



10th Annual Transamerica Retirement Survey

Strengthening Retirement Savings in a Weak Economy

April 14, 2009

TRANSAMERICA CENTER
FOR RETIREMENT STUDIES®

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About The Center

- **The Transamerica Center for Retirement Studies (“The Center”) is a non-profit corporation dedicated to educating the public on emerging trends surrounding retirement security in the United States. The Center’s research emphasizes employer-sponsored retirement plans, issues faced by small to mid-sized companies and their employees, and the implications of legislative and regulatory changes.**
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About The Survey

- **Since 1999, the Transamerica Center for Retirement Studies has conducted a national survey of U.S. business employers and workers regarding their attitudes toward retirement. The overall goals for the study are to illuminate emerging trends, promote awareness, and help educate the public.**
- **Harris Interactive was commissioned to conduct the Tenth Annual Retirement Survey for Transamerica Center for Retirement Studies.**

Methodology and Terminology

- **A 22 minute, online survey was conducted between December 16, 2008 – January 13, 2009 among a nationally representative sample of 3,466 for-profit workers using the Harris online panel. Respondents met the following criteria:**
 - All U.S. residents, age 18 or older
 - Full-time workers or part-time workers
 - Employer size of 10 or more
- **Data were weighted as follows:**
 - To account for differences between the population available via the internet versus by telephone
 - To ensure that each quota group had a representative sample based on the number of employees at companies in each employee size range
- **Percentages are rounded to the nearest whole percent. Differences in the sums of combined categories/answers are due to rounding**
- **Significance is tested at 95% confidence**

This report uses the following terminology:

- **Small company: a company with 10 to 499 employees**
- **Large company: a company with 500 or more employees**



10th Annual Transamerica Retirement Survey

Strengthening Retirement Savings in a Weak Economy

Survey Findings

Overview of Findings

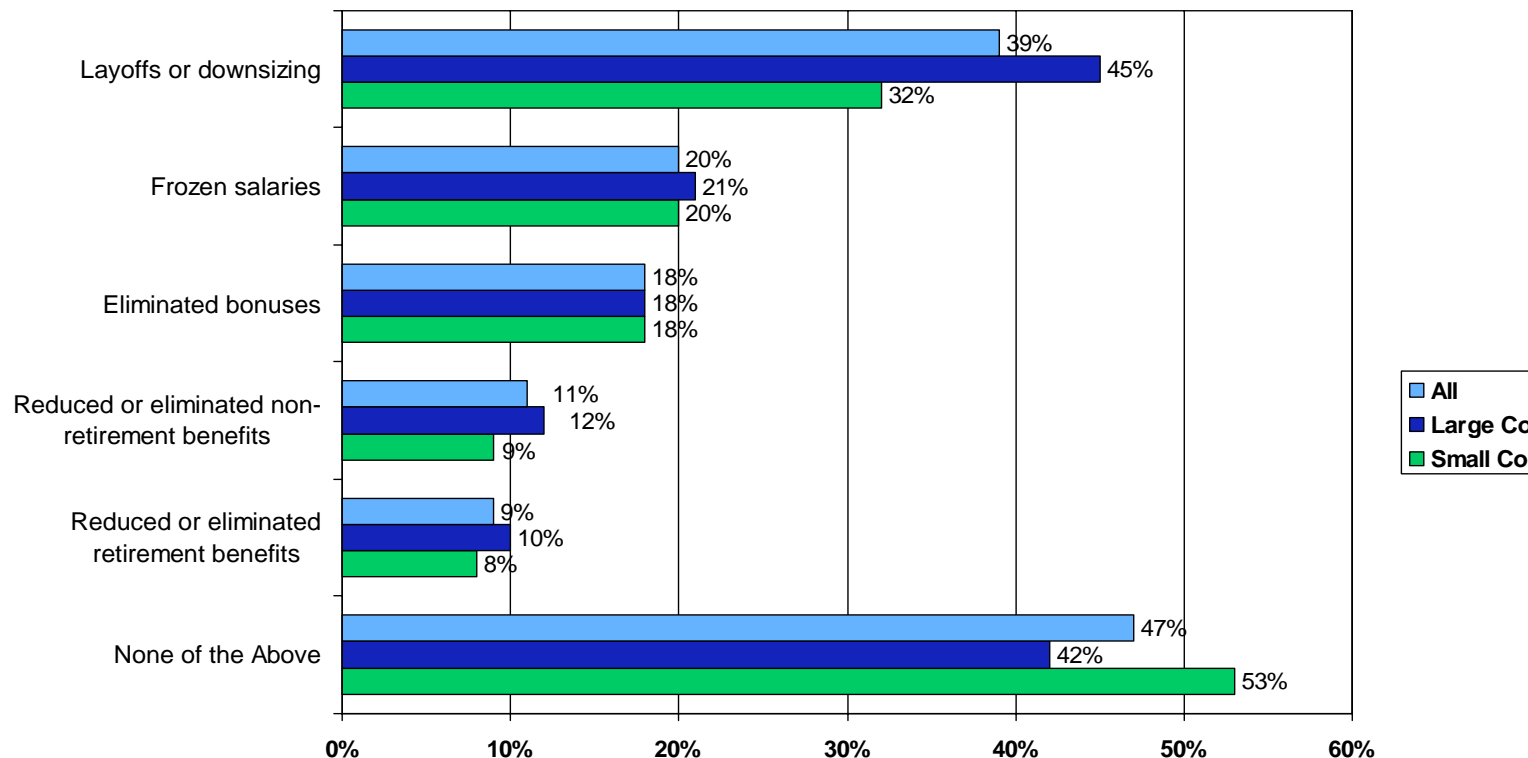
- **In light of the recent economic downturn, many workers are less confident in their ability to retire than they were twelve months ago and many now expect to work longer and retire later**
- **However, the vast majority of workers (91 percent) value 401(k) and other employee-funded retirement plans as an important benefit – and they are continuing to save:**
 - Participation (78 percent) and contribution (7 percent) rates remain stable
 - Fewer than 10 percent reported taking a loan (6 percent) or hardship withdrawal (3 percent) in the last twelve months
 - Workers most frequently cite (42 percent) 401(k), 403(b), and IRAs as their expected primary source of income at retirement
- **The survey also demonstrates that there are important opportunities to help workers strengthen their retirement savings**
- **Lastly, the survey found some notable differences between workers of small and large companies – which are highlighted in this document**

Effects of Economy on Retirement Confidence

Impact of Economy in the Workplace

A majority of workers (53 percent) reported that their employers had implemented some type of reduction, especially layoffs, in the last 12 months. Workers of large companies were more likely to do so.

Q1440. Has the company you work for implemented any of the following measures over the last 12 months?

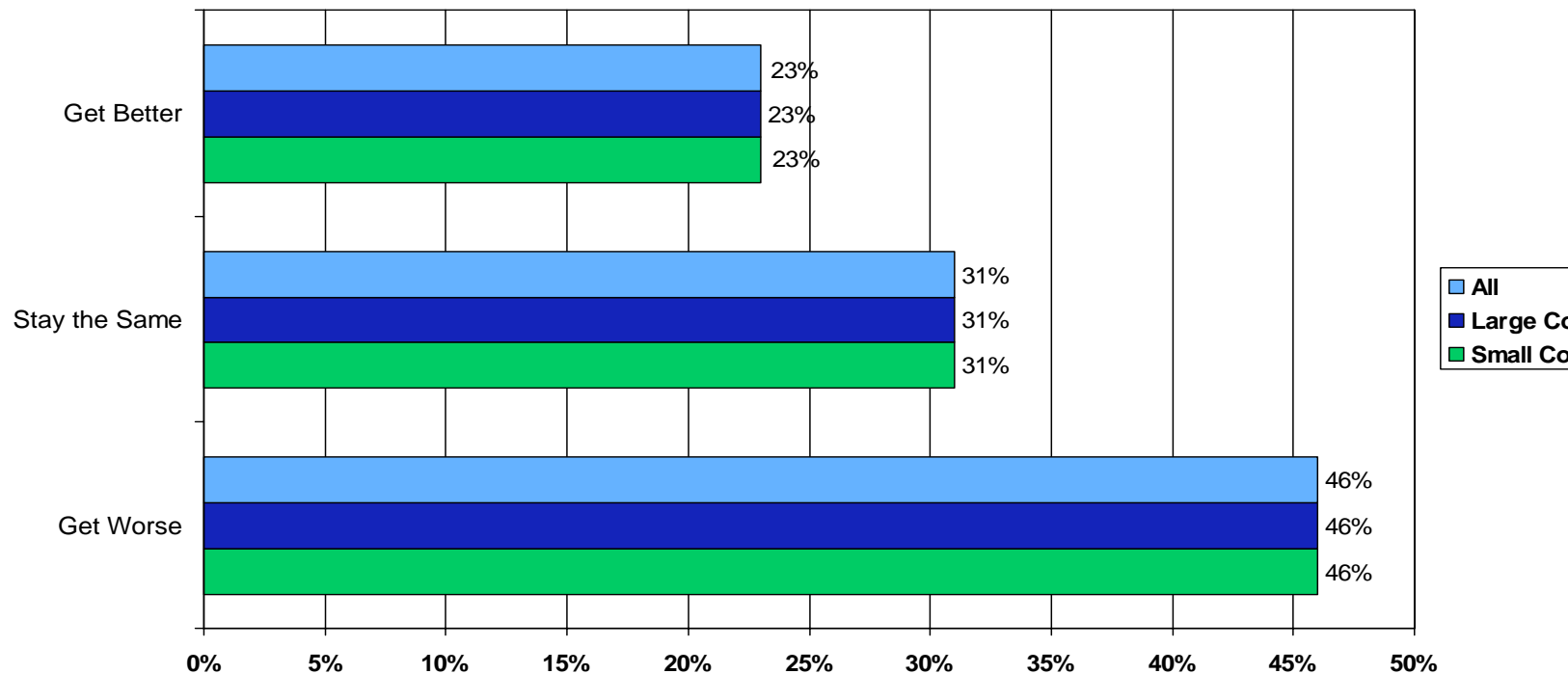


Base: For Profit, Full-Time & Part-time. All (n = 3466); Small (n = 1714); Large (n = 1752)

Expectations for the Economy

Forty-six percent of workers expect the economy to get worse over the next 12 months, while half as many (23%) expect it to get better.

Q501. In the next 12 months, do you expect the U.S. economy to:

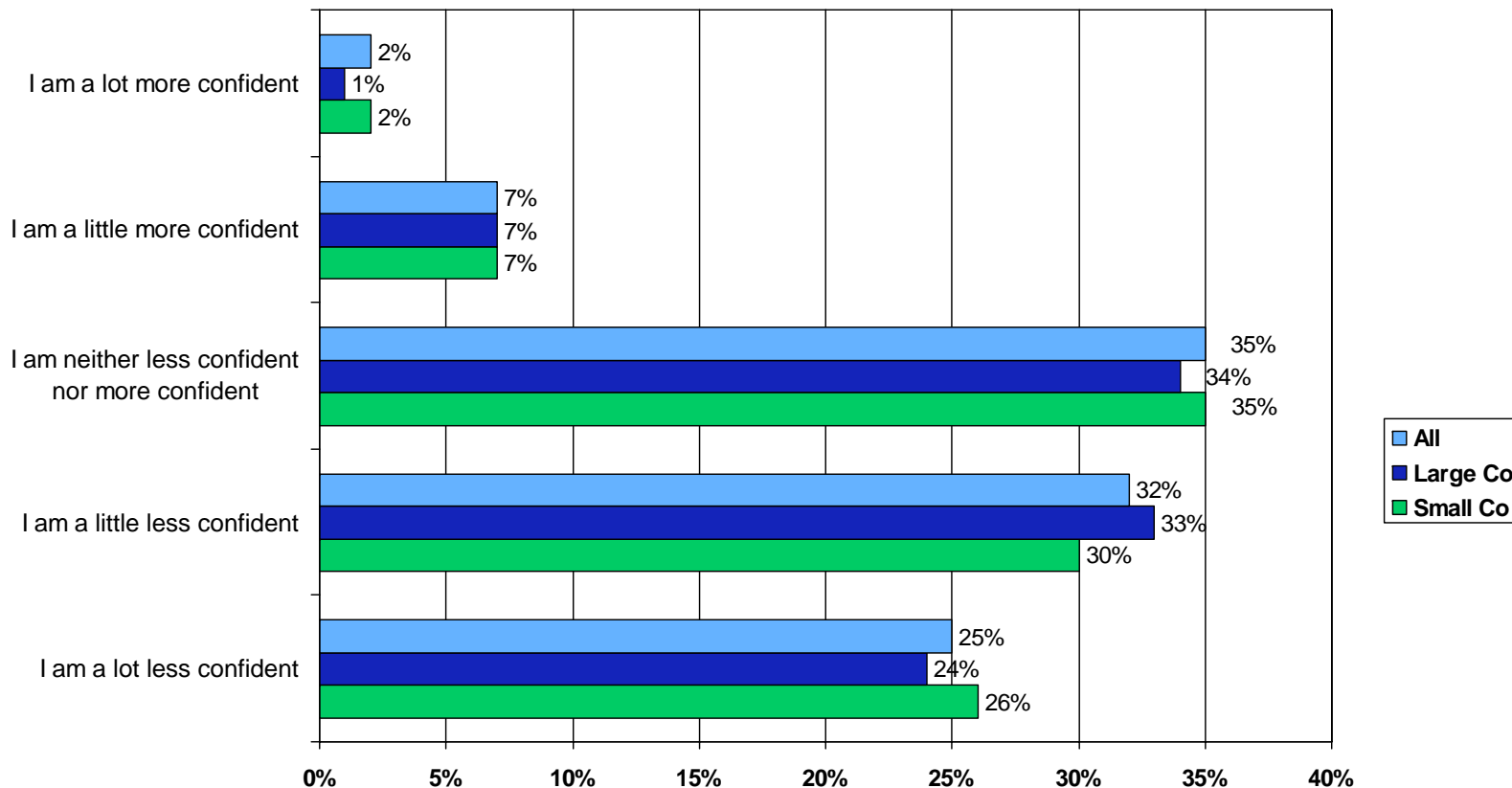


Base: For Profit, Full-Time & Part-time. Overall (n = 3466);
Small (n = 1714); Large (n = 1752)

Feeling Less Confident

A majority of workers feel less confident than they did 12 months ago in their ability to achieve a financially secure retirement.

