



16th Annual Transamerica Retirement Survey

Influences of Company Size on Retirement Readiness

TRANSAMERICA CENTER
FOR RETIREMENT STUDIES®

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Welcome to the 16th Annual Transamerica Retirement Survey

Welcome to this compendium of insights and findings from the *16th Annual Transamerica Retirement Survey of Workers* from the Transamerica Center for Retirement Studies® (TCRS).

This report is an exploration of retirement preparedness of American workers that offers perspectives on retirement confidence, access to employer-sponsored retirement benefits, savings rates, and planning-related activities. It is comprised of these chapters:

- ***The American Worker – An Overview.*** This chapter contains a comprehensive set of 50 key measures of retirement preparedness and 5-year trend analysis looking at overall survey findings among workers of for-profit companies of 10 or more employees.
- ***Influences of Demographics on Retirement Readiness.*** These chapters are demographic segmentation analyses by employer size, generation, gender, household income, and level of education. Each chapter presents a concise set of 20 key measures for each demographic segment.

We hope that you find this compendium to be a helpful source of retirement-related research and survey data. If you are seeking survey data that you do not find in this report, please contact TCRS at info@transamericacenter.org and we will do our best to assist you.

Thank you.

About the Transamerica Center for Retirement Studies®

- The Transamerica Center for Retirement Studies® (TCRS) is a division of Transamerica Institute® (The Institute), a nonprofit, private foundation. TCRS is dedicated to educating the public on emerging trends surrounding retirement security in the United States. Its research emphasizes employer-sponsored retirement plans, including companies and their employees, unemployed and underemployed workers, and the implications of legislative and regulatory changes. For more information about TCRS, please refer to www.transamericacenter.org.
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- TCRS and its representatives cannot give ERISA, tax, investment or legal advice. This material is provided for informational purposes only and should not be construed as ERISA, tax, investment or legal advice. Interested parties must consult and rely solely upon their own independent advisors regarding their particular situation and the concepts presented here.
- Although care has been taken in preparing this material and presenting it accurately, TCRS disclaims any express or implied warranty as to the accuracy of any material contained herein and any liability with respect to it.

About the Survey

- Since the Transamerica Center for Retirement Studies® has conducted national surveys of U.S. business employers and workers regarding their attitudes toward retirement. The overall goals for the study are to illuminate emerging trends, promote awareness, and help educate the public.
- Nielsen and the Harris Poll were commissioned to conduct the 16th Annual Retirement Survey for Transamerica Center for Retirement Studies. Transamerica Center for Retirement Studies is not affiliated with Nielsen.
- Over the last five decades, Harris Polls have become media staples. With comprehensive experience and precise technique in public opinion polling, along with a proven track record of uncovering consumers' motivations and behaviors, The Harris Poll has gained strong brand recognition around the world. For more information contact:
ConsumerInsightsNAInfo@nielsen.com.

Worker Survey Methodology

- A 25-minute, online survey was conducted between February 18 – March 17, 2015 among a nationally representative sample of 4,550 workers using the Harris online panel. Respondents met the following criteria:
 - U.S. residents, age 18 or older
 - Full-time or part-time workers in a for-profit company employing 10 or more people
- Data were weighted as follows:
 - Census data were referenced for education, age by gender, race/ethnicity, region, household income, and number of employees by company size. Results were weighted where necessary to bring them into line with the population of US residents age 18+, employed full time in a for-profit company with 10+ employees or employed part time in a for profit company.
 - The weighting also adjusts for attitudinal and behavioral differences between those who are online versus those who are not, those who join online panels versus those who do not, and those who responded to this survey versus those who did not.
- Percentages are rounded to the nearest whole percent. Differences in the sums of combined categories/answers are due to rounding.
- This report focuses on full-time and part-time workers combined.

Terminology

This report uses the following terminology:

Generation

- *Millennial:* Born 1979 - 1996
- *Generation X:* Born 1965 - 1978
- *Baby Boomer:* Born 1946 - 1964

Company Size

- *Small Company:* 10 to 499 employees
- *Large Company:* 500 or more employees

All Workers

- Refers to all workers age 18 and older



Influences of Company Size on Retirement Readiness

Detailed Findings

Influences of Company Size on Retirement Readiness

Access to retirement benefits can improve the long-term financial health and wealth of workers. Large companies (500+ employees) typically offer more robust benefits, including retirement benefits, to their employees than small companies (10 to 499 employees). Increasing access to retirement benefits among all workers, especially those in small companies, can help them achieve higher levels of retirement readiness.

Twenty Indicators of Retirement Readiness

- **Confidence in Retiring Comfortably.** Retirement confidence is consistent between workers of small and large companies, with approximately six in ten being “somewhat” or “very” confident.
- **Building a Large Enough Nest Egg?** Workers of large companies (52 percent) are more likely to agree they are building a large enough nest egg, compared to those of small companies (45 percent).
- **Retirement Beliefs.** Eighty percent of small and large company workers agree that their generation will have a much harder time in achieving financial security compared to their parent’s generation. Three out of four are concerned that Social Security will not be there for them when they retire.
- **Greatest Financial Priority Right Now.** Financial priorities among workers of small and large companies are similarly shared. The top three most frequently cited priorities among workers are “saving for retirement” (27 percent, small and large), “just getting by” (22 percent small, 20 percent large), and “paying off debt” (19 percent small, 20 percent large).
- **Expected Primary Source of Income in Retirement.** Workers of large companies (40 percent) are more likely to expect to rely on retirement accounts (e.g., 401(k)s, 403(b)s, IRAs) to be their primary source of income in retirement compared to workers of small companies (34 percent). Expectations that “working” will be their primary source of income is similarly shared among workers of small and large companies (14 and 12 percent, respectively).
- **Percentage Saving for Retirement.** Large company workers (78 percent) are more likely than small company workers (73 percent) to be saving for retirement through their employer’s plan and/or outside of work.
- **Age They Started to Save.** Among those saving for retirement, the median age at which they started saving is relatively consistent between large (age 27) and small (age 28) company workers.

Influences of Company Size on Retirement Readiness

- **Importance of Retirement Benefits.** Most workers of small and large companies believe that retirement benefits are important. Large company workers (91 percent) are somewhat more likely than those of small companies (86 percent) to value a 401(k) or similar plan as important.
- **Retirement Benefits Currently Offered.** Most workers are offered a 401(k) or other self-funded plan by their employers; however, access is greater among workers of large companies (74 percent) compared to those of small companies (56 percent). Few workers are offered a traditional company-funded defined benefit plan.
- **Retirement Plan Participation.** Among workers who are offered a 401(k) or similar plan, the participation rate is similar among large company workers (80 percent) and small company workers (79 percent).
- **Retirement Plan Contribution Rate.** Among workers who participate in a 401(k) or similar plan, the plan contribution rate is directionally higher among large company workers than small company workers. Large company workers are saving 8 percent (median) of their annual pay while small company workers are saving 7 percent (median).
- **Estimated Retirement Savings Needs.** Workers of both large and small companies believe they will need to save \$1 million (median) in order to feel financially secure when they retire. In past years, small company workers typically reported lower estimated needs compared to large company workers.
- **Basis for Estimating Retirement Savings Needs.** More than half of workers of both small and large companies say that they “guessed” their retirement savings needs. One in five estimate the amount based on their current living expenses, and fewer than 10 percent say that they used a retirement calculator.
- **Asset Allocation of Retirement Investments.** Workers of both large and small companies (41 percent) most frequently indicate that their retirement savings are invested in a relatively equal mix of stocks and investments such as bonds, money market funds and cash. A concerning one in five say they are “not sure” how their savings are invested.

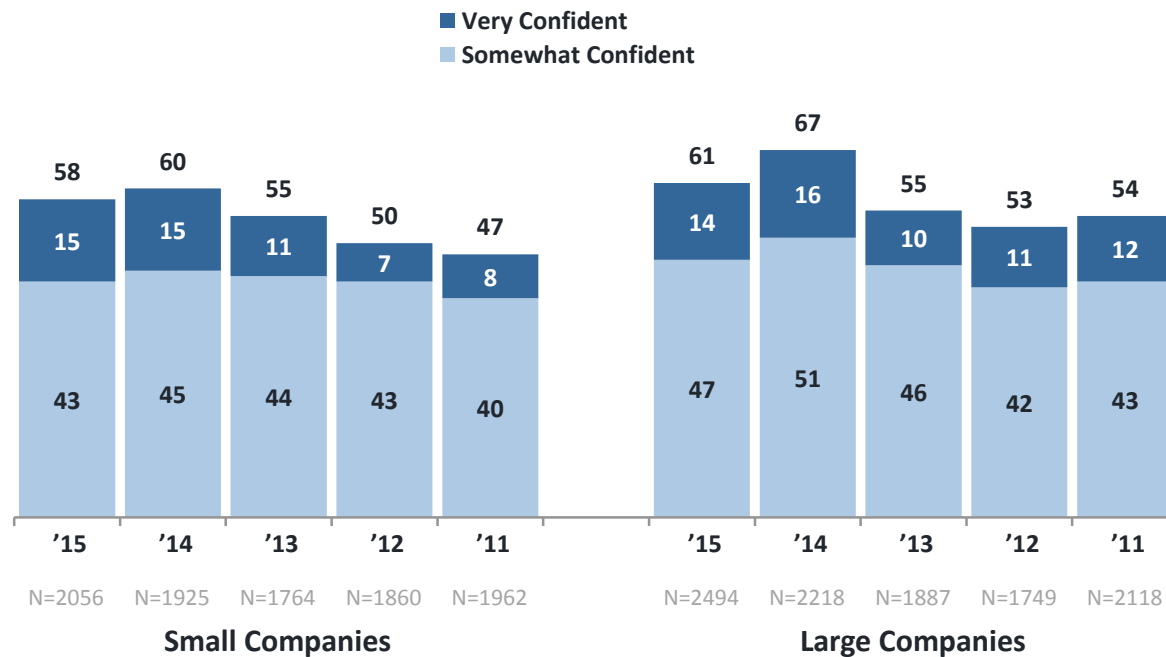
Influences of Company Size on Retirement Readiness

