



# 16<sup>th</sup> Annual Transamerica Retirement Survey

*Influences of Generation on Retirement Readiness*

**TRANSAMERICA CENTER**  
FOR RETIREMENT STUDIES®

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# Welcome to the 16<sup>th</sup> Annual Transamerica Retirement Survey

Welcome to this compendium of insights and findings from the *16<sup>th</sup> Annual Transamerica Retirement Survey of Workers* from the Transamerica Center for Retirement Studies® (TCRS).

This report is an exploration of retirement preparedness of American workers that offers perspectives on retirement confidence, access to employer-sponsored retirement benefits, savings rates, and planning-related activities. It is comprised of these chapters:

- ***The American Worker – An Overview.*** This chapter contains a comprehensive set of 50 key measures of retirement preparedness and 5-year trend analysis looking at overall survey findings among workers of for-profit companies of 10 or more employees.
- ***Influences of Demographics on Retirement Readiness.*** These chapters are demographic segmentation analyses by employer size, generation, gender, household income, and level of education. Each chapter presents a concise set of 20 key measures for each demographic segment.

We hope that you find this compendium to be a helpful source of retirement-related research and survey data. If you are seeking survey data that you do not find in this report, please contact TCRS at [info@transamericacenter.org](mailto:info@transamericacenter.org) and we will do our best to assist you.

Thank you.

# About the Transamerica Center for Retirement Studies®

- The Transamerica Center for Retirement Studies® (TCRS) is a division of Transamerica Institute® (The Institute), a nonprofit, private foundation. TCRS is dedicated to educating the public on emerging trends surrounding retirement security in the United States. Its research emphasizes employer-sponsored retirement plans, including companies and their employees, unemployed and underemployed workers, and the implications of legislative and regulatory changes. For more information about TCRS, please refer to [www.transamericacenter.org](http://www.transamericacenter.org).
- The Institute is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third parties.
- TCRS and its representatives cannot give ERISA, tax, investment or legal advice. This material is provided for informational purposes only and should not be construed as ERISA, tax, investment or legal advice. Interested parties must consult and rely solely upon their own independent advisors regarding their particular situation and the concepts presented here.
- Although care has been taken in preparing this material and presenting it accurately, TCRS disclaims any express or implied warranty as to the accuracy of any material contained herein and any liability with respect to it.

# About the Survey

- Since the Transamerica Center for Retirement Studies® has conducted national surveys 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.
- Nielsen and the Harris Poll were commissioned to conduct the 16<sup>th</sup> Annual Retirement Survey for Transamerica Center for Retirement Studies. Transamerica Center for Retirement Studies is not affiliated with Nielsen.
- Over the last five decades, Harris Polls have become media staples. With comprehensive experience and precise technique in public opinion polling, along with a proven track record of uncovering consumers' motivations and behaviors, The Harris Poll has gained strong brand recognition around the world. For more information contact:  
[ConsumerInsightsNAInfo@nielsen.com](mailto:ConsumerInsightsNAInfo@nielsen.com).

# Worker Survey Methodology

- A 25-minute, online survey was conducted between February 18 – March 17, 2015 among a nationally representative sample of 4,550 workers using the Harris online panel. Respondents met the following criteria:
  - U.S. residents, age 18 or older
  - Full-time or part-time workers in a for-profit company employing 10 or more people
- Data were weighted as follows:
  - Census data were referenced for education, age by gender, race/ethnicity, region, household income, and number of employees by company size. Results were weighted where necessary to bring them into line with the population of US residents age 18+, employed full time in a for-profit company with 10+ employees or employed part time in a for profit company.
  - The weighting also adjusts for attitudinal and behavioral differences between those who are online versus those who are not, those who join online panels versus those who do not, and those who responded to this survey versus those who did not.
- Percentages are rounded to the nearest whole percent. Differences in the sums of combined categories/answers are due to rounding.
- This report focuses on full-time and part-time workers combined.

# Terminology

*This report uses the following terminology:*

## Generation

- *Millennial:* Born 1979 - 1996
- *Generation X:* Born 1965 - 1978
- *Baby Boomer:* Born 1946 - 1964

## Company Size

- *Small Company:* 10 to 499 employees
- *Large Company:* 500 or more employees

## All Workers

- Refers to all workers age 18 and older



# Influences of Generation on Retirement Readiness

*Detailed Findings*

# Influences of Generation on Retirement Readiness

Our retirement system is changing so rapidly that the retirements of Baby Boomers, Generation X, and Millennials will not only be a radical departure from their parents' generations but from each other as well. Baby Boomers (born between 1946 and 1964) are pioneering a new retirement paradigm and are proving that working in retirement and taking time for leisure are not mutually exclusive. Generation X (born between 1965 and 1978) entered the workforce in the mid- to late-1980s just as 401(k)s were being implemented and defined benefit plans were beginning to disappear. Millennials (born after 1978) are a digital do-it-yourself generation that will be self-funding an even greater portion of their future retirement income compared to previous generations. All three generations face risks and opportunities for improving their long-term retirement outlook.

## *Twenty Indicators of Retirement Readiness*

- **Confidence in Retiring Comfortably.** Retirement confidence is highest among Millennials (63 percent) and Baby Boomers (61 percent) and notably lower among Generation X workers (54 percent).
- **Building a Large Enough Nest Egg?** Fewer than half of Baby Boomers (48 percent) and Generation X (47 percent) agree that they are building a large enough retirement nest egg, and slightly more Millennials (51 percent) agree.
- **Retirement Beliefs.** Across generations, four out of five workers agree that their generation will have a much harder time achieving financial security compared to their parent's generation. Generation X (85 percent) and Millennials (83 percent) are more likely than Baby Boomers (65 percent) to be concerned that Social Security will not be there for them when they are ready to retire.
- **Greatest Financial Priority Right Now.** Baby Boomers are most likely to cite "saving for retirement" as their greatest financial priority right now (37 percent), followed by Generation X (27 percent). Among Millennials, the most frequently cited top priority is "just getting by – covering basic living expenses" (22 percent).
- **Expected Primary Source of Income in Retirement.** Millennials (48 percent) and Generation X (40 percent) most frequently cite 401(k), 403(b) or IRAs to be their expected primary source of retirement income, while Baby Boomers (35 percent) most frequently cite Social Security. Some workers expect "working" to be their primary source of income in retirement, including 14 percent of Millennials and Generation X and 12 percent of Baby Boomers.



# Influences of Generation on Retirement Readiness

- **Percentage Saving for Retirement.** Baby Boomer workers (81 percent) are mostly likely to be saving for retirement through their employer's plan and/or outside of work, followed by Generation X (77 percent) and Millennials (68 percent).
- **Age They Started to Save.** Among those saving for retirement, Millennials started at a younger age (median age 23) compared to Generation X (median age 28) and Baby Boomers (median age 34).
- **Importance of Retirement Benefits.** The vast majority of workers including 90 percent of Millennials, 90 percent of Generation X, and 87 percent of Baby Boomers believe that a 401(k) or similar plan is an important employee benefit.
- **Retirement Benefits Currently Offered.** Most workers are offered a 401(k) or similar plan by their employers. Baby Boomers (69 percent) and Generation X (69 percent) are more likely to be offered such benefits compared to Millennials (59 percent). Few workers are offered a traditional company-funded defined benefit plan.
- **Retirement Plan Participation.** Among workers who are offered a 401(k) or similar plan, the participation rate increases with age. Seventy-four percent of Millennial workers participate in their employer's plan, compared to 81 percent of Generation X and 83 percent of Baby Boomers.
- **Retirement Plan Contribution Rate.** Among workers who participate in a 401(k) or similar plan, Baby Boomers and Millennials contribute 8 percent (median) of their annual pay compared to Generation X which sets aside just 7 percent (median).
- **Estimated Retirement Savings Needs.** Workers across generations believe that they will need to have saved \$1 million (median) in order to feel financially secure when they retire. Millennials (33 percent) are more likely than Generation X (30 percent) or Baby Boomers (27 percent) to believe they will need to have saved \$2 million or more.
- **Basis for Estimating Retirement Savings Needs.** Many workers are "guessing" their retirement savings needs including 57 percent of Millennials, 55 percent of Generation X, and 49 percent of Baby Boomers. Fewer than one in ten say they have used a retirement calculator to estimate their needs.

