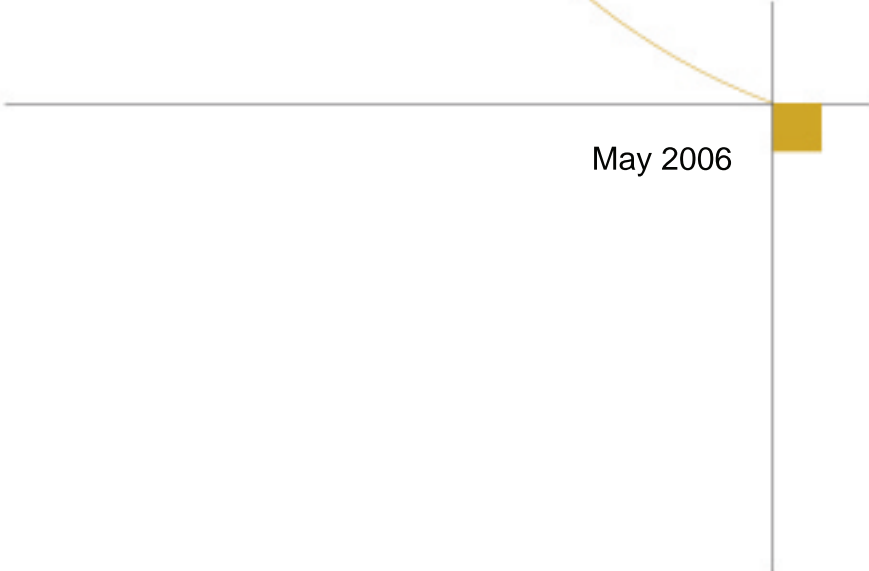


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Retirement Planning Survey Among U.S. Adults Age 40 and Older

Conducted for AARP Bulletin

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May 2006



Retirement Planning Survey Among U.S. Adults Age 40 and Older

Report written by
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Survey conducted by
International Communications Research

May 2006

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Executive Summary

The main purpose of this *AARP Bulletin* poll of a nationally representative sample of 1,782 U.S. adults age 40 or older was to provide some insight into how well adults are financially prepared for their retirement. Saving for retirement is clearly one of the important financial goals for individuals age 40 or older, but also one of the major challenges this population faces. Three-quarters of those surveyed see saving for their retirement years as very important. Only one-third (35%), however, feel very confident that they will have enough money to live comfortably throughout their retirement years.

The survey showed that many of today's workers and retirees age 40 or older are concerned about their ability to cover various retirement expenses:

- 28% of workers and 12% of retirees are *not* confident about having enough money in retirement to pay for their medical expenses
- 40% of workers and 33% of retirees are *not* confident in their ability to take care of long-term care expenses, should they occur during their retirement
- 15% of workers and 9% of retirees are *not* even confident they will have enough to take care of their basic expenses

What are current *workers* doing to prepare themselves for the challenges ahead?

- 44% have tried to conduct a retirement needs calculation
- 68% have saved some money for their retirement

Accordingly, one-third of workers (31%) have *not* yet saved any money for their retirement; 26% admit they are *not* confident they know how to determine how much money they will need to live comfortably in retirement. In addition, the reported overall levels of savings and investments are rather modest. For example, half of the workers' households (52%) currently have in their savings and investments less than \$25,000 (among those responding to this question and excluding the value of primary residence). The majority of those who have not yet saved any money attribute their inability to save to insufficient income, high everyday expenses, and a bad economy.

It is also evident from the findings that workers are counting on employer-provided benefits for their retirement; their top three expected *major* sources of retirement income are: 1) an employer-sponsored retirement savings plan, such as 401(k) (44%); 2) Social Security (39%); and 3) a traditional employer-provided pension (35%). In comparison, current retirees derive their current income primarily from Social Security (58% note it as a major source), a traditional employer-provided pension (43%), and personal investments (32%).

At the same time, 40% of respondents who are (or whose spouse is) currently employed worry that their employers will reduce or eliminate pension or health care benefits before or during their retirement. In fact, in the last five years some of their employers have already eliminated a traditional defined benefit pension plan (10%), froze or reduced existing traditional pension benefits (9%), changed a traditional pension plan into a defined contribution plan (15%), or reduced health care benefits (44%).

In addition, many are also faced with various types of debt. While the majority of workers (86%) feel confident they will pay off their debt (excluding their mortgage) by the time they retire, half of workers age 55+ (48%) who currently carry a mortgage are *not* confident they will pay it off before retiring, compared to 22% of workers age 40-54 who carry a mortgage.

Methodology

The interviewing was conducted by ICR/International Communications Research from April 10-19, 2006, using the Computer Assisted Telephone Interviewing (CATI) system. The CATI system ensured that questions followed logical skip patterns and that the listed attributes were automatically rotated, eliminating a potential “question position” bias.

The survey was conducted among a nationally representative sample of 1,782 adults age 40 and older, including an oversample of 500 Hispanic respondents. A random-digit dial (RDD) sample was used in this study to achieve a national cross-section of respondents. The main study used ICR’s omnibus product, *EXCEL*, while a custom approach employing age-targeted surname sampling was used for an oversample of Hispanics.

Of the total, the study included 1,096 working and 686 retired households¹ (further referenced as *workers* and *retirees*). Among workers, there were 728 respondents age 40-54, and 368 respondents age 55 or older. Among 500 Hispanics, the interviews were completed with 167 Hispanic retirees and 333 Hispanic workers (among workers, there were 225 age 40-54 and 108 age 55 or older).

In both the general and the Hispanic sample, responses are weighted to be nationally representative of the corresponding U.S. population. The margin of error for this study overall is $\pm 2.9\%$ at the 95% confidence level. The margin of error is $\pm 3.7\%$ for “workers” and $\pm 4.5\%$ for “retirees.” The margin of error for Hispanics is $\pm 7.5\%$ at the 95% confidence level.

In order to reach a more accurate assessment of a household’s level of financial and retirement planning and preparedness, we interviewed respondents who were the *primary financial decision makers* for their household or those who made such decisions together with somebody else. Where applicable, the questions were asked to apply to a respondent and/or his/her spouse. In order to simplify the text, spouses are not always referenced.

This report highlights the major findings from the general sample interviews. The annotated questionnaire is attached at the end of the report. The survey findings for the Hispanic oversample are outlined in a separate report.

¹ “Worker” = those completing a worker version of the questionnaire;

“Retiree” = those completing a retiree version of the questionnaire.

The retiree version of the questionnaire was given to the following respondents:

- All those who said they were retired
- Respondents working full-time, part-time, or self-employed, and who retired from a previous career and were age 62 or older
- Not working respondents (e.g., students, homemakers, disabled, unemployed) who were age 65 or older
- Not working respondents whose spouses were retired

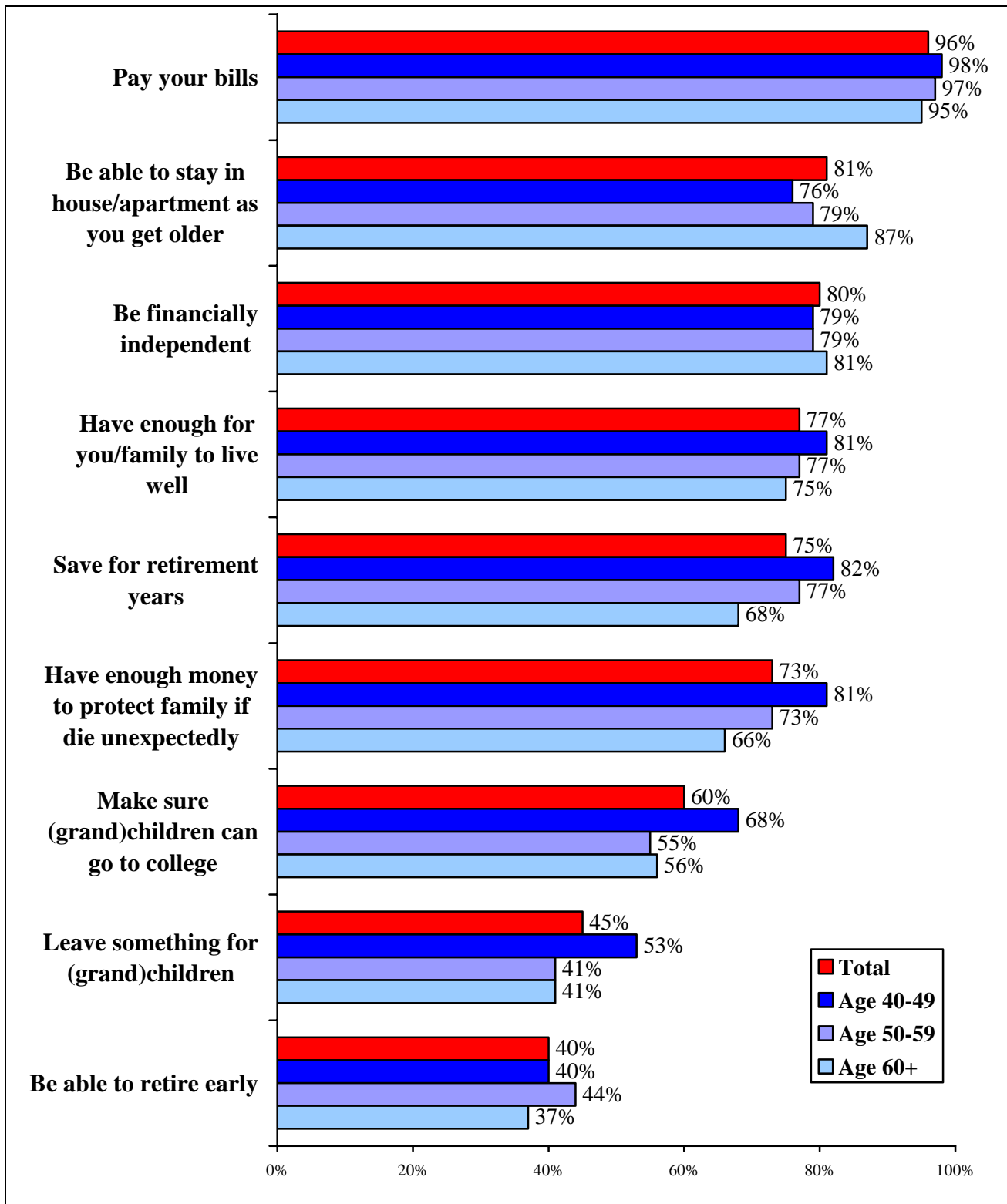
Everybody else completed the worker version of the questionnaire.

Key Findings

FINANCIAL GOALS

- When asked to rate the importance of various financial goals to them personally, the vast majority of respondents across all ages identify “paying the bills” as their top priority across all ages (95% or more see it as very important). The next three top goals are “being able to stay in your house or apartment as you get older” (81%), “being financially independent” (80%), and “having enough for you and your family to live well” (77%). (see *Figure 1*)
- The importance of some goals varies with age, especially when comparing the respondents in their 40’s with those in their 60’s. The importance of saving for retirement as well as providing for one’s family and children resonates in the responses of the former group. The younger respondents (age 40-49) put more importance than the older respondents (age 60 or older) on “saving for their retirement years” (82% vs. 68% see it as very important), “having enough money to protect your family if you die unexpectedly” (81% vs. 66%), “having enough for you and your family to live well” (81% vs. 75%), “make sure your children or grandchildren can go to college” (68% vs. 56%), and “leave something for your children or grandchildren (53% vs. 41%). In contrast, respondents age 60 or older (87%) are more likely to see “being able to stay in your house or apartment as you get older” as very important compared to those in their 40’s (76%).

