

RETIREMENT RISK SURVEY

REPORT OF FINDINGS

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Employee Benefit Research Institute

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INTRODUCTION

This report presents the results of a telephone study among Americans age 45 and older conducted by Mathew Greenwald & Associates, Inc., and the Employee Benefit Research Institute (EBRI) on behalf of the Society of Actuaries. The purpose of the study was to evaluate Americans' awareness of possible financial risks and how this awareness impacts the management of their finances with respect to retirement.

The questionnaire for the study was designed by Greenwald & Associates and EBRI, in cooperation with the Society of Actuaries' Retirement Needs Framework Project Oversight Group. Respondents were asked about their age at retirement, the thought they had given to preparing financially for retirement, the availability of employer-provided retirement income, their strategies for managing retirement finances, their concern about possible financial risks, and their knowledge of life expectancy and other probable occurrences. In addition, several questions were asked about phased retirement. Similar questions were generally asked of both retired and non-retired respondents. However, questions asked of retirees concerned their retirement experiences and money management in retirement, while questions asked of non-retired respondents concerned their retirement expectations and current financial preparations for retirement. A series of questions was also asked to gather demographic characteristics.

A total of 600 interviews lasting an average of 16 minutes were conducted by National Research, LLC, in August 2001. Households were selected using a nationwide targeted list sample purchased from Survey Sampling, Inc. Respondents born in 1956 or before qualified for participation in the study.

The margin of error for this study (at the 95% confidence level) is plus or minus 5.8 percentage points for questions asked of all 282 retired respondents and plus or minus 5.5 percentage points for questions asked of all 318 non-retired (pre-retiree) respondents. Subgroup responses will have larger margins of error, depending on the size of the group.

This report was prepared by Greenwald and Associates and its content is the responsibility of the firm. Following this introduction are an overview of the study results, detailed findings for each question asked on the retiree and pre-retiree surveys, and a profile of the survey respondents. Detailed results are broken out by

demographic characteristics where there is a significant difference between groups. The appendix contains the posted questionnaires.

OVERVIEW

Retirees and those approaching retirement age (age 45 and over) have little understanding of the life expectancy of the average 65 year old. Majorities of male respondents underestimate the life expectancy of the average 65-year-old man (56% of retirees and 68% of pre-retirees). Female respondents do only slightly better; roughly half underestimate the average 65-year-old woman's life expectancy (45% of retirees and 54% of pre-retirees).

Despite what they consider to be the average life expectancy, or perhaps because of it, large majorities of both retirees and pre-retirees consider it to be at least *somewhat* likely that they will outlive it. Almost eight in ten retirees think it likely they will outlive the average life expectancy by more than three years; six in ten think they will outlive it by more than ten years. Likewise, three-fourths of pre-retirees believe they will outlive the average life expectancy by more than three years, while more than half believe they will outlive it by more than ten years.

Respondents provide somewhat mixed messages about their expected health in retirement. Health factors appear to be a leading cause of retirement, along with the amount of money accumulated, eligibility for Social Security, and the desire to pursue other activities. Six in ten retirees each say that their health at the time they retired and keeping the health insurance available through their employer were *very* or *somewhat* important in their decision about when to retire. Among pre-retirees, nine in ten report their expected health at that time and eight in ten indicate that keeping the health insurance available through their employer will be important considerations in their decision about when to retire.

At the same time, however, respondents are reluctant to envision themselves in a nursing home. While most are willing to agree that the average person now age 65 will have to spend at least some time in a nursing home (seven in ten retirees and three-fourths of pre-retirees say it is *very* or *somewhat* likely), less than half think it likely that they, themselves, will spend time there (44% each of retirees and pre-retirees). Only about one in ten think it is *very* likely that they will do so (13% of retirees and 12% of pre-retirees).

This reluctance may be one reason why, of the several issues examined in the survey, the retired population has given the least amount of thought to the possibility of needing long-term care. Only one-third of retirees have given *a great deal* of thought to how to prepare for the possibility of needing assistance at home, and even fewer have given *a great deal* of thought to how to prepare for the possibility of needing an extended stay in a nursing home (28%). Yet health issues are a concern. Just under half of retirees and more than half of pre-retirees each say they are *very* or *somewhat* concerned about not having enough money to pay for extended nursing care at home (48% of retirees and 56% of pre-retirees), an extended stay in a nursing home (47% and 52%), and good health care (43% and 58%).

The biggest financial concern of retirees and pre-retirees, however, is inflation. Sixty-three percent of pre-retirees and 55% of retirees are *very* or *somewhat* concerned that they will not be able to keep the value of their savings and investments growing faster than inflation. This is not surprising given their pessimistic outlook on the economy. Majorities of both groups believe it is *very* or *somewhat* likely that inflation will average over 5% a year for the next ten years (63% of retirees and 60% of pre-retirees) and that the Dow Jones Industrial Average will go up an average of less than 7% per year over the next ten years (54% and 60%).

Perhaps because of this preeminent concern about inflation, the most accepted way of achieving financial security in retirement is by reducing unnecessary spending. Both retirees and pre-retirees try to reduce unnecessary spending so that they can set aside as much money as possible (describes 70% of retirees and 67% of pre-retirees *very* or *somewhat* well). The second most common strategy is the use of stock investments to boost personal savings (55% of retirees and 56% of pre-retirees). Despite this, only one-fourth of retirees report they try to increase the amount of their savings and investments each year (26%). Instead, they merely try to maintain their savings and investments (35%) or are even willing to decrease them if that is what is necessary to maintain their standard of living (28%).

Acceptance of insurance and risk sharing as a method for achieving financial security in retirement is lower. Less than half of retirees and pre-retirees feel it is a good idea to buy annuities because they pay a guaranteed income for life (describes 46% of retirees and 43% of pre-retirees well). Similarly, less than half feel

it is a good idea to buy insurance to protect financially against things like the possibility of needing extended nursing care (46% of retirees and 48% of pre-retirees).

While retirees report having done relatively little financial planning for retirement, pre-retirees appear to be preparing somewhat more. Only half of retirees put *a great deal* of thought into preparing financially for retirement prior to two years before their retirement. Twenty-two percent of retirees had given *little* or *no* thought to this issue at that point. However, six in ten pre-retirees age 45 and older have already given *a great deal* of thought to financial preparation for retirement, and only one in ten have given this *little* or *no* thought. Nearly two-thirds have tried to figure out how much money they will need to have saved by the time they retire so they can live comfortably in retirement, although only 35% of those who have tried to figure it out are *very* confident that they will be able to accumulate the amount of money they think they will need.

While phased retirement may not currently exist as a formalized concept in many workplaces, there is significant use and acceptance of a gradual retirement. Nearly two in ten retirees say they did not stop working all at once; rather they gradually reduced the number of hours they worked before stopping completely. Moreover, a few retirees are either still working reduced hours in their primary occupation or have found new employment in a secondary occupation. Twelve percent of retirees who have left their primary occupation are currently working; half of these are working full time.

When the concept of gradual retirement is introduced without mention of a pension, two-thirds of pre-retirees say they would be *very* or *somewhat* interested in it, while the same proportion say they would be interested in being able to gradually cut back on their work if they could collect a part of their pension as they did so.

FINDINGS OF RETIREE SURVEY

INCOME IN RETIREMENT

Current Standard of Living

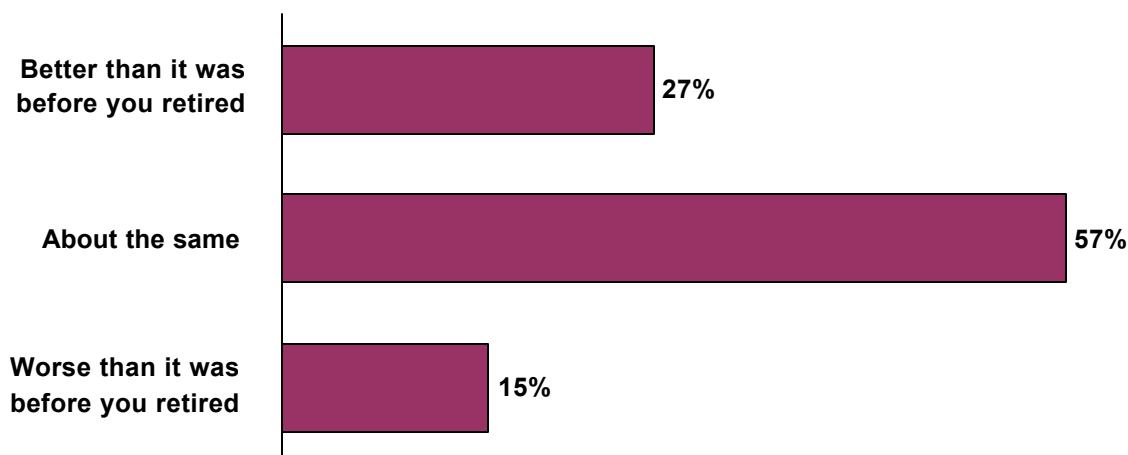
When asked how their current standard of living compares to their standard of living in the three years prior to their retirement, the large majority of retirees say it is at least as good now as it was then (84%). Specifically, nearly six in ten say it is about the same (57%) and more than one-quarter say it is better (27%). Fifteen percent say their standard of living is worse than it was before retiring. (See Figure A.)

Figure A

Standard of Living

From a financial viewpoint, how does the standard of living that you have now compare to the standard of living that you had in the three years just before you retired?

(n=282)



The comparison of retirement with pre-retirement standard of living becomes more positive as household income rises. That is, upper income retirees (with at least \$75,000 in household income) are particularly likely to say their current standard of living is better (44%, compared to 23% of those with lower incomes), and retirees with less than \$35,000 in household income are especially likely to say it is worse (29%, compared to 6% of those with higher incomes).

Women are more likely than men to report their standard of living is worse than it was in the three years just before they retired (21% vs. 7%).

Employer-Provided Income

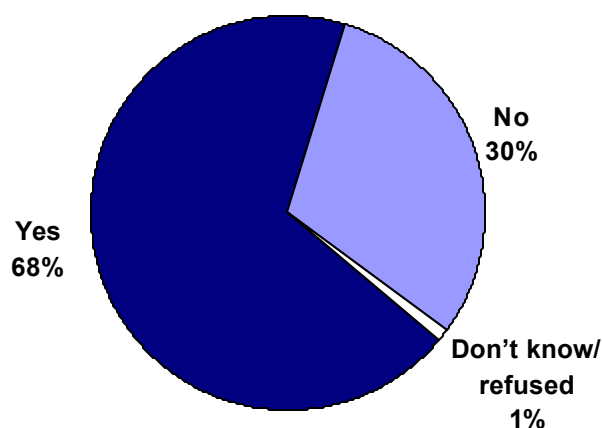
Employer-provided money, such as pensions or employer contributions to retirement accounts, is a source of retirement income for more than two-thirds of retiree households (68%). (See Figure B.) Of those who receive retirement income from an employer, two-thirds report they receive some money from a defined benefit plan (65%).

Figure B

Employer-Provided Retirement Income

Does any of your (and your spouse's) retirement income come from money provided by an employer, like a pension or a contribution to a retirement account?

(n=282)



Married retirees are more likely than others to say an employer provides some portion of the retirement income they and their spouse receive (77% vs. 57%). College graduates are more likely than those with less education to receive income from a defined benefit plan (80% vs. 57%).

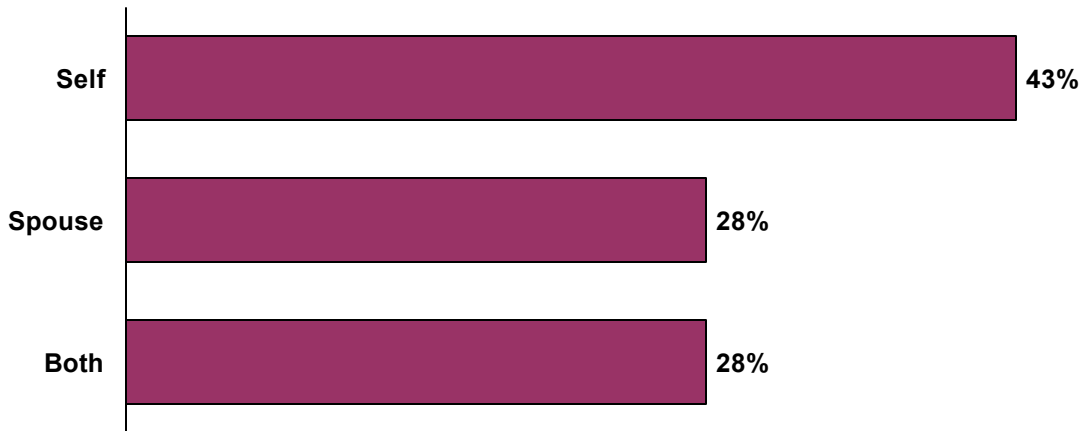
Among married respondents receiving money from a defined benefit plan, more than four in ten say this funding is exclusively from one of their own former employers (43%), while less than three in ten say only a spouse's former employer provides these funds (28%). An equal proportion say the income comes both from their own and their spouse's former employers (28%). (See Figure C.)

Figure C

Origin of Defined Benefit Income

Does this money come from a plan offered by your former employer, your spouse's former employer, or by former employers of both you and your spouse?

Among married respondents receiving money from a defined benefit plan (n=89)



As might be expected, married men are considerably more likely than married women to say only their own former employer provides this income (70% vs. 14%); conversely, married women are far more likely than married men to say the income comes only from their spouse's employer (56% vs. 2%).

Savings and Investments

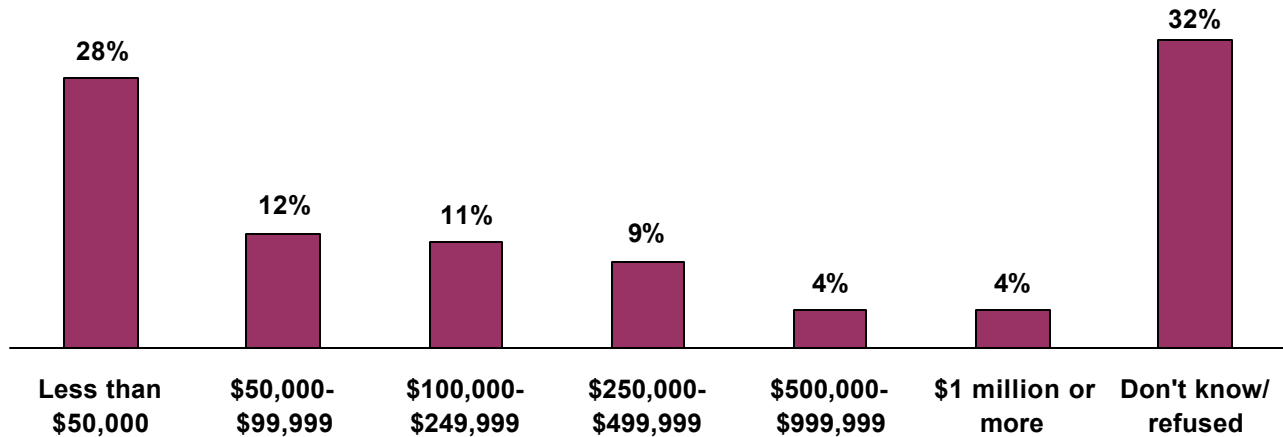
Four in ten retirees report that they currently have less than \$100,000 in savings and investments, including retirement plans from work, in which they can decide how the money is invested. More than one-quarter say they have less than \$50,000 (28%), while roughly one in ten say they have over \$50,000 but less than \$100,000 (12%). One-fifth have between \$100,000 and \$499,999 (20%), and 8% have \$500,000 or more. One-third say they do not know or prefer not to report the amount of these savings (32%). (See Figure D.)

Figure D

Savings and Investments

In total, about how much money would you say you currently have in savings and investments, including any money you have in retirement plans from work, in which you can decide how the money is invested?

(n=282)



Women are much more likely than men to report having less than \$50,000 in savings (36% vs. 19%). Those who are not married are particularly likely to report this low level of savings (36%) as are those who have no more than a high school education (39%). Not surprisingly, there is a strong relationship between household income and savings, with retirees who have higher household incomes tending to report much higher levels of savings.

Saving for Retirement in America

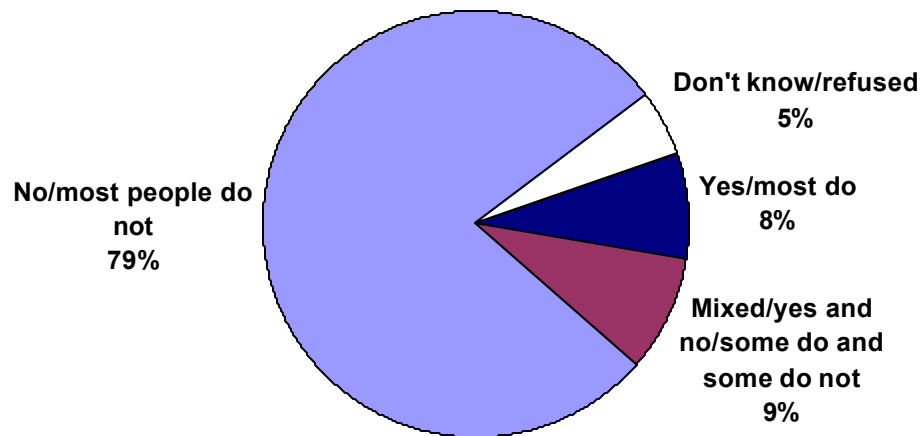
Eight in ten retirees believe that most people in the United States do not save enough to live comfortably throughout their retirement years (79%), while only 8% think most people do. About one in ten say some people do and some people do not (9%). (See Figure E.)

Figure E

Saving for Retirement in America

In general, do you think that people in the United States save enough money to live comfortably throughout their retirement years?

(n=282)



Retirees under the age of 70 and married retirees are particularly likely to believe most Americans do not save enough for a comfortable retirement (84% and 83%, respectively).

RISKS AFFECTING RETIREMENT

Concern About Risk

Of the seven common risks for retirement finances examined in this study, only one emerges as a concern for more than half of the retirees—that the growth of their savings and investments might not keep pace with inflation (55% *very* or *somewhat* concerned). (See Table 1.)

Table 1

Retirement Risks

How concerned are you . . . ?

