SOCIETY OF ACTUARIES
THE AMERICAN ACADEMY OF ACTUARIES

RETIREMENT PLAN PREFERENCES SURVEY

REPORT OF FINDINGS

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INTRODUCTION

This report presents the results of a survey on pension and retirement plan preferences conducted by Mathew Greenwald & Associates, Inc., on behalf of the Society of Actuaries and the American Academy of Actuaries. The purpose of this study was to evaluate worker and retiree preferences for different types of employer-sponsored retirement plans and better understand which plan characteristics have the most appeal. The study was conducted among employed individuals who have a retirement plan through their current employer and retired individuals who receive or received retirement benefits from an employer-sponsored retirement plan.

Greenwald & Associates designed the questionnaire for the study in cooperation with the Project Oversight Group. Workers were asked about details of their current employer-sponsored retirement program, including information about the type of retirement plans offered, knowledge about their plan features, level of satisfaction with the plan, and concern about the security of their money in the plan. Because retirees might receive benefits from more than one employer, retirees were asked to answer similar questions about the employer-sponsored retirement program that provided them with the greatest retirement benefit. Both workers and retirees were asked general questions on the importance of various plan features, considerations when deciding on payout options, confidence in managing retirement savings, and sources of retirement income. A series of questions was also asked to gather demographic characteristics.

Information for this study was gathered through a two-stage survey process. The first survey stage was used to determine those members of the Synovate mail panel that qualified for participation in the second stage based on their participation in a pension or retirement plan. Of the 15,000 members of the Synovate consumer mail panel surveyed in the first stage, 10,356 responded that they and/or their spouses had a retirement plan through a current employer or retired with retirement benefits. A stratified random sample based on gender and type of plan was then pulled for the second stage. (For a detailed description of the sampling and weighting methodology, see Appendix A.)

The eight-page surveys were mailed on February 14, 2003, to 1,088 workers and 1,889 retirees. A total of 815 questionnaires from workers and 624 questionnaires from retirees were returned by February 28, 2003 for response rates of 75% and 33%, respectively. A number of questionnaires with incomplete data were later discarded, reducing the number of completed returns used for analysis to 790 for workers and 600 for retirees and lowering the response rates for usable returns to 73% and 32%, respectively. (The worker response rate was unusually high and might indicate the importance these workers place on retirement plan issues.) Synovate processed the returns and sent the data file to Greenwald & Associates for tabulation and analysis. The data were weighted by plan type as described in Appendix A.

The margin of error for results of this study (at the 95% confidence level) is plus or minus three percentage points for questions asked of all workers and plus or minus four percentage points for questions asked of all retirees. 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 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.

Greenwald & Associates prepared this report, and its content is the responsibility of the firm. Following this introduction is an overview of the survey results, detailed findings for each question asked on the worker and retiree surveys, and a profile of survey respondents. Detailed results are broken out by demographic characteristics where there is a significant difference between groups. Appendix A includes a detailed description of the sampling methodology, and Appendix B contains a copy of the questionnaires and the responses. Data presented in figures in this report may not total 100 percent due to rounding and/or missing categories.

SETTING THE STAGE

Actuaries have long debated various aspects of the defined benefit/defined contribution issue, considering both the plan sponsor and the participant perspectives. There has been much discussion about funding issues, the differing regulatory environments for the two types of plans, investment risk, retirement income security, fit with an organization's overall compensation objectives, what is best for employees, and what is best for employers. However, while there have been assumptions about how the public felt about these plans, little was known about how plan members actually feel about their plans, and how participants with a defined benefit plan feel versus those with a defined contribution plan.

Following the 2002 Saver Summit, some actuaries and others discussed the lack of knowledge about public perceptions and knowledge about different types of plans. When the Committee on Retirement Systems Research received a proposal from Greenwald & Associates to conduct research into retirement plan preferences, the committee recognized this as an opportunity to replace impressions with facts. In particular, the Committee was interested in understanding, in an objective way, what workers and retirees like and feel is important about their own retirement programs. This included understanding what general features of plans appealed to participants without attaching specific "defined benefit" or "defined contribution" labels to those features. In addition, the Committee wanted to produce results that would be useful to practicing actuaries and that would contribute in a useful way to the public policy debate over defined benefit/defined contribution plans. This report presents the results of the study that developed from this project.

OVERVIEW

RATINGS AND PREFERENCES

- Workers and retirees have favorable to ambivalent feelings about the retirement plans offered by their employer.
  - More than half of workers and two-thirds of retirees rate the communications they receive about the plan benefits *excellent* or *very good*.
  - About four in ten workers and six in ten retirees rate the information they receive(d) on retirement planning *excellent* or *very good*.
  - More than four in ten workers (43%) and half of retirees report the plans' effectiveness in helping to ensure they have enough money for retirement is *excellent* or *very good*.
  - Roughly equal proportions of workers and retirees rate the level of employer encouragement for them to save for retirement *excellent* or *very good* (44% and 45%, respectively).
- Both workers and retirees tend to express a preference for the type of plan they already have. Some reasons for this finding may be because they are more familiar with the type of plan they already have, they have been sold on this type of plan by their employer or retirement plan provider, or they have deliberately sought an employer that offers this type of plan.
  - Among those with only defined contribution plans, 62% of workers and 56% of retirees prefer defined contribution plans. Only 19% of workers and 28% of retirees prefer defined benefit plans.
  - Among those with only defined benefit plans, 51% of workers and 68% of retirees prefer defined benefit plans. Thirty percent of workers and 17% of retirees prefer defined contribution plans.
  - Those with both types of plans are fairly evenly split in their preferences.
  - It should be noted that the preference for a defined benefit plan among workers who have this type of plan is strongly influenced by the preferences of government workers, almost two-thirds of whom prefer defined benefit plans (64%). Non-government workers with defined benefit plans are equally likely to express a preference for defined benefit and defined contribution plans.

- Given a choice of equal value, two-thirds of workers overall (57% of workers with a defined contribution plan and 71% of those with a defined benefit plan) indicate a preference for taking their retirement income as a life annuity. Just 12% say they would prefer to receive a lump sum.

- Almost three in ten workers (27%) and half of retirees say they are *very* satisfied with the retirement program offered by their employer. Regardless of the type of plan they currently have, workers who expect to receive a monthly benefit payout are more likely to report being *very* satisfied with their retirement program than those who expect to receive a lump sum payout (35% vs. 26%).

- When choosing a payout option from their retirement plan, workers and retirees say they are primarily concerned with ensuring their money will last throughout their lifetime. Control and access are *very* important to smaller proportions of participants. The features cited as *very* important by participants are:
  - Receiving a guaranteed amount monthly during retirement no matter how long they live (69% of workers and 86% of retirees)
  - Ensuring they do not outlive their money during retirement (69% and 77%)
  - The ability of the income to keep up with inflation (65% and 75%)
  - Being able to maintain control of their retirement savings (61% and 54%)
  - Having money they can access for emergency purposes (38% and 30%)
  - Being able to leave money to heirs from their retirement savings (31% and 19%)

- The preferences stated do not necessarily match the strategies actually implemented. Perhaps because retirees do not understand how to manage their retirement savings, or because they are overly cautious due to their worries about outliving their savings, many retirees may be managing their retirement savings more conservatively than necessary given their stated goals. One-third tries to maintain the amount of their savings and investments each year by living off only the earnings or other sources of income. Another three in ten try to increase the amount of their savings and investments each year. Twenty-seven percent do not mind gradually reducing the total amount of money in their savings and investments if it is needed to maintain their lifestyle. Relatively few retirees convert all or part of their lump sums to guaranteed monthly income through the purchase of an annuity.

- Workers vary in the features they feel are important in a retirement plan, depending upon whether they currently have a defined benefit or a defined contribution plan. Those with a defined benefit plan are most likely to think that the “traditional” defined benefit feature of a guaranteed stream of lifetime income is *very* important (68%), followed by portability (48%), defined benefit formula based on years of service and/or salary (45%), and the ability to save through automatic deductions (44%). On the other hand, workers with a defined contribution plan are most likely to think automatic savings is *very* important (64%), followed by portability (63%), a guaranteed stream of lifetime income (51%), and investment choice (51%). It should be noted, however, that non-government workers with defined benefit plans are somewhat more like defined contribution workers than are government workers with defined benefit plans. Among those with defined benefit plans,

  - Government workers are more likely to say guaranteed lifetime income (75% vs. 64%) and a defined benefit formula (58% vs. 39%) are *very* important.
  - They are less likely to say portability (32% vs. 58%) and investment choice (18% vs. 35%) are *very* important.

- Regardless of whether they received benefits from a defined benefit or defined contribution plan, retirees are most likely to indicate that a guaranteed stream of lifetime income is a *very* important feature of a retirement plan (85% of those with a defined benefit plan; 71% of those with a defined contribution plan). Retirees with a defined benefit plan also rate a defined benefit formula as a *very* important feature (65%), followed by the ability to save through automatic deductions (54%), portability (42%), and immediate access to information (39%). However, retirees with a defined contribution plan reverse the order slightly. They are more likely to say the traditional defined contribution features of automatic deductions (67%), portability (55%), and immediate access to information (49%) are *very* important than they are to consider a defined benefit formula (45%) highly important.

KNOWLEDGE

- Most workers and retirees feel informed about the details of their retirement program. Retirees are especially likely to say they feel informed.
  - Six in ten retirees and three in ten workers report they are *very well* informed about the details of their retirement program.
  - Three in ten retirees and half of workers report they are *somewhat* informed about their retirement program.
  - Just one in ten retirees and only one in five workers say they are *not* well informed about these details.
- Despite this, workers show a considerable lack of knowledge when asked about the details of their retirement plan.
  - Half of workers with a defined contribution plan and one-third of workers with a defined benefit plan say they are unable to estimate their eventual retirement benefit.

- One-third of workers with a defined contribution plan and four in ten with a defined benefit plan say they do not understand their plan well enough to estimate their current termination benefit.
- One-fourth of workers with a defined contribution plan and one in five with a defined benefit plan admit they do not know when they would be able to access their termination benefit.

CONFIDENCE AND EXPECTATIONS

- Both workers and retirees are generally confident about their ability to manage their investments in retirement. However, confidence declines as the focus of the question becomes more specific, and only one-third to one in five are *very* confident.
  - Confidence in ability to manage their investments during retirement (31% of workers and 35% of retirees are *very* confident);
  - Confidence in ability to allocate their investments and savings among different types of investments (21% and 24% are *very* confident);
  - Confidence in ability to keep the value of their savings growing at least as fast as inflation (18% and 23% are *very* confident);
  - Confidence in ability to make the right decisions so as to convert a lump sum retirement balance into a stream of income that will last the rest of their lives (19% and 23% are *very* confident).
- Almost eight in ten retirees (78%) and six in ten workers report that the money from this retirement program is or will be *very* important in financing their retirement years. Another 15% of retirees and three in ten workers indicate it is *somewhat* important. The fact that retirees are more likely than workers to report this money is *very* important may be an artifact of the questionnaire wording rather than a true difference in the value of retirement programs. (The wording asked retirees to report on the retirement program that provided the largest benefit, but asked workers to report on their current retirement program.)
- Workers are most likely to expect to receive the largest share of their retirement income from their employer's retirement plan. One-third of workers overall expect to receive more than half of their retirement income from their employers' plans, although those with a defined contribution plan (25%) expect to rely less on this source than do those with a defined benefit plan (46%). Both groups of workers have generally similar expectations from other sources of income.

- Three in ten retirees rely on their employer's retirement plan for more than 50% of their family's income, and this proportion is roughly the same regardless of whether they received benefits from a defined benefit or defined contribution plan. In contrast to workers, retirees are more likely to say they receive more than half of their income from Social Security (24% vs. 15%).

- Retirees report receiving income from fewer sources than workers expect to have.

  – Only 7% of retirees report receiving any income from the sale of a home or business, compared with three in ten workers who expect to receive some money from that source.

  – Two in ten retirees report receiving income from part-time or full-time employment, compared with seven in ten workers who expect to receive some employment income in retirement.

  – One-third of retirees report receiving income from spouses' retirement plans, compared with half of workers who expect to receive some sort of money from their spouses' retirement plans. This is probably partly due to changing roles of women in the workforce.

  – Two-thirds of retirees report receiving some income from savings in retirement, compared with eight in ten workers who expect to do the same.

DIFFERENCES BY PLAN TYPE

- In general, workers with defined contribution plans tend to prefer defined contribution plans and defined contribution plan features, while workers with defined benefit plans (especially government workers with defined benefit plans) are more likely to prefer defined benefit plans and defined benefit plan features. Workers with both types of plans are equally likely to prefer each type of plan and tend to rate both defined benefit and defined contribution plan features highly. However, these blanket statements obscure some important similarities that exist among all workers.

  – First, guaranteed lifetime income is ranked among the top tier of retirement plan features for all worker groups, regardless of type of plan. Portability and automatic savings are also highly rated by all groups except government workers with defined benefit plans.

  – Secondly, guaranteed lifetime income starting at retirement, not outliving one's money, keeping up with inflation, and control of savings are the top four *very* important considerations for all groups when choosing a payout option (though the order is not the same for each group). In fact, half or more in each group say they prefer a lifetime stream of income as a payout option from their retirement plan, although government workers with a defined benefit plan are most likely to choose this option.

- As with workers, retirees who retired with benefits from a defined contribution plan tend to express a preference for a defined contribution plan and defined contribution plan features, while those who retired with benefits from a defined benefit plan tend to express a preference for a defined benefit plan and defined benefit plan features. Defined benefit retirees are also more likely to say they received their plan payout as a guaranteed stream of lifetime income. Nevertheless, similarities among retirees are even stronger than similarities among workers.
  - Retirees are most likely to say the provision for a guaranteed stream of lifetime income is a *very* important feature of a retirement plan, regardless of plan type.
  - They are also most likely to say a guaranteed lifetime income starting at retirement, not outliving one's money, and keeping up with inflation are *very* important considerations for choosing a payout option from a retirement plan. This ranking does not change with plan type.

DIFFERENCES BY SUBGROUP

<u>Sex</u>

- While there are few differences between men and women regarding the types of features they prefer in a retirement plan, there are significant differences in the preferences they express regarding the payout from the plan.
  - Among workers, men are more likely than women to prefer a series of regular payments for the rest of their lives and continued payments to a spouse or other heir, while women are more likely than men to say they would prefer a series of regular payments for the rest of their lives without continued payments. Male retirees are more likely to have taken a series of regular payments for themselves and continued payments to a spouse, whereas female retirees are more apt to have taken a series of regular payments with no continued payments to a spouse or other heir.
  - The main consideration for men (among both workers and retirees) when thinking about payout options is making provisions for their family members. They are more likely than women to assign a high level of importance to receiving guaranteed payments for themselves and, if outlived by them, their spouses. Women are more likely to say ensuring they do not outlive their money and maintaining control of their retirement savings are highly important considerations.
- Among both workers and retirees, men are more likely than women to be confident in their ability to manage their finances during retirement. Male workers are also more likely than female workers to indicate they are *very well* informed about the details of their retirement program.

Economic Status

- There appear to be only a few differences in retirement plan preferences based on household income.
  - Higher income workers ($50,000 or more) are more likely than those who have lower income to rate the ability to save through automatic deductions and investment choice as *very* important. Likewise, higher income retirees ($35,000 or more) are more inclined than those who have lower income to rate portability, immediate access to information about the retirement benefit, and investment choice as important. On the other hand, retirees with household income less than $35,000 are more apt than those with higher income to think the ability to make cash withdrawals before retirement is *very* important.
  - Workers with household incomes of at least $50,000 are somewhat more likely than those with lower incomes to indicate a preference for a lump sum withdrawal of the entire amount and less likely to elect a series of regular payments for the rest of their lives without continued payments to a spouse.
- Numerous differences by economic status are found with respect to knowledge about their retirement program and confidence in managing money in retirement. Some highlights are the following:
  - Higher income workers and retirees are more apt to be *very well* informed about their retirement program than those with lower income. Moreover, higher income workers are more likely than lower income workers to say they understand their plan enough to be able to estimate their retirement benefit amount and their termination benefit.
  - Workers with higher income tend to be more likely to rate their employer's retirement program highly on communications about plan benefits, helping to ensure enough money for retirement, and information about retirement. Higher income retirees are also more likely than lower income retirees to rate communications about plan benefits highly.
  - Confidence in the ability to manage investments in retirement, allocate money across different types of investments, and grow their savings at least at the rate of inflation increases as household income rises among both workers and retirees.

Age

- The preference among workers for a defined benefit plan increases sharply with age. This may be partially explained by the fact that workers age 50 and older are more likely than younger workers to have a defined benefit plan. Moreover, older workers tend to place greater importance than younger workers on a retirement plan that bases its level of benefit on years of service and salary, as well as on a plan that provides a guaranteed stream of monthly income for life and regular statements on the amount of the retirement benefit. On the other hand, younger workers are more likely to place high importance on investment choice, portability, and cash withdrawals before retirement. Retirees under age 70 are more likely than those who are older to say the following are *very* important: saving through automatic paycheck deductions, portability, immediate access to retirement benefit information, investment loss protection, and investment choice.

- Payout considerations that are important to retirees appear to become more important to workers as they age. Workers age 50 and older are more likely than those under age 40 to say the following are *very* important when choosing a payout option: a guaranteed monthly income stream for themselves, ensuring they do not outlive their money during retirement, the ability of their income to keep up with inflation, the ability to protect themselves against investment market downturns, and the loss of value from a pension or annuity investment should they die earlier than expected.

- Older workers tend to be more knowledgeable about their retirement program. They are more likely than younger workers to say they are *very well* informed about the details of their program and are more likely to know how their retirement benefit is calculated.

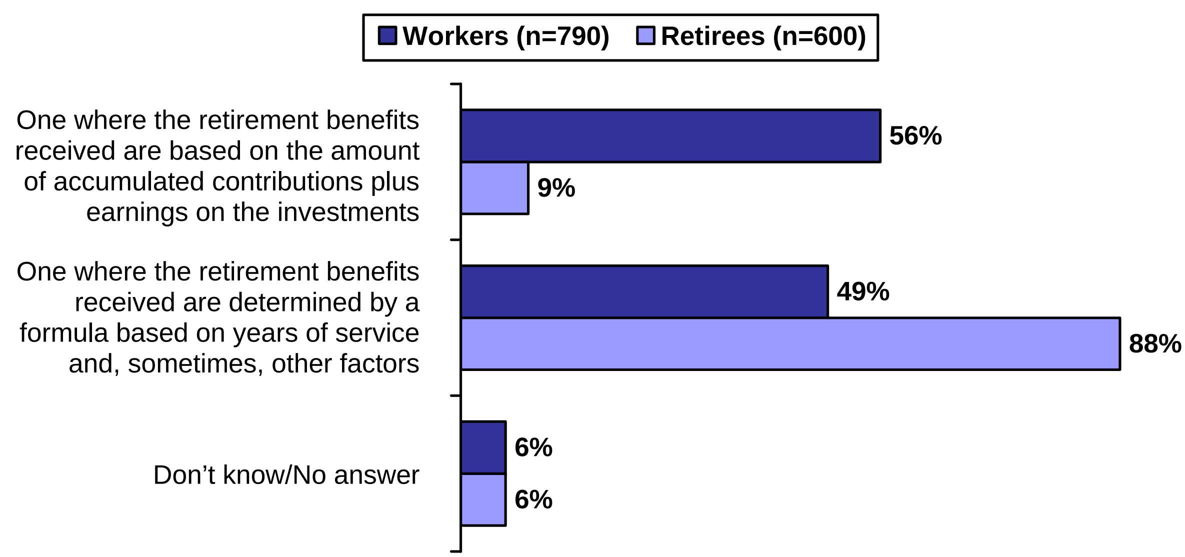
DETAILED REPORT OF FINDINGS

UNDERSTANDING AND RATING OF EMPLOYER-SPONSORED RETIREMENT PROGRAM

Type of Plan Offered

Workers most often say their current employer offers them a defined contribution plan, one in which the retirement benefit is based on the amount of accumulated contributions plus earnings on the investments. Fewer workers report being offered a defined benefit plan where the retirement benefits are determined by a formula based on years of service or other factors. (See Figure 1.)

