A Tale of Two Retirements: The Importance of 401(k) or Similar Employee-Funded Retirement Plans in the Workplace

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About The Center

• The Transamerica Center for Retirement Studies® ("The Center") is a non-profit private foundation dedicated to educating the public on emerging trends surrounding retirement security in the United States. The Center’s research emphasizes employer-sponsored retirement plans, issues faced by small to mid-sized companies and their employees, and the implications of legislative and regulatory changes.

• The Center is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third-parties. For more information about The Center, please refer to www.transamericacenter.org.

• The Center and its representatives cannot give ERISA, tax or legal advice. This material is provided for informational purposes only and should not be construed as ERISA, tax 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, The Center 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 1999, the Transamerica Center for Retirement Studies® has conducted a national survey 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.

• Harris Interactive was commissioned to conduct the Eleventh Annual Retirement Survey for Transamerica Center for Retirement Studies®. Transamerica Center for Retirement Studies® is not affiliated with Harris Interactive.
Methodology

- A 21-minute, online survey was conducted between December 3, 2009 – January 18, 2010 among a nationally representative sample of 3,598 for-profit workers using the Harris online panel. Respondents met the following criteria:
  - All U.S. residents, age 18 or older
  - Full-time workers or part-time workers in a for-profit company employing 10 or more people

- Data were weighted as follows:
  - To account for differences between the population available via the Internet versus by telephone
  - To ensure that each quota group had a representative sample based on the number of employees at companies in each employee size range

- Percentages are rounded to the nearest whole percent. Differences in the sums of combined categories/answers are due to rounding
A TALE OF TWO RETIREMENTS:
The Importance of 401(k) or Similar Employee-Funded Retirement Plans in the Workplace
Introduction

• The 11th Annual Transamerica Retirement Survey contrasts the retirement outlook and level of preparedness enjoyed by those workers who are offered an employee-funded (such as a 401(k) or similar) retirement plan compared to the challenges faced by workers who are not offered a plan.

• While many workers are at risk of not achieving a financially secure retirement, those workers with an employee-funded plan are in a better position to manage and reduce their risk when compared to workers without an employee-funded plan.

• In addition to having the opportunity to save for retirement in the workplace, workers with an employee-funded plan are:
  • More likely to be saving for retirement outside of work.
  • More confident in their ability to retire with a comfortable lifestyle and more likely to agree that they are building a large enough retirement nest egg.
  • More knowledgeable about retirement investing.
  • More likely to plan out a retirement strategy.
  • More aware of the “Saver’s Credit” and Catch-Up contributions.
  • Less likely to expect to rely on Social Security as their primary source of income when they retire.
Introduction

• In order to help improve the retirement outlook among American workers, it is important to increase access to employee-funded plans for many private sector workers who do not have access to a retirement plan at work.

• The Transamerica survey uncovered specific demographic segments who are less likely to have access to an employee-funded plan in the workplace. These segments include:
  • Part-time workers
  • Small business workers
  • Younger workers
  • Women
  • Lower Income
DETAILED FINDINGS: 
Workers with 401(k) or Similar 
Employee-funded Retirement Plans 
Compared to Workers without Plans
Workers with Employee-Funded Plans

About 71 percent of workers have access to an employee-funded plan (such as a 401(k) or similar plan) at work, of which 77 percent currently contribute or have money invested in the plan. Workers with a plan also report saving for retirement at an earlier age.

Q580. Which of the following retirement benefits does your company currently offer to you, personally? (Offer an Employee-Funded Plan)

Not offered a plan 29%
Offered a plan 71%

Q590. Do you currently participate in, or have money invested in your company’s employee-funded retirement savings plan?
Median Age
Started Saving
With a plan 28
Without a plan 30

For profit, full & part-time, company has at least 10 employees. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059
Workers with an employee-funded plan are also more likely to be saving for retirement outside of work.

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

% Yes

Has Employee-Funded Plan 66%
No Employee-Funded Plan 57%

For profit, full & part-time. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059
How is Retirement Savings Invested?

Workers without a plan are about twice as likely as workers with a plan to state “not sure” when asked how their retirement savings is invested.

Q770. How is your retirement savings invested?

