

Optimism Toward Retirement: A Cross-National Study of Retirement Confidence

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Methodology

- Ten country survey including the G7 plus three other developed countries that represent various views on retirement security issues: United States, Canada, United Kingdom, Australia, Japan, Germany, France, Italy, Sweden, and the Netherlands.
- Respondents: general public age 30-65.
- Sample size: Approximately four hundred respondents randomly surveyed per country, for a total of 4,011 respondents.
- Fieldwork was conducted May 9 – June 2, 2005.
- Interviews were all completed via computer-assisted telephone interviewing (CATI). Fieldwork conducted by HarrisInteractive and its global partners.
- The interviews ranged from 18-20 minutes in length.
- The interviews are representative of the demographic distribution in each country, reflecting the population aged 30-65.

Scope of Survey- Topics Covered

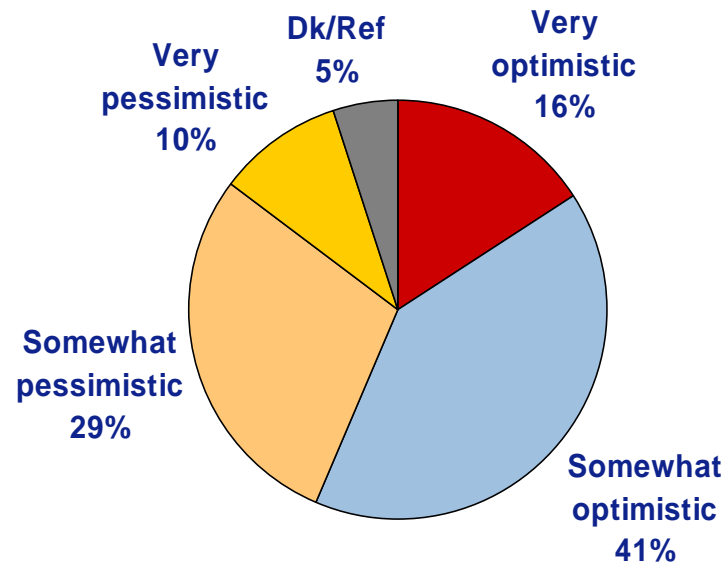
- **Attitudes Toward Retirement (optimism, focus, preparedness, level of information)**
- **Expected Sources of Income, Financial Status, and Work Expectations**
- **Planning for Retirement**
- **Health Issues and Finances**
- **Confidence in Government Regarding Public Pensions and Health Care**
- **Concerns and Expectations**

Survey Highlights- Descriptive Results

- Moderate optimism (57% optimistic, 16% very optimistic, but 39% pessimistic). Proportion optimistic ranged from 77% in Australia and Canada to 34% in Italy.
- Limited confidence in government's ability to provide future retirement income and health care benefits (3.9 for income and 3.8 for health on a 10 pt scale – no country higher than 4.8 on either scale)
- Most frequently cited concerns (among 15 listed) included staying mentally active (50%), access to health care (49%), and having enough money to meet daily expenses, but concerns vary by country.
- Among health care issues, consistently across countries the least confidence involves obtaining necessary long term care (only 55% express any level of confidence)
- Respondents in the US (6.5 on a 10 pt scale) and Canada (6.3) feel more informed about planning a happy and successful retirement. Those in Japan and France (5.0) followed by Sweden (5.1) and Italy (5.4) are least likely to feel informed.
- A little over half (55%) feel on track or head of schedule with regard to retirement planning and saving. (from 64% in Germany to 45% in the US)
- Public pensions are most often seen as a major source of income in retirement (42%), but in the UK, US, and Australia, workplace savings programs are most often seen as a major source.
- Full report available at: <http://www.aarp.org/research/work/retirement/irss.html>

