



**KEY FINDINGS
AND ISSUES:**

**The Impact of Retirement
Risk on Women**

>> Dec. 2010

2009 RISKS AND PROCESS OF RETIREMENT
SURVEY REPORT



Introduction and Background

LIVING MUCH LONGER than their parents' generation, today's seniors are spending more time in retirement than in the years planning for it. Not too long ago, retirement planning as a structured process consisted primarily of actions taken and decisions made in the years leading up to the event itself. Starting in the mid-1990's, the Society of Actuaries (SOA) recognized the need to focus on the entire spectrum of risks that seniors have to contend with after they retire. The Retirement Needs Framework Project was instituted to address these risks. The outgrowth of this project has been a series of surveys conducted biennially since 2001 on the SOA's behalf by Mathew Greenwald & Associates, Inc., and the Employee Benefit Research Institute (EBRI).

This report highlights the findings of the 2009 survey and focuses on issues in the survey specifically as they relate to retirement concerns unique to women. An overview and description of the 2009 Survey can be found on page 19. The report also updates the 2005 special report on women's retirement issues, and summarizes the results of the 2007 survey with respect to changes during retirement, an issue of specific interest to women. In addition, the report reviews differences in key life circumstances that affect men and women differently. The report was prepared in cooperation with the Women's Institute for a Secure Retirement (WISER). WISER's mission is to improve the long-term financial security of women through education and other activities. Additional reports on the 2009 survey cover the risks and process of retirement and the impact of the economy on retirement risk management.

Women, on average, outlive men by three to four years and, as a consequence, they represent a majority of older Americans. Therefore, an understanding of the post-retirement risks that women face today is particularly important for them. Starting in 2011, the first wave of the baby boom generation will reach 65, traditionally the age for "normal" retirement, although with the events of the first decade of the new millennium, many seniors are planning for a retirement that seems anything but normal. This report evaluates these retirement planning concerns in light of an aging American society and recent economic challenges exacerbated by the financial turmoil of 2007-2009, in particular the volatility in equity and real estate markets. It concludes with general observations about the risks and challenges facing seniors in this rapidly changing economic and financial environment, how prepared they are to confront these risks,

and the importance—especially for women—to take greater individual responsibility in managing their own retirement assets.

Highlights of the Survey Findings

Overall, as in the prior surveys, the differences in responses to the 2009 survey between men and women are relatively minor. Among retirees, women are more likely than men to worry about paying for adequate health care and long-term care, depleting their savings, and having the financial wherewithal to remain in their homes. However, among pre-retirees, women are more likely than men to worry only about not being able to afford long-term care.

The economic downturn did not change the similarity of concerns between men and women. However, the differences in work history and life spans are such that the impact of self management of risks is becoming increasingly critical for women. One of the new items in the 2009 survey was planning horizon, and the survey found that planning horizon was relatively short compared to life expectancy. And while men and women have similar planning horizons, women have significantly longer life expectancies. Also, traditionally at least, women tended to marry men older than themselves, and while this age difference has declined somewhat in recent generations, it still means that a majority of women can expect to spend an extended period of time in widowhood. For most women, there exists a critical need for much better planning for this contingency.

Few married individuals seem to be informed about the financial consequences of the death of a spouse. A new question in 2007, repeated in 2009, focused on whether

people thought that they would be better off, worse off, or about the same after the death of their spouse, and a second question asked how they themselves would fare after their spouse's death. While male retirees are more likely than female retirees to report that if they were to pass away before their spouse, their spouse would be worse off financially, the differences in response by gender are still extremely small. Among pre-retirees, however, the situation reverses, and men are more likely than women to say that if they were to pass away first, their surviving spouse would be better off. It is surprising that there is not a major difference in responses by sex, even though many middle class women will be financially worse off after the death of their husbands. Only at the higher income levels are spouses likely to be left relatively unaffected financially after the first death.

The 2007 survey had a special focus on situational changes during retirement, and the special report on "The Phases of Retirement" highlights those findings. This area of inquiry is particularly important to women who live longer, are more likely to be chronically ill, and are most likely to be alone in old age. Among retirees, men are more likely than women to say they have already used equity in their home and that they plan to use this equity in the future.

Conclusions

OLDER AMERICANS ARE FACED with a range of risks during retirement. There are few differences in the way men and women perceive these risks, but significant differences in how the risks affect them. The studies cited in this report reveal many gaps in understanding of these risks and in the techniques for dealing with them. Even when there is awareness of these risks, this knowledge does not often seem to translate into changed behavior. This may be the result of personal preferences, inadequate financial literacy, or lack of resources. This survey series indicates specific areas where education about retirement risks might help, but changes in benefit structure would provide a better solution. Specific risks that cause particular concern include the uncertain timing of death, inflation, unexpected health care costs, and long-term care costs. These results not only remind us of the critical role of Social Security, especially for women at lower income levels, but serve as a particular caution for the next generation of retirees for whom traditional benefits under this system may not be as generous nor readily available. Although, in the past, Social Security was considered the “third rail” of American politics, faced with ever steeper federal budget deficits, Washington may have no alternative but to reconsider features such as retirement age in light of increasing life expectancies.

Many Americans do not possess sufficient financial literacy to manage the risks they will face in retirement. Gaps in their knowledge about retirement issues are part of a much larger unfamiliarity with economic forces shaping their wellbeing. Lack of knowledge and lack of will to deal with risks create challenges for both men and women, but financial literacy challenges are more severe for women. Another recent study, however, claims that women think they know less about finances than they actually do, and as a result tend to ask more questions of their advisors and take more time to deliberate before making decisions.

One of the biggest opportunities for improving retirement security is to retire later. Yet the survey results indicate that many people do not understand the full economic impact

of retiring later. More to the point, especially in the current job market, many people do not have a choice about when to retire. About four out of 10 people end up retiring earlier than planned, often due to job loss, health problems or family members needing help. When married men retire earlier than planned, it is often their widows who later in life feel the greatest impact of their spouse’s early retirement.

Many people do not focus well on the long term, and their planning horizon is thus a major concern. This study indicates a median of just five years into the future as the outlook of retirees when making important financial decisions. Pre-retirees have a slightly longer median planning horizon of 10 years, but there are no major differences in planning horizon by sex. And even among those who take their life expectancy into account, there is insufficient understanding of the financial consequences of living to extreme old age—variously considered above age 85 or 90, where women outnumber men by four to one—for those who end up outliving the other members of their generation by many years.

These challenges are all the greater because many women approaching retirement are not focused on the long term, but rather manage intuitively on a day-to-day basis. The economic crisis of the last few years did not create these risks, but it has tended to exacerbate the longer-term problems for many people. It has created particularly severe challenges for those who lost their jobs and have had to use retirement funds to help them through the short term, and for people who had heavy mortgage obligations and have lost their homes. Overall, however, it remains to be seen how the crisis has specifically affected women differently from men and to what extent it will change the general long-term outlook for retirement security.

This report should serve as a call to action by employers and employees, and by all groups advocating for employees and retirees, to accelerate the enormous task of preparing women of the Baby Boom generation for the challenges ahead.