- Relatively equal mix of stocks and investments such as bonds, money market funds, and cash:
  - Has Employee-Funded Plan: 34%
  - No Employee-Funded Plan: 27%

- Mostly in stocks, with little or no money in investments such as bonds, money market funds, and cash:
  - Has Employee-Funded Plan: 14%
  - No Employee-Funded Plan: 24%

- Mostly in bonds, money market funds, cash and stable investments:
  - Has Employee-Funded Plan: 17%
  - No Employee-Funded Plan: 29%

- Not Sure:
  - Has Employee-Funded Plan: 14%
  - No Employee-Funded Plan: 29%

For profit, full & part-time, investing for retirement. Has Employee-Funded Plan n=2220; No Employee-Funded Plan n=532. All investments involve risk, including loss of principal and there is no guarantee of profits. Investors should carefully consider their objectives, risk tolerance and time horizon before investing.
Saving Habits Since the Recession Began

Interestingly, workers with a plan are more likely to have maintained or increased their savings levels since the recession began. Conversely, nearly half of workers without an employee-funded plan are saving less.

Q2060. How have your saving habits changed since the recession began?

- **I am saving more money now**: 21% (Has Employee-Funded Plan), 17% (No Employee-Funded Plan)
- **I am saving the same amount of money now as before**: 43% (Has Employee-Funded Plan), 36% (No Employee-Funded Plan)
- **I am saving less money now**: 47% (Has Employee-Funded Plan), 36% (No Employee-Funded Plan)

For profit, full & part-time. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059
About six-in-ten workers with an employee-funded plan state they have some type of retirement strategy. In stark contrast, six-in-ten workers without an employee-funded plan state they do not have a plan for their retirement strategy.

Q555. Which of the following best describes your retirement strategy?

- I have a written plan: 5% (Has Employee-Funded Plan) 9% (No Employee-Funded Plan)
- I have a plan, but it is not written down: 35% (Has Employee-Funded Plan) 40% (No Employee-Funded Plan)
- I do not have a plan: 39% (Has Employee-Funded Plan) 60% (No Employee-Funded Plan)

For profit, full & part-time. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059
Workers with an employee-funded plan are more likely to agree that they are currently very involved in monitoring and managing their retirement savings.

Q931-1. I am currently very involved in monitoring and managing my retirement savings:

- Has Employee-Funded Plan: 25% Strongly Agree, 41% Somewhat Agree, 21% Somewhat Disagree, 13% Strongly Disagree
- No Employee-Funded Plan: 18% Strongly Agree, 32% Somewhat Agree, 21% Somewhat Disagree, 29% Strongly Disagree

For profit, full & part-time. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059
Concerns About Retirement Investing

Twenty-nine percent of workers with an employee-funded plan agree that they prefer not to think or concern themselves with retirement investing until they get closer to retirement. This is in contrast to workers without a plan, where 37 percent agree. This may put workers without a plan at even greater risk.

Q931-4. I prefer not to think about or concern myself with retirement investing until I get closer to my retirement date:

- **Has Employee-Funded Plan**:
  - Strongly Agree: 6%
  - Somewhat Agree: 23%
  - Somewhat Disagree: 35%
  - Strongly Disagree: 23%

- **No Employee-Funded Plan**:
  - Strongly Agree: 9%
  - Somewhat Agree: 28%
  - Somewhat Disagree: 35%
  - Strongly Disagree: 28%

For profit, full & part-time. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059
Workers with plans are more active savers and are also more knowledgeable. While most workers agree they do not know as much as they should about retirement investing, more than one-third of workers without a plan “strongly agree” compared to about one-in-five workers with a plan.

Q931-2. I do not know as much as I should about retirement investing:

- **Has Employee-Funded Plan**
  - Strongly Agree: 22%
  - Somewhat Agree: 44%
  - Somewhat Disagree: 26%
  - Strongly Disagree: 8%

- **No Employee-Funded Plan**
  - Strongly Agree: 34%
  - Somewhat Agree: 37%
  - Somewhat Disagree: 20%
  - Strongly Disagree: 9%

For profit, full & part-time. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059
Workers with plans are also more likely to seek and use a variety of sources to help them plan and invest for retirement. Almost one-third of workers without a plan state “none.”

