

LOOKING FOR A RETIREMENT LIFELINE IN PUERTO RICO

A Survey of Puerto Rico Workers and Retirees Age 35 to 64

AARP Research

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BACKGROUND & METHODOLOGY

- The economic crisis in Puerto Rico has jeopardized the retirement security of many Puerto Ricans. AARP commissioned a telephone survey in December 2016 to assess public opinion of Puerto Rico workers age 35 to 64 related to their financial confidence, saving behavior, and retirement preparedness.
- Survey participants were screened to include only respondents currently in the labor force (either employed or looking for work) and retirees.
- A total of 800 interviews were conducted: a representative sample of 600 island-wide workers age 35 to 64; and a separate sample of 200 retirees across the island in the same age cohort.
- Computer-Assisted Telephone Interviewing (CATI) was conducted by Ipsos Puerto Rico from December 9th to December 29th 2016.

SAMPLE DESIGN

- The sample utilized 70% cell phone records and 30% landline telephone.
- The distribution of completed interviews by region is shown in the table below.

	TOTAL	In Labor Force	Retired
	800	600	200
REGION			
SAN JUAN METRO	388	289	99
EAST	56	41	15
WEST	104	75	29
SOUTH	113	92	21
NORTH	139	103	36

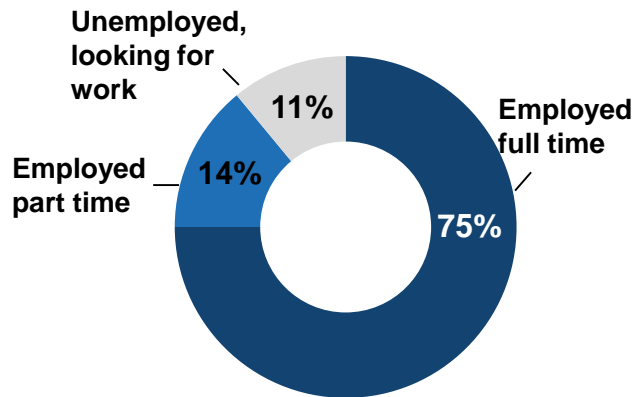
- The final sample was weighted to population estimates obtained from El Departamento del Trabajo y Recursos Humanos (DTRH) in collaboration with the Instituto de Estadísticas de Puerto Rico collected in the Study of the Labor Force Group. This study provides population data for those in labor force (employed and unemployed) and those not in labor force according to gender and age. Weighting adjustments were made to accommodate the sample of retirees rather than all persons not in the labor force.

Sample Profile

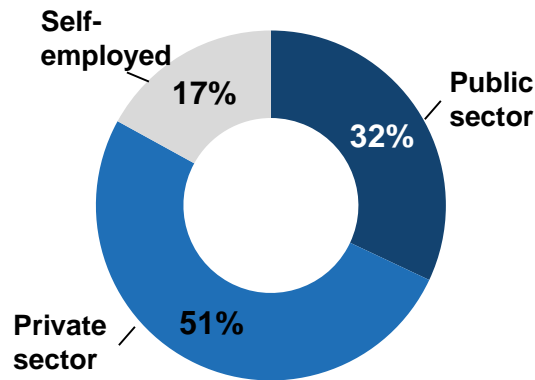
Sample Profile:

Labor Force Status, Employment Sector and Firm Size

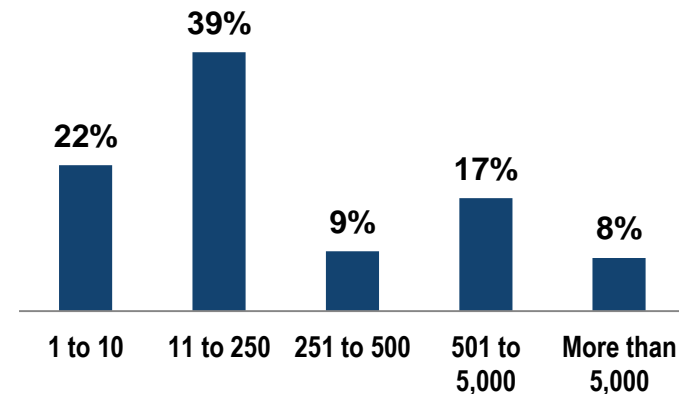
Labor Force Status



Labor Sector (workers)



Firm Size
(Private Sector workers and retirees)



S3. Which of the following best describes your current employment status? S3b. In which municipality do you live? S4. [IF EMPLOYED] Are you (employed with/as) ...? [IF RETIRED] Before you retired, were you (employed with/as) ...? S5. [PRIVATE SECTOR EMPLOYEES OR RETIREES ONLY] Approximately how many employee are employed at the organization where you work(ed)?

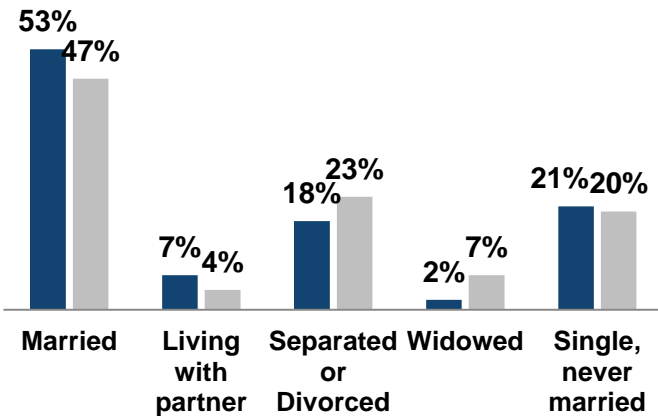
Base: In Labor Force, Age 35-64 (n=600); Retirees, Age 35-64 (n=200)

Sample Profile:

Marital Status, Income and Home Ownership

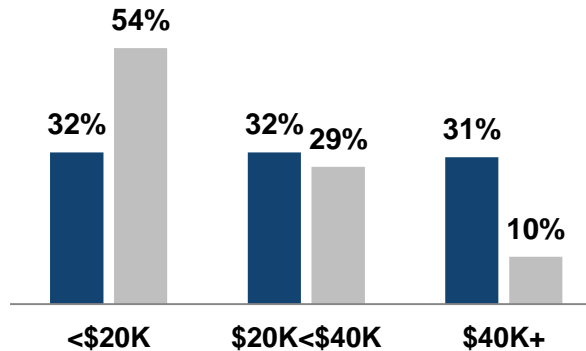
Marital Status

■ In Labor Force ■ Retired



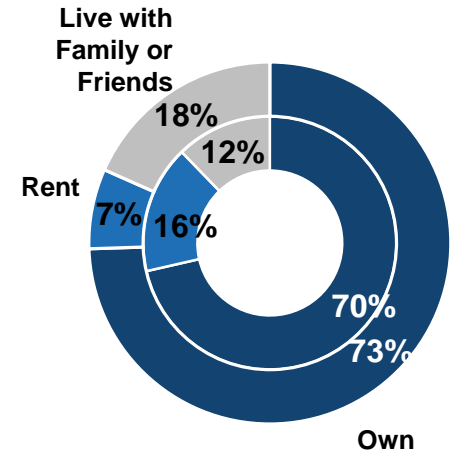
Annual Household Income

■ In Labor Force ■ Retired



Home Ownership

Inner circle=workers
Outer circle=retirees



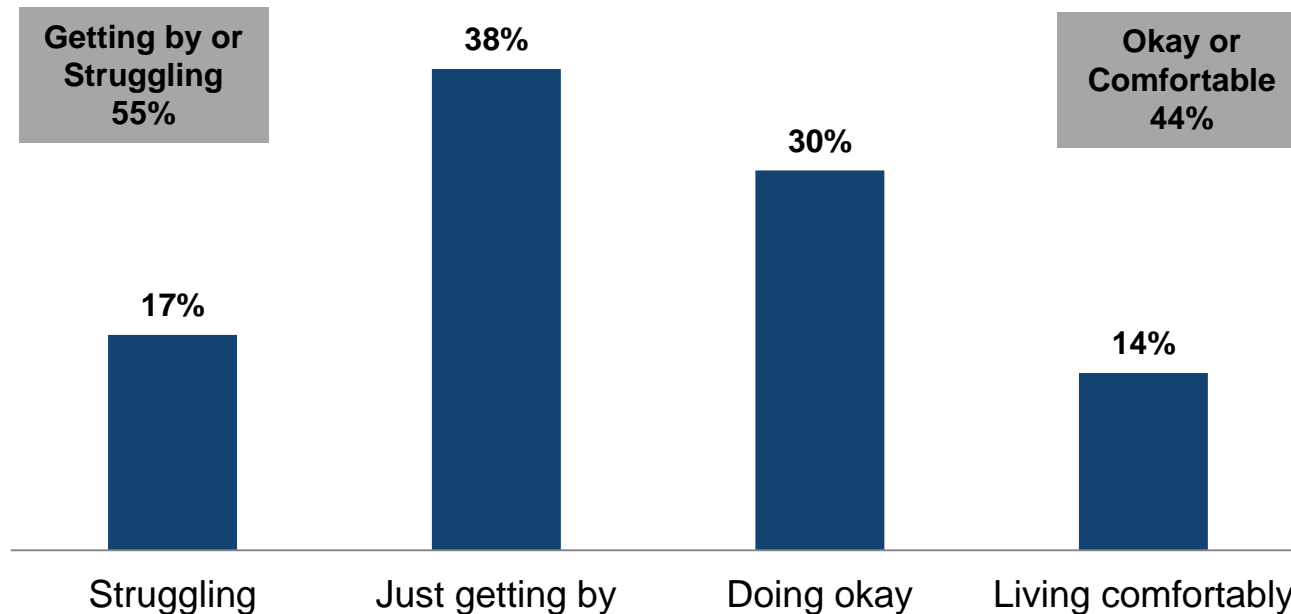
D4. What is your current marital status? D7. Which of the following categories best represents your total household income before taxes? D1. Do you own your home, rent, live with someone else or have some other living situation?

Base: In Labor Force, Age 35-64 (n=600); Retirees, Age 35-64 (n=200)

Detailed Results

How well are you managing financially these days?

- A majority of workers age 35 to 64 are struggling (17%) or just getting by (38%) financially.

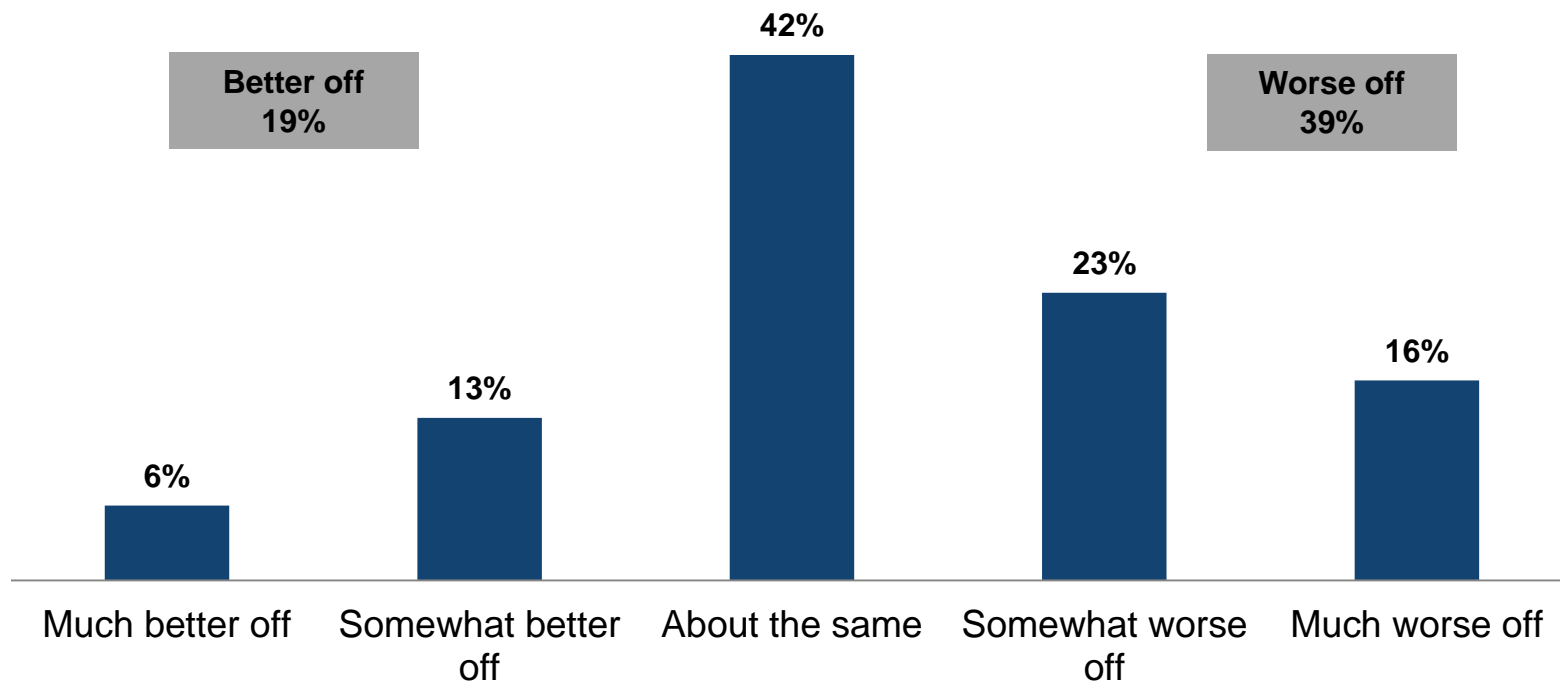


Q1. Which one of the following best describes how well you are managing financially these days?