Overall Retirement Outlook

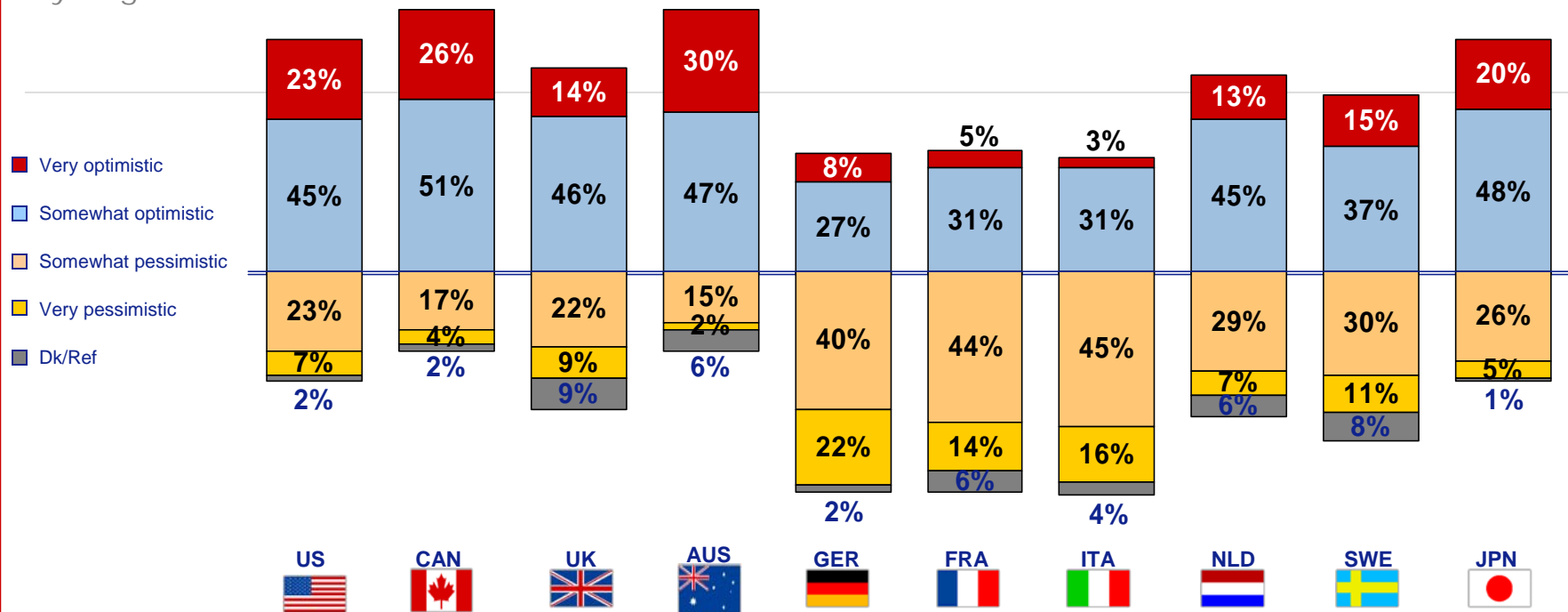
Views of Retirement Among Respondents in 10 Countries



Optimism About Retirement by Country

- Among countries surveyed, those in Australia and Canada are notably more optimistic when it comes to their retirement, while those in Italy, Germany, and France are the least optimistic.

By Region



Base: n=401 (weighted base all countries)
 Q2. In general, thinking about your retirement, are you...