# Influences of Generation on Retirement Readiness

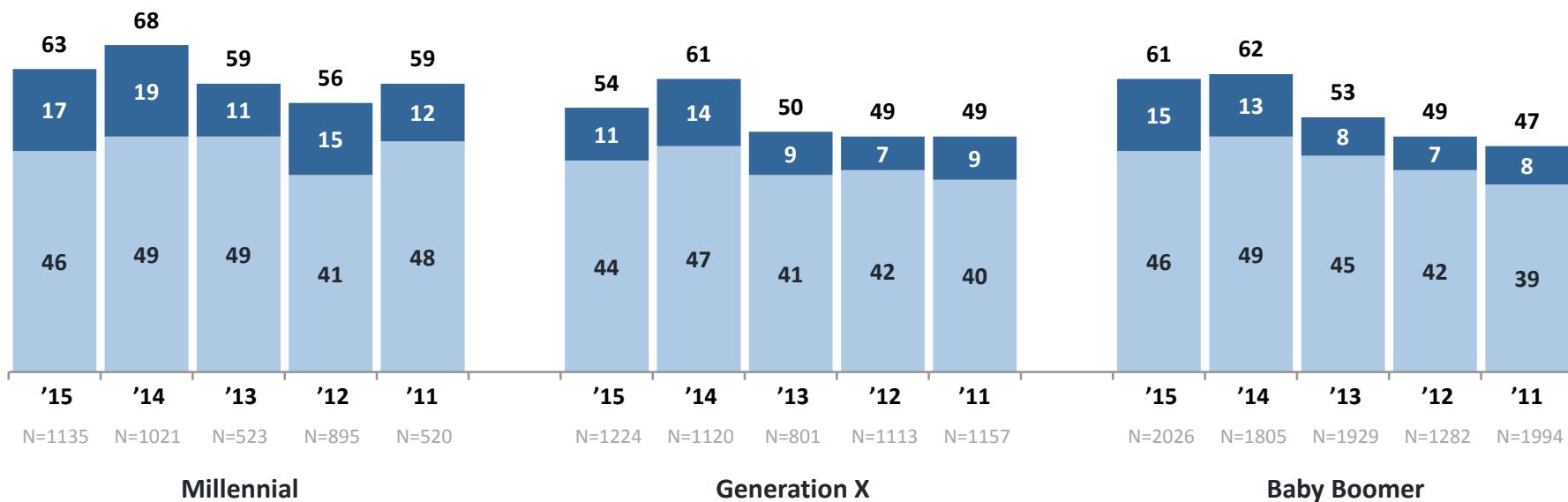
- **Asset Allocation of Retirement Investments.** Workers across generations most frequently cite that their retirement savings are invested in a relatively equal mix of stocks and investments such as bonds, money market funds and cash; however, the response rate is higher among Baby Boomers (48 percent) and Generation X (43 percent) compared to Millennials (33 percent). A concerning 26 percent of Millennials say they are “not sure” how their savings are invested.
- **Retirement Strategy: Written, Unwritten, or None.** Baby Boomers (64 percent) are more likely to have some form of a retirement strategy, either written or unwritten, compared to Millennials (56 percent) and Generation X (52 percent). Across the three generations, fewer than one in six has a written plan.
- **Professional Advisor Usage.** Baby Boomers (39 percent) are most likely to use a financial advisor compared to Generation X (30 percent) and Millennials (34 percent).
- **Total Household Retirement Savings.** Baby Boomers have the highest reported total household retirement savings at \$132,000 (estimated median) compared to Generation X (\$61,000) and Millennials (\$25,000).
- **Expected Retirement Age.** Sixty-five percent of Baby Boomers expect to either work past age 65 (50 percent) or do not plan to retire (15 percent). Fifty-nine percent of Generation X share these expectations including 45 percent who plan to work past age 65 and 14 percent who do not plan to retire. In contrast, the majority of Millennials (56 percent) expect to either retire at age 65 (26 percent) or sooner (30 percent).
- **Expectations of Working in Retirement.** Many workers plan to continue working after they retire, including 53 percent of Baby Boomers, 51 percent of Generation X, and 48 percent of Millennials. Among those planning to work, most plan to do so on a part-time basis.
- **Retirement Transitions: Phased Versus Immediate.** Many workers across the three generations are planning either transition into retirement by changing work patterns (e.g., shifting from full-time to part-time or working in a different capacity) or planning to continue working until they can't work any longer. Baby Boomers (25 percent) are more likely to be planning to immediately stop working when they reach a certain age or savings goal compared to Generation X (21 percent) and Millennials (18 percent).

# Confidence in Retiring Comfortably

More than half of workers are “somewhat” or “very” confident that they will be able to retire comfortably; confidence is highest among Millennials (63 percent) and Baby Boomers (61 percent) and notably lower among Generation X (54 percent). Relatively few workers of all three generations are “very” confident, including 17 percent of Millennials, 11 percent of Generation X, and 15 percent of Baby Boomers.

**Confidence in Retiring Comfortably**  
Top 2 Box % (Very/Somewhat Confident)

■ Very confident    ■ Somewhat confident

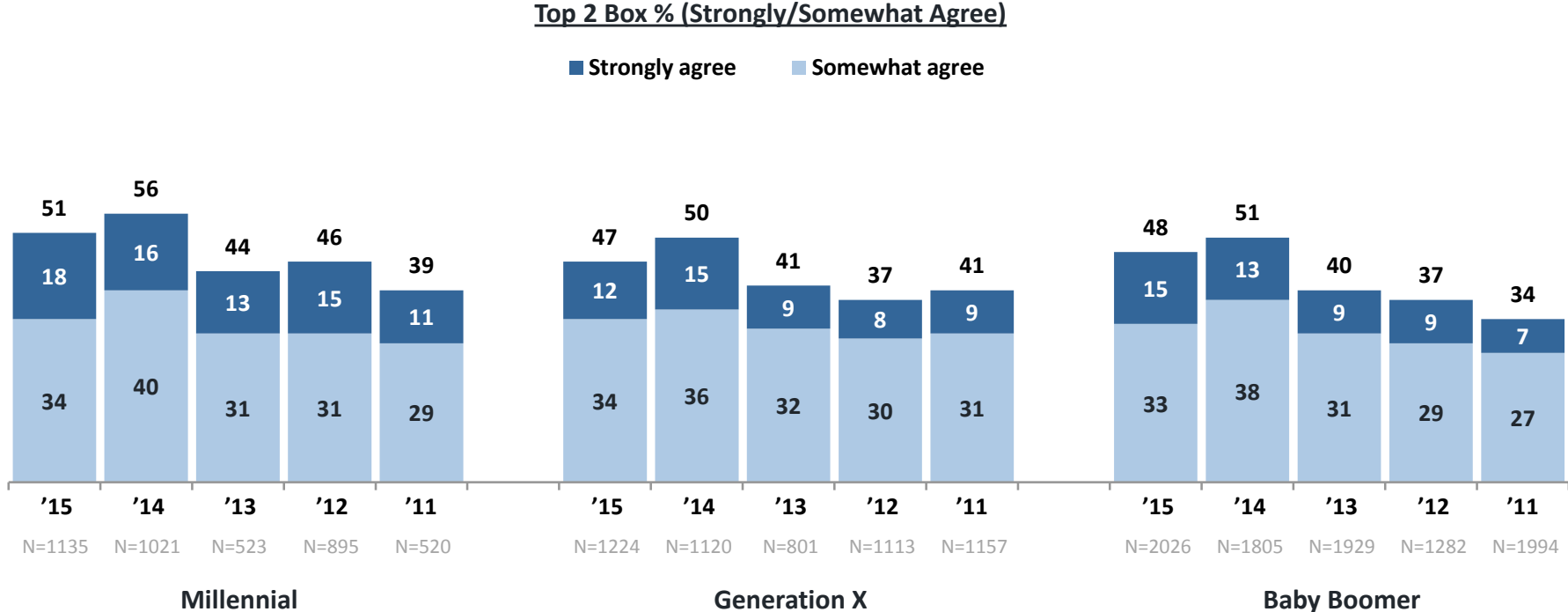


BASE: All Qualified Respondents

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

# Building a Large Enough Nest Egg?

Fewer than half of Baby Boomers (48 percent) and Generation X (47 percent) either “somewhat” or “strongly” agree that they are building a large enough retirement nest egg, and slightly more Millennials (51 percent) agree. Among all three generations, fewer than one in five “strongly agree.” Level of agreement rose between 2011 and 2014 and then dropped in the past year.



BASE: All Qualified Respondents  
 Q800. How much do you agree or disagree that you are currently building a large enough retirement nest egg?

# Retirement Beliefs

Across generations, four out of five workers agree that their generation will have a much harder time achieving financial security compared to their parent's generation. Generation X (85 percent) and Millennials (83 percent) are more likely than Baby Boomers (65 percent) to be concerned that Social Security will not be there for them when they are ready to retire. With regards to their retirement-related preparations, Millennials tend to lag behind the older generations.

## Top 2 Box %

(Strongly/Somewhat Agree)

### Millennial

- '15 (N=1135)
- '14 (N=1021)
- '13 (N=523)
- '12 (N=895)
- '11 (N=520)

### Generation X

- '15 (N=1224)
- '14 (N=1120)
- '13 (N=801)
- '12 (N=1113)
- '11 (N=1157)

### Baby Boomer

- '15 (N=2026)
- '14 (N=1805)
- '13 (N=1929)
- '12 (N=1282)
- '11 (N=1994)

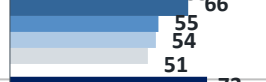
\* Compared to my parent's generation, people in my generation will have a much harder time in achieving financial security



\* I am concerned that when I am ready to retire, Social Security will not be there for me



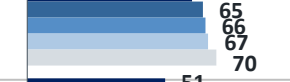
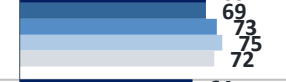
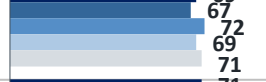
Very involved in monitoring and managing my retirement savings



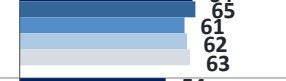
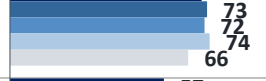
Do not know as much as I should about retirement investing



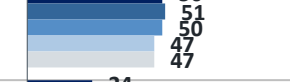
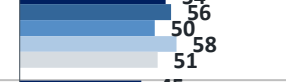
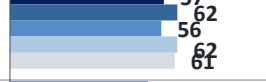
Could work until age 65 and still not have enough money saved



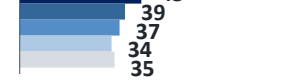
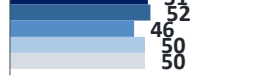
Like more info and advice from my company on how to reach my goals



