

Sun Life Financial US Unretirement Index – Fall 2009

October 22, 2009

Unretirement Index: Goals & Objectives

This study was designed to answer a series of questions about the retirement plans and prospects of today's workforce:

- Do today's workers plan to work or retire at the age of 67?
- Why do some workers plan to work at the age of 67?
- How confident are today's workers in their planning for a traditional retirement age?
- How confident are today's workers that benefits will be available from the government or employers that are comparable to today's benefits?
- What do workers plan to do to improve their retirement prospects?
- Opinion indexes: What are consumer opinions towards key aspects of life which impact retirement? (Built for tracking)

Key Messages & Findings

The number of Americans who plan to work past age 67 are **higher than ever**.

- A record **55% will now work full- or part-time**; up from 52% one year ago.
- The number who plan to work full-time past age 67 reached a new high of 28%; up from 19% one year ago.

The number one reason that workers plan to continue working past the age of 67 is to **earn enough money to live well** with 84% citing it.

- Subsequent reasons were staying mentally engaged (81%), loving their career (65%) and health care benefits (63%).
- “Not believing Social Security will be available” climbed sharply with 58% citing it as a reason to work, over 47% a year ago.

There was also a sharp rise in workers who said they will need to **work longer than they had planned** because of the economic crisis.

- 65% said they will have to work more than one year longer, compared to 54% in the last Index
- 27% said they will have to work more than five years longer, compared to 24% in the last Index

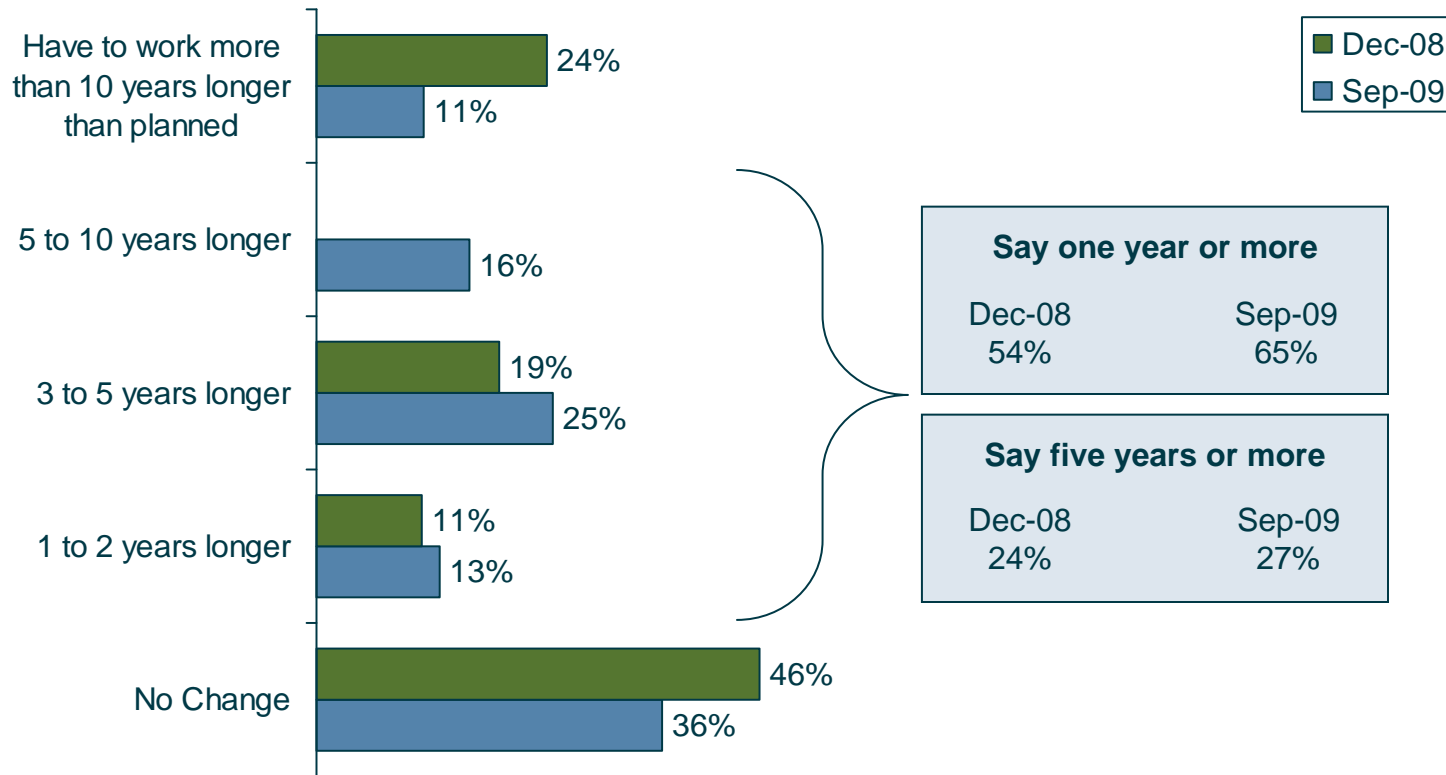
A Confidence Crisis

Throughout the Index, a **huge drop in confidence** in American attitudes toward retirement and financial planning is illustrated.

- Less than one in four workers are now “Very Confident” that they will be able to **live the kind of life they want** to live at the traditional retirement age
- Confidence in planning for the future is in decline across many areas between August 2008 and September 2009, including:
 - -8% pt decline in “have enough money to pursue hobbies and interests”
 - -7% pt decline in “live the kind of life you want to live”
 - -6% pt decline in “have enough money to take care of basic living expenses”
 - -6% pt decline in “be able to take care of medical expenses”
- Overall questions about confidence in planning for retirement showed **every age group’s “Very Confident” answers were below 50%**.
- Confidence in **government benefits** continues to decline, with 42% not confident about Social Security and 38% not confident about Medicare. Both are all-time highs.

Has the current economic situation delayed their planned retirement?

As of September 2009 almost 2/3 (65%) of current workers say the current economic crisis will delay their retirement plans by one year or more. This is a large increase from 54% in December 2008.