Q1435. In the last 12 months, how has your confidence in your ability to achieve a financially secure retirement changed?

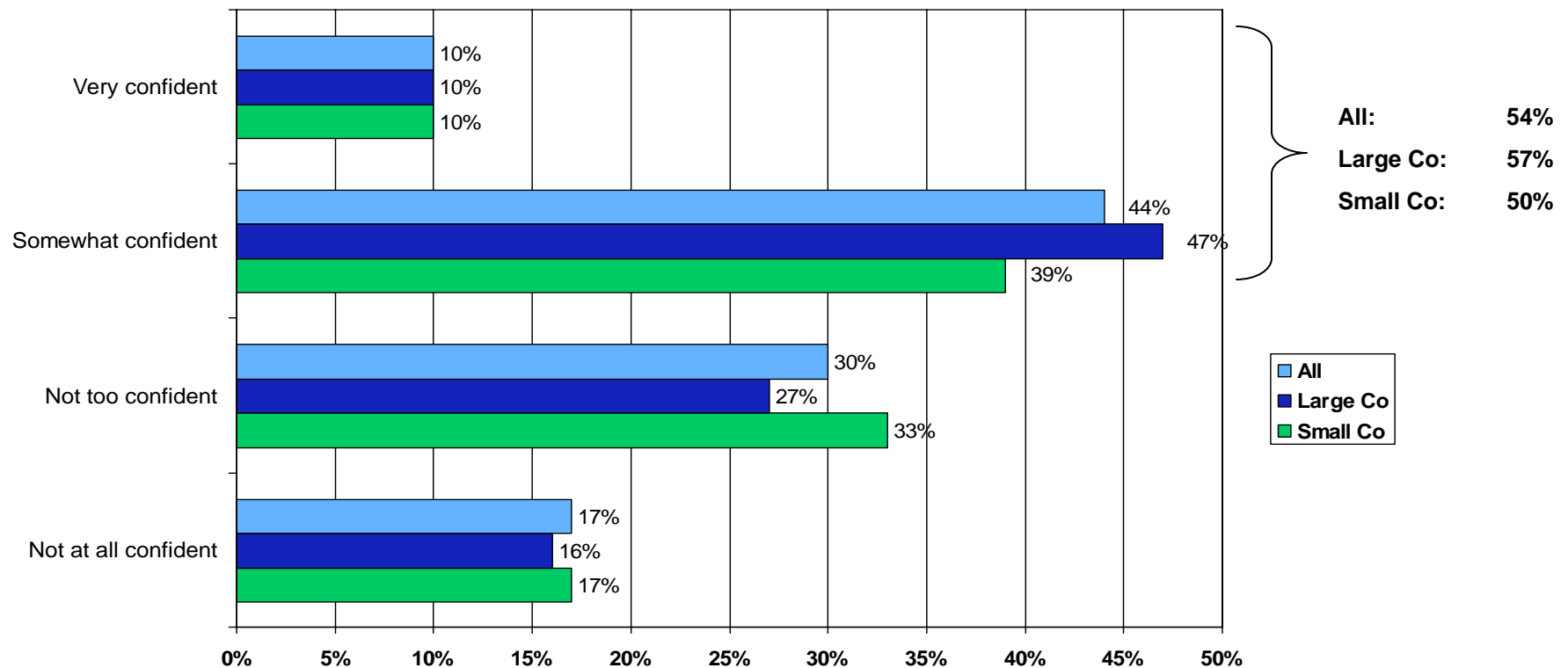


Base: For Profit, Full-Time & Part-time. Overall (n = 3466); Small (n = 1714); Large (n = 1752)

Confidence in a Comfortable Retirement

About half of workers are still confident they can retire with a lifestyle they consider comfortable. However, only 10 percent are “very confident.” Workers at small companies tend to be less confident.

Q880. How confident are you that you will be able to fully retire with a lifestyle you consider comfortable?

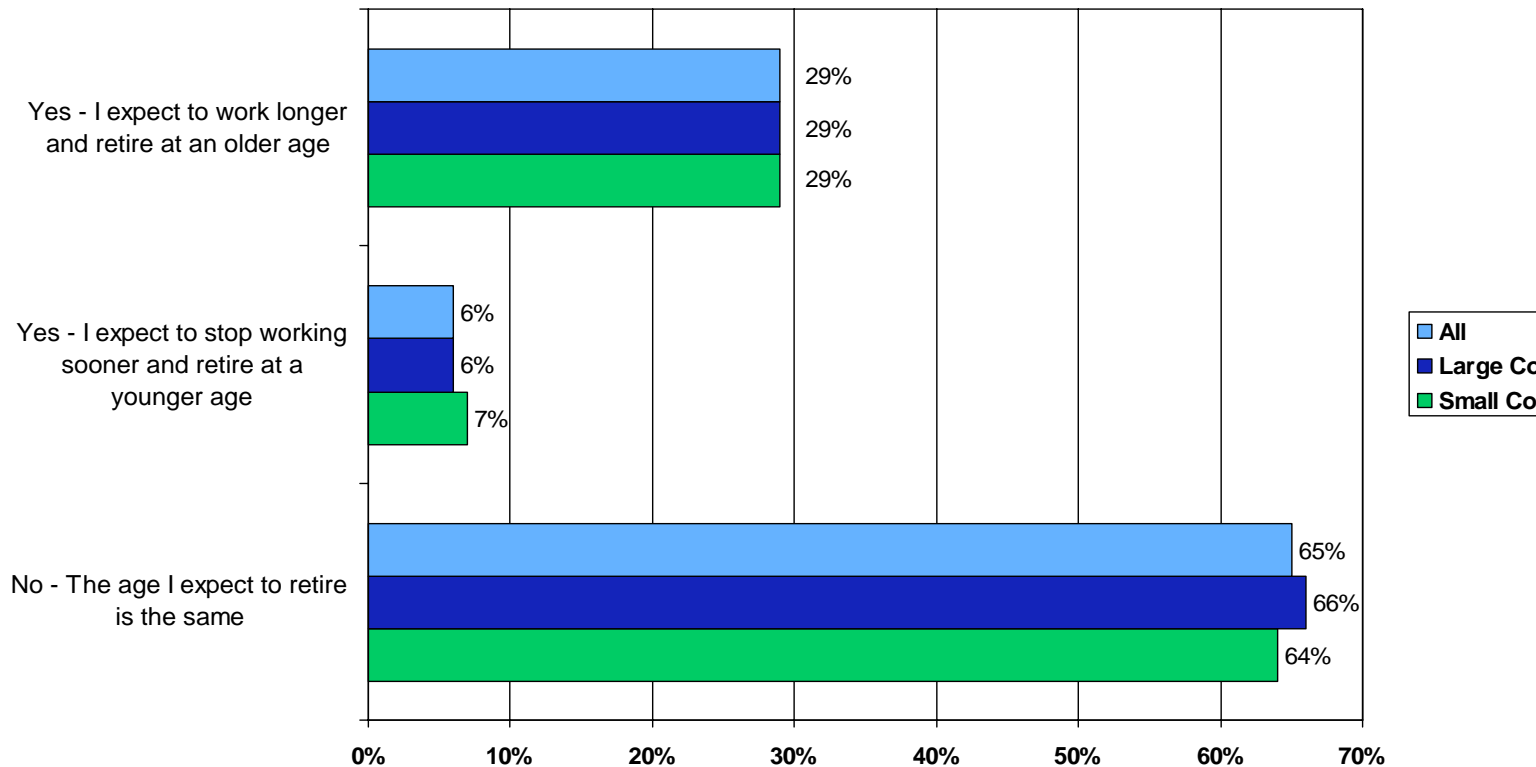


Base: For Profit, Full-Time & Part-time. All (n = 3466); Small (n = 1714); Large (n = 1752)

Working Longer and Retiring Later

More than one-third of workers have changed their retirement age expectations within the last twelve months. Most of those expect to work longer and retire at an older age.

Q1480. Has the age that you expect to retire changed in the last 12 months?

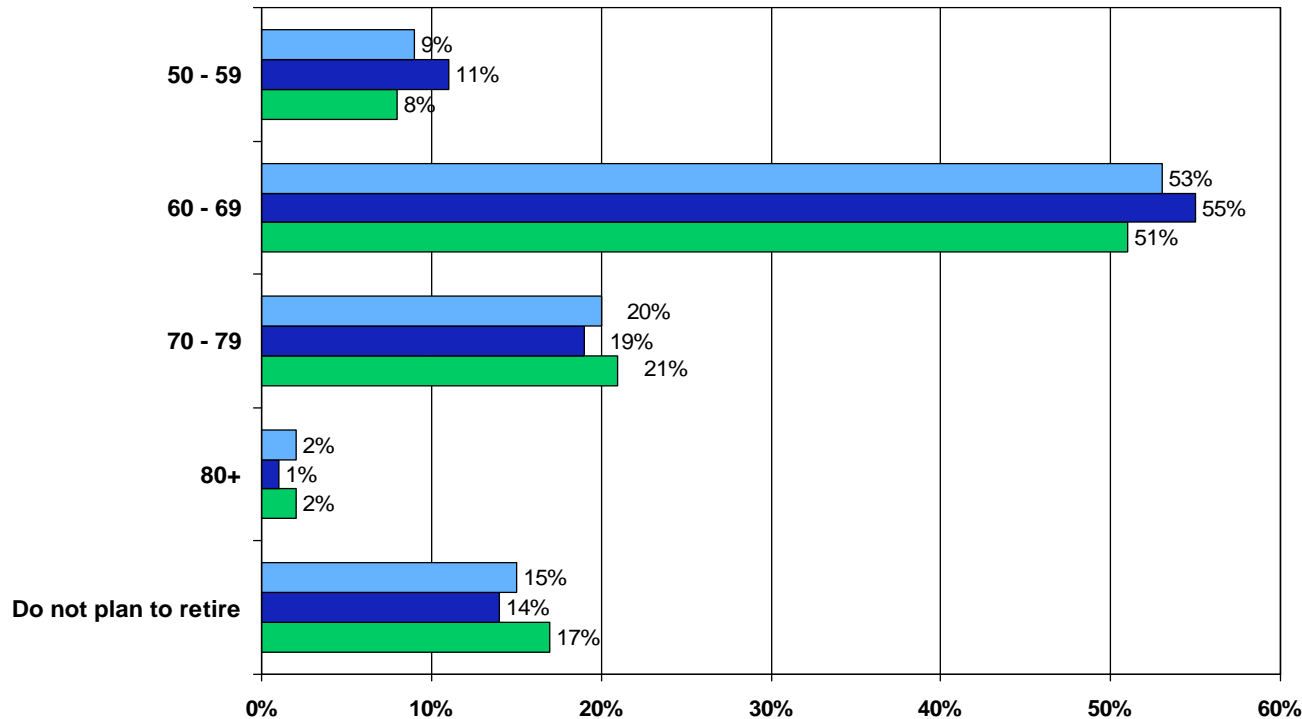


Base: For Profit, Full-Time & Part-time. Overall (n = 3466); Small (n = 1714); Large (n = 1752)

Expected Retirement Age

Thirty-seven percent of workers expect to work beyond age 70 or never plan to retire at all. This is more prevalent among workers at small companies.

Q910. At what age do you expect to retire?



Age Expected to Retire		
	Mean	Median
Overall:	65.3	65
Large:	64.8	65
Small:	65.8	65

Age Expected to Retire		
	< 70	70+/No
All:	63%	37%
Large Co:	66%	34%
Small Co:	59%	41%

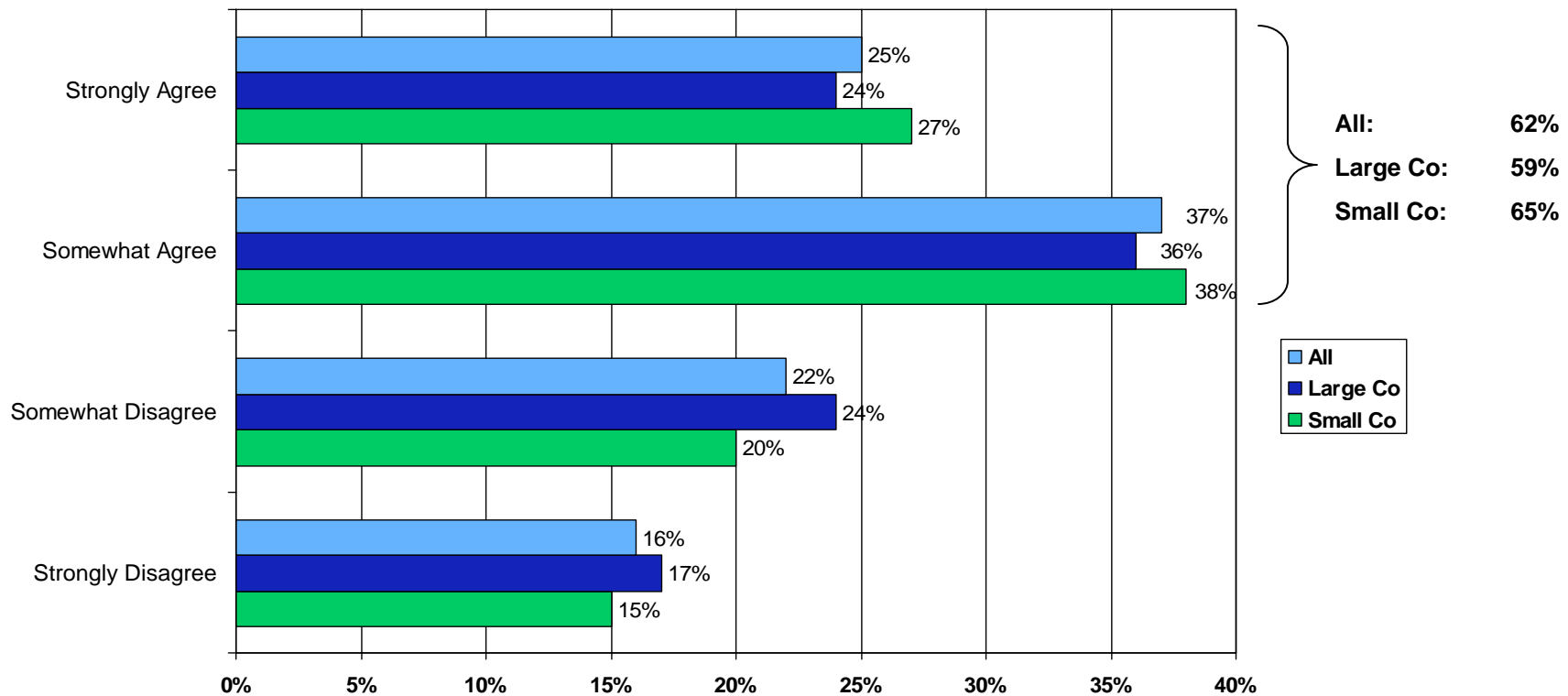


Base: For Profit, Full-Time & Part-time. All (n = 3466); Small (n = 1714); Large (n = 1752)

Working Beyond Age 65

A majority of workers agree that they could work until age 65 and still not have enough money saved to meet their retirement needs. Workers at small companies are more likely to agree.