Prefer to rely on outside experts to monitor and manage my plan



Prefer not to think about or concern myself with it until closer to retirement



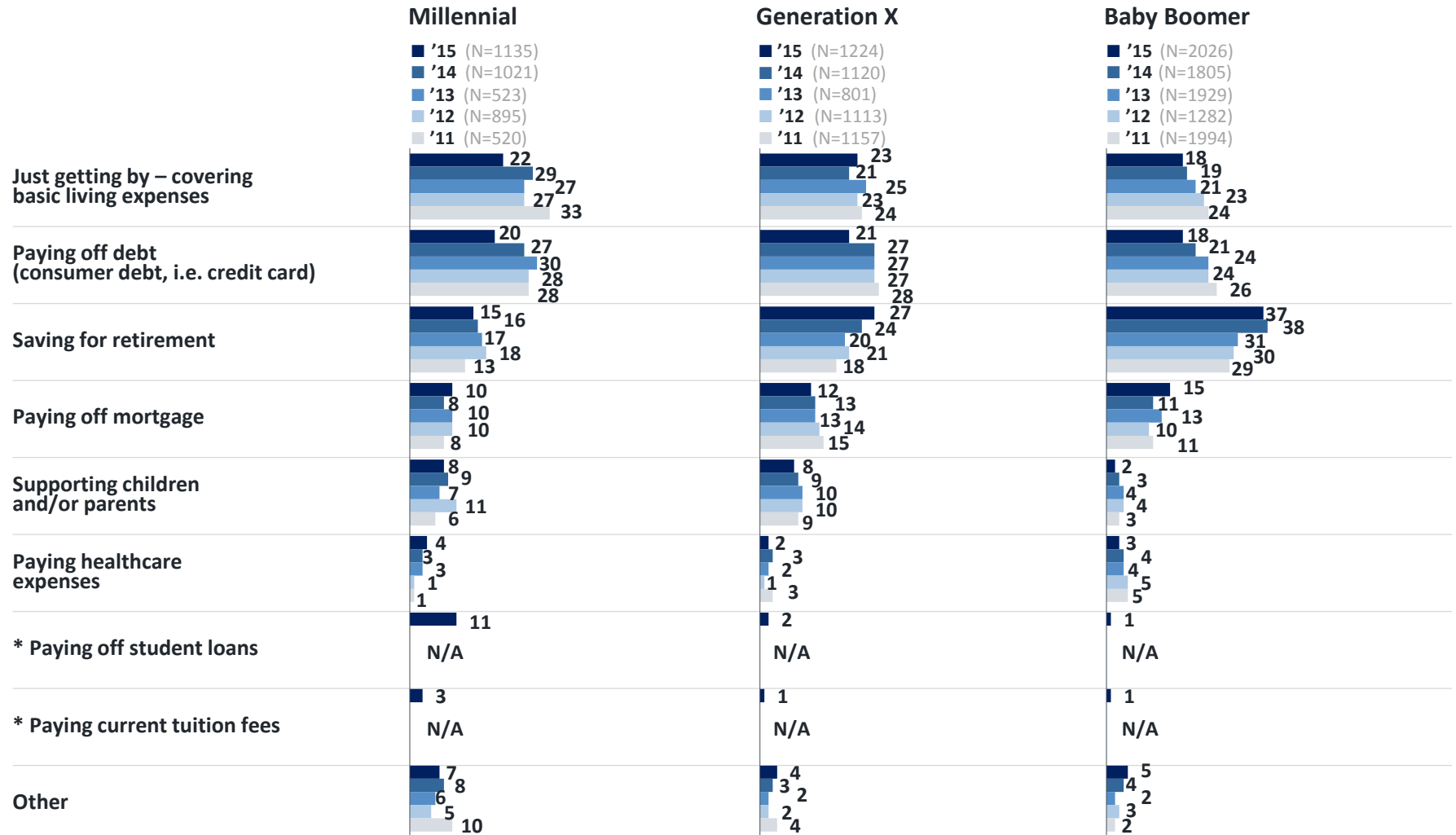
\*added in 2014

BASE: All Qualified Respondents

Q931. How much do you agree or disagree with each of the following statements regarding retirement investing?

# Greatest Financial Priority Right Now

Baby Boomers are most likely to cite “saving for retirement” as their greatest financial priority right now (37 percent), followed by Generation X (27 percent). Among Millennials, the most frequently cited top priority is “just getting by – covering basic living expenses” (22 percent).



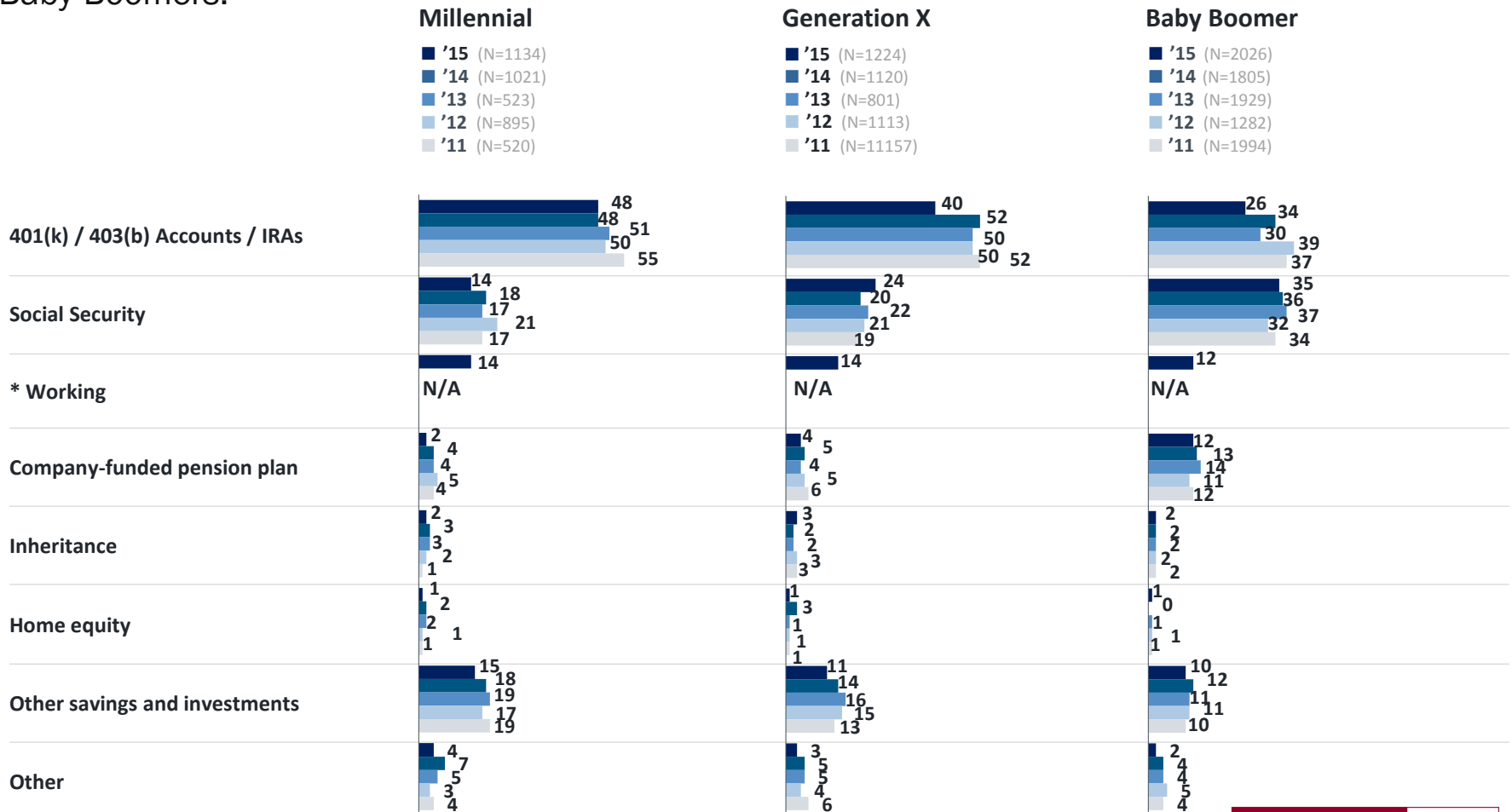
\*added in 2015

BASE: All Qualified Respondents

Q2640. Which one of the following is your greatest financial priority right now?

# Expected Primary Source of Income in Retirement

Millennials (48 percent) and Generation X (40 percent) most frequently cite 401(k), 403(b) or IRAs to be their expected primary source of retirement income, while Baby Boomers (35 percent) most frequently cite Social Security. Some workers expect “working” to be their primary source of income in retirement, including 14 percent of Millennials and Generation X and 12 percent of Baby Boomers.