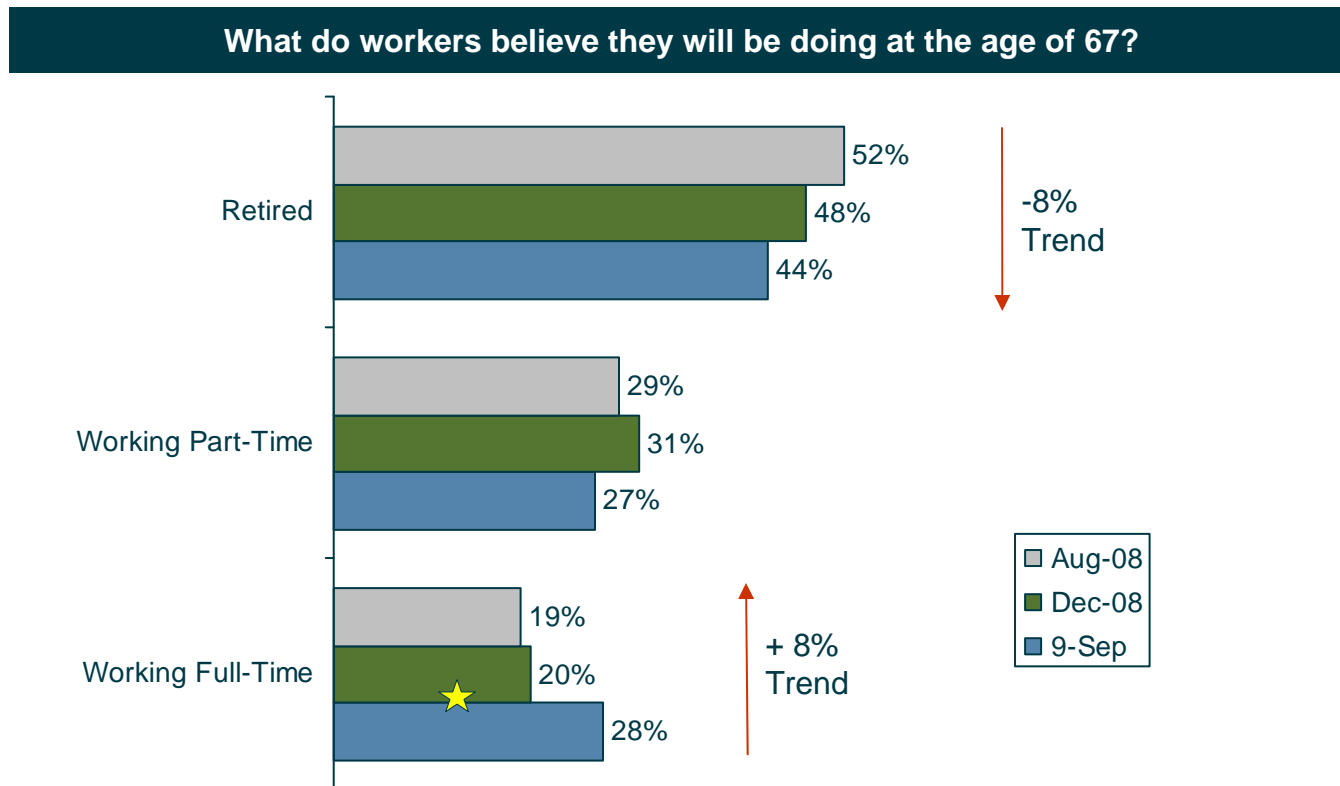
Questions:

Q10. Because of the current economic environment, do you think you will be working longer than you had planned?

Note: First chart does not contain 18-29 year olds. Question changed in September 2009 to include 5-10 year and more than 10 year options. December 08 asked about no change, 1-2 years, 3-5 years and more than 5 years options.

Do today's workers plan to work at the age of 67?

There is an accelerating trend toward lower intentions to retire at age 67 and higher intentions to work, and if working, work full-time.



Questions:

Q8. Thinking about the future, which of these best describes what you think you will be doing at the age of 67?

Q8b. Since you plan to keep working at the age of 67, which of these best describes your planned work plans?

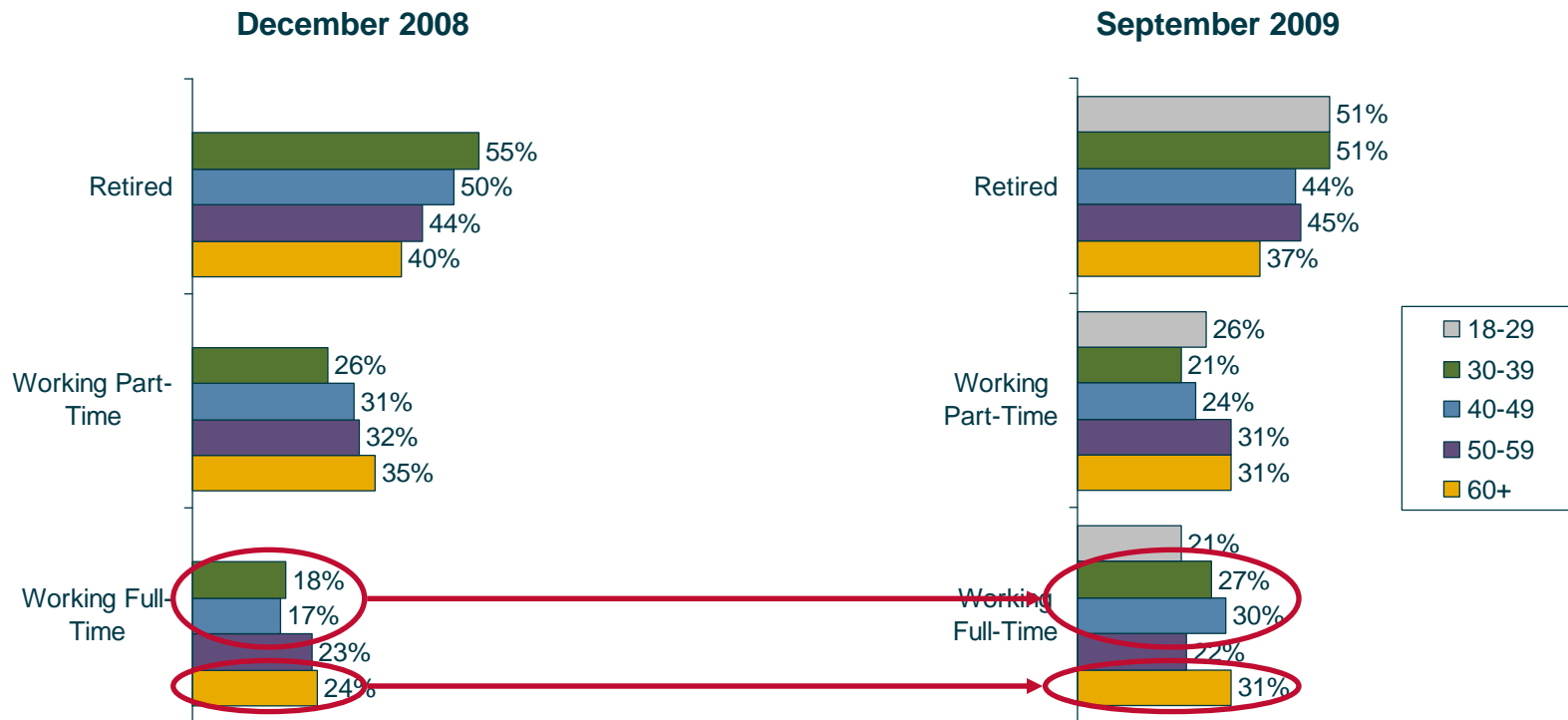
Note: Does not contain 18-29 year olds.

6 ★ = Significant difference at the 95% level.

Do today's workers plan to work at the age of 67? (Differences by age)

The pattern of future intentions remains mostly the same for different age groups, except for a 7% pt increase in intentions to continue working full-time among those age 60+.

What do workers believe they will be doing at the age of 67?



