2011 Risks and Process of Retirement Survey Report of Findings

Sponsored by The Society of Actuaries

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INTRODUCTION

This report presents the results of a telephone survey of Americans ages 45 to 80 conducted by Mathew Greenwald & Associates, Inc., and the Employee Benefit Research Institute (EBRI) on behalf of the Society of Actuaries. The purpose of the study was to evaluate Americans' awareness of potential financial risks in retirement, how this awareness impacts the management of their finances with respect to retirement, and how Americans are managing the process of leaving the workforce. This report contains the findings of the survey. Interpretation of the data can be found in the short reports on the study issued by the Society of Actuaries, http://www.soa.org/research/research-projects/pension/research-post-retirement-needs-and-risks.aspx.

This is the sixth study sponsored by the Society of Actuaries that focuses on these issues. The first was conducted in August 2001, before both the events of September 11 and the subsequent significant declines in investment markets. The second study was conducted in August 2003, the third in June-July 2005, the fourth in June 2007, and the fifth in July 2009. The latest study was conducted in July 2011, during a period of reduced housing values, persistent and high unemployment, substantial volatility in equity markets, and concerns about public policy, the federal deficit, and programs for supporting retirement.

The 2011 study includes some of the questions posed in the 2009 study and repeats some questions that were asked in earlier iterations of the survey. Emphasis was placed on questions that focus on working in retirement, longevity, and the extent to which attitudes and behaviors have been impacted by the recent economic downturn. Areas of emphasis vary by year, so this report should be considered together with reports from prior years.

The questionnaire for the study was designed by Greenwald & Associates and EBRI, in cooperation with the "Society of Actuaries Committee on Post-Retirement Needs and Risks and the Project Oversight Group" appointed by that committee. A total of 1,600 interviews lasting an average of 20 minutes were conducted by National Research, LLC, from June 29 through July 22, 2011. Households were selected using a nationwide targeted-list sample purchased from Survey Sampling, Inc. Respondents born between 1931 and 1966 qualified for participation in the study.

Respondents were classified as retirees if they described their employment status as retiree, had retired from a previous career, or were not currently employed and were either age 65 or older or had a retired spouse. All other respondents were classified as pre-retirees. The questions to determine retiree/pre-retiree status were asked early in the interview.

The sample data are weighted by age, sex, and census region to the 2010 population estimates released by the Census Bureau in June 2011. Additional details about the weighting procedure are available upon request.

This study includes retirees and pre-retirees at all income levels. No effort has been made to oversample individuals with high levels of assets. Only 6 percent of retirees and 5 percent of pre-retirees report having investable assets of $1 million or more. Although some potential users of this study may be particularly interested in higher net-worth individuals, the results of this study are not indicative of the decisions that would be made by these groups.

The margin of error for this study (at the 95 percent confidence level) is plus or minus 4 percentage points for questions asked of all 800 retired respondents or all 800 pre-retiree respondents. Subgroup responses will have larger margins of error, depending on the size of the group. There are possible sources of error in all surveys, however, that may be more serious than theoretical calculations of sampling error. These sources include refusals to be interviewed and other forms of nonresponse, the effects of question wording and question order, and screening. While attempts are made to minimize these factors, it is impossible to quantify the errors that may result from them.

This report was prepared by Greenwald and Associates and its content is the responsibility of the firm. Following this introduction are an overview of the study results, detailed findings for each question asked on the survey which includes a comparison of the 2011 results to the results from previous iterations of the study (where available), a comparison of retiree and pre-retiree results, and a profile of the survey respondents. Detailed results are broken out by demographic characteristics where there is a significant difference between groups. A posted questionnaire, which lists all of the survey questions and tabulated responses, is appended to the end of the report. Data presented in this report may not total to 100 percent due to rounding or missing categories. In particular, percentages for the responses “don’t know” and “refused” are often omitted when they total to less than 5 percent of respondents.

OVERVIEW

RETIREMENT RISK

- Retiree concern about the various risks associated with retirement, which had remained fairly stable throughout the first five iterations of the survey, increased sharply in 2011. Pre-retiree concern about many risks also increased, approaching or equaling the spike in pre-retiree concern measured in 2003.
- Retirees and pre-retirees continue to express the highest level of concern about the value of their savings and investments keeping up with inflation (69 percent of retirees and 77 percent of pre-retirees very or somewhat concerned).
- Retirees and pre-retirees also report high levels of concern about having enough money to pay for adequate health care (61 percent of retirees and 74 percent of pre-retirees very or somewhat concerned), having enough money to pay for long-term care in a nursing home or at home (60 percent and 66 percent), being able to maintain a reasonable standard of living for the rest of their lives (59 percent and 64 percent), income varying based on changes in interest rates (57 percent and 64 percent), and depleting all of their savings (54 percent and 63 percent).
- Retirees and pre-retirees continue to rely on reducing spending, increasing savings, and debt reduction to manage retirement risks. More than half report they have already cut back on spending (62 percent of retirees and 54 percent of pre-retirees) and tried to save as much as possible (61 percent and 52 percent). Approximately half also say they have eliminated all of their consumer debt (56 percent and 49 percent).
- Others use asset management strategies to protect themselves against financial risks. At least half of retirees and pre-retirees report they have already invested money in stocks or stock mutual funds (50 percent of retirees and 56 percent of pre-retirees). Many have also moved their assets to less risky investments as they age (47 percent and 32 percent).
- Risk pooling strategies for managing financial risks are less popular. Only about three in ten have already purchased a product or chosen an employer plan option that will provide them with guaranteed income for life (33 percent of retirees and 27 percent of pre-retirees). Even fewer report having bought long-term care insurance (25 percent and 19 percent). Nevertheless, a majority of retirees (65 percent) say they have purchased supplemental health insurance or are participating in an employer-provided retiree health plan. While only one-quarter of pre-retirees (25 percent) have already taken this step, an additional 51 percent plan to do so in the future.

- Retirees are more likely than in 2009 to report having already implemented several risk management strategies, including saving as much as possible (61 percent, up from 53 percent), cutting back on spending (62 percent, up from 56 percent), and buying an annuity or choosing an annuity option from an employer plan (33 percent, up from 19 percent). Pre-retirees are more likely than in 2009 to indicate they have already bought an annuity or chosen an annuity option from an employer plan (27 percent, up from 20 percent).

LONGEVITY RISK

- There is a strong tendency toward underestimating average life expectancy. When asked to estimate how long the average person their age and sex can expect to live, more than six in ten retirees (62 percent) and half of pre-retirees (57 percent) provide a response that is below the average. Only about one-quarter overestimate average life expectancy (19 percent of retirees and 28 percent of pre-retirees), while the remainder provide a response that is within a year of population mortality tables.
- While retirees are also more likely to provide an estimate of their personal life expectancy that is below the population average (54 percent) than to provide a higher-than-average estimate (31 percent), pre-retirees are as likely to provide a below average estimate (46 percent) as to provide one that is above the population average (42 percent).
- Despite the tendency to underestimate population life expectancy, half of retirees (50 percent) and pre-retirees (53 percent) appear to believe that the response they provide for their personal life expectancy is within one year of average life expectancy. Three in ten think their estimate of personal life expectancy exceeds average life expectancy (31 percent of retirees and 32 percent of pre-retirees).
- Compared to 2005, pre-retirees are more likely to overestimate average life expectancy (27 percent, up from 19 percent) and less likely to be on target (15 percent, down from 27 percent). In addition, pre-retirees are more likely to provide an estimate of personal life expectancy that is above the population average (41 percent, up from 31 percent in 2005). Retiree estimates of average and personal life expectancy have changed little.
- In general, retirees and pre-retirees report basing their estimate of personal life expectancy on family history (47 percent of retirees and 51 percent of pre-retirees), their own health (37 percent and 29 percent), and healthy habits (34 percent each).

- Retirees and pre-retirees most often say they would need to reduce their expenditures significantly if they were to live five years longer than expected (64 percent of retirees and 72 percent of pre-retirees very or somewhat likely). Other actions they think they would be likely to find necessary if they lived five years longer include dipping into money that might otherwise be left to children or other heirs (49 percent and 58 percent), depleting all of their savings (45 percent and 53 percent), and downsizing their housing (42 percent and 55 percent).

RETIREMENT INCOME AND PLANNING

- While similar proportions of retirees and pre-retirees received or expect to receive money or income from one or more defined benefit plans (58 percent of retirees and 55 percent of pre-retirees), significantly more pre-retirees expect to receive money from a defined contribution plan (34 percent and 68 percent), IRA or Roth IRA (22 percent and 52 percent), or other retirement savings plan (27 percent and 47 percent).
- The typical retiree reports a financial planning horizon of just five years (median), while the typical pre-retiree reports a planning horizon of ten years (median). Just one in ten retirees (11 percent, up from 7 percent in 2009) and two in ten pre-retirees (19 percent, up from 13 percent) say they look 20 or more years into the future when making important financial decisions.
- Not surprisingly, retirees are more likely than pre-retirees to state they have a plan for how much money they will spend each year in retirement and where that money will come from (57 percent vs. 35 percent). However, more pre-retirees may develop such a plan as they approach retirement age.
- Approximately two in ten retirees and pre-retirees report they regularly consult with a financial planner or advisor who helps them make decisions about their financial or retirement planning (21 percent of retirees and 17 percent of pre-retirees). Another three in ten say they occasionally consult with a financial professional (26 percent and 30 percent).

IMPACT OF RECESSION

- More than six in ten retirees (62 percent) and seven in ten pre-retirees (71 percent) report they are more concerned about their financial situation than they were five years ago, before the downturn in the stock market and economy.

- Furthermore, about six in ten retirees and pre-retirees indicate their finances are in worse shape now than they were five years ago (56 percent of retirees and 61 percent of pre-retirees), including one-quarter who say their finances are now much worse (23 percent and 25 percent). Nevertheless, both retirees and pre-retirees are less likely than in 2009 to feel their finances are in worse shape (63 percent vs. 77 percent in 2009).
- More than half of retirees and pre-retirees indicate the changes in the stock market and economy have made them feel they need to do a better job of managing their finances or planning for retirement (52 percent of retirees and 66 percent of pre-retirees) and saving more money (50 percent and 74 percent). Two-thirds of pre-retirees (67 percent) also indicate they feel they need to work longer.

THE PROCESS OF RETIRING

- More than eight in ten retirees report they retired before the age of 65 (82 percent). However, half of pre-retirees indicating they will retire say they expect to retire at age 65 or later (55 percent). This difference between expected and actual retirement age has been observed in prior studies in this series.
- While three-quarters of retirees (75 percent) report they retired by stopping work all at once, only about four in ten pre-retirees (44 percent) plan to retire that way. Instead, pre-retirees plan to gradually reduce the number of hours they work (18 percent vs. 9 percent of retirees) or continue to work part time in retirement (31 percent vs. 9 percent). One-third of retirees who stopped work all at once eventually returned to paid employment (34 percent).
- Those who work in retirement generally switch employers when they retire, working for a different company (50 percent of retirees who worked in retirement and 30 percent of pre-retirees who plan to work) or becoming self-employed (20 percent and 30 percent). However, the work they do often uses their pre-retirement skills and training (28 percent and 31 percent). Three in ten each indicate they did or think they will do the same work as before retirement (31 percent and 29 percent) or different work that is built on the same skills and training. Four in ten did or will do something entirely different (40 percent and 39 percent).
- Retirees who worked in retirement and pre-retirees who plan to do so say major reasons for working are to stay active and involved (55 percent of retirees and 74 percent of pre-retirees) and wanting additional income (51 percent each).
- Two in ten retirees working in retirement (22 percent) and three in ten pre-retirees who plan to work in retirement (31 percent) report they started or plan to start a small business or become self-employed. Of these, most used or plan to use less than five percent of their savings and investments

for the start-up (67 percent of retirees and 54 percent of pre-retirees). However, a few report using 40 percent or more of their assets to establish the business (9 percent and 3 percent).

Differences by Population Subgroup

This section summarizes differences by population subgroup. More detailed comments about results by subgroup appear in the subsequent sections describing individual questions.

Differences by Economic Status

- Differences in responses by economic status reveal few surprises. As in previous years, both retirees and pre-retirees with lower household income are more likely than those with higher income to be concerned about retirement risks. Levels of concern about most risks are also inversely related to household wealth.

- Affluent retirees and pre-retirees tend to use different risk management strategies than do those who are less affluent. Cutting back on spending is a preferred strategy among those with lower household income, while the probability of eliminating consumer debt, saving as much as possible, investing in stocks or stock mutual funds, moving assets into more conservative investments, or paying off the primary home mortgage increases as household income or assets increase. Those with higher household income or higher assets are also more likely to save for the possibility of having large health expenses or needing long-term care and to have purchased long-term care insurance.

- Those with fewer financial resources are more likely than those with more resources to underestimate population life expectancy. They are also more likely to provide an estimate for their own life expectancy that is below the life expectancy in published mortality tables.

- The likelihood of reporting their finances are now in worse shape compared with five years ago is higher among those with lower household assets than among those with higher assets. While this may seem counterintuitive, it may reflect pessimism among lower-asset retirees and pre-retirees.

Differences by Health Status

- Differences in responses by health status are closely related to differences by household income, perhaps because those in poorer health often have lower income and vice versa. Among both retirees and pre-retirees, concern about various risks tends to increase as health status worsens.

- Those in better health are more likely than those who evaluate their health as fair or poor to use risk management strategies associated with higher-income or higher-asset retirees and pre-retirees. For example, they are more likely to have eliminated all consumer debt, invested in stocks and stock mutual funds, and moved assets to more conservative investments. Among retirees, they are also more likely to have purchased supplemental health insurance coverage.

- Those in excellent, very good, and good health tend to provide higher estimates of population and personal life expectancy than do those in fair or poor health.

- Retirees who describe their current health as fair or poor are more likely than those in excellent or very good health to say they retired before age 55. However, expected age at retirement among pre-retirees does not appear to vary by health status.

Differences by Sex

- Among both retirees and pre-retirees, women are more likely than men to express concern about most of the retirement risks mentioned in the study. They are also more likely to have cut back on spending to help manage these risks. However, female pre-retirees are more apt than male pre-retirees to indicate they have bought an annuity or chosen an annuity option from an employer-provided retirement plan.

- Women tend to provide estimates of population and personal life expectancy that are three to five year higher than the estimates provided by men. They are also more likely to think there would be negative financial consequences if they lived five years longer than expected.

- Among retirees, men are more likely than women to report having received money or income from a defined benefit plan and to be currently receiving guaranteed income other than Social Security.

- Among pre-retirees, a larger percentage of women than men think they need to save more money and work longer as a result of the changes in the stock market and the economy.

- While female retirees are more likely than male retirees to report household income below $25,000 (19 percent of women vs. 11 percent of men) and assets below $25,000 (29 percent of women vs. 20 percent of men), male and female pre-retirees report similar levels of income and assets.

Differences by Participation in Employer-Provided Retirement Plans

- Among both retirees and pre-retirees, the likelihood of reporting income or money from one or more defined benefit or defined contribution plans increases as household income or assets increase. Therefore, differences by participation in employer-provided retirement plans generally mirror differences by economic status.

- In particular, both retirees and pre-retirees who did not receive or expect to receive income or money from a defined benefit plan are more likely than those with this benefit to be very or somewhat concerned about having enough money to pay for adequate health care.

- Perhaps not surprisingly, retirees and pre-retirees with benefits from a defined contribution plan are more likely than those without this benefit to indicate they have invested in equities. Retirees with a defined contribution plan are also more likely to have eliminated their consumer debt, while pre-retirees are more likely to have consulted a financial professional.
- Pre-retirees with a defined contribution plan only (and no defined benefit plan) are more likely than other pre-retirees to feel they need to do a better job of planning for retirement as a result of the changes in the stock market and economy.

FINDINGS OF THE RETIREE SURVEY

RETIREMENT RISK

Concern About Risk

As part of the survey, retirees were asked to rate their concern about nine risks that can affect the financial security of people in retirement. Retiree concern about these various retirement risks had remained remarkably stable over the previous iterations of the study; however, the 2011 study reveals a significant increase (Figure 1). In particular, retirees are more likely than previously to say they are very or somewhat concerned about:

- Keeping the value of their savings and investments up with inflation (69 percent, up from 58 percent in 2009)
- Having enough money to pay for adequate health care (61 percent, up from 49 percent in 2009)
- Having enough money to pay for long-term care at home or in a nursing home (60 percent, up from 46 percent in 2009 and 52 percent in 2007)
- Maintaining a reasonable standard of living throughout their lifetime (59 percent, up from 45 percent in 2009)
- Depleting their savings (54 percent, up from 47 percent in 2009)
- Being able to leave money to their children or heirs (38 percent, up from 28 percent in 2009)

In addition, married retirees are more likely than in 2009 to express concern about their spouse's/partner's ability to maintain the same standard of living after their death (45 percent, up from 36 percent in 2009 but statistically equivalent to the 39 percent measured in 2007).

Retiree concern about income varying in retirement due to changes in interest rates is similar to the level measured in 2009 (57 percent in 2011 and 52 percent in 2009). Further, more than four in ten home-owning retirees (44 percent) say they are concerned that the equity in their home may not be sufficient to support their retirement plans (asked for the first time in 2011).

Figure 1: Concern About Retirement Risks, Among Retirees
How concerned are you that…?

	Very Concerned	Somewhat Concerned	Not Too Concerned	Not at All Concerned
The value of your savings and investments might not keep up with inflation*				
2011 (n=800)	37%	33	11	19
2009 (n=401)	23%	35	17	24
2007 (n=400)	22%	34	19	24
2005 (n=302)	21%	29	22	26
2003 (n=303)	25%	32	21	21
2001 (n=242)	20%	35	21	23
You might not have enough money to pay for adequate health care				
2011 (n=800)	34%	27	14	24
2009 (n=401)	22%	26	20	30
2007 (n=400)	25%	26	15	32
2005 (n=302)	23%	23	18	35
2003 (n=303) (good health care)	22%	24	26	27
2001 (n=242) (good health care)	21%	20	26	33
You might not have enough money to pay for a long stay in a nursing home or a long period of nursing care at home				
2011 (n=800)	31%	29	16	23
2009 (n=401)	18%	28	21	32
2007 (n=400)	27%	25	15	32
2005 (n=302)	24%	29	18	29
2003 (n=303)	20%	27	27	25
2001	(not asked)			
You might not be able to maintain a reasonable standard of living for the rest of your life				
2011 (n=800)	28%	31	17	23
2009 (n=401)	16%	28	21	33
2007 (n=400)	20%	28	19	33
2005 (n=302)	17%	26	25	31
2003 (n=303)	17%	29	24	30
2001 (n=242)	17%	29	28	26

*Prior to 2011, the wording for this question was “you might not be able to keep the value of your savings and investments up with inflation.”

Figure 1: Concern About Retirement Risks, Among Retirees (continued)
How concerned are you that…?

	Very Concerned	Somewhat Concerned	Not Too Concerned	Not at All Concerned
Your income in retirement may vary based on changes in interest rates				
2011 (n=800)	26%	32	17	24
2009 (n=401)	21%	31	17	29
2001 through 2007	(not asked)			
You might deplete all of your savings				
2011 (n=800)	27%	28	18	26
2009 (n=401)	19%	27	20	31
2007 (n=400)	22%	23	18	34
2005 (n=302) (and be left only with Social Security)	20%	18	24	37
2003 (n=303) (and be left only with Social Security)	25%	15	23	36
2001	(not asked)			
Your spouse/partner may not be able to maintain the same standard of living after your death, if you should die first (if married)				
2011 (n=521)	20%	25	18	36
2009 (n=260)	13%	22	17	46
2007 (n=261)	16%	23	17	43
2005 (n=177)	18%	19	22	40
2003 (n=192)	15%	19	24	41
2001 (n=147)	15%	27	22	36
The equity you have in your home may not be sufficient to support your retirement plans (if homeowner)				
2011 (n=723)	20%	24	16	38
2001 through 2009	(not asked)			
You might not be able to leave money to your children or other heirs				
2011 (n=800)	17%	20	22	39
2009 (n=401)	9%	19	22	49
2007 (n=400)	14%	15	18	52
2005 (n=302)	10%	16	24	49
2003 (n=303)	11%	16	27	46
2001	(not asked)			

Biggest Concern

When asked which one of the nine retirement risks is their biggest concern, retirees are most likely to indicate they are most concerned about having enough to pay for adequate health care (18 percent). About one in ten each say they are most concerned about the value of their savings and investments keeping up with inflation (13 percent), having enough money to pay for long-term care (13 percent), maintaining a reasonable standard of living for the rest of their life (12 percent), and retirement income varying due to changes in interest rates (9 percent). Fewer indicate they are most concerned with any of the other risks examined.

Differences by Population Subgroup

Women are more likely than men to express concern about most of the retirement risks in the study (Figure 2).

Figure 2: Percentage Very or Somewhat Concerned About Retirement Risks by Sex, Among Retirees[1]
How concerned are you that…?

	Sex	
	Men (n=400)	Women (n=400)
The value of your savings and investments might not keep up with inflation	65%	73%
You might not have enough money to pay for adequate health care	56%	65%
You might not have enough money to pay for a long stay in a nursing home or a long period of nursing care at home	55%	65%
You might not be able to maintain a reasonable standard of living for the rest of your life	53%	65%
Your income in retirement may vary based on changes in interest rates	51%	63%
You might deplete all of your savings	48%	60%
The equity you have in your home may not be sufficient to support your retirement plans (if homeowner: males n=373, females n=350)	38%	50%

[1] The figure omits retirement risks examined in the survey for which there are no statistically significant differences by sex.

As age increases, concern about the following decreases: paying for health care (66 percent of those ages 45 to 64 vs. 55 percent of those ages 70 to 80), depleting savings (58 percent vs. 49 percent), and ability to leave money to children or other heirs (41 percent vs. 32 percent).

Perhaps not surprisingly, levels of concern regarding almost all of the retirement risks examined in this series are inversely related to household income or wealth. Excepting only inflation, those with household income of less than $75,000 are more likely than higher-income retirees to report being very or somewhat concerned (Figure 3).

Figure 3: Percentage Very or Somewhat Concerned About Retirement Risks by Household Income, Among Retirees[2]
How concerned are you that…?

	Household Income		
	Less than $35,000 (n=220)	**$35,000 to $74,999** (n=267)	**$75,000 or More** (n=194)
You might not have enough money to pay for adequate health care	71%	63%	48%
You might not have enough money to pay for a long stay in a nursing home or a long period of nursing care at home	68%	65%	48%
You might not be able to maintain a reasonable standard of living for the rest of your life	70%	64%	44%
Your income in retirement may vary based on changes in interest rates	64%	57%	50%
You might deplete all of your savings	63%	64%	38%
Your spouse/partner may not be able to maintain the same standard of living after your death, if you should die first (if married: less than $35,000 n=79, $35,000 to $74,999 n=185, $75,000 or more n=172)	61%	56%	31%
The equity you have in your home may not be sufficient to support your retirement plans (if homeowner: less than $35,000 n=174, $35,000 to $74,999 n=247, $75,000 or more n=190)	57%	50%	28%
You might not be able to leave money to your children or other heirs	47%	43%	28%

[2] The figure omits retirement risks examined in the survey for which there are no statistically significant differences by household income.

While those with investable assets of less than $100,000 are more likely than higher-asset retirees to express concern about most risks, the inverse is true when it comes to concern about the effects of inflation on the value of savings and investments (Figure 4). There appears to be no difference by asset level regarding concern about income varying due to changes in interest rates or depleting savings.

Figure 4: Percentage Very or Somewhat Concerned About Retirement Risks by Investable Assets, Among Retirees[3]
How concerned are you that…?

	Investable Assets		
	Less than $25,000 (n=185)	**$25,000 to $99,999** (n=124)	**$100,000 or More** (n=263)
The value of your savings and investments might not keep up with inflation	63%	79%	74%
You might not have enough money to pay for adequate health care	70%	67%	54%
You might not have enough money to pay for a long stay in a nursing home or a long period of nursing care at home	70%	68%	58%
You might not be able to maintain a reasonable standard of living for the rest of your life	71%	69%	51%
Your spouse/partner may not be able to maintain the same standard of living after your death, if you should die first (if married: less than $25,000 n=84, $25,000 to $99,999 n=81, $100,000 or more n=194)	65%	60%	36%
The equity you have in your home may not be sufficient to support your retirement plans (if homeowner: less than $25,000 n=140, $25,000 to $99,999 n=118, $100,000 or more n=256)	61%	57%	34%
You might not be able to leave money to your children or other heirs	54%	41%	34%

[3] The figure omits retirement risks examined in the survey for which there are no statistically significant differences by investable assets.

Concern about health care-related risks, namely the ability to afford adequate health care and long-term care, varies by health status. Those who describe their health as fair or poor are more likely than those who describe their health more positively to be very or somewhat concerned about being able to afford adequate health care (71 percent fair or poor vs. 56 percent excellent or very good health) and being able to afford a long period at a nursing home or nursing care at home (67 percent vs. 54 percent). Perceived health status also seems to affect retirees' levels of concern regarding their ability to maintain a reasonable standard of living for the rest of their life (67 percent vs. 54 percent), home equity being sufficient to support their retirement plans (55 percent vs. 40 percent among homeowners), and being able to leave an inheritance to their children or other heirs (51 percent vs. 33 percent).

Retirees who did not receive income or money from a defined benefit plan are more likely than those with this benefit to report being very or somewhat concerned about each of the following risks:

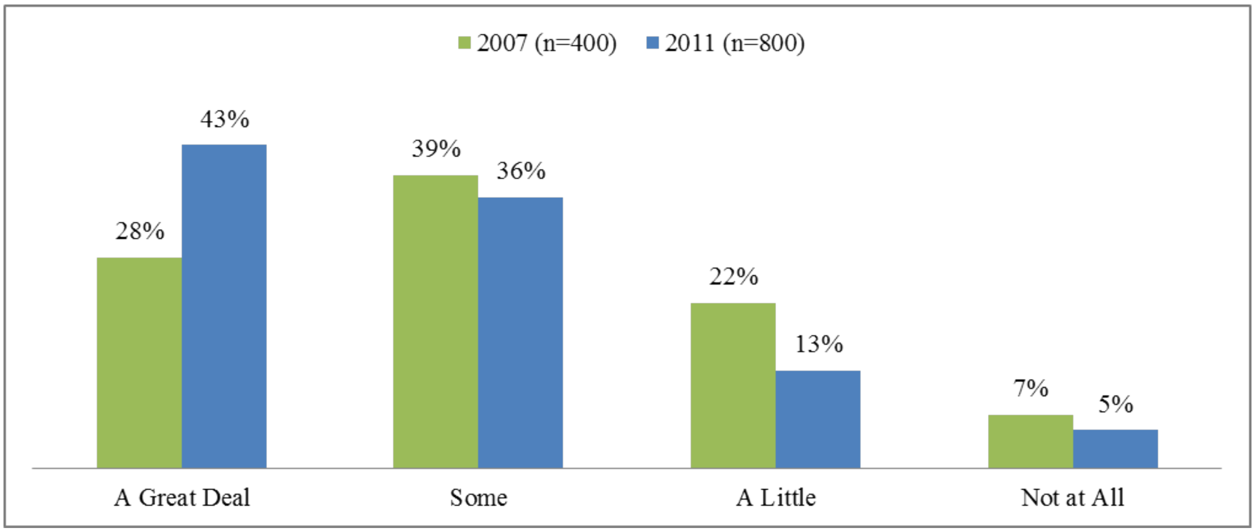
- Having enough money to pay for adequate health care (68 percent without a defined benefit plan vs. 56 percent with a defined benefit plan)
- Retirement income varying based on changes in interest rates (62 percent vs. 54 percent)

However, they are *less* likely to state they are very or somewhat concerned that the value of their savings and investment might not keep up with inflation (65 percent without a defined benefit plan vs. 73 percent with such a plan).

Inflation

Retirees are considerably more likely in 2011 than in 2007 (the last time this question was asked) to believe that inflation will have a great deal of effect on the amount of money they will need each year in retirement (43 percent, up from 28 percent). More than one-third (36 percent) think inflation will have some effect on the amount of money they will need. However, almost two in ten (18 percent, down from 29 percent) say inflation will have little or no effect on their income needs (Figure 5).

Figure 5: Effect of Inflation, Among Retirees
How much do you think inflation will affect the amount of money you will need each year in retirement?

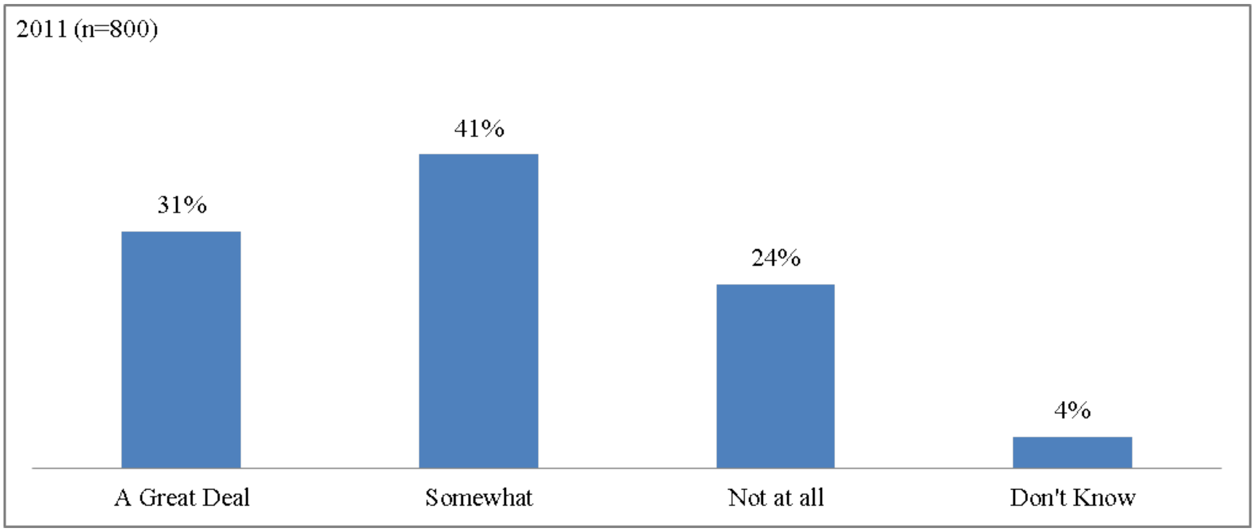


The likelihood of reporting that inflation will have a great deal of effect on their income needs in retirement is higher among women (49 percent, compared with 36 percent of men) and those who retired before age 50 (60 percent, compared with 39 percent who retired after age 50). In addition, the propensity to say inflation will have a great deal of effect is inversely related to household income (57 percent for those with income less than $35,000 vs. 26 percent with income of at least $75,000) and investable assets (65 percent for those with assets less than $25,000 vs. 31 percent with assets of at least $100,000).

Effect of Decrease in Value of Investments

Three in ten retirees (31 percent) report they would reduce their expenses a great deal if the value of their savings and investments were to decrease by 10 percent. Another four in ten (41 percent) say they would reduce their expenditure somewhat (Figure 6).

Figure 6: Effect of Decrease in Value of Investments, Among Retirees
How much would you reduce your spending, if at all, if the value of your savings and investments were to go down by ten percent?



Among those more likely to reduce their expenditures a great deal are:

- Women (38 percent, compared with 23 percent of men)
- Those ages 45 to 64 (35 percent, compared with 27 percent ages 65 to 80)
- Those without a 4-year college degree (38 percent, compared with 19 percent of college graduates)
- Those with household income of less than $75,000 (37 percent, compared with 20 percent having income of $75,000 or more)
- Those with investable assets of less than $100,000 (41 percent, compared with 21 percent having assets of at least $100,000)

Strategies for Managing Retirement Risks

Although an increased proportion of retirees express concern about the various risks associated with retirement, they often continue to rely on the same strategies to manage their risks. Among the 11 strategies read to respondents for protecting against various financial risks that may occur in retirement, debt reduction, increasing savings, and reducing spending remain the most popular. More than eight in ten retirees state they have already eliminated or plan to eliminate all of their consumer debt by paying off all credit cards and loans (83 percent net,[4] 56 percent have already done so). Almost as many have tried to save as much as they can or intend to save in the future (81 percent net, 61 percent have already done so). Three-quarters of retirees have cut back on spending or plan to do so (76 percent net, 62 percent have already done so) and completely paid off their mortgage or plan to do so (75 percent net, 47 percent have already done so) (Figure 7).

Retirees also use asset management strategies to protect themselves against financial risks as they get older. Almost six in ten have moved or plan to more their assets to less risky investments as they get older (58 percent net, 47 percent have already done so), while more than half have invested or plan to invest their money in stocks or stock mutual funds (53 percent net, 50 percent have already done so). Four in ten have bought or plan to buy a product or choose an employer plan option that will provide them with guaranteed income for life (39 percent net, 33 percent have already done so). In addition, more than half of retirees have consulted or plan to consult a financial professional for advice or guidance (56 percent net, 50 percent have already done so).

Less popular risk management strategies include moving to a smaller home or less expensive area (38 percent net, 17 percent have already done so), postponing Social Security benefits (35 percent net, 25 percent have already done so), and working longer (28 percent net, 14 percent have already done so).

There has been an increase in the percentage of retirees who report having already implemented four risk management strategies:

- Saving as much as possible (61 percent, up from 53 percent in 2009)
- Cutting back on spending (62 percent, up from 56 percent in 2009)
- Buying an annuity or choosing an annuity option from an employer plan (33 percent, up from 19 percent in 2009)
- Moving to a smaller home or less expensive area (17 percent, up from 10 percent in 2009)

[4] The net is the total of those who say they have already done or plan to do each item.

Figure 7: Strategies for Managing Retirement Risk, Among Retirees
To protect yourself financially, have you or do you plan to…? (Respondents were permitted to say they both had already taken and planned to take each action.)

	Net Use of Strategy	Already Done	Plan to Do in Future	No Plans To Do
Eliminate all of your consumer debt, by paying off all credit cards and loans				
2011 (n=800)	83%	56%	28	16
2009 (n=401)	81%	60%	23	16
2007 (n=400)	79%	55%	25	20
2005 (n=302)	81%	56%	26	18
Try to save as much money as you can				
2011 (n=800)	81%	61%	23	18
2009 (n=401)	75%	53%	25	25
2007 (n=400)	76%	52%	27	23
2005 (n=302)	74%	56%	20	25
Cut back on spending				
2011 (n=800)	76%	62%	16	23
2009 (n=401)	68%	56%	13	31
2007 (n=400)	67%	48%	20	32
2005 (n=302)	65%	51%	14	34
Completely pay off your mortgage				
2011 (n=800)	75%	47%	28	24
2009 (n=401)	77%	48%	29	22
2007 (n=400)	76%	50%	26	23
2005 (n=269)	83%	56%	27	15
Move your assets to less risky investments as you get older				
2011 (n=800)	58%	47%	11	40
2009 (n=401) (increasingly conservative investments)	58%	43%	16	41
2007 (n=400) (increasingly conservative investments)	49%	33%	17	48
2005 (n=302) (increasingly conservative investments)	52%	35%	18	48
Consult a financial professional for advice or guidance				
2011 (n=800)	56%	50%	6	43
2005 through 2009	(not asked)			

Figure 7: Strategies for Managing Retirement Risk, Among Retirees (continued)
To protect yourself financially, have you or do you plan to…? (Respondents were permitted to say they both had already taken and planned to take each action.)

	Net Use of Strategy	Already Done	Plan to Do in Future	No Plans To Do
Invest a portion of your money in stocks or stock mutual funds				
2011 (n=800)	53%	50%	3	46
2009 (n=401)	52%	48%	5	48
2007 (n=400)	56%	50%	8	43
2005 (n=302)	54%	48%	6	46
Buy a product or choose an employer plan option that will provide you with guaranteed income for life				
2011 (n=800)	39%	33%	7	60
2009 (n=401)	24%	19%	4	75
2007 (n=400)	25%	23%	2	72
2005 (n=302)	33%	27%	6	66
Move to a smaller home or less expensive area				
2011 (n=800)	38%	17%	21	61
2009 (n=401)	30%	10%	20	69
2007 (n=400)	35%	16%	19	62
2005 (n=302)	36%	18%	18	64
Postpone taking Social Security				
2011 (n=800)	35%	25%	11	62
2009 (n=401)	33%	24%	10	65
2005 through 2007	(not asked)			
Work longer				
2011 (n=800)	28%	14%	15	71
2009 (n=401)	28%	15%	14	71
2007 (n=400)	27%	13%	16	71
2005 (n=302)	24%	14%	10	75

Differences by Population Subgroup

Women are more likely than men to report having already cut back on spending (69 percent vs. 55 percent) and moved to a smaller home or less expensive area (20 percent vs. 14 percent). Conversely, men are more likely than women to say they have invested in stocks or stock mutual funds (56 percent vs. 46 percent).

The strategies for managing retirement risks that retirees choose to implement are strongly related to financial resources. Those with more resources (higher household income or more investable assets) are more likely than those with fewer resources to have already tried to save as much as possible, invested in stocks or stock mutual funds, consulted a financial professional, moved assets to less risky investments, and purchased an annuity or chosen an annuity option from an employer plan. In contrast, those with fewer resources are more likely to have already cut back on spending (Figures 8 and 9). The same patterns are also found when examining retirees by health status, with retirees in excellent or very good health likely to use the same strategies used by those with more financial resources.

Figure 8: Percentage Already Having Implemented Strategies for Managing Retirement Risk by Household Income, Among Retirees[5]

To protect yourself financially, have you or do you plan to…?

