

# 2015 LifeCare/FPA Financial Confidence of American Workers Survey

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*How the American workforce views  
their finances **today** and **tomorrow***

## Welcome from LifeCare, Inc.

As a pioneer in Work-Life benefits over 30 years ago, LifeCare has been at the forefront of helping employees be more productive at work and helping employers with absenteeism. By listening to our customers and members, LifeCare delivers timely and relevant services to help everyday people with everyday challenges. By partnering with the Financial Planning Association for the **2015 LifeCare/FPA Financial Confidence of American Workers Survey**, LifeCare takes the pulse of our members yet again.

FPA and LifeCare share similar values: to provide unbiased guidance and assistance to customers while helping them navigate life's challenges. We think this research is timely and gets to the heart of an issue that impacts all businesses: the retirement readiness and financial literacy of employees. We see this play out every day as we help members get access to the right resources within their budgets and help them save time and money.

We hope that the insights and commentary within this report will spark conversation within your organization about the financial needs and concerns of the American workforce.

Regards,



Peter G. Burki  
Chairman and CEO  
LifeCare, Inc.

## Welcome from the Financial Planning Association (FPA)

The Financial Planning Association® (FPA®) is pleased to partner with LifeCare to conduct the **2015 LifeCare/FPA Financial Confidence of American Workers Survey**. As the premier member association for CERTIFIED FINANCIAL PLANNER™ (CFP®) professionals and those who support the financial planning process, we are keenly interested in understanding how people today view their financial affairs. Having this understanding allows us to better prepare our more than 24,000 members across the country so they can approach their work with more clarity of how American workers view their finances.

Financial planning is a process every American worker can use. There are financial planners available of all compensation and business models and many who specifically work with Middle America clients so they can realize their short and long-term financial goals. As an organization we view this survey and the other work we do to increase awareness of financial planning and those professionals who have earned the CFP® marks as a core mission of who we are. We look forward to working with our partners at LifeCare to increase awareness and access to financial planning advice and services so everyone can plan for their future.

Sincerely,



Lauren M. Schadle, CAE  
Executive Director/CEO  
Financial Planning Association

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## Methodology

The **2015 LifeCare/FPA Financial Confidence of American Workers Survey** was fielded between June 15 and July 10, 2015. The survey was offered to registered users of LifeCare's services whose employers opted in, and responses were completely voluntary. The SurveyMonkey® survey platform was used for collection of survey responses. A total of 1,389 survey responses were generated during the survey time period. Those responses were aggregated and analyzed by LifeCare and the FPA, and the resulting findings are summarized within this report.

## Introduction

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?

LifeCare, the country's leading provider of work/life balance services to tens of thousands of American companies, and the Financial Planning Association® (FPA®), the country's leading member association for CERTIFIED FINANCIAL PLANNER™ (CFP®) professionals, have joined forces to examine today's American worker and how they are doing financially. The result is this **2015 LifeCare/FPA Financial Confidence of American Workers Survey**.

While the research covered everything from household finances to retirement planning and preparedness, it was done to answer a set of specific questions, including:

- Are American workers today confident in their present-day financial situation and what are the root causes of that confidence?
- Do American workers feel they have a grasp of their long-term financial well being, including retirement planning?
- Is there a correlation between what American workers are doing today financially and what they are doing to prepare for their eventual transition out of the workforce?
- Do American workers have a plan in place for retirement?

Based on the input of more than 1,300 American workers we can surmise – as you will see in the Key Findings – that American workers 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; and American workers really don't understand what retirement planning is and how to find help.

## Key Findings

The **2015 LifeCare/FPA Financial Confidence of American Workers Survey** revealed several interesting observations, but the main themes revolved around the fact that while American workers seem to be confident in their short-term financial needs, there is an overwhelming lack of confidence in their longer-term financial matters, including retirement planning. While saving was identified as an area of confidence, it is also a key area of stress as household spending and other day-to-day finances are preventing respondents from thinking more long-term. And while respondents are clearly stressed about their retirement and the planning required, there seems to be a misunderstanding of what retirement planning is and who can help.

### **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. These expenses include 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. Fundamental shifts in spending patterns, debt repayment strategies, and the research and use of discounts and special offers can aid in reducing these everyday expenses, enabling savings for the future.

Even though respondents indicated that they don't have anything left over to save after their everyday expenses they, as noted in Finding #2, still feel that they have a handle on their household finances.

### **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. That sense of control is probably more related to their feeling of control over more short-term, immediate expenditures, including housing costs – e.g. mortgage and rent payments – (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.

While people seem to be more confident in their short-term financial situation, they seem equally unconfident 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). This was further evidenced in their responses to what financial areas they are particularly confident about, with only 7 percent saying retirement planning was an area of confidence and only 2 percent saying estate planning.

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

When asked to identify the one area of their finances that provides them with most confidence and the one area that provides the most stress, respondents agree that savings and spending are at the forefront. 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.

It's also worth noting that other key areas providing confidence is having a company-sponsored retirement plan (33 percent) and debt management (27 percent), while retirement planning (27 percent) and debt management (24 percent) are the other areas providing the most stress.

### **Finding #4 – Lack of Clarity on Retirement Planning**

Benjamin Franklin once famously said, *“If you fail to plan, you are planning to fail.”* Based on the results of this survey, it appears many American workers are setting themselves up for financial failure when it comes to their retirement.

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.

#### ***No retirement plan in place.***

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.

#### ***Don't understand what retirement planning is.***

Interestingly, when we look at 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. While there is an ample amount of information available on how to plan for retirement, financial planners – especially those who are CFP® professionals – are specially trained to help people plan for retirement by looking at one's entire financial picture.



## Key Findings

It was also further revealed that 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) plans as their complete retirement plans, which is an inaccurate viewpoint.

