



15th Annual Transamerica Retirement Survey

Influences of Household Income on Retirement Preparation

August 2014

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TRANSAMERICA CENTER

FOR RETIREMENT STUDIES®

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- The Transamerica Center for Retirement Studies® (TCRS) is a division of Transamerica InstituteSM (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.
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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 15th Annual Retirement Survey for Transamerica Center for Retirement Studies. Transamerica Center for Retirement Studies is not affiliated with Nielsen.
- About Nielsen & The Harris Poll: On February 3, 2014, Nielsen acquired Harris Interactive and The Harris Poll. Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence and mobile measurement. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands. For more information, visit www.nielsen.com.

Worker Survey Methodology

- A 22-minute, online survey was conducted between February 21 – March 17, 2014 among a nationally representative sample of 4,143 workers using the Harris Poll. Respondents met the following criteria:
 - U.S. residents, age 18 or older
 - Full-time or part-time workers in a for-profit company employing 10 or more people
- Data were weighted as follows:
 - Census data were referenced for education, age by gender, race/ethnicity, region, household income, and number of employees by company size. Results were weighted where necessary to bring them into line with the population of US residents age 18+, employed full time in a for-profit company with 10+ employees or employed part time in a for profit company.
 - The weighting also adjusts for attitudinal and behavioral differences between those who are online versus those who are not, those who join online panels versus those who do not, and those who responded to this survey versus those who did not.
- Percentages are rounded to the nearest whole percent. Differences in the sums of combined categories/answers are due to rounding.
- This report focuses on full-time and part-time workers combined.

Terminology

This report uses the following terminology:

Generation

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

Company Size

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

All Workers

- Refers to all workers age 18 and older

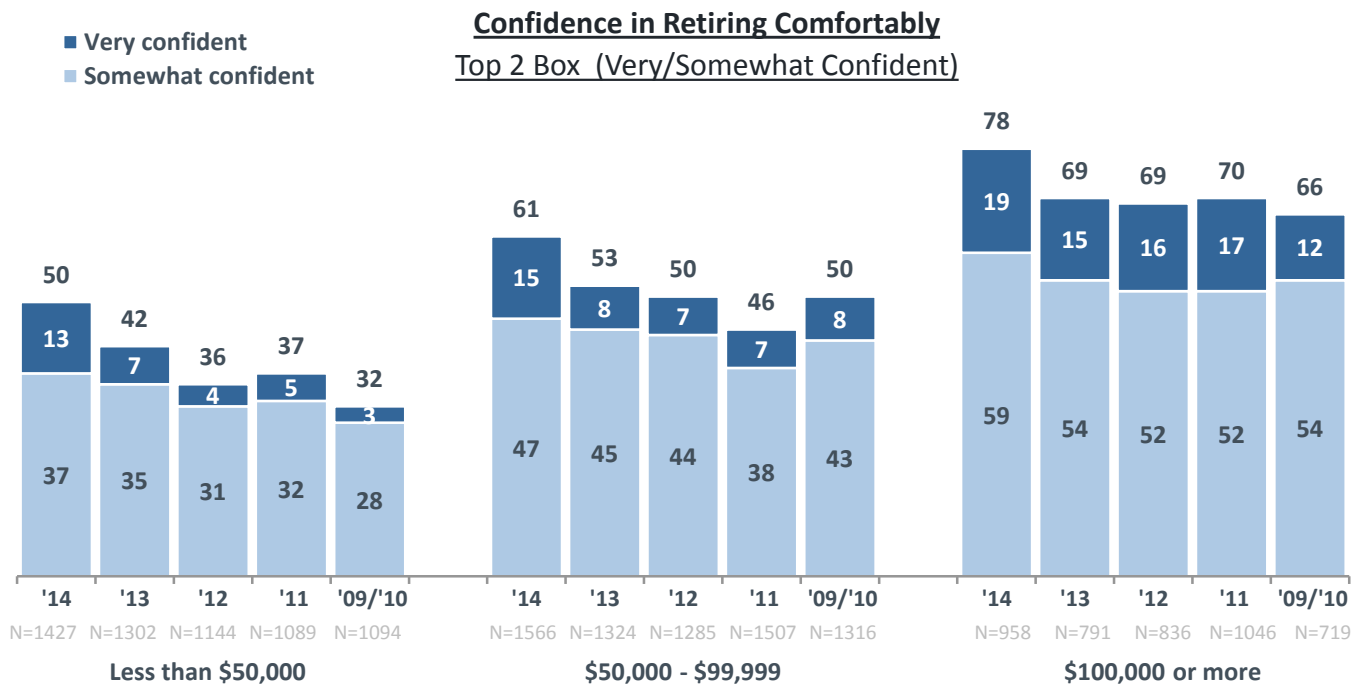


Influences of Household Income on Retirement Preparation

Detailed Findings

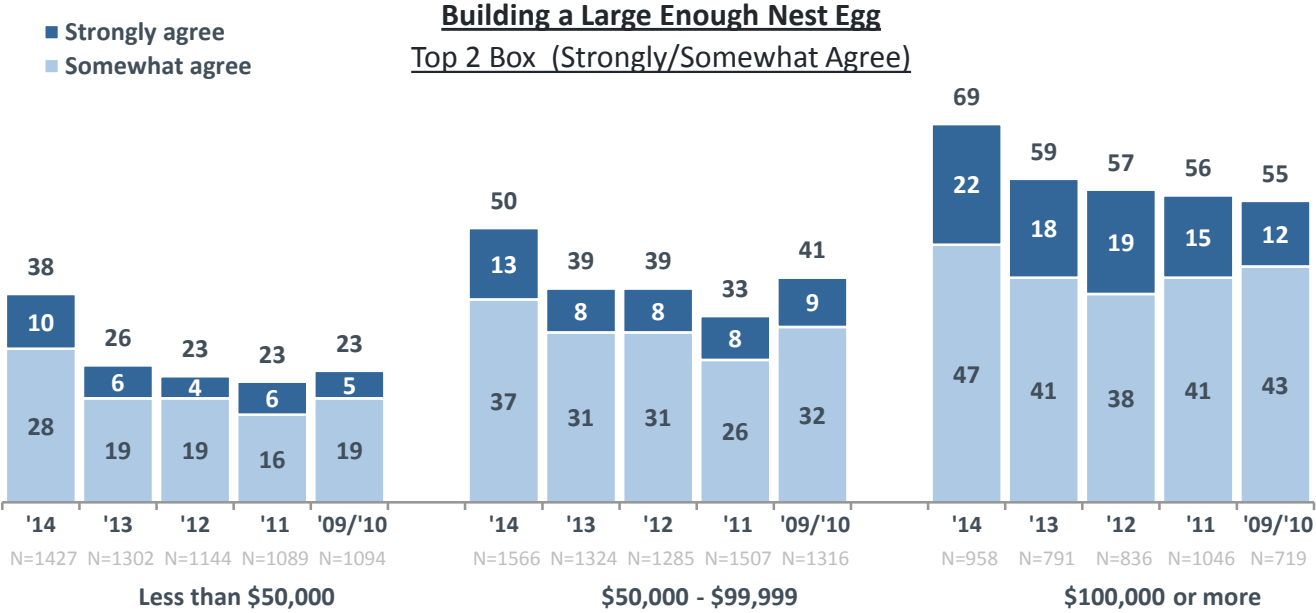
Confidence in Retiring Comfortably

By household income, confidence about retiring comfortably increased significantly from last year. This is the first year since '09/'10 that the majority of those with less than \$50,000 in household income are confident they will be able to retire comfortably. Nevertheless, confidence increases with higher income.