Base: In the Labor Force, Age 35-64 (n=600)

Is your family better, worse or the same financially compared to 5 years ago?

- Workers age 35 to 64 are equally likely to be the same or worse off compared to 2011.

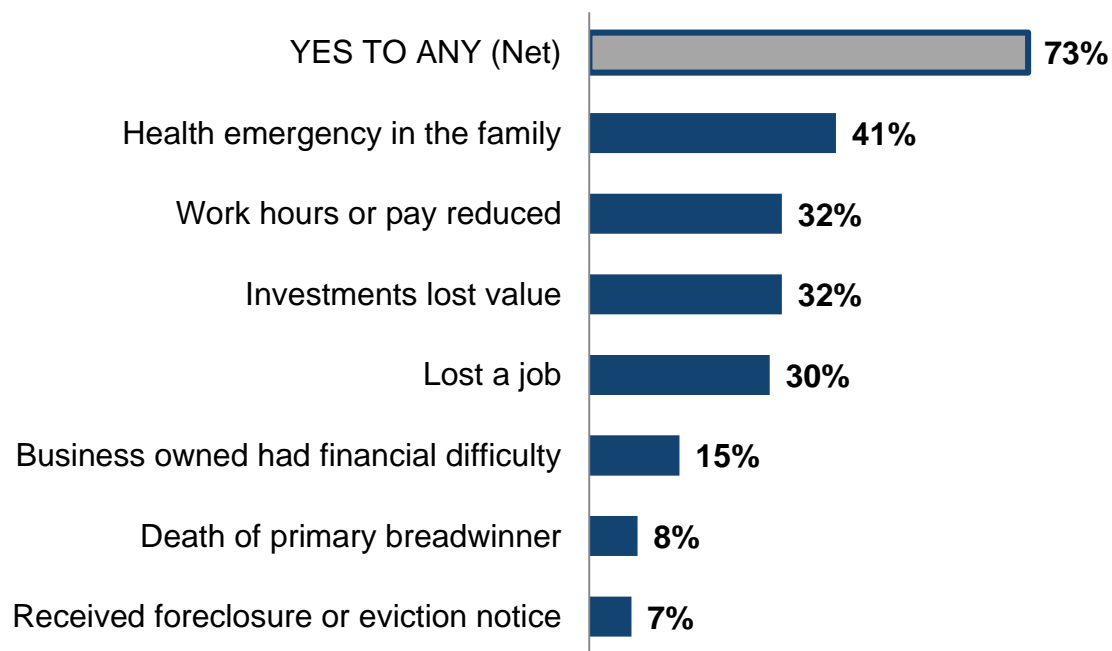


Q5. Compared to 5 years ago (since 2011), would you say that you and your family living with you are better off, the same, or worse off financially? And is that somewhat or much?

Base: In the Labor Force, Age 35-64 (n=600)

Financial shocks experienced by working households in the past year

- Nearly three-fourths overall experienced at least one type of named financial shock during 2016.
- Four in ten had a health emergency in their household and one in three had a loss of work-related income.

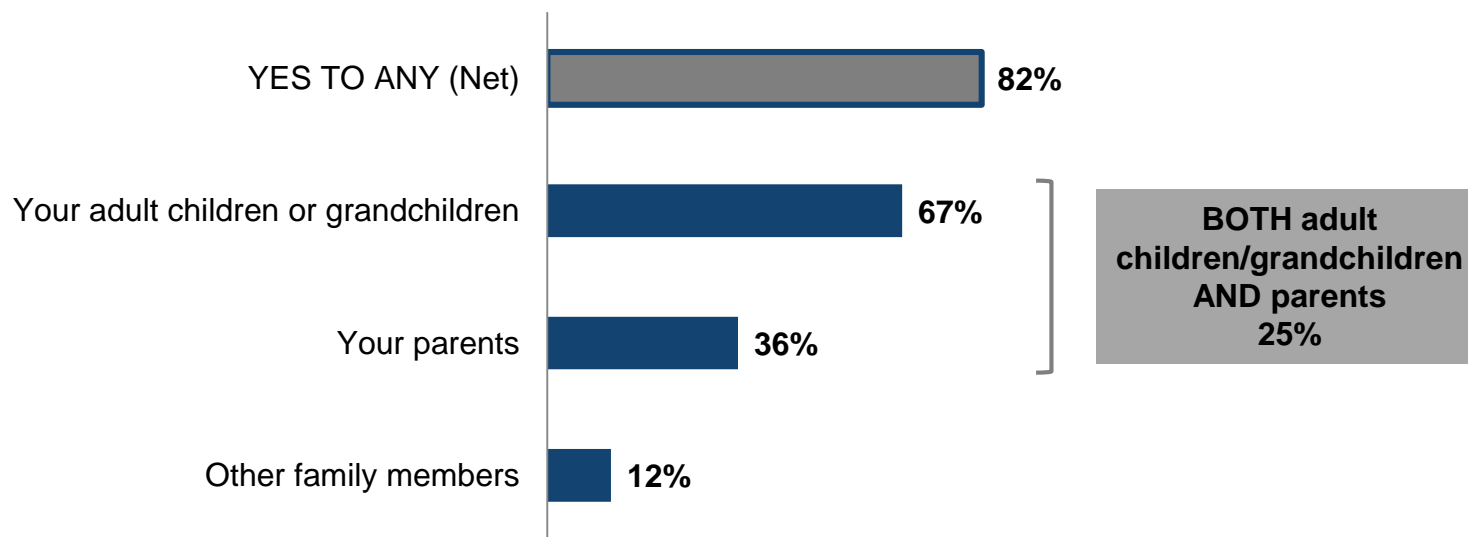


Q2. Which of the following did you, or your family living with you, experience in the past year?

Base: In the Labor Force, Age 35-64 (n=600)

A large majority of workers financially support other adults in their family

- Three-fourths of workers provide financial support to their adult children or grandchildren.
- One in three financially support their parents.
- One in four provide financial support to both younger and older generations of adult family members.

