PROMISES TO KEEP

HOW LEADERS AND THE PUBLIC RESPOND TO SAVING AND RETIREMENT

A REPORT FROM PUBLIC AGENDA IN COLLABORATION WITH THE EMPLOYEE BENEFIT RESEARCH INSTITUTE
PUBLIC AGENDA

Founded in 1975 by public opinion analyst Daniel Yankelovich and former Secretary of State Cyrus Vance, Public Agenda works to help citizens better understand critical policy issues and to help the nation's leaders better understand the public's point of view. Public Agenda's research on how citizens think about policy forms the basis for its extensive citizen education work. Its citizen education materials – used by the National Issues Forums and media outlets across the country – have won praise for their credibility and fairness from elected officials from both political parties and from experts and decision-makers across the political spectrum.

In Consultation With

THE EMPLOYEE BENEFIT RESEARCH INSTITUTE

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PRINCIPAL RESEARCHER AND AUTHOR:
Steve Farkas

CO-AUTHOR:
Jean Johnson

CONSULTING EDITOR:
Adam Kernan-Schloss

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This report is the result of the efforts of many talented individuals. The authors would especially like to express their deep appreciation to the following:

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Any American watching television, reading a newspaper or listening to friends at a picnic would become very confused about the future of retirement in America. Confusion about whether the Social Security system has enough money – and what it will provide. Confusion about Medicare. Confusion about how long we can expect to live and how much money we will need for a comfortable retirement. And, confusion about what we should do with the money we have.

Early in 1993, Public Agenda and the Employee Benefit Research Institute (EBRI) began talking about the mixed messages being sent to the public and the many conflicting reports on public attitudes about retirement. Is the public as confused about retirement savings as media, policy and business reports and advertisements imply? Are they as unprepared? Are Americans as unrealistic about how much they need to save today to live well tomorrow? Does the public agree or disagree with the “opinion” leaders? What do the facts tell us?

We planned an objective, four-part research effort: 1) a review of existing surveys and data; 2) a series of focus group interviews that bring citizens together for a discussion of their hopes, dreams, fears and knowledge; 3) a series of interviews with leaders in the media, government, academia, business and labor; and 4) two major national surveys to assess attitudes of the public and leadership groups.

This report presents the results of our work. We examine what Americans think about saving and retirement – and how their hopes and dreams stack up to the realities. Promises to Keep paints a picture that is both more optimistic than the reports of an imminent “national retirement income crisis,” yet less optimistic than would be necessary to justify an “it will all work out in the end” conclusion.

Current generations of Americans are thinking more about saving and retirement than their predecessors. They are generally realistic about the future; they know they will have to save more themselves if they wish to have a fulfilling retirement. But they need more encouragement, more investment education and better, more understandable tools for determining how much they realistically need to save. And they need help acting on their own stated intentions.

Promises to Keep documents an interesting discontinuity that sometimes occurs between people’s belief that they are responsible for ensuring they have adequate income in retirement and their failure to act on that belief. We have identified a variety of personality types with particular psychological barriers to saving for retirement that partly explain this discontinuity.

This report documents the challenges and opportunities for preparing the nation for the tremendous expansion of the retiree population in the decades ahead. It attempts to provide an objective report without spin or hype; a new baseline for judging our progress as we prepare for “The Retirement Century” that will begin in 2001.

Our work was funded by a grant from Fidelity Investments. The company promised a hands-off relationship and it delivered. The company asked for an objective report that could provide a foundation for future research and education. We think we delivered.

You, however, are the final judge of whether or not we have. Your comments on this work, and suggestions for future research, would both be greatly appreciated. The goal we all share is the great retirement dream of economic security.

Dallas L. Salisbury
President
Employee Benefit Research Institute
December 1994
The dramatic decline in the number of older Americans living in poverty is one of the public policy success stories of the past several decades. The creation and expansion of Social Security and Medicare and significant increases in employer-sponsored retirement benefits have substantially improved the lives of millions of older citizens. It is probably not an overstatement to say that Americans' attitudes about retirement have been recast. Retirement is no longer viewed as a period of inevitable decline and reduced circumstances, but rather as a period of well-earned independence and leisure — the golden years.

But there is a lively dispute among experts in government, business and academia about whether this public policy success story is destined to be short-lived. Some experts who follow the issue warn that economic prospects for future retirees are bleak, compared to those of their parents. Social Security, they point out, has reduced benefits for future retirees, and more reductions may be necessary to keep the program fiscally sound. Fewer employers are providing workers with pension plans that guarantee a predictable monthly income for life.

More employers are offering workers a variety of savings plans that give individuals more discretion over how much money is put away and how it is invested. But, these experts warn, that discretion can be exercised wisely or not so wisely, depending on the motivation and financial acuity of the saver. Finally, these experts ask whether younger Americans who should now be planning for retirement — baby boomers along with people now in their 20s and 30s — have the saving and planning ethic to arrange prudently for their futures.

These experts believe that Americans need to be saving much more, investing more wisely and, ironically, less conservatively. Unless large numbers of Americans change their free-spending ways, these experts caution, widespread elderly poverty may again be with us.

Other experts, backed by an influential study by the Congressional Budget Office, say that waving the red flag is not warranted. While not advising complacency, this group of experts points out that baby boomers are saving at a higher rate than their parents at a comparable stage in life. They point to the wide expansion of mutual funds and brokerage firms, which allow middle-class Americans to make the kind of diversified, long-term investments once the sole province of the wealthy. Finally they point out that because current retirees are living more comfortably than in the past, the next generation stands to benefit as well. Many middle-class boomers will inherit both cash and property from current retirees, providing a nest egg to plan their own futures.

The dispute among experts is complex and, in many ways, depends on predicting trends that have not always been predictable. Will salaries for current workers rise or continue to stagnate? Will property become a good investment again?

Both groups agree that the attitudes and behavior of average Americans are central to this issue. For most Americans, the "comfort-level" they reach in retirement depends not on the future of Social Security (most experts agree that the nation is committed to the program and will ensure that it functions at least as a safety net) but on decisions that they themselves make — how they handle employer-sponsored benefits, how much they themselves save, and how they invest their money. The chief question is whether Americans have the knowledge, motivation, and self-discipline to make sound decisions for themselves and their families. And, what should government, business, media and others be doing to help Americans make those decisions more wisely?
The Research

Public Agenda, a nonprofit, nonpartisan research and education organization, launched a year-long research effort exploring the public’s role in the retirement issue. Joining with the Employee Benefit Research Institute (EBRI) – a private, nonprofit, nonpartisan research and education organization specializing in employee health, welfare and retirement issues – Public Agenda conducted a multi-faceted study that included several strands of research.

Public Agenda conducted a series of in-depth interviews with retirement experts from academia, government, media and business, along with an extensive literature review. Sixteen focus groups with the general public were conducted by Public Agenda, along with two national surveys. One was of a random, representative cross section of 1,100 non-retired Americans; the other was a mail survey of 450 American leaders in government, media, business, academia and labor. Supplemental data from an EBRI/Mathew Greenwald & Associates survey conducted earlier this year are also used in this report. A detailed description of the research is presented in the Methodology section.

Summary of Findings

Finding 1: Leaders rank the retirement issue high on their agenda of national concerns – and fear that Americans are not saving enough.

Six in ten leaders say retirement planning is a major policy issue requiring “immediate attention.” Seven in ten say that future retirees will be financially worse off than current retirees.

Finding 2: By contrast, the American people have high expectations for their retirement. They expect to maintain the standard of living from their working years – and are confident that they will succeed.

People do not limit their expectations to the basics. When asked what they would consider to be an “adequate standard of living in retirement,” 59% say it is the standard of living to which they have become accustomed. Six in ten (61%) are confident they can reach it.

Finding 3: Although they express optimism, people’s actual savings are relatively low. About one-third have put away nothing or almost nothing for their retirement.

The problem is by no means limited to America’s poor: 39% of respondents with household incomes between $25,000 and $40,000, and 23% of Americans making between $40,000 and $60,000 have less than $10,000 saved.

Finding 4: But, beneath the surface optimism, Americans fear that they are not saving enough.

Nearly three-quarters (73%) think they should put aside more money for retirement. About half who say they should be saving seriously for retirement think they have fallen behind; one-quarter of those who consider themselves behind do not believe they can catch up. The public’s anxiety was even more apparent during focus-group interviews. The discussions were dominated by people speaking openly about their fear, confusion and struggle to save.

Finding 5: Americans say they are not relying on Social Security to finance their entire retirement. People say they accept responsibility for their own retirement – but even so, they are doing very little to act on that belief.

Six in ten Americans say individuals “should take the greatest share of responsibility for ensuring that people have an adequate income in their retirement,” while only 13% say it should be the government and 10% say it should be employers. However, the gap between declaring one’s responsibility and actually doing something to fulfill that responsibility looms large. One-third (32%) of those who say that individuals should be the primary source of retirement income have $9,000 or less in savings or investments dedicated to their retirement.

Finding 6: The research revealed six important barriers to saving for retirement.

1. Retirement is not a priority for most people. Most people feel too overwhelmed by daily concerns (monthly bills, work, healthcare costs) to give much attention to retirement. Thirty-six percent of Americans never or rarely think about retirement.

2. Many Americans simply do not earn enough. About one-third (34%) of Americans are convinced that they cannot save more for their retirement because they do not have the money to do so.

3. Many Americans lack knowledge. Seven in ten Americans do not know how much money they will need for their retirement. Thirty-seven percent substantially underestimate the percentage of their yearly income they will need in retirement.
4. Many Americans expect the new “essentials” of middle-class life. Some Americans are clearly struggling to make ends meet, and have extreme difficulty saving money for any purpose, including retirement. But even more comfortably middle-class Americans strongly resist cutting back on luxuries or nonessentials to save for their retirement. About two-thirds of respondents (68%) say they could cut back on their spending by eating out less often to save more for retirement. But of those, only 18% say they are very likely to actually cut back.

