

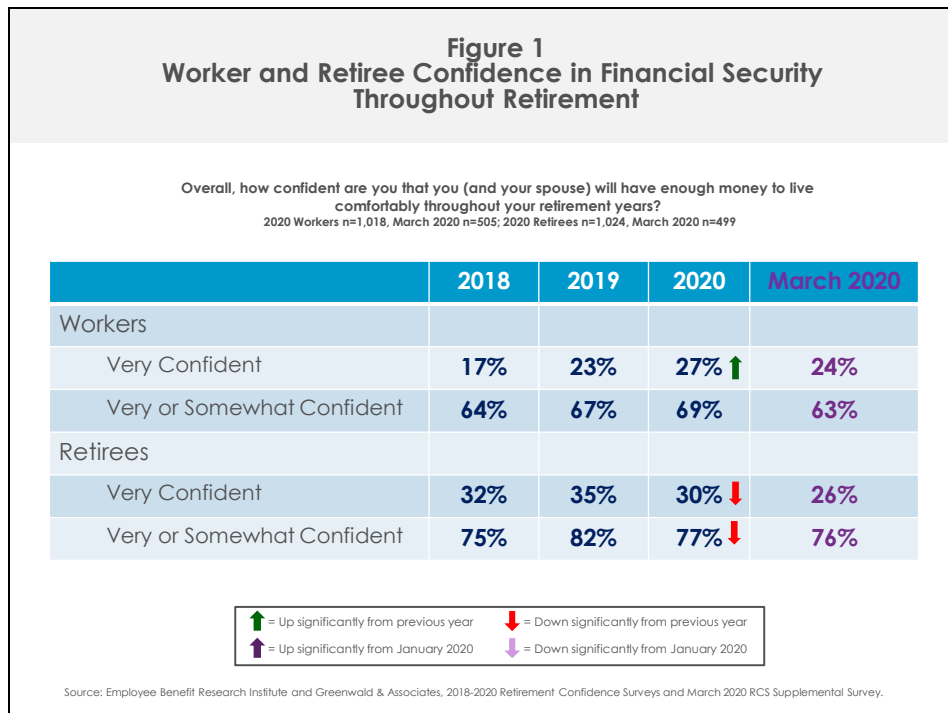
2020 RCS FACT SHEET #8

Retirement and Financial Attitudes: Before and After the Onset of the Pandemic

About 7 in 10 American workers reported that they were very or somewhat confident about their ability to have enough money to live comfortably throughout their retirement years before the onset of the coronavirus pandemic in the United States. How did the attitudes regarding retirement and other financial issues of workers and retirees change after the onset of the pandemic? Are Americans thinking in the long term or reacting to the immediate situation?

