

# Index of Investor Optimism

The UBS/Gallup Poll of Investor Attitudes

## **ECONOMIC UNCERTAINTY PROMPTS INVESTORS TO RETHINK RETIREMENT, UBS INDEX SPECIAL REPORT FINDS**

### **One-third of Investors Expect to Retire Later; Live Less Comfortably**

NEW YORK, February 13, 2002 – Investor outlook for retirement has been significantly impacted by the nation's economic slowdown, according to "Retirement Revisited – 2002," a soon-to-be-released UBS *Index of Investor Optimism*<sup>®</sup> special report. Due to the downturn in the economy, one out of five investors now expect to delay retirement, and a majority report their investment portfolios have less value now than two years ago.

Based on a January 2002 poll with 1,001 non-retired American investors conducted by the Gallup Organization, "Retirement Revisited – 2002" is a follow-up to UBS's 1998 landmark study "Retirement Revisited." The 1998 report debunked long-held perceptions about retirement, revealing that investors no longer regard their golden years simply as a time to stop working and enjoy life -- but instead an opportunity to actively pursue the lifestyle and work of their dreams. While this view of retirement continues, "Retirement Revisited – 2002" uncovers a major shift in investors' expectations about when they will retire; how comfortably they will live in retirement; and the impact the recession is having on their investments and retirement planning.

According to the new study, the expected retirement age is now 63.8 years, up from 62.9 in June 1998. Notably, 19 percent of all investors say they will consider retiring at a later date because of current economic conditions, and anticipate they will delay their retirement by 4.4 years on average.

In fact, nearly one-quarter of investors, 24 percent, believe the nation's sluggish economy will cause them to live less comfortably in retirement than originally planned. The number of investors sharing this view increases significantly with age: 14 percent of investors age 18-39; 20 percent of those ages 40-49; 32 percent of those ages 50-59; and 38 percent of those 60 years of age and older. Indeed, the average monthly income among non-retired investor households dropped to \$6,216 in January 2002 from \$6,899 in June 1998.

"The challenging economic environment and volatile financial markets have had a dramatic impact on investors and their retirement planning," said Mary C. Farrell, UBS PaineWebber senior investment strategist. "As a consequence, investors at all life stages should regularly review their individual retirement plans, making changes to their portfolios to match their goals and help them achieve financial security."

When asked about their personal retirement planning, the majority of those surveyed, 70 percent, say they have developed a financial plan to reach their investment goals, up from 61 percent in 1998. Not surprisingly, investors with greater assets are more likely to have a specific plan -- 86 percent of those with more than \$500,000; 83 percent of investors with \$200,000 - \$500,000; 77 percent of those with \$100,000 - \$200,000; and 64 percent of those with less than \$100,000 in investable assets.

In the wake of the recession, many investors report they have reviewed their investment portfolios to determine whether they should make changes in their asset allocations. Among those surveyed, 19 percent say they have made specific changes in their retirement holdings. Of this group, 38 percent say they have taken money out of the financial markets, 71 percent report they have moved their money into less risky investments while 27 percent say they increased their investments in more aggressive vehicles.

Overall, 76 percent of investors believe the financial markets will recover to peak levels before they reach retirement age, however older investors are far less confident than younger investors. Among those ages 18 – 39, 87 percent believe the markets will rebound compared with 84 percent of those ages 40 – 49, 64 percent of those ages 50 – 59 and 52 percent of those ages 60 and older. Still, more than half of those surveyed, 54 percent, say their investment portfolio has less value now that it did two years ago.

According to the 2002 survey, investors intend to maintain a highly productive lifestyle after reaching retirement age, confirming an important trend first identified in the 1998 report. Indeed, the majority of investors today, 83 percent, say they will continue to engage in work activities. Among this group, 67 percent will work for pleasure and not financial need, compared with 16 percent who will work to support their lifestyles. Specifically, 68 percent of all investors would like to act as a consultant in their field and do more occasional work; 57 percent of investors say they plan to work part-time; 46 percent intend to pursue a hobby as a way to make money; 41 percent will continue to work in their same jobs as long as they are able; 21 percent plan to start their own business, and 19 percent will pursue a new career.

“Retirement Revisited – 2002” is based on 1,001 interviews conducted by the Gallup Organization with non-retired investors ages 18 and older. The sampling error is plus or minus three percentage points. An investor is defined as an individual with more than \$10,000 in investable assets. Established in 1996, the UBS *Index of Investor Optimism* is the only ongoing survey of investor sentiment in the United States and has become the premier resource for information on American investors.

For more than 60 years, the Gallup Organization has been a recognized leader in the measurement and analysis of people's attitudes, opinions and behavior. While best known for the Gallup Poll, founded in 1935, Gallup's current activities consist largely of providing marketing and management research, advisory services and education to the world's largest corporations and institutions.

UBS AG is a leading global financial services firm with 71,000 employees worldwide, providing a wide range of services to a client base that includes affluent individuals, corporations, institutions and governments. Headquartered in Switzerland, the bank has significant operations in all of the world's major financial centers.

**Additional information about the *Index of Investor Optimism* can be found at [www.ubs.com/investoroptimism](http://www.ubs.com/investoroptimism)**