Perspectives

ALTHOUGH THE GENDER DIFFERENCES in responses to this survey are not by themselves major, it must be recognized that life situations for women are quite different and the bottom line in planning for their economic security in retirement is likely to be more challenging. The issues discussed in this report and in the work of the Committee on Post Retirement Needs and Risks applies primarily to the middle economic quintiles. The top quintile has adequate resources and its concerns are not focused on managing post-retirement risk but more heavily on issues such as preserving and growing assets, legacies, and estate tax issues. By sharp contrast, the lowest economic group has virtually no financial assets and is almost completely dependent on Social Security as the sole social safety net in old age. The issues discussed here do not generally apply to groups at either extreme. However, for the middle income quintiles managing post retirement risk is very important.

Social Security claiming-age is a very important issue for people in the middle and lower quintiles. Women are affected both with regard to their own benefits, and their benefits as spouses, survivors and divorced individuals. Many women still collect benefits based on their current or former husband's work record. This situation may be slowly changing, however, as women increasingly earn a majority of graduate and post-graduate degrees and many now in the work force will have income levels giving them greater benefits than those based on their husband's earnings.

An insightful finding from the survey is that overall, women and men manage risk similarly, yet women are more likely to cut back on spending as a strategy. Furthermore, what items women chose to reduce varied between pre-retirees and retirees. This difference is possibly a result of the different choices confronting pre-retirees versus retirees.

Another of the more significant survey findings is the relatively short planning horizon for most people compared to their remaining life expectancy. This affects women more than men simply because on average they live longer. Married women have considerably different issues from single women and while they tend to live longer than their single, divorced and widowed counterparts, and generally to be better off economically, it must be remembered that following the death of their spouse, a majority of them can expect to spend the remaining years of their lives as widows. This is driven by the fact that women are less likely to remarry than men. For these reasons, married couples need to think carefully about what programs will be in place when the one dies. Particularly, as noted later in the report, while women may enjoy longer life expectancy, they should anticipate having to spend nearly twice as many years in a disabled condition as their male counterparts.

Among the approaches to protect the survivor are developing investment strategies that preserve assets, purchasing life insurance and joint and survivor annuities with payout options for the survivor, keeping some assets in separate names, and purchasing long-term care insurance. Research shows that many couples plan for retirement while both are alive without planning for the survivor after the first dies.

Finding Solutions

For further information that addresses many of the issues raised in this report, interested readers may wish to refer to a series of tip sheets produced by WISER, and the SOA-produced reports entitled "Managing Post-Retirement Risks – A Guide to Financial Planning" and "Segmenting the Middle Market: Retirement Risks and Solutions." These materials are available on the respective organization's websites.

Overview of Post-Retirement Risks: Special Issues for Women

Risk	Potential Range for Risk	Issues for Women
Outliving assets	At age 65, average life expectancy is 17 years for American men and 20 years for women. Half of those reaching 65 will survive longer. Thirty percent of all women and almost 20% of men age 65 can expect to reach 90. ⁽¹⁾	More women live longer and they are much more likely to be alone. Of women over 65 living alone, four out of 10 depend on Social Security for virtually all of their income.
Loss of spouse	Because women have longer life expectancies than men and traditionally have been younger than their husbands, periods of widowhood of 15 years or more are not uncommon. For many women, the death of a spouse is accompanied by a decline in standard of living.	Women are much more likely to be alone in old age, and elderly women are more likely to be poor. The percentage of the female population over age 85 who are widows is more than 85 percent compared to about 45 percent for men.
Decline in functional status	Nursing home care costs may run \$70,000 or more per person per year. ⁽²⁾ Care may be provided at home, in adult day care centers, assisted living facilities or nursing homes. Women are likely to have a longer period of chronic disability and more likely to need assistance in a long-term care facility or from a paid caregiver.	An analysis of the National Long Term Care Study data from 1984, 1989 and 1994 indicated that 20 percent of the residual life expectancy at age 65 for men and 30 percent of the residual life expectancy at age 65 for women were spent in a state of chronic disability.
Health care and medical expenses	A 2010 study estimates that health care costs for a retired couple age 65 could amount, on average, to \$250,000 over their retirement years. This figure does not include long-term care costs. ⁽⁴⁾ Women are less likely than men to have early retiree health benefits based on their own work record. Women are also more likely to be caregivers for family members.	Retiree health benefits are very important to early retirement, but this will likely change starting in 2014 when State Exchanges are established. Health benefit costs may affect women more than men since they often have lower incomes, but not lower health care costs.
Inflation	Over the period 1980–2009, annual inflation in the U.S. for all items ranged from -0.4 percent to 8.9 percent, and has averaged 3.5 percent. For medical care, the annual average has been 5.8 percent. ⁽³⁾	Inflation affects people who live longer more than those who live a shorter period so overall it is a greater issue for women. Its impact grows over time.
Footnotes: 1: Social Security Administration, 2010 Period Life Table; 2: Metlife Market Survey of Nursing Home and Home Health Care Costs, 2005; 3: Consumer Price Indices, U.S. Bureau of Labor Statistics, 2009; 4: Fidelity Investments, Retiree Health Care Costs Estimate, 2010		

Men and women have similar planning horizons, but these are much shorter than what is needed for adequate retirement planning.

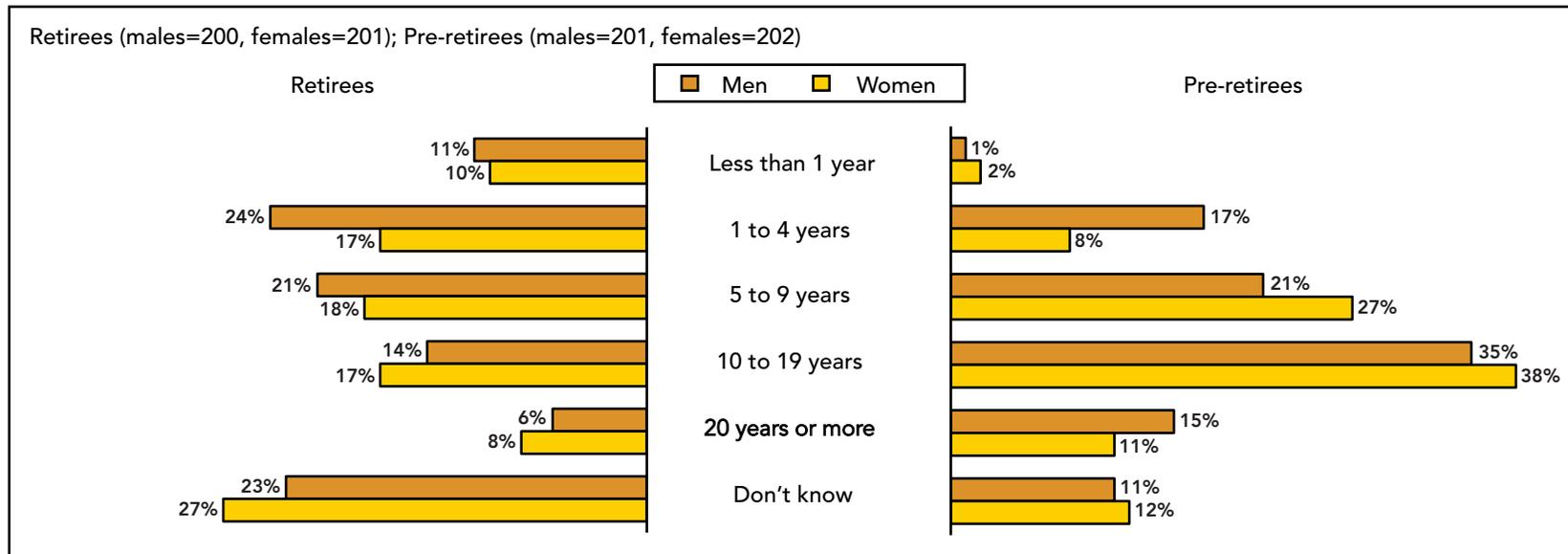
Findings

Given their longer life expectancies, one might expect women to have longer planning horizons than men; however, both men and women report having similar planning horizons. Both male and female retirees say they typically look five years (median) into the future, while male and female pre-retirees typically look ten years (median) ahead.