Q931-5. I could work until age 65 and still not have enough money saved to meet my retirement needs



Base: For Profit, Full-Time & Part-time. All (n = 3466); Small (n = 1714); Large (n = 1752)

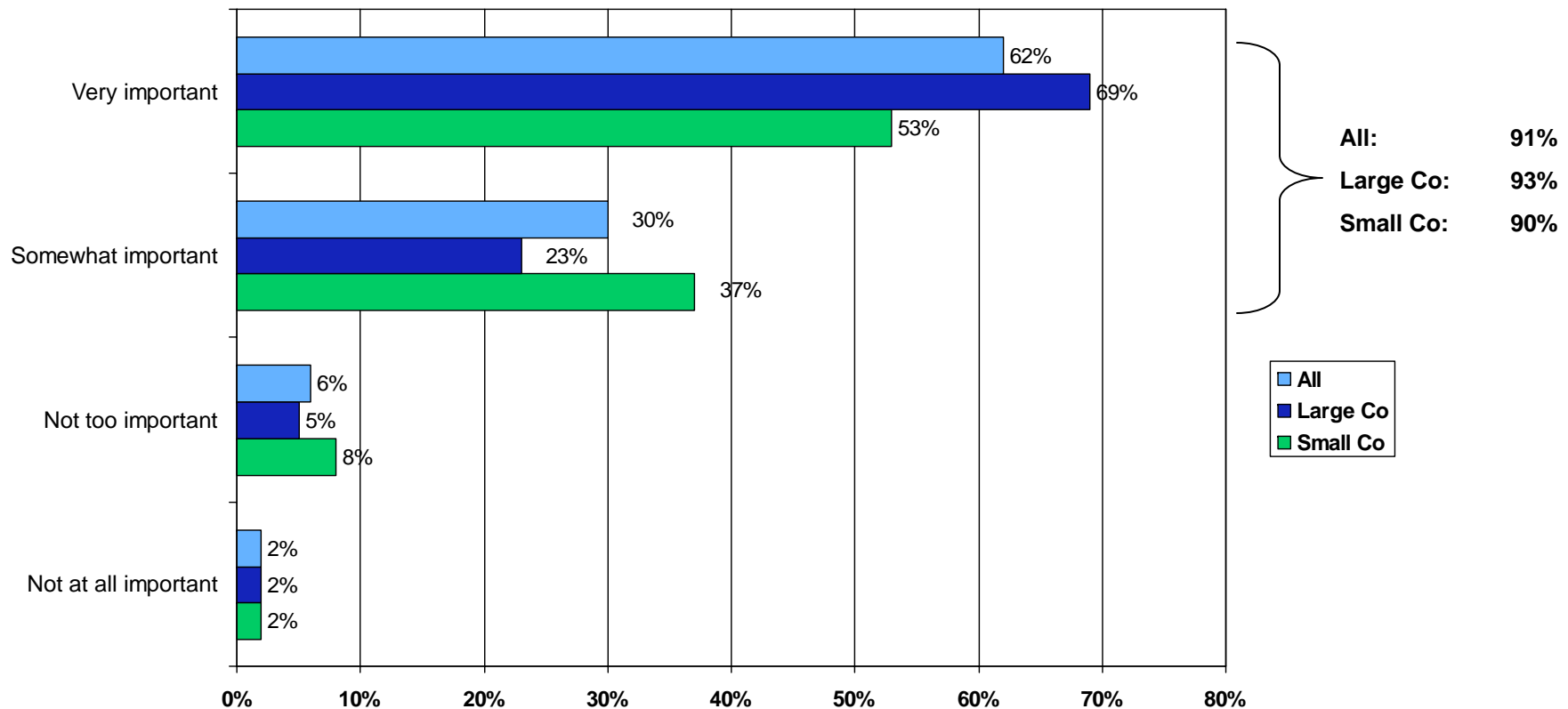


Importance of Retirement Savings and Employer-Sponsored Plans

Importance of a 401(k) Plan

The vast majority of workers (91%) value 401(k) and other employee self-funded plans as an important benefit. Workers at large companies are more likely to feel they are “very important.”

Q571. How important is this benefit to you, personally: 401(k) or other employee self-funded plan?

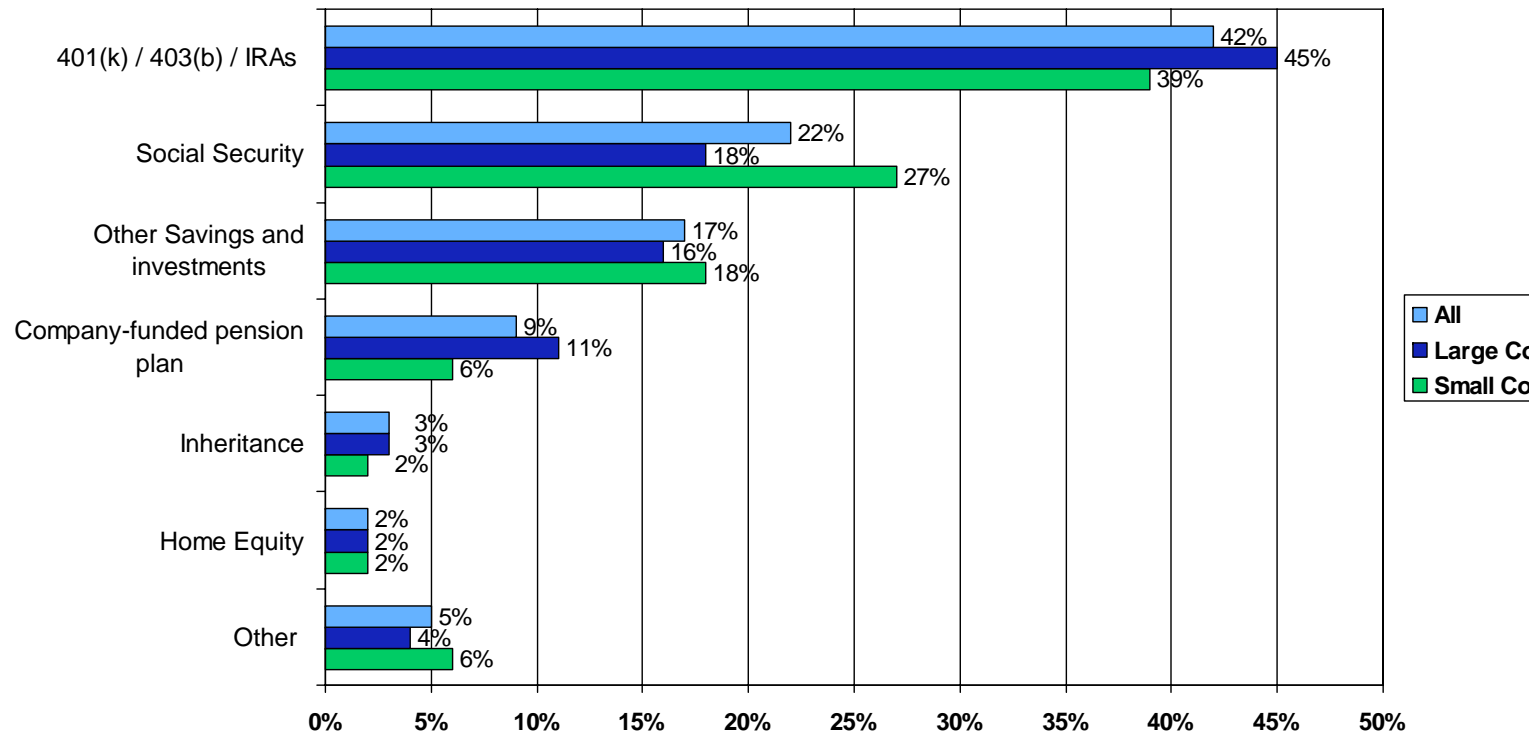


Base: For Profit, Full-Time & Part-time. All (n = 3466); Small (n = 1714); Large (n = 1752)

Primary Source of Income in Retirement

Workers most frequently cite 401(k) and similar plans as their expected primary source of income to cover living expense after they retire. Workers at large companies are more likely to cite 401(k), 403(b), and/or IRAs than workers at small companies.

Q550. Which one of the following do you expect to be your primary source of income to cover your living expenses after you retire?



Base: For Profit, Full-Time & Part-time. All (n = 3466); Small (n = 1714); Large (n = 1752)

Retirement Benefits Offered

Full-time workers (84 percent) are far more likely than part-time workers (40%) to have an employee-funded retirement plan offered to them. This disparity is further amplified between workers of large and small companies.

Full-time workers of large companies (92 percent) are most likely to be offered an employee-funded plan. Part-time workers of small companies (24 percent) were least likely to be offered such a plan.

Q580 Which of the following retirement benefits does your company currently offer to you, personally?	ALL			Large Co			Small Co		
	Full-time & Part-time	Full-time	Part-time	Full-time & Part-time	Full-time	Part-time	Full-time & Part-time	Full-time	Part-time
Any Employee-Funded Plan (Net)	69%	84%	40%	79%	92%	53%	59%	75%	24%
An employee-funded 401(k) plan;	66%	81%	37%	76%	91%	48%	55%	70%	22%
Other employee self-funded plan, such as SIMPLE, SEP, or other plans except for 401(k)s	6%	6%	7%	7%	5%	10%	6%	7%	3%
A company-funded defined benefit pension plan	17%	21%	9%	24%	31%	13%	9%	10%	6%
None of the Above	28%	13%	56%	19%	5%	44%	38%	21%	73%

Base: For Profit, Plan Offered, All (n = 3466),

Full-time (n = 2274), Part-time (n = 1192);

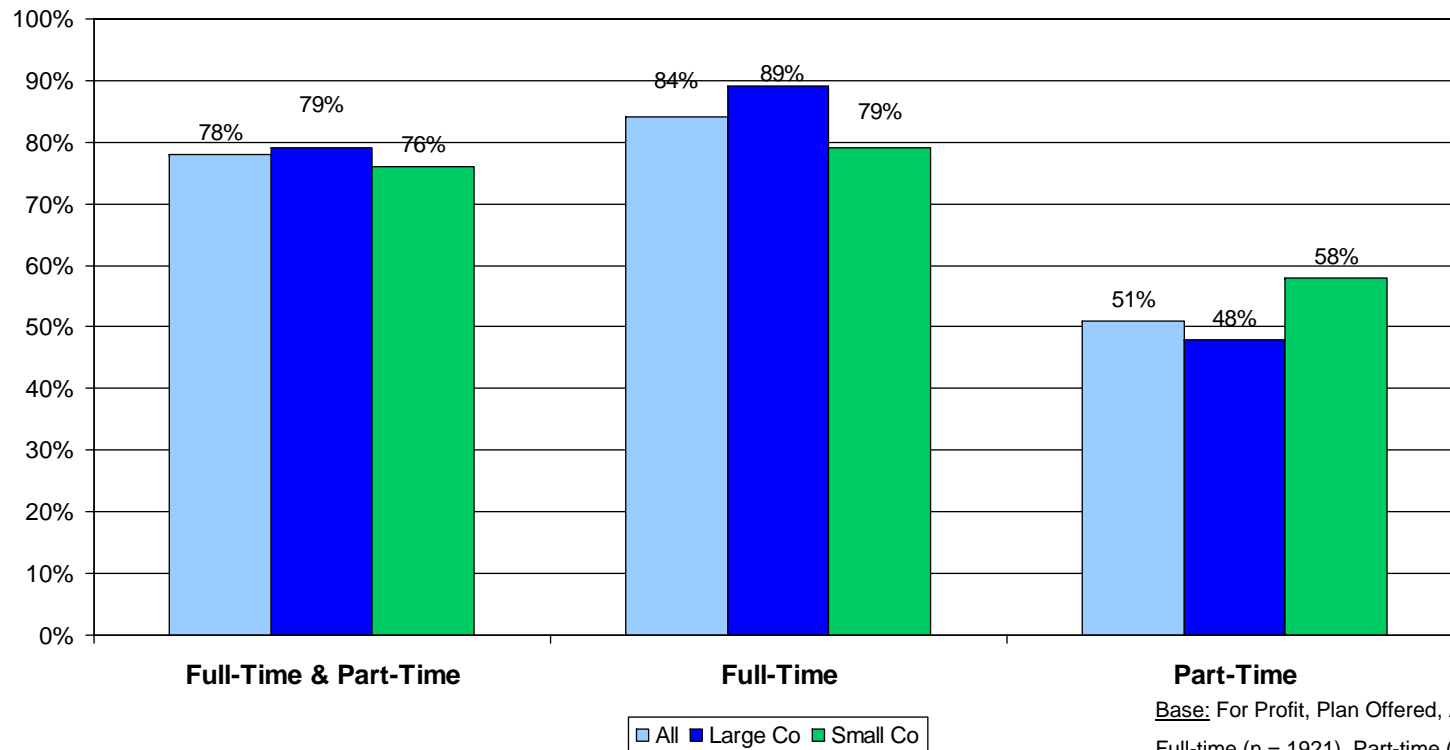
Large (n = 1752), Full-Time (n = 1138), Part-time (n = 614);

Small (n = 1714), Full-Time (n = 1136), Part-time (n = 578)

Worker Participation Rates

Workers continue to participate in their company's employee-funded retirement savings plan. Workers at large companies are more likely to participate. The difference is more prevalent among full-time workers.

