Retirement Security or Insecurity?

The Experience of Workers Aged 45 and Older

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AARP
Knowledge Management
601 E Street, NW
Washington, DC 20049
http://www.aarp.org/research

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AARP collected the data for this project through a telephone survey administered by International Communications Research (ICR). Thanks go to the following AARP staff members who contributed to this study: S. Kathi Brown, Kelley Coates-Carter, George (Sandy) Mackenzie, Janet McCubbin, Jean Setzfand, and Phyllis Stinson. Thanks also go to AARP intern Laura Houston who assisted with this report. This report was written by Colette Thayer, Ph.D., Strategic Issues Research, AARP. All media inquires should be directed to AARP's Alejandra Owens at (202) 434-2573 or asowens@aarp.org. All other inquires should be directed to Colette Thayer at (202) 434-6294 or cthayer@aarp.org.

Executive Summary

The challenge of preparing adequately for retirement has grown markedly, as people live longer, fewer companies offer defined benefit plans, and nest eggs are increasingly linked to Wall Street. This challenge becomes even more difficult during turbulent economic times. People are now changing their behavior in significant ways to deal with the financial pressures they believe will undermine their future retirement security. Even before the economy slowed down, more than one in four workers age 45 and older felt their savings were not on track for an adequate retirement. The nation's recent financial problems have increased public awareness of this issue, providing an opportunity to educate workers about the need to save for retirement and underscore the importance of workplace retirement saving systems.

To understand how recent changes in the economy have affected the financial security of workers who are at least 45 years old, including their preparations for retirement, AARP commissioned a national survey. The study was conducted for AARP via telephone by International Communications Research (ICR). Interviews were conducted from September 3 to 21, 2008 among a nationally representative sample of 1,628 employed respondents who are at least 45 years old. To allow for comparisons between Hispanics and non-Hispanic Whites, the survey included an over-sample of Hispanics, yielding a total of 333 Hispanic respondents.

The following are among the study's key findings:

- If the economy does not improve significantly, over six in ten workers at least 45 years old say it is likely they will spend less in retirement (69%) as well as delay retirement and work longer (65%). Far fewer (37%) say it is likely they will save more for retirement.
- Due to recent changes in the economy, during the past 12 months a quarter (24%) of workers age 45+ have increased the number of hours they work and a fifth (20%) have actually stopped putting money into a 401(k), IRA, or other retirement account.
- Over a quarter (28%) of respondents feel their savings were <u>not</u> on track for retirement before the economy slowed down.
- Over six in ten respondents (63%) whose current employer does not offer a retirement plan say they would be likely to use it if their employer offered one.
- Just over half (56%) of workers report saving for retirement outside of work. Respondents whose employer offers a retirement plan are more likely than those whose employer does not offer a plan to be saving for retirement outside of work (59% vs. 51%).
- Nearly six in ten respondents (58%) think they are <u>not</u> saving enough for retirement.
- Among those who think they are not saving enough for retirement, the most common reason for not saving more is not having enough left over after paying bills (83%). However, a quarter of respondents (25%) say they just haven't gotten around to it yet. Multiple answers to this question were allowed.
- During the past 12 months, nearly half or more workers who are at least 45 years old have found it more difficult to pay for such basic items as food, gas, and medicine (56%), have helped a family member pay bills (47%), and have found it more difficult to pay for utilities such as heating, cooling, or phone service (45%).

Other AARP research suggests that Hispanic workers may be less prepared for retirement and have fewer opportunities for retirement saving than other workers.[1] Therefore, this report includes a comparison of the responses given by Hispanics to those given by non-Hispanic Whites. Analysis reveals several statistically significant differences[2]:

- Hispanic respondents are more likely than non-Hispanic White respondents to feel their savings were not on track for retirement before the economy slowed down (38% versus 27%).
- Hispanic respondents are less likely than non-Hispanic White respondents to be saving for retirement outside of work (31% versus 60%).
- Hispanic respondents are more likely than non-Hispanic White respondents to think they are not saving enough for retirement (73% versus 56%).
- Among respondents who think they are not saving enough for retirement, Hispanic respondents are more likely than non-Hispanic Whites to cite the following reasons for not saving more for retirement:
    - It's too confusing to get started (34% versus 9%)
    - Helping to support an elderly relative (31% versus 12%)
    - Saving for a house (10% versus 5%)
- Hispanic respondents are more likely than non-Hispanic White respondents to say they are likely to save more for retirement if the economy does not improve significantly (43% versus 36%).
- Over the past 12 months, Hispanic respondents are more likely than non-Hispanic White respondents:
    - To have found it more difficult to pay for their mortgage or rent (56% versus 22%)
    - To have found it more difficult to pay for such basic items as food, gas, and medicine (74% versus 53%)
    - To have found it more difficult to pay for utilities such as heating, cooling, or phone service (66% versus 42%)
    - To have looked for a better job – one that pays more or offers better benefits (28% versus 15%)
    - To have had a family member move in with them (20% versus 10%).

Women, lower-income, and less educated segments were also identified in this survey as other vulnerable segments of the population. Some key findings among these groups include:

- Women are more likely than men to have considered delaying their retirement (40% versus 29%).
- Respondents whose annual household income is under $30,000 are more likely than respondents whose annual household income is at least $50,000 to have considered delaying their retirement (43% versus 32%).

[1] See *The Coverage of Employer-Provided Pensions: Partial and Uncertain* (2008) available at aarp.org/research.
[2] Statistical significance was tested at the 0.05 level.