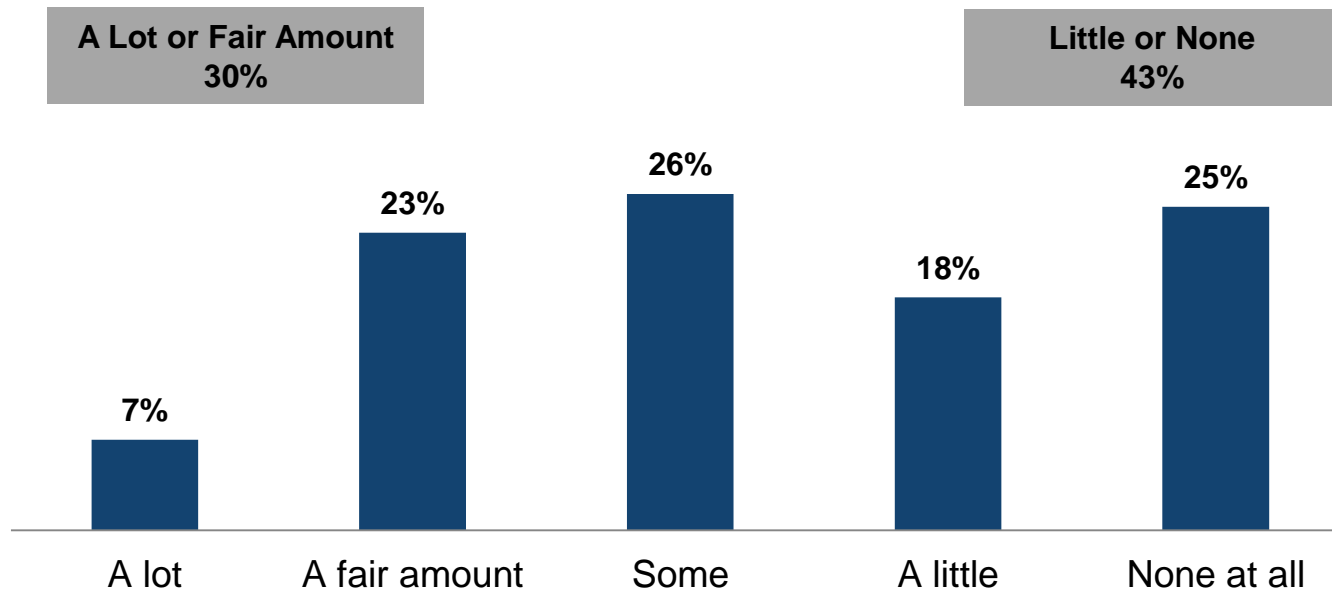


Q3. Are you currently providing any financial support to your adult children or grandchildren? Your parents? Someone else? (Please specify)

Base: In the Labor Force, Age 35-64 (n=600)

How much thought have you given to financial planning for retirement?

- Four in ten have given little to no thought about retirement planning. Half say some or a fair amount. Very few have given “a lot” of thought to financial planning for retirement.

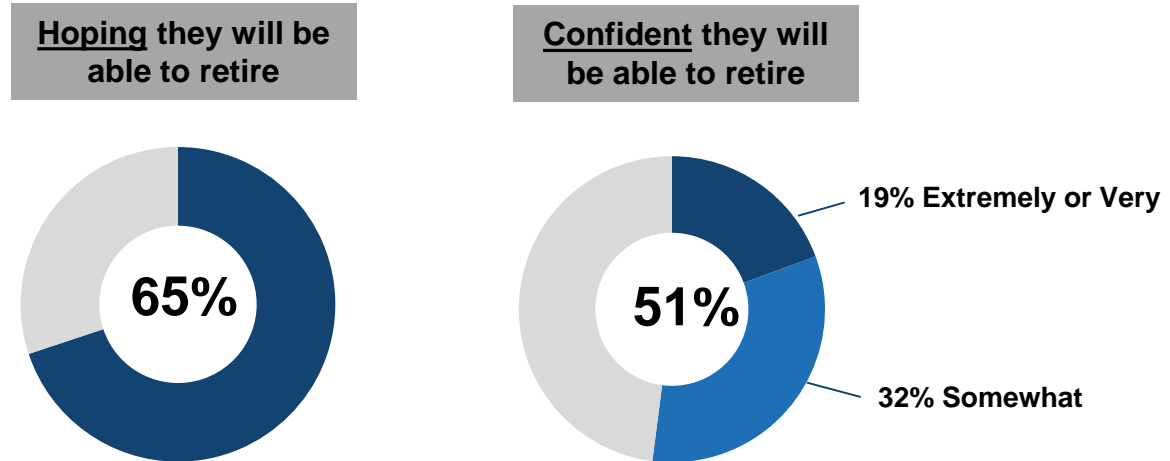


Q7. How much thought have you given to the financial planning for your retirement?

Base: In the Labor Force, Age 35-64 (n=600)

Retirement Hope and Confidence

- Two-thirds of workers age 35 to 64 hope they will be able to completely retire one day and no longer work for money but just one in five (19%) are strongly confident they will ever be able to.



Q8. Thinking about your future, do you hope to be able to completely retire one day and not work either full or part time for pay?

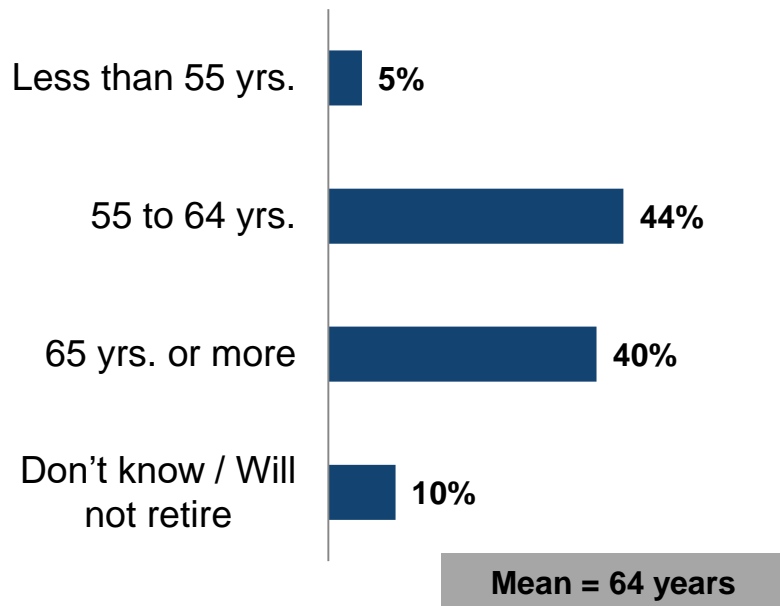
Q9. Overall, how confident are you that you will be able to retire at some point and no longer work for money?