5. Personality matters. Distinct personality patterns influence how individuals approach financial planning and retirement.

- “Planners” (about 21% of Americans) are in control of their financial affairs. Planners are much more likely than other Americans to save money regularly (68% to 43%), and more than two-thirds (68%) of them save for their retirement according to a regular plan.

- “Strugglers” (about 25% of Americans) clearly have trouble keeping their heads above rough financial waters. Only 20% of strugglers save regularly compared to 57% of everyone else. Fully 85% of strugglers say they have fallen behind, compared to only 41% of other Americans.

- “Deniers” (about 19% of Americans) are almost deliberate in their refusal to deal with retirement. They are three times more likely than other Americans to say they never think about retirement. They are far less likely than other people to put money away regularly, to have a set plan of retirement saving and to be willing to give up the extras to save for retirement.

- “Impulsives” (about 15% of Americans) are driven to seek immediate gratification – spending today and letting tomorrow take care of itself. They are less likely than other respondents to save regularly, less likely to save according to a plan, and more likely to acknowledge they have fallen behind.

6. The public has a “play it safe” approach to investment. People seem so concerned with avoiding investment disasters that they make do with overly conservative investments. Much of the public is intimidated by the stock market and frightened of its volatility.

Finding 7: The public is divided between loyalty and deep skepticism toward the Social Security program.

Leaders think Americans are unrealistically counting on benefits that will be lower than they expect, but the public is pessimistic about future benefit levels and quite skeptical about how the program is run. Seventy-two percent of the public think their benefits will be cut or even eliminated altogether by the time they retire.

Nevertheless, people support the fundamental principles underlying Social Security. Only 6% of Americans want the program eliminated.
Attitudes About Retirement

Finding 1: Leaders rank the retirement issue high on their agenda of national concerns — and are fearful that Americans are not saving enough.

Although leaders rank crime, health care and welfare reform as more pressing, they place planning and saving for retirement at the top of "second-tier" issues, ahead of campaign finance reform, the information superhighway and even immigration. About three-fourths (77%) of these leaders — from local and federal government officials to business to higher education leaders and others — say the government is paying too little attention to the adequacy of the public's retirement saving.

Leaders surveyed for this study think the problem is serious. Six in ten (60%) say "retirement planning is a major policy issue requiring immediate attention." An additional 57% think the problem is widespread and not limited to specific segments of the population.

Moreover, leaders are virtually unanimous (93%) in believing that most Americans should be putting aside more for their retirement. Almost all (96%) think that the typical American family does only a fair or poor job of planning and saving for retirement.

Leaders worry that many Americans, if not most, will face financial hardship in retirement. They predict that more elderly will be living in poverty as a result, and that many people will face a significantly diminished standard of living.

Seven in ten (70%) say that future retirees will be financially worse off than current retirees. Almost the same proportion (68%) think the percentage of elderly living in or near poverty in the future will increase because of inadequate savings. This forecast is surprising since the proportion of elderly living in poverty has in fact been steadily declining in recent decades, and has hovered around 12% for the past 10 years. It also differs from the 1993 CBO study entitled Baby Boomers in Retirement: An Early Perspective which concluded that baby boomers are likely to be financially better off in retirement than their parents.

Finding 2: By contrast, the American people have high expectations for their retirement. They expect to maintain the standard of living from their working years — and are confident that they will succeed.

People do not limit their expectations to the basics. When asked what they would consider to be an "adequate standard of living in retirement," six in ten (59%) say it is the standard of living to which they have become accustomed. Six in ten (61%) are confident they can reach that standard of living.

Data from an EBRI/Greenwald & Associates survey on retirement conducted in the summer of 1994 confirm these optimistic perceptions. Two-thirds (66%) are confident they will have enough money to live comfortably in retirement; 53% think their standard of living will be about the same as now and an additional 27% think it will even be better. Finally, 67% believe they are doing a good job of preparing financially for their retirement.

Most people (60%) say they are looking forward to their retirement. Only a small minority (20%) admits to worrying about retirement. As one focus group respondent said:

"I look forward to spending more time with my grandchildren and just being able to do what I want to do. The freedom. I will not be a couch potato. I just love doing things, playing tennis and other fun things."

— Older Boston man, lower income

How much money do Americans actually need to put aside for their retirement? Estimates vary according to assumptions about such things as the future rate of inflation, investment returns, Social Security benefits, and other variables. According to a 1993 Consumer Reports estimate, an individual making $40,000 with 20 years to retirement should invest $6,853 a year and have $252,108 in total savings at retirement. The same individual with 30 years to retirement should put $4,881 a year toward retirement and have $372,982 in total savings at retirement.

Are Americans putting aside enough for their retirement? Answering this question is a complicated exercise. Experts disagree about what to include in

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LEADERS: HOW WELL AMERICANS SAVE FOR DIFFERENT GOALS

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<td>Healthcare needs</td>
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<td>Children's college education</td>
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<td>Inheritance for their children</td>
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<td>Buying a home</td>
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<td>Vacations and leisure</td>
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the calculations of retirement wealth (e.g. how to account for the value of a home, or inheritance). The 1993 CBO study concluded that most baby boomers will likely be better off in retirement than their parents, assuming that real wages continue to grow, Social Security and private pensions remain intact, and health care expenditures do not outweigh other gains. But another study (Auerbach and Kotlikoff, 1994) argued that the baby boom generation’s prospects for financial security in retirement are not good because they will face much higher taxes and lower government benefits.5

Finding 3: Despite their optimism and confidence, people’s actual savings are low.

More Americans (46%) say they are saving more for retirement than for any other goal, but many have saved relatively little. Twenty percent have absolutely nothing saved for their retirement in any kind of investment or saving vehicle; another 13% have saved so little – between $1,000 and $9,000 – that this will have little effect on their future standard of living.

It would be one thing if the low rate of savings respondents report were limited to the young or to lower-income Americans. Research has shown that people usually start to seriously save when they are older and lower income Americans have little left to save after meeting basic living expenses. However, the problem is by no means limited to America’s poor or to the young. Significant proportions of middle class, middle-age respondents also have relatively little saved.

Almost four in ten respondents (39%) with household incomes between $25,000 and $40,000, and 23% of Americans making between $40,000 and $60,000 also have less than $10,000 saved. Again, if these low savers were overwhelmingly young, the findings would be unsurprising. But this is not the case. For example, 35% of middle-income ($25,000-$40,000) Americans who are between 40 and 49 years old have nothing or very little put away.

These are conservative estimates, and the proportion of Americans across all income and age categories with meager retirement savings is probably higher. This is because almost half (48%) of the sample either did not know or refused to disclose how much money they had put away for retirement. While these respondents tended to be higher income, some of them are likely to fall into the category of those with little savings. In other words, unless all of them have significant retirement savings, the percentage with little saved would be higher.

Finally, we should point out that these figures do not count the value of respondents’ homes as part of retirement wealth (62% reported owning their own home). Some experts argue that the value of individuals’ homes should be included in retirement wealth since they can draw upon that equity when they retire.

The Groups Most in Jeopardy

Low levels of retirement savings affect some groups more than others.

Younger Americans and Baby Boomers

Younger respondents are more likely to have put nothing away for their retirement than older respondents. Not surprisingly, half (52%) of the youngest group surveyed – respondents between 22 and 29 years old – report having between nothing and $9,000 saved for their retirement. But, almost one-third (30%) of baby boomers – respondents between 30 and 49 years old – have also saved less than $10,000 (12% have saved $50,000 or more and 49% did not know or refused to say).

Lower-Income Americans

The poorest people save the least. Almost six in ten (59%) Americans whose household income is less than $25,000 report they have between nothing and $9,000 saved for their retirement. By contrast, only 18% of those with household incomes over $40,000 report having such low savings.

Employees of Smaller Businesses

Americans working for small firms – companies with less than 50 workers – are much less likely to have a pension or own a 401(k) or 403(b) plan, and more likely to have little or no retirement savings. More
than 4 in ten (43%) respondents working for small firms have $9,000 or less put aside for their retirement, compared to only 26% of those working for larger companies. While almost half (49%) of Americans working for larger companies have a pension, only one-fifth (21%) of Americans working for smaller companies do. While 45% of Americans working for larger companies own a 401(k) or a 403(b) plan, only 22% of Americans working for smaller companies do.

Many smaller companies may not be able to afford to provide pensions to their employees. But some observers point out that the impediments to small businesses offering 401(k) plans, which do not require employer contributions, may have more to do with start-up costs (information and time), a lack of interest on the part of many small business owners, administrative costs and concerns about meeting government regulations.

The problem facing many who work for small firms may be that they do not have access to some of the most common ways of saving for retirement. This view is bolstered by the following finding: two-thirds (66%) of those working for small firms report that their workplace does not offer them the option of directly depositing a part of their salary into a savings or IRA account, compared to 29% of those working for larger firms.

Women
Contrary to leaders’ beliefs, women—at least women who work full-time—do not seem to be preparing less than men for their retirement. While 41% of men employed full-time owned three or more financial vehicles dedicated for their retirement, a comparable 36% of women employed full-time had them too. While 27% of men working full-time had from zero to $9,000 in retirement savings, about the same proportion (29%) of women working full-time did so as well.

These data do not address the issue of women who are left to finance their retirement on their own after divorce or the death of a spouse and after spending most of their pre-retirement years out of the workforce. Some might be vulnerable. Women are more likely to be part-time employees or homemakers, so they have less opportunity to participate in retirement plans on their own. In this study, female respondents are more likely than males to say their spouse does most of the retirement planning and saving in their family.