- Respondents with a high school education or less are more likely than those with a college degree or more to indicate they stopped putting money into a 401(k), IRA, or other retirement account (24% versus 16%).

There are several implications of this study:

- **Employer-provided pension coverage needs to be greatly increased.** Respondents whose employer offers a retirement plan are more likely than those whose employer does not offer a plan to feel their savings were on track for retirement before the economy slowed down. In addition to accumulating retirement savings through the workplace, employer-provided pension coverage also appears to be correlated with saving for retirement outside the workplace. Also, a majority of workers who lack access to a retirement plan say they would participate in one if it were offered. And workers whose employer does not offer a retirement plan are more likely than those who do to cite "it's too confusing to get started" as a reason for not saving more. Furthermore, benefits are an important retention tool, as respondents whose employer does not offer a retirement plan are more likely than those whose employer offers one to indicate they looked for a better job – one that pays more or offers better benefits.

- **There is considerable distress among vulnerable elements of the population suggesting that the most at-risk individuals may be the hardest hit.** For example, the most affected groups tend to be the same, or of similar composition: lower-income, less educated, women, and Hispanics. For example, many of these groups are more likely to have considered delaying their retirement; to have increased the number of hours they work; to have found it more difficult to pay for basic items, utilities, and their mortgage or rent; to have had a family member move in with them; and to have helped a family member pay bills.

- **Middle-aged workers need to make saving for their retirement a priority.** Workers ages 45-49 years old are more likely than older workers to think they are not saving enough for retirement. Among those who think they're not saving enough, workers ages 45-49 are more likely than older workers to cite saving for a child's education as a reason for not saving more and they are also more likely to say they "just haven't gotten around to it yet."

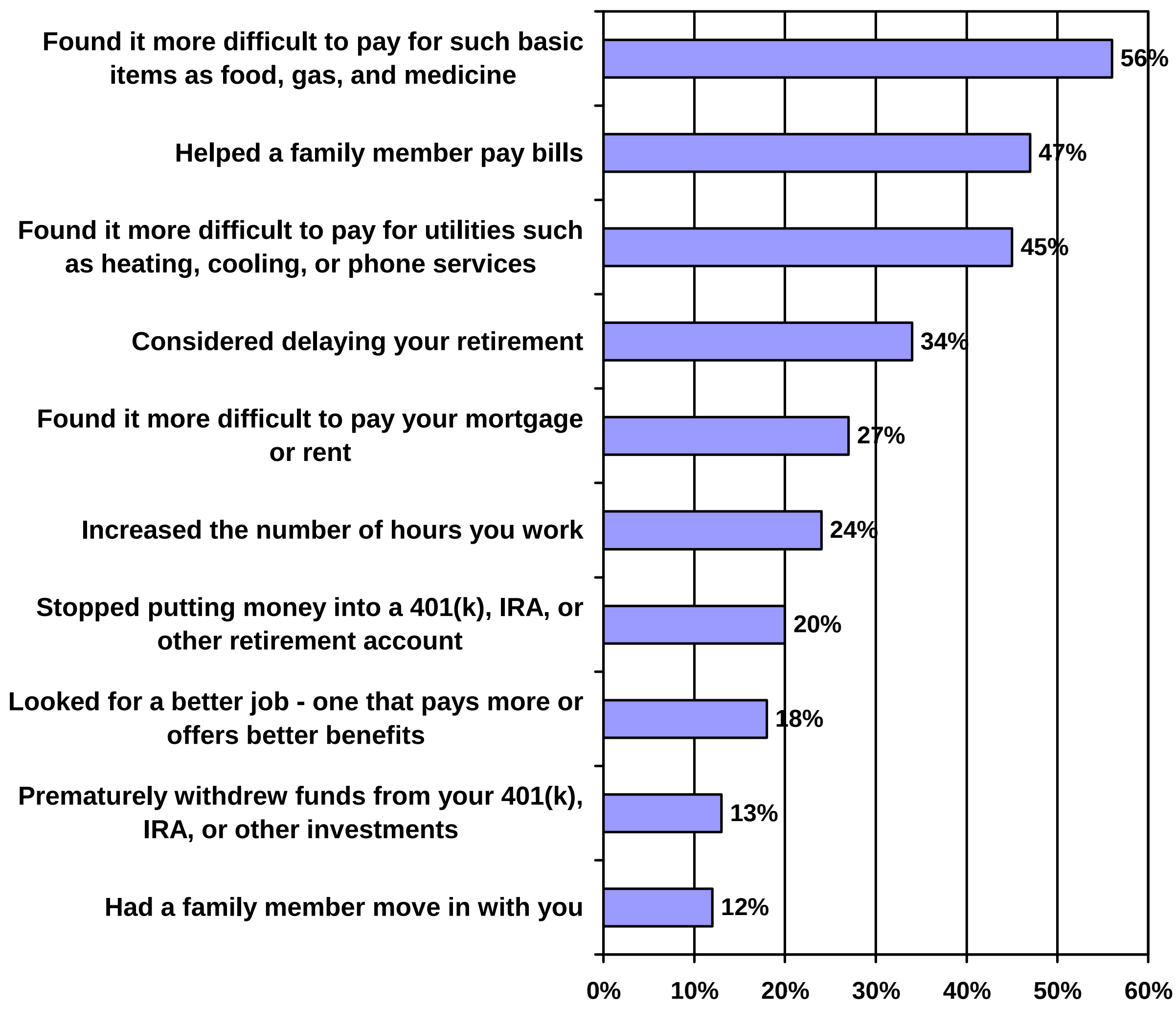
- **Most workers are relying on working longer to compensate for retirement nest-egg shortfalls**. Most respondents say they plan to work longer or spend less in retirement if the economy does not improve. Given the current economic climate with growing unemployment, this option may not be available for the short-term. More resources may be needed to help workers if they plan to extend their work life.

