News
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Amid Gloomy Economic Outlook, Transamerica Study Finds Source of Inspiration: Future Early Retirees

Transamerica Center for Retirement Studies® Explores the Characteristics of Workers Who Plan to Retire Before Age 65

LOS ANGELES – October 24, 2011 – A new report released today found that, despite the gloomy retirement outlook among many American workers, over one in five (21 percent) expect to retire before age 65. Meet the "future early retirees," a source of inspiration and an example that all Americans can learn from when planning for retirement.

Meet the Future Early Retirees

According to the results of the 12th Annual Transamerica Retirement Survey, which was conducted among 4,080 American workers by the non-profit Transamerica Center for Retirement Studies® ("The Center"), slightly more than half (52 percent) of future early retirees have a college degree, half (50 percent) are under the age of forty and nearly half (49 percent) report an annual household income of less than $100,000 per year.

Secrets to their Success

"Future early retirees are not necessarily born out of privilege or ultra-affluence. They are more likely to be everyday people and should be considered a source of inspiration to all," says Catherine Collinson, president of The Center. "The common denominator is that the majority exhibit highly proactive savings behaviors."

Future early retirees are likely to have a retirement strategy (71 percent), start saving for retirement at a younger age (median age of 25), and be offered a 401(k) or similar plan by their employer (75 percent). They also defer a high percentage of their annual salary into their 401(k) or similar plan (median of 10 percent). Additionally, these workers are likely to save for retirement outside of work (69 percent) and be very involved in managing and monitoring their retirement accounts (71 percent). "Despite the down economy, most future early retirees have found a way to save the same or more since the recession began," adds Collinson.

Opportunities for Improvement

While the savings behaviors of workers who plan to retire before age 65 are encouraging, it is important to emphasize that life offers no guarantees. Unforeseen circumstances can arise that could derail the best-laid retirement plans, such as job loss, health issues, extraordinary expenses or poor investment performance.

The Center's report highlighted some important opportunities for future early retirees to improve their chances of meeting their long-term goals, including:

- Calculating a retirement savings goal: 41 percent "guessed" at their retirement savings needs
- Learning the basic principles of asset allocation and retirement investing: 34 percent know "a great deal" or "quite a bit"

- Studying government benefits such as Social Security: 46 percent know "a great deal" or "quite a bit" about the Social Security benefits that they may receive
- Developing a backup plan if forced into retirement sooner than expected: 29 percent of future early retirees have a backup plan

Seven Steps to Retirement Readiness
The Center's May 2011 report, *The New Retirement: Working*, found that for many Americans, the foundation of their retirement strategy is simply not to retire, to work considerably longer than the traditional retirement age, or work in retirement.

"How each worker plans on spending their retirement is unique, but the tools to help attain retirement readiness are common to everyone," noted Collinson. "By looking toward the future early retirees as a source of inspiration and motivation, other workers may improve their own retirement readiness. As a first step, The Center encourages all workers to get the retirement conversation going by talking with family and close friends."

The following tactics can help workers improve their retirement outlook:

1. **Calculate your retirement savings needs**.
2. **Develop a retirement strategy and write it down**. Envision your future retirement, formulate a goal for how much you will need to save each year (be sure to include employer-sponsored retirement plans and outside savings), and be sure to factor living expenses, healthcare needs, long-term care and government benefits.
3. **Get educated about retirement investing**. Seek professional assistance if needed.
4. **If your employer offers a plan, participate**. Be sure that your annual salary deferral takes full advantage of employer matching contributions, if available, and defer as much as you can. If you decide against maximizing annual salary deferrals in the plan, be sure to save for retirement outside of work.
5. **Consider retirement benefits as part of your total compensation**. If your employer doesn't offer a plan, ask for one.
6. **Take advantage of the Saver's Credit if eligible**. Make catch-up contributions if eligible.
7. **Have a backup plan in the event you are unable to work before your planned retirement**.

Additional recommendations for the retirement services industry, media, employers and plan sponsors, and policymakers can be found in the *Source of Inspiration: Future Early Retirees* report.

For the full survey results and for resources about retirement planning, visit www.transamericacenter.org.

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About Transamerica Center for Retirement Studies®
The Transamerica Center for Retirement Studies® ("The Center") is a non-profit, private foundation. The Center is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third-parties. For more information about The Center, please refer to www.transamericacenter.org.

About the 12th Annual Retirement Survey
This survey was conducted online within the United States by Harris Interactive on behalf of Transamerica Center for Retirement Studies® between January 31, 2011 and March 10, 2011 among 4,080 full-time and part-time workers. Potential respondents were targeted based on job title and full-time and part-time status. Respondents met the following criteria: All U.S. residents, age 18 or older, full-time workers or part-time workers in for-profit companies, and employer size of 10 or more. Results were weighted as needed for the number of employees at

companies in each employee size range. No estimates of theoretical sampling error can be calculated; a full methodology is available.

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