	Household Income		
	Less than $35,000 (n=220)	**$35,000 to $74,999** (n=267)	**$75,000 or More** (n=194)
Try to save as much money as you can	52%	64%	72%
Cut back on spending	71%	65%	51%
Move your assets to less risky investments as you get older	27%	53%	65%
Consult a financial professional for advice or guidance	31%	55%	66%
Invest a portion of your money in stocks or stock mutual funds	26%	53%	72%
Buy a product or choose an employer plan option that will provide you with guaranteed income for life	20%	33%	46%
Move to a smaller home or less expensive area	19%	19%	11%

[5] The figure omits risk-management strategies examined in the survey for which there are no statistically significant differences by household income.

Figure 9: Percentage Already Having Implemented Strategies for Managing Retirement Risk by Investable Assets, Among Retirees[6]
To protect yourself financially, have you or do you plan to…?

	Investable Assets		
	Less than $25,000 (n=185)	**$25,000 to $99,999** (n=124)	**$100,000 or More** (n=263)
Eliminate all of your consumer debt, by paying off all credit cards and loans	41%	48%	66%
Try to save as much money as you can	37%	55%	76%
Cut back on spending	73%	65%	55%
Completely pay off your mortgage	35%	41%	55%
Move your assets to less risky investments as you get older	17%	59%	63%
Consult a financial professional for advice or guidance	20%	55%	69%
Invest a portion of your money in stocks or stock mutual funds	8%	47%	77%
Buy a product or choose an employer plan option that will provide you with guaranteed income for life	15%	43%	40%

Retirees ages 65 to 80 are more apt than their younger counterparts to have already paid off their mortgage (56 percent vs. 36 percent) and moved assets to less risky investments (51 percent vs. 42 percent). Moreover, those ages 65 to 69 are more likely than either younger or older retirees to report they have consulted a financial professional for advice or guidance (59 percent ages 65 to 69 vs. 49 percent ages 45 to 64 and 45 percent ages 70 to 80) and invested in stocks or stock mutual funds (59 percent ages 65 to 69 vs. 47 percent ages 45 to 64 and 48 percent ages 70 to 80).

Those with benefits from a defined contribution plan are more likely than those without this type of benefit to indicate they have eliminated their consumer debt (65 percent vs. 52 percent). They are also far more likely than their counterparts to have invested in equities (68 percent vs. 41 percent).

[6] The figure omits risk-management strategies examined in the survey for which there are no statistically significant differences by investable assets.

Strategies for Managing Health Risks

Of the actions listed that retirees can take to protect themselves financially when it comes to health risks, the one taken most frequently is maintaining healthy lifestyle habits. More than nine in ten report they have either already taken this step or plan to do so (92 percent net, 82 percent have already done so). The next most frequently taken step is purchasing health insurance to supplement Medicare or participating in an employer-sponsored retiree health plan (79 percent net, 65 percent have already done so) (Figure 10).

Smaller proportions of retirees self-insure or purchase insurance that would help to protect them in cases of extended ill health or incapacity. Almost half are saving or plan to save for the possibility of having large health expenses or needing long-term care (46 percent net, 33 percent have already done so), while more than one-third report they have purchased or are planning to purchase long-term care insurance (36 percent net, 25 percent have already done so). Very few say they have made or plan to make arrangements for care through a continuing care retirement facility (12 percent net, 2 percent have already done so).

Retirees are more likely than in 2009 (65 percent in 2011 vs. 59 percent in 2009), but no more likely than in earlier iterations of the study, to report they have already purchased supplemental health insurance or participated in an employer-provided retiree health plan.

Figure 10: Strategies for Managing Health Risk, Among Retirees

To protect yourself financially, have you or do you plan to…? (Respondents were permitted to say they both had already taken and planned to take each action.)

	Net Use of Strategy	Already Done	Plan to Do in Future	No Plans To Do
Maintain healthy lifestyle habits, such as a proper diet, regular exercise and preventative care				
2011 (n=800)	92%	82%	13	7
2009 (n=401)	93%	84%	14	7
2007 (n=400)	91%	75%	23	8
2005	(not asked)			
Purchase health insurance to supplement Medicare or participate in an employer-provided retiree health plan				
2011 (n=800)	79%	65%	14	20
2009 (n=401)	76%	59%	16	24
2007 (n=400)	74%	61%	14	25
2005 (n=302)	76%	63%	13	23
Save specifically for the possibility of having large health expenses or needing long-term care				
2011 (n=800)	46%	33%	15	52
2009 (n=401)	47%	32%	15	51
2007 (n=400)	47%	33%	15	49
2005 (n=302)	49%	34%	15	50
Buy long-term care insurance				
2011 (n=800)	36%	25%	11	63
2009 (n=401)	35%	27%	8	64
2007 (n=400)	37%	28%	9	59
2005 (n=302)	34%	20%	14	66
Move into or arrange for care through a continuing care retirement community				
2011 (n=800)	12%	2%	9	86
2009 (n=401)	15%	5%	10	84
2007 (n=400)	12%	4%	9	85
2005 (n=302)	16%	4%	12	84

Differences by Population Subgroup

College graduates are more likely than those with less education to indicate they have already bought supplemental health insurance or participated in an employer-provided retiree health plan (72 percent vs. 61 percent) or saved specifically for health and long-term care expenses (43 percent vs. 25 percent). The propensity to maintain healthy lifestyle habits also increases with education (86 percent of those with at least some college education vs. 74 percent with a high school education or less).

Similarly, the likelihood of saving specifically for health and long-term care expenses increases with household income (21 percent with less than $35,000 vs. 31 percent with $35,000 to $74,999 vs. 45 percent with at least $75,000) and investable assets (13 percent with less than $25,000 vs. 23 percent with $25,000 to $99,999 vs. 47 percent with at least $100,000). Moreover, retirees with more financial resources are more apt to indicate they have already purchased long-term care insurance (34 percent with at least $75,000 in household income vs. 21 percent with less than $75,000; 33 percent with at least $100,000 in investable assets vs. 19 percent with less than $100,000).

Retirees ages 65 to 80 are more apt than younger retirees to say they already have health insurance to supplement Medicare or participate in an employer-provided retiree health plan (80 percent vs. 46 percent).[7] Retirees who received benefits from some type of retirement plan are also more likely to have this insurance (72 percent vs. 51 percent with no retirement plan benefits).

Others more likely to have already purchased supplemental health insurance are those in excellent or very good health (71 percent, compared with 56 percent in fair or poor health) and those who retired at age 50 or later (71 percent, compared with 39 percent of those who retired before age 50).

[7] Medicare is generally only available starting at age 65.

LONGEVITY RISK

Estimates of Average Life Expectancy

Retirees typically estimate that the average person their age and sex can expect to live until age 82 (median). Six percent think the average person cannot expect to live even to age 75, almost two in ten (18 percent) estimate an average life expectancy of between ages 75 and 79, almost three in ten (29 percent) say between the ages of 80 and 84, more than one-quarter (27 percent) say between 85 and 89, and 11 percent say age 90 or older. One in ten (9 percent) are unwilling to guess at how long the average person of their age and sex will live (Figure 11).

Figure 11: Estimated Population Life Expectancy, Among Retirees
Until what age do you think the average person your age and gender can expect to live?

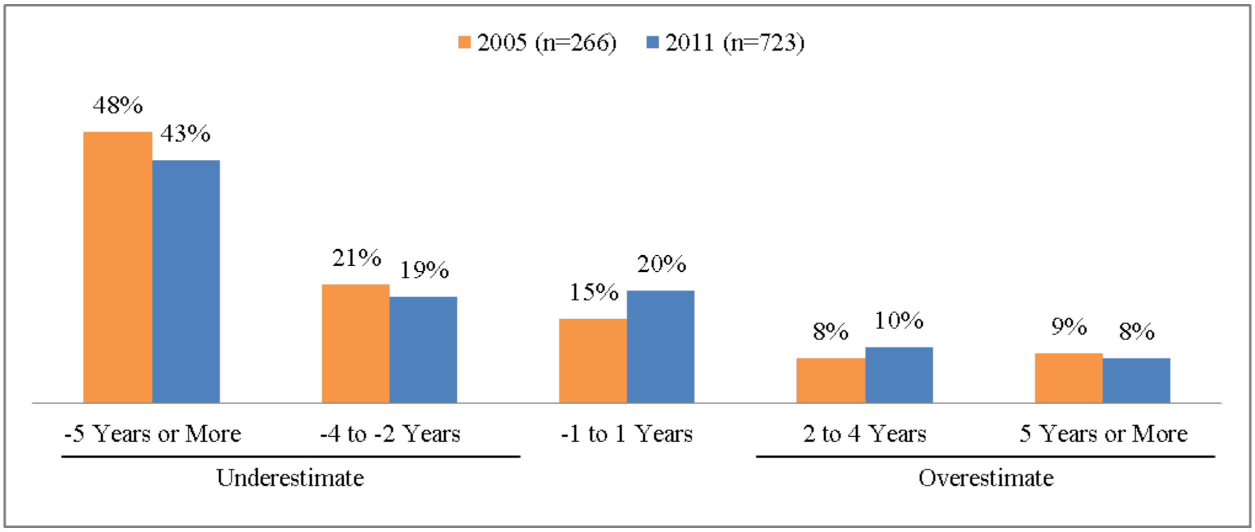
	Total (n=800)	**Men** (n=400)	**Women** (n=400)
Less than 70	2%	2%	2%
70	1	1	1
71 to 74	2	4	1
75	10	13	8
76 to 79	8	11	6
80	21	21	22
81 to 84	7	8	6
85	21	18	24
86 to 89	6	6	6
90	7	6	9
91 or Older	4	3	4
Don't Know	9	7	11

Women tend to respond with a higher estimate of life expectancy than do men (median of 84 for women vs. median of 80 for men). The response is also slightly higher among the following groups:

- Retirees ages 65 to 80 (median of 83 vs. 80 for younger retirees)
- College graduates (83 vs. 80 for those with less education)
- Those with investable assets of at least $25,000 (median of 82 vs. 80 for those with fewer assets)
- Those in excellent or very good health (median of 85 vs. 80 for those in poorer health)

Retirees are far more likely to underestimate population life expectancy (62 percent) than to overestimate it (19 percent). Only two in ten (20 percent) provide a response that is within a year of life expectancy for someone their age and sex (Figure 12). These results are statistically unchanged from those obtained in the 2005 study.

Figure 12: Difference Between Respondent Estimate of Average Life Expectancy and Actual Population Life Expectancy,[8] Among Retirees Providing an Estimate



Groups more likely to underestimate average life expectancy include:

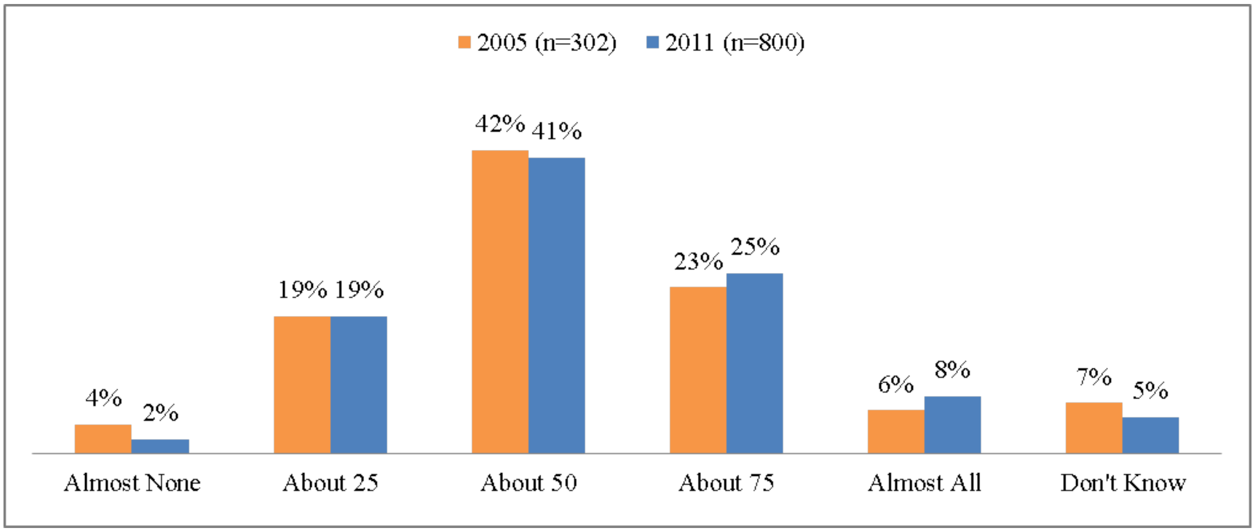
- Retirees without a 4-year college degree (68 percent compared with 53 percent of college graduates)
- Those with household income of less than $75,000 (66 percent vs. 54 percent with higher incomes)
- Those with less than $25,000 in investable assets (73 percent vs. 57 percent with higher assets)
- Those in good, fair, or poor health (74 percent vs. 52 percent in excellent or very good health)

[8] Population life expectancy calculated using UP94 Values Projected to 2011 (for 2011 respondents) and UP94 Values Projected to 2005 (for 2005 respondents).

Life Expectancy Variability

Although only two in ten (20 percent) retirees are on target with their estimate of average life expectancy, they do better when asked how many of a random group of 100 65-year-old males or females could expect to live at least until age 83 (if male) or 86 (if female). (These ages are based on population life expectancy at age 65, although respondents were not provided with this information.) Four in ten (41 percent) respond that about 50 could expect to live this long. One-quarter (25 percent) say about 75 and two in ten (19 percent) say about 25. Very few think almost none (2 percent) or almost all (8 percent) would live this long, although 5 percent of retirees responded they do not know (Figure 13).

Figure 13: Estimated Percentage of 65-year-olds Living to Age 83 (if male)/Age 85 (if female), Among Retirees
Suppose there were a random group of 100 65-year-old males/females. About how many do you think could expect to live to age 83/86 or older?



There are very few differences by population subgroup, although retirees with defined contribution plan benefits are more likely than those without to indicate about 50 individuals would live this long (46 percent vs. 38 percent). In addition, women are slightly more likely than men to say almost all would live this long (10 percent vs. 6 percent).

Estimates of Personal Life Expectancy

Typically, retirees think they, themselves, will live until age 84 (median). More than two in ten (22 percent) expect to die before reaching age 80, a similar proportion (23 percent) expects to live until between ages 80 and 84, two in ten think they will live to some age between 85 and 89 (20 percent), and one-quarter expect to live into their 90s (24 percent). One in ten (10 percent) are not sure how long they can expect to live (Figure 14).

It should be noted that retirees tend to round to the nearest multiple of five when estimating average and personal life expectancy. If retirees follow the same tendency in their retirement planning, those who round down could be planning for a life expectancy that is too short by several years.

Figure 14: Estimated Personal Life Expectancy, Among Retirees

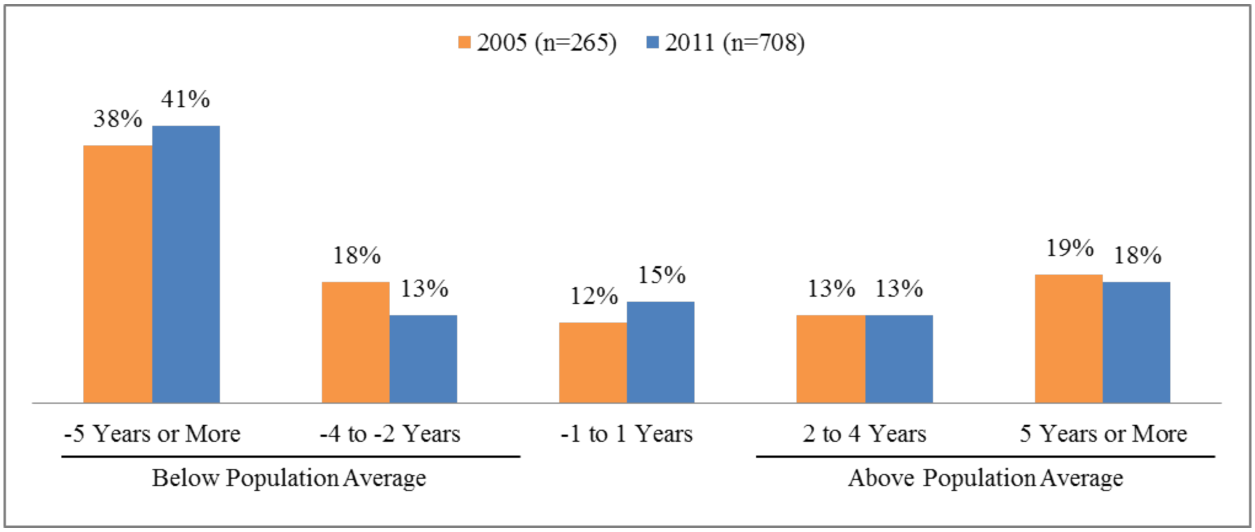
Until what age do you think that you, yourself, can expect to live?

	Total (n=800)	**Men** (n=400)	**Women** (n=400)
Less than 70	3%	5%	2%
70	4	5	3
71 to 74	2	2	1
75	9	12	7
76 to 79	3	5	2
80	18	14	21
81 to 84	5	7	4
85	15	16	15
86 to 89	5	5	5
90	14	10	16
91 or Older	10	10	10
Don't Know	10	8	12

Women typically expect to live longer than men (median of 85 vs. 82). Expected longevity also increases with age (median of 80 among retirees ages 45 to 64 vs. 85 for those ages 65 to 80), education (median of 81 among those with less than a 4-year college degree vs. 85 for college graduates), household income (median of 80 among those with income less than $35,000 vs. 85 for those with $75,000 or more), and health status (median of 76 among those in fair or poor health vs. 80 for those in good health vs. 85 for those in excellent or very good health).

When retiree estimates of personal life expectancy are compared with population mortality tables, it appears some retirees may be underestimating their life expectancy. More than half (54 percent) cite a personal life expectancy below the population average for their age and sex while only three in ten (31 percent) cite a personal life expectancy above the population average. Fifteen percent provide a personal life expectancy that is within a year of the population average. These proportions have changed little since 2005 when the questions were last included in the study (Figure 15).

Figure 15: Difference Between Respondent Estimate of Personal Life Expectancy and Population Life Expectancy,[9] Among Retirees Providing an Estimate



Among those more likely to provide a response below the population average are:

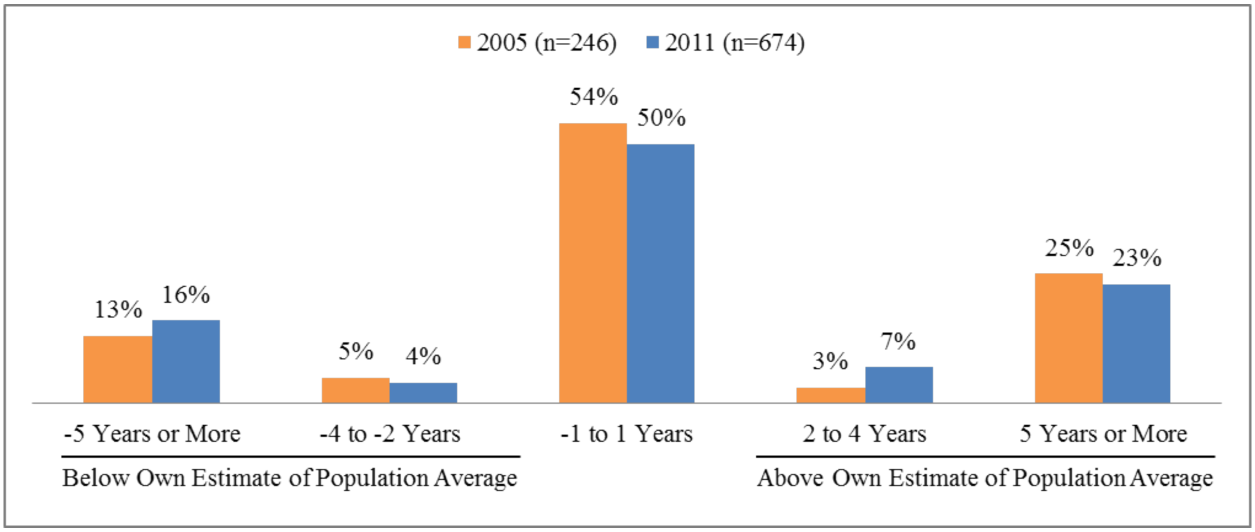
- Unmarried retirees (61 percent vs. 50 percent of married retirees)
- Those without a 4-year college degree (62 percent vs. 42 percent of college graduates)
- Those with investable assets of $25,000 or less (68 percent vs. 47 percent with $25,000 or more)

In addition, the likelihood of citing a personal life expectancy below the population average is inversely related to household income (65 percent with less than $35,000 vs. 55 percent with $35,000 to $74,999 vs. 41 percent with $75,000 or more) and health status (86 percent in fair or poor health vs. 63 percent in good health vs. 37 percent in excellent or very good health).

[9] Population life expectancy calculated using UP94 Values Projected to 2011 (for 2011 respondents) and UP94 Values Projected to 2005 (for 2005 respondents).

Despite the propensity to provide a personal life expectancy that is below the population average, it appears many retirees believe their personal life expectancy matches closely with average life expectancy. Half (50 percent) name a personal life expectancy that is within one year of the response they provided for average life expectancy. Two in ten (20 percent) give a personal life expectancy that is lower than their estimate of average life expectancy, and three in ten (30 percent) give a response that is higher (Figure 16).

Figure 16: Difference Between Respondent Estimates of Personal Life Expectancy and Average Life Expectancy, Among Retirees Providing Both Estimates



Groups more likely than their counterparts to provide a personal life expectancy below their own estimate of average life expectancy are those ages 45 to 64 (27 percent, compared with 13 percent of older retirees), those with household income of less than $35,000 (30 percent, compared with 15 percent of higher-income retirees), those with assets of less than $25,000 (28 percent, compared with 17 percent of higher-asset retirees), those in fair or poor health (42 percent, compared with 19 percent in good health and 10 percent in excellent or very good health), and those without a defined benefit plan (24 percent, compared with 16 percent with benefits from a defined benefit plan).

Basis for Estimate of Personal Life Expectancy

When retirees are asked why they think they will live until the age they cited as their personal life expectancy, they most often mention family history (47 percent), their health (37 percent), and healthy habits (34 percent). Fifteen percent mention a positive attitude. Fewer say they are basing their estimate on average life expectancy (5 percent), a guess (4 percent), and good health care (4 percent). Five percent are unable to provide the basis for their estimate (Figure 17).

Figure 17: Reason for Estimate of Personal Life Expectancy, Among Retirees Providing an Estimate of Personal Life Expectancy

Why do you think you will live until that age? (Top mentions; multiple responses accepted.)

	2011 (n=708)
Family history	47%
Own health	37%
Healthy habits: stay active, exercise, eat right, don't smoke	34%
Positive attitude: no stress, no worries, I enjoy myself, I want to live to see my grandchildren	15%
Average life expectancy	5%
Guessing	4%
Good health care	4%
Don't know	5%

Women are especially likely to say they are basing their estimate of personal life expectancy on family history (52 percent vs. 41 percent of men). Those with some college education (52 percent compared with 38 percent having a high school education or less) and those with household income of at least $35,000 (52 percent compared with 35 percent of lower-income retirees) are also more likely to base their estimate on family history.

Consequences of Living Five Years Longer

Retirees were asked how likely they would be to take seven actions if they were to live five years longer than expected. Close to two-thirds of retirees (64 percent, up from 53 percent in 2005) feel they would be very or somewhat likely to reduce their expenditures significantly if they were to live five years longer than expected. Between four and five in ten think they would dip into money that might otherwise have been left to their heirs (49 percent), deplete all of their savings and be left only with Social Security and other guaranteed income sources (45 percent, up from 35 percent in 2005), and downsize their housing (42 percent). One-third (34 percent) would be likely to use the equity in their home to help fund their remaining years, while one-quarter each would get assistance from friends or community agencies (26 percent) or from children or other family members (25 percent) (Figure 18).

Women are more likely than men to say they would be very or somewhat likely to:

- Reduce their expenditures significantly (68 percent of women vs. 60 percent of men)
- Deplete all of their savings (50 percent vs. 39 percent)
- Use their home equity to help fund their remaining years (39 percent vs. 30 percent)
- Get assistance from friends or community agencies (33 percent vs. 17 percent)
- Get assistance from children or other family members (29 percent vs. 20 percent)

In addition, the propensity to think they would be likely to deplete their savings and need assistance is inversely related to household income and investable assets:

- Deplete all of their savings (income: 72 percent with less than $35,000 vs. 42 percent with $35,000 to $74,999 vs. 26 percent with $75,000 or more; assets: 69 percent with less than $25,000 vs. 55 percent with $25,000 to $99,999 vs. 34 percent with $100,000 or more)
- Get assistance from friends or community agencies (income: 43 percent with less than $35,000 vs. 26 percent with $35,000 to $74,999 vs. 8 percent with $75,000 or more; assets: 48 percent with less than $25,000 vs. 23 percent with $25,000 to $99,999 vs. 13 percent with $100,000 or more)
- Get assistance from children or other family members (income: 40 percent with less than $35,000 vs. 20 percent with $35,000 to $74,999 vs. 14 percent with $75,000 or more; assets: 41 percent with less than $25,000 vs. 26 percent with $25,000 to $99,999 vs. 14 percent with $100,000 or more)

Figure 18: Likely Consequences of Living Five Years Longer than Expected, Among Retirees

If you (and your spouse/partner) were to live five years longer than expected, how likely do you think it is that you would have to do each of the following?

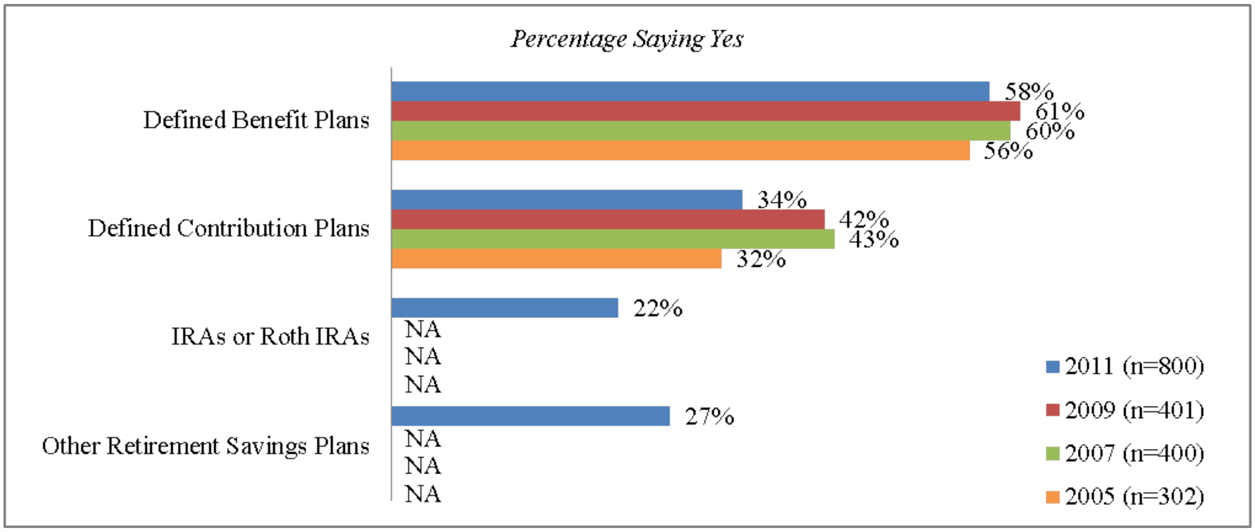
	Very Likely	Somewhat Likely	Not Too Likely	Not at All Likely
Reduce your expenditures significantly				
2011 (n=800)	32%	32	13	20
2005 (n=302)	24%	29	18	27
Deplete all of your savings and be left only with Social Security (and income from a defined benefit or traditional pension plan)				
2011 (n=800)	24%	21	22	29
2005 (n=302)	14%	21	26	35
Dip into money that you might otherwise have left to your children or other heirs				
2011 (n=800)	23%	25	13	33
2005 (n=302)	19%	23	22	34
Downsize your housing				
2011 (n=800)	23%	19	13	43
2005	(not asked)			
Use the value of your home to help fund your remaining retirement years				
2011 (n=800)	14%	21	16	47
2005 (n=302)	14%	22	19	42
Get assistance from friends or community agencies				
2011 (n=800)	10%	16	21	51
2005 (n=302)	6%	16	22	55
Get assistance from your children or other family members				
2011 (n=800)	10%	15	19	56
2005 (n=302)	9%	18	23	49

RETIEMENT INCOME AND PLANNING

Retirement Plans

As in previous studies, roughly six in ten retirees (58 percent) report they or their spouse/partner receive money or income from a defined benefit or traditional pension plan, with benefits typically based on salary and years of service. One-third say they received money or income from a defined contribution plan (34 percent, down from 42 percent in 2009). Roughly one-quarter each indicate they received money or income from an IRA or Roth IRA (22 percent) or other retirement savings plan (27 percent) (Figure 19).

Figure 19: Income or Money From a Retirement Plan, Among Retirees
When you (or your spouse/partner) retired, did you receive income or money from one or more…?



The likelihood of reporting money or income from each of these types of plans increases sharply among those with household income of at least $35,000 or investable assets of at least $25,000 (Figures 20 and 21). In addition, men are more likely than women to state they or their spouse/partner received money or income from a defined benefit plan (64 percent vs. 52 percent).

Figure 20: Percentage Reporting Income or Money From a Retirement Plan by Household Income, Among Retirees
When you (or your spouse/partner) retired, did you receive income or money from one or more…?

	Household Income		
	Less than $35,000 (n=220)	**$35,000 to $74,999** (n=267)	**$75,000 or More** (n=194)
Defined benefit pension plan	38%	64%	69%
Employer-sponsored retirement savings plan	21%	39%	45%
IRA or Roth IRA	12%	25%	27%
Other retirement savings plans	13%	31%	32%

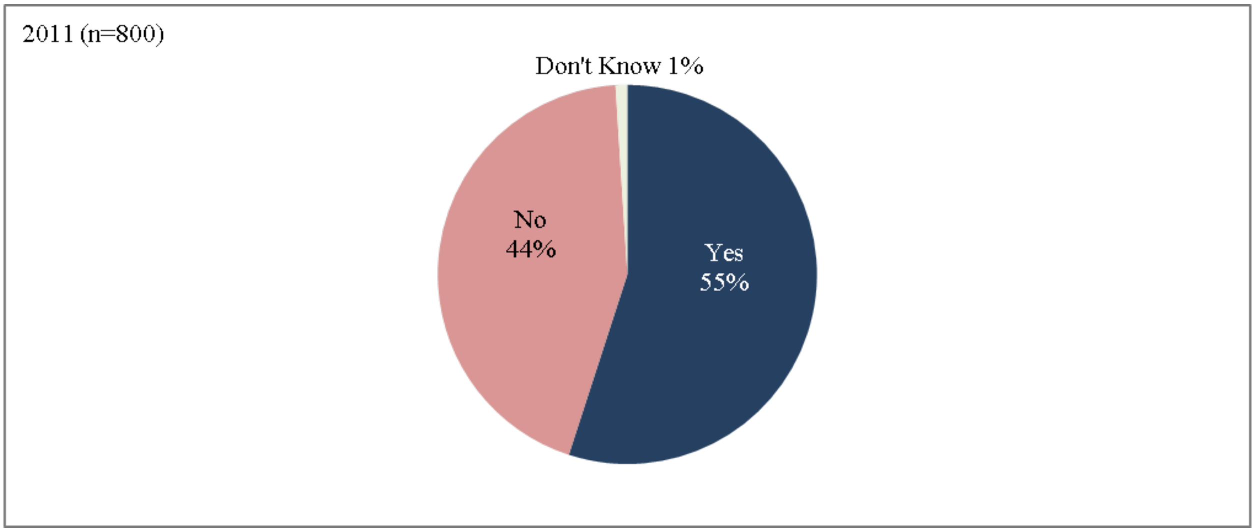
Figure 21: Percentage Reporting Income or Money From a Retirement Plan by Investable Assets, Among Retirees
When you (or your spouse/partner) retired, did you receive income or money from one or more…?

	Investable Assets		
	Less than $25,000 (n=185)	**$25,000 to $99,999** (n=124)	**$100,000 or More** (n=263)
Defined benefit pension plan	34%	65%	67%
Employer-sponsored retirement savings plan	16%	30%	48%
IRA or Roth IRA	6%	18%	29%
Other retirement savings plans	8%	23%	37%

Guaranteed Income

More than half of retirees (55 percent) report they or their spouse/partner receive income that is guaranteed for life (Figure 22). This proportion is roughly equivalent to the proportion of retirees reporting money or income from a defined benefit plan (58 percent).

Figure 22: Receive Guaranteed Income, Among Retirees
Other than Social Security, do you (or your spouse/partner) receive any monthly income that is guaranteed for life?



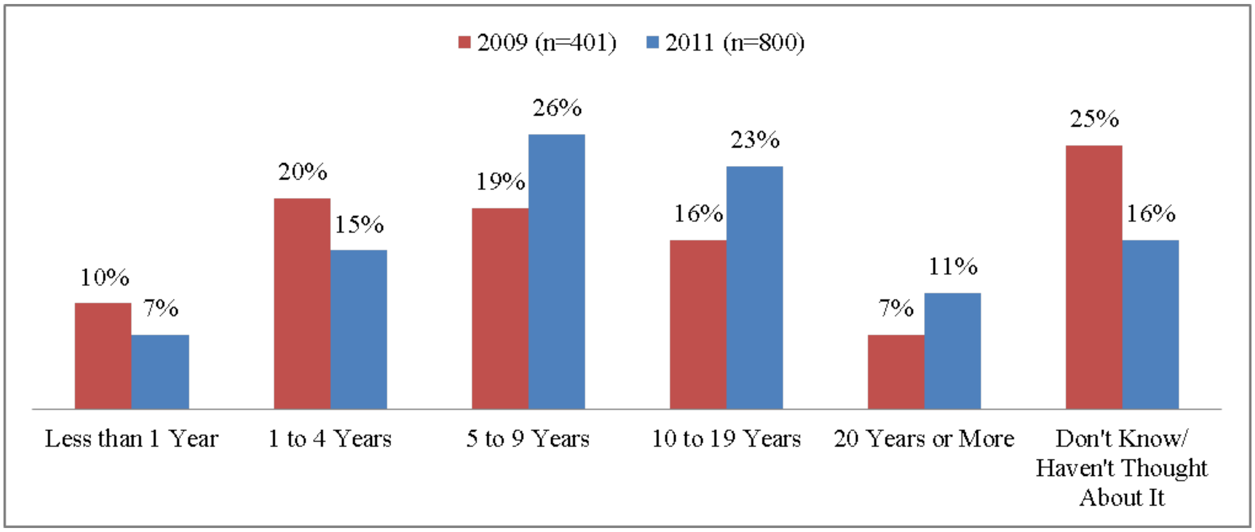
Among those more likely to report receiving guaranteed income are:

- Men (62 percent vs. 48 percent of women)
- Retirees ages 65 to 80 (61 percent vs. 47 percent of younger retirees)
- Those with household income of $75,000 or more (68 percent vs. 50 percent with income less than $35,000)
- Those with $25,000 or more of assets (64 percent vs. 35 percent with lower assets)
- Those in excellent, very good, or good health (60 percent vs. 41 percent in fair or poor health)

Planning Horizon

Retirees typically look five years (median) into the future when making important financial decisions. Retirees are more likely than in 2009 to say they look five to nine years ahead (26 percent, up from 19 percent) or at least ten years ahead (34 percent, up from 23 percent) when making financial decisions. Sixteen percent state they do not know or have not thought about it (16 percent, down from 25 percent) (Figure 23).

Figure 23: Planning Horizon, Among Retirees
When you (and your spouse/partner) make important financial decisions, such as when you think about your retirement finances or a large purchase, about how many years do you look into the future?

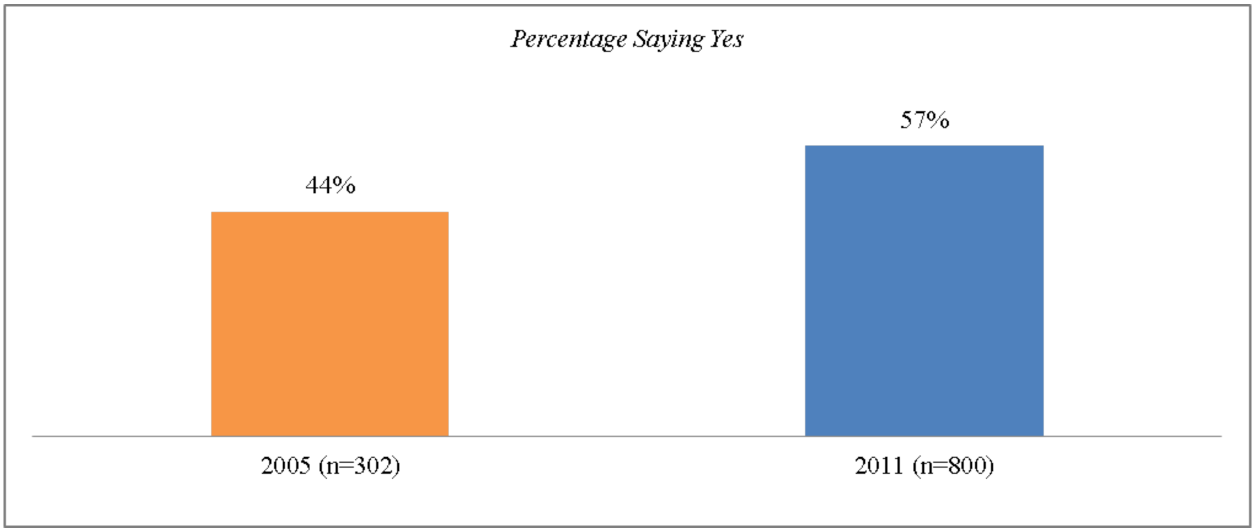


There are few differences by population subgroup, although women are more apt than men to state they do not know or have not thought about how far ahead they look (19 percent vs. 13 percent). Those with household income of less than $35,000 (20 percent vs. 11 percent with $35,000 or more) and investable assets of less than $100,000 (16 percent vs. 9 percent with $100,000 or more) are also more likely to say they do not know.

