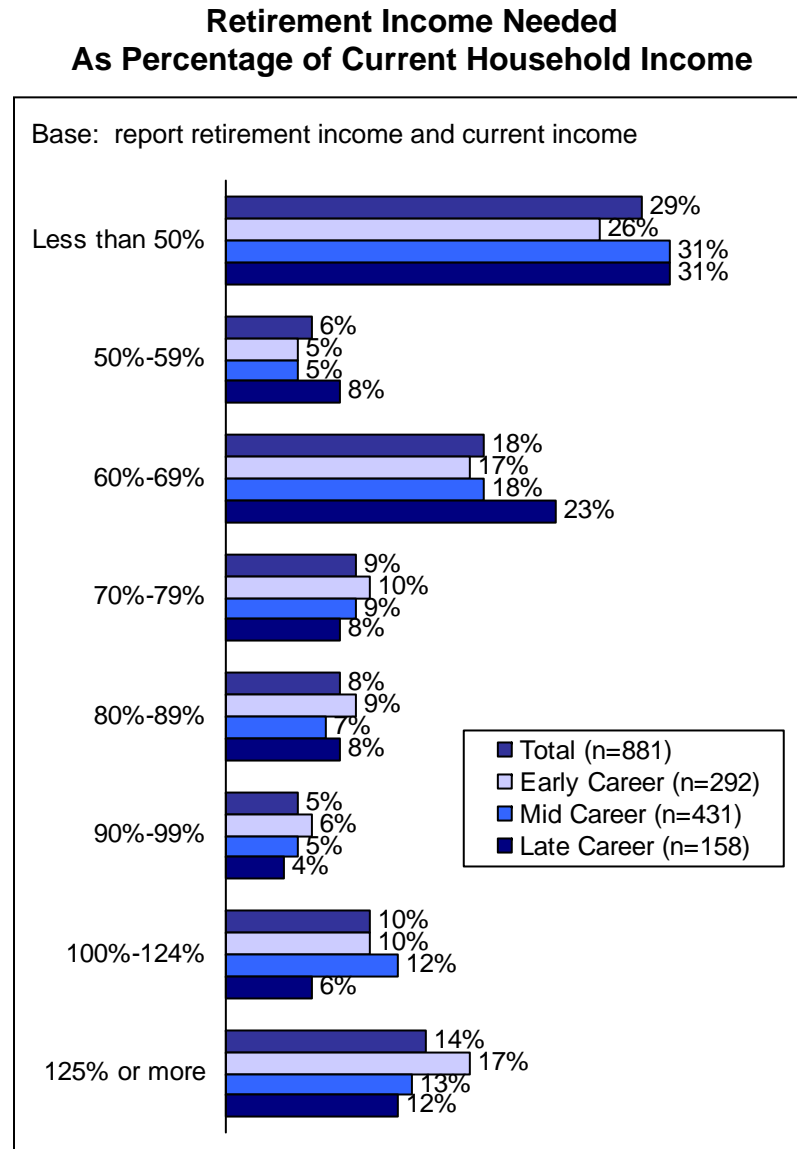
- Most workers estimate they need a monthly income of between \$1,500 and \$4,999, before taxes, to maintain their desired lifestyle in retirement.
- One in ten believe they need a monthly retirement income of less than \$1,500 (9%), one-quarter think they need \$1,500 to \$2,499 (26%), and two in ten estimate they need \$2,500 to \$3,499 (21%).
- Fewer than two in ten each think they need \$3,500 to \$4,999 or \$5,000 or more (17% each).
  - Mid (5%) and late (6%) career workers are slightly more likely than early career (1%) to estimate they need \$10,000 or more.
  - Not surprisingly, married workers are more likely than unmarried to think they need \$5,000 or more in monthly retirement income (25% vs. 7%). This amount also increases as current income increases.
- One in ten state they do not know how much they will need (10%)

**If you were to retire today, what is your best estimate of the amount of money you (and your spouse) would need as income each month before taxes to maintain your desired lifestyle?**



# Monthly Income Needed in Retirement (continued)

- The amount of income that workers say they need in retirement was compared with their current household income to determine the percentage of pre-retirement income that workers think they will need to replace.
- Three in ten workers estimate they need less than 50% of their current household income to maintain their desired lifestyle in retirement (29%). Another quarter expect to maintain that lifestyle with 50% to 69% of their current income (24%).
- 13% think they will need to replace 80% to 99% of their pre-retirement income, while one-quarter expect to need at least as much income in retirement as before retiring (24%).
  - There appear to be no statistically significant differences in perceived income needs by career stage.



# Sources of Retirement Income

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- On average, workers expect to receive more income from savings and investments than from other sources of income after they retire. Although two in ten say they do not anticipate getting any income from savings and investments (19%), another two in ten expect to get \$1 to \$999 each month (20%), and one in ten think they will get \$1,000 to \$1,999 (11%). 18% estimate they will get at least \$2,000 each month in retirement from this source. (32% do not know how much they will get.)
  - The income expected from savings and investments increases as the level of financial assets increases.
- Most workers also say that Social Security payments and employment will provide them with retirement income. One in ten expect to get nothing from their own Social Security (11%), but three in ten anticipate getting monthly income of \$1 to \$999 (29%), another three in ten say they will get \$1,000 to \$1,999 (31%), and 7% expect \$2,000 or more. Similarly, while two in ten state they will not get any income from employment (21%), two in ten believe they will get \$1 to \$999 (22%), 14% say they will have \$1,000 to \$1,999, and 13% will have \$2,000 or more per month in retirement.
  - Early career workers (19%) are more likely than mid (7%) or late (5%) career to think they will get no Social Security income at all.
- Workers are somewhat less likely to say they will have pension income from their own employer. 15% think they will have \$1 to \$999 in monthly pension income and roughly one in ten each say they will have \$1,000 to \$1,999 (10%) and \$2,000 or more (9%). However, more than four in ten expect to receive no retirement income from a pension (43%).
- Married workers provide slightly different estimates with respect to Social Security and pension payments to their spouse. Although 14% say their spouse will get no monthly income from Social Security, one-quarter say their spouse will get \$1 to \$999 (26%), almost three in ten expect \$1,000 to \$1,999 (29%), and 6% expect \$2,000 or more. At the same time, roughly one in ten each anticipate spousal pension income of \$1 to \$999 (11%), \$1,000 to \$1,999 (9%), and \$2,000 or more (6%) each month in retirement. However, nearly half state their spouse will not receive any pension income (47%).
  - A larger share of early career (23%) than mid (10%) or late (8%) career workers think their spouse will receive no income from Social Security.
  - The amount of retirement income expected from each source, including employment, rise in relation to current income.
  - Overall, early career workers are more likely than others to say they do not know how much income they can expect to receive from each source.



# Sources of Retirement Income (continued)

How much income (in today's dollars) do you (and your spouse) expect to get each month from each of the following sources in retirement?

	Total (n=1008) %	Early Career (n=338) %	Mid Career (n=491) %	Late Career (n=179) %
<b>Social Security payments to you</b>				
Nothing	11	19	7	5
\$1 to \$499	7	8	6	7
\$500 to \$999	22	24	22	17
\$1,000 to \$1,499	19	10	21	28
\$1,500 to \$1,999	12	7	14	20
\$2,000 to \$2,999	5	4	5	6
\$3,000 or more	2	1	3	3
Don't know	22	27	22	14
<b>Pension income from your employer(s)</b>				
Nothing	43	45	42	42
\$1 to \$499	8	6	9	9
\$500 to \$999	7	6	8	5
\$1,000 to \$1,499	6	3	6	10
\$1,500 to \$1,999	4	2	4	8
\$2,000 to \$2,999	4	3	4	8
\$3,000 or more	4	3	5	5
Don't know	24	32	23	13
<b>Employment (of you and/or your spouse)</b>				
Nothing	21	21	19	24
\$1 to \$499	9	8	10	6
\$500 to \$999	13	11	12	20
\$1,000 to \$1,499	9	8	8	12
\$1,500 to \$1,999	6	3	7	5
\$2,000 to \$2,999	5	6	5	5
\$3,000 or more	7	6	9	7
Don't know	30	36	29	21

# Sources of Retirement Income (continued)

How much income (in today's dollars) do you (and your spouse) expect to get each month from each of the following sources in retirement? (continued)

