

Baby Boomer Workers Are Revolutionizing Retirement:

Are They and Their Employers Ready?

15th Annual Transamerica Retirement Survey

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TRANSAMERICA CENTER
FOR RETIREMENT STUDIES®

Table of Contents

Introduction

About the Author	Page 3
About the Transamerica Center for Retirement Studies®	Page 4
About the Survey	Page 5
Methodology	Page 6
Terminology	Page 8

Baby Boomer Workers Are Revolutionizing Retirement: Are They and Their Employer Ready?

Key Highlights	Page 9
Detailed Findings	
— Baby Boomers Are Revolutionizing Retirement But Are Their Employers Ready?	Page 16
— The Current State of Retirement Un-Readiness Among Baby Boomer Workers	Page 23
— Six Ways Baby Boomer Workers Can Improve Their Retirement Outlook	Page 32
— Seven Ways Employers Can Help Baby Boomers Successfully Transition Into Retirement	Page 39

Appendix

Demographics: A Portrait of Three Generations of Workers	Page 48
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About the Author

Catherine Collinson serves as President of the Transamerica Institute® and Transamerica Center for Retirement Studies®, and is a retirement and market trends expert and champion for Americans who are at risk of not achieving a financially secure retirement. Catherine oversees all research and outreach initiatives, including the Annual Transamerica Retirement Survey.

With over 15 years of retirement services experience, Catherine has become a nationally recognized voice on retirement trends for the industry. She has testified before Congress on matters related to employer-sponsored retirement plans among small business, which featured the need to raise awareness of the Saver's Credit among those who would benefit most from the important tax credit. Catherine is regularly cited by top media outlets on retirement-related topics. Her expert commentary has appeared in major publications, including: The Wall Street Journal, U.S. News & World Report, USA Today, Money, The New York Times, The Huffington Post, Kiplinger's, CBS MoneyWatch, Los Angeles Times, Chicago Tribune, Employee Benefits News and HR Magazine. She has also appeared on PBS' "Nightly Business Report," NPR's "Marketplace" and CBS affiliates throughout the country. Catherine speaks at major industry conferences each year and also authors articles published in leading industry journals.

She is currently employed by Transamerica Retirement Solutions Corporation as Senior Vice President of Strategic Planning. Since joining the organization in 1995, she has been instrumental in identifying and evaluating short- and long-term strategic growth initiatives, developing business plans and building infrastructure to support the company's high-growth strategy.

About the Transamerica Center for Retirement Studies®

- The Transamerica Center for Retirement Studies® (TCRS) is a division of Transamerica Institute® (The Institute), a nonprofit, private foundation. TCRS is dedicated to educating the public on emerging trends surrounding retirement security in the United States. Its research emphasizes employer-sponsored retirement plans, including companies and their employees, unemployed and underemployed workers, and the implications of legislative and regulatory changes. For more information about TCRS, please refer to www.transamericacenter.org.
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- Although care has been taken in preparing this material and presenting it accurately, TCRS 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 1998, 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. It has grown to be one of the longest running and largest national surveys of its kind.
- Harris Poll conducted the 15th Annual Retirement Survey on behalf of Transamerica Center for Retirement Studies. Transamerica Center for Retirement Studies is not affiliated with Harris Poll.
- On February 3, 2014, Nielsen acquired Harris Interactive and Harris Poll. Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence and mobile measurement. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands. For more information, visit www.nielsen.com.

Methodology: Employer Survey

- A 21-minute telephone survey was conducted between July 31 and September 17, 2014 among a nationally representative sample of 751 employers by Harris Poll for Transamerica Center for Retirement Studies. Respondents were targeted based on job title at for-profit companies and met the following criteria:
 - Business executives who make decisions about employee benefits at his or her company.
 - Employ 10 employees or more across all locations.
- Quotas were set for small and large companies. The results were weighted as needed on employee size using weighting targets from the Dun & Bradstreet database to ensure each quota group had a representative sample based on the number of 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.
- The base size was 450 for small companies (10-499 employees) and 301 for large companies (500+ employees). Other reduced bases have been noted throughout the report.

Methodology: Worker Survey

- A 22-minute, online survey was conducted between February 21 and March 17, 2014 among a nationally representative sample of 4,143 workers by Harris Poll for Transamerica Center for Retirement Studies. Respondents met the following criteria:
 - U.S. residents, age 18 or older.
 - Full-time 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.
- This report focuses on full-time and part-time workers combined.
- The base included 1,021 Millennials, 1,120 Generation X, 1,805 Baby Boomers, and 197 who were born prior to 1946.

Terminology

This report uses the following terminology:

Employer/Company Size

<i>All Employers:</i>	10 or more employees
<i>Micro:</i>	10 to 99 employees
<i>Small Non-Micro:</i>	100 to 499 employees
<i>Large:</i>	500 or more employees

Generation

<i>Millennial:</i>	Born 1979 – 1996
<i>Generation X:</i>	Born 1965 – 1978
<i>Baby Boomer:</i>	Born 1946 – 1964

All Workers

Refers to all workers aged 18 and older

Key Highlights

Baby Boomers (born between 1946 and 1964) were born to be wild and their retirement promises to be even wilder. The *15th Annual Transamerica Retirement Survey* assesses the expectations and outlook of Baby Boomer workers and finds them trailblazing a new model for retirement that is a radical departure from previous generations. Gone are the days of the so-called gold watch retirement that was ushered in with an office party followed by a life of full-time leisure and, ironically, never having to set the alarm clock or check the time again.

Baby Boomer workers are extending their working lives past age 65 and seeking a more flexible, phased transition into retirement. Whether or not Baby Boomers will be successful depends on how well they can prepare themselves and requires their employers' adopting new business practices to accommodate their vision. The ultimate objective of this report is to raise awareness of the issues and opportunities in order to inspire positive change.

Baby Boomers Are Revolutionizing Retirement – But Are Their Employers Ready?

Baby Boomers are overturning long-standing assumptions about working until age 65, calling for dramatic changes in current employment practices, and proving that retirement and working are not mutually exclusive. The crux of their vision is born out of today's realities including the prolonged recovery from the Great Recession and retirement savings shortfalls as well as the extraordinary gifts of increased longevity, active living, healthy aging, and opportunities to stay engaged and involved.

Sixty-five percent of Baby Boomer workers plan to work past age 65 or do not plan to retire. More than half (52 percent) plan to continue working after they retire. Given the current level of inadequate savings, it is not surprising that 62 percent of the Baby Boomer workers who plan to work in retirement and/or past age 65 indicate that their main reason is income or health benefits. What is encouraging and surprising is that one-third (34 percent) plan to continue working for enjoyment, including 18 percent who want to stay involved and 16 percent who enjoy what they do.

For most Baby Boomer workers, retirement is no longer a point in time in which one immediately stops working. Sixty-eight percent of Baby Boomer workers envision a phased transition into retirement during which they will either continue working, reduce hours with more leisure time to enjoy life, or work in a different capacity that is less demanding and/or brings greater personal satisfaction. Only 21 percent expect to immediately stop working when they retire, and 12 percent are “not sure.”

Their new vision for retirement resolves most of their current issues and challenges. There's just one catch: their employers' willingness to accommodate this new vision, which requires changing their views and business practices about retirement.

Key Highlights

Baby Boomer Workers Are Revolutionizing Retirement – But Are Their Employers Ready? (continued)

Fears are rampant in today's society about ageism given that so many Baby Boomers and even younger workers are planning to work past age 65 and delay retirement. In an attempt to understand potential negative biases about older workers, our survey bravely asked employers about their perceptions of workers age 50 and older. (Note: Age 50 and over was chosen as our benchmark because it coincides with AARP membership eligibility.)

Overall, our survey found that the majority of employers share positive perceptions of their older workers with 87 percent saying that they are “a valuable resource for training and mentoring” and 86 percent identifying them as “an important source of institutional knowledge.” Many employers do feel they have higher healthcare costs (57 percent), but only 28 percent cite higher disability costs. In terms of productivity, a scant four percent of employers believe that older workers are less productive than their younger counterparts.

Eighty-eight percent of employers agree that they are supportive of their employees working past age 65 and delaying retirement, including 49 percent that “strongly agree” and 39 percent that “somewhat agree.” In contrast, Baby Boomer workers are less likely to believe that their employers are supportive: Only 73 percent agree that their employers are supportive with only 25 percent who “strongly agree” and 48 percent who “somewhat agree.” By addressing this disconnect and sharing their views, employers may help diffuse any anxieties older workers may have about remaining employed as they age.

Baby Boomer workers' vision of a flexible, phased transition to retirement cannot be accomplished without employers having programs and employment practices in place to facilitate it. In this regard, the survey uncovered a major disconnect between Baby Boomer workers' expectations and employers' realities: Only 48 percent of employers have practices in place to enable shifting from full-time to part-time and even fewer (37 percent) allow taking on new positions that are less stressful or demanding. Moreover, the disconnect is amplified by even fewer Baby Boomer workers believing that their employers have such practices in place: for example, only 21 percent believe their employer will enable them to shift from full-time to part-time.

The Current State of Retirement Un-Readiness Among Baby Boomer Workers

Many Baby Boomer workers (62 percent) are confident that they will be able to someday fully retire with a comfortable lifestyle; however, among them only 13 percent are “very confident.” Fifty-one percent agree that they are building a large enough retirement nest egg, but only 13 percent “strongly agree.” A sobering 41 percent of Baby Boomer workers expect their standard of living to a decrease when they retire.

Key Highlights

The Current State of Retirement Un-Readiness Among Baby Boomer Workers (continued)

Seventy-one percent of Baby Boomer workers have access to a 401(k) or similar plan offered by their employer, including 78 percent who are working full-time and 42 percent part-time. These findings are corroborated by findings from the employer component of the 15th Annual Transamerica Retirement Survey in which 79 percent of employers offer a 401(k) or similar plan to their employees but, among them, only 49 percent extend eligibility to part-time workers. Encouraging employers to extend coverage to their part-time employees is a tremendous opportunity because so many Baby Boomers envision switching from full-time to part-time as they transition to retirement and need to keep saving.

Eighty-one percent of Baby Boomer workers who are offered a 401(k) or similar plan participate in that plan. Among those who are participating, the annual percentage of their salaries saved is 10 percent (median).

“Leakage” from retirement plans in the form of loans and withdrawals can severely inhibit the growth of participants’ long-term retirement savings. Among Baby Boomer workers who are currently participating in a plan, 23 percent have taken some form of loan and/or early withdrawal from a 401(k) or similar plan, including 16 percent who have taken a loan and nine percent who have taken an early withdrawal (e.g., took a loan and didn’t repay it, cashed out when changing jobs, hardship withdrawal).

Sixty-four percent of Baby Boomer workers are saving for retirement outside of work. Among those who are saving, savings accounts are the most frequently cited vehicle (66 percent), followed by IRAs (51 percent), stocks (35 percent), primary residence (33 percent), mutual funds (33 percent), and life insurance policies (31 percent). Fewer than one in five (18 percent) are investing in an annuity which is a type of investment that could offer guaranteed income in retirement.

Despite the confidence-shaking events during the economic turbulence in recent years, household retirement savings increased from 2007 to 2014. However, in many instances, this growth in savings is still inadequate to fully fund an individual’s or family’s retirement income needs. Baby Boomers have saved \$127,000 (estimated median) in household retirement accounts compared to \$75,000 in 2007.

Many Baby Boomer workers (46 percent) expect their primary source of income in retirement to be self-funded through retirement accounts or other savings and investments, including 34 percent who expect to rely on 401(k), 403(b), or IRAs and 12 percent to rely on other savings and investments. More than one-third (36 percent) of workers expect to rely on Social Security as their primary source of income when they retire. Just 12 percent expect to rely on company-funded pension benefits.

Key Highlights

Six Ways Baby Boomer Workers Can Improve Their Retirement Outlook

Baby Boomer workers are revolutionizing retirement but they also need to take practical steps in terms of planning and saving in order to improve their long-term financial outlook and achieve retirement readiness. The survey identified these six steps:

1. **Take proactive steps to remain employed.** Expectations of working past age 65 require that Baby Boomer workers remain employable. The survey asked Baby Boomer workers what steps they are taking to help ensure they can continue working. Most are staying healthy (65 percent), 54 percent are focused on performing well at their current job, and 41 percent are keeping job skills up-to-date. However, responses were much lower for networking (16 percent), scoping out the employment market (14 percent), and going back to school (5 percent). A further analysis of these responses found that 92 percent are taking at least one of the six proactive steps identified; however, only 1 percent are pursuing all six steps.
2. **Calculate retirement savings and income needs.** Baby Boomer workers estimate that they need to save \$800,000 (median) to feel financially secure in retirement. Forty-seven percent believe that they need to save \$1 million or more. However, for many, the basis of their estimated retirement savings needs are suspect: almost half (48 percent) guessed their retirement savings needs. Just 11 percent have used a retirement calculator or completed a worksheet and only five percent say the amount was given to them by a financial advisor.
3. **Develop a written strategy for retirement.** One of the most important secrets to retirement readiness is having a well-defined strategy. Only 14 percent of Baby Boomer workers have a written plan. A strategy should consider a broad range of factors including on-going living expenses, savings and income needs, government benefits, healthcare costs, investment returns, inflation, tax planning, long-term care, estate planning, and contingency plans for savings shortfalls.
4. **Consider seeking guidance from a professional advisor.** Planning for retirement can be very complicated and carry profound financial consequences. Only 40 percent of Baby Boomer workers who are saving and investing for retirement use a professional financial advisor to help them manage their investments.
5. **Open up a frank dialogue with family.** Only nine percent of Baby Boomer workers frequently discuss saving, investing and planning for retirement with family and friends. Among Baby Boomer workers who are married, only 40 percent say they are “very familiar” with their spouse’s savings. Now is the time to have candid conversations to set expectations regarding plans, preparations, and potential need to receive or provide financial support to any loved ones.
6. **Create a “Plan B.”** Delaying retirement and/or continuing to work in retirement is an effective way to continue generating income, bridge savings shortfalls, and stay active and involved. However, for some this may not be possible when the time comes. Only 26 percent of Baby Boomer workers have a backup plan for retirement income if forced into retirement sooner than expected.