Plan for Financing Retirement

Almost six in ten retirees (57 percent) report they have a plan for how much money they will spend each year in retirement and where that money will come from. This represents an increase from the last time this question was asked in the 2005 study (44 percent) (Figure 24).

Figure 24: Have Plan for Financing Retirement, Among Retirees
Do you currently have a plan for how much money you will spend each year in retirement and where that money will come from?

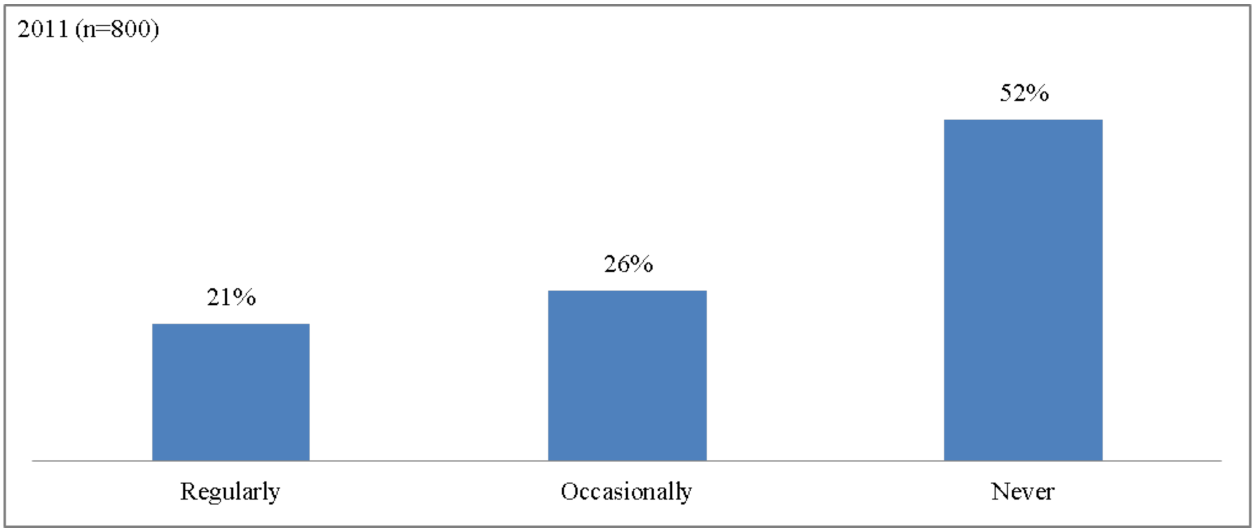


Among those more likely to report having a plan are men (62 percent vs. 52 percent of women) and those who worked in retirement (61 percent vs. 53 percent not working). The likelihood of having a plan also increases with education (43 percent with a high school education or less vs. 55 percent with some college vs. 68 percent of college graduates), household income (42 percent with less than $35,000 vs. 57 percent with $35,000 to $74,999 vs. 71 percent with $75,000 or more), and investable assets (34 percent with less than $25,000 vs. 55 percent with $25,000 to $99,999 vs. 69 percent with $100,000 or more).

Use of a Financial Professional

Two in ten retirees (21 percent) report they regularly consult with a financial planner or advisor who helps them make decisions about their financial planning, and another quarter (26 percent) consult with one occasionally. Nevertheless, slightly more than half of retirees (52 percent) never consult with a financial planner or advisor for help with their financial planning (Figure 25).

Figure 25: Use of Financial Professional, Among Retirees
About how often do you (and your spouse/partner) consult with a financial planner or advisor who helps you make decisions about your financial planning and is paid through fees or commissions?



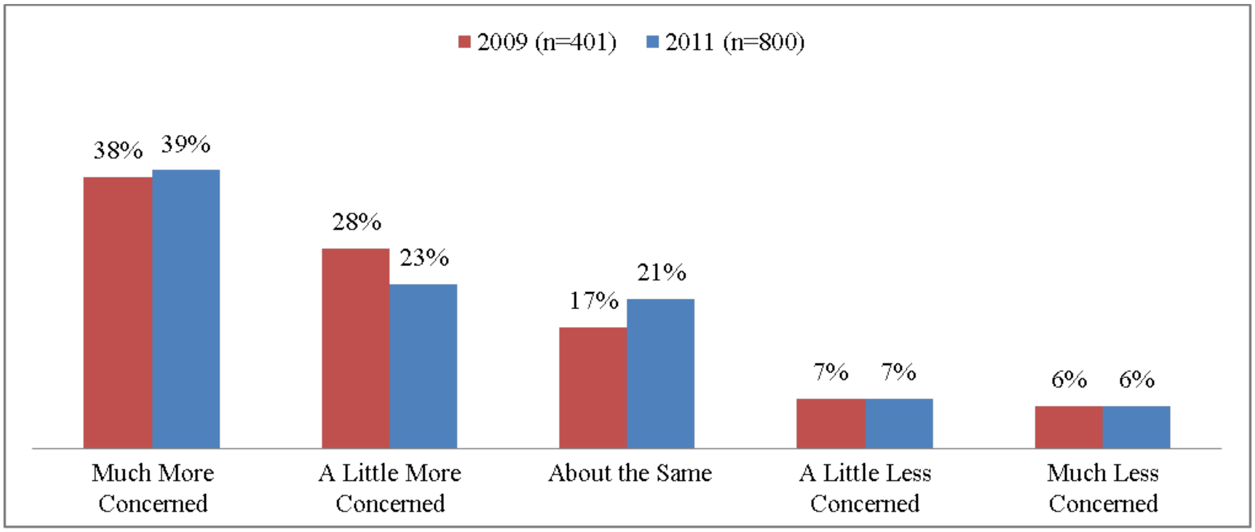
The propensity to consult regularly with a financial planner or advisor increases sharply with household income (7 percent with less than $35,000 vs. 23 percent with $35,000 to $74,999 and 31 percent with $75,000 or more) and investable assets (4 percent with less than $25,000 vs. 15 percent with $25,000 to $99,999 vs. 36 percent with $100,000 or more).

IMPACT OF RECESSION

Effect on Financial Concerns

More than six in ten retirees (62 percent) report they are more concerned about their financial situation now than they were five years ago, including four in ten (39 percent) who are much more concerned. Two in ten (21 percent) say they are about as concerned as they were five years ago, while 13 percent are less concerned (Figure 26).

Figure 26: Change in Concern About Financial Situation, Among Retirees
How much have the changes in the stock market and economy affected your financial concerns? Are you now…?

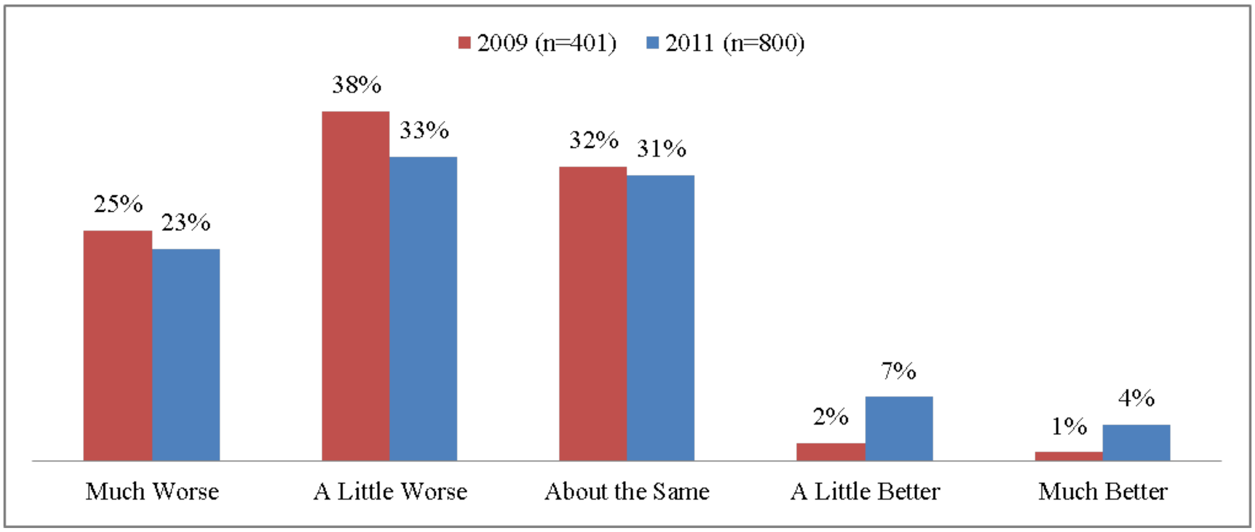


Levels of concern are remarkably consistent across population subgroups.

Impact on Finances

A majority of retirees (56 percent) state their finances are in worse shape now than they were five years ago, including 23 percent who say their finances are much worse. This represents a decline from the 63 percent who stated their finances were in worse shape in 2009. Three in ten report their finances are about the same (31 percent), while one in ten (11 percent) say their finances are now in better shape (Figure 27).

Figure 27: Effect of Changes in Stock Market and Economy on Finances, Among Retirees
How much would you say your finances have been impacted by the changes in the stock market and economy? Would you say your finances are now…?

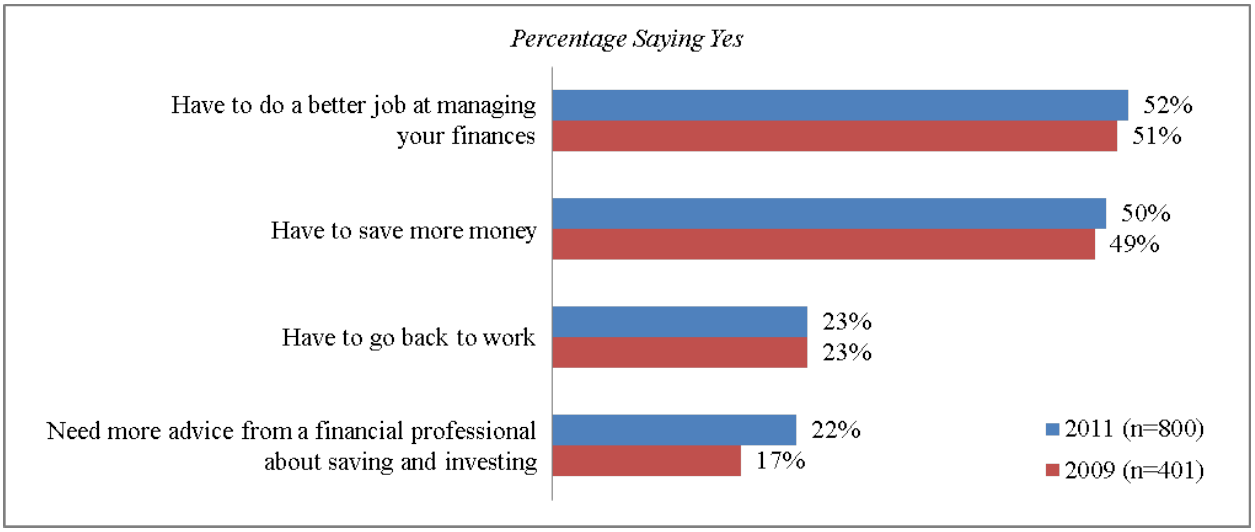


Among those more likely to say their finances are now much worse are retirees with less than $35,000 in household income (37 percent, compared with 19 percent of higher-income retirees), those with less than $25,000 in investable assets (37 percent, compared with 19 percent of higher-asset retirees), and those in fair or poor health (35 percent, compared with 20 percent in better health).

Actions Suggested by Changes in Stock Market and Economy

Slightly more than half of retirees (52 percent) feel they must do a better job at managing their finances as a result of the changes in the stock market and economy. Almost as many (50 percent) think they need to save more money. More than two in ten each feel they need to go back to work (23 percent) or need more advice from a financial professional about saving and investing (22 percent). These proportions are statistically unchanged from the 2009 study (Figure 28).

Figure 28: Actions Suggested by Changes in Stock Market and Economy, Among Retirees
Have the changes in the stock market and economy made you feel that you…?



The likelihood of feeling they need to take many of these actions is inversely related to age: save more money (57 percent ages 45 to 64 vs. 49 percent ages 65 to 69 vs. 40 percent ages 70 to 80), go back to work (30 percent ages 45 to 64 vs. 23 percent ages 65 to 69 vs. 12 percent ages 70 to 80), or get more advice from a financial professional (28 percent ages 45 to 64 vs. 21 percent ages 65 to 69 vs. 13 percent ages 70 to 80). Those with investable assets of less than $75,000 are also more apt to think they need to save more money (57 percent vs. 45 percent with assets of at least $75,000).

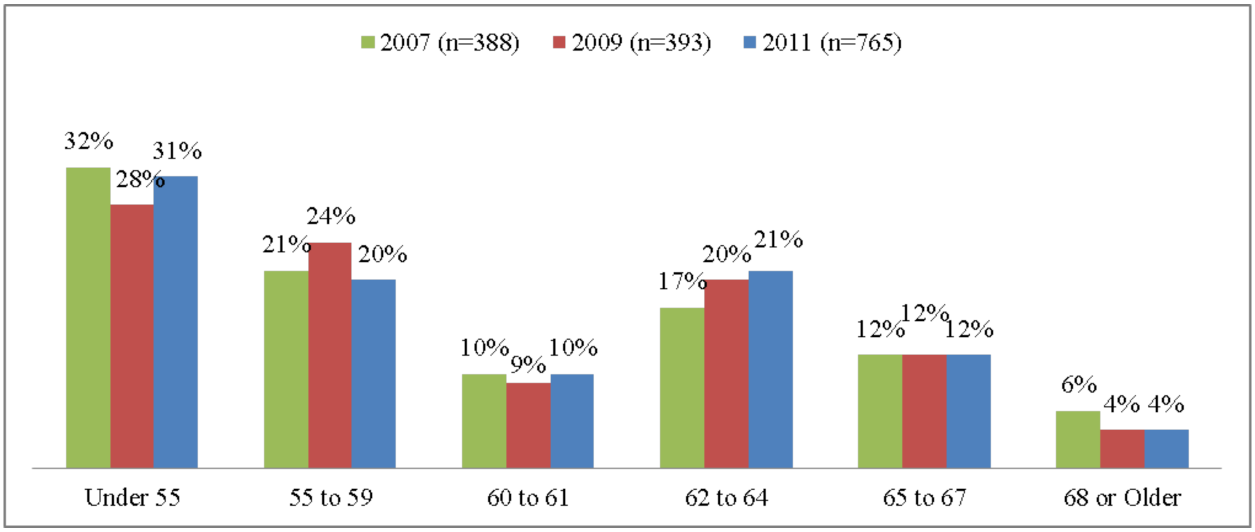
THE PROCESS OF RETIRING

Retirement Age

Consistent with previous years' surveys, the large majority of retirees report they retired from their primary occupation before age 65 (82 percent), with three in ten retiring before age 55 (31 percent). Just 15 percent indicate they retired at age 65 or later (Figure 29).

Figure 29: Age at Retirement, Among Retirees Retired from Primary Occupation or Thinking of Themselves as Retired

How old were you when you retired or began to retire from your primary occupation?/
At what age did you begin to think of yourself as retired?



Although the proportion of retirees who retired before age 55 may seem high, it should be remembered that the study definition of retiree includes those who say they have retired from a previous career or primary occupation, but who are currently working. In fact, almost four in ten early retirees (38 percent) worked for pay in the past 12 months, with more than two in ten (23) percent working full time.

Those who describe their current health as fair or poor are more likely than those in better health to say they retired before age 55 (45 percent vs. 26 percent). Although some retirees may retire early upon finding they had sufficient financial resources, those with investable assets of less than $25,000 are more likely than others to have retired before age 55 (42 percent, compared with 29 percent with assets of at least $25,000).

Reason for Timing of Retirement

When retirees are asked why they retired when they did, they most often mention health problems or disability (27 percent). Almost two in ten say that is when they met their age or years of service requirement (19 percent) or stopped working completely (17 percent). Almost one in ten each cite getting tired of working or having had enough (9 percent), starting to receive their pension or Social Security (9 percent), and having enough money to stop working (8 percent). Smaller proportions report losing their job and being unable to find another (5 percent), losing their job and deciding not to get another (4 percent), a spouse or family member having a medical problem (4 percent), and switching to another career (4 percent) (Figure 30).

Figure 30: Reason for Timing of Retirement, Among Retirees Providing Age at Retirement

What event or situation occurred at age [insert] that leads you to say you retired at that age? (Top Mentions)

	Retirees (n=746)
Health problems/disabled	27%
Met age/years of service requirement	19%
Stopped working completely	17%
Got tired of working/had enough	9%
Started receiving pension/Social Security	9%
Had enough money to stop working	8%
Lost job/couldn’t find another	5%
Lost job/decided not to get another	4%
Spouse/family member had medical problem	4%
Switched to another career	4%
Company closed/downsized/restructuring	3%
Took early retirement	2%
Switched to part-time/contract work	2%

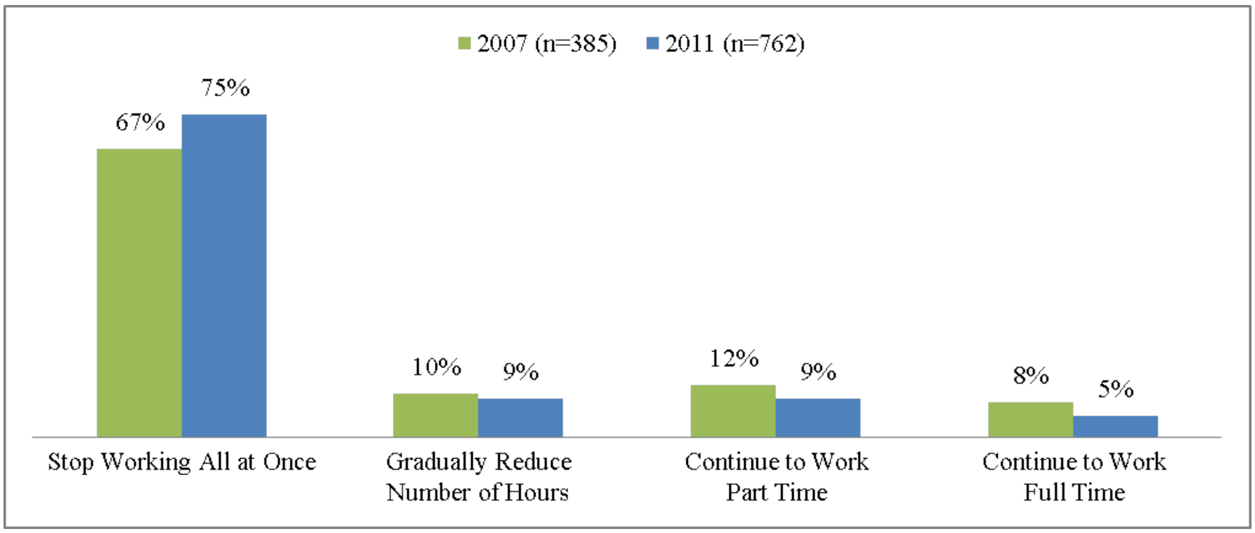
Mention of a health reason or disability is particularly prevalent among retirees ages 45 to 64 (35 percent vs. 21 percent of older retirees) and those who are not married (32 percent vs. 24 percent of married retirees). The likelihood of citing health or disability is also inversely related to household income (52 percent with less than $35,000 vs. 19 percent with $35,000 to $74,999 vs. 11 percent with $75,000 or more) and assets (48 percent with less than $25,000 vs. 27 percent with $25,000 to $99,999 vs. 15 percent with $100,000 or more).

Men are more likely than women to say they retired at the age specified because they met the age/or years of service requirement (24 percent vs. 13 percent) and started receiving a pension or Social Security (11 percent vs. 6 percent). Women are more apt to say they retired because their spouse or a family member had a medical problem (7 percent of women vs. 1 percent of men).

Method of Retiring

Three-quarters of retirees who retired from a primary occupation or consider themselves retired report they stopped working all at once (75 percent, up from 67 percent in 2007). One in ten each gradually reduced their number of hours (9 percent) or continued to work part time (9 percent). Five percent say they continued to work full time in retirement (Figure 31).

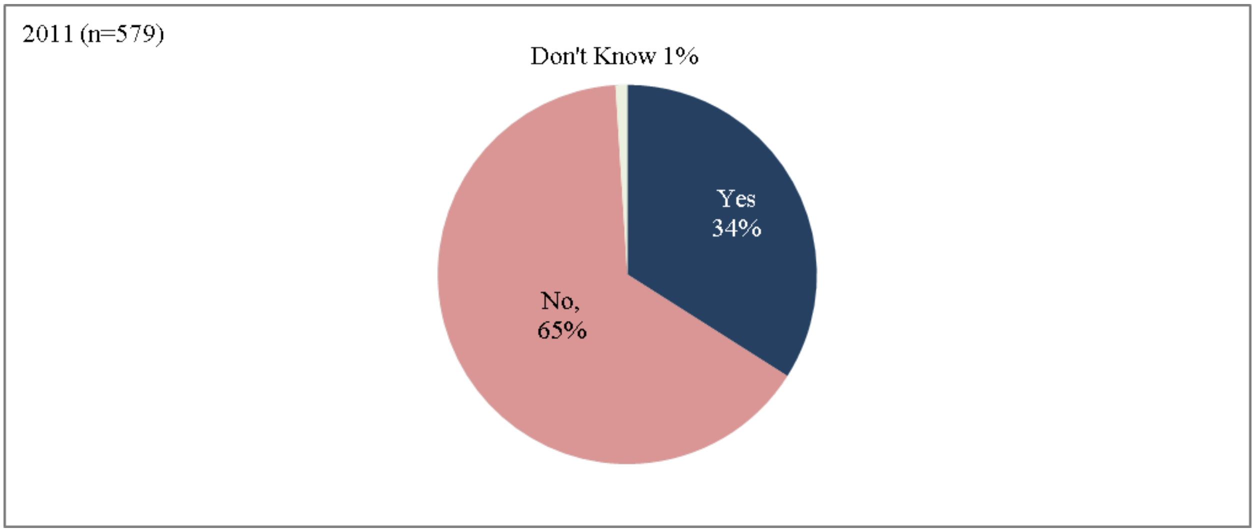
Figure 31: Method of Retiring from Primary Occupation, Among Retirees Retired from Primary Occupation or Thinking of Themselves as Retired
Which statement comes closest to describing how you retired from your primary occupation?



Returning to Paid Employment

One-third of retirees who stopped work all at once eventually returned to paid employment (34 percent) (Figure 32).

Figure 32: Return to Paid Employment, Among Retirees Stopping Work All at Once
After you retired, did you ever return to paid employment?



Those more likely to return to paid employment include:

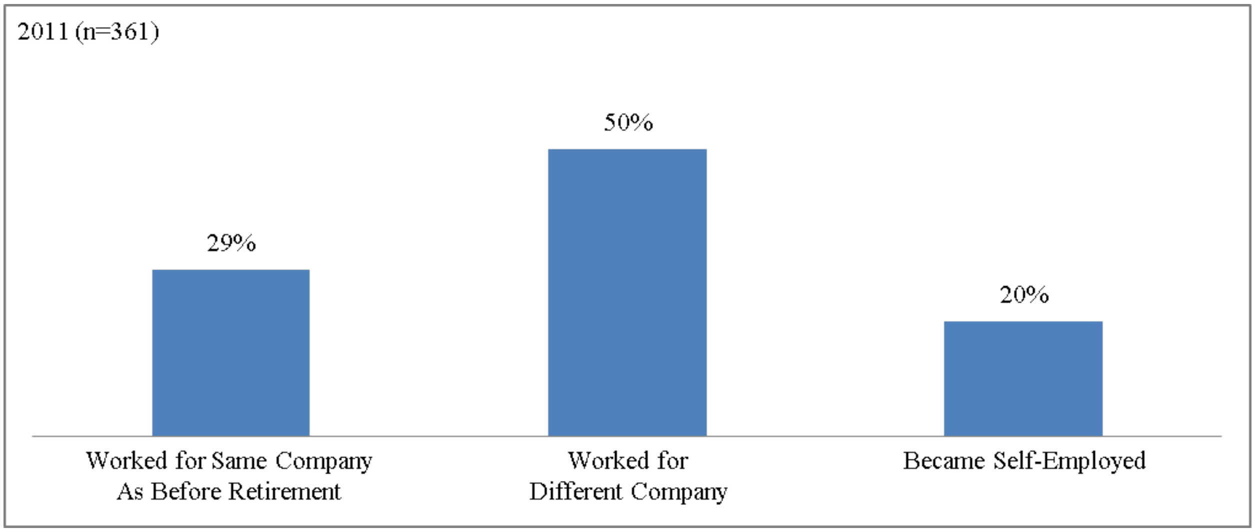
- Men (41 percent, compared with 27 percent of women)
- Those ages 45 to 69 (39 percent, compared with 22 percent of older retirees)
- Those with investable assets of at least $100,000 (47 percent, compared with 28 percent with less than $100,000)
- Retirees in excellent, very good, or good health (40 percent, compared with 14 percent in fair or poor health)
- Those who own their home and have a mortgage (46 percent, compared with 28 percent of those who own their home free and clear and 19 percent of renters)
- Those who have benefits from a defined benefit plan (39 percent, compared with 27 percent without these benefits)

The likelihood of returning to work also increases with education (20 percent of those with a high school education vs. 32 percent with some college vs. 46 percent of college graduates) and household income (21 percent with less than $35,000 vs. 34 percent with $35,000 to $74,999 vs. 51 percent with $75,000 or more).

Employer in Retirement

Although three in ten retirees who worked in retirement continued to work for the same employer (29 percent), more commonly retirees work for a different company (50 percent). Two in ten (20 percent) report becoming self-employed (Figure 33).

Figure 33: Employer in Retirement, Among Retirees Working for Pay in Retirement
When you worked in retirement, which statement comes closest to describing what you actually did? (Multiple responses accepted.)



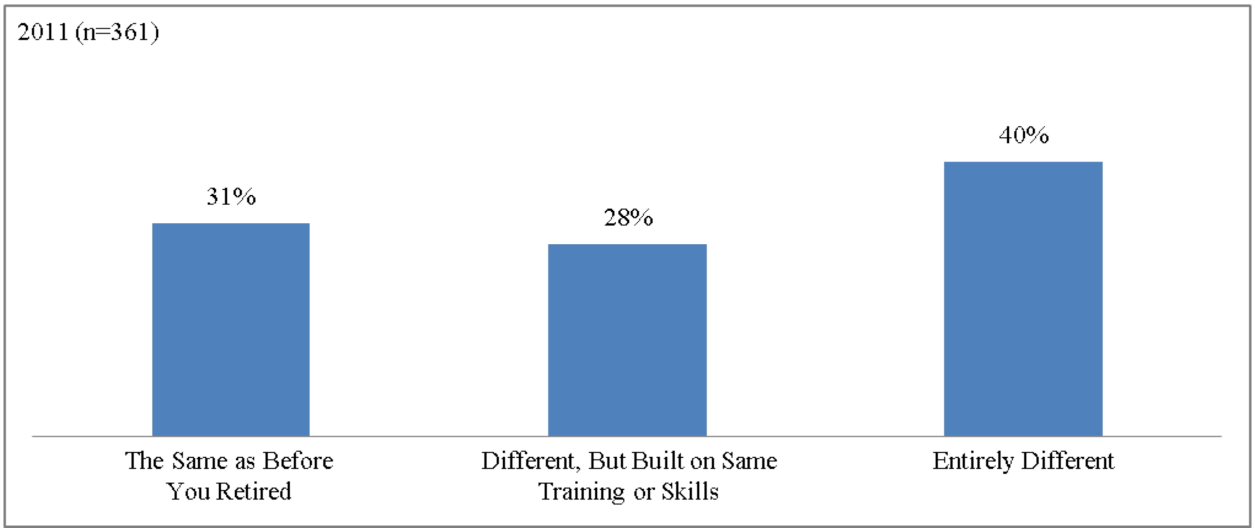
Among those more likely to work for the same company as before retirement are:

- Those who retired at age 65 or later (48 percent, compared with 30 percent who retired between ages 50 and 64 and 14 percent who retired before age 50)
- Those with benefits from a defined contribution plan (39 percent, compared with 25 percent of those without defined contribution benefits)
- Unmarried retirees (38 percent, compared with 25 percent of married retirees)

Type of Work in Retirement

Retirees generally use the same training and skills in their post-retirement employment as they used before retiring. Three in ten of those who worked in retirement (31 percent) say they did the same work as before they retired, while a similar proportion (28 percent) did work that was different but called on the same training and skills. Nevertheless, four in ten (40 percent) say the work they did in retirement was entirely different (Figure 34).

Figure 34: Type of Work in Retirement, Among Retirees Working for Pay in Retirement
Was the work you did for pay in retirement…? (Multiple responses accepted.)

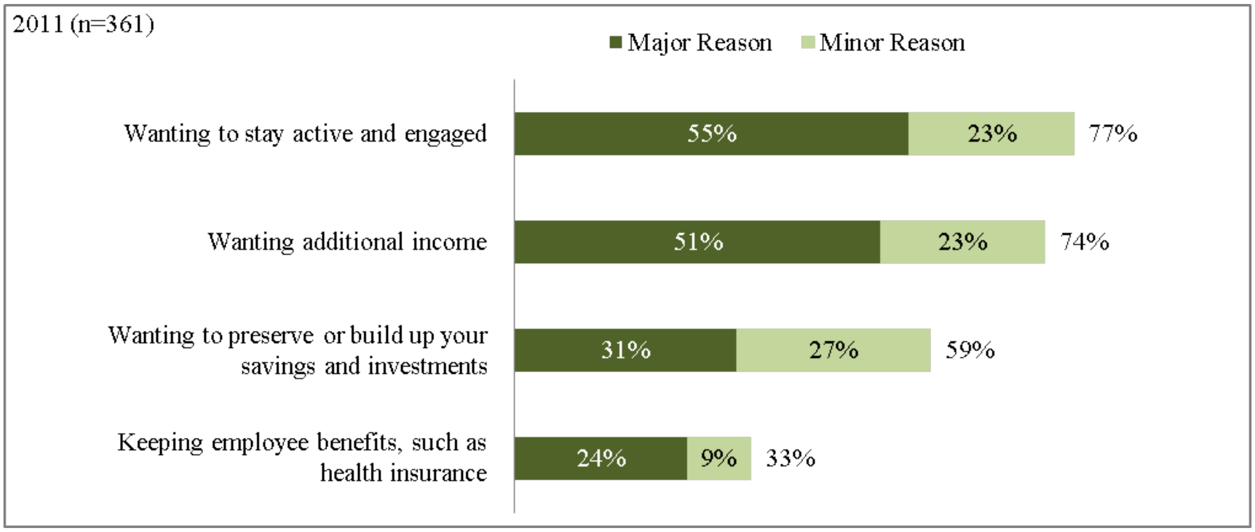


The likelihood of doing something different in retirement that is built on pre-retirement training or skills increases with education (19 percent of those with a high school education vs. 32 percent of college graduates). At the same time, the likelihood of doing the same work as before retirement increases with age at retirement (23 percent of those who retired before age 60 vs. 35 percent of those who retired between ages 60 and 64 vs. 50 percent of those who retired at age 65 or later).

Reasons for Working in Retirement

Retirees who worked in retirement were asked about the extent to which four factors were reasons why they did so. More than half (55 percent) state that wanting to stay active and engaged was a major reason they worked, and almost as many (51 percent) say a major reason was wanting additional income. Three in ten (31 percent) indicate that wanting to preserve or build up savings and investments was a major reason, while one-quarter (24 percent) said keeping employee benefits (Figure 35).

Figure 35: Reasons for Working in Retirement, Among Retirees Working for Pay in Retirement
Is this a major reason, a minor reason, or not a reason why you decided to work for pay in retirement?



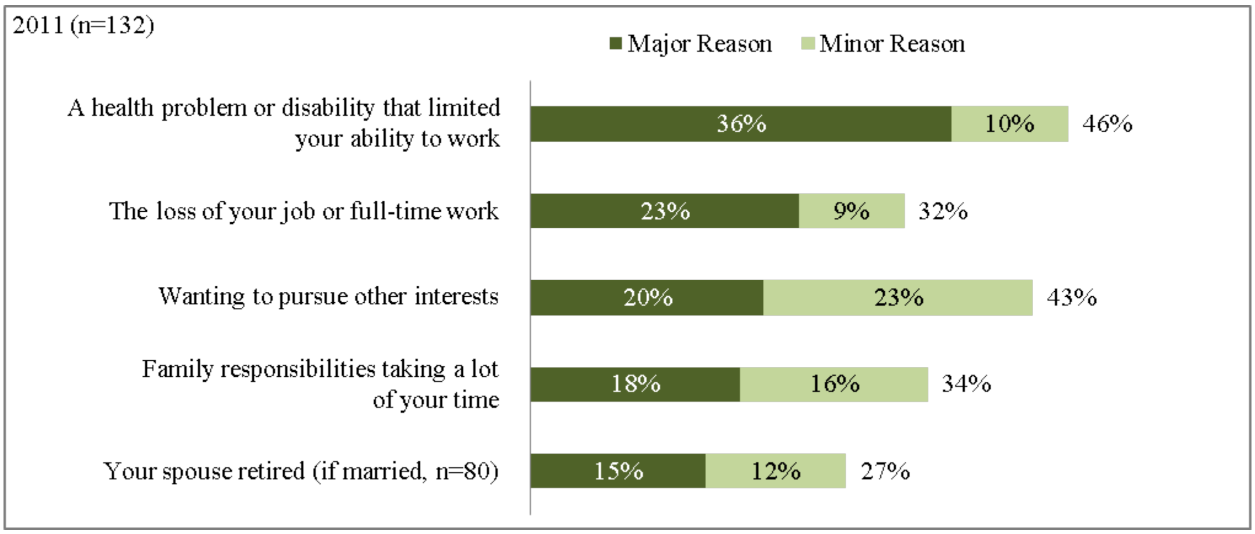
Among those more likely to say a major reason for working in retirement was additional income are women (61 percent vs. 43 percent of men), those ages 45-64 (64 percent vs. 40 percent of older retirees) and those with less than $100,000 in investable assets (67 percent vs. 47 percent with higher assets). Retirees under age 65 are also more likely than older retirees to select keeping employee benefits as a major reason (30 percent vs. 19 percent).

Reasons for Reducing Hours

Retirees who reduced the number of hours they worked when they retired were asked the extent to which five factors were a reason for their decision. More than one-third (36 percent) report a health problem or disability that limited their ability to work was a major reason for their reduction in hours. Roughly two in ten each feel the loss of their job or full-time work (23 percent), wanting to pursue other interests (20 percent), and family responsibilities (18 percent) were major reasons. Fifteen percent of married retirees say their spouse's retirement was a reason they reduced their hours (Figure 36).

Figure 36: Reasons for Reducing Number of Hours Worked, Among Retirees Reducing Number of Hours Worked

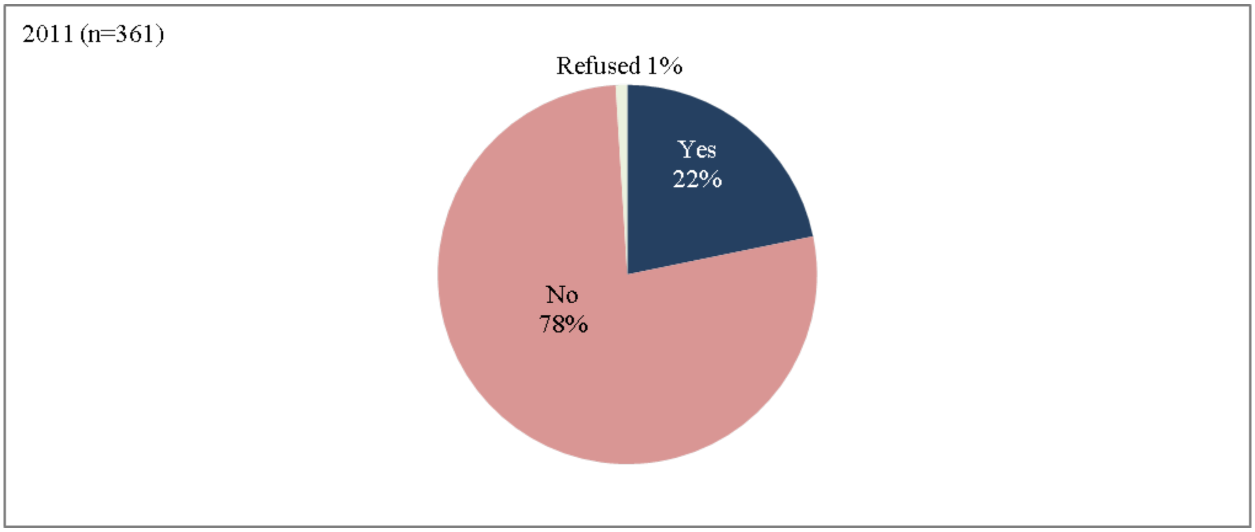
Is this a major reason, a minor reason, or not a reason why you reduced the number of hours you work?



