

# **Educational Matters: The Impact of Educational Attainment on Workers' Retirement Outlook**

**TRANSAMERICA CENTER**  
FOR RETIREMENT STUDIES®

**December 2010**

# Table of Contents

- About the Center Page 3
- About the Survey Page 4
- Methodology Page 5
  
- **Educational Matters: Page 7**  
**The Impact of Educational Attainment on**  
**Worker Retirement Outlook**
  - Preface Page 8
  - Introduction Page 9
  - Summary of Findings Page 10
  - Detailed Findings Page 20
    - Current Outlook
    - Opportunities Page 40
    - Recommendations Page 57

# 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](http://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 – Worker Survey

- 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:
  - 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 were rounded to the nearest whole percent. Differences in the sums of combined categories/answers are due to rounding

# Methodology - Definitions

- For this research report, the sample population includes workers age 25 and over who work full-time or part-time in a for-profit company employing 10 or more people.
- The following terms are used to describe a worker's highest level of education:
  - *All Workers* refers to all workers regardless of level of educational attainment (and includes those with less than high school graduation)
  - *High School* refers to high school graduate
  - *Some College* refers to some college or trade school
  - *College Degree* refers to a bachelor's degree
  - *Post Grad* refers to some graduate school or graduate degree



**TRANSAMERICA CENTER**  
FOR RETIREMENT STUDIES®

## **Educational Matters: The Impact of Educational Attainment on Worker Retirement Outlook**

**December 2010**

# Preface

- In 2009, 87 percent of adults 25 and older had a high school diploma or more, with 30 percent holding at least a bachelor's degree<sup>1</sup>
- The U.S. Bureau of Labor Statistics reports that workers with higher levels of educational attainment earn more and are less likely to be unemployed:
  - Unemployment rate for those with only a high school diploma was 9.7 percent in 2009 compared to 5.2 percent who held bachelor's degree compared to 3.9 percent with a master's degree
  - Median weekly earnings in 2009 ranged from \$626 for those with only a high school diploma compared to \$1,025 for those with a bachelor's degree and \$1,257 for those with a master's degree
- Level of education not only impacts American workers throughout their participation in the workforce – it also influences their retirement outlook

<sup>1</sup> U.S. Census Bureau, Current Population Survey, 2009 Annual Social and Economic Supplement



# Introduction

The *11<sup>th</sup> Annual Transamerica Retirement Survey* found that level of education plays a vital role in workers' ability to save and plan for retirement.

- The *11<sup>th</sup> Annual Transamerica Retirement Survey* found that:
  - Over half of workers with a college degree expect their primary source of income in retirement to come from 401(k), 403(b), and IRA accounts compared to over one-third of those with only a high school diploma who expect to live on Social Security
  - Workers with only a high school diploma are less likely to have access to a company-sponsored 401(k) or similar plan compared to those with a college degree
  - Of those workers who have access to a 401(k) or similar plan, workers with only a high school diploma have a lower participation rate versus those with a college degree
- Importantly, the *11<sup>th</sup> Annual Transamerica Retirement Survey* found important opportunities to help workers of all levels of education to learn more about saving and investing for retirement
- Lastly, this report makes recommendations for workers, outreach initiatives, and public policy for improving retirement security

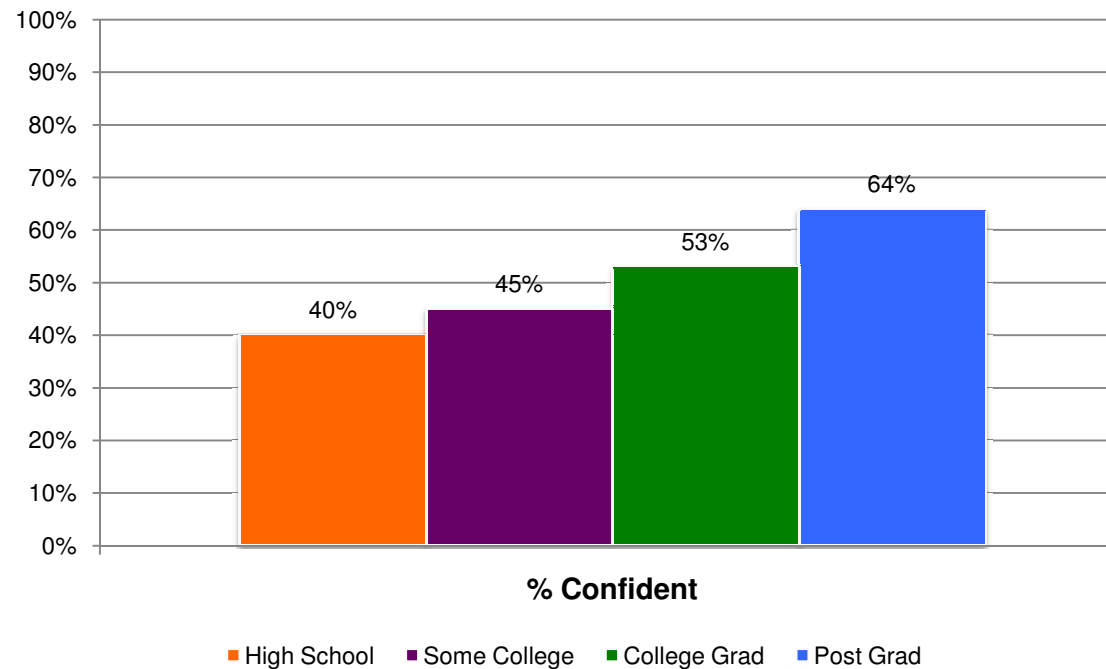


# Summary of Findings

# Retirement Confidence

The 11<sup>th</sup> Annual Transamerica Retirement Survey found that retirement confidence among workers increases with level of educational attainment.

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

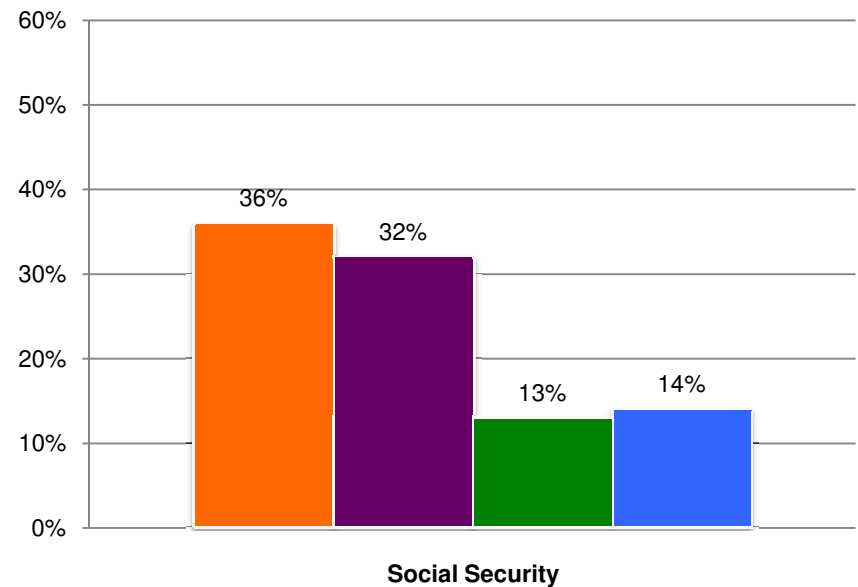
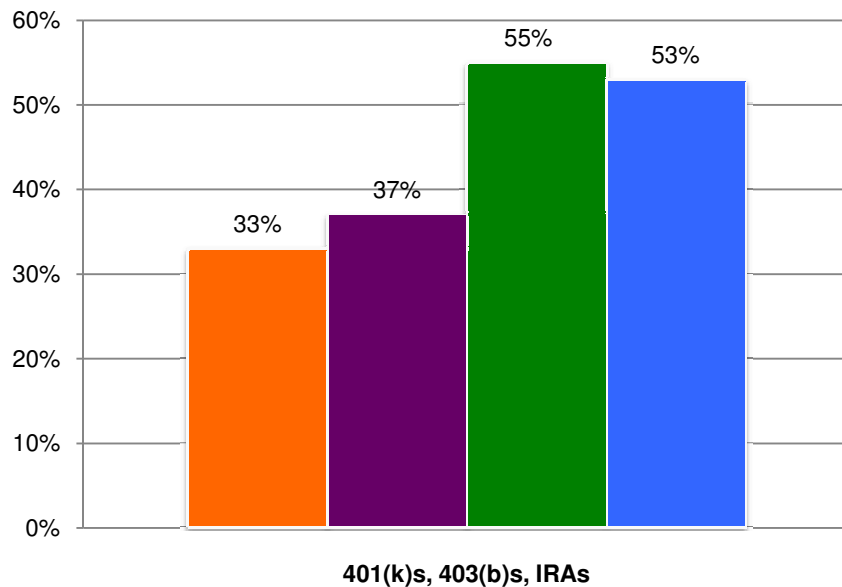


Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Expected Primary Source of Income in Retirement

Over half of workers with a college degree expect 401(k), 403(b), and IRAs to be their primary source of income in retirement – compared to one-third of workers with only a high school diploma who expect to rely on Social Security.

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



■ High School ■ Some College ■ College Grad ■ Post Grad

■ High School ■ Some College ■ College Grad ■ Post Grad

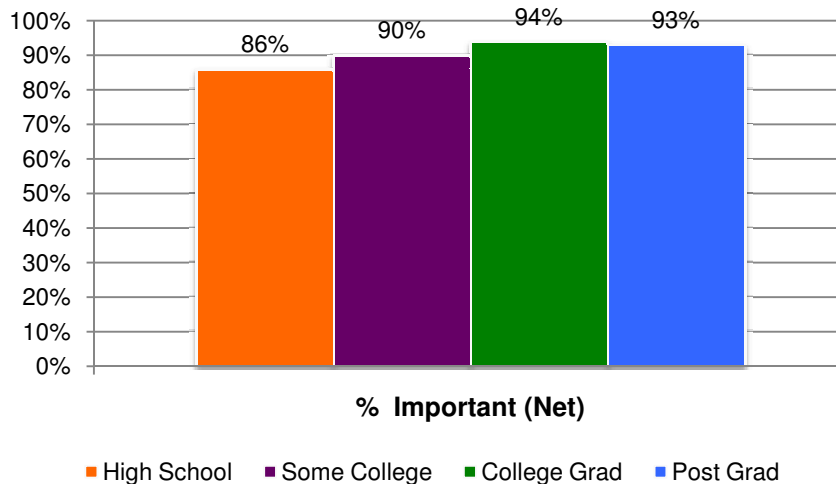
**Note: See full range of responses to this question on page 23.**

Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

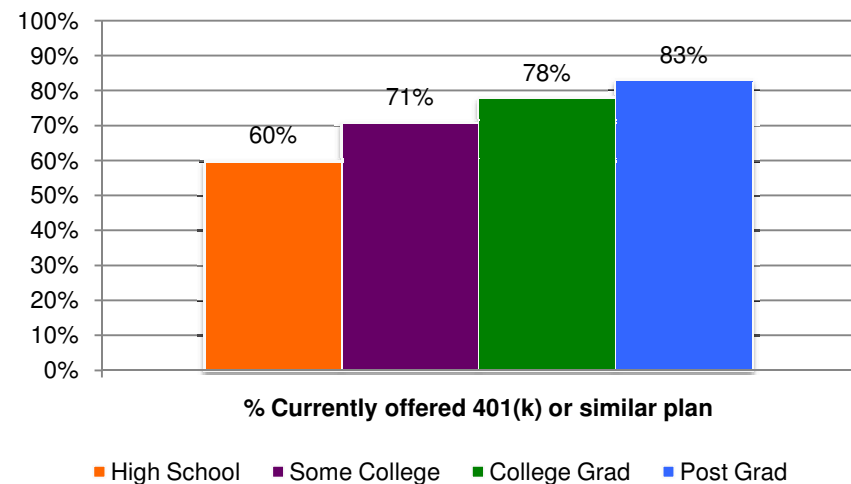
# Retirement Benefits

Workers with at least a college degree are more likely than those with just a high school degree to consider a 401(k) plan as an important employee benefit. Further, retirement plan coverage among workers increases with level of educational attainment.

**Q571. Considers a 401(k) or similar retirement plan an important benefit.**



**Q580. Is Currently Offered a 401(k) or similar plan by employer**

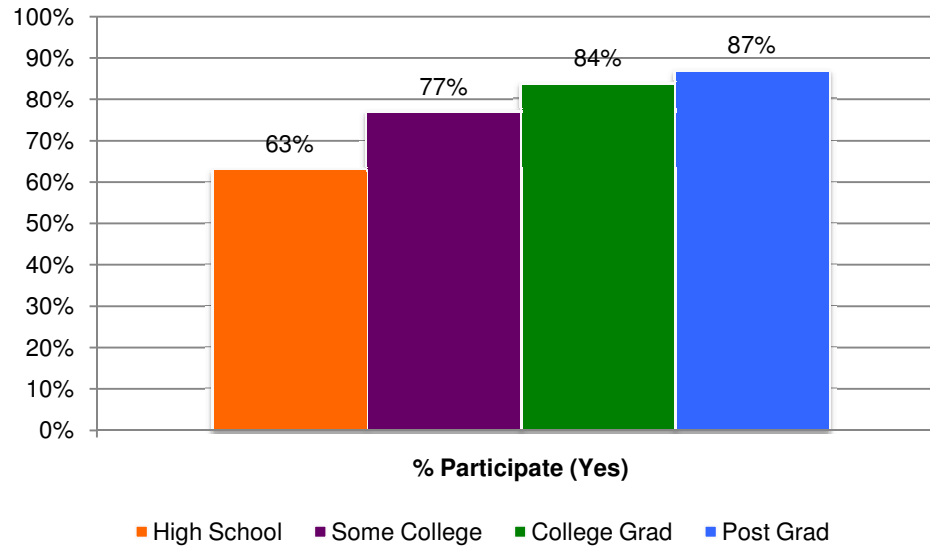


Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Plan Participation & Contribution Rates

For workers who are offered a 401(k) or similar plan by their employer, those with higher levels of educational attainment are more likely to participate in the plan and, for the most part, are more likely to contribute a greater percentage of their annual pay.

**Q590. Participates in, or has money invested in their employer's plan**



**Q600. Contribution Percentage (% of 401(k) or similar plan) annual salary contributed to employer's**

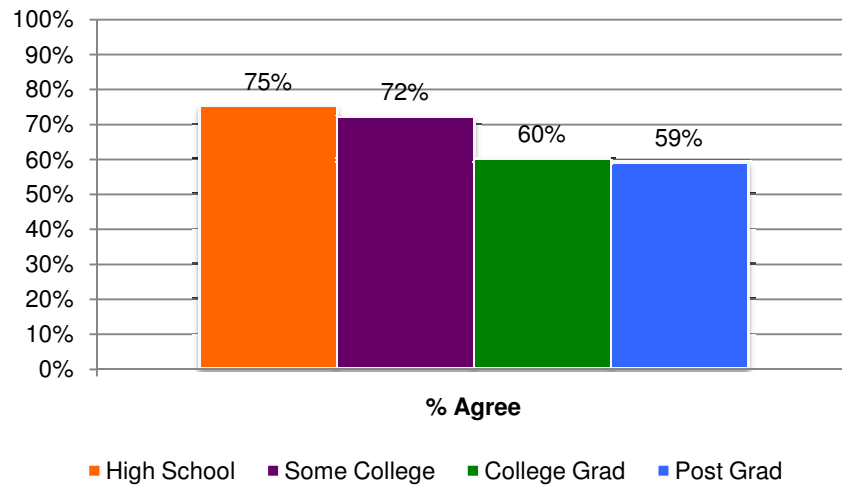
High School = 5% median  
Some College = 6% median  
College Grad = 8% median  
Post Grad = 7% median

Weighted Base: Those With Retirement Plans Offered to Them: High School – 473; Some College - 730; College Grad - 763; Post Grad - 450

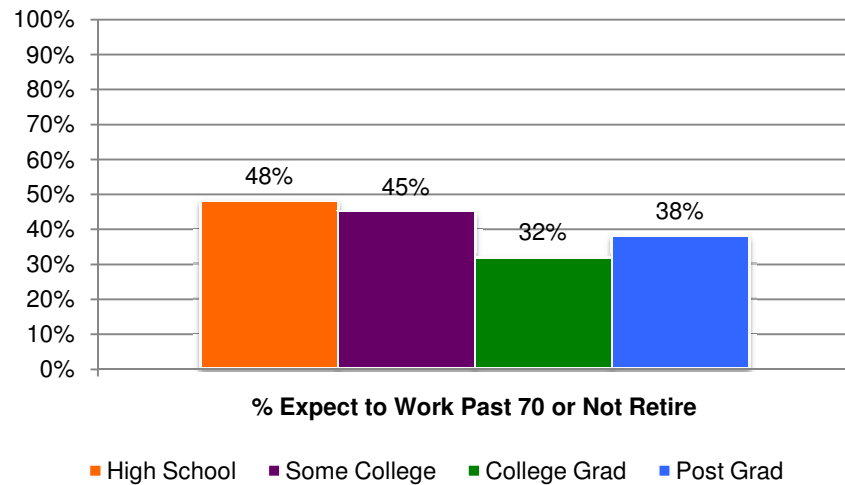
# Retirement Age

Although many workers agree that they could work until age 65 and not save enough to meet retirement needs, level of agreement decreases with educational attainment. Many workers plan to work past age 70 or not retire at all; however, those with a college degree are less likely to plan to work longer.

