
SEPTEMBER 25, 2017

AGENDA ITEM 8
INFORMATION ITEM

CALIFORNIA SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD

Presentation by Stacey Moore, AARP – “California Dreaming or Struggling?”

This item will be presented orally at the meeting.

Attachments

- California Dreaming or Struggling?



California Dreaming or California Struggling?

2017 Findings from the AARP study of
California Adults Ages 36-70 in the
Workforce

#CADreamingOrStruggling



Landline/cellphone RDD study of 800 Californians ages 36-70 in the workforce



Gen X: Born 1965-1980 (n=288)
Baby Boomer: Born 1946-1964 (n=512)



Field dates: June 22-October 6, 2016



Interviews in English, Spanish, Korean, and Vietnamese

Full methodology and pending multicultural findings will be available at www.aarp.org/CADreamingorStruggling

EXECUTIVE SUMMARY



• For some Californians, saving, particularly saving for retirement, is a luxury they simply cannot afford. One in five (22%) say they would not be able to pay an emergency expense of \$1,000 or more, and one in four (25%) feel they are either just getting by or finding it difficult to get by financially.



• Housing costs and retirement savings go hand-in-hand for many: many rate household bills and housing expenses as a “major” obstacle to saving for retirement, and over half (56%) are anxious about having enough money saved in order to live comfortably in retirement.



• Three in five (61%) say they have considered leaving the state of California and living somewhere else due to the high cost of living.

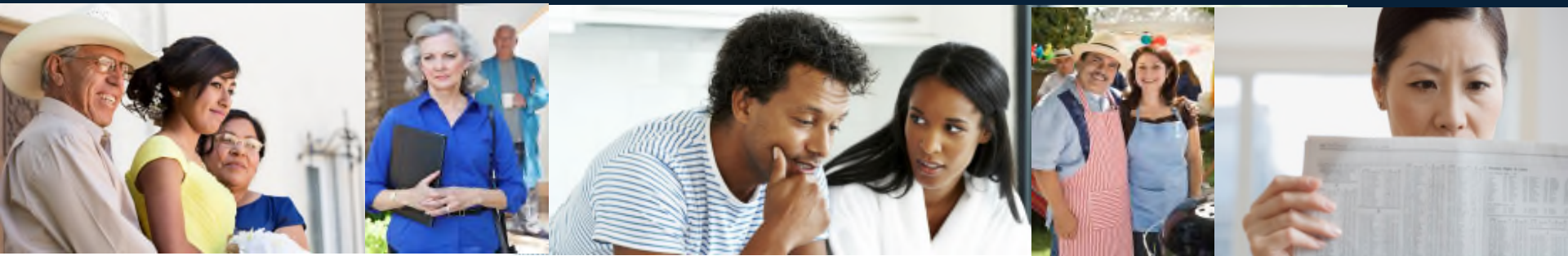


• For non-homeowners, affordable housing is their preferred community (50%) and the financial expenses associated with becoming a homeowner (49%) are top housing concerns. For home owners, affording the costs associated with maintaining home ownership such as paying property taxes (15%) are a top concern.