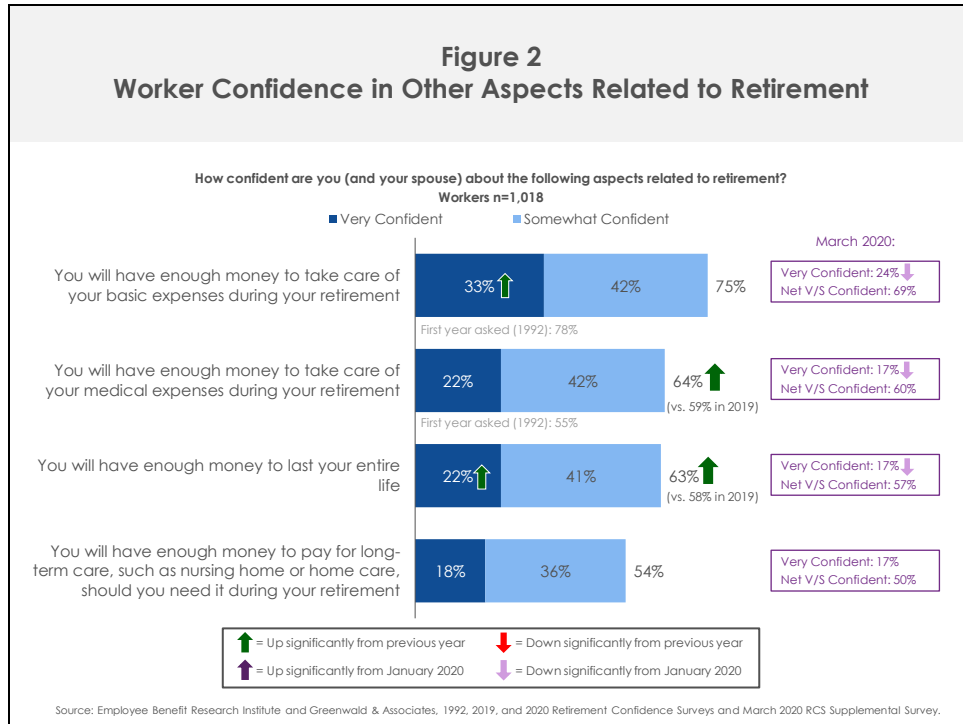
Retirement Confidence

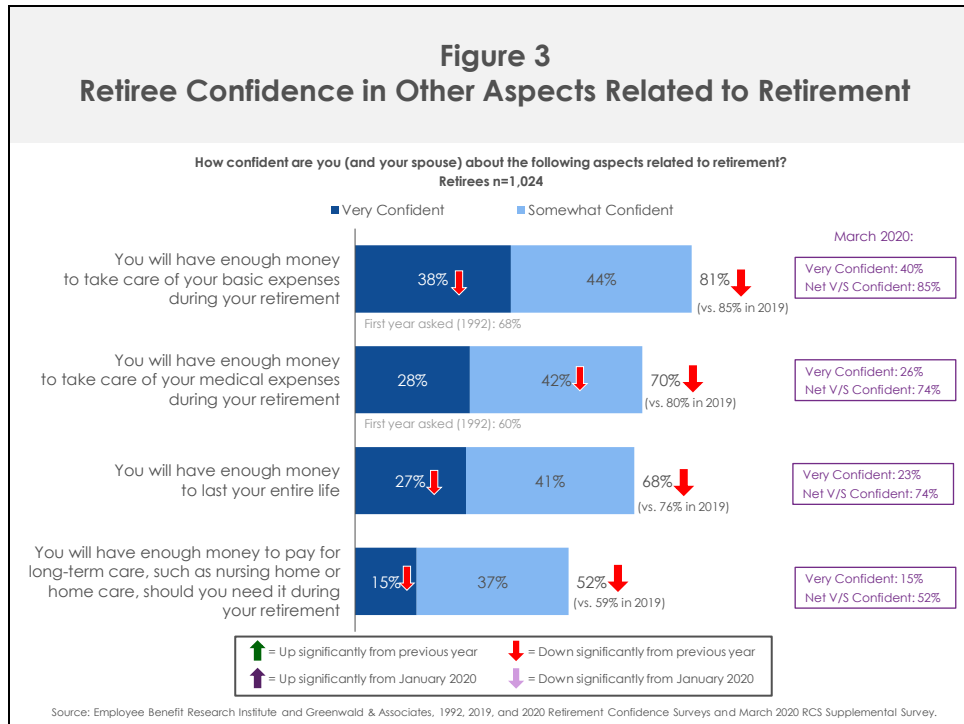
The 2020 Retirement Confidence Survey (RCS), which fielded in early January 2020, found that 7 in 10 American workers (69 percent) feel confident in their ability to retire comfortably, though only 27 percent feel very confident. These numbers remained near the same level at the end of March at 63 percent and 24 percent, respectively (lower but not statistically significant), when a supplemental survey was fielded to measure the impact of the pandemic on key metrics (Figure 1). A similar outcome of the confidence level holding after the onset of the pandemic resulted for retirees (77 percent very or somewhat confident vs. 76 percent in March 2020).



