

# Findings from the 21st Annual Retirement Confidence Survey



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**By: Louis J. Melone, Managing Partner, CFP®**

The Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan public policy research organization recently released its findings from their 21<sup>st</sup> Annual Retirement Confidence Survey. The survey gauges the views and attitudes of working-age and retired Americans regarding retirement, their preparations for retirement, and their confidence with regard to various aspects of retirement, and related issues. The EBRI study has been one of the most comprehensive in the industry and provides a pulse of real life events for real people...what I would call theory versus practice. What follows are some of the findings that I found rather interesting (for the full report, go to [ebri.org](http://ebri.org)) in regards to the environment we have come from (recession) and continue to slowly move in to (recovery).

**Confidence at a Record Low:** The 21<sup>st</sup> Survey has revealed that Americans confidence in their ability to afford a comfortable retirement is now at a new low. Some of the factors that may be contributing to it are government issues, rising health care costs, low interest rates and investment returns, longer life expectancies, and more baby boomers now moving into retirement. The percentage of workers *Not at all confident* in regards to having enough money grew to a record high of 27 percent, in addition the percentage of *Very confident* shrank to a low of 13 percent.

**Saving for Retirement:** Sixty-eight percent of workers reported that either they or their spouse have saved for retirement, although lower than in the past surveys. However, a large portion of workers reported that they have almost no savings or investments. For example, 29 percent say they have less than \$1,000. In total, more than half (56 percent) reported that the total value of their household's savings and investments, excluding the value of their primary residence and any defined benefit plans, is less than \$25,000.

**No Planning and No Retirement Savings Goals:** Only 42 percent report that they or their spouse have tried to calculate how much money they will need for a comfortable retirement. However, the method of determining how much was needed to retire by workers doing a retirement calculation is somewhat shocking; 42 percent of workers guessed at what amount they would need, 21 percent asked a financial advisor and only five percent based it on current expenses/lifestyle.

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**Planning an Effective Tool:** The retirement calculation appears to be an effective tool for changing retirement planning behavior. Forty-four percent of workers who calculated a goal amount report that they made changes to their retirement planning as a result by either saving or investing more (59 percent), changing investment mix (19 percent), and reducing debt or spending (16 percent).

**Sources of Income in Retirement:** The comparison of Workers vs. Retirees in regards to where the major sources of income in retirement are coming from is interesting in two ways; the shift of income for the newly retired and expectation of workers vs. reality in retirement. It is as follows:

Social Security Income - Workers 33 percent vs. Retirees 68 percent

Employment Income - Workers 24 percent vs. Retirees 5 percent

Employer Sponsored Plans- Workers 44 percent vs. Retirees 24 percent

Individual Retirement Account - Workers 29 percent vs. Retirees 17 percent

Other Personal Savings- Workers 26 percent vs. Retirees 19 percent

Employer sponsored traditional pension or cash balance- Workers 29 percent vs. Retirees 30 percent

In regards to employer sponsored pension or cash balance plans, although a total of 56 percent (a major or minor source of income) of workers expect to receive income from this source, only 37 percent report that they or their spouse currently have such a benefit in place with their current or previous employer. So, up to 19 percent of workers are counting on something they don't even have yet.

Past performance is no guarantee of future results.

This article was written by Lou Melone, Managing Partner, with Budd, Melone & Company in Auburn Hills, MI. Lou Melone can be reached at 248.499.8704.

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