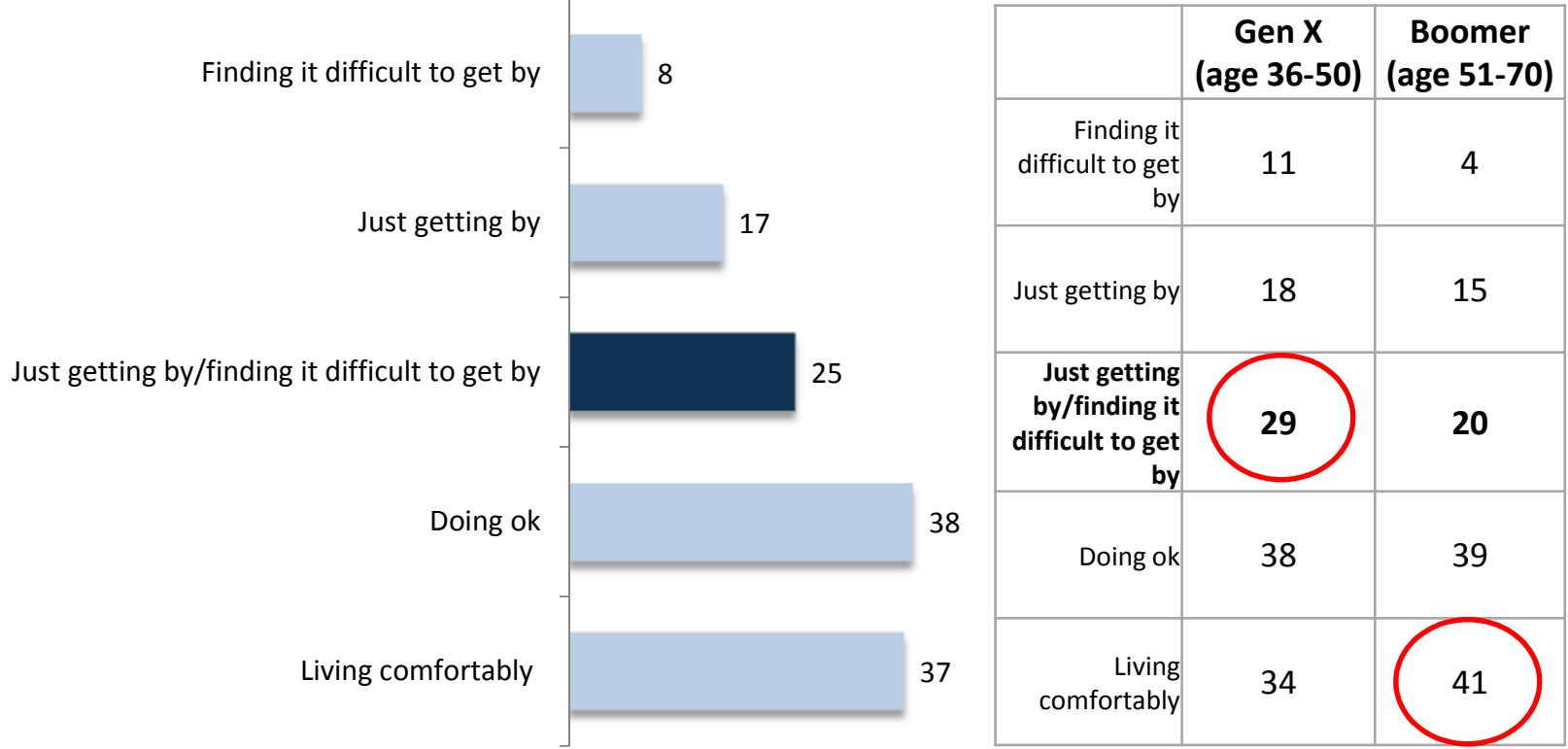
• Within California, broad based support exists for legislation both to address access to affordable housing (61%) and workplace retirement savings plans (63%). These initiatives receive strong majority support across key regional, ethnic, and generational segments.

KEY FINDINGS



One in four (25%) California respondents age 36-70 in the workforce feel they are either just getting by or finding it difficult to get by financially. The feeling of financial insecurity is particularly pronounced with Gen Xers.

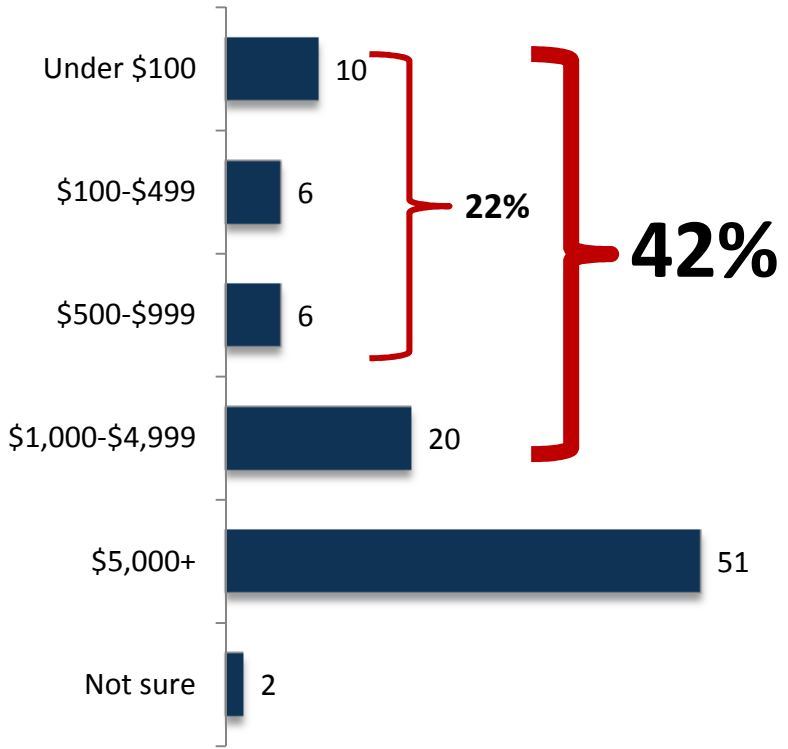
How Managing Financially (%)



