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1999 WOMEN'S RETIREMENT CONFIDENCE SURVEY:

Women Emerge as Savvy Savers, But Not Risk-Takers

WASHINGTON, DC—The retirement playing field may be leveling out for men and women, but when it comes to their financial game plan, women prefer to play it safe. According to a survey released today, just as many women as men have saved for retirement, although more women than men say they are unwilling to take financial risk no matter what the gain.

The *1999 Women's Retirement Confidence Survey (WRCS)*, co-sponsored by the Employee Benefit Research Institute (EBRI), the American Savings Education Council (ASEC), and Mathew Greenwald & Associates, Inc. (MGA), finds that 70 percent of working-age women (ages 25 and older) say that they have personally saved money for retirement, versus 71 percent of men. That is a 12 percentage point increase in the proportion of women who have personally saved for retirement from 58 percent in 1994. The survey was underwritten by American General Financial Group/VALIC for the second year in a row.

Working men and women are preparing similarly for retirement, but some of their *attitudes* differ toward the topic of financial planning. Overall, women are less likely than men to be very confident in their financial preparations for retirement, their ability to cover basic expenses, and their ability to support themselves in retirement. Women are also less likely than men (27 percent vs. 42 percent) to indicate that they are willing to take substantial financial risks for substantial gain.

"Ultimately, women will need to save more money for retirement than men to ensure adequate income replacement," said Don Blandin, President of ASEC. "So, the idea that women invest more conservatively may mean that they will fall short of their savings goals."

Two important reasons why women must save and plan more for retirement are: 1) women live longer than men; and 2) women leave and rejoin the work force more often than men (e.g., pregnancy, spouse relocation, taking care of ailing parents, etc.). Being out of the work force more frequently could result in lower overall earnings, less opportunity to contribute to a pension plan or some other retirement plan, and lower Social Security benefits.

Other highlights from the survey include:

- Most working-age women (80 percent) believe that people in the United States do not save enough to live comfortably in retirement, yet the majority are confident about their own financial future. Sixty-nine percent of women believe that they can have a comfortable retirement if they just plan and save. In addition, most women are confident that they will have enough for basic expenses in retirement (81 percent) but express less confidence in having enough money to cover medical expenses in retirement (59 percent).

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- Women indicate that their employer plays a key role in their expectations for retirement income. Forty-four percent expect that money they personally saved through a retirement plan at work will be a major source of retirement income. Forty percent expect that money provided by an employer (like a pension or contribution to a retirement account) will be a major source of income in retirement, and 25 percent expect that a major source will be Social Security. Twenty-eight percent expect that other personal savings (outside of a plan at work) will be a major source of income in retirement.
- Most women (85 percent) do not know the correct age at which they will be eligible for full Social Security benefits – they typically underestimate. At the same time, 72 percent of women are not confident that they will receive Social Security benefits equal to those received by current retirees, and 71 percent are not confident they will receive equal Medicare benefits.
- Forty-four percent of women report that they have tried to calculate how much money they will need to save by the time they retire in order to have a comfortable retirement. Nearly three-quarters (72 percent) of women report they have an investing or saving program for their retirement, but fewer (38 percent) have thought about insurance for long-term care needs.
- Working age women are *more likely* than their male counterparts (62 percent vs. 49 percent) to use the advice of a financial professional when making saving and investment decisions. Men are more likely than women to use computer software (25 percent vs. 17 percent). In addition, most married women (86 percent) rely heavily on input from their spouse. In fact, nearly one-quarter (24 percent) of all women who are saving report that information from a spouse or partner is the most helpful resource in making investment decisions about their retirement savings.
- Other resources that women turn to for financial information include: newspapers or magazines (58 percent); written material from work (56 percent); advice from family and friends (45 percent); TV or radio (36 percent); seminars (26 percent); the Internet or online services (24 percent); and computer software (17 percent).
- Forty-three percent of working women indicate that they have received employer-provided educational material or seminars about retirement planning and saving in the past year, while more than one-half say they have not (56 percent). Interestingly, women who have saved for retirement are more likely to say they did receive such information (49 percent) than those who have not saved (29 percent).
- More than 90 percent of women who are saving for retirement say that they were motivated to save when they started to earn enough money to do so (51 percent say they received *a lot* of motivation from this, 40 percent *some*). Other motivators include: not being able to count on Social Security (54 percent *a lot*, 35 percent *some*); seeing people not prepare and struggle in retirement (50 percent *a lot*, 39 percent *some*); running out of time to prepare (45 percent *a lot*, 37 percent *some*); and availability of a plan at work (50 percent *a lot*, 29 percent *some*).
- Among women who have not saved for retirement, 73 percent say a major reason they have not saved is that they have too many other current financial responsibilities. Other reasons include: they have other savings goals (37 percent *major*); they expect to have a pension (28 percent *major*); and there is no retirement plan offered at work (27 percent *major*).
- Sixty-one percent of women say it is possible for them to save \$20 more per week for their retirement. The items they would most frequently give up to save are dining out and entertainment.