(n=282)	Very Concerned	Somewhat Concerned	Not Too Concerned	Not Concerned
That you might not be able to keep the value of your savings and investments growing faster than inflation	21%	34	22	23
That you might not have enough money to pay for extended nursing care at home due to poor health or frailty	18%	30	23	29
That you might not have enough money to pay for an extended stay in a nursing home	20%	28	24	28
That you might not be able to maintain a reasonable standard of living for the rest of your (and your spouse's) life	17%	29	27	26
About having risky investments	22%	21	16	36
That you might not have enough money to pay for good health care	22%	21	24	32
That your spouse may not be able to maintain the same standard of living after your death, if you should die first (if married, n=167)	16%	27	22	35

Concern about each of the other six risks are shared by 43% to 48% of retirees, with little differentiation in the level of concern expressed. These risks include having enough money to pay for extended nursing care at home (48% *very* or *somewhat* concerned), having enough money to pay for an extended stay in

a nursing home (47%), being able to maintain a reasonable standard of living (47%), having risky investments (44%), having enough money to pay for good health care (43%), and their spouse's ability to maintain the same standard of living should the respondent predecease them (43% of married respondents). However, more than one-third of retirees are *not at all* concerned with each of two risks—that their investments are risky (36%) and that their spouse might not be able to maintain the same standard of living (35% of married retirees). Possible explanations for the lack of differentiation among these risks include a low level of awareness or understanding about these issues and an unwillingness to consider them due to lack of resources.

As one might expect, concerns about these risks are more prevalent among those with household incomes less than \$75,000 than among higher income retirees. There are two exceptions, however. Specifically, those with incomes above \$35,000 are more likely than those with lower incomes to express concern about having risky investments (49% vs. 35%), and retirees with incomes between \$35,000 and \$74,999 are more likely than those with either higher or lower incomes to be concerned about investment value keeping pace with inflation (53% with less than \$35,000, 69% with \$35,000-\$74,999, 53% with \$75,000 or more).

Perhaps appropriately, women are more apt than men to express concern about having enough money to pay for extended nursing care, both at home (54% vs. 40%) and in a nursing home (53% vs. 39%). Another expected gender difference is not apparent, however. Married men are no more likely than married women to be concerned about their spouse's ability to maintain the same standard of living should the respondent predecease them.

Knowledge of Life Expectancy

Male retirees are more likely to underestimate than to overestimate the average 65-year-old man's life expectancy—currently 81 to 83 years of age depending on the population projected.¹ Specifically, 7% think such a man could expect to reach 65 to 74 years of age, almost three in ten think he could expect to reach 75 to

¹ Lower estimate based on intermediate assumptions from the Social Security Administration's 2001 Trustees' Report; higher estimate based on UP94 Mortality Table projected to 2004 by the Society of Actuaries.

79 years (29%), and another two in ten believe he could expect to reach age 80 (20%). Only one-third say that that such a man could expect to live until age 81 or older (34%). (See Figure F.)

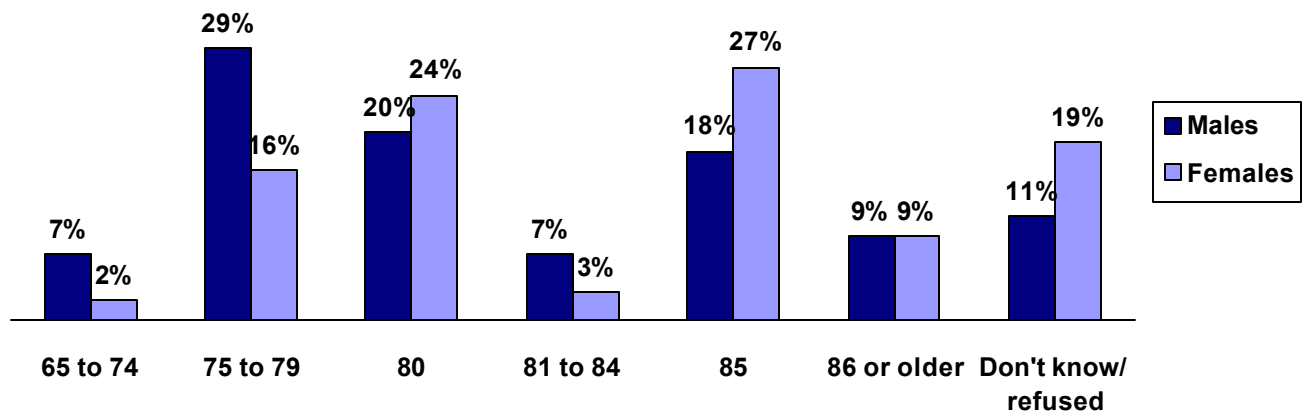
Female respondents are about as likely to provide an accurate estimate when asked about the life span for the average 65-year-old woman—currently 85 to 86 years of age depending on the population projected. More than one-third believe the woman could expect to live until age 85 or older (36%). However, 3% think she would live to 81 to 84 years of age, one-fourth think she would reach age 80 (24%), and almost two in ten think she could expect to reach only 65 to 79 years (18%). A larger proportion of women than men say they do not know how long this person would live (19% vs. 11%).

Figure F

Life Expectancy

Until what age do you think the average 65-year-old male/female can expect to live?

(Males=122, Females=160)



Expectations About the Future

Although many retirees underestimate life expectancy, large majorities of retirees believe it is at least *somewhat* likely that they—and if they are married, their spouse—will outlive the average life expectancy by more than three years (78% themselves, 85% their spouse). In each case, about half think it is *very* likely they will do so (50% and 56%, respectively). Reflecting even greater optimism, over six in ten believe it is likely they and their spouse will outlive the expectancy by more than ten years (61% and 67%, respectively). (See Table 2.)

Table 2

Future Expectations

For each one, please tell me whether you think it is very likely that it will happen, somewhat likely, not too likely, or not at all likely that it will happen.

(n=282)	Very Likely	Somewhat Likely	Not Too Likely	Not at All Likely	Don't Know
Life Expectancy					
You will outlive the average life expectancy by more than three years.	50%	28	10	6	6
You will outlive the average life expectancy by more than 10 years.	28%	33	18	13	8
Your spouse will outlive the average life expectancy by more than three years (if married, n=167).	56%	29	10	2	3
Your spouse will outlive the average life expectancy by 10 years (if married, n=167).	34%	34	16	11	6
Health Outlook					
The average male/female now age 65 will have to spend at least some time in a nursing home before he/she dies.	23%	46	16	9	5
You will have to spend at least some time in a nursing home before you die.	13%	30	28	23	5
Economic Outlook					
Inflation will average over 5% a year for the next 10 years.	33%	30	21	7	9
The Dow Jones Industrial Average will go up an average of less than 7% a year over the next 10 years.	18%	36	19	7	19

Retirees' positive outlook is further reflected in their opinions of the likelihood that they—or an average 65 year old of their gender—will have to spend at least some time in a nursing home before they die. While seven in ten think it is *very* or *somewhat* likely that the average 65 year old will spend time in a nursing home

(70%), less than half believe this is the case for themselves (44%). Furthermore, just 13% believe it is *very* likely that this will happen to them.

Expectation of outliving the average life expectancy is related to respondents' assessment of their health. Those who describe their health as *excellent* are more likely than those who describe it as *good*, *fair*, or *poor* to say they are *very* likely to outlive the average life expectancy by three (66% vs. 38%) or ten (45% vs. 21%) years. Expectation of spending time in a nursing home, however, does not vary by respondents' assessment of their health.

Appropriately, the view that one's spouse will outlive the average expectancy by more than three years rises slightly with household income, although respondent expectation of outliving life expectancy does not rise by either education or household income.

Although their views of their own health and life expectancy are upbeat, retirees' outlook for the economy is not quite as positive and corresponds to their concern that the growth of their savings and investments might not keep pace with inflation. Six in ten retirees report it is *very* or *somewhat* likely that inflation will average 5% a year for the next ten years (63%), a notable rise over current inflation rates. Further, over half believe the Dow Jones Industrial Average will go up an average of less than 7% per year over the next ten years (54%), although twice as many of these retirees think it *somewhat* likely (36%) as *very* likely (18%). Reflecting an even more pessimistic view of the economy, almost four in ten retirees say it is *very* or *somewhat* likely that both of these forecasts will prove true over the next ten years (38%).

Female retirees are more likely than males to say it is likely that inflation will average over 5% (69% vs. 56%). Further, estimates of the likelihood of this rate of inflation rise as education and household income decline.

FINANCIAL PLANNING

Preparations for Retirement

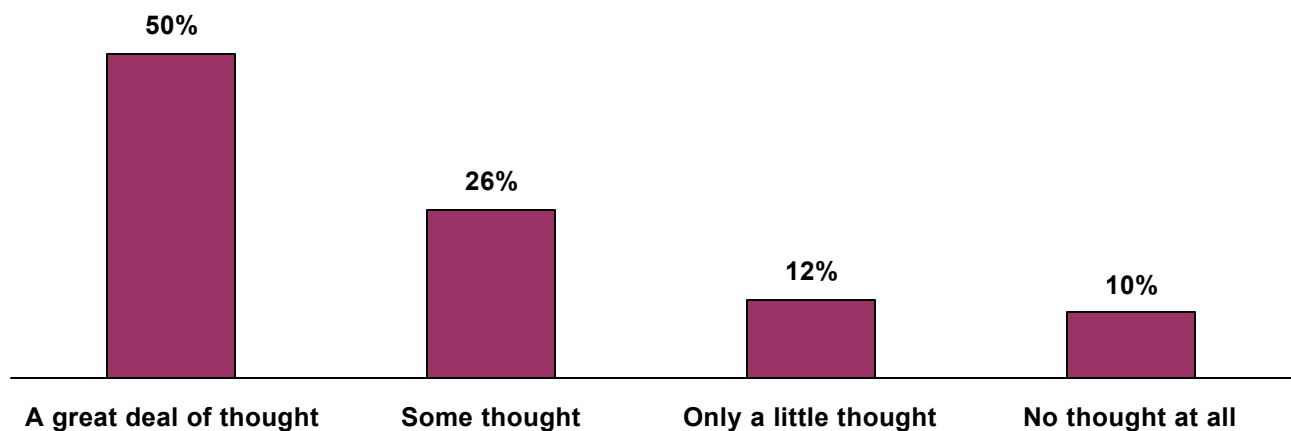
Half of retirees report that up until about two years before they retired they had given *a great deal* of thought to financially preparing for retirement (50%), and another quarter had given *some* thought to such preparation (26%). More than one-fifth say they had given *little* or *no* thought to it (22% total; 12% and 10%, respectively). (See Figure G.)

Figure G

Financial Preparation for Retirement

Up to the point of about two years before you retired, how much thought had you (and your spouse) put into preparing financially for retirement?

(n=282)



Retirees with greater financial resources are more likely to say they had given *a great deal* of thought to preparing financially for retirement, perhaps as a consequence of their level of preparation or because their greater assets required this level of preparation. Those with at least \$100,000 in savings are more than twice as likely as those with less savings to say they thought *a great deal* about financial preparations for retirement (72% vs. 29%). Likewise, two-thirds of those with household incomes of at least \$75,000 report this high level of attention (65%) compared to four in ten with household incomes less than \$35,000 (39%). This likelihood also increases in relation to education.

Primary Management Strategy

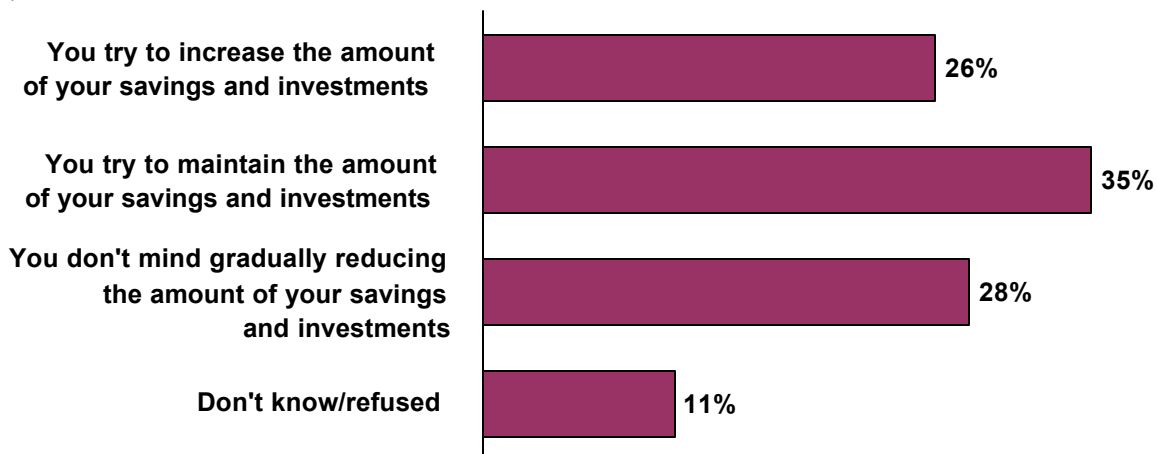
The plurality of retirees, more than one-third, report that they have been trying to maintain the amount of their savings and investments by living off only their investment earnings and other sources of income over the past three years of their retirement (35%). Nearly three in ten say they do not mind gradually reducing that sum of money if that is what is necessary to maintain their standard of living (28%). Only one-quarter say they have been trying to increase the amount of their savings and investments each year, either by saving money or not withdrawing some of the investment earnings (26%). (See Figure H.)

Figure H

Primary Strategy for Money Management

Please tell me which one best describes you over the past three years of your retirement, or since you retired if you have been retired for less than three years?

(n=282)



Among the retirees more likely to say they are trying to increase their nest egg are those that already have greater resources: retirees with at least \$35,000 in income (31% with \$35,000 or more vs. 16% with less than \$35,000), those who have already saved at least \$100,000 (33% with \$100,000 or more vs. 18% with less than \$100,000), and those with income from a defined benefit plan (32% with defined benefit income vs. 20% without). Others more apt to say they are trying to increase their savings are retirees under 65 years of age (38% under 65 years vs. 17% 65 years and older) and married retirees (33% married vs. 15% not married).

Retirees with household incomes less than \$35,000 are more likely than those with higher incomes to say they do not mind gradually reducing the amount of money in their savings to maintain their standard of living (38% vs. 26%).

Considerations of Retirement Risk

Retirees have clearly thought about some of the risks that might affect their retirement finances. Risks that appear highly relevant to retirees and that have received *a great deal* of thought tend to be those that relate to their pessimism about the economy and their belief that they will outlive average life expectancy (regardless of their tendency to underestimate it). The risk receiving the highest level of consideration applies just to married retirees; half say they have given *a great deal* of thought to the financial impact of one spouse dying before the other (52%), and only 6% say they have not thought about it at all. Three other considerations appear highly relevant to nearly half of retirees each: how much to spend so as not to outlive their resources (48% *a great deal*), how to allocate their portfolio among different types of investments (47%), and the possible financial impact of medical expenses not covered by Medicare (45%). (See Table 3.)

Despite the proportions of retirees saying they are *very* or *somewhat* concerned about long-term care issues, substantially smaller proportions indicate giving *a great deal* of consideration to the possibility of needing long-term care at home (33%) or an extended stay in a nursing home (28%). In fact, roughly one in five have not given any consideration to these two possibilities (17% and 20%, respectively). It is possible that retirees' belief that they are unlikely to need long-term care has led them to neglect consideration of the financial consequences of needing this type of care; it is also possible that their unwillingness or inability to face this possible financial need has engendered a hopeful optimism about their health.

Table 3

Considerations for Managing Money in Retirement

I will read you a list of things that some people might consider in their planning, and I would like to know how much thought you have given each area.

(n=282)	A Great Deal of Thought	Some Thought	Only a Little Thought	No Thought At All
The financial impact on your spouse if you should die first and the impact on you if your spouse should die first (if married, n=167)	52%	32	10	6
How to manage your money and how much to spend every year so you (and your spouse) do not outlive your financial resources	48%	28	12	11
How your investments and savings should be allocated among different types of investments	47%	25	11	16
The possible financial impact of large medical expenses that are not covered by Medicare	45%	29	12	13
How to prepare financially for the possibility of needing long-term assistance at home due to poor health or frailty	33%	34	16	17
How to prepare financially for the possibility of needing an extended stay in a nursing home	28%	33	17	20

Groups particularly likely to have given *a great deal* of thought to the possibility of an extended nursing home stay include married respondents (34%), college graduates (40%), and those who have at least \$100,000 in savings (41%). Retirees who try to increase their savings are more likely than those who do not mind decreasing them to report giving *a great deal* of thought to the possibility of needing long-term assistance at home (42% vs. 25%). Moreover, married retirees are more apt than those who are not married to say they considered medical expenses not covered by Medicare *a great deal* (50% vs. 38%).

Several groups are especially likely to report giving *a great deal* of thought to investment allocations: those with at least \$100,000 in savings (87%), retirees under the age of 65 (59%), and those with education beyond high school (56%). Further, the level of consideration rises in relation to household income. Ironically,

retirees with household incomes of at least \$35,000 are more likely than lower income retirees to think *a great deal* about managing their money so as not to outlive their resources (56% vs. 40%).

Those who have already saved at least \$100,000 are more likely than retirees with smaller savings to report having thought *a great deal* about the impact of a spouse's death (65% vs. 42%) and spending so as not to outlive one's resources (59% vs. 39%). College graduates also are more likely than those with less education to strongly consider the financial impact of a spouse's death (65% vs. 44%).

Financial Impact of Spouse's Death

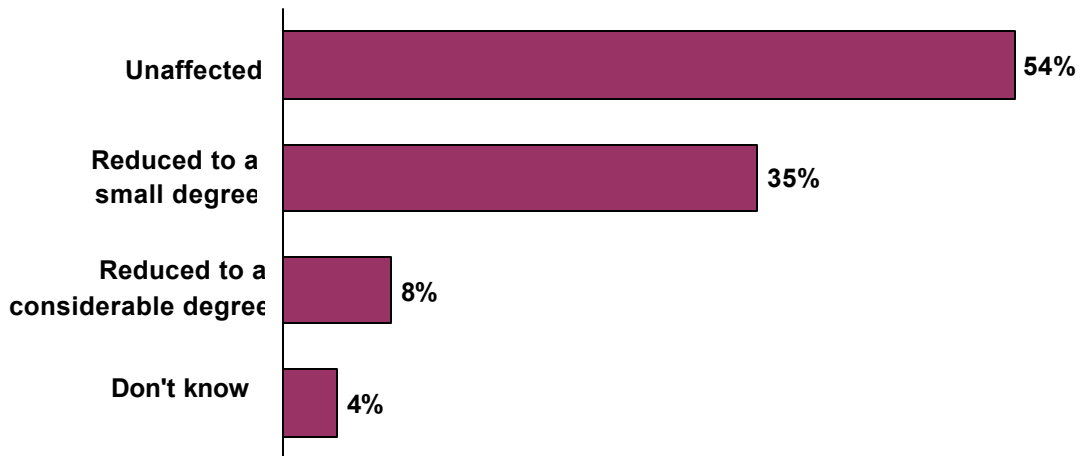
More than half of married retirees say, if they were to die before their spouse, their spouse's financial standard of living would be unaffected (54%). On the other hand, more than one-third state their spouse's standard of living would decline a small degree (35%) and 8% state it would decline considerably. (See Figure I.) There are no statistically significant differences in responses by gender.

