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Issue BRIEF

The 2014 Retirement Confidence Survey: Confidence Rebounds—for Those With Retirement Plans

By Ruth Helman, Greenwald & Associates; and Nevin Adams, J.D., Craig Copeland, Ph.D., and Jack VanDerhei, Ph.D., EBRI

A T A G L A N C E

- The percentage of workers confident about having enough money for a comfortable retirement, at record lows between 2009 and 2013, increased in 2014. Eighteen percent are now very confident (up from 13 percent in 2013), while 37 percent are somewhat confident. Twenty-four percent are not at all confident (statistically unchanged from 28 percent in 2013).
- This increased confidence is observed almost exclusively among those with higher household income, but it was also found that confidence was strongly correlated with household participation in a retirement plan (including an individual retirement account (IRA)). Nearly half of workers without a retirement plan were not at all confident about their financial security in retirement, compared with only about 1 in 10 with a plan.
- Retiree confidence in having a financially secure retirement, which historically tends to exceed worker confidence levels, has also increased, with 28 percent very confident (up from 18 percent in 2013) and 17 percent not at all confident (statistically unchanged from 14 percent in 2013).
- Fifty-eight percent of workers and 44 percent of retirees report having a problem with their level of debt. Furthermore, 24 percent of workers and 17 percent of retirees indicate that their current level of debt is higher than it was five years ago.
- Worker confidence in the affordability of various aspects of retirement has also rebounded. In particular, the percentage of workers very confident in their ability to pay for basic expenses has increased (29 percent, up from 25 percent in 2013). In addition, there have been decreases in the percentages of workers reporting they are not at all confident about their ability to pay for medical expenses (24 percent, down from 29 percent in 2013) and long-term care expenses (32 percent, down from 39 percent in 2013).
- Sixty-four percent of workers report they or their spouse have saved for retirement (statistically equivalent to 66 percent in 2013), although nearly 8 in 10 (79 percent) full-time workers say that they or their spouse have done so. Here again, participation in a retirement plan mattered: 90 percent of workers participating in a retirement plan had saved for retirement, compared with just 1 in 5 of those without a retirement plan.
- A sizable percentage of workers report they have virtually no savings and investments. Among RCS workers providing this type of information, 36 percent say they have less than $1,000 (up from 28 percent in 2013), although those who indicate they and their spouse do not have a retirement plan (either an IRA, defined contribution, or defined benefit plan) are far more likely than those who have a plan to be in this group (73 percent vs. 11 percent). Moreover, 68 percent with household income of less than $35,000 a year have savings of less than $1,000. Of those who have saved for retirement, only 38 percent report savings of less than $25,000.
- Cost of living and day-to-day expenses head the list of reasons why workers do not save (or save more) for retirement, with 53 percent of workers citing this factor.

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The 2014 Retirement Confidence Survey: Confidence Rebounds—for Those With Retirement Plans

By Ruth Helman, Mathew Greenwald & Associates; and Nevin Adams, J.D.; Craig Copeland, Ph.D.; and Jack VanDerhei, Ph.D., EBRI

Introduction

The 24th wave of the Retirement Confidence Survey (RCS) finds that Americans' confidence in their ability to afford a comfortable retirement has rebounded somewhat from the record lows of the past five years. However, this increased level of confidence does not appear to be founded on improved retirement preparations. In the aggregate, worker[1] savings remain low, and only a minority appear to be taking basic steps to prepare for retirement. On the other hand, there are notable differences between the behaviors—and confidence—of those who indicate they or their spouse have a retirement plan, and those who do not.

Findings in this year's RCS, the longest-running survey of its kind in the nation, include:

- The percentage of workers confident about having enough money for a comfortable retirement, at record lows between 2009 and 2013, increased in 2014. Eighteen percent are now very confident (up from 13 percent in 2013), while 37 percent are somewhat confident. Twenty-four percent are not at all confident (statistically unchanged from 28 percent in 2013).
- This increased confidence is observed almost exclusively among those with higher household income ($75,000 or above), but confidence was also found to be strongly correlated with household participation in a retirement plan (including an individual retirement account (IRA)). Nearly half of workers without a retirement plan were not at all confident about their financial security in retirement, compared with only about 1 in 10 with a plan.
- Retiree confidence in having a financially secure retirement, which historically tends to exceed worker confidence levels, has also increased, with 28 percent very confident (up from 18 percent in 2013) and 17 percent not at all confident (statistically unchanged from 14 percent in 2013).
- Worker confidence in the affordability of various aspects of retirement has also rebounded. In particular, the percentage of workers very confident in their ability to pay for basic expenses has increased (now 29 percent, from 25 percent in 2013). In addition, there have been decreases in the percentages of workers reporting they are not at all confident about their ability to pay for medical expenses (24 percent, down from 29 percent in 2013) and long-term care expenses (32 percent, down from 39 percent in 2013) in retirement.
- Sixty-four percent of workers report they or their spouse have saved for retirement (statistically equivalent to 66 percent in 2013), although nearly 8 in 10 (79 percent) full-time workers say that they or their spouse have done so. Here again, participation in a retirement plan mattered: 90 percent of workers participating in a retirement plan had saved for retirement, compared with just 1 in 5 of those without a retirement plan.
- A sizable percentage of workers report they have virtually no savings and investments. Among RCS workers providing this type of information, 36 percent say they have less than $1,000 (up from 28 percent in 2013). However, those who indicate they and their spouse do not have a retirement plan (either an IRA, defined contribution, or defined benefit plan) are far more likely than those who have a plan to be in this category (73 percent have less than $1,000 saved vs. 11 percent of those who have a retirement plan). Income is also a key factor; 68 percent with household income of less than $35,000 a year have savings of less than $1,000. Of those who have saved for retirement, only 38 percent report savings of less than $25,000.
- Cost of living and day-to-day expenses head the list of reasons why workers do not save (or save more) for retirement, with 53 percent of workers citing this factor.

- Fifty-eight percent of workers and 44 percent of retirees report having a problem with their level of debt. Furthermore, 24 percent of workers and 17 percent of retirees indicate that their current level of debt is higher than it was five years ago, while 35 percent and 25 percent indicate that their current level of debt is lower than it was five years ago.
- Nevertheless, many workers appear to be aware of the need to bolster their savings if they want to enjoy a comfortable retirement. Twenty-two percent say they need to save between 20 and 29 percent of their income and another 22 percent indicate they need to save 30 percent or more.
- Aggressive as those targets appear to be, they may not be based on a careful analysis of individual circumstances. Only 44 percent report they and/or their spouse have tried to calculate how much money they will need to have saved by the time they retire so that they can live comfortably in retirement, a level that has held relatively consistent over the past decade.
- Moreover, that sense of savings shortfall may influence their sensitivity to tax law changes. Asked how they would respond if the law were changed so that workers are no longer able to contribute to employer-sponsored retirement savings plans on a pretax basis, but would pay no taxes on investment income, two-thirds (65 percent) of plan participants say they would continue to contribute at their current rate. Just 10 percent indicate they would reduce the amount they contribute to the plan, and 5 percent say they would stop contributing altogether. Participants with household income of less than $35,000 may be more likely than higher-income participants to stop contributing.
- Forty-three percent of plan participants say that having the financial services company that handles their retirement plan give them recommendations as to how much to withdraw from their plan each month to help savings and investment last throughout retirement would be very valuable. Another 45 percent think it would be somewhat valuable.
- Nineteen percent of workers and 25 percent of retirees report they have obtained investment advice from a professional financial advisor who was paid through fees or commissions. Of these workers, 27 percent followed all of the advice, but more disregarded some of the advice and followed most (36 percent) or some (29 percent) of it.

Retirement Confidence

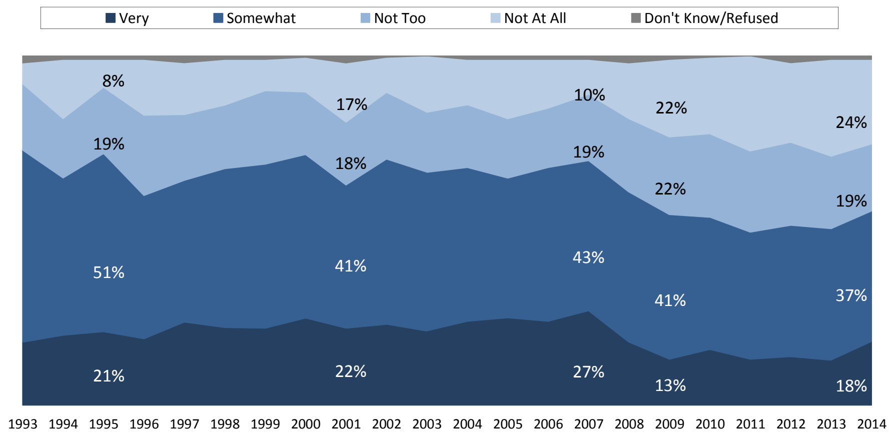
Overall Retirement Confidence

American workers' confidence in their ability to retire comfortably, which languished at record lows between 2009 and 2013, has increased in 2014. Eighteen percent are now very confident they will have enough money to live comfortably throughout their retirement years, 5 percentage points higher than the low of 13 percent measured in 2009, 2011, and 2013, but still well below the historic high of 27 percent observed in 2007. Thirty-seven percent say they are somewhat confident. Twenty-four percent of workers are not at all confident that they will have enough money to live comfortably throughout their retirement years (still far above the low of 10 percent in 2007), and 19 percent are not too confident they will have enough money. While nearly half of all workers (48 percent) were not too or not at all confident of having enough money for retirement in 2013, 43 percent report this level of confidence in 2014 (Figure 1).

Retiree confidence about having a financially secure retirement has also increased. Twenty-eight percent are very confident about having enough money to live comfortably throughout their retirement years (up from 18 percent in 2013) and 39 percent are somewhat confident. At the same time, 17 percent say they are not at all confident, and another 14 percent of retirees are not too confident. Like worker confidence, retiree confidence in having enough money for retirement has varied over the history of the RCS, though the confidence expressed by those already in retirement has tended to outpace that of those still in the workforce. It remained fairly steady at roughly 40 percent very confident and 10 percent not at all confident from 2002 through 2007, but the percentage very confident declined in 2008 and 2009 (Figure 2).

Figure 1
Worker Confidence in Having Enough Money to Live Comfortably Throughout Their Retirement Years

Overall, how confident are you that you (and your spouse) will have enough money to live comfortably throughout your retirement years? (2014 Workers n=1,000)

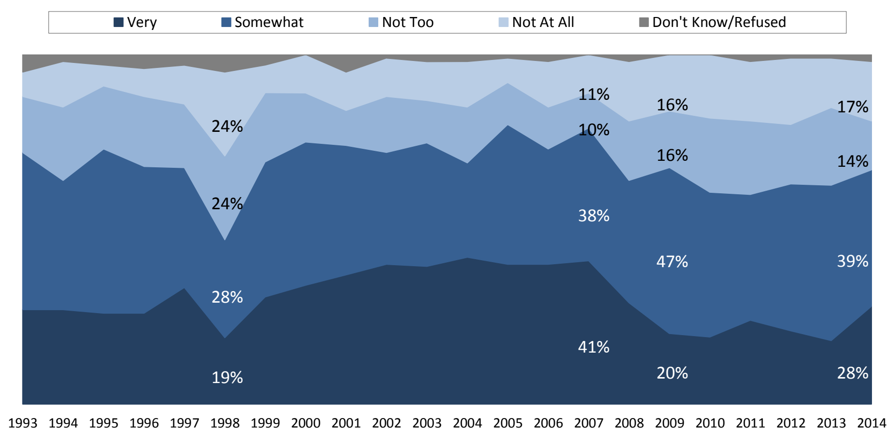


Source: Employee Benefit Research Institute and Greenwald & Associates, 1993–2014 Retirement Confidence Surveys.

1

Figure 2
Retiree Confidence in Having Enough Money to Live Comfortably Throughout Their Retirement Years

Overall, how confident are you that you (and your spouse) will have enough money to live comfortably throughout your retirement years? (2014 Retirees n=501)



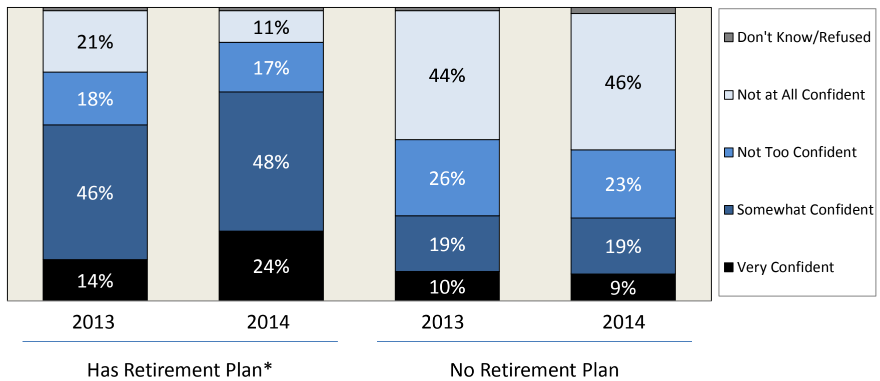
Source: Employee Benefit Research Institute and Greenwald & Associates, 1993–2014 Retirement Confidence Surveys.

