2009 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 among Americans aged 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 is the fifth 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, and the fourth in June 2007. The 2009 study includes some of the questions posed in the 2007 study and returns some questions that were asked in earlier iterations of the survey. Emphasis was placed on questions that assess the extent to which attitudes and behaviors have been impacted by the recent economic downturn. The 2009 survey also includes a new focus on how people plan. Areas of emphasis vary by year, so this report should be considered together with reports from prior years. Phased retirement and longevity were featured in 2003 and 2005, while the 2007 survey examined the phases of retirement and health and long-term care.

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 804 interviews lasting an average of 20 minutes were conducted by National Research, LLC, from July 1–17, 2009. Households were selected using a nationwide targeted-list sample purchased from Survey Sampling, Inc. Respondents born between 1929 and 1964 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, gender, and census region to the 2008 population estimates released by the Census Bureau on May 14, 2009. Additional details about the weighting procedure are available upon request. Although the methodology used for this iteration of the study was identical to that used in earlier iterations, some of the demographic characteristics of the 2009 sample appear to differ slightly from prior waves. In particular, 35 percent of 2009 pre-retirees report household income of $100,000 or more, compared with no more than 22 percent previously. This difference could potentially have impacted the study findings. Therefore, an alternate weighting scheme was developed that included household income and the data resulting from the application of the two weighting schemes were compared. Only very slight differences were observed and the decision was made to continue with the weighting used in earlier studies.

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 3 percent of retirees and 5 percent of pre-retirees report having investable assets of $1 million or more, and it is not feasible to analyze these groups separately. Some potential users of this study may be particularly interested in higher net-worth individuals. It should be pointed out that 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 5 percentage points for questions asked of all 401 weighted retired respondents or all 403 weighted 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 2009 results with the results from previous iterations of the study, 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. <u>Data presented in this report may not total to 100 percent due to rounding and/or missing categories.</u> In particular, percentages for the responses *don't know* and *refuse*d are often omitted when they total to less than 5 percent of respondents.

OVERVIEW

CONCERN, KNOWLEDGE ABOUT, AND STRATEGIES TO MANAGE POST-RETIREMENT RISKS

Financial Risks

- Inflation has superseded health care risks as the top concern of both retirees and pre-retirees. Six in ten retirees (58 percent *very* or *somewhat* concerned) and seven in ten pre-retirees (71 percent, up from 63 percent in 2007) express concern that the value of their savings and investments might not keep pace with inflation.

- More than half of retirees (52 percent) and six in ten pre-retirees (62 percent) worry about the possibility that their income in retirement may vary based on changes in interest rates. Almost as many express concern that they might deplete all of their savings (47 percent of retirees and 58 percent of pre-retirees).

- Although concern about being able to maintain a reasonable standard of living for the rest of their lives (45 percent of retirees and 56 percent of pre-retirees) remains stable, married pre-retirees are more likely than in 2007 to say they are concerned about their spouse's standard of living after their death (43 percent, up from 35 percent).

- Retirees and pre-retirees continue to try to protect themselves against financial risks by decreasing debt, increasing savings, and cutting back on spending. Eight in ten retirees (81 percent) and nine in ten pre-retirees (90 percent) indicate they have eliminated or plan to eliminate all of their consumer debt. Eight in ten have paid off or plan to pay off their mortgage (77 percent of retirees and 80 percent of pre-retirees). However, retirees are now less likely to indicate they have already completely paid off their mortgage (48 percent, down from 56 percent in 2005).

- Three-quarters of retirees (75 percent) and almost nine in ten pre-retirees (85 percent) say they save or intend to save as much as they can. Large majorities also say they have cut back on spending or plan to do so (68 percent and 78 percent). In fact, the percentages reporting they have already cut back on spending has increased from 48 percent in 2007 to 56 percent for retirees and from 37 percent to 54 percent for pre-retirees.

- Others try to manage these risks through asset allocation strategies. Approximately six in ten have moved or plan to more their assets to increasingly conservative investments as they get older (58 percent of retirees and 65 percent of pre-retirees). Moreover, the percentages saying they have already moved assets to more conservative investments has increased from 33 percent in 2007 to 43 percent in 2009 for retirees and from 20 percent in 2005 to 26 percent in 2009 for pre-retirees. Slightly fewer say they invest or plan to invest some of their money in stocks or stock mutual funds (52 percent of retirees and 64 percent of pre-retirees).

Others use or intend to use real estate investments as a hedge against financial risk (24 percent and 43 percent).

- Comparatively few purchase an annuity or choose the lifetime income option from an employer retirement plan to ensure they have guaranteed income for life. One-quarter of retirees (24 percent) and four in ten pre-retirees (38 percent) indicate they have already done this or plan to do so. Furthermore, fewer retirees than in 2005 report they have already purchased a product or chosen an employer plan option that provides guaranteed income for life (19 percent, down from 27 percent in 2005).

Health Care Risks

- Although both retirees and pre-retirees express a high level of concern about health care needs and costs, concern about having enough money to pay for long-term care has decreased. Almost half of retirees are *very* or *somewhat* concerned about having enough money to pay for extended care at home or in a nursing home (46 percent), but they are less likely than in 2007 to say they are *very* concerned (18 percent, down from 27 percent). The percentage of pre-retirees concerned about paying for long-term care has also decreased, from 63 percent *very* or *somewhat* concerned in 2007 to 55 percent in 2009.[1]

- Roughly half of retirees (49 percent) and two-thirds of pre-retirees (67 percent) express concern about having enough money to pay for adequate health care.

- Most retirees and pre-retirees purchase products to help ensure they can pay for adequate health care. Three-quarters of retirees (76 percent) and pre-retirees (74 percent) indicate they have already purchased health insurance to supplement Medicare or chosen to participate in an employer-provided retiree health plan or plan to do so in the future.

- Retirees and pre-retirees are more likely to try to save for long-term care costs than to purchase insurance against this type of risk. Half say they are either currently saving or intend to save against the possibility of needing long-term care or having large health expenses (47 percent of retirees and pre-retirees). One-third of retirees (35 percent) and half of pre-retirees (49 percent) indicate they already have purchased or intend to purchase long-term care insurance. However, both retirees (27 percent, up from 20 percent) and pre-retirees (22 percent, up from 16 percent) are more likely than in 2005 to state they have already purchased this type of insurance. Only one in ten retirees (15 percent) and pre-retirees (11 percent) have made or intend to make arrangements for care through a continuing care retirement community.

[1] While this survey was being conducted, Congress was considering health care reform, including the possibility of providing a public long-term care insurance option. This may have impacted how survey respondents felt about the future affordability of health care and long-term care.

- Retirees and pre-retirees also recognize the role their own behaviors play in managing health care risk. Virtually all (93 percent each) report they maintain or plan to maintain healthy lifestyle habits, such as a proper diet, regular exercise and preventative care. In fact, retirees (84 percent, up from 75 percent) and pre-retirees (79 percent, up from 69 percent) are more likely than in 2007 to state they are already maintaining healthy lifestyle habits.

RETIREMENT FINANCES

- While similar proportions of retirees and pre-retirees received or expect to receive income or money from defined benefit plans (61 percent of retirees and 58 percent of pre-retirees), significantly more pre-retirees receive or expect to receive money from an employer's retirement savings plan, such as a 401(k) (42 percent and 76 percent).

- Roughly three-quarters of those with proceeds from a defined contribution plan say they have invested or saved (or plan to do so) them in funds they can manage and withdraw as they like (75 percent of retirees and 82 percent of pre-retirees). Another popular option for defined contribution plan money is investing or saving it in funds that provide a series of regular payments where the individual can direct how the principal is invested (48 percent and 67 percent). Fewer than two in ten with money from a defined contribution plan to invest it in an annuity (15 percent and 18 percent).

- Half of those with defined benefit plan money take it or plan to take it as lifetime guaranteed income (53 percent of retirees and 51 percent of pre-retirees). However, many also invest or plan to invest at least some of the money from these plans in investments they can manage themselves, either in funds they can manage and withdraw as they like (62 percent and 81 percent) or in funds that provide a series of regular payments, but which allow them to direct how the principal is invested (40 percent and 66 percent)

- Pre-retirees expecting benefits from a retirement plan are significantly more likely than retirees to feel they will need to spend retirement plan money or to use it to pay off debt. Half of pre-retirees, compared with roughly one-quarter of retirees, plan to use the money from a defined contribution plan (20 percent of retirees and 49 percent of pre-retirees) or defined benefit plan (26 percent and 48 percent) this way.

- While home equity may be used to finance retirement when all other options are exhausted, few plan to use equity in their home to finance their retirement. Just one in ten retiree (11 percent) and two in ten pre-retiree (20 percent) homeowners plan to use any of their home equity to help finance their retirement. Another six percent of retirees report they have already tapped into their home equity.

- Few develop a plan for drawing down their retirement savings with regular withdrawals of principal, interest, and dividends (11 percent of retirees and 24 percent of pre-retirees). Others withdraw only the interest or dividends earned each month (11 percent and 17 percent) or use their savings for emergencies (24 percent and 8 percent) or major purchases (10 percent and 5 percent) only.

- Less than four in ten retirees (33 percent) and pre-retirees (39 percent) report they already have postponed or plan to postpone taking Social Security.

RETIREMENT AGE

- The majority of retirees in this study report they retired before the age of 65 (80 percent), with one-third having retired before the age of 55 (28 percent). However, half of pre-retirees indicating that retirement applies to them say they expect to retire at age 65 or later (50 percent). This difference between expected and actual retirement age has been observed in prior studies in this series and other studies comparing pre-retirees with current retirees.

- A sizeable proportion of pre-retirees state that retirement will not really apply to them (29 percent), which is similar to the 2007 study. Many of these pre-retirees say they will never be financially able to retire (31 percent) or they choose to continue working (23 percent).

- Half of retirees (49 percent) and six in ten pre-retirees (59 percent) report that a three-year delay in retirement would have made or would make their retirement finances more secure. Increased payments from Social Security (66 percent of retirees and 81 percent of pre-retirees), having three more years to make contributions and earn money on investments (59 percent and 81 percent), and increasing monthly pension payments (63 percent and 77 percent) are also ways in which a delayed retirement would make retirement finances more secure. In particular, 63 percent of pre-retirees say continuing to receive health insurance coverage from their employer would do *a lot* to increase their financial security in retirement. This is statistically equivalent to the 59 percent of pre-retirees who said the same in 2007.

FINANCIAL PLANNING AND THE ECONOMIC DOWNTURN

- Typically, retirees look just five years into the future when making important financial decisions. Pre-retirees have a slightly longer median planning horizon of 10 years. Perhaps these relatively short planning horizons are the reason that more than half of retirees (54 percent) and almost two-thirds of pre-retirees (64 percent) agree that if someone manages their finances well during the first three years, their money will last for the rest of their retirement.

- Most married retirees and pre-retirees say it is important that they and their spouse agree on their retirement plans and finances (95 percent each). Large majorities also agree that their life expectancy (83 percent of retirees and 89 percent of pre-retirees) and health are also important factors (82 percent and 88 percent).

- Two-thirds of retirees (66 percent) and eight in ten pre-retirees (79 percent) report the recent stock market and economic downturn has affected their financial concerns about retirement. Similar proportions of retirees (63 percent) and pre-retirees (77 percent) also say their finances have been negatively impacted by the downturn.

- Both retirees and pre-retirees say the downturn has made them feel as though they need to save more money (49 percent of retirees and 72 percent of pre-retirees), do a better job of managing their finances or planning for retirement (51 percent and 61 percent), and go back to work or work longer (23 percent and 64 percent). Nevertheless, it is unclear if the economic downturn will lead to better retirement management and planning. While retirees and pre-retirees may feel they need to make these changes, few appear to have made plans to do so. In particular, the proportions of retirees and pre-retirees who plan to save as much money as they can and work longer are statistically unchanged from their 2007 levels.

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. Nevertheless, retirees and pre-retirees of all income and wealth levels continue to appear equally likely to be concerned about inflation and interest rate risk. Among pre-retirees, concern about depleting savings also does not vary by income or asset level.

- 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 is positively related to income. In addition, as assets increase, the likelihood increases for having invested in stocks or stock mutual funds, having moved assets into more conservative investments, paying off the primary home mortgage, or having purchased real estate . Those with higher household income or higher assets are also more likely to save or intend to save for the possibility of having large health expenses or needing long-term care.

- Among both retirees and pre-retirees, the likelihood of reporting income or money from a retirement plan increases as household income or assets increase. Higher-income and higher-asset individuals are also more likely than those with lower income or fewer assets to invest or save the proceeds from their employer's retirement plan in funds where they maintain control.

- With the exception of discussing the financial consequences of the death of a spouse, the likelihood of reporting different types of planning increases as household income or assets rise. Among retirees, the likelihood of agreeing that it is important to consider their life expectancy increases with household income and assets.
- The likelihood of being more concerned about their financial situation is higher among those with household incomes of at least $75,000 or assets of $25,000 or more. These same groups are also more likely to report their finances are now worse than they were before the downturn.

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 use the various strategies for reducing health risk.
- Married retirees in *fair* or *poor* health are more than three times as likely as those in better health to worry that they will be *worse off* if their spouse were to predecease them.
- The propensity to report income from a retirement plan increases sharply with health status.
- Those in better health are more apt to undertake each of the types of planning examined in the survey. Among retirees, those in *excellent, very good*, or *good* health are more likely than those in *fair* or *poor* health to say that if they manage their finances well during their first three years, their money will last for the rest of their retirement.
- Retirees who describe their current health as *good, 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 does not appear to vary by health status among pre-retirees.

Differences by Sex

- Among retirees, women are more likely than men to worry about paying for adequate health care and long-term care, depleting their savings, and having the financial wherewithal to remain in their home. However, among pre-retirees, women are more likely than men to worry only about not being able to afford long-term care.

- Few married individuals seem to be informed about the financial consequences of the death of a spouse. While male retirees are more likely than female retirees to report that if they were to pass away before their spouse, their spouse would be *worse off* financially, the percentages are still extremely small. Among pre-retirees, men are more likely than women to say that if they were to pass away first, their surviving spouse would be *better off*.
- Among retirees, men are more likely than women to say they already used equity in their home and that they plan to use this equity in the future.

Differences by Participation in Employer-Provided Retirement Plans

- Retirees who received money from defined contribution plans only are more likely than other retirees to state they are concerned about inflation, income varying based on changes in interest rates, depleting all of their savings, and being able to maintain a reasonable standard of living. Moreover, retirees who did not receive money from a defined benefit plan are more apt than those who did to report they are concerned about having enough money to pay for adequate health care.
- Pre-retirees who expect to receive money from a defined contribution plan are more likely than those who do not to report they have implemented or plan to implement the following strategies: eliminating their consumer debt, trying to save as much as they can, completely paying off their mortgage, moving assets to increasingly conservative investments, and investing in stocks or stock mutual funds. In addition, pre-retirees who expect to receive money from any type of employer-provided retirement plan are more apt than those who do not expect such money to indicate they will purchase an annuity or choose an annuity plan option.
- Those who received or expect to receive money from defined contribution plans are more apt than those who did not to report having done or planning to do the following: allocate their investments and savings among different types of assets, creating a plan to manage their money and how much to spend every year, and calculating how inflation will affect the amount of money they have later in life.
- Among pre-retirees, those who do not expect to receive money from *any* type of employer-provided retirement plan are more likely than those who do to report that retirement does not apply to their situation.

PERSPECTIVE ON RESEARCH AND RESULTS

The Society of Actuaries' Risks and Process of Retirement Survey has now been conducted every other year since 2001. During two of those survey iterations, 2003 and 2009, Americans faced adverse economic conditions. However, while the 2003 survey found significant increases in risk awareness among pre-retirees (but not among retirees) when compared with the immediately prior survey, the 2009 survey finds less such widespread change.

At first, this outcome seems counterintuitive. Other recent surveys have measured sharp decreases in confidence about financial security in retirement. Further, respondents to this survey say they feel they are now more concerned about their retirement finances than they were prior to the economic downturn. Several factors likely contribute to the lack of measurable change:

- The survey was conducted in July 2009, when consumer confidence, the economy, and the stock market had begun to show strong signs of recovery. Therefore, individuals are likely to have begun to feel more comfortable about their retirement finances. At the same time, concern about health and long-term care expenses in retirement may have been mitigated somewhat by hopes about health care reform under consideration in Congress.
- Trend questions asked in other recent surveys that measure broad concepts, such as overall concern or confidence about retirement security, may capture changes in generalized anxiety about the economy that are not captured by the more specific questions asked in this survey.
- Individuals often unconsciously misrepresent their own changes in attitude, as their memory about the past is constantly being altered by the present reality. Consequently, a question such as "How much has the recent stock market and economic downturn affected your financial concerns about retirement?" is a better indicator of how people feel about the present than about how their attitude has changed, unless repeated measures are made over time.

Subsequent sections of the report detail key items where significant response changes were observed versus those with little or no change.

FINDINGS OF THE RETIREE SURVEY

RETIREMENT RISK

Concern About Risk

Retiree concern about the various retirement risks has remained remarkably stable over time. As part of the survey, retirees were asked to rate their concern about ten risks that can affect the financial security of people in retirement. Of these, retirees are most likely to express concern about inflation risk (58 percent *very* or *somewhat* concerned). More than half of retirees also say they are *very* or *somewhat* concerned that their income in retirement may vary based on changes in interest rates (52 percent). Concern about health care risk also ranks highly, with about half indicating they are concerned they might not have enough money to pay for adequate health care (49 percent) and long-term care (46 percent). (See Figure 1.)

Sizable proportions of retirees are concerned about preserving their standard of living. Nearly half of retirees worry they might deplete all of their savings (47 percent). More than four in ten indicate they are concerned they might not be able to maintain a reasonable standard of living for the rest of their life (45 percent). In addition, more than one-third of married retirees report concern that a surviving spouse may not be able to maintain the same standard of living after their death (36 percent).

Retirees are less likely to say they are worried about the other retirement risks examined. Fewer than one-third are concerned about having the financial wherewithal to remain in their current home for the rest of their lives (32 percent), while about one in four each are concerned that they might not be able to leave money to children or other heirs (28 percent) or rely on children or other family members to provide assistance (25 percent).

Retirees are less likely to say they are *very* concerned about being able to pay for long-term care (18 percent, down from 27 percent in 2007) and being able to leave money to their children or other heirs (9 percent, down from 14 percent in 2007).

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

Retirees (2001 n=242, 2003 n=303, 2005 n=302, 2007 n=400, 2009 n=401)

	Very Concerned	Somewhat Concerned	Not Too Concerned	Not at All Concerned
You might not be able to keep the value of your savings and investments up with inflation				
2009	23%	35	17	24
2007	22%	34	19	24
2005	21%	29	22	26
2003	25%	32	21	21
2001	20%	35	21	23
You might not have enough money to pay for adequate health care				
2009	22%	26	20	30
2007	25%	26	15	32
2005	23%	23	18	35
2003 (good health care)	22%	24	26	27
2001 (good health care)	21%	20	26	33
Your income in retirement may vary based on changes in interest rates				
2009	21%	31	17	29
2001 through 2007		(not asked)		
You might deplete all of your savings				
2009	19%	27	20	31
2007	22%	23	18	34
2005 (and be left only with Social Security)	20%	18	24	37
2003 (and be left only with Social Security)	25%	15	23	36
2001		(not asked)		
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				
2009	18%	28	21	32
2007	27%	25	15	32
2005	24%	29	18	29
2003	20%	27	27	25
2001 (in a nursing home)	20%	28	25	27
2001 (at home)	18%	30	23	29
You might not be able to maintain a reasonable standard of living for the rest of your life				
2009	16%	28	21	33
2007	20%	28	19	33
2005	17%	26	25	31
2003	17%	29	24	30
2001	17%	29	28	26

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

Retirees (2001 n=242, 2003 n=303, 2005 n=302, 2007 n=400, 2009 n=401)

	Very Concerned	Somewhat Concerned	Not Too Concerned	Not at All Concerned
You spouse may not be able to maintain the same standard of living after your death, if you should die first (if married)				
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
You might not be able to afford to stay in your current home for the rest of your life				
2009	12%	20	21	46
2007	16%	20	15	48
2005	15%	16	20	49
2003	15%	16	28	40
2001		(not asked)		
You might not be able to rely on children or other family members to provide assistance				
2009	10%	16	19	56
2007	11%	18	19	51
2005	13%	14	21	51
2003	15%	16	21	47
2001		(not asked)		
You might not be able to leave money to your children or other heirs				
2009	9%	19	22	49
2007	14%	15	18	52
2005	10%	16	24	49
2003	11%	16	27	46
2001		(not asked)		

Biggest Concern

When asked which one of the ten retirement risks is their biggest concern, retirees are most likely to indicate they are *most* concerned about paying for adequate health care or that their income might vary based on changes in interest rates (14 percent each). Roughly one in ten each are *most* concerned about keeping the value of their assets up with inflation (12 percent) and being able to pay for long-term care (10 percent). Smaller percentages report they are *most* worried about each of the other risks listed.