- **Retirement Strategy: Written, Unwritten, or None.** Most workers of small companies (56 percent) and large companies (60 percent) say that they have some form of retirement strategy, either written or unwritten. However, only 13 percent of small company workers and 15 percent of large company workers have a written plan.
- **Professional Advisor Usage.** Small company workers (37 percent) are more likely to use a professional financial advisor to help manage their retirement savings or investments compared to large company workers (33 percent).
- **Total Household Retirement Savings.** Workers of large companies report higher levels of total household savings in retirement accounts compared to those of small companies. Large company workers have saved \$79,000 (estimated median), while small company workers have saved \$50,000 (estimated median). Large company workers (26 percent) are also more likely than small company workers (19 percent) to say that they have saved \$250,000 or more.
- **Expected Retirement Age.** Workers of large and small companies share similar expectations regarding the age at which they will retire. The majority of small company workers (59 percent) and large company workers (56 percent) expect to work past age 65 or do not plan to retire.
- **Expectations of Working in Retirement.** More than half (55 percent) of workers in small companies are planning to work full-time or part-time in retirement, while just under half (48 percent) of large company workers plan to do so.
- **Retirement Transitions: Phased Versus Immediate.** Many workers are planning either transition into retirement by changing work patterns (e.g., shifting from full-time to part-time or working in a different capacity) or planning to continue working until they can't work any longer. Large company workers (25 percent) are more likely to be planning to immediately stop working when they reach a certain age or savings goal compared to those of small companies (17 percent).

Confidence in Retiring Comfortably

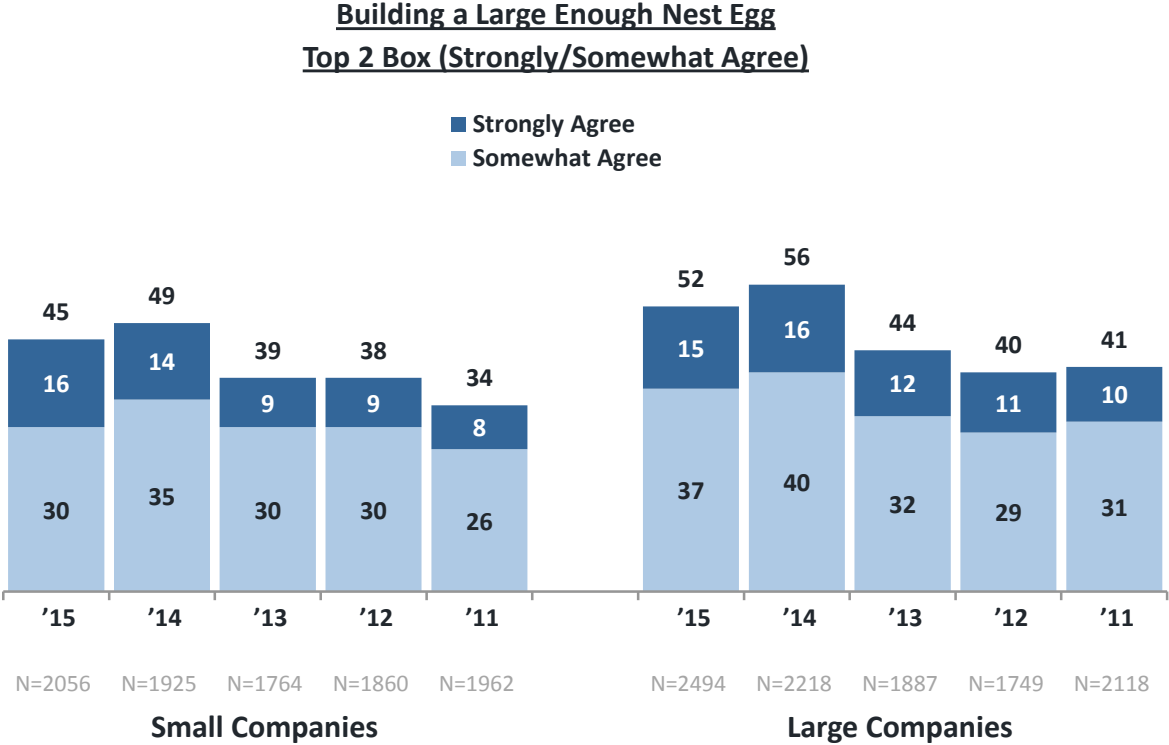
Retirement confidence is relatively consistent between workers of small and large companies, with approximately six in ten being “somewhat” or “very” confident. Looking back over the past five years, large company workers are somewhat more likely to be confident than those of small companies.

Confidence in Retiring Comfortably
Top 2 Box % (Very/Somewhat Confident)



Building a Large Enough Nest Egg?

Workers of large companies (52 percent) are more likely to agree they are building a large enough nest egg, compared to those of small companies (45 percent). The percentage of both large and small company workers who agree they are building a large enough nest egg has increased overall since 2011, but dipped slightly between 2014 and 2015.



BASE: All Qualified Respondents
 Q800. How much do you agree or disagree that you are currently building a large enough retirement nest egg?

Retirement Beliefs

Eighty percent of small and large company workers agree that their generation will have a much harder time in achieving financial security compared to their parent's generation. Three out of four are concerned that Social Security will not be there for them when they retire. Lastly, they share similar levels of agreement on attitudes and behaviors related to retirement investing.

How Much do You Agree or Disagree ?

Top 2 Box: Strongly/Somewhat Agree

* Compared to my parent's generation, people in my generation will have a much harder time in achieving financial security

* I am concerned that when I am ready to retire, Social Security will not be there for me

I do not know as much as I should about retirement investing

I could work until age 65 and still not have enough money saved to meet my retirement needs

I am currently very involved in monitoring and managing my retirement savings

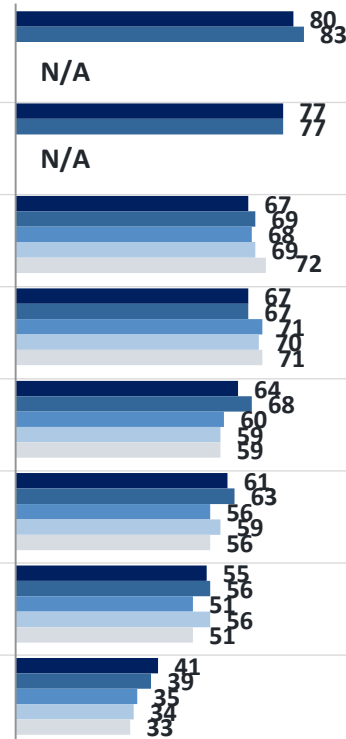
I would like to receive more information and advice from my company on how to reach my retirement goals

I would prefer to rely on outside experts to monitor and manage my retirement savings plan

I prefer not to think about or concern myself with retirement investing until I get closer to my retirement date

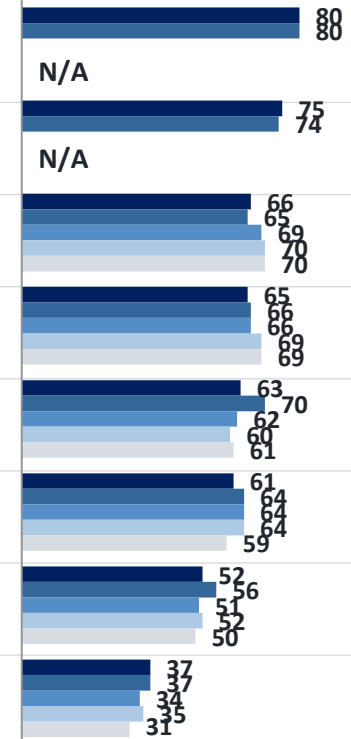
Small Companies

- '15 (N=2056)
- '14 (N=1925)
- '13 (N=1764)
- '12 (N=1860)
- '11 (N=1962)



Large Companies

- '15 (N=2494)
- '14 (N=2218)
- '13 (N=1887)
- '12 (N=1749)
- '11 (N=2118)