2

Retirement confidence is strongly related to retirement plan participation, whether in a defined contribution plan, defined benefit plan, or IRA. Workers reporting they or their spouse have money in a defined contribution plan or IRA or have a defined benefit plan from a current or previous employer are more than twice as likely as those without any of these plans to be very confident (24 percent with a plan vs. 9 percent without a plan). Moreover, the increase in confidence between 2013 and 2014 occurred primarily among those with a plan (an increase from 14 percent very confident in 2013 to 24 percent in 2014 for those with a plan, compared with level readings among those without a plan of 10 percent very confident in 2013 and 9 percent in 2014). Additionally, workers without a plan are four times as likely to say they are not at all confident about their financial security in retirement (11 percent with a plan vs. 46 percent without a plan) (Figure 3).

Figure 3
Retirement Confidence by Retirement Plan Ownership, Among Workers: 2013–2014

Overall, how confident are you that you (and your spouse) will have enough money to live comfortably throughout your retirement years?



**Has Retirement Plan* defined as having at least one of the following: IRA, DC plan, or DB plan

Source: Employee Benefit Research Institute and Greenwald & Associates, 2013–2014 Retirement Confidence Survey.

3

Many Americans carry what they see as a problematic amount of debt. Twenty percent of workers and 16 percent of retirees report their level of debt is a major problem, and an additional 38 percent of workers and 28 percent of retirees describe it as a minor problem. Forty-two percent of workers say debt is not a problem for them, level with 39 percent measured last year and 40 percent in 2005. Most (55 percent) of retirees surveyed don't report a problem with debt, but that percentage has slowly decreased over time from 69 percent in 2005. In addition, 24 percent of workers and 17 percent of retirees indicate that their current level of debt is higher than it was five years ago, while 35 percent of workers and 25 percent of retirees say their debt level is lower.

The RCS has consistently found a relationship between the level of debt and retirement confidence. Just 3 percent of workers who describe their debt as a major problem say they are very confident about having enough money to live comfortably throughout retirement, compared with 29 percent of workers who indicate debt is not a problem. On the other hand, 49 percent of workers with a major debt problem are not at all confident about having enough money for a financially secure retirement, compared with 16 percent of workers without a debt problem (Figure 4).

Just as high debt levels weigh on confidence, worker confidence in having enough money for a comfortable retirement increases with household income, level of savings and investments, education, and improved health status. Not surprisingly, workers employed full time are more confident than those employed part time, self-employed, or unemployed, as are married workers (compared with those not married).

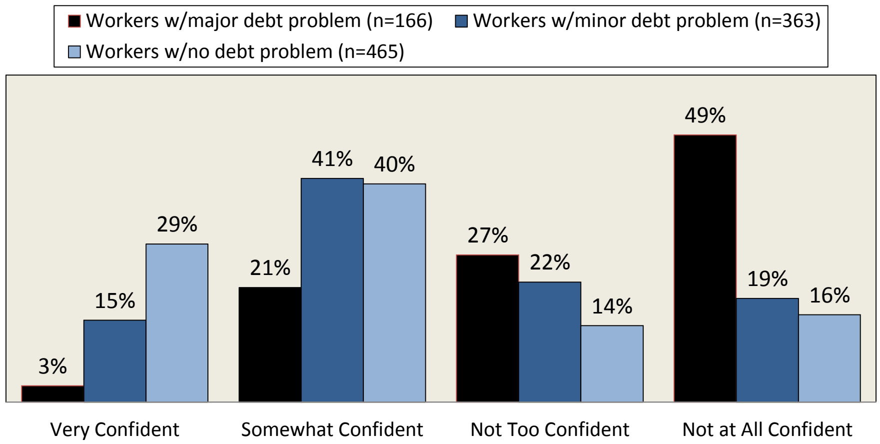
Confidence in Other Financial Aspects of Retirement

Workers

Confidence about some other financial aspects of retirement also rebounded slightly from the lows measured in 2013. Twenty-nine percent of workers are now very confident that they will have enough money to pay for basic expenses during retirement (up from 25 percent in 2013, but still below the 40 percent measured in 2007). At the same time, 16 percent are not at all confident about their ability to pay for basic expenses in retirement (unchanged from last year) (Figure 5).

Figure 4
Retirement Confidence Among Workers, by Assessed Level of Debt

Overall, how confident are you that you (and your spouse) will have enough money to live comfortably throughout your retirement years?



Source: Employee Benefit Research Institute and Greenwald & Associates, 2014 Retirement Confidence Survey.

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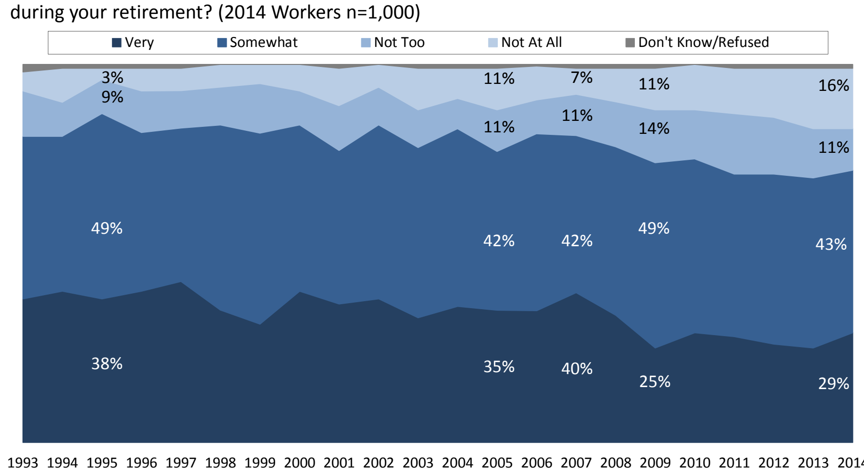
Figure 5
Worker Confidence in Having Enough Money to Take Care of Basic Expenses in Retirement

Overall, how confident are you that you will have enough money to take care of your basic expenses during your retirement? (2014 Workers n=1,000)



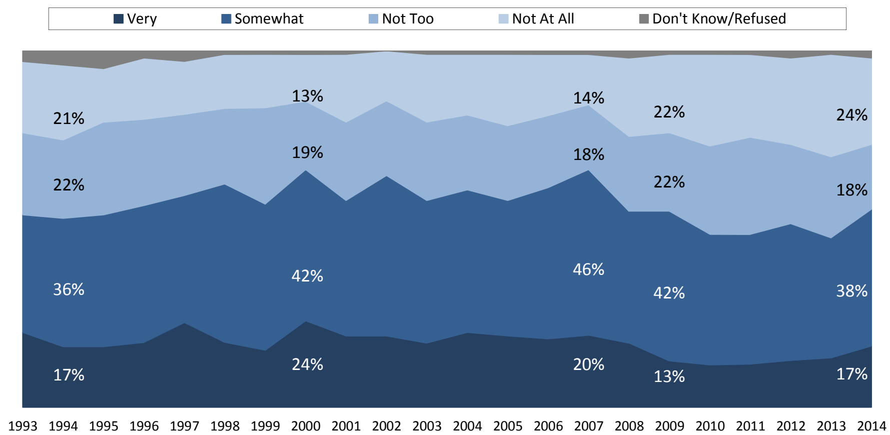
Source: Employee Benefit Research Institute and Greenwald & Associates, 1993–2014 Retirement Confidence Surveys.

5

Worker confidence about having enough money to pay for medical expenses and long-term care expenses in retirement remains well below the confidence level observed regarding paying for basic expenses. While 3 in 10 workers are very confident about paying for basic expenses, far fewer are very confident about being able to pay for medical expenses (17 percent, statistically equivalent to 14 percent in 2013) and long-term care expenses (13 percent, statistically equivalent to 11 percent in 2013). Nevertheless, the percentages of workers who are not at all confident about paying for medical expenses (24 percent, down from 29 percent in 2013) and long-term care expenses (32 percent, down from 39 percent in 2013) in retirement have decreased slightly (Figures 6 and 7).

Figure 6
Worker Confidence in Having Enough Money to Take Care of Medical Expenses in Retirement

Overall, how confident are you that you will have enough money to take care of your medical expenses during your retirement? (2014 Workers n=1,000)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1993–2014 Retirement Confidence Surveys.

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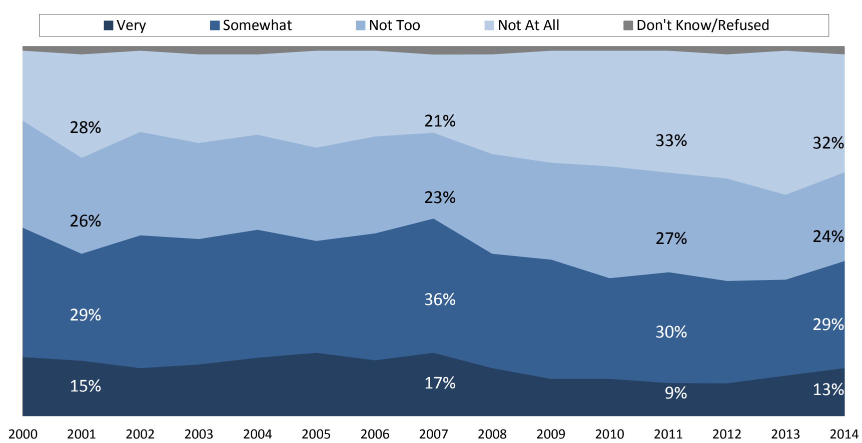
Figure 7
Worker Confidence in Having Enough Money to Pay for Long-Term Care

Overall, how confident are you that you will have enough money to pay for long-term care, such as nursing home or home health care, should you need it during your retirement? (2014 Workers n=1,000)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1993–2014 Retirement Confidence Surveys.

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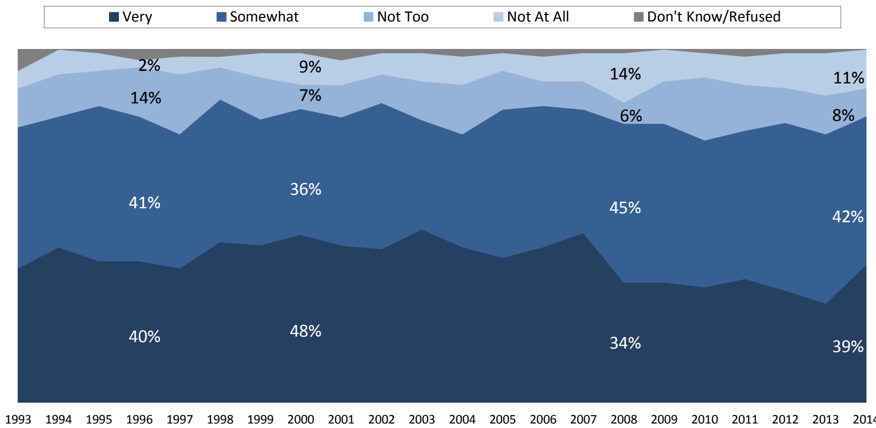
Retirees

Retirees tend to express higher levels of confidence than workers about each of these financial aspects of retirement, and several confidence indicators have increased in 2014. The percentage of retirees very confident of having enough money to pay for basic expenses has increased significantly since the last RCS, from 28 percent in 2013 to 39 percent in 2014, although still below the recent high of 48 percent found in the 2007 RCS. At the same time, 11 percent continue to be not at all confident about paying for basic expenses (Figure 8).

Figure 8
Retiree Confidence in Having Enough Money to Take Care of Basic Expenses in Retirement

Overall, how confident are you that you will have enough money to take care of your basic expenses during your retirement? (2014 Retirees n=501)



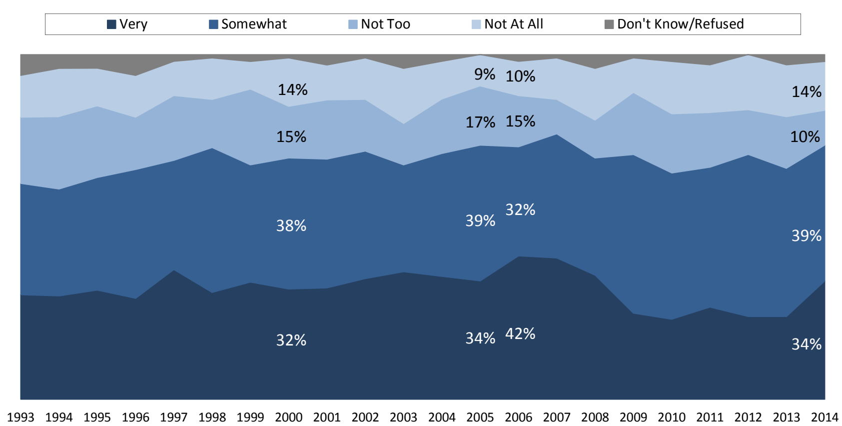
Source: Employee Benefit Research Institute and Greenwald & Associates, 1993–2014 Retirement Confidence Surveys.