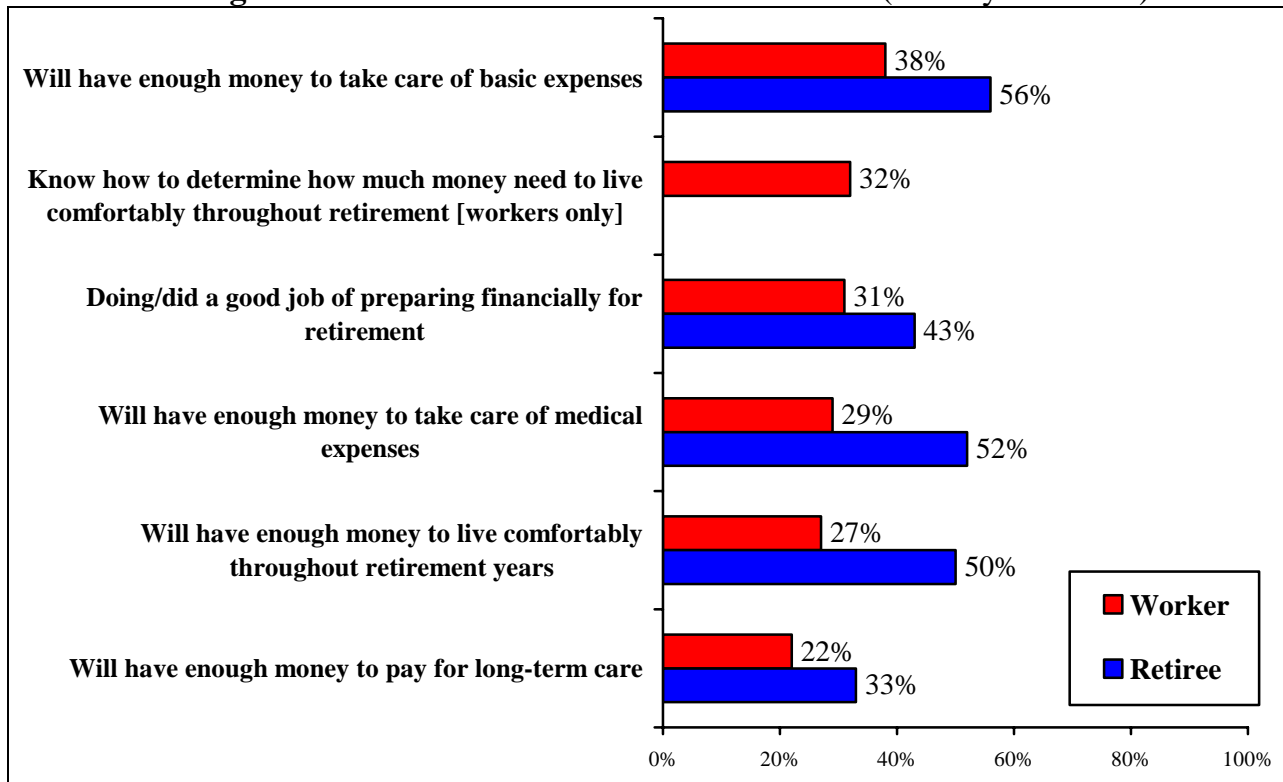
Figure 1: Importance of Financial Goals
(% Very important)



CONFIDENCE IN RETIREMENT FINANCES

- Among U.S. adults age 40 or older, current retirees seem to show a higher level of confidence in their ability to handle various financial aspects of their retirement than future retirees do.
- The vast majority of both retirees (86%) and workers (74%) are at least somewhat confident they have or will have enough money to live comfortably in their retirement. However, workers are less likely to display their confidence than retirees. While half of retirees (50%) are very confident, only one-quarter (27%) of workers are. In addition, twice as many workers (24%) than retirees (12%) are *not* confident about having enough money to live comfortably throughout their retirement years. A similar pattern is repeated when it comes to confidence about coverage of their basic, medical, and long-term care expenses in retirement. While it may be encouraging that the majority of workers are at least somewhat confident that they will have enough money to cover these various expenses, it is also true that
 - 28% of *workers* are *not too* or *not at all* confident they will have enough to cover their medical expenses (compared to 12% of retirees),
 - 40% feel similarly regarding any potential long-term care expenses (versus 33% of retirees), and
 - 15% are not confident they will have even enough money to take care of their basic expenses (compared to 9% of retirees).
- Both workers' and retirees' confidence is highest in having enough money to pay for basic expenses during their retirement (38% of workers are very confident vs. 56% of retirees), and lowest in being able to pay for long-term care (22% of workers vs. 33% of retirees).

Figure 2: Confidence in Retirement Finances (% Very confident)



Is confidence too high?

- *Workers* are rather polarized when it comes to confidence in their ability to prepare and the actual level of preparedness for their retirement years. Close to one-third of workers (31%) are very confident they are doing a good job of preparing financially for their retirement. However, many are not too or not at all confident that:
 - They know how to determine how much money they need to live comfortably throughout their retirement years (26% of workers are *not* confident),
 - They will have enough money to live comfortably throughout their retirement years (24% of workers vs. 12% of retirees), or
 - They are doing a good job preparing financially for their retirement years (22% of workers vs. 19% of retirees).
- In addition,
 - More than half (55%) of workers age 40 or older (and/or their spouses) have NOT yet tried to figure out how much money they will need to have saved by the time they retire, and
 - Close to one-third (31%) of workers age 40 or older (and/or their spouses) have NOT yet saved any money for their retirement.Among current retirees, close to three in ten (28%) also admitted to NOT saving any money for their retirement years before their retired.
- That indicates that many *workers* might be *overconfident* about their retirement financial security. Workers who are very confident about financial prospects for their retirement years appear to be, on average, better prepared than others. For example, 57% of workers who are *very* confident about having enough money to live comfortably throughout their retirement years have already tried to conduct a retirement needs assessment, compared to 24% of those *not at all* confident. Similarly, 77% of workers who are *very* confident about their future retirement finances have saved some money for their retirement, compared to 30% of those *not at all* confident.

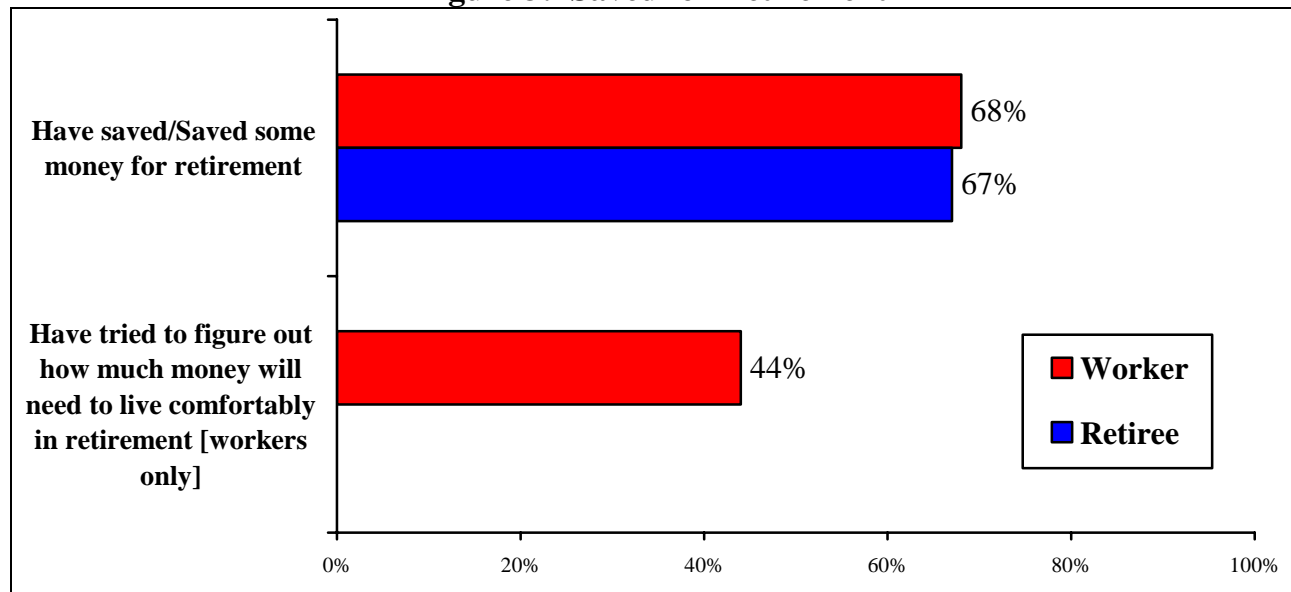
However, that also means that even among workers who are very confident (27%) about having enough money to live comfortably throughout their retirement years:

- 42% have NOT yet attempted to calculate their savings needs for retirement,
 - 22% have NOT yet saved any money for their retirement,
 - 39% of those responding have less than \$25,000 in savings and investments (excluding the value of their primary residence and defined benefit plans), and
 - many do NOT have--or do not currently have any money in--a 401(k) (33%), an IRA (40%), or a traditional pension (47%).
- Among workers who are somewhat confident (48%) about having enough money to live comfortably throughout their retirement years:
 - 52% have NOT yet attempted to calculate their savings needs for retirement,
 - 22% have NOT yet saved any money for their retirement, and
 - 45% of those responding have less than \$25,000 in savings and investments (excluding the value of their primary residence and defined benefit plans),
 - many do NOT have--or do not currently have any money in--a 401(k) (34%), an IRA (48%), or a traditional pension (47%).

RETIREMENT SAVINGS

- Two-thirds of current workers (68%) age 40 or older (and/or their spouses) **have saved some money for their** retirement, which may include money put into a retirement plan at work. Surprisingly, older workers (67%; age 55 or older) are not any more likely than their younger counterparts (69%; workers age 40-54) to have saved some money. That also means that one in three workers age 40 or older have not yet saved any money for their retirement years (30% of workers age 40-54 and 32% of workers age 55+).

Figure 3: Saved for Retirement



- Not surprisingly, among workers age 40 or older, the likelihood of calculating savings needs for retirement and having saved some money for retirement is strongly related to household income and respondent's education.
 - Approximately two in ten (21%) workers whose total pre-tax 2005 household income was less than \$25,000 have done a retirement needs calculation and one-third (35%) have saved some money for retirement years, compared to 66% and 89%, respectively, among those with a \$100,000 or higher household income.
 - While 27% of workers with less than a high school education have attempted to do some retirement needs calculation, 57% of those with higher than a high school education did. Similarly, 50% of workers with no formal education beyond high school have saved some money for their retirement, compared to 83% of those with more than a high school education.
- The **levels of current overall savings and investments** (for retirement or other purposes) **are rather modest**. While more than one in ten (14%) households of current *workers* providing this type of information (10% of all workers) have accumulated \$250,000 or more in total household's savings and investments, more than five in ten (52% of those responding to this question; 39% among all workers) report total household savings and investments of less than \$25,000, excluding the value of their home and any defined benefit plans (see *Figure 4*).

Figure 4: Reported Total Household Savings and Investments*

<i>% Among those responding</i>	“Retiree” Total (n=412)	“Worker” Total (n=803)	“Worker” Age 40-54 (n=550) (Y)	“Worker” Age 55+ (n=253) (Z)
Less than \$10,000	39%	37%	37%	38%
\$10,000 up to \$25,000	15	15	17 z	10
\$25,000 up to \$50,000	10	10	11	8
\$50,000 up to \$100,000	8	11	10	15
\$100,000 up to \$150,000	7	6	6	7
\$150,000 up to \$250,000	4	6	6	8
\$250,000 up to \$500,000	8	8	8	8
\$500,000 up to \$1 million, or	4	4	4	3
\$1 million or more	5	2	2	3

* Including all personal savings and investments, and workplace retirement savings plans, but excluding the value of primary residence and the value of any defined benefit plans

Note: Capital letters indicate a significant difference between given groups at a 95% significance level

