



16th Annual Transamerica Retirement Survey

Influences of Educational Attainment 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 Educational Attainment on Retirement Readiness

Detailed Findings

Influences of Educational Attainment on Retirement Readiness

Retirement readiness increases with a worker's level of educational attainment. College graduates are more likely to have access to retirement benefits, have higher plan participation rates, and contribute more than non-college graduates – which leads to higher lifetime savings at retirement. While workers across levels of educational attainment are at risk, non-college graduates are at much greater risk of not achieving a financially secure retirement.

Twenty Indicators of Retirement Readiness

- **Confidence in Retiring Comfortably.** Retirement confidence is higher among college graduates (67 percent) and those with some graduate school or advanced degree (75 percent), compared to workers with only some college or trade school education (56 percent) or those with a high school diploma or less (50 percent).
- **Building a Large Enough Nest Egg?** College graduates (61 percent) and those with some graduate school or advanced degree (63 percent) are more likely to agree that they are building a large enough retirement nest egg, compared to those with only some college or trade school education (46 percent) or those with a high school diploma or less (36 percent).
- **Retirement Beliefs.** Most workers (about 80 percent) across all levels of educational attainment agree that their generation will have a much harder time in achieving financial security in retirement compared to their parent's generation. Many are concerned that Social Security will not be there for them when they are ready to retire. Positive retirement-related attitudes and preparations tend to increase with level of educational attainment.
- **Greatest Financial Priority Right Now.** Workers' financial priorities vary by their level of educational attainment. Those who are college graduates (32 percent), have some graduate school or advanced degree (35 percent), or have some college or trade school (28 percent) most frequently cite “saving for retirement” as their top priority. In contrast, workers with a high school education or less (33 percent) say their highest priority is “just getting by – covering basic living expenses.”
- **Expected Primary Source of Income in Retirement.** Workers with higher levels of educational attainment are more likely to expect to rely on retirement accounts (e.g., 401(k), 403(b), or IRAs) as their expected primary source of income in retirement. Non-college graduates are more likely to expect to rely on Social Security. Non-college graduates are also more likely to expect to rely on “working.”

Influences of Educational Attainment on Retirement Readiness

- **Percentage Saving for Retirement.** College graduates (87 percent) and those with some graduate school or advanced degree (90 percent) are more likely to be saving for retirement through their employer's plan and/or outside of work, compared to those with some college or trade school (75 percent) or high school or less (60 percent).
- **Age They Started to Save.** College graduates started saving for retirement at an earlier age (25 median) compared to non-college graduates (30 median).
- **Importance of Retirement Benefits.** More than 85 percent of workers across all levels of educational attainment value a 401(k), 403(b), 457(b) or similar plan as an important employee benefit.
- **Retirement Benefits Currently Offered.** While most workers are offered a 401(k) or other self-funded plan by their employers, college graduates (73 percent) and those with some graduate school or advanced degree (77 percent) are more likely to be offered a plan compared to those with only some college or trade school (65 percent) or those with a high school education or less (56 percent).
- **Retirement Plan Participation.** Among workers who are offered a 401(k) or similar plan, the participation rate increases with level of educational attainment. Sixty-seven percent of workers with a high school education or less participate in their employer's plan, compared to 79 percent of those with some college or trade school, and 87 percent among college graduates and those with some post-graduate education or graduate degree. This trend has remained relatively consistent over the past five years.
- **Retirement Plan Contribution Rate.** Among workers who participate in a 401(k) or similar plan, those with a higher level of educational attainment contribute more. College graduates and those with some graduate school or advanced degree contribute 10 percent (median) of their annual pay. In contrast, non-college graduates only contribute 6 percent (median). Since 2013, college graduates have increased contributions to their plans while others have remained relatively steady.
- **Estimated Retirement Savings Needs.** College graduates estimate that they will need \$1 million (median) and workers with some graduate school or an advanced degree estimate that they will need \$1.4 million (median). In contrast, non-college graduates estimate that they will need to save less than \$1 million, including workers with some college or trade school estimating \$888,000 (median) and those with a high school or less estimating \$600,000 (median.)

Influences of Educational Attainment on Retirement Readiness

- **Basis for Estimating Retirement Savings Needs.** Many workers are guessing their retirement savings needs. Workers with a high school education or less (65 percent) are most likely to have guessed and those with some graduate school or advanced degree (37 percent) are least likely. Few workers have used a retirement calculator.
- **Asset Allocation of Retirement Investments.** Workers among all levels educational attainment most frequently say that their retirement savings are invested in a relatively equal mix of stocks and investments such as bonds, money market funds and cash. However, the response rate is higher among those with a college education or some graduate school or advanced degree (47 percent) when compared to those with some college or trade school (42 percent) and those with a high school education or less (34 percent). An alarming 35 percent of workers with a high school education or less are “not sure” how their savings are invested. Asset allocation-related trends have been relatively consistent in recent years – except for the percentage of workers with a high school education or less who are “not sure.”
- **Retirement Strategy: Written, Unwritten, or None.** Seventy percent of college graduates and 73 percent of workers with some graduate school or advanced degree have a retirement strategy, compared to only 57 percent of those with some college or trade school and just 43 percent of those with a high school education or less. In terms of having a written strategy, the likelihood also increases with level of educational attainment: 24 percent of workers with some graduate school or advanced degree have a written strategy compared to only 7 percent of those with a high school education or less.
- **Professional Advisor Usage.** College graduates (40 percent) and workers with some graduate school or advanced degree (47 percent) are more likely to use a financial advisor compared to workers with only some college or trade school (33 percent) or those with a high school education or less (25 percent).

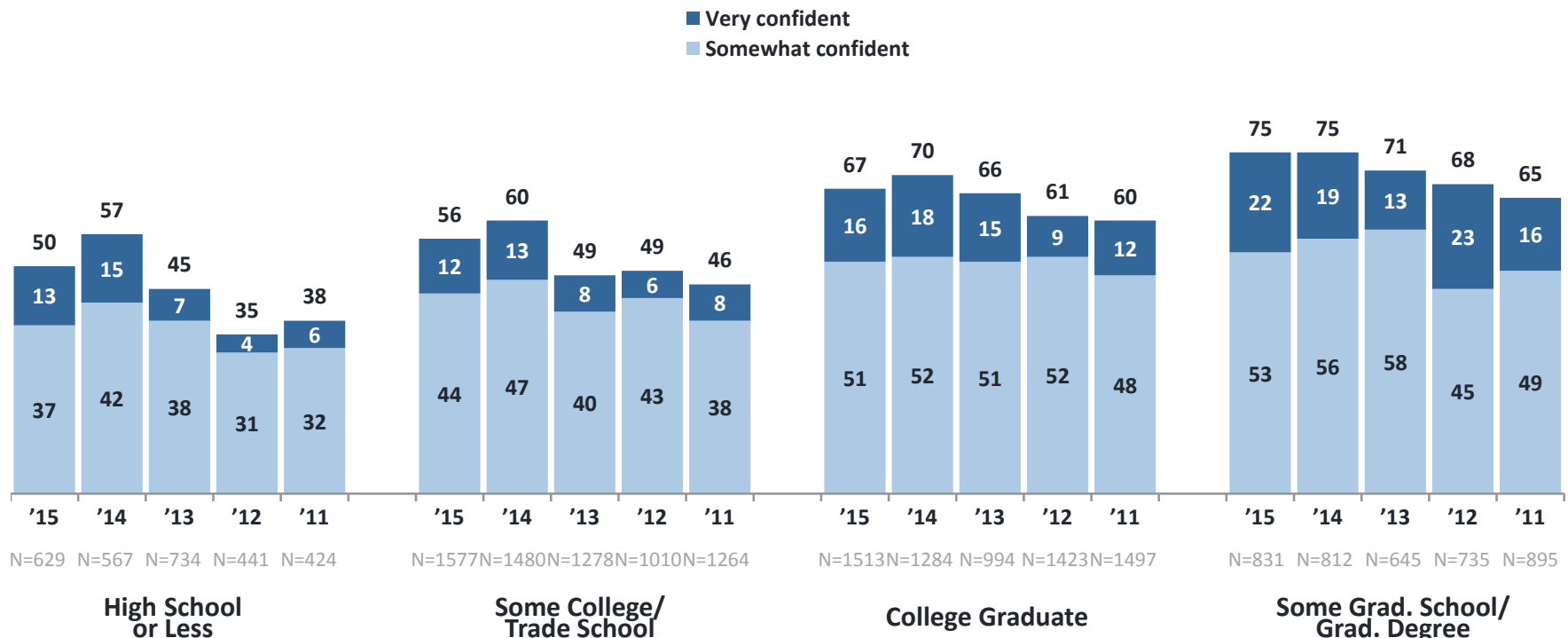
Influences of Educational Attainment on Retirement Readiness

- **Total Household Retirement Savings.** College graduates have saved \$117,000 (estimated median) and workers with some graduate school or advanced degree have saved \$178,000. In contrast, workers with some college or trade school have saved \$51,000 and those with a high school education or less have saved \$27,000. Forty-seven percent of workers with some graduate school or advanced degree have saved \$250,000 or more compared to just 9 percent of those with a high school education or less.
- **Expected Retirement Age.** Most workers of all levels of education expect to retire after age 65 or do not plan to retire, including 58 percent of those with a high school education or less, 62 percent of those with some college or trade school, 54 percent of college graduates, and 52 percent of those with some graduate school or advanced degree. Notably, workers who have some graduate level education (48 percent) are most likely to expect to retire at age 65 or sooner.
- **Expectations of Working in Retirement.** Approximately half of workers plan to continue working in retirement, which is relatively consistent across all levels of educational attainment. Interestingly, workers with some graduate school or advanced degree (56 percent) are most likely to plan to work in retirement and those with a high school education or less (46 percent) are least likely. Among workers planning to work in retirement, most plan to do so on a part-time basis. This trend has been relatively consistent over the past five years.
- **Retirement Transitions: Phased Versus Immediate.** Many workers envision a phased transition in retirement by changing work patterns (e.g., shifting from full-time to part-time or working in a different capacity). Workers with some graduate school or an advanced degree (52 percent) are most likely to expect this phased transition– while workers with a high school education or less are more likely to say that they plan to continue working until they can't work any longer (23 percent) or are “not sure” (25 percent).