Building a Large Enough Nest Egg

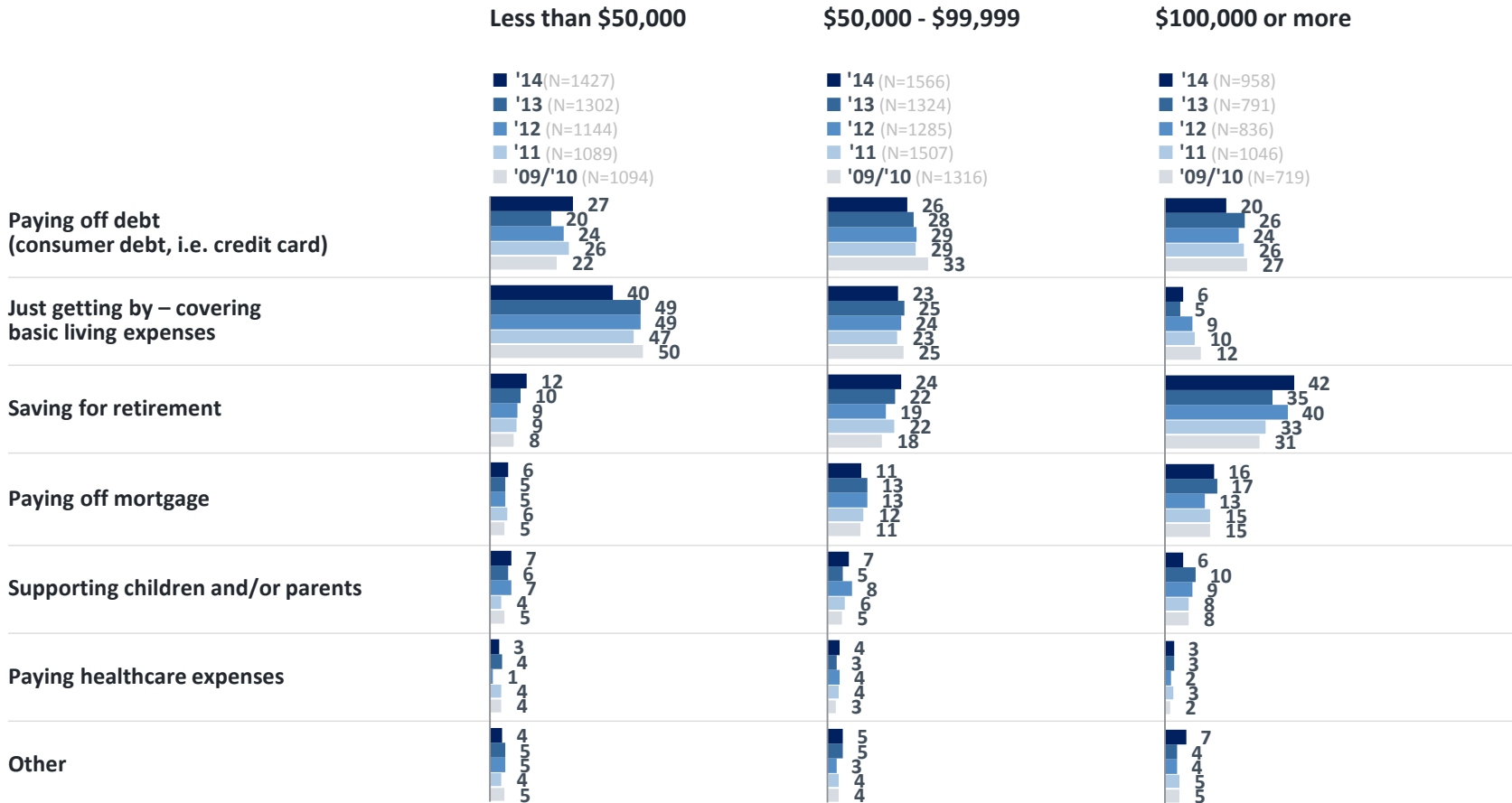
Agreement they are building a large enough nest egg for retirement increased significantly since last year for all three income ranges. Agreement also still increases with income.



BASE: Full and Part-time
 Q800. How much do you agree or disagree that you are currently building a large enough retirement nest egg?

