

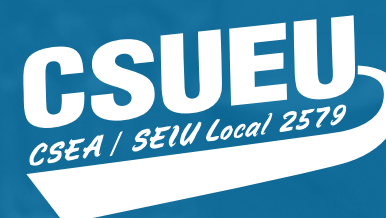
2024

# CALIFORNIA STATE EMPLOYEES

## FINANCIAL PREPAREDNESS REPORT



CREATED AS A MEMBER BENEFIT  
**FOR OUR AFFILIATES**



CALIFORNIA  
STATE RETIREES

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# INTRODUCTION



## DEAR MEMBER,

The **2024 Report on California State Employees Financial Preparedness** was designed to provide you with up-to-date information to benchmark your retirement savings progress, to help you identify opportunities to improve your situation, and to ensure you have access to resources to help you succeed.

More than 5,000 current and former employees of the State of California responded to an anonymous, in-depth survey about personal finances, their financial concerns, and how prepared they feel on their journey for a secure retirement. Drawing on the collected data, this report presents information on:

- **Emergency savings:** Who has it, how much do they have, and do they feel it is enough?
- **Retirement portfolio:** How much is in retirement portfolios at this point—by age.
- **Insurance protection:** Types of risk protection in place—by age and marital status.
- **Debt picture:** Common types of debt and the impact on financial preparedness.
- **Financial advisor:** Is there a difference in the level of savings among CA families who use a professional financial advisor and those who do not?

## 79% OF RETIREES SURVEYED FEEL SECURE IN RETIREMENT

Can you have a secure retirement after a life as a worker in the State of California? The majority of retired employees surveyed say yes, they are satisfied or extremely satisfied with their retirement. The most satisfied are also the most confident that their retirement income streams will last through their retirement years.

## TWO-THIRDS OF ACTIVE WORKERS FEEL “BEHIND IN SAVING” FOR RETIREMENT

Active employees are still building the resources they will need for retirement and **69% say they are behind where they’d like to be**. Some 28% say they are on track, and only 2% say they are ahead of schedule in their overall retirement savings picture.

## OPPORTUNITIES TO BUILD CONFIDENCE AND KNOWLEDGE

The report identifies the characteristics shared by those who are on track, or even ahead of schedule. It also presents findings and helpful advice from peers on how to turn things around.

A special thank you to Russel L. Phelps III, CFP® for sharing expert advice to help our members build their personal financial knowledge and confidence.

We are grateful for the support of our affiliates who joined with us to field the study with their members. And we are pleased to offer this important education as a member benefit.

## SINCERELY,

Lisa Fong  
Director of Member Benefits  
CA State Employees  
Association

David Jimenez  
Vice President Secretary-Treasurer  
SEIU Local 1000



Todd D'Braunstein  
ACSS President  
Association of California State  
Supervisors



Terrance Wilson  
Vice President for Finance  
California State University Employees  
Union



Stephanie Hueg  
President  
California State Retirees



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# METHODOLOGY



## STUDY OBJECTIVE

The objective of this study was to understand and respond to the needs of State employees in addressing their most important personal financial concern: a secure retirement after a career in State service.

The **2024 Report on California State Employees Financial Preparedness** is the result of a state-wide study examining the personal financial concerns, attitudes, and financial preparedness for retirement among workers employed by the State of California. Designed to provide peer-to-peer benchmarks, insights and advice, the report provides an additional tool to use in financial planning, particularly in planning for the unexpected, and for retirement.

## STUDY SPONSORSHIP

The project was sponsored by the nonprofit California State Employees Association (CSEA) which provides member benefits to members of ACSS, SEIU Local 1000, CSUEU Local 2579, and CSR—California State Retirees. Benefits include discounts on a wide variety of products and services—from a payroll deducted buying program to discounted theme park tickets to life and disability insurance. Visit [calCSEA.org](https://calCSEA.org).

## STUDY METHODOLOGY

CSEA offered each affiliate an opportunity to participate in this study by sending an email with the survey link to their Affiliate members. Members of SEIU Local 1000, CSUEU Local 2579, Association of California State Supervisors participated in the active survey. California State Retirees Association members received a separate retiree survey.

**Total Respondents:** N=4,989

**Active Employees:** N=3,817, analyzed at 95% confidence interval  $\pm 2\%$  margin of error

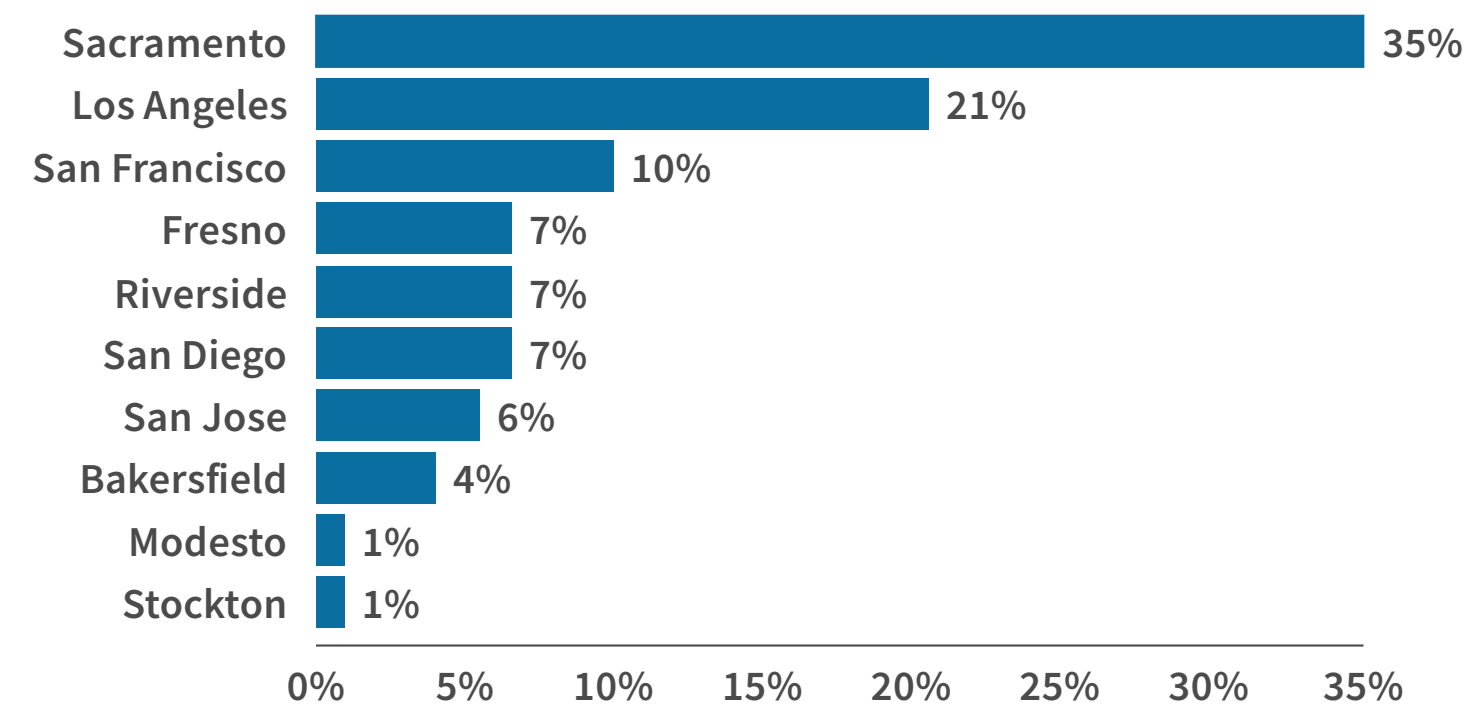
**Retired Employees:** N= 1,172, analyzed at 95% confidence interval  $\pm 2\%$  margin of error

Data was analyzed as a whole, and by age, gender, household composition, metro area, and education, among other personal financial factors. Respondents could enter into a drawing for a chance to win \$50 cash, as a token of appreciation for their time.

The study was designed and conducted by an independent market research firm, LightForce Marketing, and survey data was collected through Qualtrics.

## METRO AREA

Employees who participated in the survey work in State government jobs across departments and geography. As expected, 35% of respondents came from the Sacramento workforce.



3817 Responses

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# SURVEY RESPONDENTS



## EMPLOYMENT AND AFFILIATION

Survey respondents are employed by the State of California and are members of SEIU Local 1000, CSUEU Local 2759, or Association California State Supervisors (ACSS).

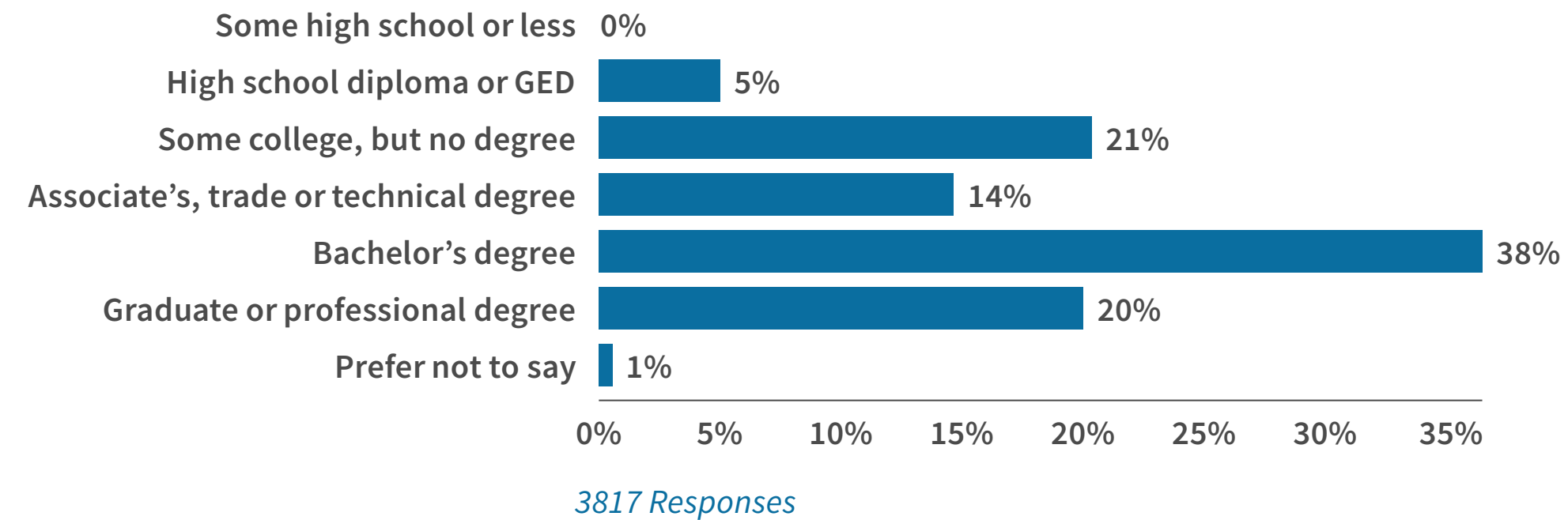
Employees who participated hold a variety of positions in State government, including:

- Associate
- Representative
- Coordinator
- Technician
- Deputy Director
- Analyst
- Lawyer
- Specialist
- Librarian
- IT
- Support Staff
- Administrator
- Executive
- Manager
- Supervisor
- Cook
- Nurse
- Custodian
- Exempt
- Confidential

Nearly all (98%) respondents work full time for the State of California in a rank and file, management, or staff position. Employment crosses various government departments, including California State University campuses.

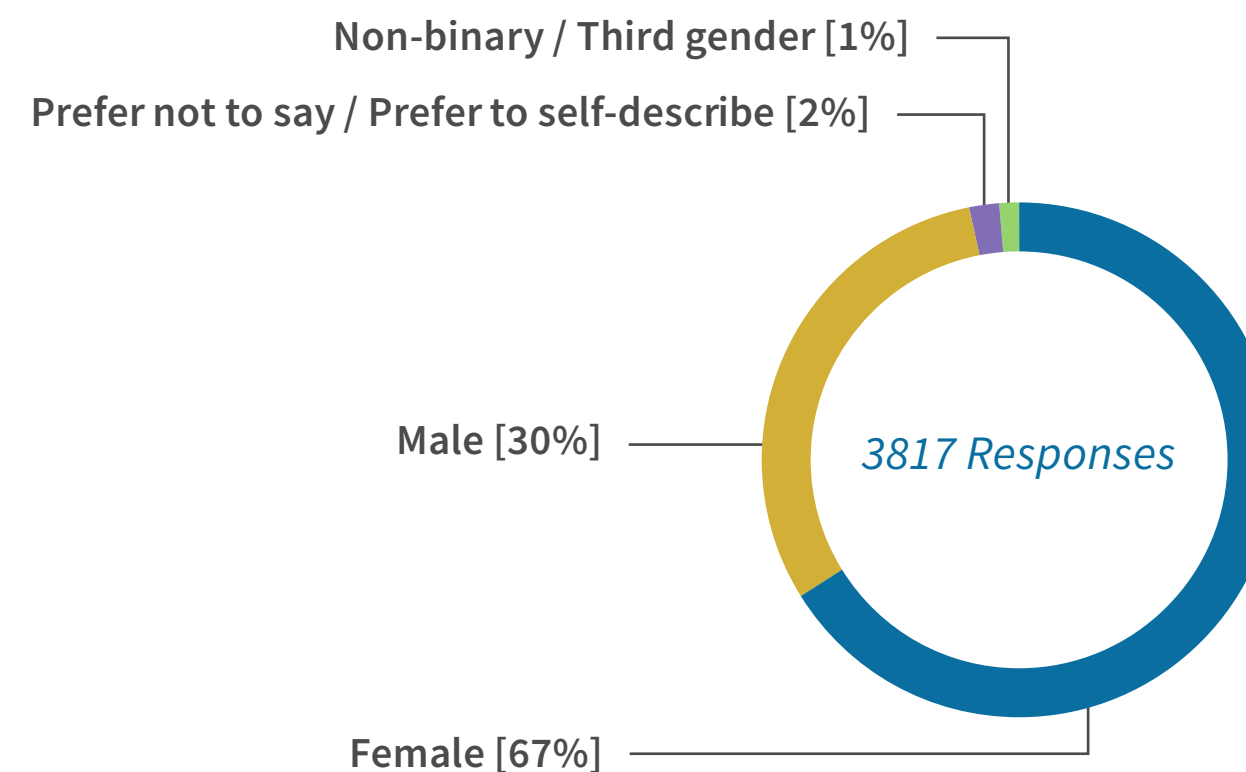
## EDUCATION

Most State employees surveyed (95%) attended college, have an Associate’s degree, trade school, a technical degree, or have attained a Bachelor’s degree. Some 20% have a graduate or professional degree.



## GENDER

Two-thirds (67%) of the State employees surveyed are female and 30% are male.



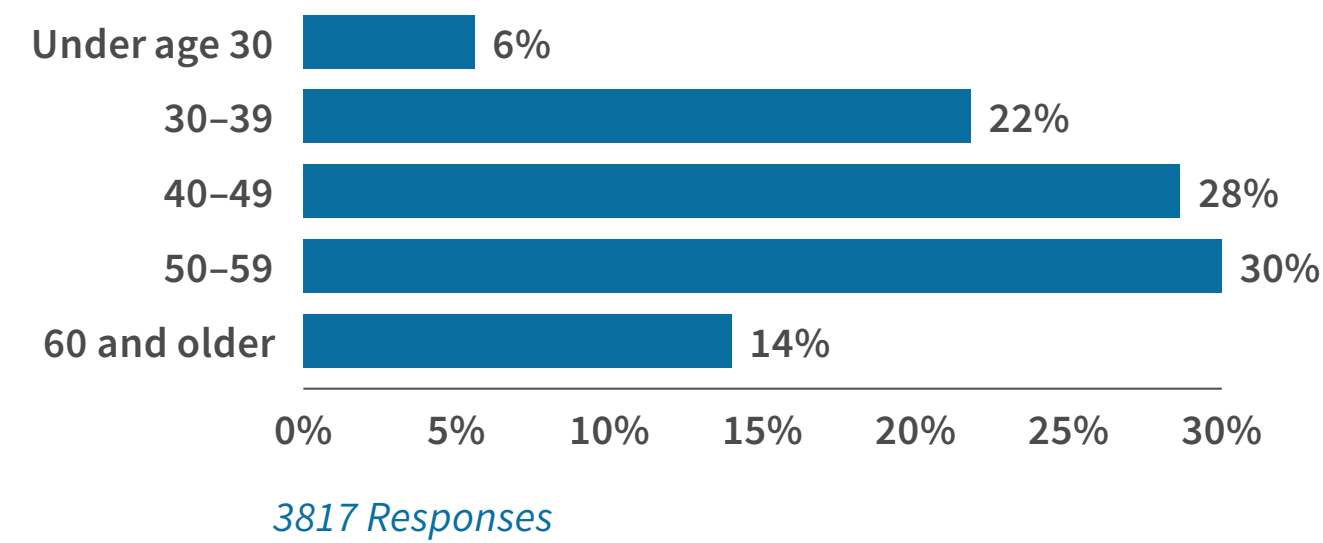
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# SURVEY RESPONDENTS (CONT.)

## AGE

California State employees of all ages participated in the study. The average age was 47 years old.