Q21: On the whole, which of the following best describes how well you are managing financially these days?
 Base: CA Residents age 36-70 in the workforce (n=800), Gen X (n=288), Boomer (n=512)

Many Californians are not prepared for a financial shock. Four in ten (42%) could not withstand an emergency expense of \$5,000 or less (48% of Gen Xers), including over one-in-five (22%) who could not afford an emergency expense of \$1,000 or less.

Largest Emergency Expense Could Pay (%)



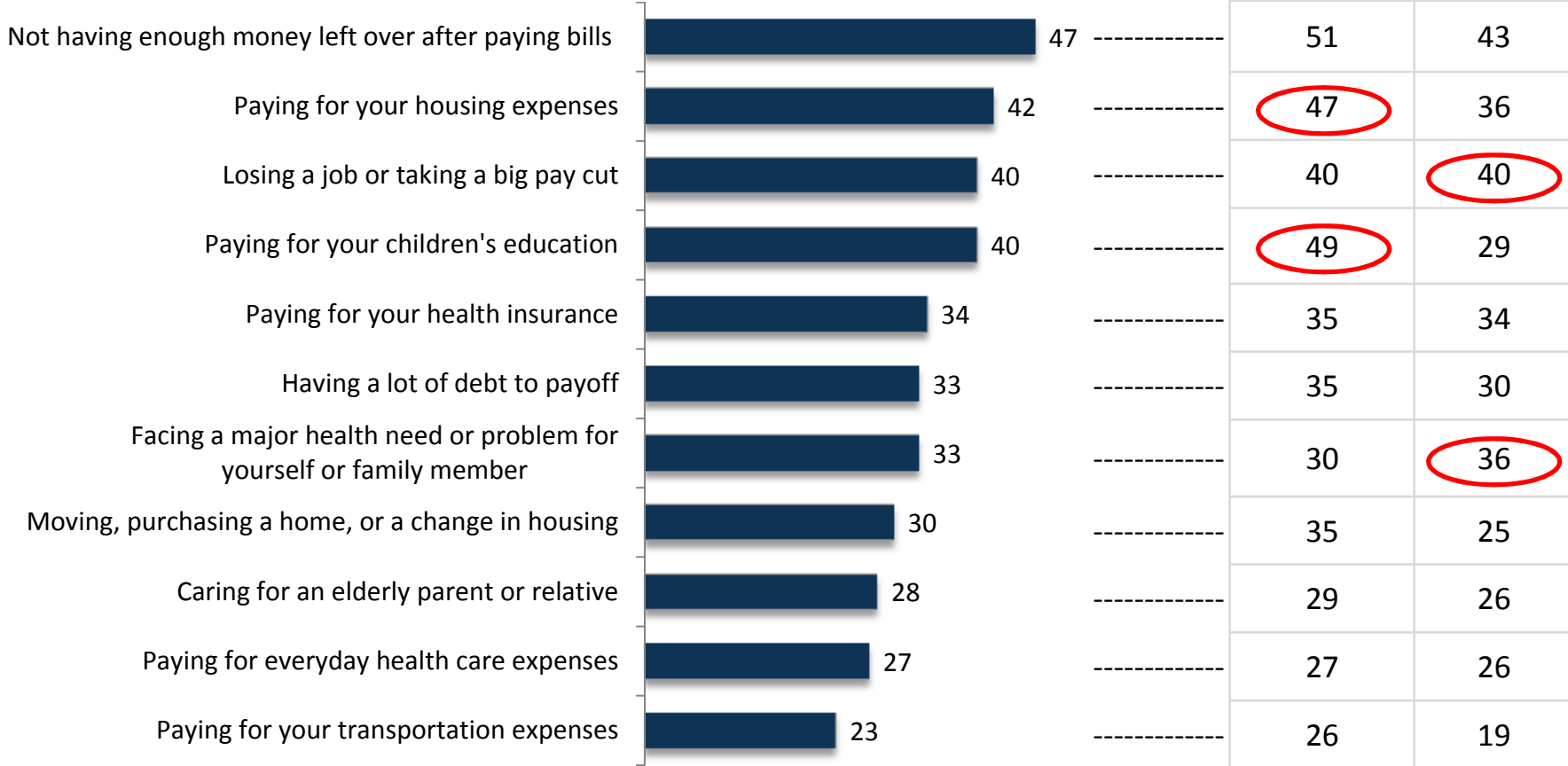
	Gen X (age 36-50)	Boomer (age 51-70)
Under \$100	10	10
\$100-\$499	8	4
\$500-\$999	7	4
\$1,000-\$4,999	23	16
\$5,000+	46	59
Not sure	1	2

