



17th Annual Transamerica Retirement Survey

Influences of Household Income on Retirement Readiness

TRANSAMERICA CENTER
FOR RETIREMENT STUDIES®

December 2016

Welcome to the 17th Annual Transamerica Retirement Survey

Welcome to this compendium of insights and findings from the *17th 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 more than 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 Preparations.*** These chapters are demographic segmentation analyses by employer size, generation, gender, household income, level of education, and ethnicity. Each chapter presents a concise set of approximately 30 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 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.
- 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 1998, 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 17th 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 around the world. 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.

Worker Survey Methodology

- A 25-minute, online survey was conducted between April 8 – May 6, 2016 among a nationally representative sample of 4,161 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
- A supplementary survey among 1,198 workers, with the same criteria as above, was fielded from August 1 – 8, 2016 for a subset of questions. Those questions have been marked in the report where they appear.
- 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 - 2000
- *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 Household Income on Retirement Readiness

Detailed Findings

Influences of Household Income on Retirement Readiness

Retirement readiness increases with higher levels of workers' household income (HHI). Lower income workers have less access to benefits and they are more likely to depend on Social Security as their primary source of income during retirement. Higher income workers also face long-term retirement risks including potentially inadequate savings. Workers across levels of HHI share concerns that their generation will have a more difficult time achieving financial security compared to their parent's generation.

Thirty Indicators of Retirement Readiness

- **Recovery From the Great Recession.** Financial recovery from the Great Recession improves with higher levels of household income (HHI). In 2016, workers with HHI of \$100k+ are more likely to say they have fully recovered (29 percent), compared to workers with HHI of \$50k to \$99k (18 percent) and those with HHI of less than \$50k (12 percent). Twenty-eight percent of workers with HHI of less than \$50k have “not yet begun to recover” or feel they may “never recover,” compared to 21 percent of workers with HHI of \$50k to \$99 and 14 percent of those with HHI of \$100k+.
- **Confidence in Retiring Comfortably.** Retirement confidence varies dramatically by workers' household income (HHI). Seventy-five percent of workers with HHI of \$100k+ are confident that they will be able to fully retire with a comfortable lifestyle, compared to 62 percent of workers with HHI of \$50k to 99k and just 47 percent of workers with HHI of less than \$50k. Relatively few workers of all income levels are “very” confident.
- **Building a Large Enough Nest Egg?** Workers' level of agreement that they are building a large enough retirement nest egg rises with higher levels of household income (HHI). Sixty-five percent of workers with HHI of \$100k+ either “somewhat” or “strongly” agree that they are building a large enough retirement nest egg, compared to 52 percent of workers with HHI of \$50k to \$99k and just 36 percent of workers with a HHI of less than \$50k. Relatively few workers of all income levels “strongly” agree.

Influences of Household Income on Retirement Readiness

- **Retirement Dreams Include Leisure and Work.** Traveling is a most frequently cited retirement dream among workers across levels of household income, including workers with HHI less than \$50k (54 percent), workers with HHI \$50k to \$99k (65 percent), and workers with HHI of \$100k or more (73 percent). Most workers dream of spending more time with family and friends (54 percent of HHI less than \$50k, 57 percent of HHI \$50k to \$99k, and 60 percent of HHI of \$100k or more). Interestingly, many workers also dream of some form of continued work in retirement.
- **Age Planning to Live to.** Workers across levels of household income (HHI) share similar expectations regarding the age they are planning to live to. Workers with HHI of \$100k+ are planning to live to an older age of 88 (median) – and 13 percent of them are planning to become centenarians. Workers with HHI of less than \$50k are planning to live to age 87 (compared to age 85 for those with HHI of \$50k to \$99k), with one in five of them (21 percent) planning to live to age 100+ (compared to 15 percent of those with HHI of \$50k to \$99k).
- **Retirement Beliefs.** Across levels of household income (HHI), four out of five workers agree that their generation will have a much harder time achieving financial security compared to their parent’s generation. Workers with HHI of less than \$50k (80 percent) and those with HHI of \$50k to \$99k (78 percent) are more likely to be concerned that Social Security will not be there for them when they are ready to retire, compared to workers with HHI of \$100k+. With regards to their retirement-related preparations, workers with HHI of less than \$50k tend to lag behind workers with higher-HHI.
- **Current Financial Priorities.** Workers’ financial priorities differ by level of household income (HHI). Workers with HHI of \$100k+ (71 percent) and those with \$50k to \$99k (57 percent) most frequently cite “saving for retirement” as a financial priority right now, compared to workers with HHI of less than \$50k (41 percent). In contrast, workers with HHI of less than \$50k are most likely to say their financial priority is “just getting by – covering basic living expenses.”
- **Greatest Financial Priority Right Now.** Workers with HHIs of less than \$50k (40 percent) most frequently cite “just getting by” as their top financial priority, while those with HHIs of \$50k to \$99k (25 percent) cite “paying off debt,” and those with HHIs of \$100k or more (42 percent) cite “saving for retirement.”

Influences of Household Income on Retirement Readiness

- **Expected Sources of Retirement Income.** Across levels of household income (HHI), the majority of workers expect retirement income from self-funded savings including retirement accounts (e.g., 401(k)s, 403(b)s, IRAs) and other savings and investments: 89 percent of workers with HHI of \$100k+, 80 percent of those with HHI of \$50k to \$99k, and 64 percent of those with HHI of less than \$50k. Nearly half of workers with HHI of less than \$50k (47 percent) expect income from working, compared to those with HHI of \$50k to \$99k (39 percent) and those with HHI of \$100k+ (30 percent).
- **Expected Primary Source of Income in Retirement.** Workers with higher household incomes are more likely to expect to rely on retirement accounts – such as 401(k), 401(b), or IRA – as their expected primary source of income in retirement, including 44 percent of workers with HHI of \$100k+ and 38 percent of those with HHI of \$50k to \$99k. Workers with HHI of less than \$50k are likely to cite Social Security (33 percent) or working (24 percent) as their expected primary source of retirement income.
- **Percentage Saving for Retirement/ Age They Started to Save.** Most workers are saving for retirement through an employer-sponsored retirement plan and/or outside of work; however, retirement savings rates vary dramatically by household income (HHI). Eighty-nine percent of workers with HHI of \$100k+ are saving for retirement, compared to 79 percent of workers with HHI of \$50k to \$99k and 60 percent of those with HHI of less than \$50k. Workers across levels of HHI started saving for retirement in their mid- to late-twenties.
- **Importance of Retirement Benefits Compared to Other Benefits.** More than 80 percent of workers across all levels of household income value a 401(k), 401(b), 457(b) or similar plan as an important employee benefit. Workers with higher household incomes are more likely to believe such benefits are important.
- **Retirement Benefits Currently Offered.** Most workers are offered a 401(k) or other self-funded plan by their employers; however, access to a plan increases with higher levels of household income (HHI). Only 58 percent of workers with HHI of less than \$50k are offered retirement benefits, compared to 70 percent of those earning \$50k to \$99k and 81 percent earning \$100k+.

Influences of Household Income on Retirement Readiness

- **Retirement Plan Participation.** Among workers who are offered a 401(k) or similar plan, the participation rate increases with higher levels of household income (HHI). Sixty-four percent of workers with HHI of less than \$50k participate in their employer's plan, compared to 81 percent with HHI of \$50k to \$99k and 82 percent earning \$100k+.
- **Retirement Plan Contribution Rate.** Among workers who participate in a 401(k) or similar plan, those with higher household incomes (HHI) contribute more. Workers with HHI of \$100+ contribute 10 percent (median) of their annual pay, while those with HHI of less than \$100k contribute 6 percent (median).
- **Approach to Investing in Retirement Plan.** “Professionally managed” accounts refers to a managed account service, strategic allocation funds, and/or target date funds. The majority of plan participants, across levels of household income (HHI), use some form of professionally managed offering in their 401(k) or similar plans: 55 percent of workers with HHI of less than \$50k, 61 percent of those with HHI of \$50k to \$99k, and 62 percent of those with HHI of \$100k+. Workers with HHI of \$100k+ (45 percent) are more likely to set their own asset allocation percentage among the available funds compared to those with HHI of less than \$50k (35 percent) and those with HHI of \$50k to \$99k (38 percent).
- **Retirement Plan Leakage: Loans and Withdrawals.** “Leakage” from retirement plans in the form of loans and withdrawals can severely inhibit the growth of participants’ long-term retirement savings. Among participants who are currently participating in a plan, one in four workers across levels of household income (HHI) have taken some form of loan, early withdrawal, and/or hardship withdrawal from a 401(k) or similar plan – 24 percent of workers with HHI of less than \$50k, 29 percent of those with HHI of \$50k to \$99k, and 27 percent of those with HHI of \$100k+.
- **Estimated Emergency Savings.** Workers across levels of household income (HHI) lack emergency savings that could help cover the cost of a major financial setback (e.g., unemployment, medical bills, home repairs, auto repairs, other). Workers with HHIs of less than \$50k have saved just \$1,000 (median) and 37 percent have saved less than \$1,000. Workers with HHIs of \$50k to \$99k have saved \$5,000 (median) and 20 percent have saved less than \$1,000. Workers with HHIs of \$100k or more have saved \$20,000 (median) and 10 percent have saved less than \$1,000 for such emergencies.

Influences of Household Income on Retirement Readiness

- **Estimated Retirement Savings Needs.** Workers' estimated retirement savings needs increase with higher levels of household income (HHI). Workers with HHI of less than \$50k believe they need to save \$250k (median) to feel financially secure in retirement, whereas those with HHI of \$100k+ will need \$1 million and workers with HHI of \$50k to \$99k will need \$500k (estimated median).
- **Basis for Estimating Retirement Savings Needs.** Many workers are guessing their retirement savings needs. Workers with a household income (HHI) of less than \$50k (60 percent) are more likely to have guessed compared to those with HHI of \$50k to \$99k (46 percent) and those with HHI of \$100k+ (38 percent). Few workers across levels of HHI indicate that they have used a retirement calculator to estimate their savings needs.
- **Asset Allocation of Retirement Investments.** Workers across levels of household income (HHI) most frequently say that their retirement savings are invested in a relatively equal mix of stocks and investments such as bonds, money market funds and cash; however, responses are higher among those with HHI of \$100k+ (48 percent) compared to those with HHI of \$50k to \$99k (42 percent) and those with HHI of less than \$50k (28 percent). Workers with HHI of less than \$50k continue to be the most uncertain as to how their retirement savings are invested.
- **Retirement Strategy: Written, Unwritten, or None.** The likelihood of a worker having a retirement strategy, either written or unwritten, increases with higher levels of household income (HHI). Seventy-six percent of workers with HHI of \$100k+ have a strategy compared to 63 percent of those with HHI of \$50k to \$99k and just 49 percent of those with HHI of less than \$50k. In terms of having a *written* strategy, relatively few workers across HHIs have one.
- **Confidence that Financial Strategy Will Enable Travel Goals.** Workers' confidence that current financial strategy will enable travel goals increases with higher levels of household income (HHI). Seventy percent of workers with HHI of \$100k+ are confident, compared to 57 percent of those with HHI of \$50k to \$99k and 42 percent of those earning less than \$50k. Relatively few workers of all income levels are "very" confident. Some workers haven't given it much thought, a finding that is more common among workers with HHI of less than \$50k (23 percent) and those with HHI of \$50k to \$99k (16 percent) compared to workers with HHI of \$100k or more (11 percent).

Influences of Household Income on Retirement Readiness

- **Professional Financial Advisor Usage.** Use of a professional financial advisor increases with higher levels of household income (HHI). Forty five percent of workers with HHI of \$100K+ are most likely to use an advisor, compared to 37 percent of those with HHI of \$50k to \$99k and 30 percent of earning less than \$50k.
- **Total Household Retirement Savings.** Workers with a household income (HHI) of \$100k+ have saved \$210,000 (estimated median), compared to \$62,000 for those with HHI of \$50k to \$99k and \$4,000 for those with HHI of less than \$50k (estimated medians). In other words, workers with HHI of \$100k+ have saved more than 52 times the amount of those with a HHI of less than \$50k. A concerning 36 percent of workers with HHI of less than \$50k have saved less than \$5,000 in household retirement savings.
- **Expected Retirement Age.** Regardless of their household income (HHI), most workers are expecting to work past age 65 or do not plan to retire. Sixty-one percent of workers with HHI of less than \$50k are most likely to expect to do so, followed by 54 percent of workers with HHI of \$50k to \$99k and 49 percent of those earning \$100k+.
- **Expectations of Working in Retirement.** Approximately half of workers plan to continue working in retirement, a finding which is surprisingly consistent across levels of household income (HHI), including workers with HHI less than \$50k (54 percent), \$50k to \$99k (53 percent), and \$100k or more (48 percent). Most workers who are planning to work in retirement say that they will do so on a part-time basis.
- **Retirement Transitions: Phased Versus Immediate.** Across levels of household income (HHI), most workers envision a phased transition into retirement by changing work patterns (e.g., shifting from full-time to part-time or working in a different capacity): 43 percent of workers with HHI of \$100k+, 43 percent of those with HHI of \$50k to \$99k, and 41 percent of those earning less than \$50k.

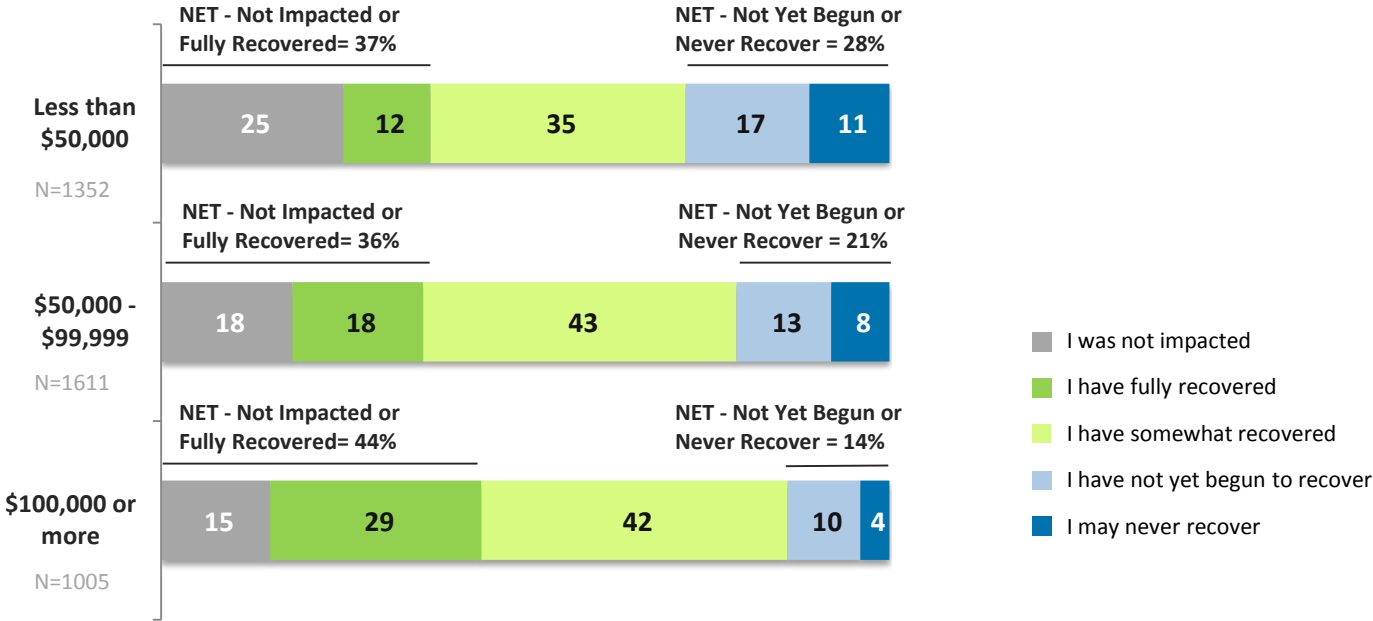
Influences of Household Income on Retirement Readiness

- **Awareness of the Saver's Credit.** The IRS Saver's Credit is a tax credit available to eligible taxpayers who are saving for retirement in a qualified retirement plan or IRA; however, few workers who are potentially eligible to claim the credit are aware of it. Only 26 percent of workers with HHI of less than \$50k are aware of the Saver's Credit, compared to 35 percent of those with HHI of \$50k to \$99k and 38 percent of those with HHI of \$100k+.
- **Retirement Security Priorities for the New President and Congress.** Workers across levels of household income (HHI) most frequently cite fully funding Social Security as a priority for the new President and Congress to help Americans prepare for a financially secure retirement: 55 percent with HHI of less than \$50k, 56 percent of those with HHI of \$50k to \$99k, and 62 percent of those with \$100k+. Other top cited responses include “encouraging 401(k) plans to offer the option to pay retirement benefits in a form that guarantees retirees a set monthly income for life,” and “encouraging employers with a 401(k) or similar plan to enable their part-time workers to participate in the plan.”

