

AGE COMPARISONS AMONG WORKERS

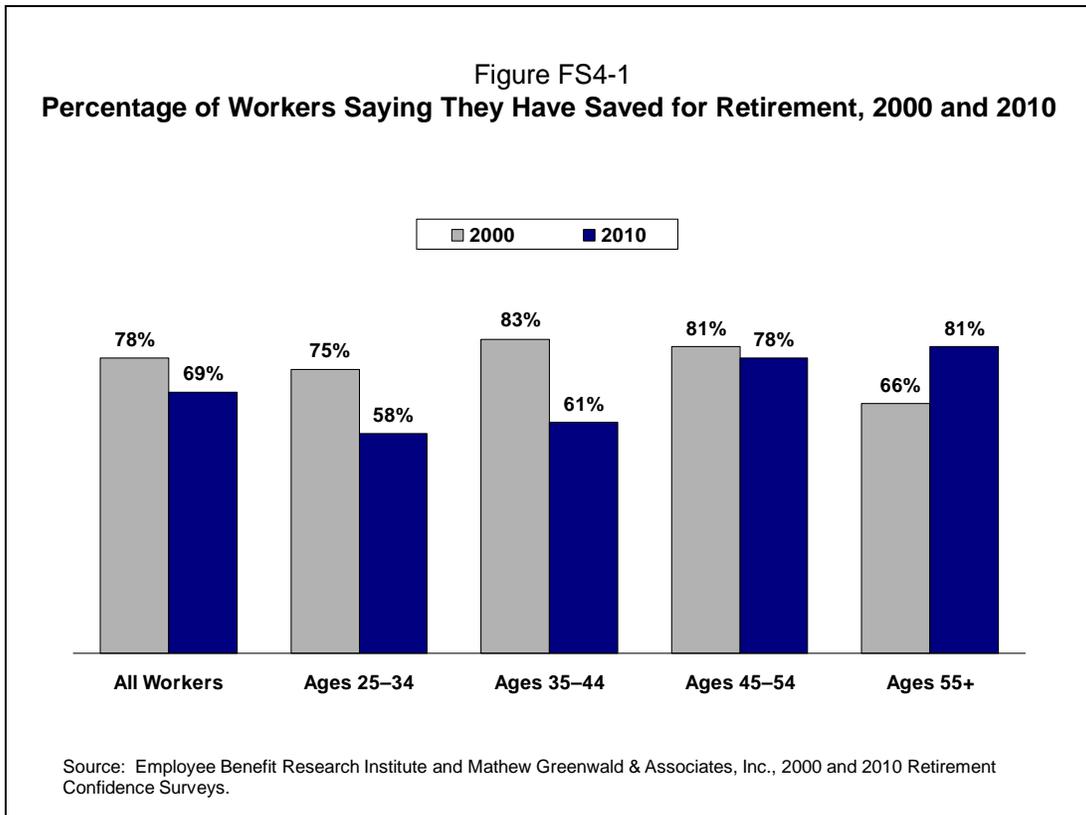
The 20th annual Retirement Confidence Survey (RCS) provides some evidence to support the intuitive argument that the closer people are to retirement, the more likely they are to take steps to ensure they have a secure retirement.

Saving for Retirement

Saved for Retirement:

Probably because they are closer to retirement, workers age 45 and older are more likely than those ages 25–44 to say they (and/or their spouse) have saved for retirement.