Q10/10b: Based on your current financial situation, what is the largest emergency expense that you could pay right now using cash, or money in your checking or savings account?

Base: CA Residents age 36-70 in the workforce (n=800), Gen X (n=288), Boomer (n=512)

Having money left over after paying bills and paying for housing expenses are major financial obstacles to saving. Gen Xers are more likely to say housing and education costs limit their ability to save, while Boomers say employment changes and healthcare expenses are obstacles to saving for retirement.

Major Obstacle to Saving (%)



Q14: Have any of the following been a major obstacle for you personally when it comes to saving for your retirement years?
 Base: CA Residents age 36-70 in the workforce (n=800), Gen X (n=288), Boomer (n=512)

Some respondents feel that retirement is a luxury they simply cannot afford. Nearly one-in-four (23%) are not too or not at all confident they will be able to retire and not have to work for money.

Confident Will Be Able to Retire and Not Work for Money (%)



23%

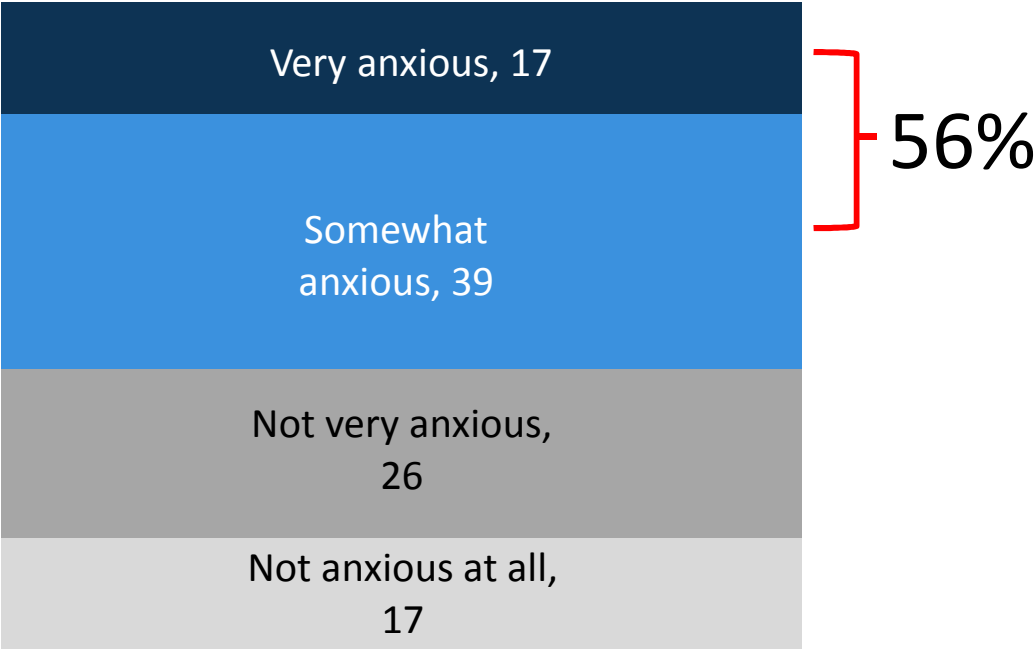
	Gen X (age 36-50)	Boomer (age 51-70)
Not at all/ Not too confident	22	24
Somewhat confident	35	32
Very confident	30	27
Extremely confident	11	16

Don't know/Refuse percentages not shown

Q6: Overall, how confident are you that you will be able to retire at some point and no longer work for money?
 Base: CA Residents age 36-70 in the workforce (n=800), Gen X (n=288), Boomer (n=512)

Not surprisingly, regardless of generation, over half are anxious about having enough money to live comfortably in retirement.