Finding 4: Beneath the surface, Americans fear that they are not saving enough—and they are worried about it.

Although Americans profess to be optimistic about their retirement, many are also worried. Nearly three-quarters (73%) of Americans think they should put aside more money for their retirement. About half (51%) who say they should already be saving seriously for their retirement think they have fallen behind. One-quarter of those behind do not believe they can catch up. Although 49% of respondents say they save for retirement regularly and according to a plan, many people (41%) admit they save only occasionally for their retirement and according to what they happen to have on hand.

“I don’t save any money yet. I’m in debt. I don’t think the economy is built in a way that a good majority of us can save.”

—Younger San Diego woman, higher income

There are fears. One prevailing concern is that healthcare costs will threaten retirement income. Fully 72% say this is a serious concern to them.
**THE PUBLIC: FEARS BENEATH THE SURFACE**

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<th>Percentage expressing concern that:</th>
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<td>Economy will undermine efforts to save</td>
<td>76%</td>
</tr>
<tr>
<td>Inflation will reduce value of savings</td>
<td>74%</td>
</tr>
<tr>
<td>Healthcare costs will threaten retirement income</td>
<td>72%</td>
</tr>
<tr>
<td>Social Security program will be severely strained</td>
<td>70%</td>
</tr>
<tr>
<td>Changed job and could not build enough money in retirement plans</td>
<td>60%</td>
</tr>
<tr>
<td>Outline the savings put aside</td>
<td>54%</td>
</tr>
<tr>
<td>Employers less generous with pension/retirement benefits</td>
<td>47%</td>
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"The biggest thing I have a question mark about would be health and hospitals, because you can have savings accounts and other things, but that would wipe you out of everything. Here today and gone tomorrow."

- Older Boston man, lower income

People also worry about Social Security benefits. Seventy percent say a serious threat to their retirement is that the Social Security program will be severely strained because too many people in their age group will be retiring at about the same time. (See pages 23-25 for a fuller discussion of Americans' views on Social Security.) The vast majority (72%) think their benefits will be cut or even eliminated altogether by the time they retire.

Finally, Americans worry about the impact of economic downturns and inflation. Three-fourths (76%) think the economy will decline and undermine their efforts to save for retirement. Another 74% are concerned that inflation will reduce the value of their retirement savings.

"Seeing how the price of goods and services is escalating, the price of groceries . . . you can't even buy that many groceries like you could years ago. I see things getting worse, not getting better."

- Younger Boston man, lower income

"It's kind of a scary thing to me 'cause I don't know what I'm gonna do. I don't have a plan, and I don't want to go to work, and I don't want to retire."

- Older Denver woman, lower income

The public's anxiety about retirement is often masked, at least initially. When Public Agenda conducts focus groups on crime, education or even foreign policy, participants—who are never told beforehand what the topic will be—quickly engage and show interest. With retirement, respondents were typically baffled that researchers wanted to discuss the issue at all, let alone for the remainder of the evening. But the initial disinterest quickly vanished when some individual participants began talking about their worries and their strategies for retirement. Soon the rest of the group was swept along, each member assessing his own efforts, his own failings or successes, and struggling to explain to himself, as much as to the moderator, the reason for this state of affairs.

Powerful anxieties often dominated the remainder of the discussion. This suggests that once the retirement topic captures people's attention, it agitates anxieties that normally lie dormant. Retirement may not always be on people's minds, but it is an intensely personal issue and strikes home with a relevance few other issues can match. Perhaps the very potency of these anxieties helps explain why people spend so little time thinking about the issue.

"If you thought about it, you wouldn't want to retire. You would never want that time to come because you'd know you can't make it. You don't want to face it, you don't want to look at it."

- Older San Antonio woman, lower income

"I hope that I will be well off enough to enjoy it and just relax and do nothing — play golf and travel in a Winnebago. But it frightens me to think seriously of the financial aspect. I mean I have got to fantasize about it."

- Younger Boston woman, lower income

**Finding 5: Americans say they are not relying on government to finance their retirement through Social Security. People say they accept responsibility for their own retirement — but even so, they are doing very little to act on that knowledge.**

When leaders try to explain why Americans save so little for their retirement, they assume that people overestimate what they will get from Social Security—thinking it by itself will provide a comfortable lifestyle. But survey data repeatedly show that Americans vastly discount the government's responsibility to provide adequate income in retirement, and do not expect to rely on Social Security benefits. Instead, people place most of the responsibility on their own shoulders.

Six in ten (60%) say individuals "should take the greatest share of responsibility for ensuring that people have an adequate income in their retirement," while only 13% say it should be the government and...
10% say it should be employers. Asked what the most important source of money to finance their retirement will be, 59% said individuals' savings and investments, 23% said pensions and only 15% said the government. It seems that the public is more demanding of itself – at least on the conceptual level – than experts or leaders.

"The buck stops here. If I don't do it, it's not going to get done."
- Older Denver man, lower income

"You can't lay blame on anybody else other than yourself. It's your risk, it's your goal, it's your life. Nobody else is going to take care of your life for you."
- Younger Atlanta man, higher income

However, the gap between declaring responsibility and actually doing something to fulfill that responsibility looms large. Many people say they should be responsible and are not counting on the government. But they often behave as if someone else is responsible.

One-third (32%) of those who say that individuals should be the primary source of retirement income have $9,000 or less in savings or investments dedicated to their retirement (7% had between $10,000 and $50,000; 13% had more than $50,000; and 49% did not know or refused to say.) Moreover, when the EBRI/Greenwald survey asked retired individuals what their most important source of actual income is, 42% said Social Security. Thus, when Americans actually retire, many of them end up relying on Social Security – not because they intended to but because they do not follow their verbalized acknowledgment of responsibility with appropriate action.
Barriers to Adequate Retirement Preparation

Americans say they are responsible for ensuring they have adequate income in retirement, and once they think about it, they express considerable anxiety about their future standard of living. But they often behave as if someone else is going to do the job for them. The question is: what accounts for this fundamental discontinuity? Why aren’t more Americans following through their words with action? This research suggests six major barriers that help explain why individuals have trouble saving for their retirement.

**Barrier 1: Retirement is not a priority for most people.**

The public feels too overwhelmed by daily concerns to give much attention to retirement. Although people sense they are not doing enough, they comfort themselves by thinking they can always catch up. Moreover, leaders are concerned that the government also is not paying adequate attention to the retirement issue.

The unique nature of the retirement issue makes it especially difficult for individuals and government. Retirement is a long-term concern easily forced off people’s agendas — and perhaps the government’s — by more immediate problems. To prepare for retirement, individuals need to make some immediate sacrifices that pay off down the line. But these sacrifices are difficult to make when so many immediate problems occupy people’s attention.

“I really didn’t know about planning for retirement. You hear about it, but I guess I had other things on my mind and I couldn’t afford it. Therefore, I just didn’t pay that much attention.”

— Older Boston woman, lower income

“You think about it, but you never take the time out to investigate and prepare for retirement.”

— Younger Chicago woman, higher income

Most of the public simply does not think about retirement very often. People tend to focus on day-to-day problems and bills; retirement may be on their radar screens, but just barely. Thirty-six percent of Americans never or rarely think about retirement, while an additional 35% sometimes think about it. Less than a third (29%) think about it often.

When asked to name “the biggest problem facing you and your family these days,” 29% of respondents say paying monthly bills, another 18% mention work and money problems, and 13% mention healthcare costs. Only 5% of respondents mention saving for retirement. Respondents who say saving for retirement is more difficult than saving for other things most often cite bills as the reason. When the EBRI/Greenwald survey asked respondents why they are not saving more for retirement, the main explanation cited by 62% is that “paying for necessities” prevents them from doing so.

“Between the day care and the mortgage and the car payments, we’re trying, but really we’re just taking care of today.”

— Younger Chicago man, higher income

Not surprisingly, people who think often about retirement tend to be more prepared. Forty-one percent of respondents who say they never think about retirement own no investments or savings vehicles dedicated for their retirement. By contrast, 44% of respondents who often think about retirement own three or more such vehicles. Thinking about retirement also is strongly correlated with age — younger respondents are much less likely to think about it — so some of the association between owning retirement plans is probably a function of age and income.

The lack of attentiveness, according to leaders, extends to the government. Three-fourths (77%) of leaders think the government is paying too little attention to “the adequacy of the public’s retirement planning and saving.” Leaders complain that the government is too interested in improving its short-term tax revenues and not sufficiently interested in giving people enough incentives to save. In the leadership survey, 50% say government “mostly hinders people from saving for their retirement” because it taxes interest income and limits IRA contributions. Only 14% say government “mostly helps” because it encourages 401(k) plans and allows IRAs (33% said both about equally).

Retirement seems far enough away for most Americans that it is tempting for them to think it can be dealt with later. There is some concern among the 70% of the overall sample who think they should be saving already; half of them (51%) say they are behind. But even these people are not in a panic: 70% say there is still time for them to catch up.

It seems that most people approach retirement saving much as they approach physical fitness. They know getting into shape is up to the individual, they keep meaning to get serious about it, and they say that as soon as they get the chance, they will do it. The intent is there, but other things usually take precedence. You can always tell yourself that it is not too late and that you will start tomorrow. Meanwhile, that health club membership is winding down, and the exercise machine sits in the corner.
CHAPTER 2

Barrier 2: Many Americans simply do not earn enough.

Leaders and the public agree that many people cannot save enough for their retirement simply because they lack sufficient income.

