Two Surveys: Understanding and Managing Retirement Risks in Canada and the United States

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The Society of Actuaries has surveyed the U.S. retiree and pre-retiree populations every other year since 2001 regarding their understanding and management of post-retirement risks. In 2010 the Canadian Institute of Actuaries conducted a similar survey, providing a potential opportunity to gain additional insights into both the Canadian and U.S. populations by comparing the findings.

This paper examines the similarities and differences in the results of the two surveys. The most important overall finding is that the results are very similar in both countries. The comparison shows that Canadian respondents exhibit somewhat higher levels of concern about retirement risks and report relying on somewhat different strategies to manage those risks. In addition, Canadian and U.S. respondents differ slightly in how they foresee the needs associated with the different stages of retirement.

In both Canada and the U.S., many commentators have identified important gaps in financial literacy. The two studies that are examined in this report relate to public perceptions and knowledge about post-retirement risk. The results of the studies should be considered in the context that substantial gaps in financial literacy exist in both countries.

Background

As background, a few observations are provided about differences and similarities in the U.S. and Canada as matters related to retirement security are considered:

- Both countries have generally similar demographic trends, increasing life spans, and aging populations.
- Both countries have social benefit programs that provide a floor of protection in old age. The systems are structured somewhat differently.
- In both countries, there is a segment of the population that relies on the public systems and has no employer sponsored benefit coverage.
- Both countries provide tax preferences for personal savings in individual retirement accounts and for employer sponsored retirement arrangements.
- Both countries have seen a shift away from traditional defined benefit plans to defined contribution plans, particularly in the private sector. This shift is more pronounced in the U.S. than in Canada. This shift creates serious challenges for many participants due to the gaps in financial knowledge.
- In both countries, most employees withdraw their money from defined contribution plans in a lump sum, and often this money is “rolled over” into an individual tax deferred retirement account.
- Public employees are more likely to have defined benefit plans than private sector employees in both countries.
- Canada has a publicly funded universal health care system with supplemental employer

coverage. The basic approach of the Canadian system is generally accepted by Canadians.

- Health care benefits in the U.S. are primarily provided through employer plans for the working age population. The U.S. has a public system, Medicare, for those over age 65 and the states sponsor Medicaid programs which offer coverage to the poor. The situation in the U.S. is expected to change in 2014 with the implementation of the Affordable Care Act (ACA). However, the implementation of the ACA is subject to ongoing political debate and legal challenges.
- In the U.S., long term care is funded by a combination of personal payment, privately purchased long term care insurance, and Medicaid for the poor. Much long term care is provided on an informal basis by family and friends.
- In Canada, long term care is provided by a combination of family and friends, private for profit institutions, nonprofit institutions and provincial and community programs. Long term care is not part of the universal Canadian health care system. Many of the programs require copayments by the participants, often on a means or income tested basis. Long term care insurance is rare.
- Housing prices in the U.S. have been substantially depressed for the last few years. While stocks have recovered part of their 2008-2009 decline, this is not true about housing. There have been and continue to be many foreclosures. The housing market in Canada has not experienced any similar decline.

Perceptions of Risk

Concerns About Retirement Risk

Both Canadian and U.S. respondents were asked to indicate their level of concern about eight post-retirement risks. Ranking these risks by the percentage of respondents saying they were very or somewhat concerned about each, shows strong similarities between retired and pre-retired respondents and between Canadian and U.S. respondents.

Specifically, Canadian retired and pre-retired respondents are most likely to say they are very or somewhat concerned about maintaining a reasonable standard of living for the rest of their lives, followed by:

- Having enough money to pay for adequate health care
- Depleting all of their savings
- Having enough money to pay for long-term care expenses
- Maintaining the same standard of living for their spouse/partner, if the respondent should die first (among those married or living with a partner)
- Their financial ability to stay in their current home for the rest of their lives

Canadian respondents are less likely to identify two risks as very or somewhat important:

- Leaving money to children or other heirs
- Relying on children or other family members to provide assistance

U.S. retired and pre-retired respondents are most likely to express high levels of concern about having enough money to pay for adequate health care, but their next four concerns are similar to Canadians:

- Depleting all of their savings
- Having enough money to pay for long-term care expenses
- Maintaining a reasonable standard of living for the rest of their lives
- Maintaining the same standard of living for their spouse/partner, if the respondent should die first (among those married or living with a partner)

U.S. respondents are less likely to identify three risks as very or somewhat important:

- Their financial ability to stay in their current home for the rest of their lives
- Leaving money to children or other heirs
- Relying on children or other family members to provide assistance

Although the health care and long term care systems in Canada are very different from those in the U.S., with the Canadian system generally being considered more supportive of those in need, it is somewhat surprising to note that Canadian retirees had more concerns than U.S. retirees.

The Canadian pre-retirees' higher concern about maintaining a reasonable standard of living after retirement may be due to the lower level of social security benefits in Canada for workers above the average wage. Although the Canadian social security system is financed on a basis that is more sustainable in the long term than U.S. social security, many of the U.S. respondents may not be aware of the significant financial challenges to U.S. social security in the long term.