Confidence in Retiring Comfortably

Retirement confidence increases with a worker's level of educational attainment. College graduates (67 percent) and those with some graduate school or advanced degree (75 percent) are more likely to be "somewhat" or "very" confident about their future retirement compared to those with only some college or trade school education (56 percent) or those with a high school diploma or less (50 percent). Among workers of all levels of education, retirement confidence is higher than it was in 2011, although it has dropped for some since last year.

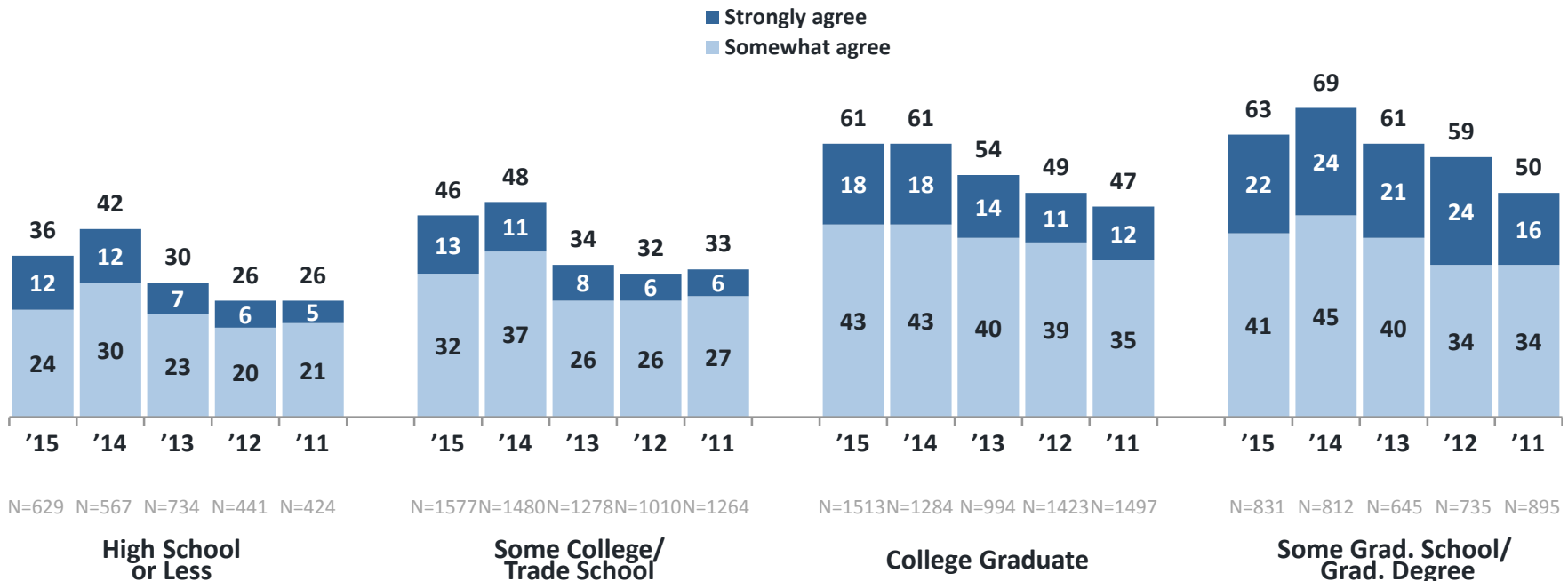
Confidence in Retiring Comfortably
Top 2 Box % (Very/Somewhat Confident)



Building a Large Enough Nest Egg?

The percentage of workers who agree they are building a large enough retirement nest egg increases with their level of educational attainment. College graduates (61 percent) and those with some graduate school or advanced degree (63 percent) are more likely to “somewhat” or “strongly” agree compared to those with only some college or trade school education (46 percent) or those with a high school diploma or less (36 percent). Among workers of all levels of education, level of agreement is higher than it was in 2011, but for some it has dropped since last year.

Building a Large Enough Nest Egg
 Top 2 Box % (Strongly/Somewhat Agree)



Retirement Beliefs

Most workers (about 80 percent) across all levels of educational attainment agree that their generation will have a much harder time in achieving financial security in retirement compared to their parent's generation. Many are concerned that Social Security will not be there for them when they are ready to retire. Positive retirement-related attitudes and preparations tend to increase with level of educational attainment.

Top 2 Box % (Strongly/Somewhat Agree)

High School or Less

- '15 (N=629)
- '14 (N=567)
- '13 (N=734)
- '12 (N=441)
- '11 (N=424)

Some College/ Trade School

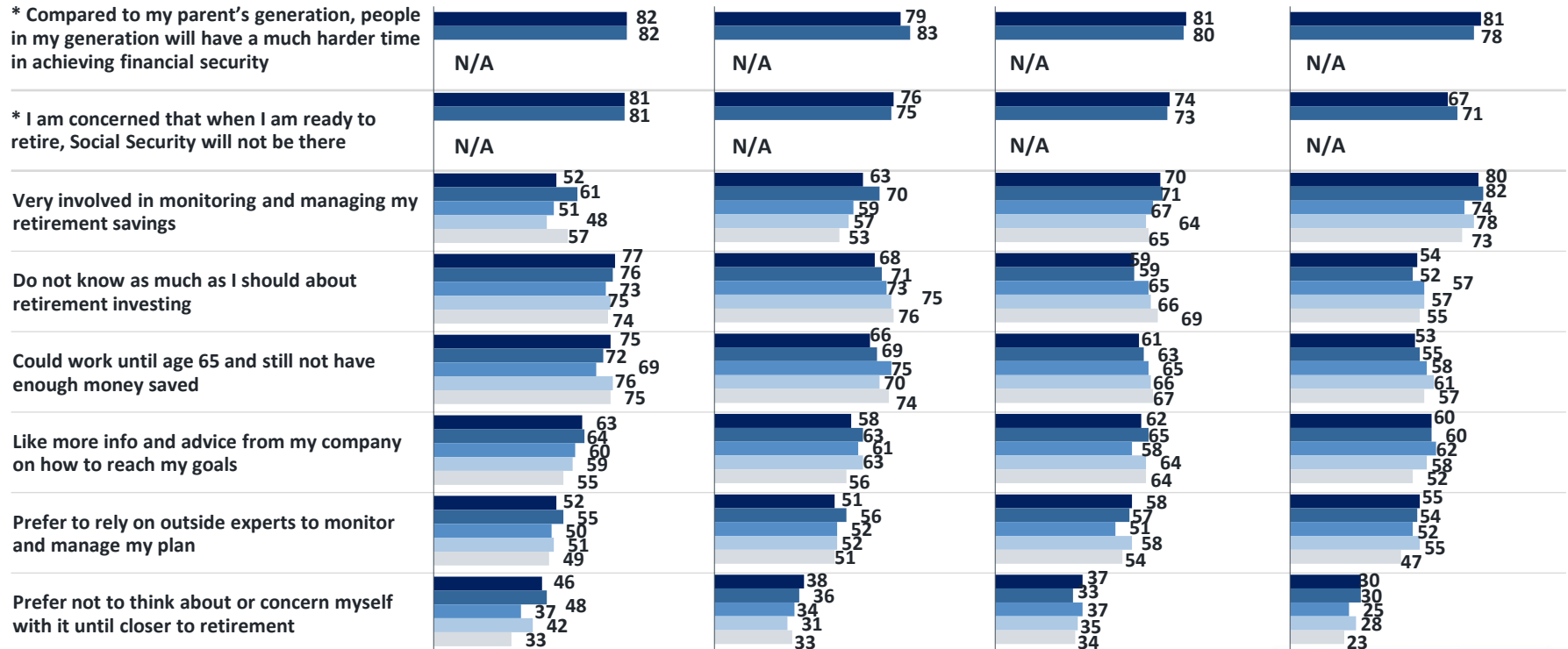
- '15 (N=1577)
- '14 (N=1480)
- '13 (N=1278)
- '12 (N=1010)
- '11 (N=1264)

College Graduate

- '15 (N=1513)
- '14 (N=1284)
- '13 (N=994)
- '12 (N=1423)
- '11 (N=1497)