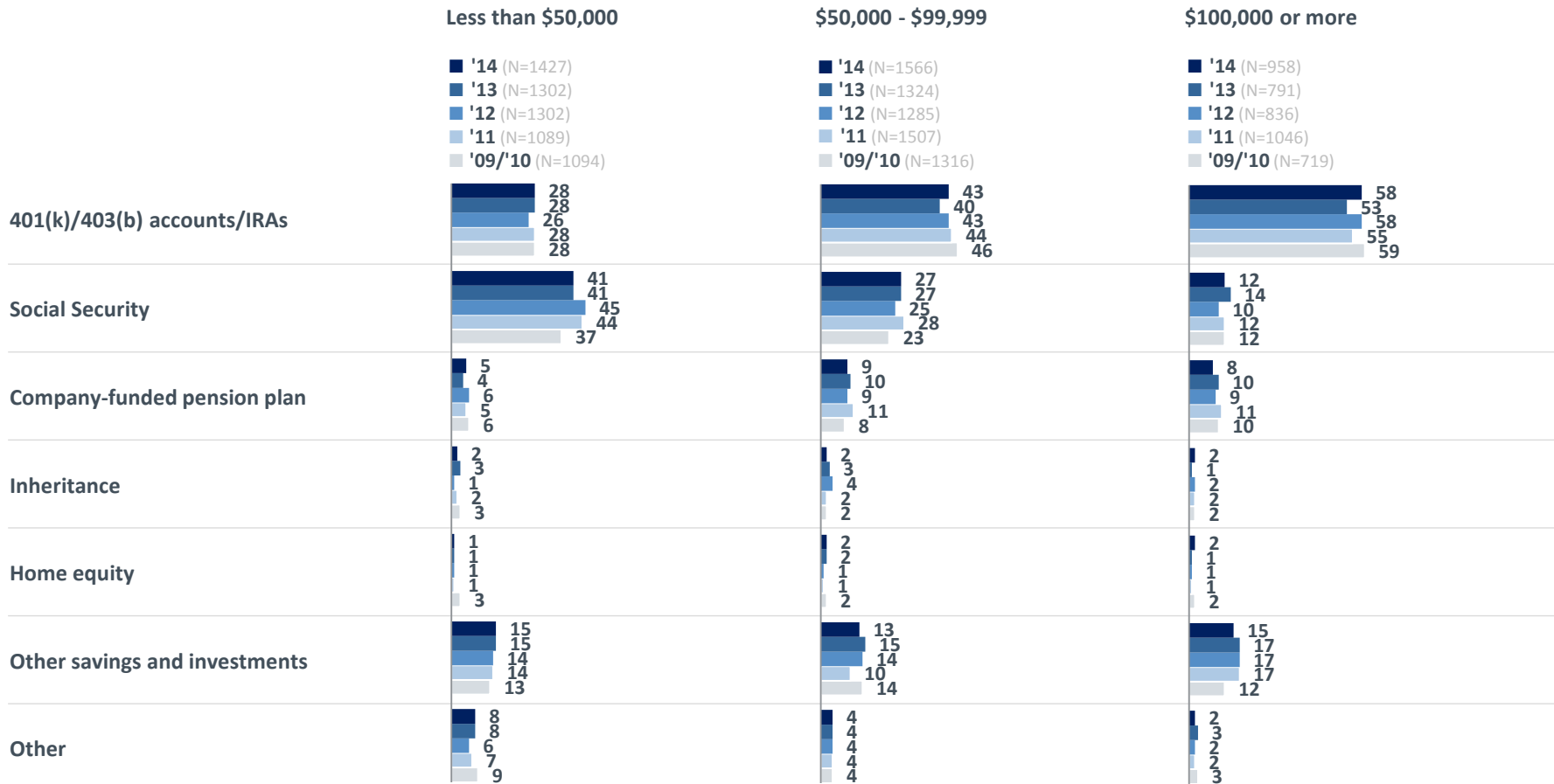
Greatest Financial Priority

Lower income workers are more likely to cite “just getting by” and “paying off debt” as their greatest financial priority right now. By contrast, higher income workers are more likely to cite “saving for retirement.”



Primary Source of Retirement Income

Workers with higher household incomes (\$50K+) are more likely to expect to rely on self-funded retirement plans as their primary source of income in retirement, compared to those with lower household incomes (<\$50K), who are more likely to expect to rely on Social Security.

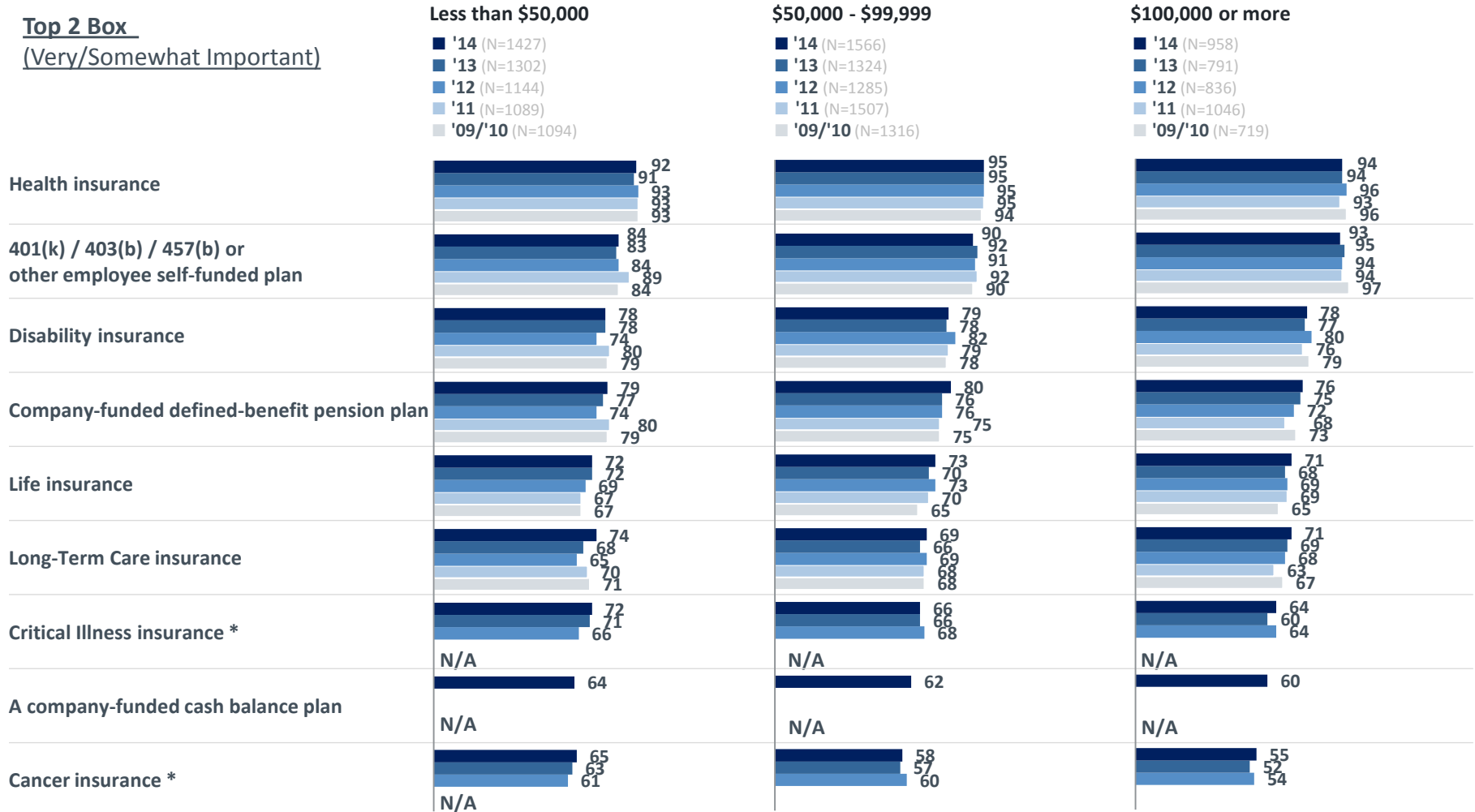


Retirement Benefits: Importance Compared to Other Benefits

The vast majority of workers across all levels of household income value 401(k) plans as an important benefit. Workers' stated importance of 401(k) plans increases with household income.

Top 2 Box

(Very/Somewhat Important)