Questions:

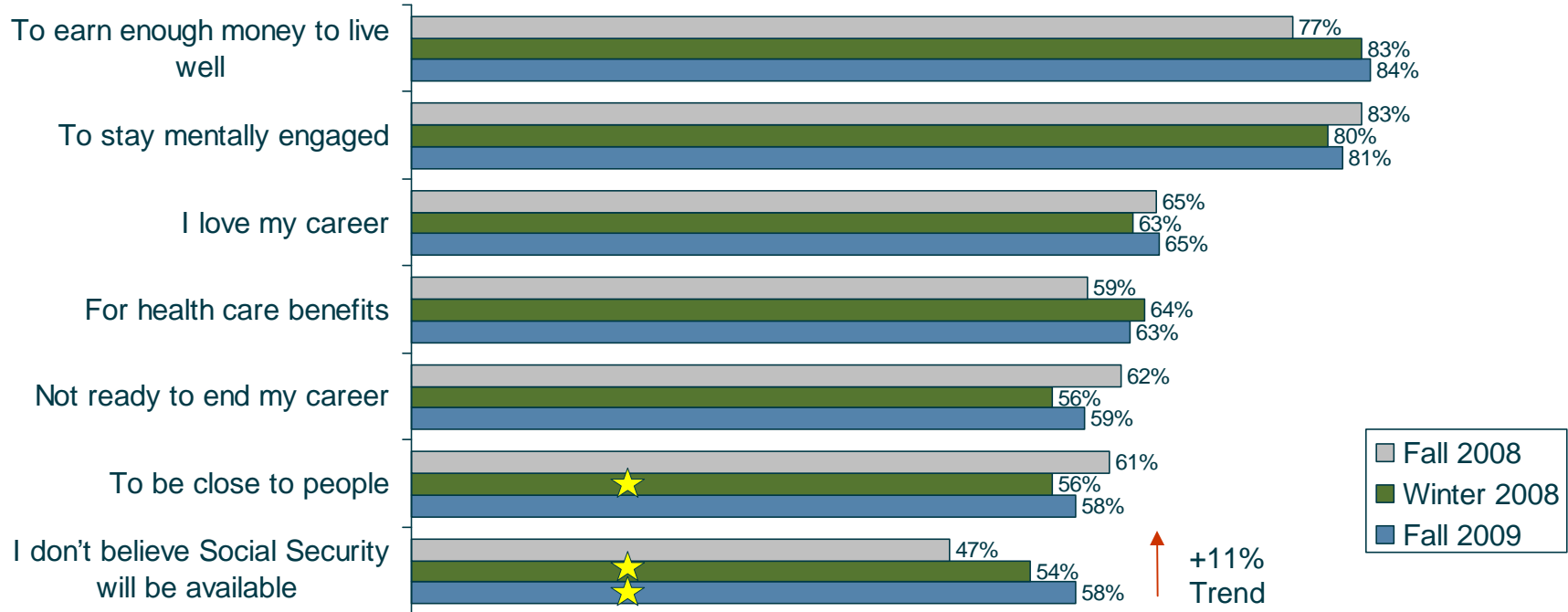
7 Q8. Thinking about the future, which of these best describes what you think you will be doing at the age of 67?

Why do today's workers plan to work at the age of 67?

Although the movement is slight, there is an upward trend and the number one reason why people will continue to work at the age of 67 is "to earn enough money to live well."

There is continuing trend in intentions to continue working because of doubts that Social Security will not be available, with an increase of 13% pts between August 2008 and September 2009.

Why do some of today's workers plan to be working at the age of 67?



Questions:

Q8. Thinking about the future, which of these best describes what you think you will be doing at the age of 67?

Q11. For which of the following reasons do you think you will be working at the age of 67? For each one I read, just indicate yes or no.

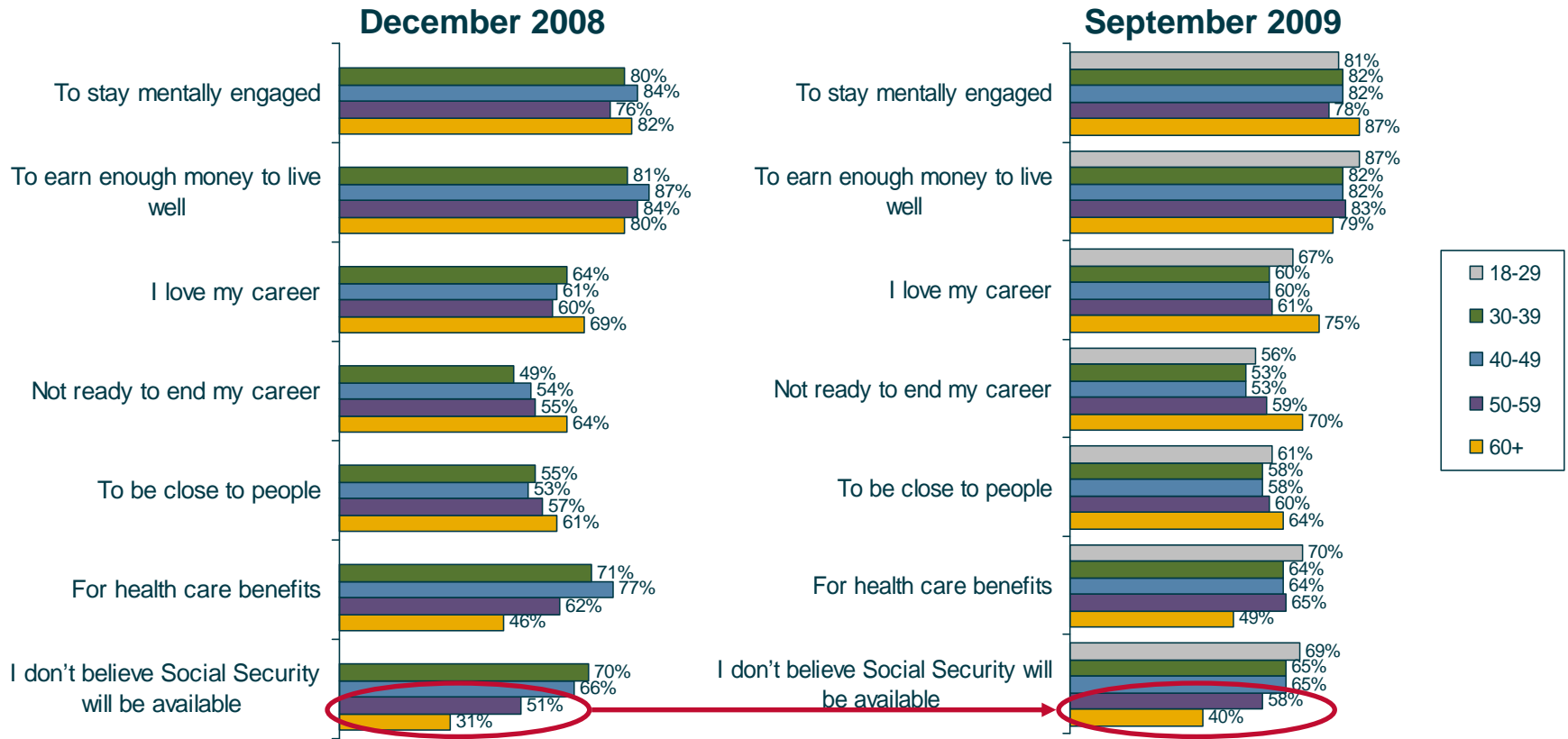
Note: Does not contain 18-29 year olds.

8 ★ = Significant difference at the 95% level.

Why do today's workers plan to work at the age of 67? *(Differences by age)*

The pattern of future intentions remains the same for different age groups.

