

Survey: Health Care, Economy Concerns In Workers' Drop In Retirement Confidence

(NAPSA)—Reflecting the growing concern over health care costs and economic issues, American workers' confidence in being able to afford a comfortable retirement decreased over the past year by a rate unmatched in the 18 years of the Retirement Confidence Survey (RCS), according to survey results.

The percentage of workers who are very confident about having enough money for a comfortable retirement decreased sharply, from 27 percent in 2007 to 18 percent in 2008, the biggest one-year drop in the history of the RCS. Retiree confidence in having a financially secure retirement also decreased, from 41 percent to 29 percent.

Decreases in confidence occurred across all age groups and income levels, but was particularly acute among younger workers and those with lower income. The RCS was conducted by the nonpartisan Employee Benefit Research Institute (EBRI), and full results are online at www.ebri.org/surveys/rcs/2008.

"This year's results show a very dramatic reduction in the public's confidence about having a comfortable retirement. The economy and health costs are major concerns," said Dallas Salisbury, EBRI president. "If there is a silver lining, it's that Americans finally may be waking up to the realities of being able to afford retirement."

Survey results indicate that health costs in particular have become a big concern for retirees: Among retirees who left the workforce earlier than planned, more than half (54 percent) say they did so because of health problems or disability. Almost half (44 percent) say they have spent more than expected on health care expenses. And more than half (54 percent) say they are now more concerned about their financial future than



Today, many people feel less confident about being able to afford a comfortable retirement.

they were right after they retired, a 14 percentage-point increase from a year ago.

On a positive note, the survey found that about half of workers (47 percent) say they and/or their spouse have tried to calculate how much money they will need for a comfortable retirement, up considerably from the low point of 29 percent measured in 1996. As before, the 2008 survey finds that doing a retirement savings calculation is particularly effective at changing worker behavior: Forty-four percent who calculated a goal changed their retirement planning, and of those, almost two-thirds (59 percent) started saving or investing more.

"Americans are paying greater attention to and taking a more active role in saving for retirement," said Sarah Holden, senior director of retirement and investor research at the Investment Company Institute, a survey sponsor. "In fact, our latest statistics show that Americans have accumulated more than \$17 trillion in savings that are earmarked for retirement."

The survey picked up several other signs of public unease about retirement:

- Overall concerns about basic expenses: The percentage saying they are very confident in having enough money to take care of basic expenses decreased from 40 percent in 2007 to 34 percent in 2008 for workers and from 48 percent to 34 percent for retirees.

- Health concerns: Workers said they are increasingly not confident about having enough money for medical expenses (43 percent in 2008 vs. 32 percent in 2007) and for long-term-care expenses (54 percent vs. 44 percent).

- Retiree concerns: Retirees are less likely than in 2007 to believe they can always cut back on their lifestyle if it looks like they might use up all their savings (61 percent, down from 70 percent). At the same time, 39 percent of retirees now think they are likely to live long enough to use up all their savings (up from 29 percent in 2007).

- Retiree health coverage: Barely one-third of all workers now expect to have access to employment-based health insurance in retirement. Although 41 percent of retirees say they currently have access to health insurance through a former employer, many employers are eliminating health care coverage for future retirees.

- Confidence by age and income: The percentage saying they are very confident about having enough money for a comfortable retirement decreased from 31 percent in 2007 to 18 percent in 2008 among workers ages 25 to 34, and from 28 percent to 16 percent among workers ages 35 to 44.

The 2008 Retirement Confidence Survey was conducted in January 2008 through telephone interviews with 1,322 individuals (1,057 workers and 265 retirees) age 25 and older in the United States. Details of the methodology can be seen online at www.ebri.org.