The following table illustrates the gross and net replacement rates provided by social security pensions in the U.S. and Canada at different income levels.

Summary of social security benefits					
		Earnings as proportion of average earnings			
		0.5	1.0	1.5	2.0
Gross	U.S.	50.3%	38.7%	34.1%	28.8%
	Canada	76.5%	44.5%	29.7%	22.2%
Net	U.S.	57.9%	44.8%	39.5%	33.3%
	Canada	89.1%	57.9%	40.0%	30.9%

Source: OECD Pensions at a Glance 2009

Income, health and gender

Among both Canadian and U.S. respondents, concern about these issues, in general, is inversely related to household income and health status. In other words, those respondents who have higher levels of income or enjoy better health tend to have lower levels of concern while those who have lower levels of income or suffer poorer health tend to have higher levels of concern. Among retired respondents, both Canadian and U.S. females are more likely than their male counterparts to express concern about many of these issues. More females are likely to have experienced some of the adverse consequences of these risks, either personally or through a friend, because females have longer life expectancies than males.

Inflation

Canadian and U.S. retired and pre-retired respondents appear about equally concerned about inflation risks, with over two-thirds in all groups saying they believe inflation will have a great deal of or some effect on the amount of money they need for retirement.

Among both Canadian and U.S. respondents, the estimated effect of inflation is inversely related to household income. In other words, respondents with higher levels of household income tend to estimate that inflation will have a lower effect on the amount of money they will need, while respondents with lower levels of household income tend to estimate that inflation will have a higher effect on the amount of money they will need. Furthermore, women are more likely than men to estimate inflation will have a great deal of or some effect on the amount of money needed for retirement. This may reflect their longer average life spans.

Similarly, Canadian and U.S. retired and pre-retired respondents express concern about the effects of inflation on their savings and investments, with majorities in each group saying they are very or somewhat concerned about it.

Many respondents will still recall the high levels of inflation experienced in Canada and the U.S. during the late 1970s and 1980s. Many may recall the effects of these high levels of inflation on their parents' or grandparents' financial security. Those with a high household income will have a level of discretionary expenditure that can act as a buffer against the ravages of inflation. Those with a lower level of household income will have less available protection against high inflation. Because women live longer than men they are more likely to be concerned about inflation eroding their financial security over time.

Impact of Death of Spouse/Partner

At least half of married Canadian and U.S. respondents indicate that the death of their spouse would have little impact on them financially. Similarly, more than half say that their own death would have little impact on their spouse's financial situation. The remaining respondents are about evenly split between those who think their financial situation would worsen and those who think it would improve.

The fact that most respondents say the death of a spouse would not materially affect the financial well being of the survivor may indicate that many couples have not seriously considered this issue. On the other hand, but considerably less likely, it may indicate that they have arranged their financial affairs so that the first death does not create financial hardship for the survivor. Both Canadian and U.S. respondents may be equally aware or unaware of the financial contribution to their well being that is being made by their spouse and that would cease on the death of the spouse.

Gender

Canadian retired female respondents are more likely than their male counterparts to say they would be worse off financially if their spouse were to predecease them. In addition, Canadian retired and pre-retired male respondents are more likely than female respondents to say their death would leave their spouse or partner better off financially. On the other hand, U.S. pre-retired female respondents are more apt than their male counterparts to indicate that they would be worse off after the death of their spouse or partner.

Females are more likely to say that they will be worse off after the death of their spouse because the male partner is more likely to be or to have been the main contributor to the financial well being of the couple during his working lifetime and after his retirement. Partnerships where both partners have full uninterrupted careers outside the home and partnerships where the female income is higher than the male are fairly recent developments. Couples in this situation are still the exception and few of them have already reached retirement. It is somewhat surprising that male respondents would be more likely than female respondents to say that their death would make their spouses better off financially.

Managing Retirement Risks

Strategies to Manage Financial Risk

Canadian and U.S. respondents were asked to indicate the strategies they use, or plan to use, to manage the financial consequences of the risks associated with retirement.

Among both Canadian and U.S. respondents, the four top risk-management strategies are:

- Eliminating all consumer debt
- Completely paying off any mortgage
- Trying to save as much money as possible
- Cutting back on spending

In addition, roughly half of Canadian and U.S. respondents invest a portion of their money in stocks or stock mutual funds and move or plan to move assets to increasingly conservative investments as they get older.

Less popular strategies include:

- Moving to a smaller home or less expensive area
- Buying a guaranteed income product or choosing a guaranteed income option from an employer plan
- Buying real estate or investing in property

While about half of pre-retired respondents plan to work longer to help manage retirement risk, far fewer retired respondents make or have made use of this strategy. (This result among retired respondents may be because some retired respondents had already worked longer but have now fully retired with no plans for future work.)