<table>
<thead>
<tr>
<th>Sources of Information</th>
<th>Has Employee-Funded Plan</th>
<th>No Employee-Funded Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Web sites (Yahoo! Finance, Morningstar, etc.)</td>
<td>24%</td>
<td>37%</td>
</tr>
<tr>
<td>Financial Planner / Broker</td>
<td>25%</td>
<td>31%</td>
</tr>
<tr>
<td>Retirement plan provider web site</td>
<td>9%</td>
<td>32%</td>
</tr>
<tr>
<td>Friends / Family</td>
<td>20%</td>
<td>27%</td>
</tr>
<tr>
<td>Print newspapers and magazines</td>
<td>22%</td>
<td>31%</td>
</tr>
<tr>
<td>Plan provider printed material (i.e. brochures)</td>
<td>7%</td>
<td>31%</td>
</tr>
<tr>
<td>Retirement calculators</td>
<td>9%</td>
<td>20%</td>
</tr>
<tr>
<td>Employer</td>
<td>17%</td>
<td>16%</td>
</tr>
<tr>
<td>Financial-related television shows</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Accountant</td>
<td>10%</td>
<td>7%</td>
</tr>
<tr>
<td>Insurance agent</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Lawyer</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>None</td>
<td>13%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Q825. What sources of information do you rely on for retirement planning and investing? (Select all that apply)

For profit, full & part-time. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059
Few workers indicated knowing “a great deal” about asset allocation principles. Those with a plan are more likely to have some or more knowledge. Nearly half of those without a plan have none.

Q760. How good of an understanding do you have regarding asset allocation principles as they relate to retirement investing?

For profit, full & part-time. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059
Workers with an employee-funded plan are almost twice as likely as workers without a plan to be aware of catch-up contributions.

Q1000. Are you aware that people age 50 and older may be allowed to make catch-up contributions to their 401(k) / 403(b) / 457(b) plan or IRA?

For profit, full & part-time. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059
Saver’s Credit

Workers with an employee-funded plan are slightly more aware of the “Saver’s Credit.”

Q520. Are you aware of a tax credit called the “Saver’s Credit”?

<table>
<thead>
<tr>
<th></th>
<th>% Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has Employee-Funded</td>
<td>22%</td>
</tr>
<tr>
<td>Plan</td>
<td></td>
</tr>
<tr>
<td>No Employee-Funded</td>
<td>18%</td>
</tr>
<tr>
<td>Plan</td>
<td></td>
</tr>
</tbody>
</table>

For profit, full & part-time. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059
Workers with plans are better engaged with their retirement savings and also have more confidence. Over half of workers with an employee-funded plan are confident in being able to retire with a lifestyle they consider comfortable. One-in-four workers without a plan are “not at all confident.”

Q880. How confident are you that you will be able to fully retire with a lifestyle you consider comfortable?

- **Very confident**: 8% (Has Employee-Funded Plan) vs. 7% (No Employee-Funded Plan)
- **Somewhat confident**: 29% (Has Employee-Funded Plan) vs. 32% (No Employee-Funded Plan)
- **Not too confident**: 18% (Has Employee-Funded Plan) vs. 25% (No Employee-Funded Plan)
- **Not at all confident**: 8% (Has Employee-Funded Plan) vs. 18% (No Employee-Funded Plan)

Net Confident:
- 53% (Has Employee-Funded Plan)
- 43% (No Employee-Funded Plan)

For profit, full & part-time. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059
Most workers agree that they could work until age 65 and still not have enough money saved to meet their retirement needs. Workers without an employee-funded plan are more likely to agree than those with a plan.

Q931-5. I could work until age 65 and still not have enough money saved to meet my retirement needs:

- Strongly Agree: 66%
- Somewhat Agree: 38%
- Somewhat Disagree: 24%
- Strongly Disagree: 10%

For profit, full & part-time. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059
Estimated Savings Needed to Feel Financially Secure

Workers with an employee-funded plan estimate needing a greater amount saved by the time they retire in order to feel financially secure.

<table>
<thead>
<tr>
<th>Has Employee-Funded Plan</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>$800K</td>
<td></td>
</tr>
<tr>
<td>Has Employee-Funded Plan</td>
<td></td>
</tr>
<tr>
<td>No Employee-Funded Plan</td>
<td>$500K</td>
</tr>
</tbody>
</table>

Q890. Thinking in terms 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?

For profit, full & part-time. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059
Basis of Estimate

Many workers guess a their retirement needs. Yet, workers with a plan are more likely to have based their estimates on current living expenses or a calculation, compared to workers without a plan who are more likely to have guessed.