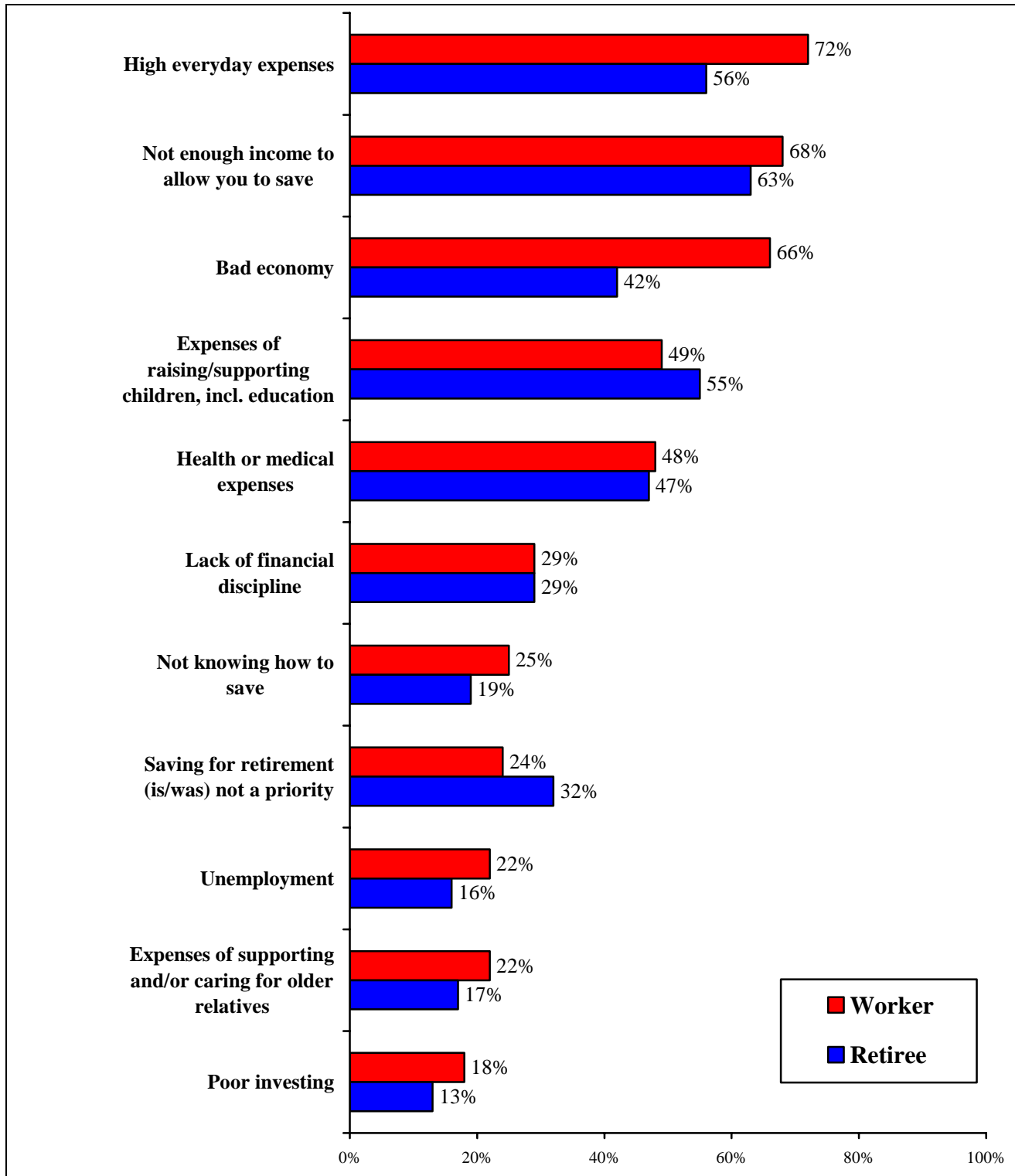
- The levels of savings and investments do not significantly differ between responding current retirees and workers. However, younger workers (age 40-54) report slightly lower amounts of assets than workers age 55 or older. While 54% of younger workers report the total value of their household’s savings and investments to be less than \$25,000, 48% of their older counterparts report such assets.
- As expected, savings and investments differ by income. Workers with higher household income tend to report higher savings and investments than those with lower household income. For example, 92% of workers responding to the savings question and whose total pre-tax 2005 household income was lower than \$25,000 report total household savings and investments of less than \$25,000; compared to 9% of workers whose household income equals or exceeds \$100,000.

Reasons for not saving money for retirement

- Six in ten or more of current *workers* who have not saved yet any money for their retirement mainly attribute their inability to save to the following reasons:
 - “high everyday expenses” (72% report this as playing a major role),
 - “not enough income to allow you to save” (68%), and
 - “bad economy” (66%).
- “Not enough income” (63%) and “high everyday expenses” (56%) have also played a major role in inability to save any money for retirement among the majority of current *retirees*, followed by “child rearing and supporting expenses” (55%). Three in ten current retirees (32%) also admit that they did not save because “saving for retirement just was not a priority” for them, compared to 24% of current workers.
- Three in ten retirees and workers (both 29%) also see a lack of financial discipline as a major contributing factor to their inability to save.

- One in five retirees (19%) and one in four workers (25%) note that “not knowing how to save” is a major reason for why they did not or have not yet saved for their retirement.

Figure 5: Reasons for Not Saving Any Money for Retirement
(% Major Role)

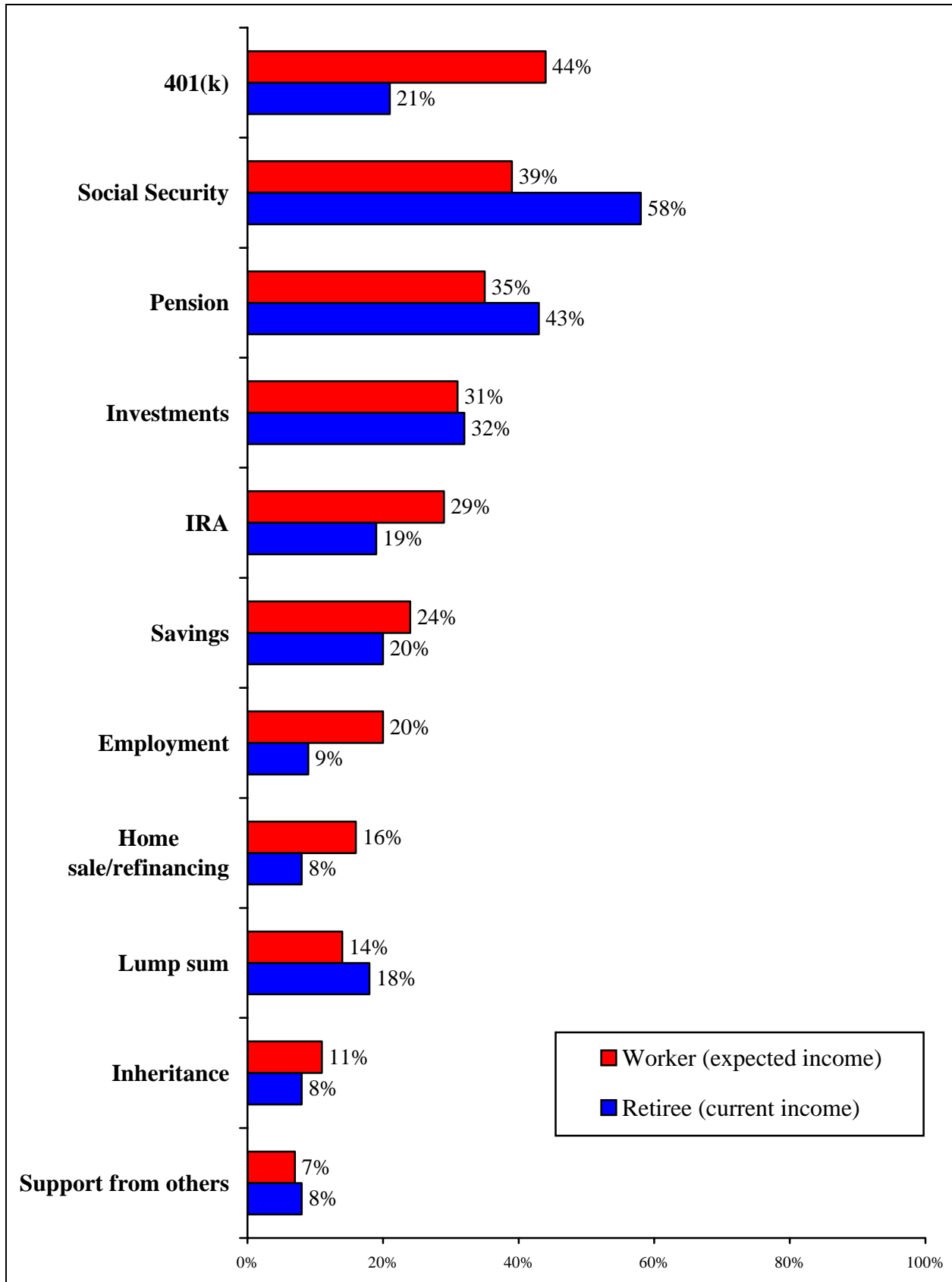


SOURCES OF RETIREMENT INCOME

Major source(s) of retirement income

- When asked about anticipated sources of income in their (and their spouse's) retirement (see also *Figure 6*), many *workers* are counting on employer-provided benefits to represent a major source of their income once they retire. Workers' top three expected major sources of retirement income are as follows:
 - An employer-sponsored retirement savings plan, such as a 401(k) (44%),
 - Social Security (39%), and
 - A traditional employer-provided pension (35%).
- In comparison, current *retirees* report their income being primarily derived from the following sources:
 - Social Security (58% mention it as a major source),
 - A traditional employer-provided pension (43%), and
 - Personal investments (32%).
- The increasing importance and role of an employer-sponsored retirement savings plans, such as a 401(k), and of individual retirement account and savings (such as an IRA) are evident when comparing the expected major sources of retirement income of future retirees (and their spouses) to the sources of current retirees' (and their spouses') income. While plans such as a 401(k) represent a major source of income for 21% of current retirees (and no source of income for 55% of retirees), 44% of workers anticipate them to be a major source of their future retirement income. Similarly, an individual savings account (an IRA) provides a significant portion of income to only 19% of retirees and no income to 48% of retirees, while 29% of current workers expect it to be a major source of their retirement income.
- Also, two in ten workers (20%) expect to draw a major portion of their retirement income from employment, compared to 9% of current retirees reporting such source. Interestingly, four in ten workers (39%) note an inheritance as a potential minor (28%) or major (11%) source of their retirement income, while one-quarter of retirees (25%) actually currently relies on such a source (8% mentions an inheritance as a major and 17% as a minor source of their income).
- As a major anticipated source of their retirement income, current younger workers (age 40-54) are more likely than their older counterparts (age 55 or older) to count on money from a 401(k) (48% vs. 33%), while older workers are going to be more likely than younger workers to rely on Social Security (48% vs. 35%).
- In general, regardless of working status, younger respondents tend to anticipate deriving at least some of their income more than older respondents do from sources such as a 401(k), an IRA, personal savings, employment, the sale or refinancing of a home, an inheritance, or support from children or other family members.

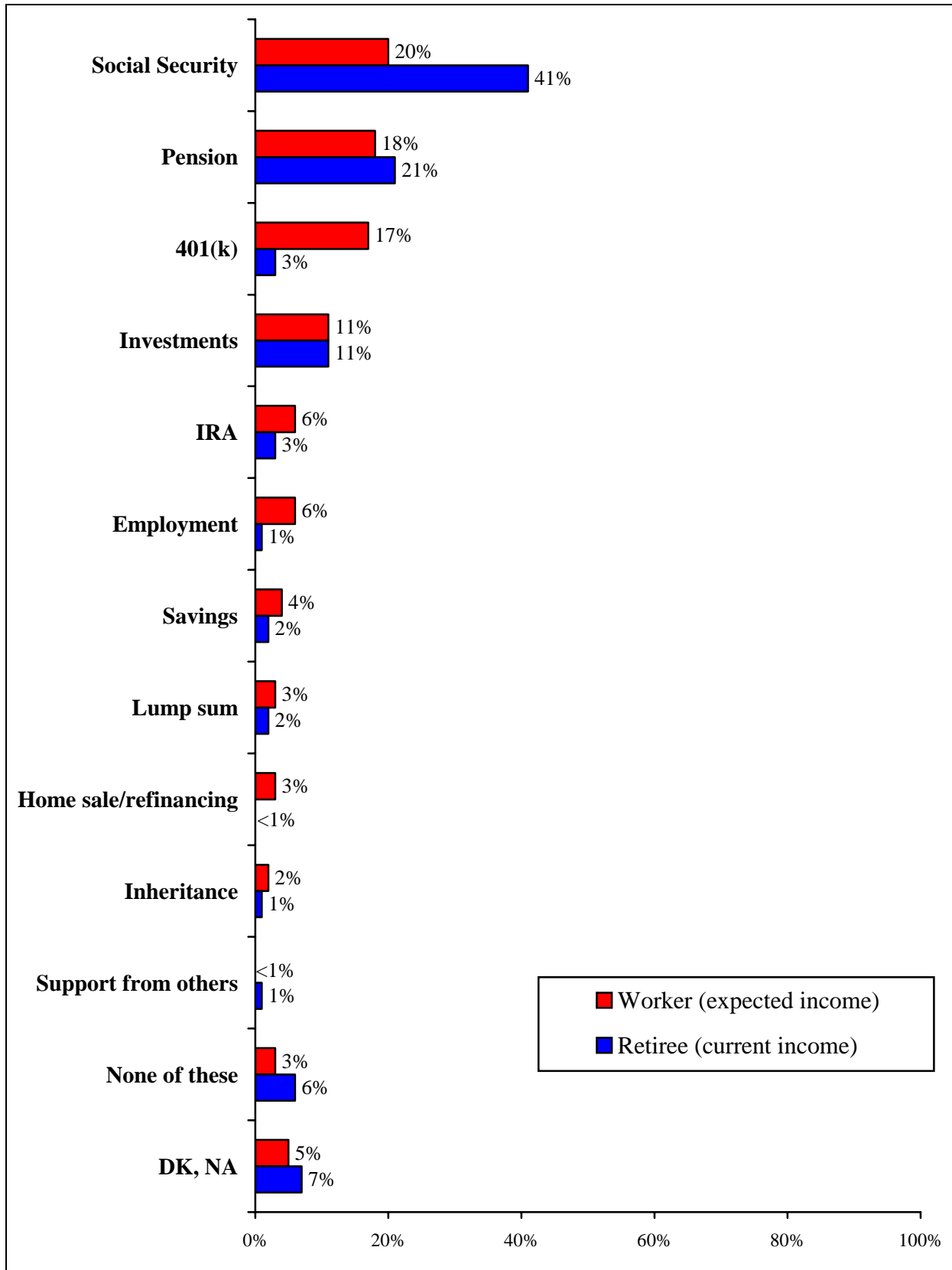
Figure 6: Expected and Actual Major Source(s) of Retirement Income