Figure I

Spouse's Standard of Living

If you were to die before your spouse, do you think your spouse's financial standard of living would be...

Among married respondents (n=167)



Many retirees attempt to manage the risk to income associated with the death of a spouse by choosing the joint survivor option for their defined benefit plan. Among the 53% of married retirees receiving income from a defined benefit plan, the large majority report taking a joint survivor option for at least one plan (69%). By contrast, only a very small percentage say they took a lump sum payment option for a defined benefit plan (7%).

As one would expect, the probability of being unaffected financially by the death of a spouse rises along with household income and is higher among those who have already saved \$100,000. Those with incomes of \$75,000 or more are about twice as likely as those with less than \$35,000 in income to say their spouse would be unaffected (74% vs. 38%). Likewise, 60% of those who have saved at least \$100,000 say their spouse would be unaffected compared to 38% of those with less in savings.

Strategies for Managing Risk

Retirees generally attempt to manage risk by trying to boost their personal savings rather than by sharing risk, and reducing unnecessary expenditure is the top strategy for managing risk of the four examined in the survey. Seven in ten retirees say they are described *very* or *somewhat* well by the statement “I try to reduce unnecessary spending so that I can set aside as much money as possible to keep the value of my savings growing” (70%). The second most common strategy is the use of stock investments in the hope that their increase in value will contribute to a comfortable lifestyle in the long run (55% *very* or *somewhat*). (See Table 4.)

Guaranteed income through annuities and insurance against financial risks such as long-term care are strategies subscribed to by fewer than half of retirees. Specifically, 46% indicate they think it is a good idea to buy insurance to protect financially against things like the possibility of needing extended nursing care, and another 46% feel it is a good idea to buy annuities since their guaranteed lifetime income protects people who live longer than average.

Table 4

Strategies for Managing Risk

For each one I read, please tell me if the statement describes you very well, somewhat well, not too well, or not at all.

(n=282)	Very Well	Somewhat Well	Not Too Well	Not at All Well
I/we try to reduce unnecessary spending so that I/we can set aside as much money as possible to keep the value of my/our savings growing.	30%	39	12	16
I/we try to invest a considerable portion of money in stocks and stock mutual funds, hoping that in the long run their value will rise enough to provide me/us with a comfortable lifestyle.	24%	31	15	29
I/we think it is a good idea to buy insurance to protect financially against things like the possibility of needing extended nursing care.	26%	21	16	35
I/we think it is a good idea to buy annuities, because they protect people who live longer than average by paying a guaranteed income for life, no matter how long you live.	20%	26	16	33

Retirees with household incomes of \$35,000 to \$74,999 are more likely than those with higher or lower incomes to indicate they try to reduce spending to increase their savings and they support the idea of insuring against risks such as extended nursing care. Those who try to increase the amount of their savings and investments are also more likely than others to say they attempt to reduce unnecessary spending (82% vs. 68%).

Several groups are particularly likely to indicate they invest in stocks and stock mutual funds for their long term value (statement describes them *very* or *somewhat* well): males (61%), those under age 65 (68%), and those with at least \$100,000 in savings (78%). Further, the adoption of stock investments as a retirement money management strategy increases with income and education.

Professional Advice

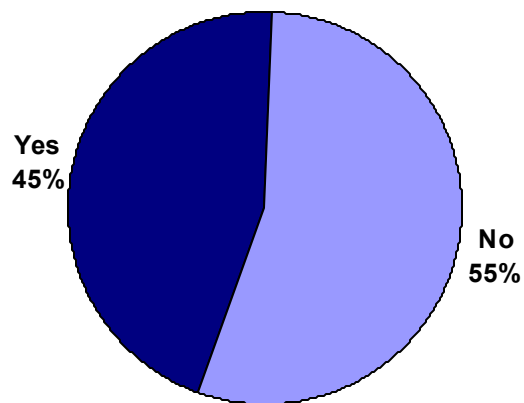
Just under half of retirees say they have gotten advice from a professional financial advisor on how to manage their money in retirement (45%). (See Figure J.)

Figure J

Retirement Advice

Have you gotten any advice from any professional financial advisors on how to manage your money in retirement?

(n=282)



The likelihood of having received such advice rises with household income and education. Married retirees are more likely than those who are not married to say they obtained this advice (50% vs. 38%), while those under the age of 65 are more likely than older retirees to say so (59% vs. 41%).

DECIDING WHEN TO RETIRE

The Process of Retiring

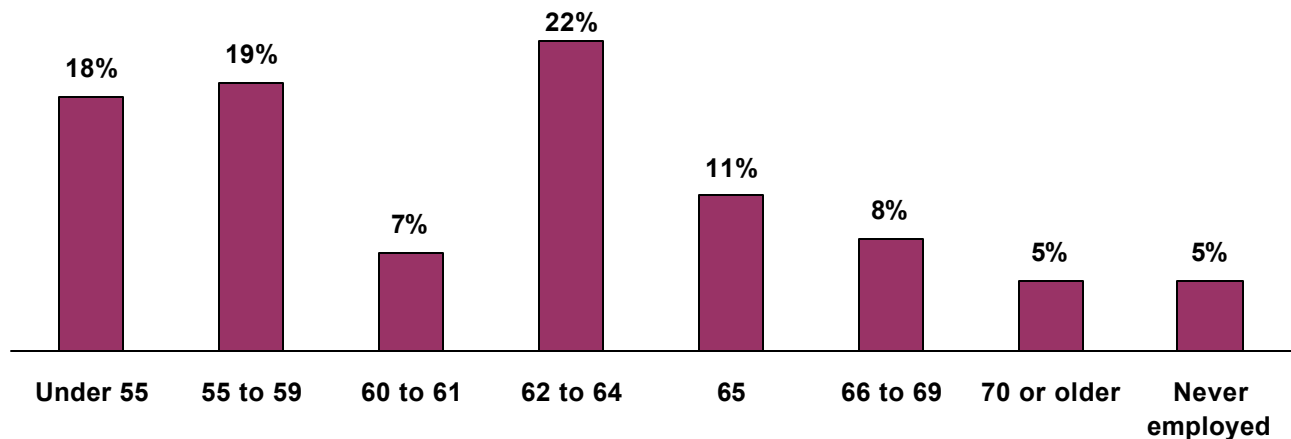
Two-thirds of retirees say they retired from their primary occupation before the age of 65 and, therefore, before they reached eligibility for full retirement benefits from Social Security. More than two in ten report they retired when they were 62 to 64 years old (22%), while one-fourth retired when they were 55 to 61 years old (26%) and nearly two in ten retired before they were 55 (18%). One in ten say they retired when they were 65 (11%), and 13% say they were older. Five percent of retirees (all of whom are female) indicate they were never employed. (See Figure K.)

Figure K

Age at Retirement

How old were you when you retired from your primary occupation?

(n=282)



As one might expect, retirees with household incomes of at least \$75,000 are twice as likely as those with less income to report retiring before the age of 55 (33% vs. 16%).

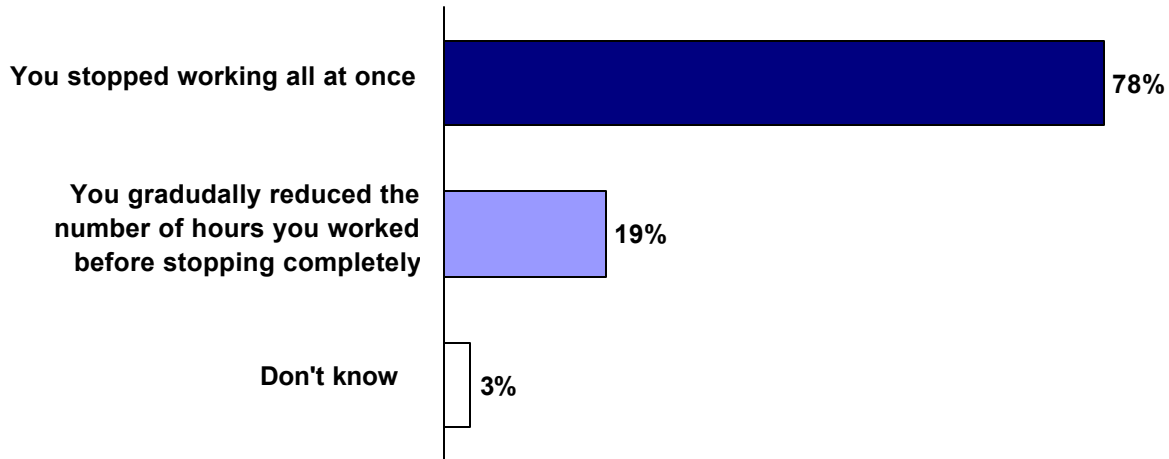
Most retirees say their retirement from their primary occupation began when they stopped working all at once (78%), although one in five say they gradually reduced their working hours before they stopped working entirely (19%). (See Figure L.) A few retirees are either still working reduced hours in their primary occupation or have found new employment in a secondary occupation. Six percent report they currently work full time and another 6% indicate that they work part time.

Figure L

Retirement Process

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

Among those providing age at retirement (n=258)



Early retirees (those who retired before the age of 65) are more likely than later retirees to say they their transition into retirement was sudden (82% vs. 66%). They are also more likely than later retirees to report they are currently working full time (9% vs. 0%).

Spouse's Retirement

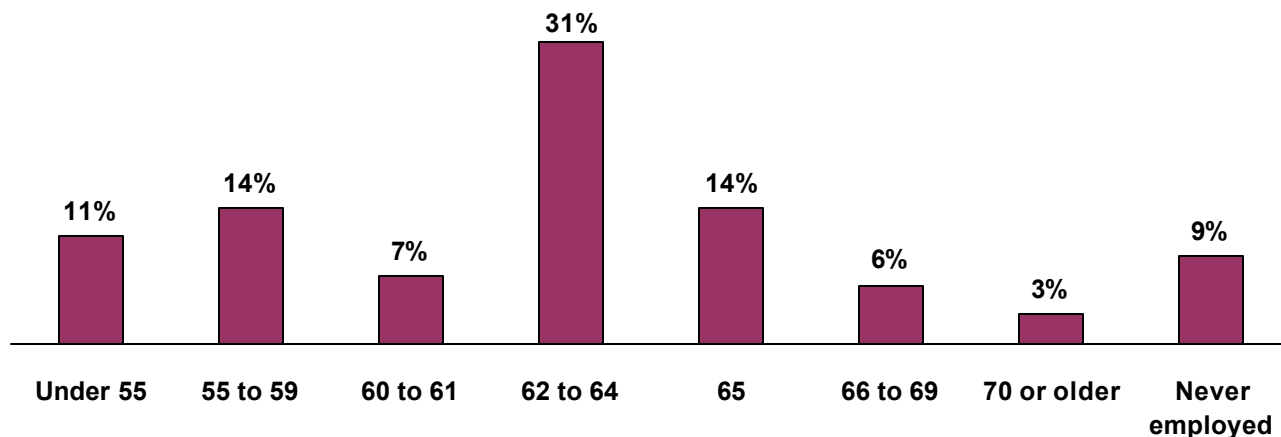
Although one-fourth of married retirees report that their spouse works full time (19%) or part time (5%), the majority say their spouse is retired (68%). Of these retired spouses, more than six in ten retired before age 65 (63%), with three in ten retiring between the ages of 62 and 64 (31%). Fourteen percent of married respondents with a retired spouse say their spouse was 65 at the time of his or her retirement, and 8% say their spouse was older. One in ten report their spouse was never employed (9%). (See Figure M.)

Figure M

Age of Spouse at Retirement

At what age did your spouse retire from his or her primary occupation?

Among those having a retired spouse (n=118)



The Decision to Retire

When asked how important each of ten factors were in their decision to retire, two factors emerge as important to the largest proportions of retirees: the amount of money they had at that time (71% say this was *very* or *somewhat* important) and the age at which they became eligible for Social Security benefits (69%). (See Table 5.)

Four factors, reflecting health concerns as well as the desire to engage in activities other than work, were each important to about six in ten retirees. Specific health related considerations are retirees' health at the time of retirement (59% *very* or *somewhat* important) and keeping the health insurance available through one's employer (59%). Interestingly, fully half say the availability of employer's health insurance was *very* important (50%). The two factors that reflect a desire to engage in non-work activities are the assessment that one has worked long enough (62%) and an estimation of the time needed to pursue one's retirement dreams and interests (59%).

Over half of retirees say the age at which they became eligible for their company's retirement plan was an important consideration in their decision to retire (56%). Just under half say the length of time they expected to live was important (47%).

Table 5

Retirement Decision*How important were the following factors in your decision to retire?*

Among those giving age at retirement (n=258)	Very Important	Somewhat Important	Not Too Important	Not at All Important
The amount of money you had at that time	45%	27	12	15
The age at which you became eligible for Social Security benefits	36%	33	12	18
Because you had worked long enough	40%	22	12	23
Your health at the time you retired	42%	17	6	32
Keeping the health insurance available through your employer	50%	9	7	29
The time you thought you needed to pursue your retirement dreams and interests	27%	32	14	24
The age at which you became eligible for your company's pension or retirement plan	38%	18	6	33
The length of time you expected to live	26%	21	17	29
The age you expected your spouse to retire (if married, n=154)	23%	14	15	45
The age people in your company at your type of job were expected to retire	17%	15	19	46

Only about one-third considered the remaining two factors important. Specifically, 36% of married retirees say the age they expected their spouse to retire was important, and 31% of all retirees assign importance to the expected retirement age at their company for their particular job. Nearly half of respondents say each of these two concerns is *not at all* important (45% and 46%, respectively).

Younger retirees are more likely than older ones to assign importance to the time they needed to pursue dreams and interests (69% of those under 65 vs. 54% of those 70 or older). Married women are twice as likely as married men to say their spouse's expected retirement age was an important consideration (52% vs. 25%).

Those with only a high school education are more apt than others to ascribe importance to having worked long enough (70% vs. 57%). Lower education is also related to the likelihood of saying that expectations at their company were an important factor (36% of non-college graduates vs. 23% of graduates).

Expected Length of Retirement

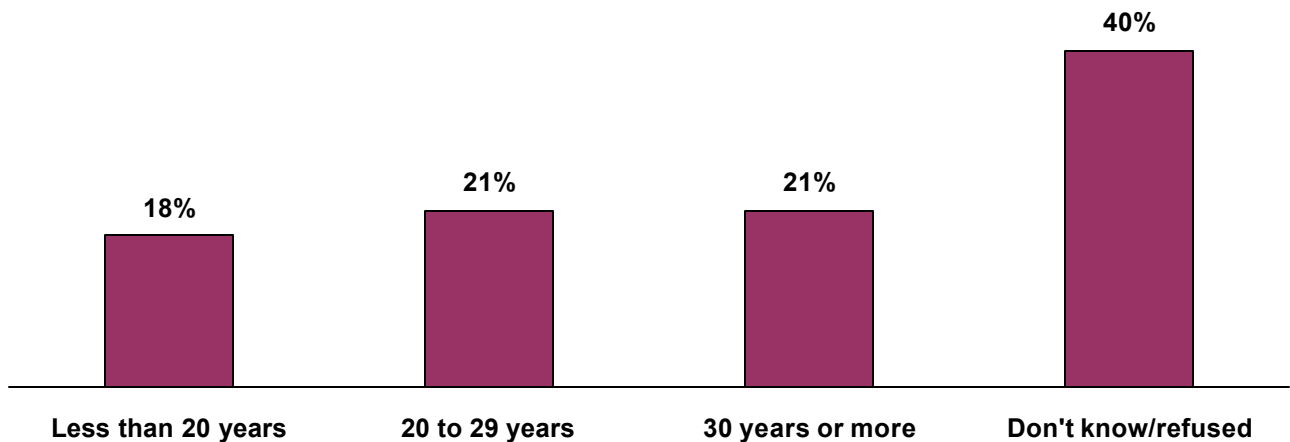
Six in ten retirees indicate that at the time they retired they had expectations regarding how long their retirement would last, and these retirees are evenly divided in their estimates of its duration. Roughly two in ten each say they estimated their retirement would last less than 20 years (18%), 20 to 29 years (21%), or 30 years or more (21%). (See Figure N.) Those who retired at earlier ages tend to report a slightly longer expected retirement than do those who retired at later ages; however the difference does not appear to be as large as it should be. The median length of retirement named by those retiring before age 65 is 25 years (median retirement age of 58); the median for those retiring at age 65 and later is 20 years (median retirement age of 66).

Figure N

Expected Length of Retirement

At the time you retired, how many years did you expect your retirement to last?

Among those not saying never employed (n=267)



Women are more likely than men to say they did not know how long their retirement would last (45% vs. 33%). Similarly, there is a higher level of uncertainty among those retiring at age 65 or later (43%) and among those with no more than a high school education (48%).

INTEREST IN PHASED RETIREMENT

One-quarter of retirees say they would have been *very* interested in gradually cutting back on the hours they worked as they approached retirement age (25%), and almost as many say they would have been *somewhat* interested (22%). However, nearly four in ten say they would not have been interested *at all* (39%). (See Figure O.) Men are more likely than women to say they would have been *very* interested in retiring gradually (31% vs. 20%).

Retirees' interest in phasing into retirement does not change appreciably under a hypothetical scenario in which they could collect part of their pension to supplement reduced employment income. More than four in ten report they would have been *very* or *somewhat* interested (42%), while over one-third convey a total lack of interest (35%).