Differences by Population Subgroup

Perhaps not surprisingly, levels of concern regarding almost all of the retirement risks examined in this series are inversely related to household income and/or wealth. Excepting only inflation and interest rate risks, the lower the household income or the lower the household financial assets, the more likely retirees are to be *very* or *somewhat* concerned. Similarly, retirees who are not college graduates are more likely to be concerned about many of these retirement risks than are those with college degrees.

Concern about health care-related risks, namely the ability to afford long-term care and adequate health care, varies by health status. Those who describe their health as *good*, *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 a long stay at a nursing home or home care (53 percent *fair* or *poor* vs. 38 percent *excellent* or *very good* health). They are also more apt to be concerned about being able to afford adequate health care (54 percent vs. 42 percent).

Perceived health status also seems to affect retirees' levels of concern regarding their ability to maintain a certain lifestyle, including maintaining a reasonable standard of living for the rest of their life (59 percent *fair* or *poor* vs. 36 percent *excellent* or *very good* health) and being able to afford to stay in their current home for the rest of their life (46 percent vs. 24 percent). Those who describe themselves as being in *fair* or *poor* health are more inclined than those who describe their health as *excellent* or *very good* to be concerned about being unable to leave an inheritance to their children or other heirs (38 percent vs. 24 percent) and being unable to rely on children or other family members to provide assistance (36 percent vs. 21 percent).

Women express higher levels of concern than men about paying for adequate health care (55 percent vs. 42 percent), depleting all of their savings (52 percent vs. 41 percent), paying for long-term care (51 percent vs. 39 percent), and having the financial wherewithal to remain in their home (38 percent vs. 26 percent). Married men are more likely than married women to report concern that their spouse may not be able to maintain the same standard of living after their death (43 percent vs. 28 percent).

Retirees who received money from only defined contribution plans (77 percent) are more likely than those who received money from only defined benefit plans (56 percent), both defined benefit and defined contribution plans (55 percent), or neither a defined benefit nor defined contribution plan (55 percent) to state they are concerned about inflation risk. Similarly, those with only defined contribution plan money are more likely than other retirees to indicate they are concerned about their income varying based on changes in interest rates (68 percent vs. 50 percent), depleting all of their savings (62 percent vs. 45 percent), and being able to maintain a reasonable standard of living (62 percent vs. 42 percent). Moreover, retirees who did not receive money from a defined benefit plan are more apt than those who did to report they are concerned about having enough money to pay for adequate health care (57 percent vs. 43 percent).

Financial Status of Surviving Spouse

Two in ten married retirees think that if they predeceased their spouse, he or she would be *better off* financially (19 percent). Only one in ten feel their spouse would be in a *worse* financial position (11 percent). If the positions were reversed, and their spouse were to predecease them, retirees are as likely to say they would be *better off* financially (14 percent) as they are to say they would be *worse off* (16 percent). These attitudes show no significant change from those measured in the 2007 survey. (See Figure 2.)

Figure 2: Financial Impact of Death of Spouse/Partner

If you were to pass away before your (spouse/partner), do you think it would leave your (spouse/partner) financially…?/If your (spouse/partner) were to pass away before you, do you think it would leave you financially…?

Retirees who are married/living with partner (2007 n=261, 2009 n=260)

	Impact on your spouse/ partner if you were to pass away first		Impact on you if your spouse/partner were to pass away first	
	2007	2009	2007	2009
Worse off	11%	11%	22%	16%
About the same	62	68	60	69
Better off	26	19	16	14

Men are more likely than women to report that if they were to pass away before their spouse, their spouse would be *worse off* financially (16 percent vs. 7 percent). Nevertheless, women appear no more likely statistically than men to feel they would be *worse off* if their spouse were to predecease them (17 percent vs. 14 percent).

Retirees in *fair* or *poor* health are more than three times as likely as those in better health to worry that they will be *worse off* if their spouse were to predecease them (35 percent vs. 10 percent).

Strategies for Managing Risk

Among the 11 strategies read to respondents for protecting against various financial risks that may occur in retirement, debt reduction, reducing spending, and increasing savings are the most popular. Approximately eight in ten retirees have taken steps or are planning to take steps to reduce their debts, namely by eliminating consumer debt (81 percent) or completely paying off their mortgage (77 percent). Comparable portions of retirees have started or plan to start saving as much as they can (75 percent) or reducing their spending (68 percent) to grow or maintain their retirement assets. (See Figure 3.)

Retirees also use asset management strategies to protect themselves against financial risks as they get older. More than half (58 percent) have moved or plan to move their assets into increasingly conservative investments as they get older, while a nearly equal share (52 percent) have invested or plan to invest their money in stocks or stock mutual funds. Fewer, about one-quarter each, have invested or plan to invest in real estate to reduce risk and purchased or plan to purchase an annuity or choose an employer plan option that provides guaranteed income for life as a way to manage their income (24 percent each). Relatively few retirees use or plan to use risk management strategies that require them to postpone taking Social Security (33 percent),[2] move to a smaller home or less expensive area (30 percent) or work longer (28 percent).

While concern about risks showed little change, the risk management strategies used by retirees have changed somewhat over time. Retirees are more likely than in 2007 to state they have already cut back on spending (56 percent, up from 48 percent) and moved their assets to more conservative investments (43 percent vs. 33 percent). However, they are less likely than in previous years to say they have completely paid off their mortgage (48 percent, down from 56 percent in 2005), bought an annuity or chosen an annuity retirement plan option (19 percent, down from 27 percent in 2005), or moved to a smaller home or less expensive area (10 percent, down from 16 percent in 2007).

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[2] A majority of people begin taking Social Security benefits early (Bernard, Tara Siegel. *New York Times*, "Collect Now, or Later? Timing Your Social Security Benefits" July 10, 2009).

Figure 3: Strategies for Managing Risk

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 (2005 n=302, 2007 n=400, 2009 n=401)

	Already Done	Plan to Do In Future	No Plans
Eliminate all of your consumer debt, by paying off all credit cards and loans			
2009	60%	23	16
2007	55%	25	20
2005	56%	26	18
Cut back on spending			
2009	56%	13	31
2007	48%	20	32
2005	51%	14	34
Try to save as much money as you can			
2009	53%	25	25
2007	52%	27	23
2005	56%	20	25
Completely pay off your mortgage			
2009	48%	29	22
2007	50%	26	23
2005	56%	27	15
Invest a portion of your money in stocks or stock mutual funds			
2009	48%	5	48
2007	50%	8	43
2005	48%	6	46
Move your assets to increasingly conservative investments as you get older			
2009	43%	16	41
2007	33%	17	48
2005	35%	18	48
Postpone taking Social Security			
2009	24%	10	65
2007		(not asked)	
2005		(not asked)	
Buy real estate or invest in property			
2009	20%	5	75
2007	22%	8	70
2005	22%	5	71

Figure 3 (continued): Strategies for Managing Risk
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 (2005 n=302, 2007 n=400, 2009 n=401)

	Already Done	Plan to Do In Future	No Plans
Buy a product or choose an employer plan option that will provide you with guaranteed income for life			
2009	19%	4	75
2007	23%	2	72
2005	27%	6	66
Work longer			
2009	15%	14	71
2007	13%	16	71
2005	14%	10	75
Move to a smaller home or less expensive area			
2009	10%	20	69
2007	16%	19	62
2005	18%	18	64

Retirees with more financial resources are among those more likely to have used or to plan to use debt reduction as a means of managing risk (88 percent with at least $100,000 in assets vs. 74 percent with less; 86 percent with at least $35,000 in income vs. 74 percent with less). On the other hand, those with fewer resources are more apt to have cut back on spending (79 percent with assets under $100,000 vs. 57 percent with more; 79 percent with income under $35,000 vs. 63 percent with more). The likelihood of completely paying off a mortgage, moving assets to increasingly conservative investments as they get older, and investing a portion of money in stocks or stock mutual funds also increases as financial resources increase. The same strategies used by those with more financial resources are also more likely to be used by those in *excellent* or *very good* health than by those in *fair* or *poor* health.

Younger retirees, particularly those ages 45 to 64, are more likely than older retirees to report they have already taken steps or plan to take steps to move their assets to increasingly conservative investments (68 percent age 45-64, compared with 54 percent age 65-69 and 48 percent age 70-80), work longer (46 percent age 45-64, compared with 22 percent age 65-69 and 12 percent age 70-80), and buy real estate (36 percent age 45-64, compared with 20 percent age 65-69 and 14 percent age 70-80). Women are more apt than men to try to increase savings (80 percent vs. 69 percent) or cut back on spending (77 percent vs. 58 percent), while men are more likely than women to say they have or plan to get an annuity or retirement plan annuity option (29 percent vs. 19 percent).

Health Risks

Of the actions listed that retirees can take to protect themselves financially when it comes to health expenses, the one most frequently taken is maintaining healthy lifestyle habits. Nine in ten (93 percent) report they have either already taken this step or plan to do so. The next most frequently taken step is purchasing health insurance to supplement Medicare or participating in an employer-sponsored retiree health plan (76 percent). (See Figure 4.)

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 (47 percent) are saving or plan to save for the possibility of having large health expenses or needing long-term care, while approximately one-third (35 percent) report they have purchased or are planning to purchase long-term care insurance. Very few say they have made or plan to make arrangements for care through a continuing care retirement facility (15 percent).

Figure 4: 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.)

Retirees (2005 n=302, 2007 n=400, 2009 n=401)

	Already Done	Plan to Do In Future	No Plans
Maintain healthy lifestyle habits, such as a proper diet, regular exercise, and preventative care			
2009	84%	14	7
2007	75%	23	8
2005		(not asked)	
Purchase health insurance to supplement Medicare or participate in an employer-sponsored retiree health plan			
2009	59%	16	24
2007	61%	14	25
2005	63%	13	23
Save specifically for the possibility of having large health expenses or needing long-term care			
2009	32%	15	51
2007	33%	15	49
2005	34%	15	50
Buy long-term care insurance			
2009	27%	8	64
2007	28%	9	59
2005	20%	14	66
Move into or arrange for care through a continuing care retirement community			
2009	5%	10	84
2007	4%	9	85
2005	4%	12	84

Retirees are more likely in 2009 than in 2007 to state they have already taken steps to maintain healthy lifestyle habits (84 percent, up from 75 percent).

With the exception of arranging for care through a continuing care retirement community, the likelihood of having taken or planning to take each of these steps is higher for those in *excellent* or *very good* health than for those in *fair* or *poor* health. In addition, college graduates (83 percent, compared with 71 percent with less education), those with at least $35,000 in household income (80 percent, compared with 68 percent with less income), and those with $100,000 or more in household assets (87 percent, compared with 66 percent with fewer assets) are more likely to indicate they have or plan to purchase supplemental health insurance. College graduates (56 percent, compared with 42 percent with less education), those with at least $35,000 in household income (54 percent, compared with 40 percent with less income), and those with $100,000 or more in household assets (61 percent, compared with 39 percent with fewer assets) are also more likely to report they have saved or plan to save specifically for health or long-term care expenses. The propensity to purchase long-term care insurance and arrange for care through a continuing care retirement community also increases as education rises.

Reducing Expenses

Retirees were asked how acceptable they would find each of 11 different types of reductions if they found themselves needing to reduce their living expenses. Gifts and leisure or social activities head the list of reductions that retirees are most likely to report they would find acceptable. Almost half say it would be *very* acceptable to spend less money on gifts each year (47 percent) and approximately four in ten each would find it *very* acceptable to eat out in restaurants less often (44 percent), take fewer vacations (39 percent), and spend less on social, leisure, or cultural activities (37 percent). Cutting back on utilities, such as cable TV, phone or internet services (27 percent) and moving into a smaller house or apartment (23 percent) are also found to be *very* acceptable by sizable minorities of retirees. (See Figure 5.)

Reductions accepted by smaller proportions of retirees are going to the doctor less often (12 percent), moving to a less expensive area of the country (11 percent), spending less on medications (10 percent), cutting back on insurance coverage (7 percent), and moving in with family or friends (5 percent).

Figure 5: Acceptance of Spending Reductions

If you found yourself needing to reduce your living expenses, how acceptable would it be for you (and your spouse/partner) to do each of the following?

Retirees (2009 n=401)

	Very Acceptable	Somewhat Acceptable	Not Acceptable	Not Applicable
Spend less money on gifts each year	47%	38	11	4
Eat out in restaurants less often	44%	37	13	6
Take fewer vacations	39%	33	17	11
Spend less money on social, leisure or cultural activities	37%	42	16	4
Cut back on utilities, like cable TV, home phone, or internet service	27%	37	33	3
Move to a smaller house or apartment	23%	31	44	2
Go to the doctor less often	12%	22	62	3
Move to a less expensive area of the country	11%	21	64	3
Spend less on medications	10%	17	66	6
Cut back on your insurance coverage	7%	14	72	4
Move in with your children, family members, or friends	5%	18	75	1

When asked which of these 11 reductions they would be most likely to make first, retirees tend to name eating out in restaurants less often (20 percent) and taking fewer vacations (19 percent). More than one in ten also cite spending less money on gifts (14 percent), spending less on activities (11 percent), and moving into a smaller house or apartment (11 percent). Fewer than one in ten name each of the other reductions as the first step they would take in reducing expenses.

There are few apparent differences by population subgroup regarding the types of reductions that retirees find acceptable. However, retirees under age 70 are more apt than older retirees to say eating out in restaurants less often is *very* acceptable (49 percent vs. 35 percent) and women are more likely than men to state that spending less money on gifts (53 percent vs. 40 percent) or on activities (42 percent vs. 31 percent) is *very* acceptable. College graduates are less likely than those with less education to feel spending less on medications is *very* acceptable (5 percent vs. 13 percent) and those with money from only defined benefit plans are less likely than other retirees to feel spending less on activities would be *very* acceptable (26 percent vs. 41 percent).

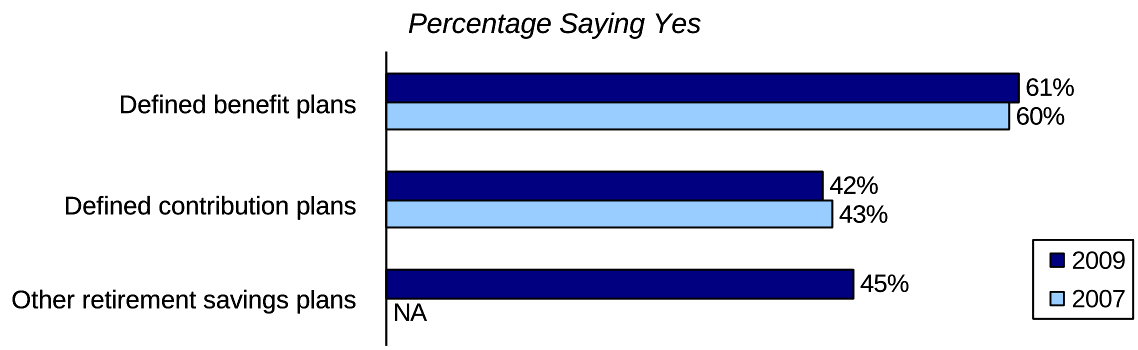
RETIREMENT FINANCES

Use of Retirement Plan Assets

As in 2007, six in ten retirees say that, when they (or their spouse/partner) retired, they received income or money from a defined benefit plan (61 percent). More than four in ten each report they received income from an employer's retirement savings plan, such as a 401(k) (42 percent) or from some other type of retirement savings plan, such as an IRA, bank or investment account (45 percent). (See Figure 6.)

Figure 6: Income or Money From a Retirement Plan
When you (or your spouse/partner) retired, did you receive income or money from one or more…?

Retirees (2007 n=400; 2009 n=401)

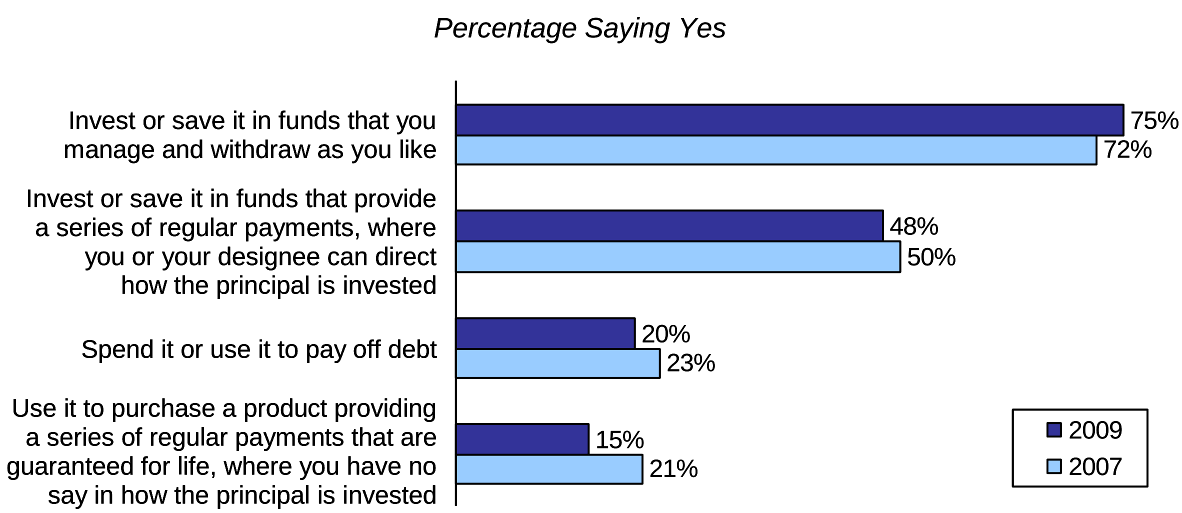


The likelihood of reporting income from each of these types of retirement plans increases sharply with household income, household assets, education, or health status. Married retirees are also more likely than those who are not married to report income from each of these sources.

Three-quarters of retirees who received money from an employer's retirement savings plan, such as a 401(k), indicate they invested or saved some or all of that money in funds they can manage and withdraw on their own (75 percent). Half invested in funds with regular payments, where they control how the principal is invested (48 percent). Another 15 percent invested in a product with regular payments for life where they do not control how the principal is invested. Finally, two in ten spent the money or used it to pay off debts (20 percent). (See Figure 7.)

Figure 7: Use of Money from Defined Contribution Plans
What did you (or your spouse/partner) do with some or all of the money from the retirement savings plans, such as a 401(k)?

Retirees receiving money from a defined contribution plan (2007 n=170, 2009 n=170)



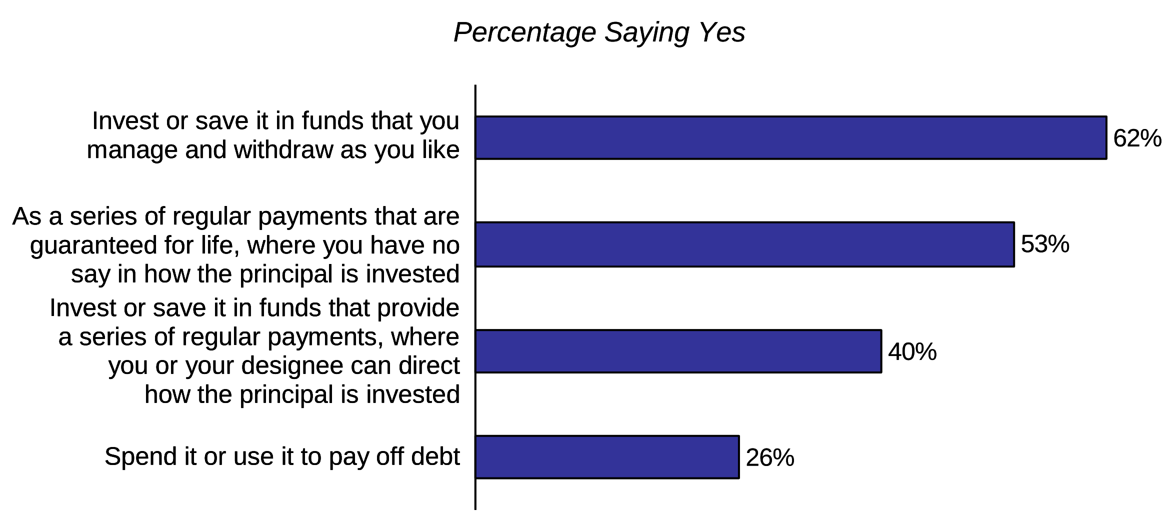
Retirees with higher assets are more likely to invest or save money from an employer's retirement savings plan in funds where they maintain control. Almost nine in ten retirees with $100,000 or more in household assets invested or saved their employer retirement savings plan money in funds they can manage and withdraw as they like (87 percent), compared with 47 percent of those with fewer assets.

