

How Can We Inspire a World of Habitual Retirement Savers?

New research assesses retirement preparedness of savers and non-savers around the world

LOS ANGELES – May 27, 2015 – New research from nonprofit Transamerica Center for Retirement Studies® (TCRS) in collaboration with the Aegon Center for Longevity and Retirement identifies opportunities for increasing retirement preparedness among workers in the United States and around the world.

“People are living longer than ever and are inspiring changes in how we think about working, active living and healthy aging,” said Catherine Collinson, president of TCRS. “For many, our retirement will likely last much longer than our childhood. Given this promise of increased longevity, individuals and families need to habitually save, invest, plan, and prepare for a financially secure retirement.”

Inspiring a World of Habitual Savers: The Aegon Retirement Readiness Survey 2015 is a survey of 16,000 workers and retirees in 15 countries spanning Europe, the Americas, Asia, and Australia. The survey’s findings create a call to action to make habitual savings a global trend, recognizing that it should be a shared responsibility among individuals, employers, and policymakers.

The Importance of Habitually Saving for Retirement

“While it may seem obvious that people who save consistently over time will likely have a larger nest egg when they retire, it is noteworthy that the retirement preparations of habitual savers transcend simply setting funds aside and include higher degrees of planning and confidence,” said Collinson.

Globally, 39 percent of workers are “habitual savers” who say they always make sure that they are saving for retirement, according to the survey findings. In the U.S., the percentage of workers who are habitual savers is even higher. Among U.S. workers, the survey found:

- 52 percent are “habitual savers” who always make sure that they are saving for retirement
- 20 percent are “occasional savers” who only save for retirement from time to time
- 12 percent are “past savers” who are not saving for retirement now, although they have in the past
- 11 percent are “aspiring savers” who are not saving for retirement though they intend to do so
- 5 percent are “non-savers” who have never saved for retirement and don’t intend to do so

Thirty-six percent of habitual savers globally are very/extremely confident that they will retire with a comfortable lifestyle, more than three times the percentage of aspiring savers (10 percent) who share that same level of confidence. In the U.S. the disparity in confidence is even greater between habitual savers (47 percent) and aspiring savers (nine percent).

Seventy-nine percent of habitual savers globally have some form of retirement strategy, either written or unwritten. In the U.S., 84 percent of habitual savers have some form of strategy compared to just 14 percent of aspiring savers. In addition to a retirement strategy, it is important to have a backup plan if forced into retirement sooner than expected due to unforeseen circumstances such as health issues or job loss. Globally, 48 percent of habitual savers have a backup plan compared to 13 percent of aspiring savers. In the U.S., 54 percent of habitual savers have a backup plan compared to only four percent of aspiring savers.

“Habitual savers are not necessarily limited to the affluent,” said Collinson. “For those who are aspiring to save, they may find that getting into the habit of saving can be within reach.” According to the survey’s findings, habitual savers globally earn approximately \$41,000 per year on average. Among habitual savers in the U.S., the average annual income is \$73,000. However, it should be noted that globally and in the U.S., habitual savers report having higher incomes than aspiring savers.

“How can we inspire a world of habitual savers?” asks Collinson. Beyond receiving a pay raise, which most aspiring savers say would be helpful, the survey findings illustrate ways employers and policymakers can play important roles in promoting habitual saving.

Employers Can and Should Play a Role in Helping Employees Save

Automatic enrollment is an employer-sponsored retirement plan feature in which an employee need only take action if he or she desires to opt out and not contribute to the plan. It eliminates the decision-making and steps normally required of employees to enroll and start contributing to an employer-sponsored retirement plan. The survey found that automatic enrollment holds universal appeal. The idea of being automatically enrolled into a retirement plan in which they contribute six percent of their annual salary is appealing to approximately 60 percent of aspiring savers, globally and in the U.S.

“Employers can make a tremendous difference by offering retirement benefits that include an automatic enrollment feature – and setting the default contribution rate at six percent. Moreover, employers can encourage their employees to save even more with an automatic escalation feature which increases savings rates over time,” said Collinson. “By doing so, they are nudging aspiring savers into becoming habitual savers.”

Policymakers Can Further Promote Savings and Retirement Security

“Governments play a vital role in making it possible for people to take on greater levels responsibility for their retirement security. Increasing incentives for saving as well as updating employment laws to address increases in longevity can help improve retirement security,” said Collinson.

Public policy reforms worthy of consideration include additional incentives for participation in employer retirement plans, as well as removing obstacles that prevent people from phasing into retirement and fully retiring at an older age. Currently just 24 percent of workers globally and in the U.S. say that their employer offers employees the option to move from full-time to part-time work.

Globally and in the U.S., approximately 30 percent workers say that having access to more generous tax breaks on long-term savings and retirement products would encourage them to save more for retirement. Despite the current pressure on public finances in many countries, it is crucial that governments maintain a commitment to existing tax incentives.

“While more and more of the responsibility for saving for retirement is falling on the shoulders of individuals, there are opportunities for employers and governments to create an environment that is more conducive to habitual saving,” said Collinson. “Retirement systems around the world may vary; however, they share a common need to adapt to increases in life expectancies and help individuals and families prepare.”

Please visit TCRS at www.transamericacenter.org to view the [full survey report](#), [webinar](#) and [infographics](#). Follow TCRS on Twitter [@TCRStudies](#).

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About the Survey

The **Aegon Retirement Readiness Survey 2015** is a collaboration between the Transamerica Center for Retirement Studies® and the Aegon Center for Longevity and Retirement. The survey encompasses 16,000 employees and retirees in 15 countries: Australia, Brazil, Canada, China, France, Germany, Hungary, India, Japan, the Netherlands, Poland, Spain, Turkey, the United Kingdom and the United States. These countries were selected on the basis of their distinctive pension systems, as well as their varying demographic and aging trends.

Cicero Consulting, a leading global research firm, was engaged to conduct the survey. Respondents were interviewed using an online panel survey,¹ and interviews were conducted in their local languages in February 2015. This survey provides a broad perspective on savings and retirement, based on the working and fully retired populations. In total, 14,400 employees and 1,600 fully retired people were interviewed. The findings reflect both the attitudes and behaviors of these individuals.

About Transamerica Center for Retirement Studies®

The Transamerica Center for Retirement Studies® (TCRS) is a division of the Transamerica Institute®, a nonprofit, private foundation. TCRS is dedicated to conducting research and educating the American public on trends, issues, and opportunities related to saving, planning for, and achieving financial security in retirement. Transamerica Institute® is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third parties. TCRS and its representatives cannot give ERISA, tax, investment or legal advice. Follow TCRS @TCRStudies. www.transamericacenter.org

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¹ As the survey was carried out online, the survey results in China, India, and Brazil are biased towards people living in urban areas. Internet penetration is underrepresented in rural areas and amongst lower income groups.