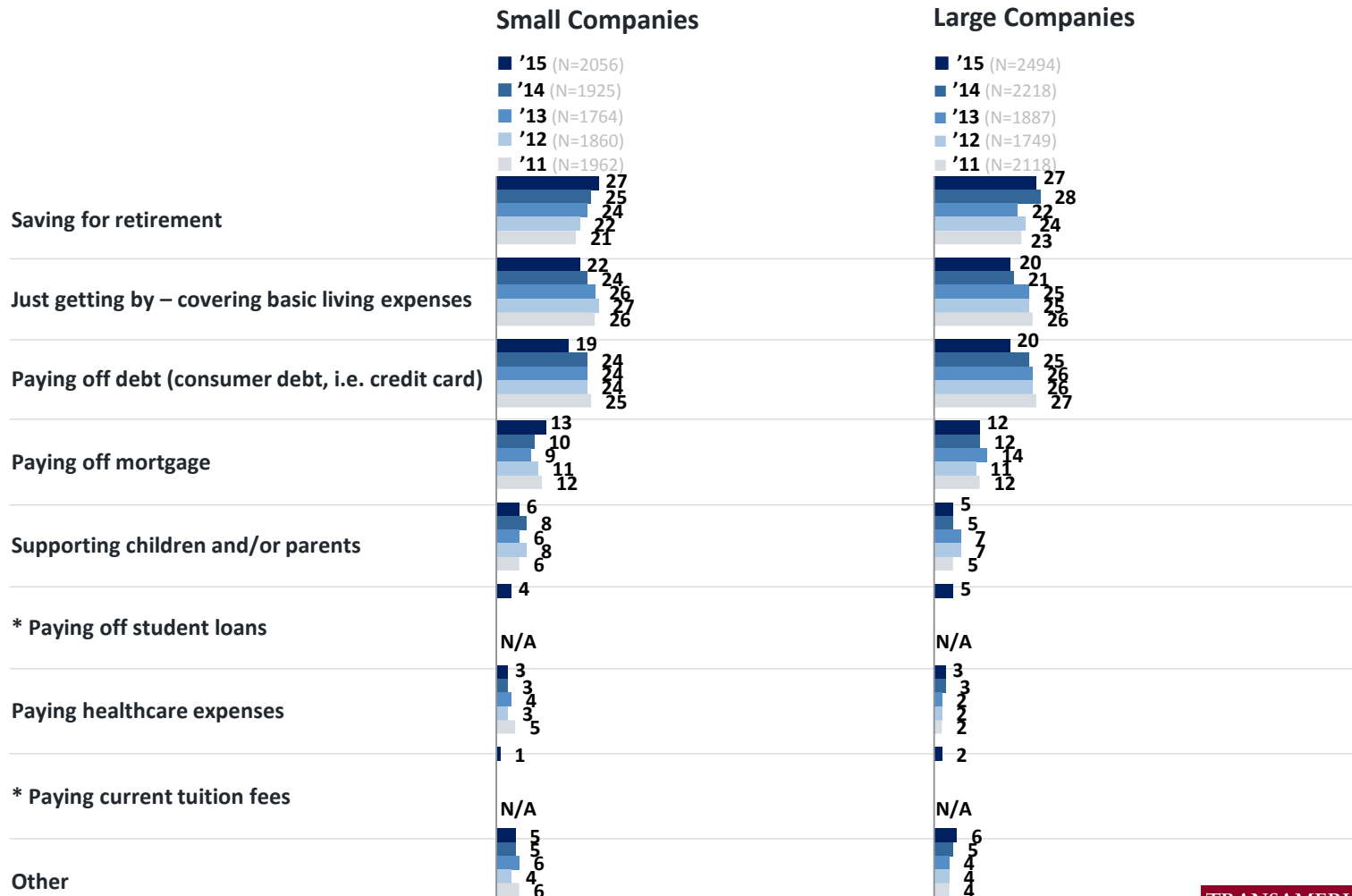
*added in 2014

BASE: All Qualified Respondents

Q931. How much do you agree or disagree with each of the following statements regarding retirement investing?

Greatest Financial Priority Right Now

Financial priorities among workers of small and large companies are similarly shared. The top three most frequently cited priorities among workers are “saving for retirement” (27 percent, small and large), “just getting by” (22 percent small, 20 percent large), and “paying off debt” (19 percent small, 20 percent large).



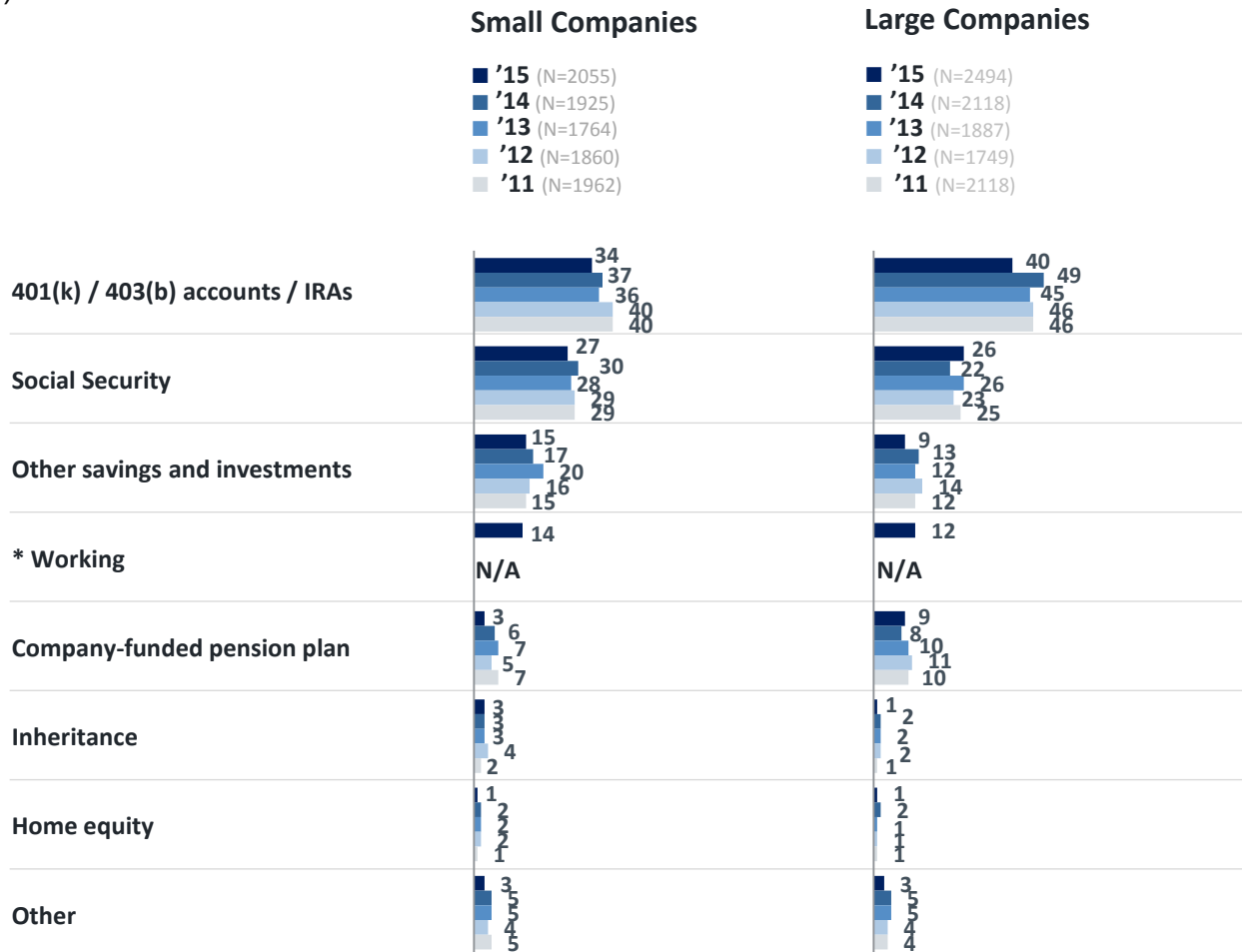
*added in 2015

BASE: All Qualified Respondents

Q2640. Which one of the following is your greatest financial priority right now?

Expected Primary Source of Income in Retirement

Workers of large companies (40 percent) are more likely to expect to rely on retirement accounts (e.g., 401(k)s, 403(b)s, IRAs) to be their primary source of income in retirement compared to workers of small companies (34 percent). Expectations that “working” will be their primary source of income is similarly shared among workers of small and large companies (14 and 12 percent, respectively).



*added in 2015

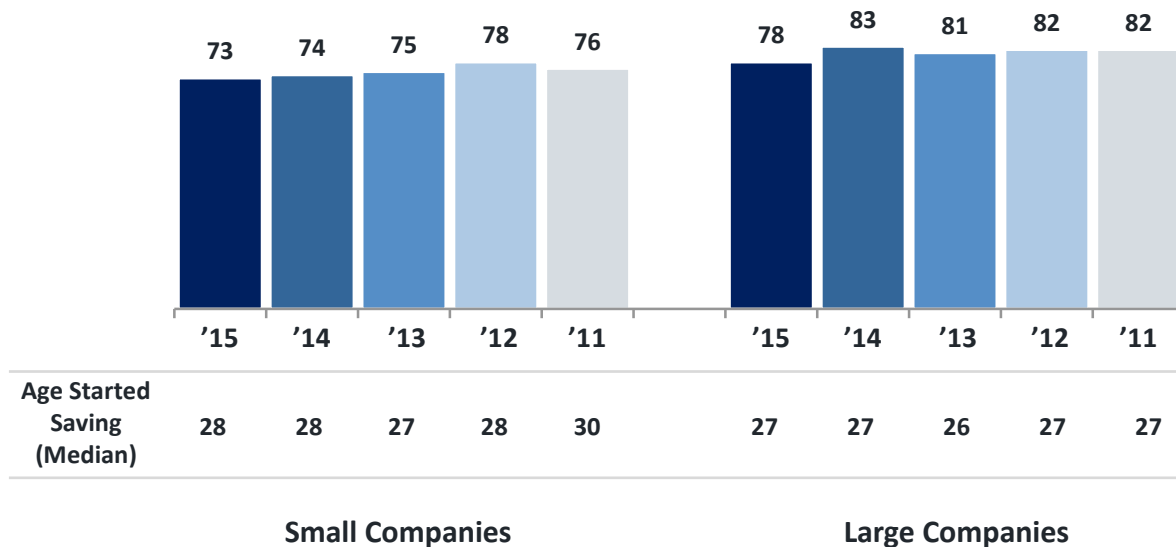
BASE: All Qualified Respondents

Q1150. Which one of the following do you expect to be your primary source of income to cover your living expenses after you retire?

