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Survey: Absence of Savings Among American Workers Causing Stress, Lack of Long-Term Financial Confidence

New research by LifeCare, Inc. and the Financial Planning Association explores how American workers are doing – and feeling – financially.

DENVER – The days of old when you were guaranteed a company-provided pension in exchange for your years of service are over. Combine this reality with an improved, but not completely recovered, housing market, increased health care costs and rising costs associated with day-to-day expenses, American workers are working hard for what they have but is it enough? Are they feeling good about where they are financially and where they want to go as they look toward their eventual retirement?

These and other questions were the basis for new, original research conducted by LifeCare®, a leading provider of work/life services, and the Financial Planning Association® (FPA®), the leading professional association for CERTIFIED FINANCIAL PLANNER™ (CFP®) professionals.

The 2015 LifeCare/FPA Financial Confidence of American Workers Survey – conducted June 15 to July 10, 2015, and includes the input of 1,389 American workers who are registered users of LifeCare services – posed a series of questions on short and long-term financial matters to not only identify areas where people today are feeling good/confident, but also financial areas where they are experiencing stress. The survey then dug deeper to identify the root causes of why American workers are confident or stressed.

The survey revealed four key realities of American workers today, including:

- Day-to-day finances are having a drain on their ability to plan for the long-term
- They are confident for the short-term and less confident about the long-term
- Savings is a key area of confidence, but also a main area of stress
- American workers really don't understand what retirement planning is and how to find help

“The average American worker today is responsible for so much financially. Once defined contribution plans began to disappear, people started to have to worry about much more than putting food on the table and a roof over their family’s heads,” says 2015 FPA President Edward W. Gjertsen II, CFP®.

“Confidence and stress don’t come naturally...there is always a cause of it. If we can identify what those root causes are financial planners can better help them plan for their short and long-term finances while companies like LifeCare can develop the programs and services millions of American workers need.”

“We’re always looking to identify new areas of concern for our members. As financial climates change, so do their needs, both short term and long term,” says Peter Burki, CEO of LifeCare. “This research enables us to better serve our members by demonstrating the interrelatedness of everyday needs and expenses, such as child care, elder care, and long term financial security.”

The [full report](#) of the 2015 LifeCare/FPA Financial Confidence of American Workers Survey provides charts and analysis that support the following conclusions:

Key Finding #1 – People need to start with having something to save

Of those respondents that are not saving for retirement, the majority (67 percent) indicated that they have nothing left after everyday expenses, including housing, transportation, food and household items, education, credit and debt repayment, and eldercare. Those that indicated that there was nothing left after everyday expenses leaned more toward having a household income under \$100,000 per year. Interestingly, although respondents indicated that they don’t have anything saved after everyday expenses, they still feel that they have a handle on their household finances.

Key Finding #2 – Confidence in Short-Term Finances and Lack of Confidence on Long-Term Finances

More than half of respondents (57 percent) say they feel they have a solid hold of their household finances, which is probably more related to their feeling of control over more short-term, immediate expenditures, including housing costs (62 percent), debt management (61 percent) and saving/spending (56 percent). But while they feel a sense of control over these areas, they also impact their day-to-day budget the most.

They also seem to equally lack confidence with their long-term finances. When asked what financial matters they would specifically speak to a CERTIFIED FINANCIAL PLANNER™ (CFP®) professional about, overwhelmingly they cited areas like how much they will need to be comfortable in retirement (56 percent), retirement preparedness (50 percent), and how much to save in a 401(k) plan (40 percent).

Key Finding #3 – Saving is an Area of Confidence and an Area of Stress

While 25 percent of American workers say saving and spending are a primary source of confidence, 26 percent say it is also a primary source of stress. Having savings and spending under control is key to handling day-to-day finances and 56 percent of respondents say that it is a major contributor to having that sense of control. But 40 percent of respondents also say that they feel they are ill prepared for their retirement because of inadequate savings.

Key Finding #4 – Lack of Clarity on Retirement Planning

60 percent of respondents of the survey are between the ages of 45 and 64 – prime retirement planning years for most people. But what we found in the survey is an indication that many people either don't have a retirement plan in place, don't understand what retirement planning is and where to find help in developing a plan. For example:

- 55 percent of respondents indicate that they either don't have a plan in place for retirement or just don't know if they do. Additionally, 67 percent of those who are not currently saving for retirement say they are unable to save because of everyday expenses and another 24 percent don't have any idea how to begin.
- When examining the 45 percent of respondents who say they have a plan in place for retirement, only 20 percent are actually working with a financial planner.
- Nearly half of respondents (48 percent) were auto enrolled in their employer's defined-contribution retirement plan (e.g. 401(k) plan). While such plans are a cornerstone of retirement for most American workers, it can be determined that respondents are viewing their 401(k) as their complete retirement plan, which is an inaccurate viewpoint.
- While 83 percent of respondents believe that working with a financial planner would be beneficial, rampant misconceptions are keeping them from engaging one. The most common belief among respondents who are not working with a financial planner is that they cannot afford one (44 percent). That is followed by not knowing what a planner does (17 percent), not thinking they have enough in assets (15 percent) and not believing their financial situation is complex (13 percent).

"As a fulltime financial planner I see all the time how financial stress can, all too often, lead to financial inaction on the part of consumers," added Gjertsen. "Fact is that the stress can be reduced by taking the necessary steps – going from inaction to action – and addressing those areas of your financial life that are causing the stress. There is a financial planner for everyone of all backgrounds and socioeconomic levels."

"Finances have a dramatic effect on our members' lives," says Burki. "In order to help our members with any aspect of their lives, we need to look at the full spectrum of causes and effects. This survey gives us a new lens to look through and helps us understand and address the underlying causes of overall stress, not solely the symptoms."

The 2015 LifeCare/FPA Financial Confidence of American Workers Survey can be accessed on both the [LifeCare](#) and [FPA](#) websites.

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About the Financial Planning Association

Since 2000, the Financial Planning Association® (FPA®) has been the principal professional organization for CERTIFIED FINANCIAL PLANNER™ (CFP®) professionals, educators, financial services professionals and students who seek advancement in a growing, dynamic profession. More than 24,000 FPA members adhere to the highest standards of professional competence, ethical conduct and clear, complete disclosure to those they serve. Through a collaborative effort to provide members with One Connection™ to tools and resources for professional education, business success, advocacy and community, FPA has become an indispensable force in the

advancement of today's CFP® professional. Learn more about FPA at OneFPA.org and follow on Twitter at twitter.com/fpassociation.

About LifeCare

For over 30 years, LifeCare has been saving members time with everyday needs so they are more focused and productive at home and at work. Child Care. Adult Care. Education. Finances. Legal Matters. Everyday responsibilities and major life events. We're here all day, every day to provide expert guidance, helpful information and referrals to providers and resources nationwide. We'll also save members money with LifeMart, our member savings platform that provides discounts on everyday products and services that add up to a lifetime of savings.

LifeCare is a privately owned company based in Shelton, CT that serves over 100 million members nationwide through some of today's top private and public sector employers and organizations. We are dedicated to helping individuals, families and their loved ones achieve their objectives of total health, wellness and life balance through highly effective programs and services.