\*added in 2015

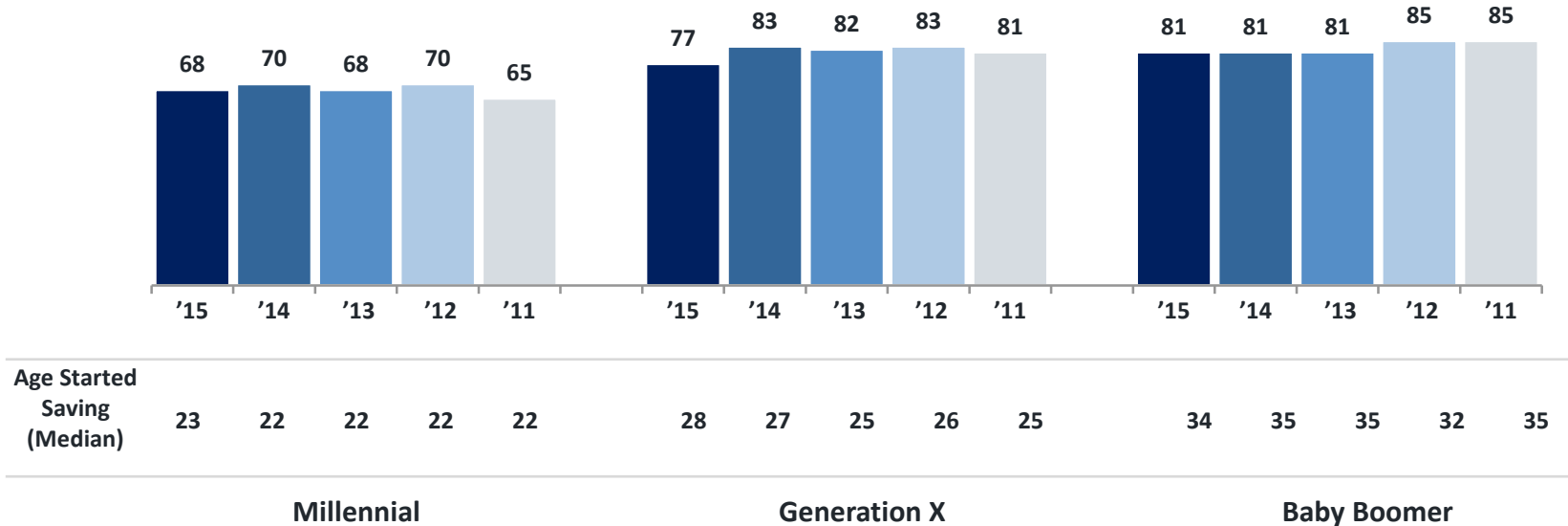
BASE: All Qualified Respondents

Q1150. Which one of the following do you expect to be your primary source of income to cover your living expenses after you retire?

# Percentage Saving for Retirement /Age They Started to Save

The majority of workers across all three generations are saving for retirement through an employer-sponsored plan and/or outside of work. Baby Boomers (81 percent) are mostly likely to be saving, followed by Generation X (77 percent) and Millennials (68 percent). In terms of the median age that they started saving, Millennials started at a younger age (age 23) compared to Generation X (age 28) and Baby Boomers (age 34).

**Workers Who Are Saving For Retirement Through an Employer-Sponsored Retirement Plan And/Or Outside of Work (%)**



BASE: [Currently Offered Qualified Plan](#)

Q1190. Do you currently participate in, or have money invested in your company's employee-funded retirement savings plan?

BASE: [All Qualified Respondents](#)

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

BASE: [Investing For Retirement](#)

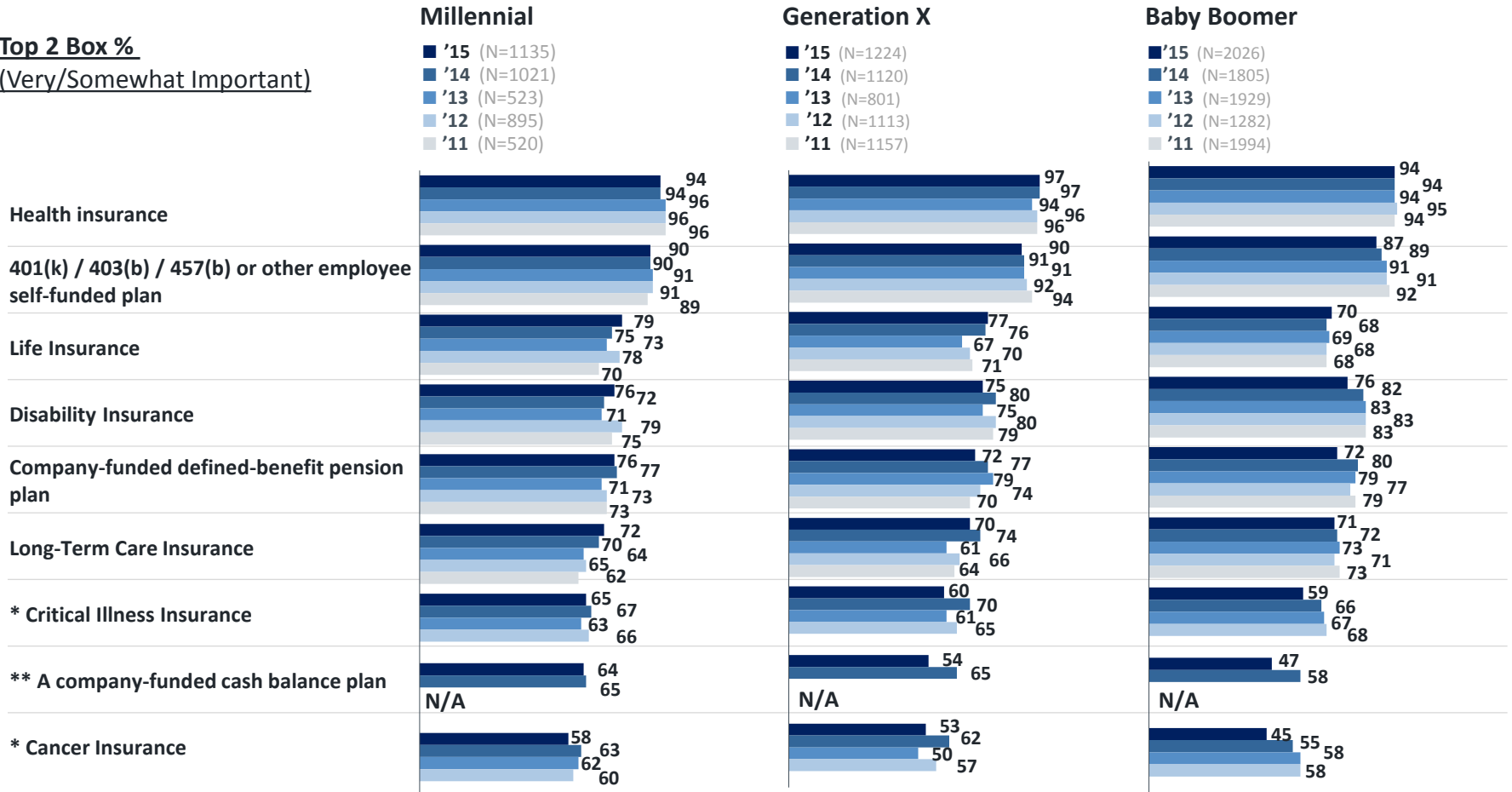
Q790. At what age did you first start saving for retirement?



# Importance of Retirement Benefits

The vast majority of workers including 90 percent of Millennials, 90 percent of Generation X, and 87 percent of Baby Boomers believe that a 401(k) or similar plan is a “somewhat” or “very” important employee benefit. This trend has remained consistent over time.

## Top 2 Box % (Very/Somewhat Important)



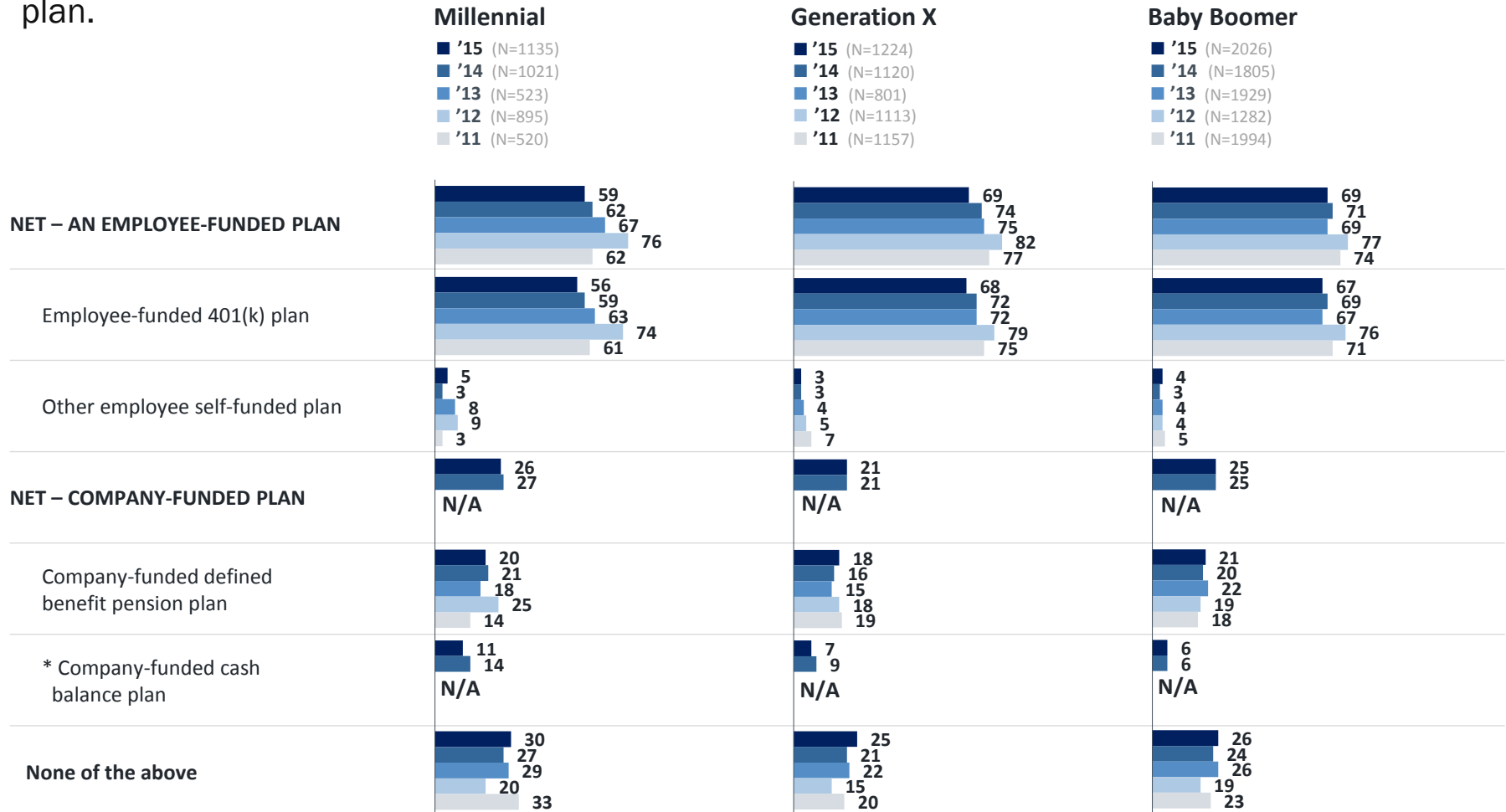
\*added in 2012; \*\*added in 2014

BASE: All Qualified Respondents

Q1170. Businesses typically offer a number of different benefits for their workers. For each of the following, please tell us how important that benefit is to you, personally.

