

2006 RCS FACT SHEET

SAVING FOR RETIREMENT IN AMERICA

Retirement confidence remains stable—but total savings are modest and many workers guess at how much they need to save for retirement.

Retirement Confidence

- The 2006 Retirement Confidence (RCS) finds that the percentage of workers who are *very* confident about having enough money to live comfortably in retirement has remained basically stable since 1998 (Figure 1). Interestingly, RCS data over the past 12 years continue to show that retirement confidence overall among workers does not seem to be affected by either stock market performance or varying economic conditions.

Figure 1
Confidence in Having Enough Money to Live Comfortably Throughout Retirement, 1994–2006

	1994	1996	1998	2001	2002	2003	2004	2005	2006
Very confident	20%	19%	22%	22%	23%	21%	24%	25%	24%
Somewhat confident	45	41	45	41	47	45	44	40	44
Not too confident	17	23	18	18	19	17	18	17	17
Not at all confident	17	16	13	17	10	16	13	17	14

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1994–2006 Retirement Confidence Surveys.

- Forty-four percent of workers who have not saved for retirement nonetheless feel confident that they will have a comfortable retirement. While the 2006 RCS did not ask confident nonsavers why they felt this way, these reasons were explored in the 2005 RCS. Most often, 2005 confident nonsavers said they would get money from an employer (19 percent) or they have a job or will always work (19 percent). Smaller percentages mentioned relying on other money or property (9 percent); having faith (8 percent); having other investments, savings, or stock (8 percent); or planning or using sound money management (8 percent).

How Well Are Americans Saving?

- 7 in 10 workers report that they and/or their spouse have saved money for retirement, and over 6 in 10 workers say they are currently saving for retirement (64 percent). While the proportion of workers having saved for retirement is higher than 10 years ago, it has remained constant since 2002 (Figure 2).

Figure 2
Percentage of Workers Who Say They and/or Their Spouse Have Saved for Retirement, 1994–2006^a

1994	1996	1998	2000	2001	2002	2003	2004	2005	2006
57%	60%	59%	74%	65%	67%	68%	68%	69%	70%

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1994–2006 Retirement Confidence Surveys.

^aThe addition of the phrase “and/or your spouse” to the question wording for married respondents starting in 1999 is responsible for approximately 4 to 5 percentage points of the increase between 1998 and 1999.

- As would be expected, older workers tend to have saved more than younger workers, but overall savings levels tend to be modest (Figure 3). More than half of workers report less than \$25,000 in total savings and investments (excluding their home and defined benefit plans).

Figure 3
Reported Total Savings and Investments
(not including value of primary residence or defined contribution plans)

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
Less than \$25,000	53%	73%	49%	43%	43%
\$25,000–\$49,999	12	11	14	14	8
\$50,000–\$99,999	12	7	16	12	12
\$100,000–\$249,999	11	4	12	14	11
\$250,000 or more	12	5	9	16	26

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

- Education and (not surprisingly) income tend to be the major factors in whether workers save for retirement (Figure 4). Moreover, married workers are more likely than those who are not married, and those who have attempted a retirement savings needs calculation are more apt than those who have not, to have saved.
- Workers are far more likely to save for retirement than they are to save for any other goal. In fact, almost one-quarter of workers either save only for retirement (11 percent) or do not save at all (12 percent).

Figure 4
Savings Goals, By Having Saved for Retirement
(multiple responses accepted)

	All Workers	Have Saved for Retirement	
		Yes	No
Retirement	70%	100%	0%
Children’s or grandchildren’s education	19	23	9
A home purchase or renovation	10	10	9
A vacation	9	13	2
Money for an emergency	6	6	5
General well-being	5	5	6
A car, truck, or van	4	5	2
A second home or vacation home	2	3	0
Health expenses	2	2	1
Other	8	7	9
Not saving for anything specific	21	22	18
Not saving for anything else/at all	23	15	41

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

- Many workers expect savings to provide them with a large portion of their income in retirement (Figure 5). Six in 10 savers and even 2 in 10 nonsavers say that some form of personal savings will supply them with their largest source of retirement income. Not surprisingly, workers who have not saved for retirement are more likely than those who have to expect the largest share will come from Social Security, employment, or family.

