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Tax deferred retirement savings accounts, especially 401(k)s, have long been a standard for American workers looking to ensure some savings and income during their retirement years. But the economy and recent changes to healthcare law and insurance premiums are having a negative effect on saving rates.

Employees who save for retirement through their employers' 401(k) plans are not planning to sock away more for retirement over the next year as compared to last. In fact, those closest to retirement are actually decreasing their planned savings for the future, according to a new survey.

These alarming facts were revealed in the latest edition of the annual Mercer Workplace SurveyTM, a nationally representative survey of retirement plan participants who also receive health benefits at work. While participants in general are more optimistic about the economy, they are planning to save slightly less over the next 12 months, and those over the age of 50 have lowered their expected savings amounts by about 18%.

"What we see in the attitudes of retirement plan participants is that they are not feeling the rewards of an improving economy in their own personal situation and therefore seem hesitant or feel unable to give up access to immediate cash in order to save for the future," said Dave Tolve, Defined Contribution Business Leader for Mercer's administration business. "Savings rates obviously tie to, and build, participants' expectations for retirement — and right now, those expectations aren't great. Participants are worried about paying their future bills and are planning on

"The worries about health care in retirement just exemplify the contradictions we see across this year's survey results," said Mr. Tolve. "Generally speaking, people feel good about the economic direction of the US and their particular investment decisions, yet are pessimistic about their retirement outlook and are not taking meaningful steps to address those concerns. Most are worried about health care in retirement, yet most think they won't have enough money to pay for it. The logical conclusion would be to see an increase in savings to tackle this expected problem, but our survey shows this is not the case."

These diverging participant attitudes should be of grave concern to employers who sponsor retirement savings plans, particularly those facing issues such as career path choke points, aging workforces and low employee engagement. "It is important for sponsors to realize that instituting plan features such as automatic enrollment are just not enough," said Amy Reynolds, US Defined Contribution Consulting Leader for Mercer's Retirement business. "Sponsors should be frequently assessing the impact of their participants' behavior on their ultimate ability to retire and intercede with program changes before workforce management issues arise."

Mercer is encouraging plan sponsors to take significant steps to improve the retirement saving abilities and outlook of their participants by:

- Educating participants through various media about the value of tax-advantaged retirement savings versus other savings vehicles.
- Demonstrating how saving a bit more today can have an enormous impact in meeting anticipated costs of tomorrow, even for those over age 50.
- Providing easy-to-use online tools and resources to influence participants in a way that is meaningful and relevant to them.

“Anyone involved in helping Americans save for a successful retirement should take a