Key Highlights

Seven Ways Employers Can Help Baby Boomers Successfully Transition to Retirement

Baby Boomers are creating a new model for retirement that ultimately depends on employers updating their business practices to accommodate longer working lives and their employees' desire for a flexible, phased retirement. Employers can also do much more to help their employees financially prepare for retirement while maximizing the value and effectiveness of their retirement benefits.

The survey identified seven ways employers can help their pre-retirees successfully prepare and transition into retirement (with the help of their business advisors and retirement plan providers):

- 1. Facilitate a flexible and phased transition into retirement.** Employers can do much more to accommodate older workers who want to transition into retirement – and by doing so they can help optimize their own workforce management efforts, improve succession and continuity planning, provide employees with valuable training and mentoring, and enable Baby Boomers greater flexibility to retire on their own terms. Only 48 percent enable employees to reduce work hours and shift from full-time to part-time and even fewer enable employees to take positions that are less stressful or demanding (37 percent).
- 2. Assess effectiveness of retirement plan's education offerings.** Among employers that offer a 401(k) or similar plan to their employees, most provide retirement-planning educational offerings through their retirement plan provider(s). These resources range from online tools and calculators to professional investment advice and even informational seminars, meetings, webinars, and workshops. However, these tools are not found to be as useful as plan sponsors may expect. For example, only 60 percent of Baby Boomers find the online tools and calculators to be helpful.
- 3. Offer assistance for workers' financial transition to retirement.** Pre-retirees face a myriad of complex financial decisions regarding when and how they financially transition into retirement. Plan sponsors of 401(k) or similar plans have a tremendous opportunity to work with their retirement plan advisors and providers to offer transition-oriented resources and tools. The majority of plan sponsors provide planning materials and information about distribution options (i.e., a legal requirement); however, fewer than half offer financial counseling, pre-retirement seminars, or an annuity as a payout option as part of their plan. Plan sponsors can also assist by extending plan eligibility for part-time workers so pre-retirees who are transitioning into retirement have the opportunity to continue saving.

Key Highlights

Seven Ways Employers Can Help Baby Boomers Successfully Transition to Retirement (continued)

4. **Provide education about Social Security and Medicare benefits.** A strong knowledge of government benefits is especially important for pre-retirees. Decisions about these benefits can have life-long impacts and it is important for pre-retirees to make educate choices. Only 17 percent of Baby Boomers know “a great deal” about their Social Security benefits and only 13 percent about their Medicare benefits. Employers can help by offering information about these government benefits. Just 27 percent of employers currently provide information about Social Security and 29 percent about Medicare.
5. **Offer workplace benefits that can help serve as a backup plan or “Plan B.”** Most workers value health and welfare benefits that can help serve as an important safety net in the event of catastrophic circumstances, yet comparatively few employers offer them. For example, 82 percent of Baby Boomer workers value disability insurance but only 57 percent indicate that they are offered it through their employer– thereby leaving a gap of 25 percent points. Similar gaps apply to long-term care, critical illness, and cancer insurance all of which are valued by Baby Boomer workers but relatively few are offered them.
6. **Promote the Saver’s Credit and Catch-Up Contributions.** Employers can also encourage their employees to save for retirement by promoting two meaningful tax incentives: the Saver’s Credit, a tax credit for low- to moderate-income workers who save for retirement in a qualified retirement plan or IRA; and Catch-Up Contributions, which allow workers age 50 and older to contribute to a qualified plan an additional amount over and above the plan- or IRA-contribution limit. Only 23 percent of Baby Boomer workers are aware of the Saver’s Credit and only 64 percent are aware of Catch-Up.
7. **Foster an age-friendly work environment.** With so many Baby Boomers planning to work past age 65 and potential anxieties about age discrimination, employers have an opportunity to foster an age-friendly work environment for their employees of all ages. One way employers can communicate their commitment to diversity, including age and other demographic factors, is to adopt a diversity and inclusion policy statement that they widely communicate with employees and other interested parties. About half (48 percent) of employers say they have adopted a diversity and inclusion policy statement.

Key Highlights

Final Thoughts

Baby Boomers are once again breaking all the rules, challenging convention, and blazing a new trail for future generations to follow. They are revolutionizing retirement.

As our research illustrates, Baby Boomer workers are envisioning a new model for retirement but much of their success depends on employers' updating employment practices, rethinking workforce management, and enhancing benefits offerings. Baby Boomers' success also depends on their taking greater levels of personal responsibility in planning, saving, and preparing for retirement. The recommendations set forth in this report are intended to be implementable and well within reach.

On a final note, our discussion would not be complete without highlighting that there are vast and far-reaching public policy implications to be addressed ranging from Social Security, tax policy, and employment laws to the need for job training and small business programs.

Working together, policymakers, industry, employers, and individuals can remove obstacles and lay the required groundwork to fully realize the new retirement.

Catherine Collinson

President, Transamerica Institute® and Transamerica Center for Retirement Studies®

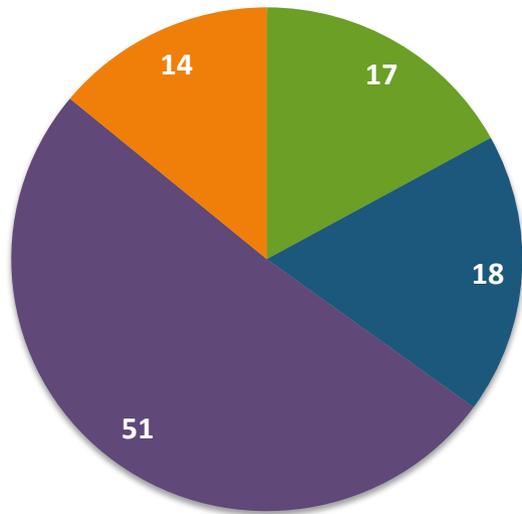
***Baby Boomer Workers Are Revolutionizing Retirement
But Are Their Employers Ready?***

Baby Boomers Expect to Retire Past 65 and Keep on Working

Baby Boomers are revolutionizing retirement by challenging long-standing assumptions about the traditional retirement age of 65 and upheaving current employment practices that consider retirement as a point in time when an older employee immediately stops working thereby abruptly ending their working life altogether. Sixty-five percent of Baby Boomer workers plan to work past age 65 or do not plan to retire. More than half (52 percent) plan to continue working after they retire. They are proving that retirement and working are not mutually exclusive.

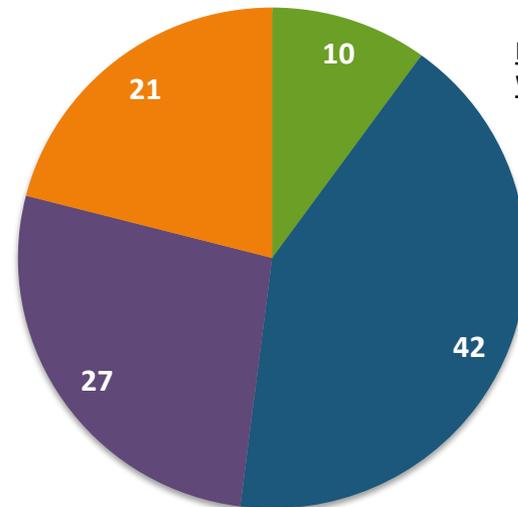
At what age do you expect to retire? (%)

NET – After Age 65 or Do Not Plan to Retire: 65%



Do you plan to work after you retire? (%)

NET – Plan to Work: 52%

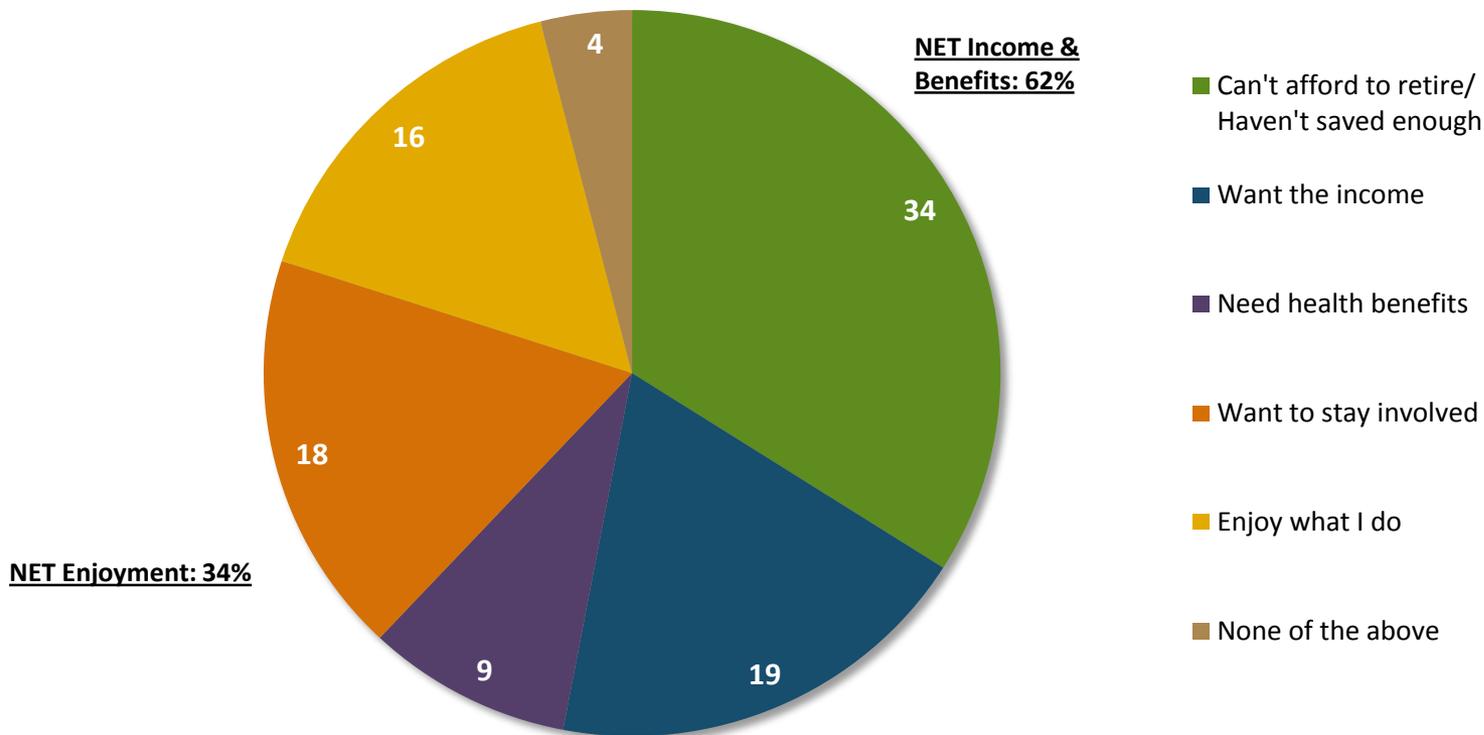


■ Before Age 65
 ■ At Age 65
 ■ After Age 65
 ■ Do Not Plan to Retire
 ■ Yes, Full-Time
 ■ Yes, Part-Time
 ■ No, Do Not Plan to Work
 ■ Not Sure

Baby Boomers' Reasons for Working Are Need and Enjoyment

Sixty-two percent of the Baby Boomer workers who plan to work in retirement and/or past age 65 indicate that their main reason is income or health benefits. One-third (34 percent) plan to continue working for enjoyment, including 18 percent who want to stay involved and 16 percent who enjoy what they do.