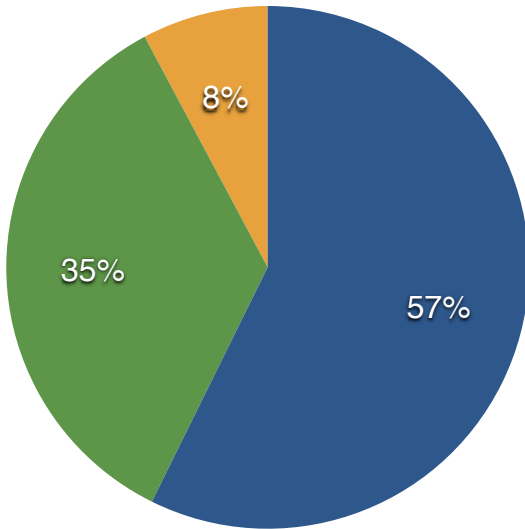
### ***Don't know where to find help.***

While 83 percent of respondents believe that working with a financial planner would be beneficial, rampant misconceptions of financial planners are keeping them from engaging a planner. 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).

## Data and Observations

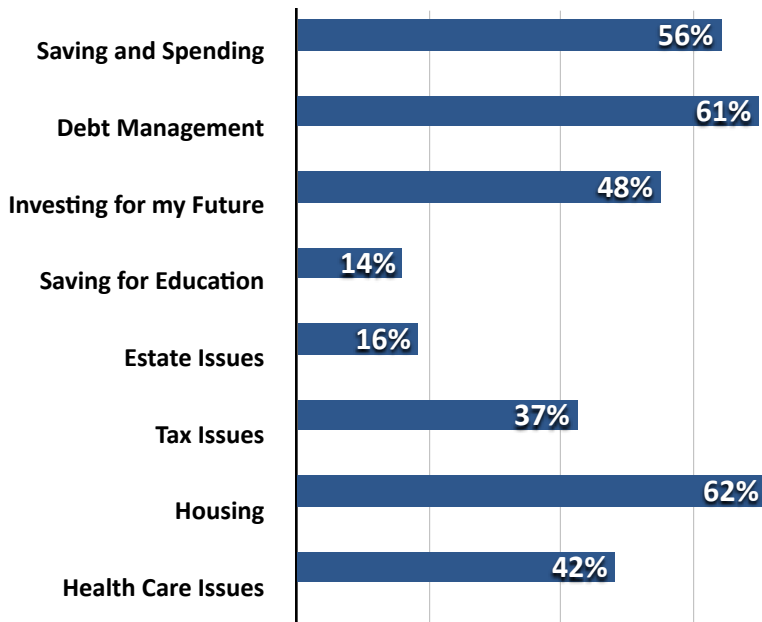
### Do you feel you have a solid handle of your household finances?

● Yes    ● No    ● I Don't Know



Like most Americans today, those surveyed indicate that there are some struggles to completely gain control over household finances. More than one-third of those surveyed indicate that they don't have control, but even more alarming is that 8 percent of people have no idea if they have control.

### What areas of your financial life do you feel you have under control?

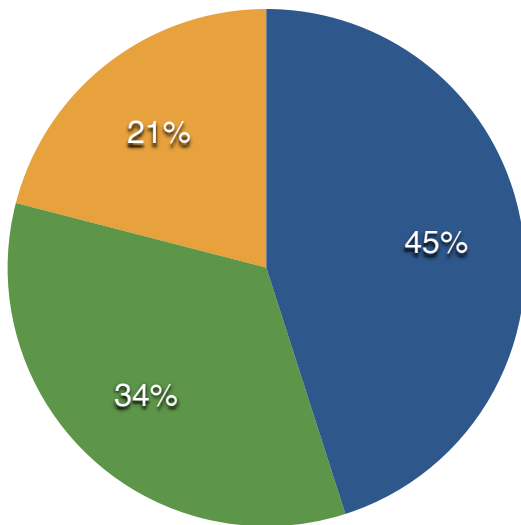


While a slim majority of those surveyed feel they have their basic, day-to-day financial needs under control (e.g. saving and spending, debt management, housing) they seem to be less confident in their more long-term financial needs. Additionally, the definition of "under control" will vary according to respondent, and does not necessarily correspond with "getting ahead" financially.

## Data and Observations

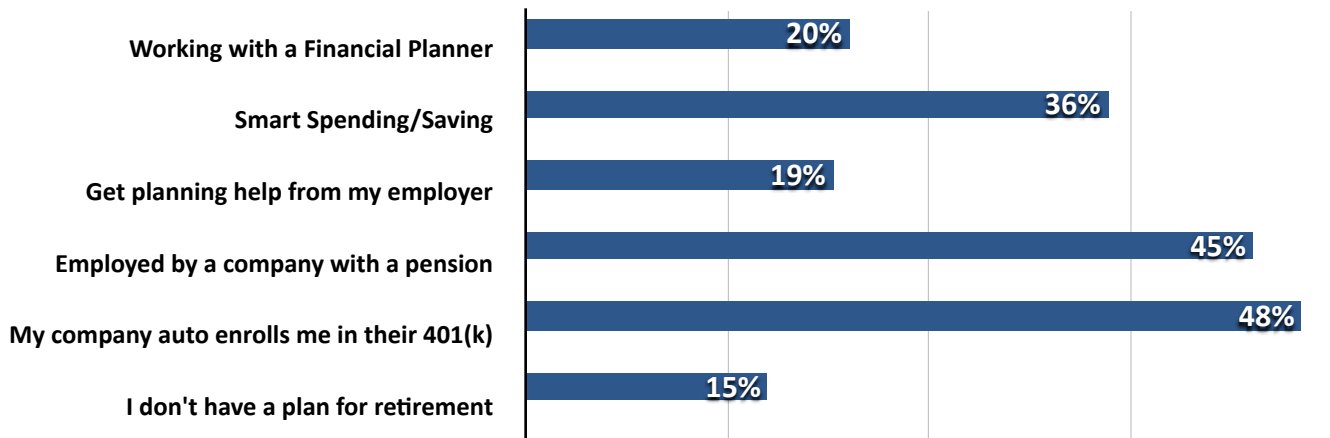
***As you look forward to your future retirement, do you feel you have a plan in place to help you achieve a comfortable retirement?***

● Yes    ● No    ● I Don't Know



More than a third of those surveyed don't feel they have a plan in place for retirement, but what's even more startling is that 21 percent have no idea if they have a plan in place.

