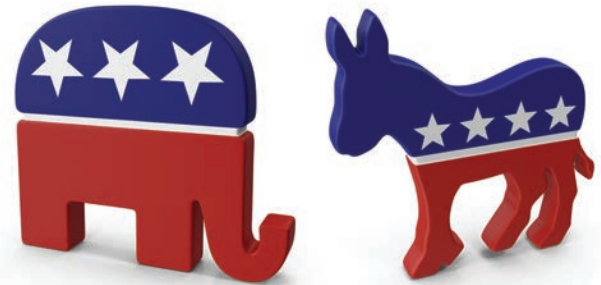




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Retirement Security 2017: A Roadmap for Policy Makers
Americans' Views of the Retirement Crisis and Solutions

By Diane Oakley and Kelly Kenneally

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ABOUT THE AUTHORS

Diane Oakley is executive director of the National Institute on Retirement Security and leads the organization's research, education and strategic planning initiatives. Before joining NIRS in 2011, Ms. Oakley worked on Capitol Hill where she played a key staff role in formulating legislative strategy on pension, tax, Social Security, financial services and workforce issues. Ms. Oakley held leadership positions with TIAA, a leading financial services provider. During her 28-year tenure with the organization, she held several management, public policy and technical positions. She holds a B.S. in Mathematics from Fairfield University and an M.B.A. in Finance from Fordham University. She is a member of the National Academy of Social Insurance.

Kelly Kenneally has provided communications counsel to NIRS since its founding in February 2007. On behalf of NIRS, she implements communications programs that provide accurate data and information on retirement policy issues. This includes NIRS reports she co-authored including the 2009, 2011, 2013 and 2015 opinion research studies. She has more than 20 years of public affairs experience with corporations, government and non-profit organizations. Previously, Ms. Kenneally served in the White House as associate director of the President's Commission on White House Fellowships. She has held communications positions at Micron Electronics and MCI WorldCom, and she began her career at the Maryland General Assembly. She holds a B.A. in Government and Politics from the University of Maryland and is a member of the National Press Club.

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EXECUTIVE SUMMARY

The 2016 U.S. elections made two issues abundantly clear: the nation remains deeply divided from a political standpoint and many Americans are angry about their economic prospects. This report finds that despite deep political polarization, Americans are united in their anxiety about their economic security in retirement and in their dissatisfaction with national policy makers' inaction to address the nation's retirement crisis.

This anxiety comes at a time when the once stable retirement infrastructure has degraded dramatically, resulting in a national retirement crisis for middle-class Americans. Pensions for private sector workers continue to disappear under a complex regulatory environment. Social Security benefits have been cut, and Congress is said to be eyeing additional benefit reductions. A large portion of Americans lack access to, or do not participate in, workplace retirement plans. Additionally, Americans are not saving enough in their individual retirement accounts at a time when retirement income needs are increasing thanks to rising longevity and costs.

Against this backdrop, the National Institute on Retirement Security (NIRS) commissioned its fifth nationwide public opinion research project. The survey is conducted on a biennial basis to monitor over time how Americans feel about their economic security in retirement and to assess their views on policies that could improve their retirement outlook.

The key research findings are as follows:

1. Across party lines, Americans are worried about economic insecurity in retirement.

Three-fourths (76 percent) of Americans are concerned about economic conditions affecting their ability to achieve a secure retirement. For respondents that identified themselves as Democrats, the level of concern was at 78 percent compared to 76 percent for Republicans.

2. Americans in overwhelming numbers continue to believe the nation faces a retirement crisis.

Some 88 percent of Americans agree that the nation faces a retirement crisis, holding steady from 2015 (86 percent). The level of concern is high across gender, income, age and party affiliation. Importantly, more than half (55 percent) strongly agree that there is a crisis.

3. Americans regard pensions as a route to economic security in retirement, and see these retirement plans as better than 401(k) accounts.

We find that some 82 percent of Americans have a favorable view of pensions. A full 85 percent say all workers should have access to a pension plan so they can be independent and self-reliant in retirement. More than three-fourths of Americans (77 percent) say the disappearance of pensions has made it harder to achieve the American Dream. Some 71 percent of Americans say that pensions do more to help workers achieve a secure retirement as compared to 401(k) plans, and 65 percent say pensions are safer than 401(k) plans.

4. Americans say national leaders still don't understand their retirement struggle, and they remain highly supportive of state efforts to address the retirement crisis.

An overwhelming majority of Americans (85 percent) say leaders in Washington do not understand how hard it is to prepare for retirement, which held steady from 87 percent in 2015. Similarly, 86 percent say leaders in Washington need to give a higher priority to ensuring that Americans have a secure retirement. In terms of solutions, 82 percent of Americans say government should make it easier for employers to offer pensions. Americans also believe that state-sponsored retirement savings plans for workers not covered by an employer's plan are a good idea (75 percent), and 81 percent say they would consider participating in a state plan.

5. Protecting Social Security remains important to Americans.

Some 76 percent of Americans say it is a mistake to cut government spending in such a way as to reduce Social Security benefits for *current* retirees, up from 73 percent in 2015 and 67 percent in 2013. When it comes to benefits for *future* generations, 73 percent oppose cutting government spending that reduces Social Security benefits.

6. Americans strongly support pensions for public sector workers and see them as a strong recruitment and retention tool.

Americans strongly support pensions for police officers and firefighters (90 percent) and for teachers (81 percent). The research also finds that Americans overwhelmingly support retirement security for workers who face job risks, such as corrections officers (90 percent). More than half of Americans (52 percent) believe that public pension benefits levels are about right at \$2,205 per month, while 37 percent say the benefits are too low. Americans overwhelmingly agree (92 percent) that pensions are a good way to recruit and retain public sector workers like teachers, police officers and firefighters.

INTRODUCTION

The 2016 U.S. elections made two issues abundantly clear: the nation remains deeply divided from a political standpoint and many Americans are angry about their economic prospects. This report finds that despite deep political polarization, Americans are united in their anxiety about their economic security in retirement and in their dissatisfaction with national policy makers' inaction to address the nation's retirement crisis.

On the issue of the political divide, the Republican Presidential candidate, Donald Trump, won the Electoral College by a wide margin (306 to 232), while the Democratic candidate, Hillary Clinton, won the popular vote by nearly three million votes. In the U.S. Congress, the political division is similar. Republicans held control of both chambers with a slim margin of 52 seats in the U.S. Senate and held a wider margin in the U.S. House of Representatives with 241 seats.¹

When it comes to Americans' economic concerns, the 2016 *Economic Anxiety Index* finds that Americans' economic anxiety has reached a new high. Americans are increasingly worried about losing their jobs and their ability to pay their mortgage or rent, with a full 30 percent of respondents fearful that they will lose their jobs, up from 10 percent.²

Economic and income inequality data seem to explain Americans' financial worries. For the past 30 years, economic risks for households have risen. Wages and salaries have become more volatile, unemployment cycles have increased, stock prices have experienced wider boom and bust cycles, housing costs have seen swings, and household debt has increased.³ Research from the National Bureau of Economic Research published in 2016 finds that since 1980, the income of the top one percent of Americans has doubled, while the bottom half's share has shrunk. Stagnant wages also are part of the problem, given that incomes have barely changed for many Americans, while wages have tripled for the top one percent. Also, the source of the income gain has shifted, with those in the top one percent of income earning more from investment returns rather than wages, making it even harder for those in the bottom half with less capital to catch up.⁴ The Center on Budget and Policy Priorities reports that the top three percent of U.S. households own more than half of all wealth, and their

share has been rising since 1989. Meanwhile, the share of U.S. wealth that the bottom 90 percent of households holds has fallen to 25 percent while declining over the period.⁵ And Oxfam finds that the gap between rich and poor is far greater than previously estimated.⁶

Interestingly, there is political divide when it comes to economic concerns. The Pew Research Center found that while 43 percent of voters say the economy has worsened since 2008, Trump backers were far more pessimistic than Clinton supporters on the economy. A full 71 percent of supporters of the Republican candidate, Donald Trump, said the economy has worsened since 2008, while in contrast 67 percent of supporters of the Democratic candidate, Hillary Clinton, said economic conditions have improved.⁷ Gallup research concurs, finding that political supporters hold opposite views about the economy, which could be “a consequence of the strong political polarization that has influenced how individuals view a host of issues.”⁸ And, many analysts have said the Democrats' failure to deliver a strong economic message to voters was a significant factor in losing the White House.⁹ Gallup reported post-election that the “increase in economic confidence mostly stems from Republicans' more positive views after Donald Trump won the election.” Earlier, Gallup had noted that Americans “view the economy through a political lens. Republicans have had a dismal view of the economy—especially of its future direction—during Democratic President Barack Obama's two terms.”¹⁰

Despite this political and economic polarization, our research finds that Americans are united in their anxiety about the economic conditions putting retirement at risk and concern regarding national policymakers' lack of action.

For example, we find that:

- Some 76 percent of Americans say that economic conditions are impacting their ability to achieve a secure retirement, and this holds true across party lines. Among Democrats, 78 percent are concerned, as are 76 percent of Republicans, and 73 percent who identify themselves as belonging to an “other” political affiliation.

- In terms of sentiment regarding the nation's retirement crisis, 88 percent of Americans agree there is a problem. For Democrats, 92 percent agree. For Republicans, 88 percent agree. For "other" political affiliations, 80 percent agree.
- When asked if leaders in Washington do not understand how hard it is to prepare for retirement, 85 percent of Americans agree. Once again, the agreement is consistent across party lines—82, 88 and 82 percent agree for Democrats, Republicans and "other" political affiliations, respectively.
- Similarly, 86 percent of Americans agree that leaders in Washington need to give a higher priority to ensuring more Americans can have a secure retirement. Across party lines, 98 percent of Democrats agree, 82 of Republicans agree, and 77 percent of those with another party affiliation agree.

It's important to note that there was a time when the U.S. had a strong retirement infrastructure in place. Middle-class Americans could maintain their standard of living in retirement with three key sources of income: Social Security, defined benefit (DB) pension plans, and defined contribution (DC) individual savings accounts like 401(k) plans. This infrastructure enabled Americans to be self-reliant after a lifetime of work, a critical accomplishment in the U.S. given the impoverished conditions older Americans faced during the Great Depression that led to the creation of Social Security.

In recent years, however, the once stable retirement infrastructure has degraded dramatically. Pension coverage for private sector workers continues to decline as plans "freeze" and close under a complex regulatory environment. Now, most defined benefit plans have been replaced with individual 401(k) plans. Social Security benefits have been cut, and Congress is said to be eyeing additional benefit reductions. A large portion of Americans lack access to or do not participate in workplace retirement plans. Additionally, Americans are not saving enough in their individual accounts at a time when their retirement income needs are increasing thanks to rising longevity and costs.

Perhaps this unanimity of agreement on the issue of retirement insecurity can be explained by this data:

- The Boston College Center for Retirement Research at Boston College finds that 52 percent of households are "at risk" of not having enough to maintain their living standards in retirement.¹¹
- The Government Accountability Office finds that many retirees and workers approaching retirement have limited financial resources. About half of households age 55 and older have no retirement savings.¹²
- The typical working household has virtually no retirement savings. When all households are included—not just households with retirement accounts—the median retirement account balance is \$2,500.¹³
- The number of private sector pension plans continues to decline thanks to a complex regulatory environment. There were some 29,000 private sector pensions in 2006, and that number has fallen to 22,000 by 2014.¹⁴ In 1975, a full 88 percent of private sector workers with a workplace retirement plan had pension coverage.¹⁵
- Social Security is a central component of retirement security for Americans, and for most it is the only source of lifetime income adjusted for inflation. As the normal retirement age rises to 67, its benefits are being reduced. And, there is discussion of further benefit cuts. Almost 22 percent of people age 65 and older live in families that depend on Social Security benefits for 90 percent or more of their income. Another 24 percent receive at least half, but less than 90 percent, of their family income from Social Security. Reliance on Social Security increases with age, with 30% of persons aged 80 and older depending on Social Security for 90% or more of family income. In 2012, Social Security kept almost a third of older Americans out of poverty.¹⁶
- For households nearing retirement with a 401(k) plan, the typical account balance is only \$111,000—including any assets that were rolled over into individual retirement accounts (IRAs). This translates to less than \$400 per month in retirement to supplement Social Security benefits. Moreover, only half of private sector workers have access to an employer sponsored retirement plan.¹⁷

- Women face unique challenges when it comes to preparing for retirement. Overall, women are 80 percent more likely than men to be impoverished at age 65 and older, with the poverty gap increasing with age. Women age 75 to 79 were three times more likely to fall below the poverty level as compared to their male counterparts.¹⁸
- If current trends continue, the U.S. soon will face rates of poverty among senior citizens not seen since the Great Depression. Of the 18 million workers between the ages of 55 and 64 in 2012, more than four million will be poor or near poor at age 65. This includes 2.6 million Americans considered middle-class prior to retirement. And by 2035, it is projected that nearly 20 million retirees will be living in poverty or near-poverty, with that number rising to 25 million by 2050.¹⁹

Against this backdrop, the National Institute on Retirement Security (NIRS) commissioned its fifth nationwide public opinion research project. The survey is conducted on a biennial basis to monitor over time how Americans feel about their financial security in retirement and to assess their views on policies that could improve their retirement outlook. This research is intended to serve as a tool for policymakers, thought leaders and retirement service providers as they work to stem the retirement crisis and re-fortify the U.S. retirement infrastructure.

The key research findings are as follows:

1. Across party lines, Americans are worried about their economic insecurity in retirement.

Three-fourths (76 percent) of Americans are concerned about economic conditions affecting their ability to achieve secure retirement. For respondents that identified themselves as Democrats, the level of concern was at 78 percent, compared to 76 percent for Republicans. The overall level of concern held steady from the 2015 report (74 percent).

Additionally, a full 80 percent of Americans agree that the average worker cannot save enough on their own to guarantee a secure retirement, up from 73 percent from the 2015 report. For respondents that identified themselves as Democrats, 85 percent agreed and 77 percent of Republicans agreed.

