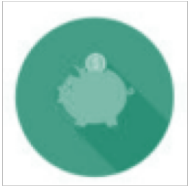




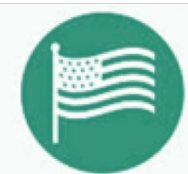
Retirement Insecurity 2019: Americans' Views of the Retirement Crisis

February 2019 | By Diane Oakley and Kelly Kenneally

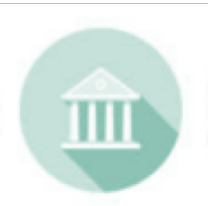
7 Key Findings



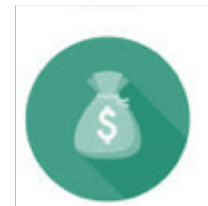
In overwhelming numbers, Americans are worried about their ability to attain and sustain financial security in their older years.



Even as the nation remains deeply politically polarized, Americans are united in their sentiment about retirement issues.



Americans see government playing an important role in helping workers prepare for retirement, but lawmakers in Washington, D.C. just don't get it. And the new tax law has not helped.



In contrast to the sentiment about Washington, D.C., efforts by state lawmakers to expand access to retirement accounts for all workers is widely supported by Americans.

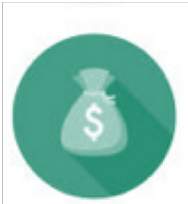
7 Key Findings



Americans are highly positive on the role of pensions in providing retirement security and see these retirement plans as better than 401(k) plans.



There is strong support for pension plans for state and local workers, and Americans see these retirement plans as a tool to recruit and retain public workers.



Millennials are the most concerned about financial security in retirement, and are more willing than other generations to save more.

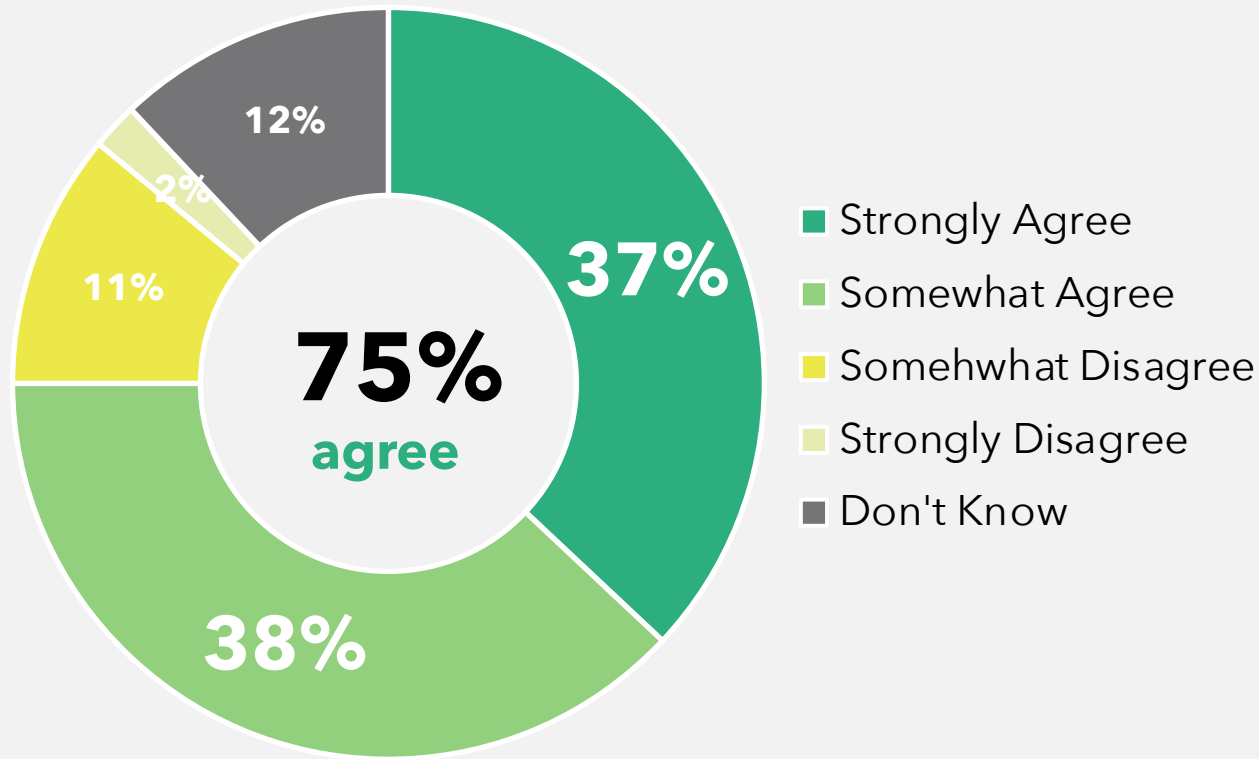


Key Finding 1

In overwhelming numbers, Americans are worried about their ability to attain and sustain financial security in their older years.

Three-fourths of Americans say the nation faces a retirement crisis.

Key Finding 1



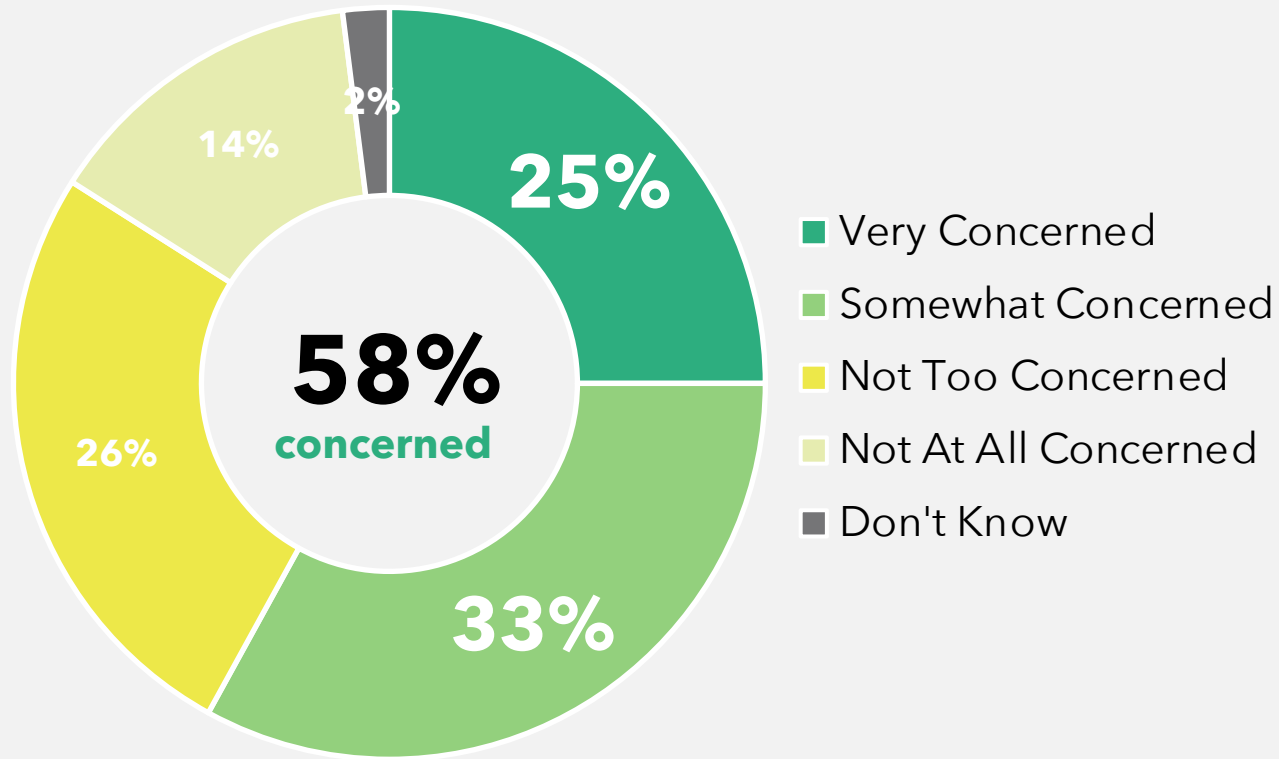
Q:

To what extent do you agree or disagree with the following statement?

America is facing a retirement crisis.

The majority of Americans believe they can't achieve financial security in retirement.

Key Finding 1

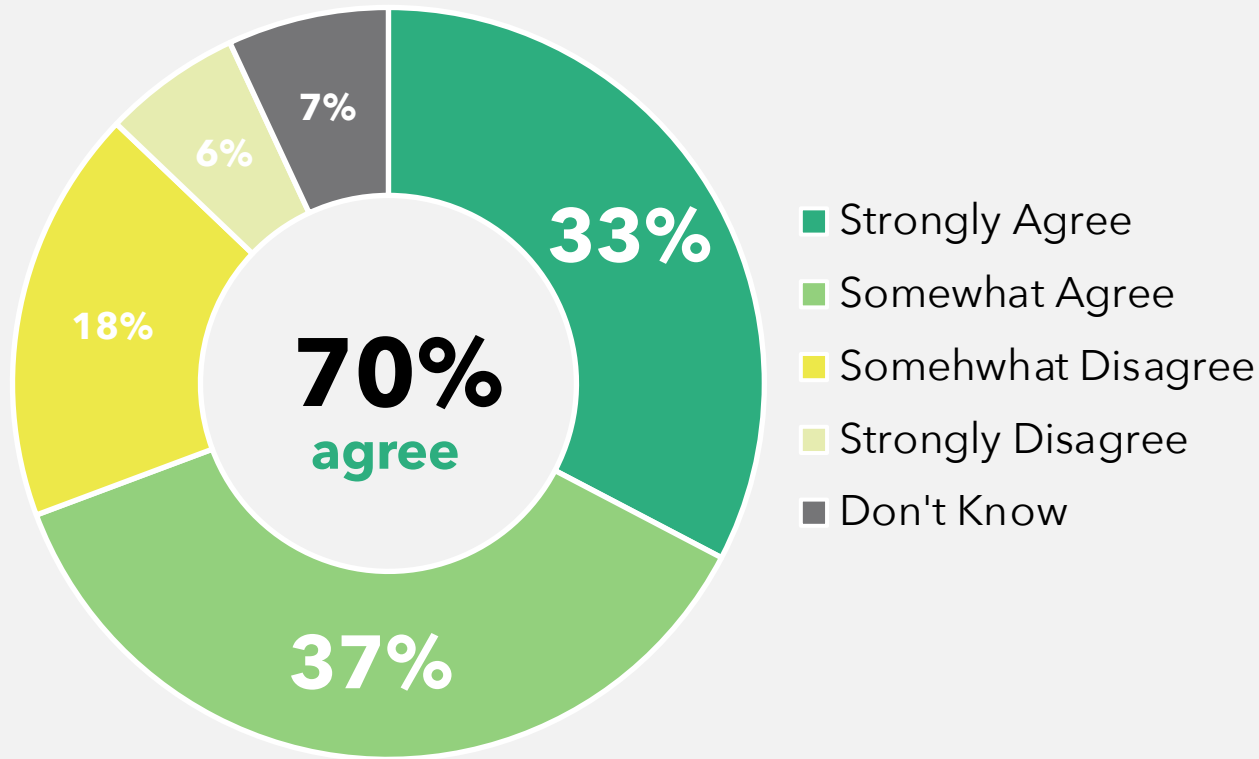


Q:

How concerned are you that you won't be able to achieve a financially secure retirement?

70% say the average worker cannot save enough on their own to guarantee a secure retirement.

Key Finding 1



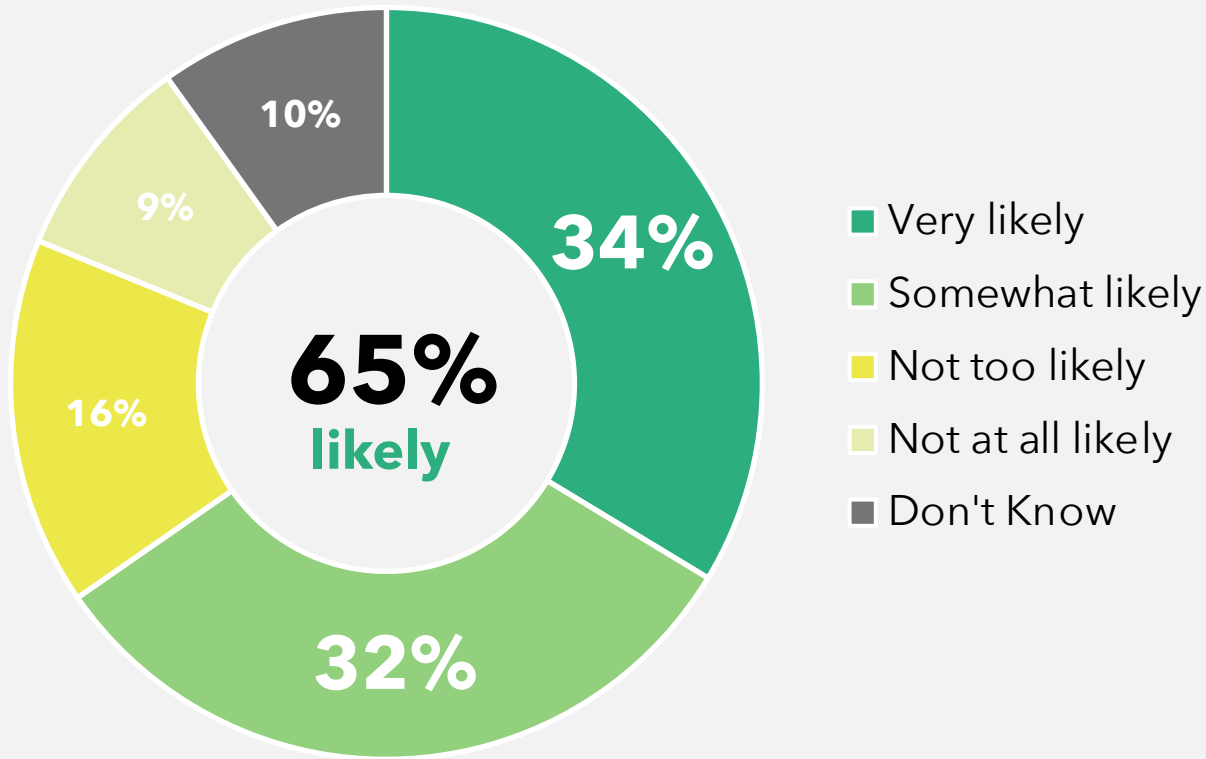
Q:

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.

65% say it's likely they will have to work past retirement age to have enough money to retire.

Key Finding 1

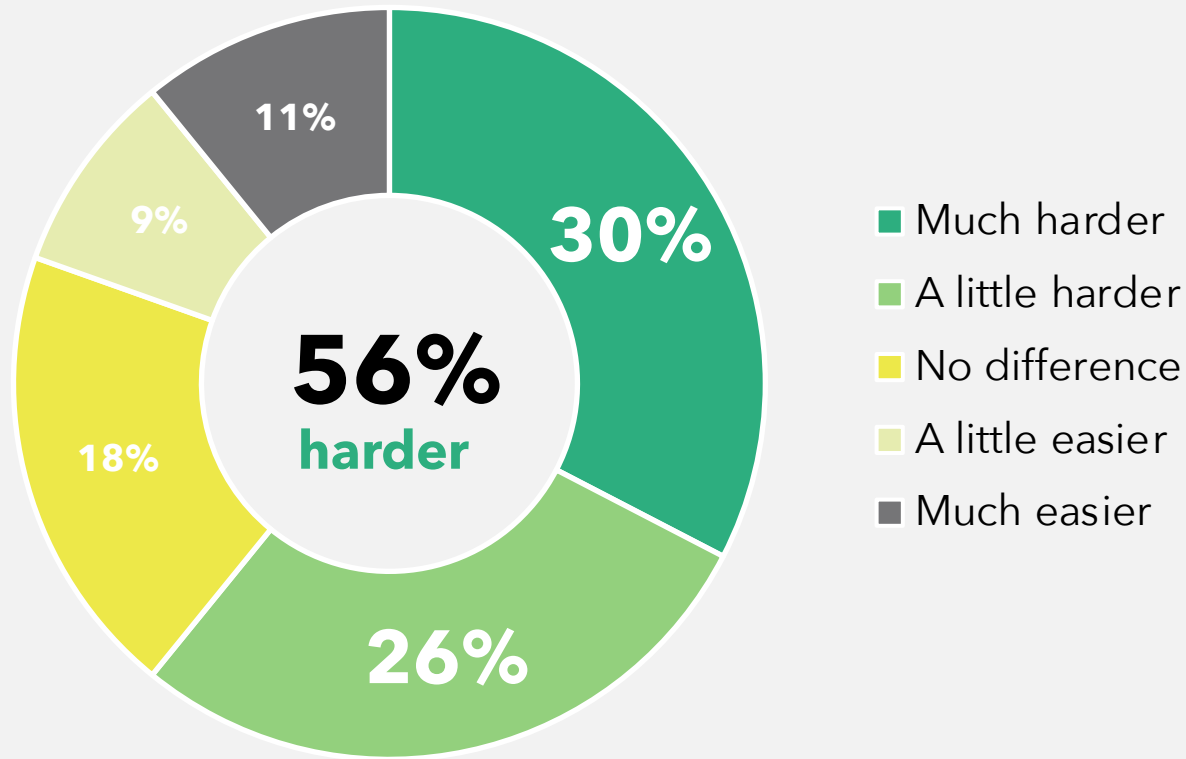


Q:

How likely is it that you will need to work past the normal retirement age to have enough money in retirement.?

More than half of Americans say it's getting harder to prepare for retirement .

Key Finding 1



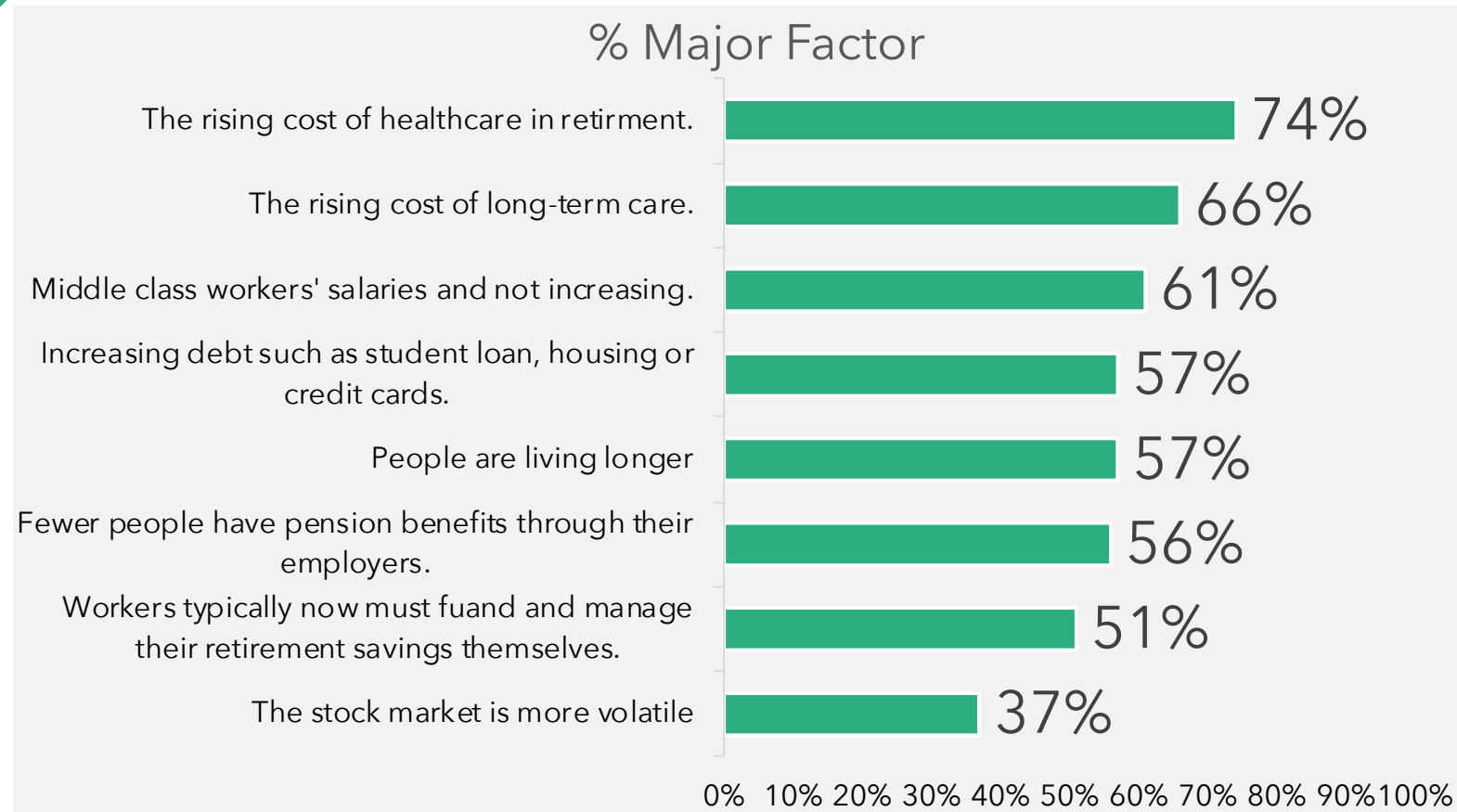
Q:

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?