Many retirees also invest some or all of the money they receive from their defined benefit plans in funds they can manage themselves. Although half of retirees with a defined benefit plan report they are taking some or all of that money as a series of regular guaranteed income payments (53 percent), six in ten indicate they invested or saved some or all of their defined benefit money in funds they can manage and withdraw on their own (62 percent). Four in ten say they invested or saved this money in funds that provide a series of regular payments where they or their designee direct how the principal is invested (40 percent), and one quarter state they spent or used some or all of the money to pay off debt (26 percent). (See Figure 8.)

Figure 8: Use of Money from Defined Benefit Plans

How did you (or your spouse/partner) take the money from the defined benefit or traditional pension plan?

Retirees receiving money from a defined benefit plan (2009 n=247)



Retirees with financial assets of $100,000 or more are more likely to invest or save money from a defined benefit plan in funds that they manage and withdraw at will (74 percent vs. 47 percent with lower assets), while those with assets under $100,000 are more likely to receive guaranteed income payments (68 percent vs. 48 percent with higher assets). Retirees with assets under $25,000 are more likely to have spent the money or used it pay of debt (47 percent vs. 20 percent with higher assets).

Use of Savings

Only one in ten retirees report they have an established plan for drawing down money from their savings that includes regular withdrawals of principal, interest, and dividends (11 percent). Other retirees have some sort of plan that involves withdrawing money to pay for emergencies only (24 percent), withdrawing only the interest or dividends earned (11 percent), or making withdrawals to pay for major purchases only (10 percent). More than one-third indicate they withdraw money as needed with no set plan (36 percent). Only a very small minority say they plan to pass their savings intact to their heirs (4 percent). (See Figure 9.)

Figure 9: Use of Savings

Which of the following describes how you view your savings? Would you say that your savings are money that should be used…? (Multiple responses accepted.)

Retirees (2009 n=401)	
As needed with no set plan	36%
To pay for emergencies only	24%
With a set plan for regular withdrawals of principal, interest, and dividends	11%
By withdrawing only the interest or dividends earned each month	11%
To pay for major purchases only	10%
Never as it will be passed onto heirs	4%
Do not have any savings	6%
Don't know/Refused	4%

Among those more likely to have a set plan for regular withdrawals of principal and interest are retirees with at least $100,000 (18 percent, compared with 2 percent with lower assets) and college graduates (17 percent, compared with 6 percent with less education)

Retirees age 70-80 (43 percent, compared with 31 percent of younger retirees) and those with money from a defined benefit plan only (47 percent, compared with 31 percent of other retirees) are more apt than their counterparts to indicate they withdraw money as needed with no set plan. Women are more likely than men to report they use their savings to pay for emergencies only (30 percent vs. 18 percent).

Review of Withdrawal Strategy

More than three-quarters of retirees who report having a withdrawal plan report that they review their plan at least once a year and make adjustments, if necessary, to the withdrawal amounts (78 percent). Seven percent say they review their strategy every two years, while one in ten indicate they do so every three years or less often (10 percent). (See Figure 10.)

Figure 10: Frequency of Reviewing Withdrawal Strategy
About how often, if at all, do you review how you are withdrawing your money from savings and investments and make adjustments, if necessary, to the withdrawal amounts?

Retirees with a withdrawal plan (2009 n=86)

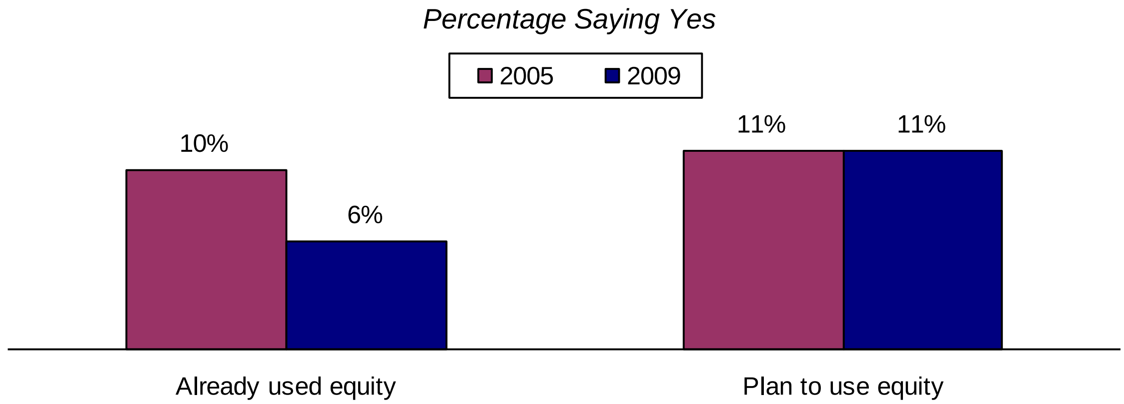
Once a year or more often	78%
Once every two years	7
Every three years or less often	10
Don't know	5

Use of Home Equity

Consistent with findings from 2005, only 6 percent of retirees report they have used equity they had built up in their current or previous home to help fund their retirement. In addition, only 11 percent of current retiree homeowners say they plan to use equity in their home to finance their retirement in the future. (See Figure 11.)

Figure 11: Expected Use of Home Equity to Finance Retirement
Do you have any plans to use the equity in your home to help finance your retirement in the future?

Already used – Retirees (2005 n=302, 2009 n=401)
Plan to use - Retiree homeowners (2005 n=269, 2009 n=369)



Men are more likely than women to say they already used equity in their home (9 percent vs. 4 percent) and that they plan to use this equity in the future (16 percent vs. 6 percent).

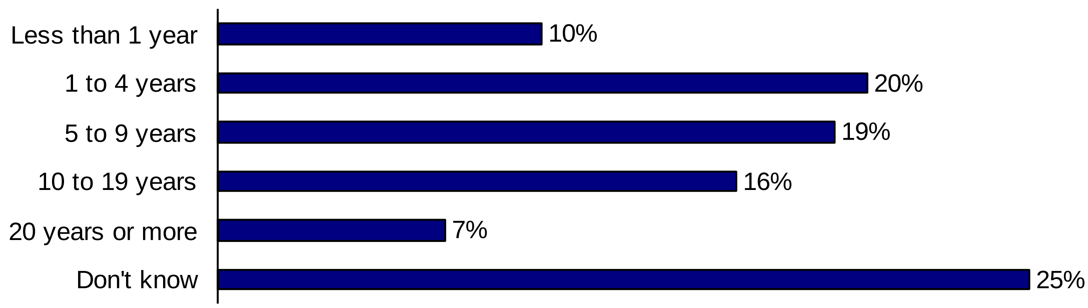
The small number of retirees who have already used equity (n=25) most often say they accessed that equity by getting a home equity loan (45 percent), though three in ten report they sold their home (31 percent). Fifteen percent indicate they got a reverse mortgage and 3 percent say they got a new mortgage. Homeowners who say they will access home equity in the future (n=36) plan to do so most often by selling their home (50 percent). Small minorities say they will get a reverse mortgage (9 percent), a new mortgage (5 percent), or a home equity loan (3 percent). However, a sizable proportion of those who plan to use their home equity have no plans for how they will access it (18 percent).

Retirement Planning

In a question first asked in the 2009 survey, retirees say they typically look just five years (median) into the future when making important financial decisions, such as when they think about their retirement finances or a large purchase. One in ten look less than one year out (10 percent), while one in five each look between one and four years (20 percent) and five to nine years (19 percent) into the future. Only 16 percent indicate they consider 10 to 19 years ahead and just 7 percent say they look 20 years or more into the future. One-quarter (25 percent) state they do not know what their planning horizon is. (See Figure 12.)

Figure 12: Planning Horizon
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?

Retirees (2009 n=401)



Married respondents are twice as likely as those who are not married to indicate they look 20 years or more into the future (9 percent vs. 4 percent). Those with household income under $35,000 (33 percent, compared with 20 percent with higher income) or assets under $100,000 (31 percent, compared with 18 percent with higher assets) are more apt to say they do not know what their planning horizon is. There do not appear to be any differences in planning horizon by age.

Almost all married retirees agree it is important that they and their spouse agree on their retirement plans (95 percent). A large majority also agree it is important to consider how long their spouse might live (86 percent of married retirees) and they might live (83 percent of all retirees) when thinking about their retirement finances. Most also think their health will be the main factor affecting how long their retirement money lasts (82 percent). However, more than half also agree that if they manage their finances well during the first three years, then their money will last for the rest of their retirement (54 percent). (See Figure 13.)

Figure 13: Agreement With Statements About Retirement Planning

To what extent do you agree or disagree about each of the following statements about your retirement finances?

Retirees (2009 n=401)

	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree	Don't know/ Refused
It is important that you and your spouse agree on your retirement finances (n=249)	79%	16	3	2	<0.5
It is important to consider how long your spouse might live when thinking about your retirement finances (n=249)	59%	27	5	6	3
It is important to consider how long you might live when thinking about your retirement finances	54%	29	7	4	5
Your health (and the health of your spouse) will be the main factor affecting how long your retirement money lasts	52%	30	8	8	1
If someone manages their finances well during their first three years of retirement, then their money will last for the rest of their retirement	16%	38	22	20	3

Among those more likely to agree it is important to consider their own life expectancy are college graduates (92 percent vs. 77 percent with less education), those with household income of $75,000 or more (97 percent vs. 79 percent with less income), and $100,000 or more in household assets (91 percent vs. 75 percent with fewer assets). Married retirees with at least some college education are also more likely to think it is important to consider how long their spouse will live (91 percent vs. 72 percent with less education).

Those in *excellent*, *very good*, or *good* health are more likely than those in *fair* or *poor* health to say that if they manage their finances well during their first three years, their money will last for the rest of their retirement (59 percent vs. 43 percent).

Retirees were also asked if they had performed any of five different types of planning to help manage their money and finances in retirement. Most married retirees say they have already discussed or plan to discuss the financial impact of one spouse predeceasing the other (85 percent). Roughly seven in ten retirees each report they have already allocated or plan to allocate their investments and savings among different types of assets (73 percent) and created a plan to manage their money and how much to spend every year so they do not outlive their financial resources (68 percent). Fewer than six in ten say their planning includes preparing financially for the possibility of needing long-term care (57 percent) and calculating how inflation will affect how much money they will have later in life (55 percent). (See Figure 14.)

Figure 14: Types of Retirement Planning Performed

I am going to read you a list of the different types of planning that people can do to help manage their money and finances in retirement. 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. (Respondents were permitted to say they both had already taken and planned to take each action.)

Retirees (2009 n=401)

	Already Done	Plan to Do In Future	No Plans
Discuss the financial impact on your spouse if you should die first, and the financial impact on you if your spouse should die first (n=249)	75%	11	14
Allocate your investments and savings among different types of assets	67%	7	25
Create a plan to manage your money and how much to spend every year so you (and your spouse) do not outlive your financial resources	57%	12	30
Prepare financially for the possibility of needing long-term care in a nursing home or at home due to poor health or frailty	40%	17	42
Calculate how much inflation will affect how much money you have later in life	42%	13	42

The likelihood of reporting each of these types of planning increases as household income, household assets, education, or health status rise. These types of planning are also more common among married retirees than among those who are not married.

Retirees who received money from defined contribution plans are more apt than those who did not to report having done or planning to do the following: allocate their investments and savings among different types of assets (88 percent vs. 62 percent), creating a plan to manage their money and how much to spend every year (77 percent vs. 63 percent), and calculating how inflation will affect the amount of money they have later in life (67 percent vs. 45 percent).

Those who are *not at all* concerned about inflation risk are more likely than those who express at least a small amount of concern to indicate they have no plans to calculate how inflation will affect their finances later in life (59 percent vs. 38 percent).

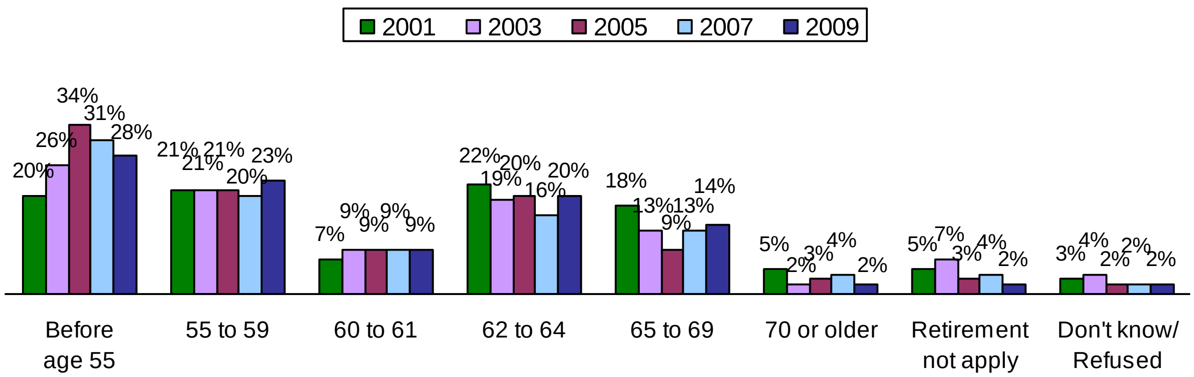
THE PROCESS OF RETIRING

Retirement Age

Consistent with previous waves of the survey, the majority of retirees report they retired from their primary occupation before the age of 65 (80 percent), with three in ten having retired before the age of 55 (28 percent). Just 16 percent indicate they retired at age 65 or later. (See Figure 15.)

Figure 15: Age at Retirement
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?

Retirees (2001 n=242, 2003 n=303, 2005 n=302, 2007 n=400, 2009 n=401)



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 half of early retirees are working for pay (47 percent); two in ten are working full time (21 percent, compared with 2 percent of other retirees).

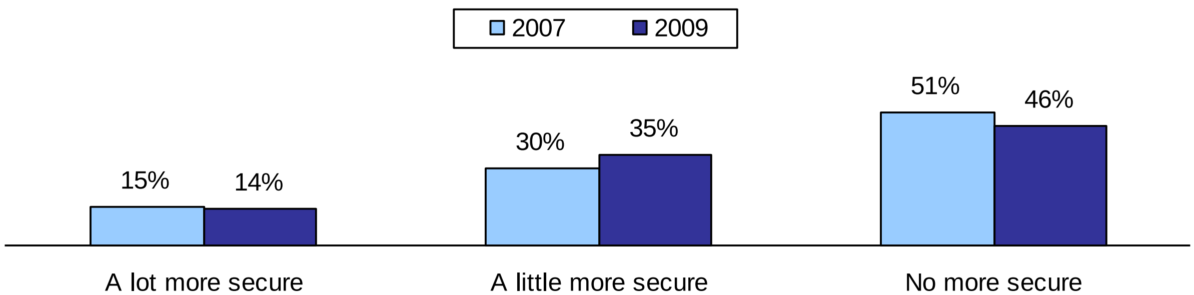
Those who describe their current health as *good*, *fair*, or *poor* are more likely than those in *excellent* or *very good* health to say they retired before age 55. Although some retirees may retire early upon finding they had sufficient financial resources, the average age of retirement does not appear to vary by current household income or assets.

Impact of Delayed Retirement

Nearly half of retirees think their retirement finances would be more secure if they had delayed their retirement by three years, including 14 percent who think it would have made their retirement *a lot more* secure and 35 percent who say it would have made them *a little more* secure (49 percent net). However, almost as many feel delaying their retirement would have made their retirement finances *no more* secure (46 percent). (See Figure 16.)

Figure 16: Financial Impact of Delaying Retirement
Suppose you had retired three years later than you actually did. Do you think this would have made your retirement financially…?

Retirees (2007 n=385, 2009 n=390)



Among those who feel that their finances would have benefited *a lot* from an additional three years in the workforce are women (19 percent vs. 9 percent of men) and those who are concerned about maintaining a reasonable standard of living for the rest of their lives (25 percent vs. 5 percent *not too* or *not at all* concerned).

Retirees are slightly more responsive to specific examples of ways in which their retirement finances might have improved as a result of delayed retirement. About six in ten retirees each feel their financial security in retirement would have increased *a lot* or *a little* because it would have increased their monthly Social Security payment (66 percent), increased their monthly pension payment (63 percent), or given them three more years to contribute to and earn money on their investments (59 percent). (See Figure 17.)

Approximately half feel their financial security in retirement would have increased *a lot* or *a little* from three additional years of working because their spouse would get more from Social Security (52 percent of married retirees). Almost as many feel their security would have increased because they would have to rely on savings for less time (48 percent) or because they would have employer health insurance coverage for a longer period of time (47 percent).

Figure 17: Financial Benefit from Delayed Retirement

Suppose you had retired three years later than you actually did. How much, if at all, would each of the following have increased your financial security in retirement?

Retirees (2007 n=385, 2009 n=390)

	A Lot	A Little	Not at All	Don't Know/ Refused
Continuing to receive health insurance coverage from your employer				
2009	28%	19	47	6
2007	32%	16	44	9
Having three more years to make contributions to and earn money on your investments				
2009	17%	42	39	2
2007	15%	47	34	4
Increasing the amount you receive each month from Social Security				
2009	16%	50	27	7
2007	15%	48	32	5
Increasing the amount you receive each month from a defined benefit or traditional pension plan				
2009	15%	49	30	7
2007	14%	48	32	5
Relying on your savings for a shorter period of time				
2009	12%	36	47	4
2007	11%	41	45	4
Increasing the amount your spouse will receive each month from Social Security, if you should die first (if married)				
2009 (n=242)	10%	43	40	8
2007 (n=242)	12%	40	38	10

Retirees with a defined contribution plan are more likely to say delayed retirement would have increased their financial security *a lot* or *a little* because they would have had more time to make contributions to and earn money on investments (70 percent vs. 50 percent of those without a defined contribution plan). Similarly, those who reported receiving money from defined benefit plans are more apt than those who did not to think the extra money from a defined benefit plan would have been helpful (69 percent vs. 53 percent).

Retirees aged 65 or older are more likely than younger retirees to feel a three year delay in retirement would have increased their financial security in retirement by increasing the amount received monthly from Social Security. While half of retirees under age 65 feel a higher Social Security payment would increase their financial security (54 percent), three-quarters of older retirees feel the additional Social Security income would increase their security (74 percent).

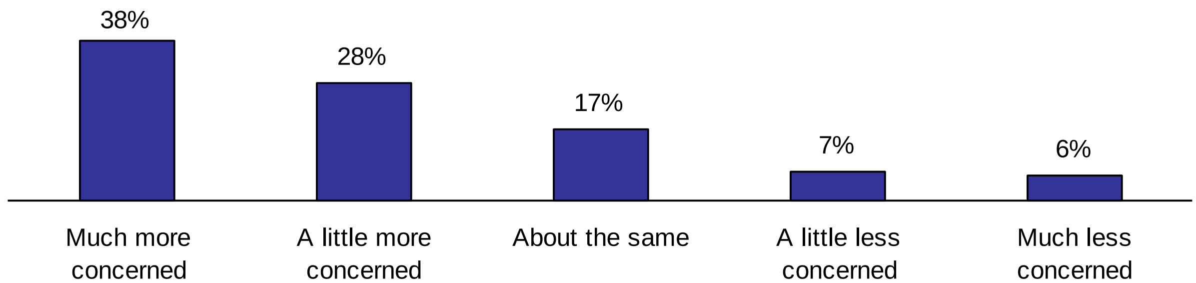
Higher-income retirees are more likely to be affected by the increased amount they might receive from a defined benefit plan and from having three more years to make contributions and earn money on their investments. Seven out of 10 retirees with income of at least $35,000 feel the higher defined benefit plan payments (69 percent vs. 53 percent with less income) or the additional time to make investments (67 percent vs. 49 percent) would increase their security.

IMPACT OF DOWNTURN

Two-thirds of retirees report that the recent stock market and economic downturn has made them more concerned about their finances (66 percent). Seventeen percent say they have the same level of concern, while 13 percent indicate they are less concerned. (See Figure 18.)

Figure 18: Change in Concern About Financial Situation
How much has the recent stock market and economic downturn affected your financial concerns?

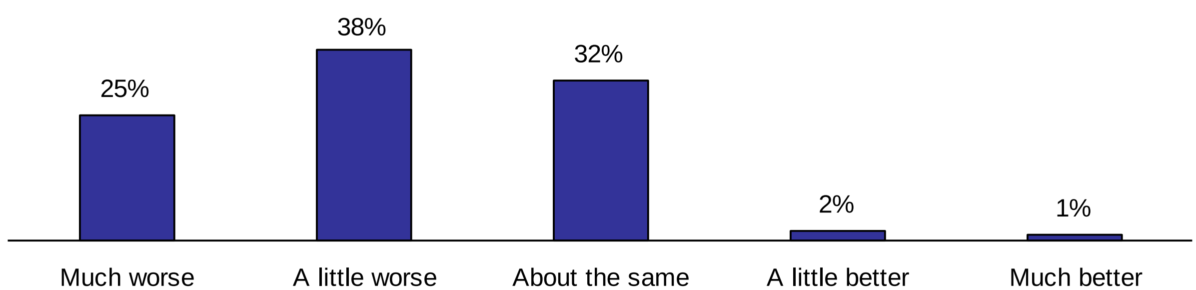
Retirees (2009 n=401)



More than six in ten retirees also report their finances are now worse than they were prior to the downturn (63 percent). One-third indicate their finances are about the same (32 percent), while 3 percent say their finances are now better. (See Figure 19.)

