

Unlocking Secrets of Retirement Readiness: Meet the Everyday People Who Are ‘Power Planners’

The 14th Annual Transamerica Retirement Survey
June 2013

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Meet the Everyday People Who Are Power Planners

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About the Transamerica Center for Retirement Studies®

- The Transamerica Center for Retirement Studies® (TCRS) is a nonprofit, private foundation dedicated to educating the public on emerging trends surrounding retirement security in the United States. TCRS' research emphasizes employer-sponsored retirement plans, including companies and their employees, and the implications of legislative and regulatory changes.
- TCRS is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third parties. For more information about TCRS, please refer to www.transamericacenter.org.
- 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 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 14th Annual Retirement Survey for Transamerica Center for Retirement Studies. Transamerica Center for Retirement Studies is not affiliated with Harris Interactive.

About the Author

Catherine Collinson serves as President of the Transamerica Center for Retirement Studies®, and is a retirement and market trends expert and champion for Americans who are at risk of not achieving a financially secure retirement. Catherine oversees all research and outreach initiatives, including the Annual Transamerica Retirement Survey.

With over 15 years of retirement services experience, Catherine has become a nationally recognized voice on retirement trends for the industry. She has testified before Congress on matters related to employer-sponsored retirement plans among small business, which featured the need to raise awareness of the Saver's Credit among those who would benefit most from the important tax credit. Catherine is regularly cited by top media outlets on retirement-related topics. Her expert commentary has appeared in major publications, including: The Wall Street Journal, U.S. News & World Report, USA Today, Money, The New York Times, The Huffington Post, Kiplinger's, CBS MoneyWatch, Los Angeles Times, Chicago Tribune, Employee Benefits News and HR Magazine. She has also appeared on PBS' "Nightly Business Report," NPR's "Marketplace" and CBS affiliates throughout the country. Catherine speaks at major industry conferences each year, having appeared at events hosted by organizations including PSCA, LIMRA and PLANSPONSOR. She also authors articles published in leading industry journals, such as ASPPA, SPARK and PSCA.

Catherine is currently employed by Transamerica Retirement Solutions and serves as Senior Vice President of Strategic Planning. Since joining the organization in 1995, she has been instrumental in identifying and evaluating short- and long-term strategic growth initiatives, developing business plans and building infrastructure to support the company's high-growth strategy.

Methodology: Worker Survey

- A 22-minute, online survey was conducted between January 21 - February 21, 2013 among a nationally representative sample of 3,651 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:
 - 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.
- This report focuses on full-time and part-time workers combined.

Terminology

This report uses the following terminology:

Generation

- Millennial: Born 1979 – present
- Generation Xer: Born 1965 - 1978
- Baby Boomer: Born 1946 - 1964
- Mature: Born before 1946

Power Planners

- Future Early Retirees: Plan to retire before age 65
- Strategists: Have a written strategy for retirement
- 10 Percenters: Contribute 10 percent or more of annual income to 401(k) or similar plan
- Knowledgeables: Disagree that they don't know as much as they should about retirement investing
- Conversationalists: Frequently discuss retirement with family and friends

All Workers

- All survey respondents including Power Planners

Foreword

‘Retirement readiness’ is widely used in today’s vernacular. The term was inspired by the imperative for Americans to take an even greater role in funding their retirement due to increases in life expectancies, insecurities about the future of Social Security, and the shift from traditional defined benefit pension plans to self-funded 401(k) and other defined contribution plans.

In recent years, a myriad of definitions for ‘retirement readiness’ emerged, most of which refer to it as a gauge to determine whether a worker’s nest egg is adequate to retire at age 65 and to generate sufficient income to last throughout his/her retirement years.

In 2012, the Transamerica Center for Retirement Studies® (TCRS) asserted that these definitions of ‘retirement readiness’ have become outdated and no longer fully reflect today’s realities given its research findings that most workers plan to work past age 65 and most plan to continue working in retirement. In response, TCRS introduced a new definition of ‘retirement readiness’:

‘Retirement readiness’ refers to a state in which an individual is well-prepared for retirement, should it happen as planned or unexpectedly, and can continue generating adequate income to cover living expenses throughout his/her lifetime through retirement savings and investments, employer pension benefits, government benefits, and/or continuing to work in some manner while allowing for leisure time to enjoy life.

Further, TCRS identified the five key elements of ‘retirement readiness’:

- A ***clear vision of retirement*** including retirement dreams, expected retirement age, and any plans to continue working in retirement
- A ***retirement strategy*** that incorporates savings needs, potential risks, and a back-up plan if forced into retirement sooner than expected
- ***Retirement income*** including savings and investments, pension benefits, and government benefits
- ***Knowledge to make informed decisions*** about retirement investments, government benefits, and healthcare
- A ***family understanding*** including an open dialogue about finances and agreement on any expectations of support

The 14th Annual Transamerica Retirement Survey further examines the current state of retirement confidence among American workers in search of those who are ready for retirement in order to illuminate their savings and planning habits and inspire others.

Key Highlights

“Unlocking Secrets of Retirement Readiness: Meet the Everyday People Who Are Power Planners,” a study based on findings from the 14th Annual Transamerica Retirement Survey, examines the current state of retirement confidence among American workers and identifies those who are likely to be ready for retirement, in order to illuminate their savings and planning habits and inspire others.

The Current State of Retirement Readiness

Retirement confidence is on the rise in 2013 amidst signs of economic recovery. Fifty-five percent of workers are “somewhat” or “very confident” about retirement, representing an increase from 51 percent reported in 2012. This is still, however, four points below the 2007 level of 59 percent.

Despite this increase in confidence, the recent years of what is often referred to as the Great Recession have impacted Americans’ retirement outlook. The majority of American workers (62 percent) said they are less confident about retirement since the recession began and many Baby Boomers (43 percent) now expect to work longer and retire later.

American workers’ views of retirement have changed dramatically from the long held notions of fully retiring at age 65 with many years of leisure to follow. Retirement dreams of traveling, spending time with family and friends, and pursuing hobbies are still alive; however, most workers (57 percent) now plan on working past age 65 and most also plan to continue working (54 percent) at least part-time in retirement. Most plan to continue working for financial reasons or healthcare benefits (66 percent) yet three in 10 plan to do so for enjoyment.

Working longer and delaying full retirement is an important means for generating income and bridging a retirement savings shortfall, as well as an opportunity to stay active and involved. However, the survey found that only 22 percent of Baby Boomers have a backup plan if retirement happens unexpectedly. Additionally, TCRS’ recent research on global retirement readiness found that 49 percent of retirees retired sooner than expected and most did so for reasons such as ill health or job loss.

Retirement confidence may be on the rise but retirement readiness is lacking.

Key Highlights

Who Is More Ready for Retirement?

Drawing on TCRS' five key elements of retirement readiness, the survey data were segmented to analyze and create categories of those who proactively engage in certain aspects of retirement planning. Monikers assigned to each category of these “Power Planners,” and percentages were calculated to determine prevalence in the workforce.

Power Planners Really Do Exist

Power Planners belong to one or more of the following categories:

- 21 percent of workers are **Future Early Retirees** – workers who plan to retire sooner than age 65.
- **10 Percenters** are the 22 percent of workers who save 10 percent or more of their annual salary through company-sponsored plans, such as a 401(k) plan.
- **Strategists** make up 12 percent of workers. Members of this group have a written retirement plan.
- Those who are identified as the **Knowledgeables**, 31 percent of workers, believe they know what they should about retirement investing.
- 9 percent of workers fall into the category of **Conversationalists**. These workers frequently discuss saving, investing and planning for retirement with family and friends.

Key Highlights

Power Planners Are Surprisingly Prevalent

The survey analyzed the prevalence among all workers those who fall into one or more Power Planner categories, noting that some overlapping exists (e.g., 40 percent of Conversationalists are Strategists).

The survey found:

- 59 percent of workers, a surprisingly high percentage, fall into **at least one** of the five Power Planner categories
- Yet only 26 percent fall into **two or more** of the categories
- Even fewer, 10 percent, fall into **three or more** of the categories
- Only 2 percent fall into **four or more** of the categories
- Less than one percent, a surprisingly low percentage, fall into **all five** of the Power Planner categories

These percentages illustrate that most workers are on the road to retirement readiness yet they can do much more to improve their long-term planning and preparations.

Power Planners Are Everyday People

Power Planners are not confined to the privileged or ultra-affluent – they are everyday people. The survey found that the majority of Power Planners report an annual household income of less than \$100,000 and they span across age ranges. However, it should be noted that they are somewhat more likely to be men than women (for more information on women’s unique challenges, please see TCRS’ most recent research on the topic).

Key Highlights

Retirement Outlook of Power Planners

Retirement confidence among the categories of Power Planners is higher than for all workers*. Future Early Retirees (73 percent), Strategists (81 percent), 10 Percenters (72 percent), Knowledgeables (73 percent), and Conversationalists (74 percent) are ‘somewhat’ or ‘very confident’ they will be able to fully retire with a comfortable lifestyle – compared to just 55 percent of all workers.

Retirement Outlook	All Workers	Future Early Retirees	Strategists	10 Percenters	Knowledgeables	Conversationalists
Retirement Confidence (Net “Somewhat” and “Very” Confident)	55%	73%	81%	72%	73%	74%
Expect to Retire at Age 65 or Sooner	43%	100%	54%	54%	50%	53%
Plan to Continue Working in Retirement	54%	42%	56%	47%	52%	59%
Of Those Who Plan to Work in Retirement – Those Who Plan to Do So for Enjoyment	30%	44%	43%	41%	42%	34%

Most of the Power Planners expect to retire at age 65 or sooner. By definition, all Future Early Retirees expect to retire before age 65. The majority of Strategists (54 percent), 10 Percenters (54 percent), and Conversationalists (53 percent) expect to retire at age 65 or sooner. In contrast, only 43 percent of all workers plan to retire by age 65, with the majority (57 percent) planning to retire after age 65 or not planning to retire.

Even these Power Planners plan to work after they retire, sharing similar expectations of all workers (54 percent). Such expectations are highest among Conversationalists (58 percent) and Strategists (56 percent). However, more of the Power Planners plan to do so for enjoyment rather than necessity, a sentiment which is highest among Future Early Retirees (44 percent) compared to all workers (30 percent).

* “All Workers” refers to all survey respondents including Power Planners.

Key Highlights

Savings Habits of Power Planners

The majority of all workers (57 percent) expects to self-fund their future retirement income through 401(k)s, 403(b)s, IRAs or other savings and investments. Of the Power Planners, the 10 Percenters (70 percent) are most likely to self-fund their retirement.

Sixty-eight percent of all workers are offered a 401(k) or similar plan by their employer. Among them, the plan participation rate is 78 percent with an annual deferral rate as a percentage of salary of 7 percent (median). All categories of Power Planners reported higher participation rates and deferral rates. The Power Planners are also more likely to be saving for retirement outside of work.

One of the ultimate measures of how the Power Planners compare to all workers is level of household savings in all retirement accounts. Household retirement savings is highest among 10 Percenters (\$161,000) which is more than triple that of all workers (\$53,000).

Savings Activity	All Workers	Future Early Retirees	Strategists	10 Percenters	Knowledgeables	Conversationalists
Participate in Employer's 401(k) or Similar Plan (Base: Those offered a plan)	78%	79%	92%	100%	83%	92%
Deferral Percentage of Salary in 401(k) or Similar Plan (Median)	7%	10%	10%	12%	9%	10%
Saving for Retirement Outside of Work	61%	70%	86%	79%	69%	76%
Household Savings in All Retirement Accounts (Estimated Median)	\$53,000	\$92,000	\$147,000	\$161,000	\$111,000	\$102,000

A hypothetical illustration using survey data and assumptions about the Power Planners reveals that many are possibly on track to have saved enough to retire at 65. However, achieving retirement readiness is more than just saving enough. It involves careful planning for both the expected and, more importantly, unexpected life events.

Key Highlights

Unlocking Secrets of Retirement Readiness

Many of the secrets for retirement readiness may seem like common sense. Yet the survey findings illustrate that Power Planners' taking time to engage in these savings and planning activities can make a meaningful, positive impact on their retirement readiness, especially when comparing their survey responses to those of all workers. It should also be noted that when analyzing such comparisons, the survey found opportunities for improvement among all workers including the Power Planners.

One of the most important secrets to attaining retirement readiness is having a well-defined written strategy about retirement income needs, costs and expenses, and risk factors. Only 12 percent of all workers have a written strategy. Significantly more Power Planners including 100 of Strategists (by definition) followed by Conversationalists at 40 percent have a written strategy.

Of workers having any sort of retirement strategy (written or unwritten), the survey found that many are overlooking key factors that could impact their income and expenses such as investment returns, healthcare costs, inflation, taxes, long-term care, and a backup plan if retirement comes sooner than expected. This is an opportunity for improvement for all workers including the Power Planners.

Knowledge to make informed decisions largely impacts retirement readiness. Although the Power Planners scored higher on key measures regarding retirement and investing knowledge than all workers, increasing knowledge is an opportunity for improvement for all.

A secret to retirement investing is asset allocation. Only 6 percent of all workers say they know “a great deal” regarding asset allocation principles. The Power Planners are more likely to know a great deal; however, even among them, the Conversationalists had the most at only 23 percent.

Key Highlights

Another secret is knowledge about Social Security benefits. Only 15 percent of all workers have “a great deal” of knowledge about their future Social Security benefits. Conversationalists (38 percent) are most likely to know a great deal and Future Early Retirees (13 percent) are least likely.