Q590. Do you currently participate in, or have money invested in your company's employee-funded retirement savings plan?



Base: For Profit, Plan Offered, All (n = 2398),

Full-time (n = 1921), Part-time (n = 477);

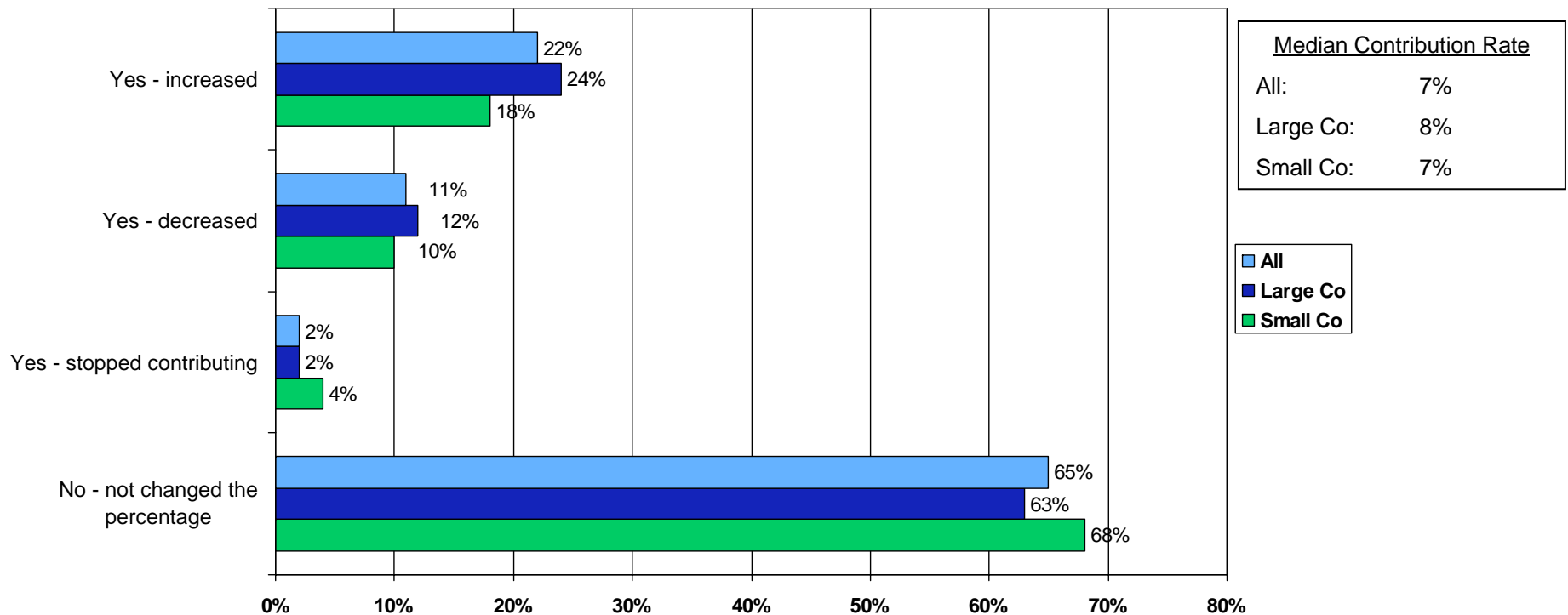
Large (n = 1365), Full-Time (n = 1049), Part-time (n = 316);

Small (n = 1033), Full-Time (n = 872), Part-time (n = 161)

Salary Contribution Rates

The majority of workers have not changed their contribution rate while almost one-quarter have increased it. The median contribution rate is seven percent, with workers at large companies having a slightly higher rate.

Q640. Have you changed the percentage of your income you put into your employee-funded retirement savings plan in the past 12 months?

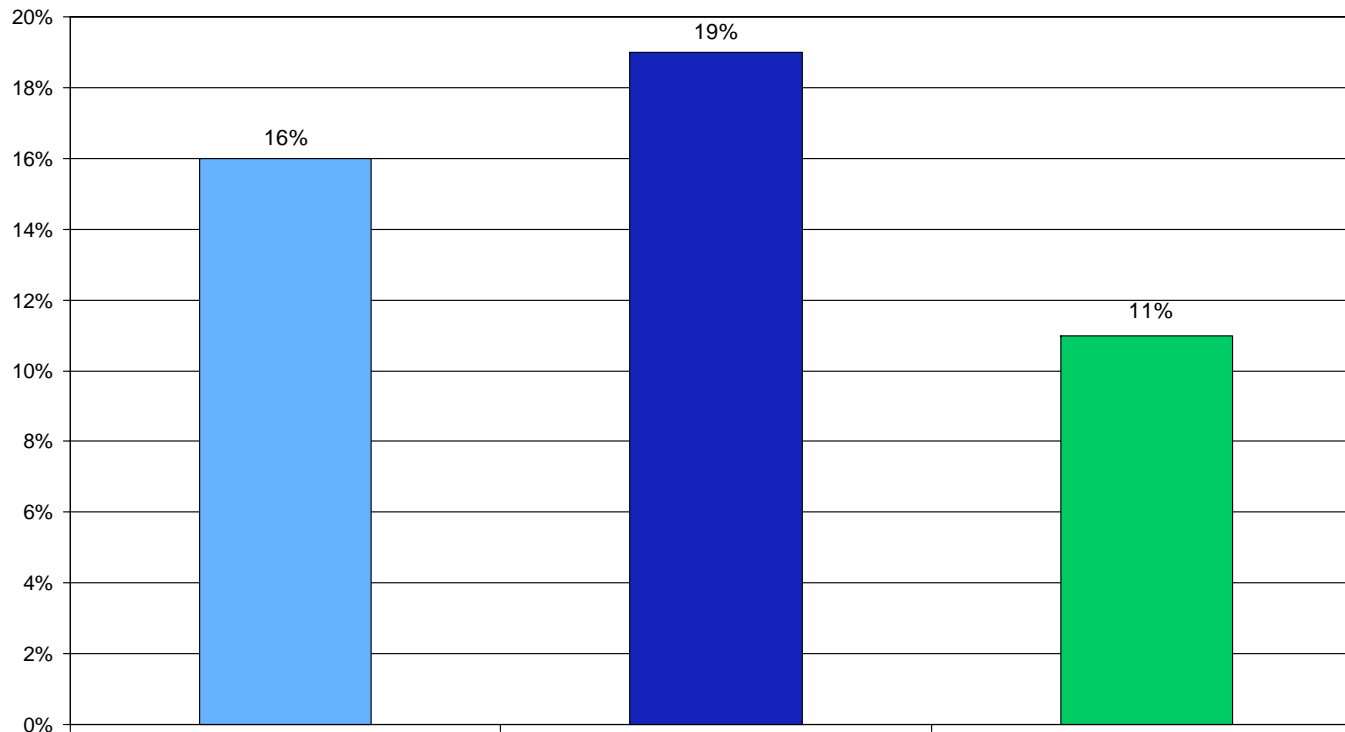


Base: For Profit, Full-Time & Part-time. All (n = 1853);
Small (n = 775); Large (n = 1078)

Loans From Retirement Plans

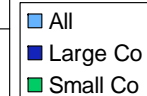
While 16 percent of workers who participate in a qualified plan have taken a loan, only a total of six percent have done so in the last 12 months.

Q650. Have you taken out a loan from your retirement plan? (% Yes)



Q1455. Was the loan from your retirement plan taken out in the last 12 months?

	%Yes	%Total
All	39%	6%
Large Co	34%	6%
Small Co	52%	6%

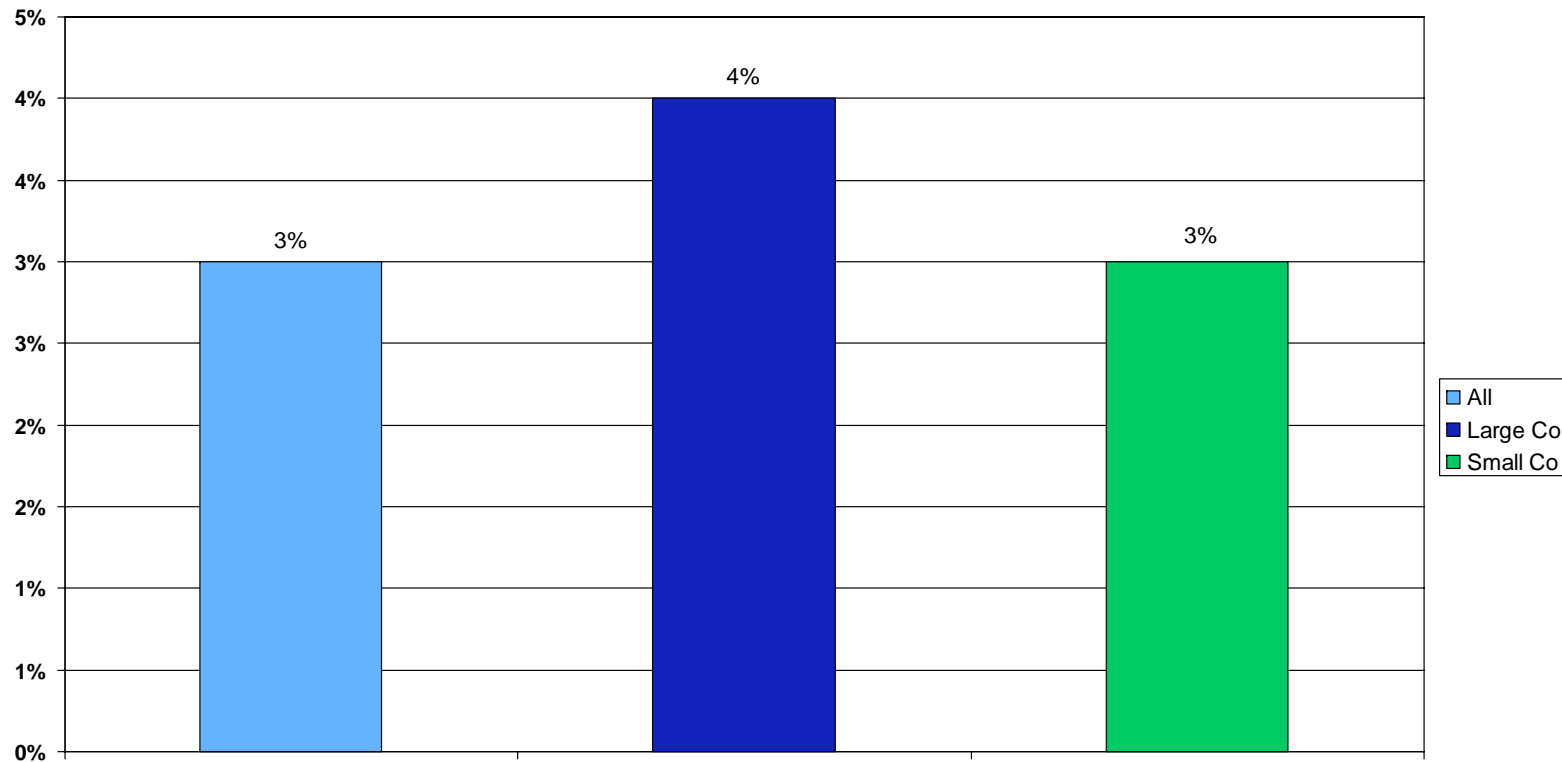


Base: For Profit, Full-Time & Part-time, Currently participates in qualified plan.
All (n = 1853); Small (n = 775); Large (n = 1078)

Hardship Withdrawals

Only a small percentage of workers with a qualified plan have taken a hardship withdrawal in the last 12 months (three percent).

Q1460. Have you taken a hardship withdrawal from your employee-funded retirement plan in the last 12 months? (% Yes)

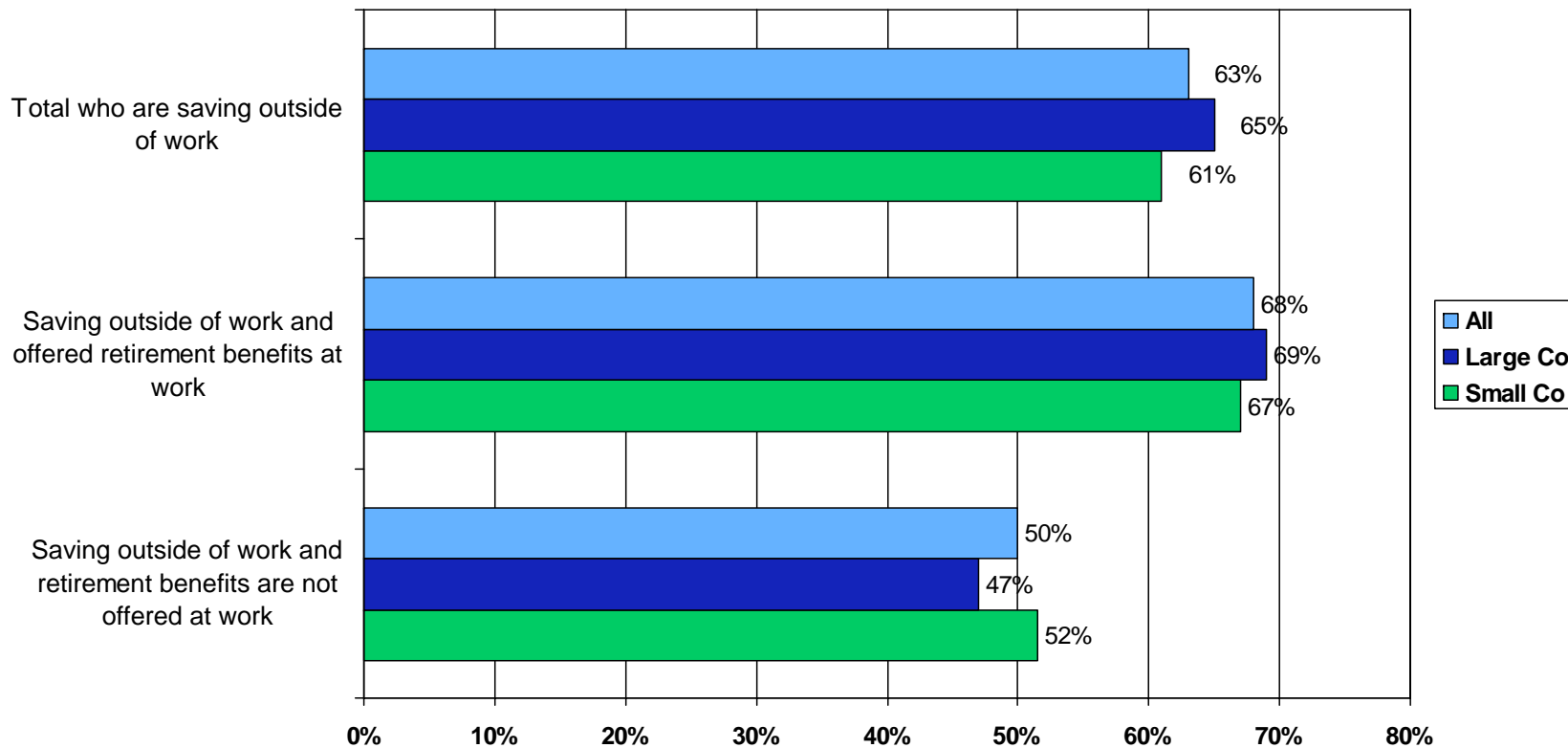


Base: For Profit, Full-Time & Part-time, Qualified Plan Offered
All (n = 2398); Small (n = 1033); Large (n = 1365)

Saving for Retirement Outside of Work

Workers who are offered retirement benefits at work are more likely to be saving for retirement outside of work.