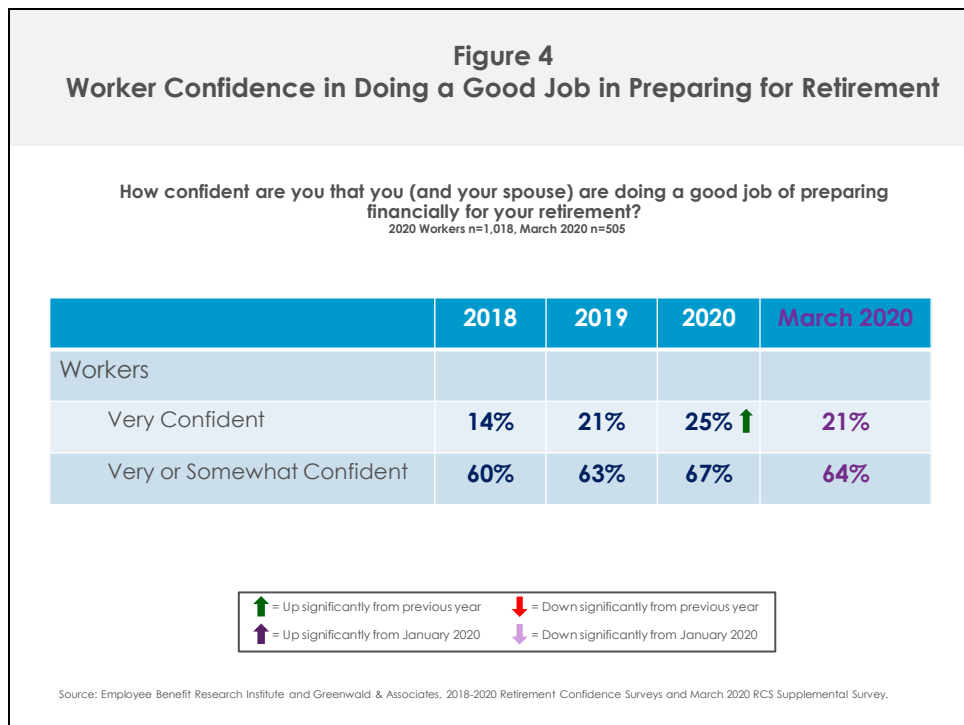
The RCS also looked at the confidence of workers and retirees in regard to other aspects related to retirement, such as having enough money to cover basic expenses, having enough money to cover medical expenses, having enough money to last their entire life, and having enough money to cover long-term care expenses. Among workers, being very or somewhat confident about these aspects did not change

significantly from before to after the onset of the pandemic, but the percentages of those very confident about having enough money to take care of basic expenses, having enough money to cover medical expenses, and having enough money for the rest of their life did go down (Figure 2). Retirees showed no statistically significant changes in their confidence between before and after the onset of the pandemic (Figure 3).





The confidence of workers in doing a good job in preparing for retirement also didn't waver after the onset of the pandemic. Two-thirds (67 percent) of workers said they were very or somewhat confident in doing a good job preparing for retirement before the onset, compared with 64 percent after (again *not* a statistically significant difference) (Figure 4).



Confidence in Government Programs

The RCS has annually asked workers and retirees about their confidence in Medicare's and Social Security's abilities to continue to provide benefits of at least equal value to the benefits being received now. The confidence in these programs from both workers and retirees was maintained after the onset of the pandemic. The only confidence rating that showed close to statistical significance, but was not, was the share of retirees who were either somewhat or very confident in Medicare (66 percent before vs. 71 percent after) (Figure 5). Similarly, the confidence in Social Security also held after the onset for both workers and retirees (Figure 6).

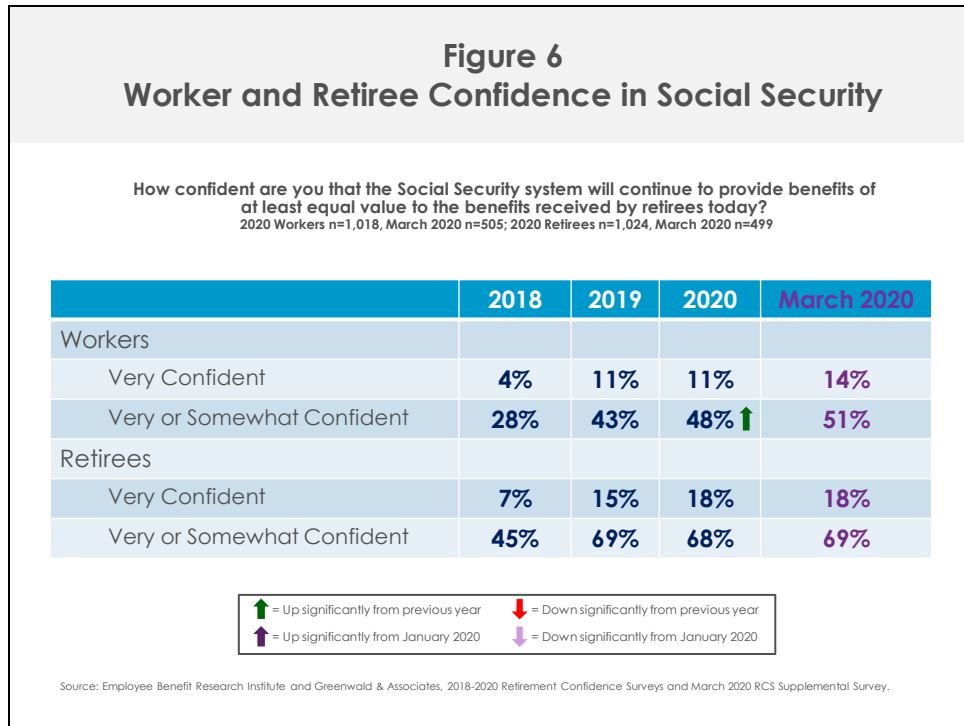
Figure 5
Worker and Retiree Confidence in the Medicare System