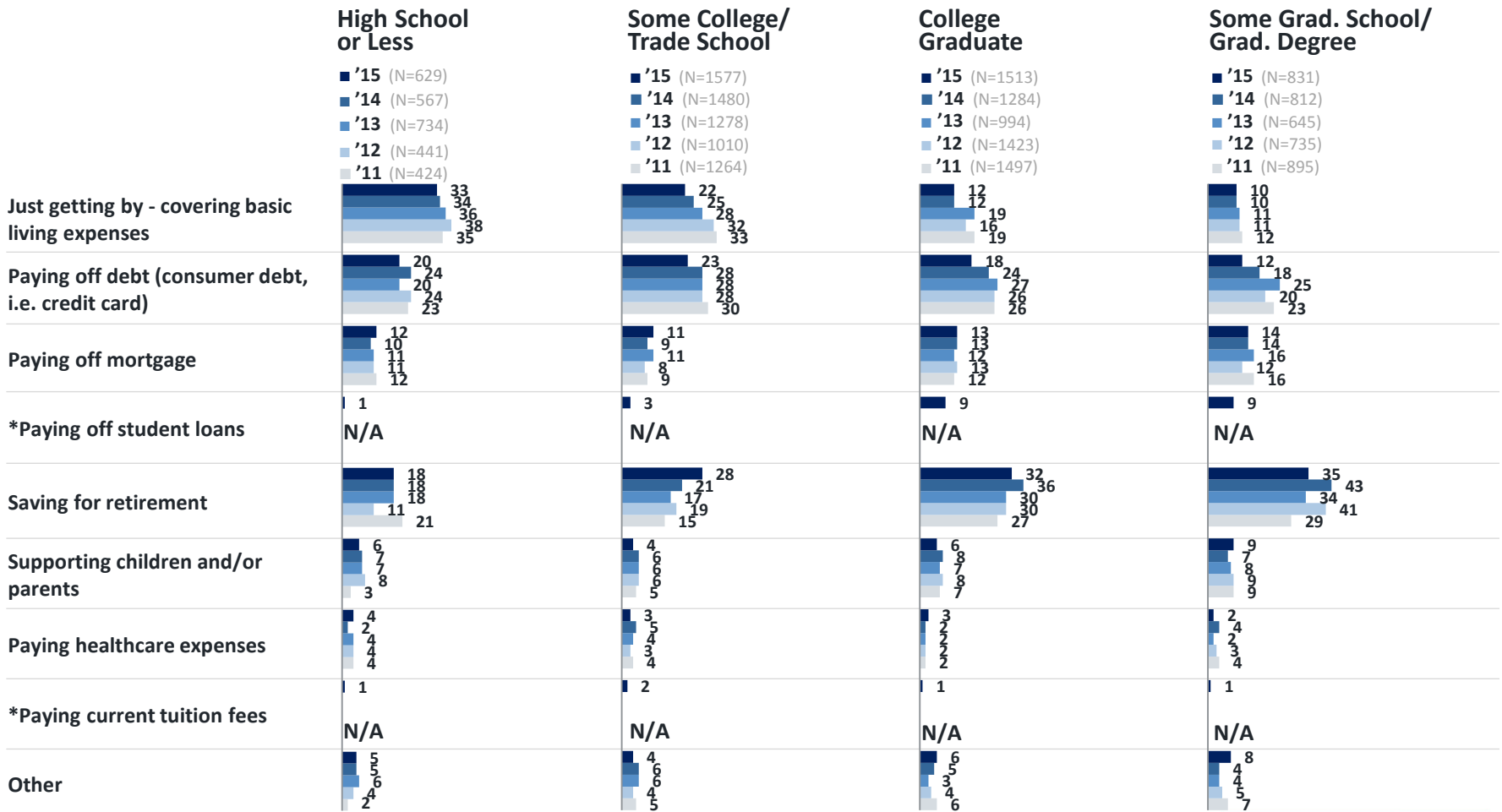
Some Grad. School/ Graduate Degree

- '15 (N=831)
- '14 (N=812)
- '13 (N=645)
- '12 (N=735)
- '11 (N=895)



Greatest Financial Priority Right Now

Workers' financial priorities vary by their level of educational attainment. Those who are college graduates (32 percent), have some graduate school or advanced degree (35 percent), or have some college or trade school (28 percent) most frequently cite "saving for retirement" as their top priority. In contrast, workers with a high school education or less (33 percent) say their highest priority is "just getting by – covering basic living expenses."



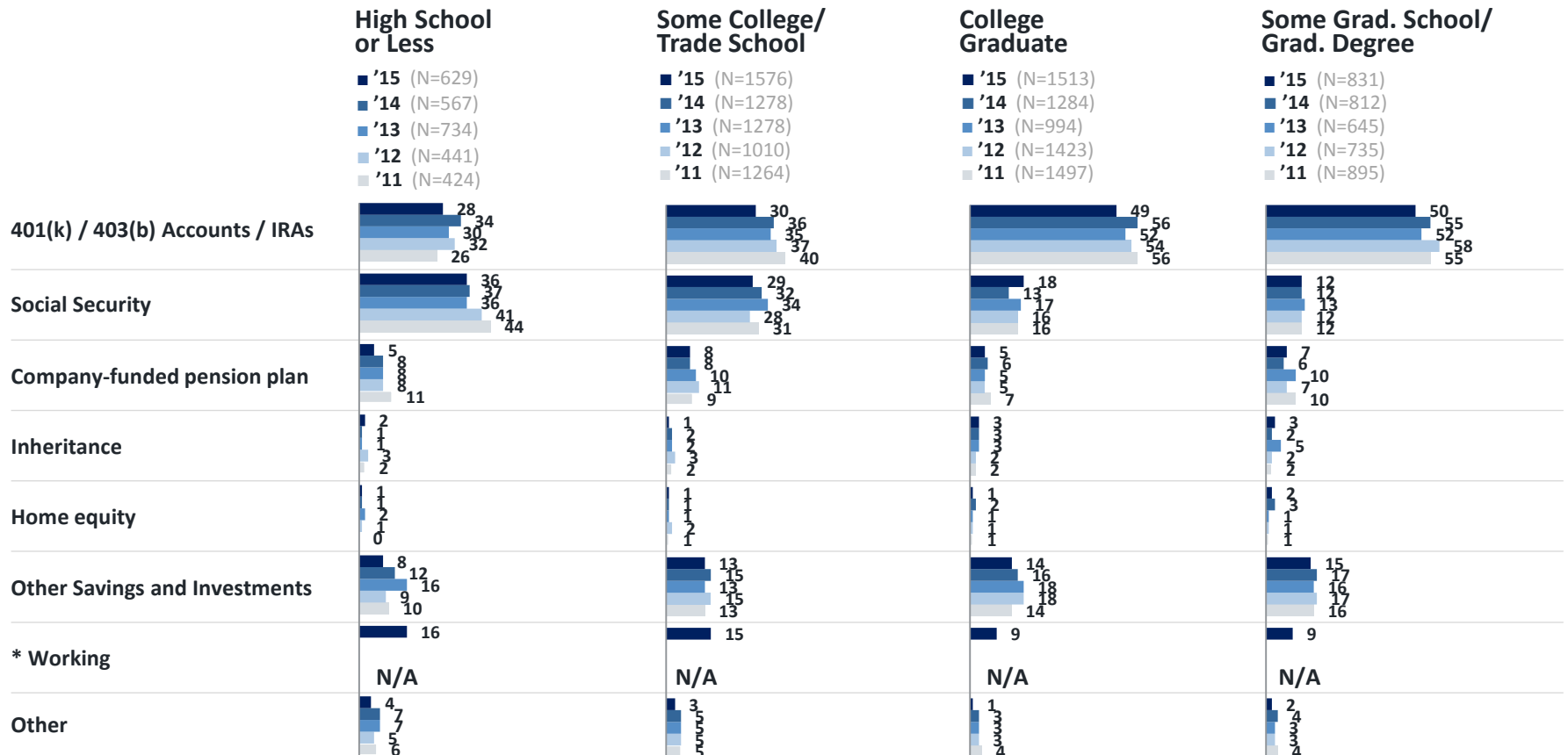
*added in 2015

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 with higher levels of educational attainment are more likely to expect to rely on retirement accounts from a 401(k), 403(b), or IRAs as their expected primary source of income in retirement, including 49 percent of college graduates and 50 percent of those with some graduate school or an advanced degree. Non-college graduates are more likely to expect to rely on Social Security, including 29 percent of those with some college or trade school and 36 percent of those with a high school education or less. Non-college graduates are also more likely to expect to rely on “working.”



*added in 2015

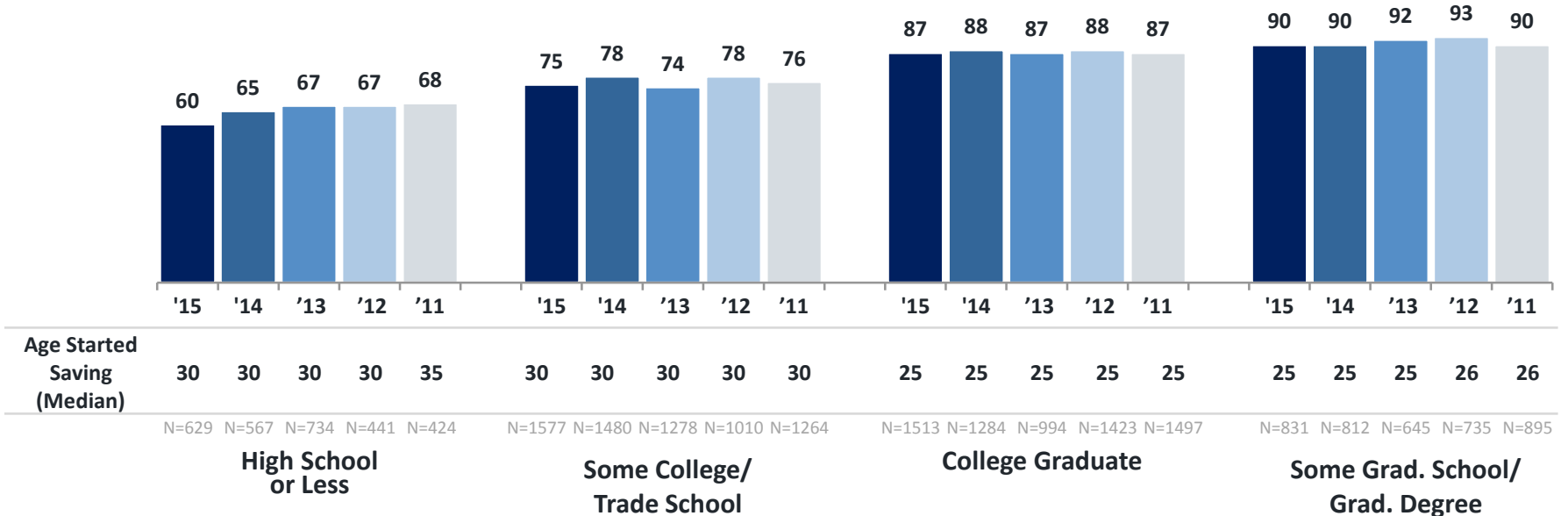
BASE: All Qualified Respondents

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

Most workers are saving for retirement through an employer-sponsored retirement plan and/or outside of work; however, savings rates increase with a worker's level of educational attainment. College graduates (87 percent) and those with some graduate school or advanced degree (90 percent) are more likely to be saving compared to those with some college or trade school (75 percent) or high school or less (60 percent). College graduates also start save at an earlier age (25 median) compared to non-college graduates (30 median). Savings rates and the age that workers start saving has been consistent over the past five years.