Discussion

There is little difference between the sexes when it comes to how far into the future most people look when planning their retirement finances. Even the median horizon of 10 years for pre-retirees is only half the life expectancy for women at age 65. While half those women will live beyond 85, the fact that a bare 11 percent of female pre-retirees and 8 percent of female retirees have that long a planning horizon suggests that much more work needs to be done in retirement planning education about this issue.

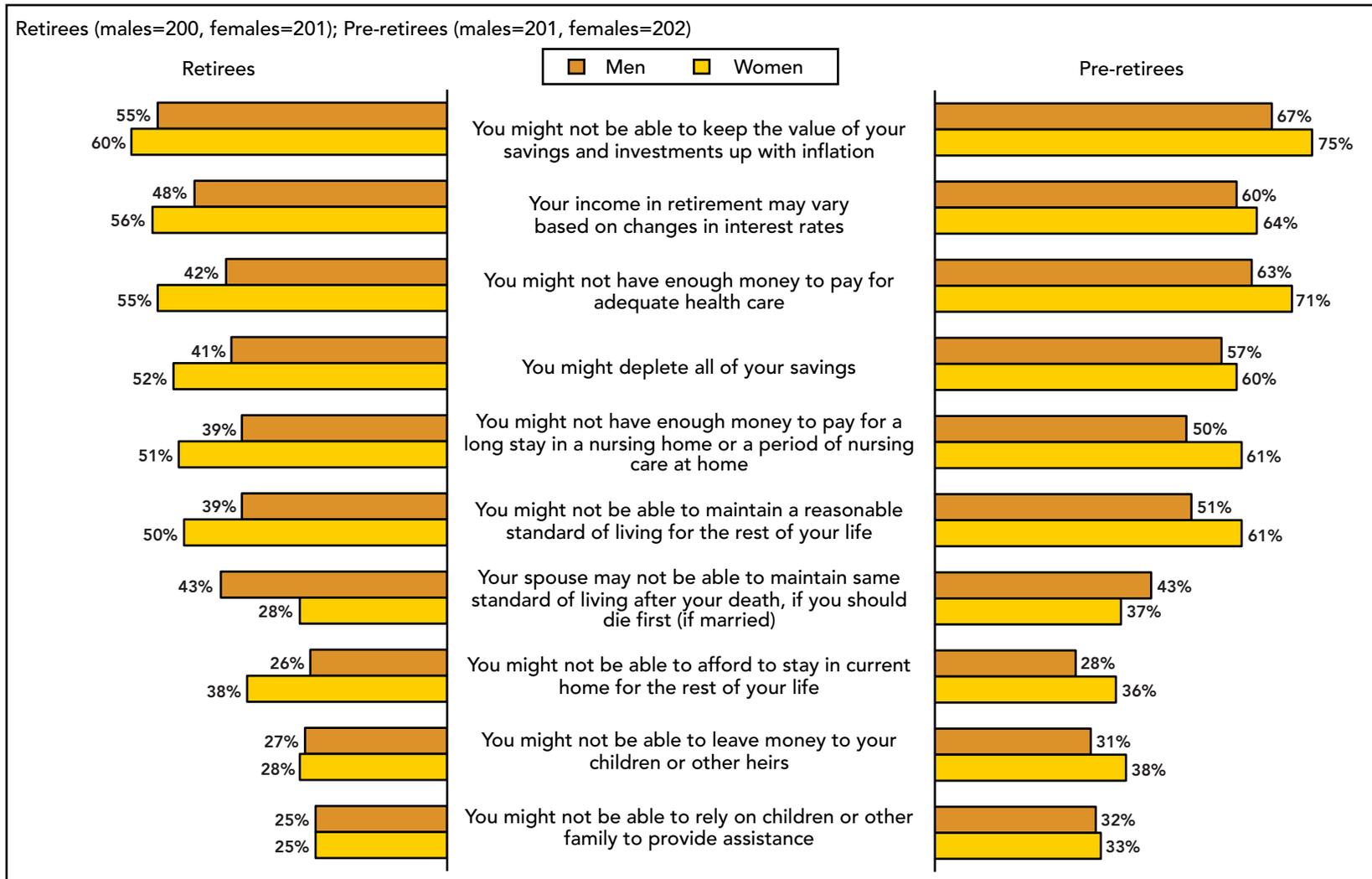
When you (and your spouse/partner) make important financial decisions, about how many years do you look into the future?



Source: Society of Actuaries, 2009 Risks and Process of Retirement Survey

Women and men share similar levels of concerns, with women retirees more concerned about health care, depleting savings, and remaining in their home.

How concerned are you that...(in retirement)? (Percentage very or somewhat concerned)



Source: Society of Actuaries, 2009 Risks and Process of Retirement Survey

Married women are more likely than their husbands to recognize their financial vulnerability in the event that they become widowed.

Findings

Few married individuals seem to be informed about the financial consequences of the death of a spouse. Male retirees (16 percent) are more likely than female retirees (7 percent) to say that if they were to pass away before their spouse, their spouse would be worse off financially, but the percentages are small. Further, male pre-retirees are three times as likely to say their surviving spouse will be better off (35 percent) than to say they will be worse off (11 percent). By contrast, females are almost as or even more likely to perceive themselves becoming worse off (17 percent of retirees, 27 percent of pre-retirees) as they are to think they will be better off (18 percent of retirees, 21 percent of pre-retirees) if their husband were to pre-decease them.