Why do some of today's workers plan to be working at the age of 67?



Questions:

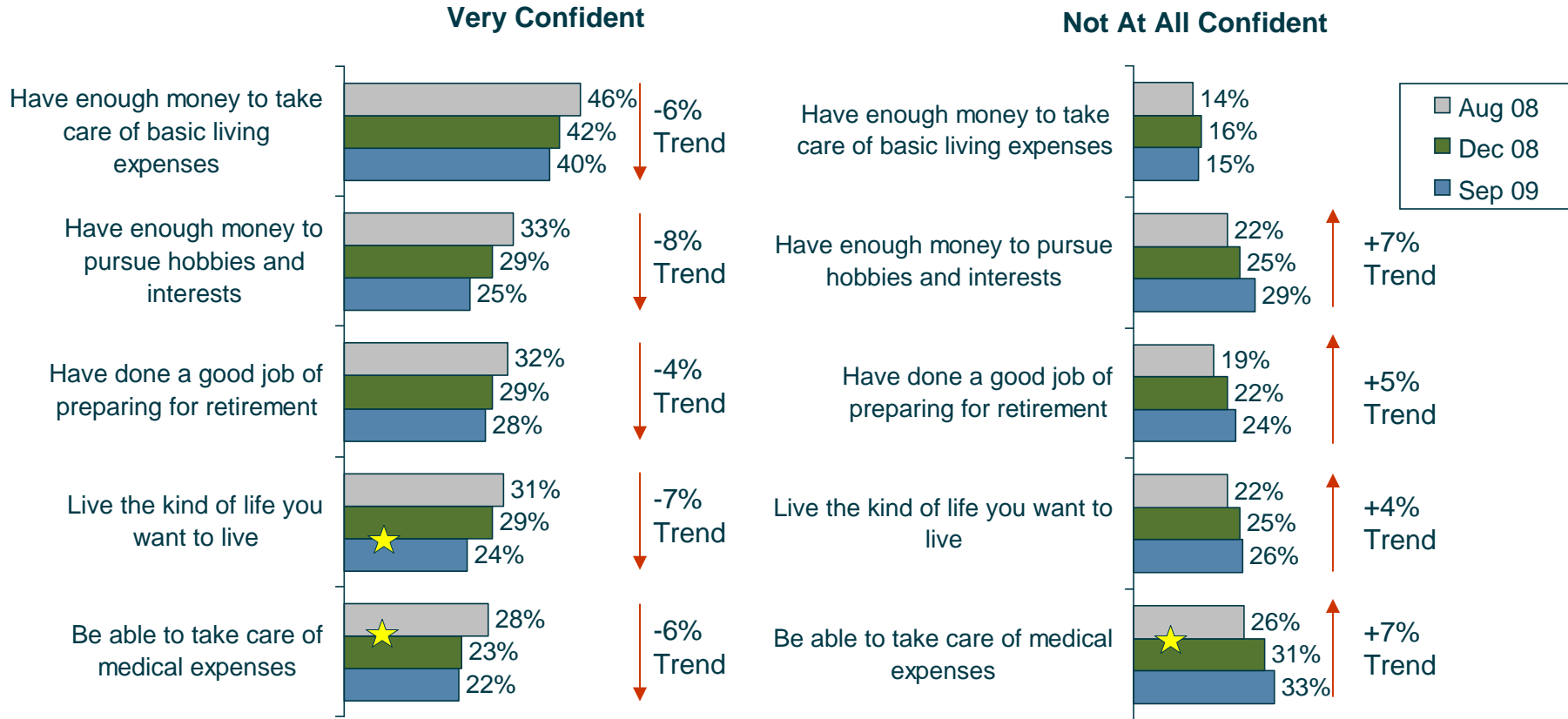
Q11. For which of the following reasons do you think you will be working at the age of 67? For each one I read, just indicate

9 yes or no.

Confidence Crisis:

How confident are today's workers in their planning for the traditional retirement age?

Less than one in four workers are now "Very Confident" that they will be able to live the kind of life they want to live at the traditional retirement age.



Questions:

Q16. Now, I'd like to read you a few statements about your future. Thinking about the age at which you should receive full Social Security benefits, at that age would you say you are very confident, somewhat confident, or not at all confident that you will...

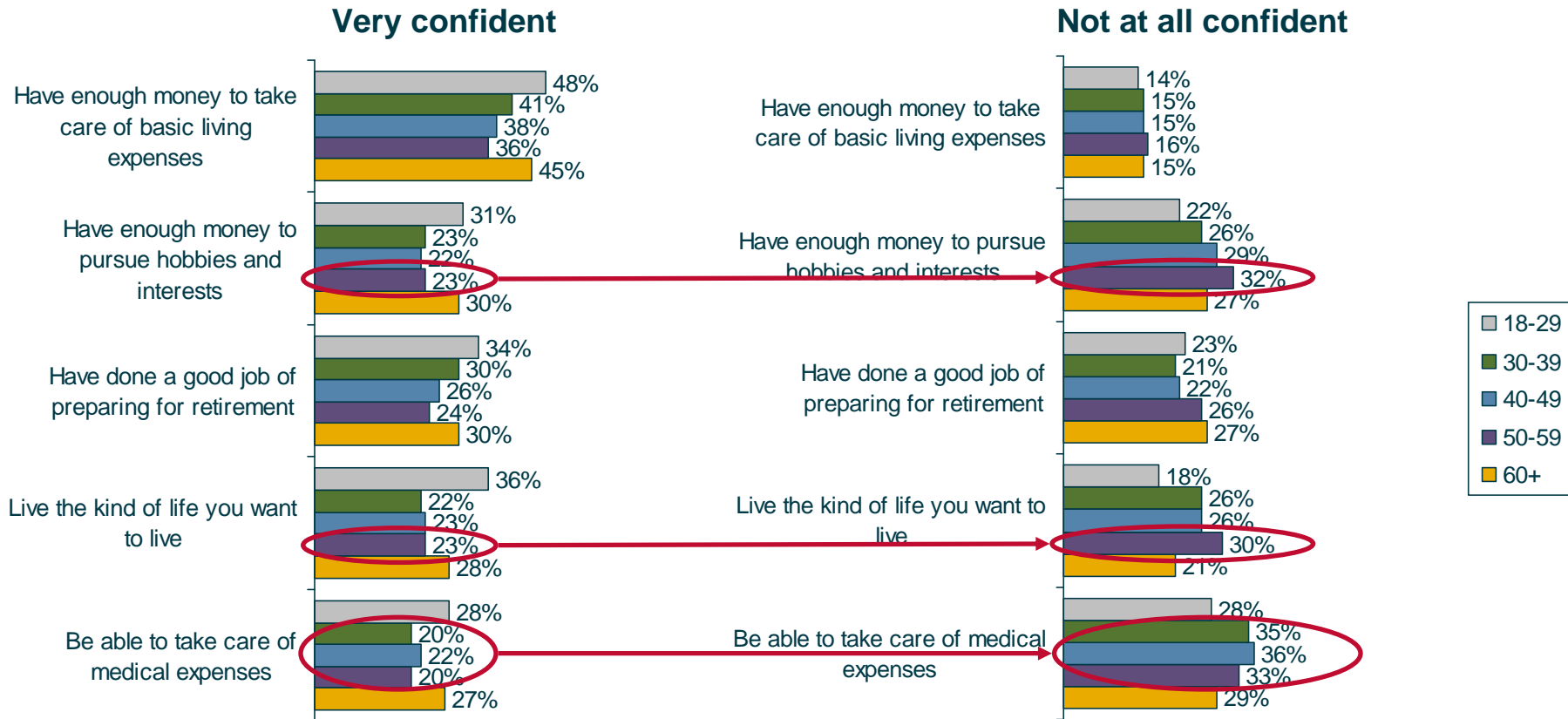
Note: Does not contain 18-29 year olds.