***If you feel you have a plan for retirement, how did it happen? (select all that apply)***

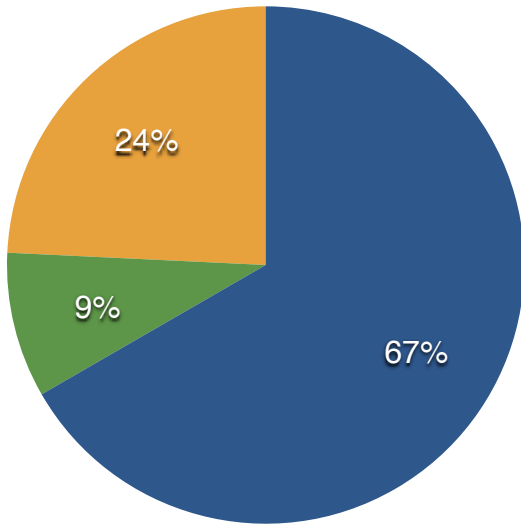


While retirement planning involves a process of looking at an individual's entire financial picture, only 20 percent of American workers are saying they are working with a financial planner. And while 15 percent say they don't have a plan in place, it seems most respondents feel that what their employer provides is supporting their dream of a retirement (e.g. company pensions, 401(k) plans). This appears to be overconfidence, as a solid financial future relies on multiple income/savings sources. Additionally, understanding future expenses, such as assisted living and home safety retrofits, is essential to the planning process.

## Data and Observations

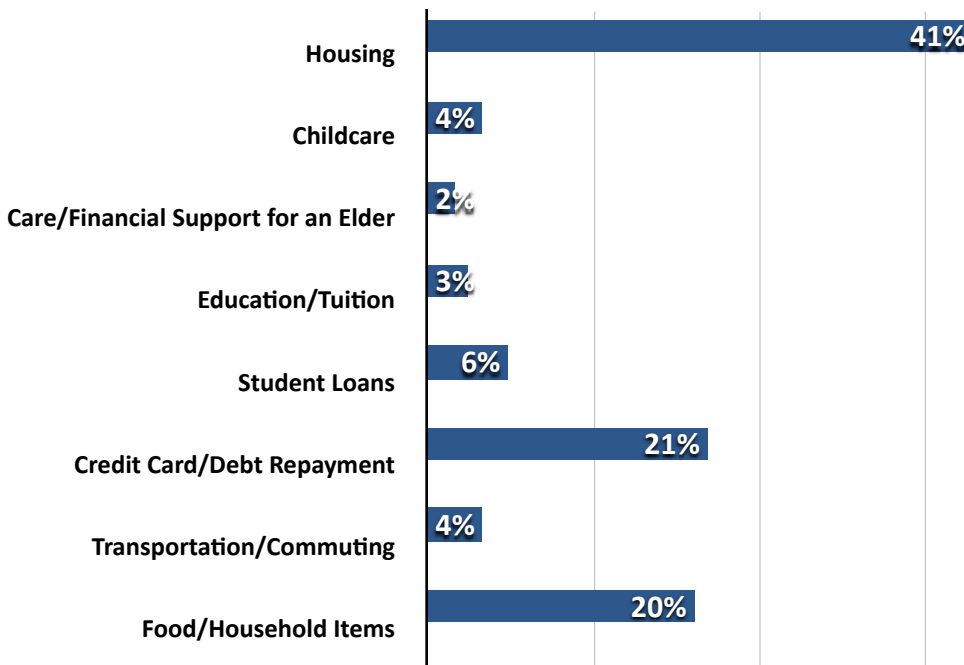
*If you are not currently saving for retirement, which best describes why not?*

- I have nothing left over after everyday expenses
- Retirement is too far in the future for me to worry about it
- I don't know how to begin



Of those American workers who say they don't have a plan in place for retirement, a staggering 67 percent say that their everyday expenses are preventing them. Opportunities to trim costs on expenses like childcare and household items can help with this but, while daily expenses are getting in the way, clearly there is a lack of understanding on how to begin planning.

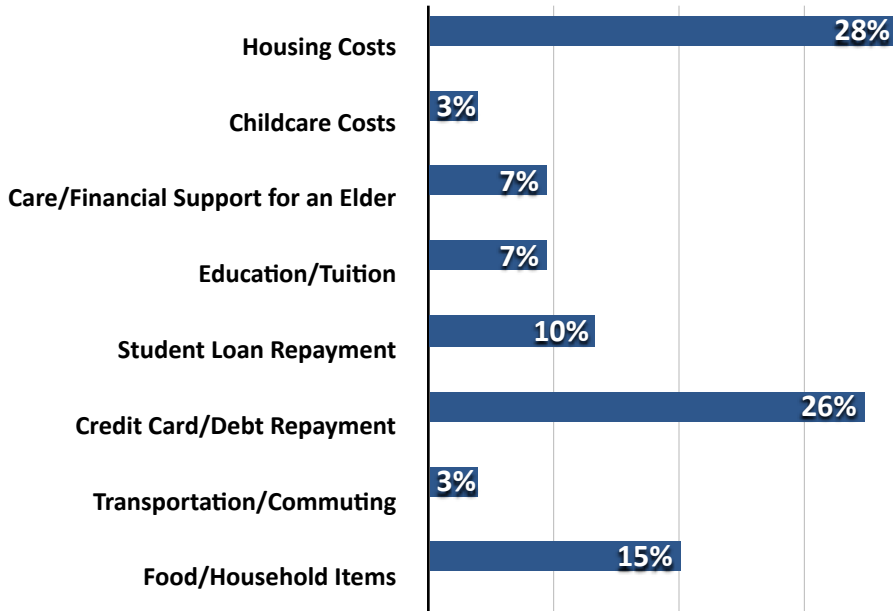
*Which affects your day-to-day budget the most?*



Not surprisingly, housing (41 percent), credit card and debt repayment (21 percent) and food/household items (20 percent) account for the biggest strain on day-to-day budgets for American workers.