Figure 19: Effect of Downturn on Finances
How much would you say your (and your spouse/partner's) finances have been impacted by the recent stock market and economic downturn? Are your finances now…?

Retirees (2009 n=401)



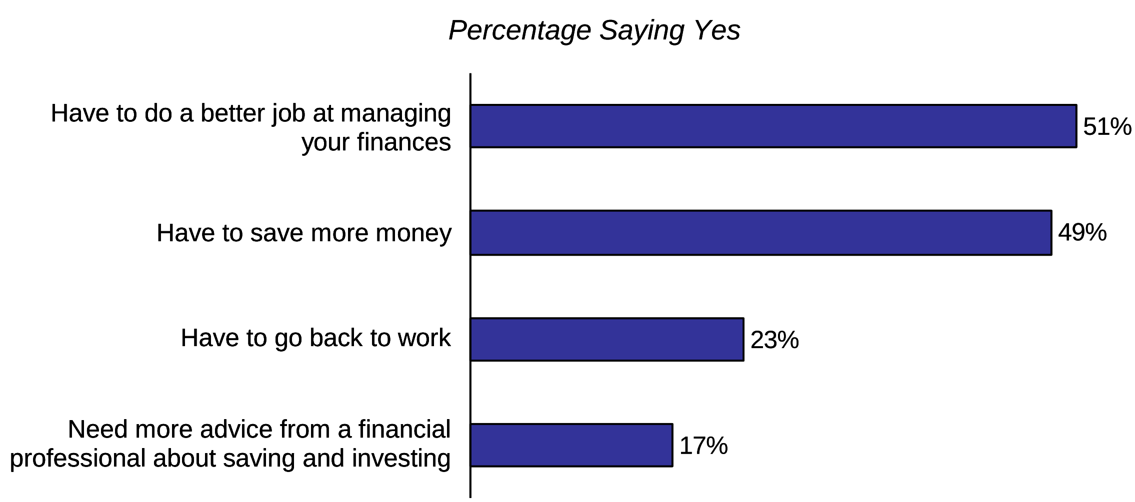
The likelihood of being more concerned about their financial situation is higher among retirees with at least some college education (75 percent vs. 51 percent with less education), those with household income of at least $75,000 (82 percent vs. 63 percent with lower income), those with household assets of $25,000 or more (77 percent vs. 46 percent with lower assets), and those with money from a defined contribution plan (77 percent vs. 58 percent without a defined contribution plan). These same groups are also more likely to report their finances are now worse than they were before the downturn.

Half of retirees say the recent stock market and economic downturn has made them feel that they need to do a better job at managing their finances (51 percent) and save more money (49 percent). One-quarter of retirees indicate they feel they need to go back to work (23 percent), and 17 percent report they need more advice from a financial professional about saving and investing. (See Figure 20.) [Note: It should be observed that retirees are no more likely than in previous years to report they intend to reduce retirement risk by saving as much as they can or working longer.]

Figure 20: Impact of Downturn on Finances

Has the recent stock market and economic downturn made you feel that you …?

Retirees (2009 n=401)



Retirees age 45 to 64 (compared with older retirees) and those who worked within the past 12 months (compared with those who did not) are more likely to feel they need to implement each of these strategies. Those with household assets under $100,000 are also more likely to think they need to go back to work (36 percent vs. 16 percent), while retirees with a defined contribution plan are more apt to say they need more investment advice from a financial professional (23 percent vs. 13 percent).

FINDINGS OF THE PRE-RETIREE SURVEY

RETIREMENT RISK

Concern About Risk

Of the ten retirement risks examined, six cause concern to a majority of pre-retirees. Seven in ten pre-retirees say they are concerned about keeping the value of their savings and investments up with inflation (71 percent *very* or *somewhat* concerned). Two-thirds are concerned about not having enough money to pay for adequate health care (67 percent). Approximately six in ten each report they worry that their income may vary based on changes in interest rates (62 percent), they might deplete all of their savings (58 percent), they might not be able to maintain a reasonable standard of living for the rest of their life (56 percent), and they might not have enough money to pay for long-term care (55 percent). (See Figure 21.)

Fewer than half of pre-retirees express concern about each of the remaining risks. More than four in ten married pre-retirees report their spouse may not be able to maintain the same standard of living after their death (43 percent). One-third each say they are *very* or *somewhat* concerned they might not be able to leave money to their children or other heirs (35 percent), might not be able to rely on children or other family members to provide assistance (33 percent), and might not be able to afford to stay in their current homes for the rest of their lives (32 percent).

While pre-retiree concern about retirement risk has remained relatively stable, concern about some risks have changed between 2007 and 2009. In particular, pre-retiree concerns about inflation (71 percent *very* or *somewhat* concerned, up from 63 percent in 2007) and their spouse's standard of living after their death (43 percent of married pre-retirees, up from 35 percent) have increased. However, concern about the ability to pay for long-term care has decreased somewhat (55 percent, down from 63 percent) and concern about having enough money to pay for adequate health care has continued the steady decline from its high in 2003 (67 percent, down from 79 percent).

Figure 21: Retirement Risks
How concerned are you that…in retirement?

Pre-retirees (2001 n=316, 2003 n=301, 2005 n=300, 2007 n=401, 2009 n=403)

	Very Concerned	Somewhat Concerned	Not Too Concerned	Not at All Concerned
You might not be able to keep the value of your savings and investments up with inflation				
2009	31%	40	16	12
2007	22%	41	19	18
2005	26%	38	16	19
2003	42%	36	13	8
2001	24%	39	19	16
You might not have enough money to pay for adequate health care				
2009	31%	36	14	18
2007	34%	35	12	18
2005	42%	32	13	12
2003 (good health care)	49%	30	8	13
2001 (good health care)	30%	28	19	23
Your income in retirement may vary based on changes in interest rates				
2009	24%	38	20	17
2001 through 2007		(not asked)		
You might deplete all of your savings				
2009	23%	35	20	21
2007	18%	37	24	19
2005 (and be left only with Social Security)	28%	27	25	20
2003 (and be left only with Social Security)	36%	29	18	16
2001		(not asked)		
You might not be able to maintain a reasonable standard of living for the rest of your life				
2009	23%	33	23	21
2007	19%	36	26	18
2005	23%	36	24	16
2003	34%	37	18	11
2001	20%	35	28	17
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				
2009	22%	34	23	21
2007	22%	41	17	20
2005	35%	26	20	19
2003	33%	32	16	18
2001 (in a nursing home)	24%	28	24	24
2001 (at home)	23%	33	23	21

Figure 21 (continued): Retirement Risks
How concerned are you that…in retirement?

Pre-retirees (2001 n=316, 2003 n=301, 2005 n=300, 2007 n=401, 2009 n=403)

	Very Concerned	Somewhat Concerned	Not Too Concerned	Not at All Concerned
You spouse may not be able to maintain the same standard of living after your death, if you should die first (if married)				
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 afford to stay in your current home for the rest of your life				
2009	14%	18	25	42
2007	10%	25	25	40
2005	17%	17	24	42
2003	19%	25	23	33
2001		(not asked)		
You might not be able to leave money to your children or other heirs				
2009	11%	24	27	38
2007	9%	20	26	43
2005	16%	21	22	41
2003	13%	25	29	32
2001		(not asked)		
You might not be able to rely on children or other family members to provide assistance				
2009	11%	21	25	42
2007	13%	20	26	39
2005	16%	18	20	44
2003	13%	20	25	40
2001		(not asked)		

Biggest Concern

Pre-retirees are divided about the risk that *most* concerns them. Seventeen percent say they are *most* concerned about not having enough money to pay for adequate health care, but almost as many indicate they are *most* concerned about their retirement income varying based on changes in interest rates (13 percent), not being able to maintain a reasonable standard of living for the rest of their lives (12 percent), and not being able to keep the value of their assets up with inflation (11 percent). Fewer than one in ten each are *most* concerned about paying for long-term care (9 percent), depleting all of their savings (7 percent), and not being able to leave money to their children or other heirs (6 percent). Fewer than one in twenty say they are *most* concerned about any of the other retirement risks listed in the survey.

Differences by Population Subgroup

Compared with previous iterations of the study, there are surprisingly few differences in concern about retiree risk by subgroup. While concern about many of the risks listed still increases as household income, assets, or health status decrease, concern about inflation, income varying based on changes in interest rates, and depleting savings remains constant across income, assets, and health status.

In addition, unmarried pre-retirees are more likely than those who are married to indicate concern about their ability to rely on family members to provide assistance (48 percent vs. 28 percent) and having the financial wherewithal to remain in their current home (45 percent vs. 28 percent). Women are also more likely than men to express concern about not having enough money to pay for long-term care (61 percent vs. 50 percent).

Financial Status of Surviving Spouse

Few married pre-retirees express concern about the financial situation of the surviving spouse. Only one in ten retirees (12 percent) think that if they passed away in retirement prior to their spouse, their spouse would be *worse off* financially. Instead, almost three in ten feel their spouse's financial position would be *better* (28 percent). If the circumstances were reversed and their spouse were to predecease them, married pre-retirees are statistically as likely to say they will be *worse off* (21 percent) as to say they will be *better off* (16 percent). (See Figure 22.)

Figure 22: Financial Impact of Death of Spouse/Partner
If you were to pass away before your (spouse/partner), do you think it would leave your (spouse/partner financially…?/If your (spouse/partner) were to pass away before you, do you think it would leave you financially…?

Pre-retirees who are married/living with partner (2007 n=299, 2009 n=307)

	Impact on your spouse/ partner if you were to pass away first		Impact on you if your spouse/partner were to pass away first	
	2007	**2009**	**2007**	**2009**
Worse off	8%	12%	21%	21%
About the same	58	60	58	63
Better off	34	28	21	16

Somewhat surprisingly, men are more likely than women to say that if they were to pass away first, their surviving spouse would be *better off* (35 percent vs. 20 percent). Some women seem to concur since women are more likely than men to say that if their spouse were to predecease them, they would be *better off* (21 percent vs. 11 percent). However, women are also more apt to say that if their spouse were to predecease them they would be *worse off* financially (27 percent vs. 14 percent) and less likely to think their financial position would be about the same (51 percent vs. 74 percent).

Strategies for Managing Risk

Overall, pre-retirees seem more inclined to protect themselves financially in retirement by attempting to save more, reduce debt, or change their investment strategies than by taking actions that would pool risk or make permanent adjustments to their living situations. Nine in ten pre-retirees report they have eliminated or plan to eliminate all of their consumer debt by paying off their credit cards and loans (90 percent). Almost as many indicate they have tried or plan to try to save as much money as they can (85 percent). Completely paying off the mortgage (80 percent) and cutting back on spending (78 percent) are two other strategies that almost all pre-retirees have either already put in place or plan to implement. (See Figure 23.)

Other popular means of reducing risk include moving assets to increasingly conservative investments as pre-retirees get older (65 percent), investing a portion of their money in stocks or stock mutual funds (64 percent), and working longer (58 percent). Less than half each report they already have bought or plan to buy real estate or invest in property (43 percent), have postponed or plan to postpone taking Social Security (39 percent), have bought or plan to buy a product or chose an employer plan option that provides lifetime guaranteed income (38 percent), or have moved or plan to move to a smaller home or less expensive area (36 percent).

Figure 23: Strategies for Managing Risk
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.)

Pre-retirees (2005 n=300, 2007 n=401, 2009 n=403)

	Already Done	Plan to Do In Future	No Plans
Invest a portion of your money in stocks or stock mutual funds			
2009	55%	10	35
2007	54%	13	34
2005	50%	13	37
Cut back on spending			
2009	54%	26	22
2007	37%	38	26
2005	45%	34	20
Try to save as much money as you can			
2009	47%	42	14
2007	49%	46	9
2005	48%	39	14

Figure 23 (continued): Strategies for Managing Risk

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.)

Pre-retirees (2005 n=300, 2007 n=401, 2009 n=403)

	Already Done	Plan to Do In Future	No Plans
Eliminate all of your consumer debt, by paying off all credit cards and loans			
2009	45%	46	9
2007	41%	50	10
2005	44%	44	11
Completely pay off your mortgage			
2009	29%	51	19
2007	25%	51	22
2005	36%	51	12
Move your assets to increasingly conservative investments as you get older			
2009	26%	39	33
2007	22%	40	37
2005	20%	36	43
Buy real estate or invest in property			
2009	25%	18	57
2007	25%	17	60
2005	26%	18	56
Buy a product or choose an employer plan option that will provide you with guaranteed income for life			
2009	20%	18	60
2007	19%	14	63
2005	23%	16	58
Work longer			
2009	14%	44	39
2007	13%	43	45
2005	10%	43	47
Move to a smaller home or less expensive area			
2009	7%	28	64
2007	6%	31	61
2005	9%	28	61
Postpone taking Social Security			
2009	7%	32	55
2007		(not asked)	
2005		(not asked)	

Pre-retirees are more likely in 2009 to report they have already cut back on spending to help protect themselves financially (54 percent, up from 37 percent in 2007). They are also more likely to indicate they have already begun moving their assets to increasingly conservative investments as they age (26 percent, up from 20 percent in 2005).

Those with household assets of at least $25,000 are more likely than those with fewer assets to say their risk management strategies include eliminating consumer debt (94 percent vs. 84 percent), trying to save as much money as they can (87 percent vs. 74 percent), completely paying of their mortgage (87 percent vs. 57 percent), moving their assets to increasingly conservative investments as they get older (76 percent vs. 39 percent), and investing in stocks or stock mutual funds (77 percent vs. 29 percent). On the other hand, those with assets under $100,000 are more likely to cut back their spending (83 percent vs. 71 percent).

The likelihood of using the following strategies increases as health status improves: completely paying off a mortgage (84 percent *excellent* or *very good* health vs. 63 percent *fair* or *poor* health), moving assets to increasingly conservative investments (71 percent vs. 37 percent), investing in equities (70 percent vs. 47 percent), and purchasing real estate (48 percent vs. 21 percent).

The use of several risk management strategies are also related to marital status. Married pre-retirees are more likely than those who are not married to completely pay off their mortgage (85 percent vs. 64 percent), move assets to increasingly conservative investments (70 percent vs. 50 percent), invest in stocks or stock mutual funds (69 percent vs. 47 percent), and buy real estate or invest in property (46 percent vs. 32 percent). Conversely, unmarried pre-retirees (86 percent vs. 75 percent of married pre-retirees) and women (83 percent vs. 72 percent of men) are more likely to cut back on spending.

Pre-retirees who expect to receive money from a defined contribution plan are more likely than those who do not to report they have implemented or plan to implement the following strategies: eliminating their consumer debt (92 percent vs. 84 percent), trying to save as much as they can (87 percent vs. 77 percent), completely paying off their mortgage (84 percent vs. 68 percent), moving assets to increasingly conservative investments (73 percent vs. 44 percent), investing in stocks or stock mutual funds (71 percent vs. 40 percent), and buying real estate or investing in property (46 percent vs. 30 percent). In addition, those who expect to receive money from any type of employer-provided retirement plan are more apt than those who do not expect such money to indicate they will purchase an annuity or choose an annuity plan option (43 percent vs. 12 percent).

Health Risks

When it comes to managing health risk, there are some steps that almost all pre-retirees eventually take. Virtually all attempt to maintain healthy lifestyle habits (93 percent), such as a proper diet, regular exercise, and preventative care. A large majority also report they have already purchased or plan to purchase supplemental health insurance or participate in an employer-provided retiree health plan (74 percent). (See Figure 24.)

Fewer have taken other steps to guard against the high costs of illness and health care in retirement. Half each report they have bought or plan to buy long-term care insurance (49 percent) and have saved or plan to save specifically for the possibility of having large health expenses or needing long-term care (47 percent). Just one in ten plan to move into or arrange for care through a continuing care retirement community (11 percent).

Figure 24: Strategies for Managing Health Risk

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.)

Pre-retirees (2005 n=300, 2007 n=401, 2009 n=403)

	Already Done	**Plan to Do In Future**	**No Plans**
Maintain healthy lifestyle habits, such as a proper diet, regular exercise, and preventative care			
2009	79%	18	7
2007	69%	29	6
2005		(not asked)	
Purchase health insurance to supplement Medicare or participate in an employer-sponsored retiree health plan			
2009	25%	50	25
2007	28%	50	21
2005	30%	46	24
Buy long-term care insurance			
2009	22%	28	50
2007	17%	23	55
2005	16%	27	55
Save specifically for the possibility of having large health expenses or needing long-term care			
2009	20%	28	52
2007	16%	30	51
2005	16%	34	50
Move into or arrange for care through a continuing care retirement community			
2009	1%	10	88
2007	<0.5%	8	87
2005	3%	13	82

Compared with earlier iterations of this study, pre-retirees are more likely to say they are already maintaining healthy lifestyle habits (79 percent, up from 69 percent in 2007) and they have already purchased long-term care insurance (22 percent, up from 16 percent in 2005).

College graduates are more likely than those with less education to say they have already bought or plan to buy long-term care insurance (58 percent vs. 42 percent) and have already saved or plan to save specifically for health and long-term care expenses (58 percent vs. 39 percent). Likewise, those with household incomes of at least $75,000 or with assets of at least $100,000 are more apt than those with less income or fewer assets to rely on long-term care insurance and saving against health and long-term care expenses.

Pre-retirees in *excellent*, *very good*, and *good* health are more likely than those in *fair* or *poor* health to maintain or plan to maintain healthy lifestyle habits (95 percent vs. 77 percent). Those who expect to receive money from a defined benefit plan are more likely to say they have purchased or plan to purchase supplemental health insurance (81 percent vs. 66 percent) or long-term care insurance (55 percent vs. 41 percent).

Reducing Expenses

Of the 11 different ways to reduce expenses listed in the survey, pre-retirees were most likely to say that eating out in restaurants less often would be *very* acceptable (62 percent). Approximately half each report that spending less money on gifts (55 percent), taking fewer vacations (47 percent), and spending less money on social, leisure or cultural activities (45 percent) are *very* acceptable methods of reducing expenses. (See Figure 25.)

One-third of pre-retirees indicate that moving to a smaller house or apartment (34 percent) and cutting back on utilities (32 percent) are *very* acceptable. They are less likely to find the following *very* acceptable: moving to a less expensive area of the country (20 percent), going to the doctor less often (19 percent), spending less on medications (16 percent), cutting back on insurance coverage (7 percent), and moving in with family members or friends (5 percent).

Figure 25: Acceptance of Spending Reductions
If you found yourself needing to reduce your living expenses, how acceptable would it be for you (and your spouse/partner) to do each of the following?

Pre-retirees (2009 n=403)

	Very Acceptable	Somewhat Acceptable	Not Acceptable	Not Applicable
Eat out in restaurants less often	62%	30	7	1
Spend less money on gifts each year	55%	36	8	1
Take fewer vacations	47%	36	15	2
Spend less money on social, leisure or cultural activities	45%	44	10	1
Move to a smaller house or apartment	34%	37	27	1
Cut back on utilities, like cable TV, home phone, or internet service	32%	44	22	1
Move to a less expensive area of the country	20%	27	52	1
Go to the doctor less often	19%	31	49	1
Spend less on medications	16%	24	56	4
Cut back on your insurance coverage	7%	25	65	2
Move in with your children, family members, or friends	5%	26	67	1

When asked which of these 11 reductions they would do first, pre-retirees again name eating out in restaurants less often (24 percent). Roughly one in ten also cite spending less on gifts (15 percent), taking fewer vacations (14 percent), spending less on activities (12 percent), moving into a smaller house or apartment (10 percent), and cutting back on utilities (9 percent). Fewer than one in twenty name any of the other reductions mentioned in the survey.

As with retirees, there appear to be surprisingly few differences by subgroup regarding the types of reductions that pre-retirees find acceptable. However, women are more likely than men to say taking fewer vacations would be *very* acceptable (52 percent vs. 41 percent) and unmarried pre-retirees are more likely than those who are married to find spending less on activities *very* acceptable (55 percent vs. 42 percent). In addition, those with income under $35,000 are more likely than those with higher income to consider going to the doctor less often to be *very* acceptable (37 percent vs. 16 percent), while those with household assets under $25,000 are more apt to consider cutting back on insurance coverage (18 percent vs. 3 percent with higher assets).