Q740. Are you currently saving for retirement outside of work, such as in an IRA, mutual funds, bank account, etc.? (% Yes)

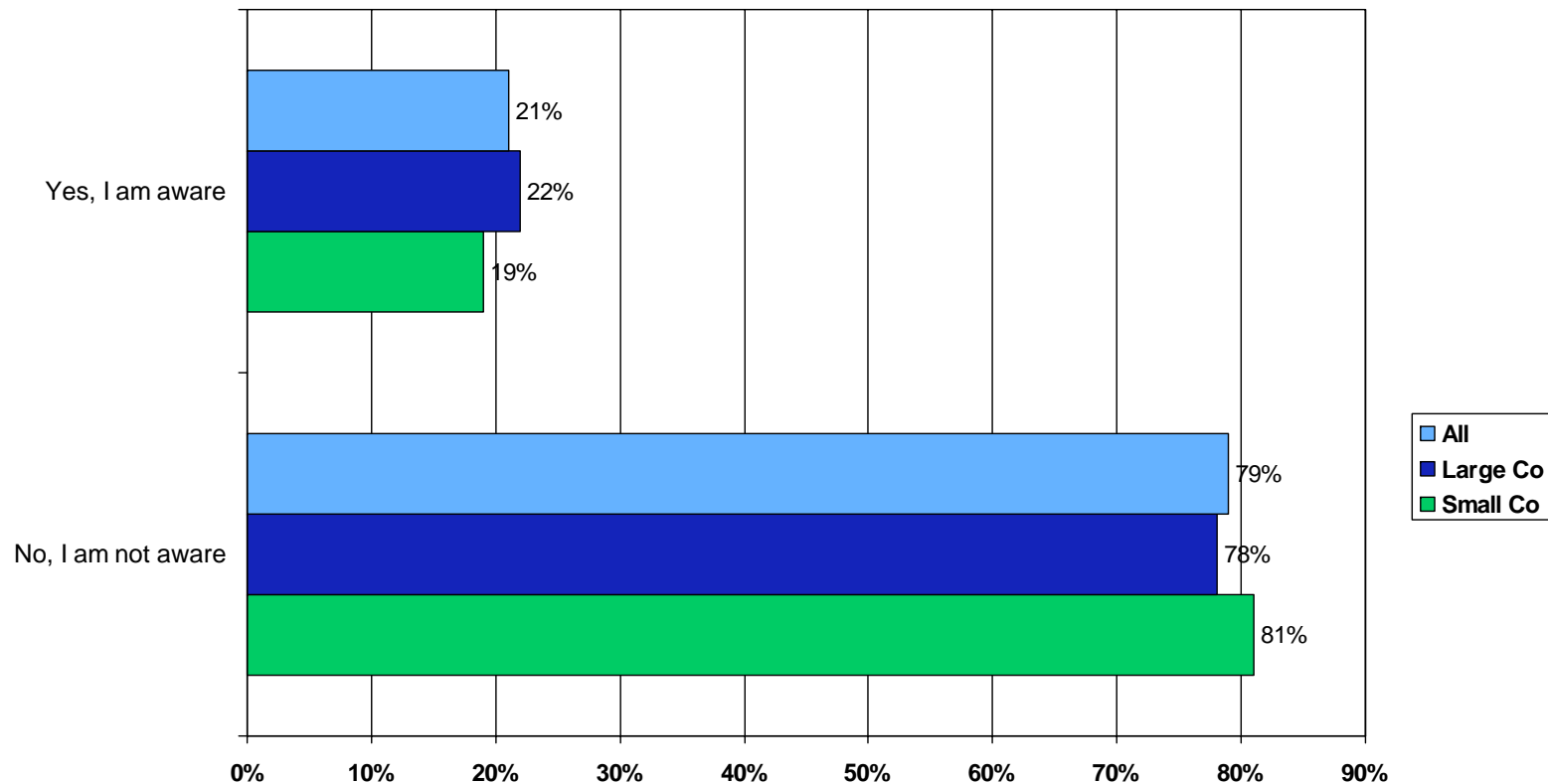


Base: For Profit, Full-Time & Part-time. All (n = 3466); Small (n = 1714); Large (n = 1752).
 Offered retirement benefits at work, All (n = 2482); Small (n = 1072); Large (n = 1410).
 Not offered retirement benefits at work, All (n = 984); Small (n = 642); Large (n = 342).

Awareness of Saver's Credit

About one-in-five workers are aware of the saver's credit.

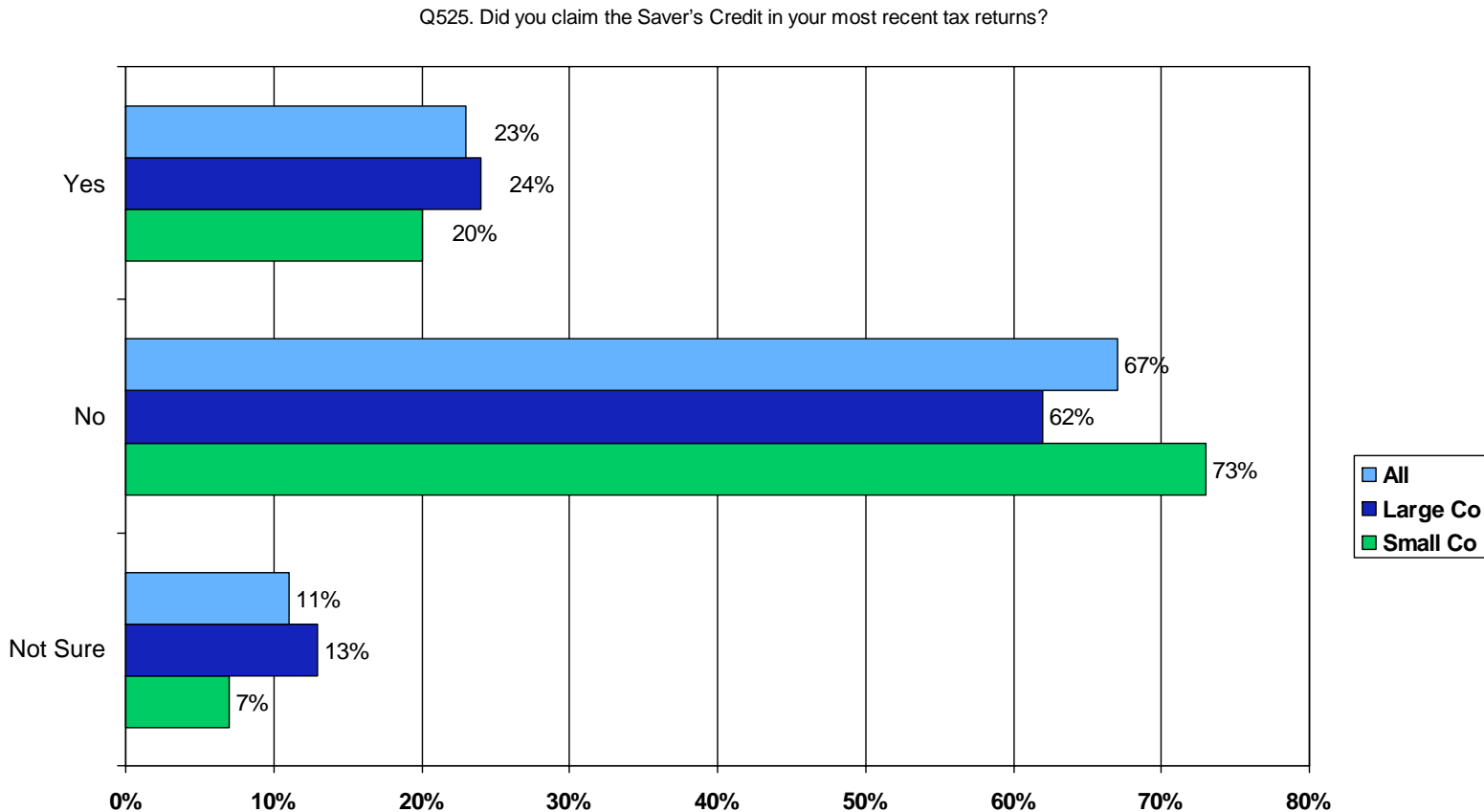
Q520. Are you aware of a tax credit called the "Saver's Credit?"



Base: For Profit, Full-Time & Part-time. All (n = 3466); Small (n = 1714); Large (n = 1752)

Claiming the Saver's Credit

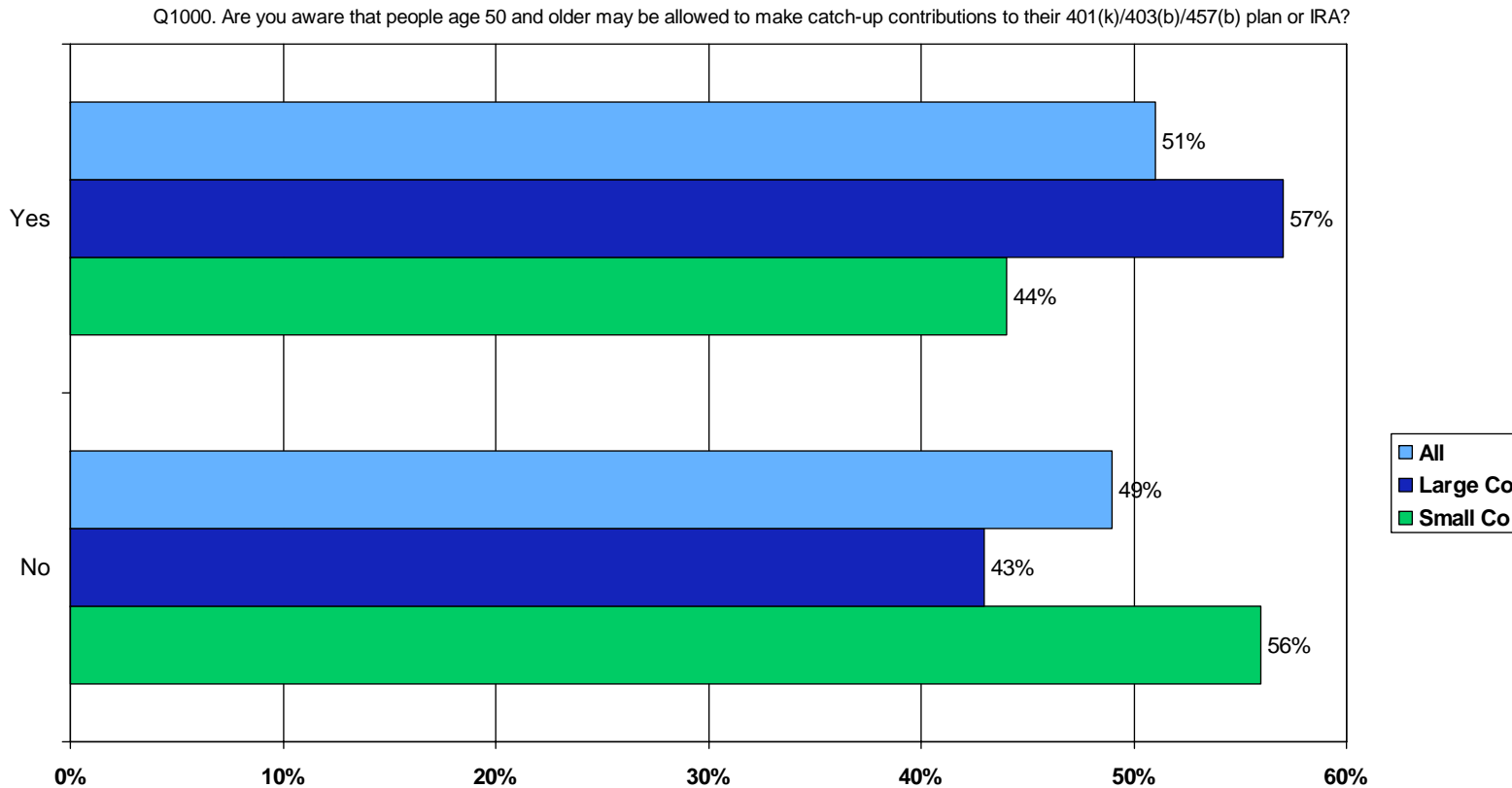
About one-quarter of workers who are aware of the credit report claiming it.



Base: Aware of Saver's Credit. All (n = 664);
Small (n = 320); Large (n = 344)

Awareness of Catch-Up Contributions

Only half of workers (51 percent) are aware of catch-up contributions. Workers at large companies are more likely to be aware of this benefit.