Figure 5
Largest Expected Sources of Income in Retirement

	All Workers	Have Saved for Retirement	
		Yes	No
Personal savings (net)	48%	60%	19%
A work-place retirement savings plan, such as a 401(k)	14	18	5
Money from an IRA	14	17	5
Other personal savings or investments	20	25	9
Social Security	20	12	38
A traditional employer-provided pension	14	14	13
Employment	6	3	11
The sale or refinancing of your home	3	3	4
An inheritance	3	3	2
Support from your children or other family members	2	<0.5	7
A lump-sum distribution from a cash balance plan or traditional pension	1	1	2
Don't know/Refused	3	3	3

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

Do Americans Know How Much to Save?

- Over time, roughly 4 in 10 workers have taken the time and effort to complete a retirement needs calculation—the basic planning step that can help individuals determine how much money they are likely to need in retirement and how much they will need to save to meet that goal. After increasing through 2000, the percentage of workers reporting having done the calculation dropped during the economic downturn of 2001–2002 but now appears to have stabilized (Figure 6).

Figure 6
Percentage of Workers and/or Their Spouses Who Have Done a Retirement Needs Calculation, 1994–2006^a

1994	1996	1998	2000	2001	2002	2003	2004	2005	2006
31%	29%	42%	53%	44%	38%	43%	42%	42%	42%

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1994–2006 Retirement Confidence Surveys.

^aThe addition of the phrase “and/or your spouse” to the question wording for married respondents starting in 1999 is responsible for approximately 4 to 5 percentage points of the increase between 1998 and 1999.

- Only about 4 in 10 workers think they need to accumulate at least \$500,000 by the time they retire to live comfortably in retirement (Figure 7). Two in 10 think they will need between \$250,000 and \$499,999, and 3 in 10 think they need to save less than \$250,000 for a comfortable retirement.

Figure 7
Amount of Savings Workers Say They Need for Retirement

Under \$250,000	30%
\$250,000–\$499,999	19
\$500,000–\$999,999	21
\$1 million–\$1.49 million	8
\$1.5 million or more	10
Don't know/Don't remember	9

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

- Perhaps many think they need to save so little for a comfortable retirement because they have not really thought through the retirement planning issues involved. More than 4 in 10 workers say they guessed at the total (Figure 8).
- Those who say they do a savings needs calculation tend to be more proactive. More than one-third consult a financial advisor, and 1 in 10 complete a worksheet or form. Still, one-third of these workers create their own estimate (which may be more or less accurate), and roughly 1 in 10 each admit they guess or have only read or heard how much is needed.

Figure 8
**Method of Determining Savings Needed for Retirement,
 by Doing a Retirement Needs Calculation**
 (multiple responses accepted)

	Total	Did Retirement Needs Calculation	
		Yes	No
Guess	44%	8%	73%
Ask a financial advisor	19	35	5
Do your own estimate	17	33	4
Read or hear how much needed	11	9	13
Fill out a worksheet or form	5	10	<.5
Use an online calculator	3	8	0
Base on cost of living/desired retirement lifestyle	3	1	4
Other	4	4	4

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

- Many American workers may not realize how much income it could take to provide a comfortable standard of living in retirement or to maintain their preretirement standard of living. Half think they can have a comfortable retirement with less than 70 percent of their preretirement income, and nearly 3 in 10 believe they will be comfortable with 70 to 85 percent (Figure 9).
- Yet many financial planners suggest that workers plan for a retirement income replacement ratio of at least 70 percent of their preretirement income, and more than half of current retirees have income that is the same or better than their pre-retirement income. (Retirees were not asked to account for inflation.) Moreover, retirees with less income than before retirement tend to be more likely than other retirees to have strict spending limits, to feel the effects of inflation more than expected, and to report increased financial concerns.