Rising cost of healthcare and long-term care, stagnating salaries, increasing debt, fewer pensions and DIY retirement are major factors making it harder to prepare for retirement .

Key Finding

1

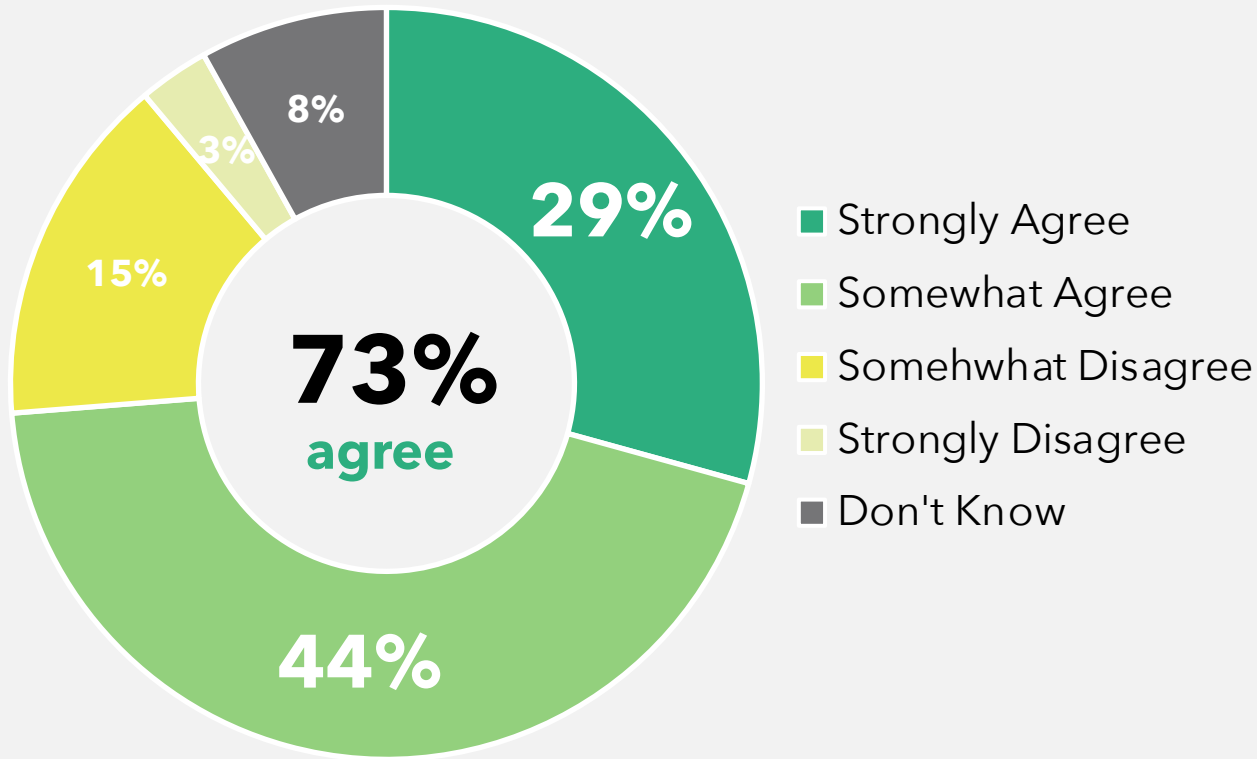


Q:

To what extent do you feel each of the following issues are a factor in making it harder for Americans to prepare for retirement?

Nearly $\frac{3}{4}$ say workers don't have the financial skills to manage money in retirement.

Key Finding 1



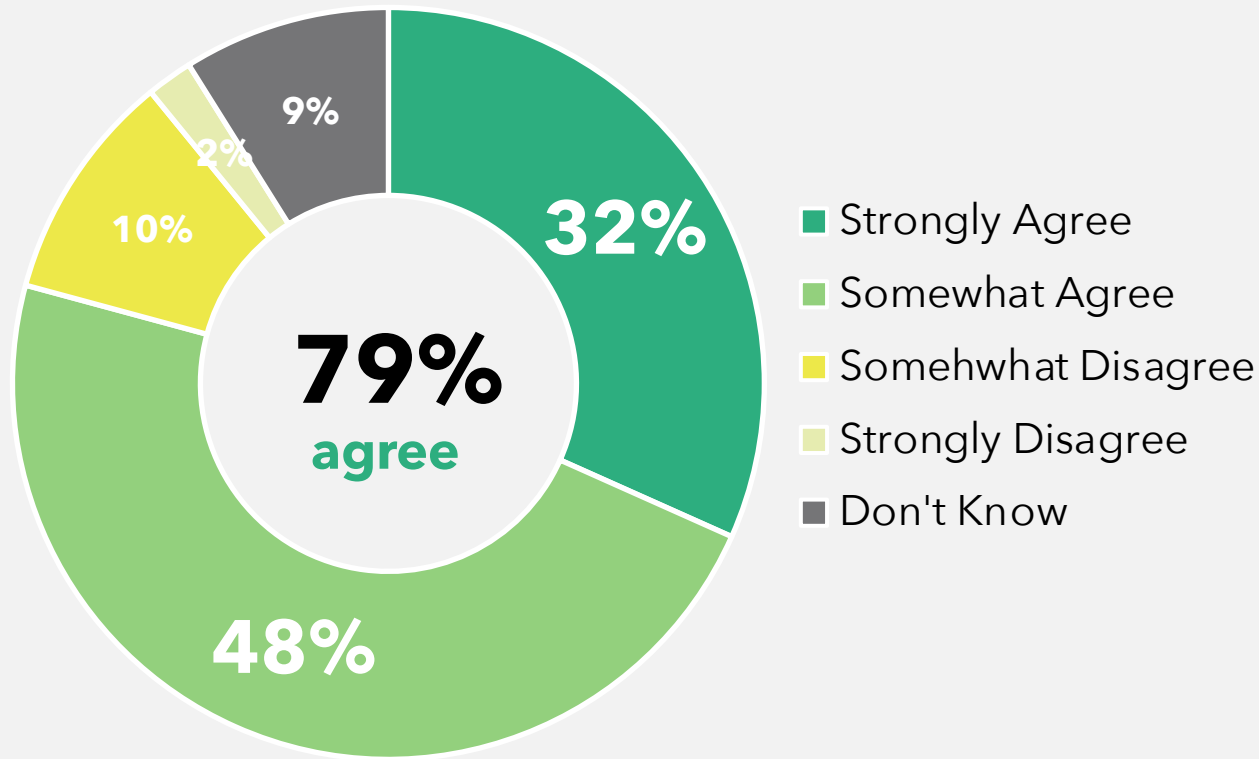
Q:

To what extent do you agree or disagree with the following statement?

Most workers don't have the financial skills to manage their money in retirement.

79% say retirees don't know enough about investing to ensure retirement savings last through retirement.

Key Finding 1



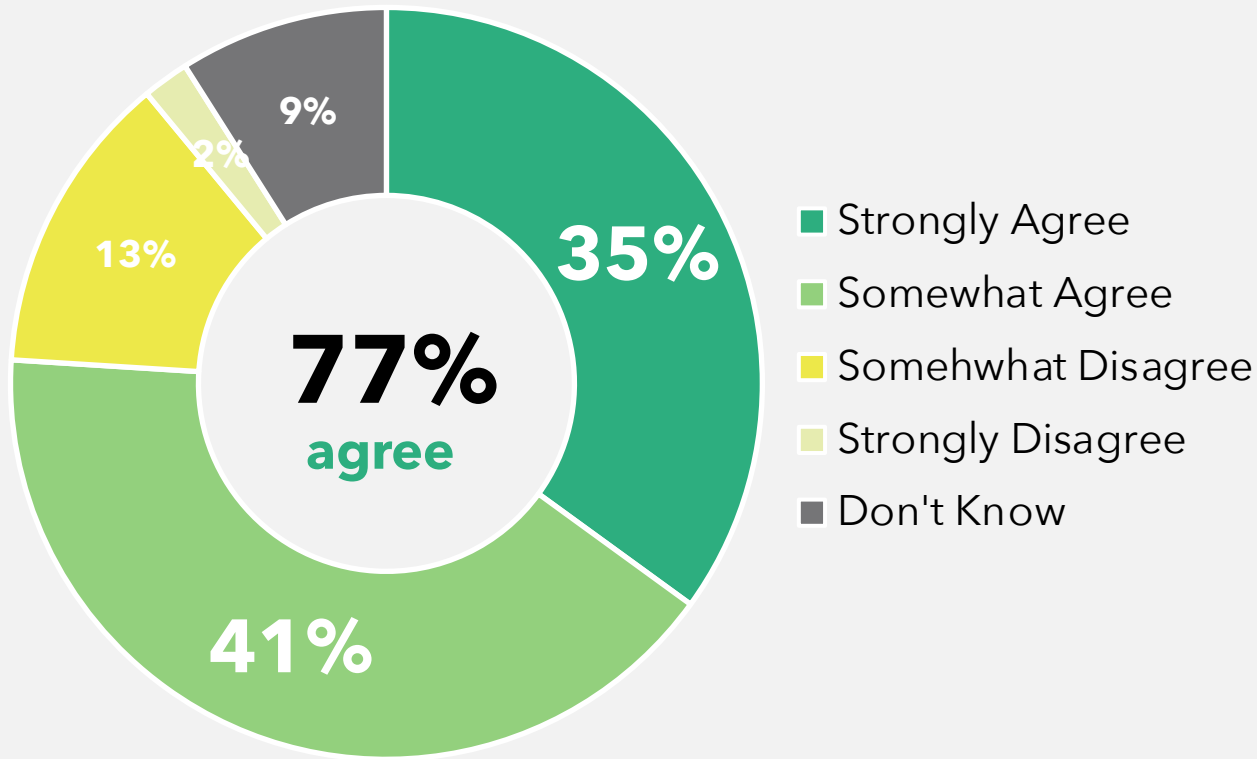
Q:

To what extent do you agree or disagree with the following statement?

The average retiree does not know enough about managing investments to be able to make their retirement savings last.

More than $\frac{3}{4}$ say employers need to contribute more so Americans can have a secure retirement.

Key Finding 1



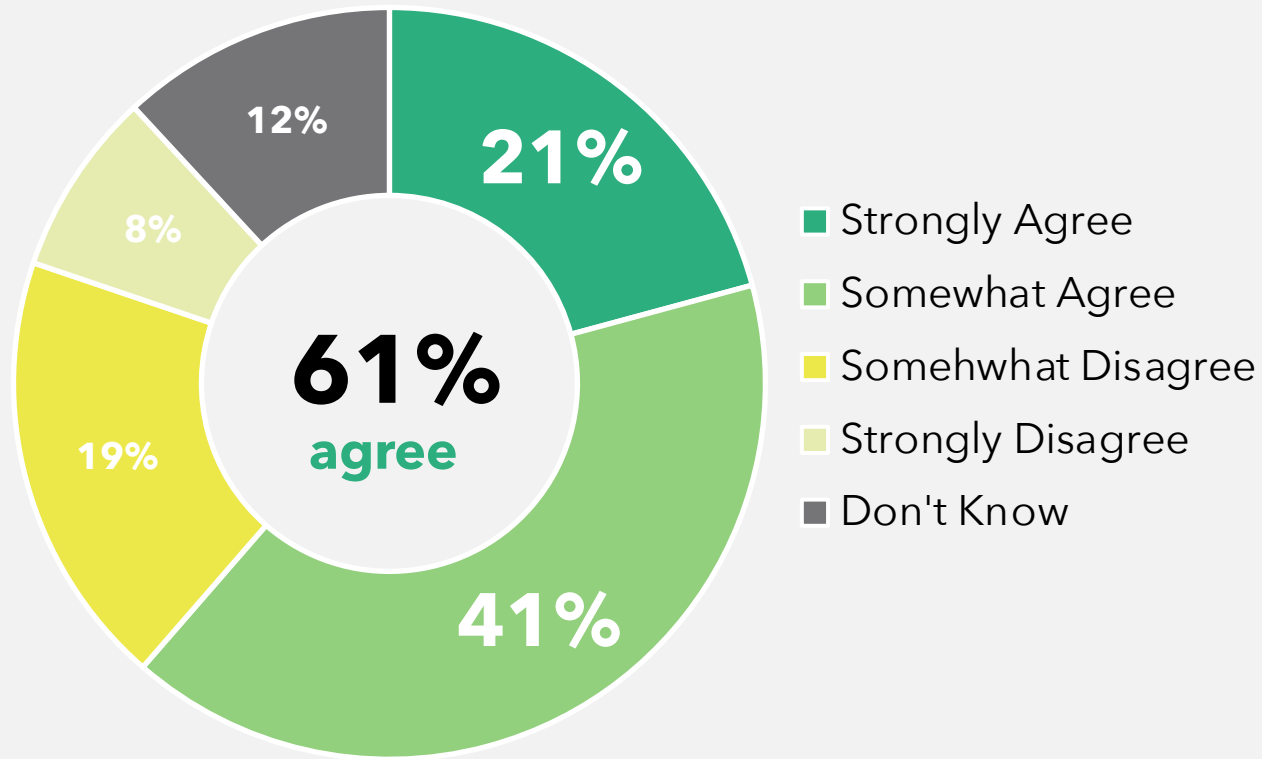
Q:

To what extent do you agree or disagree with the following statement?

Employers should contribute more money to workers' retirement plans to allow them to achieve a secure retirement.

61% are willing to sacrifice pay for guaranteed income in retirement.

Key Finding 1



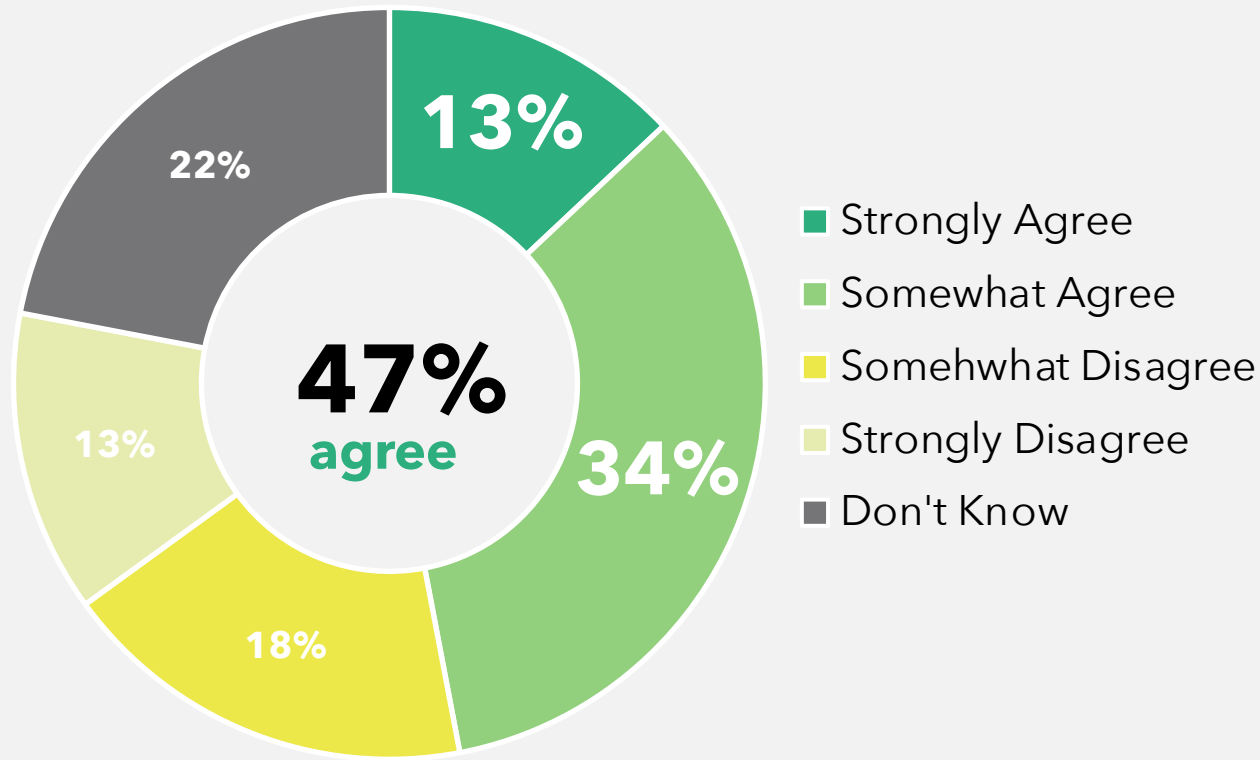
Q:

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.

Nearly half are willing to sacrifice savings to buy guaranteed income in retirement and another 25% don't know.

Key Finding 1



Q:

To what extent do you agree or disagree with the following statement?

At retirement, I would be willing to use some retirement savings to buy guaranteed monthly income for as long as I live in exchange for giving up control over that portion of my retirement savings.

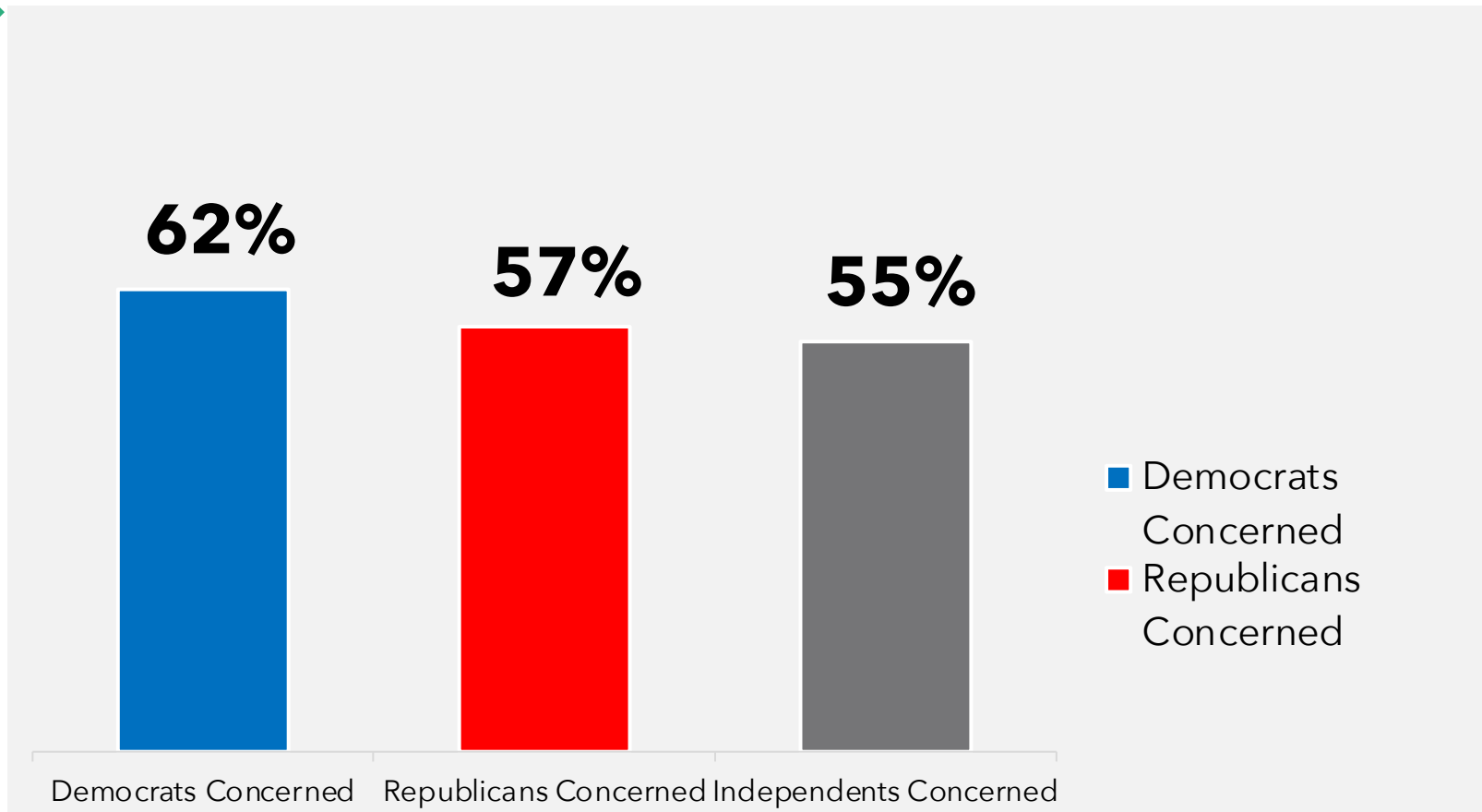


Key Finding 2

Even as the nation remains deeply politically polarized, Americans are united in their sentiment about retirement issues.