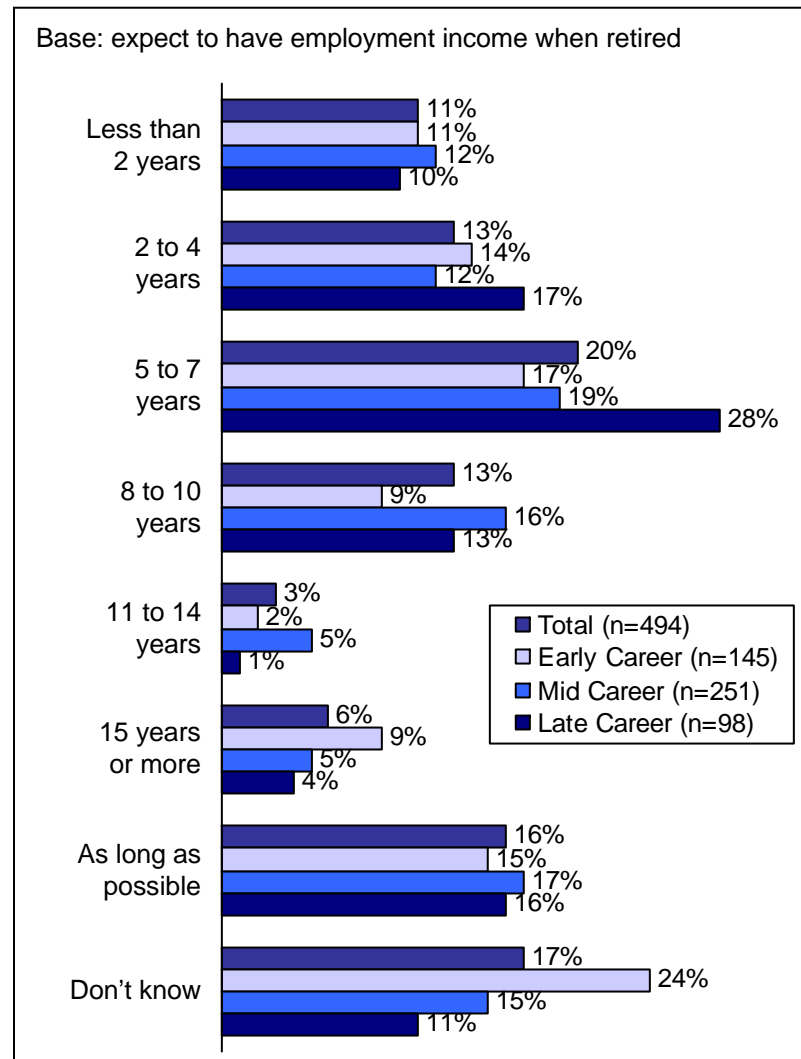
	Total (n=1008) %	Early Career (n=338) %	Mid Career (n=491) %	Late Career (n=179) %
<b>Savings and investments</b>				
Nothing	19	19	20	15
\$1 to \$499	11	10	11	11
\$500 to \$999	9	7	10	13
\$1,000 to \$1,499	8	8	8	10
\$1,500 to \$1,999	3	3	2	4
\$2,000 to \$2,999	7	6	8	8
\$3,000 or more	11	9	11	14
Don't know	32	39	30	24
<b>Base: married</b>				
	(n=566)	(n=172)	(n=271)	(n=123)
<b>Social Security payments to your spouse</b>				
Nothing	14	23	10	8
\$1 to \$499	8	12	9	2
\$500 to \$999	18	12	20	22
\$1,000 to \$1,499	20	15	20	29
\$1,500 to \$1,999	8	5	9	11
\$2,000 to \$2,999	5	4	5	7
\$3,000 to or more	1	2	1	2
Don't know	25	28	27	19
<b>Pension income from your spouse's employer(s)</b>				
Nothing	47	51	44	46
\$1 to \$499	5	4	3	8
\$500 to \$999	6	3	8	6
\$1,000 to \$1,499	6	3	6	8
\$1,500 to \$1,999	3	1	4	6
\$2,000 to \$2,999	4	3	4	5
\$3,000 or more	2	3	3	3
Don't know	27	32	28	18



# Working in Retirement

- Among workers who expect to receive income from employment during retirement, one-quarter plan on working for less than 5 years (24%) and one-third for 5 to 10 years (33%).
- About one in ten believe they will work for more than 10 years (9%), although another 16% state they will work for as long as possible.
- One in six say they do not know how long they will work (17%).
  - Early career workers (24%) are more likely than mid (15%) and late (11%) career to indicate they do not know.

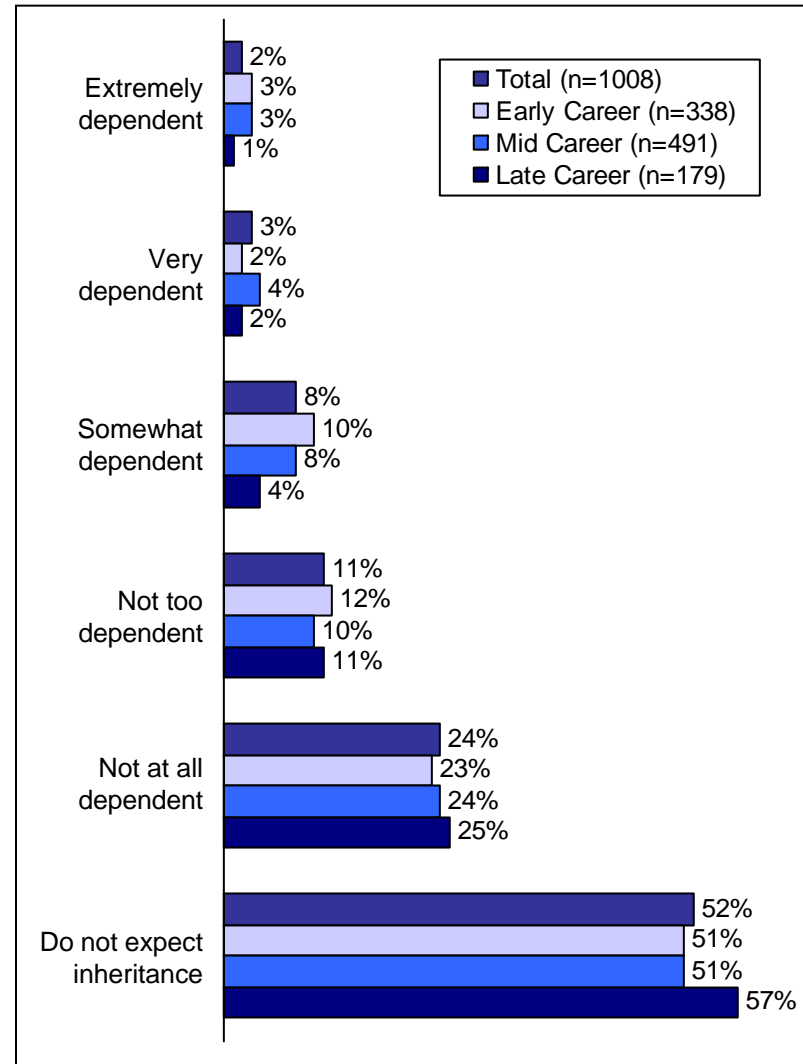
## For how many years after you retire do you think you (and/or yours spouse) will receive income from paid employment?



# Inheritances

- Very few workers say their financial security in retirement is extremely or very dependent on an expected inheritance (5%).
- In addition, approximately one in ten each indicate their retirement security is somewhat (8%) or not too (11%) dependent.
- Instead, one-quarter state their financial security is not at all dependent on an inheritance (24%) and more than half report they are not expecting an inheritance (52%).
  - Men are more likely than women (39% vs. 30%) and married workers are more likely than unmarried (39% vs. 30%) to say their security is not too or not at all dependent on an inheritance. On the other hand, women are more likely than men (57% vs. 48%) and unmarried workers are more likely than married (56% vs. 49%) to indicate they do not expect an inheritance.
  - Similarly, those with household income of \$50,000 or more are more likely than those with less to be not too or not at all dependent (41% vs. 27%). They are *less* likely to say they do not expect an inheritance (46% vs. 59%).

**How dependent is your financial security in retirement on an expected inheritance?**



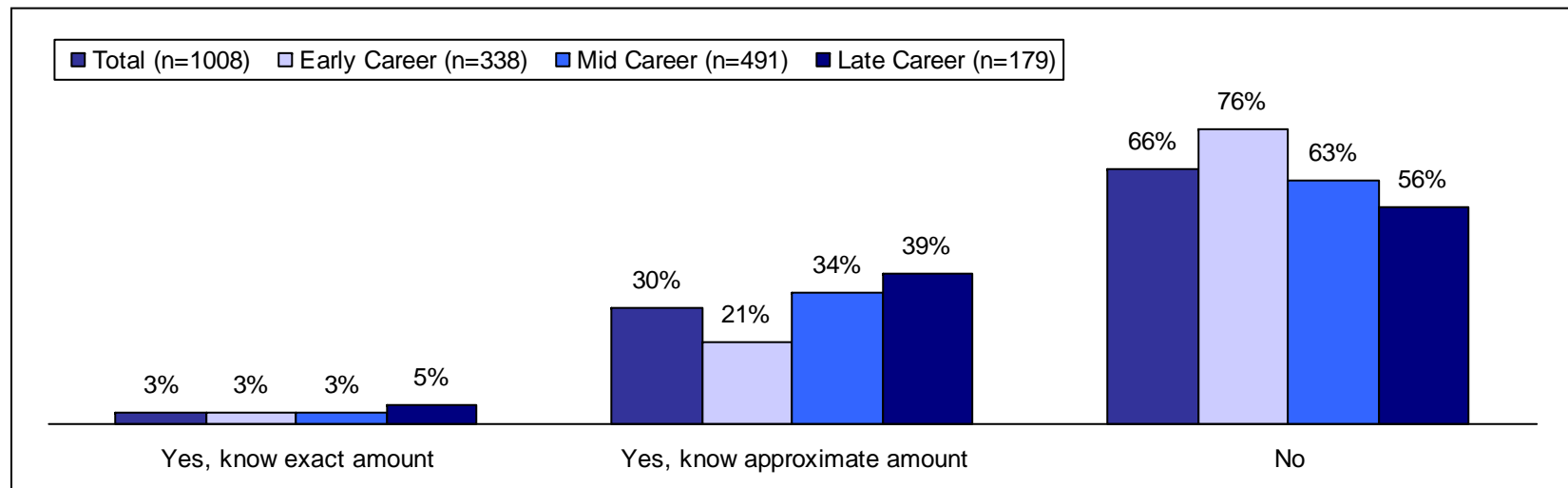
*Section 6*

*Detailed Findings:  
Financial Planning*

# Savings Goal for Retirement

- While very few workers say they know the exact amount they need to accumulate by the time they retire so as to maintain their desired lifestyle in retirement (3%), three in ten indicate they know the approximate amount (30%).
  - Mid (34%) and late (39%) career workers say they know the approximate amount more often than early career workers (21%).
  - The likelihood of knowing how much is needed increases with household income or financial assets.
  - Others more likely to report they know the amount needed are those participating in an employer-provided savings plan (41% vs. 21% not participating), men (41% vs. 26% of women) and married workers (37% vs. 30% of those not married).
- Nevertheless, two-thirds admit they do not know how much they need to accumulate to have the lifestyle they desire after they retire (66%).

**Do you know how much money you (and your spouse) will need to accumulate by the time you retire to maintain your desired lifestyle in retirement?**



# Savings Goal for Retirement (continued)

- Workers who say they know the exact or approximate amount they need to accumulate for retirement were asked about the method they used to determine this amount. These workers report using a variety of methods, with no single technique standing out from the others.
- More than two in ten each say they used an on-line calculator or computer program (23%), estimated or guessed (22%), and had it calculated by a financial advisor (22%). A slightly smaller proportion mention using a self-created worksheet (15%).
  - Workers participating in a savings plan at work are more apt to use an on-line calculator or computer program (25% vs. 13% not participating).
  - The propensity to estimate or guess *decreases* as household income or financial assets increase. In addition, workers not participating in a retirement plan at work are more likely to estimate or guess (49% vs. 17% participating in an employer plan).
- Less than one in ten each say they used a paper worksheet from a financial services company (8%) or read or heard the amount that was needed (6%).