U.S. respondents are more apt than Canadian respondents to say they have no plans to buy a guaranteed income product or choose a guaranteed income option from an employer plan. The greater preference for guaranteed income among Canadians may be due to the fact that in most Canadian pension plans the benefit at retirement must be provided in the form of income rather than as a lump sum.

U.S. respondents are more apt than Canadian respondents to say they have no plans to move to a smaller home or less expensive area. More Canadians may have moved or plan to move to a smaller home or a less expensive area because of the substantial increases in house prices over the past several decades in most Canadian metropolitan areas.

U.S. respondents may have worked longer or plan to work longer because health care coverage is linked to employment in the U.S. while it has no link to employment in Canada. Also, the U.S. Social Security system has started to gradually increase the age when a full pension is available from age 65 to 67 while no such change has yet been made in Canada. The age for the receipt of full U.S. Social Security benefits will be age 67 for people born in 1960 or later.

In general, the likelihood of reporting these strategies increases with household income among both Canadian and U.S. respondents. The notable exception is cutting back on spending, which tends to be inversely related to income and is more often reported by women than men.

Strategies to Manage Health Risk

Almost all (over 90%) of Canadian and U.S. respondents report that one strategy they use (or plan to use) to mitigate the financial impact of health risk in retirement is maintaining healthy lifestyle habits, such as proper diet, regular exercise, and preventative care.

This finding in both the Canadian and U.S. surveys appears to be contrary to the widely expressed concerns from public health experts about the lack of a healthy lifestyle among the general population. It may be an example of respondents giving a socially desirable response rather than one which reflects reality.

About three-quarters of U.S. respondents purchase supplemental health insurance or participate in an employer-provided retiree health care plan.

In addition, almost half of U.S. respondents save specifically for the possibility of having large health or long term care expenses or buy long term care insurance to help mitigate the financial consequences of health risk in retirement.

Fewer than half of Canadian respondents report using or planning to use each of these strategies to manage health care risk.

The likelihood of purchasing health insurance and long-term care insurance to mitigate the financial consequences of health risk increases with household income among Canadian and U.S. retired and pre-retired respondents. Among U.S. retired and pre-retired respondents, the likelihood of saving against the possibility of having large health care expenses also increases with household income.

The high and increasing cost of health care in the U.S., the lack of a universal, publicly sponsored, health insurance plan and the linkage of private health insurance coverage to employment are all factors that create a much larger concern about health risks in the U.S. compared with Canada. The recent Affordable Care Act (ACA) changes may reduce some of those concerns in the future when they are implemented, but they are still the subject of active public debate and major differences between the U.S. political parties. One of the most significant issues in the U.S. is the lack of availability of medical coverage for early retirees. At present, retirees who are not yet age 65 and have no employer coverage can have an extremely difficult time securing coverage, particularly if they are in poor health. Under the ACA, they will be able to obtain coverage through state exchanges.

The universal public health care system in Canada has been in place for many years, is not linked to employment and has eliminated many of those concerns. The main principles of the Canadian system are not generally disputed in political debate. However, the costs of long term care are not well understood by many Canadians and the risks associated with those costs may be underestimated in Canada.

Importance of Insurance

More than 60% of both Canadian and U.S. respondents indicate that it is very or somewhat important to purchase insurance to protect against the risks related to retirement. In both surveys, pre-retired respondents are more likely than their retired counterparts to think insurance is important.

Impact of Delayed Retirement

In both surveys, roughly half of retired respondents and six in ten pre-retired respondents think that delaying retirement by three years will make them financially more secure. Surprisingly, about one in three respondents think that delaying retirement by three years will make them no more financially secure.

At least six in ten of Canadian and U.S. retired and pre-retired respondents report that delaying retirement by three years would increase their financial security by:

- Providing three more years to make contributions to and earn money on their investments
- Increasing the amount received each month from a defined benefit or traditional pension plan
- Increasing the amount received each month from government plans

Roughly half of retired respondents, but a larger proportion of pre-retired respondents, say that relying on savings for a shorter period of time and continuing to receive health insurance coverage from an employer would increase their financial security. U.S. pre-retired respondents are especially likely to feel that continued health insurance coverage from an employer would do a great deal to increase their financial security. This finding among U.S. pre-retired respondents is a further reflection of the importance of employer provided health care in the U.S. compared with the universal health care coverage in Canada.

Among U.S. retired respondents, the likelihood of reporting that a three-year delay in retirement would have increased their financial security by increasing the amount received from a defined benefit or traditional pension plan increases with household income. Respondents with higher incomes are more likely to be covered by a defined benefit or traditional pension plan.

Stages of Retirement

The First Stage

Respondents to both surveys were given a description of the first stage of retirement: a time during your retirement when your needs and abilities are about the same as before you retired. Approximately four in ten U.S. retired and pre-retired respondents who expect to experience this first stage of retirement focus all or most of their retirement planning on this stage. One-quarter of all Canadian retired and pre-retired respondents do the same.