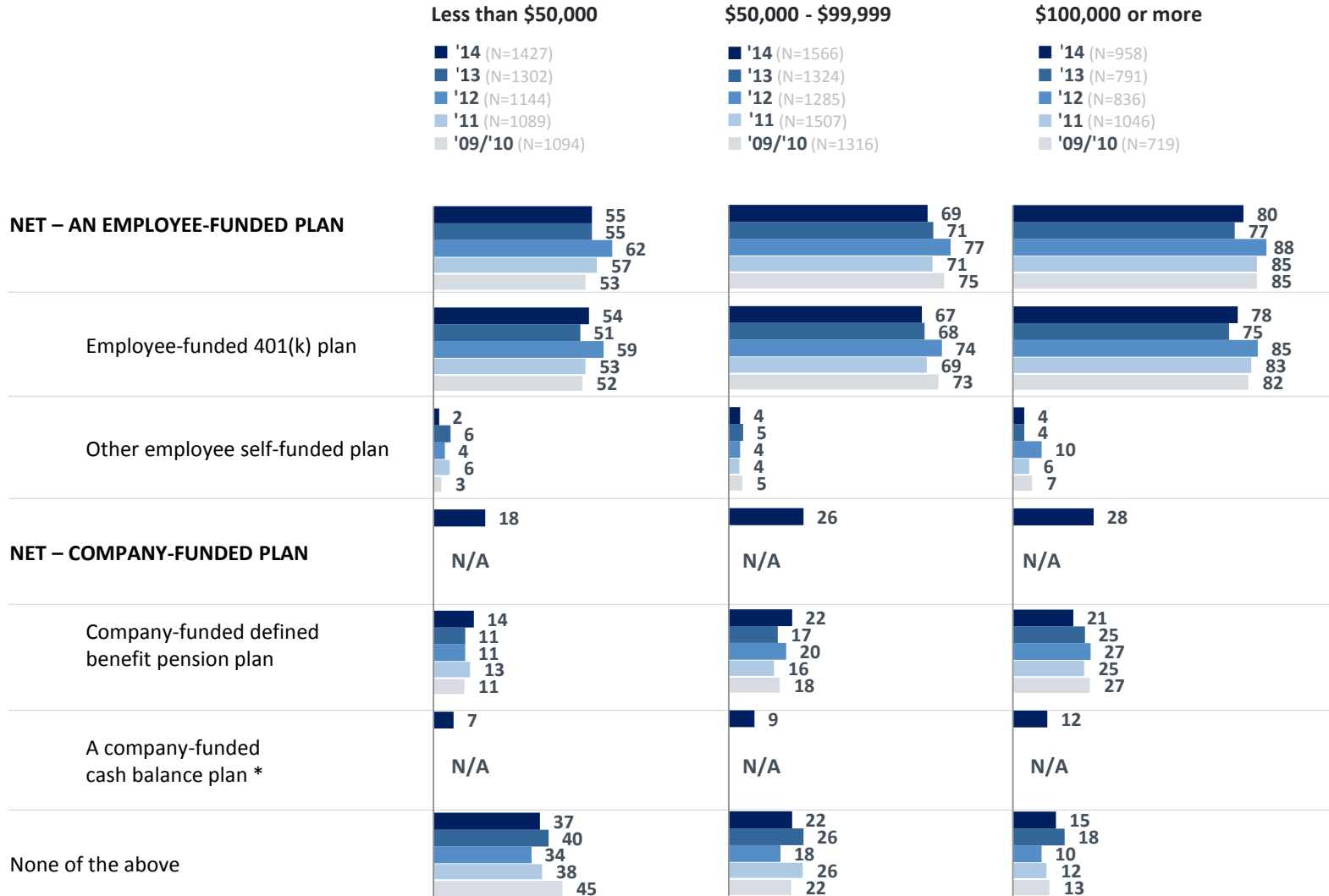
*Note: Choices added in '12 Wave

BASE: Full and Part-time

Q1171. 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

Access to employee-funded retirement plans increases with higher incomes. However, across all income levels, workers' access to these plans dropped this past year.



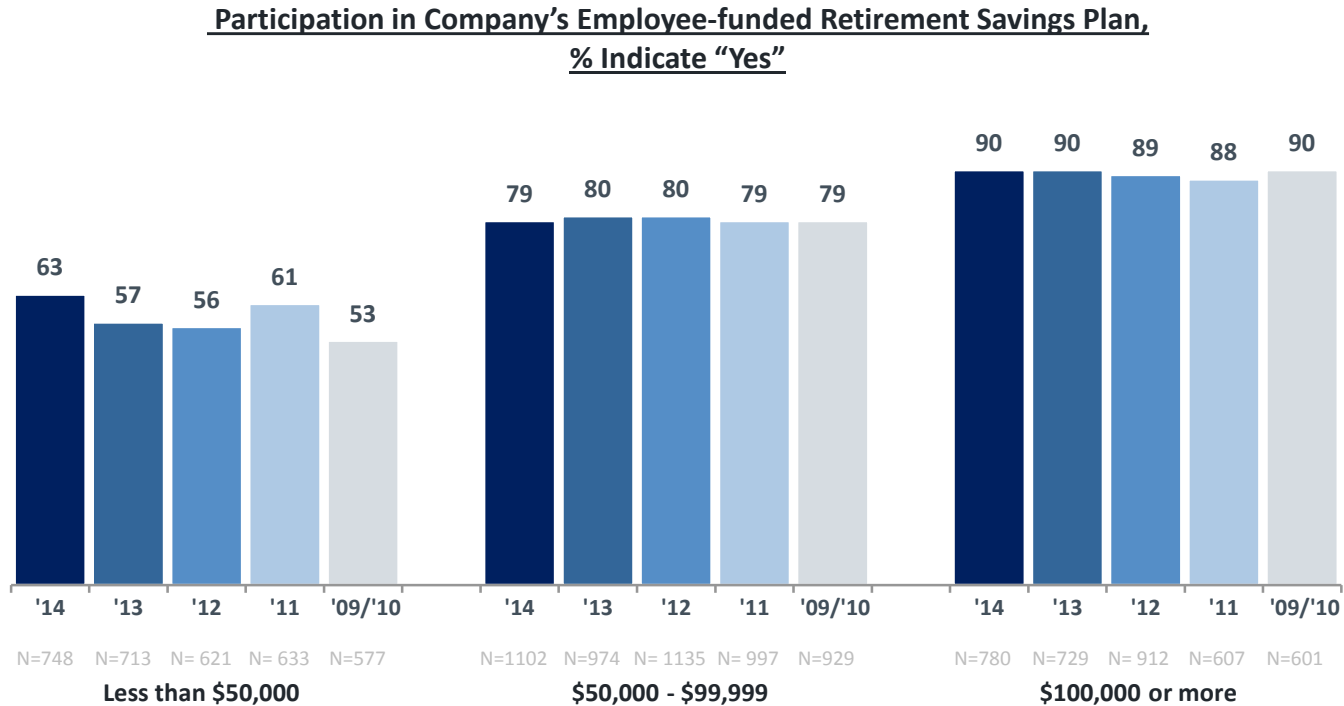
*added in 2014

BASE: Full and Part-time

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

Retirement Plan Participation

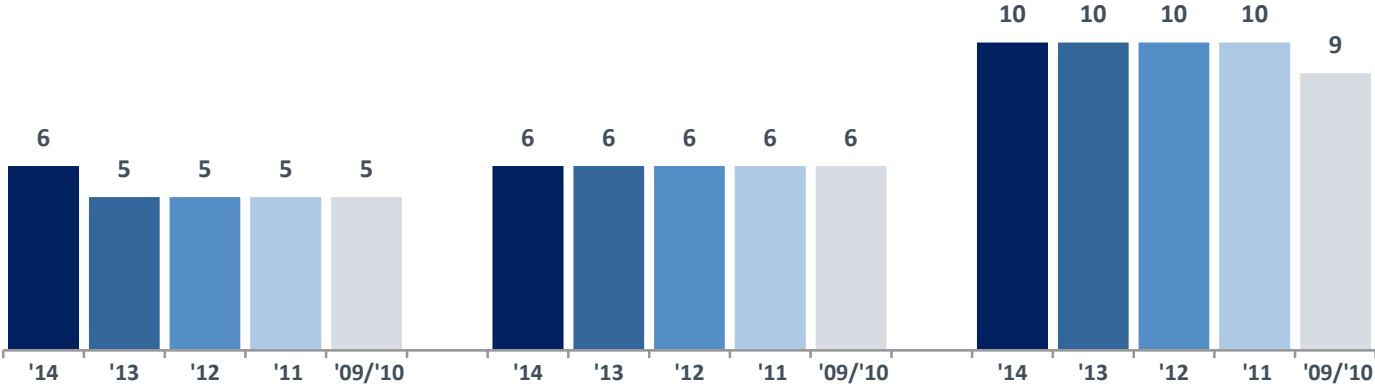
As in prior years, participation in companies' employee-funded retirement plans is largely a function of income – with those with the highest incomes being the most likely to participate.