Level of Knowledge	All Workers	Future Early Retirees	Strategists	10 Percenters	Knowledgeables	Conversationalists
Asset Allocation Principles Re: Retirement Investing (% Know ‘A Great Deal’)	6%	9%	15%	10%	14%	23%
Social Security Benefits (% Know ‘A Great Deal’)	15%	13%	32%	19%	25%	38%

Professional advisors can play an important role in achieving retirement readiness. Strategists (65 percent) are most likely to use the services of a professional financial advisor compared to just 36 percent of all workers. The Strategists’ usage of an advisor may be their secret to having a written strategy and a more deliberate approach to saving, investing, and planning.

Conversation can be a catalyst for retirement readiness. However, only 9 percent of all workers frequently discuss saving, investing, and planning for retirement with their family and friends. The Conversationalists highlighted in this report showed higher levels of engagement, knowledge, awareness, and preparedness. Moreover, family discussions are essential for setting any expectations about retirement as well as the need to provide or receive financial support.

Key Highlights

Seven Tips Towards Becoming a Power Planner and Retirement Ready

How a person ultimately plans on spending his or her retirement is unique, but the proactive tactics to help prepare for retirement are common to all.

Seven tips to get started include:

1. **Calculate retirement savings needs.** Factor in living expenses, healthcare needs, government benefits and long-term care.
2. **Develop a retirement strategy and write it down.** Envision future retirement, formulate a goal, and have a backup plan in case retirement comes early due to an unforeseen circumstance.
3. **Get educated about retirement investing.** Learn about Social Security and government benefits.
4. **Participate in employer-sponsored retirement plans, if available.** Take full advantage of matching employer contributions, and defer as much as possible.
5. **Consider retirement benefits as part of a total compensation.** Ask an employer for a plan if they don't offer one.
6. **Take advantage of the Saver's Credit.** Make catch-up contributions if available.
7. **Talk about retirement with family and close friends,** and seek the services of a professional if needed.

***Unlocking Secrets of Retirement Readiness:
Meet the Everyday People Who Are ‘Power Planners’***

Detailed Findings

Retirement Confidence Is on the Rise

Retirement confidence is on the rise in 2013 amidst signs of economic recovery. Fifty-five percent of workers are “somewhat” or “very confident” about retirement, which represents an increase over 2012 and 2009/10. It is still, however, four points below the 2007 confidence level of 59 percent.

How confident are you that you will be able to fully retire with a lifestyle you consider comfortable?
Top 2 Box Responses: (Very/Somewhat Confident)



BASE: All Qualified Respondents

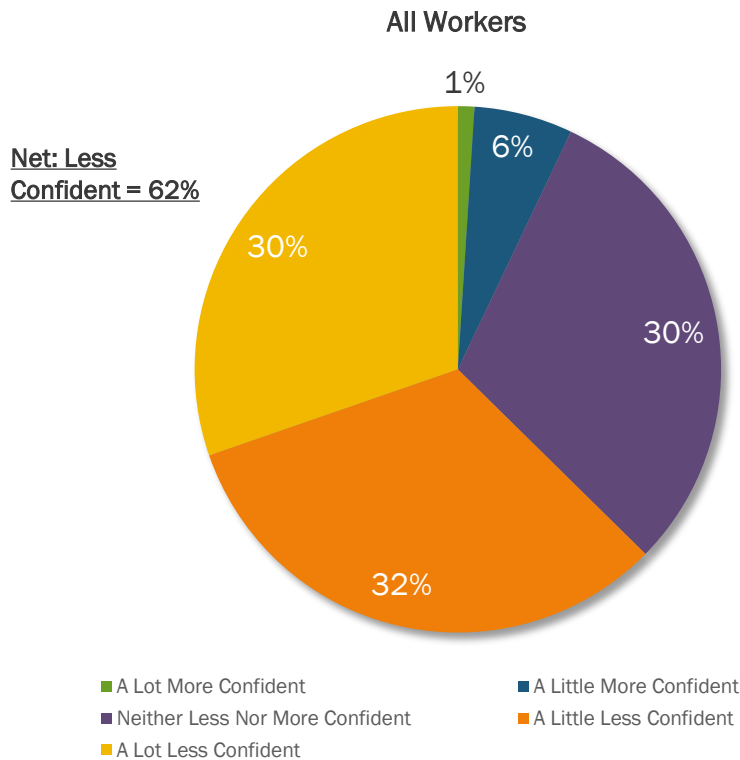
Q880. How confident are you that you will be able to fully retire with a lifestyle you consider comfortable?

The Great Recession Reset Expectations About Retirement

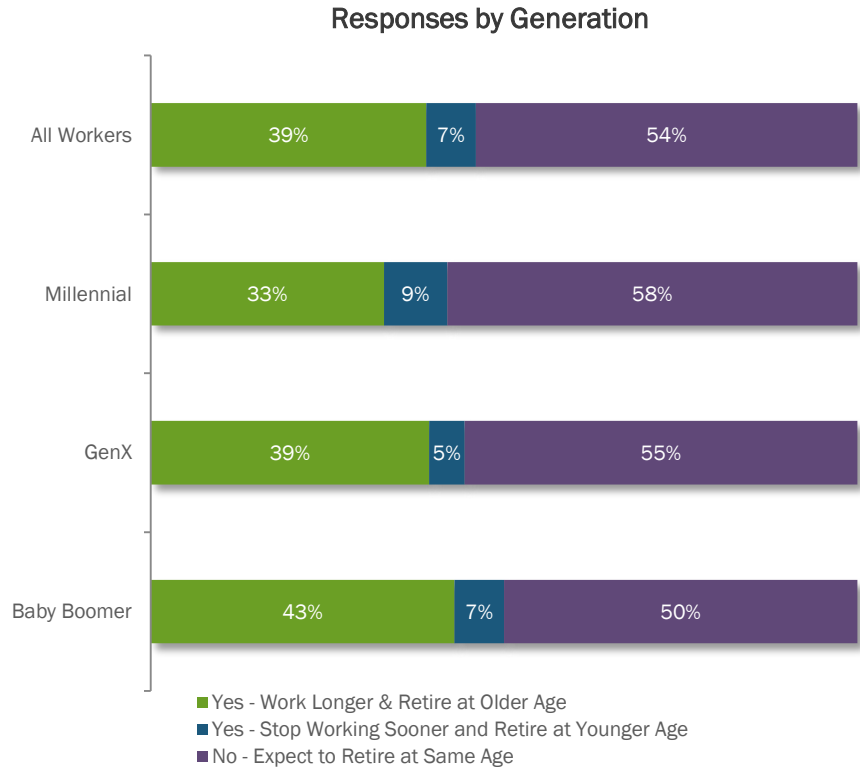
The Great Recession reset expectations about retirement for many American workers. In 2013, the majority of workers (62 percent) said they are less confident about their ability to achieve a financially secure retirement since 2008. Many Baby Boomers (43 percent), the generation closest to retirement, now expect to work longer and retire at an older age.

Since the recession began in 2008 ...

How has your confidence in your ability to achieve a financially secure retirement changed?



Has the age that you expect to retire changed?



BASE: All Qualified Respondents

Q1435. Since the recession began in 2008, how has your confidence in your ability to achieve a financially secure retirement changed?

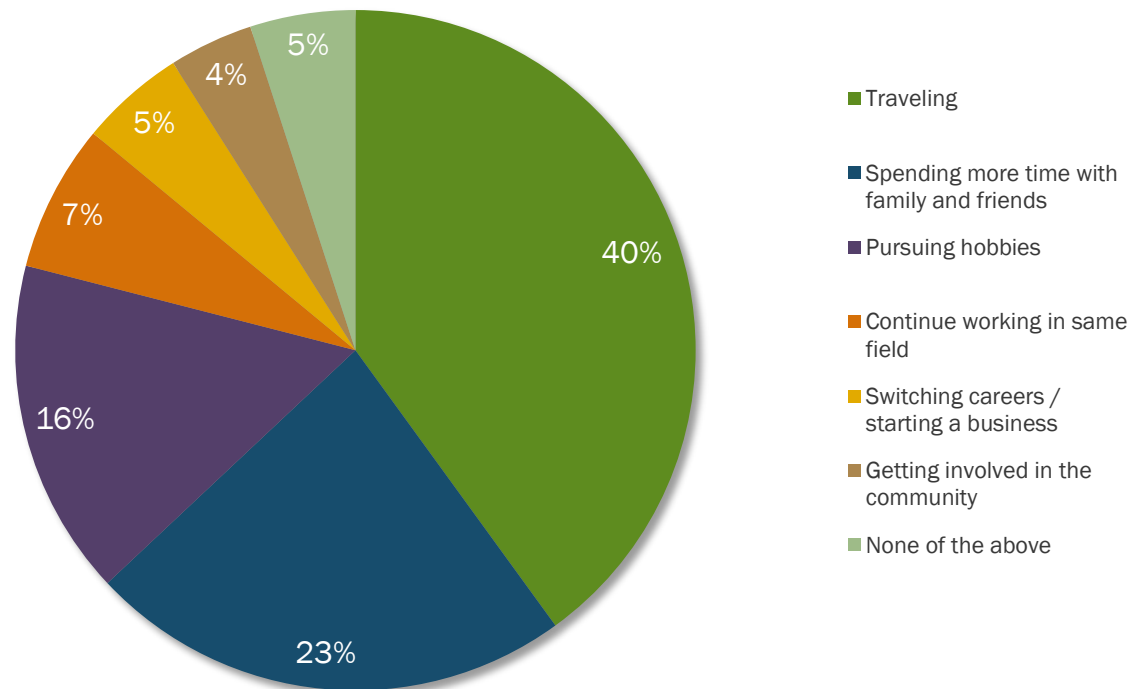
Q1480. How has the age that you expect to retire changed since the recession began in 2008?

Retirement Dreams Are Alive

Retirement dreams are still alive. Workers most frequently cite traveling (40 percent), spending more time with family and friends (23 percent), and pursuing hobbies (16 percent) as their single greatest dream for their future retirement.

Which one of the following best describes how you dream of spending your retirement?

All Workers



BASE: All Qualified Respondents

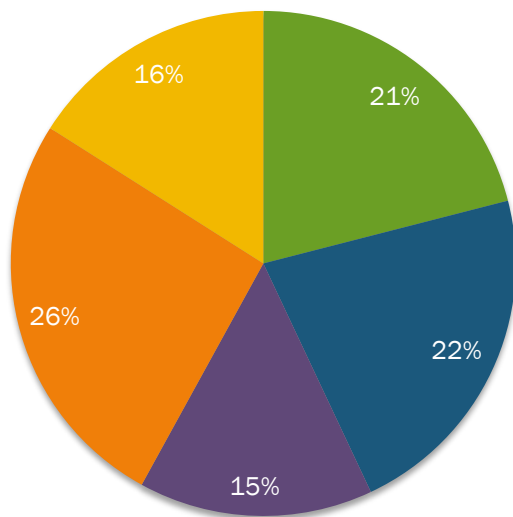
Q1419. Which one of the following best describes how you dream of spending your retirement?

Retirement Expectations Include... Working

Workers' expectations to work past age 65 and even into retirement represent a dramatic change in the long-standing vision of fully retiring at age 65. The majority of workers (57 percent) expect to retire after age 65 or do not plan to retire. Moreover, 42 percent plan to retire after age 70 or do not plan to retire. The majority of workers (54 percent) plan to work after they retire including 44 percent who plan to work part-time and 10 percent full-time. Among them, most will do so for financial reasons or access to healthcare benefits.

At what age do you expect to retire?

All Workers



After Age 65 or Don't Plan to Retire (Net) = 57%

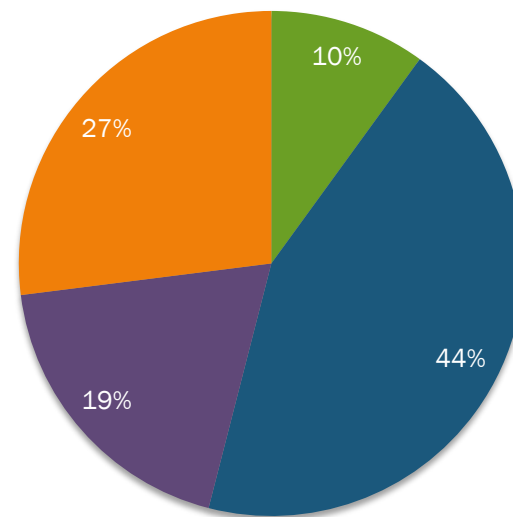
After Age 70 or Don't Plan to Retire (Net) = 42%

■ Before Age 65 ■ At Age 65 ■ Age 66 to 69 ■ Age 70+ ■ Do Not Plan to Retire

Do you plan to work after you retire?

All Workers

Plan to Work in Retirement (Net) = 54%



■ Yes - Full-Time ■ Yes - Part-Time ■ No - Do Not Plan to Work ■ Not Sure

BASE: All Qualified Respondents

Q910. At what age do you plan to retire?; Q1525. Do you plan to work after you retire?

Most Expect to Retire After Age 65 or Never Retire

Expectations of working past age 65 are prevalent across demographic segments. The majority of workers plan to work past age 65 or do not plan to retire with the exception of Millennials (44 percent) and those with a household income of more than \$100,000 (50 percent). Baby Boomers and those with a household income of less than \$50,000 are most likely expect to work past age 65 or never retire (both 62 percent).