**Q931. "I could work until age 65 and not save enough to meet my retirement needs."**



**Q910. Expected retirement age: plan to work past age 70 or not retire at all**

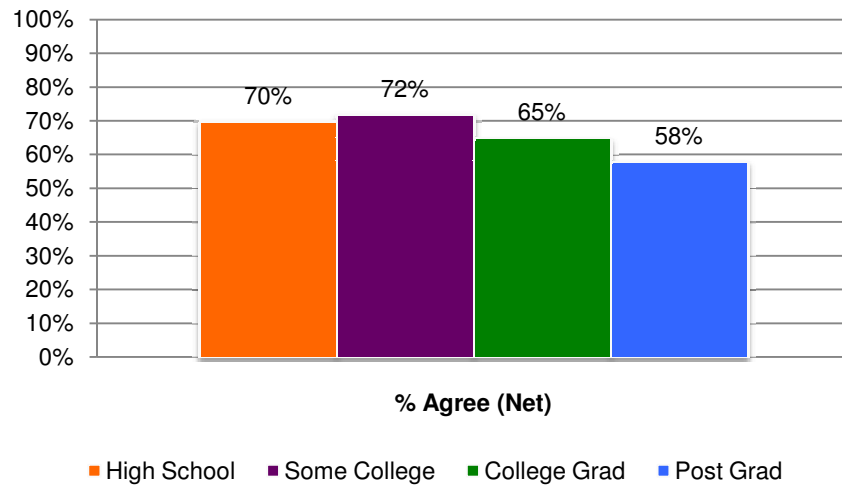


Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

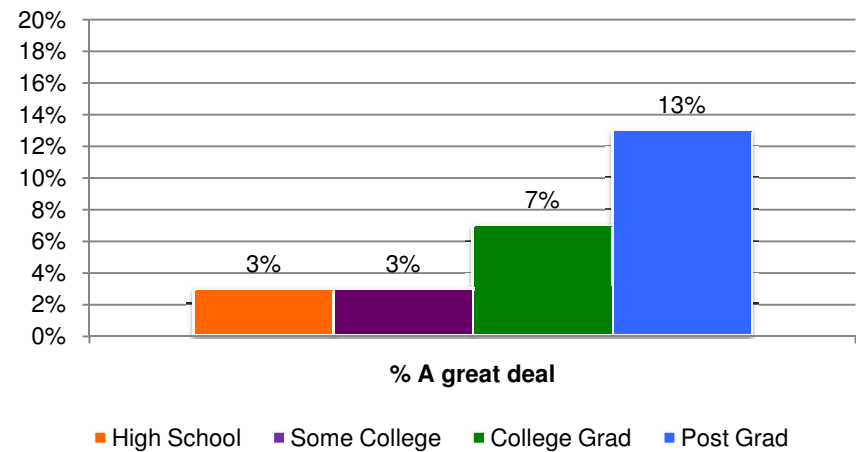
# Knowledge of Retirement Saving & Investing

Most workers agree that they do not know as much as they should about retirement investing; however, the frequency of agreement decreases with level of educational attainment. Very few workers know “a great deal” about asset allocation principles.

**Q931. “I do not know as much as I should about retirement investing.”**



**Q760. Level of understanding regarding asset allocation principles as they relate to retirement investing**



Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543



# Go-To Sources of Information

Workers' level of educational attainment also correlates with their reliance on available sources of information for retirement planning and investing. Workers with only a high school education most frequently rely on "family and friends" or "none" compared to those with a college degree who more frequently rely on a wider range of available resources. Over half of workers with post-graduate education rely on financial websites as a source.

Q825. What sources of information do you rely on for retirement planning and investing? Select all that apply.	High School	Some College	College Grad	Post Grad
Financial Websites (Yahoo! Finance, Morningstar, Etc.)	18%	27%	42%	53%
Friends / Family	27%	25%	38%	31%
Financial Planner / Broker	21%	28%	33%	44%
Print newspapers and magazines	18%	22%	27%	42%
Retirement plan provider website	17%	25%	29%	37%
Plan provider printed material (i.e., brochures)	10%	17%	22%	25%
Retirement calculators	9%	14%	22%	26%
Financial-related television shows	11%	15%	17%	22%
Employer	13%	15%	13%	16%
Accountant	4%	9%	9%	16%
None	32%	19%	10%	6%

Note: Chart excludes de minimus responses (i.e., insurance agent, lawyer, other)  
 Note: Sources of information selected by more than 20% of the subgroup are highlighted

Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Motivators to Learn More

Workers of all levels of education identified larger tax breaks along with a good starting point and educational materials that are easier to understand as motivators to learn more. Workers with only a high school education are far more likely to be disinterested (15 percent).

Q2040. Motivators to Learn More about Saving & Investing for Retirement	High School	Some College	College Grad	Post Grad
Larger tax breaks / incentives for saving in a retirement plan	43%	54%	49%	53%
Educational materials that are easier to understand	35%	43%	38%	32%
A good starting point that is easy to understand	33%	36%	32%	25%
A financial advisor	21%	27%	27%	29%
A greater sense of urgency (or fear) that I need to save	21%	19%	26%	23%
Other	4%	4%	4%	5%
Nothing – I am already educated enough	9%	9%	12%	19%
Nothing – I am just not that interested	15%	9%	5%	4%

Note: Motivators selected by more than 20% of the subgroup are highlighted

Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Recommendations

*The 11<sup>th</sup> Annual Transamerica Retirement Survey* found that many workers are at risk of achieving a financially secure retirement. However, retirement confidence among workers increases with level of educational attainment. Workers with only a high school diploma are at even greater risk.

## **Workers**

- Factor retirement benefits when evaluating job opportunities
- Get educated about saving and investing for retirement
- Calculate a savings goal – and start saving towards achieving that goal

## **Retirement Plan Providers, Employers, Media, and Government**

- Promote available tax incentives to increase awareness, including:
  - Saver's Credit
  - Catch-Up Contributions

## **Policy Makers**

- Pursue legislation to expand retirement plan coverage, especially among lower paid, less educated workers
- Incorporate financial literacy education, including retirement planning, into junior high and high school curriculums

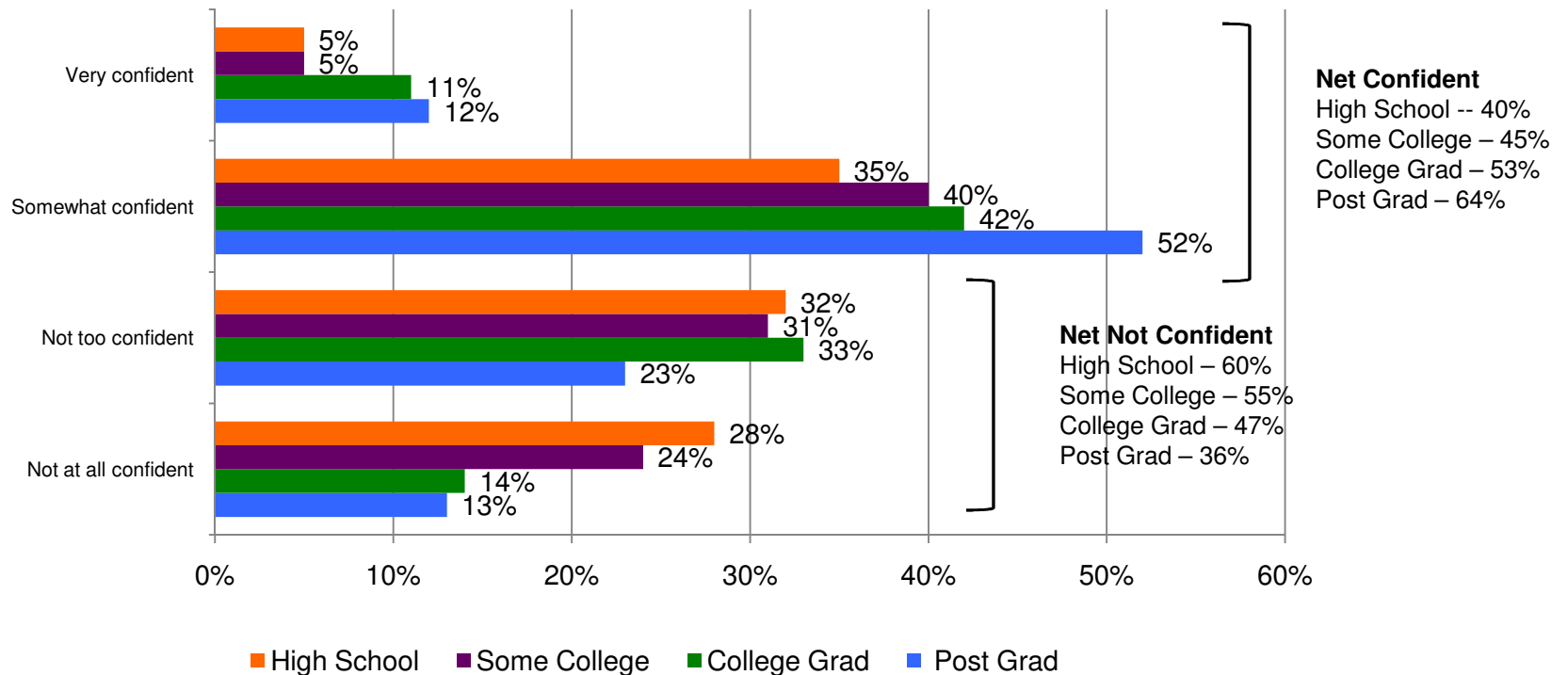


# Detailed Findings: Current Outlook

# Retirement Confidence

Retirement confidence increases with workers' level of education. College graduates show higher levels of confidence than those workers with only a high school education.

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

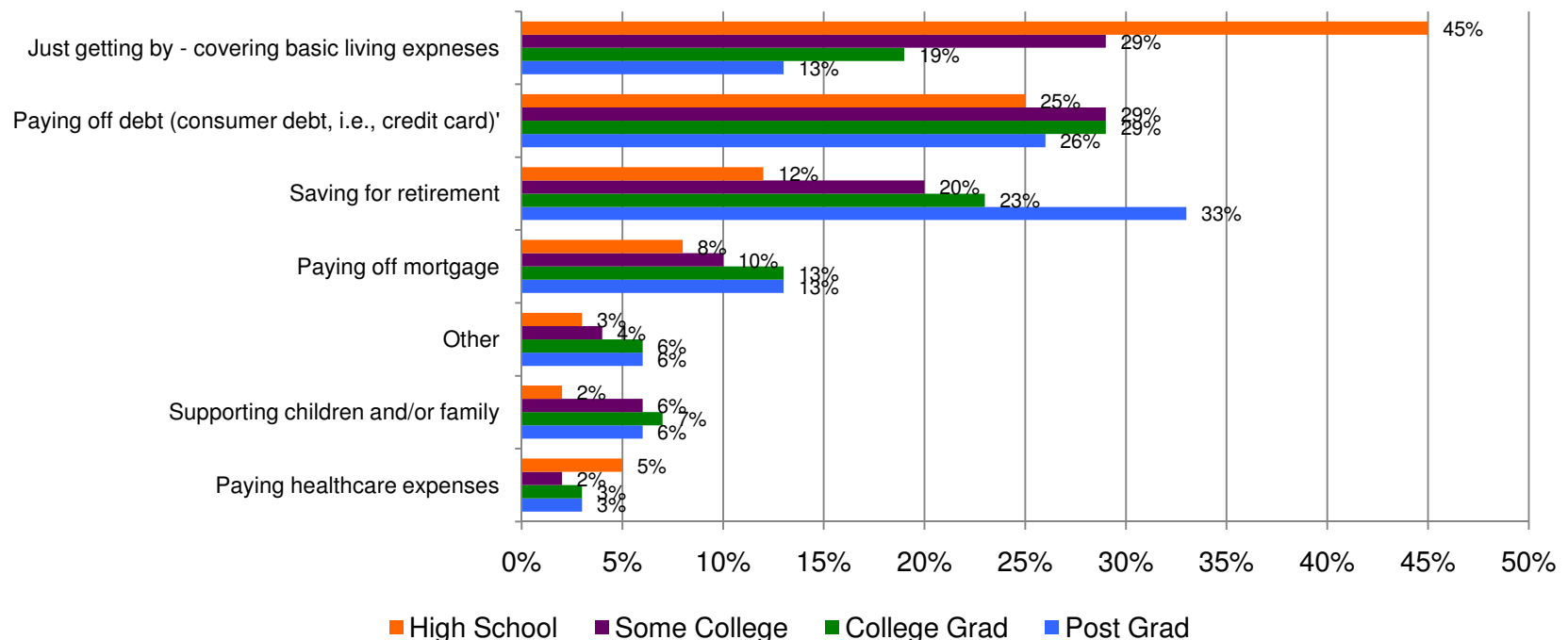


Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Greatest Financial Priority

Only those workers with post graduate education most frequently cite “saving for retirement” as their greatest financial priority right now. College graduates are most likely to cite “paying off debt” while high school graduates are “just getting by and covering basic living expenses.”

**Q500. Which of the following is your greatest financial priority right now?**

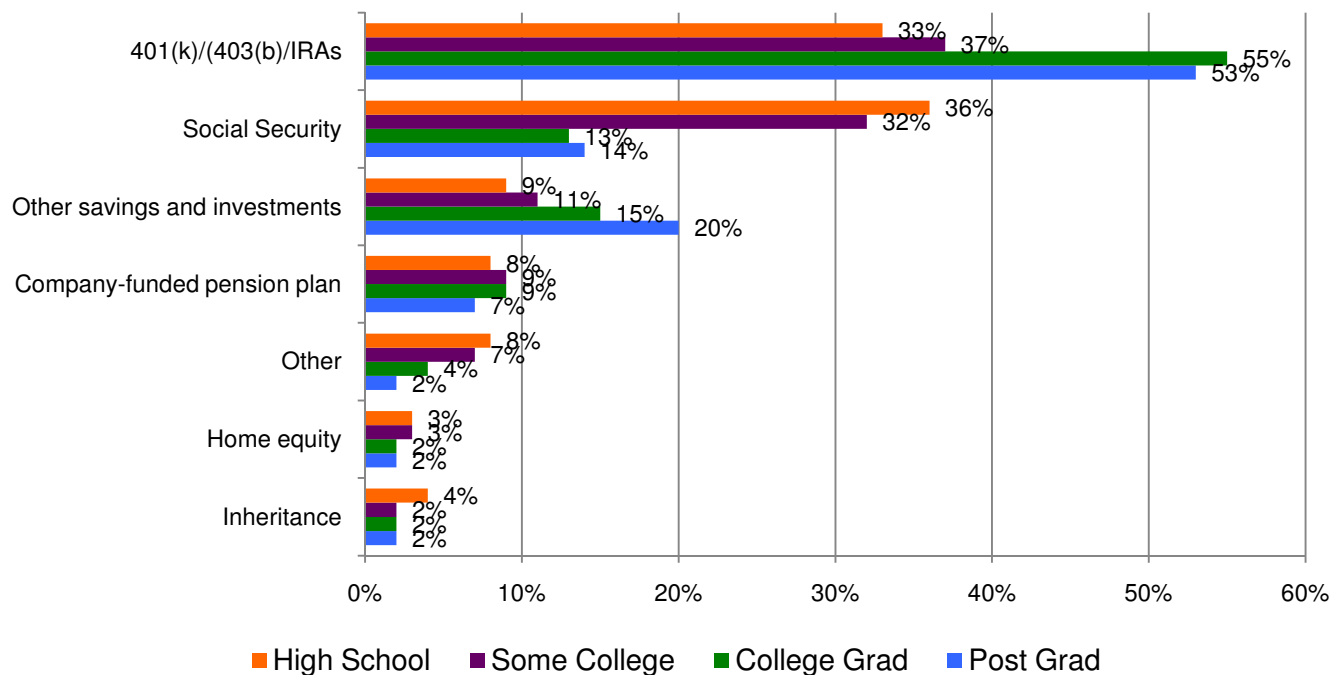


Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Primary Source of Income in Retirement

Most college grads are more likely to expect their primary source of income in retirement to be 401(k), 403(b), or IRAs while over one-third of high school grads (36 percent) expect to rely on Social Security.