Democrats, Republicans and Independents are concerned that they can't achieve financial security in retirement.

Key Finding 2

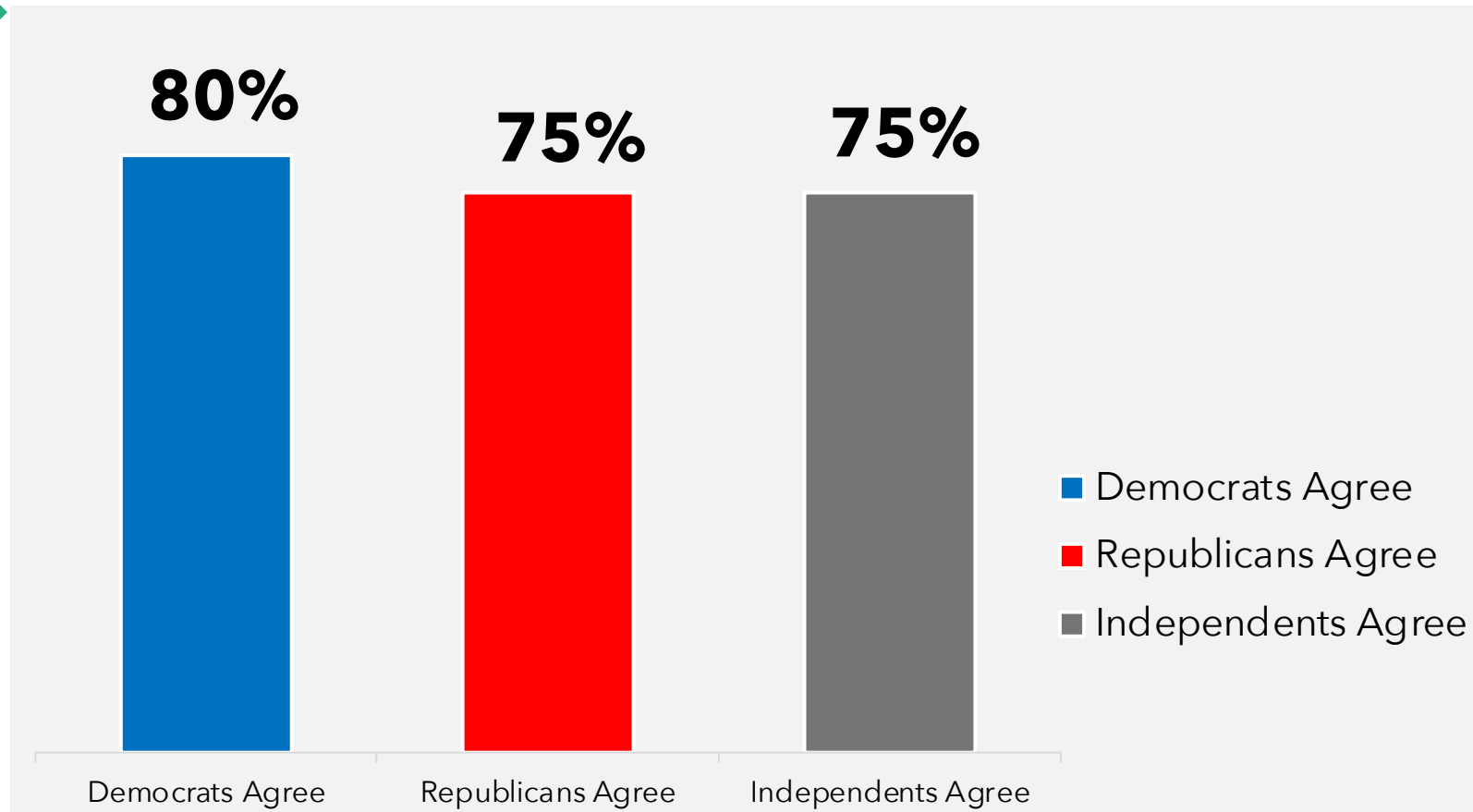


Q:

How concerned are you that you won't be able to achieve a financially secure retirement?

Democrats, Republicans and Independents agree that the nation faces a retirement crisis.

Key Finding 2



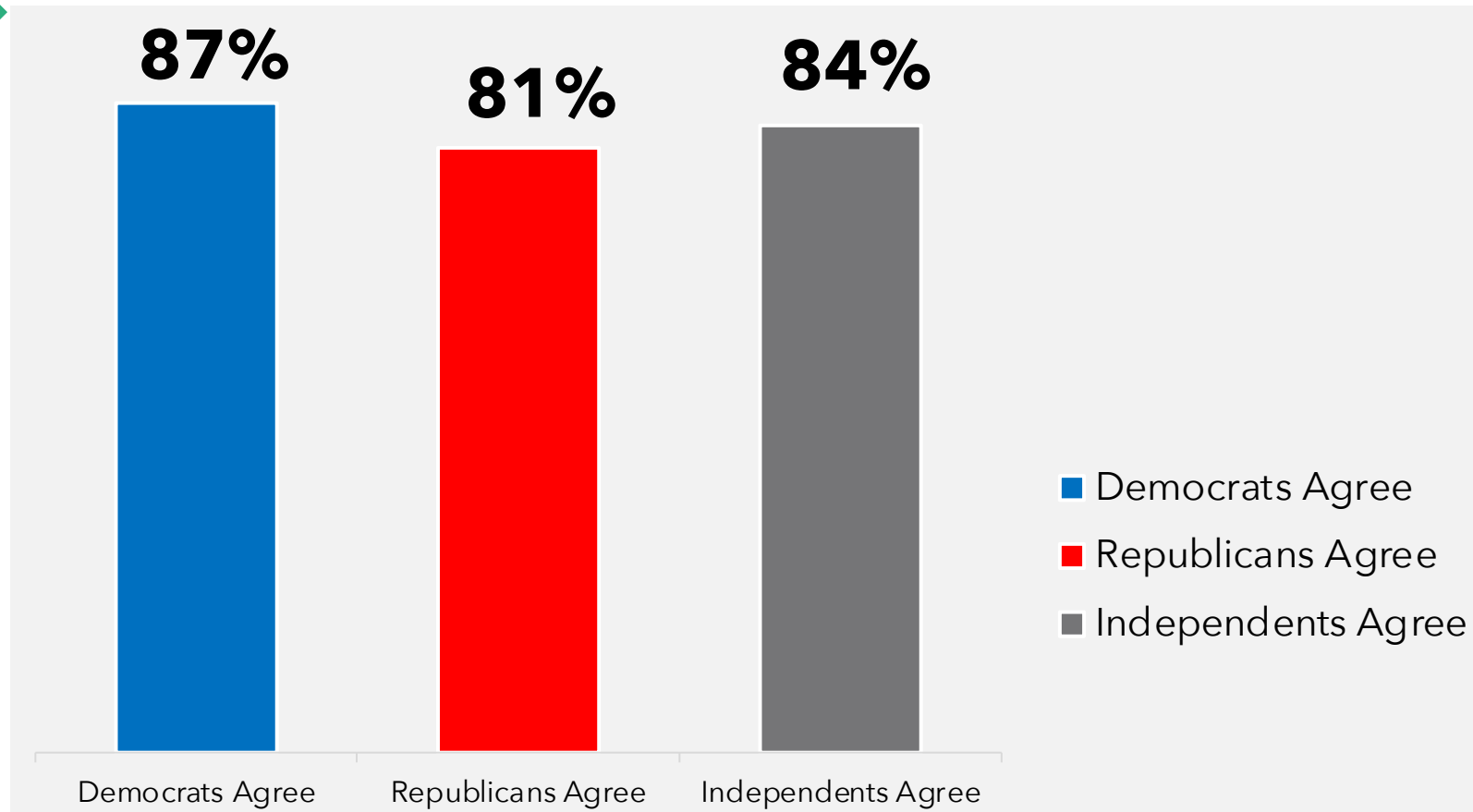
Q:

To what extent do you agree or disagree with the following statement?

America is facing a retirement crisis.

Across party lines, Americans agree that leaders in Washington don't understand how hard it is to prepare for retirement.

Key Finding 2



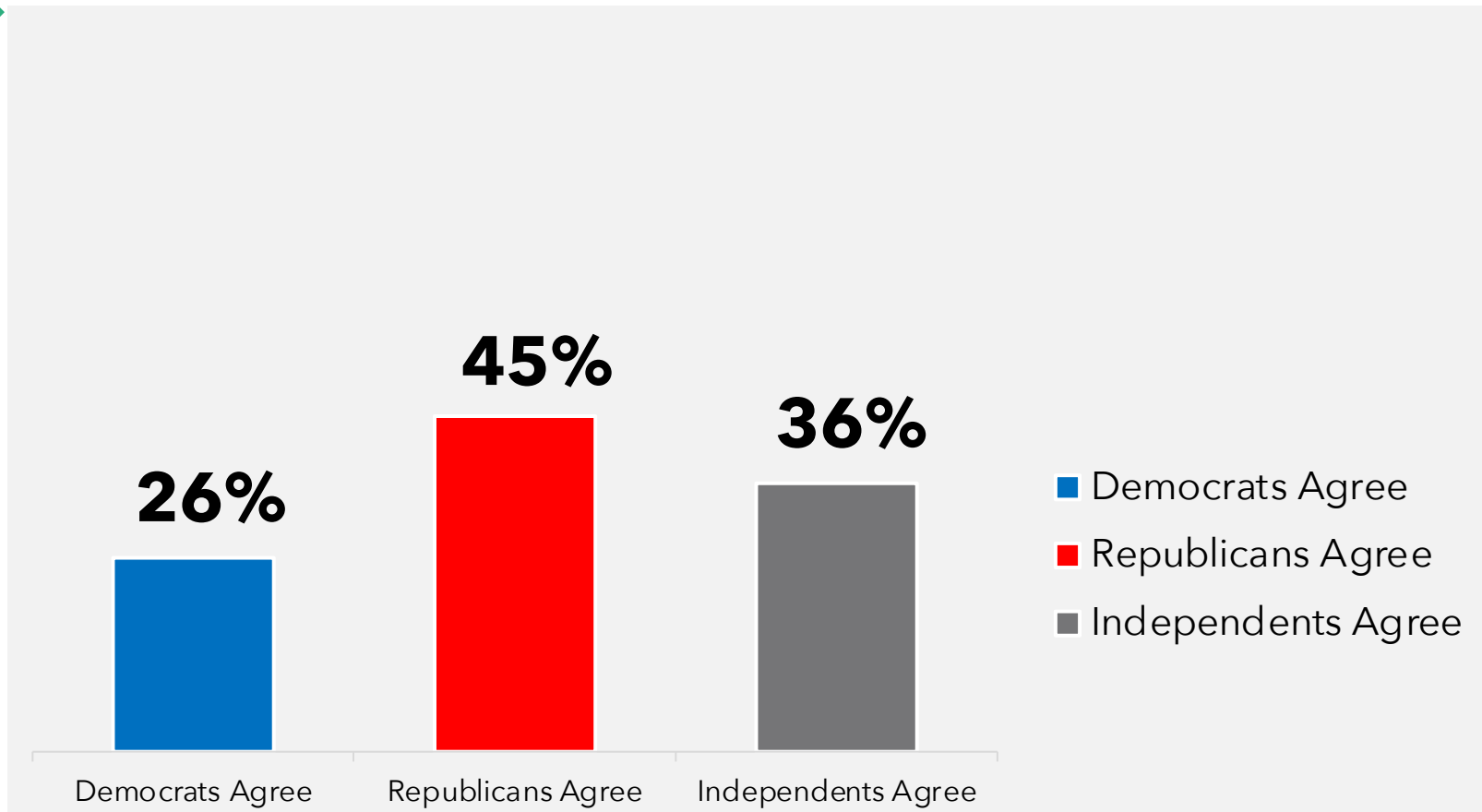
Q:

To what extent do you agree or disagree with the following statement?

Leaders in Washington do not understand how hard it is for workers to save enough for retirement.

Most, especially Democrats, don't think the new tax law is helping them save for retirement.

Key Finding 2



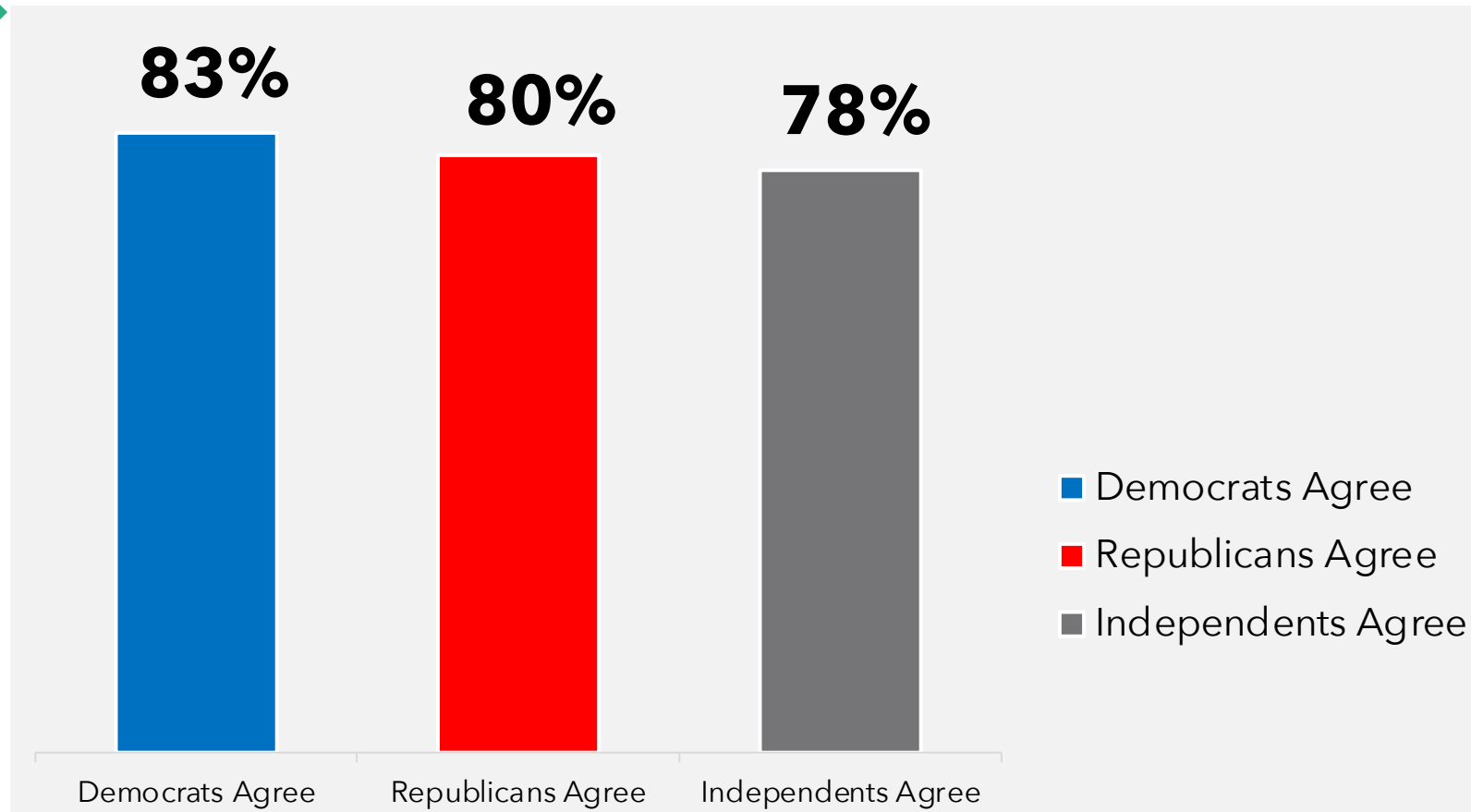
Q:

To what extent do you agree or disagree with the following statement?

The new tax bill is making it easier for me to save for retirement.

Across party lines, Americans agree retirees don't know enough about managing investments to make their retirement savings last.

Key Finding 2



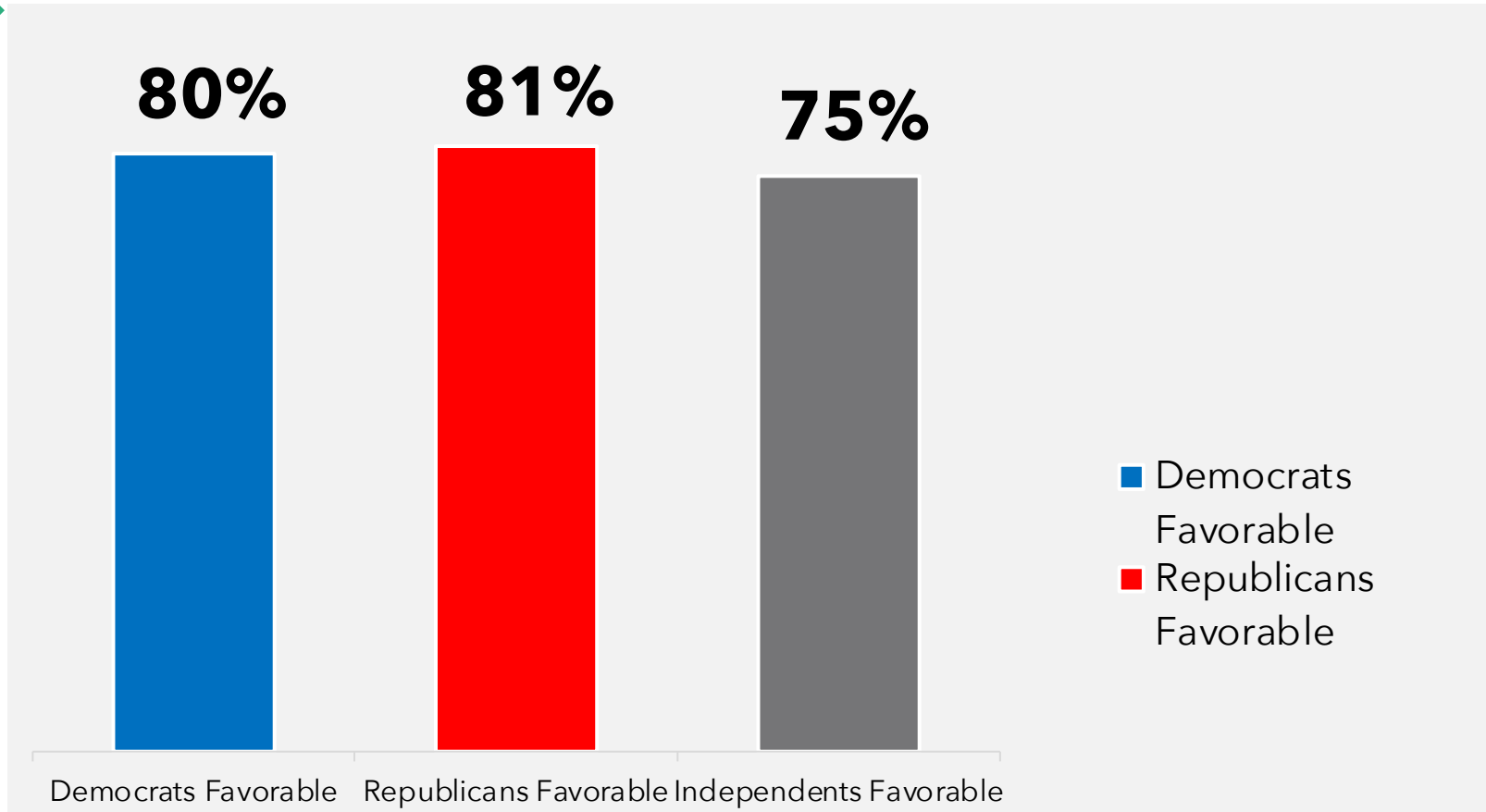
Q:

To what extent do you agree or disagree with the following statement?

The average retiree does not know enough about managing investments to be able to make their retirement savings last.

Across party lines, Americans have highly favorable views about pensions.