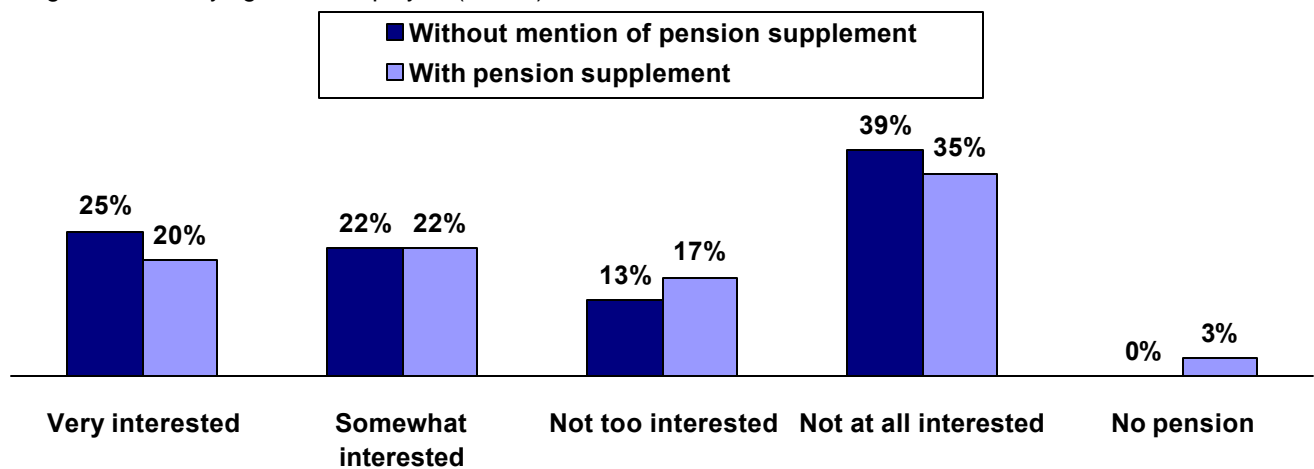
Figure O

Interest in Phased Retirement

How interested do you think you would have been in being able to gradually cut back on the hours you worked as you approached retirement age?

If this law were changed so that you could collect a part of your pension to supplement your reduced employment income during a phased retirement, how interested would you have been in being able to gradually cut back on the hours you worked as you got closer to retirement?

Among those not saying never employed (n=267)



FINDINGS OF PRE-RETIREE SURVEY

INCOME FOR RETIREMENT

Retirement Plans at Work

More than seven in ten non-retired respondents² report that they or their spouse are currently participating in a pension or retirement plan where the employer contributes to the plan (73%). Nearly as many say they or their spouse currently contribute money deducted from their paycheck to a pension or retirement plan (69%). (See Figure P.)

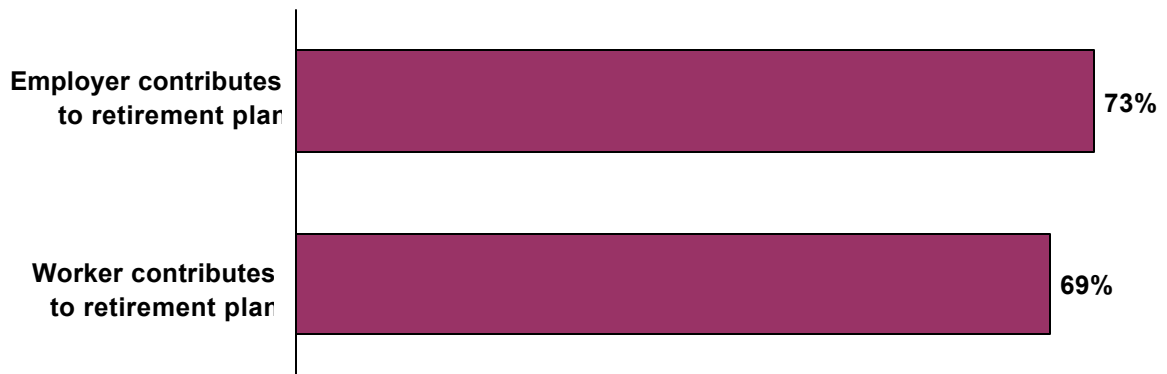
Figure P

Employer-Sponsored Retirement Plan

Are you (or your spouse) currently participating in a pension or retirement plan where the employer contributes to the plan?

Are you (or your spouse) currently contributing money deducted from your paycheck into a pension or retirement plan, such as a 401(k) plan?

(n=318)



Some groups of pre-retirees are especially likely to say that their employer contributes to a retirement plan or that they (or their spouse) contribute to a plan: those with household incomes of \$50,000 or more (81%

² Non-retired respondents are referred to as pre-retirees in this report regardless of employment status. In actuality, 78% of pre-retirees are employed full time and 8% are employed part time. The remainder are not employed.

and 84%, respectively), those below the age of 60 (78% and 76%), and those who are married (80% and 78%).

Other Current Savings

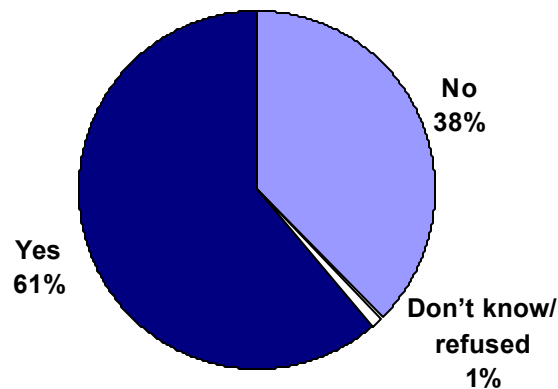
The majority of pre-retirees report that they or their spouse have put aside money for retirement other than contributions to a pension or retirement plan at work in the past year (61%). (See Figure Q.)

Figure Q

Retirement Savings

Not including contributions to a pension or retirement plan at work, have you (or your spouse) put aside any other money for retirement in the past year?

(n=318)



As with savings put into a pension or retirement plan at work, pre-retirees with household incomes of \$50,000 or more and married pre-retirees are more likely than their counterparts to say that they (or their spouse) have saved outside of a work-related plan.

Accumulated Savings and Investments

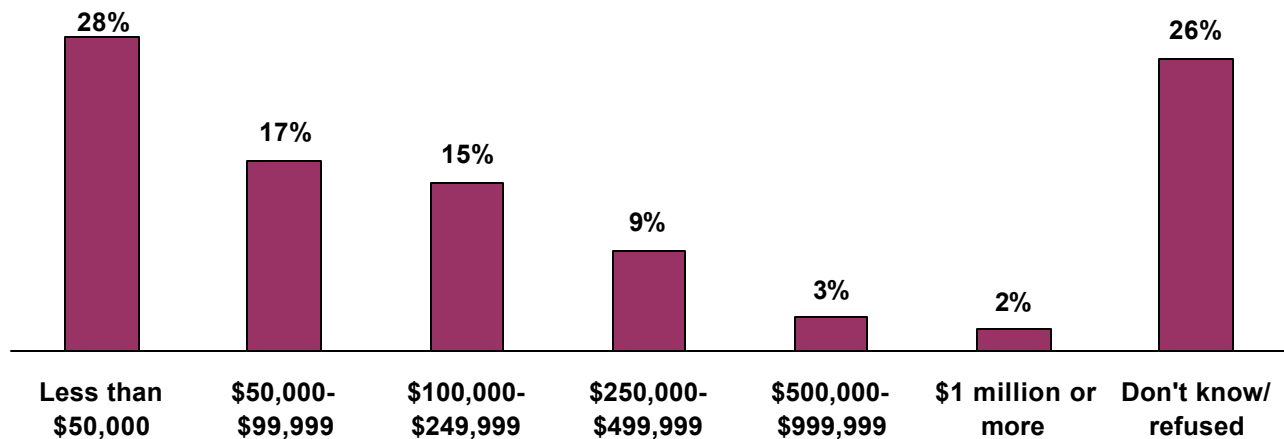
Nearly half of pre-retirees report having saved less than \$100,000 (45%). Almost three in ten say they have saved less than \$50,000 (28%), while 17% say they have \$50,000 to \$99,999. One-fourth report having accumulated between \$100,000 and \$499,999 (24%), and another 5% say they have more than \$500,000 in savings and investments. One-fourth are unable to or prefer not to say how much they have accumulated (26%). (See Figure R.)

Figure R

Savings and Investments

About how much money would you say you have in savings and investments, including money that you have in retirement plans at work in which you can decide how the money is invested?

(n=318)



Pre-retirees who have already saved at least \$100,000 are more likely than those who have saved smaller amounts to be actively saving. That is, they are more likely to report that they (or their spouse) are currently contributing money deducted from their paycheck into a retirement plan (79% vs. 64%) and have put aside other money for retirement in the past year (82% vs. 45%). Moreover, they are more apt than those who have saved smaller amounts to be getting help from their employer; 84% of those with at least \$100,000 in savings say their employer contributed money to a retirement plan in the past year compared to 66% of those with less than \$100,000.

Not surprisingly, the amount saved is related to income. Pre-retirees with household incomes less than \$75,000 are four times as likely as those with incomes of \$75,000 or more to have less than \$50,000 saved (43% vs. 10%). Conversely, those with incomes of at least \$75,000 are more apt to say they have accumulated at least \$100,000 (53% vs. 21%).

Saving for Retirement in America

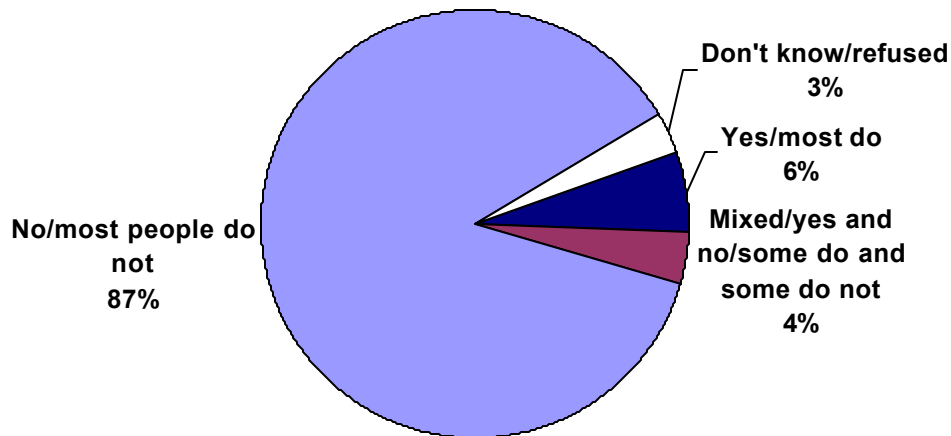
The large majority of pre-retirees believe that most people in the United States do not save enough to live comfortably throughout their retirement years (87%). Only 6% think most people do, while 4% say some people do and some people do not. (See Figure S.) Pre-retirees' opinions of their own retirement savings are discussed on page 39.

Figure S

Saving for Retirement in America

In general, do you think that people in the United States save enough money to live comfortably throughout their retirement years?

(n=318)



RISKS AFFECTING RETIREMENT

Concern About Risk

Of the seven risks for retirement finances examined in the study, pre-retirees—like retirees—are most likely to say they are *very* or *somewhat* concerned about the possibility of not being able to keep the value of their savings and investments growing faster than inflation (63%). Nearly six in ten report being concerned that they might not have enough money to pay for good health care (58%). In fact, pre-retirees are more likely to say they are *very* concerned about this risk (30%) than they are about any of the others examined. (See Table 6.)

Table 6

Retirement Risks

How concerned are you . . . ?

(n=318)	Very Concerned	Somewhat Concerned	Not Too Concerned	Not Concerned
That you might not be able to keep the value of your savings and investments growing faster than inflation	24%	39	19	17
That you might not have enough money to pay for good health care	30%	28	19	23
That you might not have enough money to pay for extended nursing care at home due to poor health or frailty	24%	33	23	21
That you might not be able to maintain a reasonable standard of living for the rest of your (and your spouse's) life	20%	35	28	17
That you might not have enough money to pay for an extended stay in a nursing home	24%	28	24	24
About having risky investments	21%	26	19	31
That your spouse may not be able to maintain the same standards of living after your death, if you should die first (if married, n=211)	17%	23	29	31

More than half of pre-retirees say they are concerned about each of three other possibilities: that they might not have enough money to pay for extended nursing care at home (56%), that they might not be able to maintain a reasonable standard of living for the rest of their (and their spouse's) life (54%), and that they might not have enough money to pay for an extended stay in a nursing home (52%). Almost half of all pre-retirees are concerned about having risky investments (47%). The lowest level of concern, shared by just four in ten married pre-retirees, is that their spouse may not be able to maintain the same standard of living after the respondent's death (40%).

Not surprisingly, pre-retirees with household incomes less than \$75,000 are more likely than those with higher incomes to express concern about each of these risks, except for the possibility of having risky investments. Likewise, those who have less than \$100,000 in savings are more likely than those with more in savings to express concern about each, except for the possibility of not being able to keep the value of their savings growing faster than inflation and having risky investments.

Women are more likely than men to be concerned about several issues, including not being able to keep the value of their savings and investments growing faster than inflation (68% vs. 56%), not having enough money to pay for good health care (63% vs. 52%), not being able to pay for extended home health care (61% vs. 50%), and not being able to maintain a reasonable standard of living for the rest of their life (62% vs. 46%). Men are no more likely than women to express concern that their spouse may not be able to maintain the same standard of living after the respondent's death.

Knowledge of Life Expectancy

More than two-thirds of male pre-retirees underestimate the life expectancy of the average 65-year-old man (81 to 83 years). While almost one-fourth expect the average man to live until age 80 (23%), one-third think he will reach 75 to 79 years (33%) and one in ten think he will reach only 65 to 74 years (12%). Just one-fourth estimate that the average man will live to the age of 81 or beyond (24%). (See Figure T.)

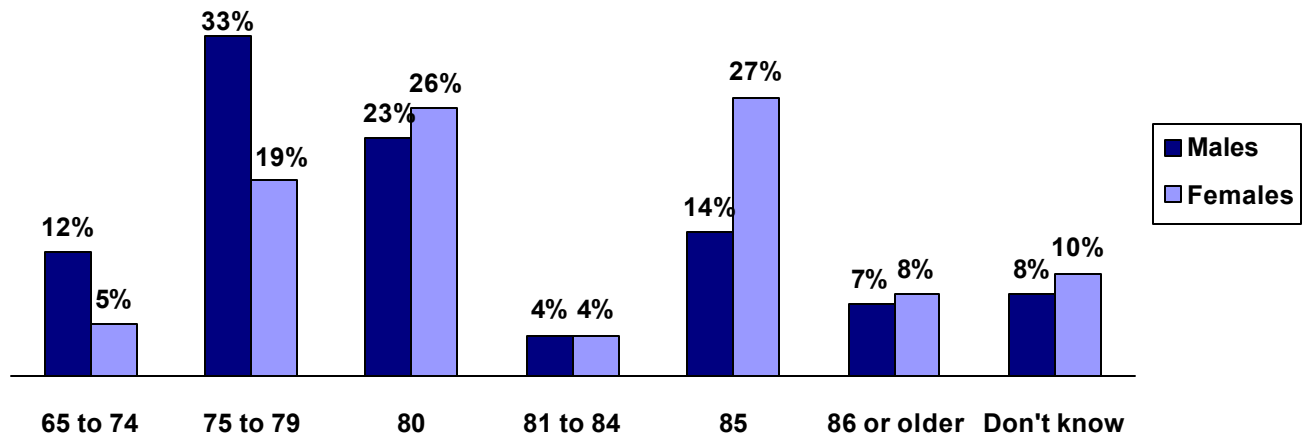
Female pre-retirees tend to provide a slightly more accurate estimate of the average 65-year-old woman's life expectancy (85 to 86 years). More than one-third think the average woman could expect to live to age 85 or older (36%). At the same time, one-fourth expect her to reach 80 years (26%), two in ten believe she will reach 75 to 79 years (19%), and 5% say she can expect to live to between 65 and 74 years.

Figure T

Life Expectancy

Until what age do you think the average 65-year-old male/female can expect to live?

(Males=147, Females=171)



Expectations About the Future

Perhaps because pre-retirees tend to underestimate life expectancy, large majorities think it is at least *somewhat* likely that they—and their spouse, if they are married—will outlive the average life expectancy by more than three years (81% their spouse, 75% themselves). Moreover, smaller majorities say it is likely they and their spouse outlive the average by more than ten years (54% and 66%, respectively). (See Table 7.)

While many pre-retirees seem to realize that the average 65 year old will have to spend at least some time in a nursing home before he or she dies, they are clearly reluctant to relate this average to their own circumstances. Three-fourths say it is *very* or *somewhat* likely that the average person will spend time in a nursing home (74%); just 44% say it is likely they, themselves, will spend some time there. In fact, a larger percentage of pre-retirees say they are at least *somewhat* concerned about the possibility of not being able to afford an extended stay at a nursing home (52%) than admit to the likelihood of spending time there.

Expectation of outliving the average life expectancy is related to pre-retirees' assessment of their health. For example, those who describe their health as *excellent* are more likely than those who describe it as *very good* to say they are *very* likely to outlive the average life expectancy by three years (59% vs. 36%). In turn, pre-retirees who describe their health as *good*, *fair*, or *poor* are least likely to say they are *very* likely to outlive it by this amount of time (19%). Expectation of spending time in a nursing home does not vary by respondents' assessment of their health.

As with retirees, pre-retirees' outlook for the economy appears to be more pessimistic than their views of their own health and life expectancy. Six in ten pre-retirees each believe it is *very* or *somewhat* likely that inflation will average over 5% a year for the next ten years, a considerable increase over current rates, and that the Dow Jones Industrial Average will go up an average of less than 7% a year over the next ten years (60% each). Reflecting an even starker outlook, nearly four in ten think it is at least *somewhat* likely that both of these forecasts will hold true at the same time (38%). This view of the economy may be one reason why pre-retirees are most likely to express concern about keeping the value of their savings and investments growing faster than inflation.

Table 7

Future Expectations

For each one, please tell me whether you think it is very likely that it will happen, somewhat likely, not too likely, or not at all likely that it will happen.

