
Hope for a Comfortable Retirement Has Sunk to a 16-Year Low

By Editor Test Tue, Jun 9, 2009

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American workers' confidence about retirement has sunk to a 16-year low in 2009, with only 13% of those polled "very confident" about retirement and 22% "not at all confident," according to an April 2009 [Issue Brief](#) published by the Employee Benefit Research Institute (EBRI).

Among those already retired, only 20% were very confident about their financial security, down from 29% in 2008 and 41% in 2007. Mathew Greenwald & Associates conducted the survey for EBRI.

Faith in stocks, not surprising has also declined along with the market indexes in 2009. Only 48% said that the idea that stocks are good for those with a 10 to 20-year investment horizon described them well or very well. Even during the 2002 bear market that figure was 60%.

Twenty percent of workers over age 45 said they had saved \$250,000 or more for retirement. Just 24% of workers were very confident that they were investing their savings wisely, down from 45% during the bull market year of 1998.

The survey also found:

Even among those with \$100,000 or more in savings and investments, only 26% were very confident about retirement in 2009, down from 35% in 2008. Workers overwhelmingly attributed their loss of confidence to job loss, reductions in pay, or investment losses.

Only 25% of workers were very confident that they would have enough money to cover basic expenses in retirement, down from 34% in 2008 and 40% in 2007.

Only 13% of workers and 18% of retirees were very confident that they would have enough money to cover health care expenses in retirement, from 18% and 36%, respectively, in 2008 and 20% and 41% in 2007.

Of the 28% who said they had changed their expected retirement date in the past year, 89% said they postponed retirement to increase their financial security. The median expected retirement age is 65, while the current average retirement age is 62. Almost half of retirees said they retired early than planned.

One in four of those who have lost confidence in their ability to retire comfortably have sought advice from a financial adviser, and the same percentage said they are saving more. But they are more likely to adapt by cutting expenses, changing investments or working more.

The percentage of workers who say they or their spouses have saved for retirement has risen to 75%, one of the highest percentages in the 16-year history of the Retirement Confidence Survey. Sixty-two percent of

retirees said they saved for retirement, a level that has varied little over the years.

Only 44% have tried to calculate how much they will need to save to retire comfortably, while the same percentage have only guessed at how much they might need.

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