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## **With so many tools, why are participants still so worried?**

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By Editorial Staff    *Fri, Aug 1, 2014*

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*A new report from State Street Global Advisors finds little confidence about retirement among U.S., UK and Irish plan participants.*

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Retirement confidence is “alarmingly low” among defined contribution plan participants polled in the US, UK and Ireland, according to a new survey of more than 2,000 plan participants by State Street Global Advisors. U.S. participants are somewhat more confident than UK participants and much more confident than Irish participants.

The study’s authors urged employers to emphasize saving rather than investing to their plan participants, because participants are highly averse to investment risk. Most participants face a conflict between their needs for safety and adequacy: They can’t grow their savings enough without taking risks, but they’re reluctant to put any of their savings at risk.

The persistent anxiety among high percentages of plan participants suggests that the benefits of the solutions that the marketplace has provided in recent years—target date funds and managed accounts, for instance—are not being communicated adequately. Or perhaps those tools can’t compensate for a failure to save enough.

The findings indicate that 31% of US participants, 26% of UK participants and 17% of Ireland participants feel confident that they will “have enough saved through their employer sponsored DC plan to afford the lifestyle they want in retirement,” SSgA said in a release.

“The latest DC survey highlights yet again that “DC members principally view themselves as savers, not investors. Understanding this mindset is critical for providing the right kind of support to encourage increased contributions in workplace DC plans,” said Nigel Aston, managing director and head of UK DC at SSgA said in a statement.

“We’re seeing consistently high levels of discomfort around market volatility, so it is more important than ever to ensure that pension plans offer investments that address this concern. Default strategies that balance risk and return can help increase the effectiveness of long-term saving efforts.”

Investment knowledge remains low, with only 22% percent of respondents, on average, rating themselves as “very or extremely” knowledgeable about financial matters such as savings and investments. Only 27% of US participants, 15% of UK participants and 10% of Ireland participants would take “somewhat high risk or high risk” investments in order to

achieve better returns.

The bulk of respondents across the US, UK and Ireland find retirement planning information from websites, advisors and financial publications most useful, ahead of guidance from the government and their employer.

SSgA's research into DC plan participants' attitudes toward retirement, retirement planning habits and current level of savings was conducted in February and March 2014.

Respondents were aged 22 to 65, working at least part-time, and participating in their employer-sponsored DC plan.

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