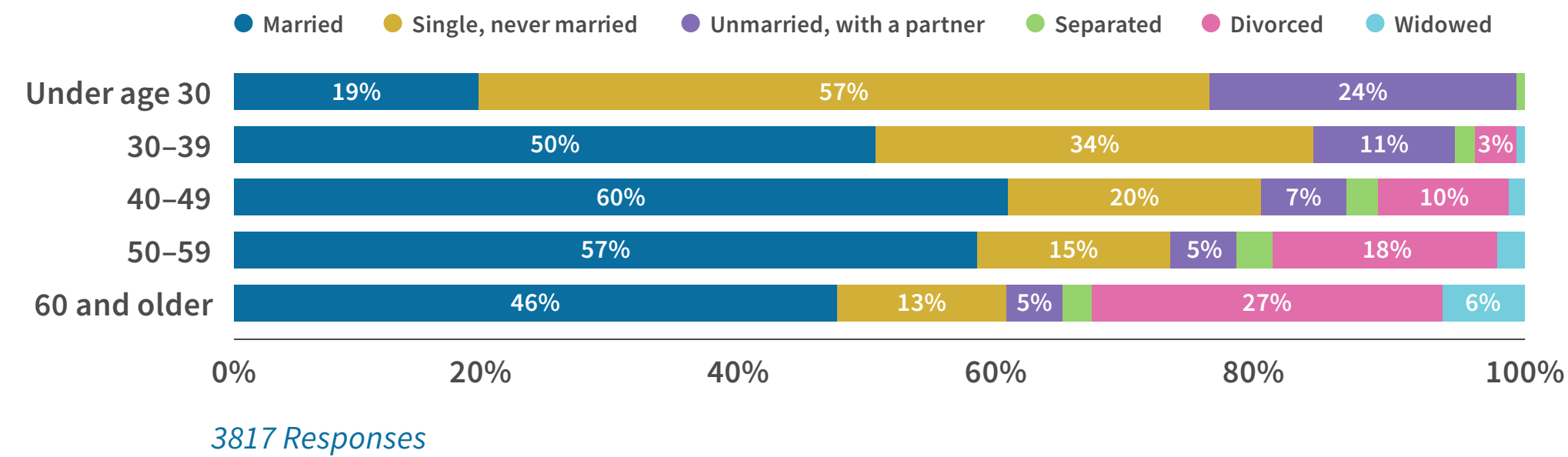


# 47

**AVERAGE AGE OF STATE EMPLOYEE SURVEY RESPONDENT**

## MARITAL STATUS BY AGE

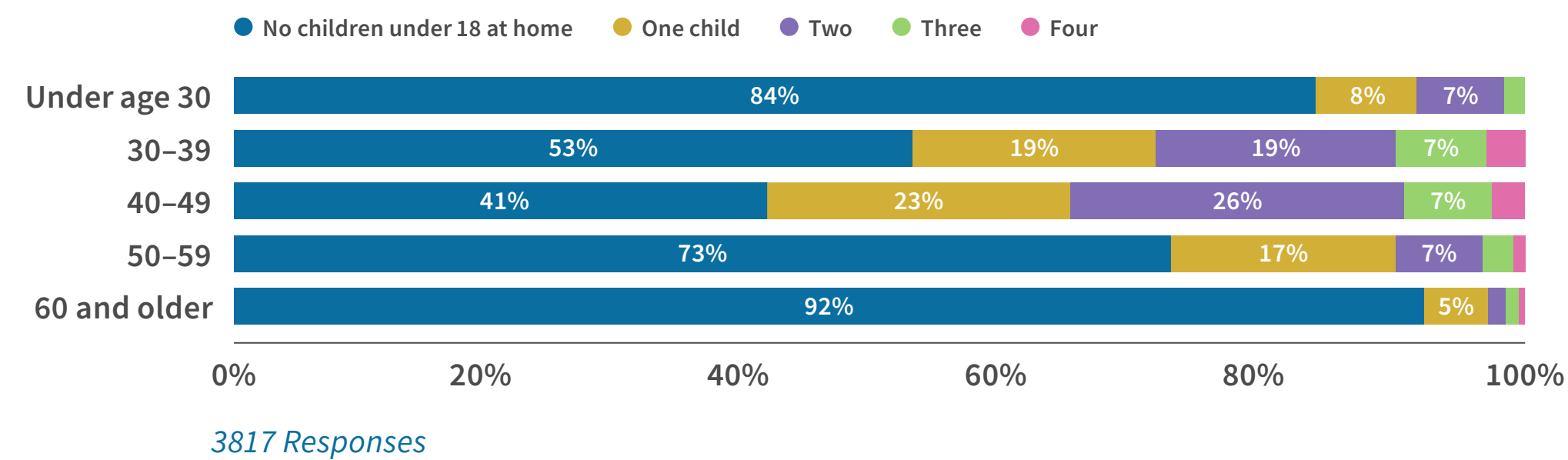
Overall, half (53%) of the employees surveyed are married; 22% are currently single, never married; 13% have been divorced; 2% are separated, but not divorced; 8% are unmarried with a partner; and 2% have been widowed.



Among married workers or those in a partnership, 76% have a spouse or partner who works full time, 9% work part time.

## HOUSEHOLD COMPOSITION BY AGE

Of those surveyed, 36% of households have at least one child under 18 living at home. However, more than half of those in their 40s have children at home, often two or three.



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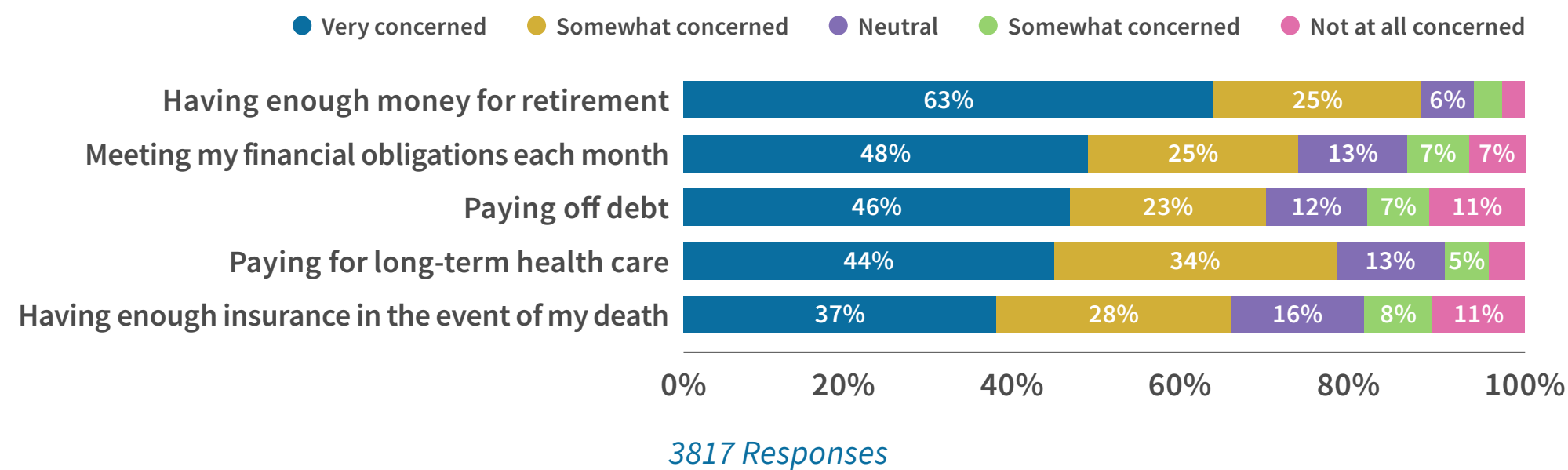
# PERSONAL FINANCES

## FINANCIAL CONCERNS

Respondents answered questions about their personal financial lives, including questions about their financial concerns and priorities.

Regardless of age, **having enough money for a secure retirement is the #1 financial concern among State workers.**

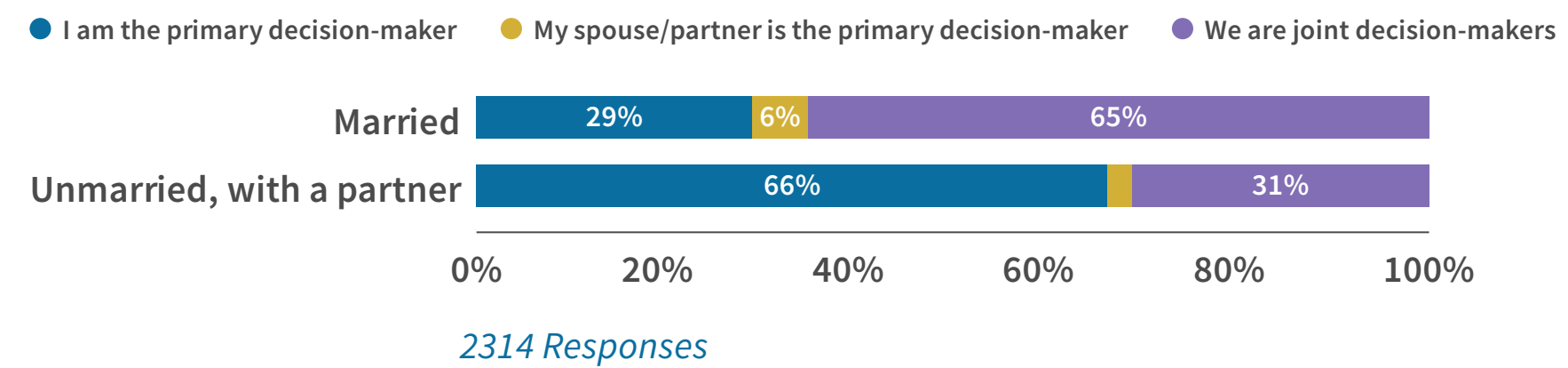
More than 60% of respondents indicated that they are very concerned about their retirement. This was followed by concerns about meeting monthly bills, paying off debt, paying for long-term care, and having enough insurance to protect their family.



Households with children under the age of 18 (36%) expressed concern about helping to fund their child’s education, while others are concerned about the financial implications of providing for parents and other family members.

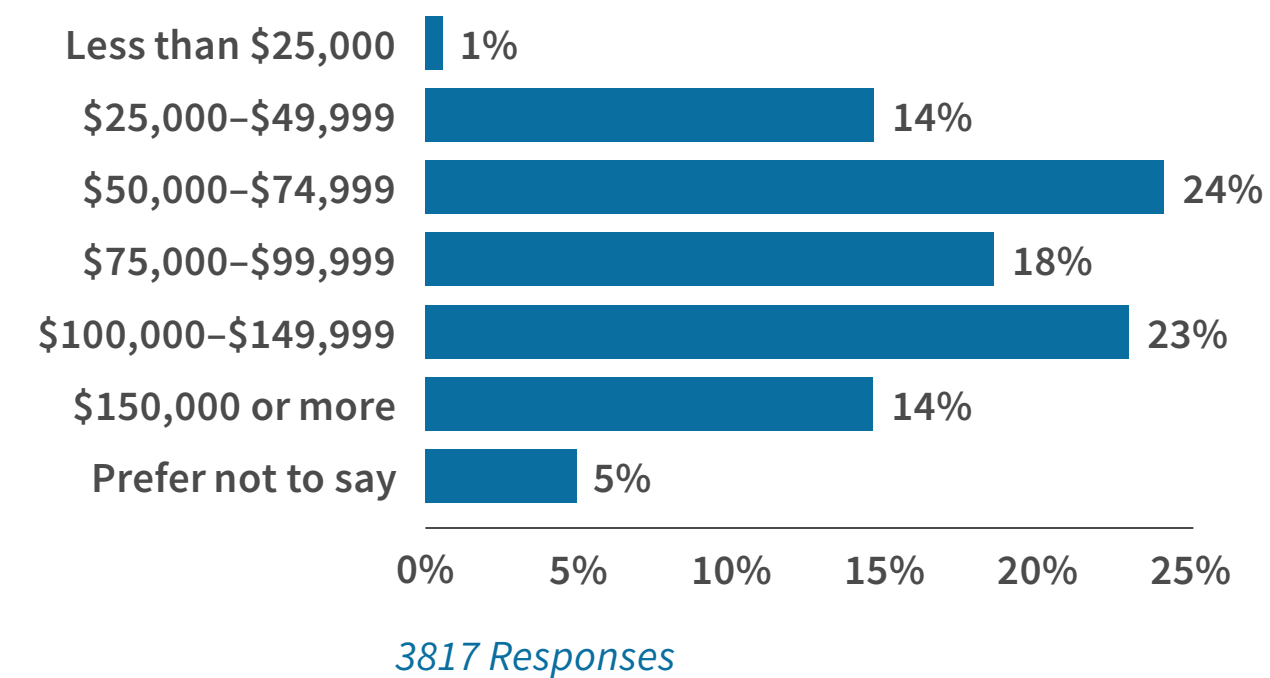
## FINANCIAL DECISION MAKING

Nearly two-thirds of married workers say they are joint decision-makers with their spouse. For those unmarried with a partner, 31% share those decisions and two-thirds remain the primary decision-maker for the household.



## HOUSEHOLD INCOME

Among those surveyed, the mean household income after taxes reported was approximately \$85,750 per year.



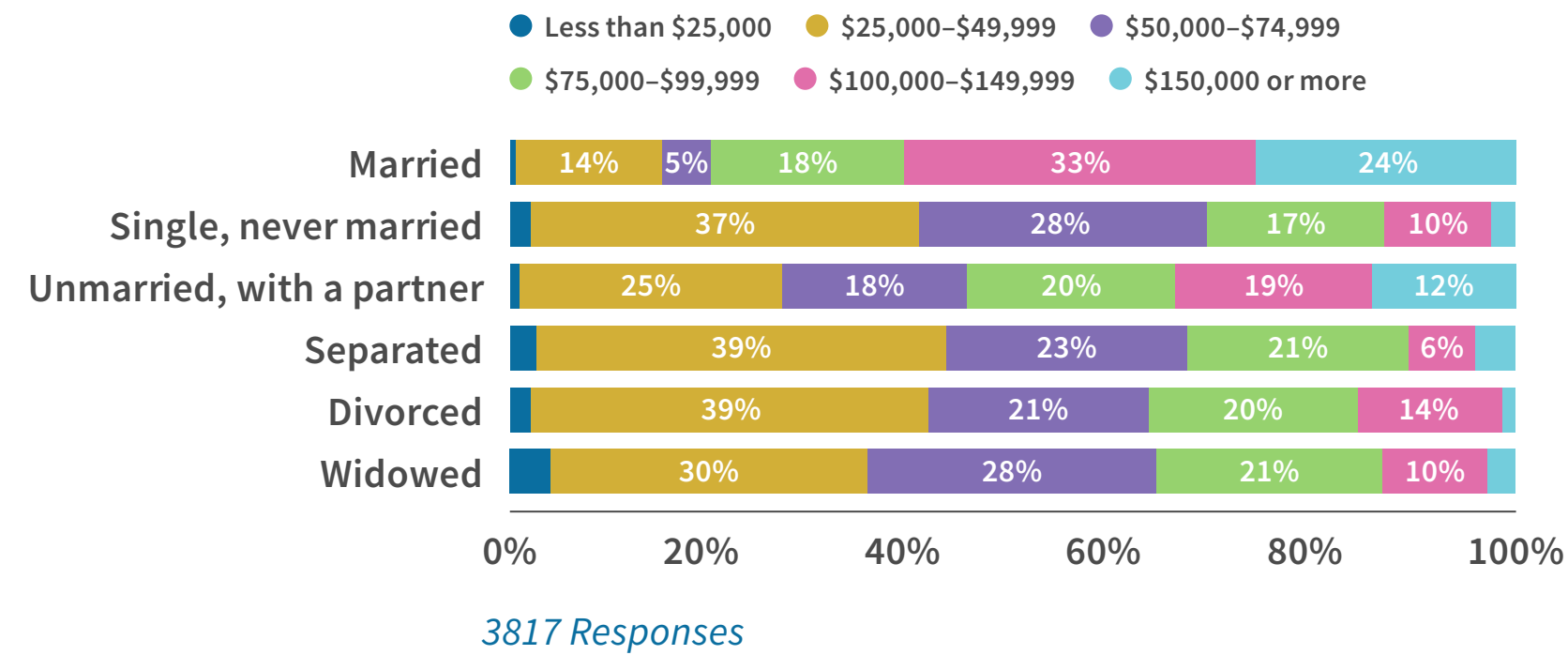
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# PERSONAL FINANCES (CONT.)

## HOUSEHOLD INCOME BY MARITAL STATUS

Nearly **60%** of married respondents have a household income of **more than \$100,000 per year.**

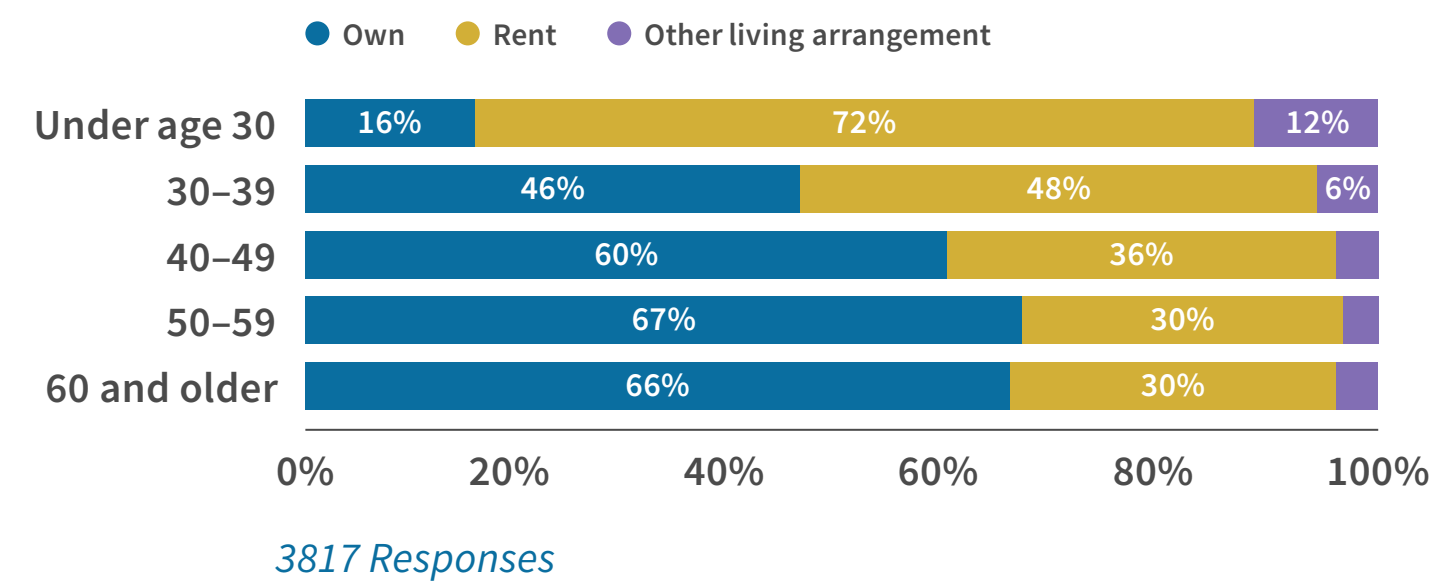


Workers under age 30 are much more likely to have a household income of less than \$50,000 per year. With age and tenure, household income levels grow.

## HOME OWNERSHIP BY AGE

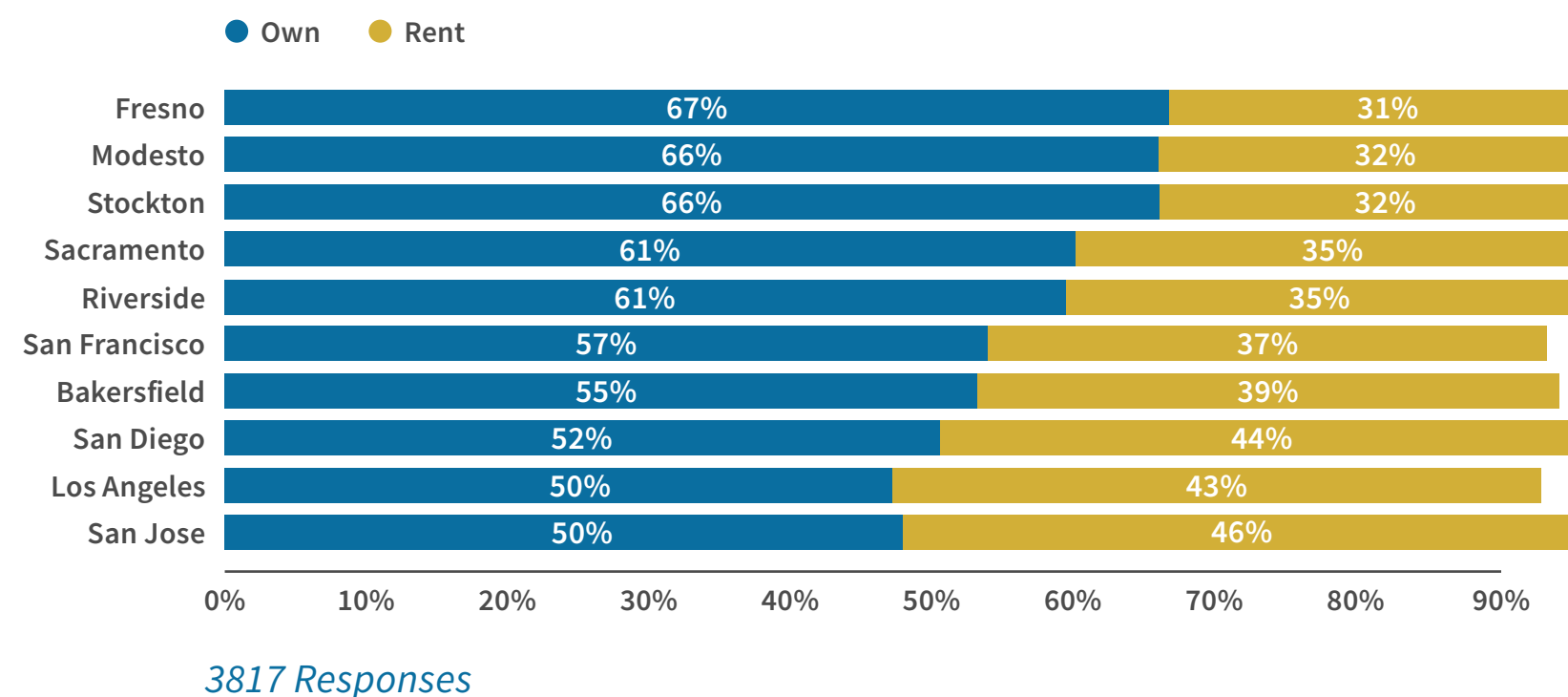
Among all State employees surveyed, **57% own their home, 38% rent, and 5% have other living arrangements.**

Homeownership by age varies significantly, with only 16% of those under 30 owning their home, tabling off to two-thirds of respondents in their later years. Nearly one-third of workers continue to rent into their 50s and 60s.



