



2009 FIDELITY INVESTMENTS COUPLES RETIREMENT STUDY - EXECUTIVE SUMMARY -

INTRODUCTION

The following are key findings from the 2009 *Fidelity Investments Couples Retirement Study*. The study analyzes retirement expectations and preparedness among married couples born between 1937 and 1964. The study, which did not identify Fidelity Investments as the sponsor, was completed by Richard Day Research, Inc., an independent research firm.

A total of 502 couples participated in this national survey. A subset of these participants, 157 couples, were couples who also participated in the first wave of the Fidelity Investments Couples Retirement Study in 2007. This re-contact sample enabled a unique analysis of retirement planning and expectations among couples before and after the market turmoil of the last year.

Participants in the study were required to have either household income of at least \$75K or investable assets of \$100K or more; to be born between 1937 and 1964; and to plan to retire from their full-time profession. The survey was fielded in April 2009.

COUPLES RETIREMENT STUDY RESPONDENT PROFILE

Husbands averaged age 55, just slightly older than wives at age 54. Eighty-five percent (85%) of husbands were employed compared to 71% of wives, with 20% of wives not working.

Three-quarters of husbands and wives report being in their first marriage.

Household income averaged \$112,663 and investable assets averaged \$384,427.

	Husband	Wife
Avg Age	55	54
Expected Retirement Age	63.8	62.7
Exp Spouse's Ret Age	61.9	63.9
Employed	85%	71%
Retired	11%	9%
Not working	4%	20%
First Marriage	75%	75%
Second Marriage	21%	21%
3rd+ Marriage	3%	4%
HH Income	\$	112,663
Investable Assets	\$	384,427

COUPLES DON'T AGREE ABOUT RETIREMENT PLANNING BASICS

In this, the second study of baby-boomer couples' retirement plans and expectations, little progress has been made among couples in agreeing about the basics of retirement: at what age to retire, whether to continue working in retirement, or what type of lifestyle to expect.

- Perhaps of most concern, only 15% of couples are confident that either one is prepared to assume financial responsibility of retirement finances in the event of the other passing away. This is down from 21% in 2007.
- Less than half (45%) of couples report making decisions together about day to day financial matters and only 38% of couples report making decisions together about retirement finances.

Retirement Basic Decision	2009 % Couples not in agreement	2007 % Couples not in agreement
Don't agree on any retirement basic: retirement age, working in retirement, retirement lifestyle.....	82%	79%
Don't agree on either husband's or wife's retirement age...	60	56
Don't agree on wife's retirement age.....	44	39
Don't agree about whether to continue working in retirement.....	44	42
Don't agree about the type of lifestyle to expect in retirement....	42	37
Don't agree on husband's retirement age.....	35	35

N=502 couples in 2007, N=502 couples in 2009.

Significantly more couples agree that inflation has become a retirement-related concern. Other frequently cited concerns are unexpected major health care expenses and Social Security being reduced.

Unpredictable financial concerns in retirement	% Couples Both Agree 2009	% Couples Both Agree 2007
Unexpected major health care expenses.....	57% ^a	70%
Inflation cutting into my savings.....	41 ^a	28
My retirement income from Social Security being reduced.....	19	23
Wife not being prepared financially if husband passes away first.....	17	14
My pension benefits being reduced or discontinued.....	9	6
Husband not being prepared financially if wife passes away first.....	3	3

What unexpected financial issues during retirement concern you?. N=502 couples in 2007, N=502 couples in 2009.

^a2007-2009 difference significant at 95%.

Nearly 10% fewer couples report having completed a retirement income plan, will, or estate plan in 2009 compared to 2007

	2009	2007
Couples in which at least one spouse reports completing a retirement income plan, will, or estate plan.....	73% ^a	82%

Do you and your spouse currently have wills? Do you and/or your spouse currently have an estate plan? Have you developed a detailed retirement income plan to ensure that you and your spouse will not outlive your savings? N=502 husbands, 502 wives. ^aDifference between 2009 and 2007 significant at 95%.

RETIREMENT EXPECTATIONS ADJUSTED FOLLOWING FINANCIAL TURMOIL

- More than half (54%) of wives and 41% of husbands report they have become less risk tolerant as a result of the market turmoil.

Response	Husbands	Wives
Maintained same level of risk tolerance.....	52%	42%
Became concerned as a result of the market turmoil and became less risk tolerant.....	41	54
Saw market decline as an opportunity and willing to take on more risk.....	7	4

Has your risk tolerance changed as a result of the market crisis of the last 6 months? N=502 husbands, 502 wives.

- Fewer wives than husbands felt that their initial gut reaction to the market turmoil was to stay the course.

Response	Husbands	Wives
I felt I should stay the course.....	73% ^a	64%
I felt a sense of panic and that I should pull out of the market....	15	18
I felt I should seek professional investment help.....	7	7
I didn't want to think about it	5	11

As you watch the recent ups and downs of the market, which one statement best described your initial gut reaction to the market volatility – regardless of what you actually ended up doing? N=502 husbands, 502 wives. ^a Difference between husbands and wives significant at 95%.

- Average retirement age has increased by one year since last survey in 2007

Mean Retirement Age	Husbands	Wives
2009.....	64	63
2007.....	63	62

At what age do you expect to retire? By retire we mean that you plan to leave your full time position, even if you expect to work part time in retirement. N=502 couples 2009, N=502 couples 2007. Means significantly different at 95%.

- Two out of five couples (40%) reported that one or both spouses will continue to work part-time in retirement.

- Couples are redefining themselves as spenders, savers, or investors after the market turmoil.