★ = Significant difference at the 95% level.

Confidence Crisis:

How confident are today's workers in their planning for the traditional retirement age? (Differences by age)

None of the answers in "Very Confident" topped 48% in any age group or category. 50-somethings have very wide confidence disparities.



Questions:

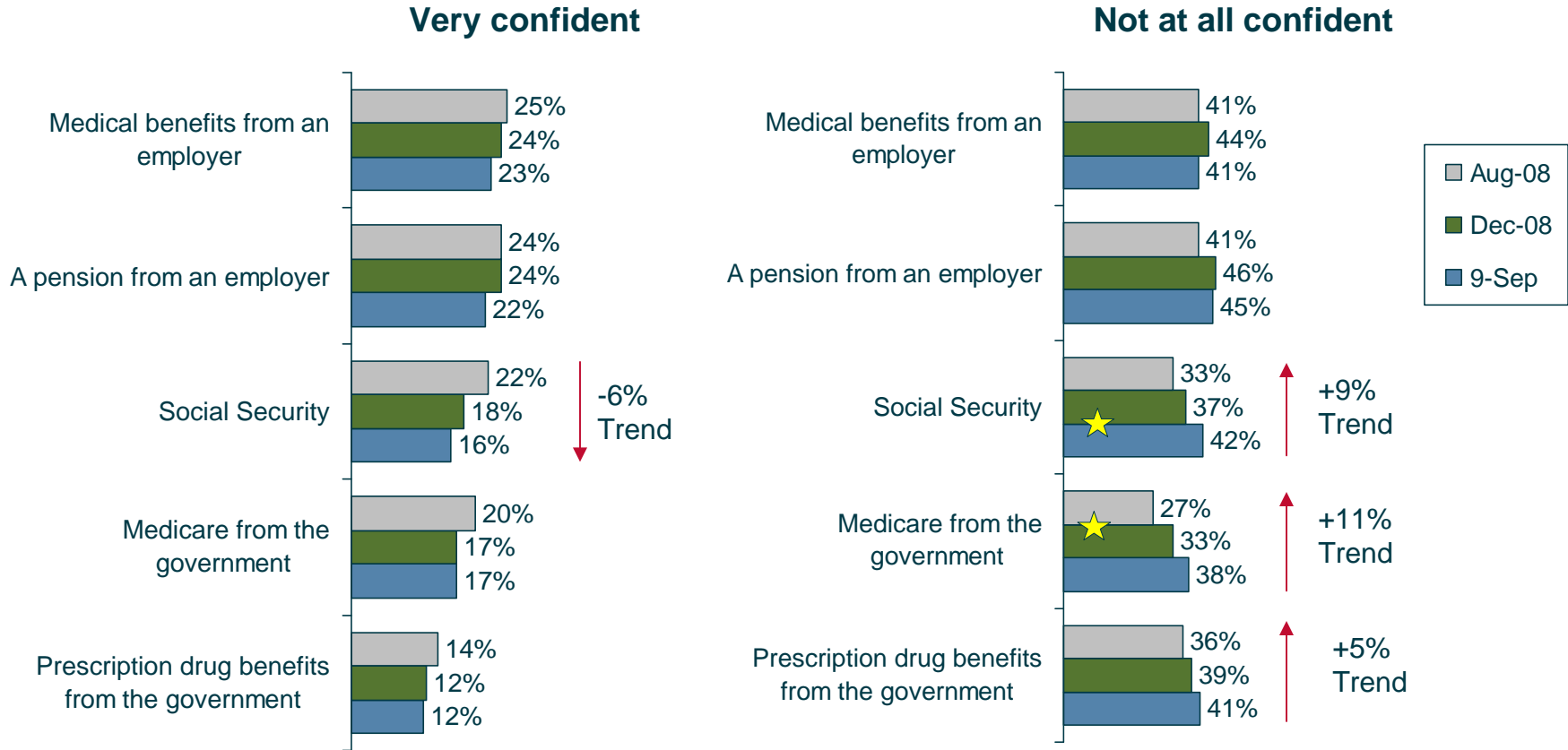
Q16. Now, I'd like to read you a few statements about your future. Thinking about the age at which you should receive full Social Security benefits, at that age would you say you are very confident, somewhat confident, or not at all confident that you will...

★ = Significant percentage rise or drop from prior index.

Confidence Crisis:

How confident are today's workers that benefits will be available from the government or employer comparable to today's benefits?

Confidence in receiving future benefits from companies or the government remains low and is declining.



Questions:

Q22. How confident are you that you will receive each of these types of benefits at a level comparable to today's retirees?

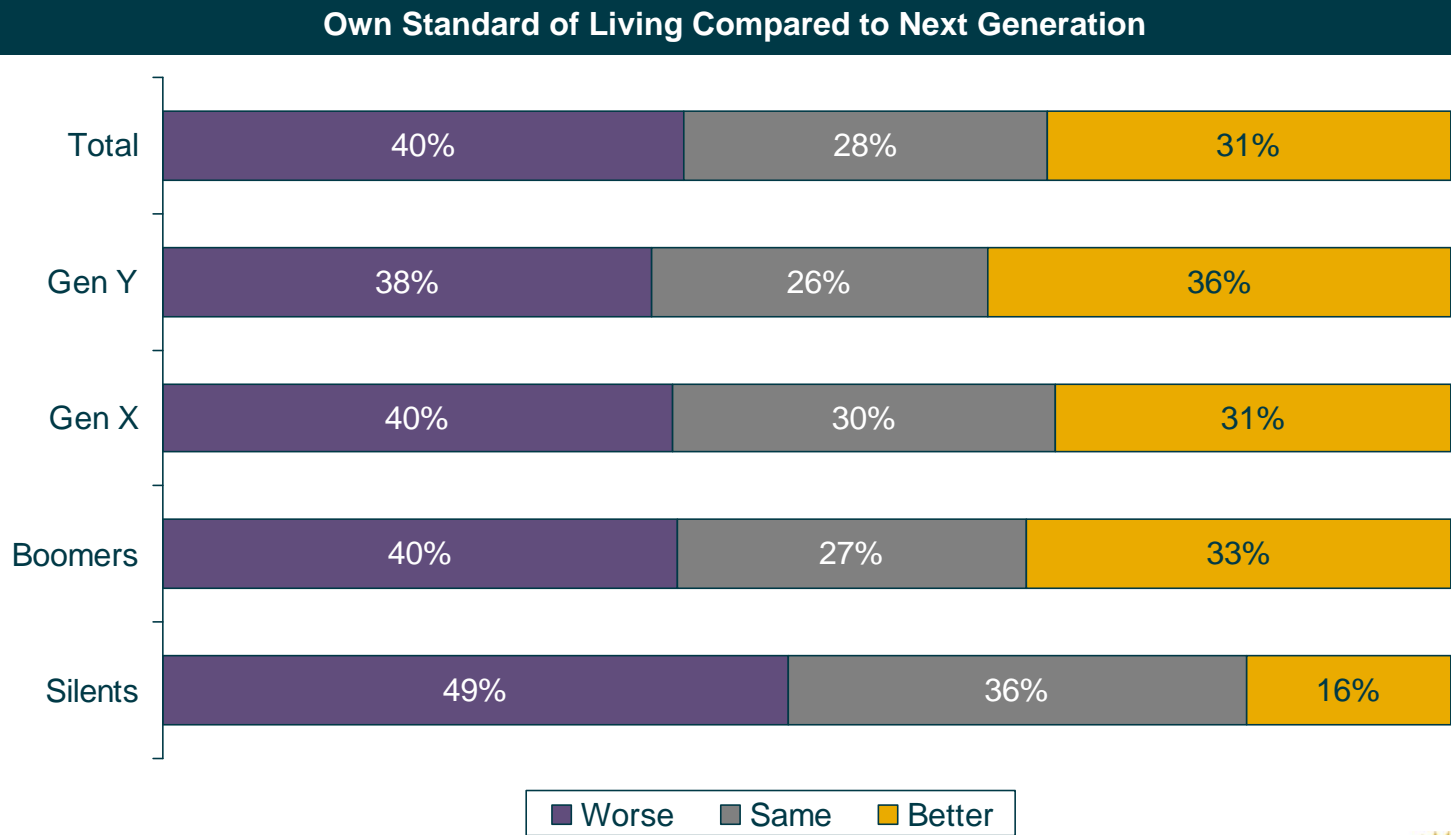
Note: Does not contain 18-29 year olds.