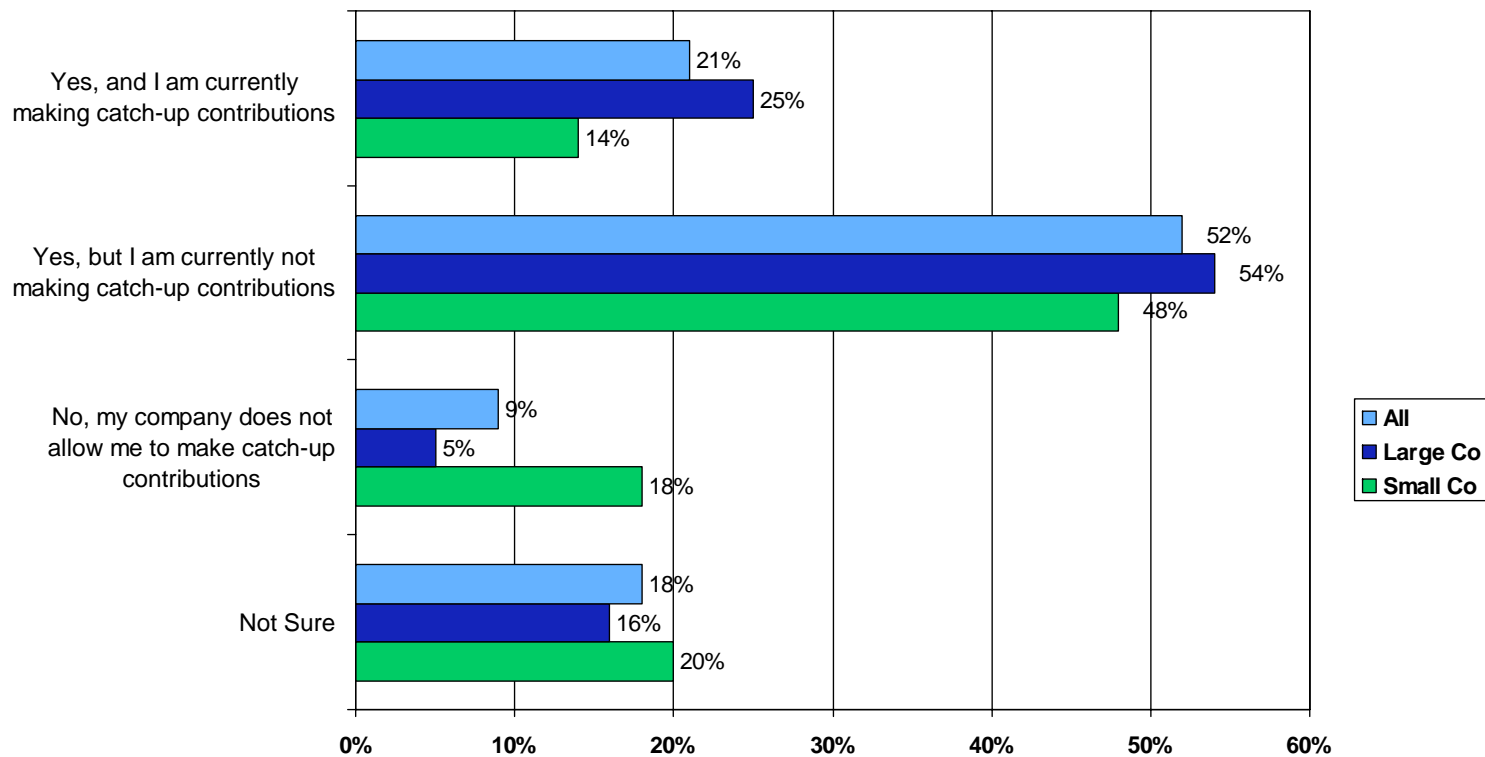


Base: For Profit, Full-Time & Part-time. All (n = 3466); Small (n = 1714); Large (n = 1752)

Making Catch-Up Contributions

Workers at large companies are more likely than workers at small companies to be offered the option to make catch-up contributions.

Q1005. Does your company allow you, personally, to make catch-up contributions to your plan?



Base: For Profit, Full-Time & Part-time, Aware of Catch-up Contributions.
All (n = 783); Small (n = 317); Large (n = 466)

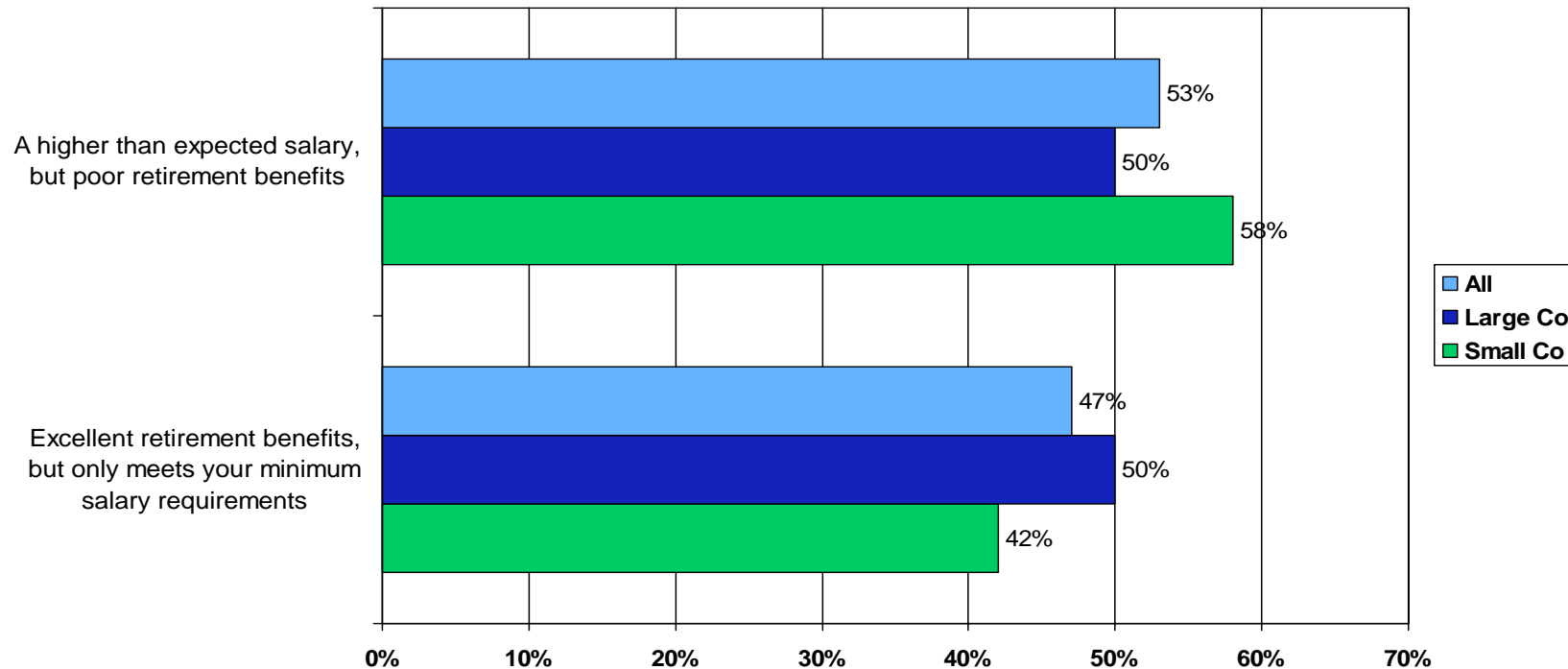


Opportunities for Achieving a Secure Retirement

Salary vs. Retirement Benefits

Workers at small companies are more likely to prefer a higher salary over excellent retirement benefits. Workers at large companies are evenly split.

Q830. Suppose that two job offers come your way. Which of the following job offers would you select?

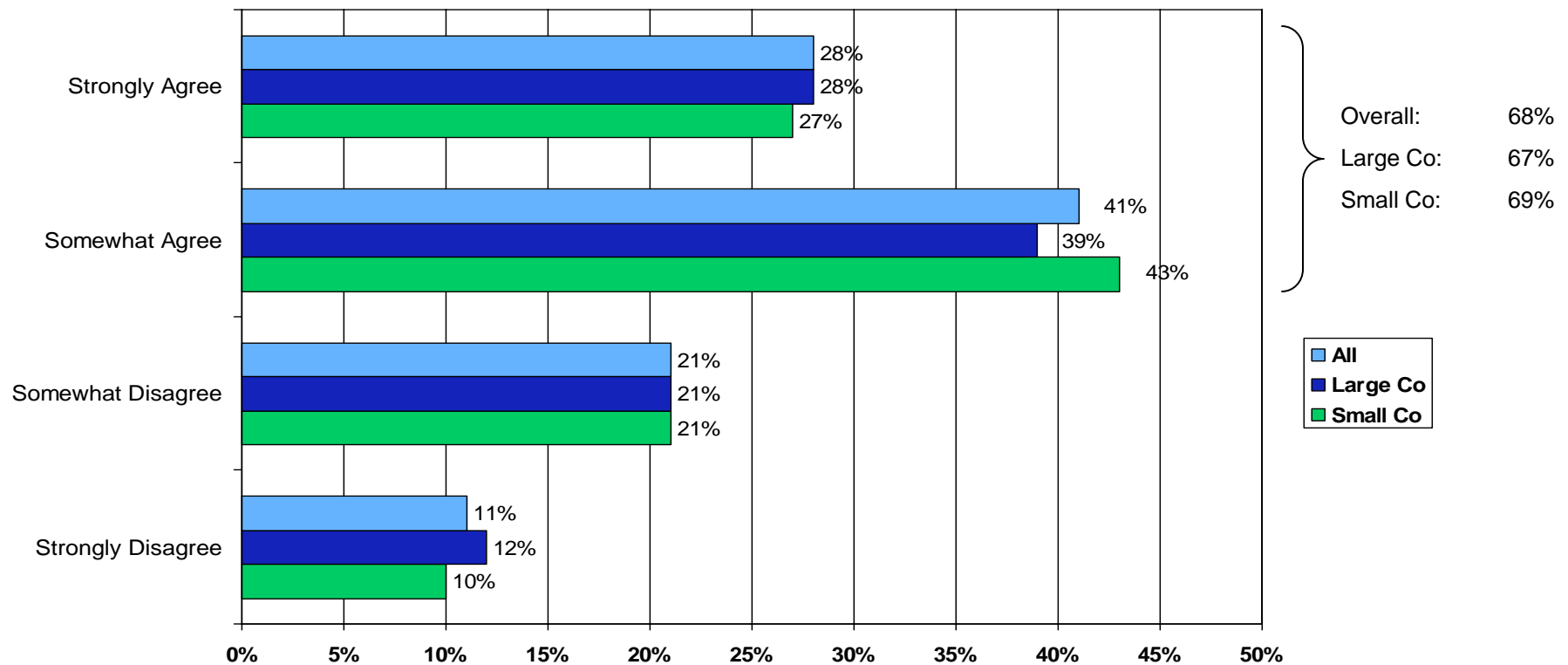


Base: For Profit, Full-Time & Part-time. Overall (n = 3466); Small (n = 1714); Large (n = 1752)

Knowledge of Retirement Investing

Most workers agree that they do not know as much as they should about retirement investing.

Q931-2. I do not know as much as I should about retirement investing

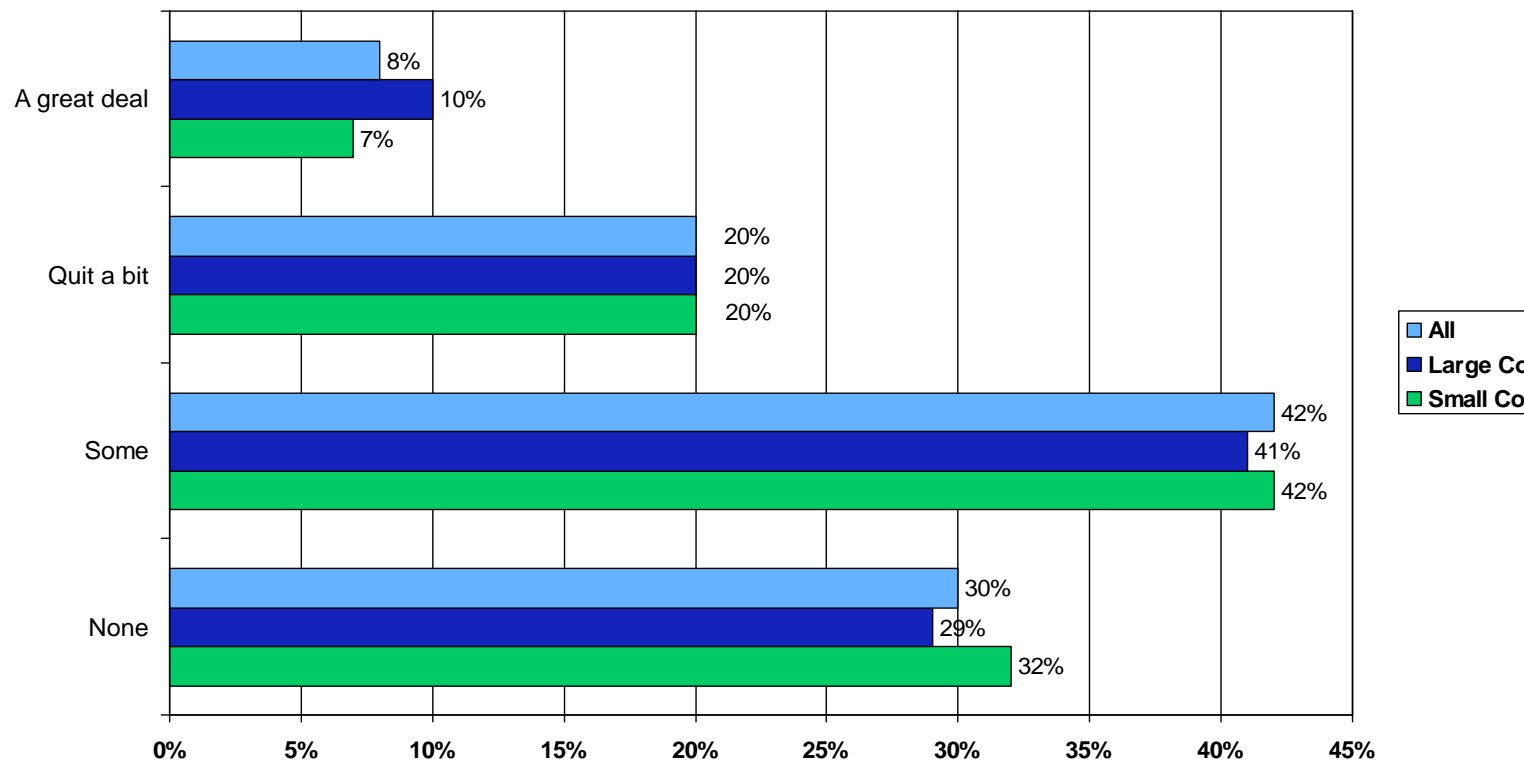


Base: For Profit, Full-Time & Part-time. Overall (n = 3466); Small (n = 1714); Large (n = 1752)

Understanding of Asset Allocation

Very few workers (8%) have “a great deal” of understanding when it comes to asset allocation principals while nearly one-third (30%) have no understanding.