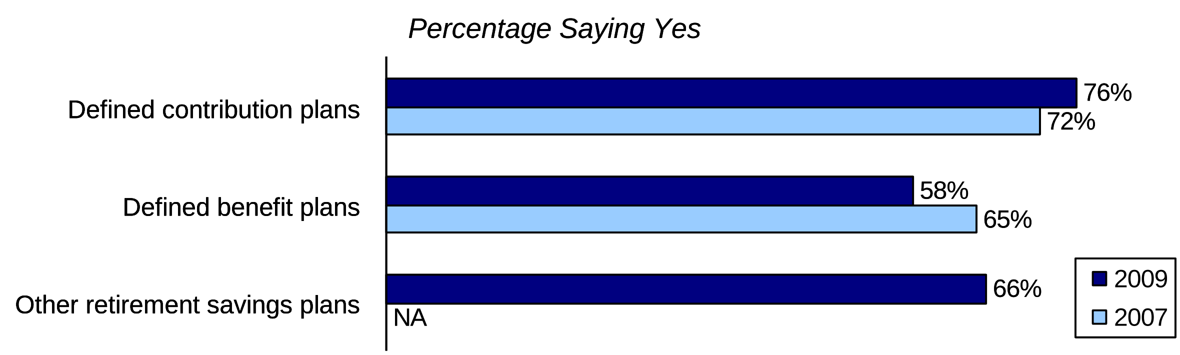
RETIREMENT FINANCES

Use of Retirement Plan Assets

Three-quarters of pre-retirees report they expect to receive retirement income from an employer's retirement savings plan (76 percent), while six in ten think they will receive money from an employer's defined benefit plan when they (or their spouse) retire (58 percent, down from 65 percent in 2007). Two-thirds say they will receive income from other retirement savings plans, such as an IRA, bank, or investment account (66 percent). (See Figure 26.)

Figure 26: Expected Income or Money From a Retirement Plan
When you (or your spouse) retire, do think you will receive income or money from one or more…?

Pre-retirees (2007 n=401; 2009 n=403)

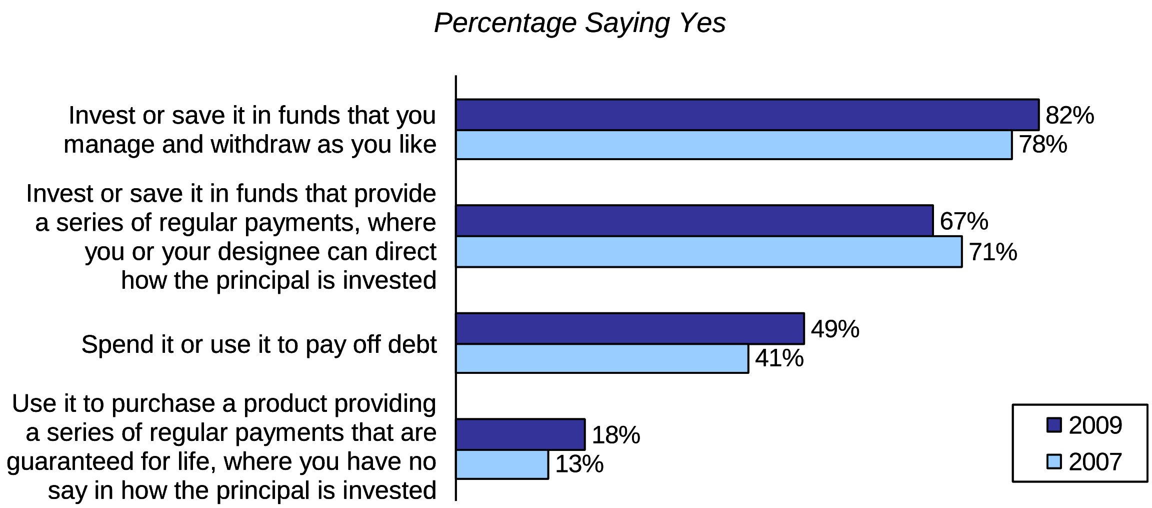


As might be expected, higher-income, higher-asset, married, and better-educated pre-retirees are more likely than their counterparts to expect money from these types of plans.

Those expecting money from an employer's retirement savings plan, such as a 401(k), most often report they will invest or save all or part of this money in funds that they can manage and withdraw as they like (82 percent). Somewhat fewer report they will invest or save it in funds that provide a series of regular payments, where they can direct how the principal is invested (67 percent). Half report they will spend their workplace savings plan or use it to pay off debt (49 percent). Fewer than two in ten pre-retirees state they will use it to purchase a financial product that provides a series of regular payments, where they have no say in how the principal is invested (18 percent). (See Figure 27.)

Figure 27: Expected Use of Money from Employer Retirement Savings Plans
What do you think you (or your spouse/partner)will do with some or all of the money from the retirement savings plans?

Pre-retirees expecting to receive money from a defined contribution plan (2007 n=280, 2009 n=295)



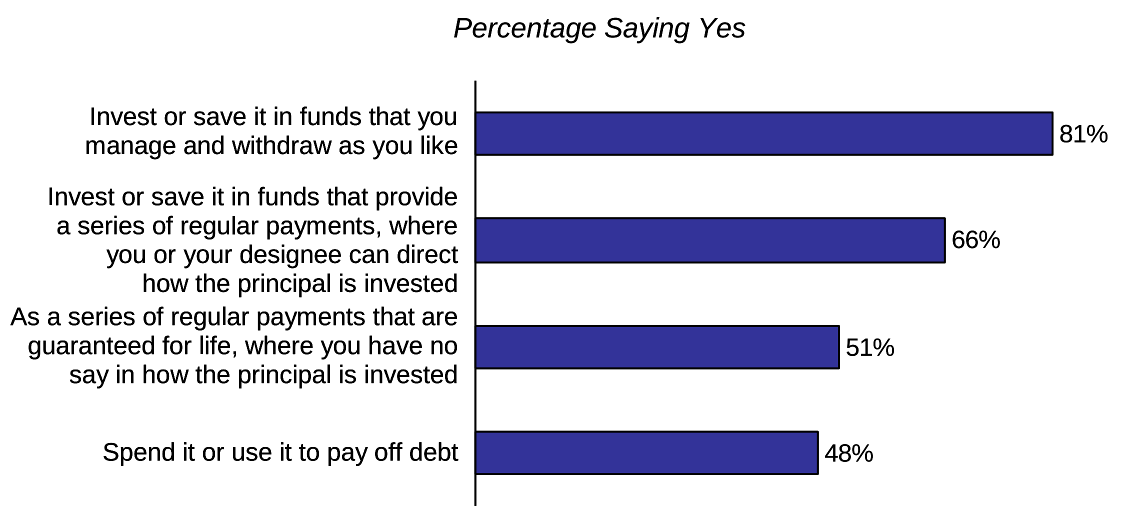
Pre-retirees with assets of $25,000 or more (72 percent) are more likely than those with fewer assets (45 percent) to say they will invest their money in funds that provide a series of regular payments where they can direct how the principal is invested. Those with less than $35,000 in household income (78 percent vs. 47 percent with more income), less than $25,000 in assets (75 percent vs. 45 percent with more assets), or in *fair* or *poor* health (75 percent vs. 46 percent in *excellent* or *very good* health) are especially likely to indicate they will spend the money or use it to pay off debt.

Many pre-retirees plan to invest some or all of the money they expect to receive from a defined benefit plan in funds they can manage themselves. In fact, eight in ten of these pre-retirees report they plan to take some or all of the money and invest it in funds they manage and withdraw as they like (81 percent) and two-thirds plan to invest it in funds that provide a series of regular payments where they can decide how the principal is invested (66 percent). Half plan to leave some or all of the money in their defined benefit plan (51 percent). Half also plan to use some or all of the money to spend or pay of debt (48 percent). (See Figure 28.)

Figure 28: Use of Money from Defined Benefit Plans

How do you think you (or your spouse/partner) will take the money from the defined benefit or traditional pension plan?

Pre-retirees expecting to receive money from a defined benefit plan (2009 n=231)



The likelihood of expecting to use money from a defined benefit plan to spend or pay off debt decreases as household income or assets decrease.

Use of Savings

One-quarter of pre-retirees report they believe their retirement savings should be used according to a set plan for regular withdrawals of principal, interest, and dividends (24 percent). Other pre-retirees plan to draw down savings by withdrawing only the interest or dividends each month (17 percent) or paying for emergencies (8 percent) or major purchases (5 percent) only. Moreover, the plurality of pre-retirees think their retirement savings should be used as needed with no set plan (39 percent). A small minority indicate they plan to pass their savings untouched to their heirs (5 percent). (See Figure 29.)

Figure 29: Use of Savings
Which of the following describes how you view your retirement savings? Would you say that your retirement savings are money that should be used…? (Multiple responses accepted.)

Pre-retirees (2009 n=403)	
As needed with no set plan	39%
With a set plan for regular withdrawals of principal, interest, and dividends	24%
By withdrawing only the interest or dividends earned each month	17%
To pay for emergencies only	8%
To pay for major purchases only	5%
Never as it will be passed onto heirs	5%
Do not have any savings	2%
Don't know/Refused	6%

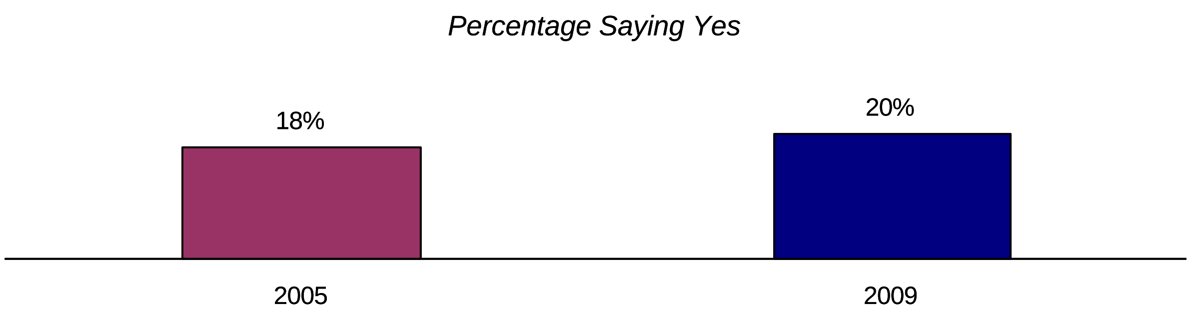
Those with household assets of $25,000 or more are more likely than those with fewer assets to report they think their retirement savings should be used with a set plan for principal and interest (29 percent vs. 12 percent). Those with $100,000 or more in assets are also more likely to think the money should be managed through withdrawals of interest or dividends only (26 percent vs. 10 percent with fewer assets).

Use of Home Equity

As in 2005, two in ten pre-retirees report they plan to use the equity in their home to help finance their retirement (20 percent in 2009). (See Figure 30.)

Figure 30: Expected Use of Home Equity to Finance Retirement
Do you have any plans to use the equity in your home to help finance your retirement?

Pre-retiree homeowners (2005 n=242, 2009 n=360)



The propensity to plan for using home equity is inversely related to age. In particular, 23 percent of pre-retirees ages 45 to 54 plan to use the equity in their home to help finance their retirement, compared with only 10 percent of those ages 60 or older.

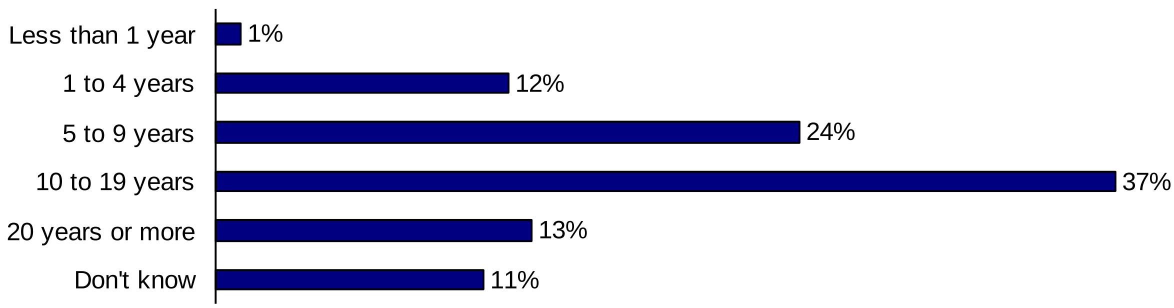
Among the small number of those who plan to use their home equity (n=67), the majority say they will sell their home in order to access the money (56 percent). One in ten each indicate they will get a reverse mortgage or a home equity loan (9 percent). However, one-quarter of those who expect to use their home equity to help with their retirement finances cannot say how they will access this money (25 percent).

Retirement Planning

Pre-retirees typically look just ten years (median) into the future when making important financial decisions, such as whether they can afford to retire or purchase a new home. Thirteen percent look less than five years into the future, while one-quarter look between five and nine years out (24 percent). Almost four in ten state they look 10 to 19 years ahead (37 percent) and 13 percent say they look 20 years or more into the future. One in ten say they do not know what their planning horizon is (11 percent). (See Figure 31.)

Figure 31: Planning Horizon
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 (2009 n=403)



Men are more likely than women to indicate their planning horizon is less than five years (18 percent vs. 10 percent). Those with household incomes of at least $35,000 are more likely than those with lower incomes to indicate they look at least 10 years into the future when making important decisions (54 percent vs. 25 percent). In contrast, those with incomes under $35,000 are more likely to say they do not know what their planning horizon is (26 percent vs. 12 percent).

Almost all of married pre-retirees agree it is important that they and their spouse agree on their retirement plans (95 percent) and that they consider how long their spouse might live (94 percent). Nine in ten pre-retirees agree it is important to consider their own life expectancy (89 percent) and that their health will be the main factor affecting how long their retirement money lasts (88 percent). Two-thirds also agree that if they manage their finances well during the first three years, then their money will last for the rest of their retirement (64 percent). (See Figure 32.)

Figure 32: Agreement With Statements About Retirement Planning
To what extent do you agree or disagree about each of the following statements about your retirement finances?

Pre-retirees (2009 n=403)

	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
It is important that you and your spouse agree on your retirement finances (n=293)	78%	17	2	2
It is important to consider how long your spouse might live when thinking about your retirement finances (n=293)	70%	24	3	2
It is important to consider how long you might live when thinking about your retirement finances	64%	25	4	5
Your health (and the health of your spouse) will be the main factor affecting how long your retirement money lasts	59%	29	7	4
If you manage your finances well during the first three years of retirement, then your money will last for the rest of your retirement	20%	44	19	15

Among those more likely to agree that how they manage in the first three years of retirement is a good predictor of how well their money will last are men (69 percent vs. 59 percent of women), retirees ages 45 to 59 (67 percent vs. 52 percent of older retirees), and those with household income of $75,000 or more (71 percent vs. 55 percent with lower incomes).

Pre-retirees who expect to receive money from a defined contribution plan only (98 percent) are more likely than those who expect to receive money from a defined benefit plan only (80 percent), both a defined benefit and a defined contribution plan (91 percent), or neither type of plan (77 percent) to indicate it is important to consider how long they might live when thinking about their retirement finances.

Pre-retirees were also asked if they had performed any of five different types of planning to help manage their money and finances in retirement. The large majority of married pre-retirees say they have already discussed or plan to discuss the financial impact of one spouse predeceasing the other (89 percent). More than eight in ten say they have already allocated or plan to allocate their investments among different types of assets (83 percent) and have created or plan to create a plan to manage their money and how much to spend each year in retirement (85 percent). Somewhat fewer indicate they already have or plan to calculate how much inflation will affect their financial situation later in life (72 percent) and to prepare for the possibility of needing long-term care (59 percent). (See Figure 33.)

Figure 33: Types of Retirement Planning Performed

I am going to read you a list of the different types of planning that people can do to help manage their money and finances in retirement. 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. (Respondents were permitted to say they both had already taken and planned to take each action.)

Pre-retirees (2009 n=403)

	Already Done	Plan to Do In Future	No Plans
Discuss the financial impact on your spouse if you should die first, and the financial impact on you if your spouse should die first (n=293)	66%	25	10
Allocate your investments and savings among different types of assets	64%	20	17
Create a plan to manage your money and how much to spend every year so you (and your spouse) do not outlive your financial resources	36%	49	14
Calculate how much inflation will affect how much money you have later in life	36%	37	26
Prepare financially for the possibility of needing long-term care in a nursing home or at home due to poor health or frailty	25%	35	40

Except for discussing the financial consequences of the death of a spouse, the likelihood of reporting each of these types of planning increases as education, household income, household assets, or health status rise. They are also more likely to be reported among married pre-retirees (compared with those who are not married) and among those who expect to receive money from a defined contribution plan (compared with those who do not expect defined contribution plan money).

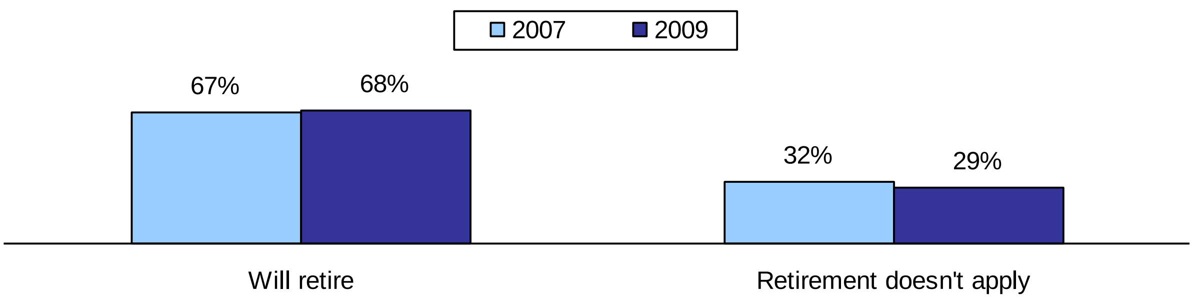
THE PROCESS OF RETIRING

Retirement Age

Although two-thirds of pre-retirees report there will come a time when they begin to think of themselves as retired (68 percent), three in ten say retirement does not really apply to their situation (29 percent). Interestingly, these percentages are consistent with the percentages measured in 2007, before the economic downturn. (See Figure 34.)

Figure 34: 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?

Pre-retirees (2007 n=401, 2009 n=403)



When those who say retirement doesn't really apply are asked to explain why, the plurality state they will be financially unable to retire (31 percent). One-quarter say they will choose to continue working (23 percent), while 16 percent indicate they are not currently employed. Other reasons given include being self-employed (8 percent), retirement being a long way off (7 percent), and not living long enough to retire (7 percent).

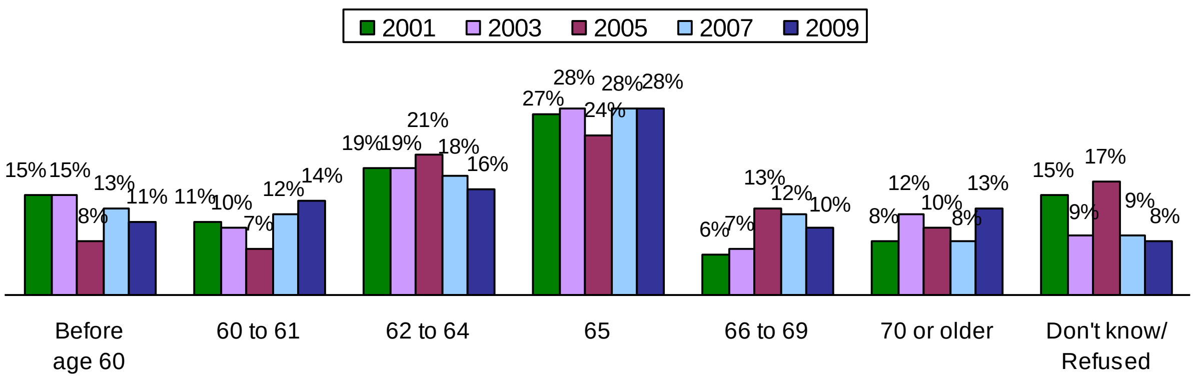
Pre-retirees with household income under $35,000 are more than twice as likely as those with income between $35,000 and $74,999 to say retirement doesn't apply (62 percent vs. 30 percent), while those with incomes of at least $75,000 are least likely to feel this way (18 percent). In addition, those who do not expect to receive money from any type of employer-provided retirement plan are more likely than those who do to feel retirement does not apply to their situation (56 percent vs. 24 percent).

Among pre-retirees who expect to eventually retire, half expect they will retire from their primary occupation at age 65 or later (50 percent). More than one in ten each anticipate retiring before age 60 (11 percent), between the ages of 60 and 61 (14 percent), and between 62 and 64 (16 percent). While the percentage who expect to wait until age 70 or later to retire has increased from 8 percent in 2007 to 13 percent in 2009, it is statistically equivalent to the percentages measured in 2005 and 2003. (See Figure 35.) This suggests that although people may talk about working longer because of the recession, they have not shifted their planned retirement age significantly.