Percentage of Workers Who Expect to Work Past Age 65 or Do Not Plan to Retire

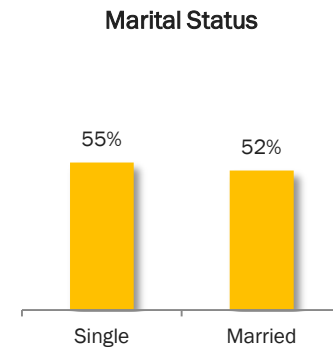
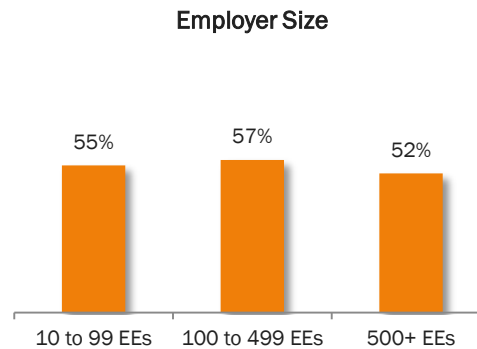
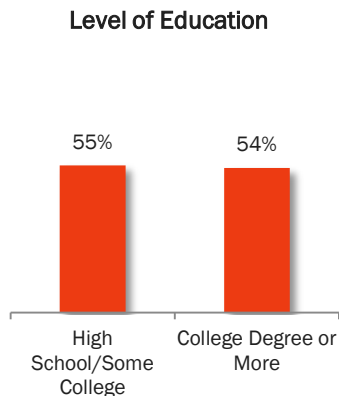
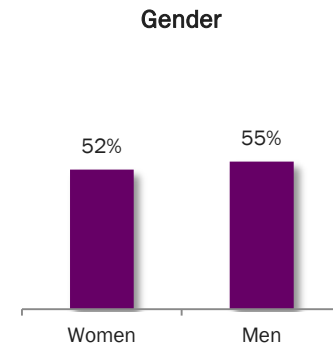
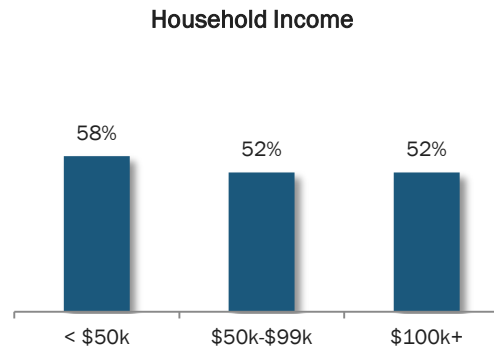
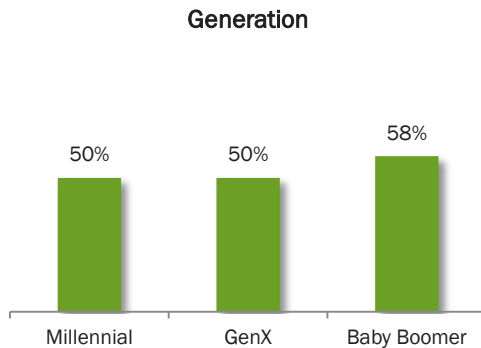


BASE: All Qualified Respondents:
Q910. At what age do you expect to retire?

Most Expect to Work During Retirement

Most workers across demographic segments plan to work after they retire. Baby Boomers and those with a household income of less than \$50,000 (both 58 percent) are most likely expect to work in retirement. Millennials and GenXers are the least likely to work in retirement (both 50 percent). Among workers expecting to work during retirement, most plan to do so on a part-time basis.

Percentage of Workers Who Plan to Work After they Retire

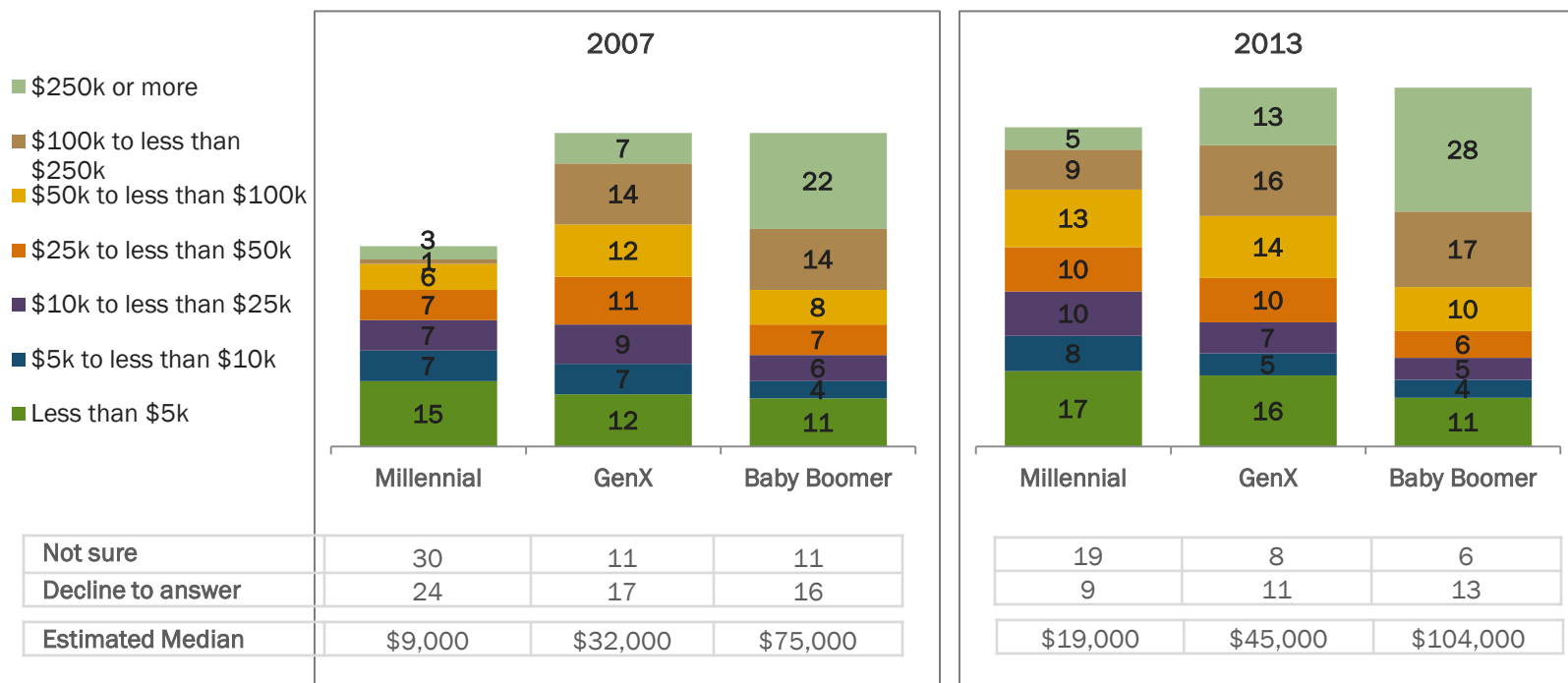


BASE: All Qualified Respondents:
Q1525. Do you plan to work after you retire?

Extended Working Years Prompted by Inadequate Savings

Household retirement savings have increased between 2007 to 2013. However, for many, the growth in savings is still inadequate to fully fund an individual or family's retirement income needs. Notably, Baby Boomers have saved \$104,000 (estimated median) in household retirement accounts thereby necessitating the need for many to work longer and retire later. Younger generations with more years to save have a greater ability to change their retirement destiny and the potential need to continue working in retirement.

Total Household Retirement Savings by Generation (%)



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

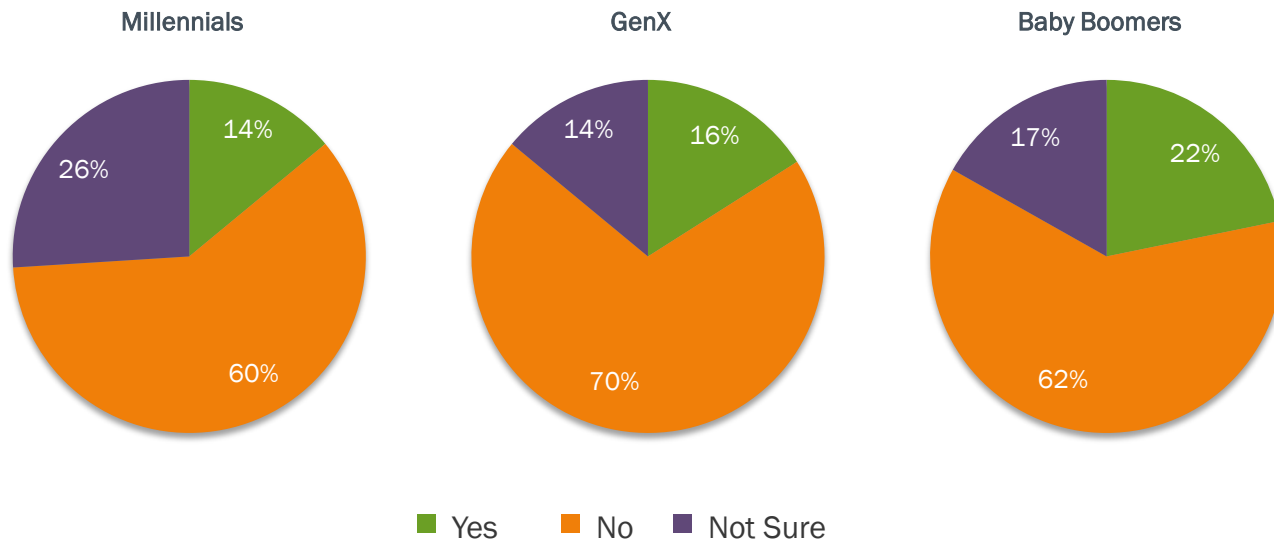
WORKER BASE: All Qualified Respondents

Q1300. Approximately how much money does your household have saved in all of your retirement accounts? Please include IRAs, 401(k)s, 403(b)s, and any other savings for retirement to which you and/or your spouse or partner have contributed funds.

Few Have a Backup Plan if Retirement Happens Unexpectedly

Delaying retirement and/or continuing to work in retirement is an important way to continue generating income, bridge savings shortfalls, and stay active and involved. An alarmingly few Baby Boomers (22 percent), the generation closest to retirement age, have a backup plan if retirement happens unexpectedly due to health issues, job loss, or other unforeseen circumstances.

Have a Backup Plan if Retire Sooner than Expected



■ Yes ■ No ■ Not Sure

BASE: All Qualified Respondents

Q1535. In the event you are unable to work before your planned retirement, do you have a back-up plan for retirement income?

Who Is Confident About Retirement?

Survey respondents with a household income (HHI) of \$100,000+ (69 percent) and with a college degree (67 percent) had the highest levels of retirement confidence (net 'somewhat' and 'very' confident). The lowest levels were found in HHI of <\$50,000 (42 percent) and without a college degree (44 percent). Men (60 percent) are more confident than women (50 percent). Millennials (62 percent) are more confident than GenXers (50 percent) and Baby Boomers (53 percent).

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

Top 2 Box Responses: (Very/Somewhat Confident)

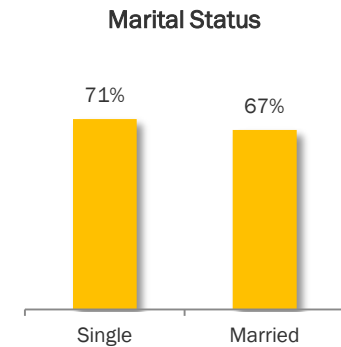
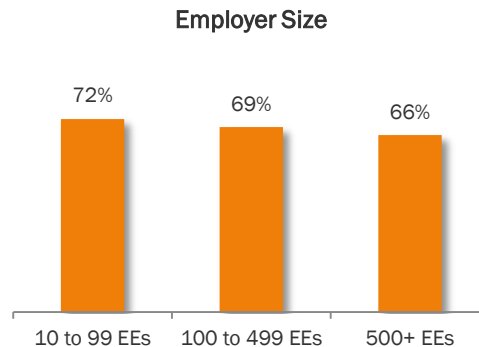
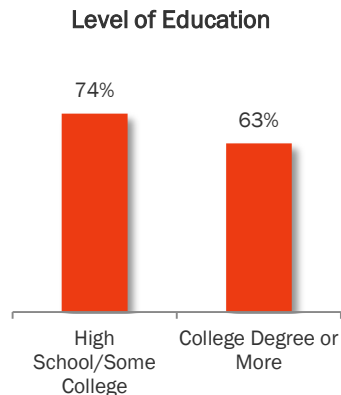
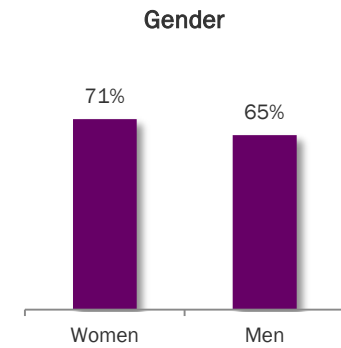
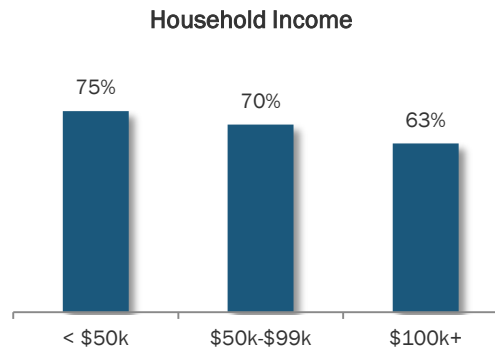
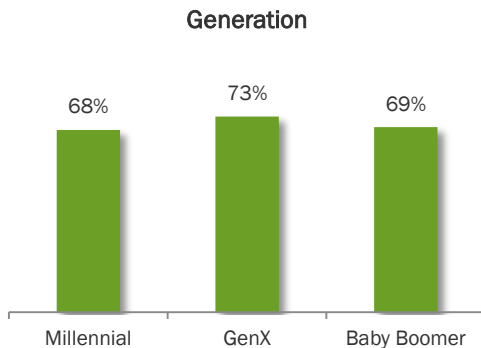


Who Believes They Can Work Until 65 and Not Save Enough?