Anxiety Level About Having Money to Live Comfortably in Retirement (%)



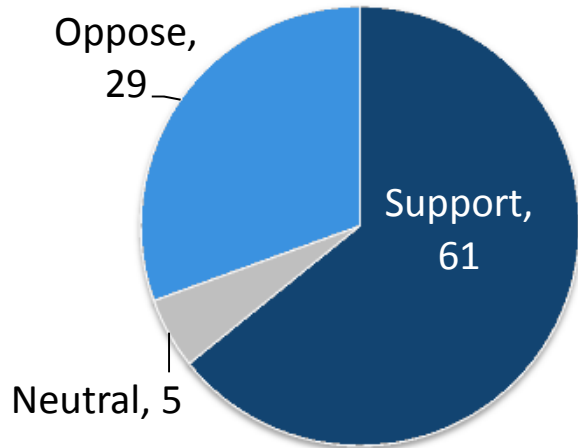
	Gen X (age 36-50)	Boomer (age 51-70)
Very/ Somewhat anxious	59	53
Not very anxious	24	28
Not anxious at all	16	18

Don't know/Refuse percentages not shown

Q3: 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?
 Base: CA Residents age 36-70 in the workforce (n=800), Gen X (n=288), Boomer (n=512)

Given the concerns and anxiety about retirement preparation, it is not surprising that a majority support, and agree elected officials should also support, legislation for a privately managed retirement plan for California workers. Gen Xers are especially supportive.

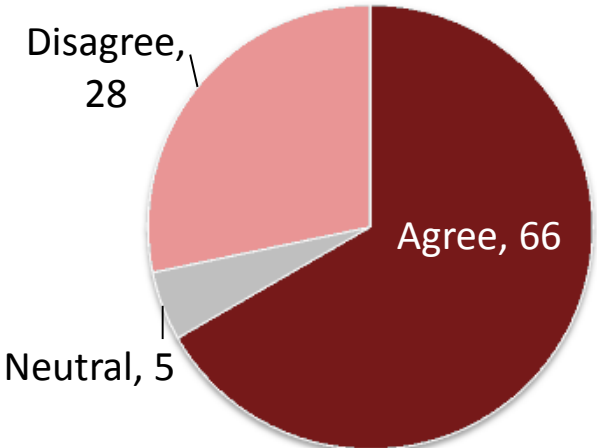
Support/Oppose Legislation for Privately Managed Retirement Savings Plan (%)



Gen X (age 36-50)	Boomer (age 51-70)
64%	56%

Don't know/Refuse percentages not shown

Agree/Disagree Elected Officials Should Support Savings Plan (%)



Gen X (age 36-50)	Boomer (age 51-70)
71%	59%

Don't know/Refuse percentages not shown

Q11: Many Californians, especially those who work for small businesses, do not have a way to save for retirement at work. One way to help more Californians save would be for the state to establish a privately-managed retirement savings program, similar to a 401k plan, where workers can contribute to a private retirement account that is professionally managed. Workers can choose whether or not to participate, and the account would be portable from job to job. The plan would be a public-private partnership and would have low fees for participants. Would you say you support or oppose this proposal?

Q13: Do you agree or disagree with the following statement: California elected officials should support creating a retirement savings plan so more workers in the state of California can save for retirement automatically out of their paycheck.

Base: CA Residents age 36-70 in the workforce (n=800), Gen X (n=288), Boomer (n=512)

When asked about housing concerns, affordable housing tops the list for all respondents, and is significantly pronounced with non-homeowners. Gen Xers, many who are renters and struggling with day-to-day housing expenses and education debt, are uniquely concerned about qualifying for a mortgage.