# Retirement Benefits Currently Offered

Most workers are offered a 401(k) or similar plan by their employers. Baby Boomers (69 percent) and Generation X (69 percent) are more likely to be offered such benefits compared to Millennials (59 percent). Few workers are offered a traditional company-funded defined benefit plan.



\*added in 2014

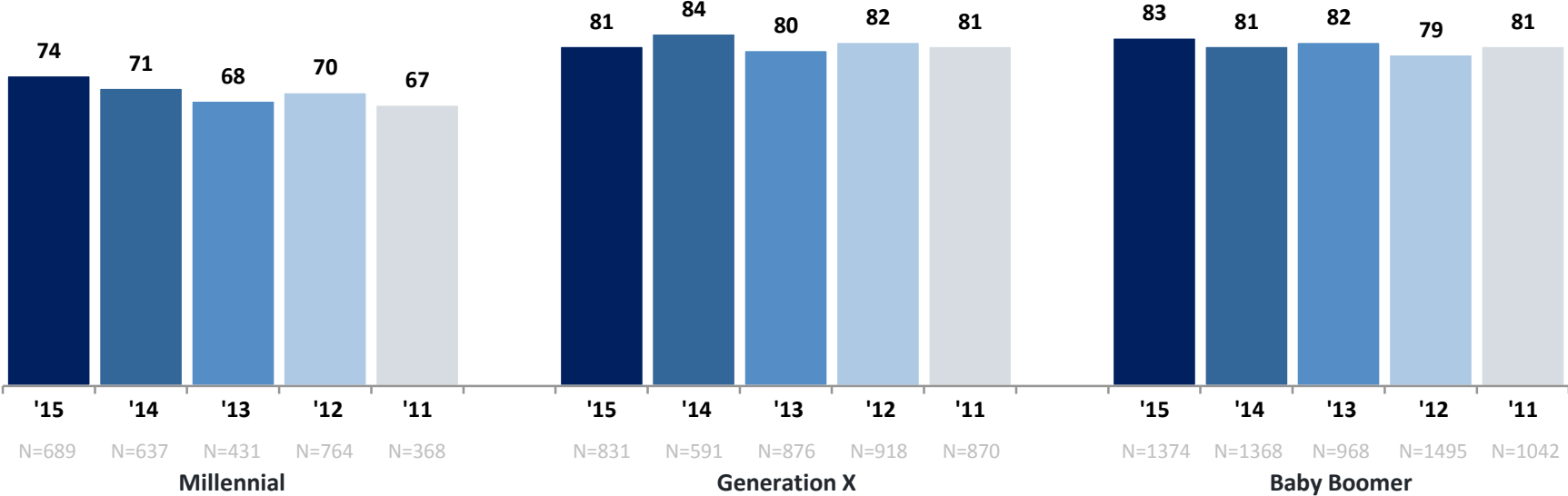
BASE: All Qualified Respondents

Q1180. Which of the following retirement benefits does your company currently offer to you, personally? Select all that apply.

# Retirement Plan Participation

Among workers who are offered a 401(k) or similar plan, the participation rate increases with age. Seventy-four percent of Millennial workers participate in their employer’s plan, compared to 81 percent of Generation X and 83 percent of Baby Boomers. This trend has remained relatively consistent over the past five years.

**Participation in Company’s Employee-funded Retirement Savings Plan,**  
**% Indicate “Yes”**

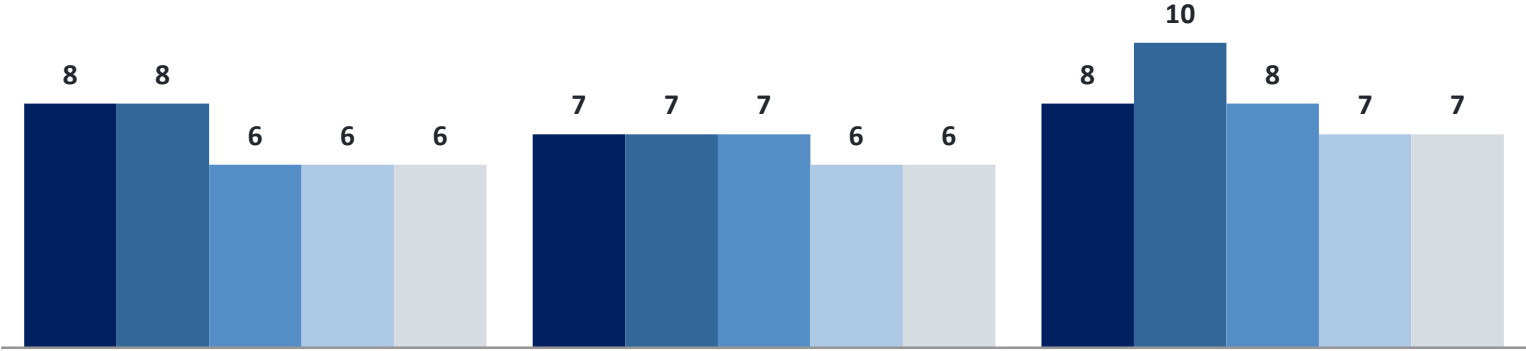


BASE: Those With Qualified Plans Currently Offered To Them  
Q1190. Do you currently participate in, or have money invested in your company’s employee-funded retirement savings plan?

# Retirement Plan Contribution Rate

Among workers who participate in a 401(k) or similar plan, Baby Boomers and Millennials contribute 8 percent (median) of their annual pay compared to Generation X which sets aside just 7 percent (median). Contribution rates across all three generations have increased in the past five years.

Contribution Rate, Median (%)



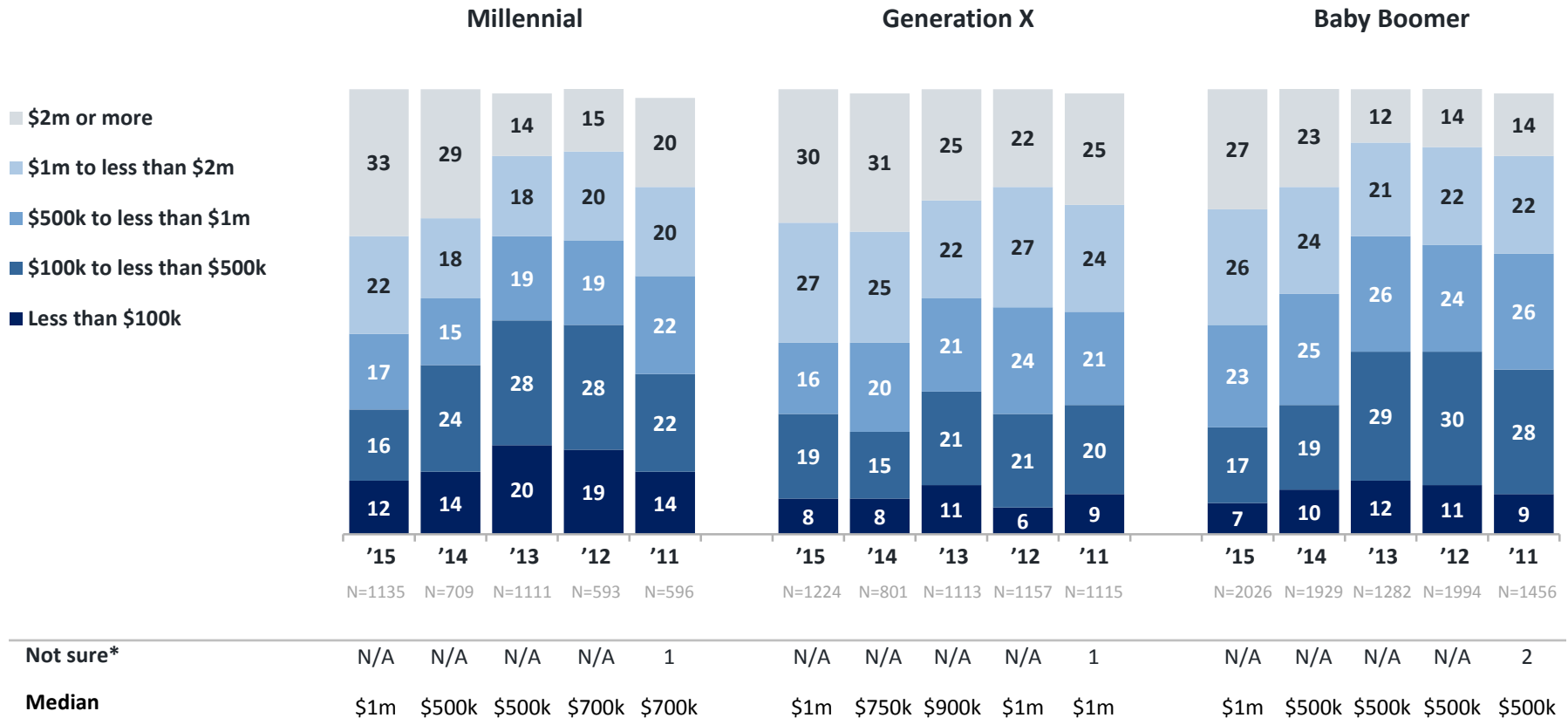
Mean	11.9	12.0	9.3	12.7	8.9	9.2	11.0	8.9	8.6	9.4	10.6	10.5	9.3	9.0	10.0
	N=499	N=446	N=260	N=483	N=238	N=657	N=662	N=479	N=722	N=750	N=1078	N=991	N=1107	N=773	N=1214
	<b>Millennial</b>					<b>Generation X</b>					<b>Baby Boomer</b>				

BASE: Currently Participating In Their Qualified Plan

Q601. What percentage of your salary are you saving for retirement through your company-sponsored plan this year?