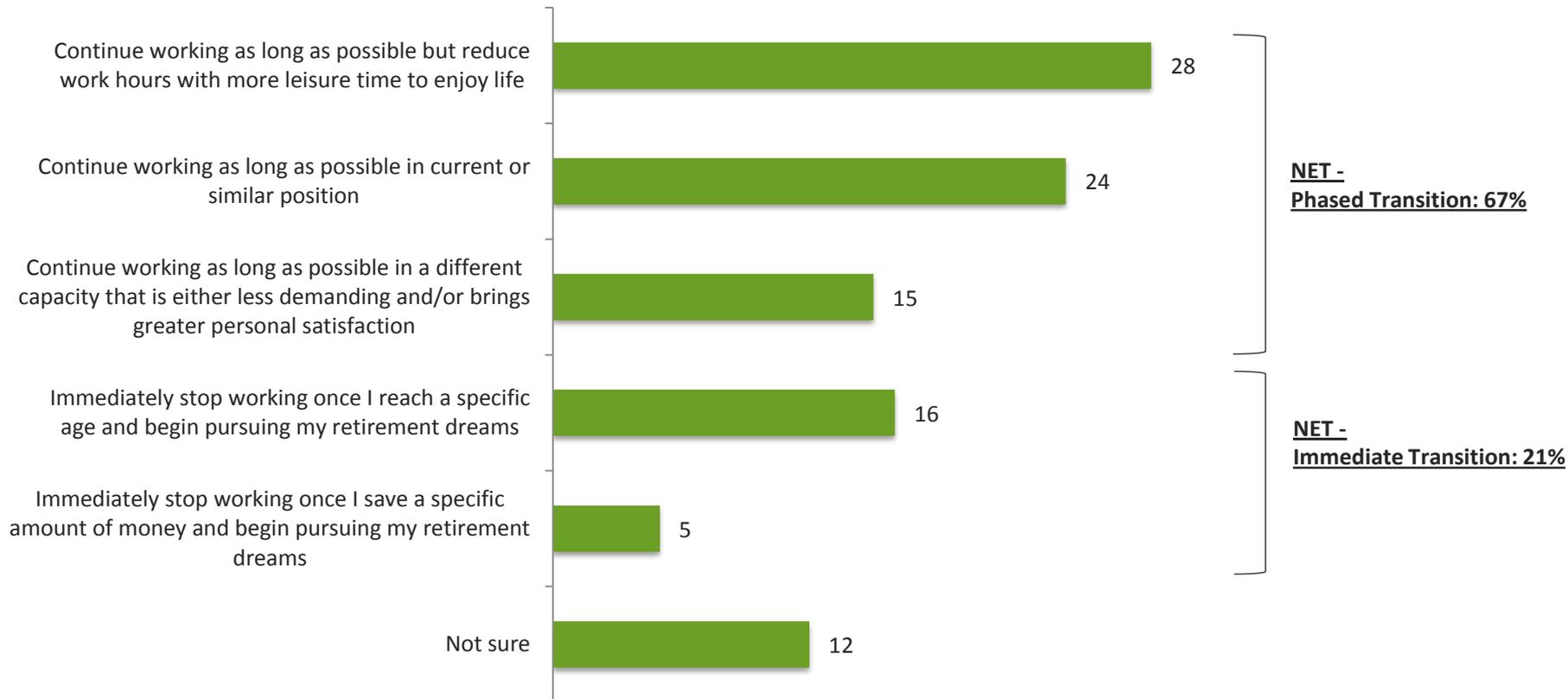
Main Reason for Working Past Age 65 and/or After Retirement (%)



Most Baby Boomer Workers Envision a Phased Retirement

Sixty-seven percent of Baby Boomer workers envision a phased transition into retirement during which they will continue working, reduce hours with more leisure time to enjoy life, or work in a different capacity that is less demanding and/or brings greater personal satisfaction. Only 21 percent expect to immediately stop working when they retire, and 12 percent are “not sure.”

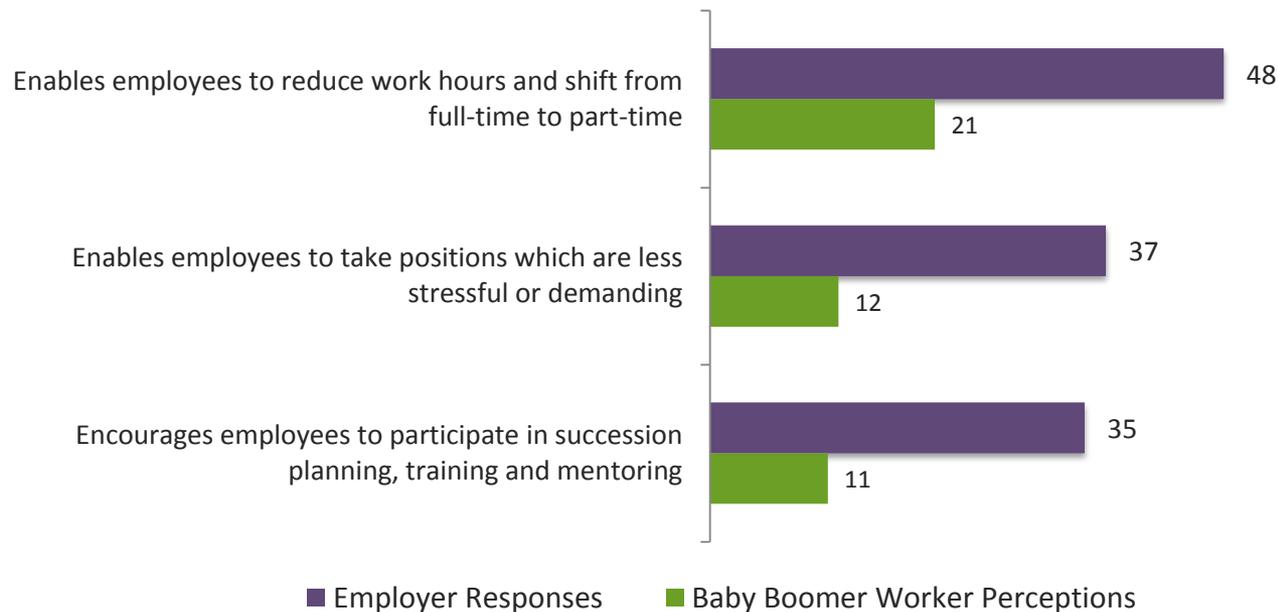
How do you envision transitioning into retirement? (%)



Phased Retirement Versus Reality: A Double Disconnect

Baby Boomer workers' vision of a phased retirement depends on their employers having programs and employment practices in place to facilitate it. The survey found a major two-fold disconnect: First, fewer than half of employers have practices in place such as enabling workers to shift from full-time to part-time (48 percent), or take on positions that are less stressful or demanding (37 percent); and, second, even fewer Baby Boomer workers believe their employers have such practices (only 21 percent believe their employer will enable them to shift from full-time to part-time). Thirty-five percent of employers encourage workers to participate in succession planning, training, and mentoring, but only 11 percent of Baby Boomers workers believe this to be the case.

Which of the following, if any, does your employer/company have in place to help employees who are transitioning into retirement? (%)



EMPLOYER BASE: ALL QUALIFIED RESPONDENTS

Q3615. Which of the following work-related programs, if any, does your company have in place to help workers age 50 and older transition into retirement?

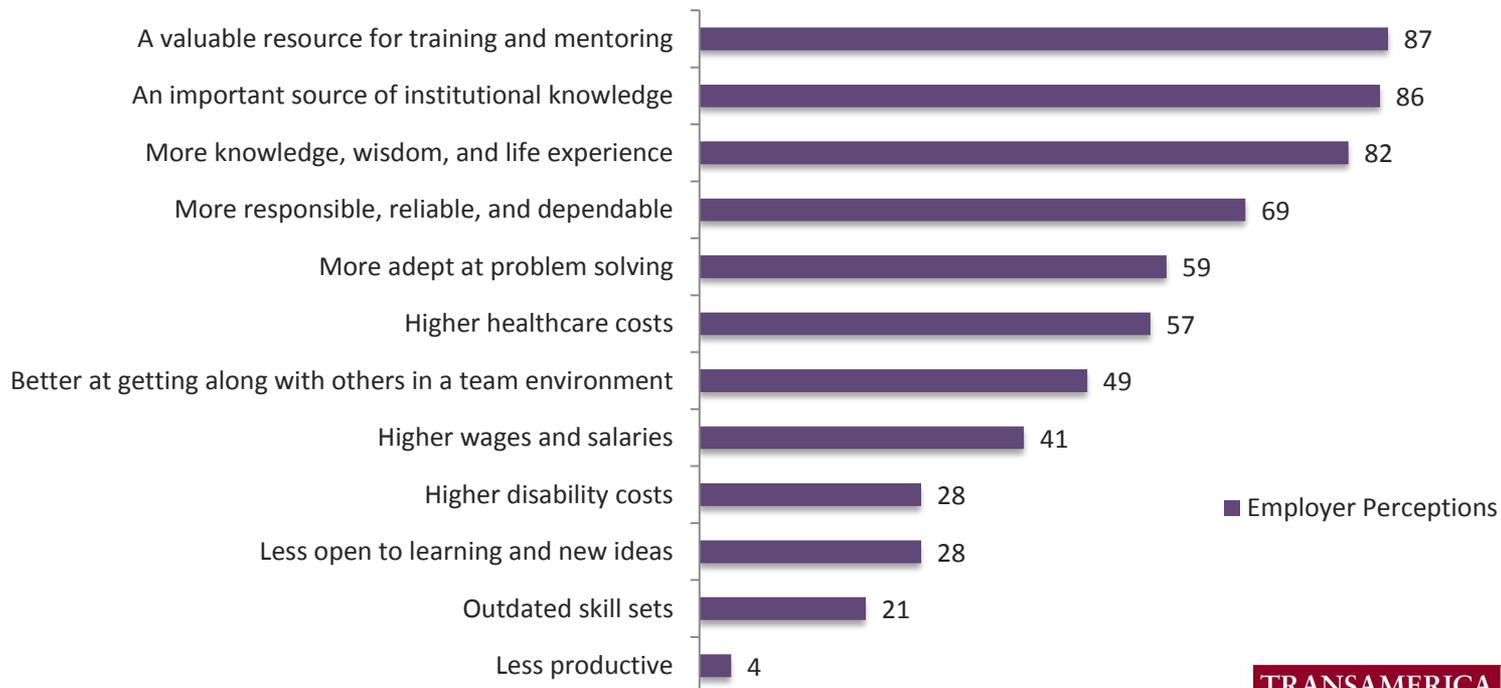
BABY BOOMER WORKERS BASE: ALL QUALIFIED RESPONDENTS

Q1533. In which of the following ways, if any, does your current employer help its employees who are transitioning into retirement? Select all that apply.

How Do Employers Perceive Their “Older” Workers?

Fears about age-ism are common in today’s society especially with so many workers planning to work past age 65 and delay retirement. Our survey asked employers about their perceptions of “older” workers age 50 and over to bring clarity and attempt to quantify their beliefs. Overall, most employers have very positive impressions with 87 percent saying that their older workers are “a valuable resource for training and mentoring” and 86 percent identifying them as “an important source of institutional knowledge.” Many (57 percent) feel they have higher healthcare costs, but only 28 percent cite higher disability costs. Notably, only four percent believe older workers are less productive. (Note: Age 50 and over was chosen as our benchmark because it coincides with AARP membership eligibility.)

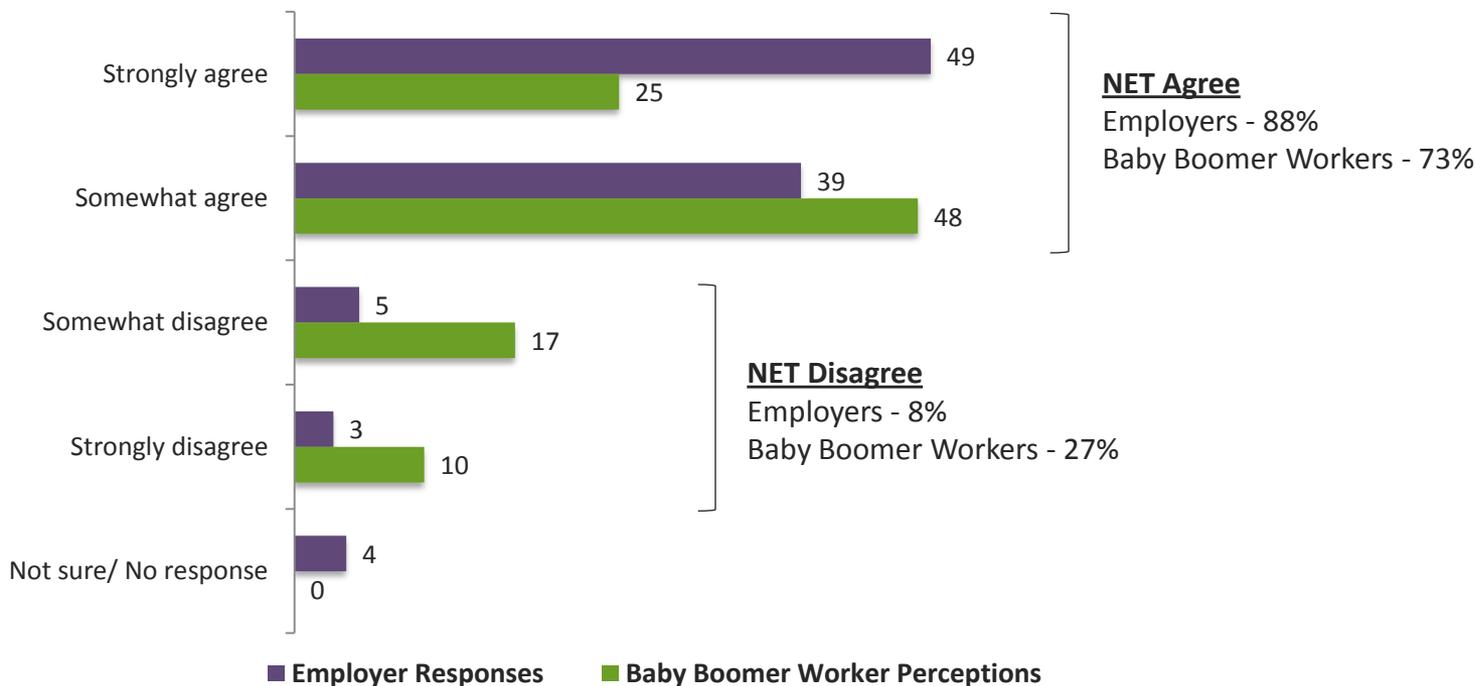
What are your company’s perceptions of workers age 50 and older compared to younger workers in today’s workforce? (%)



Are Employers Supportive of Their Employees Working Past 65?