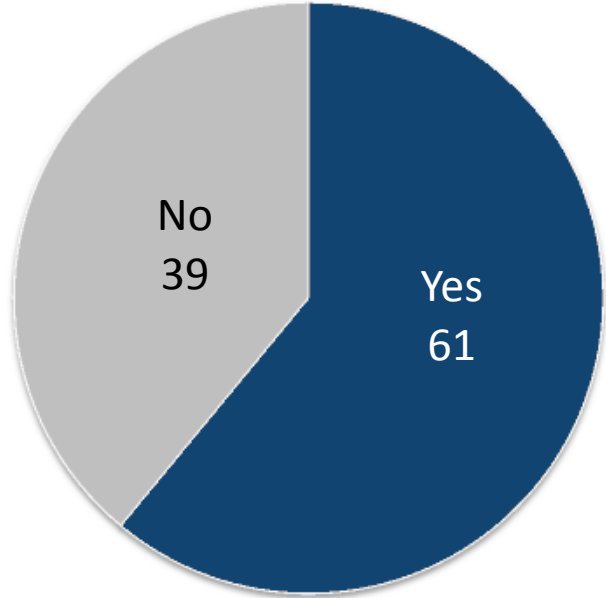
Extremely/Very Concerned About in Coming Years (%)

	TOTAL	Homeowner	Non-homeowner	Gen X (age 36-50)	Boomer (age 51-70)
Ability to find affordable housing in preferred neighborhood	26	16	50	11	8
Ability to pay monthly rent or mortgage payments	19	10	40	**	**
Ability to live close to work	17	13	29	17	11
Ability to pay utility bills	16	13	26	21	10
Ability to afford a down payment to buy a home	14	0	49	21	12
Ability to pay property taxes	11	15	0	21	17
Ability to qualify for a mortgage to buy a home	10	0	34	31	20

Q18: How concerned are you about your (INSERT ITEM)?
 Base: CA Residents age 36-70 in the workforce (n=800), Gen X (n=288), Boomer (n=512), Homeowner (n=560), Non-homeowner (n=240)
 **=Base n too small to report findings.

Many Californians are feeling the squeeze of the high cost of living in California, as six in ten (61%) have considered leaving the state entirely and living somewhere else.

Have Considered Leaving California Because of High Cost of Living (%)



	Gen X (age 36-50)	Boomer (age 51-70)
Yes	61	61

Interestingly, a recent *CNN Money* piece found that “For every home buyer coming into the state, there are three Californians selling and moving elsewhere” because “they can’t afford to live there anymore.”*

Q19: Have you ever considered leaving California and living somewhere else because of the high cost of living?
 Base: CA Residents age 36-70 in the workforce (n=800), Gen X (n=288), Boomer (n=512)
 *<http://money.cnn.com/2016/11/04/pf/people-moving-out-california/>

Moving Forward

Recent progress in California helps to address the ability of residents to save for their future and get by in our high cost of living environment, but many are still struggling.

- Secure Choice
- Housing Legislation
- Minimum Wage Increase
- Paid Family Leave
- Health Care

AARP looks forward to working with you to continue moving forward.



Respondent Profile: Socioeconomic & Voting (n=800 California Adults age 36-70 in the workforce)

Education	
Less than high school- did not receive a diploma or GED	4%
High school graduate or equivalent	19%
Post high school certification, trade school, or diploma	3%
Some college	27%
4 year degree (Bachelor's Degree)	26%
Post graduate study or degree	20%
Refused	1%

Employment Status	
Self-employed full-time	19%
Self-employed part-time	6%
Employed full-time	58%
Employed part-time	9%
Unemployed and looking for work	8%

Income	
< \$10,000	1%
\$10,000 - \$19,999	2%
\$20,000 - \$29,999	1%
\$30,000 - \$39,999	4%
\$50,000 - \$74,999	15%
\$75,000 - \$99,999	17%
\$100,000 - \$149,999	19%
\$150,000 +	25%

Registered Voter	
Yes	84%
No	16%

Political Party	
Democrat	36%
Republican	24%
Independent	22%
Something else	16%
Refused	2%

Respondent Profile: Demographics

(n=800 California Adults age 36-70 in the workforce)

Gender	
Male	55%
Female	45%

Age	
Gen X (age 36-50)	56%
Boomer (age 51-70)	44%

Race/Ethnicity	
White or Caucasian	65%
Native American or Alaskan Native	5%
Black	10%
Asian	2%
Native Hawaiian or Pacific Islander	2%
Hispanic	15%
Other	11%

Marital Status	
Single, never married	10%
Married	65%
Not married, living with your partner or significant other	5%
Separated or Divorced	16%
Widowed	3%

More About This Report

Additional Multicultural and Geographical findings will soon be available at:

www.aarp.org/CADreamingOrStruggling

Engage with us on social media:

@AARPCA

#CADreamingOrStruggling

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