Figure 1
Type of Retirement Program
What type of retirement plan(s) does/did your current/this employer offer?



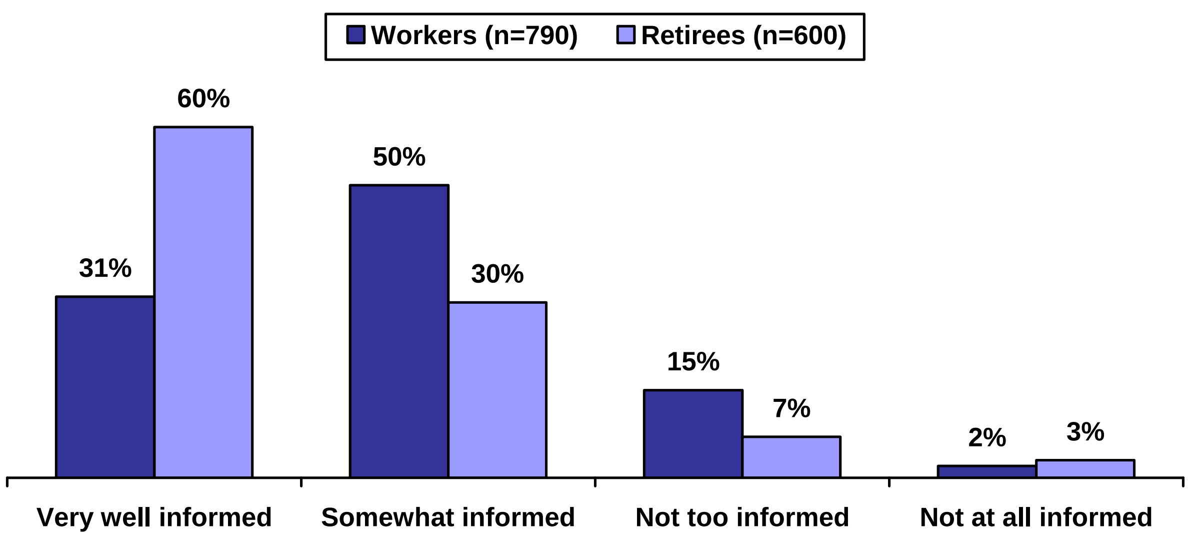
The large majority of retirees, on the other hand, indicate that the employer's retirement program that provided them with the greatest benefit was a defined benefit plan. One in ten say they received the greatest benefit from a defined contribution plan. In comparison with workers, higher levels of defined benefit coverage and lower levels of defined contribution coverage are to be expected given the relatively recent introduction of defined contribution plans. This data highlights the dramatic shift occurring in the U.S. retirement system.

Non-government workers are much more likely than government workers to be offered a defined contribution plan (69% vs. 14%). Younger workers are also more likely to report having a defined contribution plan (61% under age 50 vs. 50% age 50 or older).

Familiarity with Retirement Program

The large majority of workers believe they are informed about the details of their retirement program, but half indicate that they are only *somewhat* informed rather than *very well* informed. Retirees are more likely than workers to think they are familiar with the details of their retirement program. Nine in ten report that they are informed about their retirement program, with six in ten saying they are *very well* informed. (See Figure 2.)

Figure 2
Familiarity with Retirement Program
How well informed are/were you about the details of the retirement program?



Familiarity with the details of their retirement program is higher among older workers, with those age 50 or older more likely than younger workers to say they are *very well* informed (37% vs. 27%). Instead, younger workers are more likely to think they are *somewhat* informed about their employer's program (55% vs. 44%). At the same time, men are more likely than women to indicate they are *very well* informed (35% vs. 26%).

Familiarity also varies by household income. Workers with household income of at least $50,000 are more apt to be *very well* informed about their retirement program than are those with lower income (35% vs. 26%). Retirees with income of at least $35,000 are more likely than their counterparts to be *very well* informed (67% vs. 51%).

Based on the findings of this study, workers' familiarity with the details of their retirement program does not vary depending on the type of plan offered. This may be somewhat surprising in light of anecdotal evidence suggesting workers with a defined benefit plan feel less informed about the details of their plan than do workers with a defined contribution plan. However, among those with a defined benefit plan, government workers are somewhat more likely than non-government workers to say they are *very well* or *somewhat* informed (88% vs. 80%).

Worker Contributions to Retirement Plans

Few workers say they contribute more than 10% of their current salary to their employer-sponsored retirement plan (14%). While more than one-quarter report saving 6% to 10% of their salary through their plan, almost three in ten save just 1% to 5%. Fewer than one-quarter admit they contribute nothing at all. (See Figure 3.) However, contribution rates vary by plan design and employment sector. Workers with a defined contribution plan are more likely to contribute money from their salary to their retirement plan than are those with a defined benefit plan. In addition, government workers with a defined benefit plan (who often have a contributory plan) tend to contribute more than non-government workers with a defined benefit plan (very few of whom have a contributory plan, but 34% of whom have access to a defined contribution plan from the same employer).

Figure 3
Worker Contribution to Retirement Plan(s)
What percentage of your current salary do you contribute to the retirement plan(s)?

	Workers (n=790)
0%	23%
1% to 5%	28
6% to 10%	26
11% to 15%	10
16% or more	4
Don't know/No answer	8

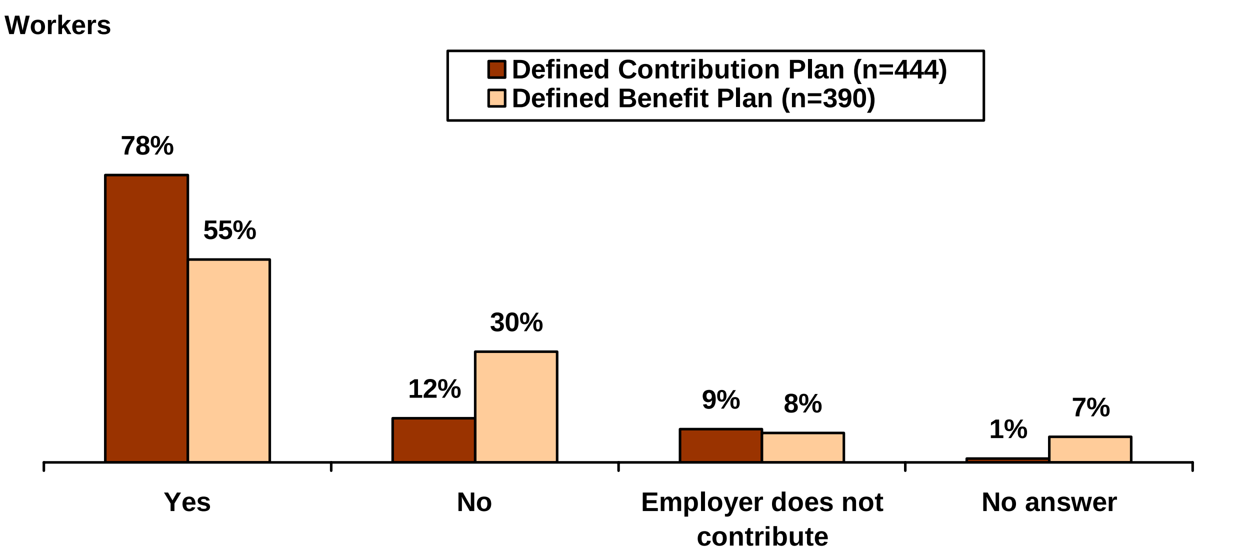
As might be expected, the percentage of salary contributed to the plan increases as household income increases.

Knowledge of Employer's Contribution

The great majority of workers who have a defined contribution plan believe they know the approximate amount their employer contributes to their defined contribution plan. Nearly eight in ten indicate they know roughly the amount their employer contributes, while an additional one in ten report their employer does not make a contribution. (See Figure 4.)

Workers who have a defined benefit plan are less likely to think they know the approximate amount their employer contributes to the plan. About half (55%) report they know the approximate contribution amount, and another 8% say their employer does not contribute any money to the plan.

Figure 4
Worker Knowledge of Employer's Contribution
Do you know approximately how much your employer contributes to this plan to pay for your retirement benefits?

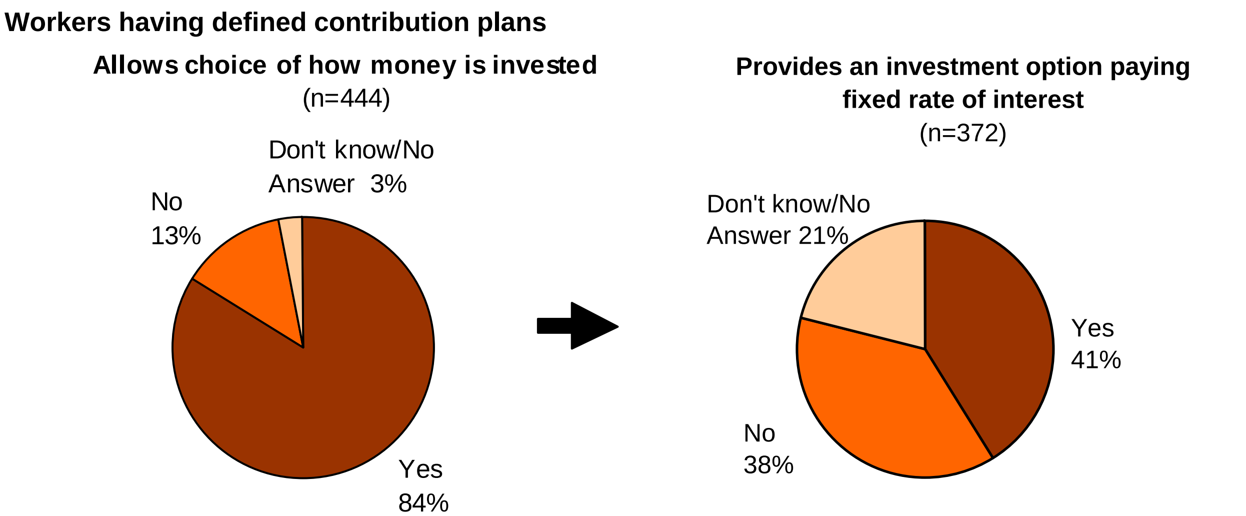


Among those with a defined benefit plan, government workers are more likely than non-government workers to say they know how much their employer contributes to their plan (63% vs. 50%). Conversely, they are less likely to say they do not know how much their employer contributes (24% vs. 34%), and equally likely to state their employer does not contribute any money.

Features of Defined Contribution Plan

The overwhelming majority of workers who have a defined contribution plan indicate that their plan allows them to choose how their money is invested. Of these respondents, four in ten indicate that they have an investment option that pays a fixed rate of interest. Almost the same proportion report their defined contribution plan does not have this option. (See Figure 5.)

Figure 5
Features of Defined Contribution Plans
Does this plan allow you to choose how your money is invested? Does one of these investment options pay a fixed rate of interest?



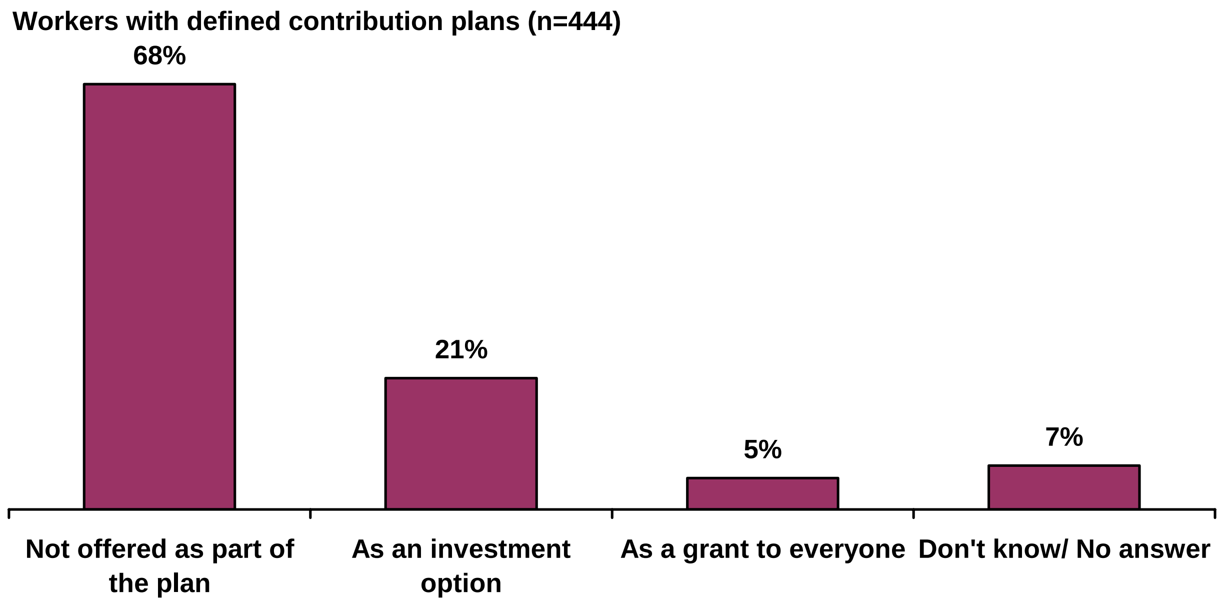
Workers who are under age 40 are more likely than workers age 50 and older to say that their defined contribution plan allows them to choose how their money is invested (88% vs. 80%). Similarly, those who have household income of at least $50,000 are more likely than those with lower income to indicate their plan allows them a choice of investments (88% vs. 78%).

Among those with plans that allow them to choose how to invest their money, workers age 40 and older are more likely than younger workers to report they have an investment option that pays a fixed rate of interest (46% vs. 31%). Additionally, college graduates are more apt than those with less education to report having this type of investment option (49% vs. 33%).

Company Stock

One in four workers with a defined contribution plan report that they are offered company stock as part of their plan. Most often, company stock is offered as an investment option, although 5% report that it is offered as a grant to everyone. (See Figure 6.)

Figure 6
Company Stock in Defined Contribution Plan
If company stock is offered as part of your plan, how is it offered?



College graduates are more likely than those with less education to say company stock is offered as an investment option (29% vs. 17%), and less likely to indicate it is not offered as part of the plan (59% vs. 71%).

Payout Option Provided by Plan

When workers with a defined contribution plan are asked about the plan's payout option, most select a payout option consistent with the plan design. Almost four in ten say their plan will yield a lump sum based on an amount in an investment account, while nearly three in ten report their plan will yield a monthly benefit based on an amount in an investment account. At the same time, one in ten report a payout option based on some type of formula. Retirees with benefits from a defined contribution plan also tend to report a payout option based on an amount in an investment account. Three in ten say they received a lump sum based on that amount, and almost four in ten indicate they received a monthly benefit based on the amount in the account. However, almost two in ten retirees report receiving a benefit based on some type of formula, a form of payout option more consistent with a defined benefit plan. (See Figure 7.)

Figure 7

Method Used to Determine Plan Benefit

What type of formula or other method is/was used to determine the retirement benefit (you will get) from the plan?

	Workers		**Retirees**	
	Defined Contrib. Plan (n=444)	**Defined Benefit Plan** (n=390)	**Defined Contrib. Plan** (n=57)	**Defined Benefit Plan** (n=526)
A lump sum based on the amount you and/or your employer contribute/contributed to an investment account plus the investment earnings of the account	37%	6%	30%	3%
A lump sum based on a formula that considers your earnings in the last few years that you work/worked and the number of years you work/worked	2	10	5	10
A lump sum based on a different formula	2	4	1	1
A monthly benefit based on the amount you and/or your employer contribute/contributed to an investment account plus the investment earnings of the account	28	12	37	8
A monthly benefit based on a formula that considers your earnings in the last few years that you work/worked and the number of years that you work/worked	4	40	9	57
A monthly benefit based on a different formula	3	8	4	12
Don't know/No answer	23	20	14	8

Workers with a defined benefit plan also tend to report their retirement plans have payout options consistent with their plan design. Almost half indicate their plan will pay out a monthly benefit based on some type of formula (48%), and another 14% say it will pay out a lump sum based on some type of formula. However, more than one in ten report their plan will pay out a monthly benefit based on the amount in an investment account (12%), and 6% indicate their plan will yield a lump sum based on this amount. While some of these respondents may be thinking of a cash balance plan, these percentages may be higher than the percentage of defined benefit participants who actually have cash balance plans.

Retirees with a defined benefit plan are even more likely than workers with this type of plan to identify consistent payout options. Seven in ten report their plan yielded a monthly benefit based on some type of formula (69%), and one in ten report it yielded a lump sum based on a formula (11%). Just over one in ten indicate they received a monthly benefit or a lump sum based on an amount in an investment account (12%).

At least two in ten workers are unable to or do not identify the type of payout provided by their plan (23% of workers with a defined contribution plan, 20% of workers with a defined benefit plan). Given that they have already begun receiving benefits from their retirement plan, it is not surprising that retirees are less likely to indicate they do not know the payout option or do not answer the question (14% of retirees with a defined contribution plan, 8% of retirees with a defined benefit plan).

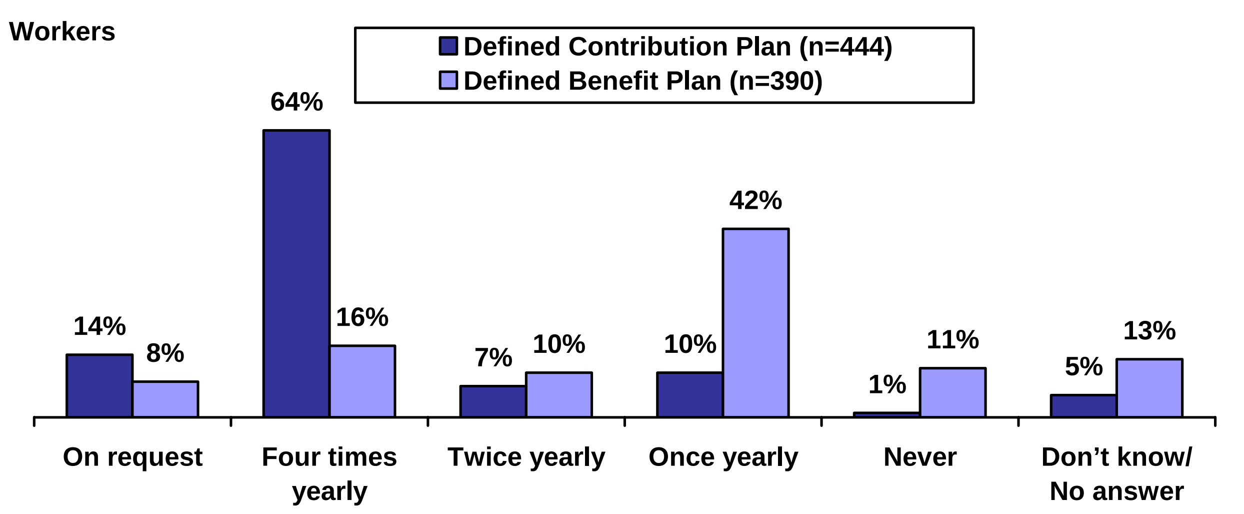
Among workers with a defined benefit plan, government workers are considerably more likely than non-government workers to report they will receive their benefit in the form of a monthly benefit determined by a formula based on their earnings and the number of years that they worked (66% vs. 24%). On the other hand, non-government workers are more likely than government workers to not indicate the type of payout they will receive from their plan (28% vs. 8%).