Largest source of retirement income

- When asked about their (and their spouse's) *largest* source of retirement income (see also *Figure 7*), the highest proportion of current retirees report Social Security (41%), followed well behind by a pension (21%). In contrast, approximately the same proportions of current workers name three different expected largest sources of their future retirement income: Social Security (20%); a pension (18%); and retirement savings plans, such as a 401(k) (17%).
- What future retirees plan to *primarily* rely on differs from what current retirees actually do rely on. Four in ten *workers* (39%) expect overall savings {including an IRA, plans such as a 401(k), personal investments, and savings} to be their largest source of retirement income, while two in ten (20%) name Social Security. The pattern is reversed among *retirees*: four in ten (41%) current retirees draw a major portion of their income from Social Security, while two in ten (18%) rely on their overall savings {including an IRA, plans such as a 401(k), personal investments, and savings}.
- Younger workers (20%; age 40-54) are more likely than older workers (11%; age 55 or older) to expect an employer-sponsored retirement savings plan, such as a 401(k), to be the largest source of their retirement income. Older workers (30%), in contrast, are twice as likely as younger workers (16%) to anticipate Social Security to provide them with the largest share.
- As expected, workers who have *not* yet saved any money for their retirement are far more likely than those who have saved to expect Social Security (43% vs. 10%) to be their largest source of retirement income. In addition, workers who have *not* saved yet are *less* likely than those who have saved to anticipate their largest source of income to be a savings plan, such as a 401(k) (7% vs. 22%), or personal investments (2% vs. 15%).

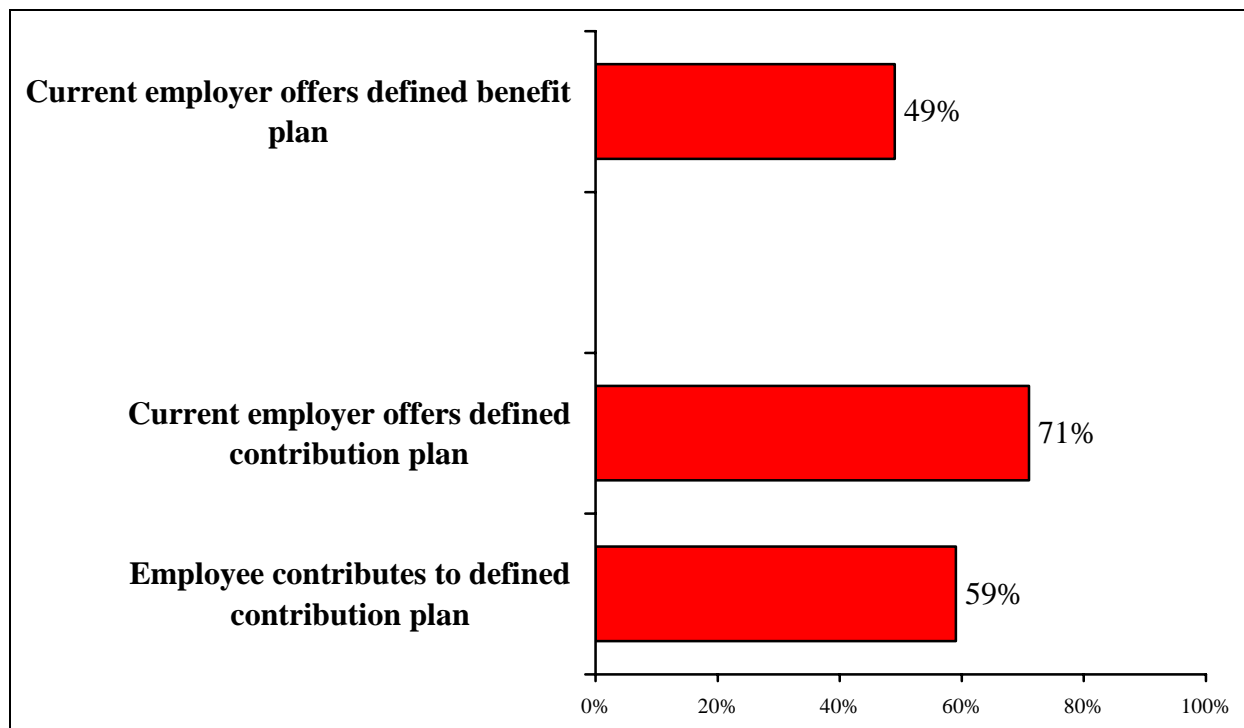
Figure 7: Expected and Actual Largest Source of Retirement Income



EMPLOYERS, PENSIONS, AND 401(K)s

- While the spectrum of sources from which households draw their retirement income seems to be widening, the survey findings indicate that many future retirees may be overestimating the role certain sources will play in their retirement, or they are under-utilizing some of their options to save money for retirement.
- Approximately two-thirds of current workers (64%) expect an employer-provided defined benefit plan (**pension**) to provide them (and their spouses) with at least some retirement income (35% report it as a major source). However, only 46% mention having some money in a traditional pension plan; and 49% of respondents who (or whose spouses) are currently employed have an employer that offers a defined benefit plan.
- Two-thirds (66%) of workers (or their spouses) anticipate an **employer-sponsored retirement savings plan**, such as a 401(k), to be at least a minor source of their retirement income (44% expect it to be a major source), and 58% report that they (or their spouse) currently have any money in such a plan.
- Close to three-quarters (71%) of those who are (or whose spouse is) currently employed now work for an employer who offers a retirement savings plan, such as a 401(k); younger respondents (75%; age 40-54) are more likely to report this fact than older respondents (64%; age 55 or older). While the vast majority (83%) of the employees whose employer offers such a type of plan contribute to it (86% of those age 40-54 vs. 76% of those age 55 or older), it is also true that 17% of those whose employer offers a plan do not currently contribute to it.

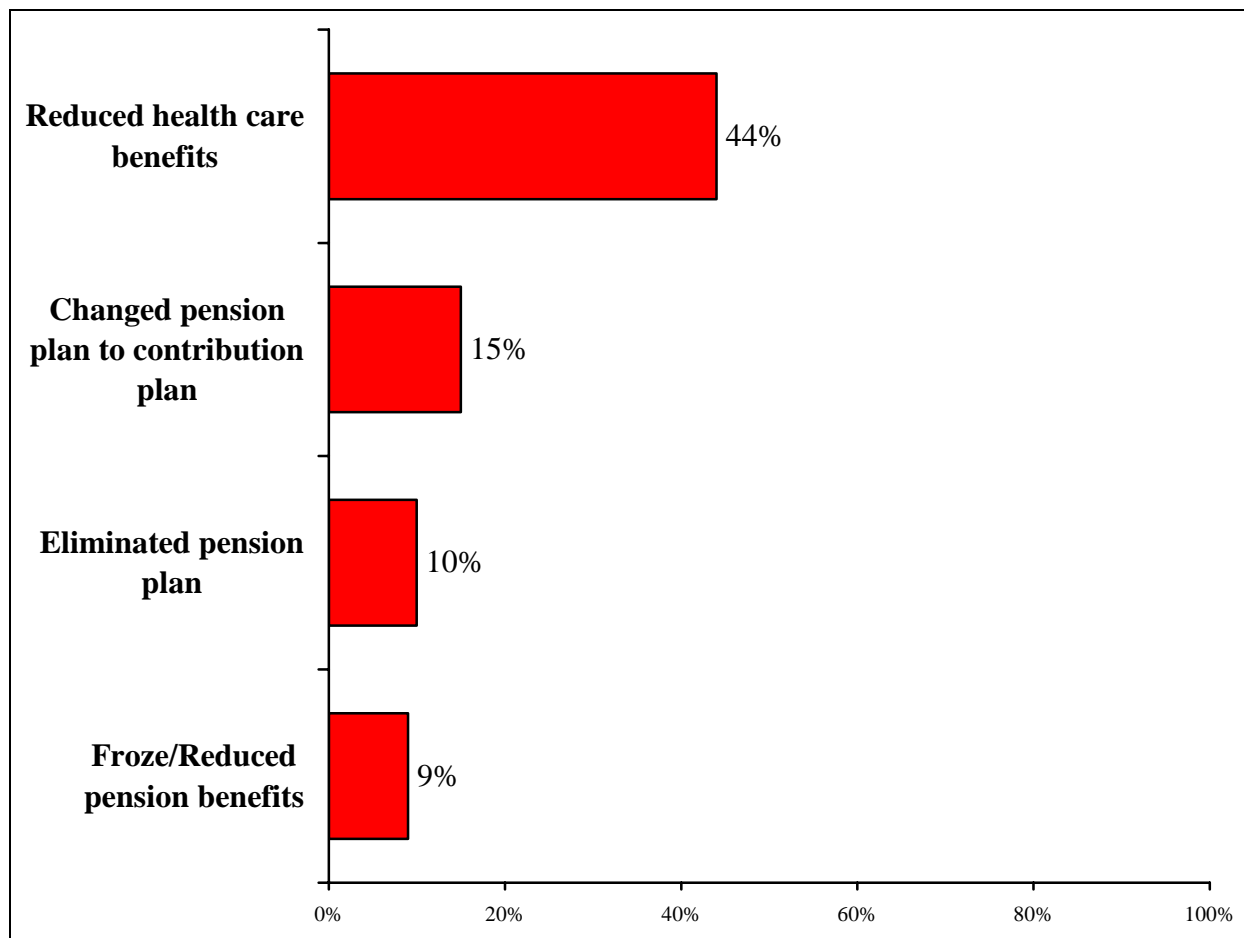
Figure 8: Current Employees' Access to Employer-Provided Benefits
(% Among respondents who are or whose spouses are currently employed)



Employees' concern about retirement benefits

- Many respondents who are (or whose spouses are) currently employed also feel uneasy about the future of their retirement benefits. Four in ten (40%) worry that their (or their spouse's) employer will reduce or eliminate pension or health care benefits before or during their retirement.
- In fact, some respondents who are (or whose spouses are) currently employed report that their employers (or their spouse's employers) already changed or even eliminated benefits in the last five years. One in ten reports that their (or their spouse's) employer eliminated a traditional defined benefit pension plan (10%), or froze or reduced existing traditional pension benefits (9%). One in seven notes that the employers changed a traditional pension plan into a defined contribution plan (15%); while the employers of more than four in ten (44%) currently employed respondents (or their spouses) reduced health care benefits in the last five years.