Recovery From the Great Recession

Financial recovery from the Great Recession improves with higher levels of household income (HHI). In 2016, workers with HHI of \$100k+ are more likely to say they have fully recovered (29 percent), compared to workers with HHI of \$50k to \$99k (18 percent) and those with HHI of less than \$50k (12 percent). Twenty-eight percent of workers with HHI of less than \$50k have “not yet begun to recover” or feel they may “never recover,” compared to 21 percent of workers with HHI of \$50k to \$99 and 14 percent of those with HHI of \$100k+.

How would you describe your financial recovery from the Great Recession?



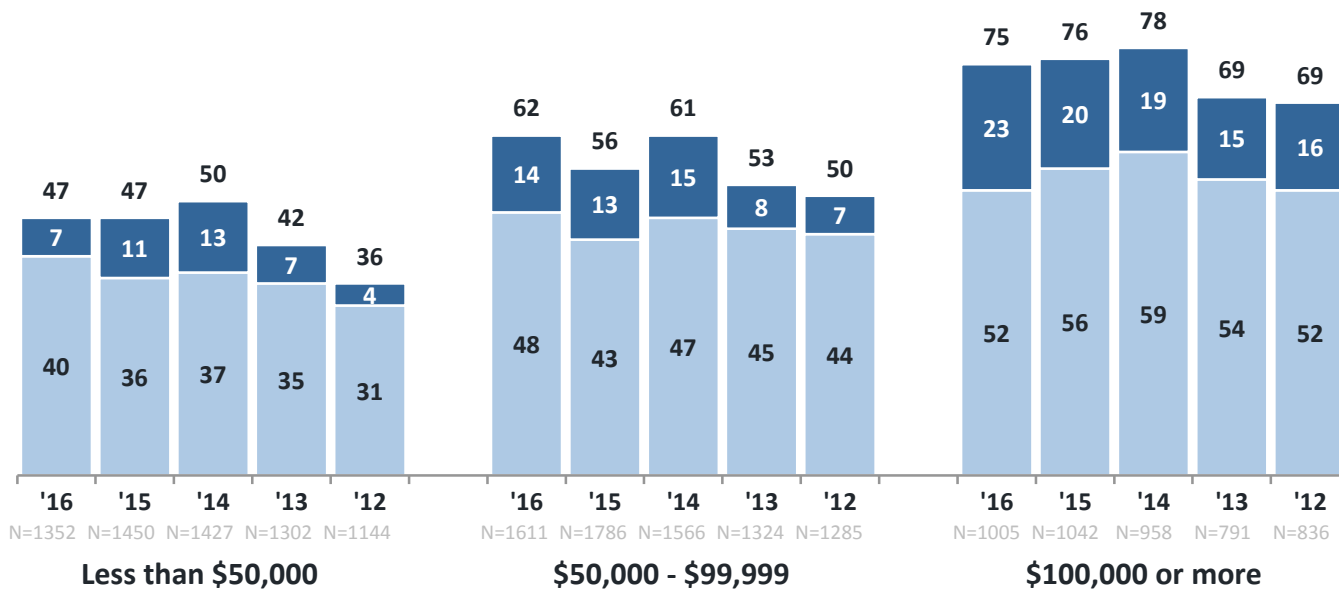
Confidence in Retiring Comfortably

Retirement confidence varies dramatically by workers' household income (HHI). Seventy-five percent of workers with HHI of \$100k+ are confident that they will be able to fully retire with a comfortable lifestyle, compared to 62 percent of workers with HHI of \$50k to 99k and just 47 percent of workers with HHI of less than \$50k. Relatively few workers of all income levels are "very" confident. Over the past five years, workers with higher HHI have reported consistently greater levels of retirement confidence.

Confidence in Retiring Comfortably

Very/Somewhat Confident (%) (NET)

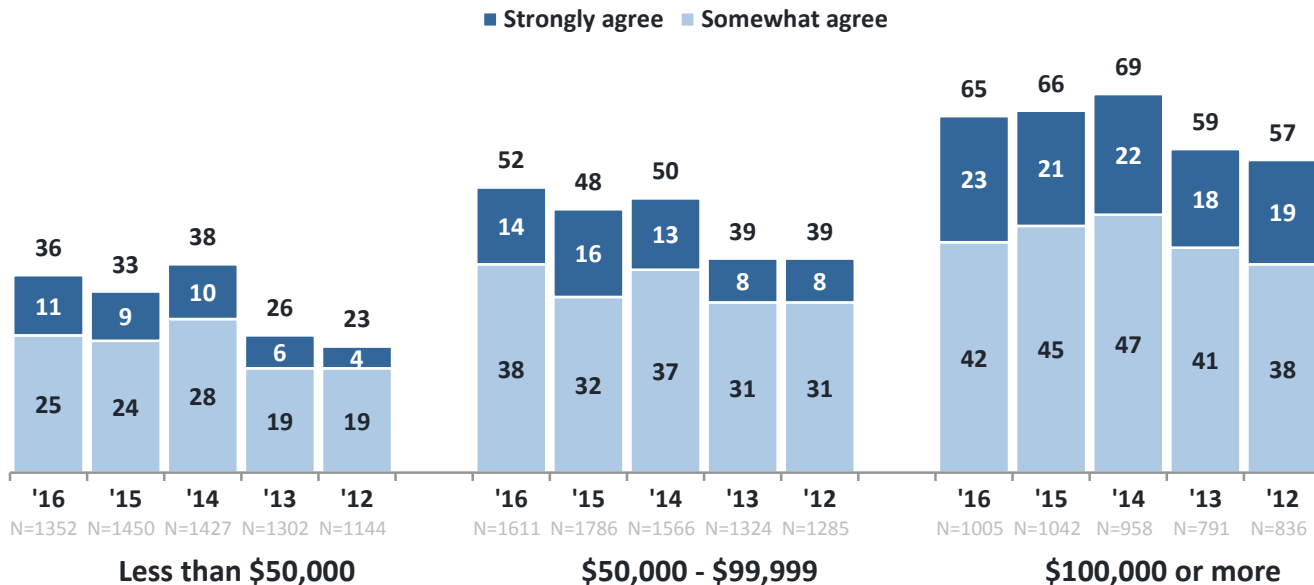
■ Very confident ■ Somewhat confident



Building a Large Enough Nest Egg?

Workers' level of agreement that they are building a large enough retirement nest egg rises with higher levels of household income (HHI). Sixty-five percent of workers with HHI of \$100k+ either "somewhat" or "strongly" agree that they are building a large enough retirement nest egg, compared to 52 percent of workers with HHI of \$50k to \$99k and just 36 percent of workers with a HHI of less than \$50k. Relatively few workers of all income levels "strongly" agree. Over the past five years, workers with a higher HHI have consistently reported higher levels of agreement.

Building a Large Enough Nest Egg
Strongly/Somewhat Agree (%) (NET)

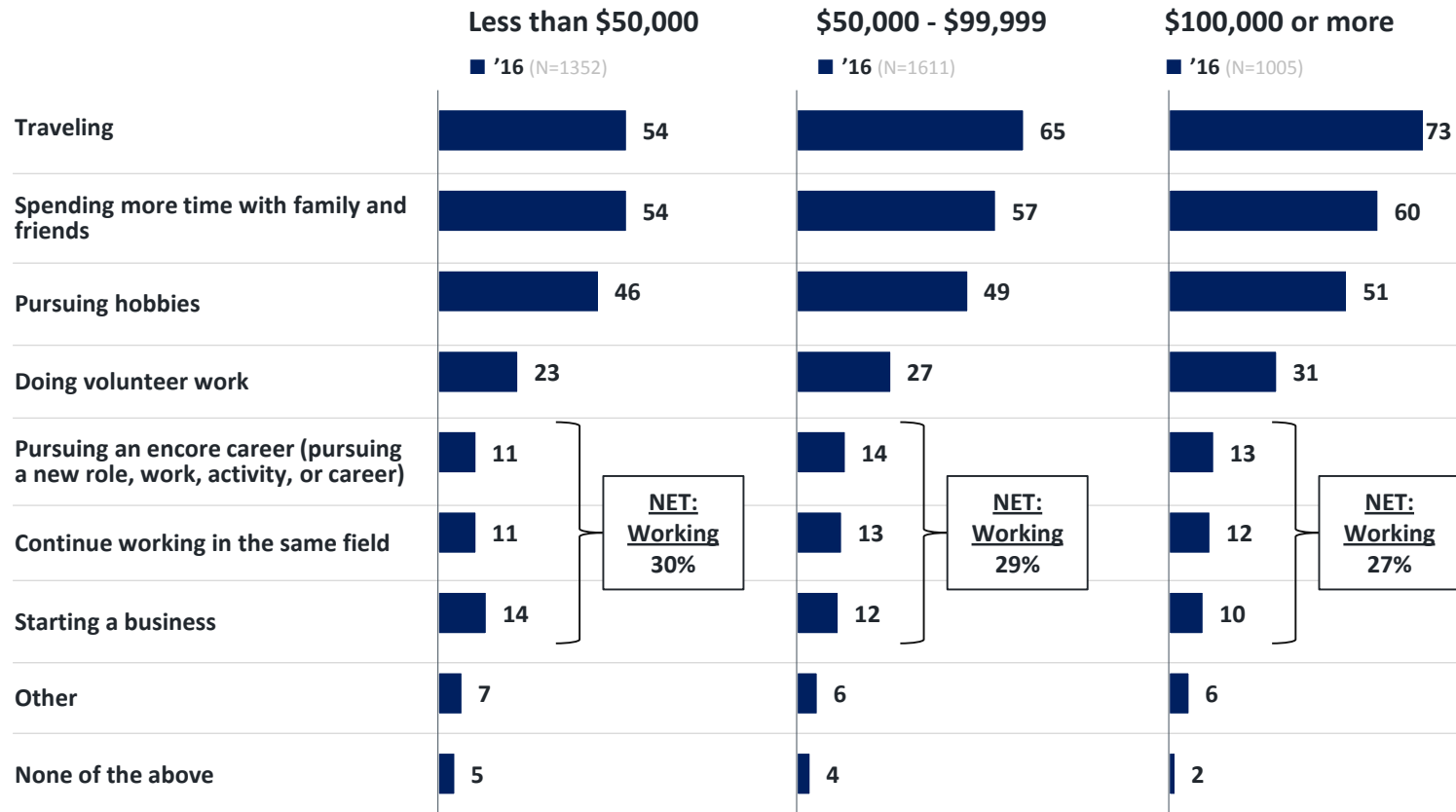


Retirement Dreams Include Leisure and Work

Traveling is a most frequently cited retirement dream among workers across levels of household income, including workers with HHI less than \$50k (54 percent), workers with HHI \$50k to \$99k (65 percent), and workers with HHI of \$100k or more (73 percent). Most workers dream of spending more time with family and friends (54 percent of HHI less than \$50k, 57 percent of HHI \$50k to \$99k, and 60 percent of HHI of \$100k or more). Interestingly, many workers also dream of some form of continued work in retirement.

How do you dream of spending your retirement?

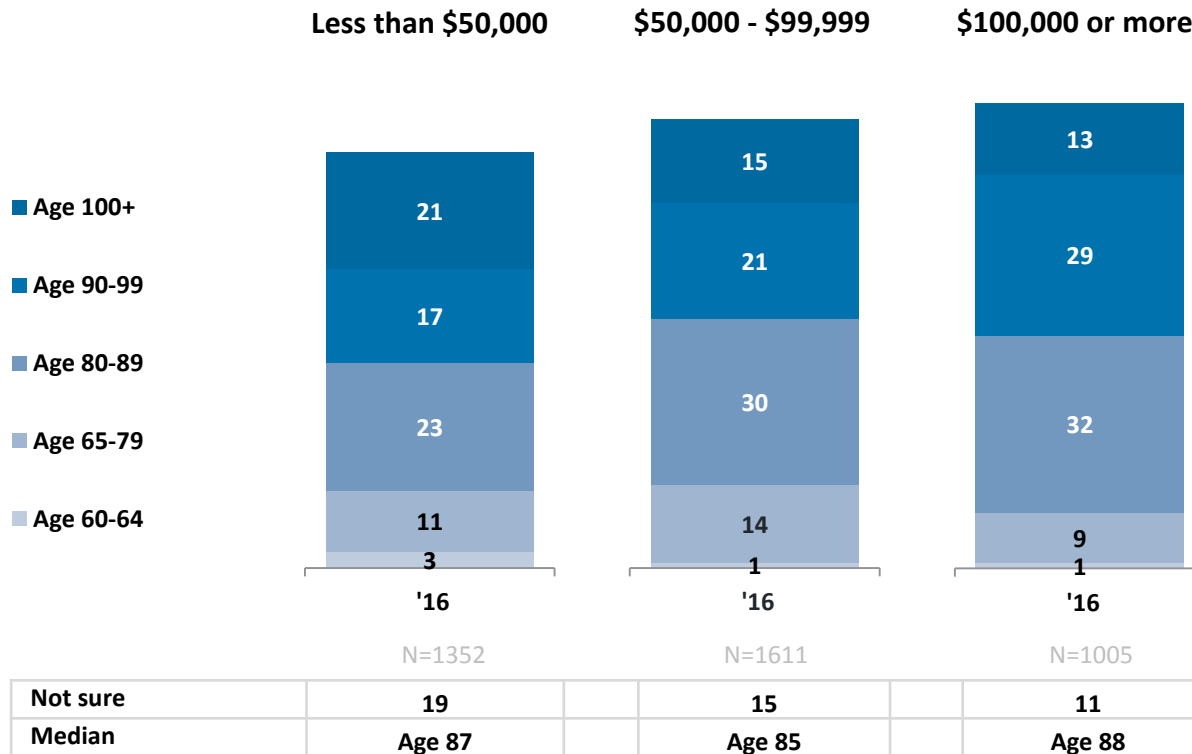
Please select all that apply. (%)



Age Planning to Live to

Workers across levels of household income (HHI) share similar expectations regarding the age they are planning to live to. Workers with HHI of \$100k+ are planning to live to an older age of 88 (median) – and 13 percent of them are planning to become centenarians. Workers with HHI of less than \$50k are planning to live to age 87 (compared to age 85 for those with HHI of \$50k to \$99k), with one in five of them (21 percent) planning to live to age 100+ (compared to 15 percent of those with HI of \$50k to \$99k).