Discussion

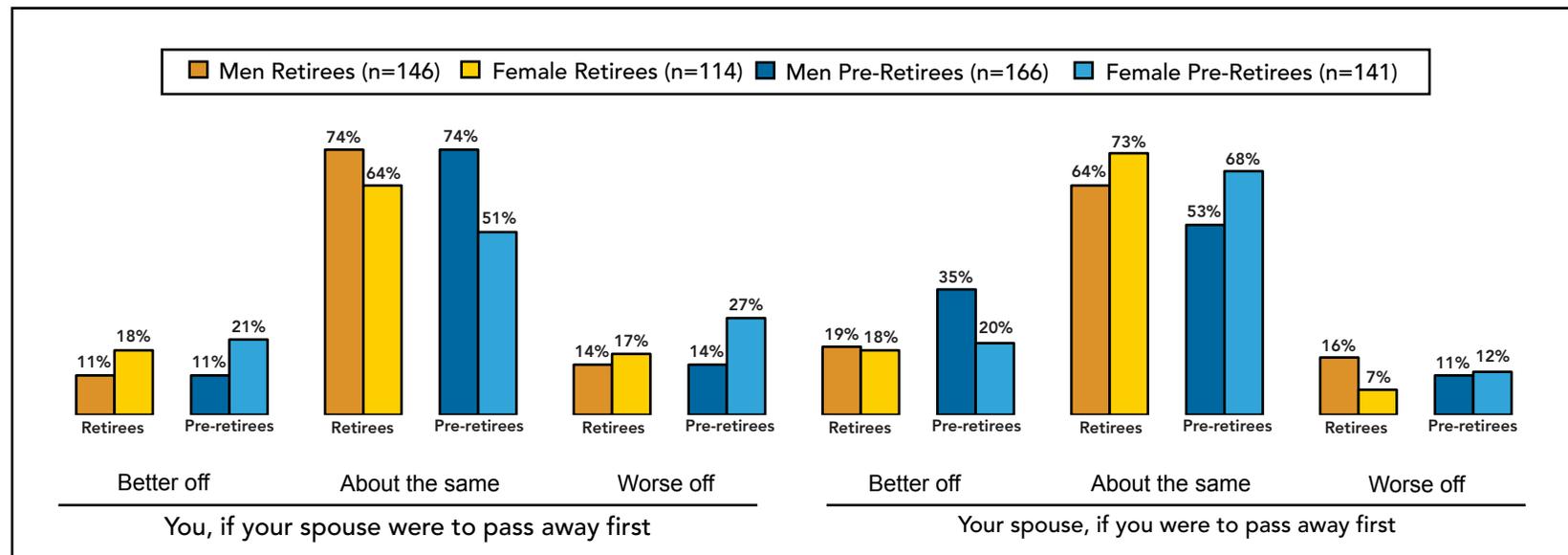
The differences between men and women are real, and reflect differences in life circumstances as well as perceptions.

Work history affects retirement. The higher earner in a couple, most often the husband, would have greater social security and pension benefits, leading to a better continuing income after death. This person is also more likely to be able to get employment.

It is much more common for husbands to die first and for women to be left without family caregivers. Other evidence shows a decline in economic status at time of widowhood.

If your spouse were to pass away before you, do you think it would leave you financially...? (If married)

If you were to pass away before your spouse, do you think it would leave your spouse financially...? (If married)



Source: Society of Actuaries, 2009 Risks and Process of Retirement Survey

Women are more likely than men to report the recent recession has made them feel that they need to save more money.

Findings

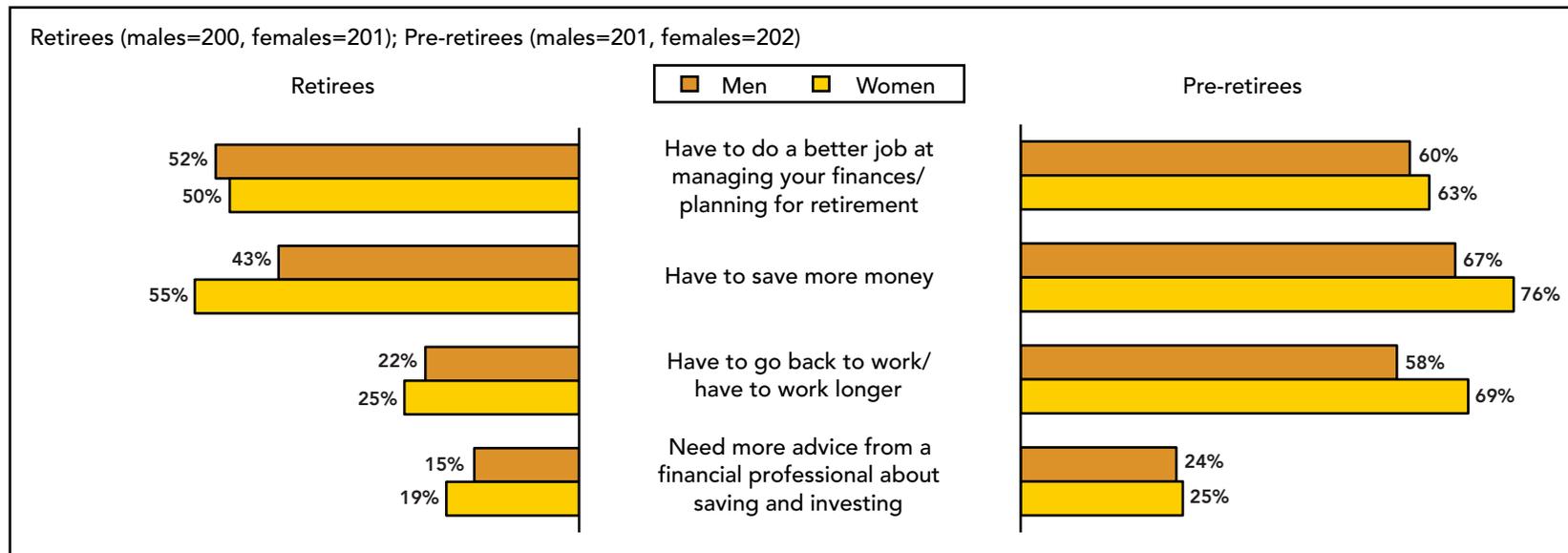
Both men and women are equally likely to report that their finances are in worse shape now than they were before the recent recession. Almost two-thirds of retirees say their finances are now in worse shape (64 percent of men, 63 percent of women), as do three-quarters of pre-retirees (77 percent of both men and women).

Nevertheless, women are more likely than men to say that as a result of the recession, they feel they need to save more money.

Discussion

While the results show that women are marginally more concerned about the effects that the recent financial turmoil has had on their retirement planning, other studies show a wide disparity of these effects according to income levels. At lower income levels, where retired women especially are almost solely dependent on Social Security and Supplemental Security Income (SSI), the effect has been less serious. And at the upper end of the income spectrum, even the financial turmoil has not seriously affected their spending habits and lifestyles. But it would be reasonable to expect the effect has been most acutely felt by middle income women, especially widows dependent on survivor pension benefits and Social Security, and the reduced value of their investments.

Has the recent stock market and economic downturn made you feel that you...? (Percentage saying yes)