★ = Significant difference at the 95% level.



Confidence Crisis: The Next Generation Will Not do as Well

All generations tend to believe the following generations will not have as good of a standard of living.



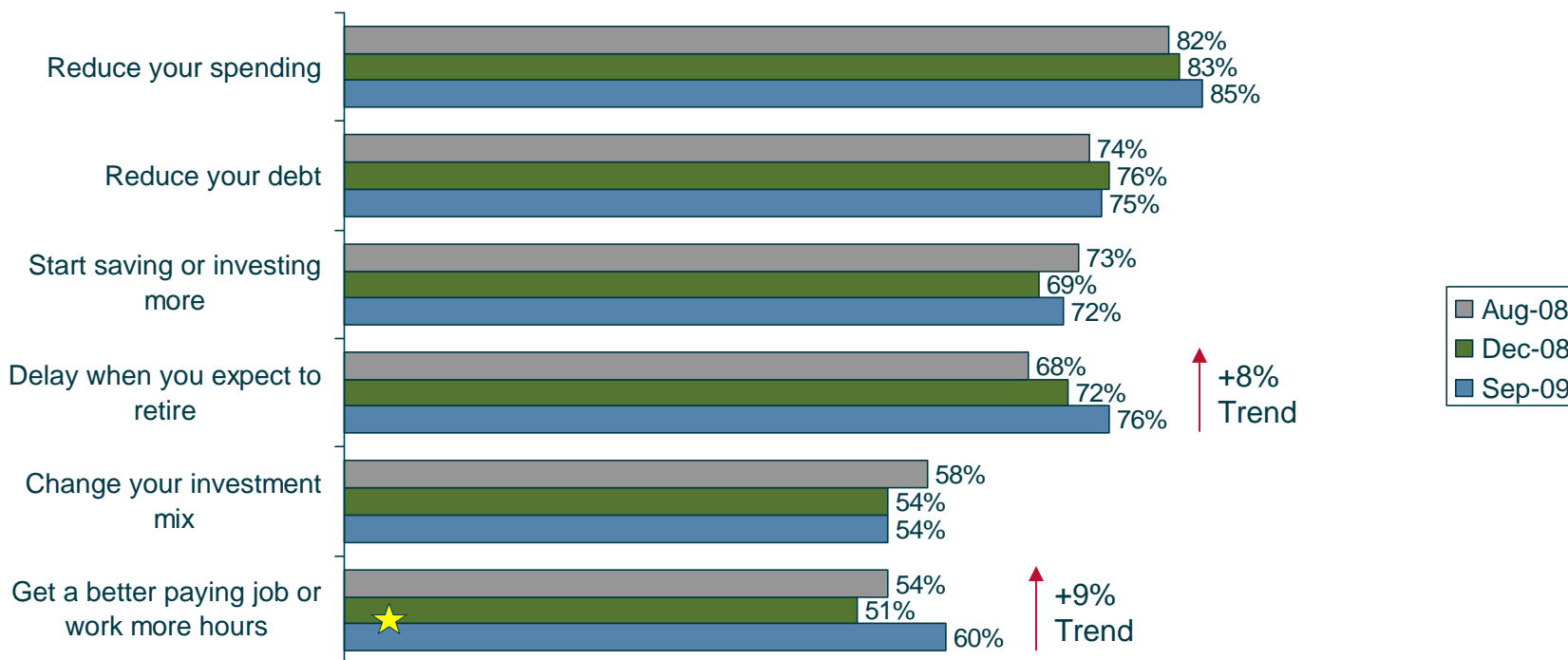
Question:

13 Q27. Do you think your standard of living at 67 and beyond will be better, the same, or worse than the next generations?

What would workers plan to do to improve their retirement prospects?

Changing behavior to improve retirement prospects was consistent, but notable changes and trends are:

- An 8% pt increase in people who would “delay when they expect to retire”
- A 9% pt increase in workers who would “get a better paying job or work more hours”



Questions:

Q17. Again thinking about your future, if you decided today that you would not have enough income from investments, pensions, Social Security or other sources to live comfortably at the age which you should receive full social security benefits, which of these would you be likely to do?

Note: Does not contain 18-29 year olds.

