



# Retirement Confidence Recovers for Those With Retirement Plans

The Employee Benefit Research Institute's (EBRI) annual Retirement Confidence Survey found a marked increase in retirement confidence among workers with higher household incomes who also participate in one or more retirement plans – including defined contribution plans, defined benefit plans, and/or IRAs.

Fifty-five percent of respondents are now very or somewhat confident about having enough money to live comfortably in retirement. Workers who are “very confident” rose from 13% in 2013 to 18% this year, while 37% said they were “somewhat confident.” Workers “not at all confident” were unchanged at 28%.

## Confidence Tied to Retirement Plan Participation

Not surprisingly, the level of worker confidence seems to have a direct correlation to retirement plan participation. Jack VanDerhei, research director at EBRI, said, “Workers reporting they or their spouse have money in a retirement plan with a current or previous employer are more than twice as likely as those without a plan to be very confident (24% vs. 9%).”

Current retirees' confidence in their ability to have a financially secure retirement exceeds worker confidence levels, with 28% saying they are very confident, up from 18% in 2013.

## Debt: A Major Obstacle to Saving

Among those who indicated debt was a problem, 3% said they were very confident of having enough money to live comfortably throughout retirement, compared with 29% of workers who said that debt was not a problem. Overall, 58% of workers and 44% of retirees reported having issues with debt.

Source: Employee Benefit Research Institute press release, “EBRI's 2014 Retirement Confidence Survey: Confidence Rebounds for Those With Retirement Plans,” March 18, 2014.

© 2014 Wealth Management Systems Inc. All rights reserved.

MUGC7364\_1014

## Other Survey Findings

- **Worker confidence in ability to pay for retirement has increased** – more workers are “very confident” (29%, up from 25% in 2013) in their ability to pay for basic living expenses
- **Most workers have not done a retirement needs calculation** – only 44% of workers have tried to determine how much savings they need to live comfortably in retirement
- **Workers more likely to say they will work for pay in retirement than actually do** – 65% of current workers expect to work for pay after they retire, compared to 27% of today's retirees
- **Few workers seek financial advice** – 20% of workers report that they have obtained financial advice from a professional





# Four Tips to Help Reduce Your Debt

The recession and slow recovery has caused millions of Americans to focus on living within their means. To set out a plan of action, here are some key considerations.

## 1 Keep Track of Your Spending

It's hard to reduce spending if you don't know how much you spend. Keep track of monthly expenses for three months and even factor in unexpected expenses – such as auto and home repairs. Then compare your average monthly outlay to your monthly income. If you have a surplus, apply that amount each month to pay debts and build savings. If you don't, look more closely to see where you could cut expenses.

## 2 Keep Saving

One handy tip is to set up separate savings accounts with separate goals. Here are three suggestions:

- **“Emergency Account”** – build at least three to six months of living expenses to avoid using other savings or incurring more debt if you lose your job or need to pay for a significant expense
- **“Family Account”** – to help fund expenses like child school costs or vacations
- **“Investment Account”** – for general or long-term saving goals besides retirement savings, or perhaps a college savings plan

## 3 Keep a Tight Rein on Credit Cards

If you've accumulated significant credit card debt, first stop the bad behavior – paying off debt is easier when you do. Next:

- Pay the highest-interest credit card debt first, making sure you avoid the “minimum balance trap”
- Consolidate debt by transferring outstanding balances to lower-rate cards
- Cancel all cards except one with the lowest interest rate
- Set up a realistic payment timetable and stick with it

## 4 Negotiate More Favorable Payment Terms

Explain your exact circumstances to lenders, and ask for revised terms that will benefit you. Whether it leads to an adapted payment schedule or a reduced interest rate, it can help pay off debt without incurring more.

MUTUAL of OMAHA'S CONTRIBUTIONS<sup>SM</sup>

For informational purposes only. Should not be construed as legal or investment advice, a promise of benefit or guarantee of investment performance. Please consult a qualified professional for advice specific to your situation before making financial decisions.