

RETIREMENT PLANNING AND SAVINGS SURVEY

Sponsored by Symetra Financial, Gallagher Benefit Services and Senior Services

OVERVIEW

In August 2009, Symetra Financial, Gallagher Benefit Services and Senior Services commissioned a survey to assess the attitudes and behaviors of Puget Sound-area residents regarding retirement planning and savings. The partners enlisted Hebert Research to conduct telephone interviews of retirement- and pre-retirement-age residents of King, Pierce and Snohomish counties. The resulting [Retirement Planning and Savings Survey](#) highlights the unique issues, beliefs and concerns that current and soon-to-be retirees in the region face given today's economic environment.

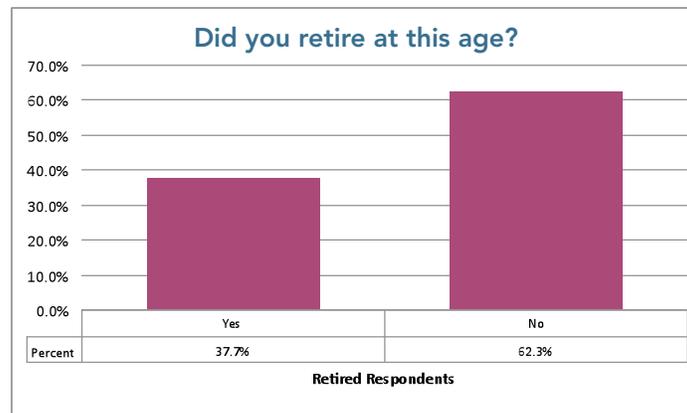
METHODOLOGY

- Phone interviews conducted by Hebert Research, Inc., between Aug. 14 and Aug. 27, 2009
- Sample size of 387 residents in King, Pierce and Snohomish counties
- Age range: 45 and up

KEY FINDINGS

Puget Sound-area residents are delaying retirement.

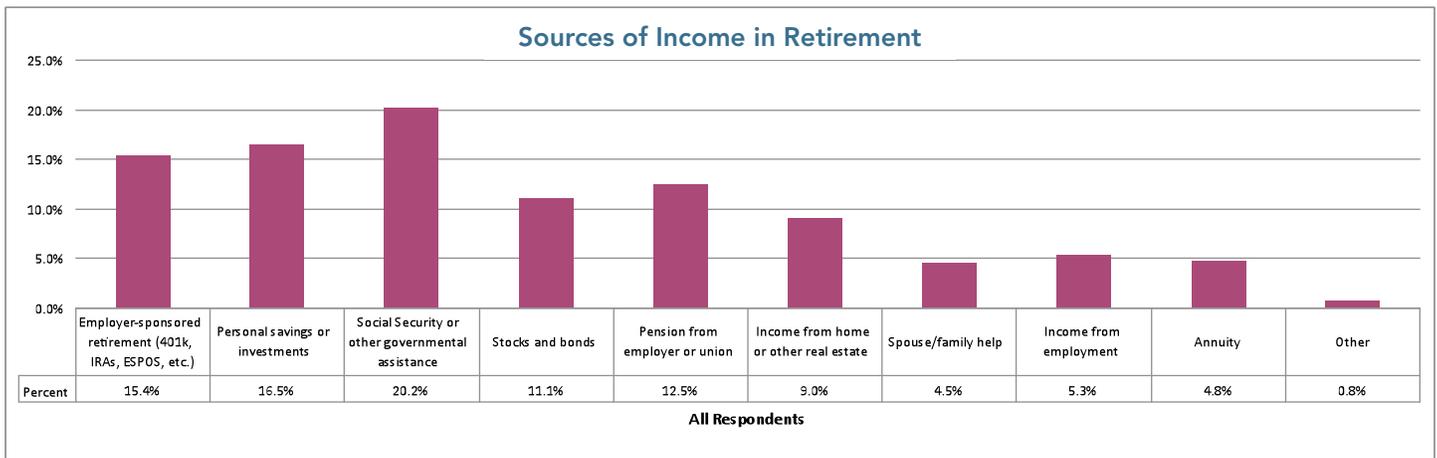
Sixty-two percent of already-retired survey respondents said they did not retire at their ideal age, most often citing financial considerations as the primary reason. Of pre-retirees, 44.4 percent reported they would not retire at their ideal age, and 18.8 percent of pre-retirees were unsure they would retire at their ideal age. Nationally, 58 percent of respondents plan on delaying their retirement.¹



Of all respondents surveyed, age 65 was cited most often (27.2 percent) as the ideal age to retire. However, the respondents reported statistically significant mean differences by age group. The youngest respondents, age 45-54, cited the average ideal age to retire as 60.2 whereas the oldest group (age 65-plus) reported 63.2 as the ideal age.