The survey compared responses of those who agreed (net 'somewhat' and 'strongly') with the statement, "I could work until age 65 and still not have saved enough money to meet my retirement needs." It is striking that the vast majority of workers agree with this statement across all demographic segments with relatively small differences among them.

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

Top 2 Box Responses: (Strongly/Somewhat Agree)



Who Is More Likely to Be Ready for Retirement?

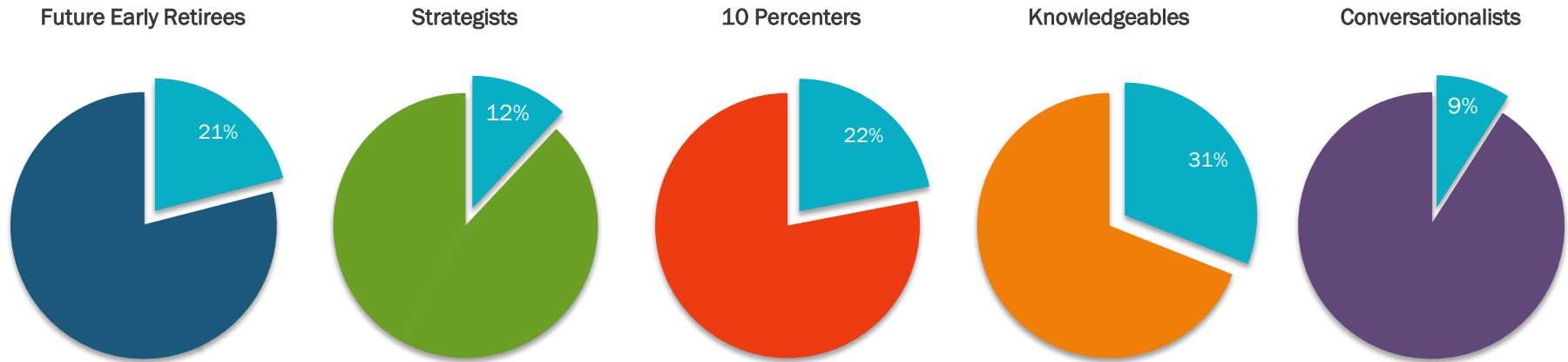
Drawing on TCRS' five key elements of retirement readiness, the survey data was segmented to create categories of those who proactively engage in certain aspects of retirement planning. Monikers were assigned to each category of these Power Planners, and percentages were then calculated to determine prevalence in the workforce.

TCRS' Five Key Elements of Retirement Readiness	Power Planners
A clear vision of retirement including retirement dreams, expected retirement age, and any plans to continue working in retirement	Future Early Retirees Q. At what age do you expect to retire? A. Sooner than 65
A retirement income including savings and investments, pension benefits, and government benefits	10 Percenters Q. What percentage of your salary are you saving for retirement through your company-sponsored this year? (e.g., 401(k) or similar plan) A. 10 percent or more
A retirement strategy that incorporates savings needs, potential risks, and a back-up plan if forced into retirement sooner than expected	Strategists Q. Which of the following best describes your retirement strategy? A. A written plan
A knowledge to make informed decisions about retirement investments, government benefits, and healthcare	Knowledgeables Q. "I do not know as much as I should about retirement investing." State level of agreement. A. Disagree
A family understanding including an open dialogue about finances and agreement on any expectations of support	Conversationalists Q. How frequently do you discuss saving, investing, and planning for retirement with family and friends? A. Frequently

Power Planners Really Do Exist

Power Planners fall into one or more of these categories: Future Early Retirees, Strategists, 10 Percenters, Knowledgeables, or Conversationalists. Important note: overlapping exists between categories (e.g., 40 percent of Conversationalists are Strategists).

Percentage of All Workers



BASE: All Respondents

Q910. At what age do you expect to retire? Percent expect to retire sooner than 65

Q1155. Which of the following best describes your retirement strategy? Percent written strategy

Q601. What percentage of your salary are you saving for retirement through your company-sponsored plan this year? Percent 10% or more

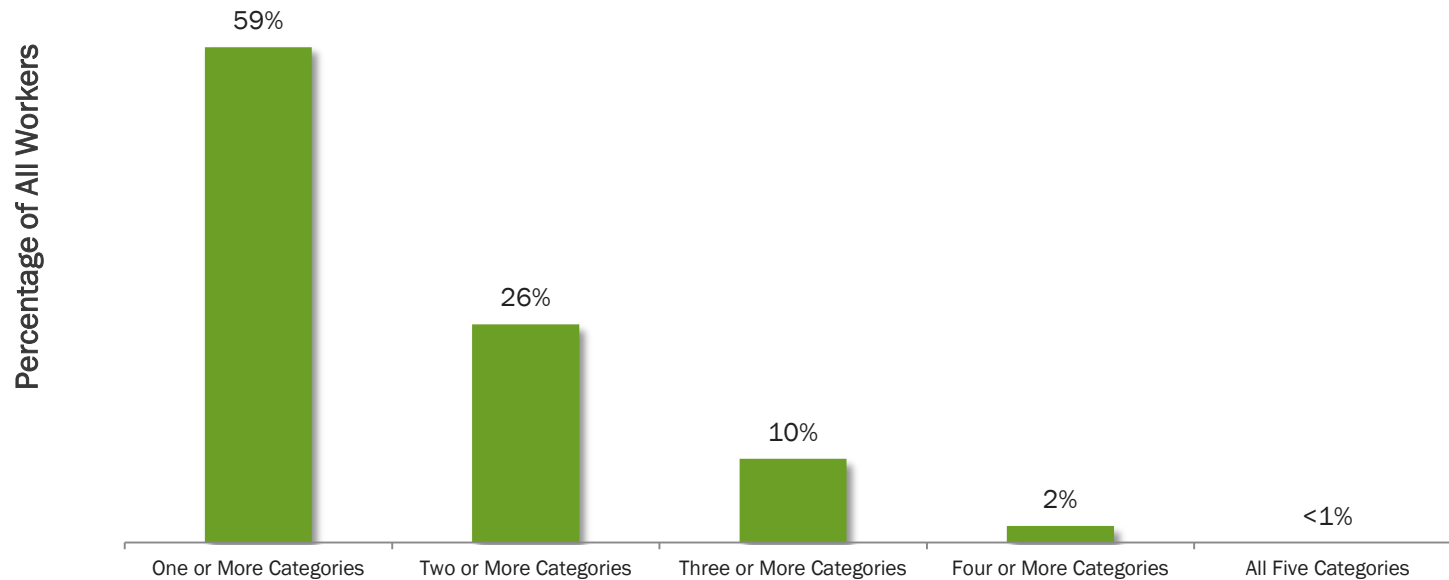
Q931. "I do not know as much as I should about retirement investing." Percent - disagree

Q1515. How frequently do you discuss saving, investing, and planning for retirement with family and friends? Percent - frequently

Power Planners Are Surprisingly Prevalent

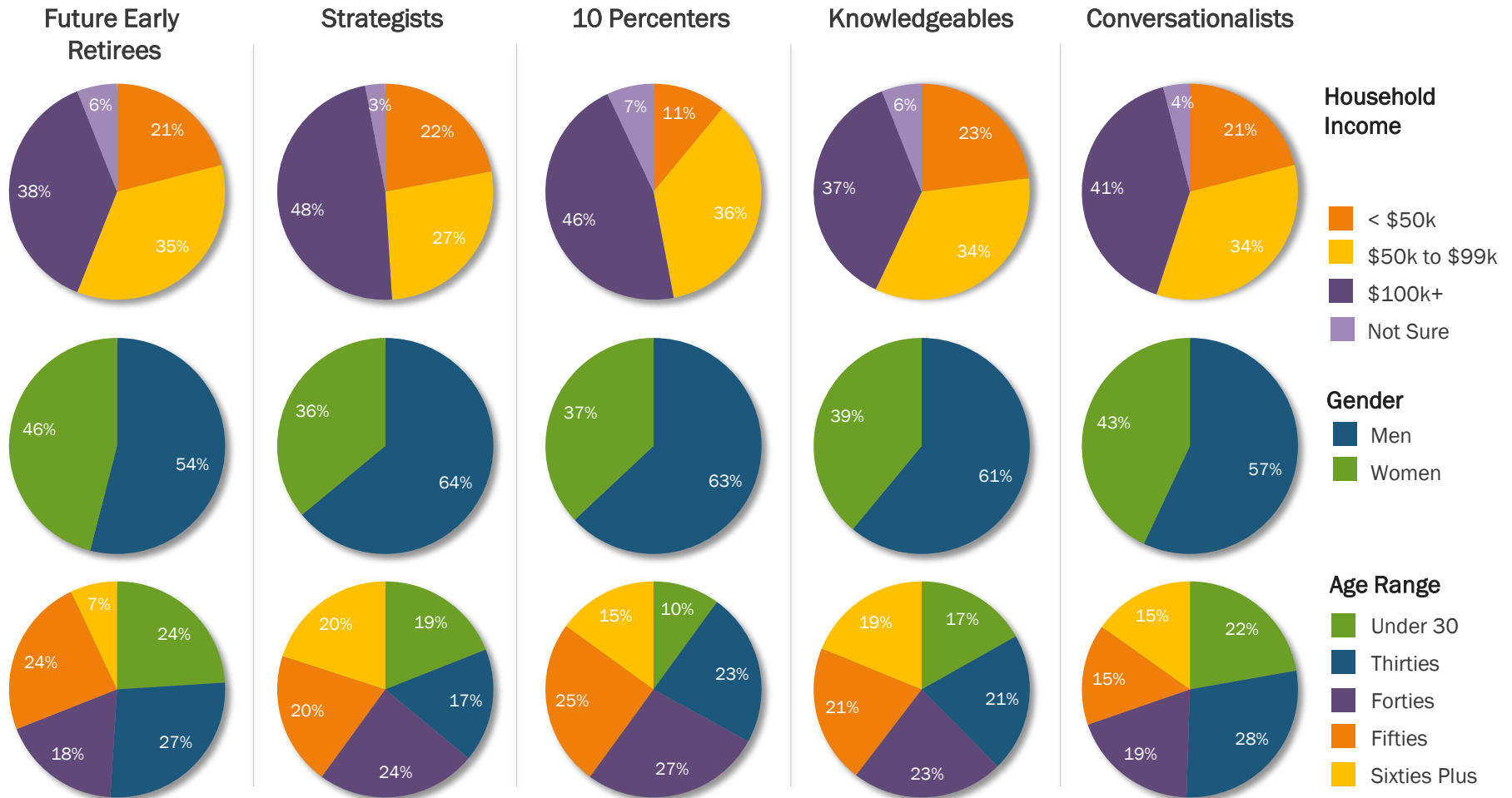
The majority of all workers are on the road to retirement readiness yet they can do much more to improve their long-term planning and preparations. Fifty-nine percent, a surprisingly high percentage, of all workers fall into one or more of the Power Planner categories. However, relatively few fall into two or more Power Planner categories. Even more surprising: less one percent fall into all five Power Planner categories.

Prevalence of Power Planners
By Number of Power Planning Categories



Power Planners Are Everyday People

The Power Planners are also everyday people. Most reported an annual household income of less than \$100,000 and they span across age ranges. One observation: they are more likely to be men than women (see TCRS' [research](#) on women and retirement).

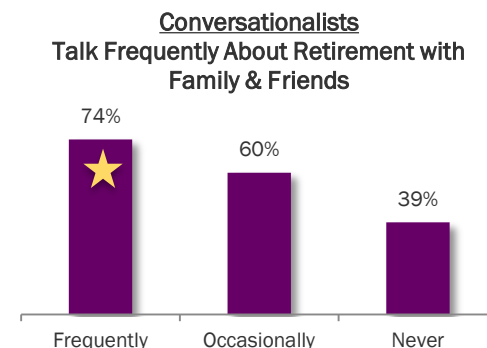
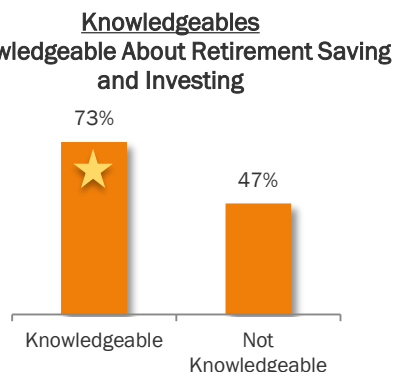
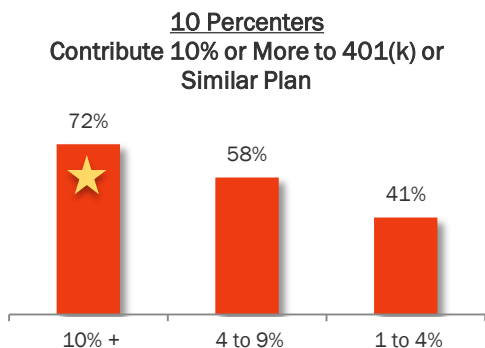
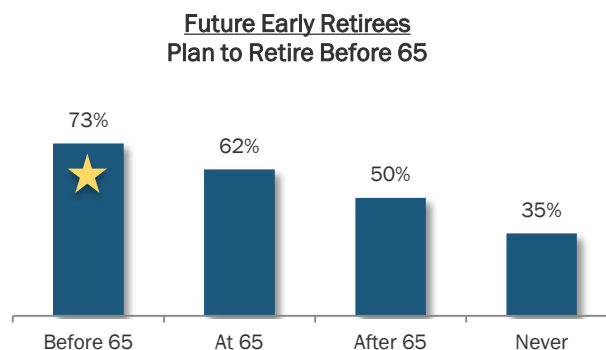


Power Planners Share Higher Levels of Confidence

The vast majority of Power Planners identified in the survey results as Future Early Retirees, Strategists, 10 Percenters, Knowledgeables, or Conversationalists are confident they will be able to fully retire with a comfortable lifestyle – compared to only 55 percent of all workers.