What age are you planning to live to? (%)

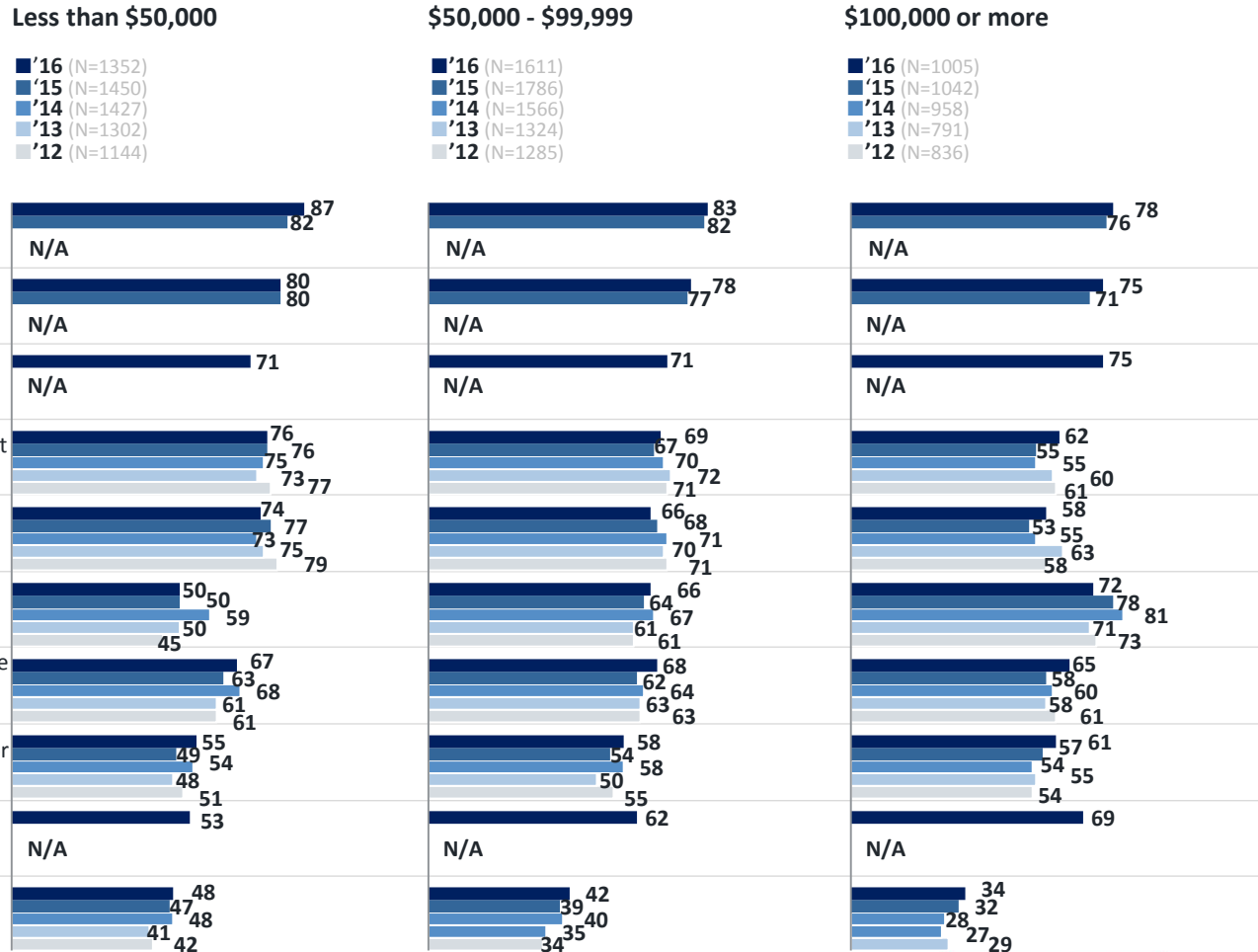


Retirement Beliefs

Across levels of household income (HHI), four out of five workers agree that their generation will have a much harder time achieving financial security compared to their parent's generation. Workers with HHI of less than \$50k (80 percent) and those with HHI of \$50k to \$99k (78 percent) are more likely to be concerned that Social Security will not be there for them when they are ready to retire, compared to workers with HHI of \$100k+. With regards to their retirement-related preparations, workers with HHI of less than \$50k tend to lag behind workers with higher-HHI.

How Much Do You Agree or Disagree?

Strongly/Somewhat Agree (%) (NET)



*added in 2016 **added in 2014

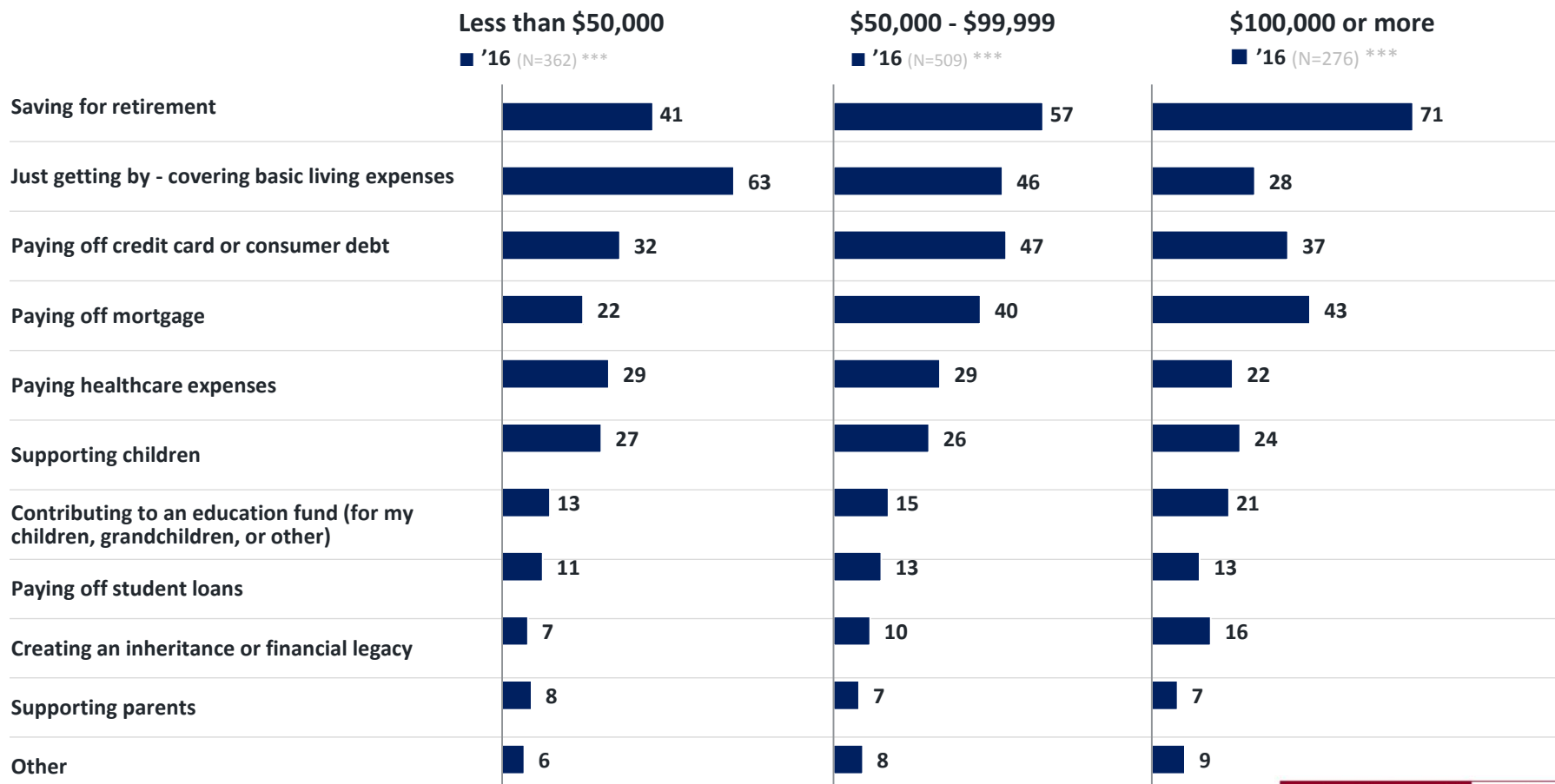
BASE: ALL QUALIFIED RESPONDENTS

Q930. How much do you agree or disagree with each of the following statements regarding retirement investing?

Current Financial Priorities

Workers' financial priorities differ by level of household income (HHI). Workers with HHI of \$100k+ (71 percent) and those with \$50k to \$99k (57 percent) most frequently cite "saving for retirement" as a financial priority right now, compared to workers with HHI of less than \$50k (41 percent). In contrast, workers with HHI of less than \$50k are most likely to say their financial priority is "just getting by – covering basic living expenses."

Current Financial Priorities (%)



***Note: This question is based on a supplementary survey. See methodology for more information.

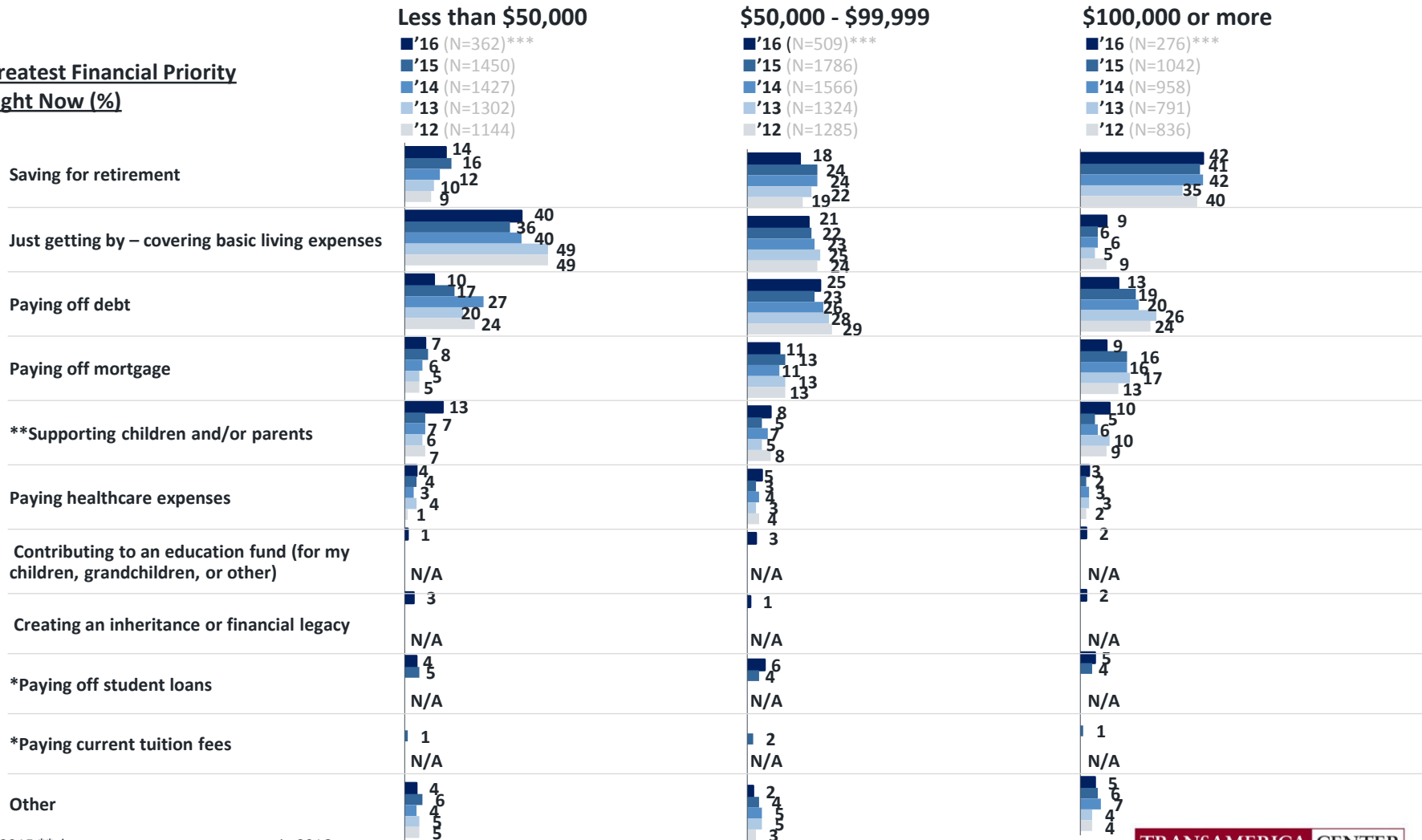
BASE: ALL QUALIFIED RESPONDENTS

Q2639. Which of the following are your financial priorities right now? Select all.

Greatest Financial Priority Right Now

Workers with HHIs of less than \$50k (40 percent) most frequently cite “just getting by” as their top financial priority, while those with HHIs of \$50k to \$99k (25 percent) cite “paying off debt,” and those with HHIs of \$100k or more (42 percent) cite “saving for retirement.”

Greatest Financial Priority Right Now (%)



*added in 2015 **shown as two separate answers in 2016

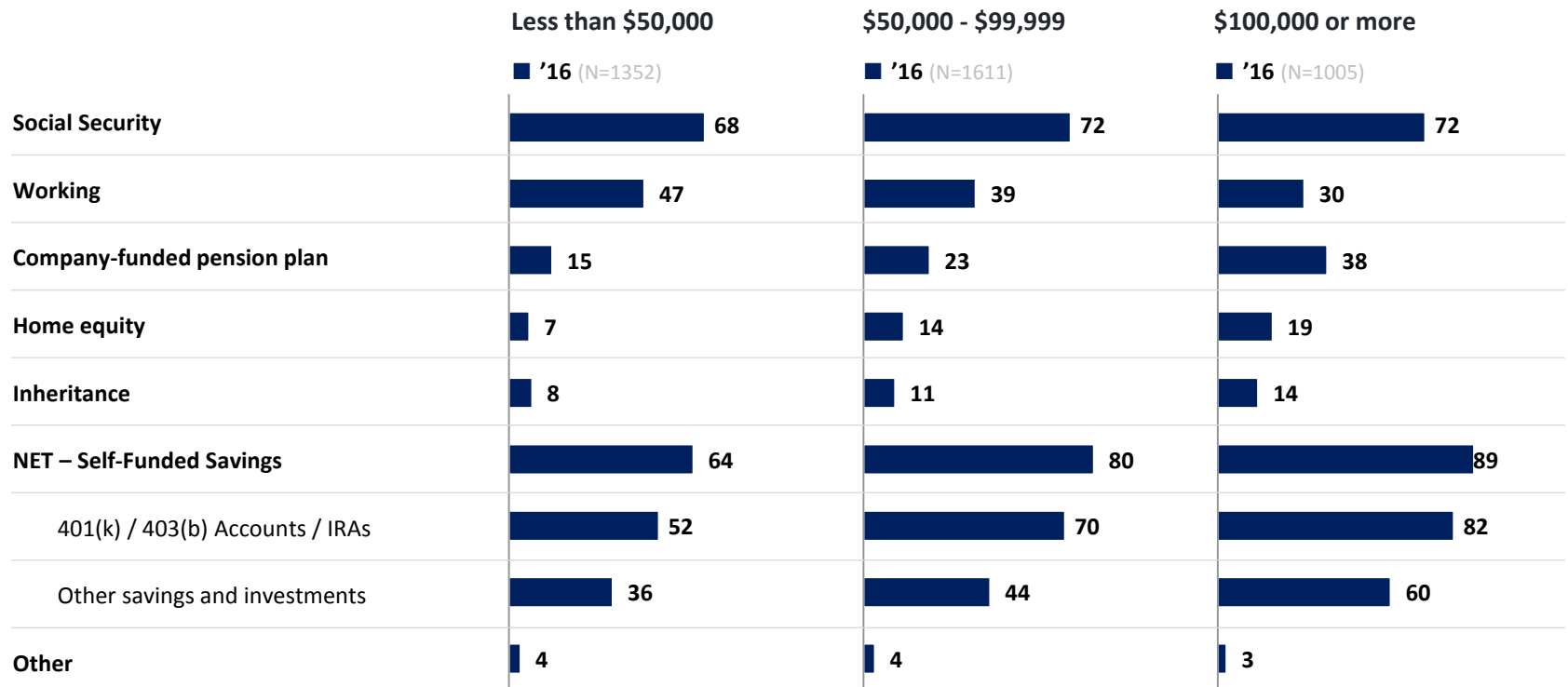
***This question is based on a supplementary survey. See methodology for more information

BASE: ALL QUALIFIED RESPONDENTS Q2640. Which one of the following is your greatest financial priority right now?