Some 88 percent Americans agree that the rising cost of long-term care is a major factor that makes preparing for retirement more difficult, slightly up from 85 percent in 2015. For respondents that identified themselves as Democrats, 91 percent agreed that it is a major factor and 89 percent of Republicans agreed. Americans say other factors that make retirement more difficult are: salaries not keeping up with the cost of living (83 percent), increasing debt from student loans, housing or credit cards (81 percent), fewer pensions (64 percent), living longer (64 percent), funding and managing their retirement savings on their own (52 percent), and stock market volatility (44 percent). Here again, Democrats and Republicans alike consistently agree on the level of importance of these factors in making retirement more difficult.

2. Americans in overwhelming numbers continue to believe the nation faces a retirement crisis.

Some 88 percent agree that the nation faces a retirement crisis, holding steady from 2015 (86 percent). The level of concern is high across gender, income, age and party affiliation. Importantly, more than half (55 percent) strongly agree there is a crisis. Nearly three-fourths of Americans (74 percent) say that part of the problem is that employers do not contribute enough money for workers to be able to achieve a secure retirement. And three-fourths (75 percent) also say that preparing for retirement is only getting harder. In fact, Americans are so worried about economic security in retirement that they are willing to trade pay for retirement benefits. Some 72 percent are willing to take less in pay increases in exchange for guaranteed retirement income in retirement, up from 67 percent in 2015.

3. Americans regard pensions as a route to economic security in retirement, and see them as better than 401(k) plans.

We find that some 82 percent of Americans have a favorable view of pensions. A full 85 percent say all workers should have access to a pension plan so they can be independent and self-reliant in retirement, holding steady from 2015. More than three-fourths of Americans (77 percent) say the disappearance of pensions has made it harder to achieve the American Dream, similar to the 2015 findings.

Also, 71 percent of Americans say that pensions do more to help workers achieve a secure retirement as compared to 401(k) plans, and 65 percent say pensions are safer than 401(k) plans because the risks are managed professionally rather than by individual investors. An overwhelming majority of Americans (88 percent) say Americans with pensions are more likely than those without a pension to have a secure retirement, up from 85 percent in 2015. And, 87 percent say the average retiree does not know enough about managing investments to be able to make their retirement savings last, which is a key financial worry for 401(k) plan participants.

4. Americans say national leaders still don't understand their retirement struggle, and they remain highly supportive of state efforts to address the retirement crisis.

An overwhelming majority of Americans (85 percent) say leaders in Washington do not understand how hard it is to prepare for retirement, which held steady from 87 percent in 2015. Similarly, 86 percent say leaders in Washington need to give a higher priority to ensuring Americans have a secure retirement, up slightly from 84 percent in 2015. In terms of solutions, 82 percent of Americans say the government should make it easier for employers to offer pensions.

In the absence of federal action, more states are taking action to expand the accessibility of retirement savings options for private sector workers. Americans also believe that state-sponsored retirement savings plans for workers not covered by an employer's plan are a good idea (75 percent). Moreover, 81 percent of Americans say they would consider participating in a state plan, were it available. Americans are favorable about features that these plans might include, such as monthly checks (96 percent), portability from job to job (96 percent), higher returns than other safe investments (90 percent), low fees (89 percent), automatic enrollment for employees (83 percent), and requirements that employers without retirement plans must make the plans available to employees (82 percent) (Figure 29).

5. Protecting Social Security remains important to Americans.

Some 76 percent of Americans say it is a mistake to cut government spending to reduce Social Security benefits for current retirees, up from 73 percent in 2015. When it comes to adjusting benefits for future generations, 73 percent oppose cutting government spending that reduces Social Security benefits. The full retirement age for Social Security is due to gradually increase to 67 for those born in 1960 or later.²⁰

It is interesting to note that while Americans of both parties agree that the nation faces a retirement crisis, their views on Social Security are not in lock step. When asked if the government should cut spending in all areas, even if it means reducing Social Security benefits for current retirees, 15 percent of Democrats agree while 29 percent of Republicans agree. When asked about reducing Social Security benefits for future retirees, 13 percent of Democrats agree and 36 percent of Republicans agree.

6. Americans strongly support pensions for public sector workers and see these retirement plans as a strong recruitment and retention tool.

Americans strongly support pensions for police officers and firefighters (90 percent), and teachers (81 percent). The research also finds that Americans overwhelmingly support retirement security for workers like corrections officers who face job risks (90 percent). More than half of Americans (52 percent) believe that public pension benefits levels are about right at \$2,205 per month, while 37 percent say the benefits are too low. Americans overwhelmingly agree (92 percent) that pensions are a good way to recruit and retain public sector workers like teachers, police officers and firefighters.

Americans support these benefits even though there is a misunderstanding about the funding of the benefits. Only 24 percent understand that taxpayers pay 25 percent or less of the cost of public pension benefits. Some 81 percent say these benefits are deserved because public employees help finance the cost from every paycheck, up from 77 percent in 2015.

I. ACROSS PARTY LINES, AMERICANS ARE WORRIED ABOUT ECONOMIC INSECURITY IN RETIREMENT

The 2016 U.S. elections made two issues abundantly clear: the nation remains deeply divided from a political standpoint and many Americans are angry about their economic prospects. This report finds that despite deep political polarization, Americans are united in their anxiety about their economic security in retirement and in their dissatisfaction with national policy makers' inaction to address the nation's retirement crisis.

On the issue of the political divide, the Republican Presidential candidate, Donald Trump, won the Electoral College by a wide margin (306 to 232), while the Democratic candidate, Hillary Clinton, won the popular vote by nearly three million votes. In the U.S. Congress, the political division is similar. Republicans held on to control of both chambers with a slim margin of 52 seats in the U.S. Senate, and held a wider margin in the U.S. House of Representatives with 241 seats.²¹

When it comes to Americans' economic concerns, the 2016 Economic Anxiety Index finds that Americans' economic anxiety has reached a new high. Americans are increasingly worried about losing their jobs and their ability to pay their mortgage or rent, with a full 30 percent fearful that they will lose their jobs, up from 10 percent.²²

Economic and income inequality data seem to explain Americans' financial worries. For the past 30 years, economic risks for households have risen. Wages and salaries have become more volatile, unemployment cycles have increased, stock prices have experienced wider boom and bust cycles, housing costs have seen swings, and household debt has increased.²³ Research from the National Bureau of Economic Research published in 2016 finds that since 1980, the income going to the top one percent of Americans has doubled, while the bottom half's share has shrunk. Stagnant wages also are part of the problem given that incomes have barely changed for many Americans, while wages have tripled for those at the top. Also, sources of income has shifted, with those at the top earning more from investment returns rather than wages, making it even harder for those in the bottom half with less capital to catch up.²⁴ The Center on Budget and Policy Priorities reports that the top three percent of U.S. households

own over half of all wealth, and their share of the wealth has risen since 1989. Meanwhile, the share of U.S. wealth that the bottom 90 percent of households hold has fallen to 25 percent over the period.²⁵ Oxfam finds that the gap between rich and poor is far greater than previously estimated.²⁶

Interestingly, there is a political divide when it comes to economic concerns. The Pew Research Center found that while 43 percent of voters say the economy has worsened since 2008, Trump backers were far more pessimistic than Clinton supporters on the economy. A full 71 percent of Trump supporters said the economy has worsened since 2008, while 67 percent of Clinton supporters say economic conditions have improved.²⁷ Gallup research concurs, finding that political supporters hold opposite views about the economy, which could be “a consequence of the strong political polarization that has influenced how individuals view a host of issues.”²⁸ And, many analysts have said the Democrats failure to deliver a strong economic message to voters was a significant factor in losing the White House.²⁹ Post-election, economic confidence increased according to Gallup, which reported that the “increase in economic confidence mostly stems from Republicans' more positive views after Republican Donald Trump won the election.” Earlier, Gallup found that Americans “view the economy through a political lens. Republicans have had a dismal view of the economy—especially of its future direction—during Democratic President Barack Obama's two terms.”³⁰

Despite this political and economic polarization, our research finds that Americans are united in their concern about the economic conditions putting retirement at risk and national policymakers' lack of action.

For example, we find that more than three-fourths of Americans (76 percent) say that economic conditions are impacting their ability to achieve a secure retirement—and this holds true across party lines. Among Democrats, 78 percent are concerned, as are 76 percent of Republicans and 73 percent who identify themselves as belonging to an “other” political affiliation (**Figure 1**).

Figure 1: Regardless of party, Americans agree that economic conditions are impacting economic security in retirement.

How concerned are you about economic conditions affecting your ability to achieve a secure retirement?

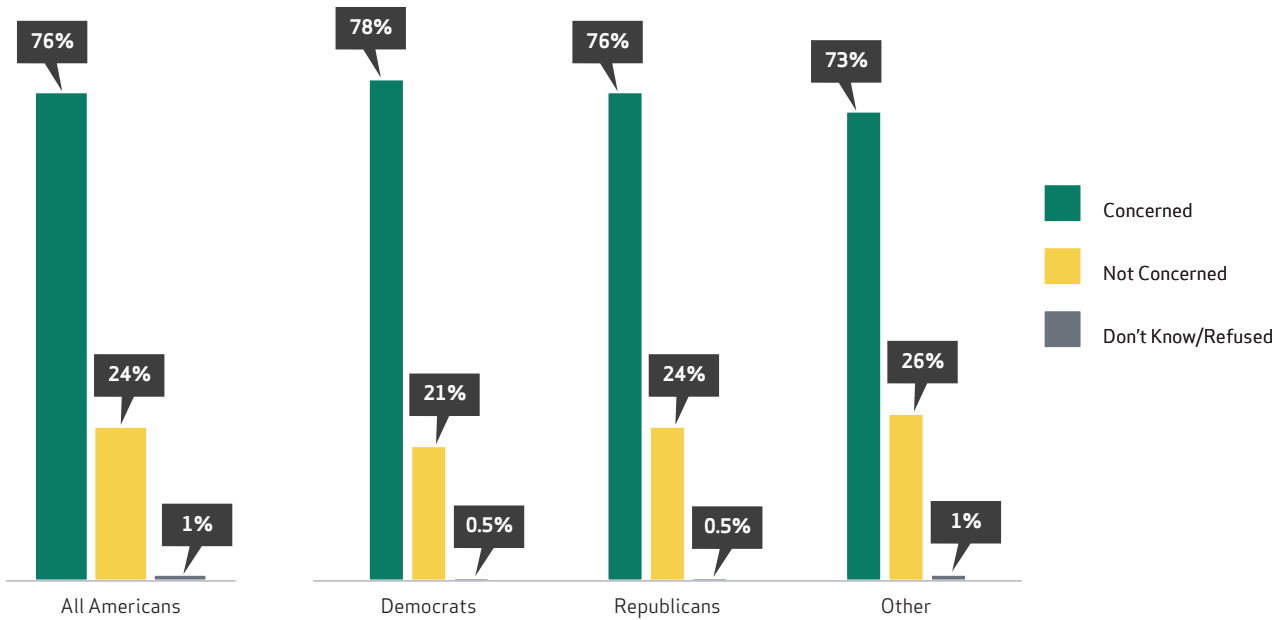
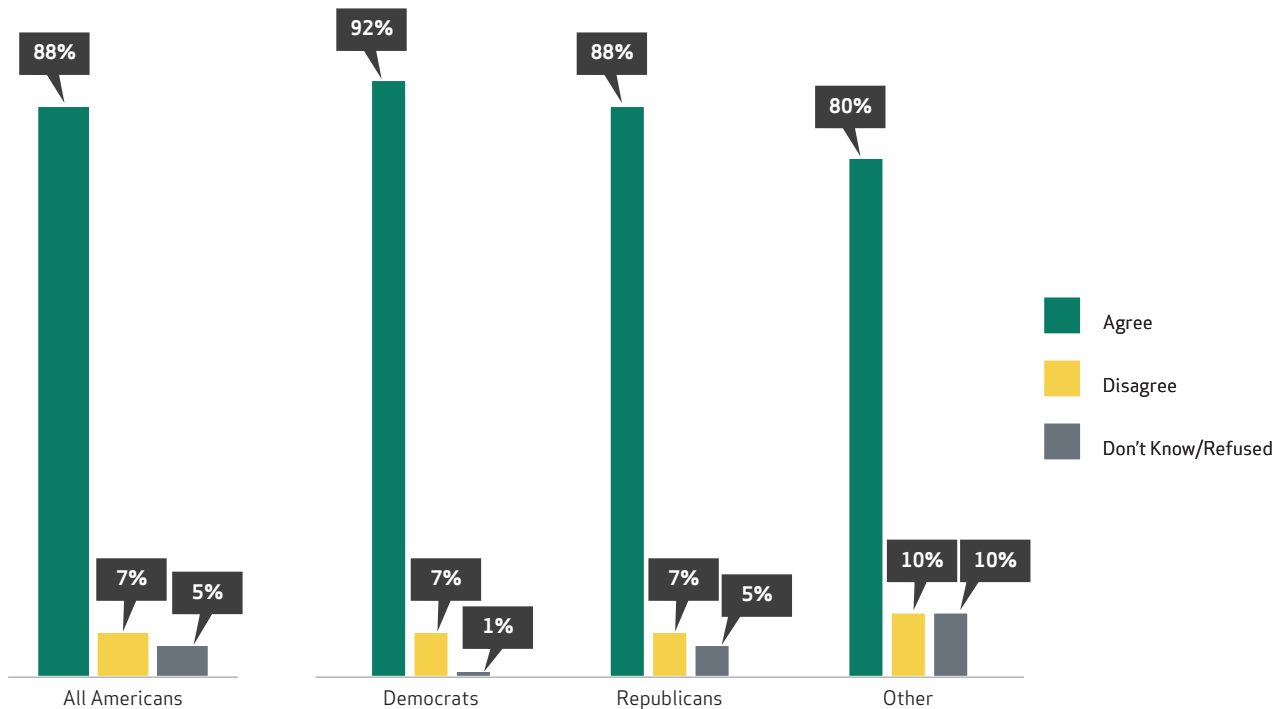


Figure 2: Across party lines, Americans feel strongly that the nation faces a retirement crisis.

To what extent do you agree or disagree with the following statement: America is facing a retirement crisis.



