

# The Retirement Savings Paradigm: Factors Influencing Saving

An ADP Research Institute® study that examines retirement savings behavior in 2013 confirms what many employers already suspect:

**Despite the presence of retirement planning options in the workplace, too few workers are maximizing the opportunities those options represent.**



In 2013, **60%** of employees with access to a defined contribution plan **PARTICIPATED** in their employer-sponsored plan, and saved an average of **6.7%**

**64%** of employees **AGES 61-69** saved an average of **9.2%**



Employees appeared to **“step it up”** as retirement neared.

**48%** of employees **AGES 20-29** saved an average of **4.9%**



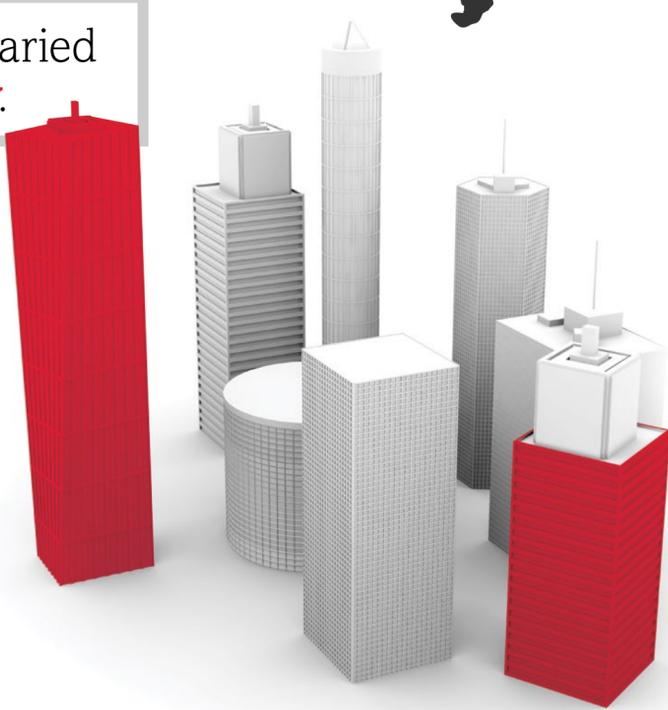
Savings behavior varied widely by **industry**.

INFORMATION SECTOR:

**76%** saved an average of **7.0%**

LEISURE AND HOSPITALITY SECTOR:

**37%** saved an average of **6.3%**



The **larger the company**, the more workers who saved.

5K+ EMPLOYEES, **66%** contributed

1-19 EMPLOYEES, **33%** contributed

However, workers in **smaller companies** saved more.

5K+ EMPLOYEES, saved an average of **6.7%**

1-19 EMPLOYEES, saved an average of **7.5%**

**Compensation level** mattered more than employer size.

**37%** of employees making **\$20K-\$30K** saved an average of **4.7%**

**85%** of employees making **\$200K+** saved an average of **6.2%**



A higher percentage of **females** saved, and they saved more\*.

**74%** OF WOMEN saved at an average rate of **7.0%**

**66%** OF MEN saved at an average rate of **6.4%**



**Awareness is only the first step.**

Despite the tax advantages offered by defined contribution plans, workers either are not making contributions to such plans or they are saving too little, too late.

The trends and disparities in retirement savings behavior identified in this study reveal opportunities for employers to improve their:

- plan design
- enrollment processes
- employee education
- participants' persistency

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