Younger workers are more likely than those age 40 or older to be unaware of how their retirement benefit is calculated for both defined contribution plans (32% vs. 20%) and defined benefit plans (30% vs. 17%).

Statements from Plans

As might be expected, workers who have a defined contribution plan indicate receiving statements that report the value of their retirement plan more often than those who have a defined benefit plan. More than three-quarters of workers who have a defined contribution plan maintain they receive statements regarding the value of their retirement plan at least four times a year. In particular, 14% indicate they have the ability to check the value of their plan on request, such as through an automated telephone service or online. Only one-quarter of those who have a defined benefit plan say they have the ability to obtain the value of their plan four times yearly or more often. These individuals with defined benefit plans are more likely to get a statement about once a year. (See Figure 8.)

Figure 8
Frequency of Receiving Statement about Retirement Plan Among Workers
How often do you get a statement of the value of your retirement plan?



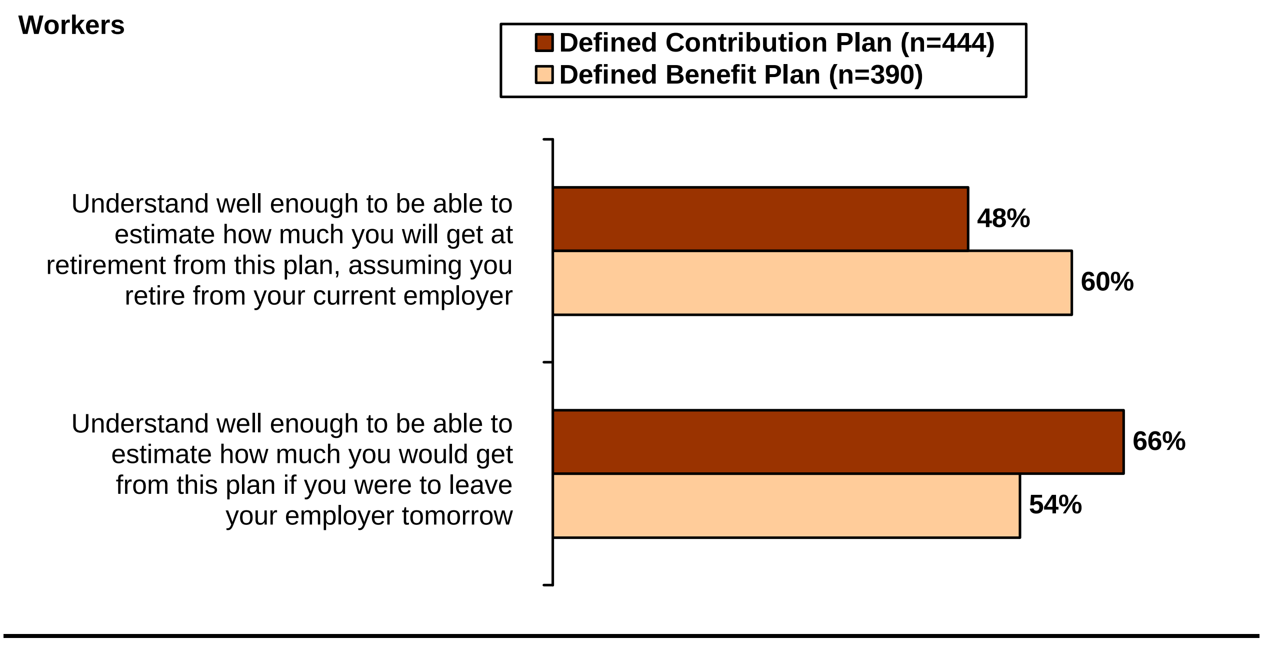
Among workers with a defined benefit plan, those working in the public sector are more likely than those in the private sector to indicate they get a statement once yearly (64% vs. 28% of public-sector workers). Private-sector workers are more apt to report they get a statement four times a year (22% vs. 8%) or do not get one at all (14% vs. 6%). They are also more apt to say they do not know or to not answer the question (17% vs. 5%).

Understanding of Benefit Amount

Perhaps because of the difficulty of determining how much investments will yield over the long term, workers who have a defined benefit plan are more likely to report understanding how to estimate their ultimate retirement benefit than are those who have a defined contribution plan. Six in ten of those with a defined benefit plan say they would be able to estimate the amount they would receive if they were to retire from their current employer. Less than half of those with a defined contribution plan think they would be able to estimate this amount. (See Figure 9.)

Workers with a defined contribution plan, however, are more likely to report understanding the amount they would receive from the plan if they were to leave their employer tomorrow. Two-thirds of these workers state they could estimate their termination benefit, while just over half of those with a defined benefit plan think they would be able to do so.

Figure 9
Worker Understanding of Retirement Plan
Do you…



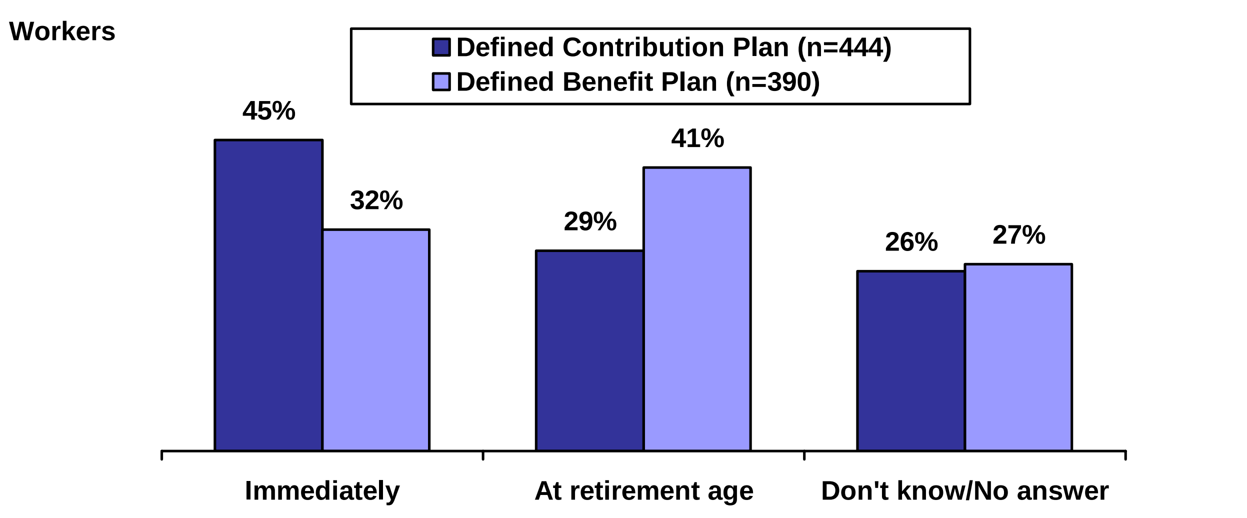
Among those with a defined contribution plan, married workers are more likely than unmarried workers to say they understand their plan enough to estimate their retirement benefit amount (52% vs. 38%) and their termination benefit (70% vs. 57%). Furthermore, workers with household income of at least $50,000 are more likely than those from lower income households to say they understand their plan enough to be able to estimate their retirement benefit amount (55% vs. 38%) and their termination benefit (74% vs. 56%). Other groups more likely than their counterparts to believe they could estimate their retirement benefit include college graduates (57% vs. 45% with less education) and men (52% vs. 42% of women).

Among those with a defined benefit plan, government workers are more likely than non-government workers to say they understand their plan well enough to estimate their retirement benefit (73% vs. 53%). Those with at least $50,000 in household income tend to be more likely than those with lower income to say they are able to estimate both their retirement benefit (66% vs. 50%) and their termination benefit (59% vs. 46%). Additionally, perceived understanding of the amount of the termination benefit, and especially the amount of retirement benefit, increases sharply with age.

Ability to Withdraw Retirement Money

More than four in ten of those who have a defined contribution plan believe they would be able to get the money in their plan immediately if they left their employer tomorrow. Fewer—one-third—of those with a defined benefit plan think they could get their money immediately if they left their employer tomorrow. Three in ten with a defined contribution plan and four in ten with a defined benefit plan indicate they would have to wait until retirement. Roughly one-quarter of workers, regardless of plan type, either do not know (25% with defined contribution, 20% with defined benefit) or did not answer (1% defined contribution, 7% defined benefit) when asked when they will be able to access their money. (See Figure 10.)

Figure 10
Ability to Withdraw Retirement Money from Plan by Workers
If you left your employer tomorrow, how early would you be able to get the money from this retirement plan?



Among those who have a defined contribution plan, those with household income of at least $50,000 are more likely than those with lower income to say they would be able to get their money immediately (51% vs. 36%). They are less likely to indicate they do not know when they will be able to withdraw their funds (16% vs. 38%).

Government workers with a defined benefit plan tend to be more apt than non-government workers with this type of plan to think they can get their money immediately (41% vs. 26%) and less apt to indicate they must wait until retirement age (34% vs. 47%).

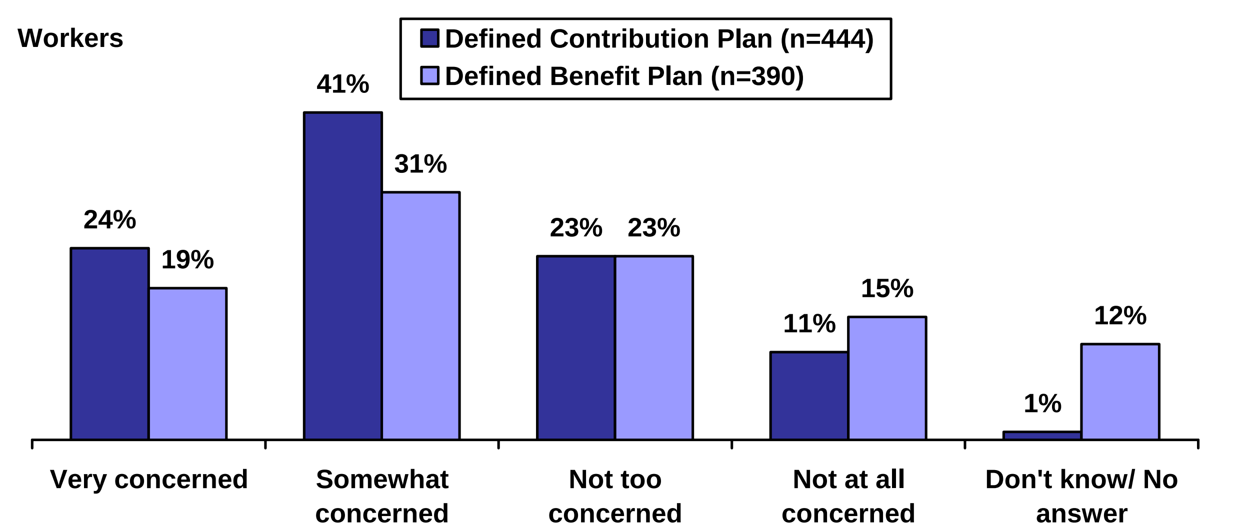
Responses among workers with a defined benefit plan are closely related to age. Those age 50 and older are more likely than younger workers to say they can get their retirement plan money immediately. Those ages 40 to 49 are more likely than older or younger workers to report they need to wait until retirement age. Those under age 40 are more apt than older workers to indicate they do not know when they will have access to their money.

Concern about Security of Retirement Money

Workers

Workers who have a defined contribution plan exhibit somewhat higher levels of concern about the security of the money in their retirement plan than do those who have a defined benefit plan. Two-thirds of those with a defined contribution plan say they are *very* or *somewhat* concerned about the security of their retirement money, compared with half of those with a defined benefit plan. (See Figure 11.)

Figure 11
Workers' Level of Concern about Retirement Money
Overall, how concerned are you about the security of the money in your retirement plan?



Interestingly, similar proportions of those who have the two different types of plans are *not too* or *not at all* concerned about the security of their money (34% with defined contribution and 38% with defined benefit). More than one in ten of those who have a defined benefit plan do not indicate their level of concern about their retirement money (12%).

Among workers with a defined benefit plan, government workers are more likely than non-government workers to indicate they are not concerned about the security of the money in their retirement plan (54% vs. 27% *not too* or *not at all* concerned). Conversely, they are less likely to report concern (42% vs. 56% *very* or *somewhat* concerned) or to not indicate their level of concern (3% vs. 17% don't know/no answer).

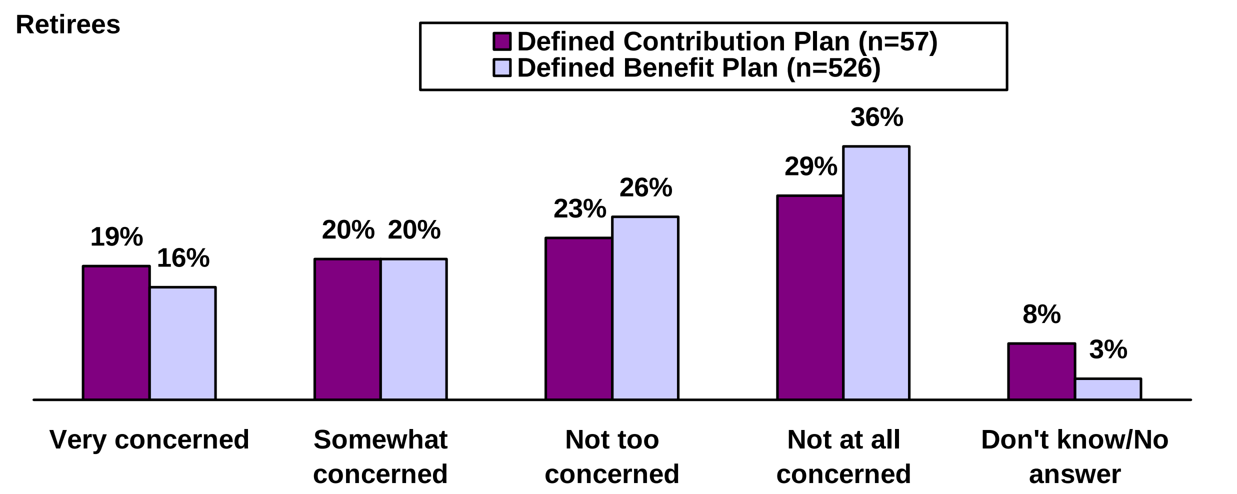
Retirees

Retirees are equally likely to report having had concerns about the security of the money in their retirement plan, regardless of the type of plan they had. Forty percent of retirees in a defined contribution plan and 36% of retirees in a defined benefit plan report that they were *very* or *somewhat* concerned about the security of their retirement money. (See Figure 12.)

Figure 12

Retirees' Level of Concern about Retirement Money

Overall, how concerned were you about the security of the money in your retirement plan?



Among those with a defined benefit plan, retirees who took a lump sum payout tend to be more likely to indicate they were concerned about the security of the money in their retirement plan than those who received a monthly benefit (47% vs. 33% *very* or *somewhat* concerned). Likewise, those with household income less than $35,000 are more likely than those with higher income to say they were concerned about the security of the money in their defined benefit plans (43% vs. 30%).

Program Performance

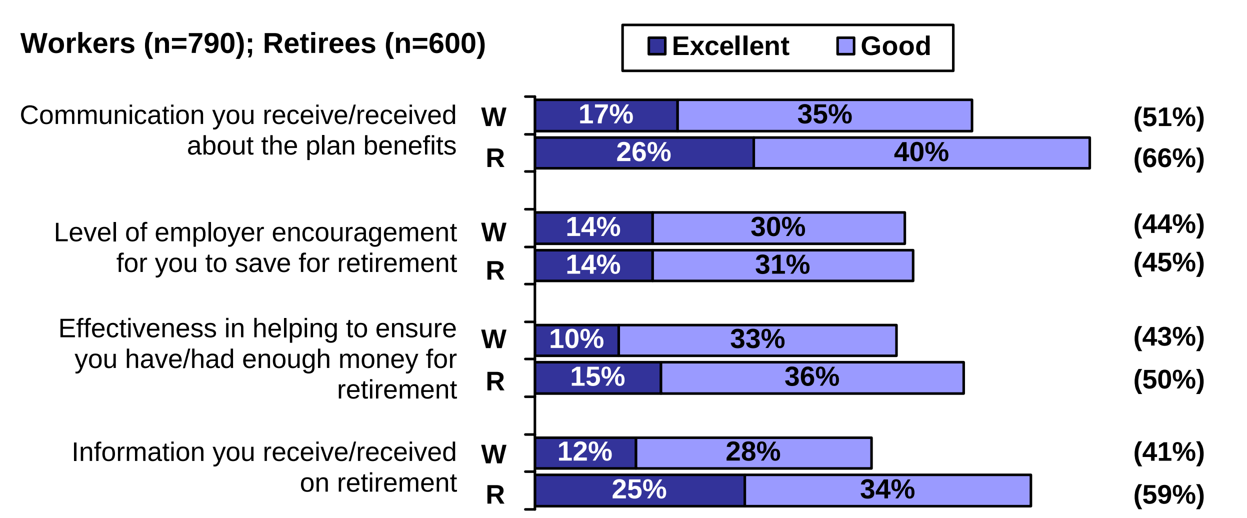
Study respondents were asked to rate the performance of their employer's retirement program on four characteristics. Both workers and retirees assigned their employer's program the highest ratings on its communications, with half of workers and two-thirds of retirees rating it *excellent* or *good* on this aspect. (See Figure 13.) Moreover, this attribute receives the highest rating from workers and retirees, regardless of plan type.

Workers rate the remaining three characteristics similarly. More than four in ten each give an *excellent* or *good* rating to the level of employer's encouragement to save, the program's effectiveness in ensuring they have enough money for retirement, and the information provided about retirement planning. On the other hand, six in ten retirees rate the information they receive about retirement planning as *excellent* or *good*, and half give this rating to their program's effectiveness in ensuring enough savings for retirement. Less than half rate their employer's encouragement to save for retirement positively.

Figure 13

Retirement Program Performance on Specific Attributes

Please rate the program offered by your current/this employer on each of the following:



There are several differences in the way workers rate their employer's retirement program by plan type. Workers with a defined contribution plan only (58% *excellent* or *very good*) are more likely than those with a defined benefit plan only (48%) to rate their employer's program highly on the communications they receive concerning plan benefits. Workers with both a defined contribution and a defined benefit plan (54%) are more likely than those with a defined contribution plan only (41%) to indicate their employer's retirement program is effective in ensuring they have enough money for retirement. Moreover, workers with either both types of plans (56%) or a defined contribution plan only (49%) are more likely than those with a defined benefit plan only (40%) to rate their employer's plan highly on the level of employer encouragement for them to save for retirement.

Workers with household income of at least $50,000 have a higher likelihood of rating their employer's retirement program favorably on several attributes when compared to those with lower income. These specific attributes are communications about plan benefits (56% vs. 44% *excellent* or *very good*), helping to ensure enough money for retirement (47% vs. 38%), and information about retirement (45% vs. 35%).

Retirees mostly rate their employer's plans similarly regardless of plan type. The only exception is that retirees with a defined contribution plan are more likely than those with a defined benefit plan to rate their employer's program highly on the level of employer encouragement for them to save for retirement (60% vs. 46% *excellent* or *very good*). Retirees with household income of at least $35,000 are more apt than those with lower income to rate their employer's communications highly (73% vs. 57%).