Expected Sources of Retirement Income

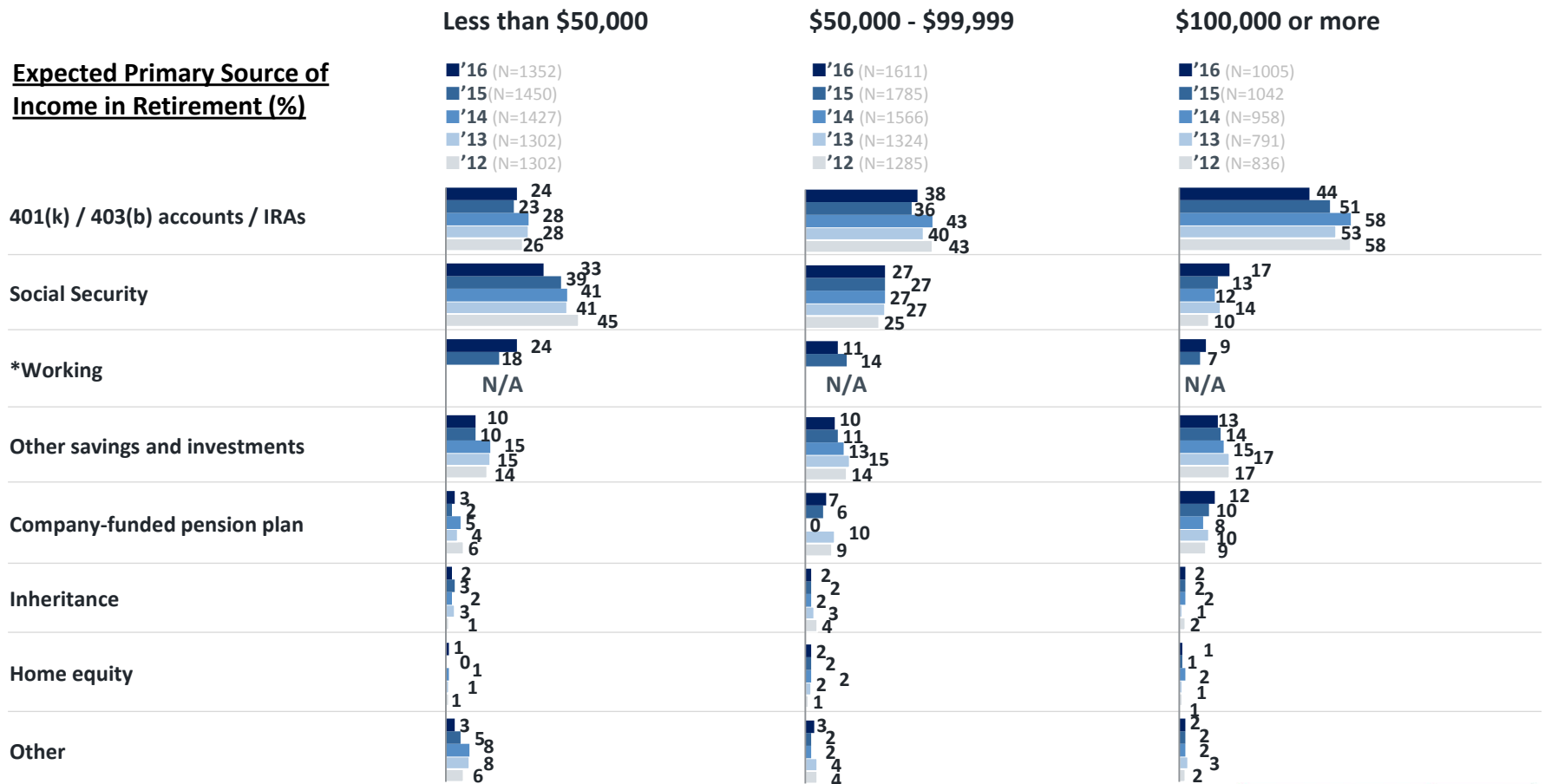
Across levels of household income (HHI), the majority of workers expect retirement income from self-funded savings including retirement accounts (e.g., 401(k)s, 403(b)s, IRAs) and other savings and investments: 89 percent of workers with HHI of \$100k+, 80 percent of those with HHI of \$50k to \$99k, and 64 percent of those with HHI of less than \$50k. Nearly half of workers with HHI of less than \$50k (47 percent) expect income from working, compared to those with HHI of \$50k to \$99k (39 percent) and those with HHI of \$100k+ (30 percent).

Expected Sources of Income During Retirement (%)



Expected Primary Source of Income in Retirement

Workers with higher household incomes are more likely to expect to rely on retirement accounts — such as 401(k), 401(b), or IRA — as their expected primary source of income in retirement, including 44 percent of workers with HHI of \$100k+ and 38 percent of those with HHI of \$50k to \$99k. Workers with HHI of less than \$50k are likely to cite Social Security (33 percent) or working (24 percent) as their expected primary source of retirement income.



*added in 2015

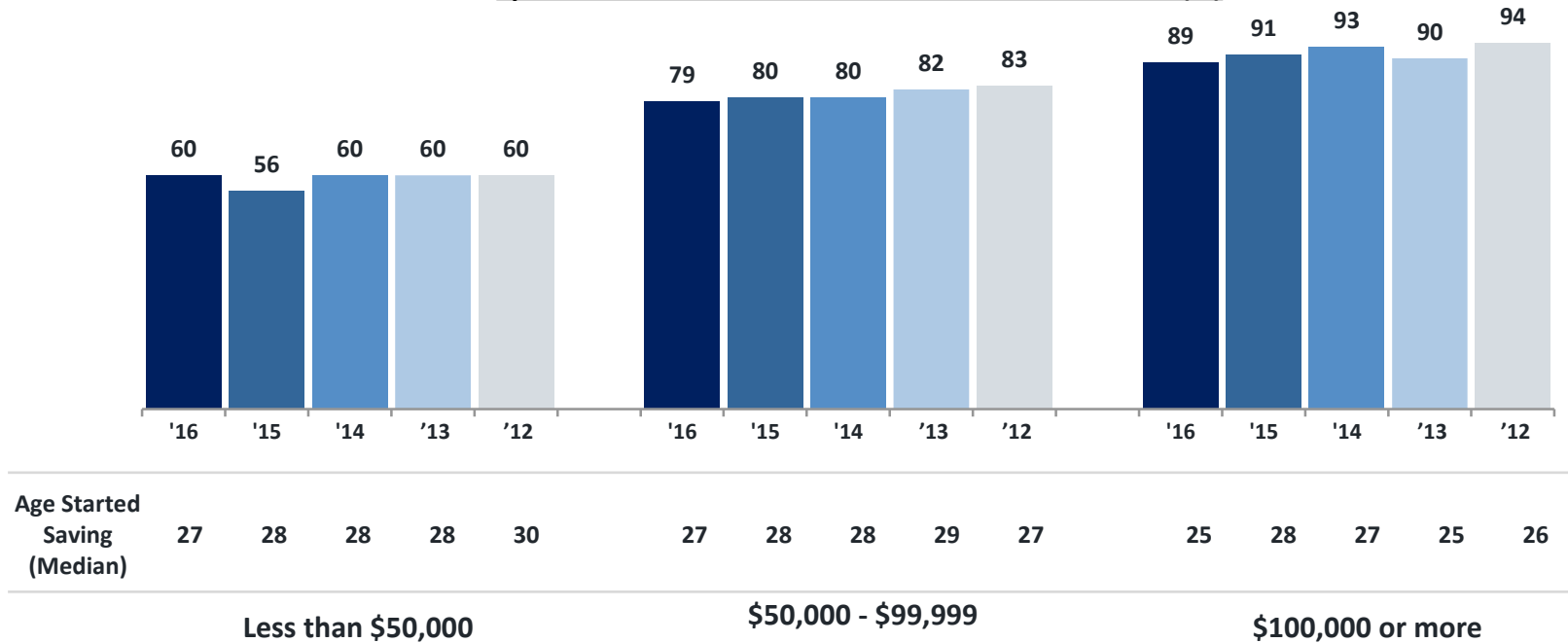
BASE: ALL QUALIFIED RESPONDENTS

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

Most workers are saving for retirement through an employer-sponsored retirement plan and/or outside of work; however, retirement savings rates vary dramatically by household income (HHI). Eighty-nine percent of workers with HHI of \$100k+ are saving for retirement, compared to 79 percent of workers with HHI of \$50k to \$99k and 60 percent of those with HHI of less than \$50k. Retirement savings rates have remained relatively consistent over the past five years with the exception of workers with HHI of less than \$50k who have shown an incline. Workers across levels of HHI started saving for retirement in their mid- to late-twenties.

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



Age Started Saving (Median)

BASE: THOSE 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.?

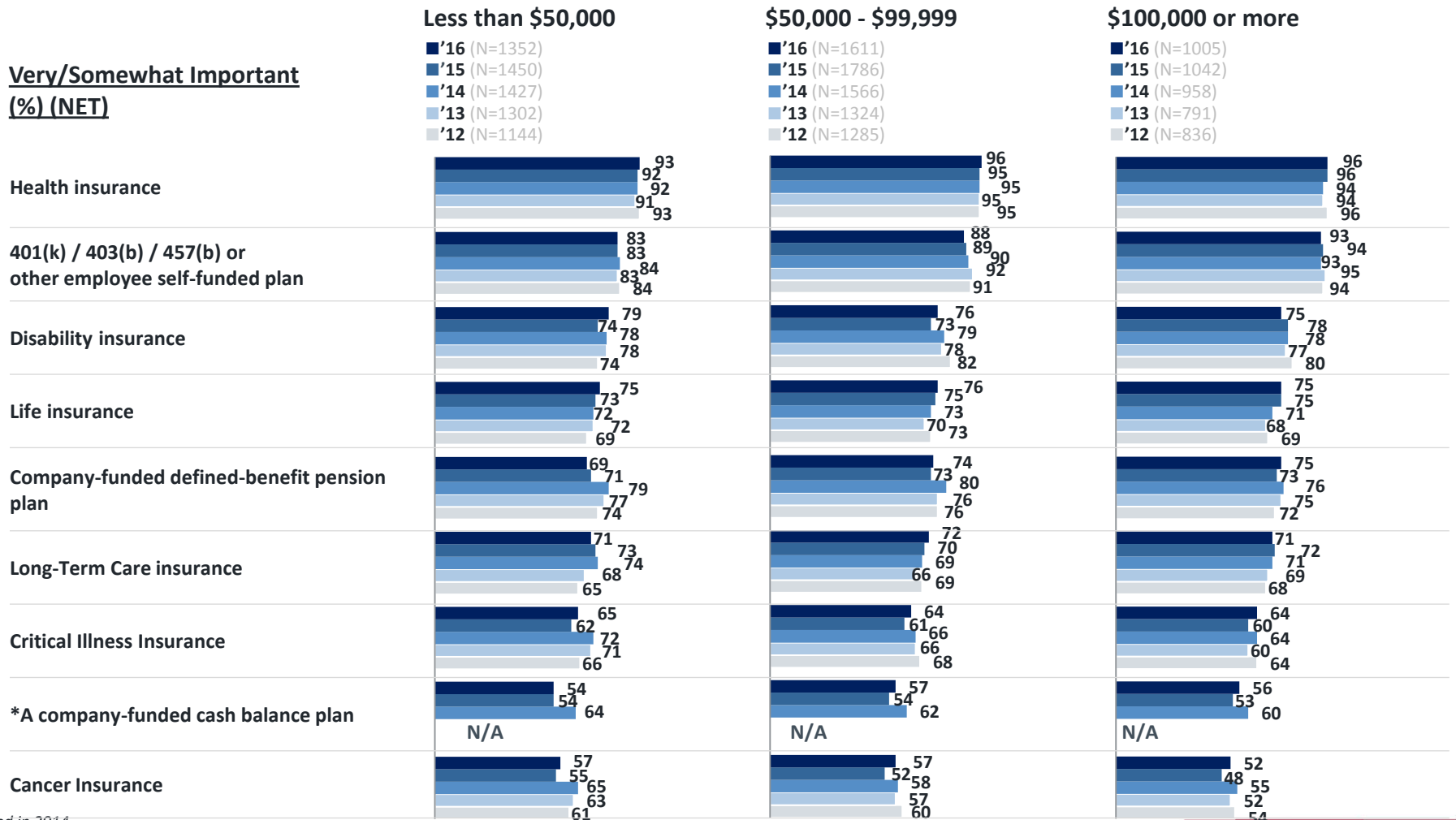
BASE: INVESTING FOR RETIREMENT

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

Importance of Retirement Benefits Compared to Other Benefits

More than 80 percent of workers across all levels of household income value a 401(k), 401(b), 457(b) or similar plan as an important employee benefit. Workers with higher household incomes are more likely to believe such benefits are important, a steady trend over the past five years.

**Very/Somewhat Important
(%) (NET)**



*added in 2014

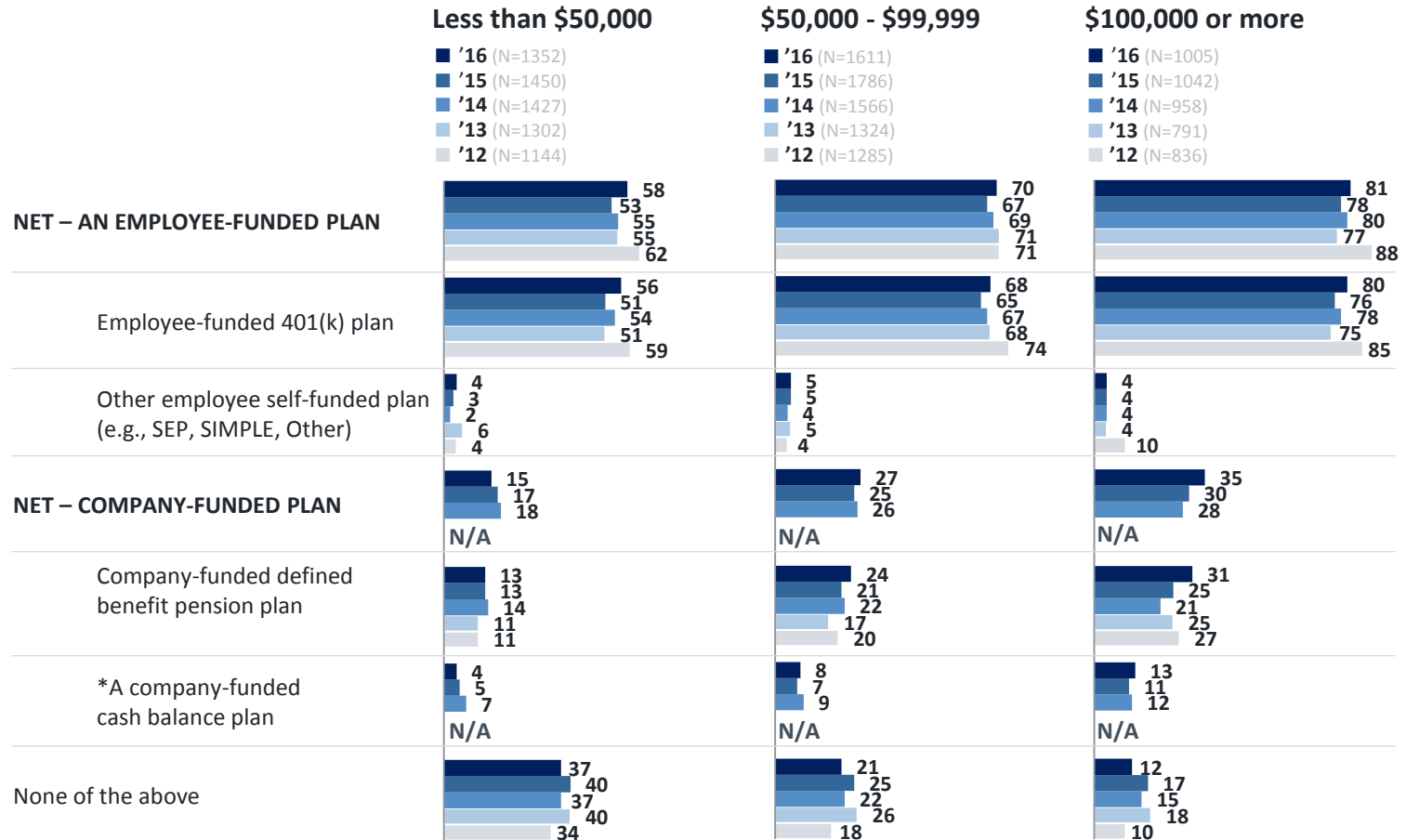
BASE: ALL QUALIFIED RESPONDENTS

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 other self-funded plan by their employers; however, access to a plan increases with higher levels of household income (HHI). Only 58 percent of workers with HHI of less than \$50k are offered retirement benefits, compared to 70 percent of those earning \$50k to \$99k and 81 percent earning \$100k+. Retirement benefit offerings have decreased slightly across levels of HHI over the past five years.