Drivers of Overall Retirement Optimism

<u>Predictor</u>	<u>Beta Coefficient</u>	<u>r²</u>
Confident/Pay for Health Care	.114	.09
Country 65+/18-64 Ratio (Lower)	.251	.05
Saving/Planning Ahead of Schedule	.147	.04
Trust/Future Gov't Health Benefits	.107	.02
Feel Well Informed About Retirement	.094	.01
Confident/Paying for Rx	.119	.01
Concern/Money to Pay Daily Expenses	-.086	.01
Age (older)	.072	.01
Total	.473	.23

Retirement Optimism and Health Affordability Confidence

Percent of Respondents (10 Countries) “Very Confident” About “Being Able to Pay for Medical Expenses” by Level of Retirement Optimism

<u>Attitude Toward Retirement</u>	<u>Pct Very Confident</u>
Very Optimistic	48%
Somewhat Optimistic	28%
Don't Know	20%
Somewhat Pessimistic	14%
Very Pessimistic	16%

Population Age Ratios and Retirement Optimism

<u>Country</u>	<u>Ratio 65+/18-64</u>	<u>Pct Optimistic</u>
• Australia	19.2	77%
• Canada	19.1	77%
• US	18.5	68%
• Japan	29.4	68%
• UK	23.7	60%
• Netherlands	20.8	58%
• Sweden	26.6	52%
• France	25.2	36%
• Germany	28.3	35%
• Italy	29.1	34%

Drivers of Retirement Optimism in Australia

<u>Predictor</u>	<u>Beta Coefficient</u>	<u>r²</u>
Confidence: Paying for Long Term Care	.254	.16
Saving/Planning Ahead of Schedule	.181	.06
Informed About Retirement	.164	.03
Concern: Money to Meet Daily Expenses	-.177	.02
Work in Retirement	.100	.01
Gender (male)	.100	.01
Concern: Maintain Personal Relationships	- .107	.01
Total	.545	.30

Retirement Optimism and Confidence in Paying for Long Term Care

Percent of Australia Respondents Feeling Confident About Their Ability to “Pay for Long Term Care” by Level of Retirement Optimism

<u>Attitude Toward Retirement</u>	<u>Confidence in Paying for Long Term Care</u>	
	<u>Pct “Very”</u>	<u>Pct “Very” or “Somewhat”</u>
Very Optimistic	44%	86%
Somewhat Optimistic	19%	65%
Don’t Know	14%	55%
Somewhat Pessimistic	4%	27%
Very Pessimistic (n=9)	11%	44%

Retirement Optimism and Retirement Planning/Saving Progress

Percent of Australia Respondents Feeling They are Either “On Track” or “Ahead of Schedule” with Retirement Planning and Saving by Level of Retirement Optimism

<u>Attitude Toward Retirement</u>	<u>Pct “On Track” or “Ahead”</u>
Very Optimistic	79%
Somewhat Optimistic	57%
Don’t Know	52%
Somewhat Pessimistic	20%
Very Pessimistic (n=9)	22%

Drivers of Retirement Optimism in Canada

<u>Predictor</u>	<u>Beta Coefficient</u>	<u>r²</u>
Saving/Planning Ahead of Schedule	.275	.17
Informed About Retirement	.187	.05
Trust/Future Gov't Health Benefits	.152	.02
Concern/Find Work Again After Retirement	-.143	.02
Total	.510	.26

Retirement Optimism and Retirement Planning/Saving Progress

Percent of Canada Respondents Feeling They are Either “On Track” or “Ahead of Schedule” with Retirement Planning and Saving by Level of Retirement Optimism

<u>Attitude Toward Retirement</u>	<u>Pct “On Track” or “Ahead”</u>
Very Optimistic	70%
Somewhat Optimistic	48%
Don't Know (n= 8)	50%
Somewhat Pessimistic	15%
Very Pessimistic	17%

Retirement Optimism and Feeling Informed About Retirement

Percent of Canada Respondents Feeling They are Well Informed About Retirement* by Level of Retirement Optimism

<u>Attitude Toward Retirement</u>	<u>Pct Well Informed*</u>
Very Optimistic	58%
Somewhat Optimistic	32%
Don't Know (n= 7)	43%
Somewhat Pessimistic	23%
Very Pessimistic	28%

- ❖ Top 3 box on 10 point scale,
10 = “extremely well informed,” 0= “not at all informed”

