

### **Long-Term Study Illuminates Multi-Year Trends in Retirement Readiness Among Workers**

*Transamerica Center for Retirement Studies' Research Reveals Shifts and Demographic Influences*

**LOS ANGELES – August 20, 2015** – Today, nonprofit Transamerica Center for Retirement Studies® (TCRS) released ***A Compendium of Findings About American Workers*** (Compendium) as part of its 16<sup>th</sup> Annual Transamerica Retirement Survey. The 185-page report provides a five-year trend analysis and in-depth perspectives on access to employer-sponsored retirement benefits, savings rates, planning-related activities, and the changing nature of retirement itself.

#### ***The American Worker – An Overview***

“American workers are still recovering from what is commonly referred to as the Great Recession. Most are focused on saving for retirement yet confidence is still lacking among many. As a natural outcome, many expect to continue working in retirement,” said Catherine Collinson, president of TCRS.

The Compendium offers approximately 50 key indicators of retirement readiness. Key findings include:

- **Few workers have fully recovered from the Great Recession.** Thirty-seven percent of workers say that they have either fully recovered (16 percent) or were not impacted by Great Recession (21 percent), which represents an increase from 2014 (14 percent and 15 percent, respectively).
- **Retirement confidence is mixed among many workers.** Fifty-nine percent of workers are “somewhat” or “very” confident that they will be able to fully retire with a comfortable lifestyle. Retirement confidence has dipped since last year (64 percent), but remains well above the 51 percent found in 2011.
- **Fewer workers are expecting their standard of living to decline.** One-third of workers are expecting their standard of living to decline when they retire, a finding similar to 2014 but far below the level found in 2011 (42 percent).
- **Workers' estimated retirement savings needs have increased, yet many are still guessing.** Workers say they will need to have saved \$1 million (median) by the time they retire in order to feel financially secure, a substantial increase from \$600,000 (median) found in 2011. In terms of how they arrived at their estimates, slightly more guessed in 2015 (53 percent) than in 2011 (50 percent).
- **Total household retirement savings has increased** from \$49,000 (estimated median) in 2011 to \$63,000 (estimated median) in 2015. However, it has remained flat since last year.

#### ***Influences of Demographics on Retirement Readiness***

“With regard to saving and planning for retirement, there’s no such thing as an ‘average’ American. Each demographic segment faces its own unique opportunities and challenges. Nevertheless, we live in a time in which all workers face retirement-related risks and the need to take greater personal control of their long-term financial security,” said Collinson.

The Compendium offers 20 key indicators of retirement readiness among workers by employer size, generation, gender, household income, and level of education. Key findings include:

- **Workers of large companies have better access to retirement benefits.** Most workers are offered a 401(k) or other self-funded plan by their employers (66 percent); however, access is greater among workers of large companies with 500+ employees (74 percent) compared to those of small companies

with 10-499 employees (56 percent). Few workers are offered a traditional company-funded defined benefit plan (24 percent).

- **Baby Boomers, Generation X, and Millennials face different retirement realities.** Millennials (48 percent) and Generation X (40 percent) most frequently expect 401(k)s, 403(b)s and/or IRAs to be their primary source of retirement income, while Baby Boomers (35 percent) most frequently cite Social Security. Some workers expect “working” to be their primary source of income in retirement, including 14 percent of Millennials and Generation X and 12 percent of Baby Boomers.
- **Women are at a greater risk than men of not achieving a financially secure retirement.** Men report having an estimated median total household retirement savings of \$88,000 compared to just \$41,000 among women. Men (28 percent) are also almost twice as likely as women (15 percent) to say that they have saved \$250,000 or more in total household retirement accounts.
- **Lower income workers are less likely to be saving for retirement.** Just 56 percent of those with household incomes of less than \$50,000 are saving for retirement, compared to 80 percent of workers with household incomes of \$50,000 to \$99,999, and 91 percent of workers with household incomes of \$100,000 or more.
- **Higher levels of educational attainment lead to increased retirement confidence.** College graduates (67 percent) and those with some graduate school or advanced degree (75 percent) are more likely to be “somewhat” or “very” confident about their future retirement compared to those with only some college or trade school education (56 percent) or those with a high school diploma or less (50 percent).

“At Transamerica Center for Retirement Studies our goal is to raise awareness of the issues faced and inspire positive change so that American workers can become more informed, empowered, and be in a position to achieve a financially secure retirement,” said Collinson.

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#### **About Transamerica Center for Retirement Studies**

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#### **About the 16th Annual Transamerica Retirement Survey**

The analysis contained in *A Compendium of Findings About American Workers* was prepared internally by the research team at TCRS. The online survey was conducted within the United States by Harris Poll on behalf of Transamerica Center for Retirement Studies between February 18 and March 17, 2015 among a nationally representative sample of 4,550 full-time and part-time workers. Potential respondents were targeted based on employment status and company size. Respondents met the following criteria: U.S. residents, age 18 or older, full-time workers or part-time workers in for-profit companies, and employer size of 10 or more. Results were weighted to account for differences between populations available via the Internet versus by telephone, and to ensure that each quota group had a representative sample based on the number of employees at companies in each employee size range. No estimates of theoretical sampling error can be calculated.

TCRS 1281-0815