	Before Market Turmoil	After Market Turmoil
Husbands		
More of a saver than a spender.....	46%	51%
More of a spender than a saver.....	28	27
More of an investor than a saver.....	26	22
Wives		
More of a saver than a spender.....	53%	61%
More of a spender than a saver.....	36	33
More of an investor than a saver.....	11	5

Which of the following best describes you? I am...? How would you have described yourself prior to the market turmoil of the last 6 months? I was.... N=502 husbands, 502 wives.

COUPLES DON'T AGREE ABOUT RETIREMENT PRODUCT OWNERSHIP

Couples don't agree about ownership of various sources of retirement income, particularly regarding the sale of real estate, brokerage or mutual fund accounts, and annuities.

Retirement Income Source	Agree on Ownership	Don't Agree on ownership
Expected sale of real estate.....	43%	44%
Brokerage or mutual fund accounts.....	39	42
Annuities.....	21	39
Company pension plan.....	52	30
IRAs.....	58	26
Bank accounts.....	80	19
Employer-sponsored retirement savings plan.....	77	16

Please indicate if you and/or your spouse have any of the following as a source for retirement income. Both spouses must agree on ownership. N=502 couples.

Wives, in particular, are less knowledgeable about account balances, and expected income from various retirement products.

Knowledge of specific balance or income amount	Husbands	Wives
Own employer-sponsored retirement savings plan balance.....	54%	46%
Spouse's employer-sponsored retirement savings plan balance.....	37	21
Own IRA balance.....	57	31
Spouse's IRA balance.....	43	29
Own pension income.....	46	38
Spouse's pension income.....	20	26
Own annuity income.....	32	23
Spouse's annuity income.....	25	25
Jointly held annuity income.....	18	8
Own social security.....	33	26
Spouse's social security.....	28	23

Do you know how much the following is/are currently worth? Do you know how much you and/or your spouse expect to receive in monthly retirement income from...?

- While 80% of couples agree that they own life insurance on at least one spouse, 11% of couples don't agree.
- 95% of husbands and wives do not know the general rule of thumb that the life insurance death benefit should be equal to 7 times annual income.
- 49% of couples agree they did not have enough life insurance coverage based on the 7 times income rule.

RETURNING COUPLES PROVIDE UNIQUE LENS FOR RETIREMENT PREPAREDNESS

Against a backdrop of unprecedented market volatility, 157 couples re-contacted from the 2007 survey show lower retirement expectations. The findings revealed:

- These couples are more out of sync about the wife's retirement age: 40% of couples don't agree in 2009 vs. 30% in 2007.
- Nearly double the couples expect both spouses to work in retirement: 20% in 2009 vs. 12% in 2007.
- Fewer re-contacted couples expect to have a comfortable retirement: 56% in 2009 down from 63% in 2007.

Couples did report some improvement in both knowing where important papers are kept: 65% in 2009 vs. 60% in 2007.

COUPLES ARGUING ABOUT FINANCES

Finances are often cited as a common stress factor for couples. We asked couples how frequently they argue about finances and how these arguments get resolved:

- 44% of couples agree that they never argue about money with their spouse.
 - 32% of couples agree that they argue occasionally about money.
 - Very few couples (1%) agree that they argue frequently about money.
 - However, 22% don't agree about how often they argue about money with their spouse.
- Among those couples who said they argue at least occasionally about finances:

How do you resolve arguments over finances?	Husbands	Wives
We discuss it until we reach a compromise.....	62%	62%
One of us usually persuades the other to change their mind.....	30	23
We don't usually have success resolving these arguments.....	7	14

Which of the following most closely matches the method by which you and your spouse typically resolve arguments over finances?

COUPLES FINANCIAL ADVICE TO NEWLYWEDS

Couples were asked the best piece of advice they would give to newlyweds about how to manage finances as a married couple. More than half of couples agreed that making all financial decisions together was among the top advice they could offer.

Included in Top 3 Responses	% Couples Both Agree
Make all financial decisions together.....	57%
Make a budget and stick to it.....	34
Make sure you have an emergency fund to cover at least 6 months of expenses.....	29
Don't hide expenditures from each other.....	16
Disclose your income, debts and assets to each other before getting married.....	14
Set up a joint household account and individual accounts for personal spending.....	4
Watch your pennies and the dollars will flow.....	4
Designate the most financially knowledgeable spouse as the financial decision-maker.....	3

Which of the following is the best piece of advice that you would give newlyweds about how to manage finances as a married couple? N=502 Couples. Note: Multiple responses were allowed so percents will total above 100%

SURVEY METHODOLOGY

The survey was conducted using the web-enabled KnowledgePanel[®], a probability-based Panel designed to be representative of the U.S. population. Initially, participants are chosen scientifically by a random selection of telephone numbers and residential addresses. Persons in selected households are then invited by telephone or by mail to participate in the web-enabled KnowledgePanel[®]. For those who agree to participate, but do not already have Internet access, Knowledge Networks, Inc. provides at no cost an Internet appliance and Internet service connection. People who already have computers and Internet service are permitted to participate using their own equipment. Panelists then receive unique log-in information for accessing surveys online, and then are sent emails three to four times a month inviting them to participate in research.

Participants within KnowledgePanel[®] were screened for marital status, retirement status and income/asset qualifications. When a qualified respondent finished the survey, an invitation was sent to the respondent's spouse approximately one week later. Spouses were directed to complete the survey without consulting one another.

Only complete surveys from both spouses in a couple were utilized in the survey analysis.

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The experience of the couples who responded to the 2009 Fidelity Investments Couples Retirement Study may not be representative of the experiences of all investors.

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