Some portion of the public is clearly struggling to make ends meet. Many people say that necessities and basic expenses take up most of their monthly budgets, and cite this as the reason for their difficulty in saving for retirement.

“I’m scared about the finances of retirement. I’m not saving right now. My husband’s not making much because he’s an artist. We’re just getting by.”
– Younger Boston woman, lower income

“I figure I probably won’t have any money left once I’ve put my kids through college.”
– Younger San Antonio woman, lower income

Leaders are cognizant of this barrier. Fifty-five percent of leaders said that one convincing explanation for why Americans are not saving enough is that “too many Americans simply do not earn enough income.”

About one-third (34%) of Americans are convinced, even when pressed, that they cannot save more for their retirement because they do not have the money to do so and this group is, by and large, not wealthy. Of the people who say they cannot save more, 74% report less than $40,000 in household income. Interestingly, when first asked, over half the sample (51%) says that saving is impossible because they barely cover expenses. But about a third do admit, when asked a follow-up question, that some saving is possible. Clearly people’s definition of “basic necessities” tends to color their responses.

Barrier 3: Many Americans lack knowledge.

Lack of knowledge and information helps explain why so many Americans are not saving enough for their retirement — but this explanation might not be as convincing as leaders think it is.

Leaders do not think Americans are well-informed about what they should be doing to prepare for retirement. Three-fourths (77%) say Americans are “not too informed” or “not informed at all” about how to plan and save for their retirement. They also think Americans do not make quality decisions about how to plan and invest for their retirement. Sixty percent rate the quality of Americans’ decisions as fair, and an additional 26% rate them as poor.

For leaders, the knowledge gap has serious implications for how well Americans are preparing for their retirement. Leaders reason that Americans are not doing enough on their own to prepare for retirement because they are expecting too much from Social Security, underestimating the number of years they will live in retirement and underestimating the extent to which inflation will erode the value of their saved funds.

With the exception of their expectations of Social Security benefits (see pages 23-25), much of the public is indeed poorly informed about these issues. Responses to this survey indicate most Americans do not know how much they need to save by the time they retire. They also are not very likely to try to find out. When asked “how much do you think you will personally need to have put away in savings and investments in order to finance your retirement?” seven in ten Americans did not know. The EBRI/Greenwald survey shows that only 34% have actually tried to figure out how much money they will need to have saved by the time they retire, while 64% have not.

“I wouldn’t even know where to begin.”
– Younger San Diego woman, higher income

It is quite easy — and somewhat misleading — for surveys to show public ignorance on specific facts in any area, from the Constitution to world geography. Most citizens do not make a special effort to stay informed about details that do not touch their personal lives. However, in this area, ignorance does have implications for their personal lives and well-being. For example, experts generally recommend that retired individuals have about 70% to 80% of their yearly
income in their retirement years, but only 21% of the public answer in the same way; 37% substantially underestimate the percentage of their yearly income they will need in retirement, saying it is 60% or less.

Respondents with some inkling of how much they need for their retirement are more likely to have substantial savings. Twenty-six percent of those who said they would need $50,000 or more in personal savings to finance their retirement had saved more than $50,000, compared to only 7% of those who did not know how much they would need. Even so, one-fourth (28%) of "informed" respondents report having $9,000 or less saved for their retirement.

To some extent, the impact of knowledge is a chicken-or-egg problem: is it that people who know more do more, or is it that when people do more they learn more? Intuitively, it seems that, before people actually use a retirement savings vehicle they need to find out something about the vehicle, at least to know that it exists and can be used for this purpose. As people begin to plan and save for their retirement, they are bound to get better informed. Forty-percent of respondents who understand the three essential elements of IRAs — that they are used for retirement, that income contributed to them can be tax-deferred and that they come with restrictions on withdrawals — actually own one. Only 22% of respondents who know only one essential element actually own one. Nevertheless, 60% of Americans who know most of the fundamentals about IRAs do not own one.

Our analysis suggests knowledge plays a significant but limited role in moving people to take advantage of different retirement vehicles. Better education about investment vehicles may well increase Americans' use of them, but other factors are clearly counteracting the positive effect of this knowledge.

Barrier 4: Many Americans expect the new "essentials" of middle-class life.

Leaders attribute much of the public's inadequate saving to cultural values — over-reliance on credit, lack of self-discipline and a drive for instant gratification. Many Americans acknowledge they could cut back on some of life's luxuries to save more for retirement, but most also say they are not very likely to do so. It seems that many people's unwillingness to cut back is driven by an expanded definition of what the "basics" or "necessities" actually mean.

Some Americans are clearly struggling to make ends meet, but most are in the middle or upper class and enjoy substantial discretionary spending. Nevertheless, they strongly resist cutting back on luxuries or nonessentials to save for their retirement. They acknowledge they could save more, but readily admit they are unlikely to make the necessary sacrifices; thus, some of the toughest barriers to increased saving for retirement seem to have little to do with a lack of money.

The study first asked respondents whether there was room for them to cut back on several areas of nonessential spending, such as dining out. It then asked them how likely they would be to cut back. Many people told us they could cut back their spending in specific nonessential areas to save more for retirement, but few said they would be very likely to do so.

For example, about two-thirds of respondents (68%) say there is room for them to cut back by eating out less often to save more for retirement. But of those, only 18% say they are very likely to actually cut back. More than half (55%) say there is room for them to cut back by grocery shopping more carefully, but only 30% say they are very likely to do this. Finally, 46% of respondents with children under 22 say they could cut back on extras for the kids, but only 20% say they are very likely to do so. In all areas of discretionary spending we surveyed, the percentage of respondents who say they are very likely to actually cut back does not exceed 30%. It is important to note that these are responses to a phone survey. In real life, the gap between voicing a willingness to cut back and actually doing so may be even larger.

The resistance to cutting back on these new "essentials" emerged repeatedly in focus groups: "I thought about saving more, but then I wouldn't be able to spend more now and enjoy myself."

— Older Cincinnati woman, lower income

"I could give things up. I don't need to go out to dinner as often. I could give up tennis, that's expensive. But life is so short and I feel that my life has not been the way I wanted it to be. I need to just enjoy a few things."

— Older Boston woman, lower income

There is even reason to doubt some who say there is no room for them to cut back on some areas of discretionary spending. For example, 46% of respondents with household incomes of $25,000 or less say they could cut back and save more for retirement by going out to the movies, shows or sports events less often, but only 29% of respondents with household incomes of $40,000 or more say so. Sixty-two percent of respondents making less than $25,000 say they could grocery shop more carefully to save more for retirement, but only 53% of respondents with annual incomes more than $40,000 say so. It is hard to believe that lower-
income people go to the movies or shows more often or that they are more extravagant with their food shopping than higher-income people. It is more likely that wealthier respondents view these areas as essential to their standard of living, areas in which they are no longer willing to consider pulling back.

Lower-income respondents also express greater willingness to cut back than higher-income respondents. They are twice as likely as higher-income respondents to say they would be very likely to cut back on vacation or travel in order to save more for their retirement (a 53% vs. 25% margin). They are also twice as likely as higher-income respondents to say they would be very likely to cut back by eating out less often in order to save more for their retirement (a 34% vs. 16% margin).

Respondents in higher income focus groups often commented on their need for “more.”

“They were first married there wasn’t the new cars, there wasn’t cellular phones, VCRs, microwaves – there just wasn’t as many things to spend your money on. So it seems like they were able to save more than we do now.”

– Younger Chicago man, higher income

Some observers suggest the cultural milieu emphasizes consumption over savings. News reports often portray decreases in consumer spending as an economic problem, but low savings rates are rarely reported and much less often discussed as a problem. Americans often are encouraged to rely on credit cards to finance their purchases. This survey gives some credence to this view, with 60% of respondents reporting they received six or more credit card applications in the past year.

At the same time, observers suggest, Americans seem so bombarded by commercials urging them to buy, borrow and spend that these probably overwhelm any countering messages urging them to save. In this survey, more than four in ten respondents (44%) say they rarely or never see ads encouraging them to save money on any kind of media – television, newspapers or radio.

“Saving is just not publicized. They’re not out here encouraging it on billboards, there are no TV commercials.”

– Older San Diego woman, higher income

Leaders also point to the impact of cultural habits as a significant explanation for the inadequate savings of many Americans. They think Americans overextend themselves through credit, that they lack the discipline necessary to save and that they are driven toward immediate gratification.

### THE PUBLIC: THE NEW “ESSENTIALS”

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<tr>
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<th>Room to cut back</th>
<th>Very likely to cut back*</th>
<th>BY HOUSEHOLD INCOME</th>
<th>Room to cut back</th>
<th>Very likely to cut back*</th>
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<tr>
<td>Eating out less often</td>
<td>68%</td>
<td>18%</td>
<td>61%</td>
<td>69%</td>
<td>71%</td>
</tr>
<tr>
<td>Grocery shopping more carefully using coupons, etc.</td>
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<td>30%</td>
<td>62%</td>
<td>58%</td>
<td>53%</td>
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<td>Spending less on clothing</td>
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<td>38%</td>
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<tr>
<td>Cutting back on extras for the kids**</td>
<td>46%</td>
<td>20%</td>
<td>40%</td>
<td>60%</td>
<td>41%</td>
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<tr>
<td>Cutting back on vacation or travel expenses</td>
<td>37%</td>
<td>29%</td>
<td>36%</td>
<td>38%</td>
<td>35%</td>
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<tr>
<td>Going out to the movies, sports events less often</td>
<td>33%</td>
<td>27%</td>
<td>46%</td>
<td>34%</td>
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* Asked only of respondents who said they had room to cut back
** Asked only of respondents with kids under 22
Barrier 5: Personality matters.