Key Finding 2



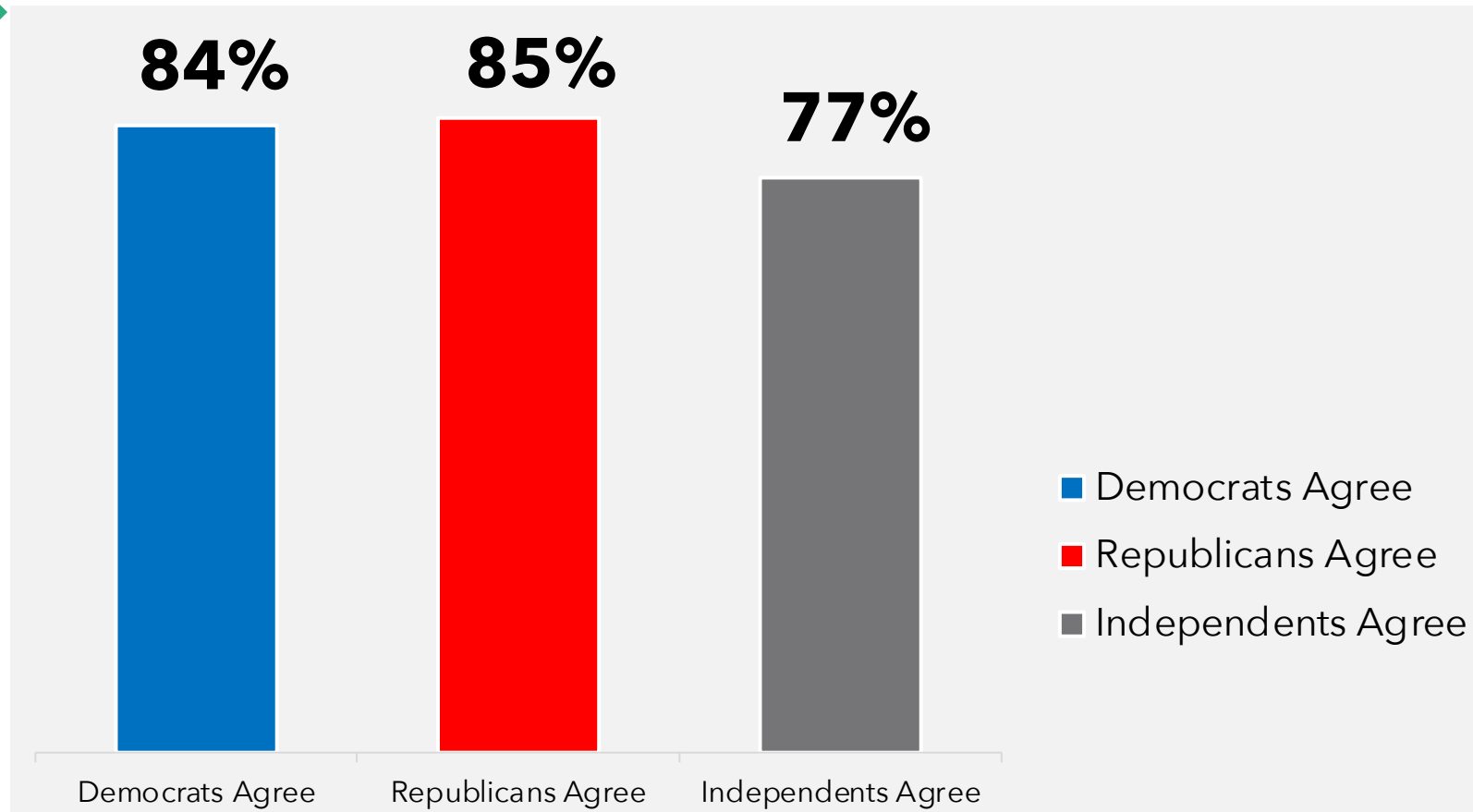
Q:

From this point on in the survey, “traditional pension plans” refers to a retirement plan where you receive a regular monthly check in retirement where the payment amount is based on your salary at retirement and how many years you worked. This is sometimes called a defined benefit pension (DB) plan or a group retirement plan.

How would you describe your overall view of this type of pension?

Across party lines and in overwhelming numbers, Americans say those with pensions more likely to have a secure retirement.

Key Finding 2



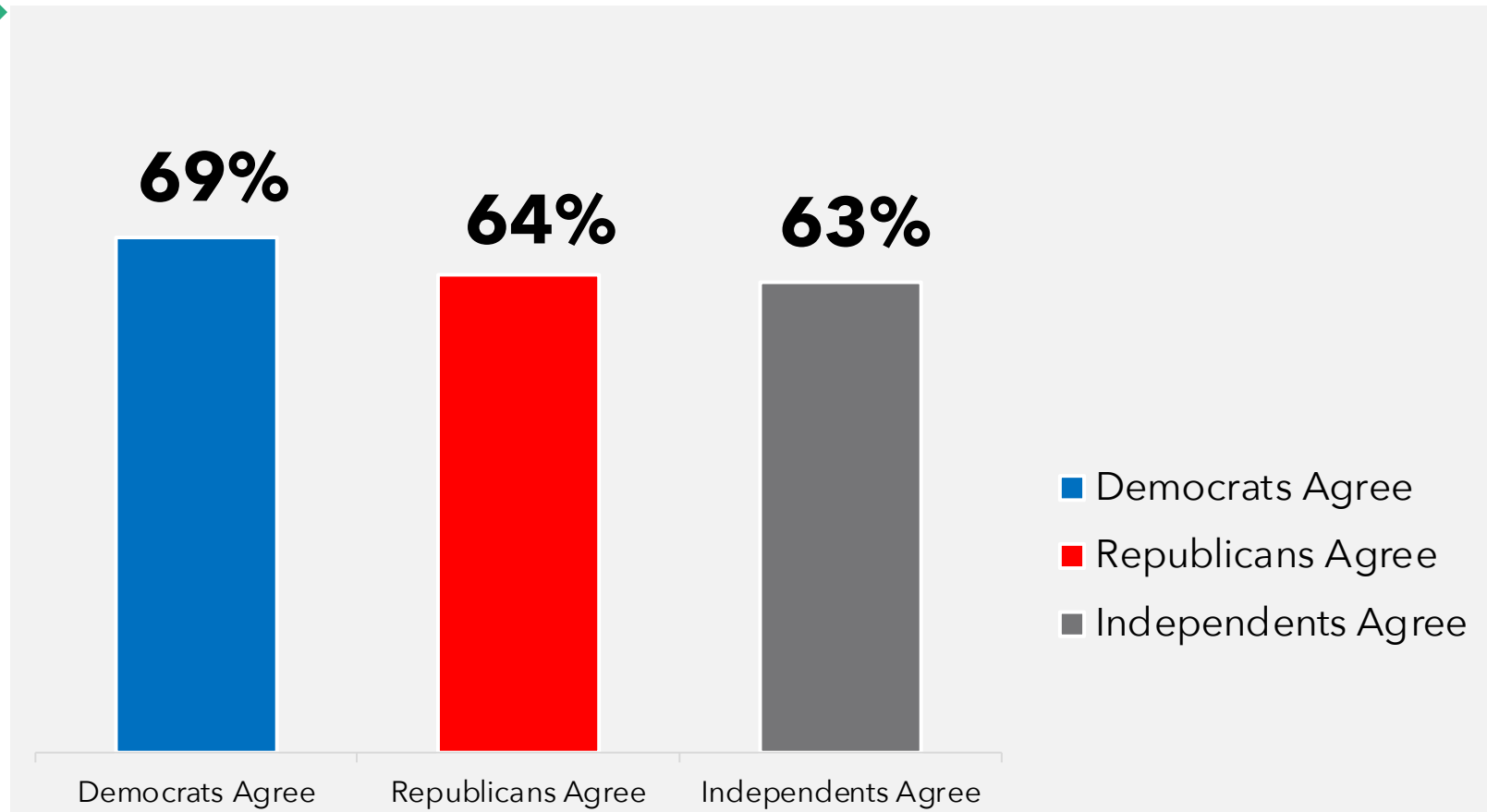
Q:

To what extent do you agree or disagree with the following statement?

Americans with traditional pensions are more likely than those without pensions to have a secure retirement.

Across party lines, most Americans say that pensions do more than 401(k) accounts for achieving a secure retirement.

Key Finding 2



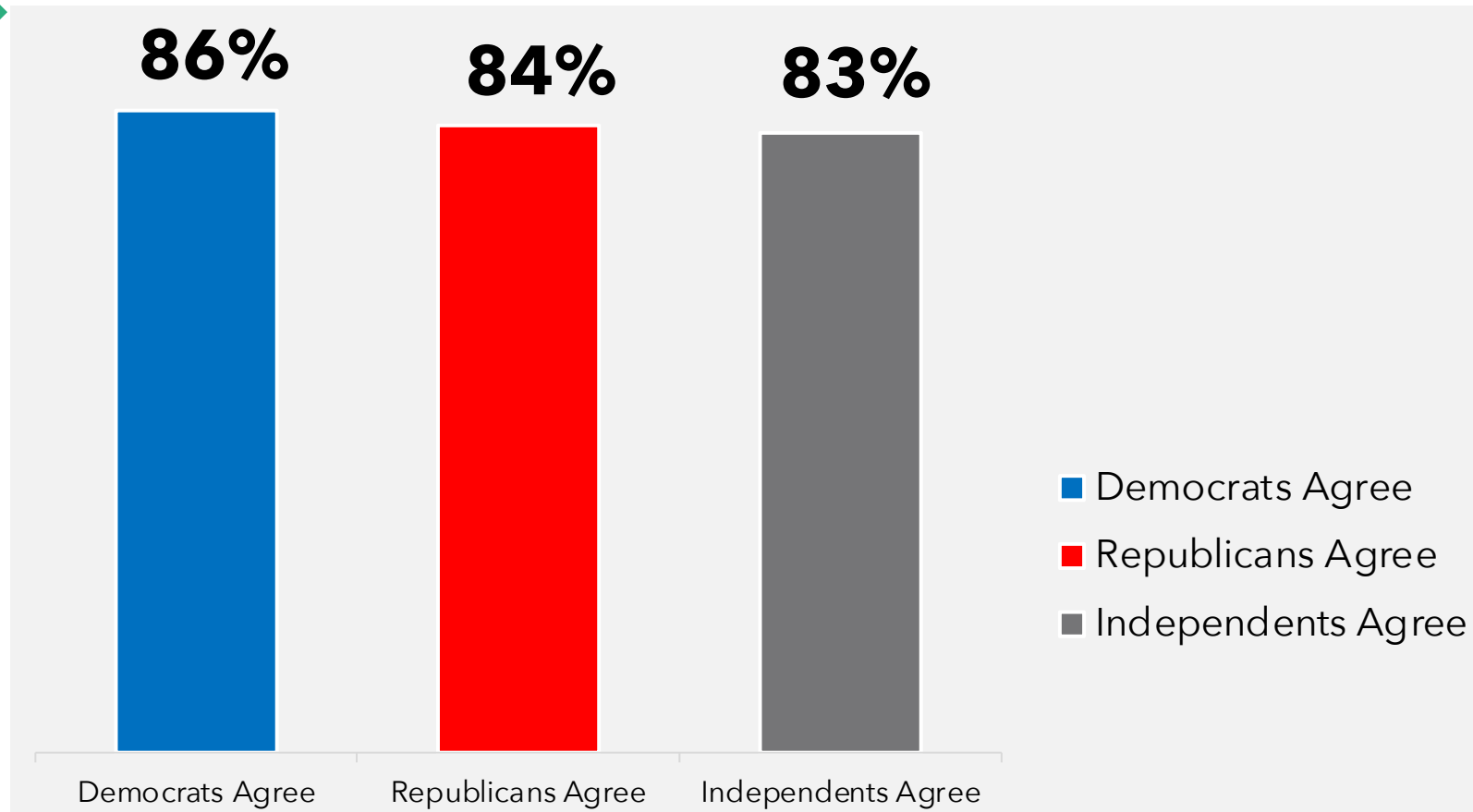
Q:

To what extent do you agree or disagree with the following statement?

Pensions do more to help workers achieve a secure retirement as compared to retirement savings plans such as 401(k)s.

Across party lines, Americans overwhelmingly agree pensions help recruit and retain public workers like teachers, firefighters and police.

Key Finding 2



Q:

To what extent do you agree or disagree with the following statement?

Pensions are a good way to recruit and retain qualified teachers, police officers, and firefighters.

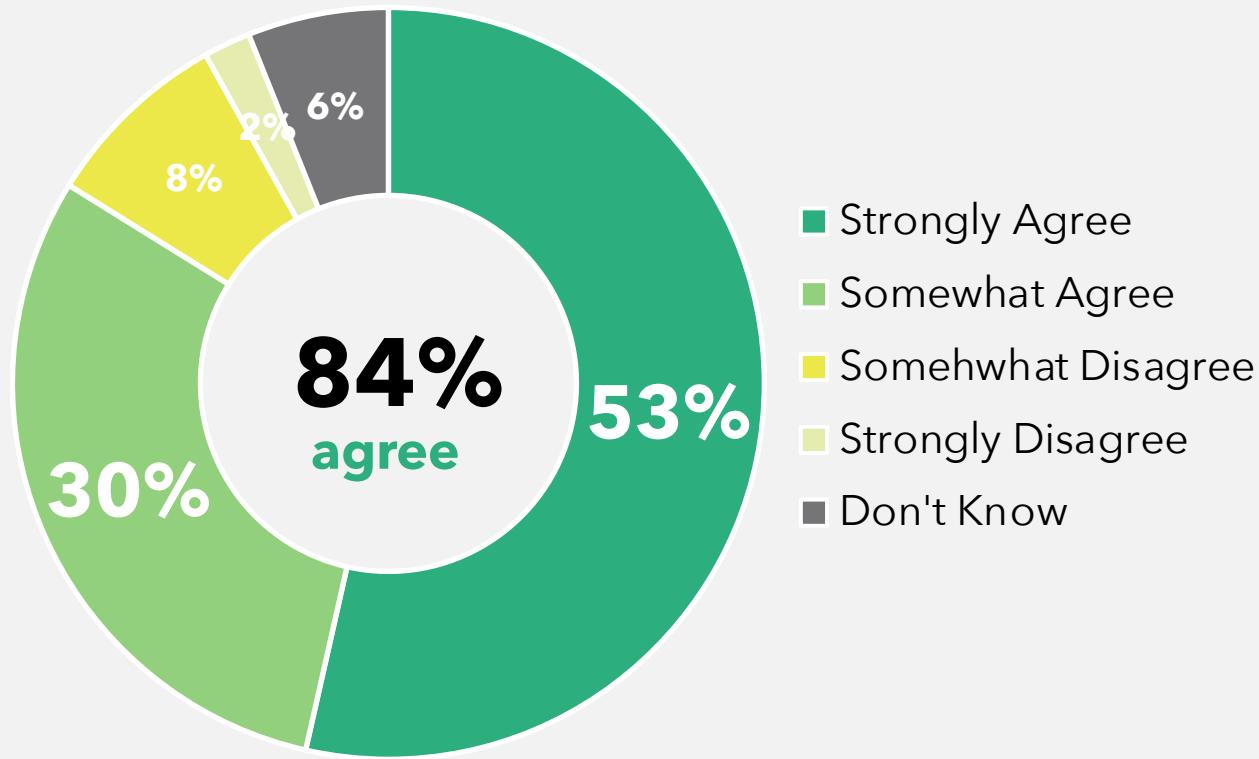


Key Finding 3

Americans see government playing an important role in helping workers prepare for retirement, but lawmakers in Washington don't get it. And the new tax law has not helped.

84% say leaders in Washington do not understand how hard it is for American workers to prepare for retirement.

Key Finding 3



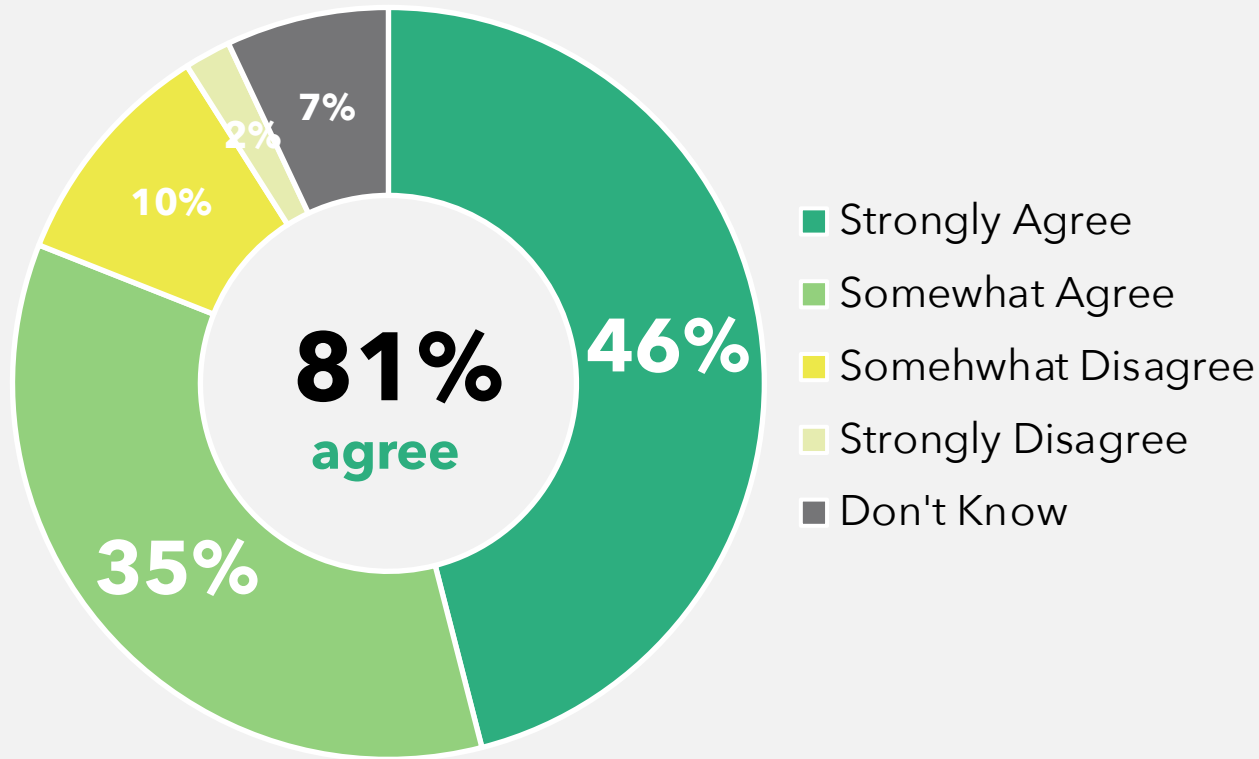
Q:

To what extent do you agree or disagree with the following statement?

Leaders in Washington do not understand how hard it is for workers to save enough for retirement.

81% say leaders in Washington need to give retirement a higher priority.

Key Finding 3



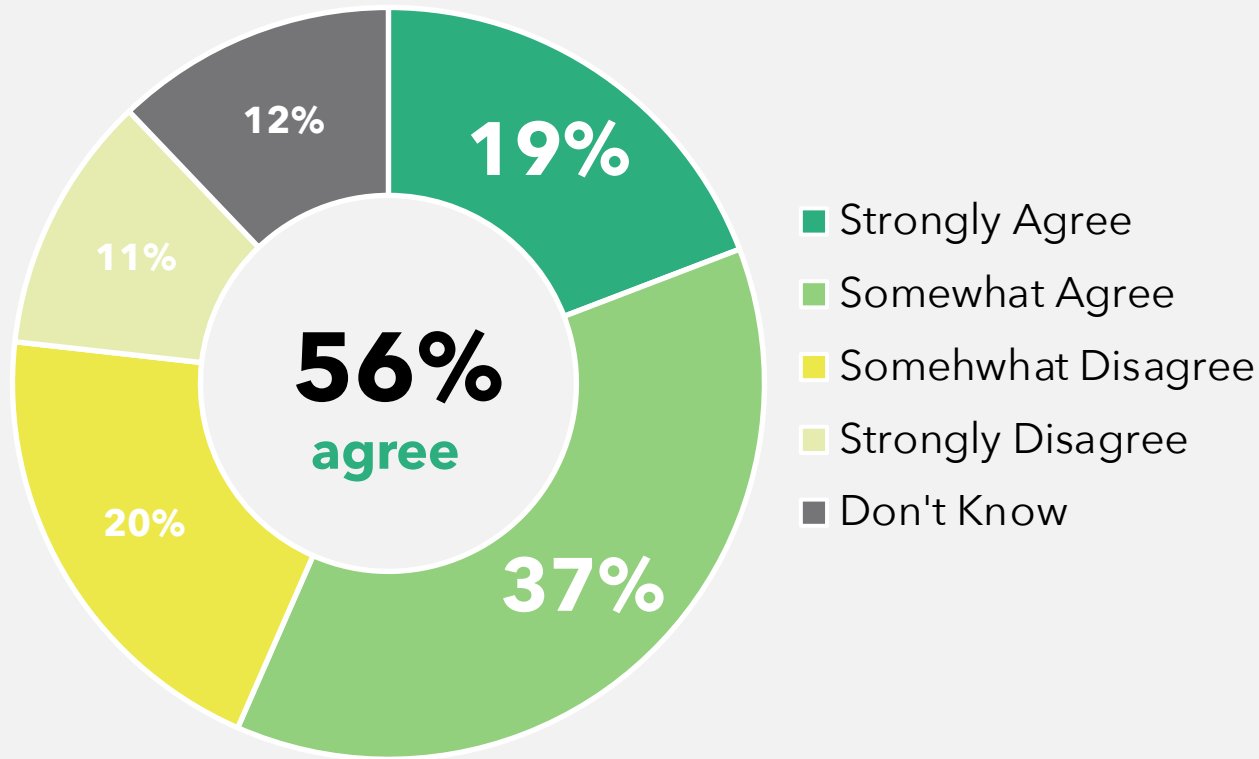
Q:

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.

More than half agree that the government needs to increase Social Security contributions from both employers and workers.