Eighty-eight percent of employers agree that they are supportive of their employees working past age 65 and delaying retirement, including 49 percent who “strongly agree” and 39 percent who “somewhat agree.” On the other hand, Baby Boomer workers are less likely to believe that their employers are indeed supportive. Only 73 percent of Baby Boomer workers agree that their employers are supportive with only 25 percent who “strongly agree” and 48 percent who “somewhat agree.” This represents a disconnect between employers’ beliefs and workers’ perceptions. Employers’ sharing their views may afford workers greater confidence in their ability to remain employed as they age.

“My company/employer is supportive of its employees working past 65 and delaying retirement.” Agree (%)



EMPLOYER BASE: ALL QUALIFIED RESPONDENTS

Q3620. State your level of agreement for the following: My company is supportive of its employees working past 65 and delaying retirement.

BABY BOOMER WORKERS BASE: ALL QUALIFIED RESPONDENTS

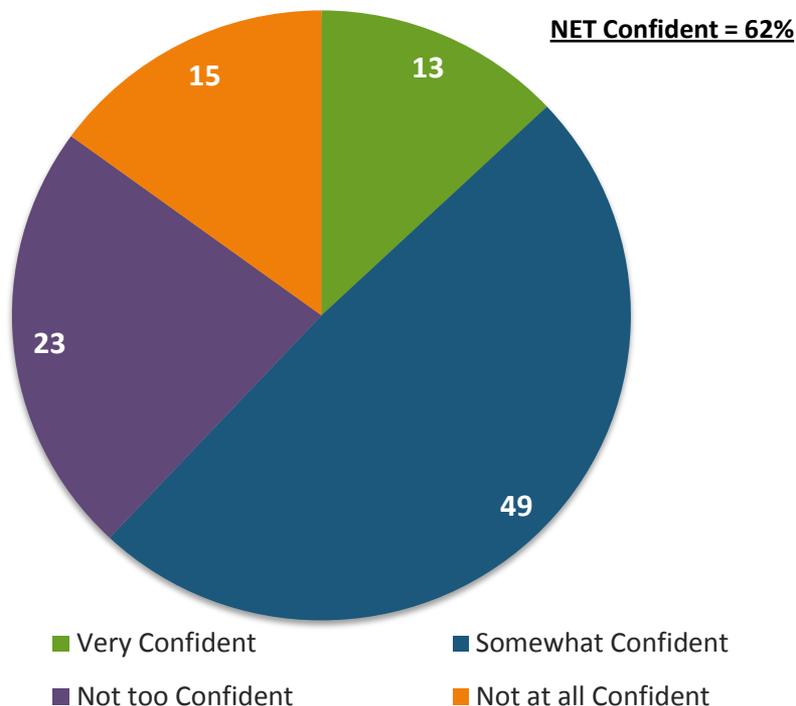
Q1532. How much do you agree or disagree with the following statement: My current employer is supportive of its employees working past 65 in order to delay retirement.

***The Current State of Retirement Un-Readiness Among
Baby Boomer Workers***

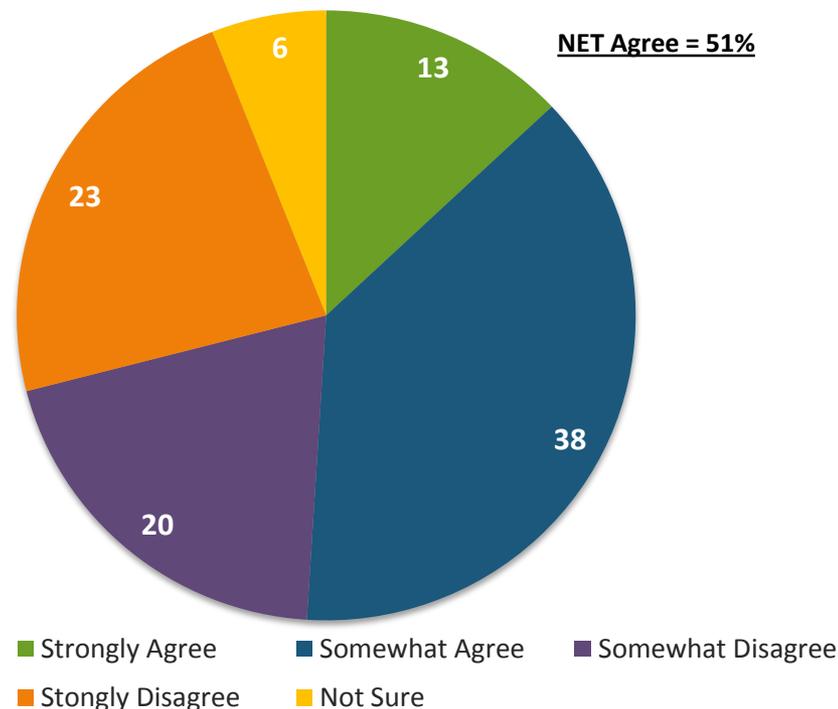
Many Are Confident But Few Are “Very” Confident

Sixty-two percent of Baby Boomer workers are confident that they will be able to someday fully retire with a comfortable lifestyle; however, among them, only 13 percent are “very confident.” Fifty-one percent agree that they are building a large enough retirement nest egg; however, among them, only 13 percent “strongly agree.”

How confident are you that you will be able to fully retire with a comfortable lifestyle? (%)



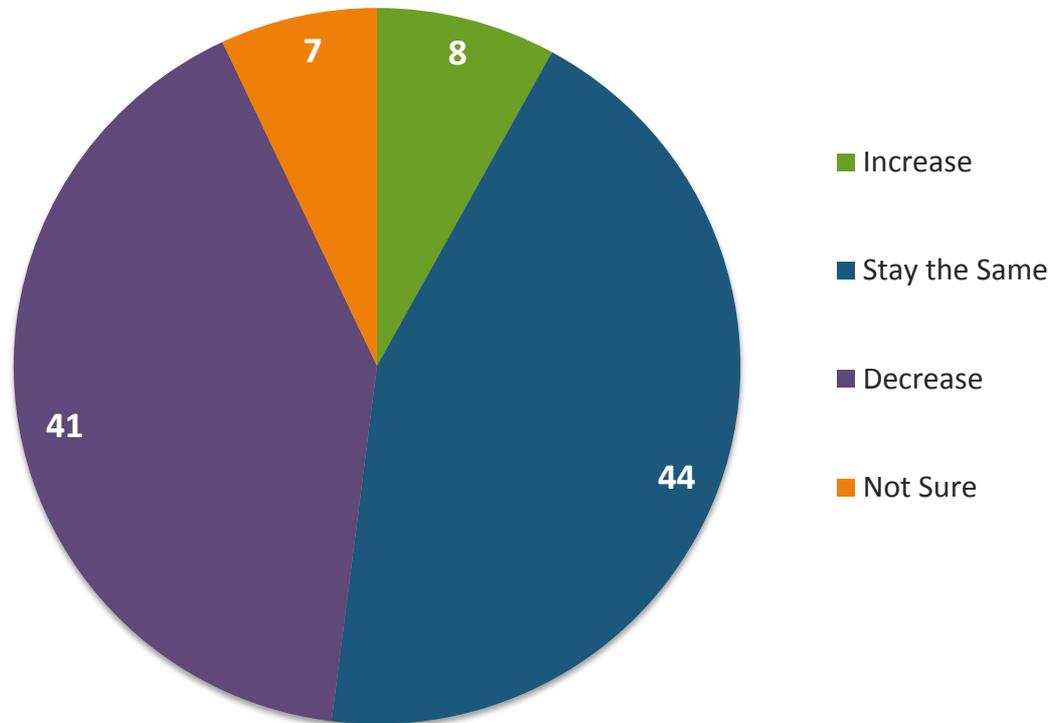
Are you currently building a large enough retirement nest egg? (%)



Baby Boomers' Retirement Lifestyle Expectations

Many Baby Boomer workers expect their standard of living to stay the same (44 percent) when they retire. Eight percent have expectations that their lifestyle will increase and 41 percent are expecting a decrease. Seven percent are not sure.

Do you expect your standard of living to increase, decrease, or stay the same when you retire? (%)



Baby Boomers' Access to Workplace Retirement Benefits

Seventy-one percent of Baby Boomer workers have access to a 401(k) or similar plan offered by their employer. However, a major disparity in access to such benefits exists between those working full-time (78 percent) compared to part-time (42 percent). These findings are corroborated by findings from the [employer component of the 15th Annual Transamerica Retirement Survey](#) in which 79 percent of employers offer a 401(k) or similar plan to their employees but, among them, only 49 percent extend eligibility to part-time workers. Encouraging employers to extend coverage to their part-time employees is a tremendous opportunity given that so many Baby Boomers envision switching from full-time to part-time as they transition to retirement (see page 17).

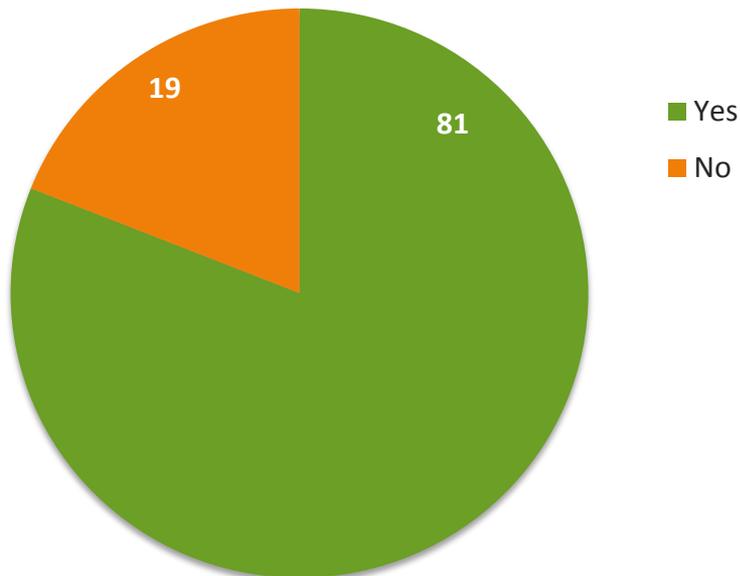
Which of the following retirement benefits does your company currently offer to you, personally? (%)



Plan Participation and Salary Deferral Rates

Eighty-one percent of Baby Boomer workers who are offered a 401(k) or similar plan participate in that plan. Among those who are participating, the annual percentage of their salaries saved is 10 percent (median).

Participates in 401(k) or Similar Plan if Offered (%)



Percentage of Annual Salary Saved in Plan (Median)

10%

Loans and Early Withdrawals

“Leakage” from retirement plans in the form of loans and withdrawals can severely inhibit the growth of participants’ long-term retirement savings. Among Baby Boomer workers who are currently participating in a plan, 23 percent have taken some form of loan and/or early withdrawal from a 401(k) or similar plan, including 16 percent who have taken a loan and nine percent who have taken an early withdrawal (e.g., took a loan and didn’t repay it, cashed out when changing jobs, hardship withdrawal).