Plan Contribution Rates

Contribution rates across all income levels have remained steady. Contribution rates among those in the highest income range continue to be higher than those in lower income brackets.

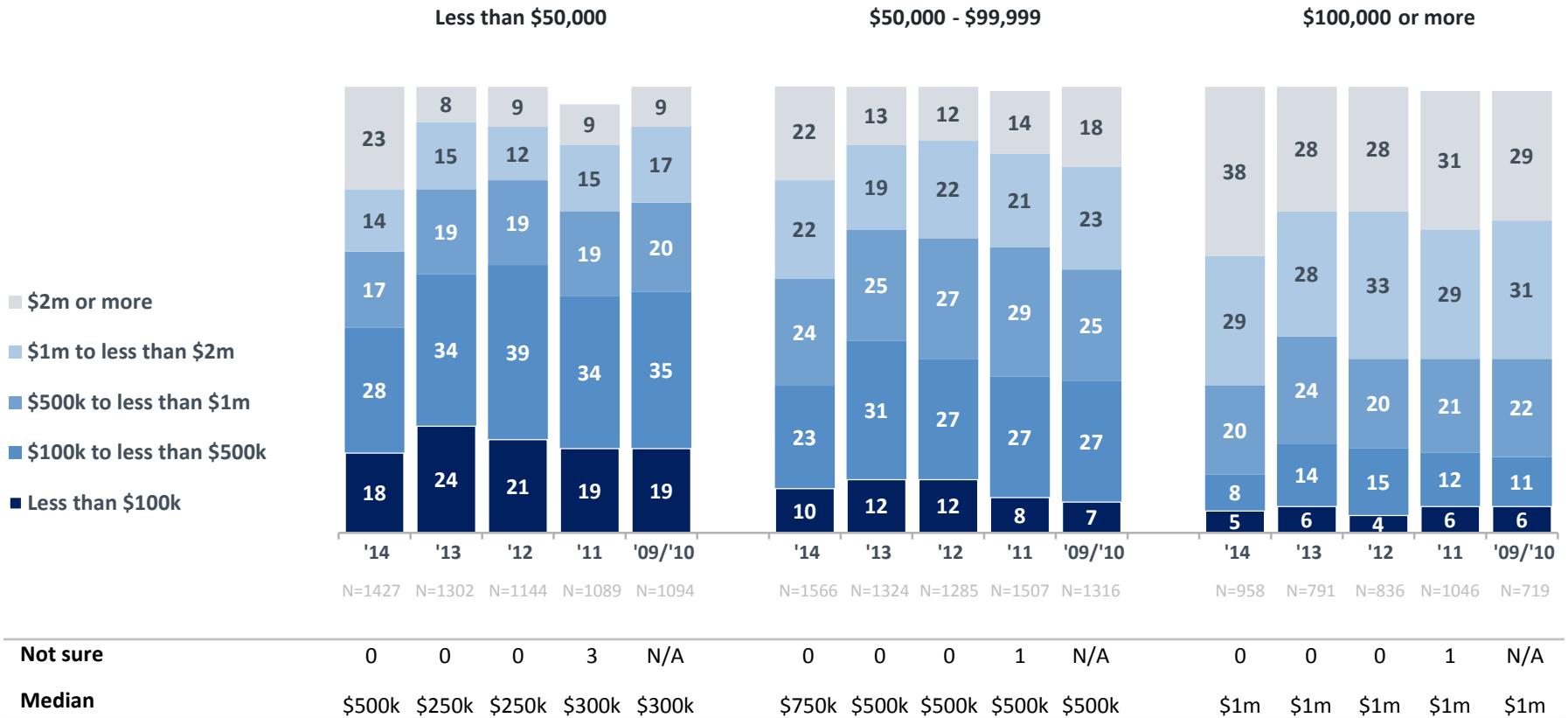
Contribution Rate, Median %



Mean	'14	'13	'12	'11	'09/'10	'14	'13	'12	'11	'09/'10	'14	'13	'12	'11	'09/'10
	9.2	7.1	6.3	8.0	6.8	10.1	9.1	9.8	8.0	8.0	13.2	11.1	12.4	11.9	11.1
	N=474	N=442	N=442	N=395	N=368	N=892	N=801	N=787	N=907	N=795	N=700	N=595	N=661	N=824	N=544
	Less than \$50,000					\$50,000 - \$99,999					\$100,000 or more				

Estimated Retirement Savings Needs

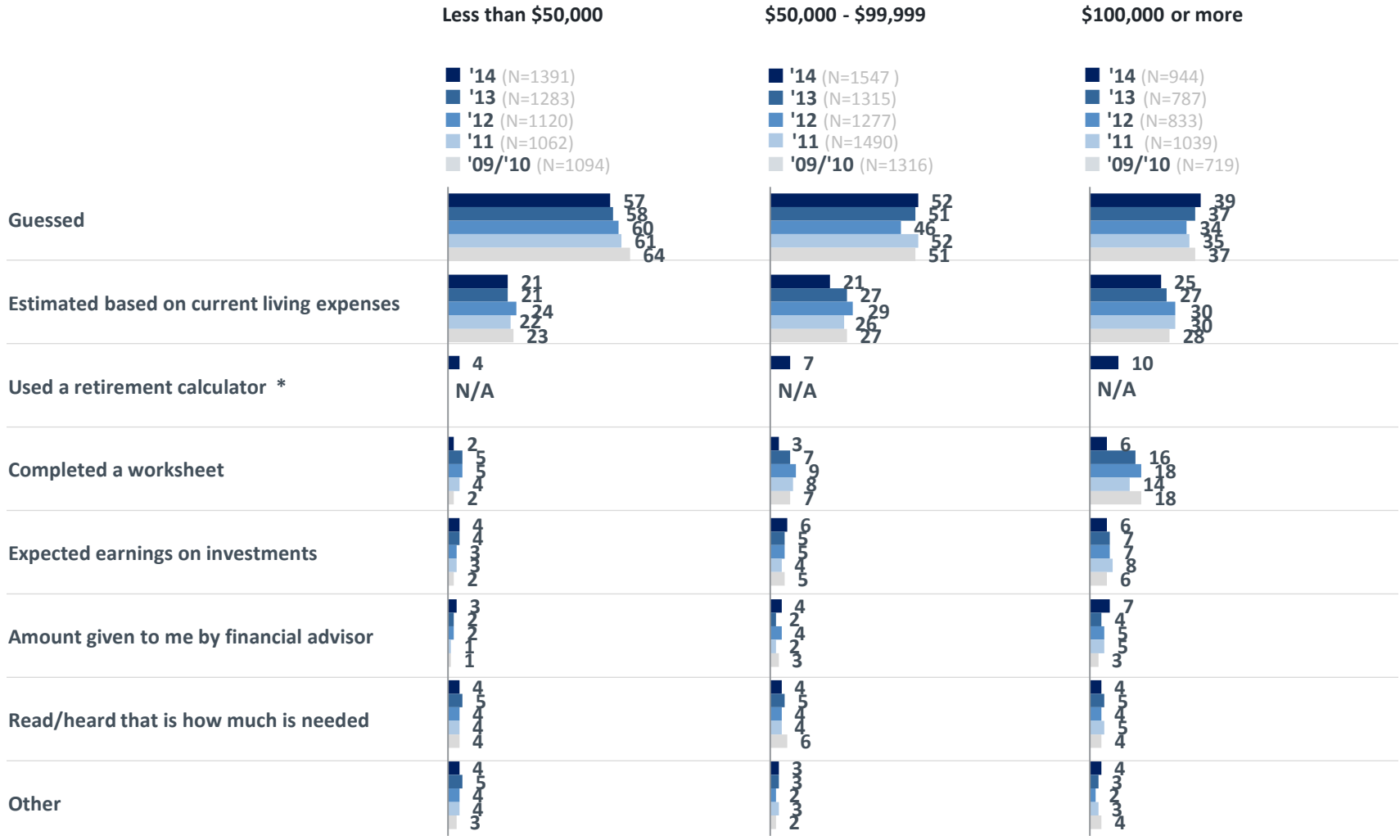
Estimates for retirement savings needs increase with higher income. Lower income workers think they will need \$500,000 in their retirement in order to feel financially secure compared to \$1 million for higher income workers (estimated medians).