Figure 35: Expected Age at Retirement

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?

Pre-retirees expecting to retire (2001 n=271, 2003 n=238, 2005 n=222, 2007 n=266, 2009 n=271)

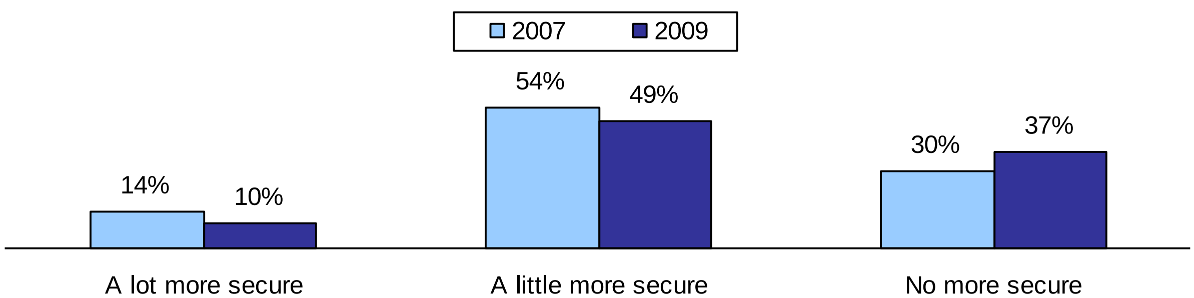


Impact of Delayed Retirement

Six in ten pre-retirees expecting to retire think delaying their anticipated retirement by three years would make their retirement finances more secure, including 10 percent who think it would make them *a lot more* secure and 49 percent who think it would make them *a little more* secure. This represents a decrease from 2007 when two-thirds of pre-retirees expecting to retire said a delay of three years would make their retirement more secure (68 percent). (See Figure 36.)

Figure 36: Financial Impact of Delaying Retirement
Suppose you were to retire three years later than you are currently planning. Do you think this would make your retirement financially…?

Pre-retirees expecting to retire (2007 n=266, 2009 n=271)



Pre-retirees are more responsive to specific examples of ways in which their retirement finances might improve as a result of a delay in retirement. More than eight in ten pre-retirees feel their financial security in retirement would be increased by continuing to receive health insurance coverage from their employer (82 percent, including 63 percent who feel it would increase their security *a lot*), having three more years to make contributions to and earn money on their investments (81 percent), and increasing the amount they receive each month from Social Security (81 percent). (See Figure 37.)

Three-quarters indicate that increasing the amount they receive each month from a defined benefit plan (77 percent) and increasing the amount their spouse would receive from Social Security in the event of their death (73 percent of married pre-retirees) would increase their retirement security. Two-thirds say relying on their savings for a shorter period of time would help them (65 percent).

Pre-retirees are less likely than in 2007 to state that their financial security in retirement would be increased *a lot* by having three more years to make contributions to and earn money on their investments (17 percent, down from 28 percent).

Figure 37: Financial Benefit from Delayed Retirement Among Pre-retirees
Suppose you were to retire three years later than you are currently planning. How much, if at all, would each of the following increase your financial security in retirement?

Pre-retirees expecting to retire (2007 n=266, 2009 n=271)

	A Lot	A Little	Not at All	Don't Know/ Refused
Continuing to receive health insurance coverage from your employer				
2009	63%	18	16	2
2007	59%	17	21	3
Increasing the amount you receive each month from a defined benefit or traditional pension plan				
2009	24%	52	21	2
2007	28%	54	15	2
Increasing the amount you receive each month from Social Security				
2009	20%	61	17	2
2007	17%	61	20	2
Having three more years to make contributions to and earn money on your investments				
2009	17%	64	19	0
2007	28%	58	12	2
Increasing the amount your spouse will receive each month from Social Security, if you should die first (if married)				
2009 (n=206)	17%	56	21	6
2007 (n=207)	17%	52	23	7
Relying on your savings for a shorter period of time				
2009	13%	52	33	2
2007	16%	54	28	2

Pre-retirees ages 45 to 54 are more likely than those age 60 or older to feel continuing to receive health insurance coverage from their employer will help boost their retirement security (88 percent vs. 65 percent). Those with household assets of at least $100,000 are more apt than those with less than $25,000 to indicate their financial security would be enhanced by having three more years to make contributions to and earn money on investments (88 percent vs. 72 percent) and relying on their savings for a shorter period of time (74 percent vs. 50 percent).

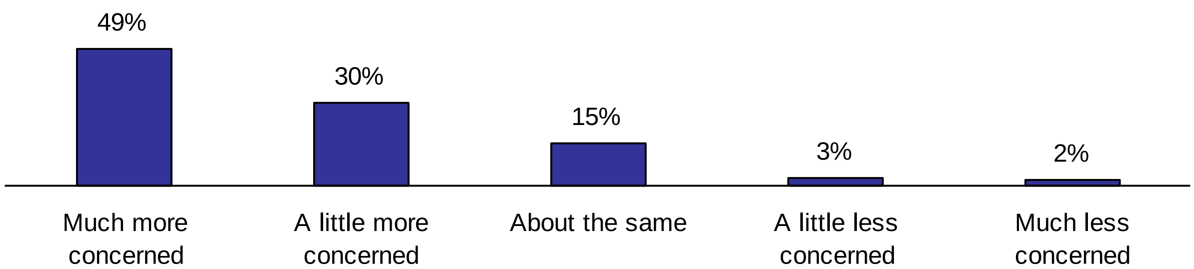
Those who expect to receive money from a defined benefit plan are more likely than those who do not to think increasing the amount they receive from the plan (83 percent vs. 65 percent) and continuing to receive health insurance coverage from their employer (88 percent vs. 72 percent) will boost their retirement security, while those expecting money from a defined contribution plan are more apt to think relying on their savings for a shorter period of time will help them (68 percent vs. 50 percent who do not expect defined contribution plan money).

IMPACT OF DOWNTURN

Eight in ten pre-retirees report that the recent stock market and economic downturn has made them more concerned about their finances in retirement (79 percent). Fifteen percent indicate they are they are now about as concerned as they were previously, while 5 percent say they are less concerned. (See Figure 38.)

Figure 38: Change in Concern About Financial Situation
How much has the recent stock market and economic downturn affected your financial concerns about retirement?

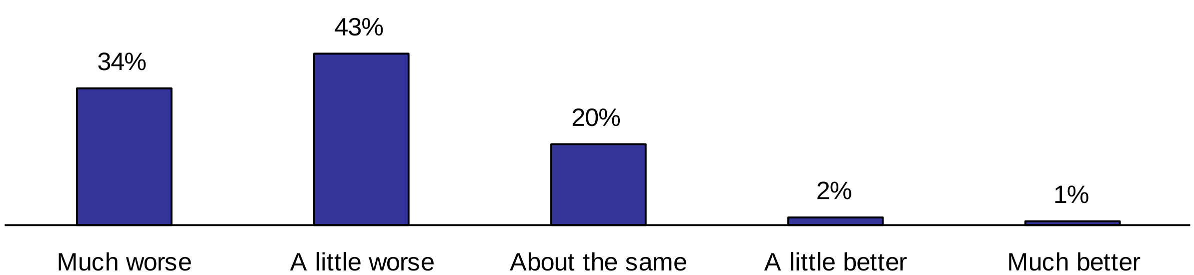
Pre-retirees (2009 n=403)



More than three-quarters of pre-retirees also report their finances are now worse than they were prior to the downturn (77 percent). Two in ten indicate their finances are about the same (20 percent), while 3 percent say their finances are now better. (See Figure 39.)

Figure 39: Effect of Downturn on Finances
How much would you say your (and your spouse/partner's) finances have been impacted by the recent stock market and economic downturn? Are your finances now…?

Pre-retirees (2009 n=403)

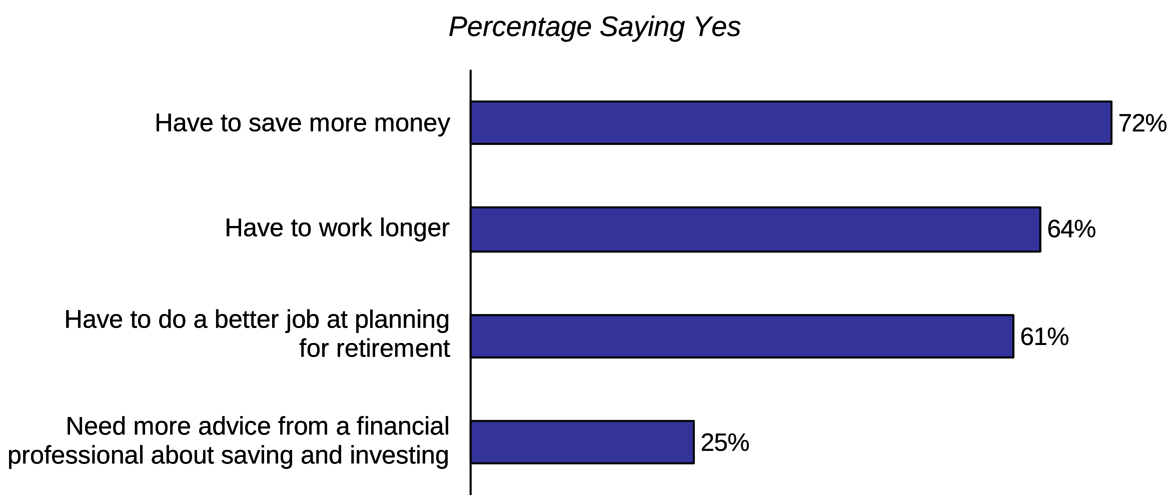


The propensity to report increased concern about their financial situation is higher among pre-retirees with household income of at least $75,000 (87 percent vs. 70 percent with lower income), household assets of $25,000 or more (87 percent vs. 63 percent with lower assets), or expectations of money from a defined contribution plan (83 percent vs. 69 percent not expecting money from a defined contribution plan). However, there appear to be no differences when examining the impact of the downturn on current finances.

The recent stock market and economic downturn has made some pre-retirees feel that they need to make changes in their retirement plans. Seven in ten report that they feel they have to save more money (72 percent), while more than six in ten each think they need to work longer (64 percent) and do a better job at planning for retirement (61 percent). One-quarter feel they need more advice from a financial professional about saving and investing (25 percent). (See Figure 40.) [Note: It should be observed that pre-retirees are no more likely than in previous years to report they intend to reduce retirement risk by saving as much as they can or working longer.]

Figure 40: Impact of Downturn on Finances
Has the recent stock market and economic downturn made you feel that you …?

Pre-retirees (2009 n=403)



Women are more likely than men to report they feel they need to save more money (76 percent vs. 67 percent) and work longer (69 percent vs. 58 percent). Pre-retirees in *excellent*, *very good*, and *good* health are more likely than those in poorer health to think they need to do a better job at planning for retirement (63 percent vs. 46 percent) and to get more advice about saving and investing (26 percent vs. 12 percent).

RETIREE AND PRE-RETIREE COMPARISON

RETIREMENT RISK

Concern About Risk

As in previous years, pre-retirees tend to express higher levels of concern about retirement risks than retirees. (See Figure 41.) In particular, pre-retirees are more likely than retirees to be *very* or *somewhat* concerned about:

- keeping the value of their investments up with inflation (71 percent of pre-retirees vs. 58 percent of retirees),
- being unable to afford adequate health care (67 percent vs. 49 percent),
- being unable to count on the level of income they will receive due to changes in interest rates (62 percent vs. 52 percent),
- depleting all of their savings (58 percent vs. 47 percent),
- being able to maintain a reasonable standard of living for the rest of their lives (56 percent vs. 45 percent),
- having enough money to pay for long-term care (55 percent vs. 46 percent),
- being unable to leave money to children or other heirs (35 percent vs. 28 percent, and
- being unable to rely on family members to provide assistance (33 percent vs. 25 percent).

Figure 41: Concern About Retirement Risks
How concerned are you that… (in retirement)? Which are you most concerned about?

	Very or Somewhat Concerned		Most Concerned	
	Retirees (n=401)	**Pre-retirees** (n=403)	**Retirees** (n=401)	**Pre-retirees** (n=403)
You might not be able to keep the value of your savings and investments up with inflation	58%	71%	12%	11%
Your income in retirement may vary based on changes in interest rates	52%	62%	14%	13%
You might not have enough money to pay for adequate health care	49%	67%	14%	17%
You might deplete all of your savings	47%	58%	6%	7%
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	46%	55%	10%	9%
You might not be able to maintain a reasonable standard of living for the rest of your life	45%	56%	6%	12%
Your spouse may not be able to maintain the same standard of living after your death, if you should die first (if married, retirees n=260, pre-retirees n=307)	36%	43%	7%	4%
You might not be able to afford to stay in your current home for the rest of your life	32%	32%	5%	4%
You might not be able to leave money to your children or other heirs	28%	35%	4%	6%
You might not be able to rely on children or other family members to provide assistance	25%	33%	2%	1%
None of these			19%	13%

Financial Status of Surviving Spouse

Married pre-retirees are more likely than married retirees to say that, should they pre-decease their spouse, he or she would be *better off* financially (28 percent of pre-retirees vs. 19 percent of retirees). However, there seem to be no differences between retirees and pre-retirees in expectations about their financial situation if their spouse were to pre-decease them.

Strategies for Managing Risk

Pre-retirees seem more inclined than retirees to have already taken or be planning on taking certain precautions to help protect themselves financially as they get older. Majorities of pre-retirees, significantly more than retirees, say they have already implemented or plan to implement the following strategies:

- eliminate all of their consumer debt (90 percent of pre-retirees vs. 81 percent of retirees),
- try to save as much as they can (85 percent vs. 75 percent),
- cut back on spending (78 percent vs. 68 percent),
- move their assets to increasingly conservative investments as they get older (65 percent vs. 58 percent),
- invest a portion of their money in stocks or stock mutual funds (64 percent vs. 52 percent),
- buy real estate or invest in property (43 percent vs. 24 percent), and
- work longer (58 percent vs. 28 percent).

Pre-retirees are also more likely than retirees to state they have already bought or plan to buy a product or employer plan option that will provide them with guaranteed income for life (38 percent vs. 24 percent).

Although retirees and pre-retirees appear equally likely to implement most of the strategies related to managing health risks, pre-retirees are more apt than retirees to report they have already purchased or plan to purchase long-term care insurance (49 percent vs. 35 percent).

Reducing Expenses

Pre-retirees are more likely than retirees to find almost all of the spending cutbacks examined in the survey to be *very* acceptable. However, equivalent percentages of retirees and pre-retirees report that cutbacks in utilities, moving in with children, family members, or friends, and cutting back on insurance coverage would be *very* acceptable. (See Figure 42.)

Figure 42: Acceptance of Spending Reductions
If you found yourself needing to reduce your living expenses, how acceptable would it be for you (and your spouse/partner) to do each of the following?

	Very Acceptable	
	Retirees (n=401)	**Pre-retirees** (n=403)
Spend less money on gifts each year	47%	55%
Eat out in restaurants less often	44%	62%
Take fewer vacations	39%	47%
Spend less money on social, leisure or cultural activities	37%	45%
Cut back on utilities, like cable TV, home phone, or internet service	27%	32%
Move to a smaller house or apartment	23%	34%
Go to the doctor less often	12%	19%
Move to a less expensive area of the country	11%	20%
Spend less on medications	10%	16%
Cut back on your insurance coverage	7%	7%
Move in with your children, family members, or friends	5%	5%

RETIREMENT FINANCES

Use of Retirement Plan Assets

Pre-retirees are considerably more likely to say they expect to receive income from a defined contribution plan than retirees are to say they actually received such income (76 percent vs. 42 percent). Similarly, pre-retirees are more likely to state they will receive income from some other retirement savings plan, such as an IRA, bank, or investment account, than retirees are to state they received such income (66 percent vs. 45 percent). Both groups are equally likely to report they received (retirees) or expect to receive (pre-retirees) income from a defined benefit plan (61 percent of retirees and 58 percent of pre-retirees).

Among those who received or expect to receive money from a defined contribution plan, pre-retirees (planned use) are more likely than retirees (actual use) to report investing some or all of it in funds that provide a series of regular payments where they control how the principal is invested (67 percent vs. 43 percent). They are also more likely to spend some or all of it or use it to pay off debt (49 percent vs. 20 percent).

Likewise, among those who received or expect to receive money from a defined benefit plan, pre-retirees (planned use) are more likely than retirees (actual use) to report investing or saving some or all of it in funds that they manage and withdraw as they like (81 percent vs. 62 percent), investing it in funds that provide a series of regular payments where they control how the principal is invested (66 percent vs. 40 percent), and spending or using it to pay off debt (48 percent vs. 26 percent).

Use of Savings

Pre-retirees are twice as likely as retirees to say that, in their view, their retirement savings should be used with a set plan for regular withdrawals of principal, interest and dividends (24 percent vs. 11 percent). Pre-retirees are also more likely to think they should withdraw only the interest or dividends earned each month (17 percent vs. 11 percent). In contrast, retirees are more apt to think the savings should be used to pay for emergencies (24 percent vs. 8 percent) or major purchases (10 percent vs. 5 percent) only. Both groups are equally likely to think withdrawals should be made as needed, with no set plan (36 percent of retirees and 39 percent of pre-retirees).

Home Equity

Sixteen percent of retiree homeowners report they have already used or they plan to use the equity in their home to help finance their retirement. This is similar to the 20 percent of pre-retiree homeowners who indicate they plan to use home equity to support them in retirement. Of those who plan to use home equity, the plurality says they will access the money by selling their home (45 percent of retirees and 56 percent of pre-retirees).

Retirement Planning

Perhaps because they are already in retirement, retirees typically have a shorter planning time horizon than do pre-retirees (median of five years for retirees vs. ten years for pre-retirees). Furthermore, retirees are more likely than pre-retirees to state they do not know how many years they look into the future when making important financial decisions (25 percent vs. 11 percent). This is the first year the survey asked these questions.

Pre-retirees are somewhat more likely than retirees to agree with most of the statements about planning examined in the survey. (See Figure 43.)

Figure 43: Agreement With Statements About Retirement Planning
To what extent do you agree or disagree about each of the following statements about your retirement finances?

	Strongly or Somewhat Agree	
	Retirees (n=401)	**Pre-retirees** (n=403)
It is important that you and your spouse agree on your retirement finances (if married, retirees n=249, pre-retirees n=293)	95%	95%
It is important to consider how long your spouse might live when thinking about your retirement finances (if married, retirees n=249, pre-retirees n=293)	86%	94%
It is important to consider how long you might live when thinking about your retirement finances	83%	89%
Your health (and the health of your spouse) will be the main factor affecting how long your retirement money lasts	82%	88%
If someone manages their finances well during their first three years of retirement, then their money will last for the rest of their retirement	54%	64%

Pre-retirees also have a higher likelihood of saying they have already done or plan to do the following: create a plan to manage their money and how much to spend each year (85 percent vs. 68 percent), allocate their investments and savings among different types of assets (83 percent vs. 73 percent), and calculate how much inflation will impact the amount of money they have later in life (72 percent vs. 55 percent). (See Figure 44.)

Figure 44: Types of Retirement Planning Performed
I am going to read you a list of the different types of planning that people can do to help manage their money and finances in retirement. 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.

	Already Done or Plan to Do	
	Retirees (n=401)	**Pre-retirees** (n=403)
Discuss the financial impact on your spouse if you should die first, and the financial impact on you if your spouse should die first (if married, retirees n=249, pre-retirees n=293)	85%	89%
Allocate your investments and savings among different types of assets	73%	83%
Create a plan to manage your money and how much to spend every year so you (and your spouse) do not outlive your financial resources	68%	85%
Prepare financially for the possibility of needing long-term care in a nursing home or at home due to poor health or frailty	57%	59%
Calculate how much inflation will affect how much money you have later in life	55%	72%

THE PROCESS OF RETIRING

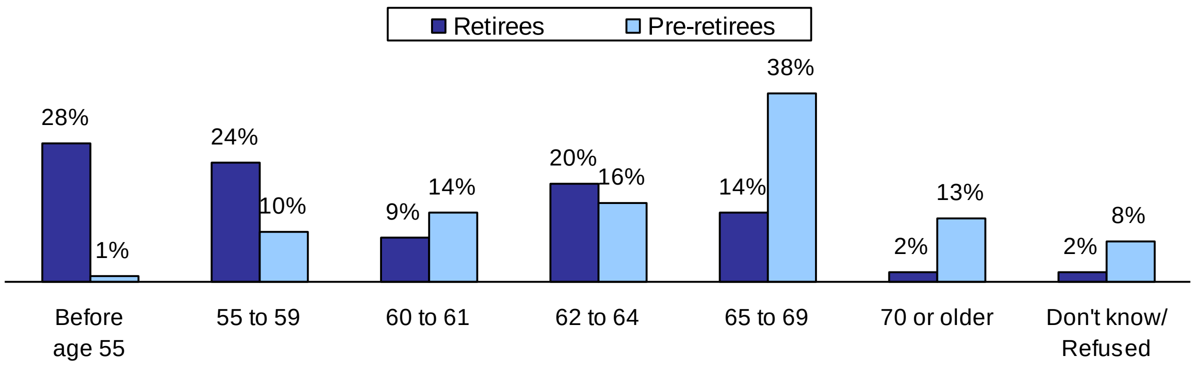
Retirement Age

Three in ten pre-retirees state that retirement will not apply to them (29 percent) because they will be financially unable to retire, choose to continue working, or some other reason. Those pre-retirees who expect to retire eventually think they will work longer than current retirees actually did. While half of retirees report they retired before age 60 (52 percent), just one in ten pre-retirees think they will retire that early (11 percent). Instead, more than half of pre-retirees expecting to retire say they will wait at least until age 65 to retire (50 percent of pre-retirees vs. 16 percent of retirees). (See Figure 45.)