Drivers of Retirement Optimism in The United States

<u>Predictor</u>	<u>Beta Coefficient</u>	<u>r²</u>
Saving/Planning Ahead of Schedule	.206	.19
Confidence/Paying for Long Term Care	.181	.05
Confidence/Paying for Rx	.150	.02
Informed About Retirement	.121	.02
Concern/Having Public Pension	-.099	.01
Age (older)	.090	.01
Total	.540	.29

Retirement Optimism and Retirement Planning/Saving Progress

Percent of US Respondents Feeling They are Either “On Track” or “Ahead of Schedule” with Retirement Planning and Saving by Level of Retirement Optimism

<u>Attitude Toward Retirement</u>	<u>Pct “On Track” or “Ahead”</u>
Very Optimistic	72%
Somewhat Optimistic	55%
Don’t Know	13%
Somewhat Pessimistic	14%
Very Pessimistic	14%

Retirement Optimism and Confidence in Paying for Long Term Care

Percent of US Respondents Feeling Confident About Their Ability to “Pay for Long Term Care” by Level of Retirement Optimism

<u>Attitude Toward Retirement</u>	<u>Confidence in Paying for Long Term Care</u>	
	<u>Pct “Very”</u>	<u>Pct “Very” or “Somewhat”</u>
Very Optimistic	33%	79%
Somewhat Optimistic	10%	63%
Don’t Know	13%	38%
Somewhat Pessimistic	3%	29%
Very Pessimistic	7%	21%

Drivers of Retirement Optimism in Japan

<u>Predictor</u>	<u>Beta Coefficient</u>	<u>r²</u>
Concern: Finding Work After Retirement	-.197	.09
Trust/Gov't Health Care Benefits	.136	.03
Age (older)	.131	.02
Concern: Saving for the Future	-.135	.01
Total	.379	.14

Retirement Optimism and Concern With Finding Work After Leaving the Workforce

Percent of Japan Respondents Concerned* About “Finding Work Again Once You Leave the Workforce” by Level of Retirement Optimism

<u>Attitude Toward Retirement</u>	<u>Pct Concerned w/Finding Work*</u>
Very Optimistic	12%
Somewhat Optimistic	21%
Don't Know (n =2)	50%
Somewhat Pessimistic	35%
Very Pessimistic	37%

- ❖ Top 3 box on 10 point scale,
10 = “extremely concerned,” 0= “not at concerned”

Drivers of Retirement Optimism: United Kingdom

<u>Predictor</u>	<u>Beta Coefficient</u>	<u>r²</u>
Confidence/Paying for Long-Term Care	.164	.15
Confidence/Access to Health Care	.174	.05
Saving/Planning Ahead of Schedule	.167	.03
Trust/Future Gov't Pension Benefits	.132	.02
Informed About Retirement	.120	.01
Plan to Work in Retirement	.104	.01
Total	.520	.27

Retirement Optimism and Confidence in Paying for Long Term Care

Percent of UK Respondents Feeling Confident About Their Ability to “Pay for Long Term Care” by Level of Retirement Optimism

<u>Attitude Toward Retirement</u>	<u>Confidence in Paying for Long Term Care</u>	
	<u>Pct “Very”</u>	<u>Pct “Very” or “Somewhat”</u>
Very Optimistic	36%	77%
Somewhat Optimistic	16%	57%
Don’t Know	18%	47%
Somewhat Pessimistic	5%	38%
Very Pessimistic	6%	17%

Retirement Optimism and Confidence in Access to Quality Health Care

Percent of UK Respondents Feeling Confident About Their Ability in “Having Access to Quality Health Care” by Level of Retirement Optimism

<u>Attitude Toward Retirement</u>	<u>Confidence in Access to Health Care</u>	
	<u>Pct “Very”</u>	<u>Pct “Very” or “Somewhat”</u>
Very Optimistic	44%	83%
Somewhat Optimistic	21%	77%
Don’t Know	15%	59%
Somewhat Pessimistic	8%	65%
Very Pessimistic	3%	39%