How confident are you that the Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today?
2020 Workers n=1,018, March 2020 n=505; 2020 Retirees n=1,024, March 2020 n=499

	2018	2019	2020	March 2020
Workers				
Very Confident	4%	12%	13%	13%
Very or Somewhat Confident	34%	45%	50% ↑	54%
Retirees				
Very Confident	7%	15%	18%	19%
Very or Somewhat Confident	46%	72%	66% ↓	71%

↑ = Up significantly from previous year ↓ = Down significantly from previous year
↑ = Up significantly from January 2020 ↓ = Down significantly from January 2020

Source: Employee Benefit Research Institute and Greenwald & Associates, 2018-2020 Retirement Confidence Surveys and March 2020 RCS Supplemental Survey.

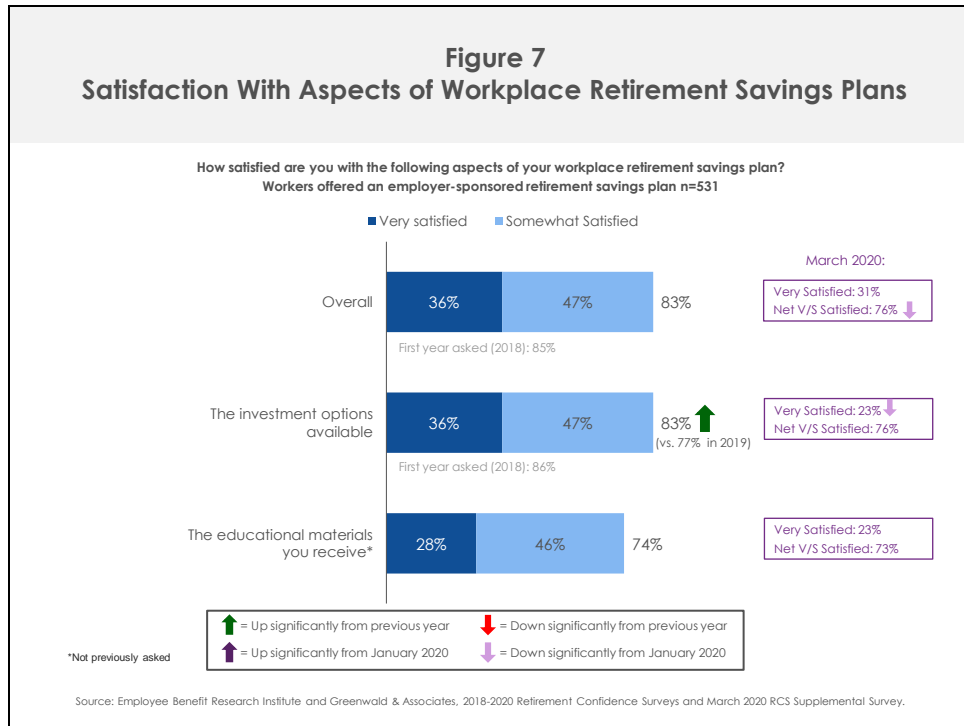


Retirement Age

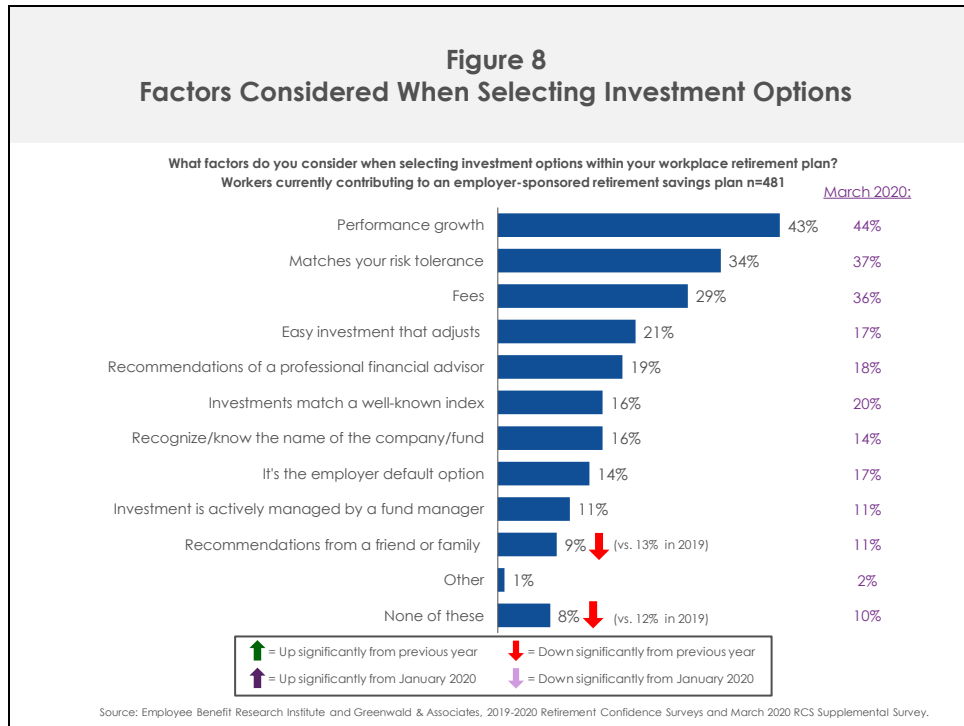
Workers were asked at what age they realistically expect to retire. The median age remained consistent between before and after the onset of the pandemic at age 65. Retirees were asked when they actually retired, and the median age response was 61, compared with 62 before the onset of the pandemic. Therefore, as of the end of March, workers appear to still be thinking in the long term with respect to when they are going to retire, not reacting to the circumstances they faced at the time of the survey.

Workplace Retirement Savings Plans

The share of workers who report that their employers offer a retirement savings plan was unchanged after the onset (75 percent before vs. 72 percent after), and the percentage of those offered a plan who were currently contributing was also unchanged (92 percent before vs. 90 percent after). Of those offered a plan, the satisfaction with certain aspects of the plan did show some statistically significant changes. In particular, the percentage of those offered a plan who were very or somewhat satisfied with the plan overall did decrease from 83 percent before to 76 percent after the onset, although this is still a very high level of satisfaction. Also, the percentage of those offered a plan who were very satisfied with the plan investment options decreased after the onset of the pandemic (36 percent vs. 23 percent). However, the share very or somewhat satisfied with the investment options did not have a statistically significant change (Figure 7).