The Second Stage

The second stage of retirement was described to respondents as a time during retirement when your needs and abilities are somewhat different than before you retired. A sizeable majority of all respondents (at least seven in ten) expect to experience this second stage.

Among those who expect to go through this second stage of retirement, half of Canadian respondents and four in ten U.S. respondents expect to need about the same amount of money as before to cover their expenses. Most of the remaining respondents expect to need more money than previously (three in ten of all Canadian respondents and up to half of all U.S. respondents).

Those who expect to need more money for this second stage may be driven by their anticipated need for a higher amount of services. Roughly half of all respondents say they will need to modify their home or move to a home that is more livable. Almost as many U.S. respondents, but slightly fewer Canadian respondents, also believe they will need to depend on their family or community services for assistance and pay someone to provide assistance.

The anticipated need for more money in this stage by U.S. respondents is likely due to anticipated higher personal expenditures for health care and long-term care in the U.S. compared with Canada. Canadian retired respondents may anticipate a reduction in expenditures because they will reduce expenditures on various activities such as sports and travel and they will increase expenditures on health care and long-term care only to a lesser extent.

The Third Stage

The third stage of retirement was described to respondents as a time during retirement when your needs are much greater and your abilities are much lower than before. Roughly two-thirds of Canadian and U.S. respondents expect to experience this stage. Among Canadian and U.S. retired and pre-retired respondents, women are more likely than men to report they will experience this phase of retirement.

Because of their greater longevity and because they are typically younger than their spouse, women are much more likely to be single when they experience this phase. They are less likely to have a spouse to care for them. Many more women than men go to assisted living or nursing homes. Research on health expectancy also shows that women not only live longer, but they have longer expected periods of limitation. For these reasons, women have greater needs for the third stage, and women are likely to be more aware of this third phase than men.

Among those expecting to experience this third stage of retirement, approximately half think they will need more money than before to cover their expenses. Only a very small percentage of retired and pre-retired respondents think they will need less money than before.

More than half of U.S. retired and pre-retired respondents think they will need to:

- modify their home or move to a home that is more livable;
- obtain nursing home or home health care;
- depend on their family or community services for assistance; and
- pay someone to provide assistance.

Approximately four in ten Canadian respondents believe they will need to:

- modify their home or move to a home that is more livable;
- obtain nursing home or home health care; and
- depend on family or community services for assistance.

Three in ten Canadian respondents think they will need to pay someone to provide assistance.

Female respondents overall are more likely than male respondents to say they will need to depend on family or community services for assistance. They are less likely to have spouses present who will care for them. Because of their greater longevity and because they are typically younger than their spouse, women are likely to be more aware of their increased needs during this third phase than men.

Impact of Economic Downturn

Significant percentages of both Canadian and U.S. retired and pre-retired respondents report that their financial situation was negatively affected by the economic downturn in 2008 - 2009. Moreover, both Canadian and U.S. pre-retired respondents were more likely than their retired counterparts to say their financial situation was made a great deal or much worse.

This may be because the pre-retired respondents were more exposed to the downturn in the stock and housing markets than the retired respondents. The retirees may have moved their investments into asset classes that were less affected by the downturn. In addition, some of the pre-retired respondents may have suffered job losses due to the downturn while the retired respondents would not.

Limitations of the Comparison

Differences in the way the two surveys were administered makes comparing the specific percentages measured in the Canadian and U.S. populations tenuous in validity. The Canadian survey was administered using an on-line methodology, while the U.S. survey was conducted by telephone. Studies have shown that on certain subjects, including financial behaviors and concerns about retirement, individuals respond differently when interviewed by telephone than they do when the same interview is conducted online. Compared with telephone respondents (U.S., in this case), online respondents (Canadian, in this case) are less likely to report socially desirable behaviors, but more likely to report concern and uncertainty. Online respondents (Canadian) are also more likely to select a "don't know" response or to refuse to answer a question when these options are permitted.

This means we cannot be certain that the differences in findings between the Canadian and U.S. surveys represent real population differences. In addition, we cannot be certain that there are no differences in the populations when no differences are apparent in the survey results.

Other issues further compound the difficulty in distinguishing genuine country differences from the effects of differences in methodology. These issues include differences in question wording, the placement of questions within the questionnaire, sampling methods, and timing of the surveys.

Therefore, any comparisons between the results of the two surveys should be made with extreme caution. Survey results are presented in the appendices for those interested in the findings for each country. However, a side-by-side direct comparison of the Canadian and U.S. percentages should be avoided.