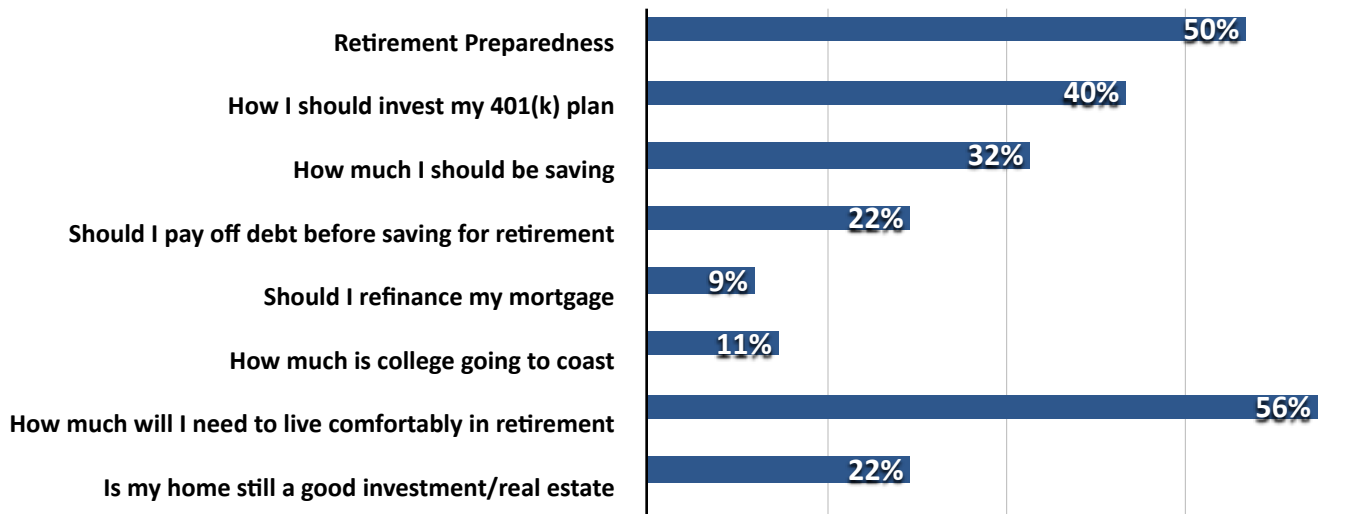
## Data and Observations

*If you could access resources and guidance to help with one of these items, which would it be?*



With housing, credit card and debt repayment and food/household costs being the primary challenges facing American workers in their day-to-day budgets, it's not surprising that those are the areas that they want and need resources and guidance. Unfortunately, addressing these items often requires time during the workday, which is time many people don't have.

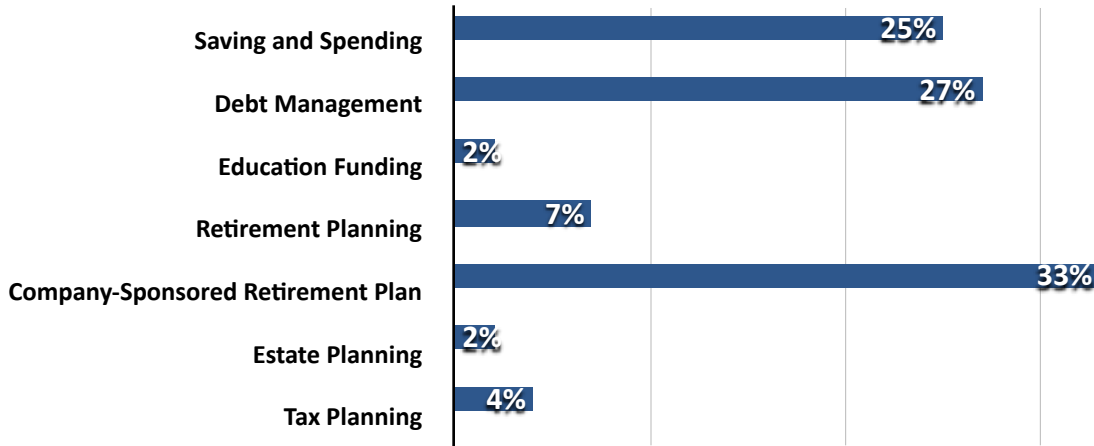
*If you were to have an hour to seek answers from a CERTIFIED FINANCIAL PLANNER™ (CFP®) professional on any financial topic, which would you choose? (select all that apply)*



While financial planners who are CFP® professionals are capable of looking at the entire financial picture of their clients – short and long-term – American workers are thinking more long-term if they were to engage a planner. While housing, saving, paying for college, real estate and other key financial issues are important, they all have a direct impact on how someone plans for their eventual retirement.