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](#)

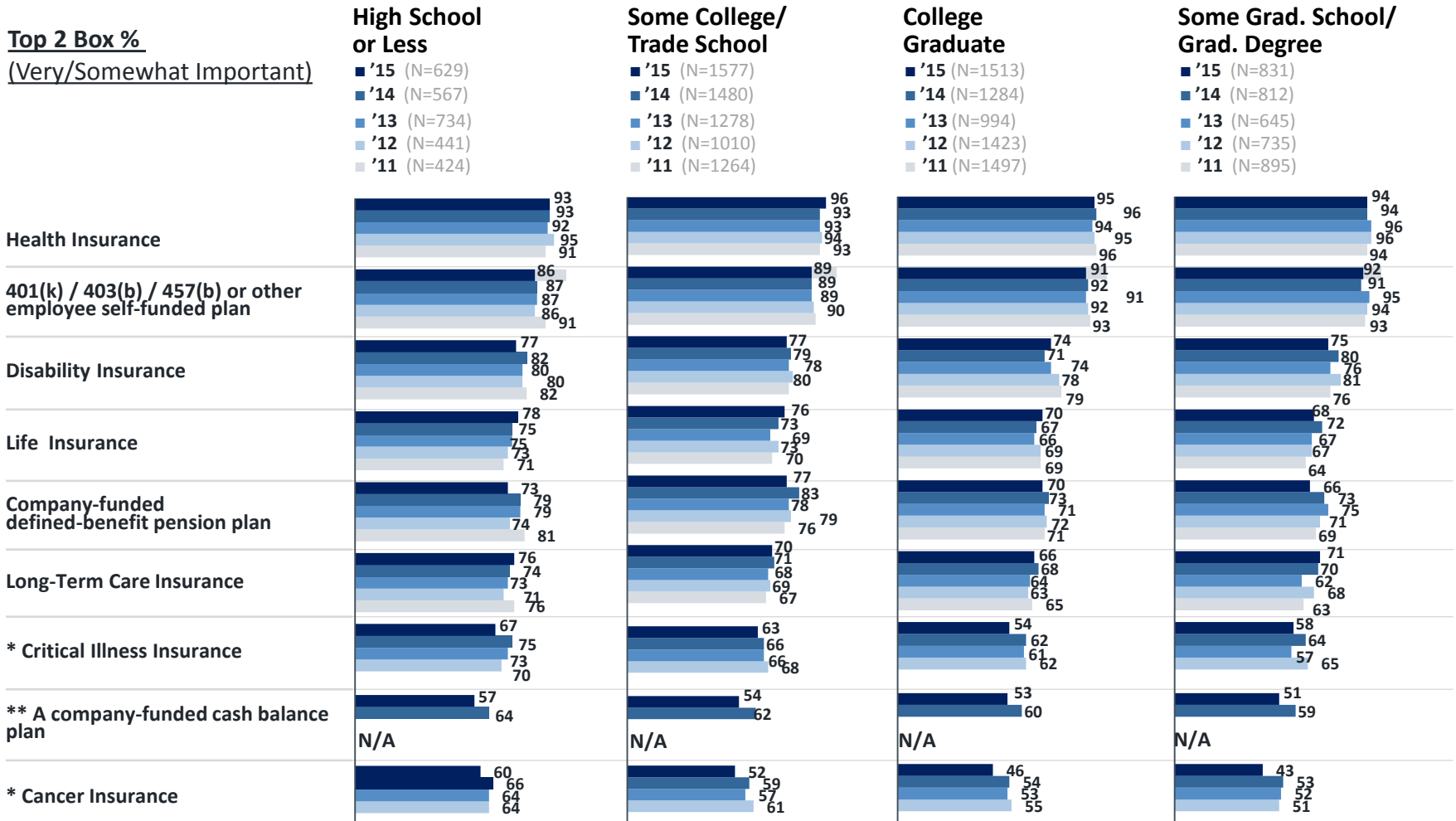
Q740. Are you currently saving for retirement outside of work, such as in an IRA, mutual funds, bank account, etc.?

BASE: [Investing For Retirement](#)

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

Importance of Retirement Benefits

More than 85 percent of workers across all levels of educational attainment value a 401(k), 403(b), 457(b) or similar plan as an important employee benefit. Workers with higher levels of educational attainment are slightly more likely to value such benefits, a steady trend over the past five years.



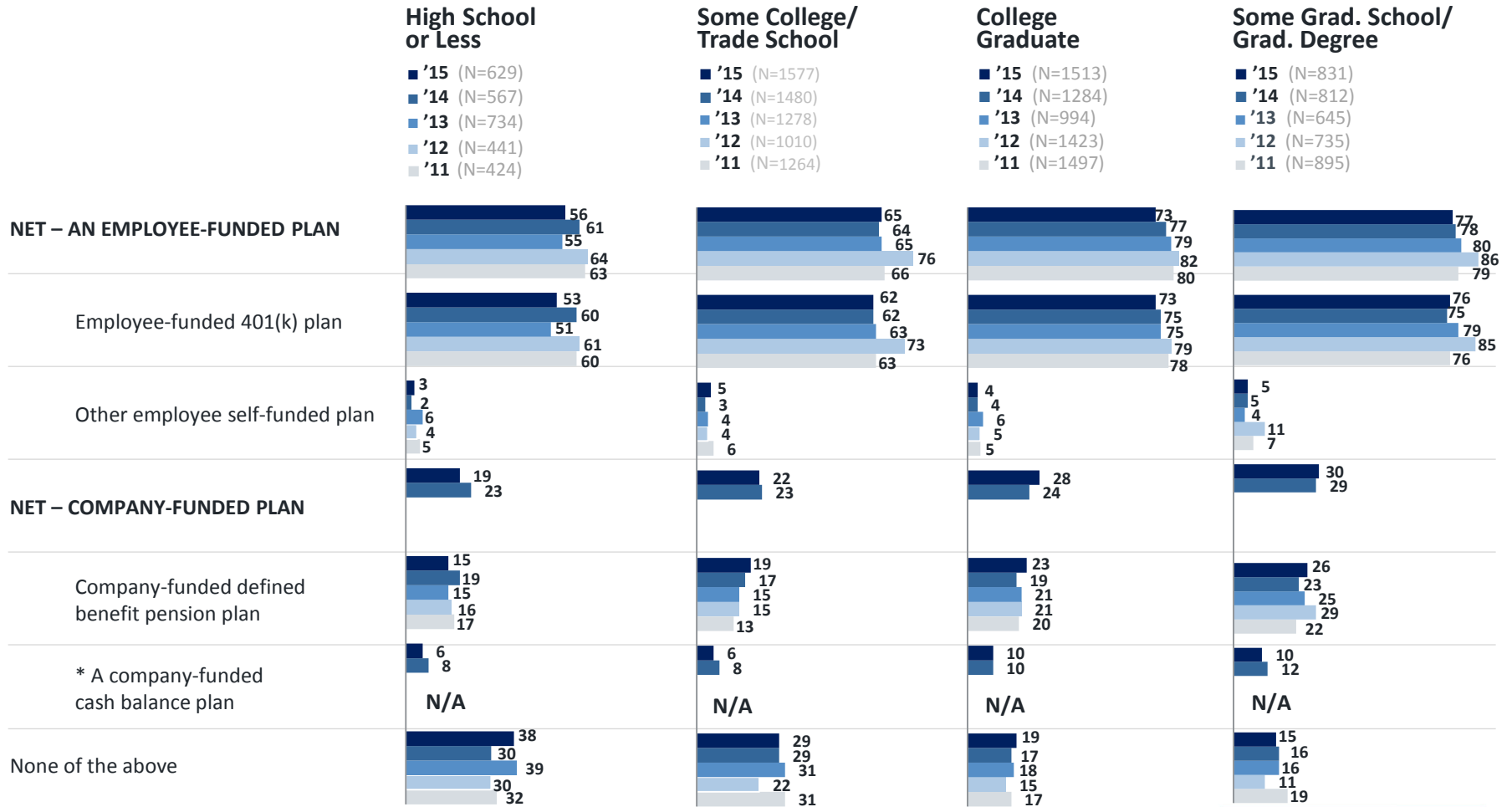
*added in 2012; **added in 2014

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

While most workers are offered a 401(k) or other self-funded plan by their employers, college graduates (73 percent) and those with some graduate school or advanced degree (77 percent) are more likely to be offered a plan compared to those with only some college or trade school (65 percent) or those with a high school education or less (56 percent).