In terms of sentiment regarding the nation’s retirement crisis, 88 percent of Americans agree there is a problem, and there is agreement across party lines, despite a polarized electorate. For Democrats, 92 percent agree. For Republicans, 88 percent agree. For “other” political affiliations, 80 percent agree (Figure 2).

When asked if leaders in Washington do not understand how hard it is to prepare for retirement, 85 percent of Americans agree. Once again, the agreement is consistent across party lines—82, 88 and 82 percent agree for Democrats, Republicans and other, respectively (Figure 3).

Figure 3: Across party lines, Americans say that leaders in Washington do not understand how hard it is to prepare for retirement.

To what extent do you agree or disagree with the following statement: Leaders in Washington do not understand how hard it is to prepare for retirement.

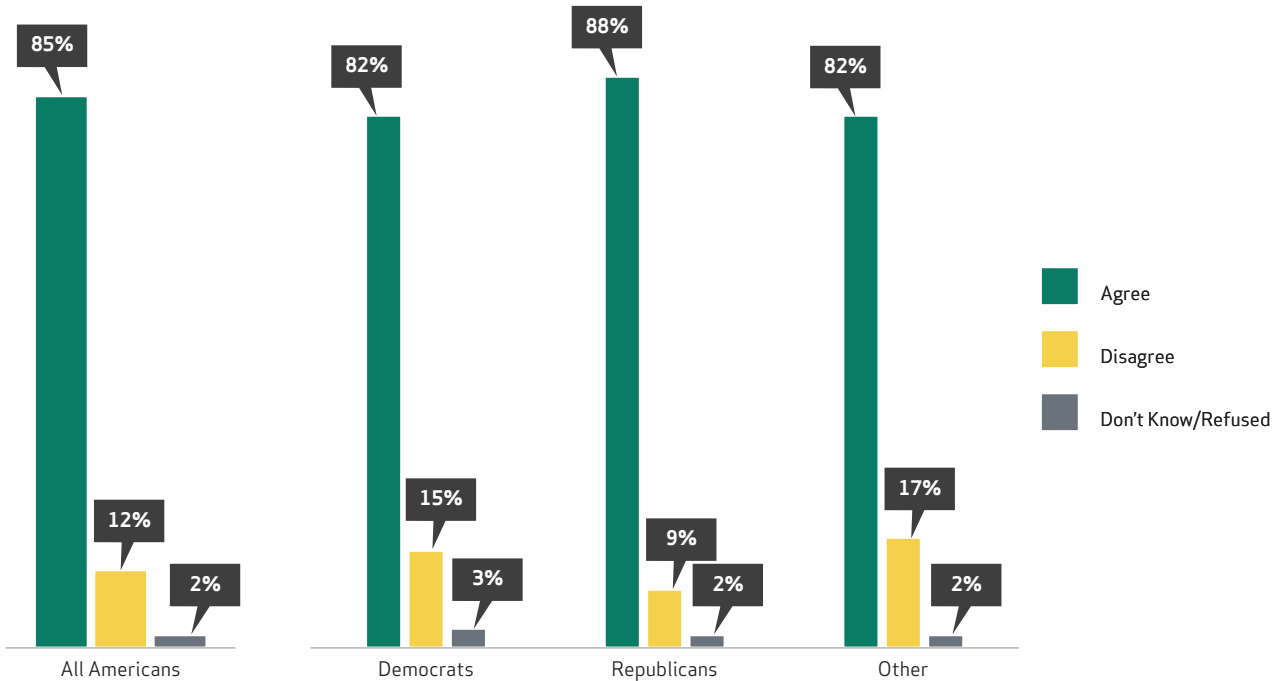


Figure 4: Across party lines, Americans agree that leaders in Washington need to give retirement a higher priority.

To what extent do you agree or disagree with the following statement: Leaders in Washington need to give a higher priority to ensuring more Americans can have a secure retirement.

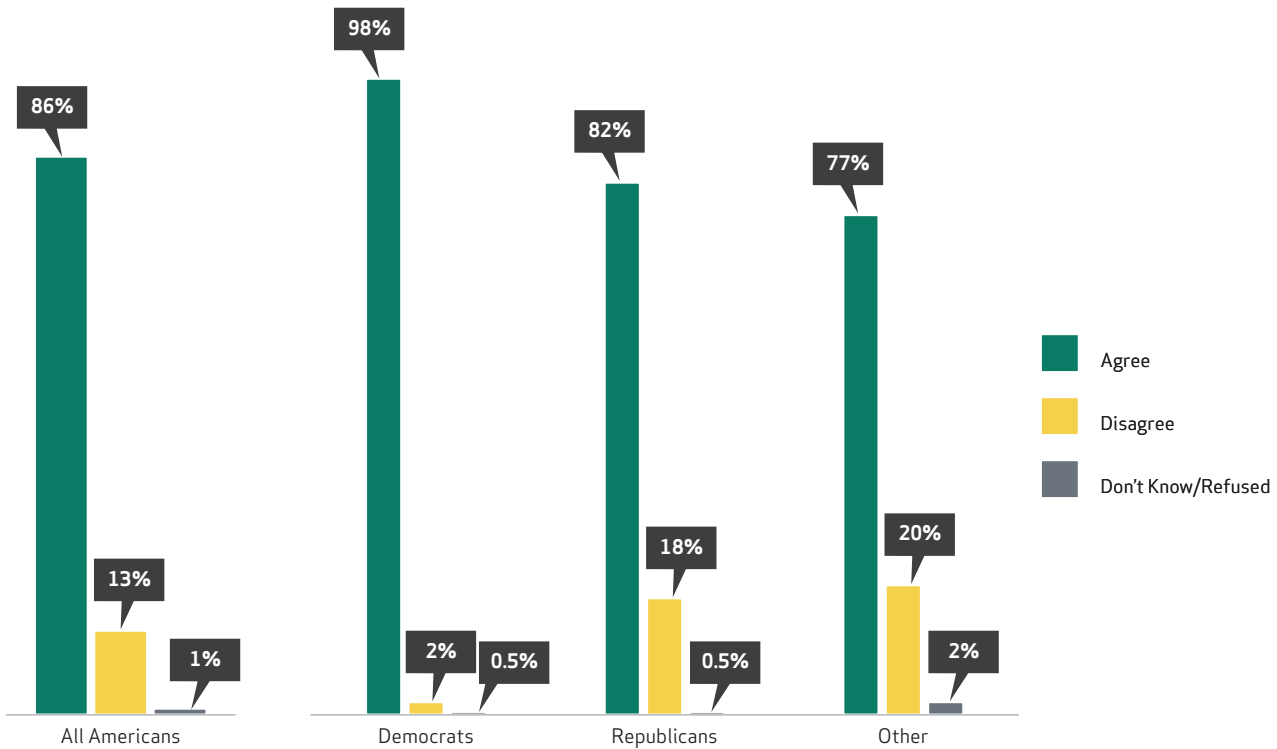
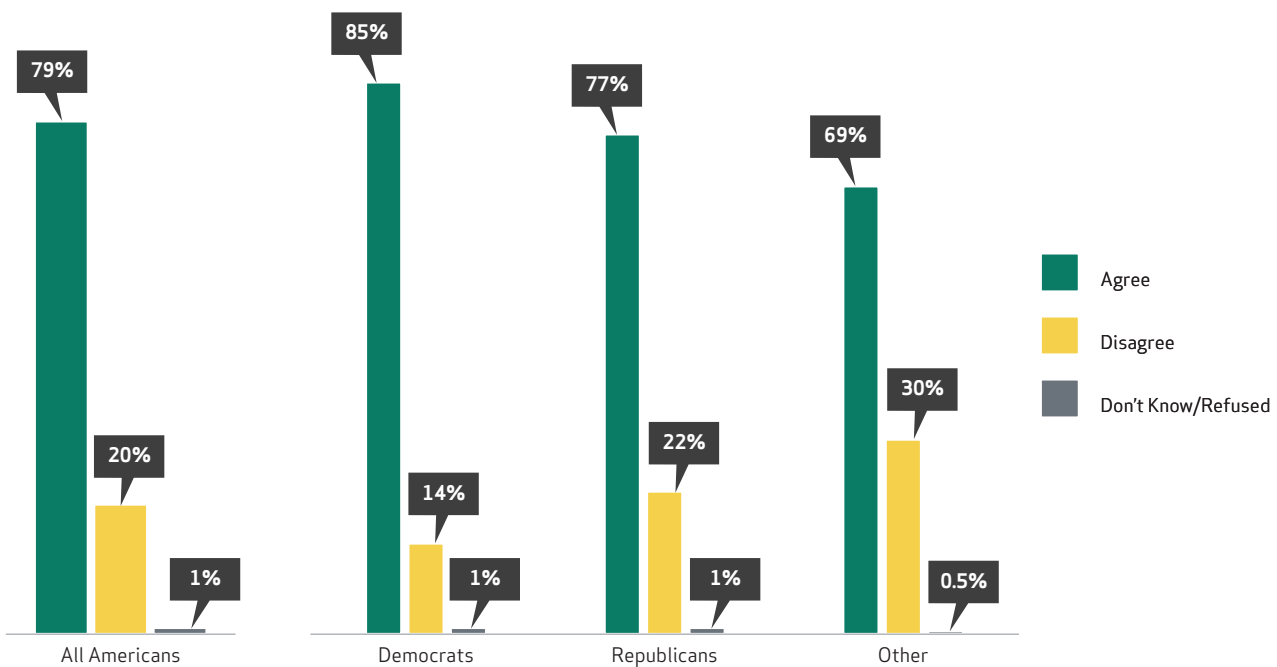


Figure 5: Across party lines, Americans agree that the average worker cannot save enough on their own for a secure retirement.

To what extent do you agree or disagree with the following statement: The average worker cannot save enough on their own their own to guarantee a secure retirement.



Similarly, 86 percent of Americans agree that leaders in Washington need to give a higher priority to ensuring more Americans can have a secure retirement. Across party lines, 98 percent of Democrats agree, 82 of Republicans agree and 77 percent of those with another party affiliation agree (Figure 4).

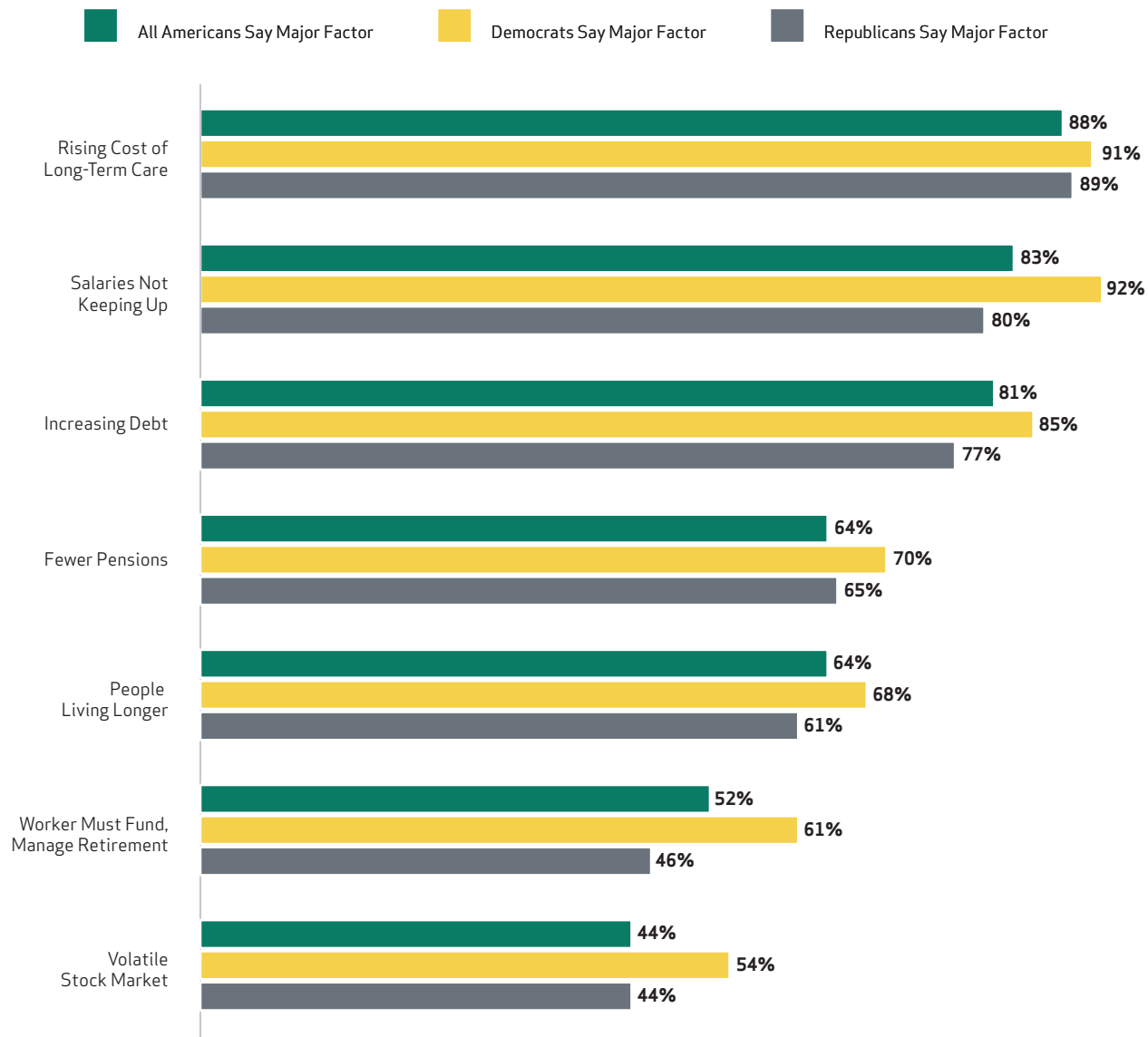
Additionally, a full 79 percent of Americans agree that the average worker cannot save enough on their own to guarantee a

secure retirement, up from 73 percent in 2015. For respondents that identified themselves as Democrats, 85 percent agreed and 77 percent of Republicans agreed (Figure 5).