Key Finding 3



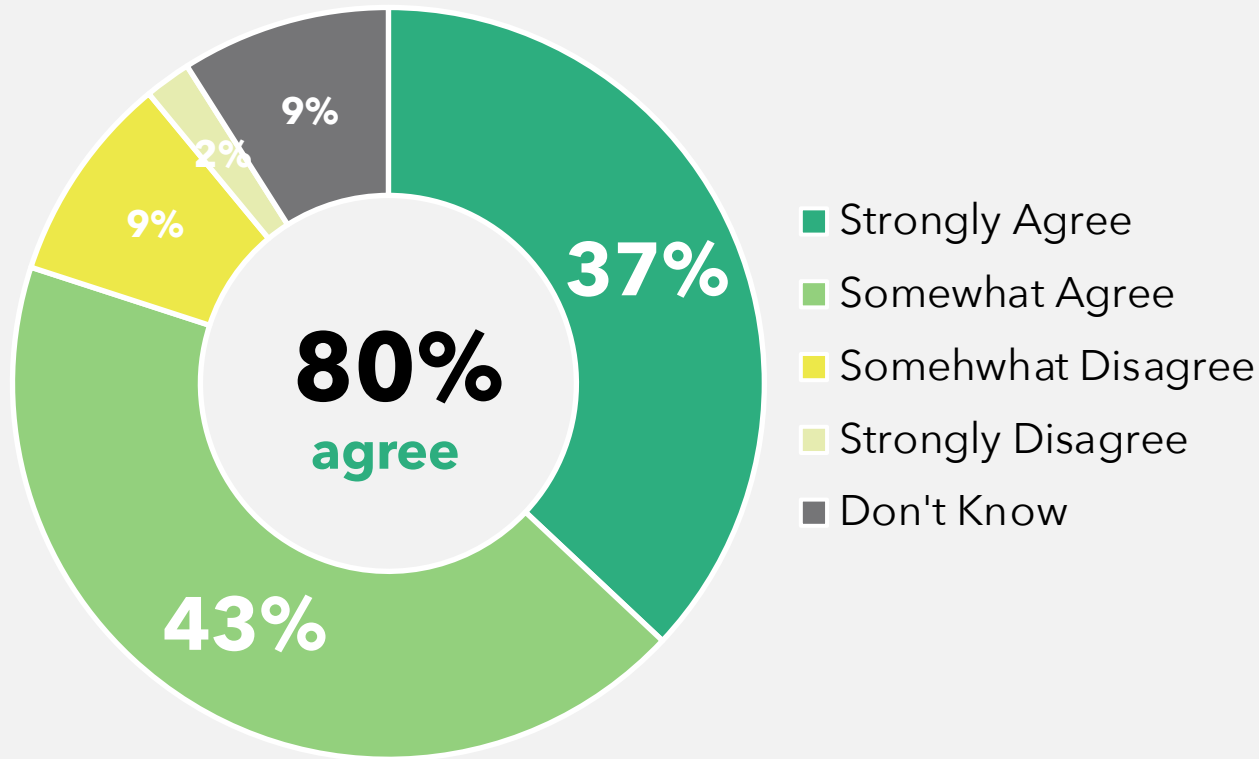
Q:

To what extent do you agree or disagree with the following statement?

To ensure that Social Security will be around for future generations, the government needs to increase the amount that workers and employers must contribute to Social Security.

80% say the government should make it easier for employers to offer traditional pensions.

Key Finding 3



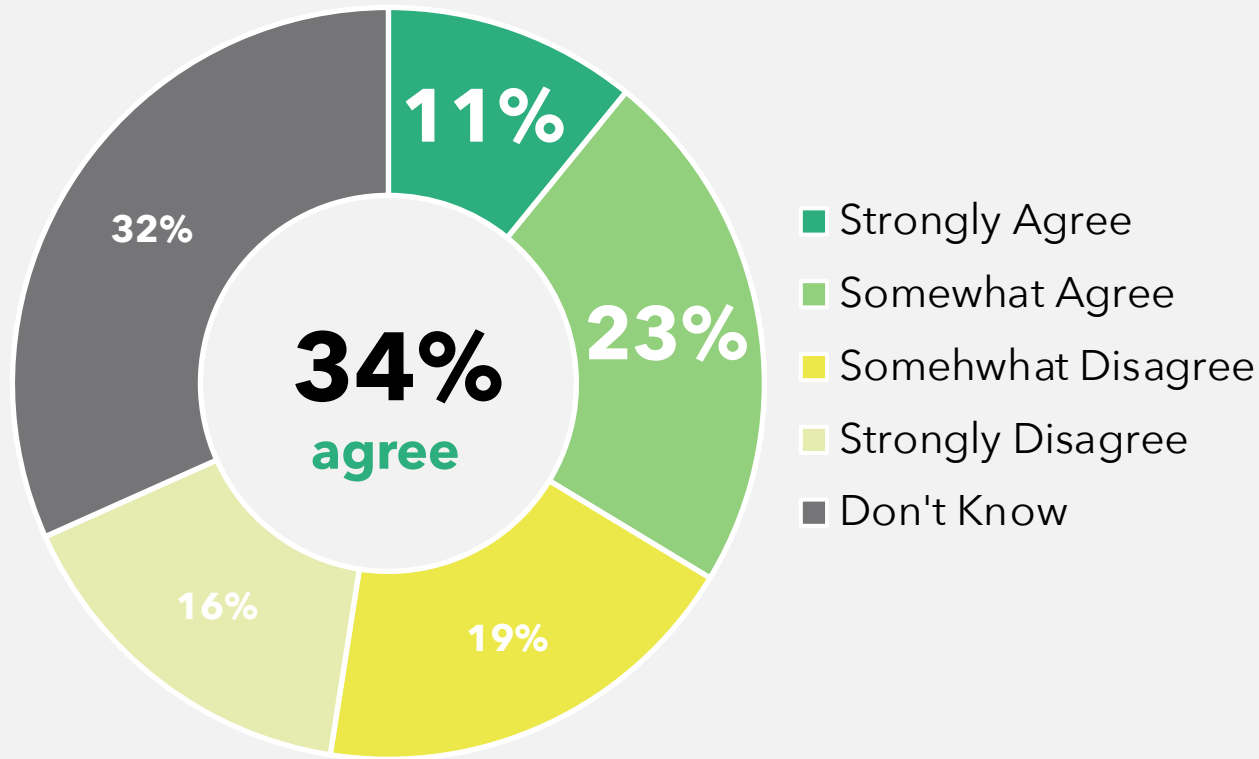
Q:

To what extent do you agree or disagree with the following statement?

The government should make it easier for employers to offer traditional pension plans.

Few Americans see the new tax law as improving their retirement prospects.

Key Finding 3



Q:

To what extent do you agree or disagree with the following statement?

The new tax bill is making it easier for me to save for retirement.



Key Finding 4

In contrast to the sentiment about Washington, D.C., efforts by state lawmakers to expand access to retirement accounts for all workers is widely supported by Americans.



State-Sponsored Retirement Plans

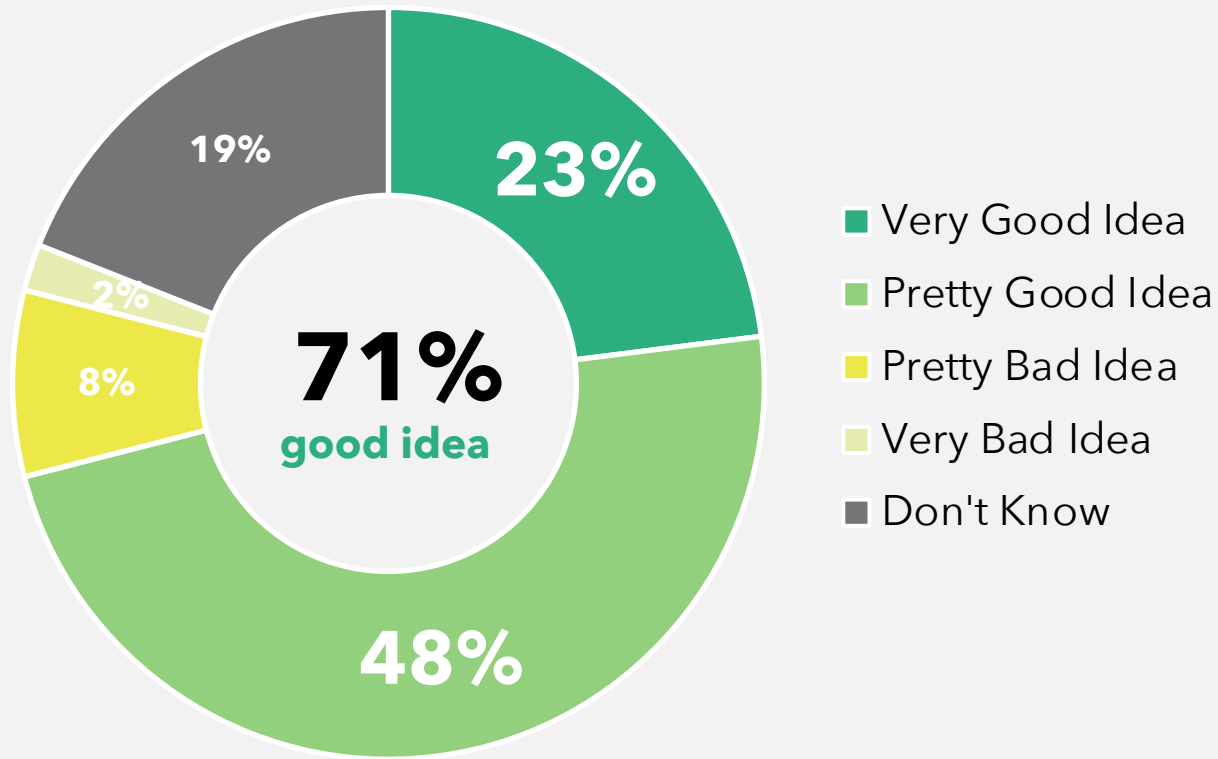
About half of the U.S. workforce does not have access to a retirement plan through their employer. To address this issue, ten states have passed laws to establish plans for workers without employer retirement plans in their states to improve retirement readiness for all workers.

The most popular type of plan automatically enrolls workers in moderate risk, low cost retirement savings accounts. Private employers without retirement plans must provide their employees with access to these new retirement accounts through payroll deductions. Plans would be overseen and administered by the state but investments are managed by private companies.

Americans in these states that offer these plans could access these retirement savings accounts when they retire. Some plans would guarantee higher returns than a bank savings account, likely at least a two to three percent return on the money invested.

Americans overwhelmingly agree that state retirement plans are a good idea.

Key Finding 4

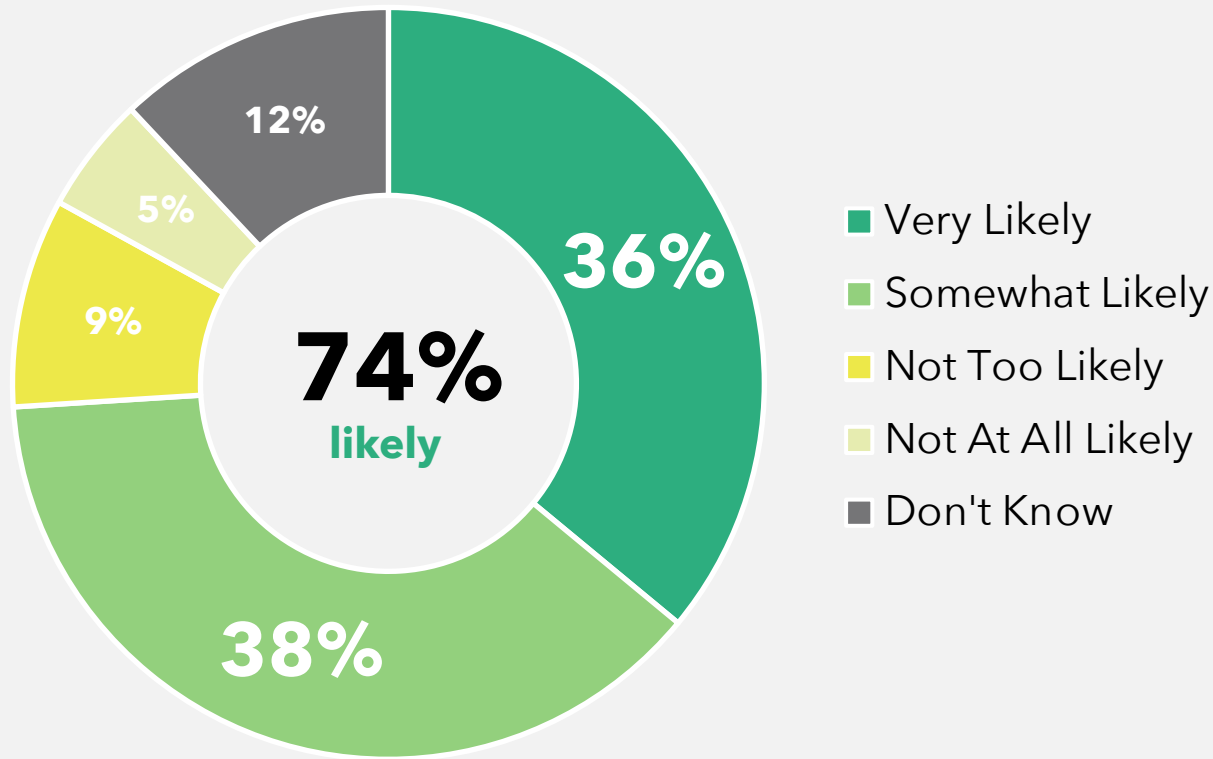


Q:

Overall, do you think these state retirement plans are a...

Nearly $\frac{3}{4}$ of Americans would participate in state retirement plans.

Key Finding 4

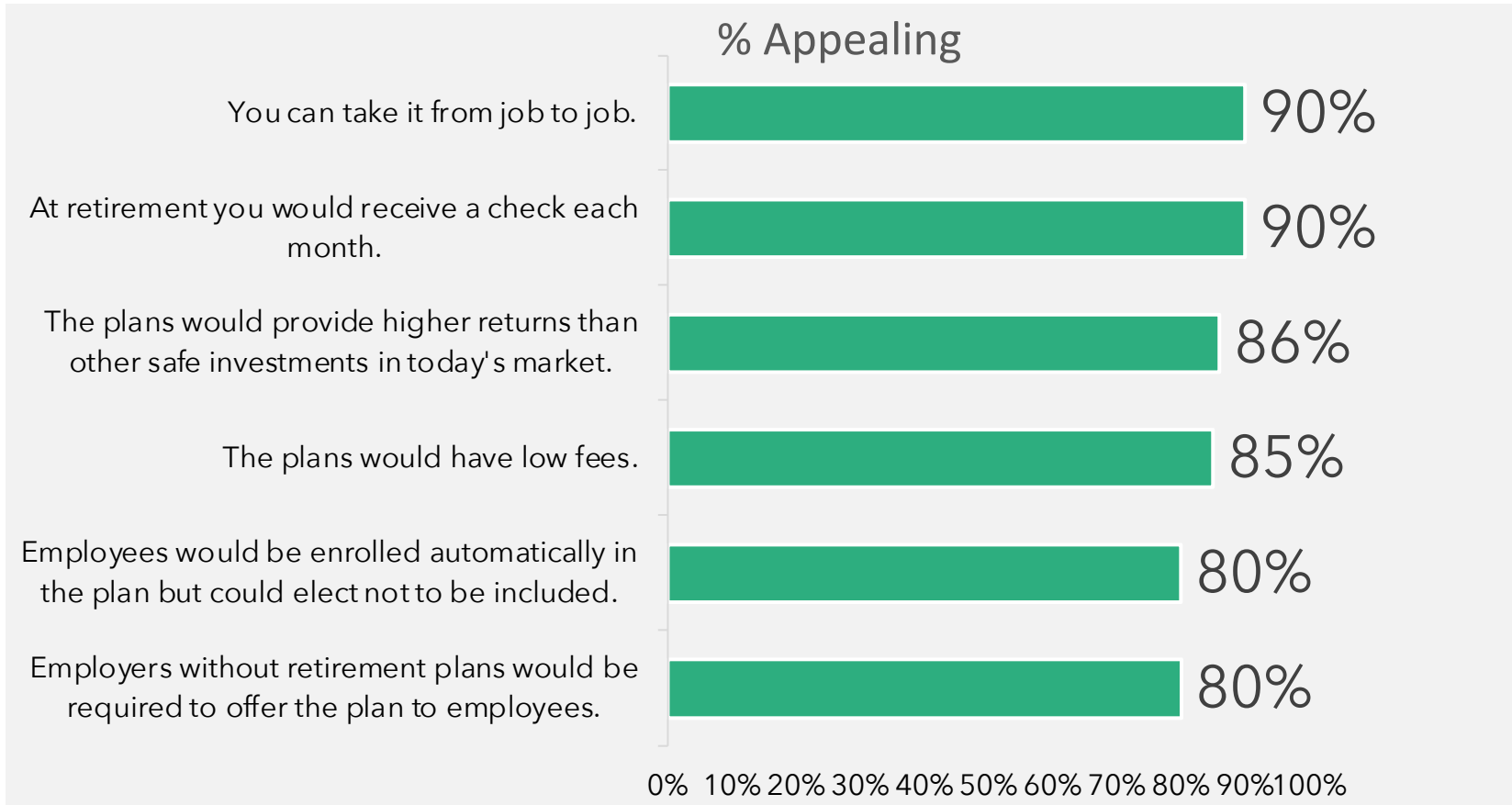


Q:

Overall, based on the previous description, how likely do you think you would be to consider participating in this plan if it were available?

Americans find features of state retirement plans highly appealing, especially portability, monthly check and higher returns.

Key Finding 4



Q:

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

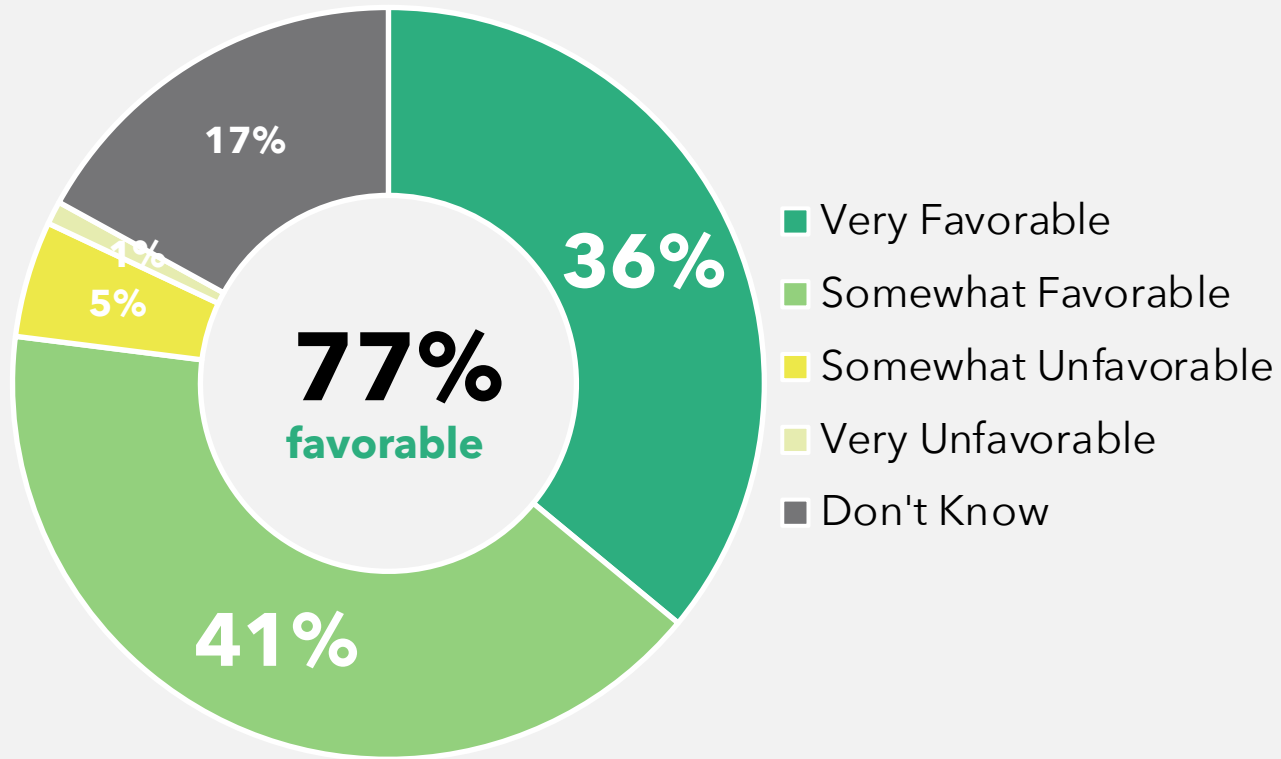


Key Finding 5

Americans are highly positive on the role of pensions in providing retirement security and see these retirement plans as better than 401(k) plans.

More than $\frac{3}{4}$ of Americans have a favorable view of defined benefit pensions.