Figure 9
Percentage of Preretirement Income in Retirement

	Workers (Needed in Retirement)	Retirees (Current Income)
Lower (don't know percentage)	NA	6%
Less than 50%	14%	17
50%–70%	36	13
70%–85%	28	6
85%–95%	7	1
95%–105% (about the same)	6	34
105% or more (higher)	6	21
Don't know/Refused	3	1

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

2006 RCS FACT SHEET

**ENHANCING EMPLOYER-
 PROVIDED RETIREMENT PLANS**

Employer plans play a key role in retirement savings. Enhancements that encourage participation and provide retirement planning education and advice can further strengthen these plans.

Importance of Employer-Provided Plans

- Workers are more likely to save in a retirement plan at work than they are to save on their own through an IRA. More than 8 in 10 eligible workers report participating in their employer’s retirement savings plan (82 percent, 45 percent of all workers), compared with 36 percent of workers who say they have an IRA with money saved outside of work.
- Employer-sponsored plans also represent a significant portion of workers’ retirement savings. Six in 10 plan participants say half or more of the money that they and their spouse saved in the past 12 months for retirement was put into their employer’s plan and 7 in 10 state that half or more of their household’s *total* retirement savings are in this plan (Figure 1).

Figure 1

Proportion of Retirement Savings in Employer’s Plan, Among Plan Participants

	Retirement Savings of Past 12 Months	Total Retirement Savings
All or almost all	25%	28%
About three-fourths	15	15
About half	21	28
About one-fourth	30	21
Almost none	7	5
Don’t know	3	3

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

Adding Automatic Options to Retirement Plans

- Automatically enrolling workers in a work-place retirement savings plan is a way of assigning workers, by default, into the savings option.
- Many workers favor the introduction of automatic options into their retirement plan at work (Figure 2). Specifically, 7 in 10 employed workers say they favor an employer automatically enrolling workers into a plan and setting up contributions through payroll deduction and two-thirds favor automatically increasing the percentage of salary contributed when they receive a raise. Six in 10 employed workers say they favor automatic investment of contributions.

Figure 2
Favorability Toward Automatic Features of Employer-Sponsored Plans, Among Employed Workers

	Strongly Favorable	Somewhat Favorable	Neutral	Somewhat Oppose	Strongly Oppose
Your employer would enroll you in the plan and set up your contribution through payroll deduction, unless you choose not to participate.	34%	35%	2%	13%	15%
The percentage of your salary contributed to the plan would automatically increase when you get a raise, unless you choose for this not to happen.	32	33	1	16	17
Your contributions would automatically be invested for you unless you choose investments on your own.	23	36	2	19	19

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

- Plan participants and nonparticipants are equally likely to favor each of these automatic options, suggesting that most nonparticipants would not object to the introduction of these features into their employer’s plan.
- Employers choosing funds for the automatic investment feature of a plan may want to consider lifecycle funds (which become more conservative as retirement nears), professionally managed accounts (where an independent manager makes investment decisions based on their specific circumstances), and balanced funds. Approximately 7 in 10 employed workers say they are interested in investing in these types of funds, compared with 6 in 10 who indicate they are interested in investing in a money market-type fund. They are *most* likely to be *very* interested in a lifecycle fund (Figure 3).¹

Figure 3
Interest in Automatic Investment Options, Among Employed Workers

	Very Interested	Somewhat Interested	Not Too Interested	Not at All Interested
A lifecycle fund	34%	39%	11%	15%
A professionally managed account	26	44	15	14
A balanced fund	22	51	10	16
A money market fund	11	50	18	20

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

- Despite strong interest in these funds, many workers are convinced that they can make the best investment decisions (Figure 4). Almost half of employed workers think that they, making their own investment decisions, can do the best job of achieving their retirement savings objectives.