Small Business Start-ups

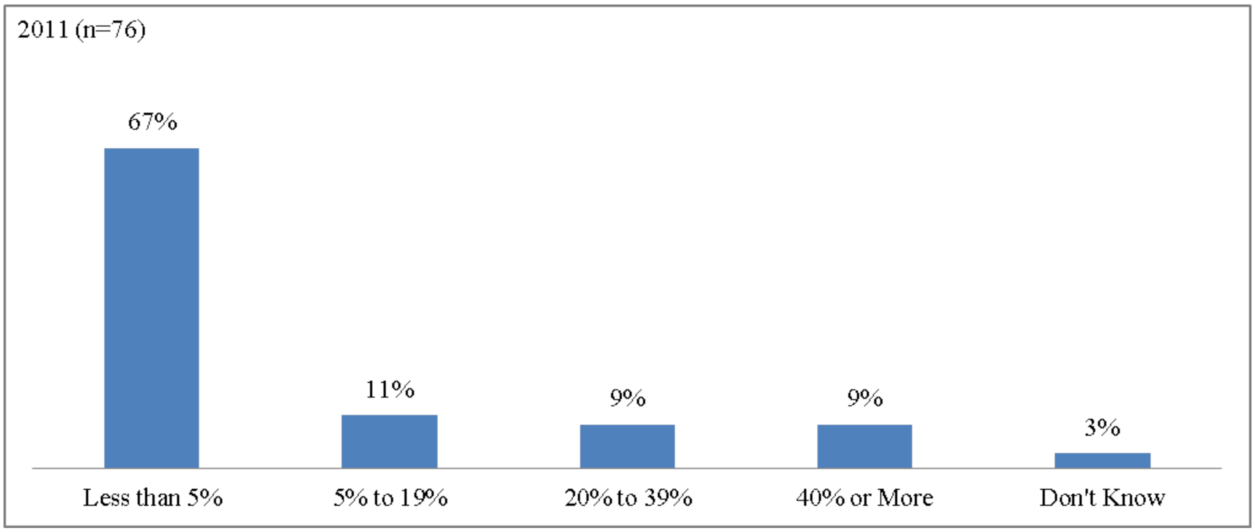
More than two in ten retirees who worked for pay in retirement (22 percent) say they started a small business or became self-employed when they retired (Figure 37). College graduates (24 percent vs. 12 percent of those with a high school education or less) and those with household income of at least $75,000 (27 percent vs. 16 percent of lower-income retirees) are especially likely to have done so.

Figure 37: Starting Small Business, Among Retirees Working for Pay in Retirement
Did you start a small business or become self-employed when you retired?



Two-thirds of those who started a small business or became self-employed say they used less than five percent of their savings and investments for the start-up (67 percent). However, one in ten each used 20 to 39 percent of their assets (9 percent) or 40 percent or more (9 percent) (Figure 38).

Figure 38: Amount of Savings/Investments Used to Start Small Business, Among Retirees Starting Small Business
About how much of your savings and investments did you use to start your self-employment or small business?



FINDINGS OF THE PRE-RETIREE SURVEY

RETIREMENT RISK

Concern About Risk

Of the nine retirement risks examined in the study, six cause concern to a majority of pre-retirees. Approximately three-quarters each are very or somewhat concerned about the value of their savings and investments keeping up with inflation (77 percent) and having enough money to pay for adequate health care (74 percent). Two-thirds are concerned about having enough money to pay for long-term care (66 percent), being able to maintain a reasonable standard of living for the rest of their lives (64 percent), their retirement income varying due to changes in interest rates (64 percent), and depleting their savings (63 percent) (Figure 39).

Between four and five in ten say they are concerned about each of the remaining risks: the equity in their home being sufficient to support their retirement plans (48 percent), their spouse's/partner's ability to maintain the same standard of living after their death (46 percent of married pre-retirees), and being able to leave money to their children or other heirs (41 percent).

Pre-retiree concerns about several retirement risks have increased between 2009 and 2011, nearing or equaling the highs measured in 2003. In particular, pre-retirees are now more likely than in 2009 to report they are very or somewhat concerned about:

- Keeping the value of their savings and investments up with inflation (77 percent, up from 71 percent in 2009 and statistically equivalent to the 78 percent measured in 2003)
- Paying for adequate health care (74 percent, up from 67 percent in 2009 and statistically equivalent to the 79 percent measured in 2003)
- Paying for a long period of nursing care (66 percent, up from 55 percent in 2009 and equivalent to the 66 percent measured in 2003)
- Maintaining a reasonable standard of living throughout their lives (64 percent, up from 56 percent in 2009 but slightly below the 71 percent measured in 2003)
- Being able to leave money to children or other heirs (41 percent, up from 35 percent in 2009 and statistically equivalent to the 38 percent measured in 2003)

Figure 39: Concern About Retirement Risks, Among Pre-retirees
How concerned are you that… in retirement?

	Very Concerned	Somewhat Concerned	Not Too Concerned	Not at All Concerned
The value of your savings and investments might not keep up with inflation*				
2011 (n=800)	43%	34	13	10
2009 (n=403)	31%	40	16	12
2007 (n=401)	22%	41	19	18
2005 (n=300)	26%	38	16	19
2003 (n=301)	42%	36	13	8
2001 (n=316)	24%	39	19	16
You might not have enough money to pay for adequate health care				
2011 (n=800)	43%	31	13	13
2009 (n=403)	31%	36	14	18
2007 (n=401)	34%	35	12	18
2005 (n=300)	42%	32	13	12
2003 (n=301) (good health care)	49%	30	8	13
2001 (n=316) (good health care)	30%	28	19	23
You might not have enough money to pay for a long stay in a nursing home or a long period of nursing care at home				
2011 (n=800)	34%	32	19	15
2009 (n=403)	22%	34	23	21
2007 (n=401)	22%	41	17	20
2005 (n=300)	35%	26	20	19
2003 (n=301)	33%	32	16	18
2001	(not asked)			
You might deplete all of your savings				
2011 (n=800)	32%	31	19	17
2009 (n=403)	23%	35	20	21
2007 (n=401)	18%	37	24	19
2005 (n=300) (and be left only with Social Security)	28%	27	25	20
2003 (n=301) (and be left only with Social Security)	36%	29	18	16
2001	(not asked)			

*Prior to 2011, the wording for this question was "you might not be able to keep the value of your savings and investments up with inflation."

Figure 39: Concern About Retirement Risks, Among Pre-retirees (continued)
How concerned are you that… in retirement?

	Very Concerned	Somewhat Concerned	Not Too Concerned	Not at All Concerned
Your income in retirement may vary based on changes in interest rates				
2011 (n=800)	28%	36	19	15
2009 (n=403)	24%	38	20	17
2001 through 2007	(not asked)			
You might not be able to maintain a reasonable standard of living for the rest of your life				
2011 (n=800)	27%	37	21	15
2009 (n=403)	23%	33	23	21
2007 (n=401)	19%	36	26	18
2005 (n=300)	23%	36	24	16
2003 (n=301)	34%	37	18	11
2001 (n=316)	20%	35	28	17
The equity you have in your home may not be sufficient to support your retirement plans (if homeowner)				
2011 (n=727)	21%	27	23	28
2001 through 2009	(not asked)			
Your spouse/partner may not be able to maintain the same standard of living after your death, if you should die first (if married)				
2011 (n=599)	21%	26	25	29
2009 (n=307)	14%	29	20	37
2007 (n=299)	10%	25	29	36
2005 (n=197)	16%	24	25	34
2003 (n=193)	25%	22	26	27
2001 (n=210)	17%	23	29	31
You might not be able to leave money to your children or other heirs				
2011 (n=800)	18%	23	24	35
2009 (n=403)	11%	24	27	38
2007 (n=401)	9%	20	26	43
2005 (n=300)	16%	21	22	41
2003 (n=301)	13%	25	29	32
2001	(not asked)			

Biggest Concern

Pre-retirees are divided about the risk that most concerns them. One-quarter (26 percent) are most concerned about having enough money to pay for adequate health care. Approximately one in ten each are most concerned about keeping the value of their savings and investments up with inflation (12 percent), being able to maintain a reasonable standard of living (11 percent), having enough money to pay for long-term care (10 percent), and their retirement income varying due to changes in interest rates (8 percent). Smaller proportions say they are most concerned about one of the other retirement risks identified in the study.

Differences by Population Subgroups

Women are more likely than men to express concern about most of the retirement risks in the study (Figure 40).

Figure 40: Percentage Very or Somewhat Concerned About Retirement Risks by Sex, Among Pre-retirees[10]
How concerned are you that… (in retirement)?

	Sex	
	Men (n=400)	**Women (n=400)**
The value of your savings and investments might not keep up with inflation	71%	83%
You might not have enough money to pay for adequate health care	69%	78%
You might not have enough money to pay for a long stay in a nursing home or a long period of nursing care at home	62%	69%
You might not be able to maintain a reasonable standard of living for the rest of your life	56%	72%
Your income in retirement may vary based on changes in interest rates	58%	69%
You might deplete all of your savings	57%	69%
The equity you have in your home may not be sufficient to support your retirement plans (if homeowner: males n=358, females n=369)	42%	54%
You might not be able to leave money to your children or other heirs	35%	46%

[10] The figure omits retirement risks examined in the survey for which there are no statistically significant differences by sex.

Moreover, unmarried pre-retirees are more likely than those who are married to report they are very or somewhat concerned about keeping the value of their savings and investments up with inflation (83 percent vs. 75 percent). Younger pre-retirees, ages 45 to 54, are more apt than their older counterparts to say they are concerned about their income varying based on changes in interest rates (68 percent vs. 58 percent).

Levels of concern regarding many of the risks examined in this series are inversely related to household income or wealth. Those with household income below $75,000 are more likely than those with income of at least $75,000 to be very or somewhat concerned about these risks (Figure 41). Similarly, those with investable assets of less than $100,000 are more likely than those with $100,000 or more to be concerned (Figure 42).

Figure 41: Percentage Very or Somewhat Concerned About Retirement Risks by Household Income, Among Pre-retirees[11]
How concerned are you that… (in retirement)?

	Household Income		
	Less than $35,000 (n=126)	**$35,000 to $74,999** (n=246)	**$75,000 or More** (n=347)
You might not have enough money to pay for adequate health care	82%	77%	72%
You might not be able to maintain a reasonable standard of living for the rest of your life	79%	69%	57%
You might deplete all of your savings	77%	68%	58%
The equity you have in your home may not be sufficient to support your retirement plans (if homeowner: less than $35,000 n=97, $35,000 to $74,999 n=218, $75,000 or more n=341)	70%	55%	41%
Your spouse/partner may not be able to maintain the same standard of living after your death, if you should die first (if married: less than $35,000 n=50, $35,000 to $74,999 n=168, $75,000 or more n=314)	71%	60%	37%
You might not be able to leave money to your children or other heirs	57%	46%	33%

[11] The figure omits retirement risks examined in the survey for which there are no statistically significant differences by household income.

Figure 42: Percentage Very or Somewhat Concerned About Retirement Risks by Investable Assets, Among Pre-retirees[12]
How concerned are you that… (in retirement)?

	Investable Assets		
	Less than $25,000 (n=159)	**$25,000 to $99,999** (n=155)	**$100,000 or More** (n=332)
The value of your savings and investments might not keep up with inflation	78%	85%	70%
You might not have enough money to pay for adequate health care	77%	80%	70%
You might not have enough money to pay for a long stay in a nursing home or a long period of nursing care at home	69%	74%	60%
You might not be able to maintain a reasonable standard of living for the rest of your life	78%	78%	51%
You might deplete all of your savings	71%	75%	56%
The equity you have in your home may not be sufficient to support your retirement plans (if homeowner: less than $25,000 n=127, $25,000 to $99,999 n=138, $100,000 or more n=324)	66%	62%	38%
Your spouse/partner may not be able to maintain the same standard of living after your death, if you should die first (if married: less than $25,000 n=100, $25,000 to $99,999 n=108, $100,000 or more n=264)	71%	54%	35%
You might not be able to leave money to your children or other heirs	56%	55%	28%

Perceived health status is also related to pre-retirees' levels of concern regarding their ability to pay for adequate health care (84 percent of those in fair or poor health vs. 72 percent in excellent or very good health), depleting savings (74 percent vs. 60 percent), having home equity sufficient to support their retirement plans (60 percent vs. 44 percent), their spouse's/partner's ability to maintain his or her standard of living after their death (68 percent vs. 43 percent among married pre-retirees), and being able to leave a legacy (51 percent vs. 37 percent).

[12] The figure omits retirement risks examined in the survey for which there are no statistically significant differences by investable assets.

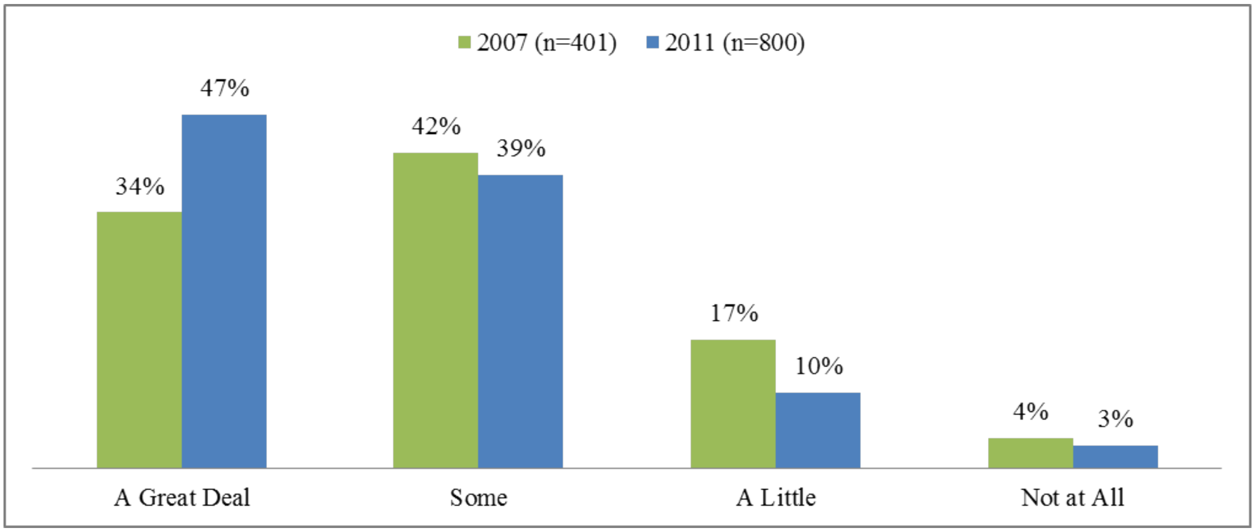
Pre-retirees saying neither they nor their spouse/partner expect to receive income or money from a defined benefit plan are more likely than those with this benefit to report being very or somewhat concerned about each of the following risks:

- The value of their savings and investments keeping up with inflation (81 percent without a defined benefit plan vs. 74 percent with a defined benefit plan)
- Having enough money to pay for adequate health care (79 percent vs. 71 percent)
- Depleting their savings (68 percent vs. 60 percent)

Inflation

Like retirees, pre-retirees are considerably more likely in 2011 than in 2007 (the last time this question was asked) to believe inflation will have a great deal of effect on the amount of money they will need each year in retirement (47 percent in 2011, up from 34 percent in 2007). Another four in ten (39 percent) think inflation will have some effect on the amount of money they will need, while 13 percent think it will have little or no effect (Figure 43).

Figure 43: Effect of Inflation, Among Pre-retirees
How much do you think inflation will affect the amount of money you will need each year in retirement?



The likelihood of reporting that inflation will have a great deal of effect on their income needs in retirement is higher among:

- Women (54 percent, compared with 38 percent of men)
- Those ages 45-54 (50 percent, compared with 42 percent ages 55 to 80)
- Those with investable assets of less than $100,000 (61 percent, compared with 34 percent with higher assets)

In addition, the propensity to say inflation will have a great deal of effect decreases as household income increases (68 percent with income of less than $35,000 vs. 51 percent with income $35,000 to $74,999 vs. 35 percent with income of at least $75,000) or health status improves (74 percent in fair or poor health vs. 54 percent in good health vs. 41 percent in excellent or very good health).

Strategies for Managing Retirement Risks

Despite the fact that levels of concern about some of the risks associated with retirement increased between 2009 and 2011, pre-retirees generally continue to rely on tried and true strategies to manage their risks. As among retirees, debt reduction, increasing savings, and reducing spending are the most frequently used strategies. Nine in ten pre-retirees report they have eliminated or plan to eliminate all of their consumer debt (90 percent net,[13] 49 percent have already done so) and have saved or plan to save as much money as they can (89 percent net, 52 percent have already done so). More than eight in ten each have cut back or plan to cut back on spending (83 percent net, 54 percent have already done so) and completely paid off or plan to pay off their mortgage (82 percent net, 26 percent plan to do so) (Figure 44).

Pre-retirees also use asset management strategies to protect themselves against financial risks in retirement. Two-thirds each invest or plan to invest some money in stocks or stock mutual funds (67 percent net, 56 percent have already done so) and move their assets to less risky investments as they get older (65 percent net, 32 percent have already done so). Four in ten pre-retirees say they have bought or plan to buy a product or choose an employer plan option that will provide them with guaranteed income for life (40 percent net, 27 percent have already done so). In addition, more than six in ten have consulted or plan to consult a financial professional for advice or guidance (63 percent net, 43 percent have already done so).

Other risk management strategies used by pre-retirees include working longer or planning to work longer (62 percent net, 17 percent have already done so), moving or planning to move to a smaller home or less expensive area (45 percent net, 10 percent have already done so), and postponing or planning to postpone taking Social Security benefits (44 percent net, 7 percent have already done so).

Only one risk management strategy has increased in usage since 2009: more than one-quarter of pre-retirees now say they have already bought an annuity or chosen an annuity option from an employer-provided retirement plan (27 percent, up from 20 percent in 2009).

[13] The net is the total of those who say they have already done or plan to do each item.

Figure 44: Strategies for Managing Retirement Risk, Among Pre-retirees
To protect yourself financially, have you or do you plan to…? (Respondents were permitted to say they both had already taken and planned to take each action.)

	Net Use of Strategy	Already Done	Plan to Do in Future	No Plans To Do
Eliminate all of your consumer debt, by paying off all credit cards and loans				
2011 (n=800)	90%	49%	42	10
2009 (n=403)	90%	45%	46	9
2007 (n=401)	89%	41%	50	10
2005 (n=300)	88%	44%	44	11
Try to save as much money as you can				
2011 (n=800)	89%	52%	39	10
2009 (n=403)	85%	47%	42	14
2007 (n=401)	90%	49%	46	9
2005 (n=300)	84%	48%	39	14
Cut back on spending				
2011 (n=800)	83%	54%	29	17
2009 (n=403)	78%	54%	26	22
2007 (n=401)	73%	37%	38	26
2005 (n=300)	79%	45%	34	20
Completely pay off your mortgage				
2011 (n=800)	82%	26%	56	18
2009 (n=403)	80%	29%	51	19
2007 (n=401)	76%	25%	51	22
2005 (n=212)	88%	36%	51	12
Invest a portion of your money in stocks or stock mutual funds				
2011 (n=800)	67%	56%	11	32
2009 (n=403)	64%	55%	10	35
2007 (n=401)	65%	54%	13	34
2005 (n=300)	62%	50%	13	37

Figure 44: Strategies for Managing Retirement Risk, Among Pre-retirees (continued)
To protect yourself financially, have you or do you plan to…? (Respondents were permitted to say they both had already taken and planned to take each action.)

	Net Use of Strategy	Already Done	Plan to Do in Future	No Plans To Do
Move your assets to less risky investments as you get older				
2011 (n=800)	65%	32%	34	34
2009 (n=403) (increasingly conservative investments)	65%	26%	39	33
2007 (n=401) (increasingly conservative investments)	59%	22%	40	37
2005 (n=300) (increasingly conservative investments)	56%	20%	36	43
Consult a financial professional for advice or guidance				
2011 (n=800)	63%	43%	20	37
2005 through 2009	(not asked)			
Work longer				
2011 (n=800)	62%	17%	47	36
2009 (n=403)	58%	14%	44	39
2007 (n=401)	53%	13%	43	45
2005 (n=300)	52%	10%	43	47
Buy a product or choose an employer plan option that will provide you with guaranteed income for life				
2011 (n=800)	40%	27%	14	58
2009 (n=403)	38%	20%	18	60
2007 (n=401)	32%	19%	14	63
2005 (n=300)	39%	23%	16	58
Move to a smaller home or less expensive area				
2011 (n=800)	45%	10%	36	53
2009 (n=403)	36%	7%	28	64
2007 (n=401)	37%	6%	31	61
2005 (n=300)	37%	9%	28	61
Postpone taking Social Security				
2011 (n=800)	44%	7%	38	51
2009 (n=403)	39%	7%	32	55
2005 through 2007	(not asked)			

Differences by Population Subgroup

The strategies for managing retirement risks that pre-retirees choose to implement are strongly related to financial resources. Those with more resources (higher household income or more investable assets) are more likely than those with fewer resources to have already invested in stocks or stock mutual funds, tried to save as much as possible, eliminated consumer debt, consulted a financial professional, purchased an annuity or chosen an annuity option from an employer plan, and moved assets to less risky investments. In contrast, those with fewer resources are more likely to have already cut back on spending (Figures 45 and 46). The same patterns are also found when examining retirees by health status, with retirees in excellent or very good health likely to use the same strategies used by those with more financial resources.

Figure 45: Percentage Already Having Implemented Strategies for Managing Retirement Risk by Household Income, Among Pre-retirees[14]
To protect yourself financially, have you or do you plan to…?

	Household Income		
	Less than $35,000 (n=126)	**$35,000 to $74,999** (n=246)	**$75,000 or More** (n=347)
Invest a portion of your money in stocks or stock mutual funds	24%	48%	73%
Cut back on spending	73%	60%	44%
Try to save as much money as you can	33%	48%	61%
Eliminate all of your consumer debt, by paying off all credit cards and loans	36%	44%	57%
Consult a financial professional for advice or guidance	21%	39%	54%
Move your assets to less risky investments as you get older	19%	34%	36%
Buy a product or choose an employer plan option that will provide you with guaranteed income for life	12%	26%	34%
Move to a smaller home or less expensive area	17%	14%	6%

[14] The figure omits risk-management strategies examined in the survey for which there are no statistically significant differences by household income.

Figure 46: Percentage Already Having Implemented Strategies for Managing Retirement Risk by Investable Assets, Among Pre-retirees[15]
To protect yourself financially, have you or do you plan to…?

	Investable Assets		
	Less than $25,000 (n=159)	**$25,000 to $99,999** (n=155)	**$100,000 or More** (n=332)
Invest a portion of your money in stocks or stock mutual funds	14%	51%	78%
Cut back on spending	71%	60%	43%
Try to save as much money as you can	23%	46%	69%
Eliminate all of your consumer debt, by paying off all credit cards and loans	30%	39%	61%
Consult a financial professional for advice or guidance	12%	37%	61%
Move your assets to less risky investments as you get older	16%	36%	37%
Buy a product or choose an employer plan option that will provide you with guaranteed income for life	14%	26%	35%
Completely pay off your mortgage	19%	20%	30%

Women are more likely than men to say they have already cut back on spending (61 percent vs. 47 percent) and bought an annuity or chosen an annuity option from an employer-provided retirement plan (31 percent vs. 23 percent). In addition, pre-retirees ages 55 and older are more apt than younger pre-retirees to have already paid off their mortgage (36 percent vs. 19 percent), while those under age 60 are more likely than pre-retirees age 60 and older to have invested in stocks (58 percent vs. 48 percent).

Pre-retirees expecting to receive money or income from a defined contribution plan are more likely than those who do not expect this benefit to report having already invested in stocks or stock mutual funds (68 percent vs. 30 percent) and consulted a financial professional (48 percent vs. 33 percent).

[15] The figure omits risk-management strategies examined in the survey for which there are no statistically significant differences by investable assets.

Strategies for Managing Health Risks

Of the five actions listed in the survey that pre-retirees can take to protect themselves against health risks in retirement, pre-retirees are most likely to say they already maintain or plan to maintain healthy lifestyle habits (94 percent net, 79 percent have already done so). Three-quarters report they have already purchased or plan to purchase health insurance to supplement Medicare or participate in an employer-provided retiree health plan (76 percent net, 25 percent have already done so) (Figure 47).

Less than half have saved or plan to save specifically for health or long-term care expenses in retirement (45 percent net, 17 percent have already done so) and four in ten report they have bought or are planning to buy long-term care insurance (41 percent net, 19 percent have already done so). Very few pre-retirees have contracted or plan to contract for care through a continuing care retirement community (12 percent net, 1 percent have already done so).

There have been no significant changes in the strategies that pre-retirees use to manage health risks in retirement.

Differences by Population Subgroup

The likelihood of having implemented these health risk strategies is strongly related to financial resources, with higher-income or higher-asset pre-retirees more likely than those with fewer resources to have already:

- Maintained healthy lifestyle habits (85 percent of those with household income of $75,000 or more vs. 66 percent of those with income less than $35,000; 81 percent of those with assets of $25,000 or more vs. 72 percent of those with less than $25,000)
- Bought long-term care insurance (22 percent of those with income of $35,000 or more vs. 8 percent of those with less; 27 percent of those with assets of at least $100,000 vs. 13 percent of those with less)
- Saved specifically for health and long-term care expenses in retirement (20 percent of those with income of at least $35,000 vs. 3 percent of those with lower income; 29 percent of those with assets of at least $100,000 vs. 3 percent of those with less than $25,000)

Pre-retirees with benefits from a defined benefit plan are more likely than those without these benefits to have already purchased supplemental health insurance or participated in an employer-provided retiree health plan (30 percent vs. 18 percent) and to have saved specifically for health and long-term care expenses (22 percent vs. 13 percent).

Finally, men are more likely than women to indicate they have already saved toward health and long-term care expenses in retirement (21 percent vs. 14 percent).

Figure 47: Strategies for Managing Health Risk, Among Pre-retirees
To protect yourself financially, have you or do you plan to…? (Respondents were permitted to say they both had already taken and planned to take each action.)

	Net Use of Strategy	Already Done	Plan to Do in Future	No Plans To Do
Maintain healthy lifestyle habits, such as a proper diet, regular exercise and preventative care				
2011 (n=800)	94%	79%	17	6
2009 (n=403)	93%	79%	18	7
2007 (n=401)	94%	69%	29	6
2005	(not asked)			
Purchase health insurance to supplement Medicare or participate in an employer-provided retiree health plan				
2011 (n=800)	76%	25%	51	23
2009 (n=403)	74%	25%	50	25
2007 (n=401)	75%	28%	50	21
2005 (n=300)	75%	30%	46	24
Save specifically for the possibility of having large health expenses or needing long-term care				
2011 (n=800)	45%	17%	28	54
2009 (n=403)	47%	20%	28	52
2007 (n=401)	46%	16%	30	51
2005 (n=300)	49%	16%	34	50
Buy long-term care insurance				
2011 (n=800)	41%	19%	22	55
2009 (n=403)	49%	22%	28	50
2007 (n=401)	40%	17%	23	55
2005 (n=300)	43%	16%	27	55
Move into or arrange for care through a continuing care retirement community				
2011 (n=800)	12%	1%	11	86
2009 (n=403)	11%	1%	10	88
2007 (n=401)	9%	<0.5%	8	87
2005 (n=300)	16%	3%	13	82

LONGEVITY RISK

Estimates of Average Life Expectancy

Overall, pre-retirees estimate that the average person of their age and sex can expect to live until age 80 (median). One in ten (9 percent) think that the average person of their age and sex cannot expect to live even until age 75. Less than two in ten (17 percent) think that person can expect to live until somewhere between 75 and 79, three in ten (29 percent) think he or she can expect to live until ages 80 to 84, and one-quarter (26 percent) estimate that person would live until ages 85 to 89. Fourteen percent think the average person would live until at least age 90. Five percent of pre-retirees are unable to estimate how long an average person like them could expect to live (Figure 48).

Figure 48: Estimated Population Life Expectancy, Among Pre-retirees
Until what age do you think the average person your age and gender can expect to live?

	Total (n=800)	Men (n=400)	Women (n=400)
Less than 70	2%	3%	1%
70	4	6	3
71 to 74	3	3	3
75	12	16	8
76 to 79	5	8	3
80	24	24	24
81 to 84	5	4	5
85	21	17	24
86 to 89	5	5	5
90	10	5	14
91 or Older	5	4	5
Don’t Know	5	4	5

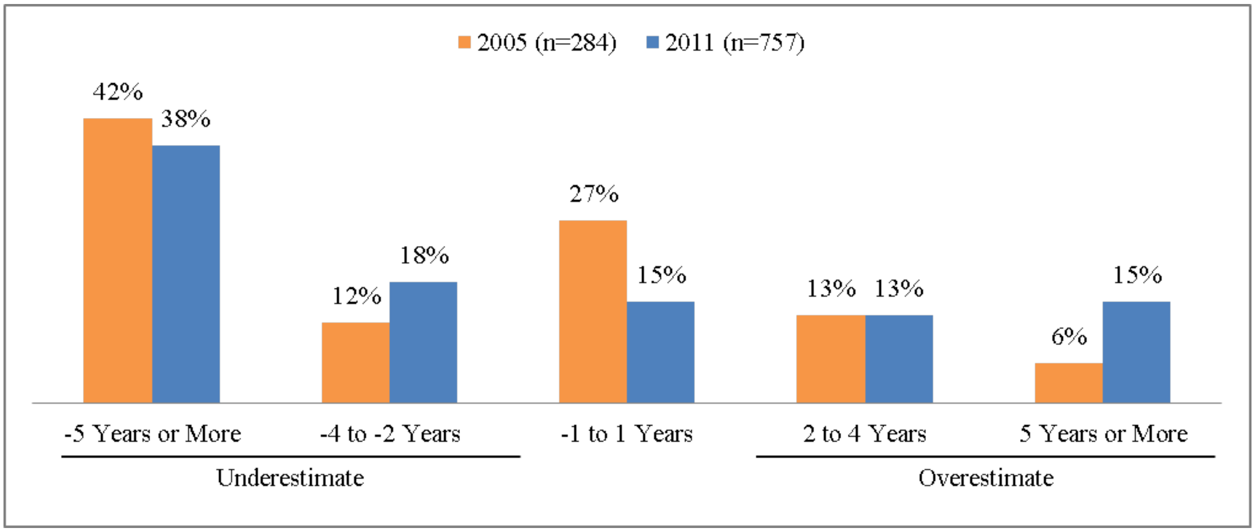
The higher estimate of life expectancy by women than men (median of 85 for women vs. median of 80 for men) is consistent with the actual longevity advantage that women experience. The response is also slightly higher among the following groups:

- College graduates (median of 84 vs. 80 for those with less education)
- Pre-retirees with household income of at least $75,000 (median of 83 vs. 80 for lower-income pre-retirees)
- Those with investable assets of $100,000 or more (median of 83 vs. 80 for those with lower-assets)

- Those in excellent or very good health (median of 83 vs. 80 for those in good, fair, or poor health)

Pre-retirees are more likely to underestimate population life expectancy (57 percent) than to overestimate it (28 percent). Only 15 percent provide a response that is within a year of life expectancy for someone their age and sex. Compared with 2005, pre-retirees are more likely to overestimate average life expectancy and less likely to be on target (Figure 49)

Figure 49: Difference Between Respondent Estimate of Average Life Expectancy and Actual Population Life Expectancy,[16] Among Pre-retirees Providing an Estimate



Male pre-retirees are more likely than female pre-retirees to underestimate average life expectancy (64 percent vs. 50 percent). Others more likely to underestimate life expectancy are:

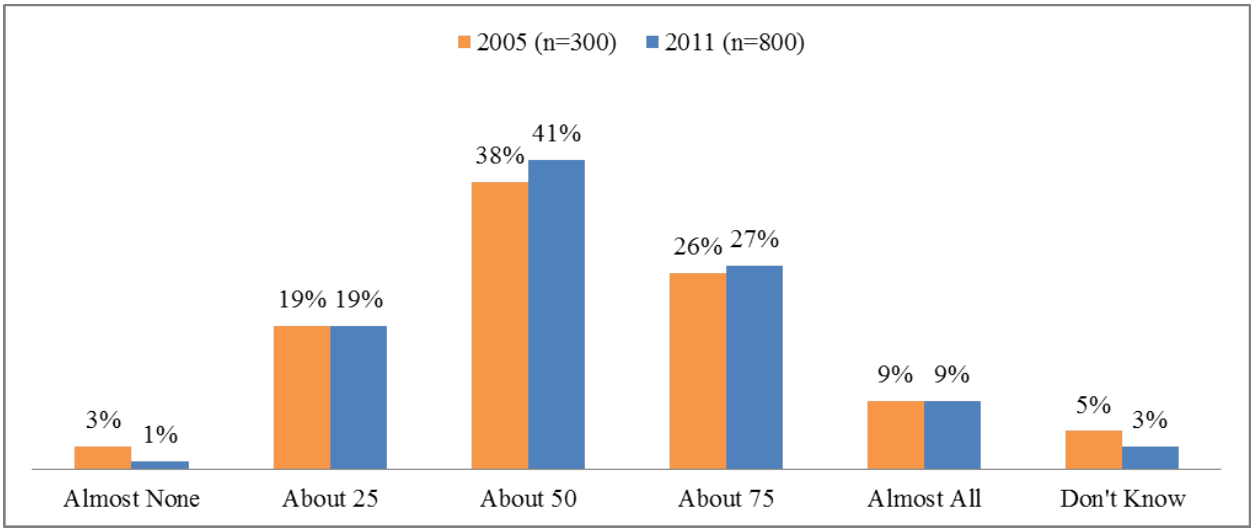
- Pre-retirees with a high school education or less (70 percent vs. 53 percent of those with more education)
- Those with household income of less than $75,000 (64 percent vs. 50 percent of those with at least $75,000)
- Those with investable assets of less than $100,000 (64 percent vs. 50 percent of those with at least $100,000)
- Those in good, fair or poor health (70 percent vs. 50 percent of those in excellent or very good health)

[16] Population life expectancy calculated using UP94 Values Projected to 2011 (for 2011 respondents) and UP94 Values Projected to 2005 (for 2005 respondents).

Life Expectancy Variability

Despite their difficulty in estimating average life expectancy, when pre-retirees are asked to estimate how many of a random group of 100 65-year-old males or females could expect to live at least until age 83 (if male) or 86 (if female), four in ten (41 percent) respond that about 50 could expect to live this long. Slightly more than one-quarter (27 percent) say about 75, while two in ten (19 percent) say about 25. Very few think almost all (9 percent) or almost none (1 percent) could expect to live this long (Figure 50).

Figure 50: Estimated Percentage of 65-year-olds Living to Age 83 (if male)/Age 85 (if female), Among Pre-Retirees
Suppose there were a random group of 100 65-year-old males/females. About how many do you think could expect to live to age 83/86 or older?



There appear to be no significant differences by population subgroup.

Estimates of Personal Life Expectancy

Pre-retirees generally think that they themselves can expect to live until age 85 (median). Approximately two in ten each cite a life expectancy under age 80 (22 percent), between ages 80 and 84 (21 percent), and between ages 85 and 89 (21 percent). Almost three in ten (28 percent) expect to live until at least age 90. Seven percent are unable to estimate how long they are likely to live (Figure 51).

Like retirees, pre-retirees tend to round to the nearest multiple of five when estimating average and personal life expectancy. This means pre-retirees who round down could be planning for a life expectancy that is several years too short if they use the same technique when planning for retirement.

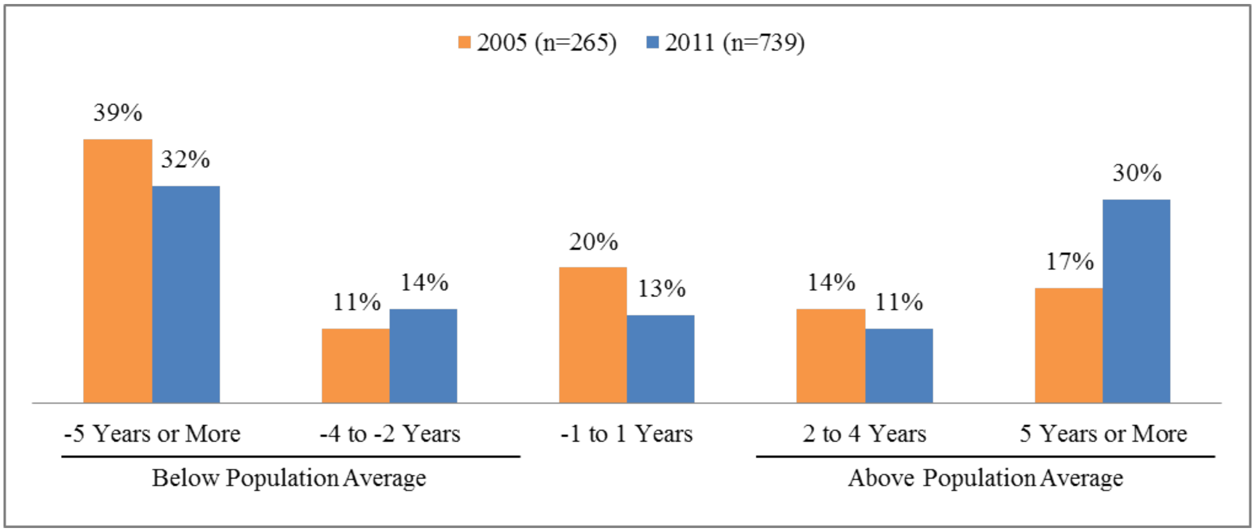
Women indicate a higher personal life expectancy than do men (median of 85 vs. 80). Expected longevity increases with education, household income, and health status.