Employer-Sponsored Retirement Benefits Currently Offered (%)



*added in 2014

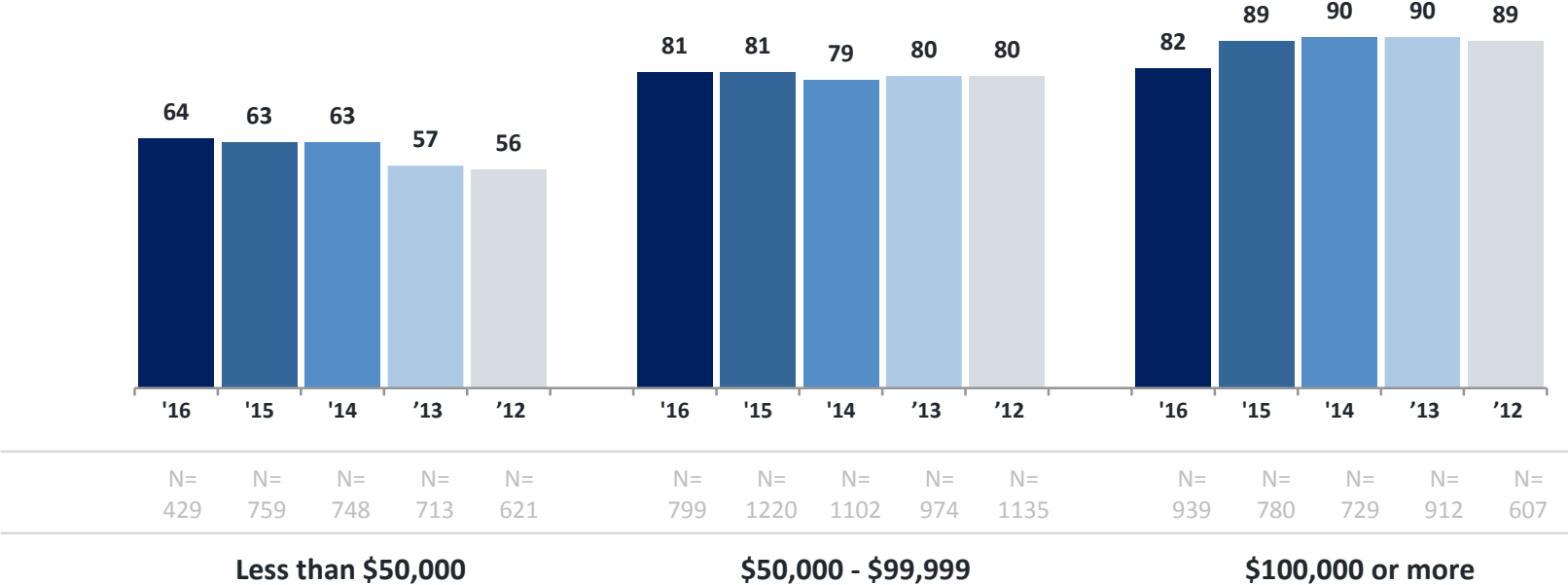
BASE: ALL QUALIFIED RESPONDENTS

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

Retirement Plan Participation

Among workers who are offered a 401(k) or similar plan, the participation rate increases with higher levels of household income (HHI). Sixty-four percent of workers with HHI of less than \$50k participate in their employer’s plan, compared to 81 percent with HHI of \$50k to \$99k and 82 percent earning \$100k+. This trend has remained relatively consistent over the past five years with the exception of workers with HHI of \$100k+ who have shown a decline this year.

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

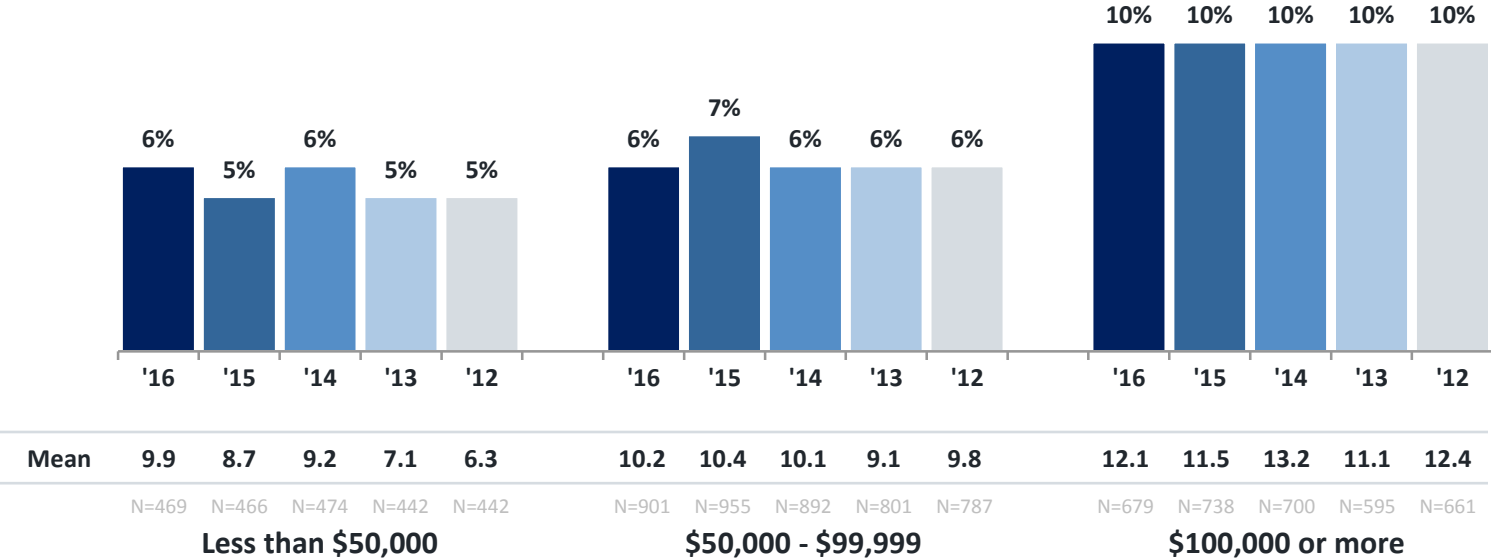


BASE: THOSE CURRENTLY OFFERED QUALIFIED PLAN
Q1190. Do you currently participate in, or have money invested in your company’s employee-funded retirement savings plan?

Retirement Plan Contribution Rate

Among workers who participate in a 401(k) or similar plan, those with higher household incomes (HHI) contribute more. Workers with HHI of \$100+ contribute 10 percent (median) of their annual pay, while those with HHI of less than \$100k contribute 6 percent (median). This trend has been consistent over the past five years.

Contribution Rate, Median %



BASE: CURRENTLY PARTICIPATES IN QUALIFIED PLAN

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

Approach to Investing in Retirement Plan

“Professionally managed” accounts refers to a managed account service, strategic allocation funds, and/or target date funds. The majority of plan participants, across levels of household income (HHI), use some form of professionally managed offering in their 401(k) or similar plans: 55 percent of workers with HHI of less than \$50k, 61 percent of those with HHI of \$50k to \$99k, and 62 percent of those with HHI of \$100k+. Workers with HHI of \$100k+ (45 percent) are more likely to set their own asset allocation percentage among the available funds compared to those with HHI of less than \$50k (35 percent) and those with HHI of \$50k to \$99k (38 percent).

Investments in Employer-Sponsored Retirement Plan (%)

Less than \$50,000

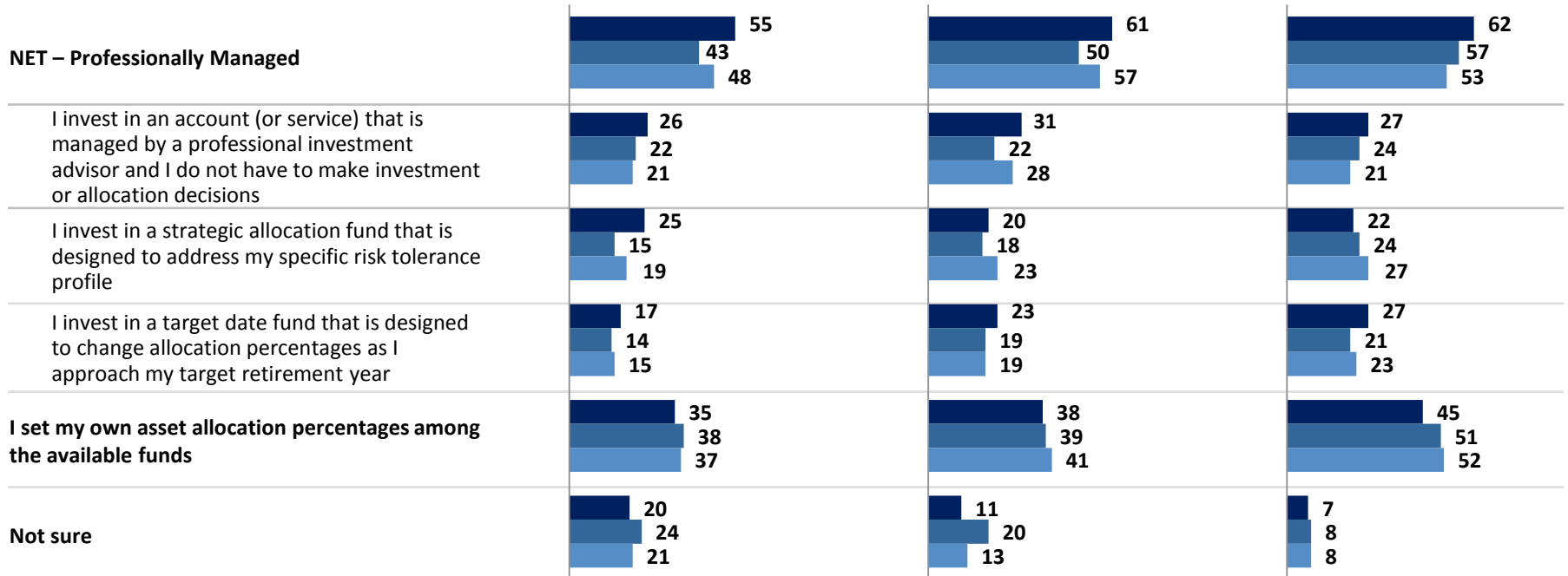
■ '16 (N=471)
■ '15 (N=466)
■ '14 (N=474)

\$50,000 - \$99,999

■ '16 (N=901)
■ '15 (N=956)
■ '14 (N=893)

\$100,000 or More

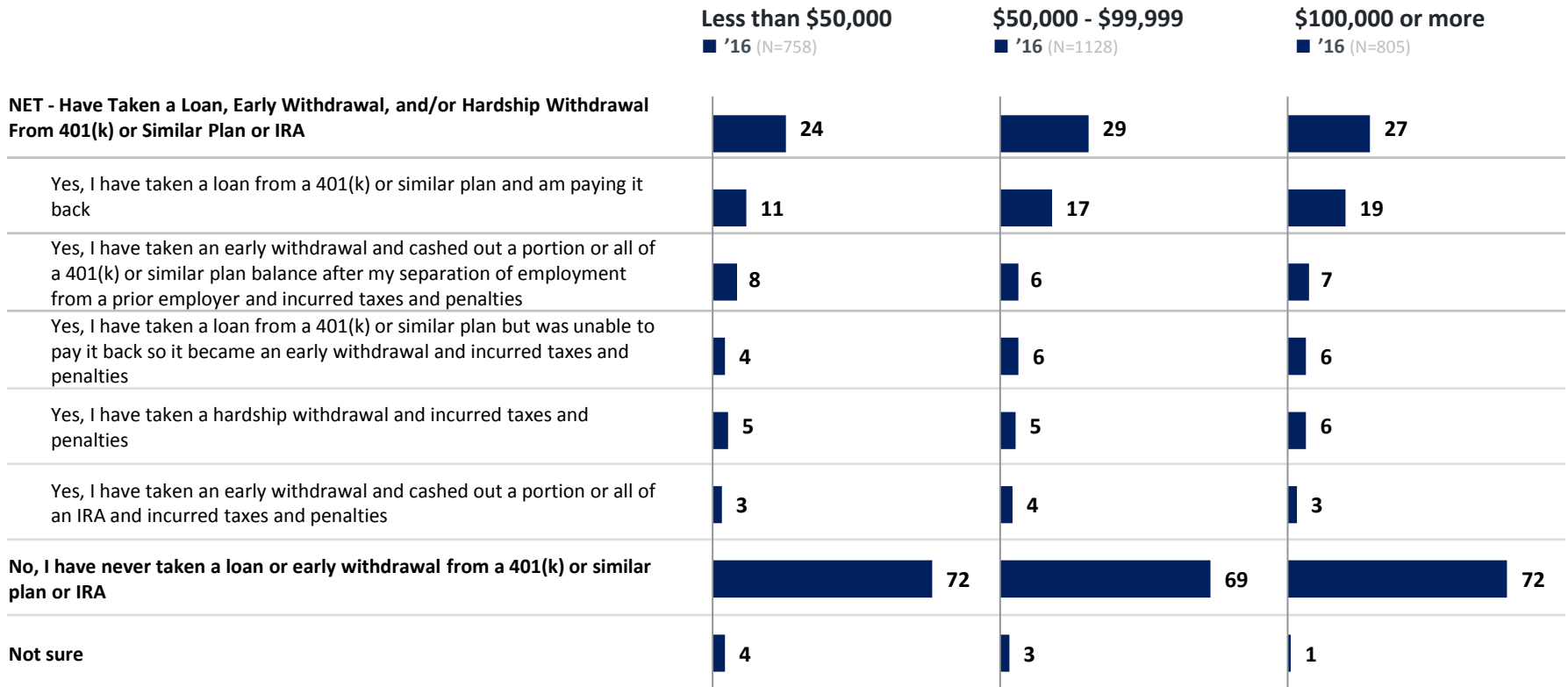
■ '16 (N=681)
■ '15 (N=741)
■ '14 (N=704)



Retirement Plan Leakage: Loans and Withdrawals

“Leakage” from retirement plans in the form of loans and withdrawals can severely inhibit the growth of participants’ long-term retirement savings. Among participants who are currently participating in a plan, one in four workers across levels of household income (HHI) have taken some form of loan, early withdrawal, and/or hardship withdrawal from a 401(k) or similar plan – 24 percent of workers with HHI of less than \$50k, 29 percent of those with HHI of \$50k to \$99k, and 27 percent of those with HHI of \$100k+.