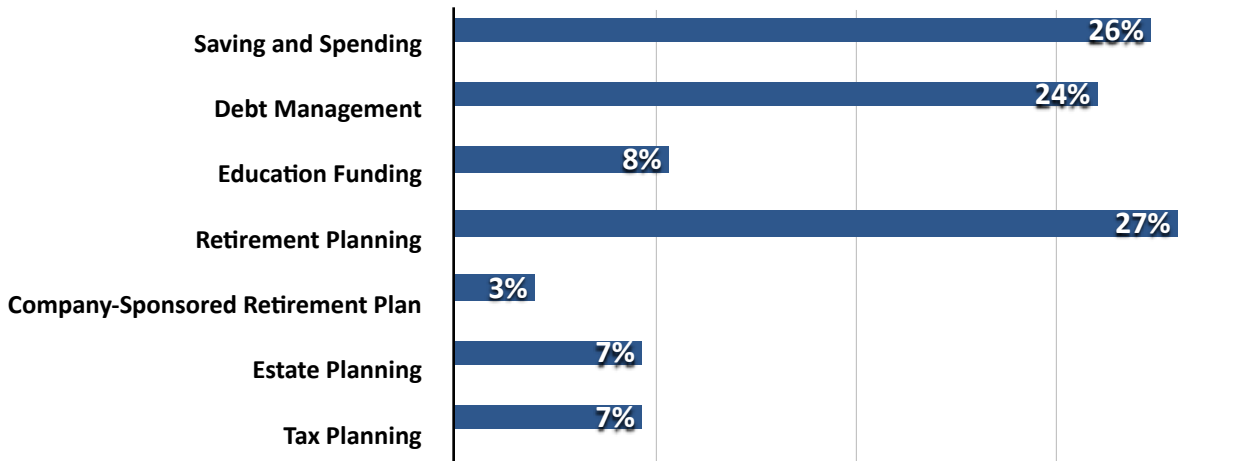
## Data and Observations

### *What one area of your finances are you most confident about?*



As already seen in the previous question on engaging a CFP® professional, American workers are least confident in long-term planning issues, including retirement planning (7 percent), estate planning (2 percent) and education funding (2 percent). But as already noted, those surveyed feel they have saving/spending and debt management under control, so it makes sense that their confidence level would be high in those areas. And, as already noted, 48 percent of respondents say they have a plan in place for their retirement because of their company-sponsored 401(k) plan (48 percent). So, it is a logical conclusion that they would have confidence in this area (33 percent).

### *What one area of your finances do you feel particularly stressed about?*

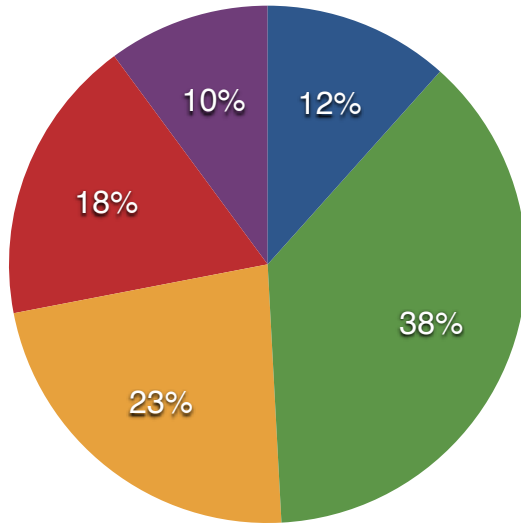


While respondents indicated that saving/spending and debt management are areas of confidence, they are also key areas of stress for American workers – saving/spending (26 percent) and debt management (24 percent). And, as already identified, retirement planning is an area that most American workers don't have under control and are stressed about (27 percent).

## Data and Observations

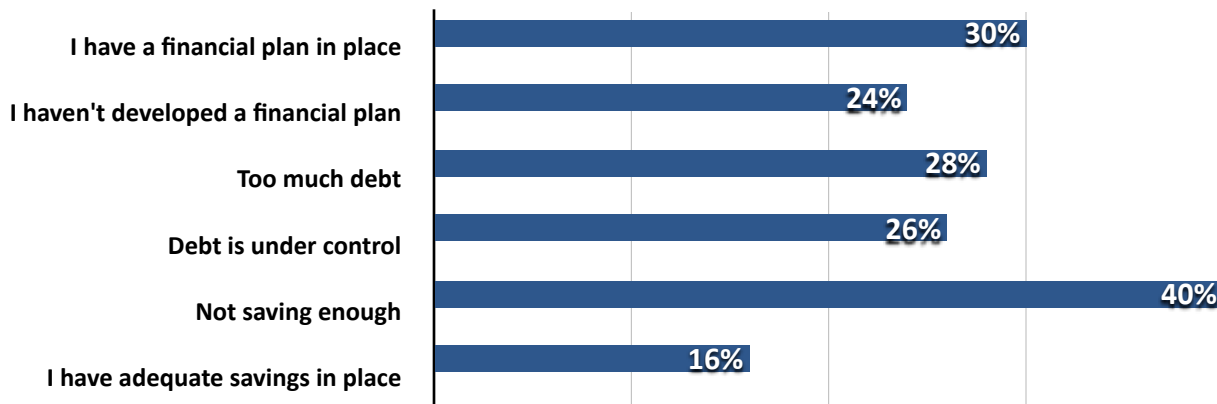
*As you look at your overall financial picture, how confident are you in your financial future?*

- Very Confident
- Somewhat Confident
- Neutral
- Somewhat Unconfident
- Very Unconfident



Despite not having a retirement plan in place or having confidence in their long-term retirement planning, 50 percent of respondents indicate they are either somewhat confident or very confident in their financial future. What is troubling is that 23 percent of American workers are neutral on the subject, which may mean they have no idea if their financial future is either bright or dim. Interestingly, when comparing younger respondents (A18-44) to older respondents (A45+), there was no variance in confidence level.