There are distinct personality patterns that influence how individuals approach financial planning and retirement, leading some to save more and others to save less. People tend to be "planners," "strugglers," "deniers," or "impulsives" in dealing with money and retirement.

As Public Agenda conducted the initial phase of our research with focus groups, we noticed personality patterns among the citizens we interviewed. Some people seemed to approach their financial affairs deliberately: retirement planning and saving came naturally and easily to them. Others were generally uncomfortable with financial matters and did not want to deal with retirement planning. Still others refused to let money get in the way of enjoying life and approached financial matters — and retirement — with a cavalier "let the chips fall where they may" attitude.

Analysis of the survey confirmed these observations, revealing four underlying personality traits driving people's approach to financial planning and retirement savings — "planners," "strugglers," "deniers," and "impulsives." These personality traits are best understood as indicators of tendencies and not typologies set in stone. A rough estimate of the percent of the population falling into each personality type is that about 21% of the sample are planners, 25% are strugglers, 19% are deniers and about 15% are impulsives.

Planners: About 21% of Americans

"Planners" are in control of their financial affairs. They are most likely to know where their monthly budget is spent, to describe themselves as careful planners and to say they learned the importance of saving money in childhood. They say they know what they should be doing to financially prepare for their retirement and that they have the discipline and habits necessary to regularly save for it.

"It's a real fun thing for us to imagine our retirement - we don't sit and bite our nails. We know exactly what we're gonna do, how much we're gonna have, what a typical day's going to be."

- Younger Atlanta woman, higher income

In sharp contrast to the other personality types, planners bring to retirement planning a sense of control and self-direction. For one, planners are much more likely than other Americans to be regular savers, by a 68% to 43% margin. More than two-thirds (68%) save for retirement according to a regular plan, compared to only 45% of everyone else. Planners are much more likely to identify themselves as someone willing to give up some of life's extras to save more for retirement (62% to 44%).

Given such attitudes, it is not surprising that planners are much more comfortable and less anxious about how well they are preparing for retirement. Planners are twice as likely as other Americans to think they are doing enough saving (41% to 20%). Most dramatically, more than six in 10 planners (62%) say they are on track in terms of their retirement saving, while only 35% of all others feel this way.

It also is not surprising that planners have rosier expectations of their retirement. More than seven in 10 (72%) are looking forward to their retirement, compared to only 57% of everyone else. They are more confident than other respondents that they will reach the standard of living they want for themselves in retirement (78% to 57%). Seventy percent say the biggest source of financing for their retirement will be their own savings and investments.

Planners seem to approach saving for retirement with what many financial advisors would call greater sophistication: They are less conservative in their investment strategies and more likely to respond to incentives intended to increase savings. Planners are more likely to choose an investment that brings greater rewards along with greater risk (26% to 14%). They are also more likely than other respondents to say that an increase in IRA contribution limits would lead them to save a lot more for their retirement (41% to 28%).

The people also more likely to be planners are older, self-employed and have very high household incomes. Respondents between 22 and 29 years old, those who work part-time and those who make less than $40,000 are least likely to be planners.

Strugglers: About 25% of Americans

"Strugglers" are beset by financial difficulties and uncertainty. They are most likely to say that every time they get their financial affairs in order unpredictable expenses set them back. They say they would like to save for retirement, but simply do not make enough money, and that having to pay so much in taxes makes it difficult for them to plan and save for their future.

"As soon as you start saving a little bit it seems like something comes up — whether the car goes in the shop, it could be anything. And all of a sudden it's gone."

- Younger New Jersey man, higher income
"I'm on retirement plan C. Plan A is that you've made enough money in your life to put it away for a good retirement. You can forget that. Plan B is that you win lotto. Plan C is that I'm gonna drop dead behind the barber chair."

- Older Denver man (a barber), lower income

Strugglers clearly have trouble keeping their heads above rough financial waters. They are far less likely than other Americans to put money away regularly: Only 20% of strugglers do so compared to 57% of everyone else. A majority of strugglers (56%) approach saving by putting away money according to what they have on hand instead of according to a plan (only 36% of others save according to what’s on hand). Six in 10 (59%) strugglers say saving for retirement is more difficult than saving for other purposes, compared to only one-third (33%) of other Americans.

Strugglers are somewhat more likely to have modest expectations of their retirement than others – 32% would be satisfied with the basics compared to 20% of everyone else. But whatever standard they hope for, 85% say they have fallen behind compared to only 41% of other Americans. Thirty-one percent of strugglers say they are so far behind that they cannot catch up. They are also twice as likely as everyone else to say they should be saving a lot more for retirement (62% express this view). Strugglers are more than twice as likely as other respondents to worry about their retirement (a 35% to 14% margin).

Strugglers seem acutely aware of their predicament. Perhaps because so many strugglers feel they have fallen behind, they are far less likely than their counterparts to say individuals should bear most of the responsibility for financial security in retirement. While 68% of other respondents take this position, only 36% of strugglers do. Only 47% of strugglers anticipate that most of the money to finance their retirement will come from their own savings and investments, compared to 63% of everyone else.

Unlike deniers (see below), strugglers indicate there are some things that could help them save more, especially retirement investments that can be shielded from adverse circumstances. They are more likely than other respondents to prefer an investment that keeps retirement money they save beyond their reach, by a 35% to 23% margin. They are also more likely than others to prefer a retirement investment that does not require their attention, by a similar 37% to 23% margin.

Obviously, lower-income respondents (less than $25,000 in household income) are much more likely to be strugglers than higher-income respondents, as are homemakers and unemployed respondents. But something more than objective financial circumstances is at work since more than half of strugglers have middle and higher household incomes.
Deniers: About 19% of Americans

"Deniers" are almost deliberate in their refusal to deal with retirement. They just do not want to think about it. They are most likely to say they are not going to worry about retirement because the financing will take care of itself, that retirement is so far off that saving for it just does not seem as pressing as other things, and that they do not worry about saving for retirement because they might not live long enough to enjoy it.

"I've not thought about retiring. I'm not concerned about it. I'm not interested in it."

– Older San Diego man, higher income

"The way I look at it is, I've got my house, my fishing rod and a canoe, and you talk about it all you want, I'm going to survive, I'm going to keep on going. I don't worry about policy. I never really have."

– Younger Cincinnati man, lower income

Deniers bring to retirement saving an attitude that is persistently "hands-off." They are three times more likely than other Americans to say they never think about retirement. They are far less likely than other people to put money away regularly, to have a set plan of retirement saving and to be willing to give up the extras to save for retirement. While only 30% of deniers say they put money away regularly, 53% of other respondents do. While only about one-third (34%) of deniers save for their retirement according to a plan, 53% of other people do. Finally, almost two-thirds (64%) of deniers identify themselves as someone who refuses to give up the extras to save for retirement instead of the person who would give them up, compared to 43% of all other respondents.

Given such attitudes, deniers are understandably pessimistic about their retirement prospects. However, they are less willing than other groups to do something to improve their situation. They seem to have decided simply not to worry about it.

Not surprisingly, deniers are less likely to believe that individuals themselves should be responsible for ensuring their income security for retirement. Forty-eight percent of deniers say individuals should be responsible for adequate income security, compared to 63% of everyone else. Deniers are also more likely than others to expect most of the money for their retirement to come from sources other than themselves. While 62% of other respondents say most of the money to finance their retirement will come from personal savings and investments, only 48% of deniers do.

Conventional methods that might help some save for retirement do not seem especially attractive to deniers, perhaps because of their distinctive approach to the issue. Deniers are less likely than others to choose an investment that features an automatic salary deduction, by a 33% to 48% margin. Deniers also are less likely than other respondents to say they prefer an investment that puts retirement money beyond their reach. While 23% of other respondents say they would be much more likely to choose such an investment, only 17% of deniers do. Reacting to a proposal that government raise the limits on the amount people can contribute to their IRAs, deniers are honest enough to say it would not lead them to save more. Four in 10 (42%) say this would make no difference in the amount they would put away toward retirement, compared to 30% of everyone else.

Impulsives: About 15% of Americans

Finally, there are the "impulsives," people who are driven to seek immediate gratification. They are most likely to admit they waste too much money by buying things they do not really need on the spur of the moment, and they say that the more they make, the more they spend. They say they do not want to worry so much about saving for their retirement that they fail to enjoy their lives now.

"I'm not a saving kind of person. If I have $5 in my pocket, I'm not happy until I spend it."

– Younger Boston woman, lower income
"You can’t spend your life worrying about saving a dollar for when you’re 65 years old."

- Older Chicago man, higher income

"Our generation has made it so easy to shop and buy, you don’t even have to go out of your house anymore."

- Younger San Diego woman, higher income

Impulsives tend to be capricious and lack control. Given a description of two people’s approaches to retirement – person A, who has decided to give up some of the little extras to save for his retirement, and person B, who is unwilling to do so because these extras make his life more enjoyable – most impulsives identify with the latter, 63% to 44%. Predictably, impulsives are less likely to save regularly, with only 38% of impulsives doing so compared to half (50%) of everyone else. Impulsives are also less likely to save for their retirement according to a plan, with only four in 10 (40%) saying this is their approach, compared to 51% of others.

It is not that impulsives save less because they have less. When first asked, impulsives reflexively respond much the same as the rest of the population: About half say there is no fat in their budget that could be cut. But actually, impulsives are more likely to have fat in their budgets – only they have to think twice before they remember that some of their spending is on “extras”. When the study probed respondents who initially claimed not to have fat in their budget by asking them if “there is any room at all for you to cut back on your personal spending in order to save more for your retirement,” 53% of impulsives acknowledge there was, compared to only 28% of other respondents.