Figure 51: Estimated Personal Life Expectancy, Among Pre-retirees
Until what age do you think that you, yourself, can expect to live?

	Total (n=800)	**Men** (n=400)	**Women** (n=400)
Less than 70	3%	4%	2%
70	5	5	5
71 to 74	1	2	1
75	9	11	6
76 to 79	3	5	2
80	19	20	18
81 to 84	3	2	3
85	17	14	20
86 to 89	4	4	4
90	13	12	14
91 or Older	15	13	16
Don’t Know	7	7	8

When pre-retiree estimates of personal life expectancy are compared with population mortality tables, 13 percent of pre-retirees providing an estimate provide a personal life expectancy that is within a year of the population average for someone their age and sex. The remainder are about evenly divided between those who provide an estimate below the population average (46 percent) and those giving an estimate above the population average (41 percent). This is a contrast from 2005, when pre-retirees were more likely to give a below-average response (50 percent) than an above-average response (30 percent) (Figure 52).

Figure 52: Difference Between Respondent Estimate of Personal Life Expectancy and Population Life Expectancy,[17] Among Pre-retirees Providing an Estimate

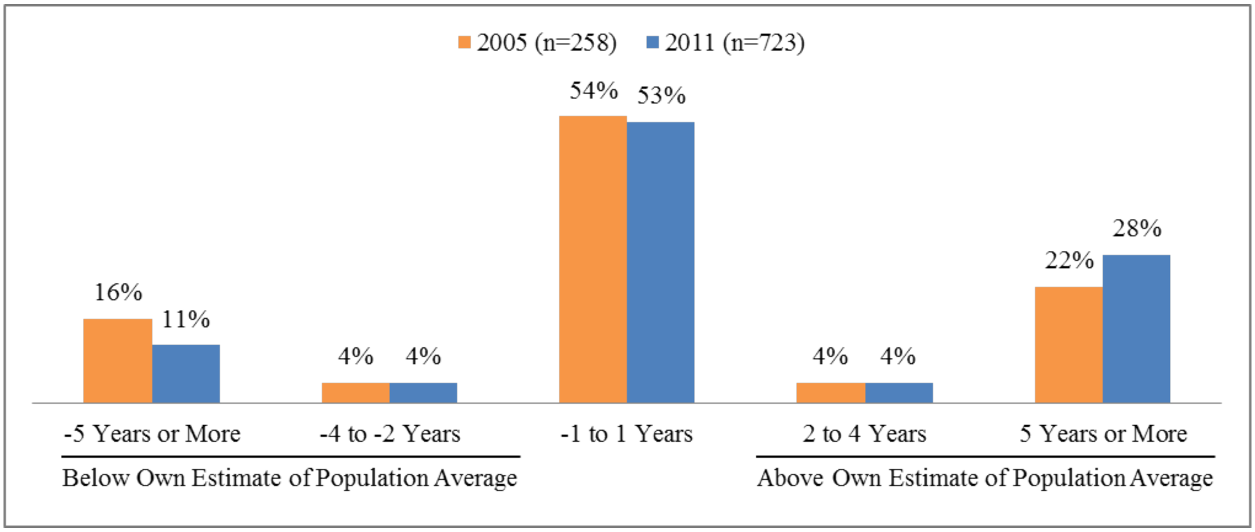


Among those more likely to provide a response below the population average are men (51 percent, compared with 42 percent of women) and those with household income of less than $75,000 (54 percent, compared with 38 percent of those with at least $75,000). In addition, the likelihood of citing a personal life expectancy below the population average is inversely related to education (65 percent with high school or less vs. 49 percent with some college vs. 35 percent of college graduates) and health status (77 percent in fair or poor health vs. 61 percent in good health vs. 38 percent in excellent or very good health).

[17] Population life expectancy calculated using UP94 Values Projected to 2011 (for 2011 respondents) and UP94 Values Projected to 2005 (for 2005 respondents).

As in 2005, more than half of pre-retirees (53 percent) believe their personal life expectancy is within a year of average life expectancy. One-third (32 percent) think their personal life expectancy is higher than average life expectancy, while 15 percent think it is lower (Figure 53).

Figure 53: Difference Between Respondent Estimates of Personal Life Expectancy and Average Life Expectancy, Among Pre-retirees Providing Both Estimates



The propensity to provide a personal life expectancy that is below their own estimate of average life expectancy increases as health status declines (11 percent in excellent or very good health vs. 21 percent in good health vs. 35 percent in fair or poor health). College graduates are more likely than those with less education to provide an estimate of personal life expectancy that is *higher* than their estimate of average life expectancy (39 percent vs. 25 percent).

Basis for Estimate of Personal Life Expectancy

When pre-retirees are asked why they think they will live until the age they cited as their personal life expectancy, they most often mention family history (51 percent), healthy habits (34 percent), and their own health (29 percent). Less than one in ten each mention a positive attitude (8 percent), guesswork (7 percent), their estimate of average life expectancy (6 percent), and good health care (4 percent). Six percent are unable to provide the basis for their estimate (Figure 54).

Figure 54: Reason for Estimate of Personal Life Expectancy, Among Pre-retirees Providing an Estimate of Personal Life Expectancy
Why do you think you will live until that age? (Top mentions; multiple responses accepted.)

	2011 (n=739)
Family history	51%
Healthy habits: stay active, exercise, eat right, don't smoke	34%
Own health	29%
Positive attitude: no stress, no worries, I enjoy myself, I want to live to see my grandchildren	8%
Guessing	7%
Average life expectancy	6%
Good health care	4%
Don't know	6%

Women are especially likely to say they are basing their estimate of personal life expectancy on family history (59 percent vs. 44 percent of men). Others more likely to base their estimate on family history include:

- Those with a 4-year college degree (58 percent, compared with 46 percent of those with less education)
- Those with household income of at least $35,000 (53 percent, compared with 39 percent with less income)
- Those with investable assets of at least $25,000 (56 percent, compared with 36 percent with lower assets)
- Those describing their health as excellent or very good (56 percent, compared with 41 percent in poor, fair, or good health)

Consequences of Living Five Years Longer

Pre-retirees were asked how likely they would be to take seven actions if they were to live five years longer than expected. More than seven in ten (72 percent) report they would be very or somewhat likely to reduce their expenditures significantly. More than half each say they would be likely to dip into money that might otherwise be left to children or other heirs (58 percent), downsize their housing (55 percent), and deplete all of their savings (53 percent). Less than half (45 percent) think they would be likely to use the value of their home to help fund their remaining retirement years, three in ten (30 percent) would be likely to get assistance from children or other family members, and one-quarter (24 percent) would be likely to get assistance from friends or community agencies (Figure 55).

Female pre-retirees are more likely than male pre-retirees to say they would be very or somewhat likely to:

- Reduce their expenditures significantly (76 percent of males vs. 69 percent of females)
- Dip into money that might otherwise have been left to heirs (62 percent vs. 53 percent)
- Deplete their savings (58 percent vs. 47 percent)
- Get assistance from children or other family members (37 percent vs. 21 percent)
- Get assistance from friends or community agencies (30 percent vs. 18 percent)

The propensity to expect they would need to downsize their housing increases with education (42 percent with a high school education or less vs. 63 percent of college graduates). Further, the likelihood of thinking themselves likely to deplete their savings and need assistance is inversely related to household income and investable assets:

- Deplete all of their savings (income: 79 percent with less than $35,000 vs. 60 percent with $35,000 to $74,999 vs. 42 percent with $75,000 or more; assets: 83 percent with less than $25,000 vs. 62 percent with $25,000 to $99,999 vs. 37 percent with $100,000 or more)
- Get assistance from children or other family members (income: 40 percent with less than $75,000 vs. 20 percent with $75,000 or more; assets: 41 percent with less than $100,000 vs. 20 percent with $100,000 or more)
- Get assistance from friends or community agencies (income: 53 percent with less than $35,000 vs. 28 percent with $35,000 to $74,999 vs. 12 percent with $75,000 or more; assets: 49 percent with less than $25,000 vs. 27 percent with $25,000 to $99,999 vs. 11 percent with $100,000 or more)

Pre-retirees without a defined contribution plan are also more likely than those with this benefit to think they would be likely to deplete their savings if they were to live five years longer than expected (67 percent vs. 46 percent).

Figure 55: Likely Consequences of Living Five Years Longer than Expected, Among Pre-retirees
If you (and your spouse/partner) were to live five years longer than expected, how likely do you think it is that you would have to do each of the following?

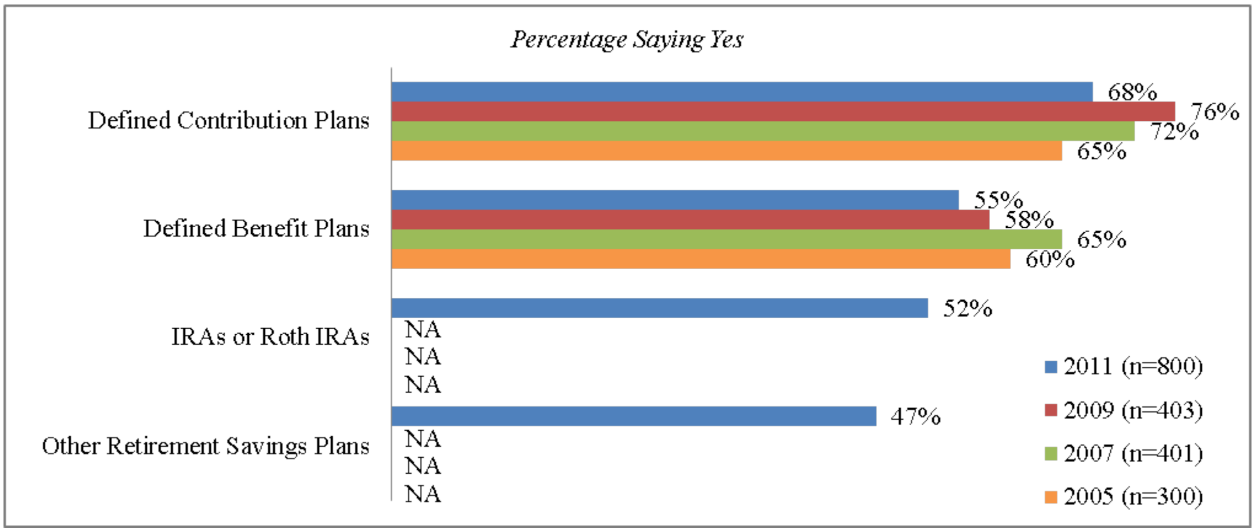
	Very Likely	Somewhat Likely	Not Too Likely	Not at All Likely
Reduce your expenditures significantly				
2011 (n=800)	39%	34	13	12
2005 (n=300)	34%	36	14	13
Downsize your housing				
2011 (n=800)	34%	21	12	31
2005	(not asked)			
Dip into money that you might otherwise have left to your children or other heirs				
2011 (n=800)	30%	28	16	25
2005 (n=300)	22%	32	18	26
Deplete all of your savings and be left only with Social Security (and income from a defined benefit or traditional pension plan)				
2011 (n=800)	26%	27	22	23
2005 (n=300)	21%	24	26	27
Use the value of your home to help fund your remaining retirement years				
2011 (n=800)	19%	25	20	33
2005 (n=300)	12%	31	21	33
Get assistance from your children or other family members				
2011 (n=800)	10%	20	27	42
2005 (n=300)	6%	18	31	42
Get assistance from friends or community agencies				
2011 (n=800)	9%	15	28	46
2005 (n=300)	8%	20	31	39

RETIREMENT INCOME AND PLANNING

Retirement Plans

Almost seven in ten pre-retirees report they or their spouse/partner expect to receive income or money from one or more defined contribution plans in retirement (68 percent, down from 76 percent in 2009 but statistically equivalent to the percentages from previous years). More than half say they will receive income or money from a defined benefit plan (55 percent, down from 65 percent in 2007). In addition, roughly half each say they will receive money from an IRA or Roth IRA (52 percent) and from some other retirement savings plan (47 percent) (Figure 56).

Figure 56: Income or Money From a Retirement Plan, Among Pre-retirees
When you (or your spouse/partner) retire, do you think you will receive income or money from one or more…?



The likelihood of expecting to receive money from each of these types of plans increases with household income and investable assets (Figures 57 and 58).

Figure 57: Percentage Reporting Expectation of Income or Money From a Retirement Plan by Household Income, Among Pre-retirees
When you (or your spouse/partner) retire, do you think you will receive income or money from one or more…?

	Household Income		
	Less than $35,000 (n=126)	**$35,000 to $74,999** (n=246)	**$75,000 or More** (n=347)
Defined benefit pension plan	34%	64%	83%
Employer-sponsored retirement savings plan	30%	52%	66%
IRA or Roth IRA	22%	47%	66%
Other retirement savings plans	23%	42%	59%

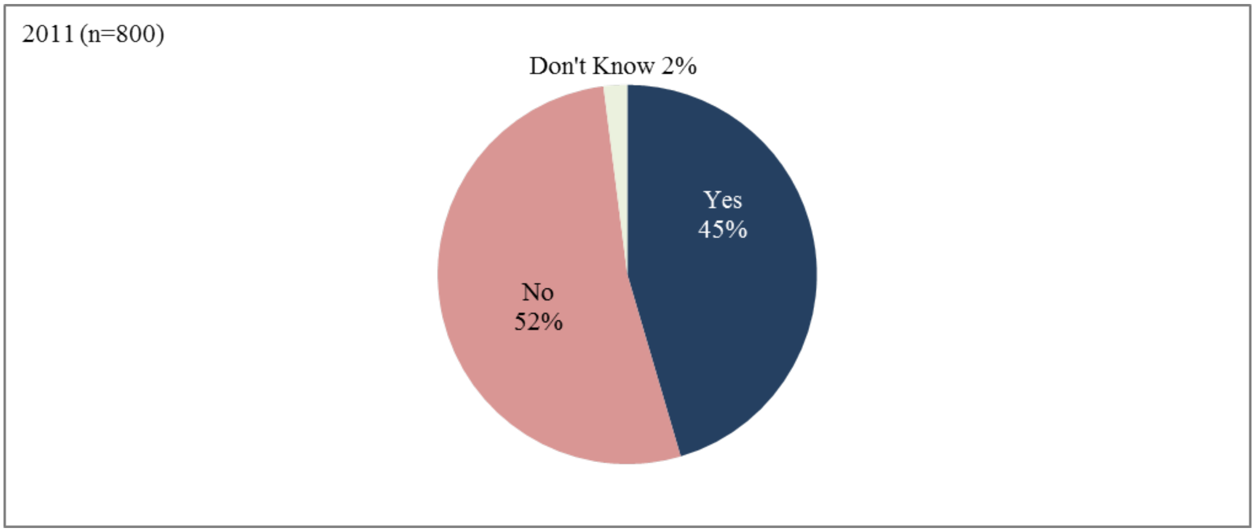
Figure58: Percentage Reporting Expectation of Income or Money From a Retirement Plan by Investable Assets, Among Pre-retirees
When you (or your spouse/partner) retire, do you think you will receive income or money from one or more…?

	Investable Assets		
	Less than $25,000 (n=159)	**$25,000 to $99,999** (n=155)	**$100,000 or More** (n=332)
Defined benefit pension plan	29%	71%	84%
Employer-sponsored retirement savings plan	29%	59%	65%
IRA or Roth IRA	10%	51%	71%
Other retirement savings plans	14%	39%	66%

Guaranteed Income

Less than half of pre-retirees (45 percent) state they or their spouse/partner expect to receive guaranteed income when they retire (Figure 59). This proportion is lower than the proportion of pre-retirees expecting to receive benefits from a defined benefit plan (55 percent).

Figure 59: Expect to Receive Guaranteed Income in Retirement, Among Pre-retirees
Other than Social Security, do you (or your spouse/partner) expect to receive any monthly income that is guaranteed for life after you retire?

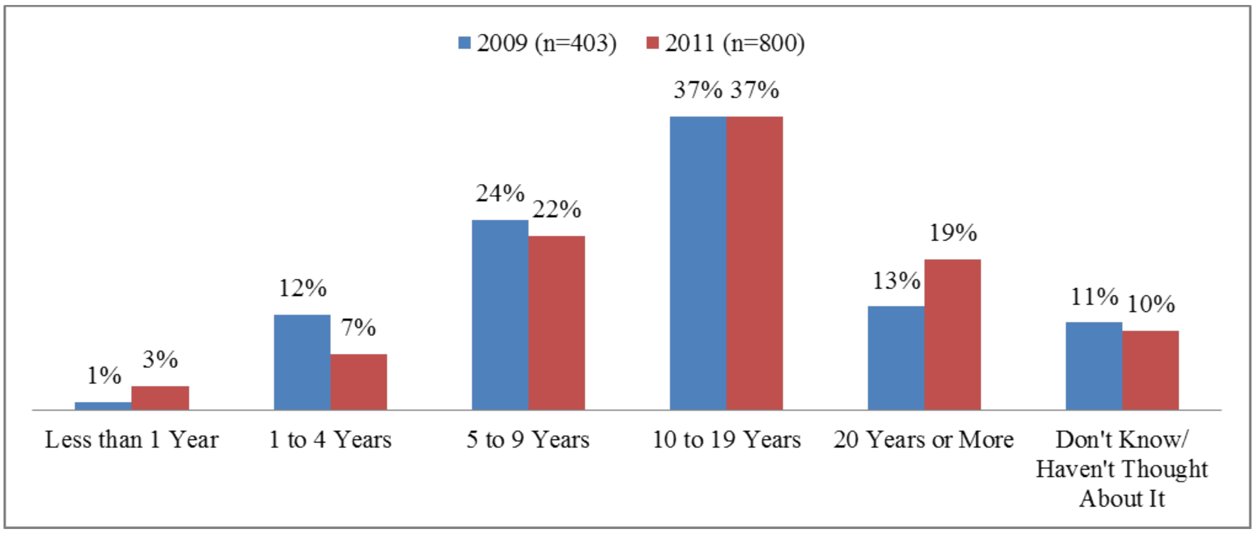


The propensity to expect guaranteed income increases with household income (19 percent with less than $35,000 vs. 44 percent with $35,000 to $74,999 vs. 54 percent with $75,000 or more) and investable assets (19 percent with less than $25,000 vs. 43 percent with $25,000 to $99,999 vs. 57 percent with $100,000 or more).

Planning Horizon

Pre-retirees typically look ten years (median) into the future when making important financial decisions. One in ten (10 percent) report they look less than five years into the future, more than two in ten (22 percent) look five to nine years ahead, almost four in ten (37 percent) look 10 to 19 years ahead, and two in ten (19 percent, up from 13 percent in 2009) look 20 years or more into the future. One in ten pre-retirees (10 percent) say they do not know or have not thought about it (Figure 60).

Figure 60: Planning Horizon, Among Pre-retirees
When you (and your spouse/partner) make important financial decisions, such as when you think about whether you can afford to retire or to purchase a new home, about how many years do you look into the future?

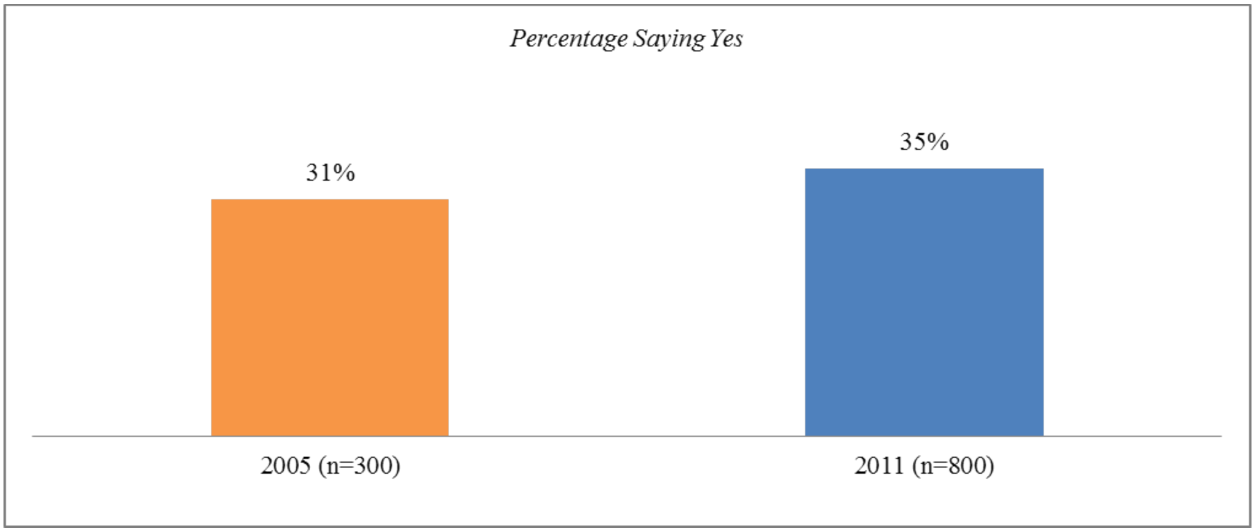


There are few differences by population subgroup, although those with household income of less than $35,000 (10 percent vs. 2 percent with higher incomes), investable assets of less than $25,000 (9 percent vs. 2 percent with higher assets), and fair or poor health (13 percent vs. 3 percent of those in better health) are more apt to say they look less than a year ahead.

Plan for Financing Retirement

More than one-third of pre-retirees (35 percent) say they have a plan for how much money they will spend each year in retirement and where that money will come from (Figure 61).

Figure 61: Have Plan for Financing Retirement, Among Pre-retirees
Do you currently have a plan for how much money you will spend each year in retirement and where that money will come from?



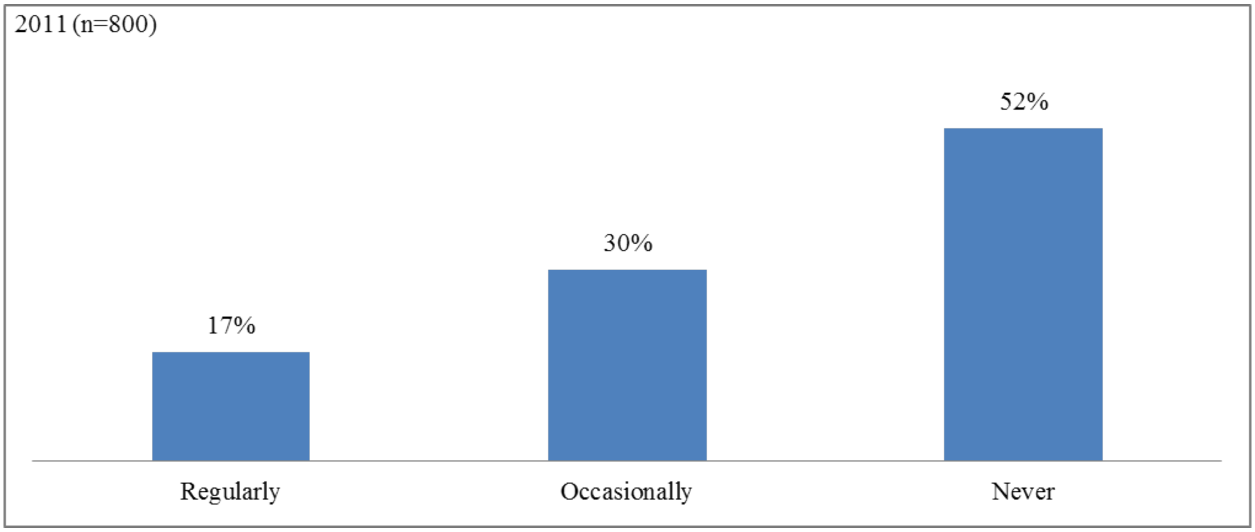
Among those more likely to have a plan are:

- Those age 60 or older (45 percent, compared with 33 percent of younger pre-retirees)
- College graduates (43 percent, compared with 29 percent of those with less education)
- Those with household income of at least $75,000 (46 percent, compared with 26 percent of those with lower income)
- Those with investable assets of at least $100,000 (51 percent, compared with 19 percent of those with lower assets)
- Those in excellent or very good health (40 percent, compared with 26 percent of those in poorer health)

Use of Financial Professional

Almost two in ten pre-retirees (17 percent) report they regularly consult with a financial planner or advisor who helps them make decisions about their retirement planning, and another three in ten (30 percent) consult with one occasionally. However, more than half (52 percent) never consult with a financial planner or advisor for help with their retirement planning (Figure 62).

Figure 62: Use of Financial Professional, Among Pre-retirees
About how often do you (and your spouse/partner) consult with a financial planner or advisor who helps you make decisions about your retirement planning and is paid through fees or commissions?



The propensity to consult regularly with a financial professional increases with:

- Education (10 percent with a high school education or less vs. 21 percent of college graduates)
- Household income (10 percent with less than $35,000 vs. 20 percent with $75,000 or more)
- Investable assets (4 percent with less than $25,000 vs. 24 percent with $100,000 or more)
- Health status (3 percent in fair or poor health vs. 20 percent in excellent or very good health)

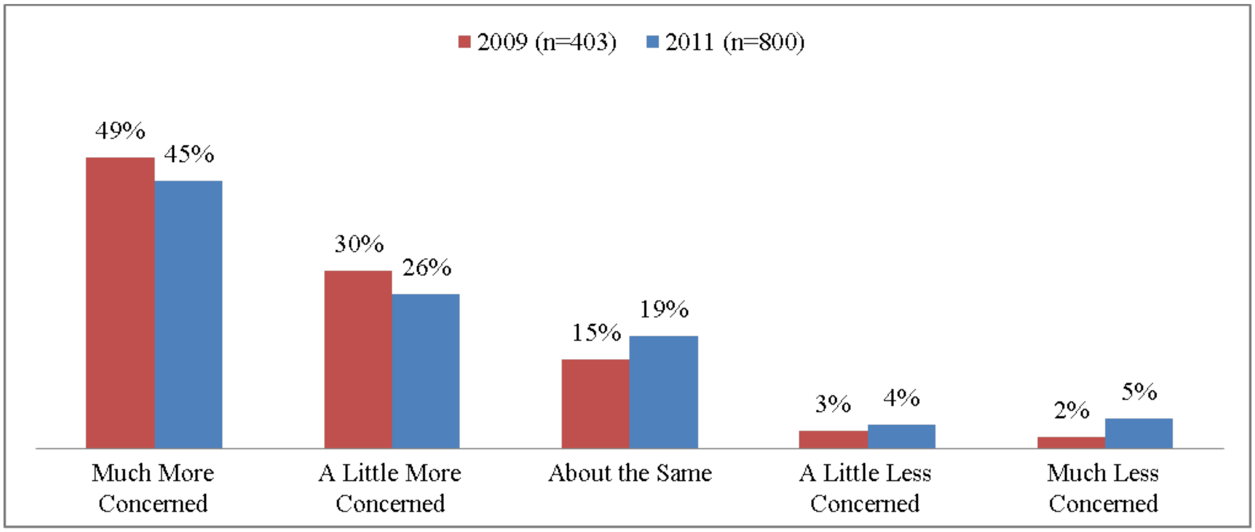
It is also higher among those expecting benefits from a defined contribution plan only (26 percent vs. 14 percent of other pre-retirees).

IMPACT OF RECESSION

Effect on Financial Concerns

Seven in ten pre-retirees (71 percent) report they are more concerned about their financial situation than they were five years ago, a slight decrease from the eight in ten (79 percent) who indicated they were more concerned in the 2009 study. Two in ten (19 percent) say they are about as concerned as they were five years ago, while one in ten (9 percent) are less concerned (Figure 63).

Figure 63: Change in Concern About Financial Situation, Among Pre-retirees
How much have the changes in the stock market and economy affected your financial concerns about retirement? Are you now…?

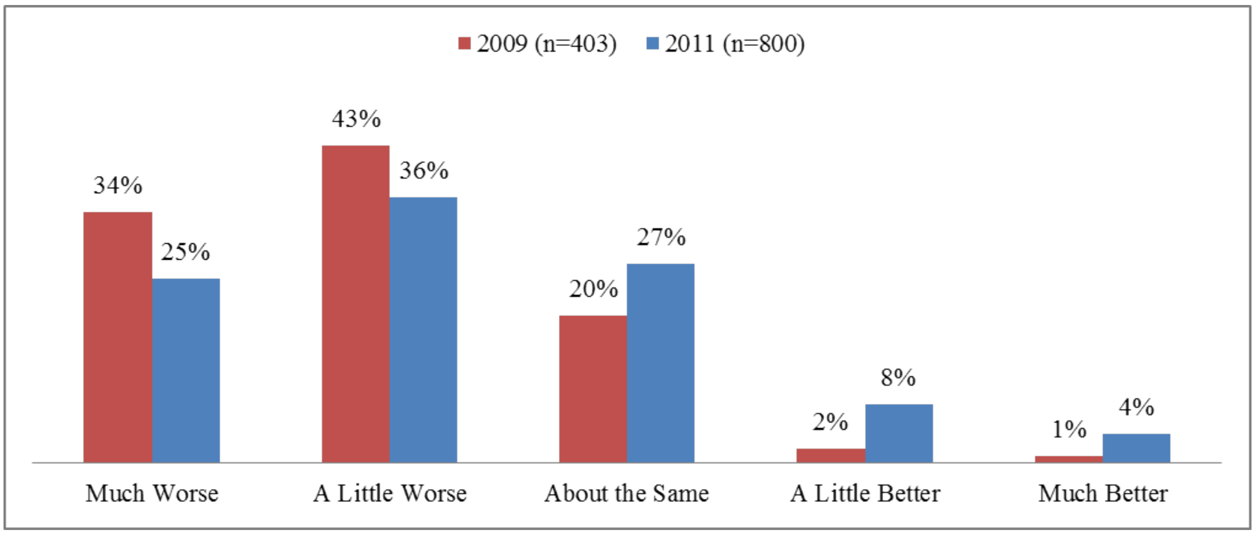


Among those saying they are much more concerned about their finances than they were five years ago are women (51 percent vs. 39 percent of men), those with household income of less than $35,000 (61 percent vs. 37 percent with income of at least $75,000), and those with investable assets of less than $100,000 (54 percent vs. 34 percent with at least $100,000).

Impact on Finances

Six in ten pre-retirees (61 percent) state their finances are now worse than they were five years ago, including one-quarter who say their finances are much worse (25 percent). This represents a decrease from the 2009 study when more than three-quarters of pre-retirees (77 percent) said their finances were worse than before the recession. More than one-quarter (27 percent, up from 20 percent in 2009) report their finances are about the same, and about one in ten (12 percent, up from 3 percent) indicate their finances are now in better shape (Figure 64).

Figure 64: Effect of Changes in Stock Market and Economy on Finances, Among Pre-retirees
How much would you say your finances have been impacted by the changes in the stock market and economy? Would you say your finances are now…?

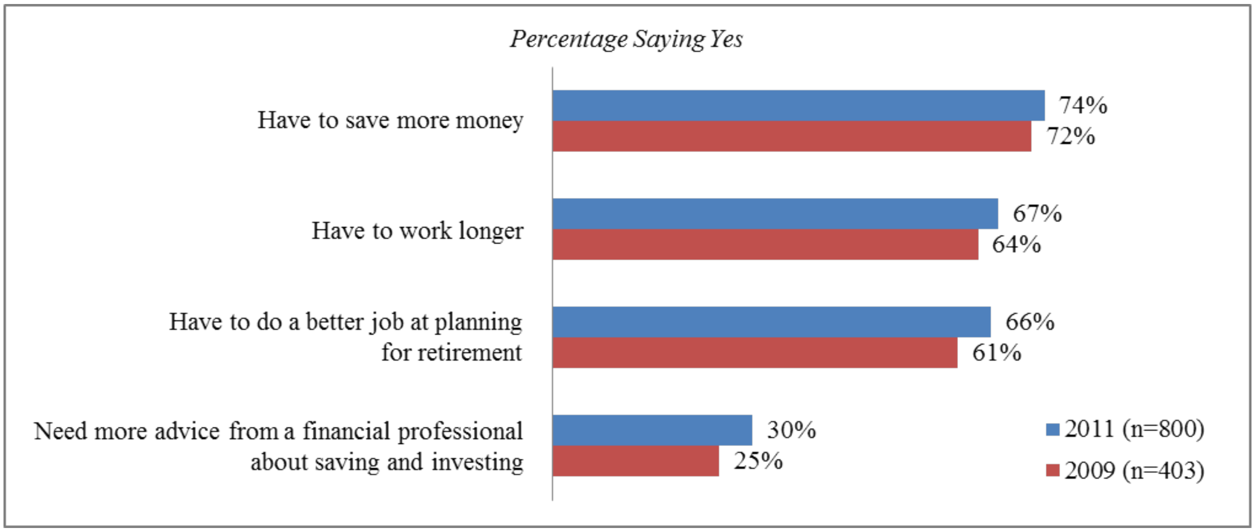


Pre-retirees with investable assets of less than $100,000 are more likely than those with higher assets to say their finances are in worse shape (70 percent vs. 55 percent).

Actions Suggested by Changes in Stock Market and Economy

Three-quarters of pre-retirees (74 percent) report they feel they have to save more money as a result of the changes in the stock market and economy. Two-thirds each feel they must work longer (67 percent) and do a better job of planning for retirement (66 percent). Three in ten (30 percent) think they need more advice from a financial professional about saving and investing. These proportions are statistically unchanged from the findings in the 2009 study (Figure 65).

Figure 65: Actions Suggested by Changes in Stock Market and Economy, Among Retirees and Pre-retirees
Have the changes in the stock market and economy made you feel that you…?



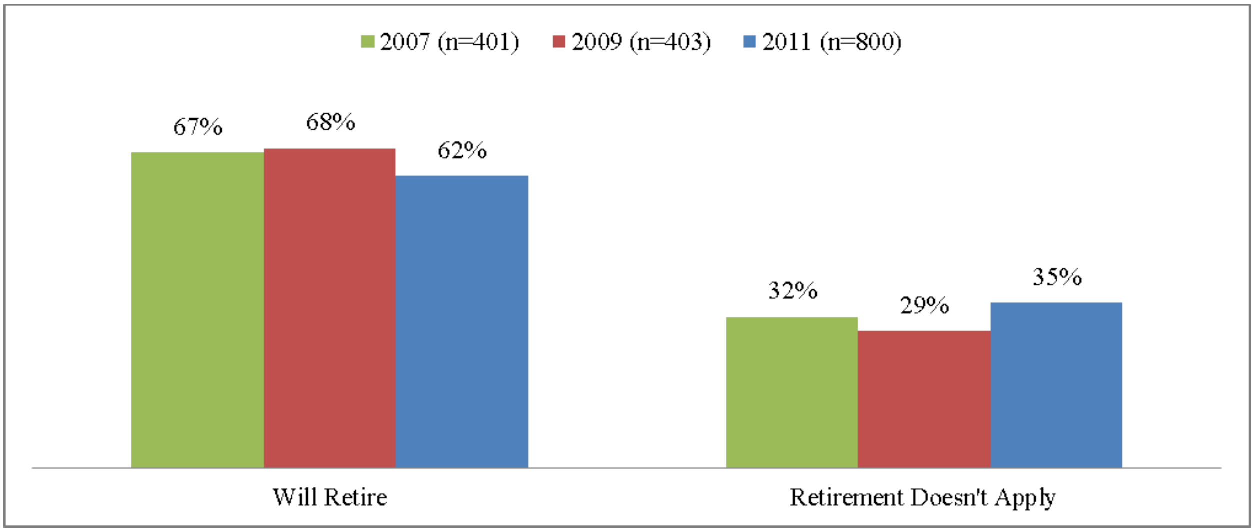
Women are more likely than men to think they need to save more money (80 percent vs. 69 percent) and work longer (71 percent vs. 62 percent). Those with household income of less than $75,000 (75 percent vs. 61 percent with higher incomes) and investable assets of less than $100,000 (79 percent vs. 56 percent with higher assets) are also more likely to say they need to work longer. Pre-retirees with a defined contribution plan only are more apt to feel they need to do a better job of planning for retirement as a result of the changes in the stock market and economy (75 percent vs. 63 percent of other pre-retirees).

THE PROCESS OF RETIRING

The Applicability of Retirement

Not all pre-retirees expect to retire. Although more than six in ten (62 percent, down from 68 percent in 2009) feel they will eventually retire, more than one-third (35 percent) state that retirement doesn't apply to their situation. This represents an increase from the 29 percent measured in 2009 but is statistically equivalent to the 32 percent measured in 2007 (Figure 66).

Figure 66: Applicability of Retirement, Among Pre-retirees
Do you think there will come a time when you begin to think of yourself as retired, or doesn't retirement really apply to your situation?