Drivers of Retirement Optimism in the Netherlands

<u>Predictor</u>	<u>Beta Coefficient</u>	<u>r²</u>
Saving/Planning Ahead of Schedule	.193	.09
Confident/Able to Pay for Health Care	.132	.05
Concern/Being Taken Care of	-.191	.02
Trust/Future Gov't Pension Benefits	.128	.02
Informed About Retirement	.110	.01
Concern/Age Discrimination	- .102	.01
Confidence/Paying for Long Term Care	.110	.01
Total	.462	.21

Retirement Optimism and Retirement Planning/Saving Progress

Percent of Netherlands Respondents Feeling They are Either “On Track” or “Ahead of Schedule” with Retirement Planning and Saving by Level of Retirement Optimism

<u>Attitude Toward Retirement</u>	<u>Pct “On Track” or “Ahead”</u>
Very Optimistic	90%
Somewhat Optimistic	78%
Don’t Know	42%
Somewhat Pessimistic	57%
Very Pessimistic	37%

Retirement Optimism and Confidence in Paying for Health Care

Percent of Netherlands Respondents Feeling Confident About Their Ability to “Pay for Medical Expenses” by Level of Retirement Optimism

<u>Attitudes Toward Retirement</u>	<u>Confidence in Paying for Medical Expenses</u>	
	<u>Pct “Very”</u>	<u>Pct “Very” or “Somewhat”</u>
Very Optimistic	57%	92%
Somewhat Optimistic	31%	89%
Don’t Know	30%	55%
Somewhat Pessimistic	19%	77%
Very Pessimistic	19%	54%

Drivers of Retirement Optimism in Sweden

<u>Predictor</u>	<u>Beta Coefficient</u>	<u>r²</u>
Concern: Money to Meet Daily Expenses	-.173	.13
Confidence: Access to Health Care	.161	.07
Trust/Future Gov't Pension Benefits	.168	.03
Concern: Age Discrimination	-.139	.02
Confidence: Paying for Rx	.122	.02
Saving/Planning Ahead of Schedule	.114	.01
Age (older)	.097	.01
Total	.536	.29

Retirement Optimism and Concern With Having Enough Money for Daily Expenses

Percent of Sweden Respondents Concerned* About “Having Enough Money to Meet Daily Expenses” by Level of Retirement Optimism

<u>Attitude Toward Retirement</u>	<u>Pct Concerned w/Enough Money*</u>
Very Optimistic	18%
Somewhat Optimistic	16%
Don't Know	24%
Somewhat Pessimistic	31%
Very Pessimistic	40%

- ❖ Top 3 box on 10 point scale,
10 = “extremely concerned,” 0= “not at concerned”

Retirement Optimism and Confidence in Access to Quality Health Care

Percent of Sweden Respondents Feeling Confident About Their Ability in “Having Access to Quality Health Care” by Level of Retirement Optimism

<u>Attitude Toward Retirement</u>	<u>Confidence in Access to Health Care</u>	
	<u>Pct “Very”</u>	<u>Pct “Very” or “Somewhat”</u>
Very Optimistic	37%	86%
Somewhat Optimistic	11%	63%
Don’t Know	10%	55%
Somewhat Pessimistic	10%	47%
Very Pessimistic	7%	30%

Drivers of Retirement Optimism in France

<u>Predictor</u>	<u>Beta Coefficient</u>	<u>r²</u>
Trust/Future Gov't Health Benefits	.201	.08
Informed About Retirement	.150	.03
Age (older)	.140	.02
Concern/Access to Health Care	-.136	.02
Total	.385	.15

Retirement Optimism and Trust in Future Gov't Health Benefits

Percent of France Respondents With Low Levels of Trust* in Their Government's Ability to Provide Future Retiree Health Benefits by Level of Retirement Optimism