These implications are important to keep in mind when thinking about enhancing the financial security of workers who are at least 45 years old. The deteriorating economy will make it harder for people to save more, but with the nation's recent financial problems increasing awareness of the issue, now is the time to address these critical topics.

Detailed Findings

During the past 12 months, workers at least 45 years old report many ways that recent changes in the economy have affected them or their family. As seen in Figure 1, over half (56%) have found it more difficult to pay for such basic items as food, gas, and medicine, while slightly fewer helped a family member pay bills (47%), and found it more difficult to pay for utilities such as heating, cooling, or phone service (45%).

Figure 1
How have recent changes in the economy affect you or your family?
During the past 12 months, have you...



Base: All 1,628 respondents
Note: Multiple answers allowed

Some responses to this question vary by demographic characteristics. The following states the significant differences that exist:

Lower-income respondents, those with less education, and respondents who work part-time are more likely to indicate they stopped putting money into a 401(k), IRA, or other retirement account.

- Respondents whose annual household income is under $30,000 as well as those whose annual household income is $30,000 to $49,999 are more likely than those whose annual household income is at least $50,000 to indicate they stopped putting money into a 401(k), IRA, or other retirement account (31% and 25% versus 14%, respectively).
- Respondents with a high school education or less are more likely than those with a college degree or more to indicate they stopped putting money into a 401(k), IRA, or other retirement account (24% versus 16%).
- Respondents who work part-time are more likely than respondents who work full time to indicate they stopped putting money into a 401(k), IRA, or other retirement account (27% versus 18%).

Lower-income respondents are also more likely to indicate they prematurely withdrew funds from their 401(k), IRA, or other investments (18% of respondents whose annual household income is under $30,000 as well as 18% whose income is $30,000 to $49,999 versus 11% of respondents whose annual household income is at least $50,000).

Middle-aged respondents, lower-income respondents, Hispanic respondents, respondents who work part-time, and respondents whose employer does not offer them a retirement plan are more likely to indicate they looked for a better job – one that pays more or offers better benefits.

- Respondents ages 45-49 and ages 50-59 are more likely than those at least 60 years old to indicate they looked for a better job – one that pays more or offers better benefits (25% and 19% vs. 8%, respectively).
- Respondents whose annual household income is under $30,000 as well as those whose income is $30,000 to $49,999 are more likely than those whose income is at least $50,000 to indicate they looked for a better job – one that pays more or offers better benefits (29% and 26% versus 12%).
- Hispanic respondents are more likely than non-Hispanic White respondents to indicate they looked for a better job – one that pays more or offers better benefits (28% versus 15%).
- Respondents who work part-time are more likely than respondents who work full-time to indicate they looked for a better job – one that pays more or offers better benefits (25% versus 16%).
- Respondents whose employer does not offer a retirement plan are more likely than those whose employer offers a retirement plan to indicate they looked for a better job – one that pays more or offers better benefits (24% versus 16%).

Women, respondents ages 50 to 59, lower-income respondents, and respondents with some college education are more likely to have considered delaying their retirement.

- Women are more likely than men to have considered delaying their retirement (40% versus 29%).
- Respondents ages 50 to 59 are more likely than respondents ages 45 to 49 to have considered delaying their retirement (39% versus 27%).
- Respondents whose annual household income is under $30,000 are more likely than respondents whose annual household income is at least $50,000 to have considered delaying their retirement (43% versus 32%).
- Respondents with some college education but no degree are more likely than those with at least a college degree to have considered delaying their retirement (39% versus 32%).

Women, middle-aged respondents and lower-income respondents are more likely to indicate they increased the number of hours they work.

- Women are more likely than men to indicate they increased the number of hours they work (27% versus 22%).
- Respondents ages 45 to 49 and 50 to 59 are more likely than respondents ages 60+ to indicate they increased the number of hours they work (27% and 28% versus 15%).
- Respondents whose annual household income is under $30,000 are more likely than respondents whose annual household income is at least $50,000 to indicate they increased the number of hours they work (30% versus 22%).

Middle-aged respondents, lower-income respondents, less educated respondents, and Hispanic respondents found it more difficult to pay for their mortgage or rent.

- Respondents ages 45 to 49 are more likely than respondents ages 50 to 59 to have found it more difficult to pay for their mortgage or rent; both are more likely than respondents ages 60+ to have found it more difficult (35%, 26%, and 19%, respectively).
- Respondents whose annual household income is under $30,000 are more likely than respondents whose income is $40,000 to $49,999 to have found it more difficult to pay for their mortgage or rent; both are more likely than respondents whose income is at least $50,000 to have found it more difficult (46%, 33%, and 20%, respectively).
- Respondents with a high school degree or less are more likely than respondents with some college education but no degree to have found it more difficult to pay for their mortgage or rent; both are more likely than respondents with at least a college degree to have found it more difficult (34%, 26%, and 19%, respectively).
- Hispanic respondents are more likely than non-Hispanic White respondents to have found it more difficult to pay for their mortgage or rent (56% versus 22%).

Middle-aged respondents, lower-income respondents, less educated respondents, and Hispanic respondents found it more difficult to pay for such basic items as food, gas, and medicine.

- Respondents ages 45 to 49 are more likely than respondents ages 50 to 59 to have found it more difficult to pay for such basic items as food, gas, and medicine; both are more likely than respondents ages 60+ to have found it more difficult (65%, 57%, and 47%, respectively).