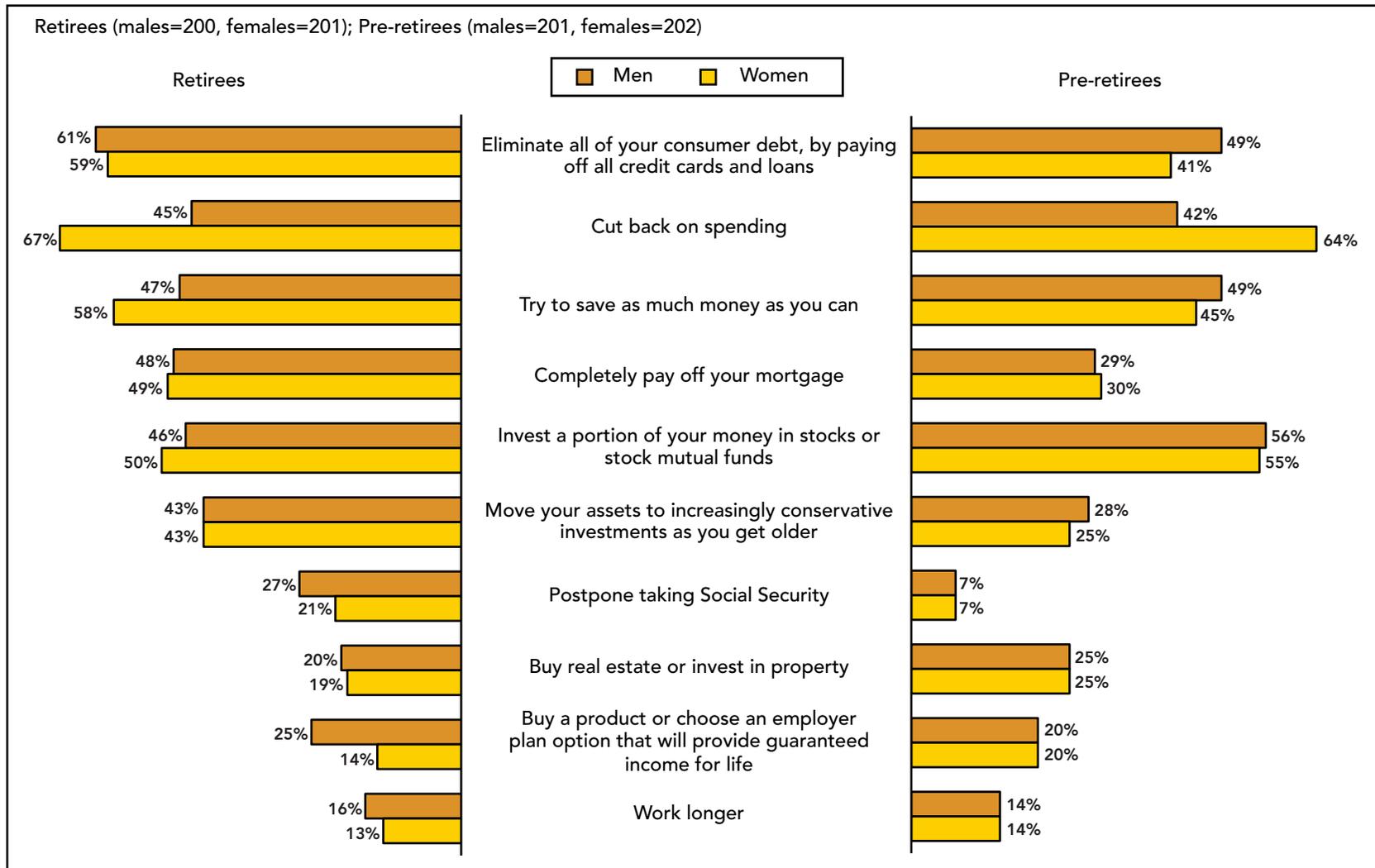


Source: Society of Actuaries, 2009 Risks and Process of Retirement Survey

In many ways, women and men manage risk similarly, yet women are more likely to cut back on spending as a strategy.

Have you (and your spouse) done the following to protect yourselves financially as you get older?

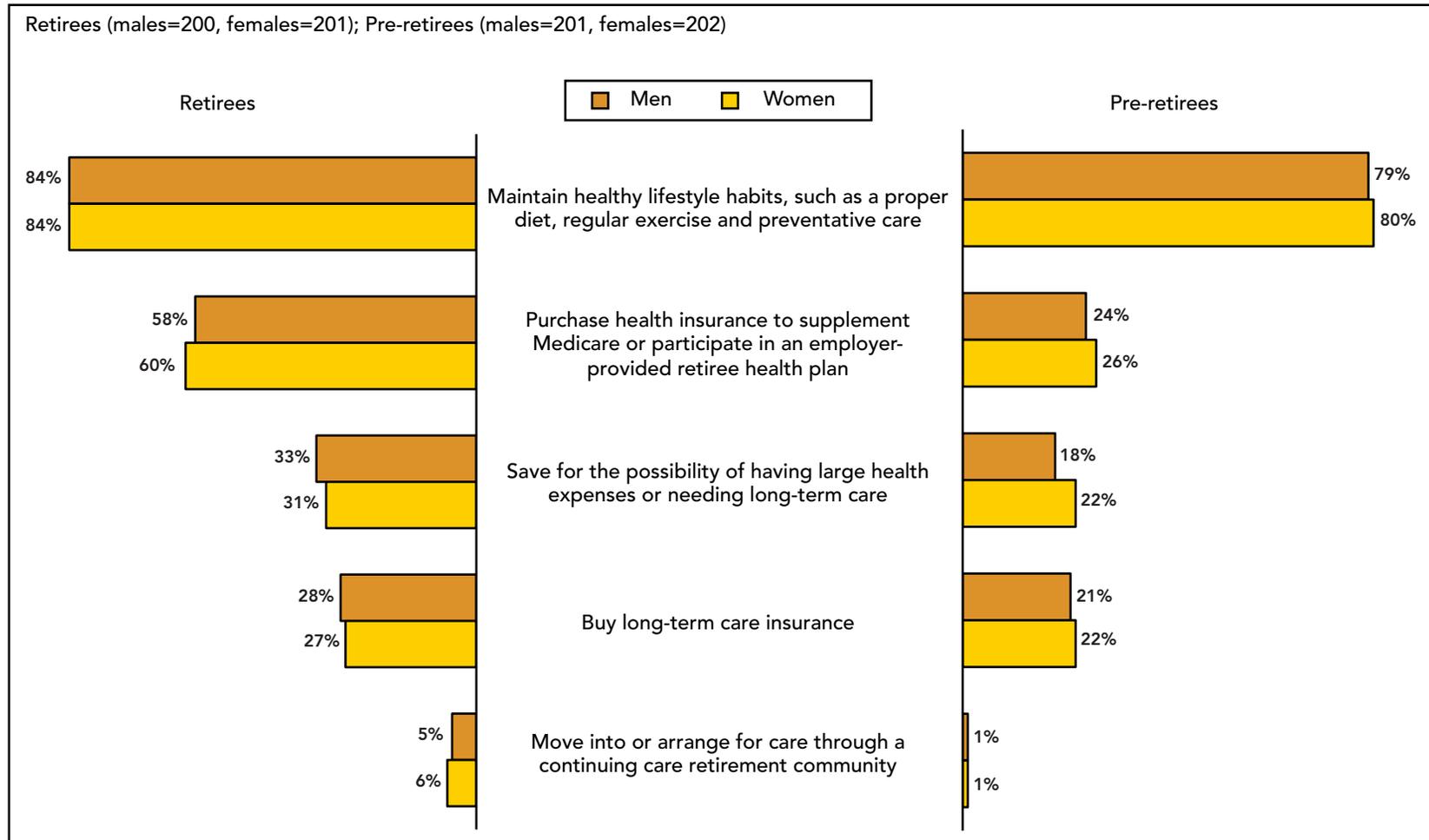
(Percentage Very or Somewhat Concerned)



Source: Society of Actuaries, 2009 Risks and Process of Retirement Survey

Women and men manage health care risk similarly.

Have you (and your spouse) done the following to protect yourselves financially when it comes to health expenses as you get older? (Percentage who have used strategy)



Source: Society of Actuaries, 2009 Risks and Process of Retirement Survey

Men and women are equally likely to agree that certain factors are important to consider when managing their retirement finances.