## HOME OWNERSHIP BY METRO AREA

Metro area is another factor in homeownership in California. Those living near San Diego, Los Angeles, and San Jose are more likely to be renters than other areas. State employees in Fresno, Modesto, and Stockton had the highest level of homeownership.



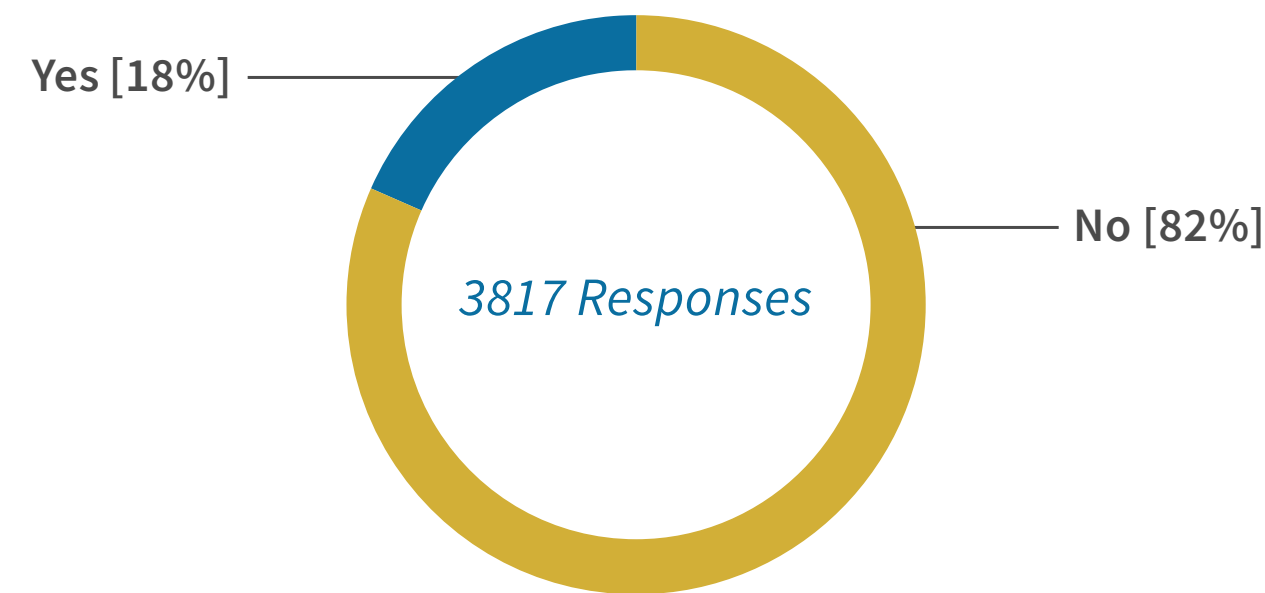
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# PERSONAL FINANCES (CONT.)

## SIDE GIGS AND PART TIME JOBS

18% of California’s State employees have a side gig or part time job to help supplement their income.



Side gigs include freelance work, such as marketing, websites, design, and photography; consulting jobs in IT technology; providing delivery and rideshare services; rental property management; and positions in retail. Others provide “sitting services” for homes, children, or pets. Other gigs include security, notary service, or working as a handyman. Others add income through online selling.

## POPULAR SIDE GIGS

- Bartender
- Beauty Consultant
- Bookkeeping
- Catering
- Cleaning
- Childcare
- Coaching
- Consulting
- Crafts
- Delivery Driver
- Designer
- Door Dash
- Family Business
- Freelance
- Grant Writing
- Handyman
- House sitting, pet sitting
- Teaching, tutoring
- IHSS Home Support
- Instacart
- Interpreting
- Retail
- Lyft
- Musician
- Notary
- Photographer
- Real Estate
- Rental Property
- Reseller
- Security
- Stagehand
- Substitute Teacher
- Uber
- Video Production
- Webmaster
- Yoga Instructor

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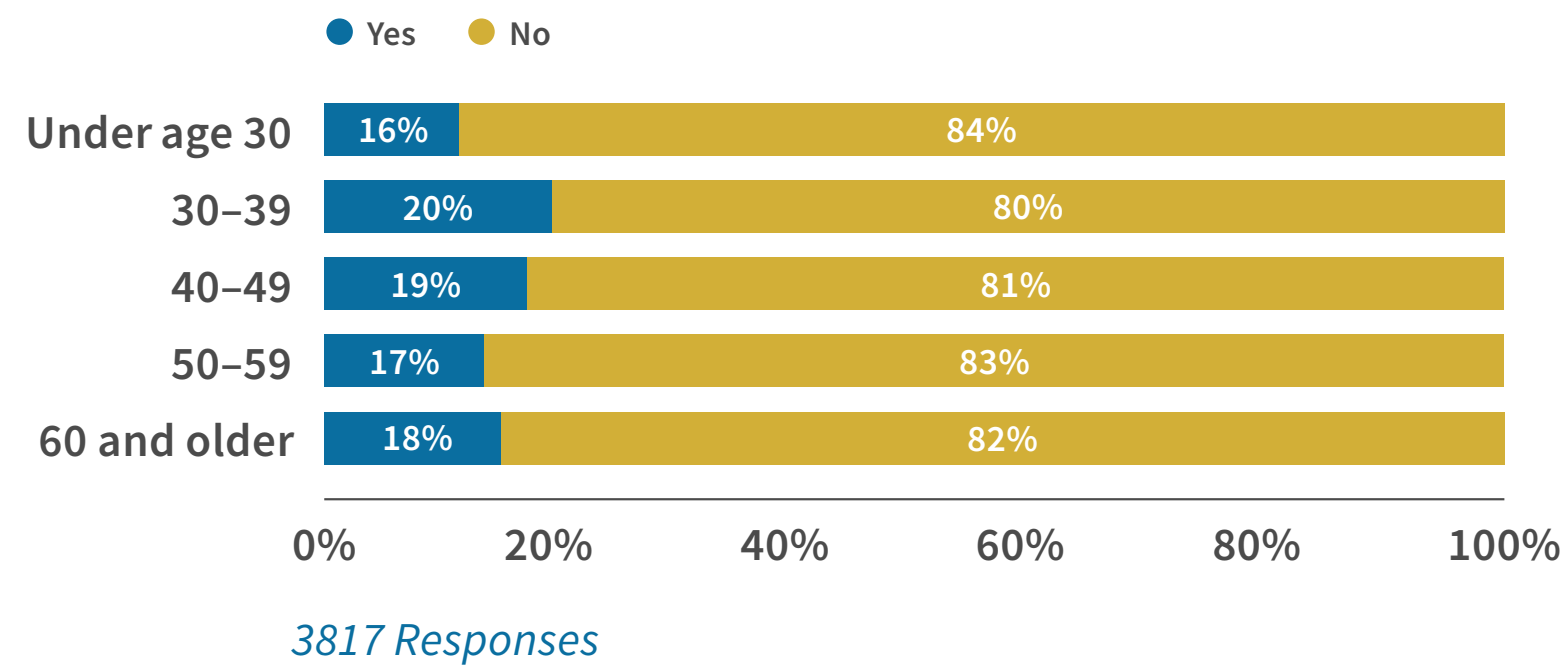




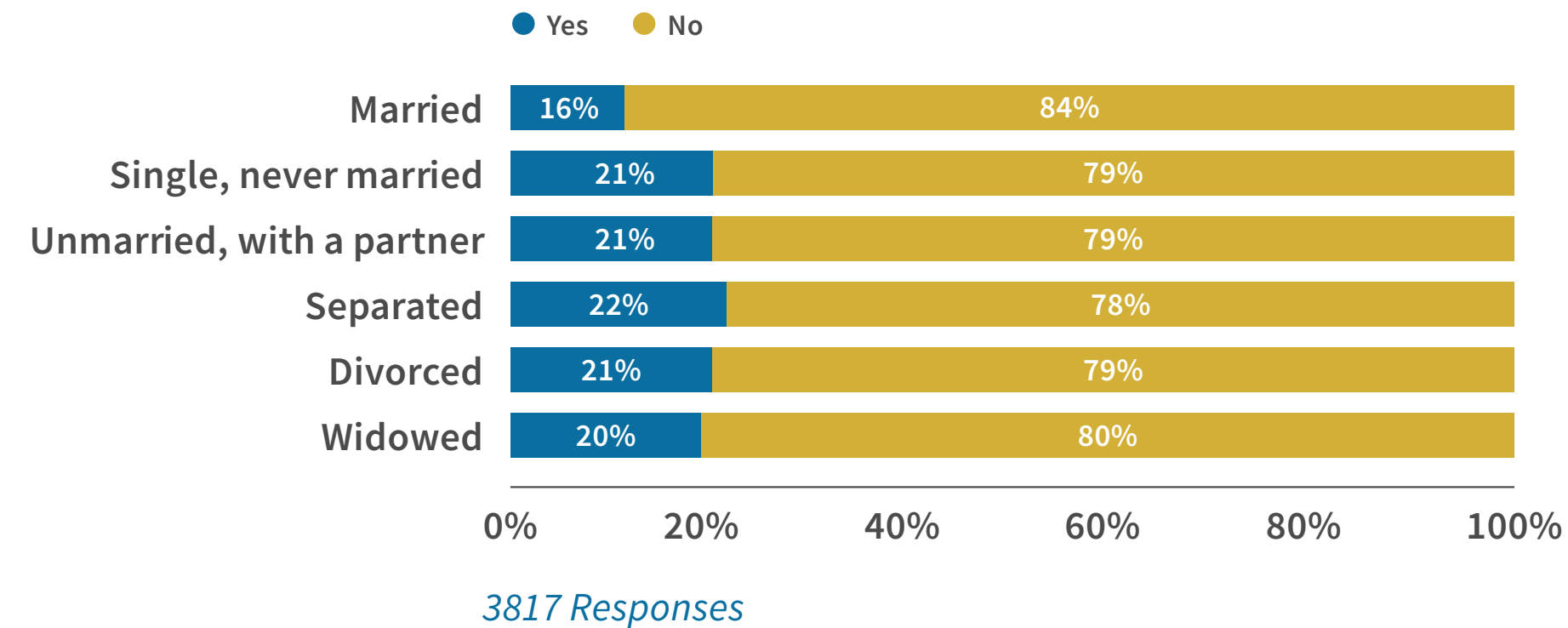
# PERSONAL FINANCES (CONT.)

Interestingly, having a side gig or part time job cuts across demographics including **age, marital status, or metro area**. Those individuals living in single households are slightly more likely to have a side gig (19%) than those who are married (16%).

## SIDE GIG BY AGE

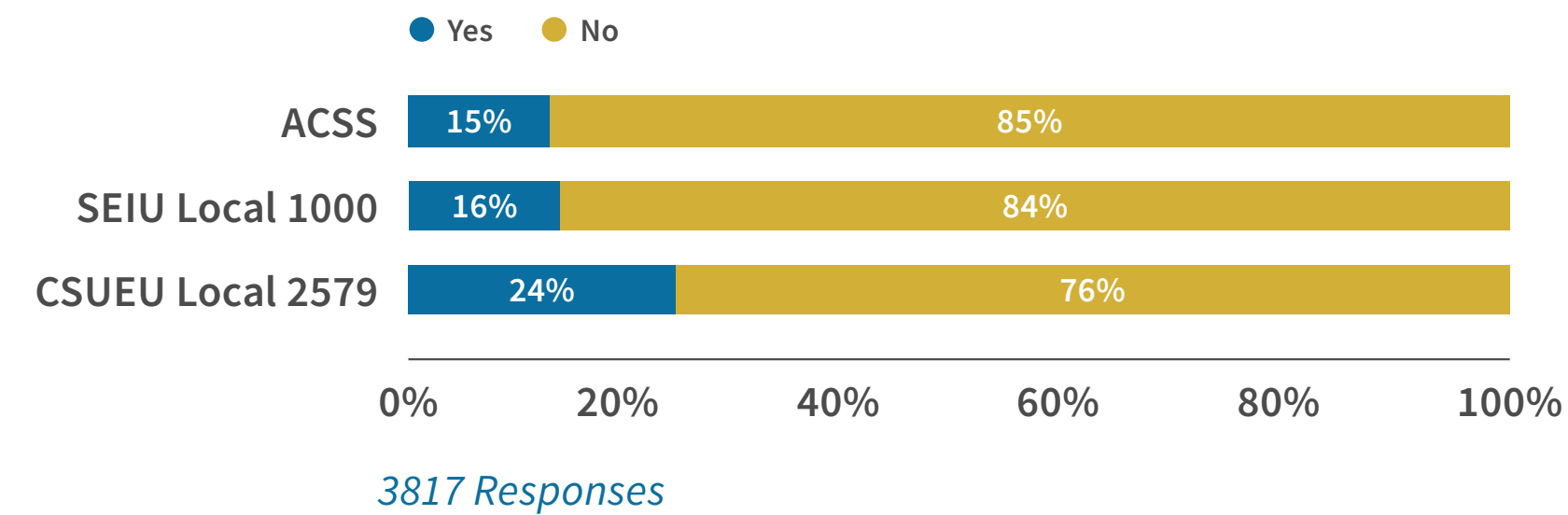


## SIDE GIG BY MARTIAL STATUS



The most significant difference found was among workers at CSU, where **24% have a side gig**.

## SIDE GIG BY ASSOCIATION AFFILIATE



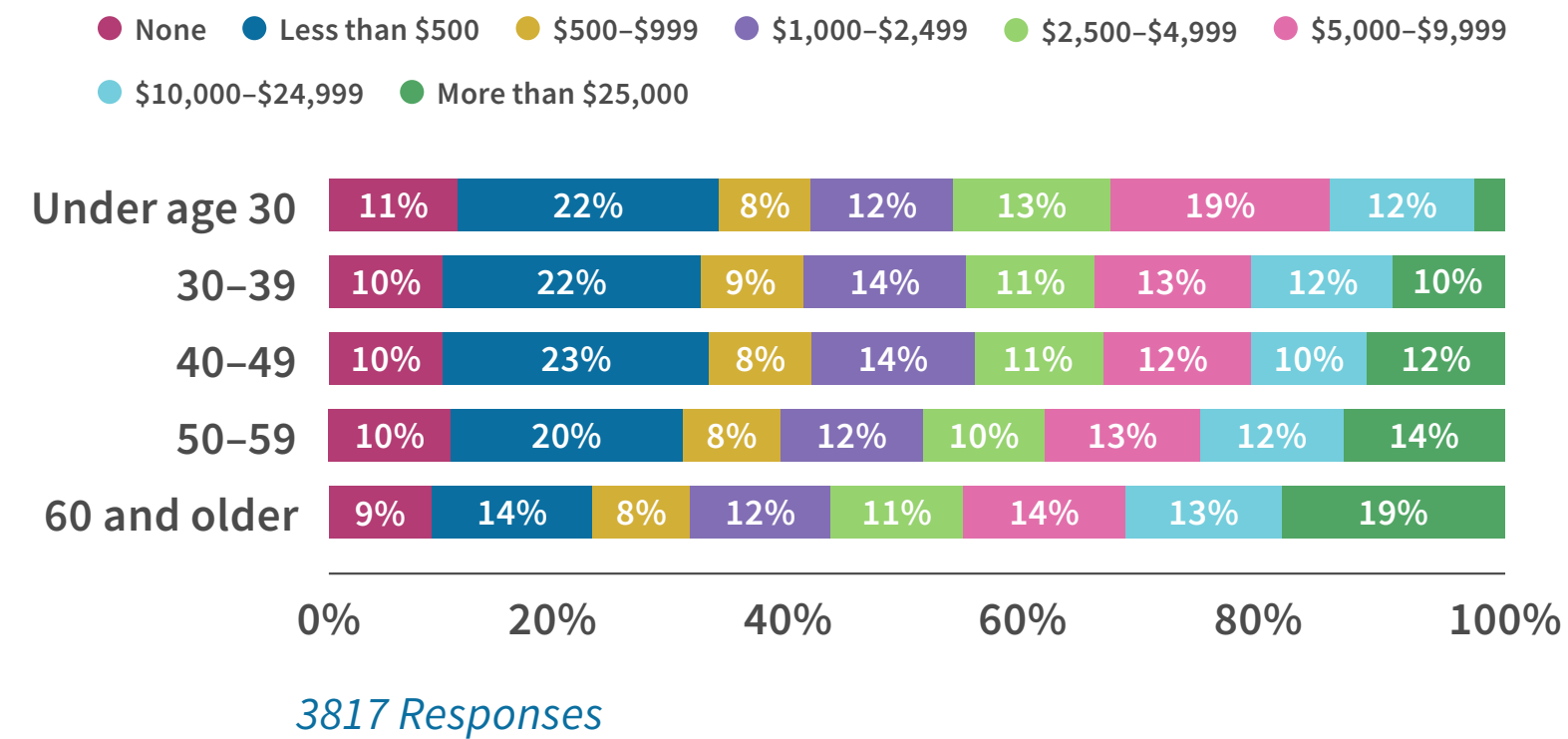
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# SAVINGS

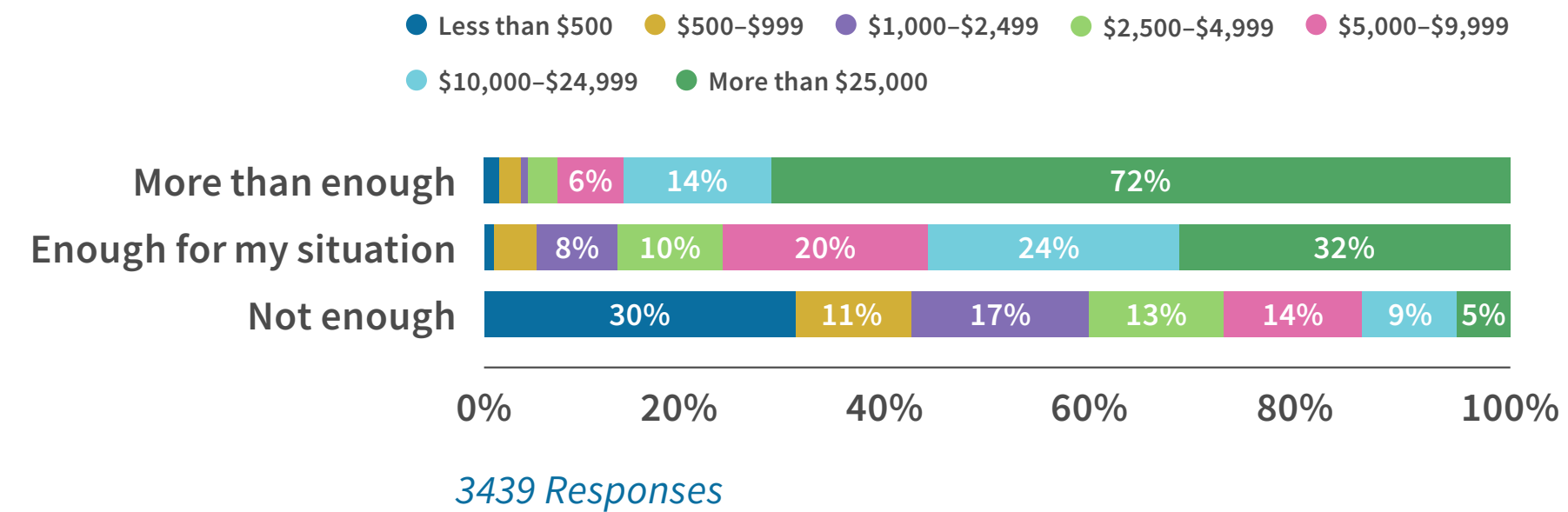
Overall, **30%** of active CA State workers have **less than \$500 in emergency savings**. This includes **10% who have none**.