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

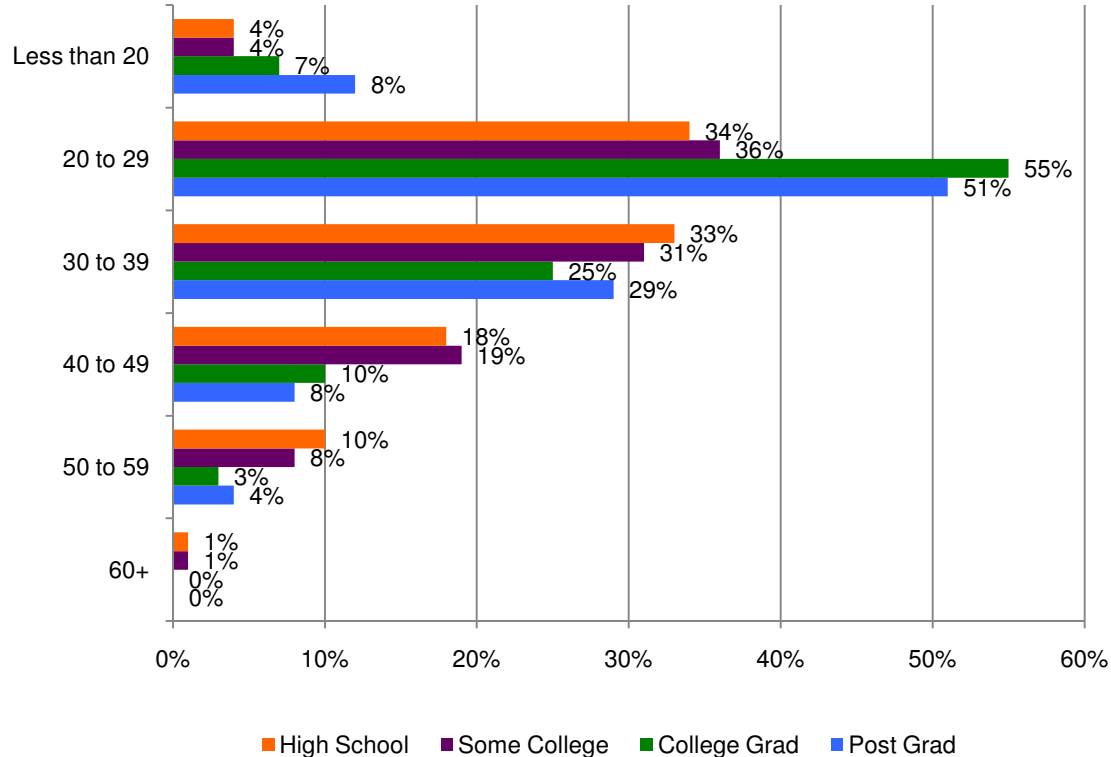


Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Age Started Saving for Retirement

College graduates reported that they first started saving for retirement at age 26 compared to those without a college education who waited until age 30.

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



**Median Age (Years)**  
 High School: 30  
 Some College: 30  
 College Grad: 26  
 Post Grad: 27

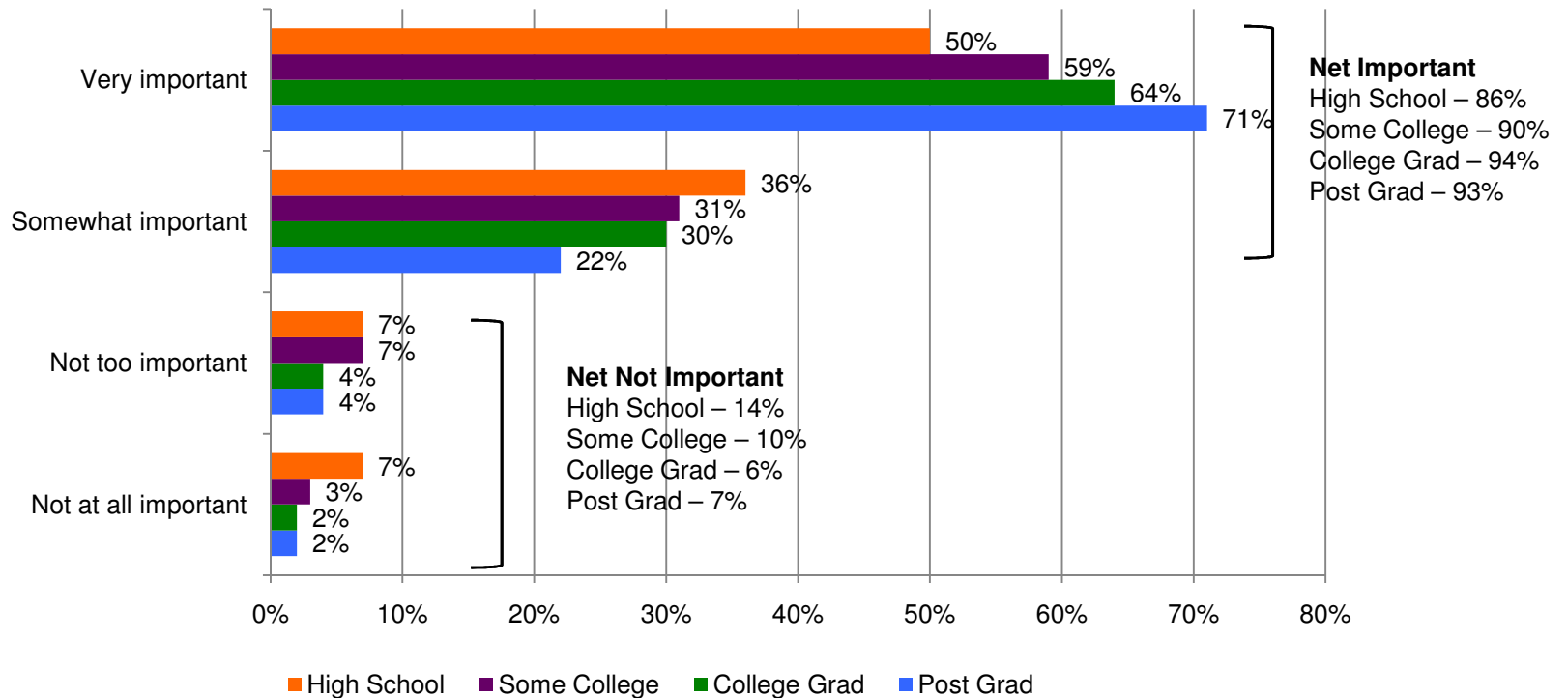
Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543



# Importance of Retirement Benefits

The vast majority of workers view a 401(k) or similar retirement plan as an important benefit. However, the perceived importance of these retirement benefits increases with workers' level of education.

**Q571. How important is a 401(k), 403(b) or other employee self-funded plan to you, personally?**

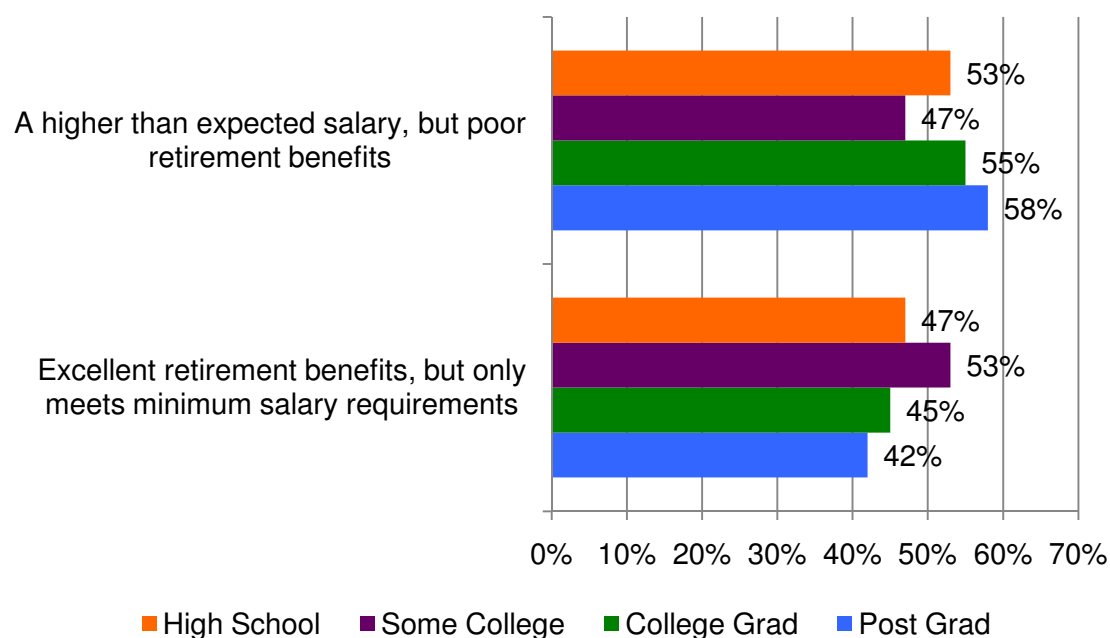


Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Job Selection

When facing hypothetical job offers, slightly over half of workers indicated that they would select a job with a higher than expected salary but poor retirement benefits. Interestingly, workers with a post graduate education were most likely to select a higher salary (58 percent).

**Q830. Suppose that two job offers come your way. Which of the following would you select?**

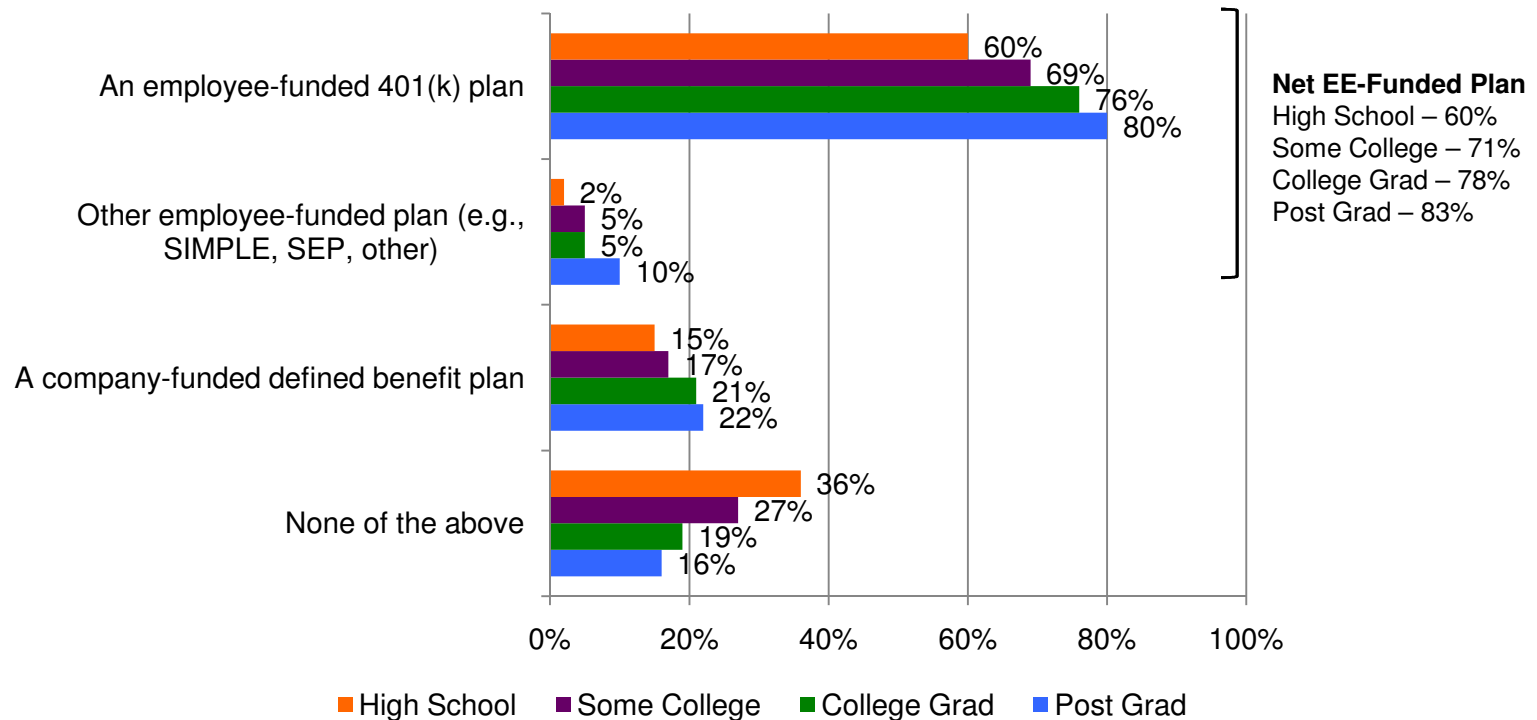


Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Access to Workplace Retirement Benefits

College graduates are significantly more likely to have access to workplace retirement benefits. Thirty-six percent of high school graduates reported having no retirement benefits.

**Q580. Which of the following retirement benefits does your company currently offer to you, personally?**

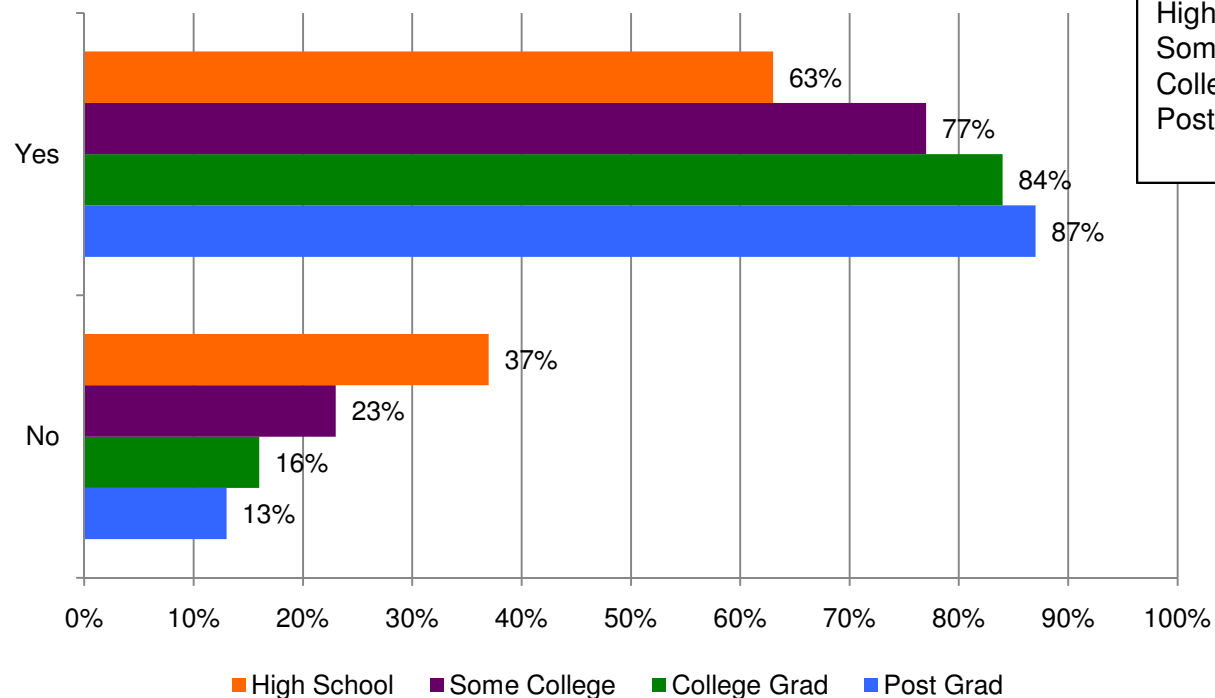


Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Plan Participation and Contribution Rates

Retirement plan participation and contribution rates increase with level of education. Eighty-seven percent of workers with a post graduate education participate in their company's plan compared to only 63 percent of high school graduates.