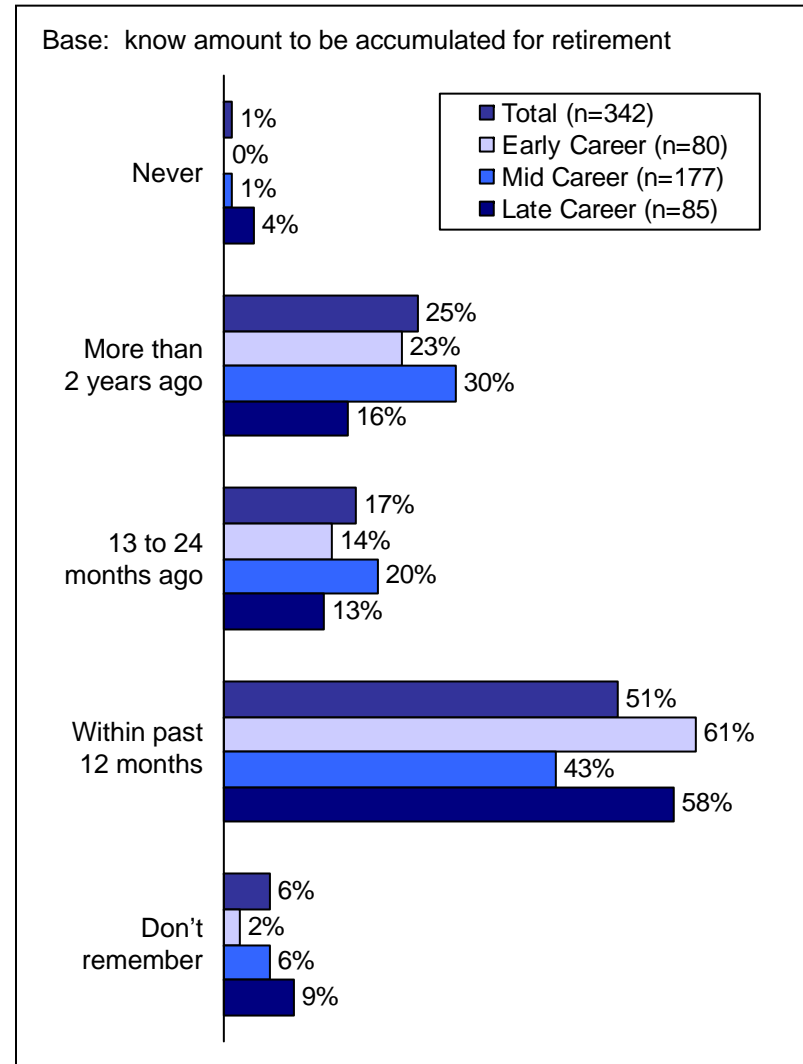
**Which one of the following comes closest to describing the method you (or your spouse) used to determine the amount you would need to accumulate for retirement?**

Base: know amount to be accumulated for retirement	Total (n=342) %	Early Career (n=80) %	Mid Career (n=177) %	Late Career (n=85) %
Used an on-line calculator or computer program	23	33	18	22
Estimated or guessed	22	14	27	20
Had it calculated by a financial advisor	22	19	23	23
Used a worksheet I created myself	15	12	14	18
Used a paper worksheet from a financial services company, educational publication, or some other source	8	13	7	5
Read or heard that is how much I would need	6	6	5	7
Don't remember	5	4	6	4

# Savings Goal for Retirement (continued)

- Half of workers who know the amount of savings needed for retirement state they last determined the amount within the past 12 months (51%).
- Less than two in ten did a determination most recently in the past 13 to 24 months (17%) and one-quarter did one more than two years ago (25%).
  - Early (61%) and late (58%) career workers are more likely than mid career (43%) to have done a determination in the past year.
  - Those who have at least \$50,000 in household assets are more apt than those with less to say they have determined this amount in the past 12 months (61% vs. 35%).
  - Workers not participating in a retirement plan at work are more than twice as likely as participants to report determining this amount more than two years ago (46% vs. 21%).

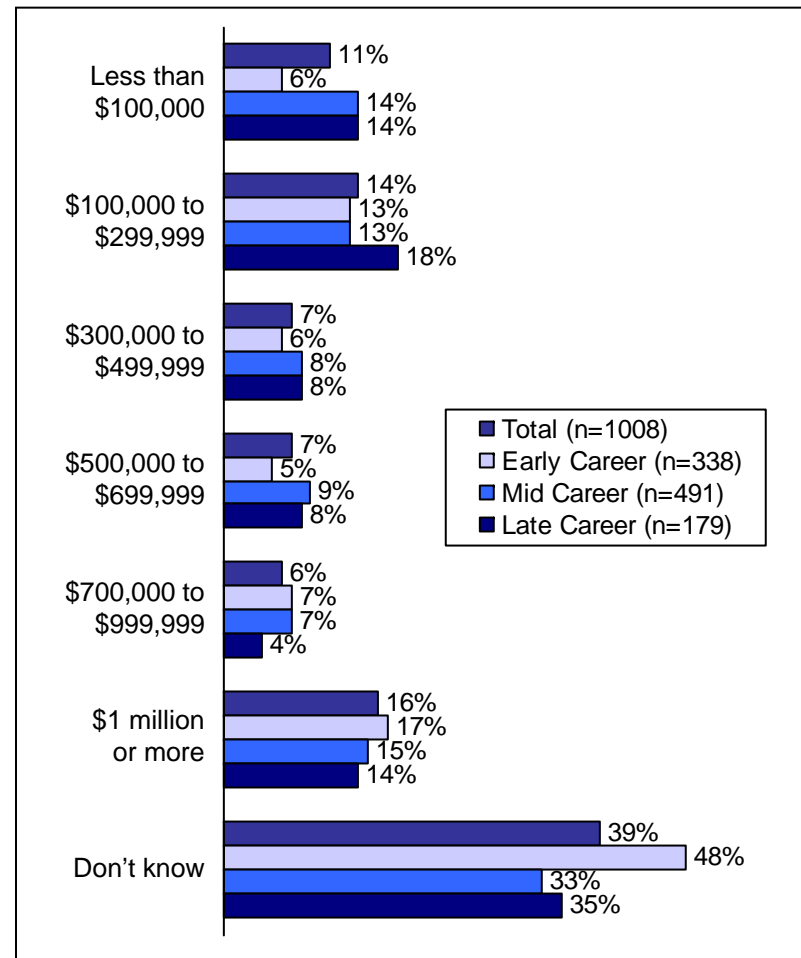
## When did you (most recently) determine how much you would need to accumulate for retirement?



# Savings Goal for Retirement (continued)

- When asked about the lump sum dollar amount that workers think they need to accumulate so they can maintain their desired lifestyle in retirement, about one in ten each provide an amount under \$100,000 (11%) and between \$100,000 and \$299,999 (14%).
- Less than one in ten each indicate they will need \$300,000 to \$499,999 (7%), \$500,000 to \$699,999 (7%), and \$700,000 to \$999,999 (6%).
- Close to two in ten state they need a lump sum of at least \$1 million to maintain the lifestyle they want in retirement (16%).
  - The total needed tends to increase as household income, financial assets, or home equity increase.
  - Married workers are more likely than unmarried to say they need higher amounts.
  - Workers saying they know how much they need to save for retirement (29% vs. 9% who do not) and those participating in an employer-provided savings plan (20% vs. 7% not participating) are more apt to say they need \$1 million or more.
- Nevertheless, four in ten workers indicate they do not know how much they need to accumulate (39%).
  - Early career workers (48%), more often than mid (33%) or late (35%) career, say they do not know the amount needed.

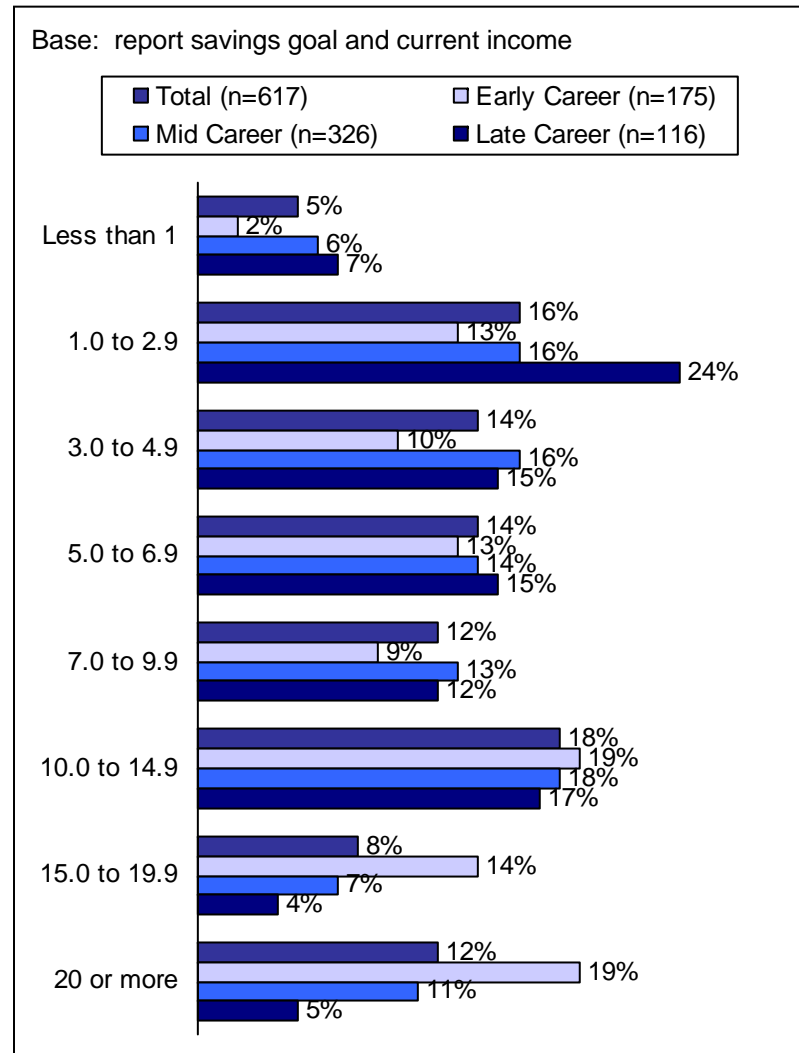
**What is the total lump sum dollar amount that you think you (and your spouse) will need to accumulate through workplace savings plans, IRAs, and other investments so you can maintain your desired lifestyle in retirement?**



# Savings Goal for Retirement (continued)

- To express the savings goal as a multiple of current household income, the reported goal was divided by income for each respondent providing these data. Although many estimates suggest that workers will need to have accumulated at least 10 times their current income to support themselves in retirement, the majority of workers cite savings goals that are considerably below that.
- More than one-third estimate they will need to save less than 5 times their current income before they retire (36%). 14% each think they can maintain their desired retirement lifestyle with savings of 5 to 6 or 7 to 9 times their current household income.
- About two in ten each believe they will need to accumulate a nest egg of 10 to 14 (18%) or at least 15 (20%) times their current income to be comfortable in retirement.
  - Savings goals as a multiple of current income tend to be higher for early career workers than for late career workers.