Base: In the Labor Force, Age 35-64 (n=600)

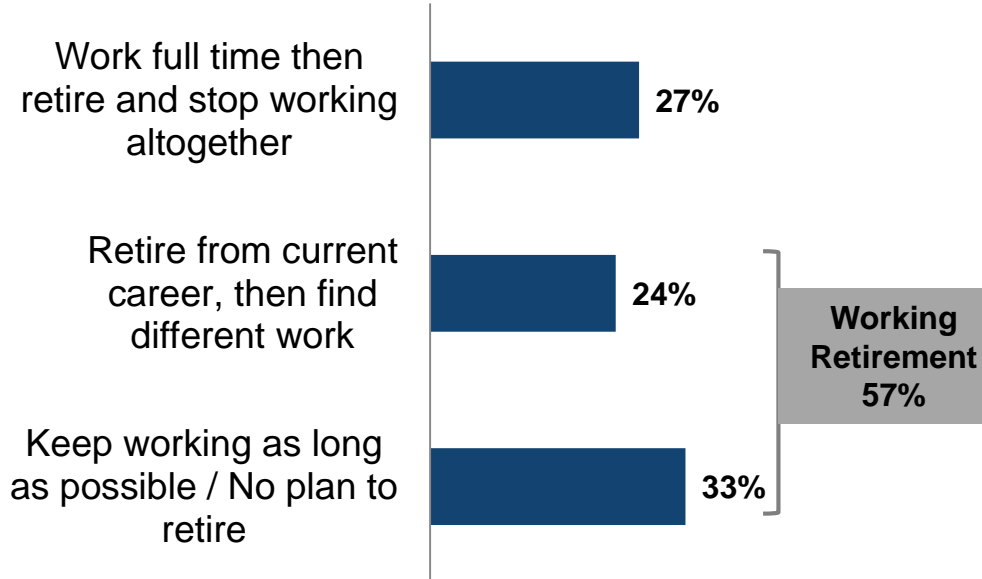
Expected Retirement Age and Retirement Plan

- Half of workers age 35 to 64 either expect to work past age 65 or have no expectation about their age of retirement.
- Workers are more likely to see work as their retirement plan – only about one in four say a complete retirement is their plan.

What do you consider your retirement age?



What is your plan for retirement?



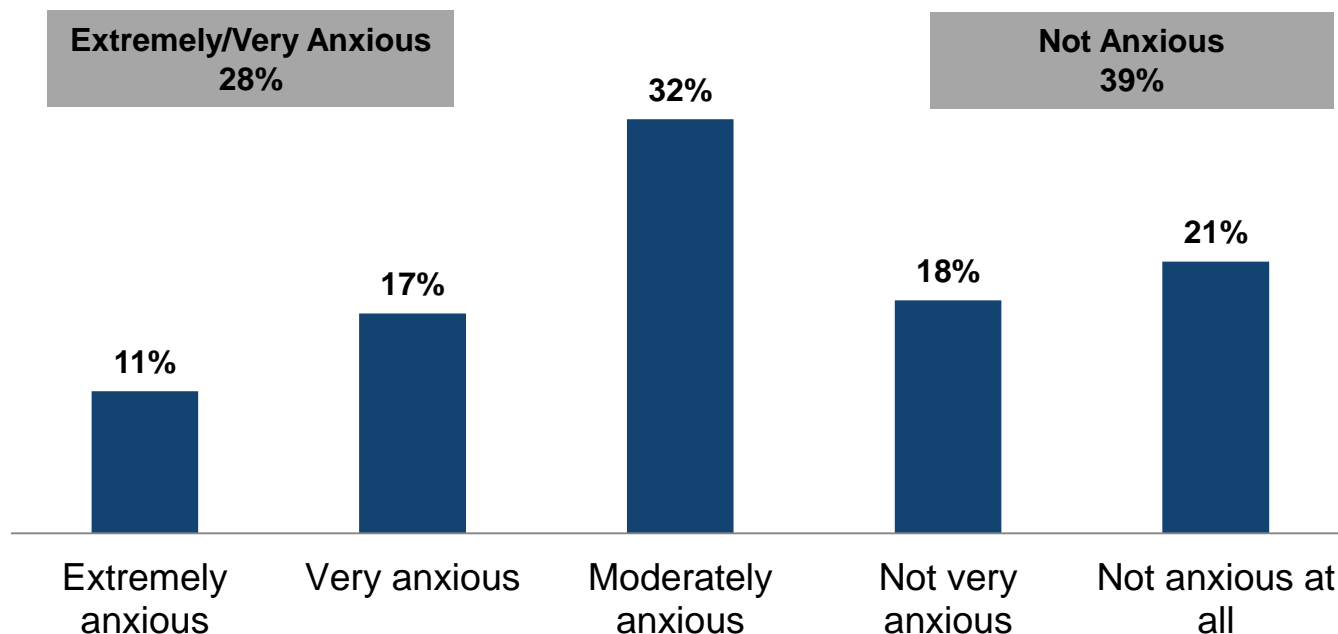
Q10. People have different ideas about retirement. What age do you consider to be YOUR "retirement age"?

Q12. Which one of the following best describes your plan for retirement?

Base: In the Labor Force, Age 35-64 (n=600)

How anxious do you feel about having enough money to live comfortably through your retirement years?

- Six in ten workers age 35 to 64 are moderately to extremely anxious about having a comfortable retirement. Thirty-nine percent (39%) are not anxious about it.

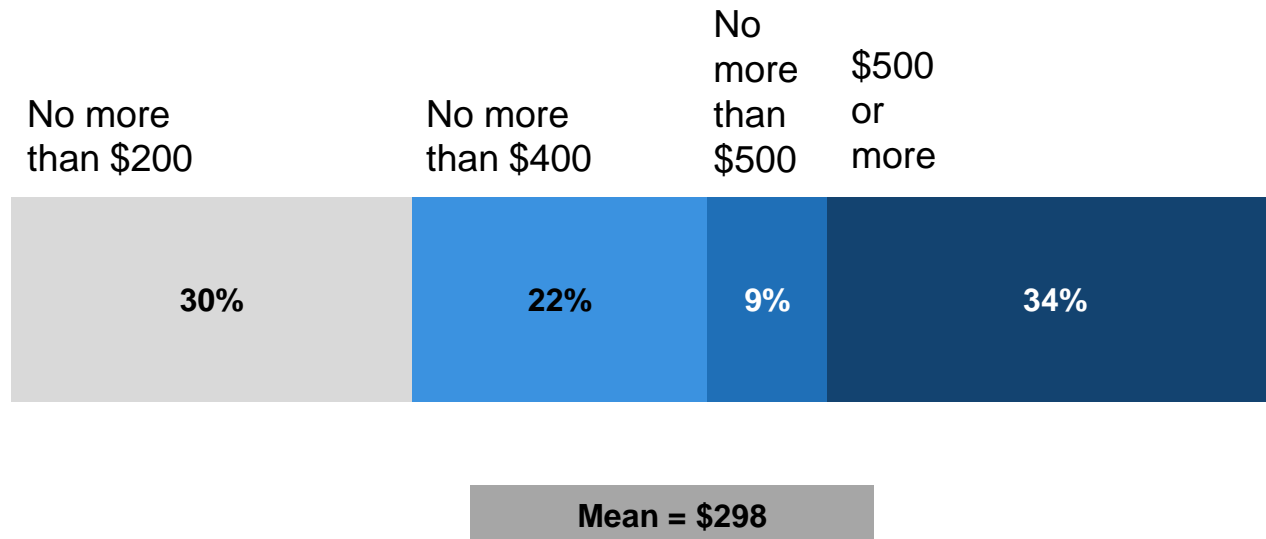


Q13. As you think about your finances in the future, how anxious do you feel about having enough money to live comfortably through your retirement years? Are you ...