Figure 45: Age at Retirement

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?

Retirees (n=393)
Pre-retirees expecting to retire (n=273)



Impact of Delayed Retirement

As in 2007, pre-retirees are more likely than retirees to feel a three-year delay in retirement would make their retirement finances *a lot more* or *a little more* secure (59 percent vs. 49 percent). Retirees are more likely to feel this delay would make their finances *no more secure* (46 percent vs. 37 percent).

Pre-retirees are more likely than retirees to feel, in every specific way they were asked, that delayed retirement would increase their financial security in retirement. Pre-retirees are significantly more likely than retirees to feel their financial security in retirement would increase because they would:

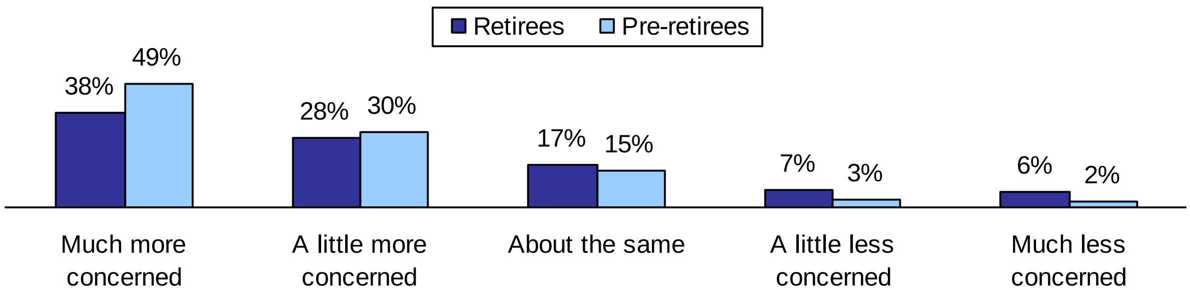
- continue to receive employer health insurance (82 percent of pre-retirees vs. 47 percent of retirees),
- have additional time to contribute to and earn money on investments (81 percent vs. 59 percent),
- get more each month from Social Security, both for themselves (81 percent vs. 66 percent) and for their spouse after their death (73 percent vs. 52 percent),
- get more each month from a pension (77 percent vs. 63 percent), and
- have to rely on their savings for less time (65 percent vs. 48 percent).

IMPACT OF DOWNTURN

Eight in ten pre-retirees say the recent stock market and economic downturn has made them more concerned about their finances (79 percent), compared with two-thirds of retirees (66 percent). (See Figure 46.)

Figure 46: Change in Concern About Financial Situation
How much has the recent stock market and economic downturn affected your financial concerns (about retirement)?

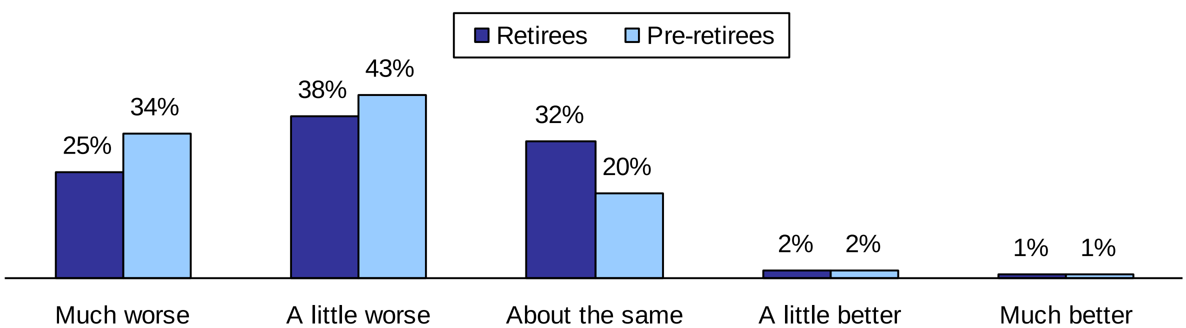
Retirees (n=401)
Pre-retirees (n=403)



Pre-retirees are also more likely than retirees to report their finances are now worse than they were prior to the downturn (77 percent vs. 63 percent). (See Figure 47.)

Figure 47: Effect of Downturn on Finances
How much would you say your (and your spouse/partner's) finances have been impacted by the recent stock market and economic downturn? Are your finances now…?

Retirees (n=401)
Pre-retirees (n=403)



PROFILE OF SURVEY RESPONDENTS

The demographic characteristics of the retired respondents to the 2009 iteration of the Risks and Process of Retirement Survey strongly resemble the characteristics of respondents from previous iterations of the study.

Figure 48: Demographic Characteristics of Retirees

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

Figure 48 (continued): Demographic Characteristics of Retirees

	2001 (n=242)	**2003** (n=303)	**2005** (n=302)	**2007** (n=400)	**2009** (n=401)
Home ownership					
Own home free and clear	64%	56%	52%	55%	54%
Own home, owe mortgage	23	30	35	33	37
Rent home	9	10	12	9	8
Don't know/Refused	5	5	1	3	1
Health status					
Excellent	28%	27%	17%	18%	21%
Very good	33	26	24	32	27
Good	21	24	34	27	24
Fair	12	13	19	13	17
Poor	5	8	6	10	9
Household income					
Less than $25,000	14%	28%	21%	19%	18%
$25,000–$34,999	19	17	17	14	13
$35,000–$49,999	16	17	18	13	16
$50,000–$74,999	13	10	15	17	17
$75,000–$99,999	9	7	7	12	11
$100,000 or more	7	4	10	11	11
Don't know/Refused	22	16	12	14	14
Total savings/investments					
Less than $25,000 (lowest category in 2001 was <$50,000)	29%	28%	23%	23%	24%
$25,000–$49,999		8	9	6	8
$50,000–$99,999	12	12	11	5	8
$100,000–$249,999	12	10	9	9	13
$250,000–$499,999	10	8	6	9	11
$500,000–$999,999	3	3	9	6	6
$1 million or more	5	2	3	7	3
Don't know/Refused	31	30	29	36	27

The demographic characteristics of the 2009 pre-retiree respondents differ in an important way from those in previous iterations of the study. They are more likely to have household income of $100,000 or more (35 percent in 2009, up from 22 percent in 2007 and 15 percent in 2005). Census data show that 27 percent of U.S. households had income of $100,000 or more in 2008. As in 2007, pre-retirees are also more likely than in the first three iterations to be married (74 percent in 2007 and 2009, 65 percent in 2005, 62 percent in 2003, and 66 percent in 2001.

Figure 49: Demographic Characteristics of Pre-retirees

	2001 (n=316)	**2003** (n=301)	**2005** (n=300)	**2007** (n=401)	**2009** (n=403)
Age					
45 to 54	59%	68%	65%	64%	61%
55 to 64	34	29	30	31	36
65 to 80	7	3	5	5	4
Gender					
Male	46%	49%	47%	48%	48%
Female	54	51	53	52	52
Marital status					
Married	66%	62%	65%	74%	74%
Living with a partner	2	3	3	2	3
Divorced/Separated	19	21	13	11	12
Widowed	6	4	4	4	5
Never Married	7	10	13	9	6
Education					
Some high school or less	7%	6%	3%	5%	2%
High school graduate	23	26	26	25	23
Some college, trade or business school	33	26	31	33	29
College graduate	24	25	26	23	26
Graduate degree	12	17	13	14	18
Employment status					
Working	86%	78%	78%	86%	81%
Retired	0	0	0	0	0
A homemaker	5	7	6	4	5
Laid off/unemployed and seeking work	3	6	6	4	9
Disabled and unable to work	NA	NA	NA	4	3
Other	6	9	10	2	1
Provide significant financial support for someone other than themselves/spouse					
Yes	32%	41%	35%	34%	37%

Figure 49 (continued): Demographic Characteristics of Pre-retirees

	2001 (n=316)	**2003** (n=301)	**2005** (n=300)	**2007** (n=401)	**2009** (n=403)
Home ownership					
Own home free and clear	27%	27%	27%	30%	31%
Own home, owe mortgage	57	55	50	59	58
Rent home	13	14	20	9	9
Don't know/Refused	3	3	3	2	2
Health status					
Excellent	28%	33%	19%	25%	31%
Very good	42	35	35	34	41
Good	18	21	29	29	19
Fair	9	9	11	7	7
Poor	1	2	4	4	2
Household income					
Less than $25,000	11%	12%	15%	7%	6%
$25,000–$34,999	7	10	9	8	6
$35,000–$49,999	18	24	16	13	13
$50,000–$74,999	19	17	19	20	16
$75,000–$99,999	15	12	17	20	17
$100,000 or more	16	14	15	22	35
Don't know/Refused	15	11	10	10	7
Total savings/investments					
Less than $25,000 (lowest category in 2001 was <$50,000)	27%	28%	25%	21%	22%
$25,000–$49,999		11	14	11	8
$50,000–$99,999	17	12	8	11	13
$100,000–$249,999	15	14	13	13	15
$250,000–$499,999	9	7	13	11	10
$500,000–$999,999	3	4	4	5	6
$1 million or more	2	2	2	5	5
Don't know/Refused	26	22	21	24	22

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=403)**	**Retirees (n=401)**
45-54	61%	14%
55-64	36	26
65-80	4	60
Median	*53*	*67*

[IF 1929-1964, CONTINUE.]

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

	Pre-retirees (n=403)	**Retirees (n=401)**
Male	48%	47%
Female	52	53

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

	Pre-retirees (n=403)	**Retirees (n=401)**
Married	74%	62%
Unmarried and living with a partner in a permanent relationship	3	3
Divorced	11	12
Separated	1	1
Widowed, or	5	16
Single, never married	6	5
[VOL] Don't know	--	--
[VOL] Refused	--	--

*Less than 0.5%

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

	Pre-retirees (n=403)	Retirees (n=401)
Working for pay	81%	11%
Retired	--	75
A homemaker	5	3
Laid off or unemployed and seeking work	9	3
Disabled and unable to work, or	3	9
Something else	1	*
[VOL] Don't know **[THANK AND TERMINATE]**	--	--
[VOL] Refused **[THANK AND TERMINATE]**	--	--

5.a **[IF WORKING (Q4=1), ASK:]** In the past 12 months, have you worked for pay **[READ LIST]**?

	Pre-retirees (n=324)	Retirees (n=37)
Full time throughout the year	83%	55%
Part time throughout the year, or	9	30
Full or part time for only part of the year	7	15
[VOL] Don't know	--	--
[VOL] Refused	*	--

5.b **[IF RETIRED (Q4=2), 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=316)
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	11
[VOL] Don't know	--
[VOL] Refused	*

5.c **[IF LAID OFF (Q4=4), ASK:]** Do you generally work for pay **[READ LIST]**?

	Pre-retirees (n=39)	Retirees (n=8)
Full time throughout the year	87%	n=6
Part time throughout the year, or	2	n=2
Full or part time for only part of the year	7	--
[VOL] Don't know	--	--
[VOL] Refused	4	--

*Less than 0.5%

6. **[IF WORKING/LAID OFF/DISABLED (Q4=1, 4, 5), ASK:]** Do you consider yourself retired from a previous career or primary occupation?

	Pre-retirees (n=378)	Retirees (n=73)
Yes	--	16%
No	100%	100
[VOL] Don't know	*	--
[VOL] Refused		--

[IF MARRIED/PARTNER (Q3=1-2), CONTINUE. ELSE SKIP TO CHECKPOINT.]

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

	Pre-retirees (n=307)	Retirees (n=260)
Working	70%	31%
Retired	6	56
A homemaker	10	6
Laid off or unemployed and seeking work	8	2
Disabled and unable to work, or	4	4
Something else	2	1
[VOL] Don't know	--	--
[VOL] Refused	--	*

8. **[IF SPOUSE WORKING/LAID OFF/DISABLED (Q7=1, 4, 5), ASK:]** Does your (spouse/partner) consider himself or herself retired from a previous career or primary occupation?

	Pre-retirees (n=247)	Retirees (n=84)
Yes	8%	27%
No	92	73
[VOL] Don't know	--	--
[VOL] Refused	--	--

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 <= 1942)
--HOMEMAKER OR SOMETHING ELSE (Q4 = 3, 6) AND SPOUSE RETIRED (Q7=2 OR Q8=1)
ALL OTHERS ARE WORKER.

*Less than 0.5%

9. Version **[AUTOCODE]**

	Pre-retirees (n=403)	Retirees (n=401)
Worker version	100%	--
Retiree version	--	100%

<u>The Process of Retiring</u>

10. **[IF NOT PERSONALLY RETIRED (Q4≠2 AND Q6≠1), ASK:]** Retirement means different things to different people. **(WORKER:** 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 **(WORKER:** doesn't/**RETIREE:** didn't**)** retirement really apply to your situation?

	Pre-retirees (n=403)	Retirees (n=12)
Will retire/retired	68%	n=4
Retirement doesn't/didn't apply	29	n=7
[VOL] Don't know	3	n=1
[VOL] Refused	--	--

11. **[IF RETIREMENT NOT APPLICABLE (Q10=2,3,4), ASK:]** Why do you say that retirement **(WORKER:** doesn't/**RETIREE:** didn't**)** really apply to your situation? **[RECORD RESPONSE VERBATIM.]**

	Pre-retirees (n=130)	Retirees (n=8)
Financially unable to retire	31%	n=1
Choose to continue working	23	--
Not employed: housewife, disabled, never worked, lost job	16	n=6
Self-employed	8	n=1
It's a long way off	7	--
Don't think will live long enough to retire	7	--
Other	7	--
Don't know	6	--

[IF RETIREMENT NOT APPLICABLE (Q10=2,3,4), SKIP TO TEXT BEFORE Q17.]

*Less than 0.5%

12. **[IF WORKER AND EMPLOYED/LAID OFF FULL TIME (Q5a=1 OR Q5c=1), 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 WORKER AND NOT EMPLOYED/LAID OFF FULL TIME (Q5a≠1 AND Q5c≠1), 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 (Q4=2 OR Q6=1), 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 (Q4≠2 AND Q6≠1), ASK:] At what age did you begin to think of yourself as retired? **[PROBE FOR SPECIFIC AGE.]**

	Pre-retirees (n=273)	Retirees (n=393)
Under 55	1%	28%
55 to 59	10	24
60 to 61	14	9
62 to 64	16	20
65 to 67	35	12
68 or older	16	4
[VOL] Do not expect to retire	1	1
[VOL] Don't know	7	1
[VOL] Refused	--	*

[IF DO NOT EXPECT TO RETIRE (Q12=97), SKIP TO TEXT BEFORE Q17.]

13. DELETED

14. **[IF WORKER:]** Suppose you were to retire three years later than you are currently planning. Do you think this would make your retirement financially **[RANDOMLY REVERSE AND READ LIST. SAY "OR" BEFORE READING LAST RESPONSE.]**?

[IF RETIREE:] Suppose you had retired three years later than you actually did. Do you think this would have made your retirement financially **[RANDOMLY REVERSE AND READ LIST. SAY "OR" BEFORE READING LAST RESPONSE.]**?

	Pre-retirees (n=271)	Retirees (n=390)
A lot more secure	10%	14%
A little more secure	49	35
No more secure	37	46
[VOL] Don't know	4	5
[VOL] Refused	--	*

*Less than 0.5%

15. **[IF WORKER, ASK:]** Again, suppose you were to retire three years later than you are currently planning. How much, if at all, would each of the following increase your financial security in retirement? Would **[RANDOMIZE AND READ LIST. READ E-F TOGETHER AND IN ORDER.]** increase your financial security **[READ HALF:** a lot, a little, or not at all/**HALF:** not at all, a little, or a lot**]**?

[IF RETIREE, ASK:] Again, suppose you retired three years later than you actually did. How much, if at all, would each of the following have increased your financial security in retirement? Would **[RANDOMIZE AND READ LIST. READ E-F TOGETHER AND IN ORDER.]** have increased your financial security **[READ HALF:** a lot, a little, or not at all/**HALF:** not at all, a little, or a lot**]**?

16. **[IF WORKER, ASK:]** Which do you think would most increase your financial security in retirement if you were to retire three years later than you are currently planning? Would it be **[READ ALL 'A LOT' IN PRIOR Q. IF NO 'A LOT', READ ALL 'A LITTLE' ITEMS. MAINTAIN ORDER FROM PRIOR Q.]**?

[IF RETIREE, ASK:] Which do you think would have most increased your financial security in retirement if you had retired three years later than you actually did? Would it have been **[READ ALL 'A LOT' IN PRIOR Q. IF NO 'A LOT', READ ALL 'A LITTLE' ITEMS. MAINTAIN ORDER FROM PRIOR Q.]**?

	Pre-retirees n=271; Retirees n=390	A Lot	A Little	Q15 Not at All	[VOL] DK	[VOL] REF	Q16 Most
a.	Relying on your savings for a shorter period of time						
	Pre-retirees	13%	52	33	2	--	4%
	Retirees	12%	36	47	4	1	7%
b.	Having three more years to make contributions to and earn money on your investments						
	Pre-retirees	17%	64	19	--	--	13
	Retirees	17%	42	39	2	1	19
c.	Continuing to receive health insurance coverage from your employer						
	Pre-retirees	63%	18	16	1	1	49
	Retirees	28%	19	47	5	1	20
d.	Increasing the amount you receive each month from a defined benefit or traditional pension plan						
	Pre-retirees	24%	52	21	2	*	9
	Retirees	15%	49	30	5	1	14
e.	Increasing the amount you receive each month from Social Security						
	Pre-retirees	20%	61	17	2	*	10
	Retirees	16%	50	27	6	2	17
f.	**[IF MARRIED:]** Increasing the amount your spouse will receive each month from Social Security, if you should die first						
	Pre-retirees (n=206)	17%	56	21	4	2	3
	Retirees (n=242)	10%	43	40	6	2	4
	Something else?						

*Less than 0.5%

Pre-retirees n=271; Retirees n=390	A Lot	A Little	Q15 Not at All	[VOL] DK	[VOL] REF	Q16 Most
Pre-retirees						8
Retirees						3
[VOL] None of these						
Pre-retirees						1
Retirees						8
[VOL] Don't know						
Pre-retirees						3
Retirees						9
[VOL] Refused						
Pre-retirees						*
Retirees						--

Planning for Retirement/Financial Planning

[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 retirement.

17. **[IF WORKER, 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=403)	Retirees (n=401)
1 to 4 years	12%	20%
5 to 9 years	24	19
10 to 19 years	37	16
20 years or more	13	7
[VOL] Less than 1 year	1	10
[VOL] Don't know/Haven't thought about it	11	25
[VOL] Refused	1	2

*Less than 0.5%

18. To what extent to do you agree or disagree with each of the following statements about your retirement finances. **[RANDOMIZE AND READ LIST. KEEP ITEMS B AND C TOGETHER].** Would you say you **[READ FOR HALF:** strongly agree, somewhat agree, somewhat disagree, or strongly disagree/**FOR HALF:** strongly disagree, somewhat disagree, somewhat agree, or strongly agree**]**?