- Respondents whose annual household income is under $30,000 are more likely than respondents whose income is $40,000 to $49,999 to have found it more difficult to pay for such basic items as food, gas, and medicine; both are more likely than respondents whose income is at least $50,000 to have found it more difficult (76%, 61%, and 50%, respectively).
- Respondents with a high school degree or less are more likely than respondents with some college education but no degree to have found it more difficult to pay for such basic items as food, gas, and medicine; both are more likely than respondents with at least a college degree to have found it more difficult (66%, 55%, and 46%, respectively).
- Hispanic respondents are more likely than non-Hispanic White respondents to have found it more difficult to pay for such basic items as food, gas, and medicine (74% versus 53%).

Females, middle-aged respondents, lower-income respondents, less educated respondents, and Hispanic respondents are more likely to have found it difficult to pay for utilities such as heating, cooling, or phone service.

- Women are more likely than men to have found it difficult to pay for utilities (49% versus 42%).
- Respondents ages 45 to 49 are more likely than respondents at least 60 years old to have found it difficult to pay for utilities (49% versus 41%).
- Respondents whose annual household income is under $30,000 are more likely than respondents whose income is $40,000 to $49,999 to have found it more difficult to pay for utilities; both are more likely than respondents whose income is at least $50,000 to have found it more difficult (68%, 53%, and 37%, respectively).
- Respondents with a high school degree or less are more likely than respondents with some college education or at least a college degree to have found it more difficult to pay for utilities (57% versus 42% and 35%, respectively).
- Hispanic respondent are more likely than non-Hispanic White respondents to have found it more difficult to pay for utilities (66% versus 42%).

Women, middle-aged respondents, and respondents with some college education are more likely to have helped a family member pay bills.

- Women are more likely than men to have helped a family member pay bills (51% versus 44%).
- Respondents ages 45 to 49 and ages 50 to 59 are more likely than respondents who are at least 60 years old to have helped a family member pay bills (48% and 51% versus 40%).
- Respondents with some college education but no degree are more likely than respondents with a high school degree or less and those with at least a college degree to have helped a family member pay bills (55% versus 45% and 45%, respectively).

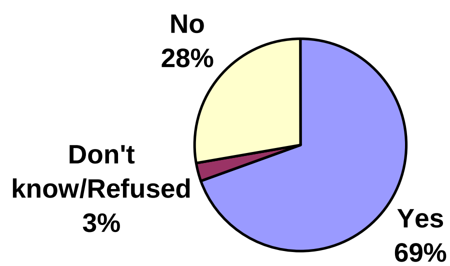
Women, respondents ages 50 to 59, and Hispanic respondents are more likely to have had a family member move in with them.

- Women are more likely than men to have had a family member move in with them (14% versus 10%).
- Respondents ages 50 to 59 are more likely than respondents at least 60 years old to have had a family member move in with them (13% versus 9%).

- Hispanic respondents are more likely than non-Hispanic White respondents to have had a family member move in with them (20% versus 10%).

Over a quarter (28%) of workers at least 45 years old felt their savings were not on track for retirement before the economy slowed down, as seen in Figure 2.

Figure 2
Did you feel that your savings were on track for retirement before the economy slowed down?



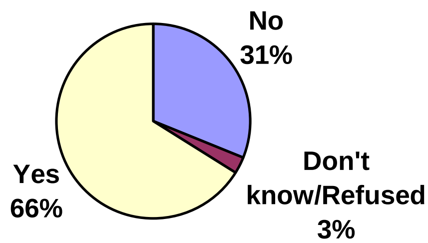
Base: All 1,628 respondents
Note: Total exceeds 100% due to rounding

Middle-aged respondents, lower-income respondents, less educated respondents, Hispanic respondents, and respondents whose employer does not offer a retirement plan were more likely to feel that their savings were not on track for retirement before the economy slowed down.

- Respondents ages 45 to 49 were more likely than respondents ages 50 to 59 and respondents at least 60 years old to feel their savings were not on track for retirement before the economy slowed down (35% versus 24% and 26%).
- Respondents whose annual household income is under $30,000 as well as those whose income is $30,000 to $49,999 are more likely than respondents whose annual household income is at least $50,000 to feel their savings were not on track for retirement before the economy slowed down (42% and 37% versus 20%).
- Respondents with a high school degree or less are more likely than those with at least a college degree to feel their savings were not on track for retirement before the economy slowed down (32% versus 23%).
- Hispanic respondents are more likely than non-Hispanic White respondents to feel their savings were not on track for retirement before the economy slowed down (38% versus 27%).
- Respondents whose employer does not offer a retirement plan are more likely than respondents whose employer offers one to feel their savings were not on track for retirement before the economy slowed down (34% versus 25%).

As Figure 3 shows, two-thirds (66%) of respondents currently work for an employer that offers a retirement plan.[3]

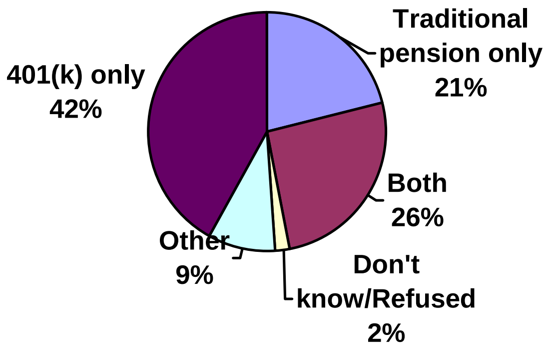
Figure 3
Does your current employer offer a retirement plan, like a traditional (defined benefit) pension plan or a 401(k) plan?



