



## Most Younger Investors Don't Believe They Will Have Enough Money for Retirement, T. Rowe Price IRA Survey Finds

### Those with a detailed financial plan feel much more confident about their retirement readiness

BALTIMORE, March 8, 2012 /PRNewswire/ -- New research from [T. Rowe Price](#) (NASDAQ-GS: TROW) shows that only 39% of investors between the ages of 21-50 are confident that they will have enough money for retirement. And despite understanding the importance of planning for retirement, most (63%) of these [younger investors](#) have yet to develop a detailed plan for their finances in retirement. Those who have a detailed plan, however, feel significantly more confident about their retirement readiness, with 58% believing they will have enough money for retirement.

These findings are highlighted in a T. Rowe Price survey about Individual Retirement Accounts ([IRAs](#)) and the investing practices of Generation X (ages 35-50 for the purposes of this research) and Generation Y (ages 21-34). The study was conducted online in December 2011 by Harris Interactive on behalf of T. Rowe Price among 860 adults aged 21-50 who have at least one investment account.

"This research underscores the fact that many more young investors need to [get started planning for their retirement](#), even though the date may be decades away," said Christine Fahlund, senior financial planner with T. Rowe Price. "The study also demonstrates the important financial and psychological benefits of having a detailed savings and investment plan. Whether they do it on their own by using [planning tools](#) or by working with an advisor, the earlier investors begin saving, the more years their assets will be able to compound and potentially grow. A plan should not only help investors feel more secure about their retirement, but it should also provide more flexibility with their future lifestyle because their portfolios are likely to be larger," she added.

Looking at some of the components a detailed plan might include, 77% of those who have a plan said that it targets an anticipated monthly budget; 84% cited having a specific monthly [withdrawal strategy](#); and 78% said their plan considers life expectancy and how long their savings might need to last.

Turning to their anticipated finances in retirement, Generation X and Generation Y investors said they expect to receive income from multiple sources, most commonly:

- 401(k)s or other workplace retirement plans, 74%.
- IRAs, 65%.
- Non-retirement accounts (e.g., checking, savings, stocks, bonds, mutual funds), 64%.

In addition, 63% of investors aged 50 and under anticipate receiving [Social Security](#). "Younger investors' confidence in the Social Security system was surprisingly positive," Ms. Fahlund said. "Still, it shouldn't be relied upon too heavily. Investors need to consider it as only one source of retirement income and make sure they are [contributing to their retirement through other accounts](#), such as a [401\(k\) or other workplace retirement plan and an IRA](#)."

When asked at what age they expect to retire, the mean age investors gave was 62. When asked how many years they expect to live in retirement, the mean answer was 22 years. According to Ms. Fahlund, this latter number is a significant underestimate.

"Many people will live well beyond 22 years in retirement," she said. "To be [adequately prepared financially](#) and to ensure they don't outlive their money, we suggest that investors annually save at least 15% of their salary, including any available employer match, and consider a possible retirement of 30 or more years, to age 95."

Harris Interactive is one of the world's leading custom market research firms. Known widely for the Harris Poll and for pioneering innovative research methodologies, Harris serves clients in over 215 countries and territories through its North American and European offices and a network of independent market research firms. For more information, please visit [www.harrisinteractive.com](http://www.harrisinteractive.com).

Founded in 1937, Baltimore-based T. Rowe Price is a global investment management organization with \$489.5 billion in assets under management as of December 31, 2011. The organization provides a broad array of mutual funds, subadvisory services,

and separate account management for individual and institutional investors, retirement plans, and financial intermediaries. The company also offers a variety of sophisticated investment planning and guidance tools. T. Rowe Price's disciplined, risk-aware investment approach focuses on diversification, style consistency, and fundamental research.

#### About the Survey

The survey was conducted online within the United States by Harris Interactive on behalf of T. Rowe Price from December 1-12, 2011, among 860 adults aged 21-50 who have at least one investment account. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated. For additional information about the survey, please contact Bill Benintende at [bill\\_benintende@troweprice.com](mailto:bill_benintende@troweprice.com).

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