¹ Respondents were not informed of the relative cost differences among these options.

Figure 4
Investment Option Most Likely to Achieve Retirement Savings Objectives, Among Employed Workers

You make your own investment decisions	47%
All contributions automatically go into the professionally managed account	25
All contributions automatically go into the lifecycle fund	13
All contributions automatically go into the balanced fund	11
Don't know	4

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

- Employer matches appear to be effective in boosting participation, but are not successful with all workers. Eighty-seven percent of employees offered a plan with a match report participating, compared with 70 percent without a match.

Education and Investment Advice

- Almost half of workers report having received retirement planning information through their employer in the past 12 months (48 percent). In fact, approximately 3 in 10 workers using a financial professional for help with decisions about retirement saving and investing indicate they obtained access to their advisor through work (28 percent, 12 percent of all workers).
- Three in 10 say they made changes in their retirement planning as a result of the information they received (29 percent). Of these, half state they began to save more money (48 percent), and one-third say they changed their investment mix (33 percent).
- More than one-quarter of workers say an employer provided them with access to professional investment advice for retirement purposes in the past 12 months (27 percent). The majority who were offered this type of advice report access was provided in person (69 percent). Far fewer say they were offered this advice online (23 percent) or by telephone (13 percent).
- More than half of those with access to employer-provided investment advice received specific recommendations on how they should invest their money (53 percent). Of these workers, 7 in 10 say they implemented some (57 percent) or all (13 percent) of the advice.
- Workers who do not currently have access to employer-provided investment advice would be most likely to take advantage of this service if it were offered in person. These workers are much less likely to indicate they would be likely to use the advice if it were offered online or by telephone (Figure 5).

Figure 5
Likelihood of Using Employer-Provided Retirement Investment Advice, Among Workers Without Access

	Very Likely	Somewhat Likely	Not Too Likely	Not at All Likely
In person	30%	42%	12%	16%
Online	14	36	19	29
By telephone	9	25	28	38

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

2006 RCS FACT SHEET

**ATTITUDES ABOUT
 SOCIAL SECURITY & MEDICARE**

Confidence in Social Security and Medicare appears weak but higher than 10 years ago, and knowledge of Social Security's retirement age is limited.

Confidence in Social Security

- Two-thirds of workers are *not too* or *not at all* confident that Social Security will continue to provide benefits of at least equal value to the benefits retirees receive today (67 percent) (Figure 1). While skepticism about Social Security has remained relatively constant in recent years, it is lower than in 1996, when 78 percent were not too or not all confident.

Figure 1

Worker Confidence That the Social Security System Will Continue to Provide Benefits of at Least Equal Value to the Benefits Received by Retirees Today, 1994–2006

	1994	1996	1998	2001	2002	2003	2004	2005	2006
Very confident	4%	3%	6%	8%	6%	7%	7%	8%	6%
Somewhat confident	18	17	16	26	25	26	28	23	27
Not too confident	38	40	31	33	38	35	31	33	33
Not at all confident	39	38	44	32	30	31	32	35	34

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1994–2006 Retirement Confidence Surveys.

- Perhaps because they are already receiving benefits and the Trust Fund depletion date is beyond most current retirees' life expectancy, retirees are more likely than workers to express confidence about the future of Social Security (Figure 2). A little more than one-third of retirees are *not too* or *not at all* confident that Social Security will continue to provide benefits of at least equal value (35 percent). Retiree uncertainty about Social Security reached a low in 2001 (27 percent), but has remained statistically stable since 2004. Retirees also continue to be less likely than in 1996 (46 percent) to say they are *not* confident.