Base: All 1,628 respondents

Among those respondents whose current employer offers a retirement plan, 42% have access to a 401(k) plan only, 21% have access to a traditional pension plan only, 26% have access to both, and 9% have access to some other type of retirement plan. These statistics are shown in Figure 4.

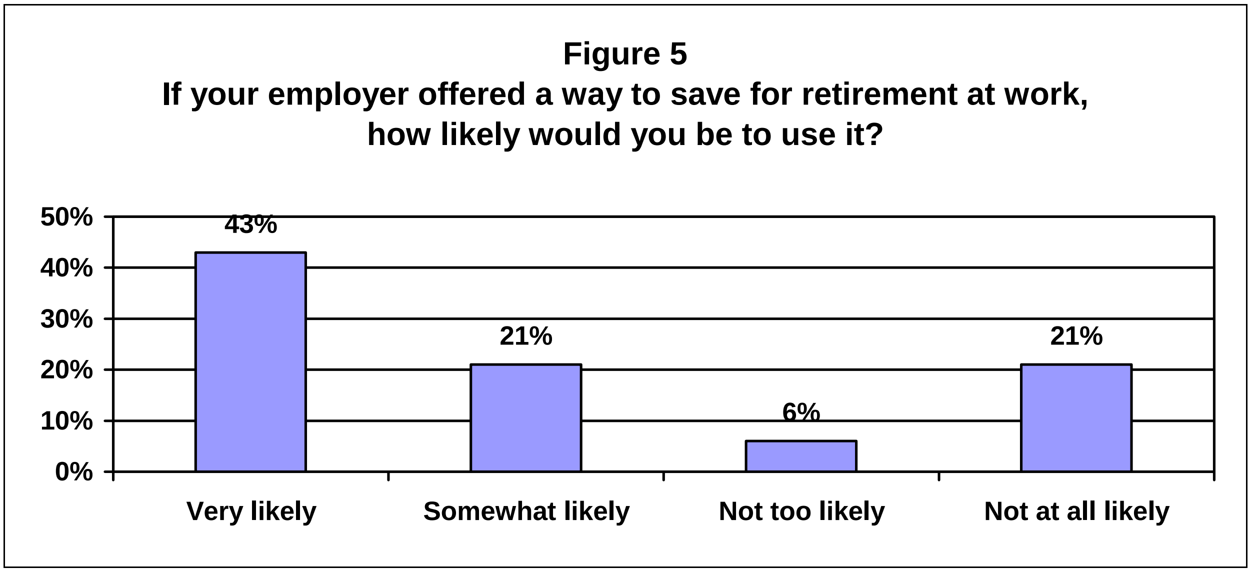
Figure 4
Is it a 401(k) plan, or a traditional pension plan, or both, or something else?



Base: 1,050 respondents whose current employer offers a retirement plan

[3] The percent of workers who report their employer offers a retirement savings plan is somewhat higher than the 2004 Survey of Consumer Finances as well as 2007 Current Population Survey data. This may be due to the survey's focus on older workers or to sampling variability.

As seen in Figure 5, 63% of workers whose current employer does not offer a retirement plan report that they would be likely to use it if their employer were to offer one.



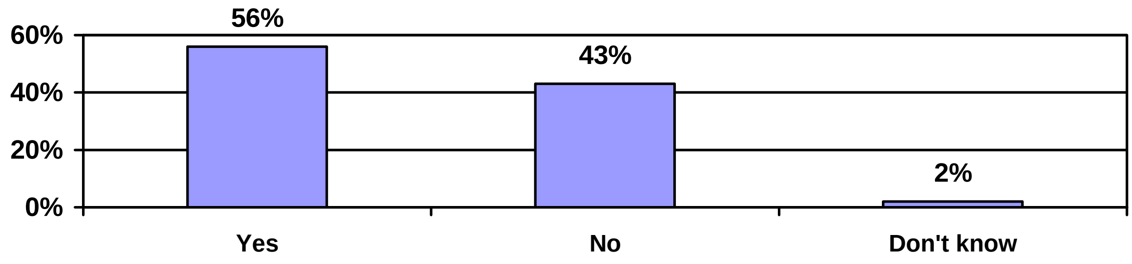
Base: 526 respondents whose current employer does not offer a retirement plan
Note: 7% report "don't know" and 2% refused

Middle-aged respondents, higher-income respondents, and respondents who work full-time are more likely to be likely to use a retirement plan if their employer offered it as a way to save for retirement at work.

- Respondents ages 45 to 49 were more likely than those ages 50 to 59 to say they would use a retirement plan at work if their employer offered it; and both are more likely than respondents at least 60 years old to say they would use it (86% and 72% versus 40%).
- Respondents whose annual household income is at least $50,000 are more likely than respondents whose income is $30,000 to $49,999 to say they would use a retirement plan at work if their employer offered it (71% versus 57%). However, even among lower-income workers, a majority say they would be likely to participate.
- Respondents who work full-time are more likely than respondents who work part-time to say they would use a retirement plan at work if their employer offered it (69% versus 55%).

Overall, 56% of respondents are saving for retirement outside of work, as shown in Figure 6.

Figure 6
Are you saving for retirement outside of work?