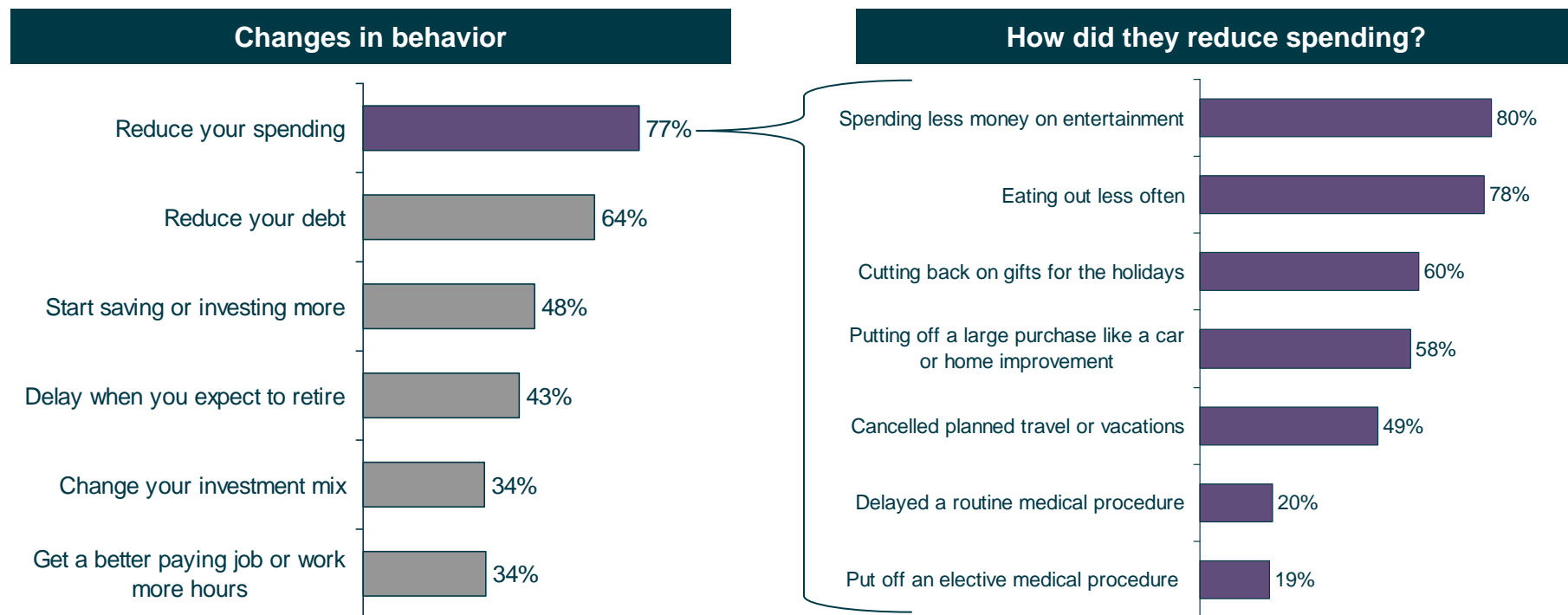
★ = Significant difference at the 95% level.

How have Americans changed their financial behavior since the beginning of 2009?

More than three in four (77%) workers have responded to the economy by reducing their spending and almost half (48%) are saving and investing more.

Among those who reduced their spending:

- About four in five reduced their entertainment (80%) and dining expenditures (78%)
- Almost six in ten (58%) put off a large purchase
- Almost half (49%) cancelled planned travel or vacation



Questions:

Q18. Have you actually done any of the following in 2009 as a result of the current economic environment facing the country?

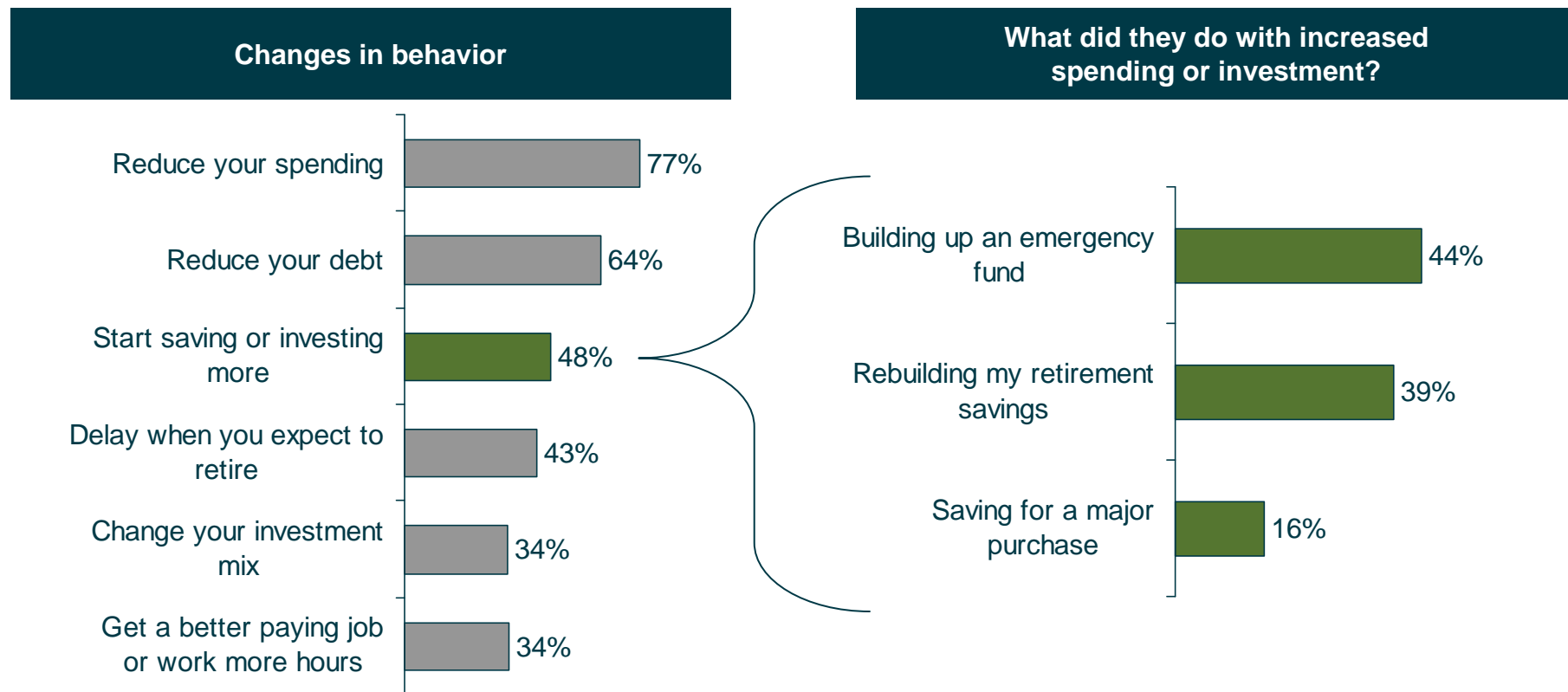
Q18g. Which of these did you do with the increased savings?

Q18b. How did you reduce your spending since the beginning of the 2009?

How have Americans changed their financial behavior since the beginning of 2009?

Among those who increased spending and investment:

- Around half (44%) are building up an emergency fund
- Over one in three (39%) are rebuilding their retirement savings



Questions:

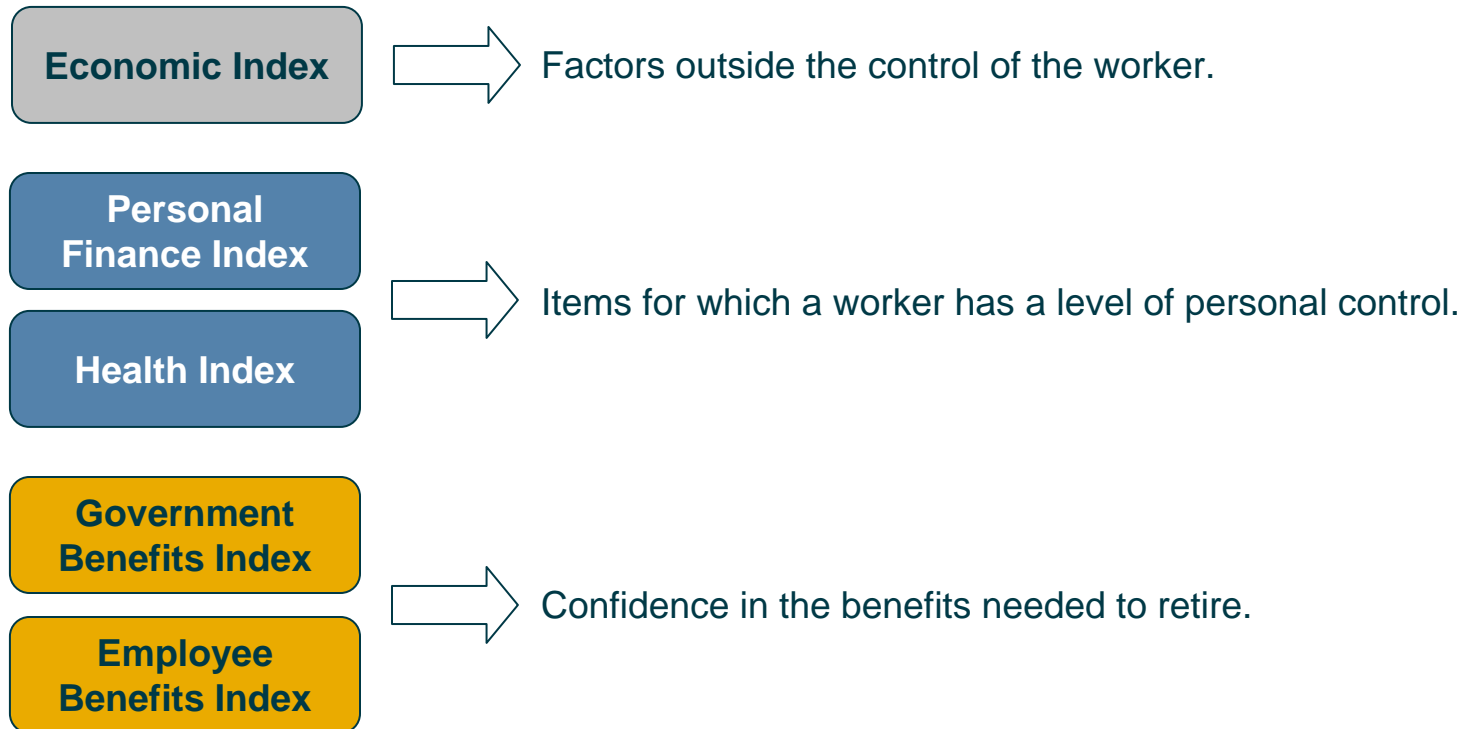
Q18. Have you actually done any of the following in 2009 as a result of the current economic environment facing the country?

Q18g. Which of these did you do with the increased savings?

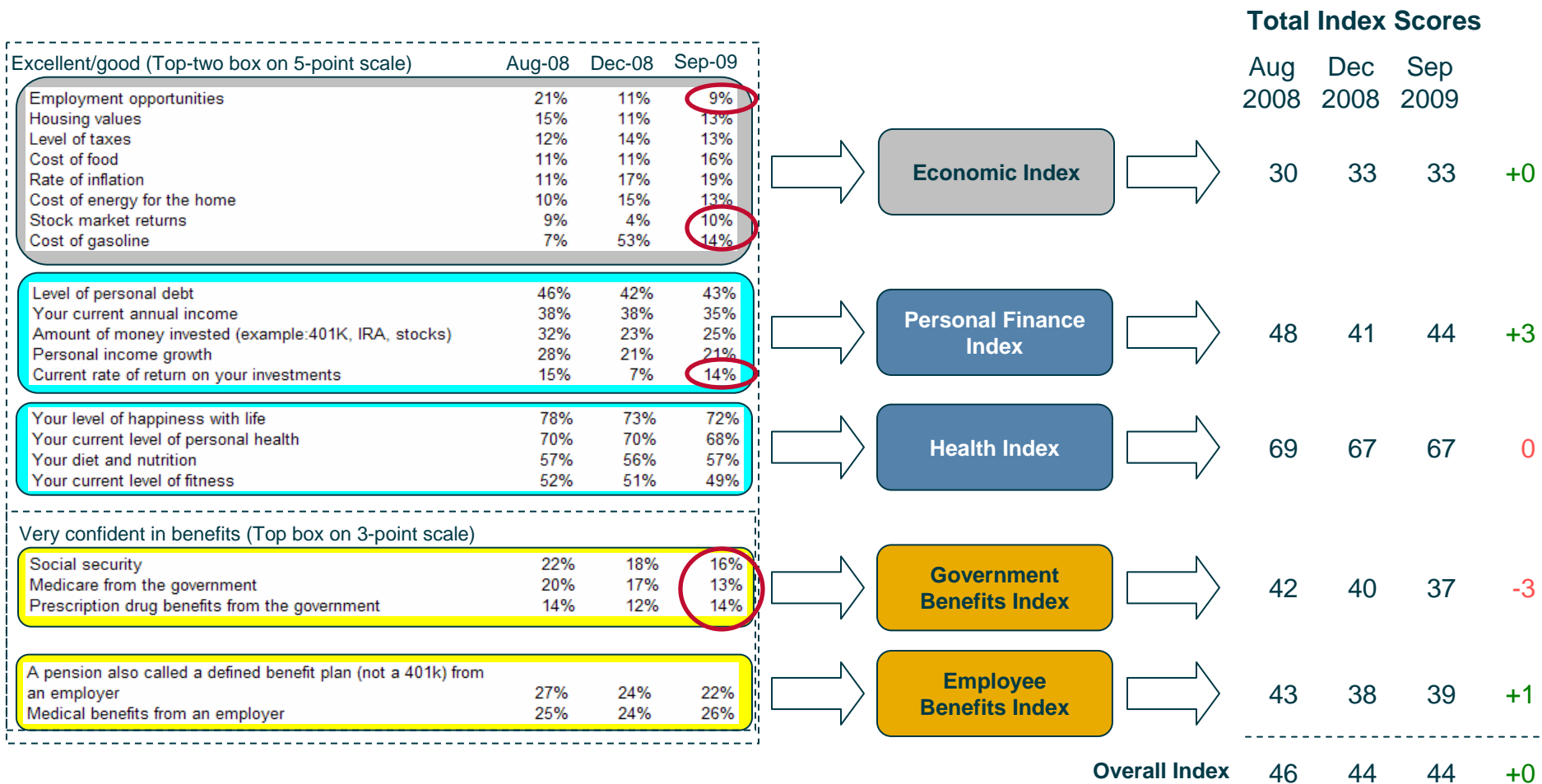
Q18b. How did you reduce your spending since the beginning of the 2009?

Opinion Indexes

There are five broad indexes examined in this study, which can be divided into three categories.



Opinion Indexes: What are consumer opinions toward key aspects of life which impact retirement?



Project Objectives and Methodology

Methodology

- The first wave of this study was conducted between August 9-19, 2008.
- The second wave was conducted between December 3-14, 2008.
- The third wave was conducted between August 14 and September 14, 2009.
- Interviews were conducted by phone using a random-digit-dial (RDD) sampling method by an independent third party market research firm.
- Quotas and weights were applied to gather a sample of 1,451 people working either full- or part-time, which was representative of the U.S. working population between the ages of 18 and 66. The sample was also representative in terms of gender and four-region census break.
- Analysis and construction of indexes involved the application of factor analysis. Final indexes are based on summated averages across the attributes which make up an index.