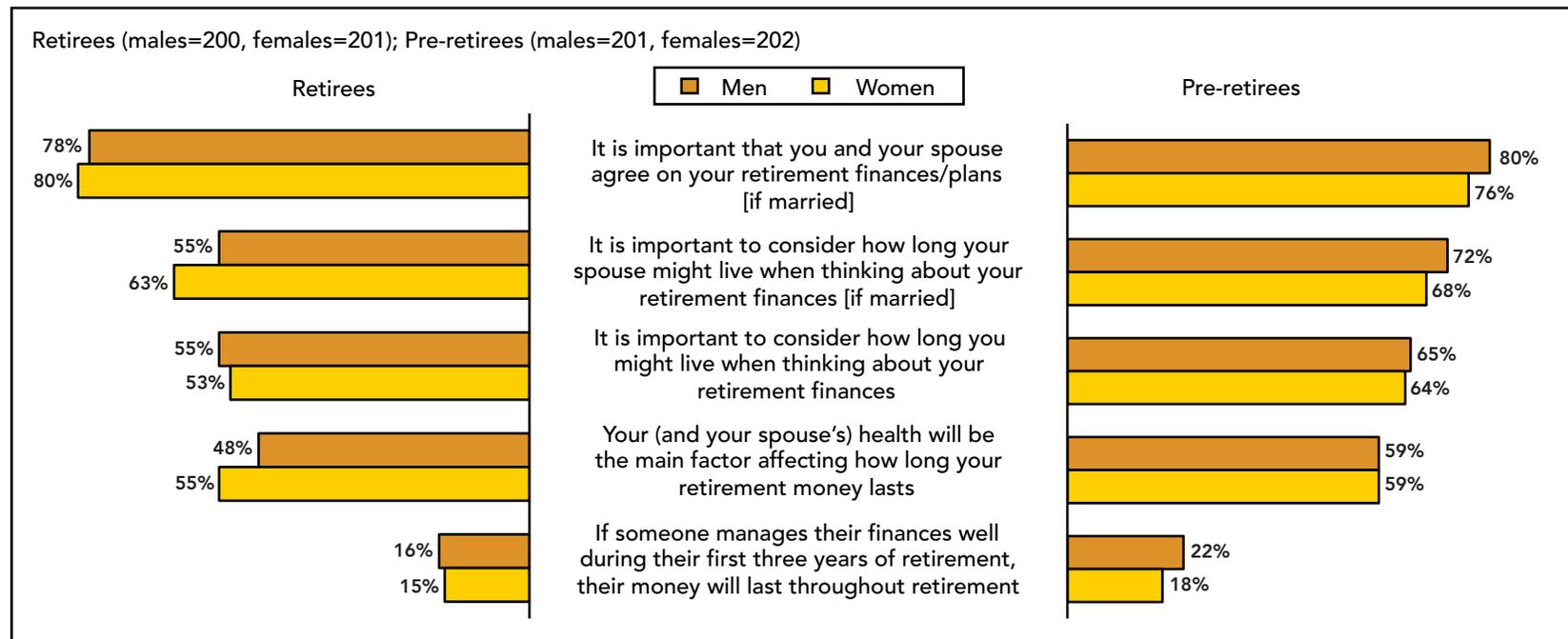
Findings

Roughly eight in 10 married men and women strongly agree that it is important that they and their spouse agree on their retirement finances/plans. About six in 10 married retirees and seven in 10 married pre-retirees also strongly agree it is important to consider how long their spouse might live. Regardless of gender, more than half of retirees and two-thirds of pre-retirees strongly agree they should consider their own life expectancy, while about half of retirees and six in 10 pre-retirees strongly agree that their health will be the main factor affecting how long their retirement money lasts.

Discussion

Considering how closely spouses agree with each other on the critical features of their retirement planning, it is interesting how poorly prepared many of them are on the details of such planning and the preparation for and insurance against the more serious risks involved, as evidenced by such findings as on pages 6 and 8.

To what extent do you agree or disagree with each of the following? (Percentage strongly agree)



Source: Society of Actuaries, 2009 Risks and Process of Retirement Survey

Among retirees, men are more likely to have used or plan to use home equity to help finance their retirement.

Findings

While male and female pre-retirees are equally likely to plan to use the equity in their home to help finance their retirement, male retirees are more likely than female retirees to indicate they have already used or have future plans to use home equity for this purpose (23 percent of male retirees, 9 percent of female retirees).

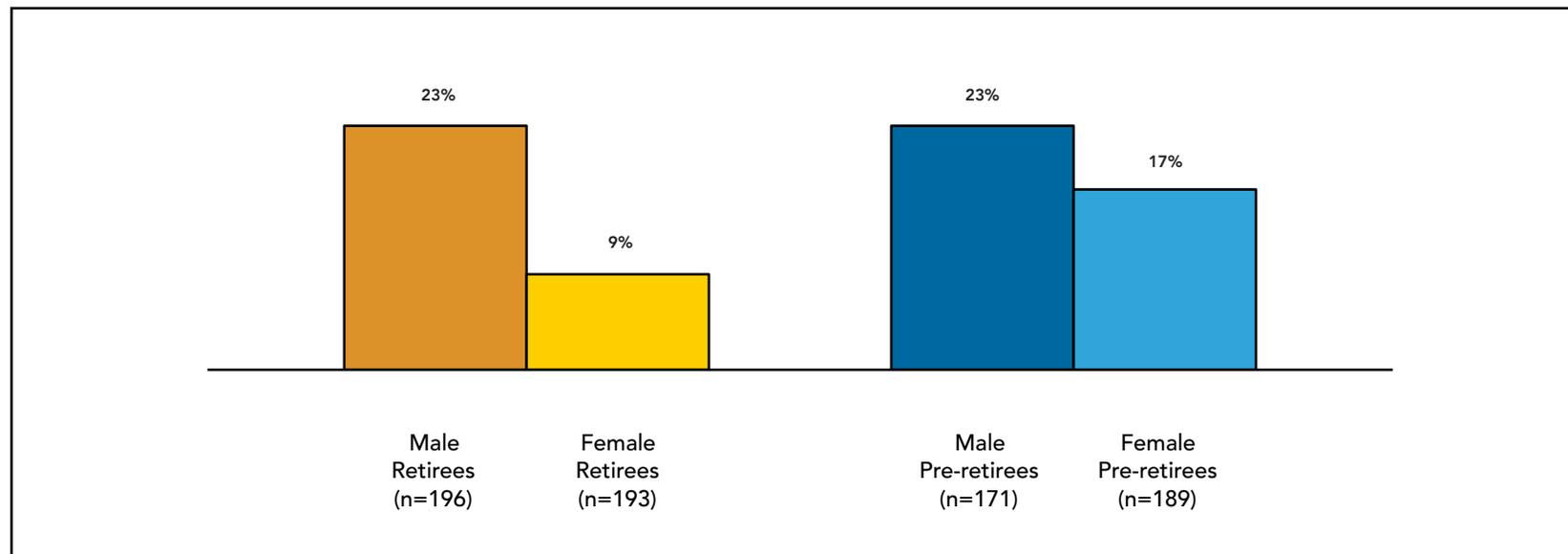
Discussion

Seeing their homes as perhaps one of the principal sources of financial security in widowhood, women may be more reluctant than men to want to tap into this source of potential income.

There are a variety of strategies for incorporating housing values into retirement planning. Another SOA research report noted that much of available retirement planning software does not specifically address the use of housing values. Interested readers may also wish to refer to a collection of papers available on the monograph section of the SOA website that dealt with retirement housing issues, entitled, "Housing in Retirement Monograph (SOA Monograph M-F109)."

Have you used/Do you have any plans to use the equity in your home to help finance your retirement?