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- Sixty-one percent of women expect to work for pay in retirement, compared with 75 percent of men. Since last year's survey, this expectation has increased among men while it has remained relatively unchanged for women.

Additional resources:

- **Minority women:** A detailed analysis of the retirement saving and planning behavior and attitudes of minority women is also included as part of the WRCS. The data is taken from the *1999 RCS Minority Survey*. This survey includes interviews with 200 African-Americans, 200 Hispanic-Americans, and 200 Asian-Americans. Targeted list samples were used in order to supplement the minority respondents obtained through random-digit dialing.
- **Savings tools:** The *Retirement Personality Profiler* is an interactive questionnaire that allows individuals to determine which of five distinct personality groups they fall under, based on their attitudes toward their finances and planning for retirement. And the *Retirement Readiness Rating (R³)* indicates how well workers are preparing for retirement. The scale runs from 0 to 25, with those scoring 25 apparently doing the best job of preparing.

Both quizzes, as well as other interactive planning tools and information on the Retirement Confidence Survey, are available on the ASEC web site: www.asec.org

The second annual Women's Retirement Confidence Survey (WRCS) gauges the views and attitudes of working and retired American women regarding retirement, their preparations for retirement, their confidence with regard to various aspects of retirement, and related issues. Data for this analysis comes from the *1999 Retirement Confidence Survey (RCS)*, which was conducted within the United States between January 4, 1999 and February 28, 1999, through 20-minute telephone interviews with 751 working-age individuals ages 25 and older (376 females and 375 males). An additional 251 retirees were also surveyed as part of the RCS but not included in this analysis. Random digit dialing was used to obtain a representative cross section of the U.S. population and interview quotas were established by sex of respondent to reflect the actual proportions in the population. The RCS, co-sponsored by EBRI, ASEC, and MGA is a national survey that has been conducted annually since 1991.

Founded in 1978, EBRI's mission is to contribute to, to encourage, and to enhance the development of sound employee benefit programs and sound public policy through objective research and education. EBRI is a private, nonprofit, nonpartisan public policy research organization based in Washington, DC. EBRI does not lobby and does not take positions on legislative proposals.

ASEC is a coalition of private- and public-sector institutions that undertakes initiatives to raise public awareness about what is needed to ensure long-term personal financial independence. ASEC's goal is to make saving; investing; and planning for different life stages, including retirement, a vital concern of Americans. ASEC is part of the Employee Benefit Research Institute Education and Research Fund (EBRI-ERF), a 501(c)(3) nonprofit, educational organization.

MGA is a full-service market research and consulting firm located in Washington, DC, that specializes in all aspects of survey research design and analysis, focus group and one-on-one qualitative research; new product development and testing; marketing, communications, and advertising research; attitude tracking surveys; market segmentation; and database marketing and analysis.

The retirement services division of American General Financial Group serves the needs of several types of clients. VALIC (The Variable Annuity Life Insurance Company) provides annuity-based retirement plans for employer groups and individuals. American General Retirement Services (AGRS) provides mutual fund-based retirement plans for employer groups. American General Annuity Insurance Company (AGAIC) is the leading provider of individual fixed-annuity products through financial institutions. The American General Fund Group provides a comprehensive lineup of retail mutual funds for the individual investor.

The Retirement Services division is a leading provider of retirement products and services, including tax-qualified annuities sold through 1,500 retirement planning specialists, and nonqualified annuities marketed through 27,000 financial institution representatives. The division has \$61 billion in assets and 2.6 million customer accounts.

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