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

Basis of Estimated Retirement Savings Needs

Lower income workers are more likely to have guessed what their retirement savings needs should be. In contrast, higher income workers are more likely to have used a retirement calculator or completed a worksheet to arrive at that number.

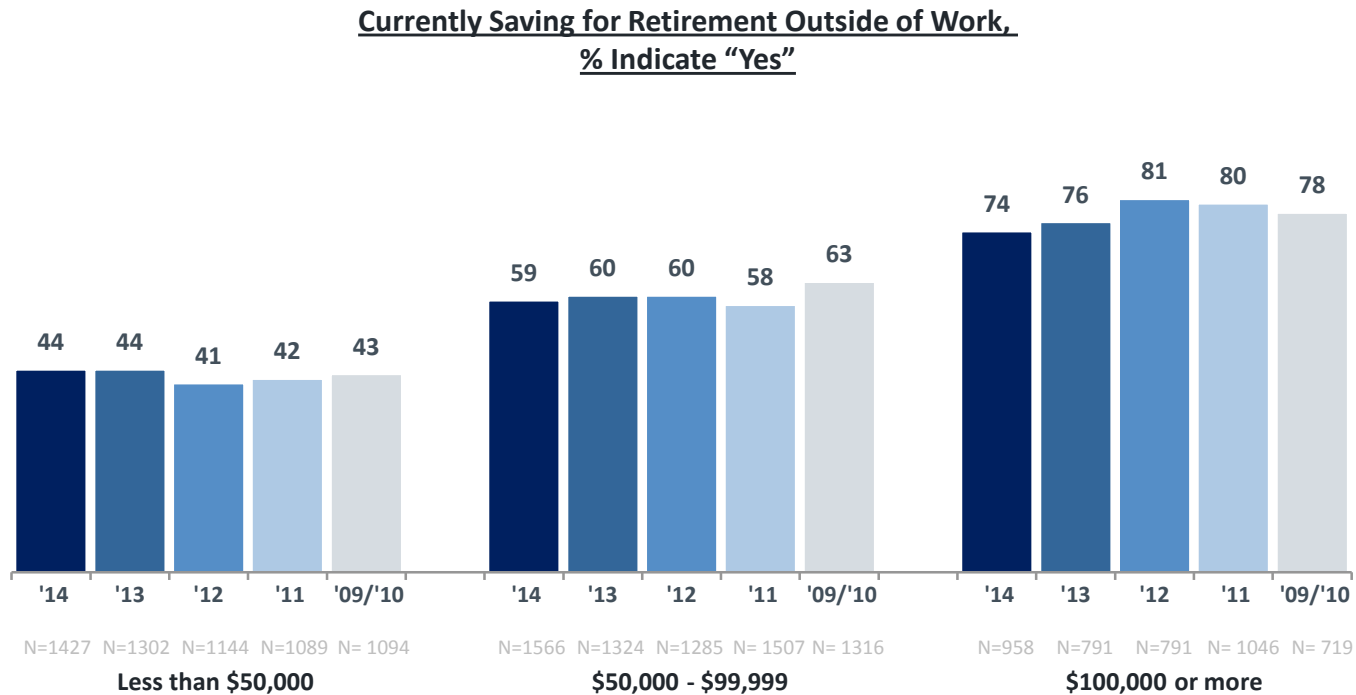


*added in 2014

BASE: Full and Part-time; Provided Estimate of Money Needed Q900. How did you arrive at that number?

Saving For Retirement Outside of Workplace

The percentage of workers who are saving for retirement outside of work increases with household income.