Q900. How did you arrive at that number?

- **Guessed**: 47% (Has Employee-Funded Plan), 60% (No Employee-Funded Plan)
- **Estimated based on current living expenses**: 22% (Has Employee-Funded Plan), 27% (No Employee-Funded Plan)
- **Completed worksheet / did calculation**: 11% (Has Employee-Funded Plan), 5% (No Employee-Funded Plan)
- **Expected earnings on investments**: 5% (Has Employee-Funded Plan), 2% (No Employee-Funded Plan)
- **Read /heard that is how much is needed**: 4% (Has Employee-Funded Plan), 4% (No Employee-Funded Plan)
- **Amount given to me by financial advisor**: 3% (Has Employee-Funded Plan), 2% (No Employee-Funded Plan)
- **Other**: 4% (Has Employee-Funded Plan), 4% (No Employee-Funded Plan)

For profit, full & part-time. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059
While most workers disagree that they are building a large enough retirement nest egg, those with an employee-funded plan are much more likely than workers without a plan to agree.

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

For profit, full & part-time. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059
Expected Primary Source of Income in Retirement

Workers with an employee-funded plan are more likely to expect 401(k), 403(b), and IRA accounts to be their primary source of income during retirement, while workers without a plan are more likely to expect Social Security to be their primary source.

Q550. Which one of the following do you expect to be your primary source of income to cover your living expenses after you retire?

- 401(k) / 403(b) / IRAs: 53%
- Social Security: 31%
- Other savings and investments: 20%
- Company-funded pension plan: 22%
- Home equity: 9%
- Inheritance: 4%
- Other: 3%

For profit, full & part-time. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059
Expected Retirement Age

Nearly half of workers who do not have an employer-funded retirement plan expect to retire after the age of 70 or do not plan to retire at all, compared to only 37 percent of workers with a plan.

Q910. At what age do you expect to retire?

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Has Employee-Funded Plan</th>
<th>No Employee-Funded Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 50 or younger</td>
<td>2%</td>
<td>6%</td>
</tr>
<tr>
<td>Ages 51-59</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Ages 60-64</td>
<td>15%</td>
<td>17%</td>
</tr>
<tr>
<td>Age 65</td>
<td>26%</td>
<td>26%</td>
</tr>
<tr>
<td>Ages 66-69</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Ages 70-79</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Ages 80+</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>Do not plan to retire</td>
<td>14%</td>
<td>22%</td>
</tr>
</tbody>
</table>

Median age of those expecting to retire:
- Has Employee-Funded Plan: 65
- No Employee-Funded Plan: 65

Retirement age 70+ or not planning to retire:
- Has Employee-Funded Plan: 37%
- No Employee-Funded Plan: 47%

For profit, full & part-time. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059.
Household Retirement Savings

Workers with an employee-funded plan are more likely to have higher household retirement savings. Twenty-six percent of workers without a plan have less than $5,000 in their total household retirement savings while 19 percent are not sure.

Q1300. Approximately how much money does your household have saved in all of your retirement accounts?

- Has Employee-Funded Plan
- No Employee-Funded Plan

For profit, full & part-time. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059
Most workers consider 401(k) and similar plans to be important. However, a much larger percentage of workers with a plan state they are “very important.”

Q571-5. How important is a 401(k) / 403(b) / 457(b) or other employee self-funded plan?

- **Has Employee-Funded Plan**:
  - Very Important: 69%
  - Somewhat Important: 26%
  - Not too Important: 4%
  - Not at all Important: 1%

- **No Employee-funded Plan**:  
  - Very Important: 36%
  - Somewhat Important: 43%
  - Not too Important: 13%
  - Not at all Important: 8%

For profit, full & part-time. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059
Motivation to Save and Invest?

Over half of workers with an employee-funded plan believe tax breaks and incentives would help motivate them to save more for retirement, while roughly four-in-ten workers without a plan feel the same. Seventeen percent of workers without a plan stated they are “just not interested.”