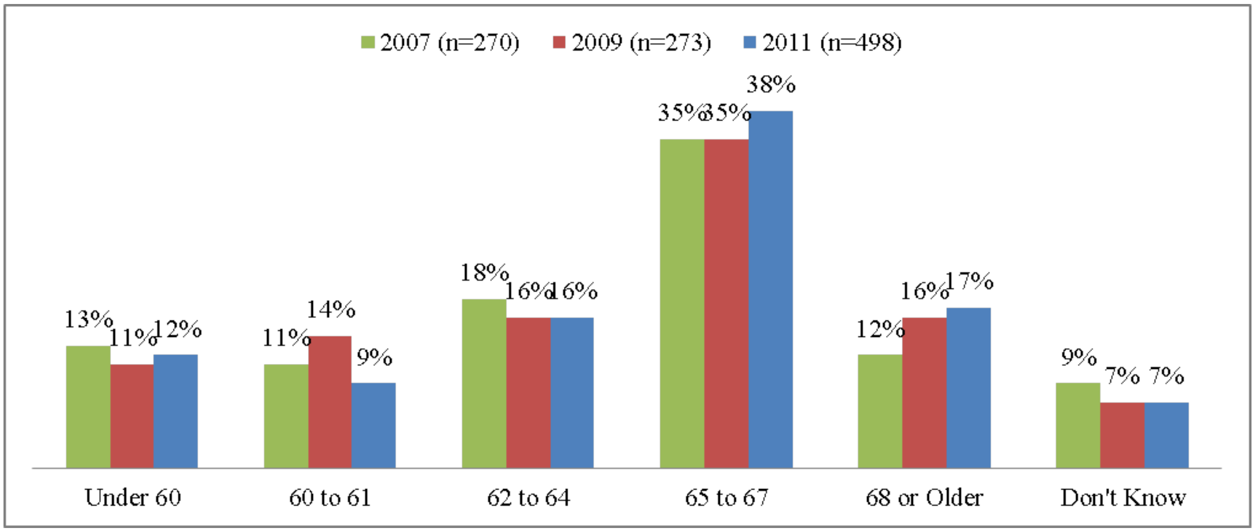
The propensity to say retirement doesn't apply is inversely related to household income and investable assets. More than half of those with household income of less than $35,000 state that retirement doesn't apply to their situation (54 percent), compared with one-quarter of those with income of at least $75,000 (25 percent). Similarly, two-thirds of those with investable assets of less than $25,000 think they will never retire (66 percent), compared with two in ten with assets of at least $100,000 (20 percent).

When those saying retirement does not apply are asked for the reason, these pre-retirees most often mention being financially unable to retire (45 percent). Two in ten (21 percent) say they choose to continue working. One in ten each cite not being currently employed (10 percent) or retirement being a long way off (10 percent). Seven percent say they are self-employed.

Expected Retirement Age

Pre-retirees expect to retire later than the age at which current retirees actually did. More than half (55 percent, up from 47 percent in 2007) report they expect to retire at age 65 or later. Sixteen percent say they plan to retire between the ages of 62 and 64, and two in ten (22 percent) plan to retire before age 62. Seven percent are unable to say when they will retire (Figure 67).

Figure 67: Expected Age at Retirement, Among Pre-retirees Expecting to Retire
At what age do you expect to retire from your primary occupation?/
At what age do you think you will begin to think of yourself as retired?



Those who expect to receive benefit from a defined benefit plan are more likely than those who do not to say they will retire before age 60 (17 percent vs. 4 percent).

Reason for Timing of Retirement

When pre-retirees are asked why they plan to retire when they do, one-quarter (24 percent) respond that they will have enough money then to stop working. Approximately two in ten each say they will start receiving payments from a pension or Social Security (20 percent), will meet their age or years of service requirement (19 percent), and will stop working completely (18 percent). One in ten (9 percent) think that is when they will get tired of working or have had enough (Figure 68).

Figure 68: Reason for Timing of Retirement, Among Pre-retirees Providing Age at Retirement
What event or situation will occur at age [insert] that leads you to say you will retire at that age? (Top Mentions)

	Pre-retirees (n=466)
Have enough money to stop working	24%
Start receiving pension/Social Security	20%
Meet age/years of service requirement	19%
Stop working completely	18%
Get tired of working/have had enough	9%
Switch to part-time/contract work	5%
Health problems/disabled	4%

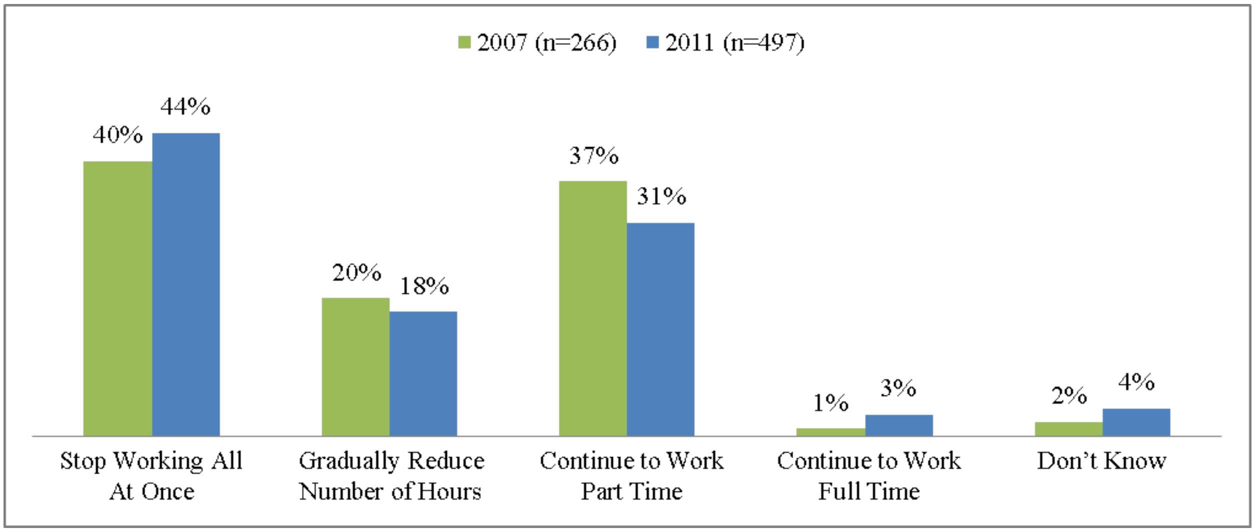
Among those more likely to say they will have enough money by their expected retirement age to stop working are those with investable assets of $25,000 or more (28 percent, compared with 10 percent of lower-asset retirees) and those expecting money or income from a defined contribution plan (27 percent, compared with 9 percent without this benefit).

Expected Method of Retiring

More than four in ten pre-retirees who expect to retire think they will stop working all at once (44 percent). Almost two in ten (18 percent) expect to gradually reduce the number of hours that they work. Three in ten (31 percent) say they will continue to work part time and 3 percent will continue to work full time. There have been no significant changes in these proportions since the question was last asked in 2007 (Figure 69).

Figure 69: Expected Method of Retiring from Primary Occupation, Among Pre-retirees Expecting to Retire

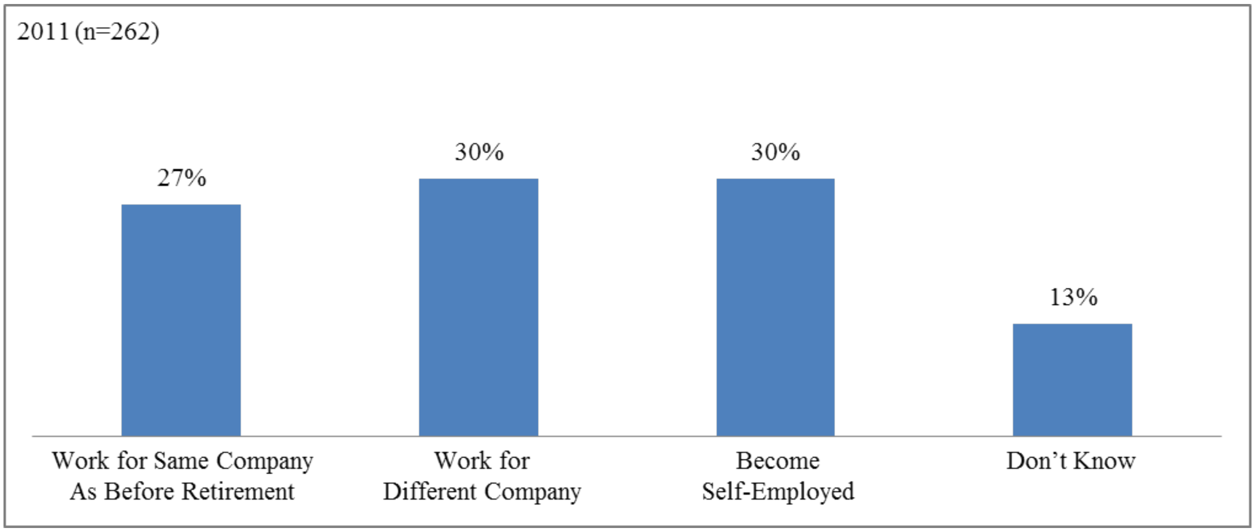
Which statement comes closest to describing how you plan to retire from your primary occupation?



Expected Employer in Retirement

Pre-retirees who expect to work in retirement are evenly divided when it comes to who they expect their future employer to be. About three in ten each say they will work for the same company as before retirement (27 percent), work for a different company (30 percent), or become self-employed (30 percent). Thirteen percent do not know who their retirement employer is likely to be (Figure 70).

Figure 70: Expected Employer in Retirement, Among Pre-retirees Expecting to Work for Pay in Retirement
After you retire, do you think you will…? (Multiple responses accepted.)



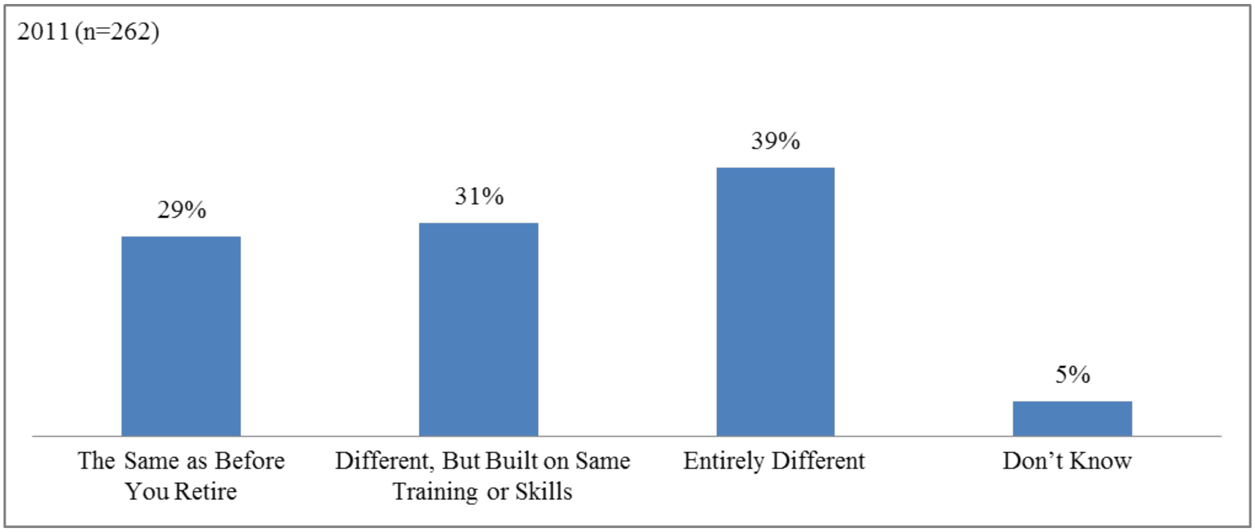
Women are more likely to think they will work for the same company as before retirement (35 percent vs. 18 percent of men), while men are twice as likely as women to say they will become self-employed (41 percent vs. 20 percent of women).

Expected Type of Work in Retirement

Four in ten pre-retirees who think they will work in retirement plan to do something entirely different from what they do now (39 percent). Nevertheless, six in ten say they plan to build on the training and skills they currently have by doing the same work as before they retire (29 percent) or something different but using the same training or skills (31 percent) (Figure 71).

Figure 71: Expected Type of Work in Retirement, Among Pre-retirees Expecting to Work for Pay in Retirement

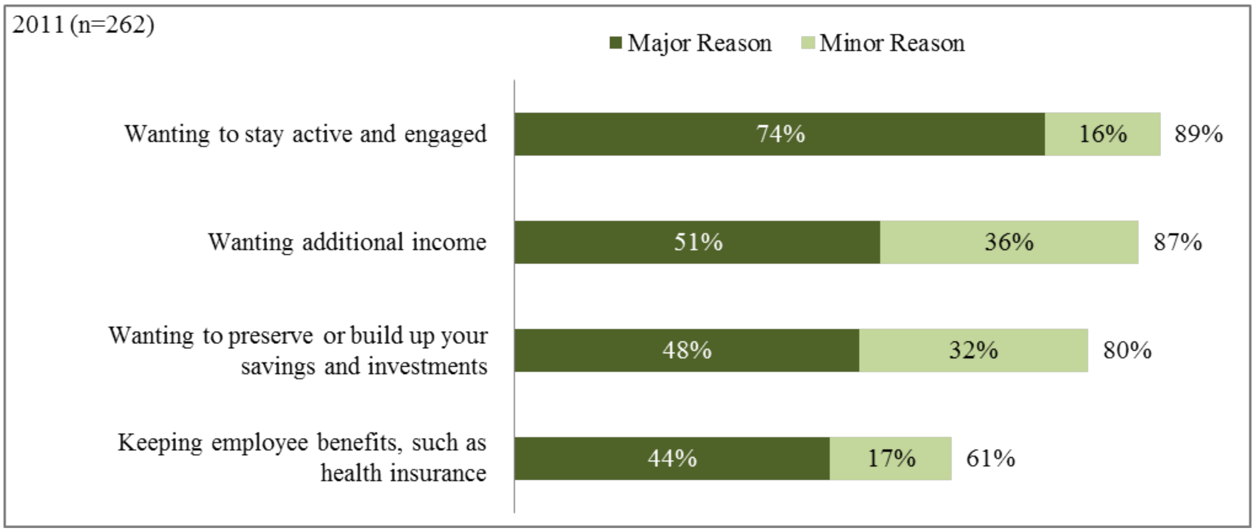
Do you think the work you do for pay in retirement will be…? (Multiple responses accepted.)



Reasons for Working in Retirement

Pre-retirees who plan to work in retirement were asked about the extent to which four factors were reasons why they planned to do so. Of these four, pre-retirees most often say wanting to stay active and engaged is a major reason why they think they will work in retirement (74 percent). Approximately half indicate major reasons are wanting additional income (51 percent) and wanting to preserve or build up savings and investments (48 percent). Fewer, 44 percent, say keeping employee benefits, such as health insurance, is a major reason (Figure 72).

Figure 72: Reasons for Working in Retirement, Among Pre-retirees Expecting to Work for Pay in Retirement
Is this a major reason, a minor reason, or not a reason why you think you will work for pay in retirement?

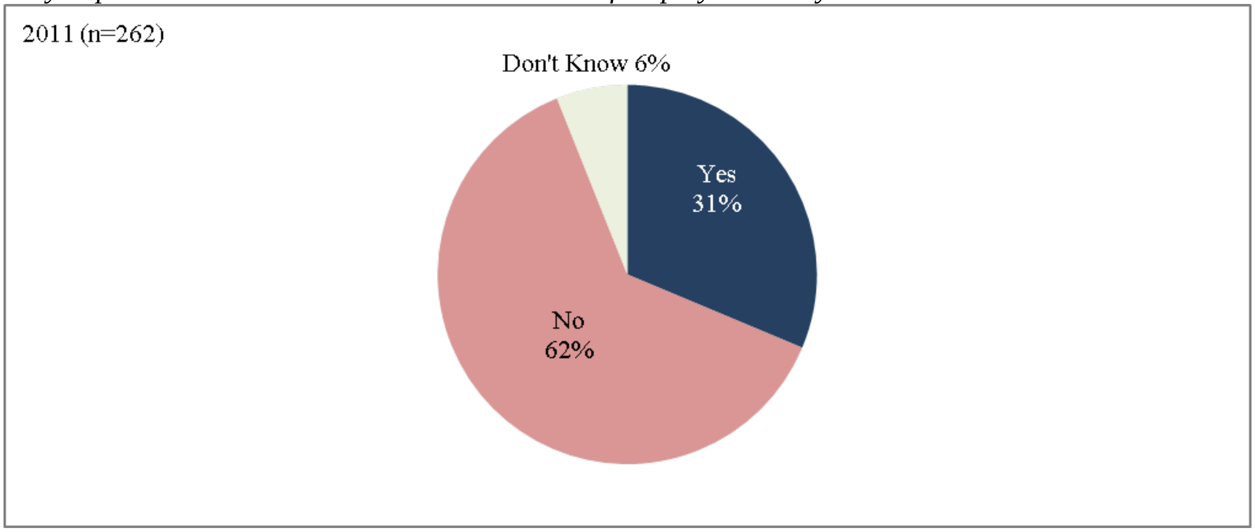


Those with investable assets of less than $100,000 (69 percent vs. 40 percent with higher assets) are more likely to report that wanting additional income is a major reason for working in retirement.

Small Business Start-ups

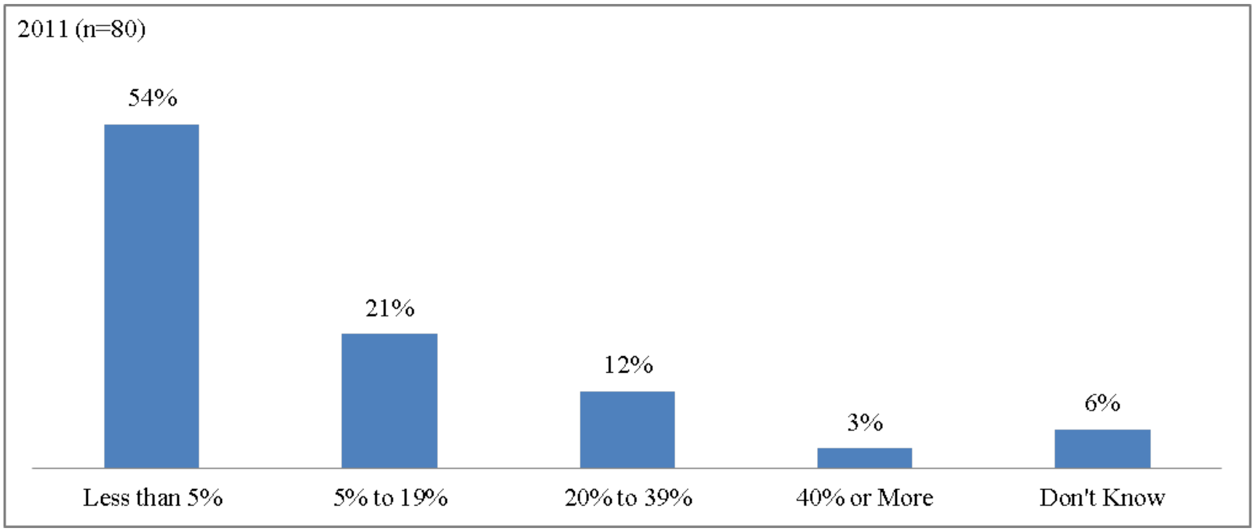
Three in ten pre-retirees who expect to work in retirement report they plan to start a small business or become self-employed when they retire (31 percent) (Figure 73). College graduates (38 percent vs. 24 percent of those with less education) and men (43 percent vs. 18 percent of women) are especially likely to say they will do so.

Figure 73: Starting Small Business, Among Pre-retirees Expecting to Work for Pay in Retirement
Do you plan to start a small business or become self-employed when you retire?



Among pre-retirees who expect to start a small business or become self-employed when they retire, more than half (54 percent) think they will use less than five percent of their total savings and investments to finance the venture. Two in ten (21 percent) expect to use 5 to 19 percent, one in ten (12 percent) think they will use 20 to 39 percent, and 3 percent say they will use 40 percent or more of their savings and investments (Figure 74).

Figure 74: Amount of Savings/Investments Used to Start Small Business, Among Pre-retirees Planning to Start Small Business
About how much of your savings and investments do you plan to use to start your self-employment or small business?



RETIREE AND PRE-RETIREE COMPARISON

RETIREMENT RISK

Concern About Risk

Despite the heightened concern about various retirement risks already noted among retirees, pre-retirees continue to express higher levels of concern than retirees about many of the retirement risks in the study (Figure 75). In particular, pre-retirees are more likely to be very or somewhat concerned about:

- Keeping the value of their savings and investments up with inflation (77 percent of pre-retirees vs. 69 percent of retirees)
- Having enough money to pay for adequate health care (74 percent vs. 61 percent)
- Having enough money to pay for long-term care in a nursing home or at home (66 percent vs. 60 percent)
- Their retirement income varying due to changes in interest rates (64 percent vs. 57 percent)
- Depleting their savings (63 percent vs. 54 percent)

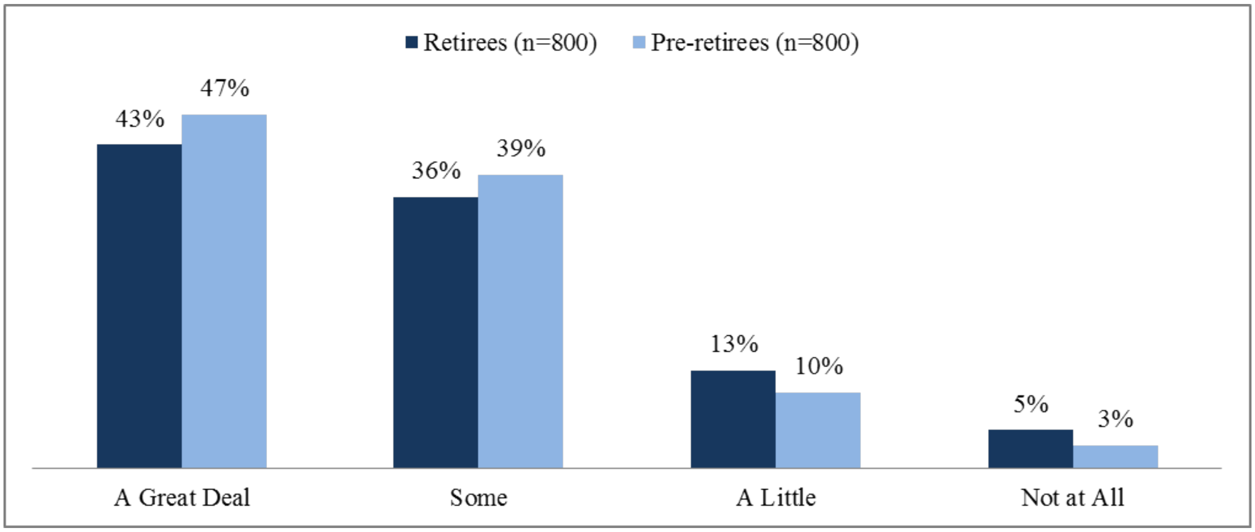
Figure 75: Concern About Retirement Risks, Among Retirees and Pre-retirees
How concerned are you that… (in retirement)?

	Retirees (n=800)	Pre-Retirees (n=800)
The value of your savings and investments might not keep up with inflation	69%	77%
You might not have enough money to pay for adequate health care	61%	74%
You might not have enough money to pay for a long stay in a nursing home or a long period of nursing care at home	60%	66%
You might not be able to maintain a reasonable standard of living for the rest of your life	59%	64%
Your income in retirement may vary based on changes in interest rates	57%	64%
You might deplete all of your savings	54%	63%
Your spouse/partner may not be able to maintain the same standard of living after your death, if you should die first (if married: retirees n=521, pre-retirees n=599)	45%	46%
The equity you have in your home may not be sufficient to support your retirement plans (if own home: retirees n=723), pre-retirees n=727)	44%	48%
You might not be able to leave money to your children or other heirs	38%	41%

Inflation

Pre-retirees are more likely than retirees to say inflation will affect the amount of money they will need each year in retirement a great deal or some (85 percent vs. 79 percent) (Figure 76).

Figure 76: Effect of Inflation, Among Retirees and Pre-retirees
How much do you think inflation will affect the amount of money you will need each year in retirement?



Strategies for Managing Retirement Risks

With the sole exception of buying an annuity or choosing an annuity option from an employer-provided retirement plan, pre-retirees are more likely to indicate they either have already implemented or plan to implement each of the strategies presented for managing the risks associated with retirement. However, retirees are more likely than pre-retirees to report having already implemented most of these strategies (Figure 77). (Statistically, retirees and pre-retirees are equally likely to have already invested money in stocks or stock mutual funds and to have already worked longer.)

Figure 77: Strategies for Managing Retirement Risk, Among Retirees and Pre-retirees
To protect yourself financially, have you or do you plan to…? (Respondents were permitted to say they both had already taken and planned to take each action.)

	Retirees (n=800)		Pre-retirees (n=800)	
	Net of Already Done/ Plan to Do	Already Done	Net of Already Done/ Plan to Do	Already Done
Eliminate all of your consumer debt, by paying off all credit cards and loans	83%	56%	90%	49%
Try to save as much money as you can	81%	61%	89%	52%
Cut back on spending	76%	62%	83%	54%
Completely pay off your mortgage	75%	47%	82%	26%
Move your assets to less risky investments as you get older	58%	47%	65%	32%
Consult a financial professional for advice or guidance	56%	50%	63%	43%
Invest a portion of your money in stocks or stock mutual funds	53%	50%	67%	56%
Buy a product or choose an employer plan option that will provide you with guaranteed income for life	39%	33%	40%	27%
Move to a smaller home or less expensive area	38%	17%	45%	10%
Postpone taking Social Security	35%	25%	44%	7%
Work longer	28%	14%	62%	17%

Strategies for Managing Health Risks

Pre-retirees are more likely than retirees to state they have already bought or plan to buy long-term care insurance (41 percent vs. 36 percent). Not surprisingly, however, retirees are more likely than pre-retirees to report having already purchased supplemental health insurance or are already participating in an employer-provided retiree health insurance plan (65 percent vs. 25 percent), saved specifically for health and long-term care expenses (33 percent vs. 17 percent), and purchased long-term care insurance (25 percent vs. 19 percent) (Figure 78).

Figure 78: Strategies for Managing Retirement Risk, Among Retirees and Pre-retirees
To protect yourself financially, have you or do you plan to…? (Respondents were permitted to say they both had already taken and planned to take each action.)

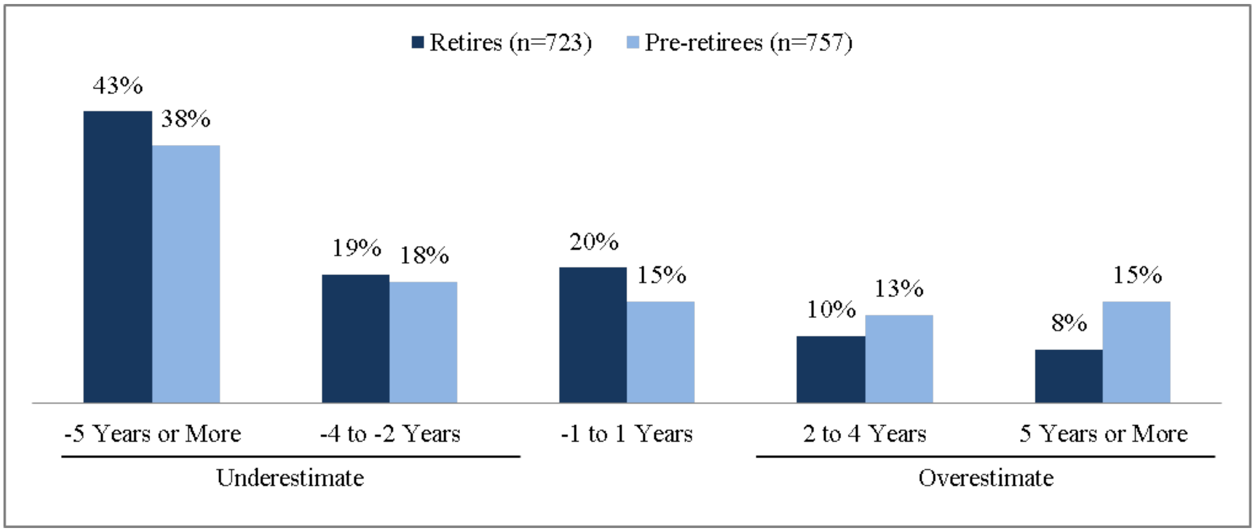
	Retirees (n=800)		Pre-retirees (n=800)	
	Net of Already Done/ Plan to Do	Already Done	Net of Already Done/ Plan to Do	Already Done
Maintain healthy lifestyle habits, such as a proper diet, regular exercise and preventative care	92%	82%	94%	79%
Purchase health insurance to supplement Medicare or participate in an employer-provided retiree health plan	79%	65%	76%	25%
Save specifically for the possibility of having large health expenses or needing long-term care	46%	33%	45%	17%
Buy long-term care insurance	36%	25%	41%	19%
Move into or arrange for care through a continuing care retirement community	12%	2%	12%	1%

LONGEVITY RISK

Estimates of Average Life Expectancy

Retirees are more likely than pre-retirees to underestimate the average life expectancy of someone their age and sex (62 percent vs. 57 percent). Conversely, pre-retirees are more likely to overestimate (28 percent vs. 19 percent of retirees) (Figure 79).

Figure 79: Difference Between Respondent Estimate of Average Life Expectancy and Actual Population Life Expectancy, Among Retirees and Pre-retirees Providing an Estimate

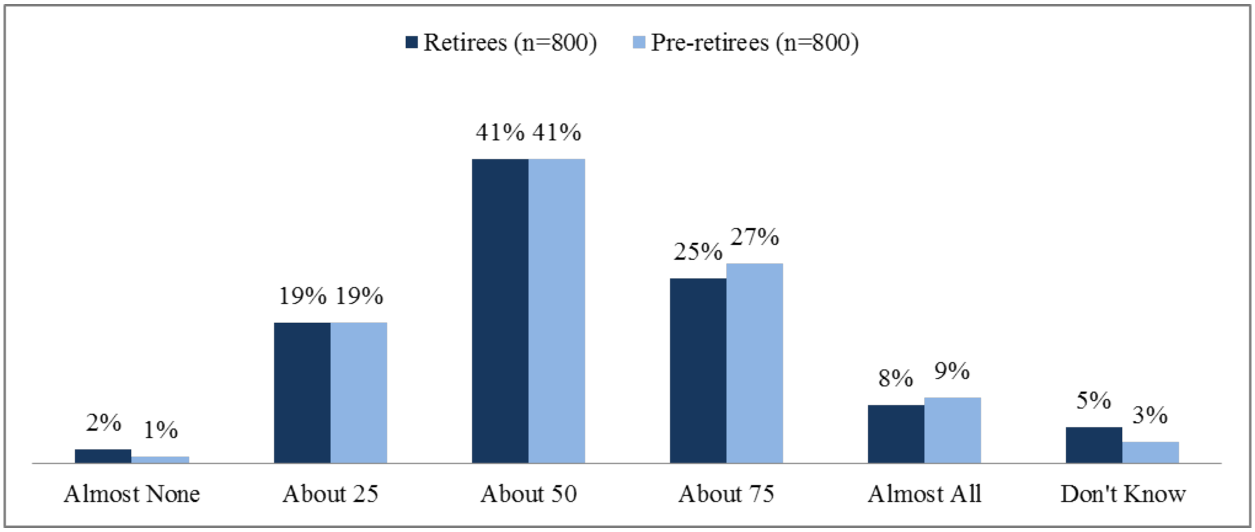


Life Expectancy Variability

Retirees and pre-retirees respond similarly when asked about the number of 65-year-old males or females who can expect to live at least until age 83 (if male) or 86 (if female) (Figure 80).

Figure 80: Estimated Percentage of 65-year-olds Living to Age 83 (if male)/Age 85 (if female), Among Retirees and Pre-Retirees

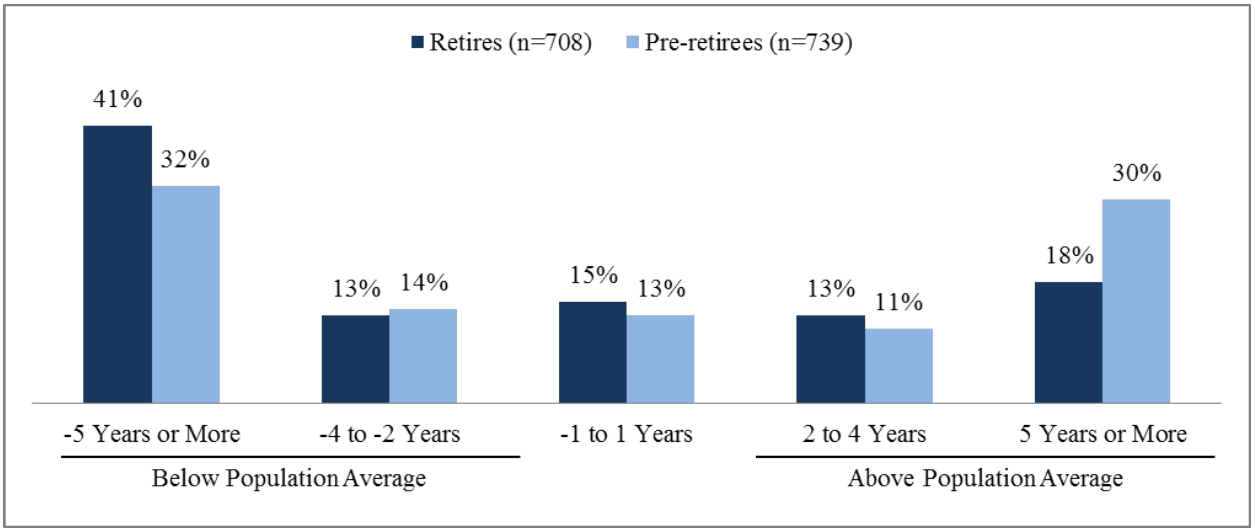
Suppose there were a random group of 100 65-year-old males/females. About how many do you think could expect to live to age 83/86 or older?



Estimates of Personal Life Expectancy

Retirees are more likely than pre-retirees to provide a personal life expectancy that is five or more years below the population average (41 percent vs. 32 percent) and less likely to provide a life expectancy that is five years or more above the population average (18 percent vs. 30 percent) (Figure 81).

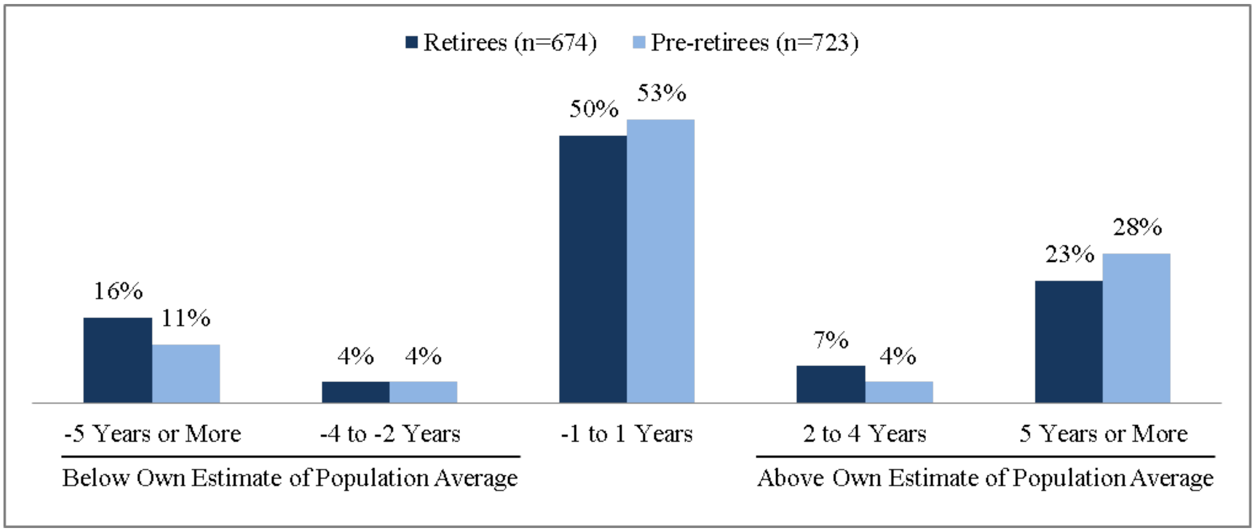
Figure 81: Difference Between Respondent Estimate of Personal Life Expectancy and Population Life Expectancy,[18] Among Retirees and Pre-retirees Providing an Estimate



[18] Population life expectancy calculated using UP94 Values Projected to 2011.

Retirees are also slightly more likely than pre-retirees to cite a personal life expectancy that is five or more years below their own estimate of average life expectancy (16 percent vs. 11 percent) (Figure 82).

Figure 82: Difference Between Respondent Estimates of Personal Life Expectancy and Average Life Expectancy,[19] Among Retirees and Pre-retirees Providing Both Estimates



[19] Population life expectancy calculated using UP94 Values Projected to 2011 (for 2011 respondents).

Basis for Estimate of Personal Life Expectancy

In general, retirees and pre-retirees are equally likely to mention various reasons why they will live until the age they cited as their personal life expectancy. However, retirees are more likely than pre-retirees to mention their own health (37 percent vs. 29 percent) and a positive attitude (15 percent vs. 8 percent) (Figure 83).

Figure 83: Reason for Estimate of Personal Life Expectancy, Among Retirees and Pre-retirees Providing an Estimate of Personal Life Expectancy
Why do you think you will live until that age? (Top mentions; multiple responses accepted.)

