



PRESS RELEASE

## **Saving for Retirement: Americans Know What They Should Do, But Challenge Lies in Follow-through**

*Capital One ShareBuilder's Financial Freedom Survey Finds Disparity Between Setting Goals and Taking Action*

SEATTLE –March 17, 2014– While most Americans understand the importance of saving for retirement, taking the necessary steps to build an adequate nest egg continues to lag on their priority lists, according to Capital One ShareBuilder's Financial Freedom Survey measuring current sentiment and behaviors related to investing and retirement, and gauging America's progress on the path to financial freedom.

Key findings from the survey include:

- Ninety-three percent of working Americans know they should be contributing to their retirement, but only 72 percent are doing so.
- Saving for kids' education keeps more Americans up at night than planning for retirement.
- Despite Americans estimating they should be contributing 12.1 percent of their income on average, only an estimated 6.4 percent is currently being saved.
- Fifty-eight percent of Americans plan to retire by age 65, yet nearly the same percentage fear they'll never save enough.

The survey also found Americans are not saving as much of their income for retirement as they feel they should. While nearly all (93 percent) think they should be contributing some portion of their income toward retirement, and half (50 percent) believe it should be more than 10 percent, only one-fifth are currently saving 10 percent or higher.

"Unfortunately, saving for retirement is often put on the back-burner for what seem like more pressing financial priorities, such as paying for college," said Dan Greenshields, president of Capital One ShareBuilder, Inc. "Now more than ever, Americans are responsible for ensuring their own financial security during retirement, and the earlier you begin to plan and save, the better."

### **Stressed Out Over Saving**

Most Americans are feeling stretched financially, which adds to the challenge of planning and saving for retirement. The survey found that financial stress is keeping three out of four non-retired Americans (75 percent) up at night. The leading cause of sleepless nights for most non-retirees (34 percent) is supporting children and saving for college, while retirement is a top concern for only 13 percent.

- Among non-retirees, women (61 percent) are significantly more concerned than men (52 percent) that they may never save enough for retirement.
- One quarter of non-retired men report they are not at all concerned with the prospect of not having enough to retire, and employed men tend to save a higher percentage of their income for retirement than women (an estimated 7.2 percent vs. 5.6 percent, respectively).
- Non-retired Americans ages 45-64 are more likely to be concerned they'll never save enough for retirement (at 63 percent), while younger generations (ages 18-34) are less likely (at 52 percent).

### **The Road to Retirement: Perception versus Reality**

Working Americans indicate they know they aren't saving as much for retirement as they should, with nearly a quarter of employed adults (24 percent) not actively contributing.

- On average, employed Americans believe they should be saving roughly 12.1 percent of their income for retirement – this is nearly double the estimated 6.4 percent of their income that is currently being saved.
- The majority (58 percent) of non-retired Americans are planning to retire by age 65, but 57 percent are concerned they'll never save enough, with 41 percent believing they are saving less than the average person their age.
- Employed Americans ages 35-64 are significantly more inclined to believe they should be saving more than 10 percent of their income for retirement compared to younger adults ages 18-34 (57 percent vs. 41 percent, respectively).

Among employed adults, the average percentage of their income saved for retirement increases with household income, ranging from an estimated 3.7 percent (less than \$35K) to 10.4 percent (\$100K or more). When asked how much the average 45-year-old person needs to save to retire at age 65 and have an after-tax income of \$50,000 a year, slightly more than half of non-retirees said less than \$1 million is needed.

“When determining how much to save for retirement, there are a number of questions to ask and options to consider. For starters, it's important to understand your time horizon, risk tolerance and goals – do you plan to move, would you like to travel, or take up new hobbies? You should also prepare for unexpected and rising costs, like healthcare,” said Greenshields. “Retirement looks very different for different people, and it's important to enter that phase of life with eyes wide open.”

### **Increasing Confidence**

Despite struggles to prioritize saving for retirement, non-retired Americans are becoming increasingly more confident when it comes to making investment decisions, with 31 percent primarily trusting themselves and 28 percent trusting financial advisors.

Among those who are not retired:

- Men are significantly more likely than women to trust themselves the most for financial advice (36 percent vs. 25 percent, respectively), while women are more inclined to trust their financial advisor or broker (33 percent, vs. 23 percent of men).
- Differences also emerge among age groups, with 18-34 year olds being most trusting of family members (43 percent), and those 65 and older most trusting of themselves (53 percent).
- Financial advisers or brokers are more likely to be a trusted source of advice among 35-64 year olds (34 percent) as opposed to 18-34 year olds (21 percent).
- Only 12 percent of respondents age 65 or older trust advisers over other sources.

Among non-retirees, the following demographic subgroups are significantly more likely to say they are “very comfortable” discussing money:

- Men (47 percent) vs. women (37 percent)
- Adults ages 35-44 (54 percent), vs. 18-34 year olds (35 percent) and those 45 and older (41 percent)
- College graduates (52 percent), vs. those with less education (38 percent)

“As more Americans take their retirement plans into their own hands, ShareBuilder is committed to providing tools and education to help them become smart self-directed investors,” said Greenshields. “Our platform is designed for those looking to be proactive and take control of their financial well-being in the most accessible and convenient way possible.”

ShareBuilder offers a range of tools including [RetireMyWay](#) and [PortfolioBuilder](#), plus a variety of straightforward education available in its [KnowledgeCenter](#), all designed to help Americans get on the path to retirement. For more information, visit [www.sharebuilder.com](http://www.sharebuilder.com).

### **Survey Methodology**

The findings reported in this release are from a telephone survey conducted by the market research firm ORC International (ORC). The survey was sponsored by Capital One ShareBuilder and conducted via ORC's CARAVAN Telephone Omnibus Survey. ORC completed 1,008 landline and cell phone interviews with US resident adults age 18 and older from February 13-16, 2014. The margin of error for the national sample is +/- 3 percentage points at the 95 percent confidence level. Sampling for this study was conducted using two national probability samples, one for the landline and one for the cell phone. All interviews were conducted using a computer assisted telephone interviewing system. Data were weighted to United States Census Bureau statistics.

### **About Capital One ShareBuilder**

Capital One ShareBuilder is a leading online investing site for investors who have long-term financial goals and want to say goodbye to investing complexity. Whether you're a seasoned investor or just getting started, ShareBuilder by Capital One has what Americans need to help plan for their financial future without sacrificing their lives to the stock market. No minimum balance required when you open an account and pay low commissions when investing. Trade when you want, any amount you want, and what you want — stocks, exchange-traded funds, mutual funds, options and retirement solutions.

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