**Savings Goal  
As Multiple of Current Household Income**

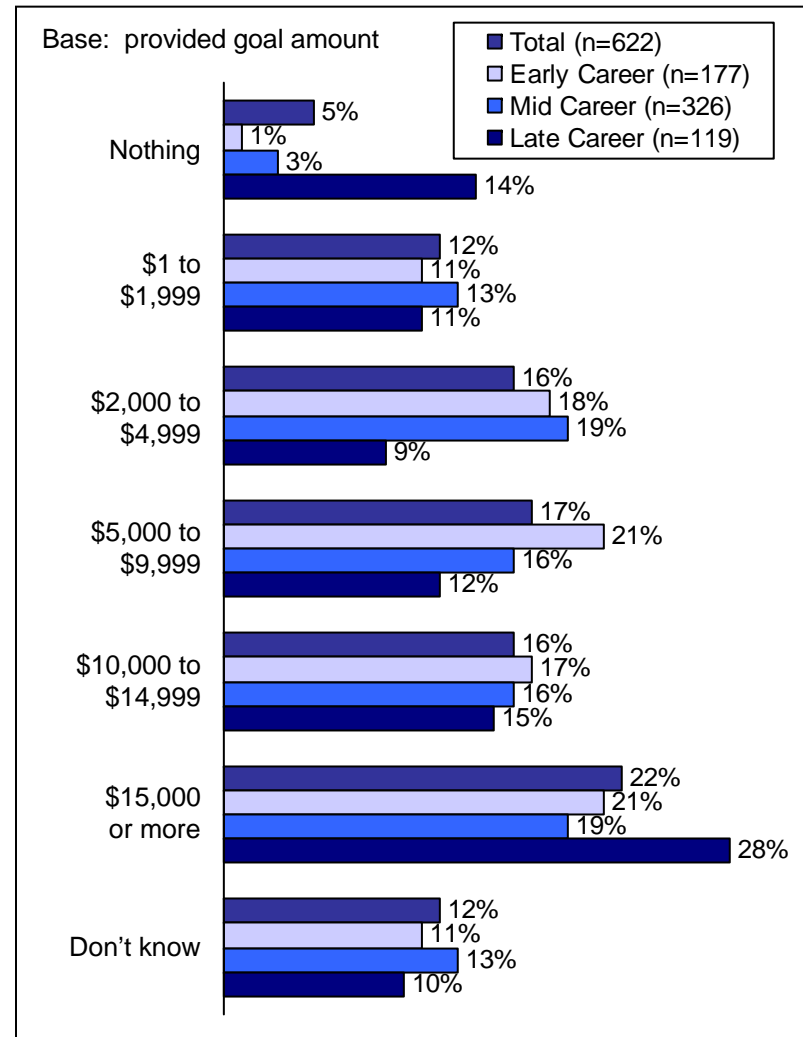




# Savings Goal for Retirement (continued)

- Nearly four in ten workers providing a goal amount say they need to save \$10,000 or more each year to accumulate the lump sum they need by the time they retire (38%).
- One in six each report needing to save \$5,000 to \$9,999 (17%) and \$2,000 to \$4,999 (16%).
- More than one in ten say that saving \$1 to \$1,999 per year will be sufficient to meet their goal (12%), while 5% state they don't need to save anything.
  - Late career workers (14%)—especially late career men (20%)—are more likely than the early (1%) and mid (3%) career to say they need to save nothing at all.
  - The annual savings needed generally tends to increase with household income and household assets. Despite this, workers with assets of \$150,000 or more (14% vs. 2% with lower assets) and those with home equity at least three times their annual income (17% vs. 3% with less equity) are more likely to say they do not need to save anything.
- More than one in ten indicate they do not know how much they need to save each year to meet their goal (12%).

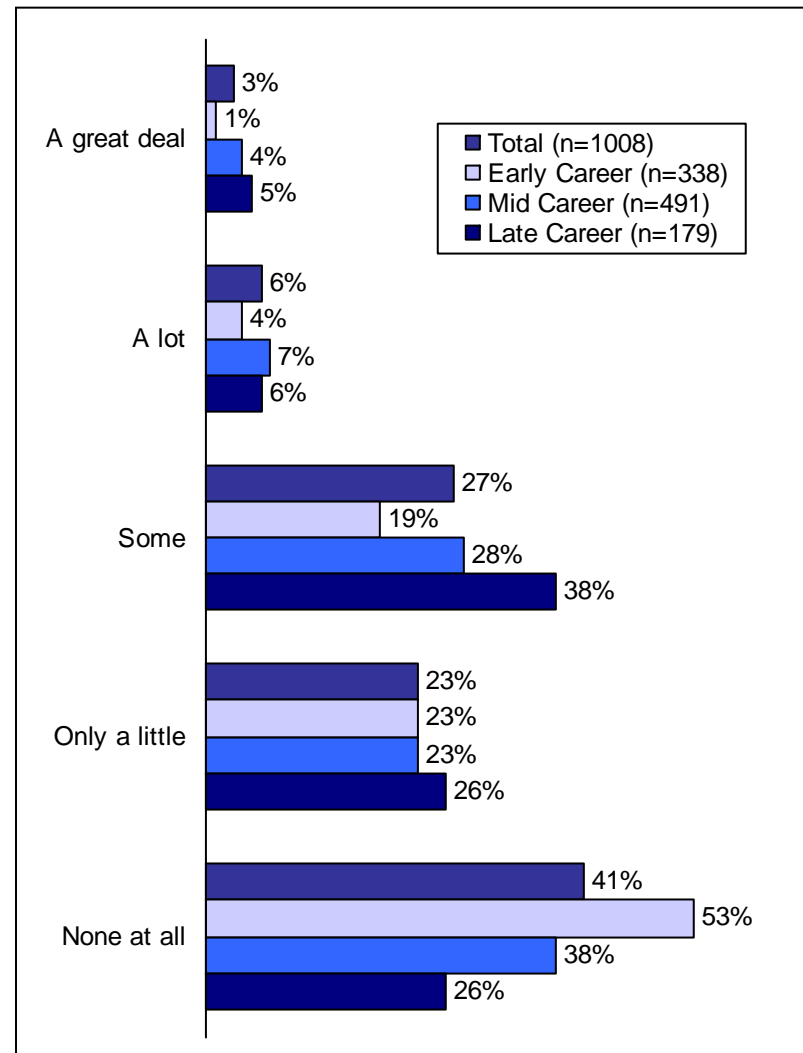
**How much do you think you (and your spouse) will need to save each year to accumulate this lump sum amount by the time you retire?**



# Planning for the Unexpected

- Contingency planning is a key step in ensuring a successful retirement, yet few workers put much effort into this type of planning. Just one in ten say they have done a great deal or a lot of planning for alternatives in case things do not go as planned (9%).
- More than one-quarter state they have done some contingency planning (27%), but nearly two-thirds have done only a little or no planning for alternatives (64%).
  - A larger share of early career (75%)—particularly those who are married (80%)—than mid (60%) or late (52%) career workers report they have done little or no contingency planning. In contrast, mid (28%) and late career (38%) workers are more apt than early career (19%) to have done some planning.
  - The proportions saying they have done little or no contingency planning increases as household income, financial assets, or home equity decrease or as health status declines.
  - Unmarried workers (70% vs. 59% of married) and women (68% vs. 60% of men) are among those more likely to have done little or no planning for the unexpected.

**To what extent have you planned for alternatives in case things don't go as you planned for your retirement?**



# Paying for Health and Long-term Care

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- When asked how they will pay health and long-term care expenses in retirement, a majority of workers say they will rely on Medicare (57%). A similar proportion of married workers also say their spouse will rely on Medicare (55%).
  - Three-quarters of late career workers look to Medicare to cover their own expenses (75%), compared with six in ten mid career (60%). Early career workers are least likely to count on Medicare (45%).
- Roughly one-quarter each expect to rely on Medicaid (24% for self; 21% for spouse) or employer-provided retiree health insurance (24% for self and spouse).
  - Late career workers (34%) are more likely than mid (23%) or early (19%) career to think employer-provided insurance will cover their expenses.
- Approximately two in ten are counting on personal savings or self insurance (21% for self; 20% for spouse) and health insurance purchased directly from an insurance company (21% for self; 20% for spouse) to play a role in paying for these types of expenses.
  - Late career workers (29%) are also more likely than mid (21%) or early (16%) career to look to health insurance purchased on their own.
  - The likelihood of self-insuring increases with household income and financial assets.
- Fewer say long-term care insurance will help to cover these expenses in retirement (14% for self and spouse).
- About three in ten workers do not know how they will pay for health and long-term care expenses in retirement (30% for self; 26% for spouse).
  - The farther workers are from retirement, the less likely they are to have considered how they will pay. Early careerists with less than \$50,000 in assets are especially likely to say they do not know how they will pay for these expenses (42%).
  - Among those more apt to say they do not know how they will pay for these expenses are those reporting no financial assets (44% vs. 21% with assets), those who do not own their home (42% vs. 21% of owners), unmarried workers (35% vs. 26% married), and those with household income under \$50,000 (34% vs. 24% with higher income).