Base: All 1,628 respondents
Note: Total exceeds 100% due to rounding

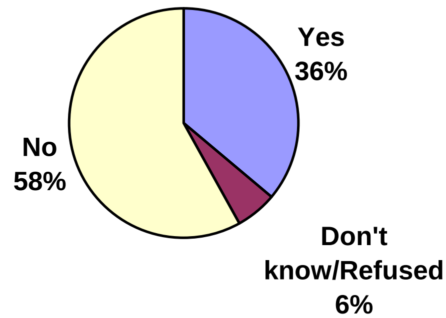
Men, respondents ages 50 to 59, higher-income respondents, more educated respondents, non-Hispanic White respondents, respondents who work full-time, and respondents whose employer offers a retirement plan are more likely to be saving for retirement outside of work.

- Men are more likely than women to be saving for retirement outside of work (59% versus 52%).
- Respondents ages 50 to 59 are more likely than respondents at least 60 years old to be saving for retirement outside of work (58% versus 50%).
- Respondents whose annual household income is at least $50,000 are more likely than respondents whose income is $30,000 to $49,999 and respondents whose income is under $30,000 to be saving for retirement outside of work (66% versus 42% and 33%, respectively).
- Respondents with at least a college education are more likely than respondents with some college education to be saving for retirement outside of work; both are more likely than respondents with a high school degree or less to be doing so (67%, 57%, and 45%, respectively).
- Non-Hispanic White respondents are more likely than Hispanic respondents to be saving for retirement outside of work (60% versus 31%).
- Respondents who work full time are more likely than respondents who work part time to be saving for retirement outside of work (58% versus 48%).
- Respondents whose employer offers a retirement plan are more likely than those whose employer does not offer a plan to be saving for retirement outside of work (59% vs. 51%).

Among respondents who report saving for retirement outside of work, 64% say they have an Individual Retirement Account (IRA). Higher-income respondents, college educated respondents, and non-Hispanic White respondents are more likely to report having an IRA.

Nearly six in ten respondents (58%) think they are not saving enough for retirement, as shown in Figure 7

Figure 7
Do you think you are saving enough for retirement?



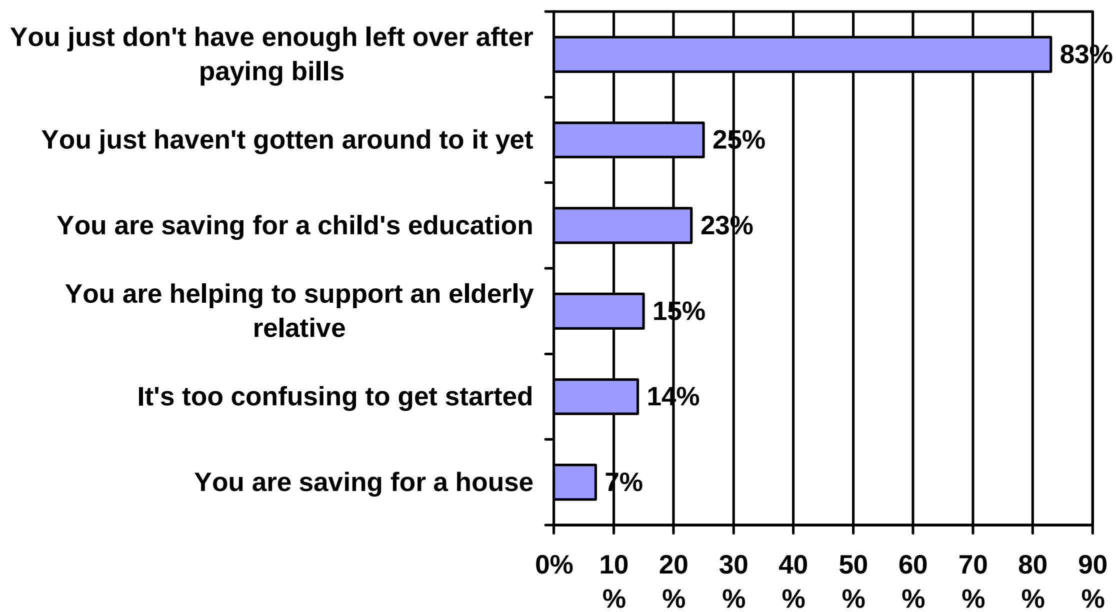
Base: All 1,628 respondents

Women, middle-aged respondents, lower-income respondents, less educated respondents, Hispanic respondents, and respondents whose employer does not offer a retirement plan are more likely to think they are not saving enough for retirement.

- Women are more likely than men to think they are not saving enough for retirement (64% versus 52%).
- Respondents ages 45 to 49 are more likely than those ages 50 to 59 to think they are not saving enough for retirement; both are more likely than respondents at least 60 years old to think this (65%, 57%, and 51%, respectively).
- Respondents whose annual household income is under $30,000 and those whose income is $30,000 to $49,999 are more likely than respondents whose annual household income is at least $50,000 to think they are not saving enough for retirement (72% and 69% versus 51%).
- Respondents with a high school degree or less are more likely than respondents with some college education but no degree as well as those with at least a college degree to think they are not saving enough for retirement (64% versus 56% and 52%).
- Hispanic respondents are more likely than non-Hispanic White respondents to think they are not saving enough for retirement (73% versus 56%).
- Respondents whose employer does not offer a retirement plan are more likely than those whose employer offers a plan to think they are not saving enough for retirement (68% versus 54%).

Among workers at least 45 years old who do not think they are saving enough for retirement, there are several reasons why they are not saving more. As seen in Figure 8, not having enough left over after paying bills is the most common reason for not saving more (83%). A quarter (25%) report they just haven't gotten around to it yet, and nearly as many (23%) report saving for a child's education.

Figure 8
Why are you not saving more for retirement?