Percentage Saving for Retirement / Age They Started to Save

Large company workers (78 percent) are more likely than small company workers (73 percent) to be saving for retirement – through their employer’s plan and/or outside of work. However, the median age at which workers started saving is relatively consistent between large (age 27) and small (age 28) company workers.

Workers Who Are Saving For Retirement Through an Employer-Sponsored Retirement Plan And/Or Outside of Work (%)



BASE: Currently Offered Qualified Plan

Q1190. Do you currently participate in, or have money invested in your company’s employee-funded retirement savings plan?

BASE: All Qualified Respondents

Q740. Are you currently saving for retirement outside of work, such as in an IRA, mutual funds, bank account, etc.?

BASE: Investing For Retirement

Q790. At what age did you first start saving for retirement?

Importance of Retirement Benefits

Most workers of small and large companies believe that retirement benefits are important. Large company workers (91 percent) are somewhat more likely than those of small companies (86 percent) to value a 401(k) or similar plan as an important benefit. This trend has remained consistent over the past five years.

Top 2 Box %

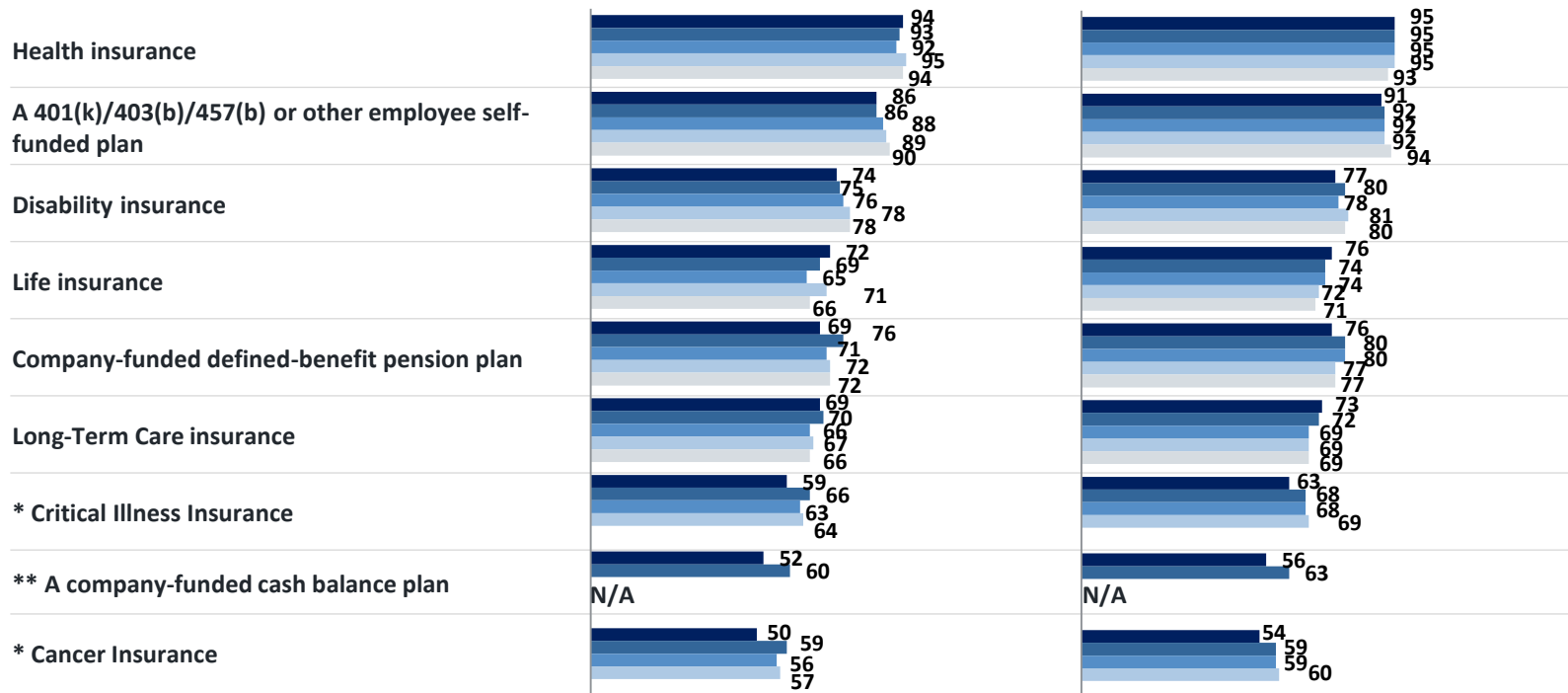
(Very/Somewhat Important)

Small Companies

■ '15 (N=2056)
■ '14 (N=1925)
■ '13 (N=1764)
■ '12 (N=1860)
■ '11 (N=1962)

Large Companies

■ '15 (N=2494)
■ '14 (N=2218)
■ '13 (N=1887)
■ '12 (N=1749)
■ '11 (N=2118)



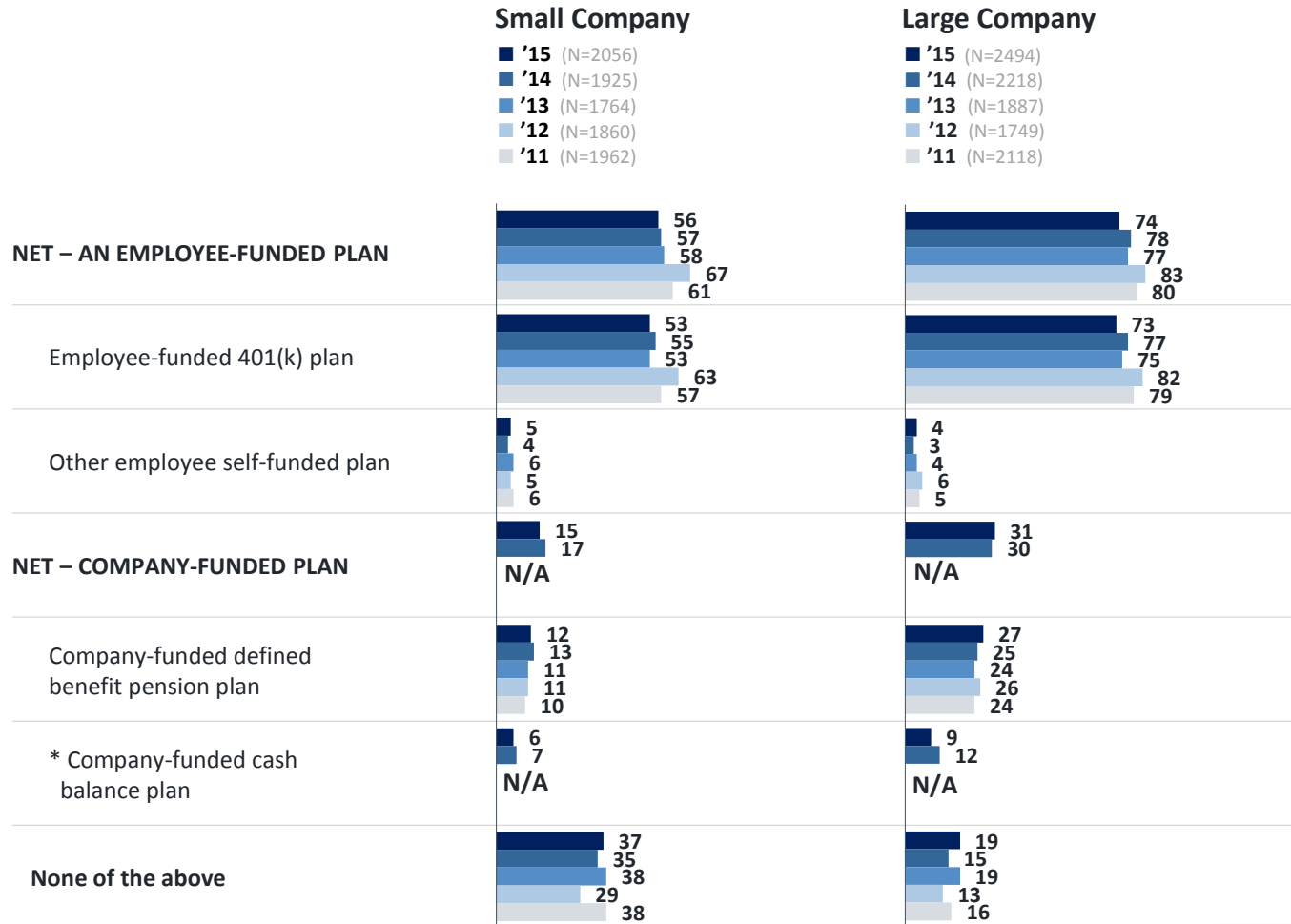
*added in 2012; **added in 2014

BASE: All Qualified Respondents

Q1170. Businesses typically offer a number of different benefits for their workers. For each of the following, please tell us how important that benefit is to you, personally.

Retirement Benefits Currently Offered

Most workers are offered a 401(k) or other self-funded plan by their employers; however, access is greater among workers of large companies (74 percent) compared to those of small companies (56 percent). Few workers are offered a traditional company-funded defined benefit plan. Retirement benefit offerings have fluctuated slightly over the last five years.