# Estimated Retirement Savings Needs

Workers across generations believe that they will need to have saved \$1 million (median) in order to feel financially secure when they retire. Millennials (33 percent) are more likely than Generation X (30 percent) or Baby Boomers (27 percent) to believe they will need to have saved \$2 million or more.



Note: The median is estimated based on the approximate midpoint of the range of each response category. Non-responses are excluded from the estimate.

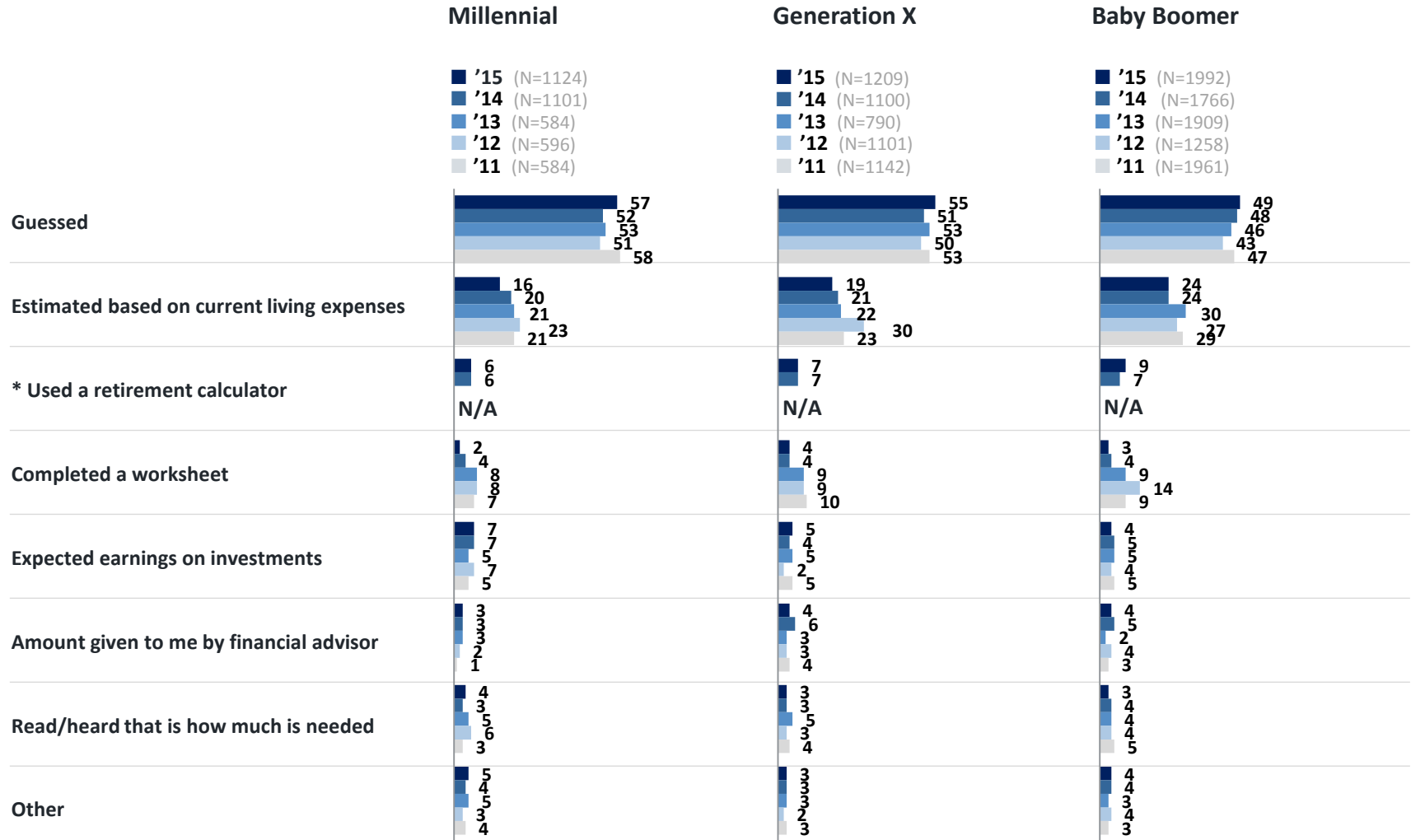
\*N/A = not asked in 2012 - 2015

BASE: All Qualified Respondents

Q890. Thinking 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?

# Basis for Estimating Retirement Savings Needs

Many workers are “guessing” their retirement savings needs including 57 percent of Millennials, 55 percent of Generation X, and 49 percent of Baby Boomers. Fewer than one in ten say they have used a retirement calculator to estimate their needs.



\*added in 2014

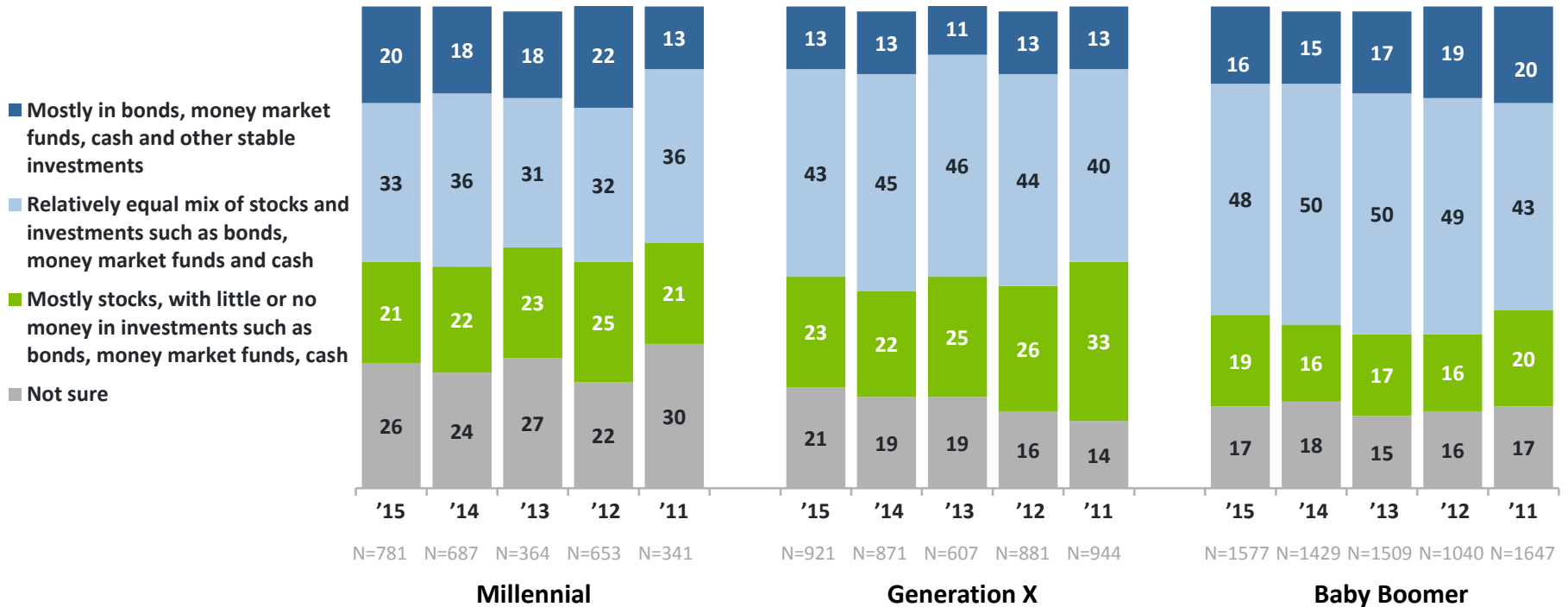
BASE: Provided Estimate of Money Needed

Q900. How did you arrive at that number?

# Asset Allocation of Retirement Investments

Workers across generations most frequently cite that their retirement savings are invested in a relatively equal mix of stocks and investments such as bonds, money market funds and cash; however, the response rate is higher among Baby Boomers (48 percent) and Generation X (43 percent) compared to Millennials (33 percent). A concerning 26 percent of Millennials say they are “not sure” how their savings are invested. Asset allocation-related trends have been directionally consistent in recent years.