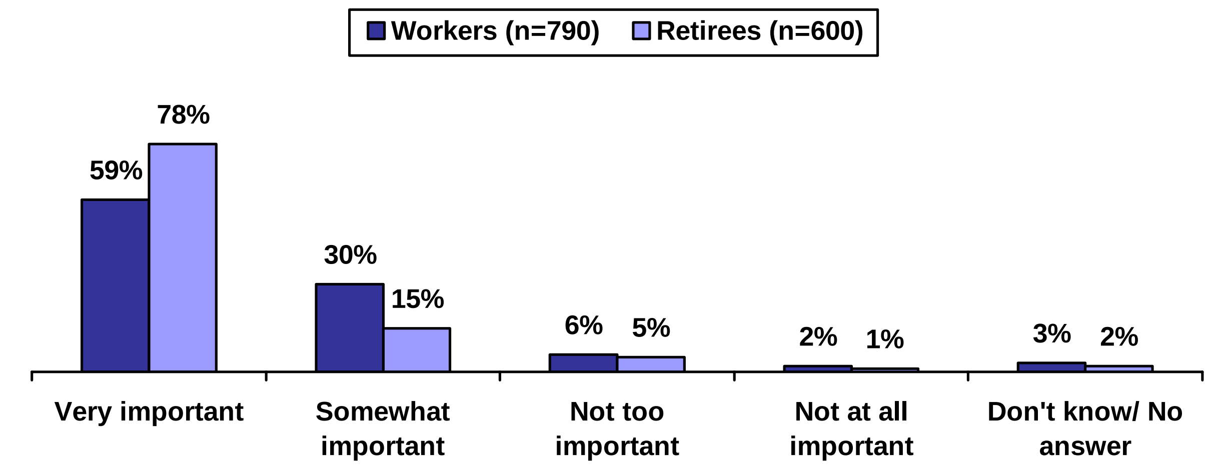
<u>Importance of Program in Financing Retirement</u>

When asked about the importance of the money from their employer's retirement program in financing their retirement years, three in five workers indicate it will be *very* important (59%), and about half as many specify it will be *somewhat* important (30%). Retirees assign greater importance than workers to the money from their retirement program in funding their retirement. More than three-fourths of retirees say the money is *very* important (78%), and 15% maintain it is *somewhat* important. (See Figure 14.) (The questionnaire asked about the current retirement program for workers and the retirement program providing the largest benefit for retirees, perhaps helping to explain the difference in response between workers and retirees.)

Figure 14

Importance of Retirement Plan in Financing Retirement

How important will be/is the money from this retirement program in financing/funding your retirement years?



The importance of the retirement plan in financing retirement is related to the type of plan offered by the employer. Workers who have a defined benefit plan are more likely than those who have a defined contribution plan to say this money will be *very* important (65% vs. 55%) rather than *somewhat* important (27% vs. 35%). Government workers with a defined benefit plan are also more apt than non-government workers with this type of plan to think the money from their employer's retirement program will be *very* important in financing their retirement years (74% vs. 60%). They are less apt to think it will be *somewhat* important (20% vs. 31%). Note that older government workers may not have significant coverage through Social Security, which would increase the importance of the employer's plan in financing retirement.

Retirees do not appear to differ in the importance of this money by plan type. Nevertheless, unmarried retirees are more likely than married retirees to say the money from their plan is *very* important (84% vs. 72%) and less likely to say this money is *somewhat* important (10% vs. 19%).

Satisfaction with Program

The large majority of workers are satisfied overall with their current employer's retirement program, but half are only *somewhat* satisfied. In fact, workers with a defined benefit plan are more likely than those with a defined contribution plan to say they are *very* satisfied with their employer's retirement program. (See Figure 15.) However, this higher level of satisfaction among workers with a defined benefit plan appears to be driven by higher levels of satisfaction among public-sector workers with this type of plan (41% *very* satisfied, 49% *somewhat* satisfied). Satisfaction among private-sector workers with a defined benefit plan (27% *very* satisfied, 45% *somewhat* satisfied) is very similar to satisfaction among workers with a defined contribution plan.

Overall, retirees report even greater satisfaction with the employer's program that provided them with the greatest retirement benefit; half say they are *very* satisfied. Retirees appear to report equal levels of satisfaction regardless of whether they received benefits from a defined contribution or defined benefit plan.

Figure 15
Satisfaction with Employer's Retirement Program
How satisfied are you overall with the retirement program offered by your current employer/the employer that provided you with your retirement money and/or income?

	Workers			**Retirees**		
	Total (n=790)	**Defined Contrib. Plan** (n=444)	**Defined Benefit Plan** (n=390)	**Total** (n=600)	**Defined Contrib. Plan** (n=57)	**Defined Benefit Plan** (n=526)
Very satisfied	27%	26%	32%	49%	54%	51%
Somewhat satisfied	49	50	47	34	32	34
Not too satisfied	14	16	13	11	10	11
Not at all satisfied	7	6	6	5	3	4
Don't know/No answer	3	2	2	1	1	0

Regardless of the type of plan they currently have, workers who expect to receive a monthly benefit payout are more likely to report being *very* satisfied with their retirement program than those who expect to receive a lump sum payout (35% vs. 26%).

Retirees who are college graduates are more likely than those with less education to be *very* satisfied with their employer's retirement program (57% vs. 44%). Satisfaction among retirees also increases with age.

RETIREMENT PLAN PREFERENCES

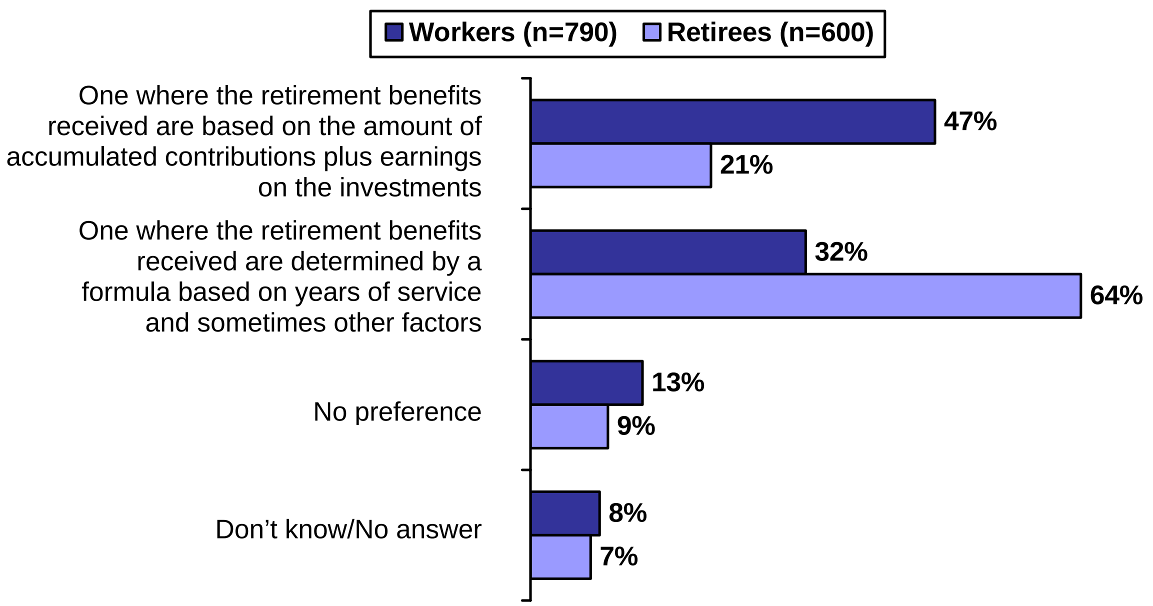
<u>Preferred Choice of Retirement Plan</u>

The type of retirement plan most preferred by workers and retirees is consistent with what they say is most commonly being offered by their employers. Retirees, who are more likely to have a defined benefit plan, show a preference for having a defined benefit plan, one in which they will receive retirement benefits that are determined by a formula based on years of service or other factors. On the other hand, workers, who are more likely to have a defined contribution plan, express a preference for a defined contribution plan in which retirement benefits are based on the amount of accumulated contributions plus earnings on investments. (See Figure 16.)

Figure 16

Type of Retirement Plan Preferred

Regardless of the type of plan(s) your employer provides/provided, which type of retirement plan would you prefer?



There are strong indications that people tend to prefer the type of plan they currently have. A majority of workers with a defined contribution plan say they prefer a defined contribution plan (62%), while a majority of workers with a defined benefit plan prefer a defined benefit plan (51%). Those who are offered both types of plans are evenly split in their preference between a defined contribution plan (41%) and a defined benefit plan (37%). The preference for a defined benefit plan among those who have this type of plan is strongly influenced by the preferences of government workers, almost two-thirds of whom prefer a defined benefit plan (64%). Non-government workers with a defined benefit plan are equally likely to express a preference for a defined benefit (44%) and a defined contribution (39%) plan.

Retirees also tend to say they prefer the type of retirement plan that they received their benefits from. Those who received benefits from a defined contribution plan are prone to express a preference for a defined contribution plan (56%), while those with benefits from a defined benefit plan are inclined to express a preference for this type of plan (68%).

As age increases, the preference among workers for having a defined benefit plan increases sharply. Those who are age 50 or older (40%) are more likely than those between the ages of 40 and 49 (31%) to prefer a defined benefit plan. In turn, workers ages 40 to 49 are more likely than younger workers (20%) to prefer this type of plan. Men are more likely than women to express a preference for a defined benefit plan (35% vs. 28%), while women are more likely than men to say they do not know which type of plan they prefer (12% vs. 5%).

<u>Features of Retirement Plans</u>

Workers

Of the twelve basic features offered in retirement plans that were examined in the study, workers most often view four as highly important. These have to do with the issues of lifetime income, automatic savings, and portability. (See Figure 17.) Specifically, at least half of workers rate the following features as *very* important:

- A guaranteed stream of monthly income for themselves starting at retirement (59%),
- A guaranteed stream of monthly income for themselves and their spouses (58%),
- The ability to transfer their retirement savings to another retirement plan or account (54%), and
- The ability to save through automatic paycheck deductions (53%).

Four in ten workers each consider the next tier of retirement plan features *very* important:

- Regular statements of the benefit amount or account balance (41%),
- Immediate access to information about the benefit amount or account balance (40%), and
- The ability to make investment choices (39%).

And, roughly three in ten rate each of the following as *very* important:

- A retirement benefit based on salary and years of service with the company (33%),
- Cash withdrawals before retirement (29%),

- Protection from large investment losses at the cost of possible large gains (28%), and
- A lump sum benefit at retirement to manage at their discretion (27%).

Workers are least likely to think that the opportunity to invest in an employer's stock is *very* important (10%).

It is important to note that importance ratings of retirement plan features vary by the type of plan offered and payout option. Workers who have a defined contribution plan or whose plan pays out as a lump sum tend to be more likely to rate the following features highly:

- Saving through automatic paycheck deductions,
- Portability of their retirement money to another retirement plan or account,
- Investment choice,
- Immediate access to information about the retirement benefit or account balance, and
- Cash withdrawals before retirement.

Alternatively, those who have a defined benefit plan or whose plan pays out as a monthly benefit are more likely to assign high importance to a plan that:

- Provides a guaranteed stream of monthly income for themselves at retirement,
- Provides a guaranteed stream of monthly income for themselves and their spouses at retirement, and
- Bases its level of benefits on salary and years of service in the company.

In general, non-government workers with a defined benefit plan are somewhat more like their defined contribution counterparts than government workers with this type of plan. That is, they are less likely than government workers (though still more likely than workers with a defined contribution plan) to find a defined benefit formula *very* important (39% vs. 58%). At the same time, they are more likely than government workers to think portability (58% vs. 32%), investment choice (35% vs. 18%), a lump sum retirement benefit (36% vs. 13%), and cash withdrawals before retirement (30% vs. 17%) are *very* important.

Workers who have both a defined contribution and a defined benefit plan tend to find more features are *very* important than their counterparts who have only a single plan. Perhaps because they see both sides of the picture, they are more inclined than workers with only a defined contribution plan to think a lifetime stream of income or defined benefit formula are *very* important. They are also more inclined than workers with only a defined benefit plan to think portability, investment choice, immediate access to information, and a lump sum at retirement are *very* important features.

Figure 17

Importance of Features in Retirement Plans Among Workers

Listed below are some basic features of different types of retirement plans. How important is each to you in a retirement plan?

Percentage saying very important	**Total Workers** (n=790)	**Defined Contrib.** (n=444)	**Defined Benefit** (n=390)
Provides you a guaranteed stream of income each month for life starting at retirement	59%	51%	68%
Provides you and your spouse a guaranteed stream of income each month for life starting at retirement and continuing on through the life of your spouse if he/she lives longer than you	58%	51%	64%
Offers the flexibility of transferring the money into another retirement plan or retirement account when leaving an employer	54%	63%	48%
Provides the ability to save an amount of your choosing for retirement through automatic deductions from a paycheck	53%	64%	44%
Provides regular paper statements of the amount of monthly retirement benefit earned or the amount of money in the account	41%	42%	38%
Provides access at any time over the telephone or online to information on the amount of monthly retirement benefit earned or the amount of money in the account	40%	44%	38%
Offers the ability to make investment choices with different possible risks and returns	39%	51%	28%
Bases its level of benefit on years of service with the company and the salary made in the years before retirement or leaving the company	33%	25%	45%
Offers the ability to withdraw the money as cash before retirement with or without penalty fees	29%	32%	25%
Offers protection from possible large investment losses at the cost of eliminating possible large investment gains	28%	27%	29%
Provides a lump sum of money at retirement to be managed at your discretion through your retirement years	27%	30%	27%
Offers the opportunity to invest some of the money in an employer’s stock	10%	11%	9%

Workers age 50 and older tend to place greater importance than younger workers on a retirement plan that bases its level of benefit on years of service and salary (45% vs. 25% *very* important), as well as on one that provides regular statements of the amount of the retirement benefit (49% vs. 35%). They are less likely to place importance on investment choice (69% vs. 80% *very* or *somewhat* important) and portability (79% vs. 89%). The likelihood of rating a guaranteed stream of monthly income for life as *very* important increases with age, while the likelihood of rating cash withdrawals before retirement as *very* important decreases with age.

Workers with household income of at least $50,000 are more likely than those with lower income to rate highly the ability to save through automatic deductions (58% vs. 47% *very* important) or investment choice (43% vs. 33%). Those who have not graduated from college are more likely than college graduates to consider the following features of a retirement plan *very* important: a guaranteed stream of lifetime income (64% vs. 52%), regular paper statements (46% vs. 33%), cash withdrawals before retirement (34% vs. 21%), and employer stock (12% vs. 6%).

Retirees

Far and away the most important retirement feature for retirees is the provision of a guaranteed stream of income each month for life during retirement. More than eight in ten say this retirement plan feature is *very* important to them (82%). Over half of all retirees rank each of the following features as *very* important:

- A guaranteed stream of monthly income for themselves and their spouses (62%),
- A retirement benefit based on salary and years of service with the company (62%),
- Saving through automatic paycheck deductions (55%), and
- Regular statements of the benefit amount or account balance (53%).

Three to roughly four in ten retirees rate the following as *very* important:

- The ability to transfer their retirement money to another retirement plan or account (44%),
- Immediate access to information about the benefit amount or account balance (40%), and
- Protection from large investment losses at the cost of possible large gains (29%).

Two in ten each consider the next tier of retirement plan features *very* important:

- The ability to make investment choices (20%),
- A lump sum benefit at retirement to manage at their discretion (20%), and
- Cash withdrawals before retirement (20%).

Figure 18

Importance of Features in Retirement Plans Among Retirees

Listed below are some basic features of different types of retirement plans. How important is each to you in a retirement plan?

Percentage saying very important	**Total Retirees** (n=600)	**Defined Contrib.** (n=57)	**Defined Benefit** (n=526)
Provides you a guaranteed stream of income each month for life starting at retirement	82%	71%	85%
Provides you and your spouse a guaranteed stream of income each month for life starting at retirement and continuing on through the life of your spouse if he/she lives longer than you	62%	59%	62%
Bases its level of benefit on years of service with the company and the salary made in the years before retirement or leaving the company	62%	45%	65%
Provides the ability to save an amount of your choosing for retirement through automatic deductions from a paycheck	55%	67%	54%
Provides regular paper statements of the amount of monthly retirement benefit earned or the amount of money in the account	53%	65%	52%
Offers the flexibility of transferring the money into another retirement plan or retirement account when leaving an employer	44%	55%	42%
Provides access at any time over the telephone or online to information on the amount of monthly retirement benefit earned or the amount of money in the account	40%	49%	39%
Offers protection from possible large investment losses at the cost of eliminating possible large investment gains	29%	32%	29%
Offers the ability to make investment choices with different possible risks and returns	20%	32%	19%
Provides a lump sum of money at retirement to be managed at your discretion through your retirement years	20%	30%	19%
Offers the ability to withdraw the money as cash before retirement with or without penalty fees	20%	25%	18%
Offers the opportunity to invest some of the money in an employer's stock	10%	14%	10%

Retirees are least likely to think that the opportunity to invest in an employer's stock is *very* important (10%).

Retirees who received benefits from a defined contribution plan are more likely than those who received benefits from a defined benefit plan to rate several features as highly important. These include:

- Saving through automatic paycheck deductions,
- Regular statements of the benefit amount or account balance,
- Immediate access to information about the benefit amount or account balance,
- The ability to make investment choices, and
- A lump sum benefit at retirement.

Features that are more likely to be rated highly important by those who received benefits from a defined benefit plan include a guaranteed income stream at retirement as well as retirement benefit based on salary and years of service.

Among retirees, those who are under age 70 are more likely than those who are older to give higher importance to the following features in a retirement plan: saving through automatic paycheck deductions (60% vs. 50% *very* important), regular statements of the retirement benefit amount (59% vs. 48%), portability (49% vs. 39%), immediate access to retirement benefit information (45% vs. 36%), investment loss protection (36% vs. 24%), and investment choice (26% vs. 16%). Women more often than men say automatic payroll deductions are *very* important (61% vs. 50%).

Higher income retirees ($35,000 or more) are more inclined than those who have lower income to rate portability (48% vs. 39%) and immediate information about the retirement benefit (44% vs. 35%) as *very* important. They are also more likely to consider investment choice *very* or *somewhat* important (63% vs. 46%). On the other hand, those with household income less than $35,000 are more likely than those with higher income to think the ability to make cash withdrawals before retirement is *very* important (24% vs. 17%).

Married retirees are more likely than unmarried retirees to rate the following features as highly important: providing regular statements on the amount of the retirement benefit (60% vs. 44%), portability (53% vs. 33%), and investment choice (24% vs. 16%).