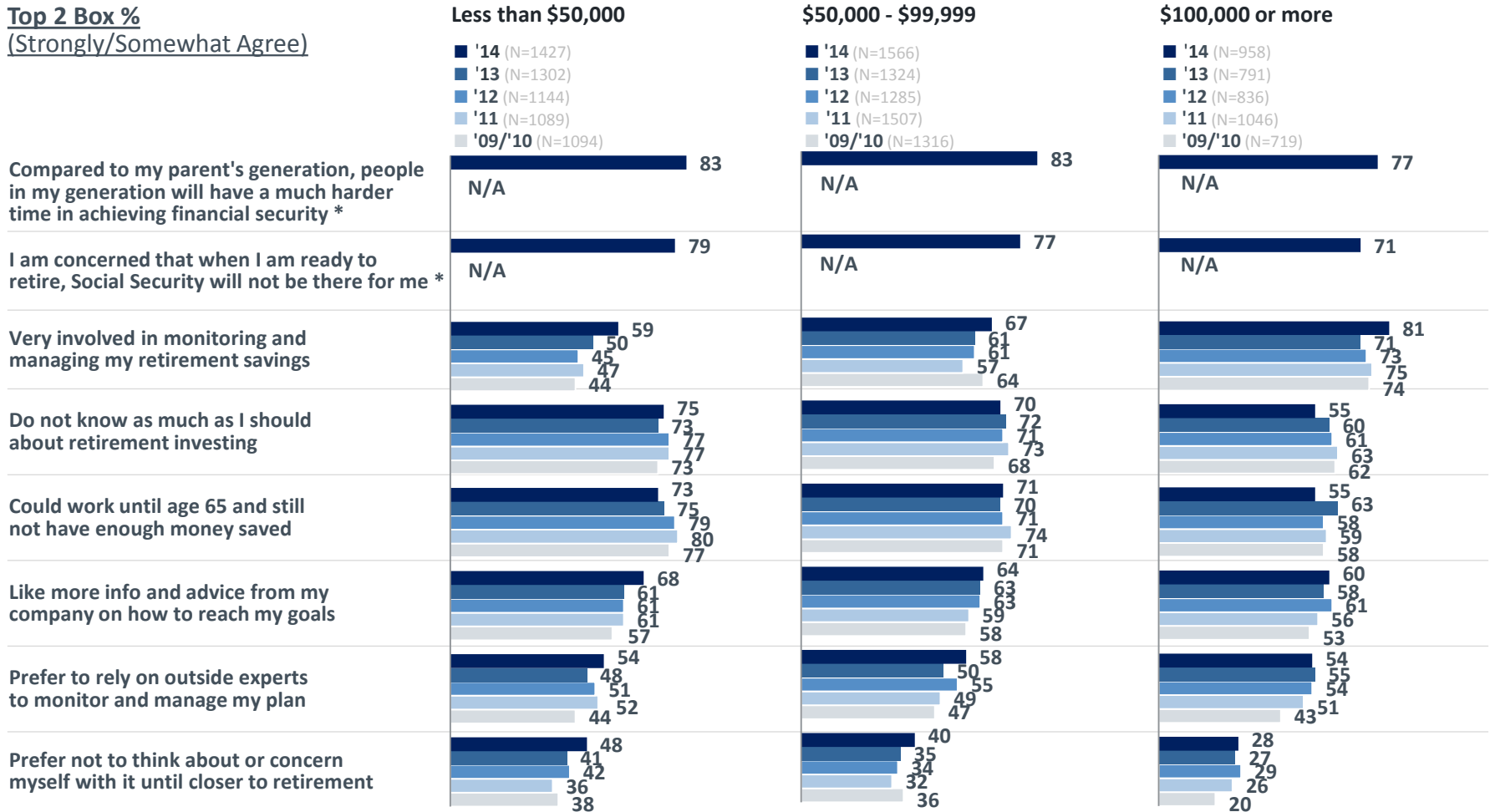


Retirement Preparation and Involvement

Workers with higher incomes are more involved in their retirement savings and are less likely to feel they don't know as much as they should about investing for retirement. In contrast, workers with lower incomes are more likely to agree that they could work to age 65 and not have saved enough for retirement.

Top 2 Box %

(Strongly/Somewhat Agree)



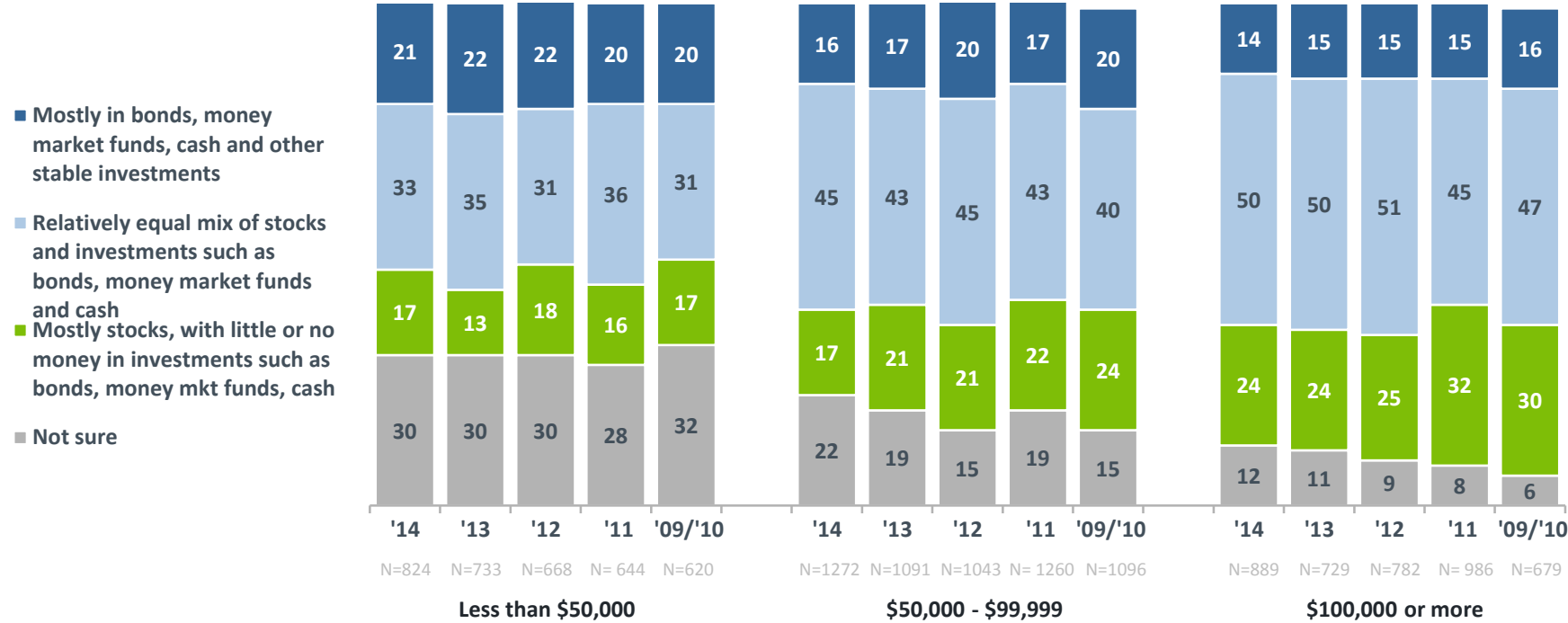
*added in 2014

BASE: Full and Part-time

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

Retirement Investments: Asset Allocation

Lower income workers continue to be the most uncertain as to how their retirement assets are allocated. In terms of actual asset allocation, workers in all three groups are most likely to have diverse holdings by investing relatively equally in stocks and investments such as bonds, money market funds and cash.



BASE: Full and Part-time; Investing For Retirement Q770. How is your retirement savings invested?

Information Sources: Retirement Planning & Investing

Financial planners play a larger role in decision making for those with higher incomes (\$50K+), while friends/family are more likely to influence those with lower incomes (<\$50K).

