

Many Americans Aren't Saving Enough for Retirement. Are You?



Many Americans could — and should — do more to plan for retirement. The percentage of Americans who save for retirement has remained stagnant since 2001. And, many are not setting aside enough, in part because of overly optimistic expectations about their golden years. Those are some of the findings of the 14th annual national Retirement Confidence Survey,* which gauges Americans' attitudes and behaviors toward saving, retirement planning, and long-term financial security. According to the survey, 6 in 10 Americans currently are saving for retirement, a figure that has remained constant since 2001 despite declines in the stock market. Unfortunately, 45% have saved less than \$25,000.

POSITIVE FINDINGS

Among the good news is the key role that employer-sponsored plans play in encouraging workers to save for retirement and the potential for education to change retirement savings patterns. Of those surveyed, 73% have a retirement plan

through work and 82% contribute money to that plan. The survey found that working through a savings calculation — similar to the one located on www.principal.com — is the most effective way to change retirement savings behavior.

MORE HIGHLIGHTS

Other key findings include:

- 68% of workers are “very” or “somewhat” confident that they will have enough to live comfortably during retirement; 14% of non-saving workers are confident.
- 66% could set aside an additional \$20 per week for retirement.
- Today's workers plan to stay on the job much longer than current retirees did, perhaps in part because 37% of retirees say they retired earlier than planned.
- Most workers, or 68%, expect to do some work for pay during retirement. Only 32% of retirees surveyed have worked for pay since leaving their full-time jobs.

*Retirement Confidence Survey (2004) - released by the Employee Benefit Research Institute, American Savings Education Council (ASEC) and Mathew Greenwald & Associates (Greenwald). The annual survey is nationally representative of 1,000 individuals age 25 and over.

Survey respondents may be underestimating their retirement needs, with 38% indicating they will need less than 70% of their pre-retirement income. A more realistic estimate is 75% of after-tax, pre-retirement income. One reason for this overly optimistic expectation may be that workers are not anticipating key retirement costs. More than three-quarters, or 79%, have given little or no thought to paying for long-term nursing home expenses, and 70% have given little or no thought to health care costs not covered by Medicare.

ARE YOU ON TRACK FOR YOUR RETIREMENT?

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