8

The percentage of retirees very confident about having enough money to cover medical expenses has also increased, from 24 percent in 2013 to 34 percent this year. However, there is no statistically meaningful change in the percentage very confident about paying for long-term care expenses: 20 percent of retirees continue to be very confident, statistically unchanged from 16 percent in 2013. The percentages not at all confident about medical (14 percent in 2014 and 15 percent in 2013) and long-term care (30 percent in 2014 and 34 percent in 2013) expenses also do not show any statistically meaningful changes (Figures 9 and 10).

Figure 9
Retiree Confidence in Having Enough Money to Take Care of Medical Expenses in Retirement

Overall, how confident are you that you will have enough money to take care of your medical expenses during your retirement? (2014 Retirees n=501)



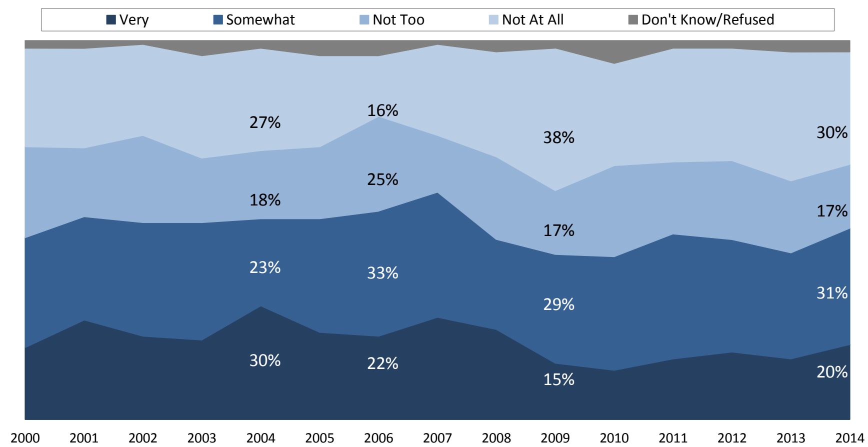
Source: Employee Benefit Research Institute and Greenwald & Associates, 1993–2014 Retirement Confidence Surveys.

9

Although the percentage of retirees very confident that they had done a good job of preparing for retirement fell from 39 percent in 2007 to 26 percent in 2008, it has remained steady since that time and stands at 29 percent in 2014. Another 4 in 10 (40 percent) are somewhat confident, roughly the same level as in 2007. That said, 20 percent of retirees are not at all confident about having done a good job (statistically unchanged from the 15 percent who expressed that sentiment in 2013) (Figure 11).

Figure 10
Retiree Confidence in Having Enough Money to Pay for Long-Term Care

Overall, how confident are you that you will have enough money to pay for long-term care, such as nursing home or home health care, should you need it during your retirement?
(2014 Retirees n=501)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1993–2014 Retirement Confidence Surveys.

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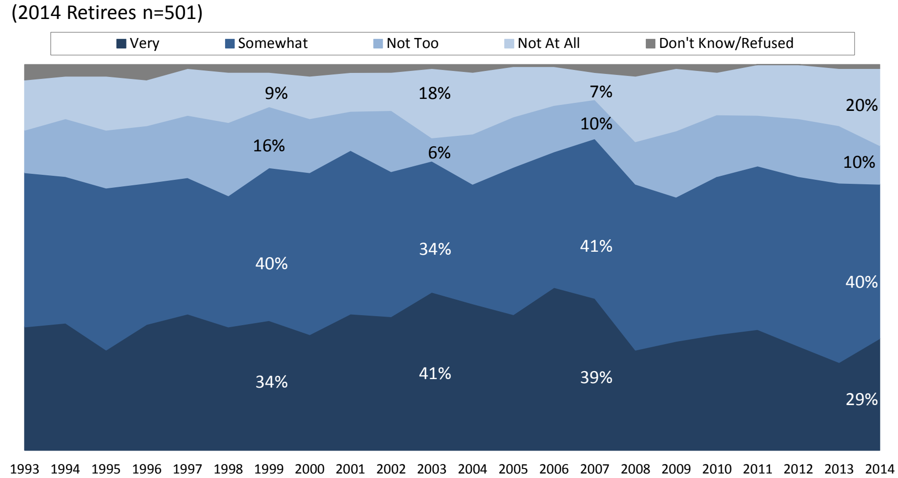
Figure 11
Retiree Confidence in Financial Preparation for Retirement

Overall, how confident are you that you did a good job of preparing financially for your retirement?
(2014 Retirees n=501)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1993–2014 Retirement Confidence Surveys.

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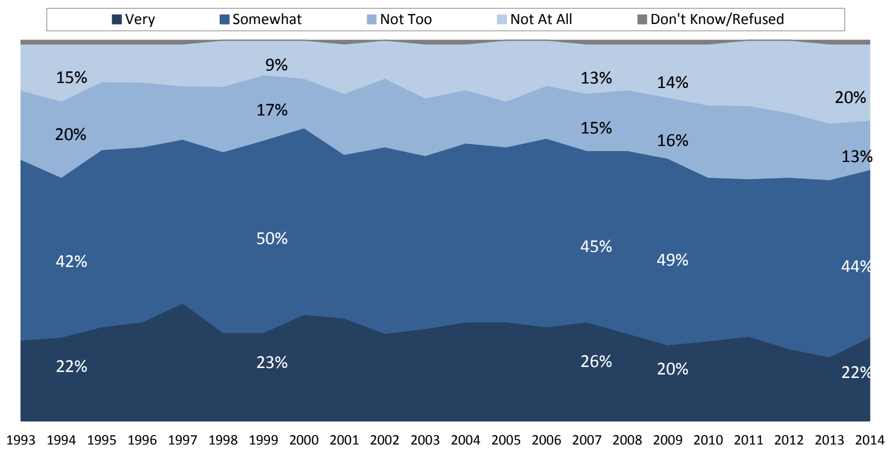
Preparing for Retirement

Planning by Workers

Worker confidence that they are doing a good job of preparing financially for retirement has also rebounded slightly. The percentage very confident, which remained at roughly 25 percent between 2003 and 2007, declined to 17 percent in 2013 but recovered to 22 percent this year. However, the percentage not at all confident, which rose from 12 percent in 2008 to 21 percent in 2013, holds at 20 percent in this year's RCS. Combined with the 13 percent of workers who say they are not too confident, one-third (33 percent) indicate they lack confidence in their financial preparations for retirement compared with two-thirds who are confident (22 percent very confident and 44 percent somewhat confident) (Figure 12).

Figure 12
Worker Confidence in Preparing Financially for Retirement

Overall, how confident are you that you are doing a good job of preparing financially for your retirement? (2014 Workers n=1,000)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1993–2014 Retirement Confidence Surveys.

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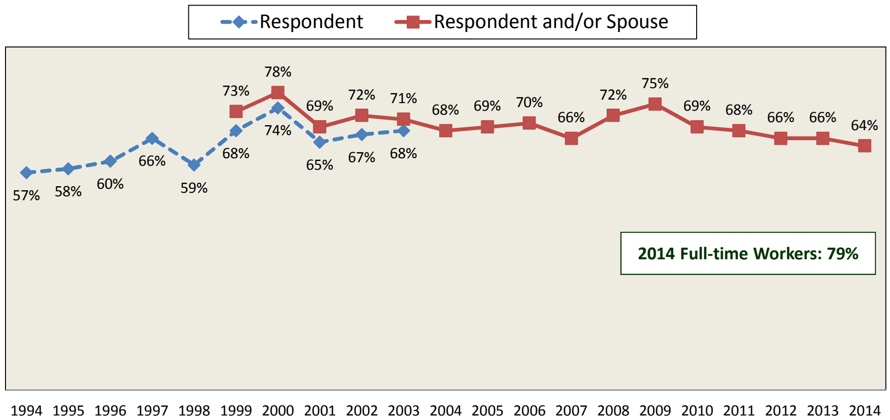
One might expect that the increase in retirement confidence noted above would be based on an improvement in retirement preparations, but this does not appear to be the case for many workers. The percentage of workers who reported they and/or their spouse had saved for retirement increased briefly in 2009 (to 75 percent), but this percentage has slowly declined and now stands at 64 percent (Figure 13). The percentage of retirees having saved for retirement climbed slowly from 59 percent in 2000 to 74 percent in 2011 and now stands at 66 percent (Figure 14).

Moreover, not all workers who have saved for retirement are currently saving for this purpose. Fifty-seven percent of workers in the 2014 RCS report that they and/or their spouse are currently saving for retirement (down from 65 percent in 2009, but statistically equivalent to the percentages measured in 2010–2013) (Figure 15).

Not surprisingly, workers employed full time are more likely than self-employed, part-time, or unemployed workers to indicate they have set money aside for retirement (79 percent vs. 47 percent). In addition, households with a retirement plan, whether an IRA, defined contribution, or defined benefit plan, are more likely than those without those plans to report having saved (90 percent vs. 20 percent). The proportion having saved for retirement also increases as income or education levels rise or health status improves. Other groups more likely to have saved for retirement include married workers (compared with those not married), those age 45 and older (compared with workers age 25–44), and those who have attempted a retirement savings needs calculation (compared with those who have not).

Figure 13
Workers Having Saved Money for Retirement

Not including Social Security taxes or employer-provided money, have you (and/or your spouse) personally saved any money for retirement? These savings could include money you personally put into a retirement plan at work. (2014 Workers n=1,000, percent yes)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1994–2014 Retirement Confidence Surveys.

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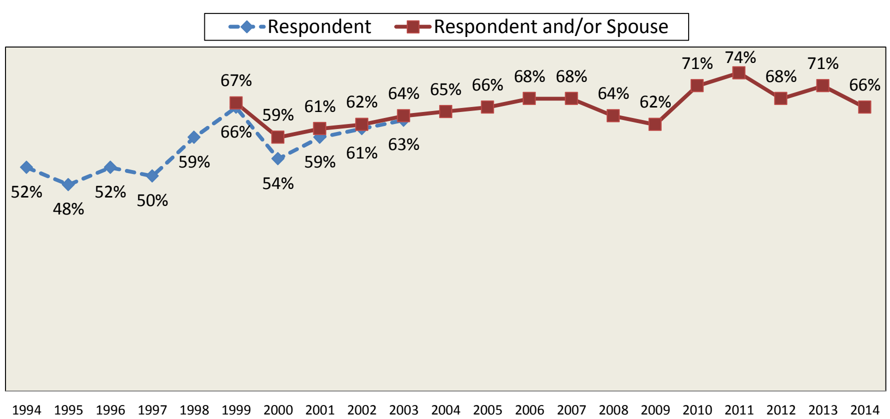
Figure 14
Retirees Having Saved Money for Retirement

Not including Social Security taxes or employer-provided money, did you (and/or your spouse) personally save any money for retirement before you retired? These savings could include money you personally put into a retirement plan at work. (2014 Retirees n=501)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1994–2014 Retirement Confidence Surveys.

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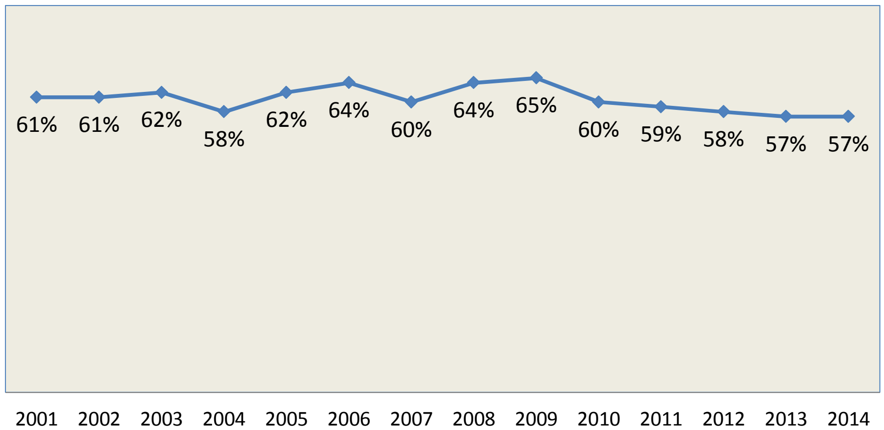
Workers who have saved for retirement generally have not done so for their entire careers. Only 35 percent of workers 55 and older indicate they have saved for 30 years or longer, although an additional 34 percent report having saved for 20 to 29 years. Half (52 percent) of those ages 45 to 54 say they have saved for at least 20 years (Figure 16). Retirees typically report having saved for retirement for 20 years (midpoint).

Figure 15
Workers Currently Saving Money for Retirement

Are you (and/or your spouse) currently saving for retirement? (2014 Workers n=1,000, percent yes)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2001–2014 Retirement Confidence Surveys.