*added in 2014

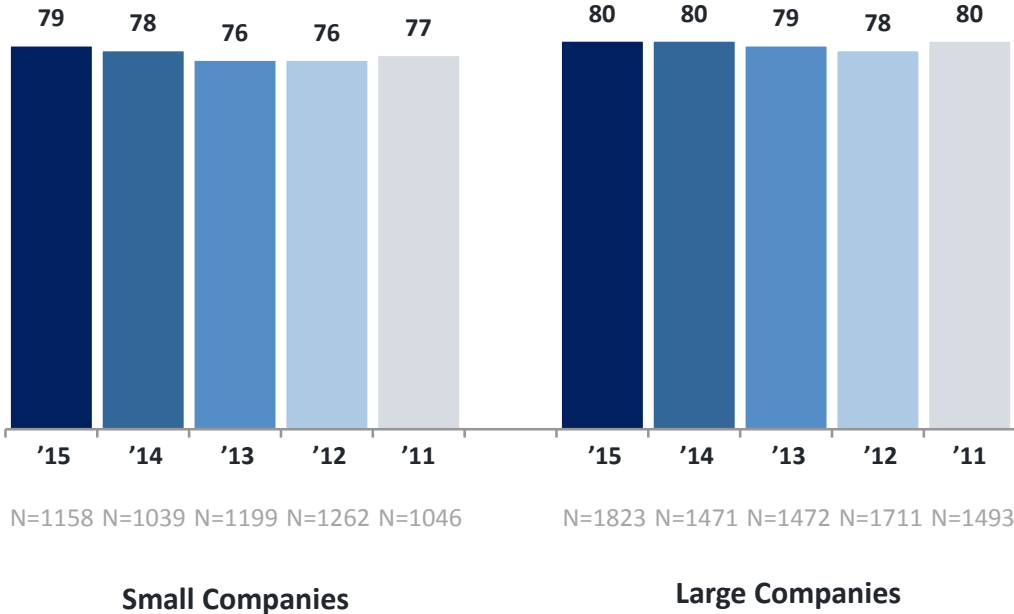
BASE: All Qualified Respondents

Q1180. Which of the following retirement benefits does your company currently offer to you, personally? Select all that apply.

Retirement Plan Participation

Among workers who are offered a 401(k) or similar plan, the participation rate is similar among large company workers (80 percent) and small company workers (79 percent). This trend has remained consistent over the past five years.

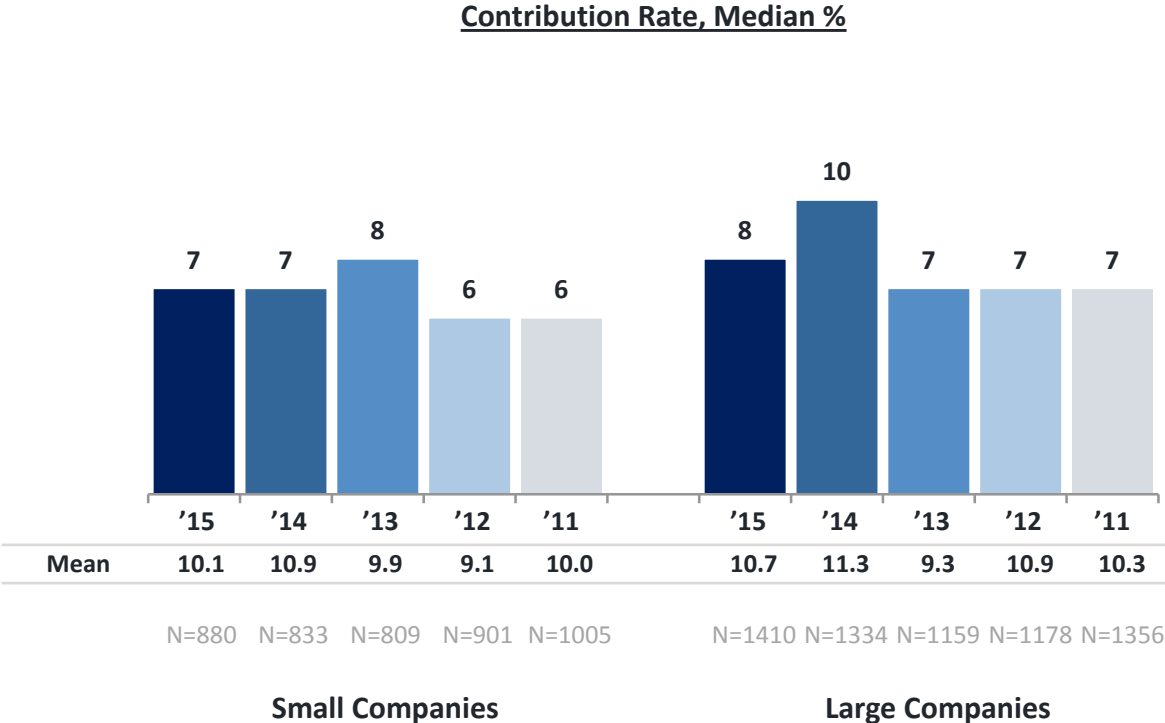
Participation in Company’s Employee-funded Retirement Savings Plan,
% Indicate “Yes”



BASE: Those With Qualified Plans Currently Offered To Them
Q1190. Do you currently participate in, or have money invested in your company’s employee-funded retirement savings plan?

Retirement Plan Contribution Rate

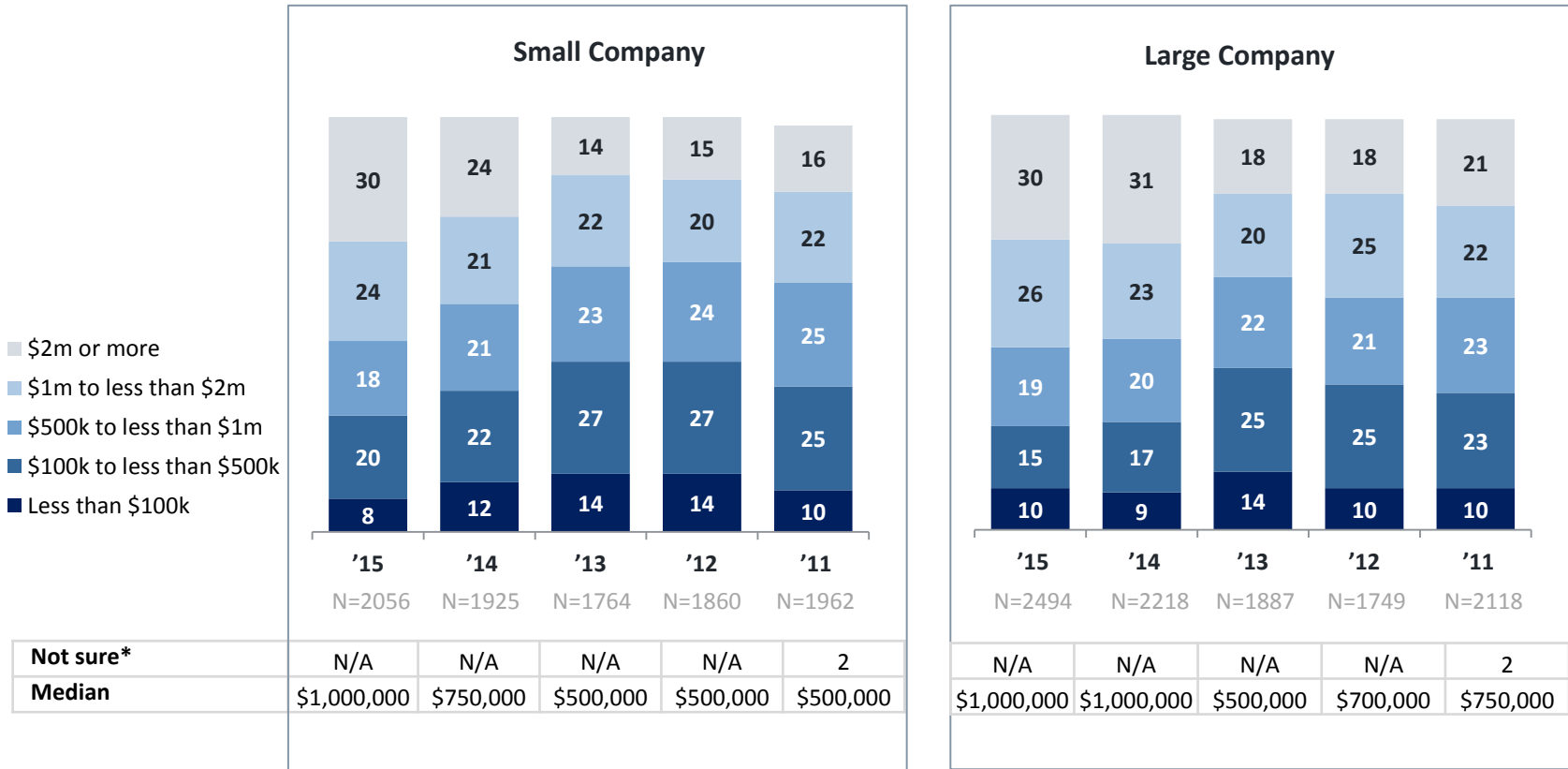
Among workers who participate in a 401(k) or similar plan, the plan contribution rate is directionally higher among large company workers than small company workers. Large company workers are saving 8 percent (median) of their annual pay while small company workers are saving 7 percent (median).



BASE: Currently Participating In Their Qualified Plan
 Q601. What percentage of your salary are you saving for retirement through your company-sponsored plan this year?

Estimated Retirement Savings Needs

Workers of both large and small companies believe they will need to save \$1 million (median) in order to feel financially secure when they retire. In past years, small company workers typically reported lower estimated needs compared to large company workers.



Note: The median is estimated based on the approximate midpoint of the range of each response category. Non-responses are excluded from the estimate.

