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## Worker Expectations for Retirement Continue to Fall, Many Anticipate Working Longer

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Wordcount:

WASHINGTON--(BUSINESS WIRE)-- The stock market isn't the only thing hitting new lows: The retirement expectations of the vast majority of Americans set a record-low this year, with only 13 percent of American workers saying they are very confident of having enough money to live comfortably in retirement. According to the 19<sup>th</sup> Annual Retirement Confidence Survey (RCS) released today, retirement confidence among workers has tumbled by 50 percent in the last two years.

Many workers say they expect to work longer because of the economic downturn, the RCS found, and more workers say they are planning to supplement their income in retirement by working for pay.

The survey was released today by the nonpartisan Employee Benefit Research Institute (EBRI) in Washington, DC, and sponsored by the Principal Financial Group<sup>®</sup>, and is online at [www.ebri.org](http://www.ebri.org). The RCS is the country's longest-running and most comprehensive study of the attitudes and behavior of American workers and retirees toward all aspects of saving, retirement planning, and long-term financial security.

According to Dan Houston, president, Retirement & Investor Services at the Principal Financial Group<sup>®</sup>, Americans can ease their anxiety by focusing on what they can control. "It's time for American workers to develop a personal retirement recovery strategy," Houston said. "Set a savings budget and stick to it, stay focused on long term financial goals including proper asset allocation and make sacrifices in spending to save more. Research shows that the more you save the faster your retirement nest egg will recover when the market turns around." The Principal Financial Group, one of the nation's 401(k) leaders, is a long-time underwriter of the annual EBRI RCS.

As would be expected, workers overall who have lost confidence over the past year about affording a comfortable retirement most often cite the recent economic uncertainty, inflation, and the cost of living as primary factors, the survey reported. In addition, certain negative experiences, such as job loss or a pay cut, loss of retirement savings, or an increase in debt, almost always contribute to loss of confidence among those who experience them.

Overall, the percentage of workers very confident about having enough money for a comfortable retirement continued a two-year decline, falling to 13 percent this year, down from the previous low of 18 percent in 2008 and 27 percent in 2007. This is the lowest since the question was first asked in the survey in 1993 and represents a 50 percent decline in worker confidence since 2007.

Retiree confidence in having a financially secure retirement also dropped this year to a new low, with only 20 percent this year saying they are very confident, down from 29 percent in 2008 and 41

percent in 2007.

The annual Retirement Confidence Survey is co-sponsored by EBRI and Mathew Greenwald & Associates, a public opinion firm. Among other RCS findings:

- **Working longer:** Workers apparently expect to work longer because of the economic downturn: 28 percent of workers in the 2009 survey say the age at which they expect to retire has changed in the past year. Of those, the vast majority (89 percent) say that they have postponed retirement with the intention of increasing their financial security. Nevertheless, the median (mid-point) worker expects to retire at age 65, with 21 percent planning to push on into their 70s. The median retiree actually retired at age 62, and 47 percent of retirees say they retired sooner than planned.
- **Working in retirement:** More workers are also planning to supplement their income in retirement by working for pay. The percentage of workers planning to work after they retire has increased to 72 percent in 2009 (up from 66 percent in 2007). This compares with 34 percent of retirees who report they actually worked for pay at some time during their retirement.

The 2009 Retirement Confidence Survey was conducted in January 2009 through 20-minute random digit telephone interviews with 1,257 individuals age 25 and older in the United States. The survey has a margin of error of plus or minus 3 percentage points. The survey dates to 1991; questions about worker and retiree confidence in having enough money for a comfortable retirement have been asked consistently since 1993.

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<sup>2</sup> As of December 31, 2008

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