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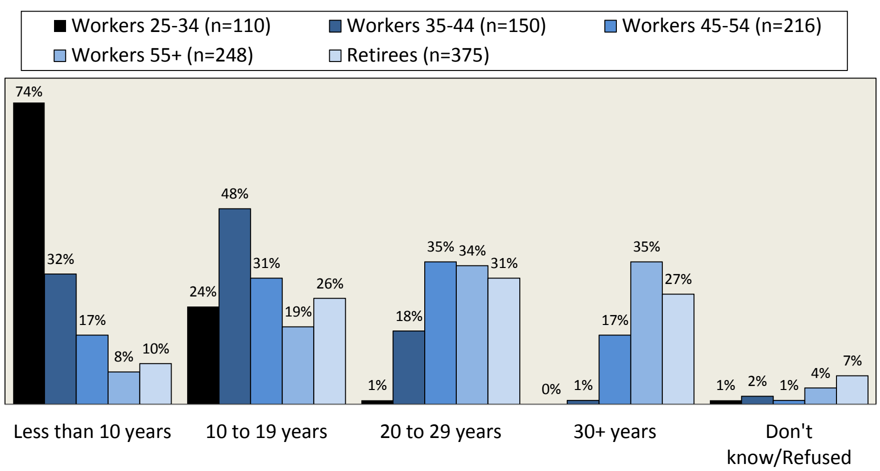
Figure 16
Years Saved for Retirement, by Age and Retirement Status

For about how many years have you saved (did you save) for retirement? (Among those who have saved for retirement)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2014 Retirement Confidence Survey.

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Savings and Investments

A sizable percentage of workers have virtually no money in savings and investments. Among RCS workers providing this type of information, 60 percent report that the total value of their household's savings and investments, excluding the value of their primary home and any defined benefit plans, is less than $25,000. This includes 36 percent who say they have less than $1,000 in savings (up from 20 percent in 2009 and 28 percent in 2013).

Approximately 1 in 10 each report totals of $25,000–$49,999 (9 percent), $50,000–$99,999 (9 percent), $100,000–$249,999 (11 percent), and $250,000 or more (11 percent) (Figure 17). Retirees provide similar estimates (Figure 18). These findings are similar to some other estimates of American household assets: Quantifiable data from the 2010 Survey of Consumer Finances (conducted by the Federal Reserve Board) found that the median (midpoint) level of household assets of the Americans having these assets was $21,500.[2]

Figure 17
Total Savings and Investments Reported by Workers Among Those Providing a Response
(not including value of primary residence or defined benefit plans)

In total, about how much money would you say you (and your spouse) currently have in savings and investments, not including the value of your primary residence (or value of defined benefit plans)? (2014 Workers n=783)

	2004	2009	2010	2011	2012	2013	2014	2014 Has Ret. Plan*	2014 No Ret. Plan
Less Than $1,000		20%	27%	29%	30%	28%	36%	11%	73%
$1,000–$9,999	54%	19	16	17	18	18	16	17	16
$10,000–$24,999		13	11	10	12	11	8	10	5
$25,000–$49,999	14	11	12	11	10	9	9	14	2
$50,000–$99,999	11	12	11	9	10	10	9	14	<0.5
$100,000–$249,999	13	12	11	14	11	12	11	16	2
$250,000 or More	9	12	11	10	10	12	11	17	1

**Has Retirement Plan* defined as respondent or spouse having at least one of the following: IRA, DC plan, or DB plan

Source: Employee Benefit Research Institute and Greenwald & Associates, 2004–2014 Retirement Confidence Surveys.

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Figure 18
Total Savings and Investments Reported by Retirees Among Those Providing a Response
(not including value of primary residence or defined benefit plans)

In total, about how much money would you say you (and your spouse) currently have in savings and investments, not including the value of your primary residence (or value of defined benefit plans)? (2014 Retirees n=345)

	2004	2009	2010	2011	2012	2013	2014	2014 Has Ret. Plan*	2014 No Ret. Plan
Less Than $1,000		23%	27%	28%	28%	31%	29%	9%	54%
$1,000–$9,999	49%	17	15	14	19	16	17	14	21
$10,000–$24,999		16	14	12	8	8	12	12	12
$25,000–$49,999	13	13	11	6	9	9	8	13	3
$50,000–$99,999	7	9	6	11	8	9	7	9	4
$100,000–$249,999	17	10	15	12	12	10	11	16	4
$250,000 or More	15	12	12	17	15	17	17	27	4

**Has Retirement Plan* defined as respondent or spouse having at least one of the following: IRA, DC plan, or DB plan

Source: Employee Benefit Research Institute and Greenwald & Associates, 2004–2014 Retirement Confidence Surveys.

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Older workers tend to report higher amounts of assets. Eighty percent of workers age 25–34 have total savings and investments of less than $25,000, compared with 48 percent of workers age 45 and older. At the same time, 16 percent of workers age 45 and older cite assets of $250,000 or more (vs. less than 1 percent of workers age 25–34).

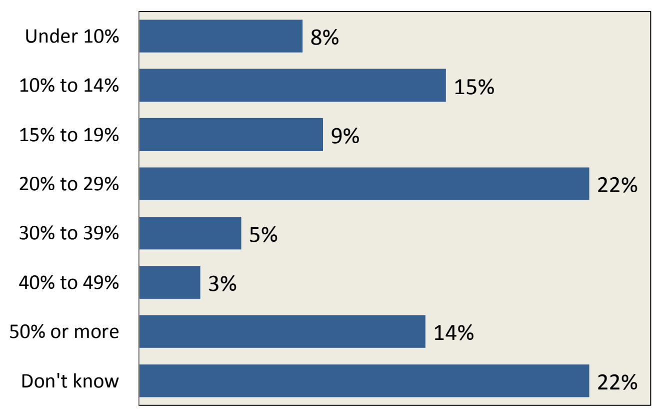
As one might suspect, total savings and investments also increase sharply with education, health status, and household income. More than two-thirds (68 percent) of those who report having less than $1,000 in savings have household income of $35,000 a year or less.

Workers who have done a retirement savings needs calculation (compared with those who have not) also tend to have higher levels of savings. In addition, those who have saved for retirement are more likely than those who have not saved to have substantial levels of savings. The large majority (73 percent) of those who indicate they and their spouse do not have a retirement plan (IRA, defined contribution, or defined benefit) say their assets total less than $1,000, compared with 11 percent of those who have a plan. Conversely, those without a retirement plan are far less likely than those with a plan to report assets of $100,000 or more (3 percent vs. 33 percent).

There is evidence that many workers acknowledge their savings shortfalls for retirement. Many workers report they need to save a sizeable—perhaps unmanageable—chunk of their total household income in order to live comfortably in retirement. While one-third (32 percent) say they need to save up to 20 percent of their income, 22 percent say they think they need to save between 20 and 29 percent of their income, and another 22 percent indicate they need to save 30 percent or more. However, 2 in 10 (22 percent) do not know how much they should be saving (Figure 19). All in all, RCS respondents reported a wide disparity in estimates of these target savings rates, although workers participating in a retirement plan tended to express targets that were somewhat smaller than respondents without a plan.

Figure 19
Percentage of Household Income That Workers Think They Need to Save to Live Comfortably in Retirement

About what percentage of your total household income do you think you (and your spouse) need to save each year from now until you expect to retire so you can live comfortably throughout your retirement? (2014 Workers n=1,000)



Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2013–2014 Retirement Confidence Surveys.

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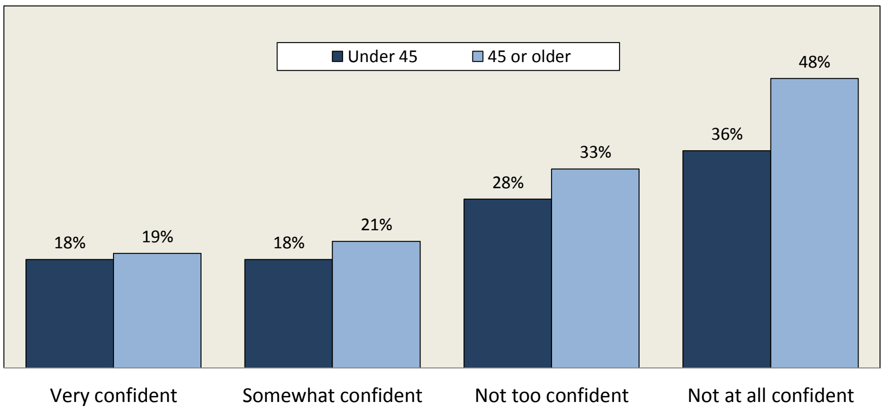
The percentage of income that some workers report needs to be saved to ensure a comfortable retirement may seem unlikely, but it may not be far afield from what they actually think they need. The average amount individuals reported they need to save increases as retirement confidence decreases, particularly for older workers, who have less time to save. In fact, workers age 45 or older who are not at all confident about having enough money for a comfortable retirement think they need to save almost half (48 percent) of their total household income, on average, from now until they retire (Figure 20). Not surprisingly, those who are not confident about their retirement prospects are also more likely to say they do not know how much they need to save. As one might expect, the percentage that workers report they need to save each year is inversely related to current levels of saving and investments. Further, those without a retirement plan (whether an IRA, defined contribution, or defined benefit) on a household level are more likely than those with a plan to think they need to save at least 50 percent of their income (23 percent vs. 8 percent) and to say they do not know how much they need to save (30 percent vs. 18 percent).

Figure 20
Average Percentage of Income Workers Think They Need to Save to Live Comfortably in Retirement, by Retirement Confidence and Age

About what percentage of your total household income do you think you (and your spouse) need to save each year from now until you expect to retire so you can live comfortably throughout your retirement?



Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2014 Retirement Confidence Survey.

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But if workers recognize they need to save more to ensure a comfortable retirement, why aren't they doing so? Most—53 percent—say they simply can't afford it due to the cost of living and the press of day-to-day expenses. Other reasons for not saving, or not saving more, for retirement include:

- Currently unemployed or underemployed (14 percent).
- Paying off non-mortgage debt (6 percent).
- Paying off a mortgage or housing expenses (5 percent).
- Education expenses (5 percent).

However, 1 in 10 (10 percent) say they don't need to save or save more.

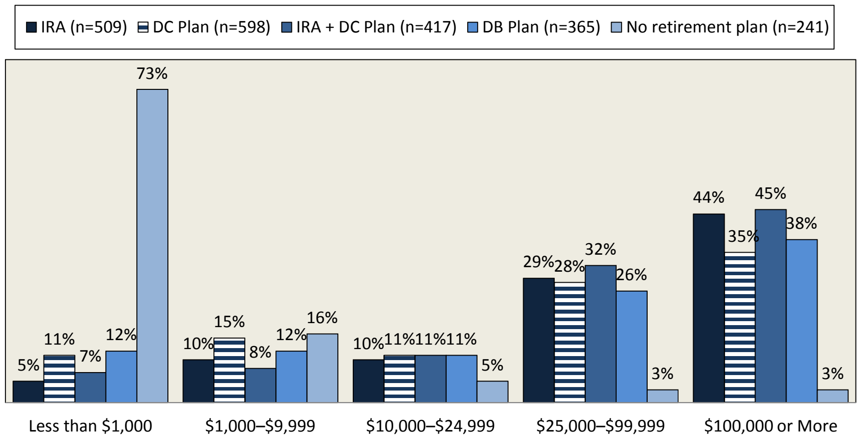
Retirement Plans

One of the primary vehicles that workers use to save for retirement is an employer-sponsored retirement savings plan, such as a 401(k). Indeed, 70 percent of employed workers (45 percent of all workers) report they are offered such a plan with their current employer, and more than three-quarters (77 percent) of eligible employees (34 percent of all workers) say they contribute money to their employer's plan.

Workers with some sort of retirement plan, whether through their employer or an IRA, have significantly more in savings and investments than do those without a plan (Figure 21). Furthermore, on a household level, these workers tend to have retirement savings in multiple vehicles. Two-thirds (66 percent) of those with money in an employer-sponsored plan report they or their spouse also have money invested in an IRA (which may have originated as a rollover from an employment-based plan), and 53 percent say they have retirement savings in addition to money in their employer's plan and an IRA. Moreover, the vast majority (83 percent) of workers with a defined benefit plan through their current or previous employer also have money in an employer retirement savings plan.

Figure 21
Total Savings and Investments Reported by Workers Among Those Providing a Response, by Plan Ownership
(not including value of primary residence or defined benefit plans)

In total, about how much money would you say you (and your spouse) currently have in savings and investments, not including the value of your primary residence [or value of defined benefit plans]?



Source: Employee Benefit Research Institute and Greenwald & Associates, 2014 Retirement Confidence Survey.