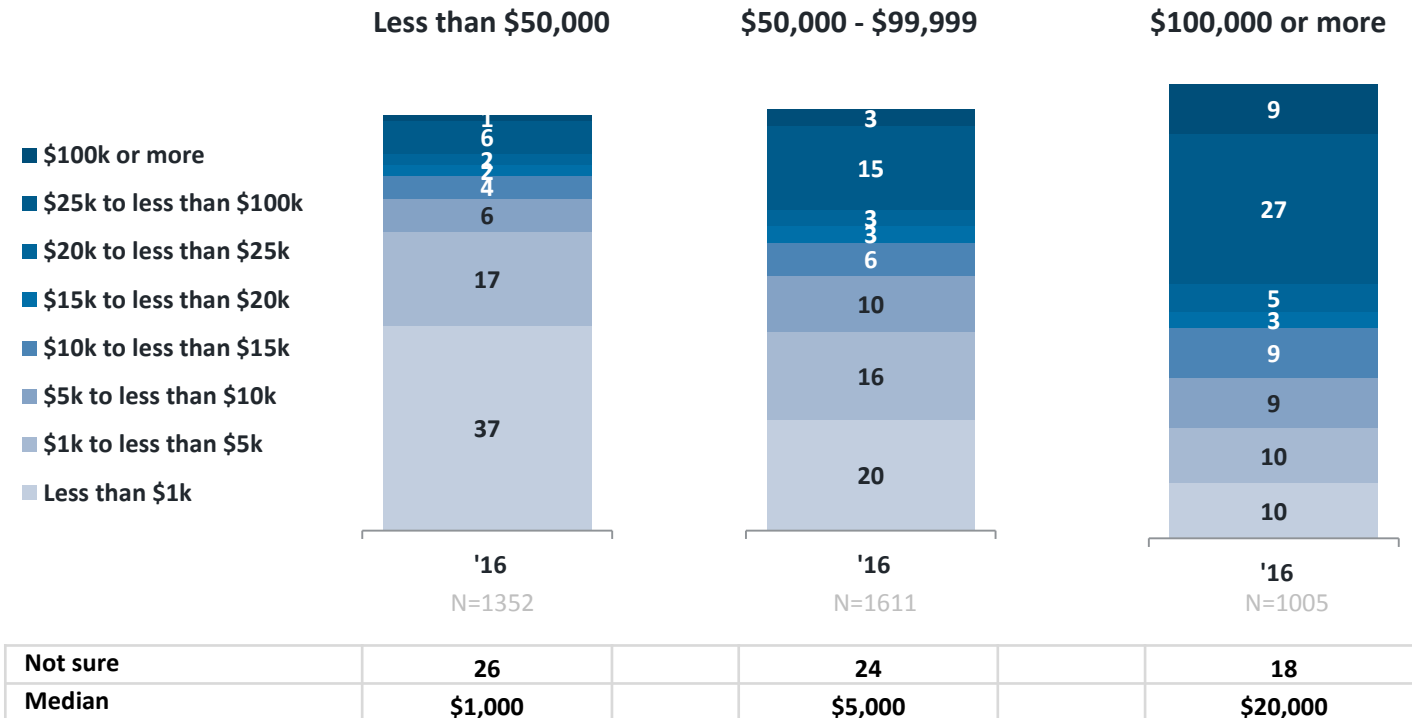
Have you ever taken any form of loan or early withdrawal from a qualified retirement account such as a 401(k) or similar plan or IRA? (%)



Estimated Emergency Savings

Workers across levels of household income (HHI) lack emergency savings that could help cover the cost of a major financial setback (e.g., unemployment, medical bills, home repairs, auto repairs, other). Workers with HHIs of less than \$50k have saved just \$1,000 (median) and 37 percent have saved less than \$1,000. Workers with HHIs of \$50k to \$99k have saved \$5,000 (median) and 20 percent have saved less than \$1,000. Workers with HHIs of \$100k or more have saved \$20,000 (median) and 10 percent have saved less than \$1,000 for such emergencies.

How much do you have in emergency savings to cover the cost of unexpected major financial setbacks? (%)



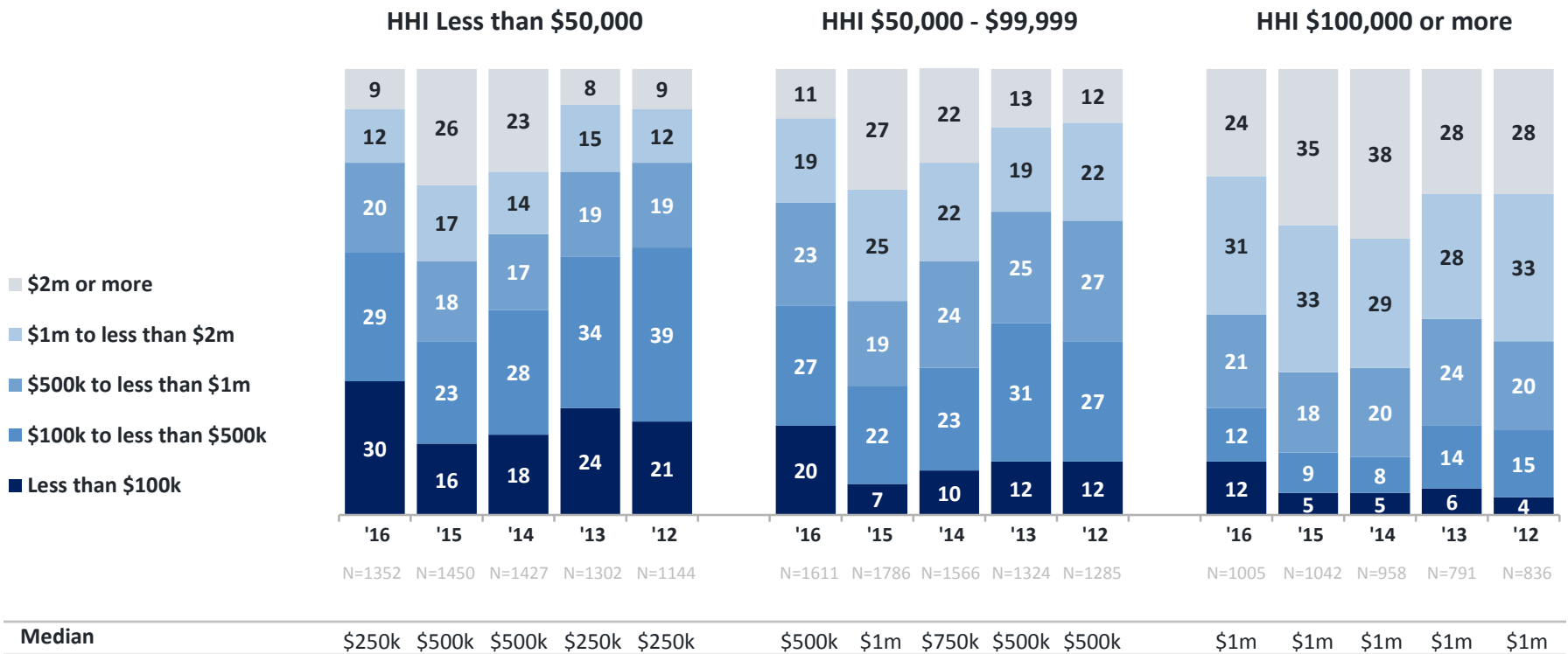
BASE: ALL QUALIFIED RESPONDENTS

Q2825. How much do you have in emergency savings specifically to cover the cost of unexpected major financial setbacks (e.g., unemployment, medical bills, home repairs, auto repairs, other)?

Estimated Retirement Savings Needs

Workers' estimated retirement savings needs increase with higher levels of household income (HHI). Workers with HHI of less than \$50k believe they need to save \$250k (median) to feel financially secure in retirement, whereas those with HHI of \$100k+ will need \$1 million. Workers with HHI of \$50k to \$99k have decreased their estimated retirement savings needs from \$1 million to \$500k (estimated median) this year.

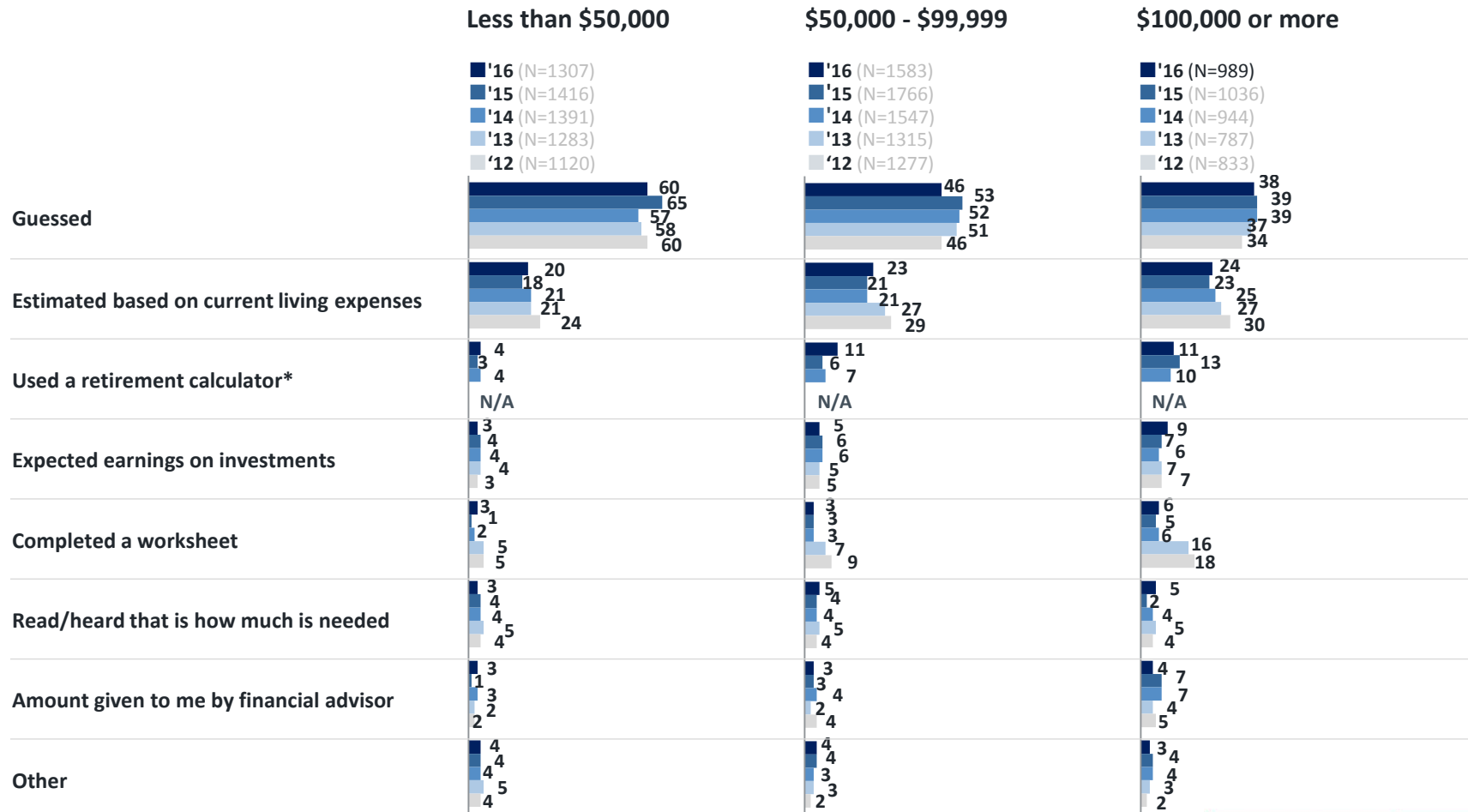
Estimated Retirement Savings Needs (%)



Note: The median is estimated based on the approximate midpoint of the range of each response category.

Basis for Estimating Retirement Savings Needs

Many workers are guessing their retirement savings needs. Workers with a household income (HHI) of less than \$50k (60 percent) are more likely to have guessed compared to those with HHI of \$50k to \$99k (46 percent) and those with HHI of \$100k+ (38 percent). Few workers across levels of HHI indicate that they have used a retirement calculator to estimate their savings needs.



*added in 2014

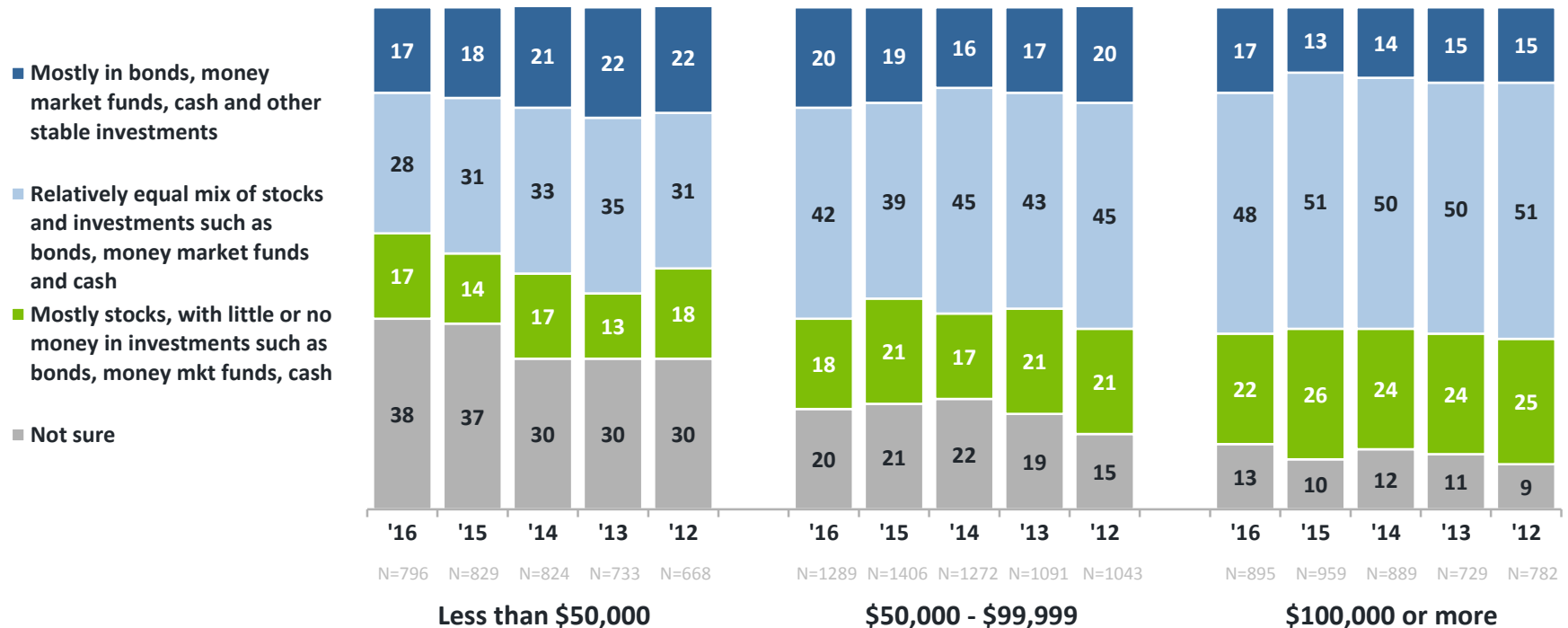
BASE: PROVIDED ESTIMATE OF MONEY NEEDED FOR RETIREMENT

Q900. How did you arrive at that number?

Asset Allocation of Retirement Investments

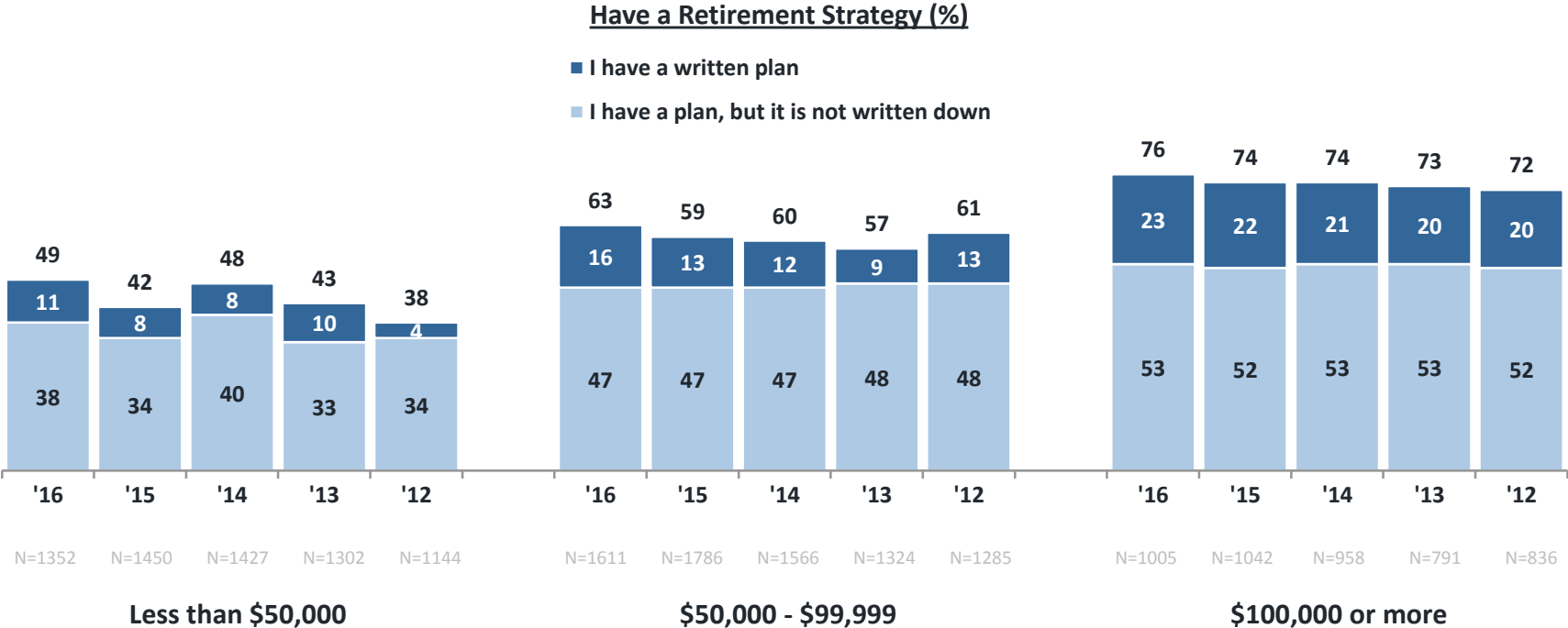
Workers across levels of household income (HHI) most frequently say that their retirement savings are invested in a relatively equal mix of stocks and investments such as bonds, money market funds and cash; however, responses are higher among those with HHI of \$100k+ (48 percent) compared to those with HHI of \$50k to \$99k (42 percent) and those with HHI of less than \$50k (28 percent). Workers with HHI of less than \$50k continue to be the most uncertain as to how their retirement savings are invested. Asset allocation-related trends have consistent over the past five years.