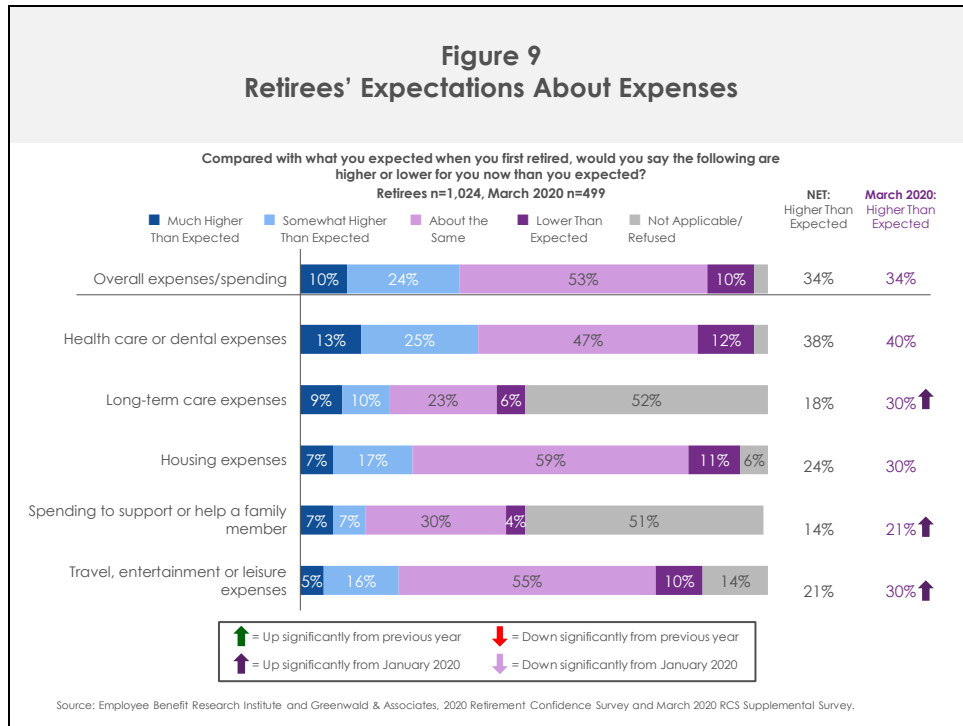


The onset of the pandemic was not associated with any significant changes in the factors considered when those contributing to a plan select their investments. Performance growth, matches their risk tolerance, and fees remained the top considerations (Figure 8).



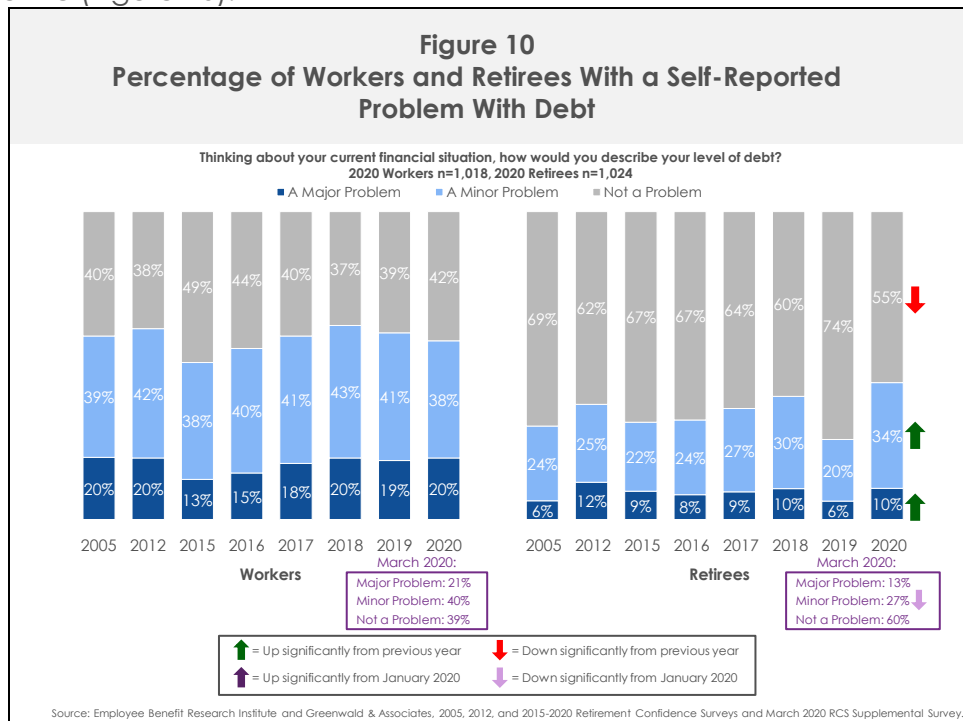
Retirees' Expectations About Expenses

Retirees were asked how their expected lifestyle and expenses compared with what they actually are. When asked how their overall lifestyle in retirement was now compared with how they expected it to be before they retired, 28 percent of retirees said it was much better or somewhat better than expected. This percentage was unchanged after the onset of the pandemic at 32 percent. While 34 percent of retirees both before and after the pandemic onset said that overall expenses were higher than they expected, certain expense categories had an increased share of retirees reporting that they were higher than expected after the pandemic onset. In particular, long-term care expenses; spending to support other family members; and travel, entertainment, or leisure were more likely to be reported as higher than expected after the onset of the pandemic (Figure 9).