Unfortunately, impulsives are not more eager than other Americans to embrace options that might help them avoid their own proclivities. Forty-three percent say they would be much more likely to choose a retirement investment if it could be automatically deducted from their salary, compared to 46% of other respondents. Only 30% of impulsives say they are much more likely to choose a retirement investment that would be hard to access, compared to 25% of others.

**Personality and Retirement Saving**

Different personality traits and approaches to finances make a difference in how much people save for their retirement and how many retirement vehicles they own.

Americans who are planners are twice as likely as everyone else to own three or more investment vehicles intended for retirement such as an IRA or a 401(k) plan, 58% to 29%. Planners are more likely to have put away a “significant amount” of money for retirement; while 20% of planners have more than $50,000 in retirement savings, only 9% of others do.

Strugglers – people who seem beset by economic difficulties – also struggle when it comes to saving for their retirement. Only 19% own three or more investment vehicles meant for their retirement, compared to 40% of other respondents. Almost half (49%) have less than $10,000 put aside for their retirement, while only 29% of other people are in a similar predicament.

The relationship between personality type and retirement saving is weakest for deniers and impulsives, but still helps explain some of the differences in saving among respondents. Deniers do less than their counterparts to prepare for retirement. Thirty-nine percent of deniers have put less than $10,000 away for their retirement, compared to 32% of others. Forty-one percent of impulsives have less than $10,000 put aside for their retirement, compared to 32% of others.
Barrier 6: The public has a "play it safe" approach to investment.

Leaders think the public is overcautious and simplistic in how it saves for retirement, endangering the purchasing power of its money and missing opportunities to do better. People seem so concerned with avoiding investment disasters that they make do with overly conservative investments.

The experts interviewed at the initial stage of this study were particularly concerned about the public's approach to the stock market. They saw the public as overly cautious—especially in younger years—and often intimidated by the complexity and uncertainty of investments in equities.

People's definition of "safe haven" for their money leads them to rely upon guaranteed and insured savings. For example, a recent Hewitt Associates study found that employees who participate in salary-reduction plans such as the 401(k) put 47% of their contributions into Guaranteed Investment Contracts (GICs), which are perceived to be relatively low-risk and low-return investments.10 But experts say this conservatism is misplaced because it fails to consider inflation's threat to the purchasing power of their savings. And people may also be missing the opportunity for higher returns, since long-term equity investments have historically outperformed other investments. Finally, experts think that people do not appreciate the positive effect of compounding their investments—growth on top of growth.

The survey data confirm that a significant proportion of the public is intimidated by the stock market. Many think it as an arena requiring special expertise and knowledge.

"You've gotta know it. You can't just walk into the stock market blind, 'cause you could lose your shirt. It's not a place for amateurs."

—Younger New Jersey man, higher income

Most experts accept the market's daily ups and downs and occasional convulsions as part of the territory of equities investment. But these inevitable bouts of instability scare much of the public. Fifty-nine percent say "the daily ups and downs of the stock market" keep them from investing in it.

In our focus groups we tried out the argument that, if they invest in the stock market for the long term, they will "ride out" the drops along the way and get better returns than savings accounts, but people found this difficult to accept. Dramatic market crashes stay in the forefront of the public's image of stocks for years, while incremental long-term growth fades away.

Much of the public has not assimilated some basic principles of investing, which informed investors take for granted. Only 38% think you can get consistently better returns by investing in the stock market than in savings accounts or CDs, while 55% do not think so.

It is not that Americans do not worry about inflation; 74% say a serious problem is that inflation is likely to reduce the value of their retirement savings. Even in an economy with a four percent inflation rate, many focus group participants complained about rising prices, and people were quick to point out that a dollar used to buy more in the past. But the public's risk-benefit calculations are very different from those of investors. People are highly sensitive to risk when defined as the probability of losing their money as a result of specific events, such as market crashes. But they are less sensitive to risk when defined as the probability of losing money as inflation erodes its purchasing power. In the EBRI/Greenwald survey, 44% of respondents say they are not willing to take any more than minimal financial risk when it comes to investing for retirement; and 32% say they would prefer to take average risk for average gain. People just do not seem to connect future declines in the purchasing value of money and the need to keep ahead of inflation with equity investments. They do not develop the kind of effective investment strategies that seem so obvious to experts.

"If I were to save, I guess I'd put it in the bank. Banks are not going to be wiped out. You could have your money in stocks and lose it overnight."

—Younger Cincinnati man, lower income

"What if I put my money into one of those accounts that aren't federally insured and then 15 years later there's nothing? That scares me. To me, going to a bank, even though it only makes three-and-one-half percent interest, at least it's there. It's secure. I need that stability."

—Younger Boston woman, lower income
Social Security: A Public Divided Between Loyalty and Skepticism

Leaders think Social Security is headed for a crisis and that Americans are unrealistically counting on benefits that will be lower than they expect. But the public is pessimistic about future benefit levels and quite skeptical about how the program is run.

The public’s attitudes toward Social Security are a complicated mixture of skepticism and loyalty. Although 63% of leaders think Americans have unrealistic expectations of the Social Security benefits they will receive, most Americans actually think that, by the time they retire, benefits will decline. The public is also firmly convinced the program is mismanaged. Yet despite such skeptical attitudes, Social Security enjoys a reservoir of support and loyalty. The program is seen as part of the American social contract and its existence is not subject to negotiation. The public solidly endorses the underlying principles of the program and has little appetite for getting rid of it or fundamentally changing it.11

The Skepticism

The public’s skepticism toward the program may be driven by many factors: expectations that their future benefit levels will be reduced and that the program is in trouble, ignorance about how the program actually works and the almost “knee-jerk” cynicism that currently colors the public’s views toward almost all governmental institutions.

The 1994 report from the Trustees of Social Security states that cuts in benefits or tax increases are needed. Leaders surveyed for this study predict that, without major changes, the Social Security program is headed for a major funding crisis. The plurality of leaders (37%) think the crisis will come within 15 years, an additional 28% think within 30 years and 15% think it is currently in a crisis. Seventy-one percent of leaders think their own benefits will decline or disappear.

Most Americans (72%) think either that their Social Security benefits will decline relative to what retired people get today or that they will not receive any benefits at all.

“I don’t think I’ll ever collect any Social Security. I think it’s a very ill program.”
- Older Denver man, lower income

These attitudes are at least partly justified by reality since by law, Social Security benefits are scheduled to decline. The age at which citizens can collect full benefits is set to rise to 66 in 2005 and to 67 in 2022 and the portion of payments subject to federal income tax has increased for higher-income retirees.

Some of the public’s skepticism can be attributed to a lack of understanding. In the EBRI/Greenwald survey, only 21% say they are very confident that they have a “good understanding of how the Social Security system works.” Many focus group participants think Social Security money is used to finance welfare programs, foreign aid, and nonsensical research.

“They give it to foreign countries.”
- Older San Antonio woman, lower income

The public seems to be very aware of at least one critical demographic trend sure to pressure Social Security: the approaching retirement of the baby boomers. Seven in 10 (70%) say this will cause a severe strain on the program and will likely pose a serious problem for their finances in retirement. Leaders concur, with 78% thinking that the future decline in the ratio of workers to beneficiaries will pose a very serious problem for the program.

“The biggest generation of all, the baby boomers, are going to hit Social Security and it’s going to drop.”
- Younger San Antonio man, lower income

The most significant public complaint about Social Security is that its money is mismanaged. Sixty-eight percent say a strong argument against the program is that “the government is mismanaging the Social Security program so badly that the money is going to waste.” Many believe much of the money is lost through fraud, waste and mismanagement.

“I think they’re going to be flying all over the world with it. When you read how the government is squandering all of this money right now, it’s just a waste.”
- Younger San Diego woman, higher income

In contrast, leaders are not so much concerned with fraud in the program – 29% say a serious problem is that many people receiving benefits are not entitled to them. About half (47%) however, think the use of surplus funds to buy Treasury bills and finance the deficit is a serious problem.

To some extent, the public’s mistrust of the program may be a function of the prevailing anti-government sentiment. It may be fashionable for the public to doubt the government’s ability to fully come through on its promises: when probed, four of every 10 (42%) respondents who said they did not expect to receive any benefits at all reconsidered and said they might get at least some benefits.
By the year 2000 Social Security will mail statements to every covered worker age 25 or older reporting the level of benefits they can expect. But in another indication of the public’s skepticism, most people (60%) say they would have little or no confidence they will actually get the level of benefits reported to them in those statements when they retire.

People not only think that the program’s money is currently being wasted, but also that any new money raised to support it will eventually be wasted as well. We asked respondents what would happen 10 or 15 years from now if “Social Security benefits had to be reduced or taxes raised to keep the program from being depleted.” More than three-fourths (77%) think “the additional funds would be wasted and the program would soon be in trouble again” while only 17% think “the additional funds would be put to good use and help the program get back on track.”

The Loyalty

Despite their cynicism about the management of Social Security, few people are unhappy with the principles underpinning Social Security. The public does not seem to fault the program as much as it faults the people running it. Only eight percent say the problem with Social Security lies mostly with the ideas behind the program: 38% blame the administrators running the program and another 34% blame the elected officials overseeing the program.

“I blame the congressmen and the senators that have been so goddamn greedy looking out for their own self-interest, and never really thought about inflation and what happened to the American people.”

— Younger San Diego man, higher income

People generally agree with the essential premises of the program and resist suggestions to fundamentally change it. The public’s support for Social Security has more to do with keeping promises and fulfilling its mandate as a safety net and less to do with self-interest. People seem to be saying: We have this great idea, we are paying enough for it, why is government lousing it up? They are frustrated because they perceive that the program is not keeping its promises and they suspect this will only worsen.