# Paying for Health and Long-term Care (continued)

**Which of the following describes how you (and your spouse) will pay for your health and long-term care expenses in retirement?  
(multiple responses accepted)**

	<b>Total</b> (n=1008)	<b>Early Career</b> (n=338)	<b>Mid Career</b> (n=491)	<b>Late Career</b> (n=179)
	(n=566)	(n=172)	(n=271)	(n=123)
	%	%	%	%
Base for “you”: all respondents				
Base for “your spouse”: married				
<b>Medicare</b>				
You	57	45	60	75
Your spouse	55	47	54	71
<b>Medicaid</b>				
You	24	20	27	26
Your spouse	21	19	21	27
<b>Retiree health insurance coverage through an employer</b>				
You	24	19	23	34
Your spouse	24	17	24	32
<b>Personal savings/self insure</b>				
You	21	17	23	22
Your spouse	20	17	20	25
<b>Health insurance coverage purchased directly from an insurance company</b>				
You	21	16	21	29
Your spouse	20	20	16	31
<b>Long-term care insurance coverage</b>				
You	14	11	13	19
Your spouse	14	13	13	17
<b>Don't know</b>				
You	30	43	27	14
Your spouse	26	36	25	12

# Insurance Ownership

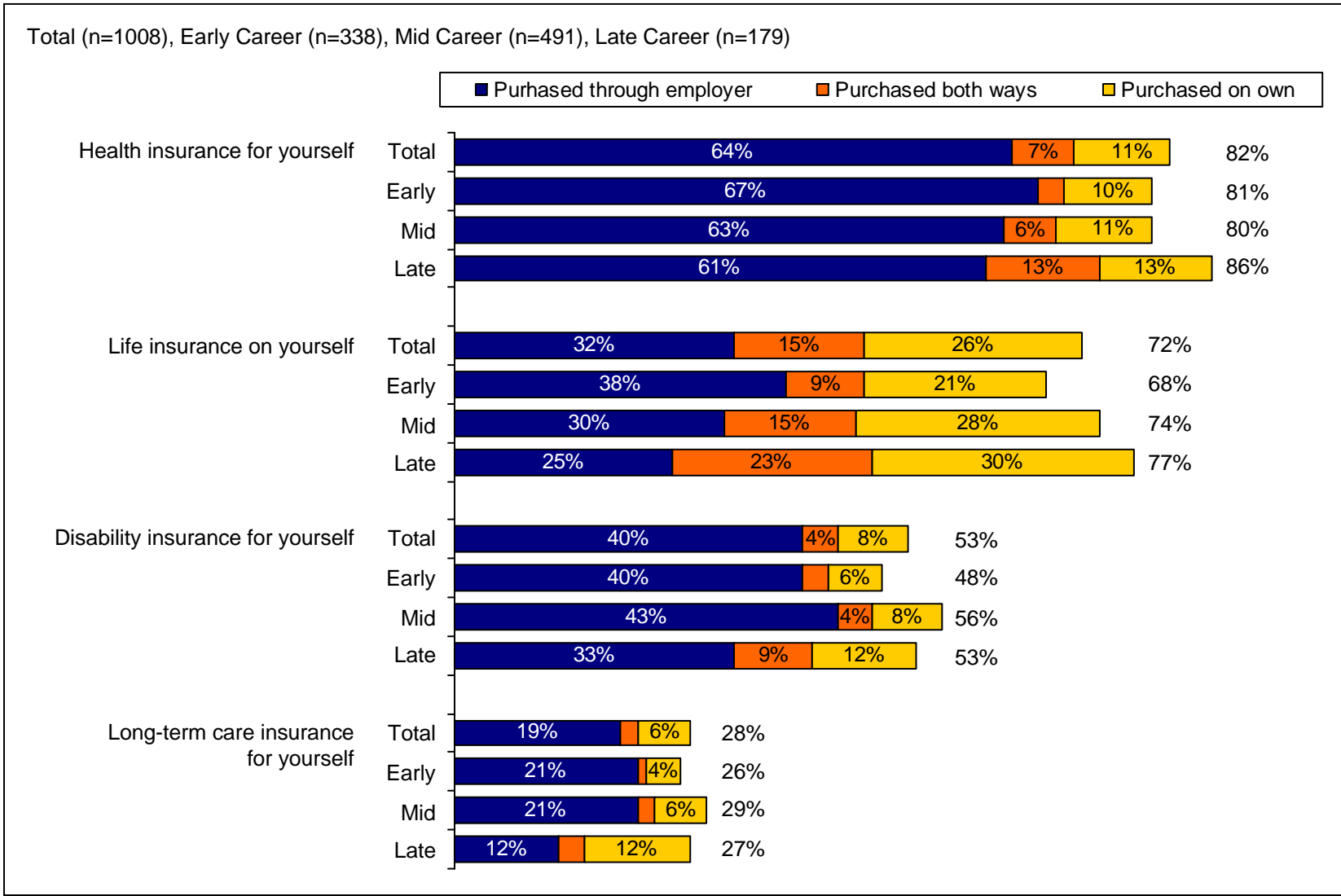
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- Workers are more likely to carry health insurance for themselves (82%) and their spouse and dependent children (87% of married workers) than any other type of insurance, whether purchased through an employer or purchased on their own.
  - Among those more likely to say they do *not* own health insurance are those with no financial assets (37%, compared with 8% with higher assets), those with household income under \$50,000 (27%, compared with 4% with higher income), those who do not own their home (25%, compared with 9% of owners), and those who are not married (23%, compared with 8% married).
- Substantial majorities also state they have life insurance on themselves (72%) and their spouses (75%).
  - Early career workers (38%) are more likely than mid (30%) or late (25%) career to rely solely on employer-provided life insurance for themselves. Mid and late career workers are more apt to purchase life insurance on their own either as their sole coverage (21% of early, 28% mid, 30% late) or as a supplement to coverage provided by their employer (9% early, 15% mid, 23% late).
  - The propensity to own life insurance increases with household income, financial assets, or home equity.
  - Married workers are more likely than those who are married (81% vs. 62%) and men are more likely than women (75% vs. 69%) to own life insurance.
- Only about half say they own disability insurance for themselves (53%, 38% for their spouse).
  - Those with less than \$50,000 in household income (49% vs. 35% with higher income) and with no financial assets (59% vs. 35% with more assets) are more likely to say they do *not* have disability insurance.
- Workers are least likely to say they have long-term care insurance for themselves (28%) or their spouse (24%). Despite these low percentages, workers may be overstating ownership of this type of coverage as the percentage covered is thought to be much lower.
  - Surprisingly high percentages of early and mid career workers (21%) claim to have purchased long-term care insurance for themselves through an employer. A smaller percentage of late career workers make this claim (12%).
  - Workers with less than \$50,000 in household income are more likely than those with higher income to report they do *not* have long-term care coverage (70% vs. 59% with higher income), while those with no financial assets (14% vs. 5% with assets) and those who do not own their home (13% vs. 5% of homeowners) are more apt to say they do not know whether they own this type of insurance.
  - Those who do not participate in retirement plan benefits at work are more likely than participants to state they do not own each type of insurance for themselves.



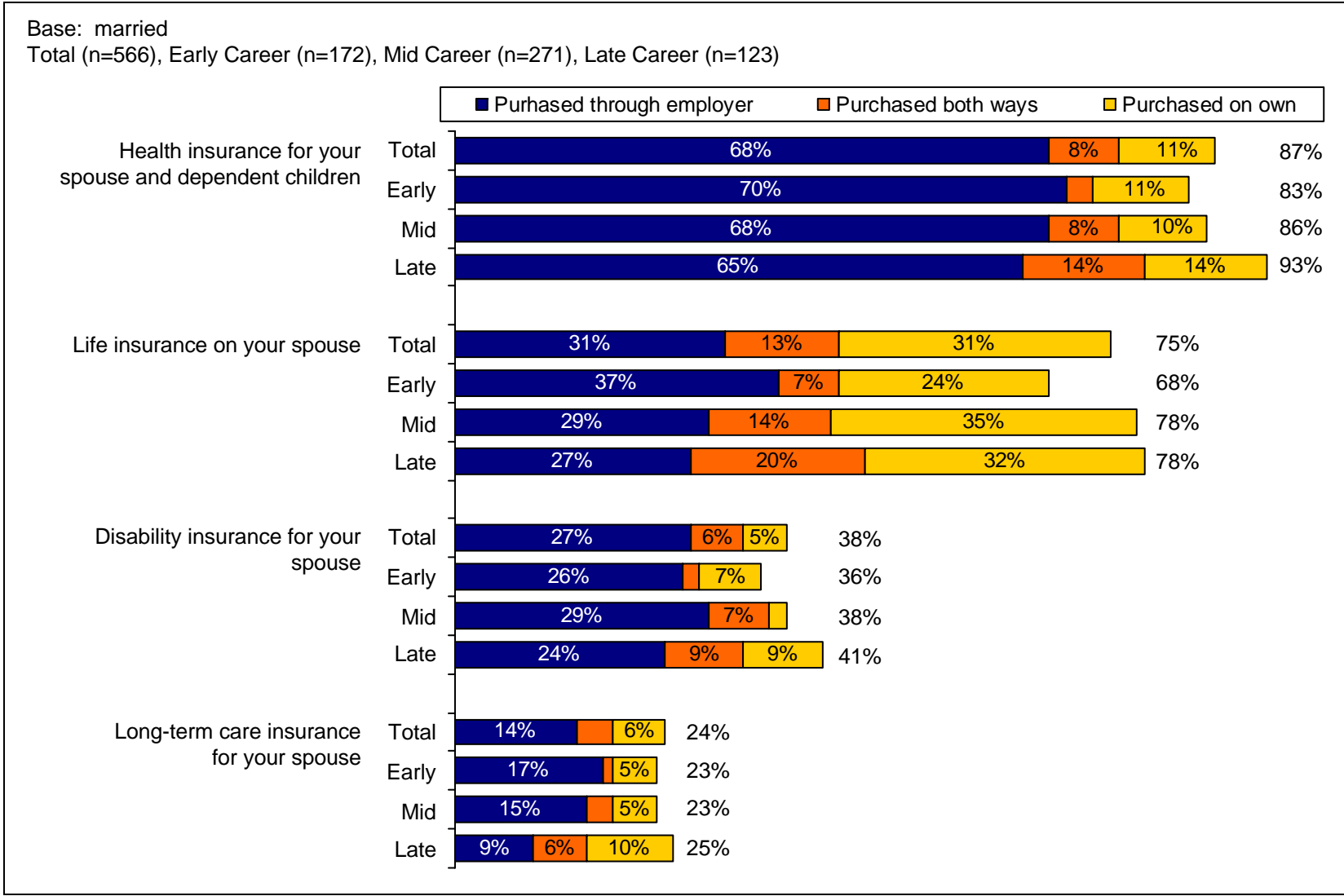
# Insurance Ownership (continued)

Please indicate whether you have each of the following products, either through an employer or purchased on your own.