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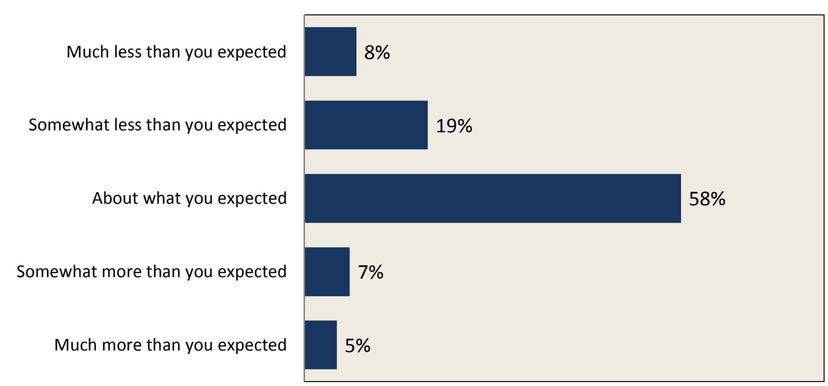
Lifetime Income Estimates

Workers participating in their current employer's retirement savings plan were provided with an estimate of how much annual income their plan would provide in retirement based on the Department of Labor's Lifetime Income Calculator. Most of these workers (58 percent) report that the calculator's estimates are about what they expected, although 27 percent say that it is less than expected (Figure 22).

Figure 22
Extent to Which DoL* Lifetime Income Calculator Estimate Matches Expected Level of Income Among Those Providing Information

If you and your employer were to continue contributing at the same percentage of compensation until you retire, some retirement calculators estimate that your employer-sponsored plan could provide a monthly retirement income for life of [*estimated amount*]. Keep in mind that this does not account for any retirement savings that you might have outside of your employer-sponsored plan. Would you say that this amount is…



Source: Employee Benefit Research Institute and Greenwald & Associates, 2014 Retirement Confidence Survey.
* U.S. Department of Labor.

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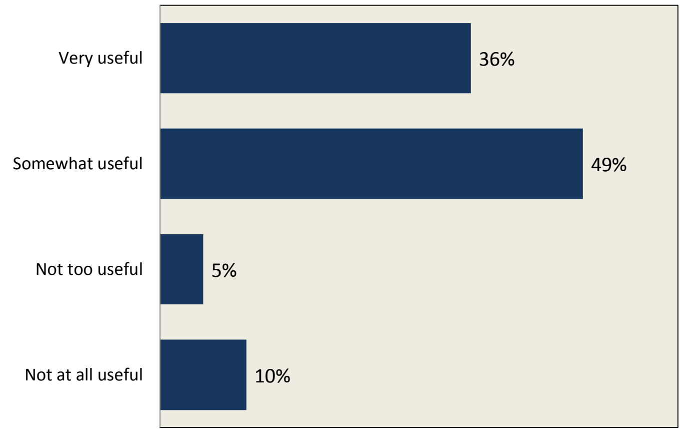
After hearing the estimate, 81 percent indicate they will continue to contribute what they do now, just 9 percent would delay retirement based on the estimate, and 62 percent say it does not affect their confidence in their ability to save enough to live comfortably in retirement. Nevertheless, the large majority of those who were provided with this estimate found it very (36 percent) or somewhat (49 percent) useful (Figure 23). A more in-depth analysis of this aspect of the Retirement Confidence Survey can be found in the March 2014 *EBRI Notes,* "How Would Defined Contribution Participants React to Lifetime Income Illustrations? Evidence from the 2014 Retirement Confidence Survey," online at www.ebri.org

Figure 23
Usefulness of DoL* Lifetime Income Calculator Estimate Among Those Providing Information

How useful is it to hear an estimate of the monthly retirement income you might expect from your plan? Would you say that it is…



Source: Employee Benefit Research Institute and Greenwald & Associates, 2014 Retirement Confidence Survey.
* U.S. Department of Labor.
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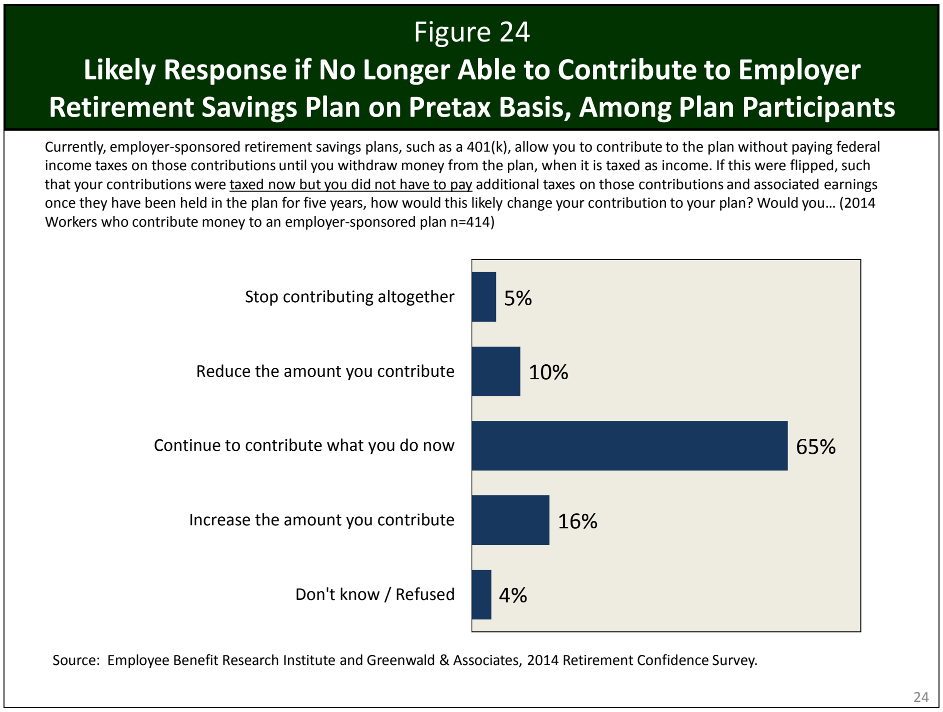
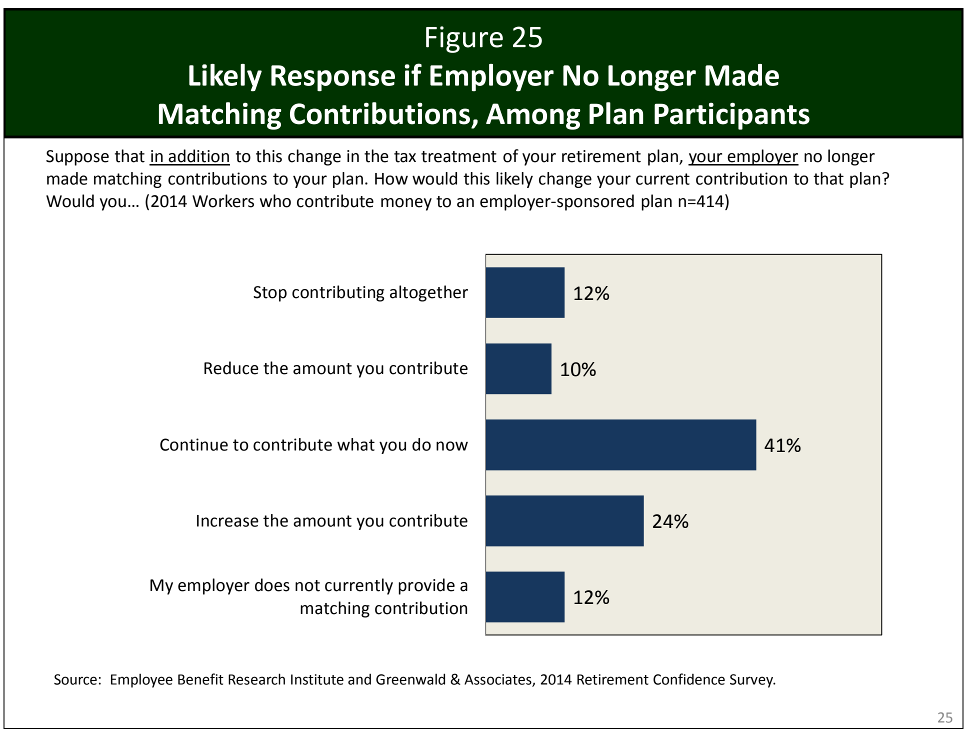
Tax Deductibility of Retirement Plan Contributions

Amid federal budgetary concerns and questions about the efficacy of the tax preferences currently provided to workplace retirement savings plans, some in Congress and elsewhere have proposed changing those preferences. Respondents to the 2014 RCS were asked how they would respond if the law were changed such that they could no longer contribute to employer-sponsored retirement savings plans on a pretax basis, but if instead contributions and subsequent earnings on those contributions were not subjected to additional taxes at withdrawal—basically transforming the current 401(k) structure to a Roth 401(k) approach. Perhaps responding to their already-expressed sense of savings shortfall, two-thirds (65 percent) of plan participants say they would continue to contribute at their current rate(s), while 16 percent report they would increase their contribution to the plan. Just 10 percent indicate they would reduce the amount they contribute to the plan, and 5 percent say they would stop contributing altogether (Figure 24). While the sample size is extremely small, 1 in 10 of those with income of less than $35,000 indicates an intention to stop contributing under these circumstances.

Current retirement savings tax preferences encourage some to save in an employer-sponsored plan who might otherwise not do so. In fact, many of those who would reduce or eliminate their plan contributions maintain that they would continue to save the same amount in total by saving the amount they no longer save in the plan somewhere else (75 percent). A much smaller percentage state they would reduce the total amount they save (14 percent), while an even smaller percentage say they would stop saving that amount altogether (8 percent).

Respondents were also asked how they would respond if, in addition to the Roth change outlined above, employers no longer made matching contributions to the plan; 41 percent of plan participants indicate they would continue to contribute what they do now, and one-quarter (24 percent) say they would increase the amount they contribute. One in 10 each states they would reduce the amount they contribute to the plan (10 percent) or stop contributing altogether (12 percent) (Figure 25).





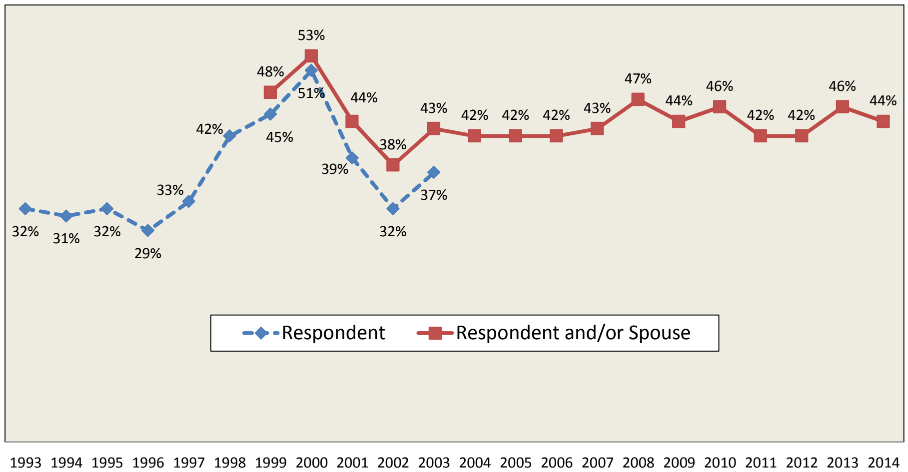
Again, many of those who would reduce or eliminate their plan contributions as a result of the elimination of the employer match and the change in tax treatment maintain that they would continue to save the same amount in total by saving the amount they no longer save in the plan somewhere else (77 percent). Only a small minority say they would reduce the total amount they save (7 percent) or would stop saving that amount altogether (10 percent).

Target Setting

Their sense of savings shortfall notwithstanding, many workers continue to be unaware of how much they need to save for retirement. Less than half of workers (44 percent) report they and/or their spouse have *ever* tried to calculate how much money they will need to have saved so that they can live comfortably in retirement. This is comparable to most of the percentages measured from 2003–2013, though lower than the 53 percent recorded in 2000 (Figure 26).

Figure 26
Workers Having Tried to Calculate How Much Money They Need to Save for a Comfortable Retirement

Have you (or your spouse) tried to figure out how much money you will need to have saved by the time you retire so that you can live comfortably in retirement? (2014 Workers n=1,000, percent yes)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1993–2014 Retirement Confidence Surveys.

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The likelihood of doing a retirement savings needs calculation increases with household income, education, and financial assets. Moreover, workers reporting they or their spouse have an IRA, defined contribution, or defined benefit plan are twice as likely as those who do not to have done a calculation (56 percent vs. 25 percent). In addition, married workers (compared with singles) and retirement savers (compared with nonsavers) more often report trying to do a calculation.