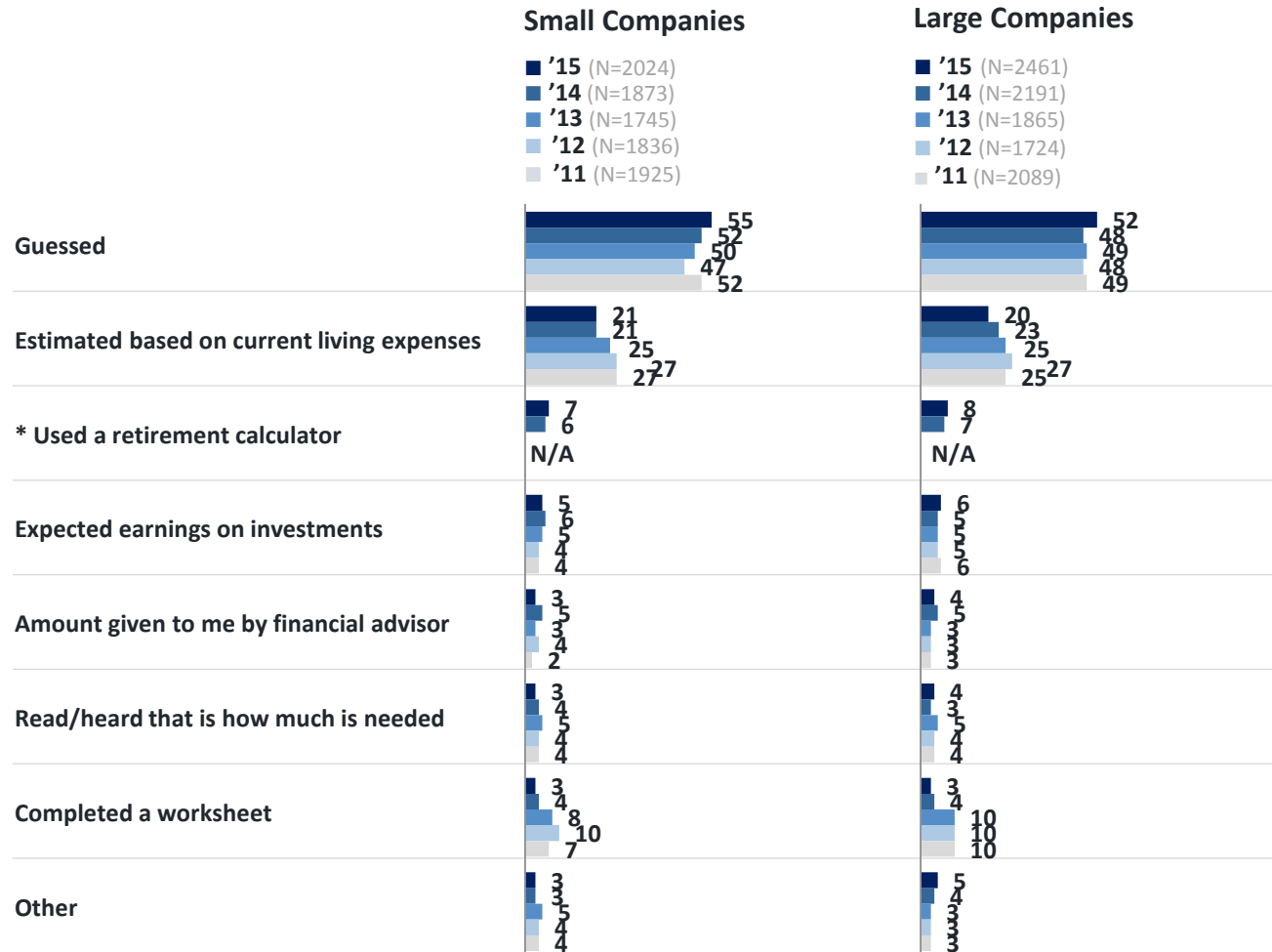
*N/A = not asked in 2012 - 2015

BASE: All Qualified Respondents

Q890. Thinking of what money can buy today, how much money do you believe you will need to have saved by the time you retire in order to feel financially secure?

Basis for Estimating Retirement Savings Needs

More than half of workers of both small and large companies say that they “guessed” their retirement savings needs. One in five estimate the amount based on their current living expenses, and fewer than 10 percent say that they used a retirement calculator.



*added in 2014

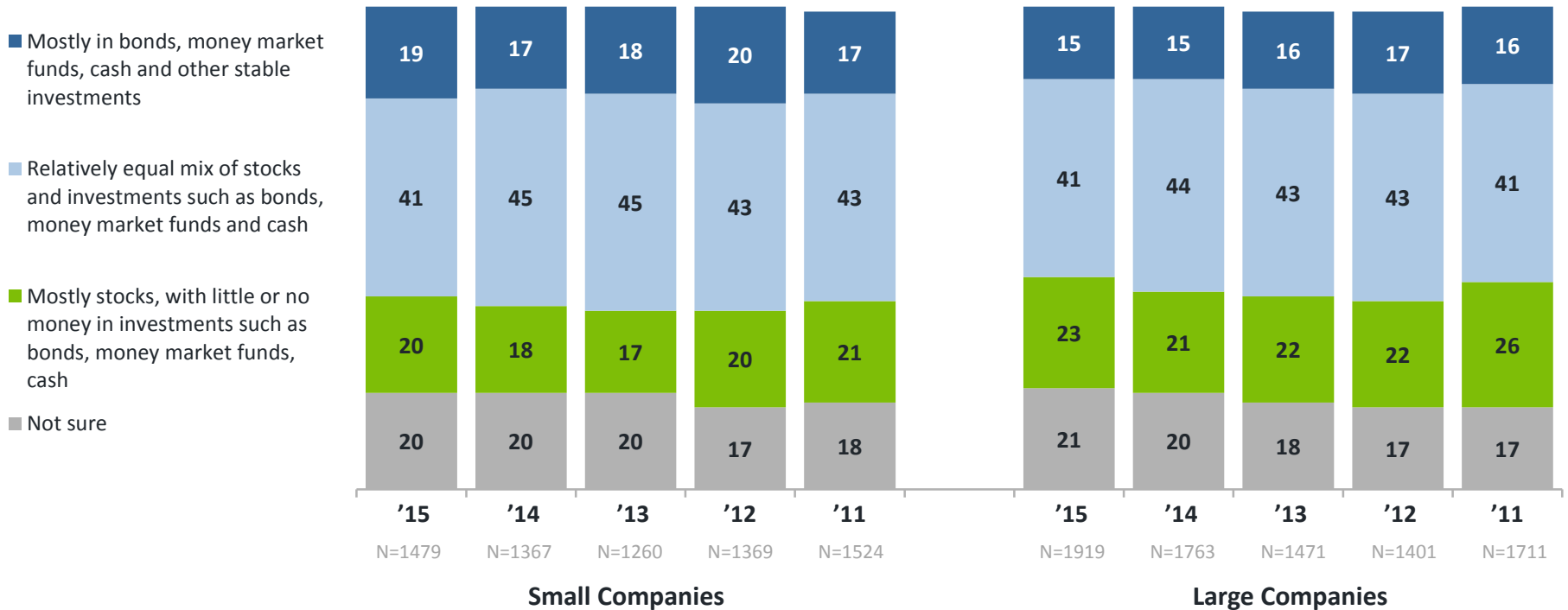
BASE: Provided Estimate of Money Needed

Q900. How did you arrive at that number?

Asset Allocation of Retirement Investments

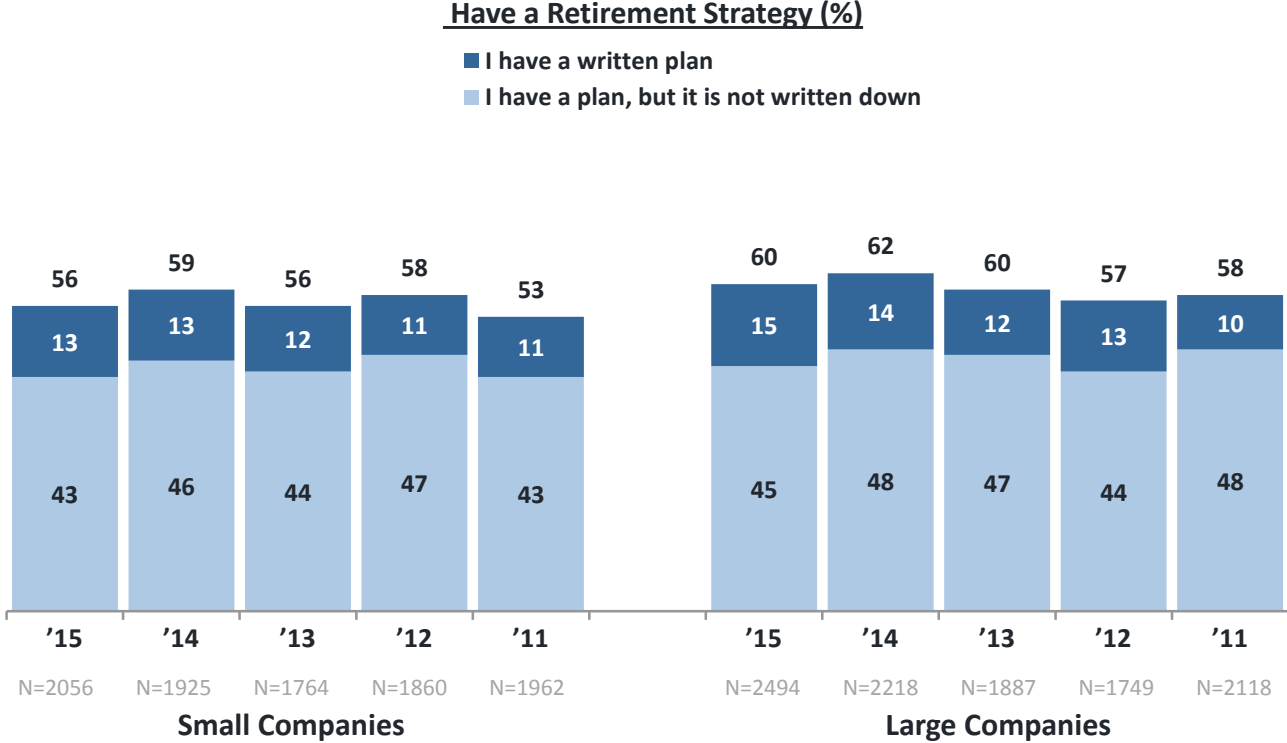
Workers of both large and small companies (41 percent) most frequently indicate that their retirement savings are invested in a relatively equal mix of stocks and investments such as bonds, money market funds and cash. A concerning one in five say they are “not sure” how their savings are invested. Asset allocation-related trends have been directionally consistent in recent years.