*added in 2014

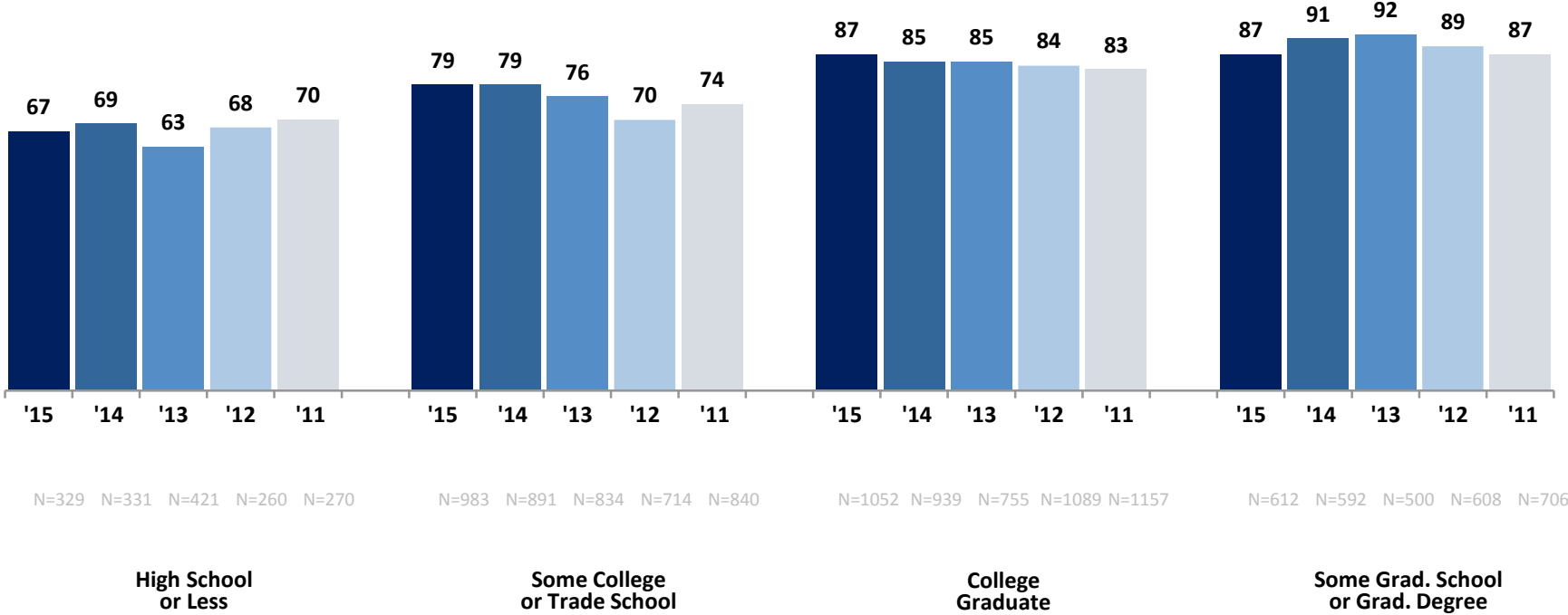
BASE: All Qualified Respondents

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 increases with level of educational attainment. Sixty-seven percent of workers with a high school education or less participate in their employer’s plan, compared to 79 percent of those with some college or trade school, and 87 percent among college graduates and those with some post-graduate education or graduate degree. This trend has remained relatively consistent over the past five years.

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



N=329 N=331 N=421 N=260 N=270

N=983 N=891 N=834 N=714 N=840

N=1052 N=939 N=755 N=1089 N=1157

N=612 N=592 N=500 N=608 N=706

**High School
or Less**

**Some College
or Trade School**

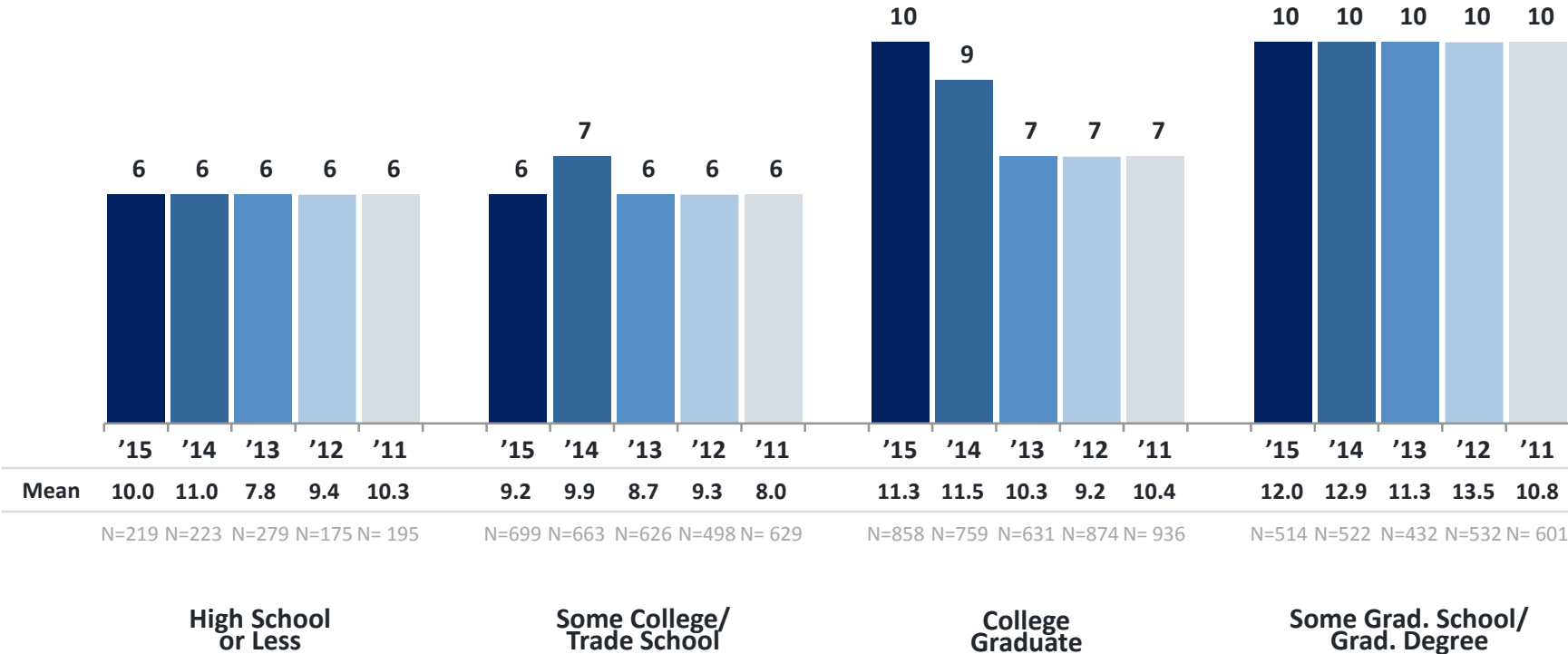
**College
Graduate**

**Some Grad. School
or Grad. Degree**

Retirement Plan Contribution Rates

Among workers who participate in a 401(k) or similar plan, those with a higher level of educational attainment contribute more. College graduates and those with some graduate school or advanced degree contribute 10 percent (median) of their annual pay. In contrast, non-college graduates only contribute 6 percent (median). Since 2013, college graduates have increased contributions to their plans while others have remained relatively steady.

Contribution Rate, 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' estimated retirement savings needs increase with their level of educational attainment. College graduates estimate that they will need \$1 million (median) and workers with some graduate school or an advanced degree estimate that they will need \$1.4 million (median). In contrast, non-college graduates estimate that they will need to save less than \$1 million, including workers with some college or trade school estimating \$888,000 (median) and those with a high school or less estimating \$600,000 (median.)

	High School or Less					Some College/ Trade School					College Graduate					Some Grad. School/ Grad. Degree				
	'15 N=629	'14 N=567	'13 N=734	'12 N=441	'11 N=424	'15 N=1577	'14 N=1480	'13 N=1278	'12 N=1010	'11 N=1264	'15 N=1513	'14 N=1284	'13 N=994	'12 N=1423	'11 N=1497	'15 N=831	'14 N=812	'13 N=645	'12 N=735	'11 N=895
\$2m or more	27	23	7	8	10	26	23	12	13	13	34	35	25	20	24	42	37	29	32	34
\$1m to less than \$2m	18	16	16	14	14	23	21	18	22	20	32	27	25	29	28	31	29	29	31	28
\$500k to less than \$1m	17	21	19	22	20	21	23	26	25	28	18	19	24	22	23	16	16	21	18	21
\$100k to less than \$500k	25	26	37	36	38	20	21	29	30	26	11	14	18	20	17	7	13	14	13	13
Less than \$100k	13	15	21	20	16	10	12	15	11	11	5	5	9	9	8	4	5	7	6	3
Not sure*	N/A	N/A	N/A	N/A	3	N/A	N/A	N/A	N/A	2	N/A	N/A	N/A	N/A	1	N/A	N/A	N/A	N/A	1
Median	\$600k	\$500k	\$250k	\$250k	\$300k	\$888k	\$750k	\$500k	\$500k	\$500k	\$1m	\$1m	\$900k	\$800k	\$1m	\$1.4m	\$1m	\$1m	\$1m	\$1m