Appendix A: Data from Canadian Survey

Figure A-1: Levels of Concern About Retirement Risks

	2010 Retired Respondents (n=1073)	**2010 Pre-retired Respondents (n=1064)**
Maintaining a reasonable standard of living for the rest of your life		
Very concerned	24%	31%
Somewhat concerned	36	41
Not too concerned	28	20
Not at all concerned	12	7
Don't know/Refused	1	1
Having enough money to pay for adequate health care		
Very concerned	23%	29%
Somewhat concerned	32	33
Not too concerned	30	27
Not at all concerned	14	10
Don't know/Refused	1	1
Having enough money to pay for a long stay in a nursing home or a long period of nursing care at home		
Very concerned	22%	20%
Somewhat concerned	32	33
Not too concerned	30	30
Not at all concerned	14	12
Don't know/Refused	2	4
Depleting all of your savings		
Very concerned	22%	27%
Somewhat concerned	29	35
Not too concerned	32	25
Not at all concerned	16	11
Don't know/Refused	1	2
Affording to stay in your current home for the rest of your life		
Very concerned	21%	22%
Somewhat concerned	26	27
Not too concerned	31	32
Not at all concerned	20	18
Don't know/Refused	2	3

	2010 Retired Respondents (n=1073)	2010 Pre-retired Respondents (n=1064)
Relying on children or other family members to provide assistance		
Very concerned	10%	11%
Somewhat concerned	17	19
Not too concerned	29	31
Not at all concerned	43	35
Don’t know/Refused	2	4
Leaving money to children or other heirs		
Very concerned	9%	9%
Somewhat concerned	19	23
Not too concerned	36	33
Not at all concerned	33	32
Don’t know/Refused	2	3
Maintaining the same standard of living for your spouse/partner after your death, if you should die first [if married/living with partner]	(n=683)	(n=782)
Very concerned	21%	23%
Somewhat concerned	30	33
Not too concerned	31	28
Not at all concerned	17	15
Don’t know/Refused	1	2

Figure A-2: Effect of Inflation on Amount of Money Needed for Retirement

	2010 Retired Respondents (n=1073)	2010 Pre-retired Respondents (n=1064)
A great deal	29%	35%
Some	41	41
A little	21	15
Not at all	4	2
Don’t know/Refused	4	6

Figure A-3: Concern About Keeping Value of Savings and Investments Up with Inflation

	2010 Retired Respondents (n=1073)	2010 Pre-retired Respondents (n=1064)
Very concerned	23%	25%
Somewhat concerned	37	42
Not too concerned	25	21
Not at all concerned	12	8
Don’t know/Refused	3	3

Figure A-4: Impact of Death of a Spouse/Partner on Survivor

	2010 Retired Respondents (n=683)	2010 Pre-retired Respondents (n=782)
If you were to pass away before your spouse/partner		
Better off financially	19%	32%
About the same financially	62	51
Worse off financially	18	18
If your spouse/partner were to pass away before you		
Better off financially	12%	23%
About the same financially	69	56
Worse off financially	19	20

Figure A-5: Strategies for Mitigating Retirement Risks

	2010 Retired Respondents (n=1073)	2010 Pre-retired Respondents (n=1064)
Eliminate all of your consumer debt		
Already done this	61%	35%
Plan to do this	29	57
No plans to do this	8	4
Don't know/Refused	2	4
Completely pay off your mortgage		
Already done this	57%	29%
Plan to do this	15	46
No plans to do this	23	16
Don't know/Refused	6	10
Cut back on spending		
Already done this	48%	32%
Plan to do this	24	44
No plans to do this	25	19
Don't know/Refused	4	5
Invest a portion of your money in stocks or stock mutual funds		
Already done this	45%	46%
Plan to do this	4	11
No plans to do this	45	33
Don't know/Refused	6	11
Try to save as much money as you can		
Already done this	43%	33%
Plan to do this	26	50
No plans to do this	26	12
Don't know/Refused	6	5
Move your assets to increasingly conservative investments as you get older		
Already done this	37%	18%
Plan to do this	17	36
No plans to do this	38	32
Don't know/Refused	8	14

Buy a product or choose an employer plan option that will provide you with guaranteed income for life		
Already done this	29%	23%
Plan to do this	3	15
No plans to do this	59	42
Don’t know/Refused	9	20

	2010 Retired Respondents (n=1073)	2010 Pre-retired Respondents (n=1064)
Move to a smaller home or less expensive area		
Already done this	20%	9%
Plan to do this	25	39
No plans to do this	48	42
Don't know/Refused	7	11
Buy real estate or invest in property		
Already done this	17%	20%
Plan to do this	4	15
No plans to do this	72	53
Don't know/Refused	7	11
Work longer		
Already done this	4%	11%
Plan to do this	5	39
No plans to do this	84	38
Don't know/Refused	6	12

Figure A-6: Strategies for Mitigating the Financial Impact of Health Risks[a]

	2010 Retired Respondents (n=1073)	2010 Pre-retired Respondents (n=1064)
Maintain healthy lifestyle habits such as a proper diet, regular exercise and preventative care		
Already done this	76%	60%
Plan to do this	17	31
No plans to do this	5	5
Don't know/Refused	2	5
Purchase supplemental health insurance or participate in an employer-provided retiree health plan		
Already done this	41%	24%
Plan to do this	6	22
No plans to do this	47	38
Don't know/Refused	6	15
Save specifically for the possibility of having large health expenses or needing long-term care		
Already done this	14%	6%
Plan to do this	13	24
No plans to do this	62	53
Don't know/Refused	11	18
Buy long-term care insurance		
Already done this	12%	11%
Plan to do this	7	16
No plans to do this	71	53
Don't know/Refused	10	21
Move into or arrange for care through a continuing care retirement community		
Already done this	2%	<.5%
Plan to do this	15	13
No plans to do this	67	62
Don't know/Refused	16	24

