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News
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Americans Look to Next Administration for Help in Achieving a Financially Secure Retirement
New Transamerica Retirement Survey reveals significant drop in retirement confidence during the past year

LOS ANGELES – October 9, 2008 –Americans' confidence in their ability to retire comfortably has declined significantly over the past year, according to a special edition of the Transamerica Retirement Survey. In anticipation of the upcoming elections, the survey yielded insights into Americans' top priorities for the next administration to help them achieve a financially secure retirement.

According to the survey, 45 percent of adult Americans are less confident in their ability to achieve a financially secure retirement than they were 12 months ago. This is in stark contrast to only 14 percent who claim to be more confident. The majority of Americans (57 percent) cite "just getting by" or "paying off debt" as their greatest financial priority, while only 12 percent cite "saving for retirement."

Among survey respondents who identified themselves as full-time workers[1], only 54 percent claim to be confident in achieving a comfortable retirement, marking a decrease from 59 percent in the Ninth Annual Transamerica Retirement Survey, conducted nearly one year ago. Only 18 percent of full-time workers cite "saving for retirement" as their greatest financial priority right now, down from 27 percent in the Ninth Annual Survey.

"The fears faced by Americans as a result of the current economy are evident in our findings," said Catherine Collinson, president of the Transamerica Center for Retirement Studies, a non-profit corporation. "It should be noted that the survey was fielded several weeks ago before the historic storm that has struck the financial markets. Since then, Americans are without a doubt even less confident and have increased their expectations of the next President and Congress to address their concerns."

Americans Seek Help from the New President and Congress
When survey respondents were asked what top three priorities the new President and Congress should focus on to improve Americans' ability to achieve a financially secure retirement, the majority of survey respondents (57 percent) cited fully funding Social Security in its current state to ensure Americans receive their guaranteed benefits. Thirty-four percent of the respondents cited educating Americans early by implementing financial literacy curriculums in the schools.

Other frequently cited responses include:

- Encourage 401(k) plans to offer to pay benefits in a form that guarantees retirees a set level of monthly income, regardless of how long they live. (28 percent)
- Provide tax credits to workers (earning up to $50,000 of annual income) who make contributions to an IRA or a 401(k) plan (or a similar plan, such as a 403(b) plan). (26 percent)
- Provide incentives for the purchase of long-term care insurance. (24 percent)
- Ensure that all workers have the ability to contribute to a 401(k) plan (or a similar type of plan, such as a 403(b) plan). (21 percent)

[1] Full-time workers in for-profit companies of 10 or more employees

- Ensure that all workers not covered by a 401(k) plan (or similar plan) have the ability to make regular IRA contributions at the workplace through payroll deduction. (20 percent)
- Privatize Social Security by creating individual savings accounts. (18 percent)
- Encourage financial education at the workplace through employer incentives and other reforms. (15 percent)
- Other (18 percent)

Interestingly, among full-time workers[1], the second priority behind fully funding Social Security was to encourage 401(k) plans to pay benefits in a form that guarantees retirees a set level of monthly income, regardless of how long they live (34 percent). "With the diminishing presence of traditional defined benefit plans in our society along with ongoing concerns about Social Security, workers have become aware of the need for guaranteed retirement income solutions that will help mitigate the risk of outliving their savings," said Collinson.

Role of Party Affiliation in Policy Priorities and Retirement Confidence

The survey revealed similarities and differences by political party affiliation with regards to policy and legislative changes. "Although parties may agree or disagree on what the government should do, the need to help Americans better prepare for retirement is everyone's issue and opportunity," states Collinson.

Interestingly, regardless of party affiliation, survey respondents yielded similar response rates on the top retirement-related priorities for the next President and Congress – with the exception of Social Security:

- 65 percent of Democrats believe that the administration should fully fund Social Security to ensure Americans receive their guaranteed benefits, compared to 49 percent of Republicans and 58 percent of Independents.
- Conversely, 10 percent of Democrats believe the administration should privatize Social Security by creating individual savings accounts, compared to 31 percent of Republicans and 16 percent of Independents.

A correlation between party affiliation and retirement confidence also emerged in the survey results. More than half (53 percent) of Democrats and 48 percent of Independents feel less confident in their ability to achieve a financially secure retirement than they did 12 months ago, compared to only 34 percent of Republicans. Overall, 63 percent of Republicans are still confident in their ability to retire comfortably, compared to only 52 percent of Democrats and 54 percent of Independents.

Building a Financially Secure Retirement

While the survey revealed a troubling loss of confidence among Americans, there are positive signs that many are staying on track with their retirement savings. The survey found that participation rates are holding steady among full-time workers who have access to a 401(k) or similar employer-sponsored plan, with 77 percent currently participating. Furthermore, 31 percent of participants have increased their contribution rates into their retirement plans in the last twelve months, compared to only 11 percent who have decreased their contribution rates or stopped contributing.

"Continued participation and increasing contribution rates are two very bright spots among an otherwise dark picture," says Collinson. "Now more than ever, Americans must stay focused on achieving future retirement security. Regardless of what a new President and Congress will do to help boost Americans' confidence, the ability to achieve a financially secure retirement ultimately lies in the hands of the individual."

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About the Survey

2008. This Special Edition Transamerica Retirement Survey was conducted online within the United States by Harris Interactive on behalf of the Transamerica Center for Retirement Studies between September 5 and September 9, 2008 among 3,258 U.S. adults age 18 years and over, including 861 full-time workers of for-profit companies with 10 or more employees. Data were weighted using propensity score weighting to be representative of the total U.S. adult population on the basis of region, age within gender, education, household income, race/ethnicity, and propensity to be online.

2007. This 9th Annual Transamerica Retirement Survey was conducted online within the United States by Harris Interactive on behalf of Transamerica Center for Retirement Studies between October 11 and November 21, 2007 among 2,011 full-time workers using the Harris online panel. Potential respondents were targeted based on job title and full-time status. Respondents met the following criteria: All U.S. residents, age 18 or older, full-time workers in for-profit, and employer size of 10 or more. Results were weighted as needed for ensuring each quota group had a representative sample based on the number of employees at companies in each employee size range and an omnibus phone survey was utilized to adjust for respondents' propensity to be online versus the telephone as in the previous years' waves of the survey. No estimates of theoretical sampling error can be calculated; a full methodology is available.

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