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

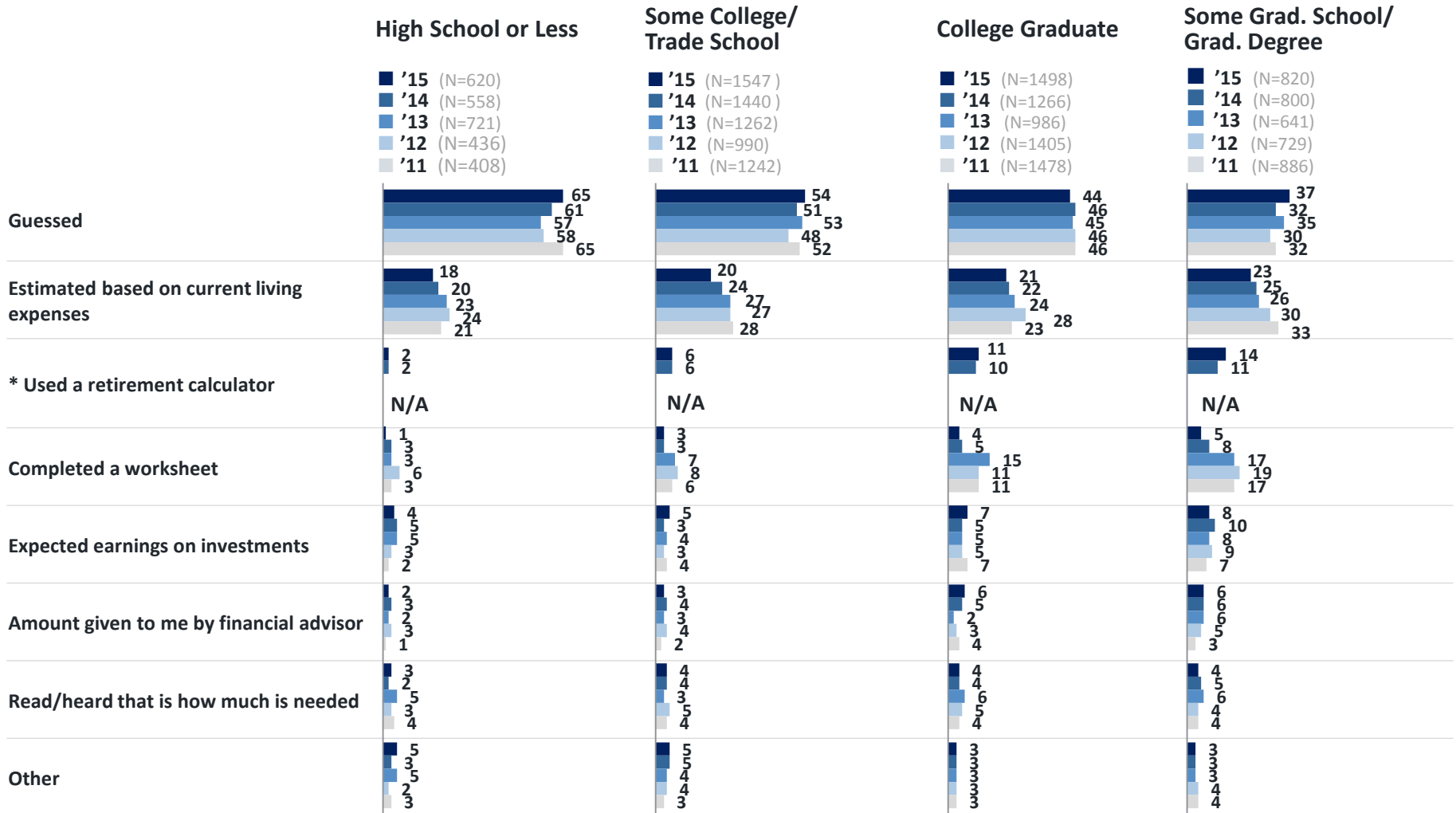
*N/A = not asked in 2012 - 2015

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

Many workers are guessing their retirement savings needs. Workers with a high school education or less (65 percent) are most likely to have guessed and those with some graduate school or advanced degree (37 percent) are least likely. Few workers have used a retirement calculator.



*added in 2014

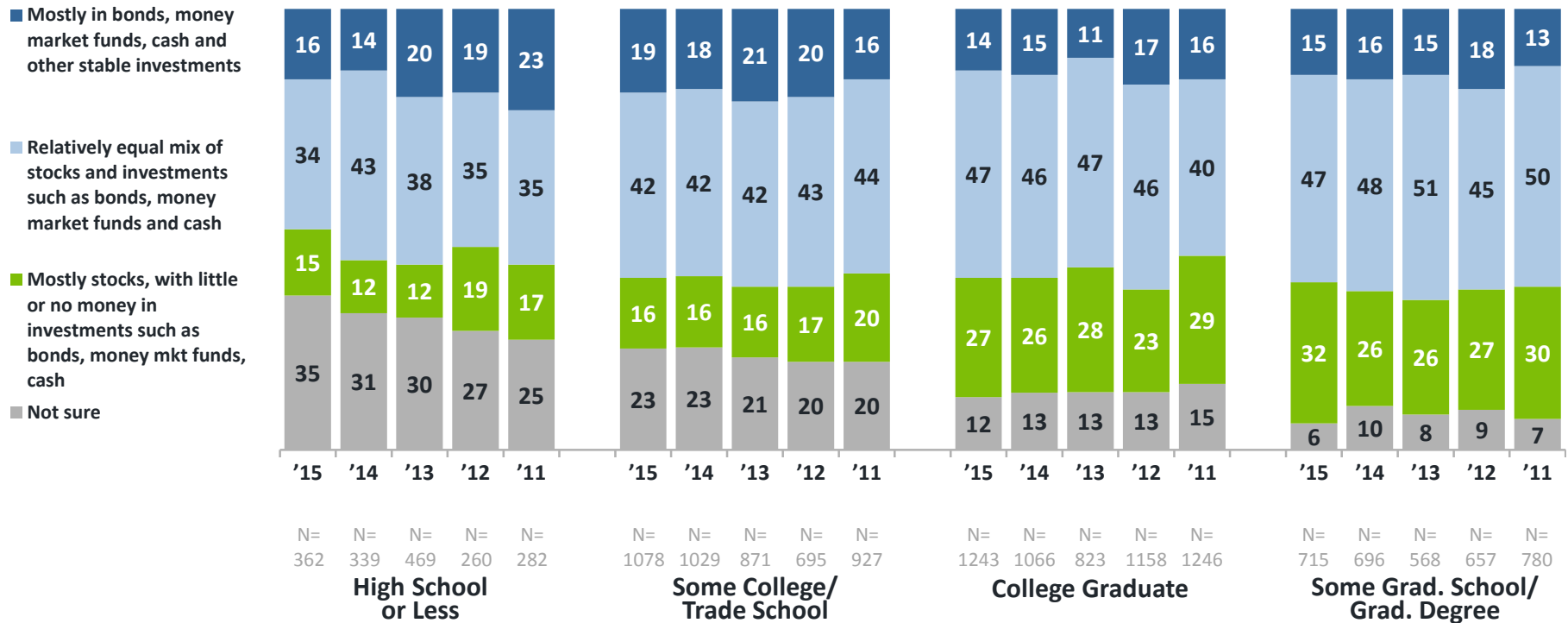
BASE: Provided Estimate of Money Needed

Q900. How did you arrive at that number?

Asset Allocation of Retirement Investments

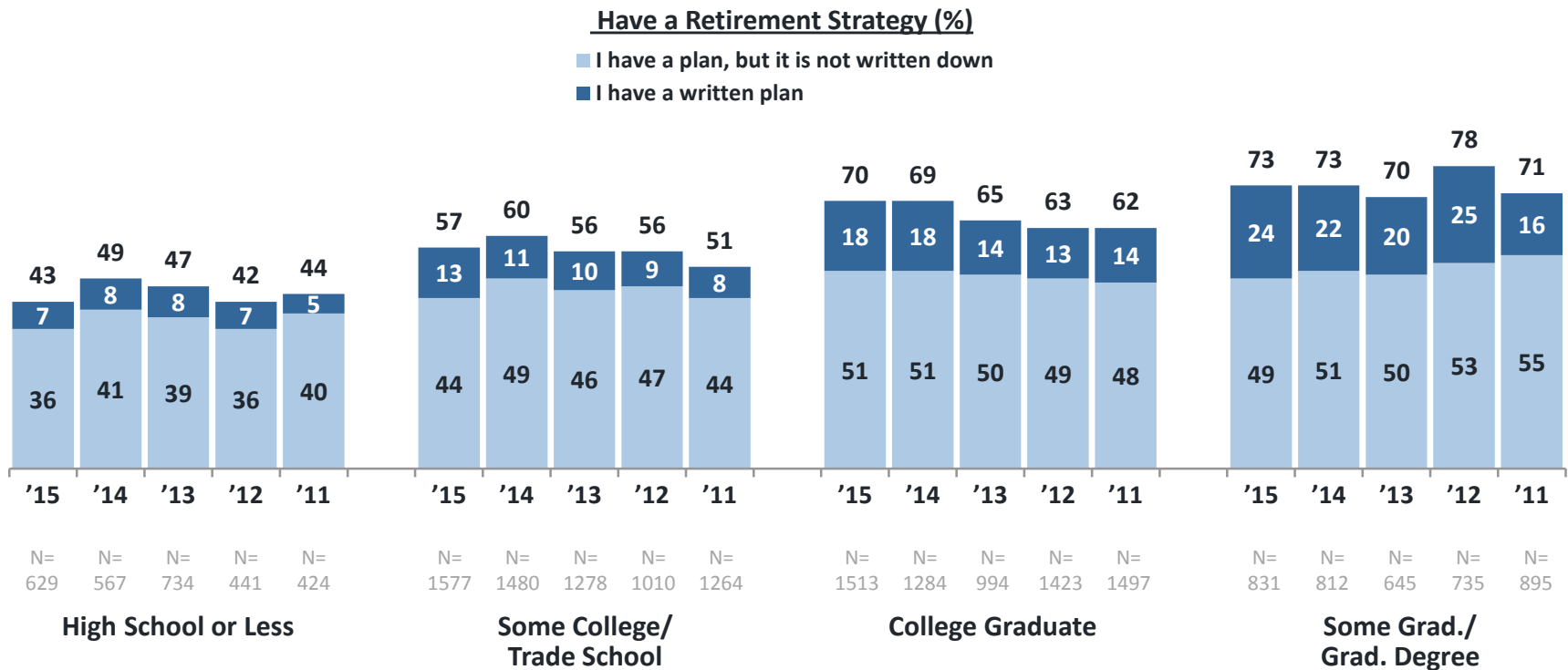
Workers among all levels educational attainment most frequently say that their retirement savings are invested in a relatively equal mix of stocks and investments such as bonds, money market funds and cash. However, the response rate is higher among those with a college education or some graduate school or advanced degree (47 percent) when compared to those with some college or trade school (42 percent) and those with a high school education or less (34 percent). An alarming 35 percent of workers with a high school education or less are “not sure” how their savings are invested. Asset allocation-related trends have been relatively consistent in recent years -- except for the percentage of workers with a high school education or less who are “not sure.”