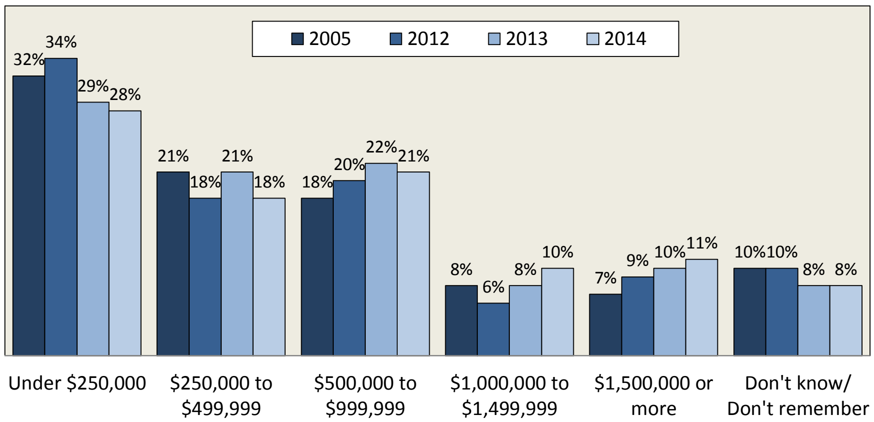
However, the methods of calculation reported have been quite varied. According to the 2013 RCS, workers often guess at how much they will need to accumulate (45 percent), rather than doing a systematic retirement needs calculation. Eighteen percent each indicated they did their own estimate or asked a financial advisor, while 8 percent each used an online calculator or read or heard how much was needed.

Considering the aggressive savings target percentages acknowledged earlier, it is not surprising that most (60 percent) say they need $250,000 or more saved to retire comfortably (Figure 27). As might be expected, savings goals tend to increase as household income rises.

As prior iterations of the RCS have shown, workers who have done a retirement savings needs calculation tend to report higher savings goals than workers who have not done the calculation. In this year's RCS, 29 percent of workers who have done a calculation, compared with 15 percent of those who have not, estimate they need to accumulate at least $1 million for retirement. At the other extreme, 17 percent of those who have done a calculation, compared with 37 percent who have not, think they need to save less than $250,000 for retirement. Consistent with prior RCS findings, despite higher savings goals, workers who have done a retirement savings needs calculation are more likely to feel very confident about affording a comfortable retirement (25 percent vs. 13 percent who have not done a calculation).

Figure 27
Amount of Savings Workers Think They Need for Retirement

How much do you think you (and your spouse) will need to accumulate in total by the time you retire so that you can live comfortably in retirement? (2014 Workers n=1,000)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2011–2014 Retirement Confidence Surveys.

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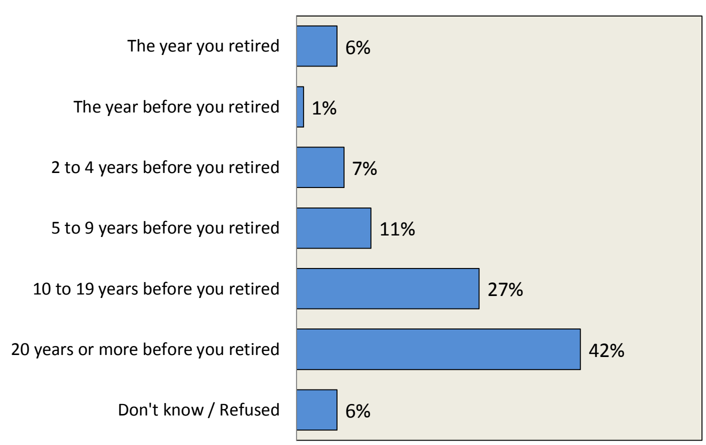
Most workers who state a specific amount they believe they need to accumulate for retirement are confident that that amount will provide them with a comfortable retirement, although they tend to be somewhat (50 percent) rather than very (33 percent) confident about that result. Two in 10 are not too (11 percent) or not at all (6 percent) confident.

Planning by Retirees

Six in 10 retirees (60 percent) indicate they did some type of financial planning for retirement. Forty-two percent of these retirees say they began to plan 20 years or more before they retired, and another 27 percent report beginning to plan between 10 and 19 years before retirement. However, 11 percent say they started planning five to nine years before retirement, and 14 percent started less than five years before that point (Figure 28).

Figure 28
Timeframe When Retirees Began to Plan Financially for Retirement, Among Retirees Who Planned for Retirement

When did you (or your spouse) begin to pay serious attention to planning financially for your retirement? (2014 Retirees who planned financially for retirement n=341)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2011–2014 Retirement Confidence Surveys.

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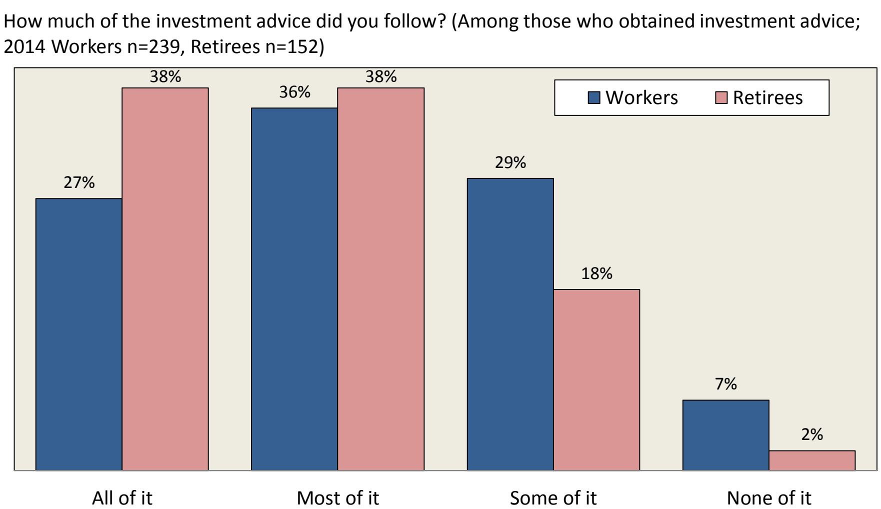
Use of Financial Advice

Nineteen percent of workers and 25 percent of retirees report they have obtained investment advice from a professional financial advisor who was paid through fees or commissions. Those with higher levels of financial assets are more likely than those with lower levels of assets to have gotten this advice, but it is unclear whether this is because higher-asset individuals feel a greater need for investment advice, have better access to professional advisors, because professional advice increases the likelihood of building asset levels, or because those with more assets are better able to afford it.

Those who obtained investment advice did not always follow it, however. Twenty-seven percent of workers who obtained advice say they followed all of it, but more only followed most (36 percent) or some (29 percent). Retirees are more likely to report following all of the advice (38 percent) (Figure 29).

Figure 29
Follow Through on Implementing Advice, Among Those Receiving Investment Advice



Source: Employee Benefit Research Institute and Greenwald & Associates, 2014 Retirement Confidence Survey.

The reasons most often offered for not following all of the advice include:

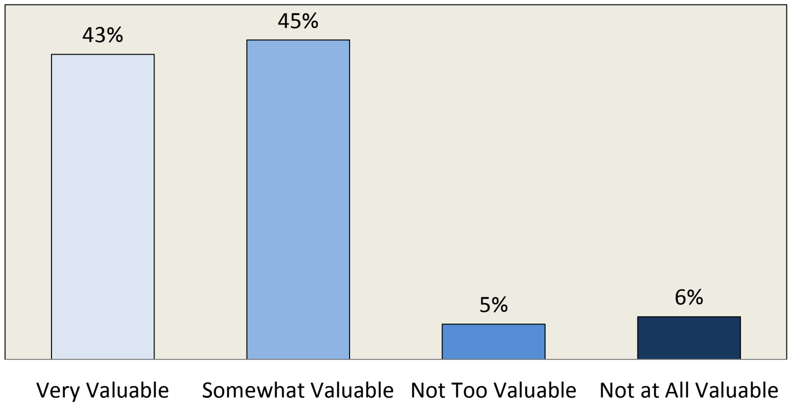
- Not trusting the advice (34 percent of workers and 31 percent of retirees).
- Having other ideas or other plans or goals (16 percent of workers and 29 percent of retirees).
- Not being able to afford it (20 percent of workers and 6 percent of retirees).
- Circumstances changing so advice was no longer applicable (4 percent of workers and retirees).
- Getting better advice somewhere else (4 percent of workers and 9 percent of retirees).

Forty-three percent of plan participants also say that having the financial services company that handles their retirement plan give them recommendations as to how much to withdraw from their plan each month to help savings and investment last throughout retirement would be very valuable. Forty-five percent think it would be somewhat valuable, while 11 percent indicate it would be not too or not at all valuable (Figure 30).

Just 21 percent of plan participants indicate their employer’s retirement savings plan offers them an annuity option, although nearly a third (31 percent) don’t know.

Figure 30
Perceived Value of Withdrawal Recommendations, Among Plan Participants

How valuable do you think you would find recommendations as to how much you can withdraw from your plan each month to help your savings last throughout your retirement? (2014 Workers who contribute money to an employer-sponsored plan n=414)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2014 Retirement Confidence Survey.

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Expectations About Retirement

Retirement Age

Many workers are adjusting their expectations about retirement, perhaps in recognition of the fact that their financial preparations may be inadequate. While just 18 percent of workers in the 2014 RCS say the age at which they expect to retire has changed in the past year, of those, the large majority (82 percent) report that their expected retirement age has increased. This means that in 2014, 15 percent of all workers planned to postpone their retirement (although that is down from 22 percent in 2013) (Figure 31).

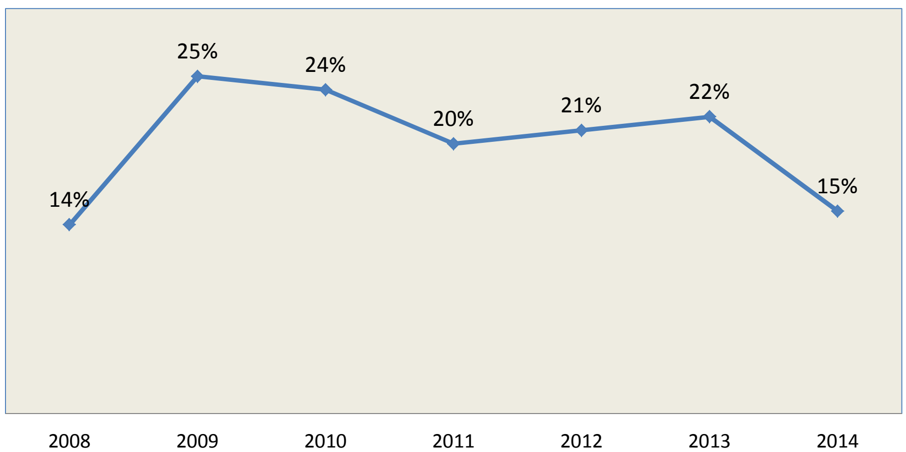
Workers planning to delay retirement gave the following reasons:

- The poor economy (25 percent).
- Inadequate finances or can't afford to retire (18 percent).
- A change in employment situation (17 percent).
- Needing to pay for health care costs (12 percent).
- Lack of faith in Social Security or government (9 percent).
- Higher-than-expected cost of living (9 percent).
- Wanting to make sure they have enough money to retire comfortably (8 percent).

While responses to a question asking the age at which workers expect to retire shows little change from one year to another, the long-term trend shows that the age at which workers plan to retire has crept upward over time. In particular, the percentage of workers who expect to retire after age 65 has increased, from 11 percent in 1991, to 21 percent in 2004, 31 percent in 2009, and 33 percent in the 2014 RCS (statistically equivalent to the 36 percent observed in 2013) (Figure 32). Additionally, 1 in 10 in the 2014 RCS (10 percent, up from 7 percent in the 2013 RCS but level with the 10 percent observed in 2009) say they never plan to retire. Nevertheless, the median (midpoint) age at which workers expect to retire has remained stable at 65 for most of this time.

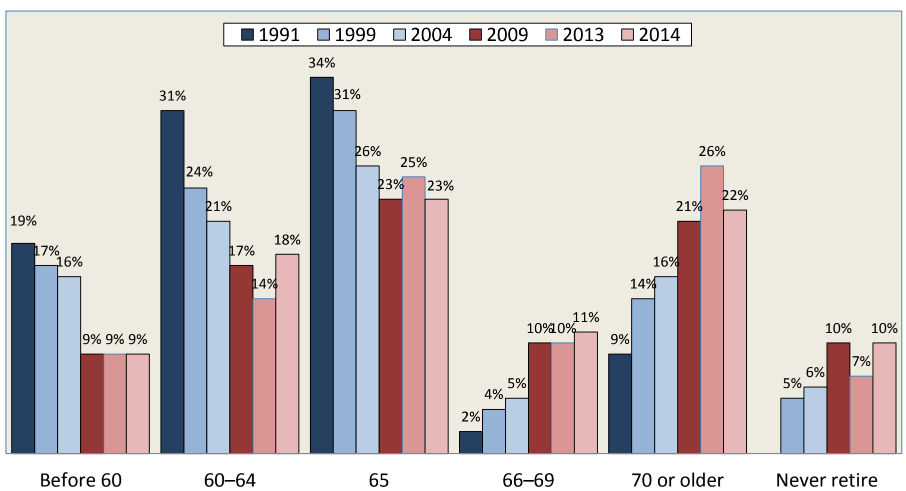
Figure 31
Workers Expecting to Retire Later than Planned

Do you now expect to retire later, at an older age than before? (2014 Workers n=1,000)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2008–2014 Retirement Confidence Surveys.