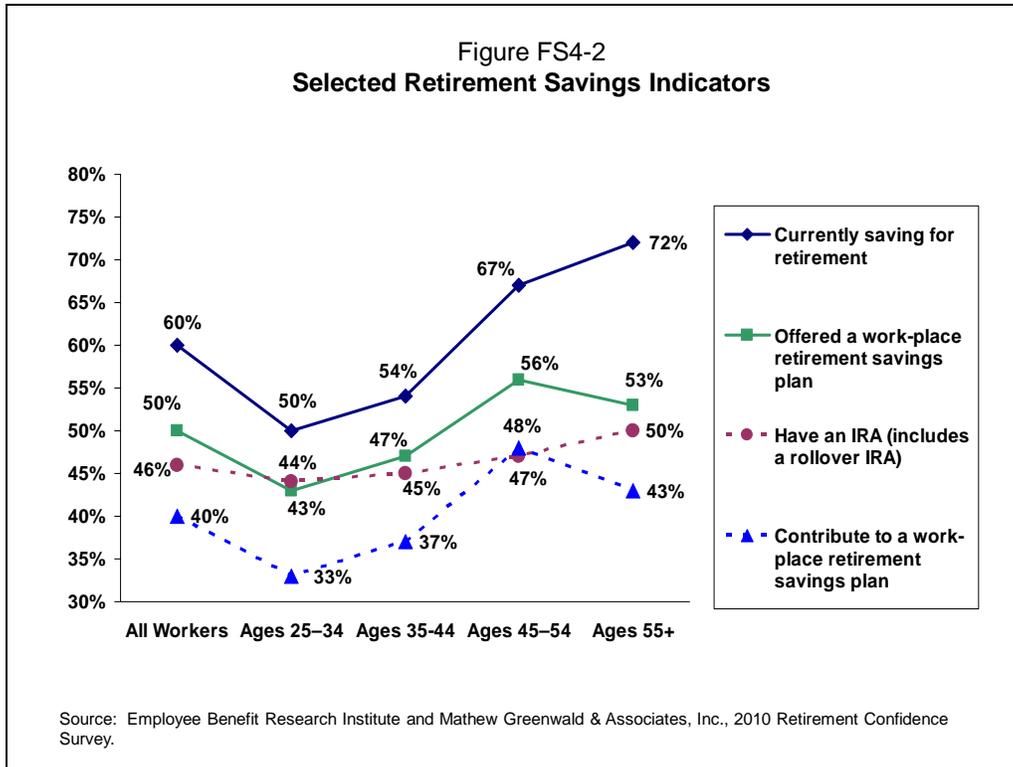
In addition, it seems that while older workers of today are ahead when it comes to having saved for retirement, younger workers are not doing as well. Today’s workers ages 55 and older are more likely than workers of the same age 10 years ago to say they have saved for retirement. On the other hand, today’s workers age 25–44 are less likely than their counterparts 10 years ago to report having saved for retirement (Figure FS4-1).



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Currently Saving for Retirement:

Although workers ages 25 to 44 are less likely than workers age 45 and older to say they (and/or their spouse) are currently saving for retirement, 30 percent of workers age 45 and older are not currently saving (Figure FS4-2).



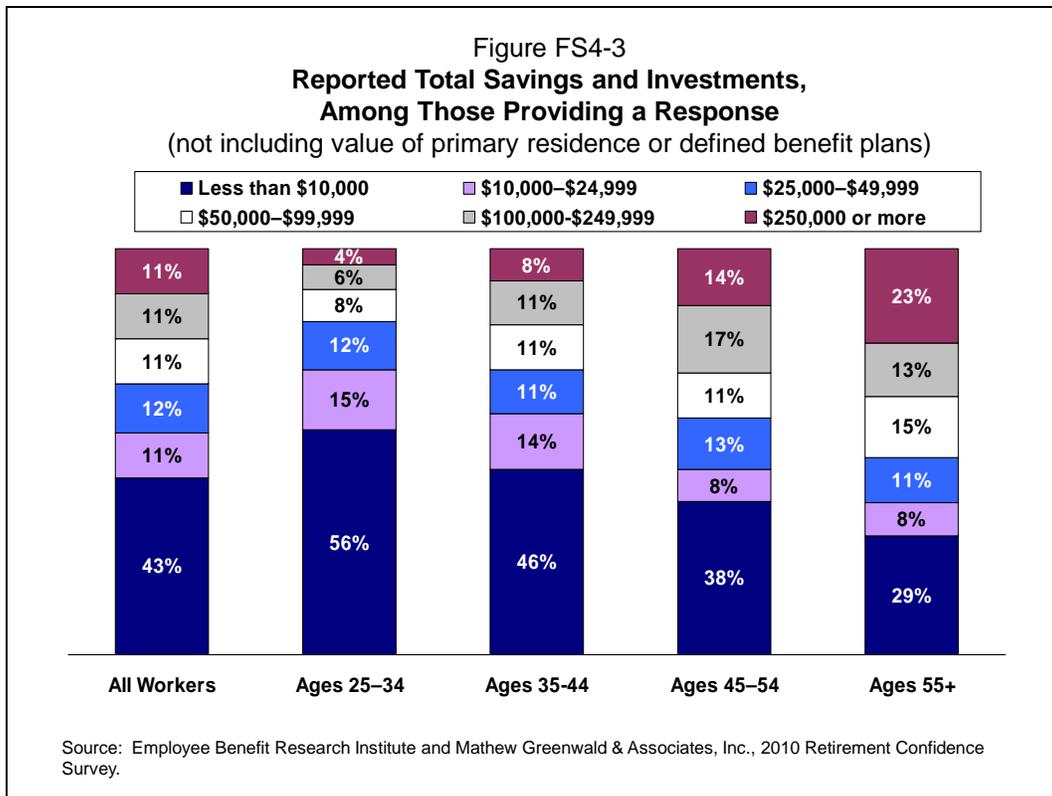
Half of all workers in the 2010 RCS (50 percent) say they are offered a work-place retirement savings plan, such as a 401(k), and 40 percent report they are currently contributing to this type of plan. The likelihood of being offered a plan and contributing to it is higher for workers age 45 and older than for workers ages 25-34.