Key Finding 5



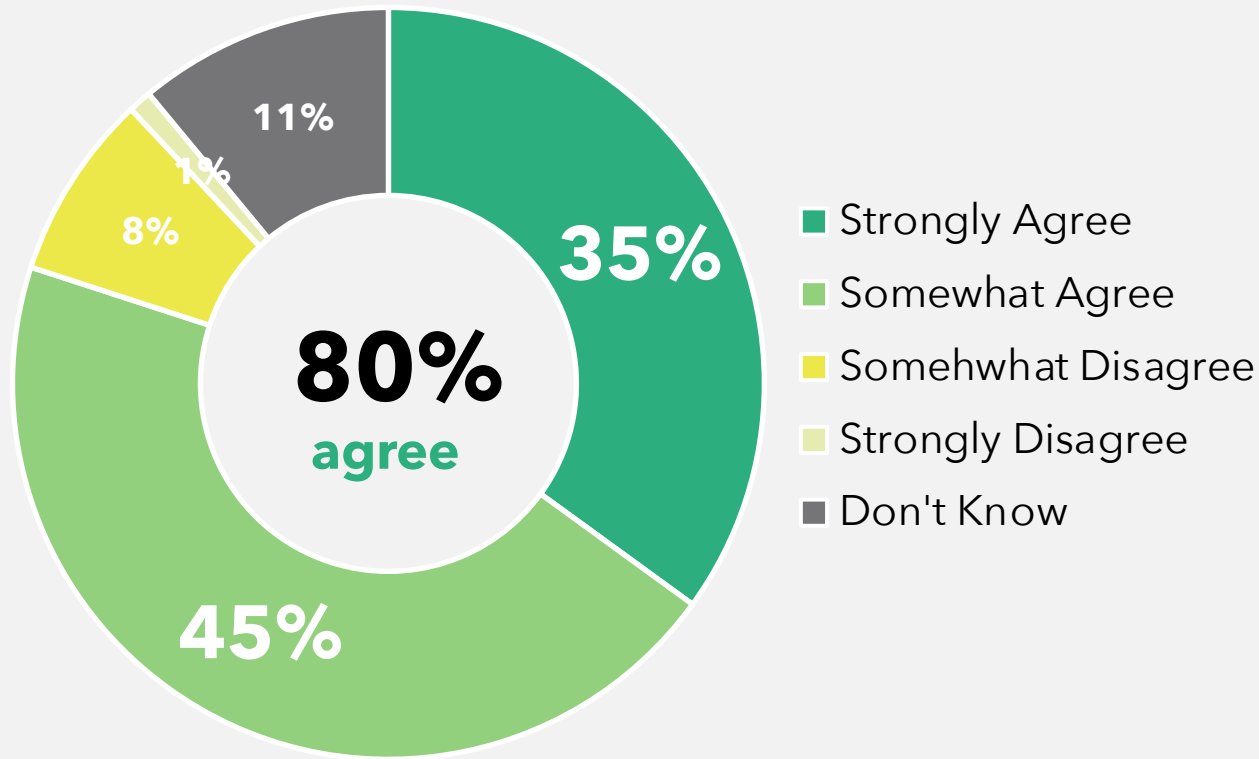
Q:

From this point on in the survey, “traditional pension plans” refers to a retirement plan where you receive a regular monthly check in retirement where the payment amount is based on your salary at retirement and how many years you worked. This is sometimes called a defined benefit pension (DB) plan or a group retirement plan.

How would you describe your overall view of this type of pension?

Americans overwhelmingly agree that those with pensions are more likely to have a secure retirement.

Key Finding 5



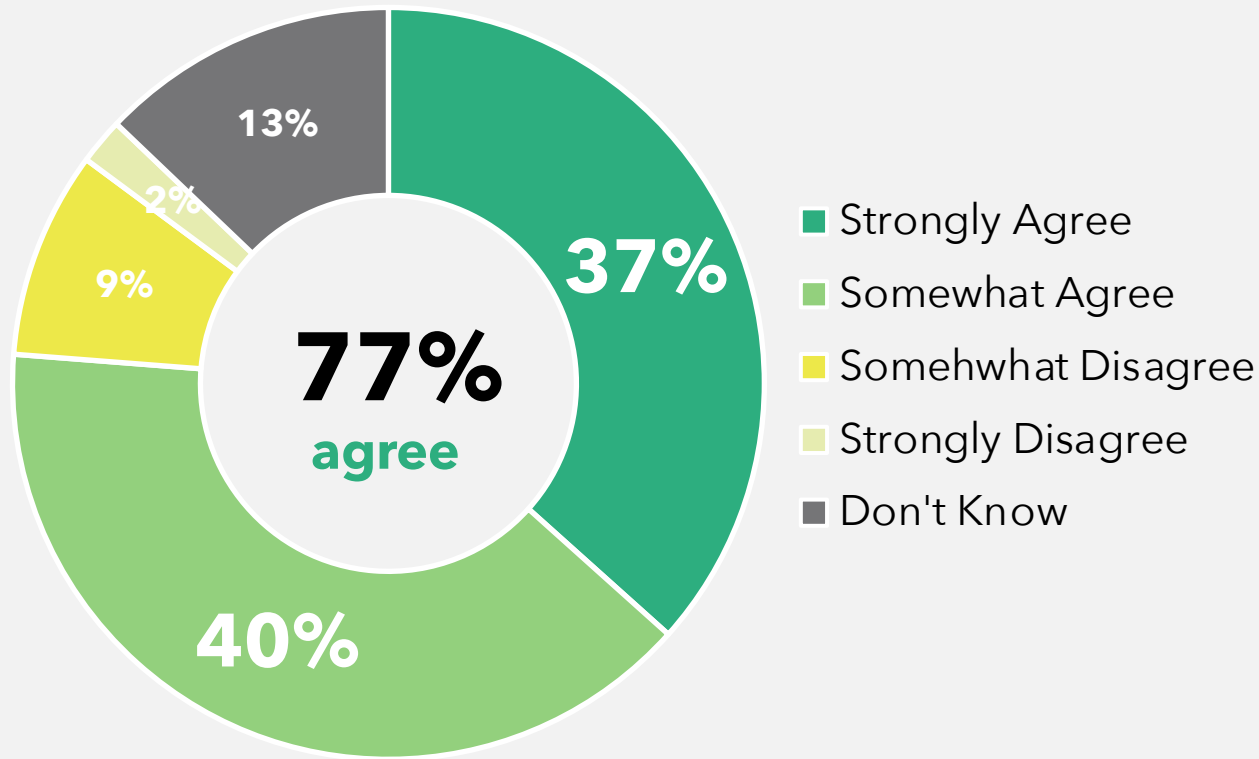
Q:

To what extent do you agree or disagree with the following statement?

Americans with traditional pensions are more likely than those without pensions to have a secure retirement.

More than $\frac{3}{4}$ say those with pensions are more likely to feel comfortable retiring than those relying on individual savings.

Key Finding 6



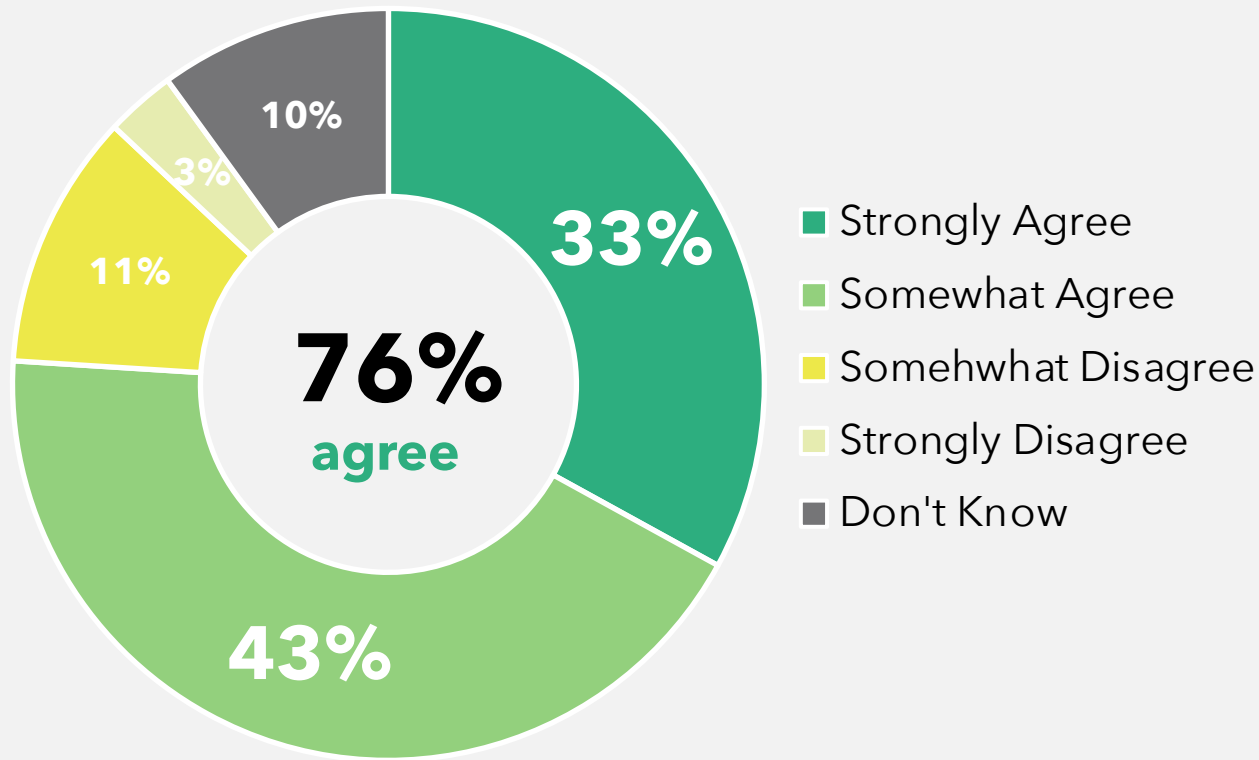
Q:

To what extent do you agree or disagree with the following statement?

Among people I know, those with a pension are more likely to feel more financially comfortable retiring than those relying on their own savings.

3/4 say all American workers should have a pension plan in order to be self-reliant and independent in retirement.

**Key
Finding
5**



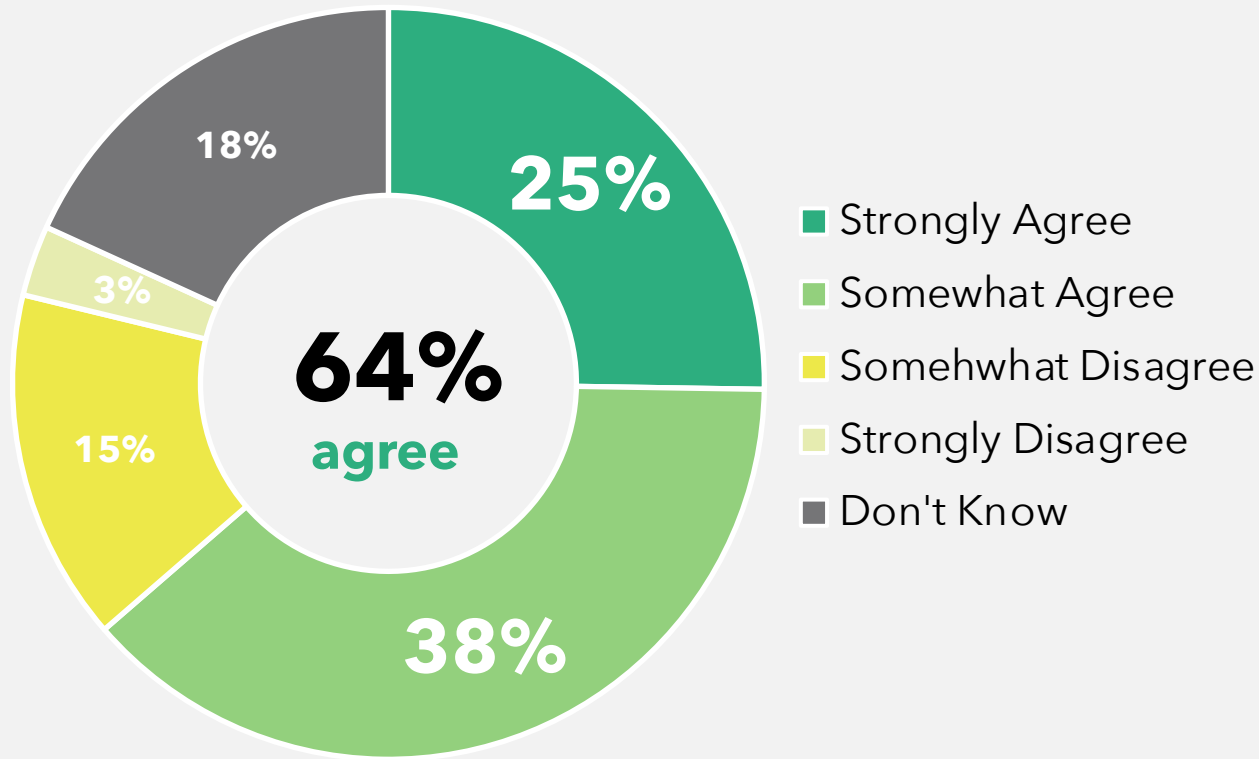
Q:

To what extent do you agree or disagree with the following statement?

I believe that all workers should have access to a pension plan so they can be independent and self-reliant in retirement.

About 2/3 say pensions are better than 401(k) accounts in terms of ensuring retirement security.

Key Finding 5



Q:

To what extent do you agree or disagree with the following statement?

Pensions do more to help workers achieve a secure retirement as compared to retirement savings plans such as 401(k)s.

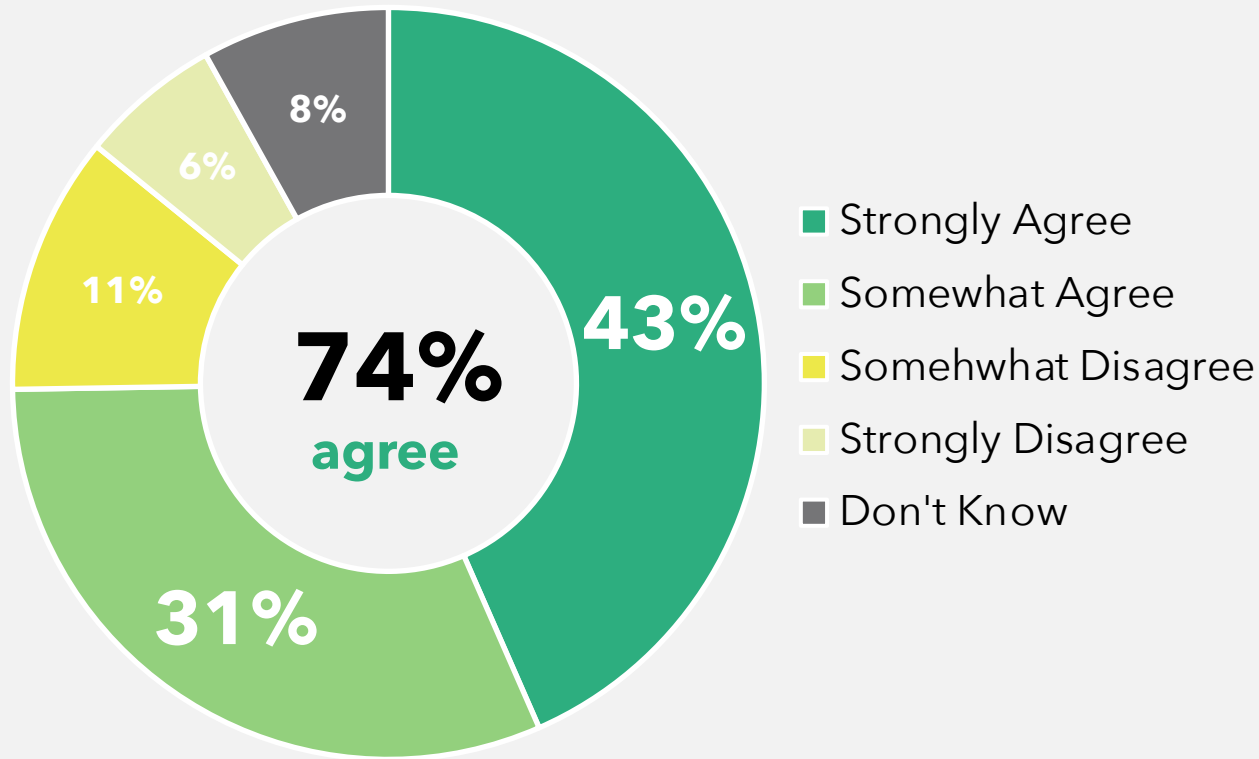


Key Finding 6

There is strong support for pension plans for state and local workers, and Americans see these retirement plans as a tool to recruit and retain public workers.

Nearly $\frac{3}{4}$ say teachers deserve pensions to compensate for lower pay.

Key Finding 6



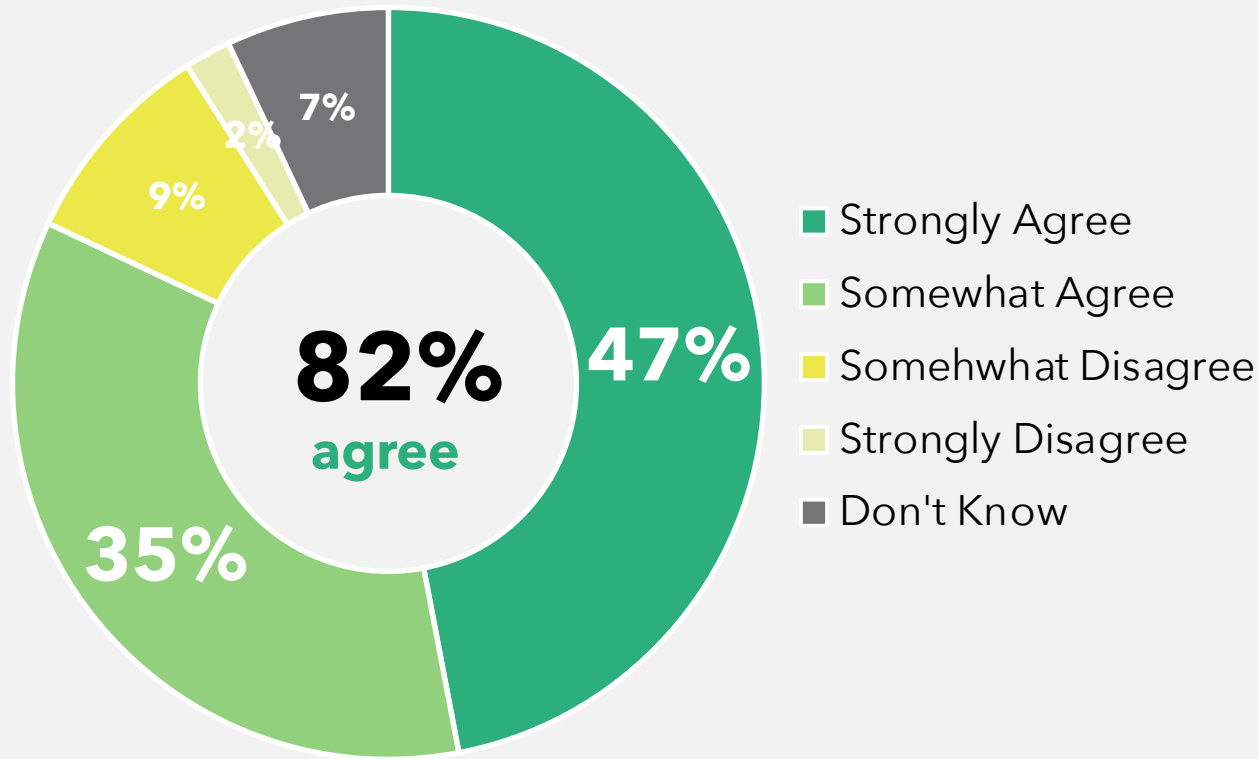
Q:

To what extent do you agree or disagree with the following statement?

Public schoolteachers deserve pensions to compensate for lower pay.

82% say police officers and fire fighters deserve a pension because they have risky jobs.