How Retirement Savings Are Invested (%)



Retirement Strategy: Written, Unwritten, or None

The likelihood of a worker having a retirement strategy, either written or unwritten, increases with higher levels of household income (HHI). Seventy-six percent of workers with HHI of \$100k+ have a strategy compared to 63 percent of those with HHI of \$50k to \$99k and just 49 percent of those with HHI of less than \$50k. In terms of having a *written* strategy, relatively few workers across HHIs have one. This year, there has been an uptick in workers across HHIs citing that they have any form of retirement strategy.

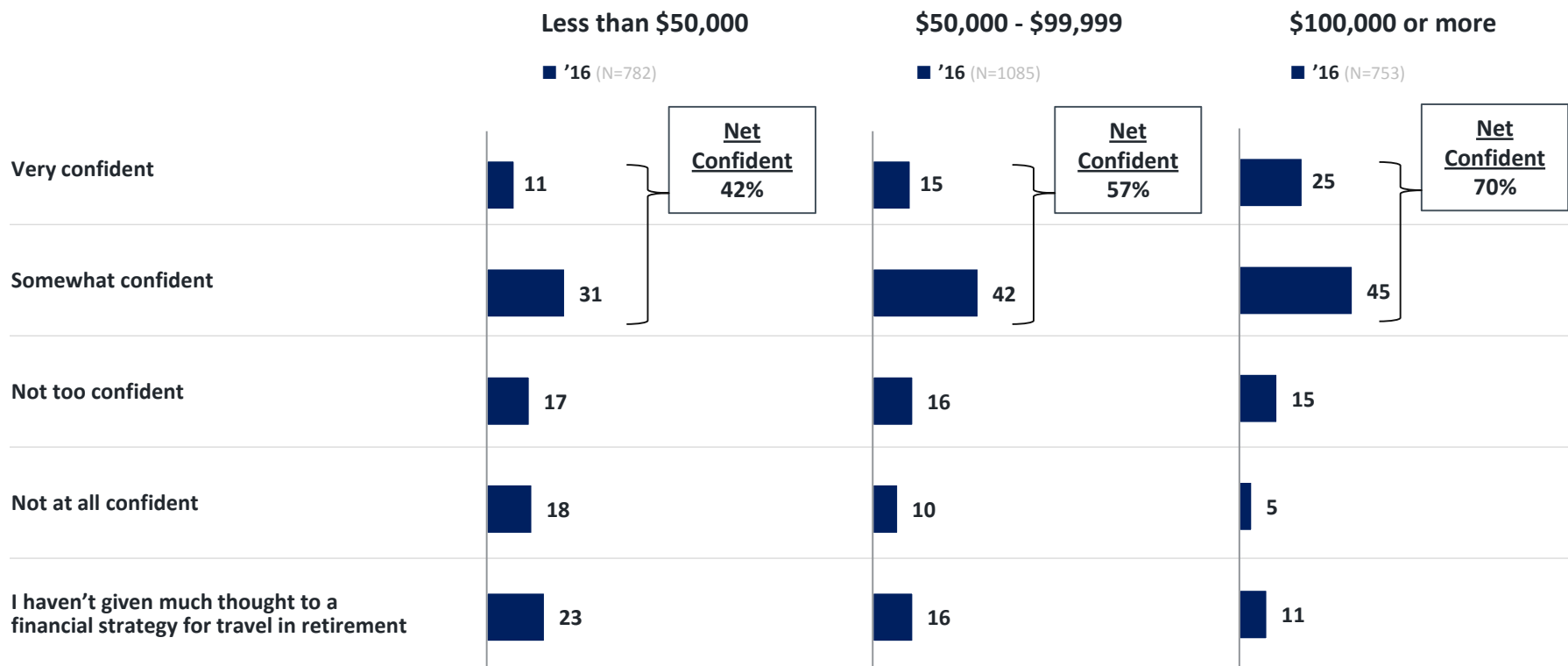


BASE: ALL QUALIFIED RESPONDENTS
 Q1155. Which of the following best describes your retirement strategy?

Confidence that Financial Strategy Will Enable Travel Goals

Workers' confidence that current financial strategy will enable travel goals increases with higher levels of household income (HHI). Seventy percent of workers with HHI of \$100k+ are confident, compared to 57 percent of those with HHI of \$50k to \$99k and 42 percent of those earning less than \$50k. Relatively few workers of all income levels are "very" confident. Some workers haven't given it much thought, a finding that is more common among workers with HHI of less than \$50k (23 percent) and those with HHI of \$50k to \$99k (16 percent) compared to workers with HHI of \$100k or more (11 percent).

Confidence That Current Financial Strategy Will Meet Retirement Travel Goals (%)

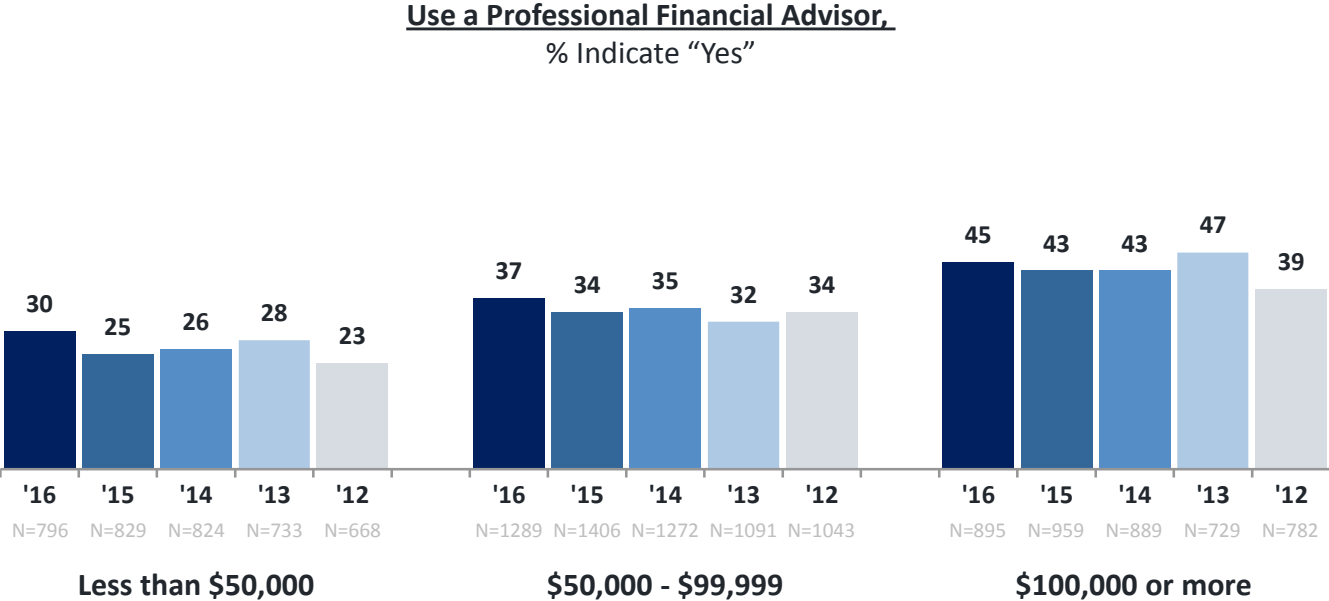


BASE: THOSE WHO DREAM OF TRAVELING IN RETIREMENT

Q2845. How confident are you that your current financial strategy will allow you to meet your travel goals throughout retirement?

Professional Financial Advisor Usage

Use of a professional financial advisor increases with higher levels of household income (HHI). Forty five percent of workers with HHI of \$100K+ are most likely to use an advisor, compared to 37 percent of those with HHI of \$50k to \$99k and 30 percent of those with HHI of \$50k to \$99k and 30 percent of earning less than \$50k. Across HHIs, advisor usage slightly increased this year.

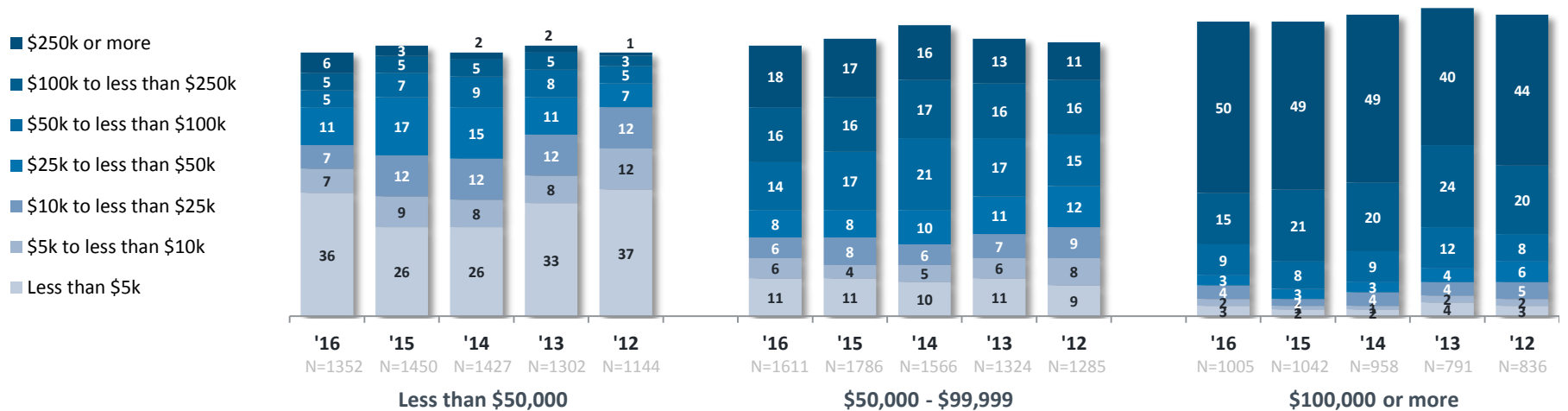


BASE: INVESTING FOR RETIREMENT Q860. Do you use a professional financial advisor to help manage your retirement savings or investments?

Total Household Retirement Savings

Workers with a household income (HHI) of \$100k+ have saved \$210,000 (estimated median), compared to \$62,000 for those with HHI of \$50k to \$99k and \$4,000 for those with HHI of less than \$50k (estimated medians). In other words, workers with HHI of \$100k+ have saved more than 52 times the amount of those with a HHI of less than \$50k. A concerning 36 percent of workers with HHI of less than \$50k have saved less than \$5,000 in household retirement savings.

Total Household Retirement Savings (%)



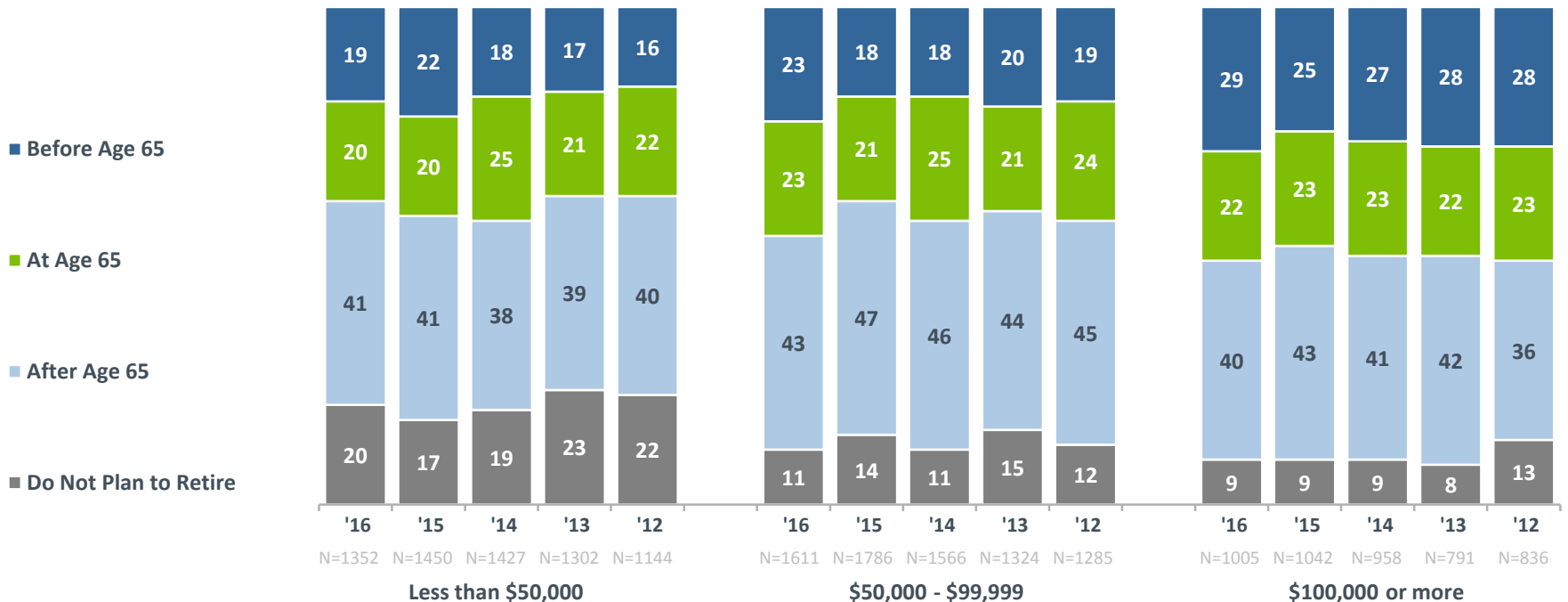
	Less than \$50,000					\$50,000 - \$99,999					\$100,000 or more				
Not sure	14	14	13	13	15	13	11	9	12	12	9	7	6	5	7
Decline to answer	9	7	10	8	8	8	8	6	7	8	5	7	6	5	5
Estimated Median	\$4,000	\$11,000	\$12,000	\$6,000	\$3,000	\$62,000	\$58,000	\$57,000	\$51,000	\$42,000	\$210,00	\$183,000	\$184,000	\$157,000	\$171,000