(n=318)	Very Likely	Somewhat Likely	Not Too Likely	Not at All Likely	Don't Know
Life Expectancy					
Your spouse will outlive the average life expectancy by more than three years (if married, n=211).	47%	34	8	6	5
You will outlive the average life expectancy by more than three years.	38%	37	12	7	5
Your spouse will outlive the average life expectancy by 10 years (if married, n=211).	25%	41	20	7	6
You will outlive the average life expectancy by more than 10 years.	17%	37	26	13	8
Health Outlook					
The average male/female now age 65 will have to spend at least some time in a nursing home before he/she dies.	23%	51	18	4	3
You will have to spend at least some time in a nursing home before you die.	12%	32	31	20	5
Economic Outlook					
Inflation will average over 5% a year for the next 10 years.	27%	33	26	8	5
The Dow Jones Industrial Average will go up an average of less than 7% a year over the next 10 years.	18%	42	17	7	16

Pre-retirees with a high school education are more likely than those with higher education levels to think it likely that inflation will average over 5% for the next ten years (77% vs. 53%). Those with household incomes of at least \$50,000 are more apt to say it is likely that the Dow Jones Industrial Average will increase by an average of less than 7% a year during that time period (66% vs. 50%).

FINANCIAL PLANNING FOR RETIREMENT

Preparations for Retirement

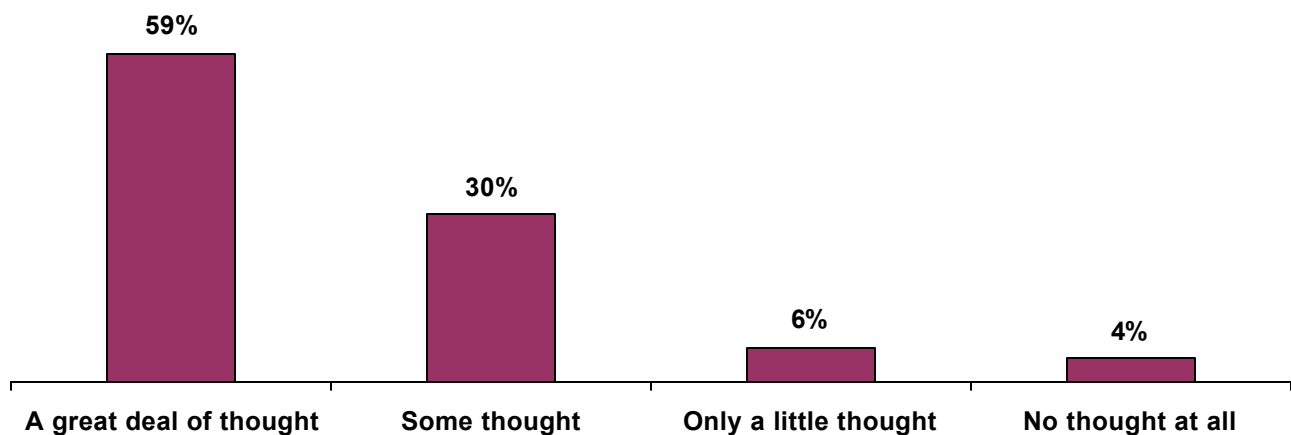
The vast majority of pre-retirees report that they have given financial preparation for retirement at least *some* thought (90%). Six in ten have given it a *great deal* of thought (59%), while three in ten have given it *some* thought (30%). Only one in ten say they have given the financial aspect of retirement *little* or *no* thought (10%). (See Figure U.)

Figure U

Financial Preparation for Retirement

Up to this point, how much thought have you (and your spouse) put into preparing financially for retirement?

(n=318)



Pre-retirees who currently have at least \$100,000 in savings are more likely than those with less savings to say they have given this issue a *great deal* of thought (73% vs. 52%). They may have accumulated more as a consequence of this reported preparation; on the other hand, this level of accumulation may place more planning demands on the pre-retiree.

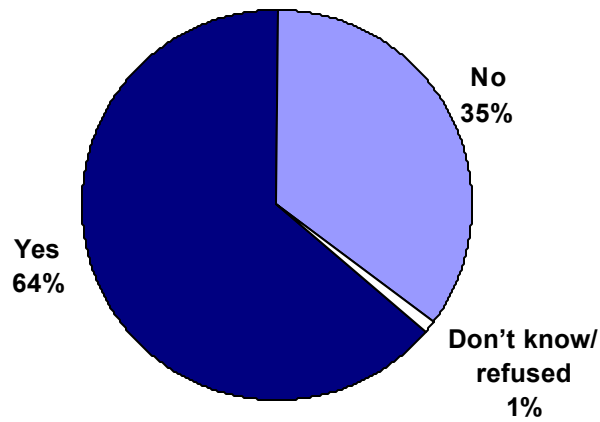
Nearly two-thirds of pre-retirees say they or their spouse have tried to figure out how much money they will need to have saved by the time they retire so that they can live comfortably in retirement (64%). (See Figure V.)

Figure V

Retirement Planning

Have you or your spouse tried to figure out how much money you will need to have saved by the time you retire so that you can live comfortably in retirement?

(n=318)



Those more likely to have made an effort to estimate their retirement savings needs include those with household incomes of \$50,000 or more (75%), college graduates (75%), and those who have saved at least \$100,000 (86%).

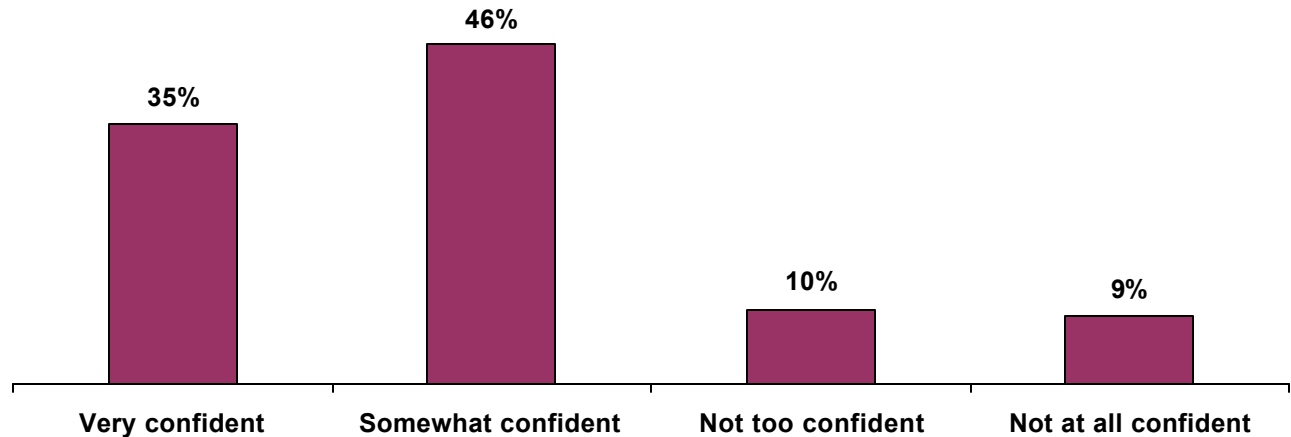
Among pre-retirees who have tried to calculate how much they will need for retirement, eight in ten say they are confident in their ability to accumulate that amount by the time they wish to retire (81%). More than one-third say they are *very* confident (35%), and close to half respond they are *somewhat* confident (46%). Two in ten indicate they are not confident that they will have the money saved in time (19%). (See Figure W.)

Figure W

Confidence in Preparation for Retirement

How confident are you that you will be able to accumulate that amount of money by the time you (and your spouse) wish to retire?

Among those reporting they tried to figure out how much will be needed for retirement (n=204)



Pre-retirees who have saved less than \$100,000 are about three times as likely as those with higher levels of savings to be not confident of their ability to save the money they need by the time they wish to retire (30% vs. 11%). Pre-retirees with lower household incomes (under \$50,000) are also somewhat more likely than those with higher incomes (\$75,000 or more) to lack confidence (29% vs. 13%).

Strategies for Managing Risk

As with retirees, pre-retirees are more likely to attempt to manage risk by trying to boost their personal savings than by sharing risk. Two-thirds of pre-retirees say they are described *very* or *somewhat* well by the statement “I try to reduce unnecessary spending so I can set aside as much money as possible for retirement” (67%). The second most common strategy for managing risk is the investment of a considerable portion of money in stock investments, hoping that their increasing value over the long run will provide a comfortable lifestyle (56%). (See Table 8.)

Less than half of pre-retirees indicate they feel it is a good idea to buy insurance to protect financially against things like the possibility of needing extended nursing care (48%), and a smaller percentage—43%—think it is a good idea to buy annuities because they protect people who live longer than average by paying a guaranteed income for life.

Table 8

Strategies for Managing Risk

For each one I read, please tell me if the statement describes you very well, somewhat well, not too well, or not at all.

(n=318)	Very Well	Somewhat Well	Not Too Well	Not at All Well
I/we try to reduce unnecessary spending so that I/we can set aside as much money as possible for retirement.	26%	41	19	14
I/we try to invest a considerable portion of money in stocks and stock mutual funds, hoping that in the long run their value will rise enough to provide me/us with a comfortable lifestyle.	19%	37	16	26
I/we think it is a good idea to buy insurance to protect financially against things like the possibility of needing extended nursing care.	16%	33	25	26
I/we think it is a good idea to buy annuities, because they protect people who live longer than average by paying a guaranteed income for live, no matter how long you live.	11%	32	20	35

The likelihood of adopting a strategy of placing money in stock investments increases with household income. Not surprisingly, pre-retirees with at least \$100,000 in savings are more likely than those who have saved smaller amounts to use this strategy (71% vs. 46%). Younger pre-retirees under age 55 are more apt than older pre-retirees to subscribe to the idea of buying insurance to protect against financial loss (57% vs. 35%).

Retirement Income Preference

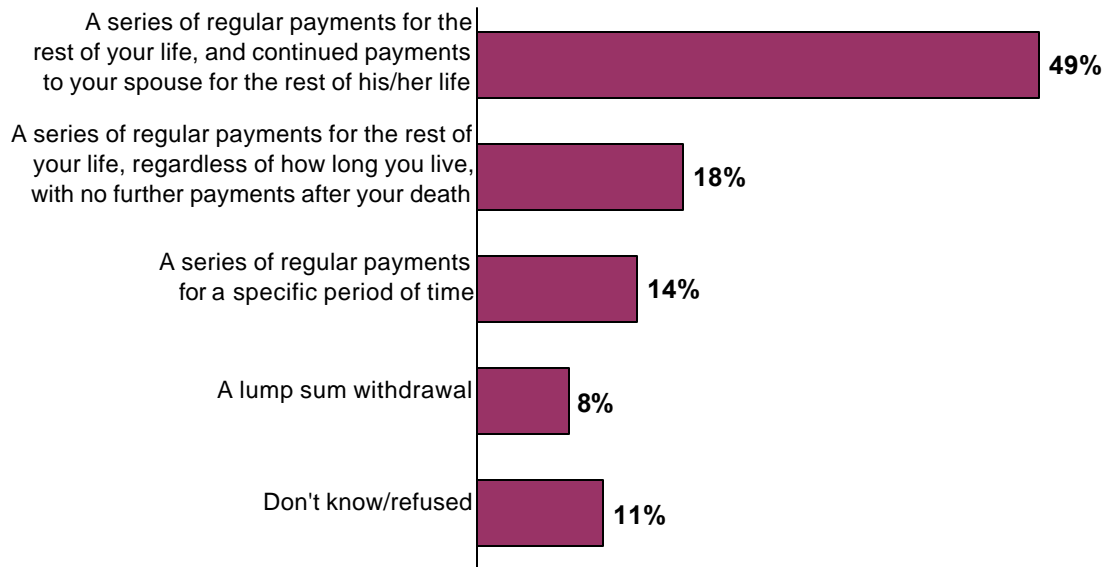
Half of pre-retirees say that they would most prefer an annuity with a joint survivor option for the majority of their money when they begin withdrawing money from their retirement accounts. Specifically, they say they would most prefer a series of regular payments for the rest of their life, and if their spouse outlives them, continued payment to their spouse for the rest of his or her life (49%). Far fewer prefer any other retirement income option. Less than two in ten would prefer a series of regular payments for the rest of their life, regardless of how long they live, with no further payments after their death (18%), while 14% would prefer receiving a series of regular payments for a specific period of time. Just 8% would prefer a lump sum withdrawal for the majority of their money. One in ten pre-retirees, however, do not know which type of withdrawal they would prefer (11%). (See Figure X.)

Figure X

Retirement Income Preference

When you retire and begin withdrawing money from your retirement accounts, which one of the following types of withdrawal do you think you would most prefer for the majority of your money?

Among those currently saving for retirement (n=274)



In actuality, most people choose to take a lump sum option when offered this choice in a defined benefit plan. This question was asked about one-third of the way through the survey, and it is possible that some questions about retirement risks affected responses to it. Alternatively, it is possible that including sample dollar amounts in the question would have changed some responses, since the juxtaposition of the lump sum total dollar amount with the monthly or annual payment might make the annuity payment seem comparatively valueless to some respondents, despite the security these payments provide.

Men are more likely than women to say they would most prefer an annuity with a joint survivor option (58% vs. 41%). Similarly, pre-retirees with household incomes of at least \$75,000 are more likely than those with lower incomes to prefer this type of withdrawal (60% vs. 44%). Just as annuities with a joint survivor option are the most popular choice among married pre-retirees (62%), annuities with no further payments after the respondent's death are the most popular choice among those who are not married (42%). Interestingly, another 15% of unmarried pre-retirees choose an annuity with a joint survivor option as their most preferred withdrawal.

Professional Advice

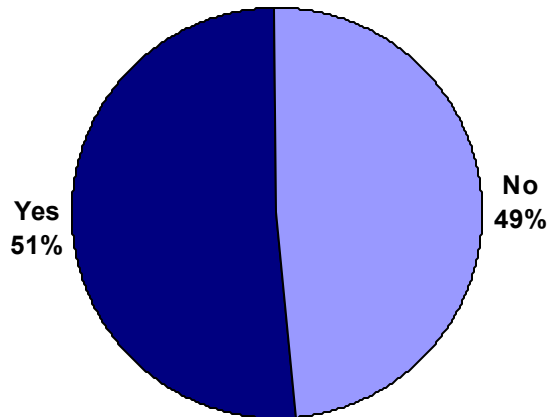
Half of pre-retirees report they have received advice from professional financial advisors on preparation for retirement (51%). (See Figure Y.)

Figure Y

Retirement Advice

Have you gotten advice from any professional financial advisors on how to prepare for retirement?

(n=318)



The likelihood of having received such advice rises with household income and education level. Further, pre-retirees who have already saved at least \$100,000 are far more likely than those who have saved smaller amounts to say they have obtained advice (67% vs. 38%), and those under age 60 are twice as likely as older pre-retirees to say so (56% vs. 28%).

DECIDING WHEN TO RETIRE

Respondent's Retirement

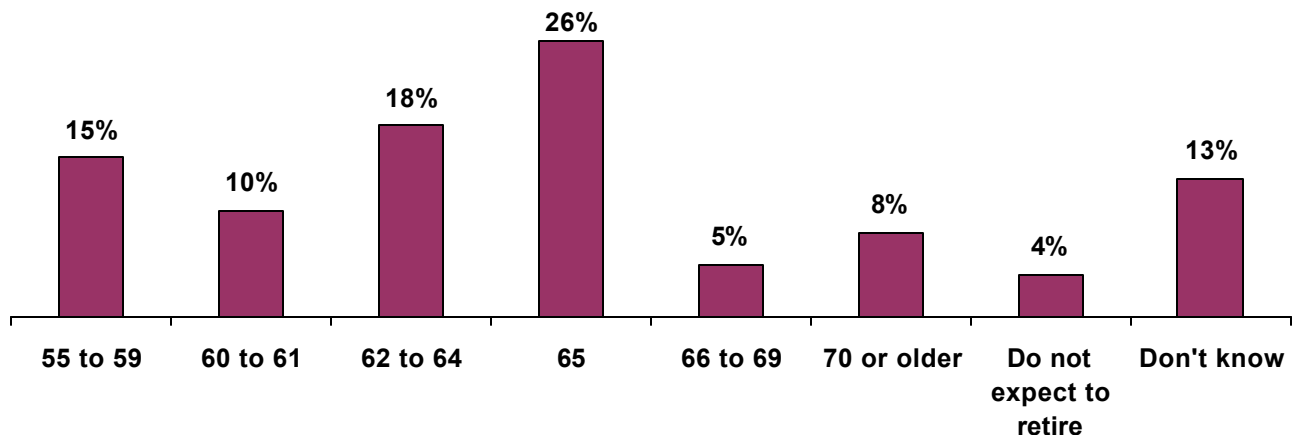
Among the non-retired respondents who are currently in the workforce (89%), one-fourth say they intend to retire at age 65 (26%), the age at which the large majority of respondents to the survey (born in 1956 or before) reach eligibility for full retirement benefits from Social Security. Nearly two in ten say they intend to retire between the ages of 62 and 64 (18%), while one-fourth plan on retiring even before that (25%). Thirteen percent plan to retire after age 65, while 4% do not expect to retire at all. Thirteen percent say they do not know when they will retire. (See Figure Z.)

Figure Z

Expected Age at Retirement

At what age do you expect to retire from your primary occupation?

Among those in the workforce (n=283)



Pre-retirees with incomes of at least \$75,000 are more likely than those with lower incomes to say they will retire between the ages of 55 and 59 (32% vs. 7%). Likewise, those with savings of at least \$100,000 are more likely than those with savings below \$100,000 to indicate they will retire at these ages (23% vs. 12%).

Pre-retirees who plan to retire before age 65 are more likely than those who plan to retire at a later age to say have put a *great deal* of thought into preparing financially for retirement (70% vs. 55%). They are also more likely to have had money deducted from a paycheck last year for retirement plan contributions (83% vs. 66%). Moreover, pre-retirees who plan to retire before the age of 65 are more apt than those who plan to retire at age 65 or later to have saved outside of work in the past year (73% vs. 53%).

On the other hand, pre-retirees who do not plan to retire until at least age 65 are more likely than those who plan to retire earlier to be concerned about the financial issues associated with retirement. They are more than four times as likely to say they are not confident in their ability to accumulate the amount of money they need for retirement (27% vs. 6%). They are also more likely to indicate they are *very* or *somewhat* concerned about not being able to keep the value of their savings growing faster than inflation (75% vs. 60%), not having enough money to pay for good health care (73% vs. 47%), not being able to maintain a reasonable standard of living for the rest of their life (66% vs. 43%), and not having enough money for an extended stay in a nursing home (61% vs. 46%).