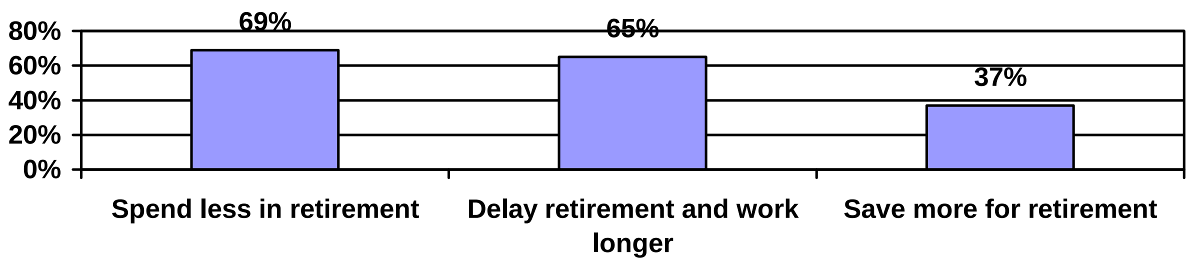
Base: 940 respondents who think they are not saving enough for retirement
Note: Multiple answers allowed

The following table shows the significant differences for each reason cited.

Reason	Significant differences
Just don't have enough left over after paying bills	• Women are more likely than men to cite this reason (87% vs. 77%) • Respondents whose annual household income is $30,000 to $49,999 are more likely than those whose income is at least $50,000 to cite this reason (89% vs. 80%).
Saving for a child's education	• Respondents who are ages 45 to 49 are more likely than those who are age 50 to 59 to cite this reason, and both are more likely than respondents at least 60 years old to cite this reason (33%, 24%, and 10%, respectively). • Respondents whose annual household income is at least $50,000 are more likely than those whose income is $30,000 to $49,999 and those whose income is under $30,000 to cite this reason (28% versus 16% and 17%). • Respondents with at least a college degree are more likely than respondents with some college education or a high school degree or less to cite this reason (31% versus 21% and 20%). • Respondents whose employer offers a retirement plan are more likely than respondents whose employer does not offer a plan to cite this reason (26% versus 18%).
Saving for a house	• Men are more likely than women to cite this reason (9% versus 5%). • Respondents with a high school degree or less are more likely than those with at least a college education to cite this reason (9% versus 5%). • Hispanic respondents are more likely than non-Hispanic White respondents to cite this reason (10% versus 5%).
It's too confusing to get started	• Respondents whose annual household income is under $30,000 are more likely than those whose income is $30,000 to $49,000 to cite this reason; both are more likely than respondents whose income is at least $50,000 to cite this reason (27%, 16%, and 7%, respectively). • Respondents with a high school degree or less are more likely than respondents with some college education and those with a least a college degree to cite this reason (21% versus 8% and 7%). • Hispanic respondents are more likely than non-Hispanic Whites to cite this reason (34% versus 9%). • Respondents whose employer does not offer a retirement plan are more likely than those who do to cite this reason (20% versus 10%).
Helping to support an elderly relative	• Hispanic respondents are more likely than non-Hispanic White respondents to cite this reason (31% versus 12%).
Just haven't gotten around to it yet	• Respondents ages 45 to 49 are more likely than those at least 60 years old to cite this reason (29% versus 19%). • Respondents who work full-time are more likely than respondents who work part-time to cite this reason (27% versus 17%).

If the economy does not improve significantly, over six in ten respondents say it is likely they will spend less in retirement (69%) and delay their retirement and work longer (65%). Far fewer (37%) say they will save more for retirement. These statistics are shown in Figure 9.

Figure 9
If the economy does not improve significantly, how will it affect your retirement plans? In particular, is it likely you will...



Base: All 1,628 respondents
Note: Multiple answers allowed

Women are more likely than men to say they are likely to spend less in retirement if the economy does not improve significantly (74% versus 65%).

Women, middle-aged respondents, lower-income respondents, and respondents who work full-time are more likely to say they are likely to delay retirement and work longer if the economy does not improve significantly.

- Women are more likely than men to say it is likely they will delay retirement (69% versus 62%).
- Respondents ages 45 to 49 and ages 50 to 59 are more likely than respondents ages 60+ to say it is likely they will delay retirement (70% and 68% versus 55%).
- Respondents whose annual household income is under $30,000 are more likely than those whose income is at least $50,000 to say it is likely they will delay retirement (72% versus 64%).
- Respondents who work full-time are more likely than respondents who work part-time to say it is likely they will delay retirement (67% versus 59%).

Middle-aged respondents, respondents with a high school degree or less, respondents with at least a college degree, and Hispanic respondents are more likely to say they are likely to save more if the economy does not improve significantly.

- Respondents ages 45 to 49 and those ages 50 to 59 are more likely than respondents who are at least 60 years old to say it is likely they will save more for retirement (40% and 39% versus 31%).
- Respondents with a high school degree or less and those with at least a college degree are more likely than respondents with some college education to say it is likely they will save more for retirement (40% and 38% versus 32%).
- Hispanic respondents are more likely than non-Hispanic White respondents to say it is likely they will save more for retirement (43% versus 36%).

Conclusion

There are several implications of this study:

- **Employer-provided pension coverage needs to be greatly increased.** Respondents whose employer offers a retirement plan are more likely than those whose employer does not offer a plan to feel their savings were on track for retirement before the economy slowed down. In addition to accumulating retirement savings through the workplace, employer-provided pension coverage also appears to be correlated with saving for retirement outside the workplace. Also, a majority of workers who lack access to a retirement plan say they would participate in one if it were offered. And workers whose employer does not offer a retirement plan are more likely than those who do to cite "it's too confusing to get started" as a reason for not saving more. Furthermore, benefits are an important retention tool, as respondents whose employer does not offer a retirement plan are more likely than those whose employer offers one to indicate they looked for a better job – one that pays more or offers better benefits.