(Among homeowner or (retirees only) former homeowners)(Percentage yes)



Source: Society of Actuaries, 2007 Risks and Process of Retirement Survey

Women and men share similar expectations about a decline in functional status.

Findings

Women and men are equally likely to expect to experience or to report having experienced each of three stages of retirement, as defined by progressively declining abilities and increasing needs.

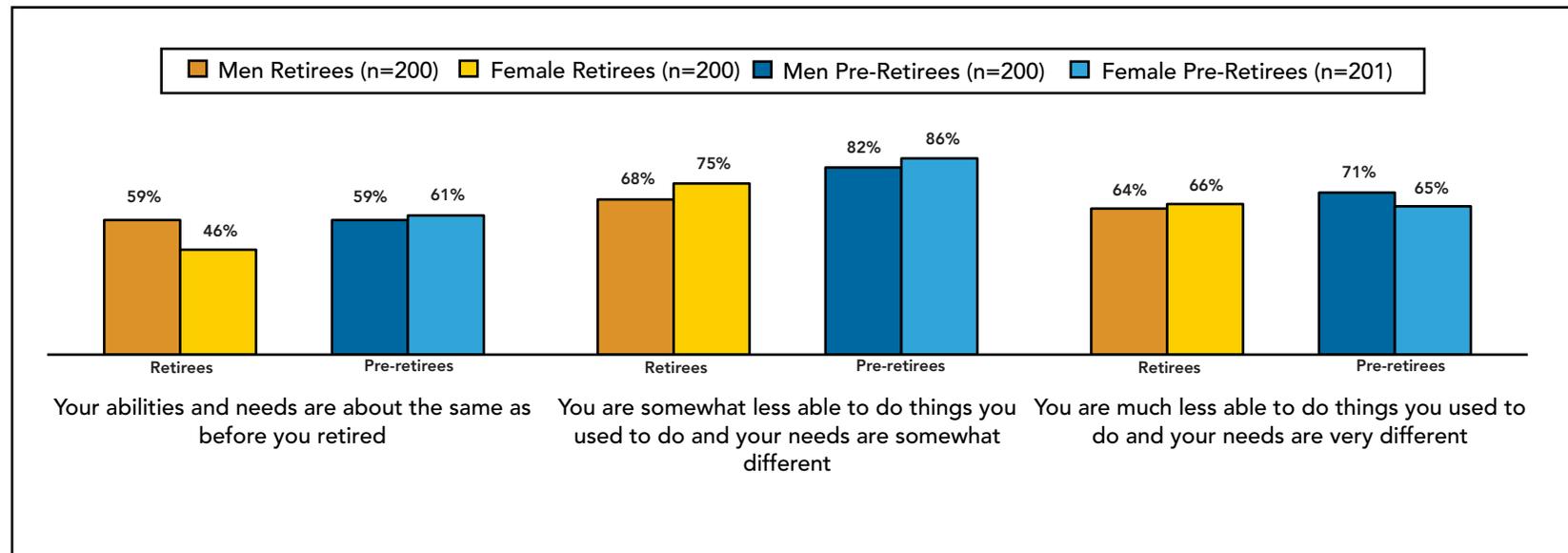
Retired men are more likely than retired women to expect or to have experienced no limitations during retirement. Six in 10 retired men expect to have or have had an active stage of retirement (59 percent), compared to 46 percent of retired women.

Discussion

Evidence from the National Long Term Care Survey confirms what would be expected based on women's greater longevity—women are expected to have longer periods of limitation in functional status, and spend more on outside care. In 2000 dollars, the expected average present value of the cost of long-term care services is \$29,000 for males and \$82,000 for females.

The impact of the longer period of disability is compounded by the fact that women are more likely to be alone in old age and less likely to have a family caregiver. Furthermore, more than four in 10 women living alone have little financial resources beyond Social Security.

Do you think you will have a time in retirement when...? (Percentage yes)



Source: Society of Actuaries, 2007 Risks and Process of Retirement Survey

Women and men expect they will need similar services, with women more likely to rely on family or community services for assistance.

Findings

Women and men have similar expectations for needed services in the somewhat limited, less active stage of retirement, with two exceptions. Retired women are more likely to expect to pay for assistance (46 percent) than are retired men (34 percent). Female pre-retirees are more likely to rely on family or community services (69 percent) than are male pre-retirees (48 percent).

Women and men also expect similar service needs by the time they reach the least active, most limited stage, with one exception. Retired women (70 percent) are more likely to rely on family or community services for help than retired men (56 percent).

Discussion

From the information on page 18, it is clear that women who live to advanced age are much more likely than men to be without a spouse and thus to be dependent either on other family members or on assisted living or nursing facilities. The vast majority of residents of such facilities are women.

I'm going to ask about some ways your needs might change during this time. Do you think you will need...?

(Among those experiencing each stage)

	Less Active Stage				Least Active Stage			
	Retirees		Pre-retirees		Retirees		Pre-retirees	
	Men (%) (n=135)	Women(%) (n=149)	Men (%) (n=164)	Women (%) (n=173)	Men (%) (n=126)	Women(%) (n=134)	Men (%) (n=141)	Women (%) (n=125)
To modify your home or move to a home that is more livable	44	52	57	55	54	57	68	70
To depend on your family or community services for assistance	45	47	48	69	56	70	73	83
To pay someone to provide assistance	34	46	47	45	58	63	69	71
Nursing home or home health care	NA	NA	NA	NA	47	59	60	67

Women are more likely to expect their retirement expenses to increase as they become more limited in their capacity to perform activities of daily living.

Findings

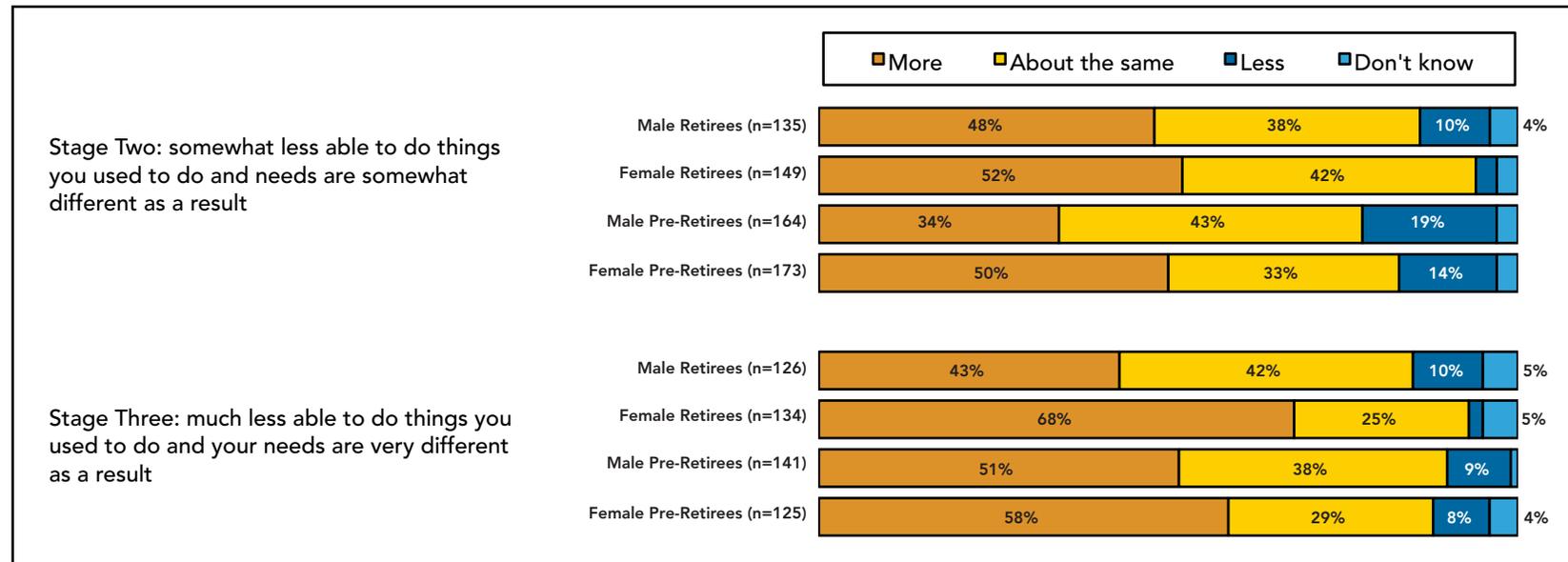
Among those expecting to experience the second, somewhat limited stage of retirement, retired men (10 percent) are more likely to think they will need less money than retired women (3 percent). Female pre-retirees are more likely to think they will need more money (50 percent) than their male counterparts (34 percent).

