

**Tale of Two Retirements: Workers With and Without 401(k) Plans
Likely to Face Dramatically Different Realities**

11th Annual Transamerica Study Sheds New Light on the Importance of Employee-funded Retirement Plans and the Implications of Employers Not Offering Them

LOS ANGELES – April 6, 2010 – New research conducted by the non-profit Transamerica Center for Retirement Studies® ("The Center") highlights how the availability of 401(k) and similar employee-funded retirement plans, or lack thereof, may lead workers down divergent paths in saving and planning for retirement, which, in turn, may result in dramatically different outcomes when they reach retirement age. The results of the 11th Annual Transamerica Retirement Survey—conducted among nearly 3,600 American workers—found that workers who are offered 401(k) plans, or similar employee-funded arrangements, exhibit more proactive retirement savings behaviors, demonstrate higher levels of knowledge about retirement investing, and are more confident in their ability to retire comfortably.

According to The Center’s research, the availability of a plan is highly correlated to proactive saving behaviors beyond simply providing a vehicle to save. For example, workers who are offered a plan started saving at a median age of 28 (two years before those without plans)—allowing more time to contribute and potentially grow their savings. Of those who are offered a plan, more than three out of four (77 percent) participate in the plan and two-thirds (66 percent) are saving for retirement outside of the plan provided by their employer. By comparison, only 57 percent of those not offered a plan are saving outside of work.

Workers offered an employee-funded savings plan also appear to be at a distinct advantage because they are more likely to have a retirement savings strategy; 61 percent have developed some form of a retirement savings strategy, compared to only 40 percent of workers without an employee-funded plan. They also demonstrate a better understanding of the fundamentals of retirement investing. Some notable findings include:

	Workers with a plan	Workers without a plan
Agree that they understand asset allocation principles	78 percent	53 percent
"Not sure how their savings are invested"	14 percent	29 percent
Guessed at the amount they think they need saved for retirement (opposed to a calculation, worksheet or other method)	47 percent	60 percent

"Today’s society requires that everyone must be proactive and take personal responsibility for saving and planning for a financially secure retirement. Our research underscores the importance of a 401(k) plan as one of the most effective tools to educate and help prepare workers about the basics of retirement savings and planning, says Catherine Collinson, president of the Transamerica Center for Retirement Studies.

Tale of Two Retirements

Ultimately, the disparity in proactive savings behaviors and levels of retirement knowledge between workers who have access to a plan versus those who do not may lead them to drastically different realities when they reach retirement age:

- Although retirement confidence is lacking among most workers, the survey found that workers who are offered a 401(k) plan or similar arrangement are more likely to agree that they are building a large enough retirement nest egg (45 percent), compared to those workers who are not offered a plan (27 percent),
- Significantly more workers without a plan expect to retire after the age of 70 or not at all (47 percent, versus 36 percent with a plan),
- More workers without plans expect to rely on Social Security as their primary source of retirement income (31 percent versus 20 percent).

"Although the economic downturn and volatility in the financial markets has illuminated the risks involved with investing in 401(k) plans, the necessity for workers to save and plan for retirement remains the same," says Collinson. "There is greater risk in not having access to an employee-funded plan at all.

Expanding Retirement Plan Coverage

Despite the current challenges many workers face in their ability to save for retirement, 401(k) and similar plans continue to be valued as an important benefit. The majority of workers both with a plan (95 percent) and without a plan (79 percent) consider it to be personally important. Yet, there is still a significant portion of the working population without access to such plans. In fact, only 71 percent of all workers reported being offered such a plan, and the Survey data revealed several demographic segments among workers that are less likely than others to be offered one, including:

- **Small Business Workers:** Workers of large companies are more likely to be offered a 401(k) or similar plan (80 percent) than those of small companies (60 percent).
- **Part-Time Workers:** Fewer than half of the part-time worker respondents (48 percent) indicated that their company offered them a plan, compared to 82 percent of full-time workers. Part-time workers at small companies are even worse off: only 33 percent are offered a plan.
- **Younger Workers:** Workers in their twenties (57 percent) are less likely to be offered a plan than those in their 30s (77 percent), 40s (76 percent), 50s (72 percent), or 60s (66 percent).
- **Women:** 67 percent of women surveyed indicated that they are offered a plan by their employers, compared to 74 percent of men who were surveyed. Only half of women who work part-time are offered a plan (50 percent).

"With today's imperative for workers to save and plan their own retirement, it's vital that employers, retirement plan providers and legislators provide them with tools to do so by expanding coverage to those who are not presently offered a 401(k) or similar employee-funded retirement plan," adds Collinson.

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About Transamerica Center for Retirement Studies®

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About the 11th Annual Retirement Survey

This survey was conducted online within the United States by Harris Interactive on behalf of Transamerica Center for Retirement Studies between December 3, 2009 and January 18, 2010 among 3,598 full-time and part-time workers. Potential respondents were targeted based on job title and full-time and part-time status. Respondents met the following criteria: All 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 as needed for the number of employees at companies in each employee size range. No estimates of theoretical sampling error can be calculated; a full methodology is available.

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TCRS 1029-0310