## EMERGENCY SAVINGS BY AGE



## EMERGENCY SAVINGS: HOW MUCH IS ENOUGH?

When asked how much is enough, those with \$10,000–\$25,000 in emergency savings were more likely to say it was enough for their situation. Those with \$25,000 or more consider it “more than enough.”



It’s important to note that for some households, especially among younger workers, \$5,000 in emergency savings may be considered “enough” for their situation.

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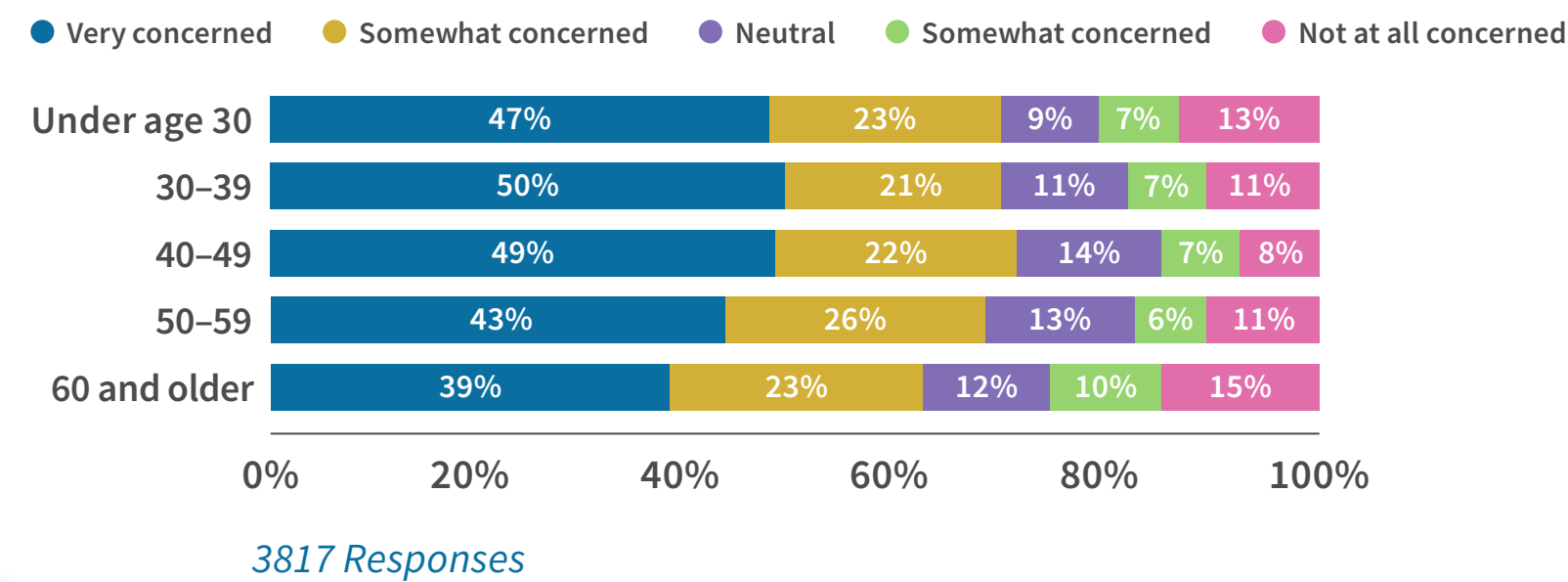
# DEBT

Only 6% say they have no debt. Nearly 70% of State employees say they are **very or somewhat concerned about their debt**. Concern rises sharply as several types of debt are added, including credit card balances, personal loans, or student loans.

## 71% OF EMPLOYEES HAVE A CREDIT CARD BALANCE

### CONCERN ABOUT DEBT BY AGE

Most people expressed concern about their debt, **regardless of their age**.



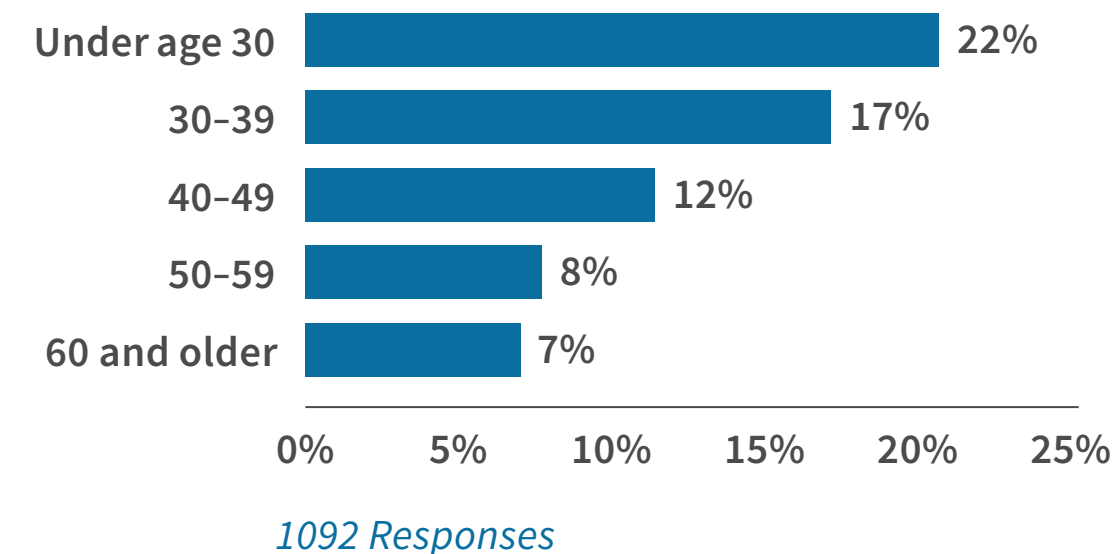
Those most concerned about debt include those who carry various kinds of debt—a mortgage, car payments, school loan payments, credit card balances, personal loans, and “other” loans.

Personal and “other” consumer debt included financing for solar systems, boats, medical and dental bills, and mortgages for timeshares. Others mentioned IRS or FTB debt, child support and student loans.

### STUDENT DEBT

Overall, **29% of State employees of all ages have an outstanding student loan**. Nearly one-fourth of those in their 40s and 50s, and **8% of those in their 60s, still carry student debt**.

### OUTSTANDING STUDENT DEBT BY AGE



Half owe between \$10,000 and \$50,000. Overall, 10% say they owe more than \$100,000 in student loan debt.

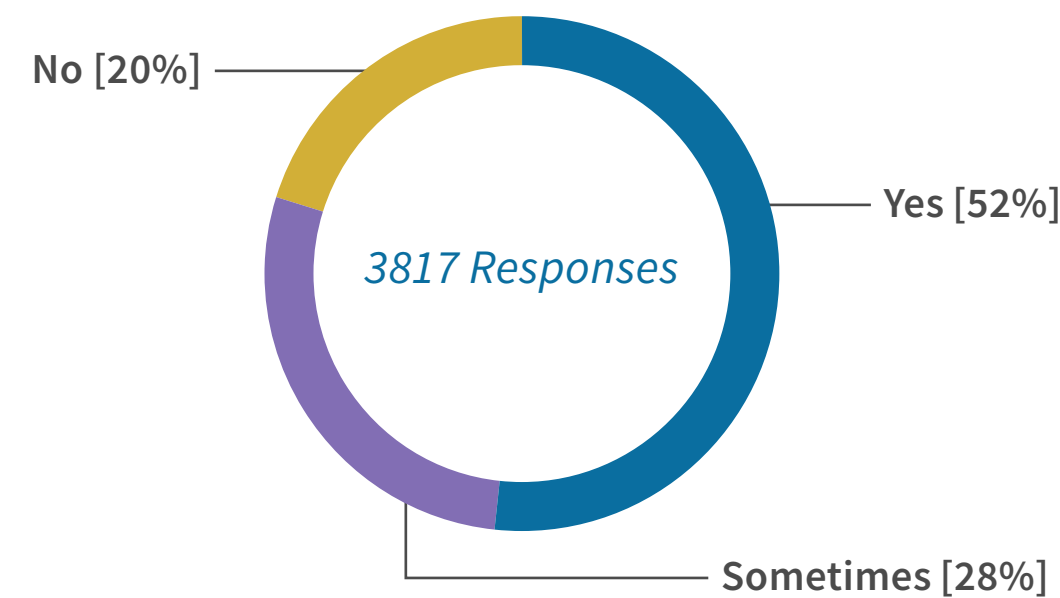
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# MANAGING RISK

## BUDGETING

Half (52%) of respondents claim they keep a monthly budget. Another 20% say they “sometimes” plan their budget for the month.



Spreadsheets (54%) are the most common way people manage their budget. This is followed budgeting by pen and paper (30%).

The most common digital app used for budgeting is their bank’s digital app and other budgeting tools offered through the banking app. Other digital apps mentioned include YNAB, Quicken, QuickBooks, and Rocket Money.

## FINANCIAL ADVICE | ADVISOR

Most respondents say they manage their own personal financial matters, relying primarily on family and friends for personal financial advice. Others use a professional advisor or do their own research, building their financial intelligence through books, articles, and online sources.

# 14%

**USE A PROFESSIONAL ADVISOR**

Only 14% of those surveyed use a professional financial advisor to assist them in their personal decision-making and to guide them through retirement. Among this group, 71% say their advisor is a Certified Financial Professional (CFP). Another 23% said they don’t know or aren’t sure if their advisor is a CFP.

The practice of using a professional advisor increases with age among this survey group, including 21% of those ages 60 and older.

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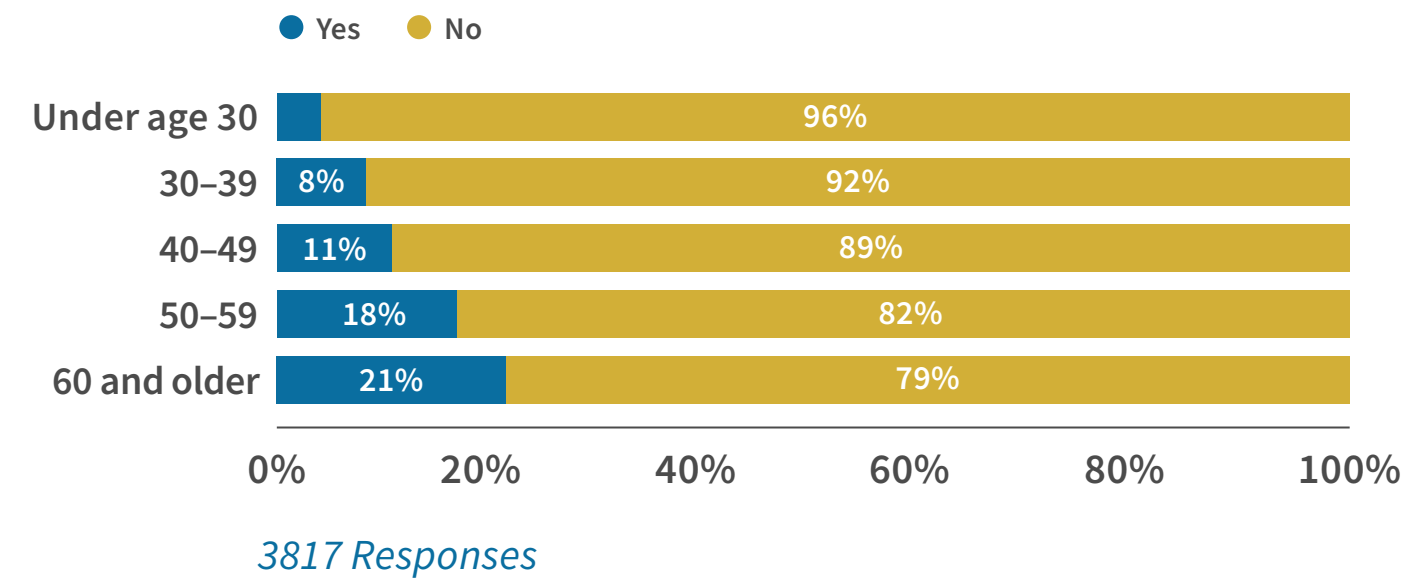
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# MANAGING RISK (CONT.)

## USE OF PROFESSIONAL ADVISOR BY AGE



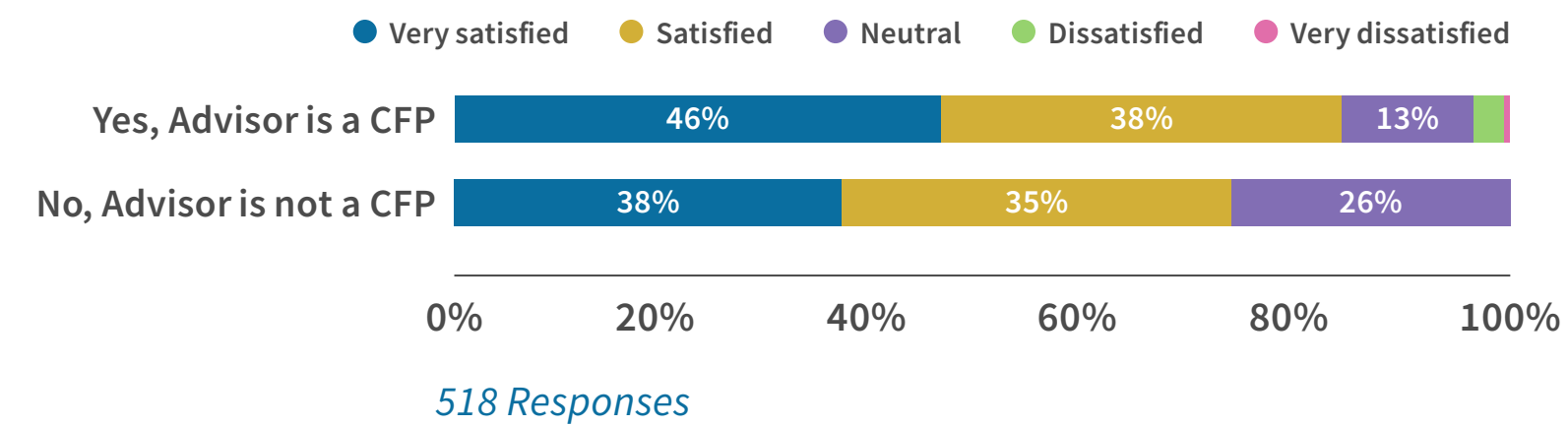
Among those without a professional advisor, the common reasons given for not working with one are that it “costs too much” or that they “don’t have enough savings.”

A few respondents were in the process of selecting an advisor, while many others said they simply “haven’t thought about it.”

# 17% PREFER TO DO THEIR OWN FINANCIAL PLANNING

## SATISFACTION WITH ADVISOR BY TYPE OF ADVISOR

Most people who use a professional financial advisor are satisfied or very satisfied with their choice. Those using a CFP are more satisfied (84%) than those who don’t use one or aren’t sure (73%).



## TOP REASONS FOR ADVISOR SATISFACTION

- The plan is working. Results, return on investment are meeting or exceeding expectations.
- I trust them. Honesty and trustworthiness; the ability to be honest with them.
- I learn from them. They take the time to explain the recommendations and show me how it will impact my plan.
- It’s personal and unique to my situation. I’m able to be honest and know their advice is for my personal situation.

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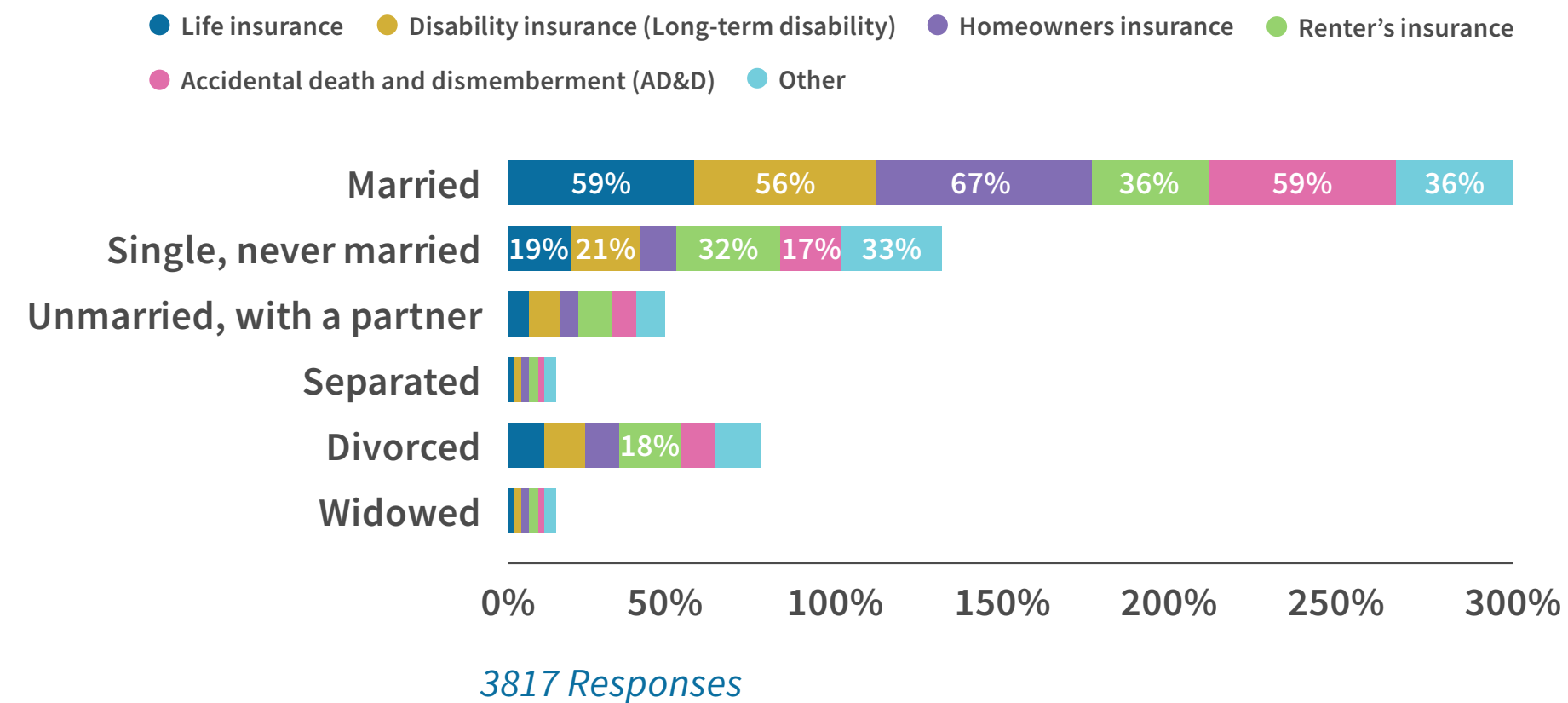


# MANAGING RISK (CONT.)

## INSURANCE

**On average, about 60% of respondents carry life insurance.** This varies significantly by household composition. Nearly 60% of married households have life insurance and disability insurance, compared to about 20% for those in single-income households.