	Retirees (n=708)	Pre-retirees (n=739)
Family history	47%	51%
Own health	37%	29%
Healthy habits: stay active, exercise, eat right, don't smoke	34%	34%
Positive attitude: no stress, no worries, I enjoy myself, I want to live to see my grandchildren	15%	8%
Average life expectancy	5%	6%
Guessing	4%	7%
Good health care	4%	4%
Don't know	5%	6%

Consequences of Living Five Years Longer

Larger proportions of pre-retirees than retirees report they would be very or somewhat likely to need to take each of the actions examined in the survey if they were to live five years longer than expected. The sole exception is that pre-retirees and retirees are equally likely to think they would need to get assistance from friends or community agencies (Figure 84).

Figure 84: Likely Consequences of Living Five Years Longer than Expected, Among Retirees and Pre-retirees
If you (and your spouse/partner) were to live five years longer than expected, how likely do you think it is that you would have to do each of the following?

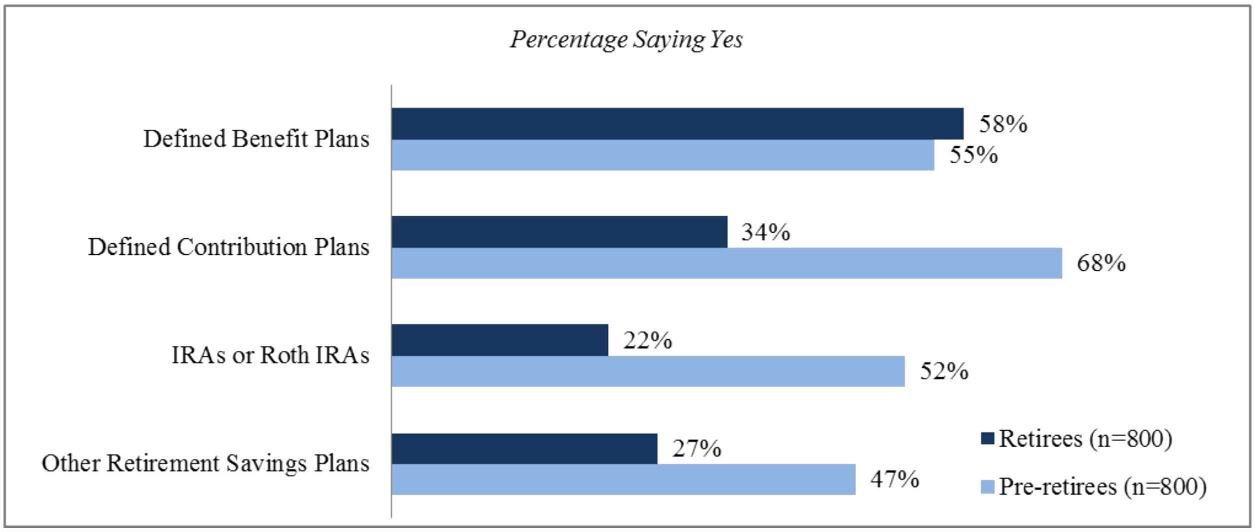
	Very or Somewhat Likely	
	Retirees (n=800)	**Pre-retirees** (n=800)
Reduce your expenditures significantly	64%	72%
Dip into money that you might otherwise have left to your children or other heirs	49%	58%
Deplete all of your savings and be left only with Social Security (and income from a defined benefit or traditional pension plan)	45%	53%
Downsize your housing	42%	55%
Use the value of your home to help fund your remaining retirement years	34%	45%
Get assistance from friends or community agencies	26%	24%
Get assistance from your children or other family members	25%	30%

RETIREMENT INCOME AND PLANNING

Retirement Plans

By a wide margin, pre-retirees are more likely to expect to receive income or money from one or more defined contribution plans (68 percent) than retirees who actually report receiving such income (34 percent). Similar excesses are reported in pre-retiree expectations over retirees' actual reports for IRAs or Roth IRAs (52 percent vs. 22 percent) and other retirement savings plans (47 percent vs. 27 percent). Statistically, pre-retirees are as likely to expect as retirees are to receive benefits from a defined benefit plan (55 percent vs. 58 percent) (Figure 85).

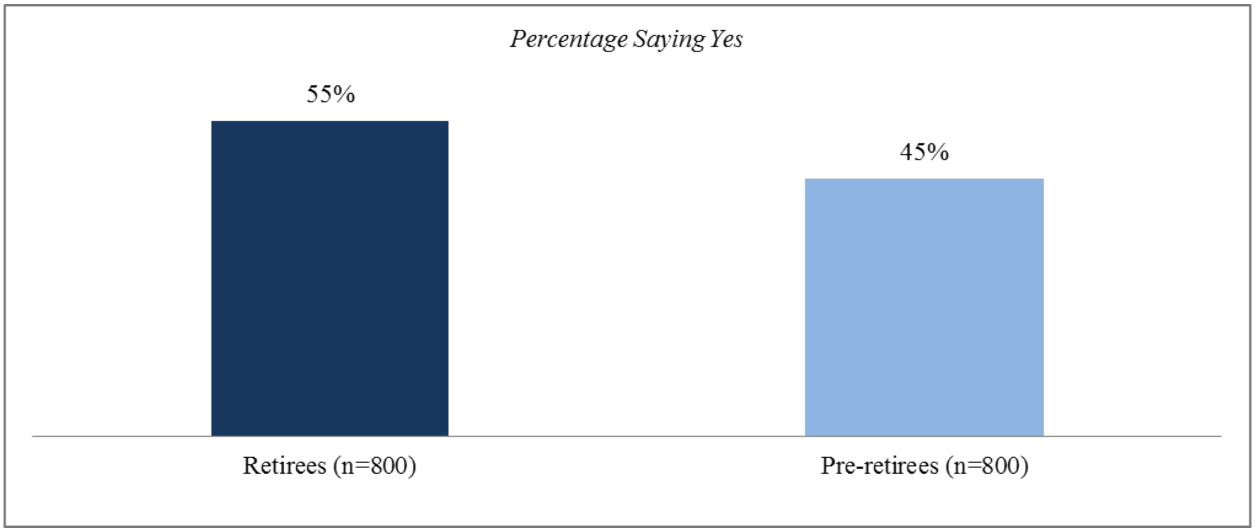
Figure 85: Income or Money From a Retirement Plan, Among Pre-retirees
When you (or your spouse/partner) retired/retire, do you receive/think you will receive income or money from one or more…?



Guaranteed Income

Retirees are more likely to say they receive monthly income that is guaranteed for life (55 percent) than pre-retirees are to say they expect to receive guaranteed income after they retire (45 percent) (Figure 86).

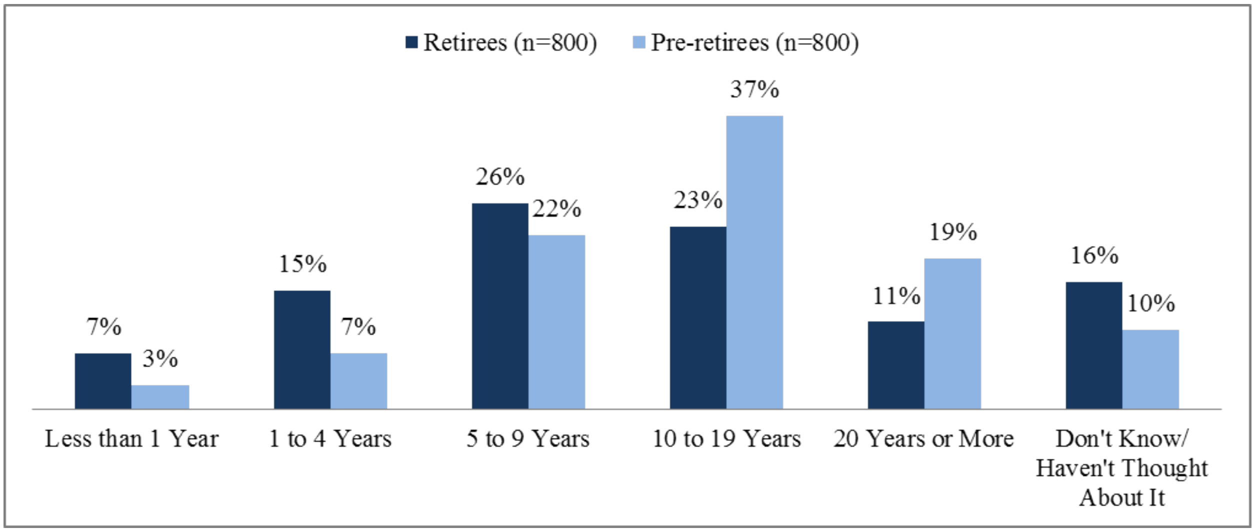
Figure 86: Expect to Receive Guaranteed Income in Retirement, Among Retirees and Pre-retirees
Other than Social Security, do you (or your spouse/partner) (expect to) receive any monthly income that is guaranteed for life (after you retire)?



Planning Horizon

The median planning horizon for pre-retirees (10 years) is twice as long as the median horizon for retirees (5 years). Moreover, retirees are more apt than pre-retirees to state they have not thought about it (16 percent vs. 10 percent) (Figure 87).

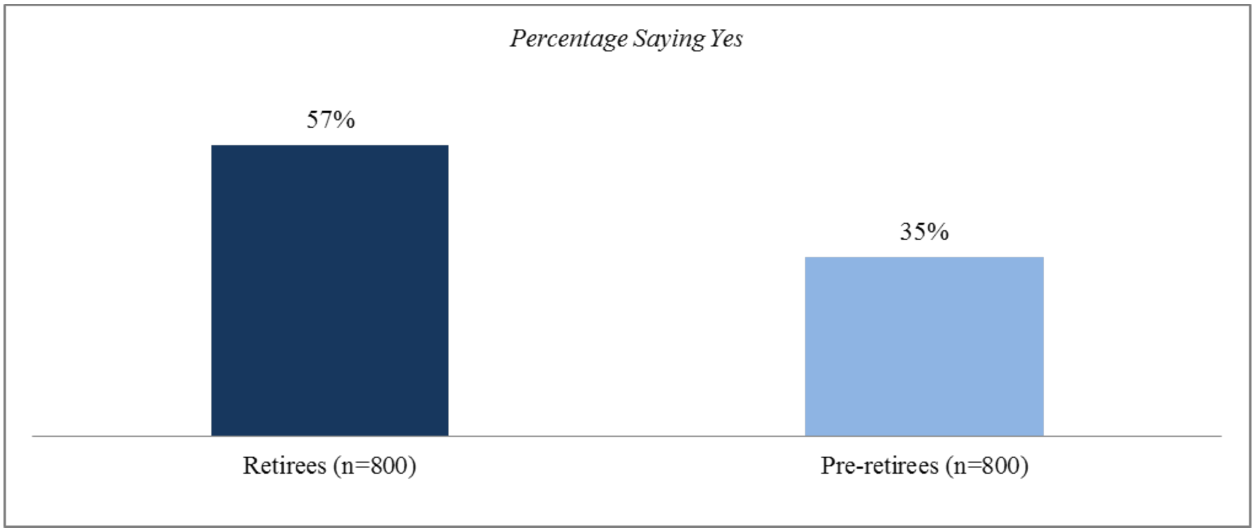
Figure 87: Planning Horizon, Among Retirees and Pre-retirees
When you (and your spouse/partner) make important financial decisions, about how many years do you look into the future?



Plan for Financing Retirement

While almost six in ten retirees (57 percent) report having a plan for financing their spending in retirement, only about one-third of pre-retirees (35 percent) say the same (Figure 88).

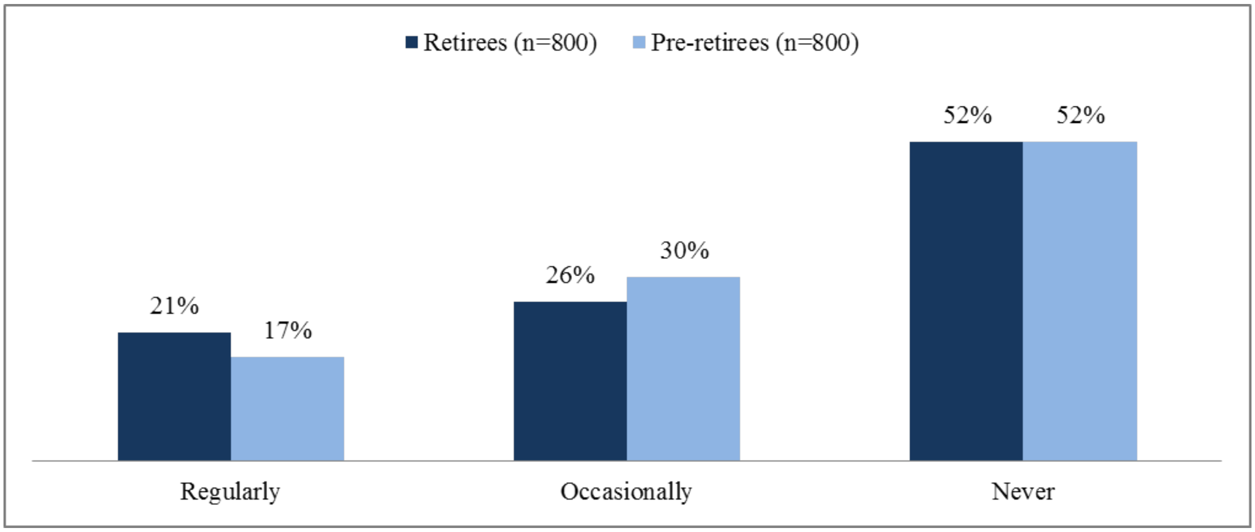
Figure 88: Have Plan for Financing Retirement, Among Retirees and Pre-retirees
Do you currently have a plan for how much money you will spend each year in retirement and where that money will come from?



Use of a Financial Professional

Equal proportions of retirees and pre-retirees state they have consulted with a financial planner or advisor to help them make decisions about their financial (among retirees) or retirement (among pre-retirees) planning (Figure 89).

Figure 89: Use of Financial Professional, Among Retirees and Pre-retirees
About how often do you (and your spouse/partner) consult with a financial planner or advisor who helps you make decisions about your financial/retirement planning and is paid through fees or commissions?

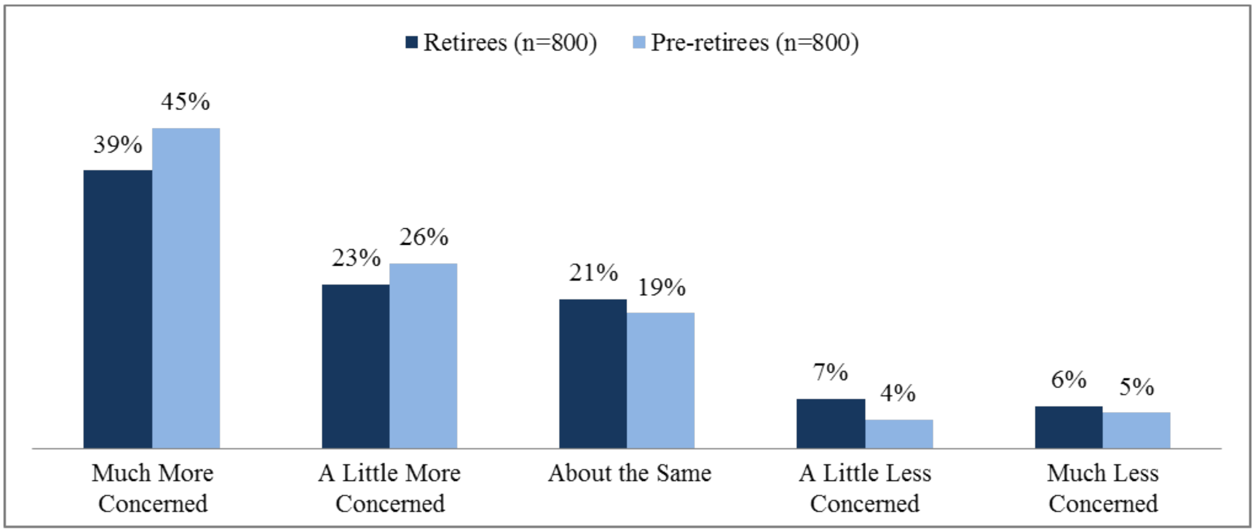


IMPACT OF RECESSION

Effect on Financial Concerns

A larger proportion of pre-retirees than retirees report they are much more concerned about their finances than they were five years ago due to the changes in the stock market and economy (45 percent vs. 39 percent) (Figure 90).

Figure 90: Change in Concern About Financial Situation, Among Retirees and Pre-retirees
How much have the changes in the stock market and economy affected your financial concerns (about retirement)? Are you now…?

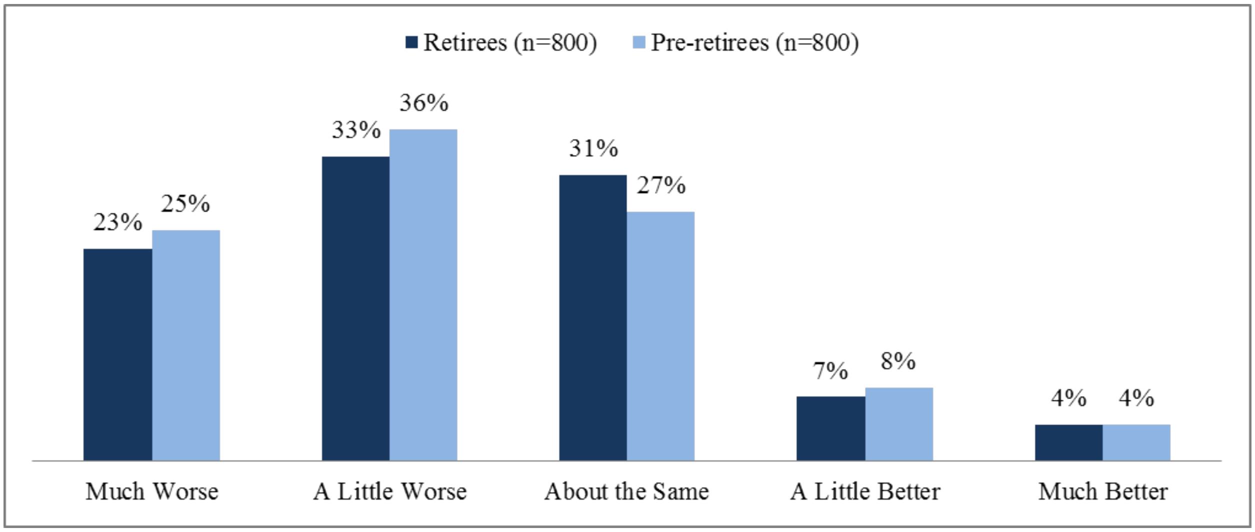


Impact on Finances

Statistically, retirees and pre-retirees are equally likely to indicate their finances are in worse shape than they were before the recession (Figure 91).

Figure 91: Effect of Changes in Stock Market and Economy on Finances, Among Retirees and Pre-retirees

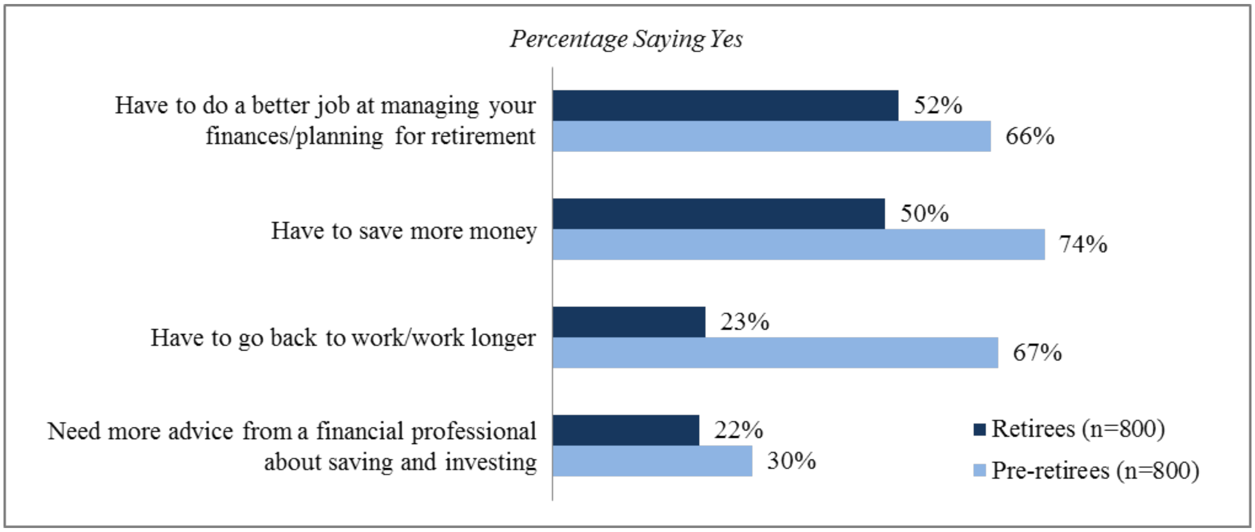
How much would you say your finances have been impacted by the changes in the stock market and economy? Would you say your finances are now…?



Actions Suggested by Changes in Stock Market and Economy

Pre-retirees are more likely than retirees to state the changes in the stock market and economy have made them feel they need to take each of the four actions mentioned in the survey (Figure 92).

Figure 92: Actions Suggested by Changes in Stock Market and Economy, Among Pre-retirees
Have the changes in the stock market and economy made you feel that you…?

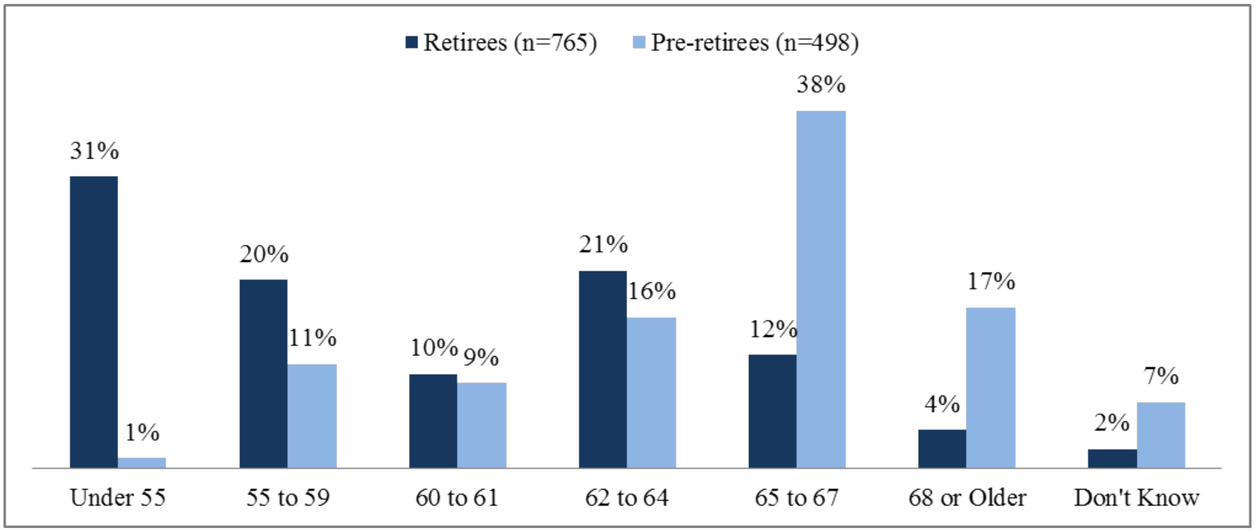


THE PROCESS OF RETIRING

Retirement Age

Overall, pre-retirees plan to retire at a considerably older age than retirees actually retired. Although half of retirees (51 percent) retired before age 60, the majority of pre-retirees expecting to retire (55 percent) plan to retire at age 65 or later (Figure 93).

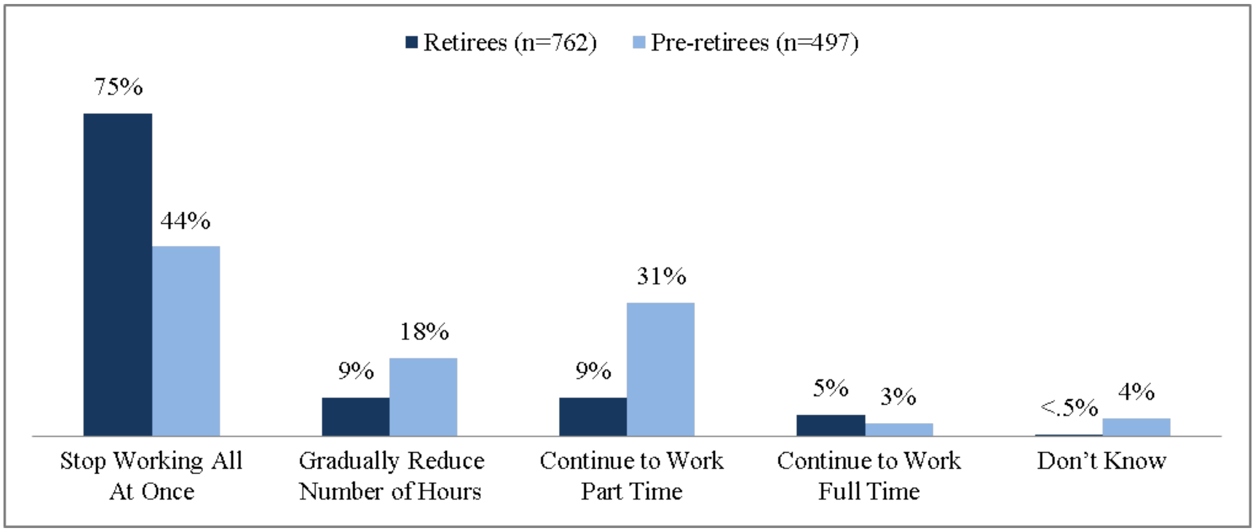
Figure 93: Comparison of Actual and Expected Age at Retirement, Among Retirees Retired from Primary Occupation or Thinking of Themselves as Retired and Pre-retirees Expecting to Retire
How old were you when you retired or began to retire from your primary occupation?/At what age do you expect to retire from your primary occupation/At what age did you begin to think of yourself as retired?/At what age do you think you will begin to think of yourself as retired?



Method of Retiring

While three-quarters of retirees (75 percent) report they retired by stopping work all at once, only about four in ten pre-retirees (44 percent) plan to retire that way. Instead, many plan to gradually reduce the number of hours they work (18 percent vs. 9 percent of retirees) or continue to work part time in retirement (31 percent vs. 9 percent) (Figure 94).

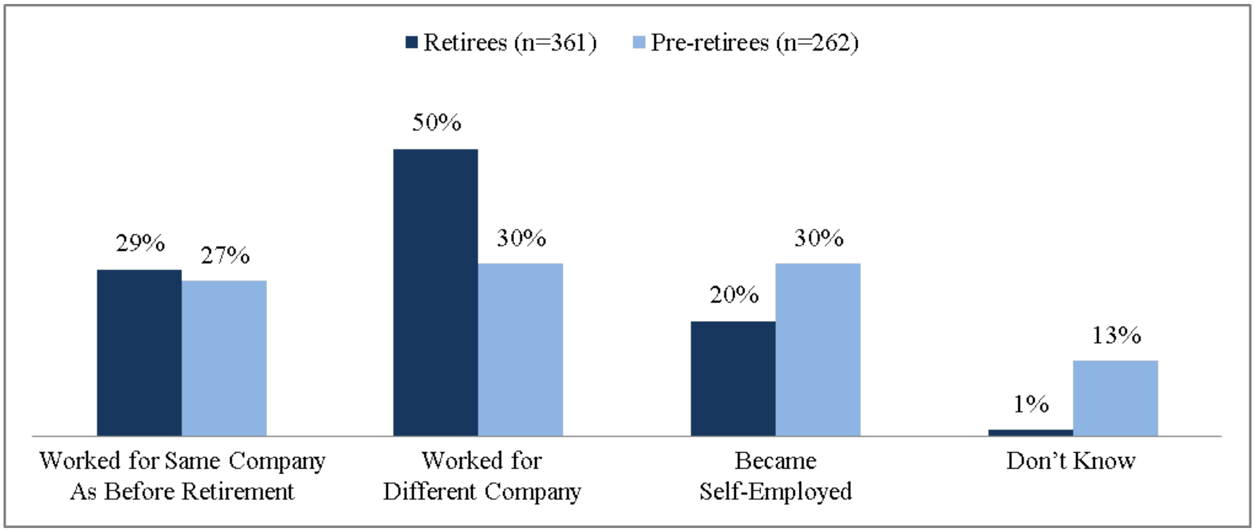
Figure 94: Method of Retiring from Primary Occupation, Among Retirees Retired from Primary Occupation or Thinking of Themselves as Retired and Pre-retirees Expecting to Retire
Which statement comes closest to describing how you retired/how you plan to retire from your primary occupation?



Employer in Retirement

Retirees working in retirement are more likely than pre-retirees who plan to work to state they worked (or think they will work) for a different company after retirement (50 percent vs. 30 percent). On the other hand, pre-retirees are more likely to think they will become self-employed (30 percent vs. 20 percent of retirees who actually did) (Figure 95).

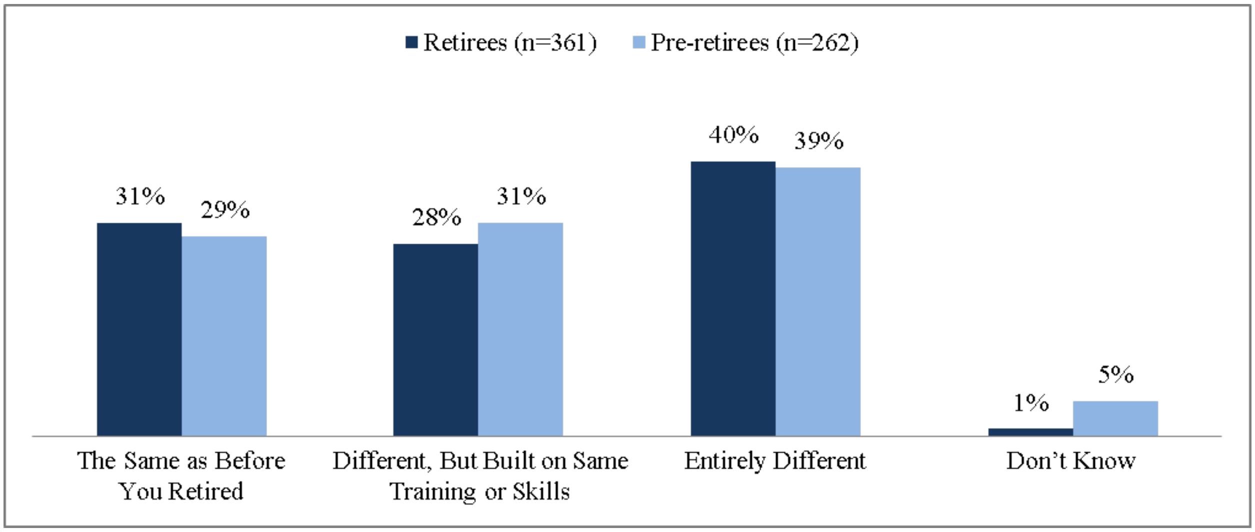
Figure 95: Employer in Retirement, Among Retirees Working for Pay in Retirement and Pre-retirees Expecting to Work for Pay in Retirement
When you worked in retirement, which statement comes closest to describing what you actually did?/ After you retire, do you think you will…? (Multiple responses accepted.)



Type of Work in Retirement

The proportions of retirees who did the same work as before they retired, did different work that was built on the same training and skills, and did entirely different work are roughly equivalent to the proportions of pre-retirees who expect to do these types of work after they retire (Figure 96).

Figure 96: Type of Work in Retirement, Among Retirees Working for Pay in Retirement and Pre-retirees Expecting to Work for Pay in Retirement
Was the work you did for pay in retirement…?/Do you think the work you do for pay in retirement will be…? (Multiple responses accepted.)



Reasons for Working in Retirement

Pre-retirees who plan to work in retirement are more likely than retirees who worked to say major reasons for working are to stay active and engaged (74 percent vs. 55 percent), preserving or building up savings and investments (48 percent vs. 31 percent), and keeping employee benefits (44 percent vs. 24 percent) (Figure 97).

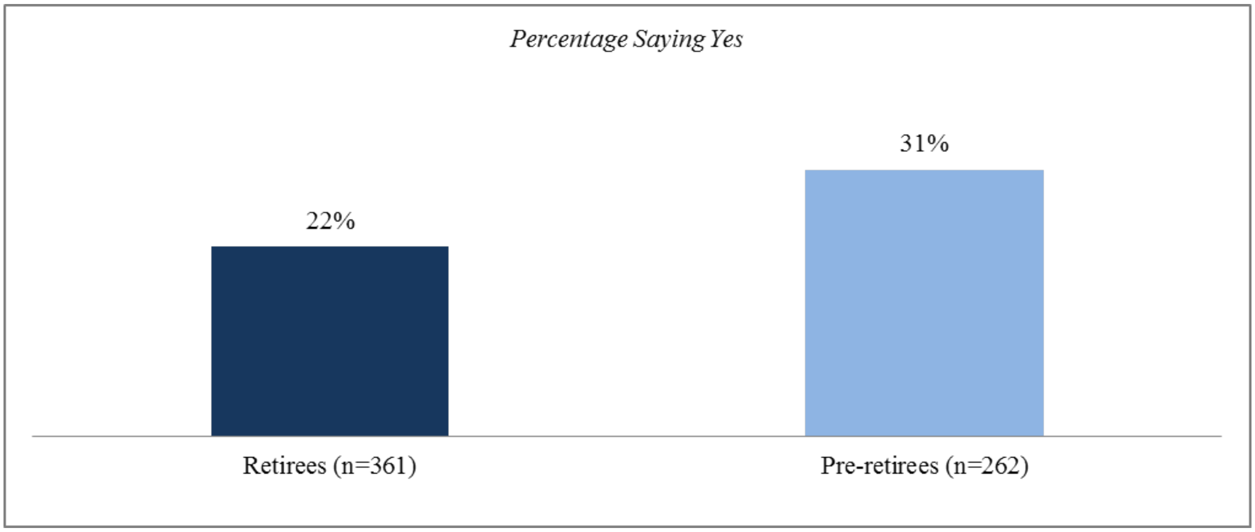
Figure 97: Reasons for Working in Retirement, Among Retirees Working for Pay in Retirement and Pre-retirees Expecting to Work for Pay in Retirement
Is this a major reason, a minor reason, or not a reason why you decided to work/think you will work for pay in retirement?

	Major Reason	Minor Reason
Wanting to stay active and engaged		
Retirees (n=361)	55%	23
Pre-retirees (n=262)	74%	16
Wanting additional income		
Retirees (n=361)	51%	23
Pre-retirees (n=262)	51%	36
Wanting to preserve or build up your savings and investments		
Retirees (n=361)	31%	27
Pre-retirees (n=262)	48%	32
Keeping employee benefits, such as health insurance		
Retirees (n=361)	24%	9
Pre-retirees (n=262)	44%	17

Small Business Start-ups

Pre-retirees expecting to work in retirement are more likely than retirees who actually worked to report they will start a small business or become self-employed in retirement (31 percent vs. 22 percent) (Figure 98).

Figure 98: Starting Small Business, Among Retirees Working for Pay in Retirement and Pre-retirees Expecting to Work for Pay in Retirement
Did you start/Do you plan to start a small business or become self-employed when you retired/retire?



PROFILE OF SURVEY RESPONDENTS

The demographic characteristics of the retired respondents to the 2011 iteration of the Risks and Process of Retirement Survey are generally consistent with the characteristics of retired respondents from previous iterations of the study. However, 2011 retired respondents are less likely than those in most previous waves to report they own their home free and clear (48 percent in 2011 vs. 54 percent in 2009 and 55 percent in 2007).

Figure 99: Demographic Characteristics of Retirees

	2001 (n=242)	**2003** (n=303)	**2005** (n=302)	**2007** (n=400)	**2009** (n=401)	**2011** (n=800)
Age						
45 to 54	7%	12%	14%	14%	14%	13%
55 to 64	20	25	29	31	26	31
65 to 80	73	63	57	55	60	56
Sex						
Men	43%	45%	48%	47%	47%	46%
Women	57	55	52	53	53	54
Marital Status						
Married	61%	63%	60%	63%	62%	60%
Living with a partner	1	1	2	2	3	4
Divorced/Separated	7	11	12	11	14	16
Widowed	25	19	17	16	16	12
Never married	7	6	9	7	5	7
Education						
Some high school or less	10%	15%	9%	8%	9%	4%
High school graduate	28	29	28	26	26	25
Some college or trade/business school	28	33	25	33	26	32
College graduate	24	15	24	21	23	23
Graduate degree	10	8	13	11	15	15
Employment status						
Working	14%	14%	17%	14%	11%	12%
Retired	78	75	75	69	75	68
A homemaker	7	6	5	4	3	5
Laid off/unemployed seeking work	<0.5	3	3	1	3	2
Disabled and unable to work	NA	NA	NA	11	9	11
Other	1	2	1	1	<0.5	1

Figure 99: Demographic Characteristics of Retirees (continued)

	2001 (n=242)	2003 (n=303)	2005 (n=302)	2007 (n=400)	2009 (n=401)	2011 (n=800)
Provide Significant Financial Support for Someone Other Than Spouse						
Yes	12%	15%	14%	19%	17%	18%
Home Ownership						
Own home free and clear	64%	56%	52%	55%	54%	48%
Own home, owe mortgage	23	30	35	33	37	41
Rent home	9	10	12	9	8	9
Other/Don't know/Refused	5	5	1	3	1	2
Health Status						
Excellent	28%	27%	17%	18%	21%	18%
Very good	33	26	24	32	27	33
Good	21	24	34	27	24	25
Fair	12	13	19	13	17	14
Poor	5	8	6	10	9	8
Household Income						
Less than $25,000	14%	28%	21%	19%	18%	15%
$25,000 to $34,999	19	17	17	14	13	13
$35,000 to $49,999	16	17	18	13	16	17
$50,000 to $74,999	13	10	15	17	17	17
$75,000 to $99,999	9	7	7	12	11	11
$100,000 or more	7	4	10	11	11	13
Don't know/Refused	22	16	12	14	14	14
Total Savings/Investments (not including primary residence)						
Less than $25,000 (lowest category in 2001 was <$50,000)	29%	28%	23%	23%	24%	25%
$25,000 to $49,999		8	9	6	8	7
$50,000 to $99,999	12	12	11	5	8	8
$100,000 to $249,999	12	10	9	9	13	11
$250,000 to $499,999	10	8	6	9	11	9
$500,000 to $999,999	3	3	9	6	6	6
$1 million or more	5	2	3	7	3	6
Don't know/Refused	31	30	29	36	27	28

Pre-retiree respondents to the 2011 iteration of the study, like pre-retiree respondents to the 2009 iteration, are more likely than in previous iterations to have household income of $100,000 or more. They also continue to be more likely than those in the first three iterations to be married. Finally, they are more likely than in some previous iterations to report they own their home and have a mortgage.