Democrats and Republicans alike consistently agree about the factors that are making retirement more difficult—they share high concerns about the rising cost of long-term care and that middle-class wages aren’t keeping up with the cost of living (Figure 6).

Figure 6: Across party lines, Americans agree that long-term care costs and low wages are major factors in making retirement more difficult.

Please tell me if you believe it is a major factor, a minor factor, or not a factor making it harder for Americans to prepare for retirement as compared to previous generations.



II. AMERICANS IN OVERWHELMING NUMBERS CONTINUE TO BELIEVE THE NATION FACES A RETIREMENT CRISIS

There was a time when the U.S. had a strong retirement infrastructure in place. Middle class Americans could maintain their standard of living in retirement with three key sources of income: Social Security, a DB pension plan and individual DC savings accounts like 401(k) plans. This infrastructure enabled Americans to be self-reliant after a lifetime of work, a critical accomplishment in the U.S. given the impoverished conditions older Americans faced during the Great Depression.

In recent years, however, the once stable retirement infrastructure has degraded dramatically. Pensions for private sector workers continue to disappear under a complex regulatory environment. Social Security benefits have been cut, and Congress is said to be eyeing additional benefit reductions. A large portion of Americans lack access to or do not participate in workplace retirement plans. Additionally, Americans just are not saving enough in their individual accounts at a time when retirement income needs are increasing due to rising longevity and costs.

Perhaps this unanimity of sentiment on the issue of retirement insecurity can be explained by this data:

- The Center for Retirement Research at Boston College finds that 52 percent of households are “at risk” of not having enough to maintain their living standards in retirement.³¹
- The Government Accountability Office finds that many retirees and workers approaching retirement have limited financial resources. About half of households age 55 and older have no retirement savings.³²
- The typical working household has virtually no retirement savings. When all households are included—not just households with retirement accounts—the median retirement account balance is \$2,500.³³
- The number of private sector pension plans continues to decline because of a burdensome regulatory environment. There were some 29,000 private sector pension in 2006

and that number has fallen to 22,000 by 2014.³⁴ In 1975, a full 88 percent of private sector workers with a workplace retirement plan had pension coverage.³⁵

- Social Security is a central component of retirement security for Americans, but benefits already have been cut, and there is discussion of further benefit reductions. Almost 22 percent of people age 65 and older live in families that depend on Social Security benefits for 90 percent or more of their income. Another 24 percent receive at least half but less than 90 percent of their family income from Social Security. Reliance on Social Security increases with age, with 30% of persons aged 80 and older depending on Social Security for 90% or more of family income. In 2012, Social Security kept almost a third of older Americans out of poverty.³⁶
- For households nearing retirement with a 401(k) plan, the typical account balance is only \$111,000—including any assets that were rolled over into individual retirement accounts (IRAs). This translates to less than \$400 per month in retirement to supplement Social Security benefits. Moreover, only half of private sector workers have access to an employer sponsored retirement plan.³⁷
- Women are particularly challenged when it comes to preparing for retirement. Women are 80 percent more likely than men to be impoverished at age 65 and older, while women age 75 to 79 were three times more likely to fall below the poverty level as compared to their male counterparts.³⁸
- If current trends continue, the U.S. soon will face rates of poverty among senior citizens not seen since the Great Depression. Of the 18 million workers between the ages of 55 and 64 in 2012, more than four million will be poor or near poor at age 65. This includes 2.6 million Americans considered middle class prior to retirement. And by 2035, it is projected that nearly 20 million retirees will be living in poverty or near-poverty, with that number rising to 25 million by 2050.³⁹

Despite the data and public sentiment on the retirement crisis, some organizations deny the crisis. For example, the American Enterprise Institute indicates that “there is no retirement crisis” and that “Americans have among the highest retirement incomes in the world, both in terms of absolute buying power and relative to the incomes of the working-age population.”⁴⁰ However, research indicates that retirement account ownership rates are closely correlated with income and wealth. More than 38 million working-age households did not own any retirement account assets, whether in an employer-sponsored

401(k) type plan or an IRA in 2010. Households that do own retirement accounts have 2.4 times the income of households without retirement account assets.⁴¹

This research shows that Americans remain highly cognizant of the nation’s unfolding retirement crisis. Some 88 percent agree that the nation faces a retirement crisis and more than half (55 percent) strongly agree there is a crisis, holding steady from 2015 (86 percent) (**Figure 7**).

Figure 7: **88% of Americans say the nation faces a retirement crisis.**

To what extent do you agree or disagree with the following statement: America is facing a retirement crisis.

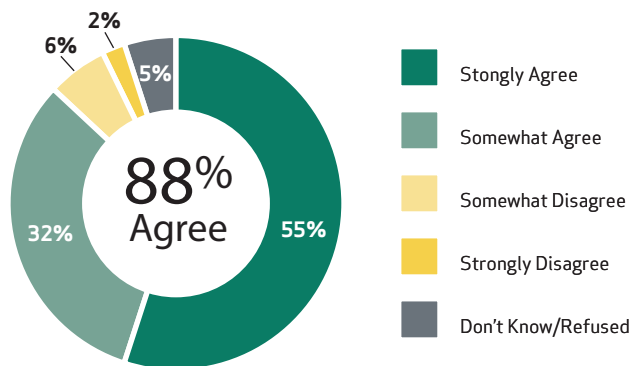
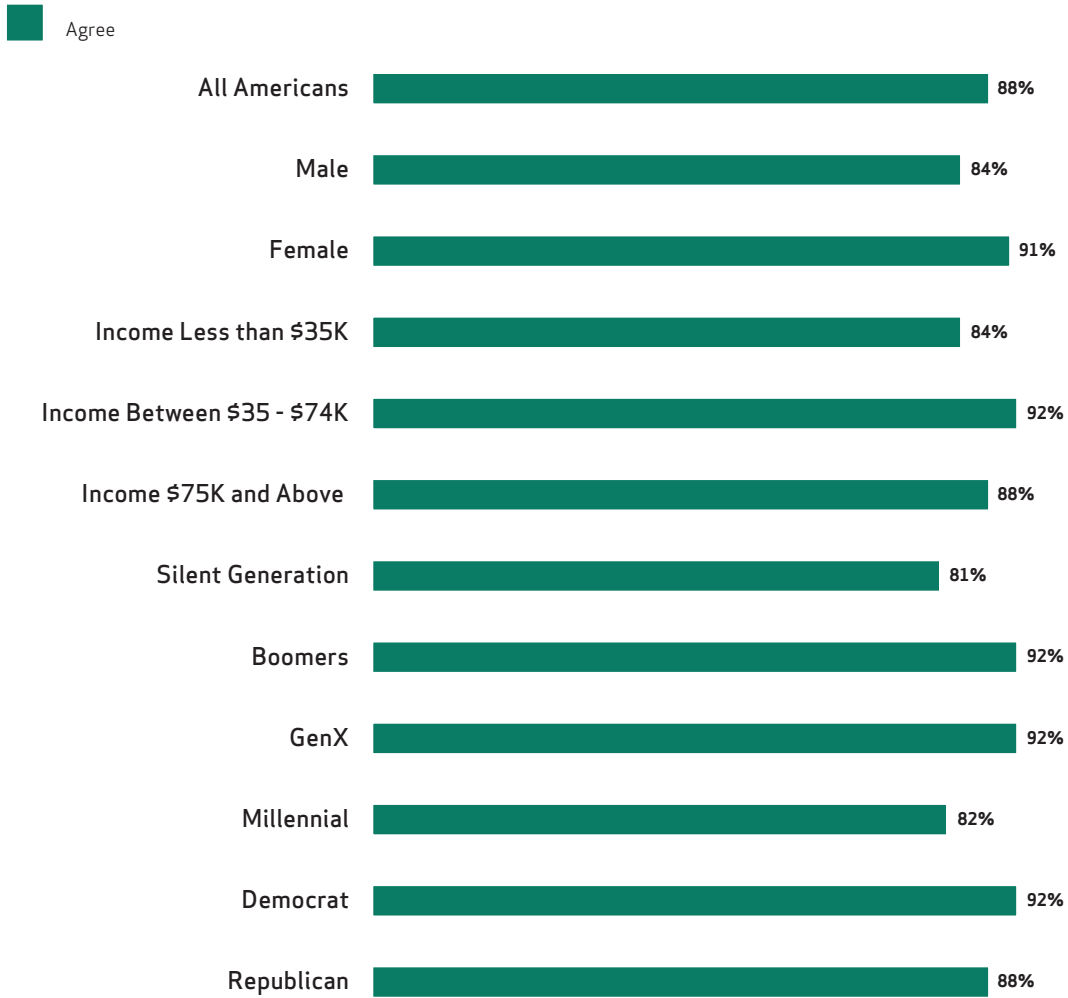


Figure 8: Across the board, Americans overwhelmingly agree that the nation faces a retirement crisis.

To what extent do you agree or disagree that America is facing a retirement crisis.



Importantly, the level of concern remains high across gender, income, age and party affiliation (Figure 8).

Additionally, a full 79 percent of Americans agree that the average worker cannot save enough on their own to guarantee a secure retirement, up from 73 percent in 2014 (Figure 9).

Nearly three-fourths of Americans (74 percent) say that part of the problem is that employers do not contribute enough money for workers to be able to achieve a secure retirement (Figure 10).

And three-fourths (75 percent) also say that preparing for retirement is getting harder (Figure 11).

In fact, Americans are so worried about economic security in retirement that they are willing to trade pay for retirement benefits. Some 72 percent are willing to take less in pay increases in exchange for guaranteed retirement income in retirement, up from 67 percent in 2015 (Figure 12).

Figure 9: 79 percent of Americans agree that the average worker cannot save enough on their own for a secure retirement.

To what extent do you agree or disagree with the following statement: The average worker cannot save enough on their own to guarantee a secure retirement.

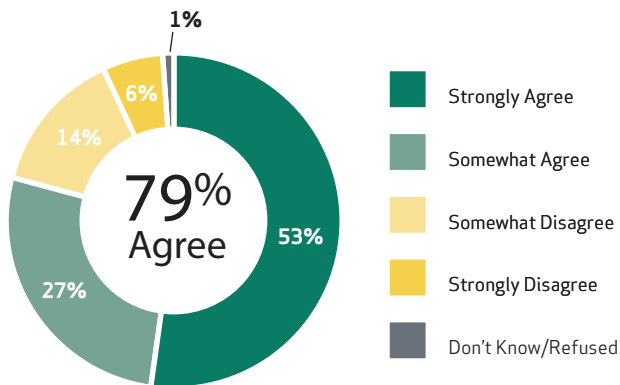


Figure 10: 74 percent of Americans say that employers aren't contributing enough for workers to have a secure retirement.

Please tell me whether you strongly agree, somewhat agree, somewhat disagree, or strongly disagree: Employers do not contribute enough money for workers to be able to achieve a secure retirement.

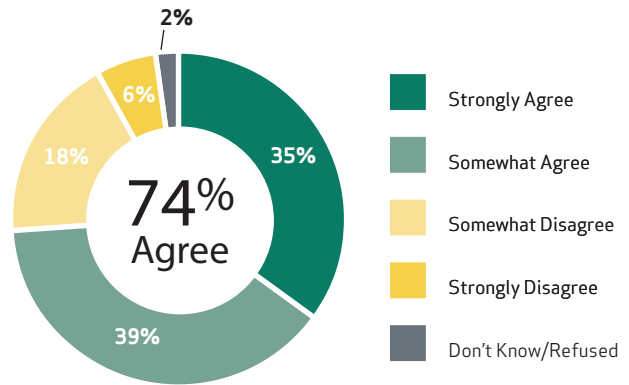


Figure 11: 75 percent of Americans say that it's getting harder to prepare for retirement.

Do you feel that—compared to today—it will be easier or harder for Americans to prepare for retirement in the future, or will there be no difference?

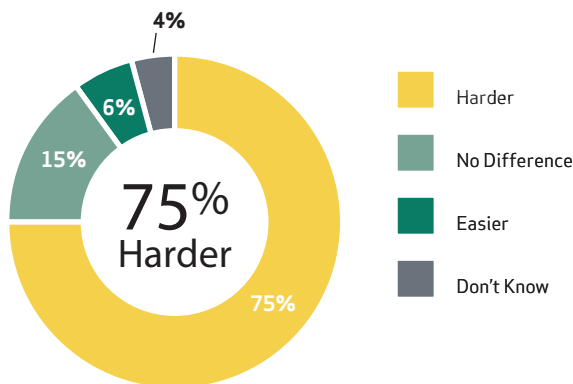
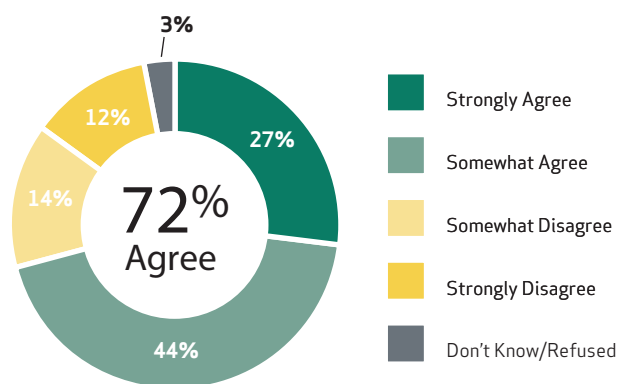


Figure 12: 72 percent of Americans are willing to sacrifice pay for guaranteed retirement income.

To what extent do you agree or disagree with the following statement: I'd be willing to take less in pay increases in exchange for guaranteed income in retirement.



The research also finds that Americans see that rising cost of long-term care as a major factor that is making retirement more difficult (88 percent), up slightly from 85 percent in 2015. Americans said that other factors making retirement more difficult are: middle class salaries not keeping up with the cost of living (83 percent), increasing debt from student loans, housing or credit cards (81 percent), fewer people with pension benefits through their employer (64 percent), living longer (64 percent), workers forced to fund and manage their retirement savings on their own (52 percent), and stock market volatility (44 percent) (Figure 13).