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

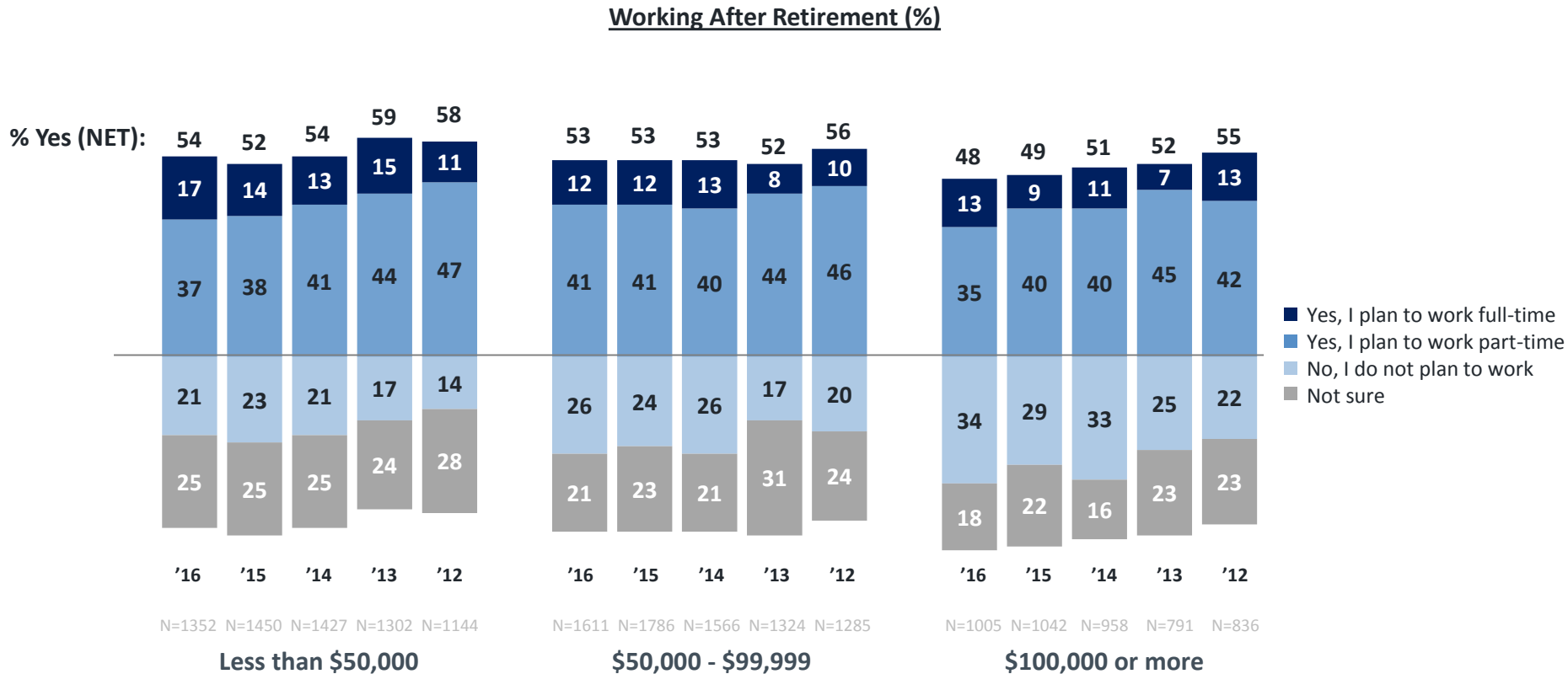
Regardless of their household income (HHI), most workers are expecting to work past age 65 or do not plan to retire. Sixty-one percent of workers with HHI of less than \$50k are most likely to expect to do so, followed by 54 percent of workers with HHI of \$50k to \$99k and 49 percent of those earning \$100k+.

Age Expected to Retire (%)



Expectations of Working in Retirement

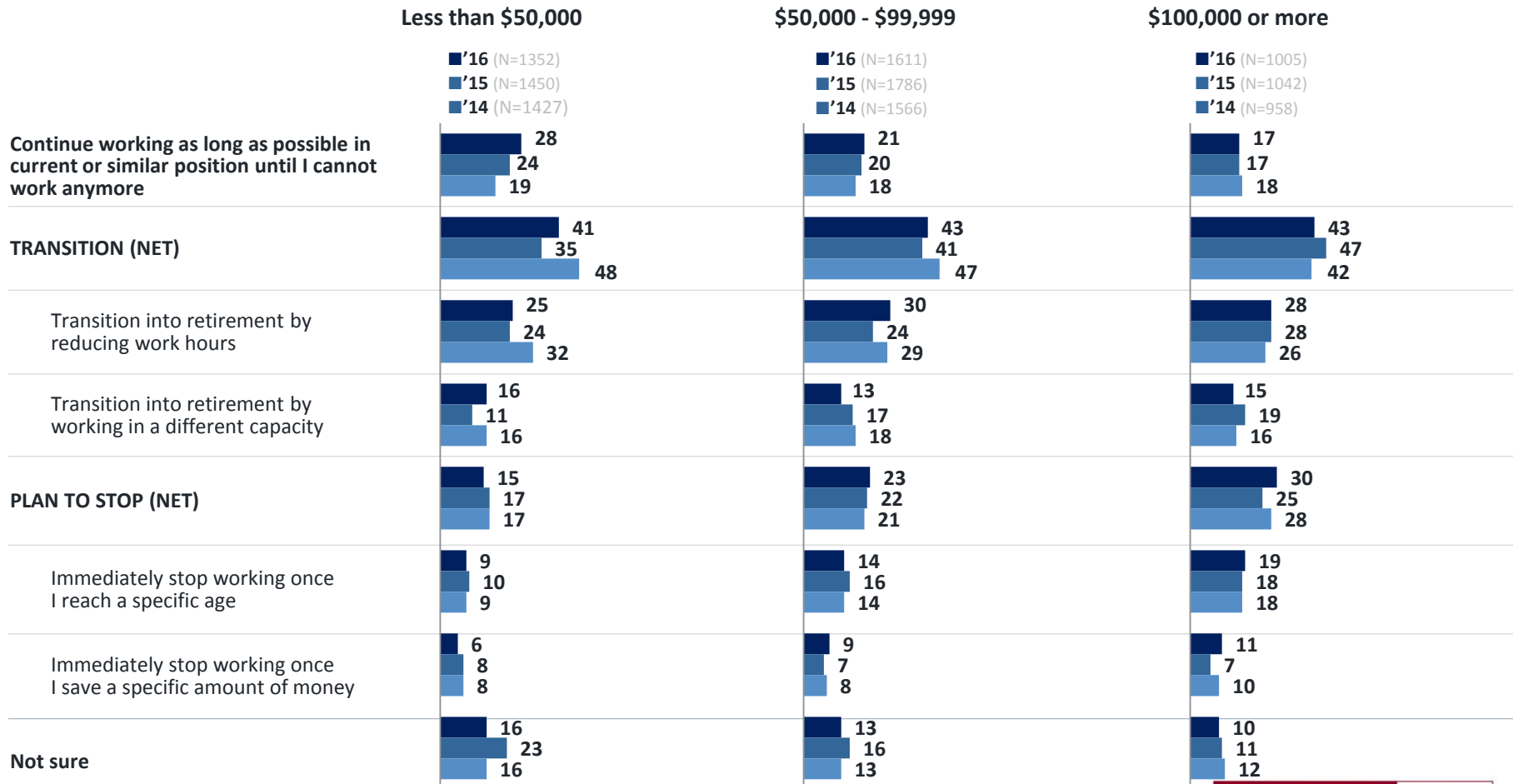
Approximately half of workers plan to continue working in retirement, a finding which is surprisingly consistent across levels of household income (HHI), including workers with HHI less than \$50k (54 percent), \$50k to \$99k (53 percent), and \$100k or more (48 percent). Most workers who are planning to work in retirement say that they will do so on a part-time basis. This trend has been relatively consistent over the past five years.



Retirement Transitions: Phased Versus Immediate

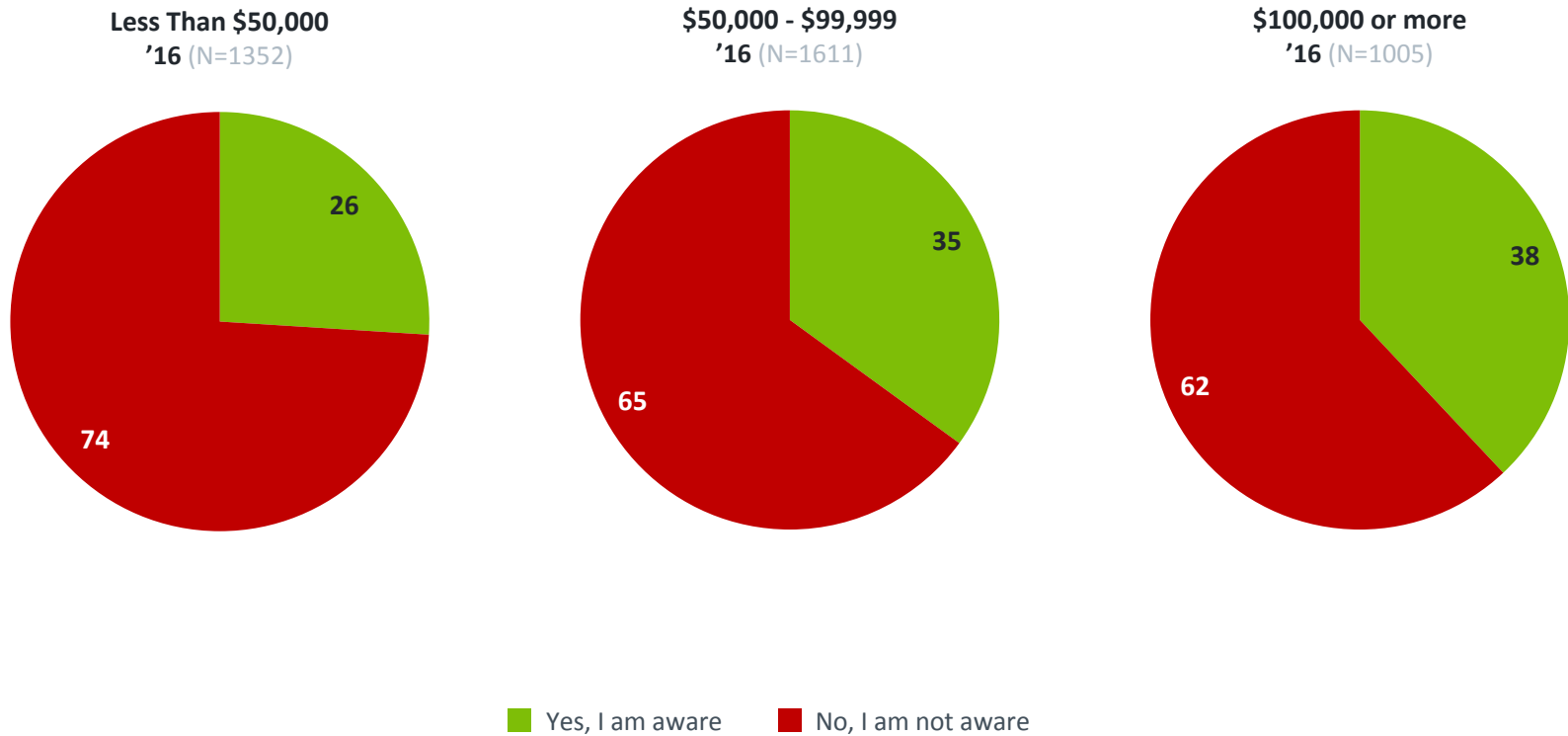
Across levels of household income (HHI), most workers envision a phased transition into retirement by changing work patterns (e.g., shifting from full-time to part-time or working in a different capacity): 43 percent of workers with HHI of \$100k+, 43 percent of those with HHI of \$50k to \$99k, and 41 percent of those earning less than \$50k. Significantly more workers with HHI of less than \$50k now envision transitioning into retirement compared to last year.

How do you envision transitioning into retirement? (%)



Awareness of the Saver's Credit

The IRS Saver's Credit is a tax credit available to eligible taxpayers who are saving for retirement in a qualified retirement plan or IRA; however, few workers who are potentially eligible to claim the credit are aware of it. Only 26 percent of workers with HHI of less than \$50k are aware of the Saver's Credit, compared to 35 percent of those with HHI of \$50k to \$99k and 38 percent of those with HHI of \$100k+.

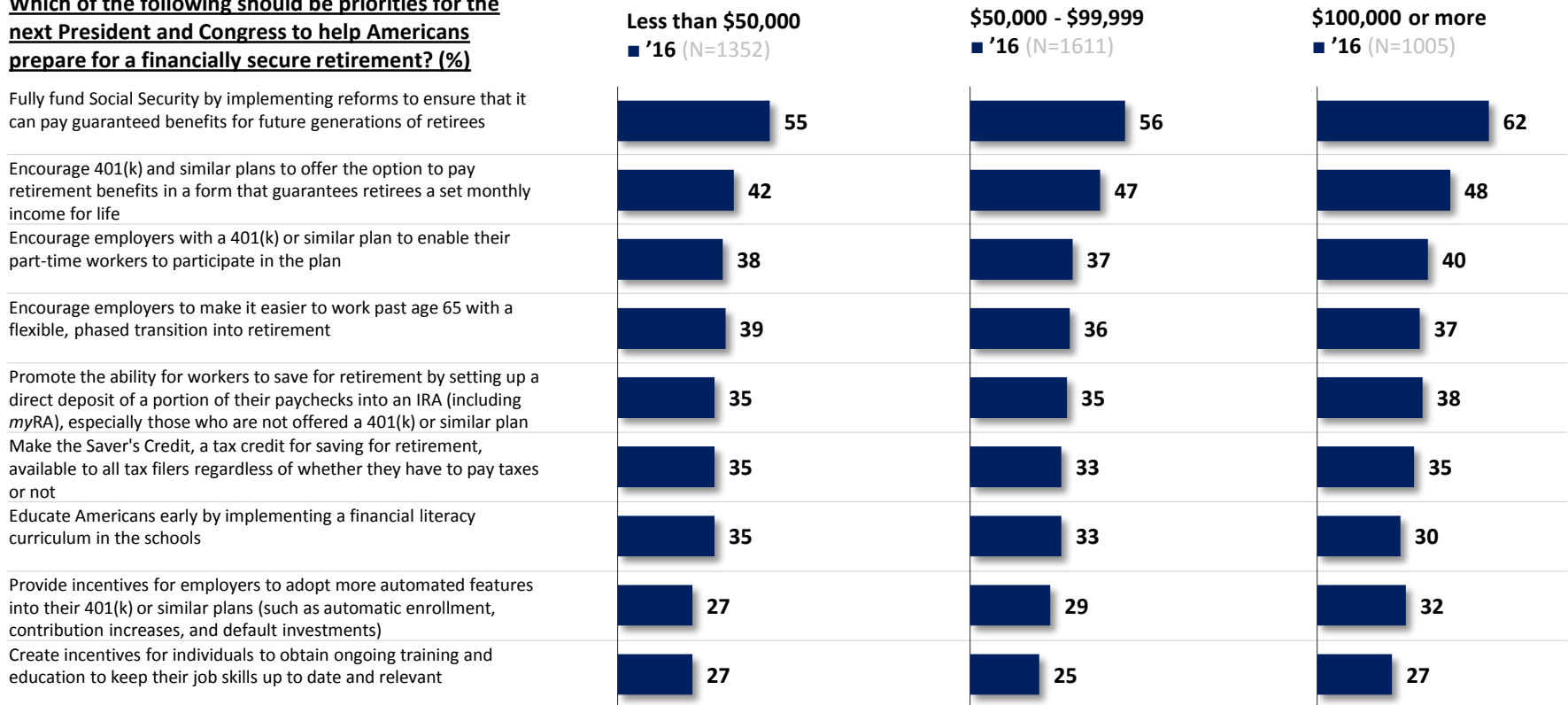


BASE: ALL QUALIFIED RESPONDENTS
Q1120. Are you aware of a tax credit called the "Saver's Credit," which is available to individuals and households, who meet certain income requirements, for making contributions to an IRA or a company-sponsored retirement plan such as a 401(k) plan or 403(b) plan?

Retirement Security Priorities for the New President and Congress

Workers across levels of household income (HHI) most frequently cite fully funding Social Security as a priority for the new President and Congress to help Americans prepare for a financially secure retirement: 55 percent with HHI of less than \$50k, 56 percent of those with HHI of \$50k to \$99k, and 62 percent of those with \$100k+. Other top cited responses include “encouraging 401(k) plans to offer the option to pay retirement benefits in a form that guarantees retirees a set monthly income for life,” and “encouraging employers with a 401(k) or similar plan to enable their part-time workers to participate in the plan.”

Which of the following should be priorities for the next President and Congress to help Americans prepare for a financially secure retirement? (%)



Note: Responses not shown for less than five percent who said “other.”

BASE: ALL QUALIFIED RESPONDENTS

Q1427. With the November 2016 election in mind, which of the following should be priorities for the next President and Congress to help Americans prepare for a financially secure retirement? Select all.

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