**Q. 590. Do you currently participate in, or have money invested in your company's employee-funded retirement savings plan?**

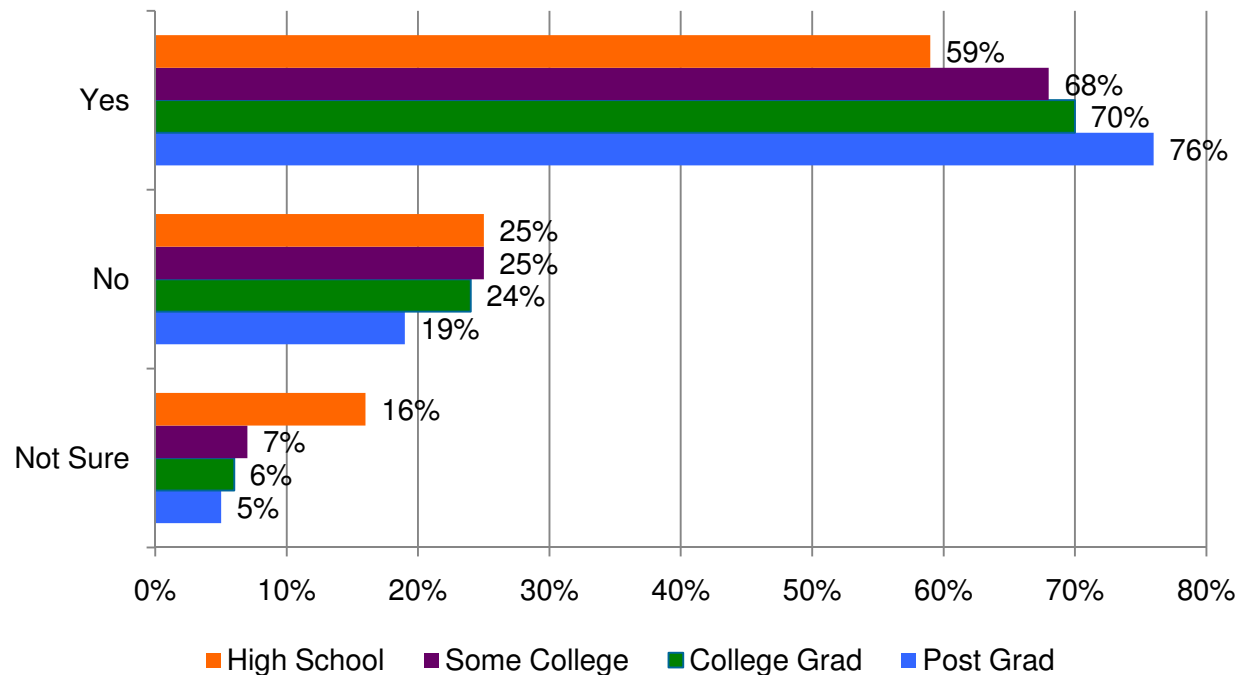


Weighted Base: Those With Retirement Plans Offered to Them: High School – 473; Some College - 730; College Grad - 763; Post Grad - 450

# Matching Contribution

College graduates are more likely to be offered a matching contribution through their company's retirement plan. Only 59 percent of high school graduates are offered a matching contribution.

**Q630. Does your company offer you, personally, a matching contribution as part of its 401(k) or other company-sponsored retirement plan?**

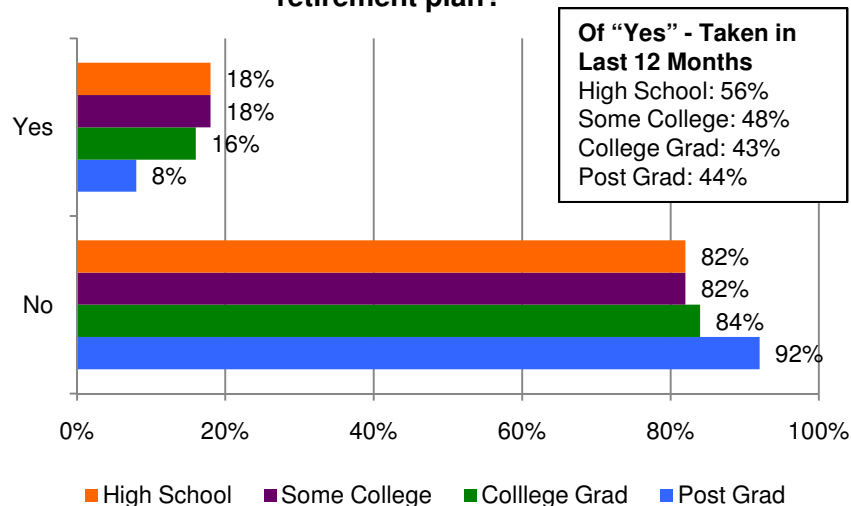


Weighted Base: Those With Retirement Plans Offered to Them: High School – 473; Some College - 730; College Grad - 763; Post Grad - 450

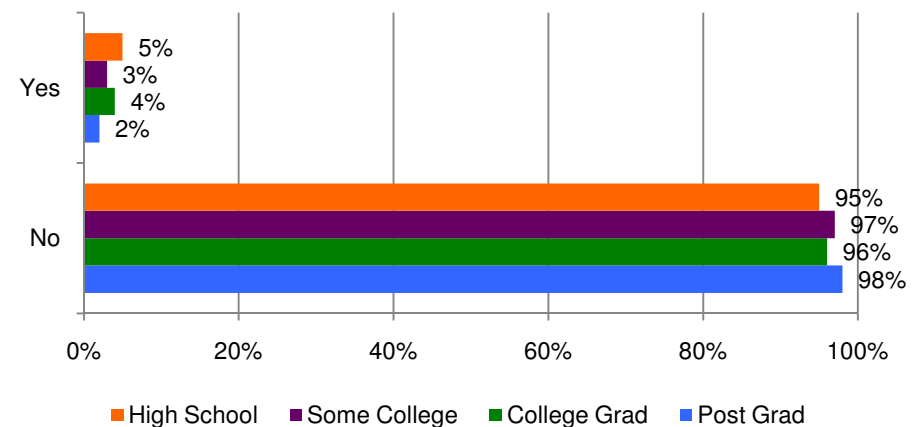
# Loan & Hardship Withdrawal Rates

Workers with only a high school education have the highest levels of having taken a loan from their 401(k) plan in the last twelve months. Hardship withdrawal rates are low across all levels of education.

**Q650. Have you taken out a loan from your retirement plan?**



**Q1460. Have you taken a hardship withdrawal from your employee-funded retirement plan in the last 12 months?**

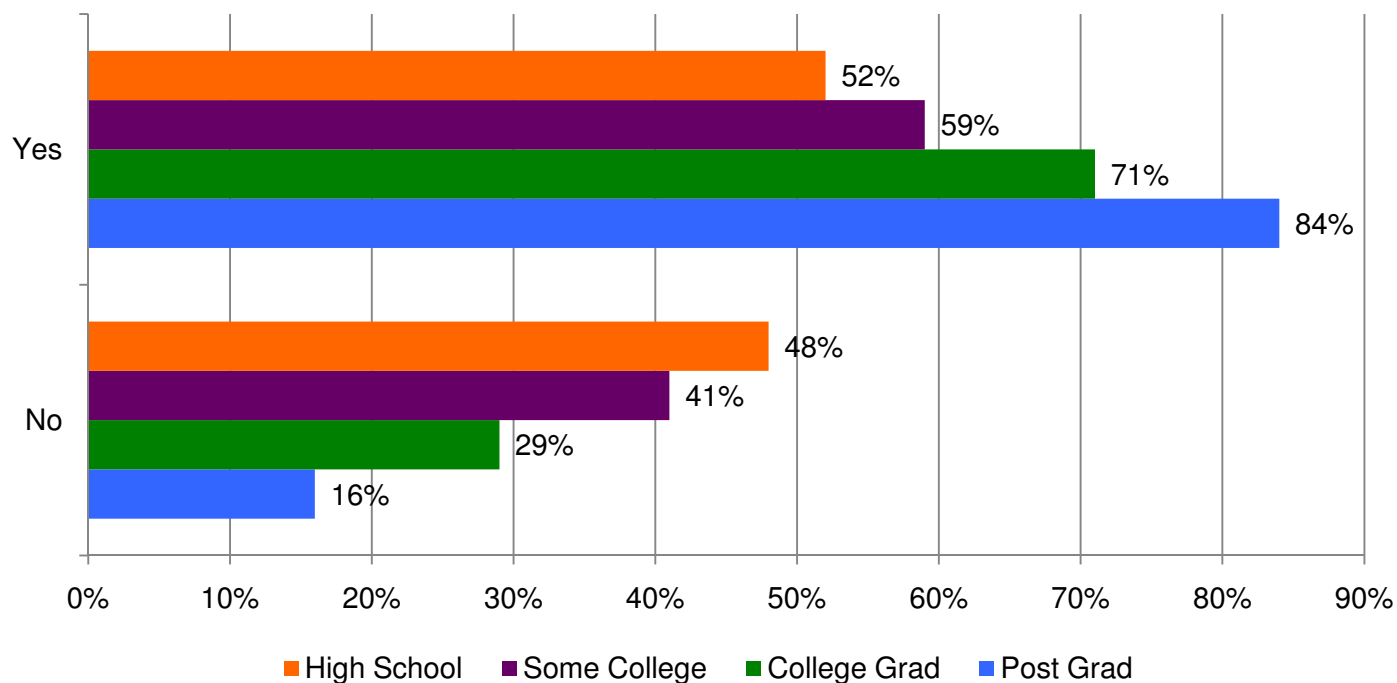


Weighted Base: Those With Retirement Plans Offered to Them: High School – 473; Some College - 730; College Grad - 763; Post Grad - 450

# Saving for Retirement Outside of Work

Workers with higher levels of education are more likely to be saving for retirement outside of work. Slightly over half of those with only a high school education (52 percent) reported saving outside of work.

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

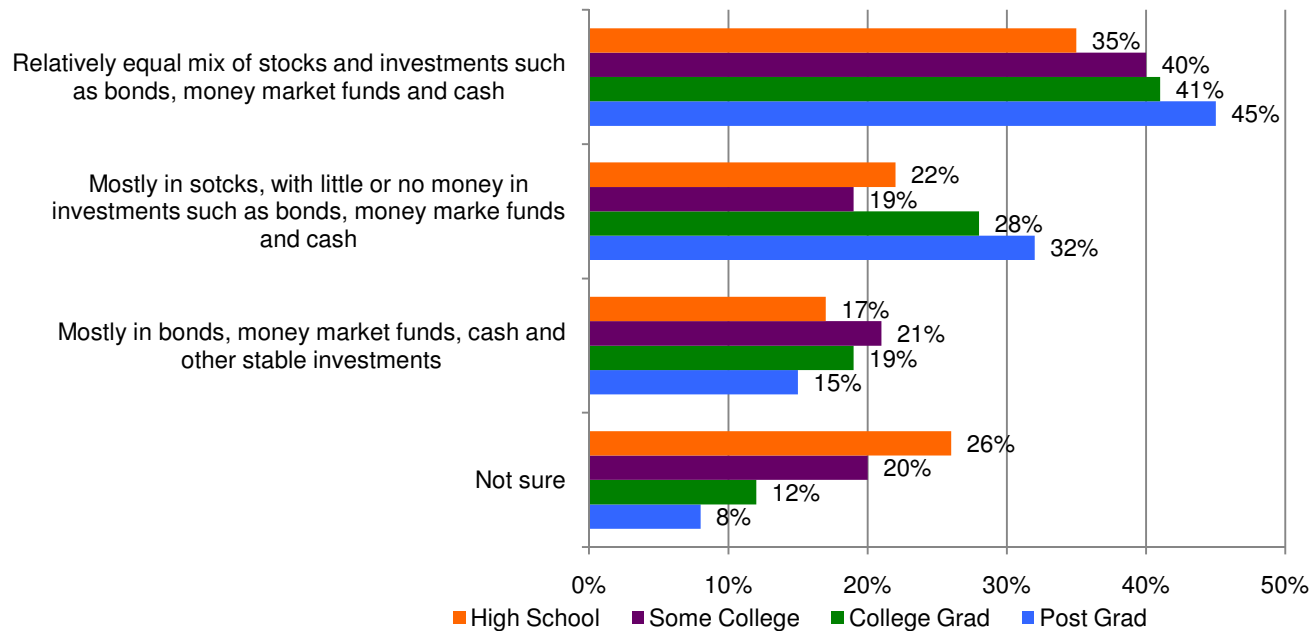


Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# How is Retirement Savings Invested?

Workers of all levels of education most frequently cited that their retirement savings are invested in a “relative equal mix of stocks and investments such as bonds, money market funds, and cash.” However, over one-fourth of workers with only a high school education (26 percent) indicated that they are “not sure” how their savings are invested.

Q770. How is your retirement savings invested?



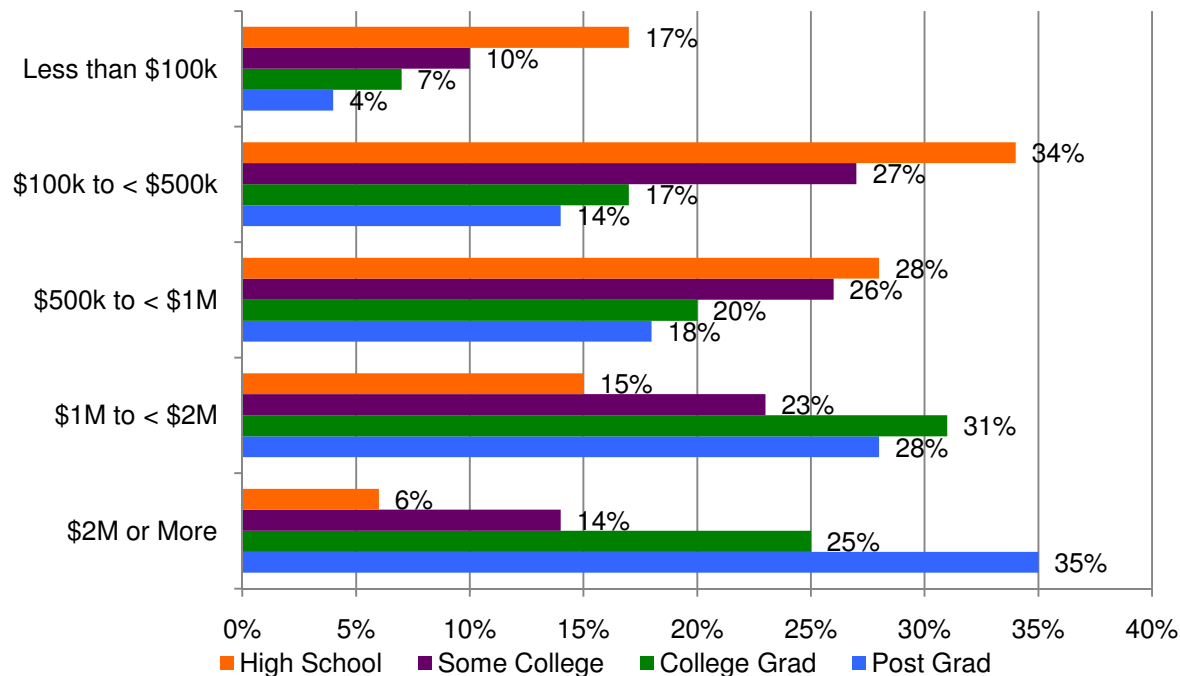
Weighted Base: Investing for Retirement: High School - 553; Some College - 819; College Grad - 862; Post Grad - 508



# Retirement Savings Needs

College graduates estimate they will need to save \$1 million for retirement – which is twice as much as those workers who are not college graduates.