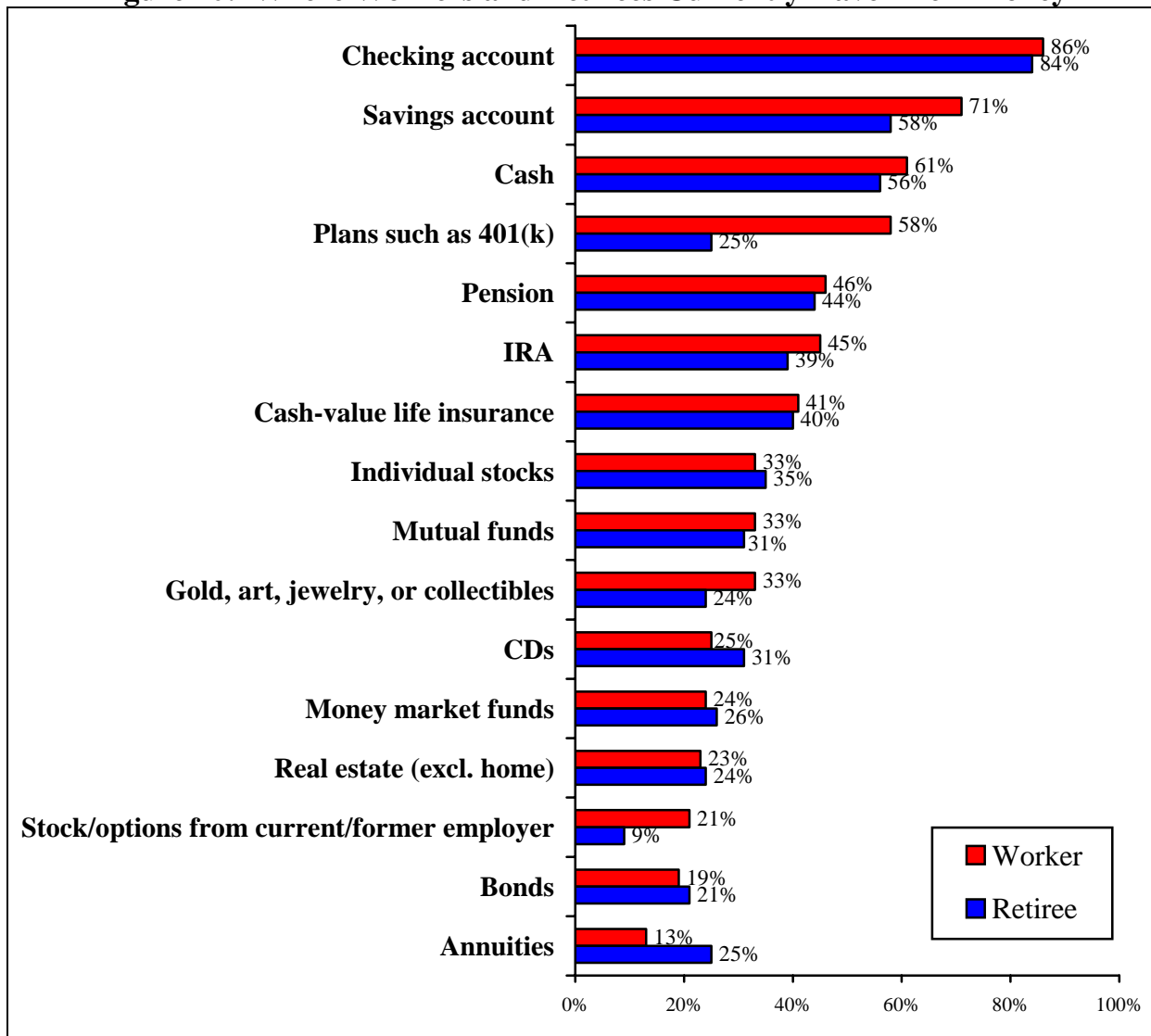
Figure 9: Changes Made by Current Employer in Last Five Years
(% Among respondents who are or whose spouses are currently employed)



CURRENT PLACEMENT OF MONEY

- In general, the majority of adults age 40 or older (or their spouses) have their money in:
 - A checking account (85%),
 - A regular, non-investment savings account (66%),
 - Cash (59%), and
 - An employer-sponsored retirement savings or investment plan, such as a 401(k) (47%).
- For the most part, savings and investment vehicles do not widely differ between workers and retirees, with only a few exceptions. Workers appear to be more likely than retirees to have their money in a regular savings account (71% vs. 58%); an employer sponsored retirement savings plan, such as a 401(k) (58% vs. 25%); an IRA (45% vs. 39%); stocks and/or options from current or former employers (21% vs. 9%); and gold, art, jewelry, or collectibles (33% vs. 24%). As expected, retirees (25%) more often than workers (13%) report having money in annuities.

Figure 10: Where Workers and Retirees Currently Have Their Money



SOURCES OF FINANCIAL INFORMATION

- We asked the respondents which sources of information they use when they (or their spouses) are making decisions on their savings and investments.
- Regardless of working status, married adults age 40 or older heavily use their spouse's input (79% among married respondents; 44% of all respondents). Besides spouse's input, the top most widely used resources, both among workers and retirees, are as follows:
 - banks or other financial organizations (53%),
 - financial professionals (48%), and
 - newspapers, magazines, or other written materials (48%).
- Workers appear to not only utilize a wider spectrum of information resources than retirees do, but they are also significantly more likely than retirees to make use of most of these resources, such as the advice of family, friends, or co-workers (47% of workers vs. 33% of retirees); newspapers, magazines, or other written materials (53% vs. 39%); or the Internet (35% vs. 13%).
- Perhaps not surprisingly, when workers and retirees were asked about the *most helpful* source of information on savings and investments, those who used at least one of the listed sources identified advice from a financial planner or professional as the most helpful (30% of workers and 28% of retirees). (see also *Figure 12*)

Figure 11: Used Source(s) of Financial Information

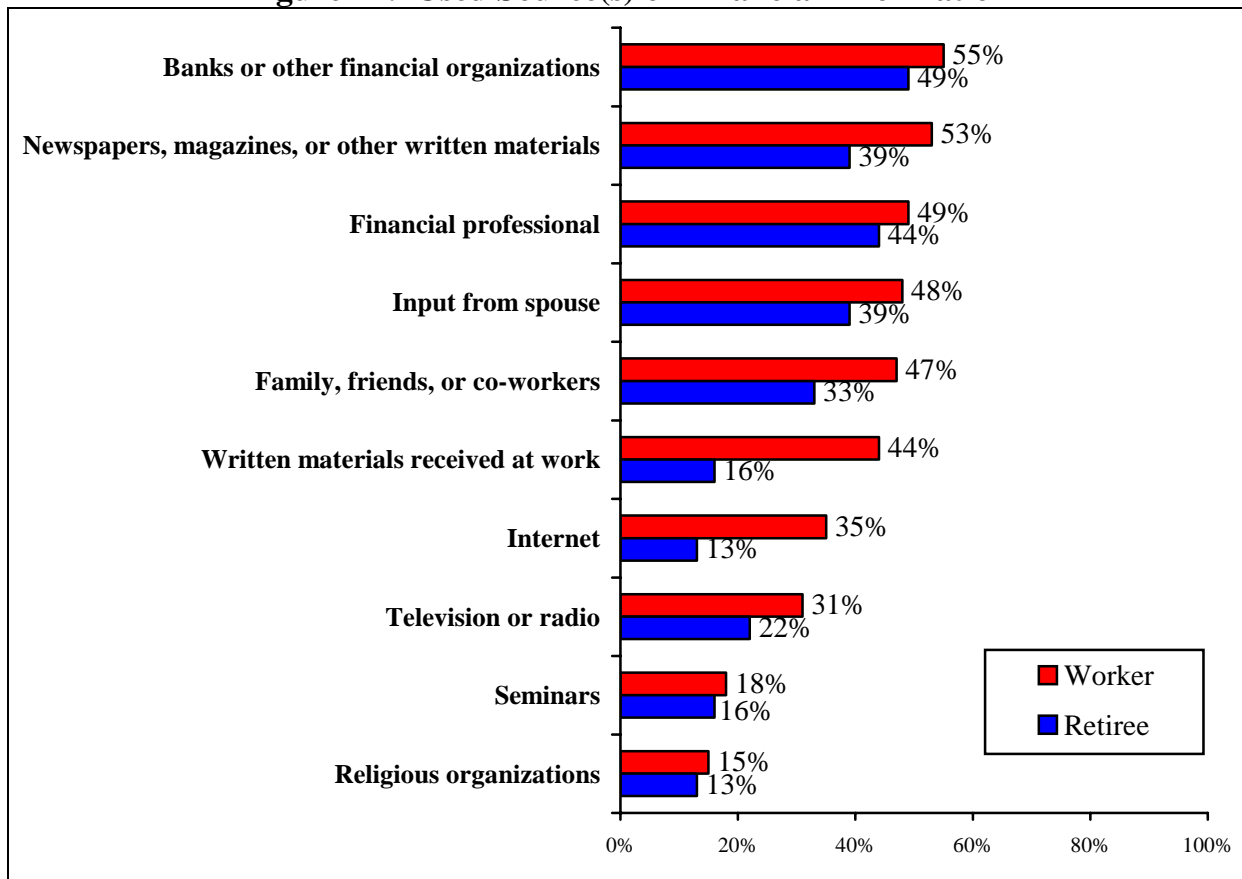
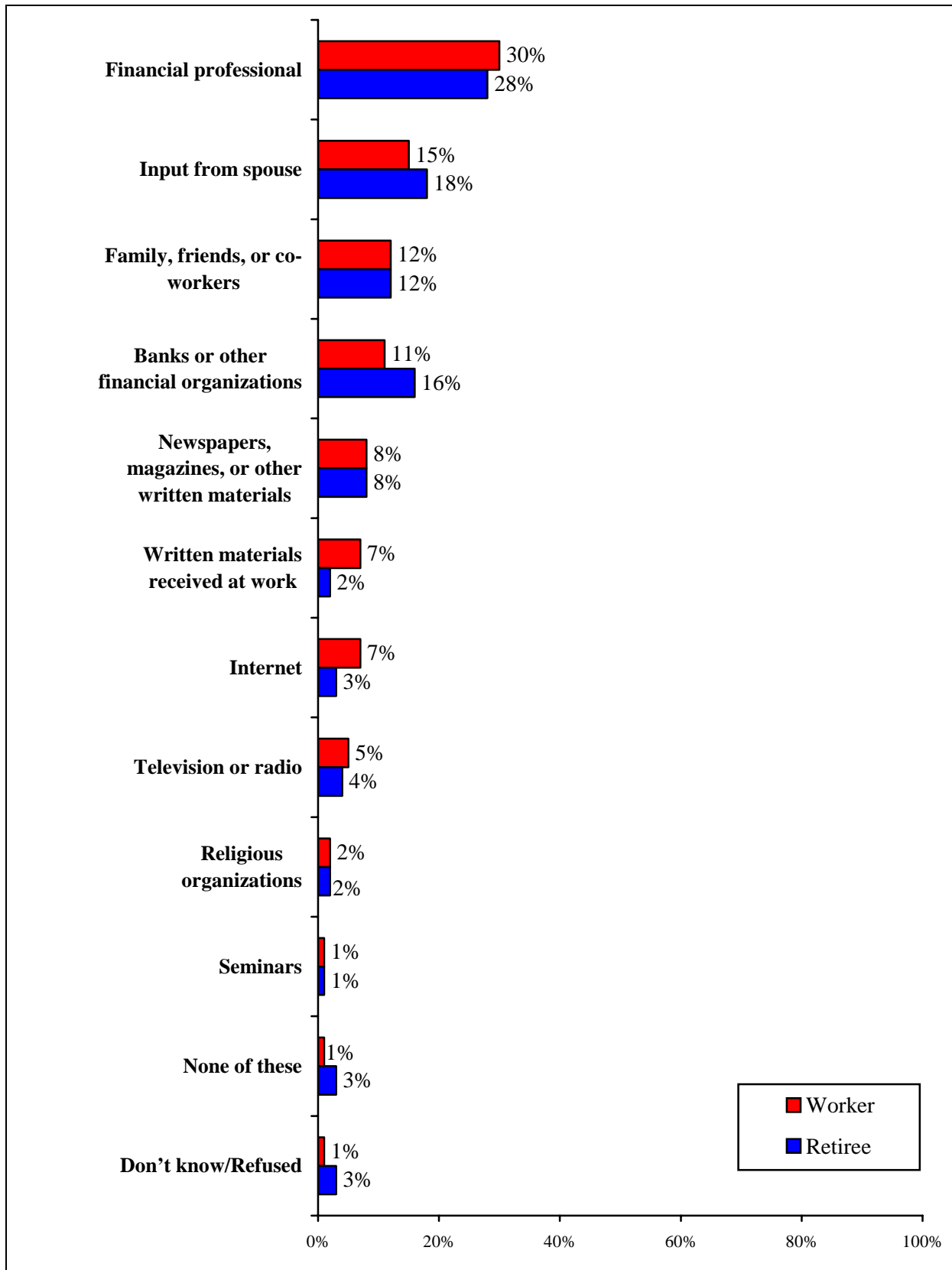