Figure 32
Trend in Workers' Expected Retirement Age

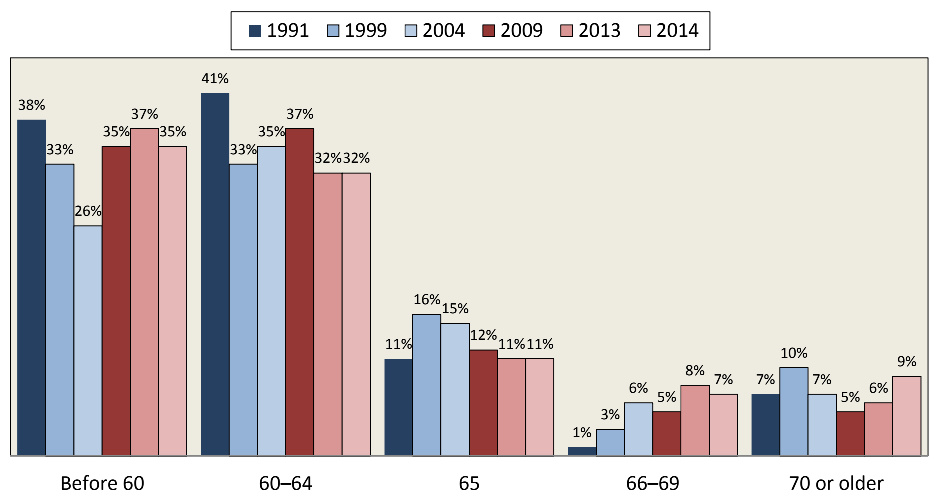


Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 1991–2014 Retirement Confidence Surveys.

The actual retirement age reported by retirees has changed even more slowly, but it has reflected a different retirement reality. In 1991, only 8 percent of retirees said they retired after age 65. This percentage is 16 percent in 2014 (statistically equivalent with the 14 percent measured in 2013) (Figure 33). The median (midpoint) age at which retirees report they retired has remained at age 62 throughout this time.

This difference between workers' expected retirement age and retirees' actual age of retirement suggests that a considerable gap exists between workers' expectations and retirees' experience. Just 9 percent of workers say they plan to retire before age 60, compared with 35 percent of retirees who report they retired that early. Eighteen percent of workers plan to retire between the ages of 60–64, although 32 percent of retirees retired in that age range. On the other hand, 22 percent of workers plan to wait at least until age 70 to retire (compared with 9 percent of retirees who actually did so). As one might expect, workers who are not confident about their financial security in retirement plan to retire later, on average, than those who express confidence.

Figure 33
Trend in Retirees' Actual Retirement Age



Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 1991–2014 Retirement Confidence Surveys

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One reason for the gap between workers' expectations and retirees' experience is many Americans find themselves retiring unexpectedly. The RCS has consistently found that a large percentage of retirees leave the work force earlier than planned (49 percent in 2014) (Figure 34). Many retirees who retired earlier than planned cite negative reasons for leaving the work force when they did, including health problems or disability (61 percent); changes at their company, such as downsizing or closure (18 percent); and having to care for a spouse or another family member (18 percent). Others say changes in the skills required for their job (7 percent) or other work-related reasons (22 percent) played a role. Of course, some retirees mention positive reasons for retiring early, such as being able to afford an earlier retirement (26 percent) or wanting to do something else (19 percent).

The financial consequences of an unplanned early retirement can be heavy. Retirees who retire earlier than planned are more likely than those who retire when expected or later to say they are not confident about having enough money for a comfortable retirement or about paying for basic expenses, medical expenses, and long-term care expenses.

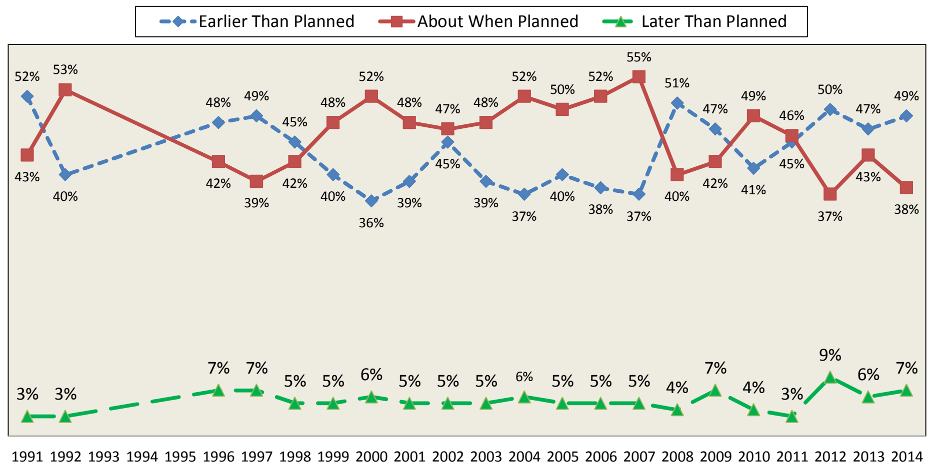
Working for Pay in Retirement

In another expectations gap, the RCS has consistently found that workers are far more likely to expect to work for pay in retirement than retirees are to have actually worked. The percentage of workers planning to work for pay in retirement now stands at 65 percent, compared with just 27 percent of retirees who report they worked for pay in retirement (Figure 35).

Almost all retirees who worked for pay in retirement in the 2014 RCS give a positive reason for doing so, saying they did so because they enjoyed working (83 percent) and wanted to stay active and involved (79 percent). However, financial reasons also play a role in that decision, such as wanting money to buy extras (54 percent), needing money to make ends meet (52 percent), a decrease in the value of their savings or investments (38 percent), or keeping health insurance or other benefits (34 percent) (Figure 36).

Figure 34
Timing of Retirement, Among Retirees

Did you retire earlier than you planned, later than you planned, or about when you planned? (2014 Retirees n=501)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1991–2014 Retirement Confidence Surveys.

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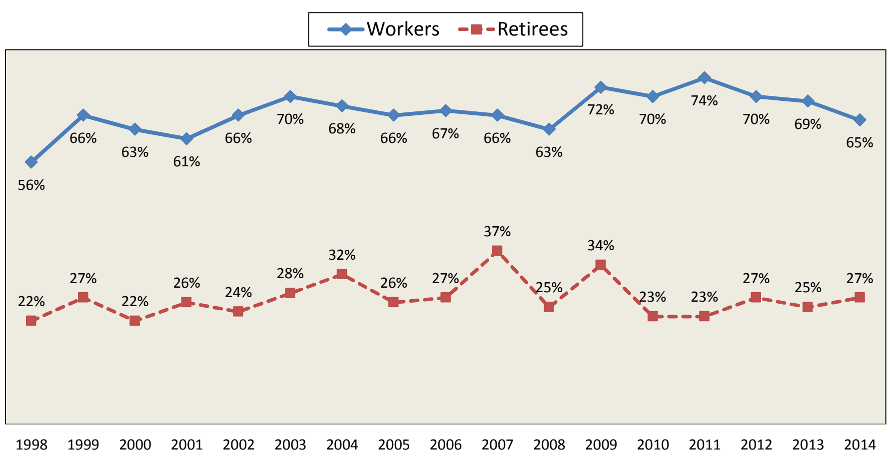
Figure 35
Comparison of Expected (Workers Expecting to Retire) and Actual (Retirees) Work for Pay in Retirement

Do you think you will do any work for pay after you retire?/Have you worked for pay since you retired? (2014 Workers expecting to retire n=911, Retirees n=501)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1998–2014 Retirement Confidence Surveys.

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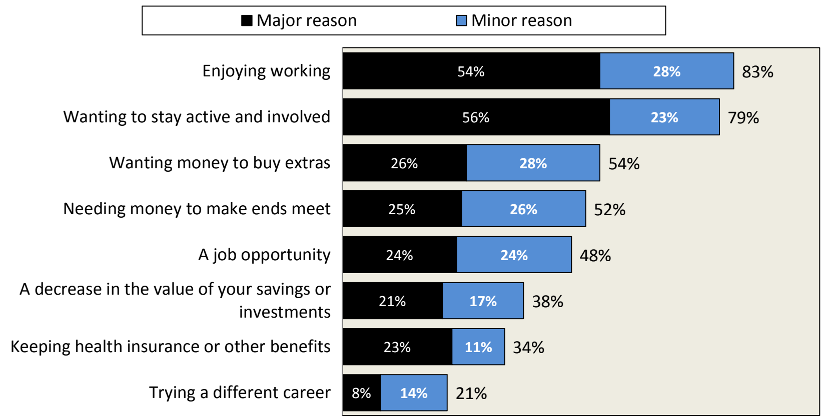
A financial rationale for working in retirement is even more important to workers. Among those who expect to work for pay in retirement, 81 percent indicate they will need the money to make ends meet, and three-quarters (74 percent) want to keep health insurance or other benefits. Nevertheless, workers give other reasons as well, saying they want to stay active and involved (90 percent), and enjoy working (82 percent) (Figure 37).

Figure 36
Reasons for Working in Retirement, Among Retirees Who Worked in Retirement

Is… a major reason, minor reason, or not a reason why you worked for pay after you retired? (2014 Retirees who have worked for pay n=149)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2014 Retirement Confidence Surveys.

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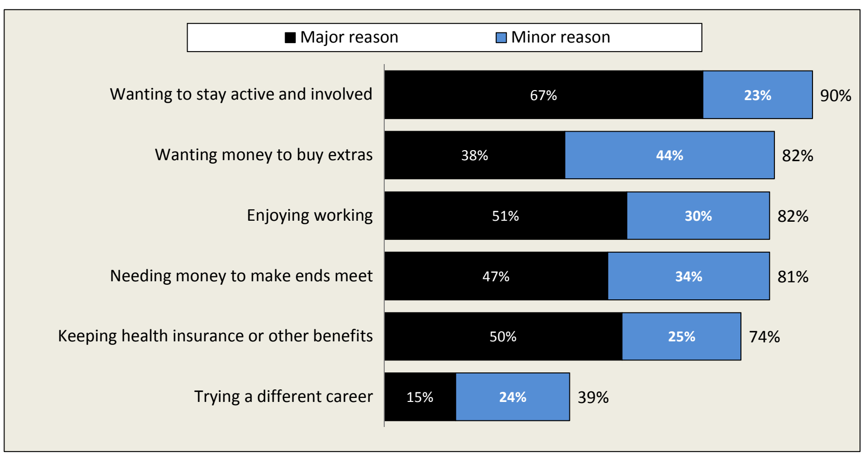
Figure 37
Reasons for Working in Retirement, Among Workers Who Expect to Work in Retirement

Is… a major reason, minor reason, or not a reason why you will work for pay after you retire? (2014 Workers who will work for pay n=610)



Source: Employee Benefit Research Institute and Greenwald & Associates, 2014 Retirement Confidence Surveys.

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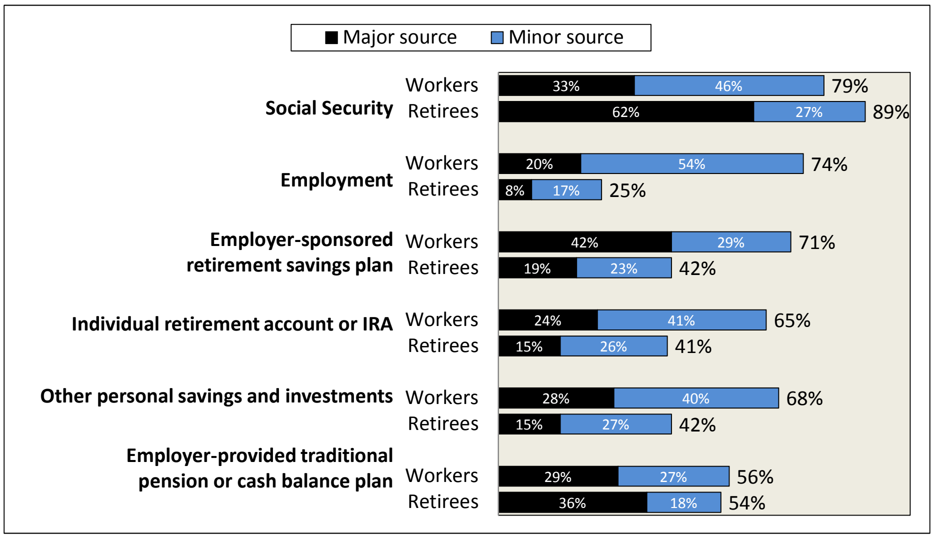
Sources of Retirement Income

While the majority of retirees (89 percent) report that Social Security provides a source of income for their and their spouse's retirement (62 percent say it is a major source of income), workers and their spouses continue to expect to draw their retirement income from a wide variety of sources. (Social Security is the federal program that provides income support for the aged and disability coverage for eligible workers and their dependents).

Seventy-nine percent of current workers expect Social Security to be a major or minor source of income in retirement, but they believe that personal savings will also play a large role. Roughly two-thirds say they anticipate receiving retirement income from an employer-sponsored retirement savings plan (71 percent), an IRA (65 percent), and other personal savings and investments (68 percent). Seventy-four percent expect employment to provide them with a source of income in retirement, and 56 percent expect to receive income from an employer-sponsored traditional pension or cash balance plan. In contrast to workers, retirees are less likely to expect to rely on any form of personal savings or on employment for their income in retirement (Figure 38).

