Retirement Savings Knowledge in the United States

Objectives
• Assess retirement savings knowledge in the United States
• Survey students at Iowa State of various majors and ages
• Locate areas to improve retirement savings knowledge

Background
There is a current financial stability issue in the United States centered around retirement security. It is estimated nearly 67% of U.S. citizens may not be able to meet their retirement expenses. A contributing factor to the lack of sufficient savings is the shift from defined benefit to defined contribution plans. The burden is now on the employee to decide contributions and needs.

Survey Format
I constructed a survey composed of eight questions related to retirement savings knowledge. The survey was sent to 125 students across various majors at Iowa State. I also gathered demographic information about age and college of residence within the university.

Survey Results
67 individuals responded to the survey with an average score of 2.7 out of 8 or 34%. This evidence suggests that there is a lack of awareness about retirement savings and current issues surrounding long term financial stability.

Conclusions
Based on prior research and evidence from the survey conducted at Iowa State, there is a lack of retirement savings knowledge. To help mitigate these concerns, I recommend the following procedures:

Employers:
• Automatic enrollment
• Automatic contribution escalation
• Education during company orientation

Employees:
• Setting replacement ratio to decide need
• Participate in employer match programs
• Contribute to retirement earlier

Research
Retirement Inadequacy:
• 30-40% won’t be able to maintain standard of living in retirement
• Majority of people believe their savings rate is too low
• Retirement age of 65 was set in 1935
• Waiting to claim social security at 70 instead of early at 62 increases benefits by an estimated 132%
• USC study found 58% of employees spent less than an hour deciding retirement contribution rate

Retirement Savings Accounts:
• 1915-2014: Average annualized returns for bonds (4.3%) and stocks (11.5%)
• 401k, IRA, HSA

Health Care in Retirement:
• Estimated sum of total health care costs for a couple in retirement is $260,000
• Health care costs are increasing 6-8% annually
• Inflation is only 2-3%

Effects of Waiting 5 Years to Contribute