Figure 2

Retiree Confidence That the Social Security System Will Continue to Provide Benefits of at Least Equal Value to the Benefits Received by Retirees Today, 1994–2006

	1994	1996	1998	2001	2002	2003	2004	2005	2006
Very confident	16%	7%	19%	28%	27%	27%	18%	21%	19%
Somewhat confident	35	36	34	38	31	36	39	37	44
Not too confident	30	36	31	20	30	22	26	26	22
Not at all confident	10	11	11	7	8	11	11	12	13

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1994–2006 Retirement Confidence Surveys.

Knowledge of Social Security Retirement Age

- Many of today's workers will not be eligible to receive Social Security benefits without a reduction for early retirement until they are 67, but most continue to be unaware of the phased increase in the normal retirement age from 65 to 67 (Figure 3).
- Half expect to reach eligibility for unreduced benefits sooner than they actually will (49 percent). Many of these incorrectly expect to be eligible for these retirement benefits at age 65 (31 percent of all workers), but some believe they will be eligible even before age 65 (17 percent).
- Only 19 percent are able to give the correct age at which they will be eligible for unreduced retirement benefits, and 8 percent believe they will be eligible later than they actually will be. More than 2 in 10 workers say they do not know when they will be eligible to receive benefits from Social Security without a reduction for early retirement (22 percent).
- Older workers, especially those age 55 and older, are more likely than younger workers to know when they are eligible for unreduced retirement benefits from Social Security.

Figure 3
**Knowledge of Eligibility Age for Unreduced
 Social Security Retirement Benefits, by Age Group**

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
4 or more years earlier	16%	17%	13%	16%	18%
1–3 years earlier	33	31	38	36	26
Correct	19	6	18	20	40
Later	8	7	9	8	5
Don't know	22	38	20	16	9
Never/Not eligible	2	<0.5	2	4	1

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

Confidence in Medicare

- Although the financial difficulties threatening Medicare are more imminent than those facing Social Security, workers are just as likely to feel uncertain about its future (Figure 4). Nearly two-thirds of workers are *not too* or *not at all* confident that Medicare will continue to provide benefits of at least equal value to the benefits retirees receive today (64 percent). Again, this proportion has not changed in recent years, and is considerably below the level measured in 1996 (75 percent).

Figure 4
**Worker Confidence That the Medicare System Will Continue to Provide Benefits
 of at Least Equal Value to the Benefits Received by Retirees Today, 1994–2006**

	1994	1996	1998	2001	2002	2003	2004	2005	2006
Very confident	3%	3%	4%	7%	5%	5%	6%	7%	5%
Somewhat confident	24	20	24	32	28	34	31	30	29
Not too confident	32	38	34	31	40	36	35	33	36
Not at all confident	37	37	36	26	26	25	26	28	28

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1994–2006 Retirement Confidence Surveys.

- One-third of retirees say they are *not too* or *not at all* confident in the future value of Medicare benefits (36 percent) (Figure 5). While percentages fluctuate from year to year, retirees in recent years have generally been less likely than in 1998 and earlier to express doubts about the ability of Medicare to continue paying benefits of at least equal value to those received by current retirees (50 percent in 1998).

Figure 5
**Retiree Confidence That the Medicare System Will Continue to Provide Benefits
of at Least Equal Value to the Benefits Received by Retirees Today, 1994–2006**

	1994	1996	1998	2001	2002	2003	2004	2005	2006
Very confident	13%	5%	12%	14%	18%	19%	16%	20%	12%
Somewhat confident	30	35	35	49	38	44	37	42	50
Not too confident	26	35	39	16	26	26	31	24	26
Not at all confident	21	16	11	13	16	8	11	9	10

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1994–2006 Retirement Confidence Surveys.

Knowledge of Medicare

- A majority of Americans know who runs the Medicare system, but some appear to be confused. Two-thirds of workers (67 percent) and three-quarters of retirees (75 percent) correctly name the federal government when asked to identify the organization that runs the Medicare system (Figure 6).
- However, 2 in 10 workers (20 percent) and 8 percent of retirees identify the state government, while smaller percentages specify private health insurance companies (6 percent of workers, 3 percent of retirees). In addition, 10 percent of workers and 14 percent of retirees say they do not know who runs Medicare.