Q760. How good of an understanding do you have regarding asset allocation principles as they relate to retirement investing?

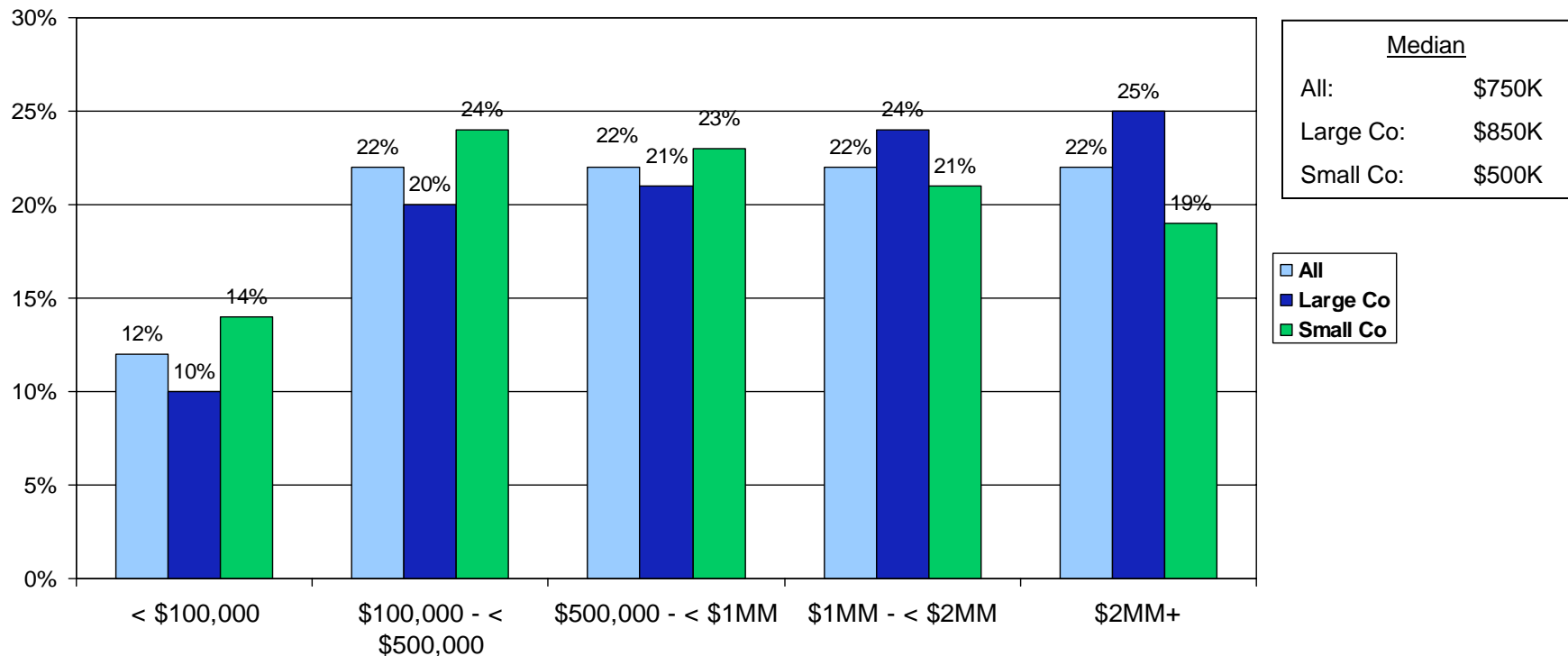


Base: For Profit, Full-Time & Part-time. All (n = 3466);
Small (n = 1714); Large (n = 1752)

How Much Will You Need for Retirement?

Overall, workers estimate needing about \$750,000 in order to feel financially secure by the time they retire. The median for workers at large companies is much higher than the median for workers at small companies.

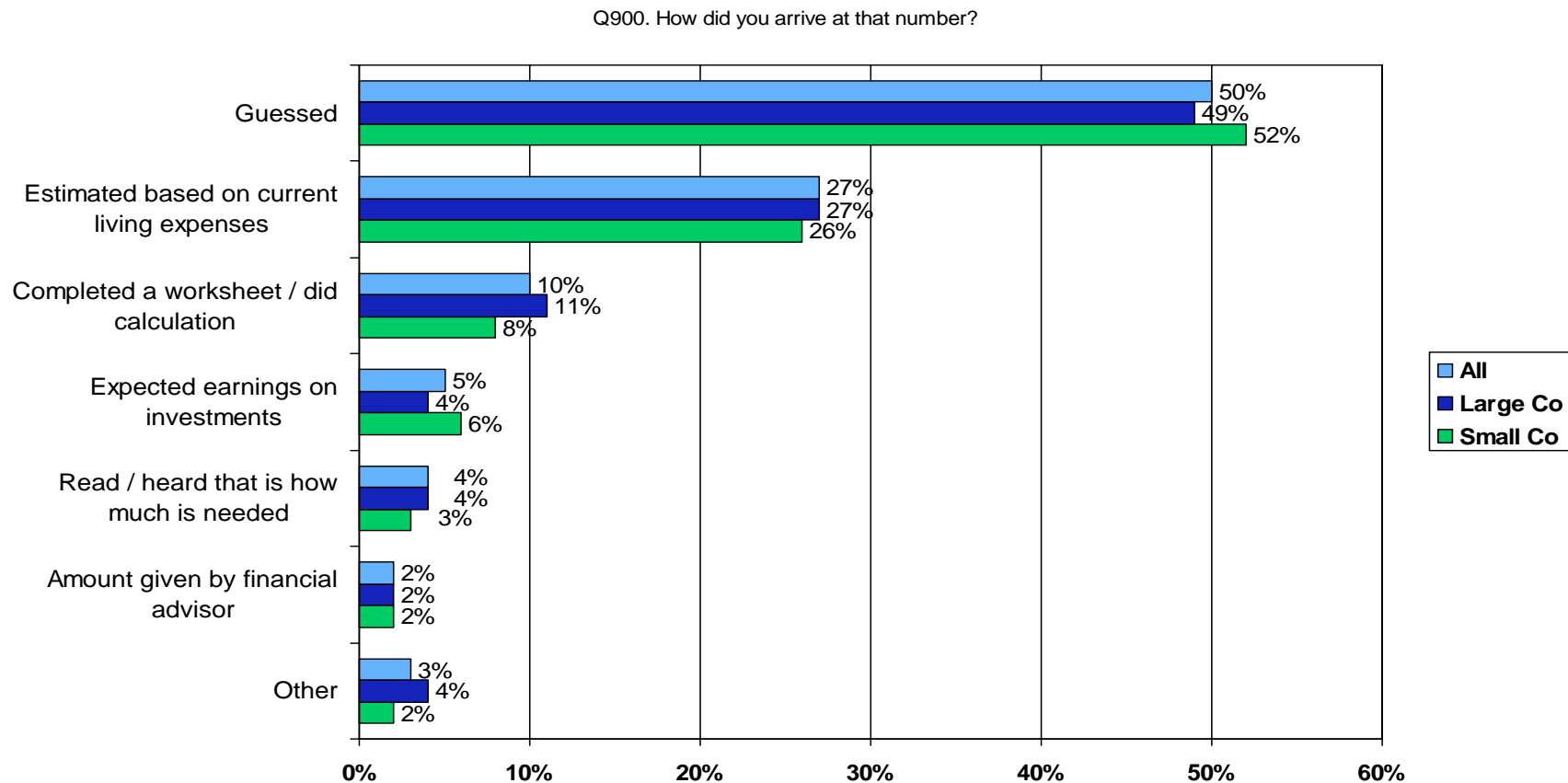
Q890. Thinking in terms of what money can buy today, how much money do you believe you will need to have saved by the time you retire in order to feel financially secure?



Base: For Profit, Full-Time & Part-time. All (n = 3466); Small (n = 1714); Large (n = 1752)

How Did You Estimate Retirement Savings Need?

When workers were asked how they estimated the amount they need to retire, a majority guessed.

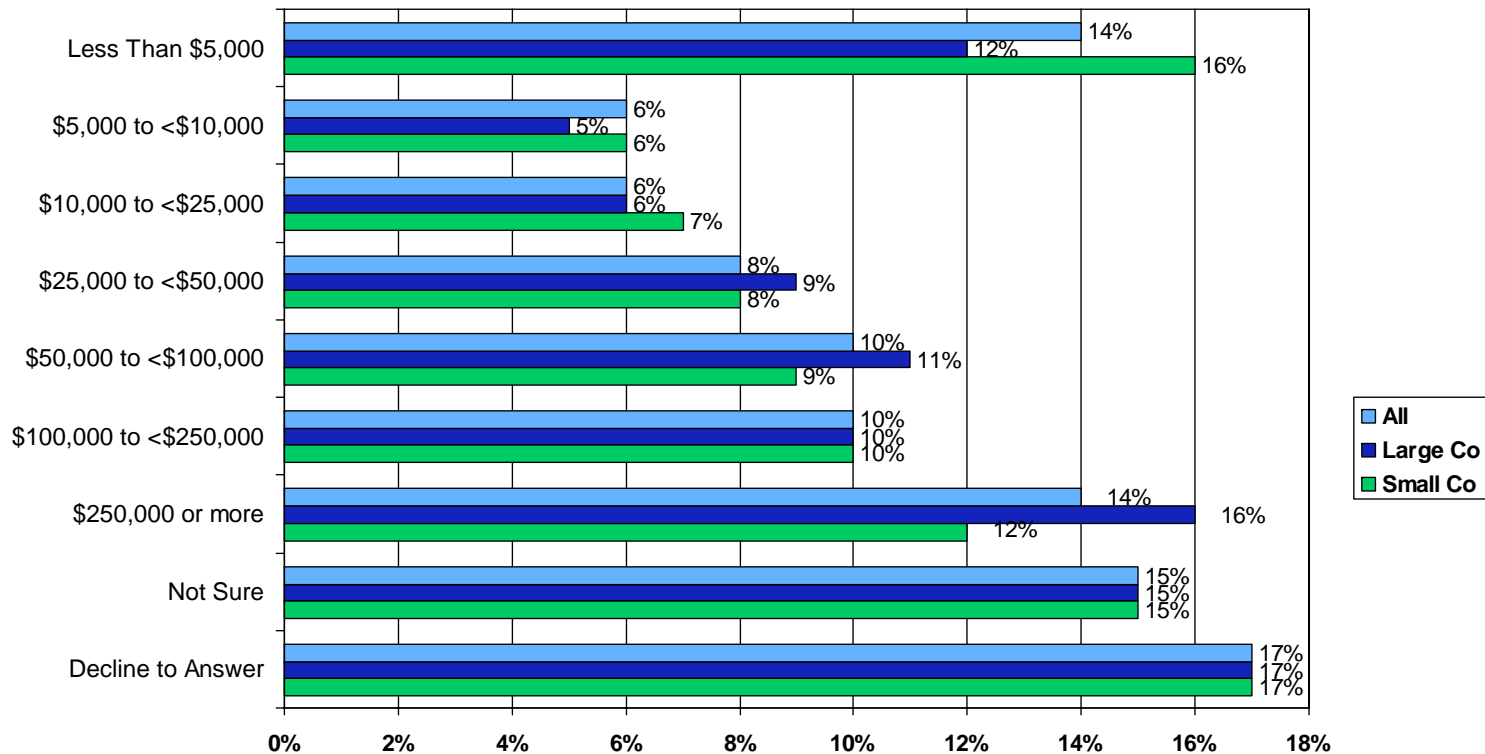


Base: For Profit, Full-Time & Part-time. All (n = 3423); Small (n = 1689); Large (n = 1734)

Retirement Account Balances

About one-quarter have saved less than \$25,000 and fifteen percent of workers are “not sure” how much money they have saved.

Q1300. Approximately how much money does your household have saved in all of your retirement accounts?

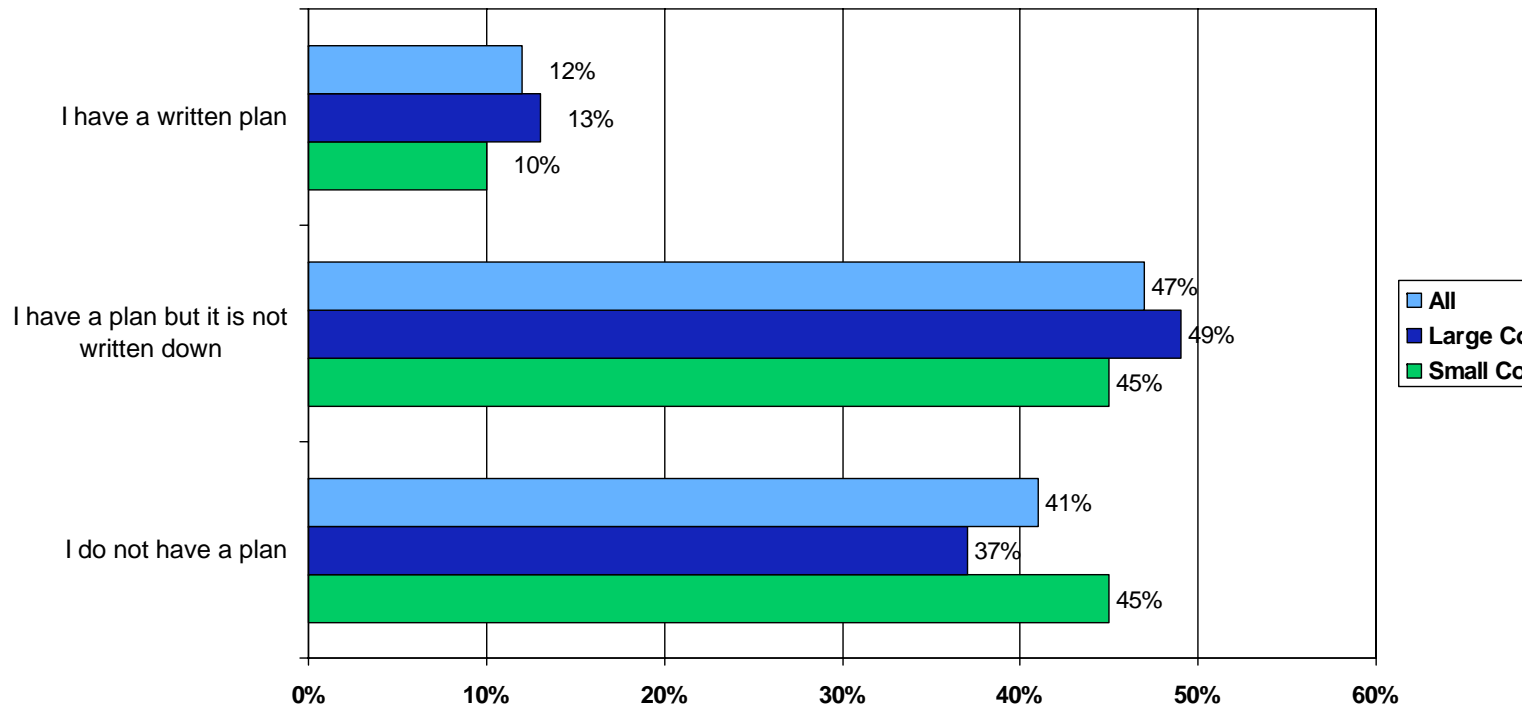


Base: For Profit, Full-time & Part-time. All (n = 3466); Small (n = 1714); Large (n = 1752)

Lack of a Written Retirement Strategy

Very few workers (12 percent) have a written retirement strategy. Workers at small companies are even less likely to have a strategy.