We also wanted to understand what Americans plan to do to help ensure a financially secure retirement. Working Americans told us that they plan to stay in their job as long as possible (78 percent), cut back on spending in retirement (74 percent), seek work in retirement (57 percent), cut back current spending (57 percent) and save more. Sixty percent said they would save one to four percent more while only 37 percent said they would save five percent or more (Figure 14).

Figure 13: Americans say the rising cost of long-term care and low wages are major factors making retirement more difficult.

Please tell me if you believe it is a major factor, a minor factor, or not a factor making it harder for Americans to prepare for retirement?

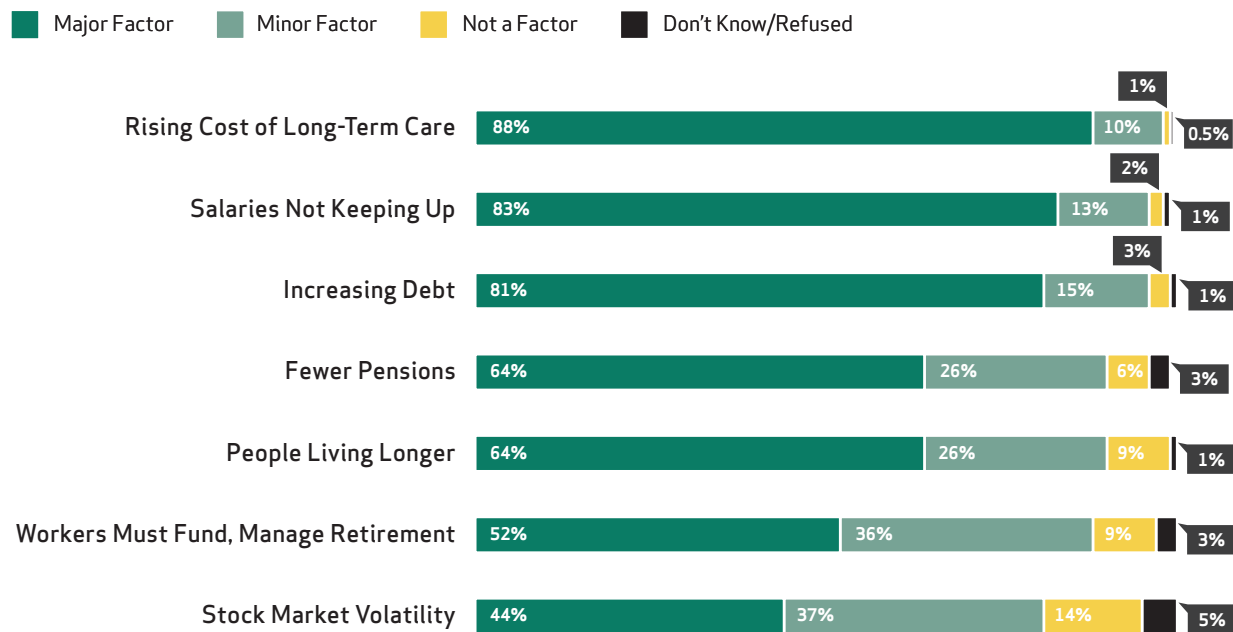
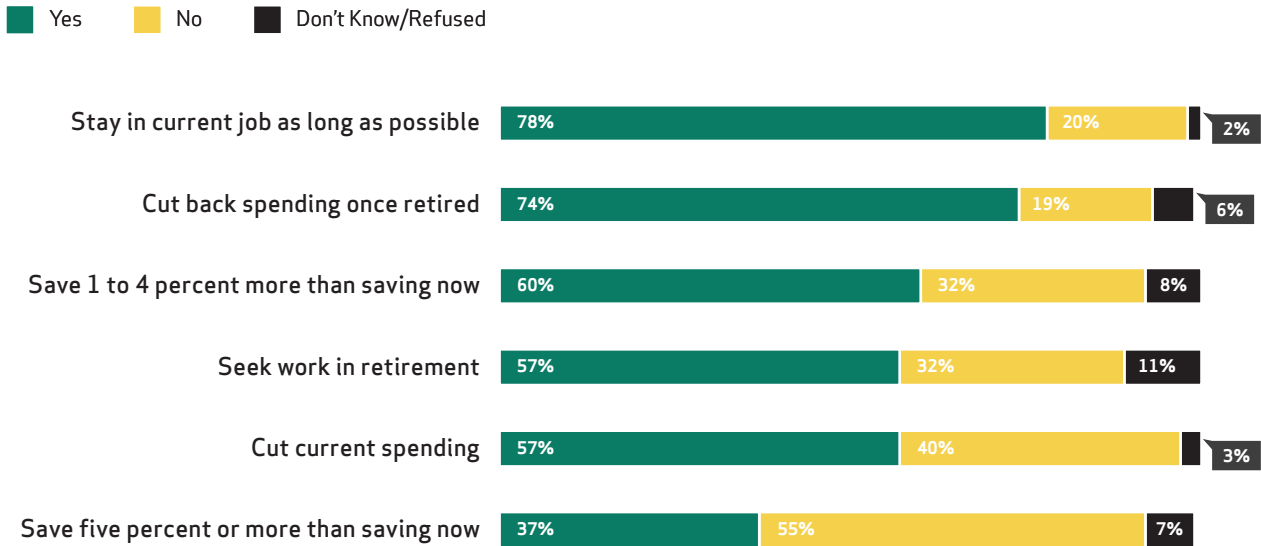


Figure 14: About three-fourths of working Americans say they will work as long as possible or cut spending in retirement to be secure in retirement.

Which of the following, if any, do you plan to do to help ensure a financially secure retirement?



III. AMERICANS REGARD PENSIONS AS A ROUTE TO ECONOMIC SECURITY IN RETIREMENT AND SEE PENSION AS BETTER THAN 401(K) PLANS

The evidence is clear that there is a savings shortfall and Americans are deeply worried about their economic prospects in retirement. Perhaps part of the worry is rooted in the fact that Americans are fearful of running out of money in retirement in an environment with fewer pensions and an increased reliance on do-it-yourself individual DC accounts. Recent economic downturns may have left a lasting memory that individual DC account balances can quickly and dramatically crash, and these plans offer no guarantees of adequate retirement income that lasts.

In fact, those who played a role in conceiving 401(k) accounts now express regrets about these plans, which have become the dominant retirement savings vehicle for Americans even though they were not designed to be a primary retirement tool. Some acknowledge using forecasts that were too optimistic, and say the proliferation of 401(k) plans “has exposed workers to big drops in the stock market and high fees from Wall Street money managers while making it easier for companies to shed guaranteed retiree payouts.”⁴²

In contrast, pensions are group plans that offer a monthly retirement benefit that lasts throughout retirement. This could explain why some 82 percent of Americans have a favorable view of pensions, and this trend has held steady since we released this polling in 2009 (Figure 15).

While the private sector trends away from pensions, they remain prevalent for public sector workers. Interestingly, a full 85% of Americans say that all workers should have access to a pension plan so they can be independent and self-reliant in retirement, holding steady over time (Figure 16).

As the private sector has trended away from pensions, Americans see this as detrimental to their ability to achieve the so-called American Dream. More than three-fourths of Americans (77 percent) say the disappearance of pensions has made it harder to achieve the American Dream, and this sentiment has held constant over time (Figure 17).

Figure 15: Americans overwhelmingly maintain a favorable view of pensions.

How would you describe your overall view of traditional pension plans?

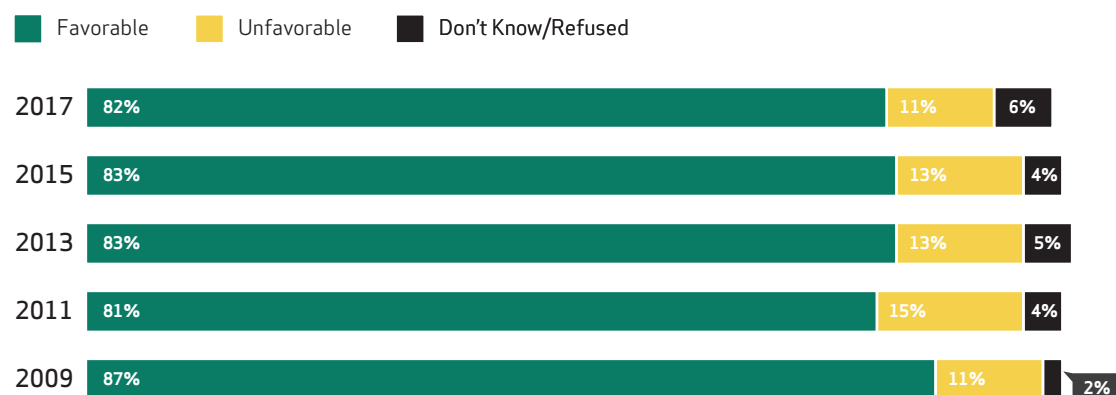


Figure 16: **85% of Americans say all workers should have a pension to be self-reliant in retirement.**

Tell me whether you agree or disagree: I believe that all workers should have access to a pension plan so they can be independent and self-reliant.

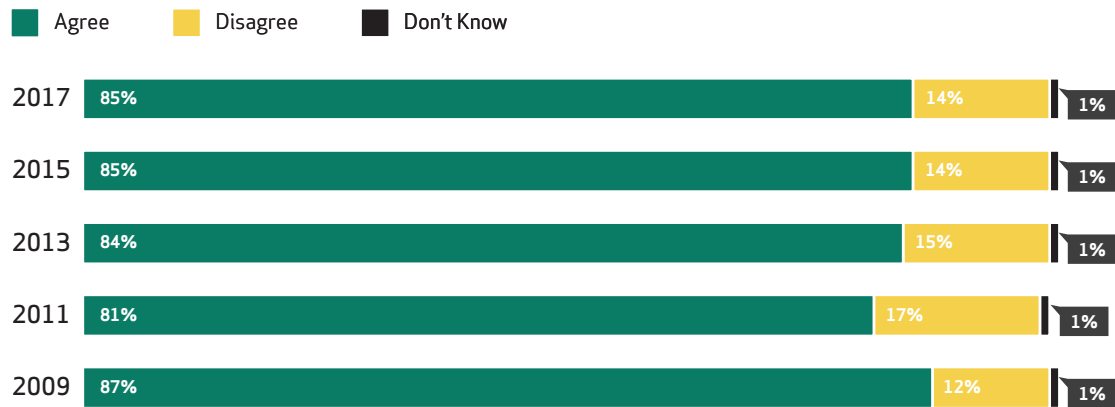


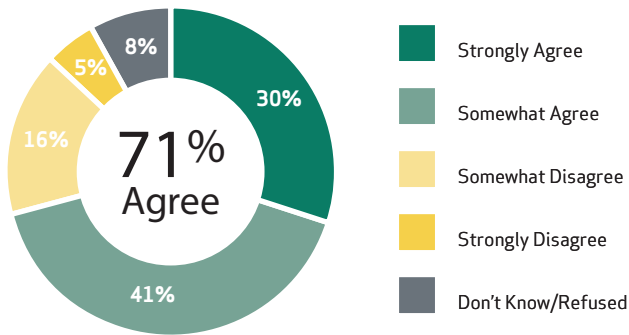
Figure 17: **In 2017, 77% of Americans say the disappearance of pensions makes it harder to achieve the American Dream, holding steady over time.**

To what extent do you agree or disagree with the following statement: The disappearance of traditional pensions has made it harder for workers to achieve the American Dream.



Figure 18: 71 percent of Americans say that a pension does more to help workers achieve a secure retirement than a 401(k).

Do you agree or disagree: Pensions do more to help workers achieve a secure retirement as compared to retirement savings plans such as 401(k)s.



Originally established to supplement rather than replace pensions, these individual 401(k) plans have become a pension replacement for most private sector workers with access to a workplace retirement plan. However, this research suggests that Americans see the shortcoming of 401(k) plans and see the benefits of pensions. Some 71 percent of Americans say that pensions do more to help workers achieve a secure retirement as compared to 401(k) plans (Figure 18), and 65 percent say pensions are safer than 401(k) plans because the risks are managed professionally rather than by individual investors.

Similarly, an overwhelming majority of Americans (88 percent) say Americans with pensions are more likely than those without a pension to have a secure retirement, and this sentiment has inched up since 2011 (Figure 19).

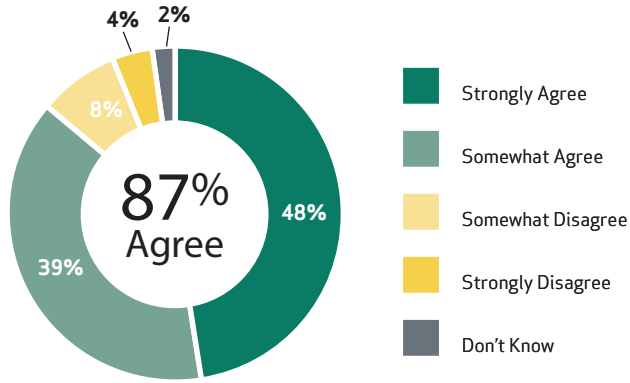
Figure 19: In 2017, 88% of Americans say those with a pension are more likely to have a secure retirement.

To what extent do you agree or disagree: Americans with traditional pensions are more likely than those without pensions to have a secure retirement.