Figure A-7: Importance of Buying Insurance to Protect Against Risks Related to Retirement

	2010 Retired Respondents (n=1073)	2010 Pre-retired Respondents (n=1064)
Very important	20%	21%
Somewhat important	45	53
Not very/Not too important	25	21
Not at all important	9	5

Figure A-8: Impact of Retiring Three Years Later on Financial Security, Among Those Expecting to Retire

	2010 Retired Respondents (n=1014)	2010 Pre-retired Respondents (n=826)
A lot more financially secure	9%	11%
Somewhat more financially secure	45	50
No more financially secure	37	31
Less financially secure	3	2
Don’t know/Refused	5	7

Figure A-9: Increase in Financial Security Resulting from Delayed Retirement, Among Those Expecting to Retire

	2010 Retired Respondents (n=1014)	2010 Pre-retired Respondents (n=826)
Having three more years to make contributions to and earn money on your investments		
A lot	19%	26%
Somewhat/A little	53	49
Not at all	25	19
Don’t know/Refused	4	7
Increasing the amount you receive each month from a defined benefit or traditional pension plan		
A lot	16%	19%
Somewhat/A little	48	45
Not at all	31	26
Don’t know/Refused	6	11
Increasing the amount you receive each month from government plans		
A lot	16%	20%
Somewhat/A little	47	47
Not at all	32	22
Don’t know/Refused	5	11
Relying on your savings for a shorter period of time		
A lot	13%	16%
Somewhat/A little	45	53
Not at all	35	22
Don’t know/Refused	7	8
Continuing to receive health insurance coverage from your employer		
A lot	21%	32%
Somewhat/A little	25	31
Not at all	50	30
Don’t know/Refused	4	7

Figure A-10: Amount of Retirement Planning Focused on First Stage of Retirement

	2010 Retired Respondents (n=1073)	2010 Pre-retired Respondents (n=1064)
All	5%	3%
Most	22	19
Some	33	31
A little	13	11
None	7	6
Have done no planning	13	21
Don’t know/Refused	6	9

Figure A-11: Expectation of Experiencing Second Stage of Retirement

	2010 Retired Respondents (n=1073)	2010 Pre-retired Respondents (n=1064)
Yes	80%	81%
No	20	19

Figure A-12: Amount of Money Needed for Second Stage of Retirement, Among Those Expecting to Experience this Stage

	2010 Retired Respondents (n=852)	2010 Pre-retired Respondents (n=865)
More money	31%	29%
About the same amount of money	54	50
Less money	15	21

Figure A-13: Services Needed for Second Stage of Retirement, Among Those Expecting to Experience this Stage

	2010 Retired Respondents (n=852)	2010 Pre-retired Respondents (n=865)
Modify your home or move to a home that is more livable	46%	45%
Depend on your family or community services for assistance	31%	34%
Pay someone to provide assistance	26%	20%

Figure A-14: Expectation of Experiencing Third Stage of Retirement

	2010 Retired Respondents (n=1073)	2010 Pre-retired Respondents (n=1064)
Yes	68%	63%
No	32	37

Figure A-15: Amount of Money Needed for Third Stage of Retirement, Among Those Expecting to Experience this Stage

	2010 Retired Respondents (n=730)	2010 Pre-retired Respondents (n=665)
More money	49%	48%
About the same amount of money	43	39
Less money	8	13

Figure A-16: Services Needed for Third Stage of Retirement, Among Those Expecting to Experience this Stage

	2010 Retired Respondents (n=730)	2010 Pre-retired Respondents (n=665)
Modify your home or move to a home that is more livable	42%	41%
Nursing home or home health care	38%	37%
Depend on your family or community services for assistance	37%	42%
Pay someone to provide assistance	30%	28%

Figure A-17: Financial Effect of Economic Downturn

	2010 Retired Respondents (n=1014)	2010 Pre-retired Respondents (n=826)
A great deal	10%	15%
A fair amount	30	28
Not very much	45	48
Not at all	15	10

Appendix B: Data from U.S. Surveys

Figure B-1: Levels of Concern About Retirement Risks

	2009 Retired Respondents (n=401)	2009 Pre-Retired Respondents (n=403)
Having enough money to pay for adequate health care		
Very concerned	22%	31%
Somewhat concerned	26	36
Not too concerned	20	14
Not at all concerned	30	18
Don't know/Refused	2	<.5
Depleting all of your savings		
Very concerned	19%	23%
Somewhat concerned	27	35
Not too concerned	20	20
Not at all concerned	31	21
Don't know/Refused	2	<.5
Having enough money to pay for a long stay in a nursing home or a long period of nursing care at home		
Very concerned	18%	22%
Somewhat concerned	28	34
Not too concerned	21	23
Not at all concerned	32	21
Don't know/Refused	1	1
Maintaining a reasonable standard of living for the rest of your life		
Very concerned	16%	23%
Somewhat concerned	28	33
Not too concerned	21	23
Not at all concerned	33	21
Don't know/Refused	1	0
Affording to stay in your current home for the rest of your life		
Very concerned	12%	14%
Somewhat concerned	20	18
Not too concerned	21	25
Not at all concerned	46	42
Don't know/Refused	1	<.5