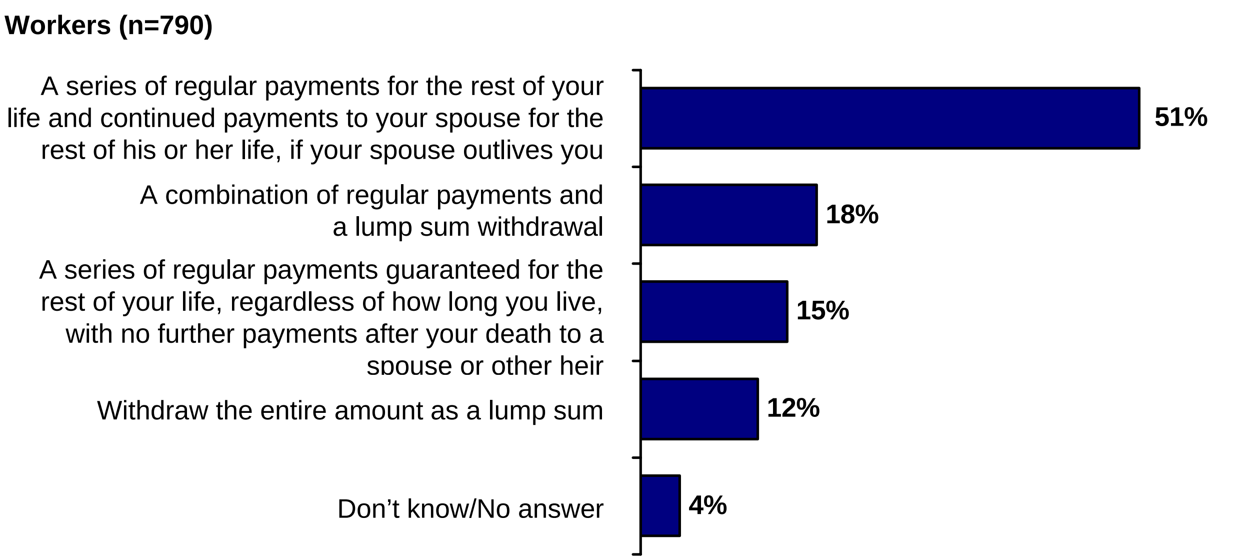
Preferred Choice of Payout Option

When asked about how they prefer to receive money at retirement through their employer's retirement plans, if each choice has an equal value, workers primarily prefer a payout option that provides a series of regular payments for the rest of their lives and continued payments to a spouse, if outlived by their spouses, for the rest of his or her life. Less than two in ten prefer a combination of regular payments and a lump sum withdrawal. A smaller proportion say they wish to have a series of regular payments guaranteed for the rest of their lives with no further payments after their death to a spouse or other heir, and only about one in ten prefer to withdraw the entire amount as a lump sum. (See Figure 19.)

Figure 19

Payout Option Preferred for Retirement Money by Workers

Which of the following best describes how you would like to receive your money at retirement from an employer's retirement plan(s), given that each choice is of equal value?



Workers' payout option preferences are related to the type of payout options they say are offered through their current employer. Those who mention that their employer offers a monthly benefit in their current retirement plan are more inclined than those who report being offered a lump sum benefit to say they prefer receiving a series of payments for the rest of their lives (19% vs. 10%) or for the rest of their lives with continued payments to their spouses (57% vs. 45%). At the same time, those who are offered a lump sum benefit through their retirement plan are more likely to prefer a lump sum of the entire amount (20% vs. 7%).

Government workers with defined benefit plans are more likely than their non-government counterparts to say they would prefer to receive a series of regular payments for the rest of their lives (25% vs. 11%). Conversely, almost no government workers say they would like a lump sum distribution (<0.5% of government workers vs. 16% of non-government workers).

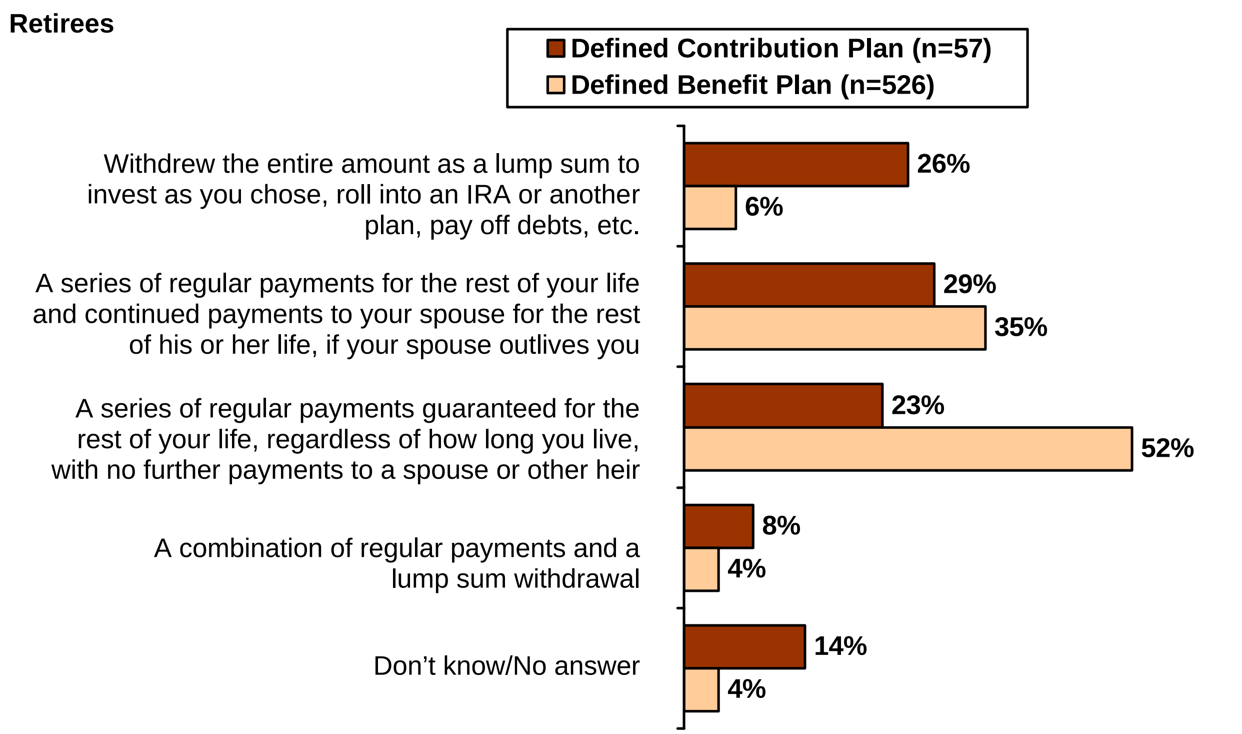
Age plays a factor in the payout option preferred through an employer's retirement plan. Older respondents (age 50 and older) show a greater propensity for preferring a series of regular payments guaranteed for the rest of their lives (19%) compared with younger respondents (12%). Those with household incomes of at least $50,000 are somewhat more apt than those with lower incomes to indicate a preference for a lump sum withdrawal of the entire amount (15% vs. 8%) and less likely to elect a series of regular payments for the rest of their lives (11% vs. 20%).

Women are more likely than men to say they would prefer a series of regular payments for the rest of their lives (18% vs. 12%), while men prefer a series of regular payments for the rest of their lives and continued payments to a spouse or other heir (58% vs. 43%). These preferences are not surprising for two reasons. Men are more likely than women to be married, and life expectancy is longer for women than for men. This often makes a survivor annuity an important choice for a husband's retirement plan. Many wives do not have their own retirement plans or the benefits are smaller, given the differences in historical work patterns.

Payout Option Received by Retirees

Workers express a clear preference for a monthly benefit and, indeed, retirees are most likely to say they received their retirement plan payout as a monthly or combination benefit. Just one-fourth of retirees with a defined contribution plan say they chose to withdraw the entire amount as a lump sum. More than half say they are receiving the money as a series of regular payments (this may not mean an annuity has been purchased), and almost one in ten report taking a combination of lump sum and series of monthly payments. Among those with a defined benefit plan, the vast majority says they took a series of regular payments of some type, and an additional small percentage report taking a combination of payments. One-quarter of retirees with a defined contribution plan, but just 6% of those with a defined benefit plan, say they chose to receive the entire benefit as a lump sum disbursement. (See Figure 20.)

Figure 20
Type of Benefit Received from Retirement Plan by Retirees
When you retired, which of the following best describes how you received the money from this retirement program?



Because the survey results do not support anecdotal evidence suggesting that retirees with defined contribution plans almost always take their payout in the form of a lump sum, 30 survey respondents who said they took a series of regular payments from their defined contribution plan at retirement were re-contacted to try to determine why they answered this question they way they did. The results of these qualitative interviews suggest three primary explanations for this response pattern.

- There was some confusion between payout and intended use of the money. That is, some respondents who selected a series of regular payments actually took a lump sum but intended to manage the money as a series of regular payments lasting the rest of their lives or to buy an annuity.

- Retirees with defined contribution plans often receive benefits from more than one plan. These retirees sometimes take regular income payments from the larger plan and a lump sum payment from the other, smaller plan. Having this study ask about the retirement program providing the largest benefit may have predisposed it toward a regular income bias.

- A small group of respondents appear to have misidentified their plans and should properly have identified them as defined benefit plans. This group would also tend to select the regular payout options rather than a lump sum.

Among those who have a defined contribution plan, male retirees are more likely to have taken a series of regular payments for themselves and continued payments to a spouse (40% vs. 17%), whereas female retirees are more apt to have taken a series of regular payments with no continued payments to a spouse or other heir (32% vs. 15%). Likewise, male retirees with a defined benefit plan are also more likely than their female counterparts to say they took a series of regular payments for themselves and continued payments for their spouses (42% vs. 25%), while female retirees are more likely to have taken a series of regular payments with no continued payments to a spouse or other heir (59% vs. 47%). Given the greater likelihood of males to be married and the longer life expectancy of females, these patterns are not surprising.

Respondents who reported receiving a series of regular payments from their retirement program were asked whether they had received any increases in their monthly benefit since they had retired. Just over six in ten of those getting regular payments from a defined contribution plan indicate they have received an increase in their benefit since their retirement (62%). The same proportion of those receiving regular payments through their defined benefit plan mention getting an increase in their monthly benefit (62%).

Several groups are more likely to report having received an increase in the benefit they receive from their defined benefit plan since they retired. These include college graduates (71% of college graduates vs. 55% with some college or less), older retirees (67% age 70 and older vs. 57% under age 70), and unmarried retirees (69% vs. 56%).

Payout Option Considerations

When choosing their payout from their retirement plan, workers and retirees are most concerned about ensuring that their retirement money lasts throughout their lifetime. Of nine considerations for choosing the payout option for retirement from their plan, both workers and retirees are most likely to rate three as *very* important:

- Receiving a guaranteed amount of monthly income (69% of workers and 86% of retirees),
- Ensuring that they do not outlive their money during retirement (69% and 77%), and
- The ability of income to keep up with inflation (65% and 75%).

Worker concerns appear more evenly spread across different issues, while retirees show a sharper differentiation between the ability to receive a lifetime income that keeps pace with inflation and other issues. Other considerations for workers and retirees when choosing a payout option are:

- Being able to maintain control of their savings (61% of workers and 54% of retirees say this is *very* important),
- Receiving guaranteed monthly payments for themselves and their spouses, if he or she outlives them (58% and 53%),
- Protecting themselves against investment market downturns (53% vs. 55%), and
- Protecting against loss of value from a pension or annuity investment should they die earlier than expected (49% and 44%).

Of the nine considerations, having money that they can access on short notice for emergency purposes (38% *very* important among workers, 30% *very* important among retirees), and leaving money to their heirs from their retirement savings plan (31% vs. 19%) are least likely to be important when choosing a payout option.

Figure 21
Payout Option Considerations
When deciding on what payout option to choose from your retirement plan during retirement, how important are (were) each of the following considerations?

	Workers			Retirees		
Percentage saying very important	**Total** (n=790)	**DC** (n=444)	**DB** (n=390)	**Total** (n=600)	**DC** (n=57)	**DB** (n=526)
Receiving a guaranteed amount monthly during retirement, no matter how long you live (lived)	69%	61%	75%	86%	75%	89%
Ensuring you do not outlive your money during retirement	69%	67%	73%	77%	73%	77%
The ability of the income provided to keep up with inflation	65%	62%	67%	75%	70%	75%
Being able to maintain control of your retirement savings	61%	67%	56%	54%	60%	53%
Receiving guaranteed monthly payments for the rest of your life and regular payments to your spouse for the rest of his or her life, if he or she outlives (outlived) you	58%	55%	63%	53%	54%	54%
Being able to protect yourself against investment market downturns	53%	53%	51%	55%	61%	54%
Protecting against the loss of value from a pension or annuity investment should you die earlier than expected	49%	47%	50%	44%	48%	44%
Having money that you can access on short notice for emergency purposes	38%	42%	34%	30%	33%	29%
Being able to leave money to your heirs from your retirement plan	31%	30%	32%	19%	18%	19%

Payout option considerations also differ by the type of retirement plan offered by employers. Those who currently have a defined contribution plan are more likely than those who have a defined benefit plan to say it is *very* important for them:

- To maintain control of their retirement savings, and
- To have money they can access on short notice for emergency purposes.

Those who have a defined benefit plan, on the other hand, are more apt to say the following are highly important:

- Guaranteed monthly income during retirement,
- Guaranteed monthly payments for themselves and their spouses, if he or she outlives them, and
- Ensuring they do not outlive their money during retirement.

Government workers with defined benefit plans are more likely than non-government workers with this type of plan to think guaranteed monthly income during retirement and the ability of income to keep up with inflation are *very* important considerations when choosing a payout option. They are less inclined to say that being able to maintain control of their money or having money they can access on short notice for emergency purposes are highly important.

The main considerations for male workers when thinking about payout options are making provisions for their family members. They are more likely than women workers to suggest a high level of importance for receiving guaranteed payments for themselves, and if outlived by them, their spouses, and leaving money to their heirs. Women workers, on the other hand, have security-related concerns. They are more likely to say ensuring they do not outlive their money and maintaining control of their retirement savings are highly important considerations.

Once they reach retirement, men continue to place higher importance than women do on receiving guaranteed monthly payments for the rest of their lives as well as their spouses' lives. However, women become even more concerned about security-related issues and ensuring they have enough money to last throughout their lifetimes. They are more likely than men to say that it is *very* important to receive a guaranteed amount monthly, ensure they do not outlive their money, have income that is able to keep up with inflation, protect themselves against investment market downturns, maintain control of their retirement savings, and have money on short notice for emergencies.

Older workers (age 50 and older) tend to think in terms of guaranteeing their retirement security when considering payout options. They are more likely than the youngest segment (under age 40) to say the following are *very* important when choosing a payout option: a guaranteed monthly income stream for themselves, ensuring they do not outlive their money during retirement, the ability of their income to keep up with inflation, the ability to protect themselves against investment market downturns, and the loss of value from a pension or annuity investment should they die earlier than expected. However, the youngest segment is more likely than older workers to suggest a high level of importance for leaving money to their heirs.

Married retirees are more likely than those who are not married to center on providing for their spouses or heirs, as well as protecting against the loss of value if they die earlier than expected.

Lump Sum Withdrawal

Workers who wish to receive some type of lump sum from an employer's retirement plan were asked what they would do with this money. In general, workers show no clear preference for how they would like to take payments from the lump sum, though there is a slight preference for keeping the principal of the lump sum intact. Two in ten each indicate they would take irregular withdrawals as needed, live off the earnings while keeping the savings intact, and keep both the principal and earnings intact for as long as possible. One in ten each say they would buy an annuity providing regular guaranteed payments and take regularly scheduled monthly withdrawals from this money. Only four percent indicate they would withdraw the entire amount for a major purchase or to pay off debt. (See Figure 22.)

Figure 22
Use of Lump Sum Withdrawal by Workers
If you were given a lump sum of money at retirement from an employer's retirement plan(s), which of the following best describes what you would like to do with the money?

Among those saying they would like to receive a lump sum amount at retirement

	Workers (n=238)
Take irregular withdrawals on an "as needed" basis	20%
Keep the money (principal plus earnings) intact for as long as possible	18
Withdraw only the earnings and keep the principal intact	18
Buy an annuity providing regular payments guaranteed for at least the rest of your life	11
Take regularly scheduled monthly withdrawals	11
Withdraw the entire amount for a major purchase or to pay off debt	4
Something else	3
Don't know/No answer	14

Men are among the most likely to say they would take regularly scheduled monthly withdrawals of the lump sum (17% vs. 5% women), while unmarried individuals are among the most predisposed to say they would take irregular withdrawals on an "as needed" basis (30% vs. 15% married).

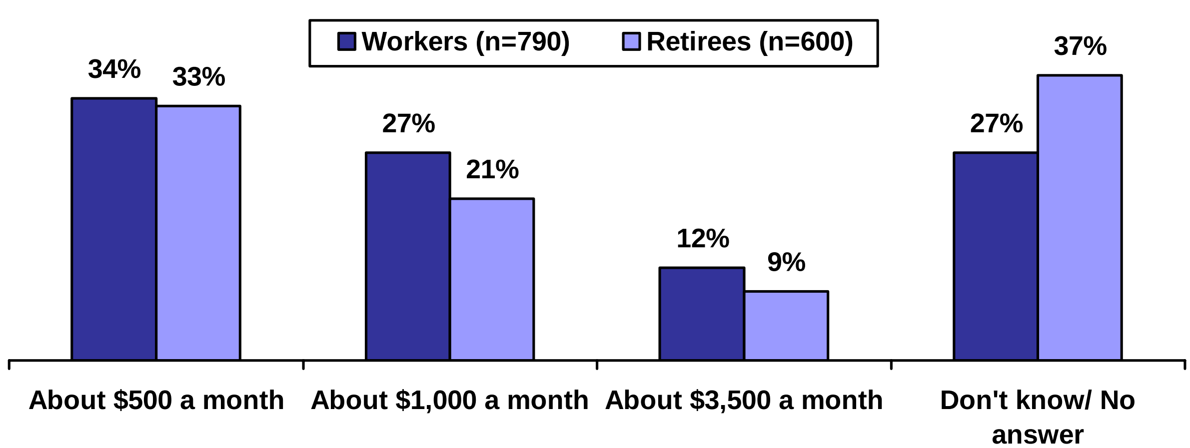
Retiree Use of Lump Sum Withdrawal

Retirees also report no clear preference for how they spend the money they receive from their lump sum disbursement. Two in ten retirees who withdrew a lump sum amount from their retirement plan say they are trying to keep the money, the principal plus earnings, intact for as long as possible (20%). About half as many maintain they are taking regularly scheduled monthly withdrawals (12%) or they withdrew the entire amount for a major purchase or to pay off debt (10%). Less than one in ten each report purchasing an annuity that provides guaranteed regular payments for the rest of their lives (8%), taking irregularly scheduled as needed withdrawals (6%), withdrawing only the earnings and keeping the principal intact (4%), or doing something else with the money (7%). However, one-third either says they do not know what they are doing with this money (8%) or did not provide an answer (25%).

Benefit from Monthly Income Stream

Workers and retirees are reluctant to convert a $100,000 lump sum payment to a monthly annuity at age 65. In fact, more than one-quarter of workers and almost four in ten retirees say they do not know or did not answer the question. One in ten workers and retirees grossly overestimate the amount they will receive and think they might get $3,500 a month. One-third of workers and retirees estimate they will get $500, which is a very conservative estimate. That estimate would be consistent with other information gathered that workers and retirees are trying to manage their own money. More than one-quarter of workers and two in ten retirees estimate $100,000 would yield $1,000 per month. The monthly benefit from a life annuity payable from a qualified plan is generally between $700 and $1,000, depending on the interest rate used for the conversion.

Figure 23
Expected Benefit from Monthly Income Stream
If you were to convert $100,000 in savings at age 65 into a stream of fixed monthly payments to last the rest of your life, roughly how much money do you think you would get each month?