Have you ever taken any form of loan or early withdrawal from a qualified retirement account such as a 401(k) or similar plan or IRA? (%)

23%

**NET - Have Taken A Loan and/or
Early Withdrawal From 401(k) or
Similar Plan or IRA**

16%

**Have Taken A Loan
From 401(k) or Similar Plan or IRA**

9%

**Have Taken An Early Withdrawal
From 401(k) or Similar Plan or IRA**

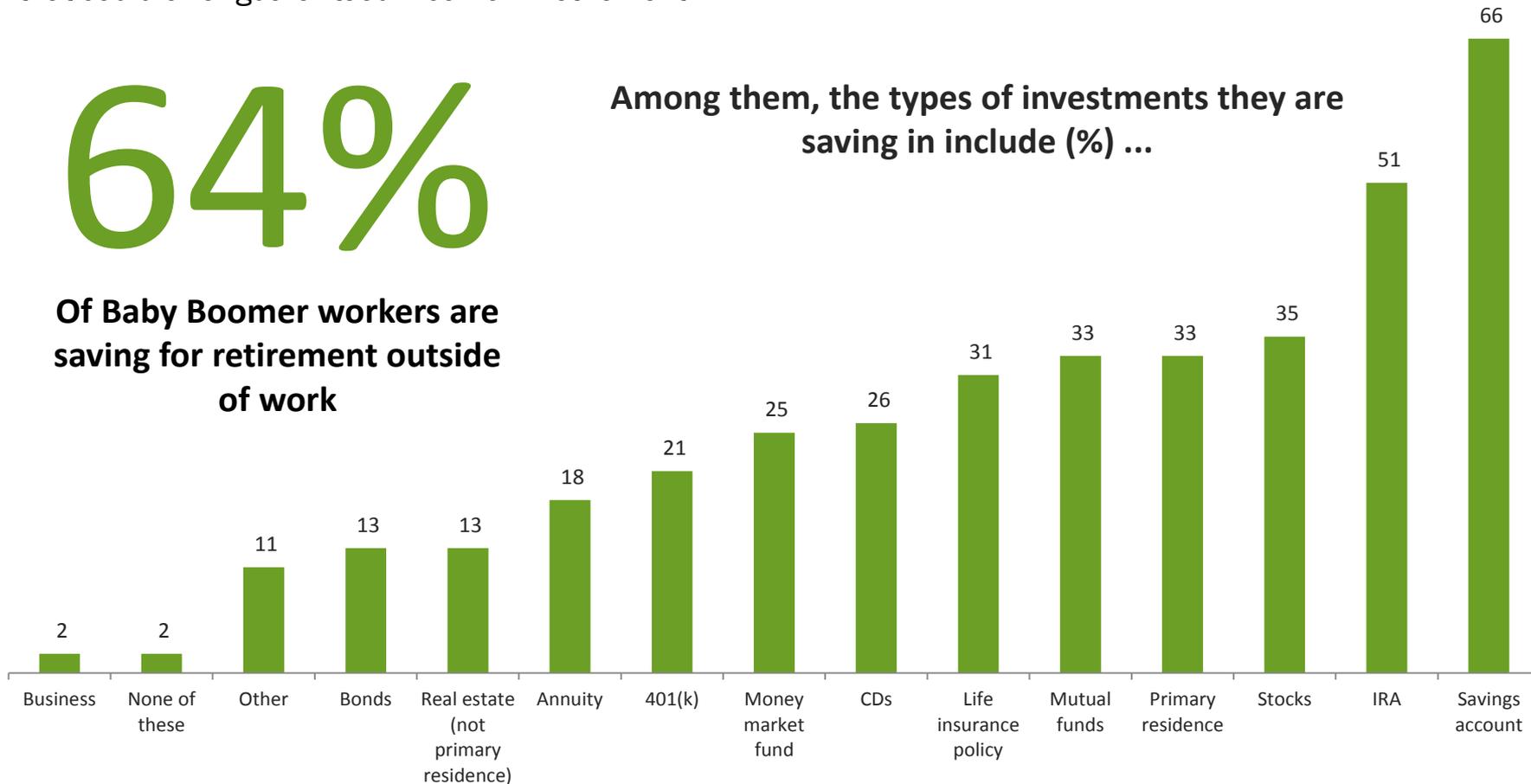
Majority Currently Saving Outside of Work

Sixty-four percent of Baby Boomer workers are saving for retirement outside of work. Among those who are saving, savings accounts are the most frequently cited vehicle (66 percent), followed by IRAs (51 percent), stocks (35 percent), primary residence (33 percent), mutual funds (33 percent), and life insurance policies (31 percent). Fewer than one in five (18 percent) are investing in an annuity which is a type of investment that could offer guaranteed income in retirement.

64%

Of Baby Boomer workers are saving for retirement outside of work

Among them, the types of investments they are saving in include (%) ...



BABY BOOMER WORKERS BASE: ALL QUALIFIED RESPONDENTS

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

BABY BOOMER WORKERS BASE: CURRENTLY SAVING FOR RETIREMENT OUTSIDE OF WORK

Q750. What types of retirement investments are you currently saving in outside of work?

Household Retirement Savings Have Increased Since 2007

Despite the confidence-shaking events during the economic turbulence in recent years, household retirement savings increased from 2007 to 2014. However, in many instances, this growth in savings is still inadequate to fully fund an individual's or family's retirement income needs. Baby Boomer workers have saved \$127,000 (estimated median) in household retirement accounts compared to \$75,000 in 2007. Savings shortfalls are prompting some to work past age 65 and the need to continue to work in retirement.

Total Household Retirement Savings (%)

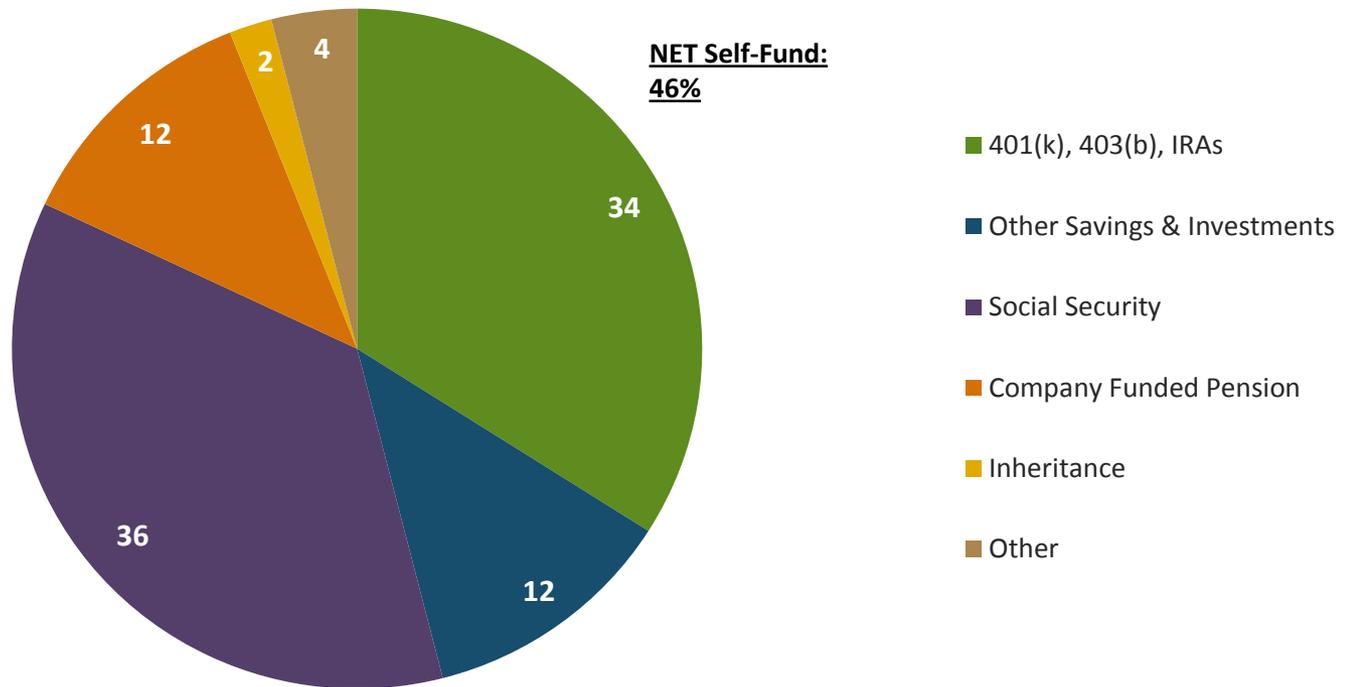


Note: The median is estimated based on the approximate midpoint of the range of each response category. Non-responses are excluded from the estimate.

Thirty-Six Percent Expect to Primarily Rely on Social Security

More than one-third (36 percent) of Baby Boomer workers expect to rely on Social Security as their primary source of income when they retire. Many (46 percent) expect their primary source of income in retirement to be self-funded through retirement accounts or other savings and investments, including 34 percent who expect to rely on 401(k), 403(b), or IRAs and 12 percent to rely on other savings and investments. Just 12 percent expect to rely on company-funded pension benefits. Note: Baby Boomers' careers were well underway when 401(k) plans became available in the 1980s so they have not had the opportunity to experience the compounding of investments over a career-long time horizon that younger generations will likely enjoy.

What Do You Expect to be Your Primary Source of Income in Retirement? (%)

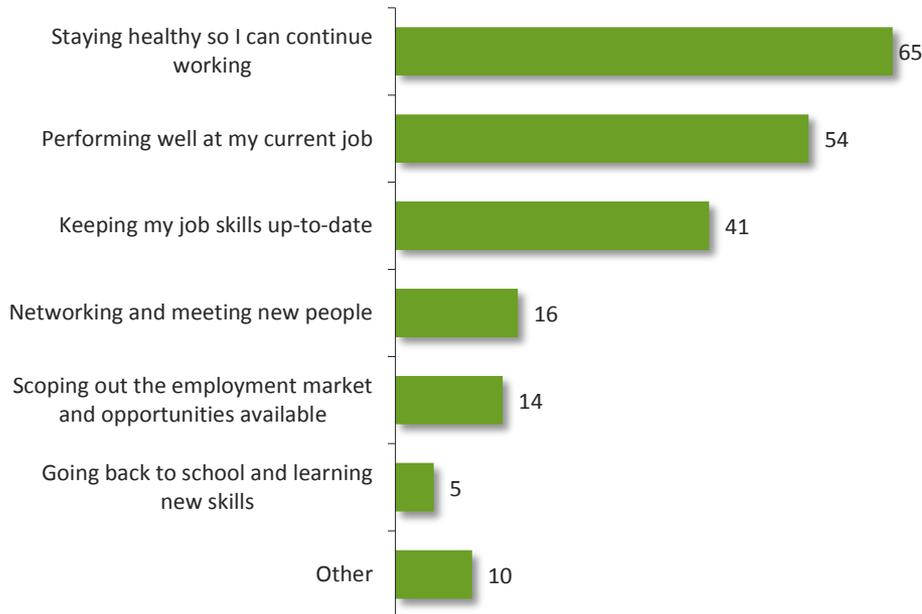


***Six Ways Baby Boomer Workers Can Improve
Their Retirement Outlook***

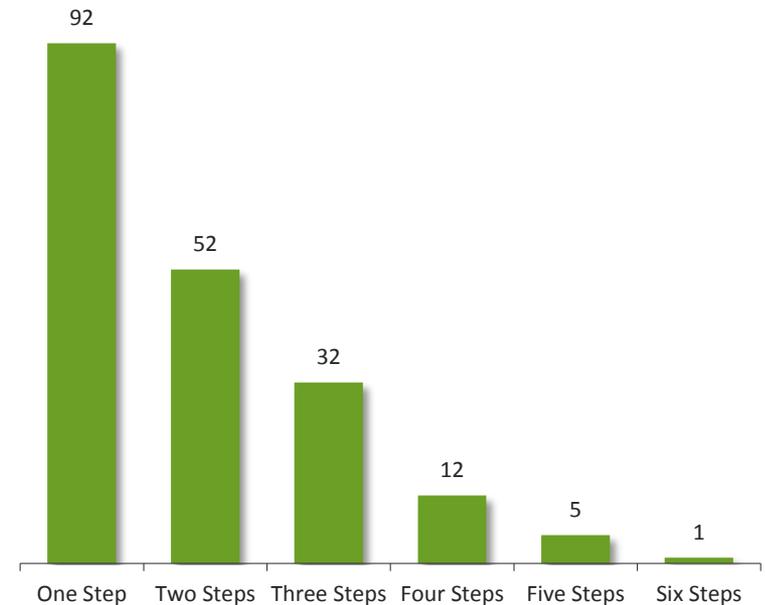
1. Take Proactive Steps to Remain Employed

Plans to work past age 65 require that Baby Boomer workers remain healthy enough to do so and have access to employment opportunities. The survey asked Baby Boomer workers what steps they are taking to help ensure they can continue working. Most are staying healthy (65 percent), 54 percent are focused on performing well at their current job, and 41 percent are keeping job skills up-to-date. However, responses were much lower for networking (16 percent), scoping out the employment market (14 percent), and going back to school (5 percent). A further analysis of these responses found that 92 percent are taking at least one of the six proactive steps identified; however, only one percent are pursuing all six steps.