	2009 Retired Respondents (n=401)	2009 Pre-Retired Respondents (n=403)
Relying on children or other family members to provide assistance		
Very concerned	10%	11%
Somewhat concerned	16	21
Not too concerned	19	25
Not at all concerned	56	42
Don’t know/Refused	1	1
Leaving money to children or other heirs		
Very concerned	9%	11%
Somewhat concerned	19	24
Not too concerned	22	27
Not at all concerned	49	38
Don’t know/Refused	1	<.5
Maintaining the same standard of living for your spouse/partner after your death, if you should die first [if married/living with partner]	(n=260)	(n=307)
Very concerned	13%	14%
Somewhat concerned	22	29
Not too concerned	17	20
Not at all concerned	46	37
Don’t know/Refused	1	0

Figure B-2: Effect of Inflation on Amount of Money Needed for Retirement

	2007 Retired Respondents (n=400)	2007 Pre-Retired Respondents (n=401)
A great deal	28%	34%
Some	39	42
A little	22	17
Not at all	7	4
Don’t know/Refused	4	4

Figure B-3: Concern About Keeping Value of Savings and Investments Up with Inflation

	2009 Retired Respondents (n=401)	2009 Pre-Retired Respondents (n=403)
Very concerned	23%	31%
Somewhat concerned	35	40
Not too concerned	17	16
Not at all concerned	24	12
Don’t know/Refused	1	1

Figure B-4: Impact of Death of a Spouse/Partner on Survivor

	2009 Retired Respondents (n=260)	2009 Pre-retired Respondents (n=307)
If you were to pass away before your spouse/partner		
Better off financially	19%	28%
About the same financially	68	60
Worse off financially	11	12
Don't know/Refused	2	0
If your spouse/partner were to pass away before you		
Better off financially	14%	16%
About the same financially	69	63
Worse off financially	16	21
Don't know/Refused	1	1

Figure B-5: Strategies for Mitigating Retirement Risks[a]

	2009 Retired Respondents (n=401)	2009 Pre-Retired Respondents (n=403)
Eliminate all of your consumer debt		
Already done this	60%	45%
Plan to do this	23	46
No plans to do this	16	9
Don't know/Refused	2	<.5
Cut back on spending		
Already done this	56%	54%
Plan to do this	13	26
No plans to do this	31	22
Don't know/Refused	1	0
Try to save as much money as you can		
Already done this	53%	47%
Plan to do this	25	42
No plans to do this	25	14
Don't know/Refused	<.5	1
Invest a portion of your money in stocks or stock mutual funds		
Already done this	48%	55%
Plan to do this	5	10
No plans to do this	48	35
Don't know/Refused	<.5	2
Completely pay off your mortgage		
Already done this	48%	29%
Plan to do this	29	51
No plans to do this	22	19
Don't know/Refused	1	<.5
Move your assets to increasingly conservative investments as you get older		
Already done this	43%	26%
Plan to do this	16	39
No plans to do this	41	33
Don't know/Refused	2	2
Buy real estate or invest in property		
Already done this	20%	25%
Plan to do this	5	18
No plans to do this	75	57
Don't know/Refused	<.5	<.5

[a]U.S. respondents were allowed to select both the "already done" and "plan to do" responses. Therefore, the percentages for each question may total to more than 100.

	2009 Retired Respondents (n=401)	2009 Pre-Retired Respondents (n=403)
Buy a product or choose an employer plan option that will provide you with guaranteed income for life		
Already done this	19%	20%
Plan to do this	4	18
No plans to do this	75	60
Don't know/Refused	1	2
Work longer		
Already done this	15%	14%
Plan to do this	14	44
No plans to do this	71	39
Don't know/Refused	2	3
Move to a smaller home or less expensive area		
Already done this	10%	7%
Plan to do this	20	28
No plans to do this	69	64
Don't know/Refused	1	1

[a]U.S. respondents were allowed to select both the "already done" and "plan to do" responses. Therefore, the percentages for each question may total to more than 100.

