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45% Believe Poor Financial Markets Will Leave Them with Less Money in Retirement

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New York, NY, August 4, 2010 – In a new survey about preparing financially for retirement, Ipsos found that even though seven out of ten (71%) of over 1,000 adults aged 25 and older said they were personally in control of their finances and make financial decisions themselves, half of those who are not yet retired (48%) believe they will not have enough money to maintain their current lifestyle in retirement and half of those already retired (53%) are concerned about their current financial situation.

"When we asked respondents if they wish they had a pension, half said yes, even among those aged 25-34. This was surprising considering how far removed this younger generation is from the days of defined benefit/pension plans. Whether they hit the job market 10 years ago or two years ago, younger Americans have experienced market bubbles bursting first-hand, which has seriously eroded their confidence in the equity markets. So, it's a smart and rational response to want something safe and secure now. The ramifications of this market dynamic on the investment choices Americans will make over the next 30 to 40 years is only now coming into focus. And, make no mistake, even the younger generation is very realistic about their prospects for retirement, especially when you find that only 4% of them believe that Social Security will provide enough income to live in retirement," according to Peter Saracena, Senior Vice President at Ipsos.

As part of the research, Ipsos asked about the potential for a fixed-rate annuity inside of 401(k)s that could be contributed to over time, that was portable from one plan to another if you left your job, that would provide a guaranteed lifetime income, and that would pay a lump sum to beneficiaries upon death if the account balance exceeded the amount already paid out. Overall, three quarters (74%) said they would like having this option available, with 83% of those 25-34 feeling the same way. More than half of all respondents (55%) felt that having this 401(k) annuity option would be like contributing to a pension.

Among those that do not currently have a 401(k), four out of ten (38%) said they would be more likely to participate if this annuity option was available. Eight in ten (77%) of those likely to participate in a 401(k), if available, said that they would allocate a portion of their regular contribution to the annuity product, and 81% said they would be likely to ask their employer to allocate the match to the annuity. More than half (54%) said they would have a more favorable opinion of their employer if the company offered the option to contribute the match to the annuity.

Given that half of those with 401(k)s have balances of less than $5,000, it should come as no surprise that seven out of ten adults not yet retired (69%) say they have a lot more to do financially before they are ready to retire. Unfortunately, while there is no silver bullet to fulfill the retirement needs of Americans, and four out of ten (38%) currently believe that they will outlive their retirement savings, creating an understandable and easily navigated pathway toward a guaranteed retirement lifetime income stream seems not only appropriate, but an absolute necessity.

These are some of the findings of an Ipsos poll conducted April 21 to May 4, 2010. For the survey, a national sample of 1,082 adults aged 25 and older from Ipsos' U.S. online panel were interviewed online. A survey with an unweighted probability sample of 1,082 and a 100% response rate would have an estimated margin of error of +/- 3.0 percentage points 19 times out of 20 of what the results would have been had the entire adult population aged 18 and older in the United States had been polled. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.

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