Pensions are a dwindling but important source of income for Puget Sound-area boomers.

Nationally, pension plans have been declining for many years as defined contribution (401(k)-type) and individual retirement account (IRA) plans have increased. In 2006, 30.9 percent of workers in the U.S. had a defined benefit plan, or pension, whereas 56.7 percent had one in 1988. In contrast, 67.1 percent had a defined contribution plan as a primary retirement plan in 2006 – more than double the level in 1988.



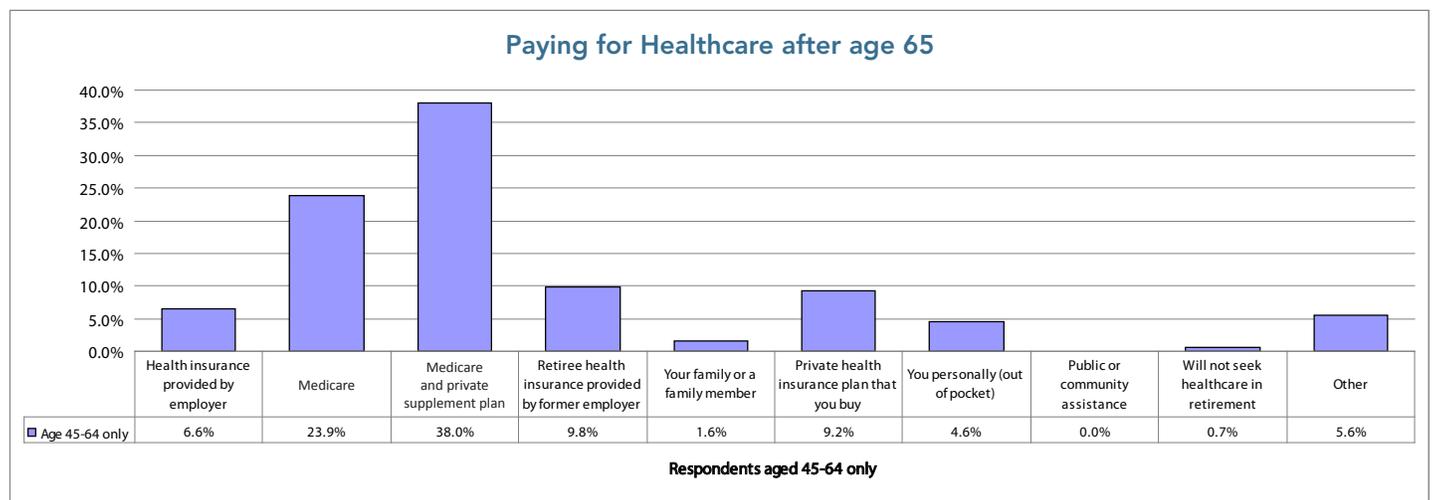
Locally, the survey found that twice as many respondents (25.9 percent) who are currently working expect to rely on employer-sponsored plans to fund their retirement than do those already retired (12 percent). This 13-point difference is far greater than the percentage difference between those working (21.7 percent) and retired (28.6 percent) who cite a pension as a source of retirement income.

These findings indicate that employer-sponsored plans have not replaced pensions for baby boomers in the Puget Sound area, but rather are an important additional source of retirement income. This is most likely due to large union employers in the area, such as Boeing and government agencies that still carry pension obligations to their employees.

Boomers expect their largest expense in retirement to be healthcare.