### TYPES OF INSURANCE BY MARITAL STATUS



Responses that listed “other” insurance included specialty insurance policies in place, such as long-term care insurance, cancer insurance or an umbrella policy.

## ESTATE PLANS

As expected, focusing on estate plans—creating or updating a will and setting up medical and financial directives for the future, grows in importance throughout life.

**Most** Californians surveyed do not have an updated will or medical directive in place. Less than 10% have a trust, and only 9% have their financial or healthcare power of attorney documents in place.

# 10% OF MARRIED HOUSEHOLDS HAVE AN UPDATED WILL

By the time workers reach their 50s and 60s, more have at least one part of their estate plan in place. Usually this is their medical directive. Still, 29% of employees ages 60 and older have not prepared any estate plan documents.

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# RETIREMENT STATUS



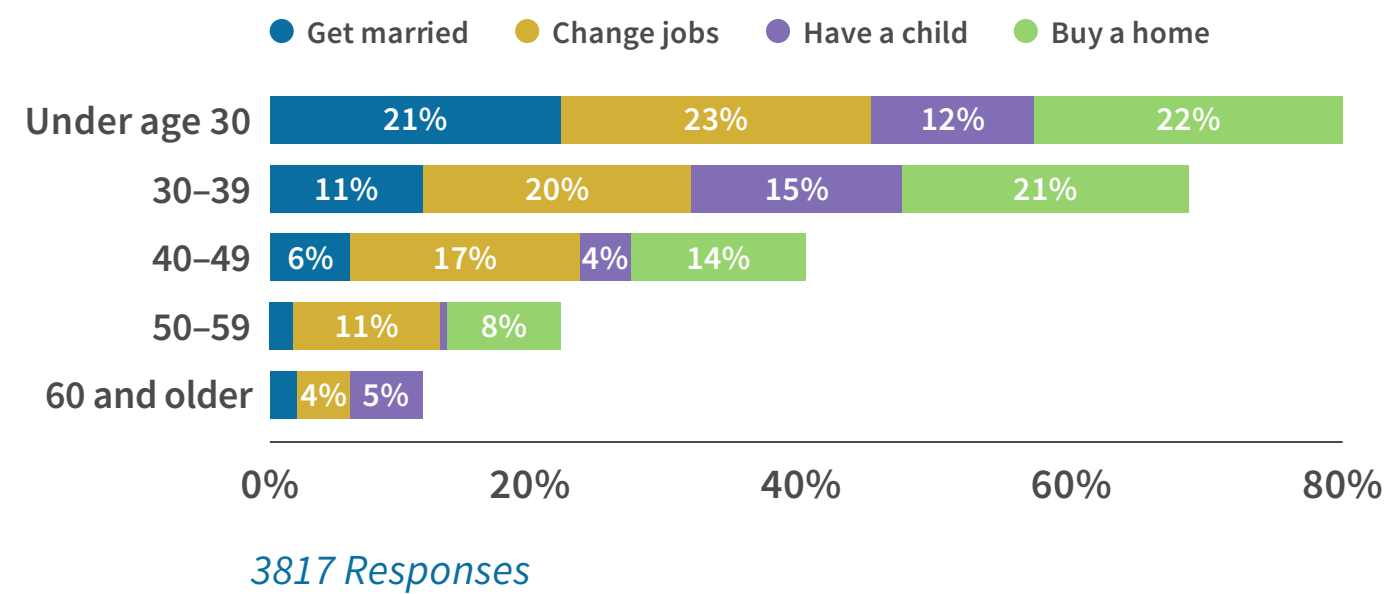
## LOOKING FORWARD: 3-YEAR PLANS

As expected, those under age 40 are expecting the most changes in their lives over the next 3 years. These changes include getting married, having a child, and buying a home.

**Less than 5% plan to move out of California.**

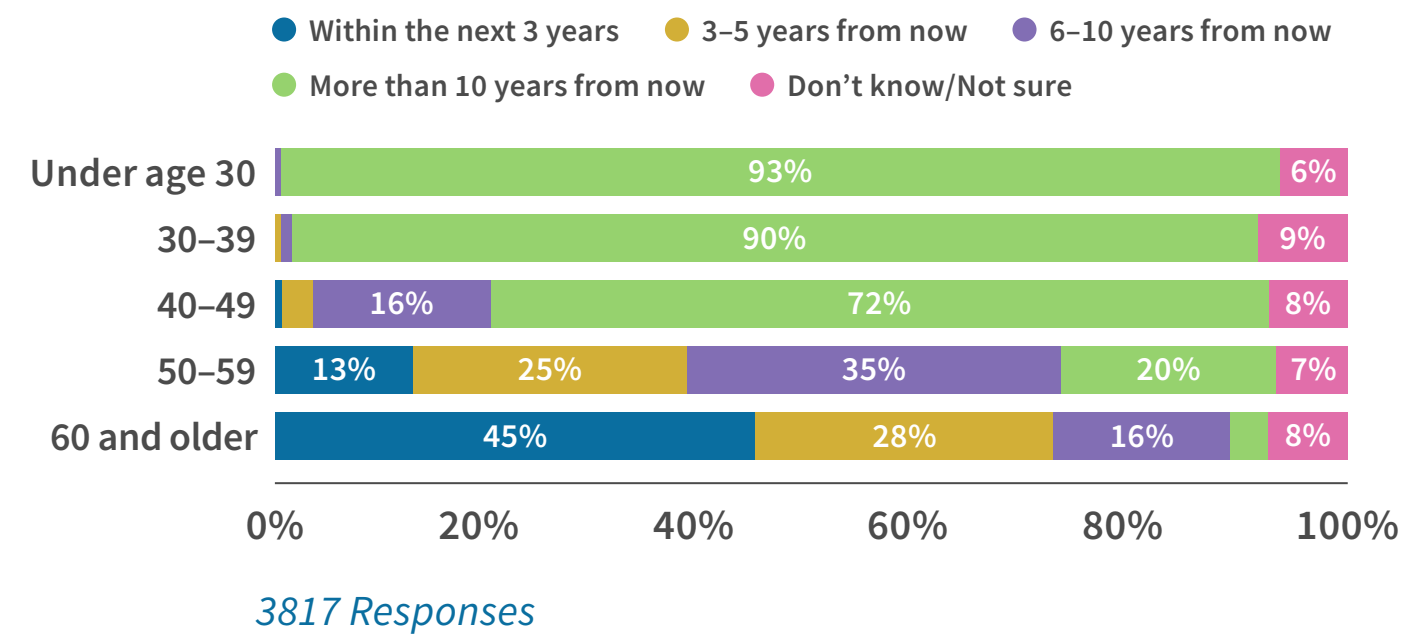
Other plans include positioning themselves for a promotion, getting a higher-paying job, going back to school to earn a degree or advanced degree, and tackling debt.

## 3-YEAR PLANS BY AGE



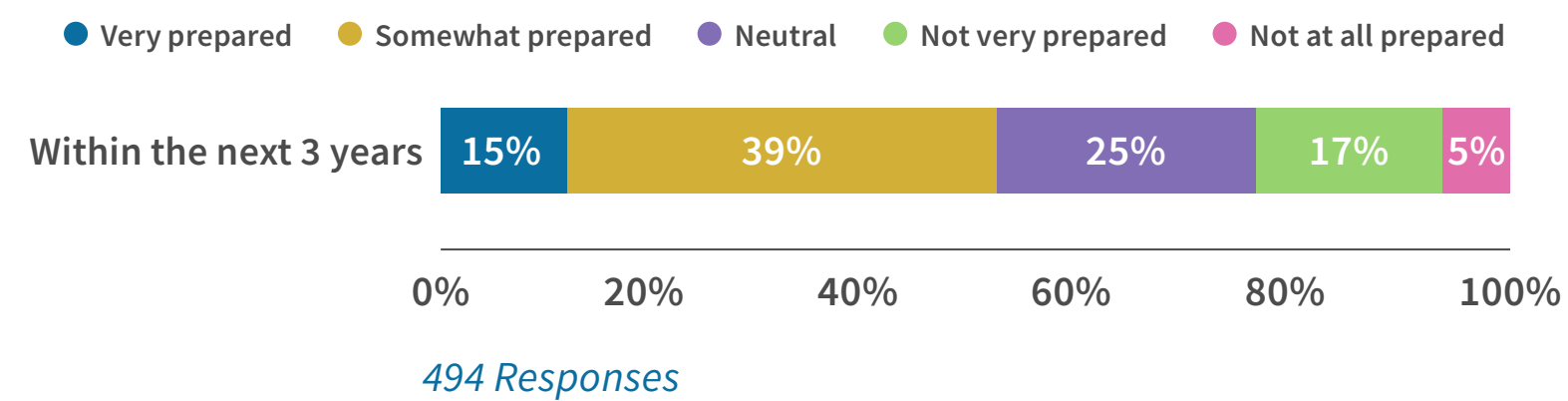
## RETIREMENT PLANS

It should be noted that 45% of California State workers surveyed, aged 60 and over, and 13% of those aged 50-59 **plan to retire within the next three years.**



Those individuals planning to retire within the next 3 years were also asked about financial preparedness, as they near retirement.

## PLANS TO RETIRE BY HOW FINANCIALLY PREPARED



# 54%

OF THOSE PLANNING TO RETIRE IN 3 YEARS FEEL FINANCIALLY PREPARED

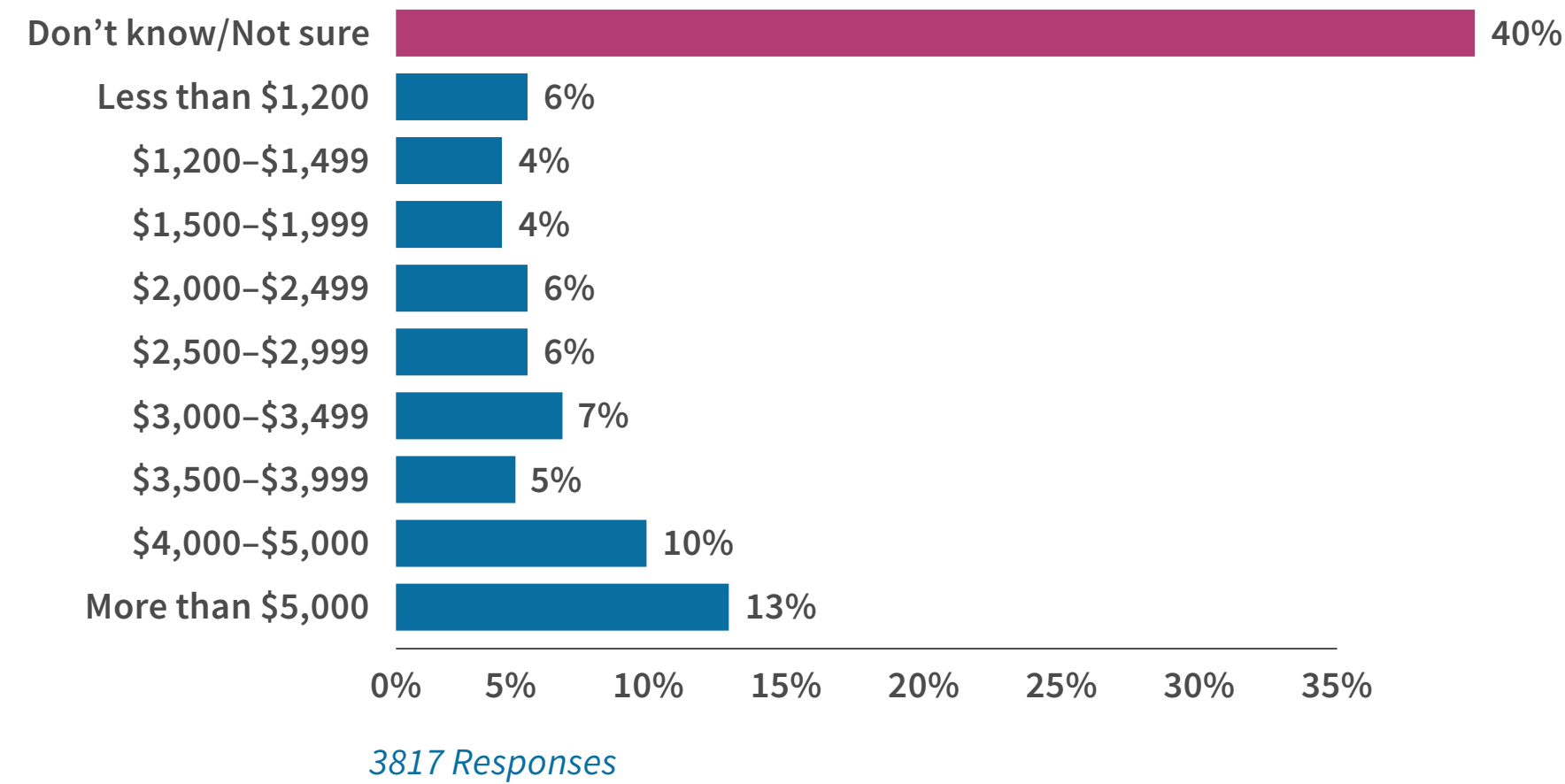
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# RETIREMENT STATUS (CONT.)

## EXPECTED PENSION AT RETIREMENT AGE

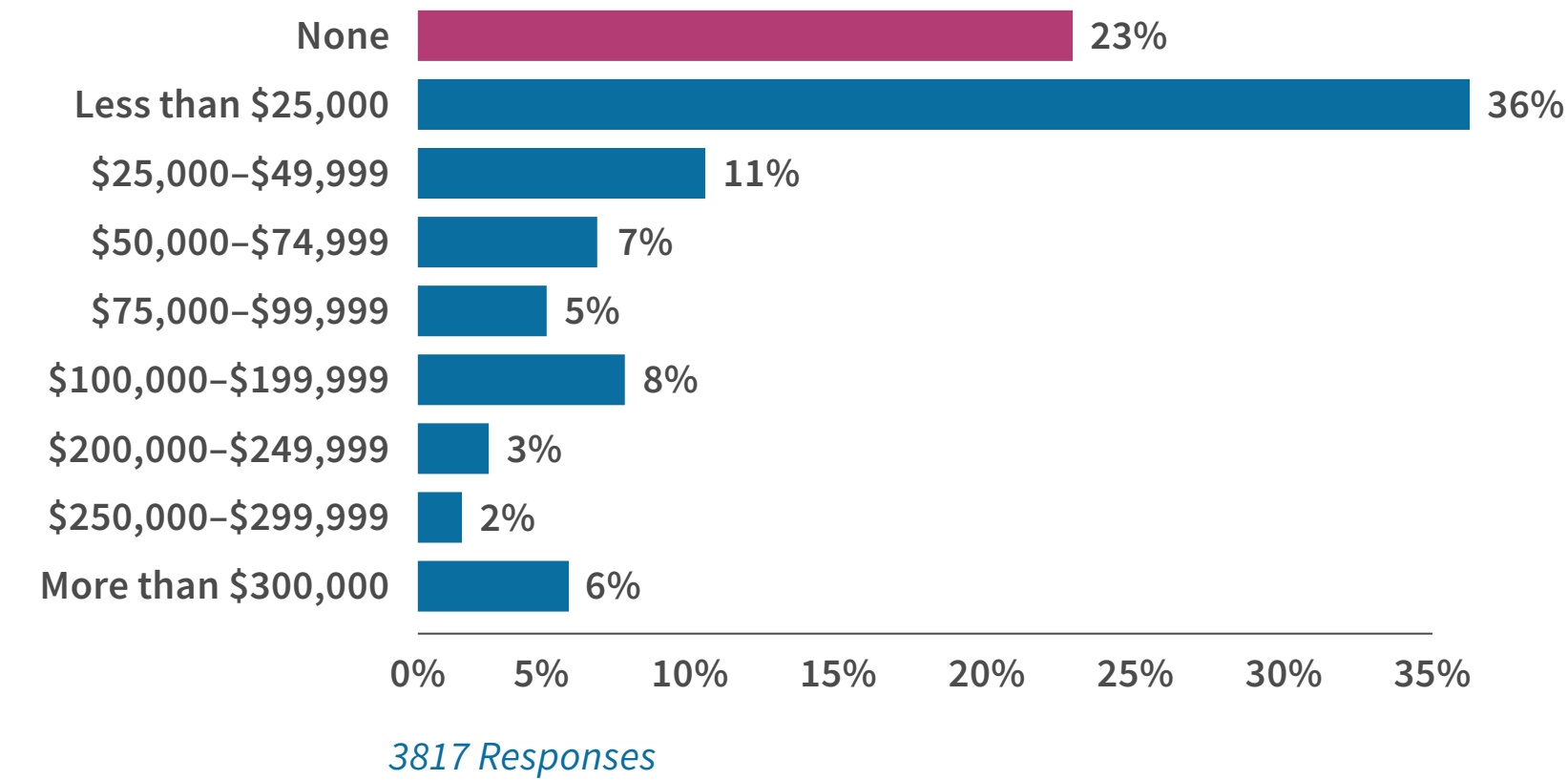
A surprising number of State employees don't know what their pension will be at retirement—even those who are thinking about retiring in the next 5 years.



Among those who know their monthly pension, about 15% expect less than \$2,000 per month. Another 13% expect more than \$5,000 per month.

## RETIREMENT SAVINGS

More than half of respondents have less than \$25,000 saved for retirement including one-fourth (23%) of respondents have **no retirement savings** beyond their expected pension.



About 20% have \$100,000 or more saved toward retirement.