Debt

The percentage of workers and retirees who report debt as a major or minor problem did not change after the onset of the pandemic. Workers were still more likely to say that debt was a problem. While the share of retirees who said that debt was a minor problem had a statistically significant decrease, when combined with the share who said that debt was a major problem, the change was not significant after the onset of the pandemic (Figure 10).



In the 2020 RCS, 48 percent of workers said that they either strongly or somewhat agreed with the statement that debt was negatively impacting their ability to save for retirement. This number held steady at 47 percent after the onset of the pandemic, with the same amount strongly and somewhat agreeing between the two surveys. Similarly, 27 percent of retirees before the onset and 29 percent after the onset of the pandemic reported agreeing with the statement that debt was negatively impacting their ability to live comfortably in retirement.

In contrast to debt issues, the RCS asked if workers felt they had enough savings to handle an emergency or sudden large expense. Before the onset of the pandemic, 67 percent of workers either strongly or somewhat agreed with that statement. This number held at 68 percent after the onset. Furthermore, 27 percent strongly agreed with the statement before and 28 percent strongly agreed after.

Thoughts on the Stability of the Results

It needs to be acknowledged that the stability in retirement confidence is surprising to see given the current health and economic crisis impacting Americans. While many studies (such as The Conference Board Consumer Confidence Index) are showing that consumer confidence has gone down significantly, RCS researchers believe that the RCS's main measure of confidence focuses on long-term situations and workers' continued confidence is likely reflecting Americans' view that current conditions will pass before they jeopardize long-term financial security in retirement.

Another important factor is the time frame in which the supplemental RCS fielded. This study started just after the markets began to go down, but some of the biggest impacts of the pandemic in the United States — such as widespread stay-at-home orders and closures of non-essential businesses — had not occurred yet. During the March fielding, unemployment was nowhere near the unprecedented levels it has since reached, the Families First Act was passed, and there was news of another stimulus package coming (the Coronavirus Aid, Relief, and Economic Security (CARES) Act). Consequently, only 11 percent of workers reported that they had a negative employment status change in the March 2020 RCS. Another 12 percent expected to have a negative employment status change in the next six months. Therefore, over three-quarters did not report the adverse job change, driving the results to be consistent with prior to the onset of the pandemic.

Given that the number of workers losing jobs has grown substantially in more recent weeks, examining those who have had or expect to have a negative employment status change is necessary, as it portends what could happen with the more widespread unemployment. In fact, across various measures, the confidence of those with a negative change in employment was significantly below that of those who did not have or expect to have a negative change (Figure 11).

Figure 11
Worker Confidence for Those With and Without a Negative Employment Status Change

Differences by Change in Employment Status
 Workers n=505

% Very/Somewhat Confident	No Negative employment status change*	Negative employment status change*
They will have enough money to live comfortably in retirement	67%	47%
They will have enough money to last their entire life	62%	39%
They will have enough to take care of medical expenses	63%	46%
They will have enough to take care of basic expenses	72%	55%
They will have enough for long-term care expenses	56%	28%
They are doing a good job preparing for retirement	67%	49%
The Medicare system will continue to provide benefits of at least equal value to the benefits received by retirees today	58%	39%
The Social Security system will continue to provide benefits of at least equal value to the benefits received by retirees today	55%	35%

All bolded percentages are statistically significant
 *Negative employment status change or anticipated negative change in employment status in next 6 months

Source: Employee Benefit Research Institute and Greenwald & Associates, March 2020 Retirement Confidence Survey Supplemental Survey.

Description of March 2020 RCS Supplemental Survey

The RCS fields annually in January and, this year, fielded prior to the coronavirus pandemic that has greatly impacted U.S. and global markets, businesses, and unemployment. Recognizing the impact these events may likely have had on RCS results and key metrics, the researchers refiled a supplemental survey of key questions from March 20–30, 2020. The supplemental survey included 505 workers and 499 retirees all ages 25 or older. Data were weighted the same as January data (by age, gender education, household income, and race), and the survey was fielded using the same sample provider as January (Dynata).

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