Base: In the Labor Force, Age 35-64 (n=600)

What is the largest emergency expense you could afford right now in cash?

- 30% of working adults age 35 to 65 could only afford an emergency expense of \$200 or less.

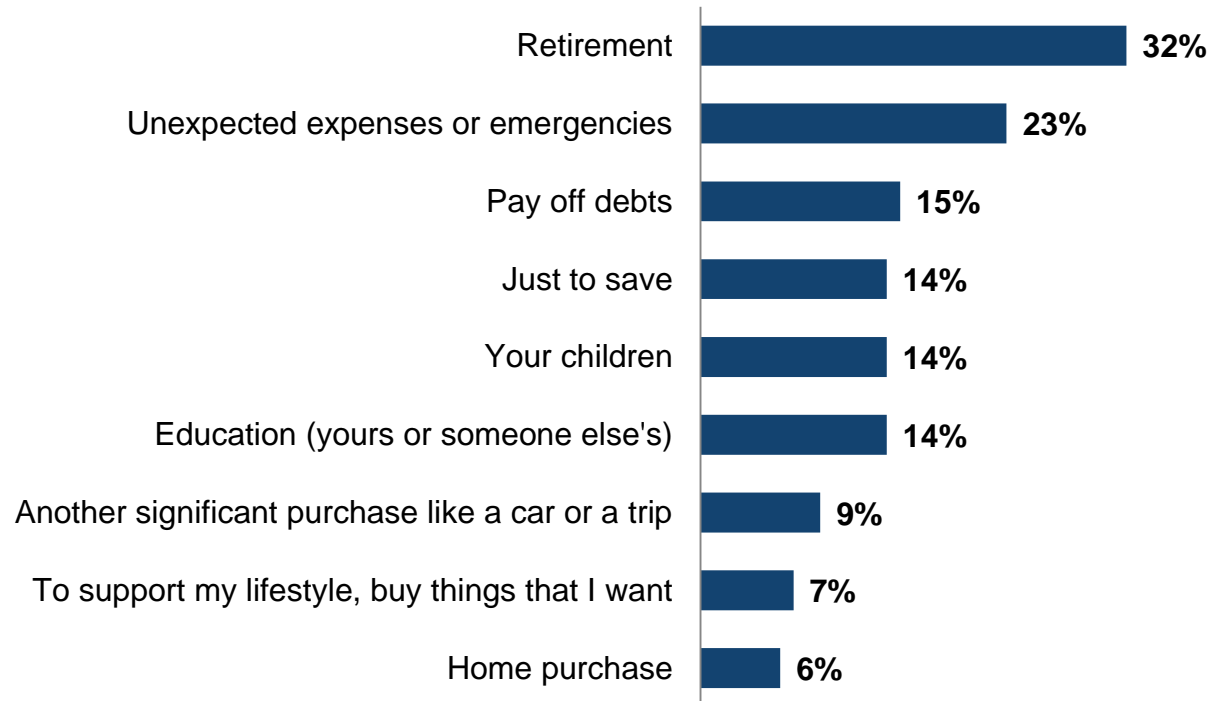


Q14. Based on your current financial situation, what is the largest emergency expense that you could pay for right now using cash or money in your checking or savings account and without having to borrow or use a credit card?

Base: In the Labor Force, Age 35-64 (n=600)

What are you saving for, if anything?

- Although it is the most common reason to save, just 32% of workers age 35 to 64 are currently saving for retirement.

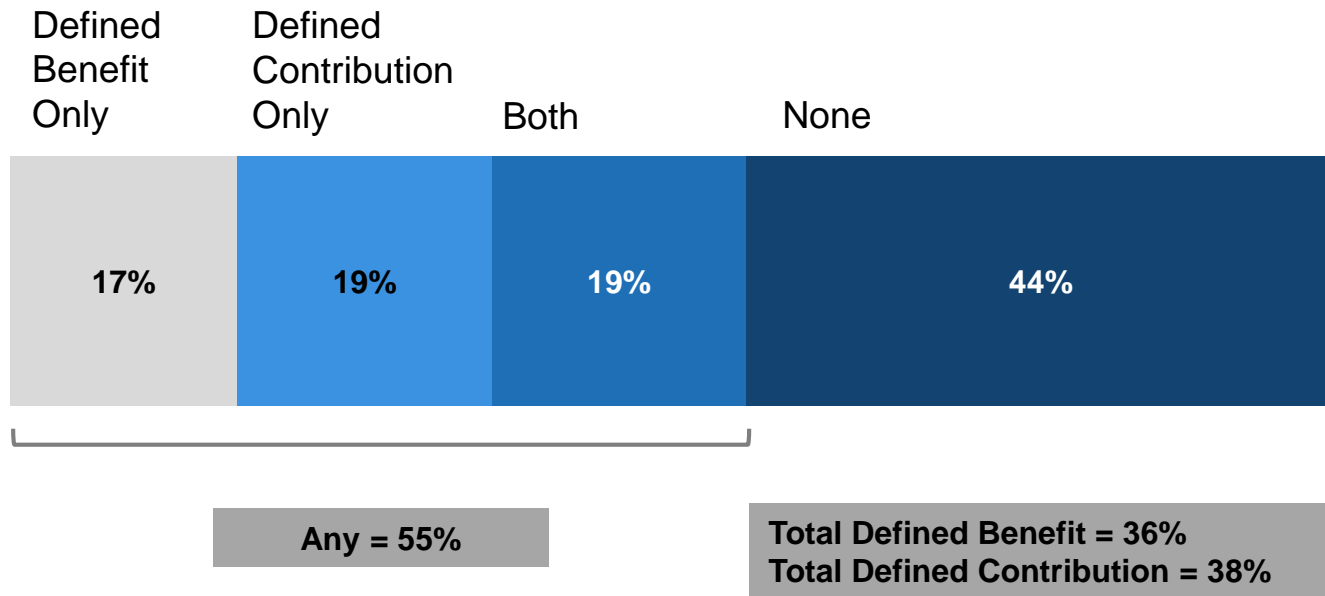


Q15. Which of the following categories, if any, are you saving for?

Base: In the Labor Force, Age 35-64 (n=600)

What ways to save for retirement does your employer offer?

- 44% of workers age 35 to 64 have NO access to an employer-sponsored retirement savings plan.