**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?**



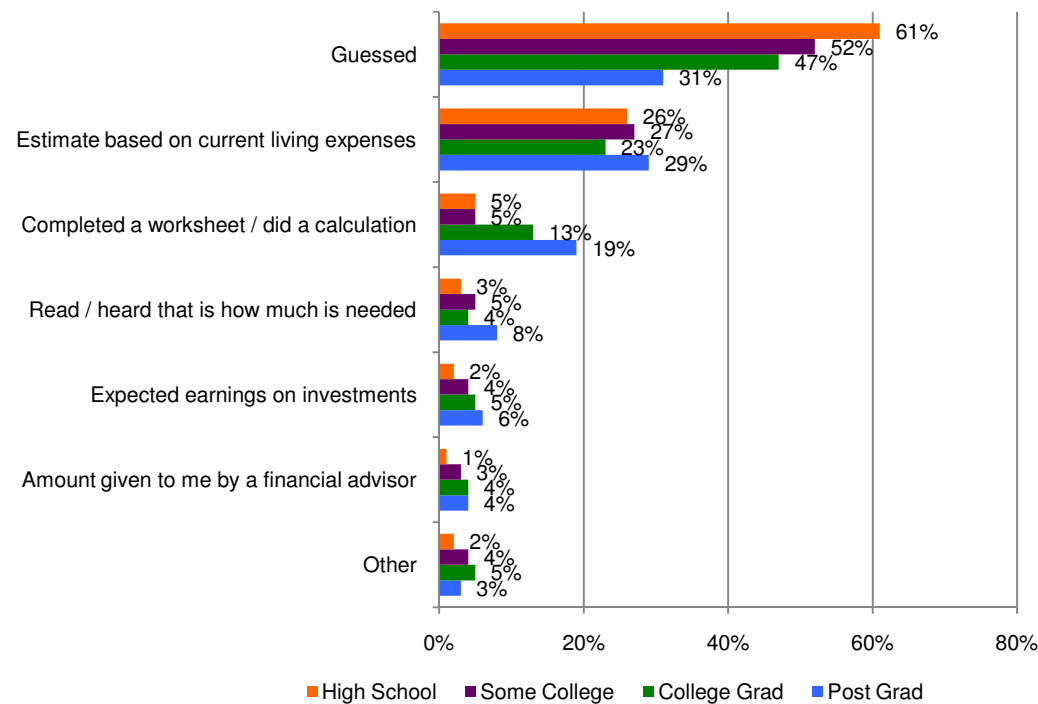
**Median Amount**  
 High School: \$400k  
 Some College: \$500k  
 College Grad: \$1m  
 Post Grad: \$1m

Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Retirement Savings “Guess”

Workers’ most frequently cited basis for their estimated retirement savings needs was they “guessed.” However, workers with only a high school education were nearly twice as likely to have guessed compared to those with post graduate education.

Q900. How did you arrive at that number?

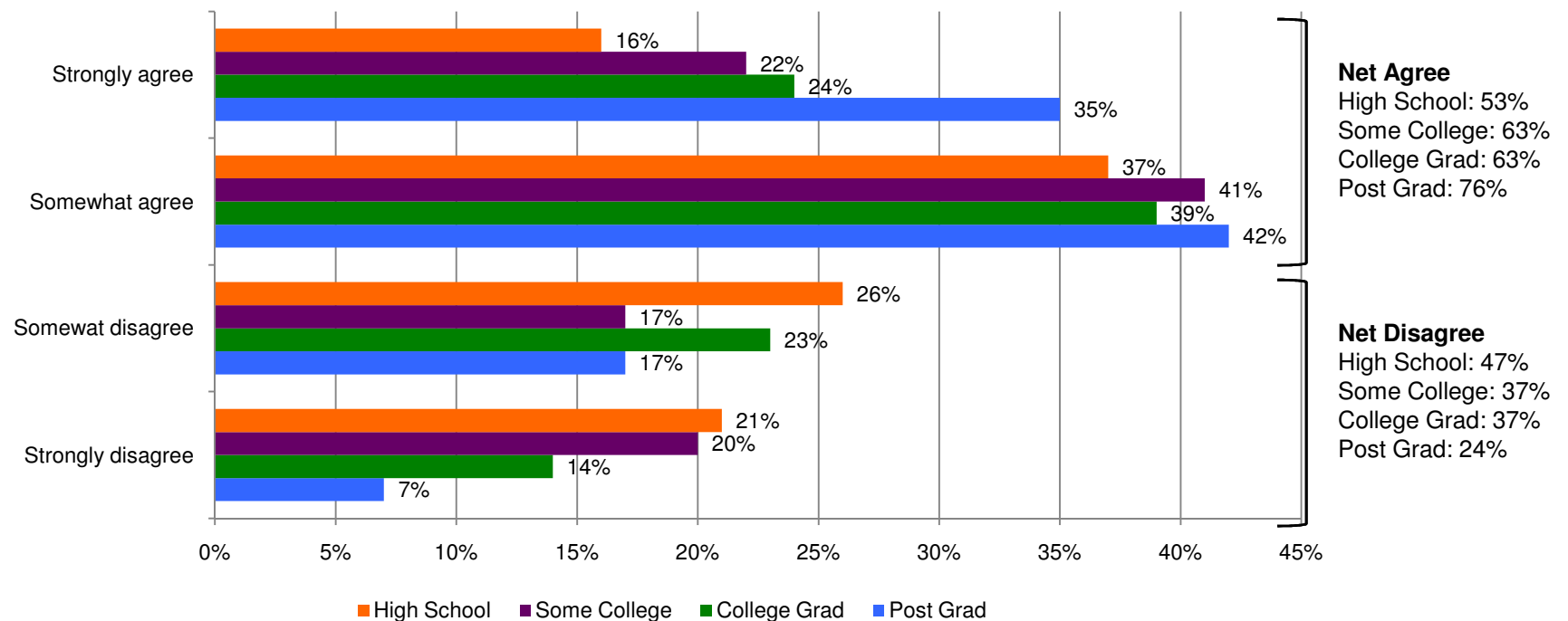


Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Level of Involvement

The majority of workers agree that they are very involved in managing and monitoring their retirement savings. However, those with post graduate education are more likely to “strongly agree” (35 percent) compared to those with only a high school education (16 percent).

Q931\_1. “I am currently very involved in monitoring and managing my retirement savings.” Level of agreement.

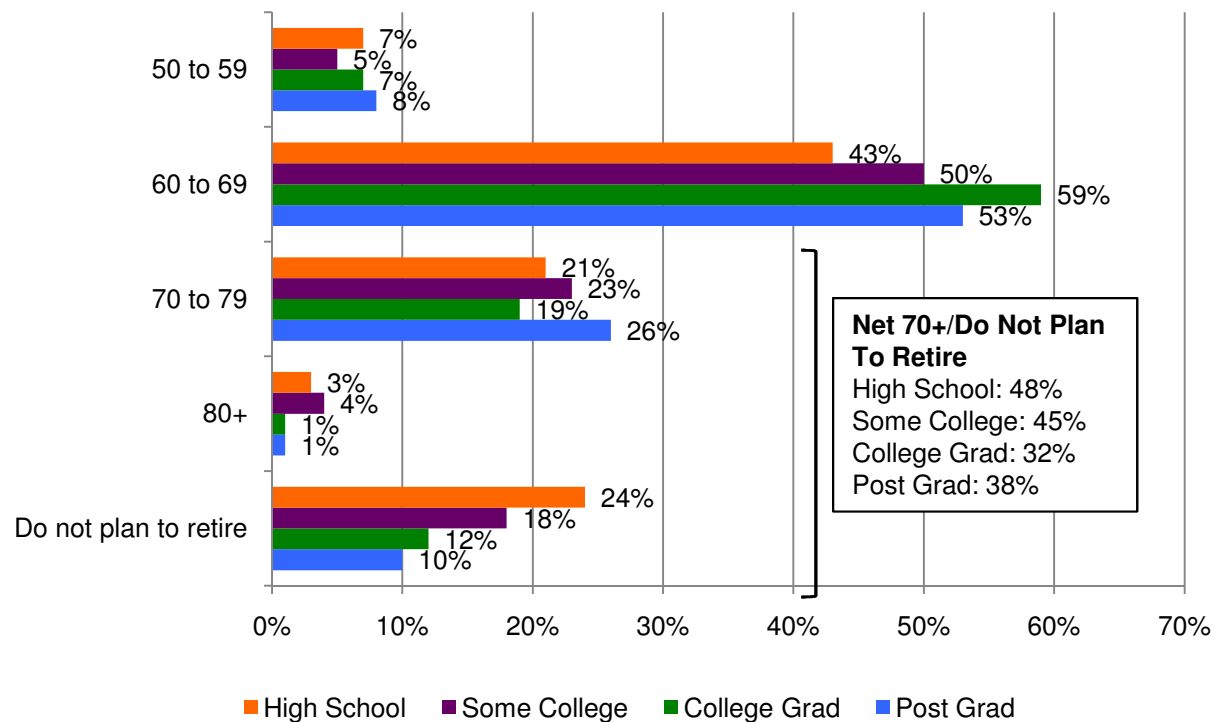


Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Expected Retirement Age

Many workers across all levels of education expect to work until age 70 or older – or do not plan to retire. Nearly one-fourth of workers with only a high school education (24 percent) do not plan to retire.

Q910. At what age do you expect to retire?

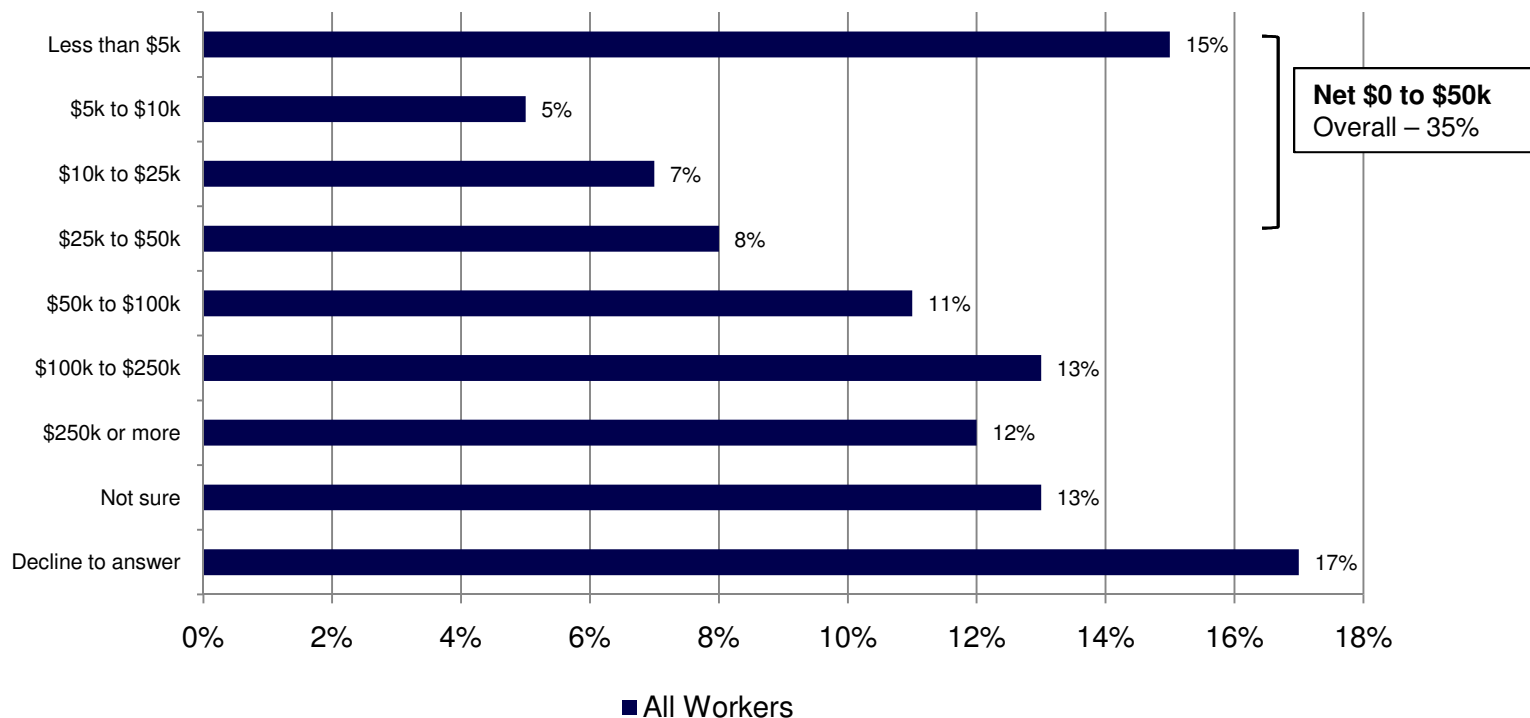


Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Total Household Retirement Savings

Over one-third of workers reported having \$50,000 or less in total household retirement savings accounts.

**Q1300. Approximately how much money has your household saved in all of your retirement accounts? Please include IRAs, 401(k)s, 403(b)s, and any other savings for retirement to which you and/or your spouse or part have contributed funds.**



Weighted Base: All Qualified Respondents: 3598

# Total Household Retirement Savings

Total household retirement savings increases with level of educational attainment. Twenty-three percent of workers with only a high school education have saved \$5,000 or less compared to 27 percent of workers with post-graduate education who have saved \$250,000 or more.

Q1300. Total Household Savings in Retirement Accounts	High School	Some College	College Grad	Post Grad
Less than \$5,000	23%	18%	10%	5%
\$5,000 to less than \$10,000	9%	5%	4%	5%
\$10,000 to less than \$25,000	5%	8%	8%	4%
\$25,000 to less than \$50,000	8%	7%	8%	8%
\$50,000 to less than \$100,000	9%	10%	14%	13%
\$100,000 to less than \$250,000	10%	12%	15%	18%
\$250,000 or more	5%	10%	14%	27%
Not sure	15%	11%	10%	5%
Decline to answer	15%	19%	17%	15%

#### Median Amount

High School: \$13,088  
 Some College: \$28,098  
 College Grad: \$55,309  
 Post Grad: \$101,502

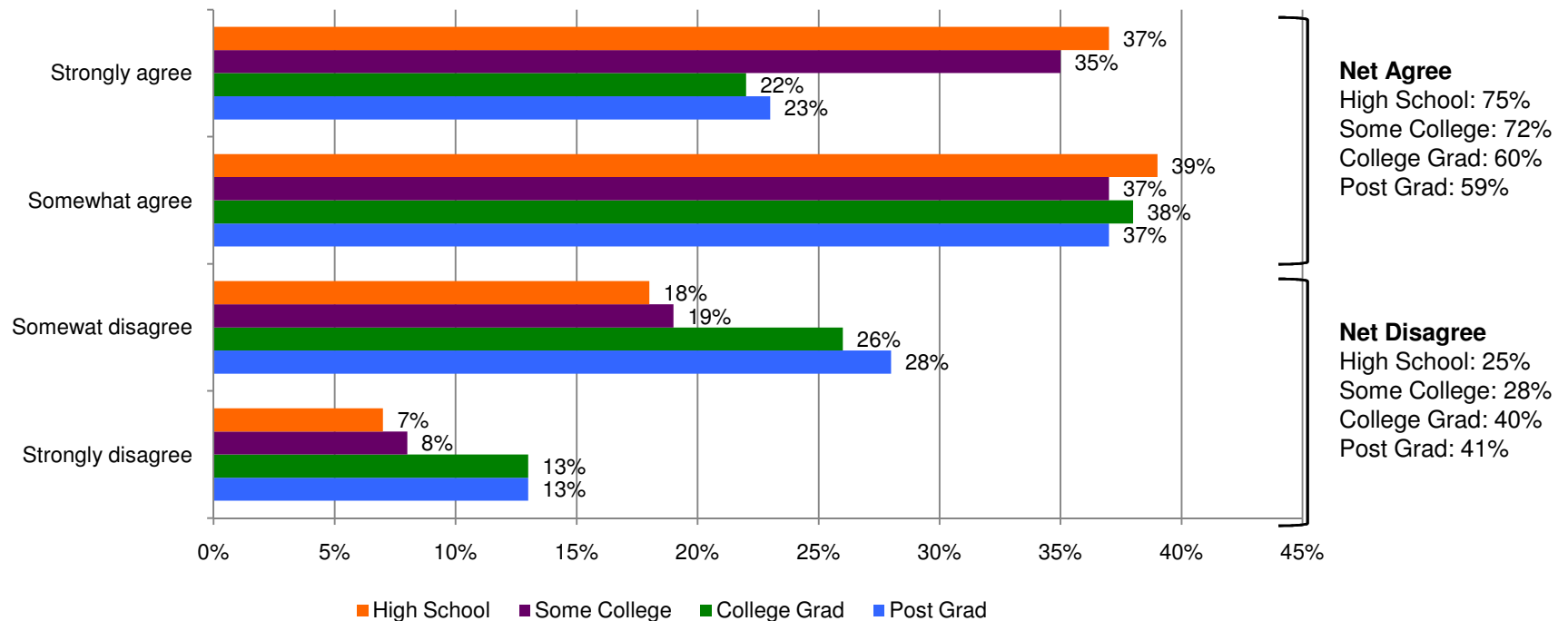
Note: Highlighted stats illustrate increases in retirement savings commensurate with level of education

Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Saving Enough?