Spouse's Retirement

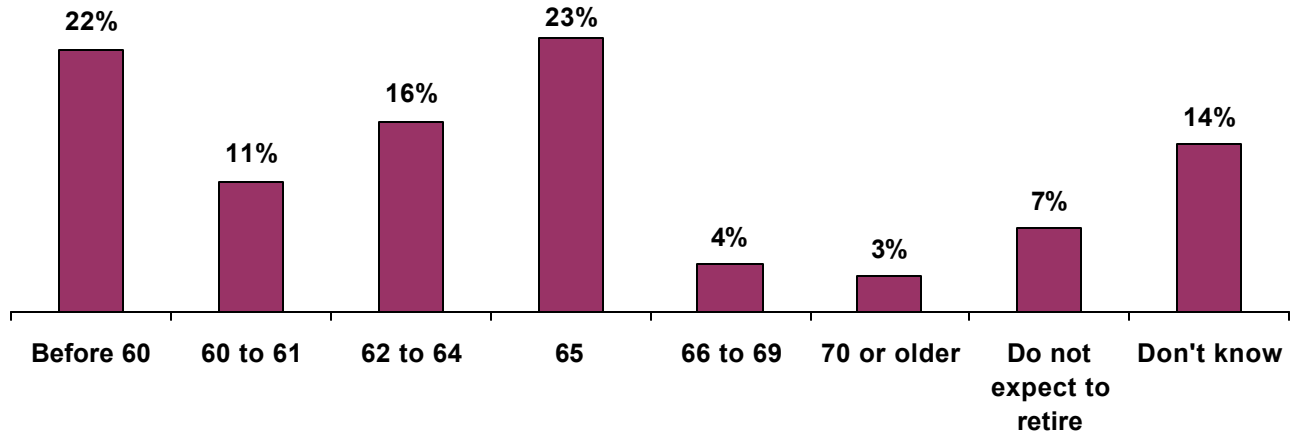
Most married pre-retirees expect their spouse to retire at an age roughly equivalent to their own retirement age. Nearly one-fourth expect their spouse to retire at age 65 (23%), while almost half expect their spouse to retire between the ages of 62 and 64 (16%) or before (33%). Seven percent each state that their spouse will retire sometime after reaching the age of 66 or will never retire at all. Fourteen percent do not know when their spouse will retire. (See Figure AA.)

Figure AA

Spouse's Expected Age at Retirement

At what age do you expect your spouse to retire from his or her primary occupation?

Among those having a spouse in the workforce (n=149)



The Decision to Retire

Pre-retirees providing an age at retirement were asked for their top-of-mind thoughts about what led them to specify that age. The most frequently mentioned reason, cited by nearly two in ten of these respondents, is that this is the age at which they become eligible for their company's retirement plan (18%). Almost as many state that this is when they will be able to afford to retire and continue to maintain their standard of living (16%) or that it is their goal to retire at this age (15%). (See Table 9.)

Roughly one in ten each say they considered the age that people commonly retire (12%) and the age they will become eligible for Social Security (9%). Very small proportions mention a wide variety of other factors, including their expected health at that time (6%), the age at which they will have completed the required number of years of service with their company (6%), the fact that people are living longer and should therefore contribute longer (6%), and a feeling that they will have worked long enough by that point (5%).

Table 9

Top-of-Mind Reason for Retirement Age*What led you to pick that age?*

Among those providing an age at retirement (n=232)

Top Mentions

Age at which I become eligible for my company's pension/retirement plan, full benefits	18%
Can afford to retire/to keep my standard of living	16
It's when I want to/my goal	15
Standard/common age at which people retire	12
Age at which I become eligible for Social Security	9
My expected health at the time I retire	6
Years of service with the company (30, 35, 40)	6
People live longer/work longer/contribute longer	6
Will have worked long enough/tired	5
Earliest I can retire/age I can retire (general)	4
Children will be grown/out of college	4

Pre-retirees' responses are quite different, however, when they are read a list of factors that might influence their decision about when to retire and asked to rate the importance of each. In this format, their expected health at their specific retirement age emerges as the top consideration, with nine in ten pre-retirees calling it *very* or *somewhat* important (91%, with 70% saying *very* important). Almost as many pre-retirees consider the amount of money they expect to have at that time to be an important factor in their decision (88%, with 59% saying *very* important). (See Table 10.)

Five factors, reflecting a variety of concerns, are each important to between seven and eight in ten pre-retirees. Two are financial considerations: keeping health insurance available through their employer (79%, with 63% *very* important) and the age at which the pre-retiree will become eligible for Social Security benefits (76%). Two factors reflect a desire to engage in non-work activities: an estimate of the time needed to pursue retirement dreams and interests (79%) and the assessment that the pre-retiree will have worked long enough

(72%). The remaining factor is an additional health consideration—the length of time the pre-retiree expects to live (71%).

More than six in ten married pre-retirees place importance on the age that they expect their spouse to retire when determining their own retirement age (63%). About the same proportion of all pre-retirees providing a retirement age say the age at which they become eligible for their company’s pension or retirement plan is important (62%). Respondents are least likely to place importance on the age people in their company at their type of job are expected to retire (40%).

Table 10

Retirement Decision

How important are the following factors in your decision to retire?

Among those giving age at retirement (n=232)	Very Important	Somewhat Important	Not Too Important	Not at All Important
Your expected health at that time	70%	20	3	6
The amount of money you expect to have at that time	59%	29	6	4
Keeping the health insurance available through your employer	63%	16	7	12
The time you need to pursue your retirement dreams and interests	41%	38	13	8
The age at which you become eligible for Social Security benefits	38%	38	12	12
Because you will have worked long enough	43%	29	14	12
The length of time you expect to live	45%	26	15	12
The age you expect your spouse to retire (if married, n=159)	35%	28	16	19
The age at which you become eligible for your company’s pension or retirement plan	40%	22	10	24
The age people in your company at your type of job are expected to retire	19%	22	20	36

The importance of two factors varies in relation to pre-retirees' income levels. Specifically, pre-retirees with household incomes between \$50,000 and \$74,999 are more likely than those with higher or lower incomes to ascribe importance to keeping the health insurance available through their employer (72% with less than \$50,000, 91% with \$50,000 to \$74,999, 77% with \$75,000 or more). Further, those with household incomes less than \$50,000 are more apt than those with higher incomes to say the age at which they become eligible for Social Security benefits is important (88% vs. 70%).

Those with high school or some college are more likely than college graduates to place importance on their expected health at that time (95% vs. 83%). Pre-retirees under age 60 are more likely than older ones to assign importance to the amount of money they expect to have at the time they retire (91% vs. 78%) and the age that they will become eligible for their company's pension or retirement plan (68% vs. 35%). Married women are more likely than married men to place importance on their spouse's expected retirement age (73% vs. 55%).

INTEREST IN PHASED RETIREMENT

Two-thirds of pre-retirees currently in the workforce express interest in phased retirement, described as retiring gradually by cutting back from full-time employment to full-time retirement over the period of a year or two, with salary decreasing accordingly, rather than stopping all at once (66%). Four in ten say they are *very* interested in this type of retirement (40%), and one-fourth are *somewhat* interested (26%). Three in ten say they are not interested in phased retirement (30%). (See Figure AB.)

When presented with the hypothetical option of collecting part of their pension to supplement their reduced employment income during a phased retirement, interest remains unchanged. Two-thirds of pre-retirees report they would be *very* or *somewhat* interested (66%), and three in ten are not interested (30%).

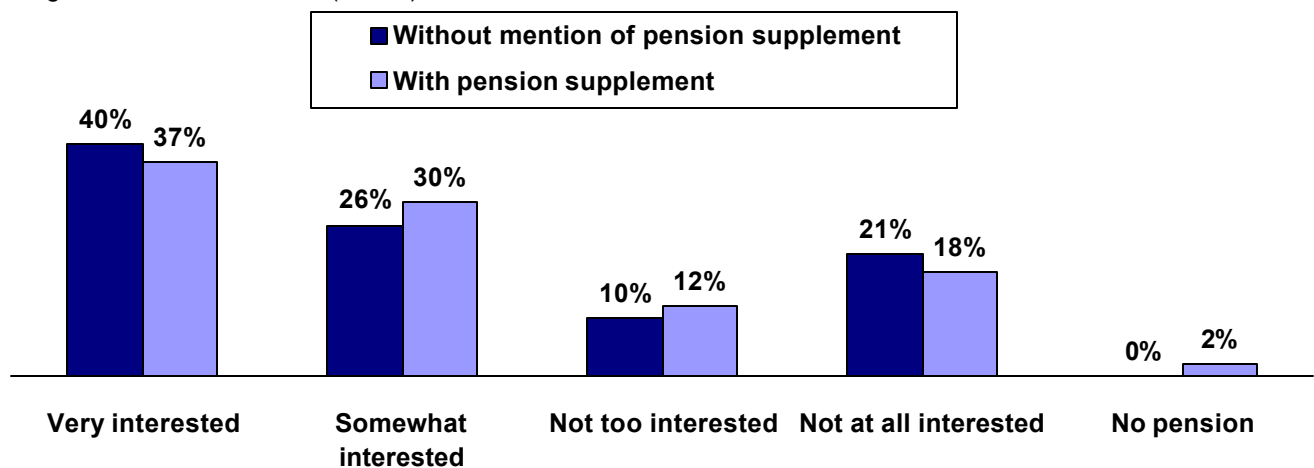
Figure AB

Interest in Phased Retirement

As you get closer to retirement, how interested would you be in being able to gradually cut back on the hours you work at your current job, rather than stopping work all at once?

If this law were changed so that you could collect a part of your pension to supplement your reduced employment income during a phased retirement, how interested would you be in being able to gradually cut back on the hours you work at your current job as you get closer to retirement?

Among those in the workforce (n=283)



Pre-retirees planning on retiring at age 65 or later are more likely than those planning an earlier retirement to say they are *very* interested in phased retirement, both with the pension supplement (47% vs. 30%) and without it (49% vs. 34%). However, interest does not vary by respondent age or household income.

RETIRE AND PRE-RETIREE COMPARISON

Retirees and pre-retirees near retirement age seem to be generally similar. In this section, specific results are compared and areas of difference are pointed out.

INCOME IN RETIREMENT

Accumulated Savings and Investments

Interestingly, pre-retirees and retirees report having similar levels of savings and investments. Almost three in ten each say they have less than \$50,000 (28% each), while between one and two in ten say they have \$50,000 to \$99,999 (12% of retirees and 17% of pre-retirees). Roughly two in ten each report having between \$100,000 and \$250,000 (20% of retirees and 24% of pre-retirees), and 8% of retirees and 5% of pre-retirees indicate they have more than that accumulated.

Saving for Retirement in America

As might be expected, the large majority of pre-retirees and retirees believe that most people in the U.S. do not save enough to live comfortably throughout their retirement years (79% of retirees and 87% of pre-retirees).

RISKS AFFECTING RETIREMENT

Concern About Risk

The biggest financial concern of both retirees and pre-retirees is inflation. Over half of retirees and nearly two-thirds of pre-retirees are *very* or *somewhat* concerned that they will not be able to keep the value of their savings and investments growing faster than inflation (55% of retirees and 63% of pre-retirees). However, pre-retirees clearly have a higher level of concern than do retirees about the possibility of not having enough money to pay for good health care; 58% of pre-retirees are *very* or *somewhat* concerned about this issue compared to 43% of retirees. They are also more concerned about having enough money to pay for extended nursing care at home (56% of pre-retirees vs. 48% of retirees).

Concern about each of the other four risks to retirement finances discussed in the survey are shared equally by retirees and pre-retirees. Slightly less than half of retirees and slightly more than half of pre-retirees each are concerned that they might not be able to maintain a reasonable standard of living for the rest of their (and their spouse's) life (47% of retirees and 54% of pre-retirees) and that they might not have enough money to pay for nursing home care (47% and 52%). Between four and five in ten of both retirees and pre-retirees each are concerned about having risky investments (44% and 47%) and that their spouse may not be able to maintain the same standard of living after their death (43% of married retirees and 40% of married pre-retirees).

Knowledge of Life Expectancy

Although both pre-retirees and retirees tend to underestimate the life expectancy of the average 65 year old, on average, retirees do slightly better than pre-retirees. Just over half of male retirees underestimate the life expectancy of the average 65-year-old man (55%), while two-thirds of male pre-retirees do so (67%). Less than half of female retirees, compared with more than half of female pre-retirees, do so (46% of female retirees versus 54% of female pre-retirees). However, the difference between female retirees and pre-retirees is not significant.

Expectations About The Future

Despite what they consider to be the average life expectancy, large majorities of both retirees and pre-retirees consider it to be at least *somewhat* likely that they will outlive it. Almost eight in ten think it likely they will outlive the average life expectancy by more than three years (78%); six in ten think they will outlive it by more than ten years (61%). Likewise, three-fourths of pre-retirees believe they will outlive the average life expectancy by more than three years (75%), while more than half believe they will outlive it by more than ten years (54%).

Both groups of respondents also tend to believe their spouses will outlive life expectancy. More than eight in ten retirees and pre-retirees say it is *very* or *somewhat* likely that their spouse will out live the average life expectancy by more than three years (85% of retirees and 81% of pre-retirees). Two-thirds feel it is likely their spouse will outlive the average by more than ten years (67% and 66%).

Most respondents agree that the average person now age 65 will have to spend at least some time in a nursing home (70% of retirees and 74% of pre-retirees say it is *very* or *somewhat* likely). However, less than half think it likely that they, themselves, will spend time there (44% each of retirees and pre-retirees).

Both groups also have similar economic outlooks, with majorities saying it is *very* or *somewhat* likely that inflation will average over 5% a year for the next ten years (63% of retirees and 60% of pre-retirees) and that the Dow Jones Industrial Average will go up an average of less than 7% per year over the next ten years (54% and 60%).

FINANCIAL PLANNING

Preparations for Retirement

While retirees report having done relatively little financial planning for retirement, pre-retirees appear to be preparing somewhat more. Six in ten pre-retirees age 45 and older have already given *a great deal* of thought to financial preparation for retirement (59%), while only half of retirees put *a great deal* of thought into preparing financially for retirement prior to the two years before their retirement (50%). Twenty-two percent of retirees had given *little* or *no* thought to this issue at that point (22%), though only one in ten pre-retirees have given this *little* or *no* thought (10%).

Strategies for Managing Risk

Both retirees and pre-retirees try to manage risk by reducing unnecessary spending. Seven in ten retirees and two-thirds of pre-retirees say they are described *very* or *somewhat* well by the statement “I try to reduce unnecessary spending so that I can set aside as much money as possible to keep the value of my savings growing” (70% of retirees and 67% of pre-retirees). The second most common strategy is the use of stock and stock investments to boost personal savings (describes 55% of retirees and 56% of pre-retirees *very* or *somewhat* well).

Less than half of retirees and pre-retirees feel it is a good idea to buy annuities because they pay a guaranteed income for life (describes 46% of retirees and 43% of pre-retirees well). Similarly, less than half feel it is a good idea to buy insurance to protect financially against things like the possibility of needing extended nursing care (46% of retirees and 48% of pre-retirees).

Professional Advice

Half of pre-retirees report they have received advice from professional financial advisors on preparation for retirement (51%). A slightly smaller proportion of retirees say they have gotten advice from a professional financial advisor on how to manage their money in retirement (45%).

DECIDING WHEN TO RETIRE

Respondent's Retirement

In general, pre-retirees appear to be planning to retire at later ages than current retirees report having retired. While almost two-fifths of retirees report retiring before age 60 (37%), just 15% of pre-retirees are planning to retire by that age. At the same time, only one in ten retirees left the workforce at age 65 (11%) compared to one-fourth of retirees who plan to retire at that age (26%). Surprisingly, the percentage of retirees and pre-retirees reporting a retirement age of 66 or older are the same (13% each). Comparison of spouses' age at retirement shows similar differences.

The Decision to Retire

The factors that retirees found important in determining their retirement age appear to be slightly different from the factors that pre-retirees find important in planning their retirement age. The factors that emerge as important to the largest proportions of retirees are the amount of money they had at that time (71% of retirees say this was *very* or *somewhat* important compared to 88% of pre-retirees) and the age at which they became eligible for Social Security benefits (69% of retirees and 76% of pre-retirees). However, pre-retirees also feel that their expected health at their planned retirement age is a top consideration (59% of retirees and 91% of pre-retirees). In addition, keeping the health insurance available through their employer is *very* important to half of retirees (50%), but almost two-thirds of pre-retirees (63%).

INTEREST IN PHASED RETIREMENT

One-quarter of retirees say they would have been *very* interested in gradually cutting back on the hours they worked as they approached retirement age (25%), and almost as many say they would have been *somewhat* interested (22%). Retirees' interest in phasing into retirement does not change appreciably under a

hypothetical scenario in which they could collect part of their pension to supplement reduced employment income. More than four in ten report they would have been *very* or *somewhat* interested (42%).

A larger proportion of pre-retirees say they are interested in phased retirement. Two-thirds are *very* or *somewhat* interested without mention of a pension supplement (66%), while the same proportion is interested in being able to gradually cut back on their work if they could collect a part of their pension as they did so (66%).

PROFILE OF SURVEY RESPONDENTS

Table 11 describes the demographic characteristics of the survey respondents. Roughly half of the respondents are classified as pre-retirees (53%) and about half as retirees (47%). Retirees are defined as those who are retired, are working but have retired from a primary occupation, or are not in the workforce and either are age 65 or older or have a retired spouse. All those not defined as retirees are classified as pre-retirees.

Half of the survey respondents are between the ages of 45 and 59 (48%), while one-fourth are 65 to 74 (23%) and 17% are age 75 or older. As expected, a majority of pre-retirees are between the ages of 45 and 54 (59%), with most of the remainder ages 55 to 64 (34%). Nearly one-fourth of retirees are under the age of 65 (23%), 43% are ages 65 to 74, and one-third are age 75 or older (33%). Females slightly outnumber males, both among pre-retirees (46% male, 54% female) and retirees (43% male, 57% female).

Two-thirds of pre-retirees and six in ten retirees are married (66% and 59%, respectively). Pre-retirees are more likely than retirees to be divorced (18% and 5%), while retirees are more likely to be widowed (6% and 28%).

Two-thirds of respondents rate their health as *excellent* or *very good* (64%), while two in ten consider it to be *good* (19%) and 15% consider it to be *fair* or *poor*. Pre-retirees are more likely than retirees to rate their health as *excellent* or *very good* (69% and 59%, respectively), whereas retirees are more likely to rate their health as *fair* or *poor* (11% and 20%).

One in ten respondents have not completed high school (9%), one-fourth have graduated from high school (25%), and three in ten have attended some college, trade, or business school (30%). One-third have graduated from college or obtained further education (35%). The education levels for pre-retirees and retirees are roughly equivalent, with the exception that retirees are more likely than pre-retirees to say they have not completed high school (12% retirees vs. 7% pre-retirees).