Have you taken any steps to ensure that you'll be able to continue working past 65 or in retirement, if needed? (%)



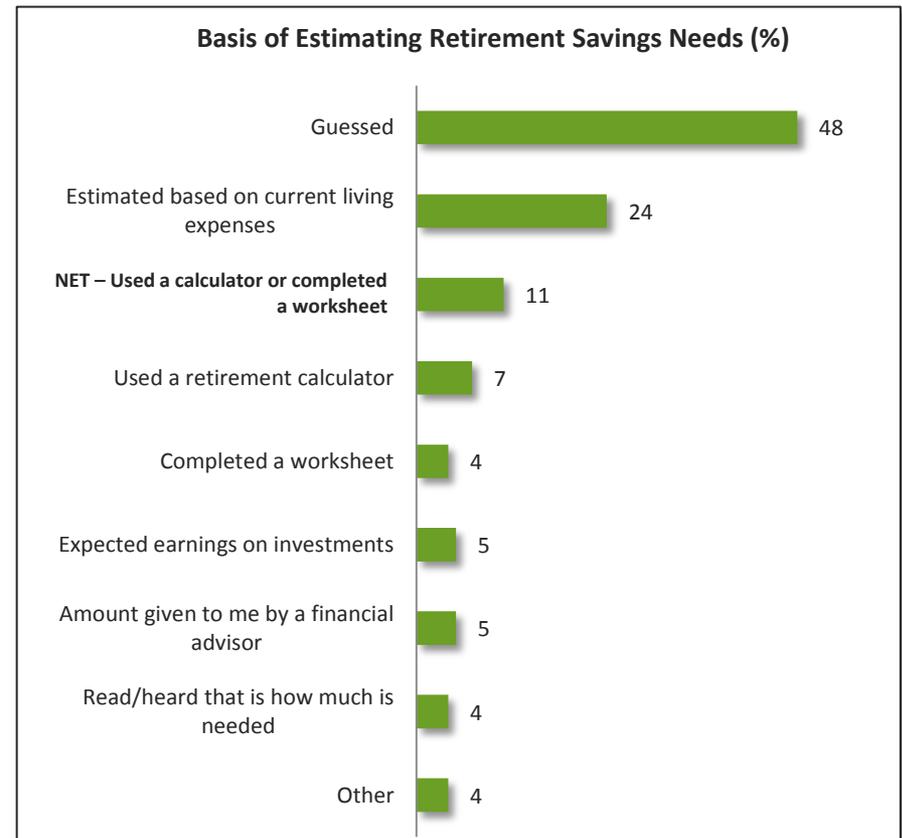
Number of Proactive Steps Taken to Remain Employed Past 65 or in Retirement (%)



2. Calculate Savings and Retirement Income Needs

Baby Boomer workers estimate that they need to save \$800,000 (median) to feel financially secure in retirement. Forty-seven percent believe that they need to save \$1 million or more. These estimates remain in stark comparison to the \$127,000 (median) retirement savings that they reported (page 30). However, for many, the basis of their estimated retirement savings needs are suspect: Almost half (48 percent) indicate they have guessed their retirement savings needs. Just 11 percent have used a retirement calculator or completed a worksheet and only five percent say the amount was given to them by a financial advisor.

Estimated Retirement Savings Needs	Baby Boomers
< \$500k	28%
\$500k to \$1m	25%
\$1m to \$2m	24%
\$2m or More	23%
Median	\$800,000



BABY BOOMER WORKERS BASE: PROVIDED ESTIMATE OF MONEY NEEDED FOR RETIREMENT

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?

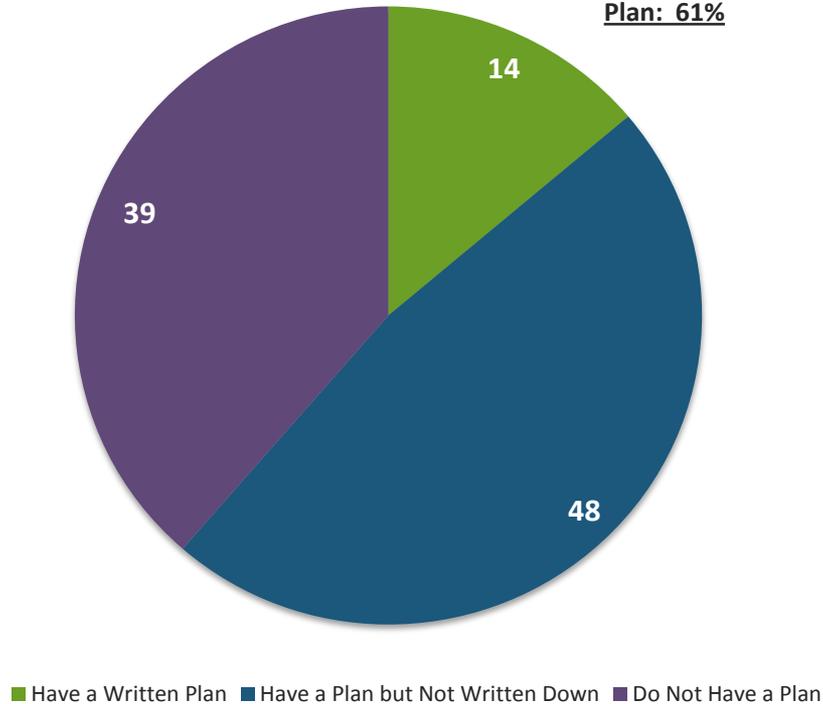
Q900. How did you arrive at that number?

3. Develop a Written Strategy for Retirement

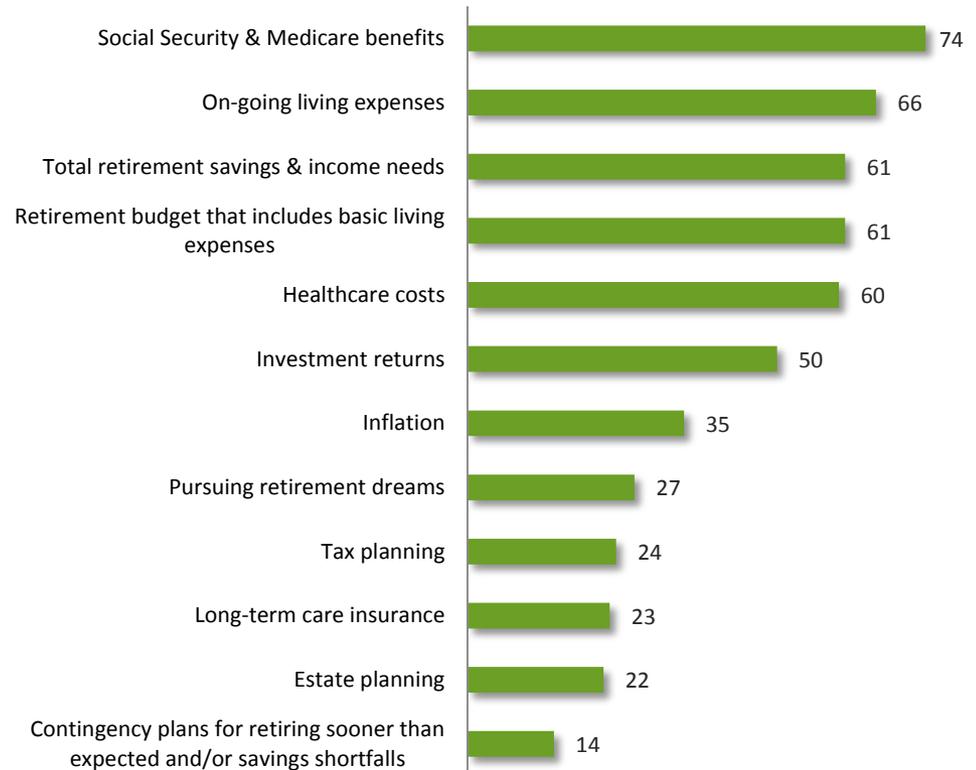
One of the most important secrets to attaining retirement readiness is having a well-defined strategy about retirement income needs, expenses, and risk factors. The majority of Baby Boomer workers (61 percent) have a strategy, but only 14 percent have a written plan (the other 48 percent have a plan but it is not written down). A strategy should consider a broad range of factors that could impact an individual’s retirement savings, ability to generate income, and protection of savings. Of those with a strategy, many have considered on-going living expenses, savings and income needs, government benefits, healthcare costs, and investment returns. However, relatively few have factored inflation, tax planning, long-term care, and estate planning, and even fewer have contingency plans.

How would you describe your retirement strategy? (%)

NET – Have a Plan: 61%



Components of Retirement Strategy (%)



BABY BOOMER WORKERS BASE: ALL QUALIFIED RESPONDENTS

Q1155. Which of the following best describes your retirement strategy?

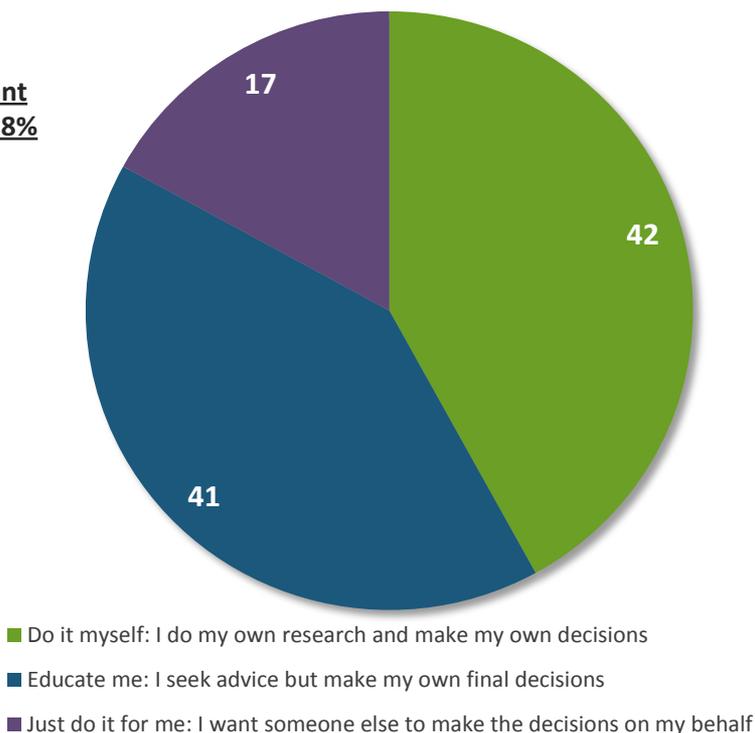
Q1510. Which of the following have you factored into your retirement strategy? Select all that apply. Responses shown exclude other (6%) and Not Sure (4%)

4. Consider Seeking Guidance from a Professional Advisor

Most Baby Boomer workers (58 percent) say they want some level of advice when saving and investing for retirement, with 41 percent seeking education and advice but ultimately making their own decisions, and 17 percent wanting someone to make decisions on their behalf. In contrast to this desire for advice, only 40 percent of Baby Boomer workers who are saving and investing for retirement actually use a professional financial advisor to help them manage their savings and investments.

How would you describe yourself when it comes to saving and investing for retirement? (%)

NET - Want Advice: 58%



40%

Of Baby Boomer workers investing for retirement use a professional financial advisor to help manage their retirement savings or investments

BABY BOOMER WORKERS BASE: ALL QUALIFIED RESPONDENTS

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

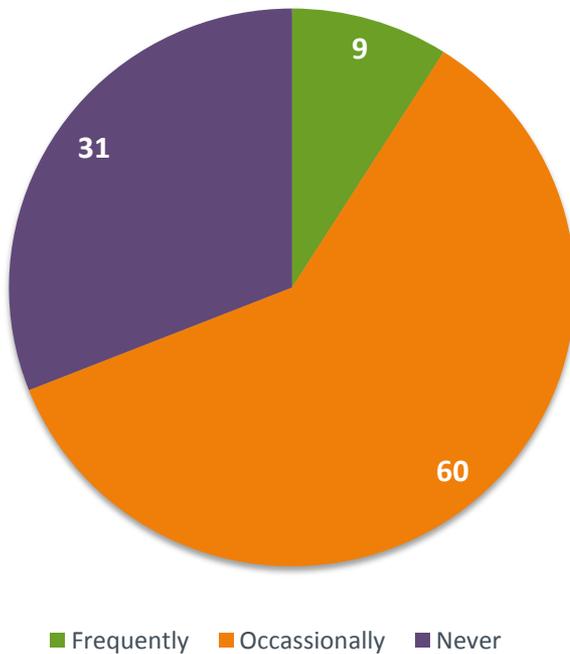
BABY BOOMER WORKERS BASE: INVESTING FOR RETIREMENT

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

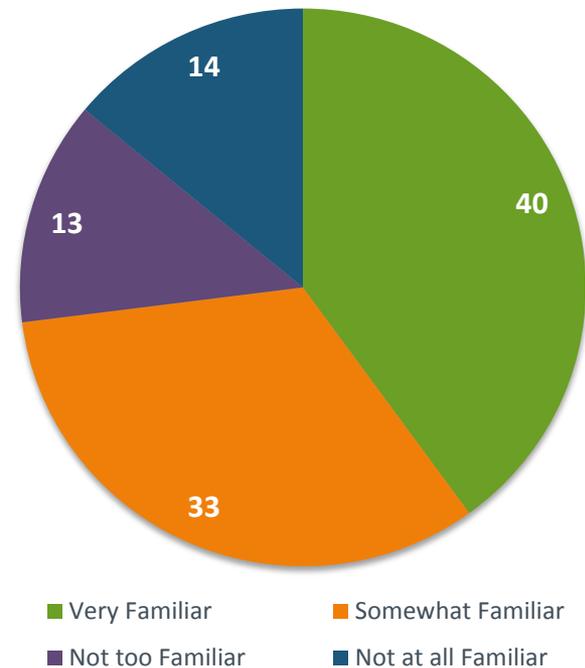
5. Open Up a Frank Dialogue About Retirement With Family

Only nine percent of Baby Boomer workers frequently discuss saving, investing and planning for retirement with family and friends. Among Baby Boomer workers who are married, only 40 percent say they are “very familiar” with their spouse’s savings. Given that the last of the Baby Boomers are turning 50 in 2014, it’s time to have frank conversations about retirement to identify needs, strategize how to bridge savings shortfalls, and set expectations regarding the need to receive or provide financial support to any loved ones.