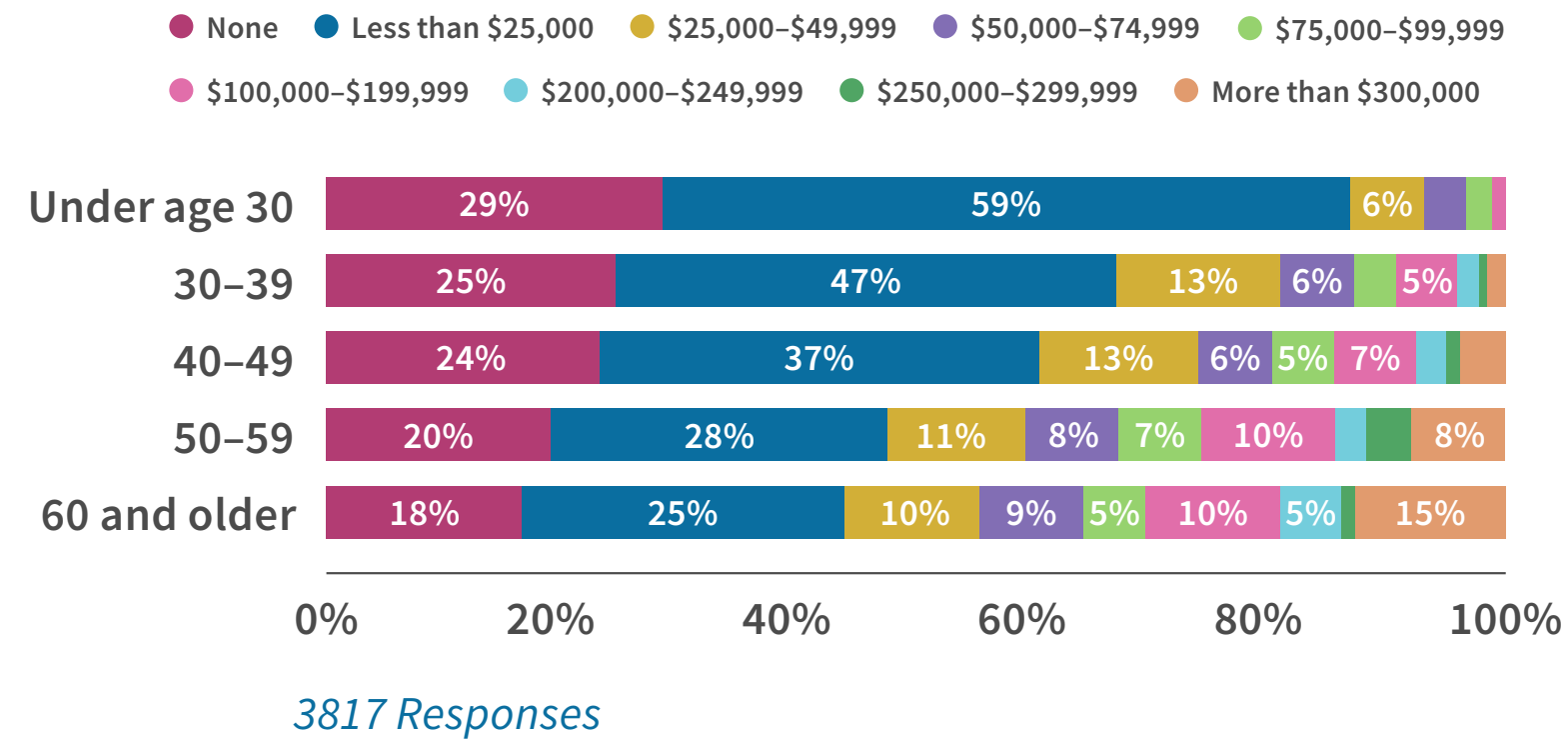
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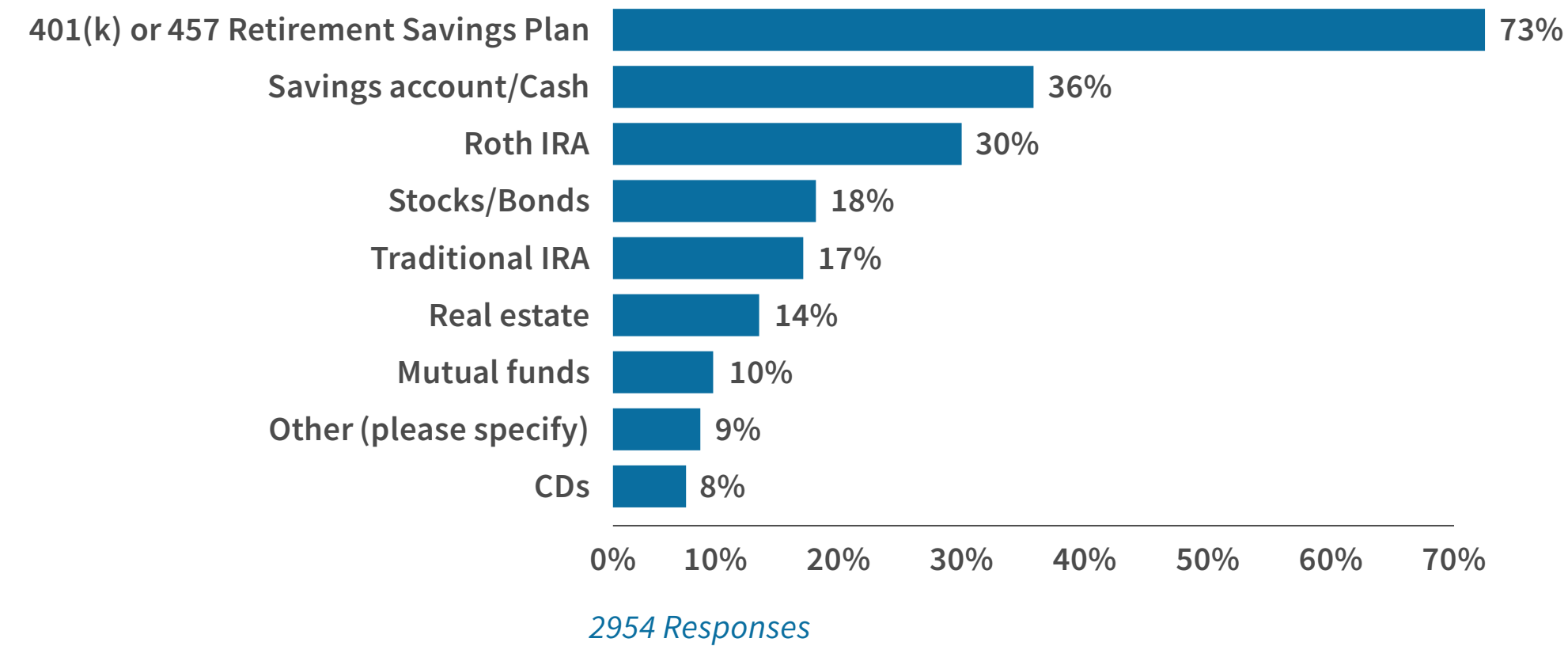
# RETIREMENT STATUS (CONT.)

## CURRENT RETIREMENT SAVINGS BY AGE



## RETIREMENT SAVINGS INVESTMENTS

Workers for the State of California indicated that they use a variety of retirement savings instruments in their portfolio. Among workers with more than \$25,000 in retirement savings, their 401(k), 403(b) or 457 at work is the most popular place to save, followed by depositing money in a savings account.



Other investments mentioned were life insurance, annuities, precious metals, and cryptocurrency.

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# FINANCIALLY PREPARED STATE EMPLOYEES

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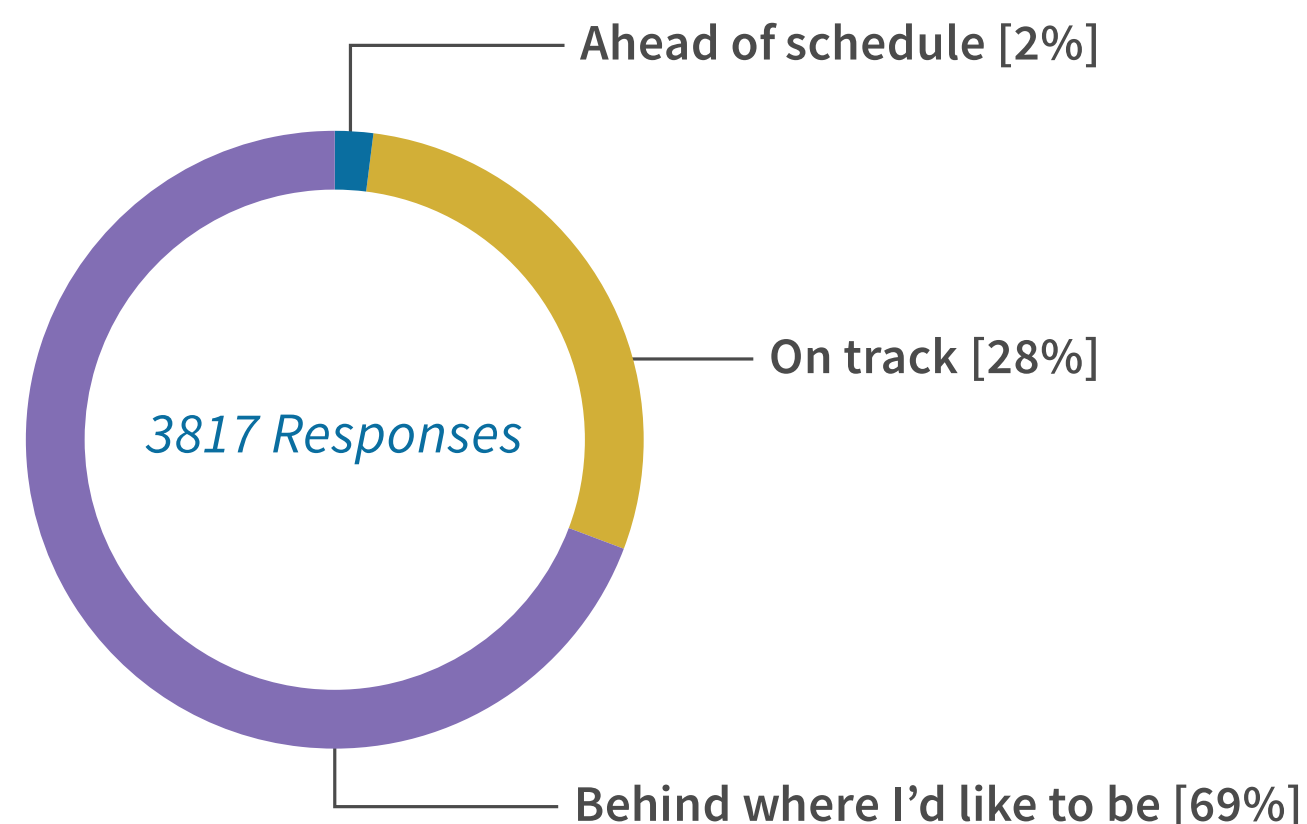
# FINANCIALLY PREPARED STATE EMPLOYEES



CALIFORNIA STATE EMPLOYEES ASSOCIATION

**Having enough money to retire** is California State employees' top personal financial concern, topping meeting monthly bills and paying down debt. When asked how they would rate the overall status of their retirement financial plans, 28% said they are on track, and 2% said they are ahead of schedule.

## FINANCIAL PREPAREDNESS FOR RETIREMENT



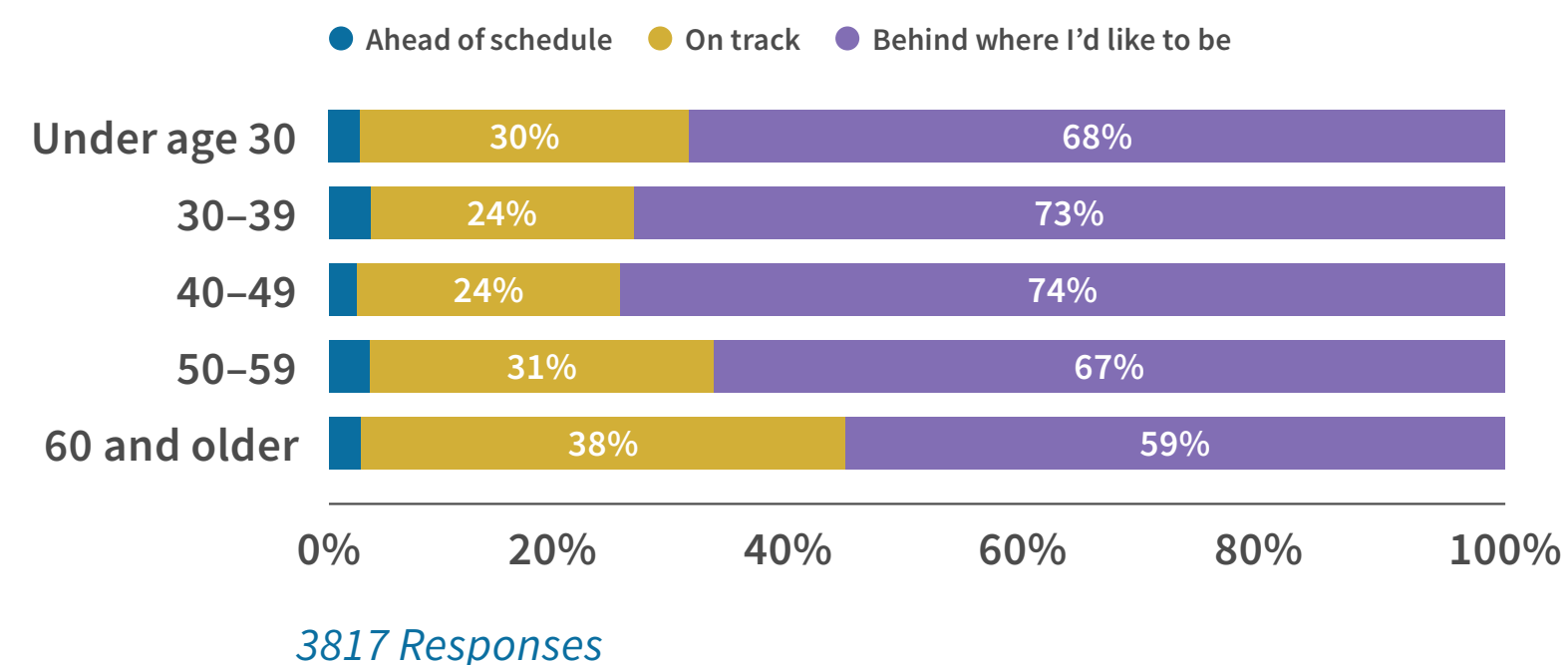
**69%** OF CALIFORNIA STATE EMPLOYEES SAY THEY ARE BEHIND IN SAVING FOR RETIREMENT

## SHARED CHARACTERISTICS

Importantly, those who say they are financially prepared for retirement aren't necessarily older, they may not have the highest retirement balances, or even own their home.

In fact, research shows that there are California state employees who feel on track or ahead of schedule in every age group, every metro area, every household shape and size, and with different amounts in their retirement portfolio.

## FINANCIAL PREPAREDNESS BY AGE



Notably, among CA State workers there are people who feel behind at every age, but **especially in their 30s and 40s.**

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# FINANCIALLY PREPARED STATE EMPLOYEES (CONT.)



CALIFORNIA STATE  
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## 7 TRAITS OF FINANCIAL PREPAREDNESS

Researchers found that those who feel on track or ahead of schedule are more likely to **share these 7 traits:**

1. Disciplined about monthly budgeting
2. Use a professional advisor, or have the knowledge to DIY their planning
3. Have adequate emergency savings for their situation
4. Have retirement savings beyond their pension that are invested
5. Protects their family with life insurance
6. Knowledgeable or very knowledgeable about personal finance
7. Have significantly less debt

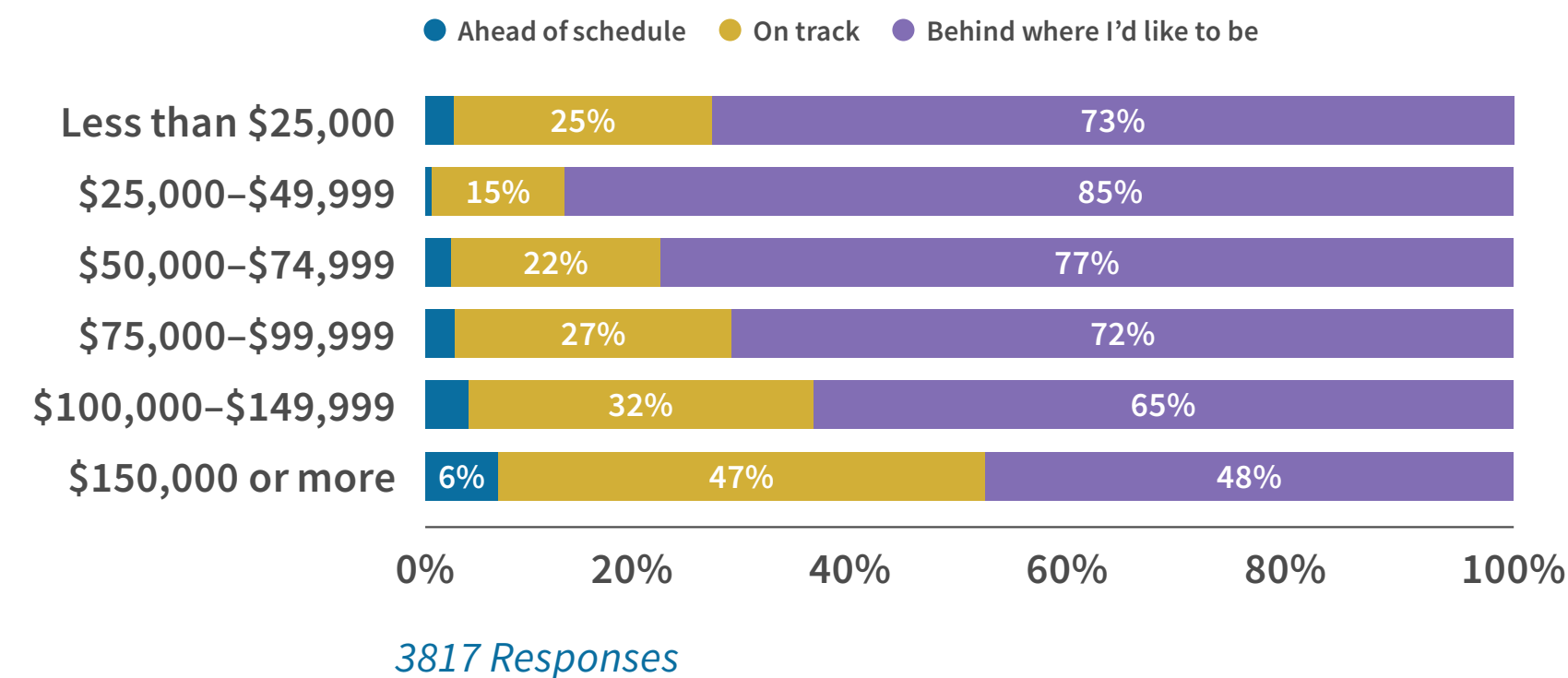
It has more to do with how knowledgeable they are about personal finances, how disciplined they are about saving and spending, and their attitude toward debt.

### RETIREMENT SAVINGS

Feeling financially prepared does include having savings appropriate for age and life stage. On average, those who feel on track have an adequate emergency savings account of **\$10,000–\$25,000** set aside strictly for emergencies.

They are also more likely to have **more than \$100,000 saved and invested for retirement.** Those who are ahead of schedule have \$25,000 or more in emergency savings and more than \$300,000 in their retirement portfolio.