Figure 6
Worker and Retiree Knowledge of Organization Running Medicare
(multiple responses accepted)

	Workers	Retirees
The federal government	67%	75%
The state government	20	8
Private health insurance companies	6	3
Other	<0.5	1
Don't know	10	14

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

AGE COMPARISONS AMONG WORKERS

The 16th annual Retirement Confidence Survey (RCS) provides 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. Comparing this year's data with data from the 1996 RCS also suggests that workers today, especially younger workers, are doing at least as well as workers of similar ages 10 years ago on the two key measures of planning and saving for retirement.

Saving for Retirement

- Probably because they are closer to retirement, workers age 35 and older are more likely than those ages 25–34 to say they (and/or their spouse) have saved for retirement (Figure 1). However, this does not mean that younger workers are behind when it comes to having saved for retirement. While small sample sizes¹ and slight wording changes² make a firm determination difficult, today's workers ages 25–34, like those ages 35–54, may be more likely than workers of the same age 10 years ago to say they have saved.

Figure 1
Percentage of Workers Saying They Have Saved for Retirement, 1996 and 2006

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
1996	60%	53%	60%	61%	77%
2006	70	61	75	74	72

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1996 and 2006 Retirement Confidence Surveys.

- While younger workers are less likely than workers age 35 and older to say they (and/or their spouse) are currently saving for retirement, approximately one-third of workers ages 35 and older are *not* currently saving (Figure 2).
- About half of all nonretired respondents in the RCS (regardless of age group) say they are offered a work-place retirement savings plan, such as a 401(k), by an employer. Between 4 and 5 in 10 in each age group report they contribute to this type of plan.
- The likelihood of reporting household ownership of an individual retirement account (IRA) that includes money saved outside of an employer's retirement plan (not including rollovers from work plan savings) is higher among those age 45 and over. However, much of this difference may be explained by the fact that older workers tend to have higher household incomes. Workers of equal income appear equally likely to have an IRA with non-work place savings regardless of age.

¹ The margin of error for each age group varies with the size of the group and the percentage measured, but ranges from approximately 6 to 8 percentage points at the 95 percent confidence level.

² The additional of the phrase "and/or your spouse" to the question wording for married respondents starting in 1999 is responsible for approximately 4 to 5 percentage points of the increase.

Figure 2
Selected Retirement Savings Indicators

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
Currently saving for retirement	64%	58%	66%	69%	63%
Contribute to a work-place retirement savings plan	45	41	46	49	40
Have an IRA that includes money saved outside of an employer's retirement plan	36	31	34	39	43

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

- 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 3).

Figure 3
Reported Total Savings and Investments
(not including value of primary residence or defined contribution plans)

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
Less than \$25,000	53%	73%	49%	43%	43%
\$25,000–\$49,999	12	11	14	14	8
\$50,000–\$99,999	12	7	16	12	12
\$100,000–\$249,999	11	4	12	14	11
\$250,000 or more	12	5	9	16	26

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

Calculating Retirement Accumulation Needs

- Not surprisingly, older workers are more likely than younger workers to indicate 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 (Figure 4). In addition, workers under age 55 today appear to be more likely to have done this calculation than workers the same age in 1996.
- Despite approaching retirement age, half of workers age 45 and older have not tried to do a retirement savings needs calculation.

Figure 4
Percentage of Workers Having Tried to Calculate How Much
Money They Will Need to Save for Retirement, 1996 and 2006^a

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
1996	29%	24%	28%	31%	42%
2006	42	35	39	46	49

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1996 and 2006 Retirement Confidence Surveys.

^a The addition of the phrase "and/or your spouse" to the question wording for married respondents starting in 1999 is responsible for approximately 4 to 5 percentage points of the increase.