**How Retirement Savings Are Invested? (%)**

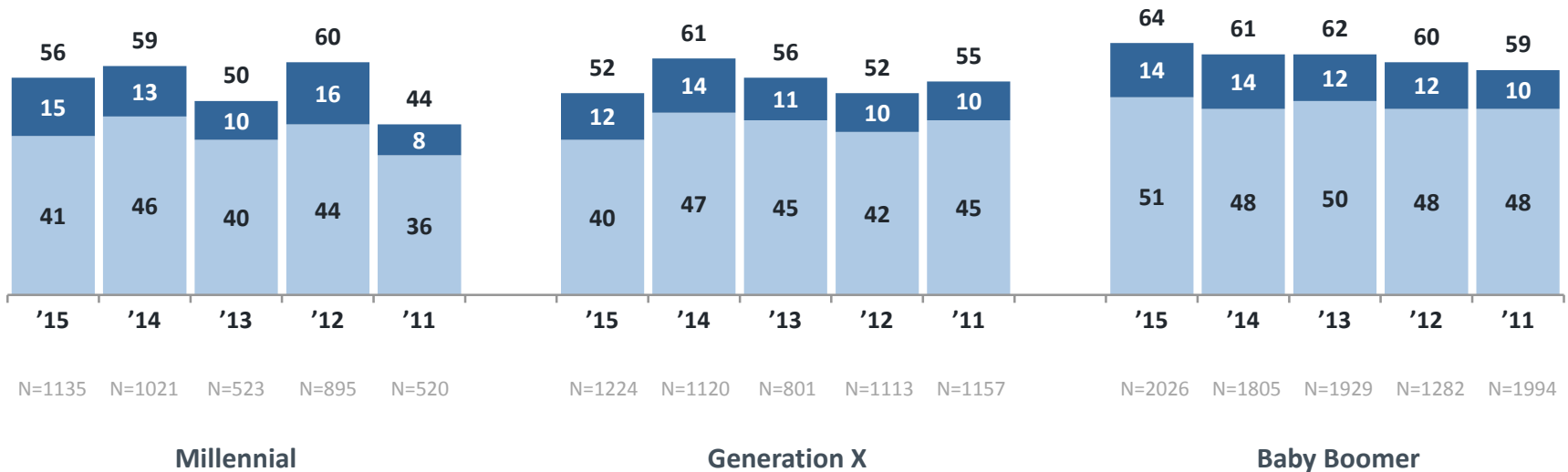


# Retirement Strategy: Written, Unwritten, or None

Baby Boomers (64 percent) are more likely to have some form of a retirement strategy, either written or unwritten, compared to Millennials (56 percent) and Generation X (52 percent). Across the three generations, fewer than one in six has a written plan. In the past five years, the percentage of Baby Boomers and Millennials indicating they have some form of strategy has increased, while the percentage of Generation X has slightly decreased.

**Have a Retirement Strategy (%)**

- I have a plan, but it is not written down
- I have a written plan

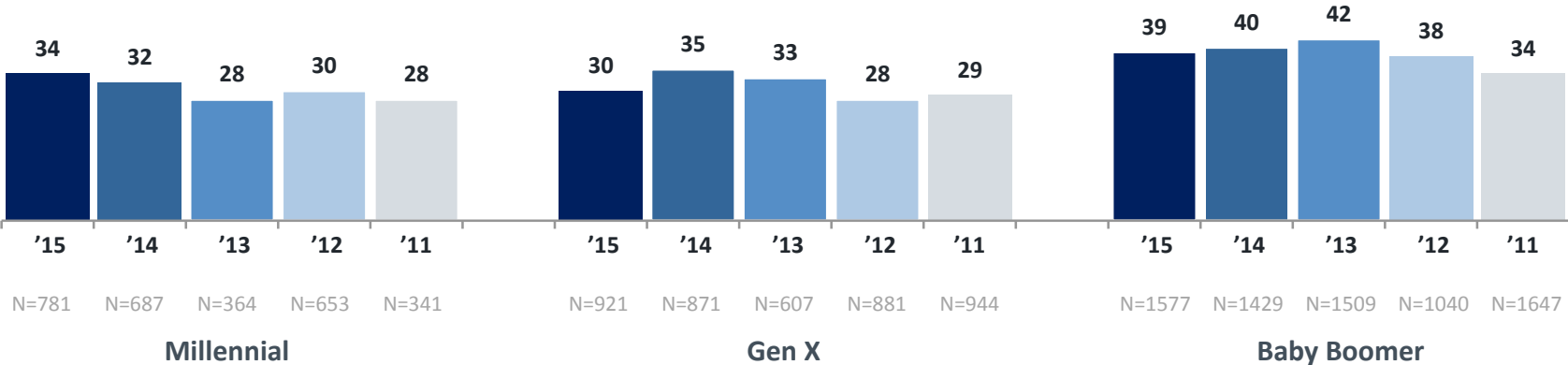




# Professional Financial Advisor Usage

Baby Boomers (39 percent) are most likely to use a financial advisor compared to Generation X (30 percent) and Millennials (34 percent). Over the past five years, the percentage of workers using a financial advisor has fluctuated across the three generations.

Use a Professional Financial Advisor,  
% Indicate "Yes"



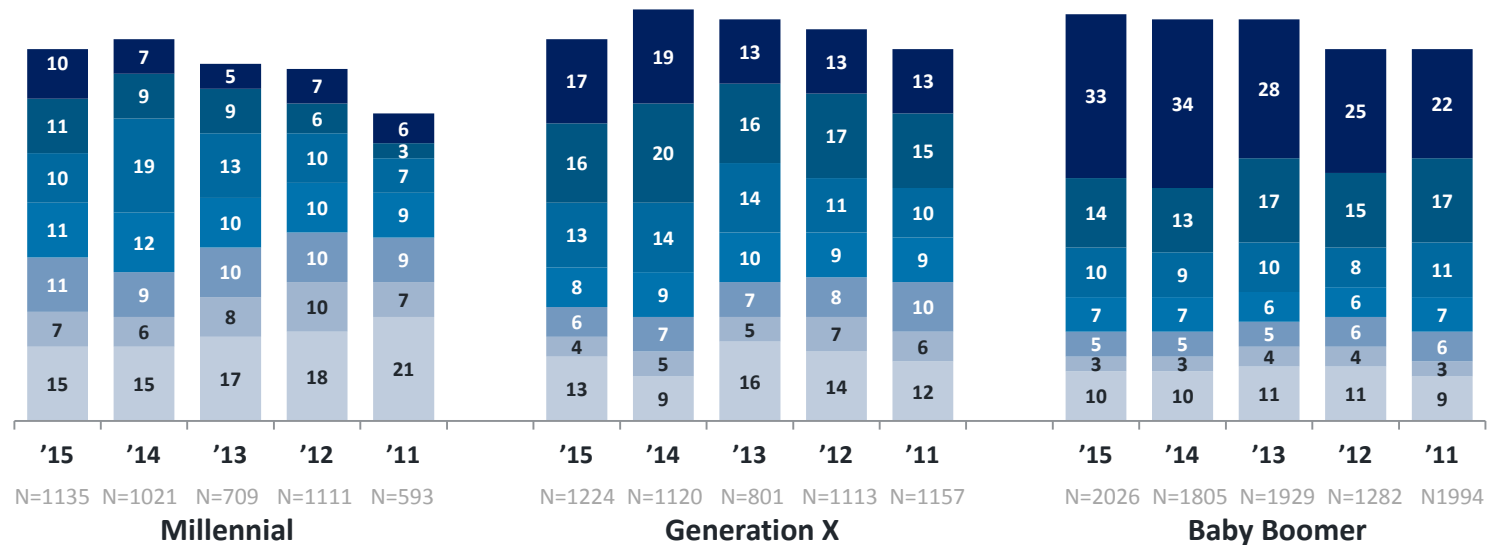
BASE: Investing For Retirement Q860. Do you use a professional financial advisor to help manage your retirement savings or investments?

# Total Household Retirement Savings

Baby Boomer workers have the highest reported total household retirement savings at \$132,000 (estimated median) compared to Generation X (\$61,000) and Millennials (\$25,000). Among Baby Boomers, their reported retirement savings is the highest it has been in the past five years. Seventeen percent of Millennials are not sure what their total household retirement savings are.

Total Household Retirement Savings by Generation (%)

- \$250k or more
- \$100k to less than \$250k
- \$50k to less than \$100k
- \$25k to less than \$50k
- \$10k to less than \$25k
- \$5k to less than \$10k
- Less than \$5k



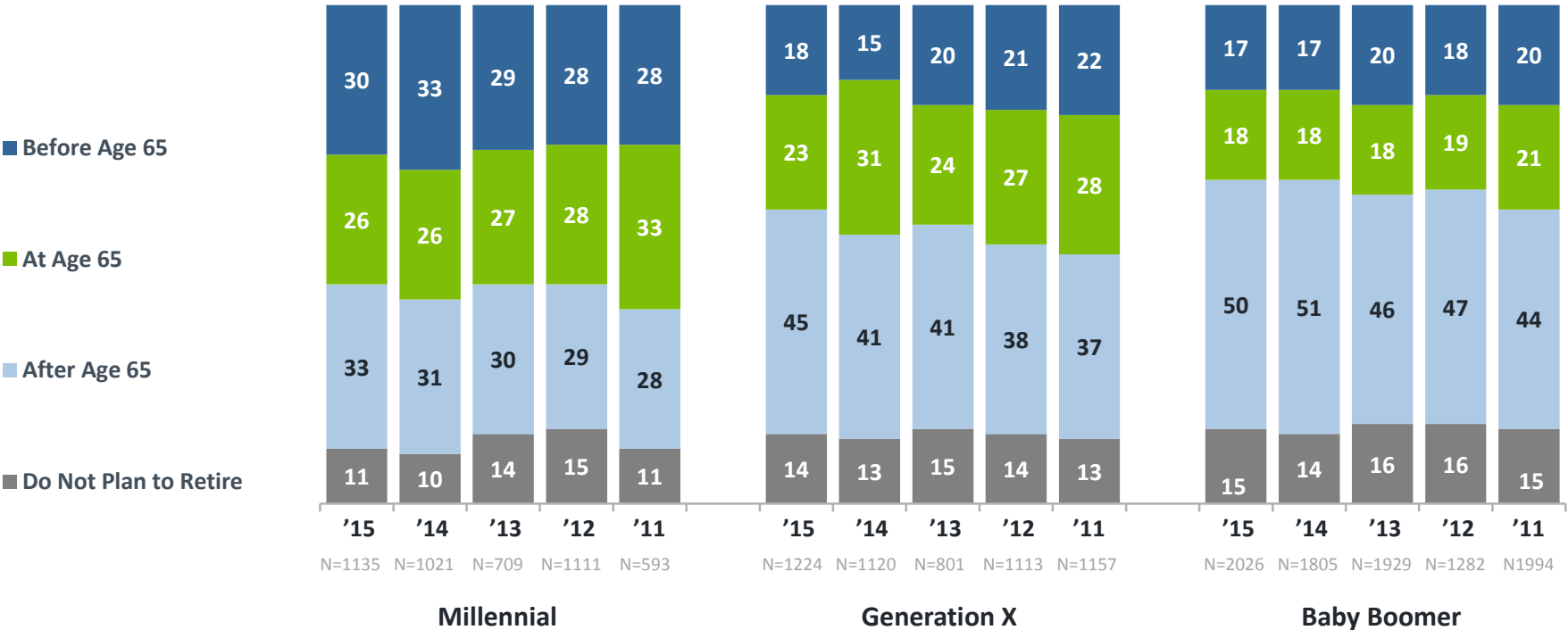
Not sure	17	14	19	18	23		11	8	8	10	12		7	7	6	9	10
Decline to answer	8	9	9	11	15		12	9	11	11	13		11	12	13	16	15
Estimated Median	\$25,000	\$32,000	\$19,000	\$14,000	\$11,000		\$61,000	\$70,000	\$45,000	\$42,000	\$37,000		\$132,000	\$127,000	\$103,000	\$99,000	\$79,000