Q2040. What would motivate you to learn more about saving and investing for retirement? (Select all that apply)

- Larger tax breaks / incentives for saving in a retirement plan: 53%
- Educational materials that are easier to understand: 40%
- A good starting point that is easy to understand: 33%
- A financial advisor: 28%
- A greater sense of urgency (or fear) that I need to save: 24%
- Nothing - I am already educated enough: 22%
- Nothing - I’m just not interested: 17%
- Other: 16%

For profit, full & part-time. Has Employee-Funded Plan n=2539; No Employee-Funded Plan n=1059
Expanding Coverage: Small Company and Part-time Workers

The benefits of having access to an employee-funded plan are clear. It is important that coverage be expanded to those least likely to have access. Generally, part-time workers are least likely to be covered. Workers at small companies are less likely to be covered compared to workers of large companies.

Q580. Which of the following retirement benefits does your company currently offer to you, personally? (Percentage who are offered an Employee-Funded Plan)

<table>
<thead>
<tr>
<th>Status</th>
<th>Small Company (10-499 employees)</th>
<th>Large Company (500+ employees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time</td>
<td>72%</td>
<td>91%</td>
</tr>
<tr>
<td>Part-Time</td>
<td>33%</td>
<td>59%</td>
</tr>
<tr>
<td>Total (FT+PT)</td>
<td>60%</td>
<td>80%</td>
</tr>
</tbody>
</table>

Small Company, full-time n=1171, part-time n=528; Large Company, full-time n=1175, part-time=724
Expanding Coverage: Women

Women are also less likely to have access to a plan.

<table>
<thead>
<tr>
<th>Status</th>
<th>Women (%)</th>
<th>Men (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time</td>
<td>81%</td>
<td>83%</td>
</tr>
<tr>
<td>Part-Time</td>
<td>50%</td>
<td>43%</td>
</tr>
<tr>
<td>Total (FT+PT)</td>
<td>67%</td>
<td>74%</td>
</tr>
</tbody>
</table>

Q580. Which of the following retirement benefits does your company currently offer to you, personally? (Percentage who are offered an Employee-Funded Plan)

Women, full-time n=1077, part-time n=722; Men, full-time n=1269, part-time=530
Workers reporting a lower household income (“HHI”) are also less likely to be covered. Expanding coverage among them may help them save for retirement and many of those who meet the income eligibility requirements may also benefit from the Saver’s Credit.

Q580. Which of the following retirement benefits does your company currently offer to you, personally? (Percentage who are offered an Employee-Funded Plan)

<table>
<thead>
<tr>
<th>Status</th>
<th>HHI &lt; $50k</th>
<th>HHI = $50k to $100k</th>
<th>HHI &gt;$100k</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time</td>
<td>66%</td>
<td>82%</td>
<td>93%</td>
</tr>
<tr>
<td>Part-Time</td>
<td>41%</td>
<td>57%</td>
<td>55%</td>
</tr>
<tr>
<td>Total (FT+PT)</td>
<td>53%</td>
<td>75%</td>
<td>85%</td>
</tr>
</tbody>
</table>

HHI<$50K, full-time n=541, part-time n=553; HHI -$50K-<$100K, full-time n=937, part-time n=379; HHI-$100k+, full-time n=575, part-time n=144.
Expanding Coverage: Younger Workers

Younger workers are also less likely to be covered. Expanding coverage among younger workers, who have the longest retirement savings horizon, should offer them the opportunity to begin saving earlier, afford them greater time to grow their investments – and, ultimately, help better their chances of fully funding their retirement.

Q580. Which of the following retirement benefits does your company currently offer to you, personally? (Percentage who are offered an Employee-Funded Plan)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time</td>
<td>75%</td>
<td>83%</td>
<td>83%</td>
<td>87%</td>
</tr>
<tr>
<td>Part-Time</td>
<td>50%</td>
<td>44%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Total (FT+PT)</td>
<td>63%</td>
<td>76%</td>
<td>72%</td>
<td>64%</td>
</tr>
</tbody>
</table>

Echo, full-time n=328, part-time n=224; Gen-X, full-time n=912, part-time n=203; Baby-Boomers, full-time n=967, part-time n=489; Matures, full-time n=138, part-time n=293
Conclusion

- The 11th Annual Transamerica Retirement Survey found that employees who are offered an employee-funded retirement plan (such as a 401(k) or similar plan) demonstrate positive traits, beyond having the opportunity to save in the workplace, that should serve them well in planning and saving for retirement. These workers are:
  - More likely to be saving for retirement outside of work.
  - More likely to have planned out a retirement strategy and less likely to guess at how much they will need to have saved for retirement.
  - More likely to understand the principals of asset allocation.
  - More likely to be aware of additional features such as the “Saver’s Credit” and catch-up contributions.
  - Less likely to rely on Social Security as their expected primary source of income when they retire.