Q555. Which of the following best describes your retirement strategy?

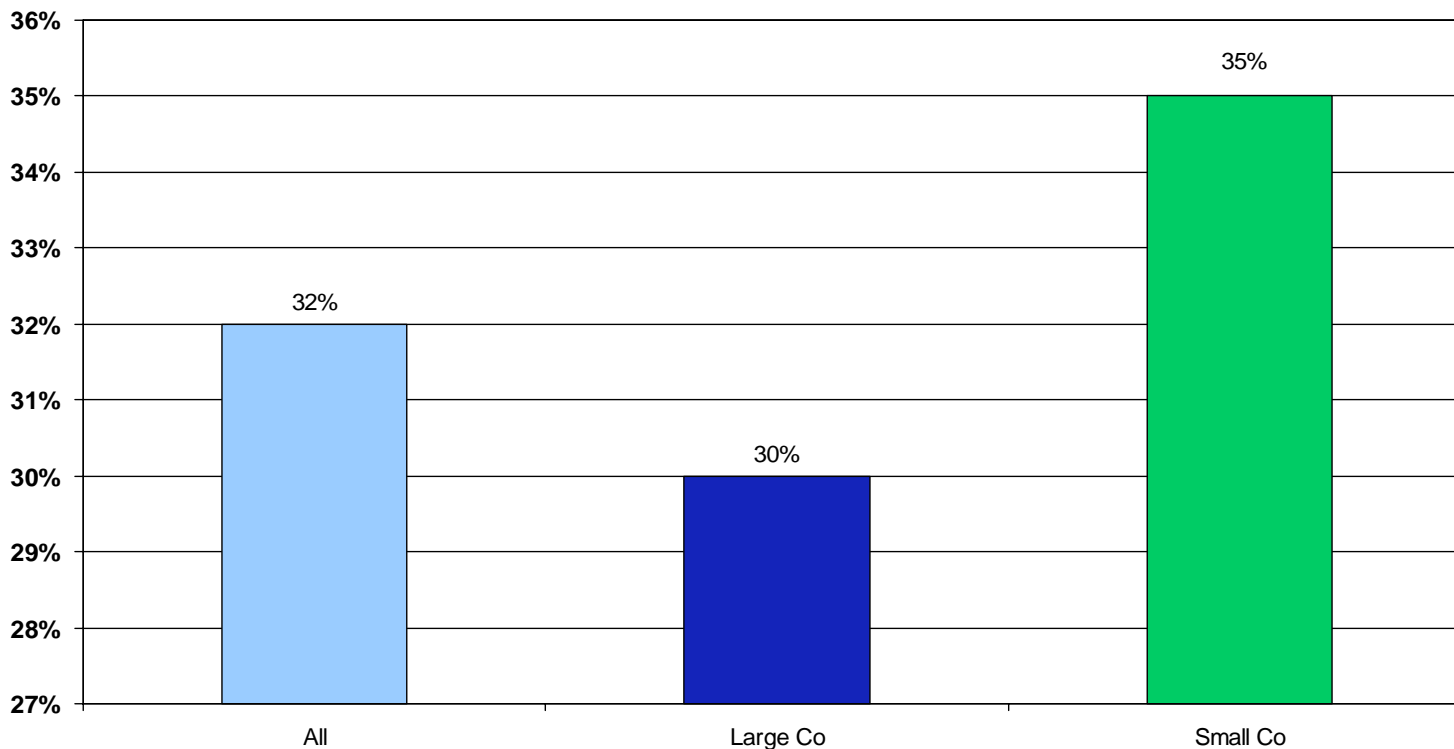


Base: For Profit, Full-Time & Part-time. All (n = 3466); Small (n = 1714); Large (n = 1752)

Use of a Professional Advisor

Nearly one-third of workers who are investing for retirement use a professional financial advisor. Workers at small companies are more likely to use an advisor than workers at large companies.

Q860. Do you use a professional financial advisor to help manage your retirement savings or investments? (% Yes)

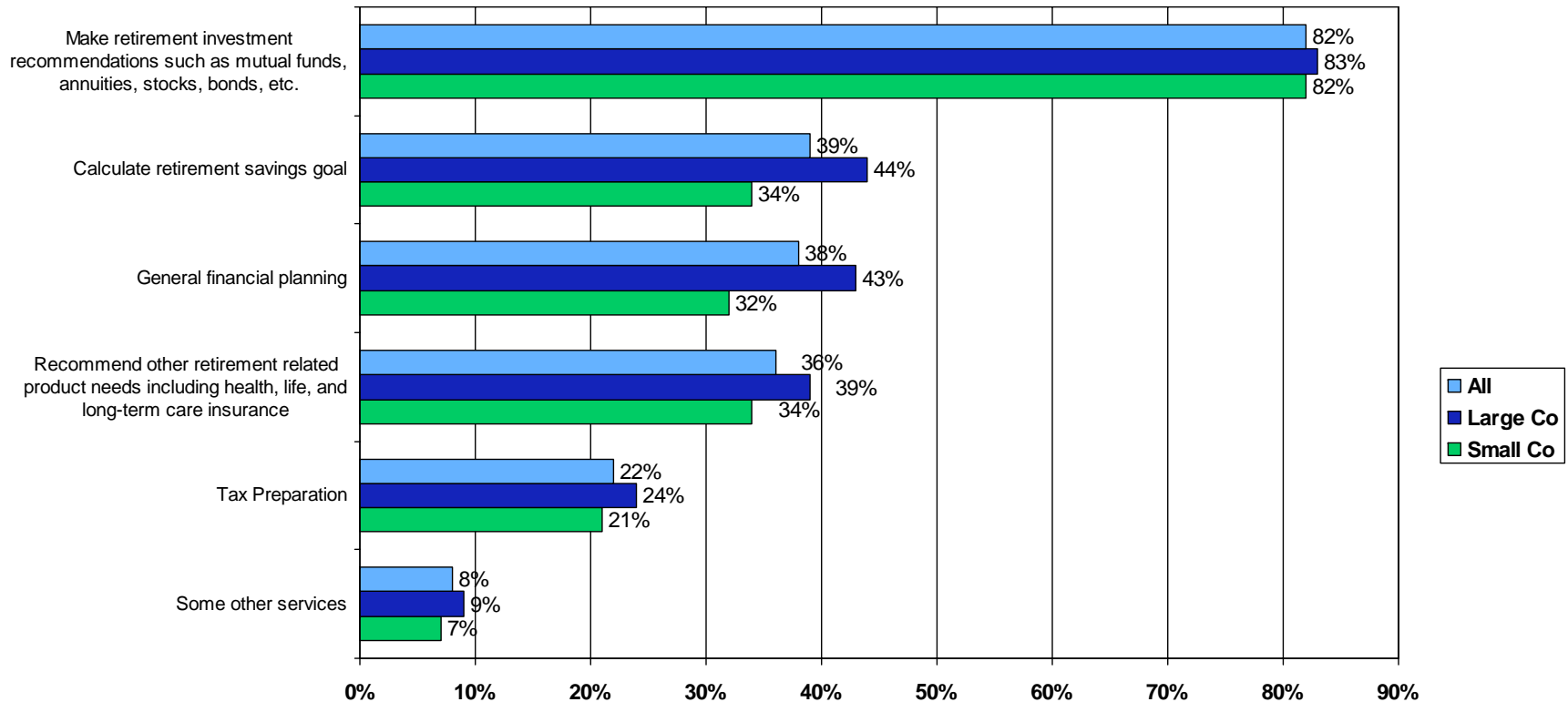


Base: For Profit, Full-Time & Part-time, Investing for Retirement.
All (n = 2512); Small (n = 1168); Large (n = 1344)

Services Provided by Financial Advisor

While most workers who use a financial advisor are receiving recommendations on retirement investments (82%), fewer than 40 percent have had their advisor calculate a retirement savings goal. This is more prevalent among workers at small companies.

Q870. What types of services do you use your professional financial advisor to perform?

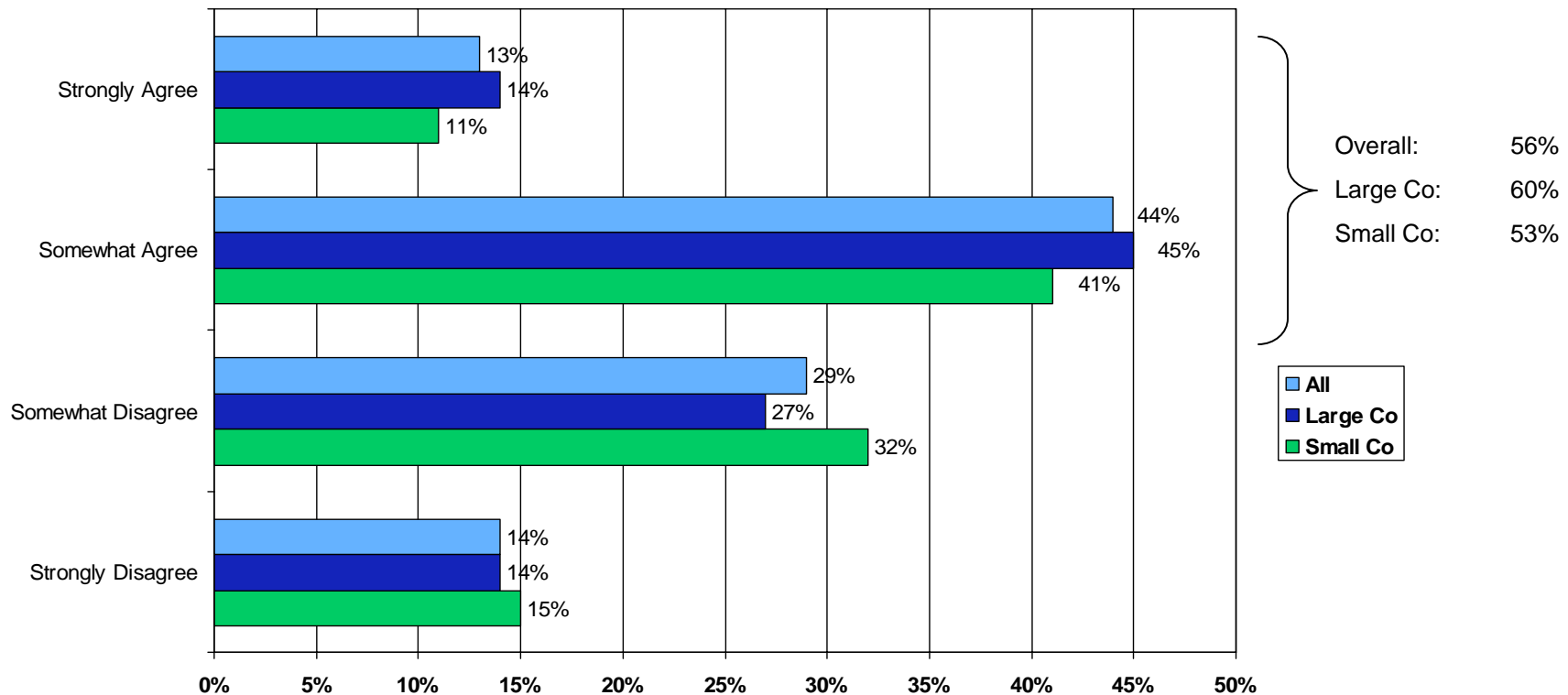


Base: Use financial advisor, Full-Time & Part-time. All (n = 771); Small (n = 413); Large (n = 358)

A Need for More Information and Advice

A majority of workers would like to receive more information and advice from their company on how to reach their retirement goals. Workers at large companies are more likely to agree.

Q931-6. I would like to receive more information and advice from my company on how to reach my retirement goals



Base: For Profit, Full-Time & Part-time. All (n = 3466); Small (n = 1714); Large (n = 1752)

Moving Forward

- **Even in difficult economic times, the vast majority of workers value an employee-funded retirement plan as an important benefit and they are continuing to save for retirement**
- **In addition to saving, the survey found important opportunities for them to better their chances of a financially secure retirement, including:**
 - Considering retirement benefits when evaluating employment opportunities
 - Expanding knowledge of retirement investing
 - Calculating a savings goal
 - Seeking professional advice
 - Formulating a written retirement strategy
 - Taking advantage of the Saver's Credit and Catch-Up Contributions (when eligible)
- **The survey also found important opportunities for policymakers and the retirement industry to promote retirement savings and preparedness, including:**
 - Expanding retirement plan coverage among small business and part-time employees
 - Improving access to professional and affordable advice
 - Promoting awareness of Saver's Credit and Catch-Up Contributions