

## **You better know than no your money: are you saving enough for retirement?**

Are we saving enough for retirement? What would help us better prepare for retirement? These questions and others are a subject to constant public debate and a major cause for concern. Most people do not save enough for retirement, and policy makers and researchers are trying to understand what are the main factors that would encourage people to better prepare for retirement.

The aim of this study was to examine whether people feel they save enough for retirement, and to explore a variety of possible demographic, social and psychological predictors of the perceived financial preparedness to retirement. We used a national sample of non-retired Israelis at the average age of 44. Our results indicated that only 20% perceived themselves as financially prepared for retirement. The large majority of people did not make any calculations as to how much money they would need in retirement, or felt they were saving enough for retirement.

The strongest predictors of perceived financial preparedness to retirement were financial knowledge and financial involvement (meaning, the active gathering of relevant financial information).

Our results suggest that in order to promote financial preparedness to retirement, a possible path would be to actively encourage younger adults to learn more about finances and to "take charge" over their savings. Greater knowledge and greater involvement could promote better financial preparedness and help the next generation of retirees to make a successful transition to retirement.

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### **Publication**

[Perceived financial retirement preparedness and its correlates: a national study in Israel.](#)

Segel-Karpas D, Werner P.  
*Int J Aging Hum Dev.* 2014