# Insurance Ownership (continued)

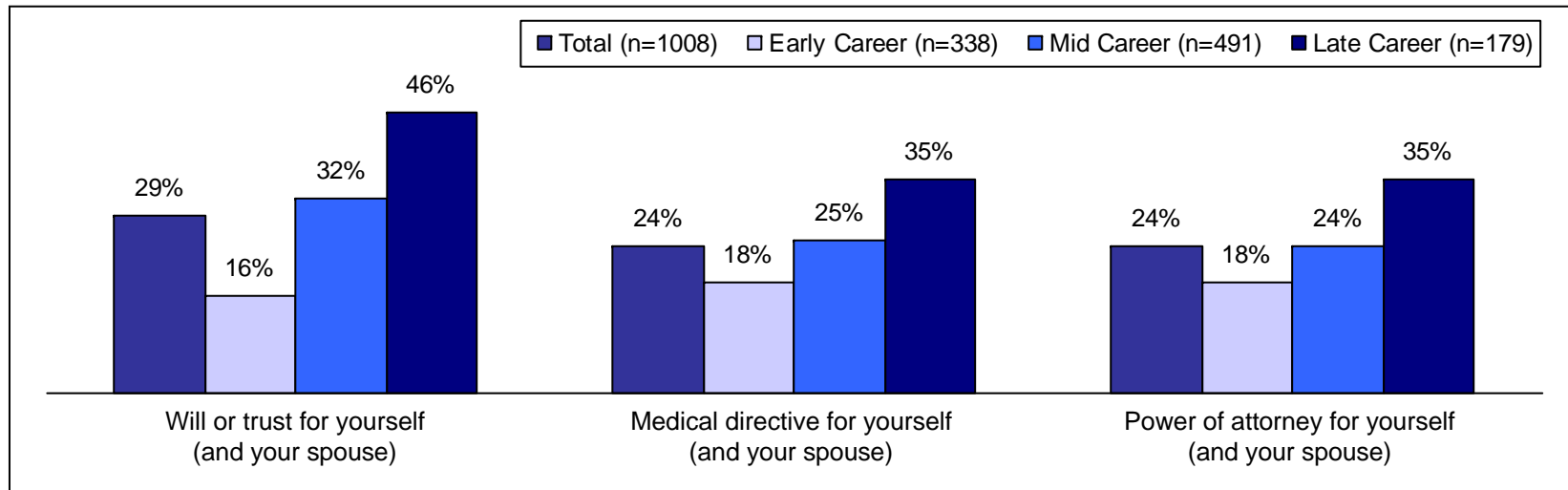
Please indicate whether you have each of the following products, either through an employer or purchased on your own.



# Documents

- Three in ten American workers say they have a will or trust (29%) and one-quarter each have a medical directive or power of attorney (24% each).
  - Ownership of these documents is strongly related to peer segment and increases sharply as workers advance toward retirement. Married late careerists are particularly likely to say they have a will or trust (55%), medical directive (44%), and power of attorney (44%), as are late career males (51% will or trust, 43% medical directive, 41% power of attorney).
  - The propensity to have these documents increases with household income, financial assets, and home equity.

Please indicate whether you have each of the following documents.

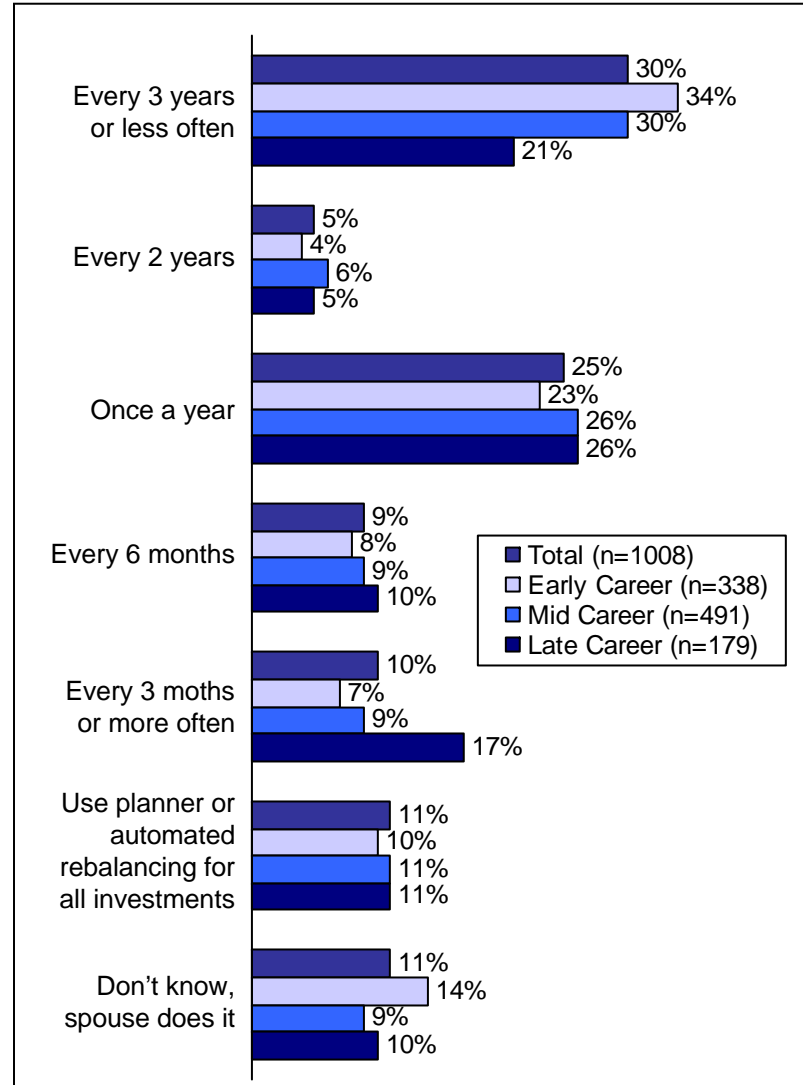




# Rebalancing

- Three in ten workers review and adjust their investment allocations every six months or more often, either by doing it themselves (19%) or by using a planner or automated rebalancing plan (11%).
  - Late career workers (17%), more often than mid (9%) or early (7%) career, state they rebalance their investments at least every three months. Late career males are especially likely to rebalance this often (24%).
- One-quarter rebalance about once a year (25%), but more than one-third do so every two years or less often (35%).
  - The likelihood of rebalancing every two years or less *decreases* as household income or financial assets increase.
  - Unmarried workers (48% vs. 23% married) and those who do not own their home (45% vs. 27% of owners) are more apt to indicate they rebalance every two years or less often.
- One in ten state they are unaware of how often their investments are reviewed because they leave this task in the hands of their spouse (11%).

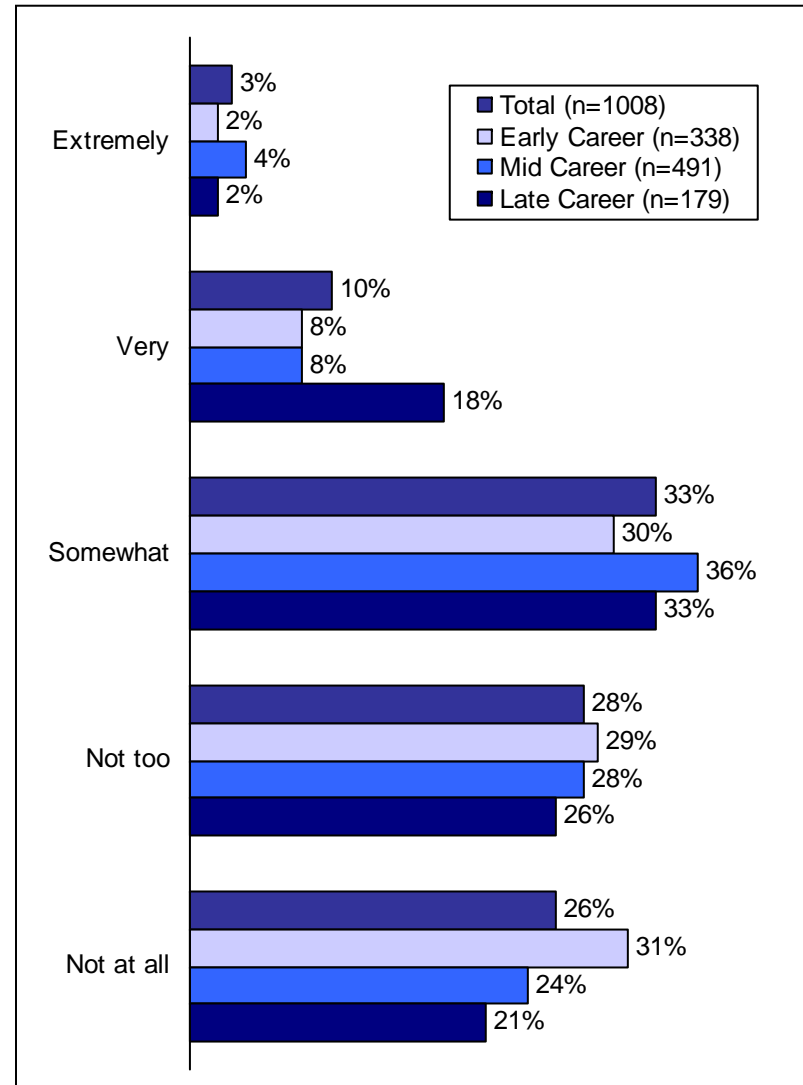
**About how often do you review and adjust how your savings are allocated among different investments?**



# Investment Knowledge

- Workers do not appear to feel particularly knowledgeable about investing. More than half rate themselves as not too or not at all knowledgeable (54%).
- One-third say they are somewhat knowledgeable (33%).
- Only 13% rate themselves as extremely or very knowledgeable about investing.
  - Late career workers (20%) are about twice as likely as mid (12%) and early (10%) career to consider themselves as extremely or very knowledgeable. Married late careerists are among the most likely to rate themselves as knowledgeable (24%).
  - Men are four times as likely as women to say they know about investing (20% vs. 5%).
  - Investment knowledge increases with household income, financial assets, and home equity.
  - Workers participating in both a traditional pension and savings plan at work are more likely than other workers to describe themselves as extremely or very knowledgeable (21% vs. 11%).