Table 11
Demographic Characteristics of Survey Respondents

		Total (n=600)	Pre-retiree (n=318)	Retiree (n=282)
Respondent Type	Pre-retiree	53%	100%	-
	Retiree	47	-	100%
Age	45 to 54	34%	59%	6%
	55 to 64	26	34	17
	65 to 74	23	6	43
	75 or older	17	2	33
	<i>Median age</i>	<i>61 years</i>	<i>53 years</i>	<i>71 years</i>
Gender	Male	45%	46%	43%
	Female	55	54	57
Marital Status	Married	63%	66%	59%
	Widowed	16	6	28
	Divorced	12	18	5
	Single, never married	8	7	7
	Cohabiting	1	2	1
	Separated	1	2	<.5
Health Rating	Excellent	26%	28%	25%
	Very good	38	42	33
	Good	19	18	21
	Fair	12	9	14
	Poor	3	2	5
Education	Some high school or less	9%	7%	12%
	High school graduate	25	23	27
	Some college/trade school	30	33	27
	College graduate	17	17	17
	Post graduate work	7	7	6
	Graduate degree	11	12	10
Provide Financial Support	Yes	22%	32%	12%
	No	76	67	87

Table 11 (continued)

Demographic Characteristics of Survey Respondents

		Total (n=600)	Pre-retiree (n=318)	Retiree (n=282)
Home Ownership	Own	86%	85%	88%
	Rent	12	13	10
Household Income	Less than \$35,000	26%	19%	34%
	\$35,000 to \$74,999	17	18	16
	\$35,000 to \$49,999	16	19	13
	\$50,000 to \$99,999	12	14	8
	\$100,000 or more	11	15	7
	No response	18	15	22

More than two in ten respondents provide significant financial support for someone other than themselves or their spouse (22%). Pre-retirees are more likely to provide such support than retirees (32% and 12%, respectively). Among those who provide support, nine in ten identify the beneficiary of the support to be children (89%), while one in ten support grandchildren (10%). A few respondents say they support parents (4%), other relatives (1%), or someone else (1%).

Nearly nine in ten respondents report owning their own home (86%). Of these homeowners, just over half own it free and clear (52%), with the remainder owing a mortgage (46%). Retirees are considerably more likely than pre-retirees to say they own their home free and clear (74% vs. 33%).

One-fourth of respondents report their total household income is less than \$35,000 (26%), one-third say it is between \$35,000 and \$74,999 (33%), and one-fourth say it is \$75,000 or more (23%). Pre-retirees are more likely than retirees to report incomes of \$75,000 or more (30% vs. 15%), but less likely to report income less than \$35,000 (19% vs. 34%). Nearly two in ten respondents prefer not to provide this information (18%, 15% of pre-retirees and 22% of retirees).

APPENDIX

**RETIREMENT RISK SURVEY
RETIREE VERSION**

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

S1. [RECORD GENDER. DON'T ASK – JUST RECORD]

	(n=282)
Male	43%
Female	57

S2. In general, do you think that people in the United States save enough money to live comfortably throughout their retirement years? [DO NOT READ LIST]

	(n=282)
Yes/ most do	8%
Mixed/ yes and no/ some do, some do not	9
No/ most people do not	79
Don't know	5
Refused	-

S3. I need to ask a few questions about you and your household so that I can ask you the set of questions on the survey that best applies to you. First, in what year were you born?

Age	(n=282)
45 to 49	1%
50 to 54	5
55 to 59	6
60 to 64	11
65 to 69	22
70 to 74	22
75 to 79	17
80 or older	17
Don't know	-
Refused	-

[IF 1955 OR LATER OR DON'T KNOW/REFUSED, THANK AND TERMINATE]

1. Are you . . . [READ 1-6]?

	(n=282)
Married	59%
Single	7
Divorced	5
Separated	*
Widowed	28
Cohabiting	1
[VOL] Don't know	-
[VOL] Refused	-

1b. [IF MARRIED] How old is your spouse?

	(n=167)
44 or younger	1%
45 to 49	2
50 to 54	10
55 to 59	8
60 to 64	16
65 to 69	16
70 to 74	19
75 to 79	13
80 or older	14
[VOL] Don't know	-
[VOL] Refused	-

2. Are you now . . . [READ 1-6]?

	(n=282)
Working full time	6%
Working part-time	6
Retired	80
A homemaker	7
Laid off or unemployed and seeking work	*
Or something else	1
[VOL] Don't know	-
[VOL] Refused	-

[IF MARRIED, ASK:]

3. Is your spouse . . . [READ 1-6]?

	(n=167)
Working full time	19%
Working part-time	5
Retired	68
A homemaker	7
Laid off or unemployed and seeking work	-
Or something else	1
[VOL] Don't know	-
[VOL] Refused	-

[IF R WORKING FULL OR PART TIME, LAID OFF OR UNEMPLOYED, ASK:]

4. Have you retired from a previous career?

	(n=36)
Yes	100%
No	-
[VOL] Don't know	-
[VOL] Refused	-

[IF MARRIED AND SPOUSE WORKING FULL- OR PART-TIME, LAID OFF OR UNEMPLOYED, ASK:]

5. Has your spouse retired from a previous career?

	(n=40)
Yes	12%
No	88
[VOL] Don't know	-
[VOL] Refused	-

[CHECKPOINT]

[USE RETIREE QUESTIONNAIRE FOR THE FOLLOWING PEOPLE:

IF RETIRED

IF EMPLOYED FULL-TIME, PART-TIME, OR LAID-OFF AND RETIRED FROM PRIMARY OCCUPATION

IF HOMEMAKER, SOMETHING ELSE OR DK/REF AND AGE 65+

IF HOMEMAKER, SOMETHING ELSE OR DK/REF AND SPOUSE RETIRED

ALL OTHERS USE THE WORKERS QUESTIONNAIRE.]

R6. How old were you when you retired from your primary occupation? [DO NOT ACCEPT A RANGE. PROBE FOR SPECIFIC AGE. IF PHASED RETIREMENT, ASK: At what age did you begin to retire?]

	(n=282)
Under 55	18%
55 to 59	19
60 to 62	22
63 to 65	18
66 to 69	8
70 or older	5
[VOL] Never employed	5
[VOL] Don't know	3
[VOL] Refused	*

[IF GAVE AGE WHEN RETIRED, ASK:]

R6a. Which statement comes closest to describing how you retired from your primary occupation? [READ 1-2]

	(n=258)
You stopped working all at once	78%
Or you gradually reduced the number of hours you worked before stopping completely	19
[VOL] Don't know	3
[VOL] Refused	-

[IF MARRIED AND SPOUSE RETIRED, ASK:]

R6b. At what age did your spouse retire from his or her primary occupation? [DO NOT ACCEPT A RANGE. PROBE FOR SPECIFIC AGE. IF PHASED RETIREMENT, ASK: At what age did your spouse begin to retire?]

	(n=118)
Under 55	11%
55 to 59	14
60 to 62	25
63 to 65	27
66 to 69	6
70 or older	3
[VOL] Never employed	9
[VOL] Don't know	3
[VOL] Refused	2

R7. At the time you retired, how many years did you expect your retirement to last? [DO NOT ACCEPT A RANGE. PROBE FOR A SPECIFIC NUMBER. IF SAY FOR REST OF LIFE, PROBE: How many years did you expect that to be?]

	(n=267)
None	3%
1 to 9 years	4
10 to 19 years	11
20 to 24 years	14
25 to 29 years	7
30 to 34 years	13
35 years or more	8
[VOL] Don't know	39
[VOL] Refused	*

R8. Up to the point of about two years before you retired, how much thought had you (and your spouse) put into preparing financially for retirement? Had you given it [READ 4-1]

	(n=282)
A great deal of thought	50%
Some thought	26
Only a little thought	12
No thought at all	10
[VOL] Don't know	1
[VOL] Refused	1

R9. Does any of your (and your spouse's) retirement income come from money provided by an employer, like a pension or a contribution to a retirement account?

	(n=282)
Yes	68%
No	30
[VOL] Don't know	1
[VOL] Refused	*

[IF RECEIVE INCOME FROM EMPLOYER, CONTINUE. ELSE SKIP TO R11.]

R10a. Some employer retirement plans are called defined benefit pension plans. In a defined benefit plan, the amount you receive is usually based on the number of years you worked and your average salary during the last few years of your employment. Do you (or your spouse) currently receive any money from a defined benefit plan?

	(n=193)
Yes	65%
No	32
[VOL] Don't know	3
[VOL] Refused	1

[IF RECEIVING MONEY FROM DB PLAN AND MARRIED, CONTINUE. ELSE SKIP TO R11.]

R10b. Does this money come from a plan offered by your former employer, your spouse's former employer, or by former employers of both you and your spouse?

	(n=89)
Self	43%
Spouse	28
Both	28
[VOL] Don't know	1
[VOL] Refused	-

R10c. With a defined benefit plan, a person about to retire can choose to take a joint survivor option so that if he or she dies before his or her spouse, the spouse will continue to get payments from the pension plan. Have you or your spouse taken the joint survivor option for any defined benefit plan?

	(n=89)
Took joint survivor option for at least one plan	69%
Did not take option for any plan	29
[VOL] Not sure/ don't know	2
[VOL] Refused	-

R10d. With a defined benefit plan, a person can sometimes choose to take the money as a lump sum payment. Have you or your spouse taken a lump sum payment for any defined benefit plan?

	(n=89)
Took lump sum payment for at least one plan	7%
Did not take lump sum for any plan	90
[VOL] Not sure/ don't know	3
[VOL] Refused	-

R11. From a financial viewpoint, how does the standard of living that you have now compare to the standard of living that you had in the three years just before you retired? Do you consider your standard of living to be [READ 3-1]

	(n=282)
Better than it was before you retired	27%
About the same	57
Worse than it was before you retired	15
[VOL] Don't know	1
[VOL] Refused	

R12. There are different types of planning that people can do to help manage their money and finances in retirement. I will read you a list of things that some people might consider in their planning, and I would like to know how much thought you have given each area. First [READ AND ROTATE A-F]. Have you given that a great deal of thought, some thought, only a little thought, or no thought at all?

(n=282)	Great Deal	Some	Only a Little	None	[VOL] DK	[VOL] REF
a) how your investments and savings should be allocated among different types of investments	47%	25	11	16	1	*
b) how to prepare financially for the possibility of needing long-term assistance at home due to poor health or frailty	33%	34	16	17	1	-
c) how to prepare financially for the possibility of needing an extended stay in a nursing home	28%	33	17	20	*	*
d) [IF MARRIED: (n=167)] the financial impact on your spouse if you should die first, and the financial impact on you if your spouse should die first	52%	32	10	6	-	-
e) how to manage your money and how much to spend every year so you (and your spouse) do not outlive your financial resources	48%	28	12	11	1	*
f) the possible financial impact of large medical expenses that are not covered by Medicare	45%	29	12	13	1	*

R13. I am going to read you a number of statements about managing money in retirement. For each one I read, please tell me if the statement describes you very well, somewhat well, not too well or not at all. First [READ AND ROTATE A-D]:

(n=282)	Very Well	Somewhat Well	Not too Well	Not at all Well	[VOL] DK	[VOL] REF
a) I/we try to reduce unnecessary spending so that I/we can set aside as much money as possible to keep the value of my/our savings growing.	30%	39	12	16	2	-
b) I/we try to invest a considerable portion of money in stocks and stock mutual funds, hoping that in the long run their value will rise enough to provide me/us with a comfortable lifestyle.	24%	31	15	29	1	*
c) I/we think it is a good idea to buy annuities, because they protect people who live longer than average by paying a guaranteed income for life, no matter how long you live.	20%	26	16	33	4	1
d) I/we think it is a good idea to buy insurance to protect financially against things like the possibility of needing extended nursing care.	26%	21	16	35	2	-

R14. I will read you three statements. Please tell me which one best describes you over the past three years of your retirement, or since you retired if you have been retired for less than three years. [READ 1-3]

	(n=282)
Statement One: 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.	26%
Statement Two: 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.	35
Statement Three: 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.	28
[VOL] Don't know	9
[VOL] Refused	2

R15. How concerned are you [READ AND ROTATE A-G]? Are you very concerned, somewhat concerned, not too concerned, or not at all concerned?

(n=282)	Very Concerned	Somewhat Concerned	Not too Concerned	Not Concerned	[VOL] DK	[VOL] REF
a) that you might not be able to maintain a reasonable standard of living for the rest of your (and your spouse's) life	17%	29	27	26	*	-
b) that you might not have enough money to pay for good health care	22%	21	24	32	*	-
c) that you might not have enough money to pay for an extended stay in a nursing home	20%	28	24	28	*	-
d) that you might not have enough money to pay for extended nursing care at home due to poor health or frailty	18%	30	23	29	1	-
e) that you might not be able to keep the value of your savings and investments growing faster than inflation	21%	34	22	23	1	-
f) about having risky investments	22%	21	16	36	4	1
g) [IF MARRIED: (n=167)] that your spouse may not be able to maintain the same standard of living after your death, if you should die first	16%	27	22	35	1	-

R16. Have you gotten advice from any professional financial advisors on how to manage your money in retirement?

	(n=282)
Yes	45%
No	55
[VOL] Don't know	-
[VOL] Refused	-

[IF DID NOT GIVE AGE AT RETIREMENT, SKIP TO R18.]

R17. How important were the following factors in your decision to retire at age [ANSWER FROM QUESTION R6]? First, [READ AND ROTATE A-J]. Was it very important, somewhat important, not too important or not important at all?

(n=258)		Very Impt.	Some- what Impt.	Not too Impt.	Not at all Impt.	[VOL] DK	[VOL] REF
a)	the age at which you became eligible for your company's pension or retirement plan	38%	18	6	33	3	2
b)	the length of time you expected to live	26%	21	17	29	7	*
c)	the amount of money you had at that time	45%	27	12	15	2	*
d)	[IF MARRIED: (n=154)] the age you expected your spouse to retire	23%	14	15	45	3	1
e)	your health at the time you retired	42%	17	6	32	3	-
f)	keeping the health insurance available through your employer	50%	9	7	29	3	2
g)	the age at which you became eligible for Social Security benefits	36%	33	12	18	1	1
h)	the age people in your company at your type of job were expected to retire	17%	15	19	46	3	1
i)	the time you thought you needed to pursue your retirement dreams and interests	27%	32	14	24	3	*
j)	because you had worked long enough	40%	22	12	23	3	*

[IF MARRIED, ASK:]

R18. If you were to die before your spouse, do you think your spouse's financial standard of living would be . . . [READ 3-1]?

	(n=167)
Unaffected	54%
Reduced to a small degree	35
Or reduced to a considerable degree	8
[VOL] Don't know	4
[VOL] Refused	-

R19. Until what age do you think the average 65 year old ["MALE" IF MALE; "FEMALE" IF FEMALE] can expect to live?

	Male (n=122)	Female (n=160)
65 to 70	3%	2%
71 to 75	24	13
76 to 80	28	27
81 to 85	25	30
86 and older	9	9
Don't know	11	19
Refused	-	-

R20. Now I will ask you some questions about some events or occurrences that might happen in the future. For each one, please tell me whether you think it is very likely that it will happen, somewhat likely, not too likely, or not at all likely that it will happen. First, [READ AND ROTATE A-H]. Is that very likely, somewhat likely, not too likely, or not at all likely to happen?

(n=282)		Very Likely	Some- what Likely	Not too Likely	Not at all Likely	[VOL] DK	[VOL] REF
a)	Inflation will average over 5% a year for the next 10 years.	33%	30	21	7	9	-
b)	The Dow Jones Industrial Average will go up an average of less than 7% a year over the next 10 years.	18%	36	19	7	19	1
c)	The average ["MALE" IF MALE, "FEMALE" IF FEMALE] now age 65 will have to spend at least some time in a nursing home before he/she dies.	23%	46	16	9	5	-
d)	You will have to spend at least some time in a nursing home before you die.	13%	30	28	23	5	-
e)	You will outlive the average life expectancy by more than 3 years.	50%	28	10	6	6	-
f)	You will outlive the average life expectancy by 10 years.	28%	33	18	13	8	-
g)	[IF MARRIED: (n=167)] Your spouse will outlive the average life expectancy by more than 3 years.	56%	29	10	2	3	-
h)	[IF MARRIED: (n=167)] Your spouse will outlive the average life expectancy by 10 years.	34%	34	16	11	6	-

[IF RETIREE AND PREVIOUSLY EMPLOYED, CONTINUE. ELSE SKIP TO D1.]

Now I would like to ask you about a different subject, something called phased retirement. In a phased retirement, someone who is retiring gradually cuts back from full-time employment to full-time retirement over the period of a year or two, with salary going down accordingly, rather than stopping work all at once.

R21. How interested do you think you would have been in being able to gradually cut back on the hours you worked as you approached retirement age, rather than stopping work all at once? Would you have been [READ 4-1]

	(n=267)
Very interested	25%
Somewhat interested	22
Not too interested	13
Not at all interested	39
[VOL] Don't know	1
[VOL] Refused	*

R22. Under current law, you generally can't begin receiving your pension until you are fully retired. If this law were changed so that you could collect a part of your pension to supplement your reduced employment income during a phased retirement, how interested would you have been in being able to gradually cut back on the hours you worked as you got closer to retirement? Would you have been [READ 4-1]

	(n=267)
Very interested	20%
Somewhat interested	22
Not too interested	17
Not at all interested [SKIP TO D1]	35
[VOL] Didn't have pension [SKIP TO D1]	3
[VOL] Don't know [SKIP TO D1]	3
[VOL] Refused [SKIP TO D1]	*

R23. If this option had been available to you as you got closer to retirement, and you knew that collecting part of your pension early would mean reducing the size of your future pension, how concerned would you have been about the impact of phased retirement on the size of your future pension payments?
Would you have been [READ 4-1]

	(n=158)
Very concerned	49%
Somewhat concerned	31
Not too concerned	11
Not at all concerned	6
[VOL] Don't know	3
[VOL] Refused	1

D1. Now, I have just a few questions for statistical purposes. First, what was the highest grade of school or year of college that you completed? [DO NOT READ LIST.]

	(n=282)
Some high school or less	12%
High school graduate	27
Some college/trade or business school	27
College graduate	17
Post graduate work	6
Graduate degree	10
[VOL] Don't know	-
[VOL] Refused	1

D2. Do you provide significant financial support for anyone other than (yourself/your spouse)?