	Pre-retirees n=403; Retirees n=401	Strongly Agree	Some-what Agree	[VOL] Neither	Some-what Disagree	Strongly Disagree	[VOL] DK	[VOL] REF
a.	**[IF WORKER:]** If you manage your finances well during your first three years of retirement, then your money will last for the rest of your retirement **[IF RETIREE:]** If someone manages their finances well during their first three years of retirement, then their money will last for the rest of their retirement							
	Pre-retirees	20%	44	1	19	15	2	--
	Retirees	16%	38	1	22	20	3	--
b.	It is important to consider how long you might live when thinking about your retirement finances							
	Pre-retirees	64%	25	*	4	5	2	--
	Retirees	54%	29	1	7	4	5	--
c.	**[IF MARRIED:]** It is important to consider how long your spouse might live when thinking about your retirement finances							
	Pre-retirees (n=293)	70%	24	--	3	2	1	--
	Retirees (n=249)	59%	27	1	5	6	3	1
d.	Your health (**IF MARRIED:** and the health of your spouse) will be the main factor affecting how long your retirement money lasts							
	Pre-retirees	59%	29	--	7	4	1	*
	Retirees	52%	30	2	8	8	1	--
e.	**[IF MARRIED:]** It is important that you and your spouse agree on your retirement **[WORKER:** plans/**RETIREE:** finances**]**							
	Pre-retirees (n=293)	78%	17	*	2	2	1	--
	Retirees (n=249)	79%	16	--	3	2	*	--

*Less than 0.5%

19. I am going to read you a list of the different types of planning that people can do to help manage their money and finances in retirement. 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. With regard to your retirement finances, have you or do you plan to **[RANDOMIZE AND READ LIST]**? **[ACCEPT 1,2 MULTIPUNCH.]**

	Pre-retirees n=403; Retirees n=401	Already Done	Plan to Do in Future	No Plans	[VOL] NA	[VOL] DK	[VOL] REF
a.	Allocate your investments and savings among different types of assets						
	Pre-retirees	64%	20	17	*	--	--
	Retirees	67%	7	25	2	*	--
b.	Prepare financially for the possibility of needing long-term care in a nursing home or at home due to poor health or frailty						
	Pre-retirees	25%	35	40	1	*	--
	Retirees	40%	17	42	*	1	--
c.	**[IF MARRIED:]** Discuss the financial impact on your spouse if you should die first, and the financial impact on you if your spouse should die first						
	Pre-retirees (n=293)	66%	25	10	--	1	*
	Retirees (n=249)	75%	11	14	*	--	--
d.	Create a plan to manage your money and how much to spend every year so you (and your spouse) do not outlive your financial resources						
	Pre-retirees	36%	49	14	1	--	--
	Retirees	57%	12	30	1	1	--
e.	Calculate how much inflation will affect how much money you have later in life						
	Pre-retirees	36%	37	26	1	1	--
	Retirees	42%	13	42	1	2	--

*Less than 0.5%

Retirement Income

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

	Pre-retirees n=403; Retirees n=401	**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	58%	39	3	--
	Retirees	61%	37	2	--
b.	Employer-sponsored retirement savings plans, such as a 401(k), 403(b), or 457 plan				
	Pre-retirees	76%	23	1	--
	Retirees	42%	56	1	*
c.	Other retirement savings plans, such as an IRA, bank, or investment account				
	Pre-retirees	66%	33	1	--
	Retirees	45%	55	1	--

21. **[IF HAVE DC PLAN (Q20B=1), ASK:]** What **(WORKER:** do you think you (or your spouse/partner) will/**RETIREE:** did you (or your spouse/partner)**)** do with some or all of the money from the retirement savings plans, such as a 401(k)? **(WORKER:** Do you think you will/**RETIREE:** Did you**)** **[READ LIST IN ORDER]**?

	Pre-retirees n=295; Retirees n=170	**Yes**	**No**	**[VOL] DK**	**[VOL] REF**
a.	Use it to purchase a financial product that provides a series of regular payments that are guaranteed for life, where you have NO say in how the principal is invested				
	Pre-retirees	18%	69	13	--
	Retirees	15%	82	4	--
b.	Invest or save it in funds that provide a series of regular payments, where you or your designee can direct how the principal is invested				
	Pre-retirees	67%	25	8	--
	Retirees	48%	45	6	--
c.	Invest or save it in funds that you manage and withdraw as you like				
	Pre-retirees	82%	14	5	--
	Retirees	75%	24	2	--
d.	Spend it or use it to pay off debt				
	Pre-retirees	49%	50	2	--
	Retirees	20%	80	--	--

*Less than 0.5%

22. **[IF HAVE DB PLAN (Q20A=1), ASK:]** How (**WORKER:** do you think you (or your spouse/partner) will/**RETIREE:** did you (or your spouse/partner)) take the money from the defined benefit or traditional pension plan? (**WORKER:** Do you think you will/**RETIREE:** Did you) **[READ LIST IN ORDER]**?

	Pre-retirees n=231; Retirees n=247	**Yes**	**No**	**[VOL] DK**	**[VOL] REF**
a.	Take any of it as a series of regular payments from an employer, pension, or annuity, that are guaranteed for life and may continue to a surviving spouse, where you have NO say in how the principal is invested				
	Pre-retirees	51%	40	9	--
	Retirees	53%	39	7	1
b.	Invest or save any of it in funds that provide a series of regular payments, where you or your designee can direct how the principal is invested				
	Pre-retirees	66%	25	9	--
	Retirees	40%	55	4	--
c.	Invest or save any of it in funds that you manage and withdraw as you like				
	Pre-retirees	81%	18	2	--
	Retirees	62%	37	1	--
d.	Spend any of it or use it to pay off debt				
	Pre-retirees	48%	49	3	--
	Retirees	26%	74	--	--

23. Which of the following describes how you view your **[IF WORKER:** retirement**]** savings? Would you say that your **[IF WORKER:** retirement**]** savings is money that **[WORKER:** in retirement will/**RETIREE:** should**]** be used…**[RANDOMIZE AND READ LIST. SAY "OR" BEFORE READING LAST RESPONSE.]**? **[ALLOW MULTIPUNCH]**

	Pre-retirees (n=403)	**Retirees (n=401)**
As needed with NO set plan	39%	36%
With a set plan for regular withdrawals of principal, interest, and dividends	24	11
By withdrawing only the interest or dividends earned each month	17	11
To pay for emergencies only	8	24
To pay for major purchases only	5	10
Never as it will be passed onto heirs	5	4
[VOL] Do not have any savings	2	6
[VOL] Don't know	5	4
[VOL] Refused	1	*

[WORKERS SKIP TO Q27]

*Less than 0.5%

24. **[IF RETIREE AND HAVE WITHDRAWAL PLAN (ANY MENTION Q23 = 4 or 6), ASK:]** About how often, if at all, do you review how you are withdrawing your money from savings and investments and make adjustments, if necessary, to the withdrawal amounts? Would you say about **[RANDOMLY REVERSE AND READ LIST. SAY "OR" BEFORE READING LAST RESPONSE.]**?

	Retirees (n=86)
Once a year or more often	78%
Once every two years	7
Every three years or less often	10
[VOL] Don't know	5
[VOL] Refused	--

25. **[IF RETIREE, ASK]:** Now I'd like to talk about the role that the equity in your home might play in funding your retirement. Up UNTIL NOW, have you used any of the equity you built up in your current home or a previous home to help fund your retirement?

	Retirees (n=401)
Yes	6%
No	90
[VOL] Never owned home	3
[VOL] Don't know	--
[VOL] Refused	*

26. **[IF ALREADY USED HOME EQUITY (Q25 = 1), ASK:]** What did you do? Did you…**[READ LIST]**?

	Retirees (n=25)
Get a home equity loan	45%
Sell your home	31
Get a reverse mortgage	15
Get a new mortgage	3
Or do something else **[PROBE:** What was that?**]**	3
[VOL] Don't know	3
[VOL] Refused	--

27. **[IF WORKER, ADD:** Now I'd like to talk about the role that the equity in your home might play in funding your retirement.**]** Do you <u>currently</u> **[READ LIST]**?

	Pre-retirees (n=403)	**Retirees (n=389)**
Own your home free and clear	31%	54%
Own your home and owe money on a mortgage, or	58	37
Rent your home	9	8
[VOL] Don't know	1	1
[VOL] Refused	1	*

[IF OWN HOME (Q27 = 1 or 2), CONTINUE. ELSE SKIP TO Q30.]

*Less than 0.5%

28. And, do you have any plans to use the equity in your home to help finance your retirement **[IF RETIREE ADD:** in the future**]**?

	Pre-retirees (n=360)	Retirees (n=369)
Yes	20%	11%
No	77	84
[VOL] Don't know	3	6
[VOL] Refused	--	--

29. **[IF PLAN TO USE HOME EQUITY (Q28 = 1), ASK:]** Do you think you will…**[READ LIST]**?

	Pre-retirees (n=67)	Retirees (n=36)
Sell your home	56%	50%
Get a reverse mortgage	9	9
Get a home equity loan	9	3
Get a new mortgage	--	5
Or do something else **[PROBE:** What is that?**]**	13	13
[VOL] Don't know	12	18
[VOL] Refused	--	2

*Less than 0.5%

Managing Risks

30. Please tell me how concerned you are about each of the following **(WORKER 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?

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

	Pre-retirees n=403; Retirees n=401	**Q30** Very Concern	Swhat Concern	Not too Concern	Not at all Concern	[VOL] DK	[VOL] REF	**Q31** Most Con
a.	You might not be able to maintain a reasonable standard of living for the rest of your life							
	Pre-retirees	23%	33	23	21	--	--	12%
	Retirees	16%	28	21	33	1	--	6%
b.	You might not have enough money to pay for adequate health care							
	Pre-retirees	31%	36	14	18	*	--	17
	Retirees	22%	26	20	30	1	1	14
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	22%	34	23	21	1	--	9
	Retirees	18%	28	21	32	1	*	10
d.	You might not be able to keep the value of your savings and investments up with inflation							
	Pre-retirees	31%	40	16	12	*	*	11
	Retirees	23%	35	17	24	1	--	12
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=307)	14%	29	20	37	--	--	4
	Retirees (n=260)	13%	22	17	46	1	1	7
f.	You might deplete all of your savings							
	Pre-retirees	23%	35	20	21	*	--	7
	Retirees	19%	27	20	31	2	--	6
g.	You might not be able to afford to stay in your current home for the rest of your life							
	Pre-retirees	14%	18	25	42	--	*	4
	Retirees	12%	20	21	46	1	*	5
h.	You might not be able to leave money to your children or other heirs							
	Pre-retirees	11%	24	27	38	*	*	6
	Retirees	9%	19	22	49	1	*	4

*Less than 0.5%

Pre-retirees n=403; Retirees n=401	Q30 Very Concern	Swhat Concern	Not too Concern	Not at all Concern	[VOL] DK	[VOL] REF	Q31 Most Con
i. You might not be able to rely on children or other family members to provide assistance							
Pre-retirees	11%	21	25	42	1	--	1
Retirees	10%	16	19	56	*	*	2
j. Your income in retirement may vary based on changes in interest rates							
Pre-retirees	24%	38	20	17	*	--	13
Retirees	21%	31	17	29	2	--	14
[VOL] None of these							
Pre-retirees							13
Retirees							19
[VOL] Don't know							
Pre-retirees							2
Retirees							2
[VOL] Refused							
Pre-retirees							*
Retirees							--

[IF NOT MARRIED, SKIP TO Q34.]

32. If you were to pass away before your (spouse/partner) **(IF WORKER:** in retirement**)**, do you think it would leave your (spouse/partner) FINANCIALLY **(READ HALF:** better off, worse off, or about the same **/READ HALF:** worse off, better off, or about the same**)**?

	Pre-retirees (n=307)	**Retirees (n=260)**
Better off	28%	19%
About the same	60	68
Worse off	12	11
[VOL] Don't know	--	2
[VOL] Refused	--	--

*Less than 0.5%

33. If your (spouse/partner) were to pass away before you **(IF WORKER:** in retirement**)**, do you think it would leave you FINANCIALLY **(READ HALF:** better off, worse off, or about the same **/READ HALF:** worse off, better off, or about the same**)**?

	Pre-retirees (n=307)	Retirees (n=260)
Better off	16%	14%
About the same	63	69
Worse off	21	16
[VOL] Don't know	--	--
[VOL] Refused	--	--

34. I'm going to read you a list of things that some people do to protect themselves financially **(WORKER:** 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**]? **[ACCEPT 1,2 MULTIPUNCH.]**

[INTERVIEWER NOTE: If respondent says "not applicable", enter as "No Plans"**]**.

Pre-retirees n=403; Retirees n=401	Already Done	Plan to Do in Future	No Plans	[VOL] DK	[VOL] REF
a. Cut back on spending					
Pre-retirees	54%	26	22	--	--
Retirees	56%	14	31	*	*
b. Move to a smaller home or less expensive area					
Pre-retirees	7%	28	64	1	--
Retirees	10%	20	69	*	*
c. Invest a portion of your money in stocks or stock mutual funds					
Pre-retirees	55%	10	35	2	--
Retirees	48%	5	48	--	*
d. Move your assets to increasingly conservative investments as you get older					
Pre-retirees	26%	39	33	2	--
Retirees	43%	16	41	1	*
e. Buy real estate or invest in property					
Pre-retirees	25%	18	57	*	--
Retirees	20%	5	75	--	*
f. Work longer					
Pre-retirees	14%	44	39	3	--
Retirees	15%	14	71	1	*
g. Try to save as much money as you can					
Pre-retirees	47%	42	14	1	--
Retirees	53%	25	25	--	*
h. Completely pay off your mortgage					
Pre-retirees	29%	51	19	*	--
Retirees	48%	29	22	1	*

*Less than 0.5%

Pre-retirees n=403; Retirees n=401		Already Done	Plan to Do in Future	No Plans	[VOL] DK	[VOL] REF
i.	Eliminate all of your consumer debt, by paying off all credit cards and loans					
	Pre-retirees	45%	46	9	*	--
	Retirees	60%	23	16	1	1
j.	Buy a product or choose an employer plan option that will provide you with guaranteed income for life					
	Pre-retirees	20%	18	60	2	*
	Retirees	19%	4	75	1	*
k.	Postpone taking Social Security					
	Pre-retirees	7%	32	55	5	1
	Retirees	24%	10	65	2	*

35. 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]**? **[ACCEPT 1,2 MULTIPUNCH.]**

[INTERVIEWER NOTE: If respondent says "not applicable", enter as "No Plans"**]**.

Pre-retirees n=403; Retirees n=401		Already Done	Plan to Do in Future	No Plans	[VOL] DK	[VOL] REF
a.	Buy long-term care insurance					
	Pre-retirees	22%	28	50	1	--
	Retirees	27%	8	64	1	--
b.	Purchase health insurance to supplement Medicare or participate in an employer-provided retiree health plan					
	Pre-retirees	25%	50	25	1	--
	Retirees	59%	16	24	*	--
c.	Move into or arrange for care through a continuing care retirement community					
	Pre-retirees	1%	10	88	1	--
	Retirees	5%	10	84	1	--
d.	Save specifically for the possibility of having large health expenses or needing long-term care					
	Pre-retirees	20%	28	52	1	--
	Retirees	32%	15	51	2	--
e.	Maintain healthy lifestyle habits, such as a proper diet, regular exercise and preventative care					
	Pre-retirees	79%	18	7	--	--
	Retirees	84%	14	7	*	--

*Less than 0.5%

36. If you found yourself needing to reduce your living expenses, how acceptable would it be for you (and your spouse) to do each of the following? How acceptable would it be to **[RANDOMIZE AND READ LIST]**?. Would it be very acceptable, somewhat acceptable, or not acceptable?

37. Which reduction in your living expenses would you be likely to make first? **[READ ALL VERY ACCEPTABLE IN PRIOR Q. IF NO VERY ACCEPTABLE, READ ALL SOMEWHAT ACCEPTABLE.]**

	Q36						Q37
Pre-retirees n=403; Retirees n=401	**Very Acceptable**	**Somewhat Acceptable**	**Not Acceptable**	**[VOL] NA**	**[VOL] DK**	**[VOL] REF**	**First Reduc.**
a. Move to a less expensive area of the country							
Pre-retirees	20%	27	52	1	1	--	4%
Retirees	11%	21	64	3	1	--	2%
b. Move into a smaller house or apartment							
Pre-retirees	34%	37	27	1	*	--	10
Retirees	23%	31	44	2	*	--	11
c. Take fewer vacations							
Pre-retirees	47%	36	15	2	--	--	14
Retirees	39%	33	17	11	*	--	19
d. Eat out in restaurants less often							
Pre-retirees	62%	30	7	1	*	--	24
Retirees	44%	37	13	6	*	--	20
e. Spend less money on social, leisure or cultural activities							
Pre-retirees	45%	44	10	1	*	--	12
Retirees	37%	42	16	4	*	*	11
f. Spend less money on gifts each year							
Pre-retirees	55%	36	8	1	*	--	15
Retirees	47%	38	11	4	*	--	14
g. Go to the doctor less often							
Pre-retirees	19%	31	49	1	--	--	2
Retirees	12%	22	62	3	1	--	2
h. Spend less on medications							
Pre-retirees	16%	24	56	4	*	--	1
Retirees	10%	17	66	6	1	*	2
i. Cut back on utilities, like cable TV, home phone, or internet service							
Pre-retirees	32%	44	22	1	*	--	9
Retirees	27%	37	33	3	*	--	7
j. Move in with your children, family members, or friends							
Pre-retirees	5%	26	67	1	1	--	*
Retirees	5%	18	75	1	1	--	1
k. Cut back on your insurance coverage							
Pre-retirees	7%	25	65	2	1	--	1

*Less than 0.5%

Pre-retirees n=403; Retirees n=401	Q36 Very Acceptable	Somewhat Acceptable	Not Acceptable	[VOL] NA	[VOL] DK	[VOL] REF	Q37 First Reduc.
Retirees	7%	14	72	4	2	*	2
Or something else?							
Pre-retirees							3
Retirees							4
[VOL] None of these							
Pre-retirees							2
Retirees							3
[VOL] Don't know							
Pre-retirees							3
Retirees							3
[VOL] Refused							
Pre-retirees							*
Retirees							*

<u>Impact of Downturn</u>

38. How much has the recent stock market and economic downturn affected your financial concerns **(WORKER ADD:** about retirement)? Are you <u>now</u> **[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 prior to these events?

	Pre-retirees (n=403)	Retirees (n=401)
Much more	49%	38%
A little more	30	28
About the same	15	17
A little less	3	7
Much less	2	6
[VOL] Don't know	*	3
[VOL] Refused	*	1

*Less than 0.5%

39. How much would you say your (and your spouse/partner's) finances have been impacted by the recent stock market and economic downturn? 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 prior to the downturn?

	Pre-retirees (n=403)	**Retirees (n=401)**
Much worse	34%	25%
A little worse	43	38
About the same	20	32
A little better	2	2
Much better	1	1
[VOL] Don't know	*	2
[VOL] Refused	--	*

40. Has the recent stock market and economic downturn made you feel that you **[READ LIST]**?

	Pre-retirees n=403; Retirees n=401	**Yes**	**No**	**[VOL] DK**	**[VOL] REF**
a.	Need more advice from a financial professional about saving and investing				
	Pre-retirees	25%	71	1	--
	Retirees	17%	81	1	--
b.	Have to do a better job at **[IF WORKER:** planning for retirement/**IF RETIREE:** managing your finances**]**				
	Pre-retirees	61%	38	*	*
	Retirees	51%	47	1	--
c.	Have to save more money				
	Pre-retirees	72%	27	1	*
	Retirees	49%	49	2	*
d.	**[IF WORKER:]** Have to work longer **[IF RETIREE:]** Have to go back to work				
	Pre-retirees	64%	35	*	*
	Retirees	23%	74	2	--

*Less than 0.5%

Demographics

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

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

	Pre-retirees (n=403)	Retirees (n=401)
Excellent	31%	21%
Very good	41	27
Good	19	24
Fair, or	7	17
Poor	2	9
[VOL] Don't know	*	*
[VOL] Refused	*	1

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

	Pre-retirees (n=403)	Retirees (n=401)
Some high school or less	2%	9%
High school graduate	23	26
Some college/trade or business school	29	26
Bachelors degree	21	17
Post graduate work	5	6
Graduate degree	18	15
[VOL] Don't know	--	--
[VOL] Refused	1	1

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

	Pre-retirees (n=403)	Retirees (n=401)
Yes	37%	17%
No	63	82
[VOL] Don't know	--	--
[VOL] Refused	1	1

44. In 2008, was your total household income, before taxes, **[READ LIST]**?

	Pre-retirees (n=403)	Retirees (n=401)
Less than $25,000	6%	18%
$25,000 to less than $35,000	6	13
$35,000 to less than $50,000	13	16
$50,000 to less than $75,000	16	17
$75,000 to less than $100,000, or	17	11
$100,000 or more	35	11
[VOL] Don't know	--	2

*Less than 0.5%

[VOL] Refused	7	12

45. 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? Would you say you have **[READ LIST]**?

	Pre-retirees (n=403)	**Retirees (n=401)**
Less than $25,000	22%	24%
$25,000 to less than $50,000	8	8
$50,000 to less than $100,000	13	8
$100,000 to less than $250,000	15	13
$250,000 to less than $500,000	10	11
$500,000 to less than $1 million, or	6	6
$1 million or more	5	3
[VOL] Don't know	6	5
[VOL] Refused	16	23

THANK AND TERMINATE

*Less than 0.5%