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

Top 2 Box Responses: (Very/Somewhat Confident)



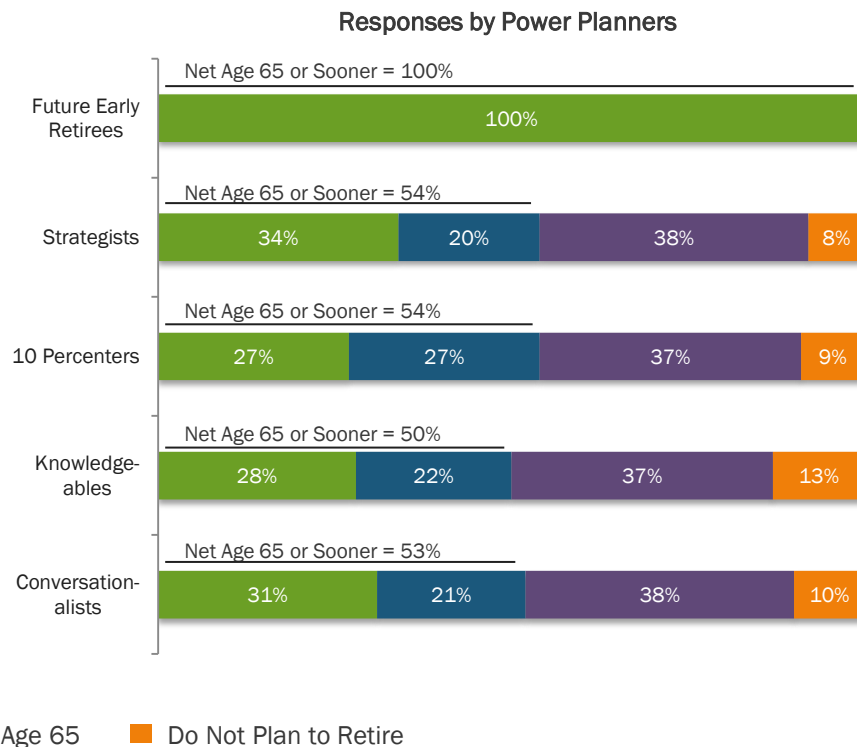
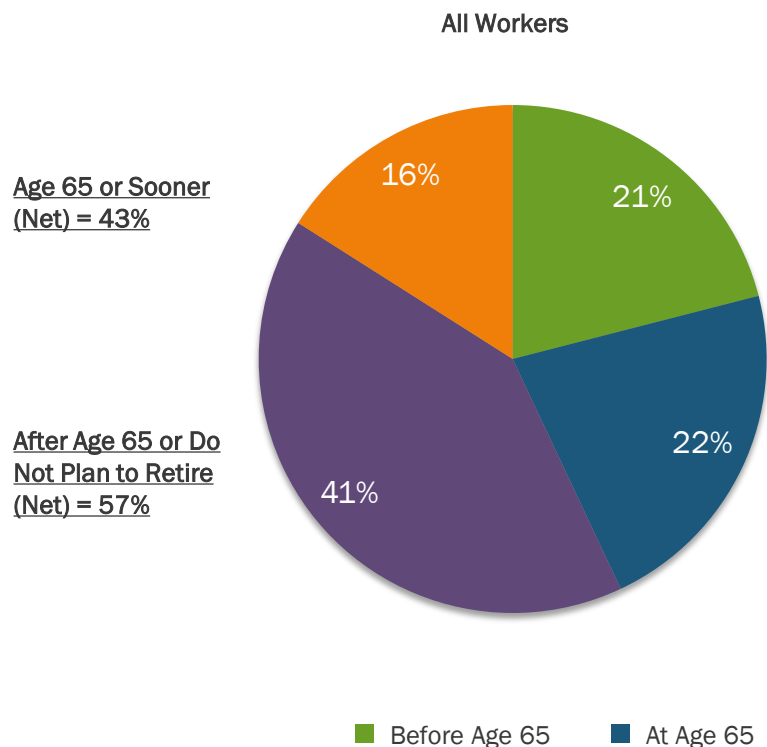
BASE: All Qualified Respondents

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

Most Power Planners Expect to Retire by Age 65

Most Power Planners expect to retire at age 65 or sooner. Future Early Retirees by definition are expected to retire sooner than age 65. The majority of Strategists (54 percent), 10 Percenters (54 percent), and Conversationalists (53 percent) expect to retire at age 65 or sooner. Half of Knowledgeables (50 percent) plan to do so, too. In contrast, only 43 percent of all workers plan to retire by age 65, while the majority (57 percent) plan retire after age 65 or do not plan to retire.

At what age do you expect to retire?



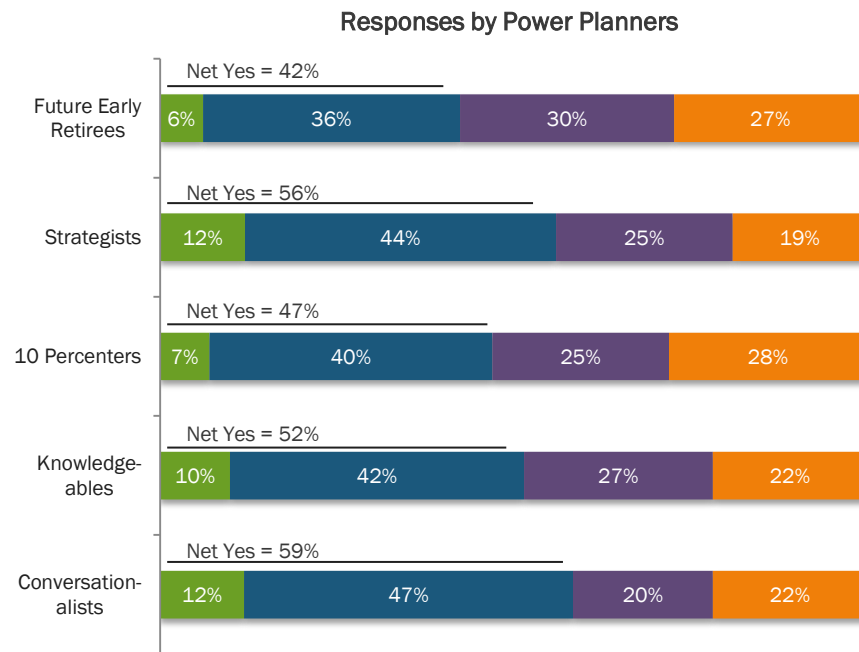
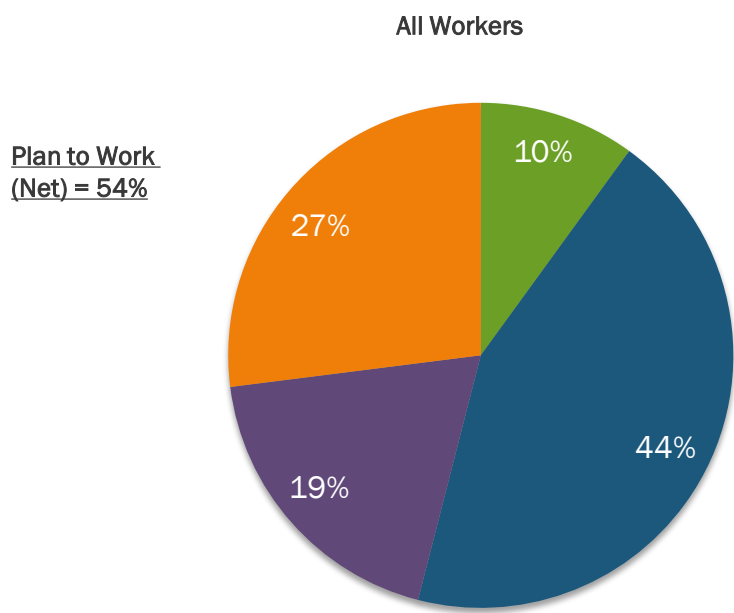
■ Before Age 65 ■ At Age 65 ■ After Age 65 ■ Do Not Plan to Retire

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

Many Power Planners Plan to Work in Retirement

Even these Power Planners plan to work after they retire. Their expectations of continuing to work retirement are similar to those of all workers. Expectations of continued working are highest among Conversationalists (59 percent) and Strategists (56 percent). Future Early Retirees (42 percent) are less likely to share such expectations.

Do you plan to work after you retire?



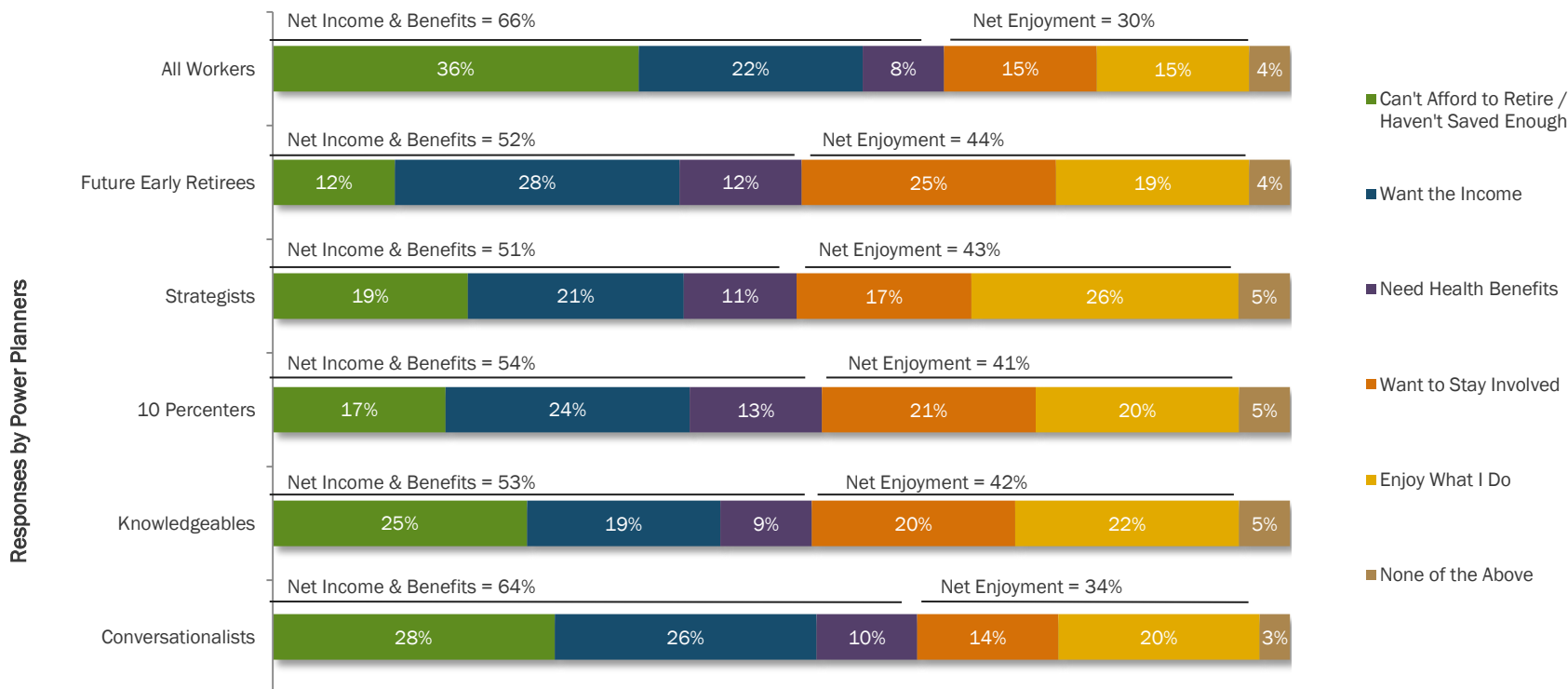
■ Yes - Full-Time
 ■ Yes - Part-Time
 ■ No - Do Not Plan to Work
 ■ Not Sure

BASE: All Qualified Respondents
Q1525. Do you plan to work after you retire?

Main Reason for Working in Retirement

Most Power Planners plan to work in retirement for reasons of income or health benefits; however, many plan to do so for enjoyment. For example, 51 percent of Strategists plan to work for income or benefits and 43 percent of them plan to do so for enjoyment – which is in stark contrast to 66 percent of all workers planning to work for income or benefits and only 30 percent for enjoyment.

