

# Retirement Facts & Figures

## American Workers Need To Adapt To A Changing Retirement System

(NAPSA)—Even though workers are aware the U.S. retirement system is changing, many are not adapting in ways that are likely to leave them with a comfortable retirement.

That's according to the 17th annual Retirement Confidence Survey (RCS). The survey is sponsored by the nonpartisan Employee Benefit Research Institute (EBRI) and Mathew Greenwald & Associates, a survey research firm.

Key findings of this most recent survey include:

- Pension-plan changes by employers have left nearly half of workers less confident about the benefits they will receive from a traditional pension plan. However, those experiencing a decline in retirement benefits often fail to react constructively. Among workers who have personally experienced reductions in the retirement benefits offered by their employer, nearly two in five indicate that they have done nothing in response to these reductions.

- Many workers are counting on employer-provided benefits in retirement that are increasingly unavailable. Forty-one percent of workers indicate they or their spouse currently has a defined benefit pension plan, while 62 percent say they are expecting to receive income from such a plan in retirement.

- Almost half of workers saving for retirement report total sav-



**According to a recent survey, many workers are counting on employer-provided benefits in retirement, even though these benefits are increasingly unavailable.**

ings and investments (not including the value of their primary residence or any defined benefit plans) of less than \$25,000. The majority of workers who have not put money aside for retirement have little in savings at all: Seven in 10 of these workers say their assets total less than \$10,000.

“We have known for decades that major changes were taking place in the U.S. retirement system,” said Jack VanDerhei, a Temple University professor, EBRI fellow, and co-author of the 2007 Retirement Confidence Survey. “This year, we found that a substantial number of workers realize that the shift from traditional pensions to 401(k) plans affects them personally. Unfortunately, only 24 percent of those affected

indicate that they will save more on their own, and only 8 percent indicate that they will save more in the employer’s plan as a result of these changes.”

EBRI research suggests that the vast majority of employees are likely to need some type of additional savings if they hope to end up with the same amount of retirement savings they would have expected prior to the change.

“Workers need to consider all the possible ways they can save for retirement,” says Paul Schott Stevens, president of the Investment Company Institute (ICI), an underwriter of the survey. “A workplace plan like a 401(k) makes it easy, because all the research shows that automatic payroll deductions are the most painless way to save. But even if your employer doesn’t offer a 401(k), you can set up an Individual Retirement Account and make steady contributions.” ICI is the national trade association for mutual funds, which hold nearly half the assets in 401(k) plans and IRAs.

The RCS, begun in 1991, is the country’s most established and comprehensive study of the attitudes and behaviors of American workers and retirees toward all aspects of saving, retirement planning and long-term financial security. Full survey results appear in the April 2007 EBRI Issue Brief, available at [www.ebri.org](http://www.ebri.org).