



Profiles in The Retirement Red Zone®: Job Changers

Job Changers are less prepared for and less optimistic about retirement

Prudential conducted a study in April 2009 called the **Impact of the Market Crisis on Retirement Preparedness**.

This study aimed to reveal how Americans are:

1. Reacting to the impact of the market crisis on their retirement prospects
2. Planning to rebuild their retirement
3. Reconsidering tools and assistance required to be successful

The study polled 1,001 Americans and included 500 employed Americans. Of that segment, there were **202 “Job Changers”**—individuals who have changed jobs multiple times in the past 10 years. All employed Americans met the following criteria:

- Age 45 – 75
- Currently employed
- Participates in a defined contribution plan
- Has retirement savings of \$100,000 or more
- Primary or joint decision-maker on household financial decisions

For the purpose of this data presentation, definitions of the segments should be considered as follows:

Job Changers: Employed Americans aged 45 - 75 who have changed jobs more than once in the past 10 years

Non-Job Changers: Employed Americans aged 45 - 75 who do not meet “Job Changer” criteria

Job Changers perceive negative impact of switching jobs late in career

While Job Changers are just as disappointed and regretful as non-Job Changers about the impact of the recent market crisis, Job Changers are facing their own challenges as a result of career volatility.

Employed Americans that have changed jobs multiple times in the past 10 years are twice as likely as non-Job Changers to feel that their lack of job security has hurt their prospects for a secure retirement (34% vs. 17%).

Only 37% feel their employers' contributions to their defined contribution plan, such as 401(k), 403(b), or 457, helped their prospects (compared to 52% of non-Job Changers).

Overall, they are less optimistic about their retirement prospects and show more vulnerability in light of current market conditions.

Feel lack of job security has hurt their retirement prospects



Feel employer contributions to DC plan have helped their retirement prospects



Feel positive about their retirement prospects overall



Job Changers are more often in catch-up mode in terms of saving for retirement

Employed Americans that have changed jobs multiple times in their career are less optimistic about their retirement future and tend to be in catch-up mode when it comes to saving and planning for retirement.

- 60% of Job Changers are “behind schedule” in their retirement savings progress compared to less than half of non-Job Changers (47%).
- Just half of Job Changers feel positive about their retirement prospects, and the market crisis magnifies their concerns—45% feel they won’t be able to grow the money back that they’ve lost in the market (compared to 33% of non-Job Changers).
- Moreover, Job Changers over the age of 50 anticipate delaying their retirement at a greater rate than non-Job Changers (46% vs. 35%).

As a result, Job Changers are seeking solutions for recovery

Six in 10 employed Americans say one of their most important goals in managing their retirement savings and assets is to continue building their nest egg. Even so, in considering other areas of focus, Job Changers name “achieve better returns” as an important focus more often than non-Job Changers (31% vs. 23%). They are focused on recovery and have not yet shifted to other planning priorities, such as protecting assets and generating income.

In fact, contrary to the shift to conservative investing behaviors seen across the broader population, Job Changers are slightly more likely to anticipate investing aggressively over the next several years (29% vs. 21% of non-Job Changers). About a quarter don’t know what to do.

More than half of Job Changers used a financial advisor to help them move their 401(k) assets

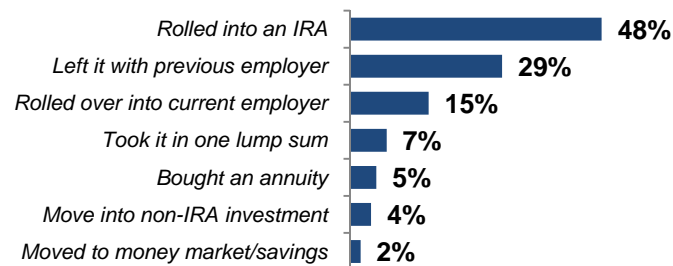
Advisors prove to be a most important resource in employed Americans’ decisions of “what to do” with their lump sum of 401(k) assets—what could be considered a critical moment in their personal savings and investment history.

Seven in 10 Job Changers took money out of their 401(k) plan when they left their last job—and more than half did so with guidance from a financial professional.

The number one action by far was investing in an IRA (48%), which tends to be the easiest, safest route—often eliminating consideration of other investment or retirement income opportunities.

Changes made to 401(k) assets after leaving employer

Based on total Job Changers (multiple responses accepted)



Seven in 10 never considered annuities, yet receptivity to guarantees is high

When moving 401(k) assets, purchasing annuities is an uncommon choice. Yet Job Changers were quite receptive to the guaranteed lifetime income product they learned about in the survey. They had a more positive attitude toward guaranteed features overall (48% vs. 38% of non-Job Changers) and a strong likelihood to consider the products (66%)—perhaps reflecting a greater need and a reconsideration of their options going forward.

Did you consider buying an annuity when you took your savings out of the retirement plan of your previous employer?

Based on Job Changers who took money out of plan