Key Finding 6



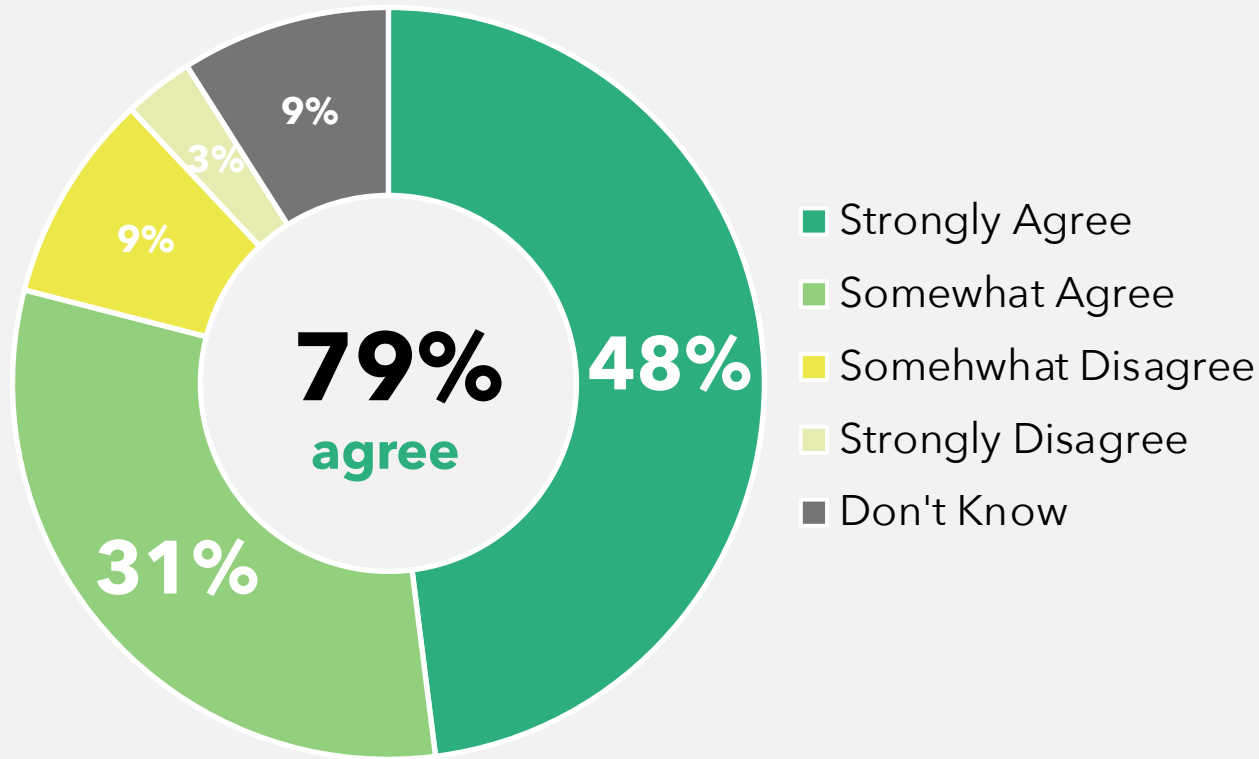
Q:

To what extent do you agree or disagree with the following statement?

Police and firefighters have agreed to take jobs that involve risks and therefore deserve pensions that will afford them a secure retirement.

79% say all workers, not just state and local workers, should have a pension.

Key Finding 6



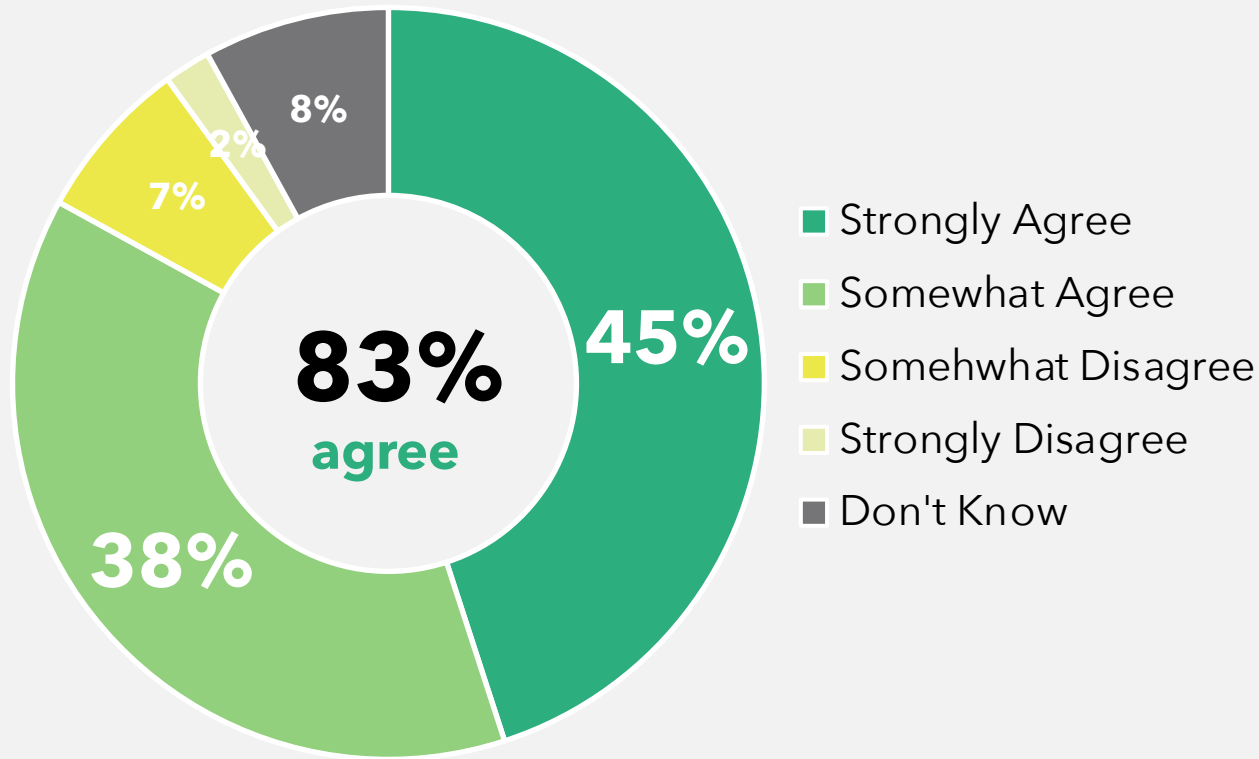
Q:

To what extent do you agree or disagree with the following statement?

All workers, not just those employed by state and local governments, should have access to a pension.

83% say pensions are a good way to recruit state and local workers.

Key Finding 6



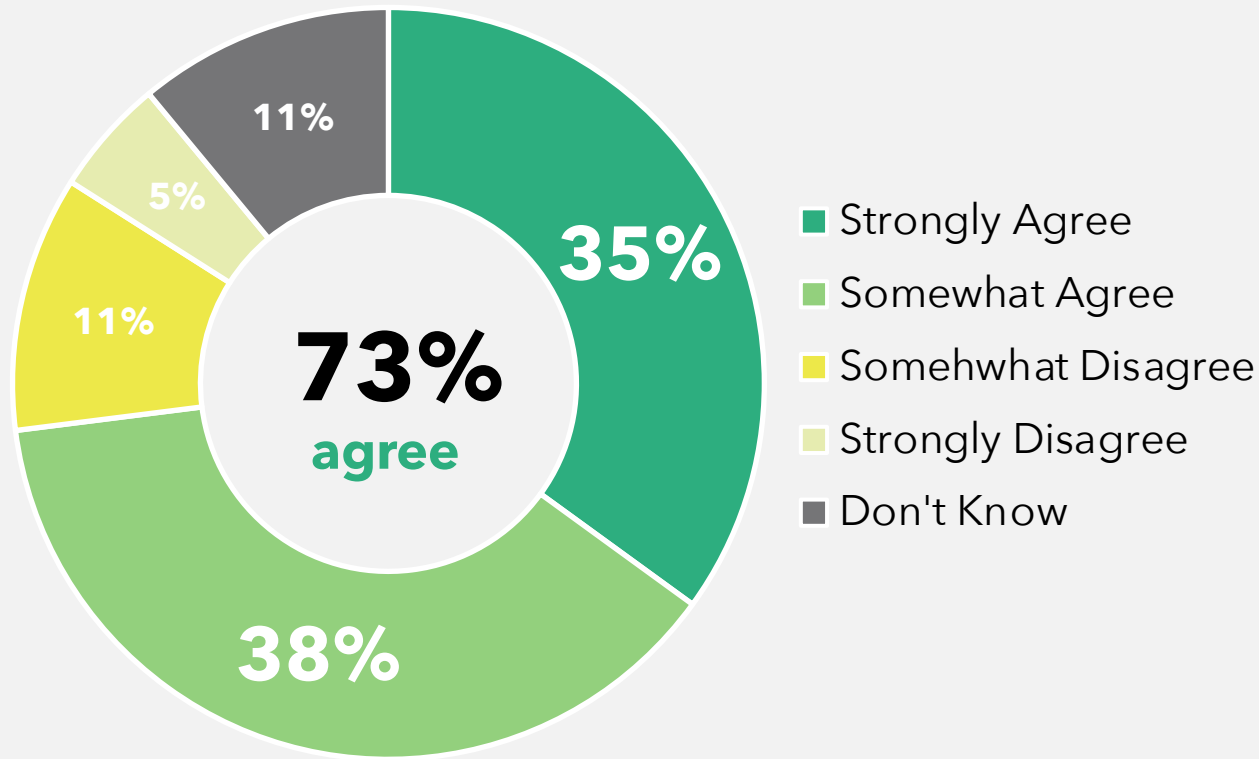
Q:

To what extent do you agree or disagree with the following statement?

Pensions are a good way to recruit and retain qualified teachers, police officers, and firefighters.

Nearly $\frac{3}{4}$ say state and local workers deserve a pension because they help pay costs.

Key Finding 6



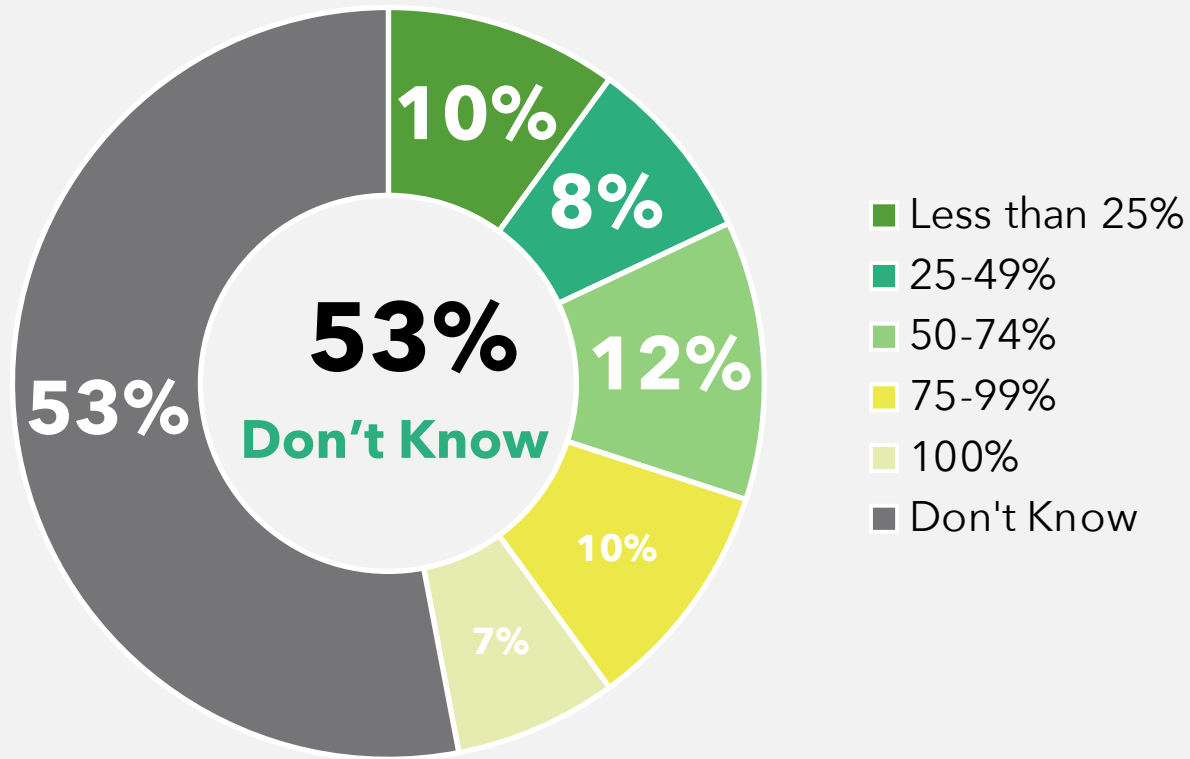
Q:

To what extent do you agree or disagree with the following statement?

State and local government employees deserve these retirement benefits because they help finance part of the cost, by contributing money out of every paycheck.

Few Americans understand that taxpayers pay only about 1/4 of the cost of pensions for state and local government employees.

Key Finding 6



Q:

What percentage of public pensions do you think are paid for by tax payers?

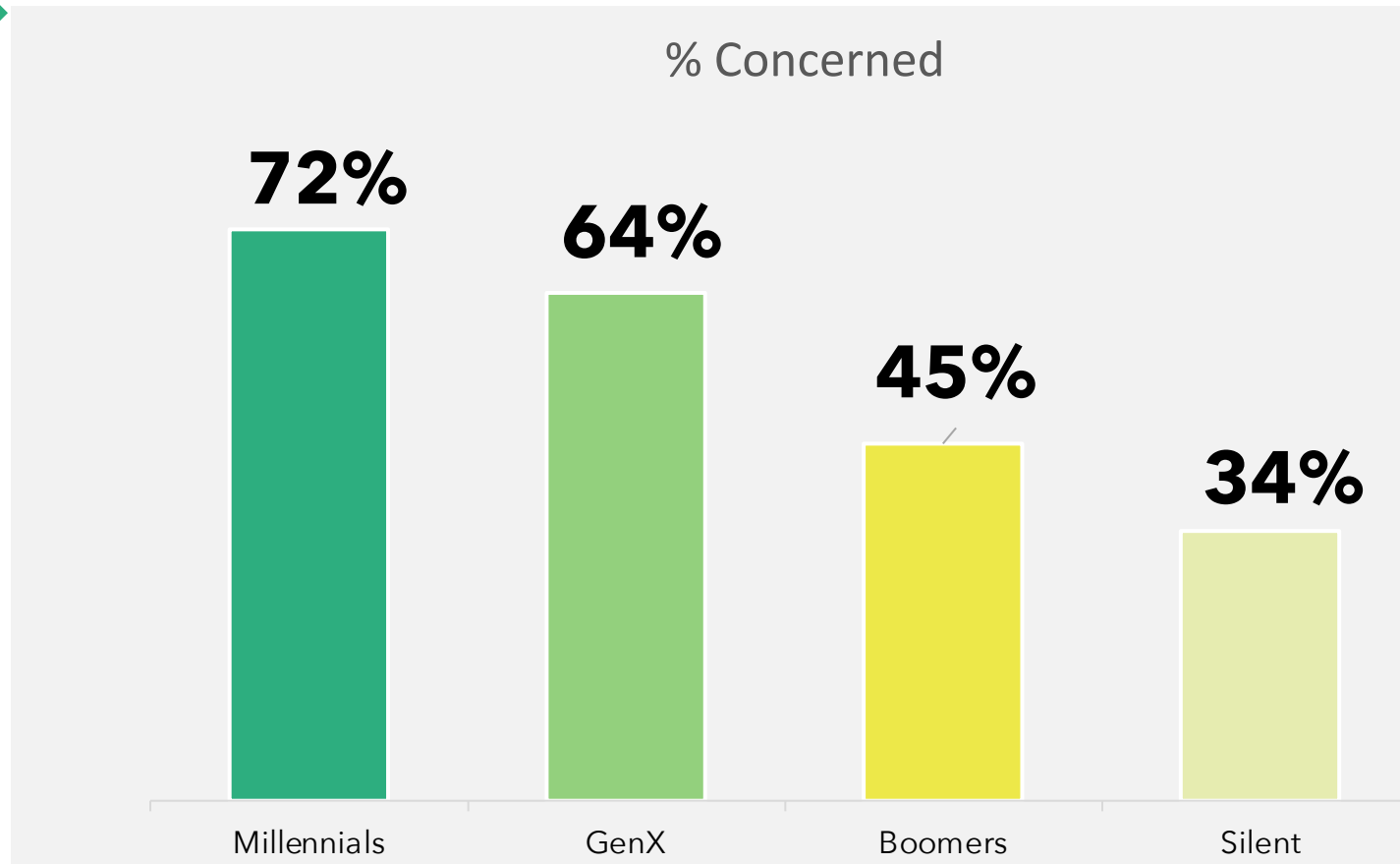


Key Finding 7

Millennials are the most concerned about financial security in retirement, and are more willing than other generations to save more.

Millennials are more concerned than other generations about achieving financial security in retirement.

Key
Finding
7

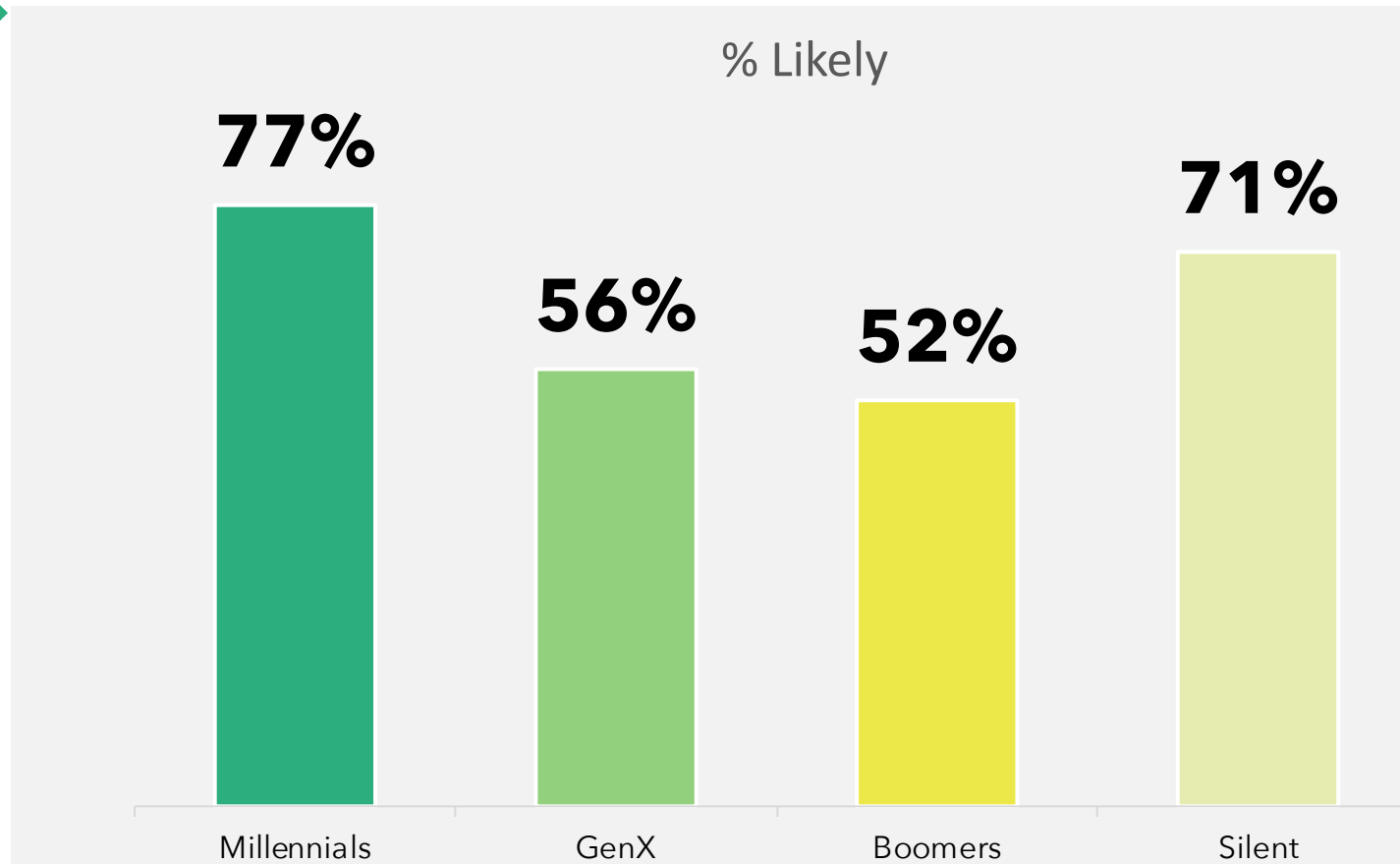


Q:

How concerned are you that you won't be able to achieve a financially secure retirement?

Millennials are most likely to believe they will have to work past normal retirement age to have a secure retirement.

