

The MetLife Retirement Readiness Index



Are Americans Prepared for the Transition?

Overview

Are you prepared for a successful transition to retirement? *The MetLife Retirement Readiness Index* study indicates that pre-retirees can learn valuable lessons from retirees on making retirement decisions and completing a series of 15 specific career tasks to help smooth the transition to retirement. The study is accompanied by the *Retirement Readiness Workbook* to help pre-retirees assess their own readiness, and retirees stay on track.

The study respondents were asked to determine their progress toward: 1) when they will retire and, upon retirement, whether or not they will transition to part-time work and what they will do, 2) how they will balance leisure and work in retirement, 3) how retirement will affect their relationships, 4) how much money/income they will need and how much they will have, and 5) how much contingency planning they have done.

The Mature Market Institute notes that completion of the retirement tasks does not imply that one should retire or not, but that completion does serve as a benchmark to help pre-retirees prepare for the transition to retirement, using a holistic approach.

Key Findings

- Older workers age 60–64, those within five years of retirement, and retirees have put significant effort into determining what is necessary to receive corporate and government retirement benefits, a final step to being ready for the retirement decision.
- Forty-six percent of respondents who are still working say they plan to delay their anticipated retirement age. However, of those who have already retired, 64% report they retired earlier than expected, while 33% retired when planned.
- As individuals move closer to retirement, regardless of age, they complete more readiness tasks. Those within five years of retirement have completed an average of eight tasks compared to those six to 15 years from retirement (five tasks) and those 16 or more years from retirement (three tasks).
- Males are much more likely than females to have thought about whether full-time retirement is financially feasible and how much they are willing to work in retirement.
- Only a third (35%) of the 45- to 49-year-olds feel prepared for retirement, while 64% of the 60- to 64-year-olds and 81% of 65- to 70-year-olds feel prepared.
- Respondents who feel they could retire about the same time as planned were more likely to have established personal goals for retirement than those who anticipate having to retire later than planned, and completed nine of the tasks.

Implications

Preparing for retirement is a responsibility that falls on the shoulders of each individual. However, the activities that will mainly provide a payoff are more clearly defined through the *Retirement Readiness Index*, and as a result the path to retirement is more clearly illuminated.

Employers can also play an active and important role in helping their employees create a secure retirement. Recent results from the *8th Annual MetLife Study of Employee Benefits Trends* show nearly four in 10 employees (38%) feel strongly that their employer has a responsibility to help them understand how to lessen the impact of market volatility on their retirement plans. A similar number (42%) of employees say they are very interested in their employer providing access to retirement planning seminars. Education sessions may be beneficial in helping accomplish better planning and readiness for retirement.

Methodology

A total of 1,048 respondents age 45–70 completed an online questionnaire using Harris Interactive's QuickScreenerSM service from December 14–18, 2009. Responses were weighted to be representative of the population.

Respondents were asked to rate their level of completion on 15 validated statement pairs related to completion of identified retirement planning activities in the areas of work, leisure and activity, income and benefits, relationships, and planning. All statements were randomized, so that each respondent rated a total of 30 statements. Responses were recorded on a four-point scale from 1 (not at all completed) to 4 (fully completed).

For More Information

To download a copy of *The MetLife Retirement Readiness Index* study and *The MetLife Retirement Readiness Workbook*, please visit www.MatureMarketInstitute.com or e-mail your request to: MatureMarketInstitute@MetLife.com.



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The MetLife Mature Market Institute®

Established in 1997, the Mature Market Institute (MMI) is MetLife's research organization and a recognized thought leader on the multi-dimensional and multi-generational issues of aging and longevity. MMI's groundbreaking research, gerontology expertise, national partnerships, and educational materials work to expand the knowledge and choices for those in, approaching, or caring for those in the mature market.

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