How Retirement Savings Are Invested? (%)



Retirement Strategy: Written, Unwritten, or None

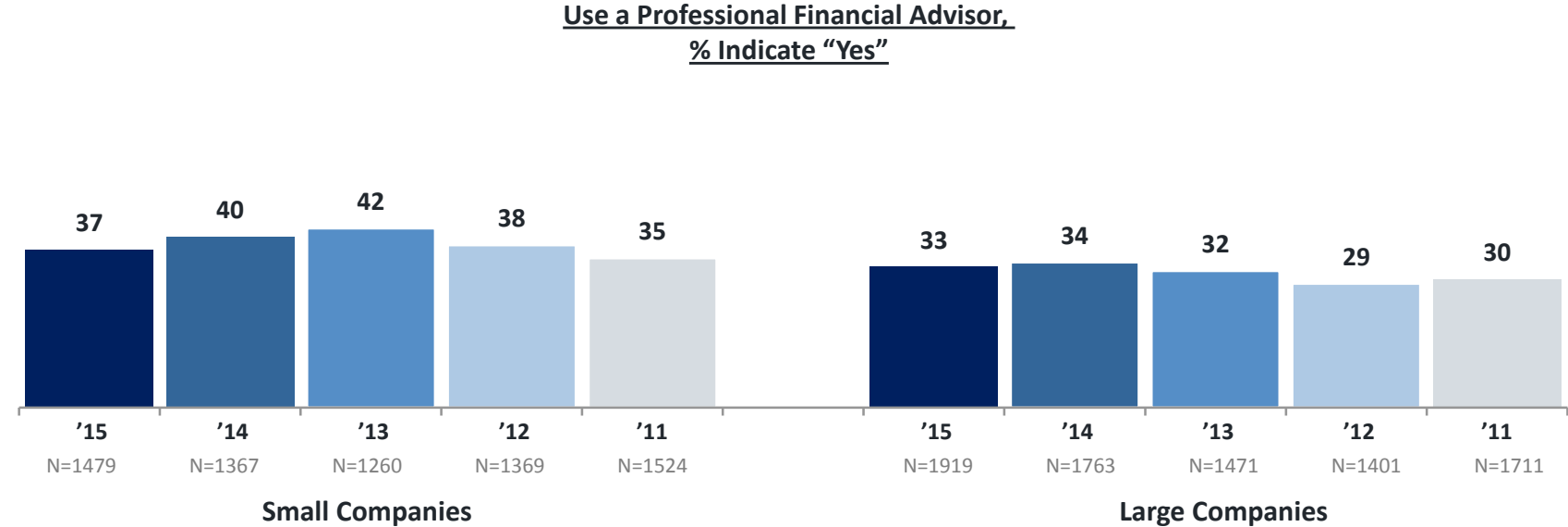
Most workers of small companies (56 percent) and large companies (60 percent) say that they have some form of retirement strategy, either written or unwritten. However, only 13 percent of small company workers and 15 percent of large company workers have a written plan. These percentages have been persistently low in recent years.



BASE: All Qualified Respondents
 Q1155. Which of the following best describes your retirement strategy?

Professional Financial Advisor Usage

Small company workers (37 percent) are more likely to use a professional financial advisor to help manage their retirement savings or investments compared to large company workers (33 percent). Notably, this gap is smaller this year than found in previous years.

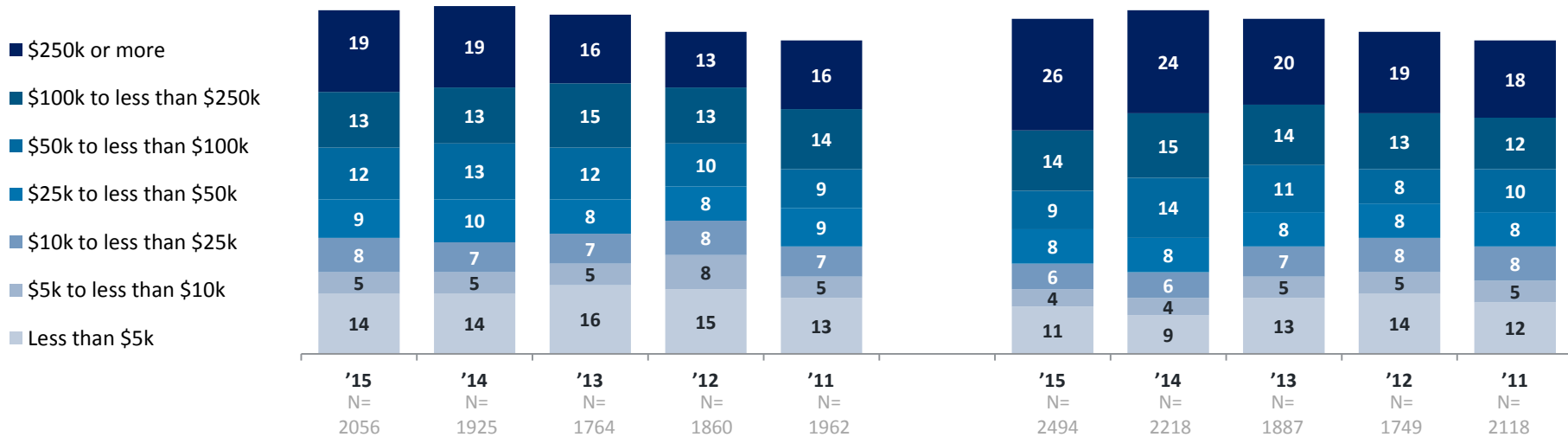


BASE: All Investing For Retirement
Q860. Do you use a professional financial advisor to help manage your retirement savings or investments?

Total Household Retirement Savings

Workers of large companies report higher levels of total household savings in retirement accounts compared to those of small companies. Large company workers have saved \$79,000 (estimated median), while small company workers have saved \$50,000 (estimated median). Large company workers (26 percent) are also more likely than small company workers (19 percent) to say that they have saved \$250,000 or more. Retirement savings has increased among small and company workers since 2011.

Total Household Retirement Savings by Company Size (%)



Small Companies

Large Companies

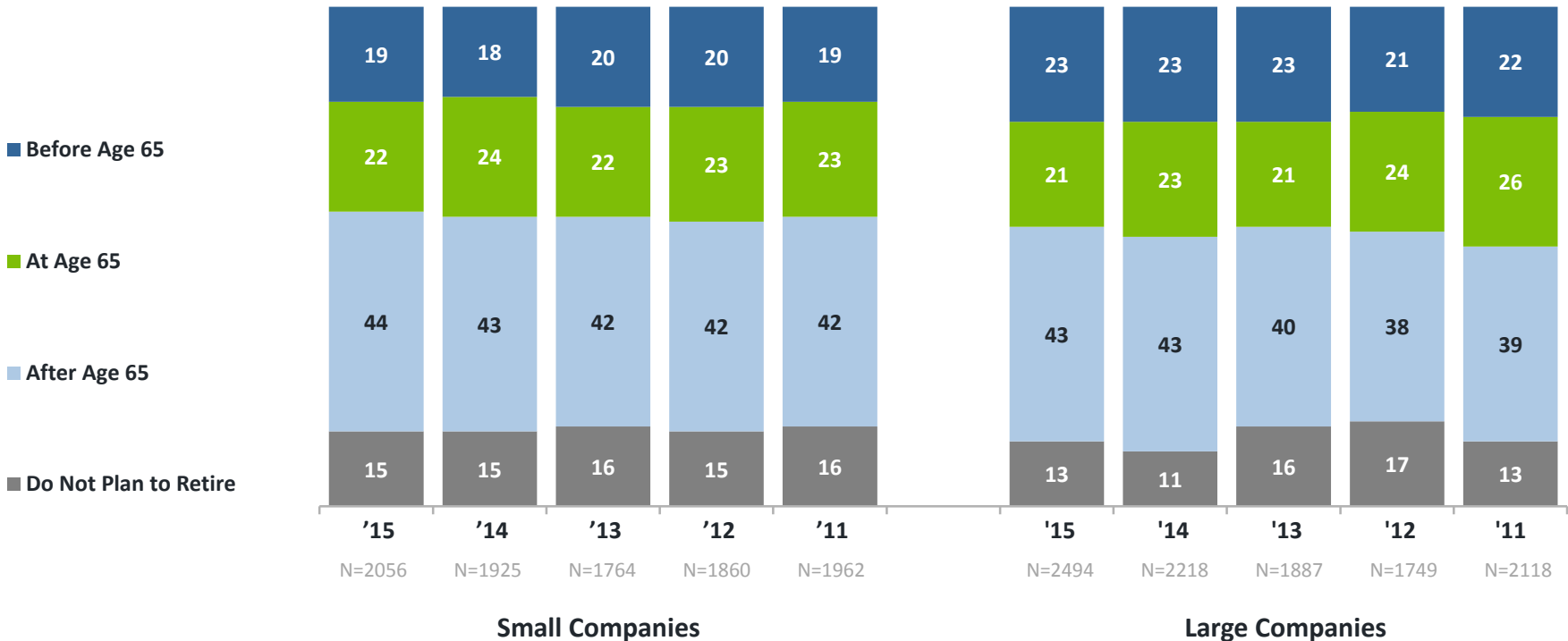
Not sure	10	8	9	12	12	12	10	11	12	13
Decline to answer	10	11	12	13	15	10	10	11	13	14
Estimated Median	\$50,000	\$51,000	\$47,000	\$35,000	\$46,000	\$79,000	\$73,000	\$58,000	\$52,000	\$52,000

Note: The median is estimated based on the approximate midpoint of the range of each response category. Non-responses are excluded from the estimate.