RETIREMENT CONFIDENCE

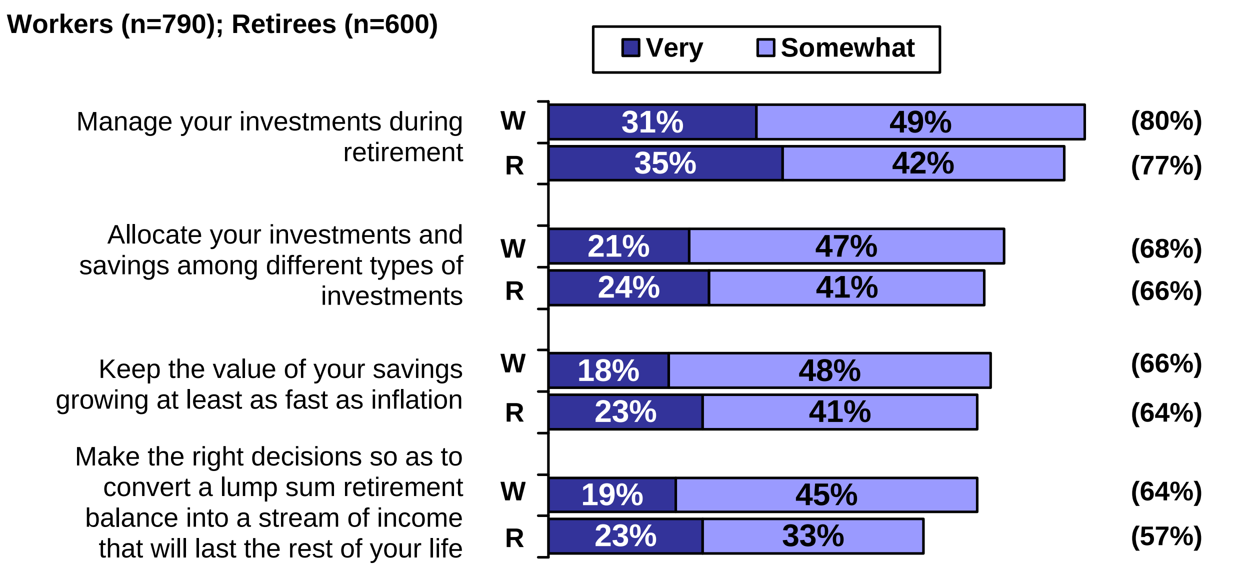
Confidence in Managing Finances

When asked how confident they are in their ability to manage their finances during retirement, roughly eight in ten employed and retired respondents each maintain that they are *very* or *somewhat* confident in their ability to manage their investments. However, confidence declines as the questions become more specific. Fewer are confident in making investment allocation decisions, growing their savings to keep at pace with inflation or converting their retirement balance into an income stream that will last the rest of their lives. Confidence in each of these three abilities is shared by about two-thirds of workers and retirees. (See Figure 24.)

Figure 24

Confidence in Managing Savings and Investments during Retirement

Please indicate how confident you are in your ability to do each of the following during retirement.



Workers who have defined contribution plans through their current employer show greater confidence in their abilities than those who have defined benefit plans. While their greater experience may help to generate greater confidence in their ability to allocate their money across different types of investments (74% vs. 65% *very* or *somewhat* confident), they are also more likely to be confident in their ability to convert their retirement balance into an income stream to last the rest of their lives (69% vs. 60%), something most probably have no experience with. Non-government workers with defined benefit plans are also more likely than government workers with this type of plan design to report they are confident of their ability to allocate their money among different types of investments (72% vs. 54%) or convert their retirement balance into an income stream to last the rest of their lives (67% vs. 49%). These higher confidence levels may be partially explained by the fact that non-government workers are more likely than government workers to have both defined benefit and defined contribution plans.

Among workers, men are more likely than women to be *very* or *somewhat* confident in their ability to manage their finances during retirement: manage their investments (85% vs. 75%), allocate their money across different types of investments (73% vs. 62%), grow their savings at least at the rate of inflation (74% vs. 56%), and convert their retirement savings into an income stream to last the rest of their lives (71% vs. 57%). Confidence in each of these abilities also increases as household income rises.

Male retirees are also more likely than female retirees to indicate they are confident in their ability to manage their investments in retirement (39% vs. 30%, *very* confident), allocate the money among different types of investments (69% vs. 61%, *very* or *somewhat* confident), grow their savings at least at the rate of inflation (68% vs. 58%, *very* or *somewhat* confident), and convert their retirement savings into an income stream to last the rest of their lives (61% vs. 51%, *very* or *somewhat* confident). Confidence in each of these abilities (except converting retirement savings to a stream of income) increases with household income.

<u>Sources of Retirement Income</u>

Workers

Workers expect their employer's retirement plans to provide the primary source of their retirement income. Those with a defined benefit plan (46%) are almost twice as likely as those with a defined contribution plan (25%) to report they expect more than 50% of their retirement income will come from their employer's retirement plan. Workers are next most likely to expect to receive a large proportion of their income from Social Security—one in seven each think they will receive more than 50% of their retirement income from this source (13% of those with a defined benefit plan and 14% of those with a defined contribution plan) and another third think they will get 25% to 50% of their income from this source (35% and 34%, respectively). Money from other personal savings or investments that are not in a work-related retirement plan is also expected to provide an important part of retirement income. More than three in ten workers anticipate that 25% or more of their income will come from these types of savings (32% of those with a defined benefit plan and 31% of those with a defined contribution plan). (See Figure 25.)

Figure 25

Percentage of Family's Retirement Income from Source among Workers by Plan Type

Listed below are several sources of income that you may have during retirement. Please indicate the percentage of your family's retirement income that you expect to come from each source.

Workers	**More than 50%**	**25% to 50%**	**Less than 25%**	**None**	**Don't know/ No answer**
Money provided by your employer's retirement plans					
Total (n=790)	33%	40	19	3	5
Defined Contribution Plan (n=444)	25%	44	23	3	5
Defined Benefit Plan (n=390)	46%	35	14	2	4
Social Security and other government income programs, such as SSI or veteran's benefits					
Total (n=790)	15%	35	38	6	6
Defined Contribution Plan (n=444)	14%	34	41	6	6
Defined Benefit Plan (n=390)	13%	35	39	8	5
Other personal savings or investments that are not in a work-related retirement plan					
Total (n=790)	7%	25	46	13	8
Defined Contribution Plan (n=444)	8%	23	48	13	8
Defined Benefit Plan (n=390)	5%	27	48	13	7
Income from part-time or full-time employment					
Total (n=790)	5%	12	51	20	11
Defined Contribution Plan (n=444)	6%	11	53	20	10
Defined Benefit Plan (n=390)	4%	11	51	23	12
Money provided by your spouse's retirement plans					
Total (n=790)	4%	18	28	40	10
Defined Contribution Plan (n=444)	4%	20	29	37	9
Defined Benefit Plan (n=390)	5%	17	27	40	11
Money from the sale of your home or business					
Total (n=790)	2%	7	20	58	13
Defined Contribution Plan (n=444)	2%	6	20	59	13
Defined Benefit Plan (n=390)	2%	7	20	58	13
Other sources of income, including support from family members					
Total (n=790)	1%	2	15	68	13
Defined Contribution Plan (n=444)	1%	2	18	68	12
Defined Benefit Plan (n=390)	1%	3	13	69	14

Workers' expected reliance on Social Security and other government income programs increases with age. It is also related to household income, decreasing as income goes up.

Employed women show a greater tendency than men of expecting to rely on their spouses' retirement plans for income during their retirement (34% women vs. 13% men, 25% or more of their retirement income). Expectations of retirement income from a spouse's retirement plan also decreases with age. Workers who are less than 40 years old are more likely to expect 25% or more of their retirement income to come from a spouse's retirement plan than are those who are 50 years or older (28% vs. 17%).

Retirees

Like workers, retirees indicate that the main source of their family's retirement income is most likely to be money provided by their employer's retirement plans. Roughly three in ten retirees indicate that this source provides more than 50% of their family's income (31%). While retirees with defined contribution and defined benefit plans are equally likely to report receiving this proportion of income, the percentage of retirees with a defined contribution plan (27%) more closely matches the worker percentage (25%) than does the percentage of retirees with a defined benefit plan (33% of retirees vs. 46% of workers). Retirees with defined contribution and defined benefit plans are also equally likely to indicate they receive income from different sources. The exception is that those with a defined contribution plan are more likely than those with a defined benefit plan to say they receive 25% to 50% of their income from other personal savings or investments that are not in a work-related retirement plan (21% vs. 11%). (See Figure 26.)

Younger retirees under 70 years of age are less likely than older retirees to indicate Social Security and other government programs provide 25% or more of their income (53% vs. 65%). The sources relied upon for retirement income are also related to household income. Reliance on employer-sponsored retirement plans (69% with $35,000 or higher income vs. 60% with less than $35,000 income, 25% or more of income) and personal savings (21% with $35,000 or more income vs. 11% with less than $35,000 income, 25% or more of income) is greater among retirees who have higher household incomes. Conversely, those who have less than $35,000 in household income are more likely to indicate that 25% or more of their income comes from Social Security or other government programs (74% vs. 47%). As expected, women are more likely than men to indicate that 25% or more of their income comes from their spouses' retirement plans (27% vs. 8%).

Figure 26

Percentage of Family's Retirement Income from Source among Retirees by Plan Type

Listed below are several sources of income that you may have during retirement. Please indicate the percentage of your family's retirement income that comes from each source.

Retirees	**More than 50%**	**25% to 50%**	**Less than 25%**	**None**	**Don't know/ No answer**
Money provided by your employer's retirement plans					
Total (n=600)	31%	34	25	5	5
Defined Contribution Plan (n=57)	27%	36	26	5	5
Defined Benefit Plan (n=526)	33%	35	23	4	4
Social Security and other government income programs, such as SSI or veteran's benefits					
Total (n=600)	24%	35	26	10	4
Defined Contribution Plan (n=57)	25%	38	20	13	5
Defined Benefit Plan (n=526)	23%	36	27	10	4
Money provided by your spouse's retirement plans					
Total (n=600)	5%	11	16	53	15
Defined Contribution Plan (n=57)	5%	11	18	46	19
Defined Benefit Plan (n=526)	5%	11	17	53	14
Other personal savings or investments that are not in a work-related retirement plan, such as an IRA or CD					
Total (n=600)	5%	12	50	23	11
Defined Contribution Plan (n=57)	4%	21	44	18	12
Defined Benefit Plan (n=526)	4%	11	52	23	10
Other sources of income, including support from family members					
Total (n=600)	2%	4	8	74	12
Defined Contribution Plan (n=57)	2%	1	8	74	14
Defined Benefit Plan (n=526)	2%	4	8	74	12
Money from the sale of your home or business					
Total (n=600)	1%	2	4	80	13
Defined Contribution Plan (n=57)	0%	0	5	76	19
Defined Benefit Plan (n=526)	1%	2	4	81	12
Income from part-time or full-time employment					
Total (n=600)	<0.5%	5	14	69	12
Defined Contribution Plan (n=57)	1%	6	19	57	18
Defined Benefit Plan (n=526)	<0.5%	4	14	70	11

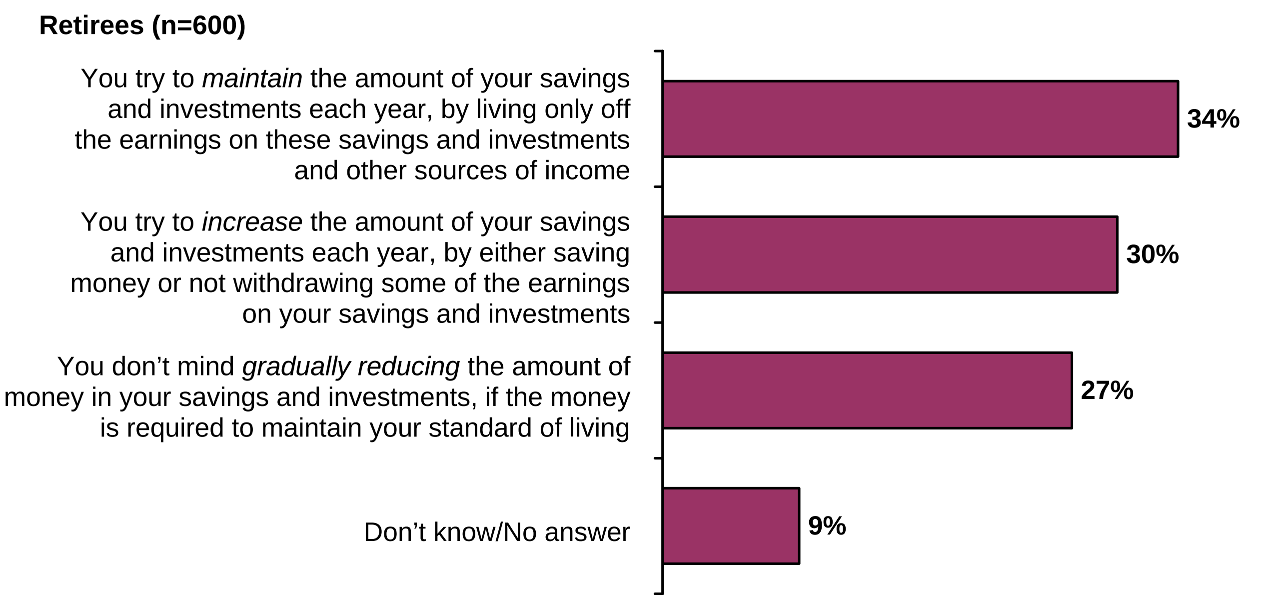
Approach to Managing Retirement Savings

As a group, retirees seem to have a conservative approach when it comes to managing their savings and investments over their lifetimes. One-third of retirees say that they try to *maintain* the amount of their savings and investments each year by living off the earnings of this money and other sources. Three in ten report that they try to *increase* the amount of their savings and investments each year by saving money or not withdrawing some of the earnings from this money. Almost as many—more than one-quarter—say they do not mind *gradually reducing* the money in their savings and investments if it is required to maintain their standard of living. (See Figure 27.) While these strategies are consistent with retirees' high concern with retirement security, they are inconsistent with retirees' low interest in leaving money to heirs.

Figure 27

Current Approach to Managing Retirement Savings

Of the three statements below, please indicate which one best describes what you are doing during retirement.

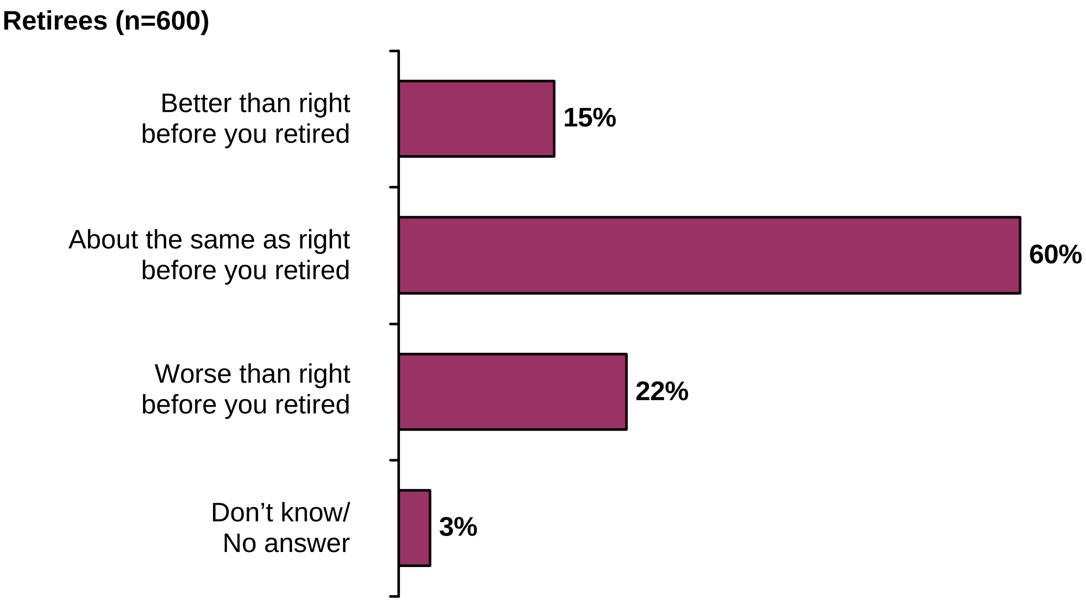


Younger retirees who are less than 70 years old are more likely than those who are older to be willing to reduce the amount of their savings and investments in order to maintain their standard of living (31% vs. 23%). On the other hand, the older segment is more inclined to say that they maintain the amount of the savings and investments each year by living only off the earnings of this money (39% vs. 27%).

Current Standard of Living

When asked how their current standard of living compares to the standard of living they had right before retirement, the majority of retirees report it is about the same as right before they retired. Fifteen percent say it is better, and just over one in five maintain it is worse. (See Figure 28.)

Figure 28
Current Standard of Living of Retirees
Would you rate your standard of living now as…

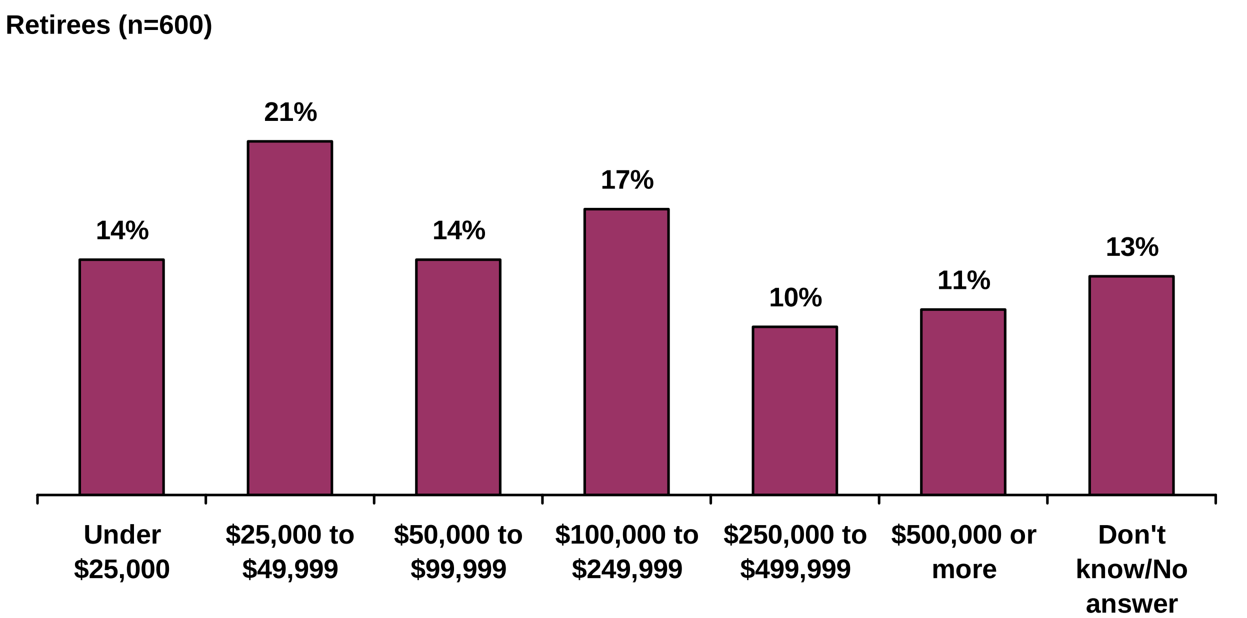


Retirees from higher income households are more positive about their standard of living. They are more likely to say they have the same standard of living as before they retired (65% vs. 53%) and less likely to say their standard of living is worse (15% vs. 29%). Men are more likely than women to say their standard of living is better than before they retired (18% vs. 11%).

Financial Assets

Half of retirees report they have less than $100,000 in financial assets, excluding the value of their home. More than one-fourth have between $100,000 and $499,999 in financial assets, and one in ten have $500,000 or more. (See Figure 29.)

Figure 29
Financial Assets of Retirees
What is the total amount of your household's financial assets, including money from your checking, savings, investments, annuities, Individual Retirement Accounts (IRAs) and other retirement accounts, but excluding the value of your home?