“Social Security, the way it was originally defined, is an excellent plan. I think the way the government has access to the money is the problem. I think Social Security needs to be there. I want it to be there. I just want the government to stay the hell out of it.”

— Younger Atlanta man, higher income

Although they often express intense disappointment in the program’s performance, people do not turn their backs on it. Only six percent support scrapping the program and only 25% would like to change it fundamentally.

Moreover, support for the program is not conditional upon age. This is not simply a case of older Americans saying, “Give us what you owe us.” It is a case of all Americans saying, “Let’s give older Americans their due.” Fully 84% say a strong argument for keeping Social Security is that “People who are now retired were promised Social Security benefits by our society when they were working and we should keep that promise.” Responses do not vary much by age: 80% of the youngest respondents (22 to 29 years of age) say this is a strong argument on behalf of the program, compared to 88% of the oldest respondents. In addition, few respondents blame self-interested elderly for the program’s troubles, with only six percent saying the problem with Social Security is that retired people push for excessive benefits.
Another principle underlying people’s support for the program is concern about the well-being of poor people in retirement. More than eight in 10 (83%) say a strong argument for maintaining Social Security is that “People who were poor in their working years would barely survive in retirement without Social Security.” Even highest income respondents agree, with more than three-fourths (78%) of those making over $60,000 saying this is a strong argument for keeping Social Security.

“What’s going to happen without Social Security? Welfare. You can’t have old people out on the street. We’d all pay for it.”

– Older Boston man, lower income

“There are so many irresponsible people who aren’t going to save for their future. Who’s going to take care of them when all of their money’s run out because they had a good time and spent it?”

– Younger Atlanta woman, higher income

Support for Social Security is not totally based on altruism. Most people, after all, expect to get something back from the program. Fifty-seven percent say a strong argument for keeping Social Security is that it will help them when they retire, while 38% say this is a weak argument.

“My husband’s contributed and I’ve contributed to it for many years, so I hope we get something out of it.”

– Older Atlanta woman, higher income

Proposals to cut the Social Security program’s cost by reducing everyone’s benefits are strongly opposed. Proposals that focus on cutting benefits for higher-income retirees get support. The EBRI/Greenwald survey shows that 61% of the public strongly opposes reducing “benefits to all people receiving Social Security” as a change to ensure the viability of Social Security, with another 23% somewhat opposed. Fifty-two percent strongly oppose a proposal to “gradually raise the age when people can begin to collect Social Security benefits from age 65 to 70 years old,” with another 20% somewhat opposed.

In contrast, half (50%) support increasing “the taxable portion of Social Security benefits for retirees with incomes greater than $30,000 per year.” There is even greater support for reducing the benefits of high-income people receiving Social Security, with 69% of the public in favor. Interestingly, wealthier respondents are just as likely to support this measure, with 71% of respondents with incomes higher than $50,000 in favor. The public, including those financially better off, may be most concerned that cuts not hit the people who can least afford it.

Finally, the public is comforted that Social Security forces everyone to save at least something for retirement – even if they are very poor or irresponsible. Sixty-three percent say the argument that “Social Security forces people who would otherwise neglect to save for their retirement to save at least something for it” is a strong one.
Implications for Leadership

There is an important debate among experts about whether the United States faces a pending crisis in elderly poverty because too few Americans save or plan enough for retirement. However, virtually no expert disputes the contention that the country and millions of individuals would be better off if Americans planned and saved more. Here are some measures that, based on this research, might warrant consideration among policy makers.

1. Make greater use of automatic salary deductions.

Much of this study has focused upon the tenuousness of the public’s savings habits. If too many Americans seem to lack an internalized savings ethic, automatic salary deductions may be the most important countervailing “stand-in.”

The public is greatly attracted to automatic salary deductions as a way to save for their retirement. Eight in 10 (79%) say the best way for them to save for retirement is to have money automatically deducted from their paychecks. Sixty-two percent of people who say saving for retirement is less difficult than saving for other uses explain this is because the money is taken out of their paychecks automatically, without them having to think about it. In another indication of the attractiveness of automatic deductions, two-thirds (67%) say they would be more likely to choose an investment if the money were automatically deducted from their pay without their thinking about it. Yet 45% of Americans also say their workplace does not even offer the option of directly depositing part of their salary into a savings or IRA account.

2. Educate. Give people information about retirement savings that is credible, easy to understand and timely. Employers are especially well placed to do this.

Both leaders and the public agree that education about retirement and saving is crucial. Recent public education success stories on smoking and drinking and driving suggest that substantial changes in behavior can result from well-planned educational campaigns in the media, in schools and colleges and through other organizations and associations. Fully 81% of leaders surveyed favor increased education on financial planning, investment and saving.

Many of the participants in our focus groups spontaneously urged schools, employers and other credible sources to play more of a role in educating Americans about financial matters and retirement.

A simple “save more” education campaign probably will not be enough. There are specific knowledge gaps that need to be addressed. Too many Americans do not readily connect the danger inflation poses to their savings with the consequent need for investments that will outstrip those losses. Too many Americans fail to appreciate the power of compounding.

With so many people ignorant about how much money they need for their retirement (71% don’t know), and so much uncertainty over the facts about basic retirement plans such as IRAs, there is a clear need for information. Even people who are doing something to prepare for their retirement need help. About half (47%) of people who already have retirement accounts say they need help and advice about choosing the best place to invest their money, or even that they would like someone else to make the choices for them.

“Basically right now, I wouldn’t know where to go to get a good straight answer, someone telling me the truth and the facts.”

— Younger San Antonio man, lower income

Simple messages may have the greatest impact, especially when people have so many other personal issues competing for their attention. Many people do seem intimidated or impatient when dealing with financial matters, and a retirement that seems so far away. Half (50%) say they would be more likely to choose investments that require little of their personal attention or involvement.
“One bank sent me an envelope that was this thick, with fliers of everything from sending your money to Russia to putting it in a thing that only gets 4% interest. I can’t even pronounce half of these things.”

− Younger San Antonio man, lower income

There also seem to be “windows of opportunity” in people’s lives when they may be particularly responsive to concrete suggestions to save more for retirement. Intervening just as an employee gets a pay raise may be one such opportunity. About half (49%) of respondents say that, at the point of getting a raise, they would put it all in a retirement plan if their employer suggested it instead of taking the money home, and 16% say they would save at least some of their raise.

In our focus group discussions, participants often pointed to other critical junctures that prompted thinking or action on saving for retirement. Major birthdays (such as the 40th), children leaving the house or the retirement of parents often triggered consideration of retirement planning by individuals.

“I’m 40, my daughter is out of the nest in one or two years. I gotta’ get serious, and fast.”

− Younger Denver woman, lower income

The public also seems more likely to trust information on retirement and financial matters from people who are personally known to them and with whom they have regular contact. Employers are uniquely placed in this regard because employees see them often enough and have enough confidence in their advice. Three-fourths (76%) would have confidence in advice they receive through a seminar on retirement planning sponsored by their employer. Other sources in which the public has confidence include financial advisers they hire (74%), family members (68%) and advisers at their bank (65%). When respondents with retirement investment vehicles were asked why they started using them, more responses (19%) mentioned employer encouragement than any other.

“I would go to friends, family, coworkers - people who have been in a similar situation.”

− Younger Cincinnati woman, lower income

It is also interesting to note the sources the public does not trust. About seven in 10 (69%) would not have confidence in advice they might get from a television or radio program on retirement planning, and more than half (56%) would not have confidence in sales representatives from investment companies.

“It’s kind of like going out and buying a car. You don’t know if you should trust who’s telling you this information because they’ve got something to gain from it.”

− Younger Chicago man, higher income

3. Challenge prevailing cultural norms on borrowing and consumption.

Sixty-eight percent of leaders favor discouraging credit card companies from offering credit to overextended consumers, and many focus group respondents mentioned ease of credit as a continuing temptation to spend.

There are variety of ways that might function to challenge the prevailing cultural norms. Credit card companies might take more responsibility for advocating the safe use of their services by consumers, much as beer and liquor producers are playing a more active role in promoting responsible drinking, using designated drivers and related efforts. Public officials could take a more public stand to promote and encourage saving by consumers. Increased media coverage of the personal and societal consequences of low savings rates might help as well.

“I never really learned how to save. I don’t know if it would make any difference, but I do know it was never taught to me.”

− Younger Atlanta woman, higher income

“It’s like somebody trying to quit smoking. Why don’t you just quit smoking? You can’t do it. You’re just not disciplined to do it.”

− Younger Chicago man, higher income

4. Extend special help to employees of small businesses.

Fully 92% of leaders surveyed favor a proposal to simplify government regulation of retirement plans for businesses, especially small ones.

More than six in ten (64%) employees of small companies say making it easier for small businesses to offer retirement plans such as the 401(k) would lead them to save more. The data suggest that employees of small business may benefit most because they are least likely to own such plans now. Forty-five percent of people working for companies with more than 50 employees own 401(k) or 403(b) plans, while only 22% of people working for companies with fewer than 50 employees do so. There are probably limits on how much impact such changes will have. Many small employers may be dependent upon young, low-wage
workers whose tenure is likely to be brief. Even with extra help, many such workers and employers might have little incentive to participate in retirement plans.  

5. Do not make it easier to access money in IRAs and 401(k) plans.

Fifty-two percent of leaders oppose making it easier to allow participants to take out or borrow against money they have in IRAs and 401(k) plans. Seventy-one percent go further and favor a proposal to require employees who change jobs to keep retirement money they have saved in their retirement plans and not allow them to cash it in.

The public is somewhat ambivalent on this point: by a 48% to 30% margin, people say they would prefer a retirement investment where the money they invested would be kept beyond their reach and be very difficult to use for purposes other than retirement.

