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Nearly Half of American Voters Worry Their Retirement Plans Are Inadequate

One in Six Voters Have No Formal Retirement Plan; Overwhelming Voter Support for Annuity Incentive

WASHINGTON, D.C. – Forty-five percent of American voters are not confident they will have the money to cover even their fixed monthly costs during retirement and one in six voters, or approximately 20 million voters, have no retirement plan at all according to a new national survey released today by Americans for Secure Retirement (ASR). The survey also finds broad support for tax incentives for lifetime annuities, which help strengthen financial security in retirement.

The bipartisan poll of likely voters was conducted by Democratic pollster Mark Mellman of the Mellman Group and Republican pollster Bill McInturff of Public Opinion Strategies.

“A very dark cloud is hanging over the retirement prospects of many voters,” Mark Mellman president of the Mellman Group said. “Quite simply, they are worried about how they’re going to pay for it. As more citizens begin to face the realities of paying for retirement, this will become an increasingly important issue for congress and policy makers to address.”

Voters Want Incentives to Plan for the Long Haul

The first of our nation’s 77 million baby boomers qualify for Social Security benefits this year, highlighting the need for proactive retirement planning. Employer sponsored 401(k) plans, whose adoption has been fueled in large part by employer and employee tax benefits, are increasingly replacing the retirement space once filled by defined benefit plans.

For those Americans without access to an employer sponsored retirement plan, lifetime annuities are often the best option to ensure that their savings last throughout retirement. In fact, voters who own annuities are much more confident about their retirement prospects than those who do not own an annuity. A wide range of voters own annuities, with 56 percent of owners reporting incomes of \$80,000 or less. However, these retirement plans lack the tax benefits associated with 401(k) and other qualified savings plans.

The survey found an overwhelming 69 percent majority of voters favoring a proposal to reduce the tax burden on those who purchase annuities to help pay for retirement. Support for this proposal extends across all demographic groups. The bi-partisan

Retirement Security for Life Act of 2007, would provide a 50 percent tax exclusion on income from payout of a lifetime annuity.

“With traditional pensions disappearing, a lifetime annuity is one of the few remaining ways people can ensure a steady stream of income through retirement,” said ASR Chairman Harvey Blitz. “This poll demonstrates that voters are worried that they won’t be able to pay for retirement and they want Congress’ help. Bipartisan legislation in Congress would provide a real tax incentive for Americans to secure a steady paycheck for life, something that has broad support among voters.” Blitz said.

The poll was conducted September 12 -16, 2007 among a random sample of 1,000 likely 2008 general election voters. It has a margin of error of +/- 3.1 percent (higher for subgroups).

Americans for Secure Retirement – a coalition of 39 members representing women’s, small business, agriculture, Hispanic, and African American groups as well as the life insurance industry – advocates for *The Retirement Security for Life Act of 2007* (S. 1010/H.R. 2205) which would provide a 50 percent tax exclusion on the income from the payout of individual lifetime annuity, up to \$20,000 per year, and would encourage Americans to secure a steady paycheck for life. For an average American taxpayer in the 25 percent tax bracket, this would result in \$5,000 of tax savings. For more information on ASR or the poll, please visit www.paycheckforlife.org.

KEY FINDINGS

Americans for Secure Retirement (ASR) commissioned a poll to look at whether Americans were concerned about their financial security in retirement. The poll was conducted between September 12-16, 2007 by The Mellman Group and Public Opinion Strategies. The poll consisted of interviews with 1,000 likely 2008 general election voters. It has a margin of error of +/- 3.1 percent.

- ***Voters are concerned about their financial security in retirement***
 - 45% of voters are concerned they will not have enough assets to cover even their most basic fixed monthly costs in retirement
 - Women are particularly worried about their financial retirement security. 47% of women are not sure they will be able to enjoy retirement security.
 - The same holds true for middle-income voters. 57% of those earning between \$30,000 - \$50,000 and 43% of those earning between \$50,000 - \$80,000 are concerned about being able to cover their basic living costs in retirement.
- ***One in 6 voters, or 17%, said they have no retirement vehicle, other than Social Security, to provide them with financial security in retirement***
 - 56% said they had a 401K or similar type plan., 50% a pension plan, and 49% an IRA
 - Of those with no retirement plans, 25% are African-Americans, 25% earn less than \$30,000 per year, 18% are middle income and 17% are retired.
- ***Nearly a third of voters (32%) expect that Social Security will pay for at least a great deal of their retirement***
 - Another 31% expect to rely on their pension plans and 401K plan respectively
 - 19% expect to pay for their retirement by continuing to work.

- ***Voters “strongly” support tax incentive for annuities.***
 - 69% of voters support a tax incentive for annuities that would reduce by 50% the tax on retirement income received from an annuity. Only 18% opposed it.
 - Support is very intense, with 56% of respondents “strongly” supporting the tax incentive

- ***Support for tax incentive for annuities strong and robust across age, political, gender and demographic lines***
 - 70% of women support the tax incentive
 - 64% of African-Americans, 66% of Hispanics and 71% of whites expressed their support
 - Middle income voters strongly support the proposal. 65% of those earning between \$30,000 and \$50,000 and 73% earning between \$50,000 and \$80,000 expressed their support.
 - 67% of Democrats, 78% of Republicans and 61% of independents approved of the tax incentive
 - Support also cut across regions - 74% in the South, 70% in the Midwest, 67% in the West and 61% in the Northeast.