The majority of workers agree that they could work until age 65 and still have not saved enough to meet their retirement needs. Workers with only a high school education are more likely to agree (75 percent) compared to those with a college degree (60 percent).

Q931\_5. "I could work until age 65 and still not have enough money saved to meet my retirement needs." Level of agreement.



Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543



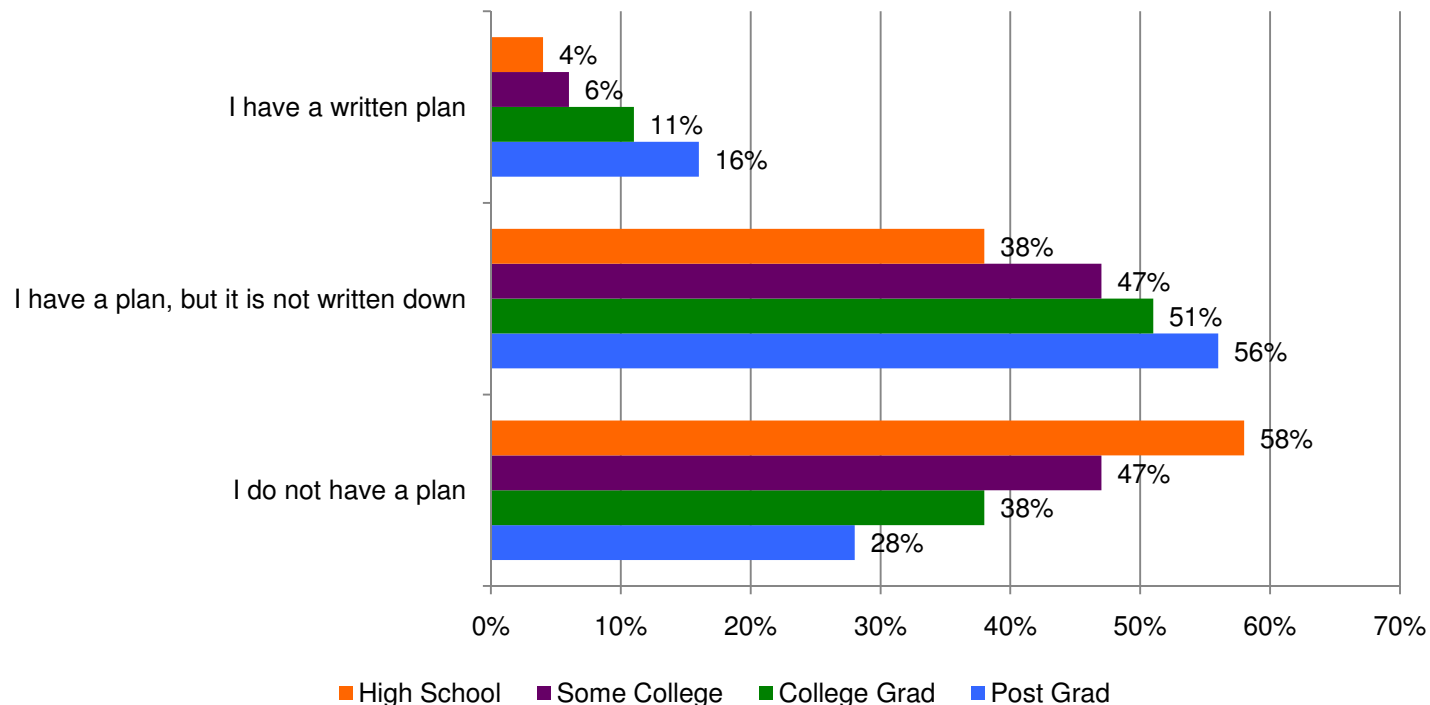
# Detailed Findings: Opportunities



# Everyone Needs a Strategy

Although relatively few workers have a written plan for their retirement strategy, workers with a post-graduate education are four times more likely to have one than those with only a high school diploma.

**Q. 555. Which of the following best describes your retirement strategy?**

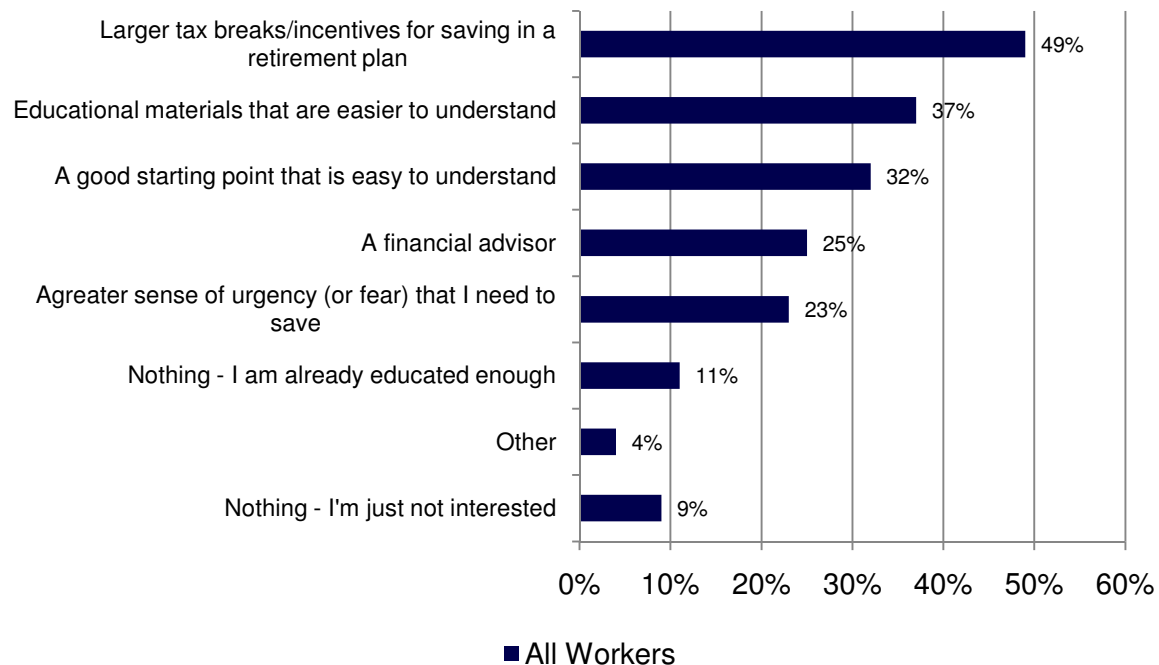


Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Motivators to Learn More

The survey identified specific areas of opportunity that would help to motivate workers to learn more about saving and investing for retirement. Topping the list were tax incentives, educational materials that are easier to understand, and a good starting point that is easy to understand.

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



Weighted Base: All Qualified Respondents: 3598

# Motivators to Learn More

Workers of all levels of education identified larger tax breaks along with a good starting point and educational materials that are easier to understand as motivators to learn more. Workers with only a high school education are far more likely to be disinterested (15 percent).

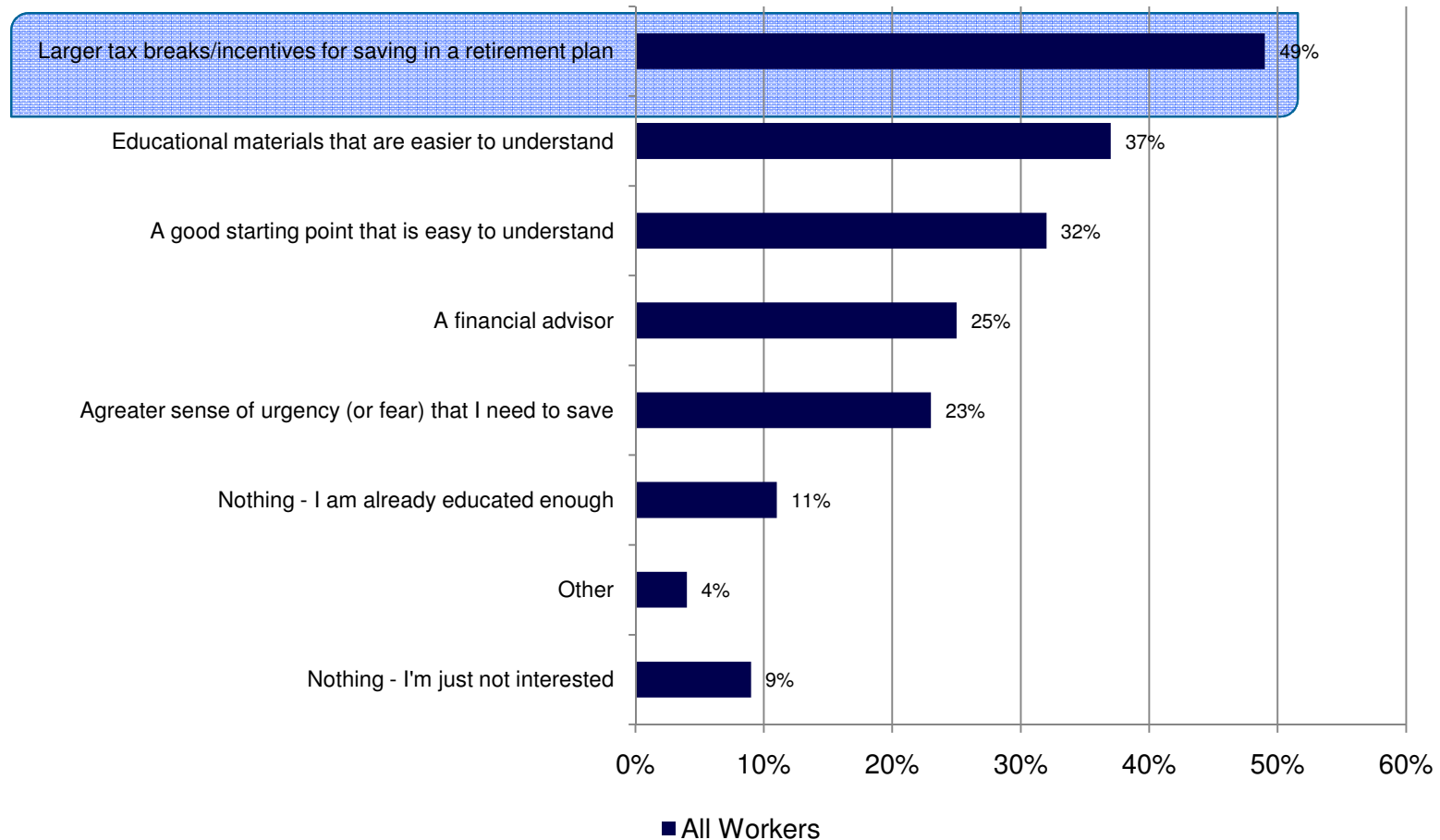
Q2040. Motivators to Learn More about Saving & Investing for Retirement	High School	Some College	College Grad	Post Grad
Larger tax breaks / incentives for saving in a retirement plan	43%	54%	49%	53%
Educational materials that are easier to understand	35%	43%	38%	32%
A good starting point that is easy to understand	33%	36%	32%	25%
A financial advisor	21%	27%	27%	29%
A greater sense of urgency (or fear) that I need to save	21%		26%	23%
Other	4%	4%	4%	5%
Nothing – I am already educated enough	9%	9%		
Nothing – I am just not that interested			5%	4%

Note: Motivators selected by more than 20% of the subgroup are highlighted

Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Motivators: Tax Incentives

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

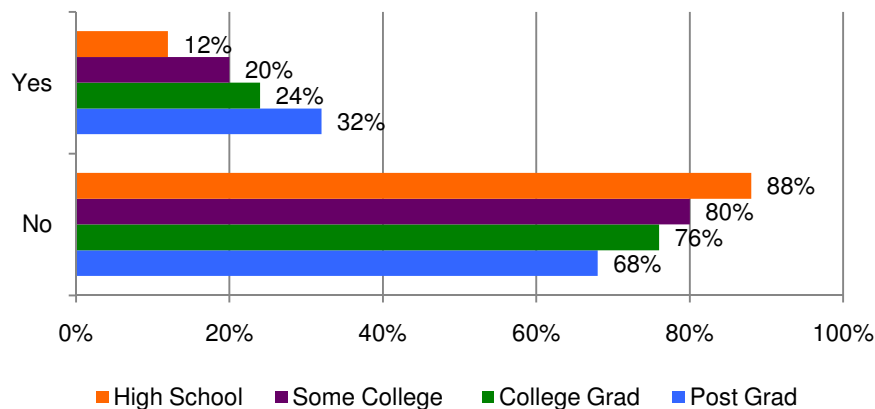


Weighted Base: All Qualified Respondents: 3598

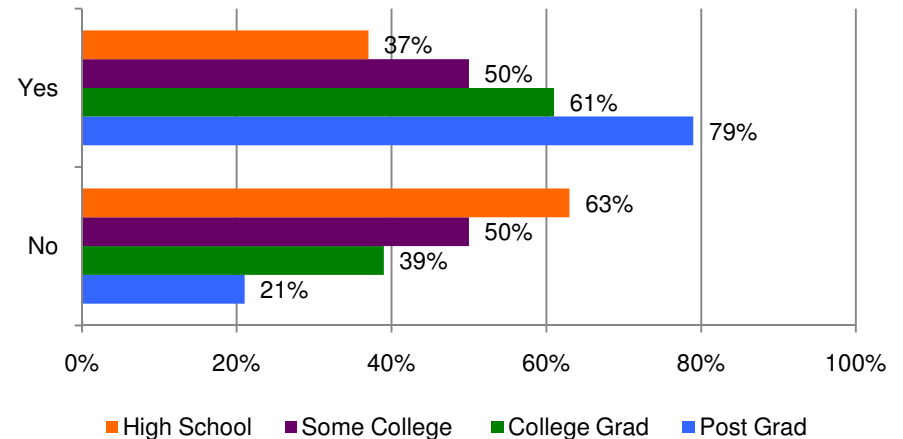
# Tax Incentives

While workers most frequently cite tax incentives as a motivator to learn more about saving and investing, relatively few workers are aware of important tax incentives that already exist. Of note, only 12 percent of workers with only a high school education are aware of the Saver's Credit, a credit for which they are most likely to be eligible, and only 37 percent are aware of Catch-Up Contributions.