How Retirement Savings Are Invested? (%)



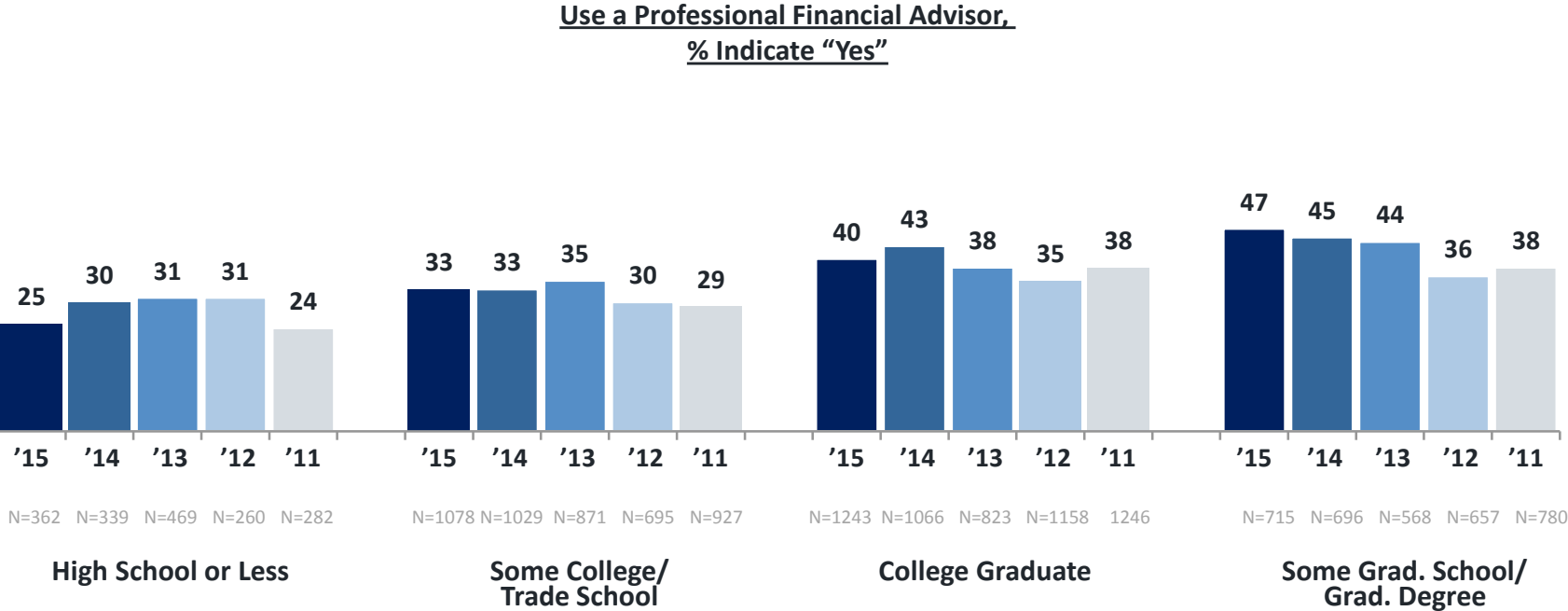
Retirement Strategy: Written, Unwritten, or None

The likelihood of workers' having a retirement strategy, either written or unwritten, increases with their level of educational attainment. Seventy percent of college graduates and 73 percent of workers with some graduate school or advanced degree have a strategy, compared to only 57 percent of those with some college or trade school and just 43 percent of those with a high school education or less. In terms of having a written strategy, the likelihood also increases with level of educational attainment: 24 percent of workers with some graduate school or advanced degree have a written strategy compared to only 7 percent of those with a high school education or less.



Professional Financial Advisor Usage

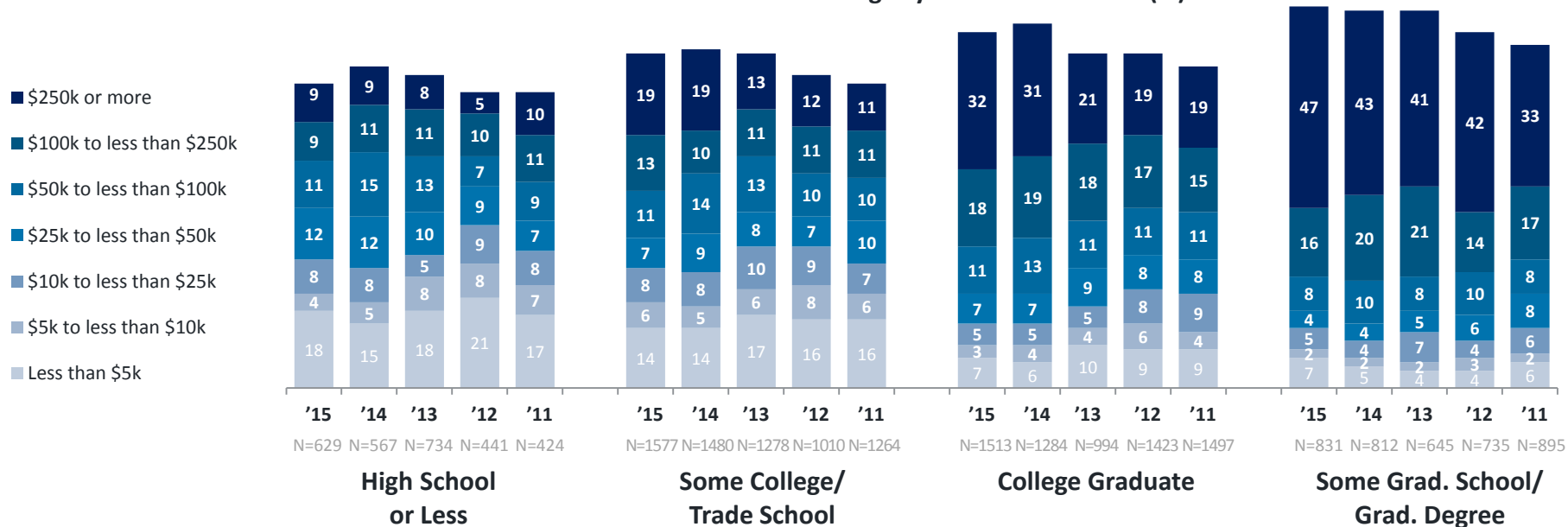
Workers' use of a professional financial advisor increases with their level of educational attainment. College graduates (40 percent) and workers with some graduate school or advanced degree (47 percent) are more likely to use a financial advisor compared to workers with only some college or trade school (33 percent) or those with a high school education or less (25 percent). Advisor usage trends have been consistent for the past five years with the exception of an increase found among workers with some graduate school or advanced degree.



Total Household Retirement Savings

Household retirement savings increase with a worker's level of educational attainment. College graduates have saved \$117,000 (estimated median) and workers with some graduate school or advanced degree have saved \$178,000. In contrast, workers with some college or trade school have saved \$51,000 and those with a high school education or less have saved \$27,000. Forty-seven percent of workers with some graduate school or advanced degree have saved \$250,000 or more compared to just 9 percent of those with a high school education or less.

Total Household Retirement Savings by Level of Education (%)

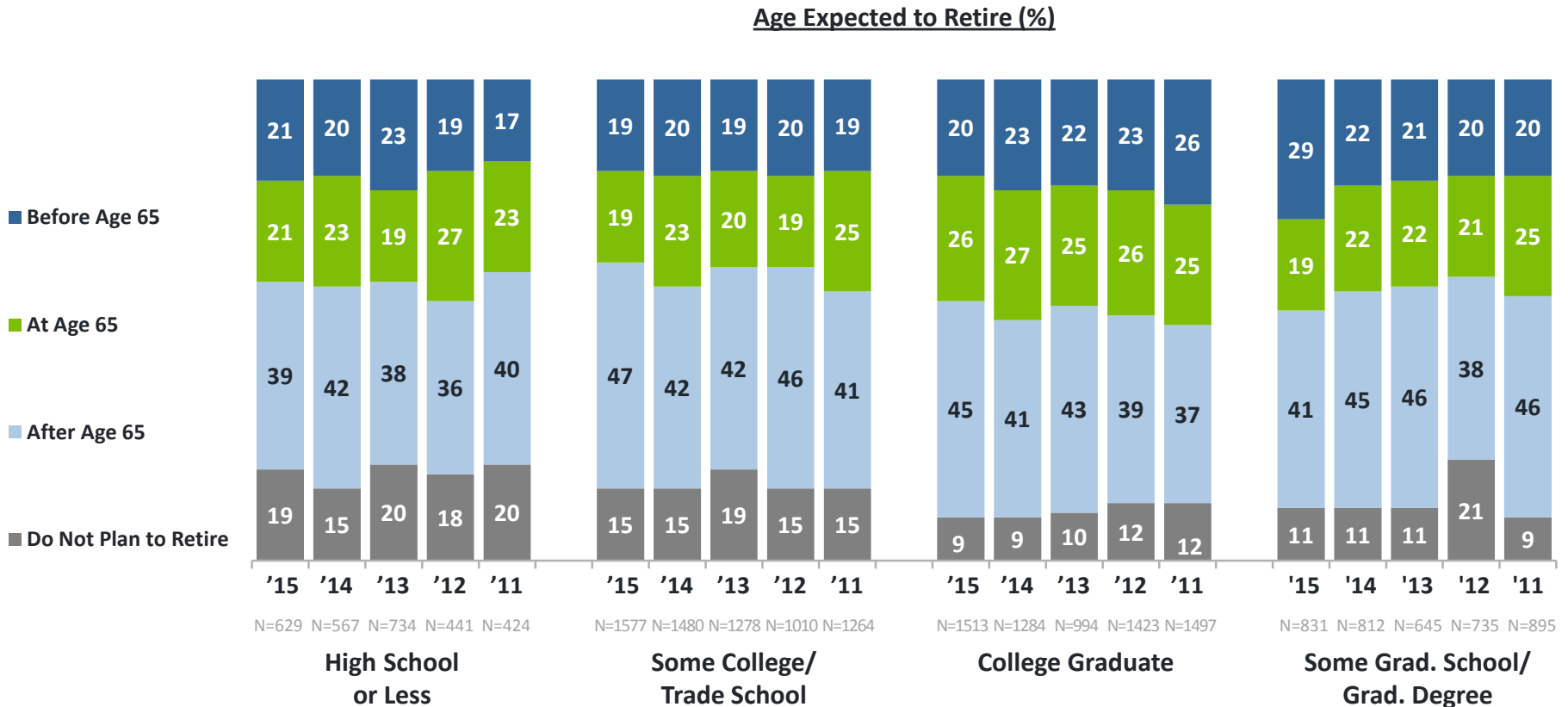


Not sure	16	12	13	18	17		11	11	11	13	15		8	7	10	9	10		5	4	5	4	6
Decline to answer	13	13	14	13	14		11	10	11	14	14		9	8	12	13	15		6	8	7	13	14
Estimated Median	\$27k	\$31k	\$28k	\$14k	\$26k		\$51k	\$47k	\$33k	\$25k	\$30k		\$117k	\$114k	\$79k	\$66k	\$66k		\$178k	\$169k	\$157k	\$176k	\$135k