- Expanding retirement plan coverage to those who do not currently have access to an employee-funded plan will offer them the opportunity to save in the workplace and improve their outlook for retirement.

- Targeted campaigns to certain types of businesses who generally employ workers less likely to have a plan (younger, part-timers, lower-income, etc.) may yield greater initial results.
Final Comments

• Even workers with access to plans can still do more to improve their own financial security. For example:
  • When asked how much money they think they will need to feel secure in retirement, the median response was $800,000 – yet 45 percent report having less than $100,000 in total household retirement savings, with an additional 11 percent being unsure how much they have saved.
  • About 47 guessed when asked about how much savings they think they will need to feel secure while 39 percent report not having a strategy for retirement.
  • Workers must continue to learn and be more active when it comes to saving and planning for their retirement.

• As policymakers and the retirement services industry contemplate solutions for expanding retirement plan coverage, more can also be done to strengthen existing 401(k) or similar employee-funded plans, including:
  • Offering additional tax incentives to encourage greater levels of savings.
  • Providing educational material that is easier to understand.
  • Expanding the “Saver’s Credit” to include more middle-income households would help workers build their retirement savings.
  • Expanding automatic enrollment and escalation of contributions.
APPENDIX
### Demographics

<table>
<thead>
<tr>
<th>Group</th>
<th>Has Employee-Funded Plan</th>
<th>No Employee-Funded Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-Time</td>
<td>82%</td>
<td>18%</td>
</tr>
<tr>
<td>Part-Time</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>Company Size</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Company (10 – 499 employees)</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>Large Company (500+ employees)</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>74%</td>
<td>26%</td>
</tr>
<tr>
<td>Women</td>
<td>67%</td>
<td>33%</td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married / Civil Union / Domestic Partnership</td>
<td>74%</td>
<td>26%</td>
</tr>
<tr>
<td>Single, never married</td>
<td>64%</td>
<td>36%</td>
</tr>
<tr>
<td>Divorced / widowed / separated</td>
<td>64%</td>
<td>36%</td>
</tr>
<tr>
<td>Race / Ethnic Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>White, non-Hispanic</td>
<td>71%</td>
<td>29%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>69%</td>
<td>31%</td>
</tr>
<tr>
<td>African American</td>
<td>72%</td>
<td>28%</td>
</tr>
<tr>
<td>Asian / Pacific Islander</td>
<td>73%</td>
<td>27%</td>
</tr>
<tr>
<td>Other / mixed</td>
<td>66%</td>
<td>34%</td>
</tr>
</tbody>
</table>
## Demographics

<table>
<thead>
<tr>
<th>Group</th>
<th>Has Employee-Funded Plan</th>
<th>No Employee-Funded Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 – 29</td>
<td>57%</td>
<td>43%</td>
</tr>
<tr>
<td>30 – 39</td>
<td>77%</td>
<td>23%</td>
</tr>
<tr>
<td>40 – 49</td>
<td>76%</td>
<td>24%</td>
</tr>
<tr>
<td>50 – 59</td>
<td>72%</td>
<td>28%</td>
</tr>
<tr>
<td>60 – 69</td>
<td>66%</td>
<td>34%</td>
</tr>
<tr>
<td>70 +</td>
<td>55%</td>
<td>45%</td>
</tr>
<tr>
<td>Industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional, including finance, legal, engineering &amp; healthcare</td>
<td>81%</td>
<td>19%</td>
</tr>
<tr>
<td>Service Industry such as retail trade, hospitality or administration</td>
<td>55%</td>
<td>45%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>85%</td>
<td>15%</td>
</tr>
<tr>
<td>Transportation, communication or utilities</td>
<td>78%</td>
<td>22%</td>
</tr>
<tr>
<td>Agriculture, mining, or construction</td>
<td>59%</td>
<td>41%</td>
</tr>
<tr>
<td>Some other type of business</td>
<td>66%</td>
<td>34%</td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than $50,000</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>$50,000 - &lt; $99,999</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>$100,000+</td>
<td>85%</td>
<td>15%</td>
</tr>
</tbody>
</table>