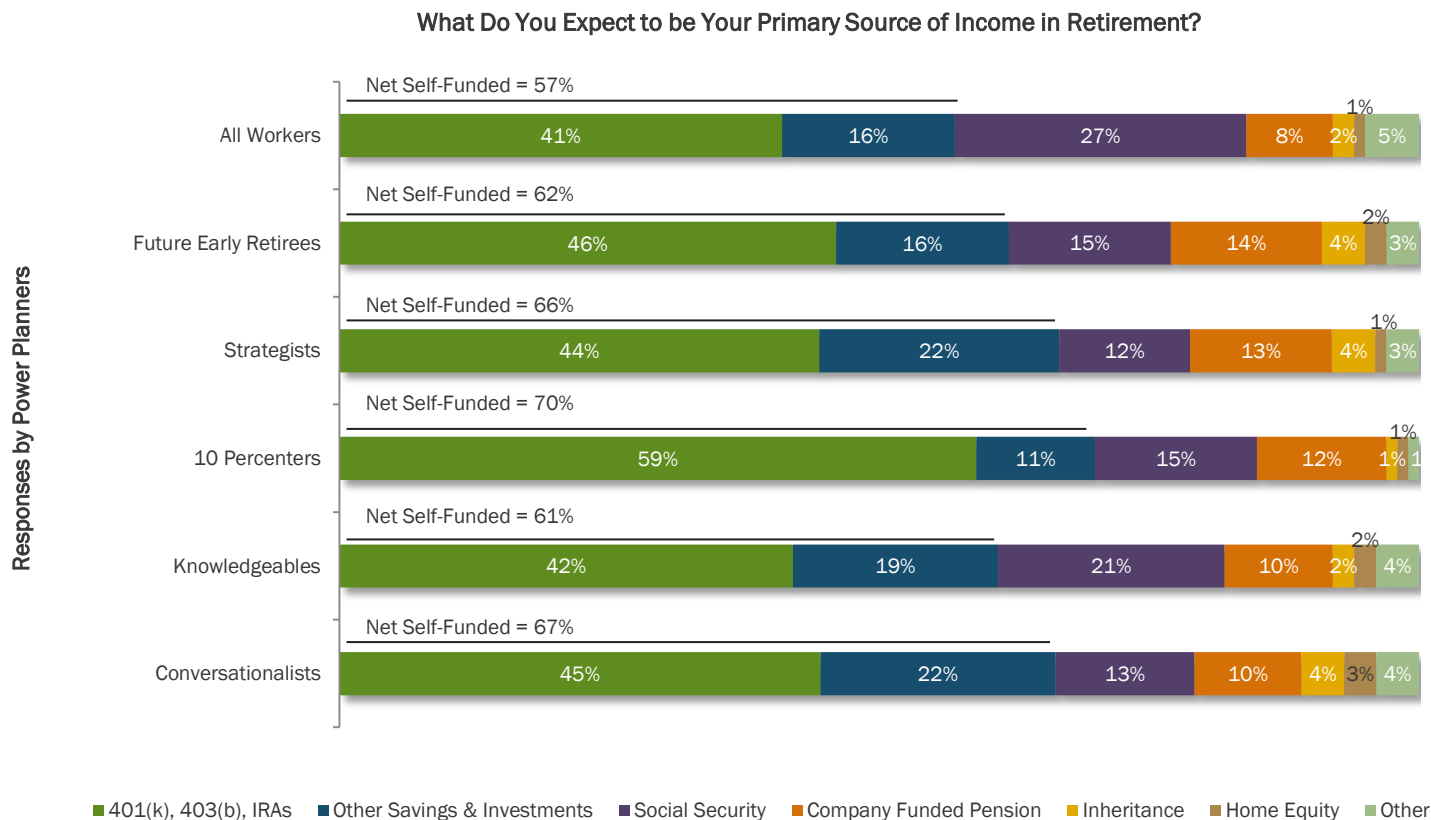
Main Reason for Working Past Age 65 and/or After Retirement



BASE: Plan on Retiring After Age 65 or Working After Retirement
 Q1530. What is your main reason for working after retirement or the normal retirement age of 65?

Most Expect to Self-Fund Their Retirement

The majority of all workers (57 percent) expect to self-fund their future retirement income through 401(k)s, 403(b)s, IRAs or other savings and investments. Of the Power Planners, the 10 Percenters (70 percent) are most likely to self-fund their retirement including 59 percent of them who plan to do so through their 401(k), 403(b) and/or IRAs. A notable contrast exists between Strategists (12 percent) who expect to rely on Social Security compared to 27 percent of all workers.

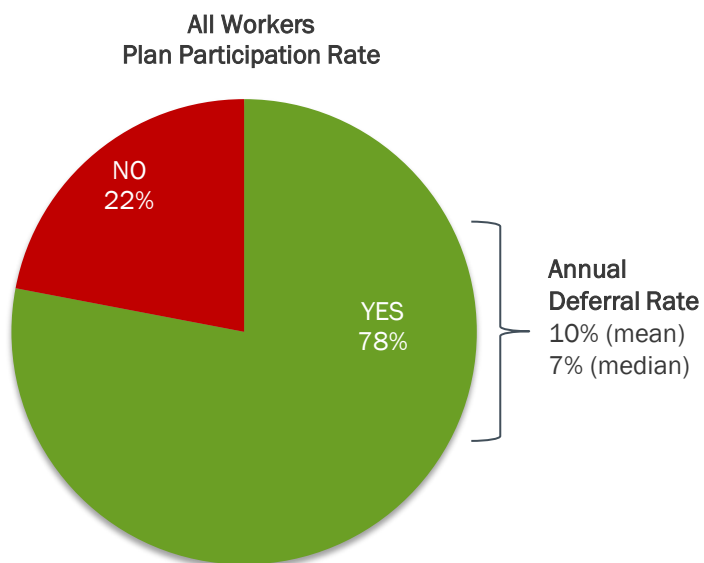


BASE: All Qualified Respondents

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

Higher Plan Savings Rates Drive Retirement Readiness

Sixty-eight percent of all workers are offered a 401(k) or similar plan by their employer. Among them, the participation rate is 78 percent and their annual deferral rate as a percentage of salary is 7 percent (median). Among the Power Planners, in addition to the 10 Percenters, who by definition are participating in their plan and have a high deferral rate, all have higher participation and deferral rates.



Power Planners	Participation Rate	Deferral Rate	
		Median	Mean
Future Early Retirees	79%	10%	11%
Strategists	92%	10%	14%
10 Percenters	100%	12%	16%
Knowledgeables	83%	9%	10%
Conversationalists	92%	10%	14%

BASE: Those with qualified plans offered to them

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

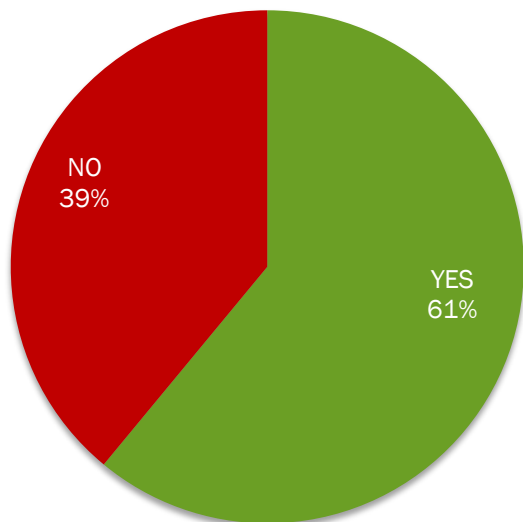
BASE: Those currently participating in their qualified plan

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

Higher Personal Savings Rates Drive Retirement Readiness

The Power Planners are also more likely than all workers to save for retirement outside of work. Strategists (86 percent) are the most likely to be doing so while only 61 percent of all workers are saving for retirement outside of work.

All Workers
Saving for Retirement Outside of Work



Power Planners	Saving Outside of Work % Yes
Future Early Retirees	70%
Strategists	86%
10 Percenters	79%
Knowledgeables	69%
Conversationalists	76%

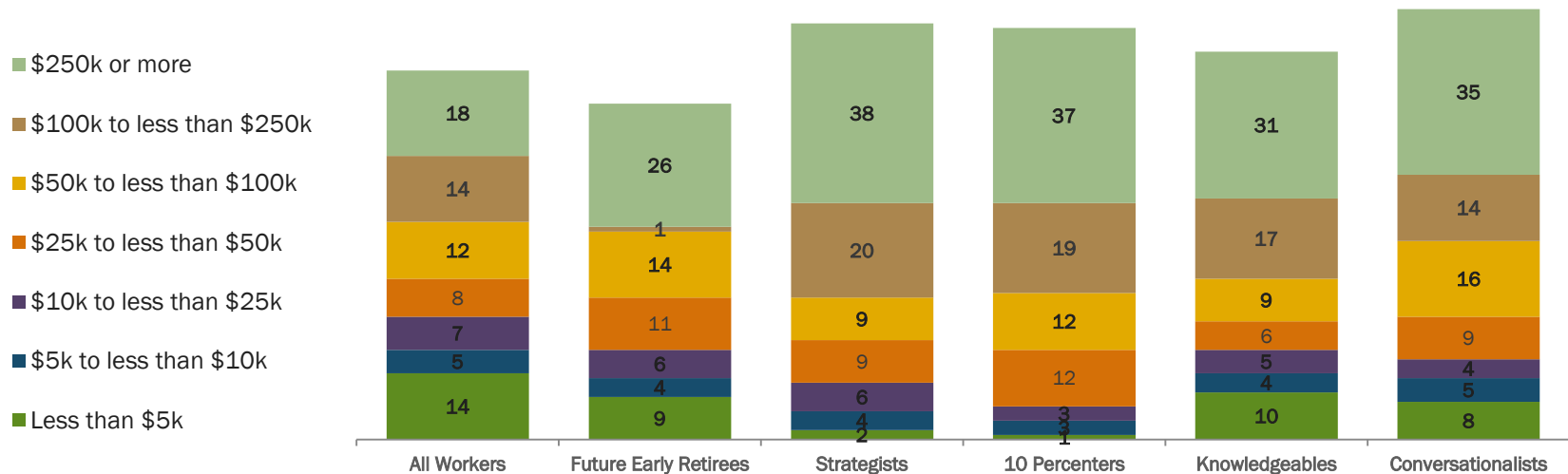
BASE: All Qualified Respondents

Q740. Are you currently saving for retirement outside of work ...?

Power Planners Have Saved More

One of the ultimate measures of how the Power Planners compare to all workers is by their level of household savings in all retirement accounts. Household retirement savings is highest among 10 Percenters (\$161,000), which is more than triple that of all workers (\$53,000). Strategists (38 percent) and 10 Percenters (37 percent) were more than twice as likely to report household retirement savings of \$250,000 or more compared to only 18 percent of all workers.

Total Household Retirement Savings (%)



Not sure	10	10	3	8	6	3
Decline to answer	11	9	9	12	11	6
Median	\$53,000	\$92,000	\$147,000	\$161,000	\$111,000	\$102,000

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

BASE: All Qualified Respondents

Q1300. Approximately how much money does your household have saved in all of your retirement accounts? Please include IRAs, 401(k)s, 403(b)s, and any other savings for retirement to which you and/or your spouse or partner have contributed funds.

Are the Power Planners Saving Enough to Retire at 65?

Yes, many Power Planners are quite possibly on track to have saved enough to retire at 65. It is often recommended that people assume they will need 80% of their current income in retirement. This hypothetical illustration uses that target figure, combined with data learned about the Power Planners, to determine if Power Players are on track for retirement savings.

Basic Assumptions:

- Married
- Retirement age - 65 years old
- Life expectancy - 90 years old
- Current age - 45 years old
- Current household retirement savings - \$125,000
- Annual household income (HHI) - \$80,000
- Retirement income replacement ratio - 80%
- Annual HHI increases - 3%
- Annual inflation rate - 3%
- Participates in 401(k) plan
- 401(k) pre-tax contribution rate - 10% of salary
- Company match - 3%
- Work part-time in retirement: 10 years @ \$30,000/year
- Investment growth rate (pre-retirement) - 6%
- Investment growth rate (in retirement) - 3%



Estimated Target Retirement Goal:

	\$1,553,398
• Less: Income from outside sources including Social Security, income earned from working part-time in retirement:	\$1,063,277
• Less: Projected value of 401(k) account and outside savings:	<u>\$490,878</u>
• Surplus	\$757

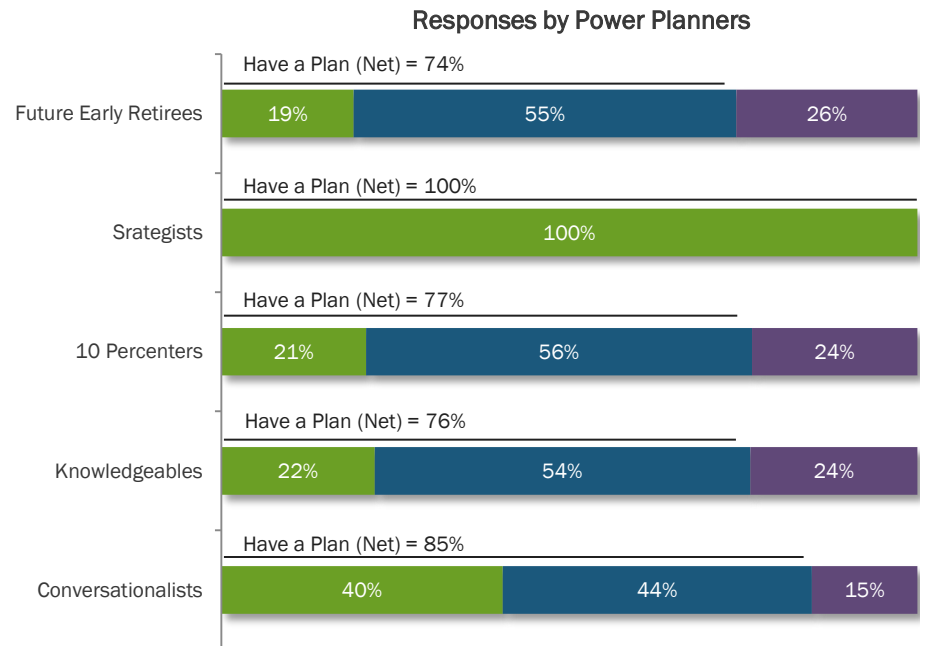
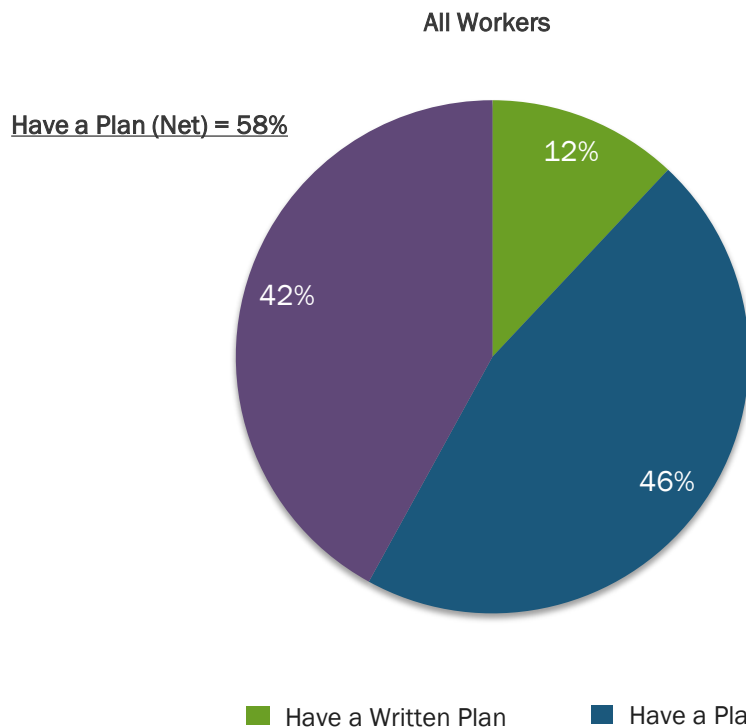
Additional Assumptions:

- Expectations of receiving Social Security benefits
- No breaks or gaps in employment
- No breaks in savings
- No hardship withdrawals
- No early distributions from 401(k)

A Written Strategy Is Essential for Success

Achieving retirement readiness is more than just saving enough, it involves planning for both the expected and, moreover, the unexpected. One of the most important secrets to attaining retirement readiness is having a well-defined written strategy about retirement income needs, costs and expenses, and risk factors. Only 12 percent of all workers have a written strategy. This proportion is significantly higher for the Power Planners including all Strategists (by definition) followed by Conversationalists at 40 percent.