Figure 100: Demographic Characteristics of Pre-retirees

	2001 (n=316)	**2003** (n=301)	**2005** (n=300)	**2007** (n=401)	**2009** (n=403)	**2011** (n=800)
Age						
45 to 54	59%	68%	65%	64%	61%	60%
55 to 64	34	29	30	31	36	34
65 to 80	7	3	5	5	4	6
Sex						
Men	46%	49%	47%	48%	48%	49%
Women	54	51	53	52	52	51
Marital Status						
Married	66%	62%	65%	74%	74%	73%
Living with a partner	2	3	3	2	3	3
Divorced/Separated	19	21	13	11	12	12
Widowed	6	4	4	4	5	4
Never married	7	10	13	9	6	8
Education						
Some high school or less	7%	6%	3%	5%	2%	1%
High school graduate	23	26	26	25	23	22
Some college or trade/business school	33	26	31	33	29	31
College graduate	24	25	26	23	26	30
Graduate degree	12	17	13	14	18	15
Employment status						
Working	86%	78%	78%	86%	81%	82%
Retired	0	0	0	0	0	0
A homemaker	5	7	6	4	5	4
Laid off/unemployed seeking work	3	6	6	4	9	8
Disabled and unable to work	NA	NA	NA	4	3	3
Other	6	9	10	2	1	3

Figure 100: Demographic Characteristics of Pre-retirees (continued)

	2001 (n=316)	**2003** (n=301)	**2005** (n=300)	**2007** (n=401)	**2009** (n=403)	**2011** (n=800)
Provide Significant Financial Support for Someone Other Than Spouse						
Yes	32%	41%	35%	34%	37%	44%
Home Ownership						
Own home free and clear	27%	27%	27%	30%	31%	26%
Own home, owe mortgage	57	55	50	59	58	65
Rent home	13	14	20	9	9	7
Other/Don't know/Refused	3	3	3	2	2	2
Health Status						
Excellent	28%	33%	19%	25%	31%	25%
Very good	42	35	35	34	41	43
Good	18	21	29	29	19	25
Fair	9	9	11	7	7	6
Poor	1	2	4	4	2	1
Household Income						
Less than $25,000	11%	12%	15%	7%	6%	8%
$25,000 to $34,999	7	10	9	8	6	7
$35,000 to $49,999	18	24	16	13	13	10
$50,000 to $74,999	19	17	19	20	16	20
$75,000 to $99,999	15	12	17	20	17	16
$100,000 or more	16	14	15	22	35	30
Don't know/Refused	15	11	10	10	7	10
Total Savings/Investments (not including primary residence)						
Less than $25,000 (lowest category in 2001 was <$50,000)	27%	28%	25%	21%	22%	21%
$25,000 to $49,999		11	14	11	8	10
$50,000 to $99,999	17	12	8	11	13	10
$100,000 to $249,999	15	14	13	13	15	16
$250,000 to $499,999	9	7	13	11	10	12
$500,000 to $999,999	3	4	4	5	6	8
$1 million or more	2	2	2	5	5	5
Don't know/Refused	26	22	21	24	22	18

APPENDIX: POSTED QUESTIONNAIRE

Hello, my name is **[FIRST AND LAST NAME]**. I'm calling from National Research, an independent research firm. We are calling to ask people like you a few questions about some important issues of concern to Americans today. This is not a sales call. This survey is for research purposes only and all of your responses will be completely confidential.

[IF NECESSARY: This is a national survey; your telephone number was selected at random.**]**
[IF NECESSARY: The length of the survey varies depending on your responses to questions. We generally find that this survey takes no more than 20 minutes.**]**

1. I need to start by asking a few questions about you and your household so that we can be sure we are talking to a wide variety of people. First, in what year were you born?

(Age)	**Pre-retirees (n=800)**	**Retirees (n=800)**
45 – 54	60%	13%
55 – 64	34	31
65 – 80	6	56
Median	53	66

[IF 1931-1966, CONTINUE.]

2. Gender **[RECORD GENDER. DON'T ASK – JUST RECORD]**

	Pre-retirees (n=800)	**Retirees (n=800)**
Male	49%	46%
Female	51	54

3. Are you **[READ LIST]**?

	Pre-retirees (n=800)	**Retirees (n=800)**
Married	73%	60%
Divorced	10	15
Single, never married	8	7
Widowed	4	12
Separated	2	1
Unmarried and living with a partner in a permanent relationship	3	4
[VOL] Don't know	0	0
[VOL] Refused	<0.5	0

4. Are you now **[READ LIST]**?

	Pre-retirees (n=800)	Retirees (n=800)
Working for pay	82%	12%
Retired	0	68
A homemaker	4	5
Laid off or unemployed and seeking work	8	2
Disabled and unable to work, or	3	11
Something else	3	1
[VOL] Don't know	0	0
[VOL] Refused	0	0

5.a **[IF WORKING, ASK:]** In the past 12 months, have you worked for pay **[READ LIST]**?

	Pre-retirees (n=657)	Retirees (n=89)
Full time throughout the year	85%	56%
Part time throughout the year, or	9	26
Full or part time for only part of the year	6	18
[VOL] Don't know	<0.5	1
[VOL] Refused	0	0

5.b **[IF RETIRED, ASK:]** Many people who consider themselves to be retired are still employed for pay. In the past 12 months, have you **[READ LIST]**?

	Retirees (n=582)
Not worked for pay at all	77%
Worked for pay full time throughout the year	2
Worked for pay part time throughout the year, or	10
Worked for pay full or part time for only part of the year	10
[VOL] Don't know	1
[VOL] Refused	<0.5

5.c **[IF LAID OFF, ASK:]** Do you generally work for pay **[READ LIST]**?

	Pre-retirees (n=57)	Retirees (n=16)
Full time throughout the year	71%	80%
Part time throughout the year, or	10	11
Full or part time for only part of the year	16	5
[VOL] Don't know	4	0
[VOL] Refused	0	5

6. **[IF WORKING/LAID OFF/DISABLED, ASK:]** Do you consider yourself retired from a previous career or primary occupation?

	Pre-retirees (n=749)	Retirees (n=176)
Yes	0%	100%
No	100	0
[VOL] Don't know	0	0
[VOL] Refused	0	0

[IF MARRIED/PARTNER, CONTINUE. ELSE SKIP TO CHECKPOINT.]

7. Is your (spouse/partner) now **[READ LIST]**?

	Pre-retirees (n=599)	Retirees (n=521)
Working	74%	35%
Retired	8	51
A homemaker	9	7
Laid off or unemployed and seeking work	3	3
Disabled and unable to work, or	4	5
Something else	2	1
[VOL] Don't know	0	0
[VOL] Refused	<0.5	0

8. **[IF SPOUSE WORKING/LAID OFF/DISABLED, ASK:]** Does your (spouse/partner) consider himself or herself retired from a previous career or primary occupation?

	Pre-retirees (n=473)	Retirees (n=200)
Yes	7%	28%
No	92	72
[VOL] Don't know	1	<0.5
[VOL] Refused	0	0

CHECKPOINT:
RETIREE IF:
--RETIRED (Q4 = 2)
--EMPLOYED/LAID-OFF/DISABLED (Q4 = 1, 4, 5) AND RETIRED FROM PRIMARY OCCUPATION (Q6=1)
--HOMEMAKER OR SOMETHING ELSE (Q4 = 3, 6) AND AGE 65+ (Q1 <= 1946)
--HOMEMAKER OR SOMETHING ELSE (Q4 = 3, 6) AND SPOUSE RETIRED (Q7=2 OR Q8=1)
ALL OTHERS ARE PRE-RETIREE.

9. Version **[AUTOCODE]**

	Pre-retirees (n=800)	Retirees (n=800)
Pre-retiree version	100%	0%
Retiree version	0	100

The Process of Retiring

10. **[IF NOT PERSONALLY RETIRED, ASK:]** Retirement means different things to different people. **(PRE-RETIREE:** Do you think there will come a time when you begin**/RETIREE:** Was there a time when you began**)** to think of yourself as retired, or **(PRE-RETIREE:** doesn't**/RETIREE:** didn't**)** retirement really apply to your situation?

	Pre-retirees (n=800)	**Retirees (n=42)**
Will retire/retired	62%	15%
Retirement doesn't/didn't apply	35	85
[VOL] Don't know	2	0
[VOL] Refused	0	0

11. **[IF RETIREMENT NOT APPLICABLE, ASK:]** Why do you say that retirement **(PRE-RETIREE:** doesn't**/RETIREE:** didn't**)** really apply to your situation? **[DO NOT READ LIST.]**

	Pre-retirees (n=302)	**Retirees (n=35)**
Financially unable to retire	45%	8%
Choose to continue working	21%	6%
Not employed: housewife, disabled, never worked, lost job	10%	72%
It's a long way off	10%	6%
Self-employed	7%	7%
Don't think will live long enough to retire	1%	0%
Other **[SPECIFY:]**	5%	0%
[VOL] Don't know	2%	2%
[VOL] Refused	0%	0%

[IF RETIREMENT NOT APPLICABLE, SKIP TO TEXT BEFORE Q23.]

12. **[IF PRE-RETIREE AND EMPLOYED/LAID OFF FULL TIME, ASK;]** At what age do you expect to retire from your primary occupation? **[PROBE FOR SPECIFIC AGE. IF SAY WILL RETIRE GRADUALLY/CONTINUE WORKING, PROBE:** At what age will you BEGIN to retire?**]**
[IF PRE-RETIREE AND NOT EMPLOYED/LAID OFF FULL TIME, ASK;] At what age do you think you will begin to think of yourself as retired? **[PROBE FOR SPECIFIC AGE.]**
[IF RETIREE AND PERSONALLY RETIRED, ASK:] How old were you when you retired or began to retire from your primary occupation? **[PROBE FOR SPECIFIC AGE.]**
[IF RETIREE AND HOMEMAKER/DISABLED/SOMETHING ELSE, ASK:] At what age did you begin to think of yourself as retired? **[PROBE FOR SPECIFIC AGE.]**

	Pre-retirees (n=498)	**Retirees (n=765)**
Under55	1%	31%
55 to 59	11	20
60 to 61	9	10
62 to 64	16	21
65 to 67	38	12
68 or Older	17	4
[VOL] Do not expect to retire	<0.5	<0.5
[VOL] Don't know	7	2
[VOL] Refused	0	<0.5

[IF DO NOT EXPECT TO RETIRE, SKIP TO TEXT BEFORE Q23.]

13. **[IF GAVE RETIREMENT AGE, ASK:]** People have different definitions of retirement. What event or situation **(PRE-RETIREE:** will occur**/RETIREE:** occurred**)** at age **[INSERT AGE FROM Q12]** that leads you to say you **(PRE-RETIREE:** will retire**/RETIREE:** retired**)** at that age? **[DO NOT READ LIST. PROBE:]** What else?

	Pre-retirees (n=466)	**Retirees (n=746)**
Met age/years of service requirement	19%	19%
Stopped working completely	18%	17%
Health problems/disabled	4%	27%
Had enough money to stop working	24%	8%
Started receiving pension/Social Security	20%	9%
Got tired of working/had enough	9%	9%
Switched to part-time/contract work	5%	2%
Lost job/couldn't find another	1%	5%
Switched to another career	2%	4%
Lost job/decided not to get another	0%	4%
Spouse/family member had medical problem	<0.5%	4%
Company closed/downsized	0%	3%
Spouse retired	2%	1%
Took early retirement	0%	2%
Eligible for Medicare, needed health care	2%	<0.5%
Moved/relocated	<0.5%	1%
Other **[SPECIFY:]**	6%	7%
[VOL] Don't know	4%	1%
[VOL] Refused	<0.5%	<0.5%

14. Which statement comes closest to describing how you **(PRE-RETIREE:** plan to retire**/RETIREE:** retired**)** from your primary occupation? **[READ LIST.]**

	Pre-retirees (n=497)	**Retirees (n=762)**
You **(PRE-RETIREE:** plan to stop**/RETIREE:** stopped**)** working all at once	44%	75%
You (plan to gradually reduce the number of hours you work/gradually reduced the number of hours you work) before stopping completely	18	9
You (plan to continue/continued) to work for pay part time or periodically, or	31	9
You (plan to continue/continued) to work for pay full time	3	5
[VOL] Not applicable	<0.5	2
[VOL] Don't know	4	<0.5
[VOL] Refused	<0.5	0

Working in Retirement

15. **[IF RETIREE AND STOPPED WORKING ALL AT ONCE, ASK:]** After you retired, did you ever return to paid employment?

	Retirees (n=579)
Yes	34%
No	65
[VOL] Don't know	<0.5
[VOL] Refused	0

[IF DO NOT EXPECT TO/DID NOT WORK FOR PAY IN RETIREMENT, SKIP TO Q23.]

16. **[IF PRE-RETIREE:]** After you retire, do you think you will…? **[READ LIST. ACCEPT MULTIPLE RESPONSES.]**
[IF RETIREE:] When you worked in retirement, which statement comes closest to describing what you actually did? **[READ LIST. ACCEPT MULTIPLE RESPONSES.]**

	Pre-retirees (n=262)	Retirees (n=361)
Work /You worked for the same company as before retirement	27%	29%
Work/You worked for a different company	30%	50%
Become/You became self-employed	30%	20%
[VOL] Don't know	13%	1%
[VOL] Refused	2%	2%

17. **[IF PRE-RETIREE:]** Do you think the work you do for pay in retirement will be…? **[READ LIST. ACCEPT MULTIPLE RESPONSES.]**
[IF RETIREE:] Was the work you did for pay in retirement…? **[READ LIST. ACCEPT MULTIPLE RESPONSES.]**

	Pre-retirees (n=262)	Retirees (n=361)
The same as before you retired	29%	31%
Different than before you retired, but built on the same training and skills, or	31%	28%
Entirely different from before you retired	39%	40%
[VOL] Don't know	5%	1%
[VOL] Refused	0%	1%

18. DELETED

19. There are a number of reasons why people decide to work for pay in retirement. Is **[RANDOMIZE LIST]** a major reason, a minor reason, or not a reason why you **(IF PRE-RETIREE:** think you will/**IF RETIREE:** decided to**)** work for pay in retirement?

		Major Reason	Minor Reason	Not a Reason	[VOL] DK	[VOL] REF
a.	Wanting additional income					
	Pre-retirees (n=262)	51%	36	11	2	0
	Retirees (n=361)	51%	23	25	0	1
b.	Keeping employee benefits, such as health insurance					
	Pre-retirees (n=262)	44%	17	35	4	0
	Retirees (n=361)	24%	9	66	<0.5	1
c.	Wanting to preserve or build up your savings and investments					
	Pre-retirees (n=262)	48%	32	18	1	0
	Retirees (n=361)	31%	27	40	0	1
d.	Wanting to stay active and engaged					
	Pre-retirees (n=262)	74%	16	8	3	0
	Retirees (n=361)	55%	23	22	<0.5	1

20. **(IF PRE-RETIREE:** Do you plan to/**IF RETIREE:** Did you**)** start a small business or become self-employed when you **(IF PRE-RETIREE:** retire/**IF RETIREE:** retired**)**?

	Pre-retirees (n=262)	Retirees (n=361)
Yes	31%	22%
No	62	78
[VOL] Don't know	6	0
[VOL] Refused	1	1

21. **[IF STARTED BUSINESS, ASK:]** About how much of your savings and investments **[IF PRE-RETIREE:** do you plan to/**IF RETIREE:** did you**)** use to start your self-employment or small business? **(IF PRE-RETIREE:** Is/**IF RETIREE:** Was**)** it **[READ LIST]**?

	Pre-retirees (n=80)	Retirees (n=76)
Less than 5%	54%	67%
5 to 19%	21	11
20 to 39%, or	12	9
40% or more	3	9
[VOL] Don't know	6	3
[VOL] Refused	2	0

22. **[IF RETIREE AND GRADUALLY REDUCED NUMBER OF HOURS WORKED OR WORKED PART-TIME, ASK:]** There are a number of reasons why people choose to reduce the number of hours that they work. Is **[RANDOMIZE LIST]** a major reason, a minor reason, or not a reason why you reduced the number of hours you work?

	(Retirees n=112)	**Major Reason**	**Minor Reason**	**Not a Reason**	**[VOL] DK**	**[VOL] REF**
a.	The loss of your job or full-time work	23%	9	68	1	0
b.	A health problem or disability that limited your ability to work	36%	10	54	0	0
c.	Family responsibilities taking a lot of your time	18%	16	66	0	0
d.	Wanting to pursue other interests	20%	23	57	0	0
e.	**[IF MARRIED:]** Your spouse retired (n=65)	15%	12	71	1	0

Retirement Income

[IF RETIREMENT DOESN'T APPLY OR WILL NEVER RETIRE, READ:] Many of the remaining questions will ask about your retirement. Since you've told me that **(IF RETIREMENT DOESN'T APPLY:** retirement doesn't apply to your situation**/IF WILL NEVER RETIRE:** you will never retire), I'd like you to think about the period from age 65 on whenever I mention retiring or retirement.

23. When you (or your spouse/partner) **(PRE-RETIREE:** retire, do you think you will**/RETIREE:** retired, did you**)** receive income or money from one or more **[RANDOMIZE AND READ LIST, KEEP ITEM D LAST]**?

		Yes	**No**	**[VOL] DK**	**[VOL] REF**
a.	Defined benefit pension plans, with benefits typically based on salary and years of service. This is sometimes called a traditional pension plan.				
	Pre-retirees (n=800)	55%	42	2	<0.5
	Retirees (n=800)	58%	42	<0.5	<0.5
b.	Employer-sponsored retirement savings plans, such as a 401(k), 403(b), or 457 plan				
	Pre-retirees (n=800)	68%	30	2	<0.5
	Retirees (n=800)	34%	64	1	<0.5
c.	IRAs or Roth IRAs				
	Pre-retirees (n=800)	52%	44	3	<0.5
	Retirees (n=800)	22%	77	<0.5	<0.5
d.	Other retirement savings plans, such as bank or investment accounts				
	Pre-retirees (n=800)	47%	50	2	<0.5
	Retirees (n=800)	27%	72	<0.5	<0.5

24. Other than Social Security, do you (or your spouse/partner) **(PRE-RETIREE:** expect to**)** receive any monthly income that is guaranteed for life **(PRE-RETIREE:** after you retire**)**? Examples of this type of income include monthly payments from a traditional pension plan or an income annuity, but <u>not</u> automatic withdrawals from savings and investments or minimum required distributions.

	Pre-retirees (n=800)	**Retirees (n=800)**
Yes	45%	55%
No	52	44
[VOL] Don't know	2	1
[VOL] Refused	<0.5	<0.5

25. **[IF RETIREE, ASK:]** How much would you reduce your spending, if at all, if the value of your savings and investments were to go down by 10%? Would you reduce your spending **[READ LIST]**?

	Retirees (n=800)
A great deal	31%
Somewhat, or	41
Not at all	24
[VOL] Don't know	4
[VOL] Refused	1

26. Do you <u>currently</u> **[READ LIST]**?

	Pre-retirees (n=800)	**Retirees (n=800)**
Own your home free and clear	26%	48%
Own your home and owe money on a mortgage, or	65	41
Rent your home	7	9
[VOL] Other **(SPECIFY)**	1	1
[VOL] Don't know	<0.5	0
[VOL] Refused	<0.5	1

[RANDOMLY ASSIGN PRE-RETIREES & RETIREES INTO TWO GROUPS. RECORD GROUP ASSIGNMENT. ASK GROUP 1 THE MANAGING RISKS SECTION, THEN LONGEVITY SECTION. ASK GROUP 2 THE LOGNEVITY SECTION, THEN MANAGING RISKS SECTION.]

Managing Risks

27. Please tell me how concerned you are about each of the following **(PRE-RETIREE ADD:** in retirement**)**. First/next, how concerned are you that **[RANDOMIZE AND READ LIST]**? Are you very concerned, somewhat, not too, or not at all concerned?

28. Which ONE of these would you say you are most concerned about **(PRE-RETIREE ADD:** in retirement)? **[READ ALL VERY CONCERNED IN PRIOR Q. IF NO VERY CONCERNED, READ ALL SOMEWHAT CONCERNED.]**

	Q27 Very Concern	Q27 Swhat Concern	Q27 Not too Concern	Q27 Not at all Concern	Q27 [VOL] DK	Q27 [VOL] REF	Q28 Most Con
a. You might not be able to maintain a reasonable standard of living for the rest of your life							
Pre-retirees (n=800)	27%	37	21	15	<0.5	<0.5	11%
Retirees (n=800)	28%	31	17	23	<0.5	<0.5	12%
b. You might not have enough money to pay for adequate health care							
Pre-retirees (n=800)	43%	31	13	13	<0.5	<0.5	26%
Retirees (n=800)	34%	27	14	24	<0.5	<0.5	18%
c. You might not have enough money to pay for a long stay in a nursing home or a long period of nursing care at home							
Pre-retirees (n=800)	34%	32	19	15	<0.5	0	10%
Retirees (n=800)	31%	29	16	23	1	<0.5	13%
d. The value of your savings and investments might not keep up with inflation							
Pre-retirees (n=800)	43%	34	13	10	1	0	12%
Retirees (n=800)	37%	33	11	19	1	<0.5	13%
e. **[IF MARRIED:]** Your (spouse/partner) may not be able to maintain the same standard of living after your death, if you should die first							
Pre-retirees (n=599)	21%	26	25	29	0	<0.5	6%
Retirees (n=521)	20%	25	18	36	<0.5	<0.5	6%
f. You might deplete all of your savings							
Pre-retirees (n=800)	32%	31	19	17	1	<0.5	7%
Retirees (n=800)	27%	28	18	26	1	1	5%
g. **[IF OWN HOME:]** The equity you have in your home may not be sufficient to support your retirement plans							
Pre-retirees (n=727)	21%	27	23	28	1	<0.5	2%
Retirees (n=723)	20%	24	16	38	1	<0.5	3%
h. You might not be able to leave money to your children or other heirs							
Pre-retirees (n=800)	18%	23	24	35	1	0	3%
Retirees (n=800)	17%	20	22	39	<0.5	<0.5	4%

	Q27 Very Concern	Swhat Concern	Not too Concern	Not at all Concern	[VOL] DK	[VOL] REF	Q28 Most Con
i. DELETED							
j. Your income in retirement may vary based on changes in interest rates							
Pre-retirees (n=800)	28%	36	19	15	1	0	8%
Retirees (n=800)	26%	32	17	24	1	1	9%
[VOL] None of these							
Pre-retirees							11%
Retirees							14%
[VOL] Don't know							
Pre-retirees							4%
Retirees							3%
[VOL] Refused							
Pre-retirees							<0.5
Retirees							<0.5

29. How much do you think inflation will affect the amount of money you will need each year in retirement? Will inflation affect it **[READ LIST]**?

	Pre-retirees (n=800)	Retirees (n=800)
A great deal	47%	43%
Some	39	36
A little, or	10	13
Not at all	3	5
[VOL] Don't know	2	2
[VOL] Refused	0	<0.5

30. **[IF PRE-RETIREE, ASK:]** When you (and your spouse/partner) make important financial decisions, such as when you think about whether you can afford to retire or to purchase a new home, about how many years do you look into the future?
[IF RETIREE, ASK:] When you (and your spouse/partner) make important financial decisions, such as when you think about your retirement finances or a large purchase, about how many years do you look into the future?

	Pre-retirees (n=800)	Retirees (n=800)
[VOL] Less than 1 year	3%	7%
1 to 4 years	7	15
5 to 9 years	22	26
10 to 19 years	37	23
20 years or more	19	11
[VOL] Don't know/Haven't thought about it	10	16
[VOL] Refused	2	1

31. I'm going to read you a list of things that some people do to protect themselves financially **(PRE-RETIREE:** after they retire**/RETIREE:** as they get older**)**. For each, please tell me whether YOU (and your spouse/partner) have done that, plan to do that in the future, or have no plans to do that. To protect yourself financially, have you or do you plan to **[RANDOMIZE AND READ LIST**]? Have you already done that, plan to do that in the future, or have no plans to do that? **[ACCEPT 1,2 MULTIPUNCH.]**

		Already Done	Plan to Do in Future	No Plans	[VOL] DK	[VOL] REF
a.	Cut back on spending					
	Pre-retirees (n=800)	54%	29	17	<0.5	<0.5
	Retirees (n=800)	62%	16	23	1	0
b.	Move to a smaller home or less expensive area					
	Pre-retirees (n=800)	10%	36	53	1	<0.5
	Retirees (n=800)	17%	21	61	1	0
c.	Invest a portion of your money in stocks or stock mutual funds					
	Pre-retirees (n=800)	56%	11	32	1	<0.5
	Retirees (n=800)	50%	3	46	<0.5	<0.5
d.	Move your assets to less risky investments as you get older					
	Pre-retirees (n=800)	32%	34	34	1	<0.5
	Retirees (n=800)	47%	11	40	2	<0.5
e.	Work longer					
	Pre-retirees (n=800)	17%	47	36	2	0
	Retirees (n=800)	14%	15	71	1	<0.5
f.	Try to save as much money as you can					
	Pre-retirees (n=800)	52%	39	10	<0.5	0
	Retirees (n=800)	61%	23	18	1	<0.5
g.	Completely pay off your mortgage					
	Pre-retirees (n=800)	26%	56	18	1	<0.5
	Retirees (n=800)	47%	28	24	<0.5	<0.5
h.	Eliminate all of your consumer debt, by paying off all credit cards and loans					
	Pre-retirees (n=800)	49%	42	10	<0.5	<0.5
	Retirees (n=800)	56%	28	16	<0.5	<0.5
i.	Buy a product or choose an employer plan option that will provide you with guaranteed income for life					
	Pre-retirees (n=800)	27%	14	58	2	<0.5
	Retirees (n=800)	33%	7	60	1	<0.5
j.	Postpone taking Social Security					
	Pre-retirees (n=800)	7%	38	51	4	<0.5
	Retirees (n=800)	25%	11	62	2	1

		Already Done	Plan to Do in Future	No Plans	[VOL] DK	[VOL] REF
k.	Consult a financial professional for advice or guidance					
	Pre-retirees (n=800)	43%	20	37	<0.5	0
	Retirees (n=800)	50%	6	43	1	<0.5

32. Now I'm going to ask specifically about things some people do to protect themselves financially when it comes to health expenses. To protect yourself financially, have you or do you plan to **[RANDOMIZE AND READ LIST]**? Have you already done that, plan to do that in the future, or have no plans to do that? **[ACCEPT 1,2 MULTIPUNCH.]**

		Already Done	Plan to Do in Future	No Plans	[VOL] DK	[VOL] REF
a.	Buy long-term care insurance					
	Pre-retirees (n=800)	19%	22	55	4	0
	Retirees (n=800)	25%	11	63	1	<0.5
b.	Purchase health insurance to supplement Medicare or participate in an employer-provided retiree health plan					
	Pre-retirees (n=800)	25%	51	23	1	0
	Retirees (n=800)	65%	14	20	1	<0.5
c.	Move into or arrange for care through a continuing care retirement community					
	Pre-retirees (n=800)	1%	11	86	3	0
	Retirees (n=800)	2%	9	86	2	<0.5
d.	Save specifically for the possibility of having large health expenses or needing long-term care					
	Pre-retirees (n=800)	17%	28	54	2	<0.5
	Retirees (n=800)	33%	15	52	1	<0.5
e.	Maintain healthy lifestyle habits, such as a proper diet, regular exercise and preventative care					
	Pre-retirees (n=800)	79%	17	6	<0.5	<0.5
	Retirees (n=800)	82%	13	7	1	<0.5

Longevity

33. Knowing how long you can expect to live can be important for retirement planning. Until what age do you think the AVERAGE person your age and gender can expect to live?

	Pre-retirees (n=800)	Retirees (n=800)
Less than 70	2%	2%
70	4	1
71 to 74	3	2
75	12	10
76 to 79	5	8
80	24	21
81 to 84	5	7
85	21	21
86 to 89	5	6
90	10	7
91 or older	5	4
[VOL] Don't know	5	9
[VOL] Refused	<0.5	<0.5

34. And until what age do you think that you, yourself, can expect to live?

	Pre-retirees (n=800)	Retirees (n=800)
Less than 70	3%	3%
70	5	4
71 to 74	1	2
75	9	9
76 to 79	3	3
80	19	18
81 to 84	3	5
85	17	15
86 to 89	4	5
90	13	14
91 or older	15	10
[VOL] Don't know	7	10
[VOL] Refused	1	1

35. **[IF GAVE PERSONAL LIFE EXPECTANCY, ASK:]** Why do you think you will live until that age? **[DO NOT READ LIST. ACCEPT MULTIPLE RESPONSES. PROBE:** What else?**]**

	Pre-retirees (n=739)	**Retirees (n=708)**
Family history	51%	47%
Healthy habits	34%	34%
Own health	29%	37%
Positive attitude	8%	15%
Guessing	7%	4%
Average life expectancy	6%	5%
Good health care	4%	4%
Smoking	3%	2%
Divine determination	2%	1%
Other **[SPECIFY**	2%	2%
[VOL] Don't know	6%	5%
[VOL] Refused	0%	1%

36. Do you currently have a plan for how much money you will spend each year in retirement and where that money will come from?

	Pre-retirees (n=800)	**Retirees (n=800)**
Yes	35%	57%
No	63	42
[VOL] Don't know	1	1
[VOL] Refused	<0.5	<0.5

37. If you (and your spouse) were to live five years longer than expected, how likely do you think it is that you would have to do each of the following? Do you think you would be very likely, somewhat, not too, or not at all likely to have to . . . **[RANDOMIZE AND READ LIST]**?

	Very Likely	**Somewhat Likely**	**Not too Likely**	**Not at all Likely**	**[VOL] DK**	**[VOL] REF**
a. Deplete all of your savings and be left only with Social Security **[IF HAVE DB:** and income from a defined benefit or traditional pension plan**]**						
Pre-retirees (n=800)	26%	27	22	23	2	<0.5
Retirees (n=800)	24%	21	22	29	3	<0.5
b. Use the value of your home to help fund your remaining retirement years						
Pre-retirees (n=800)	19%	25	20	33	2	1
Retirees (n=800)	14%	21	16	47	3	<0.5
c. Dip into money that you might otherwise have left to your children or other heirs						
Pre-retirees (n=800)	30%	28	16	25	2	<0.5
Retirees (n=800)	23%	25	13	33	4	1

	Very Likely	Somewhat Likely	Not too Likely	Not at all Likely	[VOL] DK	[VOL] REF
d. Get assistance from your children or other family members						
Pre-retirees (n=800)	10%	20	27	42	1	<0.5
Retirees (n=800)	10%	15	19	56	1	<0.5
e. Get assistance from friends or community agencies						
Pre-retirees (n=800)	9%	15	28	46	2	0
Retirees (n=800)	10%	16	21	51	2	<0.5
f. Reduce your expenditures significantly						
Pre-retirees (n=800)	39%	34	13	12	2	0
Retirees (n=800)	32%	32	13	20	2	1
g. Downsize your housing						
Pre-retirees (n=800)	34%	21	12	31	2	<0.5
Retirees (n=800)	23%	19	13	43	1	<0.5

38. Suppose there were a random group of 100 65-year-old **[“MALES” IF MALE; “FEMALES” IF FEMALE]**. About how many do you think could expect to live to age **[“83” IF MALE; “86” IF FEMALE]** or older? **[READ HALF 1-5, HALF 5-1]**

	Pre-retirees (n=800)	Retirees (n=800)
Almost none	1%	2%
About 25	19	19
About 50	41	41
About 75	27	25
Almost all	9	8
[VOL] Don’t know	3	5
[VOL] Refused	1	<0.5

Impact of Recession

39. [2009] How much have the changes in the stock market and economy affected your financial concerns **(PRE-RETIREE ADD:** about retirement)? Are you now **[READ HALF:** much more concerned, a little more, about the same, a little less, or much less concerned/**READ HALF:** much less concerned, a little less, about the same, a little more, or much more concerned**]** than you were five years ago?

	Pre-retirees (n=800)	Retirees (n=800)
Much more	45%	39%
A little more	26	23
About the same	19	21
A little less	4	7
Much less	5	6
[VOL] Don’t know	1	2
[VOL] Refused	<0.5	1

40. How much would you say your finances have been impacted by the changes in the stock market and economy? Would you say your finances are now **[READ HALF:** much worse, a little worse, about the same, a little better, or much better/**READ HALF:** much better, a little better, about the same, a little worse, or much worse**]** than five years ago?

	Pre-retirees (n=800)	Retirees (n=800)
Much better	4%	4%
A little better	8	7
About the same	27	31
A little worse	36	33
Much worse	25	23
[VOL] Don't know	<0.5	2
[VOL] Refused	<0.5	<0.5

41. Have the changes in the stock market and economy made you feel that you **[READ LIST]**?

	Yes	No	[VOL] DK	[VOL] REF
a. Need more advice from a financial professional about saving and investing				
Pre-retirees (n=800)	30%	69	1	<0.5
Retirees (n=800)	22%	77	1	1
b. Have to do a better job at **[IF PRE-RETIREE:** planning for retirement/**IF RETIREE:** managing your finances**]**				
Pre-retirees (n=800)	66%	33	1	0
Retirees (n=800)	52%	46	2	<0.5
c. Have to save more money				
Pre-retirees (n=800)	74%	25	1	<0.5
Retirees (n=800)	50%	47	2	1
d. **[IF PRE-RETIREE OR WORKING RETIREE:]** Have to work longer **[IF RETIREE AND NOT WORKING:]** Have to go back to work				
Pre-retirees (n=800)	67%	32	1	<0.5
Retirees (n=800)	23%	74	2	1

42. About how often do you (and your spouse/partner) consult with a financial planner or advisor who helps you make decisions about your **(PRE-RETIREE:** retirement/**RETIREE:** financial**)** planning and is paid through fees or commissions? Is it **[READ LIST]**?

	Pre-retirees (n=800)	Retirees (n=800)
Regularly	17%	21%
Occasionally, or	30	26
Never	52	52
[VOL] Don't know	<0.5	<0.5
[VOL] Refused	<0.5	<0.5

Demographics

[READ:] Now, I have just a few questions for statistical purposes.

43. In general, would you say your health is **[READ LIST]**?

	Pre-retirees (n=800)	**Retirees (n=800)**
Excellent	25%	18%
Very good	43	33
Good	25	25
Fair, or	6	14
Poor	1	8
[VOL] Don't know	0	<0.5
[VOL] Refused	<0.5	1

44. What was the highest grade of school or year of college that you completed? **[DO NOT READ LIST.]**

	Pre-retirees (n=800)	**Retirees (n=800)**
Some high school or less	1%	4%
High school graduate	22	25
Some college/trade or business school	31	32
Bachelors degree	24	17
Post graduate work	5	6
Graduate degree	15	15
[VOL] Don't know	<0.5	<0.5
[VOL] Refused	<0.5	1

45. Do you provide significant financial support for anyone other than yourself (and your spouse/partner)?

	Pre-retirees (n=800)	**Retirees (n=800)**
Yes	44%	18%
No	56	81
[VOL] Don’t know	0	<0.5
[VOL] Refused	<0.5	1

46. What was your total household income in 2010, before taxes? Was it, and stop me when I reach the right category, **[READ LIST]**?

	Pre-retirees (n=800)	**Retirees (n=800)**
Less than $25,000	8%	15%
$25,000 to less than $35,000	7	13
$35,000 to less than $50,000	10	17
$50,000 to less than $75,000	20	17
$75,000 to less than $100,000, or	16	11
$100,000 or more	30	13
[VOL] Don’t know	3	3
[VOL] Refused	7	11

47. In total, about how much money would you say you currently have in savings and investments, including any money that you have in retirement plans from work in which you can decide how the money is invested? Again, stop me when I reach the right category. **[READ LIST.]**

	Pre-retirees (n=800)	**Retirees (n=800)**
Less than $25,000	21%	25%
$25,000 to less than $50,000	10	7
$50,000 to less than $100,000	10	8
$100,000 to less than $250,000	16	11
$250,000 to less than $500,000	12	9
$500,000 to less than $1 million, or	8	6
$1 million or more	5	6
[VOL] Don't know	5	6
[VOL] Refused	14	22

[THANK AND TERMINATE]