Key Finding 7

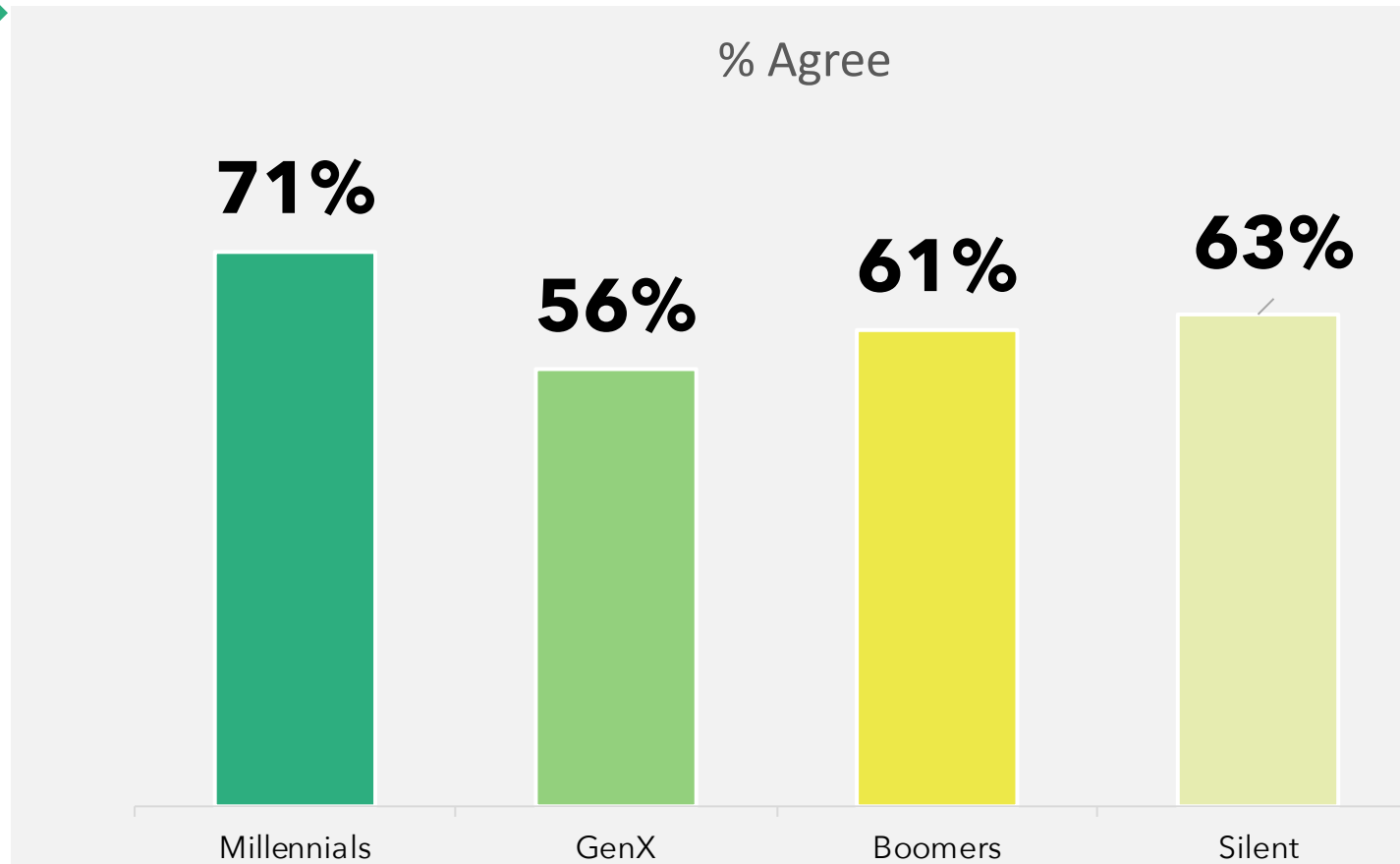


Q:

How likely is it that you will need to work past the normal retirement age to have enough money in retirement?

Millennials see the value of pensions over 401(k) plans.

Key Finding 7



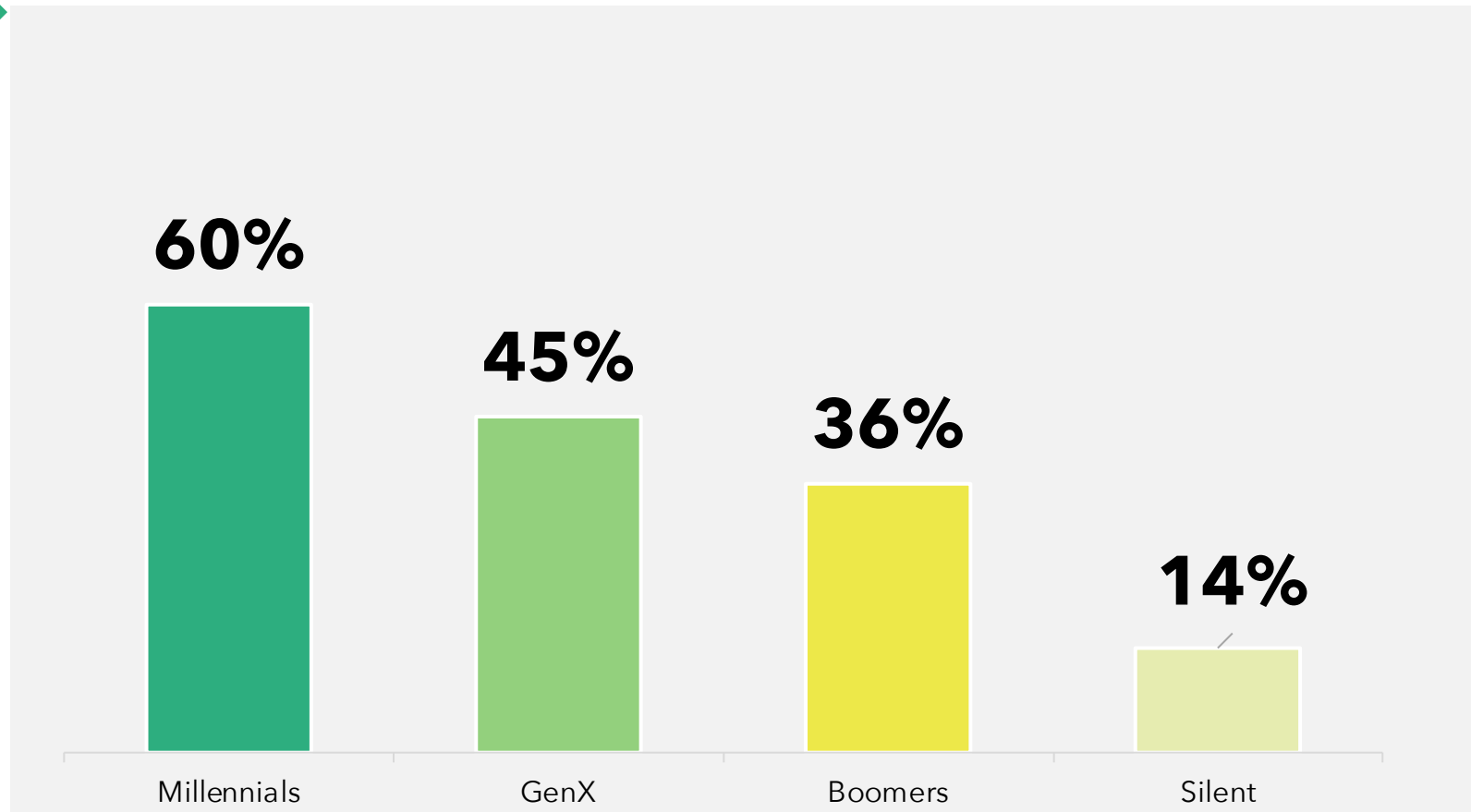
Q:

To what extent do you agree or disagree with the following statement?

Pensions do more to help workers achieve a secure retirement as compared to retirement savings plans such as 401(k)s.

Millennials are more willing to save 1% to 4% more now to ensure retirement security among non-retirees.

Key Finding 7



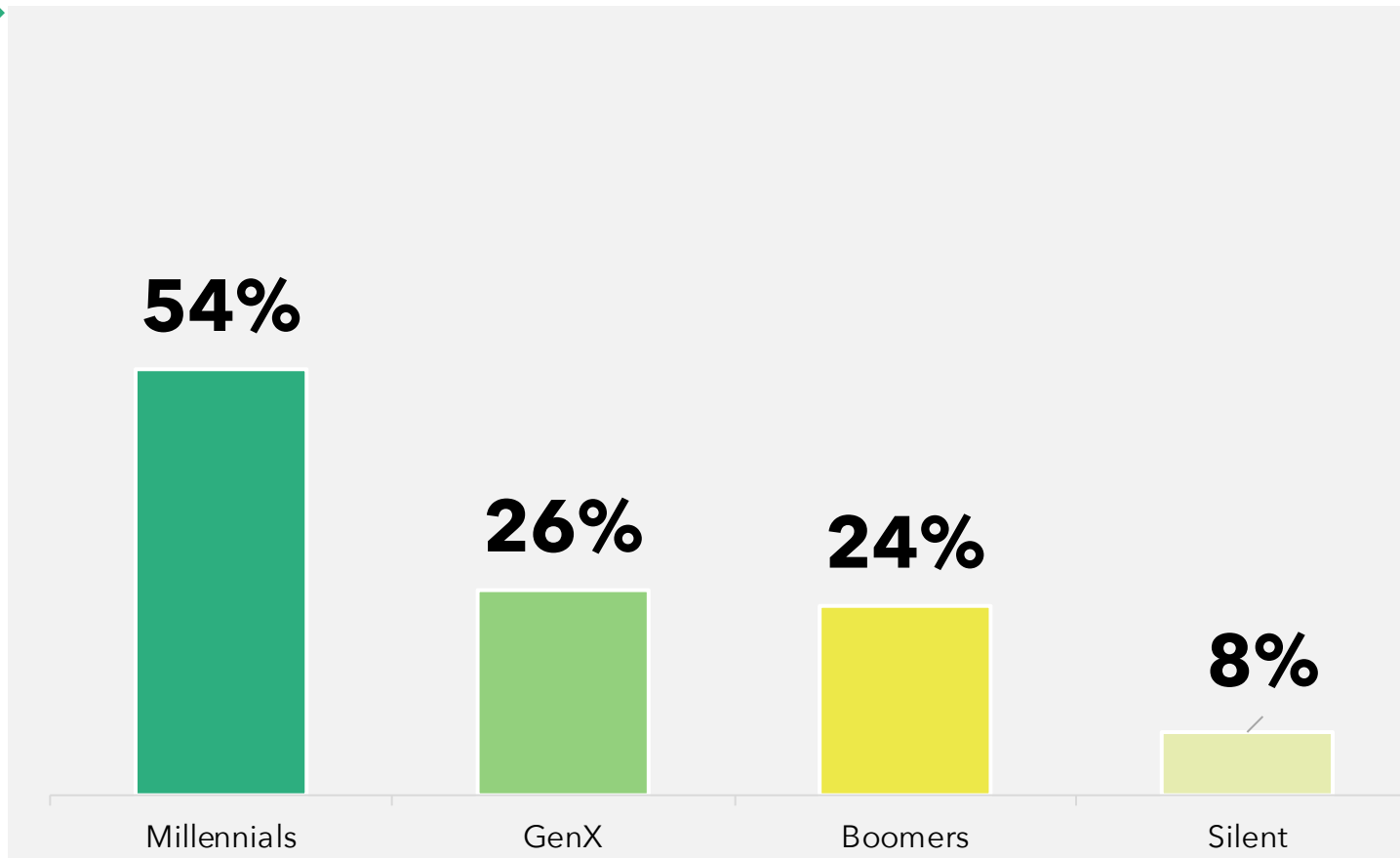
Q:

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

Save about 1% to 4% more than you are saving now.

Millennials are more willing to save 5% more now to ensure retirement security among non-retirees.

Key Finding 7



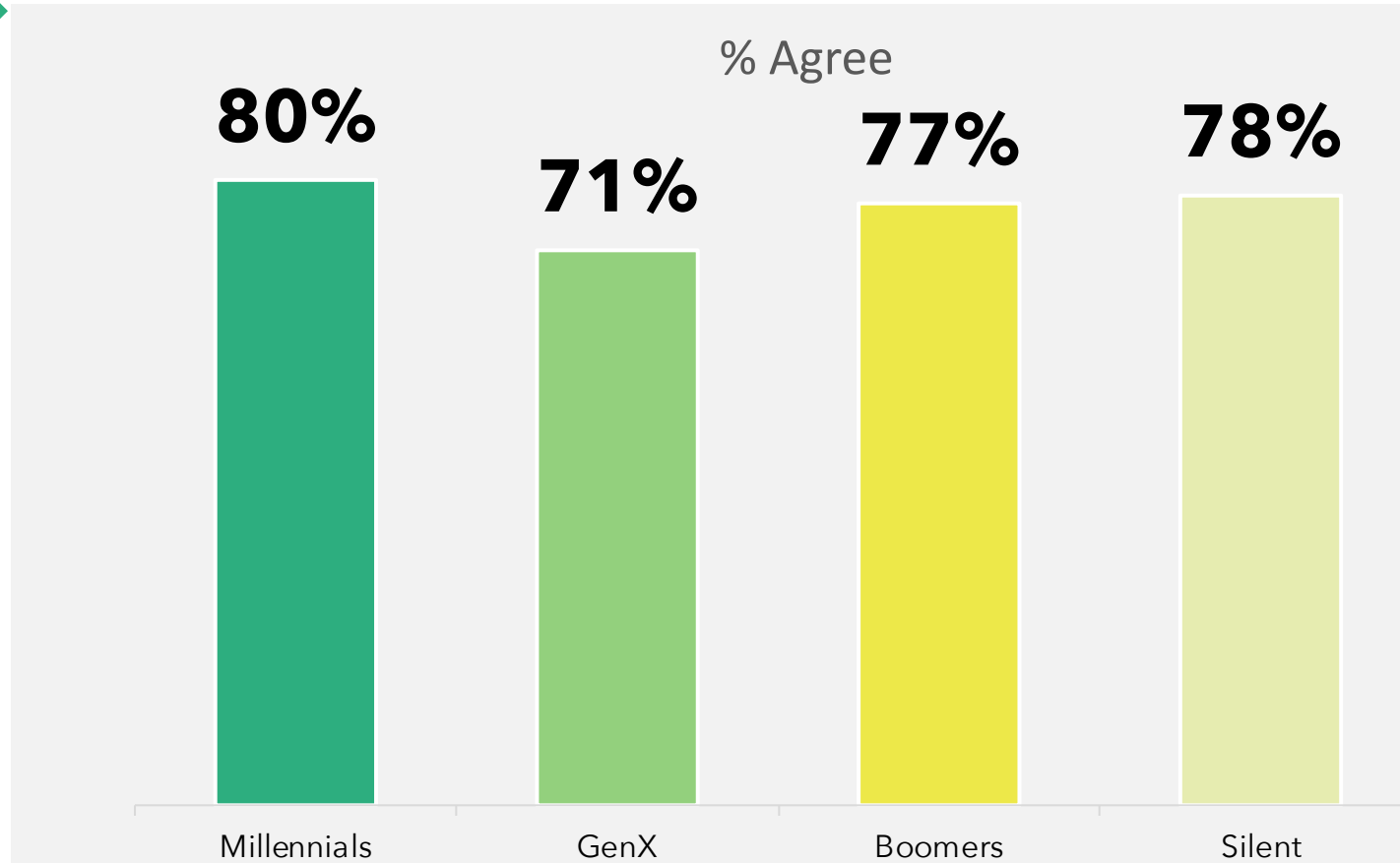
Q:

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

Save about 5% more than you are saving now.

American workers believe employers should contribute more to employee retirement plans.

Key Finding 7



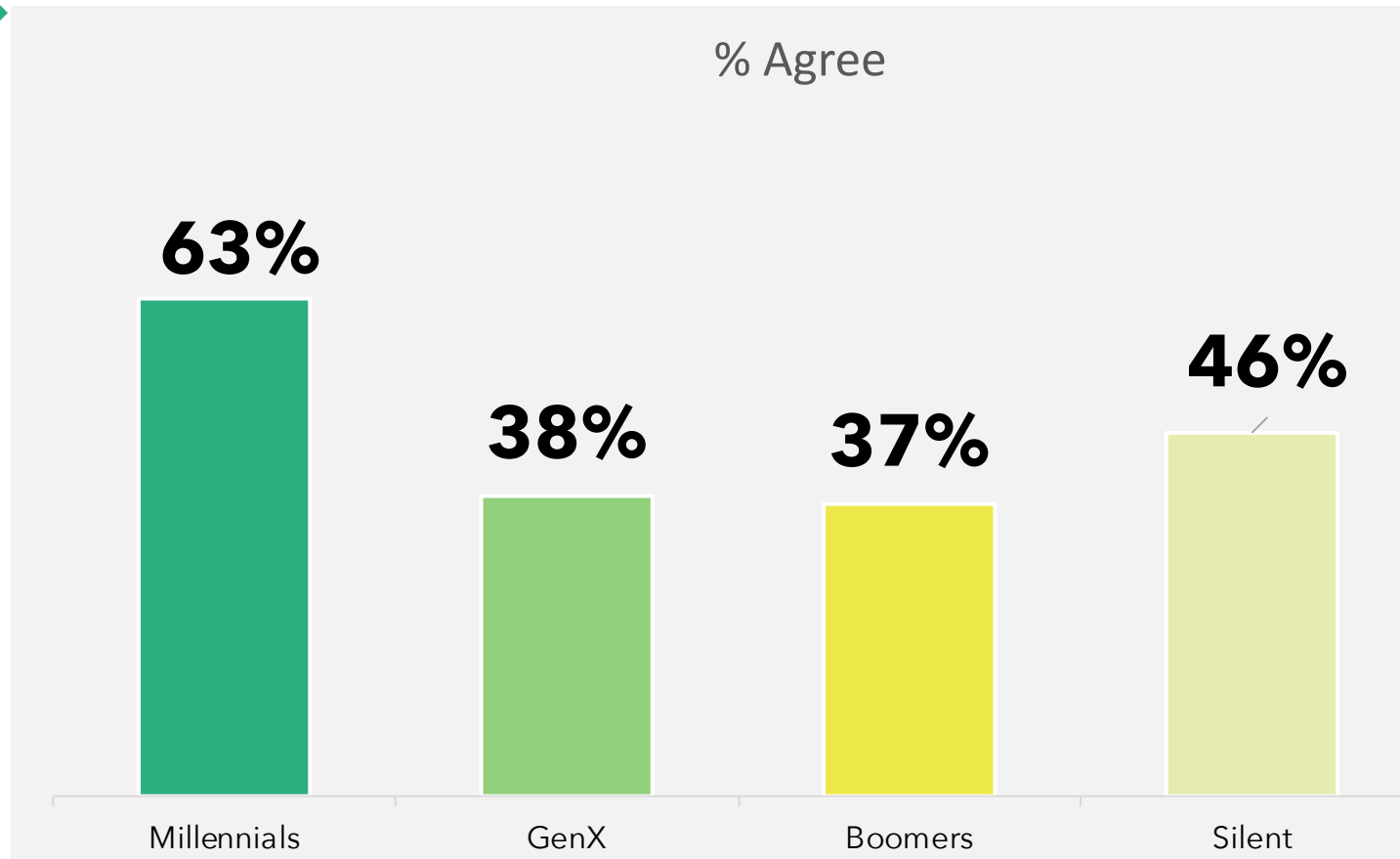
Q:

To what extent do you agree or disagree with the following statement?

Employers should contribute more money to workers' retirement plans to allow them to achieve a secure retirement.

Millennials are willing to buy guaranteed monthly income and give up control over funds.

Key Finding 7



Q:

To what extent do you agree or disagree with the following statement?

At retirement, I would be willing to use some retirement savings to buy guaranteed monthly income for as long as I live in exchange for giving up control over that portion of my retirement savings.



Methodology

Information for this study was collected from online interviews between January 7–16, 2019. A total of 1,250 individuals aged 25 and older completed the survey. The final data were weighted by age, gender, income, and race to reflect the demographics of Americans 25 and older.

Sample was selected using the Research Now online panel. Research Now maintains one of the industry's most comprehensive and deeply-profiled online survey panels. Panel members are recruited through a controlled mix of both online and offline methods, using "By-Invitation-Only" acquisition to avoid attracting professional survey takers. This makes this panel more representative of the population.



Authors



Diane Oakley

Executive Director
National Institute on Retirement Security



Kelly Kenneally

Communications Consultant
National Institute on Retirement Security





About

The National Institute on Retirement Security is a non-profit, non-partisan 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. Located in Washington, D.C., NIRS' diverse membership includes financial services firms, employee benefit plans, trade associations, and other retirement service providers. More information is available at www.nirsonline.org.



Acknowledgements

The authors would like to thank Greenwald & Associates, a leading research firm with specialized expertise in the financial services and retirement industries, for their valuable contributions to this project. The polling was overseen by Dr. Brian Perlman, partner with Greenwald & Associates. With some 25 years of research experience in financial services, he is a consumer psychologist and financial planner. Dr. Perlman previously served as director of strategic research for the American Council of Life Insurers. He directed NIRS' 2009, 2011, 2013 and 2015 opinion research reports. He holds a B.A. in Psychology from the State University of New York at Stony Brook, and a Ph.D. in Psychology from the University of New Hampshire. He is a Chartered Financial Consultant (ChFC) and Chartered Life Underwriter (CLU).

We also extend our thanks to Doug Kincaid for his valuable contributions to this project. Mr. Kincaid is a research director at Greenwald & Associates, specializing in research on retirement and financial services. He holds a B.A. in Sociology from the University of North Carolina and an M.A. in Sociology from Indiana University