Single Most Influential Source (%)

	Less than \$50,000				\$50,000 - \$99,999				\$100,000 or more			
	'14 N=1427	'13 N=1302	'12 N=1144	'11 N= 1089	'14 N=1566	'13 N=1324	'12 N=1285	'11 N= 1507	'14 N=958	'13 N=791	'12 N=836	'11 N= 1046
Financial planner/broker	10	12	10	13	19	20	21	18	29	31	28	29
Friends/Family	20	19	18	20	14	16	15	16	11	12	13	12
Financial websites	7	7	7	8	11	7	7	13	13	10	11	19
Retirement plan provider website	5	5	4	7	8	9	9	11	7	9	7	10
Employer	6	6	8	6	5	3	5	5	2	2	4	2
Online newspapers, magazines, and blogs *	4	3	5	N/A	5	4	5	N/A	4	5	5	N/A
Financial-related tv shows	4	4	3	2	2	1	4	2	4	1	2	2
Retirement calculators	2	2	2	2	2	3	4	3	4	1	4	4
Accountant	3	3	2	1	2	4	3	2	3	3	2	2
Print newspapers/magazines	2	3	2	3	2	2	3	4	3	5	5	5
Plan provider printed material	2	3	3	4	2	4	2	4	2	4	2	2
Insurance agent	2	1	1	1	1	1	1	<1	0	0	1	<1
Lawyer	0	1	1	<1	1	0	1	1	1	0	1	<1
Social media *	0	1	1	N/A	0	0	<1	N/A	0	0	<1	N/A
Other	5	3	2	4	3	4	3	3	4	4	3	3
None	28	29	33	29	23	23	16	18	14	12	13	9

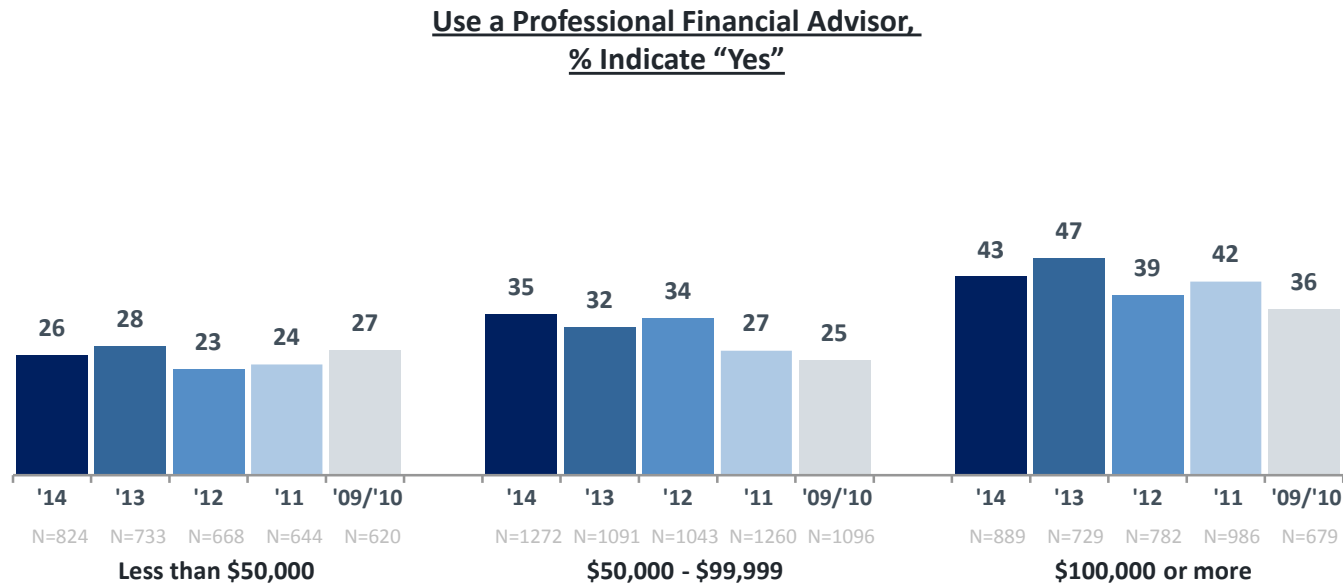
*Choices added in '12 Wave

BASE: Full and Part-time

Q826. Of these sources, which one influences your decisions the most?

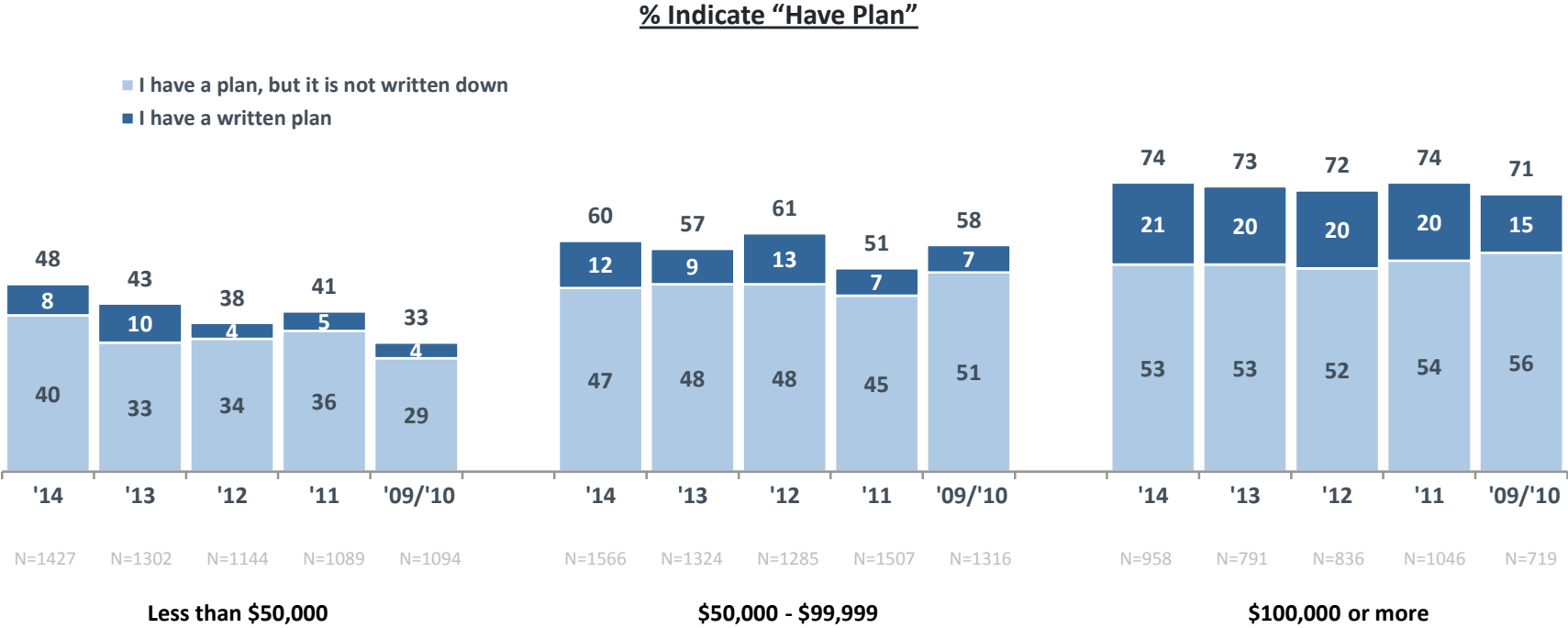
Use a Professional Financial Advisor

Workers' use of a professional advisor increases with household income. Among those investing for retirement, 43 percent of workers with higher incomes (\$100K+) are most likely to use an advisor compared to 26 percent of workers with lower household incomes (<\$50K).



Retirement Strategy: Written Plans

The likelihood of having a retirement strategy increases with workers' household income. The percent of low income workers (<\$50K) who have retirement plans has increased over the past two years – now nearly half.



BASE: Full and Part-time
 Q1155. Which of the following best describes your retirement strategy?

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