“Myself, I wouldn’t have the discipline. I would like to have somebody have that discipline as far as being able to take it, like a parent taking an allowance away.”

— Younger Cincinnati man, lower income

But in another question, 51% say they would put more money into retirement plans if it were easier to take money out of them. It is possible that both sentiments are reliable: People may want to protect their retirement money from their own tendencies to spend, but a retirement plan that appeals to these tendencies will attract many of them.

Experts repeatedly voice concerns that too many employees cash in their retirement savings before they retire. An EBRI analysis of the 1993 Current Population Survey finds that 38% of recipients of lump-sum distributions fail to roll over at least some of the money into another tax-deferred account and instead used that money for consumption.  

Forty-two percent report using at least some of the money for tax-qualified savings.

6. Expand the IRA program.

One of the proposals leaders favor most is to allow all Americans to save 10% of their total income in IRAs. Eighty-two percent of leaders surveyed favor this proposal and more leaders (47%) think this would be more effective than any of the other nine proposals offered in the survey. Leaders also overwhelmingly endorse an additional expansion of the IRA program: allowing IRA owners to contribute significantly more than currently allowed on behalf of non-working spouses (86% are in favor).

On the surface, the public also seems interested. Two-thirds of the public (66%) say they would save more if the amount of money individuals could contribute to IRAs or 401(k) plans were increased. Fully 74% say avoiding taxes on the money they invest would make them more likely to choose that investment.

But research does seem to indicate that expanding the IRA program would have only a modest impact. EBRI tabulations of the government’s Current Population Survey Employee Benefit Supplements show IRA participation declined between 1988 and 1993. Many people who are eligible to own IRAs are not taking advantage of their opportunity to do so and their willingness to use IRAs may depend far more on better educating people about retirement and challenging prevailing consumption norms, than on adjusting the eligibility requirements.

Public policy can take advantage of and expand upon the good news in this study. There is a widespread sense that people are responsible for their own financial security in retirement and impressive interest by many in automatic payroll deductions, in avoiding taxes and in retirement plans such as the 401(k).

But when it comes to retirement planning, many Americans confront a steep learning curve. It takes time for people to unlearn bad habits, to learn to think long term and to learn effective strategies for handling financial responsibilities. Current cultural norms and values drive Americans to consume. But the same cultural about-face that transformed smoking from a fashionable act to a cause for disdain could occur with saving. These changes are possible. Government and business can help individuals strengthen their efforts on their own behalf. The incentives to do so are clear: Action taken now will be much cheaper in dollars and in political capital than action taken at the point of crisis. This could truly be the case where “an ounce of prevention is worth a pound of cure.”
**Methodology**

Promises to Keep is the culmination of a one-year, comprehensive research effort using qualitative and quantitative methods to assess the attitudes and perceptions of America’s leaders and public toward retirement.

**Expert Interviews**: Public Agenda interviewed 18 experts on retirement planning and saving from research organizations, the federal government, media, and business. Interviewees were identified with the help of EBRI, as well as Fidelity Investments. These open-ended interviews were guided by a common question outline and lasted between 45 and 75 minutes.

**A Review of Survey Data**: A review of existing surveys on public attitudes toward retirement was conducted. Supplemental survey data used in this report are from a Mathew Greenwald & Associates survey conducted in collaboration with the Employee Benefit Research Institute, fielded in July and August, 1994, with 1,000 retired and non-retired respondents.

**Focus Groups**: Public Agenda conducted 16 focus groups with about 160 participants between November 1993 and March 1994. To assess the effects of age and income on attitudes toward retirement financing, the focus groups were divided into four types: (1) younger, lower income; (2) older, lower income; (3) younger, higher income; and (4) older, higher income. A cutoff of $35,000 total household income was used to divide participants into lower and higher income categories.

Age 45 was the cutoff dividing participants into younger and older categories. Individuals who were retired, under 22 years of age, or with less than $20,000 household income were screened out. Overall, the groups were a demographic cross section of the general population.

Focus groups were conducted in Atlanta, Boston, Chicago, Cincinnati, Denver, Fort Lee (NJ), San Antonio, and San Diego. Two groups were held in each site.

**Survey of Leadership**: Questionnaires were mailed to 2,700 American leaders and experts from various sectors of society in June, 1994, and mailed again several weeks later. The sample was drawn from comprehensive lists of leaders in federal and local government, higher education, media, professional associations, business executives (of large and small corporations) and labor. The sample was randomly drawn from these lists with the exception of staff directors of members of Congress (virtually all were sent questionnaires) and with the exception of small business leaders (which were drawn from a list provided by Small Business United and the Small Business Administration). A total of 450 questionnaires were returned. The percentage distribution of respondents by leadership sector are as follows: federal government officials (e.g. congressional staff directors): 9%; state and local elected government officials (governors, mayors, state legislators): 19%; media executives and editors: 7%; college presidents and administrators: 10%; economists: 5%; chief financial officers (Fortune 1000): 19%; executives in small business: 14%; labor union leaders: 5%; professional association leaders: 5%; and others: 7%.

Dispersed among the above categories are about 100 individuals specializing in retirement issues identified through a list of experts obtained from EBRI.

**Survey of the General Public**: A 35-minute telephone survey of 1,100 randomly drawn members of the general public was conducted between August 2 and 10, 1994. The margin of error for the sample is ±3%. The survey was restricted to non-retired individuals between the ages of 22 and 61. Standard random digit dialing techniques were used, whereby every household in the continental United States, including those with unlisted numbers, had an equal chance of being contacted. In some cases, such as where “split-sample” questions were employed (asked of only half the respondents), or when the views of subgroups are reported, sampling error is greater. As in all surveys, non-sampling sources of error, such as question-wording effects, can introduce error as well. The questionnaire was designed by Public Agenda and fielded by Research International, Inc., of New York City.


4. Consumer Reports, “Pocket Guide to Money: Investing for Retirement,” May 1993, p. 289. Estimates of needed savings assume no other source of income at retirement other than Social Security. The estimates also assume that savings are invested in taxable accounts, the annual inflation rate is 4%, the annual rate of return is 8%, the retirement age is 65, the retirement period is 25 years, and that retirement income is at 80% of after-tax, pre-retirement income.


6. There was little difference between men and women employed full-time even after controlling for age and whether or not they were married. The only hint of trouble is for older, unmarried women working full-time, although the small number of respondents in this segment make generalizations unreliable.

7. Admittedly, finding reliable information can be difficult. When a Public Agenda researcher contacted eight financial consultants to put together an accurate description of the conditions under which an individual may withdraw money from an IRA account, he was given eight different answers.

8. Twenty-five percent of the sample had household incomes less than $25,000; 26% had household incomes between $25,000 and $40,000; 23% had between $40,00 and $60,000; and 18% had household incomes of over $60,000.

9. These personality types were isolated through a factor analysis of one battery of questions on respondents’ approach to financial matters and another on their approach to retirement. Four underlying factors representing the four personality types were derived, each highly correlated with distinct groups of variables. The correlated variables were then combined to create scales of personality type. For the purposes of reporting each scale was collapsed into two categories, one category for respondents displaying the personality type and the other for respondents who did not. The percentage distribution of the personality types depends upon decisions on collapsing any given personality scale into a simple two-category variable. The four personality types do not account for 100% of the population because the emphasis was on deriving clear distinctions between respondents having and not having the trait, not on giving each respondent a personality profile.


12. Small firms currently have the option of offering workers a retirement plan called a Simplified Employee Pension (SEP), which seeks to minimize administrative costs and reporting requirements. However, many employers may be unaware of this option, and many who are aware may not be interested in offering the plan to their employees.

13. Consumption here included purchase of car, medical or dental expenses, general everyday expenses, and other uses. Not included are the 33% of recipients who reported using at least some of their distribution to pay off debt, purchase a home, pay for educational expenses, or invest in a business.

Reports Available from Public Agenda

First Things First: What Americans Expect from the Public Schools. 1994
John Immerwahr and Jean Johnson. Based on the findings from a national study of the views of over 1100 members of the general public, including 550 parents of children currently in public school, this report examines public attitudes toward values issues in the schools as well as attitudes toward many education reform efforts. 56pp.

John Immerwahr and Jean Johnson. The study tested the views of over 500 citizens before and after they received information explaining the major alternative proposals for healthcare reform. It reveals both what Americans think about the healthcare issue given their current level of knowledge and what they may think as they learn more about possible reforms. 39pp.

Divided Within, Besieged Without: The Politics of Education in Four American School Districts. 1993
Steve Farkas. Prepared by Public Agenda for the Charles F. Kettering Foundation. The result of over 200 face-to-face interviews with teachers, principals, administrators, school board members, parents, and business executives in four typical school systems, this report reveals a significant barrier to educational reform – political gridlock among education stakeholders. 32pp.

Educational Reform: The Players and the Politics. 1992
Steve Farkas. This report surveyed diverse groups with a stake in education: teachers, principals, superintendents, school board members, and in the private sector, business executives from major corporations. The study reports consensus among the groups over the goals of K-12 education but strong differences in their evaluations of the performance of the schools. 21pp.

John Immerwahr, with co-authors Jean Johnson and Adam Kernan-Schloss. This report is based on a two-year opinion research effort to pinpoint the public’s current level of understanding on this complex issue. The research includes 15 focus groups across the country, and a two-part national opinion survey developed and fielded in association with the Employee Benefit Research Institute and The Gallup Organization. 32pp.

For more information about obtaining copies of these publications and materials, please contact Public Agenda, 6 East 39th Street, New York, NY 10016. Tel: 212-686-6610 Fax: 212-889-3461
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