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

Figure 5
Amount of Savings Needed for Retirement

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
Less than \$250,000	30%	26%	27%	33%	38%
\$250,000–\$499,999	19	20	18	19	17
\$500,000–\$999,999	21	23	26	17	15
\$1 million–\$1.49 million	8	11	6	9	4
\$1.5 million or more	10	15	10	9	6
Don't know/Don't remember	9	4	11	9	14
Refused	1	<0.5	<0.5	3	3

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

Retirement Expectations

- Workers of all ages appear to be planning to retire later, on average, than similarly aged workers were in 1996 (Figure 6). In particular, the percentage planning to retire at age 66 or older has increased for almost every age group.

Figure 6
Expected Age at Retirement, 1996 and 2006

	All Workers		Ages 25–34		Ages 35–44		Ages 45–54		Ages 55+	
	1996	2006	1996	2006	1996	2006	1996	2006	1996	2006
Less than 60	21%	13%	30%	16%	20%	15%	18%	11%	7%	6%
Ages 60–64	24	20	23	19	19	19	30	17	28	30
Age 65	34	27	31	28	38	25	33	35	36	16
Age 66 or older	11	25	8	22	13	28	11	24	15	29
Never Retire	3	7	3	7	3	5	2	7	4	9
Don't know/ refused	7	8	5	8	7	7	6	6	10	11

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1996 and 2006 Retirement Confidence Surveys.

- Regardless of age, roughly two-thirds of workers expect to work in retirement.
- Younger workers are more likely than older workers to expect that they (and/or their spouse) will receive benefits from a work-place retirement savings plan when they retire (Figure 7). In general, workers of different ages seem equally likely to expect to receive benefits from a defined benefit plan or retiree health insurance. However, given the current decline in defined benefit and retiree health insurance benefits, some workers—particularly younger workers—could be counting on benefits they may not receive.

Figure 7
Workers Expecting to Receive Employer-Provided Retirement Benefits

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
Money from a work-place retirement savings plan	75%	79%	74%	77%	66%
Money from a defined benefit plan	61	55	64	63	59
Retiree health insurance	37	38	38	37	33

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

- Younger workers are more likely than older workers to expect that their largest source of retirement income will come from some form of personal savings (Figure 8). On the other hand, older workers are more likely to expect that Social Security will provide the largest share of their income in retirement.

Figure 8
Largest Expected Source of Income in Retirement

	All Workers	Ages 25–34	Ages 35–44	Ages 45–54	Ages 55+
Personal savings or investments that are not in a work-related retirement plan	34%	41%	36%	29%	28%
Social Security	20	14	17	22	29
A work-place retirement savings plan, such as a 401(k), tax-deferred annuity or 403(b), or 457 plan	14	15	11	17	13
A traditional employer-provided pension that guarantees you a set amount each month for life in retirement	14	10	19	13	12
Employment	6	8	5	4	4
The sale or refinancing of your home	3	3	4	4	3
An inheritance	3	2	3	3	2
Support from your children or other family members	2	3	0	3	5
A lump-sum distribution from an employer-provided cash balance or defined benefit plan	1	<0.5	1	2	1
Don't know/refused	3	4	3	3	4

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

((more))

Retirement Confidence

- Younger workers are at least as likely as older workers to say they are *very* confident about many financial aspects of retirement, but they are less likely than workers age 55 and older to be *very* confident that the Social Security and Medicare systems will continue to provide benefits of at least equal value to the benefits received by retirees today (Figure 9).

