

FACT SHEET

2009 Survey of Employee Sentiments on Saving for Retirement

The recent economic downturn has caused some employees to hesitate about saving for retirement because of more immediate concerns about job security or the state of their stock market investments. However, Retirement Made Simpler (RMS), a coalition of organizations committed to helping Americans save more for retirement, believes that to ensure a secure retirement for all Americans, it is imperative that employees save earlier, save effectively and save more.

RMS conducted a survey in the summer of 2009 to better understand Americans' attitudes towards saving for retirement, and more specifically, the automatic features of their 401(k) plans, including automatic enrollment and automatic escalation. Some of the findings described below report a parallel shift in consumers' attitudes towards financial planning and saving for retirement. Employed adults generally view 401(k) plans and automatic enrollment and escalation features in a positive light. Further, people continue to rely on their 401(k) plans as their primary means of saving for retirement, however confidence is low that they are saving enough. Significantly, a majority believe that even if their 401(k) account has lost value in the past year, it is more important than ever to continue to contribute to it.

The key findings of the survey are outlined below. Where possible, the results compare RMS-sponsored data from Porter Novelli's 2008 and 2009 ConsumerStyles surveys.

Methodology

This mail survey was conducted using Porter Novelli's proprietary consumer survey, ConsumerStyles. The survey was sent to 21,420 consumers in April through June 2009, and includes over-samples of low-income, minority, and households with children. A total of 10,587 adults 18 years of age or older completed and returned the survey. The survey sample is stratified (or balanced) on region, household income, population density, age, and household size to mirror the U.S. census.

Key Findings

Participation in 401(k) Plans

- Similar to 2008, over half of all employed adults reported that they participate in 401(k) plans offered by employers (54 percent in 2008, 56 percent in 2009).
- Women, younger and lower-income employed adults are again less likely than men, older and higher-income employed adults to say they participate in a 401(k) plan offered by their employers.

Automatic Enrollment

- Among individuals whose companies offer a 401(k) plan, one-third (33 percent) say that their employer offers automatic enrollment. This is a 4 percent increase over last year.

- 401(k) plan participation is higher among those whose companies offer automatic enrollment. Specifically:
 - Of employees whose companies offer automatic enrollment, 86 percent say they participate in a 401(k) plan.
 - Conversely, of employees whose companies do not offer automatic enrollment, only 62 percent say they participate in a plan.

Automatic Escalation

- Compared to last year, the demographics of enrollment in automatic escalation have changed. Whereas in 2008, men were more likely than women to be enrolled in this feature (74 percent men, 56 percent women), the gender disparity is less pronounced in 2009, with 62 percent of men and 67 percent of women enrolled.
- While gender differences in automatic escalation have diminished, income differences have become more pronounced. Younger and lower-income adults are less likely to participate in automatic escalation than their older and higher-income counterparts.

Attitudes Towards Automatic Features

- The majority of employed adults maintain positive feelings towards automatic enrollment and escalation
- Similar to 2008, automatic features continue to be viewed very positively by those who participate in them. Nearly nine in ten of those who participate in automatic enrollment or escalation report positive feelings towards such features (88 percent and 87 percent, respectively).

Attitudes Towards Retirement Savings

- In 2008, consumers showed little confidence in retirement savings and in 2009, confidence dipped even lower. In 2009, only one in four adults (24 percent) agreed that they are saving or have saved enough for retirement. Women are less likely than men to say they feel confident. Similar to 2008, individuals who participate in a 401(k) plan or are enrolled in automatic features all share a similar degree of confidence as adults overall.
- Over half of all adults (53 percent) believe that even if their 401(k) account has lost value recently, it is as important as ever to continue contributing to it.
- More than one-quarter of all adults (28 percent) say they rely on their 401(k) plan as their primary tool for retirement savings.
- Nearly half of employed adults believe they save more for retirement due to their employer offering a 401(k) plan and that they feel more loyal to their company because it helps them save for retirement (49 percent for both statements).

About Retirement Made Simpler

Retirement Made Simpler is a coalition formed by AARP, the Financial Industry Regulatory Authority (FINRA), and the Retirement Security Project (RSP). The campaign was created specifically to inspire and support employers who want to help their employees save more for retirement. By providing companies with the tools and information they need to automate their 401(k) plans, more Americans will achieve a safe and secure retirement. For more information, visit www.RetirementMadeSimpler.org.