How knowledgeable would you say you are about investing?



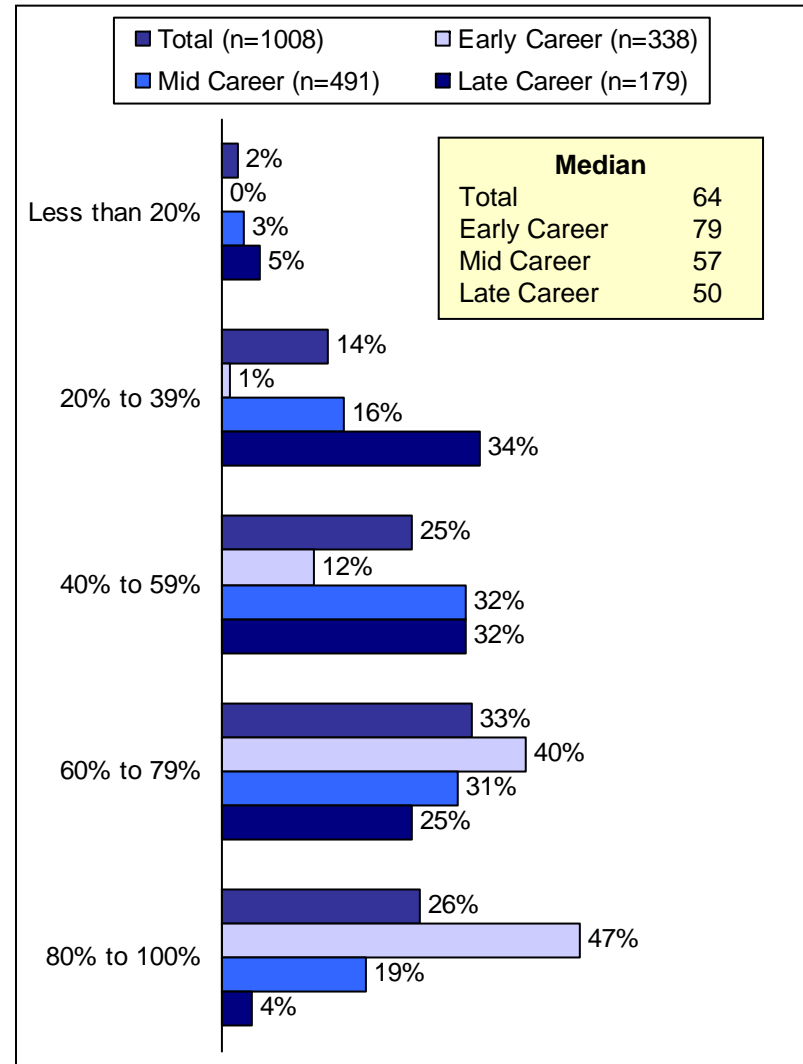
*Section 7*

# *Retirement Readiness Index*

# Networking and Engagement

- The information provided by respondents was scored using the Retirement Readiness Index. This index has three components: networking and engagement, health, and wealth.
- One-quarter of workers earn 80% to 100% of the available engagement points (26%), one-third earn 60% to 79% (33%), and another quarter earn 40% to 59% (25%). 17% achieve less than 10% of the available points.
  - Contrary to what might be expected, early career workers tend to earn a larger percentage of the available engagement points than workers in other peer segments.
  - The percentage of engagement points earned is related to the way workers feel about their plans for retirement. For example, half of those who say they can't wait for retirement (49%) and three in ten who say they have some plans but are mainly looking forward to spending more time on leisure activities (30%) score 80% or more. Approximately two in ten who are simply looking forward to not working anymore (20%) or are not sure how they will spend their time (17%) have similar scores.

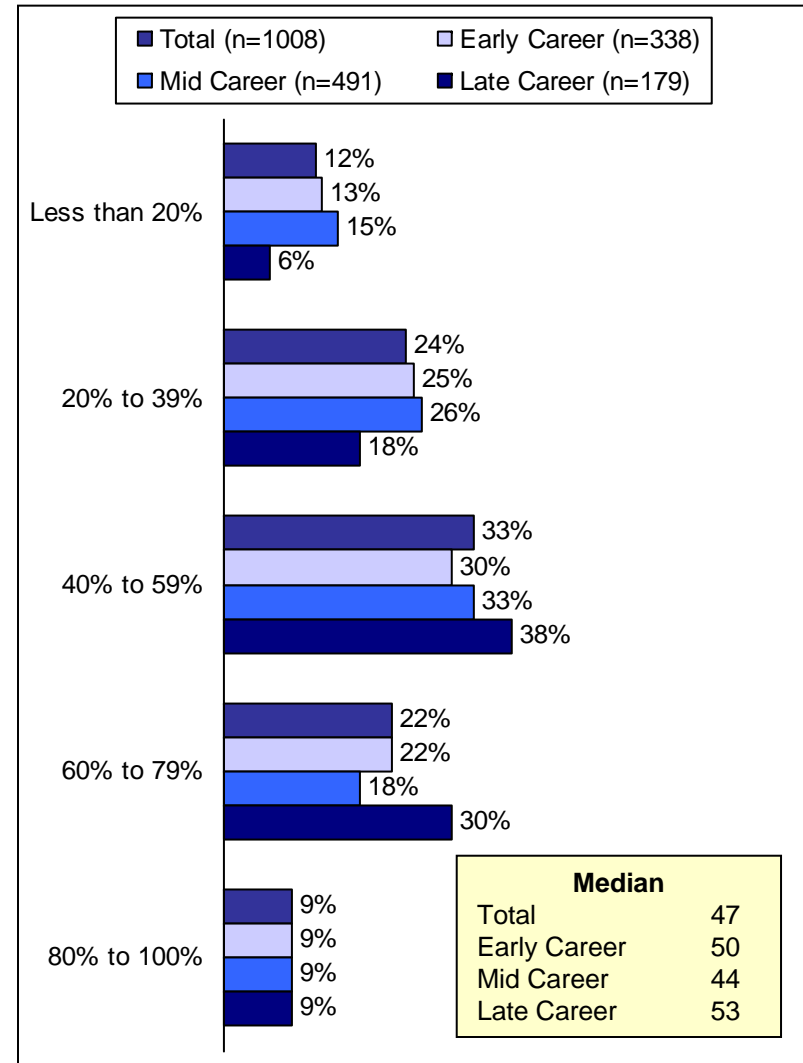
**Percentage of Networking and Engagement Points Earned**



# Health

- Workers generally earn fewer of the available health points than of the networking and engagement points.
- Only one in ten workers achieve 80% to 100% of the health points (9%). More than two in ten have 60% to 79% (22%) and one-third have 40% to 59% (33%).
- One-quarter earn 20% to 39% of the health points (24%), while more than one in ten earn less than 20% of the available points (12%).
  - Early (13%) and mid (15%) career workers are twice as likely as late career workers (6%) to have less than 20% of the points.
  - On the other hand, a larger share of late career workers (39%) than early (32%) or mid (26%) career earn 60% or more of the points.
  - The percentage of health points earned is related to workers' predictions about their health in retirement, with those expecting better health having a higher percentage of points.

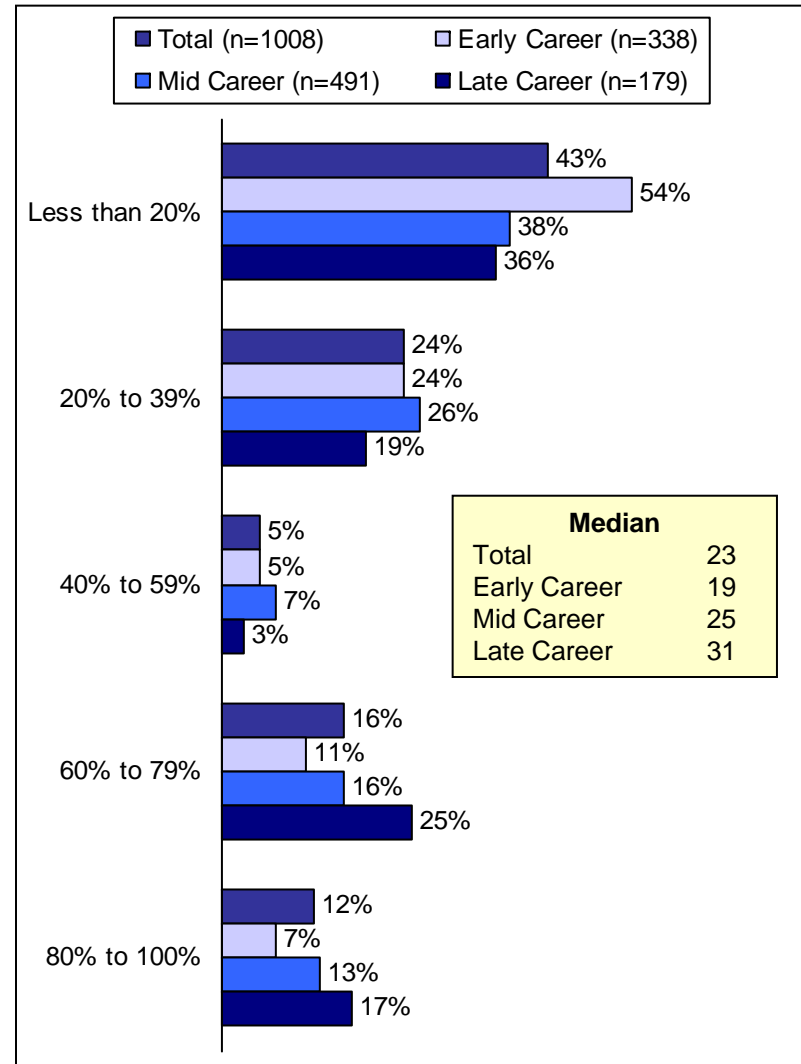
**Percentage of Health Points Earned**



# Wealth

- Of the three components of the index, workers tend to earn fewest of the available wealth points.
- More than four in ten workers earn less than 20% of possible wealth points (43%). One-quarter have 20% to 39% of the points (24%).
- Just over one in ten get 80% or more wealth points (12%), while 16% get 60% to 79% and 5% get 40% to 59% of the points.
  - The percentage of wealth points increases as workers approach retirement.
  - More than half of those who say they know how much they need to accumulate for retirement earn 60% or more of the wealth points (52%), compared with only 15% of those who do not know.