Figure B-6: Strategies for Mitigating the Financial Impact of Health Risks[a]

	2009 Retired Respondents (n=401)	2009 Pre-Retired Respondents (n=403)
Maintain healthy lifestyle habits such as a proper diet, regular exercise and preventative care		
Already done this	84%	79%
Plan to do this	14	18
No plans to do this	7	7
Don’t know/Refused	<.5	0
Purchase supplemental health insurance or participate in an employer-provided retiree health plan		
Already done this	59%	25%
Plan to do this	16	50
No plans to do this	24	25
Don’t know/Refused	<.5	1
Save specifically for the possibility of having large health expenses or needing long-term care		
Already done this	32%	20%
Plan to do this	15	28
No plans to do this	51	52
Don’t know/Refused	2	1
Buy long-term care insurance		
Already done this	27%	22%
Plan to do this	8	28
No plans to do this	64	50
Don’t know/Refused	1	1
Move into or arrange for care through a continuing care retirement community		
Already done this	5%	1%
Plan to do this	10	10
No plans to do this	84	88
Don’t know/Refused	1	1

[a]U.S. respondents were allowed to select both the “already done” and “plan to do” responses. Therefore, the percentages for each question may total to more than 100.

Figure B-7: Importance of Buying Insurance to Protect Against Risks Related to Retirement

	2007 Retired Respondents (n=400)	2007 Pre-Retired Respondents (n=401)
Very important	28%	24%
Somewhat important	33	47
Not very/Not too important	16	16
Not at all important	19	10
Don’t know/Refused	4	3

Figure B-8: Impact of Retiring Three Years Later on Financial Security, Among Those Expecting to Retire

	2009 Retired Respondents (n=390)	2009 Pre-Retired Respondents (n=271)
A lot more financially secure	14%	10%
A little more financially secure	35	49
No more financially secure	46	37
Don't know/Refused	5	4

Figure B-9: Increase in Financial Security Resulting from Delayed Retirement, Among Those Expecting to Retire

	2009 Retired Respondents (n=390)	2009 Pre-Retired Respondents (n=271)
Having three more years to make contributions to and earn money on your investments		
A lot	17%	17%
Somewhat/A little	42	64
Not at all	39	19
Don't know/Refused	2	0
Increasing the amount you receive each month from a defined benefit or traditional pension plan		
A lot	15%	24%
Somewhat/A little	49	52
Not at all	30	21
Don't know/Refused	7	2
Increasing the amount you receive each month from government plans		
A lot	16%	20%
Somewhat/A little	50	61
Not at all	27	17
Don't know/Refused	7	2
Relying on your savings for a shorter period of time		
A lot	12%	13%
Somewhat/A little	36	52
Not at all	47	33
Don't know/Refused	4	2
Continuing to receive health insurance coverage from your employer		
A lot	28%	63%
Somewhat/A little	19	18
Not at all	47	16
Don't know/Refused	6	2

Figure B-10: Amount of Retirement Planning Focused on First Stage of Retirement, Among Those Expecting to Experience this Stage

	2007 Retired Respondents (n=208)	2007 Pre-Retired Respondents (n=247)
All	10%	17%
Most	27	26
Some	26	33
A little	14	8
None	3	4
Have done no planning	14	10
Don't know/Refused	4	2

Figure B-11: Expectation of Experiencing Second Stage of Retirement

	2007 Retired Respondents (n=400)	2007 Pre-Retired Respondents (n=401)
Yes	72%	84%
No	24	12
Don't know/Refused	5	3

Figure B-12: Amount of Money Needed for Second Stage of Retirement, Among Those Expecting to Experience this Stage

	2007 Retired Respondents (n=284)	2007 Pre-Retired Respondents (n=337)
More money	50%	42%
About the same amount of money	40	38
Less money	6	17
Don't know/Refused	4	3

Figure B-13: Services Needed for Second Stage of Retirement, Among Those Expecting to Experience this Stage

	2007 Retired Respondents (n=284)	2007 Pre-Retired Respondents (n=337)
Modify your home or move to a home that is more livable	48%	56%
Depend on your family or community services for assistance	46%	59%
Pay someone to provide assistance	41%	46%

Figure B-14: Expectation of Experiencing Third Stage of Retirement

	2007 Retired Respondents (n=400)	2007 Pre-Retired Respondents (n=401)
Yes	65%	68%
No	27	25
Don't know/Refused	8	7

Figure B-15: Amount of Money Needed for Third Stage of Retirement, Among Those Expecting to Experience this Stage

	2007 Retired Respondents (n=260)	2007 Pre-Retired Respondents (n=266)
More money	56%	55%
About the same amount of money	33	34
Less money	6	9
Don't know/Refused	5	3

Figure B-16: Services Needed for Third Stage of Retirement, Among Those Expecting to Experience this Stage

	2007 Retired Respondents (n=260)	2007 Pre-Retired Respondents (n=266)
Depend on your family or community services for assistance	64%	78%
Pay someone to provide assistance	61%	70%
Modify your home or move to a home that is more livable	56%	69%
Nursing home or home health care	53%	63%

Figure B-17: Financial Impact of Economic Downturn

Finances are now…	2009 Retired Respondents (n=401)	2009 Pre-Retired Respondents (n=403)
Much worse	25%	34%
A little worse	38	43
About the same	32	20
A little/much better	3	3
Don't know/Refused	2	<.5