The likelihood of reporting household ownership of an individual retirement account (IRA) is statistically consistent across age groups.

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Modest Savings:

Most workers have little put away in savings and investments, but older workers are more likely than their younger counterparts to report higher amounts of assets (Figure FS4-3).



Calculating Retirement Accumulation Needs

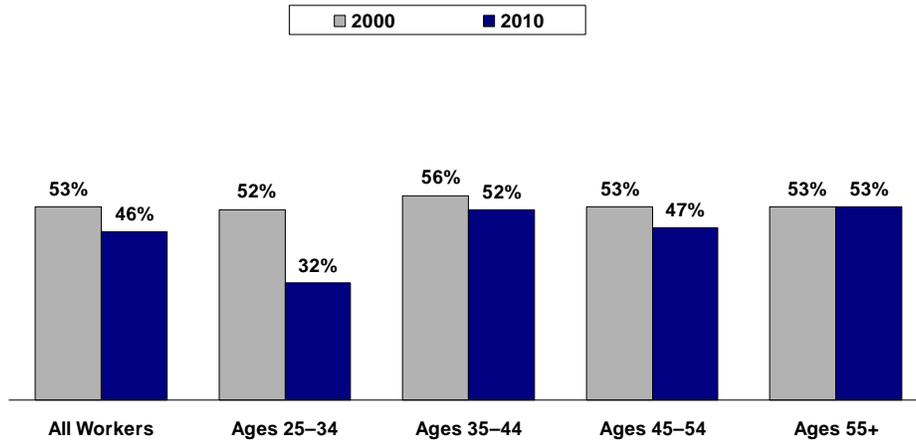
Despite approaching retirement age, nearly half of workers age 45 and older have not tried to do a retirement savings needs calculation. Nevertheless, workers age 35 or older are more likely than the youngest workers to indicate that they have tried to calculate how much money they will need to have saved by the time they retire so that they can live comfortably in retirement.

Overall, all workers are statistically less likely to have done this calculation than workers in 2000. This decrease appears to be primarily driven by the sharp decline in those ages 25-34 who say they have done this calculation (Figure FS4-4).

Younger workers tend to be more likely than older workers to think they will need to accumulate higher amounts for retirement (Figure FS4-5).

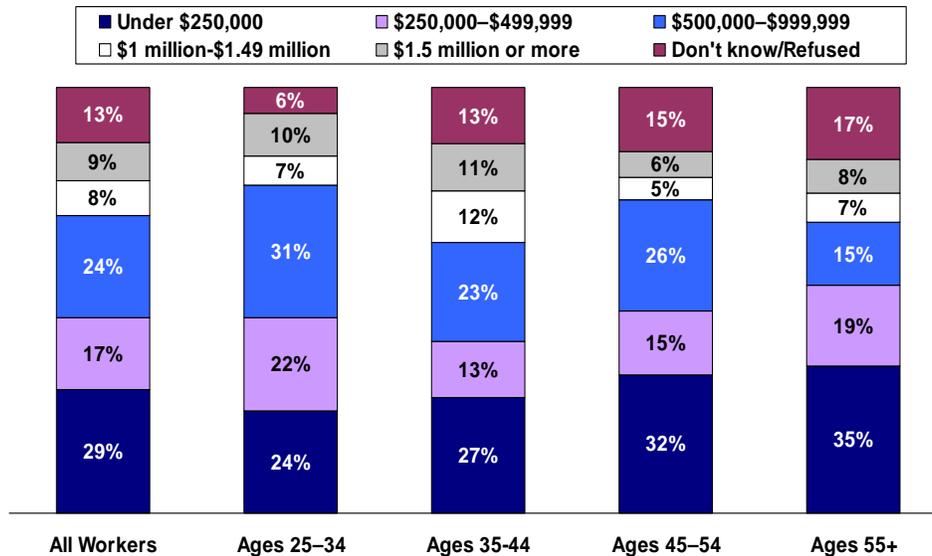
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Figure FS4-4
Percentage of Workers Having Tried to Calculate How Much Money They Will Need to Save for Retirement



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2000-2010 Retirement Confidence Surveys.