How frequently do you discuss saving, investing, and planning for retirement with family and friends? (%)



Among those who are married or in a civil union, how familiar are you with your partner’s retirement plan and savings? (%)



BABY BOOMER WORKERS BASE: ALL QUALIFIED RESPONDENTS

Q1515. How frequently do you discuss saving, investing and planning for retirement with family and friends?

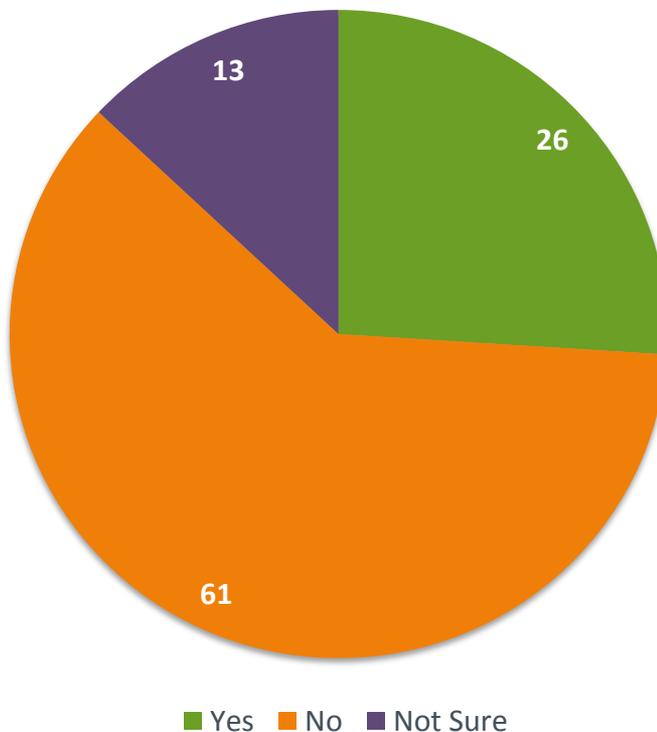
BABY BOOMER WORKERS BASE: MARRIED OR IN A CIVIL UNION

Q1520. How familiar are you with your partner’s retirement plan and savings?

6. Create a “Plan B” If Forced Into Retirement Sooner Than Planned

Delaying retirement and/or continuing to work in retirement is an effective way to continue generating income, bridge savings shortfalls, and stay active and involved. However, for some this may not be possible when the time comes. Only 26 percent of Baby Boomer workers have a backup plan for retirement income if forced into retirement sooner than expected.

Have a Backup Plan if Unable to Work Prior to Planned Retirement (%)

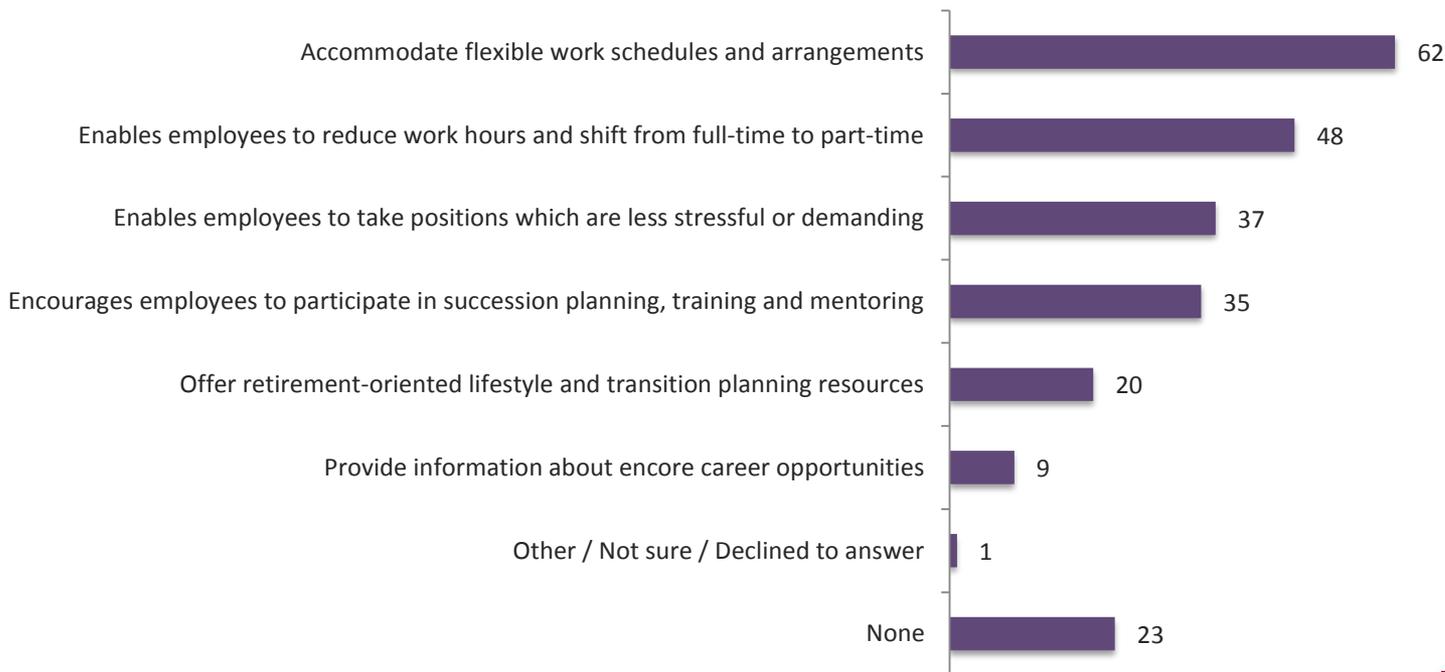


***Seven Ways Employers Can Help Baby Boomers Successfully
Transition Into Retirement***

1. Facilitate a Flexible and Phased Transition Into Retirement

Employers can do much more to accommodate older workers who want to transition into retirement – and by doing so they can optimize their own workforce management efforts, improve succession and continuity planning, provide employees with valuable training and mentoring, and enable Baby Boomers greater flexibility to retire on their own terms. Only 48 percent enable employees to reduce work hours and shift from full-time to part-time and even fewer enable employees to take positions that are less stressful or demanding (37 percent). From a workforce management perspective, only 35 percent tap into the experience and expertise of their older workers. Lastly, employers can positively influence their pre-retirees’ next chapter in life by offering retirement-oriented lifestyle and transition planning resources (only 20 percent do so) and providing information about encore career opportunities (nine percent do so).

Which of the following work-related programs, if any, does your company have in place to help workers age 50 and older transition into retirement? (%)



EMPLOYER BASE: ALL QUALIFIED RESPONDENTS

Q3615. Which of the following work-related programs, if any, does your company have in place to help workers age 50 and older transition into retirement? Select all that apply

2. Assess Effectiveness of Retirement Plan’s Education Offerings

Among employers that offer a 401(k) or similar plan to their employees, most provide retirement-planning educational offerings through their retirement plan provider(s). These resources range from online tools and calculators to professional investment advice and even informational seminars, meetings, webinars, and workshops. However, these tools are not found to be as useful as plan sponsors may expect. For example, only 60 percent of Baby Boomer workers find the online tools and calculators to be helpful and only 55 percent find the professional investment advice to be helpful. Given the time and expense employers are investing in retirement benefits, they have an opportunity to maximize their efforts by evaluating which components of their educational offerings are effective (or not) and making changes as necessary.

Type of Education	Employer Plan Sponsors That Offer ...	Baby Boomer Workers Who Find Them Helpful
Online tools and calculators	84%	60%
Professional investment advice	78%	55%
Informational seminars, meetings, webinars, and workshops	66%	42%
Informative emails	65%	46%
Educational articles and videos	59%	45%
Mobile apps	53%	20%
Information on social media (e.g., Twitter, Facebook)	18%	15%

EMPLOYER BASE: OFFERS 401(K) PLAN OR OTHER SELF-FUNDED PLAN

Q3605. Which of the following does your company and retirement provider offer to your employees to assist them with planning, saving, and investing for retirement?

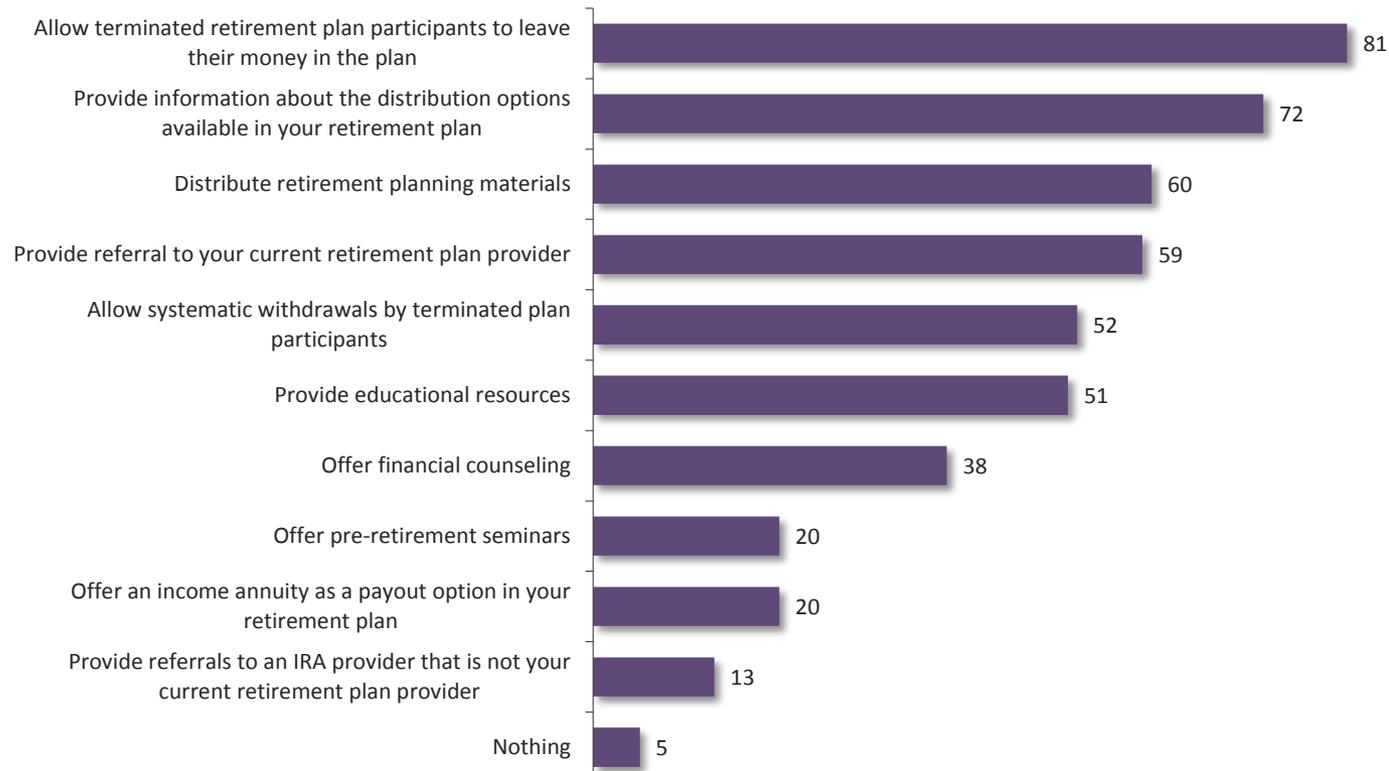
BABY BOOMER WORKERS BASE: OFFERED A RETIREMENT PLAN

Q2036. How helpful do you find the following from your employer’s retirement plan provider in assisting you to plan, save, and invest for retirement?

3. Offer Assistance for Workers' Financial Transition to Retirement

Pre-retirees face a myriad of complex financial decisions regarding when and how they transition into retirement. Plan sponsors of 401(k) or similar plans have a tremendous opportunity to work with their retirement plan advisors and providers to offer transition-oriented resources and tools. The majority of plan sponsors provide planning materials and information about distribution options (i.e., a legal requirement); however, fewer than half offer financial counseling, pre-retirement seminars, or an annuity as a payout option as part of their plan. Plan sponsors can also assist by extending plan eligibility to part-time workers so Baby Boomers who are shifting from full-time to part-time have the opportunity to continue saving. *(It should be noted that among employers who do not sponsor a retirement plan, 84 percent do “nothing” to help their employees transition into retirement.)*

Does your company do any of the following to help employees transition into retirement? (%)



*While regulations concerning terminated participants may require that companies perform these actions, these statistics only reflect companies' responses at the time of the survey.