**Q520. Are you aware of a tax credit called the "Saver's Credit?"**



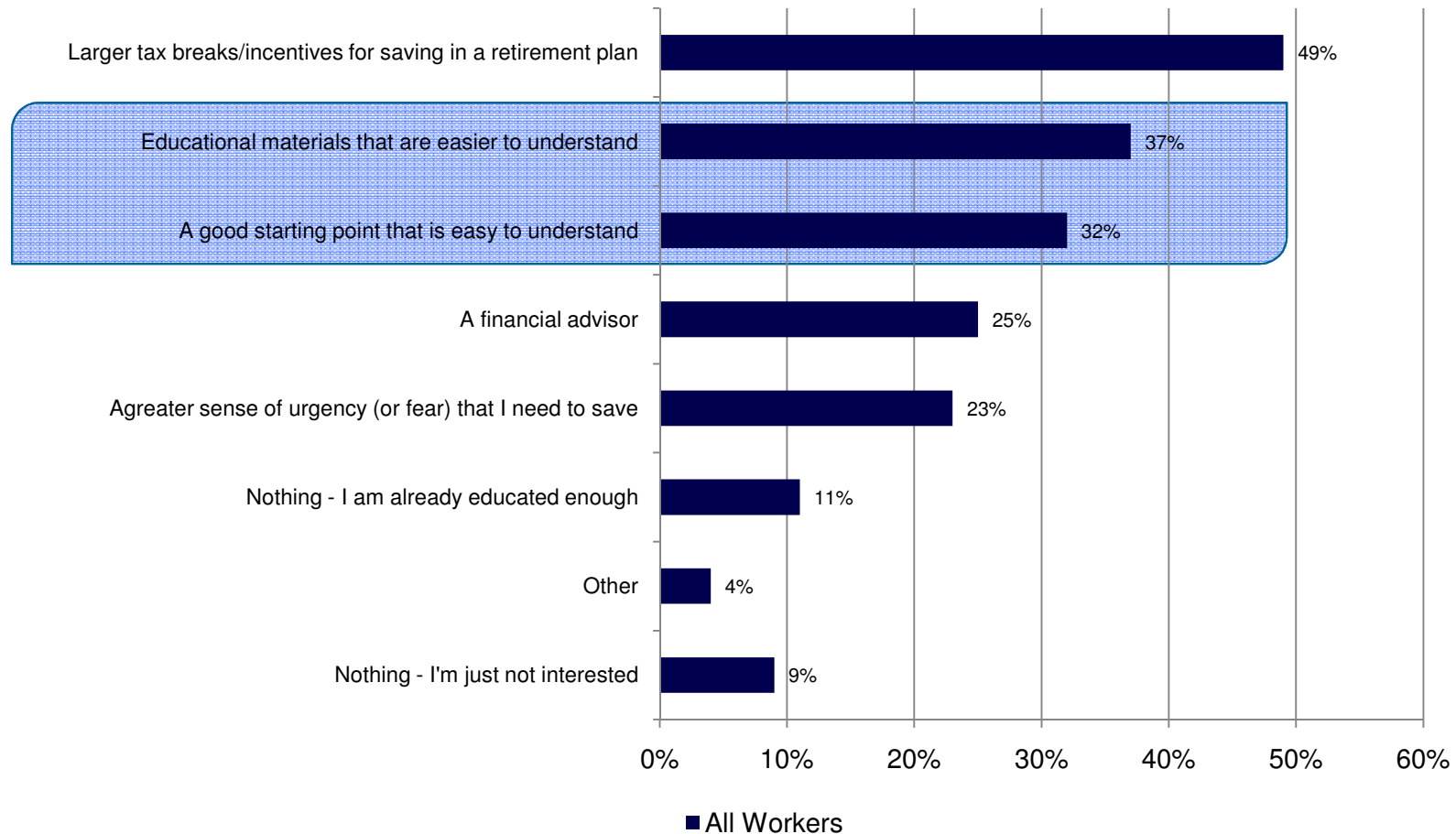
**Q1000. Are you aware that people age 50 and older may be allowed to make catch-up contributions to their 401(k)/403(b).457(b) plan or IRA?**



Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Motivators: Education That's Easy to Understand

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

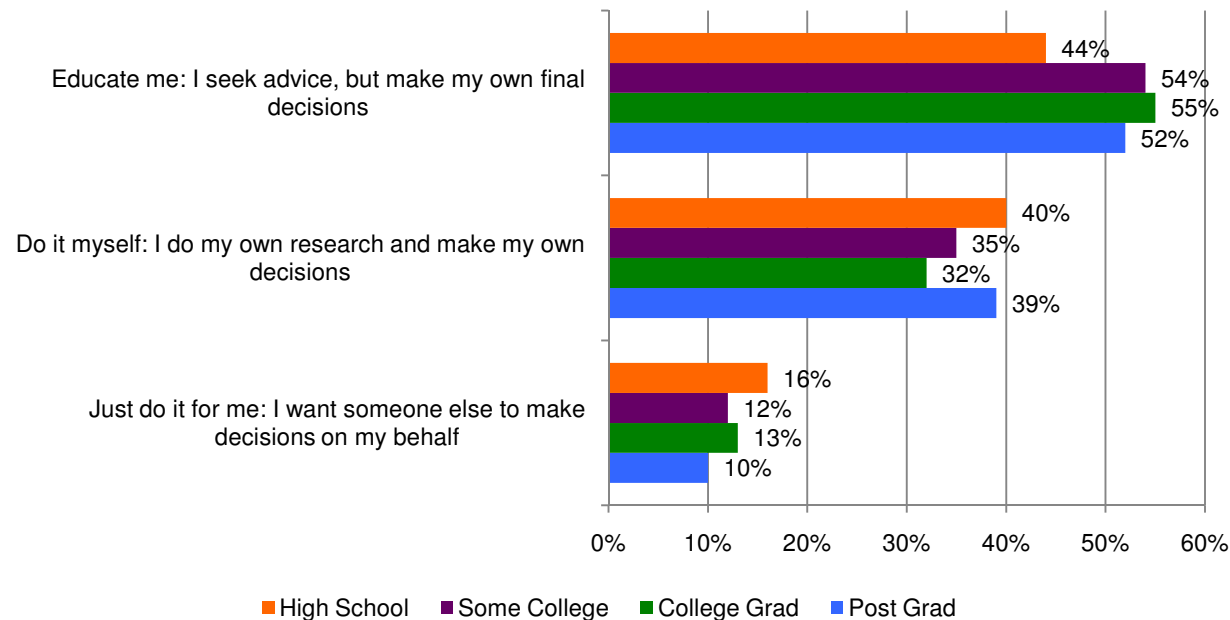


Weighted Base: All Qualified Respondents: 3598

# Education & Decision Making

The vast majority of workers describe themselves as making their own decisions about saving and investing for retirement. Workers with only a high school diploma are most likely to indicate that they want someone else to make decisions on their behalf (16 percent).

**Q705. How would you describe yourself when it comes to saving and investing for retirement?**

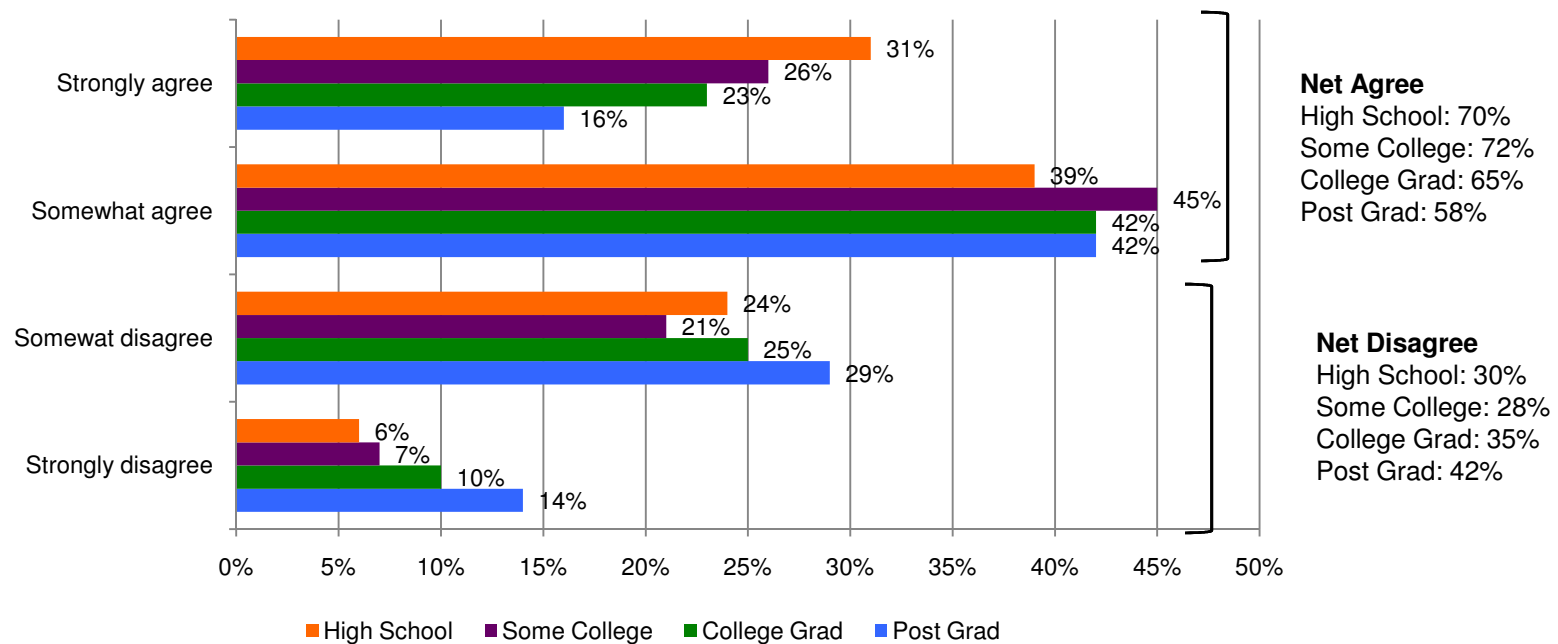


Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Motivators: Education

Most workers agree that they do not know as much as they should about retirement investing; however, workers with higher levels of education report higher levels of retirement knowledge.

Q931\_2. "I do not know as much as I should about retirement investing."  
Level of agreement.



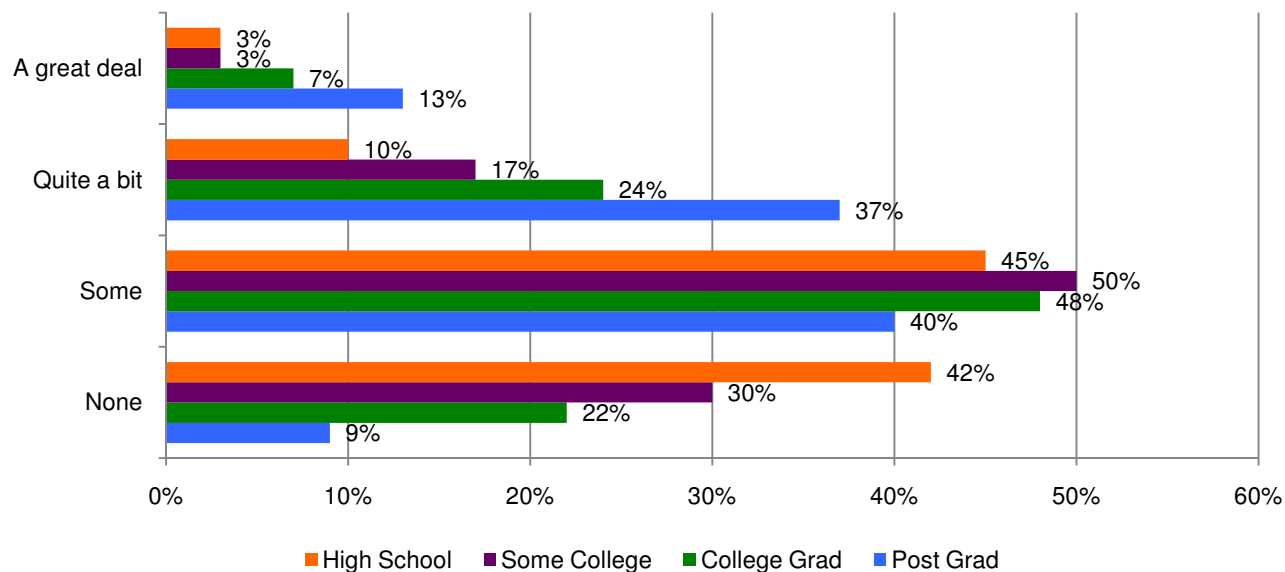
Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543



# Knowledge of Asset Allocation Principles

Few workers know “a great deal” regarding asset allocation principles as they relate to retirement investing. Workers with post graduate education are most likely to know “a great deal” (13 percent). Workers with only a high school diploma are mostly like to report “none” (42 percent).

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

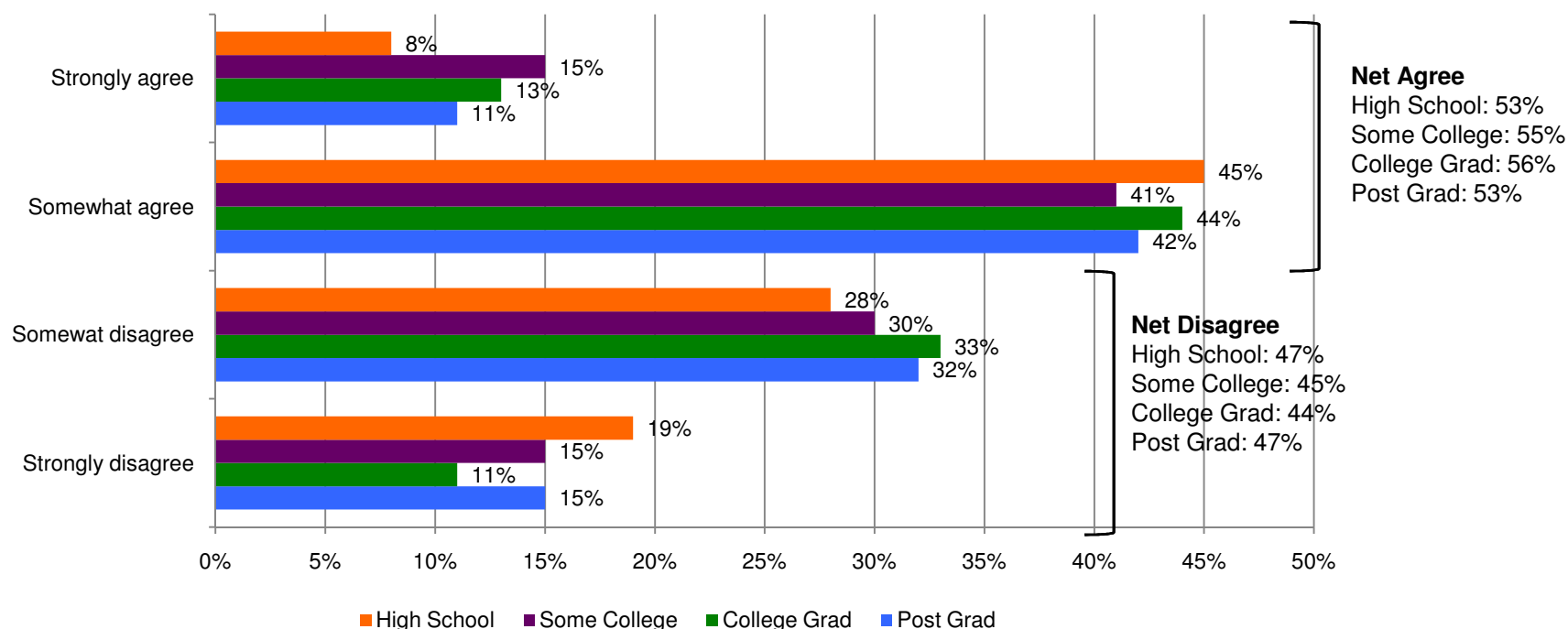


Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Employer-Based Education

Most workers would like to receive more information and advice from their employers on how to reach their retirement goals. College graduates were most likely to “strongly agree” (15 percent) while workers with only a high school education were most likely to “strongly disagree” (19 percent).

Q931\_6. “I would like to receive more information and advice from my company on how to reach my retirement goals.” Level of agreement.



Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Helpfulness of Employer-Based Education

The perceived helpfulness of employer-based retirement education increases with workers' level of education. More of the highly educated workers find the information helpful than those with only a high school diploma.

Q2036. How helpful do you find the following in assisting you to plan, save, and invest for retirement? Net Helpful	High School	Some College	College Grad	Post Grad
Information on the retirement plan provider's website	40%	55%	58%	63%
Brochures and information received in the mail and/or with statements from the retirement plan provider	37%	44%	50%	51%
Informative emails sent to my work and/or my personal address from the retirement plan provider	32%	38%	41%	44%
Informational seminars, meetings, and/or workshops by the retirement plan provider	27%	33%	37%	39%
Brochures and fliers received from my employer	29%	33%	36%	32%
Informational seminars, meetings, and/or workshops by my employer	23%	30%	32%	35%
Informative emails sent to my work and/or personal address from my employer	27%	29%	31%	34%
Information on my employer's website	23%	29%	29%	32%

Note: Educational materials with more than 30% of the subgroup are highlighted

Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Go-To Sources of Information

Workers' level of educational attainment also correlates with their reliance on available sources of information for retirement planning and investing. Workers with only a high school education most frequently rely on "family and friends" or "none" compared to those with a college degree who more frequently rely on a wider range of available resources. Over half of workers with post-graduate education rely on financial websites as a source.