Figure 12: Most Useful Source of Financial Information

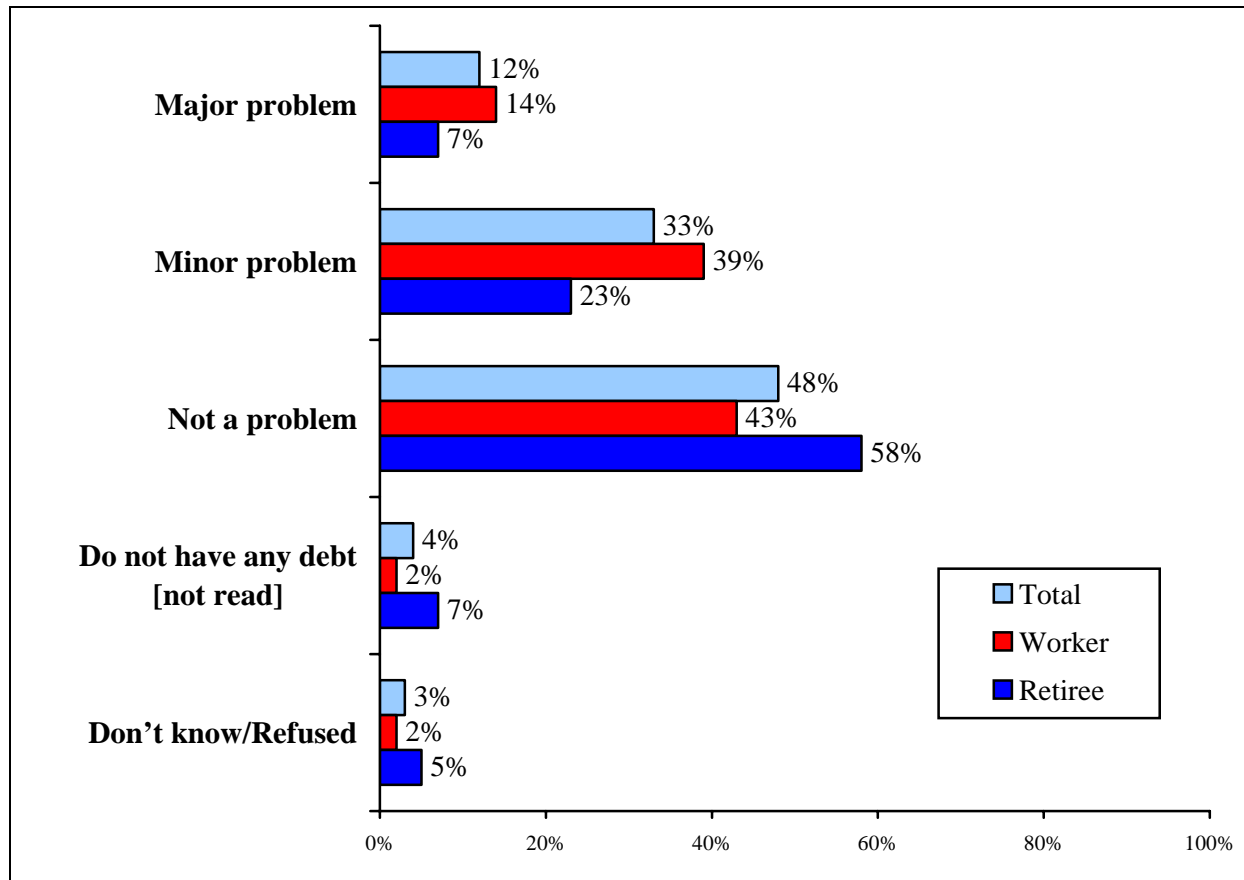
(% Among respondents who used at least one of the listed sources)



DEBT

- Debt represents a serious issue for many U.S. adults age 40 or older. Close to half (45%) see their current level of debt as a problem. One in ten perceives it as a major problem (12%).

Figure 13: Current Level of Debt



- When prompted on various **types of debt**, U.S. adults age 40 or older most often carry a mortgage (41%), credit card debt (39%), and car loans (30%). The least common listed type of debt is a loan from family or friends (5%). Three in ten (29%; 19% of workers and 49% of retirees) do not report having any of the listed types of debt. (see *Figure 14*)
- Workers are not only twice as likely as retirees to see their (and their spouse's) current level of debt as a major problem (14% vs. 7%), they are also more likely (and often more than twice as likely) than their retired counterparts to report currently carrying all listed types of debt. For example, current workers are more likely than retirees to carry a mortgage (52% vs. 22%), credit card debt (46% vs. 26%), a car loan (38% vs. 16%), or even medical or dental debt (16% vs. 10%).
- Similarly, younger workers (age 40-54) are more likely to carry the majority of listed debts than older workers (age 55 or older). For example, 42% of workers age 40-54 currently have a car loan, compared to 29% of workers age 55 or older (see *Figure 15*).

Figure 14: Types of Current Debt

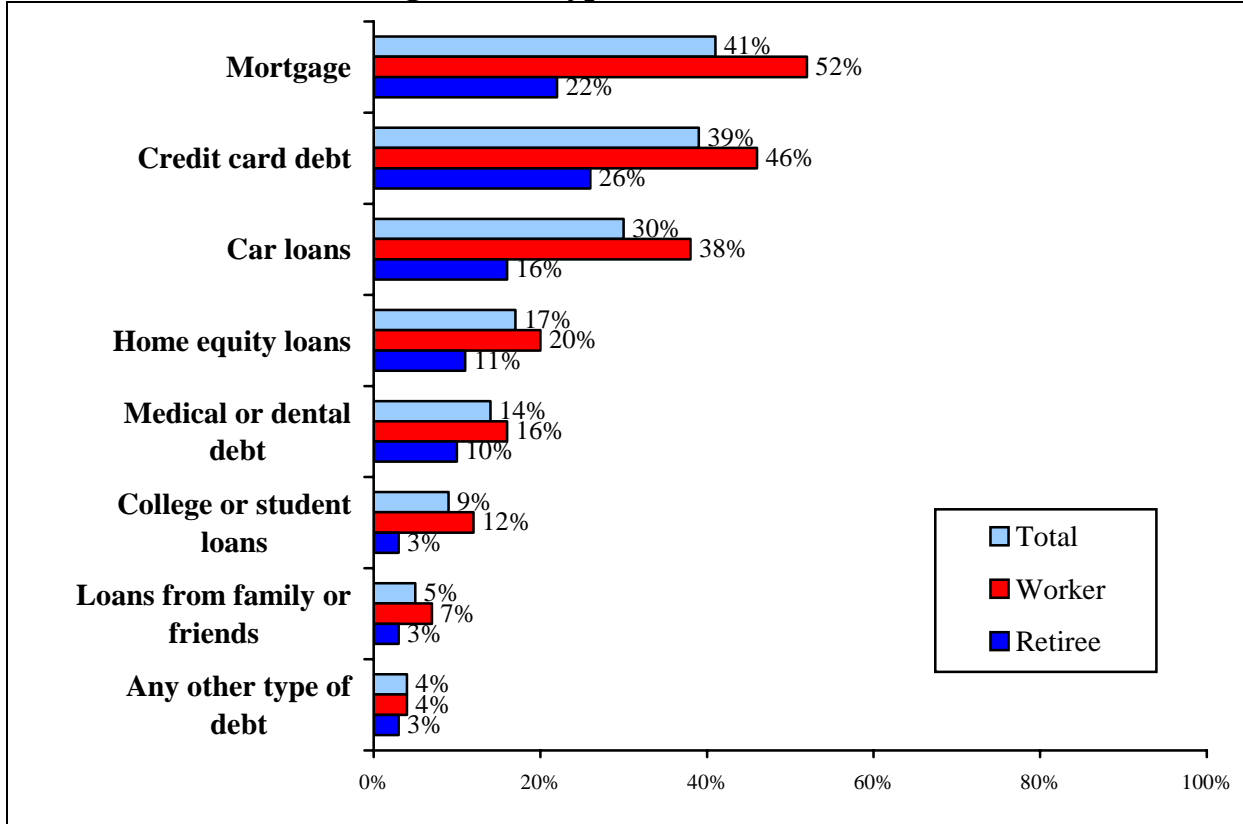
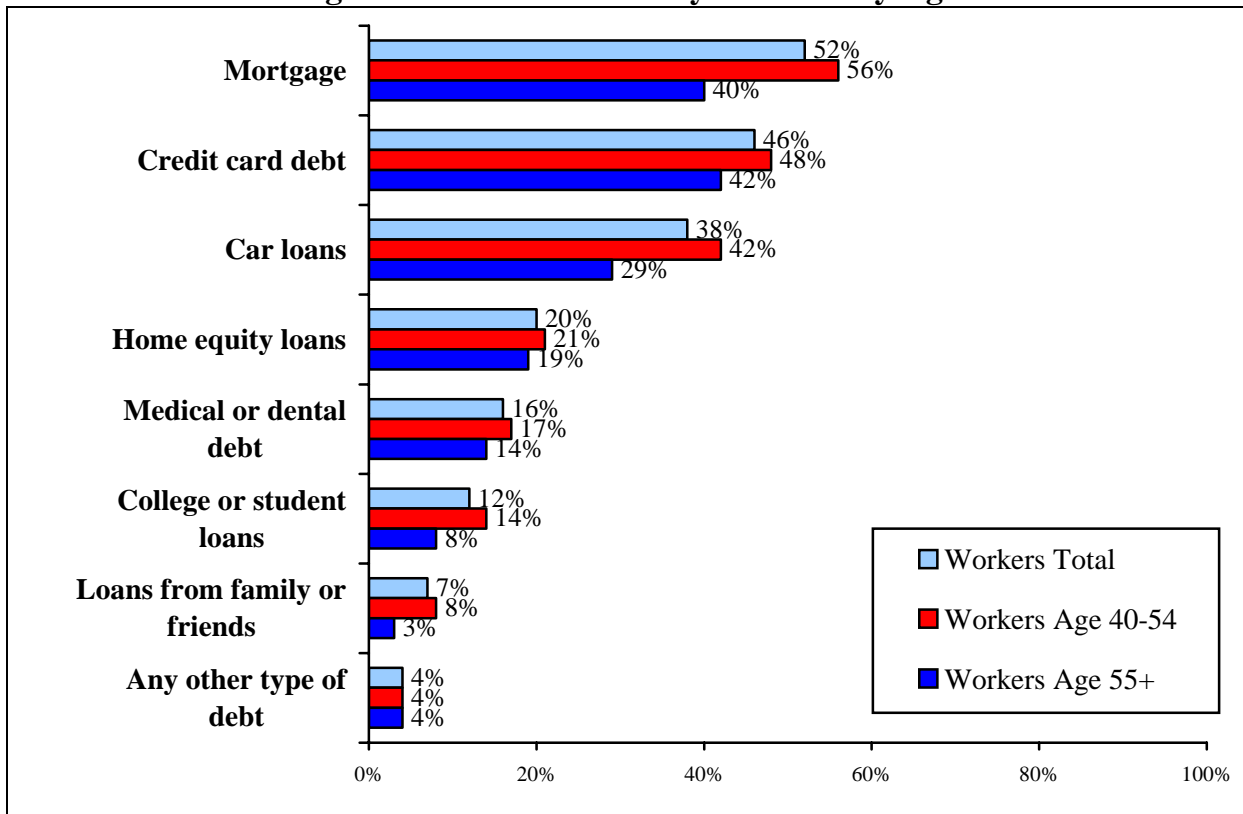


Figure 15: Debt Carried by Workers by Age



Confidence in paying debt off before retirement

- We also asked *workers* how confident they were that they would **pay off their debt** before they retire. The vast majority of workers (86%) are very (69%) or somewhat confident (17%), while one in ten workers (11%) is *not* confident, that they will pay off all their debt (not including mortgage) before their retirement. Worker's confidence in their ability to get rid of their debt (excluding mortgage) does not differ by age.
- Among workers who currently carry a mortgage, over one-quarter (28%) are *not* confident they will **pay off their mortgage** before retiring, while 71% are at least somewhat confident in their ability to do so.
- Younger workers (age 40-54) are more optimistic about their ability to pay off all their mortgage before retiring than are older workers (age 55 or older). Half (48%) of older workers who currently have a mortgage are *not* confident in their ability to pay off a mortgage before retirement, compared to two in ten younger workers (22%).

Annotated Questionnaire

“Worker” (W²) = worker version of the questionnaire (see next page)

“Retiree” (R²) = retiree version of the questionnaire (see next page)

Z-7. What is your age?

	Total <i>(n=1,782)</i>	“Worker” <i>(n=1,096)</i>	“Retiree” <i>(n=686)</i>
40-49	33%	49% R	1%
50-59	30	41 R	10
60-69	19	9	36 w
70+	19	1	53 w

Z-2. Are you:

	Total <i>(n=1,782)</i>	“Worker” <i>(n=1,096)</i>	“Retiree” <i>(n=686)</i>
Single, that is never married	10%	11% R	6%
Single, living with a partner	3	4 R	<1
Married	56	59 R	51
Widowed	13	5	29 w
Divorced/Separated	18	20	14
Don't know/Refused	<1	<1	<1

Z-4. Currently, are you employed full-time, part-time, or not at all?