Figure FS4-5
Amount of Savings Needed for Retirement



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2010 Retirement Confidence Survey.

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Retirement Expectations

Workers of all ages appear to be planning to retire later, on average, than similarly aged workers were in 2000. In particular, the percentage planning to retire at age 66 or older has increased significantly for every age group (Figure FS4-6).

Figure FS4-6
Expected Age at Retirement

| | <u>All Workers</u> | | <u>Ages 25–34</u> | | <u>Ages 35–44</u> | | <u>Ages 45–54</u> | | <u>Ages 55+</u> | |
|------------------------|--------------------|------|-------------------|------|-------------------|------|-------------------|------|-----------------|------|
| | 2000 | 2010 | 2000 | 2010 | 2000 | 2010 | 2000 | 2010 | 2000 | 2010 |
| Less than 60 | 22% | 9% | 30% | 17% | 18% | 9% | 24% | 6% | 12% | 2% |
| Ages 60–64 | 22 | 19 | 21 | 21 | 20 | 16 | 21 | 19 | 28 | 17 |
| Age 65 | 28 | 24 | 29 | 26 | 32 | 22 | 28 | 29 | 20 | 19 |
| Age 66 or older | 19 | 33 | 12 | 29 | 24 | 31 | 18 | 33 | 20 | 42 |
| Never retire | 4 | 9 | 1 | 4 | 2 | 14 | 5 | 7 | 8 | 10 |
| Don't know/ Refused | 5 | 6 | 6 | 3 | 4 | 7 | 3 | 5 | 13 | 9 |

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2000–2010 Retirement Confidence Surveys.

In the past 12 months, 28 percent of workers overall have changed the age at which they expect to retire. Of those, the vast majority (87 percent) say they now plan to retire later, at an older age than before, while 9 percent now plan to retire at a younger age. Workers age 45 and older are more likely than younger workers to have changed their expected retirement age to be sooner (13 percent vs. 3 percent).

Seventy percent of workers expect to work for pay after retirement, with no variation by age.

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Retirement Confidence

Today's workers are less inclined to describe themselves as *very* confident about many financial aspects of retirement compared to workers in 2000, including doing a good job of preparing financially for retirement (21 percent of all workers in 2010 vs. 28% of all workers in 2000), and having enough money to live comfortably (16 percent of all workers in 2010 vs. 25% of all workers in 2000) (Figure FS4-7).

Today's workers are also less likely to be highly confident about being able to pay for basic expenses, medical expenses or long-term care in retirement. Declines in confidence are especially pronounced among workers ages 25 to 34.

Workers age 55 and older are more likely than younger workers to be *very* confident that Social Security and Medicare will continue to provide benefits of at least equal value to the benefits received by retirees today.

Figure FS4-7
Percentage of Workers Very Confident in Financial Aspects of Retirement

| | All Workers | Ages 25–34 | Ages 35–44 | Ages 45–54 | Ages 55+ |
|---|-------------|------------|------------|------------|----------|
| You will have enough money to live comfortably throughout your retirement years | | | | | |
| 2010 | 16% | 22% | 15% | 13% | 13% |
| 2000 | 25 | 28 | 23 | 21 | 27 |
| You will have enough money to take care of basic expenses during retirement | | | | | |
| 2010 | 29 | 29 | 30 | 25 | 32 |
| 2000 | 40 | 47 | 34 | 41 | 41 |
| You are doing a good job of preparing financially for retirement | | | | | |
| 2010 | 21 | 21 | 23 | 20 | 21 |
| 2000 | 28 | 33 | 23 | 28 | 30 |
| You will have enough money to take care of medical expenses during retirement | | | | | |
| 2010 | 12 | 12 | 16 | 10 | 11 |
| 2000 | 24 | 27 | 19 | 26 | 25 |
| You will have enough money to pay for long-term care during retirement | | | | | |
| 2010 | 10 | 11 | 10 | 8 | 9 |
| 2000 | 16 | 19 | 16 | 12 | 16 |
| The Social Security system will continue to provide benefits of at least equal value to the benefits received by retirees today | | | | | |
| 2010 | 7 | 5 | 5 | 5 | 12 |
| 2000 | 7 | 3 | 4 | 8 | 17 |
| The Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today | | | | | |
| 2010 | 5 | 1 | 3 | 5 | 11 |
| 2000 | 6 | 4 | 4 | 8 | 8 |

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2010 Retirement Confidence Survey.