Figure 38
Expected (Workers Expecting to Retire) and Actual (Retirees) Sources of Income in Retirement



Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2013 Retirement Confidence Survey.

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It should be noted that although 56 percent of workers expect to receive benefits from a defined benefit plan in retirement, only 31 percent report that they and/or their spouse currently have such a benefit with a current or previous employer.

Health Care Expenses in Retirement

Workers expect to need more money for health care costs in retirement than do current retirees. Only 11 percent of workers, but 36 percent of retirees, expect to spend less than $25,000 in total on premiums, co-pays, medications, long-term care costs, and other out-of-pocket expenses. At the other extreme, 20 percent of workers, but just 3 percent of retirees think they will spend at least $250,000 on these expenses over the length of their retirement (Figure 39). Surprisingly, anticipated total health care expenses do not appear to be related to self-reported health status.

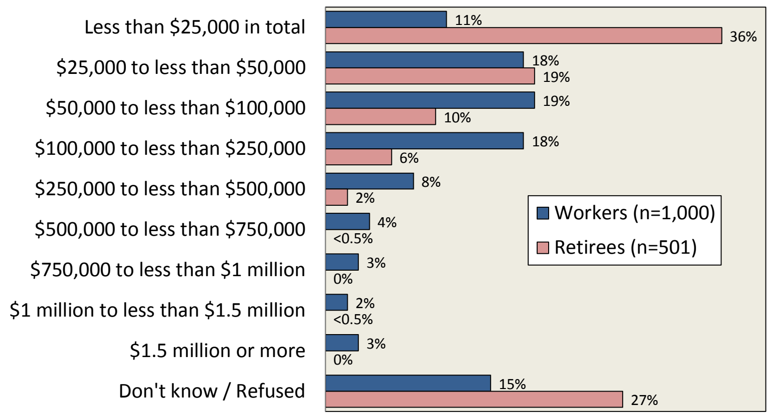
The majority (56 percent) of retirees report having spent $1,000–$9,999 on health care in the past year. Fifteen percent say they spent less than $1,000, while 15 percent report spending $10,000 or more. (Fourteen percent of retirees are unable to estimate how much they spent on these expenses in the past year.) While 48 percent of retirees report this level of spending is about what they expected, 30 percent say it is more than expected and 14 percent indicate it is less (7 percent say they do not know).

Confidence in Entitlement Programs

One reason that workers may be less likely than retirees to expect to receive income from Social Security is because confidence is low in Social Security's ability to maintain the current value of benefits paid to retirees. Eight percent of workers are very confident that the Social Security system will continue to provide benefits of at least equal value to the benefits received by retirees today (though that's up from 5 percent in 2013), and 24 percent are somewhat confident. Nevertheless, 35 percent of workers are not at all confident that future Social Security benefits will match or exceed the value of today's benefits (down from 41 percent in 2013) (Figure 40).

Figure 39
Expectations About Retirement Health Care Expenses

How much do you think you will need in total for health care costs in retirement? Please include the money you might pay for health insurance and Medicare premiums, co-pays, medications, long-term care costs, and other out-of-pocket expenses.



Source: Employee Benefit Research Institute and Greenwald & Associates, 2014 Retirement Confidence Survey.

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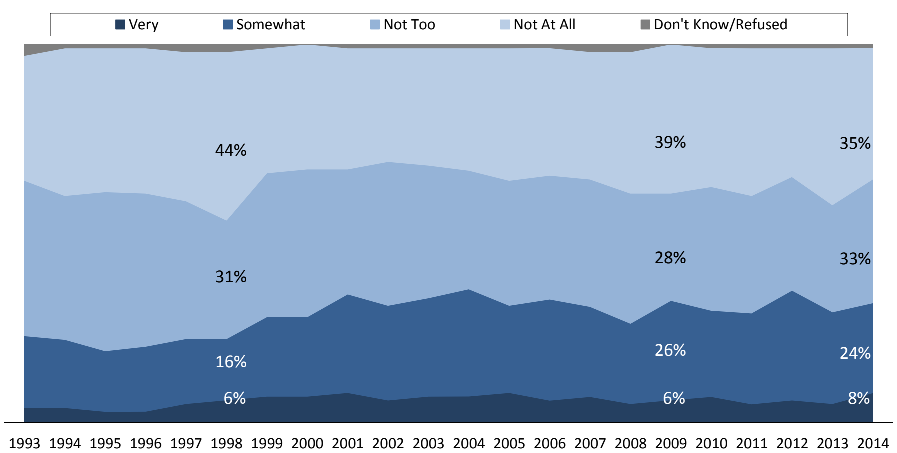
Figure 40
Worker Confidence That Social Security Will Continue to Provide Benefits of at Least Equal Value to Benefits Received Today

How confident are you that the Social Security system will continue to provide benefits of at least equal value to the benefits received by retirees today? (2014 Workers planning to retire n=911)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1993–2014 Retirement Confidence Surveys.

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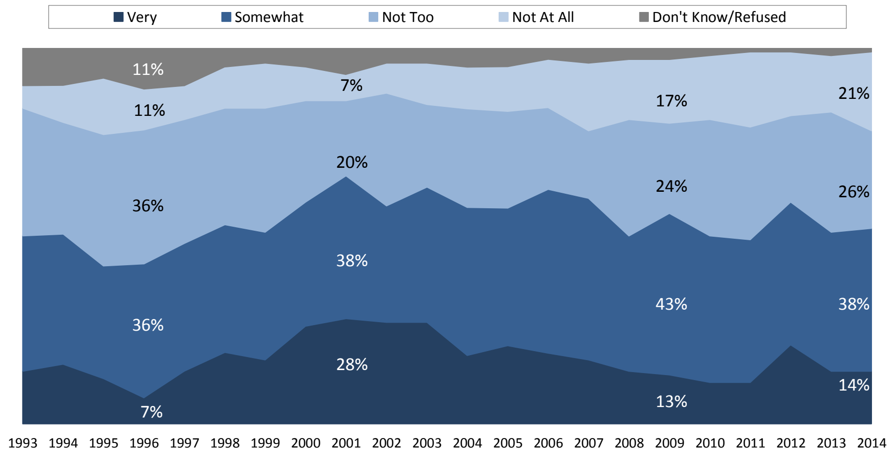
Confidence that Social Security will continue to provide benefits that are at least equal to today's value is higher among workers ages 45 and older than among younger workers, and retirees are more likely than workers overall to be confident about the future value of Social Security benefits. Fourteen percent of retirees say they are very confident about the future value of Social Security benefits (Figure 41).

Figure 41
Retiree Confidence That Social Security Will Continue to Provide Benefits of at Least Equal Value to Benefits Received Today

How confident are you that the Social Security system will continue to provide benefits of at least equal value to the benefits received by retirees today? (2014 Retirees n=501)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1993-2014 Retirement Confidence Surveys.

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Worker confidence in Medicare's current level of benefits being maintained in the future is also low (Medicare is the federal health care insurance program for the elderly and disabled). Nine percent of workers are very confident that the Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today, while 30 percent are somewhat confident in that result (up from 24 percent in 2013). Twenty-nine percent are not at all confident that Medicare's benefits will continue to equal or exceed the benefits received by beneficiaries today (down from 37 percent in 2013) (Figure 42).

Again, worker confidence about the future value of Medicare benefits is higher among those ages 45 and older, and retirees are more likely than workers overall to be confident. Even so, just 12 percent of retirees are very confident in the value of the future benefits paid by Medicare, while 18 report they are not at all confident (Figure 43).

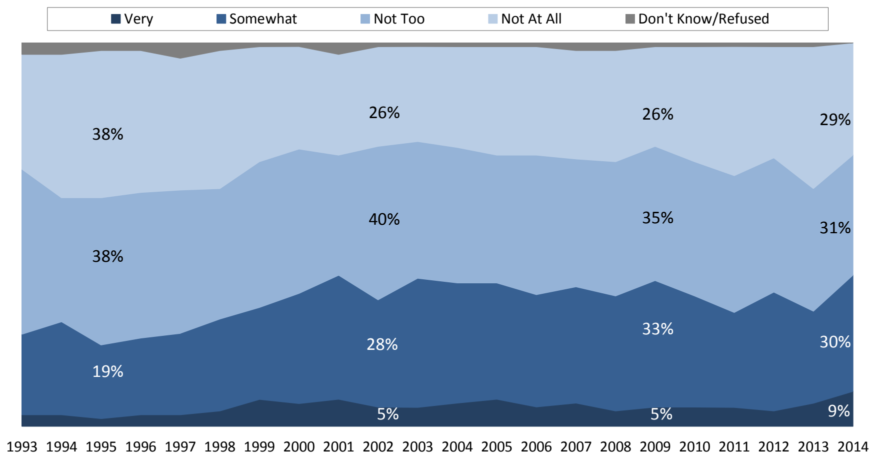
RCS Methodology

These findings are part of the 24th annual Retirement Confidence Survey (RCS), a survey that gauges the views and attitudes of working-age and retired Americans regarding retirement, their preparations for retirement, their confidence with regard to various aspects of retirement, and related issues. The survey was conducted in January 2014 through 20-minute telephone interviews with 1,501 individuals (1,000 workers and 501 retirees) age 25 and older in the United States. Random-digit dialing was used to obtain a representative cross section of the U.S. population. To further increase representation, a cell phone supplement was added to the sample. Starting with the 2001 wave of the RCS, all data are weighted by age, sex, and education to reflect the actual proportions in the adult population. Data for waves of the RCS conducted before 2001 have been weighted to allow for consistent comparisons; consequently, some data in the 2014 RCS may differ slightly with data published in previous waves of the RCS. Data presented in tables in this report may not total to 100 due to rounding and/or missing categories.

In theory, the weighted sample of 1,000 workers yields a statistical precision of plus or minus 3.5 percentage points (with 95 percent certainty) of what the results would be if all Americans age 25 and older were surveyed with complete accuracy. There are other possible sources of error in all surveys, however, that may be more serious than theoretical calculations of sampling error. These include refusals to be interviewed and other forms of nonresponse, the effects of

Figure 42
Worker Confidence That Medicare Will Continue to Provide Benefits of at Least Equal Value to Benefits Received Today

How confident are you that the Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today? (2014 Workers planning to retire n=911)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1993–2014 Retirement Confidence Surveys.

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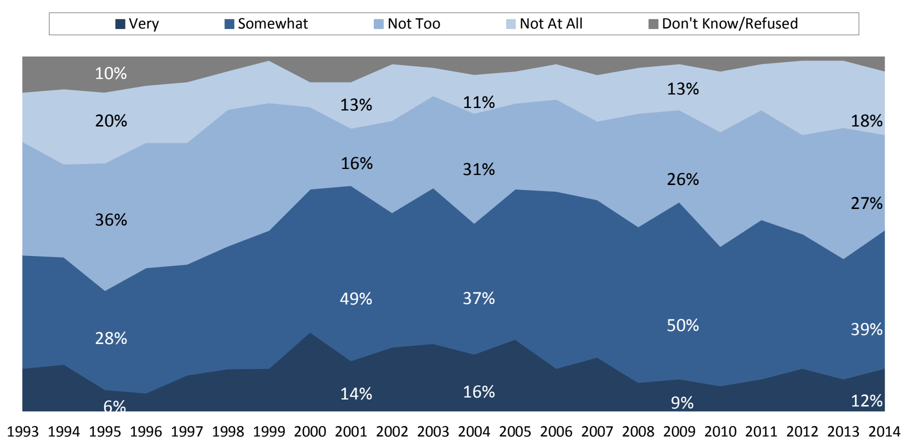
Figure 43
Retiree Confidence That Medicare Will Continue to Provide Benefits of at Least Equal Value to Benefits Received Today

How confident are you that the Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today? (2014 Retirees n=501)



Source: Employee Benefit Research Institute and Greenwald & Associates, 1993–2014 Retirement Confidence Surveys.

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question wording and question order, and screening. While attempts are made to minimize these factors, it is impossible to quantify the errors that may result from them.

The RCS was co-sponsored by the Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan public policy research organization; and Greenwald & Associates, a Washington, DC-based market research firm. The 2014 RCS data collection was funded by grants from a number of public and private organizations, with staff time donated by EBRI and Greenwald & Associates. RCS materials and a list of underwriters may be accessed at the EBRI Web site: http://www.ebri.org/surveys/rcs/

Endnotes

[1] In the RCS, *retiree* refers to individuals who are retired or who are age 65 or older and not employed full time. *Worker* refers to all individuals who are not defined as retirees, regardless of employment status.

[2] Bricker, Jesse, Arthur B. Kennickell, Kevin B. Moore, and John Sabelhaus. "Changes in U.S. Family Finances from 2007 to 2010: Evidence from the Survey of Consumer Finances," *Federal Reserve Bulletin*, Vol. 98, no. 2 (June 2012): 1-80.

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