How would you describe your retirement strategy?



BASE: All Qualified Respondents
 Q1155. Which of the following best describes your retirement strategy?

A Retirement Strategy Should Take Many Factors Into Account

A retirement strategy generally should consider a broad range of factors. Of workers having any sort of retirement strategy (written or unwritten), many are overlooking key factors that could impact their income and expenses such as investment returns, healthcare costs, inflation, taxes, and long-term care. This is an opportunity for improvement for all workers even the Power Planners.

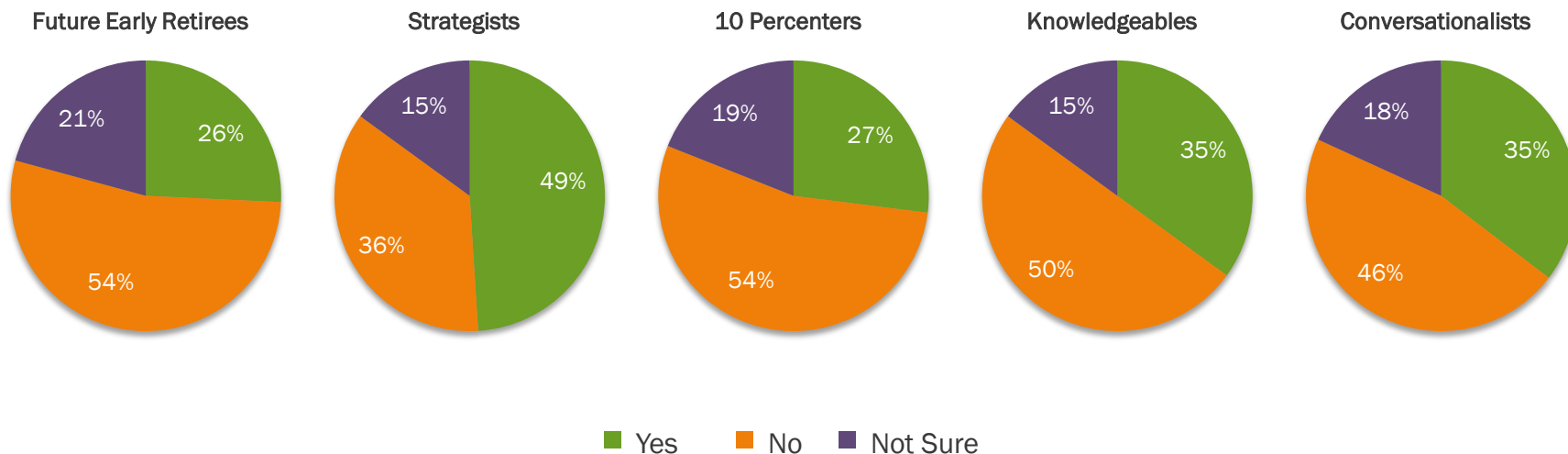
Components of Strategy	All Workers	Future Early Retirees	Strategists	10 Percenters	Knowledgeables	Conversation- alists
On-Going Living Expenses	65%	68%	71%	66%	71%	71%
Total Retirement Savings & Income Needs	60%	64%	62%	64%	64%	60%
Social Security & Medicare Benefits	59%	57%	59%	60%	63%	56%
Investment Returns	48%	51%	63%	56%	60%	55%
Healthcare Costs	49%	49%	50%	57%	55%	56%
Inflation	39%	38%	55%	46%	46%	46%
Tax Planning	27%	24%	41%	32%	35%	38%
Long-Term Care Insurance	22%	22%	32%	23%	25%	31%
Estate Planning	20%	22%	37%	20%	26%	27%
Contingency Plans for Retiring Sooner than Expected or Savings Shortfalls	15%	22%	21%	16%	18%	18%
Other	6%	8%	7%	5%	8%	5%
Not Sure	8%	6%	3%	6%	4%	2%

Note: Components of retirement strategy selected by 50% or more of the subgroup are highlighted

Few Have a Backup Plan if Retirement Happens Unexpectedly

An essential component of every retirement strategy should be a backup plan if retirement happens sooner than expected due to life's unforeseen circumstances. Relatively few workers including the Power Planners have a backup plan, making it a notable opportunity to increase retirement readiness. TCRS' recent [research](#) on global retirement readiness found that a full 49 percent of retirees retired sooner than expected and most did so for reasons such as ill health or job loss.

Have a Backup Plan if Retire Sooner than Expected



It's Time to Take the Guesswork Out of the Savings Goal

A good starting point for a retirement strategy is estimating a retirement savings goal. Nearly half (49 percent) of all workers said they “guessed” when asked how they arrived at their retirement savings goal. Strategists (17 percent) were least likely to have guessed while Future Early Retirees were more likely to have guessed (43 percent). A tip for estimating a savings goal is to use online calculators available through retirement providers and financial websites or a professional financial advisor.

	Retirement Savings Goal (Median)	% Who Guessed
All Workers	\$500k	49%
Future Early Retirees	\$500k	43%
Strategists	\$750k	17%
10 Percenters	\$800k	35%
Knowledgeables	\$750k	32%
Conversationalists	\$800k	29%

BASE: All Qualified Respondents.

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?

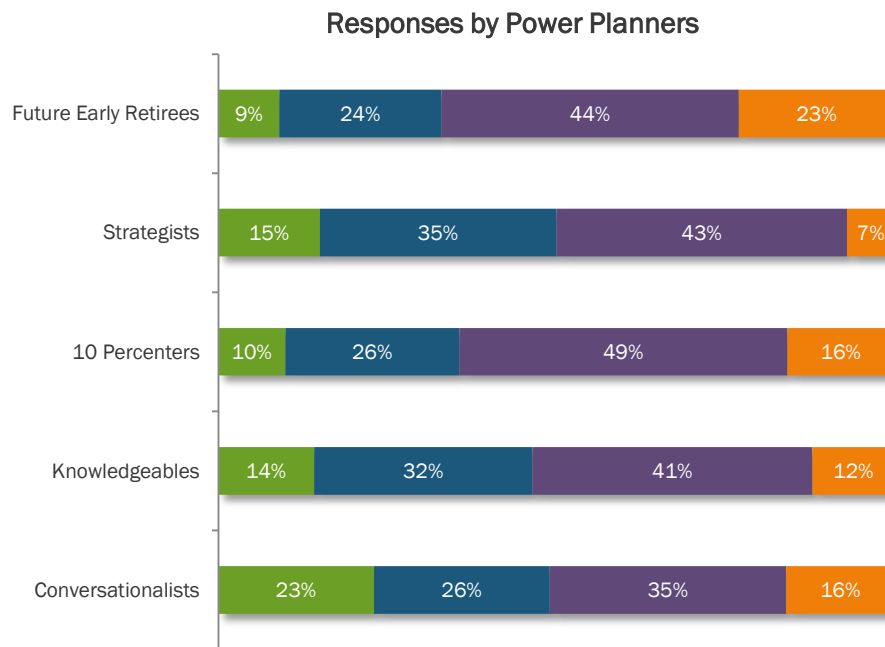
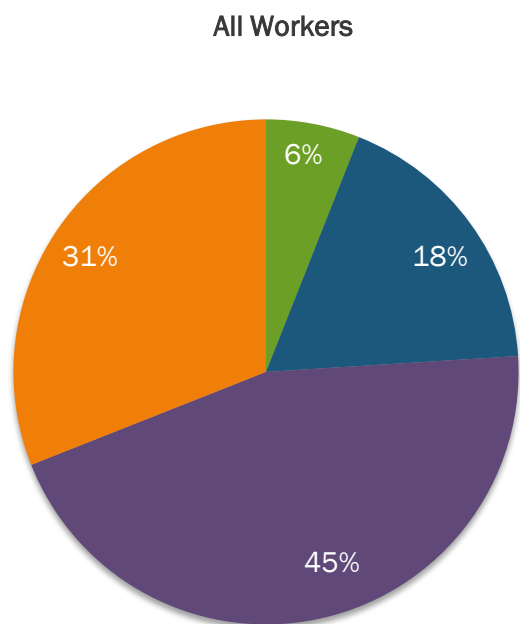
BASE: Those Who Provided Estimates

Q900. How did you arrive at that number?

Knowledge of Asset Allocation Remains an Opportunity for All

An underlying secret to retirement investing is asset allocation. Only 6 percent of all workers say they know “a great deal” regarding asset allocation principles related to retirement investing. While the Power Planners are more likely to know a great deal, they too have an opportunity for learning; Conversationalists are the most knowledgeable with 23 percent saying they know a great deal.

Level of Understanding Regarding Asset Allocation Principles



■ A Great Deal
 ■ Quite a Bit
 ■ Some
 ■ None

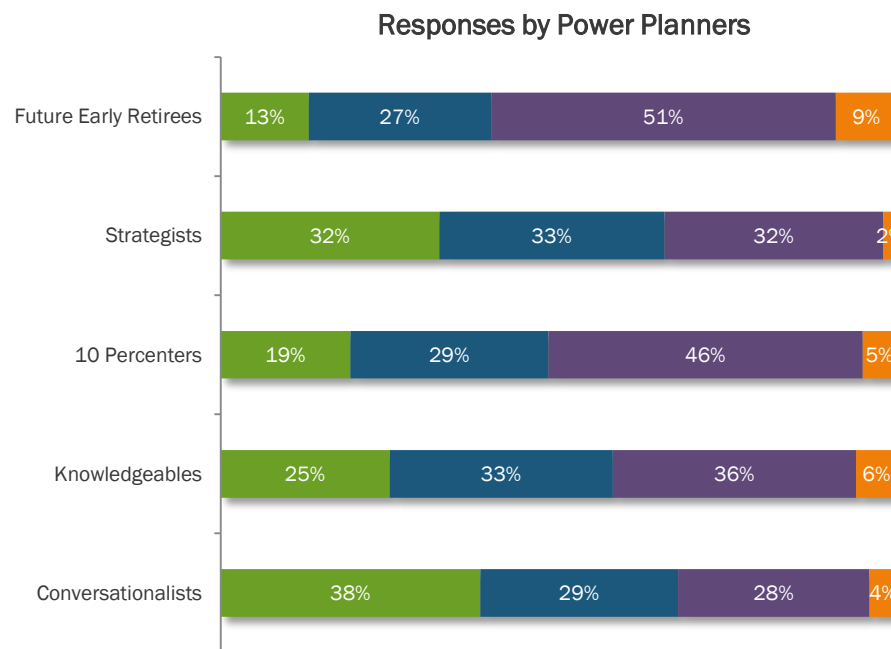
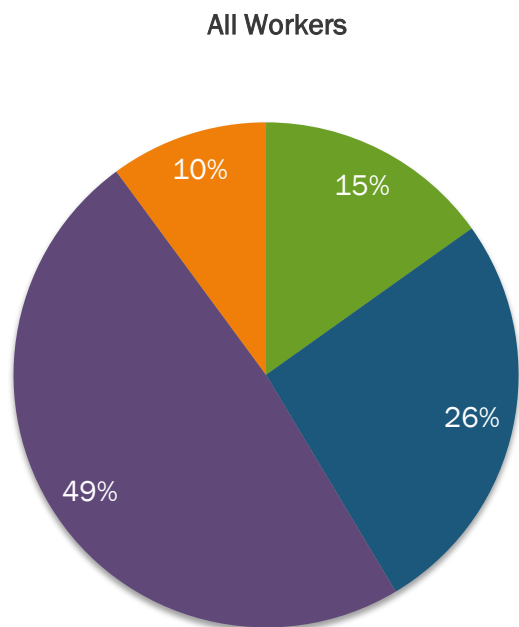
BASE: All Qualified Respondents

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

Knowledge About Social Security Benefits

Only 15 percent of all workers have “a great deal” of knowledge about their future Social Security benefits when compared with Power Planners. Conversationalists (38 percent) are most likely to know a great deal while Future Early Retirees (13 percent) were least likely.