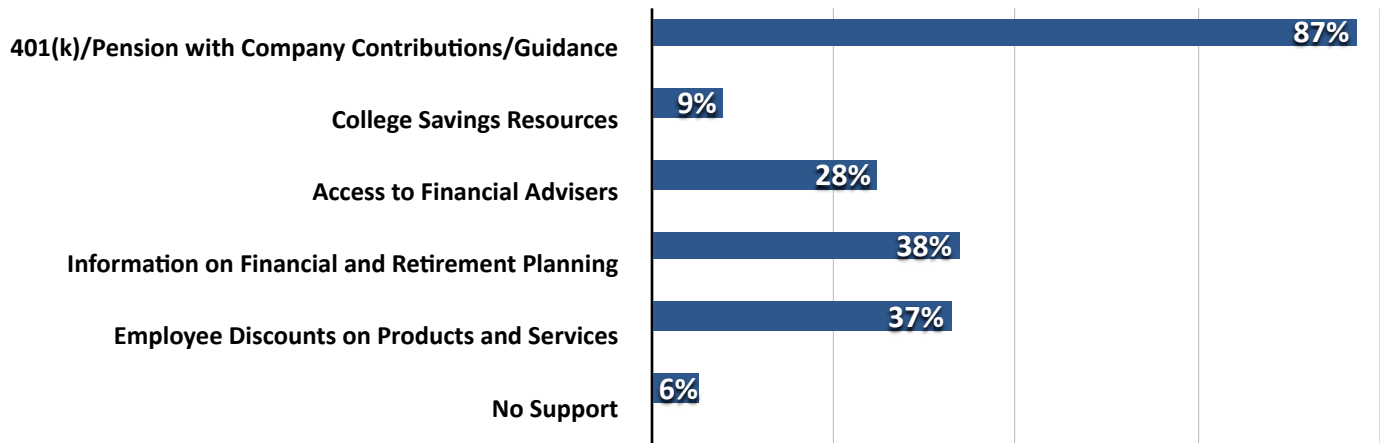
*Which circumstances listed below lead to your level of confidence in your future? (select all that apply)*



Here is where things get interesting. We have already identified savings and spending as areas of control and confidence for American workers, but as they look at their long-term financial future, 40 percent of respondents don't feel they are saving enough. Reducing their everyday expenses through more thoughtful planning and discount usage may allow them to shift dollars into a savings plan. It is also worth noting that 30 percent of respondents say they have a financial plan in place, but, as we have already pointed out, retirement planning – a key component of a financial plan – is a gap and stress point for many respondents. There are a couple observations on this. Respondents are either incorrectly equating a company-sponsored retirement plan (e.g. 401(k) plan) with a financial plan or they don't fully understand what a financial plan is and does.

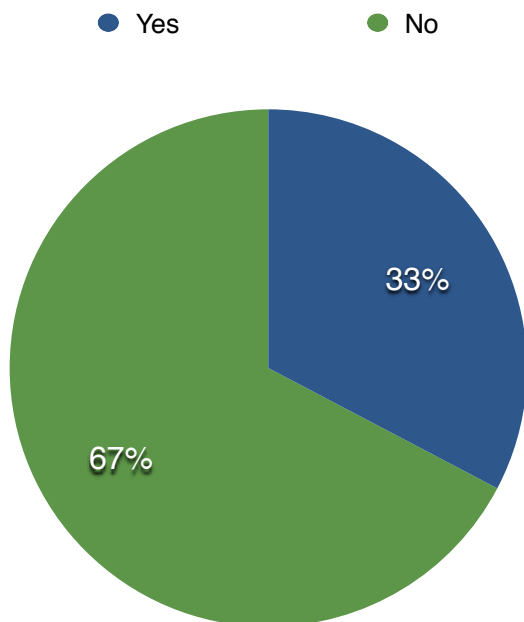
## Data and Observations

*What support and resources do you expect from your employer in your financial and retirement planning?*



As projected, American workers expect their employers to offer a 401(k) or pension (87 percent). But while respondents expect access to such company-sponsored retirement plans, they are craving information and resources on retirement planning (38 percent) that would allow them to maximize their retirement, which includes their 401(k) plans. As employers look at recruiting and retention, they should take these factors into account, and should acquire access to resources in these areas.

*Have you ever contacted/worked with a financial planner about developing a financial plan?*



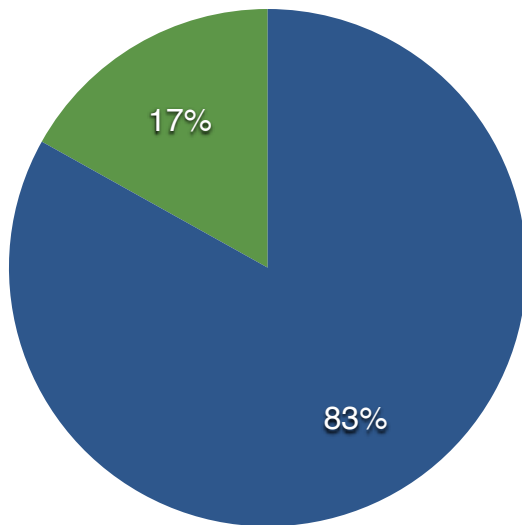
With two-thirds of American workers stating that they have not contacted or engaged a financial planner, it is not surprising that most respondents feel more confident in their short-term financial issues and less confident about their long-term financial well-being, including retirement. A financial planner, especially those who are CFP® professionals, look at their clients' entire financial pictures and make recommendations with long-term financial stability/success in mind. With only 7 percent of respondents indicating they are confident in their retirement planning to date, there is room for improvement – and financial planners can help.