Figure 20: **87 percent say retirees don't know enough about managing investments to make their savings last.**

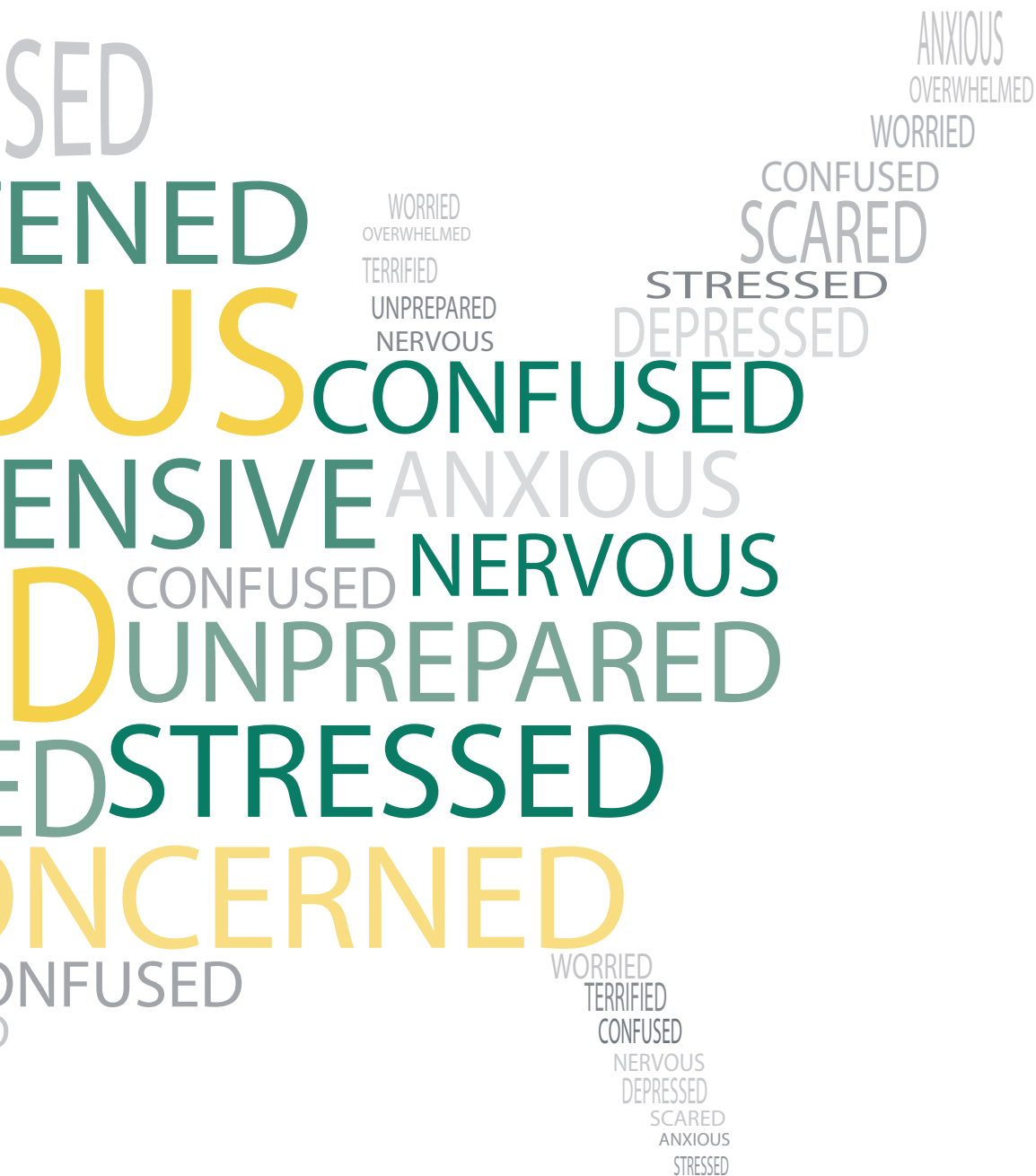
To what extent do you agree or disagree: The average retiree does not know enough about managing investments to be able to make their retirement savings last.



With a 401(k) plan, employees fully bear the responsibility for managing their investments and must ensure that they spend down their savings at the appropriate rate so the funds last through retirement. Pensions, on the other hand, offer professional money management and a monthly check that lasts through retirement. Given the complexities of asset management and drawing down the assets in retirement, it is not surprising that 87 percent of Americans say the average retiree does not know enough about managing investments to be able to make their 401(k) retirement savings last (**Figure 20**).

LD asked Americans:

How do you feel/felt about preparing for retirement?



IV. AMERICANS SAY NATIONAL LEADERS STILL DON'T UNDERSTAND THE RETIREMENT STRUGGLE, AND THEY REMAIN HIGHLY SUPPORTIVE OF STATE EFFORTS TO ADDRESS THE RETIREMENT CRISIS

Confidence in Washington remains at historic lows. According to Gallup, only nine percent of Americans have confidence in Congress.⁴³ So it should not be a shock that Americans believe national leaders don't seem to understand and implement solutions to address their struggles to save for retirement.

This research finds that an overwhelming majority of Americans (85 percent) say leaders in Washington don't understand how hard it is to prepare for retirement, which held steady from 87 percent in 2015 (Figure 21).

Similarly, 86% say leaders in Washington need to give a higher priority to ensuring Americans have a secure retirement, up slightly from 84% in 2015 (Figure 22).

In terms of solutions, 82 percent of Americans say government should make it easier for employers to offer pensions (Figure 23).

Figure 21: 85 percent say leaders in Washington just don't understand that it is hard to prepare for retirement.

To what extent do you agree or disagree: Leaders in Washington do not understand how hard it is to prepare for retirement.

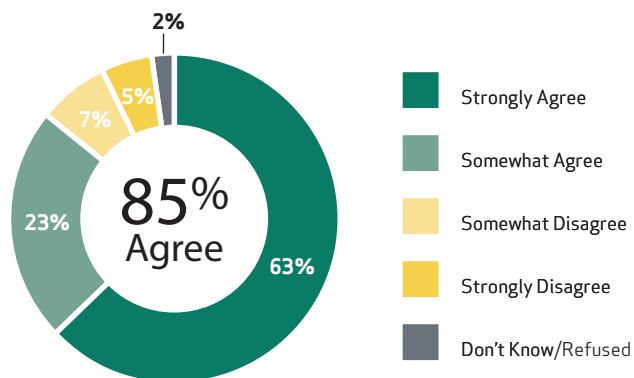


Figure 22: 86 percent of Americans say leaders in Washington need to give retirement a higher priority.

To what extent do you agree or disagree: Leaders in Washington need to give a higher priority to ensuring more Americans can have a secure retirement.

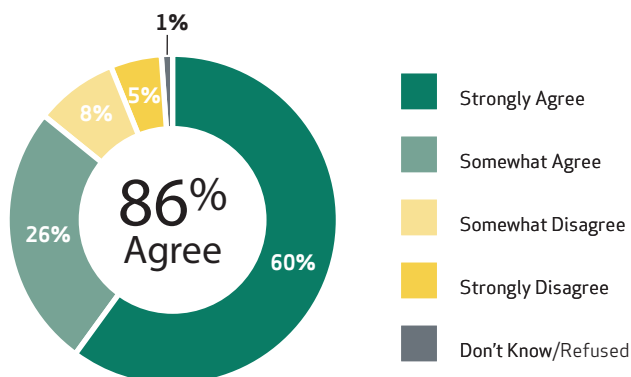
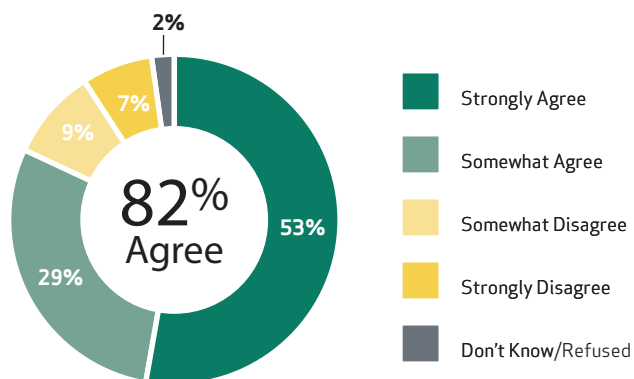


Figure 23: 82 percent of Americans say government should make it easier for employers to offer pensions.

To what extent do you agree or disagree: The government should make it easier for employers to offer traditional pension plans.



On the federal level, the Treasury Department rolled out the myRA initiative in 2015. This is a voluntary program aimed at helping employees at companies without retirement plans set aside small amounts of their paycheck into a savings bond-like account. On Capitol Hill, Congress has held hearings on the retirement crisis and introduced legislation on several issues, but there has not been enactment of any measures that will begin to re-fortify the retirement infrastructure.

While these efforts can help close the savings gap, they often are viewed as only a small step in the right direction. In the absence of meaningful federal action, more and more states are taking action to expand the accessibility of retirement savings options for private sector workers. This could be because state leaders who are closer to their communities may have a better understanding of what is happening in their jurisdictions, and may understand that shortfalls in retirement will mean more pressure on their budgets when elderly citizens in their state need help to help make ends meet.

More than 30 states have considered so-called “Secure Choice” legislation over the past several years. This legislation makes it easier for employees to get access to the option of payroll deduction for retirement savings without employers having the burden of offering a retirement plan. Research indicates that participation rates increase dramatically when employees have automatic payroll savings options.⁴⁴

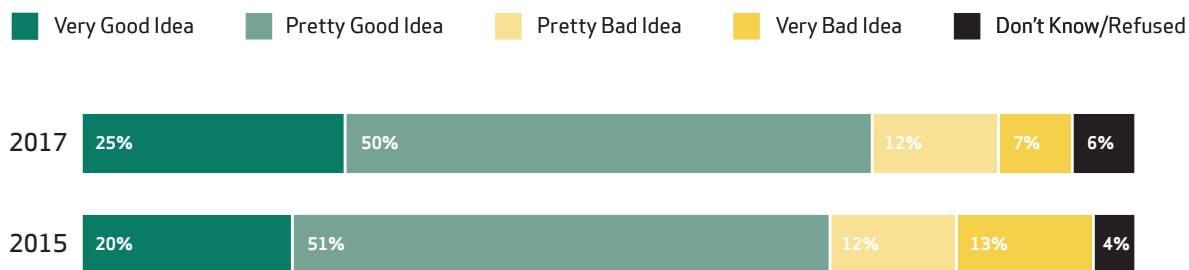
As the 2017 state legislative sessions begin, states continue to expand the accessibility of retirement savings options for private sector workers. California, Connecticut, and Maryland are launching the implementation of their new laws passed in 2016, while Illinois continues its program implementation work. Two states—Washington and Oregon—are planning to open programs for enrollment this year.⁴⁵

We asked Americans how they feel about these state efforts to improve retirement readiness given that about half of the U.S. workforce does not have access to a retirement plan through their employer. We explained that a state could set up a low-risk, low-cost automatic-enrollment retirement plan for employees without retirement plans at work. Private employers would provide their employees with access to these new retirement accounts through payroll deductions, and the plans would be overseen and administered by the state. We further explained that workers in these states would have access to these retirement savings accounts, which likely would guarantee higher returns than a bank savings account—at least a two to three percent return on the money invested.

With that explanation, we found that Americans believe that state-sponsored retirement savings plans for workers not covered by an employer’s plan are a good idea (75 percent). As these plans are being considered across the country, positive views of these state plans has increased slightly, up from 71 percent in 2015 (Figure 24), and the support holds across party lines.

Figure 24: 75 percent of Americans see state retirement plans as a good idea.

Overall, do you think these plans are a good or bad idea?



More and more Americans say they would consider participating in a state plan were it to be available—81 percent, which is up from 75 percent in 2015 (Figure 25).

Americans weighed in on the various features of state plans, and there is a high level of support for the features. Americans are favorable that they can move the plans from job to job (96 percent), there would be monthly checks (96 percent), that the plans would have higher returns than other safe investments in today’s market (90 percent), that the plans would have low fees (89 percent), that employees

would be enrolled in the plan unless they elect not to be included (83 percent) and that employers without retirement plans would be required to offer the plan to employees (82 percent) (Figure 26). Social Security is a central component of retirement security for many Americans, but these benefits are at risk. Benefits already have been cut with the increase in the retirement age, and there is discussion of further benefit reductions. Reductions are particularly difficult for lower income workers who rely most heavily on Social Security to make ends meet.

Figure 25: 81 percent of Americans would consider participating in state retirement plans.

How likely do you think you would be to consider participating in this plan if it were available?

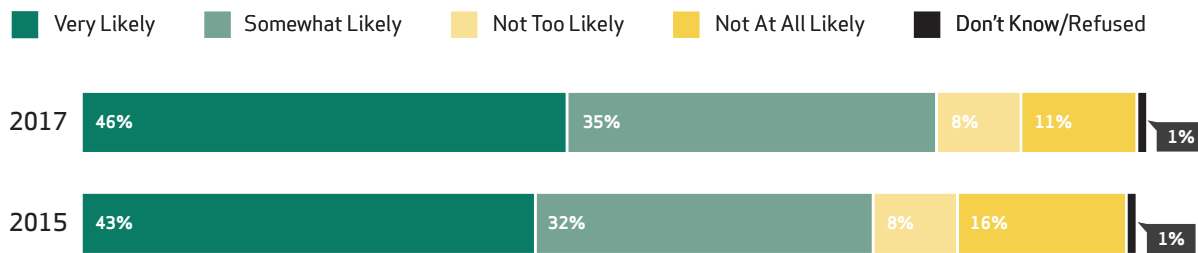
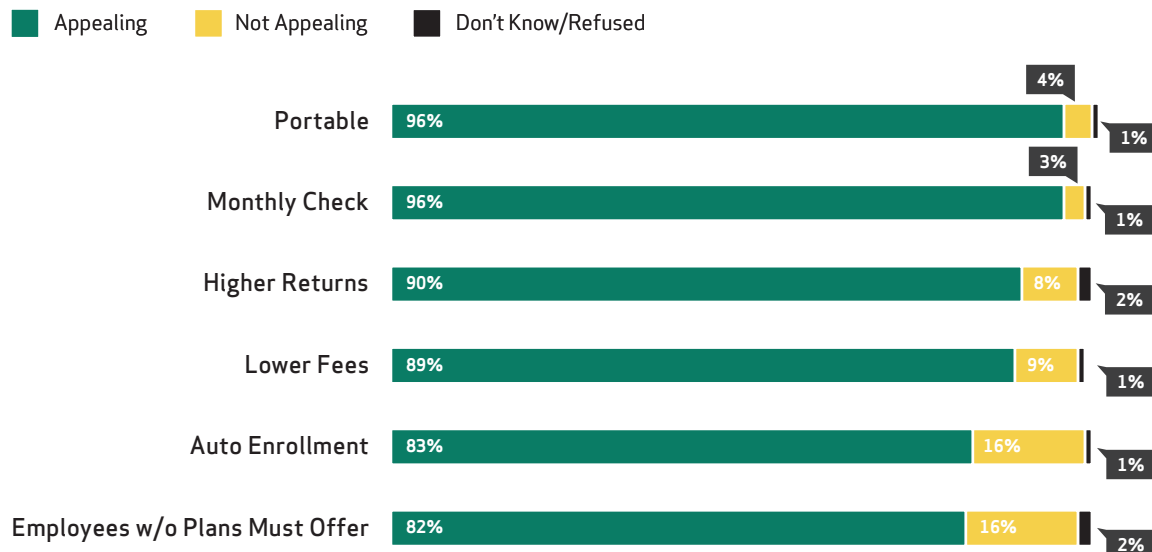


Figure 26: Americans are highly supportive of the features of state retirement plans, particularly the monthly check and portability at 96% for each.