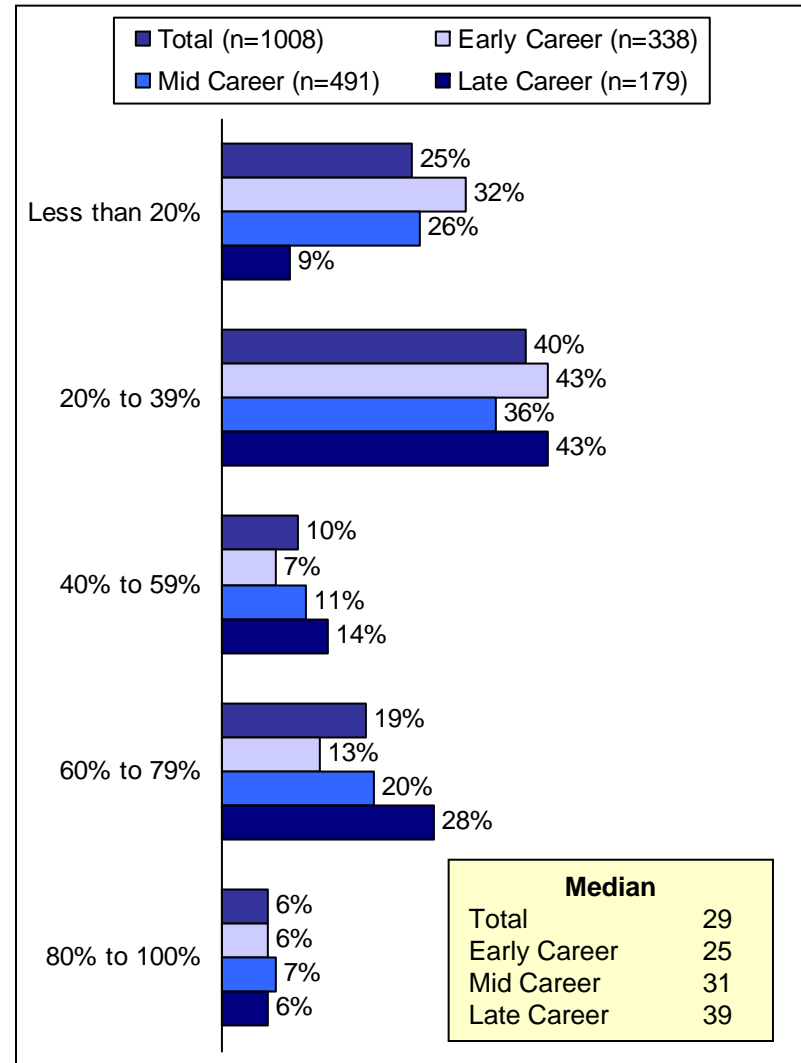
**Percentage of Wealth Points Earned**



# Total

- The networking and engagement, health, and wealth components are combined for a total index score.
- Very few workers earn 80% or more of the total points (6%), although two in ten get 60% to 79% (19%). One in ten achieve 40% to 59% of the points (10%).
- The majority of workers earn less than 40% of the total points. Four in ten get 20% to 39% (40%), while one-quarter get less than 20% of points (25%).
  - Late career workers tend to earn the most points, while early career workers earn the least.

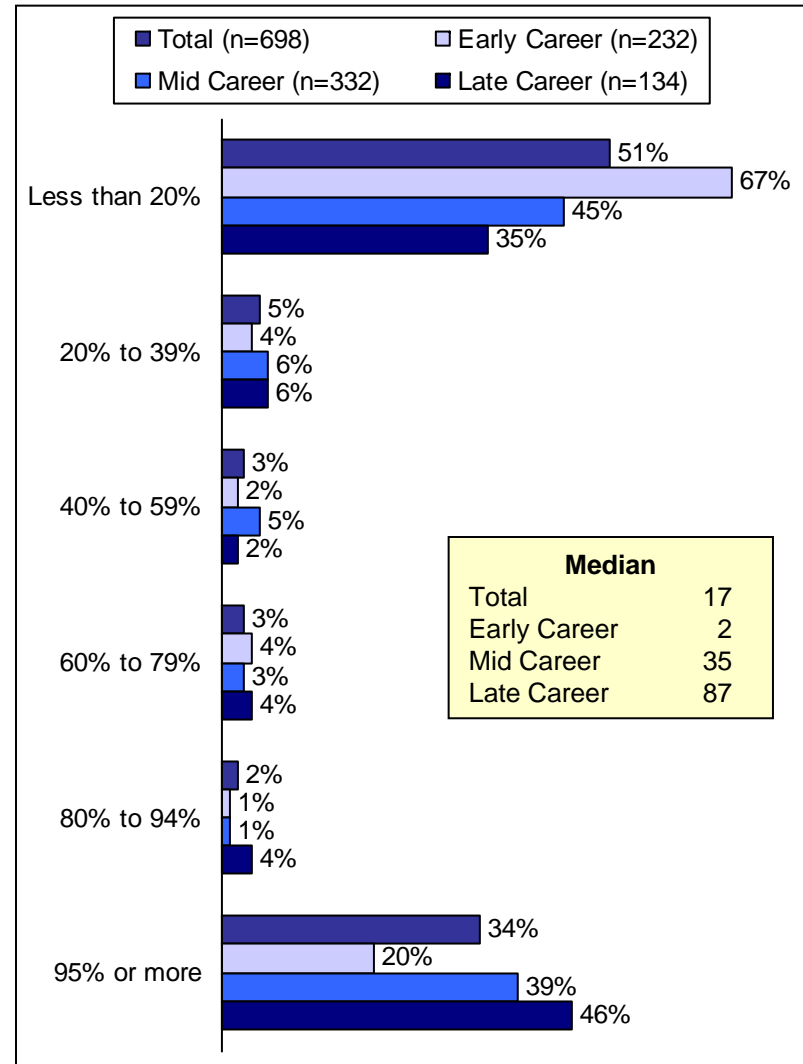
**Percentage of Total Points Earned**



# Likely Accumulation Needs

- As part of the index, the savings that workers are likely to accumulate by the time they retire and the savings needed to support their desired retirement income are calculated. The likely savings are then expressed as a percentage of the needed savings.
- It appears that half of workers are on track to save less than 20% of the total needed to support their desired lifestyle in retirement (51%).
- One-third are on track to accumulate 95% or more of the needed savings (34%). The remainder are likely to save 20% to 94% of what is needed (15%).
  - Although only two in ten early career workers are on track to accumulate the savings needed for retirement (20%), nearly half of late career workers appear likely to save what they need (46%). In contrast, two-thirds of early career workers are on track to save less than 20% of what is needed (67%), while just one-third of late career workers are that far behind (35%).
  - Those who know how much they need to accumulate for retirement are more than twice as likely than those who do not to be on track to save 95% or more of what they need (52% vs. 23%).

**Likely Savings as a Percentage of Needed Savings**





*Section 8*

# *Respondent Profile*

# Age, Gender, and Marital Status

- Respondents are roughly evenly divided among those age 25 to 34 (23%), 35 to 44 (27%), 45 to 54 (28%), and 55 or older (22%). Not surprisingly, early career workers are youngest, on average, while late career workers are oldest.
- Respondents are equally split between males (51%) and females (49%). Early career workers are more likely than others to be female.
- More than half are married (54%). Two in ten each are divorced or separated (21%) or never married (21%), and 4% are widowed. The likelihood of being married or widowed increases as workers approach retirement, while the propensity to be never married decreases.
- Two in ten married respondents report their spouse is age 25 to 34 (19%). Three in ten each say their spouse is 35 to 44 (30%) and 45 to 54 (28%), and one-quarter are 55 or older (23%). As with respondent age, the age of spouse is youngest for early career workers and oldest for late career.

	Total (n=1008) %	Early Career (n=338) %	Mid Career (n=491) %	Late Career (n=179) %
<u>Age</u>				
25 to 34	23	57	6	1
35 to 44	27	42	27	3
45 to 54	28	2	54	16
55 to 64	20	--	14	71
65 or older	2	--	--	9
<u>Gender</u>				
Male	51	40	58	57
Female	49	60	42	43
<u>Marital Status</u>				
Married	54	51	55	61
Divorced or separated	21	15	24	22
Widowed	4	1	4	10
Single, never married	21	33	17	7
<u>Age of Spouse</u>				
	(n=566)	(n=172)	(n=271)	(n=123)
25 to 34	19	43	9	5
35 to 44	30	48	31	4
45 to 54	28	6	44	26
55 to 64	20	3	15	56
65 or older	3	--	2	8

# Employment Status and Household Income

- Almost all respondents are employed full time (91%). Very few are employed part time (4%), currently at home but intending to obtain employment (3%), or not employed (2%).
- Roughly two in ten each report having a household income of less than \$30,000 (23%), \$30,000 to \$49,999 (19%), \$50,000 to \$69,999 (16%), \$70,000 to \$99,999 (16%), and \$100,000 or more (20%).

	<b>Total</b> (n=1008) %	<b>Early Career</b> (n=338) %	<b>Mid Career</b> (n=491) %	<b>Late Career</b> (n=179) %
<u>Employment Status</u>				
Employed full time	91	91	90	92
Employed part time	4	4	4	4
Currently home, intend to obtain employment	3	3	4	2
Not employed	2	2	2	1
<u>Household Income</u>				
Less than \$30,000	23	26	22	21
\$30,000 to \$49,999	19	21	20	16
\$50,000 to \$69,999	16	19	15	14
\$70,000 to \$99,999	16	16	15	19
\$100,000 to \$149,999	15	11	17	19
\$150,000 or more	5	3	5	6
Prefer not to say	5	5	5	6