### FINANCIAL PREPAREDNESS BY RETIREMENT SAVINGS



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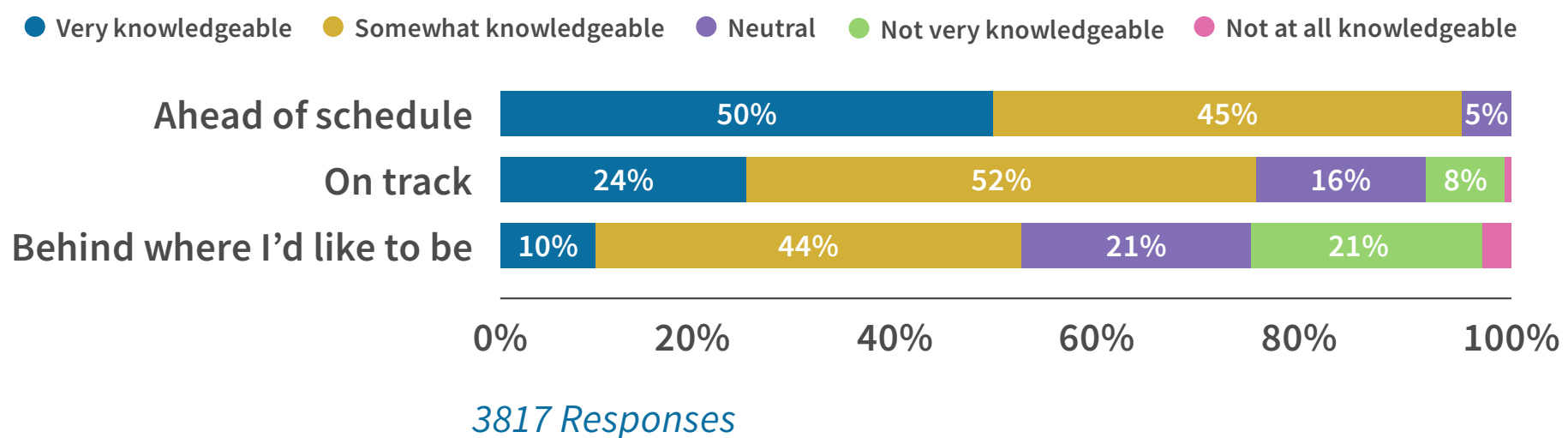
## KNOWLEDGE IS AN IMPORTANT DIFFERENCE

While it is true that the feeling of being financially prepared for retirement grows with age; 41% of workers in their 60s, for instance, feel on track. But 32% of workers under age 30 feel financially prepared as well, indicating there is more to feeling financially prepared than the story that numbers and cents can tell.

Those who are financially prepared for retirement are **significantly more likely** to consider themselves very knowledgeable about the ins and outs of personal finance and investing.

They are also significantly more likely to know their expected pension, regardless of how far away they are from retirement.

## FINANCIAL PREPAREDNESS BY PERSONAL FINANCIAL KNOWLEDGE



## CHANGING COURSE

If you're feeling behind financially in saving for retirement, advice from those who are on-track may help. Getting financially prepared for retirement takes discipline, planning and time. If you are feeling behind for retirement, you may want to:

- **Start saving in your retirement plan at work.** Do this as soon as you can. Get your savings invested so you can enjoy the power of time and compounding interest. The most common piece of advice? *“Even if you think you can’t save, you can.”*
- **Commit to an emergency savings fund.** Set a goal and add to it over time.
- **Review your life insurance to protect your family in the case of your death.**
- **Pay down debt as fast as you can** and don't incur new debt.
- **Keep a regular monthly budget** using Excel spreadsheet, paper or an online budget app.
- **Know your expected pension.** Work with CSR, CalPERS or your department HR to forecast your income streams in retirement.
- **Boost your financial literacy.** Building your knowledge of personal finance, retirement and investing will positively impact your confidence in making decisions. Make an appointment to review your financial plan.

## KNOWLEDGE IS POWER WHEN IT COMES TO CHANGING DIRECTION AT ANY AGE

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# SNAPSHOT: CALIFORNIA STATE RETIREES



## CAN YOU ENJOY A SECURE, SATISFYING RETIREMENT AFTER A LIFE OF STATE SERVICE?

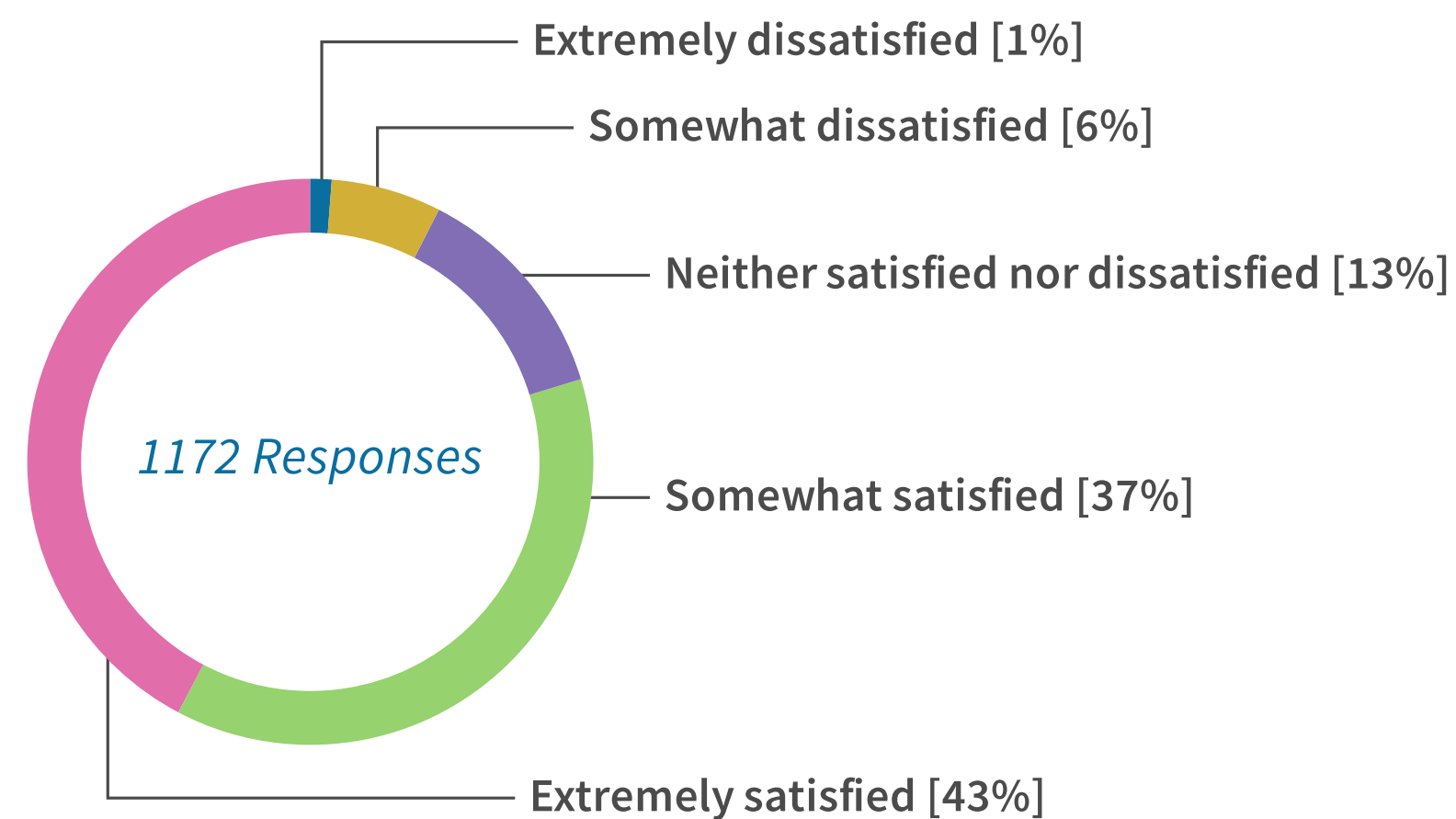
According to most responding California State Retirees, the answer is **yes**.

**More than 1,000 retirees**, averaging 67 years old, shared their perspectives about retirement, their personal financial concerns, and advice for their younger peers.

Of this group, **84%** are college educated, hold an Associate's or Bachelor's degree, or have a trade or technical degree. **Nearly 20%** hold a graduate or professional degree, including an MBA, PhD, or JD.

About half of retired respondents are married, 19% are divorced, and 12% are widowed.

## RETIREMENT SATISFACTION



# 79% OF CALIFORNIA STATE RETIREES ARE SATISFIED OR EXTREMELY SATISFIED WITH RETIREMENT

**Nearly 80% of California State Retirees say they are satisfied or extremely satisfied** with their retirement, so far. Many are busy, active retirees who are spending time with family and friends, taking care of health conditions, exercising, and traveling. On average, they have been retired for 8.5 years.

Top reasons for being very satisfied with retirement:

- **My time is my own**
- **Financial freedom to do what I want**
- **No more commuting**
- **Away from work stress**
- **No big debt worries**
- **Young enough/healthy enough to enjoy retirement**

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# SNAPSHOT: CALIFORNIA STATE RETIREES (CONT.)



**8%** SAID THEY ARE DISSATISFIED OR EXTREMELY DISSATISFIED WITH THEIR RETIREMENT AT THIS POINT

Top reasons for being dissatisfied with retirement:

- Not enough money
- Health issues/disability
- Rising rents
- Forced into retirement
- Retired too soon
- Bored, no routine



*“I was job-centered and haven’t found my place.”*  
*“I thought I was going to get more money.”*  
*“I didn’t expect to be taking care of aging parents.”*  
*“I wish I could have worked longer.”*  
*“California is not affordable.”*

## LEAST SATISFIED: NEW RETIREES

Data showed that the least satisfied group of retirees is the youngest group; those under the age of 60 and who retired early. About one-fourth say they are not confident their money will last throughout their retirement years. They are significantly more likely to be concerned about meeting their monthly financial obligations with growing expenses.

They may also be helping their children with educational or living expenses, even if their children are no longer living at home. They may be caring for aging or elderly parents at the same time, leading to increased financial stress.

## MOST SATISFIED: RETIREES OVER AGE 75 WHO RETIRED YOUNG

Statistically, the most satisfied retired State workers are those who are over 75 and who retired younger than 55. They saved “more than enough” money to do what they want and are confident their savings will last. They lead active lives with family and friends and have enough money to travel.

This group predominantly owns their own home and they are more likely to have earned higher pensions that came with promotions later in their career.

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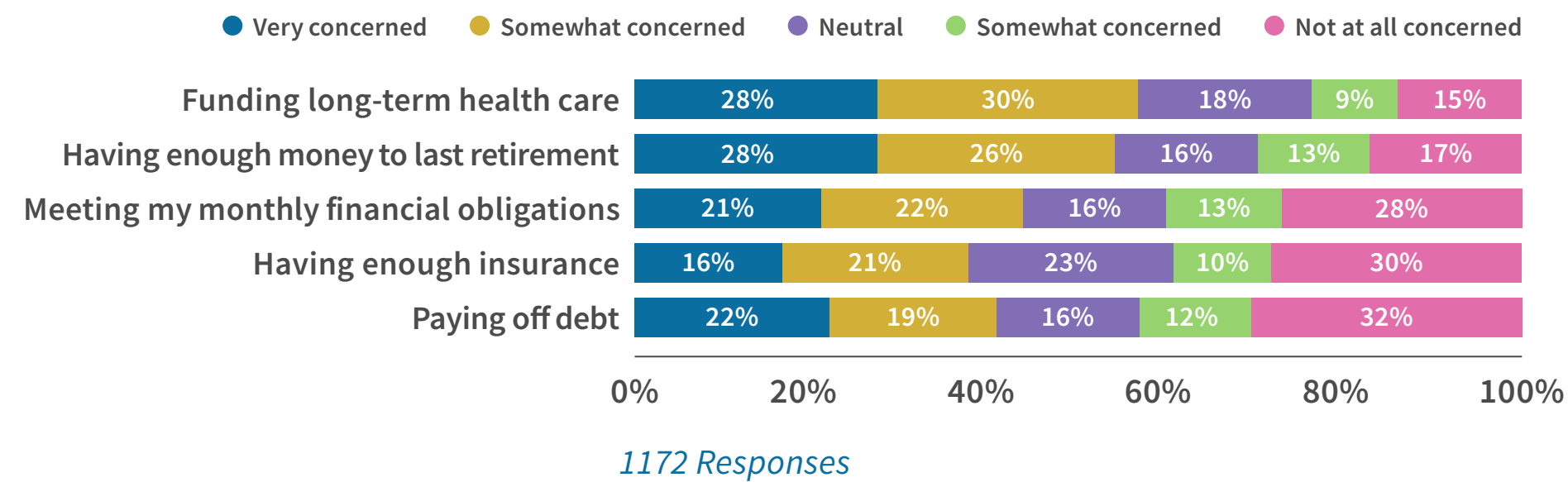
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## RETIRED PERSONAL FINANCIAL CONCERNS

Despite being satisfied, most retirees still have financial concerns, especially those who receive a pension under \$5,000 per month.

The ability to fund long-term health care and having enough money to last through retirement are top personal financial concerns shared by many retirees.

## RETIREMENT FINANCIAL CONCERNS



## MONTHLY PENSION

Retirees surveyed receive pensions ranging from \$1,200 to \$12,000 per month for life upon their State of California retirement.

# \$3,425

 IS THE AVERAGE MONTHLY PENSION AMONG RETIREES

Those without debt and those who have pensions higher than \$5,000 per month are significantly less likely to have financial concerns.



*"I feel blessed to have a pension that can take care of me in my old age."*

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# SNAPSHOT: CALIFORNIA STATE RETIREES (CONT.)



## SIDE GIGS AND PART TIME JOBS

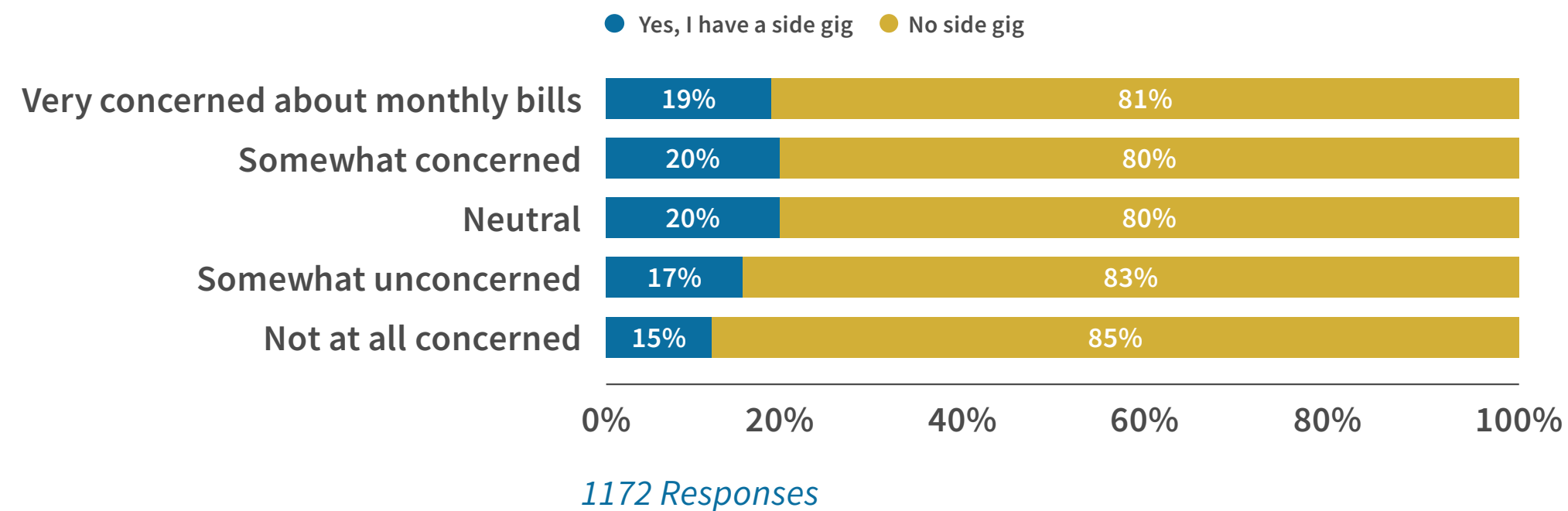
# 18%

**OF RETIRED CALIFORNIA STATE EMPLOYEES HAVE A SIDE GIG OR PART-TIME WORK**

Like their active State worker counterparts, 18% of retirees have a side gig or job—to either supplement their income or to stay engaged and busy.

The most popular job noted is returning to the State to work as a retired annuitant. Other retirees work for their children’s business, provide care for grandchildren and others, or offer house or pet sitting services.

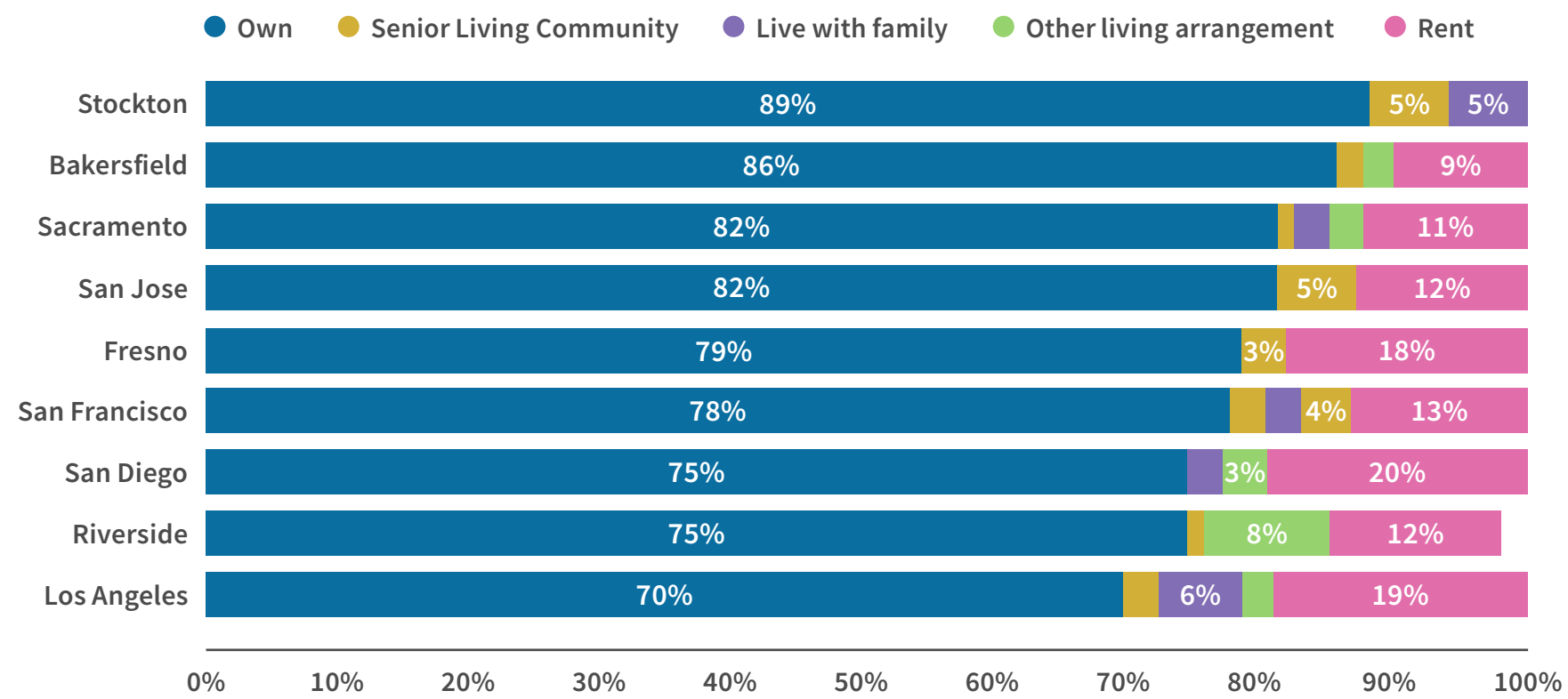
## HAVING A SIDE GIG IS NOT JUST ABOUT MONEY FOR BILLS



## HOMEOWNERSHIP

On average, about 80% of retirees own their home, although homeownership does vary by metro area.