Expected Retirement Age

Workers of large and small companies share similar expectations regarding the age at which they will retire. The majority of small company workers (59 percent) and large company workers (56 percent) expect to work past age 65 or do not plan to retire. Small company workers' expectations have remained consistent over the past five years, while the percentage of large company workers planning to retire past age 65 or do not plan to retire has increased.

Age Expected to Retire (%)



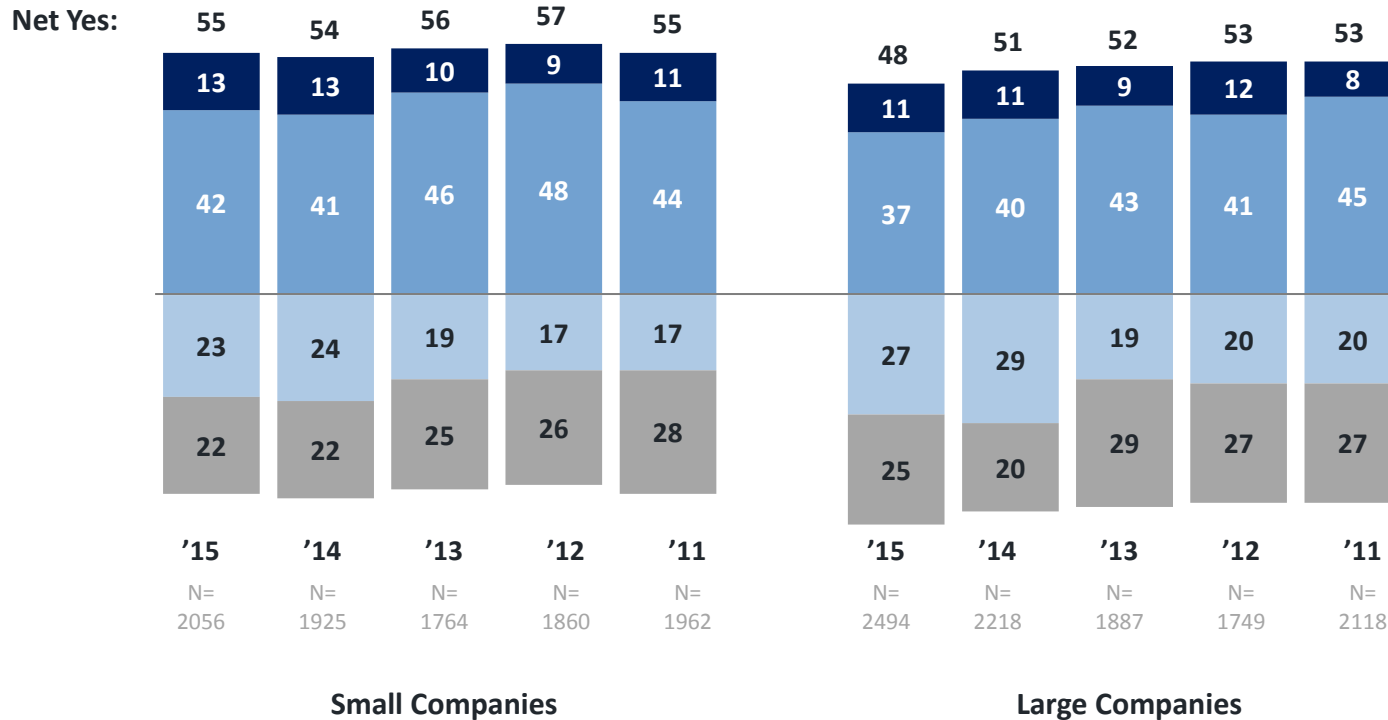
BASE: All Qualified Respondents
 Q910. At what age do you expect to retire?

Expectations of Working in Retirement

More than half (55 percent) of workers in small companies are planning to work full-time or part-time in retirement, while just under half (48 percent) of large company workers plan to do so. Over the past five years, small company workers have been consistently more likely to say that they plan to work in retirement.

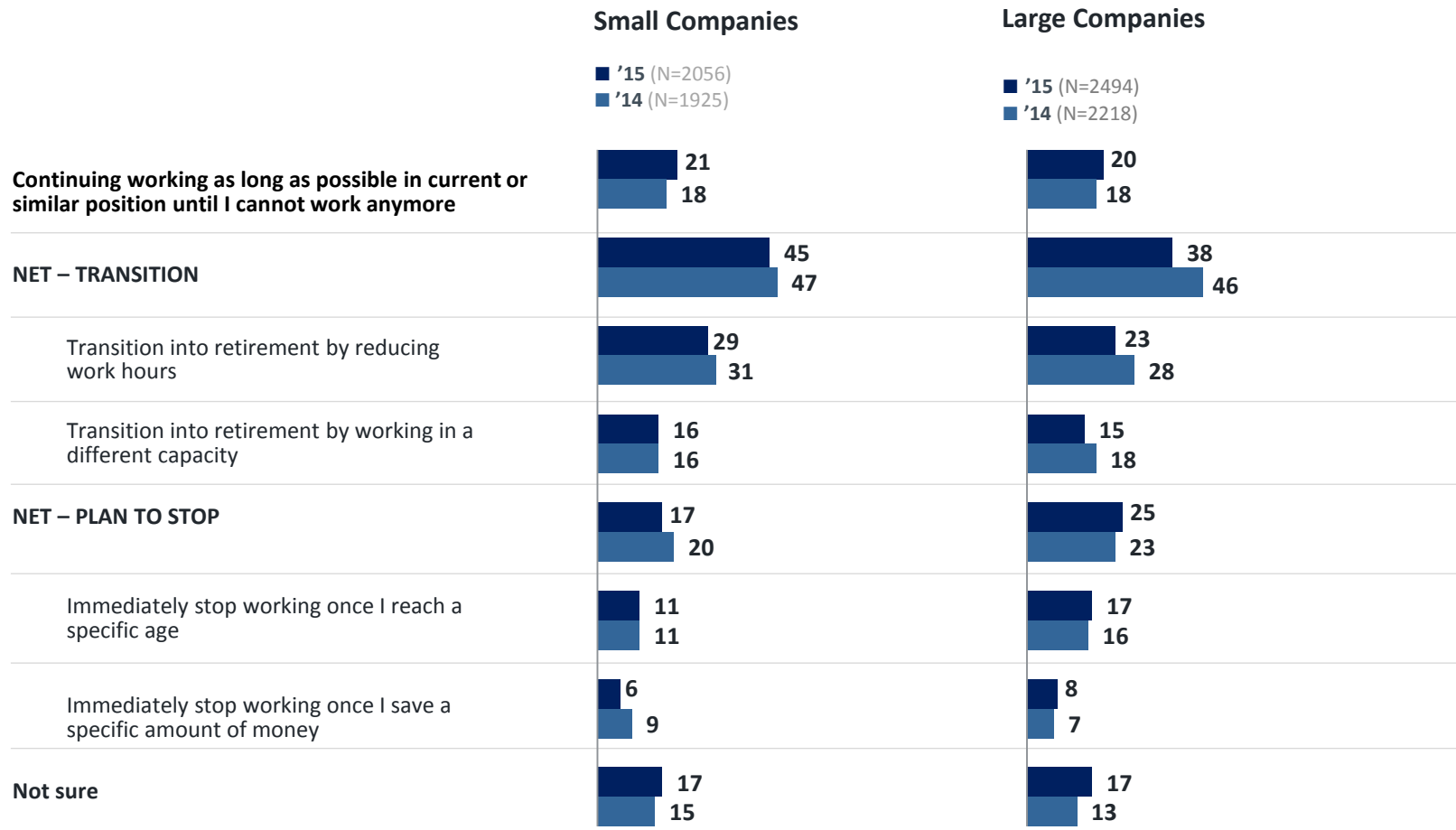
Working After Retirement (%)

- Yes, I plan to work full-time
- Yes, I plan to work part-time
- No, I do not plan to work
- Not sure



Retirement Transitions: Phased Versus Immediate

Many workers are planning either transition into retirement by changing work patterns (e.g., shifting from full-time to part-time or working in a different capacity) or planning to continue working until they can't work any longer. Large company workers (25 percent) are more likely to be planning to immediately stop working when they reach a certain age or savings goal compared to those of small companies (17 percent).



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