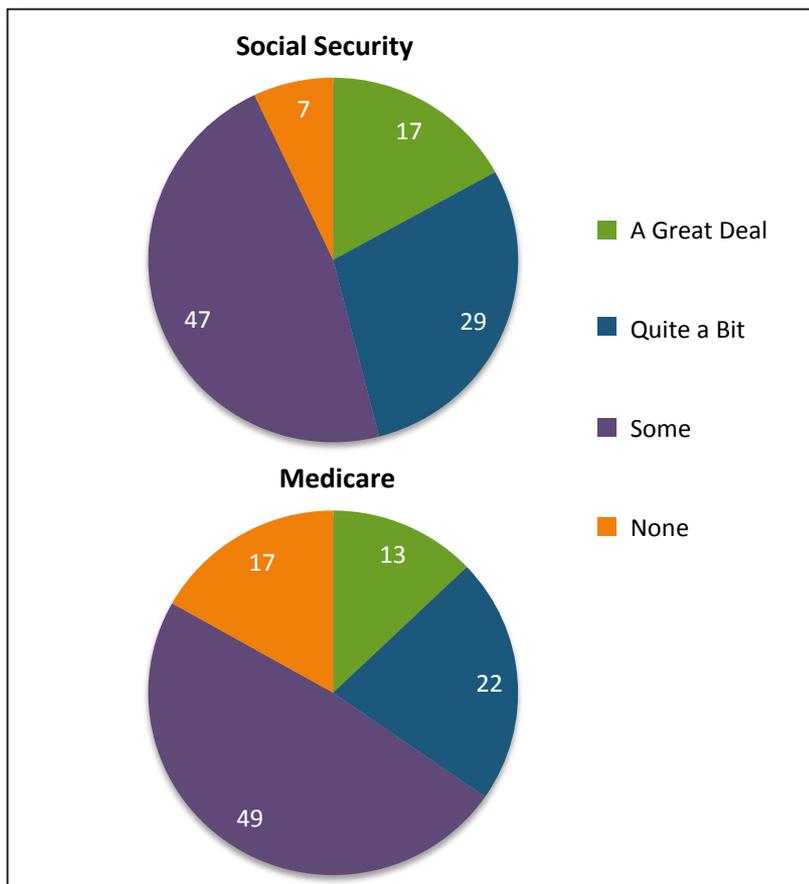
EMPLOYER BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q770. Does your company do any of the following to help employees transition to retirement? Choose all that apply.

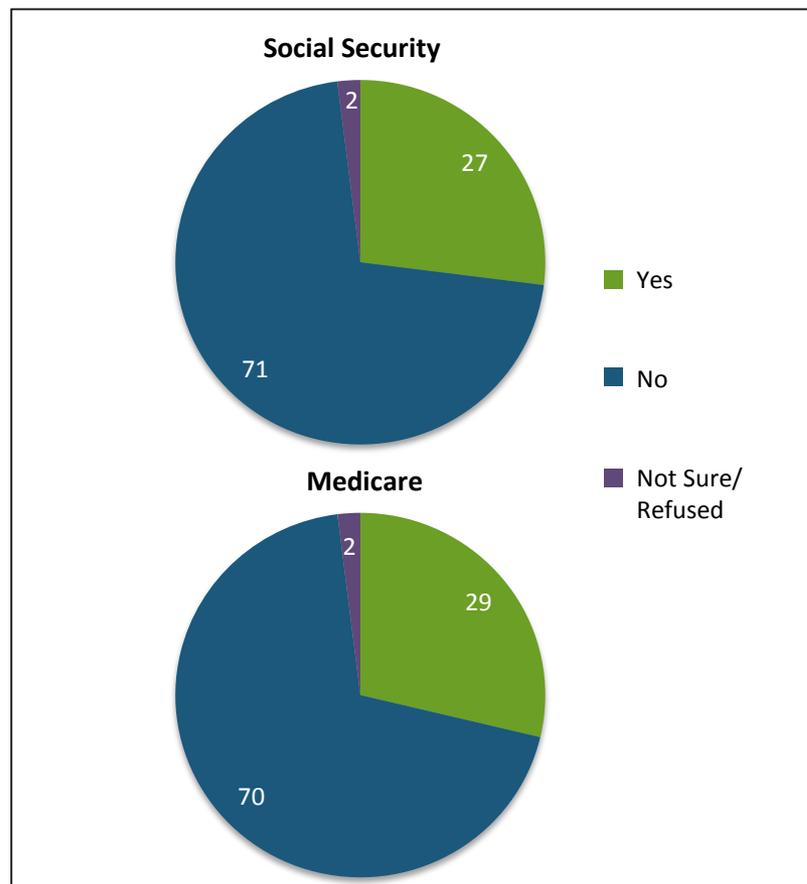
4. Provide Education About Social Security & Medicare Benefits

A strong knowledge of government benefits is especially important for pre-retirees. Decisions about these benefits can have life-long impacts and it is important for pre-retirees to make educated choices. Only 17 percent of Baby Boomer workers know “a great deal” about their Social Security benefits and only 13 percent about their Medicare benefits. Employers can help by offering information about these government benefits. Just 27 percent of employers currently provide information about Social Security and 29 percent about Medicare.

Baby Boomers’ Level of Understanding (%)



Employers That Offer Education (%)



BABY BOOMER WORKERS BASE: ALL QUALIFIED RESPONDENTS

Q1541. How good of an understanding do you have of Social Security?

EMPLOYER BASE: ALL QUALIFIED RESPONDENTS

Q3610. Does your company currently provide information to employees about ... as part of retirement planning education?

5. Offer Workplace Benefits That Can Be a Backup Plan

Only 26 percent of Baby Boomer workers have a backup plan (page 38) if forced into retirement sooner than expected due to unforeseen circumstances such as health issues or job loss. Most workers value health and welfare benefits that can help serve as an important safety net, yet comparatively few employers offer them. For example, 82 percent of Baby Boomer workers value disability insurance, but only 57 percent indicate that they are offered it through their employer— thereby leaving a gap of 25 percentage points. Similar gaps apply to long-term care, critical illness, and cancer insurance all of which are valued by Baby Boomer workers but relatively few are offered them. Increasing access to these types of benefits for both full-time and part-time Baby Boomer workers may help them avoid catastrophic expenses thereby enabling them to save and protect their retirement nest eggs.

Type of Benefit	Baby Boomer Workers Stated Importance of Benefits (NET: Important)	Percentage Who Are Offered Benefits	The Gap: Importance vs. Offered
Health Insurance	94%	79%	-15%
Disability Insurance	82%	57%	-25%
Long-Term Care Insurance	72%	25%	-47%
Life Insurance	68%	60%	-8%
Critical Illness Insurance	66%	11%	-55%
Cancer Insurance	55%	8%	-47%

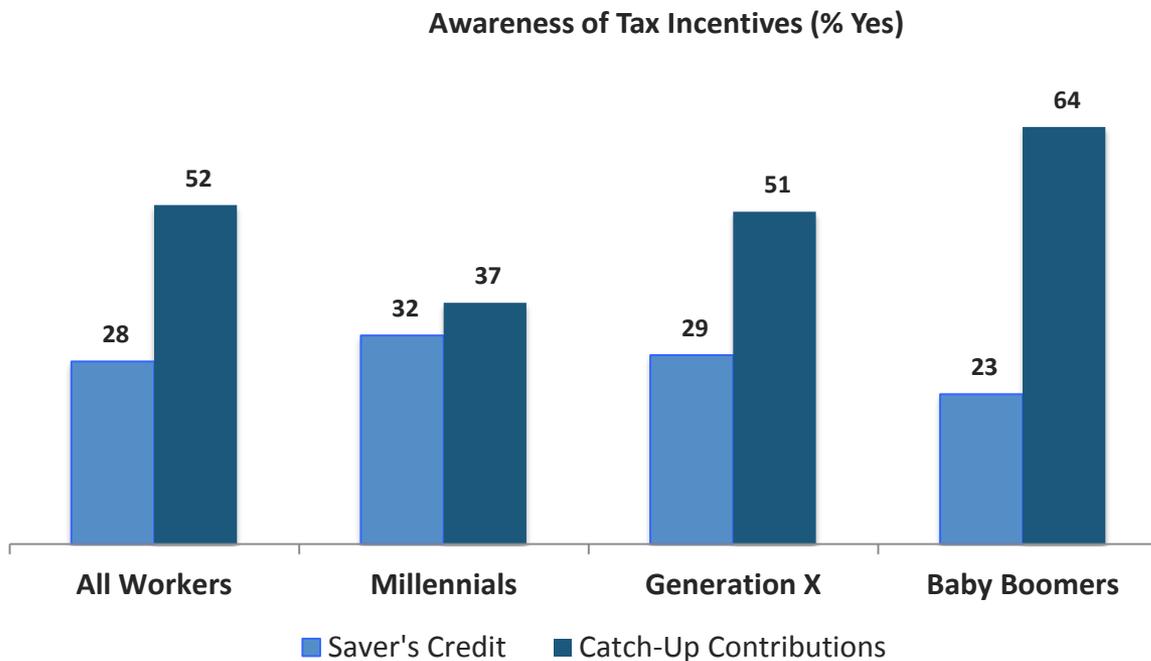
BABY BOOMER WORKERS BASE: ALL QUALIFIED RESPONDENTS

Q1171. For each of the following, please tell us how important that benefit is to you, personally.

Q1175. Which of the following benefits does your company offer you, personally?

6. Promote the Saver's Credit & Catch-Up Contributions

Employers can also encourage their employees to save for retirement by promoting two meaningful tax incentives: the Saver's Credit, a tax credit for low- to moderate-income workers who save for retirement in a qualified retirement plan or IRA; and Catch-Up Contributions, which allow workers age 50 and older to contribute to a qualified plan an additional amount over and above the plan- or IRA-contribution limit. Only 23 percent of Baby Boomer workers are aware of the Saver's Credit. With the last of the Baby Boomers turning 50 this year (and Generation X starting to turn 50 next year), Catch-Up Contributions are a noteworthy and relevant incentive for them; however, only 64 percent of Baby Boomer workers and 51 percent of Generation X are aware of the incentive.



WORKER BASE: ALL QUALIFIED RESPONDENTS

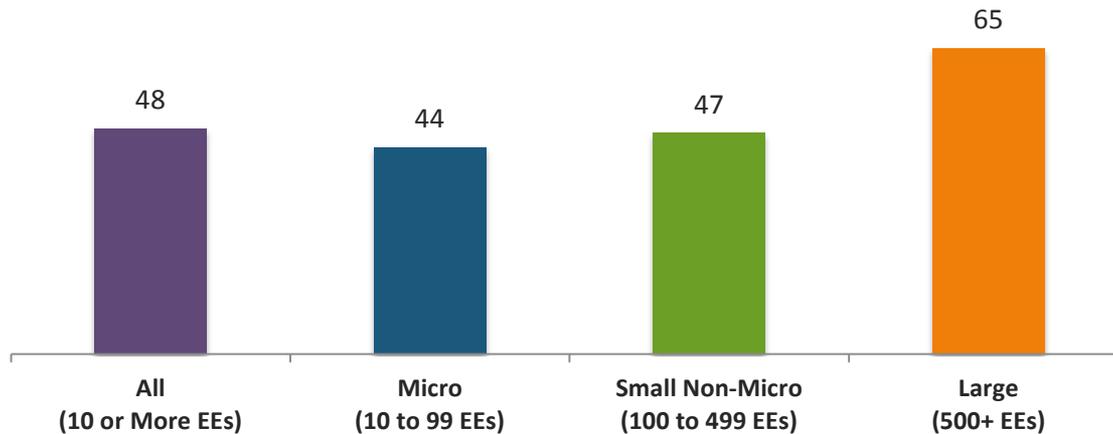
Q1120. Are you aware of a tax credit called the "Saver's Credit," which is available to individuals and households, who meet certain income requirements, for making contributions to an IRA or a company-sponsored retirement plan such as a 401(k) plan or 403(b) plan?

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?

7. Foster an Age-Friendly Work Environment

With so many Baby Boomers planning to work past age 65 and potential anxieties about age discrimination, employers have an opportunity to foster an age-friendly environment for their employees of all ages. One way employers can communicate their commitment to diversity, including age and other factors, is to adopt a diversity and inclusion policy statement that they widely communicate with employees and other interested parties. About half (48 percent) of employers say they have adopted a diversity and inclusion policy statement. Large companies (65 percent) are more likely to have adopted such a policy, yet fewer than half of small non-micro companies (47 percent) and micro companies (44 percent) have done so.

Company Has Adopted a Formal Diversity and Inclusion Policy Statement
Yes (%)



Appendix

Demographics: A Portrait of Three Generations of Workers

Characteristics	Millennials (%)	Generation X (%)	Baby Boomers (%)
Work Status			
• Full-Time	74	87	80
• Part-Time	26	13	20
Level of Education			
• Less Than High School Diploma	4	2	-
• High School Diploma	30	21	30
• Some College or Trade School	30	32	38
• College Graduate or More	36	45	32
Marital Status			
• Married or Partnership	43	67	72
• Single	57	33	28
Gender			
• Male	49	54	53
• Female	51	46	47
Ethnicity			
• White	50	63	75
• Hispanic	25	18	10
• African American	14	11	8
• Asian/Pacific	8	7	4
• Other/Mixed	3	1	2
Annual Household Income			
• Less than \$25,000	15	5	6
• \$25,000 to \$49,999	24	18	17
• \$50,000 to \$99,999	37	38	36
• \$100,000+	19	35	37
• Decline to Answer	5	4	4
• Estimated Median	\$47,000	\$69,000	\$69,000

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