Figure 9

Percentage 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	24%	28%	20%	22%	26%
You will have enough money to take care of basic expenses during retirement	35	39	33	35	34
You are doing a good job of preparing financially for retirement	25	28	23	23	25
You will have enough money to take care of medical expenses during retirement	19	27	18	14	19
You will have enough money to pay for long-term care during retirement	15	19	13	11	17
The Social Security system will continue to provide benefits of at least equal value to the benefits received by retirees today	6	5	5	5	12
The Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today	5	4	4	5	10

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

GENDER COMPARISONS AMONG WORKERS

*Are men and women equally likely to plan and save for retirement?
 Do they have similar expectations about their needs in retirement?
 The 16th annual Retirement Confidence Survey (RCS) provides some answers.*

Saving for Retirement

- Men and women are equally likely statistically to say they (and/or their spouse) have saved for retirement and to say they are currently saving for retirement (Figure 1).
- Women are statistically as likely as men to report they are contributing to a work-place retirement savings plan. They are also just as likely to say they (and/or their spouse) have an individual retirement account (IRA) opened with money saved outside of an employer's retirement plan (not money rolled over from an employer's plan).

Figure 1
Selected Retirement Savings Indicators

	All Workers	Men	Women
Saved for retirement	70%	72%	69%
Currently saving for retirement	64	66	62
Contribute to a work-place retirement savings plan	45	47	42
Have an IRA that includes money saved outside of an employer's retirement plan	36	38	34

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

Calculating Retirement Accumulation Needs

- Women (41 percent) are statistically just as likely as men (43 percent) to indicate they have tried to calculate how much they will need to have saved by the time they retire so that they can live comfortably in retirement.
- Men (23 percent) are more likely than women (13 percent) to believe that they need to accumulate \$1 million or more for retirement (Figure 2). The difference in the amounts men and women say they need to save persists even when household income or marital status is held constant. However, some financial professionals think that women need to save more than men because women have longer life expectancies.

Figure 2
Amount of Savings Needed for Retirement

	All Workers	Men	Women
Under \$250,000	30%	24%	37%
\$250,000-\$499,999	19	19	18
\$500,000-\$999,999	21	25	18
\$1 million-\$1.49 million	8	8	7
\$1.5 million or more	10	15	6
Don't know/Don't remember	9	6	11
Refused	1	2	1

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

Retirement Expectations

- Men and women expect to retire at about the same ages (Figure 3).

Figure 3
Expected Age at Retirement

	All Workers	Men	Women
Less than 55	6%	8%	4%
Ages 55–59	7	7	6
Ages 60–64	20	22	18
Age 65	27	27	27
Age 66 or older	25	23	28
Never retire	7	8	6
Don't know/Refused	8	5	10

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

- Men and women also provide similar estimates of the length of time they will spend in retirement. Together, the expected age at retirement and length of time in retirement generate similar estimated life expectancies. Half of both men and women providing this information expect to live until at least age 85, and one-quarter expect to live until at least age 90.
- Women and men are equally likely to expect to work for pay in retirement (67 percent each).
- Both are also statistically equally likely to expect that they and/or their spouse will receive money in retirement from a work-place retirement savings plan and a defined benefit plan. However, women are more apt than men to indicate that they will receive retiree health insurance through an employer (Figure 4).

Figure 4
Workers Expecting to Receive Employer-Provided Retirement Benefits

	All Workers	Men	Women
Money from a work-place retirement savings plan	75%	74%	76%
Money from a defined benefit plan	61	59	63
Retiree health insurance	37	32	41

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

Retirement Confidence

- Men are more likely than women to say they are *very* confident in all financial aspects of retirement (Figure 5).

Figure 5
Percentage of Workers Very Confident About Financial Aspects of Retirement

	All Workers	Men	Women
You will have enough money to live comfortably throughout your retirement years	24%	27%	20%
You will have enough money to take care of basic expenses during retirement	35	40	30
You are doing a good job of preparing financially for retirement	25	28	21
You will have enough money to take care of medical expenses during retirement	19	23	16
You will have enough money to pay for long-term care during retirement	15	18	12
The Social Security system will continue to provide benefits of at least equal value to the benefits received by retirees today	6	8	4
The Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today	5	7	4

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.