	(n=282)
Yes	12%
No [SKIP TO D3]	87
[VOL] Don't know [SKIP TO D3]	1
[VOL] Refused [SKIP TO D3]	1

D2a. Is this for . . . [READ 1-5]? [ACCEPT MULTIPLE RESPONSE.]

	(n=34)
Parents	6%
Children	79
Grandchildren	18
Other relatives	6
Or someone else	3
[VOL] Don't know	-
[VOL] Refused	-

D3. Do you own or rent your primary home?

	(n=282)
Own	88%
Rent [SKIP TO D4]	10
[VOL] Don't know [SKIP TO D4]	1
[VOL] Refused [SKIP TO D4]	1

D3a. Do you own this home free and clear or do you owe money on a mortgage on this home?

	(n=249)
Own free and clear	74%
Owe mortgage	24
[VOL] Don't know	-
[VOL] Refused	2

D4. In general, would you say your health is . . . [READ 5-1]?

	(n=282)
Excellent	25%
Very good	33
Good	21
Fair	14
Poor	5
[VOL] Don't know	-
[VOL] Refused	1

D5. In 2000, was your total household income, before taxes, over or under \$50,000?

[IF UNDER \$50K:] Was it over or under \$35,000?

[IF UNDER \$35K:] Was it over or under \$25,000?

[IF OVER \$50K:] Was it over or under \$75,000?

[IF OVER \$75K:] Was it over or under \$100,000?

	(n=282)
Less than \$25,000	14%
\$25,000 to \$34,999	20
\$35,000 to \$49,999	16
\$50,000 to \$74,999	13
\$75,000 to \$99,999	8
\$100,000 or more	7
Did not complete series:	
Less than \$50,000	5
\$50,000 or more	3
[VOL] Don't know	3
[VOL] Refused	11

D6. In total, about how much money would you say you currently have in savings and investments, including any money you have in retirement plans from work, in which you can decide how the money is invested? Would you say you have [READ 1-6]

	(n=282)
Less than \$50,000	28%
\$50,000 to \$99,000	12
\$100,000 to \$249,999	11
\$250,000 to \$499,999	9
\$500,000 but less than \$1 million, or	4
\$1 million or more	4
[VOL] Don't know	6
[VOL] Refused	26

**RETIREMENT RISK SURVEY
WORKER VERSION**

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

S1. [RECORD GENDER. DON'T ASK – JUST RECORD]

	(n=318)
Male	46%
Female	54

S2. In general, do you think that people in the United States save enough money to live comfortably throughout their retirement years? [DO NOT READ LIST]

	(n=318)
Yes/ most do	6%
Mixed/ yes and no/ some do, some do not	4
No/ most people do not	87
Don't know	3
Refused	-

S3. I need to ask a few questions about you and your household so that I can ask you the set of questions on the survey that best applies to you. First, in what year were you born?

Age	(n=318)
45 to 49	28%
50 to 54	31
55 to 59	21
60 to 64	13
65 to 69	5
70 to 74	1
75 to 79	1
80 or older	1
Don't know	-
Refused	-

[IF 1955 OR LATER OR DON'T KNOW/REFUSED, THANK AND TERMINATE]

1. Are you . . . [READ 1-6]?

	(n=318)
Married	66%
Single	7
Divorced	18
Separated	2
Widowed	6
Cohabiting	2
[VOL] Don't know	-
[VOL] Refused	-

1b. [IF MARRIED] How old is your spouse?

	(n=211)
44 or younger	9%
45 to 49	27
50 to 54	24
55 to 59	22
60 to 64	10
65 to 69	4
70 to 74	2
75 to 79	-
80 or older	-
[VOL] Don't know	1
[VOL] Refused	1

2. Are you now . . . [READ 1-6]?

	(n=318)
Working full time	78%
Working part-time	8
Retired	-
A homemaker	5
Laid off or unemployed and seeking work	3
Or something else	6
[VOL] Don't know	-
[VOL] Refused	*

[IF MARRIED, ASK:]

3. Is your spouse . . . [READ 1-6]?

	(n=211)
Working full time	65%
Working part-time	11
Retired	8
A homemaker	11
Laid off or unemployed and seeking work	1
Or something else	4
[VOL] Don't know	-
[VOL] Refused	-

[IF R WORKING FULL OR PART TIME, LAID OFF OR UNEMPLOYED, ASK:]

4. Have you retired from a previous career?

	(n=283)
Yes	-
No	100%
[VOL] Don't know	*
[VOL] Refused	-

[IF MARRIED AND SPOUSE WORKING FULL- OR PART-TIME, LAID OFF OR UNEMPLOYED, ASK:]

5. Has your spouse retired from a previous career?

	(n=163)
Yes	9%
No	91
[VOL] Don't know	1
[VOL] Refused	-

[CHECKPOINT]

[USE RETIREE QUESTIONNAIRE FOR THE FOLLOWING PEOPLE:

IF RETIRED

IF EMPLOYED FULL-TIME, PART-TIME, OR LAID-OFF AND RETIRED FROM PRIMARY OCCUPATION

IF HOMEMAKER, SOMETHING ELSE OR DK/REF AND AGE 65+

IF HOMEMAKER, SOMETHING ELSE OR DK/REF AND SPOUSE RETIRED

ALL OTHERS USE THE WORKERS QUESTIONNAIRE.]

[IF R WORKING, LAID OFF OR LOOKING FOR WORK, ASK:]

W6. At what age do you expect to retire from your primary occupation? [DO NOT ACCEPT A RANGE. PROBE FOR SPECIFIC AGE. IF ASKED, SPECIFY: “At what age will you begin to retire?”]

	(n=283)
Under 55	-
55 to 59	15%
60 to 62	25
63 to 65	29
66 to 69	5
70 or older	8
[VOL] Do not expect to retire	4
[VOL] Don't know	13
[VOL] Refused	1

[IF SPOUSE WORKING, LAID OFF OR LOOKING FOR WORK AND NOT RETIRED FROM PRIMARY OCCUPATION, ASK:]

W6a. At what age to you expect your spouse to retire from his or her primary occupation? [DO NOT ACCEPT A RANGE. PROBE FOR SPECIFIC AGE.]

	(n=149)
Under 55	3%
55 to 59	19
60 to 62	25
63 to 65	26
66 to 69	4
70 or older	3
[VOL] Do not expect to retire	7
[VOL] Don't know	14
[VOL] Refused	-

W7. Up to this point, how much thought have you (and your spouse) put into preparing financially for retirement? Have you given it [READ 4-1]

	(n=318)
A great deal of thought	59%
Some thought	30
Only a little thought	6
No thought at all	4
[VOL] Don't know	*
[VOL] Refused	-

W8. Have you or your spouse tried to figure out how much money you will need to have saved by the time you retire so that you can live comfortably in retirement?

	(n=318)
Yes	64%
No	35
[VOL] Don't know	1
[VOL] Refused	*

[IF TRIED TO FIGURE OUT HOW MUCH NEEDED FOR RETIREMENT, ASK:]

W9. How confident are you that you will be able to accumulate that amount of money by the time you (and your spouse) wish to retire? Are you [READ 4-1]

	(n=204)
Very confident	35%
Somewhat confident	46
Not too confident, or	10
Not at all confident	9
[VOL] Don't know	-
[VOL] Refused	-

W10. Have you gotten advice from any professional financial advisors on how to prepare for retirement?

	(n=318)
Yes	51%
No	49
[VOL] Don't know	*
[VOL] Refused	-

W11. How concerned are you [READ AND ROTATE A-G]? Are you very concerned, somewhat concerned, not too concerned or not at all concerned?

(n=318)	Very Concerned	Somewhat Concerned	Not too Concerned	Not Concerned	[VOL] DK	[VOL] REF
a) that you might not be able to maintain a reasonable standard of living for the rest of your (and your spouse's) life	20%	35	28	17	*	-
b) that you might not have enough money to pay for good health care	30%	28	19	23	*	-
c) that you might not have enough money to pay for an extended stay in a nursing home	24%	28	24	24	-	-
d) that you might not have enough money to pay for extended nursing care at home due to poor health or frailty	24%	33	23	21	*	-
e) that you might not be able to keep the value of your savings and investments growing faster than inflation	24%	39	19	17	1	*
f) About having risky investments	21%	26	19	31	3	*
g) [IF MARRIED: (n=211)] that your spouse may not be able to maintain the same standard of living after your death, if you should die first	17%	23	29	31	*	-

W12a. Are you (or your spouse) currently participating in a pension or retirement plan where the employer contributes to the plan?

	(n=318)
Yes	73%
No	26
[VOL] Don't know	1
[VOL] Refused	*

W12b. Are you (or your spouse) currently contributing money deducted from your paycheck into a pension or retirement plan, such as a 401(k) plan?

	(n=318)
Yes	69%
No	30
[VOL] Don't know	1
[VOL] Refused	-

W12c. Not including contributions to a pension or retirement plan at work, have you (or your spouse) put aside any other money for retirement in the past year?

	(n=318)
Yes	61%
No	38
[VOL] Don't know	*
[VOL] Refused	*

[IF YES TO ANY W12a-c, ASK W12d. IF NO/DK/REF TO ALL, SKIP TO W13]

W12d. When you retire and begin withdrawing money from your retirement accounts, which one of the following types of withdrawal do you think you would most prefer for the majority of your money? [READ LIST. ACCEPT ONE RESPONSE ONLY]

	(n=274)
A lump sum withdrawal	8%
A series of regular payments for a specified period of time	14
A series of regular payments for the rest of your life, regardless of how long you live, with no further payments after your death	18
A series of regular payments for the rest of your life, and continued payments to your spouse for the rest of (his/her) life if (he/she) outlives you	49
[VOL] Don't know	10
[VOL] Refused	1

W13. I will read you four strategies for saving for retirement. For each, please tell me whether it describes you (and your spouse) very well, somewhat well, not too well or not at all. First, [READ AND ROTATE A-D.]

(n=318)	Very Well	Somewhat Well	Not too Well	Not at all Well	[VOL] DK	[VOL] REF
a) I/we try to reduce unnecessary spending so that I/we can set aside as much money as possible for retirement.	26%	41	19	14	1	-
b) I/we try to invest a considerable portion of money in stocks and stock mutual funds, hoping that in the long run their value will rise enough to provide me/us with a comfortable lifestyle.	19%	37	16	26	1	-
c) I/we think it is a good idea to buy annuities, because they protect people who live longer than average by paying a guaranteed income for life, no matter how long you live.	11%	32	20	35	2	-
d) I/we think it is a good idea to buy insurance to protect financially against things like the possibility of needing extended nursing care.	16%	33	25	26	1	-

[IF DID NOT PROVIDE AGE AT RETIREMENT OR NOT WORKING OR LAID OFF, SKIP TO Q16.]

W14. You said that you expect to retire at age [ANSWER FROM QUESTION 6]. What led you to pick that age? [ACCEPT MULTIPLE RESPONSES.]

	(n=232)
Age eligible for company's pension/retirement plan, full benefits	18%
Can afford to retire/to keep my standard of living	16%
When I want to/my goal	15%
Standard/common age at which people retire	12%
Age at which I become eligible for social security	9%
My expected health at the time I retire	9%
Years of service with the company: 30, 35, 40	6%
People live longer/work longer/contribute longer	6%
Will have worked long enough/I am tired	5%
Earliest I can retire	4%
Children will be grown/out of college	4%
Time I need to pursue my retirement dreams and interests	3%
Keeping health insurance through employer until starting Medicare	3%
Age people in my company/industry at my type of job retire	2%
Other	4%
Don't know/refused	5%

W15. How important are the following factors in your plan to retire at age [ANSWER FROM QUESTION W6]? First, [READ AND ROTATE A-J]. Is it very important, somewhat important, not too important or not important at all?

(n=232)		Very Impt.	Some- what Impt.	Not too Impt.	Not at all Impt.	[VOL] DK	[VOL] REF
a)	the age at which you become eligible for your company's pension or retirement plan	40%	22	10	24	3	*
b)	the length of time you expect to live	45%	26	15	12	3	-
c)	the amount of money you expect have at that time	59%	29	6	4	1	1
d)	[IF MARRIED: (n=159)] the age you expect your spouse to retire	35%	28	16	19	1	1
e)	your expected health at that time	70%	20	3	6	1	-
f)	keeping the health insurance available through your employer	63%	16	7	12	2	-
g)	the age at which you become eligible for Social Security benefits	38%	38	12	12	*	-
h)	the age people in your company at your type of job are expected to retire	19%	22	20	36	3	*
i)	the time you need to pursue your retirement dreams and interests	41%	38	13	8	*	-
j)	because you will have worked long enough	43%	29	14	12	1	-

W16. Until what age do you think the average 65 year old ["MALE" IF MALE; "FEMALE" IF FEMALE] can expect to live?

	Male (n=122)	Female (n=160)
65 to 70	6%	2%
71 to 75	24	16
76 to 80	37	32
81 to 85	18	32
86 and older	7	8

Don't know
Refused

8
-

10
-

W17. Now I will ask you some questions about some events or occurrences that might happen in the future. For each one, please tell me whether you think it is very likely that it will happen, somewhat likely, not too likely, or not at all likely that it will happen. First, [READ AND ROTATE A-H]. Is that very likely, somewhat likely, not too likely, or not at all likely to happen?

(n=318)		Very Likely	Some- what Likely	Not too Likely	Not at all Likely	[VOL] DK	[VOL] REF
a)	Inflation will average over 5% a year for the next 10 years.	27%	33	26	8	5	-
b)	The Dow Jones Industrial Average will go up an average of less than 7% a year over the next 10 years.	18%	42	17	7	16	*
c)	The average ["MALE" IF MALE, "FEMALE" IF FEMALE] now age 65 will have to spend at least some time in a nursing home before he/she dies.	23%	51	18	4	3	-
d)	You will have to spend at least some time in a nursing home before you die.	12%	32	31	20	5	*
e)	You will outlive the average life expectancy by more than 3 years.	38%	37	12	7	5	*
f)	You will outlive the average life expectancy by 10 years.	17%	37	26	13	8	*
g)	[IF MARRIED: (n=211)] Your spouse will outlive the average life expectancy by more than 3 years.	47%	34	8	6	5	*
h)	[IF MARRIED: (n=211)] Your spouse will outlive the average life expectancy by 10 years.	25%	41	20	7	6	*

[IF WORKER AND IN WORKFORCE, CONTINUE. ELSE SKIP TO D1.]

Now I would like to ask you about a different subject, something called phased retirement. In a phased retirement, someone who is retiring gradually cuts back from full-time employment to full-time retirement over the period of a year or two, with salary going down accordingly, rather than stopping work all at once.

W18. As you get closer to retirement, how interested would you be in being able to gradually cut back on the hours you work at your current job, rather than stopping work all at once? Would you be [READ 4-1]

	(n=283)
Very interested	40%
Somewhat interested	26
Not too interested	10
Not at all interested	21
[VOL] Don't know	2
[VOL] Refused	1

W19. Under current law, you generally can't begin receiving your pension until you are fully retired. If this law were changed so that you could collect a part of your pension to supplement your reduced employment income during a phased retirement, how interested would you be in being able to gradually cut back on the hours you work at your current job as you get closer to retirement? Would you be [READ 4-1]

	(n=283)
Very interested	37%
Somewhat interested	30
Not too interested	12
Not at all interested [SKIP TO D1]	18
[VOL] Didn't/Won't have pension [SKIP TO D1]	2
[VOL] Don't know [SKIP TO D1]	1
[VOL] Refused [SKIP TO D1]	1

W20. If this option became available to you as you get closer to retirement, and you knew that collecting part of your pension early would mean reducing the size of your future pension, how concerned would you be about the impact of phased retirement on the size of your future pension payments? Would you be [READ 4-1]

	(n=222)
Very concerned	36%
Somewhat concerned	46
Not too concerned	13
Not at all concerned	3
[VOL] Don't know	2
[VOL] Refused	*

D1. Now, I have just a few questions for statistical purposes. First, what was the highest grade of school or year of college that you completed? [DO NOT READ LIST.]

	(n=318)
Some high school or less	7%
High school graduate	23
Some college/trade or business school	33
College graduate	17
Post graduate work	7
Graduate degree	12
[VOL] Don't know	*
[VOL] Refused	1

D2. Do you provide significant financial support for anyone other than (yourself/your spouse)?

	(n=318)
Yes	32%
No [SKIP TO D3]	67
[VOL] Don't know [SKIP TO D3]	-
[VOL] Refused [SKIP TO D3]	2

D2a. Is this for . . . [READ 1-5]? [ACCEPT MULTIPLE RESPONSE.]

	(n=101)
Parents	4%
Children	92%
Grandchildren	7%
Other relatives	-
Or someone else	1%
[VOL] Don't know	-
[VOL] Refused	1%

D3. Do you own or rent your primary home?

	(n=318)
Own	85%
Rent [SKIP TO D4]	13
[VOL] Don't know [SKIP TO D4]	*
[VOL] Refused [SKIP TO D4]	2

D3a. Do you own this home free and clear or do you owe money on a mortgage on this home?

	(n=270)
Own free and clear	33%
Owe mortgage	67
[VOL] Don't know	-
[VOL] Refused	*

D4. In general, would you say your health is . . . [READ 5-1]?

	(n=318)
Excellent	28%
Very good	42
Good	18
Fair	9
Poor	2
[VOL] Don't know	*
[VOL] Refused	2

D5. In 2000, was your total household income, before taxes, over or under \$50,000?

[IF UNDER \$50K:] Was it over or under \$35,000?

[IF UNDER \$35K:] Was it over or under \$25,000?

[IF OVER \$50K:] Was it over or under \$75,000?

[IF OVER \$75K:] Was it over or under \$100,000?

	(n=318)
Less than \$25,000	12%
\$25,000 to \$34,999	7
\$35,000 to \$49,999	18
\$50,000 to \$74,999	19
\$75,000 to \$99,999	14
\$100,000 or more	15
Did not complete series:	
Less than \$50,000	1
\$50,000 or more	4
[VOL] Don't know	1
[VOL] Refused	8

D6. About how much money would you say you have in savings and investments, including money that you have in retirement plans at work in which you can decide how the money is invested? Would you say you have [READ 1-6]

	(n=318)
Less than \$50,000	28%
\$50,000 to \$99,000	17
\$100,000 to \$249,999	15
\$250,000 to \$499,999	9
\$500,000 but less than \$1 million, or	3
\$1 million or more	2
[VOL] Don't know	8
[VOL] Refused	18