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

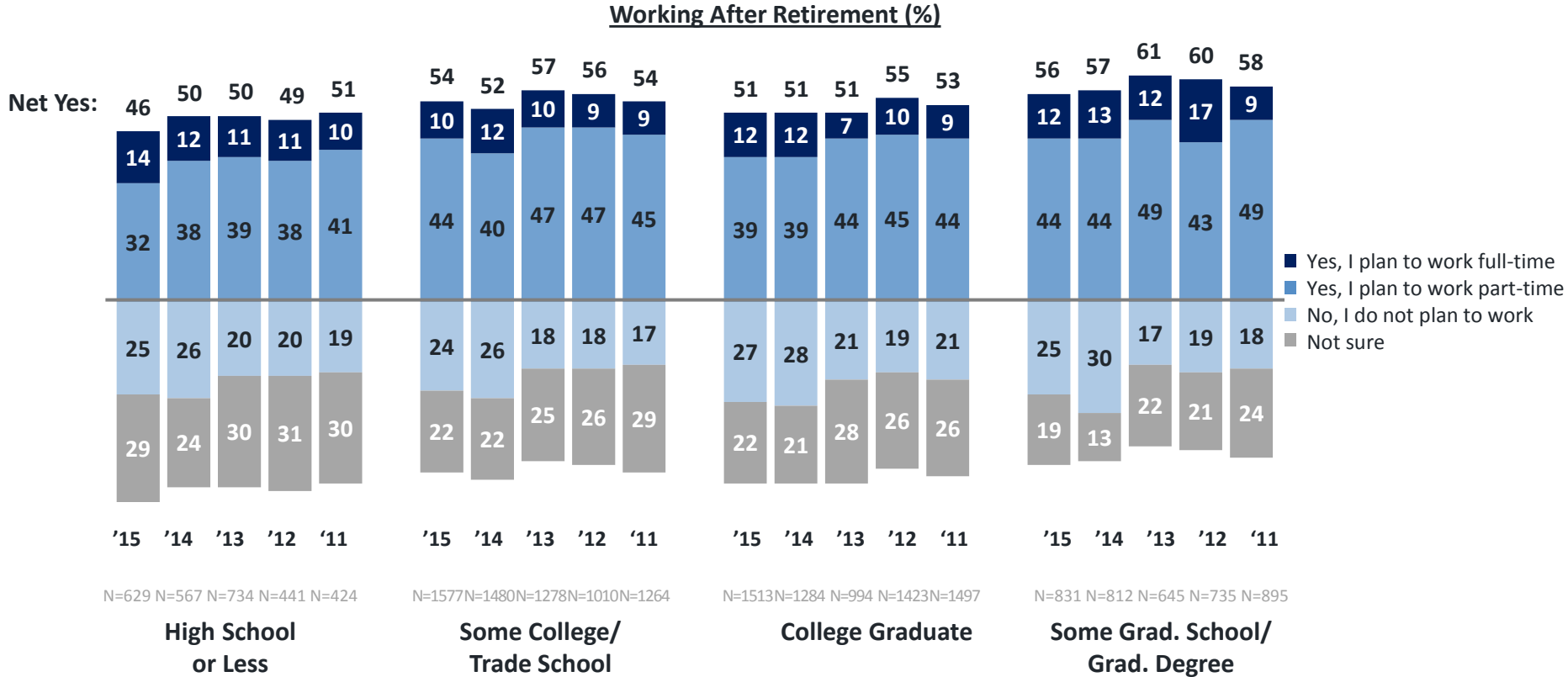
Expected Retirement Age

Most workers of all levels of education expect to retire after age 65 or do not plan to retire, including 58 percent of those with a high school education or less, 62 percent of those with some college or trade school, 54 percent of college graduates, and 52 percent of those with some graduate school or advanced degree. Notably, workers who have some graduate level education (48 percent) are most likely to expect to retire at age 65 or sooner.



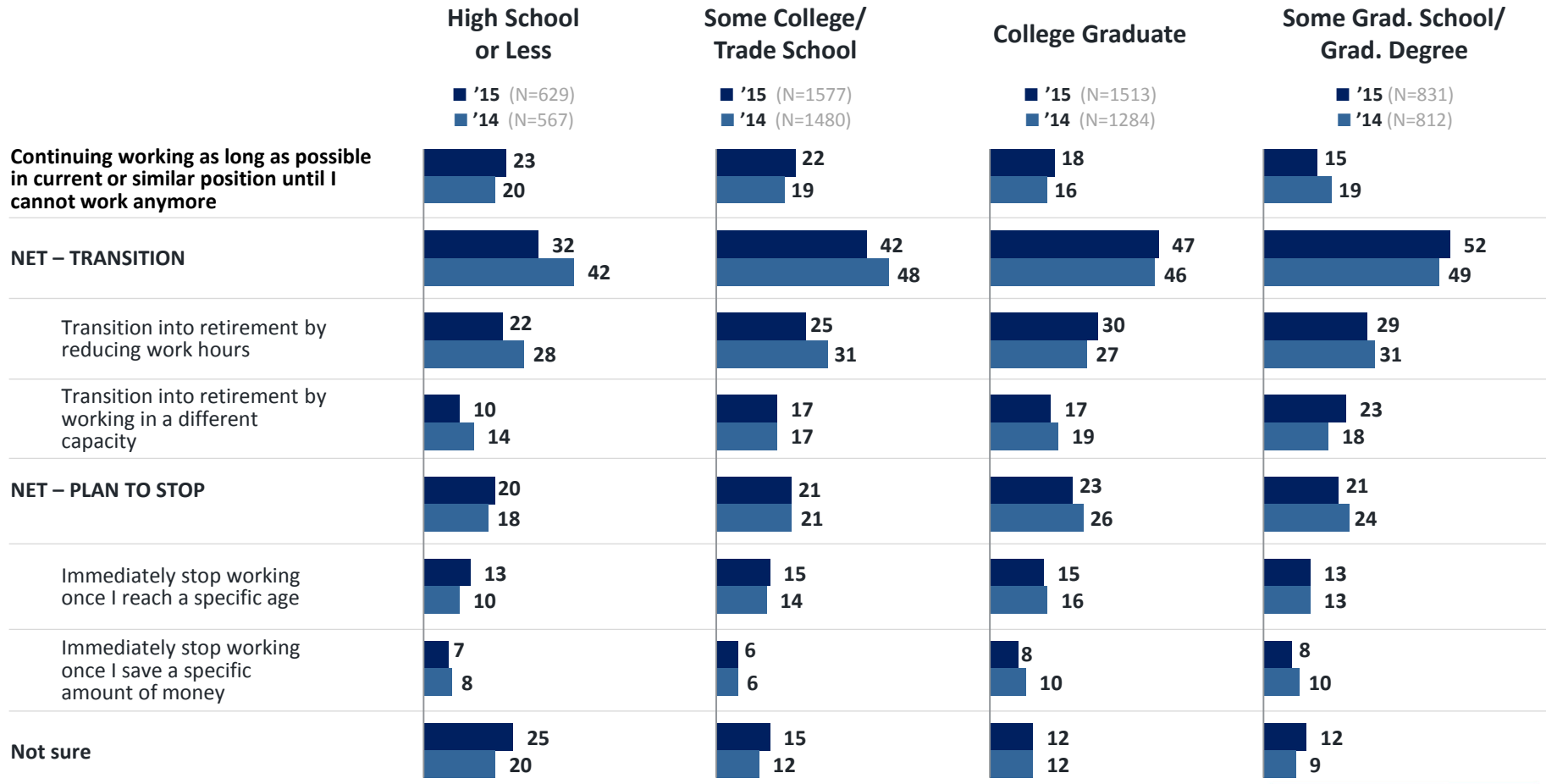
Expectations of Working in Retirement

Approximately half of workers plan to continue working in retirement, which is relatively consistent across all levels of educational attainment. Interestingly, workers with some graduate school or advanced degree (56 percent) are most likely to plan to work in retirement and those with a high school education or less (46 percent) are least likely. Among workers planning to work in retirement, most plan to do so on a part-time basis. This trend has been relatively consistent over the past five years.



Retirement Transitions: Phased Versus Immediate

Many workers envision a phased transition in retirement by changing work patterns (e.g., shifting from full-time to part-time or working in a different capacity). Workers with some graduate school or an advanced degree (52 percent) are most likely to expect this phased transition— while workers with a high school education or less are more likely to say that they plan to continue working until they can't work any longer (23 percent) or are “not sure” (25 percent).



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