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Transamerica Survey Dispels Myth That Echo Boomers Don't Care About Retirement
Targeted Education from Employers is Critical for Turning Awareness into Action

January 28, 2005 –The 6th Annual Transamerica Small Business Retirement Survey dispels the myth that Echo Boomers[1] are simply too young to care about saving or planning for retirement. Survey data shows that younger workers are hungry for more retirement planning education and advice from their employers and, unless they receive it, their participation in company retirement plans may continue to remain low.

"There is a misperception that workers in their 20s are simply too young to care about retirement planning," said Catherine Collinson, retirement and market trends expert for the Transamerica Center for Retirement Studies. "The truth is, these workers are very concerned about saving and want more information – especially from their employers. It's important that employers find a way to reach their younger workers through targeted education."

Echo Boomers Care but Are Not Following Through
The reality is that Echo Boomers do care about retirement planning. The majority (93 percent) view employee-funded retirement plans, such as 401(k) plans, as an important workplace benefit. They are just as likely as older workers to have approached their supervisor or human resources department about retirement benefits, either with questions or suggestions about the plan.

Yet, Echo Boomers lag behind other generations when it comes to saving for retirement – either in a company plan or on their own. Just 37 percent of Echo Boomers with access to an employee-funded retirement plan participate, compared to 75 percent of Gen Xers and 85 percent of Baby Boomers. A similar trend is found in non-workplace retirement savings.

"It's not surprising that the participation rate among Echo Boomers is low given their age and competing financial priorities," said Collinson. "What they may not realize is that they may be getting off track with their retirement savings before they even get started. Through the power of

[1] Echo Boomers are defined as employed U.S. adults who were born between the years 1979 and 1986; Gen Xers are U.S. adults who were born between 1965 and 1978; Baby Boomers are U.S. adults who were born between 1946 and 1964.

compounding, the dollars they save in their 20s have the longest time to grow and will have a tremendous impact on the size of their retirement nest egg."

For example, a worker who begins saving at age 21 and contributes $25 per week until retirement age of 65 will accumulate a balance of around $500,000[2]. On the other hand, a worker who waits and begins saving at age 35, contributing the $25 per week will see a balance of less than $200,000 when they reach age 65.

Echo Boomers Looking for Guidance but Current Offerings Missing the Mark
Many Echo Boomers (88 percent) agree that they do not know as much as they should about retirement investing and the majority (71 percent) would like to receive more information and advice from their company on how to reach their retirement goals.

When it comes to managing and monitoring their accounts, Echo Boomers who participate in their company's plan spend about the same amount of time as other age groups. The question is, how do they spend their time? Echo Boomers are more likely than other age groups to have guessed how much is needed for retirement and few have ever completed a worksheet or used another type of calculation.

By not taking advantage of tools such as worksheets and on-line calculators, Echo Boomers may not realize how much starting early can impact their retirement – and they risk severely underestimating their savings needs. In fact, Echo Boomers anticipate needing much less retirement savings on average ($536K) than do Gen Xers ($938k) or Baby Boomers ($832K).

Overcoming Doubts and Increasing Participation
While most Echo Boomers are looking to their employers as a source of guidance, many view their employers' efforts with skepticism. The survey found that nearly one in four Echo Boomers:

- believes their company is not at all concerned with helping its employees have a financially secure retirement; and
- doubts their company manages its retirement plan with workers' best interests in mind.

"Employers can and should remedy these doubts by taking extra steps to ensure that their retirement plan-related communication efforts address all of their audiences and not just their older, more experienced workers," said Collinson. "Effective communications are key to establishing credibility."

"Young workers are poised to start saving and are in an excellent position to meet their retirement goals if they start now," added Collinson. "Employers that offer targeted education and communication programs to address the specific needs at each stage of life can profoundly affect their employees' retirement savings and long-term financial security."

[2] Assumes 8% annual rate of return.

About the Transamerica Center for Retirement Studies
The Transamerica Center for Retirement Studies promotes knowledge and understanding of employer and employee-related retirement issues in the small to mid-size business community, ranging from emerging retirement trends to new legislation. Current and past surveys are available on the Center's Web site at www.ta-retirement.com/thecenter.

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About the survey
Harris Interactive® conducted the survey by telephone on behalf of the Transamerica Center for Retirement Studies between August 31 and October 6, 2004 among 1,201 U.S. full-time business employees ages 18 and over of whom 666 work for a small business (10-499 employees) and 535 work for a large business (500+ employees). The data were weighted by gender, age, education, ethnicity, region, household size and number of telephone lines in the household. Results were also weighted to reflect the distribution of employees in U.S. firms of the target sizes.

In theory, with samples of this size, one can say with 90 percent certainty that the results for the overall sample have a sampling error of plus or minus 2.4 percentage points. Sampling errors for the results of the following sub-samples: Echo Boomers, those born between 1979 and 1986 (98); Gen Xers, those born between 1965 and 1978 (381); and Baby Boomers, those born between 1946 and 1964 (587); are higher and vary.