Healthcare was cited most frequently by respondents (35.1 percent) as their largest or expected largest expense in retirement. Nearly 62 percent of pre-retirees and 66.2 percent of retirees expect most of future healthcare expenses to be covered through Medicare (although nearly two-thirds of these respondents expect to have to supplement Medicare privately). However, these results may be reflective of dwindling confidence levels overall given that the vast majority of medical expenses for those age 65 and older are currently covered by Medicare.

Understanding health insurance is clearly a priority. Respondents report seeking information on health insurance from a variety of sources, including insurance professionals, online, friends and family.



The survey also found a statistically significant difference between age groups in the belief that lifestyle choices such as diet and exercise can affect medical costs. The number of people age 45 to 54 who believe healthy lifestyle choices make a difference in healthcare costs is 12 percentage points higher than for those who are 65 and older (includes those who reported a significance rating between 8 and 10 on a 10-point scale).

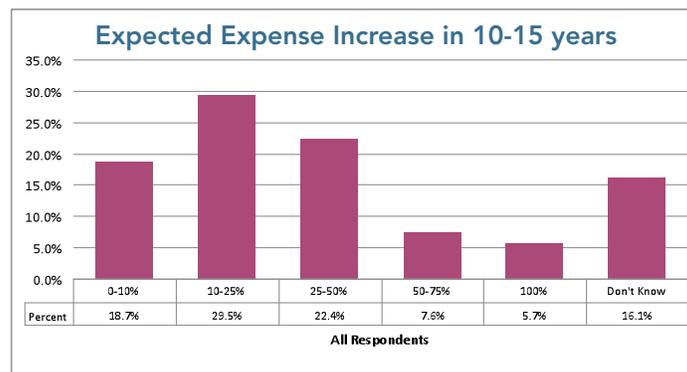
Also of note, close to 65 percent of respondents did not have a family member for which they were the full-time or primary caregiver. Of those who were primary caregivers, most said they took care of their spouse or partners (15.7 percent). Retired respondents were much less likely to be primary caregivers for children (2.2 percent) than those not retired (17.6 percent of those working, and 24.2 percent of respondents not working but supported by a family member).

Lack of financial understanding can contribute to delayed retirement.

Forty-two percent of Puget Sound-area pre-retirees have not calculated how much income they will need to last throughout retirement.

The survey found that the respondents' confidence in their savings lasting through retirement is slightly above neutral (averaging 6.6 on a 10-point scale). However, the survey also found that confidence goes up with age. While those age 45-54 had an average confidence rating of 5.54, those age 65 and up reported an average rating of 7.73.

In addition, 48 percent of respondents expect their largest expense in retirement – healthcare – to increase by less than 25 percent in the next 10 to 15 years. However, per-person healthcare expenditures in the U.S. have risen at a greater rate than inflation in the last 15 years – 6.5 percent per year since 2000, and 5.5 percent per year on average since 1994. At 6.5 percent annual inflation, healthcare costs would nearly double over the next 10 years, presenting a major unexpected threat to retirement income plans.



For those who cited healthcare as their largest expense in retirement, the results may demonstrate a belief that Medicare will shield retirees from the healthcare expense increases they witnessed during their working years. While Medicare has safeguards to limit increases in premiums beyond the increase in Social Security benefits, retirees still incur deductibles, copays and other healthcare-related expenses.

CONCLUSION

The Retirement Planning and Savings Survey found that while some Puget Sound-area retirees enjoy working and have delayed their retirement, many others felt they were financially unable to retire at their ideal age. Healthcare cost increases, lack of financial understanding and preparedness, and a shift in income sources are all contributors to delayed retirement.

These results are in line with what is happening on a national level – baby boomers across the country are delaying retirement. However, the survey did find that more Puget Sound-area residents have pensions than the national average.

To help baby boomers achieve their ideal retirement, more information and education is clearly needed. From seeking the advice of financial and benefits professionals, to taking advantage of community programs, to using online calculators and retirement worksheets, there are many resources available to help with the planning process.

For retirement planning tips, visit media.symetra.com/retirementtips.

Complete results of the survey can be found at media.symetra.com/images/20011/hebertResearchReport.pdf.

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ABOUT SENIOR SERVICES

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For more information, visit www.seniorservices.org.

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¹ Bankrate.com survey by Princeton Survey Research Associates, Sept. 2009

² Total GAAP assets at Sept. 30, 2009.

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