Among those who expect to spend time in the third, most limited stage of retirement, retired women are more likely to expect they will need more money (68 percent) than retired men (43 percent).

Discussion

These findings are very consistent with the fact that women are more likely to be alone at older ages and move to assisted living facilities for seniors. The findings are also consistent with work done by Eric Stallard, referenced on page 18, that much of the extra longevity of women is likely to be spent in various stages of disability, either physical, cognitive, or both, further accentuating their dependence on some form of assisted living.

During this time [second or third stage], do you think you will need more money, less money, or about the same amount of money as before to cover your expenses? (Among those expecting to experience each stage)



Source: Society of Actuaries, 2007 Risks and Process of Retirement Survey

Life Expectancy and Its Variability

AS NOTED THROUGHOUT THIS REPORT, it is commonly accepted and well documented that, on average, women enjoy longer life expectancy than men. Married women are likely to outlive their husbands not only because they live longer but because traditionally they married older men. Both of these trends, however, are changing, with improvements in male longevity slightly outpacing those for women, and women tending to marry men closer to their own age.

US Life Expectancies at Birth, ages 65 and 85							
Males	1900	1920	1940	1960	1980	2000	2050 projection
Birth	46.4	54.5	61.4	66.7	69.9	74.0	79.4
Age 65	11.4	11.8	11.9	12.9	14.0	15.9	18.9
Age 85	3.7	4.0	4.1	4.6	5.1	5.2	6.3
Females	1900	1920	1940	1960	1980	2000	2050 projection
Birth	49.0	56.3	65.7	73.2	77.5	79.4	83.2
Age 65	12.0	12.3	13.4	15.9	18.4	19.0	21.4
Age 85	4.0	4.1	4.4	5.1	6.3	6.4	7.5

The improvements in mortality are subject to wide debate, with most experts expecting some continued lengthening while a few project drastic improvements. In the values illustrated here, the Society of Actuaries uses mortality tables that take the more gradual approach, consistent with such studies and tables published by the Social Security Administration (SSA). These show life expectancy at age 65, for example, improving for males by about nine months in each of the next few decades, and for females by about six months. The following estimates of a man and woman, both age 65, surviving individually, and as a couple, to ages 80, 90 and 100 are based on tables that define separate mortality rates for males and females. However, data from the U.S. Census, the SSA and one study published by the Society of Actuaries, document longevity for married couples more favorable than that of their single, widowed and divorced counterparts. The probabilities of survival for married couples shown here may, thus, be understated.

Probability of a married couple, each age 65, surviving to age:			
	80	90	100
Both	50.6%	9.5%	0.1%
Wife only	25.4	28.5	4.4
Husband only	16.0	15.5	1.5
Neither	8.0	46.5	94.0

Often for retirement planning, individuals focus on average life expectancy without considering its variability. The variability of life expectancy is important to consider because, while a 65 year old woman can expect to live, on average, until her mid-80's, many will live into their 90's or even longer. As illustrated in the above table, the greater life expectancy of women, coupled with the trend of increasing life expectancy, emphasizes the importance for women to factor in this variability for resource planning including, especially, for their long-term health care needs. Again, this is particularly true for women with older husbands. If in the above example the husband were to be just five years older than his wife, then the probability of her surviving from 65 to 80 without her husband would increase from 25.4 percent to 38.1 percent.

Lastly, most discussions of life expectancy tend to be quantitative, with little if any recognition of the quality of those last years of life. Pioneering work by Eric Stallard at Duke University addresses the question of how much of remaining life expectancy will be spent with all one's physical and cognitive functions intact, and with various degrees of mild to moderate to severe impairment. His findings are that while women enjoy greater life expectancy, they should anticipate having to spend nearly twice as many years as their male counterparts in a disabled condition. Although these findings are too preliminary for the kind of retirement planning based on well established life expectancy data, they further reinforce the need expressed throughout this report for women especially to take into account their needs for care and support in their declining years.

About the 2009 Survey

The Survey

THE 2009 RISKS AND PROCESS OF RETIREMENT SURVEY asked respondents about a number of risks relating to retirement. Their preponderant concerns related to keeping the value of investments up with inflation, income varying due to changes in interest rates, the affordability of health care and long-term care, outliving assets, and maintaining a reasonable standard of living. In most respects, Americans' concerns changed little from 2007.

The survey is designed to evaluate Americans' awareness of retirement risk, how their awareness has changed, and how their awareness affects the management of their finances. The survey was conducted through telephone interviews of 804 adults age 45 to 80 (401 retirees, 403 pre-retirees) in July 2009. Households were selected for participation from a nationwide targeted list sample. The margin of error for study results, at the 95 percent confidence level, is ± 5 percentage points for questions asked of all retirees or all pre-retirees.

To further the understanding of changes in perception of risk, this series of surveys includes new questions with each iteration and not all questions are repeated from year to year.

The Respondents

Like its predecessors, this survey divided respondents into two groups, referred to throughout this report as "pre-retirees" and "retirees", with each group analyzed separately, irrespective of their actual age. In fact, fully a half of retirees retired before the age of 60, while a small minority of pre-retirees continue to work into their 60s and even 70s. The results of the report are based on a representative

sample of Americans and do not provide specific insights concerning high net worth individuals.

Only 3 percent of retirees and 5 percent of pre-retirees report having \$1 million or more in savings and investments, and 6 percent each of retirees and pre-retirees report having between \$500,000 and \$1 million. Eleven percent of retirees and 35 percent of pre-retirees indicate they have household incomes of at least \$100,000. At the low end of the spectrum, 24 percent of retirees and 22 percent of pre-retirees indicate they have less than \$25,000 in savings and investments, while 18 percent of retirees and 6 percent of pre-retirees report income under \$25,000. These net worth and income characteristics are not out of line with those for Americans as a whole.

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The views and opinions expressed in this report are those of the authors and do not necessarily reflect those of the Project Oversight Group.

TO OBTAIN A COPY OF THE COMPLETE SURVEY REPORT

The 2009 Risks and Process of Retirement Survey Report may be obtained from the website of the Society of Actuaries at www.soa.org.