Z-5. (ASK IF Q.Z-4=3) Are you:

RP-1a. Are you self-employed or not?

	Total <i>(n=1,782)</i>	“Worker” <i>(n=1,096)</i>	“Retiree” <i>(n=686)</i>
Full-time	38%	57%	2%
Part-time	7	8	6
Self-employed	11	16	3
Retired	28	0	82
A homemaker	5	5	5
A student, or	1	1	0
Temporarily unemployed	4	5	1
Disabled/handicapped	6	8	2
Don't know/Refused	<1	1	0

² When applicable, the capital letters **W** or **R** indicate a significant difference between the retiree and worker groups at a 95% significance level

RP-1. Who in your household takes the lead in making financial decisions? Is it...?

	Total (n=1,782)	“Worker” (n=1,096)	“Retiree” (n=686)
Primarily you	56%	52%	63% ^w
Both you and another person, or	44	48 ^R	37
Primarily someone else [TERMINATE]	-	-	-
Don’t know/Refused [TERMINATE]	-	-	-

(ASK Q.RP-2 IF Q.Z-4 = 1 OR 2)

RP-2. Have you ever retired from a job?

	Total (n=988)	“Worker” (n=907)	“Retiree” (n=81)
Yes	15%	9%	100%
No	85	91	-
Don’t know/Refused	-	-	-

(ASK Q.RP-3 IF Q.Z-2 = 3)

RP-3. Is your SPOUSE...?

	Total (n=1,048)	“Worker” (n=680)	“Retiree” (n=368)
Employed full-time	46%	59%	16%
Employed part-time	7	8	4
Self-employed	7	8	4
Retired, or	27	8	70
Something else	12	16	5
Do not know/Refused	1	2	1

CHECKPOINT A

IF RESPONDENT IS RETIRED, USE RETIRED VERSION.

IF RESPONDENT IS EMPLOYED FULL TIME, PART TIME OR SELF-EMPLOYED AND RETIRED FROM PREVIOUS CAREER AND AGE 62+, USE RETIRED VERSION.

IF RESPONDENT IS HOMEMAKER, STUDENT, DISABLED, UNEMPLOYED, SOMETHING ELSE OR DK/REF AND AGE 65+, USE RETIRED VERSION.

IF RESPONDENT IS HOMEMAKER, STUDENT, DISABLED, UNEMPLOYED, SOMETHING ELSE OR DK/REF (Q5 > 4) AND SPOUSE IS RETIRED (Q7 = 2), USE RETIRED VERSION.

ELSE USE WORKER VERSION.

CHECKPOINT B

IF RESPONDENT IS MARRIED, ASK APPROPRIATE QUESTIONS WITH SPOUSE WORDING. ELSE OMIT SPOUSE WORDING.

RP-4. Now, I will read you various financial goals that some people have told us they have. For each, please tell me how important it is to you personally at this stage of your life. First, is it very important, somewhat important, not too important, or not at all important to you to ...? How about to ...?

Total (n=1,782) "Worker" (n=1,096) "Retiree" (n=686)	Very Important	Somewhat Important	Not too important	Not at all important	Don't know/ Refused
a) Be financially independent					
Total	80%	15	3	1	1
"Worker"	78%	17 R	4	1	<1
"Retiree"	82%	12	3	2	1
b) Save for the retirement years					
Total	75%	13	3	6	2
"Worker"	79% R	14	3	3	1
"Retiree"	69%	12	4	12 w	3
c) Have enough for you and your family to live well					
Total	77%	19	2	1	1
"Worker"	79%	18	2	1	<1
"Retiree"	75%	19	3	2	<1
d) Make sure your children or grandchildren can go to college					
Total	60%	16	9	13	2
"Worker"	61%	16	9	13	2
"Retiree"	57%	16	9	15	3
e) Pay your bills					
Total	96%	2	<1	<1	<1
"Worker"	97%	3	<1	<1	<1
"Retiree"	96%	2	1	1	<1
f) Have enough money to protect your family if you die unexpectedly					
Total	73%	15	4	7	<1
"Worker"	76% R	15	4	5	<1
"Retiree"	68%	16	6	10 w	<1
g) Leave something for your children or grandchildren					
Total	45%	30	10	13	1
"Worker"	47%	29	11	12	1
"Retiree"	42%	32	10	14	2
h) Be able to stay in your house or apartment as you get older					
Total	81%	13	4	2	<1
"Worker"	78%	15 R	4 R	2	1
"Retiree"	87% w	9	2	2	1
i) Be able to retire early					
Total	40%	24	14	17	4
"Worker"	39%	30 R	17 R	13	2
"Retiree"	42%	14	9	26 w	9 w

% Very Important	Total (n=1,782)	Age 40-49 (n=484) (A)	Age 50-59 (n=534) (B)	Age 60+ (n=764) (C)	“Worker” (n=1,096) (W)	“Retiree” (n=686) (R)
a) Be financially independent	80%	79%	79%	81%	78%	82%
b) Save for the retirement years	75	82 c	77 c	68	79 R	69
c) Have enough for you and your family to live well	77	81 c	77	75	79	75
d) Make sure your children or grandchildren can go to college	60	68 BC	55	56	61	57
e) Pay your bills	96	98 c	97	95	97	96
f) Have enough money to protect your family if you die unexpectedly	73	81 BC	73	66	76 R	68
g) Leave something for your children or grandchildren	45	53 BC	41	41	47	42
h) Be able to stay in your house or apartment as you get older	81	76	79	87 AB	78	87 W
i) Be able to retire early	40	40	44 c	37	39	42

Note: Top 4 goals in each group/column are highlighted in yellow

RP-5. I would like to know how confident you (and your spouse) are about certain aspects related to retirement. First, would you say that you are very confident, somewhat confident, not too confident, or not at all confident that ...? How about that ...?

Total (n=1,782) "Worker" (n=1,096) "Retiree" (n=686)	Very Confident	Somewhat Confident	Not too Confident	Not at all Confident	Don't know/ Refused
a) You (and your spouse) will have enough money to live comfortably throughout your retirement years					
Total	35%	44	14	6	1
"Worker"	27%	48 R	17 R	8 R	1
"Retiree"	50% w	36	8	4	2
b) You (are doing/did) a good job of preparing financially for your retirement					
Total	35%	43	13	8	1
"Worker"	31%	46 R	13	8	1
"Retiree"	43 % w	36	12	7	1
c) You will have enough money to take care of your medical expenses during your retirement, such as paying for doctor visits, prescription drugs, or hospital stays					
Total	37%	39	16	7	2
"Worker"	29%	42 R	20 R	8 R	2
"Retiree"	52 % w	34	8	5	1
d) You will have enough money to take care of your basic expenses during your retirement					
Total	44%	41	8	5	1
"Worker"	38%	45 R	9 R	6	1
"Retiree"	56 % w	34	5	4	1
e) You will have enough money to pay for long-term care , such as nursing home or home health care, should you need it during your retirement					
Total	25%	34	23	15	3
"Worker"	22%	36	25 R	15	2
"Retiree"	33 % w	30	19	14	4
f) ["WORKERS" ONLY] You know how to determine how much money you need to live comfortably throughout your retirement years					
"Worker"	32%	41	17	9	1

RP-6. Now, I am going to read you several possible sources of income in retirement. For each, please tell me if (you expect it to be/it is) a major source of income, a minor source of income, or not a source of income in your (and your spouse's) retirement?

Total (n=1,782) "Worker" (n=1,096) "Retiree" (n=686)	Major source	Minor source	Not a source	Don't know/ Refused
a) A traditional employer-provided pension that pays you a set amount each month for life in retirement				
Total	38%	25	34	3
"Worker"	35%	29 R	34	3
"Retiree"	43% w	19	34	4
b) An employer-sponsored retirement savings plan, such as a 401(k)				
Total	36%	22	39	3
"Worker"	44% R	23	31	3
"Retiree"	21%	20	55 w	4
c) A lump sum distribution from an employer-provided cash balance or traditional pension				
Total	16%	22	59	4
"Worker"	14%	25 R	58	3
"Retiree"	18% w	16	60	5 w
d) Money from an individual retirement account, also known as an IRA				
Total	25%	33	39	2
"Worker"	29 % R	36 R	34	1
"Retiree"	19%	28	48 w	5 w
e) Personal investments, such as CDs, mutual funds, bonds, stocks, stock options, or annuities, not investments in a work-related retirement plan or IRA				
Total	31%	32	34	3
"Worker"	31%	35 R	33	1
"Retiree"	32%	26	37	6 w
f) Personal savings, meaning money in a non-investment savings bank account				
Total	23%	46	28	3
"Worker"	24%	49 R	26	1
"Retiree"	20%	41	33 w	5 w
g) Employment during retirement				
Total	17%	41	39	3
"Worker"	20% R	51 R	27	2
"Retiree"	9%	24	62 w	5 w
h) The sale or refinancing of your home				
Total	13%	25	59	2
"Worker"	16% R	29 R	53	2
"Retiree"	8%	17	71 w	4 w
i) Support from your children or other family members				
Total	8%	22	69	2
"Worker"	7%	27 R	65	2
"Retiree"	8%	12	76 w	4 w

Total (n=1,782) “Worker” (n=1,096) “Retiree” (n=686)	Major source	Minor source	Not a source	Don’t know/ Refused
j) An inheritance				
Total	10%	24	64	3
“Worker”	11%	28 R	60	2
“Retiree”	8%	17	70 w	4 w
k) Social Security				
Total	45%	43	9	2
“Worker”	39%	49 R	11 R	1
“Retiree”	58% w	33	5	4 w

Note: Top 3 major sources of retirement income in each group are highlighted in yellow

RP-7. And which source (do you think will provide/provides) you (and your spouse) with the largest share of income in retirement?

	Total (n=1,782)	“Worker” (n=1,096)	“Retiree” (n=686)
Social Security	28%	20%	41% w
A traditional employer-provided pension that pays you a set amount each month for life in retirement	19	18	21
An employer-sponsored retirement savings plan, such as a 401(k)	12	17 R	3
Personal investments, such as CDs, mutual funds, bonds, stocks, stock options, or annuities, not investments in a work-related retirement plan or IRA	11	11	11
Money from an individual retirement account, also known as an IRA	5	6 R	3
Employment during retirement	4	6 R	1
Personal savings, meaning money in a non-investment savings bank account	3	4 R	2
A lump sum distribution from an employer-provided cash balance or traditional pension	3	3	2
The sale or refinancing of your home	2	3 R	<1
An inheritance	2	2	1
Support from your children or other family members	1	<1	1
None of these	4	3	6 w
Don’t know	4	4	3
Refused	2	1	4 w

RP-9. [“WORKER” ONLY] Have you (and/or your spouse) tried to figure out how much money you will need to have saved by the time you retire so that you can live comfortably in retirement?

	Total	“Worker” (n=1,096)	“Retiree”
Yes	-	44%	-
No	-	55	-
Don’t know / Refused	-	2	-

RP-10. Not including Social Security taxes or money provided by your employer, (have you [and/or your spouse] personally saved so far any money for retirement/did you [and/or your spouse] personally save any money for retirement before you retired)? These savings could include money you personally put into a retirement plan at work.

	Total (n=1,782)	“Worker” (n=1,096)	“Retiree” (n=686)
Yes	68%	68%	67%
No	30	31	28
Don’t know	1	<1	1
Refused	2	1	4

RP-11. [IF HAVE/DID NOT SAVE(D) ANY MONEY] How big a role (has/did) each of the following (played/play) in keeping you from saving any money for your retirement years? First, Would you say it (has) played a major role, minor role, or no role at all? How about ...?