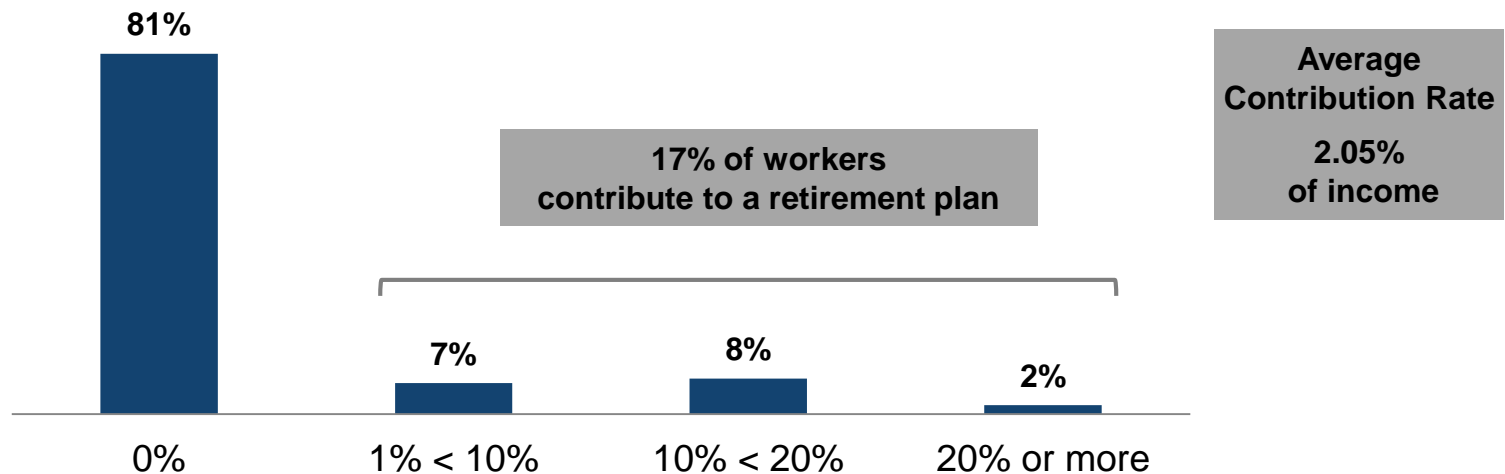


Q15. [IF EMPLOYED] Does your current employer offer any of the following ways to save for retirement or not? [IF UNEMPLOYED] Did your most recent employer offer any of the following ways to save for retirement or not?

Base: In the Labor Force, Age 35-64 (n=600)

What percentage of your monthly income are you contributing to any retirement savings plan?

- 60% of workers age 35 to 64 report they have retirement savings goals and on average they strive to save 10.41% of their monthly income.
- In practice, just 17% of workers actually contribute to any retirement plan (workplace or personal).

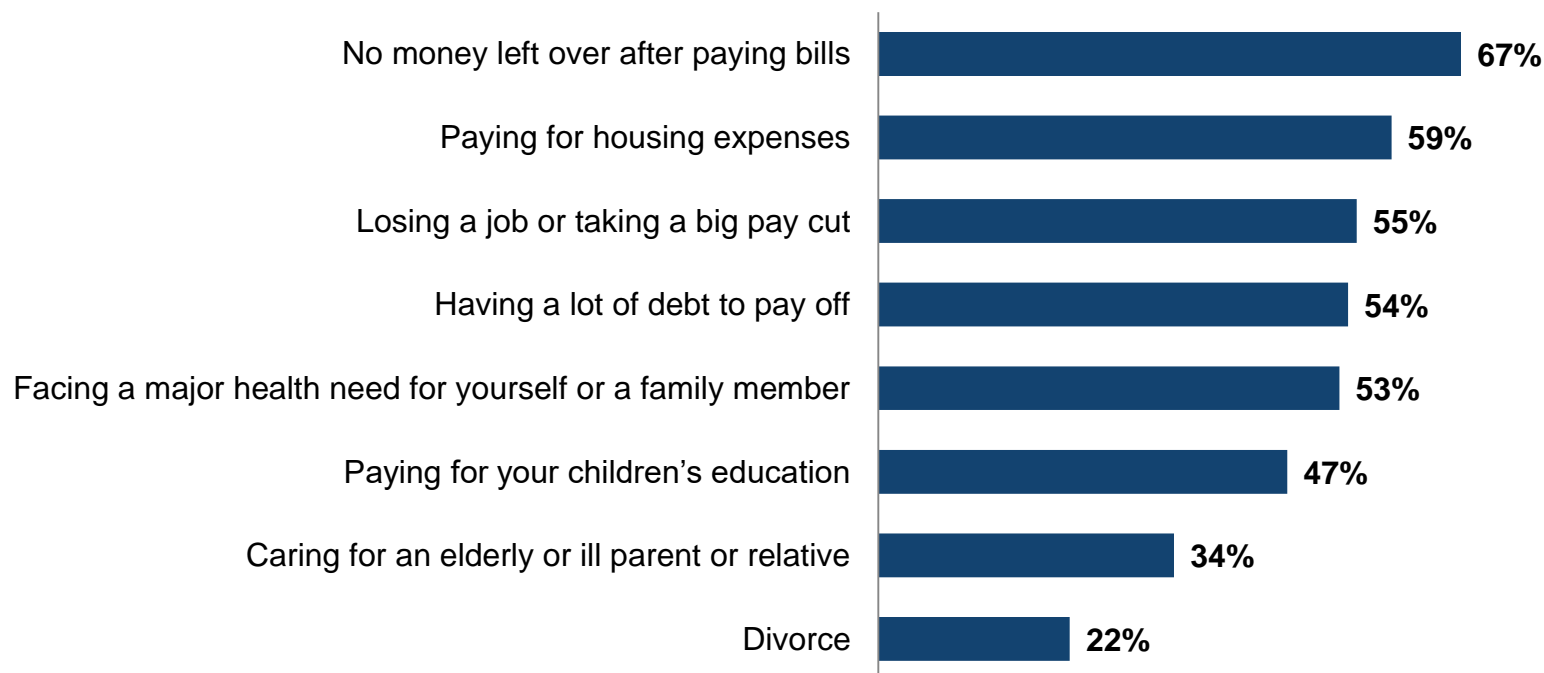


Q20. What percentage of your monthly income are you actually contributing to a retirement savings plan?

Base: Employed workers age 35 to 64 (n=508)