## Data and Observations

*Do you think a financial planner could be helpful in planning for your future?*

● Yes      ● No

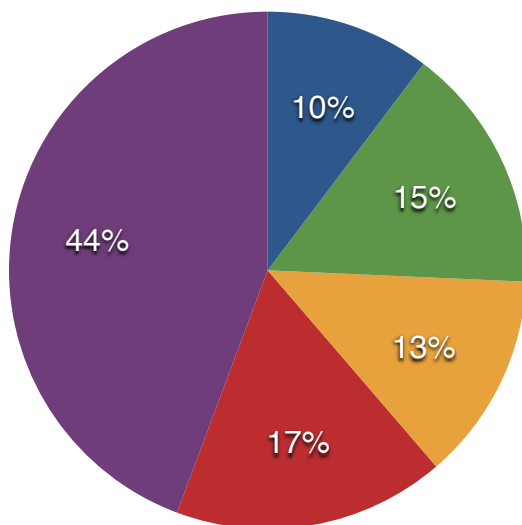


Clearly American workers understand that a financial planner can help, with 83 percent answering in the affirmative. That means respondents are not engaging financial planners for any number of reasons, including (but not limited to):

- They are having trouble finding a financial planner who is right for them
- Financial planners are doing a poor job of creating awareness of what financial planning is
- Financial planners are not making themselves visible enough in their local markets

*If you are not working with a financial planner, what is holding you back?*

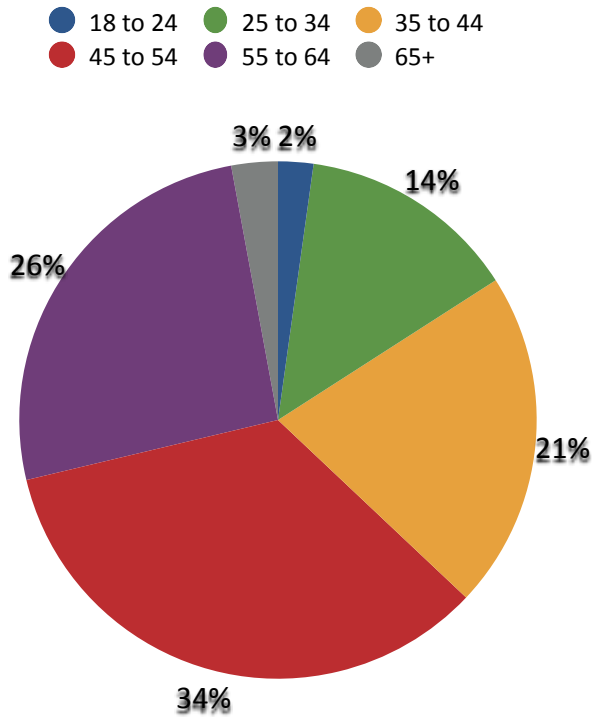
- Don't know how to find one
- Don't feel I have enough in assets
- Don't believe my financial situation is complex
- Don't know what they can do for me and my family
- Don't feel that I can afford one



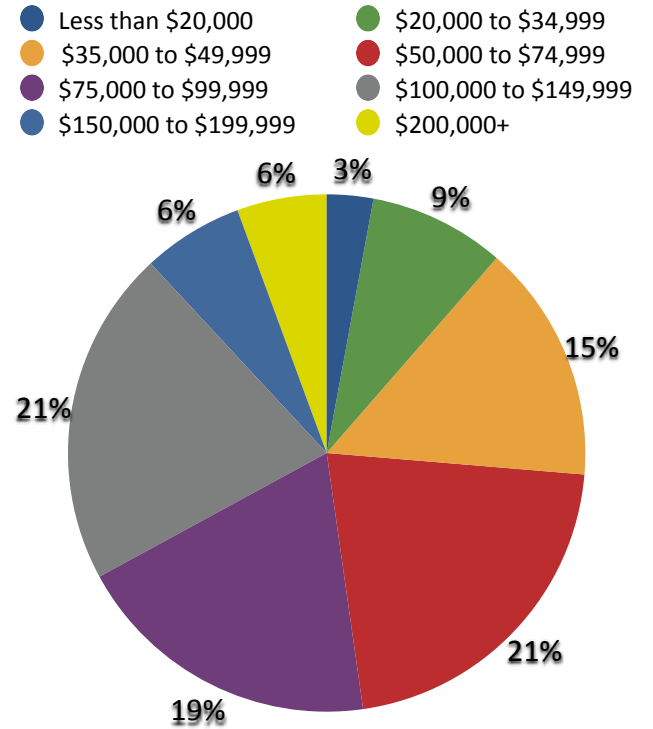
A common misperception of financial planners is that their services and guidance are expensive – as evidenced by 44 percent of respondents saying they don't feel they can afford one. Financial planners come from a wide range of business and compensation models. And while some may have a compensation structure that would be cost-prohibitive, a vast majority of financial planners are capable of helping a wide range of clients from all socioeconomic levels.

