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19 percent of workers nearing retirement age have no nest egg either, according to a new report by the Federal Reserve Board.

**Isaac M. O'Bannon** • Aug. 13, 2014

Nearly one third of American workers have no retirement savings or a pension, and 19 percent of workers nearing retirement age have no nest egg either, according to a new report by the Federal Reserve Board.

The Report on the Economic Well-Being of U.S. Households offers insight into a variety of household finance issues, including credit access, housing and living arrangements, student loan debt, savings and health expenses.

Thirty-one percent of respondents who are not yet retired reported that they have no retirement savings or pension, including 19 percent of those ages 55 to 64. Additionally, almost half of adults were not actively thinking about financial planning for retirement, with 24 percent saying they had given only a little thought to financial planning for their retirement and another 25 percent saying they had done no planning at all. Of those who have given at least some thought to retirement planning and plan to retire at some point, 25 percent didn't know how they will pay their expenses in retirement.

Fortunately, not all of the data is as negative as the lack of retirement savings. Overall, the report stated that, as of the end of last September when the data was collected, most households were faring well, with respondents saying they were:

- 60% – “Living comfortably” or “doing okay” financially.
- 24% – “Just getting by.”
- 13% – “Struggling financially.”
- 3% – No response.

The continuing effects of the recession were also apparent, with 34 percent of

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decline over the 12 months following the survey. Many renters seemed to express an implied interest in home ownership, as the most common reasons cited by renters for renting rather than owning a home were an inability to afford the necessary down payment (45 percent) and an inability to qualify for a mortgage (29 percent). Ten percent of renters reported that they were currently looking to buy a home.

The availability of credit was still perceived to be relatively low by some respondents in September 2013. While 31 percent of survey respondents had applied for some type of credit in the prior 12 months, one-third of those who applied for credit were turned down or given less credit than they applied for. Moreover, 19 percent of respondents put off applying for some type of credit because they thought they would be turned down. Just over half of respondents were confident in their ability to obtain a mortgage, were they to apply. Experience and expectations with credit appear to vary by race and ethnicity. However, this effect is partially explained by other factors correlated with race/ethnicity and credit, such as education levels.

As of September 2013, education debt of some kind was held by 24 percent of the population, with 16 percent having acquired debt for their own education, 7 percent for their spouse/partner's education, and 6 percent for their child's education. Of those with loans of each type, the average amount of debt for respondents' own education was \$25,750, for their spouse/partner's education \$24,593, and for their children's education \$14,923. Of those who reported having debt for their own or a family member's education, the average total of all education debt was \$27,840, with a median of \$15,000. Some households struggle to service this debt, with 18 percent indicating that they were behind on payments in some way for their education debt, including 9 percent with loans in collections.

Among those with debt for their own education, those who failed to complete the program they borrowed money for were far more likely to report having to cut back

on spending to make their student loan payments and that the costs of the education

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stop working altogether, while 24 percent expected to keep working as long as possible, 18 percent expected to retire and then work a part-time job, and 9 percent expected to retire and then become self-employed.

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