

**Transamerica Study Shows American Workers Shifting Expectations of Retirement, Reveals Need to Redefine  
'Retirement Readiness'**

*American Workers Plan to Keep Working Past Age 65*

**LOS ANGELES – May 16, 2012** – American workers, shaken by the realities of the Great Recession, have adjusted their visions of retirement according to the **13<sup>th</sup> Annual Transamerica Retirement Survey** released today by the non-profit Transamerica Center for Retirement Studies® (“The Center”). The Center surveyed more than 3,600 American workers and found that the majority of workers plan to work past age 65 (56 percent) and the majority (54 percent) plan to continue working after they retire. Despite workers’ demonstrated commitment to saving, just 39 percent believe they are building a sufficient nest egg, thereby underscoring the need to redefine “retirement readiness” in a way that is better suited to these new realities.

For the past few years, the annual Transamerica Retirement Survey has seen an emerging trend of workers who plan to work past age 65, including some workers who do not plan to retire. This year’s survey found that these expectations are prevalent to varying degrees among workers of all age ranges, not just older workers.

“American workers are adjusting their expectations of retirement, including working past age 65 and planning to work part-time in retirement,” said Catherine Collinson, president of the Transamerica Center for Retirement Studies®. “American workers have reshaped their vision of retirement, now it’s time to provide an updated roadmap to help them achieve retirement income to last throughout their lifetime.”

Following careful analysis, The Transamerica Center for Retirement Studies® proposes the following definition of Retirement Readiness:

*A state in which an individual is well-prepared for retirement, should it happen as planned or unexpectedly, and can continue generating adequate income to cover living expenses throughout his/her lifetime through retirement savings and investments, employer pension benefits, government benefits, and/or continuing to work in some manner while allowing for leisure time to enjoy life.*

**Plan for the Best, Prepare for the Unexpected**

According to the survey, more than half of workers polled (57 percent) have a retirement strategy, including 12 percent who have a written plan and 45 percent who have a plan that is not written down. Of those with any form of strategy, only 15 percent have factored in contingency plans for retiring sooner than expected and/or savings shortfalls. Meanwhile, among all workers, many still leave their future retirements up to guesswork; when asked how they estimated their savings needs for retirement, 47 percent admitted to guessing.

“The effects of the Great Recession have been reflected in workers’ changing expectations of retirement. Working past age 65 is an important opportunity to continue to earn income, save more, and help to alleviate a retirement savings shortfall; however, it’s more important than ever for workers to have a retirement strategy including contingency plans if they are forced to retire sooner than expected. The fact that so few workers have a backup plan is a scary reality that must be addressed,” said Collinson. “Life’s unforeseen circumstances, such as a job loss or health issues, can have a devastating impact on the best laid plans. The ‘what if’ scenarios are mission critical for American workers of all age ranges to include in their long-term preparations.”

A significant majority (84 percent) prefers a do-it-yourself decision-making style regarding saving and investing for retirement, including nearly half (49 percent) of workers who seek advice but make their own final decisions and 35 percent who do their own research and make their own decisions. Despite these decision making styles, most workers (70 percent) agree that they do not know as much as they should about retirement investing.

### **The Role of Family in Retirement Planning**

More than one-third of respondents (34 percent) cited “friends and family” as a source of information about retirement. Nearly one in three workers (29 percent) expect to financially support family members other than spouses or partners, after they retire, while 13 percent expect to receive financial support from family in retirement. In contrast, only one in 10 (10 percent) discuss retirement planning frequently with family and friends and more than one-quarter (27 percent) never discuss retirement at all.

“Retirement impacts families. An ongoing dialogue among family members can help prepare for hurdles and avoid misunderstandings,” Collinson said. “Our survey also found many striking similarities between the responses of workers in their Twenties and Fifties, suggesting that young people’s attitudes about retirement are greatly influenced by their parents. It’s important for older generations to pass on the lessons they’ve learned so the younger may avoid their missteps – and build on their successes.”

### **Employees Seek Guidance from the Workplace**

Many workers (44 percent) expect to rely on savings from 401(k) or similar retirement plans as their primary source of income when they retire. An overwhelming 90 percent of respondents cited an employee self-funded plan as important, and more than half of respondents (53 percent) would be likely to leave their current employer for a nearly identical job with a similar employer for better retirement benefits.

A majority of workers (62 percent) desire information and guidance about retirement planning from their company. When asked what could motivate them to learn more about saving for retirement, most respondents (52 percent) cited a good starting point or educational materials that are “easier to understand.”

### **A Checklist for Retirement Readiness**

In order to help workers to plan and prepare, the Transamerica Center for Retirement Studies® identified a checklist of five key ingredients, which reflect today’s realities, for the new definition of Retirement Readiness:

1. **A clear vision of retirement** including retirement dreams, expected retirement age, and any plans to continue working in retirement
2. **Retirement income** including savings and investments, pension benefits, and government benefits
3. **A retirement strategy** that incorporates savings needs, potential risks, and a back-up plan if forced into retirement sooner than expected
4. **Knowledge to make informed decisions** about retirement investments, government benefits, and healthcare
5. **A family understanding** and an open dialogue about finances and any expectations of support

For the full survey results and for resources about retirement planning, please visit [www.transamericainstitute.org](http://www.transamericainstitute.org).

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**About Transamerica Center for Retirement Studies®**

The Transamerica Center for Retirement Studies® (“The Center”) is a non-profit, private foundation. The Center is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third parties. For more information about The Center, please refer to [www.transamericainstitute.org](http://www.transamericainstitute.org).

**About the 13th Annual Retirement Survey**

This survey was conducted online within the United States by Harris Interactive on behalf of Transamerica Center for Retirement Studies® between January 13 -31, 2012 among a nationally representative sample of 3,609 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 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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