# Respondent Demographics

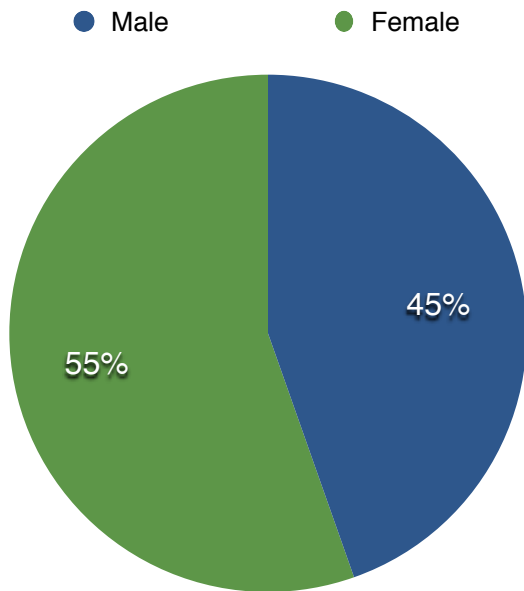
**What is your age?**



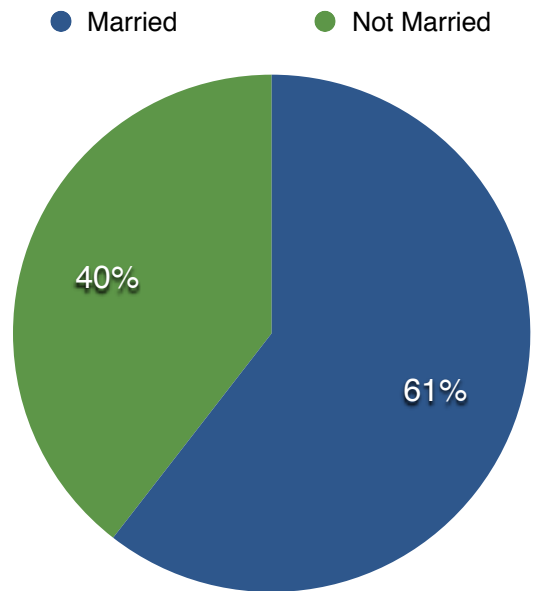
**What is your annual household income?**



**What is your gender?**

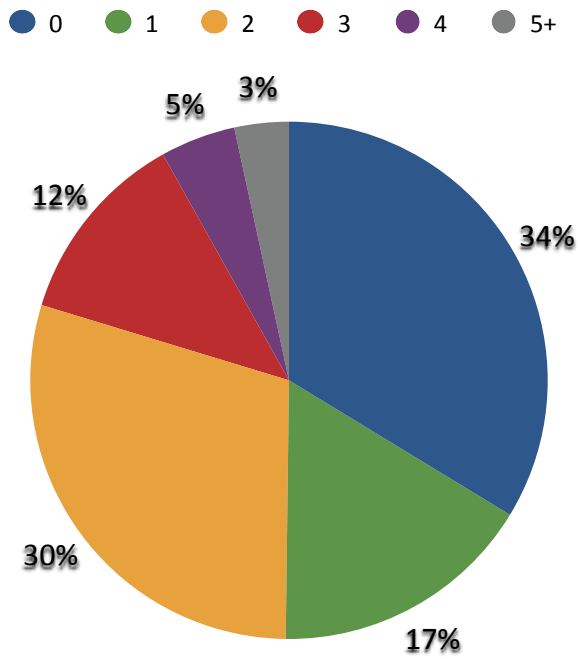


**What is your marital status?**

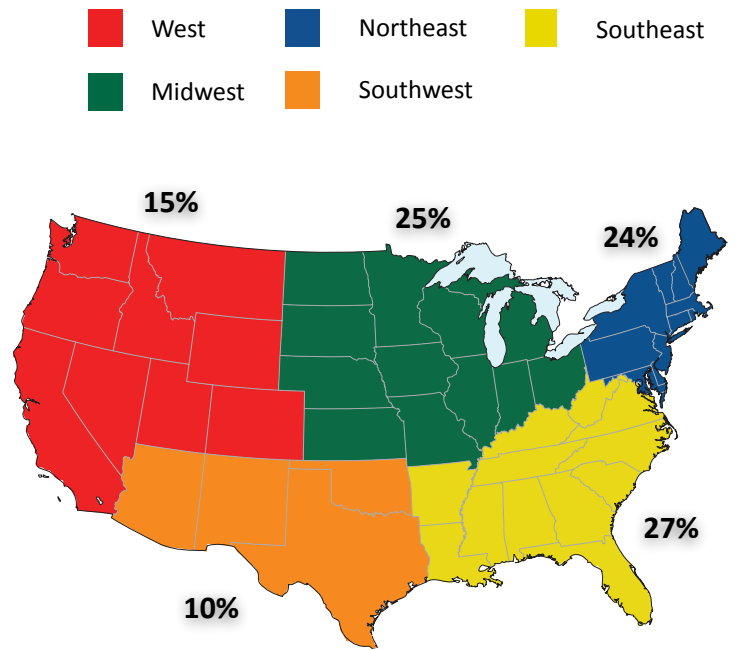


# Respondent Demographics

*How many children do you have?*



*Where are you located?*



## Conclusion

At the outset, we sought to gain a deeper understanding of the financial influences and concerns among the U.S. workforce, what were people spending their hard earned dollars on, and how did they perceive their financial future. We surfaced four key findings based upon the data, findings that demonstrate employees' uncertainty about the future and mixed confidence about their current financial state.

We believe that employers can take action to help boost their employees' financial confidence, and those actions are summarized in these four takeaways:

- 1. Employers should strive to provide employees with access to everyday financial help.** This can take the form of employee discount programs, free access to goods and services, or even time during the workday when employees can contact utilities, healthcare providers, childcare services and other entities that they need to discuss billing and services with. Even small changes in the financial outlay that an employee has every month can add up into real savings that can be applied to the future.
- 2. The small changes noted in #1 have the ability to change long-term confidence levels.** Concerns about what's needed to have a comfortable retirement can be partially alleviated by helping employees stretch their paychecks even further to put more money away for the future. Tied to the ability to put money aside is having the necessary direction on where to put it.
- 3. A less stressed employee is a more focused employee.** Reducing employee stress over saving can result in productivity gains and a happier workforce. Key to reducing this stress is providing education around how to get ahead financially, not just break even. Education, information and workshops should be available on an ongoing basis, as the financial situation of all individuals is dynamic and ever changing.
- 4. Almost everyone needs help with retirement planning, whether they realize it or not.** Employees' retirement confidence is primarily driven by their access to a 401(k) plan, but those plans, while important, are not a complete retirement solution. Access to professional help with retirement planning is key to the long-term financial stability of employees.

Finances can be complicated and fraught with uncertainty and risk. Helping employees through the challenges and decisions inherent in planning for the future provides benefits to the employees and the employers. A workforce that is more certain about the future can focus better on the now, driving innovation and productivity.

## Contact Information

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