<u>Attitude Toward Retirement</u>	<u>Pct With Low Trust*</u>
Very Optimistic	10%
Somewhat Optimistic	26%
Don't Know	38%
Somewhat Pessimistic	37%
Very Pessimistic	63%

- ❖ Bottom 3 box on 10 point scale,
10 = "total trust," 0= "absolutely no trust"

Drivers of Retirement Optimism in Germany

<u>Predictor</u>	<u>Beta Coefficient</u>	<u>r²</u>
Saving/Planning Ahead of Schedule	.195	.06
Religiosity	.123	.01
Concern/Age Discrimination	-.134	.02
Concern/Paying for Rx	-.107	.01
Total	.312	.10

Retirement Optimism and Retirement Planning/Saving Progress

Percent of Germany Respondents Feeling They are Either “On Track” or “Ahead of Schedule” with Retirement Planning and Saving by Level of Retirement Optimism

<u>Attitude Toward Retirement</u>	<u>Pct “On Track” or “Ahead”</u>
Very Optimistic	86%
Somewhat Optimistic	79%
Don't Know (n= 7)	86%
Somewhat Pessimistic	62%
Very Pessimistic	53%

Drivers of Retirement Optimism in Italy

<u>Predictor</u>	<u>Beta Coefficient</u>	<u>r²</u>
Sufficiency of Public Pension	-.232	.10
Age (older)	.199	.04
Confidence/Access to Health Care	.147	.04
Concern/Money to Pay Daily Expenses	-.205	.02
Concern/Provide Care-Parent/Relative	-.146	.02
Gender (male)	.114	.01
Public Pension Major Income Source	-.091	.01
Total	.489	.24

Retirement Optimism and Sufficiency of Public Pension

Percent of Italy Respondents Feeling That the Public Pension Does Not Enable the Average Retiree to Live at Least “Comfortably” in Retirement by Level of Retirement Optimism

Attitude Toward Retirement

Avg Pubic Pension

Less than “Comfortable” “Not at All Comfortable”

Very Optimistic	69%	15%
Somewhat Optimistic	73%	15%
Don't Know	93%	29%
Somewhat Pessimistic	95%	28%
Very Pessimistic	96%	51%

Summary Chart: Drivers of Retirement Optimism

<u>Predictor</u>	<u>Country</u>										
	<u>Overall</u>	<u>US</u>	<u>UK</u>	<u>Can</u>	<u>Aus</u>	<u>Ger</u>	<u>Fr</u>	<u>It</u>	<u>Neth</u>	<u>Swd</u>	<u>Japn</u>
Ratio 65+/18-64 (lower)	x										
Plan/ Saving Ahead of Schedule	x	X	x	X	x	X			X	x	
Informed About Retirement	x	x	x	x	x		x				x
Age (older)	x	x					x	x		x	x
Confidence; Paying for Long Term Care		x	X		X				x		
Confidence: Access to Health Care			x				x	x		x	
Trust: Govt Pension Benefits		x	x						x	x	
Concern: Money for Basic Expenses	x				x			x		X	
Trust: Govt Health Care Benefits	x			x			X				x
Concern: Facing Age Discrimination						x			x	x	
Gender (male)					x			x			
Confidence: Paying for Rx	x					x				x	
Concern: Finding Work After Retirement				x							X
Work in Retirement			x		x						
Confidence: Paying for Health Care	X										
Adequacy of Public Pensions								X			

x = significant predictor **X** = strongest predictor

Conclusions

- **Factors contributing to retirement optimism vary by country as a result of divergent demographic trends and political economies.**
- **Personal factors (feeling positive about retirement savings and feeling informed) are key factors driving retirement optimism many different countries.**
- **Demographic factors are also important, with countries with lower percentages of older persons more optimistic about retirement. Older persons themselves, however, are also more optimistic, although the reason for this optimism is unclear.**
- **Health care concerns, in particular concerns over long term care, dampen retirement optimism in many countries**

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