Level of Knowledge About Social Security Benefits

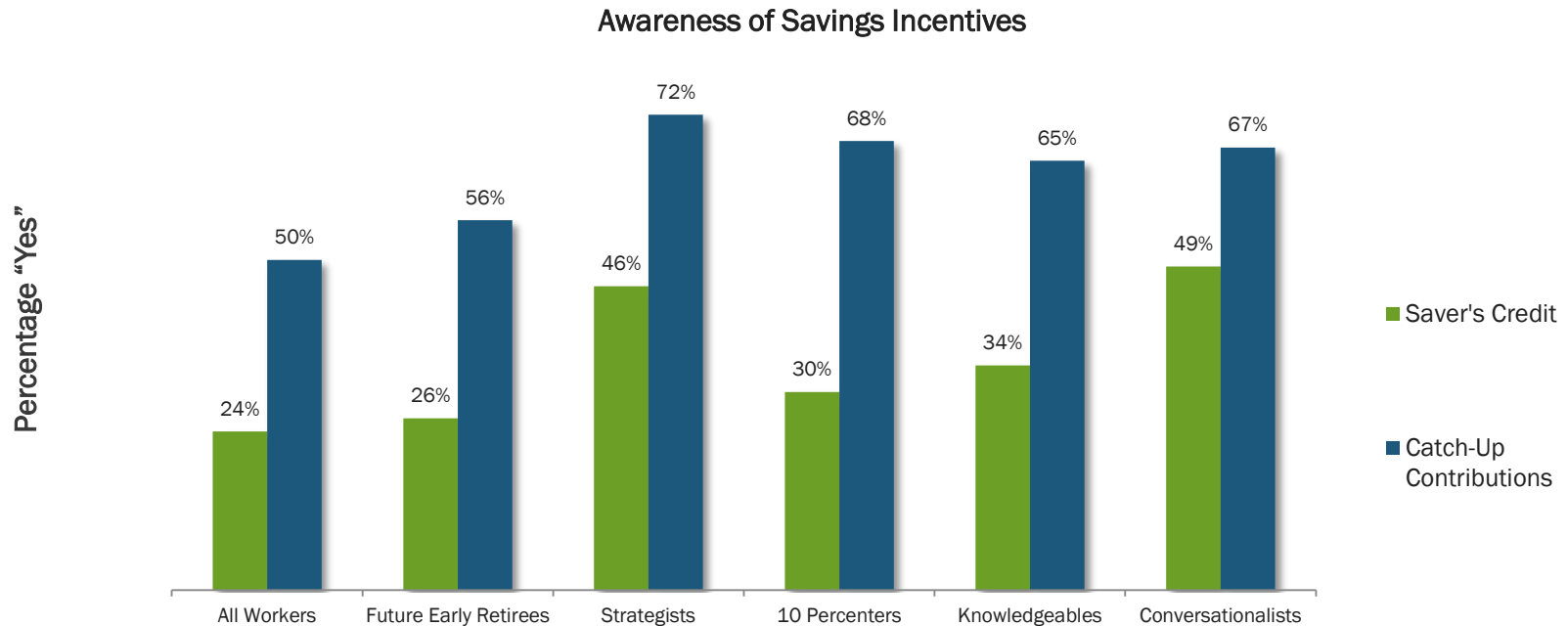


■ A Great Deal ■ Quite a Bit ■ Some ■ None

BASE: All Qualified Respondents
Q1541. How good of an understanding do you have of the following government benefits? Social Security.

Awareness of Savings Incentives

Incentives can be powerful motivators for people to save for retirement – but only if they know about them. Among all workers, awareness is relatively low for both the Saver’s Credit (24 percent) and Catch-Up Contributions (50 percent). Awareness is higher among the Power Planners, but nonetheless presents an opportunity for those who may be unaware, particularly regarding the Saver’s Credit.



BASE: All Qualified Respondents

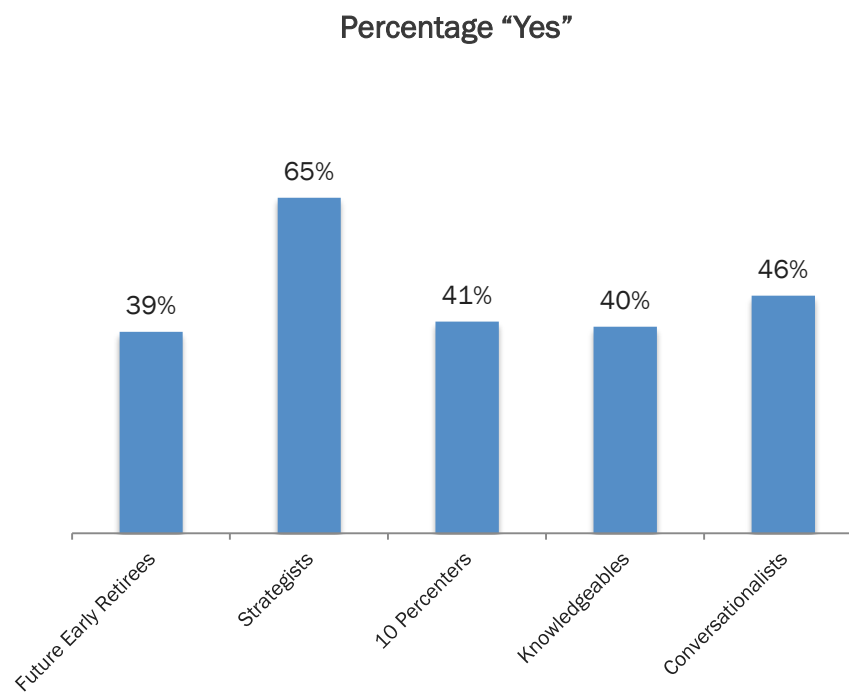
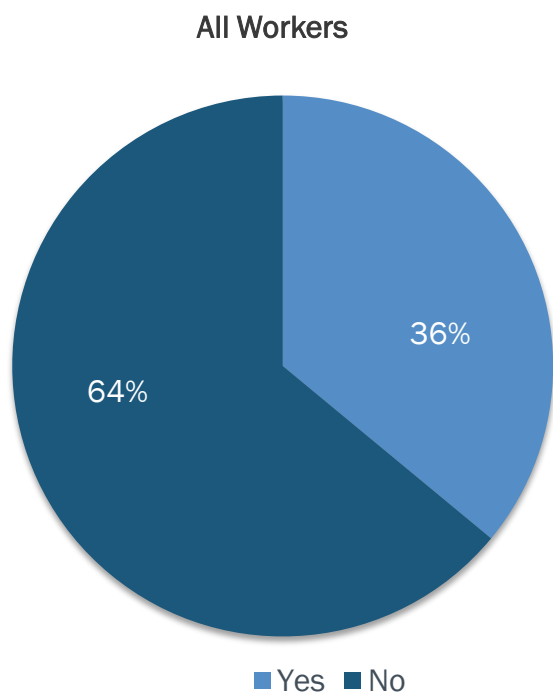
Q1120. Are you aware of a tax credit called the "Saver's Credit," which is available to individuals and households, who meet certain income requirements, for making contributions to an IRA or a company-sponsored retirement plan such as a 401(k) plan or 403(b) plan?

Q1000. Are you aware that people age 50 and older may be allowed to make catch-up contributions to their 401(k)/403(b)/457(b) plan or IRA?

Professional Advisors Can Play an Important Role

Strategists (65 percent) are most likely to use the services of a professional financial advisor compared to just 36 percent of all workers. Strategists' usage of an advisor may partially explain their secret to having a written strategy and a more deliberate approach to saving and planning for retirement.

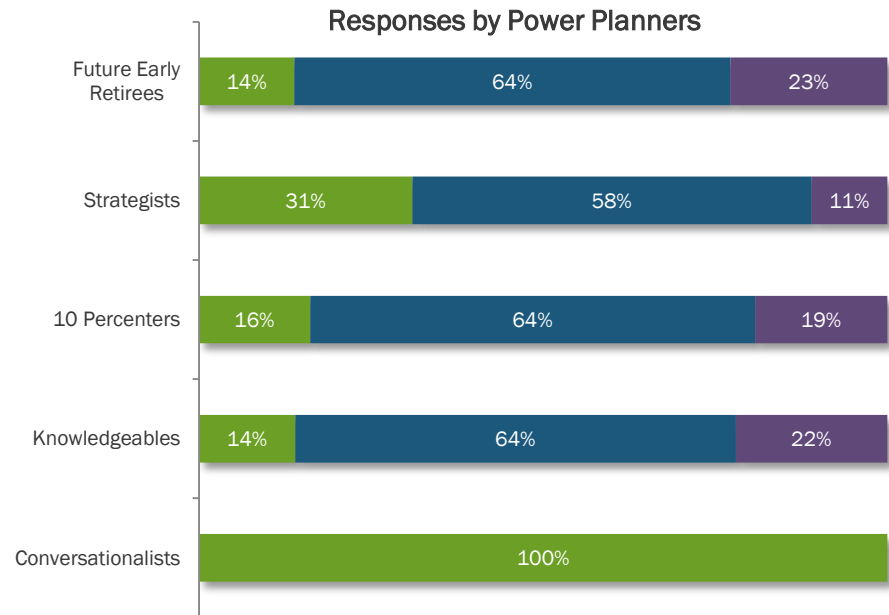
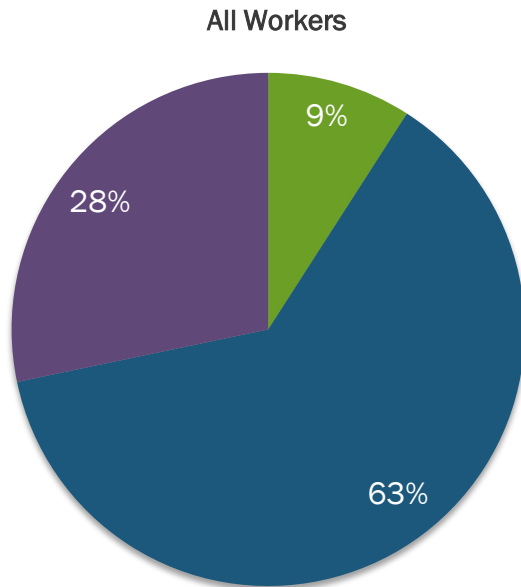
Do you use a professional financial advisor to help manage your retirement savings or investments?



Conversations Can Be a Catalyst for Retirement Readiness

Only 9 percent of all workers frequently discuss saving, investing, and planning for retirement with their family and friends. The Conversationalists, who by definition frequently discuss saving and planning, show high levels of engagement, knowledge, awareness – and, ultimately, retirement readiness. Moreover, family discussions are essential for setting any expectations about retirement, particularly the need to provide or receive financial support in retirement.

How Frequently Do You Discuss Saving, Investing, and Planning for Retirement with Your Family and Friends?



■ Frequently ■ Occasionally ■ Never

BASE: All Qualified Respondents

Q1515. How frequently do you discuss saving, investing, and planning for retirement with your family and friends?

Recommendations for Workers

Seven Tips to Get Started

How a person ultimately plans on spending his or her retirement is unique, but the proactive tactics to help prepare for retirement are common to all.

Seven tips to get towards joining the Power Planners and achieving retirement readiness:

1. **Calculate retirement savings needs.** Factor in living expenses, healthcare needs, government benefits and long-term care.
2. **Develop a retirement strategy and write it down.** Envision future retirement, formulate a goal, and have a backup plan in case retirement comes early due to an unforeseen circumstance.
3. **Get educated about retirement investing.** Learn about Social Security and government benefits.
4. **Participate in employer-sponsored retirement plans, if available.** Take full advantage of matching employer contributions, and defer as much as possible.
5. **Consider retirement benefits as part of a total compensation.** Ask an employer for a plan if they don't offer one.
6. **Take advantage of the Saver's Credit.** Make catch-up contributions if available.
7. **Talk about retirement with family and close friends,** and seek the services of a professional if needed.

Recommendations for Employers & Retirement Plan Advisors

Seven opportunities in which employers, working with their retirement plan advisors and providers, can help workers to improve their retirement readiness include:

1. Offering a retirement plan along with other health & welfare benefits if not already in place.
2. Proactively encouraging participation in existing retirement plans. Consider adding automatic enrollment and automatic escalation features to increase participation rates and salary deferral rates.
3. Adding, increasing and/or reinstating matching contributions to 401(k) plans. Consider structuring match to promote higher salary deferrals (for example, instead of matching 100% of the first 3% of deferrals change the match to 50% of the first 6% of deferrals).
4. Assessing educational offerings to determine whether they are meeting the needs of all employees, especially those employees who may find materials and concepts difficult to understand and make any necessary changes accordingly.
5. Promoting the educational resources offered by the company's retirement plan provider and encouraging employees to take advantage of them.
6. Offering pre-retirees greater levels of assistance in planning their transition into retirement – including the need for a backup plan if they find themselves retiring sooner than expected due to unforeseen circumstances.
7. Promoting awareness of the Saver's Credit, Catch-Up Contributions, and Roth 401(k).

Recommendations for Policymakers

Policymakers also should consider the following to help employers and their employees to increase retirement readiness:

1. Pursuing legislative and regulatory initiatives to expand retirement plan coverage for all workers including part-time workers:
 - a. Additional safe harbors for 401(k) and similar plans for purposes of non-discrimination testing
 - b. Expanding the tax credit for employers to start a plan and facilitating the opportunity of employers to participate in existing plans by implementing reforms to multiple employer plans.
2. Expanding the Saver's Credit by raising the income eligibility requirements so that more tax filers are eligible.
3. Expanding Catch-Up Contributions by raising limits and lowering the eligible age.
4. Extending the 401(k) loan repayment period for terminated plan participants and eliminating the six-month suspension period following hardship withdrawals.
5. Requiring retirement plan statements to state participant account balances in terms of lifetime income as well as a lump sum.

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