How appealing are each of the following aspects of this new type of retirement plan.



V. PROTECTING SOCIAL SECURITY REMAINS IMPORTANT

Almost 22 percent of people age 65 and older live in families that depend on Social Security benefits for 90 percent or more of their income. Another 24 percent receive at least half, but less than 90 percent, of their family income from Social Security. Reliance on Social Security increases with age, with 30 percent of persons aged 80 and older, who depend on Social Security for 90 percent or more of family income. In 2012, Social Security kept almost a third of older Americans out of poverty.⁴⁶

The Social Security 2016 Trustees report indicates that the program continues to face long-term financing issues, but the shortfall is manageable. The deficit as a percentage of gross domestic product (GDP) remains at about one percent with the fund being exhausted by 2034, after which payroll taxes still will cover about three quarters of promised benefits.⁴⁷

With these facts in mind, we wanted to learn how Americans feel about protecting Social Security. We find that support remains strong for current and future retirees. Some 76 percent of Americans say it is a mistake to cut government spending in such a way as to reduce Social Security benefits for *current* retirees, up from 73 percent in 2015 and 67 percent in 2013. (Figure 27). When it comes to benefits for *future* generations, 73 percent oppose cutting government spending that reduces Social Security benefits (Figure 28).

Figure 27: Americans overwhelmingly (76 percent) oppose cuts to Social Security for CURRENT retirees.

To what extent do you agree or disagree with the following statement: The government should cut spending in all areas, even if it means reducing Social Security benefits for CURRENT retirees.

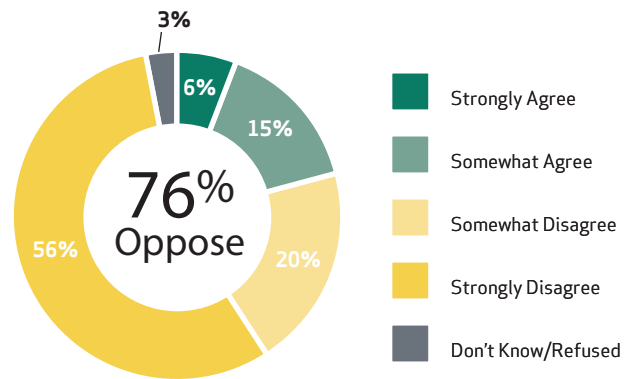
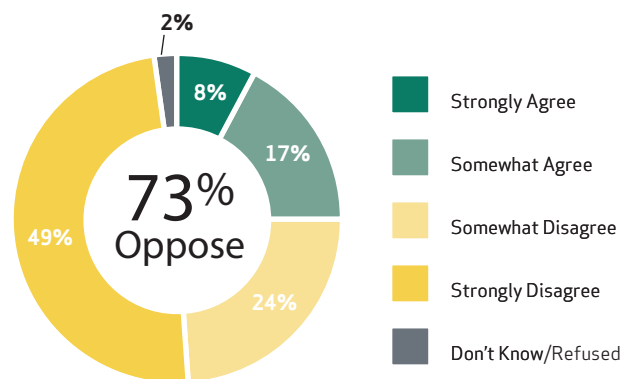


Figure 28: Americans overwhelmingly (73 percent) oppose cuts to Social Security for FUTURE retirees.

To what extent do you agree or disagree with the following statement: The government should cut spending in all areas, even if it means reducing Social Security benefits for FUTURE retirees.



It is interesting to note that while Americans of both political parties are united in their agreement that the nation faces a retirement crisis, Social Security is one area where they are not in lock-step. When asked if the government should cut spending in all areas even if it means reducing Social Security benefits for CURRENT retirees, 84 percent of Democrats disagree while 69 percent of Republicans disagree (Figure 29).

When asked about reducing Social Security benefits for FUTURE retirees, 86 percent of Democrats disagree and 63 percent of Republicans disagree (Figure 30). This difference in perspective is noticed when the nominee to head the White House Office of Management and Budget said that increasing the Social Security normal age to 67 for those born in 1960 or later should be considered.

Figure 29: Across party lines, Americans are not in agreement on cuts to Social Security for CURRENT retirees.

To what extent do you agree or disagree: The government should cut spending in all areas, even it means reducing Social Security benefits for CURRENT retirees.

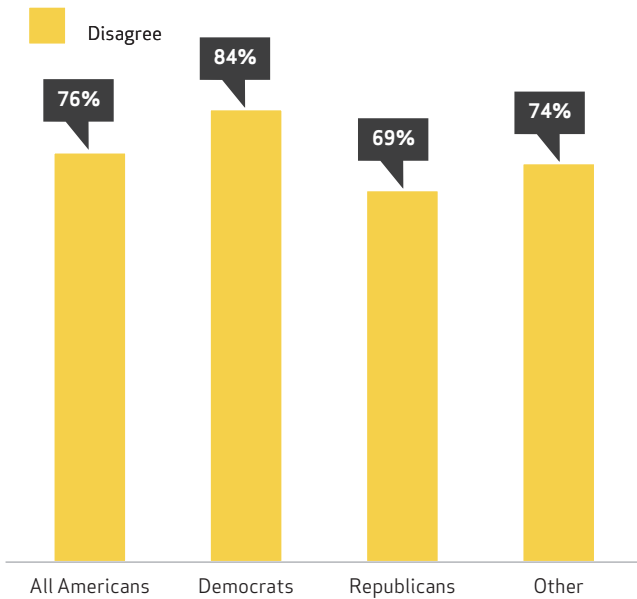
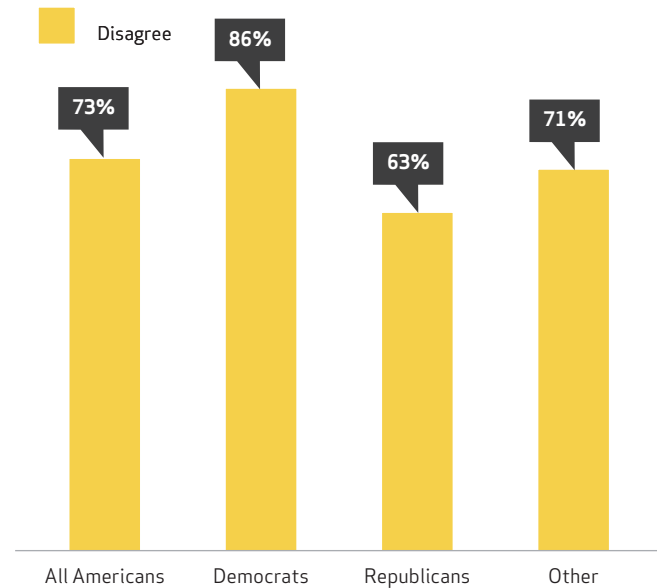


Figure 30: Across party lines, Americans are not in agreement on cuts to Social Security for FUTURE retirees.

To what extent do you agree or disagree: The government should cut spending in all areas, even it means reducing Social Security benefits for FUTURE retirees.



VI. AMERICANS STRONGLY SUPPORT PENSIONS FOR PUBLIC SECTOR WORKERS, AND SEE THEM AS A STRONG RECRUITMENT AND RETENTION TOOL

Pension benefits for public employees have remained in the spotlight—from discussions of funding levels to benefits. Much of the attention can be attributed to funding level declines following the financial crisis that resulted in deep investment losses and greater volatility for all investors, including pension funds.

Since the financial crisis, state and local governments have been aggressive in enacting pension reforms to ensure long-term financial sustainability of the plans. Nearly three-quarters of state plans and over half of local plans have implemented reforms since 2009. Also, nearly one-quarter of plans have made changes that impact current employees and other changes include increasing employee contributions, reductions in cost-of-living-adjustments and pushing out age and tenure eligibility.⁴⁹ These changes, combined with overall recovery of the financial markets, finds public sector pension plans returning to strong financial footing. Average funding levels climbed for the third year in a row, reaching 76.2 percent in 2016, up from 74.1 percent in 2015 and 71.5 percent in 2014.⁵⁰

At the same time, well-funded ideological organizations opposed to government programs have sharply attacked public retirement systems at the national and state levels. Across the country, the debate has been charged and large amounts of dollars have been spent to target pension benefits for public employees like teachers and first responders. It is estimated that one non-profit organization “has given over \$53 million to groups backing pension reform efforts in 17 states since 2008.”⁵¹ Some of the organizations also are working to switch public employees from pensions to DC accounts.⁵² Such a switch in states has proven to raise costs to taxpayers and dramatically worsen public pension funding levels while undermining retirement security for public employees.⁵³

Against this backdrop, Americans were asked their views about public pensions. The data indicate that Americans express strong support for public employee pensions because some public employees have high-risk jobs or lower pay, the funding of the benefits is shared with employees, and pensions help recruit and retain skilled workers.

Figure 31: 90 percent of Americans support pensions for risky jobs like police officers and firefighters.

Please tell me whether you (agree/disagree): Police and firefighters have agreed to take jobs that involve risks and therefore deserve pensions that will afford them a secure retirement.

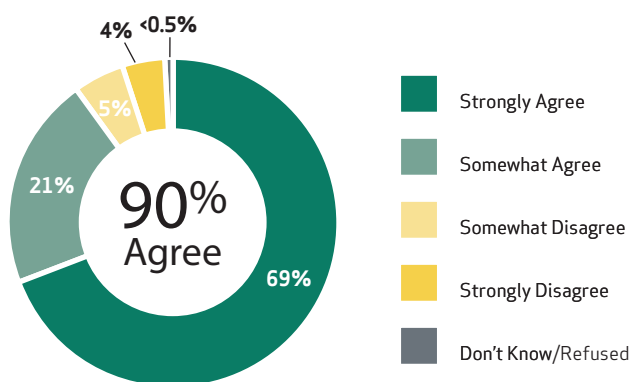
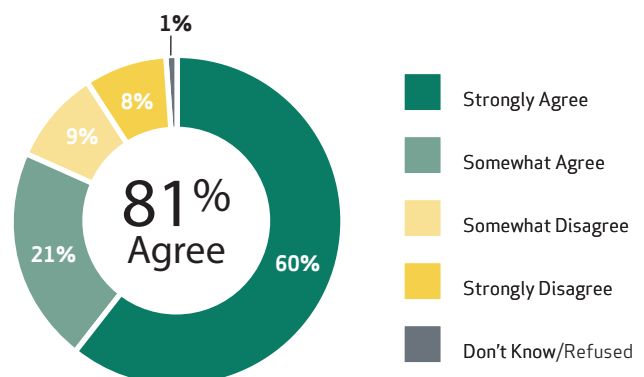


Figure 32: 81 percent of Americans support pensions for public school teachers given their lower salaries.

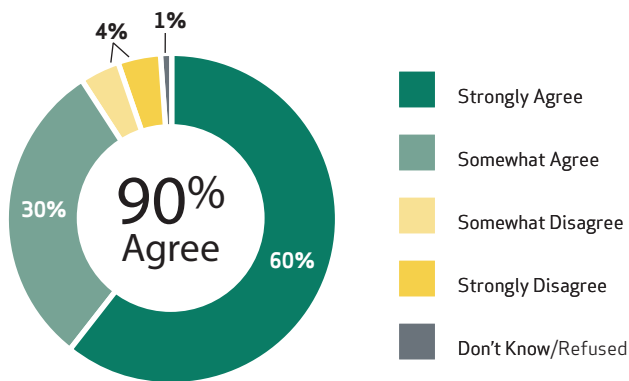
Please tell me whether you (agree/disagree): Public school teachers deserve pensions to compensate for lower pay.



Specifically, the research indicates high support for pension benefits for police officers and firefighters at 90 percent (Figure 31), and for teachers at 81 percent (Figure 32). The research also finds that Americans overwhelmingly support retirement security for workers who face job risks like corrections officers (90 percent) (Figure 33).

Figure 33: 90 percent of Americans support retirement security for public workers who face job risks.

Please tell me whether you (agree/disagree): Public employees such as snow plow drivers, road repair crews and corrections officers face risks as they do their job serving the public and therefore deserve a secure retirement.



With regard to benefit levels, more than half of Americans (52 percent) believe that public pensions benefits levels are about right at \$2,205 per month, while 37 percent say the benefits are too low (Figure 34).

Americans see the value in pensions as a human resources and workforce management tool. Some 92 percent of Americans say that pensions are a good way to recruit and retain public sector workers like teachers, police officers and firefighters (Figure 35).

In fact, the research finds that 81 percent of Americans say pension retirement benefits are “deserved” because public employee help finance the cost, up from 77 percent in 2015 (Figure 36).

Americans support these benefits even though there is a misunderstanding about the funding of the benefits.

Only 24 percent understand that taxpayers pay 25 percent or less of pension costs, with most of the funding coming from employee contributions and investment returns (Figure 37).

We also find that across party lines, Americans agree that changes made in recent years to public pensions will enable these retirement plans to continue providing the promised benefits (Figure 38).

Figure 34: Most Americans believe public pension benefit levels are about right.