- **There is considerable distress among vulnerable elements of the population suggesting that the most at-risk individuals may be the hardest hit.** For example, the most affected groups tend to be the same, or of similar composition: lower-income, less educated, women, and Hispanics. For example, many of these groups are more likely to have considered delaying their retirement; to have increased the number of hours they work; to have found it more difficult to pay for basic items, utilities, and their mortgage or rent; to have had a family member move in with them; and to have helped a family member pay bills.

- **Middle-aged workers need to make saving for their retirement a priority.** Workers ages 45-49 years old are more likely than older workers to think they are not saving enough for retirement. Among those who think they're not saving enough, workers ages 45-49 are more likely than older workers to cite saving for a child's education as a reason for not saving more and they are also more likely to say they "just haven't gotten around to it yet."

- **Most workers are relying on working longer to compensate for retirement nest-egg shortfalls**. Most respondents say they plan to work longer or spend less in retirement if the economy does not improve. Given the current economic climate with growing unemployment, this option may not be available for the short-term. More resources may be needed to help workers if they plan to extend their work life.

These implications are important to keep in mind when thinking about enhancing the financial security of workers who are at least 45 years old. The deteriorating economy will make it harder for people to save more, but with the nation's recent financial problems increasing awareness of the issue, now is the time to address these critical topics.

Annotated Questionnaire

The study was conducted for AARP via telephone by ICR, an independent research company. Interviews were conducted from September 3 to September 21, 2008 among a nationally representative sample of 1,628 employed respondents who are age 45 or older. The margin of error for total respondents is +/-2.43% at the 95% confidence level.

Notes:
The n's shown are unweighted
The percentages shown are weighted
** indicates less than 0.5 percent*

1. How have recent changes in the economy affected you or your family? During the past 12 months, have you…? (SCRAMBLE ROTATE)

	Yes	**No**	**Don't know (do not read)**	**Refused (do not read)**
a. Stopped putting money into a 401(k), IRA, or other retirement account	20%	78%	1%	1%
b. Prematurely withdrawn funds from your 401(k), IRA, or other investments	13	85	1	1
c. Looked for a better job – one that pays more or offers better benefits	18	82	*	*
d. Increased the number of hours you work	24	75	*	*
d. Considered delaying your retirement	34	62	3	1
f. Found it more difficult to pay your mortgage or rent	27	72	1	*
g. Found it more difficult to pay for such basic items as food, gas, and medicine	56	43	*	*
h. Found it more difficult to pay for utilities such as heating, cooling, or phone service	45	54	*	*
i. Helped a family member pay bills	47	52	*	*
j. had a family member move in with you	12	88	*	*

2. Did you feel that your savings were on track for retirement before the economy slowed down?

Yes	No	Don't know (do not read)	Refused (do not read)
70%	28%	2%	1%

3. Does your current employer offer a retirement plan, like a traditional pension or a 401(k) plan?

Yes	No	Don't know (do not read)	Refused (do not read)
66%	31%	2%	1%

4. (Asked of total respondents whose employer offers a retirement plan; n = 1050) Is it a 401(k) plan, OR a traditional pension plan (where your employer typically will pay you a steady income when you retire based on your salary and years of service), OR both, or something else? (ENTER ONE ONLY)

401(k) only	Traditional pension only	Both	Other	Don't know (do not read)	Refused (do not read)
42%	21%	26%	9%	2%	*

5. (Asked of total respondents whose employer does not offer a retirement plan; n = 526) If your employer offered a way to save for retirement at work, how likely would you be to use it? Would you be… (READ LIST. ENTER ONE ONLY)

LIKELY			NOT LIKELY				
NET	Very	Somewhat	NET	Not too	Not at all	Don't know (do not read)	Refused (do not read)
63%	43%	21%	27%	6%	21%	7%	2%

6. Are you saving for retirement outside of work?

Yes	No	Don't know (do not read)	Refused (do not read)
56%	43%	1%	1%

7. (Asked of total respondents who are saving for retirement outside of work ; n = 890) Do you have an Individual Retirement Account, also called an IRA?

Yes	No	Don't know (do not read)	Refused (do not read)
64%	34%	1%	1%

8. Do you think you are saving enough for retirement?

Yes	No	Don't know (do not read)	Refused (do not read)
36%	58%	5%	1%

9. (Asked of total respondents who don't think they are saving enough for retirement; n=940) Why are you not saving more for retirement? Is it because…? (SCRAMBLE ROTATE)

	Yes	No	Don't know (do not read)	Refused (do not read)
a. You just don't have enough left over after paying bills	83%	16%	1%	*%
b. You are saving for a child's education	23	76	*	*
c. You are saving for a house	7	93	*	--
d. It's too confusing to get started	14	85	1	1
e. You are helping to support an elderly relative	15	84	*	*
f. You just haven't gotten around to it yet	25	73	2	*

10. If the economy does not improve significantly, how will it affect your retirement plans? In particular, is it likely you will…? (SCRAMBLE ROTATE)

	Yes	No	Don't know (do not read)	Refused (do not read)
a. Delay retirement and work longer	65%	30%	4%	1%
b. Save more for retirement	37	57	5	1
c. Spend less in retirement	69	26	5	*