Note: The median is estimated based on the approximate midpoint of the range of each response category. Non-responses are excluded from the estimate.

# Expected Retirement Age

Sixty-five percent of Baby Boomers expect to either work past age 65 (50 percent) or do not plan to retire (15 percent). Fifty-nine percent of Generation X share these expectations including 45 percent who plan to work past age 65 and 14 percent who do not plan to retire. In contrast, the majority of Millennials (56 percent) expect to either retire at age 65 (26 percent) or sooner (30 percent).

**Age Expected to Retire (%)**

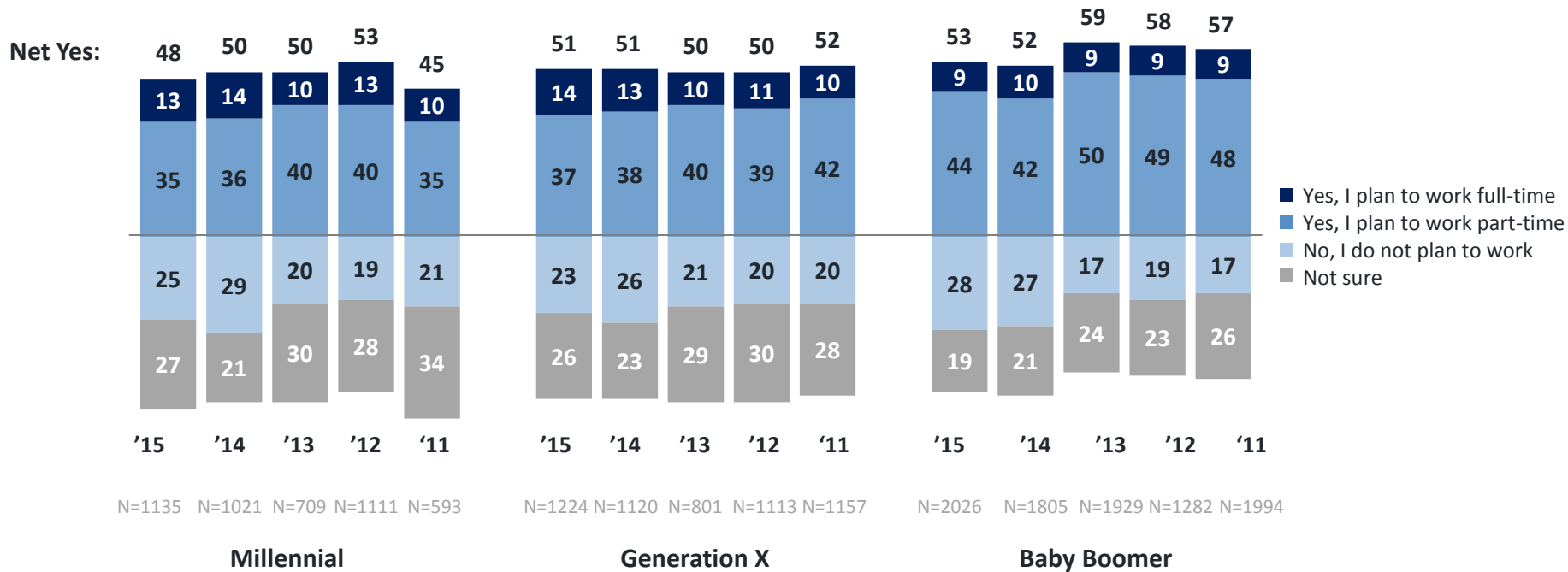


BASE: All Qualified Respondents  
Q910. At what age do you expect to retire?

# Expectations of Working in Retirement

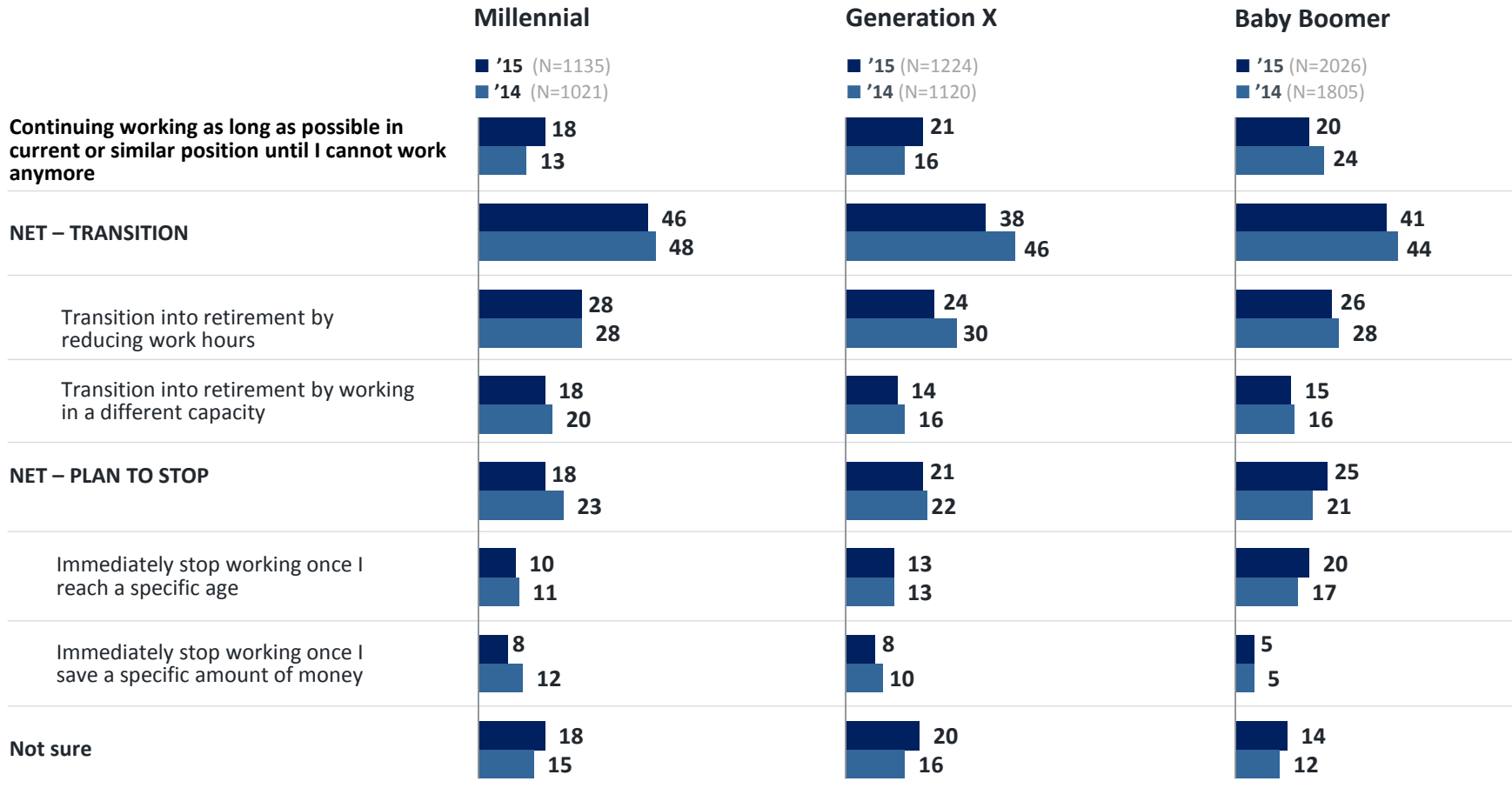
Many workers plan to continue working after they retire, including 53 percent of Baby Boomers, 51 percent of Generation X, and 48 percent of Millennials. Among those planning to work, most plan to do so on a part-time basis.

Working After Retirement (%)



# Retirement Transitions: Phased Versus Immediate

Many workers across the three generations are planning either transition into retirement by changing work patterns (e.g., shifting from full-time to part-time or working in a different capacity) or planning to continue working until they can't work any longer. Baby Boomers (25 percent) are more likely to be planning to immediately stop working when they reach a certain age or savings goal compared to Generation X (21 percent) and Millennials (18 percent).



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