Barriers to Retirement Saving

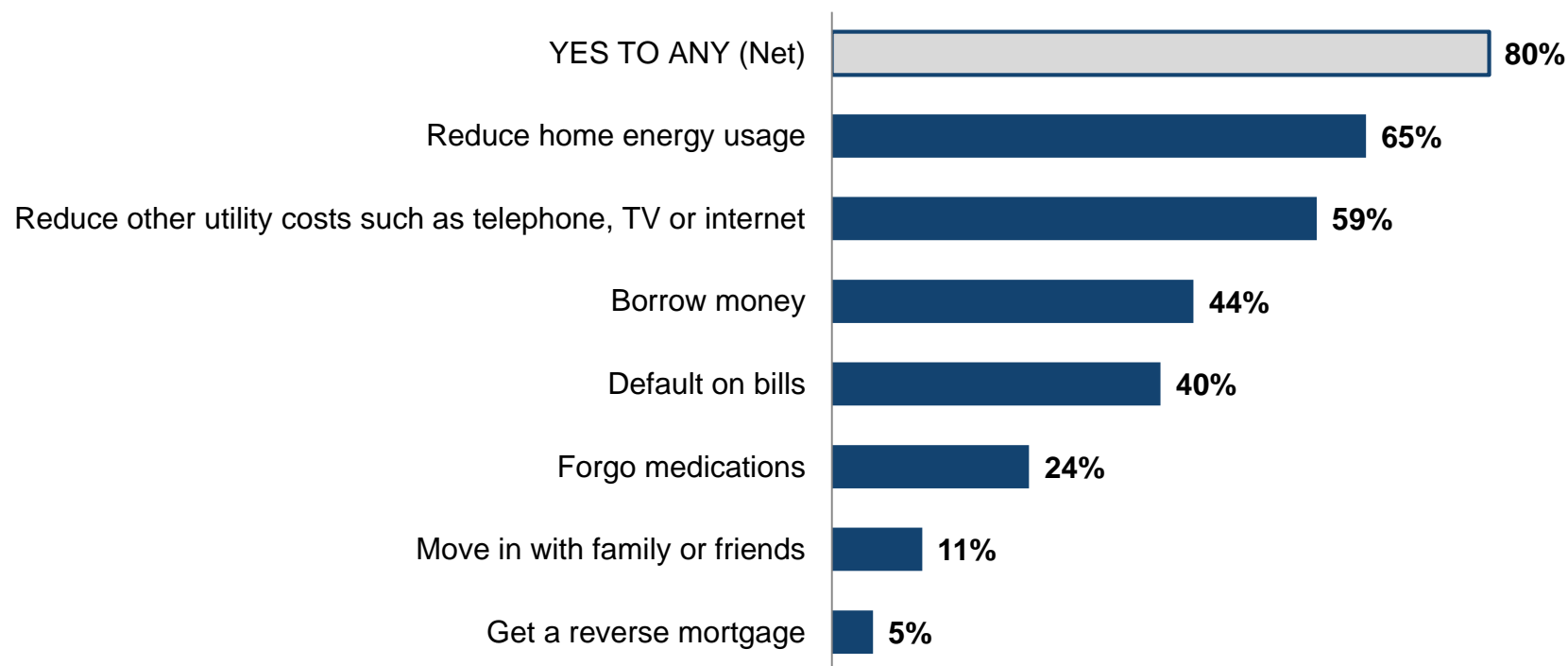
- Bills and housing expenses are the most oft cited barriers to saving for retirement, underscoring the importance of automatic payroll contributions to a savings plan.
- More than half have either lost a job or taken a pay cut, had to pay off debt or faced a major health problem which presented barriers to saving for long term retirement goals.
- Caring for an older loved one has also impacted retirement security for one in three.



Q21. Have any of the following been a major obstacle for you personally when it comes to saving for your retirement years? (Yes or No)
Base: In the Labor Force, Age 35-64 (n=600)

Younger retirees have had to make financial trade-offs

- For large shares of retirees under age 65, home energy and other utilities such as phone, TV or internet are considered non-essential and many reduce usage to save costs.
- One in four have had to forgo medications for financial reasons.
- About one in ten have moved in with family or friends.

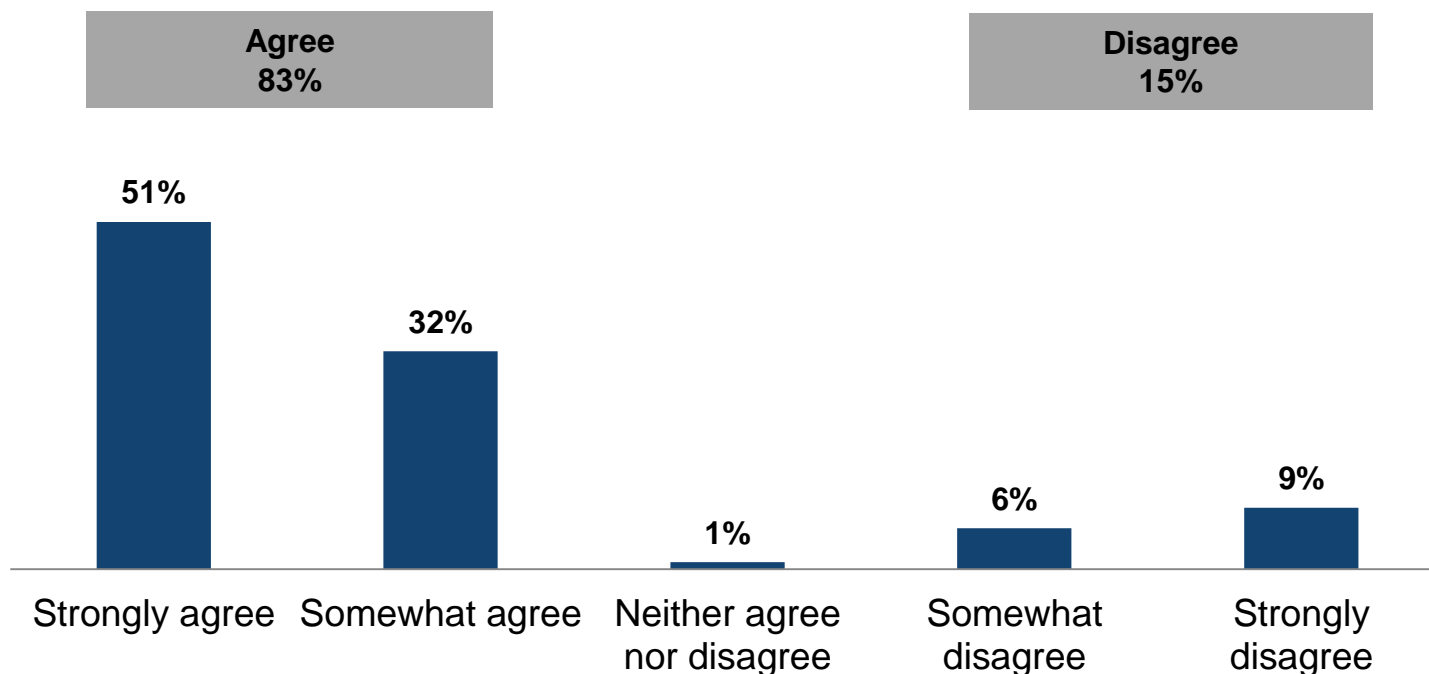


Q22. Since retiring, have you had to do any of the following for financial reasons?

Base: Retirees, Age 35-64 (n=200)

Workers want elected officials to support retirement savings legislation

- A strong majority of workers agree that elected officials should support legislation to make it easier for workers to save their own money for retirement.



Q23. Do you agree or disagree with the following statement? "Elected officials should support legislation that makes it easier for workers to save their own money for retirement." Is that strongly or somewhat?

Base: In Labor Force, Age 35-64 (n=600)

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