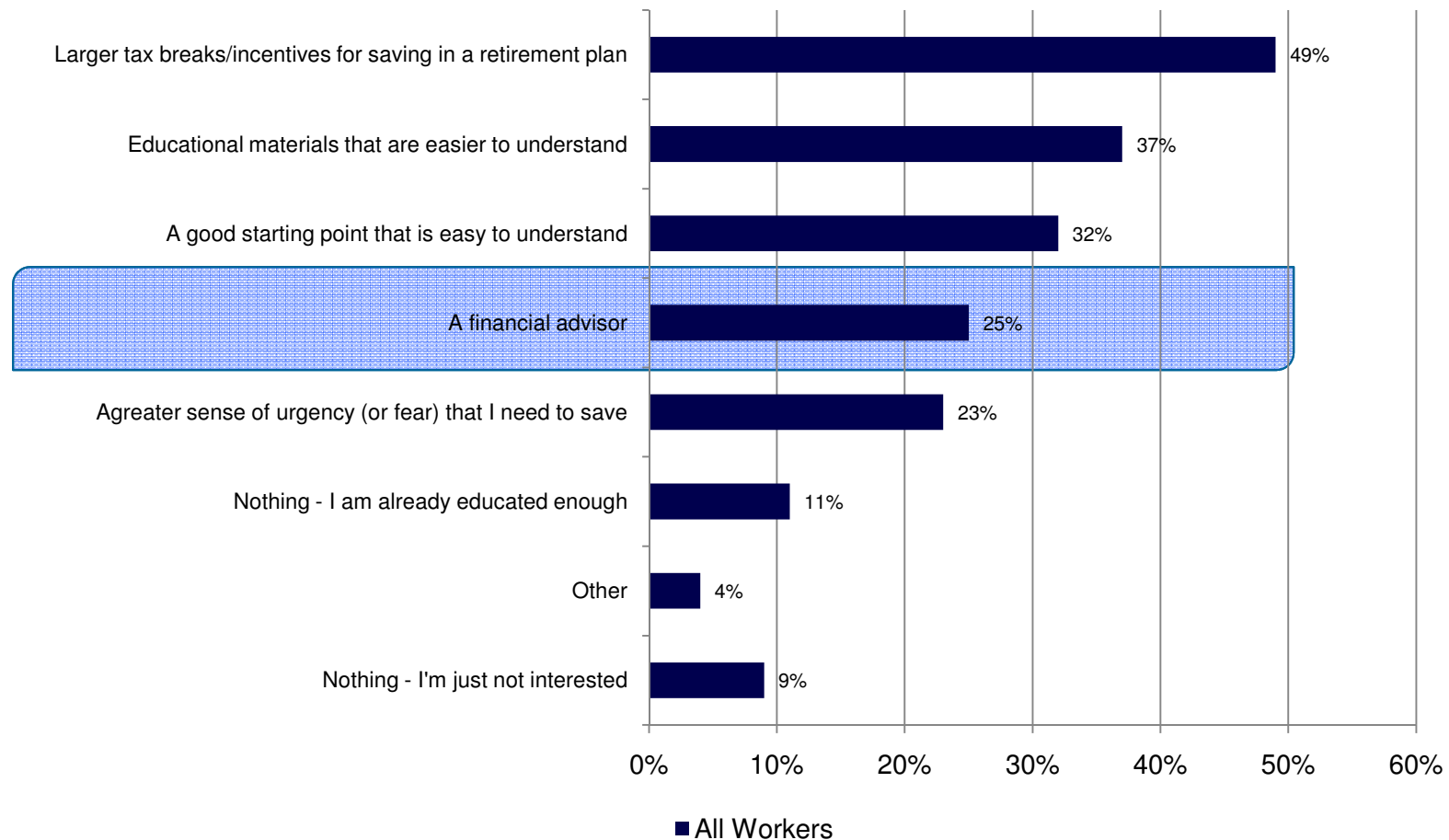
Q825. What sources of information do you rely on for retirement planning and investing? Select all that apply.	High School	Some College	College Grad	Post Grad
Financial Websites (Yahoo! Finance, Morningstar, Etc.)	18%	27%	42%	53%
Friends / Family	27%	25%	38%	31%
Financial Planner / Broker	21%	28%	33%	44%
Print newspapers and magazines	18%	22%	27%	42%
Retirement plan provider website	17%	25%	29%	37%
Plan provider printed material (i.e., brochures)	10%	17%	22%	25%
Retirement calculators	9%	14%	22%	26%
Financial-related television shows	11%	15%	17%	22%
Employer	13%	15%	13%	16%
Accountant	4%	9%	9%	16%
None	32%	19%	10%	6%

Note: Chart excludes de minimus responses (i.e., insurance agent, lawyer, other)  
 Note: Sources of information selected by more than 20% of the subgroup are highlighted

Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Motivators to Learn More: A Financial Advisor

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

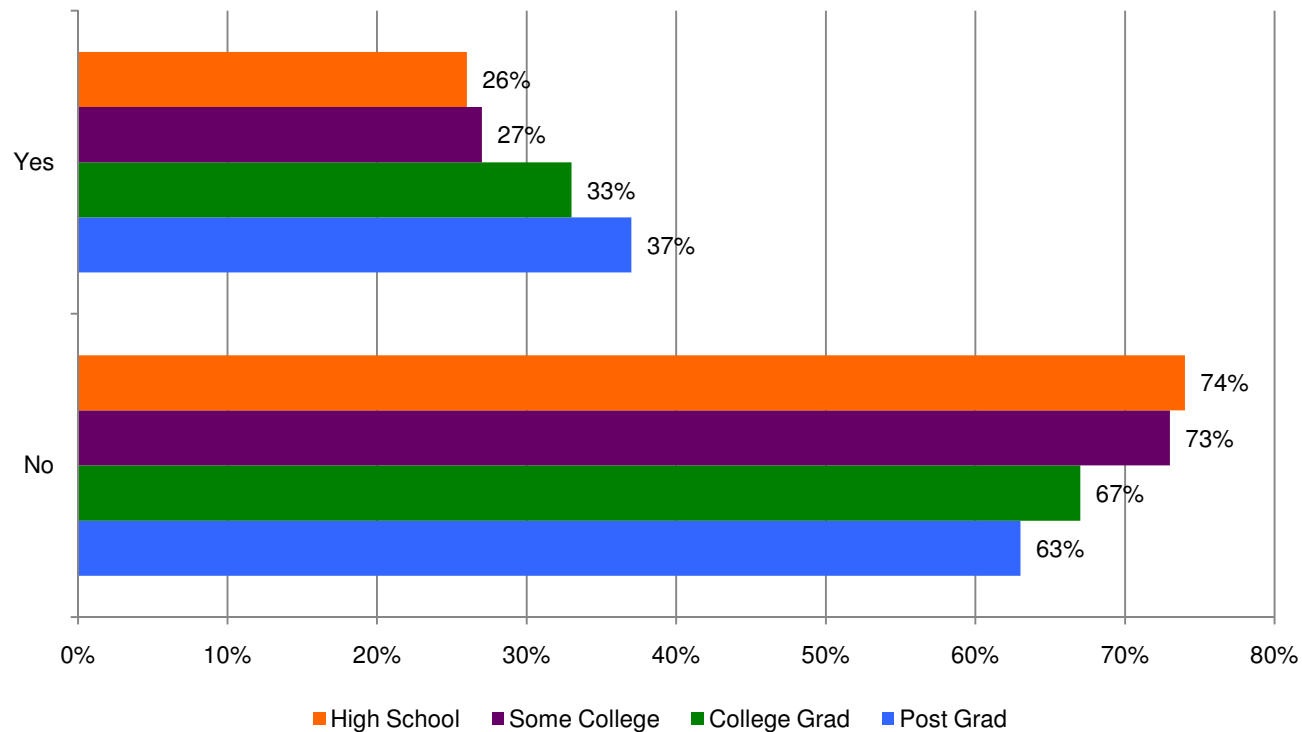


Weighted Base: All Qualified Respondents: 3598

# Financial Advisors

Financial advisors have an opportunity to play a greater role in helping more workers plan and save for retirement.

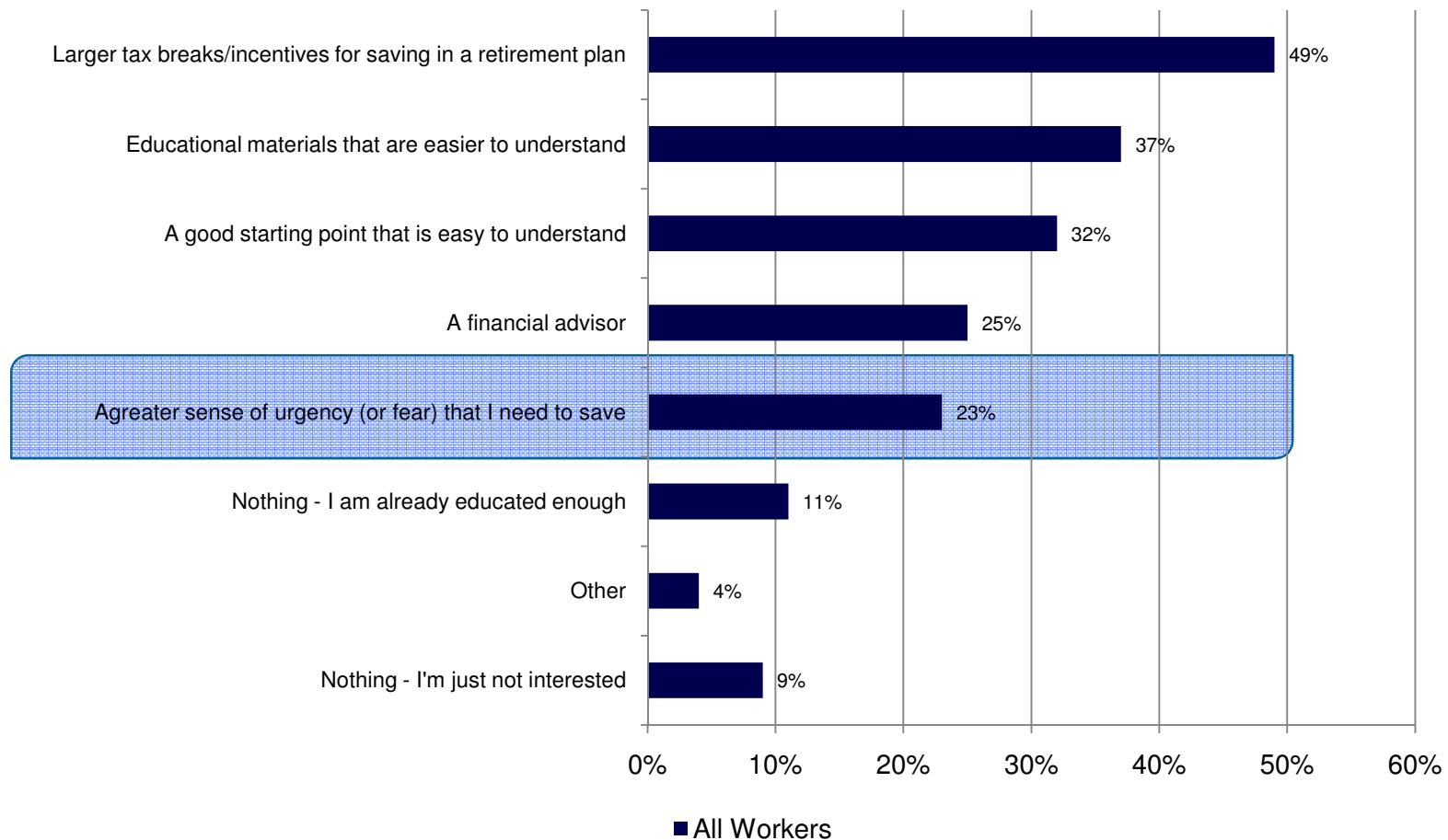
**Q860. Do you use a professional financial advisor to help manage your retirement savings or investments?**



Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543

# Motivators: A Greater Sense of Urgency

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

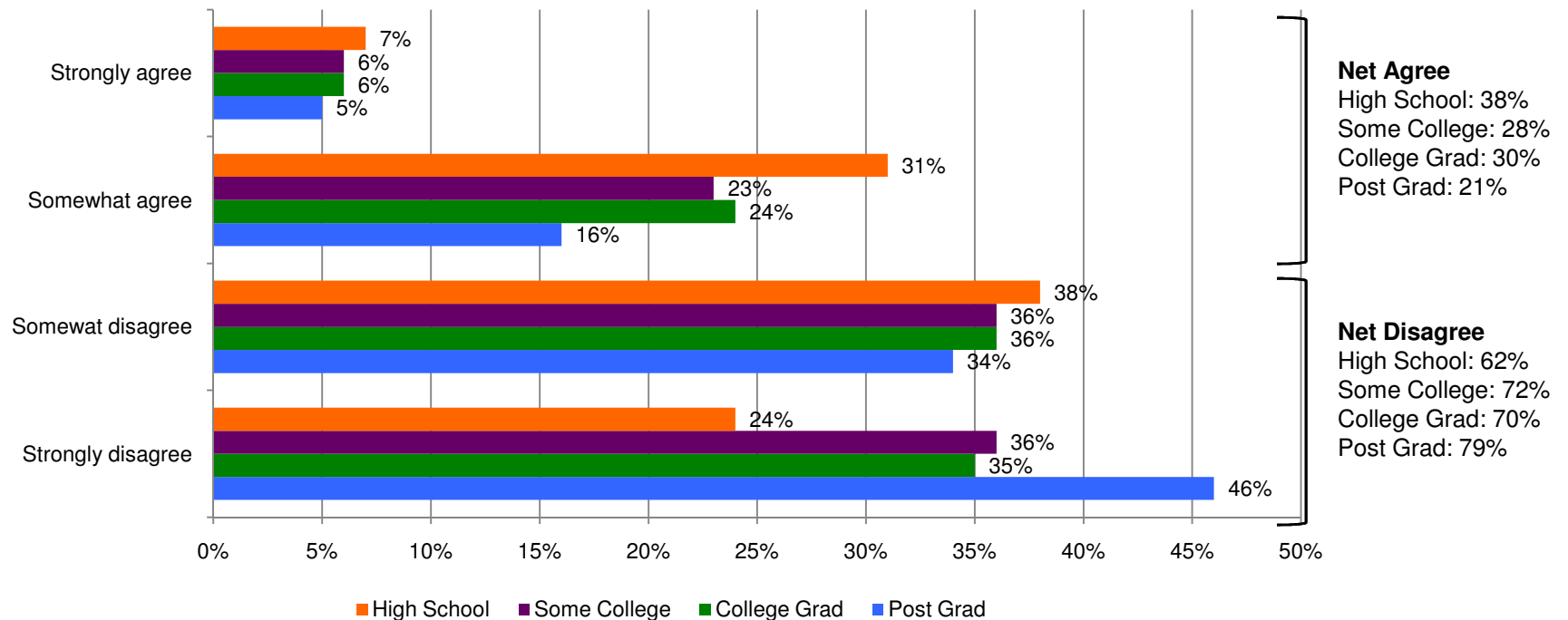


Weighted Base: All Qualified Respondents: 3598

# A Greater Sense of Urgency

While most workers disagree with the statement that they prefer not to think about retirement investing until they get closer to their retirement date, nearly four-in-ten workers (38 percent) with only a high school education agree that they would prefer to wait.

Q931\_4. "I prefer not to think about or concern myself with retirement investing until I get closer to my retirement date." Level of agreement.



Weighted Base: All Qualified Respondents: High School – 783; Some College - 1022; College Grad - 977; Post Grad - 543





# **Detailed Findings: Recommendations**

# Recommendations for Workers

*The 11<sup>th</sup> Annual Transamerica Retirement Survey* found opportunities for workers of all levels of education to improve their retirement outlook.

## **All Workers**

- Calculate a retirement savings goal
- Check and adjust current level of savings to increase chances of reaching goal
- For those planning to work beyond the traditional retirement age, develop contingency plans if unable to work

## **High School & Some College**

- Start saving now
- Tune in – learn about the need to plan and save for retirement
- Factor retirement benefits when evaluating job opportunities
- Consider pursuing and completing a higher education

## **College Degree & Post Graduate**

- Learn more about retirement investing
- Formulate and document a retirement savings strategy

# Recommendations for Educational Outreach

*The 11<sup>th</sup> Annual Transamerica Retirement Survey* found that the retirement services industry (including retirement plan providers, financial institutions, and professionals) as well as the media have an important opportunity to more fully engage workers of all levels of education.

- Offer a good starting point and educational materials that are easier to understand
- Create targeted campaigns for less educated workers who lack awareness of the need to save for retirement and who may also lack basic financial literacy skills
- Develop a method for workers to evaluate understanding and build a curriculum based on their current level of financial and retirement literacy
- Promote a dialogue among workers, family, and friends – to put saving for retirement at the forefront

# Recommendations for Policy Makers

*The 11<sup>th</sup> Annual Transamerica Retirement Survey* also highlights important public policy issues for legislators and regulators. Many workers are at risk of achieving a financially secure retirement and workers with lower levels of educational attainment are at greatest risk. Policy makers can help workers improve their retirement outlook by pursuing the following recommendations.

- Promote available tax incentives to increase awareness, including:
  - Saver's Credit
  - Catch-Up Contributions
- Pursue legislation to expand retirement plan coverage, especially among lower paid, less educated workers, including:
  - Additional incentives and safe harbors for qualified defined contribution plans
  - Increase appeal and expand use of multiple employer plans
  - Payroll-deducted automatic IRAs
- Incorporate financial literacy education, including retirement planning, into junior high and high school curriculums



**TRANSAMERICA CENTER**  
FOR RETIREMENT STUDIES®