The average retirement benefit for public workers is about \$2,205 a month, though some may receive more or less depending on their local cost of living. Judging based on what you think is reasonable, do you think that this amount of retirement income is:

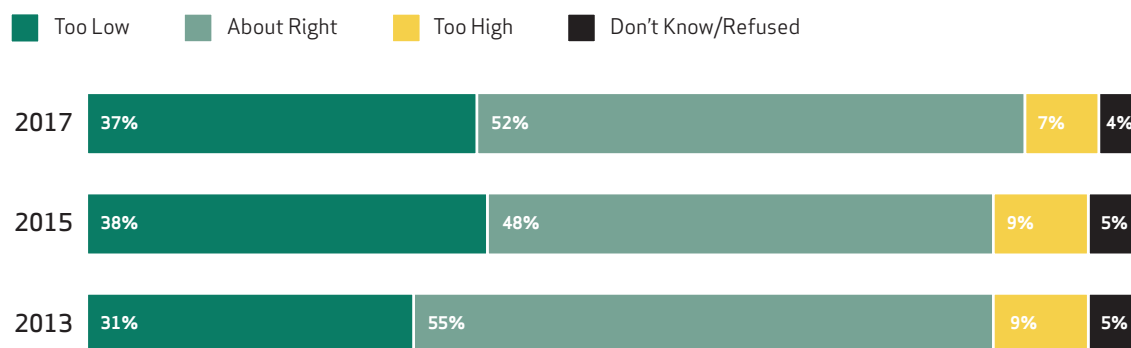


Figure 35: 92 percent of Americans say pensions help recruit and retain qualified employees.

Please tell me whether you (agree/disagree): Pensions are a good way to recruit and retain qualified teachers, police officers, and firefighters.

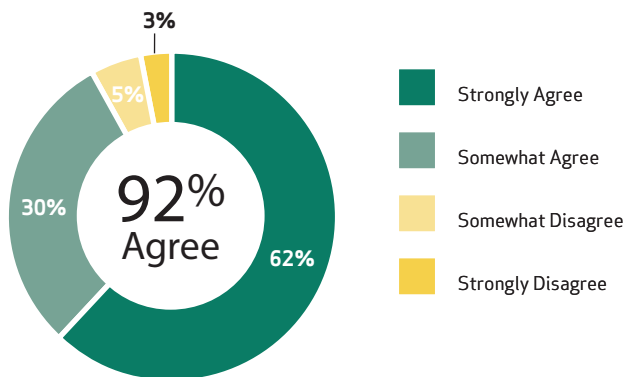


Figure 36: 81 percent of Americans support public pension benefits because workers contribute to their retirement.

Tell me whether you (agree/disagree): State and local government employees deserve these benefits because they help finance part of the cost.

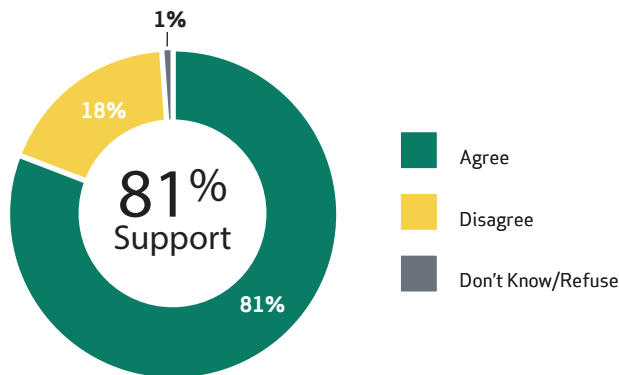


Figure 37: Only about one-fourth of Americans understand that taxpayers fund only 24% of public pension benefits.

What percentage of public pensions do you think are paid for by taxpayers.

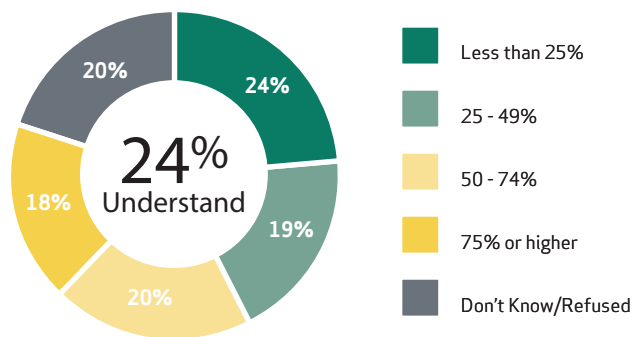
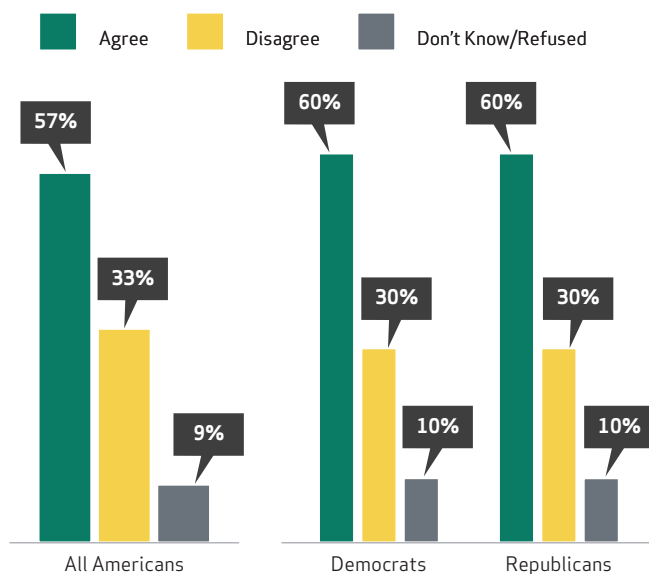


Figure 38: How much do you agree or disagree with the following statement about public pensions, which are offered to state and local government workers?

Do you strongly agree, somewhat agree, somewhat disagree, or strongly disagree that public pensions have made the changes they need to in order to continue providing promised benefits?



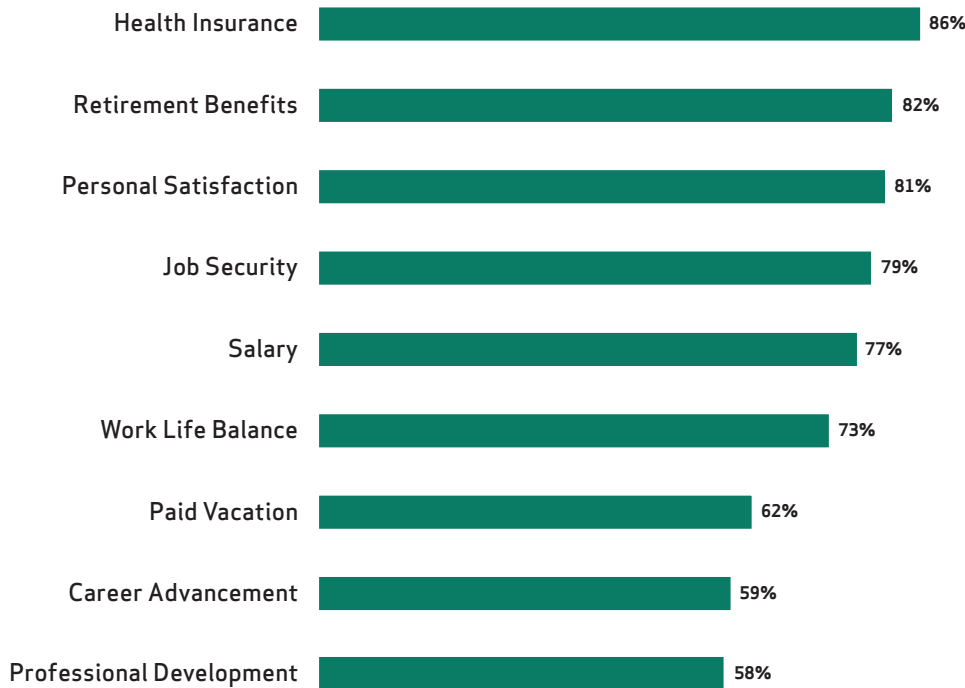
Pensions with lifetime retirement income remain prevalent in the public sector, which is not the trend in the private sector that continues to shift employees to individual retirement plans like 401(k) accounts. Interestingly, the results indicate that public sector retirement benefits are extremely/very important to public sector workers (important to 82 percent), second only to health insurance (Figure 39). In contrast,

retirement benefits were extremely/very important to only 54 percent of private sector workers. This high value placed on retirement benefits may indicate that public sector workers are willing to sacrifice salary in exchange for a secure retirement. Salaries for federal workers lags significantly behind their private sector counterparts,⁵⁴ and the same holds true for state and local government employees.⁵⁵

Figure 39: Public employees value highly their retirement benefits.

When making job decisions, how important are the following job features to you?

■ Extremely/Very Important for Public Sector Workers



CONCLUSION

The nation faces a retirement crisis, and Americans are deeply worried about their current and future economic security. Economic data explain Americans' financial worries.

For the past 30 years, economic risks for households have risen. Wages and salaries have become more volatile, unemployment spells have increased, stock prices have experienced wider boom and bust cycles, housing costs have seen swings, and household debt has increased.

At the same time, the nation's retirement infrastructure has deteriorated. About half the workforce still does not have access to a workplace retirement plan. For Americans with plans, fewer and fewer have pensions that provide lifetime income in retirement, Social Security benefits have been cut, and 401(k) individual accounts remain volatile, expensive and complicated to manage.

As a result, the typical working household has virtually no retirement savings. When all households are included—not just households with retirement accounts—the median retirement account balance is \$2,500.

A further complication is that nation is deeply divided politically, making it difficult for policymakers to implement pragmatic policy solutions that will help Americans stabilize their financial footing.

Against this backdrop, we conducted our fifth biennial nationwide public opinion research project to measure over time how Americans' views their economic prospects in retirement and policy solutions that could address retirement insecurity. This report is intended as a tool for policymakers, thought leaders, retirement service providers and other stakeholders as they work to address the retirement crisis and rebuild America's retirement infrastructure.

The key research findings are as follows:

1. Across party lines, Americans are worried about economic insecurity in retirement.

Three-fourths (76 percent) of Americans are concerned about economic conditions affecting their ability to achieve a secure retirement. For respondents that identified themselves as Democrats, the level of concern was at 78 percent compared to 76 percent for Republicans.

2. Americans in overwhelming numbers continue to believe the nation faces a retirement crisis.

Some 88 percent of Americans agree that the nation faces a retirement crisis, holding steady from 2015 (86 percent). The level of concern is high across gender, income, age and party affiliation. Importantly, more than half (55 percent) strongly agree that there is a crisis.

3. Americans highly regard pensions as a route to economic security in retirement, and see these retirement plans as better than 401(k) accounts.

We find that some 82 percent of Americans have a favorable view of pensions. A full 85 percent say all workers should have access to a pension plan so they can be independent and self-reliant in retirement. More than three-fourths of Americans (77 percent) say the disappearance of pensions has made it harder to achieve the American Dream. Some 71 percent of Americans say that pensions do more to help workers achieve a secure retirement as compared to 401(k) plans, and 65 percent say pensions are safer than 401(k) plans.

4. Americans say national leaders still don't understand their retirement struggle, and they remain highly supportive of state efforts to address the retirement crisis.

An overwhelming majority of Americans (85 percent) say leaders in Washington do not understand how hard it is to prepare for retirement, which held steady from 87 percent in 2015. Similarly, 86 percent say leaders in Washington need to give a higher priority to ensuring Americans have a secure retirement. In terms of solutions,

82 percent of Americans say government should make it easier for employers to offer pensions. Americans also believe that state-sponsored retirement savings plans for workers not covered by an employer's plan are a good idea (75 percent), and 81 percent say they would consider participating in a state plan.

5. Protecting Social Security remains important to Americans.

Some 76 percent of Americans say it is a mistake to cut government spending in such a way as to reduce Social Security benefits for *current* retirees, up from 73 percent in 2015 and 67 percent in 2013. When it comes to benefits for *future* generations, 73 percent oppose cutting government spending that reduces Social Security benefits.

6. Americans strongly support pensions for public sector workers and see them as a strong recruitment and retention tool.

Americans strongly support pensions for police officers and firefighters (90 percent) and for teachers (81 percent). The research also finds that Americans overwhelmingly support retirement security for workers who face job risks, such as corrections officers (90 percent). More than half of Americans (52 percent) believe that public pensions benefits levels are about right at \$2,205 per month, while 37 percent say the benefits are too low. Americans overwhelmingly agree (92 percent) that pensions are a good way to recruit and retain public sector workers like teachers, police officers and firefighters.

METHODOLOGY

The survey was conducted as a nationwide telephone interview of 800 Americans age 25 or older in to assess their sentiment regarding retirement and actions policymakers could take. Greenwald & Associates balanced the data to reflect the demographics of the United States for age, gender and income. The margin of error is plus or minus 3.5 percent. Sums of two or more figures may not equal the expected total due to rounding.

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The National Institute on Retirement Security is a non-profit research and education organization established to contribute to informed policymaking by fostering a deep understanding of the value of retirement security to employees, employers, and the economy as a whole.

Our Vision

Through our activities, NIRS seeks to encourage the development of public policies that enhance retirement security in America. Our vision is one of a retirement system that simultaneously meets the needs of employers, employees, and the public interest. That is, one where:

- employers can offer affordable, high quality retirement benefits that help them achieve their human resources goals;
- employees can count on a secure source of retirement income that enables them to maintain a decent living standard after a lifetime of work; and
- the public interest is well-served by retirement systems that are managed in ways that promote fiscal responsibility, economic growth, and responsible stewardship of retirement assets.

Our Approach

- High-quality research that informs the public debate on retirement policy. The research program focuses on the role and value of defined benefit pension plans for employers, employees, and the public at large. We also conduct research on policy approaches and other innovative strategies to expand broad based retirement security.
- Education programs that disseminate our research findings broadly. NIRS disseminates its research findings to the public, policy makers, and the media by distributing reports, conducting briefings, and participating in conferences and other public forums.
- Outreach to partners and key stakeholders. By building partnerships with other experts in the field of retirement research and with stakeholders that support retirement security, we leverage the impact of our research and education efforts. Our outreach activities also improve the capacity of government agencies, non-profits, the private sector, and others working to promote and expand retirement security.

The **National Institute on Retirement Security** is a non-profit research institute established to contribute to informed policy making by fostering a deep understanding of the value of retirement security to employees, employers, and the economy as a whole. NIRS works to fulfill this mission through research, education, and outreach programs that are national in scope.



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