As might be expected, financial assets are strongly related to household income, and assets increase sharply as income rises. Financial assets are also inversely related to age, decreasing as age rises. (See Figure 30.) As expected, given the relationship between marital status and income, married retirees also report having a higher amount in financial assets than their unmarried counterparts.

Figure 31

Financial Assets of Retirees by Household Income and Age

What is the total amount of your household's financial assets, including money from your checking, savings, investments, annuities, Individual Retirement Accounts (IRAs) and other retirement accounts, but excluding the value of your home?

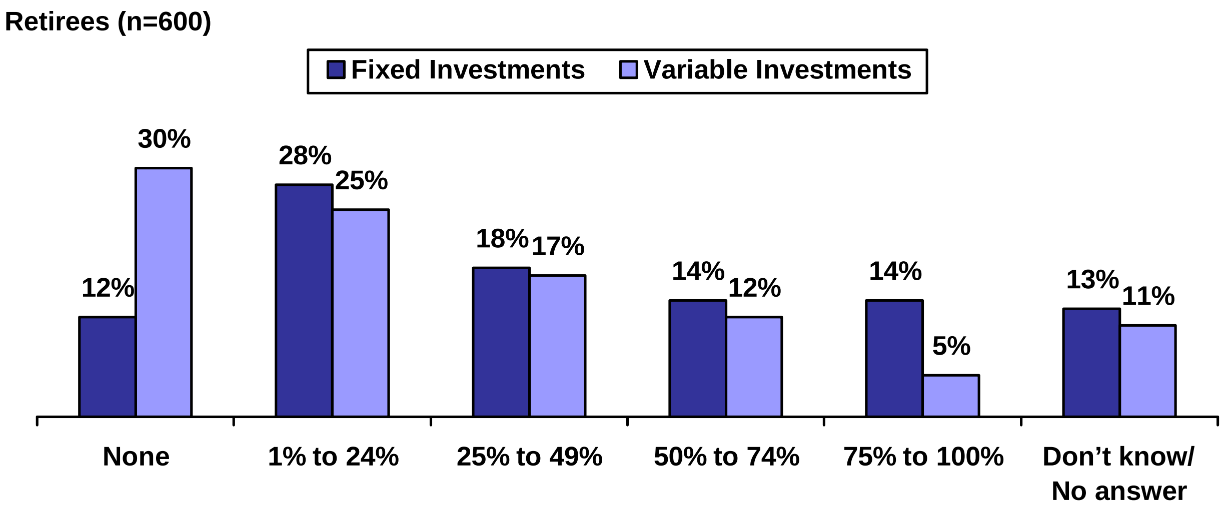
Retirees	**Household Income**		**Age**	
	Less Than $35,000 (n=277)	**$35,000 Or More** (n=324)	**Under Age 70** (n=272)	**Age 70 Or Older** (n=327)
Under $25,000	26%	4%	12%	16%
$25,000 to $49,999	29	15	17	25
$50,000 to $99,999	11	16	14	14
$100,000 to $249,999	15	19	19	16
$250,000 to $499,999	5	15	12	9
$500,000 or more	2	18	13	9
Don't know/No answer	12	14	14	11

Retirees were also asked what proportion of these financial assets is in fixed investments and what proportion is in variable investments. Almost half report they have at least 25% of their household's assets in fixed or guaranteed investments (47%), and more than one-third indicate they have 25% or more of their household's assets invested in variable investments (35%). (See Figure 31.)

Figure 31

Proportion of Assets in Fixed and Variable Investments

What percentage of these assets do you have in guaranteed or fixed income investments, such as savings, money market accounts, bonds or annuities? What percentage of these assets do you have in variable investments, such as stocks or mutual funds?



Retirees who only had a defined benefit plan through their employer are more likely than those who had a defined contribution plan or both types of plans to say that none of their financial assets are in variable investments (31% vs. 19%).

Despite the advice of many financial planners to change the investment mix as one ages, decreasing the proportion of variable investments, this study found no differences in reported percentages of variable or fixed investments by age.

Planning for Retirement

Retirees were asked an open-ended question about what they would do differently with respect to planning and saving for retirement. Sixty-four percent of the retiree respondents answered this question, and responses overall had a common theme of wishing they had set aside more for retirement. Responding retirees most often reply that they would have:

- Saved more or set aside more through various types of investments, such as stocks, bonds, IRAs, and annuities (38%),
- Started saving earlier (12%),
- Had a longer working career/waited to retire (9%),
- Saved more through employer-sponsored retirement plans, including 401(k)s, pension and profit-sharing plans (9%),
- Made different investment allocation decisions (7%), and
- Tried to make smarter investment decisions (5%).

Just 12% of these retirees indicate they would not have done anything differently in making preparations for retirement.

Workers were asked about the types of retirement needs they have that were not addressed in the survey. Few workers were able to envision any needs that were not addressed. Among the 18% of workers who provided some type of response to this question, however, half name insurance as the main need that was not addressed (50%). These respondents are primarily thinking of medical insurance, though long-term care, prescription drug, disability, and life are also mentioned.

Other items mentioned by those answering this question include:

- The naming of alternative investments for retirement (17%), such as stocks, bonds, annuities, IRAs, but unrelated to an employer-sponsored retirement plan, and
- More general comments related to their retirement plan (9%), such as not liking the company chosen to handle the retirement plan, wishing their employer offered a different type of plan, or their plan being a union plan.

PROFILE OF SURVEY RESPONDENTS

Figure 32 describes the employment and demographic characteristics of the survey respondents. Seven in ten workers expect to have worked for three or more employers by the time they reach retirement (71%), in comparison with less than half of retirees who worked for three or more employers before retirement (45%). While more than half of workers expect to retire at age 65 or older (55%), retirees report leaving the work force at earlier ages. In fact, less than two in ten say they retired at age 65 or later (18%).

Although there have been reports of an increasingly mobile work force, half of workers surveyed indicate they have been with their current employer for more than 10 years (51%). Three-quarters of workers are employed in the private sector (74%) and more than two in ten work in the public sector (22%). Because the survey data are weighted by sector, these proportions represent the actual proportions in the pool of workers with retirement plans.

Demographically, a higher proportion of men than women participated in the study among both workers (55% men, 42% women) and retirees (58% men, 41% women). Among workers, roughly three in ten each are under age 40 (27%) and ages 40 to 49 (31%), while more than four in ten are age 50 or older (42%). More than half of retirees are age 70 or older (54%). Seven in ten workers (69%) and more than half of retirees are married (53%). As expected, retirees are considerably more likely to report being widowed (24% vs. 2%).

More than one-third of workers (35%) and more than one-quarter of retirees (27%) are college graduates. More than one-fourth in each respondent group have also had some college education (28% of workers and 26% of retirees). Workers are significantly more likely than retirees to have household income of $50,000 or more (59% vs. 36%). Nearly half of retirees have income less than $35,000 (46%), while less than half the proportion of workers have income at this level (20%).

Three in ten married workers indicate that their spouses have a defined contribution plan or a plan in which retirement benefits are based on the amount of accumulated contributions plus earnings on the investments (30%). About half as many say their spouses have a defined benefit plan, one in which their benefits are determined by a formula based on years of service and earnings (16%). In comparison, married retirees are more likely than workers to report that their spouses have a defined benefit plan (40%), and less likely to say they have a defined contribution plan (16%). The propensity of married retirees to state their spouses have a defined benefit plan rather than a defined contribution plan is not surprising, given that retirees are more likely to be covered by defined benefit than defined contribution plans.

Married workers (45%) are more likely than married retirees (37%) to report that their spouses do not have a retirement plan. This may seem surprising, given that spouses today are more likely to be employed. However, the wording of previous questions in the survey probably led worker respondents to think of a retirement plan from their spouses' current employer, while it led retiree respondents to think of a retirement plan from any previous employer.

Figure 32
Characteristics of Survey Respondents

	Workers (n=790)	**Retirees** (n=600)
Number of Employers by Retirement (Expected/Before Retiring)		
Less than 3 employers	26%	53%
3-5 employers	40	31
6-10 employers	23	11
11 or more employers	7	3
Don't know/No answer	4	2
(Expected) Age of Retirement		
39-54 years	3%	16%
55-59 years	12	25
60-64 years	22	39
65-69 years	44	15
70 years and older	12	4
Don't know/No answer	7	1
Years with Current Employer		
0-5 years	31%	NA
6-10 years	17	NA
11-20 years	27	NA
21-30 years	17	NA
31 or more years	7	NA
Type of Employer		
Privately owned business (stock not sold to the public)	31%	NA
Business with publicly traded stock	29	NA
Government body, such as federal, state, or local government or school district	22	NA
Not-for-profit organization, such as private university, charity, church or trade organization	14	NA
Don't know/No answer	4	NA

NA=Not asked

Figure 32 (continued)
Characteristics of Survey Respondents

	Workers (n=790)	Retirees (n=600)
Gender		
Male	55%	58%
Female	42	42
Age		
Under 40 years	27%	<0.5%
40 to 49 years	31	1
50 to 69 years	41	44
70 years and older	1	54
Marital Status		
Married or living with a partner	69%	53%
Single, never married	14	8
Divorced/separated	13	15
Widowed	2	24
Education		
Some high school or less	2%	5%
High school graduate	17	20
Some college	28	26
College graduate	19	14
Post graduate work	16	13
No answer	18	22
Household Income		
Under $25,000	7%	26%
$25,000 to $34,999	12	20
$35,000 to $49,999	21	18
$50,000 to $74,999	26	18
$75,000 to $99,999	18	10
$100,000 or more	15	8

Figure 32 (continued)

Characteristics of Survey Respondents

	Workers (n=790)	Retirees (n=600)
Spouse's Retirement Plan (married respondents)	(n=548)	(n=317)
One where the retirement benefits he/she will receive are based on the amount of accumulated contributions plus earnings on the investments	30%	16%
One where the retirement benefits he/she will receive are determined by a formula based on years of service and sometimes other factors	16	40
Both	2	2
No plan	45	37
Don't know/No answer	8	6

APPENDIX A: Methodology and Weighting

METHODOLOGY

The information for the retirement plan preferences study was gathered through a two-stage survey process. In the first stage, 15,000 members of a nationally representative mail panel run by Synovate were sent screeners to identify people who have a retirement plan from their current employer or who retired with retirement benefits from a previous employer. Of those surveyed, 10,356 responded that they and/or their spouses have or retired with retirement benefits.

The second stage of the survey process used a stratified design to address several concerns. To ensure that sufficient numbers of responses were received from males, the sample was stratified for an oversample of male respondents (females typically respond in much larger proportions to surveys of this type). In addition, we wished to ensure that there was a sufficiently large number of returned questionnaires from workers with a defined benefit plan and retirees with a defined contribution plan to allow for separate analysis of these groups. Therefore, random samples for the mail out were pulled from the returns of the first stage for each gender strata and checked to ensure that each worker group consisted of at least 40% defined benefit plan participants and each retiree group consisted of at least 40% defined contribution participants. This resulted in a mail out and a final, usable response as follows:

Figure A-1
Strata Mail Out and Response Rates

	Number Mailed	Number Received	Response Rate
Workers:			
DB male oversample	198	176	89%
DB general sample	237	158	67%
DC male oversample	296	213	72%
DC general sample	357	243	68%
Total	1,088	790	73%
Retirees:			
DB male oversample	587	136	23%
DB general sample	547	198	36%
DC male oversample	391	132*	34%
DC general sample	364	134*	37%
Total	1,889	600	32%

*More than half of respondents in these groups reclassified themselves as having defined benefit plans only. Although some reclassification occurred in every group, these respondents were far more likely to reclassify themselves than others.

WEIGHTING

The survey results have been weighted by type of plan to reflect the distribution of Americans with defined contribution and defined benefit plans. Because plan data for workers is gathered separately for the public and private sectors, workers have been weighted by sector as well as by type of plan. In addition, please note that there is reason to suspect that the number of retirees retiring with benefits from a defined contribution plan is underreported in government surveys. It appears that once individuals roll over their defined contribution assets, many may no longer categorize that income as pension or retirement plan income but instead as income from savings or investments. Therefore, retirees who retired with benefits from a defined contribution plan may be underrepresented in the weighted sample.

The figures below present the distribution of survey responses by plan type as well as the weighting factors used to make the responses in each category reflect that group's share of the worker or retiree population covered by retirement plans. The weighting factors were computed by dividing each group's share of the population by its share of all survey responses that provided that data:

(Target proportion ÷ Proportion of responses = Weighting factor)

Figure A-2 presents the distribution and weighting factors for workers; figure A-3 gives the same factors for retirees.

Figure A-2
Number of Respondents and Weighting Scheme for Workers

Group	% of Pop.[1]	# of Resp. Received	% of Resp. Received	Weighting Factor	Weighted # of Resp.	% of Weighted Resp.
Non-gov. w/DC plan	46%	316	44%	1.0247	324	46%
Non-gov. w/DB plan	21	87	12	1.7369	151	21
Non-gov. w/both	11	57	8	1.3634	78	11
Gov. w/DC plan	2	48	7	0.2803	13	2
Gov. w/DB plan	19	161	23	0.8345	134	19
Gov. w/both	1	42	6	0.2666	11	1
Total	100%	711[2]	100%		711	100%

[1] Source: Bureau of Labor Statistics, 2000 National Compensation Survey and 1998 Survey of Government Compensation Plans; Bureau of the Census, 2000 Decennial Census

[2] Excludes respondents missing data for plan type or sector type. These respondents are included in the final data set and assigned a weight of 1.0000.

Figure A-3

Number of Respondents and Weighting Scheme for Retirees

Group	% of Pop.[3]	# of Resp. Received	% of Resp. Received	Weighting Factor	Weighted # of Resp.	% of Weighted Resp.
DC plan	7%	83	15%	0.4773	40	7%
DB plan	90	423	75	1.2043	509	90
Both DC & DB	3	60	11	0.2830	17	3
Total	100%	566[4]	100%		566	100%

[3] Source: Copeland, Craig. "Retirees With Pension Income and Characteristics of Their Former Job," EBRI Notes. (Employee Benefit Research Institute, February 2003)

[4] Excludes respondents missing data for plan type. These respondents are included in the final data set and assigned a weight of 1.0000.

APPENDIX B: Posted Questionnaires

WORKER QUESTIONNAIRE

1. How satisfied are you overall with the retirement program offered by your current employer?

	(n=790)
Very satisfied	27%
Somewhat satisfied	49
Not too satisfied	14
Not at all satisfied	7
Don't know	3
No answer	<0.5

2. How well informed are you about the details of the retirement program?

	(n=790)
Very well informed	31%
Somewhat informed	50
Not too informed	15
Not at all informed	2
Don't know	1
No answer	<0.5

3. What type of retirement plan(s) does your current employer offer? (Please check all that apply.

	(n=790)
One where the retirement benefits you will receive are based on the amount of accumulated contributions plus earnings on the investments	56%
One where the retirement benefits you will receive are determined by a formula based on years of service and sometimes other factors	49%
Don't know	6%
No answer	1%

4. What percentage of your current salary do you contribute to the retirement plan(s)?

	(n=790)
0%	23%
1% to 5%	28
6% to 10%	26
11% to 15%	10
16% or more	4
Don't know	7
No answer	1

5. If your current employer offers more than one retirement plan, which plan do you think will provide the largest benefit at retirement? (Please check only one.)

	(n=790)
Employer offers only one plan	64%
One where the retirement benefits you will receive are based on the amount of accumulated contributions plus earnings on the investments	16
One where the retirement benefits you will receive are determined by a formula based on years of service and sometimes other factors	13
Don't know	6
No answer	2

Mark your responses for questions 6-15 in the column that matches the type(s) of plan(s) offered by your current employer. If your employer offers both types of plans, make sure you mark responses in both columns.

6. Do you know approximately how much your employer contributes to this plan to pay for your retirement benefits?

	Acc. Amt. (n=444)	**Formula (n=390)**
Yes	78%	55%
No	12	30
Employer does not contribute	9	8
No answer	1	7

7. Does this plan allow you to choose how your money is invested?

	Acc. Amt. (n=444)	Formula
Yes	84%	Do not answer.
No (skip to Q9)	13	
Don't know (skip to Q9)	3	
No answer (skip to Q9)	1	

8. Does one of these investment options pay a fixed rate of interest?

	Acc. Amt. (n=372)	Formula
Yes	41%	Do not answer.
No	38	
Don't know	19	
No answer	2	

9. If company stock is offered as part of your plan, how is it offered?

	Acc. Amt. (n=444)	Formula
Not offered as part of the plan	68%	Do not answer.
As an investment option	21	
As a grant to everyone	5	
Don't know	6	
No answer	1	

10. Overall, how concerned are you about the security of the money in your retirement plan?

	Acc. Amt. (n=444)	Formula (n=390)
Very concerned	24%	19%
Somewhat concerned	41	31
Not too concerned	23	23
Not at all concerned	11	15
Don't know	1	2
No answer	1	10

11. What type of formula or other method is used to determine the retirement benefit you will get from the plan? (Please check only one.)

	Acc. Amt. (n=444)	**Formula (n=390)**
A lump sum based on the amount you and/or your employer contribute to an investment account plus the investment earnings of the account	37%	6%
A lump sum based on a formula that considers your earnings in the last few years that you work and the number of years that you work	2	10
A lump sum based on a different formula	2	4
A monthly benefit based on the amount you and/or your employer contribute to an investment account plus the investment earnings of the account	28	12
A monthly benefit based on a formula that considers your earnings in the last few years that you work and the number of years that you work	4	40
A monthly benefit based on a different formula	3	8
Don't know	22	12
No answer	2	8

12. How often do you get a statement of the value of your retirement plan?

	Acc. Amt. (n=444)	**Formula (n=390)**
On request (automated telephone service, online, etc.)	14%	8%
Four times a year	64	16
Twice a year	7	10
Once a year	10	42
Never	1	11
Don't know	4	4
No answer	1	8

13. Do you understand your retirement plan well enough to be able to estimate how much you will get at retirement from this plan, assuming you retire from your current employer?

	Acc. Amt. (n=444)	**Formula (n=390)**
Yes	48%	60%
No	50	34
No answer	2	6

14. Do you understand your retirement plan well enough to be able to estimate how much you would get from this plan if you were to leave your employer tomorrow?

	Acc. Amt. (n=444)	**Formula (n=390)**
Yes	66%	54%
No	33	39
No answer	1	7

15. If you left your employer tomorrow, how early would you be able to get the money from this retirement plan?

	Acc. Amt. (n=444)	**Formula (n=390)**
Immediately	45%	32%
At retirement age	29	41
Don’t know	25	20
No answer	1	7

16. Please rate your current employer’s retirement program (taking all plans into account) on each of the following.

	(n=790)	**Excellent**	**Good**	**Fair**	**Poor**	**DK**	**NA**
a.	Effectiveness in helping to ensure you have enough money for retirement	10%	33	33	18	5	1
b.	Level of employer encouragement for you to save for retirement	14%	30	29	21	4	2
c.	Communications you receive about the plan benefits	17%	35	27	16	3	2
d.	Information you receive on retirement planning..	12%	28	31	23	4	2

17. How important will the money from this retirement program be in financing your retirement years?

	(n=790)
Very important	59%
Somewhat important	30
Not too important	6
Not at all important	2
Don’t know	2
No answer	1

18. Listed below are some basic features of different types of retirement plans. How important is each to you in a retirement plan? Please answer each question regardless of whether your retirement program has the feature.