## RETIRED CALIFORNIA EMPLOYEES HOMEOWNERSHIP BY METRO AREA



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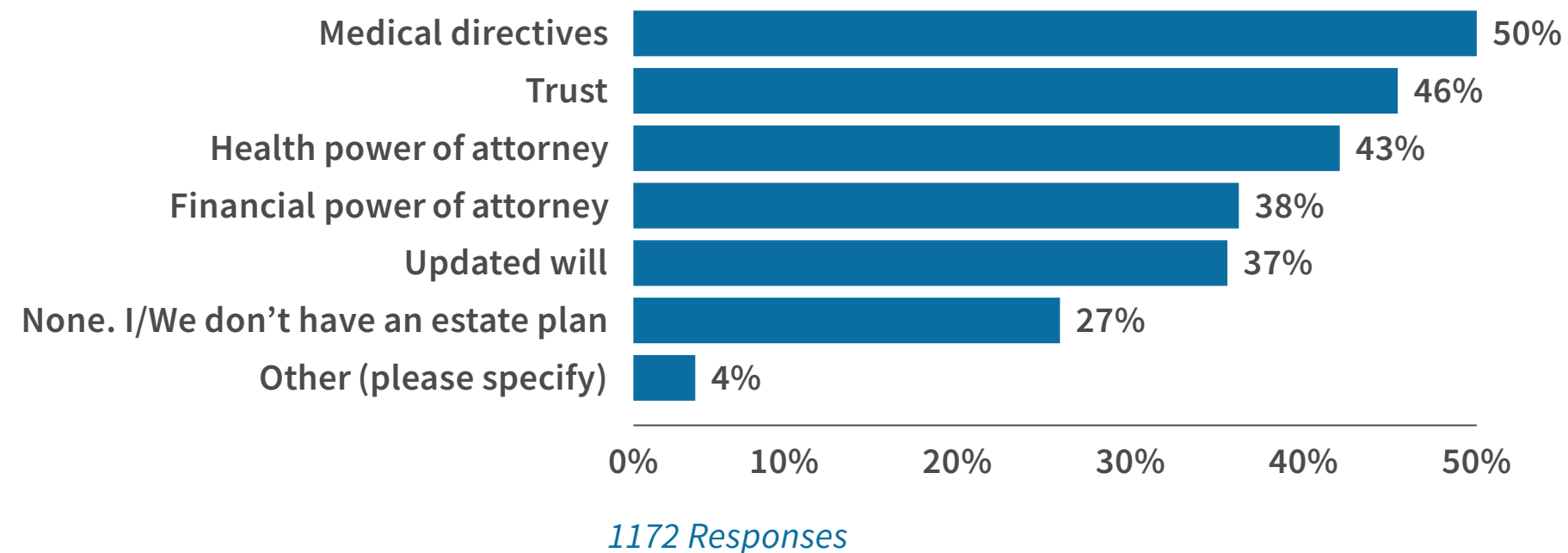


## ESTATE PLANS

At this point, many retirees are getting their estate plans in order, especially their medical directives. Yet only 37% have an updated will, and only 50% have some medical directives in place.

**37%** OF RETIREES HAVE AN UPDATED WILL

## ESTATE PLAN ELEMENTS AMONG RETIREES



Others have a Trust in place or are working on one. Prepaying funeral expenses and having ad hoc discussions with their spouse and children regarding their wishes were mentioned as other parts of estate planning.

## USE OF PROFESSIONAL ADVISOR

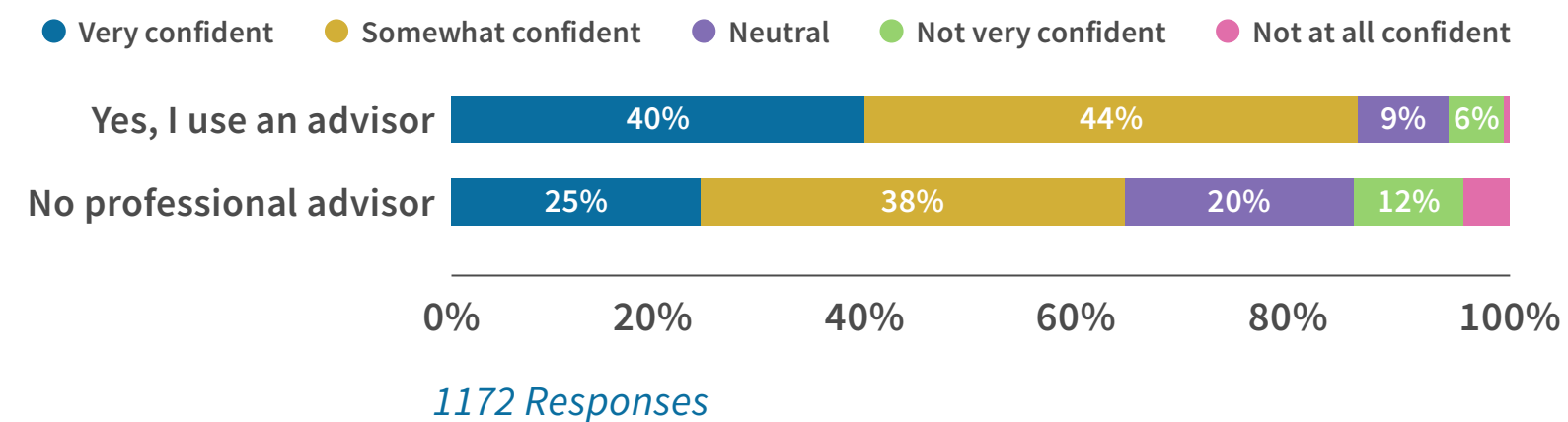
Some **28% of retirees indicated that they use a professional financial advisor** outside of their family to provide personal financial advice, project their retirement income streams, plan the right time to take Social Security, and provide investment advice. **Nearly 80% of retirees use advisors who are a Certified Financial Planner (CFP).**

**85%** OF RETIREES ARE VERY SATISFIED WITH THEIR FINANCIAL ADVISOR

Not everyone uses an advisor, including 38% of people who say they would rather handle their own personal financial tasks. And, among survey participants, 40% said they don't need one.

While only 28% of the respondents use a financial advisor, those that do feel more confident. They are less likely to be concerned about running out of money if they live longer and are less likely to be concerned about meeting monthly obligations or funding long term care.

## CONFIDENCE MONEY WILL LAST BY PROFESSIONAL ADVISOR USAGE



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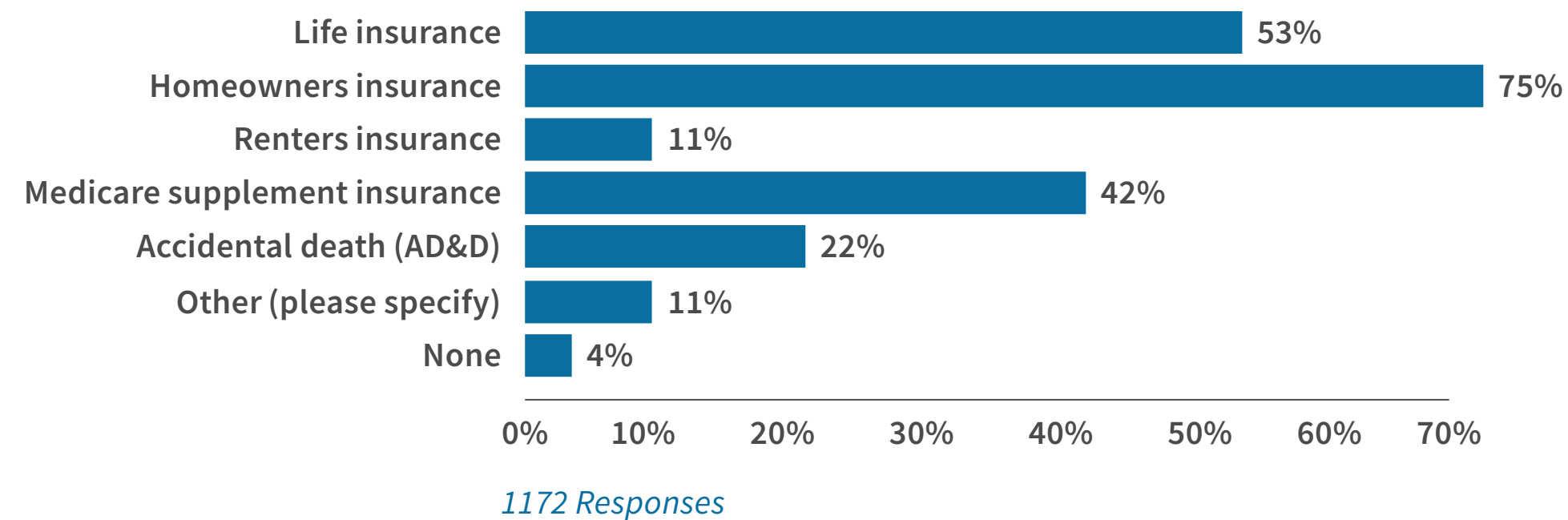


CALIFORNIA STATE  
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## INSURANCE

Slightly more than half (53%) of retired CA State workers carry life insurance. Most homeowners carry a homeowners insurance policy, and about half of retired renters carry renters' insurance.

### TYPES OF INSURANCE COVERAGE



*“Think before you leap. Retirement is great if you have no debt and enough savings to do what you want.”*

## PREPARING FOR A SECURE RETIREMENT

When asked what advice they would share with those getting ready to retire, successfully retired State employees identified six things you may want to consider before taking the leap to retirement.

- 1. Know your numbers.** Retirees stressed that financial freedom in retirement is possible. Accurately predicting your retirement income, determining the right timing for Social Security, understanding tax implications, and ensuring a budget for the unexpected all have an important role in ensuring you're ready.
- 2. Be patient.** While many retirees advised their peers to “retire as soon as possible,” others urged caution. “Ask others about their experience”, some suggested. And if you find you have to work longer to get to where you need to be, retirees suggest you do so.
- 3. Plan your time.** “Have at least three things you want to do when you retire,” said one retiree. The days are long, and you can miss working, the people you see daily, and the work challenges you face.
- 4. Prioritize your health.** Many of the 8% who are dissatisfied or very dissatisfied with their retirement are dealing with chronic health problems of their own, or as caregivers to others. A common suggestion was to focus on your health and health conditions before retirement and to find activities that keep you mentally and physically engaged.
- 5. Get your ducks in a row.** Successfully retired CA state workers emphasized the need to get estate plans in order, such as a power of attorney, a trust, a will, etc. and be absolutely sure if you have a partner how things will change if one or the other dies. Map it out, they suggest. Understand your insurance needs and get it as soon as possible; it will go up as you age, some added.
- 6. Adopt a new mindset.** “Don't retire to escape the daily grind,” was a common refrain. Ask yourself if you are actually ready to retire or just need a vacation. Another suggested taking mini-vacations that grow closer to the retirement date.

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## PEER ADVICE

### Successfully retired CA State workers offered thousands of nuggets of advice for younger employees.

- **Save early.** It's ok to start small. Just be diligent and contribute to your retirement plan at work. Start earlier than you think you need to.
- **Invest.** Retirement savings outside of your pension should be invested to capture the benefit of compounding while in your working years.
- **Pay off debt.** Work to draw down balances, but not to the detriment of saving for retirement.
- **Buy a house** as soon as you can.
- **Keep emergency savings** so one big expense doesn't crater your financial plans for the future.
- **Get life insurance,** especially when you're young and healthy.
- **Have a plan.** Get your ducks in a row. Check and re-check your pension and plan your savings—and your spending.

Retirees were universal in their advice to save, and especially to start early. A common regret is that they waited until their 30s or 40s to begin contributing to their retirement plan with the State. Those five, ten or twenty years represent lost opportunity, they say. That said, they insist it's never too late to start. Think of it as paying yourself first, several retirees said.

Other words of wisdom from those who have achieved a successful retirement after a life of State service:



*“Even if you think you can't save anything, you can.”*

*“Many years down the road, your modest savings will have grown and compounded into real money and financial freedom.”*

*“I learned about compounding interest and stocks in my 20s and decided I didn't want to have to worry about retirement.”*

*“I can't believe how fast time has gone.”*

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# PROFESSIONAL ADVICE



**RUSSEL L. PHELPS III, CFP®, CDFA®, APMA®, AWMA®, MSFP**

**Russel L. Phelps III** is a Private Wealth Advisor and Certified Financial Planner Professional (CFP) from Trinity Wealth Advisors, a private wealth advisory practice of Ameriprise Financial Services, LLC in Folsom, CA. We asked him to review the research findings and provide his financial advice for California State employees in different financial situations.



**Trinity Wealth Advisors**  
Ameriprise Private Wealth Advisory Practice

1

**Q: Some people are saving for their children’s education and their retirement at the same time. How would you advise someone to allocate resources?**

**A:** Based on their values and flexibility of their retirement goal. You cannot borrow for retirement like you can for college. College also has a wide variety of price points for decision. I ask clients if they are willing to retire later in order to save more for college. Is retirement or college the clear priority since they are conflicting goals consuming the same cash flow.

2

**Q: How does insurance play in financial preparedness? For whom is it essential?**

**A:** I would say only those who have insurance are financially prepared. Whenever there is a large potential for financial loss that would affect a loved one’s standard of living, insurance should be considered. Life insurance, disability insurance, health insurance, auto insurance, homeowners insurance and long-term care insurance are all important for everyone to consider at some point in their life.

3

**Q: What would you advise someone who is on track or ahead of schedule?**

**A:** If you are on track, continue doing what you are doing. If you are ahead of schedule and close to retirement, consider the additional options being ahead may afford you. You may be able to reduce investment risk, create a larger legacy for heirs, give to charity or just spend more during retirement than you planned.

4

**Q: What advice do you have for people who want to manage their own retirement plan themselves?**

**A:** Choose a diversified investment portfolio and stay invested. Do not move in and out of investments during periods of volatility or any time. Resist market timing advice from colleagues. Continue to save systematically no matter what is happening in the markets. Do not reduce or suspend saving during volatile scary times. If you find yourself worrying, then you are invested too aggressively and should adjust your mix to add more bonds. The biggest mistake people make is getting out of the markets, and not getting back in.

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## PROFESSIONAL ADVICE

5

**Q: Do you think union families have different or more complicated financial needs than other families? Why or why not?**

**A:** Generally, I think they have a simpler situation. I see union employees generally have better employee benefits and pensions to force them to save for retirement.

6

**Q: Financially prepared state employees tend to manage a monthly budget. Are there apps or other budget tools you recommend?**

**A:** Simplify by Quicken is a handy app. The old style is to pay for everything using cash, especially daily expenses. Swiping a credit card disconnects the purchase with the amount of money you have.

7

**Q: Nearly 70% of active state employees say they are behind in saving for retirement.**

**A:** Interesting. There are a few levers to pull to fix that. Increase saving, increase investment rate of return, or change retirement date.

8

**Q: What concrete steps can they take to change the trajectory?**

**A:** Do a financial plan to forecast income and expenses at retirement to find out if indeed you are correct. If you are correct the plan will show how much more you need to save, if you need a higher rate of investment return, or you need to rethink the date of retirement. Consider any inheritances that might help retirement.

9

**Q: What advice do you have for a state worker who is less than 3 years from retirement?**

**A:** Figure out how much income you will have from your pension and social security. Compare that income to your expenses to determine if you will need to make withdrawals from your investments. Practice living on your retirement income to see if it works. Re-evaluate your expenses or retirement date if income is too tight or if you must withdraw more than 4% of your retirement investment portfolio.

**Disclosure:** The views expressed here reflect the views of Russel Phelps, CFP as of May 1, 2024. These views may change as market or other conditions change. Actual investments or investment decisions made by Ameriprise Financial and its affiliates, whether for its own account or on behalf of clients, will not necessarily reflect the views expressed. This information is not intended to provide investment advice and does not account for individual investor circumstances. Before you purchase life insurance, be sure to consider the policy's features, benefits, risks and fees, and whether it is appropriate for you, based upon your financial situation and objectives. Variable life insurance is a complex investment vehicle that is subject to market risk, including the potential loss of principal invested. Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™ and CFP® certification mark (with plaque design) logo in the U.S. **Investment products are not insured by the FDIC, NCUA or any federal agency, are not deposits or obligations of, or guaranteed by any financial institution, and involve investment risks including possible loss of principal and fluctuation in value.** Always consult a Social Security Agent regarding your specific Social Security questions and decisions. Investment advisory products and services are made available through Ameriprise Financial Services, LLC, a registered investment adviser. Securities offered by Ameriprise Financial Services, LLC. Member FINRA and SIPC. © 2024 Ameriprise Financial, Inc. All rights reserved.

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## OUR AFFILIATES

The California State Employees Association (CSEA) was created in 1931 as an outgrowth of a huge effort by employee groups throughout the state to win public support for establishing a State Employees Retirement System.

Now, as labor unions tackle bargaining to get the most for their members, CSEA provides an active Member Benefits Program, providing discounts on a wide variety of products—from a payroll purchasing program and discounted theme park tickets to life and other insurances—available to affiliate members.

### ABOUT SEIU LOCAL 1000

Local 1000 of the Service Employees International Union is a united front of 96,000 working people employed by the State of California, contributing nearly \$6 billion dollars to the California economy, making Local 1000 the largest public sector union in California and one of the largest in the country.

The mission of Local 1000 is to give members—and all Californians—the opportunity to have a good life, live in sustainable communities, and enjoy the fruits of social, economic, and environmental justice. [Visit website.](#)

### ABOUT CSUEU LOCAL 2579

Incorporated in 2005, after serving members as a division of CSEA for more than 70 years, the California State University Employees Union represents staff members who support CSU's 23 campuses as well as the Office of the Chancellor.

Our Union represents 15,000 CSU support staff covering the academics and operations of the CSU, including information technology, healthcare, clerical, administrative and academic support, campus operations, grounds and custodial. [Visit website.](#)

### ABOUT ACSS

The Association of California State Supervisors is the largest and most experienced organization in California fighting for better careers and compensation for state supervisors, managers, and confidential employees. ACSS is an association of nearly 12,000 members and 11 chapters led by excluded employees just like YOU! ACSS members serve on our Board of Directors that have stepped up to take on a leadership role within the association, in addition to their full time State jobs. [Visit website.](#)

### ABOUT CSR

The mission of the California State Retirees is to protect the pension and health benefits of all retired state employees.

We concentrate specifically on State issues that affect your health benefits and pensions. Our opinion matters to legislators, our governor, the CalPERS Board of Administration and other agencies that can impact the pensions and benefits of state retirees. We are 41,000 members strong... and growing! [Visit website.](#)

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