Total (n=530)
 “Worker” (n=316)
 “Retiree” (n=214)

% Among those who have/did not save(d) any money for retirement	Major role	Minor role	No role at all	Don’t know/Refused
a) Not enough income to allow you to save				
Total	66%	16	17	<1
“Worker”	68%	19	13	<1
“Retiree”	63%	11	26 w	<1
b) Saving for retirement (is/was) not a priority				
Total	27%	27	44	1
“Worker”	24%	29	45	1
“Retiree”	32%	23	42	2
c) High everyday expenses				
Total	67%	19	14	1
“Worker”	72% R	18	10	<1
“Retiree”	56%	20	21 w	2
d) Unemployment				
Total	20%	17	61	2
“Worker”	22%	18	58	2
“Retiree”	16%	15	66	3
e) Lack of financial discipline				
Total	29%	30	39	2
“Worker”	29%	32	37	3
“Retiree”	29%	25	44	3
f) Poor investing				
Total	17%	17	65	2
“Worker”	18%	18	62	1
“Retiree”	13%	15	70	2

<i>% Among those who have/did not save(d) any money for retirement</i>	Major role	Minor role	No role at all	Don't know/Refused
g) Bad economy				
Total	58%	19	22	1
“Worker”	66% R	17	17	1
“Retiree”	42%	24	32 w	2
h) Not knowing how to save				
Total	23%	24	51	2
“Worker”	25%	25	49	2
“Retiree”	19%	22	55	4
i) Health or medical expenses				
Total	48%	23	29	1
“Worker”	48%	24	27	<1
“Retiree”	47%	20	31	1
j) Expenses of raising and supporting children, including paying for their education				
Total	51%	11	37	1
“Worker”	49%	12	39	1
“Retiree”	55%	11	33	1
k) Expenses of supporting and/or caring for older relatives				
Total	21%	17	61	1
“Worker”	22%	17	60	<1
“Retiree”	17%	18	62	3

Note: Top 3 major reasons for not saving for retirement in each group are highlighted in yellow

RP-12. [EMPLOYEES ONLY] Does your (or your spouse's) current employer offer ...?

<i>% Yes among those (or whose spouse is) employed full-time or part-time</i>	(n=965)
a) a defined benefit plan, often referred to as a traditional pension plan	49%
b) a retirement savings plan that allows you to make contributions from your salary to an individual account set up in your name, such as a 401(k)	71

RP-13. [EMPLOYEES ONLY] Are you (or your spouse) currently contributing any money to this retirement savings plan?

<i>% Among those (or whose spouse is) employed full-time or part-time and whose (or spouse's) employer offers a retirement savings plan</i>	(n=671)
Yes	83%
No	17
Don't know	0
Refused	<1

COMBINED TABLE (RP-12 and RP-13) <i>% Yes among those (or whose spouse is) employed full-time or part-time</i>	(n=965)
Employer offers a plan, such as a 401(k)	71%
- Contributes to a plan	59
- Does not contribute to a plan	12
Employer does not offer a plan, such as 401(k)	25
Don't know / Refused	3

RP-14. [EMPLOYEES ONLY] In the last five years, has your (or your spouse's) current employer ...?

<i>% Yes among those (or whose spouse is) employed full-time or part-time</i>	(n=965)
a) eliminated a traditional defined benefit pension plan	10%
b) froze or reduced existing traditional pension benefits	9
c) changed a traditional pension plan into a defined contribution plan, such as a 401(k)	15
d) reduced health care benefits, e.g., by requiring a higher co-pay	44

RP-15. [EMPLOYEES ONLY] Do you worry that your (or your spouse's) employer will reduce or eliminate pension or health care benefits in the future – before or during your retirement?

<i>% Among those (or whose spouse is) employed full-time or part-time</i>	(n=965)
Yes	40%
No	57
Don't know	1
Refused	2

RP-16. Which of the following sources of information do you use when you (or your spouse) are making decisions on your savings and investments? Do you use ...?

<i>% Yes</i>	Total (n=1,782)	“Worker” (n=1,096)	“Retiree” (n=686)
a) Input from your spouse [ASKED IF MARRIED, % based on married respondents]	79%	80%	76%
a) Input from your spouse [ASKED IF MARRIED, % based on all respondents]	44	48 R	39
b) The advice of a financial professional	48	49	44
c) Banks or other financial organizations	53	55 R	49
d) The advice of family, friends, or co-workers	42	47 R	33
e) Written materials received at work	35	44 R	16
f) Newspapers, magazines, or other written materials	48	53 R	39
g) Information from television or radio	28	31 R	22
h) Information from seminars	17	18	16
i) The Internet	28	35 R	13
j) Religious organizations	14	15	13

RP-17. Which is most helpful to you?

<i>% Among those who use any specified source</i>	Total (n=1,620)	“Worker” (n=1,019)	“Retiree” (n=601)
Input from your spouse	16%	15%	18%
The advice of a financial professional	30	30	28
Banks or other financial organizations	13	11	16 w
The advice of family, friends, or co-workers	12	12	12
Written materials received at work	5	7 R	2
Newspapers, magazines, or other written materials	8	8	8
Information from television or radio	4	5	4
Information from seminars	1	1	1
The Internet	5	7 R	3
Religious organizations	2	2	2
None of these	2	1	3 w
Don't know	2	1	3 w
Refused	<1	<1	0

<i>% Among all respondents</i>	Total (n=1,782)	“Worker” (n=1,096)	“Retiree” (n=686)
Input from your spouse	14%	14%	15%
The advice of a financial professional	26	28	24
Banks or other financial organizations	11	10	14
The advice of family, friends, or co-workers	11	11	11
Written materials received at work	5	6 R	1
Newspapers, magazines, or other written materials	7	7	7
Information from television or radio	4	4	3
Information from seminars	1	1	1
The Internet	5	6 R	2
Religious organizations	2	2	2
None of these	1	1	3 w
Don't know	2	1	3 w
Refused	<1	<1	0
Do not use any	10	9	13

RP-18. Which of these things, if any, do you (and/or your spouse) happen to have money in? How about ...?

% Yes	Total <i>(n=1,782)</i>	“Worker” <i>(n=1,096)</i>	“Retiree” <i>(n=686)</i>
a) a checking account	85%	86%	84%
b) a regular, non-investment savings account	66	71 R	58
c) an employer-sponsored retirement savings or investment plan, such as a 401(k)	47	58 R	25
d) an individual retirement account, also known as an IRA	43	45 R	39
e) a traditional pension plan from your current or former employer	45	46	44
f) bank certificates of deposit, also known as CDs	27	25	31 w
g) individual stocks	34	33	35
h) stock and/or options from your current or former employer	17	21 R	9
i) bonds	20	19	21
j) mutual funds	32	33	31
k) money market funds	25	24	26
l) real estate (not including the home you live in)	24	23	24
m) annuities	17	13	25 w
n) cash-value life insurance	41	41	40
o) cash	59	61	56
p) gold, art, jewelry or collectibles	30	33 R	24

RP-19. Which of the following categories best describes the combined 2005 pre-tax income of all members of your household, including wages or salary, Social Security, pensions, and interest or dividends on savings and investments?

	Total (n=1,782)	“Worker” (n=1,096)	“Retiree” (n=686)
Less than \$25,000	28%	24%	35% w
\$25,000 up to \$50,000	19	19	20
\$50,000 up to \$75,000	14	17 R	9
\$75,000 up to \$100,000	10	12 R	5
\$100,000 up to \$150,000	7	9 R	4
\$150,000 up to \$250,000	2	3 R	<1
\$250,000 or more	3	3	2
Don't know	5	4	7 w
Refused	12	9	19 w

<i>% Among those responding</i>	Total (n=1,464)	“Worker” (n=946)	“Retiree” (n=518)
Less than \$25,000	34%	28%	46% w
\$25,000 up to \$50,000	23	22	27 w
\$50,000 up to \$75,000	17	19 R	13
\$75,000 up to \$100,000	12	14 R	7
\$100,000 up to \$150,000	9	10 R	5
\$150,000 up to \$250,000	3	4 R	<1
\$250,000 or more	3	3	2

RP-20. In total, about how much money would you say you (and your spouse) currently have in savings and investments, not including the value of your primary residence? Please include savings, certificates of deposits, stocks, bonds, mutual funds, workplace retirement savings plans, and other investments, but do not include the value of your pension, i.e., defined benefit plans.

	Total (n=1,782)	“Worker” (n=1,096)	“Retiree” (n=686)
Less than \$10,000	26%	28%	23%
\$10,000 up to \$25,000	10	11	8
\$25,000 up to \$50,000	7	8	6
\$50,000 up to \$100,000	7	8 R	5
\$100,000 up to \$150,000	4	5	4
\$150,000 up to \$250,000	4	5	3
\$250,000 up to \$500,000	5	6	5
\$500,000 up to \$1 million, or	3	3	2
\$1 million or more	2	1	3
Don't know	9	9	10
Refused	22	17	31 w

<i>% Among those responding</i>	Total (n=1,215)	“Worker” (n=803)	“Retiree” (n=412)
Less than \$10,000	38%	37%	39%
\$10,000 up to \$25,000	15	15	15
\$25,000 up to \$50,000	10	11	10
\$50,000 up to \$100,000	10	11	8
\$100,000 up to \$150,000	6	6	7
\$150,000 up to \$250,000	6	6	4
\$250,000 up to \$500,000	8	8	8
\$500,000 up to \$1 million, or	4	4	4
\$1 million or more	3	2	5

<i>% Among responding WORKERS</i>	“Worker” Total (n=803)	“Worker” Age 40-54 (n=550) (Y)	“Worker” Age 55+ (n=253) (Z)
Less than \$10,000	37%	37%	38%
\$10,000 up to \$25,000	15	17 z	10
\$25,000 up to \$50,000	10	11	8
\$50,000 up to \$100,000	11	10	15
\$100,000 up to \$150,000	6	6	7
\$150,000 up to \$250,000	6	6	8
\$250,000 up to \$500,000	8	8	8
\$500,000 up to \$1 million, or	4	4	3
\$1 million or more	2	2	3

RP-21. Thinking about your current financial situation, how would you describe your (and your spouse’s) level of debt? Would you say it is ...?

	Total (n=1,782)	“Worker” (n=1,096)	“Retiree” (n=686)
A major problem	12%	14% R	7%
A minor problem, or	33	39 R	23
Not a problem	48	43	58 w
Do not have any debt [NOT READ]	4	2	7 w
Don’t know	<1	<1	<1
Refused	3	2	5 w

RP-22. Do you (or your spouse) currently have any of the following types of debt?

% Yes	Total (n=1,782)	“Worker” (n=1,096)	“Retiree” (n=686)
a) a mortgage	41%	52% R	22%
b) credit card debt	39	46 R	26
c) car loans	30	38 R	16
d) college or student loans	9	12 R	3
e) home equity loans	17	20 R	11
f) medical or dental debt	14	16 R	10
g) loans from family or friends	5	7 R	3
h) any other type of debt that we have not mentioned yet	4	4	3

% Yes among WORKERS	“Worker” Total (n=1,096)	“Worker” Age 40-54 (n=728) (Y)	“Worker” Age 55+ (n=368) (Z)
a) a mortgage	52%	56% z	40%
b) credit card debt	46	48 z	42
c) car loans	38	42 z	29
d) college or student loans	12	14 z	8
e) home equity loans	20	21	19
f) medical or dental debt	16	17	14
g) loans from family or friends	7	8 z	3
h) any other type of debt that we have not mentioned yet	4	4	4

RP-23. [WORKERS] How confident are you that, before you retire, you (and your spouse) will...?
Are you...?

% Among “workers” who currently have a mortgage (n=554)	Very confident	Somewhat confident	Not too confident	Not at all confident	Don’t know/Refused
a) pay off all mortgage on your house	52%	20	14	14	1
% Among “workers” (n=1,096)	Very confident	Somewhat confident	Not too confident	Not at all confident	Don’t know/Refused
b) pay off all of your debt, not including mortgage	69%	17	6	5	3

Z-1. Is your home owned or rented?

	Total (n=1,782)	“Worker” (n=1,096)	“Retiree” (n=686)
Owned	77%	76%	80%
Rented	22	24 R	19
Don’t know/Refused	1	1	1

Z-8. What is the last grade of school you completed?

	Total (n=1,782)	“Worker” (n=1,096)	“Retiree” (n=686)
Less than high school graduate	16%	13%	20% W
High school graduate	33	30	37 W
Some college	22	24 R	18
Graduated college	17	20 R	12
Graduate school or more	8	8	9
Technical school/Other	3	3	3
Refused	2	1	2

Z-10A. Are you.....?

	Total (n=1,782)	“Worker” (n=1,096)	“Retiree” (n=686)
White	76%	74%	78%
Black	11	12	9
Hispanic	8	9	7
Other	5	5	5
Refused	1	1	<1

Gender

	Total (n=1,782)	“Worker” (n=1,096)	“Retiree” (n=686)
Male	47%	48%	46%
Female	53	52	54

Region

	Total (n=1,782)	“Worker” (n=1,096)	“Retiree” (n=686)
North East	20%	19%	22%
North Central	22	23	22
South	36	37	34
West	22	21	23

Metro area

	Total (n=1,782)	“Worker” (n=1,096)	“Retiree” (n=686)
Metro	81%	81%	82%
Non-Metro	19	19	18