	(n=790)	Very	Some-what	Not too	Not at all	DK	NA
a.	Provides the ability to save an amount of your choosing for retirement through automatic deductions from a paycheck	53%	34	7	3	2	<0.5
b.	Bases its level of benefit on years of service with the company and the salary made in the years before retirement or leaving the company	33%	40	17	6	3	1
c.	Offers the ability to make investment choices with different possible risks and returns	39%	37	17	4	2	1
d.	Offers the opportunity to invest some of the money in an employer's stock	10%	21	33	29	6	2
e.	Offers protection from possible large investment losses at the cost of eliminating possible large investment gains	28%	40	17	5	9	1
f.	Provides regular paper statements of the amount of monthly retirement benefit earned or the amount of money in the account	41%	41	12	3	2	1
g.	Provides access at any time over the telephone or online to information on the amount of monthly retirement benefit earned or the amount of money in the account	40%	38	14	5	3	1
h.	Offers the flexibility of transferring the money into another retirement plan or retirement account when leaving an employer	54%	30	7	4	3	1
i.	Offers the ability to withdraw the money as cash before retirement, with or without penalty fees	29%	36	21	9	4	<0.5
j.	Provides a lump sum of money at retirement to be managed at your discretion through your retirement years	27%	34	22	10	5	1
k.	Provides you a guaranteed stream of income each month for life starting at retirement	59%	28	7	3	3	1

18. continued

(n=790)	Very	Some-what	Not too	Not at all	DK	NA
l. Provides you and your spouse a guaranteed stream of income each month for life starting at retirement and continuing on through the life of your spouse if he/she lives longer than you..	58%	25	7	7	3	<0.5

19. Regardless of what type of plan(s) your current employer provides, which type of retirement plan would you prefer? (Please check only one.)

	(n=790)
One where the retirement benefits you will receive are based on the amount of accumulated contributions plus earnings on the investments	47%
One where the retirement benefits you will receive are determined by a formula based on years of service and sometimes other factors	32
No preference	13
Don't know	8
No answer	<0.5

20. Which of the following best describes how you would like to receive your money at retirement from an employer's retirement plan(s), given that each choice is of equal value? (Please check only one.)

	(n=790)
A series of regular payments guaranteed for the rest of your life, regardless of how long you live, with no further payments after your death to a spouse or other heir (skip to Q22)	15%
A series of regular payments for the rest of your life and continued payments to your spouse for the rest of his or her life, if your spouse outlives you (skip to Q22)	51
Withdraw the entire amount as a lump sum	12
A combination of regular payments and a lump sum withdrawal	18
Don't know (skip to Q22)	4
No answer (skip to Q22)	<0.5

21. If you were to be given a lump sum of money at retirement from an employer's retirement plan(s), which of the following best describes what you would like to do with the money? (Please check only one.)

	(n=238)
Withdraw the entire amount for a major purchase or to pay off debt	4%
Buy an annuity providing regular payments guaranteed for at least the rest of your life	11
Take regularly scheduled monthly withdrawals	11
Take irregular withdrawals on an "as needed" basis	20
Withdraw only the earnings and keep the principal intact	18
Keep the money (principal plus earnings) intact for as long as possible	18
Something else	3
Don't know	12
No answer	3

22. If you were to convert $100,000 in savings at age 65 into a stream of fixed monthly payments to last the rest of your life, roughly how much money do you think you would get each month?

	(n=790)
About $3,500 a month	12%
About $1,000 a month	27
About $500 a month	34
Don't know	26
No answer	1

23. When deciding on what payout option to choose from your retirement plan during retirement, how important is each of the following considerations?

	(n=790)	**Very**	**Some-what**	**Not too**	**Not at all**	**DK**	**NA**
a.	Being able to leave money to your heirs from your retirement savings	31%	31	23	13	1	1
b.	Receiving a guaranteed amount monthly during retirement, no matter how long you live	69%	23	5	1	1	1
c.	Receiving guaranteed monthly payments for the rest of your life and regular payments to your spouse for the rest of his or her life, if he or she outlives you	58%	21	10	8	1	2
d.	Having money that you can access on short notice for emergency purposes.........	38%	42	15	3	1	1
e.	Protecting against the loss of value from a pension or annuity investment should you die earlier than expected.....................	49%	35	10	3	3	1
f.	The ability of the income provided to keep up with inflation	65%	32	2	<0.5	<0.5	1
g.	Being able to protect yourself against investment market downturns....................	53%	37	7	1	1	1
h.	Ensuring you do not outlive your money during retirement	69%	23	4	1	<0.5	1
i.	Being able to maintain control of your retirement savings.....................................	61%	32	5	1	<0.5	1

24. Please indicate how confident you are in your ability to do each of the following during retirement.

	(n=790)	Very	Some-what	Not too	Not at all	DK	NA
a.	Manage your investments during retirement	31%	49	15	2	2	1
b.	Keep the value of your savings growing at least as fast as inflation...........	18%	48	26	4	2	2
c.	Allocate your investments and savings among different types of investments	21%	47	24	4	3	2
d.	Make the right decisions so as to convert a lump sum retirement balance into a stream of income that will last the rest of your life	19%	45	25	6	3	2

25. Listed below are several *sources of income* that you may have during retirement. Please indicate the percentage of your family's *retiremen*t income you expect to come from each source.

	(n=790)	None	<25%	25%-50%	50%+	DK	NA
a.	Social Security and other government income programs, such as SSI or veteran's benefits.................................	6%	38	35	15	4	2
b.	Money provided by your employers' retirement plans	3%	19	40	33	4	1
c.	Money provided through your spouse's retirement plans......................	40%	28	18	4	7	4
d.	Other personal savings or investments that are not in a work-related retirement plan	13%	46	25	7	5	3
e.	Income from part-time or full-time employment	20%	51	12	5	8	3
f.	Money from the sale of your home or business...	58%	20	7	2	9	4
g.	Other sources of income, including support from family members	68%	15	2	1	8	5

26. For approximately how many years have you been working for your current employer?

	(n=790)
0 to 5 years	31%
6 to 10 years	17
11 to 20 years	27
21 to 30 years	17
31 or more years	7
No answer	2

27. At what age do you expect to retire?

	(n=790)
30 to 54	3%
55 to 59	12
60 to 64	22
65 to 69	44
70 or older	12
No answer	7

28. How many employers do you expect you will have had in your working career by the time you retire? (Please exclude any employers you had before the age of 21.)

	(n=790)
0 to 2	26%
3 to 5	40
6 to 10	23
11 to 15	3
15 or more	5
No answer	4

30. Please indicate your year of birth.

Reported as Age	**(n=790)**
Under 25	2%
25 to 34	13
35 to 44	26
45 to 54	35
55 to 64	23
65 to 74	2
75 and older	<0.5
No answer	1

31. What is your sex?

	(n=790)
Male	55%
Female	42
No answer	3

32. What is your marital status?

	(n=790)
Married or living with partner	69%
Single, never married (skip to Q34)	14
Divorced/separated (skip to Q34)	13
Widowed (skip to Q34)	2
No answer (skip to Q34)	1

33. To the best of your knowledge, what type of retirement plan does your spouse have? (Please check all that apply.)

	(n=548)
One where the retirement benefits he/she will receive are based on the amount of accumulated contributions plus earnings on the investments	32%
One where the retirement benefits he/she will receive are determined by a formula based on years of service and sometimes other factors	18%
No plan	45%
Don't know	7%
No answer	1%

34. What type of organization do you work for? (Please check only one.)

	(n=790)
Privately owned business (stock not sold to public)	31%
Business with publicly traded stock	29
Governmental body, such as federal, state or local government or school district	22
Not-for-profit organization, such as private university, charity, church or trade organization	14
Don't know	3
No answer	2

THANK YOU FOR YOUR COOPERATION!

RETIREE QUESTIONNAIRE

Questions 1-11 ask specifically about the employer retirement program that provided you with retirement money and/or income. If you received such benefits from more than one employer, please consider only the employer retirement program that provided you with the greatest benefit(s).

1. How satisfied are you overall with the retirement program offered by your employer?

	(n=600)
Very satisfied	49%
Somewhat satisfied	34
Not too satisfied	11
Not at all satisfied	5
Don't know	<0.5
No answer	<0.5

2. How well informed would you say you were about the details of the retirement program?

	(n=600)
Very well informed	60%
Somewhat informed	30
Not too informed	7
Not at all informed	3
Don't know	<0.5
No answer	<0.5

3. Overall, what type of retirement plan(s) did this employer offer? (Please check all that apply.

	(n=600)
One where the retirement benefits you would receive were based on the amount of accumulated contributions plus earnings on the investments	9%
One where the retirement benefits you would receive were determined by a formula based on years of service and sometimes other factors	88%
Don't know	5%
No answer	1%

4. If this employer offered more than one retirement plan, which plan provided the greatest benefit at retirement? (Please check only one.)

	(n=600)
Employer offered only one plan	60%
One where the retirement benefits you would receive were based on the amount of accumulated contributions plus earnings on the investments	5
One where the retirement benefits you would receive were determined by a formula based on years of service and sometimes other factors	30
Don’t know	3
No answer	2

Mark your responses for questions 5-9 in the column that matches the type(s) of plan(s) offered by this employer. If this employer offered both types of plans, make sure you mark responses in both columns.

5. What type of formula or other method is used to determine the retirement benefit from the plan? (Please check only one.)

	Acc. Amt. (n=57)	**Formula (n=526)**
A lump sum based on the amount you and/or your employer contributed to an investment account plus the investment earnings of the account	30%	3%
A lump sum based on a formula that considers your earnings in the last few years that you worked and the number of years that you worked	5	10
A lump sum based on a different formula	1	1
A monthly benefit based on the amount you and/or your employer contributed to an investment account plus the investment earnings of the account	37	8
A monthly benefit based on a formula that considers your earnings in the last few years that you worked and the number of years that you worked	9	57
A monthly benefit based on a different formula	4	12
Don’t know	6	4
No answer	9	4

6. When you retired, which of the following best describes how you received the money from this retirement program? (Please check only one for each plan.)

	Acc. Amt. (n=57)	**Formula (n=526)**
A series of regular payments guaranteed for the rest of your life, regardless of how long you live, with no further payments after your death to a spouse or other heir	23%	52%
A series of regular payments for the rest of your life and continued payments to your spouse for the rest of his or her life, if your spouse outlives you	29	35
Withdrew the entire amount as a lump sum to invest as you chose, roll into an IRA or another plan, pay off debts, etc. (skip to Q8)	26	6
A combination of regular payments and a lump sum withdrawal	8	4
Don’t know	4	2
No answer	10	2

7. Have you received any increases in your monthly benefit since you retired?

	Acc. Amt. (n=36)	**Formula (n=486)**
Yes	62%	62%
No	33	35
Don’t know	1	<0.5
No answer	4	3

8. If you received a lump sum of money from this retirement plan, which of the following best describes what you are doing with the money? (Please check only one for each plan.)

	Acc. Amt. (n=19)	**Formula (n=49)**
Withdrawing (or withdrew) the entire amount for a major purchase or to pay off debt	5%	12%
Buying (or already bought) an annuity providing regular payments guaranteed for at least the rest of your life	14	5
Taking regularly scheduled monthly withdrawals	9	13
Taking irregular withdrawals on an “as needed” basis	16	2
Withdrawing only the earnings and keeping the principal intact	8	2
Keeping the money (principal plus earnings) intact for as long as possible	30	16
Something else	10	6
Don’t know	1	10
No answer	5	33

9. Overall, how concerned were you about the security of the money in your retirement plan?

	Acc. Amt. (n=57)	**Formula (n=526)**
Very concerned	19%	16%
Somewhat concerned	20	20
Not too concerned	23	26
Not at all concerned	29	36
Don't know	--	1
No answer	8	2

10. Please rate your current employer's retirement program (taking all plans into account) on each of the following.

	(n=600)	**Excellent**	**Good**	**Fair**	**Poor**	**DK**	**NA**
a.	Effectiveness in helping to ensure you had enough money for retirement..........	15%	36	24	16	1	8
b.	Level of employer encouragement for you to save for retirement.......................	14%	31	22	19	3	11
c.	Communications you received about the plan benefits......................................	26%	40	15	10	1	8
d.	Information you received on retirement planning................................	25%	34	16	17	2	6

11. How important is the money from this retirement program in funding your retirement?

	(n=600)
Very important	78%
Somewhat important	15
Not too important	5
Not at all important	1
Don't know	1
No answer	1

12. What is the total amount of your household’s financial assets, including money from your checking, savings, investments, annuities, Individual Retirement Accounts (IRAs) and other retirement accounts, but excluding the value of your home?

	(n=600)
Under $25,000	14%
$25,000 to $49,999	21
$50,000 to $99,999	14
$100,000 to $249,999	17
$250,000 to $499,999	10
$500,000 or more	11
Don’t know	9
No answer	4

13. What percentage of these assets do you have in guaranteed or fixed income investments, such as savings, money market accounts, bonds or annuities?

	(n=600)
None	12%
1% to 24%	28
25% to 49%	18
50% to 74%	14
75% to 100%	14
Don’t know	11
No answer	2

14. What percentage of these assets do you have in variable investments, such as stocks or mutual funds?

	(n=600)
None	30%
1% to 24%	25
25% to 49%	17
50% to 74%	12
75% to 100%	5
Don’t know	9
No answer	2

15. Would you rate your standard of living now as...

	(n=600)
Better than right before you retired	15%
About the same as right before you retired	60
Worse than right before you retired	22
Don't know	<0.5
No answer	3

16. Listed below are some basic features of different types of retirement plans. How important is each to you in a retirement plan? Please answer each question regardless of whether your retirement program has the feature.

	(n=600)	Very	Some-what	Not too	Not at all	DK	NA
a.	Provides the ability to save an amount of your choosing for retirement through automatic deductions from a paycheck	55%	33	6	2	3	1
b.	Bases its level of benefit on years of service with the company and the salary made in the years before retirement or leaving the company	62%	32	4	1	2	1
c.	Offers the ability to make investment choices with different possible risks and returns	20%	35	23	10	9	2
d.	Offers the opportunity to invest some of the money in an employer's stock	10%	28	29	21	9	3
e.	Offers protection from possible large investment losses at the cost of eliminating possible large investment gains	29%	33	14	6	15	3
f.	Provides regular paper statements of the amount of monthly retirement benefit earned or the amount of money in the account	53%	29	9	3	4	1
g.	Provides access at any time over the telephone or online to information on the amount of monthly retirement benefit earned or the amount of money in the account	40%	32	15	6	5	2

16. continued

	(n=600)	Very	Some-what	Not too	Not at all	DK	NA
h.	Offers the flexibility of transferring the money into another retirement plan or retirement account when leaving an employer	44%	29	10	6	10	1
i.	Offers the ability to withdraw the money as cash before retirement, with or without penalty fees	20%	29	24	14	11	2
j.	Provides a lump sum of money at retirement to be managed at your discretion through your retirement years	20%	24	28	14	11	2
k.	Provides you a guaranteed stream of income each month for life starting at retirement	82%	12	3	1	1	1
l.	Provides you and your spouse a guaranteed stream of income each month for life starting at retirement and continuing on through the life of your spouse if he/she lives longer than you	62%	17	8	7	4	2

17. Regardless of what type of plan(s) your employer provided, which type of retirement plan would you prefer? (Please check only one.)

	(n=600)
One where the retirement benefits you will receive are based on the amount of accumulated contributions plus earnings on the investments	21%
One where the retirement benefits you will receive are determined by a formula based on years of service and sometimes other factors	64
No preference	9
Don't know	6
No answer	1

18. If you were to convert $100,000 in savings at age 65 into a stream of fixed monthly payments to last the rest of your life, roughly how much money do you think you would get each month?

	(n=600)
About $3,500 a month	9%
About $1,000 a month	21
About $500 a month	33
Don't know	36
No answer	1

19. When deciding on what payout option to choose from your retirement plan during retirement, how important was each of the following considerations?

	(n=600)	**Very**	**Some-what**	**Not too**	**Not at all**	**DK**	**NA**
a.	Being able to leave money to your heirs from your retirement savings	19%	25	29	22	2	3
b.	Receiving a guaranteed amount monthly during retirement, no matter how long you live	86%	10	1	<0.5	1	1
c.	Receiving guaranteed monthly payments for the rest of your life and regular payments to your spouse for the rest of his or her life, if he or she outlives you	53%	16	12	13	2	3
d.	Having money that you can access on short notice for emergency purposes	30%	32	22	10	4	2
e.	Protecting against the loss of value from a pension or annuity investment should you die earlier than expected	44%	27	13	8	4	3
f.	The ability of the income provided to keep up with inflation	75%	19	2	1	1	2
g.	Being able to protect yourself against investment market downturns	55%	25	9	4	4	3
h.	Ensuring you do not outlive your money during retirement	77%	13	4	2	3	2
i.	Being able to maintain control of your retirement savings	54%	28	9	4	3	2

20. Please indicate how confident you are in your ability to do each of the following during retirement.

	(n=600)	Very	Some-what	Not too	Not at all	DK	NA
a.	Manage your investments during retirement	35%	42	14	2	5	1
b.	Keep the value of your savings growing at least as fast as inflation	23%	41	26	4	5	1
c.	Allocate your investments and savings among different types of investments	24%	41	20	6	6	2
d.	Make the right decisions so as to convert a lump sum retirement balance into a stream of income that will last the rest of your life	23%	33	21	9	12	2

21. Of the three statements below, please indicate which one best describes what you are doing during retirement. (Please check only one.)

	(n=600)
You try to *increase* the amount of your savings and investments each year, by either saving money or not withdrawing some of the earnings on your savings and investments.	30%
You try to *maintain* the amount of your savings and investments each year, by living only off the earnings on these savings and investments and other sources of income.	34
You don't mind *gradually reducing* the amount of money in your savings and investments, if the money is required to maintain your standard of living.	27
Don't know	8
No answer	1

22. Listed below are several *sources of income* that you may have during retirement. Please indicate the percentage of your family's *retirement* income that comes from each source.

	(n=600)	None	<25%	25%-50%	50%+	DK	NA
a.	Social Security and other government income programs, such as SSI or veteran's benefits.................	10%	26	35	24	2	2
b.	Money provided by your employers' retirement plans	5%	25	34	31	2	3
c.	Money provided through your spouse's retirement plans....................	53%	16	11	5	3	11
d.	Other personal savings or investments that are not in a work-related retirement plan	23%	50	12	5	5	6
e.	Income from part-time or full-time employment	69%	14	5	<0.5	3	8
f.	Money from the sale of your home or business	80%	4	2	1	3	10
g.	Other sources of income, including support from family members	74%	8	4	2	3	9

23. For how many employers did you work before retiring? (Please exclude any employers you had before the age of 21)

	(n=600)
0 to 2	53%
3 to 5	31
6 to 10	11
11 to 14	1
15 or more	3
No answer	2

24. At what age did you retire?

	(n=600)
39 to 54	16%
55 to 59	25
60 to 64	39
65 to 69	15
70 or older	4
No answer	1

26. Please indicate your year of birth.

Reported as Age	**(n=600)**
25 to 34	<0.5%
35 to 44	<0.5
45 to 54	3
55 to 64	22
65 to 74	43
75 and older	31
No answer	<0.5

27. What is your sex?

	(n=600)
Male	58%
Female	42
No answer	<0.5

28. What is your marital status?

	(n=600)
Married or living with partner	53%
Widowed (skip Q29)	24
Divorced/separated (skip Q29)	15
Single, never married (skip Q29)	8
No answer (skip Q29)	<0.5

29. To the best of your knowledge, what type of retirement plan does your spouse have? (Please check all that apply.)

	(n=317)
One where the retirement benefits he/she received were based on the amount of accumulated contributions plus earnings on the investments	18%
One where the retirement benefits he/she received were determined by a formula based on years of service and sometimes other factors	42%
No plan	38%
Don't know	5%
No answer	<0.5

THANK YOU FOR YOUR COOPERATION!