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## Retirement confidence low, survey shows

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By Editor Test      Wed, Apr 6, 2011

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The 21st wave of the Retirement Confidence Survey (RCS), sponsored by the Employee Benefit Research Institute and conducted by Mathew Greenwald & Associates, finds that Americans' confidence in their ability to afford a comfortable retirement has plunged to a new low at the same time that the recent declines in other retirement confidence indicators appear to be stabilizing.

Instead of making fundamental adjustments to their spending and saving patterns in response to the decline in confidence, workers continue to change their expectations about how they will transition from work to retirement in what has been called an age of "the new normal."

**Workers not confident:** The percentage of workers not at all confident about having enough money for a comfortable retirement grew from 22% in 2010 to 27% this year, the highest level measured in the 21 years of the RCS. At the same time, the percentage very confident shrank to the low of 13% that was first measured in 2009.

**Income breaks:** The increase in the percentage of workers not at all confident about having enough money for a comfortable retirement appears to be largely due to a loss of confidence among those who have less than \$100,000 in savings. This percentage increased sharply among those with savings less than \$25,000 (up from 19% in 2007 to 43% in 2011) and between \$25,000-\$99,999 (up from 7% in 2007 to 22% in 2011).

**Retirees:** Retiree confidence in having a financially secure retirement is stable, with 17% saying they are not at all confident and 24% very confident (statistically equivalent to 2010 levels).

**Saved for retirement?** Sixty-eight percent of workers report they and/or their spouse have saved for retirement (down from 75% in 2009, but statistically equivalent to the 2010 level). Fifty-nine percent say they and/or their spouse are currently saving (down from 65% in 2009, but statistically equivalent to earlier years).

**Little or no savings:** A sizable percentage of workers report they have virtually no savings or investments. Among RCS workers providing this type of information, 29% say they have less than \$1,000. In total, more than half of workers (56%) report that the total value of their household's savings and investments, excluding the value of their primary home and any defined benefit plans, is less than \$25,000.

**No retirement savings goal:** Many workers continue to be unaware of how much they need to save for retirement. Only 42% report they and/or their spouse 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.

**Expected retirement age rising:** The age at which workers expect to retire continues its slow, upward trend. In particular, the percentage of workers who expect to retire after age 65 has increased over time, from 11% in 1991 and 1996 to 20% in 2001, 25% in 2006, and 36% in 2011.

**More expecting to work in retirement:** More workers now expect to work for pay in retirement. Seventy-four percent report they plan to work in retirement (up from 70% in 2010), three times the percentage of retirees who say they actually worked for pay in retirement (23%).

Here are the reasons workers say are causing them to delay retirement:

- Poor economy: 36%.
- Lack of faith in Social Security/government: 16%.
- Change in employment situation: 15%.
- Finances, can't afford to retire: 13%.
- Cost of living in retirement will be higher than expected: 10%.
- Want to be sure you have enough money to retire comfortably: 10%.
- Need to pay current expenses first: 9%.
- Health care costs: 7%.
- Need to make up for losses in the stock market: 6%.
- Law changed minimum retirement age: 5%
- Poor health or disability: 1%.

According to the survey, the age at which workers expect to retire is gradually rising. In 1991, half of workers planned to retire before age 65 (50%), compared with 23% in 2011.